ECONOMIC & REVENUE UPDATE

11 March 2011

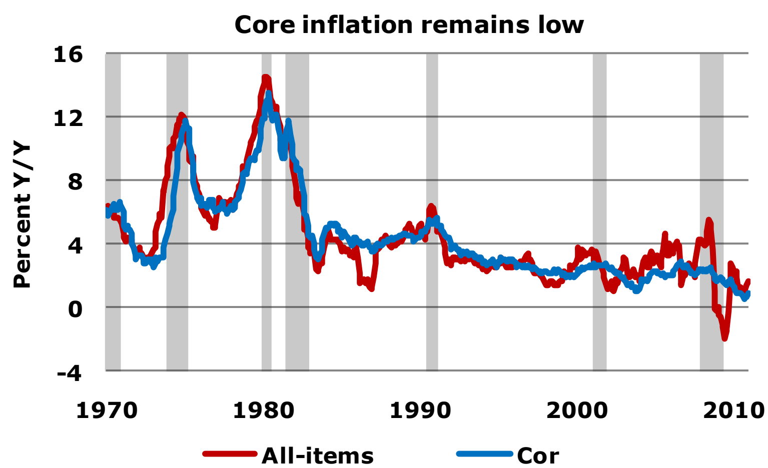
summary

- **The national economic recovery remains fragile, as the outlook is clouded by uncertainty about gas prices.**
- **Boeing's tanker win will provide an important economic and psychological boost to Washington. The state's job market continues to gradually improve. New home construction remains weak but is improving. Construction employment continues to decline, dragged down mainly by losses in nonresidential construction.**
- **Major General Fund-State (GF-S) revenue collections since the November forecast are cumulatively $84.7 million (1.8%) below target. For the latest collection period, February 11 – March 10, 2011, revenues were $39.9 million (4.5%) below the November forecast. Despite this shortfall, revenues were up 6.5% year-over-year.**

united states

United States

It is beginning to feel a lot like last April. Then, the national economy had appeared to be on the verge of a rebound, but lost momentum on fears of a European sovereign debt default. Now again, just as the economy was picking up steam, events in the Middle East have thrown a monkey wrench into the outlook. If the crisis continues, and more importantly threatens to spread to other countries, oil prices will continue to rise. As the price of gas keeps rising at the pump, it will have a disproportionate dampening effect on consumer confidence, and on the recovery, which essentially now depends on the return of private demand.



The national average gas price at the pump, as of March 7, was $3.52 per gallon, up 42 cents since the start of February, and up 77 cents from a year ago. Energy price inflation in January was 7.5% over a year ago, while that for food was 1.8%. All-items inflation was 1.7%. Core inflation, i.e. all-items excluding food and energy was up a benign 1.0%. The relationship between all-items and core inflation is different now than it was in the 70's. The pass-through from all-items to the core is not a given any longer (see figure). Core inflation is expected to remain stable even with the volatility in the headline consumer price index (CPI) number. The danger from rising energy prices instead comes from eroding consumer confidence and reducing consumer discretionary spending.

Real GDP grew at a 2.8% seasonally adjusted annualized rate (SAAR) in 2010Q4, according to the Bureau of Economic Analysis' second estimate for that quarter's growth. Consumer spending grew 4.1% (SAAR). State and local government spending, however, contracted by 2.4% (SAAR), constraining overall GDP growth. Exports grew by 9.6%

united states

(SAAR) while imports fell by 12.4% (SAAR). According to the Federal Reserve, household net worth improved $2.1 trillion in 2010Q4 as a real-estate-asset loss of $190 billion was dwarfed by a $2.3 trillion surge in financial assets.

The February employment report was encouraging. The economy added a total of 192,000 (SA) net new jobs in that month. Private jobs gains were 222,000 (SA), offset by 30,000 (SA) government job losses. The unemployment rate fell to 8.9% due to job gains outpacing a modest increase in the labor force. Average weekly hours in manufacturing, considered a leading indicator, rose by 0.1 hours to 40.5 hours.

Housing is now in neutral – no longer subtracting from growth, but not adding to it either. We anticipate another year of muddle-through as the market sheds excess inventory, some of which is still on the sidelines. Housing starts jumped 14.6% in January to a well below normal 596,000 (SAAR) units, entirely due to spike in the volatile multi-family segment. New single family home sales fell 12.6% in January, retreating almost entirely from gains in December. Existing home sales were up a modest 2.6%. The Case-Shiller 20-city home price index fell 0.4% (SA) in December, its sixth consecutive monthly drop, and is down 2.4% from a year ago. Longer term equilibrium in this market will also depend on how the federal government unwinds its ownership of Fannie Mae and Freddie Mac, the largest players in the secondary mortgage market. This is an issue worth keeping an eye on, especially as it moves to the forefront.

