



# ECONOMIC & REVENUE UPDATE

11 October 2011

summary

- **The U.S. economy did not worsen in the last month, but the outlook remains extremely uncertain.**
- **The Washington economy is performing close to expectations but is not immune to the uncertainty plaguing the global economy. The state is likely to outperform the U.S. but this will not save us from a downturn if the national economy falters.**
- **Major General Fund-State (GF-S) revenue collections for the September 11 – October 10, 2011 collection period were \$10.6 million (1.1%) above the September forecast. While revenue is coming in as forecasted, downside risks remain high.**

## United States

State revenues have come in on target this month, but the economic outlook remains extremely uncertain. Europe is tottering on the brink of recession and it remains to be seen if the firewall being contemplated around their banks will be able to head off a global credit crunch. China and India are slowing, on purpose, as their governments move to cool overheating economies. Here at home, political dysfunction at the federal level has dashed any hope that fiscal policy will be able to lend monetary policy a hand in stabilizing the economy. Fear and uncertainty have paralyzed consumers and businesses who continue to sit on their cash, letting "I dare not, wait upon I would." Our forecast last month of a muddle-through economy, with flat growth, high unemployment and weak confidence, appears to be coming true. Data releases in the last month were mildly encouraging, but only because expectations were so low.

The September employment report's establishment survey showed that the economy gained 103,000 (SA) net new jobs that month ([see figure](#)). Private sector gains of 137,000 which included the return of 45,000 striking telecommunication workers were partially offset by public sector job losses of 34,000. Additionally, July and August's job gain numbers were revised upward by 99,000 jobs. A separate survey of households showed a 423,000 increase in the labor force and a 398,000 increase in employment, enough to keep the unemployment rate unchanged at 9.1%. It is not unusual for the establishment and household surveys to show divergent results during turning points in the business cycle. Average hourly earnings rose four cents and were up 1.9% year-over-year, while average weekly hours rose by 0.1 hours to 34.3 hours.



united states

## ECONOMIC & REVENUE UPDATE

### united states

Real gross domestic product (GDP) growth in the second quarter was revised back to 1.3% from 1.0%. Of that 1.3 percentage points, 0.8 was from gross private domestic investment; 0.5 from personal consumption expenditures; another 0.2 was from net exports, offset by a 0.2 percentage point reduction due to cutbacks in government spending. Early indicators of third quarter economic activity point to continuing but modest growth. The Institute for Supply Management's purchasing managers indices for both manufacturing and services remained above 50 in September, indicating continued slow growth in those sectors. While the manufacturing index ticked up to 51.6, the non-manufacturing index fell to 53. The October Blue Chip Consensus real GDP growth forecasts, which will be our objective starting point for the preliminary November economic forecast, have been released. They showed a slightly flatter growth trajectory going forward than was assumed in the September forecast. Predicted real GDP growth rates are now at 1.7%, 2.0%, and 2.8% growth, for 2011, 2012, and 2013 respectively. At the time of the September revenue forecast, these numbers were 1.6%, 2.2% and 3.2% respectively.

September light motor vehicle (LMV) sales improved to 13.1 million (SAAR) units, 11% above a year ago, and 8% above the prior month. Nominal personal income fell 0.1% (SA) in August, but consumer spending rose 0.2% (SA) as the savings rate fell to 4.5%. Confidence measures remain weak, so it will be difficult for this growth in spending to be sustained in the face of flat to declining incomes.

Housing remains weak. New homes sales fell 2.3% in August to 295,000 (SAAR), while housing starts declined to 571,000 (SAAR). Existing home sales improved 8%, but remain low by historical standards. The Case-Shiller 20-city index was flat in July, and was 4.2% below a year ago. Prices are expected to stay weak as more foreclosed properties hit the market.

