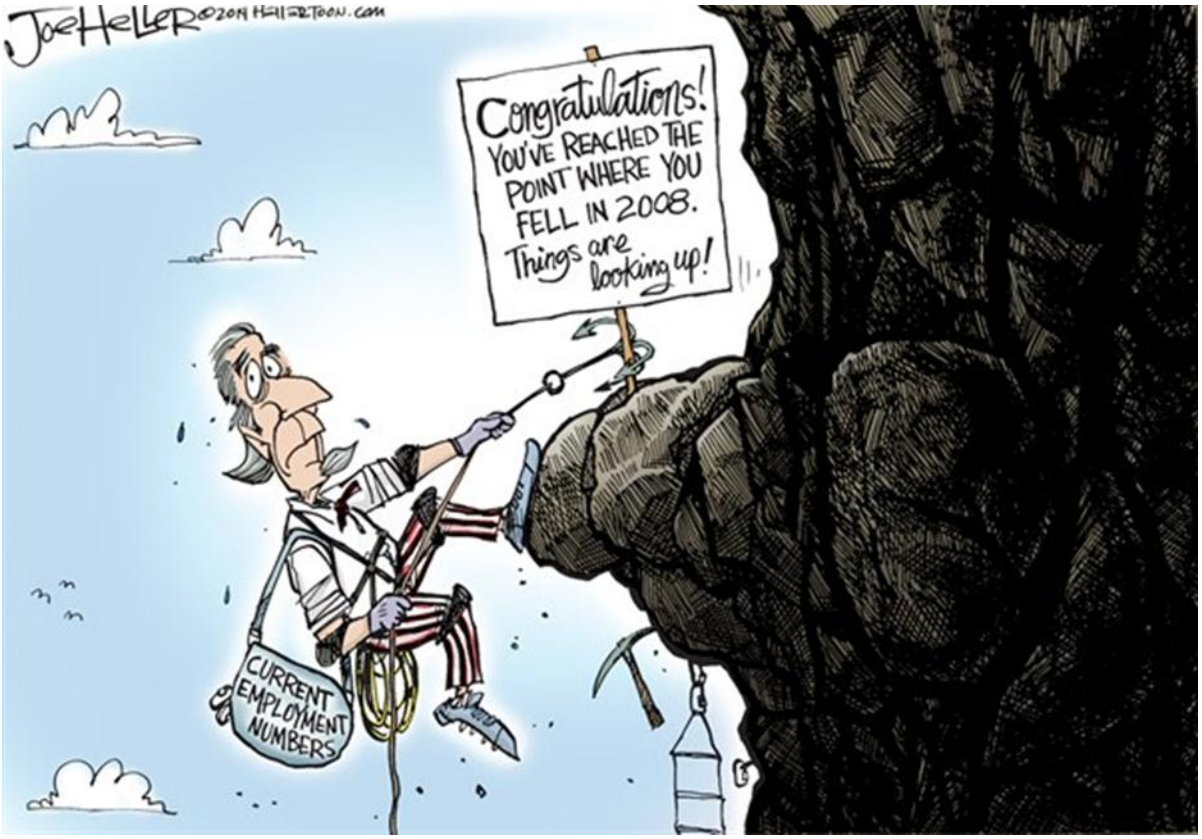
The Revised Fiscal 2015-17 Revenue Outlook

General Fund, Transportation Fund, and Education Fund



Prepared for the Vermont Emergency Board

January 20, 2014

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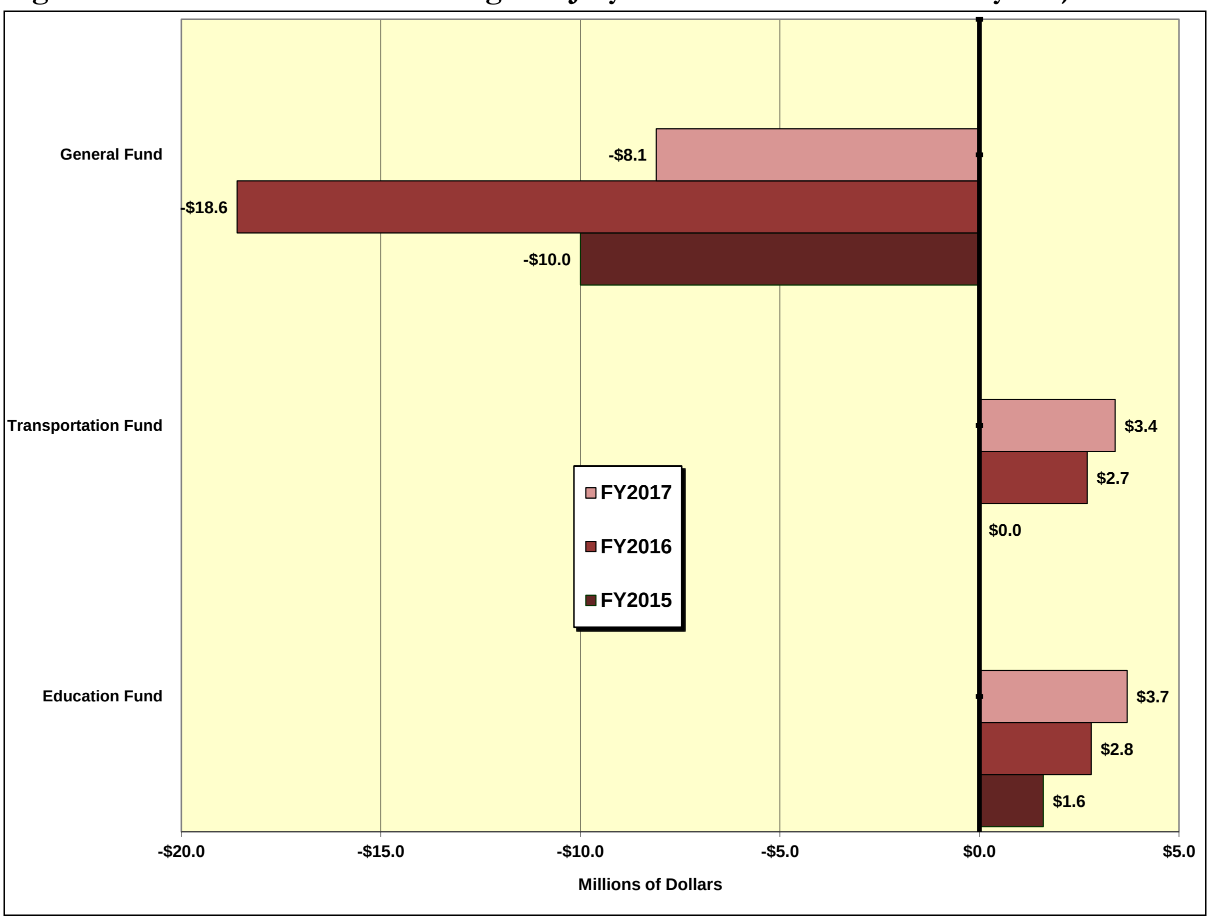
A. Staff Consensus Forecast Update Recommendation

