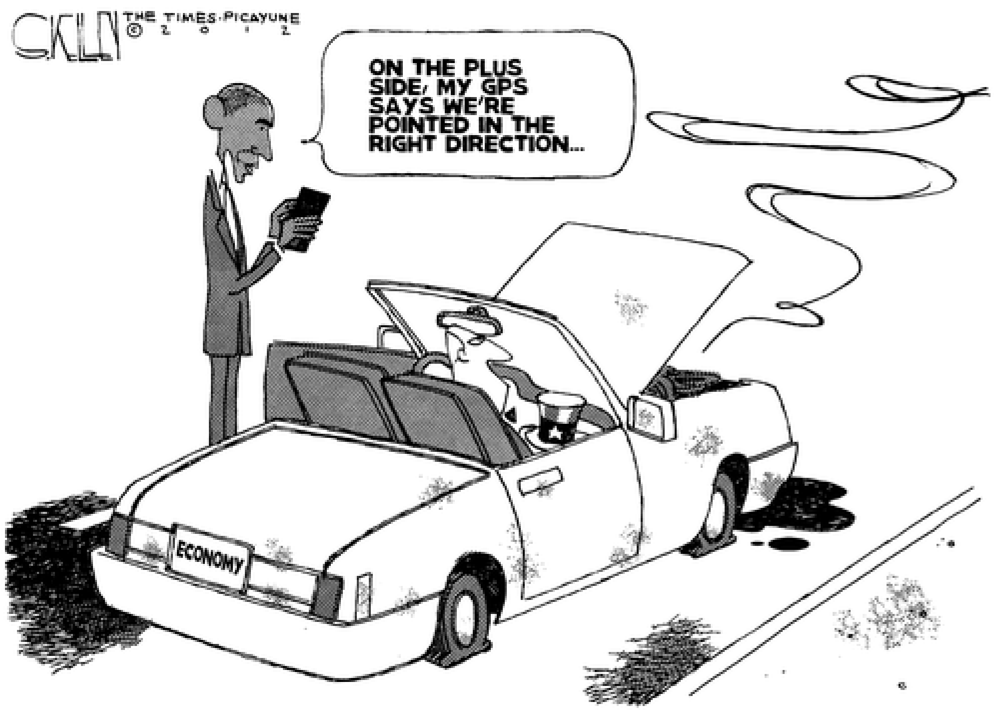
The Fiscal 2013-14 Revenue Outlook

General Fund, Transportation Fund, and Education Fund



Prepared for the Vermont Emergency Board

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

- In a surprising replay of the mid-year economic slowdown that adversely impacted the July consensus revenue forecast update last fiscal year, this year's version of the economic slowdown will similarly slow the pace of revenue growth over the next two fiscal years.

  - Although the U.S. and Vermont economies are actually growing again (at least in terms of output[1]) and both continue to make progress towards re-gaining the jobs lost during the "Great Recession," the pace of progress has slowed.

  - A number of obstacles to the economy's forward economic momentum persist, and have once again dragged down the pace of the forward momentum in the economy to a frustratingly slow and insecure pace.

- These now well-known economic obstacles include:

  (1) The on-going European debt-currency-banking crisis—which is slowing U.S. export markets and throwing a cloud of insecurity over the entire global financial system,

  (2) The drag on consumption and the national labor market recovery related to the on-gong fiscal and job retrenchment at many state and local governments around the U.S. as the public sector completes its de-leveraging process,

  (3) The widening slowdown among key economies in the emerging world (most notably mainland China[2])—which is feeding the wall of worry even as it helps to ease back somewhat on commodity prices (such as oil),

  (4) The ongoing weak condition of housing and real estate markets—which only now are showing real signs of firming, and

  (5) The domestic political uncertainty in Washington—which has raised doubts about the ability of the Congress and the White House to come together to address important policy imperatives such as the rising federal deficit and the looming fiscal cliff which threaten to push the U.S. economy back into recession around mid-fiscal year 2013.

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[1] Recent estimates of inflation-adjusted output supports this assertion. Even so, the current economic recovery-expansion will likely go down in the record books as the slowest of the post-World War II period.

[2] Although it is ironic that the definition of a slowdown in mainland China involves GDP growth rates that exceed 7% per year—down from GDP growth rates that have routinely exceeded 10+%.

- All of these issues are acting to undermine investor, business, and consumer confidence, which is one of the main factors preventing a firming of the struggling economic expansion-recovery.

- However, despite the unexpected replay of the Spring-Summer economic slowdown again this year, fiscal year 2012 revenues tracked very close to the consensus forecast expectations.[3]

  - On a combined basis, the net revenues available to the G-Fund, T-Fund, and E-Fund [Partial] finished the year +$1.76 million or +0.1% ahead of the January 2012 consensus revenue forecast.

- From the standpoint of net revenues available to the G-Fund, fiscal year 2012 receipts finished the fiscal year at +$4.80 million or +0.4% ahead of the January 2012 consensus forecast target. (See Table 1 below).

Table 1: Through June Results Versus Target -- General Fund (PRELIMINARY)

FY 2012--Through June Component ($ Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Personal Income	$ 597,006.7	$ 594,600.0	$ 2,406.6	0.4%
Net Sales & Use Tax	$ 227,892.4	$ 226,533.9	$ 1,358.5	0.6%
Corporate Income Tax	$ 85,923.6	$ 77,300.0	$ 8,623.6	11.2%
Meals & Rooms	$ 126,912.6	$ 126,700.0	$ 212.6	0.2%
Property Transfer Tax	$ 7,859.4	$ 8,351.0	$ (491.6)	-5.9%
Estate	$ 13,334.9	$ 19,500.0	$ (6,165.1)	-31.6%
Other	$ 138,094.8	$ 139,236.2	$ (1,141.4)	-0.8%
Total Net General Fund	$ 1,197,024.3	$ 1,192,221.1	$ 4,803.2	0.4%

Basic Data Source: VT Agency of Administration

  - Positive consensus revenue forecast variances in the Corporate Tax, Personal Income Tax, and the consumption taxes despite higher than expected refunding activity in the Personal Income Tax, more than offset weakness in the Estate Tax, Property Transfer Tax, and among several other minor revenue sources.[4]

  - There also were significant variances among the sub-components of the two major income tax sources, which were offset by positive variances elsewhere.

- For the net revenues available to the T-Fund, fiscal year 2012 receipts finished the fiscal year at -$3.2 million or -1.4% below the January 2012 consensus forecast target (See Table 2 below).

[3] All FY2012 receipt data reflect Schedule 2 data as of July 16th.
[4] Such as the Bank Franchise Tax which underperformed primarily due to credit claims activity.

Table 2: Through June Results Versus Target -- Transportation Fund (PRELIMINARY)							
FY 2012--Through June		Cumulative		Cumulative		Dollar	Percent
Component ($ Thousands)		Receipts		Target		Difference	Difference
Gasoline Tax (non-TIB)	$	59,283.5	$	61,132.6	$	(1,849.1)	-3.0%
Diesel Tax (non-TIB)	$	16,002.2	$	15,700.0	$	302.2	1.9%
MvP&U Tax	$	54,604.4	$	55,266.7	$	(662.2)	-1.2%
MvFees	$	73,544.1	$	73,721.5	$	(177.4)	-0.2%
Other Fees-Revenues	$	18,280.9	$	19,100.0	$	(819.1)	-4.3%
Total Transportation Fund (no T	$	221,715.2	$	224,920.8	$	(3,205.6)	-1.4%
Gasoline -TIB	$	20,916.4	$	20,520.1	$	396.3	1.9%
Diesel-TIB	$	1,920.5	$	2,100.0	$	(179.5)	-8.5%
Total Transportation Fund (w/TI	$	244,552.0	$	247,540.9	$	(2,988.8)	-1.2%
Basic Data Source: VT Agency of Administration							

- The fiscal year 2012 revenue under-performance included 4 of the 5 major T-Fund components—with the lone exception being the Diesel Tax.

- Of the -$3.2 million T-Fund revenue forecast variance for the entire 2012 fiscal year, roughly ¾ emerged during the month of June after nominal dollar collections for the month came in at 5.2% below nominal dollar collections for the month of June of fiscal year 2011.

▪ For the net revenues available to the E-Fund, fiscal year 2012 receipts finished the fiscal year at -$0.21 million or -0.1% below expectations relative to the January 2012 consensus forecast target (See Table 3 below).

Table 3: Through June Results Versus Target -- Education Fund (PRELIMINARY)							
FY 2012--Through June		Cumulative		Cumulative		Dollar	Percent
Component ($ Thousands)		Receipts		Target		Difference	Difference
Sales & Use Tax	$	113,944.5	$	113,266.1	$	678.4	0.6%
MvP&U Tax	$	27,302.2	$	29,162.4	$	(1,860.1)	-6.4%
Lottery	$	22,328.1	$	21,300.0	$	1,028.1	4.8%
Interest	$	41.7	$	100.0	$	(58.3)	-58.3%
Total Education Fund [Partial]	$	163,616.5	$	163,828.5	$	(211.9)	-0.1%
Basic Data Source: VT Agency of Administration							

▪ The Sales & Use Tax and the Lottery components offset the revenue forecast underperformance in the MvP&U Tax component and the Net Interest component.

▪ These results continue a generally positive revenue forecasting record for state's principal revenue aggregates since fiscal year 2006—a period covering 7 fiscal years. This period includes the difficult period surrounding and during the "Great Recession" and the still fragile and sluggish economic-job market upturn.

- In the G-Fund, the average forecast error over this period has been 2.0%,

- In the T-Fund, the average forecast error over this period was 1.7%,

- In the E-Fund [Partial], the average forecast error over this period was 1.5%, and

- For all funds on a combined basis, the average forecast error was 1.5%.

- In addition, over the period, the mix between positive forecast misses (at 47%) and negative misses (at 53%) were roughly equally divided.

▪ Given the above context, the staff recommendation generally calls for a relatively minor downgrade in the consensus revenue forecast over the fiscal 2013-14 period—reflecting a mix of the ramifications of the recent economic slowdown and various changes made to components in all three major funds (See Table 4 below).

Table 4: Staff Recommended Consensus Forecast Update-Difference from January FY 2012 Forecast

	2013		2014	
	Dollars	Percent	Dollars	Percent
General Fund	$2.3	0.2%	($9.8)	0.2%
Transportation Fund	$1.3	0.6%	$0.4	0.2%
Education Fund [Partial]	$0.0	0.0%	$5.5	3.1%
Total--"Big 3 Funds"	$3.6	0.2%	($3.9)	-0.2%
MEMO: TIB:				
Gasoline	$0.1	0.7%	$0.1	0.3%
Diesel	$0.2	8.4%	$0.1	4.4%
Total TIB	$0.3	1.3%	$0.2	0.7%
Fuel Gross Receipts	($0.1)	-1.2%	($0.1)	-1.2%

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- Year-to-year dollars changes in the staff recommended forecast reflect legislative changes—including the re-structured Electrical Energy Tax in the G-Fund beginning in fiscal 2013, the T-Fund Fee changes beginning in fiscal 2013, and the change in the Sales & Use Tax E-Fund allocation—which will boost E-Fund revenues but decrease G-Fund revenues starting in fiscal year 2014.

