

The Revised Fiscal 2011-12 Revenue Outlook

General Fund, Transportation Fund, and Education Fund



Prepared for the Vermont Emergency Board

July 15, 2010

Prepared by:

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

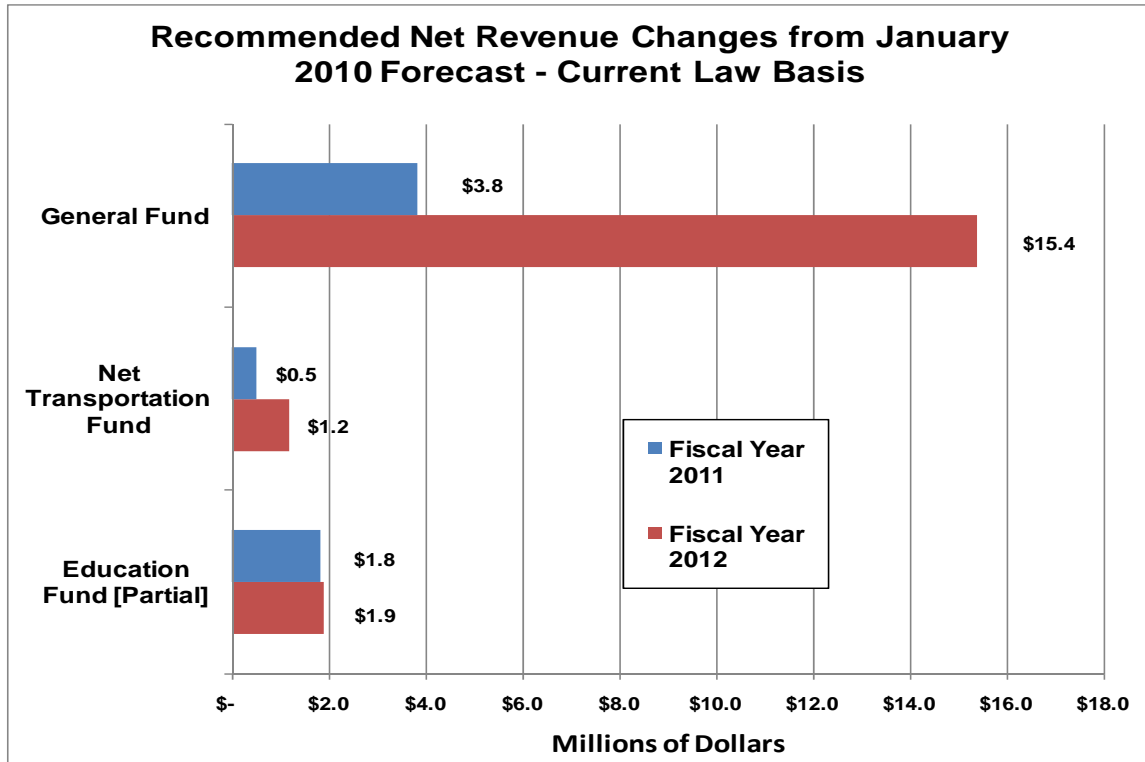
- Although the economy since late last Fall has clearly made the transition from recession to recovery, the latest readings on the economy indicate that pace of the economic turnaround has so far been historically slow and uneven.
 - Economic conditions over the last six months, while measurably improved over both last Winter and conditions in the economy one year ago, have recently taken on a “mixed character.”
 - The pace of recovery has lost some momentum¹ as the economic stimulus from temporary measures such as federal stimulus project spending, the homebuyers credit, the Fed’s purchase of mortgage-backed securities, and initiatives like the “cash for clunkers” vehicle program have run their course.
- With private sector demand growth still lagging, the tepid rebound to-date has not been sufficient to underpin a strong enough rebound in labor markets that would enable the economy to take on the character of more typical self-sustaining economic recovery.
 - This has been complicated by still lagging conditions in residential and commercial real estate markets, the emergence-recognition of sovereign debt problems in Europe, and historically low levels of consumer, business and investor confidence.
 - All of these factors pose significant headwinds for both the continuation of the economy recovery and the pace and character of near-term state revenue collections.
- While another round of economic recession (e.g. a second full-fledged downturn or a “double-dip” recession or deflation) has not risen to the level of likelihood that such a development is included in the current consensus economic and state revenue forecast, recent developments illustrate the need for continued caution in the state revenue outlook—as the possibility of another period of protracted economic weakness cannot be completely ruled out at this time.
 - That condition means that there still remains a relatively high degree of down-side economic and state revenue forecast risk.
 - This downside economic and state revenue forecast risk remains elevated enough so that it is clear that both the economy and state revenues are not yet “out of the woods” following what has widely been

¹ Including a decidedly downbeat assessment of economic conditions by the Federal Reserve’s Open Market Committee in their recent meeting minutes from earlier this year.

called the “Great Recession of 2007-09.”

- Against that high downside risk revenue environment stands the “on-target” actual fiscal year 2010 revenue receipts performance across all three of the state’s major funds. Combined, the General Fund, Transportation fund, and Education Fund {Partial] finished fiscal year 2010 within +\$9.7 million or +0.7% of the January 2010 consensus forecast revenue target.
 - Among the three major funds, the General Fund finished fiscal year 2010 just under +\$7.5 million or +0.7% of its consensus forecast target. The Transportation Fund and the Education Fund [Partial] finished fiscal year 2010 at +\$1.0 million (or +0.5%) and +\$1.1 million (or +0.8%) versus their fiscal year 2010 targets, respectively.
- With this “on-target” performance for fiscal 2010, the staff recommendation for the July 2010 consensus revenue forecast update calls for only minor technical/re-specification changes in the various top line numbers for all three of the State’s major funds for fiscal year 2011.
 - For the General Fund, the staff recommendation calls for a fiscal year revenue level of \$1,090.4 million—an increase of \$3.8 million or 0.4% increase over the January forecast consensus. For fiscal 2012, the staff recommendation calls for a +15.4 million forecast upgrade corresponding to a 1.3% increase.
 - For the Transportation Fund, staff recommends a \$218.5 million and \$227.8 million forecast for fiscal years 2011 and 2012, respectively. These staff recommendations correspond to a 0.2% and 0.5% forecast upgrades for each respective fiscal year versus the consensus forecast for those years approved last January.
 - For the Education Fund [Partial], the staff recommended \$153.1 million for fiscal year 2011 and the \$160.0 million staff recommended for fiscal 2011 forecasts correspond to a 1.2% forecast upgrade.
- For fiscal year 2011, the staff recommended forecast calls for a decline of \$4.4 million in revenue growth between fiscal years 2010 and 2011 for the three major funds reflecting the recent economic weakness and the slightly higher fiscal 2010 revenue base for each fund.
 - General Fund, the staff recommendation calls for a \$3.7 million decline in revenue growth between fiscal 2010 and fiscal 2011.
 - For the Transportation Fund, the staff recommendation calls for a \$0.5 million decline in revenue growth between fiscal 2010 and fiscal 2011.

- For the Education Fund, the staff recommendation calls for a \$0.2 million decline in revenue growth between fiscal 2010 and fiscal 2011.



- Those year to year reductions in year-to-year revenue growth result on a 0.4 percentage point decline in the fiscal 2010-11 revenue growth rate in the General Fund, and a 0.2 percentage point decline and a 0.1 percentage point decline in the year-to-year revenue growth rates for the Transportation Fund and the Education Fund [Partial] for fiscal year 2011, respectively
- For fiscal 2012, staff recommends a \$1,174.0 million forecast for the G-Fund, a +\$15.4 million (or +1.3%) upward adjustment. For fiscal 2012, the staff recommends a \$227.8 million forecast for the T-Fund, a +\$1.2 million (or +0.5%) upward adjustment. For fiscal 2012, the staff recommends a \$160.0 million forecast for the Education Fund [Partial], a +\$1.9 million (or +1.2%) upward adjustment.
- For the fiscal year 2011-12 period, those staff recommendations translate into slight to modest to increases in the year-to-year revenue growth rates are called for in the staff recommendation for the General Fund (at +\$11.5 million), the transportation Fund (at +0.7 million), and Education Fund [Partial] (at +0.1 million).

