The Revised Fiscal 2014-16 Revenue Outlook

General Fund, Transportation Fund, and Education Fund

Prepared for the Vermont Emergency Board

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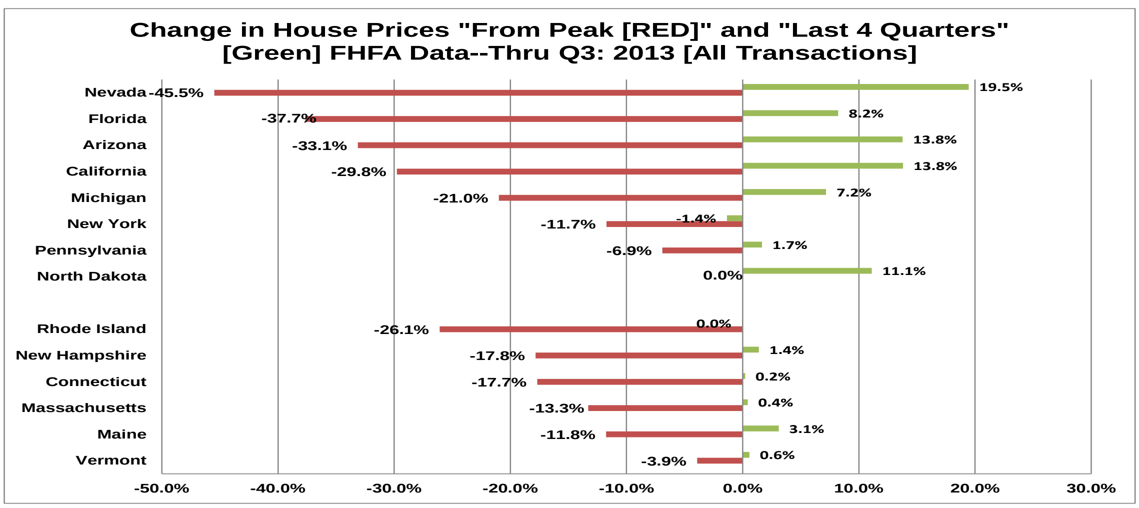
A. Discussion of Recent U.S. Economic Trends

- Until last week's U.S. payroll job report, recent developments in the U.S. and Vermont economies included a number of favorable metrics indicating that the economy was possibly shifting towards a stronger rate of recovery-growth. A more sturdy rate of recovery-growth, would then lead to a faster pace of job recovery—which would then eventually lead to the long-awaited labor market expansion.

  - Nationally, these metrics included significant improvement in the manufacturing sector, more robust GDP growth, upbeat export activity, improving business and consumer confidence, and an easing of the recent high level of federal fiscal drag in calendar year 2014 and beyond.

  - In Vermont, the continued low unemployment rate (at 4.4% in November—seasonally adjusted), a firming in real estate markets, decent year-over-year gains in key revenue sources like the Personal Income tax (at +9.0% through December) and Meals and Rooms Tax (at a 6.3% year-over year increase also through December), improvement in key parts of the state's manufacturing sector, and the start of a decent Winter tourism season underpinned this improvement.



- But then last Friday, the latest jobs report showed the U.S. economy only gained 74,000 jobs during December, the lowest monthly job addition rate in roughly three years. Even though the average monthly job gain in 2013 was 182,000 jobs per month, the jobs report was perplexing (e.g. some analysts believe it is likely that bad weather played a part in the lower job gains[1]), and revisions will move the initial number upwards.

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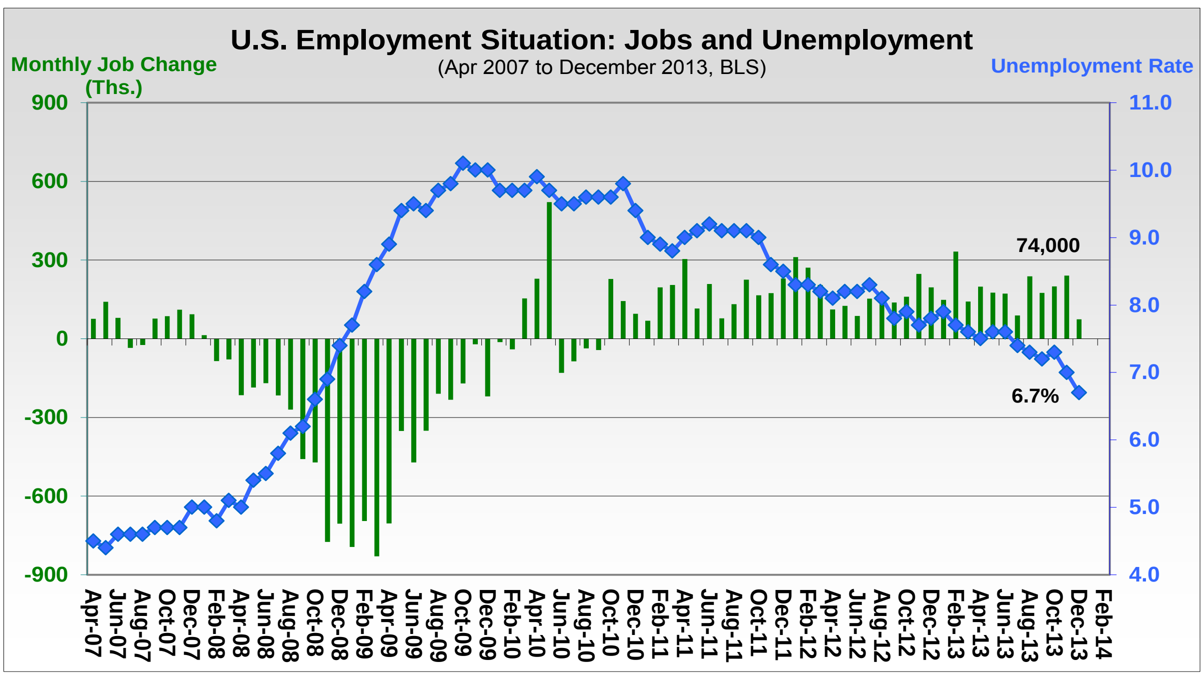
[1] Another explanation is that the formula the BLS uses to make their seasonal adjustments, which was newly revised for the release of the December jobs numbers, has caused an issue/distortion.

- The private sector added 87,000 jobs, while the public sector, subtracted 13,000 jobs. The Retail Trade industry had the largest gain with 55,300 jobs added, and the Construction industry lost 16,000 jobs, some of which could be explained by the poor weather.

- At the same time, the unemployment rate declined sharply from 7.0% to 6.7%. This is the lowest rate since October 2008. Driving the decline is an increase of 143,000 employed persons, while 525,000 people left the labor force. The labor force participation rate, the ratio of employed persons and those seeking employment to total population, declined to 62.8%, the lowest level in 40 years.

- There are two theories behind the declining participation rate; (1) The aging of the baby boomer generation is leading to more people retiring, and (2) The "Great Recession" pushed more people out of the labor force. This includes those who are long-term unemployed and have stopped looking for work, as well as people working sporadic, off-the-books jobs.

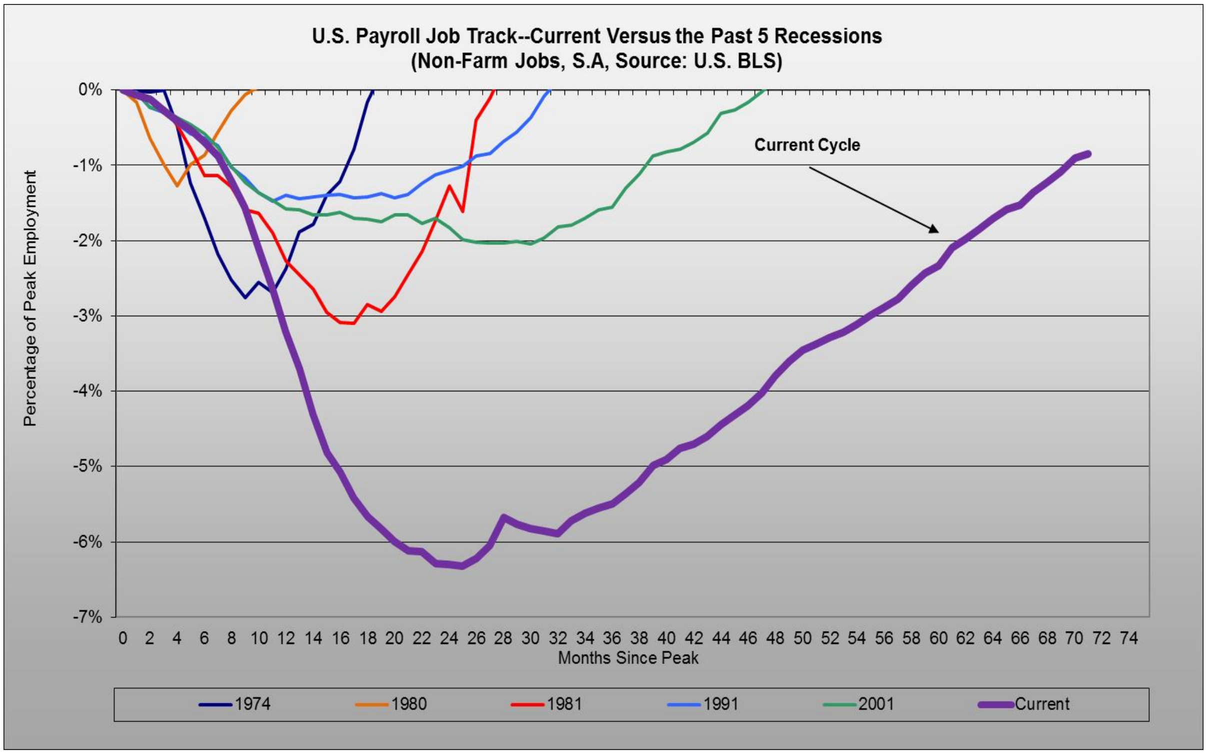
▪ The chart below shows the monthly payroll job change and the employment rate over the period since just before the onset of the "Great Recession."



▪ Even with consistent job gains, the U.S. economy still remains below the employment peak in 2007. Currently, the economy has regained 6.9 million of the 8.7 million jobs lost, or 78.6% of the jobs lost (in numerical terms).

- The economy needs to regain another 1.9 million jobs to return back to the payroll job count total that was experienced during the last peak.