- Reflecting the generally improving macroeconomic environment for both the U.S. and Vermont economies, the staff recommended consensus forecast update for January 2015 reflects a mix of: (1) the results of falling energy prices, (2) current and future structural change in the Personal Income Tax and Corporate Tax, and (3) technical re-specifications and updates across all three fund aggregates.

  - The staff recommended consensus revenue forecast update for January 2015 (see Figure 1 below) includes a minor, less than 1.0% forecast downgrade for the G-Fund of $10.0 million (or -0.7% of the July 2014 consensus forecast) in fiscal year 2015, a more significant forecast of downgrade of -$18.6 million (or -1.3% of the July 2014 consensus forecast) for fiscal year 2016, and a minor downgrade of -$8.1 million (or -0.6% of the July 2014 consensus forecast) in fiscal year 2017.

Figure 1: Staff Recommended Change vs. July 2014 Consensus Forecast by Major Fund



- The primary reason for the downgrades in the G-Fund forecast from last July's consensus forecast is the under-performance and structural change within the PI Withholding Tax sub-component, current and prospective structural changes in the Corporate Tax, the erosion the State's current Sales & Use Tax base by e-commerce activity, and technical adjustments—both up and down—to the underlying macroeconomic forecast over the forecast update period. Partially off-setting those headwinds are the positive effects of declining energy prices on household consumption, business costs, and tourism activity.

    - In addition, it should also be noted that the sun-setting of the Electrical Energy Tax, which was a tax on electricity generation at the Vermont Yankee Nuclear Power Plant, is also contributing to a sluggish 2.2% year-over-year growth rate in Revenues Available to the General Fund in fiscal years 2015 and 2016. Since the plant ceased generating electricity in late December, this revenue component will no longer be available to the G-Fund after the final payment of Electrical Energy Tax (subject to final liability reconciliations) is made.

- The staff recommendation for the T-Fund for fiscal year 2015 is unchanged relative to the consensus revenue forecast approved last July. For fiscal year 2016, the staff recommendation is for a small upgrade of +$2.7 million (or +1.0% versus the July 2014 consensus forecast) and +$3.4 million for 2017—or +1.3% versus the July 2014 consensus forecast.

    - The staff recommended consensus forecast upgrades include full consideration of the changed energy price outlook environment where global prices have declined dramatically over the past year. Price declines have occurred in the wake of dramatic increases in supply in the U.S. and soft global demand—particularly in natural resource consuming developing countries.

- For the E-Fund [Partial], fiscal year 2015 revenues have also been upgraded by less than 1.0% or +$1.6 million (+0.9% versus the July 2014 consensus forecast), with a staff recommended consensus forecast for fiscal 2016 of +$2.8 million (or +1.5% relative to the July consensus forecast) and +$3.7 million (or +1.9% relative to the July 2014 consensus forecast).

    - Year-to-year dollar changes in the staff recommended consensus forecast update reflect current law, and the latest information and analysis pertaining to the state's various tax and fee sources for this fund aggregate.

- For TIB revenues in the T-Fund, the staff recommended forecast update reflects only minor changes to the Diesel Tax TIB component and gasoline price decline-motivated forecast update changes in the Gas Tax TIB component.

  - In the current macroeconomic environment, forecasting energy prices—and gasoline prices in particular—is a particularly difficult endeavor. Prices as of January 2015 currently look on course to be significantly lower than the level that was expected in last July's consensus forecast for a significant period of time. This has resulted in a large forecast downgrade for Gas Tax TIB receipts over the forecast update period, given the more prominent role that gas prices play in estimated Gas TIB receipts in contrast to the T-Fund's Gas Tax structure.

B. Tables Associated with the Updated Staff Recommended Consensus Revenue Forecast

- The staff recommended consensus forecast update for January 2015 relative to the consensus forecast approved last July by major fund category is summarized in Table 1 below.

Table 1: Staff Recommended Consensus Forecast Update-Difference from July 2014 Forecast

	2015		2016		2017	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
General Fund *[Available to the General Fund]*	($10.0)	-0.7%	($18.6)	-1.3%	($8.1)	-0.6%
Transportation Fund *[Available to the Transportation Fund]*	$0.0	0.0%	$2.7	1.0%	$3.4	1.3%
Education Fund *[Partial]*	$1.6	0.9%	$2.8	1.5%	$3.7	1.9%
Total--"Big 3 Funds"	($8.4)	-0.5%	($13.2)	-0.7%	($1.1)	-0.1%
MEMO #1: TIB: [1]						
Gasoline	($2.6)	-13.0%	($6.6)	-32.0%	($4.8)	-23.2%
Diesel	($0.0)	-0.5%	($0.0)	-2.0%	($0.0)	-2.0%
Total TIB	($2.6)	-11.9%	($6.6)	-29.4%	($4.8)	-21.3%

Note:
[1] Totals in the TIB may not add due to rounding.

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C. Discussion of Recent Revenue Performance

- The staff recommended consensus forecast update is a reflection of a mix of updates to the national and state macroeconomic climate, technical adjustments, and adjustments for special factors impacting specific sectors and sources of revenues, and a review of recent revenue performance. With respect to the latter, first half results in the G-Fund for fiscal year 2015 were a net -$11.1 million (or -1.69%) below the July 2014 consensus cumulative cash flow target for the G-Fund through December (see Table 2 below).

