

# The Fiscal 2013-14 Revenue Outlook

## General Fund, Transportation Fund, and Education Fund



Prepared for the Vermont Emergency Board

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## A. Discussion of Recent Economic Trends

- Calendar year 2012 had its struggles along with its accomplishments. The year started off promising, yet once again encountered a number of headwinds which restrained activity—and may continue to restrain forward progress over at least the near term time horizon.
  - These headwinds include: concerns about the economic stability of Europe, natural disasters within the U.S. (in particularly Super-storm Sandy<sup>1</sup>), persistently high oil and gasoline prices, and fallout from Washington’s debate over “Fiscal Cliff” and “Fiscal Cliff—Related Issues”.
  - However, even with these handicaps, the global economy is expected to experience its best year for output, jobs, and income increases since the beginning of the “Great Recession” which began in calendar year 2007.
- For this consensus revenue forecast update, it is expected that the U.S. and Vermont economies are projected to continue their recovery of payroll jobs lost during this most recent downturn.<sup>2</sup>
  - The forecast also reflects the fact that the recovery has progressed at an excruciatingly slow pace since 2009, and this is not expected to change during the second half of Fiscal Year 2013.
  - This is a reflection of the above-mentioned impediments to more broad and robust recovery, which are expected to continue to exert a retraining force despite an improving tone to at least some of the economic performance statistics.
- Perhaps the largest of the above-referenced impediments is the all too visible domestic policy uncertainties associated with the fiscal policy debate in Washington.
  - The unsettling debate has raised collective doubts domestically and abroad about the ability of the U.S. to manage its fiscal affairs, which is now weighing on the collective psyche of investors, households, and businesses.<sup>3</sup>
  - Although the near-term crisis regarding the first installment of the Fiscal Cliff has been partially addressed with the recent compromise

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<sup>1</sup> At this point it is unclear how the storm will impact economic performance in the future (e.g. the January to March quarter of calendar year 2013).

<sup>2</sup> To-date, the state has recovered about 9,200 of the 14,000 payroll jobs lost during the last economic downturn—about 66 percent of the total.

<sup>3</sup> This is important since the consumer psyche still seems fragile.

on taxes, there are still three more important fiscal deadlines that will ripen over the next 60-90 days. Each by themselves or collectively could still cause significant harm to the performance of the U.S. and Vermont economies. These remaining cliff-like deadlines include:

1. The issue of raising of the U.S. debt ceiling;
  2. Effectively dealing with the upcoming expenditure sequestration deadline—which will go into effect as previously prescribed unless there is agreement to change and/or delay the start of those automatic expenditure cuts;
  3. Passage of a Budget Resolution (or at least another Continuing Resolution), without which the federal government risks a temporary shutdown of at least some key government functions.
- All of these impediments are acting to undermine “confidence” which is viewed as one of the principal factors restraining the near-term performance of the economy.

## B. Discussion of Recent Revenue Performance

- From the standpoint of net revenues available to the G-Fund, fiscal year 2012 receipts finished the first half of the fiscal year at +\$4.58 million or +0.8% ahead of the July 2013 consensus forecast target (see Table 1 below).

**Table 1: Through December Results Versus Target -- General Fund (All Revenues)**

FY 2013--Through December Component (\$ Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Personal Income	\$ 293,984.3	\$ 302,451.4	\$ (8,467.0)	-2.8%
Net Sales & Use Tax	\$ 115,090.8	\$ 117,282.2	\$ (2,191.5)	-1.9%
Corporate Income Tax	\$ 49,400.3	\$ 37,002.8	\$ 12,397.4	33.5%
Meals & Rooms	\$ 68,797.9	\$ 68,739.5	\$ 58.5	0.1%
Property Transfer Tax	\$ 4,972.7	\$ 4,591.2	\$ 381.5	8.3%
Other	\$ 69,323.1	\$ 66,920.1	\$ 2,403.0	3.6%
Estate Tax	\$ 10,989.8	\$ 9,548.9	\$ 1,440.9	15.1%
<b>Total Net General Fund</b>	<b>\$ 601,569.1</b>	<b>\$ 596,987.2</b>	<b>\$ 4,581.9</b>	<b>0.8%</b>

**Basic Data Source: VT Agency of Administration**

- Positive consensus revenue forecast variances in the Corporate Tax, “Other” Taxes, and Estate Tax receipts more than offset negative revenue performance variances in Personal Income Tax and the Sales & Use Tax.
- There also were significant negative revenue performance variances among the sub-components of the two major income tax sources, which were offset by positive variances elsewhere.

- For the net revenues available to the T-Fund, fiscal year 2013 receipts finished the first half of the fiscal year at -\$2.0 million or -1.6% below the July 2013 consensus forecast target (see Table 2 below).

**Table 2: Through December Results Versus Target --Transportation Fund**

FY 2013--Through December Component (\$ Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Gasoline Tax (non-TIB)	\$ 30,584.3	\$ 31,297.9	\$ (713.6)	-2.3%
Diesel Tax (non-TIB)	\$ 7,423.0	\$ 7,930.5	\$ (507.5)	-6.4%
MvP&U Tax	\$ 26,626.7	\$ 27,288.6	\$ (661.9)	-2.4%
MvFees	\$ 35,687.7	\$ 36,282.5	\$ (594.8)	-1.6%
Other Fees-Revenues	\$ 9,204.1	\$ 8,666.8	\$ 537.3	6.2%
<b>Total Transportation Fund (no TIB)</b>	<b>\$ 109,525.8</b>	<b>\$ 111,466.3</b>	<b>\$ (1,940.5)</b>	<b>-1.7%</b>
Gasoline -TIB	\$ 11,073.6	\$ 10,915.3	\$ 158.3	1.4%
Diesel-TIB	\$ 769.1	\$ 993.6	\$ (224.5)	-22.6%
<b>Total Transportation Fund (w/TIB)</b>	<b>\$ 121,368.5</b>	<b>\$ 123,375.2</b>	<b>\$ (2,006.7)</b>	<b>-1.6%</b>

**Basic Data Source: VT Agency of Administration**

- The fiscal year 2013 revenue under-performance included 4 of the 5 major T-Fund components—with the lone exception being the “Other Fees” aggregate.
  - As shown in Table 2, much of the -\$2.0 million forecast variance in the T-Fund through the first half of FY 2013 came from revenue performance shortfalls in the consumption-driven components Gas Tax, Diesel Tax, and Motor Vehicle Purchase & Use Tax.
- For the net revenues available to the E-Fund [Partial], the first half of fiscal year 2013 receipts were -\$1.80 million or -2.2% below expectations relative to the July 2013 consensus forecast target (see Table 3 below).

**Table 3: Through December Results Versus Target --Education Fund [Partial]**

FY 2013--Through December Component (\$ Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Sales & Use Tax	\$ 57,544.5	\$ 58,641.1	\$ (1,096.6)	-1.9%
MvP&U Tax	\$ 13,313.4	\$ 13,644.3	\$ (331.0)	-2.4%
Lottery	\$ 9,561.5	\$ 9,927.9	\$ (366.4)	-3.7%
Interest	\$ 51.7	\$ 53.6	\$ (1.9)	NM
<b>Total Education Fund [Partial]</b>	<b>\$ 80,471.1</b>	<b>\$ 82,267.0</b>	<b>\$ (1,795.9)</b>	<b>-2.2%</b>

**Notes:**

**NM=Not Meaningful**

**Basic Data Source: VT Agency of Administration**

- As in the T-Fund, underperformance in the consumption-dependent components of the E-Fund drew the entire aggregate into negative collections performance territory versus its consensus cumulative revenue target for December of FY 2013.

### C. Discussion of the Updated Consensus Revenue Forecast

- Given the above context, the staff recommendation generally calls for a relatively minor downgrade in the consensus revenue forecast for the 3 major funds combined for the rest of fiscal 2013 and through the FY 2014 and 2015 period—reflecting a mix of the ramifications related to the expected continuation of the slow recovery and various changes made to components in all three major funds (see Table 4 below).

**Table 4: Staff Recommended Consensus Forecast Update-Difference from July FY 2013 Forecast**

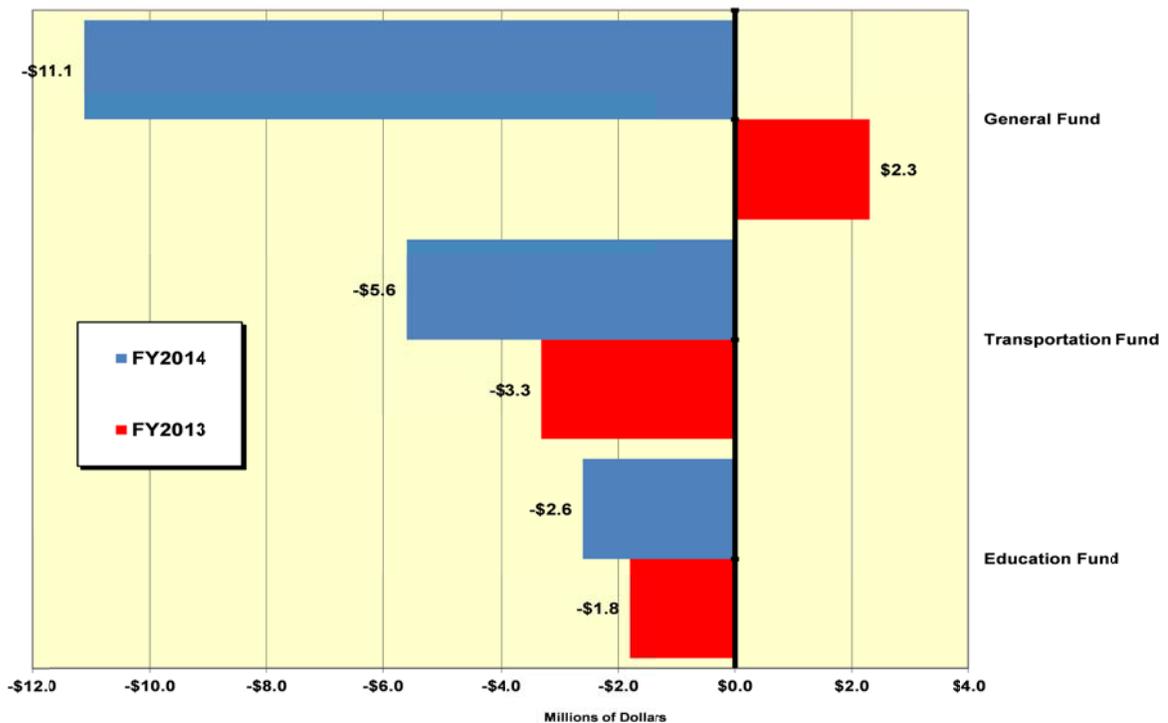
	2013		2014		2015	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
<b>General Fund</b>	\$2.3	0.2%	(\$11.1)	0.3%	\$3.9	0.3%
<b>Transportation Fund</b>	(\$3.3)	-1.4%	(\$5.6)	-2.3%	(\$3.9)	-1.6%
<b>Education Fund</b> [Partial]	(\$1.8)	-1.1%	(\$2.6)	-1.5%	(\$2.2)	-1.1%
<b>Total--"Big 3 Funds"</b>	<b>(\$2.8)</b>	<b>-0.2%</b>	<b>(\$19.3)</b>	<b>-1.1%</b>	<b>(\$2.2)</b>	<b>-0.1%</b>
<b>MEMO: TIB:</b>						
Gasoline	\$0.3	1.4%	(\$0.5)	-2.2%	(\$0.8)	-1.6%
Diesel	(\$0.2)	-8.7%	(\$0.2)	-9.0%	(\$0.2)	-7.8%
<b>Total TIB</b>	<b>\$0.1</b>	<b>0.5%</b>	<b>(\$0.7)</b>	<b>-2.8%</b>	<b>(\$1.0)</b>	<b>-4.0%</b>
<b>Fuel Gross Receipts</b>	<b>(\$0.2)</b>	<b>-1.9%</b>	<b>(\$0.2)</b>	<b>-2.3%</b>	<b>(\$0.2)</b>	<b>-2.4%</b>

