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July 2015 Economic Review and Revenue Forecast Update

Prepared for the
State of Vermont
Emergency Board and
Legislative Joint Fiscal Committee

July 27, 2015

Economic Review and Revenue Forecast Update

July 2015

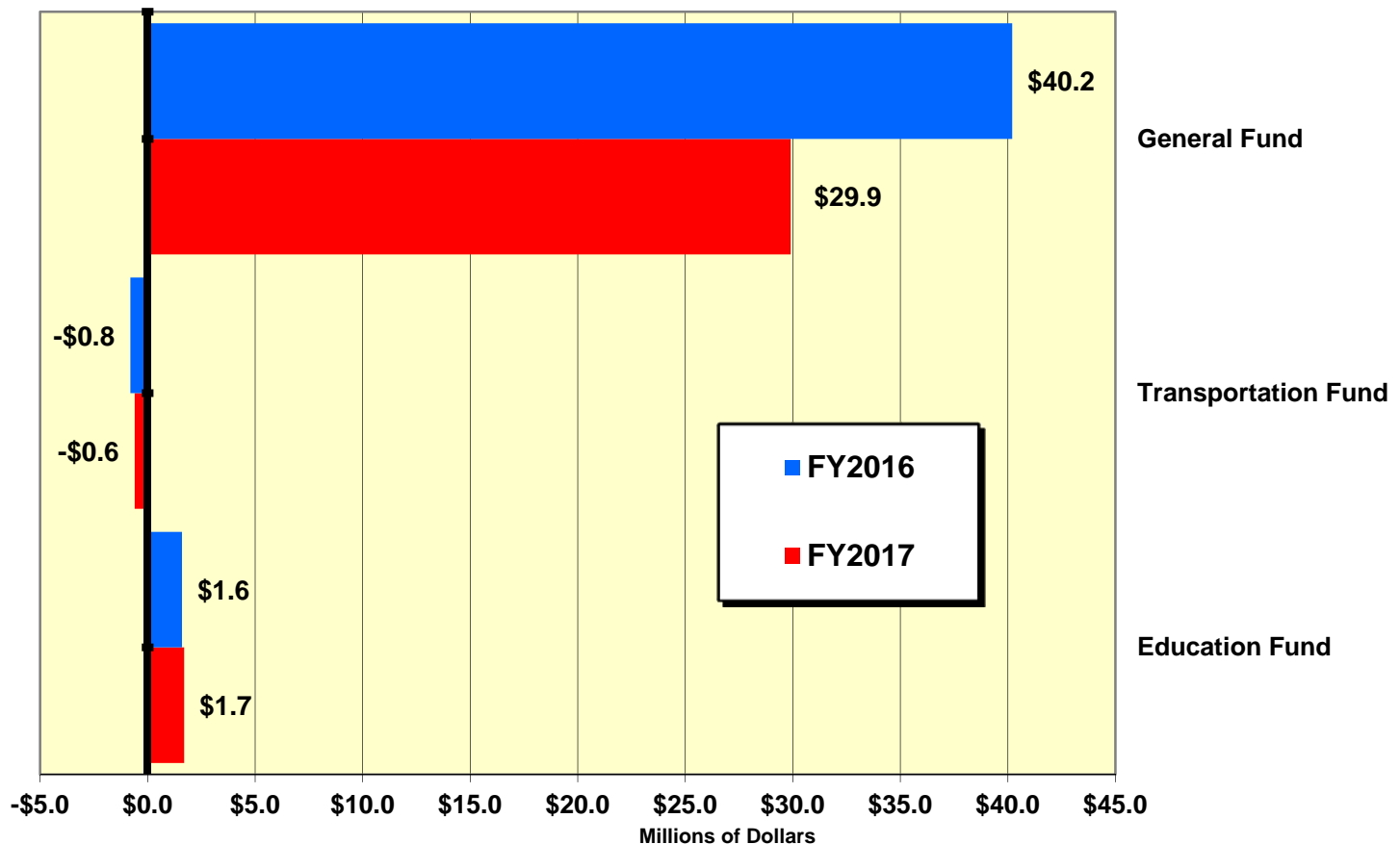
Overview

Total State revenues across all three major funds forecast herein closed fiscal year 2015 a mere 1.0% above prior January forecasts and 0.6% above year-ago July projections.

The slowest economic recovery in post-WW2 history will likely continue in FY16 and FY17, with some acceleration bringing slightly above-average revenue gains, though very close to previous expectations. Virtually all of the current changes in General Fund revenues relative to the prior January forecast, per the below chart, are the product of statutory changes made in the last legislative session, and represent about \$30 million in new tax revenues.

These tax changes primarily impact the General Fund, with the largest tax changes affecting personal income and sales taxes. Without these new tax revenues, the General Fund would have increased by about \$9 million in FY16 and declined by about \$1 million in FY17, relative to January projections.

Recommended Net Revenue Changes from January 2015 Forecast

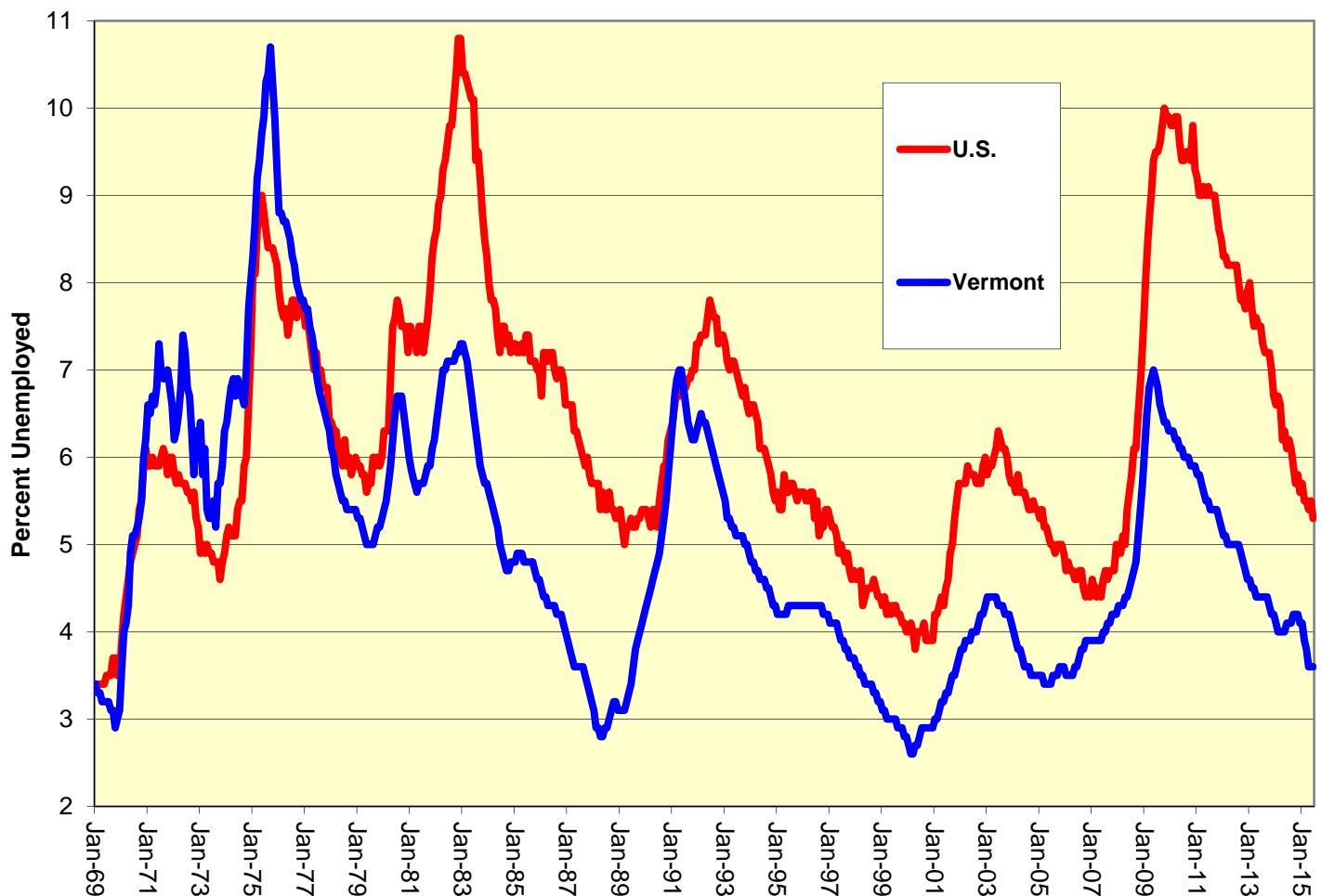


July 2015 Economic and Revenue Forecast Commentary

- Weak U.S. first quarter 2015 GDP growth, reported to have declined 0.2%, is likely to be another statistical aberration and is not a harbinger of an impending slowdown, as no major imbalances are evident in the economy at this time. On the contrary, the determinants for continued growth in investment and consumption in both the U.S. and Vermont - improving labor market conditions, emerging wage and income growth, accommodative financial conditions, relatively low fuel prices, and a strengthening real estate and housing market—remain intact. After 57 consecutive months of employment growth, the U.S. economy has added more than 12 million jobs and driven the unemployment rate to 5.3% in June, its lowest rate in more than 7 years. Continued employment gains of about 250,000 jobs per month - nearly double the rate of additions to the workforce - should leave the economy close to full employment within about a year, and finally support broader wage and income gains.

Slow, Steady Recovery Finally Approaches Full Employment

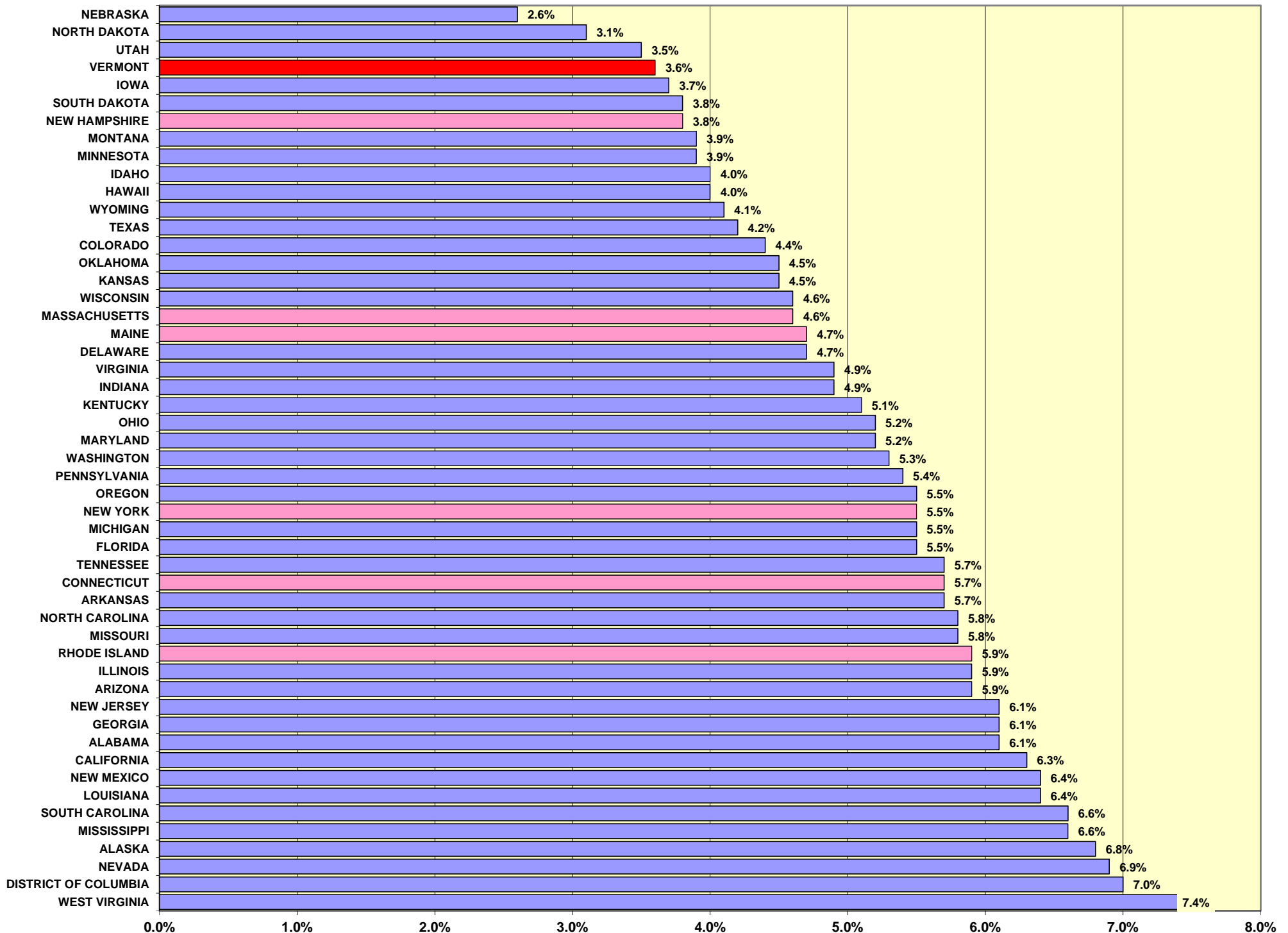
(Unemployment Rate, Source: Bureau of Labor Statistics, U.S. Department of Labor)



- Vermont employment growth has also strengthened in recent months, with year over year growth in the past 12 months accelerating to 1.4%, vs. 0.7% in the preceding 12 month period. This has pushed the State unemployment rate to

