



# ECONOMIC & REVENUE UPDATE

June 11, 2015

summary

## Summary

- **U.S. real GDP growth for the first quarter of the year was revised down to -0.7% at an annual rate.**
- **U.S. employment expanded strongly, with 280,000 net new jobs added in May.**
- **U.S. light motor vehicle sales in May were at their highest level since July 2005.**
- **U.S. industrial production declined for a fifth straight month as mining and utility output remained weak.**
- **Washington employment grew at a solid 2.2% rate (SAAR) in the last three months.**
- **Washington non-transportation equipment exports declined over the year.**
- **Major General Fund-State revenue collections for the May 11 - June 10, 2015 collection period were \$3.2 million (0.2%) lower than the June forecast.**
- **During the collection period, there was a \$5 million refund that had been expected to occur next month. Without the refund, collections would have been \$1.8 million (0.1%) higher than forecasted.**

## United States

The labor market posted another strong month, with employment gains exceeding most forecasters' expectations. Housing indicators were generally positive and vehicle sales were at their highest level since July 2005. However, first quarter GDP growth turned negative, consumer confidence indicators continued to send mixed signals and manufacturing activity slowed.

Nonfarm employment increased by 280,000 net new jobs in May, while March and April employment data were revised up by a total of 32,000 jobs. Sectors with notable employment gains in May included leisure and hospitality (+57,000), health care (+47,000), retail trade (+31,000), temporary help services (+20,000), professional and technical services (+19,000), and construction (+17,000). Employment declined in several sectors, including mining (-17,000), fabricated metal products (-5,000), and motion picture and sound recording (-4,000). Average hourly wages increased by \$0.08 in May while average weekly hours worked were unchanged from April. The unemployment rate increased by 0.1 percentage points to 5.5%.

The second estimate of real GDP growth for the first quarter of 2015 was revised down from the initial estimate of +0.2% to -0.7% at an annual rate. Downward revisions in personal consumption expenditures, business inventories, and net exports more than offset the upward revision in residential fixed investment. While some analysts attributed the decline in first quarter GDP to temporary factors including severe winter weather and the West Coast port slowdown, there are signs that the second quarter may also be weaker than previously expected. The Atlanta Federal Reserve Bank's "GDP Now" forecast for the second quarter is predicting 1.9% real GDP growth (SAAR) as of June 11th.

Industrial production in April decreased for a fifth consecutive month, declining by 0.3% (SA) compared to March. Utilities and mining were a major source of weakness, while durable manufacturing posted a small 0.1% increase over March. New orders for core capital goods (i.e., durables excluding aircraft and military), which are a proxy for business investment, decreased by 0.3% in April (SA) after a revised 1.6% increase in March.

united states

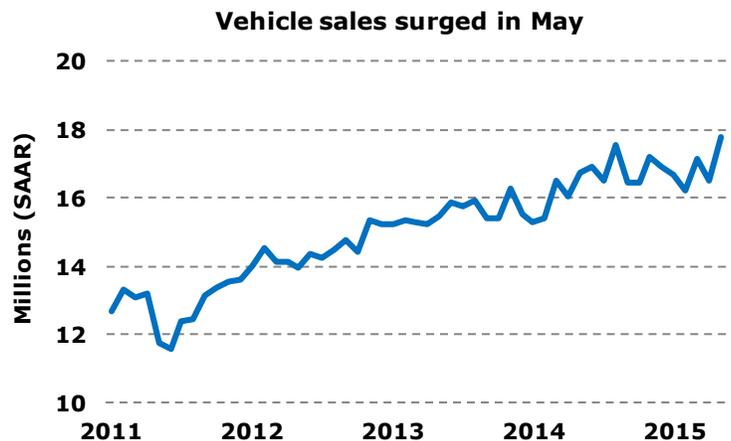
Manufacturing activity in May, as measured by the Institute for Supply Management’s Purchasing Managers Index (PMI), increased by 1.3 points to 52.8 (50 or higher indicates growth). Survey respondents mentioned an improving economy and increasing demand as positively impacting manufacturing activity, while the stronger dollar was a source of concern. The non-manufacturing PMI decreased in May, falling 2.1 points to 55.7. However, non-manufacturing activity has now expanded for 64 consecutive months through May.

Initial claims for unemployment insurance increased by 2,000 to 279,000 (SA) in the week ending June 6th. The four-week moving average of initial claims increased by 3,750 to 278,750. Despite the small increase, initial claims for unemployment have generally been trending down and are 12.0% lower than their year-ago level. Layoff announcements in May, as tracked by outplacement firm Challenger, Gray, and Christmas, decreased by 33.4% compared to April. Energy sector job cuts dropped to about 1,000 in May compared to nearly 21,000 oil-related layoffs in April.

The housing market bounced back in April, with increases in building permits, housing starts and new home sales. Housing units authorized by building permits in April increased by 10.1% (SA) compared to March. Housing starts increased by 20.2% (SA) in April compared to March. After a dip in March, new single family home sales increased by 6.8% (SA) in April. Existing home sales in April decreased by 3.3% (SA) compared to their March level. However, existing home sales were still 6.1% above their year-ago level. The seasonally-adjusted Case-Shiller national home price index for March increased by 0.1% above its February level and is 4.1% above its year-ago level.

