



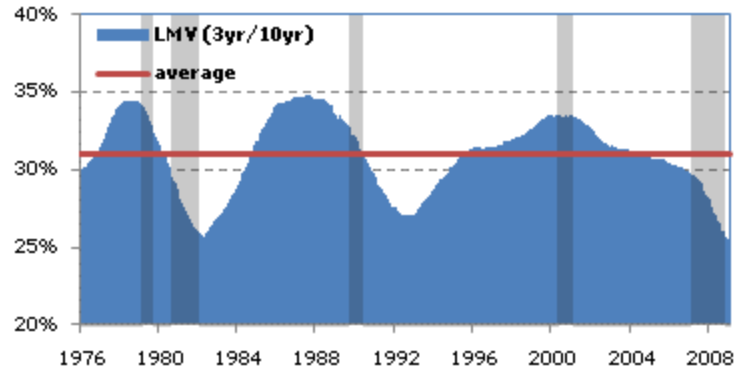
ECONOMIC & REVENUE UPDATE

11 January 2010

U.S.

- Holiday sales between Thanksgiving and Christmas grew a higher than expected 3.6% over last year's dismal numbers according to MasterCard Inc.'s SpendingPulse unit. It is the first sign we have seen in a long time that consumers are opening up their wallets again. Pent up demand from buyers denying themselves anything other than essentials for over a year, and better inventory management by retailers that precluded deep discounting have led to several chains raising their earnings forecasts this week. What is encouraging about the earnings results is that while value chains like Aeropostale, Ross Stores and Costco posted double digit gains, so did upscale stores like Nordstrom's and Saks.
- Light motor vehicle sales, still well off their peak, are showing signs of stabilization. December sales were 11.3 million units (seasonally adjusted, annualized), the highest in 2009, if the cash-for-clunkers incentivized months are excluded. They were 8.8% higher than in December 2008. Car sales are expected to continue to improve as the economy and consumer incomes recover. The nation's car fleet has aged during this recession (see figure), so replacement demand will also help drive the growth in car sales.
- While most indicators point to growth, the December jobs report provided a stark reminder that it may be a while before we are out of the woods. Employers shed 85,000 net jobs in December, after November's number was revised up to show a 4,000 job gain. Though job losses in December were higher than expected, there was positive news buried in the report – losses averaged 69,000 a month in the fourth quarter of 2009, compared to 691,000 a month in the first; temporary help, a leading indicator of a jobs

Relative age of the car fleet indicates replacement demand will help car sales



recovery, gained 47,000 jobs; and average hourly wages went up by 3 cents, a sign of increasing labor demand.

- Housing market indicators continued to firm, but worries remain about what might happen after the current incentives in place expire. Existing home sales improved 7.4% in November, as first-time home buyers rushed to close sales before an \$8,000 tax credit expired at the end of the month. That tax credit has now been extended to April 30, 2010, and a new \$6,500 credit for some existing homeowners added. The supply of homes on the market fell from 7.0 months in October to 6.4 months in November. The Federal Reserve Bank's (FED) program to purchase mortgage backed securities that have kept mortgage rates low, is set to expire in March this year. At the last FED Board meeting for which minutes are available, some members expressed concern about the negative consequences on the housing market of not extending this program further.
- The third (final) Gross Domestic Product (GDP) figures show that growth in the third quarter was much smaller than first estimated. Real GDP in 2009 Q3 grew by 2.2%, not 3.5% or 2.8% that was published in the first (advance) and

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U.S....continued

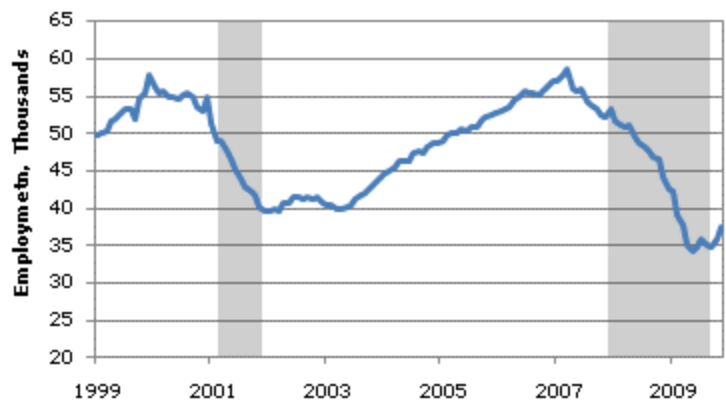
second (preliminary) reports, respectively. Most of the downward revision was due to a smaller level of inventory accumulation than previously

estimated. This means that we'll see a more robust Q4 as the inventory cycle is pushed forward one quarter.

