



ECONOMIC & REVENUE UPDATE

13 June 2011

summary

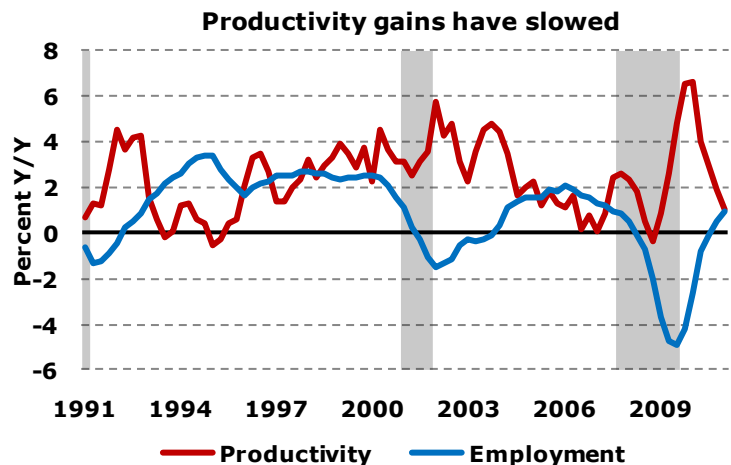
- **The rate of national economic growth has slowed considerably. The weakness evident in first quarter data appears to have extended into the second quarter as well. However, headwinds are likely to recede in the second half of the year, and growth should pick up then.**
- **The Washington economic recovery has slowed since March after fairly strong growth at the end of 2010 and early 2011.**
- **Major General Fund-State (GF-S) revenue collections for the May 11 – June 10, 2011 collection period came in \$69.7 million (4.0%) below the March forecast due to a sharp slowdown in economic activity in April. Cumulatively, however, collections since March are still \$93.1 million above the forecast due to last month's receipts from the amnesty program for past due taxes.**

United States

The U.S. economy has entered another soft-patch in a recovery that is proving to be far more bumpy and fragile than usual. While growth continues, it does so at a slower rate than before. Dual headwinds of sustained high gas prices and disruptions to the manufacturing supply chain due to power shortages in Japan have taken the wind out of the sails of the recovery. Growth, however, is likely to continue and even pick up momentum in the second half of the year, as oil prices stabilize and Japan starts rebuilding.

The May employment report for the nation was disappointing and confirms the slowdown in the economy. The economy created just 83,000 (SA) new jobs in the private sector, and April's gain was revised downward to 251,000 (SA). In May, the government continued to lose jobs, shedding 29,000 (SA). Net job gains were just 54,000 (SA), down from April's revised 232,000 (SA) gains. Average hourly earnings improved by 6 cents, but average weekly hours remained steady at 34.4 hours. The unemployment rate, calculated from a separate survey of households ticked up to 9.1%, and remains high.

However, the economy is on the cusp of faster job growth if there is any increase in aggregate demand. Robust labor productivity gains have held back the jobs recovery. But, the productivity cycle has clearly turned ([see figure](#)). Year-over-year growth in labor productivity has dropped sharply, and is mirrored by year-over-year gains in employment. We are now at that stage of the recovery where any increase in final demand will translate into job growth, because employers will need more workers to increase output. They can't get more out of existing workers.



united states

ECONOMIC & REVENUE UPDATE

united states

Other trends since our last [Update](#) remain the same. Construction is still extremely weak and is likely to stay so for a while; high energy and food prices have not passed-through to other goods, and the threat of inflation remains benign; May light motor vehicle sales fell to 11.8 million (seasonally adjusted annualized rate) units from 13.2 million in April, as expected due to a shortage of vehicles available for sale; the second estimate of first quarter real Gross Domestic Product growth did not change the top-line number – but the underlying detail showed fewer sales and higher inventories. Most indicators for April and May point to the fact that the first quarter economic soft-patch is likely to extend into the second quarter as well.

Trade data for April bucked the overall softening trend. The trade deficit narrowed by \$3.1 billion to reach \$43.7 billion. Total exports grew 1.3% (SA), while total imports fell 0.4% (SA). After contributing significantly to fourth quarter growth last year, net exports were largely neutral in the first quarter of this year. The April reading gives hope that we will see a return to contribution from trade in the second quarter.

