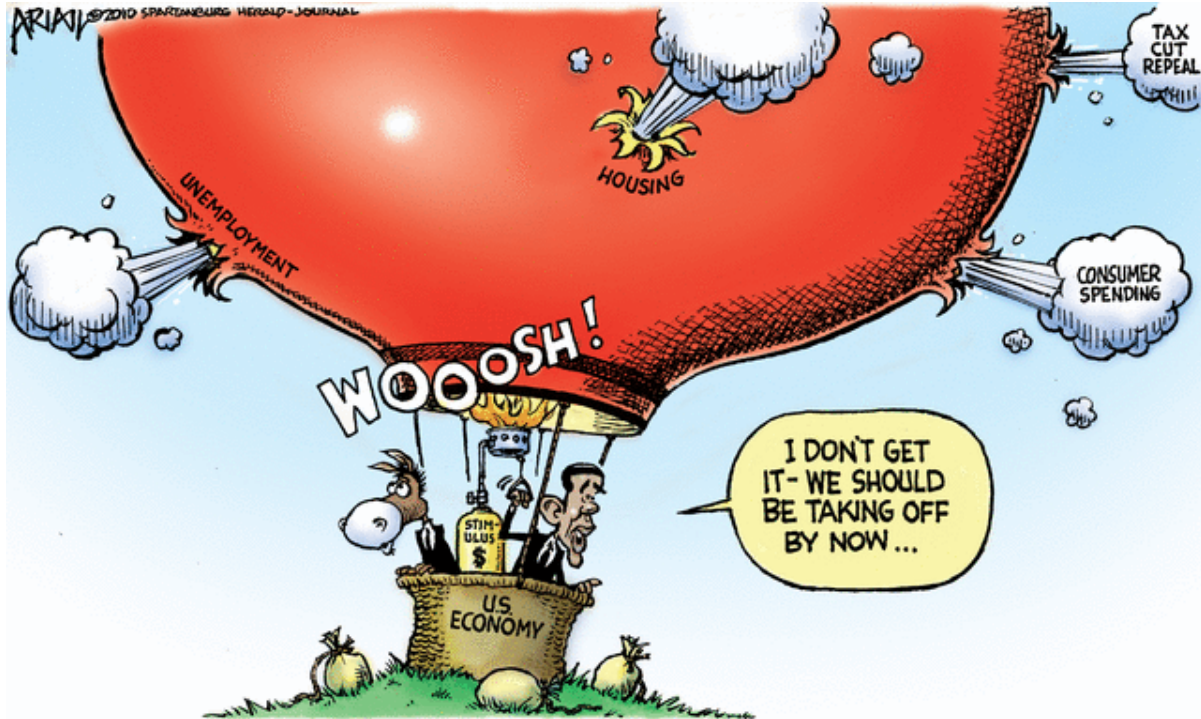


The Fiscal 2012-14 Revenue Outlook

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:

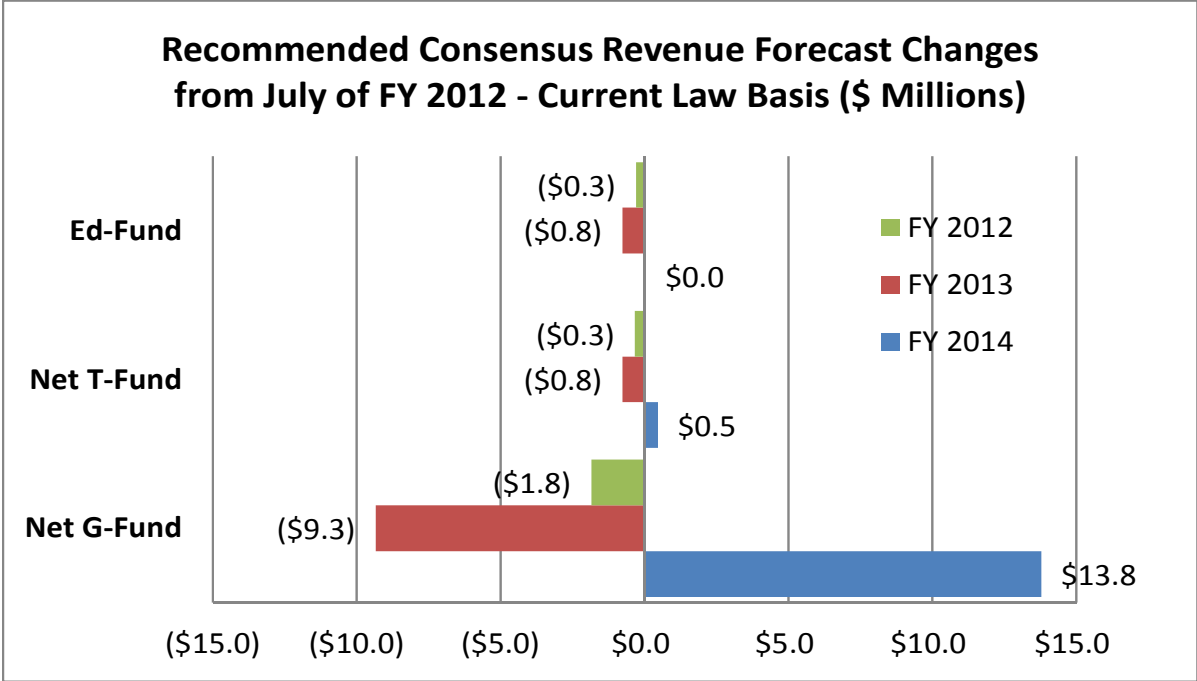
- Within the context of a significantly slower pace to U.S. and state economic activity for the rest of fiscal year 2012 and into fiscal year 2013, the January 2012 staff recommended consensus forecast update makes relatively minor, technical adjustments to the major fund forecasts of fiscal years 2012-14 versus the forecast of last July.
 - For the Available to the General Fund aggregate, the staff recommends \$1,189.4 million annual forecast for the 2012 fiscal year, a \$1,257.9 million revenue level for fiscal year 2013, and a \$1,341.1 million forecast for 2014. Relative to the consensus revenue forecast of last July, these forecasts correspond to a relatively small -\$1.8 million (or -0.2% from the forecast of last July) downward adjustment for fiscal year 2012, and a more significant, but still small -\$9.3 million (or -0.7% from the forecast of last July) downward adjustment for fiscal year 2013.
 - For fiscal year 2014, the staff recommended forecast results in an increase of \$13.8 million (corresponding to a +1.0% change for the consensus forecast of last July) for fiscal 2014 (see Table 1 below).

Table 1: G-Fund, T-Fund and E-Fund Update: Staff Recommended Change from July 2011 Consensus Forecast

	2012		2013		2014	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
General Fund	(\$1.8)	-0.2%	(\$9.3)	-0.7%	\$13.8	1.0%
Personal Income Tax	(\$1.4)	-0.2%	(\$8.1)	-1.2%	\$13.6	2.0%
Corporate Income Tax	(\$0.6)	-0.8%	(\$0.7)	-0.9%	\$0.6	0.7%
Estate Tax	(\$1.3)	-6.3%	\$0.3	1.4%	\$0.6	2.7%
Insurance Tax	(\$0.5)	-0.9%	(\$0.6)	-1.0%	(\$0.6)	-1.0%
All Other	\$2.0	0.4%	(\$0.2)	-0.1%	(\$0.4)	-0.1%
Transportation Fund	(\$0.3)	-0.1%	(\$0.8)	-0.3%	\$0.5	0.2%
Fuel Taxes	(\$0.5)	-0.7%	(\$0.8)	-1.0%	(\$0.3)	-0.4%
MvP&U Tax	(\$0.3)	-0.6%	\$1.0	1.7%	\$0.4	0.6%
MvFees	(\$0.3)	-0.4%	(\$0.3)	-0.4%	(\$0.2)	-0.3%
Other Revenues	\$0.8	-4.4%	\$0.6	3.2%	\$0.6	3.1%
Education Fund [Partial]	(\$0.3)	-0.2%	(\$0.8)	-0.5%	\$0.0	0.0%
Lottery	(\$0.6)	-2.7%	(\$0.6)	-2.7%	(\$0.6)	-2.6%
Other	\$0.3	0.2%	(\$0.2)	-0.1%	\$0.6	0.4%
Total--"Big 3 Funds"	(\$2.5)	-0.2%	(\$10.9)	-0.7%	\$14.3	0.8%

- For the Available to Transportation Fund revenue source, the staff recommends a \$225.2 million annual forecast for fiscal year 2012 (corresponding to a reduction of \$0.3 million or 0.1% versus last July's

consensus forecast), a \$231.1 million forecast for fiscal year 2013 (corresponding to a reduction of \$0.8 million or a 0.3% versus the consensus forecast of last July), and a \$238.9 million annual forecast for fiscal year 2014 (corresponding to a +\$0.5 million or a 0.2% forecast upgrade versus fiscal year 2014).



- For the Education Fund [Partial] revenue aggregate, the staff recommends a \$162.3 million annual forecast for fiscal year 2012, a \$168.6 million annual forecast for fiscal year 2013, and a \$175.0 million forecast for fiscal year 2014. Those staff recommended forecasts correspond to a -\$0.3 million (or a -0.2%) forecast downgrade for fiscal year 2012 from the consensus forecast of last July, a -\$0.8 million (or a -0.5%) forecast reduction for fiscal year 2013 from the consensus forecast of last July, and an unchanged forecast, or \$0.0 million (or a 0.0%) forecast change for fiscal 2014 from the consensus forecast of last July.

- Staff also recommends a Fuel Gross Receipts Tax forecast of \$8.2 million for fiscal year 2012, \$8.1 million for fiscal year 2013, and \$8.3 million for fiscal 2014—an increase of \$0.6 million (or 8.5% versus the July 2012 consensus forecast) for fiscal year 2012, and unchanged at +\$0.1 million for fiscal year 2013 and \$0.0 million for fiscal year 2014.

