ECONOMIC & REVENUE UPDATE

11 January 2011

summary

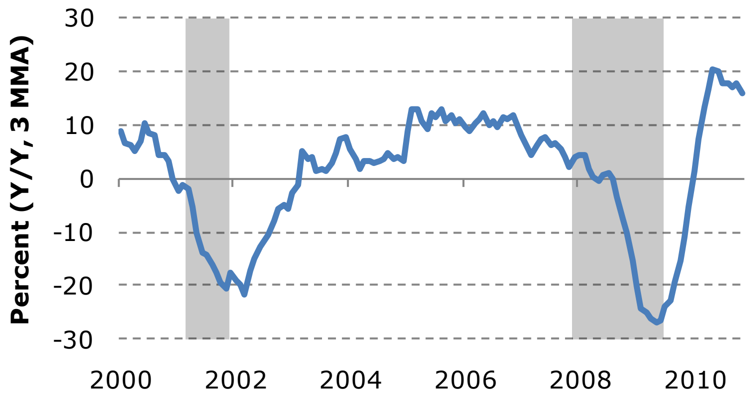
- **Although the economy is improving, the after effects of the Great Recession continue to weigh on the recovery. Job growth is slow and housing remains fragile. However, consumers appear to have given expression to pent-up demand this holiday season. The question is: will it last?**
- **Washington's economy has continued to expand since the November forecast but we are still not seeing strong job growth. Housing construction is showing some signs of life but nonresidential construction is lagging. The outlook for software and aerospace is good and we should see a gradual upturn in growth this year.**
- **Major General Fund-State (GF-S) revenues for the December 11, 2010 – January 10, 2011 collection period were $36.9 million (3.4%) higher than our November forecast, but most of the positive variance is estimated to have been due to a change in the payment pattern of Revenue Act taxes. When the change is taken into account, cumulative revenue collections are close to our November forecast.**

united states

United States

We continue to assess progress one month at a time. There has been a slow trickle of positive economic news since our last update, even as the after effects of the Great Recession continue to weigh down the recovery. Job growth remains weak, construction is in shambles, and financial markets remain nervous. On the plus side, consumers are showing a willingness to spend again, factory orders remain robust (see figure), and overseas demand for U.S. products appears to be growing again.

New Orders: Core* Capital Goods



*Core capital goods exclude aircraft and defense

The Bureau of Economic Analysis' (BEA) final estimate of third quarter real GDP growth was a modest upward revision to a 2.6% seasonally adjusted annualized rate (SAAR) from 2.5%. Unfortunately, the upward revision was the result of a larger than previously estimated growth in business inventories, partially offset by a lower estimate of the growth in consumer spending. We expect consumer spending to show improvement in the fourth quarter, since the rate of savings has declined from a high of 6.3% in June to 5.3% in November.

The December employment situation report was again disappointing. Net job growth in December was just 103,000 (SA), although November's job growth was revised upward by 32,000 to 71,000. Private sector payrolls accounted for all of the increase in December, growing by 113,000 (SA) jobs. The unemployment rate fell to 9.4%, although much of this was due to a large drop in the labor force. The percentage of Americans either employed or looking for work is now at 64.3%, the lowest since the 1980's. Unfortunately, the rate of underemployment (U6) remains stubbornly high at 16.7% as job gains struggle just to keep up with the growth in population.

united states

Housing remains fragile. Housing starts improved modestly to 555,000 (SAAR) units in November, from an upwardly revised October estimate of 534,000 (SAAR). Both new and existing home sales also improved a little in November. However, home prices remain soft as the supply of homes continues to exceed demand. The October 2010 Case-Shiller 20-city composite home price index fell 1.0% SA from its previous reading, its third consecutive decline. It is now 0.8% below its level a year ago.