Table 2: Cumulative December Results Versus Target -- General Fund							
FY 2015--Cumulative December Component ($ Thousands)		Cumulative Receipts		Cumulative Target		Dollar Difference	Percent Difference
Personal Income	**$**	**324,588.8**	**$**	**343,754.1**	**$**	**(19,165.3)**	**-5.6%**
Withholding	$	267,953.8	$	279,307.4	$	(11,353.5)	-4.1%
PI Estimates	$	55,861.1	$	55,658.2	$	202.8	0.4%
PI Paid Returns	$	7,619.7	$	6,090.1	$	1,529.6	25.1%
PI Refunds	$	(19,974.5)	$	(15,343.9)	$	(4,630.6)	-30.2%
PI Other	$	13,128.7	$	18,042.3	$	(4,913.6)	-27.2%
Net Sales & Use Tax	**$**	**119,237.5**	**$**	**117,278.9**	**$**	**1,958.5**	**1.7%**
Corporate Income Tax	**$**	**52,811.3**	**$**	**38,541.4**	**$**	**14,269.9**	**37.0%**
Corporate Estimates	$	40,482.1	$	41,288.8	$	(806.7)	-2.0%
Corporate Paid Returns	$	8,141.9	$	7,472.5	$	669.4	9.0%
Corporate Refunds	$	(3,838.9)	$	(10,086.2)	$	6,247.4	61.9%
Corporate Other	$	8,026.2	$	(133.7)	$	8,159.9	-6102.4%
Meals & Rooms	**$**	**77,179.3**	**$**	**75,605.4**	**$**	**1,573.8**	**2.1%**
Property Transfer Tax	**$**	**6,141.8**	**$**	**6,161.9**	**$**	**(20.1)**	**-0.3%**
Other	**$**	**63,989.0**	**$**	**73,676.5**	**$**	**(9,687.4)**	**-13.1%**
Estate Tax	$	3,300.6	$	11,840.6	$	(8,540.0)	-72.1%
Insurance Tax	$	16,384.6	$	17,269.9	$	(885.2)	-5.1%
Total Telephone Tax	$	4,286.6	$	4,496.6	$	(210.1)	-4.7%
Bank Franchise Tax	$	5,657.5	$	5,515.4	$	142.2	2.6%
Fees	$	10,424.2	$	10,375.9	$	48.4	0.5%
Other	$	23,935.5	$	24,178.1	$	(242.7)	-1.0%
Total Net General Fund	**$**	**643,947.7**	**$**	**655,018.3**	**$**	**(11,070.5)**	**-1.7%**
Basic Data Source: VT Agency of Administration							

- Among the components, first half data show that the Personal Income Tax (at -$19.2 million or -5.6% versus its cumulative through December consensus cash flow target) and the "Other" category (at -9.7 million or -13.1% versus its cumulative consensus cash flow target through December) under-performed, while the three of the other of the large or "Big Four" components (including the Sales & Use Tax, the Meals & Rooms Tax, and Corporate Income Tax) each tracked ahead of their respective cumulative consensus cash flow targets for the first half of fiscal year 2015.

- The Corporate Income Tax had a particularly notable +$14.3 million or +37.0% ahead of its cumulative consensus cash flow target through December, which helped to partially off-set the under-performance of other components over the first half of fiscal year 2015.

- The Estate Tax (at -$8.5 million or -72.1% of its through December cumulative consensus cash flow target had the single largest under-performance of any G-Fund component. While this is a "random walk" tax source, rarely has the "random walk" been slower than the first half of fiscal year 2015. Receipts through December are at their lowest nominal dollar level in this source since fiscal year 2001.

- The lackluster performance of the Personal Income Tax—particularly in the PI Withholding component (at -$11.4 million or -4.1% versus its cumulative consensus cash flow target through December) and emerging structural issues in the always volatile Corporate Income Tax, laid the groundwork for the G-Fund forecast downgrade this fiscal year, next fiscal year and beyond.

- Further, this forecast update was very unusual in that never in the history of the roughly 20 years of consensus forecast process has so much attention been paid to the behavior of individual companies that make up the Personal Income Tax Withholding and the Corporate Income Tax revenue bases.

  - This is consistent with the observed increasing level of volatility in tax receipts activity in and among the major tax categories of the state's General Fund and Transportation Fund that were discussed during the previous two consensus forecast update cycles.

  - Not only is receipts activity becoming more volatile overall, but historic relationships between receipts activity and the economic concepts that have held relatively stable for long periods in the past have, in recent years, begun to break down fundamentally, therefore increasing the level of both downside and upside forecast risk in each consensus revenue forecast cycle.

- There were numerous issues to deal with in the Personal Income Tax forecast this update cycle ranging from the residual effects of the "Fiscal Cliff" (back in January of 2013) and its "back end impacts" which elevated first half PI refund activity, to apparent changes in the way that recent merger and acquisition activity has impacted PI Withholding receipts and the sequencing of when (e.g. which component) and into which sub-component the state can expect PI Tax receipts from such activity.

  - Outside the issues in the Personal Income Tax, the profile of first half fiscal 2015 receipts so far are also problematic in that the revenue that had a positive effect on the General Fund's performance comes from an inherently volatile and sometimes unpredictable source—the Corporate Income Tax. Some of the December ahead of target performance by the Corporate Tax was due to lower refunding activity—tied to the technology change over at the Tax Department.

  - Looking ahead, it is uncertain how much longer the G-Fund can in fact continue to rely on an above target performance in such volatile tax source—as factors such as December's lower refunds "catch-up." Future receipts, against the back drop of recent significant merger and acquisitions activity in Vermont, appear to have significant downside risk.

- Fiscal year 2015 receipts in the T-Fund through December finished +$1.1 million or +0.9% above the consensus cumulative target (see Table 3 below).

- Revenues under-performed in the Gas Tax (at -$0.8 million or -1.9% versus cumulative consensus cash flow target), but Motor Vehicle P&U Tax (at +0.8 million or +2.6% versus consensus cumulative consensus cash flow target) and Motor Vehicle Fees (at +$0.4 million or +1.2% versus consensus cumulative consensus cash flow target) both finished ahead of their consensus targets through the end of December.