WASHINGTON

Washington employment grew slightly less than expected in the two months since the March forecast was released. The economy added 8,800 net new jobs in March and April. We had expected 10,000 jobs. Judging from the weak May U.S. employment report, we expect slow employment growth in May as well. Aerospace and software are expanding, but construction remains in a prolonged slump. Geopolitical developments in the Middle East and North Africa (MENA) boosted oil and gasoline prices, eroding consumers' purchasing power and confidence. The Japanese earthquake and tsunami continues to pose a threat to the state's recovery. Japan is the state's third largest export market. Eventually reconstruction activity will be a plus for our state's economy but in the near term the devastation has disrupted supply chains and reduced demand for Washington products.

The private sector added 10,200 jobs in March and April but public sector employment declined by 1,300 yielding an economy-wide gain of 8,800. The construction sector lost only 100 jobs in the last two months while manufacturing added 1,600 of which 1,100 were in the aerospace sector. Private service-providing industries, which account for two out of three jobs in Washington, added 8,500 jobs. Though Washington employment growth was slightly weaker than the March forecast projected, the level of employment is higher because of revised historical data.

Boeing is growing again after layoffs in 2009. The aerospace sector has added 3,500 employees since last May, more than half of the 6,000 jobs lost from February 2009 through May 2010. We expect the job growth to continue. Over the next couple of years as Boeing plans significant production increases in all five models of commercial aircraft. Between now and early 2013, total production will rise from the 42 planes per month to 60 planes per month, an increase of more than 40%. After unprecedented layoffs in 2009, the software sector is also growing again and has now recovered 40% of the jobs lost (peak to trough) in the recession.

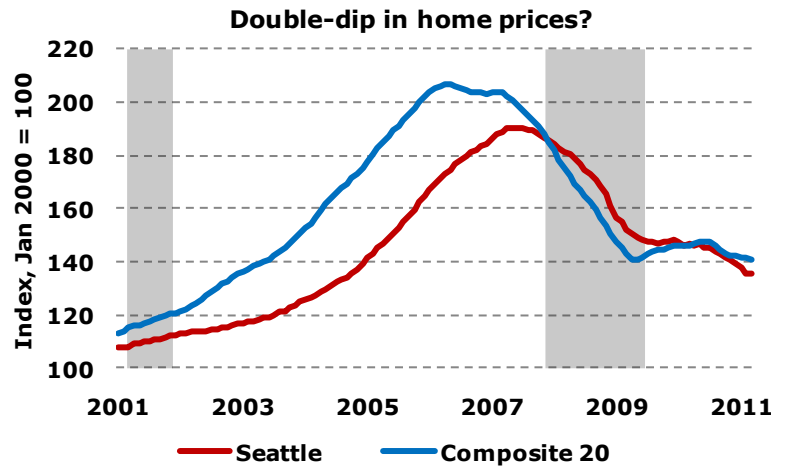
We now have Seattle consumer price data through April. So far this year prices have been rising at an average annual rate of 3.0%. The strong inflation in early 2011 was driven by rising energy costs. Core inflation in Seattle averaged only 1.2% in the first four months of the year. With energy costs easing since April, we expect more moderate Seattle headline inflation going forward.

washington

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washington

The housing sector in Washington remains weak. New home construction in Washington, as measured by building permit data, slumped to 16,900 units (SAAR) in the first quarter of 2011 from 22,800 in the fourth quarter of 2010. Previously permits had risen in both the third and fourth quarters of 2010. April's permits were strong, but only in volatile the multi-family sector. We believe the trend is positive in multi-family housing but permits will retreat from the very high level reached in April. The Case-Shiller Home Price Index for Seattle rose in March for the first time in ten months ([see figure](#)). It remains to be seen whether local home prices have turned the corner. High vacancies and foreclosures continue to put downward pressure on prices and new home construction.



Washington construction employment also remains weak. Employment in residential building and related special trades appears to have finally leveled off. There has been virtually no change in this sector for the last six months. Nonresidential construction employment, however, continues to trend down. According to the Dodge Construction Potentials data on new construction projects, which is also forward looking, contracts for residential construction have stabilized, suggesting little change in coming months, but contracts for nonresidential construction are still finding all-time lows. We expect construction employment to drift down through the remainder of this year.