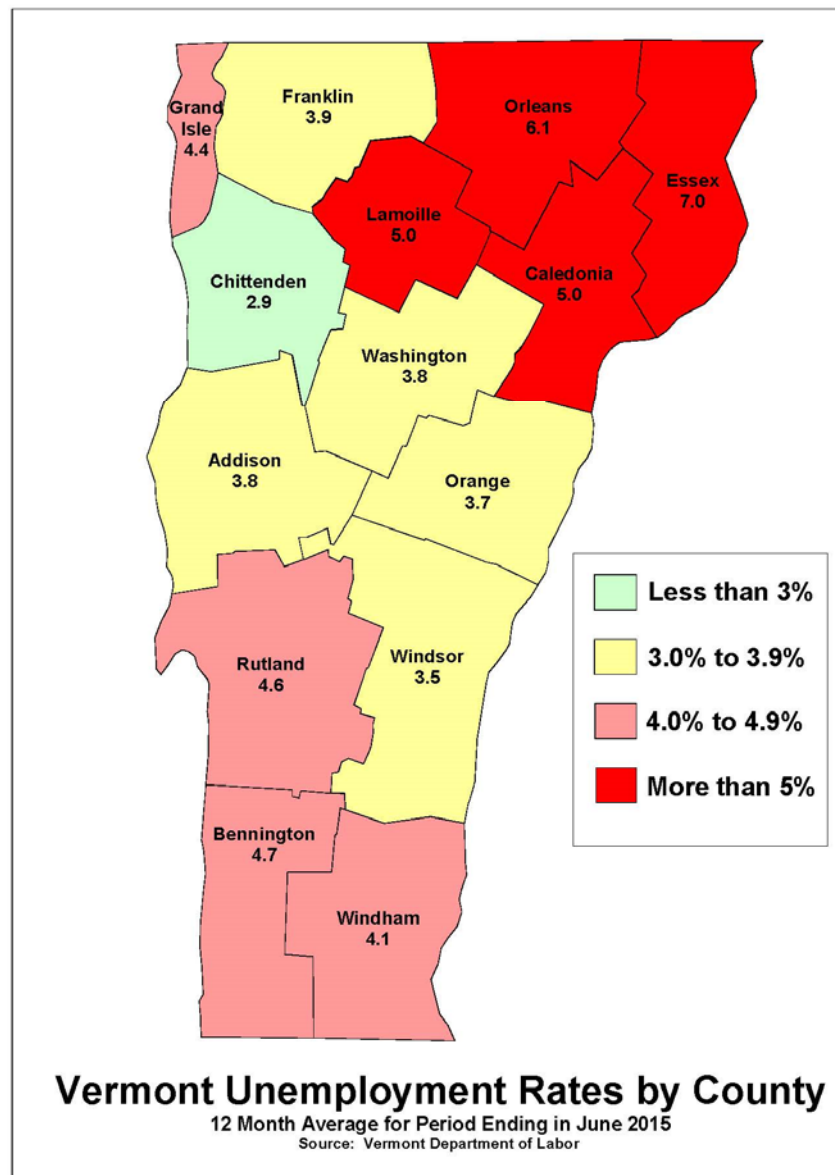
Unemployment Rate by State - June 2015

Seasonally Adjusted Data, Source: U.S. Bureau of Labor Statistics



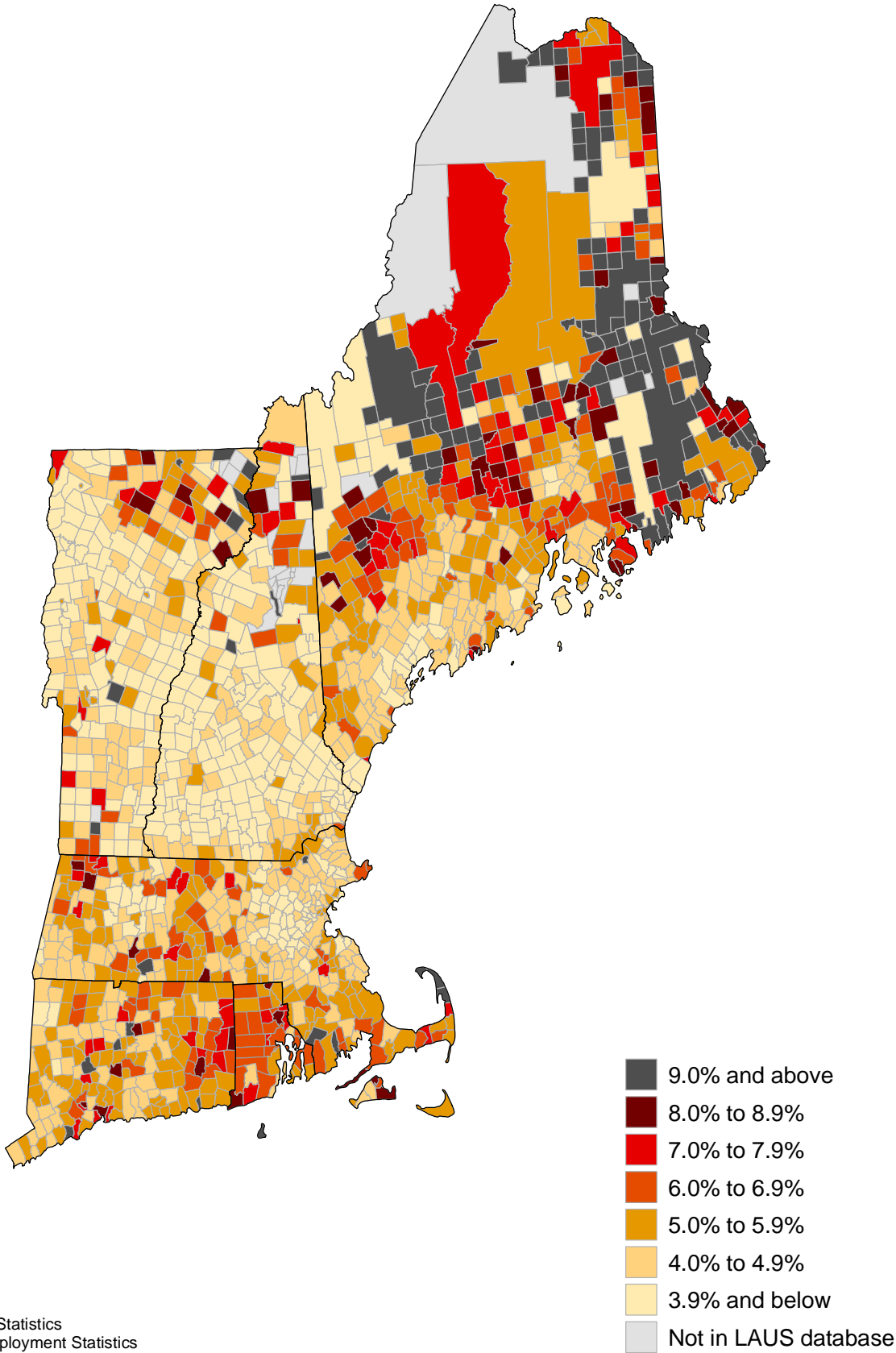
3.6%, the lowest in New England and the fourth lowest in the U.S. Per the chart on the preceding page, North Dakota has recently been replaced by Nebraska as the state with the lowest unemployment rate, as the precipitous decline in oil prices and related drilling activity begins to measurably impact energy-producing states. Until February of this year, North Dakota had boasted the lowest unemployment rate in the country for 74 consecutive months, largely avoiding the Great Recession.

- Unemployment rates among the 14 Vermont counties display with distressing persistence the economic divide between Chittenden County and the remainder of the State – as well as the perennially subaltern economic conditions in the Northeast Kingdom. Last year at this time, it appeared that job growth connected with EB-5 activity in Orleans County had offered some hope of a counter-trend in this region, but it has been short-lived. Employment in the county and region has continued to slip and some of the highest town unemployment rates are still found in this region (see chart on following page).



Unemployment rates in New England by Minor Civil Division, June 2014 – May 2015 averages

(U.S. rate = 5.8 percent)



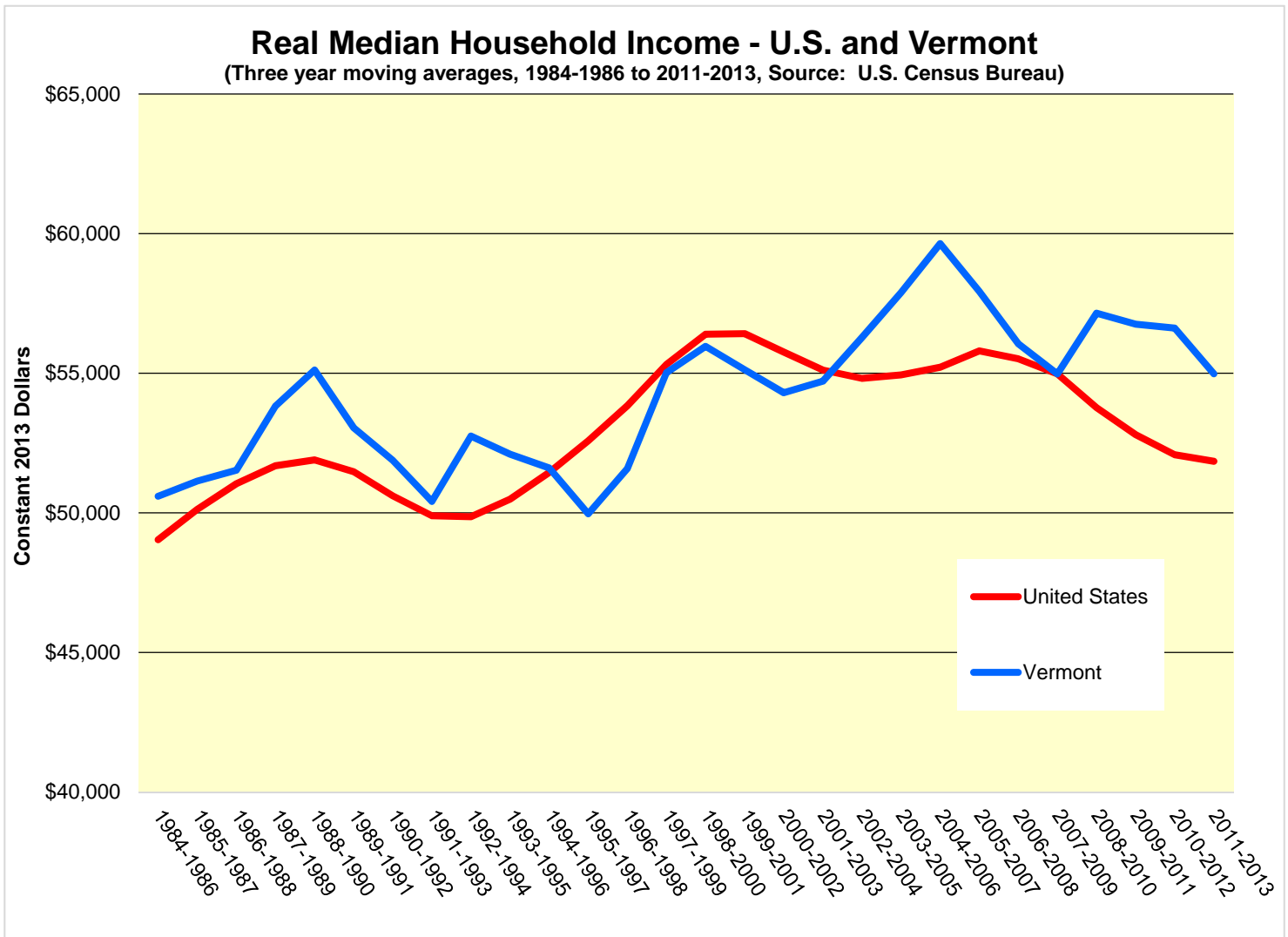
SOURCE: Bureau of Labor Statistics
Local Area Unemployment Statistics

- While towns in Chittenden County have some of the lowest unemployment rates, the economic benefits of the Burlington metropolitan area have gradually extended north, south and east of the State's largest urban center, especially benefitting Franklin and Addison Counties. Aside from pockets of high unemployment in some Bennington County towns and notably, Killington in Rutland County, most of the economically distressed towns are in the Northeast Kingdom (as is the case in New Hampshire, as well).
- Since the last employment peak, sectoral growth in Vermont job markets has continued to favor business and professional service jobs, healthcare-related work, federal government jobs (many of which are border-related), tourism, and private educational services. Employment in manufacturing, construction, financial activities and trade/transportation/utilities are all still well-below pre-recession levels. Of note, despite declines in durable manufacturing industries of 24%, nondurable manufacturing in the State has grown more than 9%.

Economic Evolution, Continued: Change in Vermont Payroll Employment Since Prior Peak



- Despite gradual improvement in labor markets, average workers have little to show for it in wage and income growth to date. Although there is evidence of wage acceleration for selected professions and skillsets, and exceptional income growth among corporations and owners of capital, overall real wages remain flat. The latest household income data, for example, show real median income in the three year period from 2011-2013 to be about the same as in the 1988-1990 period, more than 20 years ago, in both Vermont and the U.S.



