ECONOMIC & REVENUE UPDATE

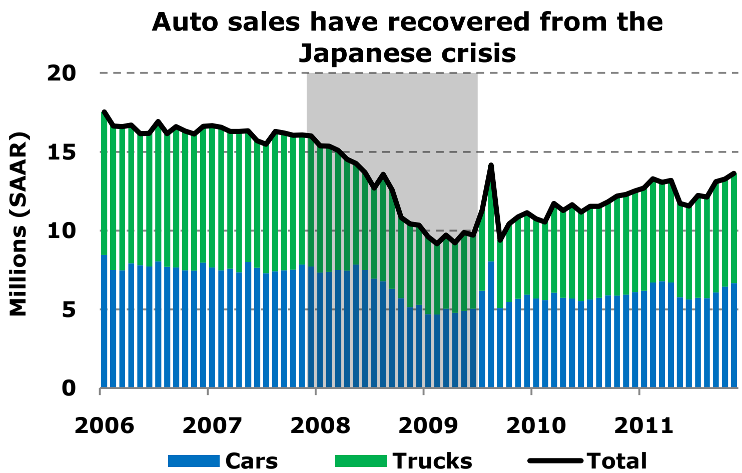
12 December 2011

summary

- **The U.S. economy continues to "muddle through." The risk of a renewed financial meltdown stemming from the European sovereign debt crisis remains high.**
- **We continue to expect Washington's economy to outperform the U.S. in the recovery. The decision to build the Boeing 737 Max in Renton is great news for Washington's future but will have its greatest impact on the economy and revenues in future biennia. Its current impact will mostly be through improved confidence amongst the aerospace workforce.**
- **Major General Fund-State revenue collections for the November 11 – December 10, 2011 collection period were $19.7 million (1.2%) higher than the November forecast, but the positive variance was due to the timing of property tax payments. This month's higher property tax payments will be largely reversed by lower payments next month. Without the extra property tax payments, collections would have been $14.2 million (0.9%) below the forecast.**

united states

United States



Our November economic forecast predicted a "muddle through" economy characterized by slow growth, high unemployment, and weak consumer confidence. Nothing has transpired in the short time since the forecast was adopted to cause us to change our views on the economic outlook one way or another. Recent data releases have been moderately encouraging but we have been here before. The risk of yet another setback remains high. The greatest threat to the U.S. economy remains the European sovereign debt crisis. If the sovereign debt crisis degenerates into a full blown banking crisis, it will spread to the United States because of our banks' exposure to European banks. A U.S. banking crisis will push the U.S. back into recession. A secondary risk to the recovery is the political gridlock in Washington D.C. that has fiscal policy sitting it out on the sidelines. This has led to a steady erosion of both consumer and business confidence.

U.S. GDP has been revised since the November Economic and Revenue Forecast was adopted. This "second estimate" of third quarter GDP contained both positive and negative surprises. While GDP growth for the quarter was revised down from 2.5% to 2.0% (SAAR), the entire revision was in inventories. Real final sales growth was unrevised at 3.6%, indicating strong demand growth. Lean inventories are also good news for fourth-quarter GDP growth prospects. On the negative side, wage and salary income was revised sharply lower based on new data for the second quarter, which also affected the estimate for the third quarter. As a result of the revisions, real disposable income is now estimated to have declined 0.5% (SAAR) in the second quarter of 2011 and 2.1% in the third quarter. Consumer spending growth was maintained at the expense of personal saving which fell from 5.0% in the first quarter to 4.8% in the second quarter and 3.8%

united states

in the third quarter. Separately, household net worth fell $2.44 trillion (4.1%) in the third quarter on declining equity prices. These developments do not bode well for consumer spending growth going forward.

Payroll employment continues to grow moderately. November payroll employment growth was modest, at 120,000. September and October were revised up a combined 72,000. Private payrolls added 140,000, while government employment fell 20,000. The big headline in the November report was the sharp drop in the unemployment rate from 9.0% to 8.6%. Although half the drop came from fewer people looking for jobs, which is not good news, the other half came from an increase in household employment that was more than double the payroll increase. Still, more than 13 million people remain unemployed. Earnings declined by 2 cents to $23.18 per hour. Over the last year, worker pay has increased only 1.8%, which is not enough to keep up with rising prices.

