ECONOMIC & REVENUE UPDATE

10 August 2010

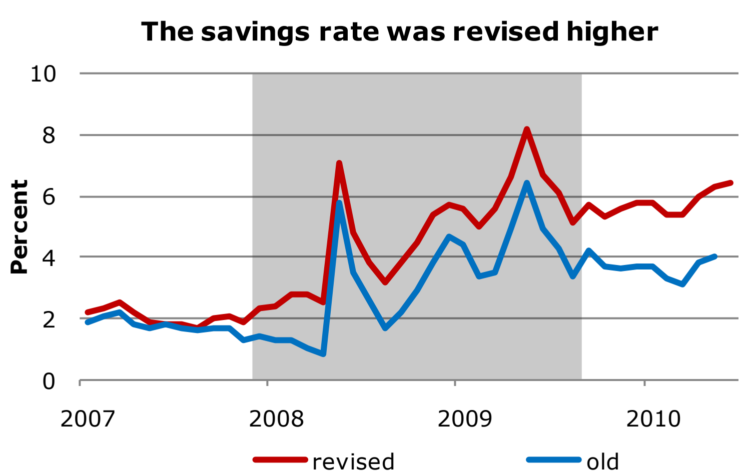
summary

- **The U.S. economic recovery appears to be stalling, and today's meeting of the Federal Reserve Bank's main policy making committee reacted by moving to introduce a modest measure of quantitative easing. Data revisions indicate that the recovery to date has been weaker than previously reported. In particular, estimates of consumer spending were revised downward. Although, it is likely that a modest pace of recovery will continue, the outlook has become extremely uncertain.**
- **As was the case nationally, Washington's economy faltered in May. However, the data for June showed some hopeful signs for Washington. We believe the weak results for May reflect a general decline in confidence as a result of the worsening European debt situation rather than a fundamental weakness in the state economy. We have very little state data for July, but we continue to expect the state to outperform the U.S. in the recovery. Our relatively low export exposure to the Eurozone is yet another reason to expect Washington to outperform. Still, the weaker U.S. outlook will inevitably affect the Washington economy.**
- **Major General Fund-State (GF-S) revenues for the July 11, 2010 – August 10, 2010 collection period were $40.2 million (-3.6%) lower than our June forecast. While adjusted Revenue Act collections returned to year-over-year growth after one month of decline, collections came in $22.6 million (2.3%) below the forecast. The cumulative variance of major GF-S revenue sources since the June forecast is now -$124.5 million (-5.4%).**

united states

United States

- The economic recovery has slowed to a crawl. Activity paused in May and June as markets reacted to the uncertainty emanating from the fear of an European debt crisis. There are indications that July may have brought some improvement – an increase in car sales; a faster rate of growth in the service sector; and a 7% growth in equity markets; but we'll know for sure if that translates into revenues in our next report. Job growth remains anemic; housing is bumping along the bottom; and small businesses still face challenges in obtaining credit – so there is still considerable drag in the economy.
- The July employment report was weak. Only 71,000 net new jobs were added in the private sector, while the public sector shed 202,000 jobs. Overall, the economy lost 131,000 net jobs. The government job losses were mostly due to the layoffs of 143,000 temporary federal census workers, but 48,000 state and local government employees also lost their jobs - a reflection of the budget crisis facing most states. June's previously reported 83,000 private sector job gain was revised down by more than 50,000 to a gain of just 31,000. The unemployment rate remained unchanged at 9.5% in July.
- GDP growth slowed in the second quarter to a below trend 2.4% SAAR (seasonally adjusted annualized rate) from a revised 3.7% in the first