There are signs of a release of pent-up demand this holiday season but questions remain about whether it is sustainable given the slow pace of the jobs recovery, and the dismal state of home prices. Retail sales, measured by the Census Bureau, grew 8.0% and 7.7% in October and November compared to a year ago. The BEA's measure of personal consumption expenditures grew a revised 8.2% (SAAR) in October, followed by 5.1% growth in November. Light motor vehicle sales have steadily increased throughout this year. December sales were 12.5 million (SAAR) units, 12.6% above a year ago.

washington

WASHINGTON

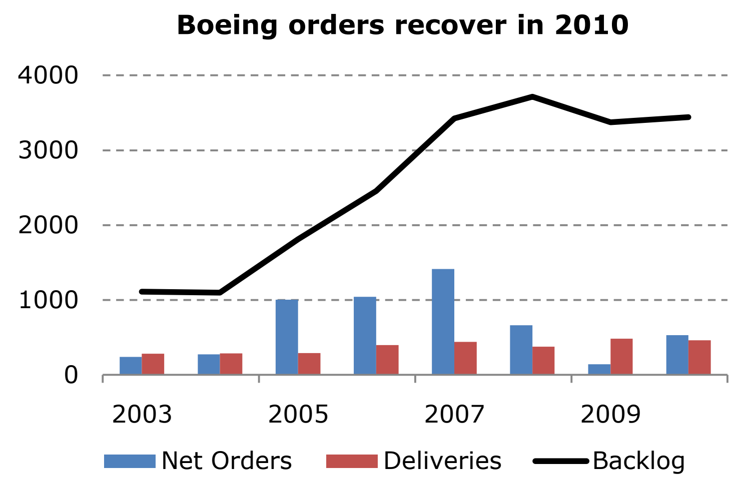
Washington's economy has continued to expand since the November forecast but we are still not seeing strong job growth. The state's economy added a token 100 jobs in November and the private sector actually lost 500 jobs after an increase of 2,500 in October. The main reason for the deterioration in private sector employment growth in November was construction, which, after showing little change for several months, fell 2,100 in November. Since the November forecast, the state's economy has added 1,000 private sector jobs per month, which is about the same rate we have seen since last June. While positive, this is too slow to reduce the state's unemployment rate, which remained at 9.2% in November. On a more hopeful note, we have seen a decline in the number of initial claims for unemployment insurance in Washington as well as in the United States as a whole. The four-week moving average of Washington initial claims fell to 10,600 in the week ending January 1, 2011. This was the fewest claims since September 2008 and portends stronger growth ahead.

Housing construction appears to be showing some growth again after a sharp decline following the expiration of the federal homebuyer's tax credits which caused single-family permits to fall from 17,800 (SAAR) in March to 11,900 in May. Since then, single-family permits have gradually improved, reaching 14,800 in November. Permits for multiple unit structures also improved in November, rising from 3,400 units (SAAR) to 5,200. This is still an extremely low level of multi-family activity. However, there is evidence of an uptick in migration into Washington, which is good for multi-family housing. Vacancy rates have also fallen which is plus for investment in multi-family housing. The housing recovery will be slow as it is still weighed down by low confidence and an excess supply of housing. Home prices have also weakened since the expiration of the credits. The Case-Shiller Home Price Index for Seattle showed signs of firming in the spring but prices have declined in each of the past five months and are now down 4.1% since a year ago.

Housing construction employment remains weak. We think the 2,100 decline in November was an outlier but the trend is still slightly down. We are beginning to see a bifurcation in construction activity. According to the Dodge Construction Potentials data on new construction projects, residential construction has turned slightly positive again but nonresidential construction continues to decline. The Dodge data are forward looking so we expect to see residential construction and related special trades employment turn positive in the first quarter of 2011 but nonresidential construction will continue to decline through the third quarter. We do not expect any growth in overall construction employment until the second half of 2011 and even then, growth will initially be weak. In washington

spite of a fairly strong recovery in 2012 and 2013, construction employment will still be 46,000 below the previous peak at the end of 2013.

The airlines recovered surprisingly quickly from the Great Recession and that bodes well for Boeing. Airlines passenger and cargo traffic are up double digits from last year. Boeing got orders for 530 aircraft in 2010, more than three times the 142 orders in 2009 (see figure) though well below the record 1,413 orders set in 2007. Boeing was able to maintain its huge backlog of more than seven year's worth of production through the recession and added to the backlog in 2010. Boeing plans to increase production of the 777 to 7 per month in mid-2011 from the current rate of 5 per month. Boeing also plans to raise its production of the 737 to 35 per month in early 2012 and 38 per month by mid-2013. Combined, these represent more than a 20% increase in production from the current rate of 31.5 per month. Production of the new 787 and 747-8 will also be ramping up in. We expect to see positive aerospace employment growth in 2011, 2012, and 2013 but no boom as Boeing is already near its production cycle peak.



