



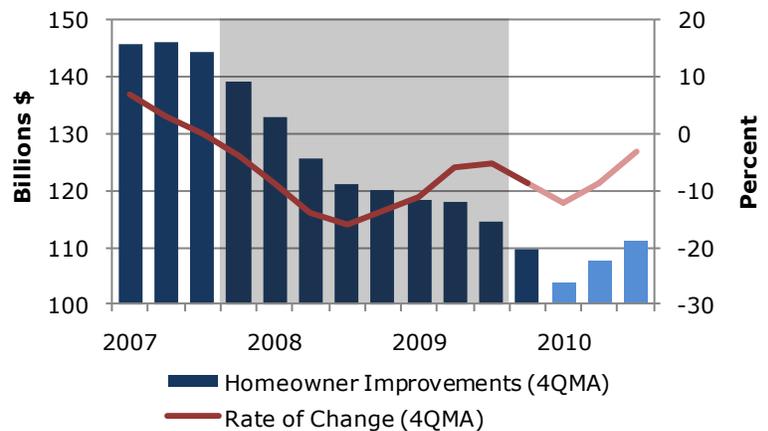
# ECONOMIC & REVENUE UPDATE

11 March 2010

## U.S.

- The economic recovery continues, but appears to have hit a speed bump in February. Data point to weakness in housing, reductions in state and local government expenditures, weak consumer confidence and a stalling of European growth. On the plus side, output is still growing, job losses were less than expected, business spending on equipment and software has turned positive, and federal government expenditures continue to provide stimulus. Recoveries are not smooth events, and this one is no exception.
- New home sales fell 11.2% to 309,000 seasonally adjusted, annualized (SAAR) in January, while existing home sales dropped 7.2% to 5,050,000 (SAAR). The first time homebuyer tax credit that was to have ended in November but was extended to April, has yet to boost home sales from the extension. Home prices continue to improve, but at a very modest pace. The seasonally adjusted Case-Shiller index was up 3.6% in December from its low in May 2009. Housing starts rose in January to 591,000 (SAAR), but permits declined. While the housing recovery is expected to be uneven this year, the Leading Indicator for Remodeling Activity (LIRA) published by Harvard's Center for Housing Studies points to robust growth in home remodeling expenditures this year ([see figure](#)). Non-residential construction, however, remains extremely weak.
- Disposable personal income fell 0.4% (SA) in January, but consumer spending increased 0.5% (SA), as the savings rate dropped to 3.3%. January retail sales were 3.2% above year ago, down from 5.4% in December, but still in positive territory. February light motor vehicle (LMV) sales fell modestly to 10.4 million units (SAAR), from 10.8 million in January. Bad weather and some

Remodeling is expected to increase in 2010



potential Toyota buyers sitting on their hands until safety issues are resolved can explain the decline. LMV sales were 13.2% above year ago levels, however. The Conference Board's Consumer Confidence Index fell sharply in February to 46.0 from 56.5 in January, its lowest reading since March 2009. The University of Michigan's index also signaled a decline, but of a much smaller magnitude.

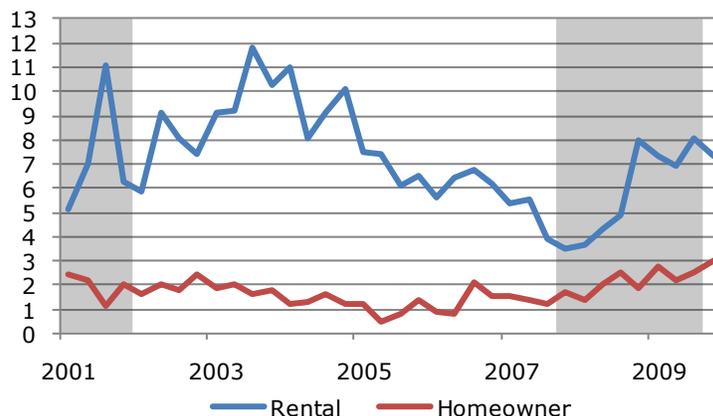
- The economy shed 36,000 (SA) jobs in February, higher than January's revised 26,000 (SA) loss. However, it was smaller than expected, so markets reacted favorably to the news. Manufacturing employment rose 1,000, while private service jobs rose 42,000, but were by a 64,000 decline in construction jobs. The Census Bureau is hiring for the 2010 Census and this will temporarily boost employment soon. More permanent growth in employment depends on hiring by small businesses, who have been hampered by tight credit. On the bright side, credit conditions in this sector appear to have stabilized and are not getting tighter, but they have yet to ease. The unemployment rate remained unchanged at 9.7% in February.