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- Year-to-year dollars changes in the staff recommended forecast reflect current law, and may include some abrupt changes. These include the year-to-year changes in the re-structured Electrical Energy Tax in the G-Fund beginning in fiscal 2013, the T-Fund Fee changes beginning in fiscal 2013, and the change in the Sales & Use Tax E-Fund allocation—which will boost E-Fund revenues but decrease G-Fund revenues starting in fiscal year 2014.
- More specifically, the staff recommended consensus forecast includes only a slight increase in the “Available to the General Fund” revenues forecast for the rest of fiscal 2013 at +\$2.3 million.
  - For fiscal year 2014, the staff recommended forecast includes a -\$11.1 million forecast downgrade. The forecast for FY 2015 has been upgraded relative to last July’s update by +\$3.9 million or +0.3%.
- The staff recommendation of the T-Fund aggregate is for a forecast of \$229.1 million in revenue “Available to the Transportation Fund” for fiscal year 2013, a \$233.7 million staff recommended forecast for 2014, and a staff recommended forecast of \$239.9 million for fiscal year 2015.

- Relative to the consensus revenue forecast of last July, these forecasts correspond to a -\$3.3 million (or -1.4% from the consensus forecast of last July) downward adjustment for fiscal year 2013, and another -\$5.6 million (or -2.3% from the consensus forecast of last July) adjustment for fiscal year 2014. The FY 2015 T-Fund forecast has also been downgraded from the last consensus forecast update in July by -\$3.9 million (or by-1.6% from the consensus forecast last July).
- For the Education Fund [Partial] revenue aggregate, the staff recommends a \$166.8 million annual forecast for fiscal year 2013, a \$177.9 million annual forecast for fiscal year 2014, and a \$184.4 million consensus revenue forecast for fiscal year 2015.
  - Those staff recommended forecasts correspond to a -\$1.8 million forecast downgrade for the E-Fund for fiscal year 2013 (or -1.1% relative to forecast of last July) and a -\$2.6 million (or -1.5% versus the consensus forecast of last July) forecast downgrade for fiscal year 2014. Additionally, the E-Fund forecast for FY 2015 has also been downgraded by -\$2.2 million (or -1.1% relative to the consensus forecast of last July).

**Recommended Net Revenue Changes from July 2012 Forecast**



- As mentioned above, the analysis of changes relative to the July consensus revenue forecast reflect overall downgrades to several of the

revenue components—except for the FY 2013 aggregate total for the G-Fund—that these revised forecasts will be operating within.

- For example in the G-Fund, the consensus forecast has been upgraded for the remainder of FY 2013, has been downgraded by -\$11.1 million for FY 2014, and been upgraded slightly by \$3.9 million for fiscal year 2015—all relative to the forecast consensus of last July. Expectations for the other two fund aggregates have been downgraded for all three fiscal years in the forecast timeline—again versus the consensus forecast of last July.
- In addition to the above, staff also recommends a Fuel Gross Receipts Tax forecast of \$7.85 million for fiscal year 2013, \$8.01 million for fiscal year 2014, and \$8.39 million for fiscal year 2015.
  - Those staff recommended forecasts represent a decrease of -\$0.2 million (or -1.9%) forecast downgrade for fiscal year 2013, a -\$0.2 million (or a -2.3%) downgrade for fiscal year 2014, and a -\$0.2 million (or a -2.5%) downgrade for fiscal year 2015—all relative to the consensus forecast of last July.
- The staff recommended G-Fund and T-Fund forecast updates overall represent a small, but still significant reduction in the rate of expected revenue growth in the T-Fund for fiscal 2013 and 2014 and in the G-Fund for fiscal year 2014 relative to the consensus forecast of last July reflecting the somewhat weaker near-term forecast for the Vermont and U.S. economies.
  - The \$2.3 million upgrade for 2013 recommended G-Fund consensus forecast represents “no change” in the year-over-year growth rate for that year and corresponds to a relatively healthy 4.6% fiscal year-over-fiscal year revenue change. The T-Fund consensus forecast adjustment represents a 1.5 percentage point adjustment in the “Available” aggregate and a 1.7% decline in the Source T-Fund year-over-year change.
  - For fiscal year 2014, the staff recommended consensus forecast expects both the G-Fund and T-Fund to experience a year-over-year decline in their annual growth rates of roughly 1.0 percent for both Source and Available revenue aggregates.
  - The E-Fund mirrors those changes with 1.2 and 0.4 percentage point declines for fiscal 2013 and fiscal 2014, respectively.
- Given the above revenue trends and the scaled back near-term consensus economic forecast for the rest of fiscal year 2013 and into fiscal 2014 (see

Tables 5 and 6 below), the majority of the forecast risk associated with this updated consensus forecast recommendation remains weighted towards the “downside” of the ledger.

- The risk to the updated staff recommended consensus forecast is weighted “downside” because the updated consensus economic forecast includes (1) European economic and fiscal crisis, (2) slower output growth for both the U.S. and Vermont economies, (3) ongoing weakness in real estate markets, (4) the political uncertainty in Washington DC over fiscal and tax policy, and (5) the highly concentrated payment profile of the Vermont Corporate Tax.
  - Offsetting these downside threats are: (1) the continued strong balance sheet condition of U.S. businesses, (2) the bottoming in housing prices and many previously hard-hit housing markets, (3) the Federal Reserve commitment to continued accommodation in U.S. monetary policy, and (4) a U.S. economy that seems poised to regain momentum—if we could only get through the next 6 months.
  - In fact, it is unusual that these recent consensus forecast updates have not crossed over to the side where they have the character of forecast upgrades. Under more typical economic circumstances, the consensus forecast updates would be consistently skewed towards forecast upgrades—not continuing small downgrades.
- More specifically, for the U.S. economy, the consensus economic forecast update differences include:
    1. U.S. GDP growth has been reduced by 0.6 percentage points in calendar 2013, 0.1 percentage points in calendar year 2014, and increased by 0.5 percentage points for calendar 2015.
    2. The rate of payroll job creation was adjusted downward by 0.2 percentage points for calendar year 2013 and was reduced by 0.2 percentage points in calendar 2014, and is unchanged for 2015.
    3. Interest rates are expected to increase steadily following the rebound in housing, and energy prices are also expected to experience some moderate level of increase during the forecasted timeline.
  - The updated economic scenario for the State of Vermont includes a slightly slower pace to output growth in calendar year 2013 with the state’s labor market recovery expectations are similarly affected.
    - These differences include:

**TABLE 5**  
**Comparison of Recent Consensus U.S. Macroeconomic Forecasts**  
**June 2011 through December 2012, Selected Variables, Calendar Year Basis**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Real GDP Growth</b>										
June-11	1.9	0.0	-2.6	2.9	2.7	4.2	4.1	3.4		
December-11	1.9	-0.3	-3.5	3.0	1.8	2.6	3.4	4.1	3.7	
June-12	1.9	-0.3	-3.5	3.0	1.7	2.2	2.6	4.0	3.7	
December-12	1.9	-0.3	-3.1	2.4	1.8	2.2	2.0	3.9	4.2	3.5
<b>S&amp;P 500 Growth (Annual Avg.)</b>										
June-11	12.7	-17.3	-22.5	20.5	18.4	1.2	-2.4	1.5		
December-11	12.7	-17.3	-22.5	20.3	0.0	9.2	11.5	8.7	2.9	
June-12	12.7	-17.3	-22.5	20.3	11.4	4.8	0.6	2.1	2.1	
December-12	12.7	-17.3	-22.5	20.3	11.4	8.1	6.9	7.1	-0.4	1.7
<b>Employment Growth (Non-Ag)</b>										
June-11	1.1	-0.6	-4.4	-0.7	1.2	2.0	2.6	2.9		
December-11	1.1	-0.6	-4.4	-0.7	1.0	1.0	1.5	3.0	2.0	
June-12	1.1	-0.6	-4.4	-0.7	1.2	1.4	1.5	2.3	2.6	
December-12	1.1	-0.6	-4.4	-0.7	1.2	1.4	1.3	2.1	2.6	2.2
<b>Unemployment Rate</b>										
June-11	4.6	5.8	9.3	9.6	9.0	8.4	7.3	5.8		
December-11	4.6	5.8	9.3	9.6	9.0	8.8	8.4	7.0	5.9	
June-12	0.6	5.8	9.3	9.6	9.0	8.1	7.8	6.9	6.0	
December-12	4.6	5.8	9.3	9.6	9.0	8.1	7.8	7.1	6.3	5.8
<b>West Texas Int. Crude Oil \$/Bbl</b>										
June-11	72.4	99.6	61.7	79.4	101.2	99.4	100.5	101.0		
December-11	72.4	99.6	61.7	79.4	94.7	104.2	106.5	106.8	107.0	
June-12	72.4	99.6	61.7	79.4	95.1	98.1	100.9	110.7	108.9	
December-12	72.4	99.6	61.7	79.4	95.1	94.4	95.7	105.3	110.3	114.0
<b>Prime Rate</b>										
June-11	8.05	5.09	3.25	3.25	3.24	3.63	5.05	6.69		
December-11	8.05	5.09	3.25	3.25	3.21	3.08	3.32	4.69	6.43	
June-12	8.05	5.09	3.25	3.25	3.25	3.13	3.12	4.30	6.02	
December-12	8.05	5.09	3.25	3.25	3.25	3.25	3.25	3.32	4.92	6.86
<b>Consumer Price Index Growth</b>										
June-11	2.9	3.8	-0.3	1.6	3.0	1.9	2.5	2.7		
December-11	2.9	3.8	-0.3	1.6	3.2	2.1	2.4	2.9	2.4	
June-12	2.9	3.8	-0.3	1.6	3.1	1.9	1.9	2.7	2.7	
December-12	2.9	3.8	-0.3	1.6	3.1	2.1	2.2	2.6	2.6	2.4
<b>Avg. Home Price Growth</b>										
June-11	1.4	-4.2	-4.5	-3.5	-4.0	0.0	1.7	4.6		
December-11	1.4	-4.3	-4.6	-3.6	-3.9	-0.4	1.0	4.1	4.7	
June-12	1.3	-4.5	-4.8	-3.7	-3.5	-0.9	0.0	3.1	4.7	
December-12	1.3	-4.6	-5.1	-3.8	-3.5	-0.5	0.8	4.6	5.3	3.5