After the unprecedented Microsoft layoffs in 2009, the state's software sector has returned to growth. In spite of a rare decline of 200 software jobs in November 2010, we have already regained 1,100 of the 2,600 software jobs lost in 2009. We expect modest software employment growth through 2011 with growth accelerating to the 4 to 5% range in 2012 and 2013.

revenue collections

REVENUE COLLECTIONS

Overview

Major General Fund-State (GF-S) revenues for the December 11, 2010 – January 10, 2011 collection period were $36.9 million (3.4%) higher than our November forecast, but most of the positive variance is estimated to have been due to a change in the payment pattern of Revenue Act taxes. For this collection period, year-over-year Revenue Act growth, adjusted for large one-time assessment payments, was 12.2%. Our November forecast had expected 8.4%. If the impact of the change in Revenue Act payment patterns is also taken into account, the adjusted year-over-year growth in Revenue Act collections is estimated to be 9.0%. The details are discussed below.

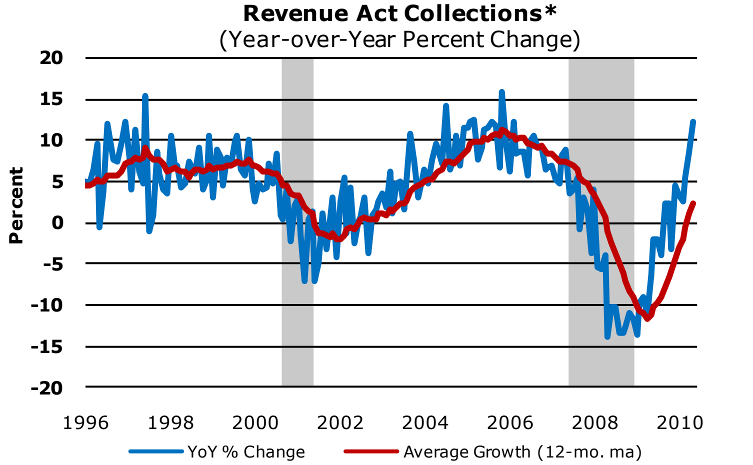
In addition to the change in payment patterns, there were $7.3 million in large one-time assessment payments during the collection period. Without these payments, the forecast variance would have been $29.6 million (2.8%).

Cumulatively, revenue collections since the November forecast are $61.0 million (2.3%) above the forecasted value. Since the forecast, however, there have been $28.2 million in large one-time assessment payments. Without these payments, the forecast variance would have been $32.9 million (1.2%).

revenue collections

Revenue Act

The revenue collections reported here are for the December 11 – January 10, 2011 collection period. Collections correspond primarily to economic activity in November 2010.



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

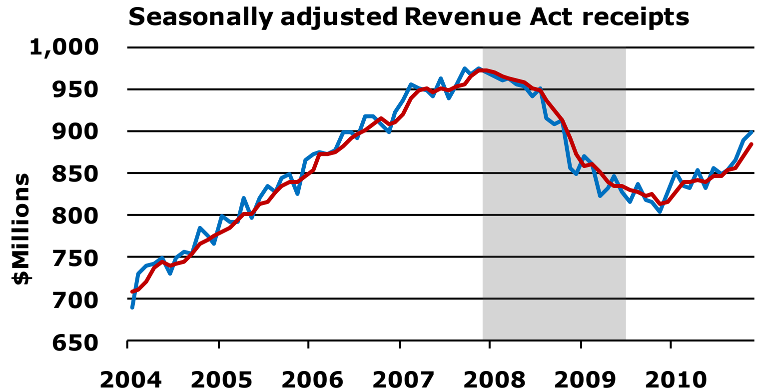
Revenue Act collections came in $35.7 million (4.5%) above the November forecast, but the variance is estimated to have been due to a change in the reporting frequency of a large number of taxpayers. In order to cut back on processing expenses and reduce reporting errors, the Department of Revenue switched 32,600 taxpayers from quarterly filing of paper tax returns to monthly filing of electronic returns, starting with October taxable activity. This shift in the monthly payment patterns, which was not accounted for in the monthly collection estimates based on the November forecast, does not alter the forecast of total collections for fourth quarter activity, only the timing of the receipts. With the change in frequency, taxpayers who would have formerly paid taxes for the entire fourth quarter on January 31st have instead already paid taxes for October and November activity in November and December, and their January filings will reflect only December activity. Any revenue increases over the last two collection periods that have resulted from this change are therefore expected to be reversed in the January 11 – February 10 collection period. Based on an assessment of the history of taxes paid by these filers, it is estimated that the change would have caused Revenue Act collections to increase by an average of $24 million in the last two collection periods, but decrease by approximately $48 million in the next collection period.