Table 3: Cumulative December Results Versus Target --Transportation Fund							
FY 2015--Cumulative December Component ($ Thousands)		Cumulative Receipts		Cumulative Target		Dollar Difference	Percent Difference
Gasoline Tax (non-TIB)	$	40,016.2	$	40,800.7	$	(784.4)	-1.9%
Diesel Tax (non-TIB)	$	9,245.2	$	8,925.2	$	319.9	3.6%
MvP&U Tax	$	32,066.1	$	31,245.0	$	821.1	2.6%
MvFees	$	37,186.4	$	36,748.0	$	438.4	1.2%
Other Fees-Revenues	$	9,689.6	$	9,358.8	$	330.8	3.5%
Total Transportation Fund (no TIB)	**$**	**128,203.4**	**$**	**127,077.7**	**$**	**1,125.7**	**0.9%**
Gasoline -TIB	$	10,402.4	$	10,649.2	$	(246.8)	-2.3%
Diesel-TIB	$	1,029.1	$	830.2	$	198.9	24.0%
Total Transportation Fund (w/TIB)	**$**	**139,635.0**	**$**	**138,557.1**	**$**	**1,077.9**	**0.8%**
Basic Data Source: VT Agency of Administration							

- The Diesel Tax (the other principal fuel tax of the T-Fund) ended the first half of the 2015 fiscal year at +$0.3 million or +3.6% ahead of its cumulative consensus cash flow target and there was a positive forecast variance in the Other Fees category (at +$0.3 million or +3.5% versus its consensus cumulative target through the end of December).

- Through the first half of fiscal year 2015, revenues in the TIB categories mirrored their respective fuel tax counterparts, with Diesel TIB posting an above target performance (at +0.2 million or +24.0% versus cumulative consensus cash flow target). Gas TIB receipts reflected the decline in gas prices since last Summer[1] at -$0.2 million or -2.3% versus cumulative consensus cash flow target.

- The staff recommended forecast update reflects the reality of the on-going decline in fuel prices and consumption that continues despite the recent structural changes made to this tax source.

- Net revenues available to the E-Fund [Partial] after the first half of fiscal year 2015 receipts finished ahead of cumulative consensus target by +$1.3 million or +1.4% versus cumulative consensus cash flow target (see Table 4 below).

[1] Which are incorporated into the receipts mechanism on a one quarter lag.

Table 4: Cumulative December Results Versus Target --Education Fund [Partial]				
FY 2015--Cumulative December Component ($ Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Sales & Use Tax	$ 64,204.8	$ 63,150.2	$ 1,054.6	1.7%
MvP&U Tax	$ 16,033.2	$ 15,622.5	$ 410.7	2.6%
Lottery	$ 9,387.9	$ 9,572.8	$ (184.9)	-1.9%
Interest	$ 27.7	$ 53.6	$ (25.9)	NM
Total Education Fund [Partial]	**$ 89,653.6**	**$ 88,399.1**	**$ 1,254.5**	**1.4%**
Notes:				
NM=Not Meaningful				
Basic Data Source: VT Agency of Administration				

- The higher than expected performance in the G-Fund-related Sales & Use Tax and the T-Fund-related MvP&U Tax also benefitted the E-Fund. The under-performance by the Lottery Transfer component was once again a drag on the overall E-Fund's [Partial] aggregate receipts.

- The staff recommended update for the E-Fund reflects the forecast updates for the two consumption tax sources going forward.

D. Discussion of Recent Economic Trends

- The U.S. economy is now in its 6th year of economic recovery-expansion.[2] Key developments over the past year included: (1) real Gross Domestic Product (or GDP) at its highest level ever—including the strongest pace of expansion in 11 years during the 3rd quarter of the calendar year, (2) a total of 2.9 million payroll jobs added—including recovery of the entire 8.7 million payroll jobs that were lost during the "Great Recession," (3) the continuation of historically low interest rates—including a 0.12% Federal Funds Rate, a 3.25% Prime Rate, and a 3.8% 30-year average fixed mortgage interest rate, (4) continued restrained inflation—with a "top line" Consumer Price Index at 0.7% versus a year ago, (5) upbeat rates of return in U.S. equity markets –despite recent volatile price swings both up and down, and (6) a national unemployment rate of 5.6%—a post-recession low and the lowest seasonally-adjusted unemployment rate since June 2008.

- The past six months point to a U.S. economy that appears poised to shift onto a higher activity plane, even though the pace of activity through the first 5½ years of the economy's recovery-expansion from the "Great Recession" has been frustratingly slow.
  - In addition, labor market analysts have pointed to the decline in the labor force participation rate and sluggish earnings-wages gains in national labor markets which indicate that, nationally speaking, these metrics included significant improvement in GDP growth, strong private domestic investment, improving business and consumer confidence, and a drastic decrease in energy prices.

- In Vermont, the State's continued low unemployment rate (at 4.3% in November—

[2] Beginning in the 3rd quarter of calendar year 2014.

seasonally adjusted), an apparent firming in real estate markets, and a late calendar year rebound in payroll job activity are positive signs of a Vermont economy making forward progress.

