ECONOMIC & REVENUE UPDATE

11 November 2010

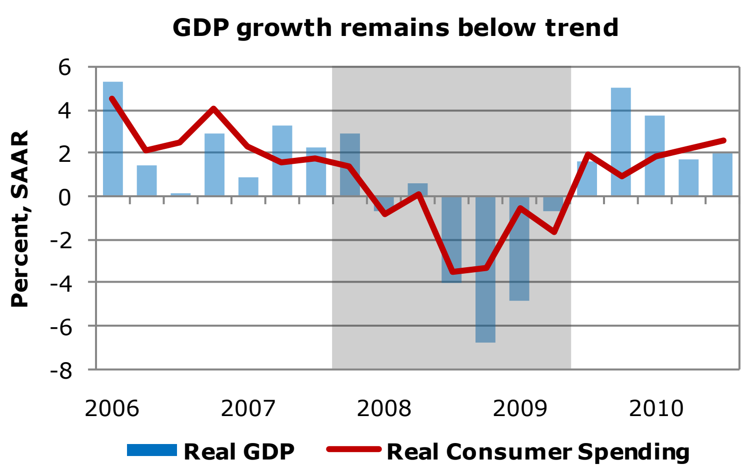
summary

- **The economy is off life-support, but still in intensive care. Real GDP grew at a below trend 2.0% seasonally adjusted annualized rate (SAAR) in the third quarter. Real consumer spending growth did better, improving to 2.6% SAAR. The October jobs report was somewhat encouraging. It showed a net gain of 151,000 jobs although the unemployment rate remained at 9.6%. The damage to the economy from the Great Recession continues to linger.**
- **Washington's recovery, like the national recovery, remains frustratingly slow. Private sector job growth, the key to a sustained recovery, remains positive but anemic. The prospects for aerospace and software are good, but housing and non-residential construction will lag.**
- **Major General Fund-State (GF-S) revenues for the October 11, 2010 – November 10, 2010 collection period were $18.3 million (1.6%) higher than our September forecast. Revenue Act collections continued to show year-over-year growth but came in $11.6 million (1.2%) below the forecast.**

united states

United States

The economy is off life-support, but still in intensive care. The immense damage from the Great Recession continues to linger, although that recession is now officially over. Consumer and business confidence, financial and regulatory institutions, household and corporate balance sheets, the economy and economic forecasting models – none escaped unscathed. It will be a while yet before the losses can be fully tallied or even known. Uncertainty will continue to prevail until a new normal, whatever that may be, eventually settles in.



Real GDP grew at a 2.0% seasonally adjusted annualized rate (SAAR) in the third quarter according to the Bureau of Economic Analysis' (BEA) first estimate. This was slightly higher than the second quarter's revised 1.7% SAAR growth, but still well below trend. Real consumer spending growth did better over the same period, improving to 2.6% SAAR from 2.2% SAAR (see figure). Real GDP growth is expected to remain moderate in the near term as the effect of the stimulus winds down, as does the virtuous inventory cycle. In the longer term, 2012 and 2013, real GDP growth will depend upon growth in private demand, which at this time is not giving much indication of a rapid pick up.

Recovery in jobs typically lag the recovery in economic activity. The pattern over the summer through September had been that tepid private sector job gains were offset by public sector job losses. Most of the latter were temporary federal census employees, but that cycle ended in September. The October jobs report was somewhat encouraging. It united states

showed a net gain of 159,000 private sector jobs, offset by just 8000 public sector job losses, mostly local government. The unemployment rate, however, remained elevated at 9.6%.

Home sales and housing starts, which collapsed after the expiry of the housing tax credits end-April, appear to have stabilized at the bottom. The pull-forward effect of those credits is clearly winding down. Housing starts increased for a third consecutive month to a still modest 610,000 SAAR units in September, while sales of new homes grew 6.6% SA to 307,000 SAAR units. Existing home sales also improved 10% SA to 4.5 million SAAR units. But, there is still a significant surplus of housing on the market. Months' supply at existing sales rates are 8.0 months for new homes, and 10.7 months for existing homes. Prices are still soft. The August 2010 Case-Shiller 20-city composite home price index was down 0.2% SA from its previous reading, but is up a modest 1.7% from a year ago.