## ECONOMIC & REVENUE UPDATE

### WASHINGTON

- There is little recent data for the Washington economy since our forecast was released last month, but what there is reinforces our belief that the Washington economy has turned the corner. The Washington index of leading economic indicators posted its tenth consecutive increase in January, matching the U.S. index record during that period. Washington's seasonally adjusted payroll employment rose 12,400 in January but we shouldn't read too much into a single monthly increase. The data are based on a sample and are subject to revision. The January increase also follows a couple of weak months and we may well see some pullback in the next month or two. We believe the trend right now is 2,000-3,000 jobs per month. Nevertheless, January's solid increase, the first monthly job gain since August 2008, is an excellent way to begin the year. The other surprise on the upside was a surge in housing permits in January to from 19,900 units (SAAR) in December 2009 to 27,200 units in January 2010. January's permits were the highest since April 2008. Again, we need to be careful not to read too much into a single month's results. The January increase was entirely due to the notoriously volatile multi-family segment. We do not expect January's results will be repeated in the months ahead given the severe problems facing the industry. Overall, we remain comfortable with our February forecast. The recovery in Washington's economy is ongoing, but it will be slow and uneven in 2010, gathering momentum in 2011.
- Our February forecast predicted an upturn in jobs in the first quarter. While the January employment report certainly supports that view, an increase in initial unemployment claims in February suggests that the recovery in jobs will be rocky. Employment during 2010 will be affected by the hiring of temporary Census workers which will add thousands of new jobs through May and

Washington vacancies are increasing



then subtract thousands through the rest of the year. Excluding the temporary Census jobs, employment growth will start out very slow, only 0.1% in the first quarter, rising to over 2% in the second half of 2010, and then to over 3% during 2011.

- The outlook for manufacturing continues to improve. Exports are growing as economies around the world, and in particular, around the Pacific Rim, continue to expand. The National Association of Purchasing Managers Western Washington Index has now been above 50 for the last seven months. Values above 50 indicate expansion while values below 50 indicate contraction. Boeing's outlook is also looking brighter. Boeing is likely to get the contract to build the U.S. Air Force's new tanker refueling aircraft now that Northrop and EADS have withdrawn from the competition. Though Boeing is scheduled to trim its production of the 777 later this year, they are now considering increasing 777 and 737 production in 2011 as worldwide demand returns. Production of the new 787 will also ramp up over the next few years.

New housing construction in the state surged 7,300 in January to 27,200 units (SAAR) according to the building permit data. However the improvement was all in the volatile multi-family sector which increased by 7,900 from 2,600 to 10,500. This high level of multi-family

## ECONOMIC & REVENUE UPDATE

### WASHINGTON...continued

activity is unsustainable in the current environment of high vacancy rates (see figure) and tight financing. The number of single-family units declined slightly to 16,700 (SAAR) in January from 17,300 in December. January's single family permits were still slightly higher than our forecast. As in the case of the national economy, much of the recent improvement in single-family activity is the result of government incentives and Federal Reserve induced low mortgage rates. The upcoming expiration of these programs is a threat to the housing recovery. In the longer term we are optimistic about housing construction. We expect an upturn in population growth which has been depressed by the recession and housing crisis, and an improving economy will lead to a rise in household formation. Housing construction will not return to the levels reached in the bubble years, however.