### WASHINGTON

The state's economy is likely to outperform the U.S. in the near term. Boeing and Microsoft are both hiring again. The aerospace sector has added 8,000 jobs since June 2006, which is 2,000 more than the number lost during the recession, while the software sector has added 2,700 jobs since December 2009, which also exceeds the 2,500 jobs lost during the recession. The state's farming and export sectors are also doing well. Washington exports were up 31.5% in the second quarter of this year compared to the previous year. Construction, however, remains weak and has a disproportionately negative impact on revenue. Also the state's economy is vulnerable to the uncertainty about the prospects for the national and global economies.

The Washington economy added 8,300 net new jobs from June through August. While the private sector added 8,600 jobs in June, July, and August, state and local government employment declined by 1,600 jobs. Federal government employment made up some of the losses, increasing by 1,300 since May. Construction employment continues to bump along the bottom and is up 600 over the last three months. The manufacturing sector, which has been the bright spot in the employment recovery, added 4,200 jobs, of which 3,500 were in the aerospace sector. Private service-providing industries, which account for two out of three jobs in Washington, have been weak adding just 3,800 jobs of which 1,800 were in the software sector. It has been more than two years since the recession ended but there are still more than 140,000 fewer jobs in the state than there were at the start of the recession.

### washington

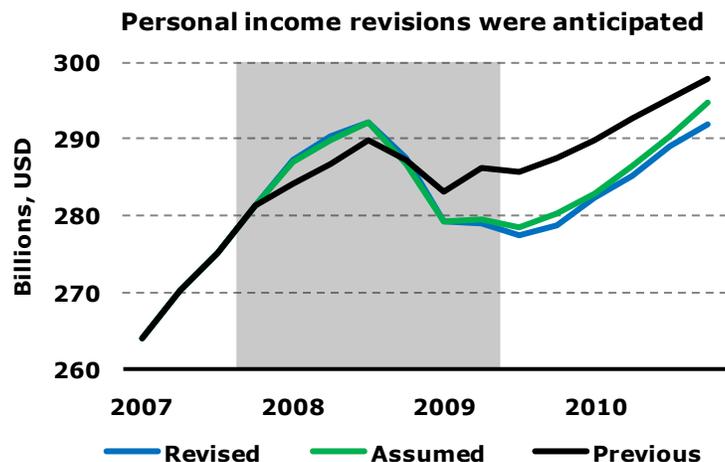
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Manufacturing continues to expand in Washington according to local purchasing managers. The Institute of Supply Management - Western Washington Index, which measures strength in the manufacturing sector, has now indicated growth since August 2009 (index readings above 50 indicate expansion). While the index has declined from the 65.9 average in the first half of the year, the 61.3 September reading remains solidly in positive territory. The production component has been particularly strong coming in at 70.0 in September. Manufacturing employment has been rising for more than a year now – the trough was March 2010 – and has accelerated in the past ten months thanks to an upturn in aerospace employment. Over the last year the aerospace sector has been responsible for 7,700 of the 12,800 net new manufacturing jobs in Washington. Boeing built up a huge backlog of orders in 2005, 2006, and 2007. This enabled Boeing to ride out the recession with only minimal production and job cuts. We believe the outlook for Boeing remains positive. Worldwide air traffic, both passenger and cargo, recovered surprisingly quickly from the recession. As a result, Boeing was able to add to its backlog in 2010. The current backlog of over 3,500 planes represents more than eight years of production at current rates.

Washington State exports rose 31.5% in the second quarter of 2011 compared to the second quarter of 2010. Exports of transportation equipment (mostly Boeing planes) were up 17.8% compared to the previous year. Transportation equipment exports normally account for about 50% of our exports. Excluding transportation equipment, exports were up 44.2% over the year. Growth of over 50% was achieved in several major manufacturing sectors: petroleum and coal, machinery, forestry products, and printing products. The earthquake and tsunami in Japan occurred mid-March and we should see a boost to some Washington exports as reconstruction unfolds later this year.