- More specifically, the staff recommended consensus forecast includes only a slight increase in the “Available to the General Fund” revenues forecast for fiscal 2013 at +$2.8 million—well below the staff recommended $9.4 million forecast for the Electrical Energy Tax beginning in fiscal year 2013.[5]

    - For fiscal year 2014, the staff recommended forecast includes a -$9.8 million forecast downgrade—again this downgrade occurs despite a restructured $11.4 million Electrical Energy Tax for that year (Again versus a $0.0 million assumption for the old Electrical Energy Tax for fiscal year 2014 in the January 2012 consensus forecast recommendation).

- The staff recommendation of the T-Fund aggregate is for a forecast of $232.4 million in revenue “Available to the transportation Fund” for fiscal year 2013, and a $239.3 million staff recommended forecast for 2014.

    - Relative to the consensus revenue forecast of last January, these forecasts correspond to a relatively small +$1.3 million (or +0.6% from the forecast of last January) upward adjustment for fiscal year 2013, and an even smaller +$0.4 million (or +0.2% from the forecast of last January) upward adjustment for fiscal year 2014.

    - These forecast changes are unexpectedly small in both fiscal year 2013 and fiscal year 2014 given the Transportation Fund fee legislation passed last session—which was expected to boost receipts by closer to $6.0 million for each fiscal year.

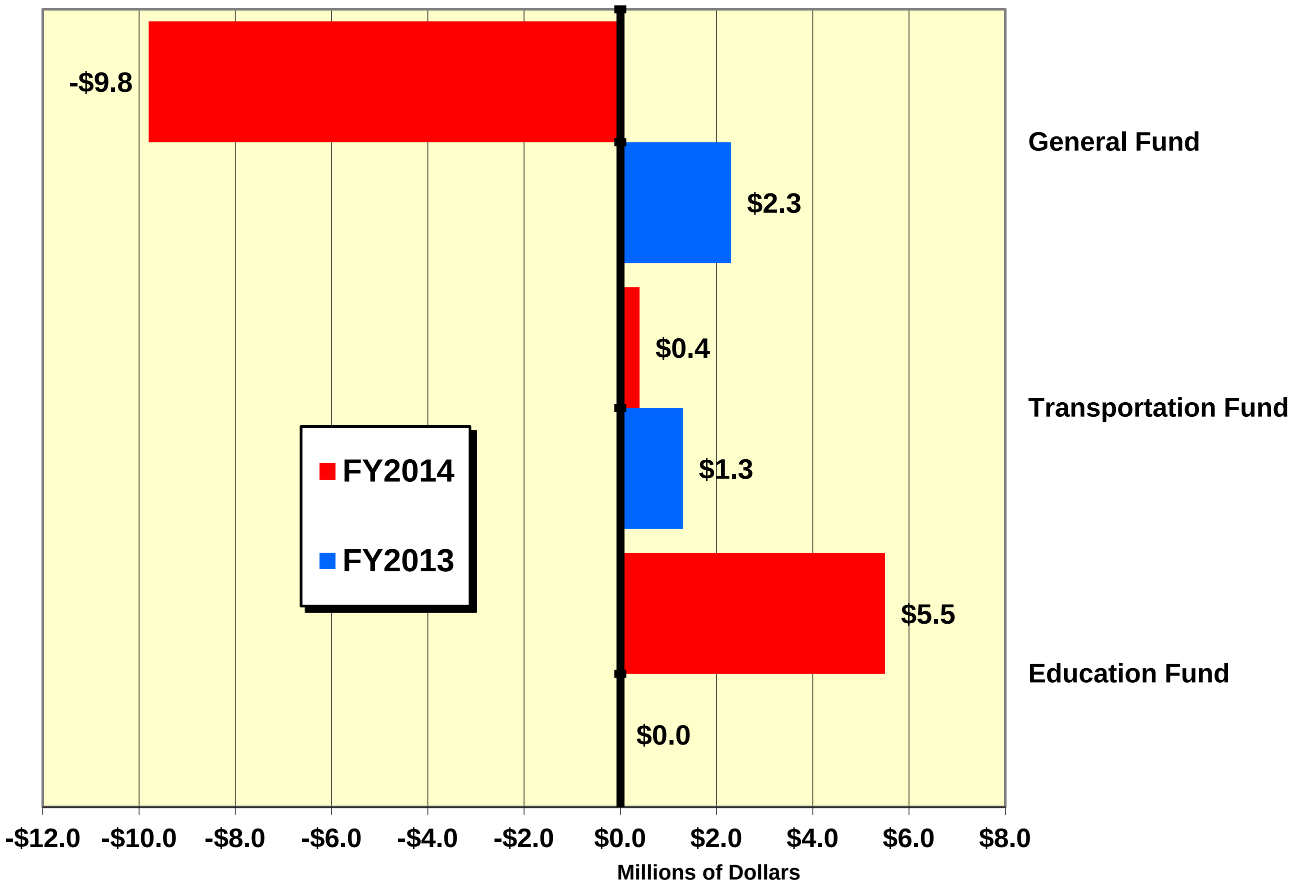
- For the Education Fund [Partial] revenue aggregate, the staff recommends a $168.63 million annual forecast for fiscal year 2013 and a $180.5 million annual forecast for fiscal year 2014.

    - Those staff recommended forecasts correspond to a “no change” forecast for the E-Fund for fiscal year 2013 from the consensus forecast of last January, and a +$5.5 million (or a +3.1%) forecast upgrade for fiscal year 2014 from the consensus forecast of last January.

    - The forecast upgrade for fiscal year 2014 mainly reflects the change in Sales & Use Tax from 33% of the source collections total to 35% of the source collections total effective July 1, 2013.

[5] This is from an assumption of $0 dollars in the old Electrical Energy Tax as presented in the January 2012 consensus forecast.

Recommended Net Revenue Changes from Jan. 2012 Forecast



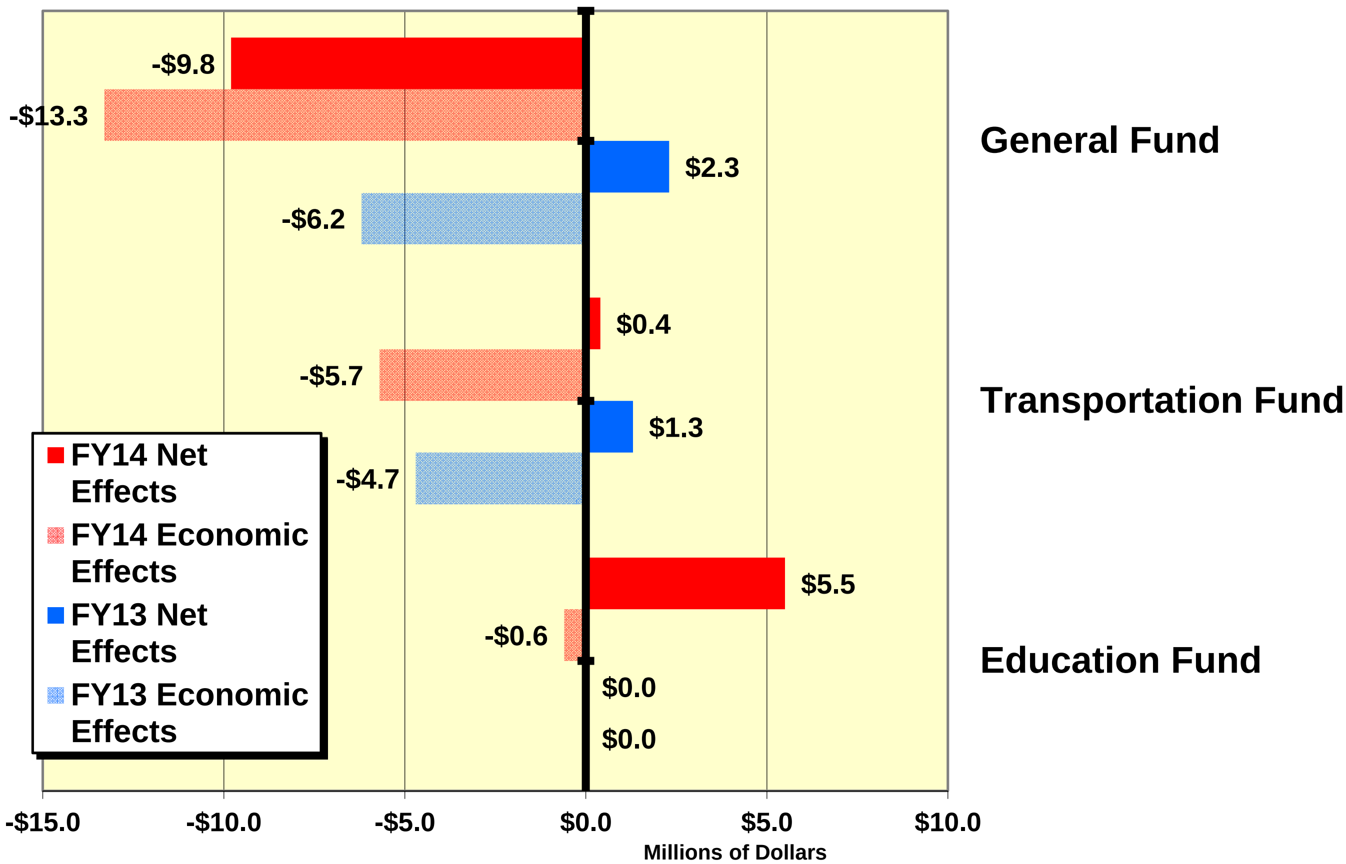
- As mentioned above, the analysis of changes relative to the January consensus revenue forecast reflect a mix of the changes to several of the revenue components and recent—and largely negative—developments in the economic environment that these revised forecasts will be operating within.

    - The chart below attempts to roughly delineate the impacts of the various changes versus the economy for informational purposes.

    - The chart illustrates that, but for the changes, all three fund aggregates would have received slight to minor forecast downgrades—versus some forecast upgrades.

- For example in the G-Fund, the total approximate "apples-to-apples" forecast downgrade would have been nearly $10 million for fiscal year 2013 and the forecast downgrade for fiscal year 2014 would have been well in excess of $20 million.

Recommended Net Revenue Changes from January 2012 Forecast



- In addition to the above, staff also recommends a Fuel Gross Receipts Tax forecast of $802 million for fiscal year 2013 and $8.2 million for fiscal year 2014.