- Despite the turnaround in housing permits, construction employment continues to decline. Employment in residential building and related special trades will begin rising in the second half of 2010. However nonresidential construction employment will continue to

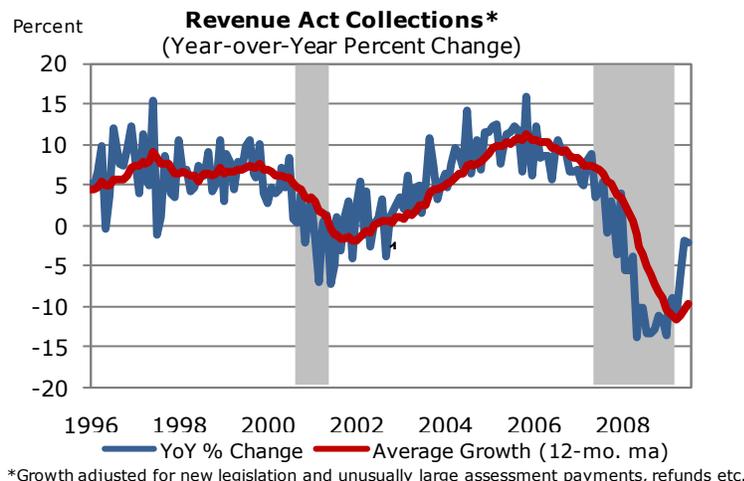
- decline well into 2011. We expect overall construction employment to bottom out in the third quarter of this year. Because of the continued drag from nonresidential construction, though, we expect little growth in overall construction employment until the second half of 2011. In spite of a fairly strong recovery in 2012 and 2013, construction employment will still be 36,000 below the previous peak at the end of 2013.

- As in the residential real estate market, commercial real estate is suffering from rising defaults, rising vacancies and declining prices and rents. This has had a particularly detrimental impact on local and regional banks which have a high concentration of residential real estate loans on their balance sheets. The ratio of non-performing to total assets of Washington State chartered banks rose sharply in 2008 and the first half of 2009 as commercial real estate loans soured. During the second half of the year, however, the ratio leveled off, suggesting an easing of credit at small banks may come soon. Small businesses, which create most new jobs, rely on these local banks to meet their credit needs.

## REVENUE COLLECTIONS

### Overview

- Revenue Act collections for the February 11, 2010 – March 10, 2010 period were very close to the February forecast after adjusting for special factors. Non-Revenue Act receipts came in below forecast but much of the variance was due to timing factors which will reduce the shortfall over subsequent collection periods.
- Major General Fund-State revenues for the February 11, 2010 – March 10, 2010 collection period were \$25.8 million



## ECONOMIC & REVENUE UPDATE

### Overview (continued...)

(3.2%) lower than our February forecast. Revisions to collections in the previous period brought the cumulative variance to negative \$26.0 million. About half of the shortfall was due to special factors and timing issues.

- 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 February 11 – March 10, 2010 collection period. Collections correspond primarily to economic activity in January 2010.
- Collections for this period are \$12.4 million (1.7%) below the February forecast.
- A sum of \$1.3 million in receipts from assessments net of refunds that the forecast assumed would happen during the period have not yet occurred and are expected to occur during the next collection period. One unexpected \$6.5 million refund, however, did occur. Without this \$7.8 million in non-economic factors, the forecast variance would have been negative \$4.6 million (-0.6%).
- The chart showing year-over-year Revenue Act growth reflects the revenues added under ESSB 5073. By this measure, revenues declined 2.1% year-over year in the current period, close to the 2.0% decline in the previous period, after adjustments for large one-time payments and refunds. Unadjusted for definitional changes and one time revenue, revenue increased 1.6% year-over-year as shown in the "Key Revenue Variables" table.
- Preliminary ERFC monthly estimates indicate retail sales tax collections are down 5.6% year-over-year and B&O taxes are down 0.5%.
- Preliminary tax payments from electronic filers who also paid in the February 11 – March 10 collection period of last year were down 1.7% year-over-year:
  - Payments in the retail trade sector were down 1.2% year-over-year. Payments in six of the twelve major retail trade sectors showed a year-over-year increase.

## ECONOMIC & REVENUE UPDATE

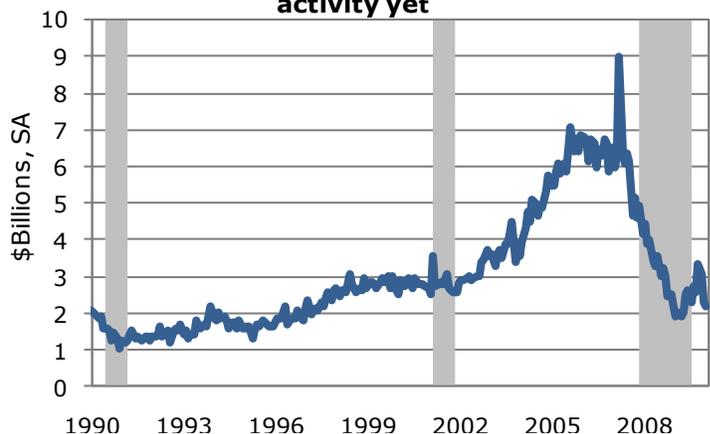
### Revenue Act (continued...)