- The chart below highlights the slower-than-average payroll job recovery path of the current downturn and recovery, compared to the previous five cycles.



- The other key ingredient to a more upbeat rate of recovery-expansion is confidence. Fragile confidence—both consumer and business—has been a key impediment to stronger levels of activity.

  - For consumers, the threats of fiscal brinksmanship and negative stories about Europe and the struggling labor market recovery have limited potential consumption and encouraged defensive household financial decisions—such as debt reduction and increased savings.

  - For businesses, they have been reluctant to use their financial capability to expand (e.g. by increasing their payrolls or to make additional investments in plants and equipment) as long as there are uncertainties about the economy or policy.[2]

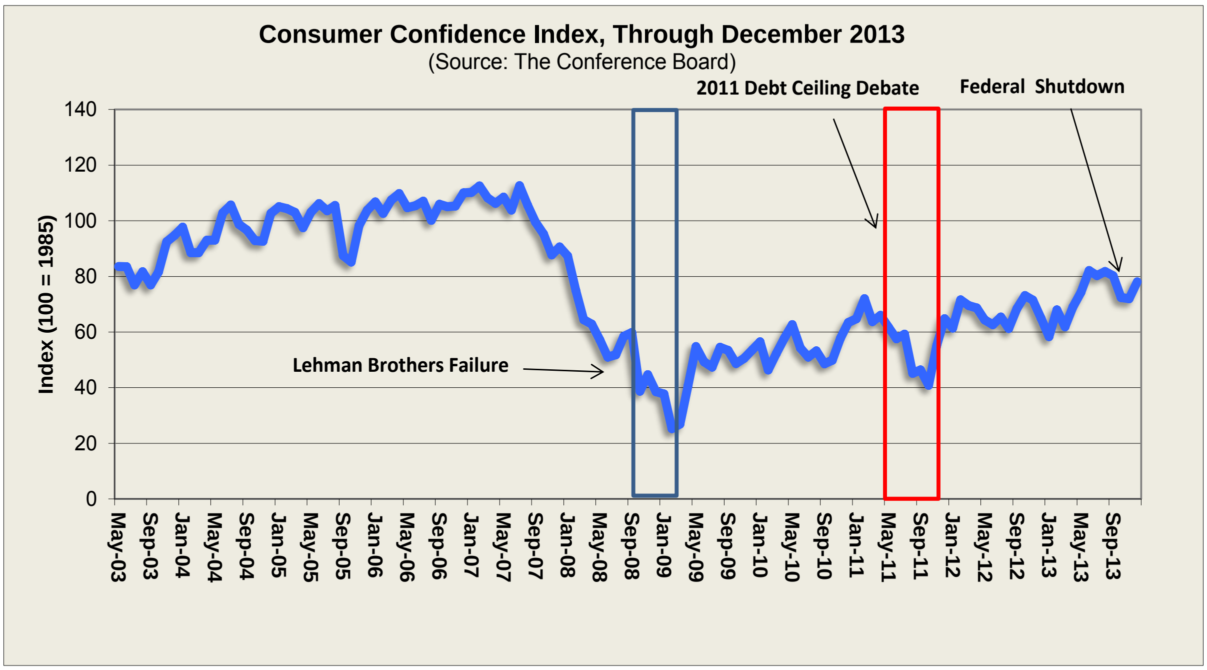
- While consumer confidence rebounded in December—following the decline in

[2] The most recent readings of the Moody's Analytics business confidence index also has shown significant improvement in recent months, perhaps offering some additional support for a turnaround in the heretofore lackluster level of new hiring and new capital investment.

October caused by the federal shutdown—consumer confidence's upward track has been slow.

- This slow improvement has at times been exacerbated by a series of "manufactured fiscal crises" (including the debt ceiling debate in 2011 and the federal shutdown in October of 2013).

- Despite the obvious improvement, the fact remains that after more than four years, confidence is still roughly 20 percent below its typical reading prior to the "Great Recession" (see the chart below).

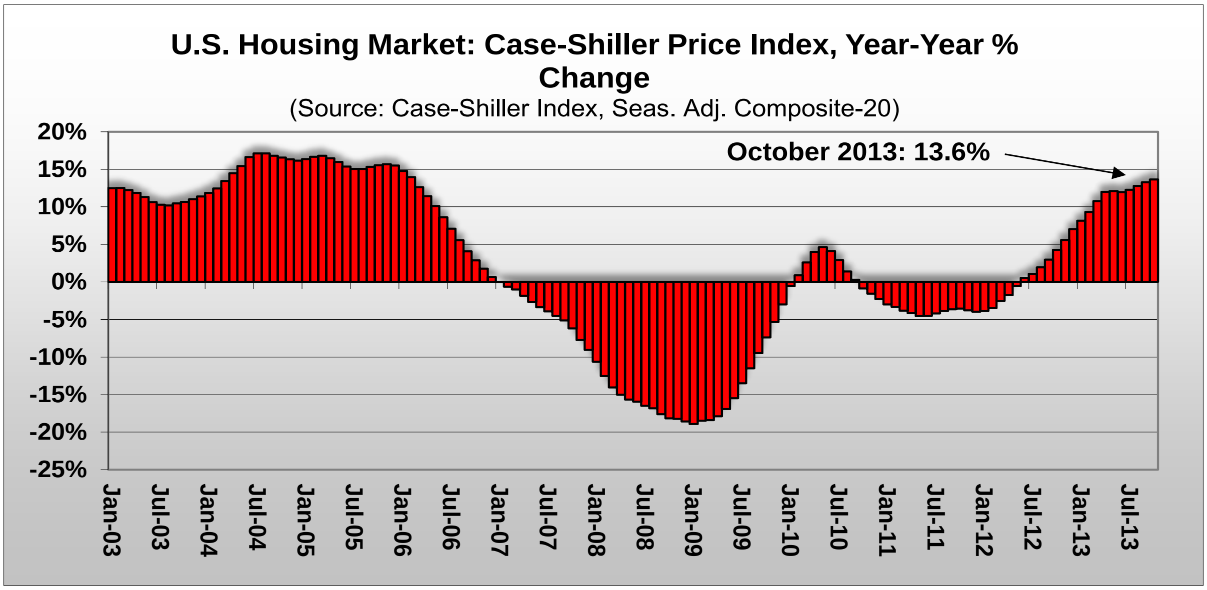


- The housing market also finally appears to be gaining traction, with sustained price increases, helping households move from "underwater" positions on their mortgages. This "price firming/increase" trend has also been accompanied by modest increases is housing sales activity. Together, this offers hope of prospects for a broader-based housing market recovery during middle of the decade—a development that would be a key to stronger overall economic activity.

  - The Case-Shiller Housing Price Index provides solid evidence of the above firming in key housing markets. The index shows strong year-to-year growth in the price of houses.

  - The Composite-20 Index in October 2013 is now 13.6% higher than the previous October.

  - The Index has increased, on a year-over-year basis, for the past 17 months.



- With the improving underlying fundamentals of the economy, many analysts expect that the middle of this decade will see the economy experience significantly stronger—aka "more typical"—rates of economic activity.

  - With these more favorable underpinnings now actually developing—including household debt reduction, improving housing markets, signs of a break in the cycle of fiscal brinksmanship in Washington, and strengthening consumer and business confidence—this outlook appears to be grounded on a much more solid basis than previous prognostications of the recent past—including the last three consensus forecast revisions for state revenues.

- In fact, the more favorable condition of many of the forward-looking economic fundamentals appears to have changed the tone of this consensus forecast revision to the up-side.

  - While there still are many obstacles in front of the economy over the next several years (e.g. Washington's fiscal challenges remain, the winding down of the Fed's bond buying program, geopolitics in the Middle East, the enduring fiscal-debt problem in the Euro Zone, and complications with China and the developing world in Asia and South America), the U.S. economy's and the Vermont economy's outlook are a bright as they have been in several years.

  - This economic upside has shifted the risk equation to the upside of the revenues risk ledger as well. Even though there is a lot that can still go wrong during the second half of fiscal year 2014[3] and beyond, it should

[3] For example, it should be acknowledged that the PI Tax receipts this Spring will have to, on a

be recognized that for the first time in many consensus forecast revisions the level of upside forecast risk is significant.

B. Discussion of Recent Vermont Economic Trends

- Looking more specifically at Vermont's economy, the latest year-over-year nonfarm payroll employment change comparisons in Tables 1 and 2 (below) indicate that payroll job change in Vermont ranked third in New England for Total Payroll jobs and fourth for Private Sector jobs.

  - Total Payroll jobs and Private Sector jobs registered a 1.1% and a 1.3% positive job change performance in November 2013, respectively.

  - That puts Vermont in the middle of the pack nationally and among her sister sates in the New England region.

Table 1: Year-Over-Year Job Change by State
Total Payroll Jobs (Nov 2012-Nov 2013)

Rank	State	
1	North Dakota	4.0%
2	Texas	2.5%
3	Florida	2.5%
4	Idaho	2.3%
5	Georgia	2.3%
15	New Jersey	1.8%
17	Massachusetts	1.7%
18	California	1.6%
19	South Dakota	1.5%
31	Rhode Island	1.1%
32	Nebraska	1.1%
33	**Vermont**	**1.1%**
37	Connecticut	1.0%
40	Maine	0.8%
44	New Hampshire	0.7%
46	Ohio	0.4%
47	Kentucky	0.3%
48	New Mexico	0.2%
49	Alabama	0.1%
50	Alaska	-0.8%

Source: U.S. Department of Labor, BLS

Table 2: Year-Over-Year Job Change by State
Private Sector Payroll Jobs (Nov 2012-Nov 2013)

Rank	State	
1	North Dakota	4.7%
2	Utah	3.3%
3	Florida	3.0%
4	Georgia	3.0%
5	Texas	2.8%
13	California	2.0%
18	New York	1.9%
20	Massachusetts	1.9%
21	Michigan	1.8%
32	Maine	1.5%
34	Rhode Island	1.4%
35	**Vermont**	**1.3%**
39	Connecticut	1.3%
42	New Hampshire	1.0%
46	Pennsylvania	0.8%
47	Ohio	0.7%
48	Alabama	0.4%
49	Kentucky	0.3%
50	Alaska	-0.5%

Source: U.S. Department of Labor, BLS

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component wide basis, match the largest dollar volume of Spring filing season Final Paid Return payments ever experienced in Vermont. This performance would be required just to keep pace with collections from Fiscal Year 2013's second half receipts levels.

