

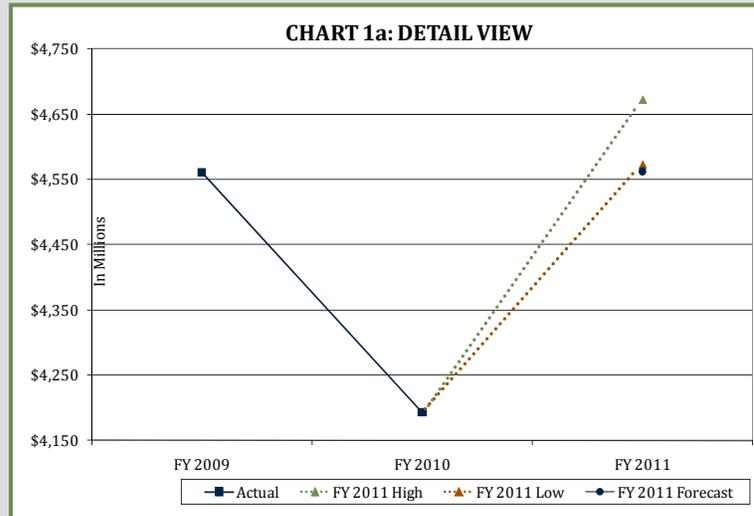
Revenue & Economic Update June 2011

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Report Structure

- Collections to Date
 - General Fund
 - Education Fund
- Income, Employment and Wealth
- Prices and Inflation
- Housing
- Debt and Contagion Risk

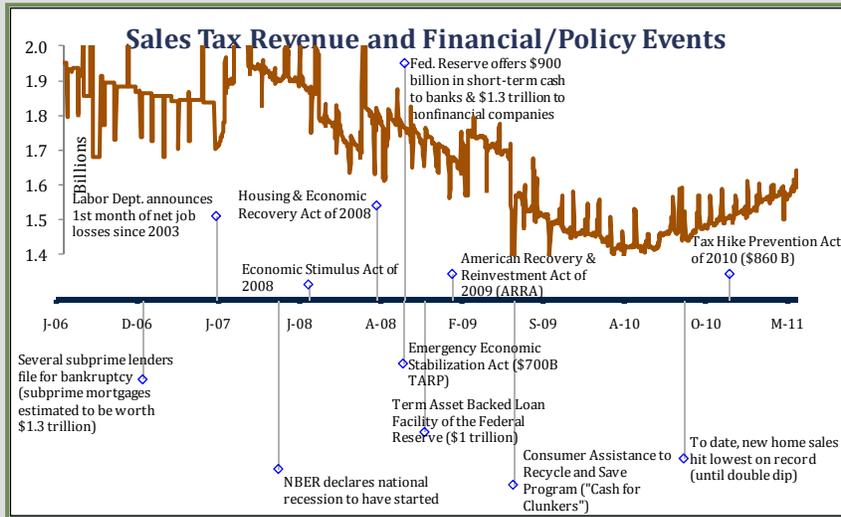
FY 2011 Estimate



Collections YTD – General Fund

- Year end: \$5 to \$45 million above target.
- Sales Tax, Beer, Cigarette and Tobacco, Liquor Profits are all above targets.
- Severance Tax and Insurance Premiums are below targets.