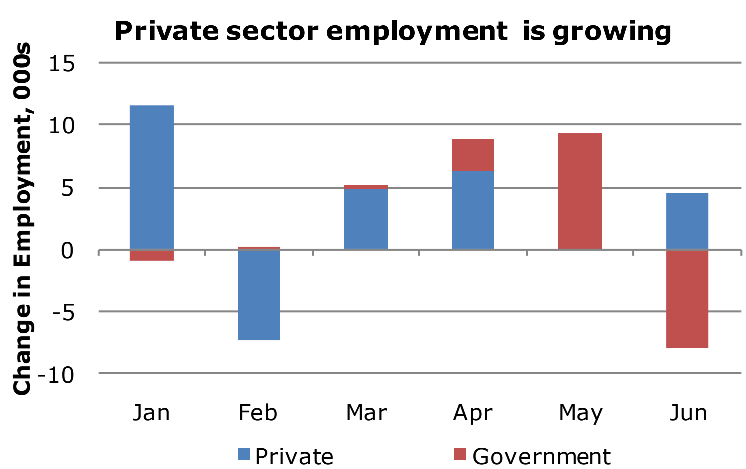
united states

quarter and 5.0% in the last quarter of 2009. Data were also revised for previous releases going back to 2007. It turns out the recession was deeper, and the recovery much weaker than earlier measured. In particular, consumer spending was revised downward, and consequently the savings rate was revised substantially higher (see figure).

- The only bright spot in private demand is business investment. Non-residential fixed investment grew 7.8% and 17%, SAAR, respectively in the first two quarters of the year. If we exclude structures, the growth in equipment and software spending is even more dramatic – up 20.4% and 21.9%, respectively over the same period.
- Housing starts have collapsed since the expiry of the housing tax credits at the end of April. In May and June, private housing units started fell by 14.9% and 5.0%, respectively. In June, starts were 549,000 (SAAR) units, well below the year-to-date average of 610,000 (SAAR) units. Home prices are showing signs of stabilization but not recovery. The May 2010 Case-Shiller 20-city composite home price index is up a modest 4.6% from May last year, which was the trough following a 46.7% percent decline after the bursting of the housing bubble. Inventory of homes on the market remains elevated at 7.6 months for new homes and 8.9 months for existing homes at current sales rates. Additionally, there is a shadow inventory of foreclosed homes that have yet to hit the market. We don't expect the housing market will start recovering in a meaningful way until at least next year.
- Given the uncertainty over the path of the recovery, we paid careful attention to the outcome of the meeting of the Federal Reserve Bank's (Fed) Federal Open Market Committee (FOMC) earlier in the day. The economic outlook has weakened considerably since the FOMC last met on June 22 -23, about six weeks ago. Short term interest rates are already as low as possible, and policy options at this time were limited. They announced a program to reinvest maturing mortgage backed securities (MBS) in their portfolio into treasuries, providing a modest measure of quantitative easing. At a more extreme level of intervention, they could have restarted their purchase program for MBS which expired in March, but didn't think that was necessary. In any case, the Fed's action today indicates that they believe the economic outlook is weaker than it was at end-June, but that extreme intervention was not required.

washington

WASHINGTON



- The Washington economy shed 3,500 jobs in June mostly due to the 4,500 reduction in temporary jobs related to the 2010 Census. The private sector added 4,500 jobs in June after adding just 100 jobs in May. State and local governments shed a surprising 3,100 jobs in June. The Washington economy has now added 20,100 private sector jobs in the first 6 months of the year, an average of just more than 3,000 per month (see figure). The job gains have been relatively widespread with only financial activities and "other services" showing declines. Even the construction sector has added 900 jobs since the end of last year. The state's unemployment rate fell to 8.9% in June from 9.2% in May. Now that we are past the lull in May, we expect a moderate jobs recovery to continue.