The Bureau of Economic Analysis (BEA) has now extended its annual revision to the national income and product accounts to the state level personal income estimates.

Although the new state level personal income data were not available to us at the time of our September forecast, we anticipated most of the significant downward revisions based on the revisions to the national data. As a result, the estimates assumed for the September forecast are much closer to the revised data than were the previous BEA estimates ([see figure](#)). The peak-to-trough decline in Washington real personal income during the recession was actually 5.1% which was much worse than the previous BEA estimate of a 1.6% drop. The BEA revisions for total personal income in 2008, 2009, and 2010 are +0.8%, -2.5%, and -2.4%. Because we anticipated most of the revision in our September forecast, our revisions in November will only be +0.1%, -0.3%, and -0.5%.



Single-family housing construction remains in the doldrums. Single-family permits in the first two months of the third quarter averaged 13,300 at a seasonally adjusted annual rate (SAAR). While this is a bit better than the 12,600 units (SAAR) authorized in the second quarter of 2011, it is still lower than any other quarter since the second quarter of 2009. Multi-family permits have averaged 8,400 (SAAR) in the first two months of the third

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quarter, down from 13,400 in the second quarter. This is a very volatile series. In spite of the decline since the second quarter, we believe the trend is positive in multi-family housing due to rising rents and declining apartment vacancies. The outlook for single-family construction is flat to negative through 2012. Housing prices are in double-dip mode. The Case-Shiller Home Price Index for Seattle declined 0.2% in each of June and July after posting small increases in each of the three previous months. Prior to that, prices had declined for nine consecutive months. Over the last year, Seattle area prices have fallen 6.4%.

### REVENUE COLLECTIONS

#### Overview

The September revenue forecast assumed the slowdown that began in the late spring would continue through the end of this year and into the next. Collections so far have borne out this assumption, but there is still considerable downside risk to the forecast if the national economy threatens to slow further or fall back into recession.

Major General Fund-State (GF-S) revenues for the September 11 – October 10, 2011 collection period came in \$10.6 million (1.1%) higher than our September forecast. Revenue Act receipts were \$15.9 million (1.8%) above the forecast and other receipts were \$5.3 million (4.7%) below the forecast.

#### Revenue Act

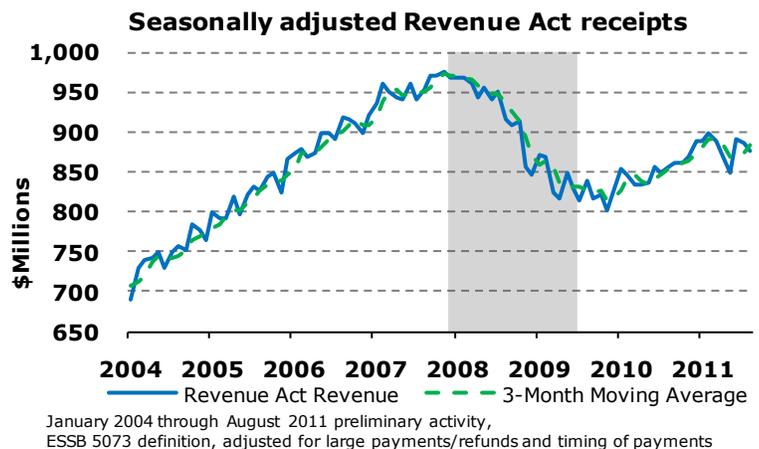
The revenue collections reported here are for the September 11 – October 10, 2011 collection period. Collections correspond primarily to economic activity in August 2011.

Revenue Act collections for the current period came in \$15.9 million (1.8 %) above the September forecast. During the collection period, however, there was a transfer of \$6.5 million from non-Revenue Act funds into the Revenue Act account. The transfer corrected a past misallocation of Revenue Act funds into the account for the tax on carbonated beverage syrups. The transfer did not affect total revenue since it reduced non-Revenue Act collections by the same amount that it increased Revenue Act collections. Without the transfer, Revenue Act collections would have come in \$9.4 million (1.1%) above the forecast.

