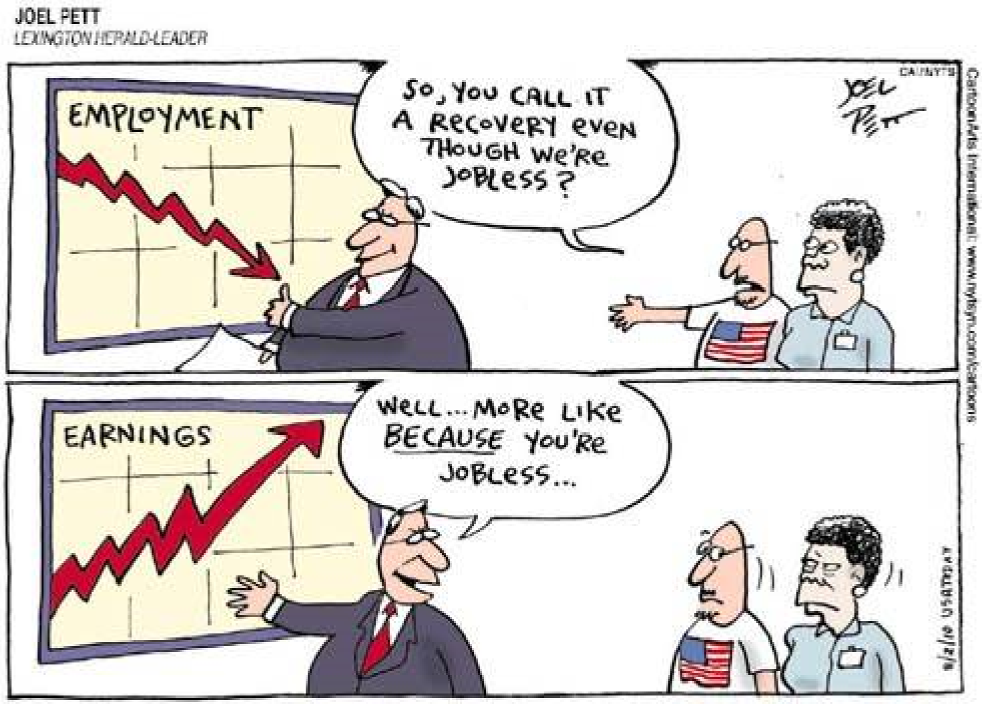
The Revised Fiscal 2012-13 Revenue Outlook

General Fund, Transportation Fund, and Education Fund



Prepared for the Vermont Emergency Board

July 21, 2011

Prepared by:

Economic & Policy Resources, Inc.
400 Cornerstone Drive, Suite 310
P.O. Box 1660
Williston, Vermont 05495-1660
(802) 878-0346
www.epreconomics.com

I. Forecast Overview—Staff Recommendation by Major Fund Aggregate:

- Against a backdrop of a marked slowdown in the U.S. economy, the July 2011 staff recommended consensus forecast update makes minor, largely technical adjustments to the 2012-13 forecast for the state's major fund aggregates.

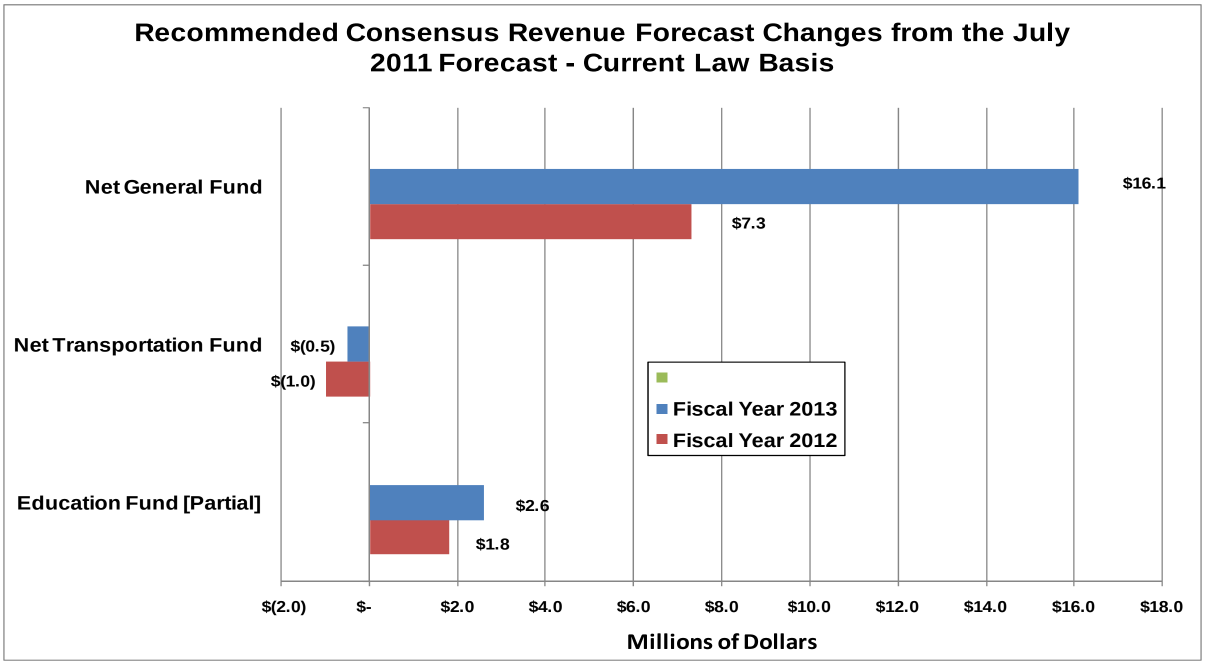
  - For the Available to the General Fund aggregate, the staff recommends $1,191.2 million annual forecast for the 2012 fiscal year and a $1,267.2 million revenue level for fiscal year 2013—an increase of $7.3 million (or +0.6%) over the January 2011 forecast consensus (see Table 1 below). For fiscal year 2013, the staff recommended forecast results in a $16.1 million (or +1.3%) forecast upgrade relative to the January consensus forecast.

Table 1: Staff Recommended Consensus Forecast Update-Difference from January FY 2011 Forecast

	2012		2013	
	Dollars	Percent	Dollars	Percent
General Fund	$7.3	0.6%	$16.1	1.3%
Transportation Fund	($1.0)	-0.4%	($0.5)	-0.2%
Education Fund [Partial]	$1.8	1.1%	$2.6	1.6%
Total--"Big 3 Funds"	$8.1	0.5%	$18.2	1.1%
MEMO: TIB:				
Gasoline	$0.6	3.4%	$0.2	1.0%
Diesel	$0.0	0.0%	$0.0	0.0%
Total TIB	$0.6	3.1%	$0.2	0.9%

Prepared by: Economic & Policy Resources, Inc.

  - For the Available to Transportation Fund revenue aggregate, the staff recommends a $225.5 million annual forecast for fiscal year 2012, and a $231.9 million annual forecast for fiscal year 2013. The staff recommended forecasts correspond to a -$1.0 million (or -0.4%) and a -$0.5 million (or a -0.2%), forecast downgrade for each respective fiscal year versus the consensus forecast for those years approved last January.



- For the Education Fund [Partial] revenue aggregate, the staff recommends a $162.6 million annual forecast for fiscal year 2012 and a $169.4 million annual forecast for fiscal year 2013. Those staff recommended forecasts correspond to a $1.8 million (or a 1.1%) forecast upgrade for fiscal year 2012 and a $2.6 million (or a 1.6%) forecast upgrade for fiscal 2013.

- Looking back to fiscal year 2011, nearly all major revenue developments—including many one-time revenue factors—broke positively during the second half of fiscal year 2011 in the General Fund. This resulted in a $37.6 million (or +3.4%) positive revenue forecast variance in the General Fund (see Table 2 below).

Table 2: Through June Results Versus Target -- General Fund (All Revenues)

FY 2011--Through June Component ($ Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Personal Income	**$ 553,266.3**	**$ 534,300.0**	**$ 18,966.3**	**3.5%**
Net Sales & Use Tax	**$ 217,550.2**	**$ 215,533.9**	**$ 2,016.4**	**0.9%**
Corporate Income Tax	**$ 89,659.7**	**$ 80,600.1**	**$ 9,059.6**	**11.2%**
Meals & Rooms	**$ 122,815.9**	**$ 122,800.0**	**$ 15.9**	**0.0%**
Property Transfer Tax	**$ 8,369.8**	**$ 7,808.1**	**$ 561.7**	**7.2%**
Other	**$ 159,546.2**	**$ 156,458.0**	**$ 3,088.2**	**2.0%**
Estate Tax	$ 24,879.8	$ 21,000.0	$ 3,879.8	18.5%
Insurance Tax	$ 54,992.5	$ 54,400.0	$ 592.5	1.1%
Total Telephone Tax	$ 11,359.6	$ 9,400.0	$ 1,959.6	20.8%
Bank Franchise Tax	$ 15,424.0	$ 15,800.0	$ (376.0)	-2.4%
Fees	$ 20,460.1	$ 19,900.0	$ 560.1	2.8%
Other	$ 32,430.2	$ 35,958.0	$ (3,527.8)	-9.8%
Total Net General Fund	**$ 1,155,088.0**	**$ 1,117,500.1**	**$ 37,587.9**	**3.4%**

Basic Data Source: VT Agency of Administration

- This staff recommended forecast for fiscal years 2012-13 comes as a result of a full analysis of various factors which lead to the positive forecast variance for fiscal 2011.

    - Special attention given to differentiating between factors supporting sustainable revenue gains.

    - From the analysis, it was clear that fiscal year 2011 receipts were supported by a number of one-time revenue gains and developments that represented "rear-view mirror" or prior year business and other tax revenue generating activity that were not likely to be sustained or repeated during the fiscal years 2012 and 2013 timeframe and beyond.

    - In fact, given the slowdown in the U.S. economy and the significant scale of a number of these one-time and likely unsustainable developments, it is quite likely that **a more closely "on-target" revenue performance by the General Fund during the second half of fiscal year 2011 would have resulted in a modest consensus forecast downgrade for fiscal year 2012.**

- Looking more closely at revenue developments over the second half and all of fiscal year 2011, just over half of the positive variance from target was due to Personal Income, which finished fiscal year 2011 at +$19.0 million (or +3.5%) versus its January 2011 consensus forecast target).

    - The primary factor underpinning the Personal Income (PI) component's positive performance was lower than expected refunding activity where PI refunds came in nearly $13.4 million lower than was built into the January 2011 consensus revenue forecast update.

