



# ECONOMIC & REVENUE UPDATE

July 11, 2012

summary

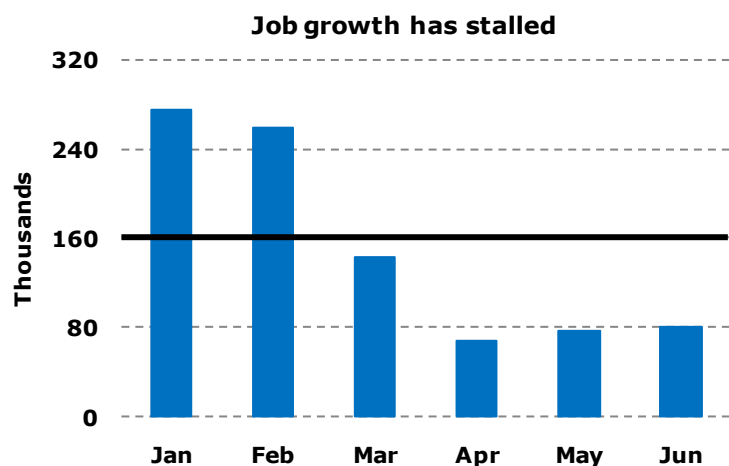
- **June U.S. employment grew by only 80,000 jobs, making for a third consecutive month of employment growth below 100,000.**
- **The national housing market continues to move in a positive direction.**
- **The Washington economy continues to grow modestly in early 2012.**
- **The Washington manufacturing recovery is losing steam but housing appears to be turning the corner.**
- **Major General Fund-State revenue collections for the June 11 – July 10, 2012 collection period were \$66.5 million (5.5%) higher than the June forecast. Revenue Act collections were \$45.0 million (5.2%) higher than forecasted and other revenue was \$21.3 million (6.4%) higher.**
- **Due to the high variability of monthly Revenue Act receipts, it is too soon to tell whether this month's Revenue Act variance represents a real increase in collections or if it will be at least partially reversed next month.**

## United States

June's employment report of only 80,000 new jobs indicates that the labor market remains weak and businesses are cautious about adding new workers. To put this in context, employment gains of approximately 160,000 each month for the next year would be needed to reduce the unemployment rate by 0.5% ([see figure](#)).

Professional and business services, health care, leisure and hospitality, manufacturing, wholesale trade, and financial services sectors all added jobs in June. Construction added 2,000 jobs, reversing a trend of declining employment that started in January. The information, retail trade, government, and transportation and warehousing sectors all experienced job losses.

The Blue Chip consensus forecast for real GDP growth in 2012 dipped to 2.1% in June, down from 2.3% in the May consensus forecast. The less-positive outlook was attributed to



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mixed economic data and intensification of the Eurozone's sovereign debt and banking crises.

Real disposable personal income was up for the third straight month, increasing by 0.3% in May. Real consumption expenditures increased by a smaller 0.1%, consistent with the slight increase in the savings rate from 3.7% in April to 3.9% in May.

Nationally, gasoline prices have continued their downward trend, having dropped from \$3.94 per gallon for regular in early April to \$3.36 for the week ending July 2nd. Energy markets have remained calm even as the European Union's embargo of Iranian oil went into effect on July 1st. Increases in Saudi Arabian oil production appear to have offset the Iranian oil that has left the market. However, some Iranian officials have reiterated the threat to blockade the Strait of Hormuz in retaliation for the EU embargo. If this threat were to become a reality, oil and gasoline prices would spike.

Light-vehicle sales increased to 14.1 million units (SAAR) in June after having dropped to 13.8 million units in May. This is nearly 22% higher than the year-ago sales level.

The Small Business Optimism index declined to its lowest level since October 2011, dropping from 94.4 in May to 91.4 in June. Of the 10 index subcomponents, only the measure for expected credit market conditions improved. "Poor sales" was most frequently cited as the biggest problem facing small businesses.

Europe continues to pose a substantial risk to the U.S. economy. The European Central Bank has lowered its benchmark lending rate to 0.75% to stimulate economic activity in the struggling Eurozone, many of whose members appear to be in recession. The recent European Union summit appeared to agree on centralized banking supervision and directly injecting funds into ailing banks in Spain and elsewhere in the Eurozone. However, details on the agreement remain vague and there are potential barriers to its successful implementation.