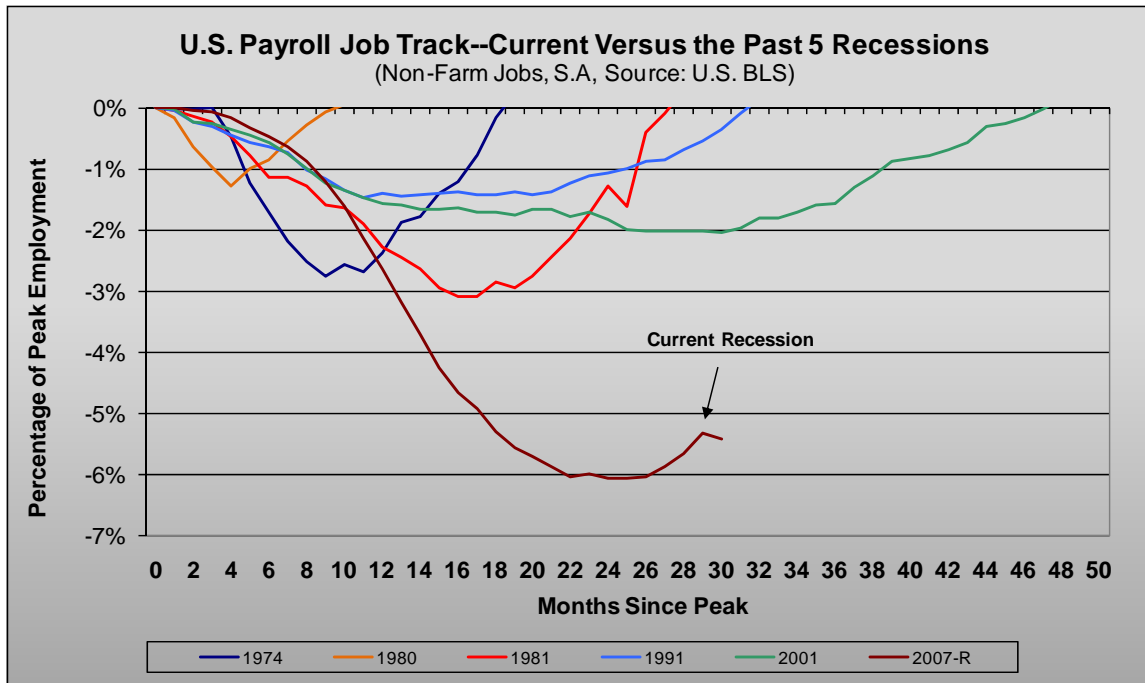
- On a two-year combined basis, the staff recommended forecast calls for a two-year total increase of +\$7.8 million for the General Fund, a +\$0.2 million increase for the Transportation Fund, and a -\$0.1 million decline for the Education Fund [Partial].

Table 1: FINAL Staff Recommended Consensus Forecast Revision for Fiscal 2011-12

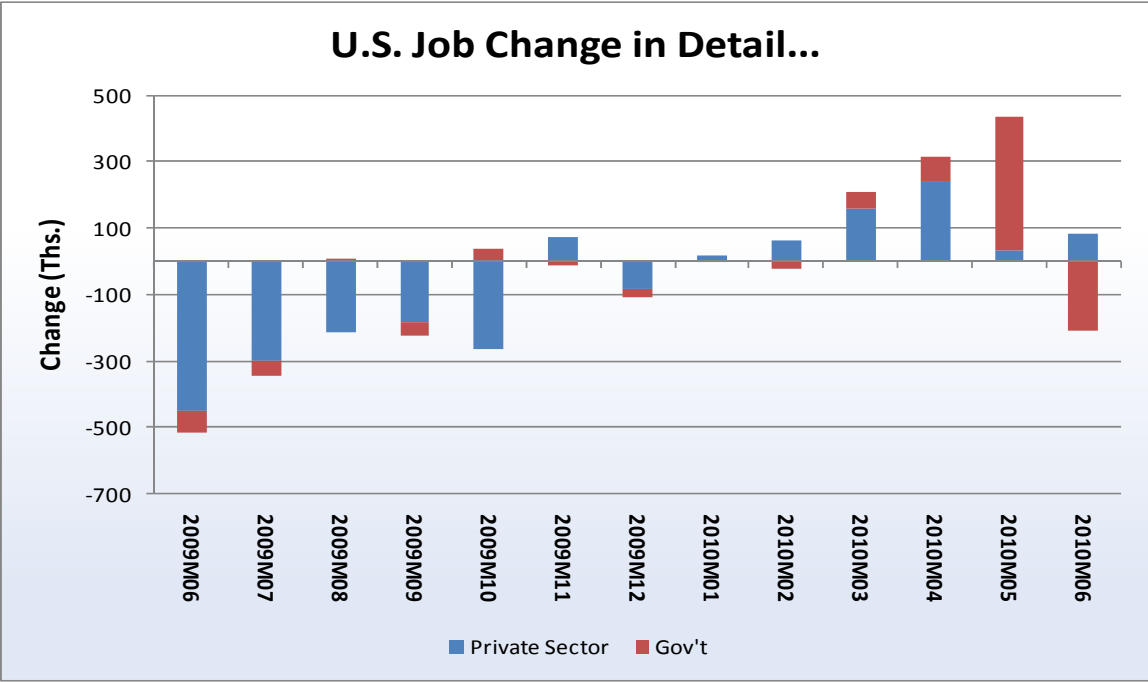
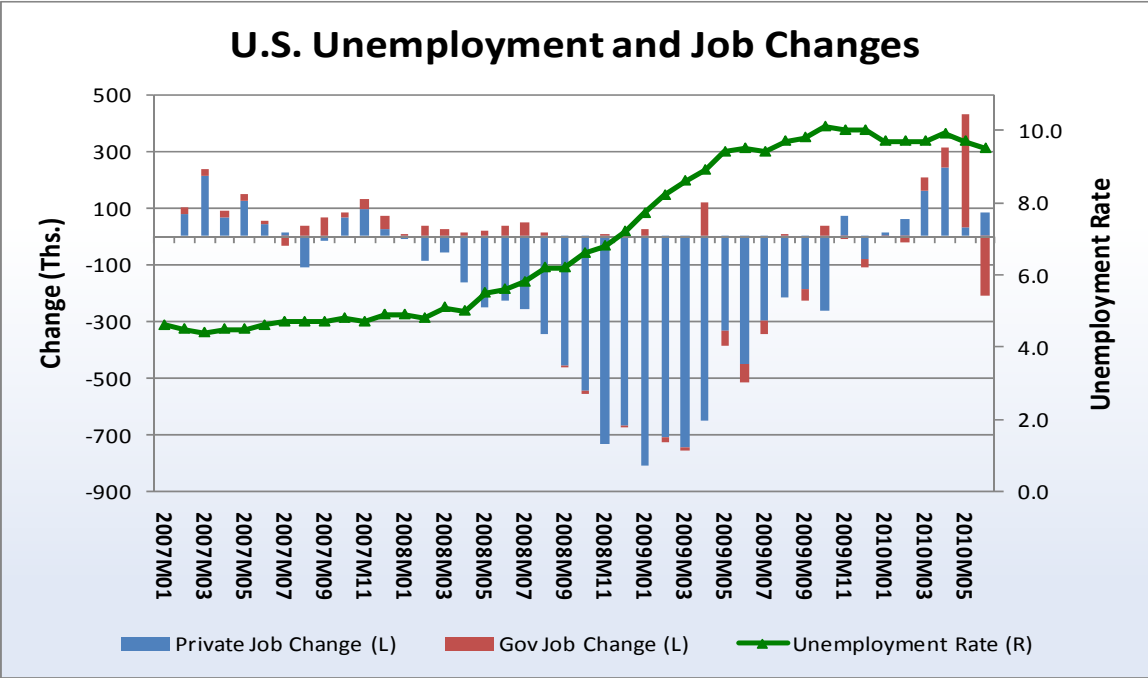
Final	July '10 Update	January '10 Update	\$ Difference From Jan. 2010	% Difference From Jan. 2010
Fiscal 2011 Projected:				
Net General Fund	\$ 1,090.4	\$ 1,086.6	\$ 3.8	0.4%
Net Transportation Fund	\$ 218.5	\$ 218.0	\$ 0.5	0.2%
Education Fund [Partial]	\$ 153.1	\$ 151.3	\$ 1.8	1.2%
Fiscal 2012 Projected:				
Net General Fund	\$ 1,174.0	\$ 1,158.6	\$ 15.4	1.3%
Net Transportation Fund	\$ 227.8	\$ 226.6	\$ 1.2	0.5%
Education Fund [Partial]	\$ 160.0	\$ 158.1	\$ 1.9	1.2%
Does not include TIB Revenues.				
Basic Data Source: VT Agency of Administration				