Personal income grew by 1.0% in January, boosted by a 2% cut in employee contributions to payroll taxes. Personal consumption expenditures, however, grew just 0.2%, boosting the savings rate to 5.8%. Retail sales, which are broader than consumer spending, were up 8.9% year-over-year in February, following January's revised 8.1% growth. February car sales of 13.4 million (SAAR) units (up 28% year-over-year) were robust, but even excluding auto sales, retail sales were up 6.0%.

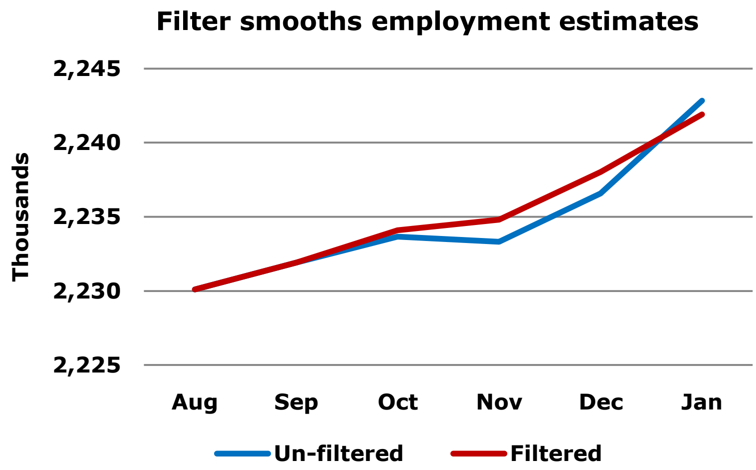
washington

WASHINGTON

As expected, the Washington labor market continued to expand at a moderate pace through January. We have developed our own estimates of payroll employment as described below. According to our estimates, the state's economy added 3,900 private sector jobs in the month and lost 600 government jobs for a net gain of 3,300 in total employment. The aerospace sector added 400 net new jobs in January following increases of 600 and 1,100 jobs in November and December of last year. Software publishing employment growth appears to have paused after robust gains in the last year. We expect the pause to be temporary. The main drag on job growth in Washington remains the construction sector, which lost 1,000 jobs in January. Washington unemployment insurance claims increased in late February, suggesting a possible slowdown in employment growth in February. However, Washington suffered from unusual weather in late February, so the increase in claims may be only temporary. We will have to wait and see. The Bureau of Labor Statistics (BLS) has revised the state's unemployment rate history back to 2006. According to the new data, the unemployment rate in Washington peaked at 10.0% in January 2010 and has since declined to 9.1% in January 2011.

We have added an element of sophistication to our historical estimates of non-benchmarked employment data. The employment data described above and used in the preparation of the March forecast differs from the estimates produced by the Washington State Department of Employment Security and the U.S. Bureau of Labor Statistics. To both improve the estimates, as well as reduce their variance from final benchmarked data, we have applied a Kalman-type standard "signal extraction" or "filtering" methodology to the washington

data. In simple terms, we combine the employment information from the Washington sample (which measures the behavior of the true unseen employment number, but with an error) with information derived from a system of equations that describes how that unseen variable (true employment) behaves. The system of equations also projects employment levels with an error. Combining the two estimates however produces more accurate and less volatile results than either does by itself (see figure).



The news of Boeing's tanker win came after the release of the preliminary March economic forecast but will be incorporated in the final March forecast. The tanker contract will preserve the 767 production line which otherwise would likely have been shut down in a few years. Instead, Boeing is increasing production from one plane per month to two. While this is definitely good news for Boeing and the Washington economy, we believe the bulk of the positive impact will occur after the 2011-13 biennium. Production is expected to start in 2015 with the first deliveries in 2017 though there could be some hiring or non-layoff of engineering and production talent prior to the start of the program. Even without the tanker win, we were expecting job growth in the aerospace sector related to scheduled production increases in the 777 and 737, as well as, production of the new 787 and 747-8 models.

Housing construction, as measured by building permits, fell to 18,200 units (SAAR) in January from 27,300 in December. This wild swing is entirely due to the volatile multi-family sector which fell from 13,300 to just 500. The trend in permits has been positive since the pullback following the expiration of the homebuyer's tax credits but the improvement has been slow and the level of activity remains extremely low by historical standards. On the price front, the Case-Shiller Home Price Index for Seattle showed signs of firming last spring but prices have declined in each of the past seven months and are now down 6.0% since a year ago. We are unlikely to see a strong recovery in housing construction until prices begin rising again.