WASHINGTON

- Now that growth in output has returned, the attention is increasingly on when we can expect job growth to resume. Over the last month the evidence has continued to mount that a turning point in jobs is near. Initial claims for unemployment insurance continue to decline rapidly and are now as low as they have been since November 2008 and are now very close to the range where we should expect overall job growth. The Washington Purchasing Management index jumped in December 2009 to its highest level since August 2008. It has now been above the critical 50 mark for five consecutive months. There are no more major layoffs planned by Washington businesses in the near future, according to the Worker Adjustment and Retraining Notification (WARN) notices, which have fallen to pre-recession levels. The state lost 4,800 non-farm payroll jobs in November, the same number as in October. The rate of decline has slowed substantially since the freefall stage of the recession in late 2008 and early 2009. We expect to see positive job growth in Washington resuming early in 2010. Because the unemployment rate lags employment, we expect the unemployment rate to peak in the second quarter of 2010. We expect the recovery to be very slow at first, only 0.7% in the first quarter of 2010. Growth should gradually improve over the course of 2010 and 2011. By the end of 2011 we expect employment to be growing at about 3% per year.
- According to the Washington State Department of Employment Security, the state lost 4,800 nonfarm payroll jobs in November, the same number as in

Employment services signal an upturn in jobs



October. The decline in November was almost entirely accounted for by a 4,300 drop in construction employment. Manufacturing employment managed to gain 1,100 jobs in November. Among the services producing sectors the picture is mixed with some growing while others continue to decline. Overall the services sector was down a modest 1,200 jobs in November. Professional and business services employment increased by 2,800 of which 1,400 was in employment services (mainly temporary help services, see figure). This is an encouraging sign that employers are beginning to consider expanding their workforce. At the opposite extreme, trade, transportation and utilities employment declined 1,400, largely as a result of a loss of 900 retail trade jobs. In contrast, a year ago the retail trade sector shed 5,500 jobs in November. While the state is still losing jobs overall, the rate of decline has slowed substantially from the 17,000 jobs per month during the freefall stage of the recession in late 2008 and early 2009. The state's unemployment rate declined slightly to 9.2% in November

ECONOMIC & REVENUE UPDATE

WASHINGTON...continued

from a revised 9.3% in October. In spite of the continued declines in payroll employment, there has not been a statistically significant change in the Washington unemployment rate since it jumped 0.8 percentage points from 8.3% to 9.1% in March 2009.

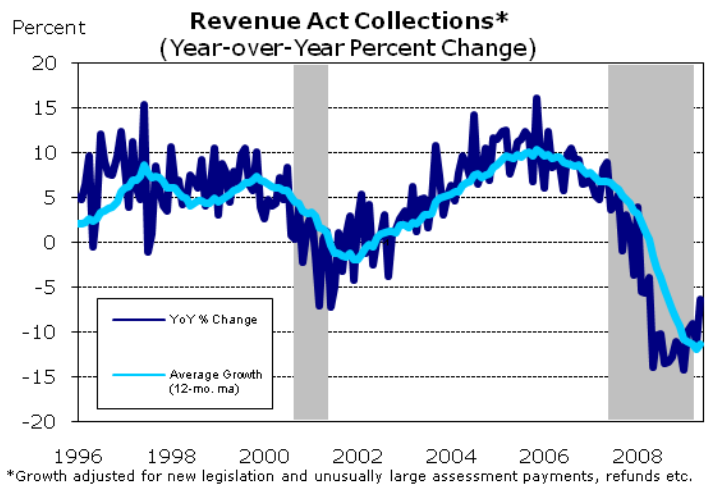
- The number of initial claims for unemployment insurance is widely considered one of the earliest and most accurate predictors of business cycle troughs. While the 4-week moving average of Washington initial claims peaked in March 2009, the improvement over the next six months was gradual and uneven. During the most recent four months, however, the declines have been pronounced and sustained. As of January 2nd, the 4-week moving average is at its lowest level since November 2008. The number of claims filed in the last two weeks is the lowest since early September 2009, before the financial meltdown.
- The National Association of Purchasing Managers Western Washington Index has now been above 50 for the last five months. Values above 50 indicate expansion while values below 50 indicate contraction. This suggests that the state's manufacturing sector is turning around. Perhaps even more encouraging, the employment component of the index has also been above 50 for five months. Boeing remains strong and has an extensive backlog of orders. With the 787 now flying, we believe the aerospace job losses are now behind us. Boeing has reiterated that they have no plans to reduce the 737 production rate. While there is a reduction scheduled in the 777 program this summer, they will also have both their 787 and 747-8 programs in flight testing this year.
- The number of housing permits declined 1,900 in November to a seasonally adjusted annual rate (SAAR) of 16,000. The decline was entirely due to the small but volatile multi-family component which fell 2,300 to just 1,100 SAAR. As expected in the forecast, single-family permits continue to trend up while multi-family permits bounce along the bottom. Despite the setback in November, permits are up more than 30% since the trough in April 2009. Some of the recent strength in permits may be due to the first-time home buyer's tax credit which was recently extended and expanded, however, we believe the recovery in housing will be weak, but sustained.
- Following the national trend, the number of new car and truck registrations in Washington rebounded to 15,600 (SAAR) in December from 12,100 in November. Excluding the months that were boosted by cash for clunkers, this is the highest sales rate for cars and trucks since October 2008.
- In December 2009 the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) released state personal income estimates for the third quarter of 2009. According to the BEA estimate, Washington personal income grew 0.6% (not annualized) in the third quarter of 2009 which was twice the 0.3% national rate and placed us 5th in the nation in personal income growth. The main reason for the strong income growth in Washington was earnings growth, particularly in durable manufacturing and information.