    - In the PI Withholding category, the state's largest single revenue source, receipts lagged significantly versus target over the second half of fiscal year 2011. This component finished the year -$7.8 million (or -1.6%) under forecast.

- Also adding to the positive performance was Corporate Income Tax, which finished the year at +$9.1 million (or +11.2%) versus its January 2011 consensus revenue forecast target—down from an initial preliminary number where this source was up by roughly $15 million.

    - Corporate Estimates were +$12.2 million above target, while Corporate Paid Returns were behind target by -$9.3 million (or -38.9%) versus its January 2011 consensus forecast target—

essentially off-setting each other.[1]

- The other major contributor Estate Tax finished the fiscal year with a total of $35,879,828 in gross revenue collections—for this ultimate one-time revenue source. Because the Estate Tax is capped statutorily at 125% of the July consensus revenue forecast for each fiscal year, the "Available to the General Fund" portion was capped at $21.0 million (125% of the $16.8 million July of FY 2011 consensus revenue forecast).

    - Amounts over that cap are to be transferred to the Higher-Education Trust Fund and not "Available to the General Fund."

    - For fiscal year 2011, this Higher Education Fund transfer of excess Estate Tax revenues was itself capped at $11.0 million, meaning that roughly $3.9 million translated of the actual $14.9 million in above target Estate Tax revenues eventually were made "available" to the General Fund—causing the +$3.88 million positive forecast variance for fiscal 2011.

- Outside of the above-referenced developments, the major consumption taxes (Sales & Use and Meals & Rooms) and the Insurance Tax each posted "on-target" or slightly positive receipts performances.

    - Both consumption taxes increased at a rate that was roughly one-half to a full percentage point higher than the rate of inflation.

- Turing to the Transportation Fund ("T-Fund"), the T-Fund finished fiscal year 2011 essentially "on-target" at -$0.2 million (or less than -0.1%) versus its January 2011 consensus forecast target—see Table 3 below.

    - A relatively strong performance by the Motor Vehicle Purchase and Use Tax, which finished at +$1.4 million (or +2.9%) versus its January 2011 consensus forecast target—offset under-performances mainly in the Gas Tax and the Fees components.

    - Transportation Infrastructure Bond (TIB) revenues overall were slightly positive at +$0.1 million (or +0.4%) versus its consensus forecast target.

    - Combined T-Fund and TIB revenues finished fiscal year 2011 at -$0.1 million (or -0.1%) versus its January consensus cash flow target for fiscal year 2011.

[1] At least some of this discrepancy is tied to the foreign taxpayer co-mingling of Personal and Corporate tax payments that were only recently reconciled after nearly 18 months of partial data.

Table 3: Through June Results Versus Target --Transportation Fund							
FY 2011--Through June		Cumulative		Cumulative		Dollar	Percent
Component ($ Thousands)		Receipts		Target		Difference	Difference
Gasoline Tax	$	60,637.9	$	61,400.0	$	(762.1)	-1.2%
Diesel Tax	$	15,398.9	$	15,400.0	$	(1.1)	0.0%
MvP&U Tax	$	51,367.1	$	49,933.3	$	1,433.7	2.9%
MvFees	$	72,322.1	$	73,100.0	$	(777.9)	-1.1%
Other Fees-Revenues	$	17,888.7	$	18,000.0	$	(111.3)	-0.6%
Total Transportation Fund	**$**	**217,614.6**	**$**	**217,833.3**	**$**	**(218.7)**	**-0.1%**
Gasoline -TIB	$	16,514.2	$	16,504.1	$	10.1	0.1%
Diesel-TIB	$	1,962.7	$	1,898.3	$	64.4	3.4%
Total Transportation Fund (w/TIB)	**$**	**236,091.5**	**$**	**236,235.7**	**$**	**(144.2)**	**-0.1%**
							Basic Data Source: VT Agency of Administration

- For fiscal year 2011 in the Education Fund [Partial], receipts finished above target by $2.1 million (or +1.3%) versus its January 2011 consensus forecast target. All of the individual components except for Net Interest finished fiscal year 2011 above expectations, with the Sales & Use Tax at +$1.0 million (or +0.9%) versus its January 2011 consensus forecast target, and the Motor Vehicle Purchase and Use Tax at +$0.7 million (or +2.9%) versus its January 2011 consensus forecast target, leading the way.

- Even the Lottery component completed fiscal 2011 at +$0.4 million (or +1.9%) versus its January 2011 consensus forecast target (see Table 4 below for the cumulative fiscal year results for the Education Fund).

Table 4: Through June Results Versus Target --Education Fund [Partial]							
FY 2011--Through June		Cumulative		Cumulative		Dollar	Percent
Component ($ Thousands)		Receipts		Target		Difference	Difference
Sales & Use Tax	$	108,773.5	$	107,766.1	$	1,007.4	0.9%
MvP&U Tax	$	25,683.8	$	24,966.7	$	717.1	2.9%
Lottery	$	21,401.7	$	21,000.0	$	401.7	1.9%
Interest	$	43.9	$	100.0	$	(56.1)	-56.1%
Total Education Fund [Partial]	**$**	**155,902.8**	**$**	**153,832.8**	**$**	**2,070.0**	**1.3%**
							Basic Data Source: VT Agency of Administration

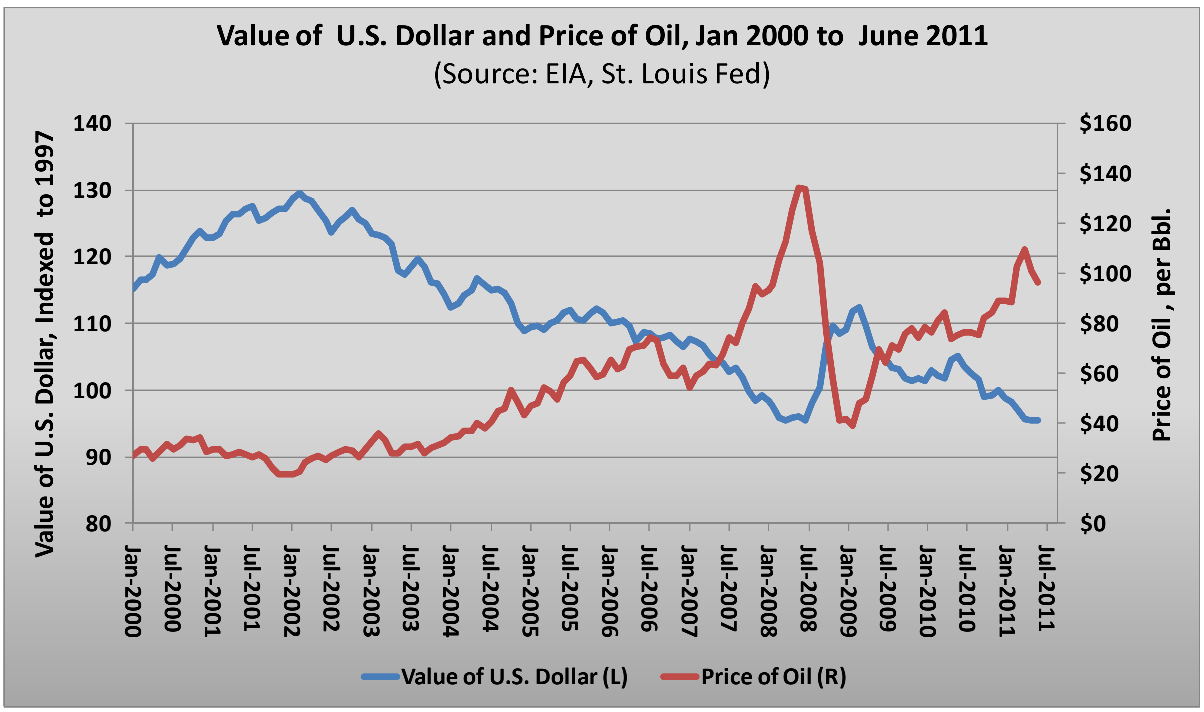
- Staff also recommends a Fuel Gross Receipts Tax forecast of $7.6 million for fiscal year 2012 and $8.0 million for fiscal year 2013—essentially unchanged at -$0.2 million for fiscal year 2012 and -$0.1 million for fiscal year 2013.

- For the most part, the majority of the forecast risk associated with this forecast remains weighted towards the downside.

  - This is downside forecast risk is tied to the recent slowdown in the rate of recovery in labor markets (which is adversely impacting consumer, business and investor confidence), federal fiscal policy uncertainty (the federal deficit/debt and the debt ceiling crisis)[2], yet another round of housing price declines, and continuing concerns regarding the European sovereign debt crisis.

- Also of concern is the impact of higher energy prices. While oil prices have fallen back somewhat from their recent highs (see the chart below), the price of a gallon of gasoline still remains above $3.50 a gallon and on the retail level is more than 35% higher than at this time last year.

    - Higher energy prices—particularly for gasoline—act like a tax and can have a pernicious effect on the economy by: (1) robbing households of precious disposable income, (2) increasing the cost of travel—particularly for postpone-able items like leisure travel, (3) increasing business costs, and (4) putting upward pressure on inflation—ALL WITHOUT ANY OFF-SETTING PUBLIC SPENDING THAT TYPICALLY ACCOMPANIES TAX INCREASES.



- Although each of the above-referenced factors remain as significant headwinds for both the continuation of the labor market recovery and the pace and character of near-term state revenue collections, they are not expected to result in a second dip into recession—barring a preventable policy gaffe on something like the upcoming August 2, 2011 deadline relative to the federal debt ceiling debate.