This will be the worst year on record for the single-family housing market. New home sales, single-family housing starts, and single-family permits will all set record lows in 2011. Housing starts fell 0.3% in October to a 628,000 (SAAR). Single-family housing starts rose 3.9% to 439,000, their best showing since July. Single-family starts are still down 0.9% from a year ago. Multi-family starts, in contrast, were down 8.3% in the month but are up 88.6% over the year. While multi-family construction is still low by historical standards, it is recovering as vacancy rates have fallen and rents have risen. Single-family starts show no sign of an upturn as new construction is in competition with foreclosures and other distressed sales. Building permits were up 10.9% to a still very depressed 653,000 units. Single-family and multi-family permits were up 5.1% and 24.4%, respectively. New home sales increased 1.3% in October, to a 307,000-unit annual rate which is still one of the lowest readings on record. Existing home sales rose 1.4% in October, to a seasonally adjusted annual rate of 4.97-million units. The months' supply inched down 0.3 to 8.0 months. Distressed homes accounted for 28% of sales in October.

After easing 0.1% in September, industrial production surged 0.7% in October. Manufacturing output climbed 0.5% led by motor vehicles and parts which jumped 3.1%. At 13.6 million units (SAAR), light vehicle sales in November were highest since "cash for clunkers" (see figure). Light vehicle sales have largely recovered from the supply disruptions cause by the 2011 earthquake and resulting tsunami and power outages but remain below normal. The Institute for Supply Management's manufacturing Purchasing Managers Index for November rose to 52.7, its highest reading since June (index values above 50 indicate growth). The non-manufacturing index fell to 52.0 from 52.9, also indicating continuing growth in services, albeit at a marginally slower rate. Taken together, the ISM surveys indicate positive but moderate growth.

Consumers remain gloomy. They became much more pessimistic over the summer with the major indicators falling to levels not seen since the worst of the recession in late 2008 and early 2009. While consumer attitudes have improved, they remain deep in recessionary territory.

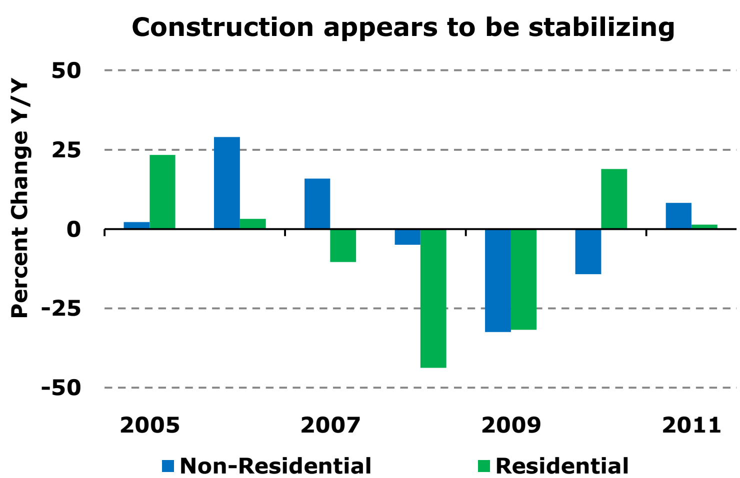
washington

WASHINGTON

Washington's economy is performing as expected, with slow growth and a weak labor market. The biggest threat to the Washington economy remains the European sovereign debt crisis. The key is whether the European policy authorities can be successful in preventing the sovereign debt crisis from turning into a full blown banking crisis. If not, the resulting credit crunch would drag the U.S. and Washington back into recession. A secondary risk to the recovery is the political gridlock in Washington D.C. that has fiscal policy sitting it out on the sidelines. This has led to a steady erosion of both consumer and business confidence. For the foreseeable future, Washington's economic fortunes will be determined by national and international events beyond our control.

We continue to expect Washington's economy to outperform the U.S. in the recovery. The state's farming and export sectors are growing. Microsoft and Boeing are hiring again. Since reaching a trough in May 2010, the aerospace sector has added 9,100 jobs, which is 3,100 more than the number lost during the recession. Boeing's backlog of over 3,500 planes represents more than eight years of production at current rates. The recent agreement by Boeing and the Machinists union to build the new 737 MAX at the Renton facility and extend the labor contract for four years is great news for Washington but will have its greatest impact on the economy and revenues in future biennia. However, the agreement will immediately boost businesses and consumer confidence by ensuring that thousands aerospace jobs will remain in Washington and that the industry will have years of labor peace. The $5,000 bonus included in the contract will give a boost to holiday spending but the impact on revenue will be limited. We estimate that the direct impact of the bonus income on state sales tax revenue will be $3 to $5 million.

