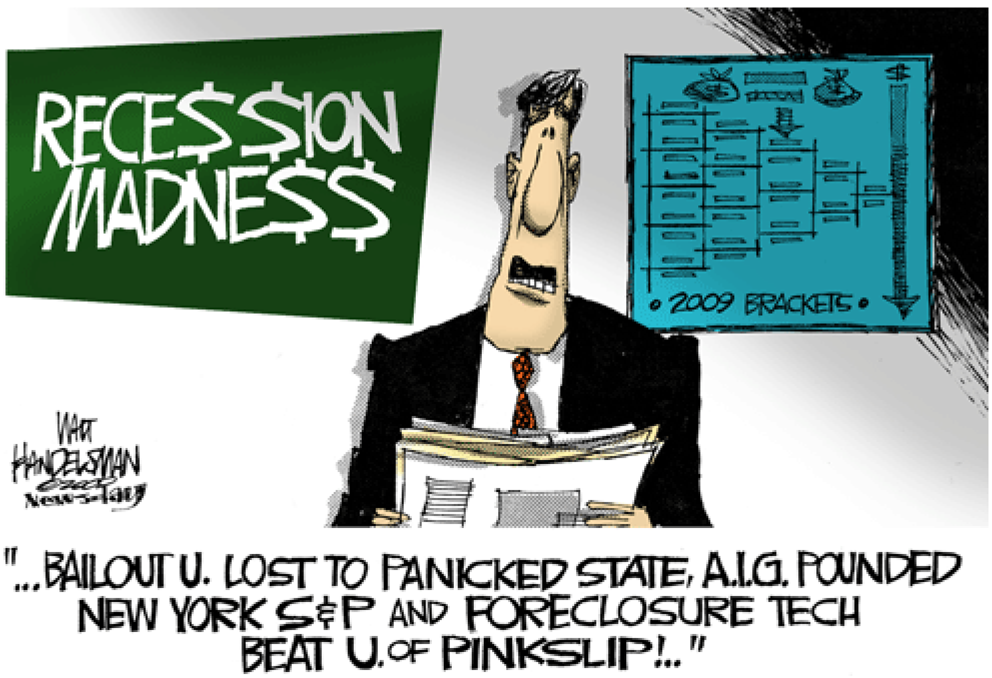
The Revised Fiscal 2010-11 Revenue Outlook

General Fund, Transportation Fund, and Education Fund



Prepared for the Vermont Emergency Board

January 13, 2010

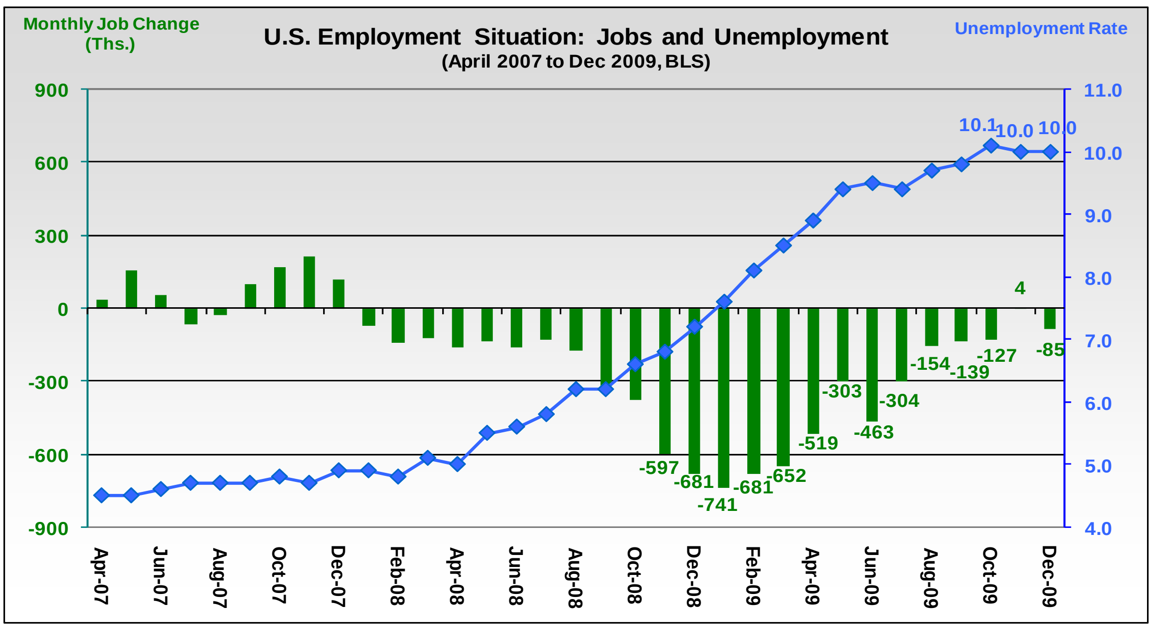
Prepared by:

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

I. Summary of the State of the U.S. Economy

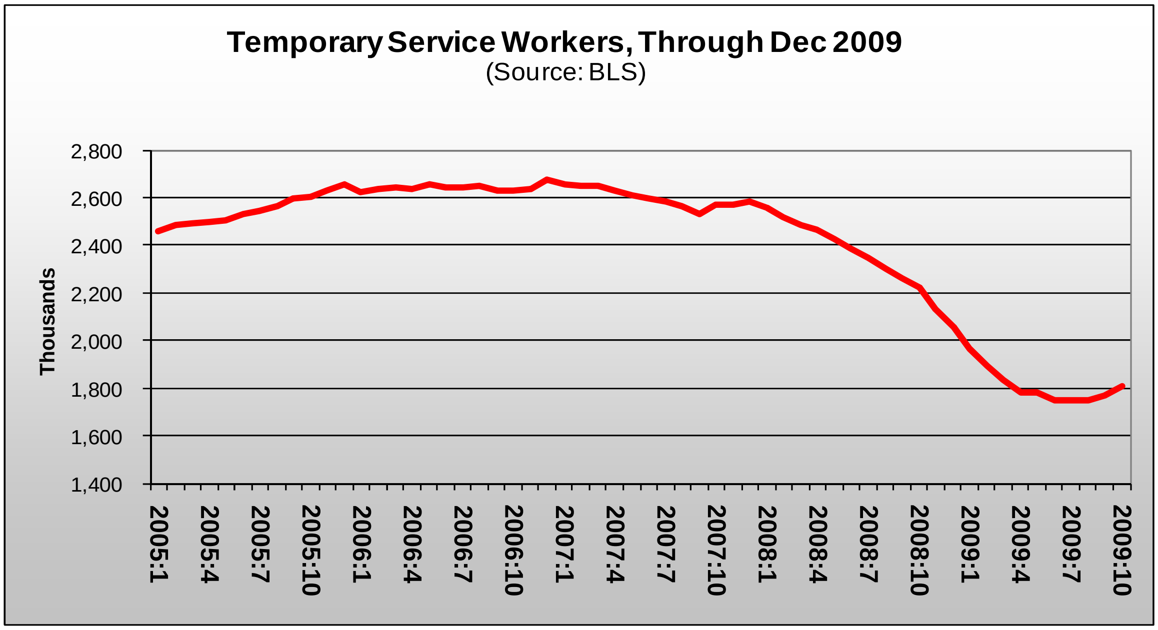
- Although it has indeed been a rough ride down, most major indicators as of the end of calendar year 2009 now suggest the economy has begun the process of recovery. However, the recovery remains fragile and vulnerable to considerable downside risk. **The possibility of a "double dip" cannot be dismissed.** If this were to occur, it would mean more negative movement in major indicators even after a period of apparent improvement.

- Since December of calendar year 2007, the U.S. labor market has been punished to the extent of 7.2 million jobs lost and a double-digit national unemployment rate. Although the job losses have slowed (but they have averaged more than 300,000 per month) and the national unemployment rate appears to have leveled off, employers remain slow to add to payrolls. At 7.2 million payroll jobs lost, all but 1.1 million of all the payroll jobs added during the last up-cycle have been lost (see the chart on page 3).