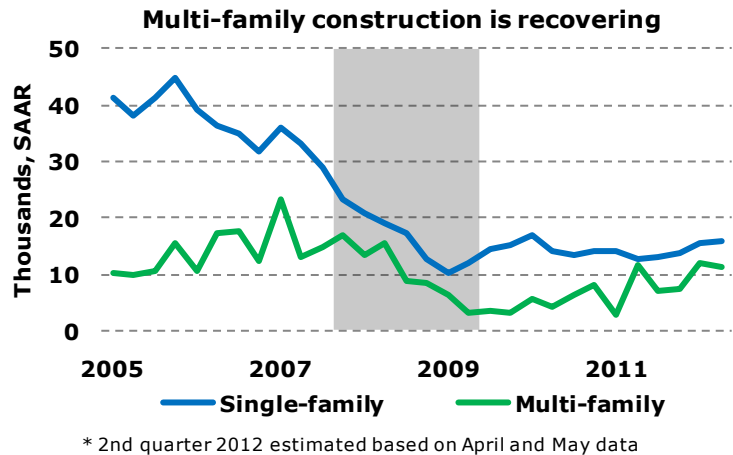
Recent conflicts in consumer confidence data have resolved themselves, with two major indexes both pointing towards less consumer optimism. The Conference Board index of consumer confidence decreased by 2.4 points, dropping from 64.4 in May to 62.0 in June. The University of Michigan consumer sentiment survey dropped by 6.1 points, from 79.3 in May to 73.2 in June. The University of Michigan survey found greater pessimism among higher income households; declining gas prices offset a less favorable view of the economy for lower income households.

The housing market continues to move in a positive direction. Existing home sales of 4.6 million (SAAR) units in May were almost identical to the April level and 9.6% above the year-ago level. Pending home sales, indicating that a contract has been signed but the transaction is not closed, were 5.9% higher in May compared to April and matched the highest level in the past two years. The seasonally adjusted Case-Shiller 20-city home price index increased 0.7% in April from the previous month, the third consecutive monthly increase. The index does remain 1.9% below the year-ago level, but also points to an inflection point being reached in home prices.

In addition to housing, other areas with stronger recent data include initial claims for unemployment insurance (the four-week moving average through June 30th decreased by 1,500), weekly hours worked (up 0.4% in June over May for private sector employees), consumer revolving debt (in May, up \$8 billion over April), and railcar loadings (five-week moving average through June 30th up 1.0%).

**Washington**

The Washington economy continues to grow at a moderate pace. Similar to the national experience, Washington employment growth has slowed down after a strong start at the beginning of the year. Manufacturing is still growing, but at a reduced rate. Aerospace employment is still expanding, but at a slower rate than in 2011. Housing construction, however, is gradually improving thanks mainly to the multi-family segment. Washington personal income growth in early 2012 was among the strongest in the nation.



Echoing the national pattern, Washington job growth has slowed down in recent months. The state’s economy, which added 14,500 (2.1% annual growth rate) in the first three months of the year, added only 4,500 (1.0% annual growth rate) in March and April. Manufacturing employment growth remains strong, adding 1,800 jobs in the last two months of which 700 were in the aerospace sector. The construction sector lost 400 jobs in the last two months while government employment fell by 2,000 jobs. Job growth in the private service-providing industries added 5,100 jobs in the last two months. Washington’s unemployment rate edged up to 8.3% in May from a 38-month low of 8.2% in April.

The recovery in Washington, as in the nation, has been driven largely by the manufacturing sector. The Institute of Supply Management - Western Washington Index (ISM-WW), which measures strength in the manufacturing sector, has now indicated growth since August 2009 (index readings above 50 indicate expansion). The index declined in June to 57.0 from 58.5 in May and 64.9 in April. While it remains well above 50, it could be signaling slower growth. The employment component had the biggest decline, decreasing to 55.0 in June from 63.6 in May and 73.1 in April. Aerospace employment growth has slowed down. In the first five months of 2012 the aerospace sector added 1,500 jobs, about half as many as at this time last year. While we expect aircraft production to continue to grow, we believe we are near the peak in employment.