The major consumer confidence measures continue to seesaw, suggesting consumer uncertainty regarding the economy. The Conference Board index of consumer confidence, which had decreased in April, rose by 1.1 points to 95.4 in May. The University of Michigan consumer sentiment survey, which had increased in April, fell by 5.2 points to 90.7 in May. The increase in the Conference Board index was attributed to a more positive view of the labor market, while the decrease in the University of Michigan index was due to consumers holding more modest expectations for an improving economy in light of a very weak first quarter.

Light motor vehicle sales in May increased 7.8% to 17.8 million units (SAAR). This is the strongest month since July 2005, when light motor vehicle sales were 20.7 million units (SAAR) (see figure).



Oil prices stabilized over the last month, with the spot price for U.S. benchmark West Texas Intermediate (WTI) increasing by less than \$2 per barrel to \$60 while spot prices for European benchmark Brent oil declined by less than \$2 per barrel to \$62 for the week ending June 5th. Gasoline prices have continued to increase, rising \$0.12 per gallon (regular, all formulations) over the last month to \$2.78 per gallon for the week ending June 8th.

The American Trucking Association’s truck tonnage index decreased 3.0% (SA) in April after a revised 0.4% increase in March. Compared to April 2014, truck tonnage was up 1.0%, the smallest year-over-year gain since February 2013. As was true in April, declining shipments of coal were primarily responsible for a decline in rail carloads in May. Total carloads were 2.8% (SA) below their April level and 9.6% below May 2014. Intermodal rail units (shipping containers or truck trailers) were down 0.9% (SA) in May but still 3.7% above their year-ago level.

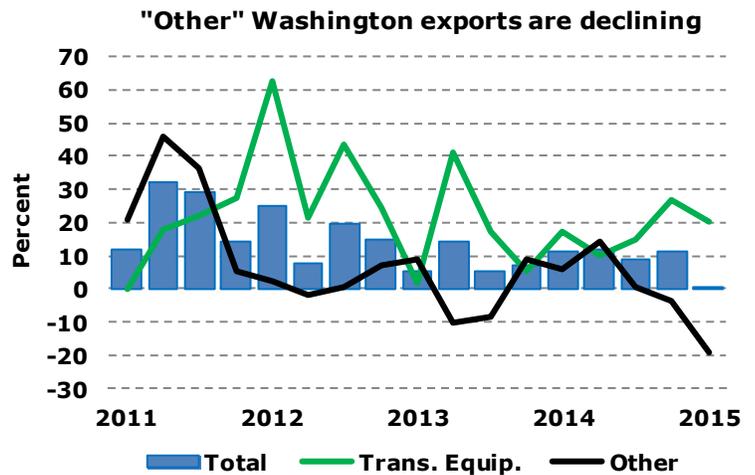
**WASHINGTON**

In the last three months the Washington economy added 17,200 jobs, a solid 2.2% rate of growth (SAAR). As is usually the case, most of the jobs created in February, March, and April were in private, service-providing sectors, which added 12,700 jobs. The construction sector added 2,800 jobs in the last three months. The manufacturing sector lost 600 jobs in February, March, and April thanks to a decline of 700 in aerospace but government payrolls expanded by 2,500 jobs. The state’s unemployment rate continues to fall, declining from 6.3% in January and February to 5.9% in March and 5.5% in April.

Housing construction got off to a very strong start in 2015 as the number of units authorized by building permits soared to 53,600 (SAAR) in the first quarter of 2015, the highest quarterly rate since the first quarter of 2007. The first quarter strength should be viewed cautiously for a couple of reasons. First, the weather was unseasonably mild. Second, the strength was in the volatile multi-family segment. While we only have one month of data in the second quarter, April permits did come down to a more sustainable rate of 36,200 (SAAR) consisting of 18,600 single-family units and 17,600 units. The June forecast predicted an average rate of 37,400 for the second quarter as a whole.

According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle area home prices increased 1.0% in March 2015 following a 1.6% increase in February and a 0.7% increase in January. Seattle area home prices have declined only once (last May) in the last year. March’s index was 7.4% higher than the previous March and was 34.4% higher than the November 2011 trough. The steady gains in the Seattle area index have brought local home prices back to just 7.4% below the pre-recession peak.

First quarter exports were up 0.5% over the year due to a 20.0% increase in transportation equipment exports (mostly Boeing planes). Exports other than transportation equipment were 19.1% lower than a year ago (see figure). The drop likely reflects the impact of the port slowdown (which was resolved in late February) and possibly the negative influence of a stronger dollar.



According to the U.S. Department of Commerce, Bureau of Economic Analysis (BEA), Washington gross domestic product rose to \$390.5 billion in 2014 from a revised \$379.0 billion in 2013. The 3.0% increase in Washington GDP was the 8th largest among the states and District of Columbia, and substantially exceeded the 2.2% increase for the U.S. as a whole. Washington’s above average performance in 2014 was more than accounted for by stronger growth in retail trade, which grew 9.4% in Washington compared to 3.1% for the nation, and information, which grew 5.7% in Washington compared to 3.4% for the nation. The far above-average growth in Washington retail trade in recent years is due to very strong growth in the electronic shopping industry.

The Institute of Supply Management - Western Washington Index (ISM-WW) declined almost imperceptibly from 60.4 in April to 60.3 in May (index values above 50 indicate positive growth while values below 50 indicate contractions). While the production and orders components declined in May, the employment and inventories components rose. The deliveries component was unchanged. The last time the ISM-WW index was below 50 was July 2009.

Washington car and truck sales decreased 2.4% in May 2015 following three consecutive monthly increases. New vehicle registrations totaled 289,200 (SAAR) in May, 3.4% below the post-recession high of 299,200 in December. May registrations were up 4.7% over the year.