REVENUE COLLECTIONS

Overview

Major General Fund-State (GF-S) revenues for the May 11 – June 10, 2011 collection period came in \$69.7 million (4.0%) lower than our March forecast due to the unexpectedly large slowdown in April economic activity. During the period there was a \$40 million payment for taxes assessed on activity from prior periods. Without this payment, receipts would have come in \$109.7 million (6.4%) below the March forecast.

Revenue Act receipts were \$45.9 million (-5.1%) below the forecast and other receipts came in \$23.7 million (2.9%) below the forecast due mainly to shortfalls in real estate excise, cigarette and property taxes.

Cumulatively, major GF-S revenues are \$93.1 million (2.5%) above the March forecast due to last month's receipts from the amnesty program for past due taxes as well as this month's large assessment payment. Adjusted for the extra revenue from the amnesty program and other one-time payments and refunds, the cumulative variance is negative \$142.2 million (-3.8%).

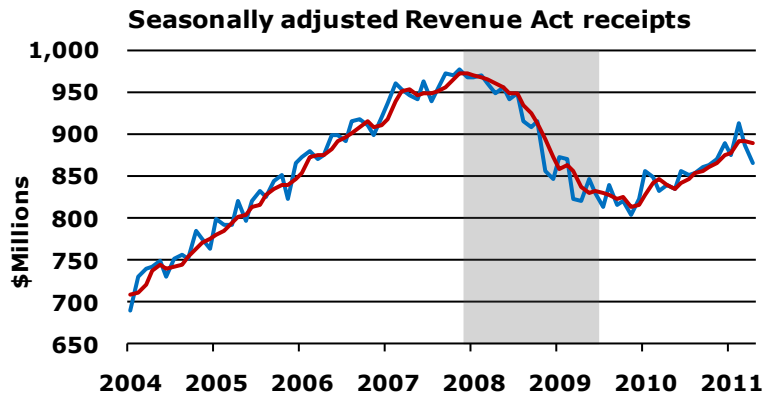
revenue collections

Revenue Act

The revenue collections reported here are for the May 11 – June 10, 2011 collection period. Collections correspond primarily to economic activity in April 2011 for monthly filers.

Revenue Act collections for the current period came in \$46.0 million (5.1%) below the March forecast. During the period there was a \$40 million payment for taxes assessed on activity from prior periods. Without this payment, receipts would have come in \$86.0 million (9.5%) below the March forecast.

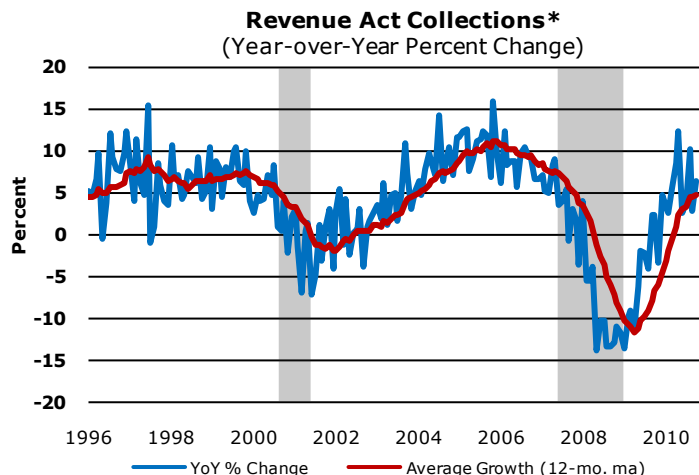
While collections adjusted for large one-time payments and refunds came in below the March forecast in the last two Economic and Revenue Updates, the shortfalls were relatively small; a 0.7% shortfall in April’s report (February economic activity) and a 1.7% shortfall in May’ report (March and first quarter 2011 activity). This month’s 9.5% adjusted shortfall was the result of a sharp slowing in the state’s economy after March, when moderate recovery had been expected. The decline in revenue is evident in preliminary seasonally adjusted collections ([see figure](#)), which were 2.5% below March’s activity (the chart of seasonally adjusted Revenue Act receipts has been adjusted for one-time payments/refunds and a change in payment patterns discussed in prior Updates).