**TABLE 6**  
**Comparison of Consensus Administration and JFO Vermont State Forecasts**  
**June 2010 through December 2012, Selected Variables, Calendar Year Basis**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Real GSP Growth</b>										
June-10	1.7	1.7	-0.3	3.5	4.0	5.1	3.2			
December-10	0.1	2.0	-0.7	3.4	4.1	5.3	3.8			
June-11	-0.7	0.4	-2.3	3.2	3.5	4.0	3.9	3.0		
December-11	-0.7	0.4	-2.3	3.2	2.3	2.8	3.5	3.6	3.3	
June-12	-0.8	-0.2	-3.6	4.1	0.5	2.3	2.9	3.3	3.4	
December-12	-0.8	-0.2	-3.6	4.1	0.5	2.0	2.2	3.7	4.0	3.1
<b>Population Growth</b>										
June-10	0.1	0.1	0.1	0.1	0.3	0.3	0.3			
December-10	0.1	0.1	0.1	0.1	0.3	0.4	0.5			
June-11	0.2	0.2	0.1	0.2	0.3	0.3	0.3	0.3		
December-11	0.2	0.2	0.1	0.2	0.3	0.3	0.3	0.4	0.3	
June-12	0.1	0.1	0.1	0.2	0.1	0.3	0.3	0.4	0.4	
December-12	0.1	0.1	0.1	0.2	0.1	0.3	0.3	0.3	0.4	0.5
<b>Employment Growth</b>										
June-10	0.2	-0.4	-3.3	-0.4	0.8	2.2	1.9			
December-10	0.2	-0.4	-3.3	-0.9	0.5	1.8	2.7			
June-11	0.2	-0.4	-3.2	0.1	2.6	1.0	1.9	2.4		
December-11	0.2	-0.4	-3.2	0.1	1.8	1.3	1.9	2.5	2.2	
June-12	0.2	-0.3	-3.3	0.2	0.7	1.2	1.1	2.0	2.3	
December-12	0.2	-0.3	-3.3	0.2	0.7	1.1	0.9	1.8	2.3	1.8
<b>Unemployment Rate</b>										
June-10	3.9	4.5	6.9	6.7	6.6	5.4	4.5			
December-10	3.9	4.5	6.9	6.2	6.1	5.2	4.1			
June-11	3.9	4.5	6.9	6.2	5.7	5.5	4.6	3.4		
December-11	3.9	4.5	6.9	6.2	5.5	5.4	5.1	4.4	3.5	
June-12	3.9	4.6	6.9	6.4	5.6	4.8	4.7	4.3	3.9	
December-12	3.9	4.6	6.9	6.4	5.6	5.0	5.0	4.4	3.9	3.5
<b>Personal Income Growth</b>										
June-10	4.8	2.7	-0.3	2.8	3.4	5.5	6.0			
December-10	4.8	2.7	0.2	2.5	2.8	5.8	6.5			
June-11	5.5	3.7	-0.3	3.4	5.5	4.8	6.8	6.1		
December-11	5.5	3.7	-1.3	3.4	4.0	5.0	5.3	5.1	4.8	
June-12	5.5	4.4	-1.3	3.4	4.3	3.3	4.4	6.0	6.2	
December-12	5.5	4.4	-2.2	3.3	4.7	3.2	3.4	5.6	6.3	5.2
<b>Home Price Growth (JFO*)</b>										
June-10	3.1	0.4	-1.5	-2.1	0.1	1.1	2.1			
December-10	3.0	0.3	-1.5	-1.3	-0.1	0.7	1.3			
June-11	2.9	0.1	-1.5	-0.9	0.0	0.7	1.3	1.5		
December-11	2.8	0.1	-1.5	-0.8	-0.5	0.5	1.2	1.6	2.1	
June-12	2.8	0.0	-1.6	-0.9	-0.4	0.6	1.1	1.6	2.0	
December-12	2.7	0.0	-1.9	-1.0	-0.4	0.5	1.0	1.5	2.0	3.1

1. Output growth that is expected to be 0.7 percentage points weaker in calendar 2013 but will increase by 0.4 and 0.6 percentage points faster in calendar years 2014 and 2015.<sup>4</sup>
2. The job recovery rate in Vermont is expected to be 0.2 percentage points slower in calendar 2013 and calendar year 2014, and is unchanged for calendar year 2015 relative to the last forecast update.<sup>5</sup>
3. Personal income growth in calendar year 2013 is forecasted to be one full percentage point weaker than was expected last July. Calendar year 2014 is expected to have 0.4 percentage points slower income increase and a 0.1 percentage point higher rate of increase in calendar 2015—relative to last July.

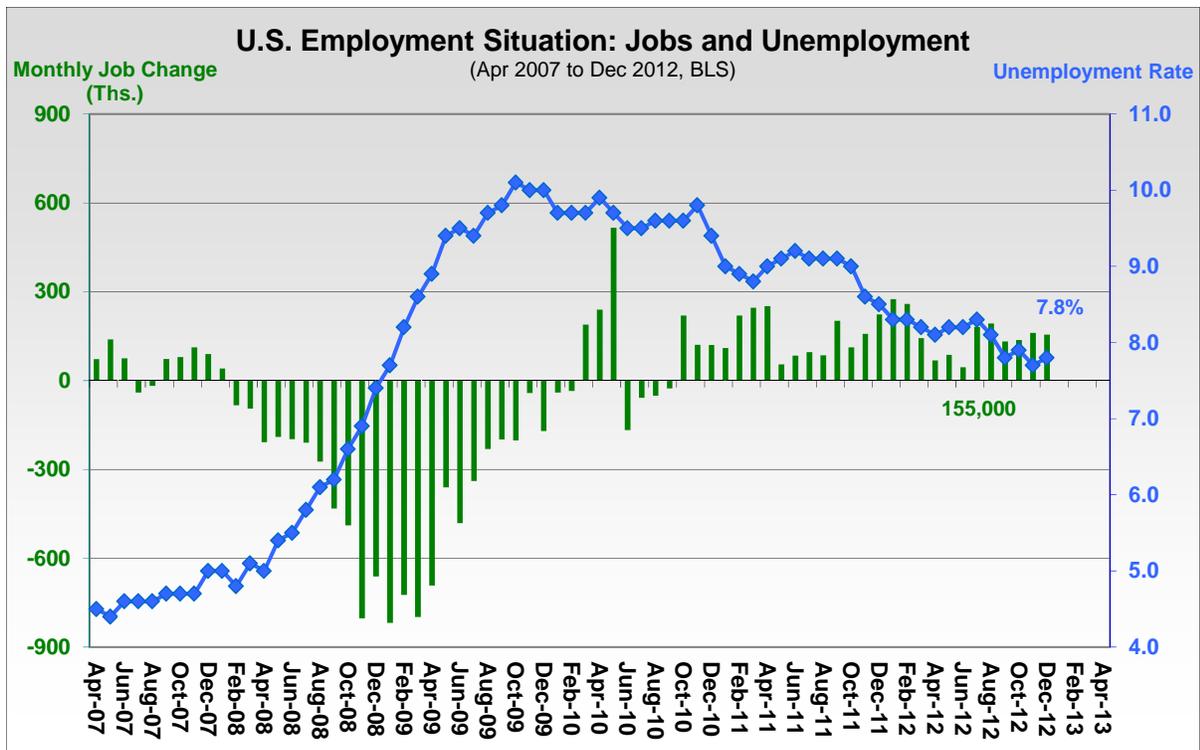
#### **D. Discussion of Summary Observations on the State of the Economy**

- The second half of calendar year 2012 for the U.S. economy showed slow improvement across the board.
  - Since July 2012, the economy has averaged an increase of 160,000 jobs per month; a stable number, but not high enough to dramatically bring down unemployment.
  - That said, the unemployment rate did fall below 8.0% for the first time since January 2009, hovering in the high seven percent range for four months.

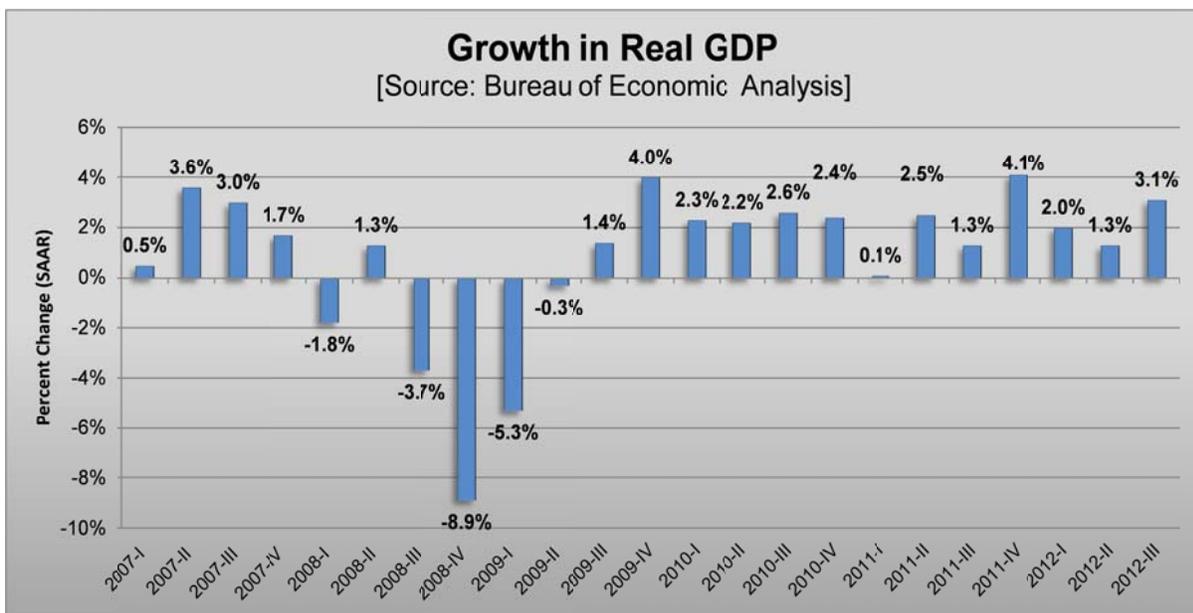
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<sup>4</sup> Output growth is expected to reach 4.0% in calendar year 2015.