- The largest increases were in gas stations and convenience stores (+9.6%), apparel and accessories (+6.7%), drug and health stores (+4.8%) and nonstore retailers (+3.8%). The largest decreases were in furniture and home furnishings (-8.4%), motor vehicles and parts (-5.9%), electronics and appliances (-4.2%) and food and beverage stores (-2.5%).
- Payments in non-retail trade sectors were down 2.0% year-over-year.
- Payments in the construction sector were down 17.0%, while those in the manufacturing sector were up 29.2% year-over-year due largely to the effects of the year-over-year increase in oil prices on the gross receipts of petroleum refiners.
- Excluding the construction sector, total payments were up 0.6% year-over-year and payments from non-retail trade sectors were up 1.9%. Excluding both construction and manufacturing, payments from non-retail trade sectors were down 0.8%.

### DOR Non-Revenue Act

- Collections were \$13.4 million (17.5%) below the February forecast.
- Most of the negative variance was due to an \$8.9 million (32.1%) shortfall in real estate excise taxes. The forecast had expected real estate activity to increase due to the extension of the federal tax credit for first-time homebuyers through April 30 and the expansion of a lesser credit to all homebuyers. Collections, however, have yet to increase ([see figure](#)). If most of the expected increase occurs closer to the expiration date (as it did when the first round of credits expired in November), much of the collection shortfall should be made up in the upcoming months
- The second largest contributor to the negative variance was cigarette taxes, which came in \$5.3 million (29.1%) below the February forecast. This shortfall is due mainly to the timing of

### Tax credit extension hasn't boosted REET activity yet



payments for cigarette tax stamps. Wholesalers have 30 days to pay for the stamps they have affixed to cigarette packs but the February collection period is only 28 days long. Most of this month's shortfall will therefore be made up in next month's collections.

- Liquor taxes were \$677,000 (4.6%) below the forecast while property tax payments for the state school levy came in \$335,000 (5.6%) above.
- Due to the redefinition of GF-S revenue under ESSB 5073, January DOR non-Revenue Act collections are up 87.7% year-over-year. Without the changes, revenue would have been down approximately 14%.

### Other Revenue

- Preliminary February Department of Licensing receipts were \$209,000 (90.5%) above the February forecast. Revision of January collections brought the cumulative variance to \$22,000 (9.5%).
- February revenue from the Administrative Office of the Courts was \$224,000 (3.2%) below the forecast.