At its last meeting on November 3, the Federal Reserve's Open Market Committee (FOMC) decided to "purchase a further $600 billion of longer-term Treasury securities by the end of the second quarter of 2011, a pace of about $75 billion per month." This so-called quantitative easing (QE) is an effort to push down long-term interest rates so as to lower the Cost of Capital (CoC) and encourage greater lending and investment. Typically, the FOMC would have lowered short-term interest rates to provide stimulus, but short-term rates are close to zero, hence the QE.

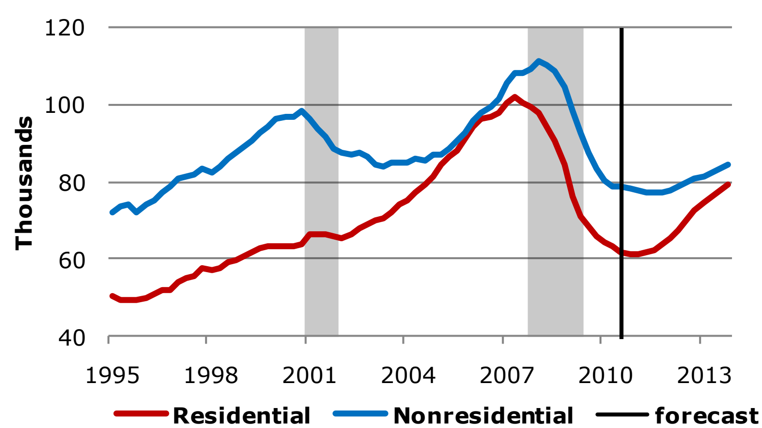
washington

WASHINGTON

Washington's economic expansion has continued to be weak and the deceleration in the recovery that we noted in our September forecast has continued. After strong growth in the spring, the state's private sector added just 4,200 jobs in July, August, and September. During the same period, state and local governments shed 5,200 jobs, more than offsetting the meager private sector gains. Federal government employment fell 6,200 since June but this was due to the elimination of temporary 2010 Census jobs. We expect the job picture to remain weak through the remainder of 2010 and then to improve gradually in 2011.

Single-family permits remain low in the wake of the expiration of the federal home-buyer tax credits, declining to 13,000 units (SAAR) in the third quarter from 13,700 in the second quarter and 17,000 in the first quarter. We expect single family housing to bottom out at 12,500 units in the fourth quarter of this year. The number of multi-family units was surprisingly strong in the third quarter, rising to 6,500 from 3,600 in the second quarter. We do not believe this pace will be maintained. Multi-family housing faces too many headwinds including high vacancies and tight credit. We expect multi-family units to drop back to 3,600 in the fourth quarter.

Nonresidential construction lags residential



Construction employment remains weak in Washington but the rate of decline has slowed. The state lost about 4,000 construction jobs during the first nine months of this year compared a drop of nearly 30,000 during the first nine months of 2009. Employment in washington

residential building and related special trades will bottom out in the fourth quarter of this year with growth resuming and gradually accelerating through 2011. Nonresidential construction employment will continue to decline through most of 2011 (see figure). While we don't expect overall construction employment to turn positive until the second half of next year, we think the worst is behind us. We expect to lose about 1,800 construction jobs over the next three quarters compared to 69,200 lost to date. In spite of a fairly strong recovery in 2012 and 2013, construction employment will still be 46,000 below the previous peak at the end of 2013.

Aerospace employment has fluctuated up and down over the course of 2010 but is essentially unchanged since the end of 2009. This is a huge improvement over the prior year when the sector lost 4,300 jobs. The outlook for 2011 and beyond is positive. Boeing plans to raise its production of the 737 to 35 per month in early 2012 and 38 per month by mid-2013. Combined, these represent more than a 20% increase in production from the current rate of 31.5 per month. Boeing also plans to increase production of the 777 to 7 per month in mid-2011 from the current rate of 5 per month. Production of the new 787 and 747-8 will also be ramping up in 2011 and 2012. The improving prospects for Boeing are due to air cargo and passenger traffic which have rebounded surprisingly quickly from the global recession.