Seattle area consumer price inflation remains tame thanks mainly to falling energy costs. Over the last year, from April 2014 to April 2015, consumer prices in the Seattle area rose 0.4% compared to a 0.1% decline for the U.S. city average. Core prices, which exclude food and energy, were up 2.0% in Seattle compared to 1.8% for the nation. The higher Seattle inflation is due to more rapid growth in shelter costs. During the year, shelter costs in Seattle rose 4.7% compared to 3.0% for the nation. However, excluding shelter costs, Seattle inflation was -1.8% which was even lower than the national rate of -1.6%.

**REVENUE COLLECTIONS**

**Overview**

Major General Fund-State revenue collections for the May 11 - June 10, 2015 collection period were \$3.2 million (0.2%) lower than the June forecast. During the collection period, there was a \$5 million refund that had been expected to occur next month. Without the refund, collections would have been \$1.8 million (0.1%) higher than forecasted.

**Revenue Act**

Revenue Act taxes consist of the sales, use, business and occupation (B&O), utility, and tobacco products taxes along with associated penalty and interest payments. The revenue collections reported here are for the May 11 - June 10, 2015 collection period. Collections correspond primarily to the April economic activity of monthly filers.

Revenue Act collections for the current period came in \$7.0 million (0.7%) below the June forecast. During the period, however, a \$5 million refund occurred that was included in the forecast but not expected until next month. If the refund had not occurred, collections would have been \$2.0 million (0.2%) lower than forecasted.

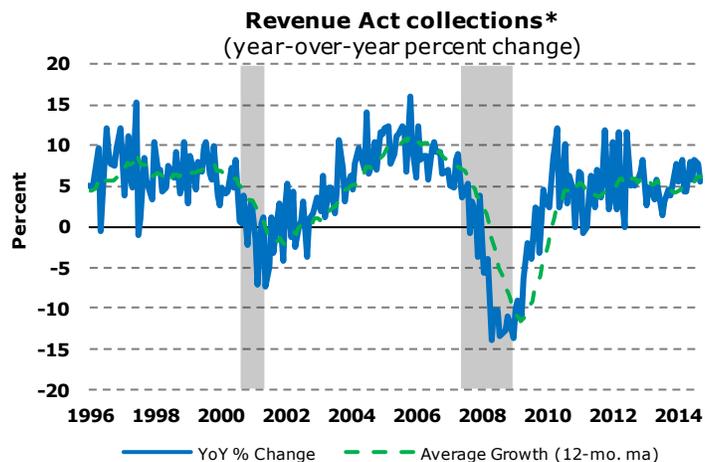
Adjusted for large one-time payments and refunds, collections grew 5.5% year over year (see figure). The 12-month moving average of year-over-year growth remained at 6.2%. Seasonally adjusted collections declined over the month. (see figure).

As shown in the "Key Revenue Variables" table, unadjusted Revenue Act receipts increased by 1.3% year over year. The preliminary estimate of year-over-year retail sales tax growth is 1.7%. The preliminary estimate of B&O tax growth is 6.0%.

Total tax payments as of May 28th from electronic filers who also paid in the May 11 - June 10 collection period of last year were up 5.7% year over year (payments are mainly Revenue Act taxes but include some non-Revenue Act taxes as well) .

Some details of payments from electronic filers:

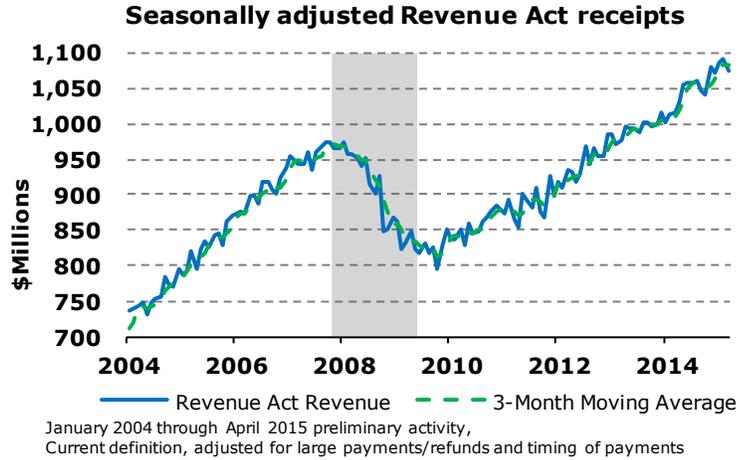
- Total payments in the retail trade sector were up 3.8% year over year. Last month, payments grew 6.2% year



\*Growth adjusted for definition change and unusually large assessment payments, refunds etc.

over year. This month's weaker growth in retail trade reflects strong payments in several sectors last year rather than weakness this year.