- Income growth has become increasingly concentrated among the highest income groups over the past 30 years and this has continued during the current economic recovery.¹ Between 2009 and 2012, recent studies estimate that virtually all real U.S. income growth accrued to the highest 1% of all income tax filers.² These same analyses, however, suggest that in Vermont, income

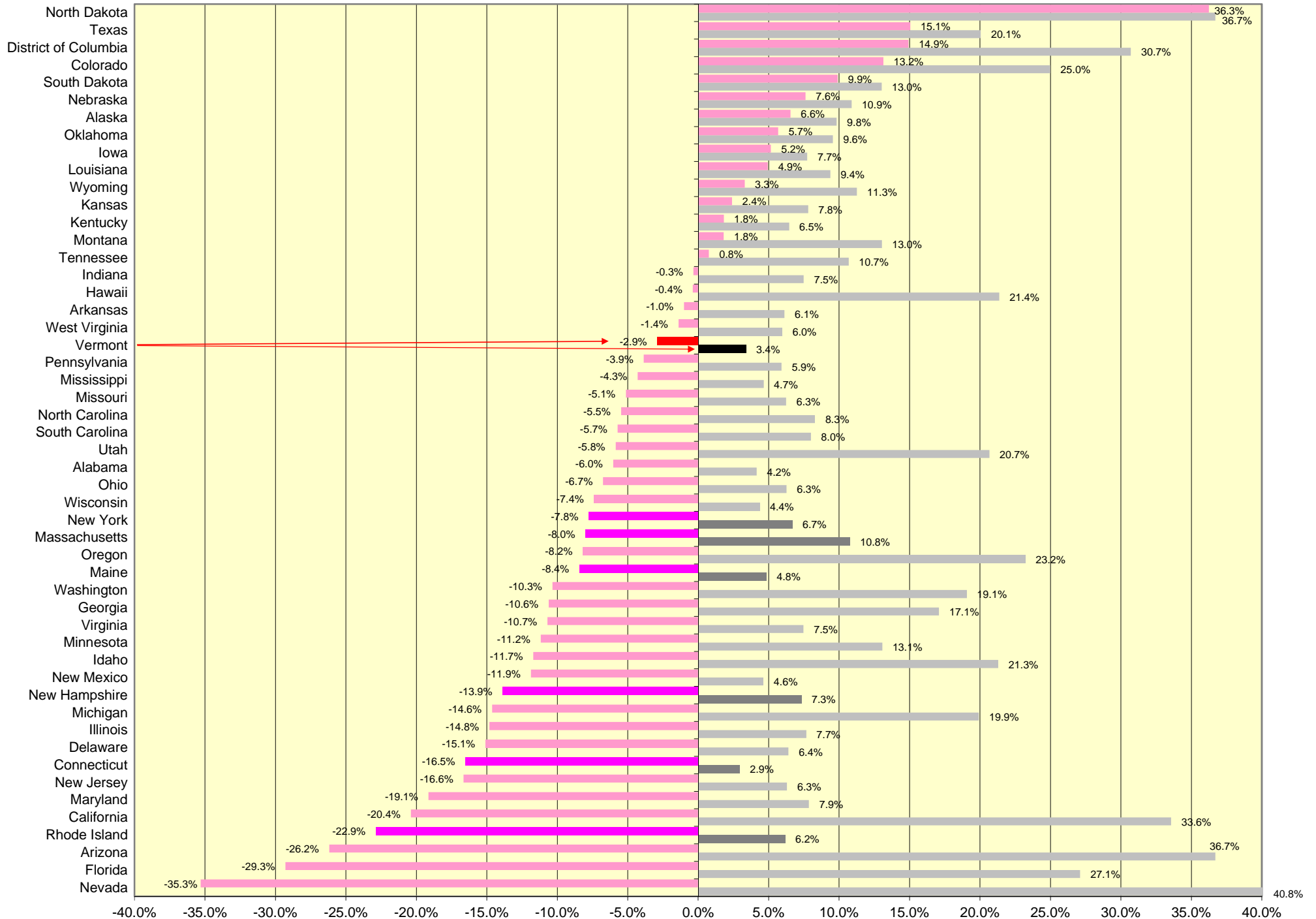
¹ See, for example, Vermont Department of Tax data summarized in the January 2015 Economic and Revenue Update, page 9.

² See, for example, Piketty, Thomas, and Emmanuel Saez. 2012. Downloadable Excel files with 2012 data updates to tables and figures in Piketty and Saez (2003). <http://elsa.berkeley.edu/~saez/TabFig2012prel.xls>; and Estelle Sommeiller and Mark Price, *The Increasingly Unequal States of America: Income Inequality by State, 1917 to 2012*, an Economic Analysis and Research Network (EARN) report, January 26, 2015

Real Estate Update: Housing Values Relative to Last Peak (pink) and Trough (grey)

Percent Change, 2015Q1 vs. Peak Price by State Reached Between 2005Q3 and 2009Q2 - Pink and 2015Q1 vs. Trough Price Reached Between 2009Q3 and 2015Q1 - Grey

Source: FHFA H

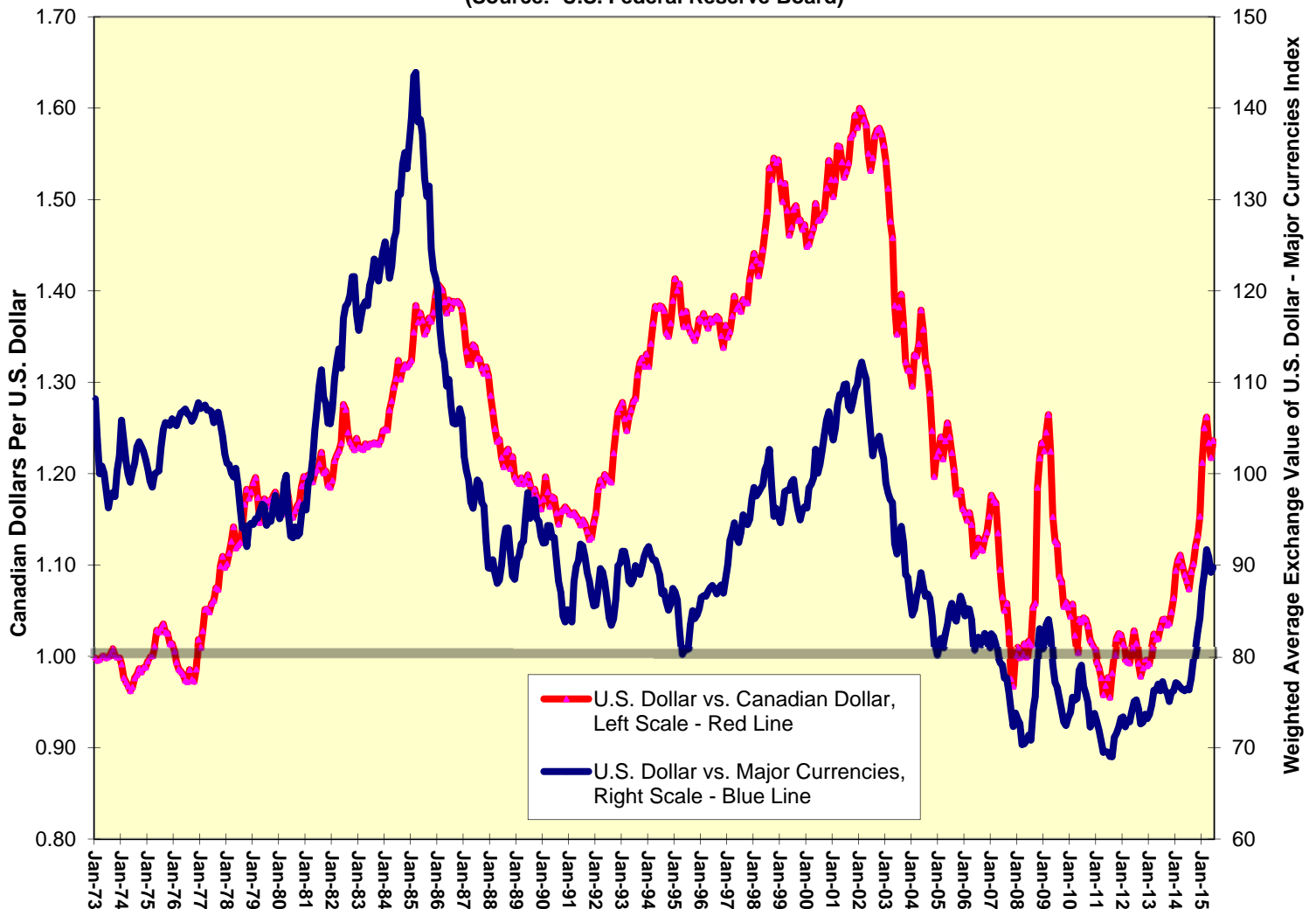


inequality has not been quite as pronounced, with income growth among the top 1% during this same period of 21.8% vs. growth among the bottom 99% of about 4.6%. They also suggest that longer term income inequality, though growing from lows in the late 1970's to levels in 2012 not seen since the late 1920's, are similarly less pronounced in Vermont than in the nation as a whole.

- Real estate and housing markets continue to heal in both Vermont and the nation. As illustrated in the chart on the preceding page, there are now 15 states where home prices have exceeded their pre-recession peaks and, for the fourth consecutive quarter, every state in the nation registered year-over-year price gains in the first quarter of 2015. Vermont's increase (+2.7%), though one of the lowest among the 51 states, represented the strongest growth the State has experienced in the last 8 years. Rising prices are a precondition to recovery in the residential construction market and have already boosted housing sales in much of the country. The real estate markets with the strongest growth to date have been large urban areas that have attracted significant foreign investment and, until recently, energy producing states.

The Dollar Strengthens, Keeping Import Prices Low, But Creating Competitive Export Disadvantages

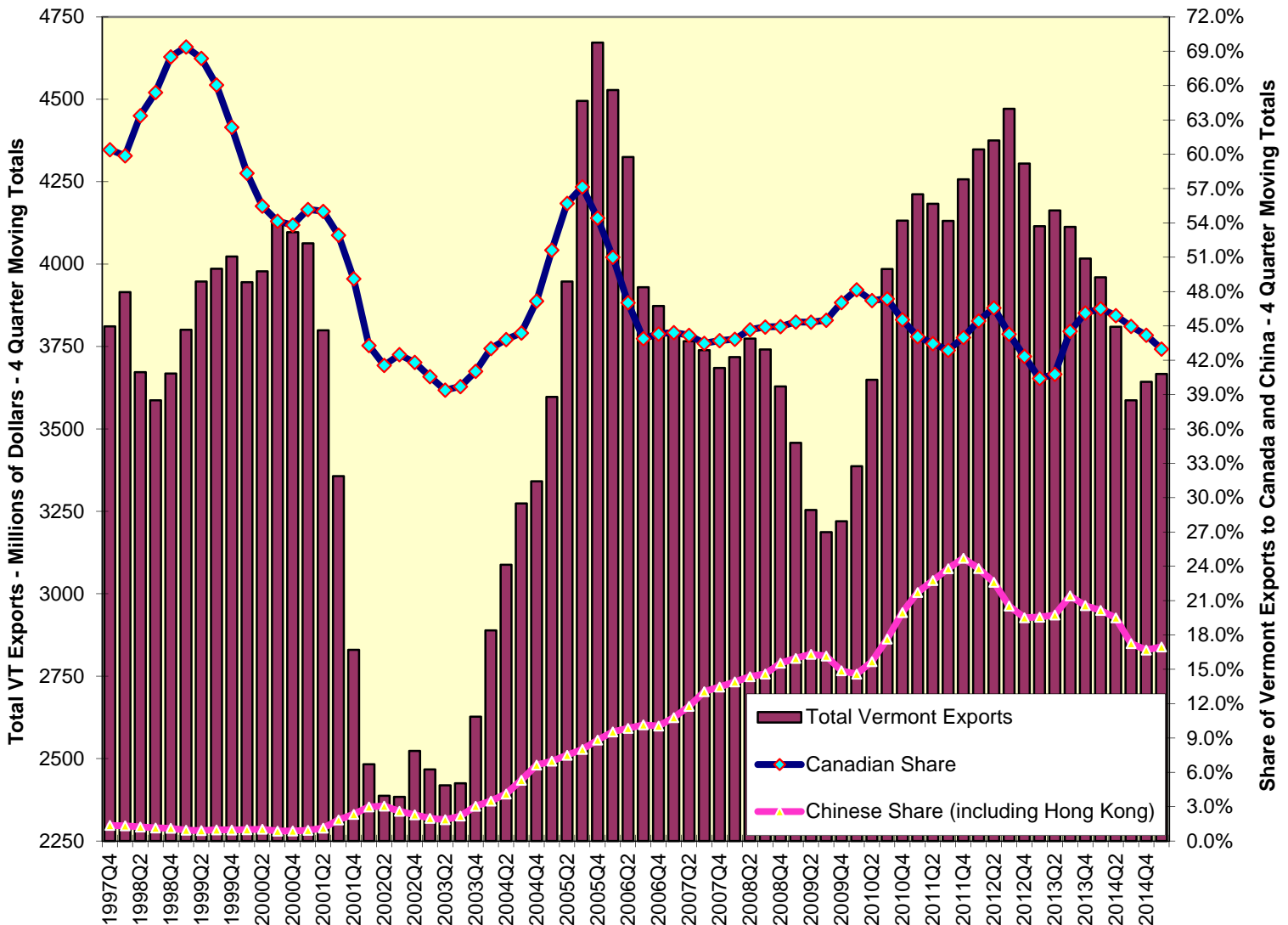
(Source: U.S. Federal Reserve Board)



- Despite headline news about the financial risks associated with the Greek debt calamity and slowing Chinese growth, the most serious downside forecast risk is probably the strengthening U.S. dollar. While this lowers import prices and inflation, it also make U.S. exports less competitive. Vermont is particularly sensitive to this as a relatively export-intensive state - with exports totaling about 13% of GDP (the highest in New England) vs. only 9% for the U.S.