Construction remains weak and has a disproportionately negative impact on revenue. Contract data for new construction projects, which gives an indication of the level of activity roughly six months in the future, does appear to have stabilized (see figure). The total contract value for nonresidential construction projects is up 8.2% YTD compared to last year and residential contract values are up 1.4%. This growth, however, is off a historically depressed level and the total value under contract remains well below its previous peak.



Inflation in Seattle has been steadily increasing since briefly turning negative in the middle of 2010. As measured by the Consumer Price Index for Seattle, year-over-year inflation in October of 3.8% was the highest since August 2008. This increase has been driven by energy costs, which increased 16.5% in October. Core inflation, which does not include volatile energy and food prices, has also been increasing, although it remains a moderate 2.5%. With energy costs easing, we expect more moderate Seattle headline inflation going forward.

We estimate that the Washington economy gained 2,300 net new jobs in the past two months. The private sector added 6,400 jobs in September and October but government shed 4,000 jobs. The steep decline in public sector jobs was due to the loss of 5,000 state and local education jobs. We do not think education employment will continue to decline at this pace. The large decline in September coincided with the beginning of the school year and probably reflected past budget decisions. The manufacturing sector continues to shine, thanks largely to a resurgent aerospace industry. Manufacturing employment grew by 2,500 in the last two months, led by 1,400 net new aerospace jobs. Construction employment edged up by 400. Private service-providing industries gained 3,400 jobs in September and October.

REVENUE COLLECTIONS

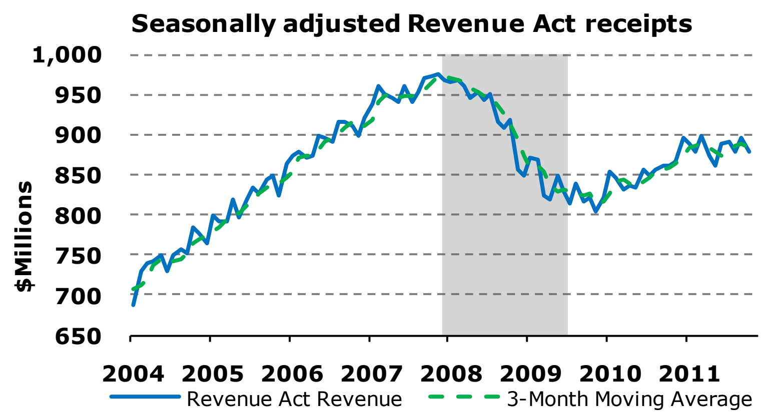
Overview

Major General Fund-State revenue collections for the November 11 – December 10, 2011 collection period were $19.7 million (1.2%) higher than the November forecast, but the positive variance was due to the timing of property tax payments. This month's higher property tax payments will be largely reversed by lower payments next month. Without the extra property tax payments, collections would have been $14.2 million (0.9%) below the forecast.

Revenue Act

The revenue collections reported here are for the November 11 – December 10, 2011 collection period. Collections correspond primarily to the October 2011 economic activity of monthly filers.

Revenue Act collections for the current period came in $27.7 million (3.2%) below the November forecast. Seasonally adjusted collections came in below last month's level (see figure). The three-month moving average of collections also decreased slightly. While a slight increase had been forecasted, it is too early to tell whether the current negative variance is a sign of possible future weakness or if it is instead due to the normal fluctuations in revenue collection due to changes in the timing of payments and reported activity.



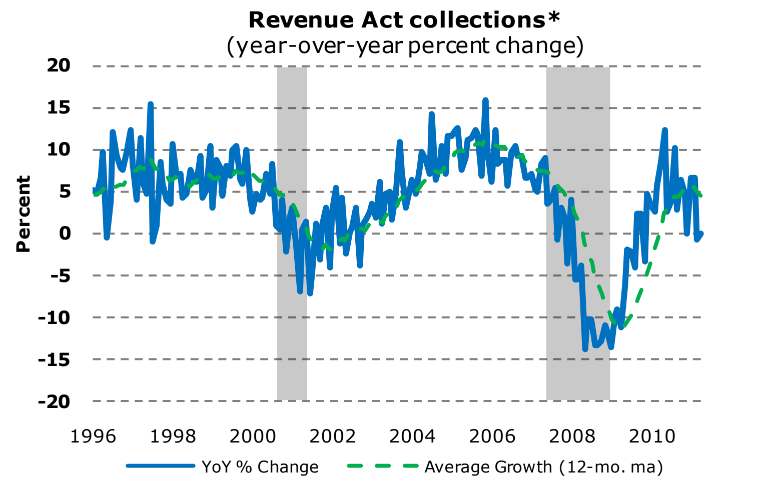
January 2004 through October 2011 preliminary activity,
ESSB 5073 definition, adjusted for large payments/refunds and timing of payments