  - Those staff recommended forecasts represent a decrease of $0.1 million (or 1.2% versus the January 2012 consensus forecast update) for fiscal year 2013, and a -$0.1 million (or -1.2%) downgrade for fiscal year 2014 relative to the January 2012 consensus revenue forecast.

- In many respects, the staff recommended G-Fund forecast represents only a significant reduction in the rate of expected revenue growth—after adjustments for legislative changes—relative to the consensus forecast of last January.

  - After adjustment for tax changes, the nearly $10 million reduction in the staff recommended G-Fund consensus forecast would still correspond to a relatively healthy 4.5% fiscal year-over-fiscal year revenue change.

- The same cannot be said for the staff recommended T-Fund forecast for fiscal year 2013, as the after fee changes forecast number for fiscal year 2013 would have been negative using a fiscal year-to-fiscal year comparison.[6]

▪ Given the above revenue trends (which included a surprisingly weak month for receipts during the month of June 2012), and the significantly scaled back economic forecast for fiscal year 2013 and into fiscal 2014 (see Tables 5 and 6 below), the majority of the forecast risk associated with this updated consensus forecast recommendation remains weighted towards the "downside" of the ledger.

- The risk to the updated staff recommended consensus forecast is weighted "downside" because the updated consensus economic forecast includes: (1) slower output growth for both the U.S. and Vermont economies, (2) an even slower rate of "below trend" labor market recovery than was expected last January—which pushes the "expected firming" of economic growth-recovery momentum farther into calendar year 2013, and (3) an expected federal fiscal policy package that allows the U.S. economy to avoid the upcoming so-called federal "fiscal cliff" which would likely trigger a new U.S. economic recession if the tax increases and expenditure cuts are allowed to go into force next January.

- Offsetting these downside threats are: (1) the continued strong profitability and high productivity of U.S. businesses, (2) the fact that the majority of the macroeconomic variable continue to move I in a positive direction, and (3) the Federal Reserve remains committed to a monetary policy stance that is geared towards maintaining forward momentum for the U.S. economic upturn.

[6] The E-Fund is not included in this discussion-analysis because the staff recommended forecast is for a "zero" change for fiscal year 2013.

Table 5: Comparison of Recent Consensus U.S. Macroeconomic Forecasts December 2010 Through December 2011, Selected Variables, Calendar Year Basis

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Real GDP Growth									
December-10	*1.9*	*0.0*	*-2.6*	*2.9*	*3.9*	*4.5*	*4.4*		
June-11	*1.9*	*0.0*	*-2.6*	*2.9*	*2.7*	*4.2*	*4.1*	*3.4*	
December-11	*1.9*	*-0.3*	*-3.5*	*3.0*	*1.8*	*2.6*	*3.4*	*4.1*	*3.7*
June-12	*1.9*	*-0.3*	*-3.5*	*3.0*	*1.7*	*2.2*	*2.6*	*4.0*	*3.7*
S&P 500 Growth (Annual Avg.)									
December-10	*12.7*	*-17.3*	*-22.5*	*20.5*	*12.4*	*6.8*	*5.8*		
June-11	*12.7*	*-17.3*	*-22.5*	*20.5*	*18.4*	*1.2*	*-2.4*	*1.5*	
December-11	*12.7*	*-17.3*	*-22.5*	*20.3*	*0.0*	*9.2*	*11.5*	*8.7*	*2.9*
June-12	*12.7*	*-17.3*	*-22.5*	*20.3*	*11.4*	*4.8*	*0.6*	*2.1*	*2.1*
Employment Growth (Non-Ag)									
December-10	*1.1*	*-0.6*	*-4.3*	*-0.5*	*1.7*	*2.3*	*3.3*		
June-11	*1.1*	*-0.6*	*-4.4*	*-0.7*	*1.2*	*2.0*	*2.6*	*2.9*	
December-11	*1.1*	*-0.6*	*-4.4*	*-0.7*	*1.0*	*1.0*	*1.5*	*3.0*	*2.0*
June-12	*1.1*	*-0.6*	*-4.4*	*-0.7*	*1.2*	*1.4*	*1.5*	*2.3*	*2.6*
Unemployment Rate									
December-10	*4.6*	*5.8*	*9.3*	*9.6*	*9.5*	*8.0*	*6.4*		
June-11	*4.6*	*5.8*	*9.3*	*9.6*	*9.0*	*8.4*	*7.3*	*5.8*	
December-11	*4.6*	*5.8*	*9.3*	*9.6*	*9.0*	*8.8*	*8.4*	*7.0*	*5.9*
June-12	*.6*	*5.8*	*9.3*	*9.6*	*9.0*	*8.1*	*7.8*	*6.9*	*6.0*
West Texas Int. Crude Oil $/Bbl									
December-10	*72.4*	*99.6*	*61.7*	*79.4*	*93.0*	*96.4*	*97.9*		
June-11	*72.4*	*99.6*	*61.7*	*79.4*	*101.2*	*99.4*	*100.5*	*101.0*	
December-11	*72.4*	*99.6*	*61.7*	*79.4*	*94.7*	*104.2*	*106.5*	*106.8*	*107.0*
June-12	*72.4*	*99.6*	*61.7*	*79.4*	*95.1*	*98.1*	*100.9*	*110.7*	*108.9*
Prime Rate									
December-10	*8.05*	*5.09*	*3.25*	*3.23*	*3.21*	*4.43*	*6.55*		
June-11	*8.05*	*5.09*	*3.25*	*3.25*	*3.24*	*3.63*	*5.05*	*6.69*	
December-11	*8.05*	*5.09*	*3.25*	*3.25*	*3.21*	*3.08*	*3.32*	*4.69*	*6.43*
June-12	*8.05*	*5.09*	*3.25*	*3.25*	*3.25*	*3.13*	*3.12*	*4.30*	*6.02*
Consumer Price Index Growth									
December-10	*2.9*	*3.8*	*-0.3*	*1.6*	*1.5*	*2.6*	*3.0*		
June-11	*2.9*	*3.8*	*-0.3*	*1.6*	*3.0*	*1.9*	*2.5*	*2.7*	
December-11	*2.9*	*3.8*	*-0.3*	*1.6*	*3.2*	*2.1*	*2.4*	*2.9*	*2.4*
June-12	*2.9*	*3.8*	*-0.3*	*1.6*	*3.1*	*1.9*	*1.9*	*2.7*	*2.7*
Avg. Home Price Growth									
December-10	*2.0*	*-3.0*	*-4.0*	*-3.7*	*-1.1*	*0.3*	*1.4*		
June-11	*1.4*	*-4.2*	*-4.5*	*-3.5*	*-4.0*	*0.0*	*1.7*	*4.6*	
December-11	*1.4*	*-4.3*	*-4.6*	*-3.6*	*-3.9*	*-0.4*	*1.0*	*4.1*	*4.7*
June-12	*1.3*	*-4.5*	*-4.8*	*-3.7*	*-3.5*	*-0.9*	*0.0*	*3.1*	*4.7*

Table 6: Comparison of Consensus Administration and JFO Vermont State Forecasts November 2009 Through December 2011, Selected Variables, Calendar Year Basis

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Real GSP Growth									
November-09	*1.7*	*1.7*	*-3.1*	*-0.5*	*4.5*	*5.3*	*4.3*		
June-10	*1.7*	*1.7*	*-0.3*	*3.5*	*4.0*	*5.1*	*3.2*		
December-10	*0.1*	*2.0*	*-0.7*	*3.4*	*4.1*	*5.3*	*3.8*		
June-11	*-0.7*	*0.4*	*-2.3*	*3.2*	*3.5*	*4.0*	*3.9*	*3.0*	
December-11	*-0.7*	*0.4*	*-2.3*	*3.2*	*2.3*	*2.8*	*3.5*	*3.6*	*3.3*
June-12	*-0.8*	*-0.2*	*-3.6*	*4.1*	*0.5*	*2.3*	*2.9*	*3.3*	*3.4*
Population Growth									
November-09	*0.1*	*0.1*	*0.0*	*0.2*	*0.3*	*0.3*	*0.3*		
June-10	*0.1*	*0.1*	*0.1*	*0.1*	*0.3*	*0.3*	*0.3*		
December-10	*0.1*	*0.1*	*0.1*	*0.1*	*0.3*	*0.4*	*0.5*		
June-11	*0.2*	*0.2*	*0.1*	*0.2*	*0.3*	*0.3*	*0.3*	*0.3*	
December-11	*0.2*	*0.2*	*0.1*	*0.2*	*0.3*	*0.3*	*0.3*	*0.4*	*0.3*
June-12	*0.1*	*0.1*	*0.1*	*0.2*	*0.1*	*0.3*	*0.3*	*0.4*	*0.4*
Employment Growth									
November-09	*0.2*	*-0.7*	*-3.8*	*-1.1*	*1.3*	*2.3*	*2.9*		
June-10	*0.2*	*-0.4*	*-3.3*	*-0.4*	*0.8*	*2.2*	*1.9*		
December-10	*0.2*	*-0.4*	*-3.3*	*-0.9*	*0.5*	*1.8*	*2.7*		
June-11	*0.2*	*-0.4*	*-3.2*	*0.1*	*2.6*	*1.0*	*1.9*	*2.4*	
December-11	*0.2*	*-0.4*	*-3.2*	*0.1*	*1.8*	*1.3*	*1.9*	*2.5*	*2.2*
June-12	*0.2*	*-0.3*	*-3.3*	*0.2*	*0.7*	*1.2*	*1.1*	*2.0*	*2.3*
Unemployment Rate									
November-09	*4.0*	*4.8*	*7.2*	*8.1*	*7.4*	*6.0*	*5.1*		
June-10	*3.9*	*4.5*	*6.9*	*6.7*	*6.6*	*5.4*	*4.5*		
December-10	*3.9*	*4.5*	*6.9*	*6.2*	*6.1*	*5.2*	*4.1*		
June-11	*3.9*	*4.5*	*6.9*	*6.2*	*5.7*	*5.5*	*4.6*	*3.4*	
December-11	*3.9*	*4.5*	*6.9*	*6.2*	*5.5*	*5.4*	*5.1*	*4.4*	*3.5*
June-12	*3.9*	*4.6*	*6.9*	*6.4*	*5.6*	*4.8*	*4.7*	*4.3*	*3.9*
Personal Income Growth									
November-09	*6.7*	*4.3*	*1.4*	*1.1*	*2.4*	*3.5*	*5.1*		
June-10	*4.8*	*2.7*	*-0.3*	*2.8*	*3.4*	*5.5*	*6.0*		
December-10	*4.8*	*2.7*	*0.2*	*2.5*	*2.8*	*5.8*	*6.5*		
June-11	*5.5*	*3.7*	*-0.3*	*3.4*	*5.5*	*4.8*	*6.8*	*6.1*	
December-11	*5.5*	*3.7*	*-1.3*	*3.4*	*4.0*	*5.0*	*5.3*	*5.1*	*4.8*
June-12	*5.5*	*4.4*	*-1.3*	*3.4*	*4.3*	*3.3*	*4.4*	*6.0*	*6.2*
Home Price Growth (JFO*)									
November-09*	*3.2*	*0.8*	*-1.8*	*-1.9*	*0.4*	*1.1*	*2.1*		
June-10	*3.1*	*0.4*	*-1.5*	*-2.1*	*0.1*	*1.1*	*2.1*		
December-10	*3.0*	*0.3*	*-1.5*	*-1.3*	*-0.1*	*0.7*	*1.3*		
June-11	*2.9*	*0.1*	*-1.5*	*-0.9*	*0.0*	*0.7*	*1.3*	*1.5*	
December-11	*2.8*	*0.1*	*-1.5*	*-0.8*	*-0.5*	*0.5*	*1.2*	*1.6*	*2.1*
June-12	*2.8*	*0.0*	*-1.6*	*-0.9*	*-0.4*	*0.6*	*1.1*	*1.6*	*2.0*

- More specifically, for the U.S. economy, the consensus economic forecast update differences include:

    1. U.S. GDP growth has been reduced by 0.4 percentage points in calendar 2012, 0.8 percentage points in calendar year 2013, and 0.1 percentage points for calendar 2014.