<sup>5</sup> The annual rate of job gains are expected to be and slightly stronger in calendar 2016 relative to expectations in January 2012.



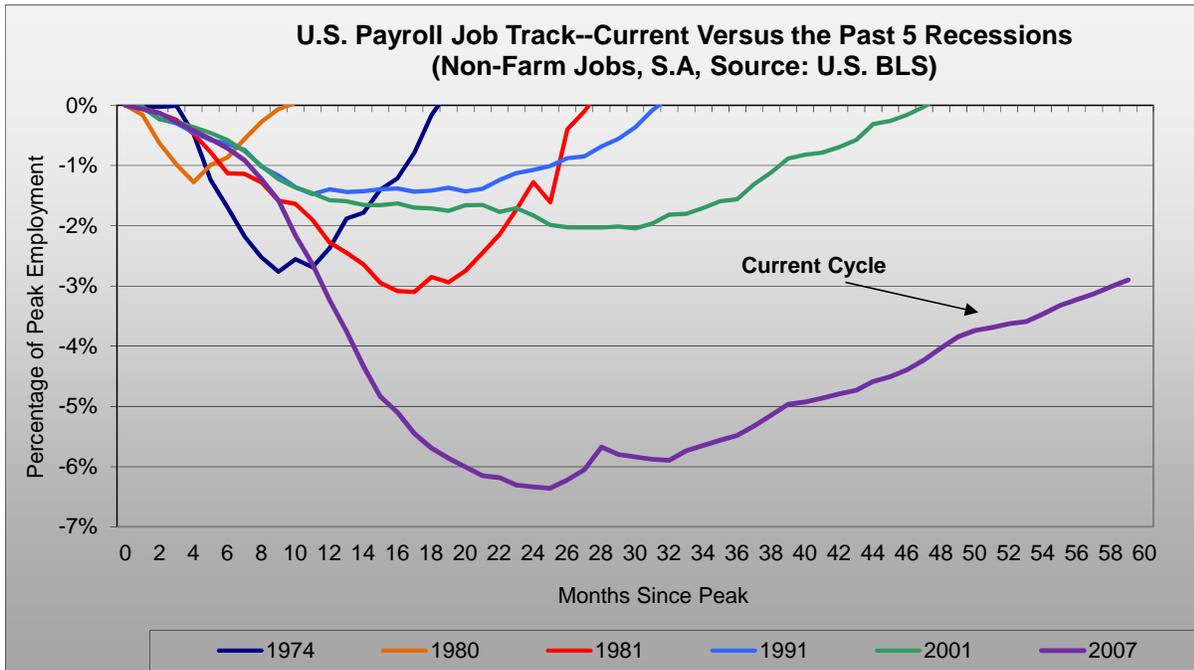
- On the output front, GDP climbed to a 3.1% seasonally-adjusted annual rate, after sluggish 2.0% and 1.3% rates in the first two quarters of 2012.



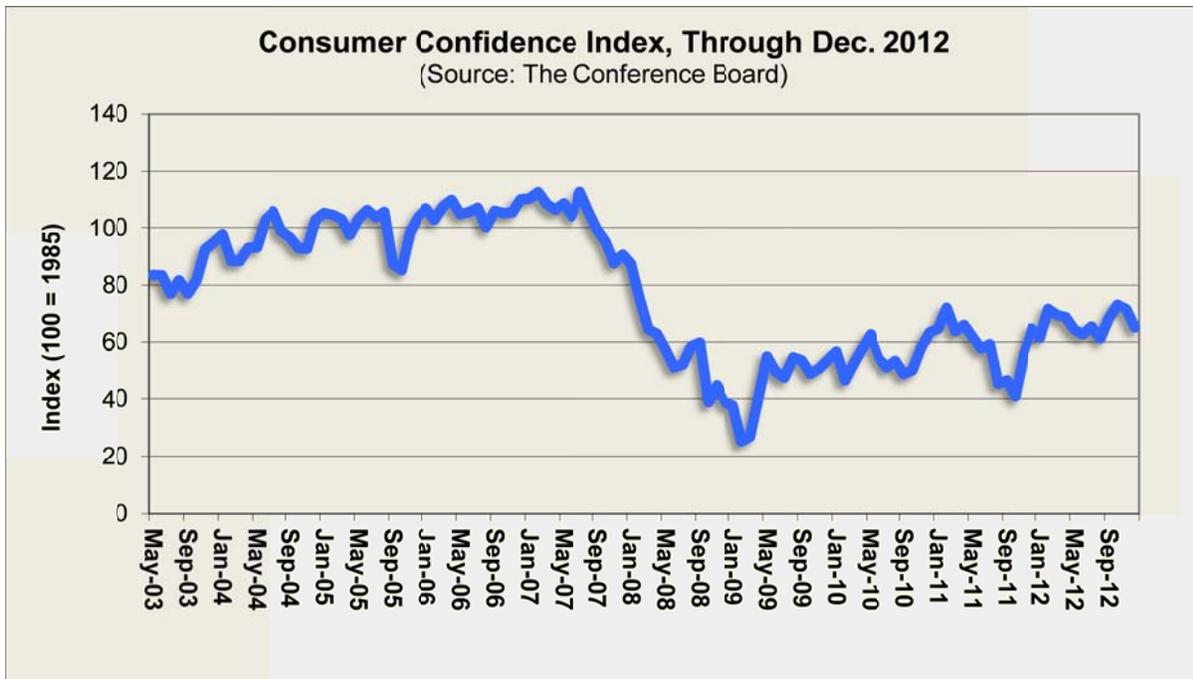
- The economy gained 155,000 total nonfarm jobs in the month of November, with the private sector contributing 168,000 jobs, and the public sector with 13,000 jobs lost. The industry with the largest jobs increase was Education and Health Services with a gain of 55,000 jobs, and Manufacturing also

added 25,000 jobs. The Retail Trade Industry declined by 11,300 jobs over the month.

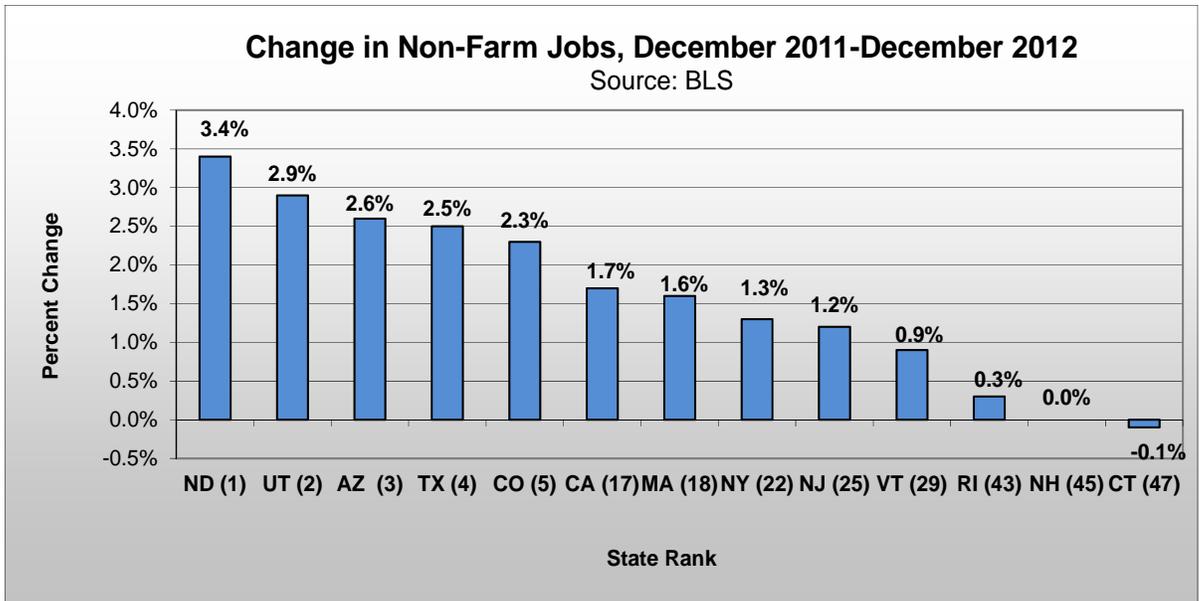
- In addition, the recovery to date has not come anywhere near what is needed to recover all of the jobs lost during the last downturn—the purple line—representing 4.0 million payroll jobs left to recover. The national economy, from the bottom of job losses, has recovered 4.7 million of the 8.7 million jobs lost.
- In fact, at a rate of a 150,000 new jobs per month, it will be another 26 months before the U.S. recovers all of the lost jobs.



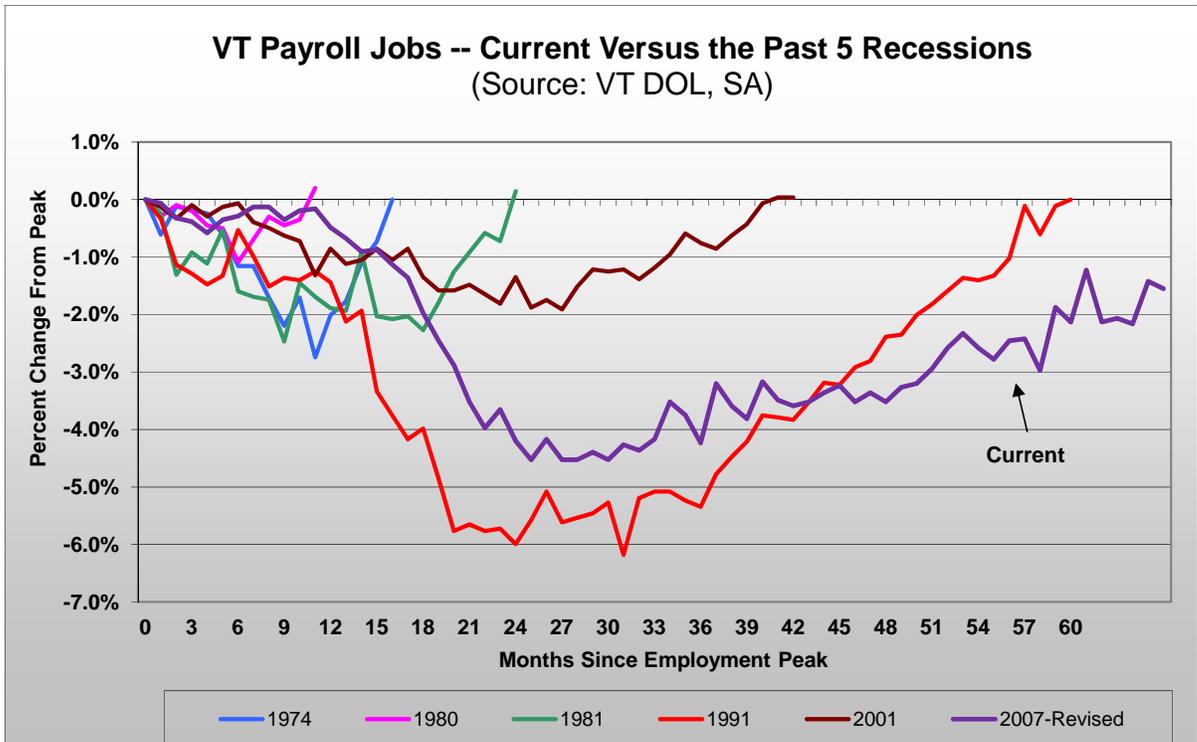
- It is speculated that the Fiscal Cliff negotiations in December did much to harm consumer sentiment, as well as a lack of confidence that the Congress can execute a proper and prudent federal public policy on all those “Fiscal Cliff”-related issues.
  - This is evidenced by the sizeable decline in the Consumer Confidence Index in December, as the Index fell to 65.1 from 71.5.