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

Cumulatively, Revenue Act collections are \$125.5 million above the March forecast. The positive variance is due to last month’s larger-than-expected response to a program that allowed taxpayers to pay past due taxes with amnesty for penalties or interest payments. The program, which concluded on April 30, brought in \$197.6 million more than anticipated, as discussed in last month’s Economic and Revenue Update. Adjusted for the unanticipated amnesty payments plus other large one-time payments and refunds, collections would have been \$109.8 million (4.1%) below the forecast.

Revenue Act collections increased 6.3% year-over year in the current period after adjustments for large one-time payments including amnesty payments ([see figure](#)). In the previous period adjusted revenues had increased 2.9% (this is a correction from the value published last month). As reported in earlier Economic and Revenue Updates, however, year-over-year



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

revenue collections

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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 3.1% year-over-year in the current period and 7.3% year-over-year in the previous period.

Unadjusted for non-economic factors, revenue grew 7.0% year-over-year as shown in the "Key Revenue Variables" table. Preliminary ERFC monthly estimates indicate retail sales tax collections are up 4.4% year-over-year and B&O taxes are up 15.0%.

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. This change is estimated to have increased Revenue Act receipts by approximately \$19 million per month. Without this \$19 million in additional revenue, year-over-year Revenue Act growth adjusted for large refunds and the shift in payment patterns would have been approximately 1%.

Tax payments as of May 27th from electronic filers who also paid in the May 11 – June 10 collection period of last year were up 5.6% year-over-year. While this was an improvement from the previous period's growth rate of 2.7%, growth rates in that period were lowered by the shift of taxpayers from quarterly to monthly payments mentioned above.

Some details:

- Payments in the retail trade sector were up 6.3% year-over-year. In the previous period, year-over-year payments increased 2.4%.
- Payments from the motor vehicle and parts sector were up 9.3% year-over-year. In the previous period, year-over-year payments increased 8.3%. Excluding the auto sector, payments from the retail trade sector were up 5.5% year-over-year in the current period and 0.8% in the previous period.
- The largest year-over-year increases in tax payments from other retail trade sectors were from electronics and appliances (+28.9%), non-store retailers (+12.5%), gas stations and convenience stores (+10.4%) and apparel and accessories (+9.4%). Building materials and garden equipment was the only retail trade sector to show a year-over-year decline (-3.3%).
- Payments in non-retail trade sectors were up 5.1% year-over-year in the current period and 2.9% in the previous period.
- Payments in the construction sector were down 8.2% year-over-year and those in the manufacturing sector were up 15.7%.
- Excluding the construction sector, total payments were up 7.2% year-over-year and payments from non-retail trade sectors were up 7.9%. Excluding both construction and manufacturing, total payments were up 6.6% and payments from non-retail trade sectors were up 6.9%.

DOR Non-Revenue Act

May collections were \$23.7 million (3.0%) below the March forecast. Cumulatively, collections since March are \$31.1 million (-2.9%) below the forecast. May DOR non-Revenue Act collections were down 2.1% year-over-year.

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The largest contributor to this month's negative variance was an \$11.3 million (29.4%) shortfall in real estate excise tax collections. Seasonally adjusted taxable activity decreased slightly from March's level ([see figure](#)), and collections were down 19.9% year-over-year. While the overall number of transactions has been running only slightly below forecasted levels, the average value per transaction has declined far more than expected, in concert with the nationwide "double dip" in real estate prices. Cumulatively, receipts are now \$26.0 million (23.7%) below the forecast.

May cigarette tax receipts came in \$5.2 million (17.7%) lower than forecasted, but about half of this shortfall was due to the timing of payments for cigarette stamps, which will result in extra revenue next month. Cumulative receipts are \$4.5 million (5.3%) below the forecast. Due to the payment timing issue, receipts were down 33.4% year-over-year.