---

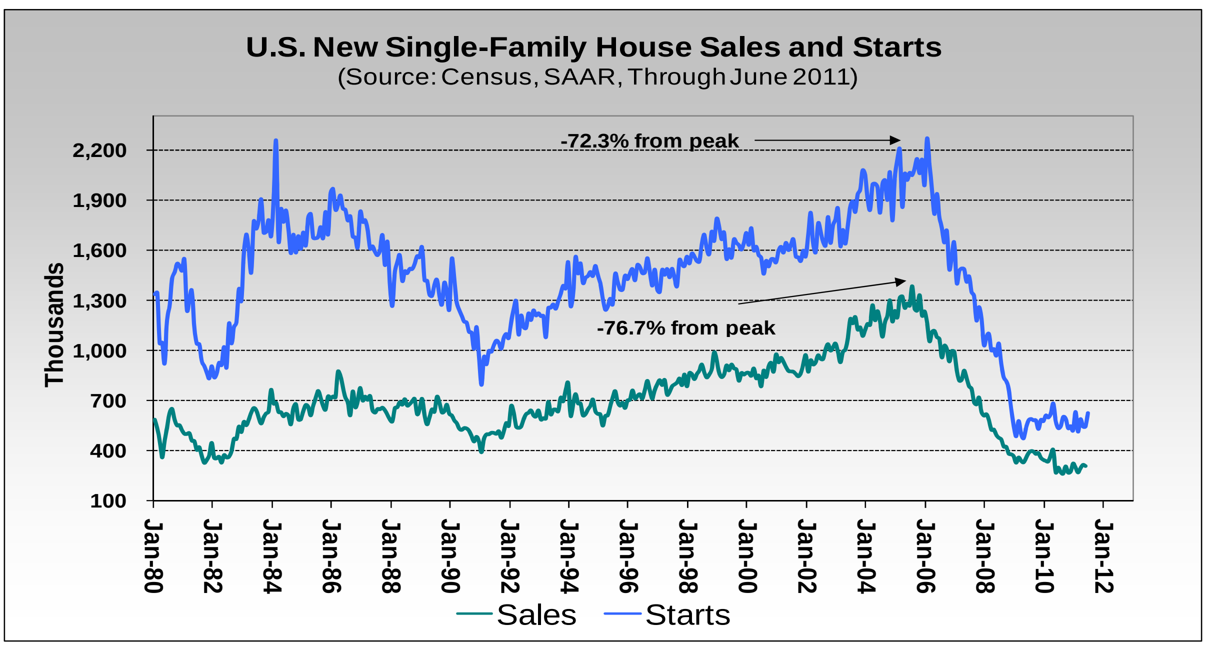
[2] Although from a macroeconomic perspective, there is still “time” to effectively deal with the federal deficit and debt.

II. Summary Observations on the State of the U.S. Economy

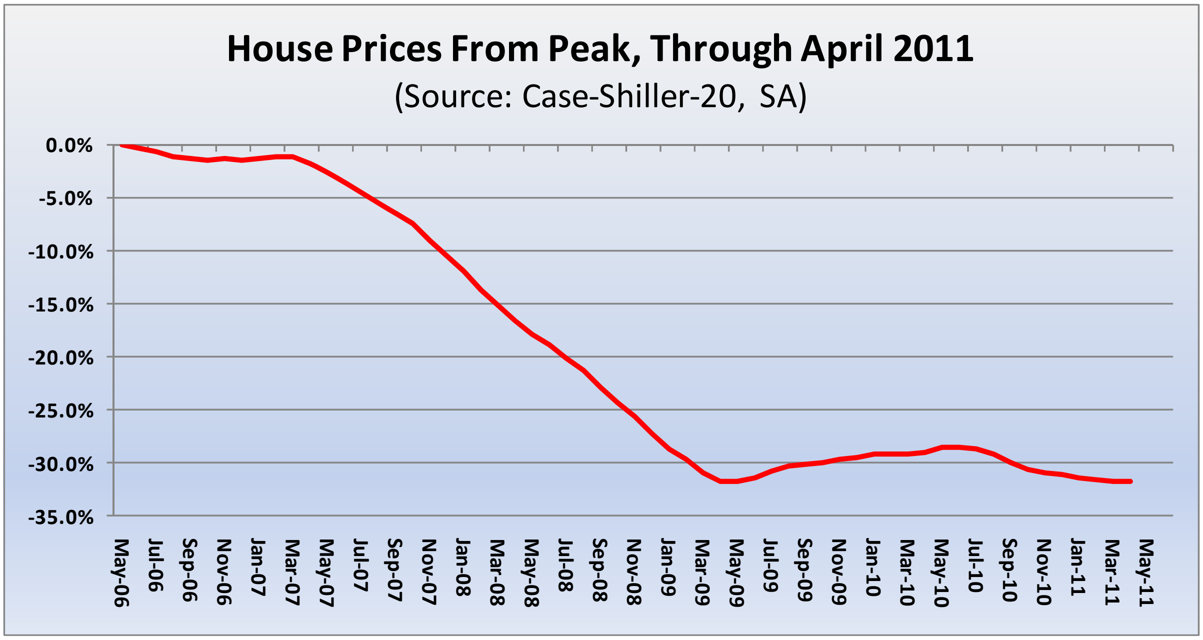
- Looking at economic developments over the past 6 months, most changes have done very little to ease the "collective anxiety" among consumers, business people, and investors about the durability of the current economic recovery.

  - For example, the last two months have seen terrible labor market reports, which, as can be seen from the chart below, come after a period of time that was already sub-par as far as past recovery experience has gone. This indicates that employers, against the back drop of a 9.2% unemployment rate, are still concerned about the stuttering recovery, especially with respect to the latest "soft patch," and have wilted under what they view as significant economic and policy uncertainty.

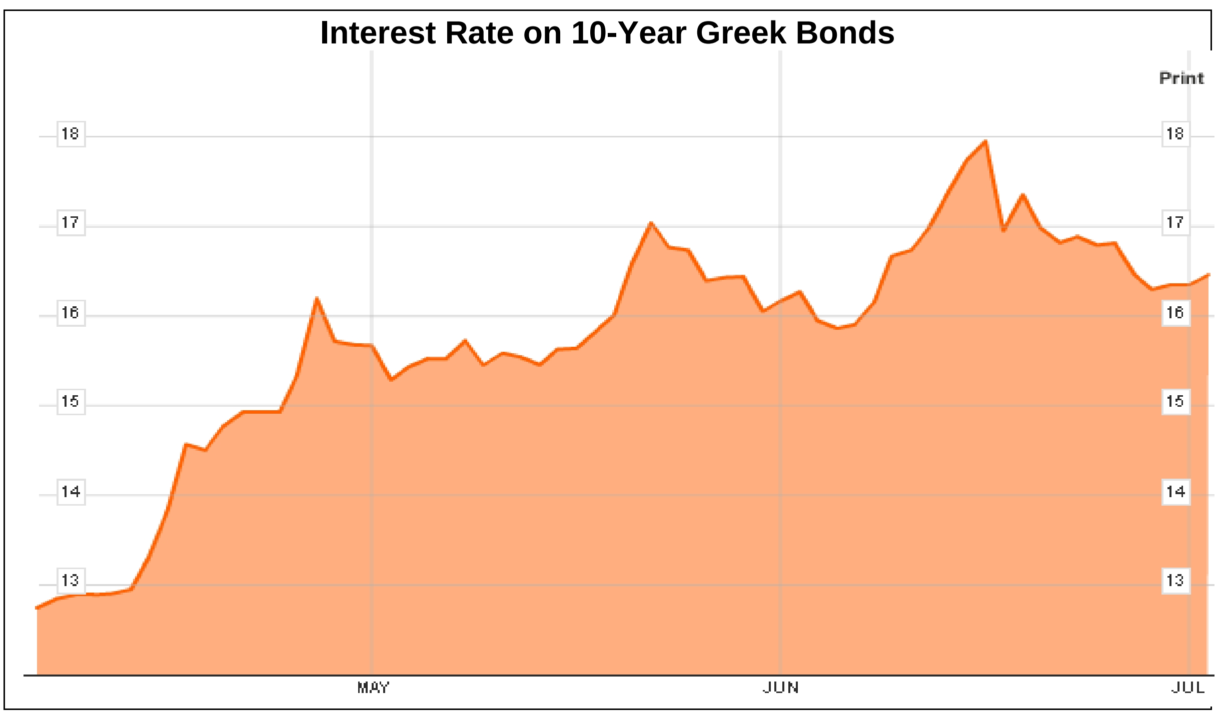
- As a result, the second and perhaps even the third quarter of calendar year 2011 (corresponding to the 4th quarter of fiscal year 2011 and the 1st quarter of fiscal year 2012) are likely to under-perform versus consensus expectations, as the economy works through the lingering supply chain disruptions due to the earthquake and tsunami disaster in Japan, the effects of the recent energy price run-up,[3] and the still weakening housing price-construction situation.

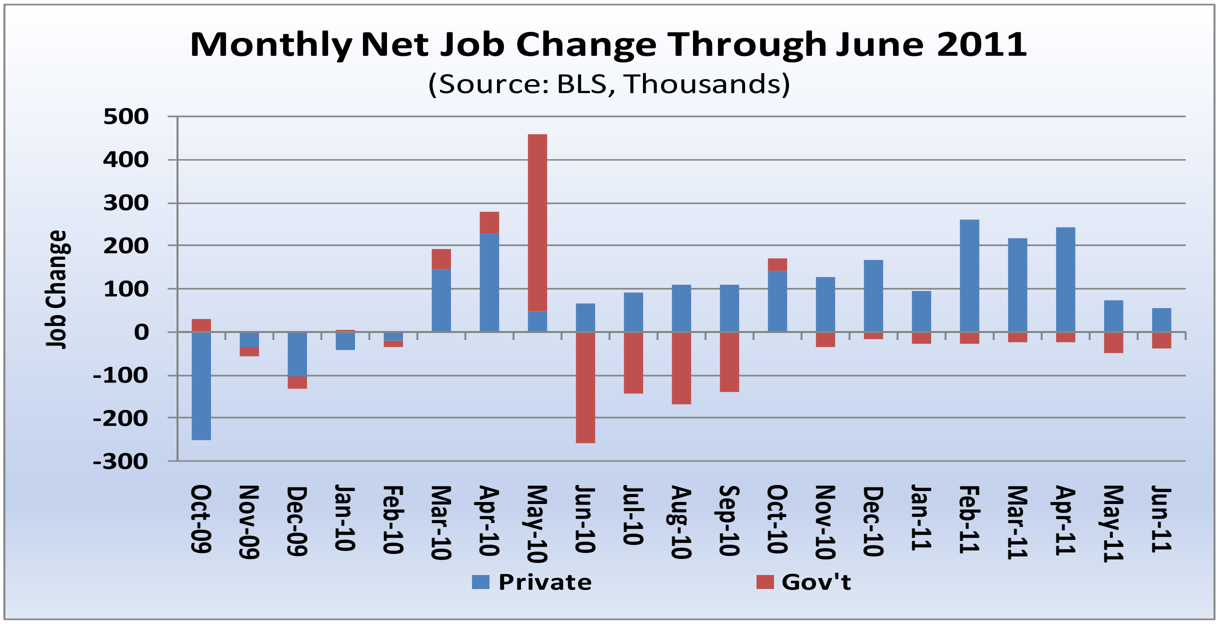


[3] Which has pushed fossil fuel and gasoline prices to levels well above last year's levels.



- Add to that the still unfolding European sovereign debt crisis (see below), and the still unfolding de-leveraging in the public sector (e.g. state and local governments) and it is not surprising that the U.S. economic recovery is having trouble gaining any real traction.