- The recent weak patch in the economic recovery was due to the effects of the fear of European debt contagion on confidence and financial markets. We expect stronger growth to resume now that those fears are receding. In any case, the impact on Washington's economy should be minimal. The Washington economy is much less exposed to Europe and much more exposed to Asia than is the national economy.
- The recently enacted extension of unemployment insurance benefits will add up to $900 million to Washington personal income in the second half of 2010 according to the Washington Employment Security Department. The extension will prevent about 130,000 Washington residents from exhausting all their entitlement to UI benefits by the end of the year.
- The National Association of Purchasing Managers Western Washington Index, which measures strength in the manufacturing sector, eased to 56 in July from 63 in June. While the index is somewhat lower this month, it should be noted that it is still well above 50, indicating continued expansion. The Western Washington index has now indicated growth for twelve consecutive months. Boeing's earnings dropped 21% in the second quarter of this year compared to the same quarter last year on lower volumes. Earnings should improve next year as Boeing begins delivering the 787 and 747-8. The outlook for the airline industry continues to improve. June international passenger air traffic was up 11.9% globally over the previous year and international freight traffic jumped 26.5%. Both air cargo traffic and passenger traffic are now above their pre-recession levels. Boeing managed to navigate the recent downturn with only minimal job cuts. Aerospace employment has now stabilized and we expect modest employment growth in 2012 and 2013. Although we are optimistic that Boeing will be awarded the military's contract to build the next generation air refueling tanker, it is not included in our forecast.
- After the unprecedented Microsoft layoffs in 2009, the state's software sector has returned to growth. Microsoft's earnings report for the second quarter of calendar 2010 was very strong with revenue up 22% from the previous year and net income up 49%. Windows 7 continues to sell well (175 million copies so far) and Office 2010 debuted in the quarter. The software publishing industry added 100 jobs in June and a total of 1,000 in the first six months of 2010. We expect modest employment growth in software publishing to continue through the remainder of this year.
- The payback from the expiration of the homebuyer's tax credit now appears even more severe than we had feared. After reaching a post-recession high of 17,800 units (SAAR) in March 2010, single-family permits fell to 15,200 in April and 11,900 in May before partially recovering to 14,100 in June. Clearly, the earlier strength was mainly due to the tax credit which had the effect of pulling activity forward in time. Even with the partial recovery in June, single family permits are more than 3,000 lower than expected in the forecast. Total housing units rose to 21,300 in June, which was very close to our forecast, from just 14,100 in May but only because multi-family units jumped from 2,100 to 7,100. This will not be sustained. Multi-family permits are extremely volatile. With vacancies high and financing still difficult, we expect multi-family units to drop back to around 3,000 (SAAR).
- Overall construction employment has shown little change so far this year but drilling down into the numbers reveals the underlying weakness in the sector. Nonresidential building and related special trades employment has continued to decline while residential building and related special trades employment has been bouncing along the bottom. Overall construction employment has grown this year only because heavy construction - roads, bridges, and the like - has been booming. The infrastructure spending is probably nearing its peak. We don't expect any further reductions in residential construction employment but overall construction employment will continue to drift down through mid-2011 as the

weak residential recovery is not enough to offset continued reductions in nonresidential building.

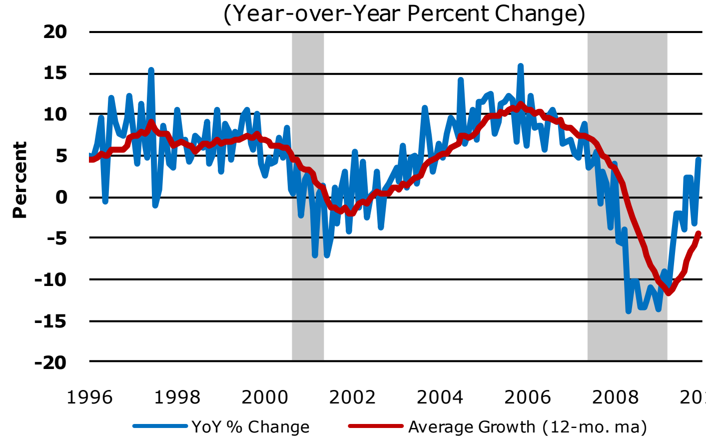
revenue collections

REVENUE COLLECTIONS

Overview

- Revenue Act collections have returned to year-over-year growth (adjusted for non-economic factors) after a one-month pause. Adjusted receipts from the July 11, 2010 – August 10, 2010 collection period, which mainly represent June economic activity, were 4.6% above their year-ago level (see figure). In the previous collection period, adjusted collections were 3.3% below their year-ago level.
- Major General Fund-State (GF-S) revenues for the July 11, 2010 – August 10, 2010 collection period were $40.2 million (3.6%) lower than our June forecast. During the period, there was a large unanticipated refund of $3.0 million and a transfer of $13.3 million from the GF-S to a dedicated account. Adjusting for these special factors, the forecast variance is -$23.9 million (-2.1%).
- Cumulatively, the total variance in the major GF-S sources included in this report from June 11-August 10, 2010 is -$124.5 million (-5.4%). During this period, unexpected one-time transfers and large refunds totaled $39.6 million. Absent these payments and transfers, the cumulative variance would have been -$84.9 million (-3.7%).