Seasonally adjusted collections came in just below last month's level ([see figure](#)). Due to a change in tax payment patterns beginning in the fourth quarter of 2010, discussed in prior "Economic and Revenue

Updates", it has been difficult to predict the monthly seasonal variation in collections. The three-month moving average of collections, however, is less sensitive to monthly variations. As shown in the chart, the moving average increased slightly from its level of last month but remains below its levels during the spring.

Revenue Act collections increased 6.5% year-over year in the current period after



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adjustment for the abovementioned transfer ([see figure](#)). In the previous period adjusted revenues had increased 6.7%. As reported in earlier Economic and Revenue Updates, however, year-over-year 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.

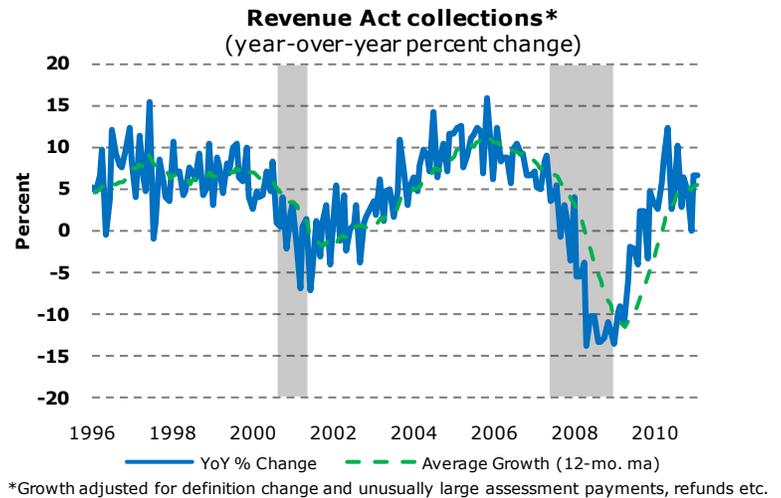
Adjusting for both one-time payments/refunds and the estimated effect of the change in the timing of payments from new monthly taxpayers, revenues would have increased approximately 3.6% year-over year in the current period and 3.7% year-over year in the previous period.

Unadjusted for non-economic factors, revenue grew 7.3% year-over-year as shown in the "Key Revenue Variables" table. Preliminary unadjusted ERFC monthly estimates indicate retail sales tax collections are up 7.5% year-over-year and B&O taxes are up 9.3%. Larger year-over-year growth in B&O taxes for previous months shown in the table were mainly the result of an increase in the tax rate for services that took effect on May 1, 2010. As the rate increase has now been in effect for over one year, it no longer results in inflated year-over-year growth.

Tax payments as of September 29th from electronic filers who also paid in the September 11 – October 10 collection period of last year were up 5.2% year-over-year. This was an improvement from the previous period's growth rate of 3.7%.

Some details of payments from electronic filers:

- Payments in the retail trade sector were up 4.3% year-over-year. In the previous period, year-over-year payments increased 1.1%. Year-over-year growth for both reporting periods were negatively impacted by last year's short-lived application of the retail sales tax to candy and bottled water, which added an estimated \$5-\$6 million to last year's payments.
- Payments from the motor vehicle and parts sector increased 2.7% year-over-year. In the previous period, year-over-year payments decreased 0.3%. Excluding the auto sector, payments from the retail trade sector were up 4.7% year-over-year in the current period and 1.4% in the previous period.
- Retail trade sectors showing strong year-over-year increases in tax payments were non-store retailers (+14.3%), electronics and appliances (+11.5%), food and beverage stores (+7.8%) and gas stations and convenience stores (+7.3%). Only general merchandise stores showed a year-over-year decline (-0.4%).
- Payments in non-retail trade sectors were up 5.7% year-over-year in the current period and 5.4% in the previous period.
- Payments in the construction sector were down 3.3% year-over-year. Payments in the manufacturing sector were up 17.9% due to strong growth in payments from the petroleum refining sector.