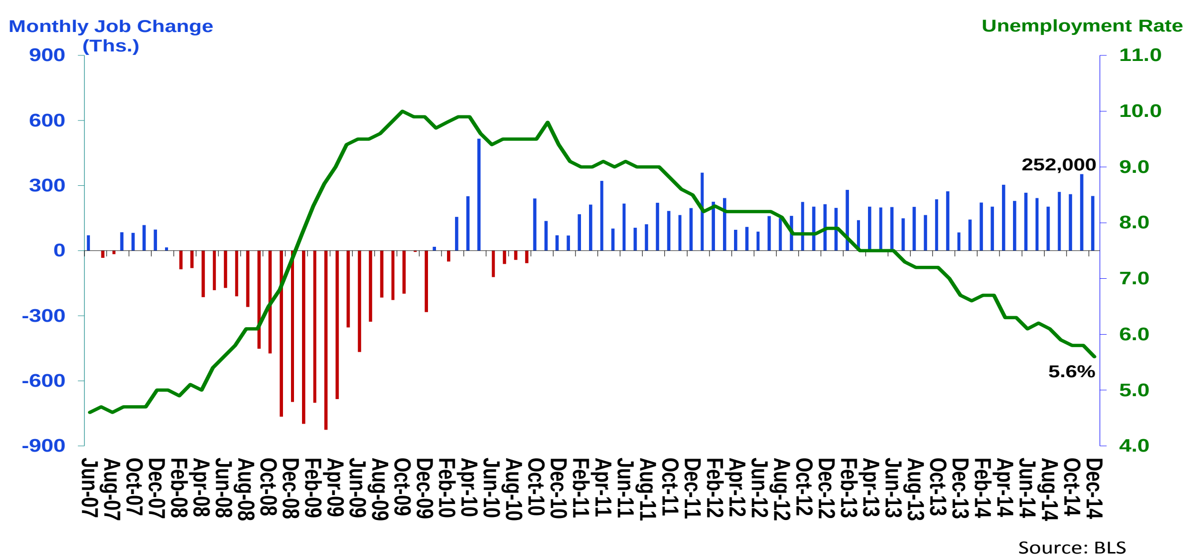
- However, overall macro gains in Vermont have been buffeted by a number of sector-specific labor market issues, including layoffs in some key higher-paying sectors (most notably in the Computer and Electronic Machinery Manufacturing sector) and announcements of upcoming job declines in sectors such as the Utility sector (as well as Retail), which have frustrated at least some of the forward progress being made in Vermont's labor market.

▪ For the U.S. economy, the December labor market data showed a positive end to calendar year 2014 with a total of 252,000 payroll jobs in December, and an estimated 50,000 upward revision to the number of jobs added the previous two months. In total, the December U.S. jobs report capped off the best yearly payroll job performance for the U.S. economy since way back in calendar year 1999.

  - The December national jobs report also indicated that payroll job additions have now become more broad-based with roughly two-thirds of the sectors now adding jobs. Professional and Business Services posted the largest gains—with 52,000 jobs over the month—and the Construction and Education sectors came in second with an increase of 48,000 jobs. The public sector added jobs as well, but at a rate that was the slowest (at +0.05%) among all of the major job categories—mostly due to the adjustments still underway in the State and Local government sub-sector. The unemployment rate, which fell to 5.6% in December, declined by a total of 1.1 percentage points in calendar year 2015.

  - Figure 2 (below) tracks the uneven but still noticeable increase in U.S. payroll jobs and the sustained—though choppy—decline in the unemployment rate over the past 7 years since right to a point right before the "Great Recession."

Figure 2: U.S. Employment Situation: Jobs and Unemployment

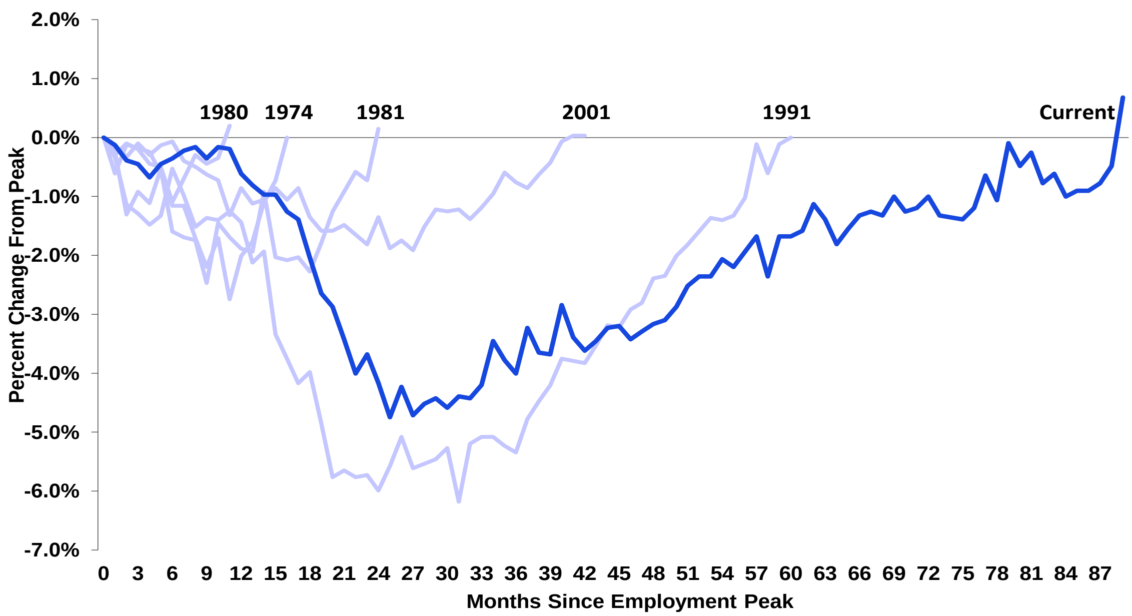


- Calendar year 2014 also marked the year in which the U.S. economy completed its labor market recovery in terms of payroll jobs counted at U.S. employers versus the 2008 payroll job peak prior to the "Great Recession." In May of 2014, the U.S. labor market edged above its pre-recession peak—statistically completing its "numerical" recovery of the number of jobs lost during the "Great Recession."

  - Although most analysts consider the labor market far from fully recovered,[3] the jobs report for the month of December showed that "new" payroll jobs continue to be added over and above the number recaptured relative to the U.S. economy's last job peak back in 2008.

  - Figure 3 below also highlights the frustratingly slow pace at which the U.S. economy recovered from the "Great Recession" versus previous downturns.

Figure 3: Seasonally Adjusted, Non-Farm U.S. Payroll Jobs Track--Current Versus the Past 5 Recessions



Source: VT DOL

- It is important to note that the U.S. labor market recovery has been due to payroll job gains in the private sector.

  - The public sector payroll job count as of December 2014 still remained below pre-recession levels—primarily due to on-going weakness in the job recovery in the State and Local Government sub-sector as the effect of federal stimulus funds have waned.

[3] For example, there are still many potential U.S. workers that have left the labor force or have not even entered the labor force because of a perceived lack of available jobs at adequate pay levels.