- The Vermont economy over the past 6 months has continued to perform on a “see-saw” pattern, with large increases and decreases in jobs from month to month.
  - So far, the state has recovered about 9,200 of the 14,000 payroll jobs lost during the last economic downturn—about 66% of the total.
  - This corresponds to the approximately 54% or nearly 4.8 million jobs of the nearly 8.8 million jobs lost by the U.S. economy during the “Great Recession”) approximately
- The state’s comparative job change record has settled into the middle of the pack, with Vermont ranking 29<sup>th</sup> (at +0.9% job change rate in December 2012 versus December of 2011).

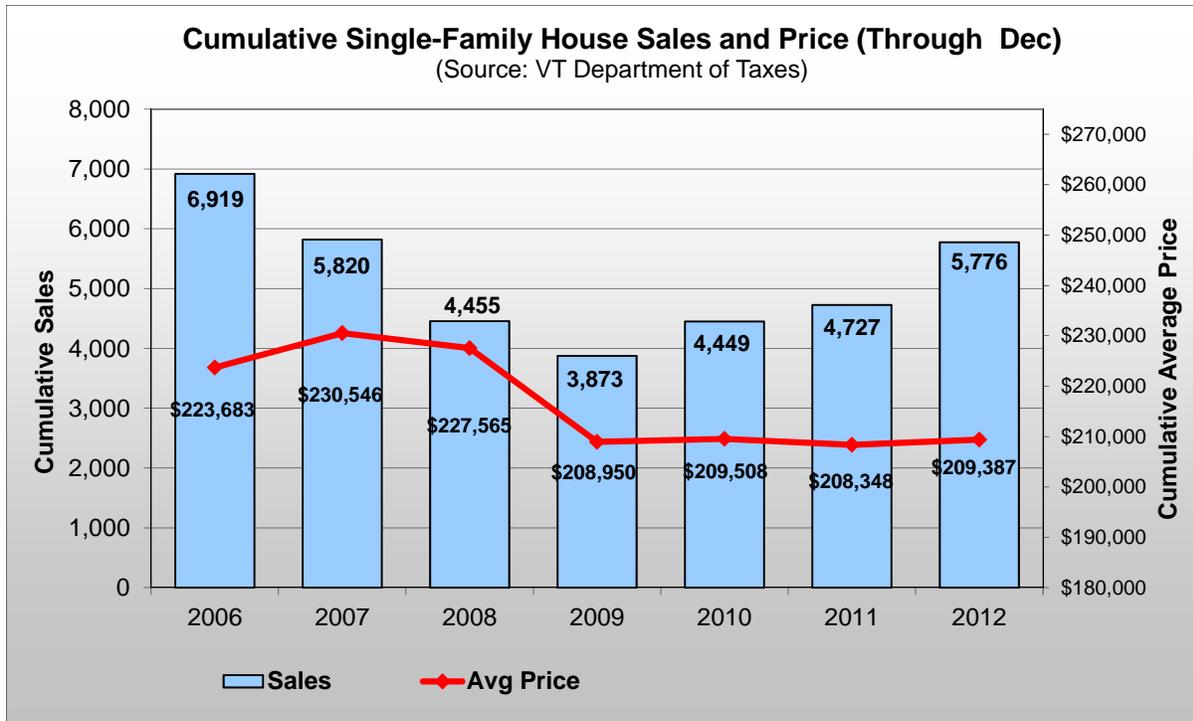


- Job numbers for the state indicate a choppy, but still overall improving trend in Vermont labor markets over the last six months through December.
  - However, the state continues to move up and down on a surprisingly uneven path, and experience over the past six months since the July 2012 forecast consensus revision has done little to change this now longstanding pattern (see the chart below).

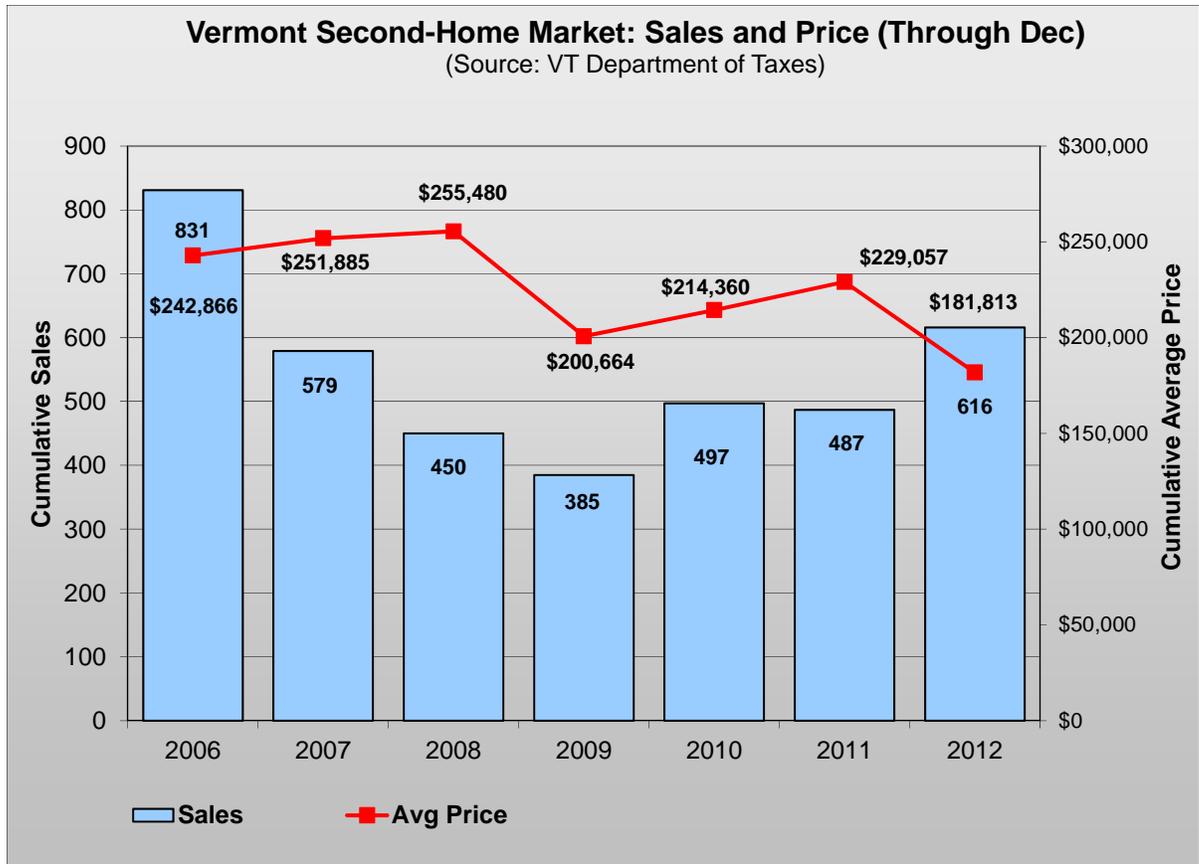


- On a year-over-year basis through December 2012, a total of 3,200 private sector jobs (or +1.3% versus last year) have been added—the last month data was available.
  - Year-over-year increases of significance were found in Education and Health Services (at 2,700 jobs or +4.4%), and Professional and Business Services (+700 jobs or +2.7% versus last year).
  - The Government sector had an overall negative performance overall at -500 jobs or -0.9% year-over-year).
  - The Leisure & Hospitality sector was flat versus last year with only 100 new payroll jobs added over the past year.
  
- Turning to Vermont’s housing market using tax data from the Vermont Department of Taxes,<sup>6</sup> the chart below shows Vermont’s single-family home sales volume and average sales price from calendar year 2012—in comparison to the previous five years.

<sup>6</sup> Which sometimes is affected by the timing of the Tax Department’s processing times.



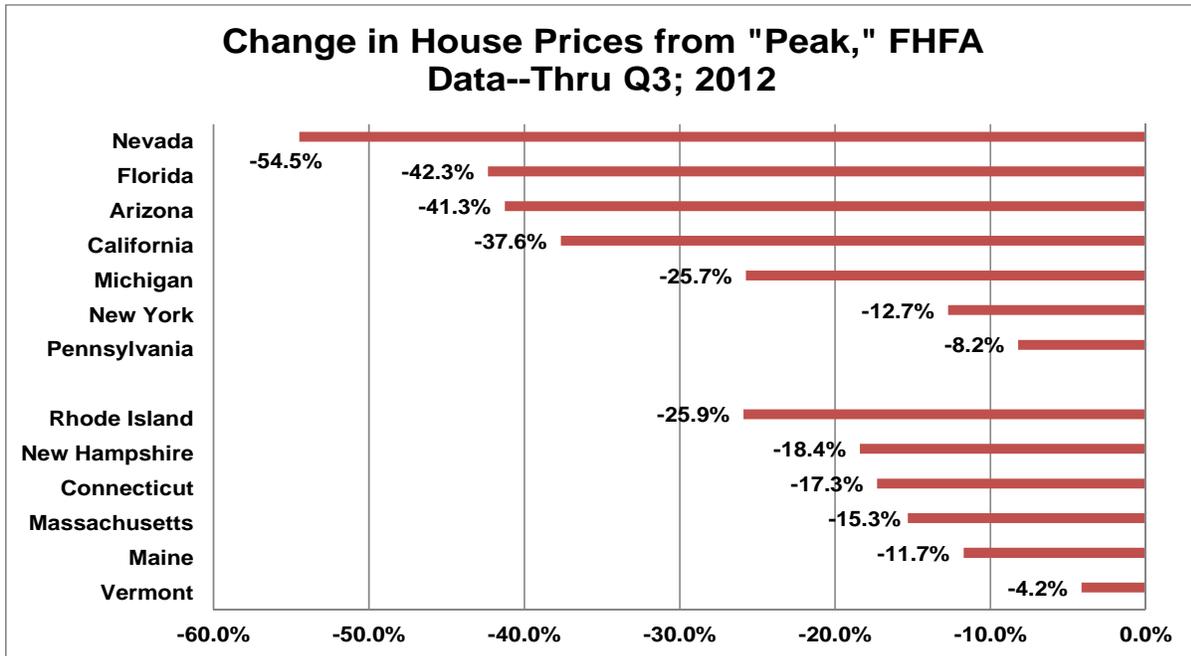
- Overall, the data indicate that Vermont’s housing market shows a significant increase in transactions activity from the trough in 2009, with increases each year since.
  - Single family sales in 2012 finished close to 2007, but behind 2006.
  - Against the backdrop of increased transaction volume is the flattening in the average sales price—which has oscillated around \$209,000 for the last four years.
  