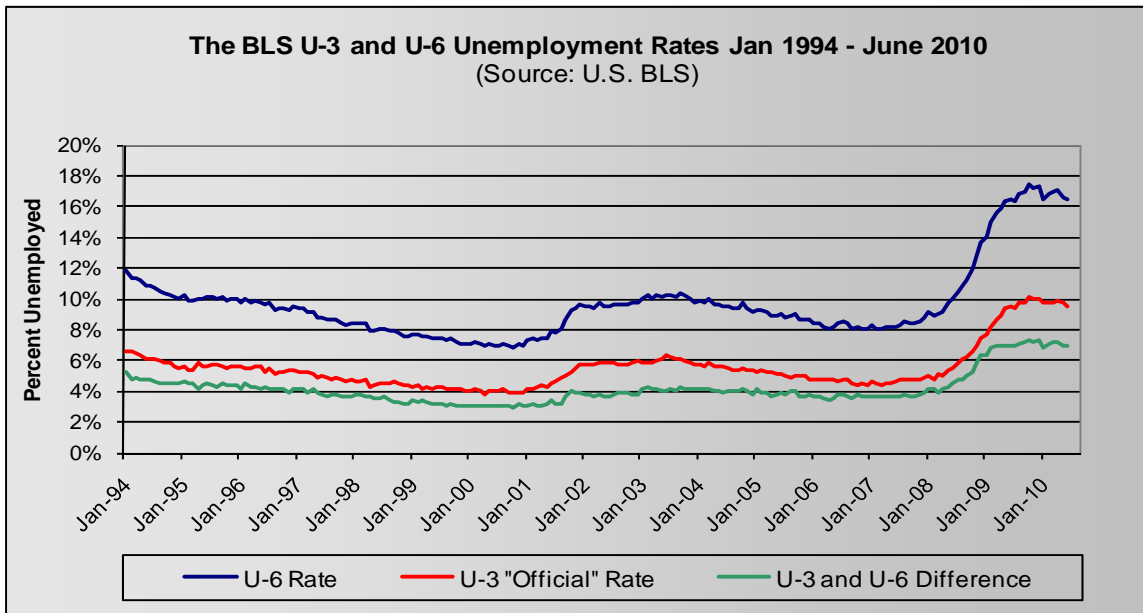
II. Summary of the State of the U.S. Economy

- Since the last consensus forecast update, the U.S. economy has continued on a relatively restrained recovery path through the first half of calendar 2010. Most major indicators reflect a recovery that has been uneven and at times insecure, an expectation that was incorporated into the last consensus revenue forecast update in January of 2010 and has in fact generally been the case to-date.
- Although general conditions in the economy are substantially better than one year earlier, most of the recent developments with respect to the recovery have not been positive. Continued weakness in labor and housing markets, and relatively low consumer confidence levels have combined to raise questions about the sustainability of the recovery over the near-term 6 to 12 month period. There remains no good blue print for the removal of the fiscal and monetary stimuli that have so far pushed the economy forward. This remains as the largest economic forecast risk.
- A key concern going forward continues to be the weakness in labor markets. The labor market hit bottom in December 2009, shedding a total of 8.4 million jobs, or 6.1%, from the December 2007 peak. As of June 2010, the U.S. economy has recovered 880,000 jobs, but in many respects the pace of recovery in labor markets appears to have stalled.

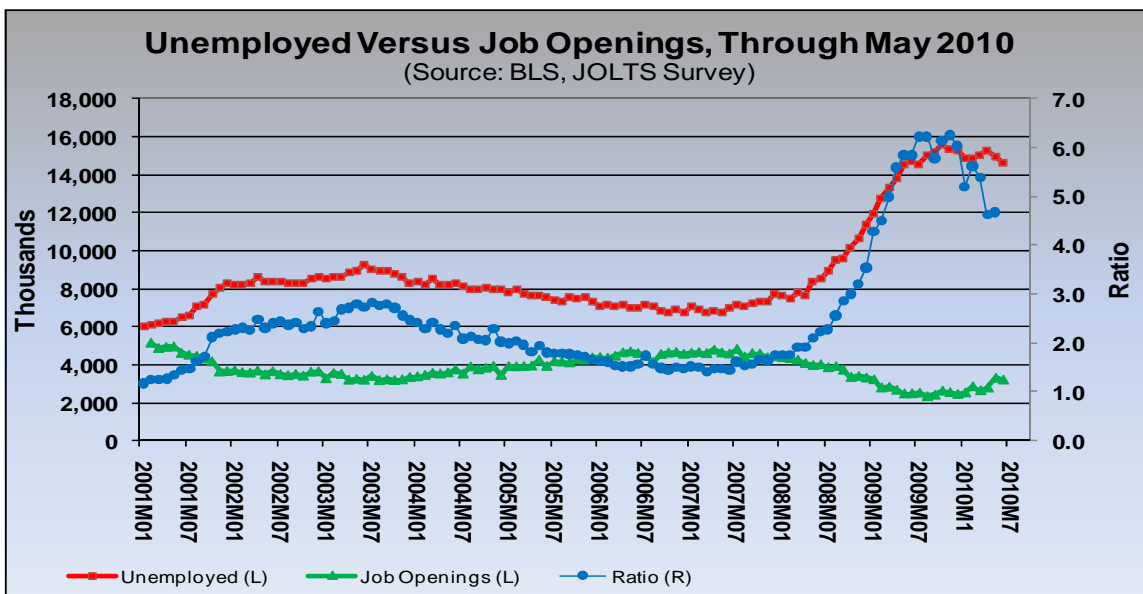


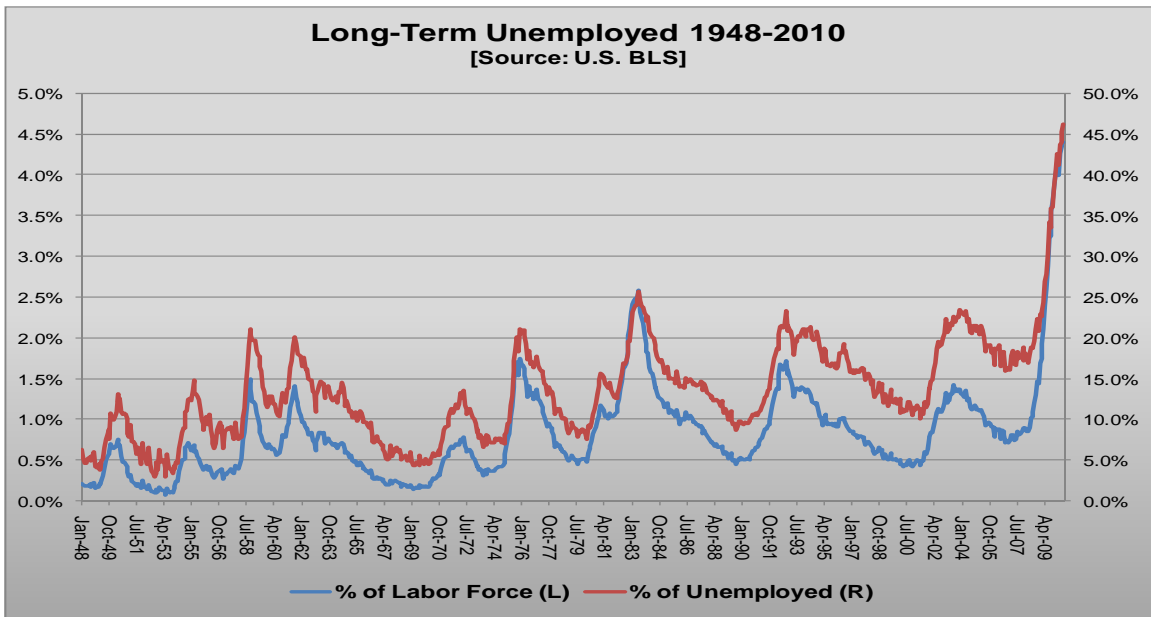
- The chart below shows private and government sector jobs change through June of calendar 2010. The private sector, which usually accounts for most of the hiring, has added significant numbers of jobs in only 2 of the last 6 months, while other months saw weak private sector job recovery.
- Net new hiring in the Government sector has been primarily related to the summer Census activities, which are only temporary. In the 6 months since the turning point in labor markets for the long and deep “Great Recession,” the private sector has added back jobs at a rate of 99,000 jobs per month. This is well below the 150,000 net new jobs needed per month pace that is needed to keep pace with labor force and productivity growth—which is needed to keep the unemployment rate from increasing.
- This relatively weak jobs recovery has led to an elevated unemployment rate of between 9.5% and 10.0% for more than 6 months (see the chart below). The second chart below shows the official unemployment rate, and also the U-6, a measurement that includes discouraged workers and those working fewer hours than desired. Including these groups, the rate of “under-employment” remains above 16.0%.