II. Review of Recent Revenue Developments

- Looking back at first half revenue collections for fiscal year 2012, all major state funds experienced an essentially “on-target” performance during the

July to December period.

- In the General Fund, a major contributor to the on-target performance was the positive variance from target in the Corporate Income Tax component (at +\$4.5 million or +13.3% versus through December versus its July 2011 consensus forecast target) due to strong Estimates and the Other sub-category.¹
- Other major contributors included the Personal Income Withholding Tax (at +\$6.0 million through the first half of fiscal 2012), lower than expected Personal Income Tax Refunds (at +\$2.5 million through the first half of 2012), and the Liquor component (at +\$0.5 million through the first half of fiscal 2012).

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

FY 2012--Through December Component (\$ Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Personal Income	\$ 283,896.7	\$ 284,761.2	\$ (864.5)	-0.3%
<i>Withholding</i>	\$ 244,696.1	\$ 238,647.1	\$ 6,049.0	2.5%
<i>PI Estimates</i>	\$ 38,258.8	\$ 43,624.7	\$ (5,365.9)	-12.3%
<i>PI Paid Returns</i>	\$ 5,127.4	\$ 5,667.1	\$ (539.7)	-9.5%
<i>PI Refunds</i>	\$ (14,366.7)	\$ (16,907.3)	\$ 2,540.6	15.0%
<i>PI Other</i>	\$ 10,180.9	\$ 13,729.5	\$ (3,548.6)	-25.8%
Net Sales & Use Tax	\$ 113,375.3	\$ 113,215.9	\$ 159.4	0.1%
Corporate Income Tax	\$ 37,986.6	\$ 33,535.1	\$ 4,451.5	13.3%
<i>Corporate Estimates</i>	\$ 34,104.5	\$ 26,409.8	\$ 7,694.7	29.1%
<i>Corporate Paid Returns</i>	\$ 4,127.0	\$ 7,259.5	\$ (3,132.5)	-43.1%
<i>Corporate Refunds</i>	\$ (7,054.8)	\$ (5,606.5)	\$ (1,448.3)	-25.8%
<i>Corporate Other</i>	\$ 6,809.8	\$ 5,472.3	\$ 1,337.6	24.4%
Meals & Rooms	\$ 65,409.7	\$ 63,222.9	\$ 2,186.8	3.5%
Property Transfer Tax	\$ 4,194.0	\$ 4,870.3	\$ (676.3)	-13.9%
Other	\$ 64,253.0	\$ 67,083.3	\$ (2,830.3)	-4.2%
<i>Estate Tax</i>	\$ 9,406.5	\$ 9,773.8	\$ (367.3)	-3.8%
<i>Insurance Tax</i>	\$ 16,562.6	\$ 16,774.7	\$ (212.0)	-1.3%
<i>Total Telephone Tax</i>	\$ 4,585.7	\$ 4,608.1	\$ (22.4)	-0.5%
<i>Bank Franchise Tax</i>	\$ 5,433.7	\$ 5,463.6	\$ (29.9)	-0.5%
<i>Fees</i>	\$ 9,732.9	\$ 10,102.7	\$ (369.8)	-3.7%
<i>Other</i>	\$ 18,531.7	\$ 20,360.5	\$ (1,828.8)	-9.0%
Total Net General Fund	\$ 569,115.2	\$ 566,688.6	\$ 2,426.6	0.4%

Basic Data Source: VT Agency of Administration

- On a year over year basis, the G-Fund finished December up by +\$17.4 million (or +3.2% versus collections over the first 6 months of fiscal year 2011)) compared to the same time period a year ago.
 - Three of the “Big-Four” components finished above fiscal 2011 through-December levels, including Personal Income at +\$16.4 million (or +6.1% higher than last year), Sales and Use Tax at +\$6.2 million (or +5.7%), and Meals and Rooms Tax at +\$2.2 million (or +3.5%).

¹ This was true despite a significant under-performance in the month of December due to heightened refunding activity.

- Only the Corporate Income Tax is negative on a year-over-year basis at -\$6.6 million or (-14.9%). This was primarily driven by the decline in Corporate Estimates (-\$6.9 million), some of which represented significant overpayments by corporate taxpayers in fiscal 2011 and are currently in the process of being refunded.
 - This situation validated the approach taken last July where indications were that at least some of the very robust collections of fiscal year 2011 were not supported by that degree of actual profitability.
- Table 3 below presents the data shows the G-Fund and its major components in year-over-year terms.

Table 3. Revenue Receipts Through December Results FY2011 Versus FY2010

Component (\$ Thousands)	Thru December FY2011	Thru December FY2012	Dollar Difference	Percent Difference
Personal Income	\$ 267,528.2	\$ 283,896.7	\$ 16,368.4	6.1%
<i>Withholding</i>	\$ 230,112.9	\$ 244,696.1	\$ 14,583.3	6.3%
<i>PI Estimates</i>	\$ 35,868.7	\$ 38,258.8	\$ 2,390.1	6.7%
<i>PI Paid Returns</i>	\$ 6,905.5	\$ 5,127.4	\$ (1,778.1)	-25.7%
<i>PI Refunds</i>	\$ (15,343.3)	\$ (14,366.7)	\$ 976.6	-6.4%
<i>PI Other</i>	\$ 9,984.4	\$ 10,180.9	\$ 196.5	2.0%
Net Sales & Use Tax	\$ 107,222.0	\$ 113,375.3	\$ 6,153.2	5.7%
Corporate Income Tax	\$ 44,621.9	\$ 37,986.6	\$ (6,635.3)	-14.9%
<i>Corporate Estimates</i>	\$ 40,989.4	\$ 34,104.5	\$ (6,884.9)	-16.8%
<i>Corporate Paid Returns</i>	\$ 5,357.2	\$ 4,127.0	\$ (1,230.1)	-23.0%
<i>Corporate Refunds</i>	\$ (8,541.2)	\$ (7,054.8)	\$ 1,486.3	-17.4%
<i>Corporate Other</i>	\$ 6,816.5	\$ 6,809.8	\$ (6.6)	-0.1%
Meals & Rooms	\$ 63,222.9	\$ 65,409.7	\$ 2,186.8	3.5%
Property Transfer Tax	\$ 4,130.3	\$ 4,194.0	\$ 63.7	1.5%
Other	\$ 64,953.7	\$ 64,253.0	\$ (700.7)	-1.1%
<i>Estate Tax</i>	\$ 5,684.8	\$ 9,406.5	\$ 3,721.7	65.5%
<i>Insurance Tax</i>	\$ 17,450.7	\$ 16,562.6	\$ (888.1)	-5.1%
<i>Total Telephone Tax</i>	\$ 2,669.7	\$ 4,585.7	\$ 1,916.0	71.8%
<i>Bank Franchise Tax</i>	\$ 10,271.3	\$ 5,433.7	\$ (4,837.6)	-47.1%
<i>Fees</i>	\$ 9,870.7	\$ 9,732.9	\$ (137.8)	-1.4%
<i>Other</i>	\$ 19,006.5	\$ 18,531.7	\$ (474.8)	-2.5%
Total Net General Fund	\$ 551,679.1	\$ 569,115.2	\$ 17,436.1	3.2%

Basic Data Source: VT Agency of Administration

- In the Transportation Fund, December revenues tracked slightly above target (at +\$0.4 million or +2.4% versus its consensus forecast target)—representing a second consecutive positive month of receipts following an upbeat month of November.²
 - However, while the T-Fund in total met its monthly target for December, the two fuel taxes came in below expected revenues for the

² Following an initial four months of fiscal 2012 where the T-Fund performance was mixed.

month—continuing an up and down pattern to fuel tax receipts throughout the first half of fiscal 2012.

- The positive performers in the T-Fund for December and over the first half of fiscal 2012 included the MvFees category (up \$1.3 million or +3.9% versus this component’s through December 2012 cumulative consensus forecast target) and the Other Fees category (+\$1.0 million or +12.8% versus this component’s through December cumulative consensus forecast target).
 - The MvP&U Tax finished the first half of fiscal year 2012 slightly under expectations (at -\$0.2 million or -0.9% versus this component’s through December cumulative consensus forecast target)—although the last two months have been positive.
 - Rounding out the T-Fund, the two TIB taxes—which reflected the elevated fuel price environment—finished the first half well ahead of expectations. The Gasoline TIB finished at +\$1.5 million (or +15.8% Ahead of its cumulative through December target) and Diesel TIB finished the first half at +\$0.1 million (or +7.9% ahead of its cumulative cash flow targets through the first half of the fiscal year).
- Table 4 below presents the through December cumulative results for the T-Fund in total and by major component through the month of December.

Table 4: Through December Results Versus Target --Transportation Fund

FY 2012--Through December Component (\$ Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Gasoline Tax (non-TIB)	\$ 31,144.2	\$ 31,276.8	\$ (132.6)	-0.4%
Diesel Tax (non-TIB)	\$ 7,804.7	\$ 7,776.1	\$ 28.7	0.4%
MvP&U Tax	\$ 26,110.9	\$ 26,346.9	\$ (236.0)	-0.9%
MvFees	\$ 33,665.8	\$ 32,387.4	\$ 1,278.5	3.9%
Other Fees-Revenues	\$ 8,861.9	\$ 7,854.4	\$ 1,007.5	12.8%
Total Transportation Fund (no TIB)	\$ 107,587.6	\$ 105,641.6	\$ 1,946.0	1.8%
Gasoline -TIB	\$ 10,969.6	\$ 9,471.1	\$ 1,498.5	15.8%
Diesel-TIB	\$ 937.1	\$ 868.8	\$ 68.3	7.9%
Total Transportation Fund (w/TIB)	\$ 119,494.3	\$ 115,981.5	\$ 3,512.9	3.0%

Basic Data Source: VT Agency of Administration

- In year-over-year terms, the T-Fund is in positive territory at \$3.0 million (or +2.8%) above levels of one year earlier (excluding TIB revenues).
 - Four of the five major T-Fund components stand above fiscal 2011’s through-December levels including Diesel Tax at +\$0.4 million (or +5.9% higher than a year ago), MvP&U Tax at +\$1.7 million (or 7.1% higher than fiscal year 2011’s through-December level), MvFees at +\$0.5 million (or +1.4%), and Other Fees at +\$0.8 million (or +10.3%).