ECONOMIC & REVENUE UPDATE

REVENUE COLLECTIONS

Overview

- Revenue from the December 11, 2009 – January 10, 2010 period surprised on the upside, with positive variances in both Revenue Act and non-Revenue Act revenue. While most of the positive variance is due to a change in the timing of property tax payments described below, the cumulative variance would be positive even without the variance in property tax.
- Major General Fund-State revenues for the December 11, 2009 – January 10, 2010 collection period were \$69.0 million (7.3%) higher than our November forecast. The cumulative variance since the November forecast is \$51.8 million (2.1%).
- The revenues reported here conform to the new definition of General Fund-State as set forth in Engrossed Substitute Senate Bill 5073 (ESSB 5073), which was passed in the 2009 legislative session. Under the bill, the Health Services (HSA), Water Quality (WQA), Violence Reduction and Drug Enforcement (VRDE), Student Achievement (SAF), and Public Safety and Education (PSEA) Accounts have been consolidated into the General Fund-State effective July 1, 2009. The changes to reported revenues are as follows:
 - The B&O hospital tax, which formerly went to the HSA, has been added to total B&O (Revenue Act) taxes.
 - The tobacco products taxes that formerly went to the HSA and WQA are added to total tobacco products (Revenue Act) taxes.
 - Cigarette and Liquor taxes that formerly went to the HSA, WQA, and VRDE account are added to Department of Revenue cigarette and liquor (non-Revenue Act) taxes.
 - Revenue that was formerly transferred from the state property



tax levy to the SAF are retained in the property tax (non-Revenue Act).

- The syrup tax that formerly went to the VRDE account is added to "other" Department of Revenue non-Revenue Act taxes.
- Revenue that formerly went to the PSEA is reported under "Administrative Office of the Courts."

Revenue Act

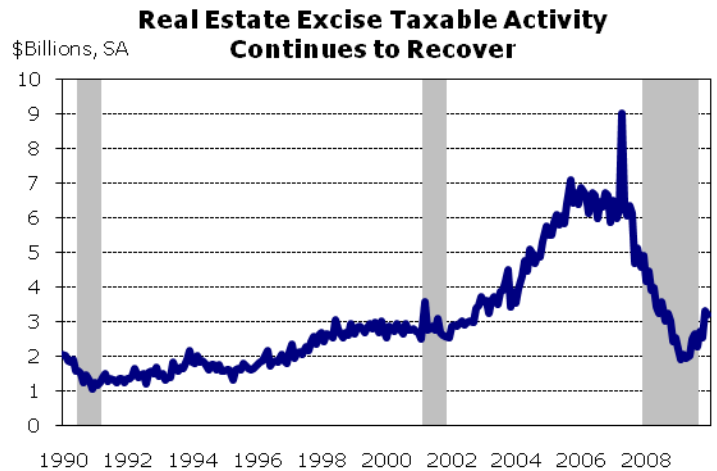
- The revenue collections reported here are for the December 11, 2009 – January 10, 2010 collection period. Collections correspond primarily to economic activity in November 2009.
- Collections for this period are \$6.7 million (0.9%) above the November 2009 forecast.
- The chart showing year-over-year Revenue Act growth reflects the revenues added under ESSB 5073. By this measure, revenues declined 6.2% year-over-year in the current period, a sharp improvement from the 11.2% decline in the previous period. There were no exceptional payments or refunds in the current period.
- Preliminary ERFC monthly estimates indicate retail sales tax collections are

ECONOMIC & REVENUE UPDATE

Revenue Act...continued

down 6.9% year-over-year and B&O taxes are down 5.2%.