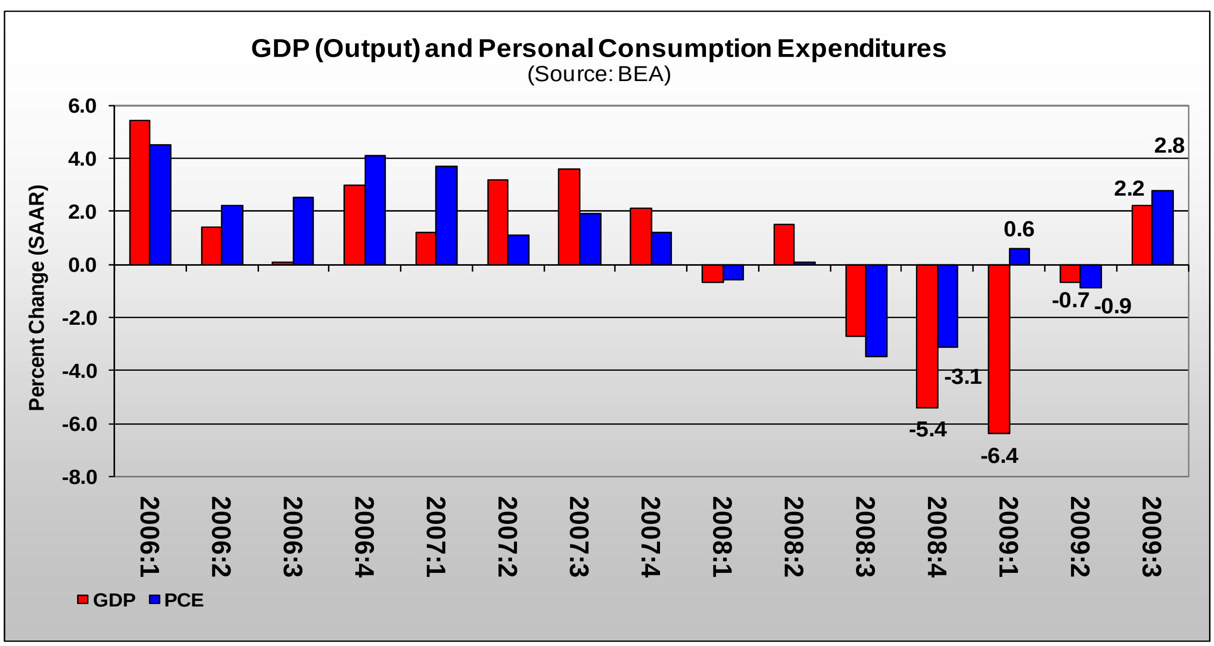
- The underlying conditions for job growth have been laid for a job recovery to begin over the next 1-2 quarters—**but businesses still appear reluctant to hire with 6.4 unemployeds for every "open position" as of November 2009.**[1] In addition, temporary hiring activity also seems to be picking up once again.

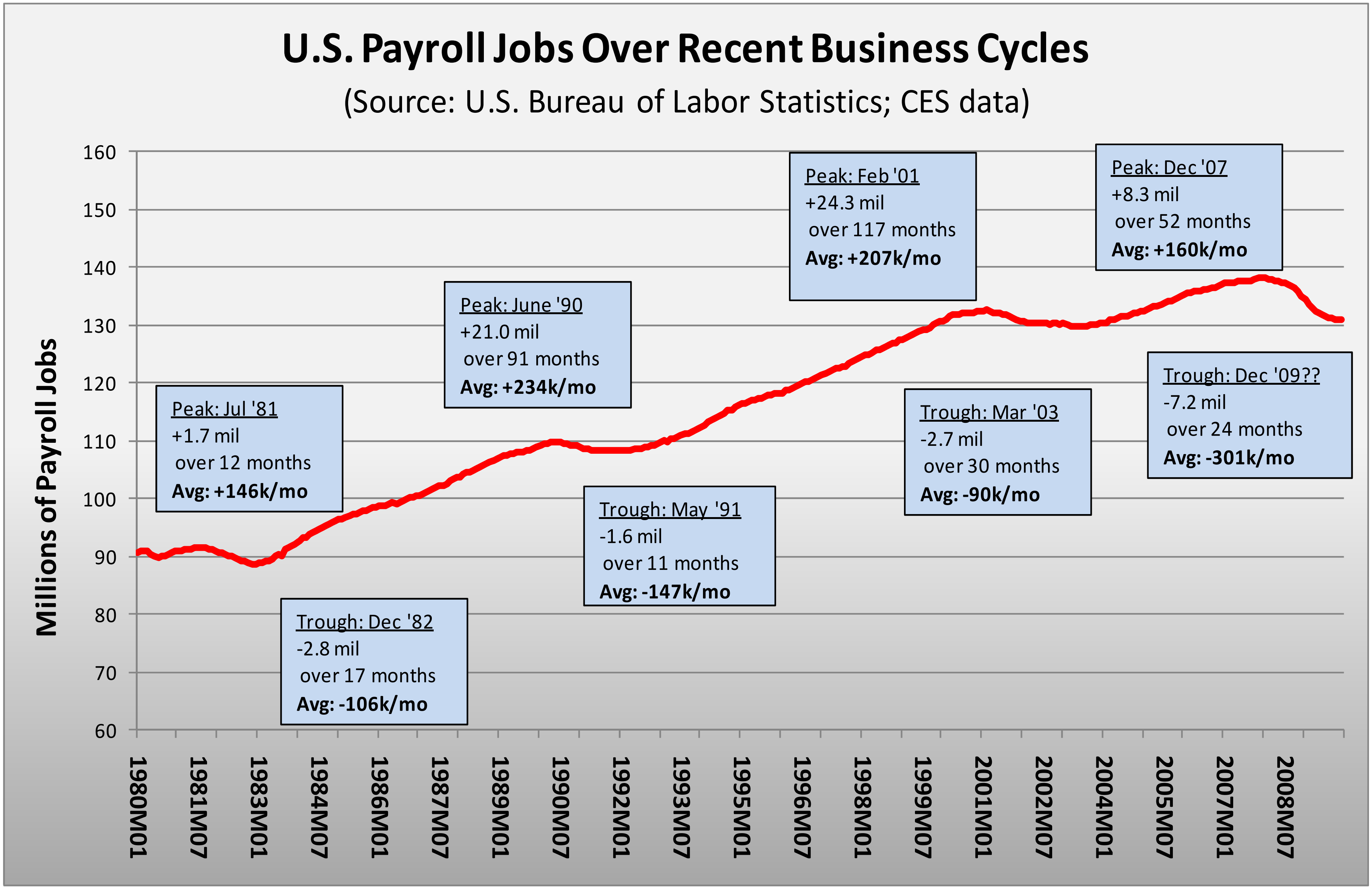
[1] U.S. Department of Labor, Bureau of Labor Statistics.



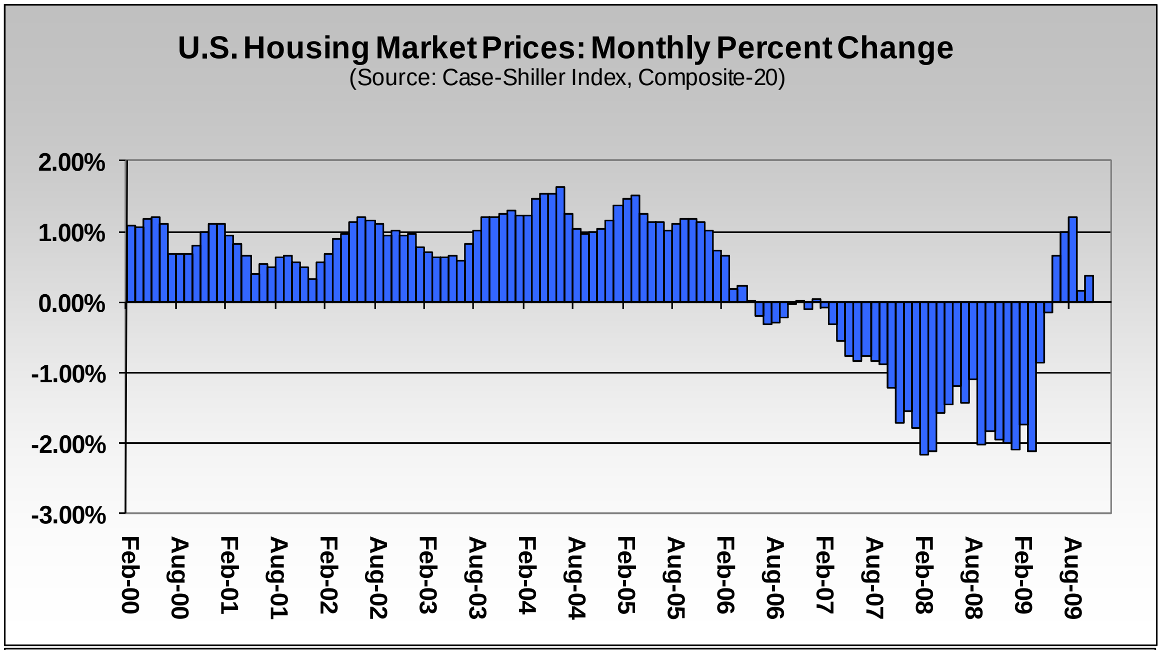
- However, it will likely be a long road back to regaining the lost jobs. At an average of 200,000 added jobs per month, it would take the economy three years to recapture all of the lost payroll job ground during the recession.