- Payments from the motor vehicles and parts sector increased by 9.7% year over year. Last month, payments in the sector increased by 6.9% year over year.
- Other retail trade sectors that showed strong growth in payments were building materials and garden equipment (+10.0%), drug and health stores (+9.5%), nonstore retailers (+8.9%) and furniture and home furnishings (+8.6%). Five retail trade sectors had year-over-year declines in payments. Three of these sectors seem to have declined mainly due to strong payments last year: general merchandise stores (-1.9%), miscellaneous retailers (-1.8%) and electronics and appliances (-0.8%). Gas stations and convenience stores once again showed a year-over-year decline in payments (-5.7%) due to a reduction in gross receipts from lower gasoline prices, which lowered B&O tax payments. Payments from sporting goods, toys, books and music stores declined by 0.3% but did not have particularly strong payments last year.
- Payments from non-retail trade sectors were up 6.8% year over year in the current period. Last month, year-over-year payments increased 8.2%.
- Payments from the manufacturing sector decreased by 18.1% year over year. Last month payments decreased 13.1% year over year. This month once again saw a large year-over-year decrease in payments from the petroleum refining sector due to price decreases in refined products along with a slight decrease in payments from the transportation equipment sector. Excluding the transportation and petroleum sectors, payments from the remaining manufacturing sectors decreased by 1.9% year over year.
- Excluding the manufacturing sector, payments from non-retail trade sectors increased 9.5% year over year. Last month, non-retail payments excluding manufacturing increased 10.5%.
- Tax payments by businesses in the construction sector increased by 15.2% year over year. Last month, payments increased 23.7% year over year .



**DOR Non-Revenue Act**

May collections came in \$1.7 million (0.2%) above the forecast. This month's collections would have shown a shortfall were it not for receipts from the Public Utility District privilege tax (part of "other" revenue in the Revenue Forecast Variance table), which came in \$8.9 million (58.9%) higher than forecasted. This surplus, however, was due to a higher-than-average number of early payers of the annual tax rather than a potential increase in receipts. As such, the surplus is likely to be reversed next month.

Real estate excise tax (REET) collections came in \$5.9 million (10.6%) higher than forecasted. Large sales of commercial property were slightly higher than expected, with sales of property valued at \$10 million or more totaling \$575 million. Residential sales, however, were much stronger than forecasted. Seasonally adjusted activity increased from last month's already elevated level (see figure). While Pierce County's taxable activity is reflected in the chart, the county's payments arrived too late to be included in this month's

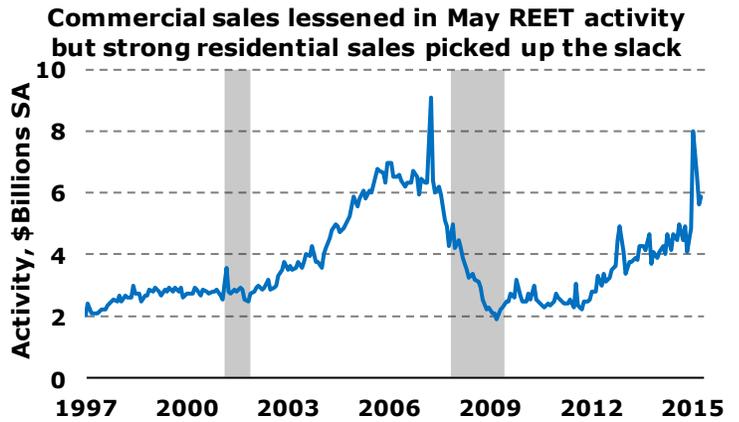
collections. These payments, totaling \$5.8 million in GF-S revenue, will be added to next month's collections.

Liquor taxes came in \$4.9 million (25.4%) lower than forecasted. Adjusted for an increase in this year's distribution of taxes to local governments and a large distribution of taxes to local governments last year, tax receipts for April sales decreased by 24.8% year over year. Unadjusted receipts decreased by 24.5% year over year as reported in the "Key Revenue Variables" table. Though last month's unadjusted receipts increased by 26.2%, that increase was due to a large transfer of revenue to local governments in the prior year. This month's weakness is likely a reflection of the large inherent month-to-month variability in liquor tax receipts rather than a sign of continued weakness.

Property tax receipts came in \$2.7 million (0.3%) lower than forecasted. Refunds of unclaimed property from the GF-S were \$2.4 million higher than forecasted. Cigarette tax receipts came in \$1.9 million (4.9%) lower than forecasted.

**Other Revenue**

Department of Licensing receipts for May came in \$1.1 million (40.8%) higher than the June forecast and revenue from the Administrative Office of the Courts came in \$1.0 million (13.7%) above the forecast.



