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Neale F. Lunderville, Secretary

PRESS RELEASE
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Montpelier, VT - Secretary of Administration Neale F. Lunderville Announces Vermont's May Revenue Figures – General and Transportation Funds Above Target and Education Fund Below Target for the Month.

General Fund

Today, Secretary of Administration Neale F. Lunderville released the General Fund revenue results for the month of May, the eleventh month of Fiscal Year 2009. General Fund revenues exceeded the recently revised target for the month, as compared to the consensus revenue target, due solely to unexpected one-time Estate Tax receipts. The General Fund revenues of \$65.61 million (+\$11.61 million, +21.50%) for the month of May 2009 were above target against the recently revised forecast of \$54.00 million. Without the unanticipated Estate Tax receipts for the month, the General Fund revenues for May would have been below target by -\$1.98 million. Year-to-date, General Fund revenues of \$1,003.78 million (+\$10.81 million, +1.09%) were slightly above target. "Although the General Fund results for the month of May were above target, this was the result of unexpected estate tax receipts, rather than the beginning of a return to increasing revenues. Even with this one-time estate tax receipt, General Fund revenue receipts through May 2009 were -\$87.73 million or -8.04% below the results through May 2008," said Secretary Lunderville.

The monthly targets reflect the most recent FY 2009 consensus revenue forecast that was agreed to by the Emergency Board on April 24, 2009. The state's consensus revenue forecast is normally updated two times per year in January and July. However, with the downturn in the national and regional economy, the Emergency Board has been scheduling interim revenue reviews. The next consensus forecast is scheduled to be reviewed by the Emergency Board on July 16, 2009.

Personal Income Tax receipts are the largest single state revenue source, and are reported Net of Personal Income Tax refunds. Different types of Personal Income Tax (PI) payments and refunds are included in this category, such as PI Withheld, PI Estimates, PI Refunds, PI Paid Returns, and "PI Other". Net Personal Income Tax Receipts for May of \$18.37 million were slightly under the target of \$18.76 million (-\$0.39 million or -2.08%). Year-to-date, the net Personal Income Tax results of \$477.78 million were -\$1.48 million or -0.31% below the target of \$479.25 million.

Corporate Tax receipts are also reported net of refunds. Corporate Income Tax revenue results for May were \$0.40 million versus the monthly target of \$0.51 million, or -\$0.11 million (-21.03%) below target for the month. Year-to-date, Corporate Income Tax receipts of \$53.41 million were +\$1.61 million or +3.11% above the target of \$51.80 million.

For the month, receipts for the consumption taxes (Sales & Use Tax and Meals & Rooms Tax) were slightly below target. Sales & Use Tax receipts of \$14.68 million fell below target by -\$0.06 million or -0.43%, and Rooms & Meals Tax receipts of \$6.91 million fell short of the target by -\$0.15 million or -2.12%. Year-to-date, Sales & Use Tax was \$197.87 million (-\$0.29 million, -0.15%) and Rooms & Meals Tax receipts were \$108.86 million (-\$0.56 million, -0.51%).

The remaining components of the General Fund revenue were below target for the month, except Insurance and Estate Tax. Estate Tax receipts are inconsistent and subject to wide variation. For this reason, Estate Tax is always difficult to project accurately. The non-major tax component results for the month were: Insurance Premium, \$5.92 million (+\$0.23 million, +3.99%); Inheritance/Estate Tax, \$14.05 million (+\$13.59 million, +2952.07%); Real Property Transfer Tax, \$0.51 million (-\$0.06 million, -10.43%); and “Other”, \$4.77 million (-\$1.44 million, -23.16%). Year-to-date results for these components were: Insurance Premium, \$52.45 million (-0.29%); Inheritance/Estate Tax, \$22.12 million (+157.05%); Real Property Transfer Tax, \$7.91 million (-2.20%); and “Other”, \$83.39 (-1.95%).