Adjusted for large one-time payments in the current and year-ago periods, Revenue Act collections decreased 0.1% year-over year (see figure). In the previous period revenues had decreased 0.7%. Last month's year over year decline, however, was the result of a shift of a large number of taxpayers from quarterly to monthly filing status, as reported in previous Economic and Revenue Updates. As this shift has now been in effect for one year, current and future year-over-year growth rates will not be affected by it.

Unadjusted for a large one-time payment last year and a smaller one this year, revenue decreased 1.4% year-over-year as shown in the "Key Revenue Variables" table. Preliminary unadjusted ERFC monthly estimates indicate retail sales tax collections increased 1.0% year-over-year. The year-over-year growth rate was lowered by last year's short-lived tax on candy and bottled water. Without collections of those taxes last year, receipts would have increased approximately 1.9% year-over-year. Preliminary B&O taxes decreased 2.5% year-over-year but the decline was due to a large one-time assessment payment last year. Without the payment, revenue would have increased 6.9% year-over-year.

Tax payments as of November 30th from electronic filers who also paid in the November 11 – December 10 collection period of last year were up 2.7% year-over-year. While this number is an improvement from last month's increase of 0.9%, last month's growth rate revenue collections

was understated due to the shift of taxpayers from monthly to quarterly status mentioned above.



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

Some details of payments from electronic filers:

- Payments in the retail trade sector were up 2.8% year-over-year. In the previous period, year-over-year payments increased 1.4%. Year-over-year growth for both 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.
- Payments from the motor vehicle and parts sector increased 5.7% year-over-year. In the previous period, year-over-year payments increased 4.9%. Excluding the auto sector, payments from the retail trade sector were up 2.0% year-over-year in the current period and 0.5% in the previous period. Excluding the effects of last year's taxes on candy and bottled water, year-over-year growth in payments from ex-auto retail trade would have been approximately 4% in the current period.
- Other retail trade sectors showing strong year-over-year increases in tax payments were non-store retailers (+14.9%), electronics and appliances (+7.2%) and apparel and accessories (+6.5%). Food and beverage stores showed a 6.9% decline, but this growth rate was negatively impacted by last year's taxes on candy and bottled water. Furniture and home furnishings and building materials and garden equipment also showed year-over-year declines (-1.3% and -0.2% respectively).
- Payments in non-retail trade sectors were up 2.6% year-over-year in the current period and 0.6% in the previous period.
- Payments in the construction sector were down 3.1% year-over-year. Payments in the manufacturing sector were down 0.2%, with strong growth in gross receipts from petroleum refiners outweighed by a large year-over-year decrease in payments from the transportation equipment sector.
- Excluding the construction sector, total payments were up 3.4% year-over-year and payments from non-retail trade sectors were up 3.9%. Excluding both construction and manufacturing, total payments were up 3.7% and payments from non-retail trade sectors were up 4.5%.

DOR Non-Revenue Act

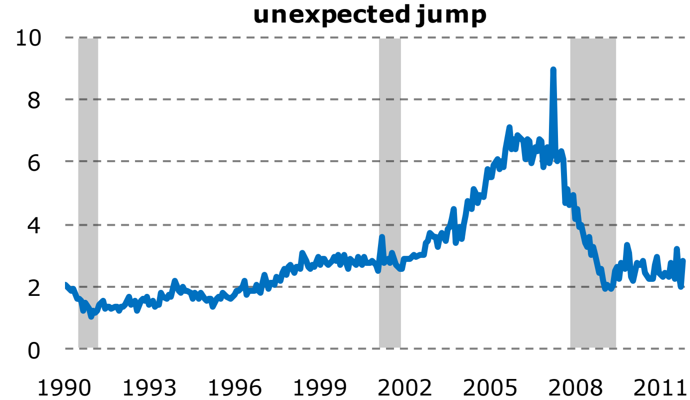
November collections were $47.5 million (6.5%) above the forecast. November DOR non-Revenue Act collections were up 7.5% year-over-year.