Vermont Exports Sag as Dollar Appreciates

(Source: World Institute of Strategic Economic Research, Federal Reserve Bank of Boston)



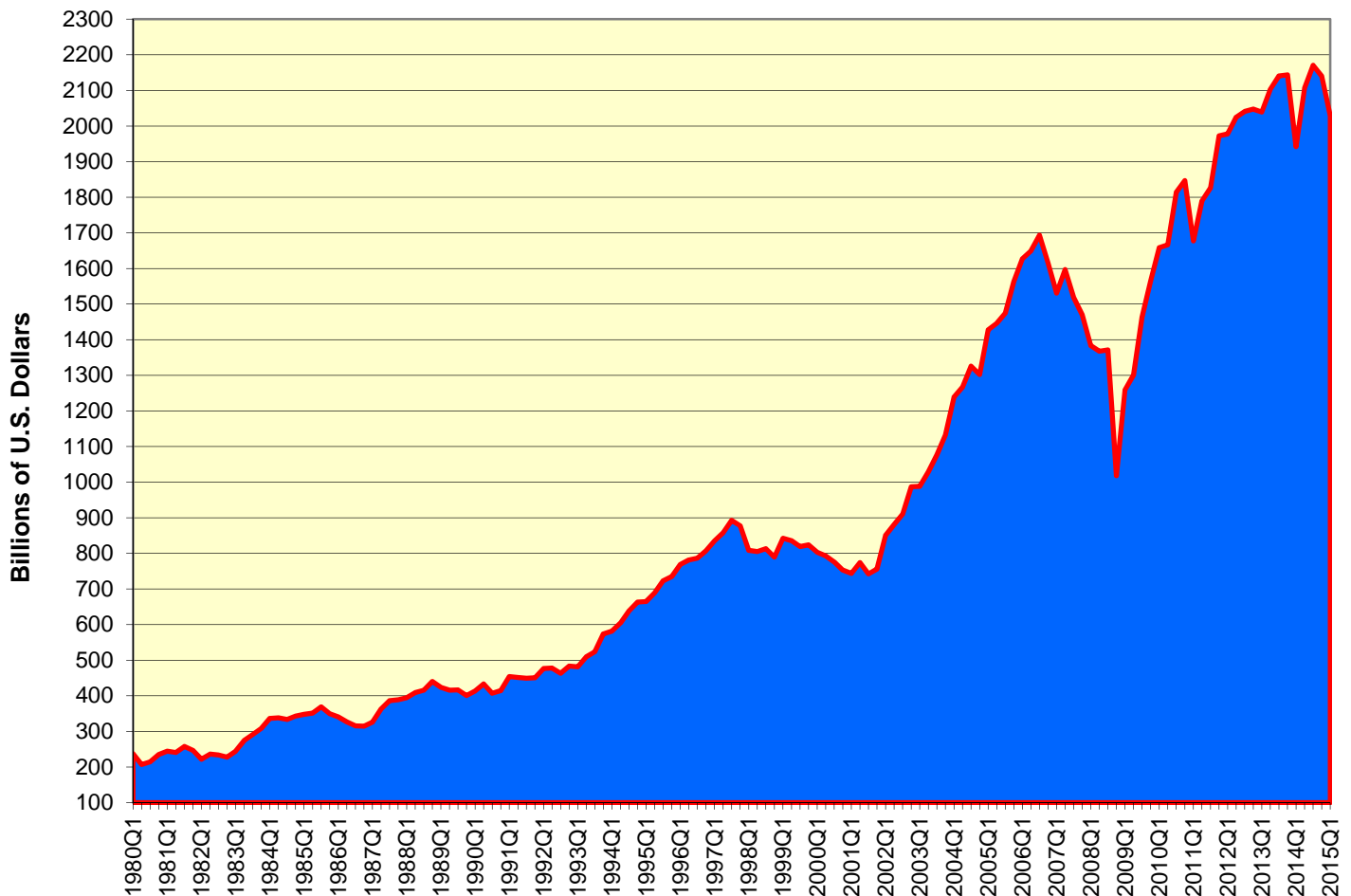
- As shown in the above two charts, Canada and China are now Vermont's largest trading partners, together representing more than 60% of all State exports. The Canadian dollar, which traded at rough parity with the U.S. dollar from 2010 to 2013, is now 25% cheaper, causing Vermont exports to slow. Weakening Chinese demand has also played a role in declining Vermont exports. With the Greek debt crisis and associated political confusion battering the Euro and with few other stable global currencies available, the U.S. dollar may appreciate further, putting additional downward pressure on exports. In

the past year alone, it is estimated that lower exports have cost the country about half a percentage point in GDP growth.

- Vermont agricultural exports have been particularly strong in recent years, growing from just under \$50 million in 2000 to more than \$230 million in 2013 (the latest year available). Over this period, Vermont had the highest growth rate in the nation (+13% per year, on a compound average annual basis).
- The increasing volatility in revenues due to a growing reliance on Personal Income, Corporate and Estate taxes,³ was on full display in both FY14 and FY15. In FY04, these three tax categories comprised 50.6% of Available General Fund tax revenues. In FY15, they represented 60.9% of revenues, and are expected to exceed 62% within the next five years.

As the Recovery Ages, Corporate Profit Growth Slows

(U.S. corporate profits with inventory valuation and capital consumption adjustment; Source: US BEA)



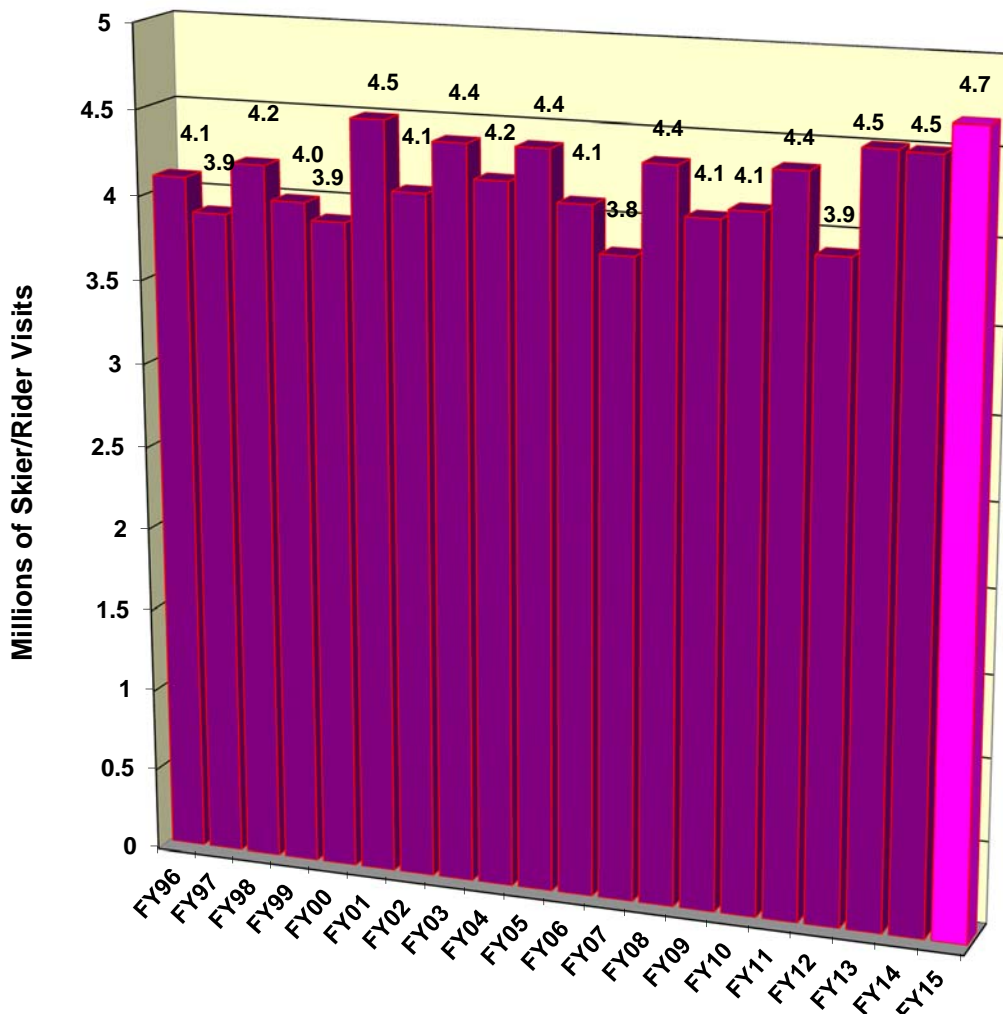
- State corporate income tax revenues were especially strong in FY15, reaching a record \$122 million. As illustrated in the above chart, however, as the recovery ages, corporate profits typically slow. New hiring and investment all reduce taxable income and the declines can be steep. A record volume of

³ See page 13 of the July 2013 Economic and Revenue Forecast at:
<http://www.leg.state.vt.us/jfo/reports/2013-07%20Revenue%20Update.pdf>

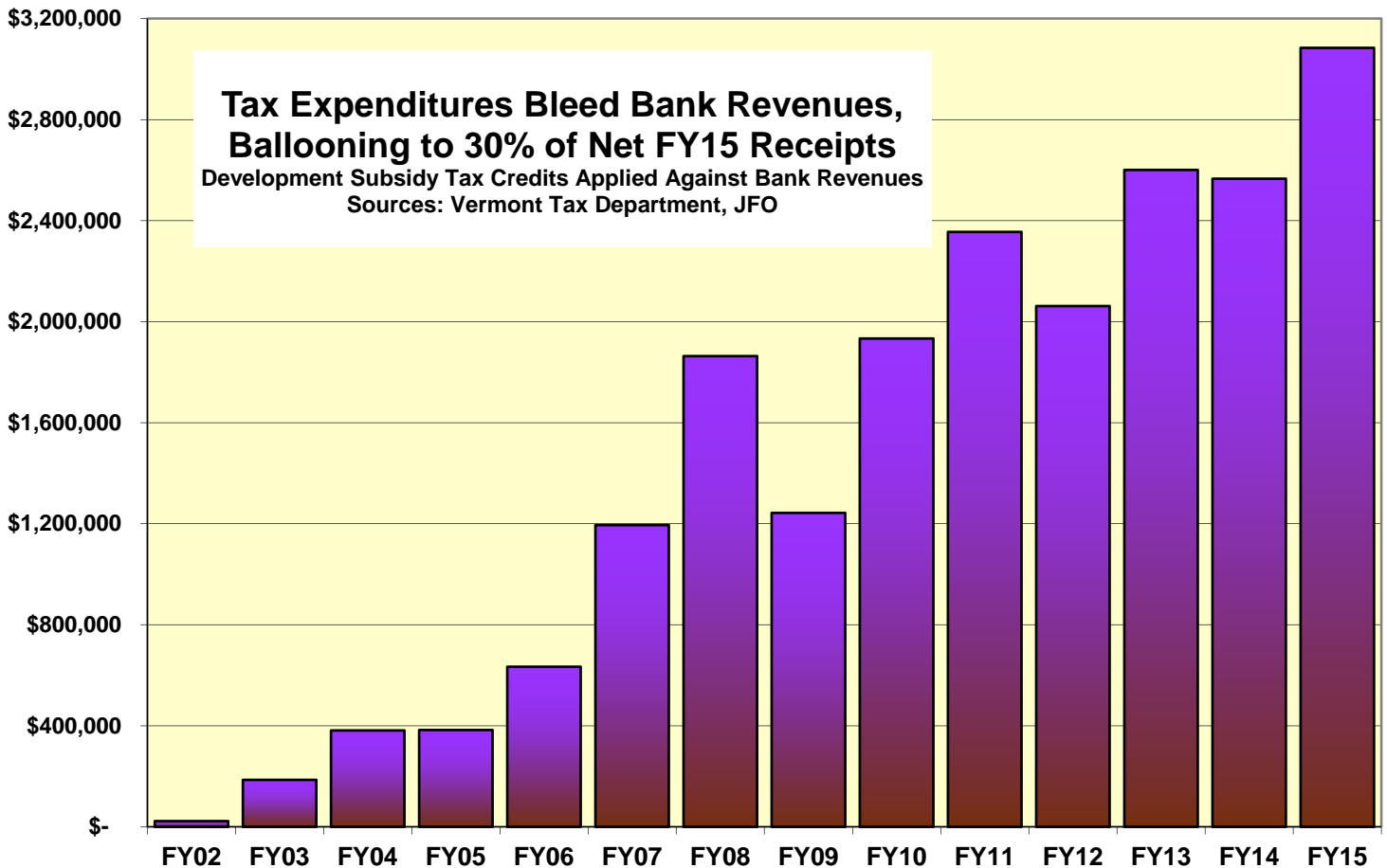
carry-forwards could lead to much higher refunding in FY16 and recent corporate ownership changes also create downside State revenue risks. Accordingly, corporate revenues are likely to retreat to a base of about \$90 to \$100 million in FY16 and FY17, with pronounced annual volatility – up or down – to be expected.

- Personal income tax revenues in FY15 ended the year about 0.6% above prior forecasts (+\$4.1 million) and will add about \$25 million in FY16 and beyond from tax law changes enacted during the recent legislative session that broaden taxable income, limit deductions and enhance compliance.
- Meals and rooms tax revenue in FY15 benefitted from the best winter tourism season ever, as stellar snow conditions and their opposite at many western resorts drove a record number of skiers to Vermont slopes. Although more “normal” conditions could slow growth in FY16, session changes adding vending machine sales to the meals tax should add about \$1 million per year to this tax category.

Vermont Skier Visitation Sets All-Time Record in FY15 (Source: Vermont Ski Areas Association)

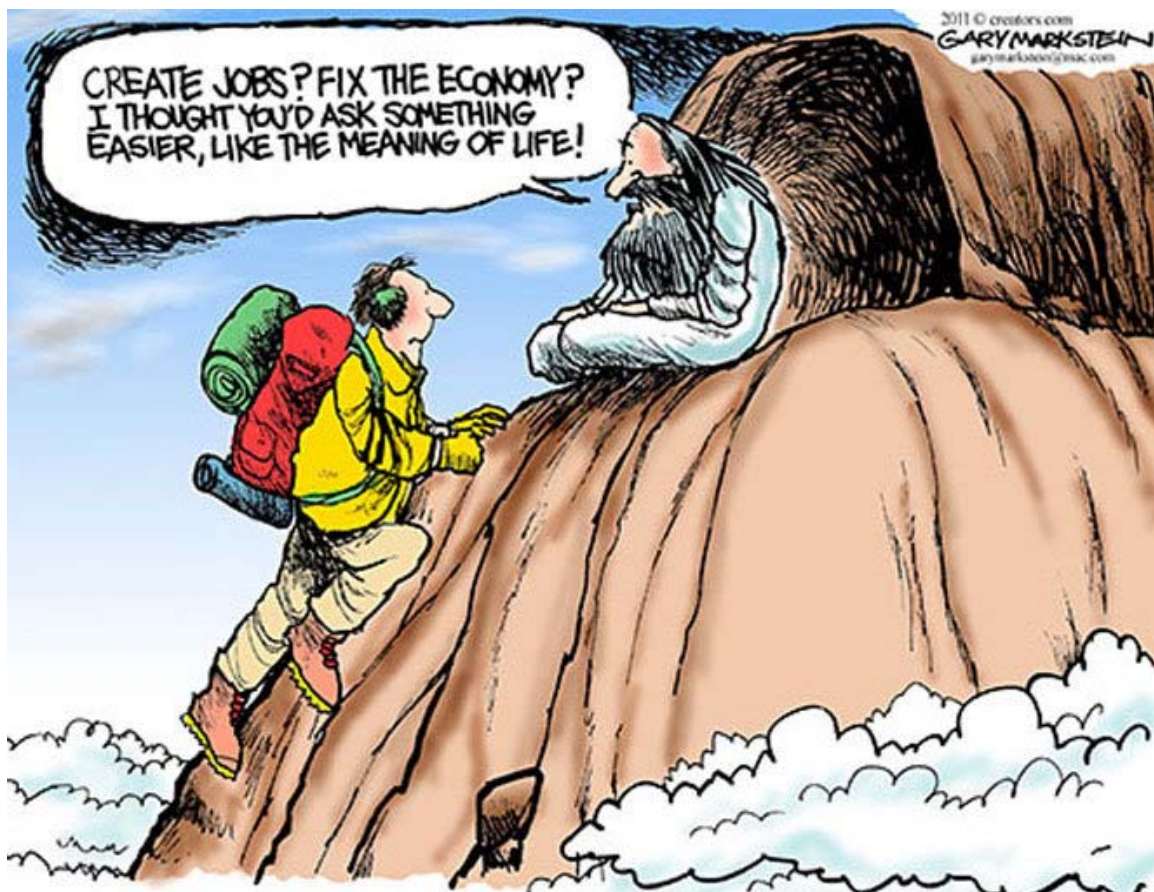


- After a near-record \$35.5 million in FY14 receipts, estate tax revenue in FY15 withered to its lowest level in 19 years at just under \$10 million. Rising potential tax liabilities caused by equity (especially) and real estate market gains, along with favorable demographic trends, suggest likely annual revenues in the \$20-\$30 million range over the next five years, however, year to year volatility could vary this by \$15 million per year or more.