Revenue Act Collections*
(Year-over-Year Percent Change)

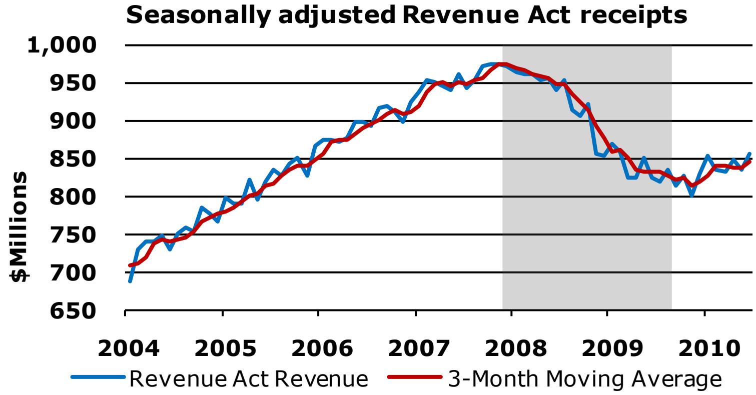


*Growth adjusted for new legislation and unusually large assessment payments, refunds etc.

Revenue Act

- The revenue collections reported here are for the July 11 – August 10, 2010 collection period. Collections correspond primarily to economic activity in June 2010 for monthly filers and the second quarter of 2010 for quarterly filers.
- Collections for this period are $22.6 million (2.3%) below the June forecast.
- One large refund of $3.0 million which was not included in the forecast occurred during the collection period. In addition, $13.3 million was transferred to the Hazardous Substances Tax account to correct an earlier misallocation. Without these $16.3 million in refunds and transfers, the forecast variance would have been -$6.3 million (-0.6%).
- The chart showing year-over-year Revenue Act growth reflects new revenues added under ESSB 5073. By this measure, revenues increased 4.6% year-over year in the current period after adjustments for large one-time payments and refunds after a 3.3% decrease in the previous period. Unadjusted for definitional changes and one time revenue, revenue increased 3.1% year-over-year as shown in the "Key Revenue Variables" table. On a seasonally adjusted basis, revenue resumed its upward trend after last month's pause (see figure).
- Under legislation passed in the 2010 session, the B&O tax rate for service industries has been temporarily increased from 1.5% to 1.8% as of May 1, 2010. In addition, sales of

bottled water became temporarily subject to retail sales tax and candy permanently subject to the tax as of June 1, 2010. These tax changes are estimated to increase Revenue Act receipts by approximately $23 million per month. Without this $23 million in additional revenue, adjusted year-over-year Revenue Act growth would have been 2.1%, in line with the 2.3% and 2.2% adjusted growth seen in collections corresponding to April and May activity respectively.



January 2004 through June 2010 preliminary activity,
ESSB 5073 definition, adjusted for large payments/refunds

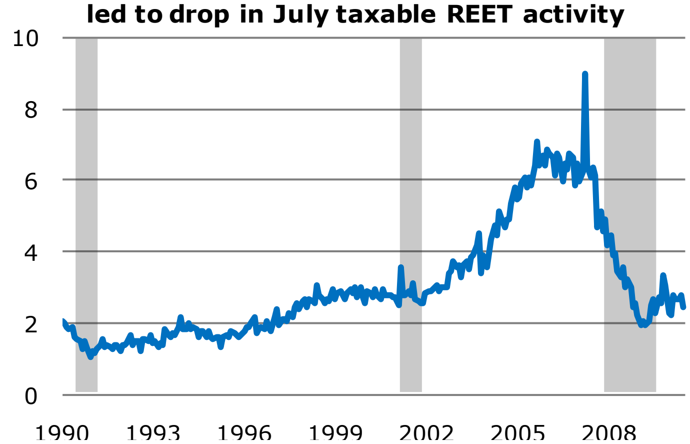
- Preliminary ERFC monthly estimates indicate retail sales tax collections are up 4.6% year-over-year and B&O taxes are up 0.1%.
- Preliminary tax payments from electronic filers who also paid in the July 11 – August 10 collection period of last year were up 1.0% year-over-year. Some details:
  - Payments in the retail trade sector were up 2.9% year-over-year, down slightly from the 3.3% rate of the previous collection period. Payments from ten of the twelve major retail trade sectors showed a year-over-year increase in the current period.
  - The largest year-over-year increases in tax payments from the retail trade sector were in nonstore retailers (+16.5%), electronics and appliances (+15.8%), food and beverage stores (15.2%) and gas stations and convenience stores (11.1%). The two decreasing sectors were building materials and garden equipment (-3.8%) and motor vehicles and parts (-1.8%).
  - Payments in non-retail trade sectors were flat at 0.0% year-over-year growth, down from last month's growth of 2.7%.
  - Payments in the construction sector were down 12.5%, while those in the manufacturing sector were up 15.8% year-over-year.
  - Excluding the construction sector, total payments were up 3.1% year-over-year and payments from non-retail trade sectors were up 3.2%. Excluding both construction and manufacturing, payments from non-retail trade sectors were up 1.7%.