Source: ERFC, data through May 2015 preliminary activity

## Key U.S. Economic Variables

|  | 2014   | 2015  |       |        |        |       | 2013   | 2014   |
|--|--------|-------|-------|--------|--------|-------|--------|--------|
|  | Dec.   | Jan.  | Feb.  | Mar.   | Apr.   | May   |        |        |
| Real GDP (SAAR)                          | 2.2    | -     | -     | -0.7   | -      | -     | 2.2    | 2.4    |
| Industrial Production (SA, 2007 = 100)   | 106.2  | 105.9 | 105.8 | 105.5  | 105.2  | -     | 99.9   | 104.1  |
| <i>Y/Y % Change</i>                      | 4.6    | 4.5   | 3.5   | 2.3    | 1.9    | -     | 2.9    | 4.2    |
| ISM Manufacturing Index (50+ = growth)   | 55.1   | 53.5  | 52.9  | 51.5   | 51.5   | 52.8  | 53.9   | 55.7   |
| ISM Non-Manuf. Index (50+ = growth)      | 56.5   | 56.7  | 56.9  | 56.5   | 57.8   | 55.7  | 54.7   | 56.2   |
| Housing Starts (SAAR, 000)               | 1,080  | 1,080 | 900   | 944    | 1,135  | -     | 928    | 1,001  |
| <i>Y/Y % Change</i>                      | 6.9    | 21.6  | -5.4  | -2.0   | 9.2    | -     | 18.4   | 7.8    |
| Light Motor Vehicle Sales (SAAR, mil.)   | 16.9   | 16.7  | 16.2  | 17.1   | 16.5   | 17.8  | 15.6   | 16.5   |
| <i>Y/Y % Change</i>                      | 9.0    | 8.9   | 5.4   | 4.0    | 2.8    | 6.3   | 7.6    | 6.0    |
| CPI (SA, 1982-84 = 100)                  | 236.3  | 234.7 | 235.2 | 235.7  | 236.0  | -     | 233.0  | 236.7  |
| <i>Y/Y % Change</i>                      | 0.7    | -0.2  | -0.1  | 0.0    | -0.1   | -     | 1.5    | 1.6    |
| Core CPI (SA, 1982-84 = 100)             | 239.4  | 239.9 | 240.2 | 240.8  | 241.4  | -     | 233.8  | 237.9  |
| <i>Y/Y % Change</i>                      | 1.6    | 1.6   | 1.7   | 1.8    | 1.8    | -     | 1.8    | 1.7    |
| IPD for Consumption (2009=100)           | 108.8  | 108.3 | 108.5 | 108.6  | 108.6  | -     | 107.3  | 108.8  |
| <i>Y/Y % Change</i>                      | 0.8    | 0.2   | 0.3   | 0.3    | 0.1    | -     | 1.2    | 1.3    |
| Nonfarm Payroll Empl., e-o-p (SA, mil.)  | 140.6  | 140.8 | 141.1 | 141.2  | 141.4  | 141.7 | 137.5  | 140.6  |
| <i>Monthly Change</i>                    | 0.33   | 0.20  | 0.27  | 0.12   | 0.22   | 0.28  | 2.39   | 3.12   |
| Unemployment Rate (SA, percent)          | 5.6    | 5.7   | 5.5   | 5.5    | 5.4    | 5.5   | 7.4    | 6.2    |
| Yield on 10-Year Treasury Note (percent) | 2.21   | 1.88  | 1.98  | 2.04   | 1.94   | 2.20  | 2.35   | 2.54   |
| Yield on 3-Month Treasury Bill (percent) | 0.03   | 0.03  | 0.02  | 0.03   | 0.02   | 0.02  | 0.06   | 0.03   |
| Broad Real USD Index** (Mar. 1973=100)   | 90.6   | 92.1  | 93.3  | 94.9   | 93.9   | 93.0  | 84.5   | 86.3   |
| Federal Budget Deficit (\$ bil.)*        | -1.9   | 17.5  | 192.4 | 52.9   | -156.7 | 82.4  | 680.2  | 483.6  |
| <i>FYTD sum</i>                          | 176.7  | 194.2 | 386.6 | 439.5  | 282.8  | 365.2 |        |        |
| US Trade Balance (\$ bil.)               | -45.5  | -42.4 | -37.2 | -50.6  | -40.9  | -     | -478.4 | -508.3 |
| <i>YTD Sum</i>                           | -508.3 | -42.4 | -79.7 | -130.3 | -171.1 | -     |        |        |

\*Federal Fiscal Year runs from October 1st to September 30th.

\*\*Weighted average of U.S. dollar foreign exchange values against currencies of major U.S. trading partners, Federal Reserve.