- On a sector-by-sector basis, the year-over-year statistics show that Vermont's strongest growth over the past year came in the Leisure and Hospitality Sector (at +4.6% versus November of 2012), ranking it 1st in New England and 8th nationally.

  - Professional and Business Services sector also registered a strong year-over-year job performance at +3.4% versus November of 2012, was third in New England and 18th nationally.

  - The Construction sector also gained 3.4% over the year, ranking 5th in New England and 26th in the 50 states.

  - The only sector to lose jobs over the year was the Trade, Transportation, and Utilities sector, with a -2.6% decline, ranking Vermont at the bottom of the states nationally in this industry.

Table 3: Payroll Job Performance By NAICS Supersector November 2012 vs. November 2013

Industry Supersector	% Change in VT	VT Rank in New England	VT Rank in U.S.	Highest Ranked New England State	# of States Reporting Job Losses
Total Nonfarm	**1.1%**	**3rd**	**33**	**MA (17th)**	**1**
Total Private	**1.3%**	**4th**	**35**	**MA (20th)**	**1**
Construction	3.4%	5th	26	CT (2nd)	10
Manufacturing	1.9%	1st	14	VT (14th)	15
Information	2.2%	3rd	14	MA (3rd)	24
Financial Activities	1.7%	2nd	20	ME (16th)	12
Trade, Transportation, Utilities	-2.6%	6th	50	CT (14th)	6
Leisure and Hospitality	4.6%	1st	8	VT (8th)	5
Education and Health Services	1.8%	3rd	24	CT (9th)	4
Professional and Business Services	3.4%	3rd	18	RI (14th)	7
Government	0.0%	2nd	17	MA (13th)	30

Notes:
NAICS means North American Industry Classification System
Source: U.S. Bureau of Labor Statistics

- The chart below compares the level of payroll job loss and recovery over time across the past few recessions, focusing on the most recent "Great Recession." The chart shows that job market recoveries in the more recent recessions are generally lengthening.

  - Vermont continues to add jobs, albeit, in a perpetually uneven pattern. During the latest month, November of calendar year 2013, the state added 2,200 jobs.

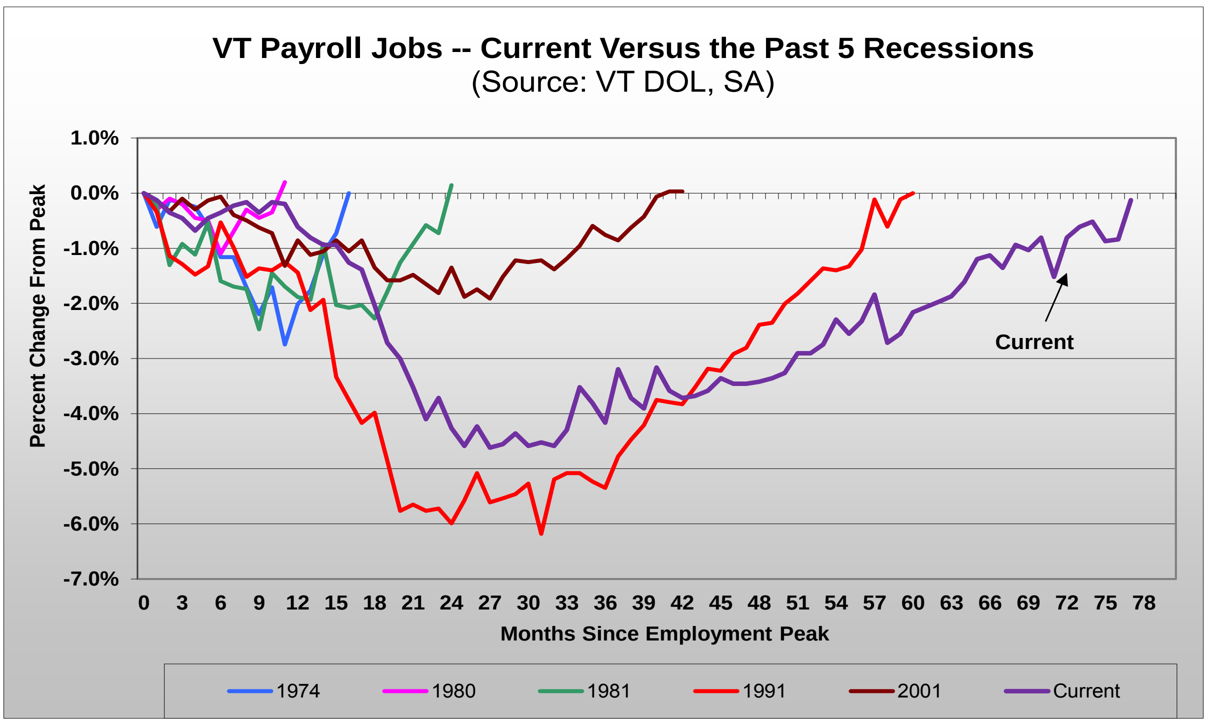
  - While this is an initial, preliminary data point that could be revised (and revised downwards), the chart shows that Vermont's labor market recovery is "numerically[4]" nearing completion.

[4] The term "numerically" is emphasized here because it is clear that the composition of the State's payroll job base pre-"Great Recession" versus post-"Great Recession" are dramatically different.

- Should the data stand, the total nonfarm employment level in November 2013 was 309,200, just 400 jobs below the peak payroll job level before the "Great Recession"—over which the State lost 14,300 payroll jobs, peak-to-trough.

- Despite job losses during the 1991 recession (red line below) being considerably more severe in Vermont, the length of the current recession's labor market recovery still extends well beyond that of the 1991 recovery—which at the time was named the "Jobless Recovery."

- With the full "numerical" job recovery date from the "Great Recession" just in front of us, it looks like Vermont will be the second state among the New England states to reach its "numerical" job recovery point.



C. Discussion of Recent Revenue Performance

- Annual net revenues available to the G-Fund, as of the midpoint of fiscal year 2014, were a total of +$4.7 million (or +0.8%) higher than the cumulative consensus cash flow target from the July 2013 consensus forecast (see Table 4 below).

  - Through December, two of the "Big Four" components (the Personal Income Tax and Meals and Rooms Tax) were tracking ahead of their respective cumulative consensus cash flow targets through the first half of fiscal year 2014.

- The other two "Big Four" components (Sales and Use Tax and the Corporate Tax) and the Other Category in the G-Fund were tracking below their respective cumulative consensus cash flow targets through December of fiscal year 2014.

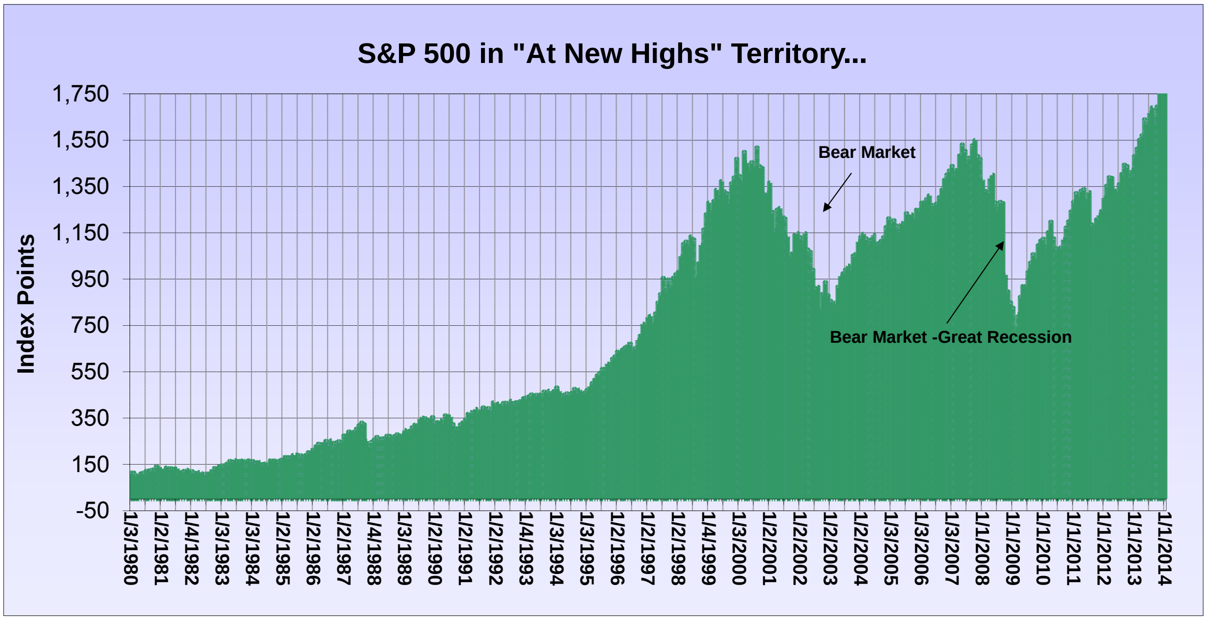
Table 4: Through December Results - FY 2014 - General Fund

G-Fund Revenues by Component ($Thousands)	Cumulative Revenues	Cumulative Target	Diff.	%
Personal Income	$ 320,366.2	$ 310,596.8	$ 9,769.4	3.1%
Sales&Use	$ 114,855.8	$ 115,966.6	$ (1,110.8)	-1.0%
Meals&Rooms	$ 73,157.3	$ 71,074.3	$ 2,083.0	2.9%
Corporate Income	$ 37,091.9	$ 41,103.1	$ (4,011.2)	-9.8%
G-Fund Other	$ 78,428.2	$ 80,484.4	$ (2,056.2)	-2.6%
Total	**$ 623,899.4**	**$ 619,225.2**	**$ 4,674.2**	**0.8%**

Basic Data Source: VT Agency of Administration

- The positive performance variance in the Personal Income Tax was the result of upbeat PI Estimated Payments activity during the month of December, at the end of 2013's taxable activity.
  - Although the January component of this 2013 tax-year-ending activity is still to come, positive tax-year-end PI Estimates activity can be a positive indicator for a favorable PI Tax Spring filing season.
- The positive first half performance in the Personal Income Tax component was also largely a reflection of an "on-target" performance by the always crucial PI Withholding Tax sub-component.
  - The largest of the individual tax sub-categories, PI Withholding had a +6.1% year-over-year increase in performance over the first half of fiscal 2014 through December, and seems on course for a greater than +6.0% fiscal year performance overall as labor market conditions strengthen during the second half of fiscal year 2014 (and beyond).
- A key issue in the fiscal year 2014 Personal Income forecast during this coming Spring will be the back-end of the asset churning behavior that was a significant driver of the record revenue receipts that came in during the Personal Income return filing season during fiscal year and calendar year 2013.
  - While it seems clear that accelerated capital gains income from last season's asset churning bolstered the record-breaking levels of revenues received last Spring, this behavior on the part of individuals probably pulled future revenues that the state would have received into FY 2013 from FY 2014 and beyond.
  - However, since this year was a very positive year for U.S. equities markets, translating to a greater amount of taxable capital gains

income in general for calendar 2013, the diminishment of capital gains income caused by asset churning last winter (under the shadow of the "fiscal cliff" debate) at least in part may be offset by stronger than expected capital gains income this past year that will be due in this coming Spring's final PI Tax payments.[5]



- The performance of Meals and Rooms Tax through the first half was paced by: (1) good Summer and Fall seasons, and (2) a positive early start to the winter season in November—particularly around the Thanksgiving holiday period when weather accommodated the opening of many areas in the State.