## Key U.S. Economic Variables

	2009			2010			2008	2009
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.		
Real GDP (SAAR)	2.2	-	-	5.9	-	-	0.4	-2.4
Industrial Production (SA, 2002 = 100)	98.7	98.9	99.5	100.1	101.1	-	109.2	98.2
<i>Y/Y % Change</i>	-5.9	-6.8	-5.1	-2.2	1.0	-	-2.0	-10.0
ISM Manufacturing Index (50+ = growth)	52.6	55.7	53.6	55.9	58.4	56.5	45.5	46.3
ISM Non-Manuf. Index (50+ = growth)	50.9	50.6	48.7	48.7	50.5	53.0	47.4	46.1
Housing Starts (SAAR, 000)	586	524	579	575	591	-	900	553
<i>Y/Y % Change</i>	-28.7	-31.3	-11.6	3.4	21.1	-	-32.9	-38.5
Light Motor Vehicle Sales (SAAR, mil.)	9.2	10.5	10.9	11.2	10.8	10.4	13.2	10.4
<i>Y/Y % Change</i>	-26.7	-3.4	4.9	8.7	12.1	13.2	-18.2	-21.6
CPI (SA, 1982-84 = 100)	215.9	216.4	216.9	217.2	217.6	-	215.2	214.5
<i>Y/Y % Change</i>	-1.3	-0.2	1.8	2.8	2.7	-	3.8	-0.3
Core CPI (SA, 1982-84 = 100)	220.0	220.5	220.5	220.8	220.5	-	215.6	219.2
<i>Y/Y % Change</i>	1.5	1.7	1.7	1.8	1.5	-	2.3	1.7
IPD for Consumption (2000=100)	104.7	105.1	105.4	105.6	105.9	-	105.4	104.7
<i>Y/Y % Change</i>	0.0	0.6	0.9	1.7	1.4	-	-0.2	-0.6
Nonfarm Payroll Empl., e-o-p (SA, mil.)	129.9	129.6	129.7	129.6	129.6	129.5	134.3	129.6
<i>Monthly Change</i>	-0.23	-0.22	0.06	-0.11	-0.03	-0.04	-3.62	-4.74
Unemployment Rate (SA, percent)	9.8	10.1	10.0	10.0	9.7	9.7	5.8	9.3
Yield on 10-Year Treasury Note (percent)	3.40	3.39	3.40	3.59	3.73	3.69	3.67	3.26
Yield on 3-Month Treasury Bill (percent)	0.12	0.07	0.05	0.05	0.06	0.11	1.39	0.15
Broad Real USD Index** (Mar. 1973=100)	89.4	87.9	87.3	87.3	87.6	89.2	88.2	91.8
Federal Budget Deficit (\$ bil.)*	45.2	176.4	120.3	91.4	42.6	220.9	454.8	1,415.7
<i>FYTD sum</i>	1,415.7	176.4	296.7	388.1	430.7	651.6		
US Trade Balance (\$ bil.)	-35.6	-33.2	-36.4	-40.2	-	-	-695.9	-380.7
<i>YTD Sum</i>	-270.9	-304.1	-340.5	-380.7	-	-		

\*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

	2009				2010		2008	2009	
	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.			
<b>Employment</b>								<i>End-of-period</i>	
Total Nonfarm (SA, 000)	2,799.3	2,796.9	2,790.4	2,782.1	2,794.5	-	2,914.1	2,782.1	
Change from Previous Month (000)	-4.5	-2.4	-6.5	-8.3	12.4	-	-49.7	-132.0	
Construction	154.5	153.6	149.1	144.5	147.2	-	184.9	144.5	
Change from Previous Month	-0.9	-0.9	-4.5	-4.6	2.7	-	-24.5	-40.4	
Manufacturing	261.3	259.0	258.8	258.7	259.7	-	284.6	258.7	
Change from Previous Month	-0.9	-2.3	-0.2	-0.1	1.0	-	-11.7	-25.9	
Aerospace	81.8	81.2	81.1	81.4	82.0	-	85.5	81.4	
Change from Previous Month	-0.3	-0.6	-0.1	0.3	0.6	-	2.6	-4.1	
Software	50.7	51.0	50.8	50.8	50.9	-	53.0	50.8	
Change from Previous Month	0.1	0.3	-0.2	0.0	0.1	-	4.6	-2.2	
All Other	2,332.8	2,333.3	2,331.7	2,328.1	2,336.7	-	2,391.6	2,328.1	
Change from Previous Month	-2.8	0.5	-1.6	-3.6	8.6	-	-18.1	-63.5	
<b>Other Indicators</b>								<i>Annual Average</i>	
Seattle CPI (1982-84=100)	-	226.3	-	225.6	-	-	224.7	226.0	
	-	0.2%	-	1.4%	-	-	4.2%	0.6%	
Housing Permits (SAAR, 000)	18.8	18.0	16.0	19.9	27.2	-	27.3	16.1	
	-25.2%	-39.3%	-13.8%	34.8%	41.6%	-	-40.2%	-40.8%	
WA Index of Leading Ind. (2004=100)	110.7	111.8	112.8	113.7	115.0	-	116.5	110.0	
	-4.4%	-1.8%	1.0%	1.8%	3.3%	-	-0.1%	-5.6%	
WA Business Cycle Ind. (Trend=50)	6.3	4.4	5.0	5.3	5.3	-	41.1	8.3	
	-82.7%	-87.1%	-81.2%	-76.1%	-72.5%	-	-33.4%	-79.8%	
Avg. Weekly Hours in Manuf. (SA)	41.8	42.4	42.1	41.8	41.0	-	42.3	42.0	
	10.1%	12.9%	-4.2%	-7.3%	-7.7%	-	0.8%	-0.7%	
Avg. Hourly Earnings in Manuf.	23.6	23.5	23.6	24.0	24.0	-	21.0	23.4	
	20.6%	25.5%	11.1%	6.9%	5.3%	-	2.4%	11.4%	
New Vehicle Registrations (SA, 000)	15.8	11.9	12.7	15.1	15.0	16.7	19.0	14.0	
	-8.6%	-30.0%	-15.0%	16.8%	1.8%	18.1%	-20.5%	-26.5%	
Initial Unemployment Claims (SA, 000)	76.7	69.1	60.0	60.8	52.1	57.5	45.8	69.4	
	53.1%	27.6%	3.7%	-3.8%	-16.0%	-21.8%	34.1%	51.4%	
Personal Income (SAAR, \$bil.)	280.3	-	-	-	-	-	280.7	-	
	-1.0%	-	-	-	-	-	3.6%	-	
Median Home Price (\$000)	260.0	-	-	244.0	-	-	283.4	255.7	
	-7.6%	-	-	-8.5%	-	-	-7.5%	-9.8%	