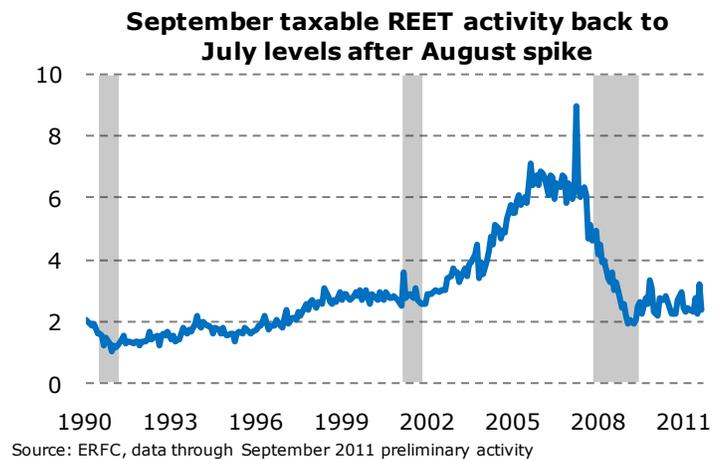
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- Excluding the construction sector, total payments were up 6.3% year-over-year and payments from non-retail trade sectors were up 7.8%. Excluding both construction and manufacturing, total payments were up 5.5% and payments from non-retail trade sectors were up 6.5%.

### DOR Non-Revenue Act

September collections were \$5.8 million (5.7%) below the September forecast. The negative variance, however, was due to the transfer of funds from the syrup tax account into the Revenue Act account mentioned above. Without the transfer, collections would have been \$613,000 (0.6%) above the forecast. The syrup tax is part of the “other” revenue category, which came in \$6.1 million (94.4%) below the forecast due to the transfer. September DOR non-Revenue Act collections were up 4.9% year-over-year, but would have been up 11.9% without the syrup tax correction.

Real estate excise taxes came in \$909,000 (2.8%) lower than forecasted. Seasonally adjusted collections returned to roughly their level before last month’s spike ([see figure](#)). Collections were up 13.5% year-over-year, mainly due to last year’s post-tax-credit slump. In August (the most recent month for which transaction details are available), the average value per transaction increased 18.9% year-over-year due to several large transactions in the Seattle area and the number of transactions was up 14.3%, mainly due to low activity last year.



September cigarette tax receipts came in \$376,000 (1.0%) lower than forecasted. Collections were up 29.2% year-over-year. The high growth rate is the result of additional cigarette taxes which had previously been deposited into the Education Legacy Trust Account. Monthly taxes that formerly went into the account will continue to be deposited into the GF-S cigarette tax account through the end of the biennium as the result of legislation from the 2011 session.

Property tax collections were \$1.2 million (12.2%) above the forecast and liquor tax receipts came in \$343,000 (2.0%) higher than forecasted.

### Other Revenue

Department of Licensing receipts for September were \$35,000 (7.3%) higher than the September forecast.

September revenue from the Administrative Office of the Courts was \$553,000 (7.0%) higher than forecasted.