Most of this month's positive variance came from property tax collections, which came in $34.0 million (5.5%) higher than forecasted. Property tax payments are due biannually, with the fall payment due on October 31st. Most of the fall payments are reported to the state by the counties in November, but approximately 20% of the payments typically do not get reported until December. Most of this month's positive variance is likely due a larger-than-expected proportion of November vs. December payments rather than an revenue collections

increase in total payments. Therefore, much of this month's positive variance will probably be offset by lower-than-forecasted receipts in December.

Real estate excise taxes also contributed to the positive variance, coming in $7.5 million (34.0%) higher than forecasted. Seasonally adjusted taxable activity unexpectedly jumped 40% from last month's level (see figure). Collections were up 10.3% year-over-year after decreasing 24.2% year-over-year last month. This month's collections likely represent a continuation of the volatile activity we have seen over the last two years rather than an underlying improvement in the market.

November taxable REET activity took an unexpected jump



Source: ERFC, data through November 2011 preliminary activity

The other significant contributor to this month's positive variance was "other" revenue, which came in $6.1 million (15.7%) higher than forecasted. The variance came from larger-than-expected collections of leasehold excise taxes and transfers of unclaimed property into the General Fund.

Cigarette tax receipts came in $222,000 (0.6%) higher than forecasted. Collections were up 34.8% year-over-year, due largely to the recent legislated inclusion of cigarette taxes which had previously been deposited into the Education Legacy Trust Account. Liquor tax receipts came in $203,000 (1.2%) lower than forecasted. Collections were up 1.1% year-over-year. Transfers of timber excise tax into the General Fund were $83,000 (7.9%) lower than forecasted. Collections were down 9.5% year-over-year.

Other Revenue

Department of Licensing receipts for November were $51,000 (26.2%) higher than the November forecast, while revenue from the Administrative Office of the Courts was $99,000 (1.2%) lower than forecasted.

Key U.S. Economic Variables

	2011 Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	2009	2010
Real GDP (SAAR)	1.3	-	-	2.0	-	-	-3.5	3.0
Industrial Production (SA, 2002 = 100)	93.0	94.1	94.1	94.1	94.7	-	85.5	90.1
Y/Y % Change	*3.4*	*3.7*	*3.4*	*3.1*	*3.9*	-	*-11.2*	*5.3*
ISM Manufacturing Index (50+ = growth)	55.3	50.9	50.6	51.6	50.8	52.7	46.3	57.3
ISM Non-Manuf. Index (50+ = growth)	53.3	52.7	53.3	53.0	52.9	52.0	46.2	54.1
Housing Starts (SAAR, 000)	615	615	585	630	628	-	554	585
Y/Y % Change	*14.1*	*11.8*	*-3.5*	*5.5*	*16.5*	-	*-38.4*	*5.6*
Light Motor Vehicle Sales (SAAR, mil.)	11.6	12.2	12.1	13.1	13.3	13.6	10.4	11.6
Y/Y % Change	*3.5*	*5.9*	*5.0*	*10.8*	*8.9*	*11.0*	*-21.5*	*11.6*
CPI (SA, 1982-84 = 100)	224.3	225.4	226.3	227.0	226.8	-	31.5	32.5
Y/Y % Change	*3.4*	*3.6*	*3.8*	*3.9*	*3.6*	-	*1.6*	*3.0*
Core CPI (SA, 1982-84 = 100)	225.0	225.5	226.0	226.1	226.4	-	32.7	33.6
Y/Y % Change	*1.6*	*1.8*	*2.0*	*2.0*	*2.1*	-	*1.3*	*2.5*
IPD for Consumption (2000=100)	113.6	114.1	114.3	114.6	114.5	-	109.2	111.1
Y/Y % Change	*2.6*	*2.8*	*2.9*	*2.9*	*2.7*	-	*0.2*	*1.8*
Nonfarm Payroll Empl., e-o-p (SA, mil.)	131.0	131.2	131.3	131.5	131.6	131.7	129.3	130.3
Monthly Change	*0.02*	*0.13*	*0.10*	*0.21*	*0.10*	*0.12*	*-5.06*	*0.94*
Unemployment Rate (SA, percent)	9.2	9.1	9.1	9.1	9.0	8.6	9.3	9.6
Yield on 10-Year Treasury Note (percent)	3.00	3.00	2.30	1.98	2.15	2.01	3.26	3.21
Yield on 3-Month Treasury Bill (percent)	0.04	0.04	0.02	0.01	0.02	0.01	0.15	0.14
Broad Real USD Index** (Mar. 1973=100)	80.9	80.5	81.1	83.5	83.9	84.4	91.4	87.1
Federal Budget Deficit ($ bil.)*	43.1	129.4	134.1	61.5	98.5	-	1,415.7	1,294.2
FYTD sum	*970.5*	*1,099.9*	*1,234.0*	*1,295.6*	*98.5*	-		
US Trade Balance ($ bil.)	-52.1	-46.1	-45.3	-44.2	-43.5	-	-381.3	-500.0
YTD Sum	*-286.2*	*-332.2*	*-377.6*	*-421.8*	*-465.2*	-		