- Bank Franchise tax receipts were \$0.4 million below expectations in FY15, as tax expenditures applied as credits to this revenue source topped \$1 million in the fourth quarter of FY15. Total FY15 credits deducted more than \$3 million from reported Bank revenues and are expected to eliminate most, if not all, of the revenue growth that would otherwise occur in this tax category over the next five years.
- Sales and use tax revenues in FY15 finished the year extremely close to targets - about 0.3% below expectations. FY16 revenues will show above-average growth due primarily to statutory changes that will add about \$8 million per year from an extension of the sales tax to soft drinks.
- Session changes to the Current Use program will ultimately benefit the Education Fund Property tax (not forecast herein), but will negatively impact FY16 "Other Tax" revenues in the General Fund by about \$0.5M in FY16, as land use change tax revenues are foregone through the "easy out" provision.

- Total General Fund “Other” revenues (business licenses, fees, services, fines, etc.) will increase 9% in FY16, due to about \$700,000 in new Fee revenues and a lucrative prison bed arbitrage that is expected to generate State Service revenues of approximately \$1.7 million per year. This revenue is based on sales of Vermont prison beds by the Department of Corrections to the U.S. Marshal Service at a price exceeding our cost to house our own prisoners out-of-state. By freeing up at least an additional 36 beds in FY16, these revenues and about \$900,000 in net profit should be realized.
- Cigarette tax revenues exhibited surprising strength in FY15, closing the year \$2.9 million above targets. Despite a 13 cent tax increase in FY15, the surge in receipts (especially concentrated in July of 2014 and June of 2015) suggests possible processing variances that may have shifted both prior and subsequent fiscal year revenues into FY15. As a result of this, FY16 revenues may not exhibit year-over-year growth typical of the 33 cent increase (from \$2.75 per pack to \$3.08) scheduled for this year. Revenue levels, however, will still exceed prior projections made during the session.



- Five year revenue projections are included in Appendix A on pages 24 to 28. Although these are not required by statute, they have been requested by both the JFO and Administration for several years for longer term planning purposes. During the last legislative session, there was considerable

misinformation and confusion regarding the role these longer term projections played in the recent (though not new) discussions of structural budget deficits. As a result of this, these tables will be published on a regular basis, so as to allow clarity with respect to longer term revenue potential and expectations. As illustrated in these tables, and consistent with past projections, longer term revenue growth from the mix and structure of the taxes in the three funds analyzed herein is unlikely to keep pace with recent levels of expenditure growth.

- The U.S. and Vermont macro-economic forecasts upon which the revenue forecasts in this Update are based are summarized in Tables A and B on pages 17 and 18, and represent a consensus JFO and Administration forecast developed using internal JFO and Administration State economic models with input from Moody's Analytics June and July 2015 projections and other major forecasting entities, including the Federal Reserve, EIA, CBO, IMF, Conference Board and private forecasting firms.
- Due to the reduced availability of forecasts from the New England Economic Partnership (NEEP), State consensus macroeconomic forecasts were developed using a new State on-line modeling capability provided by Moody's Analytics. This forecasting capability allows timely, customized state forecasts with modeling capabilities similar to the prior NEEP capability.
- Forecast versus actual revenue variance data for the most recent nine years are illustrated in the chart on the following page. The below table summarizes the same data for the past fifteen years. As would be expected, January projections are generally more accurate than July – though in the most recent forecast, the July (2014) variance across all three funds was 0.6% above actual FY15 revenues while the January variance was slightly worse, at 1.0% above. Since fiscal year 2001, there have been 30 regular Consensus forecasts (January and July for each year) for each of the three major funds (General Fund, Transportation Fund and Education Fund) for a total of 90 observations. Over this fifteen year period, there have been 47 variances that were low (under-forecast actuals) and 43 variances that were high (over-forecast actuals). The average absolute value of the variance for these 15 years was just under 2% for total revenues across all three major funds.

**AVERAGE ABSOLUTE VALUE OF FORECAST VS. ACTUAL VARIANCE
(FY2001 to FY2015)**

Fund	Forecast Period		
	January	July	All Periods
Education Fund	0.9%	2.0%	1.5%
Transportation Fund	1.2%	2.0%	1.6%
General Fund	2.0%	3.2%	2.6%
Total	1.4%	2.3%	1.9%

Vermont Consensus Revenue Forecasting Record

(Forecast Percent Variance from Actual, FY2007 to FY2015 - Source: Joint Fiscal Office)

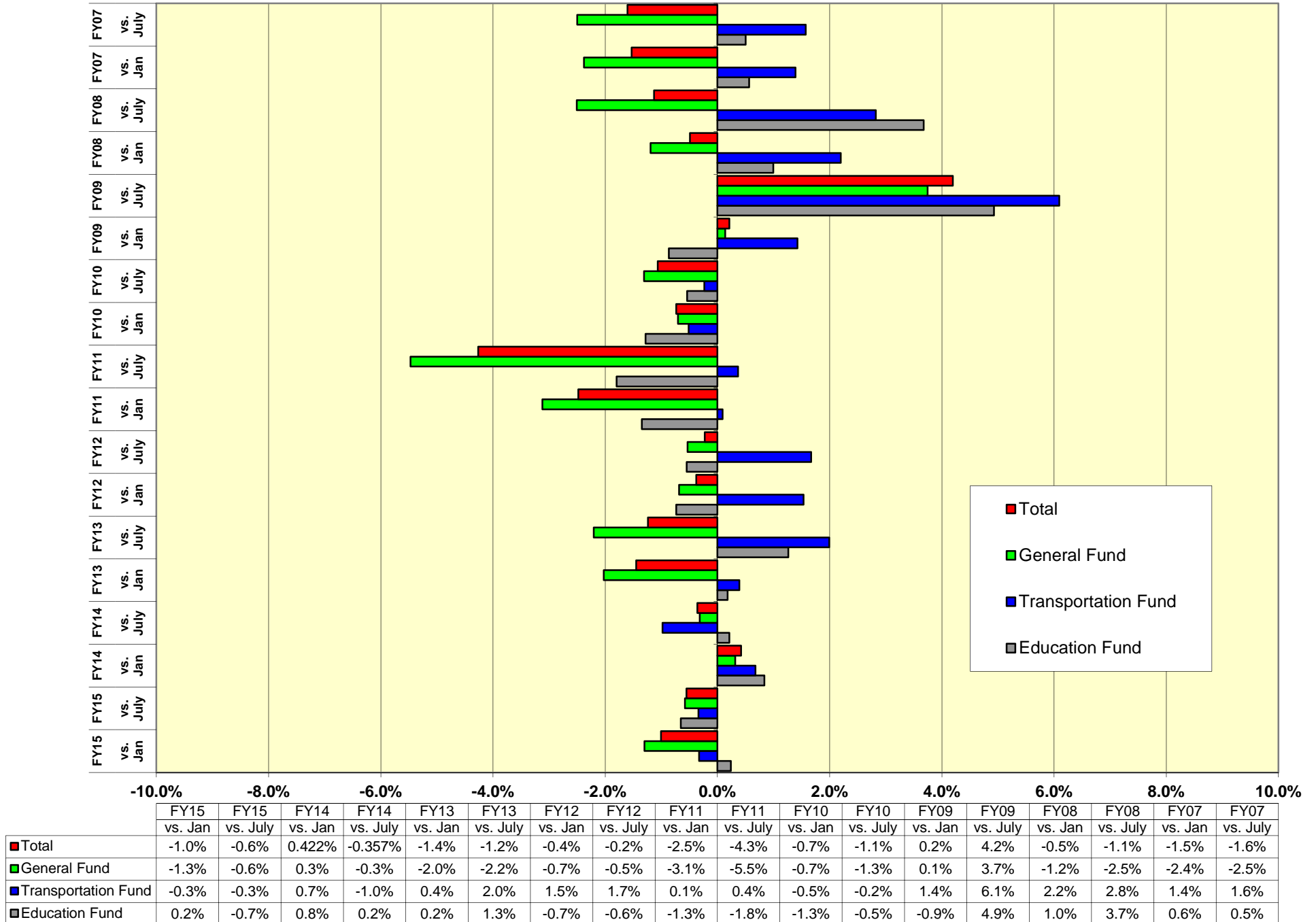


TABLE A
Comparison of Recent Consensus U.S. Macroeconomic Forecasts
December 2013 Through June 2015, Selected Variables, Calendar Year Basis

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Real GDP Growth									
December-13	-2.8	2.5	1.8	2.8	1.8	3.1	4.0	2.9	2.4
June-14	-2.8	2.5	1.8	2.8	1.9	2.8	3.9	3.2	2.8
December-14	-2.8	2.5	1.6	2.3	2.2	2.2	3.6	3.8	3.1
June-15	-2.8	2.5	1.6	2.3	2.2	2.4	2.6	3.2	3.0
S&P 500 Growth (Annual Avg.)									
December-13	-22.5	20.3	11.4	8.7	19.2	9.6	-0.1	0.4	2.0
June-14	-22.5	20.3	11.4	8.7	19.1	13.1	3.4	-5.5	4.8
December-14	-22.5	20.3	11.4	8.7	19.1	17.5	7.1	1.3	2.2
June-15	-22.5	20.3	11.4	8.7	19.1	17.5	7.8	1.9	2.3
Employment Growth (Non-Ag)									
December-13	-4.4	-0.7	1.2	1.7	1.6	1.7	2.2	2.1	1.2
June-14	-4.4	-0.7	1.2	1.7	1.7	1.8	2.4	2.4	1.9
December-14	-4.3	-0.7	1.2	1.7	1.7	2.0	2.4	2.6	1.7
June-15	-4.3	-0.7	1.2	1.7	1.7	1.9	2.2	2.2	2.3
Unemployment Rate									
December-13	9.3	9.6	8.9	8.1	7.4	6.6	6.1	5.8	5.5
June-14	9.3	9.6	8.9	8.1	7.4	6.3	6.0	5.7	5.2
December-14	9.3	9.6	8.9	8.1	7.4	6.2	5.4	5.1	4.8
June-15	9.3	9.6	8.9	8.1	7.4	6.1	5.3	4.9	4.7
West Texas Int. Crude Oil \$/Bbl									
December-13	62	79	95	94	98	100	112	115	117
June-14	62	79	95	94	98	100	103	104	105
December-14	62	79	95	94	98	94	63	76	81
June-15	62	79	95	94	98	94	58	70	79
Prime Rate									
December-13	3.25	3.25	3.25	3.25	3.25	3.25	3.38	5.31	6.63
June-14	3.25	3.25	3.25	3.25	3.25	3.25	3.37	5.00	6.30
December-14	3.25	3.25	3.25	3.25	3.25	3.25	3.37	5.12	6.52
June-15	3.25	3.25	3.25	3.25	3.25	3.25	3.30	4.70	6.20
Consumer Price Index Growth									
December-13	-0.3	1.6	3.1	2.1	1.5	1.7	2.1	2.4	2.5
June-14	-0.3	1.6	3.1	2.1	1.5	1.9	2.2	2.5	2.6
December-14	-0.3	1.6	3.1	2.1	1.5	1.6	1.5	2.3	2.6
June-15	-0.3	1.6	3.1	2.1	1.5	1.6	0.5	2.5	2.6
Average Home Price Growth									
December-13	-5.4	-4.0	-3.7	0.0	4.1	6.2	2.2	0.3	1.2
June-14	-5.5	-4.0	-3.7	-0.1	4.1	4.9	5.6	6.4	5.8
December-14	-5.5	-4.0	-3.7	-0.1	4.1	5.7	5.0	5.4	5.7
June-15	-5.5	-4.1	-3.7	-0.1	4.1	5.7	4.7	5.1	5.5

TABLE B
Comparison of Consensus Administration and JFO Vermont State Forecasts
December 2012 Through June 2015, Selected Variables, Calendar Year Basis