DOR Non-Revenue Act

- July collections were $15.2 million (-13.3%) below the June forecast. The cumulative variance since the June forecast is -$5.7 million (-1.4%).
- Most of the negative variance was due to a $10.0 million shortfall in cigarette tax receipts. Despite the 91.4 cent per pack increase in GF-S taxes that took effect on May 1st, tax receipts were 19.6% below their level of July 2009. Due to the method by which the tax is collected - revenue is due within thirty days after the distributor receives the tax stamps, not when the retailer eventually sells the cigarettes - year-over-year growth rates can fluctuate widely. Therefore, the trajectory of collections in the wake of the new taxes cannot yet be determined.

- Real estate excise tax collections were $1.2 million (3.3%) less than forecasted. While homebuyers seeking a federal tax credit who signed contracts by April 30th have until September 30th to close the sales, the number of contracts closed in July was not enough to stem an 11.8% drop in seasonally adjusted activity from June's level (see figure). Activity was down 6.2% from that of July 2009, due partially to an acceleration of July 2009 sales from the first round of tax credits that expired in November of that year.

Dwindling backlog of tax credit-related sales led to drop in July taxable REET activity



- "Other" revenues came in $4.7 million (-26.3%) below the forecast due to shortfalls in collections for brokered natural gas and leasehold excise tax payments. Cumulatively, however, "other" revenue collected in June and July is $7.8 million (17.2%) above the June forecast.
- Liquor tax receipts were $223,000 (1.4%) above the forecast.
- July DOR non-Revenue Act collections are down 8.2% year-over-year.

Other Revenue

- Department of Licensing receipts for July were $2.5 million (-39.4%) below the June forecast. June receipts, however, which were not available at the time of the last monthly report, were $1.4 million above the forecasted value, for a cumulative variance of -$1.1 million (-8.9%).
- July revenue from the Administrative Office of the Courts was $49,000 (0.6%) above the June forecast. Cumulatively, revenue from the office is $666,000 (-4.0%) below the forecast.

revenue collections

Key U.S. Economic Variables

	2010 Feb.	Mar.	Apr.	May	Jun.	Jul.	2008	2009
Real GDP (SAAR)	-	3.7	-	-	2.4	-	0.4	-2.4
Industrial Production (SA, 2002 = 100)	90.4	91.0	91.2	92.5	92.5	-	96.7	87.7
Y/Y % Change	*2.2*	*4.4*	*5.5*	*7.9*	*8.2*	-	*-3.3*	*-9.3*
ISM Manufacturing Index (50+ = growth)	56.5	59.6	60.4	59.7	56.2	55.5	45.5	46.2
ISM Non-Manuf. Index (50+ = growth)	53.0	55.4	55.4	55.4	53.8	54.3	47.3	46.2
Housing Starts (SAAR, 000)	605	634	679	578	549	-	900	554
Y/Y % Change	*4.1*	*21.9*	*42.3*	*5.1*	*-5.8*	-	*-32.9*	*-38.4*
Light Motor Vehicle Sales (SAAR, mil.)	10.5	11.7	11.3	11.6	11.2	11.5	13.2	10.4
Y/Y % Change	*14.9*	*20.7*	*22.1*	*18.0*	*15.1*	*2.2*	*-18.2*	*-21.5*
CPI (SA, 1982-84 = 100)	217.6	217.7	217.6	217.2	216.9	-	215.2	214.5
Y/Y % Change	*2.2*	*2.4*	*2.2*	*2.0*	*1.1*	-	*3.8*	*-0.3*
Core CPI (SA, 1982-84 = 100)	220.6	220.7	220.8	221.0	221.4	-	215.6	219.2
Y/Y % Change	*1.3*	*1.2*	*1.0*	*1.0*	*1.0*	-	*2.3*	*1.7*
IPD for Consumption (2000=100)	110.9	111.0	111.0	110.9	110.8	-	109.1	109.3
Y/Y % Change	*2.3*	*2.5*	*2.3*	*2.1*	*1.4*	-	*3.3*	*0.2*
Nonfarm Payroll Empl., e-o-p (SA, mil.)	129.6	129.8	130.2	130.6	130.5	130.2	134.3	129.6
Monthly Change	*0.04*	*0.21*	*0.31*	*0.43*	*-0.13*	*-0.23*	*-3.62*	*-4.74*
Unemployment Rate (SA, percent)	9.7	9.7	9.9	9.7	9.5	9.5	5.8	9.3
Yield on 10-Year Treasury Note (percent)	3.69	3.73	3.85	3.42	3.20	3.01	3.67	3.26
Yield on 3-Month Treasury Bill (percent)	0.11	0.15	0.16	0.16	0.12	0.16	1.39	0.15
Broad Real USD Index** (Mar. 1973=100)	88.9	88.0	87.5	89.7	90.1	88.6	87.9	91.5
Federal Budget Deficit ($ bil.)*	220.9	65.4	82.7	135.9	68.4	-	454.8	1,415.7
FYTD sum	*651.6*	*717.0*	*799.7*	*935.6*	*1,004.0*	-		
US Trade Balance ($ bil.)	-40.1	-40.0	-40.3	-42.3	-	-	-698.8	-374.9
YTD Sum	*-75.2*	*-115.3*	*-155.6*	*-197.8*	-	-		