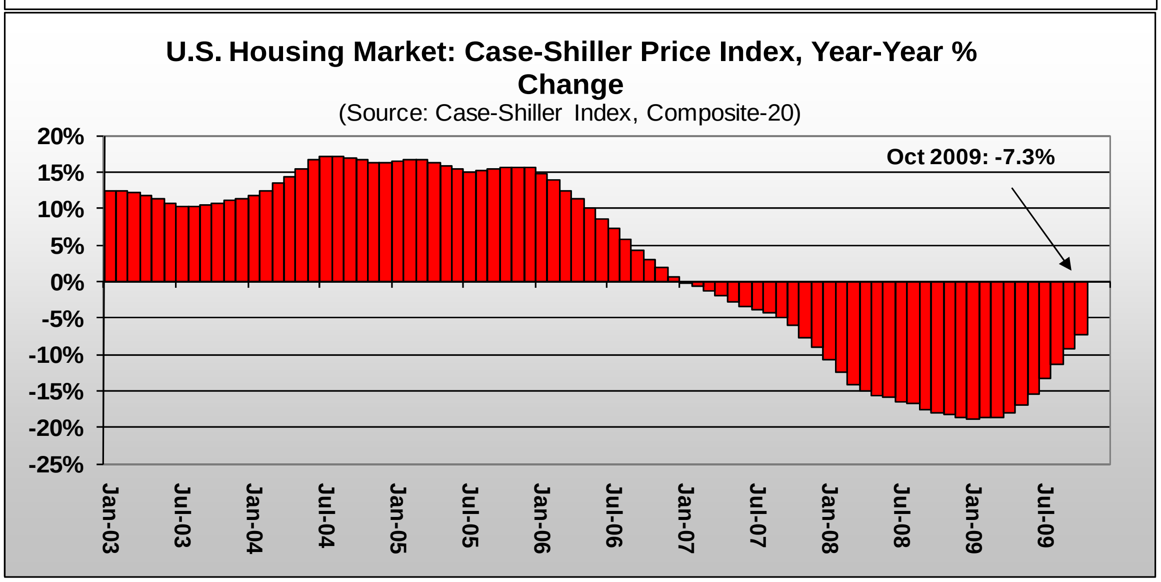
- U.S. Gross Domestic Product (GDP or overall output) increased in the quarter ending in September—following 4 consecutive quarterly declines and 5 negative quarters out of the last 6. GDP expanded at a 2.2% annual rate, a small but welcome turnaround. Overall levels of production indicate GDP in the last quarter of calendar 2009 expanded at a similar rate of about 2.0%.



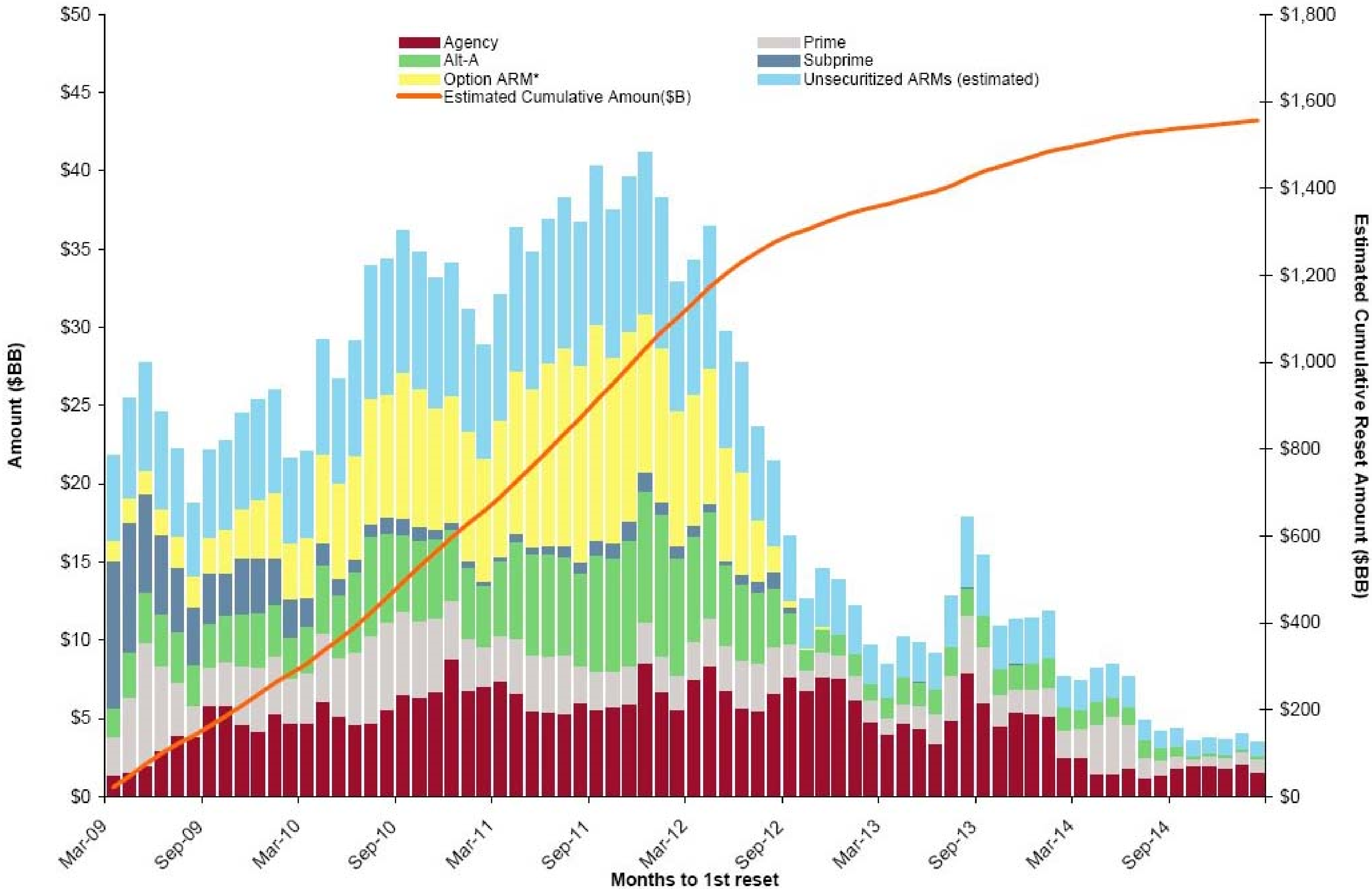

U.S. Payroll Jobs Over Recent Business Cycles
(Source: U.S. Bureau of Labor Statistics; CES data)
Millions of Payroll Jobs
160
150
140
130
120
110
100
90
80
70
60
Peak: Jul '81
+1.7 mil
over 12 months
Avg: +146k/mo
Trough: Dec '82
-2.8 mil
over 17 months
Avg: -106k/mo
Peak: June '90
+21.0 mil
over 91 months
Avg: +234k/mo
Trough: May '91
-1.6 mil
over 11 months
Avg: -147k/mo
Peak: Feb '01
+24.3 mil
over 117 months
Avg: +207k/mo
Trough: Mar '03
-2.7 mil
over 30 months
Avg: -90k/mo
Peak: Dec '07
+8.3 mil
over 52 months
Avg: +160k/mo
Trough: Dec '09??
-7.2 mil
over 24 months
Avg: -301k/mo
1980M01
1981M07
1983M01
1984M07
1986M01
1987M07
1989M01
1990M07
1992M01
1993M07
1995M01
1996M07
1998M01
1999M07
2001M01
2002M07
2004M01
2005M07
2007M01
2008M07

- The housing market has shown signs of stabilizing in prices and in sales volume. However, this appears to be related to federal incentives and the home buyer's tax credit. With the expiration of the tax credit in the Spring of calendar 2010 and the possibility of additional foreclosures over the next 1-2 years, downward pressure on house prices is expected.





- As a result of those pressures, **housing is by no means "out of the woods," especially considering all the resets on the horizon**. Resets already in place in the housing market mean the industry will be under downward price pressure likely through the end of calendar year 2012.



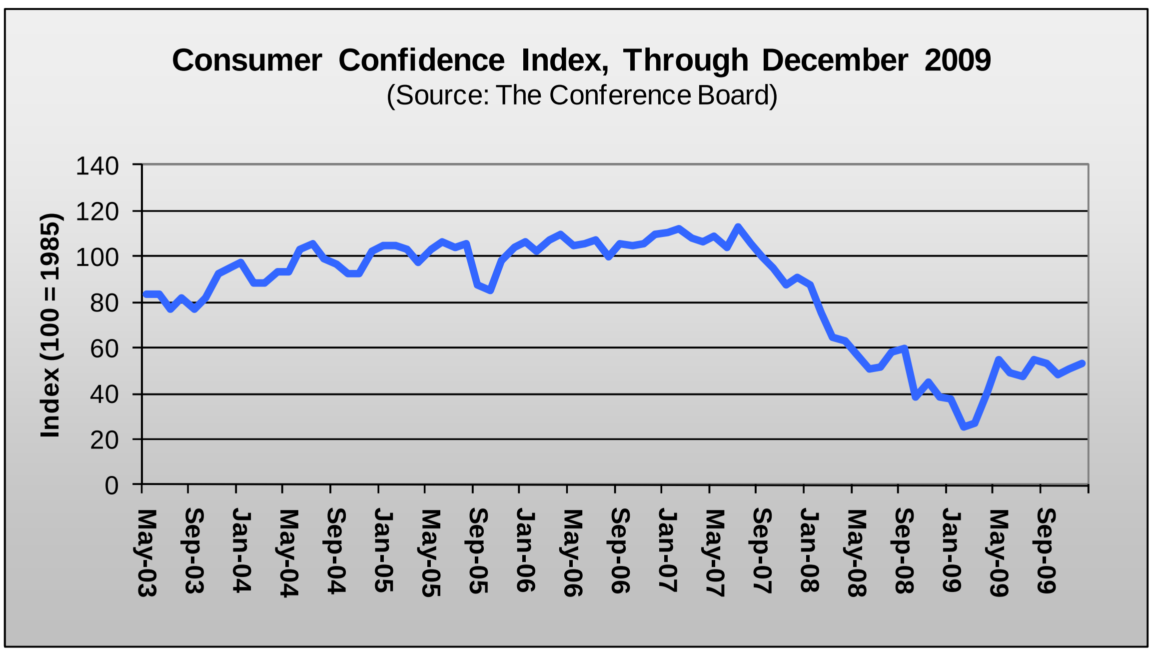
*Option ARMs show estimated recast schedule based on current negam rate; Source: Credit Suisse (US Mortgage Strategy), LoanPerformance, FH/FN/GN

- The downside pressure in housing prices is due to the fact that there are still many homeowners "underwater" on their mortgage and a substantial amount of Option Adjustable Rate Mortgages (Option ARMs) and Alt-A Mortgages still to reset in calendar 2010 and beyond. Industry estimates put the value of Option ARMs and Alt-A Mortgages to undergo a rate reset by 2012 at more than $1.0 trillion.