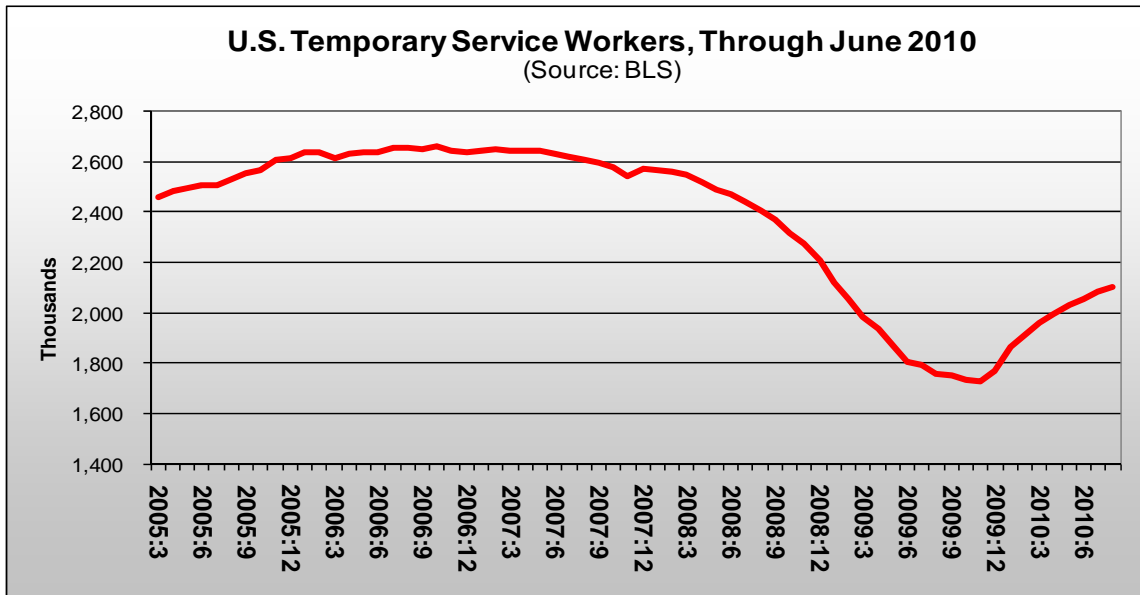


- Labor market conditions as of July 2010 remain challenging with 4.67 unemployed persons for every available job. While this figure has come down from its peak of 6.25 unemployed persons (e.g. applicants) for each open job in late calendar year 2009, this figure still remains elevated relative to historical norms. This reflects a rapid increase in the number of long-term unemployed (those unemployed for more than six months) as a percentage of total unemployed. The chart below shows that as of June 2010, the number of long-term unemployed is at 6.8 million, or more than 45.0% of the total of 14.6 million unemployed persons. Long-term unemployment is potentially damaging to the economy because skills atrophy in as little as six months and job seekers may be seen as “damaged goods” by prospective employers precisely at the time that they are in need of additional workers.



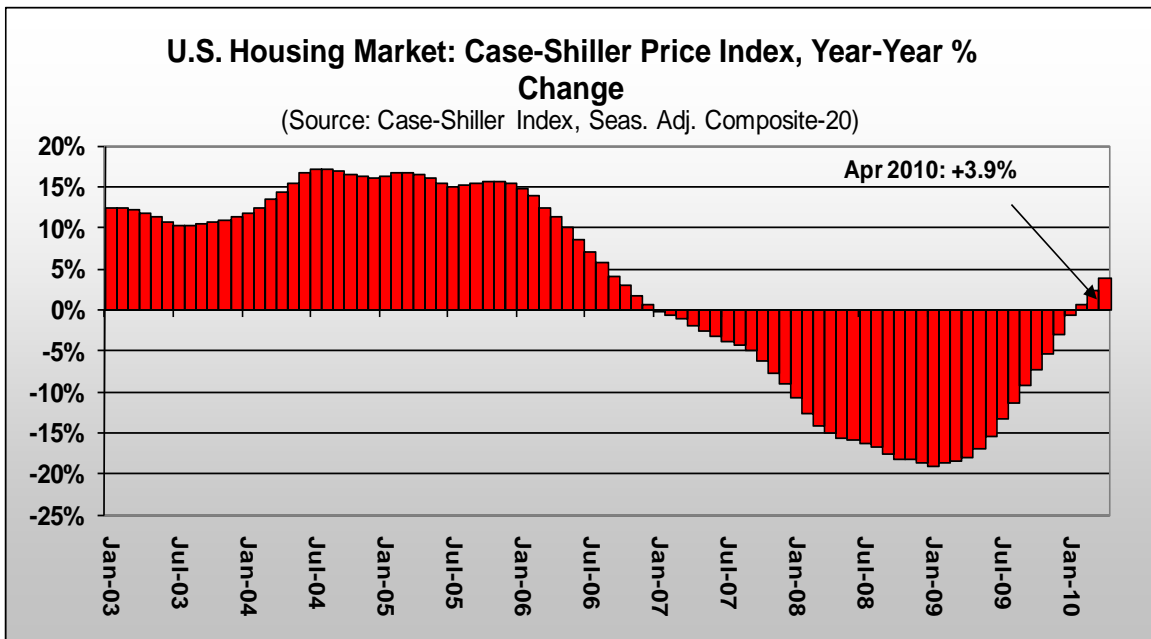
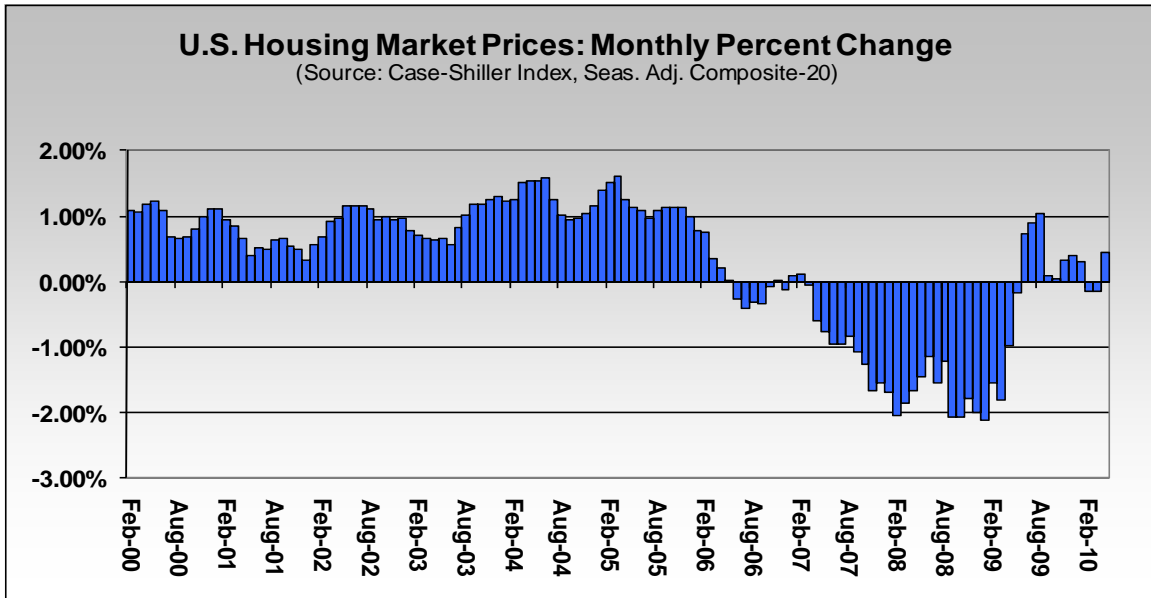


- Looking forward, the recovery in labor markets, even if only slow and uneven, still appears headed in the right direction. The chart below shows temporary service jobs appear to have “turned a corner” and continue to move in the positive direction. Temporary jobs are a leading indicator of future permanent job hiring by employers. Companies tend to bring on temporary help, this reasoning goes, just before they intend to make a longer term salary and benefits commitment for additional permanent employees.



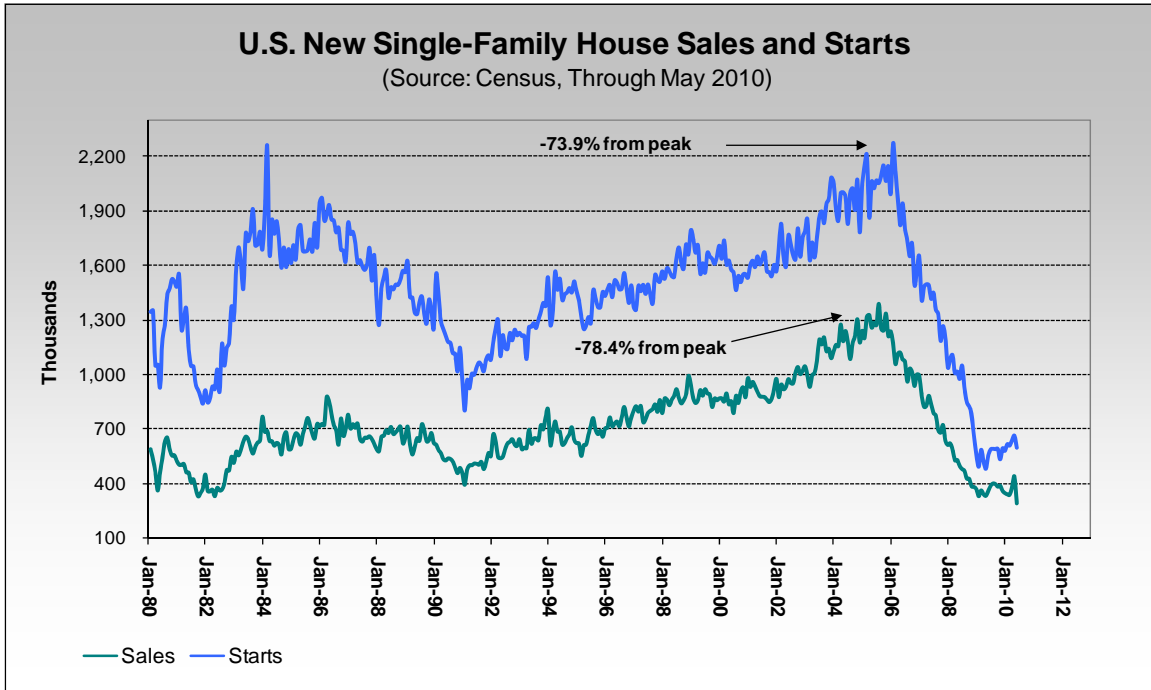
- Turning to housing markets, there is renewed weakness—as expected—in the aftermath of the expiration of incentives such as the federal home buyer’s

tax credit. While the tax credit has likely bolstered market activity and prices over the last 6 to 9 months of its authorization, the second half of the calendar year is likely to see price and activity re-trenchment. The charts below display the recent month-to-month and year-over-year changes in housing prices—pictures hardly indicative of a healthy housing market.