Housing construction in Washington is strengthening, led by an upturn in multi-family construction ([see figure](#)). So far this year (through May) multi-family permits are averaging 11,700 (SAAR) compared to just 4,000 for all of 2009, the low point in housing construction. In contrast, single-family permits have improved much less, to an average rate of 15,700 so far this year from 13,000 in 2009. Overall housing permits are averaging 27,400 so far this year which is 61% higher than the 2009 average. While this sounds like a huge rate of growth, it should be remembered that it is off a very low base. Permits this year are still running 48% below the 53,000 units permitted in 2005. According to the S&P/Case-Shiller Home Price Indices through April 2012, seasonally adjusted Seattle home prices have increased in three of the last four months. Home prices are up 2.9% from the December trough but still down 0.9% from the previous year and 29.1% below the peak in May 2007.

Boeing expects strong growth in the commercial aircraft market over the next 20 years according to its recently released “Current Market Outlook.” Boeing expects airline traffic to

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washington

grow 5.0% per year and air cargo traffic to grow 5.2% per year. Almost half the growth is expected to come from travel to, from, or within the Asia Pacific region. The report projects that the world will need 34,000 new airplanes over the next twenty years, which is an average of 1,700 per year. In comparison, Boeing and Airbus delivered 1,011 airplanes in 2011.

According to the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) Washington personal income grew 5.7% (seasonally adjusted annualized rate) in the first quarter of 2012 compared to 3.4% for the U.S. as a whole. Only North Dakota and Nebraska had stronger growth. Most of the differential between Washington personal income growth and U.S. personal income growth was due to earnings in durable manufacturing and information, suggesting that Boeing and Microsoft were largely responsible.

Our final June economic forecast, which was adopted on June 20, contains no major surprises. Our forecast for Washington employment is very similar to the forecast adopted in February. The only major change is in the aerospace sector. We now expect aerospace employment to peak at the end of this year and begin a gradual decline in mid-2013. Previously we had expected aerospace employment to peak in mid-2013 and then to level off. Our June forecast for personal income growth in 2012 is higher than assumed in February due to the extension of the payroll tax cut and emergency unemployment compensation

### REVENUE COLLECTIONS

#### Overview

Major General Fund-State revenue collections for the June 11 – July 10, 2012 collection period were \$66.5 million (5.5%) higher than the June forecast. Revenue Act collections were \$45.0 million (5.2%) higher than forecasted and other revenue was \$21.3 million (6.4%) higher.

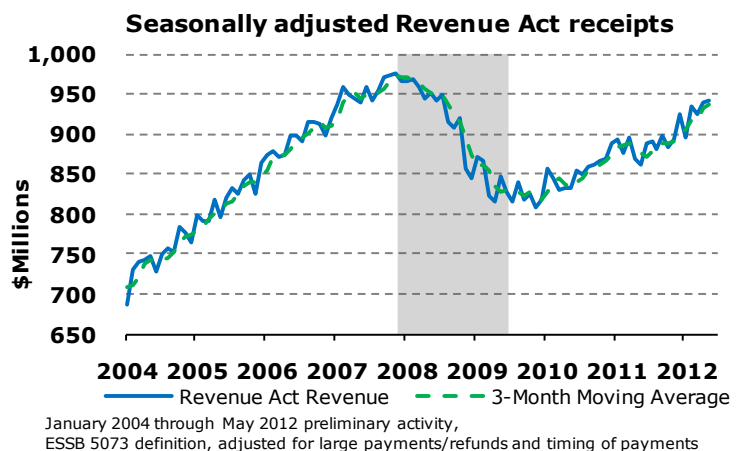
#### Revenue Act

The revenue collections reported here are for the June 11 – July 10, 2011 collection period. Collections correspond primarily to the May 2012 economic activity of monthly filers.

Revenue Act collections for the current period came in \$45.0 million (5.2%) above the June forecast. Adjusted for large one-time payments and refunds in the current and year-ago periods, Revenue Act collections increased 12.0% year-over-year ([see figure](#)) after growing at 7.2% last month and 3.7% two months prior. The high year-over-year growth rate, however, was due to weak collections last year. Seasonally adjusted collections only increased slightly from last month's level ([see figure](#)).