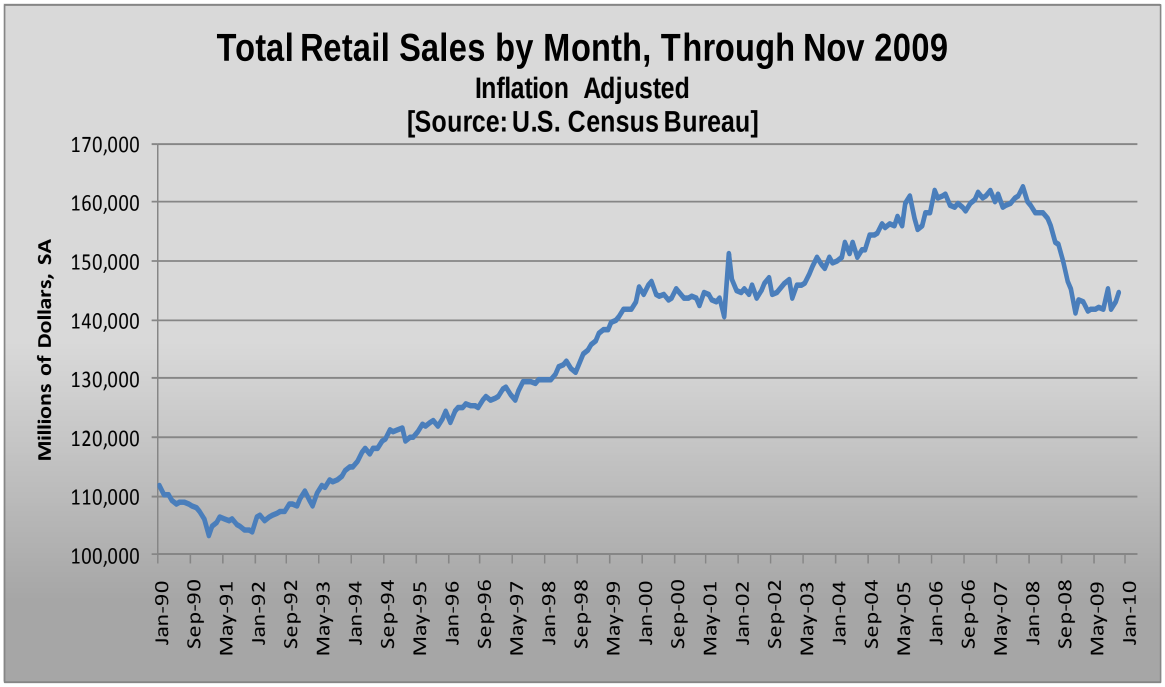
- Once these rates reset, there will likely be may several million more homeowners facing unanticipated, higher monthly payments—and another round of foreclosures and additional downward pressure on prices to the detriment of the "recovery trajectory" in the overall economy, unless there is additional federal intervention.[2]

- Although the data are compelling, consumers and businesses have not yet fully bought into the economic recovery scenario. Retail sales appear to have stabilized to some degree but still remain substantially below levels of one year earlier.

- Preliminary indications suggest the holiday shopping season was relatively flat versus the previous year, which was a disappointment to retailers, for whom holiday sales represent a significant portion of annual revenues.



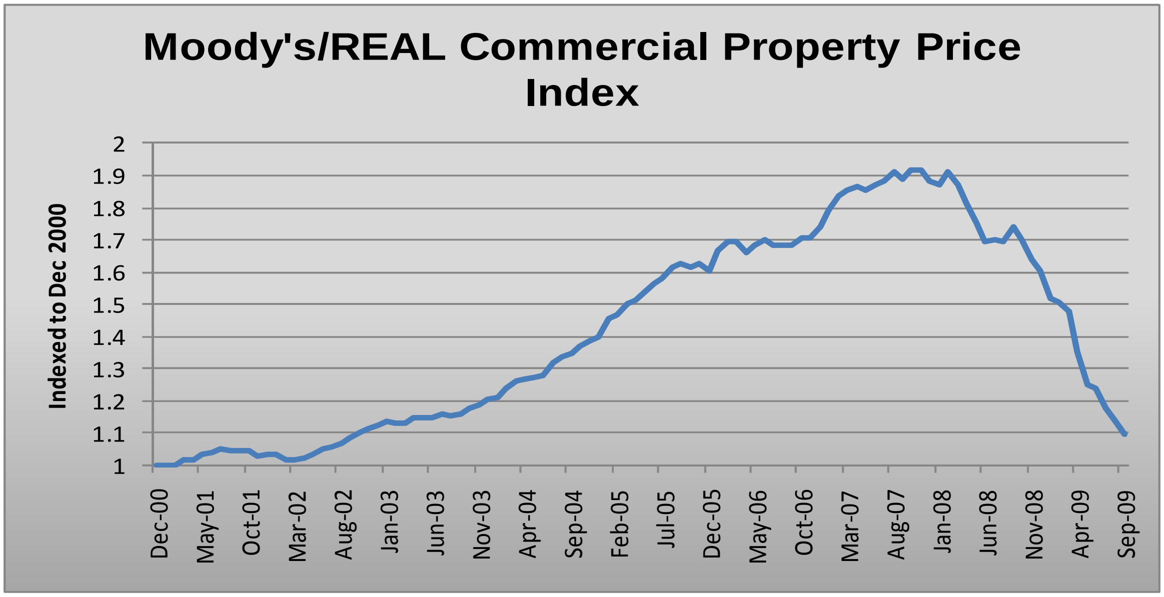
[2] An example here would be the recent removal of limits of bailout funds for Fannie Mae and Freddie Mac for a period of three years, announced on December 24, 2009. The previous limits were $200 billion each. The removal of limits will enable Freddie and Fannie to take on additional mortgage backed securities, help them to cover losses and keep liquidity flowing in the housing market. This essentially amounts to another form of subsidy to housing.



- Another concern is the state of commercial real estate. It is estimated that banks hold mortgages of approximately $1 trillion against commercial assets. The chart below shows the Moody's/REAL Commercial Real Estate Index (which is an index of repeat sales using a similar methodology to that used in the Case-Shiller Housing Price Index).

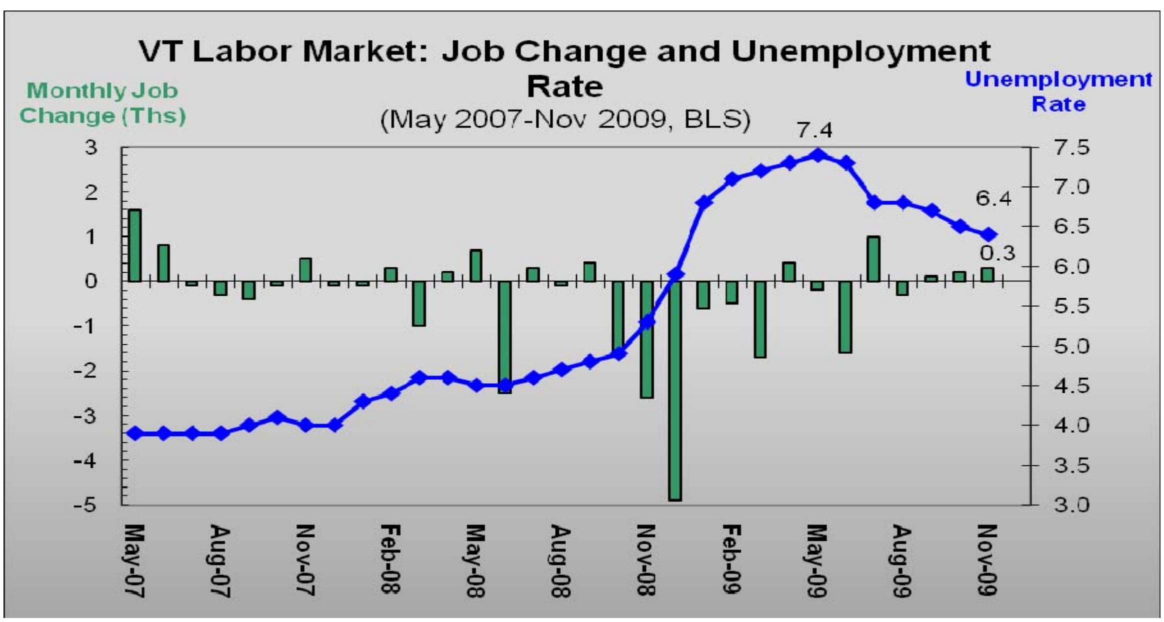
- The chart shows commercial real estate prices increased strongly through the previous decade, reaching a peak in October 2007 and falling precipitously thereafter. From December 2000 to the October 2007 peak, the Index gained at an annual rate of 9.8%. Since then, the index has declined by nearly 50% to a level last seen in 2002.