- With respect to Vermont’s second home market over the same time period, the data likewise shows that the sales volume in 2012 was significantly higher than the previous four years, and still higher than 2007, the 616 second home sales still pale in comparison to the high water mark in 2006 with 831 sales.
  - However, while volume has come back, it has apparently come at the expense of average sales price—which is off last year’s comparable total by over \$47,000.



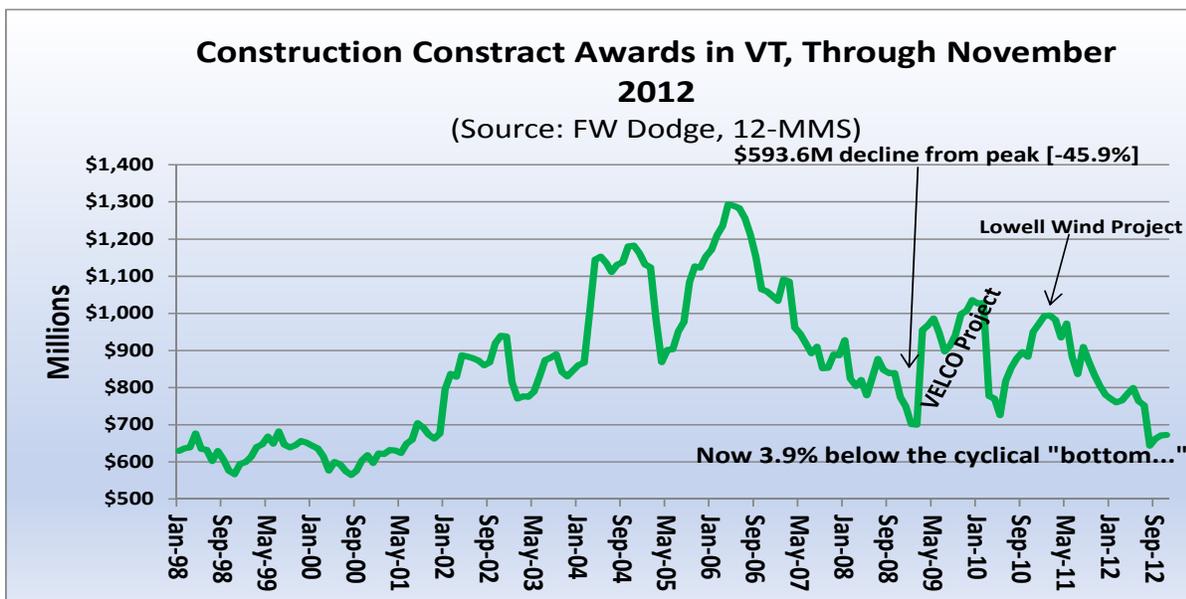
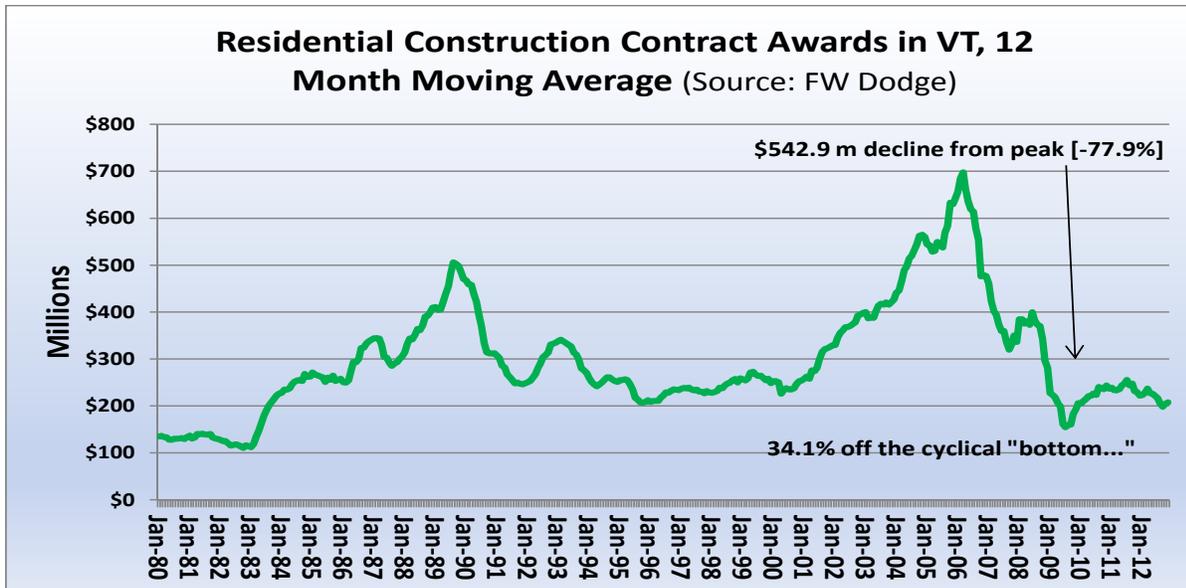
- Explanations vary for why the dynamics in the second home market have developed this way.
  - Some interplay with the vacation home rental market dynamics and the “Winter that Wasn’t” is likely.
  - This trend deserves additional tracking as analysts look for signs of a housing market “bottom.”
  
- It appears that house prices in Vermont have bottomed, but are likely to bounce around the “bottom” before any significant turnaround, rather than returning to significant price increases, based on data the Q3:2012 housing price data<sup>7</sup> from the Federal Housing Finance Agency (the FHFA).
  
- Vermont through Q3:2012 is still in the negative category from peak to trough at -4.2% peak-to-trough price decline (see the chart below).

<sup>7</sup> This index measures the price change for sales of new and repeat sales of properties that are funded by traditional mortgage financing.

- This 4.2% price decline is the lowest in Vermont among her peers, significantly lower than the second lowest New England state, Maine, at -11.7%.



- Even with that encouraging information from the FHFA housing price index, construction activity (using F.W. Dodge Contract Award data) in Vermont continues to be extraordinarily weak in Vermont as reported by FW Dodge.
  - Using a 12 month moving average of contract awards data as of November 2012, residential construction activity remains very low (even though it is 345.1% off the bottom from its cyclical low—see the chart below), and private nonresidential construction activity is showing few firm signs of beginning a recovery.
  - Non-building construction and public nonresidential construction categories no longer appear to be benefitting from Irene recovery spending and the high profile infrastructure development projects (e.g. the VELCO upgrade project and the Lowell Wind Project) that appear to have been boosting non-building construction category since the negative impacts resulting from the “Great Recession” hit in force back beginning in calendar year 2006.
  - These special projects that have now run their respective courses, and there appears to be nothing left to fill this void.



- In fact, contract awards data for the total industry in Vermont indicates that activity has now dipped to 3.9% below its cyclical low (which may have been artificially high due to the VELCO Upgrade Project).
- To be below the previous cyclical peak now 5 years beyond the bottom is a truly extraordinary state of affairs in the state's construction sector.

#### E. Notes and Comments on Methods:

- All figures presented above are presented as described, including current law "net" revenues available to cover appropriations for the respective funds listed

in the consensus forecast estimate for fiscal years 2013, 2014, and 2015 that are part of the official Emergency Board motion.

- The revenue forecasting process is a collaborative one involving the staff of the Tax Department, VTrans, the Legislative Joint Fiscal Office, and many others throughout state government and the staff of Economic & Policy Resources. Special thanks are due to Susan Mesner (formerly of the Tax Department and now the Deputy State Auditor), Lenny LeBlanc of VTrans, and Sara Teachout and many others at the JFO.
- The consensus forecasting process involves the discussion and agreement of two independent forecasts completed by Tom Kavet of the JFO and the staff at Economic & Policy Resources. Agreement on the consensus forecast occurs after a complete vetting and reconciliation of these independent forecasts.

**F. Detailed Forecast Tables.**

**TABLE 1A - STATE OF VERMONT  
LEGISLATIVE JOINT FISCAL OFFICE  
SOURCE GENERAL FUND REVENUE FORECAST UPDATE  
Consensus JFO and Administration Forecast - January 2013**

**SOURCE G-FUND**

revenues are prior to all E-Fund allocations  
and other out-transfers. Used for  
analytic and comparative purposes only.