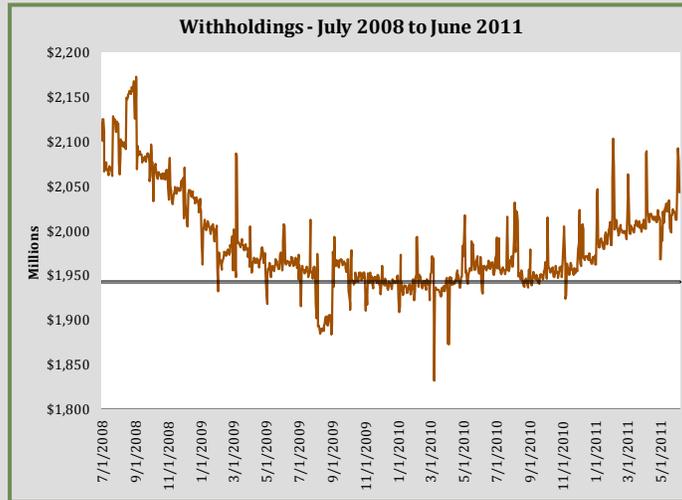
General Fund – Sales Tax Revenue



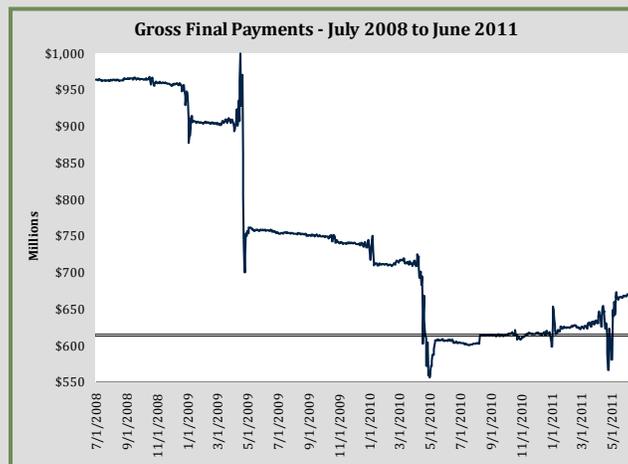
Collections YTD – Education Fund

- Education Fund is expected to be approx \$5 to \$65 million above February FY 2011 estimates.
- Corporate Tax is currently on target.
- Economic recovery seen in increases to other source income.