## Key U.S. Economic Variables

	2011						2009	2010
	Apr.	May	Jun.	Jul.	Aug.	Sep.		
Real GDP (SAAR)	-	-	1.3	-	-	-	-3.5	3.0
Industrial Production (SA, 2002 = 100)	92.7	93.0	93.0	93.9	94.0	-	85.5	90.1
<i>Y/Y % Change</i>	4.5	3.4	3.4	3.4	3.4	-	-11.2	5.3
ISM Manufacturing Index (50+ = growth)	60.4	53.5	55.3	50.9	50.6	51.6	46.3	57.3
ISM Non-Manuf. Index (50+ = growth)	52.8	54.6	53.3	52.7	53.3	53.0	46.2	54.1
Housing Starts (SAAR, 000)	549	553	615	601	571	-	554	585
<i>Y/Y % Change</i>	-20.1	-4.7	14.1	9.3	-5.8	-	-38.4	5.6
Light Motor Vehicle Sales (SAAR, mil.)	13.2	11.7	11.6	12.2	12.1	13.1	10.4	11.6
<i>Y/Y % Change</i>	16.9	0.7	3.5	5.9	5.0	10.8	-21.5	11.6
CPI (SA, 1982-84 = 100)	224.4	224.8	224.3	225.4	226.3	-	31.5	32.5
<i>Y/Y % Change</i>	3.1	3.4	3.4	3.6	3.8	-	1.6	3.0
Core CPI (SA, 1982-84 = 100)	223.7	224.4	225.0	225.5	226.0	-	32.7	33.6
<i>Y/Y % Change</i>	1.3	1.5	1.6	1.8	2.0	-	1.3	2.5
IPD for Consumption (2000=100)	113.6	113.8	113.6	114.1	114.3	-	109.2	111.1
<i>Y/Y % Change</i>	2.4	2.6	2.6	2.8	2.9	-	0.2	1.8
Nonfarm Payroll Empl., e-o-p (SA, mil.)	131.0	131.0	131.0	131.2	131.2	131.3	129.3	130.3
<i>Monthly Change</i>	0.22	0.05	0.02	0.13	0.06	0.10	-5.06	0.94
Unemployment Rate (SA, percent)	9.0	9.1	9.2	9.1	9.1	9.1	9.3	9.6
Yield on 10-Year Treasury Note (percent)	3.46	3.17	3.00	3.00	2.30	1.98	3.26	3.21
Yield on 3-Month Treasury Bill (percent)	0.06	0.04	0.04	0.04	0.02	0.01	0.15	0.14
Broad Real USD Index** (Mar. 1973=100)	81.4	81.3	80.9	80.5	81.2	82.7	91.4	87.1
Federal Budget Deficit (\$ bil.)*	40.4	57.6	43.1	129.4	134.2	-	1,415.7	1,294.2
<i>FYTD sum</i>	869.8	927.4	970.5	1,099.9	1,234.1	-		
US Trade Balance (\$ bil.)	-43.2	-50.2	-51.6	-44.8	-	-	-381.3	-500.0
<i>YTD Sum</i>	-183.2	-233.4	-285.0	-329.8	-	-		

\*Federal Fiscal Year 2009 runs from Oct. 1, 2008 to Sept. 30, 2009.