Unadjusted for large one-time payments and refunds, revenue increased 11.9% year-over-year as shown in the "Key Revenue Variables" table. Preliminary unadjusted ERFC monthly estimates indicate retail sales tax collections increased 11.0% year-over-year and B&O taxes increased 14.3% year-over-year.

As can be seen in both charts of Revenue Act receipts, there is a considerable amount of variability in month-to-month collections. Business activity is not always smooth month-to-



revenue collections

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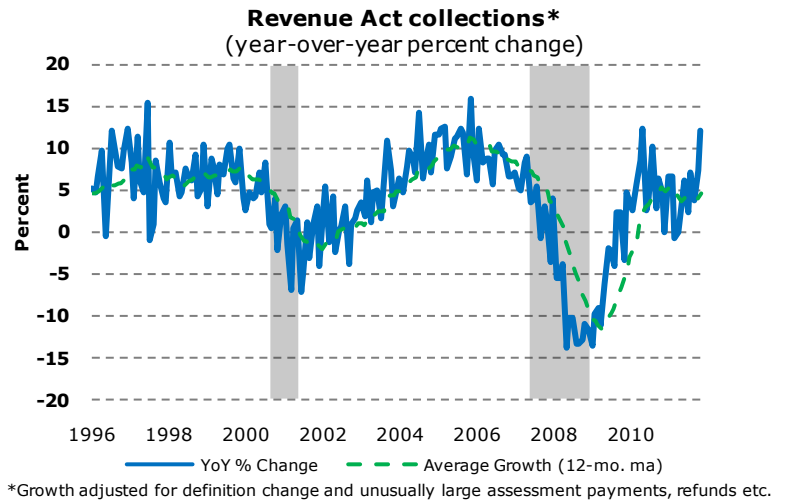
month, as the timing of large transactions can fall just ahead of or behind the last day of the month. Monthly collections also include late payments, payments resulting from audits, refunds of prior payments, etc., which can vary substantially each month. Because of these factors, it is often the case that a stronger-than-forecasted month of collections is followed by a weaker month. It therefore remains to be seen whether this month's variance represents a real increase in collections or if it will be at least partially reversed next month.

Tax payments as of June 27th from electronic filers who also paid in the June 11 – July 10 collection period of last year were up 7.7% year-over-year, up strongly from last month's growth rate of 3.1%. Some details of payments from electronic filers:

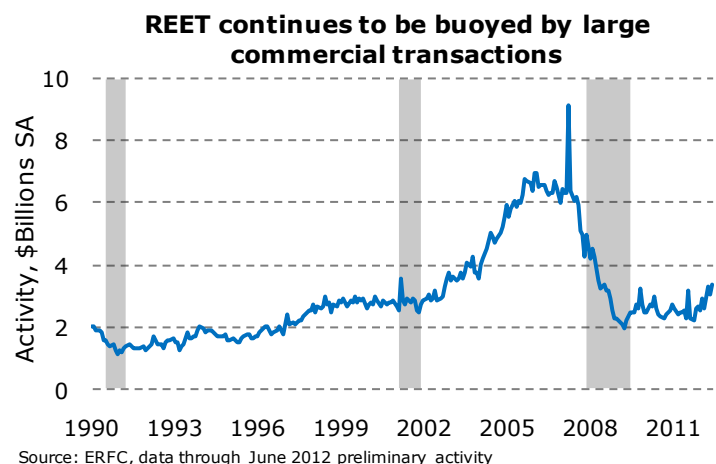
- Total payments in the retail trade sector were up 8.9% year-over-year. Last month, payments only increased 2.8%.
- Payments from the motor vehicle and parts sector increased 13.1% year-over-year. In the previous period, year-over-year payments increased 7.4%.
- Besides the auto sector, the biggest increases were in electronics and appliances (+23.3%, reversing last month's 23.4% drop), food and beverage stores (+15.4%), non-store retailers (+12.3%) and building materials and garden equipment (+9.4%). No retail trade sector saw a year-over-year decrease in payments this month.
- Payments in non-retail trade sectors were up 7.0% year-over-year in the current period and 3.2% in the previous period.
- Tax payments by businesses in the construction sector increased 12.6% year-over-year, the first double-digit increase since November 2007. In the previous period, payments increased 5.1%.
- Receipts from the manufacturing sector decreased 2.0% year-over-year, with strong growth in payments from the transportation equipment sector outweighed by a large decline in payments from petroleum refiners. While the period included a half-month of activity from the newly restarted Cherry Point refinery, oil and gasoline prices are now down year-over-year, lowering year-over-year gross receipts for the entire petroleum sector. Last month total payments in the manufacturing sector increased 7.3%.