- Preliminary tax payments from electronic filers who also paid in the December 11 – January 10 collection period of last year were down 2.5% year-over-year. This was the smallest year-over-year decline since July 2008.
- Payments in the retail trade sector were up 3.5% year-over-year. Growth was widespread, though aided by the sector-wide weakness of a year ago.
- Payments in nine of twelve major retail trade sectors showed a year-over-year increase. The largest increases were in nonstore retailers (+18.5%), gas stations and convenience stores (+11.1%), miscellaneous retailers (+7.7%), sporting goods, toys, books, and music stores (+6.4%) and apparel and accessories (+5.2%). Payments from the motor vehicles and parts sector increased 3.0% year-over-year.
- The only retail trade sectors showing year-over-year declines in payments were building materials and garden equipment (-4.6%), electronics and appliances (-1.5%) and furniture and home furnishings (-1.5%).
- Payments in non-retail trade sectors were down 6.2% year-over-year.
- Payments in the construction sector were down 24.9%, while those in the manufacturing sector were up 17.3% year-over-year due largely to the effects of increased oil prices on the gross receipts of petroleum refiners.
- Excluding the construction sector, total payments were up 1.7% year-over-year and payments from non-retail trade sectors were up 0.3%. This is the first period that has showed positive growth in total



payments excluding the construction sector since July 2008.

DOR Non-Revenue Act

- Collections were \$61.1 million (30.1%) above the November forecast.
- Most of the positive variance was in property taxes from the state school levy, which came in \$49.4 million (37.9%) above the November forecast. The variance was due to an unexpected shift in the timing of the semi-annual payments. While the bulk of the fall payments, due October 31st, have historically been received in October and November, December's late payments were much larger than those of the last month of the spring cycle and those of last December. December payments excluding 2008 transfers were up 33% year-over-year.
- Real estate excise tax also showed a large positive variance, coming in \$8.4 million (30.7%) above the forecast. While we had included the effects of the November 6, 2009 extension of the federal tax credit for certain home purchases in our forecast, the effects were larger than anticipated. The extra activity may represent the end of the November rush to close sales before the original credit's expiration date of November 30th. While we had forecasted a decrease in December seasonally adjusted activity, it stayed roughly constant (see figure).

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DOR Non-Revenue Act...continued

- Cigarette taxes were \$1.7 million (7.2%) above the November forecast while liquor taxes were \$0.8 million (4.5%) below.
- "Other" taxes came in \$2.3 million (49.7%) above the forecast due to a large positive variance (+\$2.9 million) in brokered natural gas taxes.
- Due to the redefinition of GF-S revenue under ESSB 5073 as well as the large shift in the property tax payment pattern, December collections are up 63.9% year-over-year. Without the changes, revenue would be up approximately 34%.

Other Revenue

- December Department of Licensing receipts were \$14,000 (6.5%) below the November forecast.
- December revenue from the Administrative Office of the Courts was \$1.3 million (16.2%) above the forecast.