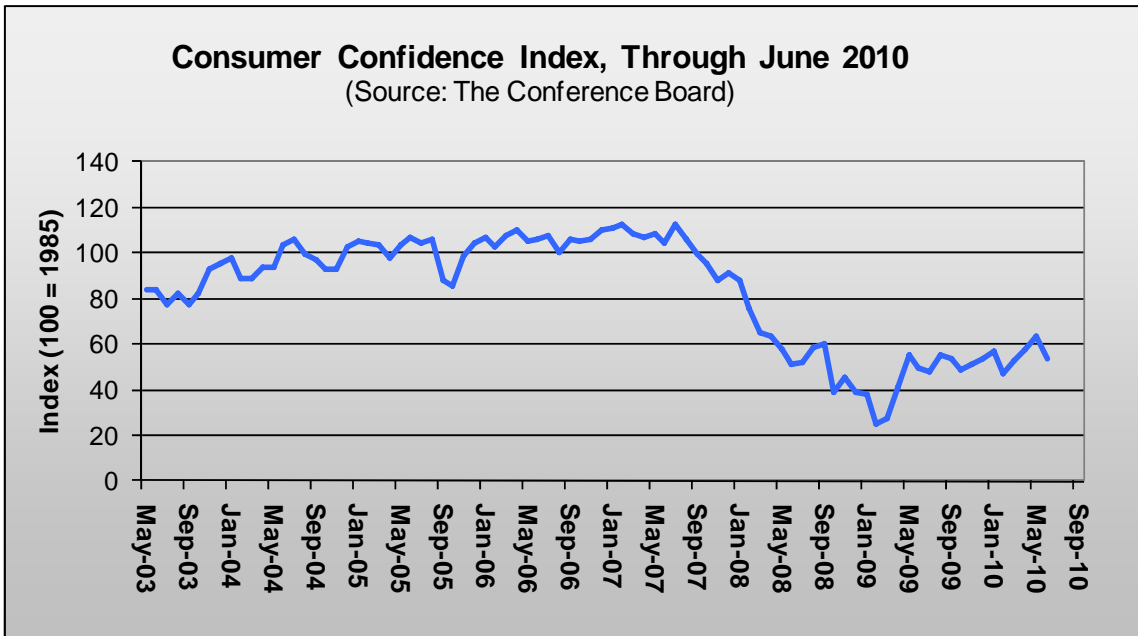


- The renewed weakness in housing markets is evident in new housing sales, as sales levels fell in May to an annualized rate of 300,000 units. This is the lowest level on record, since the Census Bureau began the data collection in 1963. This is a clear indication of the continued challenges in housing that have yet to be worked out. The restrained levels of sales and starts are not

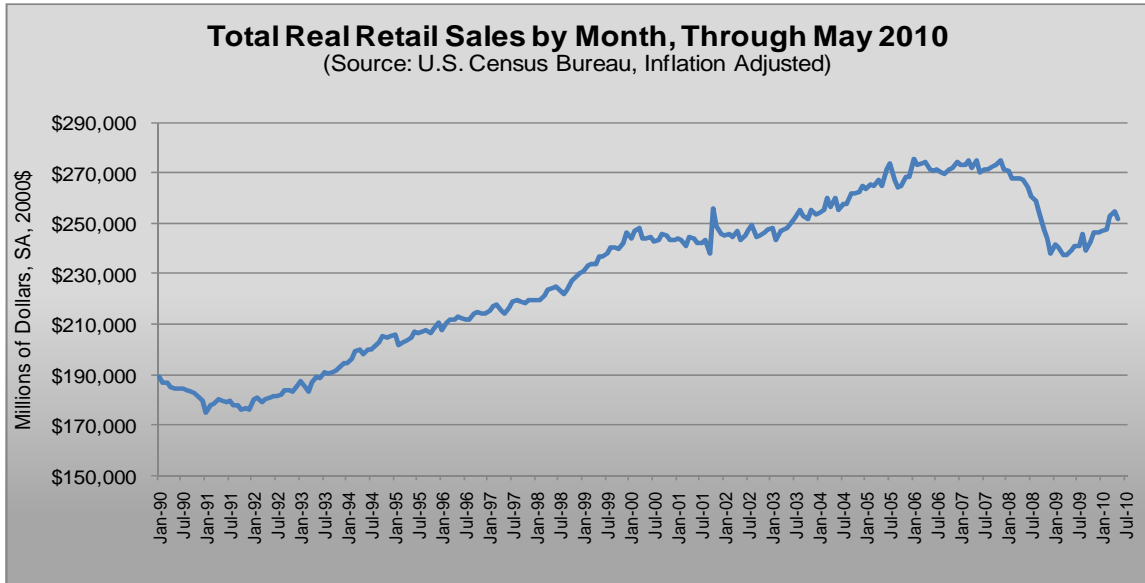
likely to turn around until significant amounts of excess inventory are worked off and prices stabilize to a degree which potential buyers do not anticipate further price declines.



- Consumer confidence, as measured by the Conference Board, has remained at a relatively low level, as consumers appear to remain wary that a recovery has taken hold. Consumers appear well aware of the on-going weakness in labor markets and likely still feel somewhat insecure about job security and future income expectations in the aftermath of the “Great Recession.”