## Key Washington Economic Variables

|                                       | 2014    | 2015    |         |         |         |        |         | 2013                  | 2014 |
|---------------------------------------|---------|---------|---------|---------|---------|--------|---------|-----------------------|------|
|                                       | Dec.    | Jan.    | Feb.    | Mar.    | Apr.    | May    |         |                       |      |
| <b>Employment</b>                     |         |         |         |         |         |        |         |                       |      |
|                                       |         |         |         |         |         |        |         | <i>End-of-period</i>  |      |
| Total Nonfarm (SA, 000)               | 3,110.4 | 3,121.4 | 3,123.4 | 3,131.0 | 3,138.6 | -      | 3,027.2 | 3,110.4               |      |
| Change from Previous Month (000)      | 16.1    | 11.0    | 2.0     | 7.6     | 7.6     | -      | 73.7    | 83.3                  |      |
| Construction                          | 167.8   | 172.8   | 172.9   | 174.4   | 175.5   | -      | 152.7   | 167.8                 |      |
| Change from Previous Month            | 3.9     | 5.0     | 0.2     | 1.4     | 1.2     | -      | 8.4     | 15.0                  |      |
| Manufacturing                         | 289.5   | 289.5   | 289.7   | 289.5   | 288.8   | -      | 287.6   | 289.5                 |      |
| Change from Previous Month            | 1.9     | 0.0     | 0.2     | -0.2    | -0.6    | -      | 2.9     | 1.8                   |      |
| Aerospace                             | 93.8    | 93.1    | 93.1    | 92.8    | 92.4    | -      | 95.0    | 93.8                  |      |
| Change from Previous Month            | 0.1     | -0.7    | 0.0     | -0.3    | -0.4    | -      | -1.7    | -1.2                  |      |
| Software                              | 55.1    | 55.2    | 54.9    | 55.0    | 55.0    | -      | 54.9    | 55.1                  |      |
| Change from Previous Month            | -0.4    | 0.1     | -0.3    | 0.1     | 0.0     | -      | 2.2     | 0.1                   |      |
| All Other                             | 2,598.1 | 2,604.0 | 2,605.9 | 2,612.2 | 2,619.2 | -      | 2,531.9 | 2,598.1               |      |
| Change from Previous Month            | 10.7    | 5.9     | 1.9     | 6.3     | 7.0     | -      | 60.1    | 66.3                  |      |
| <b>Other Indicators</b>               |         |         |         |         |         |        |         |                       |      |
|                                       |         |         |         |         |         |        |         | <i>Annual Average</i> |      |
| Seattle CPI (1982-84=100)             | 245.1   | -       | 245.5   | -       | 247.6   | -      | 241.6   | 246.0                 |      |
|                                       | 1.7%    | -       | 1.1%    | -       | 0.4%    | -      | 1.2%    | 1.8%                  |      |
| Housing Permits (SAAR, 000)           | 36.1    | 59.0    | 59.6    | 42.3    | 36.2    | -      | 30.9    | 33.9                  |      |
|                                       | 12.9%   | 115.3%  | 72.4%   | 26.6%   | -15.4%  | -      | 9.8%    | 10.0%                 |      |
| WA Index of Leading Ind. (2004=100)   | 119.5   | 119.4   | 120.2   | 119.9   | 120.2   | -      | 114.8   | 117.9                 |      |
|                                       | 2.7%    | 2.9%    | 4.1%    | 2.9%    | 2.6%    | -      | 3.0%    | 2.7%                  |      |
| WA Business Cycle Ind. (Trend=50)     | 50.6    | 52.1    | 57.2    | 57.2    | 57.1    | -      | 40.7    | 47.8                  |      |
|                                       | 18.6%   | 18.2%   | 31.8%   | 29.6%   | 21.9%   | -      | 30.1%   | 17.3%                 |      |
| Avg. Weekly Hours in Manuf. (SA)      | 41.4    | 41.3    | 40.9    | 41.2    | 41.2    | -      | 41.6    | 41.1                  |      |
|                                       | -0.2%   | 0.9%    | 0.1%    | 0.2%    | 1.0%    | -      | -0.9%   | -1.1%                 |      |
| Avg. Hourly Earnings in Manuf.        | 25.8    | 25.2    | 25.3    | 25.5    | 25.4    | -      | 24.3    | 25.2                  |      |
|                                       | 1.3%    | 0.6%    | 1.2%    | 1.4%    | 1.2%    | -      | 0.8%    | 3.4%                  |      |
| New Vehicle Registrations (SA, 000)   | 24.9    | 23.7    | 24.1    | 24.4    | 24.7    | 24.1   | 22.1    | 23.4                  |      |
|                                       | 11.3%   | 3.0%    | 11.9%   | 15.5%   | 4.7%    | 3.4%   | 11.5%   | 5.5%                  |      |
| Initial Unemployment Claims (SA, 000) | 32.7    | 31.6    | 34.3    | 31.6    | 30.7    | 31.6   | 40.1    | 35.8                  |      |
|                                       | -14.6%  | -13.5%  | -16.9%  | -17.5%  | -16.8%  | -15.4% | -10.0%  | -10.9%                |      |
| Personal Income (SAAR, \$bil.)        | 356.0   | -       | -       | -       | -       | -      | 332.7   | 350.1                 |      |
|                                       | 5.8%    | -       | -       | -       | -       | -      | 2.5%    | 5.3%                  |      |
| Median Home Price (\$000)             | 266.9   | -       | -       | 270.6   | -       | -      | 252.1   | 266.0                 |      |
|                                       | 4.1%    | -       | -       | 8.7%    | -       | -      | 8.4%    | 5.5%                  |      |

\*Employment data has been Kalman filtered and does not match figures released by the BLS