General Fund By Major Element (In Millions)*

| Tax Component | Month | | | | FY 2009 YTD | | | |
|------------------------|--------------|--------------|--------------|---------------|---------------|-----------------|--------------|--------------|
| | Target | Revenue | \$ Change | % Change | Target | Revenue | \$ Change | % Change |
| Personal Income | 18.76 | 18.37 | -0.39 | -2.08% | 479.25 | 477.78 | -1.48 | -0.31% |
| Sales & Use | 14.74 | 14.68 | -0.06 | -0.43% | 198.16 | 197.87 | -0.29 | -0.15% |
| Corporate | 0.51 | 0.40 | -0.11 | -21.03% | 51.80 | 53.41 | 1.61 | 3.11% |
| Meals & Room | 7.06 | 6.91 | -0.15 | -2.12% | 109.42 | 108.86 | -0.56 | -0.51% |
| Insurance Premium | 5.69 | 5.92 | 0.23 | 3.99% | 52.60 | 52.45 | -0.15 | -0.29% |
| Inheritance & Estate | 0.46 | 14.05 | 13.59 | 2952.07% | 8.60 | 22.12 | 13.51 | 157.05% |
| Real Property Transfer | 0.57 | 0.51 | -0.06 | -10.43% | 8.08 | 7.91 | -0.18 | -2.20% |
| Other | 6.21 | 4.77 | -1.44 | -23.16% | 85.04 | 83.39 | -1.66 | -1.95% |
| Total | 54.00 | 65.61 | 11.61 | 21.50% | 992.97 | 1,003.78 | 10.81 | 1.09% |

*Differences due to rounding

Transportation Fund

Secretary Lunderville also released the non-dedicated Transportation Fund revenue results today. Transportation Fund receipts for the month were \$18.31 million, exceeding the current forecast by +\$0.69 million or +3.92%. The favorable result for the month is due to above target performance in the Gas Tax, indicating that people have begun to drive more miles as the summer approaches. Year-to-date, the Transportation Fund revenues of \$181.00 million were +0.34% above target. The results for the individual Transportation Fund revenue components were mixed for the month. Diesel Fuel Tax, Motor Vehicle Purchase & Use, and Motor Vehicle Fees all fell short of the monthly target. In addition to Gasoline Tax exceeding target as previously noted, “Other” Transportation Fund revenues also exceeded target for the month. The components of the Transportation Fund revenue for the month were: Gasoline Tax, \$5.34 million (+27.87%); Diesel

Tax, \$0.73 million (-21.02%); Motor Vehicle Purchase & Use Tax, \$4.01 million (-7.10%); Motor Vehicle Fees, \$6.48 million (-6.03%); and “Other”, \$1.76 million (+33.92%). Year-to-date, the Transportation Fund revenue components for May were: Gasoline Tax, \$55.56 million (+0.66%); Diesel Tax, \$13.08 million (+0.20%); Motor Vehicle Purchase & Use Tax, \$38.70 million (-0.79%); Motor Vehicle Fees, \$57.56 million (-0.08%); and “Other”, \$16.10 million (+3.72%).

Transportation Fund By Major Element (In Millions)*

| Tax Component | Month | | | | FY 2009 YTD | | | | |
|--------------------|--------------|--------------|-------------|--------------|---------------|---------------|-------------|--------------|--------|
| | Target | Revenue | \$ Change | % Change | Target | Revenue | \$ Change | % Change | Change |
| Gasoline | 4.17 | 5.34 | 1.16 | 27.87% | 55.19 | 55.56 | 0.37 | 0.66% | |
| Diesel Fuel | 0.92 | 0.73 | -0.19 | -21.02% | 13.06 | 13.08 | 0.03 | 0.20% | |
| MV Purchase & Use | 4.32 | 4.01 | -0.31 | -7.10% | 39.01 | 38.70 | -0.31 | -0.79% | |
| Motor Vehicle Fees | 6.90 | 6.48 | -0.42 | -6.03% | 57.61 | 57.56 | -0.05 | -0.08% | |
| Other | 1.31 | 1.76 | 0.44 | 33.92% | 15.52 | 16.10 | 0.57 | 3.72% | |
| Total | 17.62 | 18.31 | 0.69 | 3.92% | 180.39 | 181.00 | 0.61 | 0.34% | |

