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Neale F. Lunderville, Secretary

PRESS RELEASE

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FOR IMMEDIATE RELEASE

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

General Fund

Secretary of Administration Neale F. Lunderville today released General Fund revenue results for the month of October, the fourth month of Fiscal Year 2009. General Fund revenues totaled \$91.23 million for October 2008, -\$3.42 million or -3.61% below the \$94.65 million consensus revenue forecast for the month. Cumulatively, General Fund revenues year-to-date were \$385.26 million or +9.55 million (+2.54%) above the consensus revenue forecast for Fiscal Year 2009. It is important to remember that the year-to-date October revenue includes a legal settlement of \$6.03 million received in September.

At the time the consensus revenue was approved in July 2008, the outcome of the legal action was unknown. Consequently, no amount was included in the consensus forecast for the potential settlement; however, an estimated \$5.57 million was anticipated and already earmarked for use. Of the \$6.03 million included in the cumulative revenue total, \$2.3 million was transferred to Teachers' Retirement and the remaining \$3.73 million was included in the August 2008 General Fund Rescission, reducing the appropriation reductions necessary to balance the FY 2009 budget. This means that only \$0.46 million of the settlement was in excess of what was anticipated, not the entire \$6.03 million.

Without the portion of the settlement that was anticipated, the adjusted cumulative General Fund revenues were +\$3.98 million (+1.06%) above the consensus revenue forecast for Fiscal Year 2009. As was the case in October and given the continued instability in the national economy, we do not expect revenues to exceed the current targets going forward.

The monthly targets reflect the most recent Fiscal Year 2009 consensus revenue forecast that was agreed to by the Emergency Board on July 29, 2008. The state's consensus revenue forecast is normally updated two times per year in January and July. However, with the downturn in the national economy, the Emergency Board has scheduled an interim review of the consensus revenue forecast for November 18, 2008.

Personal Income Tax receipts are the largest single state revenue source, and are reported Net of Personal Income Tax refunds. Personal Income Tax receipts for October were \$51.49 million, +\$0.70 million or +1.37% above the monthly target. Corporate Income tax receipts for October were \$1.04 million, -\$2.17 million or -67.66% below the target for the month. As reported last month, the expected downturn in the Personal Income Tax and Corporate Income Tax receipts has begun. Cumulative Personal Income Tax receipts of \$202.21 million were +3.44% above target, down from +4.17% last month. Cumulative Corporate Income Tax receipts of \$15.21 million have fallen to -\$2.62 million, or -14.71% below target. We believe that the downward trend, particularly in Corporate Income Tax receipts will continue in the coming months.

Sales & Use Tax receipts of \$19.88 million was slightly above target for the month by +\$0.12 million or +0.59%. Cumulatively, however, Sales & Use Tax fell -\$0.29 million (-0.39%) below the year-to-date target of \$74.69 million. Rooms & Meals Tax receipts fell short of target for the month by -\$0.85 million or -7.79%. At \$44.02 million, Rooms & Meals Tax results were -\$0.31 million or -0.71% below the cumulative October target.

The remaining tax component results for the month were: Insurance Premium, \$0.35 million (+32.77%); Inheritance/Estate Tax, \$0.95 million (-39.95%); Real Property Transfer Tax \$0.82 million (-0.62%); and Other, \$6.57 million (-8.98%). Year-to-date results for these components were: Insurance Premium, \$8.53 million (+3.93%); Inheritance/Estate Tax, \$2.77 million (-49.39%); Real Property Transfer Tax, \$3.87 million (-0.08%); and Other, \$34.26 million (+32.62%), inclusive of the \$6.03 million settlement received in September.

General Fund By Major Element (In Millions)*

Tax Component	Month				FY 2009 YTD			
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change
Personal Income	50.79	51.49	0.70	1.37%	195.48	202.21	6.73	3.44%
Sales & Use	19.76	19.88	0.12	0.59%	74.69	74.40	-0.29	-0.39%
Corporate	3.21	1.04	-2.17	-67.66%	17.83	15.21	-2.62	-14.71%
Meals & Room	10.99	10.14	-0.85	-7.79%	44.33	44.02	-0.31	-0.71%
Insurance Premium	0.27	0.35	0.09	32.77%	8.20	8.53	0.32	3.93%
Inheritance & Estate	1.59	0.95	-0.63	-39.95%	5.47	2.77	-2.70	-49.39%
Real Property Transfer	0.82	0.82	0.00	-0.62%	3.87	3.87	-0.00	-0.08%
Other	7.22	6.57	-0.65	-8.98%	25.83	34.26	8.43	32.62%
Total	94.65	91.23	-3.42	-3.61%	375.71	385.26	9.55	2.54%
Revised Total excluding Anticipated Settlement	94.65	91.23	-3.42	-3.61%	375.71	379.69	3.98	1.06%

*Differences due to rounding

Transportation Fund

Secretary Lunderville also reported on the results for the non-dedicated Transportation Fund revenue. The Transportation Fund revenue was \$17.35 million, which was -\$1.09 million or -5.91% below the monthly target for October. Cumulatively, the Transportation Fund revenues of \$70.72 million were -\$2.81 million or -3.82% below the consensus revenue forecast year-to-date.

Diesel Tax receipts of \$1.43 million were +\$0.02 million or -1.46% above target. With the exception of the favorable Diesel Tax results, the remaining components of the Transportation Fund revenue fell below target for the month of October: Gasoline Tax, \$5.02 million (-3.27%); Motor Vehicle Purchase & Use Tax, \$4.16 million (-8.14%); Motor Vehicle Fees, \$5.24 million (-7.20%); and Other, \$1.50 million (-9.77%). Cumulatively, all the Transportation Fund revenue components were below the year-to-date target for October: Gasoline Tax, \$21.41 million (-0.71%); Diesel Tax, \$5.10 million (-8.12%); Motor Vehicle Purchase & Use Tax, \$16.45 million (-8.42%); Motor Vehicle Fees, \$21.60 million (-2.36%); and Other, \$6.16 million (-2.64%).