- The only component below last year's level was Gasoline Tax which stood at -\$0.5 million (or -1.5% below year-earlier levels).
 - Both TIB components through the first 6 months of fiscal year 2012 were higher than fiscal 2011's July-through-December receipts levels. The Gas TIB stood at +2.7 million (or +32.1%) and the Diesel Tax at +\$0.1 million (or +7.9%), both compared to receipts levels over the six month period a year ago.
- Table 5 below shows the fiscal 2012 versus 2011 for the T-Fund and its constituent components.

Table 5: Through December Results FY2012 Versus FY2011 --Transportation Fund

Component (\$ Thousands)	FY2011 Receipts	FY2012 Receipts	Dollar Difference	Percent Difference
Gasoline Tax (No TIB)	\$ 31,619.9	\$ 31,144.2	\$ (475.7)	-1.5%
Diesel Tax (No TIB)	\$ 7,372.5	\$ 7,804.7	\$ 432.3	5.9%
MvP&U Tax	\$ 24,380.2	\$ 26,110.9	\$ 1,730.7	7.1%
MvFees	\$ 33,209.8	\$ 33,665.8	\$ 456.0	1.4%
Other Fees-Revenues	\$ 8,034.3	\$ 8,861.9	\$ 827.6	10.3%
Total Transportation Fund (No TIB)	\$ 104,616.7	\$ 107,587.6	\$ 2,970.9	2.8%
TIB Assessments				
Gas Tax	\$ 8,301.9	\$ 10,969.6	\$ 2,667.7	32.1%
Diesel Tax	\$ 868.8	\$ 937.1	\$ 68.3	7.9%
Total Transportation (w/ TIB)	\$ 113,787.5	\$ 119,494.3	\$ 5,706.9	5.0%
Basic Data Source: VT Agency of Administration				

- For the first half of fiscal 2012, the Education Fund [Partial] finished just below its cumulative consensus cash flow target at -\$0.3 million (or -0.4% versus its July 2011 consensus forecast target). This was primarily due to lagging collections in the Lottery component (at -\$0.3 or -3.2% versus this component's through December cumulative consensus cash flow target).
 - For the most part in the other components of the E-Fund, collections were essentially "on-target."
 - The Sales & Use Tax stood at +\$0.1 million (or +0.1% versus this component's through December cumulative consensus cash flow target), Motor Vehicle Purchase and Use Tax at -\$0.1 million (or -0.9% versus this component's through December cumulative consensus cash flow target),
 - Education Fund Interest, as is customarily the case, recorded only minimal revenues over the first half of fiscal 2012.

- Table 6 (below) presents the difference from target data for the E-Fund [Partial] for the first half of fiscal year 2012 for both the total and each component.

Table 6: Through December Results Versus Target --Education Fund [Partial]

FY 2012--Through December Component (\$ Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Sales & Use Tax	\$ 56,686.8	\$ 56,607.9	\$ 78.8	0.1%
MvP&U Tax	\$ 13,055.5	\$ 13,173.5	\$ (118.0)	-0.9%
Lottery	\$ 9,399.2	\$ 9,706.6	\$ (307.5)	-3.2%
Interest	\$ 21.0	\$ 0.0	\$ 20.9	NM
Total Education Fund [Partial]	\$ 79,162.4	\$ 79,488.1	\$ (325.7)	-0.4%

Notes:

NM=Not Meaningful

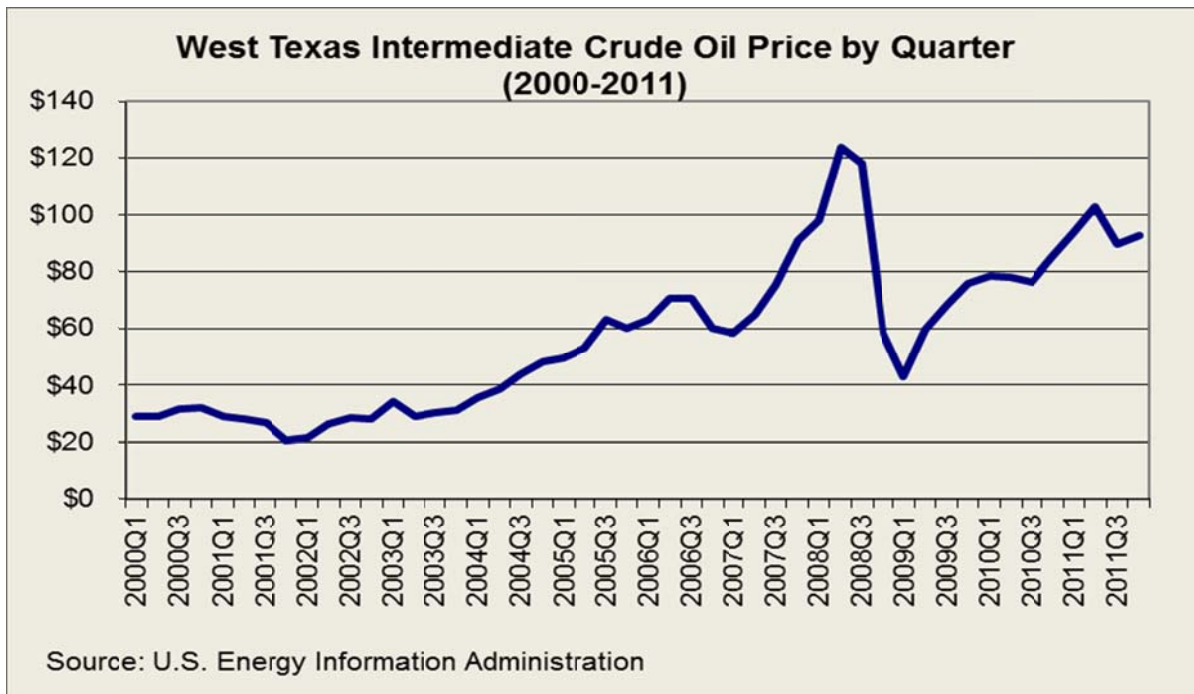
Basic Data Source: VT Agency of Administration

- Given the actual collections profile and the changed economic forecast scenario, the majority of the forecast risk associated with this updated staff recommended consensus is weighted towards the “downside.”
 - The updated staff recommended consensus forecast reflects a wide variety of factors that contributed to the slightly lower revenue result, including: (1) lower output growth,³ (2) the expectation of higher energy prices, and (3) a forecast of a continued “below trend” labor market recovery until later on in calendar year 2013.
- Using such inputs, the updated forecast using direct output from the forecast models would have been significantly more negative than that presented in this staff recommended forecast update.
 - Therefore, this staff-recommended consensus forecast update already incorporates positive adjustments for the recent strengthening in economic conditions nationally and in Vermont during the fourth quarter, and the better than expected actual recent receipts activity in components such as Corporate Estimates (as adjusted for expected higher near-term Corporate refund activity) PI Withholding, lower PI refunds, and the Liquor Tax in the G-Fund; and the MvP&U Tax, MvFees, and Other Fees components in the T-Fund during the first half of fiscal year 2012.
- Also of concern regarding this staff recommended forecast update is the prospective impact of continued elevated energy prices.
 - While oil prices have retreated somewhat from their highs last Summer (see the chart below), the price of a gallon of gasoline still

³ Including GDP growth for the U.S. and GSP growth for Vermont

remains high and gas prices this Winter have not seemed to have experienced their normal seasonal decline over the past month.⁴

- Higher energy prices—particularly for gasoline—can be problematic for the state economy and particularly for Vermont’s tourism sector—which has already experienced a drag on activity from the poor weather conditions at the start of the current Winter ski season.



III. Summary Observations on the State of the Economy

- Calendar year 2011 was a year marked by considerable volatility and many drags on the economy. Although the year started off in a very promising way, the upbeat start to the year was then followed by a litany of unfortunate developments and challenges.
 - Chief among the unfortunate developments and challenges include:
 1. a period of rising oil prices (which lasted well into the second half of the calendar year⁵)—which was primarily due to global political instability and concerns about fossil fuel supplies related to the Arab Spring,
 2. concerns throughout the year about economic instability in

⁴ Perhaps due to recent threats by Iran to interrupt oil shipping through the Strait of Hormuz.