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

## Key Washington Economic Variables

	2011						2009	2010	
	Apr.	May	Jun.	Jul.	Aug.	Sep.			
<b>Employment</b>								<i>End-of-period</i>	
Total Nonfarm (SA, 000)	2,809.9	2,810.8	2,812.0	2,818.3	2,819.1	-	2,773.8	2,794.6	
Change from Previous Month (000)	6.1	0.9	1.2	6.3	0.8	-	-141.5	20.8	
Construction	137.6	137.8	137.5	138.5	138.4	-	146.0	138.3	
Change from Previous Month	0.6	0.2	-0.3	0.9	0.0	-	-38.6	-7.6	
Manufacturing	265.4	266.4	267.9	269.0	270.5	-	256.9	260.1	
Change from Previous Month	1.4	1.0	1.6	1.1	1.5	-	-27.8	3.2	
Aerospace	83.8	84.7	86.4	87.6	88.2	-	81.1	81.9	
Change from Previous Month	0.5	1.0	1.6	1.2	0.6	-	-4.4	0.8	
Software	51.5	51.4	52.1	52.2	53.2	-	50.5	51.1	
Change from Previous Month	0.1	-0.1	0.6	0.2	1.0	-	-2.5	0.6	
All Other	2,355.4	2,355.2	2,354.5	2,358.6	2,357.0	-	2,320.4	2,345.0	
Change from Previous Month	4.1	-0.2	-0.8	4.1	-1.6	-	-72.6	24.6	
<b>Other Indicators</b>								<i>Annual Average</i>	
Seattle CPI (1982-84=100)	231.3	-	233.3	-	233.8	-	226.0	226.7	
	2.1%	-	3.2%	-	2.7%	-	0.6%	0.3%	
Housing Permits (SAAR, 000)	34.6	26.7	16.6	21.4	22.1	-	16.0	19.6	
	104.1%	83.9%	-17.9%	15.5%	3.1%	-	-42.0%	22.9%	
WA Index of Leading Ind. (2004=100)	121.9	122.3	122.1	124.1	124.1	-	108.9	114.9	
	6.9%	7.5%	7.2%	8.3%	7.9%	-	-5.9%	5.5%	
WA Business Cycle Ind. (Trend=50)	12.0	9.8	8.4	8.7	11.5	-	7.8	4.6	
	244.0%	183.0%	39.8%	70.7%	111.4%	-	-80.7%	-40.6%	
Avg. Weekly Hours in Manuf. (SA)	42.3	43.1	42.6	43.2	42.2	-	42.0	41.8	
	1.6%	1.4%	2.9%	2.3%	-0.5%	-	-1.0%	-0.3%	
Avg. Hourly Earnings in Manuf.	24.2	23.9	23.9	23.9	23.4	-	23.4	23.5	
	3.6%	3.7%	3.4%	2.7%	1.7%	-	11.4%	0.4%	
New Vehicle Registrations (SA, 000)	18.0	16.8	16.3	16.6	15.9	16.1	14.0	15.5	
	13.3%	3.6%	3.6%	11.7%	1.4%	4.4%	-26.4%	10.8%	
Initial Unemployment Claims (SA, 000)	52.7	52.7	51.0	52.9	50.0	50.1	69.2	56.7	
	-6.3%	-7.8%	-14.7%	-12.5%	-17.0%	-15.4%	51.4%	-18.0%	
Personal Income (SAAR, \$bil.)	-	-	299.8	-	-	-	278.7	287.1	
	-	-	5.1%	-	-	-	-3.7%	3.0%	
Median Home Price (\$000)	-	-	226.9	-	-	-	255.7	245.2	
	-	-	-8.1%	-	-	-	-9.8%	-4.1%	

\*Employment data has been Kalman filtered and does not match figures released by the BLS