- As commercial real estate property values fall and tenants fall behind in rent, pressure mounts on the mortgage holder and the chance of default increases. This is an especially important concern for regional banks that serve as a source of financing for small businesses and hold many of these commercial real estate mortgages.

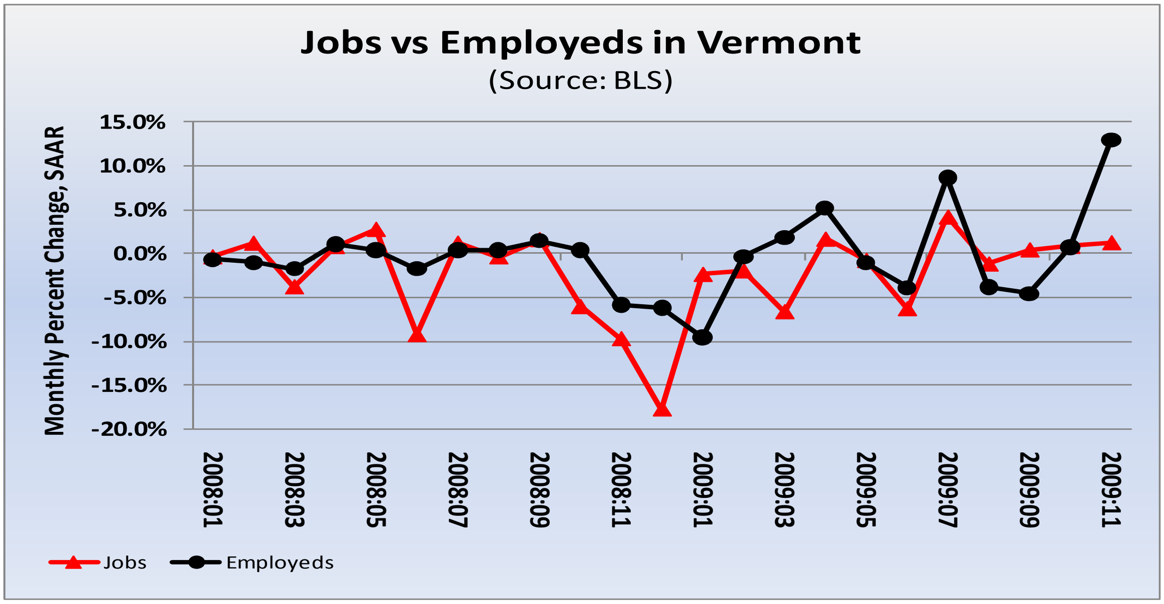


II. Update on the State of the Vermont Economy

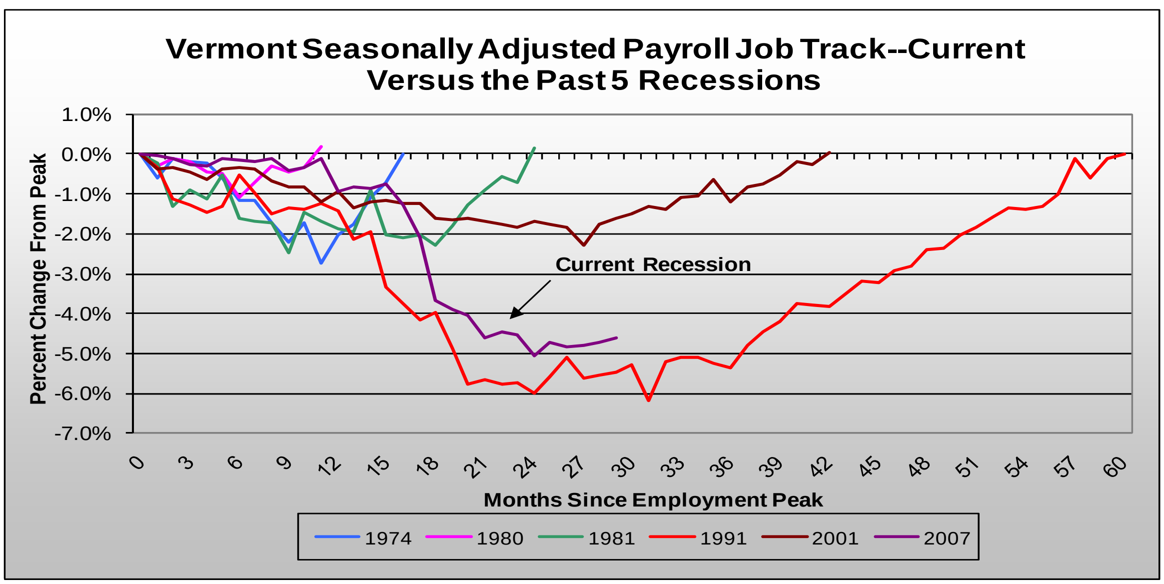
- Turning to Vermont, the State likely also reached a turning point during the second half of calendar year 2009 (perhaps as early as last Summer. Significant payroll job losses appear to have come to an end, and the unemployment rate has fallen by 1.0 percentage points since last May. The state's unemployment rate remains the 7th lowest in the country and as the lowest in New England region.



- Although data concerns remain—since the payroll jobs data does not support such growth in the number of employed Vermonters as shown in the chart below—this is symptomatic of an economy that is in transition from recession to recovery.[3]



- Despite the apparent turnaround, Vermont labor markets still remain "comparatively weak." From peak employment levels in June of 2007 in Vermont, the state continues to track at the level of about 5.0% down from the state's employment peak, still above the harsh 1990s recession in which job losses exceeded 6.0%, as shown in the chart below.

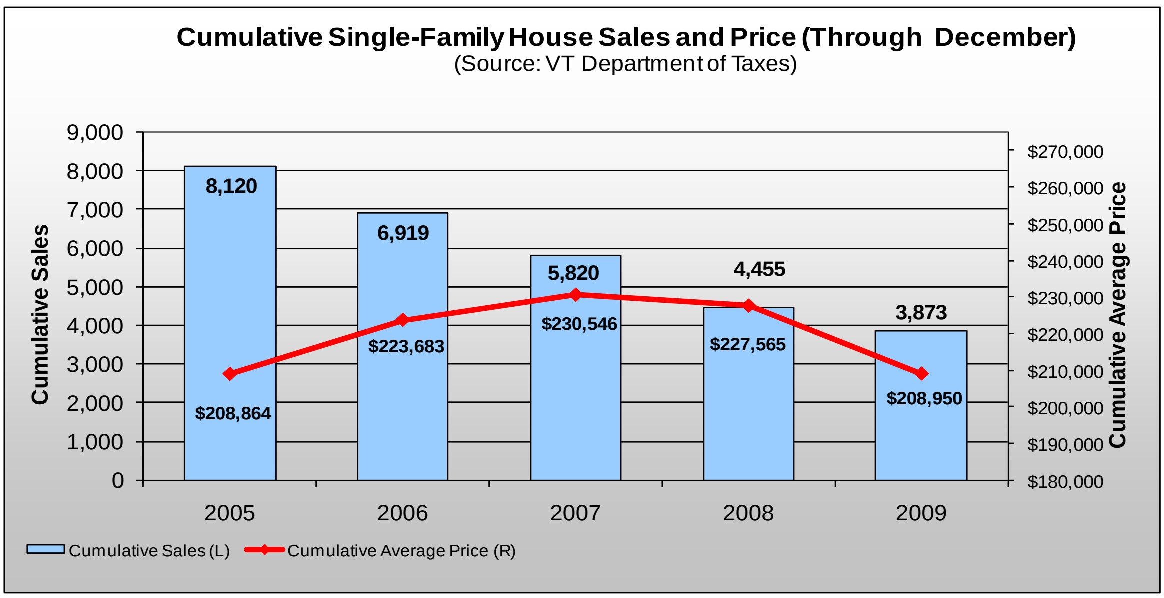


[3] Although they generally track closely, "Jobs" and "Employment" are different concepts. The count of employed Vermonters is determined through a survey of households (employment by place of a worker's "residence") while the payroll job count is determined through a survey of business establishments (a count of nonfarm, nonsupervisory jobs by place of "work").

- The graph shows that Vermont payroll job losses seem to have bottomed, but that certainly does not preclude future job losses. Labor markets are still weak, and a V-shaped hiring pattern remains highly unlikely.