    2. The rate of payroll job creation was increased by 0.4 percentage points for calendar year 2012—due to the stronger than expected January to March quarter—and was reduced by 0.7 percentage points in calendar 2013.

    3. Although interest rates are expected to be lower due to the expected weakening of output growth and job recovery, energy prices are expected to bounce back up as the upturn gains traction with calendar years 2014 tracking somewhat higher than expected last January.[7]

▪ For Vermont, the updated economic scenario for the state includes a markedly slower pace to output growth and the state's labor market recovery versus that used in last July's consensus forecast update.

- These differences include:

    1. Output growth that is expected to be 0.5 percentage points weaker in calendar 2012 and 0.6 percentage points weaker in calendar year 2014.[8]

    2. The job recovery rate in Vermont is expected to be 0.1 percentage points slower in calendar 2012, be 0.8 percentage points weaker in calendar 2014.[9]

    3. Personal income growth in calendar year 2012 is forecasted to be 0.7 percentage points weaker than was expected last January. Calendar year 2013 is expected to have 0.9 percentage points lower income growth and 0.9 percentage points higher in calendar 2014.[10]

    4. As a general trend, the performance of the state's and U.S.'

[7] There is also a slight increase in oil prices for calendar year 2015.
[8] Output growth is expected to be 0.3 percentage points weaker in calendar 2014 and roughly equal to that expected last January in calendar 2015.
[9] The annual rate of job gains are expected to be and slightly stronger in calendar 2016.relative to expectations in January 2012.
[10] For calendar year 2015, income growth rate will be higher by 1.4 percentage points relative to the January 2012 consensus forecast.

economic variables firm and perform on a significantly higher plane during the calendar 2014-15 period.

- This revised staff recommended forecast is also a bit unusual in that it involves a downgrade at a time when the economic cycle-revenue forecast dynamic should be skewed towards significant revenue forecast upgrades.

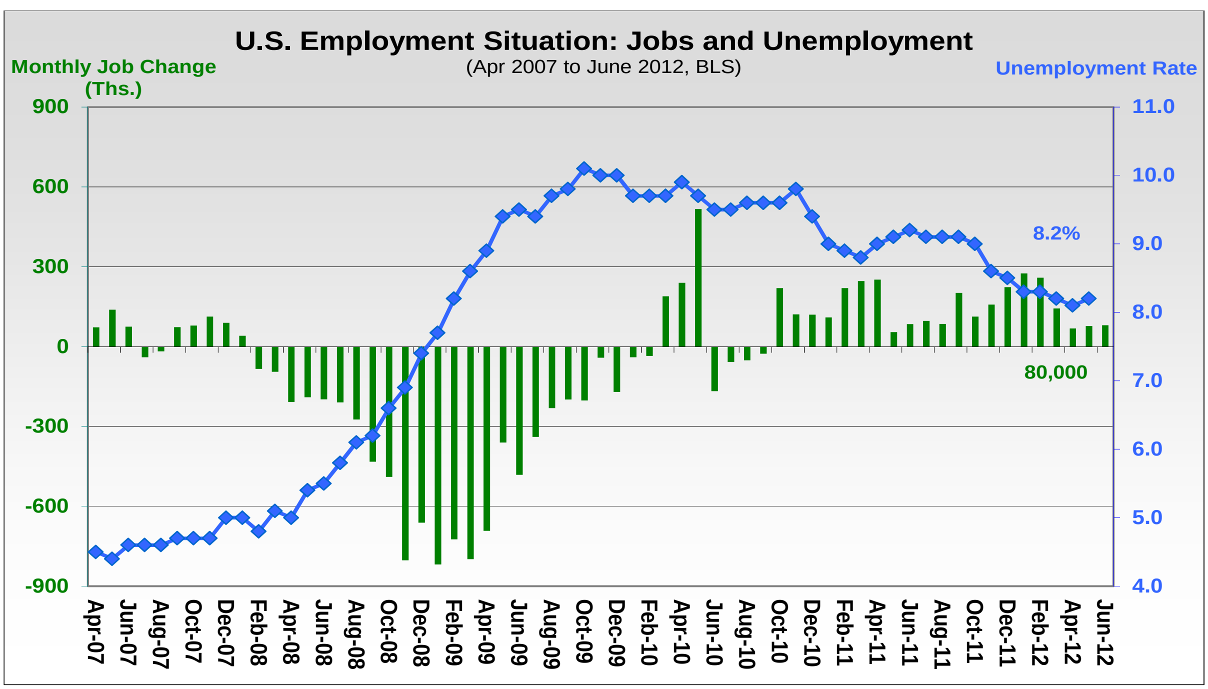
  - The fact that initial forecasting model runs produced significantly lower forecast results and nearly all of the hard economic data suggest that the staff recommendation could have been even lower than what has been presented in this staff recommendation.

II. Summary Observations on the State of the Economy

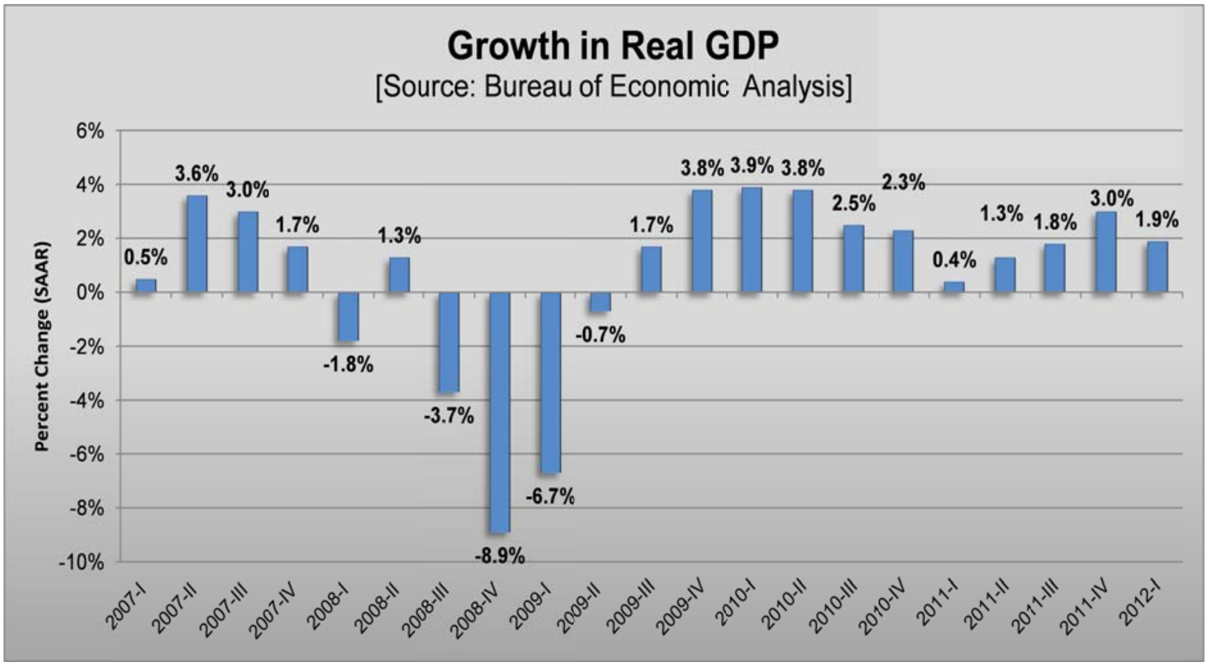
- The first half of calendar year 2012 for the U.S. economy has been split into two sides. The first quarter of the calendar year (corresponding to January through March), saw respectable employment and GDP gains, with slow, but steady declines in the unemployment rate.

  - The second quarter of the calendar year (corresponding to the April through June period), experienced increasingly disappointing output and employment gains.

  - At only 75,000 net new jobs per month during the April to June quarter, job recovery gains were less than half the 222,000 net job gain rate per month experienced during the January to March quarter—and were not anywhere near enough to push the unemployment rate lower.



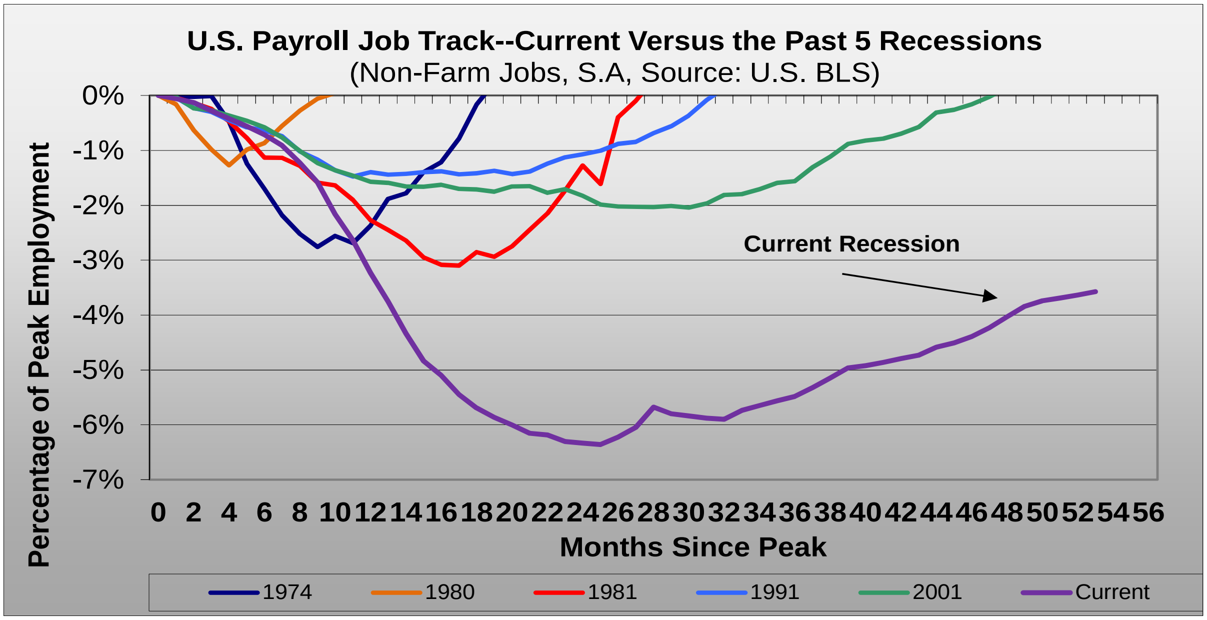
- On the output front, the story is similarly discouraging. First quarter GDP growth for calendar year 2012 (corresponding to the 3rd quarter of fiscal 2012) came in at a sluggish 1.9% seasonally-adjusted annual rate.