**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

	2010 Feb.	Mar.	Apr.	May	Jun.	Jul.	2008	2009
Employment								*End-of-period*
Total Nonfarm (SA, 000)	2,787.1	2,792.2	2,801.0	2,810.4	2,806.9	-	2,913.3	2,783.6
Change from Previous Month (000)	*-7.1*	*5.1*	*8.8*	*9.4*	*-3.5*	-	*-49.9*	*-129.7*
Construction	147.9	147.0	148.3	148.3	149.3	-	184.6	148.4
Change from Previous Month	*-2.6*	*-0.9*	*1.3*	*0.0*	*1.0*	-	*-24.7*	*-36.2*
Manufacturing	257.2	257.4	259.1	258.7	258.8	-	284.4	257.5
Change from Previous Month	*-1.1*	*0.2*	*1.7*	*-0.4*	*0.1*	-	*-11.8*	*-26.9*
Aerospace	80.9	81.1	80.8	80.3	81.0	-	85.5	81.2
Change from Previous Month	*-0.9*	*0.2*	*-0.3*	*-0.5*	*0.7*	-	*2.6*	*-4.3*
Software	50.8	50.9	51.2	51.3	51.4	-	53.0	50.4
Change from Previous Month	*0.2*	*0.1*	*0.3*	*0.1*	*0.1*	-	*4.6*	*-2.6*
All Other	2,331.2	2,336.9	2,342.4	2,352.1	2,347.4	-	2,391.3	2,327.3
Change from Previous Month	*-3.6*	*5.7*	*5.5*	*9.7*	*-4.7*	-	*-18.0*	*-64.0*
Other Indicators								*Annual Average*
Seattle CPI (1982-84=100)	226.1	-	226.5	-	226.1	-	224.7	226.0
	0.6%	-	0.3%	-	-0.5%	-	*4.2%*	*0.6%*
Housing Permits (SAAR, 000)	20.2	19.3	16.7	14.1	21.3	-	27.4	15.9
	59.6%	*35.8%*	*30.6%*	*-8.6%*	*49.4%*	-	*-39.5%*	*-42.1%*
WA Index of Leading Ind. (2004=100)	113.9	115.0	115.5	115.0	115.3	-	116.5	110.0
	5.1%	*8.1%*	*7.3%*	*5.9%*	5.8%	-	*-0.1%*	*-5.6%*
WA Business Cycle Ind. (Trend=50)	3.2	4.3	4.3	4.0	7.3	-	41.4	8.4
	-77.7%	*-63.6%*	*-49.6%*	*-45.7%*	*6.2%*	-	*-33.6%*	*-79.8%*
Avg. Weekly Hours in Manuf. (SA)	41.2	41.3	41.6	42.4	41.5	-	42.3	42.0
	-3.7%	*2.3%*	*0.6%*	*2.2%*	*-0.6%*	-	*0.8%*	*-0.7%*
Avg. Hourly Earnings in Manuf.	23.9	23.8	23.3	23.1	23.2	-	21.0	23.4
	3.8%	*1.0%*	*-0.9%*	*-1.3%*	*-0.4%*	-	*2.4%*	*11.4%*
New Vehicle Registrations (SA, 000)	16.7	14.0	16.1	16.3	15.7	14.5	19.0	14.0
	18.1%	*9.5%*	*25.5%*	*28.7%*	*22.5%*	*5.8%*	*-20.5%*	*-26.5%*
Initial Unemployment Claims (SA, 000)	57.5	56.9	55.2	57.1	62.5	60.7	45.8	69.4
	-21.8%	*-20.3%*	*-20.5%*	*-22.4%*	*-11.4%*	*-17.0%*	*34.1%*	*51.4%*
Personal Income (SAAR, $bil.)	-	281.5	-	-	-	-	280.7	278.4
	-	*1.6%*	-	-	-	-	*3.6%*	*-0.8%*
Median Home Price ($000)	-	245.9	-	-	-	-	283.4	255.7
	-	*-3.0%*	-	-	-	-	*-7.5%*	*-9.8%*