\*Percentage Change is Year-over-Year

## Key Revenue Variables

	2009						2010				
	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	Jan 11- Feb 10*	Feb 11- Mar 10*
<b>Department of Revenue-Total</b>	970,946	1,458,783	1,028,278	1,041,295	916,965	893,460	1,065,342	1,498,976	1,002,270	1,142,108	781,757
	-14.4	-6.6	-11.1	-7.4	-6.9	-5.7	-6.2	-4.3	6.3	3.5	1.6
<b>Revenue Act</b>	873,625	740,002	791,144	934,166	828,176	801,901	925,039	769,855	738,003	1,048,036	718,560
	-14.0	-14.1	-11.1	-11.1	-11.5	-10.5	-9.5	-10.4	-5.6	-1.1	-2.3
Retail Sales Tax	554,314	484,574	536,955	600,362	559,803	536,300	590,712	497,117	478,896	674,388	458,430
	-15.2	-14.7	-12.4	-13.0	-12.1	-12.0	-12.5	-14.2	-9.2	-1.6	-5.6
Business and Occupation Tax	236,433	174,293	178,945	252,507	195,689	193,883	256,567	200,975	174,540	285,211	173,016
	-12.7	-16.6	-13.6	-9.0	-10.3	-7.0	-4.0	1.4	-7.6	1.8	-0.5
Use Tax	35,321	37,784	34,213	40,621	35,296	33,364	36,570	31,935	29,951	42,588	29,211
	-19.9	-8.4	4.3	-10.5	-16.9	-20.9	-11.8	-21.9	4.9	-6.7	-6.0
Public Utility Tax	36,405	32,871	28,498	26,775	25,761	26,399	27,169	25,804	35,126	32,839	41,336
	5.9	0.5	-0.3	-0.3	-0.4	4.3	0.0	-10.9	41.8	-11.7	23.8
Tobacco Products Tax	959	951	1,008	3,033	2,705	4,695	4,514	4,454	4,101	4,704	3,628
	35.7	6.0	5.2	234.1	172.6	464.2	349.0	357.9	377.0	447.8	341.6
Penalties and Interest	10,193	9,530	11,525	10,870	8,922	7,259	9,506	9,570	15,388	8,307	12,939
	-18.1	2.5	45.6	4.8	-25.3	-24.5	-7.8	-7.3	40.6	-16.0	17.4
<b>Non-Revenue Act**</b>	97,321	718,781	237,134	107,128	88,789	91,559	140,303	729,121	264,268	94,073	63,197
	-17.8	2.5	-11.0	47.3	81.5	78.1	24.2	3.1	63.9	113.7	87.7
Liquor Sales/Liter	12,368	12,433	13,934	16,203	18,738	16,044	15,534	17,057	15,940	23,070	13,934
	2.6	2.3	-0.5	24.2	31.4	11.2	26.5	23.5	18.4	21.6	14.9
Cigarette	3,581	4,237	3,229	30,015	25,777	25,001	23,475	22,361	25,990	25,758	12,829
	-0.1	8.0	-26.4	557.5	511.7	459.3	387.6	541.2	636.8	520.2	266.8
Property (State School Levy)	38,567	663,407	154,043	10,182	6,655	9,186	26,889	611,109	179,586	10,976	6,304
	7.1	6.7	-12.9	NA	NA	NA	185.0	-0.1	60.7	NA	NA
Real Estate Excise	24,682	24,600	35,293	36,403	31,242	34,147	33,271	31,545	35,706	20,687	18,792
	-46.1	-44.3	-23.6	-26.5	-24.3	-22.9	-10.0	-15.1	33.1	7.1	-36.1
Timber (state share)	0	668	0	0	730	684	0	807	0	0	919
	NA	-32.3	NA	NA	-49.8	NA	NA	-46.5	NA	NA	-8.2
Other	18,123	13,436	30,635	14,326	5,647	6,498	41,135	46,242	7,045	13,582	11,338
	-12.8	-24.6	23.1	-28.1	0.2	54.8	-16.5	17.8	23.8	-11.0	172.3
<b>Department of Licensing**</b>	5,650	3,760	6,891	3,136	898	416	282	200	198	168	439
	15.2	-20.8	6.1	5.0	1.9	3.0	-13.1	11.0	-7.2	-30.5	67.1
<b>Lottery**</b>	0	0	0	4,728	0	0	0	0	0	0	0
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Administrative Office of the Courts**</b>	0	0	0	9,124	8,627	8,575	8,380	9,001	7,681	7,928	6,693
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Total General Fund-State***</b>	976,597	1,462,543	1,035,169	1,058,281	926,489	902,451	1,074,004	1,508,177	1,010,149	1,150,205	788,889
	-14.3	-6.7	-11.5	-6.1	-6.0	-4.8	-5.4	-4.4	7.1	4.2	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
<b>February 11, 2010 - March 10, 2010</b>				
<b>March 10, 2010 Collections Compared to the February 2010 Forecast</b>				
Department of Revenue-Total	\$807,581	\$781,757	(\$25,824)	-3.2%
Revenue Act** (1)	730,984	718,560	(12,424)	-1.7%
Non-Revenue Act(2)	76,597	63,197	(13,400)	-17.5%
Liquor Sales/Liter	14,611	13,934	(677)	-4.6%
Cigarette	18,093	12,829	(5,264)	-29.1%
Property (State School Levy)	5,969	6,304	335	5.6%
Real Estate Excise	27,687	18,792	(8,895)	-32.1%
Timber (state share)	935	919	(17)	-1.8%
Other	9,301	11,338	2,037	21.9%
Department of Licensing (2)	230	439	209	90.5%
Lottery (5)	0	0	0	0.0%
Administrative Office of the Courts (2)	6,917	6,693	(224)	-3.2%
<b>Total General Fund-State***</b>	<b>\$814,728</b>	<b>\$788,889</b>	<b>(\$25,839)</b>	<b>-3.2%</b>