- In straight numerical terms, total nonfarm jobs increased by only 80,000 jobs during the month of June—well below the necessary level of job increases needed (at approximately 150,000 jobs per month) to reduce the U.S unemployment rate.

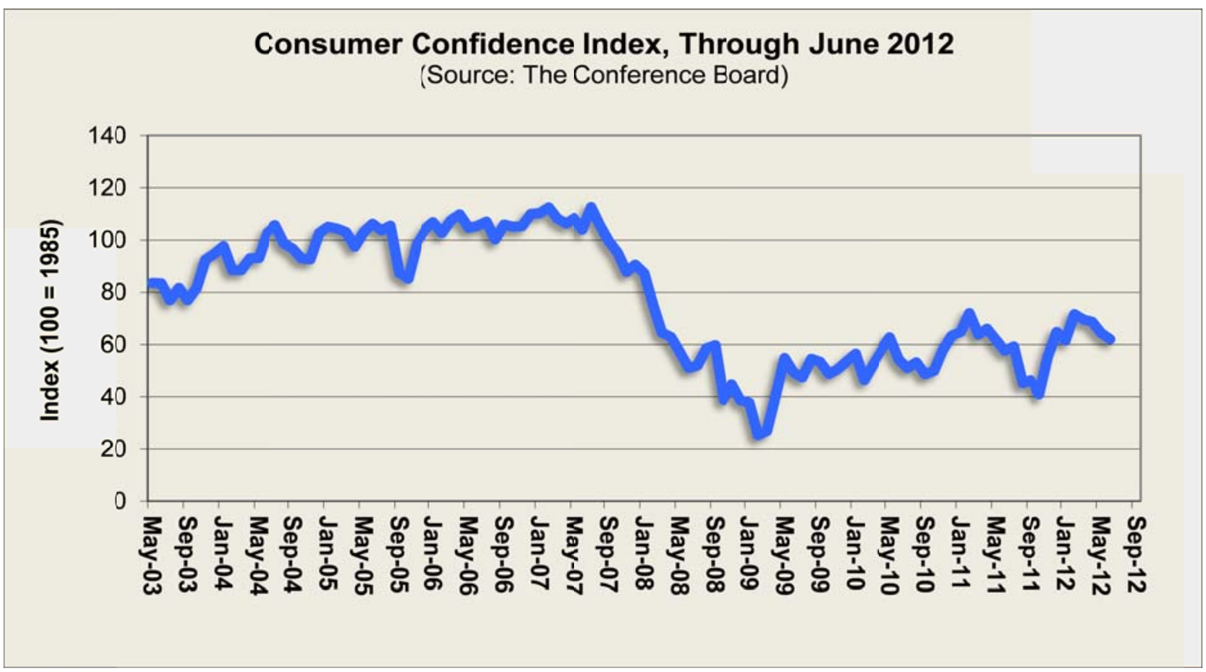
  - In addition, the recovery to date has not come anywhere near what is needed to recover all of the jobs lost during the last downturn—the purple line—representing nearly 5.0 million payroll jobs left to recover—shows that U.S. labor markets have recovered less than 50% of the 8.779 million jobs lost during the last recession.

  - In fact, according to the Moody's Economy.com underlying U.S. economic scenario for the next five years, it is likely that it will be calendar year 2014 before the U.S. labor market shifts from recovery to expansion.



- The frustratingly slow pace of output growth and the labor market recovery continue to undermine the achievement of a "level of confidence" about the future of the economy for either investors, businesses or consumers that would enable the current economic upturn to gain a firmer footing—and move output growth and job gains to a higher level.

    - This is evidenced by the continued "historically low" level of consumer confidence as evidenced by the Consumer Confidence Index numbers from the Conference Board.



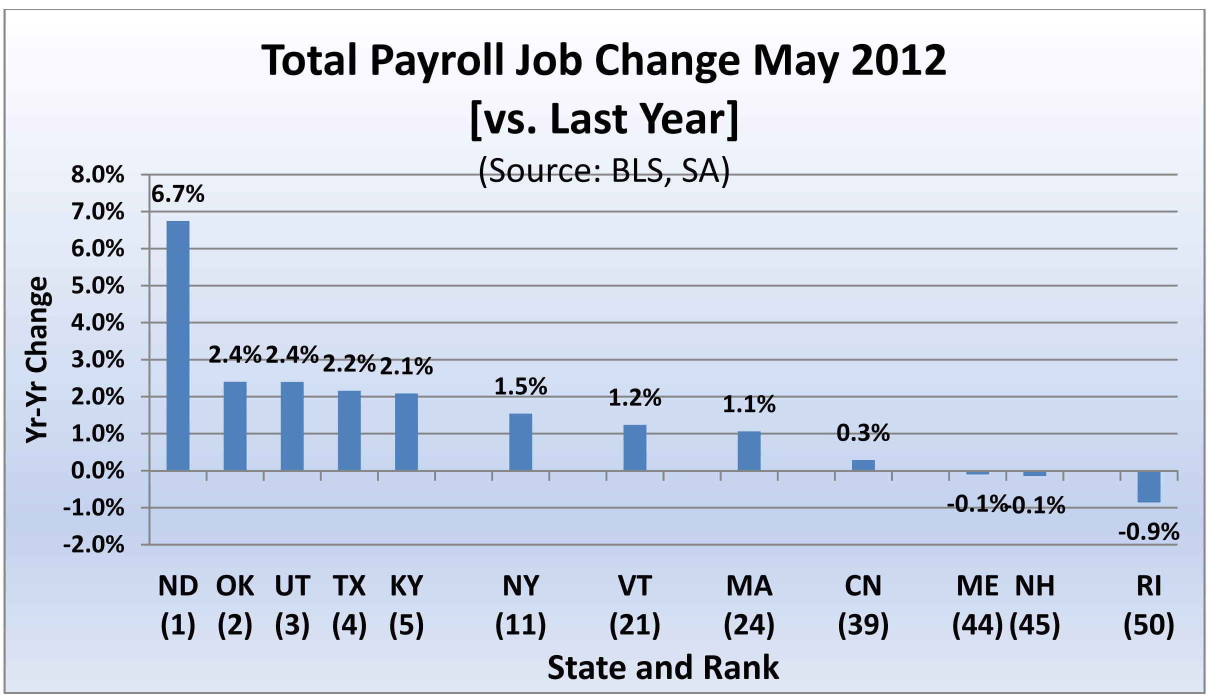
- The Vermont economy over the past 6 months has continued to be on a largely positive path—despite the "Winter that Wasn't" for the state's Winter tourism sector and a Spring slowdown in the rate of labor market recovery from the "Great Recession" that was perhaps a "seasonal factor" reflection of the state's unusually warm and snowless Winter.

  .

  - So far, the state has recovered about 8,100 of the 13,600 payroll jobs lost during the last economic downturn—about 59.6% of the total.

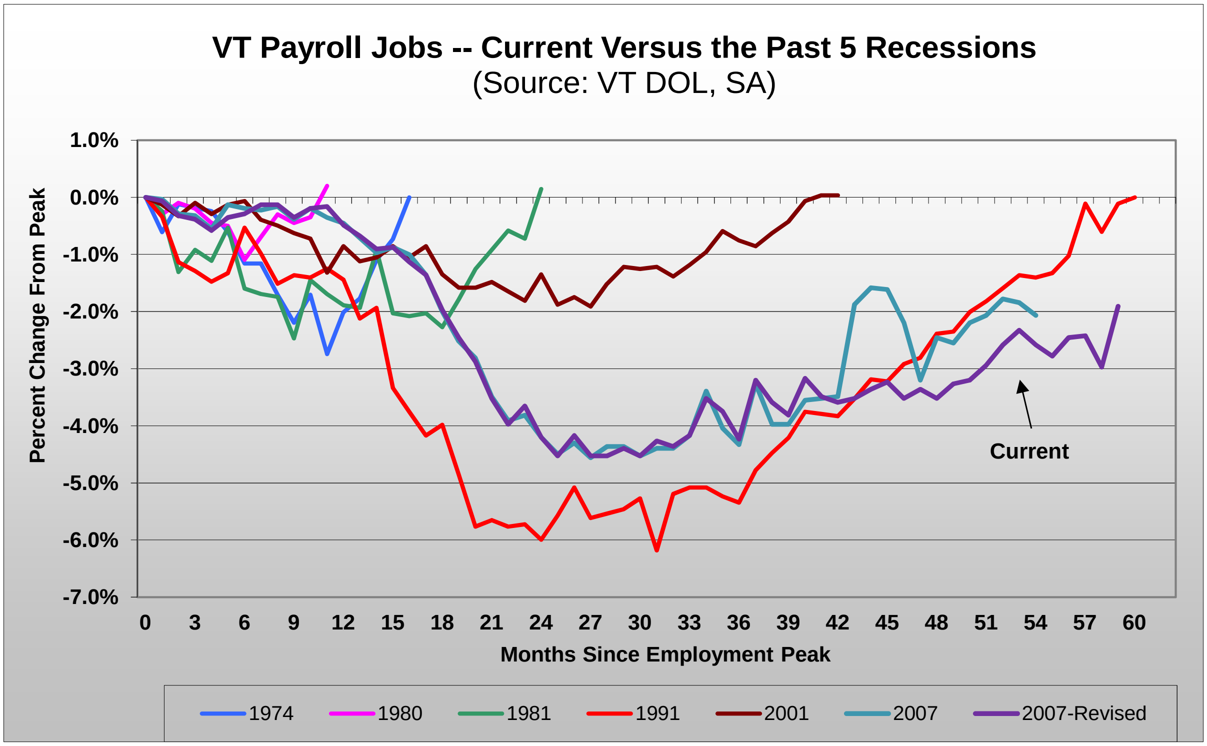
  - It seems apparent that Irene recovery expenditures are aiding the state's economic recovery following a well-worn path of disaster recovery dynamics that have occurred in other parts of the country that have "recovered" from storm or other natural disasters with federal aid.