Transportation Fund By Major Element (In Millions)*

Tax Component	Month				FY 2009 YTD			
	Target	Revenue	\$ Change	% Change	Target	Revenue	\$ Change	% Change
Gasoline	5.19	5.02	-0.17	-3.27%	21.56	21.41	-0.15	-0.71%
Diesel Fuel	1.41	1.43	0.02	1.46%	5.55	5.10	-0.45	-8.12%
MV Purchase & Use	4.53	4.16	-0.37	-8.14%	17.96	16.45	-1.51	-8.42%
Motor Vehicle Fees	5.65	5.24	-0.41	-7.20%	22.12	21.60	-0.52	-2.36%
Other	1.66	1.50	-0.16	-9.97%	6.34	6.16	-0.17	-2.64%
Total	18.44	17.35	-1.09	-5.91%	73.53	70.72	-2.81	-3.81%

*Differences due to rounding

Education Fund

The revenue results for the “the non-Property Tax” Education Fund revenues (which constitute approximately 12% of the total Education Fund receipts) released by Secretary Lunderville totaled \$13.48 million for the month of October, or -\$0.29 million (-2.09%) below the \$13.77 million consensus revenue target for the month. Cumulatively, Education Fund revenues year-to-date were \$51.30 million or -\$1.34 million (-2.54%) below the year-to-date consensus revenue forecast.

While the portion of the Education Fund derived from the Sales & Use Tax was slightly ahead of the forecast for October (+0.06 million, +0.59%), the remaining component (Motor Vehicle Purchase & Use, Lottery Transfer and Investment Income) were below expectations for the month of October. Cumulatively, all components of the Education Fund are below target for the year-to-date. Specifically, the year-to-date Education Fund components were: Sales and Use Tax, \$37.20 million (-0.39%); Motor Vehicle Purchase & Use, \$8.23 million (-8.42%); Lottery Transfer, \$5.71 million (-12.64%); and Education Fund Investment Income, \$0.17 million (-175.39%).

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	9.88	9.94	0.06	0.59%	37.35	37.20	-0.15	-0.39%
MV Purchase & Use	2.26	2.08	-0.18	-8.14%	8.98	8.23	-0.75	-8.42%
Lottery Transfer	1.89	1.43	-0.46	-24.56%	6.53	5.71	-0.82	-12.64%
Investment Income	(0.26)	0.04	0.30	-115.77%	(0.22)	0.17	0.39	-175.39%
Total	13.77	13.48	-0.29	-2.09%	52.64	51.30	(1.34)	-2.54%

*Differences due to rounding

Conclusion

Secretary Lunderville said that, “Although Vermont’s economic situation is not as dire as the other New England states and New York, this is nonetheless a very serious downturn that we expect to deepen over the next 18 months. The worsening national economic decline threatens to become a global decline. Dealing with this difficult and deepening economic downturn will require many difficult choices. We will review the situation again after the revenue forecast is revised next week.”

Attachments

Detailed schedules of the year-to-date revenue results comparing the current period with last year follow.

Note: Minor differences in figures are due to rounding.

**Comparative Statement of Revenues
Transportation Fund
As of October 31, 2008**

T Fund Detail Schedule 2

	<u>Total to Date Last Year</u>	<u>Total to Date This Year</u>	<u>% of Change</u>
Non-Dedicated			
Taxes			
Gasoline	21,949,058	21,408,728	-2.46%
Diesel Fuel	5,564,065	5,098,180	-8.37%
MV Purchase & Use	18,801,179	16,450,156	-12.50%
Total Taxes	46,314,301	42,957,064	-7.25%
Other Revenues			
Motor Vehicle Fees	22,101,216	21,603,039	-2.25%
Other	9,695,778	6,165,084	-36.41%
Total Other Revenues	31,796,995	27,768,123	-12.67%
Total Non-Dedicated	78,111,296	70,725,187	-9.46%
Dedicated			
Federal Aid	74,852,304	77,464,755	3.49%
Other	1,966,935	650,732	-66.92%
Total Dedicated	76,819,239	78,115,487	1.69%
Total Transportation Fund	154,930,535	148,840,674	-3.93%
Transportation Funds			
Other Revenues Non-Dedicated			
In Process	460000	1,337,246	1,373,183
Dept of Corrections			
Accounts Receivable	110001	(17,515)	(38,564)

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

Date: November 04, 2008

Time: 10:02

**State of Vermont
Comparative Statement of Revenues
Education Fund
As of October 31, 2008**

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	38,592,782	37,200,095	-3.61%
Purchase & Use	9,400,589	8,225,078	-12.50%
Lottery Transfer	6,708,047	5,706,887	-14.92%
Investment Income	(394,459)	168,019	142.59%
Total estimated revenues	<u>54,306,960</u>	<u>51,300,079</u>	<u>-5.54%</u>
Other Revenues:			
Education Property Taxes	188,774	117,547,006	62168.54%
Electric Energy Educ Prop Tax	0	0	0.00%
Medicaid Reimbursement	0	0	0.00%
Total other revenues	<u>188,774</u>	<u>117,547,006</u>	<u>62168.54%</u>
Total Education Fund	<u><u>54,495,734</u></u>	<u><u>168,847,084</u></u>	<u>209.84%</u>

Note: Revenue Estimates are fiscal year total estimates.

Prepared by Department of Finance & Management

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