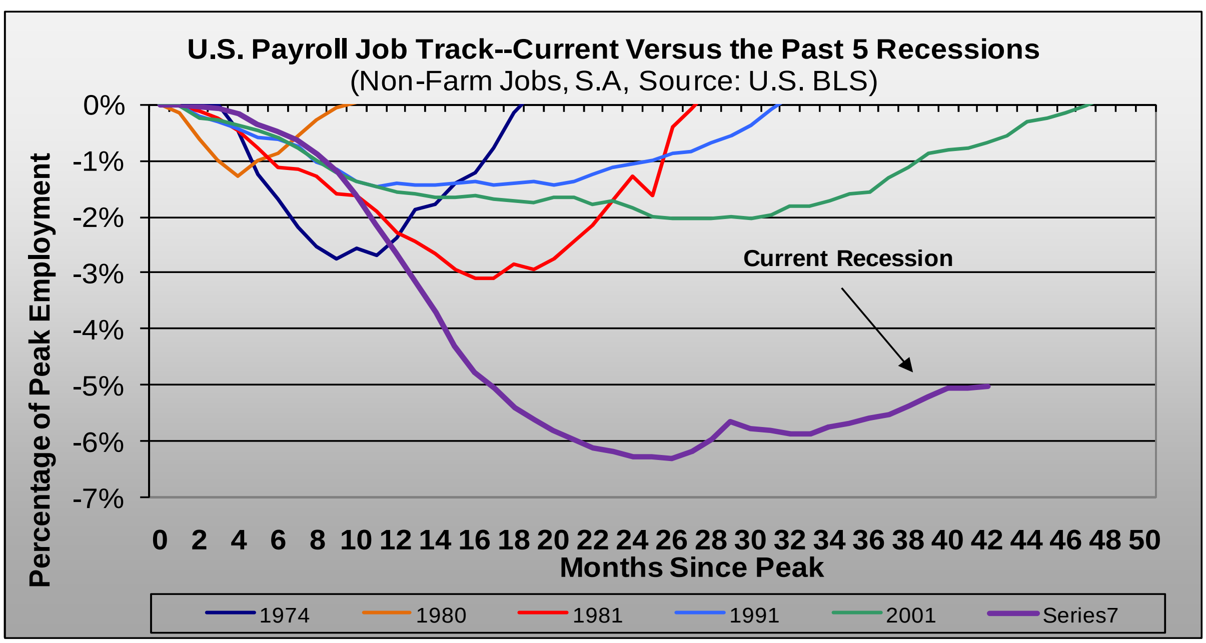




- In fact, despite measurable improvement that can in fact be documented in the economy- households, businesses, and investors remained troubled, and have for the most part been having trouble believing that the economy is actually recovering.

  - This is because the strength of the recovery has been restrained from an historical perspective (which is troubling in and of itself given the depth and length of the "Great Recession").

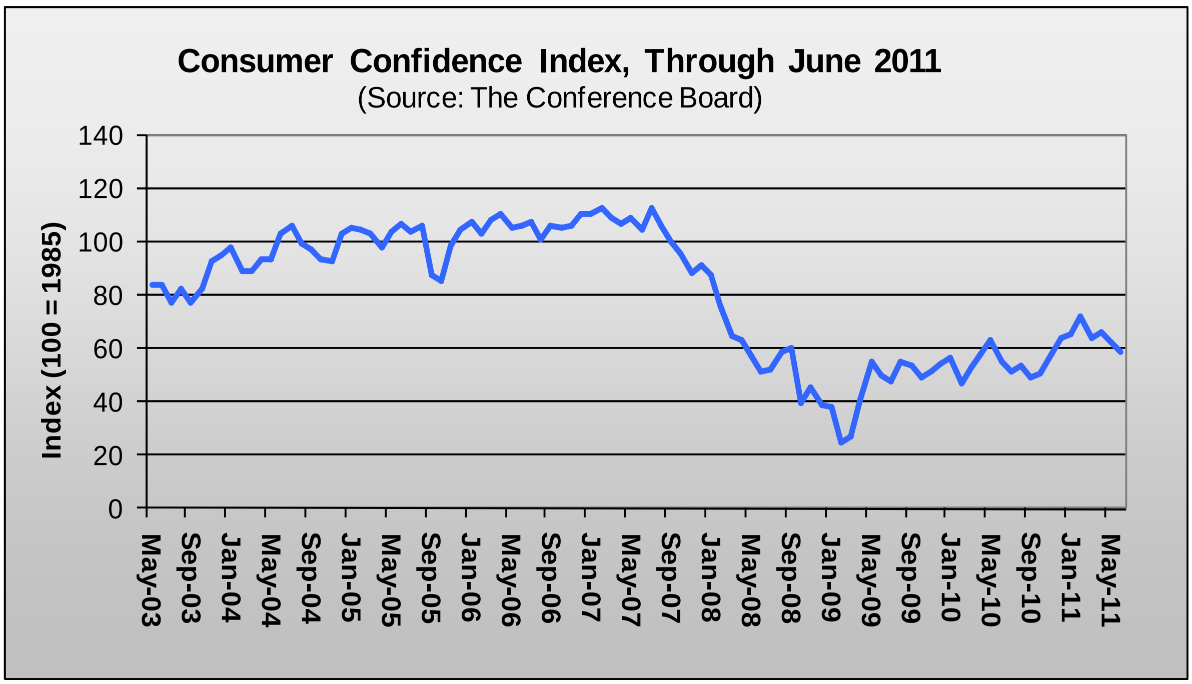
  - Forward progress also has been uneven and has not been widely felt across all sectors and regions of the economy/country.

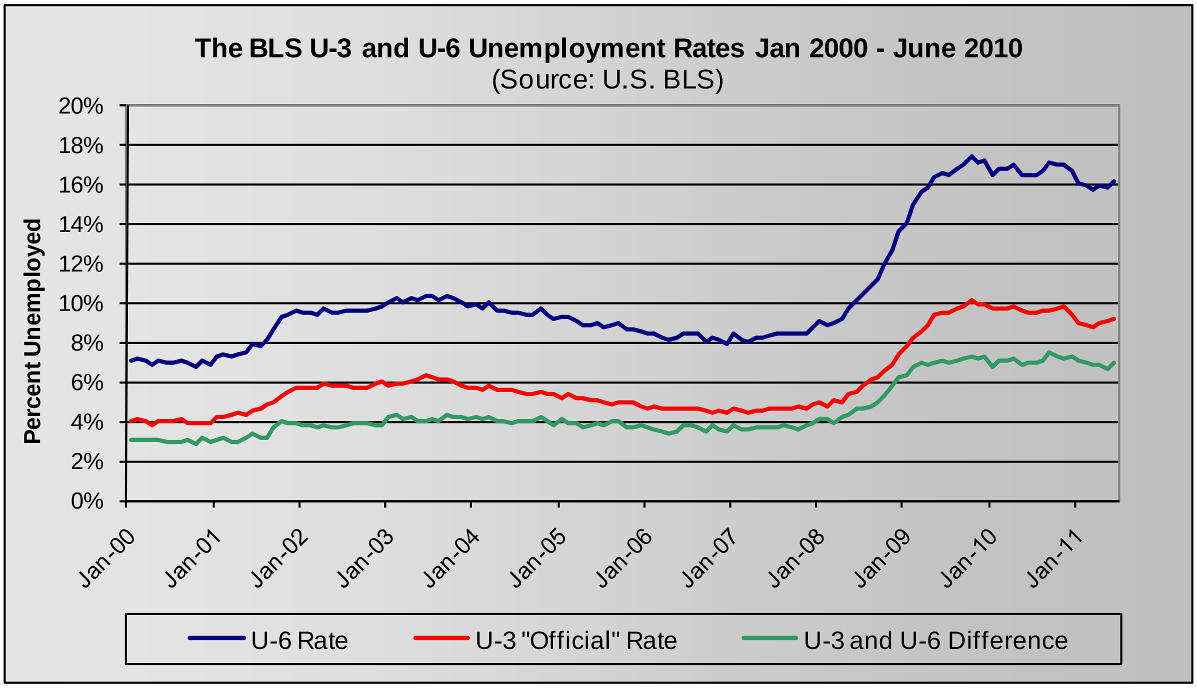


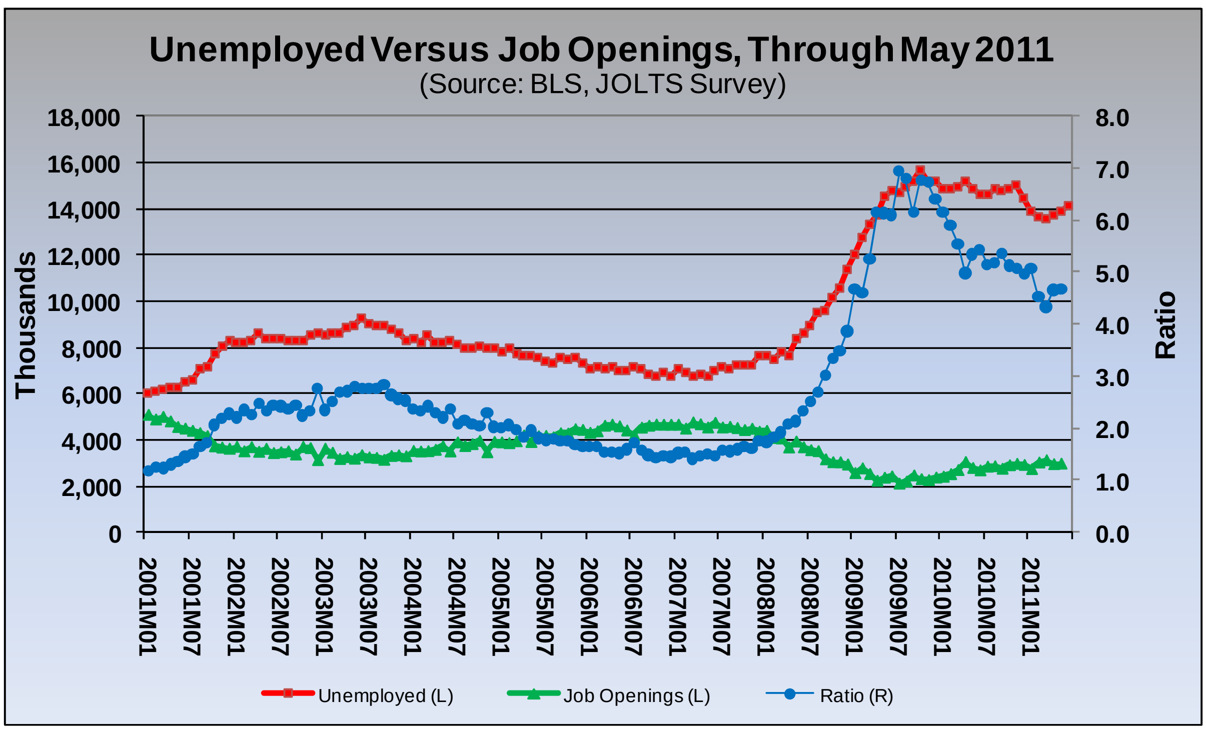
- More specifically, in the household sector, chronic and high rates of unemployment associated with the disappointingly slow labor market recovery have taken a toll on consumer confidence. Confidence remains at depressed levels (30%-40% below historical norms—see below) and opinion poll after opinion poll states that the majority of the U.S. public simply does not believe the economy is actually improving.