After the unprecedented Microsoft layoffs in 2009, the state's software sector has returned to growth. Microsoft announced record revenue of $16.20 billion for the quarter ended Sept. 30, 2010 and also raised its quarterly dividend 23%. The software publishing industry added 200 jobs in September and a total of 1,300 in the first nine months of 2010. We expect modest software employment growth through 2011 with growth accelerating in 2012 and 2013.

The Seattle Consumer Price Index declined in the first two quarters of 2010. The reason for the decline in the Seattle CPI was shelter costs which fell as a result of the depressed housing market. Excluding shelter, Seattle inflation is low, but positive. The most recent CPI report showed a modest firming in shelter costs and overall Seattle inflation. It now appears likely that inflation will be close to zero in 2010, picking up to close to 2% per year in 2011, 2012, and 2013.

revenue collections

REVENUE COLLECTIONS

Overview

Major General Fund-State (GF-S) revenues for the October 11, 2010 – November 10, 2010 collection period were $18.3 million (1.6%) higher than our September forecast. Cumulatively, the revenues are $20.8 million (1.0%) above the forecast. As discussed below, however, $10.9 million of the variance was the result of earlier-than-expected payments of fall property taxes, which do not represent an increase in forecasted property tax receipts. Adjusted for the early payments, collections for the current period are $7.4 million (0.6%) above the forecast and the cumulative variance is $9.8 million (0.5%).

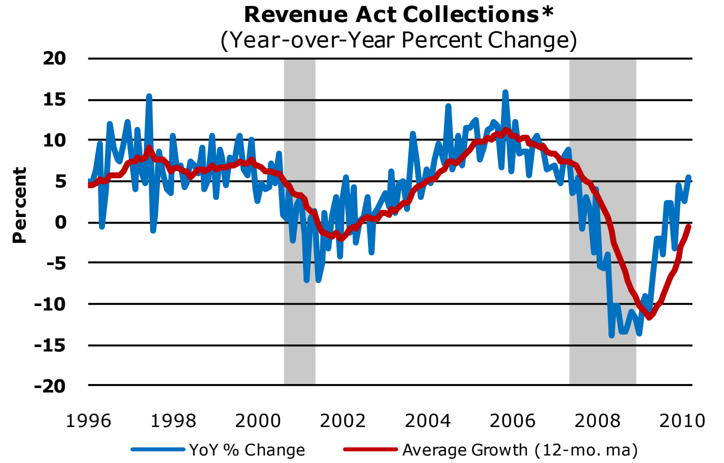
Revenue Act collections continue to show year-over-year growth (adjusted for non-economic factors). Adjusted receipts from the October 11, 2010 – November 10, 2010 collection period, which mainly represent September economic activity, were 5.5% above their year-ago level (see figure). In the previous collection period, adjusted collections were 2.5% above their year-ago level.

revenue collections

Revenue Act

The revenue collections reported here are for the October 11 – November 10, 2010 collection period. Collections correspond primarily to economic activity in September 2010 for monthly filers and third quarter 2010 activity for quarterly filers.

Collections for this period are $11.6 million (1.2%) below the September forecast. Cumulatively, collections are $9.7 million (0.5%) below the forecast.



*Growth adjusted for new legislation and unusually large assessment payments, refunds etc.

The chart showing year-over-year Revenue Act growth reflects new revenues added under ESSB 5073. By this measure, revenues increased 5.5% year-over year in the current period after adjustments for large one-time payments and refunds. In the previous period adjusted revenues had increased 2.5% (or 4.3% with adjustment for August 2009 "cash for clunker" vehicle sales).

Unadjusted for definitional changes and one time revenue, revenue increased 6.3% year-over-year as shown in the "Key Revenue Variables" table. On a seasonally adjusted basis, revenue increased slightly, keeping the three month moving average of collections on an upward trend (see figure).