Construction employment remains a drag on the overall economy. Nearly all the decline in construction employment during the last three months has been in nonresidential construction and related special trades employment. We believe the decline in housing related employment is pretty much over but nonresidential construction employment growth will not turn positive until 2012. In spite of a recovery in 2012 and 2013, construction employment will still be 54,700 below its previous peak at the end of 2013.

revenue

REVENUE COLLECTIONS

Overview

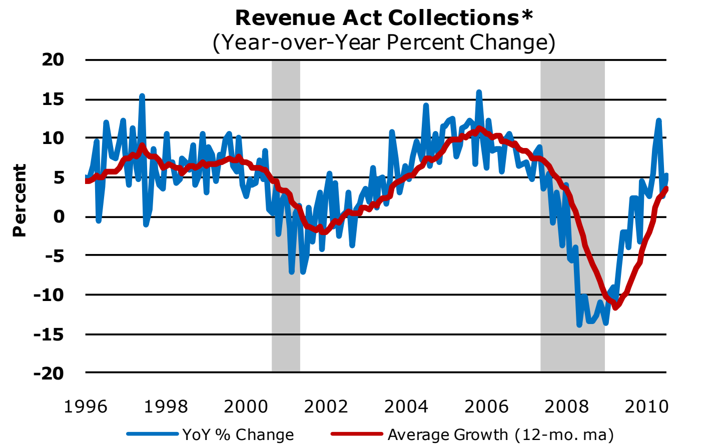
Cumulatively, revenue collections for the November 11, 2010 – March 10, 2011 collection are now $84.7 million (1.8%) below our November forecast. Since that forecast there have been $28.2 million in large one-time assessment payments and $26.6 million in large refunds. Without the net sum of $1.6 million from these payments, the forecast variance would have been -$86.3 million (-1.8%).

Major General Fund-State (GF-S) revenues for the February 11 – March 10, 2011 collection period were $39.9 million (4.5%) lower than our November forecast. The shortfall occurred despite the post-forecast shift of 32,600 taxpayers from quarterly to monthly status, detailed in previous issues of this publication, which was expected to cause collections for the period to exceed the forecast.

For this collection period, year-over-year growth in Revenue Act collections, adjusted for a one-time fund transfer described below, was 5.2%. If the impact of the estimated change in Revenue Act payment patterns is also taken into account, the adjusted year-over-year growth in Revenue Act collections is estimated to be only about 2%, down sharply from the 8% adjusted growth of the last collection period. It is too soon to tell whether the slowdown in growth is a temporary one, due to bad weather and a pause from consumers who overspent during a strong holiday season, or the start of another longer-term slowdown similar to the one experienced last spring.

Revenue Act

The revenue collections reported here are for the February 11 – March 10, 2011 collection period. Collections correspond primarily to economic activity in January 2011.



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

Revenue Act collections came in $40.5 million (5.1%) below the November forecast. The shortfall occurred despite the change in the reporting frequency of a large number of taxpayers which added an estimated $25 million to this period's collections. Details on the effects of the shift were reported in the January and February Economic & Revenue Updates. Without the extra revenue from these taxpayers, the variance would have been -$65.5 million (-8.2%).

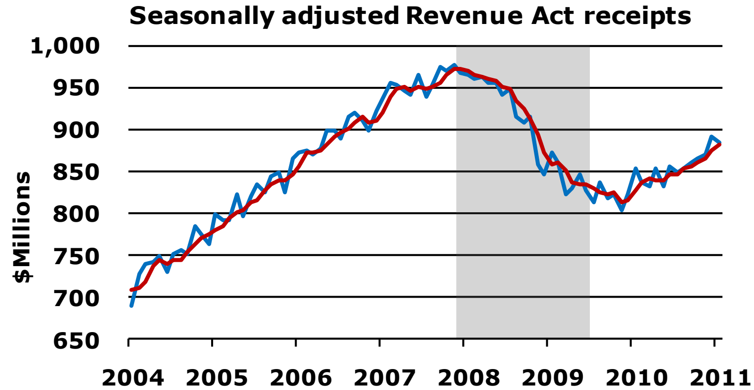
During the collection period there was an $8.1 million transfer of revenue from the Revenue Act accounts to the syrup tax account. The transfer, which corrected for a past misallocation of funds, did not affect total revenues, as it increased non-Revenue Act collections by the same amount that it decreased Revenue Act collections. Adjusting for the refund, the variance was -$32.4 million (-4.1%). Adjusting for both the shift in payment patterns and the refund, the variance was an estimated -$57 million (-7.2%).