  - Still other polls of small businesses have shown that businesses are holding back from hiring and re-hiring due to all the "uncertainty."

  - From the business perspective, although they have not been "laying off" many workers, most businesses continue to be reluctant to ramp up re-hiring/new hiring (e.g. per the last 2 months' labor market reports), or to make significant levels of new capital investments as long as the economic and policy uncertainty remains a major concern.







- For investors, the recent disappointing figures have adversely impacted recent equity market performance after reaching a three-year high in April. Many investors have moved to the sidelines and appear to be taking a "wait and see" approach to all the economic and financial market turmoil.

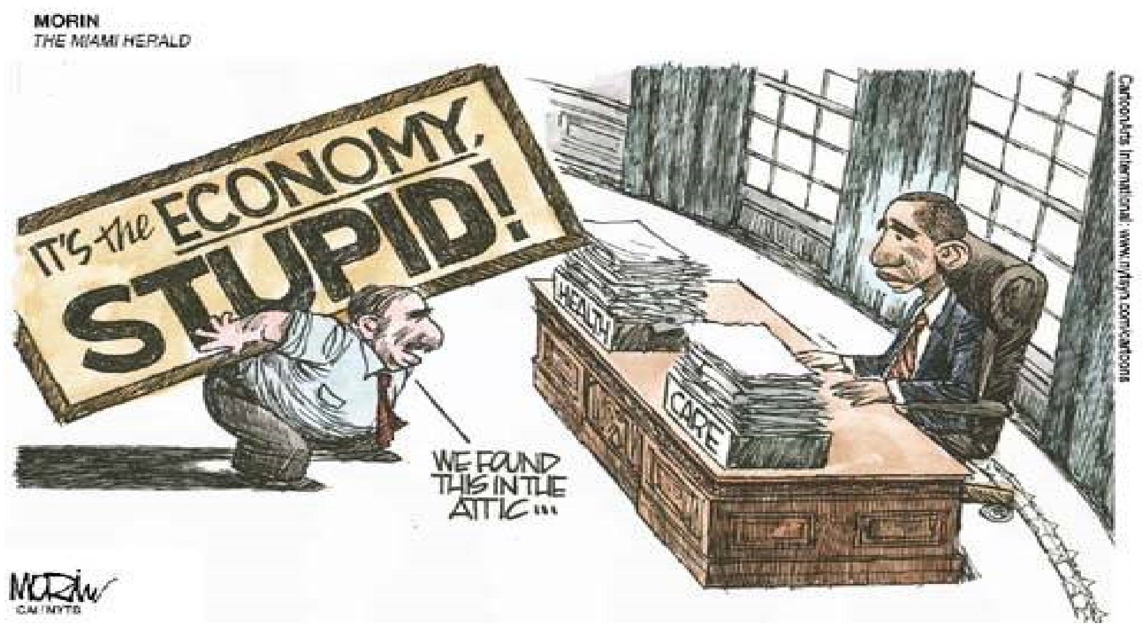
- In total, these developments clearly are not encouraging for getting the economy through this current "soft patch" in the near-term future.

- This is unfortunately all part of an all too familiar pattern regarding the pace and nature of the economic recovery since the end of the "Great Recession" roughly 2 years ago.

  - Just when the economy looks like it is improving, some event or factor knocks the recovery off-course and anxiety levels rise.

  - Against that backdrop, the U.S. recovery is likely to continue to struggle and the willingness of consumers to spend (e.g. on discretionary items like vacations) and the inclination of employers to hire or invest in expansions will remain muted unless, or until, the economy re-gains some traction.

  - As previously stated in the Spring 2011 NEEP forecast update, playing off of an old Saturday Night Live skit of the late comedian Gilda Radner, so far in this recovery it seems **"if it isn't one thing—it is another."**[4]



III. Update on the State of the Vermont Economy

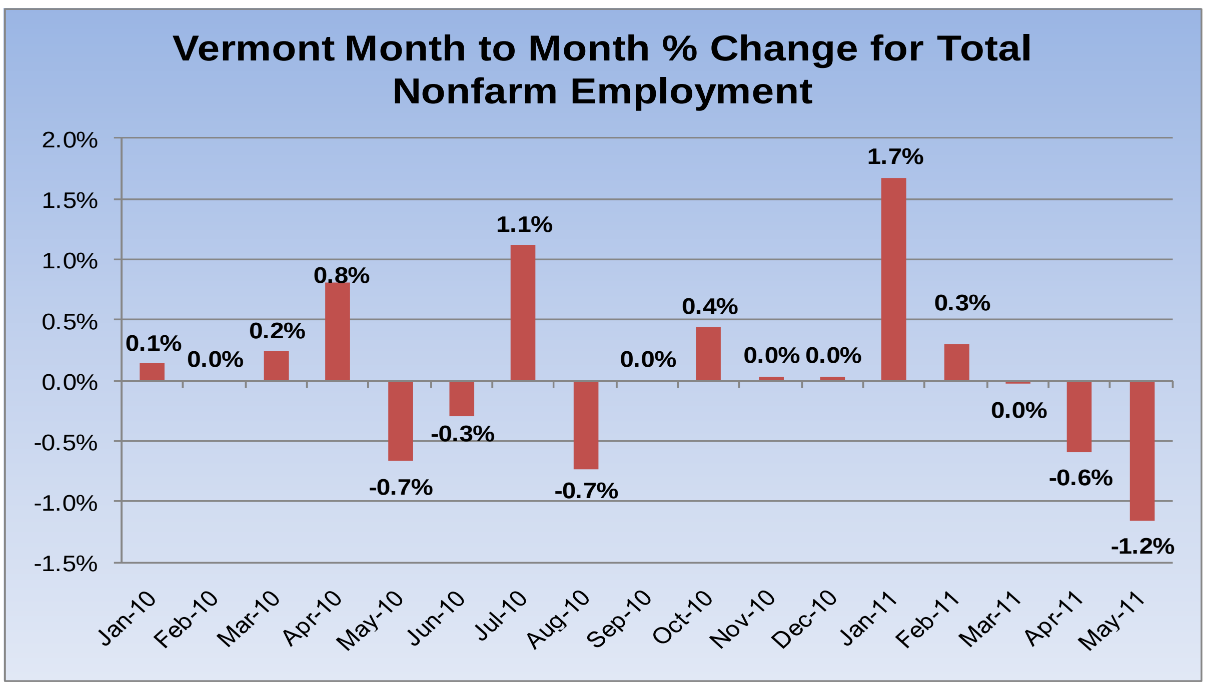
- For Vermont, as the Fed and other private forecasters continue to scale back their economic performance expectations for the rest of calendar year 2011 and calendar years 2012 and 2013, it is unclear just how the state's labor

[4] See the Spring 2011 New England Economic Partnership calendar year 2011-2014 economic forecast update for Vermont page 93.

market recovery will be impacted.

- Certainly, the gasoline price situation has not been helpful to the state visitor industry so far in calendar year 2011.[5] In addition, rising gasoline and commodity prices cannot be helpful for household consumption and/or for the business cost situation for Vermont employers.

- So far, the state's job performance figures look like the state labor market recovery remains on OK footing, but the saw-toothed pattern to the state's recovery raises questions about whether the highs or the low points are actually real—especially in light of the sharp payroll jobs decline for the month of May that the latest batch of Vermont labor market statistics seems to imply occurred (although it is highly doubtful that approximately 3,500 payroll jobs—larger than any monthly drop during the economic free-fall in late calendar year 2008—were actually lost last month).



- Overall, even with that poor report, Vermont currently ranks in the middle of the pack among the 50 states in the year-over-year comparative job change statistics (through the month of May 2011).

[5] Some anecdotal reports say the start to the Summer season has been slow.

Table 5. Payroll Job Performance By NAICS Supersector May 2010 vs. May 2011

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	**0.4%**	**5th**	**25**	**MA (16th)**	**11**
Total Private	**1.5%**	**2nd**	**20**	**MA (19th)**	**2**
Construction	-5.0%	5th	40	ME (12th)	32
Manufacturing	2.3%	1st	14	VT (14th)	13
Information	-5.6%	6th	48	RI (2nd)	25
Financial Activities	3.3%	1st	3	VT (3rd)	26
Trade, Transportation, Utilities	2.0%	2nd	9	RI (1st)	7
Leisure and Hospitality	-1.4%	6th	43	NH (2nd)	10
Education and Health Services	1.7%	5th	34	NH (11th)	1
Professional and Business Services	7.8%	1st	1	VT (1st)	7
Government	-3.9%	4th	35	CT (17th)	50

Notes:
NAICS means North American Industry Classification System

Source: U.S. Bureau of Labor Statistics **Prepared by: Economic & Policy Resources, Inc.**

- From the table, Vermont ranks relatively low in year-over-year job change at 0.4% job growth over the last year in total nonfarm employment.

- The state also appears to be similarly tracking poorly versus Vermont's New England peer-states in most sectors (which again does not appear to be credible).

- On the other side, Vermont is ranked 1st in New England and 1st in the U.S. in year-over-year change in the Professional and Business Services category. This, likewise, seems unlikely.

▪ As seen in the various charts above and below, the various labor market data series for the states (including Vermont) have become significantly more volatile following the recent changes imposed by the U.S. Department of Labor-Bureau of Labor Statistics on the states.