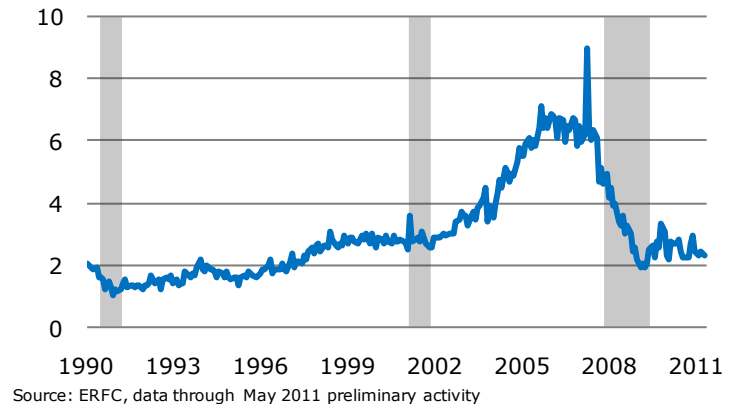
Property tax collections came in \$9.9 million (1.4%) below the forecast, bringing the cumulative variance to negative \$6.9 million (-0.9%). "Other" revenues were \$1.6 million (10.4%) higher than forecasted, with a cumulative variance of \$4.9 million (14.3%) and liquor tax receipts came in \$721,000 (4.7%) higher than forecasted, for a cumulative variance of \$1.2 million (2.6%).

Other Revenue

Department of Licensing receipts for May were \$416,000 (17.0%) above the March forecast. The cumulative variance is now negative \$0.9 million (-15.2%).

May revenue from the Administrative Office of the Courts was \$426,000 (4.8%) below the forecast. The cumulative variance is now negative \$441,000 (-1.7%).

REET activity declined in May



Key U.S. Economic Variables

	2010	2011					2009	2010
	Dec.	Jan.	Feb.	Mar.	Apr.	May		
Real GDP (SAAR)	3.1	-	-	1.8	-	-	-2.6	2.9
Industrial Production (SA, 2002 = 100)	92.6	92.7	92.4	93.1	93.1	-	85.5	90.1
<i>Y/Y % Change</i>	6.8	5.6	5.2	5.3	5.0	-	-11.2	5.3
ISM Manufacturing Index (50+ = growth)	58.5	60.8	61.4	61.2	60.4	53.5	46.3	57.3
ISM Non-Manuf. Index (50+ = growth)	57.1	59.4	59.7	57.3	52.8	54.6	46.2	54.1
Housing Starts (SAAR, 000)	526	636	518	585	523	-	554	585
<i>Y/Y % Change</i>	-9.5	3.4	-14.1	-6.5	-23.9	-	-38.4	5.6
Light Motor Vehicle Sales (SAAR, mil.)	12.5	12.6	13.4	13.1	13.2	11.8	10.4	11.6
<i>Y/Y % Change</i>	12.6	17.4	27.5	11.8	16.9	1.3	-21.5	11.5
CPI (SA, 1982-84 = 100)	220.2	221.1	222.3	223.5	224.4	-	31.5	32.5
<i>Y/Y % Change</i>	1.4	1.7	2.2	2.7	3.1	-	1.6	3.0
Core CPI (SA, 1982-84 = 100)	222.2	222.6	223.0	223.3	223.7	-	32.7	33.6
<i>Y/Y % Change</i>	0.6	0.9	1.1	1.2	1.3	-	1.3	2.5
IPD for Consumption (2000=100)	111.8	112.2	112.6	113.1	113.4	-	109.3	111.1
<i>Y/Y % Change</i>	1.1	1.2	1.6	1.8	2.2	-	0.2	1.7
Nonfarm Payroll Empl., e-o-p (SA, mil.)	130.3	130.3	130.6	130.8	131.0	131.0	129.3	130.3
<i>Monthly Change</i>	0.15	0.07	0.24	0.19	0.23	0.05	-5.06	0.94
Unemployment Rate (SA, percent)	9.4	9.0	8.9	8.8	9.0	9.1	9.3	9.6
Yield on 10-Year Treasury Note (percent)	3.29	3.39	3.58	3.41	3.46	3.17	3.26	3.21
Yield on 3-Month Treasury Bill (percent)	0.14	0.15	0.13	0.10	0.06	0.04	0.15	0.14
Broad Real USD Index** (Mar. 1973=100)	84.7	83.8	83.3	82.6	81.4	81.4	91.2	87.2
Federal Budget Deficit (\$ bil.)*	78.1	49.8	222.5	188.2	40.4	57.6	1,415.7	1,294.2
<i>FYTD sum</i>	369.0	418.8	641.3	829.4	869.8	927.4		
US Trade Balance (\$ bil.)	-40.5	-47.9	-46.0	-46.8	-43.7	-	-381.3	-500.0
<i>YTD Sum</i>	-500.0	-47.9	-94.0	-140.8	-184.5	-		