- As a result, the state's comparative job change record has regained some ground and moved to a relatively strong position ranking 21st (at +1.2% in May 2012 versus May of 2011) and 12th (at 1.9% in May 2012 versus May of 2011)—in both cases Vermont is the highest ranked New England state.



- Job numbers for the state indicate a choppy, but still overall improving trend in Vermont labor markets over the last six months through May.

- The 2012 re-benchmark revision was negative for Vermont, which smoothed out a big and unsubstantiated spike in jobs (see the chart below).



- On a year-over-year basis through May 2012, a total of 4,800 private sectors jobs (or +1.3% versus last year) have been added—the last month data was available.

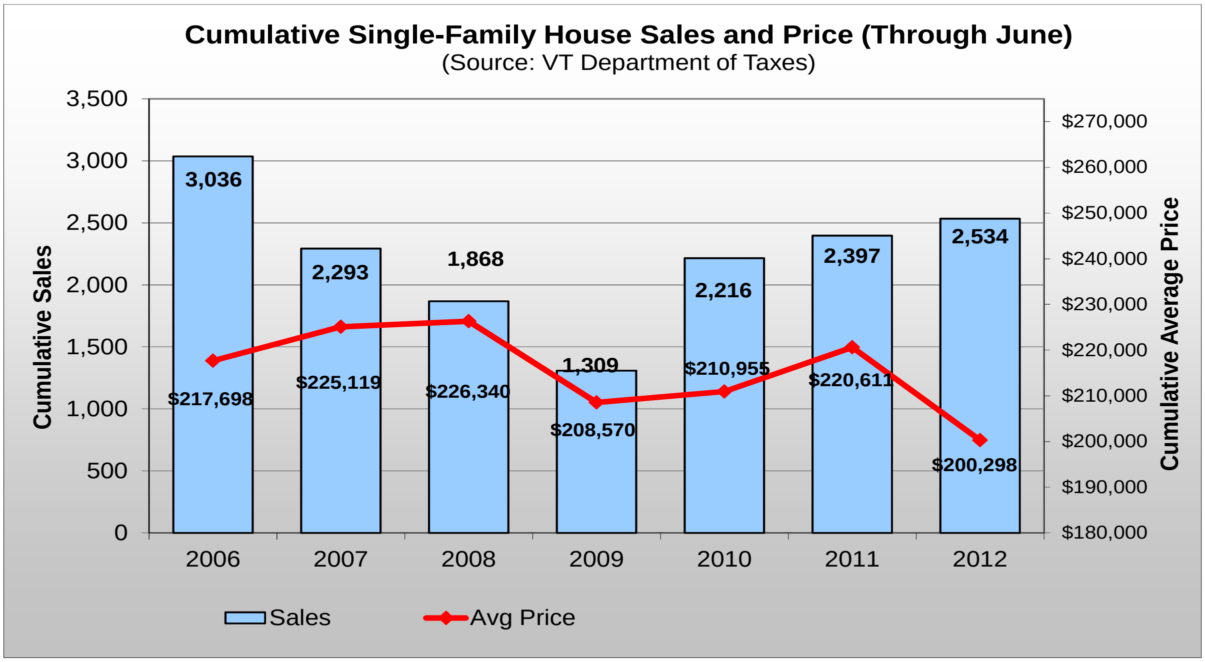
  - Year-over-year increases of significance were found in Professional and Business Services (+2,500 jobs or +10.1% versus last year), Retail trade (at 1,350 jobs or +3.6%), Manufacturing (at 500 jobs or +1.6% year-over-year), Manufacturing (+400 jobs or +1.3%), and Construction (at +400 jobs or +2.9% year-over-year).

  - The Government sector had an overall negative performance overall at -1,050 jobs or -1.9% year-over-year)—due to the Local sub-category.

  - Another losing category that was not a surprise was the Leisure & Hospitality sector (at -250 jobs or -0.8% over the past year).

  - Financial Activities and Information categories were flat on a year-over-year basis May 2012 versus May 2011.

- Turning to Vermont's housing market using tax data from the Vermont Department of Taxes,[11] the chart below shows Vermont's single-family home sales volume and average sales price from January 1, 2012 through June 30, 2012—in comparison to the previous five years.



- Overall, the data indicate that Vermont's housing market shows a significant increase in transactions activity through the month of June.

  - So far, the year-to-date single family sales in 2012 have outpaced previous years, except for the first six months of calendar year 2006.

  - Against the backdrop of increased transaction volume is apparently some softness in the average sales price—with 2012's cumulative average sales price at roughly $195,600—a level roughly $11,545 lower than the average for January through June of 2011.

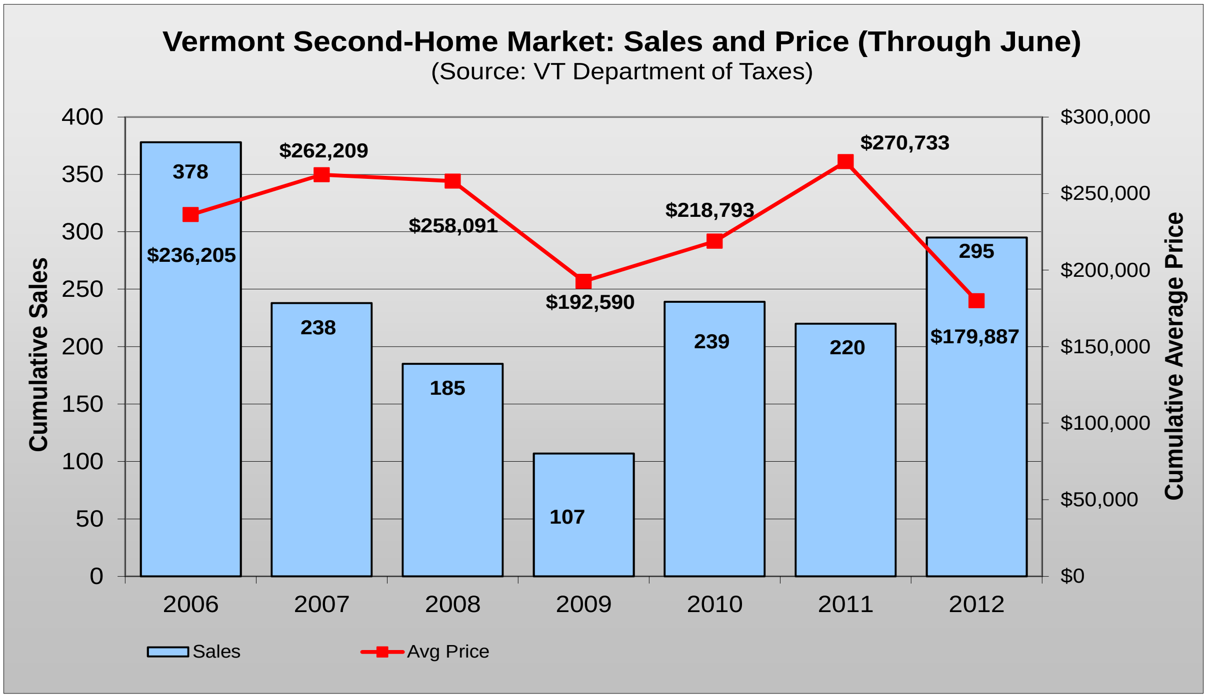
  - At this point, it is unclear just what specifically is driving the price decline—although it could simply be a mix factor for sales where the lower end of the market is moving in response to record low mortgage interest rates.

- With respect to Vermont's second home market over the same 6 month period, the data likewise shows that while the sales volume

[11] Which sometimes is affected by the timing of the Tax Department's processing times.

through June is up—the through June activity not yet anywhere near the high water mark for transactions back in 2006.

- However, while volume has come back, it has apparently come at the expense of average sales price—which is off last year's comparable total by almost $91,000 or 33.6%.



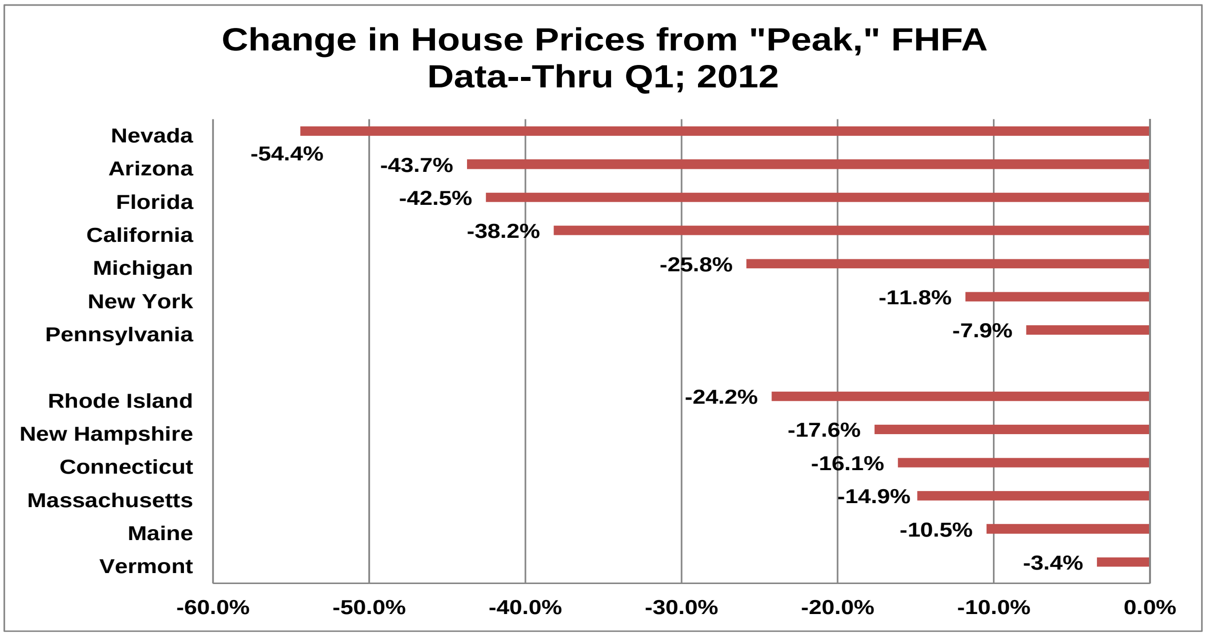
- Explanations vary for why the dynamics in the second home market have developed this way.
  - Some interplay with the vacation home rental market dynamics and the "Winter that Wasn't" is likely.
  - This trend deserves close scrutiny as we look for signs of a housing market "bottom."
- The case for a "bottoming" in the housing market may be brightening given the Q1:2012 housing price data[12] from the Federal Housing Finance Agency (the FHFA)—which indicated that a number of states in the U.S. (nineteen) have experienced a modest level of price increases over the last year (Q1:29012 versus Q1:2011)—versus only four a quarter earlier.