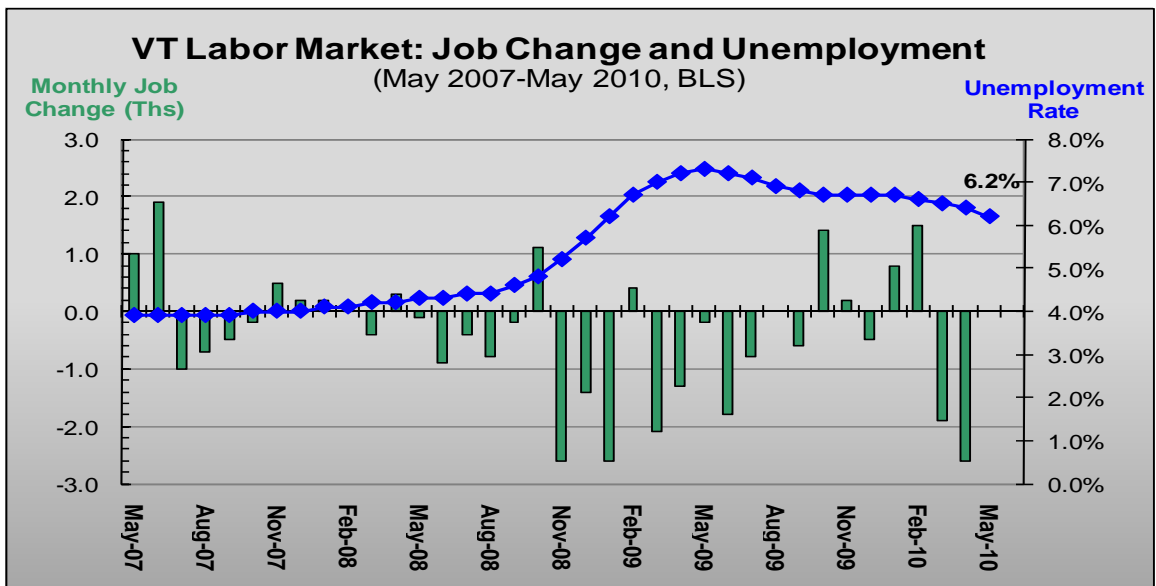


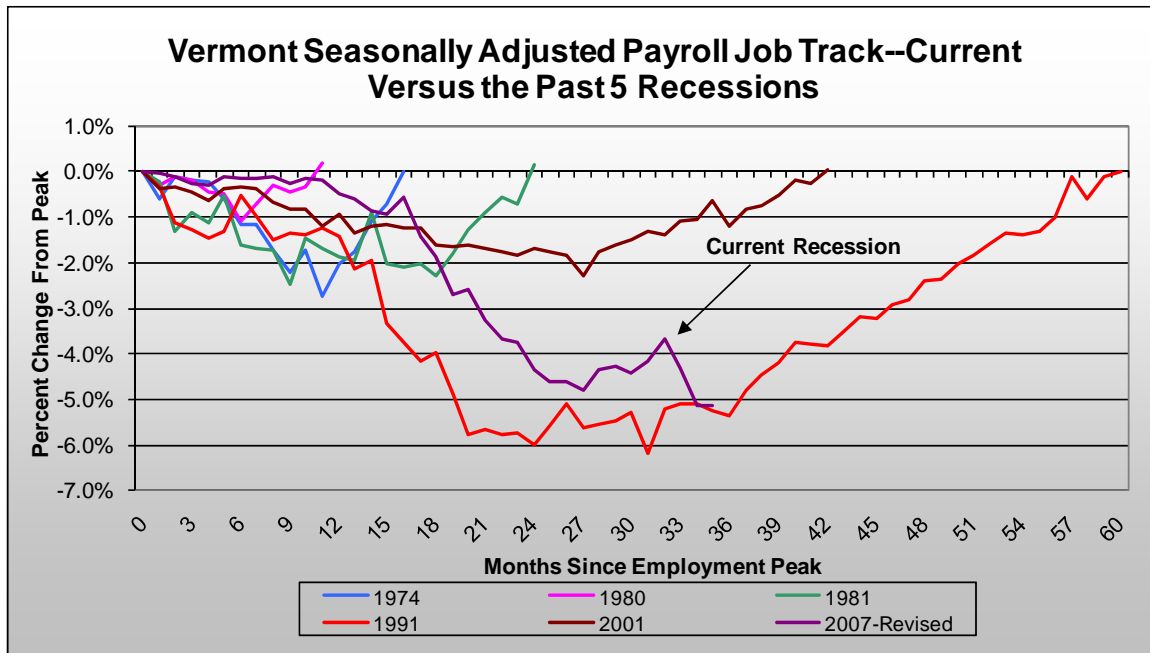
- The chart below displays real retail sales, another indication of how consumers are behaving. Real retail sales have improved substantially since bottoming in March 2009, but remain well below the January of 2006 peak. Currently, this measure of consumer activity stands roughly at 2004 levels.



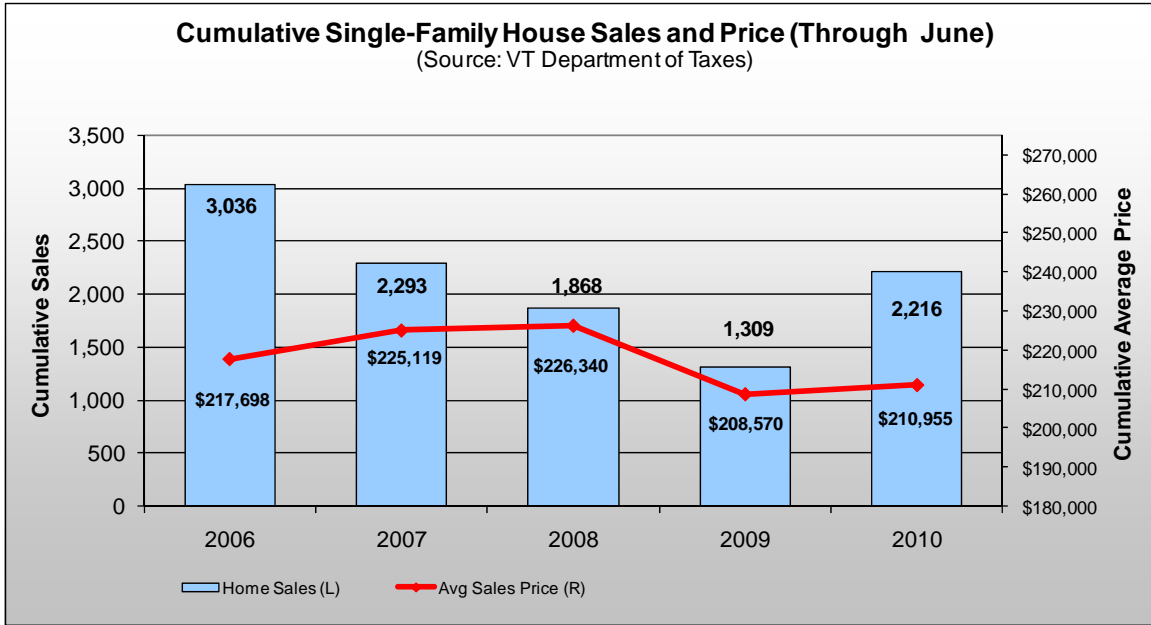
III. Update on the State of the Vermont Economy

- Turning to Vermont, the State likely also reached a turning point during the second half of 2009, with stabilization in labor markets, housing, and other economic indicators. Despite the apparent turnaround, Vermont labor markets still remain 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 somewhat above the harsh 1990s recession where job losses exceeded 6.0% of their peak levels.

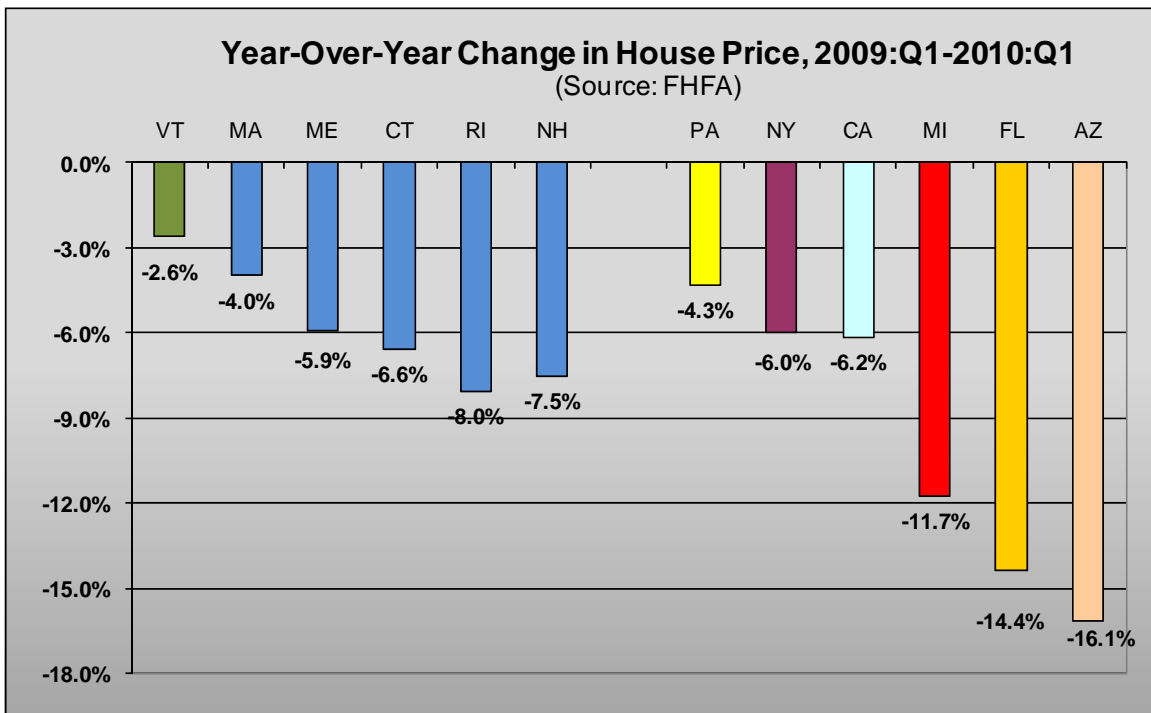




- The graph shows that Vermont payroll job data suggest that losses have resumed after a period of recovery—perhaps even reaching a new cyclical low. At this point, the job loss data seems suspect and unsupported by any known adverse labor market developments.
 - As such, there are ongoing and significant concerns about the quality of the state labor market data, with significant revisions very likely in the re-benchmarking of the data in March of 2011.
- Vermont’s unemployment rate as of May 2010 was 6.2%, the lowest in New England and one of the lowest in the nation. With a total of 15,900, (or -5.1%) payroll jobs lost since peak employment, the state’s recovery in the labor market is expected to be long and slow.
- On the housing front, Vermont house prices have held up particularly well compared with many states in New England and across the nation. Average prices in 2010, as measured by property transfer data, were down by 6.8% from the peak in 2008.
 - Sales volume has risen significantly in 2010, compared to 2008 and 2009. Home sales in 2010 are on track to equal sales completed in 2007, likely the result of pent-up demand from previous years.



- 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.



- In fact, Table 2 shows that house price declines from peak in Vermont through first quarter 2010 were far less than the declines registered in most states. In Vermont, supply and demand in the mid-to-low price range still

appear to be better in balance, while houses in the high-end of the market (e.g. second homes) remain over-supplied with downward pressure on prices.