*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	2011						2009	2010
	Dec.	Jan.	Feb.	Mar.	Apr.	May			
Employment									
								<i>End-of-period</i>	
Total Nonfarm (SA, 000)	2,794.4	2,797.5	2,800.4	2,802.6	2,809.2	-	2,773.8	2,794.4	
Change from Previous Month (000)	1.0	3.1	2.9	2.2	6.6	-	-141.5	20.6	
Construction	138.4	137.4	137.9	136.9	137.8	-	146.0	138.4	
Change from Previous Month	-1.0	-1.0	0.5	-1.0	0.9	-	-38.6	-7.6	
Manufacturing	260.0	261.2	261.3	262.0	263.0	-	256.9	260.0	
Change from Previous Month	0.5	1.2	0.1	0.6	1.0	-	-27.8	3.1	
Aerospace	81.9	82.2	82.6	83.2	83.7	-	81.1	81.9	
Change from Previous Month	0.4	0.4	0.4	0.6	0.4	-	-4.4	0.8	
Software	51.1	51.0	51.3	51.5	51.5	-	50.5	51.1	
Change from Previous Month	0.1	-0.1	0.2	0.2	0.1	-	-2.5	0.6	
All Other	2,344.9	2,347.8	2,349.9	2,352.3	2,356.9	-	2,320.4	2,344.9	
Change from Previous Month	1.5	3.0	2.0	2.5	4.6	-	-72.6	24.4	
Other Indicators									
								<i>Annual Average</i>	
Seattle CPI (1982-84=100)	226.9	-	229.5	-	231.3	-	226.0	226.7	
	0.6%	-	1.5%	-	2.1%	-	0.6%	0.3%	
Housing Permits (SAAR, 000)	27.3	18.2	15.5	16.9	34.6	-	16.0	19.6	
	41.8%	-22.2%	-20.9%	-12.9%	104.1%	-	-42.0%	22.9%	
WA Index of Leading Ind. (2004=100)	118.1	118.7	118.5	119.8	121.9	-	108.9	114.8	
	5.3%	5.0%	5.3%	5.4%	7.0%	-	-5.9%	5.4%	
WA Business Cycle Ind. (Trend=50)	9.4	6.5	5.7	6.6	12.0	-	7.8	4.6	
	120.5%	89.0%	170.5%	80.4%	246.4%	-	-80.7%	-40.6%	
Avg. Weekly Hours in Manuf. (SA)	41.7	42.2	40.9	41.7	42.5	-	42.0	41.8	
	0.2%	2.4%	-0.2%	0.7%	2.1%	-	-1.0%	-0.3%	
Avg. Hourly Earnings in Manuf.	24.1	24.0	24.1	24.2	24.2	-	23.4	23.5	
	0.2%	0.4%	0.8%	1.6%	3.7%	-	11.4%	0.4%	
New Vehicle Registrations (SA, 000)	16.3	17.3	17.5	17.2	18.0	16.8	14.0	15.5	
	8.1%	14.6%	9.5%	23.7%	13.3%	3.6%	-26.4%	10.8%	
Initial Unemployment Claims (SA, 000)	54.3	52.7	50.0	48.9	52.7	52.7	69.2	56.7	
	-9.8%	-5.5%	-12.0%	-12.7%	-6.3%	-7.8%	51.4%	-18.0%	
Personal Income (SAAR, \$bil.)	296.8	-	-	-	-	-	285.7	293.0	
	3.2%	-	-	-	-	-	-0.5%	2.5%	
Median Home Price (\$000)	239.0	-	-	228.2	-	-	255.7	245.2	
	-2.0%	-	-	-7.2%	-	-	-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