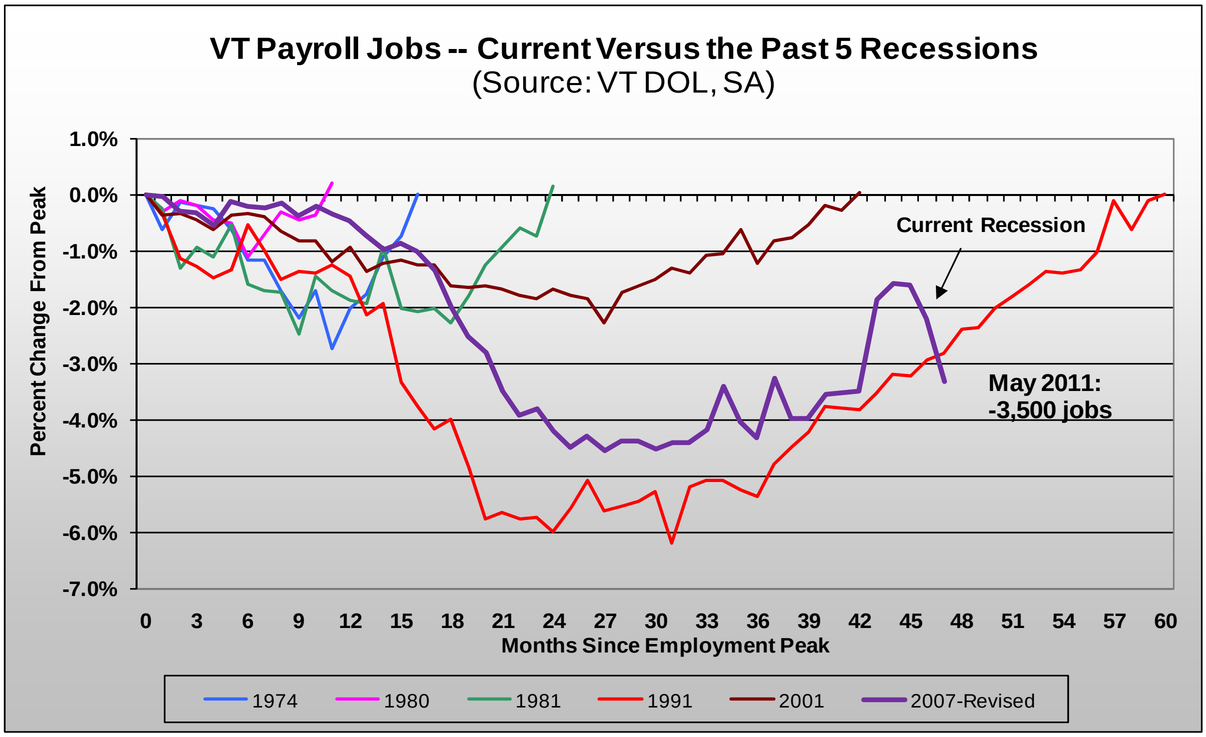
- Prior to these changes; state departments of labor—including the Vermont Department of Labor—had the ability to make fine-tuning adjustments to monthly survey data to compensate for known deficiencies in survey sample and responses.

- Such independent adjustments are no longer allowed without explicit approval from the U.S. Department of Labor—which reportedly is rarely given.

- As a result, the payroll job series have had periods where month-to-month changes have been counter-intuitive and unexplained by any identifiable factors or developments in the Vermont economy.

- Now, in the aftermath of the procedural change and as the economy continues on its uneven and fragile recovery course, economists need to not only understand the data but how to make adjustments to compensate for incorrect data that are being reported by the states' DOLs.

  - This is perhaps best illustrated in Vermont by the 2007 Recession line in the chart below which traces the job loss and recovery by month for the past recession relative to the previous 5 recessions.

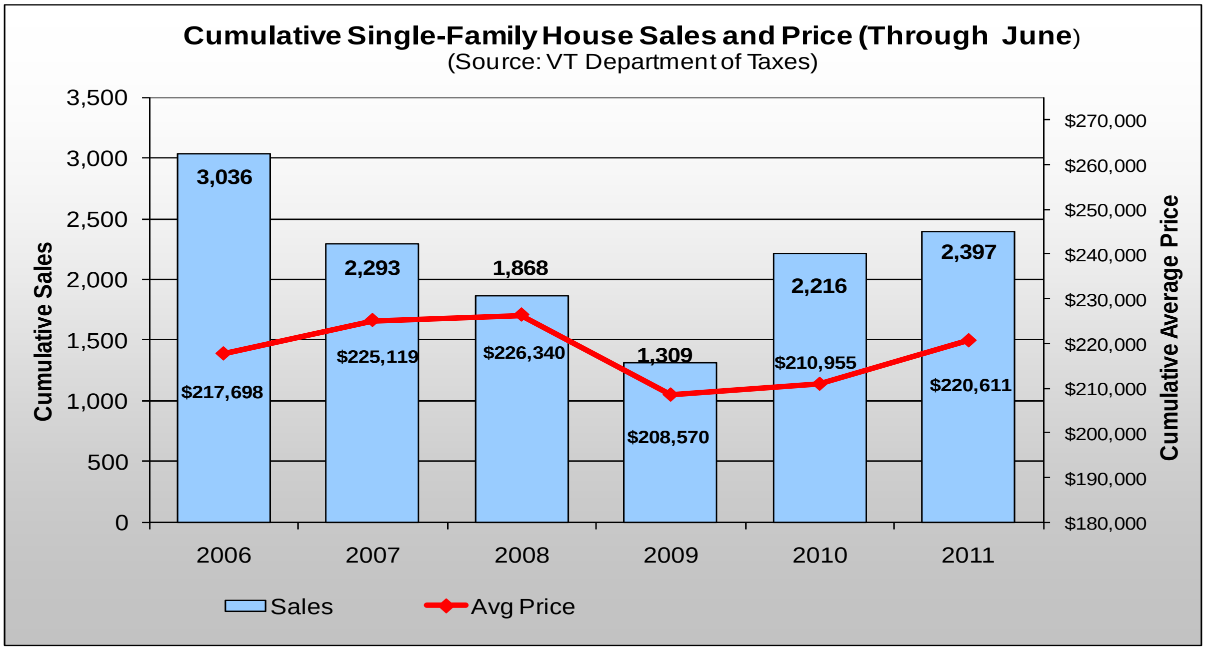


  - This situation has made the revenue-economic forecasting process significantly more difficult and less reliable over the past two years. It comes at a time when more reliability is sorely needed with the economy in actuality being only in the initial stages of its recovery.

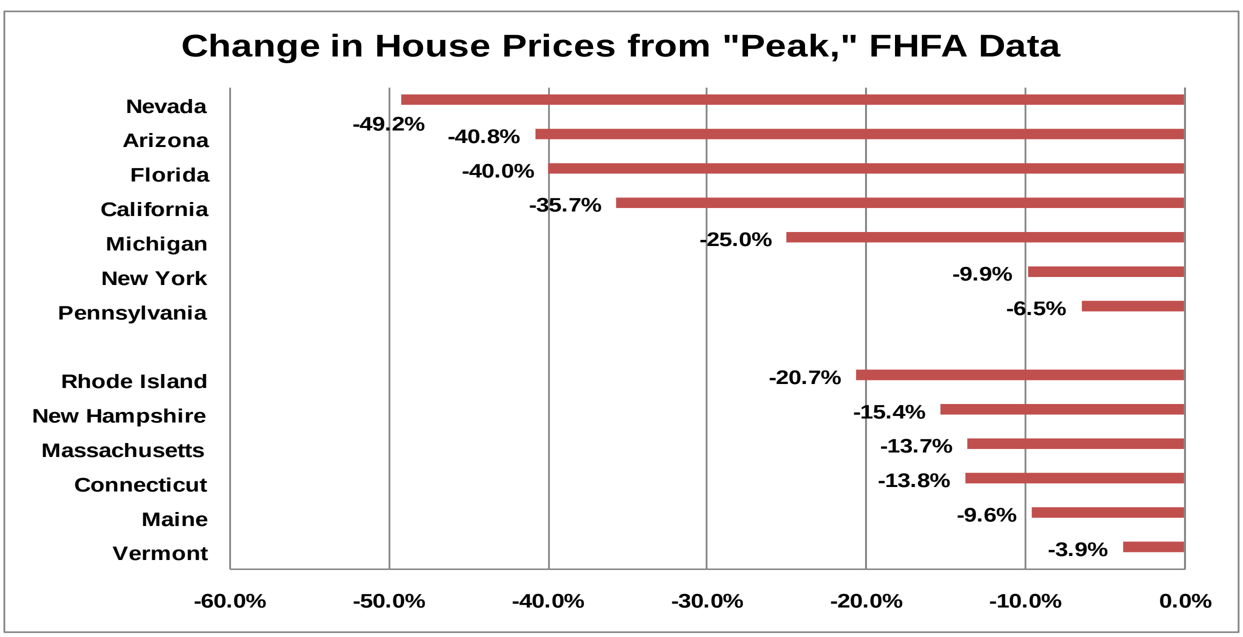
- On the housing front, Vermont house prices have held up reasonably well across the state in comparison to both the New England states and most states across the nation.

  - The chart below shows the average residential sales prices through the first half of calendar year 2011, as measured by property transfer data. 2011's average sales price is only down by 2.5% compared to the high of 2007.

  - Cumulative sales volume also looks to be somewhat encouraging, as 2011's sales levels though-June were higher than those for a comparable period for calendar years 2007-2010, but still under the high water mark in transactions that occurred over the first six months of calendar year 2006.



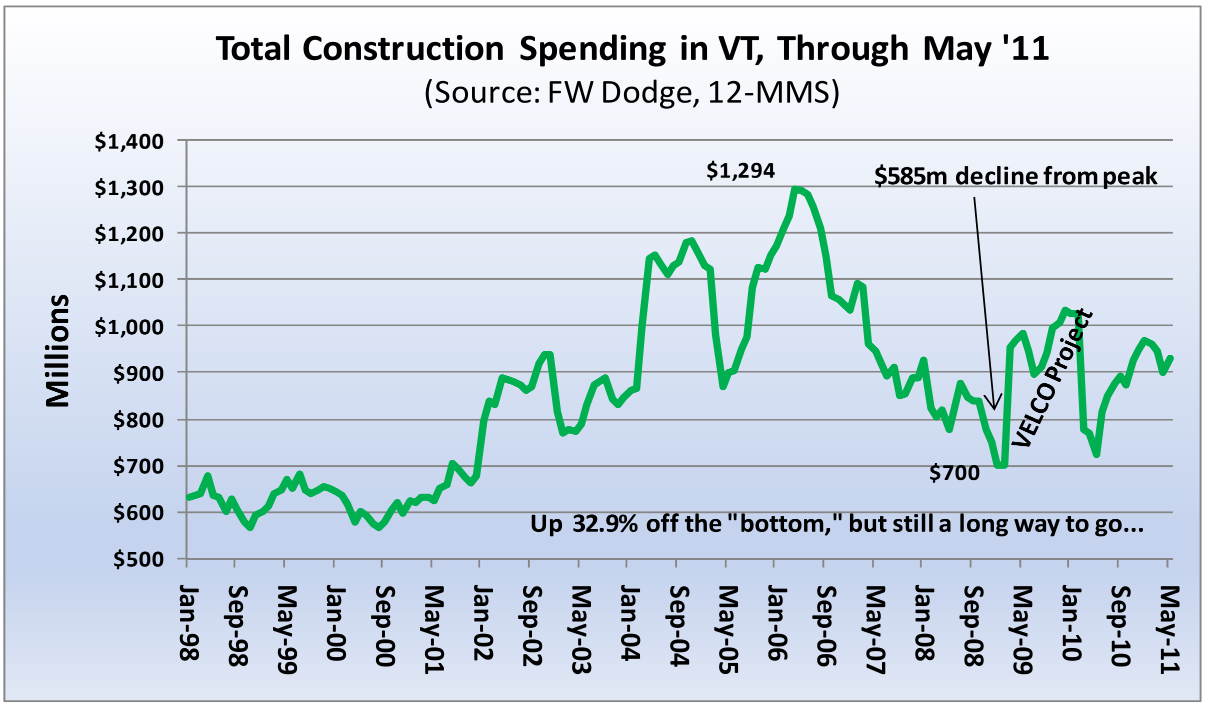
- Federal Housing Finance Agency (FHFA) data show a similar story for housing prices in Vermont. Over the last year, FHFA data show prices in Vermont holding up significantly better than other states in both New England and for the country as a whole.
  - In fact, the chart below shows that house price declines from peak in Vermont through first quarter 2011 were far less than the declines registered in most states.