[12] This index measures the price change for sales of new and repeat sales of properties that are funded by traditional mortgage financing.

- Vermont was in fact one of those 19 "possible" price turnaround states in the first quarter with a small year-over-year increase of 0.6%.

▪ Vermont through Q1:2012 is still in the negative category from peak to trough at -3.4% peak-to-trough price decline (See the chart below).

- While that performance still ranks as one of the lowest price declines among the 50 states, it suggests that it is still incumbent on the house price data to prove themselves "real and sustained" before a housing "bottom" conclusion can be safely reached.



▪ Even with that encouraging information from the FHFA housing price index, construction activity (using F.W. Dodge Contract Award data) in Vermont continues to be weak in Vermont as reported by FW Dodge.

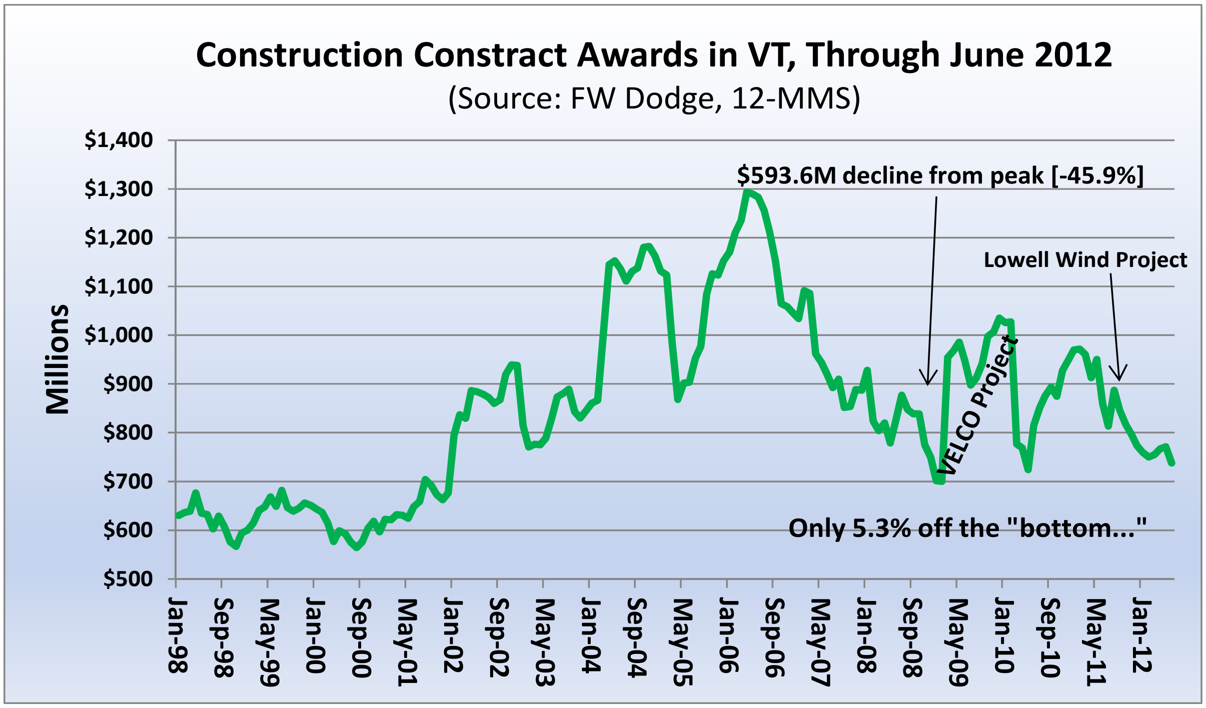
- As of June 2012, residential construction activity remains very anemic, and private nonresidential is showing few firm signs of beginning a recovery.

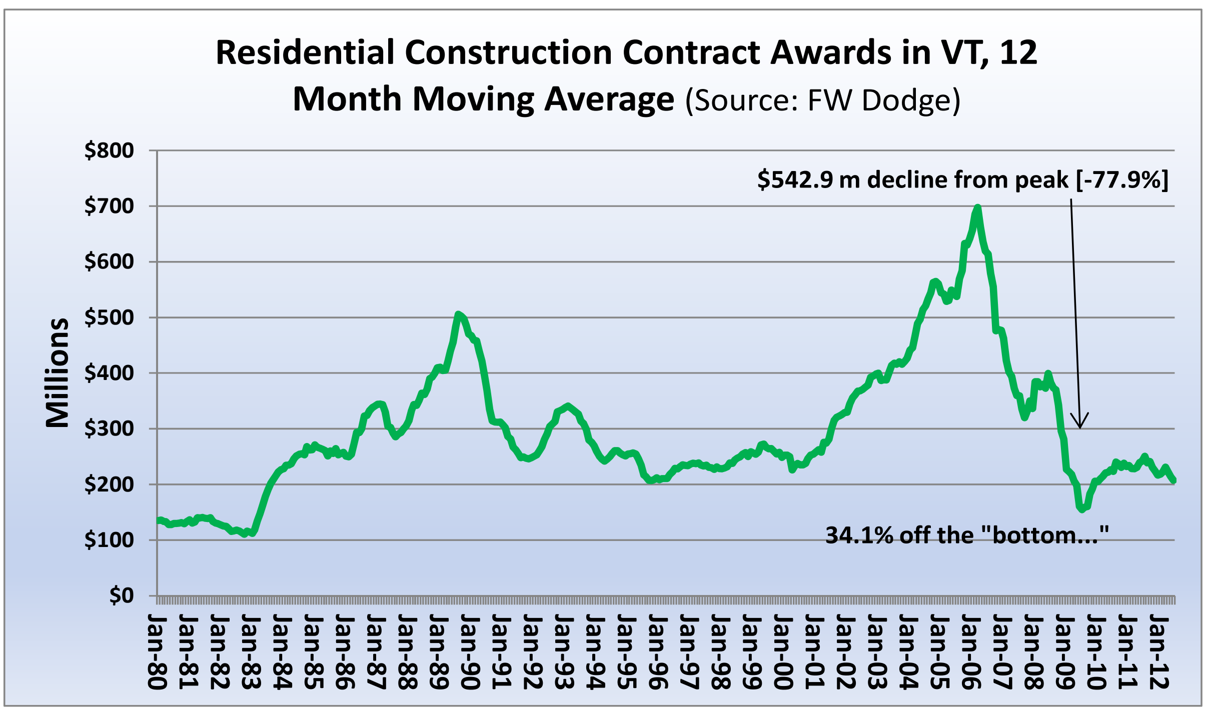
- Non-building construction and public nonresidential construction categories appear to be benefitting from Irene recovery spending and the Lowell wind farm construction but remain at very low levels.

- Data for all construction activity appears to have been only off of its cyclical low by 5.3%, a surprisingly slow pace of recovery.

- 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)

- Residential numbers look somewhat more positive—though they too remain at historically low levels.





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 2013 and 2014 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/ADMINISTRATION
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2012

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** *(Preliminary)*	**%** Change	**FY 2013** *(Forecast)*	**%** Change	**FY 2014** *(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%	$633.4	6.1%	$686.7	8.4%
Sales & Use*	$338.4	1.4%	$321.2	-5.1%	$311.1	-3.1%	$325.6	4.7%	$341.8	5.0%	$352.3	3.1%	$364.0	3.3%
Corporate	$74.6	2.4%	$66.2	-11.3%	$62.8	-5.1%	$89.7	42.7%	$85.9	-4.2%	$84.4	-1.8%	$86.9	3.0%
Meals and Rooms	$121.1	5.4%	$117.1	-3.3%	$118.0	0.8%	$122.6	4.0%	$126.9	3.5%	$131.4	3.6%	$136.5	3.9%
Cigarette and Tobacco**	$59.2	-7.9%	$64.1	8.3%	$70.1	9.2%	$72.9	4.0%	$80.1	9.9%	$77.4	-3.4%	$75.3	-2.7%
Liquor and Wine	$14.2	3.7%	$15.0	6.0%	$14.9	-1.0%	$15.4	3.1%	$16.4	7.0%	$16.8	2.3%	$17.2	2.4%
Insurance	$54.8	3.8%	$53.7	-2.1%	$53.3	-0.9%	$55.0	3.3%	$56.3	2.5%	$57.9	2.8%	$59.5	2.8%
Telephone	$9.5	-4.6%	$9.1	-3.8%	$7.9	-13.9%	$11.4	44.4%	$9.6	-15.3%	$9.5	-1.3%	$9.4	-1.1%
Beverage	$5.6	1.9%	$5.6	0.3%	$5.7	0.4%	$5.8	2.2%	$6.0	3.3%	$6.1	2.1%	$6.2	1.6%
Electric**	$2.7	3.3%	$2.8	4.0%	$2.9	2.5%	$2.9	0.8%	$2.9	0.3%	$9.4	220.8%	$11.4	NM
Estate***	$15.7	-11.9%	$23.4	49.1%	$14.2	-39.5%	$35.9	153.3%	$13.3	-62.8%	$20.2	51.5%	$21.8	7.9%
Property	$34.0	-13.5%	$25.9	-23.7%	$23.8	-8.2%	$25.6	7.7%	$24.1	-6.0%	$26.4	9.6%	$28.6	8.3%
Bank	$10.2	-3.4%	$20.6	102.5%	$10.4	-49.7%	$15.4	49.0%	$10.7	-30.9%	$10.4	-2.4%	$10.3	-1.0%
Other Tax	$3.2	-51.1%	$2.8	-12.7%	$3.7	32.1%	$3.7	1.7%	$1.2	-66.7%	$3.2	158.7%	$3.6	12.5%
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%	$1,438.8	4.8%	$1,517.4	5.5%
Business Licenses	$2.7	-1.0%	$3.0	9.4%	$3.0	-0.2%	$2.9	-1.2%	$3.0	3.4%	$3.1	1.7%	$3.2	3.2%
Fees	$14.7	3.6%	$19.1	29.5%	$19.2	0.9%	$20.5	6.4%	$20.9	2.1%	$21.6	3.4%	$22.3	3.2%
Services	$1.7	15.9%	$1.5	-11.0%	$1.2	-19.9%	$1.1	-8.7%	$2.3	105.8%	$1.4	-39.9%	$1.5	7.1%
Fines	$4.4	38.6%	$9.8	122.0%	$7.4	-24.8%	$5.7	-22.2%	$7.4	28.7%	$6.9	-6.3%	$7.2	4.3%
Interest	$3.9	10.1%	$1.4	-63.9%	$0.6	-57.0%	$0.3	-46.0%	$0.5	38.3%	$0.6	31.6%	$1.2	100.0%
Lottery	$22.7	-2.5%	$20.9	-7.7%	$21.6	3.0%	$21.4	-0.7%	$22.3	4.2%	$22.4	0.3%	$22.7	1.3%
All Other	$0.6	-44.1%	$0.2	-64.7%	$0.3	57.4%	$0.7	115.7%	$0.9	19.7%	$0.6	-32.9%	$0.7	16.7%
Total Other Revenue	$50.9	2.5%	$56.0	10.0%	$53.3	-4.7%	$52.8	-1.1%	$57.3	8.6%	$56.6	-1.3%	$58.8	3.9%
TOTAL GENERAL FUND	**$1,416.4**	**3.0%**	**$1,313.9**	**-7.2%**	**$1,249.9**	**-4.9%**	**$1,387.9**	**11.0%**	**$1,429.7**	**3.0%**	**$1,495.4**	**4.6%**	**$1,576.2**	**5.4%**
OTHER														
Fuel Gross Receipts Tax	$7.3	6.2%	$7.5	3.7%	$6.7	-10.6%	$7.5	11.5%	$7.7	2.9%	$8.0	3.4%	$8.2	2.5%

* 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, pending legal and regulatory rulings, and excludes all appropriations to the Clean Energy Development Fund and Education Fund.