  - However, since the Christmas-New Year's holiday week, the weather has not cooperated. The recent warmer temperatures and rain in the week leading up to the Martin Luther King holiday weekend—the largest weekend of the winter season—casts a bit of a cloud over mid-Winter visitor spending activity.

- Outside of the Personal Income tax and the Meals and Rooms Tax, performance metrics for in the Sales & Use Tax, the Corporate Income Tax, and the Estate Tax (part of the Other Category) were not upbeat.

  - The Corporate Income Tax under-performance for the first half of FY 2014, reflecting heightened refunding activity and lagging revenues in the "Paids" account. These under-performances more than off-set the positive influence of the higher-than-expected performance in the Corporate Estimated Payments sub-category.

[5] It should be noted that the updated consensus forecast has a 6.6% fiscal year-to-fiscal year decline in PI Paid payments built into the PI Tax forecast for fiscal year 2014.

- In the Sales & Use Tax category, the combination of a tepid holiday retailing season and other economic factors (still fragile consumer confidence and competition from electronic commerce) have pushed receipts down to about a percent lower than was expected over the first half of fiscal year 2014.

- The Estate component (which is part of the Other Category) over the first half of fiscal year 2014 continued its legacy as one of the more difficult G-Fund components to forecast and track, finished at -$1.6 million (-12.0%) below the cumulative consensus target of $13.5 million. This was one of the larger under-performers among the "Other" category over the first half of fiscal year 2014.

▪ For the net revenues available to the T-Fund, fiscal year 2013 receipts finished the fiscal year at -$1.1 million or -0.4% below the January 2013 consensus forecast target (see Table 5 below).

Table 5: Through December Results - FY 2014 - Transportation Fund

T-Fund Revenues by Component ($Thousands)	Cumulative Revenues	Cumulative Target	Diff.	%
Gasoline	$ 40,199.4	$ 40,217.4	$ (18.0)	0.0%
Diesel	$ 8,665.6	$ 8,141.7	$ 524.0	6.4%
MvP&U	$ 29,968.6	$ 28,427.9	$ 1,540.7	5.4%
MvFees	$ 36,420.1	$ 35,794.7	$ 625.4	1.7%
Other Fees	$ 8,911.8	$ 9,069.7	$ (157.8)	-1.7%
Gasoline TIB	$ 10,277.4	$ 10,924.0	$ (646.7)	-5.9%
Diesel TIB	$ 912.1	$ 816.9	$ 95.2	11.7%
Total [No TIB]	**$ 124,165.6**	**$ 121,651.4**	**$ 2,514.2**	**2.1%**

Basic Data Source: VT Agency of Administration

- The first half FY 2014 revenues showed an on-target to slightly positive performance of the T-Fund total and amongst most components through the first half of the fiscal year.

- As shown in Table 5, much of the +$2.5 million forecast variance in the T-Fund [No TIB] through December came from the positive revenue performance in the MV Purchase & Use Tax—with assistance from the Diesel Taxes and the Motor Vehicle Fees component.

- Additionally, it should be noted that the consumption-driven Gasoline Tax, although negative versus its cumulative goal at this point in the fiscal calendar, is less than one tenth of a percentage point away from its cumulative through-December consensus cash flow target.

▪ For the net revenues available to the E-Fund [Partial], first half of fiscal year 2014 receipts were within -$0.2 million or -0.2% of expectations relative to the July 2013 consensus forecast target (see Table 6 below).

Table 6: Through December Results - FY 2014 - Education Fund

E-Fund Revenues by Component ($Thousands)	Cumulative Revenues		Cumulative Target		Diff.		%
Sales&Use	$	61,845.4	$	62,443.6	$	(598.1)	-1.0%
MvP&U	$	14,984.3	$	14,214.0	$	770.3	5.4%
Lottery	$	9,680.6	$	10,035.0	$	(354.5)	-3.5%
Interest	$	38.8	$	51.7	$	(12.9)	-25.0%
Total	**$**	**86,549.1**	**$**	**86,744.3**	**$**	**(195.2)**	**-0.2%**

Basic Data Source: VT Agency of Administration

- The under-performance in the G-Fund-related Sales & Use Tax and the -$0.4 million (-3.5%) under-performance by the Lottery Transfers component dragged the aggregate receipts performance by the E-Fund down slightly versus its cumulative consensus cash flow target through the first half of fiscal year 2014.

D. Discussion of the Updated Staff Recommended Consensus Revenue Forecast

- Given the above context, the staff recommended consensus forecast update generally calls for largely technical re-specifications and changes across all three fund aggregates with a small dose of improving economic performance as the State moves toward mid-decade (see Table 7 below).

  - The results of the consensus revenue forecast update for January 2014 includes a minor forecast upgrade for the G-Fund of $8.4 million in fiscal year 2014 and a decrease of -$0.4 million for fiscal year 2015, and a more significant downgrade in fiscal year 2016 of -$13.8 million.

  - The primary reason for downgrading the G-Fund forecast from the July update in fiscal year 2015 and fiscal year 2016 (as shown in Table 7 under Memo #2), is the anticipated closure of the Vermont Yankee Nuclear Power Station at the end of calendar year 2014 and a cessation of electrical generation-based receipts under the Electrical Energy Tax. This is expected to negatively impact receipts during the second half of fiscal year 2015 (and beyond).

  - Other factors in the G-Fund downgrade beginning in fiscal 2015 and beyond include weaker Corporate Tax receipts, and a modest downgrade in the Sales and use Tax attributable to economic and other structural factors (e.g. increased on-line purchasing activity) which seem to be eroding the taxable goods base.

- For the T-Fund, the revised consensus forecast update includes a modest upgrade in the FY 2014 forecast (by +$4.2 million) and slight upgrade of

+$1.1 million for fiscal year 2015.

- The fiscal year 2016 forecast has been downgraded by -$0.6 million—reflecting expected lower gasoline prices relative to last July.

- For the E-Fund [Partial], the forecasts for fiscal year 2014 revenues have been upgraded by +$1.1 million, with fiscal 2015 and 2016 receiving a minor downgrade by -$0.1 and -$0.5 million, respectively.

Table 7: Staff Recommended Consensus Forecast Update-Difference from July 2013 Forecast

	2014		2015		2016	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
General Fund	$8.4	0.6%	($0.4)	0.0%	($13.8)	-1.0%
Transportation Fund	$4.2	1.7%	$1.1	0.4%	($0.6)	-0.2%
Education Fund [Partial]	$1.1	0.6%	($0.1)	-0.1%	($0.5)	-0.3%
Total--"Big 3 Funds"	$13.7	0.8%	$0.5	0.0%	($15.0)	-0.8%
MEMO #1: TIB: [1]						
Gasoline	($1.2)	-5.7%	($1.6)	-7.1%	($2.3)	-9.8%
Diesel	$0.1	4.4%	$0.0	1.6%	$0.0	0.0%
Total TIB	($1.1)	-4.9%	($1.5)	-6.4%	($2.3)	-9.0%
MEMO #2: Electrical Energy						
Change from July 2013 Forecast	$0.3	2.3%	($2.8)	-31.5%	($11.7)	-100.0%
Portion of G-Fund Downgrade Due to the Closure of VT Yankee	3.6%		673.8%		84.7%	

Note:
[1] Totals in the TIB may not add due to rounding.

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- Year-to-year dollar changes in the staff recommended consensus forecast update reflect current law, and the latest information and analysis pertaining to the state's various tax and fee sources.

- The staff recommended consensus forecast update includes the year-to-year changes in: (1) the Electrical Energy Tax in the G-Fund that now incorporates the expected closure of the VT Yankee Station in Vernon given the announcement this past Summer by Entergy that the plant will be closed and cease to produce electricity as of mid-fiscal year 2015, and (2) an updated forecast the T-Fund Gasoline Tax and Diesel Tax changes under a more conservative gas price forecast this winter versus last July.

- The current law staff recommended consensus revenue forecast update also continues the July 1, 2013 change in the Sales & Use Tax E-Fund allocation to 35% of total gross receipts—which will boost E-Fund revenues but decrease G-Fund revenues going forward.

- More specifically, the staff recommended consensus forecast includes only a slight increase in the “Available to the General Fund” revenues forecast for fiscal year 2014 of $1.32 billion, a 0.6% increase relative to the consensus forecast for fiscal 2014 as provided last July.

  - For fiscal year 2015, the staff recommended consensus forecast update is slightly downgraded to $1.40 billion, a change of -$0.4 million or -0.0% to the consensus forecast for fiscal 2015.

  - Fiscal year 2016’s G-Fund forecast was downgraded by $13.8 million or by -1.0% to $1.44 billion due to the factors listed above.