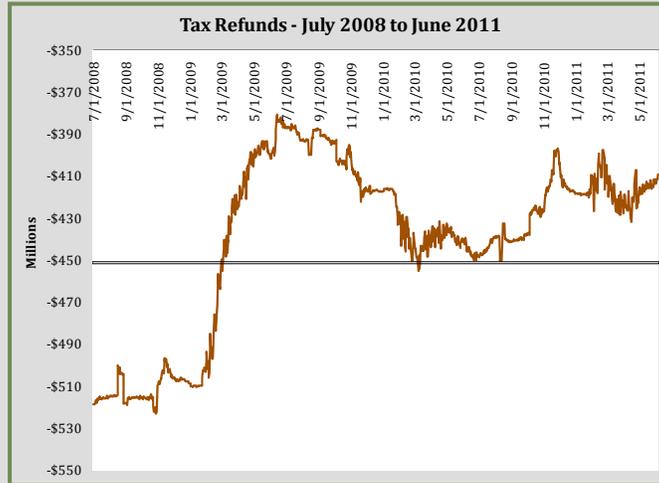
Income Tax Withholding



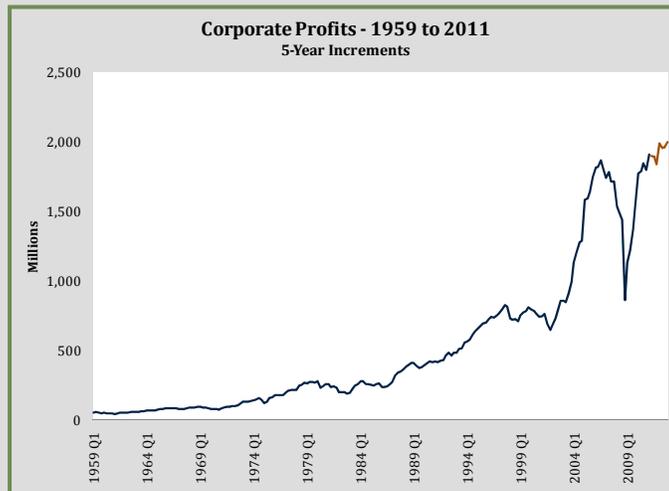
Income Tax – Gross Paid



Income Tax Refunds



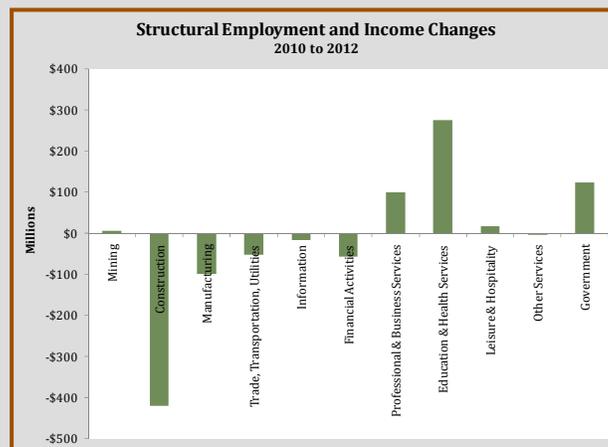
Corporate Profits



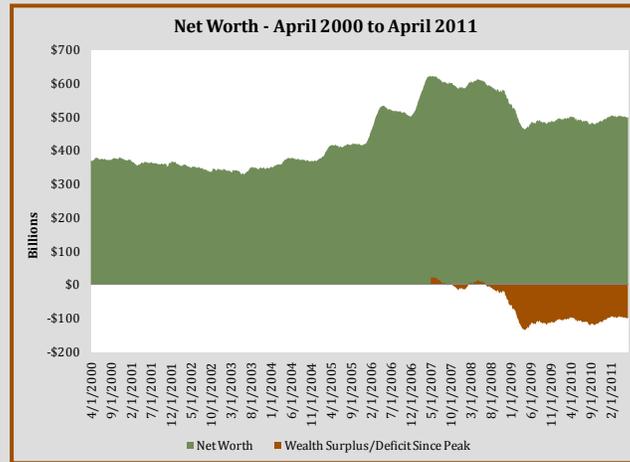
Income, Employment and Wealth

- Job creation has been positive for close to a year.
- Downside is that there is still the potential for additional declines in the future.
- Continued job creation is the most likely scenario.