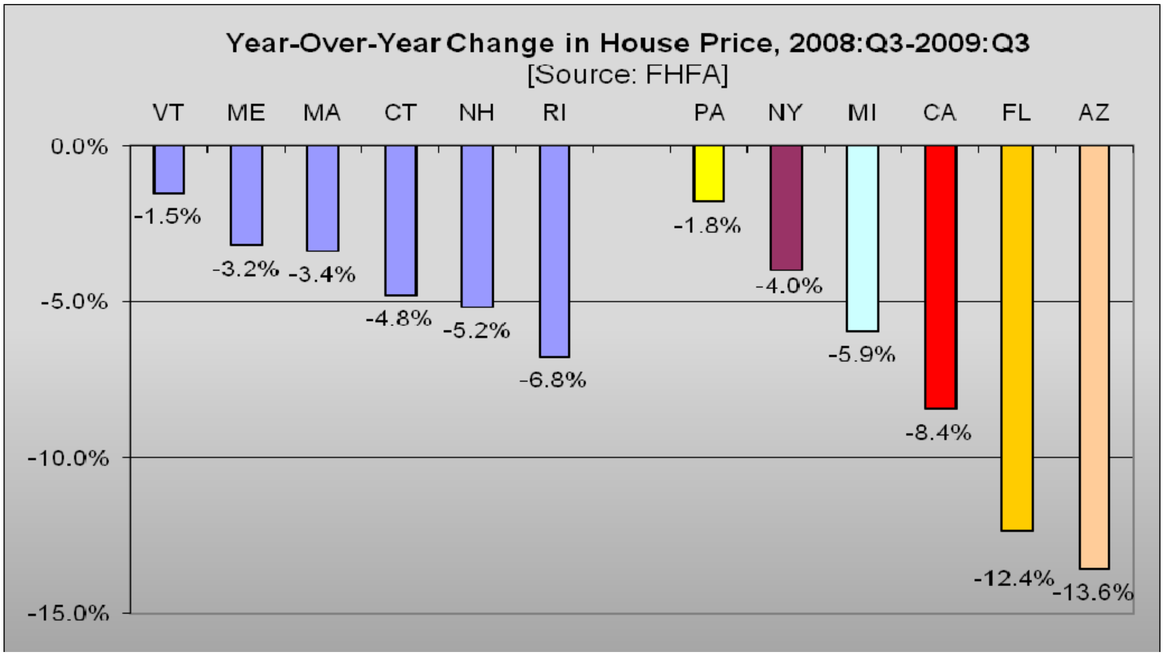
- With a total of 14,300 payroll jobs lost since peak employment, an average of nearly 400 jobs per month would have to be gained in order to fully recover by 3 years from now. For context, it took 15 months to recover from the April 2003 labor market trough, adding payroll jobs at the a similar rate of about 400 per month. As at the national level, the point here is the same—if the state is indeed at a bottom—the recovery will be long and slow.

- On the housing front, Vermont housing values have held up particularly well compared with many states in New England and across the nation. Average prices in 2009, as measured by property transfer data, were down by 9.3% from the peak in 2007. However, sales volume has dropped sharply since early 2006, down 52.3% in 2009 versus the 2005 peak. This indicates that even as prices have held their own to some degree, market activity has contracted significantly over the last 4 years and fewer houses were turning over from a sales perspective.



- 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 are holding up significantly better versus other states in New England and the country over the last year

- So far, the State has seen only modest price declines, as delinquencies remain low at 7th lowest in the country according to data from the Mortgage Bankers Association.



- In fact, since their peak, Table 1 shows that house price declines in Vermont through late calendar year 2009 from peak in Vermont are far better than the declines registered elsewhere. In Vermont, supply and demand in the mid-to-low price range still appear to be better to remain in balance, while houses in the high-end of the market (e.g. second homes) remain over-supplied with downward price pressures.

Table 1. Peak to Current Home Prices by State

State	Peak Quarter	Peak Value	2009Q3 Value	% Change
Vermont	2008Q1	467.47	453.87	-2.9%
Maine	2008Q1	510.31	477.33	-6.5%
Connecticut	2007Q1	474.92	426.48	-10.2%
New Hampshire	2006Q4	495.39	437.02	-11.8%
Massachusetts	2006Q1	721.95	633.38	-12.3%
Rhode Island	2007Q1	592.63	490.89	-17.2%
New York	2008Q1	653.12	603.16	-7.6%
Pennsylvania	2008Q1	407.69	391.01	-4.1%
Michigan	2005Q3	320.08	265.12	-17.2%
California	2006Q3	635.01	434.39	-31.6%
Florida	2006Q4	481.6	334.23	-30.6%
Arizona	2006Q4	425.9	304.21	-28.6%
Nevada	2006Q4	407.87	251.57	-38.3%

Source: FHFA

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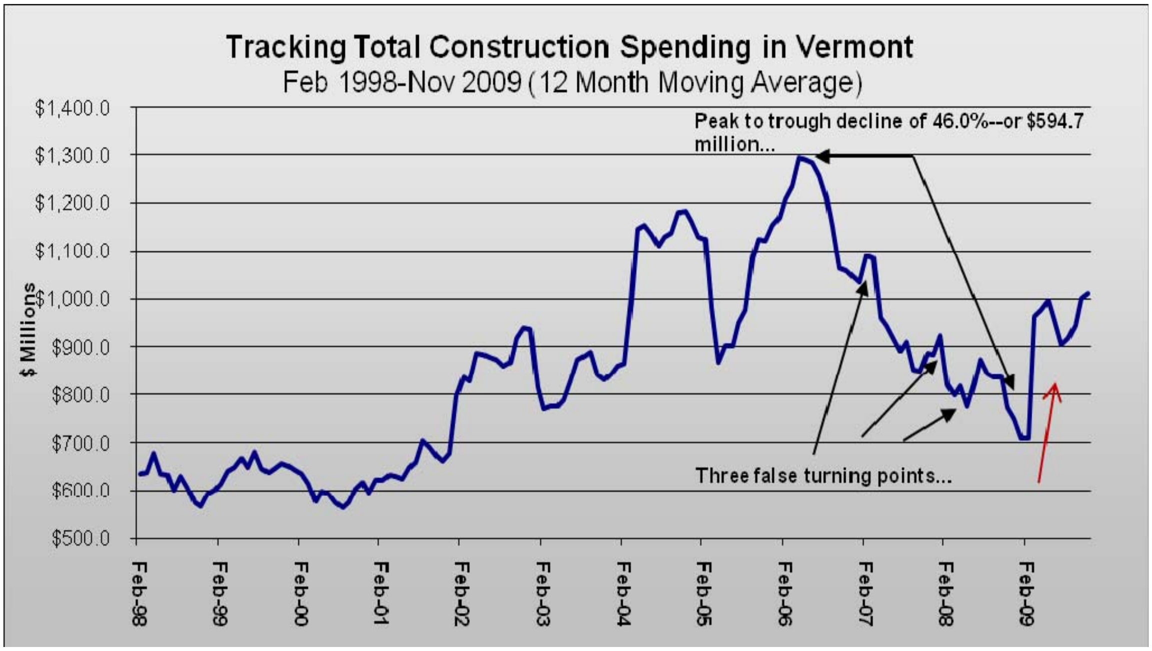
- Looking at construction, the data likewise show that construction activity appears to have bottomed (in July 2009) and has turned up off the bottom, albeit on an uneven path (see the chart below).

- The recovery began with stepped up utility-based construction, but there also appears to be a turnaround in general construction activity as well. Through November, activity appears to have returned to levels last experienced in early calendar year 2007, a marked improvement over the last several forecast cycles.



- Overall, the U.S. and Vermont economies appear to have stabilized and have begun the process of turning the corner. While this is a positive development, the recovery going forward is likely to be slow and fragile, and remains vulnerable to a number of downside risks.

- Housing gains may prove to be only temporary and the labor market appears poised for a very slow turn around. As was the case in November, the strength and timing of the recovery, assuming no major setbacks, likely depends on successful execution of federal fiscal and monetary policy – the federal government must find the right balance between providing stimulus and withdrawing it from the economy at the right time – a notoriously challenging task.

III. The Bottom Line on the Economy:

- Most major indicators continue to point to a fragile and uncertain recovery with the usual lags in labor market data playing themselves out. Although the U.S. and Vermont economies may have turned the corner on the "Great Recession," considerable downside risks remain, such as the apparent recent "gains" in the housing market.

- All gains to-date since the turning point of the “Great Recession,” remain fragile and come with considerable downside risk of a “double-dip” or “W-shaped” recession. With the expiration of the home buyer’s tax credit coming in the Spring of 2010, and the potential for another round of foreclosures over the next 1 to 2 years, additional federal government support for housing will most likely be needed to avert more serious housing and perhaps more wide-spread economic problems.

- Job losses continue to slow on a national level, and the state labor market appears to have moved similarly.

- Sustained job recovery, and then growth, is still at least several months away, assuming no major setbacks.

- All indications continue to suggest that the recovery will be long and slow, and heavily dependent on successful, deft execution of fiscal and monetary policy from federal authorities.

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

- At turning points in the economy, forecasting is a notoriously challenging task due to high levels of uncertainty surrounding the timing and pace of the economic and revenue receipts turnaround. Critical questions are:

    - Will the apparent bottoming of the last 1-2 quarters hold true, or is there another leg of the downward journey still ahead of us in the form of a “double-dip” or “W-shape” recession?

    - Assuming a bottoming and recovery in the U.S. and Vermont economies, will the turnaround in revenues lag more or less or just about at the usual lagging interval?

    - And finally, once a bottom is reached, what will the pace and profile of any prospective economic, and then revenue, recovery actually be?

- Uncertainty certainly remains the “watch-word” for this forecast update, but nearly all indications are that the turnaround in the economy is likely to be relatively slow and halting, and subject to many bumps along the way, with revenues almost sure to follow that path.

    - Other major federal policy challenges (such health care, cap and trade, two active wars, and heightened domestic security) will likely make a strong and robust economic recovery all the more difficult to achieve.

- **Current Law General Fund Recommendation:** The staff recommends an upward revision in the General Fund for both fiscal year 2010 and 2011. For fiscal year 2010, the staff recommends a revenue forecast for the G-Fund of $1,030.9 million, +$4.7 million (or +0.5%) relative to the November 2009 consensus forecast. For fiscal 2011, staff recommends a $1,086.6 million forecast for the G-Fund, a +$4.8 million (or +0.4%) upward adjustment.