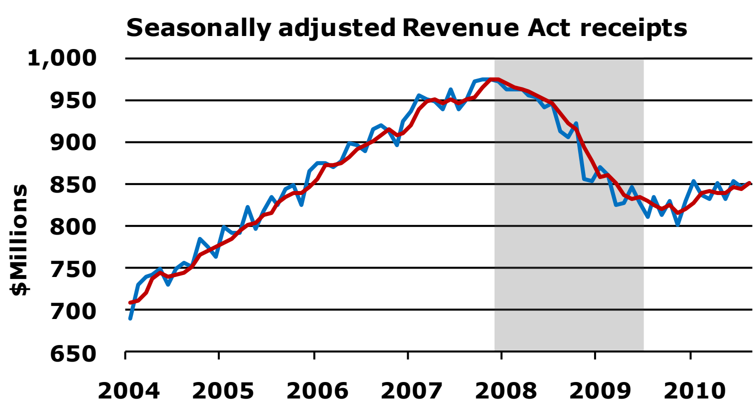
Under legislation passed in the 2010 session, the B&O tax rate for service industries has been temporarily increased from 1.5% to 1.8% as of May 1, 2010. In addition, retail sales taxes were applied to bottled water and candy sales beginning June 1, 2010 (although those taxes will be rescinded as of December 2, 2010 by Initiative 1107). These tax changes are estimated to have increased Revenue Act receipts by approximately $23 million per month. Without this $23 million in additional revenue, adjusted year-over-year Revenue Act growth would have been 3.1%.

Preliminary ERFC monthly estimates indicate retail sales tax collections are up 2.8% year-over-year and B&O taxes are up 13.6%.

Preliminary tax payments from electronic filers who also paid in the October 11 – November 10 collection period of last year were up 3.6% year-over-year.

Some details:

- ☐ Payments in the retail trade sector were up 7.1% year-over-year. In the previous period, year-over-year payments declined 0.6%, but the decline was



January 2004 through September 2010 and Q3 2010 preliminary activity, ESSB 5073 definition, adjusted for large payments/refunds due to inflated "cash for clunkers" auto sales in August 2009. Adjusted for these sales, payments in the previous period would have been up 5.0% year-over-year.

- Payments from the motor vehicle and parts sector were up 14.7% year-over-year, due partially to the decline in September 2009 sales following the expiration of "cash for clunkers". Excluding the auto sector, payments from the retail trade sector were up 5.1% year-over-year, comparable to the 5.0% increase in ex-auto payments in the previous period.
- The largest year-over-year increases in tax payments from other retail trade sectors were from nonstore retailers (+18.9%), apparel and accessories (+8.9%), gas stations and convenience stores (+7.7%) and general merchandise stores (+6.9%). Payments in three sectors showed declines: building materials and garden equipment (-2.3%), sporting goods, toys, books and music (-1.2%) and furniture and home furnishings (-0.8%).
- Payments in non-retail trade sectors were up 1.6% year-over-year, a slowing of growth from last month's 4.9% increase.
- Payments in the construction sector were down 9.5%, while those in the manufacturing sector were up 1.7% year-over-year.
- Excluding the construction sector, total payments were up 5.6% year-over-year and payments from non-retail trade sectors were up 4.6%. Excluding both construction and manufacturing, payments from non-retail trade sectors were up 5.0%.

DOR Non-Revenue Act

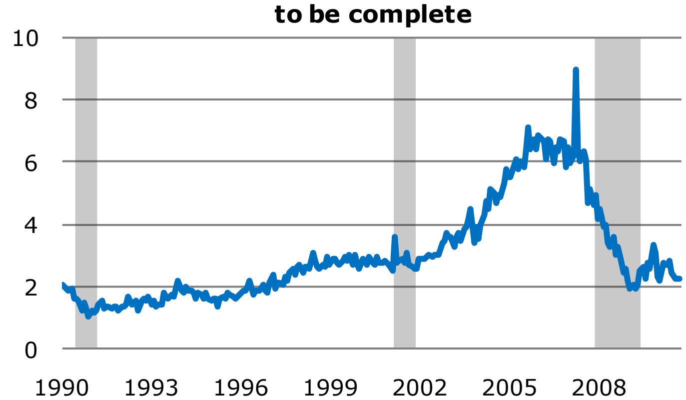
October collections were $30.0 million (21.9%) above the September forecast. The cumulative variance for September and October collections is $30.4 million (13.3%)

Much of the positive variance was due to property tax collections, which came in $10.9 million (48.8%) above the forecast. This variance, however, was due to a higher-than-expected volume of semiannual payments arriving in advance of the October 31 due date. As such, it will be expected to decrease the amount of collections in November and December and thus does not represent an increase in total revenue for the biennium.