Key U.S. Economic Variables

	2009						2008	2009
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.		
Real GDP (SAAR)	-	-	2.2	-	-	-	0.4	-
Industrial Production (SA, 2002 = 100)	96.8	98.1	98.6	98.6	99.4	-	109.2	-
<i>Y/Y % Change</i>	<i>-13.0</i>	<i>-10.7</i>	<i>-5.9</i>	<i>-7.1</i>	<i>-5.2</i>	<i>-</i>	<i>-2.0</i>	<i>-</i>
ISM Manufacturing Index (50+ = growth)	48.9	52.9	52.6	55.7	53.6	55.9	45.5	46.3
ISM Non-Manuf. Index (50+ = growth)	46.4	48.4	50.9	50.6	48.7	48.7	47.4	46.1
Housing Starts (SAAR, 000)	593	581	586	527	574	-	900	-
<i>Y/Y % Change</i>	<i>-36.4</i>	<i>-31.6</i>	<i>-28.7</i>	<i>-30.9</i>	<i>-12.4</i>	<i>-</i>	<i>-32.9</i>	<i>-</i>
Light Motor Vehicle Sales (SAAR, mil.)	11.2	14.1	9.2	10.5	10.9	11.3	13.2	10.4
<i>Y/Y % Change</i>	<i>-11.4</i>	<i>3.9</i>	<i>-26.7</i>	<i>-3.4</i>	<i>4.9</i>	<i>8.8</i>	<i>-18.2</i>	<i>-21.6</i>
CPI (SA, 1982-84 = 100)	214.5	215.4	215.8	216.4	217.3	-	215.2	-
<i>Y/Y % Change</i>	<i>-1.9</i>	<i>-1.4</i>	<i>-1.3</i>	<i>-0.2</i>	<i>1.9</i>	<i>-</i>	<i>3.8</i>	<i>-</i>
Core CPI (SA, 1982-84 = 100)	219.5	219.7	220.1	220.5	220.5	-	215.6	-
<i>Y/Y % Change</i>	<i>1.6</i>	<i>1.5</i>	<i>1.5</i>	<i>1.7</i>	<i>1.7</i>	<i>-</i>	<i>2.3</i>	<i>-</i>
IPD for Consumption (2000=100)	104.5	105.5	104.7	105.1	105.4	-	105.4	-
<i>Y/Y % Change</i>	<i>-0.7</i>	<i>0.2</i>	<i>0.0</i>	<i>0.7</i>	<i>0.8</i>	<i>-</i>	<i>-0.2</i>	<i>-</i>
Nonfarm Payroll Empl., e-o-p (SA, mil.)	131.4	131.3	131.1	131.0	131.0	130.9	135.1	130.9
<i>Monthly Change</i>	<i>-0.30</i>	<i>-0.15</i>	<i>-0.14</i>	<i>-0.11</i>	<i>-0.01</i>	<i>-0.09</i>	<i>-3.08</i>	<i>-4.16</i>
Unemployment Rate (SA, percent)	9.4	9.7	9.8	10.1	10.0	10.0	5.8	9.3
Yield on 10-Year Treasury Note (percent)	3.56	3.59	3.40	3.39	3.40	3.59	3.67	3.26
Yield on 3-Month Treasury Bill (percent)	0.18	0.17	0.12	0.07	0.05	0.05	1.39	0.15
Broad Real USD Index** (Mar. 1973=100)	91.7	90.5	89.6	88.0	87.2	87.1	88.3	91.9
Federal Budget Deficit (\$ bil.)*	180.7	103.6	46.6	176.4	120.3	-	454.8	-
<i>FYTD sum</i>	<i>1,267.0</i>	<i>1,370.5</i>	<i>1,417.1</i>	<i>176.4</i>	<i>296.7</i>	<i>-</i>	<i>-</i>	<i>-</i>
US Trade Balance (\$ bil.)	-31.4	-30.3	-35.7	-32.9	-	-	-695.9	-
<i>YTD Sum</i>	<i>-205.1</i>	<i>-235.4</i>	<i>-271.0</i>	<i>-304.0</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>

*Federal Fiscal Year 2008 runs from Oct. 1, 2007 to Sept. 30, 2008.

**Weighted average of U.S. dollar foreign exchange values against currencies of major U.S. trading partners, Federal Reserve.