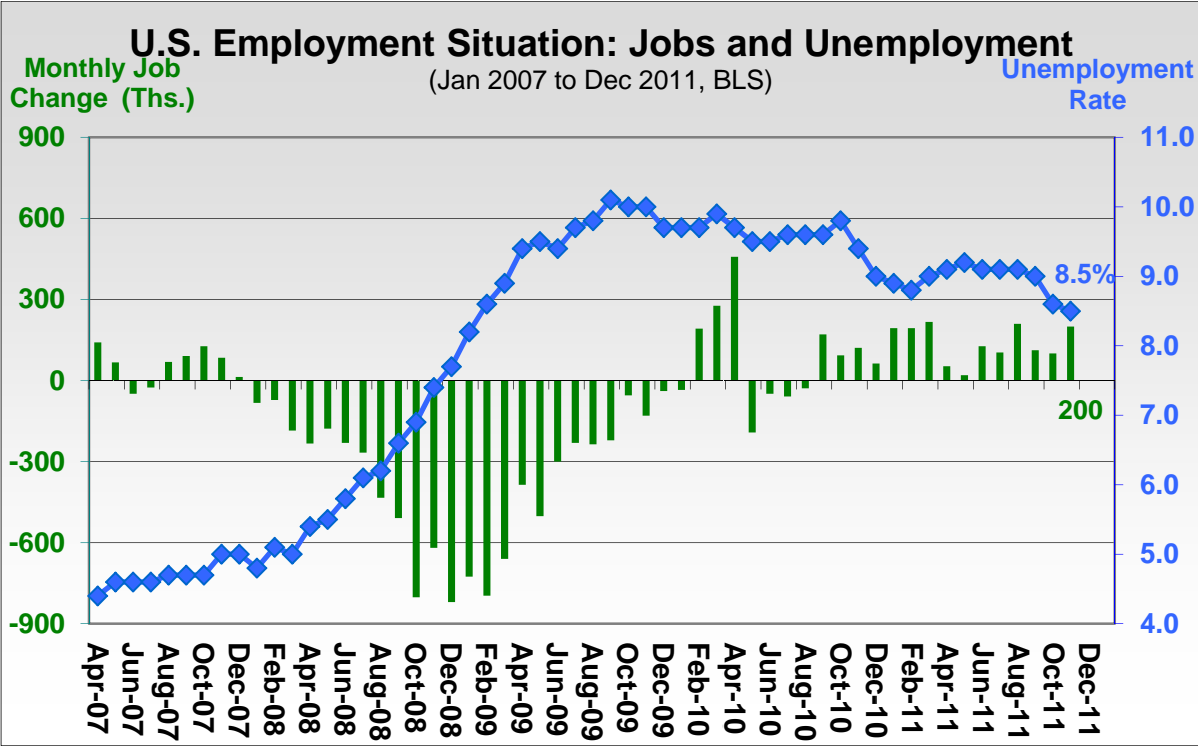
⁵ The second half of calendar year 2011 corresponds to the first half of fiscal year 2012.

Europe related to the still unfolding sovereign debt, currency, and European central banking crises,

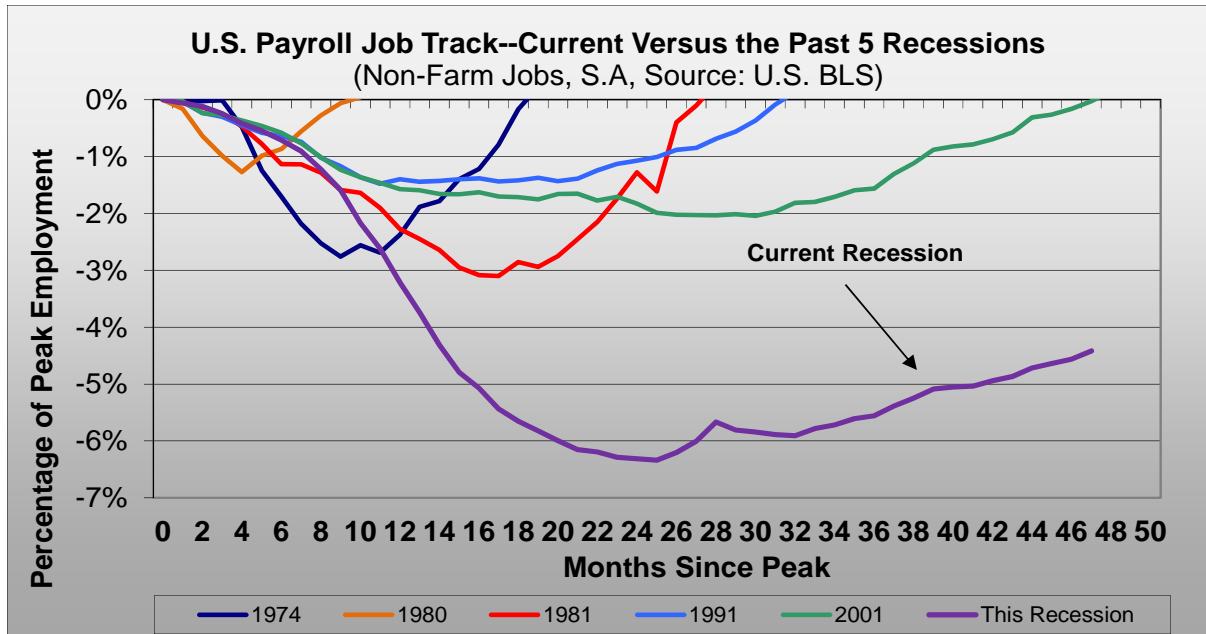
3. the harmful, disruptive impacts associated with the March 2011 Tohoku earthquake⁶ off the coast of Japan and the vehicle supply chain disruptions that adversely impacted what had been increasing robustness in U.S. and Asian manufacturing activity prior to the tragedy,
 4. the politically-imposed U.S. debt ceiling crisis, which at least for a period of time, had a strong and adverse effect on consumer, business, and investor confidence,
 5. the still on-going public sector de-leveraging process—a factor that is currently adversely impacting state and local government budgets and will soon consume federal fiscal policy as Washington begins to struggle with the fiscal-drag implications for the economy of addressing the federal deficit, and
 6. the on-going adjustments in the U.S housing market downturn.
- The end result was a year in calendar year 2011 where the economy's performance remained unusually uneven and sub-par. Thus was the case; even though it was clear that there was significant forward progress being made and that the labor market recovery had continued.
 - This was particularly evident towards the end of calendar year 2011⁷ as the economy showed some strength related to the brightening tone of holiday retail sales which had already been on a positive improvement trend from late Summer through November (see below), vehicle sales, the labor market recovery (also see below), and even some “signs of a stirring” in the construction sector.
 - In fact, that improving tone was even sufficient enough to pull the U.S. unemployment rate down a notch in December (to 8.5%)—despite the fact that some critics attributed at least part of the decline in the unemployment rate to a flattening in labor force growth (as opposed to unemployment rate reductions that resulted from sustained and robust additions to the U.S. job base).

⁶ Which also precipitated level 7 meltdowns at three nuclear reactors located at the Fukushima nuclear plant.

⁷ Corresponding to the end of the second quarter of fiscal year 2012,



- Even so, the improving trend in the economy has not been sufficient over the course of the labor market recovery to-date to recover all of the lost employment ground from the “Great Recession” (see below).



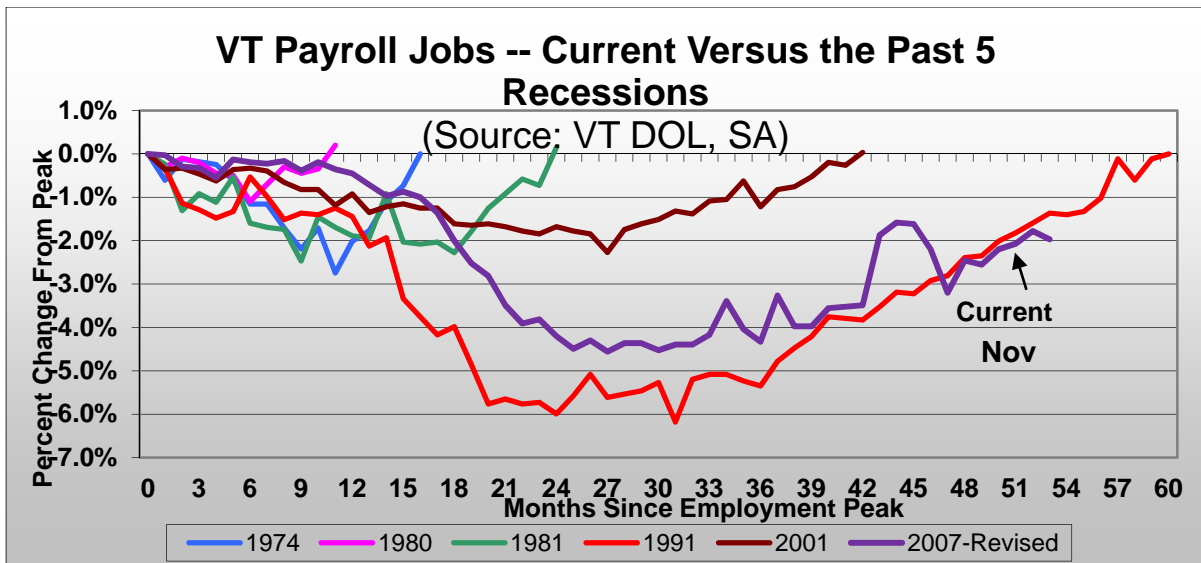
- In straight numerical terms, this labor market recovery on the national level is less than 1/3 complete⁸—with a total of more than 6 million jobs left to recover before the U.S. labor market will numerically have the same number of payroll jobs as was the case at the least labor market peak.
- In fact, according to the Moody’s Economy.com underlying U.S. economic scenario for the next five years, it is likely that it will be well into calendar year 2014 before the U.S. labor market shifts from recovery to expansion-- even with the expected late calendar year 2013 pickup in economic activity.
- The Vermont economy over the past 3 months has continued to be on a largely upbeat path—despite (or perhaps a reflection of) the recovery from the significant losses and business interruption experienced by those affected by Tropical Storm Irene.
 - So far, the state has recovered about 8,000 of the 14,000 payroll jobs lost during the last economic downturn—about 56.7% of the total.
- Even though significant parts of the state were hit extremely hard by the storm, the effect of the lost commerce⁹ has in all likelihood not been as widespread or severe as was initially feared, but it should be remembered that the longer-term impacts are yet to be fully defined.

⁸ At 2.654 million jobs or 30.3% recovered.

⁹ Which does not, by definition, include the effects of the significant amount of property loss experienced by many Vermont households and Vermont businesses.