    - For fiscal year 2012, staff recommends $1,158.6 million, a decline of $4.1 million or -0.4% versus the November 2009 consensus revenue forecast,

- **Current Law Transportation Fund Recommendation:** The staff recommends a downward adjustment for fiscal 2010 and an upward adjustment for fiscal 2011. For fiscal year 2010, the staff recommends a revenue forecast for the T-Fund of $212.2 million, a -$0.1 million (or -0.0%) change relative to the November 2009 consensus forecast. For fiscal 2011, the staff recommends a $218.0 million forecast for the T-Fund, a +$0.2 million (or +0.1%) upward adjustment.

    - The fiscal year 2012 staff recommended forecast calls for $226.6 million, a decline of $0.6 million or -0.2% versus the November 2009 consensus revenue forecast,

- **Current Law Education Fund [Partial] Recommendation:** The staff recommends downward adjustments for both fiscal 2010 and fiscal 2011. For fiscal year 2010, the staff recommends a revenue forecast for the E-Fund [Partial] of $146.1 million, a -$0.3 million (or -0.2%) change relative to the November 2009 consensus forecast. For fiscal 2011, the staff recommends a $151.3 million forecast for the T-Fund, a -$0.4 million (or -0.2%) downward adjustment.

    - For fiscal year 2012, staff recommends $158.1 million, a decline of $0.4 million or -0.3% versus the November 2009 consensus revenue forecast,

Table 2: FINALStaff Recommended Consensus Forecast Revision for Fiscal 2010-12	January '10 Update	November '09 Update	$ Difference From Nov. 2009	% Difference From Nov. 2009
Final				
Fiscal 2010 Projected:				
Net General Fund	$ 1,030.9	$ 1,026.2	$ 4.7	0.5%
Net Transportation Fund	$ 212.2	$ 212.3	$ (0.1)	0.0%
Education Fund [Partial]	$ 146.1	$ 146.4	$ (0.3)	-0.2%
Fiscal 2011 Projected:				
Net General Fund	$ 1,086.6	$ 1,081.8	$ 4.8	0.4%
Net Transportation Fund	$ 218.0	$ 217.8	$ 0.2	0.1%
Education Fund [Partial]	$ 151.3	$ 151.7	$ (0.4)	-0.2%
Fiscal 2012 Projected:				
Net General Fund	$ 1,158.6	$ 1,162.7	$ (4.1)	-0.4%
Net Transportation Fund	$ 226.6	$ 227.2	$ (0.6)	-0.2%
Education Fund [Partial]	$ 158.1	$ 158.5	$ (0.4)	-0.3%
Does not include TIB Revenues.				

Basic Data Source: VT Agency of Administration

Technical Notes of Interest:

- 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 2010 and 2011 that are part of the official Emergency Board motion. They are current law estimates, including the expected results of the federal stimulus package and all statutory adjustments in effect for the 2010-11 fiscal year period.

- 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. A special thanks is due to Susan Mesner and Bill Smith 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
ADMINISTRATION/LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2010

SOURCE G-FUND *revenues are prior to all E-Fund allocations and other out-transfers. Used for analytic and comparative purposes only.*	**FY 2006** *(Actual)*	**%** Change	**FY 2007** *(Actual)*	**%** Change	**FY 2008** *(Actual)*	**%** Change	**FY 2009** *(Actual)*	**%** Change	**FY 2010** *(Forecast)*	**%** Change	**FY 2011** *(Forecast)*	**%** Change	**FY 2012** *(Forecast)*	**%** Change
REVENUE SOURCE														
Personal Income	$542.0	8.3%	$581.2	7.2%	$622.3	7.1%	$530.3	-14.8%	$492.0	-7.2%	$526.8	7.1%	$572.5	8.7%
Sales & Use*	$325.5	4.7%	$333.7	2.5%	$338.4	1.4%	$321.2	-5.1%	$309.6	-3.6%	$321.0	3.7%	$335.1	4.4%
Corporate	$75.9	25.8%	$72.8	-4.1%	$74.6	2.4%	$66.2	-11.3%	$63.1	-4.6%	$65.7	4.1%	$73.6	12.0%
Meals and Rooms	$111.8	-1.1%	$114.9	2.8%	$121.1	5.4%	$117.1	-3.3%	$116.4	-0.6%	$120.1	3.2%	$125.1	4.2%
Cigarette and Tobacco**	$48.9	0.3%	$64.3	31.4%	$59.2	-7.9%	$64.1	8.3%	$67.7	5.5%	$65.4	-3.4%	$63.4	-3.1%
Liquor	$13.2	5.1%	$13.7	4.0%	$14.2	3.7%	$15.0	6.0%	$14.7	-2.3%	$15.1	2.7%	$15.6	3.3%
Insurance	$52.5	4.2%	$52.9	0.8%	$54.8	3.8%	$53.7	-2.1%	$55.2	2.8%	$56.7	2.7%	$58.0	2.3%
Telephone	$10.4	-1.4%	$10.0	-4.0%	$9.5	-4.6%	$9.1	-3.8%	$7.7	-15.7%	$11.2	45.5%	$9.3	-17.0%
Beverage	$5.4	2.8%	$5.5	1.3%	$5.6	1.9%	$5.6	0.3%	$5.7	0.2%	$5.7	0.9%	$5.8	1.8%
Electric	$2.6	0.0%	$2.6	1.2%	$2.7	3.3%	$2.8	4.0%	$2.9	1.9%	$2.9	0.0%	$2.9	0.0%
Estate	$26.2	39.0%	$17.8	-32.1%	$15.7	-11.9%	$23.4	49.1%	$17.2	-26.5%	$18.4	7.0%	$19.2	4.3%
Property	$43.7	-3.4%	$39.3	-10.0%	$34.0	-13.5%	$25.9	-23.7%	$22.1	-14.8%	$23.3	5.4%	$25.1	7.7%
Bank	$10.2	18.3%	$10.5	3.6%	$10.2	-3.4%	$20.6	102.5%	$10.4	-49.5%	$10.6	1.9%	$10.8	1.9%
Other Tax	$7.2	9.1%	$6.5	-10.2%	$3.2	-51.1%	$2.8	-12.7%	$1.1	-60.3%	$1.6	45.5%	$1.9	18.8%
Total Tax Revenue	$1275.4	6.8%	$1325.7	3.9%	$1365.5	3.0%	$1257.9	-7.9%	$1185.7	-5.7%	$1244.5	5.0%	$1318.3	5.9%
Business Licenses	$2.8	-0.5%	$2.8	-1.0%	$2.7	-1.0%	$3.0	9.4%	$2.7	-9.7%	$2.8	3.7%	$2.9	3.6%
Fees	$13.2	6.1%	$14.2	7.4%	$14.7	3.6%	$19.1	29.5%	$18.6	-2.4%	$19.4	4.3%	$20.2	4.1%
Services	$1.3	-35.3%	$1.5	17.1%	$1.7	15.9%	$1.5	-11.0%	$1.2	-22.4%	$1.3	8.3%	$1.4	7.7%
Fines	$3.2	-26.7%	$3.2	-2.1%	$4.4	38.6%	$9.8	122.0%	$7.5	-23.3%	$5.5	-26.7%	$5.6	1.8%
Interest	$2.7	67.0%	$3.6	33.5%	$3.9	10.1%	$1.4	-63.9%	$0.6	-57.8%	$0.9	50.0%	$1.8	100.0%
Lottery	$21.9	7.3%	$23.3	6.5%	$22.7	-2.5%	$20.9	-7.7%	$20.4	-2.6%	$21.0	2.9%	$21.7	3.3%
All Other	$0.2	-40.9%	$1.1	365.2%	$0.6	-44.1%	$0.2	-64.7%	$0.4	81.9%	$0.5	25.0%	$0.6	20.0%
Total Other Revenue	$45.3	2.9%	$49.6	9.5%	$50.9	2.5%	$56.0	10.0%	$51.4	-8.2%	$51.4	0.0%	$54.2	5.4%
TOTAL GENERAL FUND	**$1320.8**	**6.7%**	**$1375.4**	**4.1%**	**$1416.4**	**3.0%**	**$1313.9**	**-7.2%**	**$1237.1**	**-5.8%**	**$1295.9**	**4.7%**	**$1372.5**	**5.9%**
OTHER														
Fuel Gross Receipts Tax***	$6.3	8.0%	$7.0	10.6%	$7.3	4.7%	$7.3	-0.2%	$7.1	-2.9%	$7.5	5.6%	$7.8	4.0%

* 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

*** FY09 Fuel Gross Receipts data are forecast, not preliminary or actual, due to data processing delays

TABLE 1 - STATE OF VERMONT
ADMINISTRATION/LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2010