### DOR Non-Revenue Act

June collections were \$21.3 million (6.4%) above the June forecast. The main contributor to the positive vari-



revenue collections



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ance was the real estate excise tax (REET), which came in \$11.6 million (27.4%) higher than forecasted. Seasonally adjusted taxable activity increased to its highest level since August 2007 ([see figure](#)). As in the previous two months, the jump in activity was mainly due to large sales of commercial property, although residential activity is also improving.

The other main contributor to this month's positive variance was "other" revenue, which came in \$5.9 million (14.8%) higher than forecasted. Most of the variance was due to a \$4.1 million variance in the PUD privilege tax.

Cigarette taxes came in \$3.8 million (10.8%) above the forecast, but the variance was due to a smaller-than-expected amount of deferred payments (purchasers of tax stamps are allowed to defer payments for 30 days). This month's variance is therefore likely to be reversed next month.

Liquor tax receipts came in \$1.7 million (9.5%) higher than forecasted. Receipts for this month reflect activity in May, the last month of sales in state-owned liquor stores. Receipts from sales in privately-owned stores will be reported next month.

Property tax receipts were \$1.7 million (0.8%) below the forecast.

### **Other Revenue**

Department of Licensing receipts for June were \$217,000 (4.1%) lower than the June forecast.

Revenue from the Administrative Office of the Courts was \$311,000 (4.0%) higher than forecasted.

## Key U.S. Economic Variables

	2012						2010	2011
	Jan.	Feb.	Mar.	Apr.	May	Jun.		
Real GDP (SAAR)	-	-	1.9	-	-	-	3.0	1.7
Industrial Production (SA, 2002 = 100)	96.5	97.0	96.4	97.4	97.3	-	90.1	93.7
<i>Y/Y % Change</i>	4.4	5.1	3.6	5.1	4.7	-	5.4	4.1
ISM Manufacturing Index (50+ = growth)	54.1	52.4	53.4	54.8	55.9	49.7	57.3	55.2
ISM Non-Manuf. Index (50+ = growth)	56.8	57.3	56.0	53.5	51.8	52.1	54.1	54.5
Housing Starts (SAAR, 000)	720	718	706	744	708	-	586	612
<i>Y/Y % Change</i>	13.9	38.6	17.7	34.8	28.5	-	5.7	4.5
Light Motor Vehicle Sales (SAAR, mil.)	14.2	15.1	14.4	14.4	13.8	14.3	11.6	12.8
<i>Y/Y % Change</i>	11.7	13.7	10.0	9.5	17.5	24.1	11.6	10.4
CPI (SA, 1982-84 = 100)	227.5	228.4	229.1	229.2	228.5	-	32.5	33.4
<i>Y/Y % Change</i>	2.9	2.9	2.6	2.3	1.7	-	3.0	2.8
Core CPI (SA, 1982-84 = 100)	227.7	227.9	228.4	229.0	229.4	-	33.6	34.7
<i>Y/Y % Change</i>	2.3	2.2	2.3	2.3	2.3	-	2.5	3.5
IPD for Consumption (2000=100)	115.0	115.4	115.7	115.7	115.5	-	111.1	113.8
<i>Y/Y % Change</i>	2.4	2.4	2.2	1.9	1.5	-	1.8	2.5
Nonfarm Payroll Empl., e-o-p (SA, mil.)	132.5	132.7	132.9	132.9	133.0	133.1	130.3	132.2
<i>Monthly Change</i>	0.28	0.26	0.14	0.07	0.08	0.08	1.03	1.84
Unemployment Rate (SA, percent)	8.3	8.3	8.2	8.1	8.2	8.2	9.6	9.0
Yield on 10-Year Treasury Note (percent)	1.97	1.97	2.17	2.05	1.80	1.62	3.21	2.79
Yield on 3-Month Treasury Bill (percent)	0.03	0.09	0.08	0.08	0.09	0.09	0.14	0.05
Broad Real USD Index** (Mar. 1973=100)	84.4	83.3	83.8	83.9	85.0	86.2	87.1	82.6
Federal Budget Deficit (\$ bil.)*	27.4	231.7	198.2	-59.1	124.6	-	1,294.2	1,296.8
<i>FYTD sum</i>	349.1	580.8	779.0	719.9	844.5	-		
US Trade Balance (\$ bil.)	-52.9	-45.4	-52.6	-50.6	-48.7	-	-494.7	-559.9
<i>YTD Sum</i>	-52.9	-98.4	-151.0	-201.6	-250.3	-		