**Percentage Change is Year-over-Year*

Key Revenue Variables

	2009			2010							
	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*
Department of Revenue-Total	893,460	1,065,342	1,498,976	1,002,270	1,142,108	782,676	788,877	1,045,481	1,601,911	1,093,845	1,061,881
	-5.7	-6.2	-4.3	6.3	3.5	1.7	12.1	7.7	9.8	6.4	2.0
Revenue Act	801,901	925,039	769,855	738,003	1,048,036	718,560	687,570	892,259	804,996	800,650	963,515
	-10.5	-9.5	-10.4	-5.6	-1.1	-2.3	3.7	2.1	8.8	1.2	3.1
Retail Sales Tax	536,300	591,854	498,284	479,966	675,459	442,862	442,827	558,294	505,068	522,430	627,875
	-12.0	-12.3	-14.0	-9.0	-1.5	-8.8	0.4	0.7	4.2	-2.7	4.6
Business and Occupation Tax	193,883	257,068	201,453	174,957	285,711	190,756	169,039	252,778	211,752	195,760	252,712
	-7.0	-3.8	1.7	-7.3	1.9	9.7	8.2	6.9	21.5	9.4	0.1
Use Tax	33,364	36,620	31,985	30,001	42,638	31,493	32,207	37,466	35,681	35,327	41,388
	-20.9	-11.6	-21.8	5.1	-6.6	1.3	-1.2	6.1	-5.6	3.3	1.9
Public Utility Tax	26,399	27,222	25,863	35,188	32,902	36,036	29,597	32,517	30,997	29,108	28,840
	4.3	0.2	-10.7	42.1	-11.5	7.9	-17.2	-10.7	-5.7	2.1	7.7
Tobacco Products Tax	4,695	2,764	2,696	2,491	3,020	2,197	2,445	3,265	3,448	2,383	1,037
	464.2	174.9	177.2	189.8	251.7	167.4	146.1	240.5	262.4	136.4	-65.8
Penalties and Interest	7,259	9,510	9,575	15,400	8,306	15,217	11,456	7,940	18,050	15,643	11,664
	-24.5	-7.7	-7.2	40.7	-16.0	38.0	-445.4	-22.1	89.4	35.7	7.3
Non-Revenue Act**	91,559	140,303	729,121	264,268	94,073	64,116	101,307	153,222	796,916	293,195	98,366
	78.1	24.2	3.1	63.9	113.7	90.4	151.4	57.4	10.9	23.6	-8.2
Liquor Sales/Liter	16,044	15,534	17,057	15,940	23,070	13,934	14,126	15,366	15,556	16,056	16,232
	11.2	26.5	23.5	18.4	21.6	14.9	23.8	24.2	25.1	15.2	0.2
Cigarette	25,001	23,475	22,361	25,990	25,758	12,829	23,816	23,570	35,990	34,746	24,130
	459.3	387.6	541.2	636.8	520.2	266.8	488.1	558.1	749.4	976.1	-19.6
Property (State School Levy)	9,186	26,889	611,109	179,586	10,976	6,304	24,533	66,565	692,782	162,563	10,843
	NA	185.0	-0.1	60.7	NA	NA	NA	72.6	4.4	5.5	6.5
Real Estate Excise	34,147	33,271	31,545	35,706	20,687	18,792	31,952	32,636	33,849	39,401	34,128
	-22.9	-10.0	-15.1	33.1	7.1	-36.1	61.3	32.2	37.6	11.6	-6.2
Timber (state share)	684	0	807	0	0	919	0	0	646	0	0
	NA	NA	-46.5	NA	NA	-8.2	NA	NA	-3.2	NA	NA
Other	6,498	41,135	46,242	7,045	13,582	11,338	6,881	15,085	18,093	40,430	13,034
	54.8	-16.5	17.8	23.8	-11.0	172.3	622.8	-17.0	33.8	32.1	-7.5
Department of Licensing**	416	282	200	198	168	283	447	1,045	2,326	7,357	3,784
	3.0	-13.1	11.0	-7.2	-30.5	7.9	4.2	-81.5	-38.1	6.8	20.7
Lottery**	0	0	0	0	0	0	0	0	0	0	0
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Administrative Office of the Courts**	8,575	8,380	9,001	7,681	7,928	6,693	8,189	10,012	8,827	7,148	8,966
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-1.7
Total General Fund-State***	902,451	1,074,004	1,508,177	1,010,149	1,150,205	789,652	797,513	1,056,538	1,613,065	1,108,350	1,074,632
	-4.8	-5.4	-4.4	7.1	4.2	2.6	13.3	8.2	10.3	7.1	1.5