Cumulatively, Revenue Act collections are $91.0 million (2.5%) below the November forecast. Since the forecast there have been $28.2 million in large one-time assessment payments and $34.7 million in large refunds and transfers. Without the net of -$6.5 million from these payments, the cumulative variance would have been -$84.5 million (-2.4%).

Revenue Act collections increased 5.2% year-over-year in the current period after adjustments for large one-time payments and refunds (see figure). In the previous period adjusted revenues had increased 2.5% due to the shift in payment patterns. Adjusting for both the one-time payments and the estimated effect of the change in the timing of

revenue collections

payments from new monthly taxpayers, revenues would have increased approximately 2% year-over-year in the current period and 8% year-over-year in the previous period.



January 2004 through January 2011 preliminary activity,
ESSB 5073 definition, adjusted for large payments/refunds and timing of payments

Unadjusted for non-economic factors, revenue grew 5.0% year-over-year growth as shown in the "Key Revenue Variables" table. On a seasonally adjusted basis, revenue showed a slight decrease, but the three-month moving average of revenues is still on an upward trend (see figure). The chart of seasonally adjusted Revenue Act receipts has been adjusted for the change in payment patterns discussed above.

Under legislation passed in the 2010 session, the B&O tax rate for service industries has been temporarily increased from 1.5% to 1.8% as of May 1, 2010. This change is estimated to have increased Revenue Act receipts by approximately $19 million per month. Without this $19 million in additional revenue, year-over-year Revenue Act growth adjusted for both the $8.1 million refund and the shift in payment patterns would have been -0.9%.

Preliminary ERFC monthly estimates indicate retail sales tax collections are up 3.1% year-over-year and B&O taxes are up 16.8%.

Tax payments as of March 2nd from electronic filers who also paid in the February 11 – March 10 collection period of last year were up 5.1% year-over-year. While this was an improvement from the previous period's growth rate of 2.0%, growth rates in that period were lowered by the shift of taxpayers from quarterly to monthly payments.

Some details:

- Payments in the retail trade sector were up 6.8% year-over-year. In the previous period, year-over-year payments increased 4.4%.
- Payments from the motor vehicle and parts sector were up 10.2% year-over-year. In the previous period, year-over-year payments increased 8.0%. Excluding the auto sector, payments from the retail trade sector were up 5.9% year-over-year in the current period and 3.7% in the previous period.
- The largest year-over-year increases in tax payments from other retail trade sectors were from were electronics and appliances (+35.4%), non-store retailers (+16.4%), gas stations and convenience stores (+8.4%) and apparel and accessories (+5.1%). Building materials and garden equipment was the only retail trade sector to show a year-over-year decline (-3.6%).
- Payments in non-retail trade sectors were up 4.1% year-over-year in the current period and 0.3% in the previous period.
- Payments in the construction sector were down 7.0% year-over-year and those in the manufacturing sector were down 0.3%.

- Excluding the construction sector, total payments were up 6.6% year-over-year and payments from non-retail trade sectors were up 6.5%. Excluding both construction and manufacturing, total payments were up 7.1% and payments from non-retail trade sectors were up 7.3%.

DOR Non-Revenue Act

February collections were $1.2 million (1.5%) above the November forecast. The cumulative variance since the forecast is now $7.4 million (0.6%). Without the aforementioned transfer of $8.1 million from Revenue Act to Syrup tax funds, the variance for the current period would have been -$6.9 million (-8.8%) and the cumulative variance would have been -$659,000 (-0.1%).

The positive variance was mainly due to "other" revenues, which were $5.6 million (70.9%) above the forecast due to the large syrup tax transfer. The positive variance in the syrup tax was offset by a $1.3 million shortfall in leasehold excise taxes and $1.4 million in greater-than-expected refunds of unclaimed property. The cumulative variance for "other" revenue is now $15.1 million (21.9%).