\*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

	2012						2010	2011	
	Jan.	Feb.	Mar.	Apr.	May	Jun.			
<b>Employment</b>								<i>End-of-period</i>	
Total Nonfarm (SA, 000)	2,847.9	2,851.6	2,855.2	2,857.2	2,859.8	-	2,802.5	2,840.8	
<i>Change from Previous Month (000)</i>	7.1	3.7	3.7	1.9	2.6	-	24.0	38.2	
Construction	138.0	138.6	138.3	138.2	137.9	-	138.2	137.7	
<i>Change from Previous Month</i>	0.2	0.6	-0.3	-0.2	-0.2	-	-8.1	-0.5	
Manufacturing	275.8	275.5	276.6	277.8	278.4	-	261.2	274.6	
<i>Change from Previous Month</i>	1.2	-0.3	1.1	1.2	0.6	-	3.9	13.4	
Aerospace	91.3	91.4	91.9	92.2	92.6	-	81.9	91.0	
<i>Change from Previous Month</i>	0.3	0.1	0.5	0.4	0.3	-	0.8	9.1	
Software	52.0	52.2	52.4	52.5	52.6	-	51.1	51.9	
<i>Change from Previous Month</i>	0.0	0.2	0.2	0.1	0.1	-	0.5	0.8	
All Other	2,382.1	2,385.4	2,387.9	2,388.7	2,390.9	-	2,351.9	2,376.5	
<i>Change from Previous Month</i>	5.7	3.2	2.6	0.8	2.1	-	27.6	24.6	
<b>Other Indicators</b>								<i>Annual Average</i>	
Seattle CPI (1982-84=100)	-	235.7	-	237.9	-	-	226.7	232.8	
	-	2.7%	-	2.9%	-	-	0.3%	2.7%	
Housing Permits (SAAR, 000)	17.0	24.9	41.1	29.0	24.8	-	19.6	21.2	
	-4.5%	54.2%	133.4%	-14.5%	0.0%	-	22.7%	8.3%	
WA Index of Leading Ind. (2004=100)	111.9	113.6	115.3	114.2	114.2	-	104.8	111.1	
	3.7%	4.9%	5.4%	2.7%	2.6%	-	4.9%	6.0%	
WA Business Cycle Ind. (Trend=50)	20.8	23.8	27.7	26.8	25.6	-	13.2	18.4	
	32.3%	54.9%	76.9%	30.1%	38.8%	-	-18.3%	39.1%	
Avg. Weekly Hours in Manuf. (SA)	41.8	41.7	42.8	42.0	42.0	-	41.9	42.4	
	-0.8%	0.3%	1.9%	-0.9%	-1.9%	-	-0.3%	1.2%	
Avg. Hourly Earnings in Manuf.	24.3	24.3	24.3	23.9	24.2	-	23.5	24.0	
	1.1%	0.8%	0.6%	-1.0%	1.0%	-	0.4%	2.1%	
New Vehicle Registrations (SA, 000)	17.9	18.6	20.5	18.5	20.2	21.1	15.5	17.0	
	5.3%	9.6%	18.9%	5.9%	21.1%	27.9%	10.7%	9.9%	
Initial Unemployment Claims (SA, 000)	52.9	44.1	46.4	47.1	44.1	46.1	56.5	49.9	
	-1.7%	-14.2%	-7.5%	-11.3%	-15.1%	-9.0%	-18.1%	-11.8%	
Personal Income (SAAR, \$bil.)	-	-	311.3	-	-	-	287.2	302.4	
	-	-	4.5%	-	-	-	3.0%	5.3%	
Median Home Price (\$000)	-	-	208.3	-	-	-	245.2	224.4	
	-	-	-8.7%	-	-	-	-4.1%	-8.5%	