Key Washington Economic Variables

	2009						2008	2009	
	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.			
Employment								<i>End-of-period</i>	
Total Nonfarm (SA, 000)	2,835.4	2,828.9	2,818.0	2,813.2	2,808.4	-	2,913.3	-	
Change from Previous Month (000)	3.7	-6.5	-10.9	-4.8	-4.8	-	-49.5	-	
Construction	161.5	160.1	157.0	156.4	152.1	-	184.9	-	
Change from Previous Month	-2.3	-1.4	-3.1	-0.6	-4.3	-	-24.4	-	
Manufacturing	264.4	262.9	261.6	259.5	260.6	-	284.6	-	
Change from Previous Month	-0.4	-1.5	-1.3	-2.1	1.1	-	-11.7	-	
Aerospace	83.6	82.4	82.0	81.4	81.3	-	85.5	-	
Change from Previous Month	0.6	-1.2	-0.4	-0.6	-0.1	-	2.6	-	
Software	51.5	50.8	50.9	51.3	51.1	-	53.0	-	
Change from Previous Month	-0.2	-0.7	0.1	0.4	-0.2	-	4.6	-	
All Other	2,358.0	2,355.1	2,348.5	2,346.0	2,344.6	-	2,390.8	-	
Change from Previous Month	6.6	-2.9	-6.6	-2.5	-1.4	-	-18.0	-	
Other Indicators								<i>Annual Average</i>	
Seattle CPI (1982-84=100)	-	227.1	-	226.3	-	-	224.7	-	
	-	-0.3%	-	0.2%	-	-	4.2%	-	
Housing Permits (SAAR, 000)	14.8	18.9	18.8	18.0	16.0	-	27.3	-	
	-38.4%	-34.0%	-25.2%	-39.3%	-13.8%	-	-40.2%	-	
WA Index of Leading Ind. (2004=100)	108.4	108.6	108.9	109.8	111.0	-	115.3	-	
	-7.0%	-6.2%	-5.1%	-2.4%	0.7%	-	-0.4%	-	
WA Business Cycle Ind. (Trend=50)	-1.7	-2.7	-1.7	-4.2	-3.7	-	36.2	-	
	-104.7%	-108.1%	-105.5%	-114.4%	-117.0%	-	-37.9%	-	
Avg. Weekly Hours in Manuf. (SA)	42.3	41.8	41.4	42.1	42.2	-	42.4	-	
	-2.6%	-3.0%	9.6%	13.3%	-3.9%	-	1.1%	-	
Avg. Hourly Earnings in Manuf.	23.3	23.1	23.6	23.5	23.6	-	21.0	-	
	8.1%	8.8%	20.6%	25.3%	11.3%	-	2.4%	-	
New Vehicle Registrations (SA, 000)	14.2	18.8	16.4	11.9	12.1	15.6	19.0	14.0	
	-30.8%	9.9%	-7.7%	-29.9%	-16.3%	17.4%	-20.5%	-26.3%	
Initial Unemployment Claims (SA, 000)	71.5	70.1	75.7	66.6	59.1	58.8	45.7	69.1	
	66.2%	61.8%	54.5%	25.8%	3.9%	-8.0%	34.1%	51.1%	
Personal Income (SAAR, \$bil.)	-	-	280.3	-	-	-	280.7	-	
	-	-	-1.0%	-	-	-	3.6%	-	
Median Home Price (\$000)	-	-	260.0	-	-	-	283.4	-	
	-	-	-7.6%	-	-	-	-7.5%	-	