**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 Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	2009	2010
Employment								*End-of-period*
Total Nonfarm (SA, 000)	2,816.1	2,822.9	2,825.2	2,820.1	2,827.6	-	2,773.8	2,796.4
Change from Previous Month (000)	*3.6*	*6.8*	*2.4*	*-5.1*	*7.5*	-	*-141.5*	*22.7*
Construction	137.6	138.6	138.5	138.4	138.9	-	146.0	138.3
Change from Previous Month	*0.0*	*1.0*	*-0.2*	*0.0*	*0.5*	-	*-38.6*	*-7.6*
Manufacturing	267.1	268.1	270.0	272.0	272.5	-	256.9	260.1
Change from Previous Month	*1.0*	*1.1*	*1.9*	*2.0*	*0.5*	-	*-27.8*	*3.2*
Aerospace	86.0	87.2	87.9	89.0	89.3	-	81.1	81.9
Change from Previous Month	*1.3*	*1.2*	*0.7*	*1.1*	*0.3*	-	*-4.4*	*0.8*
Software	52.0	52.2	52.8	52.5	52.5	-	50.5	51.1
Change from Previous Month	*0.6*	*0.2*	*0.6*	*-0.3*	*0.0*	-	*-2.5*	*0.6*
All Other	2,359.4	2,363.9	2,363.9	2,357.1	2,363.6	-	2,320.4	2,346.9
Change from Previous Month	*2.0*	*4.5*	*0.0*	*-6.8*	*6.5*	-	*-72.6*	*26.5*
Other Indicators								*Annual Average*
Seattle CPI (1982-84=100)	233.3	-	233.8	-	235.9	-	226.0	226.7
	3.2%	-	*2.7%*	-	*3.8%*	-	*0.6%*	*0.3%*
Housing Permits (SAAR, 000)	16.6	21.4	22.1	20.3	16.0	-	16.0	19.6
	-17.9%	*15.5%*	*3.1%*	*16.5%*	*-7.9%*	-	*-42.0%*	*22.9%*
WA Index of Leading Ind. (2004=100)	121.9	124.0	124.0	123.6	123.5	-	108.9	114.9
	7.0%	*8.2%*	*7.8%*	*7.1%*	*6.0%*	-	*-5.9%*	*5.5%*
WA Business Cycle Ind. (Trend=50)	8.3	8.7	11.4	9.1	7.4	-	7.8	4.6
	38.7%	*69.5%*	*109.8%*	*142.6%*	*97.5%*	-	*-80.7%*	*-40.6%*
Avg. Weekly Hours in Manuf. (SA)	42.6	43.2	42.2	42.6	42.4	-	42.0	41.8
	2.9%	*2.3%*	*-0.5%*	*0.3%*	*0.4%*	-	*-1.0%*	*-0.3%*
Avg. Hourly Earnings in Manuf.	23.9	23.9	23.4	23.8	24.0	-	23.4	23.5
	3.4%	*2.7%*	*2.0%*	*1.7%*	*2.7%*	-	*11.4%*	*0.4%*
New Vehicle Registrations (SA, 000)	16.3	16.6	15.9	16.1	15.9	18.4	14.0	15.5
	3.6%	*11.7%*	*1.4%*	*4.4%*	*5.1%*	*19.3%*	*-26.4%*	*10.8%*
Initial Unemployment Claims (SA, 000)	51.0	52.9	50.0	50.1	49.7	47.6	69.2	56.7
	-14.7%	*-12.5%*	*-17.0%*	*-15.4%*	*-9.9%*	*-3.4%*	*51.4%*	*-18.0%*
Personal Income (SAAR, $bil.)	299.8	-	-	-	-	-	278.7	287.1
	5.1%	-	-	-	-	-	*-3.7%*	*3.0%*
Median Home Price ($000)	226.9	-	-	225.3	-	-	255.7	245.2
	-8.1%	-	-	*-9.5%*	-	-	*-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										
	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	Sep 11-Oct 10	Oct 11-Nov 10	Nov 11-Dec 10*
Department of Revenue-Total	1,106,158	1,153,220	834,514	870,549	1,335,204	1,641,571	1,270,126	1,092,482	1,020,032	994,146	1,139,412	1,626,929
	10.4	*1.0*	*6.6*	*10.4*	*27.7*	*2.5*	*16.1*	*2.9*	*7.2*	*7.1*	*-1.0*	*2.7*
Revenue Act	835,444	1,047,776	754,431	767,732	1,179,888	861,245	816,518	983,045	899,856	896,724	976,349	845,057
	13.2	*0.0*	*5.0*	*11.7*	*32.2*	*7.0*	*2.0*	*2.0*	*6.7*	*7.3*	*-0.7*	*-1.4*
Retail Sales Tax	528,065	662,598	453,708	458,338	664,871	524,437	505,397	599,837	570,586	564,760	607,047	546,094