*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. Reflects new defintion of GF-S revenue after July 2009.
Note: Italic figures refer to Year-over-Year percent change.

Revenue Forecast Variance
Thousands of Dollars

Period/Source	Estimate*	Actual	Difference Amount	Percent
July 11, 2010 - August 10, 2010				
August 10, 2010 Collections Compared to the June 2010 Forecast				
Department of Revenue-Total	$1,099,651	$1,061,881	($37,770)	-3.4%
Revenue Act** (1)	986,133	963,515	(22,618)	-2.3%
Non-Revenue Act(2)	113,518	98,366	(15,152)	-13.3%
Liquor Sales/Liter	16,009	16,232	223	1.4%
Cigarette	34,140	24,130	(10,011)	-29.3%
Property (State School Levy)	10,359	10,843	484	4.7%
Real Estate Excise	35,286	34,128	(1,158)	-3.3%
Timber (state share)	0	0	0	0.0%
Other	17,724	13,034	(4,691)	-26.5%
Department of Licensing (2)	6,245	3,784	(2,461)	-39.4%
Lottery (5)	0	0	0	0.0%
Administrative Office of the Courts (2)	8,917	8,966	49	0.6%
Total General Fund-State***	$1,114,813	$1,074,632	($40,181)	-3.6%
Cumulative Variance Since the June Forecast (July 11 - August 10, 2010)				
Department of Revenue-Total	$2,278,440	2,155,726	(122,714)	-5.4%
Revenue Act** (3)	1,881,183	1,764,165	(117,018)	-6.2%
Non-Revenue Act(4)	397,258	391,561	(5,696)	-1.4%
Liquor Sales/Liter	31,560	32,288	728	2.3%
Cigarette	74,077	58,875	(15,202)	-20.5%
Property (State School Levy)	172,219	173,406	1,187	0.7%
Real Estate Excise	73,763	73,529	(234)	-0.3%
Timber (state share)	0	0	0	0.0%
Other	45,639	53,463	7,824	17.1%
Department of Licensing (4)	12,225	11,142	(1,083)	-8.9%
Lottery	0	0	0	0.0%
Administrative Office of the Courts	16,780	16,114	(666)	-4.0%
Total General Fund-State***	$2,307,445	$2,182,982	($124,464)	-5.4%

1 Collections July 11, 2010 - August 10, 2010. Collections primarily reflect the June 2010 activity of monthly payers and second quarter 2010 activity of quarterly taxpayers.
2 July 2010 collections.
3 Cumulative collections, estimates and variance since the June 2010 forecast; (June 11, 2009 - August 10, 2010) and revisions to history.
4 Cumulative collections, estimates and variance since the June forecast (June-July 2010) and revisions to history.
5 Lottery transfers to the General Fund
* Based on the June 2010 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.