- The “so far” favorable resolution of the various federal disaster funding uncertainties has put some limits on the downside of the cost estimates for the storm, but the “own source” funding demands for restoring the damage caused by the storm is still significant.
- Job numbers for the state indicate an improving trend in Vermont labor markets over the last three months through November.
 - On a year-over-year basis, a total of 5,400 private sectors jobs (or +2.2% versus last year) have been added through the month of November—the last month data was available.
 - Year-over-year increases of significance were found in Professional and Business Services (+2,400 jobs or +10.3% versus last year), Leisure & Hospitality (at 1,300 jobs or +4.0%), State Government (at 700 jobs or +4.0% year-over-year), Manufacturing (+400 jobs or +1.3%), and Retail Trade (at +400 jobs or +1.1% year-over-year).
 - The Government sector—despite the State Government increase—had a negative performance overall at -500 jobs or -0.9% year-over-year). Another losing category of not was the Financial Activities sector at -200 jobs or -1.6% year-over-year.
- As was the case in last July’s consensus revenue forecast update report, it should be mentioned that the state has had a pattern of having periods of unexplained “ups and downs” in its job numbers which has complicated getting a firm reading on the true reading on the state’s labor market recovery.
 - During what can be termed the “up months,” it is unlikely that Vermont’s labor markets are performing as strongly as the raw labor market data indicate.
 - The same is true for the down months, as it is highly unlikely that the state’s labor market conditions are as poor as some of those “down months” readings suggest.
 - Instead, the reality of the pace and conditions in Vermont’s labor market recovery are likely somewhere in-between.
- Therefore, as was pointed out in the July consensus revenue forecast report, care should be exercised regarding the drawing inferences from the month-to-month job change data.

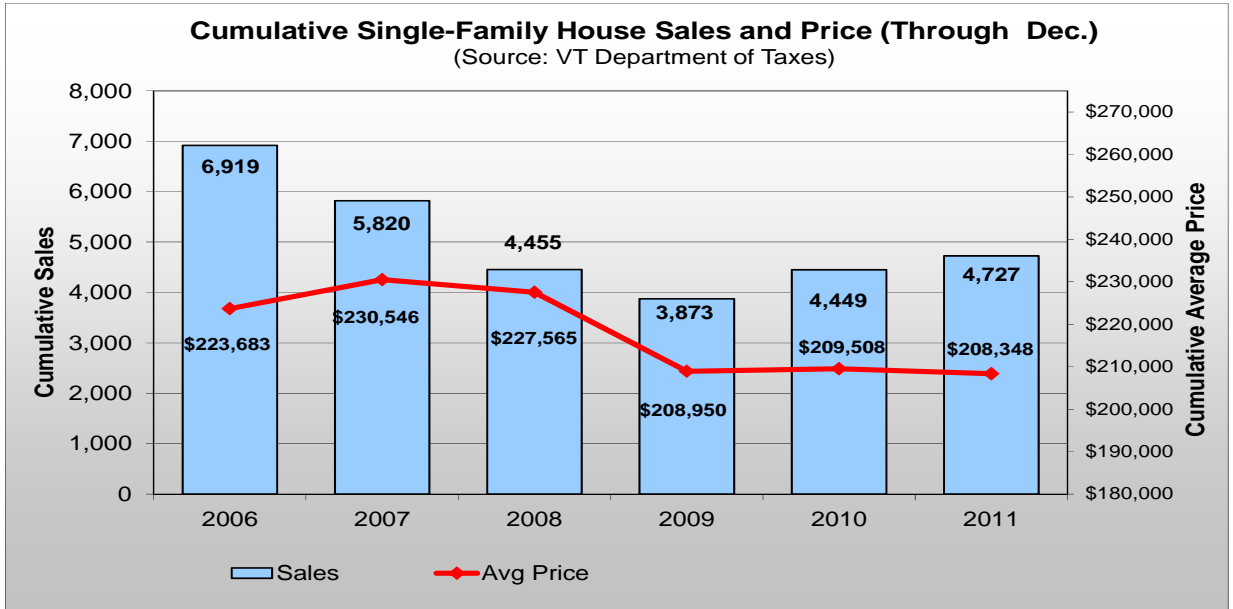
- Recent readings regarding possible month-to-month Payroll job declines during the “down months” were of a size that at times was more severe than during the economic free-fall during late-calendar year 2008.
 - In contrast, for the “up months,” the data sometimes has shown gains that are for the most part unsubstantiated by any corroborating anecdotal or other evidence—strongly suggesting that those gains were to some degree exaggerated.
- The chart below highlights recent developments and the increased volatility, comparing the level of payroll job loss and recovery versus the job count peak for the current and previous recessions.
 - The chart shows that job market recoveries in recent recessions are generally growing in length, and it also shows the unevenness of the recovery path from the last recession.
 - It also shows that Vermont still has some more labor market recovery to go, although the state’s 56.7% recovery percentage is significantly farther along the process than the U.S. economy (at only 30.3% recovered).



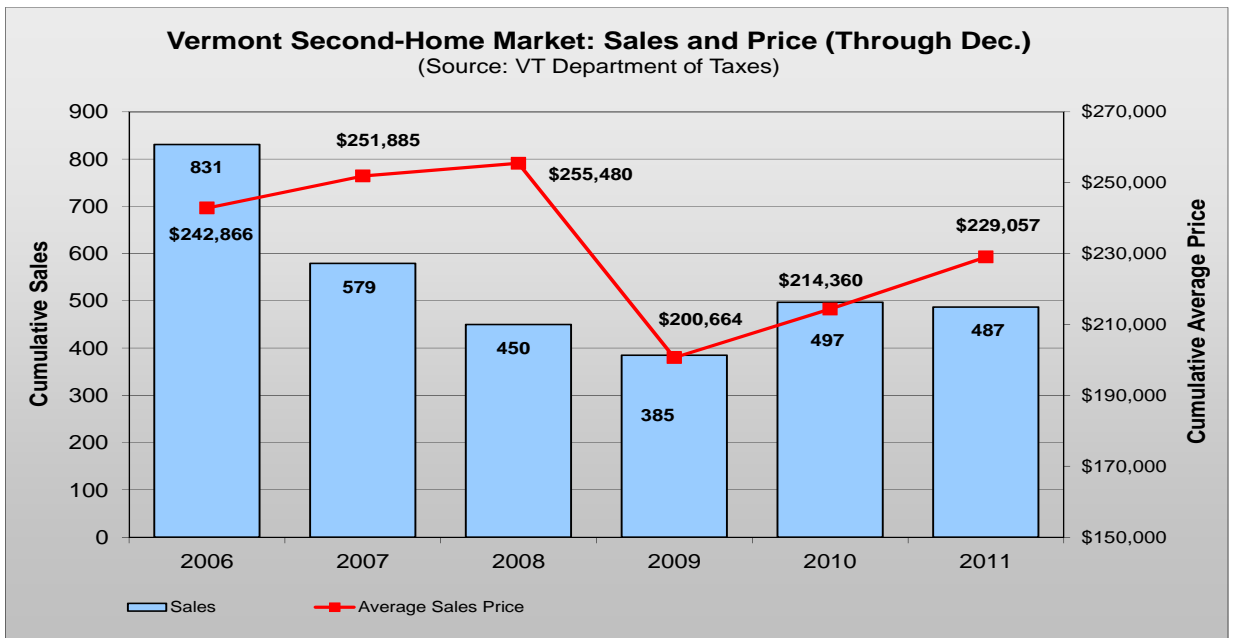
- Turning to Vermont’s housing market using tax data from the Vermont Department of Taxes,¹⁰ the chart below shows Vermont’s single-family home sales volume and average sales price from January 1, 2011 through December 31, 2011—in comparison to the previous five years.

¹⁰ Which sometimes is affected by the timing of the Tax Department’s processing times.

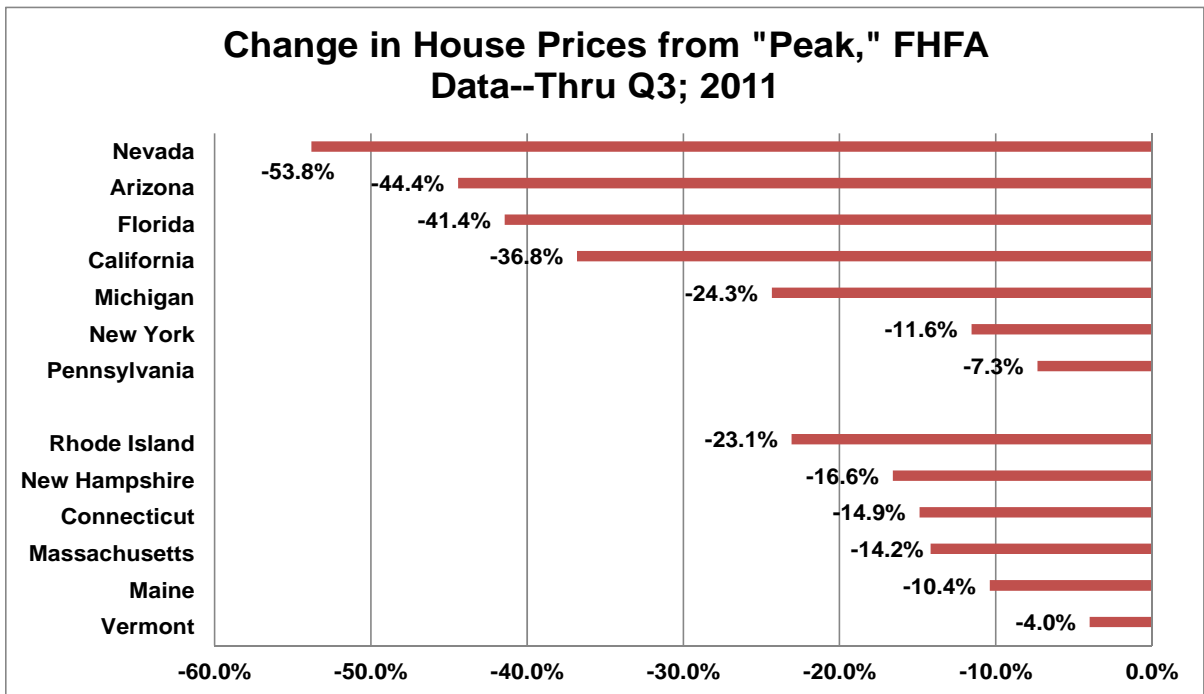
- The cumulative December 2011 data shows that sales volume is up over the past two years and average prices seem to have remained relatively stable over the same period.