- In Vermont, supply and demand in the mid-to-low price range still appear to be better in balance, while houses in the high-end of the market (e.g. second homes) remain over-supplied with downward pressure on prices.

▪ The relative housing price stability in Vermont has not kept the state from feeling the effects of a very sharp decline in total construction spending as reported by FW Dodge. While it appears that the data show that construction activity appears to have actually bottomed and has started on a modest recovery (up 32.2% off of the bottom), the gains have not been particularly large and the recovery still has a long way to go.

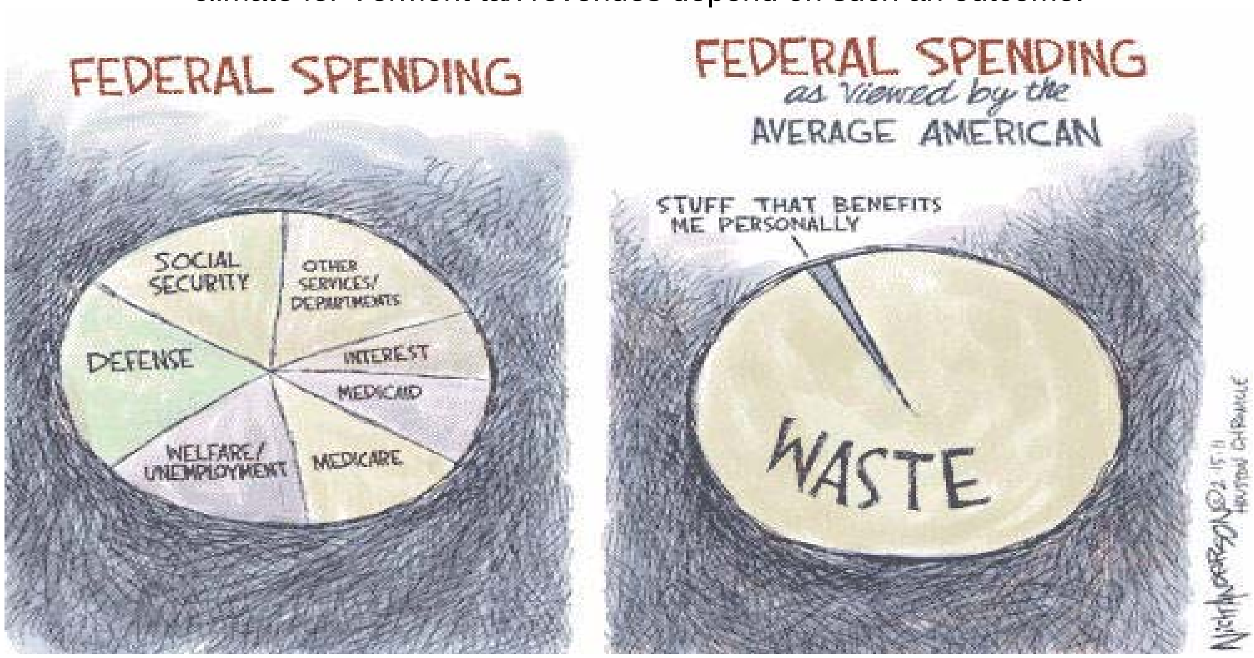
  - In addition, the recovery in overall construction spending looks to have been very uneven to-date, with non-residential now weak as the stimulus winds down.
  - The temporary surge between mid-2009 and mid-2010 was due to the VELCO upgrade project (as most of the increase was in the lumpy non-building construction activity).
  - In addition, the recovery in the residential category remains subdued, having recovered only 51.8% off the bottom registered almost two years ago.



▪ Although recovery progress continues to be made, current conditions and the pace of recovery progress for both the U.S. and Vermont economies remains atypical—with measurable progress tempered by still disquieting anomalies that are cause for concern.

- Layered on top of the formidable list of economic challenges are a myriad of policy challenges—not the least of which is the federal deficit-national debt challenge—that will require deft and nuanced policy execution at a time when there is little comfort that such a policy execution capability exists in Washington.

- In the end, these issues have always been favorably resolved. The future of the upturn and the maintenance of a favorable background climate for Vermont tax revenues depend on such an outcome.



IV. 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 2012 and 2013 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 of the Tax Department, 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.

V. Detailed Forecast Tables.

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2011

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

	FY 2007 (Actual)	% Change	FY 2008 (Actual)	% Change	FY 2009 (Actual)	% Change	FY 2010 (Actual)	% Change	FY 2011 (Preliminary)	% Change	FY 2012 (Forecast)	% Change	FY 2013 (Forecast)	% Change
REVENUE SOURCE														
Personal Income	$581.2	7.2%	$622.3	7.1%	$530.3	-14.8%	$498.0	-6.1%	$553.3	11.1%	$596.0	7.7%	$650.2	9.1%
Sales & Use*	$333.7	2.5%	$338.4	1.4%	$321.2	-5.1%	$311.1	-3.1%	$326.3	4.9%	$338.6	3.8%	$352.8	4.2%
Corporate	$72.8	-4.1%	$74.6	2.4%	$66.2	-11.3%	$62.8	-5.1%	$89.7	42.7%	$77.9	-13.1%	$81.7	4.9%
Meals and Rooms	$114.9	2.8%	$121.1	5.4%	$117.1	-3.3%	$118.0	0.8%	$122.8	4.1%	$126.9	3.3%	$131.5	3.6%
Cigarette and Tobacco**	$64.3	31.4%	$59.2	-7.9%	$64.1	8.3%	$70.1	9.2%	$72.9	4.0%	$76.2	4.5%	$73.9	-3.0%
Liquor	$13.7	4.0%	$14.2	3.7%	$15.0	6.0%	$14.9	-1.0%	$15.4	3.1%	$15.8	2.9%	$16.3	3.2%
Insurance	$52.9	0.8%	$54.8	3.8%	$53.7	-2.1%	$53.3	-0.9%	$55.0	3.3%	$56.5	2.7%	$57.8	2.3%
Telephone	$10.0	-4.0%	$9.5	-4.6%	$9.1	-3.8%	$7.9	-13.9%	$11.4	44.4%	$9.3	-18.1%	$9.2	-1.1%
Beverage	$5.5	1.3%	$5.6	1.9%	$5.6	0.3%	$5.7	0.4%	$5.8	2.2%	$5.9	2.0%	$6.0	1.7%
Electric	$2.6	1.2%	$2.7	3.3%	$2.8	4.0%	$2.9	2.5%	$2.9	0.8%	$1.4	-50.7%	$0.0	-100.0%
Estate	$17.8	-32.1%	$15.7	-11.9%	$23.4	49.1%	$14.2	-39.5%	$35.9	153.3%	$20.8	-42.0%	$21.6	3.8%
Property	$39.3	-10.0%	$34.0	-13.5%	$25.9	-23.7%	$23.8	-8.2%	$25.6	7.7%	$27.0	5.3%	$29.1	7.8%
Bank	$10.5	3.6%	$10.2	-3.4%	$20.6	102.5%	$10.4	-49.7%	$15.4	49.0%	$10.8	-30.0%	$11.0	1.9%
Other Tax	$6.5	-10.2%	$3.2	-51.1%	$2.8	-12.7%	$3.7	32.1%	$3.7	1.7%	$3.8	2.2%	$4.0	5.3%
Total Tax Revenue	$1325.7	3.9%	$1365.5	3.0%	$1257.9	-7.9%	$1196.5	-4.9%	$1336.0	11.7%	$1366.9	2.3%	$1445.1	5.7%
Business Licenses	$2.8	-1.0%	$2.7	-1.0%	$3.0	9.4%	$3.0	-0.2%	$2.9	-1.2%	$3.0	1.8%	$3.1	3.3%
Fees	$14.2	7.4%	$14.7	3.6%	$19.1	29.5%	$19.2	0.9%	$20.5	6.4%	$21.1	3.1%	$21.8	3.3%
Services	$1.5	17.1%	$1.7	15.9%	$1.5	-11.0%	$1.2	-19.9%	$1.1	-8.7%	$1.2	6.0%	$1.3	8.3%
Fines	$3.2	-2.1%	$4.4	38.6%	$9.8	122.0%	$7.4	-24.8%	$5.7	-22.2%	$5.4	-5.6%	$5.6	3.7%
Interest	$3.6	33.5%	$3.9	10.1%	$1.4	-63.9%	$0.6	-57.0%	$0.3	-46.0%	$0.4	21.3%	$1.0	150.0%
Lottery	$23.3	6.5%	$22.7	-2.5%	$20.9	-7.7%	$21.6	3.0%	$21.4	-0.8%	$21.9	2.3%	$22.4	2.3%
All Other	$1.1	365.2%	$0.6	-44.1%	$0.2	-64.7%	$0.3	57.4%	$0.7	115.7%	$0.5	-33.1%	$0.6	20.0%
Total Other Revenue	$49.6	9.5%	$50.9	2.5%	$56.0	10.0%	$53.3	-4.7%	$52.7	-1.1%	$53.5	1.4%	$55.8	4.3%
TOTAL GENERAL FUND	**$1375.4**	**4.1%**	**$1416.4**	**3.0%**	**$1313.9**	**-7.2%**	**$1249.9**	**-4.9%**	**$1388.8**	**11.1%**	**$1420.4**	**2.3%**	**$1500.9**	**5.7%**
OTHER														
Fuel Gross Receipts Tax	$6.8	9.0%	$7.3	6.3%	$7.5	3.7%	$6.7	-10.6%	$7.3	8.3%	$7.6	4.0%	$8.0	5.3%