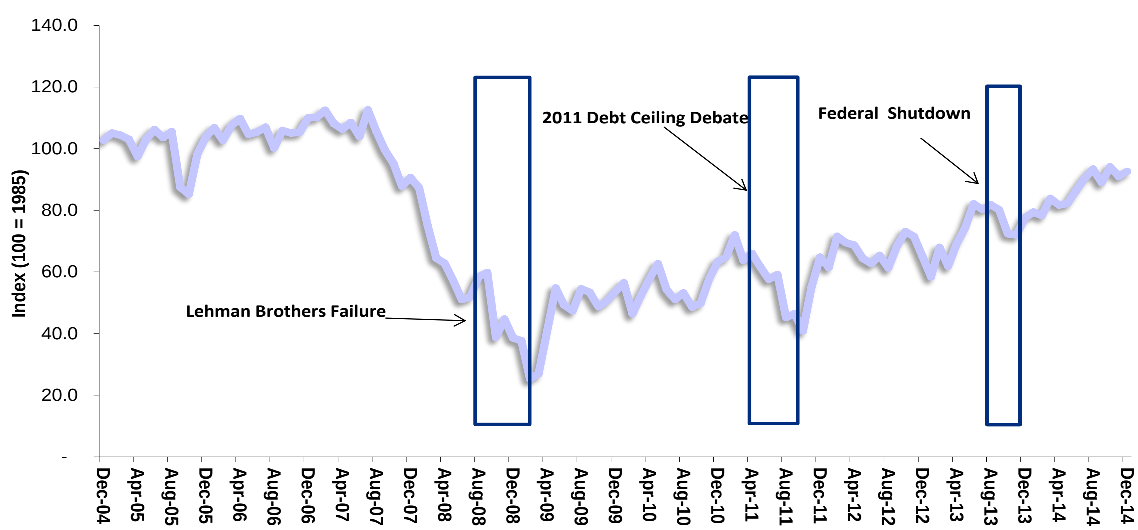
- Beyond the statistics of the labor market, Consumer Confidence is an important indicator of household consumption—with household consumption comprising an estimated two thirds of U.S. GDP. Since the consumption decision is based upon both the capacity to spend (e.g. having adequate income and savings, and/or the capacity to take on additional debt) and the inclination or willingness to spend, economists spend a considerable amount of energy reviewing consumer confidence levels and trends as an indicator of the consumers' willingness to spend (albeit it imperfectly).

  - The reading for the Consumer Confidence Index (CCI) in December of last calendar year represented the eighth time out of the last twelve months where confidence showed upward movement. Calendar year 2014 overall finished a total of 15.1 points higher than the reading as of December at the end of calendar year 2013—a significant improvement over calendar year's readings.

  - The absence of additional manufactured fiscal crises at the federal government level during calendar year 2014 appears to have contributed to a more general increasing trend in confidence. This was viewed as a positive development for future GDP growth since businesses tend to be reluctant to expand (either by increasing payrolls or to make additional investments in facilities and equipment) during such crises or during periods of uncertainty regarding the future of Federal Fiscal policy.[4]

  - Despite the healthy improvement in CCI, the fact remains that after more than five years confidence is still roughly 5.5 percent below a typical reading of around 100—or roughly where this index was prior to the "Great Recession" (see Figure 4 below).

Figure 4: Consumer Confidence Index, Through December 2014



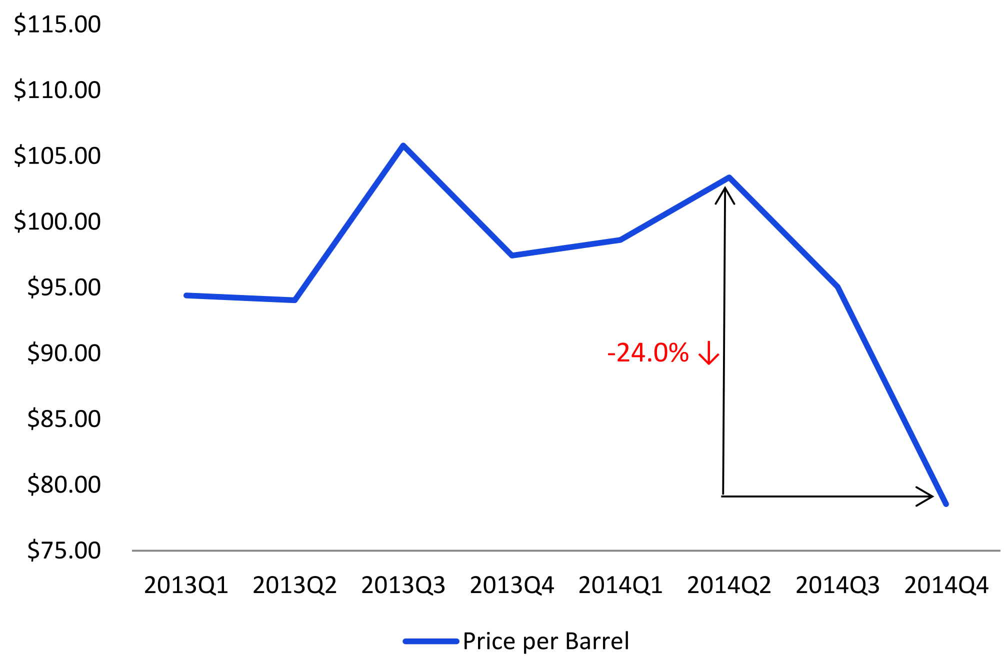
Source: The Conference Board

[4] The most recent readings of the Moody's Analytics business confidence index also has shown significant improvement in recent months, perhaps offering some additional support for a turnaround in the heretofore lackluster level of new hiring and new capital investment.

- Contributing significantly to consumer confidence has been the steep, almost breath-taking decline in energy prices over the last six months. Figure 5 below shows West Texas Intermediate Crude Oil prices dropped $18.91 per barrel in 2014, ending the year on average 19.4% lower than in calendar 2013. Prices during the October to December quarter were nearly 25% below the level of prices in the April to June quarter of calendar 2014.

  - Domestic production expansion due to horizontal hydro-fracking/drilling has significantly expanded U.S. fossil fuel production—which has contributed to significant surplus global inventories.