In addition to the extra revenue from the new monthly filers, there were $7.3 million in large one-time assessment payments during the collection period. Adjusting for these payments, the variance was $28.4 million (3.6%). This variance is about what would be expected from the change in reporting frequency discussed above.

Cumulatively, Revenue Act collections are $58.8 million (3.6%) above the November forecast. Of this amount, however, $28.2 million was from one-time large assessment payments. Excluding these payments, the cumulative variance was $30.7 million (1.9%). As this variance is less than would have been expected given the change in reporting frequency previously discussed, underlying revenue growth could be slightly less than forecasted in November, but this cannot yet be determined. The trend will become clearer when quarterly returns are filed at the end of this month.

The chart showing year-over-year Revenue Act growth reflects new revenues added under ESSB 5073. By this measure, revenues increased 12.2% year-over-year in the current period after adjustments for large one-time payments and refunds. In the previous period adjusted revenues had increased 8.6%. Adjusting for both the one-time payments and the estimated effect of the change in the timing of payments from new monthly taxpayers, revenues would have increased approximately 9.0% year-over-year in the current period and 5.5% year-over-year in the previous period.

Unadjusted for non-economic factors, revenue increased 13.2% year-over-year as shown in the "Key Revenue Variables" table. On a seasonally adjusted basis, revenue showed increasing growth (see figure). While much of the growth is due to the shift in payment patterns discussed above, revenue would still be on an increasing trend without it.



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

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, retail sales taxes were applied to bottled water and candy sales beginning June 1, 2010 (although the taxes were rescinded as of December 2, 2010, they were still in place in November). These tax changes are estimated to have increased 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 9.1%.

Preliminary ERFC monthly estimates indicate retail sales tax collections are up 9.8% year-over-year and B&O taxes are up 27.7%. It cannot yet be determined how much of these high growth rates was the result of payments by new monthly taxpayers.

Tax payments as of December 29th from electronic filers who also paid in the December 11 – January 10 collection period of last year were up 6.9% year-over-year.

Some details:

☐ Payments in the retail trade sector were up 9.4% year-over-year. In the previous period, year-over-year payments increased 6.2%.

☐ Payments from the motor vehicle and parts sector were up 18.3% year-over-year. In the previous period, year-over-year payments increased 12.0%. Excluding the auto sector, payments from the retail trade sector were up 7.4% year-over-year, an improvement from the 4.7% increase in ex-auto payments in the previous period.

☐ The largest year-over-year increases in tax payments from other retail trade sectors were from non-store retailers (+17.7%), electronics and appliances (+16.1%), gas stations and convenience stores (+12.5%), food and beverage stores (+9.5%), drug and health stores (+8.8%) and apparel and accessories (+8.2%). No retail trade sector showed a year-over-year decline.

☐ Payments in non-retail trade sectors were up 5.2% year-over-year, up sharply from last month's 0.7% increase.

☐ Payments in the construction sector were down 3.5% year-over-year while those in the manufacturing sector were up 7.7%.

☐ Excluding the construction sector, total payments were up 8.3% year-over-year and payments from non-retail trade sectors were up 7.4%. Excluding both construction and manufacturing, total payments were up 8.3% and payments from non-retail trade sectors were up 7.3%.

revenue collections

DOR Non-Revenue Act

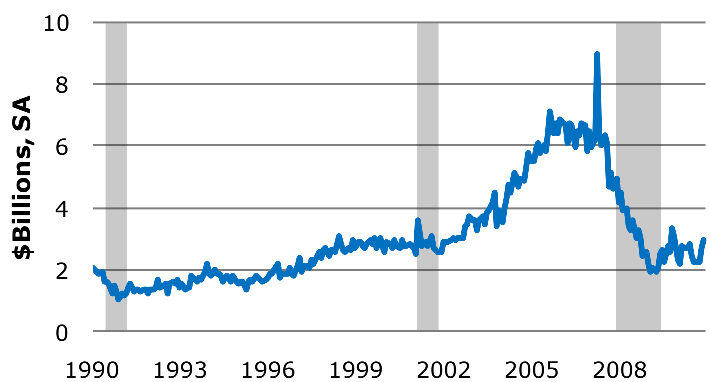
December collections were $1.8 million (0.7%) above the November forecast. The cumulative variance since the forecast is now $2.6 million (0.3%).