	2010					2011						
	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	Jan 11- Feb 10	Feb 11- Mar 10	Mar 11- Apr 10	Apr 11- May 10	May 11- Jun 10*
Department of Revenue-Total	1,093,845 6.4	1,061,881 2.0	951,439 3.8	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
Revenue Act	800,650 1.2	963,515 3.1	843,523 1.9	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
Retail Sales Tax	522,430 -2.7	593,014 -1.2	551,943 -1.4	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	527,520 4.4
Business and Occupation Tax	195,760 9.4	284,250 12.6	213,939 9.6	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	243,556 15.0
Use Tax	35,327 3.3	41,819 2.9	38,363 8.7	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	31,499 -11.7
Public Utility Tax	29,108 2.1	27,532 2.8	25,848 0.3	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	36,809 18.7
Tobacco Products Tax	2,383 136.4	3,600 18.7	3,524 34.0	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	4,548 31.9
Penalties and Interest	15,643 35.7	13,301 22.4	9,906 11.0	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	17,314 -4.1
Non-Revenue Act**	293,195 23.6	98,366 -8.2	107,916 21.6	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
Liquor Sales/Liter	16,056 15.2	16,232 0.2	18,220 -2.8	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
Cigarette	34,746 976.1	24,130 -19.6	39,860 54.7	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
Property (State School Levy)	162,563 5.5	10,843 6.5	7,094 6.6	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
Real Estate Excise	39,401 11.6	34,128 -6.2	31,762 1.7	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
Timber (state share)	0 NA	0 NA	1,354 85.6	0 NA	0 NA	1,058 31.1	0 NA	0 NA	788 -14.2	0 NA	0 NA	825 27.6
Other	40,430 32.1	13,034 -7.5	9,626 106.3	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
Department of Licensing**	7,357 6.8	3,784 20.7	1,230 37.0	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
Lottery**	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA
Administrative Office of the Courts**	7,148 NA	8,966 -1.7	8,131 -5.7	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
Total General Fund-State***	1,108,350 7.1	1,074,632 1.5	960,800 3.8	936,789 3.8	1,158,791 7.9	1,593,432 5.7	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

*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 definition 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
May 11, 2011 - June 10, 2011				
June 10, 2011 Collections Compared to the March 2011 Forecast				
Department of Revenue-Total	\$1,711,253	\$1,641,571	(\$69,682)	-4.1%
Revenue Act** (1)	907,205	861,245	(45,960)	-5.1%
Non-Revenue Act(2)	\$804,048	\$780,325	(\$23,722)	-3.0%
Liquor Sales/Liter	15,443	16,164	721	4.7%
Cigarette	29,123	23,966	(5,157)	-17.7%
Property (State School Levy)	704,736	694,837	(9,900)	-1.4%
Real Estate Excise	38,397	27,102	(11,295)	-29.4%
Timber (state share)	564	825	260	46.1%
Other	15,784	17,432	1,648	10.4%
Department of Licensing (2)	2,445	2,861	416	17.0%
Lottery (5)	0	0	0	0.0%
Administrative Office of the Courts (2)	8,825	8,399	(426)	-4.8%
Total General Fund-State***	\$1,722,522	\$1,652,830	(\$69,692)	-4.0%

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

Department of Revenue-Total	\$3,752,888	3,847,324	94,436	2.5%
Revenue Act** (3)	2,683,378	2,808,865	125,487	4.7%
Non-Revenue Act(4)	1,069,510	1,038,458	(31,051)	-2.9%
Liquor Sales/Liter	45,524	46,708	1,183	2.6%
Cigarette	84,825	80,350	(4,475)	-5.3%
Property (State School Levy)	794,784	787,900	(6,884)	-0.9%
Real Estate Excise	109,694	83,681	(26,013)	-23.7%
Timber (state share)	564	825	260	46.1%
Other	34,118	38,994	4,876	14.3%
Department of Licensing (4)	6,003	5,090	(912)	-15.2%
Lottery	0	0	0	0.0%
Administrative Office of the Courts	26,377	25,935	(441)	-1.7%
Total General Fund-State***	\$3,785,267	\$3,878,349	\$93,082	2.5%

1 Collections May 11, 2011 - June 10, 2011. Collections primarily reflect April 2011 activity of monthly filers.

2 May 2011 collections.

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

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

5 Lottery transfers to the General Fund

* Based on the March 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.