Most of the rest of the positive variance came from "other" revenues, which came in $14.8 million (38.6%) above the forecast. The variance in the category was mainly due to $10.7 million in greater-than-forecasted transfers of unclaimed property into the GF-S. Leasehold excise taxes, also in the category, came in $3.0 million above the forecast.

Cigarette tax receipts came in $2.5 million (8.2%) above the forecast. Receipts were up 42.8% 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

Post-credit drop-off in REET activity seems to be complete



Source: ERFC, data through October 2010 preliminary activity revenue collections

to the re-classification of pre-existing cigarette taxes as GF-S taxes effective July 2009. Cumulative receipts are now $861,000 (1.4%) above the forecast.

October real estate excise tax collections were $926,000 (3.1%) greater than forecasted due to $1.7 million in late payments from September that got credited in October. Cumulatively, collections for September and October are $2.6 million (4.2%) less than forecasted.

Liquor tax receipts were $816,000 (5.4%) greater than forecasted.

October DOR non-Revenue Act collections are up 19.0% year-over-year.

Other Revenue

Department of Licensing receipts for October came in $89,000 (38.8%) above the forecast. Cumulatively, receipts are $204,000 (33.6%) greater than forecasted.

October revenue from the Administrative Office of the Courts was $176,000 (2.2%) below the September forecast. The cumulative variance is -$96,000 (-0.6%).

Key U.S. Economic Variables

	2010 May	Jun.	Jul.	Aug.	Sep.	Oct.	2008	2009
Real GDP (SAAR)	-	1.7	-	-	2.0	-	0.0	-2.6
Industrial Production (SA, 2002 = 100)	92.5	92.6	93.2	93.4	93.2	-	96.7	87.7
Y/Y % Change	*8.0*	*8.3*	*7.5*	*6.4*	*5.4*	-	*-3.3*	*-9.3*
ISM Manufacturing Index (50+ = growth)	59.7	56.2	55.5	56.3	54.4	56.9	45.5	46.2
ISM Non-Manuf. Index (50+ = growth)	55.4	53.8	54.3	51.5	53.2	54.3	47.3	46.2
Housing Starts (SAAR, 000)	588	539	550	608	610	-	900	554
Y/Y % Change	*6.9*	*-7.5*	*-6.3*	*3.9*	*4.1*	-	*-32.9*	*-38.4*
Light Motor Vehicle Sales (SAAR, mil.)	11.6	11.2	11.5	11.5	11.8	12.3	13.2	10.4
Y/Y % Change	*18.0*	*15.1*	*2.2*	*-19.0*	*25.4*	*17.6*	*-18.2*	*-21.5*
CPI (SA, 1982-84 = 100)	217.2	216.9	217.6	218.2	218.4	-	215.2	214.5
Y/Y % Change	*2.0*	*1.1*	*1.3*	*1.2*	*1.1*	-	*3.8*	*-0.3*
Core CPI (SA, 1982-84 = 100)	221.0	221.4	221.7	221.8	221.8	-	215.6	219.2
Y/Y % Change	*1.0*	*1.0*	*1.0*	*1.0*	*0.8*	-	*2.3*	*1.7*
IPD for Consumption (2000=100)	110.9	110.8	111.0	111.2	111.3	-	109.1	109.3
Y/Y % Change	*2.1*	*1.4*	*1.5*	*1.4*	*1.4*	-	*3.3*	*0.2*
Nonfarm Payroll Empl., e-o-p (SA, mil.)	130.6	130.5	130.4	130.4	130.3	130.5	134.3	129.6
Monthly Change	*0.43*	*-0.13*	*-0.12*	*0.00*	*-0.04*	*0.15*	*-3.62*	*-4.74*
Unemployment Rate (SA, percent)	9.7	9.5	9.5	9.6	9.6	9.6	5.8	9.3
Yield on 10-Year Treasury Note (percent)	3.42	3.20	3.01	2.70	2.65	2.54	3.67	3.26
Yield on 3-Month Treasury Bill (percent)	0.16	0.12	0.16	0.16	0.15	0.13	1.39	0.15
Broad Real USD Index** (Mar. 1973=100)	89.7	90.1	88.7	88.0	86.9	84.5	87.9	91.5
Federal Budget Deficit ($ bil.)*	135.9	68.4	165.0	90.5	34.6	140.4	454.8	1,415.7
FYTD sum	*935.6*	*1,004.0*	*1,169.1*	*1,259.6*	*1,294.2*	*140.4*		
US Trade Balance ($ bil.)	-41.8	-49.8	-42.6	-46.5	-44.0	-	-698.8	-374.9
YTD Sum	*-196.3*	*-246.1*	*-288.6*	*-335.1*	*-379.1*	-		