\*Percentage Change is Year-over-Year

## Key Revenue Variables

Thousands of Dollars

|  | 2014                           |                                |                                |                                |                                | 2015                           |                                |                                 |                                |                                |                                |                                |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|---------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  | Jun 11-<br>Jul 10              | Jul 11-<br>Aug 10              | Aug 11-<br>Sep 10              | Sep 11-<br>Oct 10              | Oct 11-<br>Nov 10              | Nov 11-<br>Dec 10              | Dec 11-<br>Jan 10              | Jan 11-<br>Feb 10               | Feb 11-<br>Mar 10              | Mar 11-<br>Apr 10              | Apr 11-<br>May 10              | May 11-<br>Jun 10*             |
| <b>Department of Revenue-Total</b>           | 1,345,058<br>3.7               | 1,268,929<br>2.9               | 1,210,597<br>6.4               | 1,203,314<br>6.5               | 1,353,300<br>6.6               | 1,888,207<br>5.3               | 1,233,297<br>4.4               | 1,454,827<br>10.2               | 1,064,106<br>6.4               | 1,087,585<br>6.7               | 1,343,402<br>4.4               | 1,926,298<br>4.6               |
| <b>Revenue Act</b>                           | 1,013,168<br>4.8               | 1,122,275<br>5.1               | 1,083,581<br>7.7               | 1,065,180<br>5.5               | 1,130,438<br>9.4               | 1,021,344<br>4.4               | 998,484<br>7.2                 | 1,306,827<br>9.2                | 933,831<br>3.8                 | 947,271<br>5.9                 | 1,110,525<br>5.2               | 990,113<br>1.3                 |
| Retail Sales Tax                             | 665,073<br>9.6                 | 704,761<br>5.9                 | 705,114<br>8.0                 | 701,594<br>7.3                 | 732,094<br>10.2                | 660,261<br>4.8                 | 641,066<br>9.7                 | 827,783<br>10.2                 | 596,069<br>6.3                 | 610,013<br>9.7                 | 707,839<br>6.5                 | 645,359<br>1.7                 |
| Business and Occupation Tax                  | 257,505<br>-5.9                | 321,404<br>3.6                 | 283,898<br>6.7                 | 272,284<br>1.4                 | 304,831<br>7.8                 | 266,733<br>1.8                 | 266,628<br>4.0                 | 368,586<br>11.2                 | 238,168<br>-0.9                | 237,899<br>1.4                 | 308,125<br>9.3                 | 266,610<br>6.0                 |
| Use Tax                                      | 46,852<br>5.6                  | 53,515<br>5.4                  | 54,167<br>21.4                 | 48,739<br>7.5                  | 50,336<br>13.8                 | 52,174<br>20.7                 | 42,066<br>-7.8                 | 55,055<br>-2.7                  | 45,715<br>11.6                 | 46,407<br>3.8                  | 47,092<br>-8.4                 | 43,386<br>-3.3                 |
| Public Utility Tax                           | 29,721<br>1.5                  | 28,917<br>4.9                  | 28,631<br>1.9                  | 28,784<br>3.6                  | 29,537<br>12.1                 | 27,857<br>-6.9                 | 28,193<br>-3.7                 | 41,766<br>0.6                   | 39,250<br>-8.7                 | 34,550<br>-14.9                | 34,963<br>-11.0                | 28,589<br>-13.3                |
| Tobacco Products Tax                         | 3,420<br>-14.4                 | 4,697<br>-6.6                  | 3,993<br>3.4                   | 4,637<br>-0.9                  | 4,246<br>8.0                   | 4,166<br>28.7                  | 3,111<br>-22.4                 | 3,649<br>11.7                   | 3,510<br>-2.8                  | 3,586<br>19.3                  | 4,370<br>-1.7                  | 3,738<br>-5.5                  |
| Penalties and Interest                       | 10,597<br>20.5                 | 8,981<br>-1.4                  | 7,778<br>-23.4                 | 9,142<br>-1.5                  | 9,395<br>-21.6                 | 10,154<br>2.9                  | 17,420<br>47.8                 | 9,987<br>-19.4                  | 11,118<br>-0.6                 | 14,816<br>-5.8                 | 8,137<br>-41.2                 | 2,431<br>-75.4                 |
| <b>Non-Revenue Act**</b>                     | 331,890<br>0.6                 | 146,654<br>-11.2               | 127,016<br>-3.5                | 138,134<br>14.8                | 222,862<br>-5.8                | 866,863<br>6.3                 | 234,813<br>-5.8                | 148,000<br>19.3                 | 130,275<br>30.8                | 140,314<br>12.2                | 232,877<br>0.6                 | 936,185<br>8.3                 |
| Liquor Sales/Liter                           | 19,874<br>-10.7                | 18,401<br>-8.1                 | 25,694<br>7.4                  | 19,420<br>-6.1                 | 20,714<br>9.2                  | 19,946<br>-2.6                 | 21,026<br>1.2                  | 31,373<br>6.1                   | 18,620<br>-4.7                 | 18,420<br>0.4                  | 18,898<br>26.2                 | 14,475<br>-24.5                |
| Cigarette                                    | 34,029<br>3.1                  | 39,369<br>7.3                  | 32,512<br>-7.5                 | 37,156<br>17.6                 | 36,096<br>-6.5                 | 30,311<br>1.2                  | 33,727<br>-3.0                 | 38,862<br>8.5                   | 22,640<br>0.1                  | 21,000<br>-24.7                | 33,954<br>5.5                  | 36,889<br>11.8                 |
| Property (State School Levy)                 | 169,547<br>-11.7               | 11,348<br>3.9                  | 6,477<br>-23.1                 | 8,600<br>-8.3                  | 41,765<br>-28.7                | 728,464<br>7.5                 | 111,864<br>-13.5               | 11,455<br>-6.6                  | 6,447<br>4.9                   | 30,415<br>6.1                  | 93,229<br>-17.2                | 791,712<br>7.6                 |
| Real Estate Excise                           | 67,653<br>39.6                 | 62,522<br>-25.1                | 55,473<br>5.3                  | 63,283<br>33.0                 | 59,079<br>-0.9                 | 53,383<br>22.8                 | 55,561<br>2.1                  | 42,057<br>31.1                  | 68,343<br>122.9                | 58,972<br>43.8                 | 67,633<br>42.7                 | 61,865<br>11.3                 |
| Unclaimed Property                           | -3,163<br>-25.8                | -3,693<br>50.6                 | -4,491<br>73.9                 | -2,252<br>125.9                | 41,199<br>-1.9                 | 27,012<br>-13.7                | 479<br>-156.4                  | 3,144<br>-152.4                 | 2,776<br>-60.8                 | 700<br>-128.4                  | -338<br>-109.9                 | -2,446<br>-49.1                |
| Other  | 43,950<br>14.0                 | 18,707<br>13.8                 | 11,351<br>-18.7                | 11,927<br>-1.1                 | 24,009<br>28.0                 | 7,748<br>-37.8                 | 12,156<br>11.3                 | 21,108<br>4.0                   | 11,448<br>-15.5                | 10,807<br>-6.6                 | 19,502<br>-6.4                 | 33,691<br>29.5                 |
| <b>Department of Licensing**</b>             | 5,848<br>12.9                  | 3,202<br>-11.5                 | 1,060<br>-2.8                  | 586<br>16.2                    | 372<br>8.9                     | 235<br>17.0                    | 296<br>10.9                    | 270<br>-12.2                    | 386<br>12.8                    | 704<br>25.7                    | 1,213<br>12.6                  | 3,871<br>3.6                   |
| <b>Administrative Office of the Courts**</b> | 6,945<br>-7.2                  | 6,917<br>-1.9                  | 7,184<br>0.7                   | 6,358<br>-7.7                  | 7,578<br>6.4                   | 7,585<br>-8.8                  | 6,301<br>1.2                   | 6,676<br>-7.4                   | 6,050<br>-3.3                  | 7,219<br>0.4                   | 7,976<br>3.5                   | 7,881<br>4.1                   |
| <b>Total General Fund-State***</b>           | <b>1,357,850</b><br><b>3.7</b> | <b>1,279,049</b><br><b>2.8</b> | <b>1,218,841</b><br><b>6.4</b> | <b>1,210,259</b><br><b>6.5</b> | <b>1,361,250</b><br><b>6.6</b> | <b>1,896,026</b><br><b>5.2</b> | <b>1,239,893</b><br><b>4.4</b> | <b>1,461,772</b><br><b>10.1</b> | <b>1,070,542</b><br><b>6.4</b> | <b>1,095,508</b><br><b>6.6</b> | <b>1,352,591</b><br><b>4.4</b> | <b>1,938,051</b><br><b>4.6</b> |