	<b>FY 2008</b>	<b>%</b>	<b>FY 2009</b>	<b>%</b>	<b>FY 2010</b>	<b>%</b>	<b>FY 2011</b>	<b>%</b>	<b>FY 2012</b>	<b>%</b>	<b>FY 2013</b>	<b>%</b>	<b>FY 2014</b>	<b>%</b>	<b>FY 2015</b>	<b>%</b>
	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>								
<b>REVENUE SOURCE</b>																
Personal Income	\$622.3	7.1%	\$530.3	-14.8%	\$498.0	-6.1%	\$553.3	11.1%	\$597.0	7.9%	\$624.6	4.6%	\$667.7	6.9%	\$718.2	7.6%
Sales & Use*	\$338.4	1.4%	\$321.2	-5.1%	\$311.1	-3.1%	\$325.6	4.7%	\$341.8	5.0%	\$349.2	2.2%	\$359.6	3.0%	\$372.5	3.6%
Corporate	\$74.6	2.4%	\$66.2	-11.3%	\$62.8	-5.1%	\$89.7	42.7%	\$85.9	-4.2%	\$94.1	9.5%	\$96.3	2.3%	\$98.4	2.2%
Meals and Rooms	\$121.1	5.4%	\$117.1	-3.3%	\$118.0	0.8%	\$122.6	4.0%	\$126.9	3.5%	\$132.2	4.2%	\$136.5	3.3%	\$142.3	4.2%
Cigarette and Tobacco**	\$59.2	-7.9%	\$64.1	8.3%	\$70.1	9.2%	\$72.9	4.0%	\$80.1	9.9%	\$74.3	-7.3%	\$72.3	-2.7%	\$70.3	-2.8%
Liquor	\$14.2	3.7%	\$15.0	6.0%	\$14.9	-1.0%	\$15.4	3.1%	\$16.4	7.0%	\$16.8	2.3%	\$17.2	2.4%	\$17.7	2.9%
Insurance	\$54.8	3.8%	\$53.7	-2.1%	\$53.3	-0.9%	\$55.0	3.3%	\$56.3	2.5%	\$59.3	5.2%	\$61.1	3.0%	\$62.8	2.8%
Telephone	\$9.5	-4.6%	\$9.1	-3.8%	\$7.9	-13.9%	\$11.4	44.4%	\$9.6	-15.3%	\$9.9	2.9%	\$9.8	-1.0%	\$9.7	-1.0%
Beverage	\$5.6	1.9%	\$5.6	0.3%	\$5.7	0.4%	\$5.8	2.2%	\$6.0	3.3%	\$6.2	3.8%	\$6.3	1.6%	\$6.5	3.2%
Electric***	\$2.7	3.3%	\$2.8	4.0%	\$2.9	2.5%	\$2.9	0.8%	\$2.9	0.3%	\$9.3	217.4%	\$11.3	21.5%	\$11.7	3.5%
Estate	\$15.7	-11.9%	\$23.4	49.1%	\$14.2	-39.5%	\$35.9	153.3%	\$13.3	-62.8%	\$21.6	62.0%	\$22.4	3.7%	\$23.6	5.4%
Property	\$34.0	-13.5%	\$25.9	-23.7%	\$23.8	-8.2%	\$25.6	7.7%	\$24.1	-6.0%	\$28.3	17.4%	\$31.8	12.4%	\$36.1	13.5%
Bank	\$10.2	-3.4%	\$20.6	102.5%	\$10.4	-49.7%	\$15.4	49.0%	\$10.7	-30.9%	\$10.4	-2.4%	\$10.3	-1.0%	\$10.6	2.9%
Other Tax	\$3.2	-51.1%	\$2.8	-12.7%	\$3.7	32.1%	\$3.7	1.7%	\$1.2	-66.7%	\$1.9	53.6%	\$2.3	21.1%	\$2.9	26.1%
<b>Total Tax Revenue</b>	<b>\$1365.5</b>	<b>3.0%</b>	<b>\$1257.9</b>	<b>-7.9%</b>	<b>\$1196.5</b>	<b>-4.9%</b>	<b>\$1335.1</b>	<b>11.6%</b>	<b>\$1372.4</b>	<b>2.8%</b>	<b>\$1438.1</b>	<b>4.8%</b>	<b>\$1504.9</b>	<b>4.6%</b>	<b>\$1583.3</b>	<b>5.2%</b>
Business Licenses	\$2.7	-1.0%	\$3.0	9.4%	\$3.0	-0.2%	\$3.0	-0.6%	\$3.0	2.8%	\$3.0	-1.6%	\$3.1	3.3%	\$3.2	3.2%
Fees	\$14.7	3.6%	\$19.1	29.5%	\$19.2	0.9%	\$20.5	6.4%	\$20.9	2.1%	\$21.1	1.0%	\$21.8	3.3%	\$22.6	3.7%
Services	\$1.7	15.9%	\$1.5	-11.0%	\$1.2	-19.9%	\$1.1	-8.7%	\$2.3	105.8%	\$2.3	-1.3%	\$1.7	-26.1%	\$1.8	5.9%
Fines	\$4.4	38.6%	\$9.8	122.0%	\$7.4	-24.8%	\$5.7	-22.2%	\$7.4	28.7%	\$5.8	-21.2%	\$6.3	8.6%	\$7.0	11.1%
Interest	\$3.9	10.1%	\$1.4	-63.9%	\$0.6	-57.0%	\$0.3	-49.7%	\$0.4	42.4%	\$0.6	37.0%	\$1.2	100.0%	\$2.8	133.3%
Lottery	\$22.7	-2.5%	\$20.9	-7.7%	\$21.6	3.0%	\$21.4	-0.7%	\$22.3	4.2%	\$22.4	0.3%	\$22.7	1.3%	\$23.1	1.8%
All Other	\$0.6	-44.1%	\$0.2	-64.7%	\$0.3	57.4%	\$0.7	115.7%	\$0.9	19.7%	\$1.5	67.8%	\$1.0	-33.3%	\$1.1	10.0%
<b>Total Other Revenue</b>	<b>\$50.9</b>	<b>2.5%</b>	<b>\$56.0</b>	<b>10.0%</b>	<b>\$53.3</b>	<b>-4.7%</b>	<b>\$52.8</b>	<b>-1.1%</b>	<b>\$57.3</b>	<b>8.6%</b>	<b>\$56.7</b>	<b>-1.0%</b>	<b>\$57.8</b>	<b>1.9%</b>	<b>\$61.6</b>	<b>6.6%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$1416.4</b>	<b>3.0%</b>	<b>\$1313.9</b>	<b>-7.2%</b>	<b>\$1249.9</b>	<b>-4.9%</b>	<b>\$1387.9</b>	<b>11.0%</b>	<b>\$1429.7</b>	<b>3.0%</b>	<b>\$1494.8</b>	<b>4.6%</b>	<b>\$1562.7</b>	<b>4.5%</b>	<b>\$1644.9</b>	<b>5.3%</b>
<b>OTHER</b>																
Fuel Gross Receipts Tax	\$7.3	6.3%	\$7.5	3.7%	\$6.7	-10.6%	\$7.5	11.5%	\$7.7	2.9%	\$7.850	1.5%	\$8.01	2.0%	\$8.39	4.7%

\* Includes Telecommunications Tax; includes \$3.76M transfer in FY08 to the T-Fund for prior years Jet Fuel tax processing error

\*\* Includes Cigarette, Tobacco Products and Floor Stock tax revenues

\*\*\* Assumes Vermont Yankee continues to operate beyond FY12, pending legal and regulatory rulings, and is taxed per Act 143 of 2012 effective in FY13;

Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund

**TABLE 1 - STATE OF VERMONT  
LEGISLATIVE JOINT FISCAL OFFICE  
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE  
Consensus JFO and Administration Forecast - January 2013**

**CURRENT LAW BASIS**

*including all Education Fund  
allocations and other out-transfers*

	<b>FY 2008</b>	<b>%</b>	<b>FY 2009</b>	<b>%</b>	<b>FY 2010</b>	<b>%</b>	<b>FY 2011</b>	<b>%</b>	<b>FY 2012</b>	<b>%</b>	<b>FY 2013</b>	<b>%</b>	<b>FY 2014</b>	<b>%</b>	<b>FY 2015</b>	<b>%</b>
	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>								
<b>REVENUE SOURCE</b>																
Personal Income	\$622.3	7.1%	\$530.3	-14.8%	\$498.0	-6.1%	\$553.3	11.1%	\$597.0	7.9%	\$624.6	4.6%	\$667.7	6.9%	\$718.2	7.6%
Sales and Use*	\$225.6	1.4%	\$214.1	-5.1%	\$207.4	-3.1%	\$217.1	4.7%	\$227.9	5.0%	\$232.8	2.2%	\$233.7	0.4%	\$242.1	3.6%
Corporate	\$74.6	2.4%	\$66.2	-11.3%	\$62.8	-5.1%	\$89.7	42.7%	\$85.9	-4.2%	\$94.1	9.5%	\$96.3	2.3%	\$98.4	2.2%
Meals and Rooms	\$121.1	5.4%	\$117.1	-3.3%	\$118.0	0.8%	\$122.6	4.0%	\$126.9	3.5%	\$132.2	4.2%	\$136.5	3.3%	\$142.3	4.2%
Cigarette and Tobacco	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM								
Liquor	\$14.2	3.7%	\$15.0	6.0%	\$14.9	-1.0%	\$15.4	3.1%	\$16.4	7.0%	\$16.8	2.3%	\$17.2	2.4%	\$17.7	2.9%
Insurance	\$54.8	3.8%	\$53.7	-2.1%	\$53.3	-0.9%	\$55.0	3.3%	\$56.3	2.5%	\$59.3	5.2%	\$61.1	3.0%	\$62.8	2.8%
Telephone	\$9.5	-4.6%	\$9.1	-3.8%	\$7.9	-13.9%	\$11.4	44.4%	\$9.6	-15.3%	\$9.9	2.9%	\$9.8	-1.0%	\$9.7	-1.0%
Beverage	\$5.6	1.9%	\$5.6	0.3%	\$5.7	0.4%	\$5.8	2.2%	\$6.0	3.3%	\$6.2	3.8%	\$6.3	1.6%	\$6.5	3.2%
Electric**	\$2.7	3.3%	\$2.8	4.0%	\$2.9	2.5%	\$2.9	0.8%	\$2.9	0.3%	\$9.3	217.4%	\$11.3	NM	\$11.7	NM
Estate***	\$15.7	-11.9%	\$21.9	39.4%	\$14.2	-35.2%	\$21.0	48.3%	\$13.3	-36.5%	\$21.6	62.0%	\$22.4	3.7%	\$23.6	5.4%
Property	\$10.7	-16.3%	\$8.5	-21.1%	\$7.8	-8.2%	\$8.4	7.7%	\$7.9	-6.2%	\$9.2	16.5%	\$10.3	12.4%	\$11.7	13.5%
Bank	\$10.2	-3.4%	\$20.6	102.5%	\$10.4	-49.7%	\$15.4	49.0%	\$10.7	-30.9%	\$10.4	-2.4%	\$10.3	-1.0%	\$10.6	2.9%
Other Tax	\$3.2	-51.1%	\$2.8	-12.7%	\$3.7	32.1%	\$3.7	1.7%	\$1.2	-66.7%	\$1.9	53.6%	\$2.3	21.1%	\$2.9	26.1%
<b>Total Tax Revenue</b>	<b>\$1170.3</b>	<b>4.1%</b>	<b>\$1067.7</b>	<b>-8.8%</b>	<b>\$1006.7</b>	<b>-5.7%</b>	<b>\$1121.6</b>	<b>11.4%</b>	<b>\$1162.1</b>	<b>3.6%</b>	<b>\$1228.3</b>	<b>5.7%</b>	<b>\$1285.2</b>	<b>4.6%</b>	<b>\$1358.2</b>	<b>5.7%</b>
Business Licenses	\$2.7	-1.0%	\$3.0	9.4%	\$3.0	-0.2%	\$3.0	-0.6%	\$3.0	2.8%	\$3.0	-1.6%	\$3.1	3.3%	\$3.2	3.2%
Fees	\$14.7	3.6%	\$19.1	29.5%	\$19.2	0.9%	\$20.5	6.4%	\$20.9	2.1%	\$21.1	1.0%	\$21.8	3.3%	\$22.6	3.7%
Services	\$1.7	15.9%	\$1.5	-11.0%	\$1.2	-19.9%	\$1.1	-8.7%	\$2.3	105.8%	\$2.3	-1.3%	\$1.7	-26.1%	\$1.8	5.9%
Fines	\$4.4	38.6%	\$9.8	122.0%	\$7.4	-24.8%	\$5.7	-22.2%	\$7.4	28.7%	\$5.8	-21.2%	\$6.3	8.6%	\$7.0	11.1%
Interest	\$5.3	7.2%	\$1.2	-77.8%	\$0.5	-56.3%	\$0.3	-49.9%	\$0.4	52.6%	\$0.5	28.3%	\$1.1	120.0%	\$2.6	136.4%
All Other	\$0.6	-44.1%	\$0.2	-64.7%	\$0.3	57.4%	\$0.7	115.7%	\$0.9	19.7%	\$1.5	67.8%	\$1.0	-33.3%	\$1.1	10.0%
<b>Total Other Revenue</b>	<b>\$29.5</b>	<b>6.5%</b>	<b>\$34.8</b>	<b>18.0%</b>	<b>\$31.7</b>	<b>-8.9%</b>	<b>\$31.3</b>	<b>-1.2%</b>	<b>\$34.9</b>	<b>11.6%</b>	<b>\$34.2</b>	<b>-2.1%</b>	<b>\$35.0</b>	<b>2.3%</b>	<b>\$38.3</b>	<b>9.4%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$1199.7</b>	<b>4.2%</b>	<b>\$1102.5</b>	<b>-8.1%</b>	<b>\$1038.4</b>	<b>-5.8%</b>	<b>\$1152.8</b>	<b>11.0%</b>	<b>\$1197.0</b>	<b>3.8%</b>	<b>\$1262.5</b>	<b>5.5%</b>	<b>\$1320.2</b>	<b>4.6%</b>	<b>\$1396.5</b>	<b>5.8%</b>