\*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

	2011					2012						
	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	Mar 11- Apr 10	Apr 11- May 10	May 11- Jun 10	Jun 11- Jul 10*
<b>Department of Revenue-Total</b>	1,092,482	1,020,032	994,146	1,139,412	1,626,929	1,070,561	1,269,913	865,345	937,324	1,137,572	1,693,935	1,270,633
	2.9	7.2	7.1	-1.0	2.7	-3.2	10.1	3.7	7.7	-14.8	3.2	0.0
<b>Revenue Act</b>	983,045	899,856	896,724	976,349	845,057	829,991	1,135,635	777,433	813,701	955,769	865,462	913,691
	2.0	6.7	7.3	-0.7	-1.4	-0.7	8.4	3.0	6.0	-19.0	0.5	11.9
Retail Sales Tax	599,867	570,607	564,767	607,066	528,237	545,805	697,507	465,364	495,485	572,262	526,565	561,154
	1.2	3.4	5.9	0.3	-2.3	3.4	5.3	2.6	8.1	-13.9	0.4	11.0
Business and Occupation Tax	289,042	251,468	254,354	284,690	238,227	210,726	340,302	219,967	230,474	285,683	252,618	263,643
	1.7	17.5	15.0	-3.0	0.8	-7.3	19.5	2.7	4.8	-16.7	5.3	14.3
Use Tax	49,193	38,771	37,115	41,932	36,319	31,206	43,921	34,937	37,150	47,413	39,580	41,167
	17.6	1.1	0.7	-0.7	4.6	-12.0	-4.0	6.2	2.7	-56.5	-4.5	5.7
Public Utility Tax	29,136	26,207	27,937	29,194	27,650	32,351	40,021	41,182	38,555	37,276	33,940	34,436
	5.8	1.4	4.0	2.2	-5.3	18.1	1.4	3.4	5.4	-6.8	0.4	14.1
Tobacco Products Tax	4,334	4,003	4,462	4,238	3,958	3,593	3,554	3,763	3,300	3,746	3,700	4,104
	20.4	13.6	26.4	-2.2	-6.0	5.3	-18.1	-5.5	-1.1	-7.6	-4.3	-3.3
Penalties and Interest	11,473	8,799	8,089	9,229	10,665	6,311	10,330	12,219	8,738	9,388	9,059	9,188
	-13.7	-11.2	-40.6	-5.4	-9.0	-53.8	-5.8	24.0	-35.1	-50.5	-49.0	28.8
<b>Non-Revenue Act**</b>	109,437	120,176	97,423	163,063	781,872	240,569	134,278	87,913	123,623	181,803	828,473	356,942
	11.3	11.1	4.9	-2.3	7.5	-11.1	27.3	9.8	20.2	17.1	6.2	-21.3
Liquor Sales/Liter	17,247	18,625	17,897	16,998	16,912	17,828	24,559	14,892	15,940	17,799	16,306	20,002
	6.3	2.2	8.3	7.2	1.1	5.8	3.9	7.0	9.7	11.1	0.9	20.5
Cigarette	38,924	41,012	37,554	34,412	35,258	35,561	31,419	31,768	32,932	33,406	34,027	38,519
	61.3	2.9	29.2	2.7	34.8	-2.7	5.4	24.9	17.9	17.4	42.0	-64.3
Property (State School Levy)	9,491	7,295	10,583	38,957	654,270	145,816	9,659	6,023	31,469	69,804	697,392	198,703
	-12.5	2.8	7.2	16.8	6.7	-16.0	-22.1	-12.2	22.4	3.6	0.4	7.5
Real Estate Excise	31,156	45,591	31,027	23,540	29,745	32,631	22,471	22,495	31,182	39,445	35,731	54,062
	-8.7	43.5	13.5	-24.2	10.3	-1.9	-1.9	14.2	12.1	37.1	31.8	38.3
Timber (state share)	0	1,166	0	0	958	0	0	1,019	0	0	620	0
	NA	-29.0	NA	NA	-9.5	NA	NA	29.2	NA	NA	-24.9	NA
Other	12,619	6,488	362	49,156	44,729	8,733	46,170	11,717	12,099	21,350	44,398	45,656
	-2.9	-31.7	-96.3	-7.6	5.4	-14.7	180.8	-12.1	76.5	43.8	161.5	-56.5
<b>Department of Licensing**</b>	3,004	1,371	510	301	244	221	194	307	538	2,161	2,775	5,079
	-20.6	11.5	3.4	-5.6	101.8	69.1	50.6	-10.2	3.3	24.7	-3.0	-19.4
<b>Lottery**</b>	0	0	0	0	0	0	0	0	0	0	0	0
	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Administrative Office of the Courts**</b>	8,416	7,961	8,640	7,972	8,281	7,462	7,401	6,212	8,522	8,356	8,375	8,158
	-6.1	-2.1	9.1	2.3	-5.3	1.2	-7.0	-2.2	4.4	-10.8	-0.3	2.0
<b>Total General Fund-State***</b>	1,103,901	1,029,364	1,003,296	1,147,686	1,635,454	1,078,244	1,277,509	871,864	946,385	1,148,089	1,705,086	1,283,871
	2.7	7.1	7.1	-1.0	2.5	-3.2	10.0	3.6	7.6	-14.7	3.2	-0.6