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY 2006** *(Actual)*	**%** Change	**FY 2007** *(Actual)*	**%** Change	**FY 2008** *(Actual)*	**%** Change	**FY 2009** *(Actual)*	**%** Change	**FY 2010** *(Forecast)*	**%** Change	**FY 2011** *(Forecast)*	**%** Change	**FY 2012** *(Forecast)*	**%** Change
REVENUE SOURCE														
Personal Income	$542.0	8.3%	$581.2	7.2%	$622.3	7.1%	$530.3	-14.8%	$492.0	-7.2%	$526.8	7.1%	$572.5	8.7%
Sales and Use*	$216.9	4.7%	$222.5	2.6%	$225.6	1.4%	$214.1	-5.1%	$206.4	-3.6%	$214.0	3.7%	$223.4	4.4%
Corporate	$75.9	25.8%	$72.8	-4.1%	$74.6	2.4%	$66.2	-11.3%	$63.1	-4.6%	$65.7	4.1%	$73.6	12.0%
Meals and Rooms	$111.8	-1.1%	$114.9	2.8%	$121.1	5.4%	$117.1	-3.3%	$116.4	-0.6%	$120.1	3.2%	$125.1	4.2%
Cigarette and Tobacco	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Liquor	$13.2	5.1%	$13.7	4.0%	$14.2	3.7%	$15.0	6.0%	$14.7	-2.3%	$15.1	2.7%	$15.6	3.3%
Insurance	$52.5	4.2%	$52.9	0.8%	$54.8	3.8%	$53.7	-2.1%	$55.2	2.8%	$56.7	2.7%	$58.0	2.3%
Telephone	$10.4	-1.4%	$10.0	-4.0%	$9.5	-4.6%	$9.1	-3.8%	$7.7	-15.7%	$11.2	45.5%	$9.3	-17.0%
Beverage	$5.4	2.8%	$5.5	1.3%	$5.6	1.9%	$5.6	0.3%	$5.7	0.2%	$5.7	0.9%	$5.8	1.8%
Electric	$2.6	0.0%	$2.6	1.2%	$2.7	3.3%	$2.8	4.0%	$2.9	1.9%	$2.9	0.0%	$2.9	0.0%
Estate**	$26.2	39.0%	$17.8	-32.1%	$15.7	-11.9%	$21.9	39.4%	$17.2	-21.4%	$18.4	7.0%	$19.2	4.3%
Property	$13.5	-8.9%	$12.8	-4.5%	$10.7	-16.3%	$8.5	-21.1%	$7.2	-14.8%	$7.6	5.4%	$8.2	7.7%
Bank	$10.2	18.3%	$10.5	3.6%	$10.2	-3.4%	$20.6	102.5%	$10.4	-49.5%	$10.6	1.9%	$10.8	1.9%
Other Tax	$7.2	9.1%	$6.5	-10.2%	$3.2	-51.1%	$2.8	-12.7%	$1.1	-60.3%	$1.6	45.5%	$1.9	18.8%
Total Tax Revenue	$1087.7	7.6%	$1123.7	3.3%	$1170.3	4.1%	$1067.7	-8.8%	$1000.0	-6.3%	$1056.4	5.6%	$1126.3	6.6%
Business Licenses	$2.8	-0.5%	$2.8	-1.0%	$2.7	-1.0%	$3.0	9.4%	$2.7	-9.7%	$2.8	3.7%	$2.9	3.6%
Fees	$13.2	6.1%	$14.2	7.4%	$14.7	3.6%	$19.1	29.5%	$18.6	-2.4%	$19.4	4.3%	$20.2	4.1%
Services	$1.3	-35.3%	$1.5	17.1%	$1.7	15.9%	$1.5	-11.0%	$1.2	-22.4%	$1.3	8.3%	$1.4	7.7%
Fines	$3.2	-26.7%	$3.2	-2.1%	$4.4	38.6%	$9.8	122.0%	$7.5	-23.3%	$5.5	-26.7%	$5.6	1.8%
Interest	$3.4	60.7%	$4.9	43.9%	$5.3	7.2%	$1.2	-77.8%	$0.5	-57.1%	$0.7	40.0%	$1.6	128.6%
All Other	$0.2	-40.9%	$1.1	365.2%	$0.6	-44.1%	$0.2	-64.7%	$0.4	81.9%	$0.5	25.0%	$0.6	20.0%
Total Other Revenue	$24.2	-0.1%	$27.7	14.3%	$29.5	6.5%	$34.8	18.0%	$30.9	-11.1%	$30.2	-2.3%	$32.3	7.0%
TOTAL GENERAL FUND	**$1111.9**	**7.4%**	**$1151.4**	**3.5%**	**$1199.7**	**4.2%**	**$1102.5**	**-8.1%**	**$1030.9**	**-6.5%**	**$1086.6**	**5.4%**	**$1158.6**	**6.6%**

* 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 and $5.2M in FY06

TABLE 2A - STATE OF VERMONT
ADMINISTRATION/LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2010

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers. Used for analytic and comparative purposes only.*	**FY 2006** *(Actual)*	% Change	**FY 2007** *(Actual)*	% Change	**FY 2008** *(Actual)*	% Change	**FY 2009** *(Actual)*	% Change	**FY 2010** *(Forecast)*	% Change	**FY 2011** *(Forecast)*	% Change	**FY 2012** *(Forecast)*	% Change
REVENUE SOURCE														
Gasoline	$63.8	-2.7%	$63.6	-0.3%	$62.6	-1.6%	$60.6	-3.1%	$61.3	1.1%	$62.3	1.6%	$63.6	2.1%
Diesel	$17.7	14.0%	$18.0	1.7%	$16.6	-7.8%	$15.5	-6.5%	$15.0	-3.2%	$15.6	4.0%	$16.3	4.5%
Purchase and Use*	$80.3	-4.4%	$80.6	0.4%	$79.0	-2.0%	$65.9	-16.6%	$67.1	1.8%	$69.4	3.4%	$73.4	5.8%
Motor Vehicle Fees	$57.4	2.3%	$65.4	14.1%	$67.5	3.2%	$65.5	-3.0%	$72.1	10.1%	$74.0	2.6%	$77.4	4.6%
Other Revenue**	$18.2	8.6%	$20.2	11.1%	$23.7	17.2%	$18.0	-24.0%	$19.1	6.2%	$19.8	3.7%	$20.4	3.0%
TOTAL TRANS. FUND	**$237.4**	**-0.3%**	**$247.8**	**4.4%**	**$249.4**	**0.6%**	**$225.6**	**-9.6%**	**$234.6**	**4.0%**	**$241.1**	**2.8%**	**$251.1**	**4.1%**

TABLE 2 - STATE OF VERMONT
ADMINISTRATION/LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2010

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY 2006** *(Actual)*	% Change	**FY 2007** *(Actual)*	% Change	**FY 2008** *(Actual)*	% Change	**FY 2009** *(Actual)*	% Change	**FY 2010** *(Forecast)*	% Change	**FY 2011** *(Forecast)*	% Change	**FY 2012** *(Forecast)*	% Change
REVENUE SOURCE														
Gasoline	$63.8	-2.7%	$63.6	-0.3%	$62.6	-1.6%	$60.6	-3.1%	$61.3	1.1%	$62.3	1.6%	$63.6	2.1%
Diesel	$17.7	14.0%	$18.0	1.7%	$16.6	-7.8%	$15.5	-6.5%	$15.0	-3.2%	$15.6	4.0%	$16.3	4.5%
Purchase and Use*	$53.9	-3.8%	$53.7	-0.3%	$52.7	-2.0%	$44.0	-16.6%	$44.7	1.8%	$46.3	3.4%	$48.9	5.8%
Motor Vehicle Fees	$57.4	2.3%	$65.4	14.1%	$67.5	3.2%	$65.5	-3.0%	$72.1	10.1%	$74.0	2.6%	$77.4	4.6%
Other Revenue**	$17.1	7.6%	$19.2	11.9%	$23.7	23.5%	$18.0	-24.0%	$19.1	6.2%	$19.8	3.7%	$20.4	3.0%
TOTAL TRANS. FUND	**$209.9**	**0.4%**	**$219.9**	**4.8%**	**$223.1**	**1.4%**	**$203.6**	**-8.7%**	**$212.2**	**4.2%**	**$218.0**	**2.7%**	**$226.6**	**4.0%**
OTHER														
TIB Gasoline									$13.6	NM	$16.7	22.8%	$18.9	13.2%
TIB Diesel									$1.1	NM	$1.9	71.3%	$2.0	3.8%

* 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
ADMINISTRATION/LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE

(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - January 2010

CURRENT LAW BASIS

** Source General and Transportation Fund taxes allocated to or associated with the Education Fund only.*	**FY 2006** *(Actual)*	% Change	**FY 2007** *(Actual)*	% Change	**FY 2008** *(Actual)*	% Change	**FY 2009** *(Actual)*	% Change	**FY 2010** *(Forecast)*	% Change	**FY 2011** *(Forecast)*	% Change	**FY 2012** *(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**	$108.5	4.8%	$111.2	2.5%	$112.8	1.4%	$107.1	-5.1%	$103.2	-3.6%	$107.0	3.7%	$111.7	4.4%
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	($0.7)	NM	($1.3)	NM	($1.3)	-0.8%	$0.3	NM	$0.1	NM	$0.2	NM	$0.2	0.0%
Lottery	$21.9	7.3%	$23.3	6.5%	$22.7	-2.5%	$20.9	-7.7%	$20.4	-2.6%	$21.0	2.9%	$21.7	3.3%
TRANSPORTATION FUND														
Purchase and Use***	$26.4	-5.8%	$26.9	1.8%	$26.3	-2.0%	$22.0	-16.6%	$22.4	1.8%	$23.1	3.4%	$24.5	5.8%
TOTAL	**$156.1**	**3.0%**	**$160.1**	**2.6%**	**$160.5**	**0.3%**	**$150.2**	**-6.4%**	**$146.1**	**-2.8%**	**$151.3**	**3.6%**	**$158.1**	**4.4%**

** 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