**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 May	Jun.	Jul.	Aug.	Sep.	Oct.	2008	2009
Employment								*End-of-period*
Total Nonfarm (SA, 000)	2,792.0	2,788.3	2,786.5	2,784.3	2,781.1	-	2,913.5	2,779.9
Change from Previous Month (000)	*8.7*	*-3.7*	*-1.8*	*-2.2*	*-3.2*	-	*-49.3*	*-133.6*
Construction	143.9	144.1	144.3	144.4	143.8	-	184.5	147.6
Change from Previous Month	*0.1*	*0.2*	*0.2*	*0.1*	*-0.6*	-	*-24.5*	*-36.9*
Manufacturing	257.3	258.1	257.5	257.6	258.5	-	284.4	257.3
Change from Previous Month	*-0.7*	*0.8*	*-0.6*	*0.1*	*0.9*	-	*-11.7*	*-27.1*
Aerospace	80.0	80.8	81.1	80.4	81.0	-	85.5	81.2
Change from Previous Month	*-0.5*	*0.8*	*0.3*	*-0.7*	*0.6*	-	*2.6*	*-4.3*
Software	50.9	51.1	51.1	51.5	51.7	-	53.0	50.4
Change from Previous Month	*0.0*	*0.2*	*0.0*	*0.4*	*0.2*	-	*4.5*	*-2.6*
All Other	2,339.9	2,335.0	2,333.6	2,330.8	2,327.1	-	2,391.6	2,324.6
Change from Previous Month	*9.3*	*-4.9*	*-1.4*	*-2.8*	*-3.7*	-	*-17.6*	*-67.0*
Other Indicators								*Annual Average*
Seattle CPI (1982-84=100)	-	226.1	-	227.6	-	-	224.7	226.0
	-	-0.5%	-	0.2%	-	-	*4.2%*	*0.6%*
Housing Permits (SAAR, 000)	14.1	21.3	18.4	23.5	16.5	-	27.4	15.9
	-8.6%	*49.4%*	*25.8%*	*30.7%*	*-9.4%*	-	*-39.5%*	*-42.1%*
WA Index of Leading Ind. (2004=100)	115.0	115.1	115.9	116.3	116.2	-	116.5	110.0
	5.9%	*5.6%*	*5.6%*	*5.4%*	5.0%	-	*-0.1%*	*-5.6%*
WA Business Cycle Ind. (Trend=50)	4.0	7.2	6.0	6.4	4.0	-	41.4	8.4
	-46.3%	*4.7%*	*-1.7%*	*20.7%*	*-35.1%*	-	*-33.6%*	*-79.8%*
Avg. Weekly Hours in Manuf. (SA)	42.4	41.3	41.9	42.6	42.8	-	42.3	42.0
	2.2%	*-1.1%*	*-0.2%*	*1.6%*	*2.4%*	-	*0.8%*	*-0.7%*
Avg. Hourly Earnings in Manuf.	23.1	23.2	23.5	23.0	23.7	-	21.0	23.4
	-1.3%	*-0.6%*	*1.2%*	*-0.8%*	*0.1%*	-	*2.4%*	*11.4%*
New Vehicle Registrations (SA, 000)	16.3	15.7	14.5	15.1	15.5	15.3	19.0	14.0
	28.7%	*22.5%*	*5.8%*	*-17.6%*	*-1.6%*	*28.5%*	*-20.5%*	*-26.5%*
Initial Unemployment Claims (SA, 000)	57.1	62.5	60.7	60.4	63.3	53.9	45.8	69.4
	-22.4%	*-11.4%*	*-17.0%*	*-17.3%*	*-17.5%*	*-22.0%*	*34.1%*	*51.4%*
Personal Income (SAAR, $bil.)	-	293.8	-	-	-	-	287.1	286.1
	-	*2.5%*	-	-	-	-	*5.4%*	*-0.4%*
Median Home Price ($000)	-	246.8	-	-	-	-	283.4	255.7
	-	*-6.9%*	-	-	-	-	*-7.5%*	*-9.8%*