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

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2012

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** *(Actual)*	**%** Change	**FY 2012** *(Preliminary)*	**%** Change	**FY 2013** *(Forecast)*	**%** Change	**FY 2014** *(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%	$597.0	7.9%	$633.4	6.1%	$686.7	8.4%
Sales and Use*	$222.5	2.6%	$225.6	1.4%	$214.1	-5.1%	$207.4	-3.1%	$217.1	4.7%	$227.9	5.0%	$234.9	3.1%	$236.6	0.7%
Corporate	$72.8	-4.1%	$74.6	2.4%	$66.2	-11.3%	$62.8	-5.1%	$89.7	42.7%	$85.9	-4.2%	$84.4	-1.8%	$86.9	3.0%
Meals and Rooms	$114.9	2.8%	$121.1	5.4%	$117.1	-3.3%	$118.0	0.8%	$122.6	4.0%	$126.9	3.5%	$131.4	3.6%	$136.5	3.9%
Cigarette and Tobacco	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Liquor	$13.7	4.0%	$14.2	3.7%	$15.0	6.0%	$14.9	-1.0%	$15.4	3.1%	$16.4	7.0%	$16.8	2.3%	$17.2	2.4%
Insurance	$52.9	0.8%	$54.8	3.8%	$53.7	-2.1%	$53.3	-0.9%	$55.0	3.3%	$56.3	2.5%	$57.9	2.8%	$59.5	2.8%
Telephone	$10.0	-4.0%	$9.5	-4.6%	$9.1	-3.8%	$7.9	-13.9%	$11.4	44.4%	$9.6	-15.3%	$9.5	-1.3%	$9.4	-1.1%
Beverage	$5.5	1.3%	$5.6	1.9%	$5.6	0.3%	$5.7	0.4%	$5.8	2.2%	$6.0	3.3%	$6.1	2.1%	$6.2	1.6%
Electric**	$2.6	1.2%	$2.7	3.3%	$2.8	4.0%	$2.9	2.5%	$2.9	0.8%	$2.9	0.3%	$9.4	220.8%	$11.4	21.3%
Estate***	$17.8	-32.1%	$15.7	-11.9%	$21.9	39.4%	$14.2	-35.2%	$24.9	75.6%	$13.3	-46.4%	$20.2	51.5%	$21.8	7.9%
Property	$12.8	-4.5%	$10.7	-16.3%	$8.5	-21.1%	$7.8	-8.2%	$8.4	7.6%	$7.9	-6.1%	$8.5	8.6%	$9.2	8.3%
Bank	$10.5	3.6%	$10.2	-3.4%	$20.6	102.5%	$10.4	-49.7%	$15.4	49.0%	$10.7	-30.9%	$10.4	-2.4%	$10.3	-1.0%
Other Tax	$6.5	-10.2%	$3.2	-51.1%	$2.8	-12.7%	$3.7	32.1%	$3.7	1.7%	$1.2	-66.7%	$3.2	158.7%	$3.6	12.5%
Total Tax Revenue	$1,123.7	3.3%	$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%	$1,226.1	5.5%	$1,295.3	5.6%
Business Licenses	$2.8	-1.0%	$2.7	-1.0%	$3.0	9.4%	$3.0	-0.2%	$2.9	-1.2%	$3.0	3.4%	$3.1	1.7%	$3.2	3.2%
Fees	$14.2	7.4%	$14.7	3.6%	$19.1	29.5%	$19.2	0.9%	$20.5	6.4%	$20.9	2.1%	$21.6	3.4%	$22.3	3.2%
Services	$1.5	17.1%	$1.7	15.9%	$1.5	-11.0%	$1.2	-19.9%	$1.1	-8.7%	$2.3	105.8%	$1.4	-39.9%	$1.5	7.1%
Fines	$3.2	-2.1%	$4.4	38.6%	$9.8	122.0%	$7.4	-24.8%	$5.7	-22.2%	$7.4	28.7%	$6.9	-6.3%	$7.2	4.3%
Interest	$4.9	43.9%	$5.3	7.2%	$1.2	-77.8%	$0.5	-54.7%	$0.3	-45.9%	$0.4	44.9%	$0.5	20.7%	$1.1	120.0%
All Other	$1.1	365.2%	$0.6	-44.1%	$0.2	-64.7%	$0.3	57.4%	$0.7	115.7%	$0.9	19.7%	$0.6	-32.9%	$0.7	16.7%
Total Other Revenue	$27.7	14.3%	$29.5	6.5%	$34.8	18.0%	$31.7	-8.8%	$31.3	-1.2%	$34.9	11.7%	$34.1	-2.4%	$36.0	5.6%
TOTAL GENERAL FUND	**$1,151.4**	**3.5%**	**$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%**	**$1,260.2**	**5.3%**	**$1,331.3**	**5.6%**

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

** Assumes Vermont Yankee continues to operate, pending legal and regulatory rulings, and excludes all appropriations to the Clean Energy Development Fund and Education Fund.

TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2012

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** *(Actual)*	% Change	**FY 2012** *(Preliminary)*	% Change	**FY 2013** *(Forecast)*	% Change	**FY 2014** *(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%	$59.3	-2.2%	$60.3	1.7%	$61.4	1.8%
Diesel	$18.0	1.7%	$16.6	-7.8%	$15.5	-6.5%	$15.1	-2.6%	$15.4	2.0%	$16.0	3.9%	$16.2	1.2%	$16.7	3.1%
Purchase and Use*	$80.6	0.4%	$79.0	-2.0%	$65.9	-16.6%	$69.7	5.7%	$77.1	10.5%	$81.9	6.3%	$86.1	5.1%	$90.8	5.5%
Motor Vehicle Fees	$65.4	14.1%	$67.5	3.2%	$65.5	-3.0%	$72.5	10.7%	$72.3	-0.3%	$73.5	1.7%	$79.8	8.5%	$81.6	2.3%
Other Revenue**	$20.2	11.1%	$23.7	17.2%	$18.0	-24.0%	$18.2	1.4%	$17.9	-2.0%	$18.3	2.2%	$18.7	2.3%	$19.1	2.1%
TOTAL TRANS. FUND	**$247.8**	**4.4%**	**$249.4**	**0.6%**	**$225.6**	**-9.6%**	**$236.6**	**4.9%**	**$243.3**	**2.8%**	**$249.0**	**2.3%**	**$261.1**	**4.9%**	**$269.6**	**3.3%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2012

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** *(Actual)*	% Change	**FY 2012** *(Preliminary)*	% Change	**FY 2013** *(Forecast)*	% Change	**FY 2014** *(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%	$59.3	-2.2%	$60.3	1.7%	$61.4	1.8%
Diesel	$18.0	1.7%	$16.6	-7.8%	$15.5	-6.5%	$15.1	-2.6%	$15.4	2.0%	$16.0	3.9%	$16.2	1.2%	$16.7	3.1%
Purchase and Use*	$53.7	-0.3%	$52.7	-2.0%	$44.0	-16.6%	$46.5	5.7%	$51.4	10.5%	$54.6	6.3%	$57.4	5.1%	$60.5	5.5%
Motor Vehicle Fees	$65.4	14.1%	$67.5	3.2%	$65.5	-3.0%	$72.5	10.7%	$72.3	-0.3%	$73.5	1.7%	$79.8	8.5%	$81.6	2.3%
Other Revenue**	$19.2	11.9%	$23.7	23.5%	$18.0	-24.0%	$18.2	1.4%	$17.9	-2.0%	$18.3	2.2%	$18.7	2.3%	$19.1	2.1%
TOTAL TRANS. FUND	**$219.9**	**4.8%**	**$223.1**	**1.4%**	**$203.6**	**-8.7%**	**$213.3**	**4.8%**	**$217.6**	**2.0%**	**$221.7**	**1.9%**	**$232.4**	**4.8%**	**$239.3**	**3.0%**
OTHER																
TIB Gasoline							$13.4	NM	$16.5	23.6%	$20.9	26.6%	$21.0	0.7%	$22.1	4.9%
TIB Diesel							$1.5	NM	$2.0	31.7%	$1.9	-1.4%	$2.1	6.4%	$2.1	2.9%
Total TIB							$14.9	NM	$18.5	24.4%	$22.8	23.6%	$23.1	1.2%	$24.2	4.7%

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2012

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** *(Actual)*	% Change	**FY 2012** *(Preliminary)*	% Change	**FY 2013** *(Forecast)*	% Change	**FY 2014** *(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	$0.0	NM
Sales & Use**	$111.2	2.5%	$112.8	1.4%	$107.1	-5.1%	$103.7	-3.1%	$108.5	4.7%	$113.9	5.0%	$117.4	3.1%	$127.4	8.5%
Bank	$0.0	NM	$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	$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	$0.0	NM
Interest	($1.3)	NM	($1.3)	-0.8%	$0.3	NM	$0.1	NM	$0.0	NM	$0.0	NM	$0.1	NM	$0.1	NM
Lottery	$23.3	6.5%	$22.7	-2.5%	$20.9	-7.7%	$21.6	3.0%	$21.4	-0.7%	$22.3	4.2%	$22.4	0.3%	$22.7	1.3%
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%	$27.3	6.3%	$28.7	5.1%	$30.3	5.5%
TOTAL	**$160.1**	**2.6%**	**$160.5**	**0.3%**	**$150.2**	**-6.4%**	**$148.6**	**-1.1%**	**$155.7**	**4.8%**	**$163.6**	**5.1%**	**$168.6**	**3.1%**	**$180.5**	**7.0%**

** 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