Figure 5: West Texas Intermediate Oil Prices (Quarterly Average)



  - Combined with falling global demand due to the protracted weakness in the European and Japanese economies and the demand weakness in many parts of the developing world (e.g. the slowdown in China, and weakness in Brazil), global energy prices are expected to remain low for most if not all of calendar year 2015—and possibly beyond.

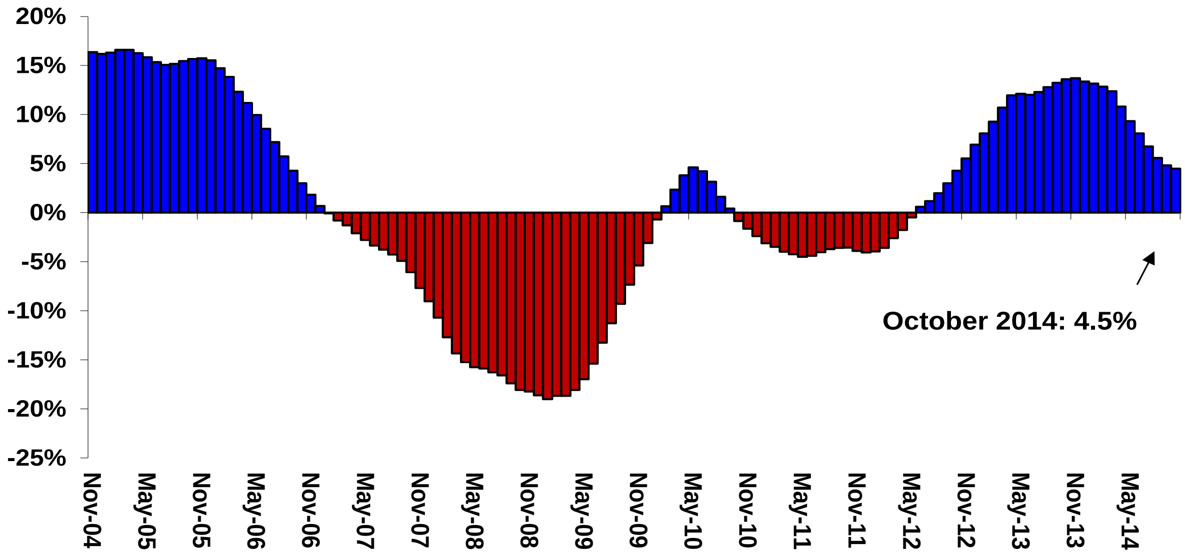
  - To many analysts, the decline in oil prices, if sustained, may in fact be the final "missing piece" required to push the collective confidence levels of households and businesses onto a higher plane and release the long dormant "economic animal spirits" necessary to kick the U.S economy into a long-awaited higher gear.

- The one area of the economy that still appears to be lagging somewhat is the housing sector. Figure 6 below shows that the turnaround in the housing sector continues to be sub-par following the initial burst of market recovery that was supported by investor activity following the house price declines of the "Great Recession." Overall, there has been a "firming/increasing" trend in prices that has been underway for almost 30 months, even though it has generally softened over the past year.

- The Composite-20 Index reading for October 2014 (the latest month currently available) was 4.5% higher than a year ago—even though the data indicate that price gains have been moderate since November 2013.

- Most of the slowdown in housing sales and construction activity over the past year appears to be tied to the increase in mortgage interest rates that occurred back in 2013 (which apparently at least temporarily soured buyers), tightening inventory, and a lack of new household formation in the age categories that typically correspond to first time home-buyers.

Figure 6: U.S. Housing Market: Case-Shiller Price Index, Year-Year % Change



Source: Case-Shiller Index, Seas. Adj. Composite-20

- With improvement in the underlying fundamentals of the U.S. economy, many analysts expect that the middle of this decade will experience significantly stronger—aka "more typical"—rates of economic activity.

  - With more favorable underpinnings now actually developing—two consecutive quarters of strong GDP growth, consistently higher levels of job creation, lower oil prices, and strengthening consumer and business confidence—the national economy appears to be on a firmer footing and poised to gain the additional momentum that has been expected in recent past consensus forecast updates.

  - Certainly, significant issues in the economic outlook remain. These include concerns in the housing sector, concerns related to a soft global economy (particularly in Europe, Russia, Japan, Brazil, and China), concern about another fiscal policy gaffe in Washington, concern about ISIS-led and other terrorist attacks, and the need for deft execution of U.S. monetary policy by the Federal

Reserve as the U.S. economy nears "full-employment."

- However, none of the economy's concerns are expected to be expansion-threatening—especially as the U.S. economy strengthens further and begins to hit a more typical recovery stride as we move through the second half of fiscal year 2015 and into fiscal year 2016.

E. Discussion of Recent Vermont Economic Trends

- Recent developments regarding the Vermont economy have taken on a "somewhat brighter tone." Seasonally adjusted payroll job changes in the state over the first half of calendar year 2014 experienced some ups and downs, essentially jogging in place over the period.

  - Since mid-year, there have been no significant monthly job losses, and seasonally adjusted payroll jobs during the month of November were reported to have increased by 3,600 jobs. Looking back to December of calendar year 2014, payroll jobs have increased by 5,400—or by 1.8% on a seasonally-adjusted basis. A total of 4,400 new seasonally-adjusted payroll jobs have been added in the Private sector over the period.

- Looking at the non-seasonally adjusted jobs data on a year-over-year basis, the nonfarm payroll job changes by state are compared in Tables 1 and 2 below.