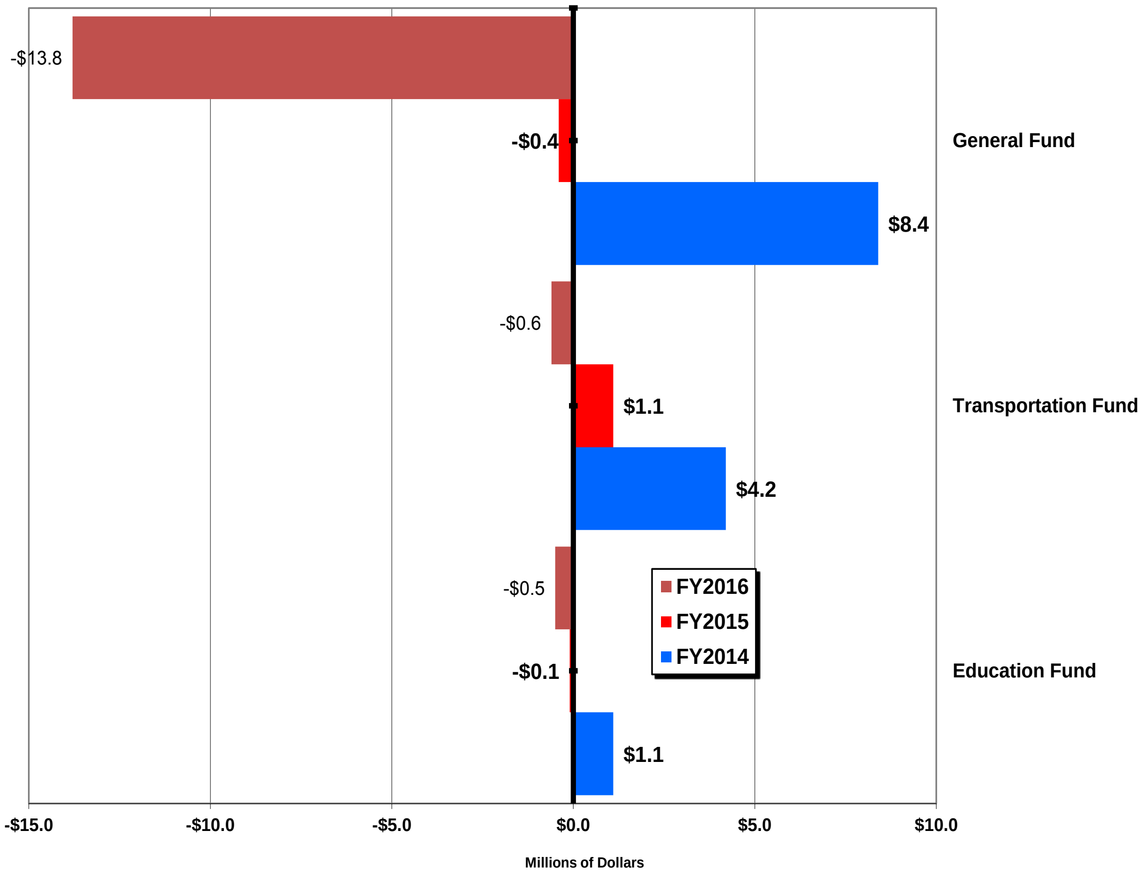
- The staff recommendation of the T-Fund aggregate is for a fiscal year 2014 forecast of $255.1 million in revenue “Available to the Transportation Fund” for fiscal year 2014, a $262.9 million staff recommended consensus forecast for 2015, and a $267.9 million staff recommended consensus forecast for 2016.

  - Relative to the consensus revenue forecast of last July for fiscal year 2014, the January staff recommended consensus forecast update corresponds to a +1.7% increase for FY 2014, +0.4% for FY 2015, and -0.2% for FY 2016.

- For the Education Fund [Partial] revenue aggregate, the staff recommends a $178.5 million annual forecast for fiscal year 2014, a $184.2 million annual forecast for fiscal year 2015, and a $189.5 million annual forecast for fiscal year 2016.

  - Those staff recommended forecasts correspond to a +0.6% increase for FY 2014, a -0.1% decrease for FY 2015, and -0.3% decrease for FY 2016.

Recommended Net Revenue Changes from July 2013 Forecast



- As mentioned above, this consensus forecast update includes a significant degree of upside forecast risk considering the improvement is U.S manufacturing, the firming housing market, and other improving economic fundamentals that appear to be laying the ground work for a stronger economic performance over the near-term forecast horizon.

  - This stronger prospective economic performance is outlined in the accompanying tables which detail the U.S. and Vermont economic assumptions that were employed in this forecast update (see Tables 8 and 9 below).

  - Even so, there are still some potential hazards in the global, U.S., and Vermont economies and in the world geopolitical situation and some level of downside forecast risk still needs to be acknowledged as well in this revised consensus forecast update.

TABLE 8
Comparison of Recent Consensus U.S. Macroeconomic Forecasts
June 2012Through December 2013, Selected Variables, Calendar Year Basis

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Real GDP Growth										
June-12	*-0.3*	*-3.5*	*3.0*	*1.7*	*2.2*	*2.6*	*4.0*	*3.7*		
December-12	*-0.3*	*-3.1*	*2.4*	*1.8*	*2.2*	*2.0*	*3.9*	*4.2*	*3.5*	
June-13	*-0.3*	*-3.1*	*2.4*	*1.8*	*2.2*	*2.0*	*3.4*	*4.3*	*3.3*	*2.6*
Moody's December-13	*-0.3*	*-2.8*	*2.5*	*1.8*	*2.8*	*1.8*	*3.1*	*4.0*	*2.9*	*2.4*
S&P 500 Growth (Annual Avg.)										
June-12	*-17.3*	*-22.5*	*20.3*	*11.4*	*4.8*	*0.6*	*2.1*	*2.1*		
December-12	*-17.3*	*-22.5*	*20.3*	*11.4*	*8.1*	*6.9*	*7.1*	*-0.4*	*1.7*	
June-13	*-17.3*	*-22.5*	*20.3*	*11.4*	*8.7*	*14.4*	*3.6*	*-0.7*	*0.4*	*3.4*
December-13	*-17.3*	*-22.5*	*20.3*	*11.4*	*8.7*	*19.2*	*9.6*	*-0.1*	*0.4*	*2.0*
Employment Growth (Non-Ag)										
June-12	*-0.6*	*-4.4*	*-0.7*	*1.2*	*1.4*	*1.5*	*2.3*	*2.6*		
December-12	*-0.6*	*-4.4*	*-0.7*	*1.2*	*1.4*	*1.3*	*2.1*	*2.6*	*2.2*	
June-13	*-0.6*	*-4.4*	*-0.7*	*1.2*	*1.7*	*1.4*	*1.6*	*2.7*	*2.4*	*1.4*
December-13	*-0.6*	*-4.4*	*-0.7*	*1.2*	*1.7*	*1.6*	*1.7*	*2.2*	*2.1*	*1.2*
Unemployment Rate										
June-12	*5.8*	*9.3*	*9.6*	*9.0*	*8.1*	*7.8*	*6.9*	*6.0*		
December-12	*5.8*	*9.3*	*9.6*	*9.0*	*8.1*	*7.8*	*7.1*	*6.3*	*5.8*	
June-13	*5.8*	*9.3*	*9.6*	*8.9*	*8.1*	*7.7*	*7.0*	*6.2*	*5.7*	*5.3*
December-13	*5.8*	*9.3*	*9.6*	*8.9*	*8.1*	*7.4*	*6.6*	*6.1*	*5.8*	*5.5*
West Texas Int. Crude Oil $/Bbl										
June-12	*99.6*	*61.7*	*79.4*	*95.1*	*98.1*	*100.9*	*110.7*	*108.9*		
December-12	*99.6*	*61.7*	*79.4*	*95.1*	*94.4*	*95.7*	*105.3*	*110.3*	*114.0*	
June-13	*99.6*	*61.7*	*79.4*	*95.1*	*94.2*	*96.8*	*104.6*	*110.3*	*114.0*	*116.9*
December-13	*99.6*	*61.7*	*79.5*	*95.0*	*94.1*	*98.2*	*104.8*	*111.8*	*114.5*	*117.3*
Prime Rate										
June-12	*5.09*	*3.25*	*3.25*	*3.25*	*3.13*	*3.12*	*4.30*	*6.02*		
December-12	*5.09*	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*3.32*	*4.92*	*6.86*	
June-13	*5.09*	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*4.26*	*6.60*	*7.30*
December-13	*5.09*	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*3.38*	*5.31*	*6.63*
Consumer Price Index Growth										
June-12	*3.8*	*-0.3*	*1.6*	*3.1*	*1.9*	*1.9*	*2.7*	*2.7*		
December-12	*3.8*	*-0.3*	*1.6*	*3.1*	*2.1*	*2.2*	*2.6*	*2.6*	*2.4*	
June-13	*3.8*	*-0.3*	*1.6*	*3.1*	*2.1*	*1.7*	*2.1*	*2.3*	*2.5*	*2.5*
December-13	*3.8*	*-0.3*	*1.6*	*3.1*	*2.1*	*1.5*	*1.7*	*2.1*	*2.4*	*2.5*
Avg. Home Price Growth										
June-12	*-4.5*	*-4.8*	*-3.7*	*-3.5*	*-0.9*	*0.0*	*3.1*	*4.7*		
December-12	*-4.6*	*-5.1*	*-3.8*	*-3.5*	*-0.5*	*0.8*	*4.6*	*5.3*	*3.5*	
June-13	*-4.7*	*-5.3*	*-3.9*	*-3.6*	*-0.1*	*2.7*	*4.9*	*3.7*	*2.3*	*1.5*
December-13	*-4.8*	*-5.4*	*-4.0*	*-3.7*	*0.0*	*4.1*	*6.2*	*2.2*	*0.3*	*1.2*

TABLE 9

Comparison of Consensus Administration and JFO Vermont State Forecasts June 2011 Through December 2013, Selected Variables, Calendar Year Basis