**Percentage Change is Year-over-Year*

Key Revenue Variables

	2010 Dec 11- Jan 10	Jan 11- Feb 10	Feb 11- Mar 10	Mar 11- Apr 10	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*
Department of Revenue-Total	1,002,270	1,142,108	782,676	788,877	1,045,481	1,601,911	1,093,845	1,061,881	951,439	928,373	1,150,677
	6.3	*3.5*	*1.7*	*12.1*	*7.7*	*9.8*	*6.4*	*2.0*	*3.8*	*3.9*	*8.0*
Revenue Act	738,003	1,048,036	718,560	687,570	892,259	804,996	800,650	963,515	843,523	835,533	983,708
	-5.6	*-1.1*	*-2.3*	*3.7*	*2.1*	*8.8*	*1.2*	*3.1*	*1.9*	*4.2*	*6.3*
Retail Sales Tax	479,966	675,459	442,862	442,827	558,294	505,068	522,430	593,014	551,943	533,504	608,534
	-9.0	*-1.5*	*-8.8*	*0.4*	*0.7*	*4.2*	*-2.7*	*-1.2*	*-1.4*	*-0.5*	*2.8*
Business and Occupation Tax	174,957	285,711	190,756	169,039	252,778	211,752	195,760	284,250	213,939	221,128	291,944
	-7.3	*1.9*	*9.7*	*8.2*	*6.9*	*21.5*	*9.4*	*12.6*	*9.6*	*14.1*	*13.6*
Use Tax	30,001	42,638	31,493	32,207	37,466	35,681	35,327	41,819	38,363	36,873	40,350
	5.1	*-6.6*	*1.3*	*-1.2*	*6.1*	*-5.6*	*3.3*	*2.9*	*8.7*	*10.5*	*10.2*
Public Utility Tax	35,188	32,902	36,036	29,597	32,517	30,997	29,108	27,532	25,848	26,868	28,801
	42.1	*-11.5*	*7.9*	*-17.2*	*-10.7*	*-5.7*	*2.1*	*2.8*	*0.3*	*1.8*	*5.8*
Tobacco Products Tax	2,491	3,020	2,197	2,445	3,265	3,448	2,383	3,600	3,524	3,530	5,794
	189.8	*251.7*	*167.4*	*146.1*	*240.5*	*262.4*	*136.4*	*18.7*	*34.0*	*-24.8*	*109.6*
Penalties and Interest	15,400	8,306	15,217	11,456	7,940	18,050	15,643	13,301	9,906	13,630	8,284
	40.7	*-16.0*	*38.0*	*-445.4*	*-22.1*	*89.4*	*35.7*	*22.4*	*11.0*	*87.8*	*-12.9*
Non-Revenue Act**	264,268	94,073	64,116	101,307	153,222	796,916	293,195	98,366	107,916	92,840	166,968
	63.9	*113.7*	*90.4*	*151.4*	*57.4*	*10.9*	*23.6*	*-8.2*	*21.6*	*1.4*	*19.0*
Liquor Sales/Liter	15,940	23,070	13,934	14,126	15,366	15,556	16,056	16,232	18,220	16,531	15,859
	18.4	*21.6*	*14.9*	*23.8*	*24.2*	*25.1*	*15.2*	*0.2*	*-2.8*	*3.5*	*2.1*
Cigarette	25,990	25,758	12,829	23,816	23,570	35,990	34,746	24,130	39,860	29,057	33,520
	636.8	*520.2*	*266.8*	*488.1*	*558.1*	*749.4*	*976.1*	*-19.6*	*54.7*	*16.2*	*42.8*
Property (State School Levy)	179,586	10,976	6,304	24,533	66,565	692,782	162,563	10,843	7,094	9,871	33,355
	60.7	*NA*	*NA*	*NA*	*72.6*	*4.4*	*5.5*	*6.5*	*6.6*	*7.5*	*24.0*
Real Estate Excise	35,706	20,687	18,792	31,952	32,636	33,849	39,401	34,128	31,762	27,326	31,038
	33.1	*7.1*	*-36.1*	*61.3*	*32.2*	*37.6*	*11.6*	*-6.2*	*1.7*	*-20.0*	*-6.7*
Timber (state share)	0	0	919	0	0	646	0	0	1,354	0	0
	NA	*NA*	*-8.2*	*NA*	*NA*	*-3.2*	*NA*	*NA*	*85.6*	*NA*	*NA*
Other	7,045	13,582	11,338	6,881	15,085	18,093	40,430	13,034	9,626	10,055	53,196
	23.8	*-11.0*	*172.3*	*622.8*	*-17.0*	*33.8*	*32.1*	*-7.5*	*106.3*	*56.8*	*29.3*
Department of Licensing**	198	168	283	447	1,045	2,326	7,357	3,784	1,230	494	319
	-7.2	*-30.5*	*7.9*	*4.2*	*-81.5*	*-38.1*	*6.8*	*20.7*	*37.0*	*18.6*	*13.3*
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**	7,681	7,928	6,693	8,189	10,012	8,827	7,148	8,966	8,131	7,922	7,796
	NA	*NA*	*NA*	*NA*	*NA*	*NA*	*NA*	*-1.7*	*-5.7*	*-7.6*	*-7.0*
Total General Fund-State***	1,010,149	1,150,205	789,652	797,513	1,056,538	1,613,065	1,108,350	1,074,632	960,800	936,789	1,158,791
	7.1	*4.2*	*2.6*	*13.3*	*8.2*	*10.3*	*7.1*	*1.5*	*3.8*	*3.8*	*7.9*