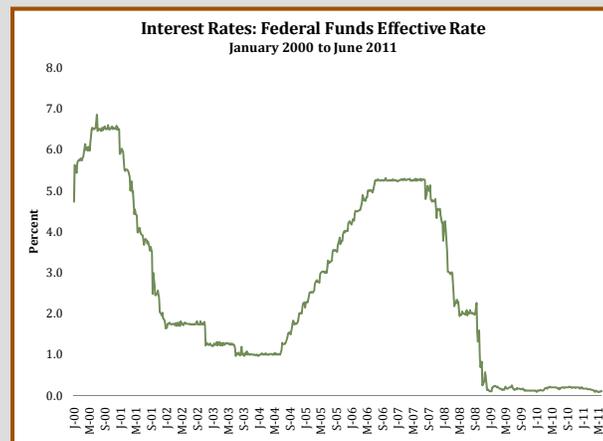
Structural Employment and Income Change



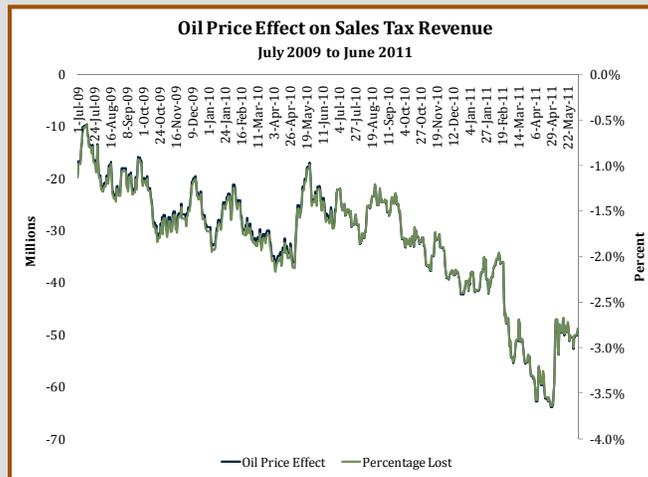
Net Worth



Federal Fund Effective Rate



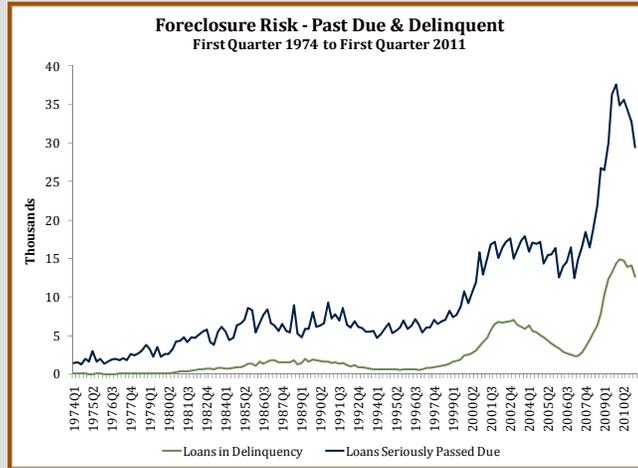
Oil Impact on Sales Tax



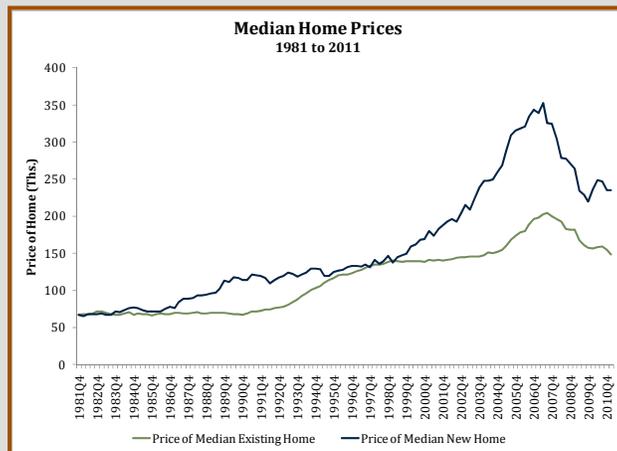
Housing

- Foreclosures are at all time highs.
- Home prices down 15% from peak.
- Homeownership rates have dropped from quarterly high of 78% in Q1 2008 to 72% with further drops anticipated.
- Approx. 120,000 homes have negative equity

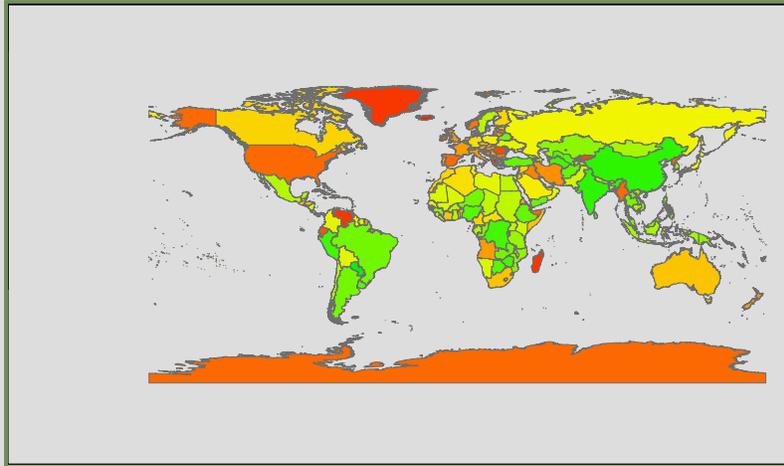
Foreclosure Risk



Median Home Prices



Debt and Contagion Risk



Revenue to Date (EARL)

Tax Revenue (In Millions of Dollars)	FY 2010 Final	FY 2011 Consensus	FY 2011 Consensus Growth Rate	FY 2010 Year-to-Date (6/12/2010)	FY 2011 Year-to-Date (6/12/2011)	FY 2011 Year-to-Date Growth Rate
Sales & Use Taxes	\$1,402.67	\$1,556.04	10.9%	\$1,304.04	\$1,478.62	13.4%
Individual Income Tax	2,104.59	2,247.61	6.8%	1,976.23	2,166.80	9.6%
Corporate Franchise Tax	258.45	268.86	4.0%	211.25	218.14	3.3%
Beer, Cigarette & Tobacco	58.71	112.66	91.9%	53.22	117.29	120.4%
Insurance Premium Taxes	80.01	79.29	-0.9%	81.63	75.24	-7.8%
Severance Taxes	77.07	96.05	24.6%	77.28	89.85	16.3%
Other Sources	212.08	201.78	-4.9%	174.95	190.04	8.6%
Total - General & Education Funds	\$4,193.58	\$4,562.27	8.8%	\$3,878.61	\$4,335.98	11.8%
Motor Fuel Tax	\$243.30	\$252.46	3.8%	223.80	231.37	3.4%
Special Fuel Taxes	94.44	107.51	13.8%	86.47	95.53	10.5%
Other Transportation Fund	73.63	75.86	3.0%	66.03	71.01	7.5%
Total - Transportation Fund	\$411.36	\$435.83	5.9%	\$376.30	\$397.91	5.7%

Source: LFA, USTC, DOF

Don't Spend It All In One Place

- Any revenue surplus has existing commitments.
- Assume \$100 million (high end of range)
 - \$50 million Rainy Day Fund
 - \$5 million to \$10 million Disaster Recovery Fund
 - \$12 million Industrial Assistance Fund
- Leaving \$28 to \$33 million

Growth Required to Sustain Budget

- Current growth forecast at 5% FY 2011
- Budgeted growth 6% FY 2012
- In FY 2013 need 6% plus another 1% growth to cover the \$52 million structural deficit and keep pace with current budgets.