The positive variance was mainly due to cigarette tax receipts, which came in $6.0 million (19.8%) above the forecast. Receipts were up 40.6% year-over-year, due mainly to a 91.4 cent per pack increase in GF-S taxes that took effect on May 1st. The large year-over-year increases that can be seen in months prior to July 2010 in the "Key Revenue Variables" were due to the re-classification of pre-existing cigarette taxes as GF-S taxes effective July 2009. The cumulative variance in cigarette taxes is now $4.4 million (7.6%).

Property tax collections came in $6.6 million (3.7%) lower than forecasted. This brought the cumulative variance in the tax to -$7.0 million (-0.9%).

December real estate excise tax collections were $810,000 (2.5%) above the forecast. Though reported taxable activity showed improvement in November and December (see figure), collections were down 6.9% year-over-year due to strong sales in the winter of 2009 from federal tax credits for first-time homebuyers. The cumulative variance is now -$221,000 (-0.4%).

REET activity resuming pre-credit trend



Source: ERFC, data through November 2010 preliminary activity

Liquor tax receipts came in $67,000 (0.4%) lower than forecasted. The cumulative variance for liquor taxes is now -$9,000 (-0.0%).

"Other" revenues were $1.6 million (17.6%) above the forecast, due mainly to larger-than-forecasted transfers of unclaimed property into the GF-S. The cumulative variance for these taxes is now $5.5 million (11.4%).

December DOR non-Revenue Act collections were up 2.4% year-over-year, due mainly to year-over-year increase in cigarette taxes and "other" revenue.

Other Revenue

Department of Licensing receipts for December came in $27,000 (17.4%) below the November forecast. Cumulatively, revenues are $82,000 (24.6%) below the forecast.

December revenue from the Administrative Office of the Courts was $531,000 (6.7%) below the forecast. Cumulatively, revenues are $333,000 (2.0%) below the forecast.

Key U.S. Economic Variables

	2010								
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	2009	2010	
Real GDP (SAAR)	-	-	2.6	-	-	-	-2.6	2.9	*
Industrial Production (SA, 2002 = 100)	93.4	93.6	93.7	93.5	93.9	-	87.7	92.4	*
Y/Y % Change	*7.7*	*6.7*	*6.0*	*5.5*	*5.4*	-	*-9.3*	*5.6*	*
ISM Manufacturing Index (50+ = growth)	55.5	56.3	54.4	56.9	56.6	57.0	46.2	57.3	
ISM Non-Manuf. Index (50+ = growth)	54.3	51.5	53.2	54.3	55.0	57.1	46.2	54.1	
Housing Starts (SAAR, 000)	550	614	601	534	555	-	554	592	*
Y/Y % Change	*-6.3*	*5.0*	*2.6*	*0.9*	*-5.8*	-	*-38.4*	*7.2*	*
Light Motor Vehicle Sales (SAAR, mil.)	11.5	11.5	11.8	12.3	12.3	12.5	10.4	11.6	
Y/Y % Change	*2.2*	*-19.0*	*25.4*	*17.6*	*12.9*	*12.6*	*-21.5*	*11.5*	
CPI (SA, 1982-84 = 100)	217.6	218.2	218.4	218.9	219.1	-	214.5	217.9	*
Y/Y % Change	*1.3*	*1.2*	*1.1*	*1.2*	*1.1*	-	*-0.3*	*1.7*	*
Core CPI (SA, 1982-84 = 100)	221.7	221.8	221.8	221.8	222.0	-	219.2	221.3	*
Y/Y % Change	*1.0*	*1.0*	*0.8*	*0.6*	*0.7*	-	*1.7*	*1.0*	*
IPD for Consumption (2000=100)	111.0	111.1	111.2	111.4	111.5	-	109.3	111.1	*
Y/Y % Change	*1.5*	*1.4*	*1.3*	*1.2*	*1.0*	-	*0.2*	*1.7*	*
Nonfarm Payroll Empl., e-o-p (SA, mil.)	130.4	130.4	130.3	130.5	130.6	130.7	129.6	130.7	
Monthly Change	*-0.12*	*0.00*	*-0.02*	*0.21*	*0.07*	*0.10*	*-4.74*	*1.12*	
Unemployment Rate (SA, percent)	9.5	9.6	9.6	9.7	9.8	9.4	9.3	9.6	
Yield on 10-Year Treasury Note (percent)	3.01	2.70	2.65	2.54	2.76	3.29	3.26	3.21	
Yield on 3-Month Treasury Bill (percent)	0.16	0.16	0.15	0.13	0.14	0.14	0.15	0.14	
Broad Real USD Index*** (Mar. 1973=100)	88.4	87.7	86.6	84.1	84.0	84.5	91.1	87.1	
Federal Budget Deficit ($ bil.)**	165.0	90.5	34.6	140.4	150.4	-	1,415.7	1,294.2	
FYTD sum	*1,169.1*	*1,259.6*	*1,294.2*	*140.4*	*290.8*	-			
US Trade Balance ($ bil.)	-42.9	-46.9	-44.6	-38.7	-	-	-374.9	-420.6	*
YTD Sum	*-290.4*	*-337.3*	*-381.9*	*-420.6*	-	-			