	2008	2009	2010	2011	2012	2013	2014	2015	2016
Real GSP Growth									
December-11	*0.4*	*-2.3*	*3.2*	*2.3*	*2.8*	*3.5*	*3.6*	*3.3*	
June-12	*-0.2*	*-3.6*	*4.1*	*0.5*	*2.3*	*2.9*	*3.3*	*3.4*	
December-12	*-0.2*	*-3.6*	*4.1*	*0.5*	*2.0*	*2.2*	*3.7*	*4.0*	*3.1*
June-13	*-0.2*	*-2.9*	*5.6*	*1.3*	*1.2*	*1.3*	*3.0*	*4.2*	*2.9*
Deember-13	*-0.2*	*-2.9*	*5.6*	*1.3*	*1.2*	*1.4*	*3.1*	*4.1*	*2.9*
Population Growth									
December-11	*0.2*	*0.1*	*0.2*	*0.3*	*0.3*	*0.3*	*0.4*	*0.3*	
June-12	*0.1*	*0.1*	*0.2*	*0.1*	*0.3*	*0.3*	*0.4*	*0.4*	
December-12	*0.1*	*0.1*	*0.2*	*0.1*	*0.3*	*0.3*	*0.3*	*0.4*	*0.5*
June-13	*0.1*	*0.1*	*0.2*	*0.1*	*-0.1*	*0.3*	*0.3*	*0.3*	*0.4*
December-13	*0.1*	*0.1*	*0.2*	*0.1*	*-0.1*	*0.1*	*0.1*	*0.1*	*0.2*
Employment Growth									
December-11	*-0.4*	*-3.2*	*0.1*	*1.8*	*1.3*	*1.9*	*2.5*	*2.2*	
June-12	*-0.3*	*-3.3*	*0.2*	*0.7*	*1.2*	*1.1*	*2.0*	*2.3*	
December-12	*-0.3*	*-3.3*	*0.2*	*0.7*	*1.1*	*0.9*	*1.8*	*2.3*	*1.8*
June-13	*-0.4*	*-3.3*	*-0.2*	*0.7*	*1.2*	*1.0*	*0.9*	*2.2*	*1.9*
December-13	*-0.4*	*-3.3*	*0.2*	*0.7*	*1.2*	*1.0*	*1.3*	*2.2*	*1.9*
Unemployment Rate									
December-11	*4.5*	*6.9*	*6.2*	*5.5*	*5.4*	*5.1*	*4.4*	*3.5*	
June-12	*4.6*	*6.9*	*6.4*	*5.6*	*4.8*	*4.7*	*4.3*	*3.9*	
December-12	*4.6*	*6.9*	*6.4*	*5.6*	*5.0*	*5.0*	*4.4*	*3.9*	*3.5*
June-13	*4.6*	*6.9*	*6.4*	*6.6*	*5.0*	*4.4*	*4.1*	*3.6*	*3.3*
December-13	*4.6*	*6.9*	*6.4*	*5.6*	*5.0*	*4.4*	*4.1*	*3.6*	*3.3*
Personal Income Growth									
December-11	*3.7*	*-1.3*	*3.4*	*4.0*	*5.0*	*5.3*	*5.1*	*4.8*	
June-12	*4.4*	*-1.3*	*3.4*	*4.3*	*3.3*	*4.4*	*6.0*	*6.2*	
December-12	*4.4*	*-2.2*	*3.3*	*4.7*	*3.2*	*3.4*	*5.6*	*6.3*	*5.2*
June-13	*4.4*	*-2.2*	*3.3*	*4.7*	*3.4*	*1.0*	*2.8*	*4.2*	*3.7*
December-13	*3.9*	*-1.4*	*1.7*	*7.1*	*3.7*	*3.8*	*5.7*	*6.2*	*5.1*
Home Price Growth (JFO*)									
December-11	*0.1*	*-1.5*	*-0.8*	*-0.5*	*0.5*	*1.2*	*1.6*	*2.1*	
June-12	*0.0*	*-1.6*	*-0.9*	*-0.4*	*0.6*	*1.1*	*1.6*	*2.0*	
December-12	*0.0*	*-1.9*	*-1.0*	*-0.4*	*0.5*	*1.0*	*1.5*	*2.0*	*3.1*
June-13	*0.4*	*-2.0*	*-1.1*	*-0.5*	*0.5*	*0.7*	*1.5*	*2.0*	*3.2*
December-13	*-0.1*	*-2.0*	*-1.2*	*-0.6*	*0.5*	*0.5*	*1.5*	*2.1*	*3.1*

E. Special Analysis: Increasing Volatility of Tax Receipts

- During last Summer's E-Board presentation, there was a discussion about the increasing volatility of tax receipts.

  - The discussion centered on the reasons for this volatility, and that this volatility can be expected to continue into the future.

  - This imparts a level of forecast risk—both up and down—that has not been the case for the greater part of the last three decades.

  - Vermont, like most other states, has increased volatility in its tax receipts because of the state's increasing reliance on volatile (or elastic in economic terms) sources of tax revenue.

- First, Vermont is heavily reliant on the Personal Income Tax as a source of revenue—and the Personal Income Tax is one of the most volatile sources of revenue that a state collects.

  - Vermont also has the added volatility exposure of having one of the most progressive personal income taxes in the country—which means that volatility is increased even higher because so much of Vermont's tax receipts in the Personal Income Tax come from a very few number of high income taxpayers.

  - For example, 2012 tax statistics for Vermont show that taxpayers with $200,000[6] in adjusted gross income and higher account for a total of 23.4% of the income and 40.1% of the tax paid, while comprising only 2.7% of in-state filers (2.3% of all filers, including non-state residents). **This is important because higher income tax payers tend to experience the highest level of volatility in their income year-to-year on average.**

  - In Vermont, the concentration of payers also is found in the Corporate Income tax—which also contributes to receipts and forecast volatility. In tax year 2012, statistics show that the top 30 corporate taxpayers in Vermont paid 50 percent of the total Corporate Income Tax paid during that period.

- Beyond the personal income tax, the State's second largest G-Fund tax source, the Sales and Use Tax, also imparts volatility on tax receipts.

[6] There were a total of 8,354 individual filers in 2012 with adjusted gross incomes of $200,000 or more.

- This is primarily because of the economic shift away from goods to services and the various exemptions,[7] that—while these exemptions have improved the progressivity of the tax—also have confined the source of the tax to fewer types of consumption spending activity.

- Third, the use of bi-furcated taxes and earmarks of proceeds—sometimes for tax expenditure purposes—also increases volatility.

  - At the minimum, these approaches contribute to increased volatility of overall receipts and sometimes even provide significant limitations of the ability of certain tax sources to grow to support overall expenditures in the state's budget.

- Fourth, in addition to the sales tax nature of the MV Purchase and Use Tax and the presence of the two year registration option motor vehicle for registrations in the T-Fund, the two principal fuel tax sources now have price-based factors impacting both receipts and the forecasting process.

  - As most analysts have come to understand, the path of energy prices (and forecasting them) can be highly volatile.

  - In fact, the current consensus forecast calls for a significant reduction in fuel tax receipts due to a much lower fossil fuel price forecast relative to last July.

F. 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 2014, 2015, and 2016 that are part of the official Emergency Board motion.

- The revenue forecasting process is a collaborative one involving the staff of the Vermont Department of Taxes, VTrans, the Legislative Joint Fiscal Office, Kavet Rockler & Associates, LLC, and many others throughout state government and the staff of Economic & Policy Resources. Special thanks are due to Sharon Asay (of the Vermont Department of Taxes), Victor Gauto (of the Vermont Department of Taxes), Doug Farnham (of the Vermont Department of Taxes), Terry Edwards (of the Vermont Department of Taxes), Lenny LeBlanc of VTrans), Sara Teachout, Stephanie Barrett, Catherine Benham, Neil Strickner, Theresa Utton-Jerman, and Mark Perrault (of the JFO), and many others in both the Administration and the JFO. All contributed time and energy to assembling data, providing analysis, or technical assistance that was crucial to completing these forecasts.

[7] Such as for food purchases.

- The consensus forecasting process involves the discussion and agreement of two independent forecasts completed by Thomas E. Kavet of the JFO and the staff at Economic & Policy Resources. Agreement on the consensus forecast occurs after a complete discussion-vetting and reconciliation of these independent forecasts.