\* Includes \$2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14

\*\* Assumes Vermont Yankee continues to operate beyond FY12, pending legal and regulatory rulings, and is taxed per Act 143 of 2012 effective in FY13;

Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund

\*\*\* Excludes transfer to the Higher Education Trust Fund of \$2.4M in FY05, \$5.2M in FY06 and \$11.0M in FY11

**TABLE 2A - STATE OF VERMONT  
LEGISLATIVE JOINT FISCAL OFFICE  
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE  
Consensus JFO and Administration Forecast - January 2013**

**SOURCE T-FUND**

revenues are prior to all E-Fund allocations  
and other out-transfers. Used for  
analytic and comparative purposes only.

	<b>FY 2008</b>	<b>%</b>	<b>FY 2009</b>	<b>%</b>	<b>FY 2010</b>	<b>%</b>	<b>FY 2011</b>	<b>%</b>	<b>FY 2012</b>	<b>%</b>	<b>FY 2013</b>	<b>%</b>	<b>FY 2014</b>	<b>%</b>	<b>FY 2015</b>	<b>%</b>
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
<b>REVENUE SOURCE</b>																
Gasoline	\$62.6	-1.6%	\$60.6	-3.1%	\$61.0	0.6%	\$60.6	-0.6%	\$59.3	-2.2%	\$59.1	-0.3%	\$59.4	0.5%	\$60.5	1.9%
Diesel	\$16.6	-7.8%	\$15.5	-6.5%	\$15.1	-2.6%	\$15.4	2.0%	\$16.0	3.9%	\$15.6	-2.5%	\$16.0	2.6%	\$16.6	3.8%
Purchase and Use*	\$79.0	-2.0%	\$65.9	-16.6%	\$69.7	5.7%	\$77.1	10.5%	\$81.9	6.3%	\$83.7	2.2%	\$87.6	4.7%	\$92.2	5.3%
Motor Vehicle Fees	\$67.5	3.2%	\$65.5	-3.0%	\$72.5	10.7%	\$72.3	-0.3%	\$73.5	1.7%	\$79.1	7.6%	\$80.0	1.1%	\$81.0	1.3%
Other Revenue**	\$23.7	17.2%	\$18.0	-24.0%	\$18.2	1.4%	\$17.9	-1.9%	\$18.3	2.2%	\$19.5	6.7%	\$19.9	2.1%	\$20.3	2.0%
<b>TOTAL TRANS. FUND</b>	<b>\$249.4</b>	<b>0.6%</b>	<b>\$225.6</b>	<b>-9.6%</b>	<b>\$236.6</b>	<b>4.9%</b>	<b>\$243.3</b>	<b>2.8%</b>	<b>\$249.0</b>	<b>2.3%</b>	<b>\$257.0</b>	<b>3.2%</b>	<b>\$262.9</b>	<b>2.3%</b>	<b>\$270.6</b>	<b>2.9%</b>

**TABLE 2 - STATE OF VERMONT  
LEGISLATIVE JOINT FISCAL OFFICE  
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE  
Consensus JFO and Administration Forecast - January 2013**

**CURRENT LAW BASIS**

including all Education Fund  
allocations and other out-transfers

	<b>FY 2008</b>	<b>%</b>	<b>FY 2009</b>	<b>%</b>	<b>FY 2010</b>	<b>%</b>	<b>FY 2011</b>	<b>%</b>	<b>FY 2012</b>	<b>%</b>	<b>FY 2013</b>	<b>%</b>	<b>FY 2014</b>	<b>%</b>	<b>FY 2015</b>	<b>%</b>
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
<b>REVENUE SOURCE</b>																
Gasoline	\$62.6	-1.6%	\$60.6	-3.1%	\$61.0	0.6%	\$60.6	-0.6%	\$59.3	-2.2%	\$59.1	-0.3%	\$59.4	0.5%	\$60.5	1.9%
Diesel	\$16.6	-7.8%	\$15.5	-6.5%	\$15.1	-2.6%	\$15.4	2.0%	\$16.0	3.9%	\$15.6	-2.5%	\$16.0	2.6%	\$16.6	3.8%
Purchase and Use*	\$52.7	-2.0%	\$44.0	-16.6%	\$46.5	5.7%	\$51.4	10.5%	\$54.6	6.3%	\$55.8	2.2%	\$58.4	4.7%	\$61.5	5.3%
Motor Vehicle Fees	\$67.5	3.2%	\$65.5	-3.0%	\$72.5	10.7%	\$72.3	-0.3%	\$73.5	1.7%	\$79.1	7.6%	\$80.0	1.1%	\$81.0	1.3%
Other Revenue**	\$23.7	23.5%	\$18.0	-24.0%	\$18.2	1.4%	\$17.9	-1.9%	\$18.3	2.2%	\$19.5	6.7%	\$19.9	2.1%	\$20.3	2.0%
<b>TOTAL TRANS. FUND</b>	<b>\$223.1</b>	<b>1.4%</b>	<b>\$203.6</b>	<b>-8.7%</b>	<b>\$213.3</b>	<b>4.8%</b>	<b>\$217.6</b>	<b>2.0%</b>	<b>\$221.7</b>	<b>1.9%</b>	<b>\$229.1</b>	<b>3.3%</b>	<b>\$233.7</b>	<b>2.0%</b>	<b>\$239.9</b>	<b>2.6%</b>

**OTHER**

TIB Gasoline					\$13.4	NM	\$16.5	23.6%	\$20.9	26.6%	\$21.3	2.1%	\$21.6	1.2%	\$23.0	6.4%
TIB Diesel and Other***					\$1.5	NM	\$2.0	32.1%	\$1.9	-2.1%	\$1.9	-2.5%	\$1.9	2.7%	\$2.0	3.6%
Total TIB					\$14.9	NM	\$18.5	24.4%	\$22.8	23.5%	\$23.2	1.7%	\$23.5	1.3%	\$25.0	6.2%

\* As of FY04, includes Motor Vehicle Rental tax revenue

\*\* Beginning in FY07, includes Stabilization Reserve interest; FY08 data includes \$3.76M transfer from G-Fund for prior Jet Fuel tax processing errors and inclusion of this tax in subsequent years

\*\*\* Includes TIB Fund interest income of less than \$15,000

**TABLE 3 - STATE OF VERMONT  
LEGISLATIVE JOINT FISCAL OFFICE  
AVAILABLE EDUCATION FUND\* REVENUE FORECAST UPDATE  
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)  
Consensus JFO and Administration Forecast - January 2013**

**CURRENT LAW BASIS**

\* Source General and Transportation

Fund taxes allocated to or associated

with the Education Fund only.

	<b>FY 2008</b>	<b>%</b>	<b>FY 2009</b>	<b>%</b>	<b>FY 2010</b>	<b>%</b>	<b>FY 2011</b>	<b>%</b>	<b>FY 2012</b>	<b>%</b>	<b>FY 2013</b>	<b>%</b>	<b>FY 2014</b>	<b>%</b>	<b>FY 2015</b>	<b>%</b>
	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>								
<b>GENERAL FUND</b>																
Sales & Use**	\$112.8	1.4%	\$107.1	-5.1%	\$103.7	-3.1%	\$108.5	4.7%	\$113.9	5.0%	\$116.4	2.2%	\$125.9	8.1%	\$130.4	3.6%
Interest	(\$1.3)	-0.8%	\$0.3	NM	\$0.1	-60.2%	\$0.1	-48.8%	\$0.0	-7.5%	\$0.1	107.2%	\$0.1	0.0%	\$0.2	100.0%
Lottery	\$22.7	-2.5%	\$20.9	-7.7%	\$21.6	3.0%	\$21.4	-0.7%	\$22.3	4.2%	\$22.4	0.3%	\$22.7	1.3%	\$23.1	1.8%
<b>TRANSPORTATION FUND</b>																
Purchase and Use***	\$26.3	-2.0%	\$22.0	-16.6%	\$23.2	5.7%	\$25.7	10.5%	\$27.3	6.3%	\$27.9	2.2%	\$29.2	4.7%	\$30.7	5.3%
<b>TOTAL</b>	<b>\$160.5</b>	<b>0.3%</b>	<b>\$150.2</b>	<b>-6.4%</b>	<b>\$148.6</b>	<b>-1.1%</b>	<b>\$155.7</b>	<b>4.8%</b>	<b>\$163.6</b>	<b>5.1%</b>	<b>\$166.8</b>	<b>1.9%</b>	<b>\$177.9</b>	<b>6.6%</b>	<b>\$184.4</b>	<b>3.7%</b>

\*\* Includes Telecommunications Tax; Includes \$1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14

\*\*\* Includes Motor Vehicle Rental revenues, restated