- With respect to Vermont's second home market, the same data shows that while the sales volume through December was still nowhere near the high mark in 2006, volume has begun to come back.
 - This also is supported by the increase in the average sales price that has shown improvement in calendar years 2010 and 2011.



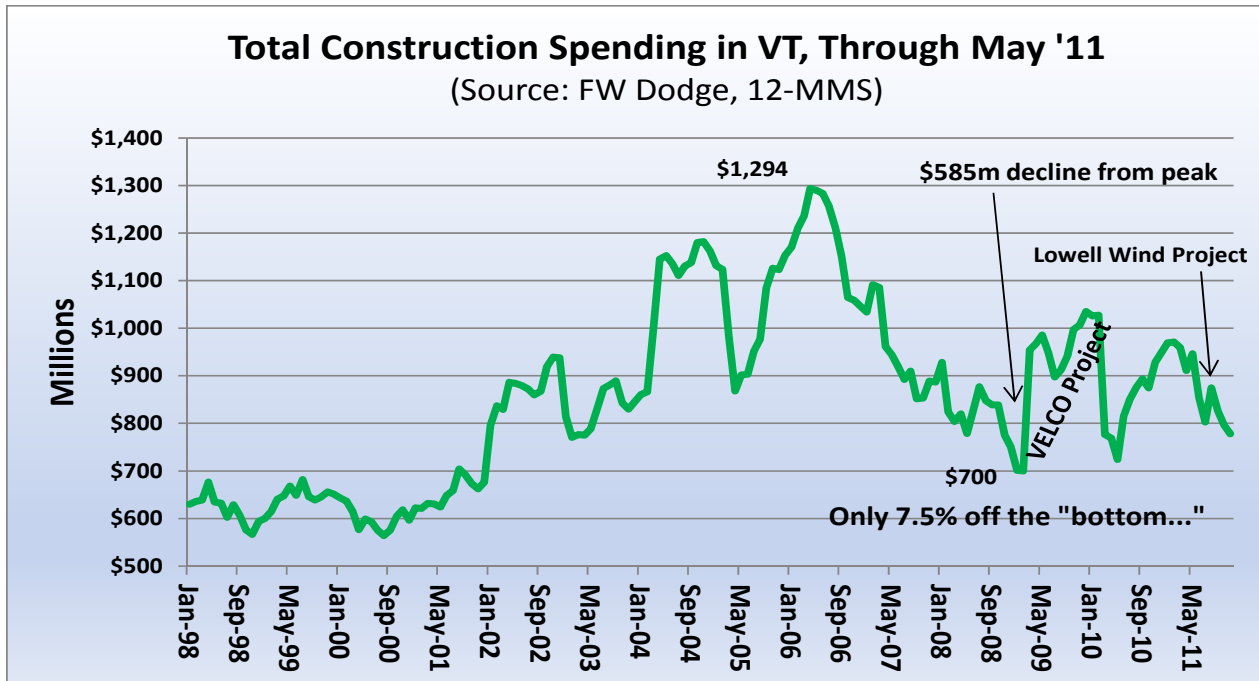
- That performance is generally collaborated by the most recent data from the Federal Housing Finance Agency's house price index through the 3rd quarter of calendar year 2011.
 - This index measures the price change for sales of new and repeat sales of properties that are funded by traditional mortgage financing.
 - The data shows that from its peak reading back in the 4th quarter of calendar year 2008, Vermont's housing price decline has been the lowest in New England and the Northeast U.S. and ranks among the lowest of the 50 states.
 - Although some additional house price declines are expected before the housing market downturn is over nationally and regionally, this data and the other housing market data indicate that the state of Vermont may be able to escape many of the pernicious effects of the deep housing market recession that has caused so many problems in other states and regions.



- Despite the relative housing price stability in Vermont, construction activity in Vermont has been adversely impacted by the sluggish economy as evidenced by total construction spending in Vermont as reported by FW Dodge.
 - As of November 2011, the data show that construction activity

appears to have been only off of its cyclical low by less than 10%, with a very modest recovery under way aided by non-building construction (via some residual stimulus spending and the Irene recovery) and the start of the Lowell Wind Project.

- Residential spending remains very weak, and nonresidential is showing no signs of rebounding.
- 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).



- As a result, recent developments in the U.S. and Vermont economies indicate that that near-term outlook for the U.S. and Vermont economies has weakened measurably since the last consensus economic and revenue forecast in July 2011 (per the Consensus Economic Forecast Tables that are appended to this report).
 - What had seemed to be a “close to trend” path for output growth, and further progress in job market recovery, has now been scaled back for the calendar year 2012-13 period in comparison to the consensus forecast update last July.
 - For the U.S. economy, these differences include:
 1. U.S. GDP growth has been reduced by 1.6 percentage points in calendar 2012 and by 0.7 percentage points in calendar year 2013.

2. The rate of payroll job increase has been reduced by one full percentage point in calendar 2012 and by 1.1 percentage points in 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 track significantly higher in both calendar year 2012 and 2013 than was expected in the consensus revenue forecast update presented and adopted last July.
- 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 used last in last July's consensus forecast update.
 - These differences include:
 1. Output growth that is expected to be 1.2 percentage points weaker in calendar 2012 and 0.4 percentage points weaker in calendar 2013.
 2. The job recovery rate in Vermont is expected to be 0.3 percentage points stronger in calendar year 2012 and be unchanged in calendar year 2013 relative to expectations in July 2011.
 3. Personal income growth in calendar year 2012 is forecasted to be roughly equal to the level expected last July (+0.2 percentage points in calendar 2012), but 1.5 percentage points weaker in calendar year 2013.
 4. For calendar years 2014-16 which cover the final three years of the five year consensus forecast period, all macro variables are expected to be significantly stronger than last July's consensus forecast update—as the U.S. and Vermont economies are expected to hit a “more normal stride” in their respective economic recoveries.

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, 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 A
Comparison of Recent Consensus U.S. Macroeconomic Forecasts
June 2010 Through December 2011, Selected Variables, Calendar Year Basis

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Real GDP Growth									
June-10	2.7	2.1	0.4	-2.4	3.1	3.9	5.0	3.4	
December-10	2.7	1.9	0.0	-2.6	2.9	3.9	4.5	4.4	
June-11	2.7	1.9	0.0	-2.6	2.9	2.7	4.2	4.1	3.4
December-11	2.7	1.9	-0.3	-3.5	3.0	1.8	2.6	3.4	4.1
S&P 500 Growth (Annual Avg.)									
June-10	8.6	12.7	-17.3	-22.5	21.2	5.8	4.2	5.9	
December-10	8.6	12.7	-17.3	-22.5	20.5	12.4	6.8	5.8	
June-11	8.6	12.7	-17.3	-22.5	20.5	18.4	1.2	-2.4	1.5
December-11	8.6	12.7	-17.3	-22.5	20.3	0.0	9.2	11.5	8.7
Employment Growth (Non-Ag)									
June-10	1.8	1.1	-0.6	-4.3	-0.4	1.5	2.9	3.2	
December-10	1.8	1.1	-0.6	-4.3	-0.5	1.7	2.3	3.3	
June-11	1.8	1.1	-0.6	-4.4	-0.7	1.2	2.0	2.6	2.9
December-11	1.8	1.1	-0.6	-4.4	-0.7	1.0	1.0	1.5	3.0
Unemployment Rate									
June-10	4.6	4.6	5.8	9.3	9.9	9.5	7.5	6.1	
December-10	4.6	4.6	5.8	9.3	9.6	9.5	8.0	6.4	
June-11	4.6	4.6	5.8	9.3	9.6	9.0	8.4	7.3	5.8
December-11	4.6	4.6	5.8	9.3	9.6	9.0	8.8	8.4	7.0
West Texas Int. Crude Oil \$/Bbl									
June-10	66.1	72.4	99.6	61.7	79.5	87.3	89.4	90.2	
December-10	66.1	72.4	99.6	61.7	79.4	93.0	96.4	97.9	
June-11	66.1	72.4	99.6	61.7	79.4	101.2	99.4	100.5	101.0
December-11	66.1	72.4	99.6	61.7	79.4	94.7	104.2	106.5	106.8
Prime Rate									
June-10	7.96	8.05	5.09	3.25	3.20	4.60	6.78	7.07	
December-10	7.96	8.05	5.09	3.25	3.23	3.21	4.43	6.55	
June-11	7.96	8.05	5.09	3.25	3.25	3.24	3.63	5.05	6.69
December-11	7.96	8.05	5.09	3.25	3.25	3.21	3.08	3.32	4.69
Consumer Price Index Growth									
June-10	3.2	2.9	3.8	-0.3	1.8	2.1	3.1	2.8	
December-10	3.2	2.9	3.8	-0.3	1.6	1.5	2.6	3.0	
June-11	3.2	2.9	3.8	-0.3	1.6	3.0	1.9	2.5	2.7
December-11	3.2	2.9	3.8	-0.3	1.6	3.2	2.1	2.4	2.9
Avg. Home Price Growth									
June-10	7.2	2.0	-3.0	-4.0	-4.6	-0.7	0.4	1.5	
December-10	7.2	2.0	-3.0	-4.0	-3.7	-1.1	0.3	1.4	
June-11	7.4	1.4	-4.2	-4.5	-3.5	-4.0	0.0	1.7	4.6
December-11	7.3	1.4	-4.3	-4.6	-3.6	-3.9	-0.4	1.0	4.1