F. Detailed Forecast Tables.

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2014

SOURCE G-FUND *revenues are prior to all E-Fund allocations and other out-transfers. Used for analytic and comparative purposes only.*	FY 2008 *(Actual)*	% Change	FY 2009 *(Actual)*	% Change	FY 2010 *(Actual)*	% Change	FY 2011 *(Actual)*	% Change	FY 2012 *(Actual)*	% Change	FY 2013 *(Revised)*	% Change	FY 2014 *(Forecast)*	% Change	FY 2015 *(Forecast)*	% Change	FY 2016 *(Forecast)*	% Change
REVENUE SOURCE																		
Personal Income	$622.3	7.1%	$530.3	-14.8%	$498.0	-6.1%	$553.3	11.1%	$597.0	7.9%	$660.6	10.7%	$693.2	4.9%	$738.5	6.5%	$773.2	4.7%
Withholding	$456.2	5.7%	$463.3	1.6%	$457.3	-1.3%	$471.3	3.1%	$490.9	4.2%	$509.9	3.9%	$543.7	6.6%	$581.2	6.9%	$611.4	5.2%
Estimates	$142.3	16.1%	$113.2	-20.5%	$95.5	-15.6%	$97.8	2.4%	$108.3	10.8%	$120.7	11.4%	$129.0	6.9%	$139.0	7.8%	$141.2	1.6%
PI Paids	$111.7	2.5%	$79.9	-28.5%	$71.2	-10.9%	$84.8	19.1%	$98.0	15.5%	$121.9	24.4%	$113.8	-6.6%	$112.7	-1.0%	$113.3	0.5%
PI Refunds	($128.7)	4.0%	($153.6)	19.3%	($153.1)	-0.3%	($134.8)	-12.0%	($138.3)	2.6%	-$137.3	-0.8%	-$138.4	0.8%	($138.1)	-0.2%	($137.2)	-0.7%
Other	$40.9	-2.2%	$27.5	-32.7%	$27.0	-1.7%	$34.2	26.5%	$38.1	11.4%	$45.5	19.4%	$45.1	-0.8%	$43.7	-3.1%	$44.5	1.8%
Sales & Use*	$338.4	1.4%	$321.2	-5.1%	$311.1	-3.1%	$325.6	4.7%	$341.8	5.0%	$346.8	1.4%	$356.2	2.7%	$367.3	3.1%	$377.8	2.9%
Corporate	$74.6	2.4%	$66.2	-11.3%	$62.8	-5.1%	$89.7	42.7%	$85.9	-4.2%	$95.0	10.5%	$89.2	-6.1%	$92.6	3.8%	$90.5	-2.3%
Estimates	$50.1	-12.5%	$42.8	-14.5%	$42.3	-1.1%	$69.4	63.8%	$65.2	-6.0%	$76.7	17.7%	$74.1	-3.4%	$76.6	3.4%	$75.1	-2.0%
Paid Returns	$21.2	-11.4%	$20.6	-3.0%	$22.3	8.3%	$14.7	-34.2%	$25.5	73.6%	$27.6	8.5%	$24.0	-13.2%	$25.3	5.4%	$24.1	-4.7%
Refunds	($12.3)	-39.9%	($14.7)	19.3%	($14.4)	-1.8%	($12.6)	-12.3%	($16.7)	32.0%	-$24.6	47.5%	-$18.4	-25.1%	($18.6)	1.1%	($18.2)	-2.2%
Other	$15.6	28.9%	$17.4	11.6%	$12.6	-27.9%	$18.3	45.1%	$11.9	-34.8%	$15.1	27.1%	$9.5	-37.3%	$9.3	-2.1%	$9.5	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%	$134.8	6.2%	$140.1	3.9%	$145.5	3.9%	$150.2	3.2%
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	-7.2%	$72.6	-2.4%	$70.7	-2.7%	$68.7	-2.8%
Liquor and Wine	$14.2	3.7%	$15.0	6.0%	$14.9	-1.0%	$15.4	3.1%	$16.4	7.0%	$17.0	3.4%	$17.7	4.2%	$18.3	3.4%	$18.9	3.3%
Insurance	$54.8	3.8%	$53.7	-2.1%	$53.3	-0.9%	$55.0	3.3%	$56.3	2.5%	$55.0	-2.3%	$56.5	2.7%	$57.4	1.6%	$57.8	0.7%
Telephone	$9.5	-4.6%	$9.1	-3.8%	$7.9	-13.9%	$11.4	44.4%	$9.6	-15.3%	$9.4	-2.6%	$9.2	-1.9%	$9.1	-1.1%	$9.0	-1.1%
Beverage	$5.6	1.9%	$5.6	0.3%	$5.7	0.4%	$5.8	2.2%	$6.0	3.3%	$6.2	3.3%	$6.4	3.7%	$6.6	3.1%	$6.8	3.0%
Electric**	$2.7	3.3%	$2.8	4.0%	$2.9	2.5%	$2.9	0.8%	$2.9	0.3%	$8.9	204.5%	$12.8	43.5%	$8.9	-30.5%	$0.0	NM
Estate***	$15.7	-11.9%	$23.4	49.1%	$14.2	-39.5%	$35.9	153.3%	$13.3	-62.8%	$15.4	15.4%	$20.4	32.6%	$21.4	4.9%	$22.3	4.2%
Property	$34.0	-13.5%	$25.9	-23.7%	$23.8	-8.2%	$25.6	7.7%	$24.1	-6.0%	$28.5	18.3%	$32.7	14.7%	$36.3	11.0%	$39.3	8.3%
Bank	$10.2	-3.4%	$20.6	102.5%	$10.4	-49.7%	$15.4	49.0%	$10.7	-30.9%	$10.7	0.2%	$10.8	1.1%	$10.9	0.9%	$11.0	0.9%
Other Tax	$3.2	-51.1%	$2.8	-12.7%	$3.7	32.1%	$3.7	1.7%	$1.2	-66.7%	$1.8	42.9%	$2.0	13.1%	$2.3	15.0%	$2.5	8.7%
Total Tax Revenue	$1,365.5	3.0%	$1,257.9	-7.9%	$1,196.5	-4.9%	$1,335.1	11.6%	$1,372.4	2.8%	$1,464.3	6.7%	$1,519.8	3.8%	$1,585.8	4.3%	$1,628.0	2.7%
Business Licenses	$2.7	-1.0%	$3.0	9.4%	$3.0	-0.2%	$2.9	-1.2%	$3.0	3.4%	$2.8	-8.0%	$3.0	7.0%	$3.2	6.7%	$3.3	3.1%
Fees	$14.7	3.6%	$19.1	29.5%	$19.2	0.9%	$20.5	6.4%	$20.9	2.1%	$21.4	2.2%	$21.7	1.6%	$22.3	2.8%	$22.9	2.7%
Services	$1.7	15.9%	$1.5	-11.0%	$1.2	-19.9%	$1.1	-8.7%	$2.3	105.8%	$2.5	8.3%	$1.4	-44.5%	$1.8	28.6%	$1.9	5.6%
Fines	$4.4	38.6%	$9.8	122.0%	$7.4	-24.8%	$5.7	-22.2%	$7.4	28.7%	$4.7	-35.9%	$4.5	-4.6%	$5.1	13.3%	$5.5	7.8%
Interest	$118.0	1.6%	$108.2	-8.3%	$0.6	-99.4%	$0.3	-46.0%	$0.4	32.8%	$0.6	26.3%	$0.7	26.6%	$1.3	85.7%	$2.2	69.2%
Lottery	$22.7	-2.5%	$20.9	-7.7%	$21.6	3.0%	$21.4	-0.7%	$22.3	4.2%	$22.9	2.7%	$22.9	-0.2%	$23.4	2.2%	$23.9	2.1%
All Other	$0.6	-44.1%	$0.2	-64.7%	$0.3	57.4%	$0.7	115.7%	$0.9	19.7%	$1.7	86.8%	$1.0	-40.1%	$1.1	10.0%	$1.2	9.1%
Total Other Revenue	$165.0	1.7%	$162.8	-1.3%	$53.3	-67.2%	$52.8	-1.1%	$57.3	8.6%	$56.6	-1.3%	$55.2	-2.4%	$58.2	5.4%	$60.9	4.6%
TOTAL GENERAL FUND	**$1,530.5**	**2.9%**	**$1,420.7**	**-7.2%**	**$1,249.9**	**-12.0%**	**$1,387.9**	**11.0%**	**$1,429.7**	**3.0%**	**$1,520.9**	**6.4%**	**$1,575.0**	**3.6%**	**$1,644.0**	**4.4%**	**$1,688.9**	**2.7%**

Notes:

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

** Assumes Vermont Yankee continues to operate through calendar year 2014, with a gradual reduction in output towards the end of the year, and is taxed per Act 143 of 2012 effective in FY 2013.

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

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2014

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2008 *(Actual)*	% Change	FY 2009 *(Actual)*	% Change	FY 2010 *(Actual)*	% Change	FY 2011 *(Actual)*	% Change	FY 2012 *(Actual)*	% Change	FY 2013 *(Revised)*	% Change	FY 2014 *(Forecast)*	% Change	FY 2015 *(Forecast)*	% Change	FY 2016 *(Forecast)*	% Change
REVENUE SOURCE																		
Personal Income	$622.3	7.1%	$530.3	-14.8%	$498.0	-6.1%	$553.3	11.1%	$597.0	7.9%	$660.6	10.7%	$693.2	4.9%	$738.50	6.5%	$773.2	4.7%
Withholding	$456.2	5.7%	$463.3	1.6%	$457.3	-1.3%	$471.3	3.1%	$490.9	4.2%	$509.9	3.9%	$543.7	6.6%	$581.20	6.9%	$611.4	5.2%
Estimates	$142.3	16.1%	$113.2	-20.5%	$95.5	-15.6%	$97.8	2.4%	$108.3	10.8%	$120.7	11.4%	$129.0	6.9%	$139.00	7.8%	$141.2	1.6%
PI Paids	$111.7	2.5%	$79.9	-28.5%	$71.2	-10.9%	$84.8	19.1%	$98.0	15.5%	$121.9	24.4%	$113.8	-6.6%	$112.70	-1.0%	$113.3	0.5%
PI Refunds	($128.7)	4.0%	($153.6)	19.3%	($153.1)	-0.3%	($134.8)	-12.0%	($138.3)	2.6%	($137.3)	-0.8%	($138.4)	0.8%	($138.10)	-0.2%	($137.2)	-0.7%
Other	$40.9	-2.2%	$27.5	-32.7%	$27.0	-1.7%	$34.2	26.5%	$38.1	11.4%	$45.5	19.4%	$45.1	-0.8%	$43.70	-3.1%	$44.5	1.8%
Sales and Use*	$225.6	1.4%	$214.1	-5.1%	$207.4	-3.1%	$217.1	4.7%	$227.9	5.0%	$231.2	1.4%	$231.5	0.2%	$238.75	3.1%	$245.6	2.9%
Corporate	$74.6	2.4%	$66.2	-11.3%	$62.8	-5.1%	$89.7	42.7%	$85.9	-4.2%	$95.0	10.5%	$89.2	-6.1%	$92.60	3.8%	$90.5	-2.3%
Estimates	$50.1	-12.5%	$42.8	-14.5%	$42.3	-1.1%	$69.4	63.8%	$65.2	-6.0%	$76.7	17.7%	$74.1	-3.4%	$76.60	3.4%	$75.1	-2.0%
Paid Returns	$21.2	-11.4%	$20.6	-3.0%	$22.3	8.3%	$14.7	-34.2%	$25.5	73.6%	$27.6	8.5%	$24.0	-13.2%	$25.30	5.4%	$24.1	-4.7%
Refunds	($12.3)	-39.9%	($14.7)	19.3%	($14.4)	-1.8%	($12.6)	-12.3%	($16.7)	32.0%	($24.6)	47.5%	($18.4)	-25.1%	($18.60)	1.1%	($18.2)	-2.2%
Other	$15.6	28.9%	$17.4	11.6%	$12.6	-27.9%	$18.3	45.1%	$11.9	-34.8%	$15.1	27.1%	$9.5	-37.3%	$9.30	-2.1%	$9.5	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%	$134.8	6.2%	$140.1	3.9%	$145.50	3.9%	$150.2	3.2%
Cigarette and Tobacco	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.00	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%	$17.0	3.4%	$17.7	4.2%	$18.30	3.4%	$18.9	3.3%
Insurance	$54.8	3.8%	$53.7	-2.1%	$53.3	-0.9%	$55.0	3.3%	$56.3	2.5%	$55.0	-2.3%	$56.5	2.7%	$57.40	1.6%	$57.8	0.7%
Telephone	$9.5	-4.6%	$9.1	-3.8%	$7.9	-13.9%	$11.4	44.4%	$9.6	-15.3%	$9.4	-2.6%	$9.2	-1.9%	$9.10	-1.1%	$9.0	-1.1%
Beverage	$5.6	1.9%	$5.6	0.3%	$5.7	0.4%	$5.8	2.2%	$6.0	3.3%	$6.2	3.3%	$6.4	3.7%	$6.60	3.1%	$6.8	3.0%
Electric**	$2.7	3.3%	$2.8	4.0%	$2.9	2.5%	$2.9	0.8%	$2.9	0.3%	$8.9	204.5%	$12.8	43.5%	$8.90	-30.5%	$0.0	-100.0%
Estate***	$15.7	-11.9%	$21.9	39.4%	$14.2	-35.2%	$24.9	75.6%	$13.3	-46.4%	$15.4	15.4%	$20.4	32.6%	$21.40	4.9%	$22.3	4.2%
Property	$10.7	-16.3%	$8.5	-21.1%	$7.8	-8.2%	$8.4	7.6%	$7.9	-6.1%	$9.2	16.5%	$10.6	15.5%	$11.74	11.0%	$12.7	8.3%
Bank	$10.2	-3.4%	$20.6	102.5%	$10.4	-49.7%	$15.4	49.0%	$10.7	-30.9%	$10.7	0.2%	$10.8	1.1%	$10.90	0.9%	$11.0	0.9%
Other Tax	$3.2	-51.1%	$2.8	-12.7%	$3.7	32.1%	$3.7	1.7%	$1.2	-66.7%	$1.8	42.9%	$2.0	13.1%	$2.30	15.0%	$2.5	8.7%
Total Tax Revenue	$1,170.3	4.1%	$1,067.7	-8.8%	$1,006.7	-5.7%	$1,125.4	11.8%	$1,162.1	3.3%	$1,255.0	8.0%	$1,300.4	3.6%	$1,361.98	4.7%	$1,400.5	2.8%
Business Licenses	$2.7	-1.0%	$3.0	9.4%	$3.0	-0.2%	$2.9	-1.2%	$3.0	3.4%	$2.8	-8.0%	$3.0	7.0%	$3.2	6.7%	$3.3	3.1%
Fees	$14.7	3.6%	$19.1	29.5%	$19.2	0.9%	$20.5	6.4%	$20.9	2.1%	$21.4	2.2%	$21.7	1.6%	$22.3	2.8%	$22.9	2.7%
Services	$1.7	15.9%	$1.5	-11.0%	$1.2	-19.9%	$1.1	-8.7%	$2.3	105.8%	$2.5	8.3%	$1.4	-44.5%	$1.8	28.6%	$1.9	5.6%
Fines	$4.4	38.6%	$9.8	122.0%	$7.4	-24.8%	$5.7	-22.2%	$7.4	28.7%	$4.7	-35.9%	$4.5	-4.6%	$5.1	13.3%	$5.5	7.8%
Interest	$5.3	7.2%	$1.2	-77.8%	$0.5	-54.7%	$0.3	-45.9%	$0.4	36.3%	$0.5	20.5%	$0.6	27.8%	$1.2	100.0%	$2.1	75.0%
All Other	$0.6	-44.1%	$0.2	-64.7%	$0.3	57.4%	$0.7	115.7%	$0.9	19.7%	$1.7	86.8%	$1.0	-40.1%	$1.1	10.0%	$1.2	9.1%
Total Other Revenue	$29.5	6.5%	$34.8	18.0%	$31.7	-8.8%	$31.3	-1.2%	$34.9	11.6%	$33.5	-3.9%	$32.2	-4.0%	$34.7	7.8%	$36.9	6.3%
TOTAL GENERAL FUND	**$1,199.7**	**4.2%**	**$1,102.5**	**-8.1%**	**$1,038.4**	**-5.8%**	**$1,156.7**	**11.4%**	**$1,197.0**	**3.5%**	**$1,288.6**	**7.7%**	**$1,332.6**	**3.4%**	**$1,396.7**	**4.8%**	**$1,437.4**	**2.9%**