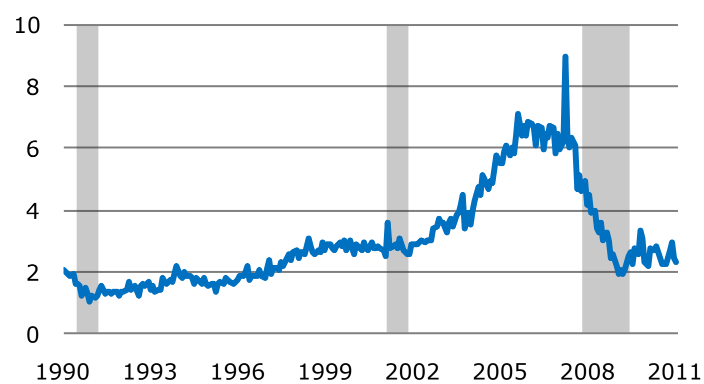
Property tax collections came in $333,000 (5.1%) higher than forecasted. This brought the cumulative variance in the tax to -$5.3 million (-0.6%).

Liquor tax receipts came in $666,000 (4.6%) lower than forecasted. Receipts were down 0.1% year-over-year. The cumulative variance for liquor taxes is now -$563,000 (-0.8%).

Cigarette tax receipts came in $409,000 (1.6%) below the forecast. Receipts were up 98.3% year-over-year, due mainly to a 91.4 cent per pack increase in GF-S taxes that took effect on May 1st. The large year-over-year increases that can be seen in months prior to July 2010 in the "Key Revenue Variables" were due to the re-classification of pre-existing cigarette taxes as GF-S taxes effective July 2009. The cumulative variance in cigarette taxes is now $2.8 million (2.4%).

February real estate excise tax collections were $3.8 million (16.1%) below the forecast. Though seasonally adjusted taxable activity declined slightly from the levels of November through January (see figure), collections were still 4.9% above a year ago for that period. The cumulative variance is now -$4.7 million (-4.4%).

REET activity improving in fits and starts



Source: ERFC, data through February 2011 preliminary activity

February DOR non-Revenue Act collections were up 24.9% year-over-year, due mainly to the large year-over-year increases in cigarette and syrup taxes.

Other Revenue

Department of Licensing receipts for February came in $125,000 (58.1%) above the November forecast. Cumulatively, revenues are $4,000 (0.6%) above the forecast.

February revenue from the Administrative Office of the Courts was $689,000 (9.8%) below the forecast. Cumulatively, revenues are $1.2 million (3.7%) below the forecast.

Key U.S. Economic Variables

	2010 Sep.	Oct.	Nov.	Dec.	2011 Jan.	Feb.	2009	2010
Real GDP (SAAR)	2.6	-	-	2.8	-	-	-2.6	2.8
Industrial Production (SA, 2002 = 100)	93.9	93.8	94.1	95.2	95.1	-	87.7	92.7
Y/Y % Change	*6.2*	*5.9*	*5.6*	*6.3*	*5.2*	-	*-9.3*	*5.7*
ISM Manufacturing Index (50+ = growth)	55.3	56.9	58.2	58.5	60.8	61.4	46.3	57.3
ISM Non-Manuf. Index (50+ = growth)	53.2	54.3	55.0	57.1	59.4	59.7	46.2	54.1
Housing Starts (SAAR, 000)	601	533	548	520	596	-	554	585
Y/Y % Change	*2.6*	*0.8*	*-7.0*	*-9.7*	*-2.6*	-	*-38.4*	*5.6*
Light Motor Vehicle Sales (SAAR, mil.)	11.8	12.3	12.3	12.5	12.6	13.4	10.4	11.6
Y/Y % Change	*25.4*	*17.6*	*12.9*	*12.6*	*17.4*	*27.5*	*-21.5*	*11.5*
CPI (SA, 1982-84 = 100)	218.4	219.0	219.2	220.2	221.1	-	31.5	32.5
Y/Y % Change	*1.1*	*1.2*	*1.1*	*1.4*	*1.7*	-	*1.6*	*3.0*
Core CPI (SA, 1982-84 = 100)	221.8	221.8	222.1	222.2	222.6	-	32.7	33.6
Y/Y % Change	*0.8*	*0.6*	*0.7*	*0.6*	*0.9*	-	*1.3*	*2.5*
IPD for Consumption (2000=100)	111.2	111.4	111.5	111.8	112.2	-	109.3	111.1
Y/Y % Change	*1.3*	*1.2*	*1.1*	*1.2*	*1.2*	-	*0.2*	*1.7*
Nonfarm Payroll Empl., e-o-p (SA, mil.)	129.8	130.0	130.1	130.3	130.3	130.5	129.6	130.3
Monthly Change	*-0.03*	*0.17*	*0.09*	*0.15*	*0.06*	*0.19*	*-4.80*	*0.67*
Unemployment Rate (SA, percent)	9.6	9.7	9.8	9.4	9.0	8.9	9.3	9.6
Yield on 10-Year Treasury Note (percent)	2.65	2.54	2.76	3.29	3.39	3.58	3.26	3.21
Yield on 3-Month Treasury Bill (percent)	0.15	0.13	0.14	0.14	0.15	0.13	0.15	0.14
Broad Real USD Index** (Mar. 1973=100)	86.6	84.1	84.0	84.6	83.7	82.9	91.1	87.1
Federal Budget Deficit ($ bil.)*	34.6	140.4	150.4	78.1	49.8	222.5	1,415.7	1,294.2
FYTD sum	*1,294.2*	*140.4*	*290.8*	*369.0*	*418.8*	*641.3*		
US Trade Balance ($ bil.)	-44.1	-38.2	-38.2	-40.3	-46.3	-	-374.9	-495.7
YTD Sum	*-379.0*	*-417.2*	*-455.5*	*-495.7*	*-46.3*	-		