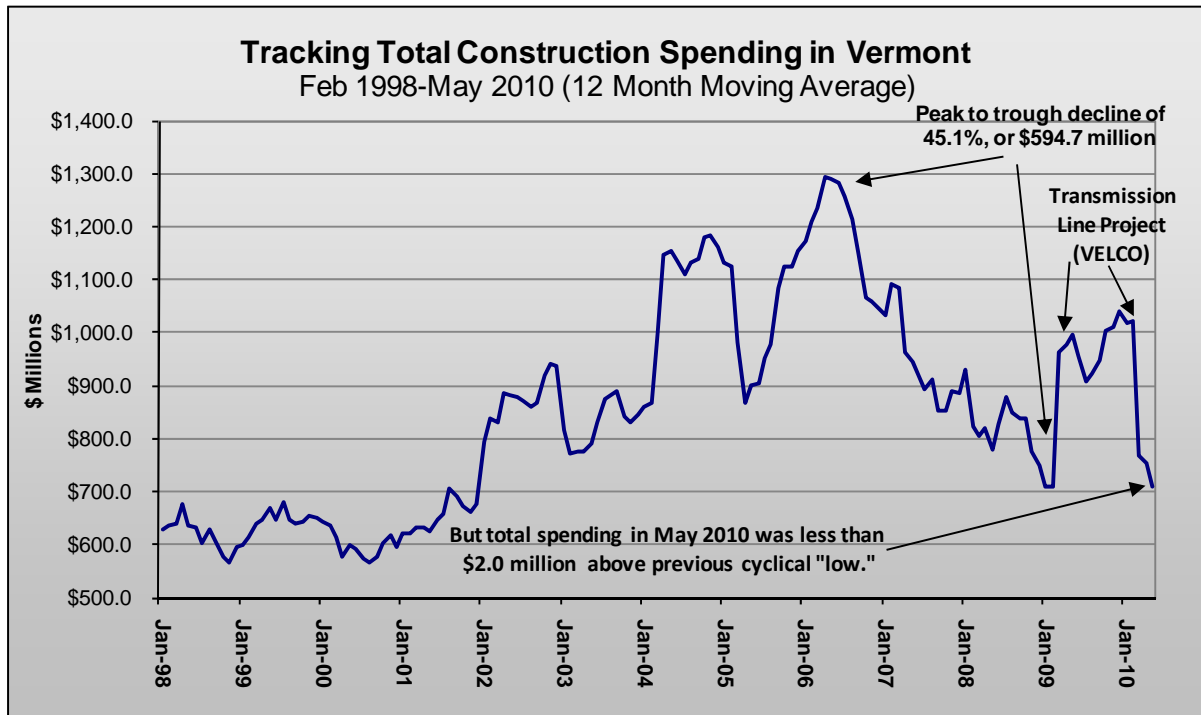
Table 2. Peak to Current Home Prices by State

State	Peak Quarter	Peak Value	2010Q1 Value	% Change
Vermont	2008Q1	465.35	448.41	-3.6%
Maine	2008Q1	510.53	468.15	-8.3%
Connecticut	2007Q1	474.9	419.8	-11.6%
Massachusetts	2006Q1	722.52	631.73	-12.6%
New Hampshire	2006Q4	485.63	420.08	-13.5%
Rhode Island	2006Q2	600.8	489.37	-18.5%
Pennsylvania	2008Q1	404.55	381.94	-5.6%
New York	2007Q1	646.11	586.02	-9.3%
Michigan	2005Q3	321.06	253.4	-21.1%
California	2006Q3	635.36	431.13	-32.1%
Arizona	2006Q4	425.79	285.98	-32.8%
Florida	2006Q4	481.13	317.28	-34.1%
Nevada	2006Q4	408.13	235.06	-42.4%

Source: FHFA

Prepared by: Economic & Policy Resources, Inc.

- Looking at total construction spending, the data likewise show that construction activity appears to have bottomed in January 2009 and appeared to turn up off the bottom due to utility-based construction. Through May data, however, indicate another decline in activity almost to the same level as the presumed trough in January 2009.



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 2011 and 2012 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. 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
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
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	%	FY 2007	%	FY 2008	%	FY 2009	%	FY 2010	%	FY 2011	%	FY 2012	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Personal Income	\$542.0	8.3%	\$581.2	7.2%	\$622.3	7.1%	\$530.3	-14.8%	\$498.0	-6.1%	\$530.4	6.5%	\$590.8	11.4%
Sales & Use*	\$325.5	4.7%	\$333.7	2.5%	\$338.4	1.4%	\$321.2	-5.1%	\$311.1	-3.1%	\$321.0	3.2%	\$335.1	4.4%
Corporate	\$75.9	25.8%	\$72.8	-4.1%	\$74.6	2.4%	\$66.2	-11.3%	\$62.8	-5.1%	\$66.4	5.7%	\$73.1	10.1%
Meals and Rooms	\$111.8	-1.1%	\$114.9	2.8%	\$121.1	5.4%	\$117.1	-3.3%	\$118.0	0.8%	\$121.1	2.7%	\$126.0	4.0%
Cigarette and Tobacco**	\$48.9	0.3%	\$64.3	31.4%	\$59.2	-7.9%	\$64.1	8.3%	\$70.1	9.2%	\$67.3	-4.0%	\$65.1	-3.3%
Liquor	\$13.2	5.1%	\$13.7	4.0%	\$14.2	3.7%	\$15.0	6.0%	\$14.9	-1.0%	\$15.2	2.1%	\$15.7	3.3%
Insurance	\$52.5	4.2%	\$52.9	0.8%	\$54.8	3.8%	\$53.7	-2.1%	\$53.3	-0.9%	\$54.5	2.3%	\$56.0	2.8%
Telephone	\$10.4	-1.4%	\$10.0	-4.0%	\$9.5	-4.6%	\$9.1	-3.8%	\$7.9	-13.9%	\$11.0	39.9%	\$9.3	-15.5%
Beverage	\$5.4	2.8%	\$5.5	1.3%	\$5.6	1.9%	\$5.6	0.3%	\$5.7	0.4%	\$5.8	1.6%	\$5.9	2.6%
Electric	\$2.6	0.0%	\$2.6	1.2%	\$2.7	3.3%	\$2.8	4.0%	\$2.9	2.5%	\$2.9	-0.6%	\$1.4	-50.0%
Estate	\$26.2	39.0%	\$17.8	-32.1%	\$15.7	-11.9%	\$23.4	49.1%	\$14.2	-39.5%	\$16.8	18.6%	\$16.2	-3.6%
Property	\$43.7	-3.4%	\$39.3	-10.0%	\$34.0	-13.5%	\$25.9	-23.7%	\$23.8	-8.2%	\$26.3	10.4%	\$29.5	12.2%
Bank	\$10.2	18.3%	\$10.5	3.6%	\$10.2	-3.4%	\$20.6	102.5%	\$10.4	-49.7%	\$10.6	2.4%	\$10.8	1.9%
Other Tax	\$7.2	9.1%	\$6.5	-10.2%	\$3.2	-51.1%	\$2.8	-12.7%	\$3.7	32.1%	\$2.8	-23.4%	\$3.1	10.7%
Total Tax Revenue	\$1275.4	6.8%	\$1325.7	3.9%	\$1365.5	3.0%	\$1257.9	-7.9%	\$1196.5	-4.9%	\$1252.0	4.6%	\$1338.0	6.9%
Business Licenses	\$2.8	-0.5%	\$2.8	-1.0%	\$2.7	-1.0%	\$3.0	9.4%	\$3.0	-0.2%	\$3.1	3.9%	\$3.2	3.2%
Fees	\$13.2	6.1%	\$14.2	7.4%	\$14.7	3.6%	\$19.1	29.5%	\$19.2	0.9%	\$19.5	1.4%	\$20.3	4.1%
Services	\$1.3	-35.3%	\$1.5	17.1%	\$1.7	15.9%	\$1.5	-11.0%	\$1.2	-19.9%	\$1.3	4.9%	\$1.4	7.7%
Fines	\$3.2	-26.7%	\$3.2	-2.1%	\$4.4	38.6%	\$9.8	122.0%	\$7.4	-24.8%	\$5.4	-26.6%	\$5.6	3.7%
Interest	\$2.7	67.0%	\$3.6	33.5%	\$3.9	10.1%	\$1.4	-63.9%	\$0.6	-56.0%	\$0.9	43.9%	\$1.8	100.0%
Lottery	\$21.9	7.3%	\$23.3	6.5%	\$22.7	-2.5%	\$20.9	-7.7%	\$21.0	0.1%	\$21.4	2.0%	\$21.9	2.3%
All Other	\$0.2	-40.9%	\$1.1	365.2%	\$0.6	-44.1%	\$0.2	-64.7%	\$0.3	57.3%	\$0.4	15.7%	\$0.5	25.0%
Total Other Revenue	\$45.3	2.9%	\$49.6	9.5%	\$50.9	2.5%	\$56.0	10.0%	\$52.8	-5.7%	\$52.0	-1.4%	\$54.7	5.2%
TOTAL GENERAL FUND	\$1320.8	6.7%	\$1375.4	4.1%	\$1416.4	3.0%	\$1313.9	-7.2%	\$1249.3	-4.9%	\$1304.0	4.4%	\$1392.7	6.8%
OTHER														
Fuel Gross Receipts Tax***	\$6.3	8.0%	\$7.0	10.6%	\$7.3	4.7%	\$7.3	-0.2%	\$6.9	-5.4%	\$7.3	4.9%	\$7.6	4.1%

* 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
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2010**