* Includes $2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors.

** Assumes Vermont Yankee continues to operate through calendar year 2014, with a gradual reduction in output towards the end of the year, and is taxed per Act 143 of 2012 effective in FY 2013.

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

TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2014

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers. Used for analytic and comparative purposes only.*	**FY 2008** *(Actual)*	% Change	**FY 2009** *(Actual)*	% Change	**FY 2010** *(Actual)*	% Change	**FY 2011** *(Actual)*	% Change	**FY 2012** *(Actual)*	% Change	**FY 2013** *(Revised)*	% Change	**FY 2014** *(Forecast)*	% Change	**FY 2015** *(Forecast)*	% Change	**FY 2016** *(Forecast)*	% Change
REVENUE SOURCE																		
Gasoline	$62.6	-1.6%	$60.6	-3.1%	$61.0	0.6%	$60.6	-0.6%	$59.3	-2.2%	$59.9	1.1%	$77.7	29.7%	$80.3	3.3%	$81.6	1.6%
Diesel	$16.6	-7.8%	$15.5	-6.5%	$15.1	-2.6%	$15.4	2.0%	$16.0	3.9%	$15.6	-2.2%	$17.2	9.9%	$18.3	6.4%	$18.8	2.7%
Purchase and Use*	$79.0	-2.0%	$65.9	-16.6%	$69.7	5.7%	$77.1	10.5%	$81.9	6.3%	$83.6	2.0%	$92.4	10.6%	$96.4	4.3%	$99.7	3.4%
Motor Vehicle Fees	$67.5	3.2%	$65.5	-3.0%	$72.5	10.7%	$72.3	-0.3%	$73.5	1.7%	$77.9	5.9%	$79.3	1.8%	$80.3	1.3%	$80.9	0.7%
Other Revenue**	$23.7	17.2%	$18.0	-24.0%	$18.2	1.4%	$17.9	-2.0%	$18.3	2.2%	$19.1	4.2%	$19.3	1.3%	$19.7	2.1%	$20.1	2.0%
TOTAL TRANS. FUND	**$249.4**	**0.6%**	**$225.6**	**-9.6%**	**$236.6**	**4.9%**	**$243.3**	**2.8%**	**$249.0**	**2.3%**	**$256.0**	**2.8%**	**$285.9**	**11.7%**	**$295.0**	**3.2%**	**$301.1**	**2.1%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2014

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY 2008** *(Actual)*	% Change	**FY 2009** *(Actual)*	% Change	**FY 2010** *(Actual)*	% Change	**FY 2011** *(Actual)*	% Change	**FY 2012** *(Actual)*	% Change	**FY 2013** *(Revised)*	% Change	**FY 2014** *(Forecast)*	% Change	**FY 2015** *(Forecast)*	% Change	**FY 2016** *(Forecast)*	% Change
REVENUE SOURCE																		
Gasoline	$62.6	-1.6%	$60.6	-3.1%	$61.0	0.6%	$60.6	-0.6%	$59.3	-2.2%	$59.9	1.1%	$77.7	29.7%	$80.3	3.3%	$81.6	1.6%
Diesel	$16.6	-7.8%	$15.5	-6.5%	$15.1	-2.6%	$15.4	2.0%	$16.0	3.9%	$15.6	-2.2%	$17.2	9.9%	$18.3	6.4%	$18.8	2.7%
Purchase and Use*	$52.7	-2.0%	$44.0	-16.6%	$46.5	5.7%	$51.4	10.5%	$59.6	16.0%	$55.7	-6.5%	$61.6	10.6%	$64.3	4.3%	$66.5	3.4%
Motor Vehicle Fees	$67.5	3.2%	$65.5	-3.0%	$72.5	10.7%	$72.3	-0.3%	$73.5	1.7%	$77.9	5.9%	$79.3	1.8%	$80.3	1.3%	$80.9	0.7%
Other Revenue**	$23.7	23.5%	$18.0	-24.0%	$18.2	1.4%	$17.9	-2.0%	$18.3	2.2%	$19.1	4.2%	$19.3	1.3%	$19.7	2.1%	$20.1	2.0%
TOTAL TRANS. FUND	**$223.1**	**1.4%**	**$203.6**	**-8.7%**	**$213.3**	**4.8%**	**$217.6**	**2.0%**	**$226.7**	**4.2%**	**$228.2**	**0.7%**	**$255.1**	**11.8%**	**$262.9**	**3.0%**	**$267.9**	**1.9%**
OTHER																		
TIB Gasoline					$13.4	NM	$16.5	23.6%	$20.9	26.6%	$21.2	1.4%	$19.8	-6.6%	$20.4	3.0%	$21.4	4.9%
TIB Diesel and Other***					$1.5	NM	$2.0	31.7%	$1.9	-1.7%	$1.8	-8.6%	$1.9	8.3%	$2.0	2.6%	$2.0	3.1%
Total TIB					$14.9	NM	$18.5	24.4%	$22.8	23.6%	$23.0	0.6%	$21.7	-5.5%	$22.4	3.0%	$23.4	4.7%

* 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 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2013

CURRENT LAW BASIS *Source General and Transportation Fund taxes allocated to or associated with the Education Fund only.*	**FY 2008** *(Actual)*	% Change	**FY 2009** *(Actual)*	% Change	**FY 2010** *(Actual)*	% Change	**FY 2011** *(Actual)*	% Change	**FY 2012** *(Actual)*	% Change	**FY 2013** *(Preliminary)*	% Change	**FY 2014** *(Forecast)*	% Change	**FY 2015** *(Forecast)*	% Change	**FY 2016** *(Forecast)*	% Change
GENERAL FUND																		
Sales & Use**	$112.8	1.4%	$107.1	-5.1%	$103.7	-3.1%	$108.5	4.7%	$113.9	5.0%	$115.6	1.4%	$124.7	7.9%	$128.6	3.1%	$132.2	2.9%
Interest	($1.3)	-0.8%	$0.3	NM	$0.1	NM	$0.0	NM	$0.0	NM	$0.1	NM	$0.1	NM	$0.1	NM	$0.1	NM
Lottery	$22.7	-2.5%	$20.9	-7.7%	$21.6	3.0%	$21.4	-0.7%	$22.3	4.2%	$22.9	2.7%	$22.9	-0.2%	$23.4	2.2%	$23.9	2.1%
TRANSPORTATION FUND																		
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	2.0%	$30.8	10.6%	$32.1	4.3%	$33.2	3.4%
TOTAL	**$160.5**	**0.3%**	**$150.2**	**-6.4%**	**$148.6**	**-1.1%**	**$155.7**	**4.8%**	**$163.6**	**5.1%**	**$166.5**	**1.7%**	**$178.5**	**7.2%**	**$184.2**	**3.2%**	**$189.5**	**2.9%**