**Federal Fiscal Year 2009 runs from Oct. 1, 2008 to Sept. 30, 2009.*

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

Key Washington Economic Variables

	2010 Sep.	Oct.	Nov.	Dec.	2011 Jan.	Feb.	2009	2010
Employment							*End-of-period*	
Total Nonfarm (SA, 000)	2,773.9	2,777.4	2,778.9	2,781.6	2,784.9	-	2,774.0	2,781.6
Change from Previous Month (000)	*0.2*	*3.5*	*1.5*	*2.7*	*3.3*	-	*-140.7*	*7.6*
Construction	140.6	140.1	138.5	137.6	136.5	-	146.0	137.6
Change from Previous Month	*-0.5*	*-0.5*	*-1.5*	*-1.0*	*-1.0*	-	*-38.6*	*-8.5*
Manufacturing	258.6	258.6	258.9	260.3	261.5	-	256.8	260.3
Change from Previous Month	*1.0*	*-0.1*	*0.3*	*1.4*	*1.2*	-	*-27.8*	*3.5*
Aerospace	80.8	80.6	81.2	82.3	82.7	-	81.1	82.3
Change from Previous Month	*0.3*	*-0.2*	*0.6*	*1.1*	*0.4*	-	*-4.4*	*1.2*
Software	51.3	51.5	51.5	51.4	51.3	-	50.5	51.4
Change from Previous Month	*0.4*	*0.1*	*0.0*	*-0.1*	*-0.1*	-	*-2.5*	*0.9*
All Other	2,323.3	2,327.3	2,330.0	2,332.3	2,335.6	-	2,320.7	2,332.3
Change from Previous Month	*-0.7*	*3.9*	*2.7*	*2.3*	*3.3*	-	*-71.8*	*11.5*
Other Indicators							*Annual Average*	
Seattle CPI (1982-84=100)	-	227.3	-	226.9	-	-	226.0	226.7
	-	0.4%	-	0.6%	-	-	*0.6%*	*0.3%*
Housing Permits (SAAR, 000)	17.4	17.4	19.7	27.3	18.2	-	16.0	19.6
	-9.2%	*-1.3%*	*22.1%*	*41.8%*	*-22.2%*	-	*-42.0%*	*22.9%*
WA Index of Leading Ind. (2004=100)	112.7	113.7	114.6	115.2	115.6	-	105.9	112.1
	5.3%	*5.6%*	*5.2%*	*5.3%*	*4.9%*	-	*-5.2%*	*5.8%*
WA Business Cycle Ind. (Trend=50)	3.8	3.7	6.0	9.4	6.6	-	7.8	4.6
	-36.1%	*-0.4%*	*36.6%*	*121.9%*	*93.7%*	-	*-80.7%*	*-40.7%*
Avg. Weekly Hours in Manuf. (SA)	42.5	42.3	41.8	41.7	42.2	-	42.0	41.8
	2.4%	*0.1%*	*-0.8%*	*0.2%*	*2.4%*	-	*-1.0%*	*-0.3%*
Avg. Hourly Earnings in Manuf.	23.4	23.4	23.6	23.7	24.1	-	23.4	23.4
	-0.8%	*-0.5%*	*-0.2%*	*-1.6%*	*0.4%*	-	*11.4%*	*0.0%*
New Vehicle Registrations (SA, 000)	15.5	15.1	15.4	16.3	17.3	17.5	14.0	15.5
	-1.8%	*28.1%*	*21.3%*	*8.1%*	*14.6%*	*9.5%*	*-26.4%*	*10.8%*
Initial Unemployment Claims (SA, 000)	59.2	55.2	49.3	54.3	52.7	50.0	69.2	56.7
	-18.6%	*-20.8%*	*-18.9%*	*-9.8%*	*-5.5%*	*-12.0%*	*51.4%*	*-18.0%*
Personal Income (SAAR, $bil.)	294.2	-	-	-	-	-	286.1	-
	2.7%	-	-	-	-	-	*-0.4%*	-
Median Home Price ($000)	248.9	-	-	239.0	-	-	255.7	245.2
	-4.3%	-	-	*-2.0%*	-	-	*-9.8%*	*-4.1%*