CURRENT LAW BASIS

including all Education Fund

	FY 2006	%	FY 2007	%	FY 2008	%	FY 2009	%	FY 2010	%	FY 2011	%	FY 2012	%
<i>allocations and other out-transfers</i>	<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>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE														
Personal Income	\$542.0	8.3%	\$581.2	7.2%	\$622.3	7.1%	\$530.3	-14.8%	\$498.0	-6.1%	\$530.4	6.5%	\$590.8	11.4%
Sales and Use*	\$216.9	4.7%	\$222.5	2.6%	\$225.6	1.4%	\$214.1	-5.1%	\$207.4	-3.1%	\$214.0	3.2%	\$223.4	4.4%
Corporate	\$75.9	25.8%	\$72.8	-4.1%	\$74.6	2.4%	\$66.2	-11.3%	\$62.8	-5.1%	\$66.4	5.7%	\$73.1	10.1%
Meals and Rooms	\$111.8	-1.1%	\$114.9	2.8%	\$121.1	5.4%	\$117.1	-3.3%	\$118.0	0.8%	\$121.1	2.7%	\$126.0	4.0%
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%	\$14.9	-1.0%	\$15.2	2.1%	\$15.7	3.3%
Insurance	\$52.5	4.2%	\$52.9	0.8%	\$54.8	3.8%	\$53.7	-2.1%	\$53.3	-0.9%	\$54.5	2.3%	\$56.0	2.8%
Telephone	\$10.4	-1.4%	\$10.0	-4.0%	\$9.5	-4.6%	\$9.1	-3.8%	\$7.9	-13.9%	\$11.0	39.9%	\$9.3	-15.5%
Beverage	\$5.4	2.8%	\$5.5	1.3%	\$5.6	1.9%	\$5.6	0.3%	\$5.7	0.4%	\$5.8	1.6%	\$5.9	2.6%
Electric	\$2.6	0.0%	\$2.6	1.2%	\$2.7	3.3%	\$2.8	4.0%	\$2.9	2.5%	\$2.9	-0.6%	\$1.4	-50.0%
Estate**	\$26.2	39.0%	\$17.8	-32.1%	\$15.7	-11.9%	\$21.9	39.4%	\$14.2	-35.2%	\$16.8	18.6%	\$16.2	-3.6%
Property	\$13.5	-8.9%	\$12.8	-4.5%	\$10.7	-16.3%	\$8.5	-21.1%	\$7.8	-8.2%	\$8.6	10.4%	\$9.6	12.2%
Bank	\$10.2	18.3%	\$10.5	3.6%	\$10.2	-3.4%	\$20.6	102.5%	\$10.4	-49.7%	\$10.6	2.4%	\$10.8	1.9%
Other Tax	\$7.2	9.1%	\$6.5	-10.2%	\$3.2	-51.1%	\$2.8	-12.7%	\$3.7	32.1%	\$2.8	-23.4%	\$3.1	10.7%
Total Tax Revenue	\$1087.7	7.6%	\$1123.7	3.3%	\$1170.3	4.1%	\$1067.7	-8.8%	\$1006.7	-5.7%	\$1060.0	5.3%	\$1141.4	7.7%
Business Licenses	\$2.8	-0.5%	\$2.8	-1.0%	\$2.7	-1.0%	\$3.0	9.4%	\$3.0	-0.2%	\$3.1	3.9%	\$3.2	3.2%
Fees	\$13.2	6.1%	\$14.2	7.4%	\$14.7	3.6%	\$19.1	29.5%	\$19.2	0.9%	\$19.5	1.4%	\$20.3	4.1%
Services	\$1.3	-35.3%	\$1.5	17.1%	\$1.7	15.9%	\$1.5	-11.0%	\$1.2	-19.9%	\$1.3	4.9%	\$1.4	7.7%
Fines	\$3.2	-26.7%	\$3.2	-2.1%	\$4.4	38.6%	\$9.8	122.0%	\$7.4	-24.8%	\$5.4	-26.6%	\$5.6	3.7%
Interest	\$3.4	60.7%	\$4.9	43.9%	\$5.3	7.2%	\$1.2	-77.8%	\$0.5	-54.7%	\$0.7	32.5%	\$1.6	128.6%
All Other	\$0.2	-40.9%	\$1.1	365.2%	\$0.6	-44.1%	\$0.2	-64.7%	\$0.3	57.3%	\$0.4	15.7%	\$0.5	25.0%
Total Other Revenue	\$24.2	-0.1%	\$27.7	14.3%	\$29.5	6.5%	\$34.8	18.0%	\$31.7	-8.8%	\$30.4	-4.1%	\$32.6	7.2%
TOTAL GENERAL FUND	\$1111.9	7.4%	\$1151.4	3.5%	\$1199.7	4.2%	\$1102.5	-8.1%	\$1038.4	-5.8%	\$1090.4	5.0%	\$1174.0	7.7%

* 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
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
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	%	FY 2007	%	FY 2008	%	FY 2009	%	FY 2010	%	FY 2011	%	FY 2012	%
	<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>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE														
Gasoline	\$63.8	-2.7%	\$63.6	-0.3%	\$62.6	-1.6%	\$60.6	-3.1%	\$61.0	0.6%	\$62.1	1.8%	\$63.6	2.4%
Diesel	\$17.7	14.0%	\$18.0	1.7%	\$16.6	-7.8%	\$15.5	-6.5%	\$15.1	-2.6%	\$15.7	4.0%	\$16.3	3.8%
Purchase and Use*	\$80.3	-4.4%	\$80.6	0.4%	\$79.0	-2.0%	\$65.9	-16.6%	\$69.8	5.8%	\$73.4	5.2%	\$78.6	7.1%
Motor Vehicle Fees	\$57.4	2.3%	\$65.4	14.1%	\$67.5	3.2%	\$65.5	-3.0%	\$72.4	10.5%	\$72.9	0.7%	\$76.0	4.3%
Other Revenue**	\$18.2	8.6%	\$20.2	11.1%	\$23.7	17.2%	\$18.0	-24.0%	\$18.2	1.4%	\$18.9	3.6%	\$19.5	3.2%
TOTAL TRANS. FUND	\$237.4	-0.3%	\$247.8	4.4%	\$249.4	0.6%	\$225.6	-9.6%	\$236.5	4.8%	\$243.0	2.7%	\$254.0	4.5%

**TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
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	%	FY 2007	%	FY 2008	%	FY 2009	%	FY 2010	%	FY 2011	%	FY 2012	%
	<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>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE														
Gasoline	\$63.8	-2.7%	\$63.6	-0.3%	\$62.6	-1.6%	\$60.6	-3.1%	\$61.0	0.6%	\$62.1	1.8%	\$63.6	2.4%
Diesel	\$17.7	14.0%	\$18.0	1.7%	\$16.6	-7.8%	\$15.5	-6.5%	\$15.1	-2.6%	\$15.7	4.0%	\$16.3	3.8%
Purchase and Use*	\$53.9	-3.8%	\$53.7	-0.3%	\$52.7	-2.0%	\$44.0	-16.6%	\$46.5	5.8%	\$48.9	5.2%	\$52.4	7.1%
Motor Vehicle Fees	\$57.4	2.3%	\$65.4	14.1%	\$67.5	3.2%	\$65.5	-3.0%	\$72.4	10.5%	\$72.9	0.7%	\$76.0	4.3%
Other Revenue**	\$17.1	7.6%	\$19.2	11.9%	\$23.7	23.5%	\$18.0	-24.0%	\$18.2	1.4%	\$18.9	3.6%	\$19.5	3.2%
TOTAL TRANS. FUND	\$209.9	0.4%	\$219.9	4.8%	\$223.1	1.4%	\$203.6	-8.7%	\$213.3	4.7%	\$218.5	2.5%	\$227.8	4.2%

OTHER

TIB Gasoline									\$13.4	NM	\$16.1	20.6%	\$17.8	10.4%
TIB Diesel									\$1.5	NM	\$1.9	26.1%	\$2.0	4.3%
Total TIB									\$14.9	NM	\$18.0	21.2%	\$19.8	9.7%

* As of FY04, includes Motor Vehicle Rental tax revenue

** Beginning in FY07, includes Stabilization Reserve interest; FY08 data includes \$3.76M transfer from G-Fund for prior Jet Fuel tax processing errors and inclusion of this tax in subsequent years

**TABLE 3 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
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	%	FY 2007	%	FY 2008	%	FY 2009	%	FY 2010	%	FY 2011	%	FY 2012	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(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%	\$103.7	-3.1%	\$107.0	3.2%	\$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%	\$21.0	0.1%	\$21.4	2.0%	\$21.9	2.3%
TRANSPORTATION FUND														
Purchase and Use***	\$26.4	-5.8%	\$26.9	1.8%	\$26.3	-2.0%	\$22.0	-16.6%	\$23.3	5.8%	\$24.5	5.2%	\$26.2	7.1%
TOTAL	\$156.1	3.0%	\$160.1	2.6%	\$160.5	0.3%	\$150.2	-6.4%	\$148.0	-1.5%	\$153.1	3.4%	\$160.0	4.5%

** 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