**Year-to-date*

***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								
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	2009	2010	
Employment								*End-of-period*	
Total Nonfarm (SA, 000)	2,786.7	2,786.6	2,781.6	2,785.8	2,785.9	-	2,779.7	2,785.9	*
Change from Previous Month (000)	*-4.0*	*-0.1*	*-5.0*	*4.2*	*0.1*	-	*-133.7*	*6.2*	*
Construction	141.2	141.1	140.6	140.5	138.4	-	147.5	138.4	*
Change from Previous Month	*0.2*	*-0.1*	*-0.5*	*-0.1*	*-2.1*	-	*-37.2*	*-9.1*	*
Manufacturing	257.3	257.4	258.2	258.1	258.7	-	257.4	258.7	*
Change from Previous Month	*-0.9*	*0.1*	*0.8*	*-0.1*	*0.6*	-	*-26.9*	*1.3*	*
Aerospace	80.7	80.0	80.4	80.3	80.8	-	81.2	80.8	*
Change from Previous Month	*0.3*	*-0.7*	*0.4*	*-0.1*	*0.5*	-	*-4.3*	*-0.4*	*
Software	50.9	51.3	51.5	51.7	51.5	-	50.4	51.5	*
Change from Previous Month	*-0.1*	*0.4*	*0.2*	*0.2*	*-0.2*	-	*-2.6*	*1.1*	*
All Other	2,337.3	2,336.8	2,331.3	2,335.5	2,337.3	-	2,324.4	2,337.3	*
Change from Previous Month	*-3.2*	*-0.5*	*-5.5*	*4.2*	*1.8*	-	*-67.0*	*12.9*	*
Other Indicators								*Annual Average*	
Seattle CPI (1982-84=100)	-	227.6	-	227.3	-	-	226.0	226.6	*
	-	0.2%	-	0.4%	-	-	*0.6%*	*0.2%*	*
Housing Permits (SAAR, 000)	18.4	23.5	16.5	17.3	19.9	-	15.9	19.2	*
	25.8%	*30.7%*	*-9.4%*	*-1.5%*	*21.8%*	-	*-42.1%*	*23.8%*	*
WA Index of Leading Ind. (2004=100)	115.9	116.3	116.3	117.9	119.4	-	110.0	115.9	*
	5.6%	*5.4%*	*5.1%*	*5.5%*	*5.7%*	-	*-5.6%*	*5.6%*	*
WA Business Cycle Ind. (Trend=50)	5.9	6.4	3.9	3.9	6.3	-	8.4	4.9	*
	-2.7%	*19.6%*	*-38.0%*	*-12.3%*	*16.9%*	-	*-79.8%*	*-43.6%*	*
Avg. Weekly Hours in Manuf. (SA)	41.9	42.6	42.7	42.4	42.8	-	42.0	41.9	*
	-0.2%	*1.6%*	*2.1%*	*0.0%*	*1.8%*	-	*-0.7%*	*-0.2%*	*
Avg. Hourly Earnings in Manuf.	23.5	23.0	23.4	23.4	22.9	-	23.4	23.3	*
	1.2%	*-0.8%*	*-0.8%*	*-0.6%*	*-3.1%*	-	*11.4%*	*-0.1%*	*
New Vehicle Registrations (SA, 000)	14.5	15.1	15.5	15.3	15.3	16.3	14.0	15.5	
	5.8%	*-17.6%*	*-1.6%*	*28.5%*	*21.1%*	*8.1%*	*-26.5%*	*11.0%*	
Initial Unemployment Claims (SA, 000)	60.7	60.4	63.3	53.9	48.8	54.7	69.4	56.9	
	-17.0%	*-17.3%*	*-17.5%*	*-22.0%*	*-18.8%*	*-10.0%*	*51.4%*	*-18.0%*	
Personal Income (SAAR, $bil.)	-	-	294.2	-	-	-	286.1	291.7	*
	-	-	*2.7%*	-	-	-	*-0.4%*	*2.1%*	*
Median Home Price ($000)	-	-	248.9	-	-	-	255.7	247.2	*
	-	-	*-4.3%*	-	-	-	*-9.8%*	*-4.8%*	*