\*Revenue Act components: ERFC preliminary estimates

\*\*Monthly Revenues (month of beginning of collection period)

\*\*\* Detail may not add due to rounding. The GFS total in this report includes only collections from larger state agencies: the DOR, Lottery Commission, AOC and DOL.

Note: *Italic figures refer to Year-over-Year percent change.*

## Revenue Forecast Variance

Thousands of Dollars

| Period/Source  | Estimate*          | Actual             | Difference Amount | Percent      |
|--|--------------------|--------------------|-------------------|--------------|
| <b>May 11, 2015 - June 10, 2015</b>                                |                    |                    |                   |              |
| <b>June 10, 2015 Collections Compared to the May 2015 Forecast</b> |                    |                    |                   |              |
| Department of Revenue-Total  | \$1,931,542        | \$1,926,298        | (\$5,244)         | -0.3%        |
| Revenue Act** (1)  | 997,072            | 990,113            | (6,959)           | -0.7%        |
| Non-Revenue Act(2)   | 934,470            | 936,185            | 1,715             | 0.2%         |
| Liquor Sales/Liter   | 19,393             | 14,475             | (4,918)           | -25.4%       |
| Cigarette  | 38,787             | 36,889             | (1,897)           | -4.9%        |
| Property (State School Levy)                                       | 794,452            | 791,712            | (2,740)           | -0.3%        |
| Real Estate Excise   | 55,946             | 61,865             | 5,919             | 10.6%        |
| Unclaimed Property   | 0                  | (2,446)            | (2,446)           | NA           |
| Other  | 25,893             | 33,691             | 7,798             | 30.1%        |
| Department of Licensing (2)  | 2,749              | 3,871              | 1,122             | 40.8%        |
| Administrative Office of the Courts (2)                            | 6,929              | 7,881              | 953               | 13.7%        |
| <b>Total General Fund-State***</b>                                 | <b>\$1,941,220</b> | <b>\$1,938,051</b> | <b>(\$3,169)</b>  | <b>-0.2%</b> |

### Cumulative Variance Since the May Forecast (May 11, 2015 - June 10, 2015)

|                                     |                    |                    |                  |              |
|-------------------------------------|--------------------|--------------------|------------------|--------------|
| Department of Revenue-Total         | \$1,931,542        | \$1,926,298        | (\$5,244)        | -0.3%        |
| Revenue Act** (3)                   | 997,072            | 990,113            | (6,959)          | -0.7%        |
| Non-Revenue Act(4)                  | 934,470            | 936,185            | 1,715            | 0.2%         |
| Liquor Sales/Liter                  | 19,393             | 14,475             | (4,918)          | -25.4%       |
| Cigarette                           | 38,787             | 36,889             | (1,897)          | -4.9%        |
| Property (State School Levy)        | 794,452            | 791,712            | (2,740)          | -0.3%        |
| Real Estate Excise                  | 55,946             | 61,865             | 5,919            | 10.6%        |
| Unclaimed Property                  | 0                  | (2,446)            | (2,446)          | NA           |
| Other                               | 25,893             | 33,691             | 7,798            | 30.1%        |
| Department of Licensing (4)         | 2,749              | 3,871              | 1,122            | 40.8%        |
| Administrative Office of the Courts | 6,929              | 7,881              | 953              | 13.7%        |
| <b>Total General Fund-State***</b>  | <b>\$1,941,220</b> | <b>\$1,938,051</b> | <b>(\$3,169)</b> | <b>-0.2%</b> |

1 Collections May 11, 2015 - June 10, 2015. Collections primarily reflect April 2015 activity of monthly filers.

2 May 2015 collections.

3 Cumulative collections, estimates and variance since the May 2014 forecast; (May 11, 2014 - June 10, 2015) and revisions to history.

4 Cumulative collections, estimates and variance since the May forecast ( May 2015) and revisions to history.

\* Based on the May 2015 economic and revenue forecast.

\*\*The Revenue Act consists of the retail sales, B&O, use, public utility, tobacco products taxes, and penalty and interest.

\*\*\* Detail may not add due to rounding. The General Fund-State total in this report includes only collections from larger state agencies: the Department of Revenue, Department of Licensing, Lottery Commission and Administrative Office of the Courts.