* 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

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2011

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	FY 2007 (Actual)	% Change	FY 2008 (Actual)	% Change	FY 2009 (Actual)	% Change	FY 2010 (Actual)	% Change	FY 2011 (Preliminary)	% Change	FY 2012 (Forecast)	% Change	FY 2013 (Forecast)	% Change
REVENUE SOURCE														
Personal Income	$581.2	7.2%	$622.3	7.1%	$530.3	-14.8%	$498.0	-6.1%	$553.3	11.1%	$596.0	7.7%	$650.2	9.1%
Sales and Use*	$222.5	2.6%	$225.6	1.4%	$214.1	-5.1%	$207.4	-3.1%	$217.6	4.9%	$225.7	3.8%	$235.2	4.2%
Corporate	$72.8	-4.1%	$74.6	2.4%	$66.2	-11.3%	$62.8	-5.1%	$89.7	42.7%	$77.9	-13.1%	$81.7	4.9%
Meals and Rooms	$114.9	2.8%	$121.1	5.4%	$117.1	-3.3%	$118.0	0.8%	$122.8	4.1%	$126.9	3.3%	$131.5	3.6%
Cigarette and Tobacco	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Liquor	$13.7	4.0%	$14.2	3.7%	$15.0	6.0%	$14.9	-1.0%	$15.4	3.1%	$15.8	2.9%	$16.3	3.2%
Insurance	$52.9	0.8%	$54.8	3.8%	$53.7	-2.1%	$53.3	-0.9%	$55.0	3.3%	$56.5	2.7%	$57.8	2.3%
Telephone	$10.0	-4.0%	$9.5	-4.6%	$9.1	-3.8%	$7.9	-13.9%	$11.4	44.4%	$9.3	-18.1%	$9.2	-1.1%
Beverage	$5.5	1.3%	$5.6	1.9%	$5.6	0.3%	$5.7	0.4%	$5.8	2.2%	$5.9	2.0%	$6.0	1.7%
Electric	$2.6	1.2%	$2.7	3.3%	$2.8	4.0%	$2.9	2.5%	$2.9	0.8%	$1.4	-50.7%	$0.0	-100.0%
Estate**	$17.8	-32.1%	$15.7	-11.9%	$21.9	39.4%	$14.2	-35.2%	$24.9	75.6%	$20.8	-16.4%	$21.6	3.8%
Property	$12.8	-4.5%	$10.7	-16.3%	$8.5	-21.1%	$7.8	-8.2%	$8.4	7.7%	$8.7	4.2%	$9.4	7.8%
Bank	$10.5	3.6%	$10.2	-3.4%	$20.6	102.5%	$10.4	-49.7%	$15.4	49.0%	$10.8	-30.0%	$11.0	1.9%
Other Tax	$6.5	-10.2%	$3.2	-51.1%	$2.8	-12.7%	$3.7	32.1%	$3.7	1.7%	$3.8	2.2%	$4.0	5.3%
Total Tax Revenue	$1123.7	3.3%	$1170.3	4.1%	$1067.7	-8.8%	$1006.7	-5.7%	$1126.1	11.9%	$1159.6	3.0%	$1233.9	6.4%
Business Licenses	$2.8	-1.0%	$2.7	-1.0%	$3.0	9.4%	$3.0	-0.2%	$2.9	-1.2%	$3.0	1.8%	$3.1	3.3%
Fees	$14.2	7.4%	$14.7	3.6%	$19.1	29.5%	$19.2	0.9%	$20.5	6.4%	$21.1	3.1%	$21.8	3.3%
Services	$1.5	17.1%	$1.7	15.9%	$1.5	-11.0%	$1.2	-19.9%	$1.1	-8.7%	$1.2	6.0%	$1.3	8.3%
Fines	$3.2	-2.1%	$4.4	38.6%	$9.8	122.0%	$7.4	-24.8%	$5.7	-22.2%	$5.4	-5.6%	$5.6	3.7%
Interest	$4.9	43.9%	$5.3	7.2%	$1.2	-77.8%	$0.5	-56.3%	$0.3	-43.9%	$0.4	39.9%	$0.9	125.0%
All Other	$1.1	365.2%	$0.6	-44.1%	$0.2	-64.7%	$0.3	57.4%	$0.7	115.7%	$0.5	-33.1%	$0.6	20.0%
Total Other Revenue	$27.7	14.3%	$29.5	6.5%	$34.8	18.0%	$31.7	-8.9%	$31.3	-1.2%	$31.6	1.0%	$33.3	5.4%
TOTAL GENERAL FUND	**$1151.4**	**3.5%**	**$1199.7**	**4.2%**	**$1102.5**	**-8.1%**	**$1038.4**	**-5.8%**	**$1157.4**	**11.5%**	**$1191.2**	**2.9%**	**$1267.2**	**6.4%**

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

** 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 - July 2011

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers. Used for analytic and comparative purposes only.*	**FY 2007** *(Actual)*	% Change	**FY 2008** *(Actual)*	% Change	**FY 2009** *(Actual)*	% Change	**FY 2010** *(Actual)*	% Change	**FY 2011** *(Preliminary)*	% Change	**FY 2012** *(Forecast)*	% Change	**FY 2013** *(Forecast)*	% Change
REVENUE SOURCE														
Gasoline	$63.6	-0.3%	$62.6	-1.6%	$60.6	-3.1%	$61.0	0.6%	$60.6	-0.6%	$61.1	0.8%	$62.2	1.8%
Diesel	$18.0	1.7%	$16.6	-7.8%	$15.5	-6.5%	$15.1	-2.6%	$15.4	2.0%	$15.8	2.6%	$16.3	3.2%
Purchase and Use*	$80.6	0.4%	$79.0	-2.0%	$65.9	-16.6%	$69.7	5.7%	$77.1	10.5%	$83.4	8.2%	$87.9	5.4%
Motor Vehicle Fees	$65.4	14.1%	$67.5	3.2%	$65.5	-3.0%	$72.5	10.7%	$72.3	-0.3%	$74.7	3.3%	$75.9	1.6%
Other Revenue**	$20.2	11.1%	$23.7	17.2%	$18.0	-24.0%	$18.2	1.4%	$17.9	-2.0%	$18.3	2.3%	$18.9	3.3%
TOTAL TRANS. FUND	**$247.8**	**4.4%**	**$249.4**	**0.6%**	**$225.6**	**-9.6%**	**$236.6**	**4.9%**	**$243.3**	**2.8%**	**$253.3**	**4.1%**	**$261.2**	**3.1%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2011

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY 2007** *(Actual)*	% Change	**FY 2008** *(Actual)*	% Change	**FY 2009** *(Actual)*	% Change	**FY 2010** *(Actual)*	% Change	**FY 2011** *(Preliminary)*	% Change	**FY 2012** *(Forecast)*	% Change	**FY 2013** *(Forecast)*	% Change
REVENUE SOURCE														
Gasoline	$63.6	-0.3%	$62.6	-1.6%	$60.6	-3.1%	$61.0	0.6%	$60.6	-0.6%	$61.1	0.8%	$62.2	1.8%
Diesel	$18.0	1.7%	$16.6	-7.8%	$15.5	-6.5%	$15.1	-2.6%	$15.4	2.0%	$15.8	2.6%	$16.3	3.2%
Purchase and Use*	$53.7	-0.3%	$52.7	-2.0%	$44.0	-16.6%	$46.5	5.7%	$51.4	10.5%	$55.6	8.2%	$58.6	5.4%
Motor Vehicle Fees	$65.4	14.1%	$67.5	3.2%	$65.5	-3.0%	$72.5	10.7%	$72.3	-0.3%	$74.7	3.3%	$75.9	1.6%
Other Revenue**	$19.2	11.9%	$23.7	23.5%	$18.0	-24.0%	$18.2	1.4%	$17.9	-2.0%	$18.3	2.3%	$18.9	3.3%
TOTAL TRANS. FUND	**$219.9**	**4.8%**	**$223.1**	**1.4%**	**$203.6**	**-8.7%**	**$213.3**	**4.8%**	**$217.6**	**2.0%**	**$225.5**	**3.6%**	**$231.9**	**2.8%**
OTHER														
TIB Gasoline							$13.4	NM	$16.5	23.6%	$18.6	12.8%	$19.8	6.3%
TIB Diesel							$1.5	NM	$2.0	31.7%	$1.9	-3.2%	$2.0	3.2%
Total TIB							$14.9	NM	$18.5	24.4%	$20.5	11.1%	$21.8	6.0%

* 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

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 - July 2011

CURRENT LAW BASIS

** Source General and Transportation Fund taxes allocated to or associated with the Education Fund only.*	**FY 2007** *(Actual)*	% Change	**FY 2008** *(Actual)*	% Change	**FY 2009** *(Actual)*	% Change	**FY 2010** *(Actual)*	% Change	**FY 2011** *(Preliminary)*	% Change	**FY 2012** *(Forecast)*	% Change	**FY 2013** *(Forecast)*	% Change
GENERAL FUND														
Meals and Rooms	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Sales & Use**	$111.2	2.5%	$112.8	1.4%	$107.1	-5.1%	$103.7	-3.1%	$108.8	4.9%	$112.9	3.8%	$117.6	4.2%
Bank	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Corporate	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Security Registration Fees	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Interest	($1.3)	82.5%	($1.3)	-0.8%	$0.3	NM	$0.1	-60.2%	$0.0	-56.8%	$0.0	NM	$0.1	NM
Lottery	$23.3	6.5%	$22.7	-2.5%	$20.9	-7.7%	$21.6	3.0%	$21.4	-0.8%	$21.9	2.3%	$22.4	2.3%
TRANSPORTATION FUND														
Purchase and Use***	$26.9	1.8%	$26.3	-2.0%	$22.0	-16.6%	$23.2	5.7%	$25.7	10.5%	$27.8	8.2%	$29.3	5.4%
TOTAL	**$160.1**	**2.6%**	**$160.5**	**0.3%**	**$150.2**	**-6.4%**	**$148.6**	**-1.1%**	**$155.9**	**4.9%**	**$162.6**	**4.3%**	**$169.4**	**4.2%**

** Includes Telecommunications Tax; Includes $1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors

*** Includes Motor Vehicle Rental revenues, restated