*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
October 11, 2010 - November 10, 2010				
November 10, 2010 Collections Compared to the September 2010 Forecast				
Department of Revenue-Total	$1,132,268	$1,150,677	$18,408	1.6%
Revenue Act** (1)	995,344	983,708	(11,636)	-1.2%
Non-Revenue Act(2)	$136,924	$166,968	$30,044	21.9%
Liquor Sales/Liter	15,043	15,859	816	5.4%
Cigarette	30,976	33,520	2,544	8.2%
Property (State School Levy)	22,409	33,355	10,946	48.8%
Real Estate Excise	30,112	31,038	926	3.1%
Timber (state share)	0	0	0	0.0%
Other	38,384	53,196	14,812	38.6%
Department of Licensing (2)	230	319	89	38.8%
Lottery (5)	0	0	0	0.0%
Administrative Office of the Courts (2)	7,971	7,796	(176)	-2.2%
Total General Fund-State***	$1,140,470	$1,158,791	$18,322	1.6%
Cumulative Variance Since the September Forecast (September 11 - November 10, 2010)				
Department of Revenue-Total	$2,058,373	2,079,050	20,676	1.0%
Revenue Act** (3)	1,828,978	1,819,242	(9,737)	-0.5%
Non-Revenue Act(4)	229,395	259,808	30,413	13.3%
Liquor Sales/Liter	30,861	32,390	1,529	5.0%
Cigarette	61,716	62,577	861	1.4%
Property (State School Levy)	29,749	43,226	13,478	45.3%
Real Estate Excise	60,951	58,364	(2,587)	-4.2%
Timber (state share)	0	0	0	0.0%
Other	46,118	63,251	17,132	37.1%
Department of Licensing (4)	608	813	204	33.6%
Lottery	0	0	0	0.0%
Administrative Office of the Courts	15,816	15,718	(98)	-0.6%
Total General Fund-State***	$2,074,797	$2,095,580	$20,783	1.0%

1 Collections October 11, 2010 - November 10, 2010. Collections primarily reflect September 2010 activity of monthly filers and Q3, 2010 activity of quarterly filers
2 October 2010 collections.
3 Cumulative collections, estimates and variance since the September 2010 forecast; (September 11, 2009 - November 10, 2010) and revisions to history.
4 Cumulative collections, estimates and variance since the September forecast (September-October 2010) and revisions to history.
5 Lottery transfers to the General Fund
* Based on the September 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.