Percentage Change is Year-over-Year

**Year-to-date*

Key Revenue Variables

	2010 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	Dec 11-Jan 10*
Department of Revenue-Total	782,676	788,877	1,045,481	1,601,911	1,093,845	1,061,881	951,439	928,373	1,150,677	1,584,564	1,106,158
	1.7	*12.1*	*7.7*	*9.8*	*6.4*	*2.0*	*3.8*	*3.9*	*8.0*	*5.7*	*10.4*
Revenue Act	718,560	687,570	892,259	804,996	800,650	963,515	843,523	835,533	983,708	857,053	835,444
	-2.3	*3.7*	*2.1*	*8.8*	*1.2*	*3.1*	*1.9*	*4.2*	*6.3*	*11.3*	*13.2*
Retail Sales Tax	442,862	442,827	558,294	505,068	522,430	593,014	551,943	533,504	605,478	540,948	526,942
	-8.8	*0.4*	*0.7*	*4.2*	*-2.7*	*-1.2*	*-1.4*	*-0.5*	*2.3*	*8.6*	*9.8*
Business and Occupation Tax	190,756	169,039	252,778	211,752	195,760	284,250	213,939	221,128	293,354	236,261	223,477
	9.7	*8.2*	*6.9*	*21.5*	*9.4*	*12.6*	*9.6*	*14.1*	*14.1*	*17.3*	*27.7*
Use Tax	31,493	32,207	37,466	35,681	35,327	41,819	38,363	36,873	42,233	34,719	34,362
	1.3	*-1.2*	*6.1*	*-5.6*	*3.3*	*2.9*	*8.7*	*10.5*	*15.3*	*8.5*	*14.5*
Public Utility Tax	36,036	29,597	32,517	30,997	29,108	27,532	25,848	26,868	28,555	29,190	29,903
	7.9	*-17.2*	*-10.7*	*-5.7*	*2.1*	*2.8*	*0.3*	*1.8*	*4.9*	*12.9*	*-15.0*
Tobacco Products Tax	2,197	2,445	3,265	3,448	2,383	3,600	3,524	3,530	4,332	4,210	1,349
	167.4	*146.1*	*240.5*	*262.4*	*136.4*	*18.7*	*34.0*	*-24.8*	*56.7*	*56.2*	*-45.8*
Penalties and Interest	15,217	11,456	7,940	18,050	15,643	13,301	9,906	13,630	9,756	11,726	19,411
	38.0	*-445.4*	*-22.1*	*89.4*	*35.7*	*22.4*	*11.0*	*87.8*	*2.6*	*22.5*	*26.0*
Non-Revenue Act**	64,116	101,307	153,222	796,916	293,195	98,366	107,916	92,840	166,968	727,511	270,714
	90.4	*151.4*	*57.4*	*10.9*	*23.6*	*-8.2*	*21.6*	*1.4*	*19.0*	*-0.2*	*2.4*
Liquor Sales/Liter	13,934	14,126	15,366	15,556	16,056	16,232	18,220	16,531	15,859	16,725	16,848
	14.9	*23.8*	*24.2*	*25.1*	*15.2*	*0.2*	*-2.8*	*3.5*	*2.1*	*-1.9*	*5.7*
Cigarette	12,829	23,816	23,570	35,990	34,746	24,130	39,860	29,057	33,520	26,149	36,538
	266.8	*488.1*	*558.1*	*749.4*	*976.1*	*-19.6*	*54.7*	*16.2*	*42.8*	*16.9*	*40.6*
Property (State School Levy)	6,304	24,533	66,565	692,782	162,563	10,843	7,094	9,871	33,355	613,332	173,492
	NA	*NA*	*72.6*	*4.4*	*5.5*	*6.5*	*6.6*	*7.5*	*24.0*	*0.4*	*-3.4*
Real Estate Excise	18,792	31,952	32,636	33,849	39,401	34,128	31,762	27,326	31,038	26,960	33,257
	-36.1	*61.3*	*32.2*	*37.6*	*11.6*	*-6.2*	*1.7*	*-20.0*	*-6.7*	*-14.5*	*-6.9*
Timber (state share)	919	0	0	646	0	0	1,354	0	0	1,058	0
	-8.2	*NA*	*NA*	*-3.2*	*NA*	*NA*	*85.6*	*NA*	*NA*	*31.1*	*NA*
Other	11,338	6,881	15,085	18,093	40,430	13,034	9,626	10,055	53,196	43,286	10,579
	172.3	*622.8*	*-17.0*	*33.8*	*32.1*	*-7.5*	*106.3*	*56.8*	*29.3*	*-6.1*	*52.2*
Department of Licensing**	283	447	1,045	2,326	7,357	3,784	1,230	494	319	121	131
	7.9	*4.2*	*-81.5*	*-38.1*	*6.8*	*20.7*	*37.0*	*18.6*	*13.3*	*-39.4*	*-34.0*
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**	6,693	8,189	10,012	8,827	7,148	8,966	8,131	7,922	7,796	8,747	7,372
	NA	*NA*	*NA*	*NA*	*NA*	*-1.7*	*-5.7*	*-7.6*	*-7.0*	*-2.8*	*-4.0*
Total General Fund-State***	789,652	797,513	1,056,538	1,613,065	1,108,350	1,074,632	960,800	936,789	1,158,791	1,593,432	1,113,661
	2.6	*13.3*	*8.2*	*10.3*	*7.1*	*1.5*	*3.8*	*3.8*	*7.9*	*5.7*	*10.2*