*Differences due to rounding

Education Fund

Non-Property Tax Education Fund revenue receipts of \$11.04 million were released by Secretary Lunderville today; these receipts are -\$0.24 million (-2.10%) below the May monthly target of \$11.28 million. “Non-Property Tax” Education Fund revenues constitute approximately 12% of the total Education Fund receipts. Year-to-date, non-Property Tax Education Fund revenues were \$135.67 million or -\$0.40 million (-0.29%) below target.

Results for the components of the non-Property Tax Education revenue for May: Sales & Use Tax, \$7.34 million (-0.44%); Motor Vehicle Purchase & Use, \$2.01 million (-7.08%); Lottery Transfer, \$1.69 million (-1.65%); and Investment Income, \$0.01 (-66.48%). Year-to-date results were: Sales & Use Tax, \$98.93 million (-0.15%); Motor Vehicle Purchase & Use, \$19.35 million (-0.79%); Lottery Transfer, \$17.13 million (-0.22%); and Investment Income, \$0.25 million (-19.56%).

Education Fund By Major Element (In Millions)*

| Non-Property Tax Component | Month | | | | FY 2009 YTD | | | |
|----------------------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|---------------|
| | Target | Revenue | \$ Change | % Change | Target | Revenue | \$ Change | % Change |
| Sales & Use | 7.37 | 7.34 | -0.03 | -0.44% | 99.08 | 98.93 | -0.15 | -0.15% |
| MV Purchase & Use | 2.16 | 2.01 | -0.15 | -7.08% | 19.50 | 19.35 | -0.15 | -0.79% |
| Lottery Transfer | 1.71 | 1.69 | -0.03 | -1.65% | 17.17 | 17.13 | -0.04 | -0.22% |
| Investment Income | 0.04 | 0.01 | -0.02 | -66.48% | 0.31 | 0.25 | -0.06 | -19.56% |
| Total | 11.28 | 11.04 | -0.24 | -2.10% | 136.07 | 135.67 | -0.40 | -0.29% |

*Differences due to rounding

Conclusion

Secretary Lunderville concluded by saying, “We are hopeful that the unexpected May estate tax receipts will keep revenue at or slightly above target for the current fiscal year (FY 2009).

However, economists remain guarded about the state economy. There is still no clear indication that Vermont has reached the bottom of this recession. Although there are some small favorable signs, it is not clear whether Vermont will come out of this recession in a “U” pattern, or a “W” recovery, meaning that after the beginning of some growth, we could fall again before beginning the true recovery.”

Attachments: Detailed schedules of revenue results comparing the current fiscal year-to-date period with the same period from the last fiscal year follow:

**Comparative Statement of Revenues
General Fund
As of May 31, 2009**

General Fund Schedule 2

| | <u>Total to Date Last Year</u> | <u>Total to Date This Year</u> | <u>% of Change</u> |
|-----------------------------|------------------------------------|------------------------------------|-----------------------------|
| Taxes | | | |
| Personal Income | 559,448,017 | 477,776,340 | -14.60% |
| Sales & Use | 207,812,522 | 197,867,735 | -4.79% |
| Corporate | 63,077,325 | 53,413,286 | -15.32% |
| Meals & Room | 112,396,049 | 108,860,551 | -3.15% |
| Liquor & Wine | 13,095,484 | 13,673,390 | 4.41% |
| Insurance Premium | 54,262,496 | 52,452,405 | -3.34% |
| Telephone Gross Receipts | 401,760 | 169,612 | -57.78% |
| Telephone Property | 6,934,180 | 6,862,399 | -1.04% |
| Beverage | 5,109,731 | 5,150,601 | 0.80% |
| Electric Generating | 2,025,295 | 2,107,961 | 4.08% |
| Inheritance & Estate | 15,319,891 | 22,116,278 | 44.36% |
| Real Property Transfer | 10,237,775 | 7,906,927 | -22.77% |
| Bank Franchise | 10,149,542 | 20,488,470 | 101.87% |
| All Other Taxes | 3,928,427 | 2,541,479 | -35.31% |
| Total Taxes | <u>1,064,198,494</u> | <u>971,387,435</u> | <u>-8.72%</u> |
| Other Revenues | | | |
| Business Licenses | 2,591,729 | 2,890,746 | 11.54% |
| Fees | 13,651,500 | 17,369,805 | 27.24% |
| Services | 1,726,289 | 1,434,207 | -16.92% |
| Fines, Forfeits & Penalties | 4,002,102 | 8,893,456 | 122.22% |
| Interest, Prem | 4,688,980 | 1,194,058 | -74.53% |
| Special Assessments | 0 | (203) | 100.00% |
| All Other Revenues | 651,249 | 613,525 | -5.79% |
| Total Other Revenues | <u>27,311,849</u> | <u>32,395,593</u> | <u>18.61%</u> |
| Total General Fund | <u><u>1,091,510,343</u></u> | <u><u>1,003,783,028</u></u> | <u><u>-8.04%</u></u> |

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: June 03, 2009

Time: 13:31

**Comparative Statement of Revenues
Transportation Fund
As of May 31, 2009**

Transportation Fund Schedule 2

| | <u>Total to Date Last Year</u> | <u>Total to Date This Year</u> | <u>% of Change</u> |
|----------------------------------|------------------------------------|------------------------------------|--------------------|
| Non-Dedicated | | | |
| Taxes | | | |
| Gasoline | 57,206,880 | 55,555,667 | -2.89% |
| Diesel Fuel | 14,634,250 | 13,082,498 | -10.60% |
| MV Purchase & Use | 46,557,474 | 38,700,022 | -16.88% |
| Total Taxes | 118,398,603 | 107,338,188 | -9.34% |
| Other Revenues | | | |
| Motor Vehicle Fees | 59,336,326 | 57,564,429 | -2.99% |
| Other | 21,515,247 | 16,101,701 | -25.16% |
| Total Other Revenues | 80,851,573 | 73,666,130 | -8.89% |
| Total Non-Dedicated | 199,250,176 | 181,004,318 | -9.16% |
| Dedicated | | | |
| Federal Aid | 145,504,416 | 156,357,039 | 7.46% |
| Other | 3,586,992 | 1,839,455 | -48.72% |
| Total Dedicated | 149,091,408 | 158,196,494 | 6.11% |
| Total Transportation Fund | 348,341,585 | 339,200,812 | -2.62% |

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: June 03, 2009

Time: 13:39

**State of Vermont
Comparative Statement of Revenues
Education Fund
As of May 31, 2009**

Education Fund Schedule 2

| | <u>Total to Date Last Year</u> | <u>Total to Date This Year</u> | <u>% of Change</u> |
|---------------------------------|------------------------------------|------------------------------------|-----------------------------|
| Non-Dedicated | | | |
| Estimated Revenues: | | | |
| Sales & Use | 103,904,703 | 98,932,177 | -4.79% |
| Purchase & Use | 23,278,737 | 19,350,551 | -16.87% |
| Lottery Transfer | 19,022,652 | 17,134,710 | -9.92% |
| Investment Income | (1,229,863) | 249,624 | 120.30% |
| Total estimated revenues | <u>144,976,229</u> | <u>135,667,062</u> | <u>-6.42%</u> |
| Other Revenues: | | | |
| Education Property Taxes | 92,760,291 | 93,905,423 | 1.23% |
| Electric Energy Educ Prop Tax | 972,767 | 2,027,286 | 108.40% |
| Medicaid Reimbursement | 0 | 0 | 0.00% |
| Total other revenues | <u>93,733,058</u> | <u>95,932,708</u> | <u>2.35%</u> |
| Total Education Fund | <u><u>238,709,287</u></u> | <u><u>231,599,770</u></u> | <u><u>-2.98%</u></u> |

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: June 03, 2009

Time: 13:42