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Real GSP Growth									
December-12	-3.6	4.1	0.5	2.0	2.2	3.7	4.0	3.1	
June-13	-2.9	5.6	1.3	1.2	1.3	3.0	4.2	2.9	
December-13	-2.9	5.6	1.3	1.2	1.4	3.1	4.1	2.9	2.2
June-14	-2.9	5.6	1.3	1.2	0.5	2.9	4.0	3.2	2.4
December-14	-2.5	4.4	2.2	1.1	1.9	1.0	3.3	3.6	2.8
June-15	-2.5	4.4	2.2	1.1	1.9	1.2	2.4	3.0	2.6
Population Growth									
December-12	0.1	0.2	0.1	0.3	0.3	0.3	0.4	0.5	
June-13	0.1	0.2	0.1	-0.1	0.3	0.3	0.3	0.4	
December-13	0.1	0.2	0.1	-0.1	0.1	0.1	0.1	0.2	0.2
June-14	0.1	0.2	0.1	-0.1	0.1	0.1	0.1	0.2	0.2
December-14	0.1	0.2	0.1	0.0	0.1	0.0	0.1	0.2	0.3
June-15	0.1	0.2	0.1	0.0	0.1	0.0	0.1	0.2	0.3
Employment Growth									
December-12	-3.3	0.2	0.7	1.1	0.9	1.8	2.3	1.8	
June-13	-3.3	-0.2	0.7	1.2	1.0	0.9	2.2	1.9	
December-13	-3.3	-0.2	0.7	1.2	1.0	1.3	2.2	1.9	1.4
June-14	-3.3	0.3	0.8	1.3	0.5	1.4	2.0	1.8	1.6
December-14	-3.3	0.3	0.8	1.3	0.5	1.0	1.6	1.9	1.3
June-15	-3.3	0.3	0.9	1.3	0.8	1.0	1.7	1.9	1.8
Unemployment Rate									
December-12	6.9	6.4	5.6	5.0	5.0	4.4	3.9	3.5	
June-13	6.9	6.4	5.6	5.0	4.4	4.1	3.6	3.3	
December-13	6.9	6.4	5.6	5.0	4.4	4.1	3.6	3.3	3.0
June-14	6.9	6.4	5.6	4.9	4.4	3.9	3.6	3.3	3.0
December-14	6.9	6.4	5.6	4.9	4.4	3.7	3.5	3.2	2.9
June-15	6.6	6.1	5.5	4.9	4.4	4.1	3.6	3.2	2.9
Personal Income Growth									
December-12	-2.2	3.3	4.7	3.2	3.4	5.6	6.3	5.2	
June-13	-2.2	3.3	4.7	3.4	1.0	2.8	4.2	3.7	
December-13	-2.2	3.3	4.7	3.4	3.8	5.7	6.2	5.1	4.5
June-14	-1.4	1.7	7.1	3.7	2.9	4.9	5.6	5.0	4.6
December-14	-1.4	1.7	7.1	3.7	2.9	3.8	5.1	5.4	4.7
June-15	-1.4	1.6	7.2	3.4	2.5	4.0	4.8	5.2	4.7
Home Price Growth (JFO)									
December-12	-1.9	-1.0	-0.4	0.5	1.0	1.5	2.0	3.1	
June-13	-2.0	-1.1	-0.5	0.5	0.7	1.5	2.0	3.2	
December-13	-2.0	-1.2	-0.6	0.5	0.5	1.5	2.1	3.1	3.7
June-14	-2.1	-1.2	-0.6	0.5	0.2	0.4	1.7	2.9	3.7
December-14	-2.1	-1.2	-0.6	0.5	0.2	0.9	2.1	2.7	3.4
June-15	-2.1	-1.2	-0.7	0.4	0.2	0.7	2.3	2.8	3.4

Methodological Notes and Other Comments

- This analysis has benefited significantly from the input and support of Tax Department and Joint Fiscal Office personnel, as well as Deb Brighton of Ad Hoc Associates. In the Joint Fiscal Office, Sara Teachout, Stephanie Barrett, Dan Dickerson, Catherine Benham, Neil Schickner and Mark Perrault have contributed to numerous policy and revenue impact analyses and coordinated JFO forecast production and related legislative committee support functions. Theresa Utton-Jerman, Dan Dickerson and Sara Teachout have painstakingly organized and updated large tax and other databases in support of JFO revenue forecasting activities. In the Tax Department, Sharon Asay, Mary Cox, Victor Gauto, Rebecca Sameroff and Doug Farnham provided important analytic contributions to many tax and revenue forecasts, including tax law change analyses and statistical and related background information associated with the detailed tax databases they maintain. Our thanks to all of the above for their many contributions to this analysis.
- The analysis in support of JFO economic and revenue projections are based on statistical and econometric models, and professional analytic judgment. All models are based on 36 years of data for each of the 25 General Fund categories (three aggregates), 32 years of data for each of the Transportation Fund categories (one aggregate), and 14 to 36 years for each of the Education Fund categories. The analyses employed includes seasonal adjustment using U.S. Census Bureau X-12, X-13-ARIMA-SEATS and TRAMO-SEATS methods, various moving average techniques (such as Henderson Curves, etc.), Box-Jenkins ARIMA type models, pressure curve analysis, comparable-pattern analysis of monthly, quarterly and half year trends for current year estimation, and behavioral econometric forecasting models.
- Because the State does not currently fund an internal State or U.S. macro-economic model, this analysis relies primarily on macro-economic models from Moody's Analytics and, when available, the New England Economic Partnership (NEEP). The NEEP forecast for Vermont is managed by Jeff Carr, of Economic & Policy Resources, Inc., who is also the current Administration economist. Since October of 2001, input and review of initial Vermont NEEP model design and output prior to its release has been provided by the Joint Fiscal Office through KRA. In this forecast cycle, consensus macroeconomic State forecasts were developed using a new Moody's on-line Vermont model. Dynamic and other input/output-based models for the State of Vermont, including those from Regional Economic Models, Inc. (REMI), Regional Dynamics, Inc. (REDYN), and IMPLAN are also maintained and managed by the JFO and KRA for use in selected economic impact and simulation analyses used herein.
- The Consensus JFO and Administration forecasts are developed following discussion, analysis and synthesis of independent revenue projections, econometric models and source data produced by Administration and Joint Fiscal Office economic advisors.

TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015

SOURCE G-FUND

revenues are prior to all E-Fund allocations
and other out-transfers; used for
analytic and comparative purposes only

	FY 2011	%	FY 2012	%	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Personal Income	\$553.3	11.1%	\$597.0	7.9%	\$660.6	10.7%	\$671.1	1.6%	\$705.9	5.2%	\$763.8	8.2%	\$797.8	4.5%
Sales & Use*	\$325.6	4.7%	\$341.8	5.0%	\$346.8	1.4%	\$353.6	2.0%	\$364.6	3.1%	\$382.2	4.8%	\$394.3	3.2%
Corporate	\$89.7	42.7%	\$85.9	-4.2%	\$95.0	10.5%	\$94.8	-0.1%	\$121.9	28.5%	\$98.3	-19.4%	\$94.6	-3.8%
Meals and Rooms	\$122.6	4.0%	\$126.9	3.5%	\$134.8	6.2%	\$142.7	5.9%	\$150.8	5.7%	\$156.8	4.0%	\$162.3	3.5%
Cigarette and Tobacco**	\$72.9	4.0%	\$80.1	9.9%	\$74.3	-7.2%	\$71.9	-3.3%	\$76.8	6.7%	\$77.5	1.0%	\$74.7	-3.7%
Liquor	\$15.4	3.1%	\$16.4	7.0%	\$17.0	3.4%	\$17.7	4.0%	\$18.2	2.9%	\$18.7	2.9%	\$19.3	3.2%
Insurance	\$55.0	3.3%	\$56.3	2.5%	\$55.0	-2.3%	\$57.1	3.7%	\$55.3	-3.1%	\$55.6	0.5%	\$56.1	0.9%
Telephone	\$11.4	44.4%	\$9.6	-15.3%	\$9.4	-2.6%	\$8.8	-6.1%	\$7.7	-12.0%	\$7.2	-7.1%	\$6.7	-6.9%
Beverage	\$5.8	2.2%	\$6.0	3.3%	\$6.2	3.3%	\$6.4	3.6%	\$6.7	4.2%	\$6.8	2.1%	\$7.0	2.9%
Electric***	\$2.9	0.8%	\$2.9	0.3%	\$8.9	204.5%	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	-100.0%	\$0.0	NM
Estate	\$35.9	153.3%	\$13.3	-62.8%	\$15.4	15.4%	\$35.5	131.0%	\$9.9	-72.2%	\$21.2	114.4%	\$23.1	9.0%
Property	\$25.6	7.7%	\$24.1	-6.0%	\$28.5	18.3%	\$30.9	8.5%	\$33.6	8.6%	\$42.1	25.3%	\$45.5	8.1%
Bank	\$15.4	49.0%	\$10.7	-30.9%	\$10.7	0.2%	\$11.0	2.7%	\$10.7	-2.0%	\$10.8	0.6%	\$10.9	0.5%
Other Tax	\$3.7	1.7%	\$1.2	-66.7%	\$1.8	42.9%	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-11.1%	\$2.5	38.9%
Total Tax Revenue	\$1335.1	11.6%	\$1372.4	2.8%	\$1464.3	6.7%	\$1516.7	3.6%	\$1573.5	3.8%	\$1642.8	4.4%	\$1694.7	3.2%
Business Licenses	\$3.0	-0.6%	\$3.0	2.8%	\$2.8	-8.0%	\$1.1	-61.4%	\$1.1	0.2%	\$0.6	-44.7%	\$0.5	-16.7%
Fees	\$20.5	6.4%	\$20.9	2.1%	\$21.4	2.2%	\$20.6	-3.4%	\$22.1	7.0%	\$23.1	4.7%	\$23.8	3.0%
Services	\$1.1	-8.7%	\$2.3	105.8%	\$2.5	8.3%	\$1.3	-47.3%	\$1.5	12.5%	\$3.2	114.2%	\$3.3	3.1%
Fines	\$5.7	-22.2%	\$7.4	28.7%	\$4.7	-35.9%	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	6.8%	\$3.8	2.7%
Interest	\$0.3	-49.7%	\$0.4	42.4%	\$0.6	26.3%	\$0.2	-59.2%	\$0.3	40.4%	\$0.4	19.8%	\$0.7	81.6%
Lottery	\$21.4	-0.7%	\$22.3	4.2%	\$22.9	2.7%	\$22.6	-1.6%	\$22.8	0.8%	\$23.2	2.0%	\$23.5	1.3%
All Other	\$0.7	115.7%	\$0.9	15.8%	\$1.7	93.1%	\$1.3	-24.0%	\$1.0	-20.4%	\$1.1	8.8%	\$1.2	9.1%
Total Other Revenue****	\$52.8	-1.1%	\$57.3	8.6%	\$56.6	-1.2%	\$50.7	-10.4%	\$52.2	3.0%	\$55.3	5.9%	\$56.8	2.7%
TOTAL GENERAL FUND	\$1387.9	11.0%	\$1429.7	3.0%	\$1520.9	6.4%	\$1567.3	3.1%	\$1625.7	3.7%	\$1698.1	4.5%	\$1751.5	3.1%

* Includes Telecommunications Tax; includes \$3.76M transfer in FY08 to the T-Fund for prior years Jet Fuel tax processing error

** Includes Cigarette, Tobacco Products and Floor Stock tax revenues

*** Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13; Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund

**** Excludes \$5 million Vermont Yankee settlement agreement transitional payment in FY2015

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015

CURRENT LAW BASIS

including all Education Fund

allocations and other out-transfers

	FY 2011	%	FY 2012	%	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE														
Personal Income	\$553.3	11.1%	\$597.0	7.9%	\$660.6	10.7%	\$671.1	1.6%	\$705.9	5.2%	\$763.8	8.2%	\$797.8	4.5%
Sales and Use*	\$217.1	4.7%	\$227.9	5.0%	\$231.2	1.4%	\$229.9	-0.6%	\$237.0	3.1%	\$248.4	4.8%	\$256.3	3.2%
Corporate	\$89.7	42.7%	\$85.9	-4.2%	\$95.0	10.5%	\$94.8	-0.1%	\$121.9	28.5%	\$98.3	-19.4%	\$94.6	-3.8%
Meals and Rooms	\$122.6	4.0%	\$126.9	3.5%	\$134.8	6.2%	\$142.7	5.9%	\$150.8	5.7%	\$156.8	4.0%	\$162.3	3.5%
Cigarette and Tobacco	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Liquor	\$15.4	3.1%	\$16.4	7.0%	\$17.0	3.4%	\$17.7	4.0%	\$18.2	2.9%	\$18.7	2.9%	\$19.3	3.2%
Insurance	\$55.0	3.3%	\$56.3	2.5%	\$55.0	-2.3%	\$57.1	3.7%	\$55.3	-3.1%	\$55.6	0.5%	\$56.1	0.9%
Telephone	\$11.4	44.4%	\$9.6	-15.3%	\$9.4	-2.6%	\$8.8	-6.1%	\$7.7	-12.0%	\$7.2	-7.1%	\$6.7	-6.9%
Beverage	\$5.8	2.2%	\$6.0	3.3%	\$6.2	3.3%	\$6.4	3.6%	\$6.7	4.2%	\$6.8	2.1%	\$7.0	2.9%
Electric**	\$2.9	0.8%	\$2.9	0.3%	\$8.9	204.5%	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	-100.0%	\$0.0	NM
Estate***	\$21.0	48.3%	\$13.3	-36.5%	\$15.4	15.4%	\$35.5	131.0%	\$9.9	-72.2%	\$21.2	114.4%	\$23.1	9.0%
Property	\$8.4	7.7%	\$7.9	-6.2%	\$9.2	16.5%	\$10.0	9.3%	\$10.9	8.7%	\$11.9	9.5%	\$12.9	8.1%
Bank	\$15.4	49.0%	\$10.7	-30.9%	\$10.7	0.2%	\$11.0	2.7%	\$10.7	-2.0%	\$10.8	0.6%	\$10.9	0.5%
Other Tax	\$3.7	1.7%	\$1.2	-66.7%	\$1.8	42.9%	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-11.1%	\$2.5	38.9%
Total Tax Revenue	\$1121.6	11.4%	\$1162.1	3.6%	\$1255.0	8.0%	\$1300.0	3.6%	\$1346.4	3.6%	\$1401.3	4.1%	\$1449.4	3.4%
Business Licenses	\$3.0	-0.6%	\$3.0	2.8%	\$2.8	-8.0%	\$1.1	-61.4%	\$1.1	0.2%	\$0.6	-44.7%	\$0.5	-16.7%
Fees	\$20.5	6.4%	\$20.9	2.1%	\$21.4	2.2%	\$20.6	-3.4%	\$22.1	7.0%	\$23.1	4.7%	\$23.8	3.0%
Services	\$1.1	-8.7%	\$2.3	105.8%	\$2.5	8.3%	\$1.3	-47.3%	\$1.5	12.5%	\$3.2	114.2%	\$3.3	3.1%
Fines	\$5.7	-22.2%	\$7.4	28.7%	\$4.7	-35.9%	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	6.8%	\$3.8	2.7%
Interest	\$0.3	-49.9%	\$0.4	52.6%	\$0.5	20.5%	\$0.2	-66.6%	\$0.2	51.9%	\$0.3	25.9%	\$0.6	100.0%
All Other	\$0.7	115.7%	\$0.9	15.8%	\$1.7	93.1%	\$1.3	-24.0%	\$1.0	-20.4%	\$1.1	8.8%	\$1.2	9.1%
Total Other Revenue****	\$31.3	-1.2%	\$34.9	11.5%	\$33.5	-3.9%	\$28.0	-16.4%	\$29.4	4.7%	\$32.0	9.0%	\$33.2	3.8%
TOTAL GENERAL FUND	\$1152.8	11.0%	\$1197.0	3.8%	\$1288.6	7.7%	\$1328.1	3.1%	\$1375.8	3.6%	\$1433.3	4.2%	\$1482.6	3.4%