*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
December 11, 2010 - January 10, 2011				
January 10, 2011 Collections Compared to the November 2010 Forecast				
Department of Revenue-Total	$1,068,701	$1,106,158	$37,457	3.5%
Revenue Act** (1)	799,743	835,444	35,701	4.5%
Non-Revenue Act(2)	$268,958	$270,714	$1,756	0.7%
Liquor Sales/Liter	16,915	16,848	(67)	-0.4%
Cigarette	30,506	36,538	6,033	19.8%
Property (State School Levy)	180,098	173,492	(6,606)	-3.7%
Real Estate Excise	32,447	33,257	810	2.5%
Timber (state share)	0	0	0	0.0%
Other	8,992	10,579	1,587	17.6%
Department of Licensing (2)	158	131	(27)	-17.4%
Lottery (5)	0	0	0	0.0%
Administrative Office of the Courts (2)	7,903	7,372	(531)	-6.7%
Total General Fund-State***	$1,076,762	$1,113,661	$36,899	3.4%
Cumulative Variance Since the November Forecast (November 11 - January 10, 2011)				
Department of Revenue-Total	$2,629,270	2,690,722	61,452	2.3%
Revenue Act** (3)	1,633,663	1,692,497	58,834	3.6%
Non-Revenue Act(4)	995,607	998,225	2,618	0.3%
Liquor Sales/Liter	33,582	33,573	(9)	0.0%
Cigarette	58,272	62,688	4,415	7.6%
Property (State School Levy)	793,810	786,824	(6,986)	-0.9%
Real Estate Excise	60,439	60,218	(221)	-0.4%
Timber (state share)	1,160	1,058	(102)	-8.8%
Other	48,344	53,865	5,521	11.4%
Department of Licensing (4)	334	252	(82)	-24.6%
Lottery	0	0	0	0.0%
Administrative Office of the Courts	16,452	16,119	(333)	-2.0%
Total General Fund-State***	$2,646,056	$2,707,093	$61,037	2.3%

1 Collections December 11, 2010 - January 10, 2011. Collections primarily reflect November 2010 activity of monthly filers
2 December 2010 collections.
3 Cumulative collections, estimates and variance since the November 2010 forecast; (November 11, 2009 - January 10, 2011) and revisions to history.
4 Cumulative collections, estimates and variance since the November forecast (November - December 2010) and revisions to histo
5 Lottery transfers to the General Fund
* Based on the November 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.