	10.0	*-1.9*	*2.4*	*3.5*	*19.1*	*3.8*	*-3.3*	*1.2*	*3.4*	*5.9*	*0.3*	*1.0*
Business and Occupation Tax	227,441	284,676	214,154	219,836	342,902	239,931	230,620	289,075	251,491	254,366	284,711	230,278
	30.0	*-0.4*	*12.3*	*30.1*	*35.7*	*13.3*	*17.8*	*1.7*	*17.6*	*15.0*	*-2.9*	*-2.5*
Use Tax	35,461	45,743	32,900	36,181	109,077	41,435	38,934	49,191	38,770	37,110	41,931	29,486
	18.2	*7.3*	*4.5*	*12.3*	*191.1*	*16.1*	*10.2*	*17.6*	*1.1*	*0.6*	*-0.7*	*-15.1*
Public Utility Tax	27,393	39,451	39,836	36,583	40,003	33,817	30,194	29,135	26,206	27,936	29,193	26,674
	-22.2	*19.9*	*10.5*	*23.6*	*23.0*	*9.1*	*3.7*	*5.8*	*1.4*	*4.0*	*2.2*	*-8.6*
Tobacco Products Tax	3,413	4,342	3,983	3,338	4,053	3,865	4,243	4,334	4,003	4,462	4,238	4,605
	37.0	*43.8*	*81.3*	*36.5*	*24.1*	*12.1*	*78.1*	*20.4*	*13.6*	*26.4*	*-2.2*	*9.4*
Penalties and Interest	13,671	10,967	9,851	13,456	18,982	17,759	7,130	11,473	8,799	8,089	9,229	7,921
	-11.2	*32.0*	*-35.3*	*17.5*	*139.1*	*-1.6*	*-54.4*	*-13.7*	*-11.2*	*-40.6*	*-5.4*	*-32.5*
Non-Revenue Act**	270,714	105,444	80,083	102,817	155,316	780,325	453,608	109,437	120,176	97,423	163,063	781,872
	2.4	*12.1*	*24.9*	*1.5*	*1.4*	*-2.1*	*54.7*	*11.3*	*11.1*	*4.9*	*-2.3*	*7.5*
Liquor Sales/Liter	16,848	23,633	13,913	14,524	16,020	16,164	16,594	17,247	18,625	17,897	16,998	16,912
	5.7	*2.4*	*-0.1*	*2.8*	*4.3*	*3.9*	*3.3*	*6.3*	*2.2*	*8.3*	*7.2*	*1.1*
Cigarette	36,538	29,800	25,441	27,921	28,463	23,966	107,936	38,924	41,012	37,554	34,412	35,258
	40.6	*15.7*	*98.3*	*17.2*	*20.8*	*-33.4*	*210.6*	*61.3*	*2.9*	*29.2*	*2.7*	*34.8*
Property (State School Levy)	173,492	12,406	6,857	25,700	67,364	694,837	184,883	9,491	7,295	10,583	38,957	654,270
	-3.4	*13.0*	*8.8*	*4.8*	*1.2*	*0.3*	*13.7*	*-12.5*	*2.8*	*7.2*	*16.8*	*6.7*
Real Estate Excise	33,257	22,902	19,704	27,816	28,763	27,102	39,094	31,156	45,591	31,027	23,540	29,745
	-6.9	*10.7*	*4.9*	*-12.9*	*-11.9*	*-19.9*	*-0.8*	*-8.7*	*43.5*	*13.5*	*-24.2*	*10.3*
Timber (state share)	0	0	788	0	0	825	0	0	1,166	0	0	958
	NA	*NA*	*-14.2*	*NA*	*NA*	*27.6*	*NA*	*NA*	*-29.0*	*NA*	*NA*	*-9.5*
Other	10,579	16,703	13,379	6,855	14,707	17,432	105,100	12,619	6,488	362	49,156	44,729
	52.2	*23.6*	*18.6*	*-20.1*	*-2.5*	*-2.9*	*160.8*	*-2.9*	*-31.7*	*-96.3*	*-7.6*	*5.4*
Department of Licensing**	131	129	341	521	1,733	2,861	6,300	3,004	1,371	510	301	244
	-34.0	*-23.4*	*20.5*	*16.6*	*65.8*	*23.0*	*-14.4*	*-20.6*	*11.5*	*3.4*	*-5.6*	*101.8*
Lottery**	0	0	0	0	0	0	6,651	0	0	0	0	0
	NA	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*
Administrative Office of the Courts**	7,372	7,958	6,350	8,165	9,371	8,399	7,997	8,416	7,961	8,640	7,972	8,281
	-4.0	*0.4*	*-5.1*	*-0.3*	*-6.4*	*-4.9*	*11.9*	*-6.1*	*-2.1*	*9.1*	*2.3*	*-5.3*
Total General Fund-State***	1,113,661	1,161,307	841,205	879,235	1,346,308	1,652,830	1,291,073	1,103,901	1,029,364	1,003,296	1,147,686	1,635,454
	10.2	*1.0*	*6.5*	*10.2*	*27.4*	*2.5*	*16.5*	*2.7*	*7.1*	*7.1*	*-1.0*	*2.5*