**Percentage Change is Year-over-Year*

Key Revenue Variables

	Apr 11-May 10	May 11-Jun 10	Jun 11-Jul 10	Jul 11-Aug 10	Aug 11-Sep 10	Sep 11-Oct 10	Oct 11-Nov 10	Nov 11-Dec 10	Dec 11-Jan 10	Jan 11-Feb 10	Feb 11-Mar 10*
	2010								**2011**		
Department of Revenue-Total	1,045,481	1,601,911	1,093,845	1,061,881	951,439	928,373	1,150,677	1,584,564	1,106,158	1,153,220	834,514
	7.7	*9.8*	*6.4*	*2.0*	*3.8*	*3.9*	*8.0*	*5.7*	*10.4*	*1.0*	*6.6*
Revenue Act	892,259	804,996	800,650	963,515	843,523	835,533	983,708	857,053	835,444	1,047,776	754,431
	2.1	*8.8*	*1.2*	*3.1*	*1.9*	*4.2*	*6.3*	*11.3*	*13.2*	*0.0*	*5.0*
Retail Sales Tax	558,294	505,068	522,430	593,014	551,943	533,504	605,478	540,948	528,065	662,598	456,774
	0.7	*4.2*	*-2.7*	*-1.2*	*-1.4*	*-0.5*	*2.3*	*8.6*	*10.0*	*-1.9*	*3.1*
Business and Occupation Tax	252,778	211,752	195,760	284,250	213,939	221,128	293,354	236,261	227,441	284,676	222,892
	6.9	*21.5*	*9.4*	*12.6*	*9.6*	*14.1*	*14.1*	*17.3*	*30.0*	*-0.4*	*16.8*
Use Tax	37,466	35,681	35,327	41,819	38,363	36,873	42,233	34,719	35,461	45,743	31,084
	6.1	*-5.6*	*3.3*	*2.9*	*8.7*	*10.5*	*15.3*	*8.5*	*18.2*	*7.3*	*-1.3*
Public Utility Tax	32,517	30,997	29,108	27,532	25,848	26,868	28,555	29,190	27,393	39,451	37,426
	-10.7	*-5.7*	*2.1*	*2.8*	*0.3*	*1.8*	*4.9*	*12.9*	*-22.2*	*19.9*	*3.9*
Tobacco Products Tax	3,265	3,448	2,383	3,600	3,524	3,530	4,332	4,210	3,413	4,342	3,297
	240.5	*262.4*	*136.4*	*18.7*	*34.0*	*-24.8*	*56.7*	*56.2*	*37.0*	*43.8*	*50.1*
Penalties and Interest	7,940	18,050	15,643	13,301	9,906	13,630	9,756	11,726	13,671	10,967	2,957
	-22.1	*89.4*	*35.7*	*22.4*	*11.0*	*87.8*	*2.6*	*22.5*	*-11.2*	*32.0*	*-80.6*
Non-Revenue Act**	153,222	796,916	293,195	98,366	107,916	92,840	166,968	727,511	270,714	105,444	80,083
	57.4	*10.9*	*23.6*	*-8.2*	*21.6*	*1.4*	*19.0*	*-0.2*	*2.4*	*12.1*	*24.9*
Liquor Sales/Liter	15,366	15,556	16,056	16,232	18,220	16,531	15,859	16,725	16,848	23,633	13,913
	24.2	*25.1*	*15.2*	*0.2*	*-2.8*	*3.5*	*2.1*	*-1.9*	*5.7*	*2.4*	*-0.1*
Cigarette	23,570	35,990	34,746	24,130	39,860	29,057	33,520	26,149	36,538	29,800	25,441
	558.1	*749.4*	*976.1*	*-19.6*	*54.7*	*16.2*	*42.8*	*16.9*	*40.6*	*15.7*	*98.3*
Property (State School Levy)	66,565	692,782	162,563	10,843	7,094	9,871	33,355	613,332	173,492	12,406	6,857
	72.6	*4.4*	*5.5*	*6.5*	*6.6*	*7.5*	*24.0*	*0.4*	*-3.4*	*13.0*	*8.8*
Real Estate Excise	32,636	33,849	39,401	34,128	31,762	27,326	31,038	26,960	33,257	22,902	19,704
	32.2	*37.6*	*11.6*	*-6.2*	*1.7*	*-20.0*	*-6.7*	*-14.5*	*-6.9*	*10.7*	*4.9*
Timber (state share)	0	646	0	0	1,354	0	0	1,058	0	0	788
	NA	*-3.2*	*NA*	*NA*	*85.6*	*NA*	*NA*	*31.1*	*NA*	*NA*	*NA*
Other	15,085	18,093	40,430	13,034	9,626	10,055	53,196	43,286	10,579	16,703	13,379
	-17.0	*33.8*	*32.1*	*-7.5*	*106.3*	*56.8*	*29.3*	*-6.1*	*52.2*	*23.6*	*18.6*
Department of Licensing**	1,045	2,326	7,357	3,784	1,230	494	319	121	131	129	341
	-81.5	*-38.1*	*6.8*	*20.7*	*37.0*	*18.6*	*13.3*	*-39.4*	*-34.0*	*-23.4*	*20.5*
Lottery**	0	0	0	0	0	0	0	0	0	0	0
	NA	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*
Administrative Office of the Courts**	10,012	8,827	7,148	8,966	8,131	7,922	7,796	8,747	7,372	7,958	6,350
	NA	*NA*	*NA*	*-1.7*	*-5.7*	*-7.6*	*-7.0*	*-2.8*	*-4.0*	*0.4*	*-5.1*
Total General Fund-State***	1,056,538	1,613,065	1,108,350	1,074,632	960,800	936,789	1,158,791	1,593,432	1,113,661	1,161,307	841,205
	8.2	*10.3*	*7.1*	*1.5*	*3.8*	*3.8*	*7.9*	*5.7*	*10.2*	*1.0*	*6.5*