* Includes \$2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14

** Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13;

Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund

*** Excludes transfer to the Higher Education Trust Fund of \$2.4M in FY05, \$5.2M in FY06 and \$11.0M in FY11

**** Excludes \$5 million Vermont Yankee settlement agreement transitional payment in FY2015

TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015

SOURCE T-FUND

revenues are prior to all E-Fund allocations
and other out-transfers; used for
analytic and comparative purposes only

	FY 2011	%	FY 2012	%	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Gasoline	\$60.6	-0.6%	\$59.3	-2.2%	\$59.9	1.1%	\$76.5	27.6%	\$77.6	1.5%	\$77.8	0.2%	\$77.7	-0.1%
Diesel	\$15.4	2.0%	\$16.0	3.9%	\$15.6	-2.2%	\$17.2	9.7%	\$19.1	11.5%	\$18.9	-1.3%	\$19.2	1.6%
Purchase and Use*	\$77.1	10.5%	\$81.9	6.3%	\$83.6	2.0%	\$91.8	9.9%	\$97.3	5.9%	\$102.3	5.2%	\$106.8	4.4%
Motor Vehicle Fees	\$72.3	-0.3%	\$73.5	1.7%	\$77.9	5.9%	\$79.0	1.5%	\$80.1	1.4%	\$80.7	0.7%	\$81.5	1.0%
Other Revenue**	\$17.9	-1.9%	\$18.3	2.2%	\$19.1	4.2%	\$19.5	2.3%	\$19.7	0.8%	\$20.2	2.8%	\$20.6	2.0%
TOTAL TRANS. FUND	\$243.3	2.8%	\$249.0	2.3%	\$256.0	2.8%	\$284.0	10.9%	\$293.8	3.5%	\$299.9	2.1%	\$305.8	2.0%

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015

CURRENT LAW BASIS

including all Education Fund
allocations and other out-transfers

	FY 2011	%	FY 2012	%	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE														
Gasoline	\$60.6	-0.6%	\$59.3	-2.2%	\$59.9	1.1%	\$76.5	27.6%	\$77.6	1.5%	\$77.8	0.2%	\$77.7	-0.1%
Diesel	\$15.4	2.0%	\$16.0	3.9%	\$15.6	-2.2%	\$17.2	9.7%	\$19.1	11.5%	\$18.9	-1.3%	\$19.2	1.6%
Purchase and Use*	\$51.4	10.5%	\$54.6	6.3%	\$55.7	2.0%	\$61.2	9.9%	\$64.8	5.9%	\$68.2	5.2%	\$71.2	4.4%
Motor Vehicle Fees	\$72.3	-0.3%	\$73.5	1.7%	\$77.9	5.9%	\$79.0	1.5%	\$80.1	1.4%	\$80.7	0.7%	\$81.5	1.0%
Other Revenue**	\$17.9	-1.9%	\$18.3	2.2%	\$19.1	4.2%	\$19.5	2.3%	\$19.7	0.8%	\$20.2	2.8%	\$20.6	2.0%
TOTAL TRANS. FUND	\$217.6	2.0%	\$221.7	1.9%	\$228.2	2.9%	\$253.4	11.0%	\$261.4	3.2%	\$265.8	1.7%	\$270.2	1.7%

OTHER

TIB Gasoline	\$16.5	23.6%	\$20.9	26.6%	\$21.2	1.4%	\$19.2	-9.5%	\$18.2	-5.2%	\$13.2	-27.6%	\$13.7	3.7%
TIB Diesel and Other***	\$2.0	32.1%	\$1.9	-2.1%	\$1.8	-8.1%	\$1.8	4.0%	\$2.1	11.4%	\$2.0	-1.4%	\$2.1	1.6%
Total TIB	\$18.5	24.4%	\$22.8	23.5%	\$23.0	0.6%	\$21.0	-8.4%	\$20.2	-3.8%	\$15.2	-25.0%	\$15.7	3.4%

* As of FY04, includes Motor Vehicle Rental tax revenue

** Beginning in FY07, includes Stabilization Reserve interest; FY08 data includes \$3.76M transfer from G-Fund for prior Jet Fuel tax processing errors and inclusion of this tax in subsequent years

*** Includes TIB Fund interest income of less than \$15,000

TABLE 3 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2015

CURRENT LAW BASIS

Source General and Transportation

Fund taxes allocated to or associated with the Education Fund only	FY 2011 (Actual)	% Change	FY 2012 (Actual)	% Change	FY 2013 (Actual)	% Change	FY 2014 (Actual)	% Change	FY 2015 (Preliminary)	% Change	FY 2016 (Forecast)	% Change	FY 2017 (Forecast)	% Change
GENERAL FUND														
Sales & Use**	\$108.5	4.7%	\$113.9	5.0%	\$115.6	1.4%	\$123.8	7.1%	127.6	3.1%	\$133.8	4.8%	\$138.0	3.2%
Interest	\$0.1	-48.8%	\$0.0	-7.5%	\$0.1	72.8%	\$0.1	-17.2%	0.1	3.6%	\$0.1	11.7%	\$0.1	12.5%
Lottery	\$21.4	-0.7%	\$22.3	4.2%	\$22.9	2.7%	\$22.6	-1.6%	22.8	0.8%	\$23.2	2.0%	\$23.5	1.3%
TRANSPORTATION FUND														
Purchase and Use***	\$25.7	10.5%	\$27.3	6.3%	\$27.9	2.0%	\$30.6	9.9%	32.4	5.9%	\$34.1	5.2%	\$35.6	4.4%
TOTAL EDUCATION FUND	\$155.7	4.8%	\$163.6	5.1%	\$166.5	1.7%	\$177.0	6.3%	182.9	3.3%	\$191.2	4.5%	\$197.2	3.2%

* Includes only General and Transportation Fund taxes allocated to the Education Fund.

This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.

** Includes Telecommunications Tax; Includes \$1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14

*** Includes Motor Vehicle Rental revenues, restated

Appendix A

Five Year Revenue Forecast Tables

July 2015

**TABLE 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015**

SOURCE G-FUND

revenues are prior to all E-Fund allocations

and other out-transfers; used for

analytic and comparative purposes only

	FY 2011	%	FY 2012	%	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE																				
Personal Income	\$553.3	11.1%	\$597.0	7.9%	\$660.6	10.7%	\$671.1	1.6%	\$705.9	5.2%	\$763.8	8.2%	\$797.8	4.5%	\$825.1	3.4%	\$851.7	3.2%	\$878.0	3.1%
Sales & Use*	\$325.6	4.7%	\$341.8	5.0%	\$346.8	1.4%	\$353.6	2.0%	\$364.6	3.1%	\$382.2	4.8%	\$394.3	3.2%	\$406.0	3.0%	\$417.6	2.9%	\$429.0	2.7%
Corporate	\$89.7	42.7%	\$85.9	-4.2%	\$95.0	10.5%	\$94.8	-0.1%	\$121.9	28.5%	\$98.3	-19.4%	\$94.6	-3.8%	\$96.8	2.3%	\$99.4	2.7%	\$102.7	3.3%
Meals and Rooms	\$122.6	4.0%	\$126.9	3.5%	\$134.8	6.2%	\$142.7	5.9%	\$150.8	5.7%	\$156.8	4.0%	\$162.3	3.5%	\$167.8	3.4%	\$173.3	3.3%	\$178.8	3.2%
Cigarette and Tobacco**	\$72.9	4.0%	\$80.1	9.9%	\$74.3	-7.2%	\$71.9	-3.3%	\$76.8	6.7%	\$77.5	1.0%	\$74.7	-3.7%	\$72.6	-2.8%	\$70.6	-2.7%	\$68.7	-2.7%
Liquor	\$15.4	3.1%	\$16.4	7.0%	\$17.0	3.4%	\$17.7	4.0%	\$18.2	2.9%	\$18.7	2.9%	\$19.3	3.2%	\$19.9	3.1%	\$20.5	3.0%	\$21.1	2.9%
Insurance	\$55.0	3.3%	\$56.3	2.5%	\$55.0	-2.3%	\$57.1	3.7%	\$55.3	-3.1%	\$55.6	0.5%	\$56.1	0.9%	\$56.5	0.7%	\$56.8	0.5%	\$57.0	0.4%
Telephone	\$11.4	44.4%	\$9.6	-15.3%	\$9.4	-2.6%	\$8.8	-6.1%	\$7.7	-12.0%	\$7.2	-7.1%	\$6.7	-6.9%	\$6.3	-6.0%	\$6.0	-4.8%	\$5.8	-3.3%
Beverage	\$5.8	2.2%	\$6.0	3.3%	\$6.2	3.3%	\$6.4	3.6%	\$6.7	4.2%	\$6.8	2.1%	\$7.0	2.9%	\$7.2	2.9%	\$7.4	2.8%	\$7.6	2.7%
Electric***	\$2.9	0.8%	\$2.9	0.3%	\$8.9	204.5%	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	-100.0%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Estate	\$35.9	153.3%	\$13.3	-62.8%	\$15.4	15.4%	\$35.5	131.0%	\$9.9	-72.2%	\$21.2	114.4%	\$23.1	9.0%	\$24.5	6.1%	\$25.7	4.9%	\$26.9	4.7%
Property	\$25.6	7.7%	\$24.1	-6.0%	\$28.5	18.3%	\$30.9	8.5%	\$33.6	8.6%	\$42.1	25.3%	\$45.5	8.1%	\$48.2	5.9%	\$44.0	-8.7%	\$45.9	4.3%
Bank	\$15.4	49.0%	\$10.7	-30.9%	\$10.7	0.2%	\$11.0	2.7%	\$10.7	-2.0%	\$10.8	0.6%	\$10.9	0.5%	\$10.9	0.4%	\$10.9	0.3%	\$10.9	0.1%
Other Tax	\$3.7	1.7%	\$1.2	-66.7%	\$1.8	42.9%	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-11.1%	\$2.5	38.9%	\$3.2	28.0%	\$4.0	25.0%	\$5.1	27.5%
Total Tax Revenue	\$1335.1	11.6%	\$1372.4	2.8%	\$1464.3	6.7%	\$1516.7	3.6%	\$1573.5	3.8%	\$1642.8	4.4%	\$1694.7	3.2%	\$1745.0	3.0%	\$1787.9	2.5%	\$1837.6	2.8%
Business Licenses	\$3.0	-0.6%	\$3.0	2.8%	\$2.8	-8.0%	\$1.1	-61.4%	\$1.1	0.2%	\$0.6	-44.7%	\$0.5	-16.7%	\$0.51	2.0%	\$0.52	2.0%	\$0.53	1.9%
Fees	\$20.5	6.4%	\$20.9	2.1%	\$21.4	2.2%	\$20.6	-3.4%	\$22.1	7.0%	\$23.1	4.7%	\$23.8	3.0%	\$24.4	2.5%	\$25.0	2.5%	\$25.6	2.4%
Services	\$1.1	-8.7%	\$2.3	105.8%	\$2.5	8.3%	\$1.3	-47.3%	\$1.5	12.5%	\$3.2	114.2%	\$3.3	3.1%	\$3.4	3.0%	\$3.5	2.9%	\$3.6	2.9%
Fines	\$5.7	-22.2%	\$7.4	28.7%	\$4.7	-35.9%	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	6.8%	\$3.8	2.7%	\$3.9	2.6%	\$4.0	2.6%	\$4.1	2.5%
Interest	\$0.3	-49.7%	\$0.4	42.4%	\$0.6	26.3%	\$0.2	-59.2%	\$0.3	40.4%	\$0.4	19.8%	\$0.7	81.6%	\$1.1	59.4%	\$1.4	28.2%	\$1.5	7.8%
Lottery	\$21.4	-0.7%	\$22.3	4.2%	\$22.9	2.7%	\$22.6	-1.6%	\$22.8	0.8%	\$23.2	2.0%	\$23.5	1.3%	\$23.8	1.3%	\$24.1	1.3%	\$24.4	1.2%
All Other	\$0.7	115.7%	\$0.9	15.8%	\$1.7	93.1%	\$1.3	-24.0%	\$1.0	-20.4%	\$1.1	8.8%	\$1.2	9.1%	\$1.3	8.3%	\$1.4	7.7%	\$1.5	7.1%
Total Other Revenue****	\$52.8	-1.1%	\$57.3	8.6%	\$56.6	-1.2%	\$50.7	-10.4%	\$52.2	3.0%	\$55.3	5.9%	\$56.8	2.7%	\$58.4	2.9%	\$59.9	2.6%	\$61.3	2.2%
TOTAL GENERAL FUND	\$1387.9	11.0%	\$1429.7	3.0%	\$1520.9	6.4%	\$1567.3	3.1%	\$1625.7	3.7%	\$1698.1	4.5%	\$1751.5	3.1%	\$1803.4	3.0%	\$1847.9	2.5%	\$1898.8	2.8%

* Includes Telecommunications Tax; includes \$3.76M transfer in FY08 to the T-Fund for prior years Jet Fuel tax processing error