TABLE B
Comparison of Consensus Administration and JFO Vermont State Forecasts
June 2009 Through November 2011, Selected Variables, Calendar Year Basis

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Real GSP Growth									
June-09	1.3	1.7	1.7	-3.3	0.5	3.4	5.1		
November-09	1.3	1.7	1.7	-3.1	-0.5	4.5	5.3	4.3	
June-10	1.3	1.7	1.7	-0.3	3.5	4.0	5.1	3.2	
December-10	1.2	0.1	2.0	-0.7	3.4	4.1	5.3	3.8	
June-11	1.2	-0.7	0.4	-2.3	3.2	3.5	4.0	3.9	3.0
December-11	1.2	-0.7	0.4	-2.3	3.2	2.3	2.8	3.5	3.6
Population Growth									
June-09	0.1	0.1	0.1	0.0	0.1	0.3	0.3		
November-09	0.1	0.1	0.1	0.0	0.2	0.3	0.3	0.3	
June-10	0.2	0.1	0.1	0.1	0.1	0.3	0.3	0.3	
December-10	0.2	0.1	0.1	0.1	0.1	0.3	0.4	0.5	
June-11	0.2	0.2	0.2	0.1	0.2	0.3	0.3	0.3	0.3
December-11	0.2	0.2	0.2	0.1	0.2	0.3	0.3	0.3	0.4
Employment Growth									
June-09	0.7	0.2	-0.7	-4.6	-1.7	1.4	2.9		
November-09	0.7	0.2	-0.7	-3.8	-1.1	1.3	2.3	2.9	
June-10	0.7	0.2	-0.4	-3.3	-0.4	0.8	2.2	1.9	
December-10	0.7	0.2	-0.4	-3.3	-0.9	0.5	1.8	2.7	
June-11	0.8	0.2	-0.4	-3.2	0.1	2.6	1.0	1.9	2.4
December-11	0.8	0.2	-0.4	-3.2	0.1	1.8	1.3	1.9	2.5
Unemployment Rate									
June-09	3.7	4.0	4.8	8.0	8.9	7.7	6.1		
November-09	3.7	4.0	4.8	7.2	8.1	7.4	6.0	5.1	
June-10	3.7	3.9	4.5	6.9	6.7	6.6	5.4	4.5	
December-10	3.7	3.9	4.5	6.9	6.2	6.1	5.2	4.1	
June-11	3.7	3.9	4.5	6.9	6.2	5.7	5.5	4.6	3.4
December-11	3.7	3.9	4.5	6.9	6.2	5.5	5.4	5.1	4.4
Personal Income Growth									
June-09	7.6	6.7	3.8	0.1	0.7	2.4	4.4		
November-09	7.6	6.7	4.3	1.4	1.1	2.4	3.5	5.1	
June-10	8.0	4.8	2.7	-0.3	2.8	3.4	5.5	6.0	
December-10	8.0	4.8	2.7	0.2	2.5	2.8	5.8	6.5	
June-11	7.9	5.5	3.7	-0.3	3.4	5.5	4.8	6.8	6.1
December-11	7.9	5.5	3.7	-1.3	3.4	4.0	5.0	5.3	5.1
Home Price Growth (JFO*)									
June-09*	8.9	3.4	0.9	-1.7	-1.6	0.5	1.1		
November-09*	8.5	3.2	0.8	-1.8	-1.9	0.4	1.1	2.1	
June-10	8.4	3.1	0.4	-1.5	-2.1	0.1	1.1	2.1	
December-10	8.3	3.0	0.3	-1.5	-1.3	-0.1	0.7	1.3	
June-11	8.2	2.9	0.1	-1.5	-0.9	0.0	0.7	1.3	1.5
December-11	8.2	2.8	0.1	-1.5	-0.8	-0.5	0.5	1.2	1.6

**TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 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	%	FY 2009	%	FY 2010	%	FY 2011	%	FY 2012	%	FY 2013	%	FY 2014	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Personal Income	\$622.3	7.1%	\$530.3	-14.8%	\$498.0	-6.1%	\$553.3	11.1%	\$594.6	7.5%	\$642.1	8.0%	\$700.9	9.2%
Sales & Use*	\$338.4	1.4%	\$321.2	-5.1%	\$311.1	-3.1%	\$325.6	4.7%	\$339.8	4.4%	\$352.7	3.8%	\$366.3	3.9%
Corporate	\$74.6	2.4%	\$66.2	-11.3%	\$62.8	-5.1%	\$89.7	42.7%	\$77.3	-13.8%	\$81.0	4.8%	\$84.6	4.4%
Meals and Rooms	\$121.1	5.4%	\$117.1	-3.3%	\$118.0	0.8%	\$122.6	4.0%	\$126.7	3.3%	\$131.5	3.8%	\$136.2	3.6%
Cigarette and Tobacco**	\$59.2	-7.9%	\$64.1	8.3%	\$70.1	9.2%	\$72.9	4.0%	\$78.3	7.4%	\$75.6	-3.4%	\$73.9	-2.2%
Liquor	\$14.2	3.7%	\$15.0	6.0%	\$14.9	-1.0%	\$15.4	3.1%	\$16.5	7.5%	\$16.8	1.8%	\$17.2	2.4%
Insurance	\$54.8	3.8%	\$53.7	-2.1%	\$53.3	-0.9%	\$55.0	3.3%	\$56.0	1.8%	\$57.2	2.1%	\$58.5	2.3%
Telephone	\$9.5	-4.6%	\$9.1	-3.8%	\$7.9	-13.9%	\$11.4	44.4%	\$9.3	-18.1%	\$9.2	-1.1%	\$9.1	-1.1%
Beverage	\$5.6	1.9%	\$5.6	0.3%	\$5.7	0.4%	\$5.8	2.2%	\$5.9	2.0%	\$6.0	1.7%	\$6.1	1.7%
Electric***	\$2.7	3.3%	\$2.8	4.0%	\$2.9	2.5%	\$2.9	0.8%	\$2.8	-4.2%	\$0.0	-100.0%	\$0.0	NM
Estate	\$15.7	-11.9%	\$23.4	49.1%	\$14.2	-39.5%	\$35.9	153.3%	\$19.5	-45.7%	\$21.9	12.3%	\$23.1	5.5%
Property	\$34.0	-13.5%	\$25.9	-23.7%	\$23.8	-8.2%	\$25.6	7.7%	\$26.1	1.8%	\$28.2	8.0%	\$31.8	12.8%
Bank	\$10.2	-3.4%	\$20.6	102.5%	\$10.4	-49.7%	\$15.4	49.0%	\$10.9	-29.3%	\$11.0	0.9%	\$11.1	0.9%
Other Tax	\$3.2	-51.1%	\$2.8	-12.7%	\$3.7	32.1%	\$3.7	1.7%	\$3.5	-5.9%	\$3.8	8.6%	\$4.0	5.3%
Total Tax Revenue	\$1365.5	3.0%	\$1257.9	-7.9%	\$1196.5	-4.9%	\$1335.1	11.6%	\$1367.2	2.4%	\$1437.0	5.1%	\$1522.8	6.0%
Business Licenses	\$2.7	-1.0%	\$3.0	9.4%	\$3.0	-0.2%	\$3.0	-0.6%	\$3.1	4.6%	\$3.2	3.2%	\$3.3	3.1%
Fees	\$14.7	3.6%	\$19.1	29.5%	\$19.2	0.9%	\$20.5	6.4%	\$20.1	-1.8%	\$20.8	3.5%	\$21.5	3.4%
Services	\$1.7	15.9%	\$1.5	-11.0%	\$1.2	-19.9%	\$1.1	-8.7%	\$1.5	32.5%	\$1.4	-6.7%	\$1.5	7.1%
Fines	\$4.4	38.6%	\$9.8	122.0%	\$7.4	-24.8%	\$5.7	-22.2%	\$5.8	1.4%	\$6.0	3.4%	\$6.2	3.3%
Interest	\$3.9	10.1%	\$1.4	-63.9%	\$0.6	-57.0%	\$0.3	-49.7%	\$0.5	62.6%	\$1.2	140.0%	\$2.8	133.3%
Lottery	\$22.7	-2.5%	\$20.9	-7.7%	\$21.6	3.0%	\$21.4	-0.7%	\$21.3	-0.6%	\$21.8	2.3%	\$22.3	2.3%
All Other	\$0.6	-44.1%	\$0.2	-64.7%	\$0.3	57.4%	\$0.7	115.7%	\$0.5	-33.0%	\$0.6	20.0%	\$0.7	16.7%
Total Other Revenue	\$50.9	2.5%	\$56.0	10.0%	\$53.3	-4.7%	\$52.8	-1.1%	\$52.8	0.1%	\$55.0	4.2%	\$58.3	6.0%
TOTAL GENERAL FUND	\$1416.4	3.0%	\$1313.9	-7.2%	\$1249.9	-4.9%	\$1387.9	11.0%	\$1420.0	2.3%	\$1492.0	5.1%	\$1581.1	6.0%
OTHER														
Fuel Gross Receipts Tax	\$7.3	6.3%	\$7.5	3.7%	\$6.7	-10.6%	\$7.5	11.5%	\$8.2	9.0%	\$8.1	-1.2%	\$8.3	2.5%

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

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

*** Assumes Vermont Yankee operates during legal appeal process in FY12 if pending court ruling goes against Entergy Corp.