\*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

<b>Period/Source</b>	<b>Estimate*</b>	<b>Actual</b>	<b>Difference Amount</b>	<b>Percent</b>
<b>June 11, 2012 - July 10, 2012</b>				
<b>July 10, 2012 Collections Compared to the June 2012 Forecast</b>				
Department of Revenue-Total	\$1,204,261	\$1,270,633	\$66,373	5.5%
Revenue Act** (1)	868,660	913,691	45,031	5.2%
Non-Revenue Act(2)	335,600	356,942	21,342	6.4%
Liquor Sales/Liter	18,260	20,002	1,742	9.5%
Cigarette	34,753	38,519	3,766	10.8%
Property (State School Levy)	200,364	198,703	(1,661)	-0.8%
Real Estate Excise	42,440	54,062	11,623	27.4%
Timber (state share)	0	0	0	0.0%
Other	39,784	45,656	5,872	14.8%
Department of Licensing (2)	5,296	5,079	(217)	-4.1%
Lottery (5)	0	0	0	0.0%
Administrative Office of the Courts (2)	7,848	8,158	311	4.0%
<b>Total General Fund-State***</b>	<b>\$1,217,404</b>	<b>\$1,283,871</b>	<b>\$66,467</b>	<b>5.5%</b>

## Cumulative Variance Since the June Forecast (June 11, 2012 - July 10, 2012)

Department of Revenue-Total	\$1,204,261	\$1,270,633	\$66,373	5.5%
Revenue Act** (3)	868,660	913,691	45,031	5.2%
Non-Revenue Act(4)	335,600	356,942	21,342	6.4%
Liquor Sales/Liter	18,260	20,002	1,742	9.5%
Cigarette	34,753	38,519	3,766	10.8%
Property (State School Levy)	200,364	198,703	(1,661)	-0.8%
Real Estate Excise	42,440	54,062	11,623	27.4%
Timber (state share)	0	0	0	0.0%
Other	39,784	45,656	5,872	14.8%
Department of Licensing (4)	5,296	5,079	(217)	-4.1%
Lottery	0	0	0	0.0%
Administrative Office of the Courts	7,848	8,158	311	4.0%
<b>Total General Fund-State***</b>	<b>\$1,217,404</b>	<b>\$1,283,871</b>	<b>\$66,467</b>	<b>5.5%</b>

1 Collections June 11, 2012 - July 10, 2012. Collections primarily reflect May 2012 activity of monthly filers.

2 June 2012 collections.

3 Cumulative collections, estimates and variance since the June 2012 forecast; (June 11, 2012 - July 10, 2012) and revisions to history.

4 Cumulative collections, estimates and variance since the June forecast (June - June 2012) and revisions to history.

5 Lottery transfers to the General Fund

\* Based on the June 2012 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 July 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.