*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. Reflects new defintion of GF-S revenue after July 2009.
Note: Italic figures refer to Year-over-Year percent change.

Revenue Forecast Variance
Thousands of Dollars

Period/Source	Estimate*	Actual	Difference Amount	Percent
February 11, 2011 - March 10, 2011				
March 10, 2011 Collections Compared to the November 2010 Forecast				
Department of Revenue-Total	$873,833	$834,514	($39,319)	-4.5%
Revenue Act** (1)	794,907	754,431	(40,476)	-5.1%
Non-Revenue Act(2)	$78,926	$80,083	$1,157	1.5%
Liquor Sales/Liter	14,579	13,913	(666)	-4.6%
Cigarette	25,850	25,441	(409)	-1.6%
Property (State School Levy)	6,524	6,857	333	5.1%
Real Estate Excise	23,484	19,704	(3,780)	-16.1%
Timber (state share)	661	788	128	19.3%
Other	7,827	13,379	5,552	70.9%
Department of Licensing (2)	216	341	125	58.1%
Lottery (5)	0	0	0	0.0%
Administrative Office of the Courts (2)	7,039	6,350	(689)	-9.8%
Total General Fund-State***	$881,088	$841,205	($39,883)	-4.5%
Cumulative Variance Since the November Forecast (November 11, 2010 - March 10, 2011)				
Department of Revenue-Total	$4,762,021	4,678,456	(83,565)	-1.8%
Revenue Act** (3)	3,585,710	3,494,704	(91,006)	-2.5%
Non-Revenue Act(4)	1,176,311	1,183,752	7,441	0.6%
Liquor Sales/Liter	71,682	71,119	(563)	-0.8%
Cigarette	115,112	117,929	2,817	2.4%
Property (State School Levy)	811,341	806,087	(5,254)	-0.6%
Real Estate Excise	107,515	102,824	(4,692)	-4.4%
Timber (state share)	1,820	1,846	26	1.4%
Other	68,840	83,948	15,107	21.9%
Department of Licensing (4)	718	722	4	0.6%
Lottery	0	0	0	0.0%
Administrative Office of the Courts	31,590	30,427	(1,163)	-3.7%
Total General Fund-State***	$4,794,330	$4,709,606	($84,724)	-1.8%

1 Collections February 11, 2011 - March 10, 2011. Collections primarily reflect January 2011 activity of monthly filers.
2 February 2011 collections.
3 Cumulative collections, estimates and variance since the November 2010 forecast; (November 11, 2010 - March 10, 2011) and revisions to history.
4 Cumulative collections, estimates and variance since the November forecast (November 2010 - February 2010) and revisions to his
5 Lottery transfers to the General Fund
* Based on the November 2010 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.