### Cumulative Variance Since the February Forecast (February 11, 2009 - March 10, 2010)

Department of Revenue-Total	\$807,581	781,757	(25,824)	-3.2%
Revenue Act** (3)	\$730,984	718,560	(12,424)	-1.7%
Non-Revenue Act(4)	\$76,597	63,197	(13,400)	-17.5%
Liquor Sales/Liter	\$14,611	13,934	(677)	-4.6%
Cigarette	\$18,093	12,829	(5,264)	-29.1%
Property (State School Levy)	\$5,969	6,304	335	5.6%
Real Estate Excise	\$27,687	18,792	(8,895)	-32.1%
Timber (state share)	\$935	919	(17)	-1.8%
Other	9,301	11,338	2,037	21.9%
Department of Licensing (4)	230	252	22	9.5%
Lottery	0	0	0	0.0%
Administrative Office of the Courts	6,917	6,693	(224)	-3.2%
<b>Total General Fund-State***</b>	<b>\$814,728</b>	<b>\$788,702</b>	<b>(\$26,026)</b>	<b>-3.2%</b>

1 Collections February 11, 2010 - March 10, 2010. Collections primarily reflect January 2010 activity.

2 February 2010 collections.

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

4 Cumulative collections, estimates and variance since the February forecast (February 2010) and revisions to history.

5 Lottery transfers to the General Fund

\* Based on the February 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.