*Percentage Change is Year-over-Year

Key Revenue Variables

	2009		2010		2010					
	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- 10-Nov	Nov 11- 10-Dec	Dec 11- Jan 10*
Department of Revenue-Total	703,544	970,946	1,458,783	1,028,278	1,041,295	916,965	893,460	1,065,342	1,498,975	1,002,270
	-24.4	-14.4	-6.6	-11.1	-7.4	-6.9	-5.7	-6.2	-4.3	6.3
Revenue Act	663,249	873,625	740,002	791,144	934,166	828,176	801,901	925,039	769,855	738,003
	-19.1	-14.0	-14.1	-11.1	-11.1	-11.5	-10.5	-9.5	-10.4	-5.6
Retail Sales Tax	440,984	554,314	484,574	536,955	600,362	559,803	536,300	590,712	512,490	490,983
	-18.6	-15.2	-14.7	-12.4	-13.0	-12.1	-12.0	-12.5	-11.6	-6.9
Business and Occupation Tax	156,244	236,433	174,293	178,945	252,507	195,689	193,883	256,567	181,563	179,087
	-17.0	-12.7	-16.6	-13.6	-9.0	-10.3	-7.0	-4.0	-8.4	-5.2
Use Tax	32,608	35,321	37,784	34,213	40,621	35,296	33,364	36,570	32,804	23,972
	-17.1	-19.9	-8.4	4.3	-10.5	-16.9	-20.9	-11.8	-19.8	-16.1
Public Utility Tax	35,736	36,405	32,871	28,498	26,775	25,761	26,399	27,169	28,120	27,010
	-5.4	5.9	0.5	-0.3	-0.3	-0.4	4.3	0.0	-2.9	9.0
Tobacco Products Tax	993	959	951	1,008	3,033	2,705	4,695	4,514	2,998	4,490
	13.4	35.7	6.0	5.2	234.1	172.6	464.2	349.0	208.3	422.2
Penalties and Interest	-3,317	10,193	9,530	11,525	10,870	8,922	7,259	9,506	11,879	12,461
	-128.7	-18.1	2.5	45.6	4.8	-25.3	-24.5	-7.8	15.1	13.9
Non-Revenue Act**	40,296	97,321	718,781	237,134	107,128	88,789	91,559	140,303	729,121	264,268
	-63.6	-17.8	2.5	-11.0	47.3	81.5	78.1	24.2	3.1	63.9
Liquor Sales/Liter	11,408	12,368	12,433	13,934	16,203	18,738	16,044	15,534	17,057	15,940
	-1.7	2.6	2.3	-0.5	24.2	31.4	11.2	26.5	23.5	18.4
Cigarette	4,050	3,581	4,237	3,229	30,015	25,777	25,001	23,475	22,361	25,990
	0.4	-0.1	8.0	-26.4	557.5	511.7	459.3	387.6	541.2	636.8
Property (State School Levy)	4,201	38,567	663,407	154,043	10,182	6,655	9,186	26,889	611,109	179,586
	-44.0	7.1	6.7	-12.9	NA	NA	NA	185.0	-0.1	60.7
Real Estate Excise	19,815	24,682	24,600	35,293	36,403	31,242	34,147	33,271	31,545	35,706
	-56.3	-46.1	-44.3	-23.6	-26.5	-24.3	-22.9	-10.0	-15.1	33.1
Timber (state share)	0	0	668	0	0	730	684	0	807	0
	NA	NA	-32.3	NA	NA	-49.8	NA	NA	-46.5	NA
Other	822	18,123	13,436	30,635	14,326	5,647	6,498	41,135	46,242	7,045
	-98.0	-12.8	-24.6	23.1	-28.1	0.2	54.8	-16.5	17.8	23.8
Department of Licensing**	429	5,650	3,760	6,891	3,136	898	416	282	200	196
	-6.3	15.2	-20.8	6.1	5.0	1.9	3.0	-13.1	11.0	-7.8
Lottery**	0	0	0	0	4,728	0	0	0	0	0
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Administrative Office of the Courts**	0	0	0	0	9,124	8,627	8,575	8,380	9,001	9,097
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total General Fund-State***	703,973	976,597	1,462,543	1,035,169	1,058,281	926,489	902,451	1,074,004	1,508,278	1,011,563
	-24.4	-14.3	-6.7	-11.5	-6.1	-6.0	-4.8	-5.4	-4.4	7.3

*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.*

Key Revenue Variables

	2009		2010		2010					
	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- 10-Nov	Nov 11- 10-Dec	Dec 11- Jan 10*
Department of Revenue-Total	703,544	970,946	1,458,783	1,028,278	1,041,295	916,965	893,460	1,065,342	1,498,975	1,002,270
	-24.4	-14.4	-6.6	-11.1	-7.4	-6.9	-5.7	-6.2	-4.3	6.3
Revenue Act	663,249	873,625	740,002	791,144	934,166	828,176	801,901	925,039	769,855	738,003
	-19.1	-14.0	-14.1	-11.1	-11.1	-11.5	-10.5	-9.5	-10.4	-5.6
Retail Sales Tax	440,984	554,314	484,574	536,955	600,362	559,803	536,300	590,712	512,490	490,983
	-18.6	-15.2	-14.7	-12.4	-13.0	-12.1	-12.0	-12.5	-11.6	-6.9
Business and Occupation Tax	156,244	236,433	174,293	178,945	252,507	195,689	193,883	256,567	181,563	179,087
	-17.0	-12.7	-16.6	-13.6	-9.0	-10.3	-7.0	-4.0	-8.4	-5.2
Use Tax	32,608	35,321	37,784	34,213	40,621	35,296	33,364	36,570	32,804	23,972
	-17.1	-19.9	-8.4	4.3	-10.5	-16.9	-20.9	-11.8	-19.8	-16.1
Public Utility Tax	35,736	36,405	32,871	28,498	26,775	25,761	26,399	27,169	28,120	27,010
	-5.4	5.9	0.5	-0.3	-0.3	-0.4	4.3	0.0	-2.9	9.0
Tobacco Products Tax	993	959	951	1,008	3,033	2,705	4,695	4,514	2,998	4,490
	13.4	35.7	6.0	5.2	234.1	172.6	464.2	349.0	208.3	422.2
Penalties and Interest	-3,317	10,193	9,530	11,525	10,870	8,922	7,259	9,506	11,879	12,461
	-128.7	-18.1	2.5	45.6	4.8	-25.3	-24.5	-7.8	15.1	13.9
Non-Revenue Act**	40,296	97,321	718,781	237,134	107,128	88,789	91,559	140,303	729,121	264,268
	-63.6	-17.8	2.5	-11.0	47.3	81.5	78.1	24.2	3.1	63.9
Liquor Sales/Liter	11,408	12,368	12,433	13,934	16,203	18,738	16,044	15,534	17,057	15,940
	-1.7	2.6	2.3	-0.5	24.2	31.4	11.2	26.5	23.5	18.4
Cigarette	4,050	3,581	4,237	3,229	30,015	25,777	25,001	23,475	22,361	25,990
	0.4	-0.1	8.0	-26.4	557.5	511.7	459.3	387.6	541.2	636.8
Property (State School Levy)	4,201	38,567	663,407	154,043	10,182	6,655	9,186	26,889	611,109	179,586
	-44.0	7.1	6.7	-12.9	NA	NA	NA	185.0	-0.1	60.7
Real Estate Excise	19,815	24,682	24,600	35,293	36,403	31,242	34,147	33,271	31,545	35,706
	-56.3	-46.1	-44.3	-23.6	-26.5	-24.3	-22.9	-10.0	-15.1	33.1
Timber (state share)	0	0	668	0	0	730	684	0	807	0
	NA	NA	-32.3	NA	NA	-49.8	NA	NA	-46.5	NA
Other	822	18,123	13,436	30,635	14,326	5,647	6,498	41,135	46,242	7,045
	-98.0	-12.8	-24.6	23.1	-28.1	0.2	54.8	-16.5	17.8	23.8
Department of Licensing**	429	5,650	3,760	6,891	3,136	898	416	282	200	196
	-6.3	15.2	-20.8	6.1	5.0	1.9	3.0	-13.1	11.0	-7.8
Lottery**	0	0	0	0	4,728	0	0	0	0	0
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Administrative Office of the Courts**	0	0	0	0	9,124	8,627	8,575	8,380	9,001	9,097
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total General Fund-State***	703,973	976,597	1,462,543	1,035,169	1,058,281	926,489	902,451	1,074,004	1,508,278	1,011,563
	-24.4	-14.3	-6.7	-11.5	-6.1	-6.0	-4.8	-5.4	-4.4	7.3