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

CURRENT LAW BASIS

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

	FY 2008	%	FY 2009	%	FY 2010	%	FY 2011	%	FY 2012	%	FY 2013	%	FY 2014	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE														
Personal Income	\$622.3	7.1%	\$530.3	-14.8%	\$498.0	-6.1%	\$553.3	11.1%	\$594.6	7.5%	\$642.1	8.0%	\$700.9	9.2%
Sales and Use*	\$225.6	1.4%	\$214.1	-5.1%	\$207.4	-3.1%	\$217.1	4.7%	\$226.5	4.4%	\$235.1	3.8%	\$244.2	3.9%
Corporate	\$74.6	2.4%	\$66.2	-11.3%	\$62.8	-5.1%	\$89.7	42.7%	\$77.3	-13.8%	\$81.0	4.8%	\$84.6	4.4%
Meals and Rooms	\$121.1	5.4%	\$117.1	-3.3%	\$118.0	0.8%	\$122.6	4.0%	\$126.7	3.3%	\$131.5	3.8%	\$136.2	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	\$14.2	3.7%	\$15.0	6.0%	\$14.9	-1.0%	\$15.4	3.1%	\$16.5	7.5%	\$16.8	1.8%	\$17.2	2.4%
Insurance	\$54.8	3.8%	\$53.7	-2.1%	\$53.3	-0.9%	\$55.0	3.3%	\$56.0	1.8%	\$57.2	2.1%	\$58.5	2.3%
Telephone	\$9.5	-4.6%	\$9.1	-3.8%	\$7.9	-13.9%	\$11.4	44.4%	\$9.3	-18.1%	\$9.2	-1.1%	\$9.1	-1.1%
Beverage	\$5.6	1.9%	\$5.6	0.3%	\$5.7	0.4%	\$5.8	2.2%	\$5.9	2.0%	\$6.0	1.7%	\$6.1	1.7%
Electric**	\$2.7	3.3%	\$2.8	4.0%	\$2.9	2.5%	\$2.9	0.8%	\$2.8	-4.2%	\$0.0	-100.0%	\$0.0	NM
Estate***	\$15.7	-11.9%	\$21.9	39.4%	\$14.2	-35.2%	\$21.0	48.3%	\$19.5	-7.1%	\$21.9	12.3%	\$23.1	5.5%
Property	\$10.7	-16.3%	\$8.5	-21.1%	\$7.8	-8.2%	\$8.4	7.7%	\$8.4	0.8%	\$9.1	8.0%	\$10.3	12.8%
Bank	\$10.2	-3.4%	\$20.6	102.5%	\$10.4	-49.7%	\$15.4	49.0%	\$10.9	-29.3%	\$11.0	0.9%	\$11.1	0.9%
Other Tax	\$3.2	-51.1%	\$2.8	-12.7%	\$3.7	32.1%	\$3.7	1.7%	\$3.5	-5.9%	\$3.8	8.6%	\$4.0	5.3%
Total Tax Revenue	\$1170.3	4.1%	\$1067.7	-8.8%	\$1006.7	-5.7%	\$1121.6	11.4%	\$1158.0	3.2%	\$1224.8	5.8%	\$1305.3	6.6%
Business Licenses	\$2.7	-1.0%	\$3.0	9.4%	\$3.0	-0.2%	\$3.0	-0.6%	\$3.1	4.6%	\$3.2	3.2%	\$3.3	3.1%
Fees	\$14.7	3.6%	\$19.1	29.5%	\$19.2	0.9%	\$20.5	6.4%	\$20.1	-1.8%	\$20.8	3.5%	\$21.5	3.4%
Services	\$1.7	15.9%	\$1.5	-11.0%	\$1.2	-19.9%	\$1.1	-8.7%	\$1.5	32.5%	\$1.4	-6.7%	\$1.5	7.1%
Fines	\$4.4	38.6%	\$9.8	122.0%	\$7.4	-24.8%	\$5.7	-22.2%	\$5.8	1.4%	\$6.0	3.4%	\$6.2	3.3%
Interest	\$5.3	7.2%	\$1.2	-77.8%	\$0.5	-56.3%	\$0.3	-49.9%	\$0.4	56.7%	\$1.1	175.0%	\$2.6	136.4%
All Other	\$0.6	-44.1%	\$0.2	-64.7%	\$0.3	57.4%	\$0.7	115.7%	\$0.5	-33.0%	\$0.6	20.0%	\$0.7	16.7%
Total Other Revenue	\$29.5	6.5%	\$34.8	18.0%	\$31.7	-8.9%	\$31.3	-1.2%	\$31.4	0.4%	\$33.1	5.4%	\$35.8	8.2%
TOTAL GENERAL FUND	\$1199.7	4.2%	\$1102.5	-8.1%	\$1038.4	-5.8%	\$1152.8	11.0%	\$1189.4	3.2%	\$1257.9	5.8%	\$1341.1	6.6%

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

** Assumes Vermont Yankee operates during legal appeal process in FY12 if pending court ruling goes against Entergy Corp.

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

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

SOURCE T-FUND

revenues are prior to all E-Fund allocations

and other out-transfers. Used for

analytic and comparative purposes only.

	FY 2008		FY 2009		FY 2010		FY 2011		FY 2012		FY 2013		FY 2014	
	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change
REVENUE SOURCE														
Gasoline	\$62.6	-1.6%	\$60.6	-3.1%	\$61.0	0.6%	\$60.6	-0.6%	\$60.7	0.1%	\$61.6	1.5%	\$63.1	2.4%
Diesel	\$16.6	-7.8%	\$15.5	-6.5%	\$15.1	-2.6%	\$15.4	2.0%	\$15.7	2.0%	\$16.1	2.5%	\$16.6	3.1%
Purchase and Use*	\$79.0	-2.0%	\$65.9	-16.6%	\$69.7	5.7%	\$77.1	10.5%	\$82.9	7.6%	\$87.5	5.5%	\$91.3	4.3%
Motor Vehicle Fees	\$67.5	3.2%	\$65.5	-3.0%	\$72.5	10.7%	\$72.3	-0.3%	\$74.4	2.9%	\$75.6	1.6%	\$78.3	3.6%
Other Revenue**	\$23.7	17.2%	\$18.0	-24.0%	\$18.2	1.4%	\$17.9	-1.9%	\$19.1	6.8%	\$19.5	2.1%	\$20.0	2.6%
TOTAL TRANS. FUND	\$249.4	0.6%	\$225.6	-9.6%	\$236.6	4.9%	\$243.3	2.8%	\$252.8	3.9%	\$260.3	3.0%	\$269.3	3.5%

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

CURRENT LAW BASIS

including all Education Fund

allocations and other out-transfers

	FY 2008		FY 2009		FY 2010		FY 2011		FY 2012		FY 2013		FY 2014	
	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Actual)	% Change	(Forecast)	% Change	(Forecast)	% Change	(Forecast)	% Change
REVENUE SOURCE														
Gasoline	\$62.6	-1.6%	\$60.6	-3.1%	\$61.0	0.6%	\$60.6	-0.6%	\$60.7	0.1%	\$61.6	1.5%	\$63.1	2.4%
Diesel	\$16.6	-7.8%	\$15.5	-6.5%	\$15.1	-2.6%	\$15.4	2.0%	\$15.7	2.0%	\$16.1	2.5%	\$16.6	3.1%
Purchase and Use*	\$52.7	-2.0%	\$44.0	-16.6%	\$46.5	5.7%	\$51.4	10.5%	\$55.3	7.6%	\$58.3	5.5%	\$60.9	4.3%
Motor Vehicle Fees	\$67.5	3.2%	\$65.5	-3.0%	\$72.5	10.7%	\$72.3	-0.3%	\$74.4	2.9%	\$75.6	1.6%	\$78.3	3.6%
Other Revenue**	\$23.7	23.5%	\$18.0	-24.0%	\$18.2	1.4%	\$17.9	-1.9%	\$19.1	6.8%	\$19.5	2.1%	\$20.0	2.6%
TOTAL TRANS. FUND	\$223.1	1.4%	\$203.6	-8.7%	\$213.3	4.8%	\$217.6	2.0%	\$225.2	3.5%	\$231.1	2.6%	\$238.9	3.3%

OTHER

TIB Gasoline					\$13.4	NM	\$16.5	23.6%	\$20.6	24.7%	\$20.9	1.5%	\$22.0	5.3%
TIB Diesel					\$1.5	NM	\$2.0	31.7%	\$1.9	-3.2%	\$1.9	0.0%	\$2.0	5.3%
Total TIB					\$14.9	NM	\$18.5	24.4%	\$22.5	21.8%	\$22.8	1.3%	\$24.0	5.3%

* 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 - January 2012**

CURRENT LAW BASIS

* Source General and Transportation

Fund taxes allocated to or associated
with the Education Fund only.

	FY 2008	%	FY 2009	%	FY 2010	%	FY 2011	%	FY 2012	%	FY 2013	%	FY 2014	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
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**	\$112.8	1.4%	\$107.1	-5.1%	\$103.7	-3.1%	\$108.5	4.7%	\$113.3	4.4%	\$117.6	3.8%	\$122.1	3.9%
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)	-0.8%	\$0.3	NM	\$0.1	-60.2%	\$0.1	-48.8%	\$0.1	NM	\$0.1	NM	\$0.2	NM
Lottery	\$22.7	-2.5%	\$20.9	-7.7%	\$21.6	3.0%	\$21.4	-0.7%	\$21.3	-0.6%	\$21.8	2.3%	\$22.3	2.3%
TRANSPORTATION FUND														
Purchase and Use***	\$26.3	-2.0%	\$22.0	-16.6%	\$23.2	5.7%	\$25.7	10.5%	\$27.6	7.6%	\$29.2	5.5%	\$30.4	4.3%
TOTAL	\$160.5	0.3%	\$150.2	-6.4%	\$148.6	-1.1%	\$155.7	4.8%	\$162.3	4.2%	\$168.6	3.9%	\$175.0	3.8%

** 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