*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.

Note: Italic figures refer to Year-over-Year percent change.

Revenue Forecast Variance
Thousands of Dollars

Period/Source	Estimate*	Actual	Difference Amount	Percent
November 11, 2011 - December 10, 2011				
December 10, 2011 Collections Compared to the November 2011 Forecast				
Department of Revenue-Total	$1,607,141	$1,626,929	$19,787	1.2%
Revenue Act** (1)	872,781	845,057	(27,724)	-3.2%
Non-Revenue Act(2)	734,361	781,872	47,511	6.5%
Liquor Sales/Liter	17,116	16,912	(203)	-1.2%
Cigarette	35,036	35,258	222	0.6%
Property (State School Levy)	620,300	654,270	33,970	5.5%
Real Estate Excise	22,200	29,745	7,545	34.0%
Timber (state share)	1,040	958	(83)	-7.9%
Other	38,668	44,729	6,060	15.7%
Department of Licensing (2)	194	244	51	26.2%
Lottery (5)	0	0	0	0.0%
Administrative Office of the Courts (2)	8,380	8,281	(99)	-1.2%
Total General Fund-State***	$1,615,716	$1,635,454	$19,739	1.2%
Cumulative Variance Since the November Forecast (November 11, 2011 - December 10, 2011)				
Department of Revenue-Total	$1,607,141	$1,626,929	$19,787	1.2%
Revenue Act** (3)	872,781	845,057	(27,724)	-3.2%
Non-Revenue Act(4)	734,361	781,872	47,511	6.5%
Liquor Sales/Liter	17,116	16,912	(203)	-1.2%
Cigarette	35,036	35,258	222	0.6%
Property (State School Levy)	620,300	654,270	33,970	5.5%
Real Estate Excise	22,200	29,745	7,545	34.0%
Timber (state share)	1,040	958	(83)	-7.9%
Other	38,668	44,729	6,060	15.7%
Department of Licensing (4)	194	244	51	26.2%
Lottery	0	0	0	0.0%
Administrative Office of the Courts	8,380	8,281	(99)	-1.2%
Total General Fund-State***	$1,615,716	$1,635,454	$19,739	1.2%

1 Collections November 11, 2011 - December 10, 2011. Collections primarily reflect October 2011 activity of monthly filers.
2 November 2011 collections.
3 Cumulative collections, estimates and variance since the November 2011 forecast; (November 11, 2011 -December 10, 2011) and revisions to history.
4 Cumulative collections, estimates and variance since the November forecast (November 2011) and revisions to history.
5 Lottery transfers to the General Fund
* Based on the November 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.