*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
December 10, 2009 - January 10, 2010				
January 10, 2010 Collections Compared to the November 2009 Forecast				
Department of Revenue-Total	\$934,526	\$1,002,270	\$67,745	7.2%
Revenue Act** (1)	731,349	738,003	6,653	0.9%
Non-Revenue Act(2)	203,176	264,268	61,092	30.1%
Liquor Sales/Liter	16,695	15,940	(754)	-4.5%
Cigarette	24,255	25,990	1,735	7.2%
Property (State School Levy)	130,189	179,586	49,397	37.9%
Real Estate Excise	27,309	35,706	8,397	30.7%
Timber (state share)	0	0	0	0.0%
Other	4,729	7,045	2,316	49.0%
Department of Licensing (2)	210	196	(14)	-6.5%
Lottery (5)	0	0	0	0.0%
Administrative Office of the Courts (2)	7,831	9,097	1,266	16.2%
Total General Fund-State***	\$942,566	\$1,011,563	\$68,997	7.3%

Cumulative Variance Since the November Forecast (November 11, 2009 - January 10, 2010)

Department of Revenue-Total	\$2,451,498	2,501,246	49,748	2.0%
Revenue Act** (3)	\$1,525,349	1,507,857	(17,492)	-1.1%
Non-Revenue Act(4)	\$926,149	993,389	67,240	7.3%
Liquor Sales/Liter	\$32,663	32,997	335	1.0%
Cigarette	\$47,334	48,352	1,017	2.1%
Property (State School Levy)	\$743,820	790,696	46,875	6.3%
Real Estate Excise	\$59,117	67,251	8,134	13.8%
Timber (state share)	\$807	807	0	0.0%
Other	42,408	53,286	10,879	25.7%
Department of Licensing (4)	402	271	(132)	-32.8%
Lottery	0	0	0	0.0%
Administrative Office of the Courts	15,908	18,098	2,190	13.8%
Total General Fund-State***	\$2,467,809	\$2,519,615	\$51,806	2.1%

1 Collections December 11, 2009 - January 10, 2010. Collections primarily reflect November 2009 activity of monthly taxpayers.

2 December 2009 collections.

3 Cumulative collections, estimates and variance since the November 2009 forecast; (November 11, 2009 - January 10, 2010) and revisions to history.

4 Cumulative collections, estimates and variance since the November forecast (November - December 2009) and revisions to history.

5 Lottery transfers to the General Fund

* Based on the November 2009 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.