** Includes Cigarette, Tobacco Products and Floor Stock tax revenues

*** Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13; Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund

**** Excludes \$5 million Vermont Yankee settlement agreement transitional payment in FY2015

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015

CURRENT LAW BASIS

including all Education Fund

allocations and other out-transfers

	FY 2011	%	FY 2012	%	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
REVENUE SOURCE																				
Personal Income	\$553.3	11.1%	\$597.0	7.9%	\$660.6	10.7%	\$671.1	1.6%	\$705.9	5.2%	\$763.8	8.2%	\$797.8	4.5%	\$825.1	3.4%	\$851.7	3.2%	\$878.0	3.1%
Sales and Use*	\$217.1	4.7%	\$227.9	5.0%	\$231.2	1.4%	\$229.9	-0.6%	\$237.0	3.1%	\$248.4	4.8%	\$256.3	3.2%	\$263.9	3.0%	\$271.4	2.9%	\$278.9	2.7%
Corporate	\$89.7	42.7%	\$85.9	-4.2%	\$95.0	10.5%	\$94.8	-0.1%	\$121.9	28.5%	\$98.3	-19.4%	\$94.6	-3.8%	\$96.8	2.3%	\$99.4	2.7%	\$102.7	3.3%
Meals and Rooms	\$122.6	4.0%	\$126.9	3.5%	\$134.8	6.2%	\$142.7	5.9%	\$150.8	5.7%	\$156.8	4.0%	\$162.3	3.5%	\$167.8	3.4%	\$173.3	3.3%	\$178.8	3.2%
Cigarette and Tobacco	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Liquor	\$15.4	3.1%	\$16.4	7.0%	\$17.0	3.4%	\$17.7	4.0%	\$18.2	2.9%	\$18.7	2.9%	\$19.3	3.2%	\$19.9	3.1%	\$20.5	3.0%	\$21.1	2.9%
Insurance	\$55.0	3.3%	\$56.3	2.5%	\$55.0	-2.3%	\$57.1	3.7%	\$55.3	-3.1%	\$55.6	0.5%	\$56.1	0.9%	\$56.5	0.7%	\$56.8	0.5%	\$57.0	0.4%
Telephone	\$11.4	44.4%	\$9.6	-15.3%	\$9.4	-2.6%	\$8.8	-6.1%	\$7.7	-12.0%	\$7.2	-7.1%	\$6.7	-6.9%	\$6.3	-6.0%	\$6.0	-4.8%	\$5.8	-3.3%
Beverage	\$5.8	2.2%	\$6.0	3.3%	\$6.2	3.3%	\$6.4	3.6%	\$6.7	4.2%	\$6.8	2.1%	\$7.0	2.9%	\$7.2	2.9%	\$7.4	2.8%	\$7.6	2.7%
Electric**	\$2.9	0.8%	\$2.9	0.3%	\$8.9	204.5%	\$13.1	46.9%	\$9.4	-28.2%	\$0.0	-100.0%	\$0.0	NM	\$0.0	NM	\$0.0	NM	\$0.0	NM
Estate***	\$21.0	48.3%	\$13.3	-36.5%	\$15.4	15.4%	\$35.5	131.0%	\$9.9	-72.2%	\$21.2	114.4%	\$23.1	9.0%	\$24.5	6.1%	\$25.7	4.9%	\$26.9	4.7%
Property	\$8.4	7.7%	\$7.9	-6.2%	\$9.2	16.5%	\$10.0	9.3%	\$10.9	8.7%	\$11.9	9.5%	\$12.9	8.1%	\$13.6	5.9%	\$14.2	4.4%	\$14.8	4.3%
Bank	\$15.4	49.0%	\$10.7	-30.9%	\$10.7	0.2%	\$11.0	2.7%	\$10.7	-2.0%	\$10.8	0.6%	\$10.9	0.5%	\$10.9	0.4%	\$10.9	0.3%	\$10.9	0.1%
Other Tax	\$3.7	1.7%	\$1.2	-66.7%	\$1.8	42.9%	\$1.9	9.6%	\$2.0	4.5%	\$1.8	-11.1%	\$2.5	38.9%	\$3.2	28.0%	\$4.0	25.0%	\$5.1	27.5%
Total Tax Revenue	\$1121.6	11.4%	\$1162.1	3.6%	\$1255.0	8.0%	\$1300.0	3.6%	\$1346.4	3.6%	\$1401.3	4.1%	\$1449.4	3.4%	\$1495.7	3.2%	\$1541.4	3.1%	\$1587.6	3.0%
Business Licenses	\$3.0	-0.6%	\$3.0	2.8%	\$2.8	-8.0%	\$1.1	-61.4%	\$1.1	0.2%	\$0.6	-44.7%	\$0.5	-16.7%	\$0.5	2.0%	\$0.5	2.0%	\$0.5	1.9%
Fees	\$20.5	6.4%	\$20.9	2.1%	\$21.4	2.2%	\$20.6	-3.4%	\$22.1	7.0%	\$23.1	4.7%	\$23.8	3.0%	\$24.4	2.5%	\$25.0	2.5%	\$25.6	2.4%
Services	\$1.1	-8.7%	\$2.3	105.8%	\$2.5	8.3%	\$1.3	-47.3%	\$1.5	12.5%	\$3.2	114.2%	\$3.3	3.1%	\$3.4	3.0%	\$3.5	2.9%	\$3.6	2.9%
Fines	\$5.7	-22.2%	\$7.4	28.7%	\$4.7	-35.9%	\$3.6	-24.2%	\$3.5	-3.1%	\$3.7	6.8%	\$3.8	2.7%	\$3.9	2.6%	\$4.0	2.6%	\$4.1	2.5%
Interest	\$0.3	-49.9%	\$0.4	52.6%	\$0.5	20.5%	\$0.2	-66.6%	\$0.2	51.9%	\$0.3	25.9%	\$0.6	100.0%	\$1.0	66.7%	\$1.3	30.0%	\$1.4	7.7%
All Other	\$0.7	115.7%	\$0.9	15.8%	\$1.7	93.1%	\$1.3	-24.0%	\$1.0	-20.4%	\$1.1	8.8%	\$1.2	9.1%	\$1.3	8.3%	\$1.4	7.7%	\$1.5	7.1%
Total Other Revenue****	\$31.3	-1.2%	\$34.9	11.5%	\$33.5	-3.9%	\$28.0	-16.4%	\$29.4	4.7%	\$32.0	9.0%	\$33.2	3.8%	\$34.5	3.9%	\$35.7	3.5%	\$36.7	2.8%
TOTAL GENERAL FUND	\$1152.8	11.0%	\$1197.0	3.8%	\$1288.6	7.7%	\$1328.1	3.1%	\$1375.8	3.6%	\$1433.3	4.2%	\$1482.6	3.4%	\$1530.2	3.2%	\$1577.1	3.1%	\$1624.4	3.0%

* Includes \$2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors; Transfer to the Education Fund increases from 33.3% to 35.0% effective in FY14

** Reflects closure of Vermont Yankee in December of 2014, taxed per Act 143 of 2012 effective in FY13;

Stated Electric Energy Tax revenues exclude appropriations to the Clean Energy Development Fund and Education Fund

*** Excludes transfer to the Higher Education Trust Fund of \$2.4M in FY05, \$5.2M in FY06 and \$11.0M in FY11

**** Excludes \$5 million Vermont Yankee settlement agreement transitional payment in FY2015

**TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015**

SOURCE T-FUND

revenues are prior to all E-Fund allocations
and other out-transfers; used for
analytic and comparative purposes only

	FY 2011	%	FY 2012	%	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE																				
Gasoline	\$60.6	-0.6%	\$59.3	-2.2%	\$59.9	1.1%	\$76.5	27.6%	\$77.6	1.5%	\$77.8	0.2%	\$77.7	-0.1%	\$77.5	-0.3%	\$77.1	-0.5%	\$76.6	-0.6%
Diesel	\$15.4	2.0%	\$16.0	3.9%	\$15.6	-2.2%	\$17.2	9.7%	\$19.1	11.5%	\$18.9	-1.3%	\$19.2	1.6%	\$19.5	1.6%	\$19.8	1.5%	\$20.1	1.5%
Purchase and Use*	\$77.1	10.5%	\$81.9	6.3%	\$83.6	2.0%	\$91.8	9.9%	\$97.3	5.9%	\$102.3	5.2%	\$106.8	4.4%	\$110.7	3.7%	\$114.0	3.0%	\$117.2	2.8%
Motor Vehicle Fees	\$72.3	-0.3%	\$73.5	1.7%	\$77.9	5.9%	\$79.0	1.5%	\$80.1	1.4%	\$80.7	0.7%	\$81.5	1.0%	\$82.5	1.2%	\$83.2	0.8%	\$84.0	1.0%
Other Revenue**	\$17.9	-1.9%	\$18.3	2.2%	\$19.1	4.2%	\$19.5	2.3%	\$19.7	0.8%	\$20.2	2.8%	\$20.6	2.0%	\$21.0	1.9%	\$21.4	1.9%	\$21.7	1.4%
TOTAL TRANS. FUND	\$243.3	2.8%	\$249.0	2.3%	\$256.0	2.8%	\$284.0	10.9%	\$293.8	3.5%	\$299.9	2.1%	\$305.8	2.0%	\$311.2	1.8%	\$315.5	1.4%	\$319.6	1.3%

**TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - July 2015**

CURRENT LAW BASIS

including all Education Fund
allocations and other out-transfers

	FY 2011	%	FY 2012	%	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%
	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Actual)	Change	(Preliminary)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change	(Forecast)	Change
REVENUE SOURCE																				
Gasoline	\$60.6	-0.6%	\$59.3	-2.2%	\$59.9	1.1%	\$76.5	27.6%	\$77.6	1.5%	\$77.8	0.2%	\$77.7	-0.1%	\$77.5	-0.3%	\$77.1	-0.5%	\$76.6	-0.6%
Diesel	\$15.4	2.0%	\$16.0	3.9%	\$15.6	-2.2%	\$17.2	9.7%	\$19.1	11.5%	\$18.9	-1.3%	\$19.2	1.6%	\$19.5	1.6%	\$19.8	1.5%	\$20.1	1.5%
Purchase and Use*	\$51.4	10.5%	\$54.6	6.3%	\$55.7	2.0%	\$61.2	9.9%	\$64.8	5.9%	\$68.2	5.2%	\$71.2	4.4%	\$73.8	3.7%	\$76.0	3.0%	\$78.1	2.8%
Motor Vehicle Fees	\$72.3	-0.3%	\$73.5	1.7%	\$77.9	5.9%	\$79.0	1.5%	\$80.1	1.4%	\$80.7	0.7%	\$81.5	1.0%	\$82.5	1.2%	\$83.2	0.8%	\$84.0	1.0%
Other Revenue**	\$17.9	-1.9%	\$18.3	2.2%	\$19.1	4.2%	\$19.5	2.3%	\$19.7	0.8%	\$20.2	2.8%	\$20.6	2.0%	\$21.0	1.9%	\$21.4	1.9%	\$21.7	1.4%
TOTAL TRANS. FUND	\$217.6	2.0%	\$221.7	1.9%	\$228.2	2.9%	\$253.4	11.0%	\$261.4	3.2%	\$265.8	1.7%	\$270.2	1.7%	\$274.3	1.5%	\$277.5	1.2%	\$280.5	1.1%

OTHER

TIB Gasoline	\$16.5	23.6%	\$20.9	26.6%	\$21.2	1.4%	\$19.2	-9.5%	\$18.2	-5.2%	\$13.2	-27.6%	\$13.7	3.7%	\$14.2	4.2%	\$14.5	1.7%	\$14.8	2.1%
TIB Diesel and Other***	\$2.0	32.1%	\$1.9	-2.1%	\$1.8	-8.1%	\$1.8	4.0%	\$2.1	11.4%	\$2.0	-1.4%	\$2.1	1.6%	\$2.1	1.6%	\$2.1	1.5%	\$2.2	1.6%
Total TIB	\$18.5	24.4%	\$22.8	23.5%	\$23.0	0.6%	\$21.0	-8.4%	\$20.2	-3.8%	\$15.2	-25.0%	\$15.7	3.4%	\$16.3	3.9%	\$16.6	1.7%	\$16.9	2.1%

* As of FY04, includes Motor Vehicle Rental tax revenue

** Beginning in FY07, includes Stabilization Reserve interest; FY08 data includes \$3.76M transfer from G-Fund for prior Jet Fuel tax processing errors and inclusion of this tax in subsequent years

*** Includes TIB Fund interest income of less than \$15,000

TABLE 3 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE
(Partial Education Fund Total - Includes Source General and Transportation Fund Allocations Only)
Consensus JFO and Administration Forecast - July 2015

CURRENT LAW BASIS

Source General and Transportation

Fund taxes allocated to or associated
with the Education Fund only

	FY 2011	%	FY 2012	%	FY 2013	%	FY 2014	%	FY 2015	%	FY 2016	%	FY 2017	%	FY 2018	%	FY 2019	%	FY2020	%
	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Actual)</i>	<i>Change</i>	<i>(Preliminary)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>	<i>(Forecast)</i>	<i>Change</i>
GENERAL FUND																				
Sales & Use**	\$108.5	4.7%	\$113.9	5.0%	\$115.6	1.4%	\$123.8	7.1%	127.6	3.1%	\$133.8	4.8%	\$138.0	3.2%	\$142.1	3.0%	\$146.2	2.9%	\$150.2	2.7%
Interest	\$0.1	-48.8%	\$0.0	-7.5%	\$0.1	72.8%	\$0.1	-17.2%	0.1	3.6%	\$0.1	11.7%	\$0.1	12.5%	\$0.1	11.1%	\$0.1	10.0%	\$0.1	9.1%
Lottery	\$21.4	-0.7%	\$22.3	4.2%	\$22.9	2.7%	\$22.6	-1.6%	22.8	0.8%	\$23.2	2.0%	\$23.5	1.3%	\$23.8	1.3%	\$24.1	1.3%	\$24.4	1.2%
TRANSPORTATION FUND																				
Purchase and Use***	\$25.7	10.5%	\$27.3	6.3%	\$27.9	2.0%	\$30.6	9.9%	32.4	5.9%	\$34.1	5.2%	\$35.6	4.4%	\$36.9	3.7%	\$38.0	3.0%	\$39.1	2.8%
TOTAL EDUCATION FUND	\$155.7	4.8%	\$163.6	5.1%	\$166.5	1.7%	\$177.0	6.3%	182.9	3.3%	\$191.2	4.5%	\$197.2	3.2%	\$202.9	2.9%	\$208.4	2.7%	\$213.7	2.6%

* Includes only General and Transportation Fund taxes allocated to the Education Fund.

This Table excludes all Education Fund property taxes, which are updated in October/November of each year and are the largest Education Fund tax sources.

** Includes Telecommunications Tax; Includes \$1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors; Transfer percentage from the General Fund increases from 33.3% to 35.0% effective in FY14

*** Includes Motor Vehicle Rental revenues, restated