\*Percentage Change is Year-over-Year

## Key Revenue Variables

Thousands of Dollars

	2010		2011									
	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	Jun 11- Jul 10	Jul 11- Aug 10	Aug 11- Sep 10	Sep 11- Oct 10*
<b>Department of Revenue-Total</b>	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	1,270,126 16.1	1,092,482 2.9	1,020,032 7.2	994,146 7.1
<b>Revenue Act</b>	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	816,518 2.0	983,045 2.0	899,856 6.7	896,724 7.3
Retail Sales Tax	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	524,437 3.8	505,397 -3.3	599,837 1.2	570,586 3.4	573,593 7.5
Business and Occupation Tax	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	239,931 13.3	230,620 17.8	289,075 1.7	251,491 17.6	241,766 9.3
Use Tax	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	41,435 16.1	38,934 10.2	49,191 17.6	38,770 1.1	41,899 13.6
Public Utility Tax	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	33,817 9.1	30,194 3.7	29,135 5.8	26,206 1.4	28,890 7.5
Tobacco Products Tax	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	3,865 12.1	4,243 78.1	4,334 20.4	4,003 13.6	3,933 11.4
Penalties and Interest	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	17,759 -1.6	7,130 -54.4	11,473 -13.7	8,799 -11.2	6,643 -51.3
<b>Non-Revenue Act**</b>	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	453,608 54.7	109,437 11.3	120,176 11.1	97,423 4.9
Liquor Sales/Liter	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	16,594 3.3	17,247 6.3	18,625 2.2	17,897 8.3
Cigarette	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	107,936 210.6	38,924 61.3	41,012 2.9	37,554 29.2
Property (State School Levy)	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	184,883 13.7	9,491 -12.5	7,295 2.8	10,583 7.2
Real Estate Excise	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	39,094 -0.8	31,156 -8.7	45,591 43.5	31,027 13.5
Timber (state share)	0 NA	1,058 31.1	0 NA	0 NA	788 -14.2	0 NA	0 NA	825 27.6	0 NA	0 NA	1,166 -29.0	0 NA
Other	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	105,100 160.8	12,619 -2.9	6,488 -31.7	362 -96.3
<b>Department of Licensing**</b>	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	6,300 -14.4	3,004 -20.6	1,371 11.5	510 3.4
<b>Lottery**</b>	0 NA	1,912 NA	0 NA	0 NA	0 NA	0 NA	0 NA	0 NA	6,651 NA	0 NA	0 NA	0 NA
<b>Administrative Office of the Courts**</b>	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	7,997 11.9	8,416 -6.1	7,961 -2.1	8,506 7.4
<b>Total General Fund-State***</b>	1,158,791 7.9	1,595,344 5.8	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	1,291,073 16.5	1,103,901 2.7	1,029,364 7.1	1,003,163 7.1

\*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
<b>September 11, 2011 - October 10, 2011</b>				
<b>October 10, 2011 Collections Compared to the September 2011 Forecast</b>				
Department of Revenue-Total	\$984,178	\$994,146	\$9,968	1.0%
Revenue Act** (1)	880,869	896,724	15,855	1.8%
Non-Revenue Act(2)	103,310	97,423	(5,887)	-5.7%
Liquor Sales/Liter	17,554	17,897	343	2.0%
Cigarette	37,930	37,554	(376)	-1.0%
Property (State School Levy)	9,428	10,583	1,154	12.2%
Real Estate Excise	31,937	31,027	(909)	-2.8%
Timber (state share)	0	0	0	0.0%
Other	6,460	362	(6,098)	-94.4%
Department of Licensing (2)	476	510	35	7.3%
Lottery (5)	0	0	0	0.0%
Administrative Office of the Courts (2)	7,953	8,506	553	7.0%
<b>Total General Fund-State***</b>	<b>\$992,607</b>	<b>\$1,003,163</b>	<b>\$10,556</b>	<b>1.1%</b>

### Cumulative Variance Since the September Forecast (September 11, 2011 - October 10, 2011)

Department of Revenue-Total	\$984,178	\$994,146	\$9,968	1.0%
Revenue Act** (3)	880,869	896,724	15,855	1.8%
Non-Revenue Act(4)	103,310	97,423	(5,887)	-5.7%
Liquor Sales/Liter	17,554	17,897	343	2.0%
Cigarette	37,930	37,554	(376)	-1.0%
Property (State School Levy)	9,428	10,583	1,154	12.2%
Real Estate Excise	31,937	31,027	(909)	-2.8%
Timber (state share)	0	0	0	0.0%
Other	6,460	362	(6,098)	-94.4%
Department of Licensing (4)	476	510	35	7.3%
Lottery	0	0	0	0.0%
Administrative Office of the Courts	7,953	8,506	553	7.0%
<b>Total General Fund-State***</b>	<b>\$992,607</b>	<b>\$1,003,163</b>	<b>\$10,556</b>	<b>1.1%</b>

1 Collections September 11, 2011 - October 10, 2011. Collections primarily reflect August 2011 activity of monthly filers.

2 September 2011 collections.

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

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

5 Lottery transfers to the General Fund

\* Based on the September 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.