Table 1: Year-Over-Year Job Change by State
Total Payroll Jobs (Nov. 2013-Nov. 2014)

Rank	State	% Change
1	North Dakota	4.9%
2	Texas	3.9%
3	Utah	3.3%
4	Oregon	2.9%
5	Delaware	2.9%
13	California	2.3%
20	Massachusetts	1.8%
28	Connecticut	1.5%
29	Rhode Island	1.2%
30	Vermont	1.1%
32	Ohio	1.1%
33	Maine	1.0%
34	New York	1.0%
39	New Hampshire	0.9%
43	Illinois	0.6%
46	Pennsylvania	0.5%
47	New Jersey	0.4%
48	Virginia	0.4%
49	Mississippi	-0.1%
50	Alaska	-0.3%
Source: U.S. Department of Labor, BLS		

Table 2: Year-Over-Year Job Change by State
Private Sector Payroll Jobs (Nov. 2013-Nov. 2014)

Rank	State	% Change
1	North Dakota	5.9%
2	Texas	4.3%
3	Delaware	3.4%
4	Utah	3.4%
5	Florida	3.3%
12	California	2.7%
22	Massachusetts	2.0%
26	Connecticut	1.7%
30	Rhode Island	1.5%
31	Vermont	1.4%
33	Maine	1.3%
34	Ohio	1.3%
35	New York	1.3%
39	New Hampshire	1.0%
45	Illinois	0.7%
46	Kansas	0.7%
47	New Jersey	0.5%
48	Virginia	0.4%
49	Alaska	0.0%
50	Mississippi	-0.1%
Source: U.S. Department of Labor, BLS		

- From the table, Total Payroll jobs overall in Vermont registered a 1.1% gain over the November 2013 through November 2014 period, while Private Sector jobs rose 1.4% over the same timeframe. Those readings rank Vermont in the middle of the pack nationally and among her five sister states in the New England region.

▪ Vermont's best year-over-year performance was in the Education and Health Services sector with job additions at the year-over-year rate of +3.4%. That performance corresponds to ranking in the U.S. as the 10th fastest growing state in this employment sector, and ranking first in New England.

  - The Vermont Finance sector expanded by +3.3% year-over-year and is ranked 9th among the 50 states.

  - Vermont's Manufacturing sector also ranks the highest in the six state New England region with a 1.6% year-over-year job change. Leisure and Hospitality, with a +2.5% year-over-year gain in in November 2014, ranked Vermont 23rd in the U.S. and 3rd in New England, rounding out the job categories where significant gains were made from November of calendar year 2013 through November of calendar year 2014.

  - Sector-by-sector, the weakest year-over-year job change came in the Information sector (at -10.9% in November of calendar year 2014 versus November of calendar year 2013). This is not surprising given major layoffs at key employers (e.g. newspapers and other media) over the last two to three years in this category.

Table 3: Payroll Job Performance By NAICS Supersector November 2013 vs. November 2014

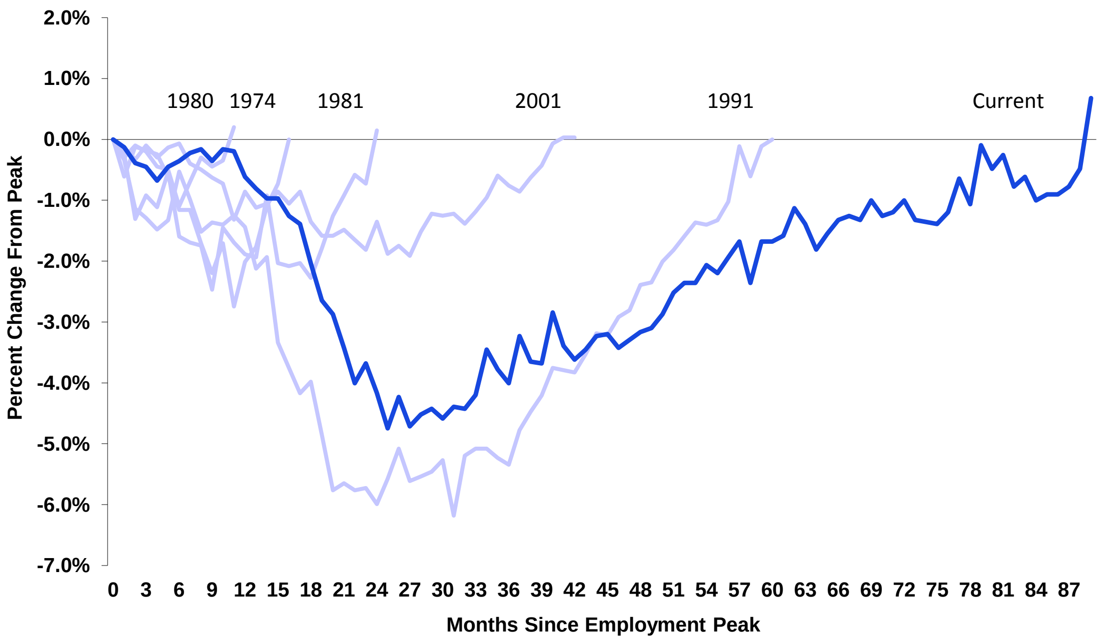
Industry Supersector	% Change in VT	VT Rank in New England	VT Rank in U.S.	Highest Ranked New England State	# of States Reporting Job Losses
Total Nonfarm	**1.1%**	**4**	**30**	**MA (20th)**	**2**
Total Private	**1.4%**	**4**	**31**	**MA (22nd)**	**1**
Construction	0.7%	6	34	RI (19th)	11
Manufacturing	1.6%	1	22	VT (22nd)	10
Information	-10.9%	6	50	MA (1st)	27
Financial Activities	3.3%	1	9	VT (9th)	14
Trade, Transportation, Utilities	0.4%	6	39	CT (10th)	7
Leisure and Hospitality	2.5%	3	23	CT (11th)	6
Education and Health Services	3.4%	1	10	VT (10th)	2
Professional and Business Services	0.4%	5	43	MA (17th)	5
Government	0.0%	4	31	MA (16th)	18

Notes:
NAICS means North American Industry Classification System
Source: U.S. Bureau of Labor Statistics

▪ Figure 7 (below) compares the level of payroll job loss and recovery versus the job count peak for the past few recessions, focusing on the period corresponding to the "Great Recession." The chart shows that job market recoveries in Vermont, like the U.S., are generally lengthening versus those experienced in previous business cycles.

- The chart also shows that, like the U.S. economy, the Vermont economy has also recently completed its labor market recovery. The state's payroll job count pushed past the numeric total of jobs lost during the last recession by now 2,100 payroll jobs. Vermont was the second state in the New England region (following the state of Massachusetts) to complete its full labor market recovery—despite the noteworthy job reductions in some major Vermont employment categories over the past two years.

Figure 7: VT Seasonally Adjusted Payroll Jobs - Current vs. the Past 5 Recessions



Source: VT DOL

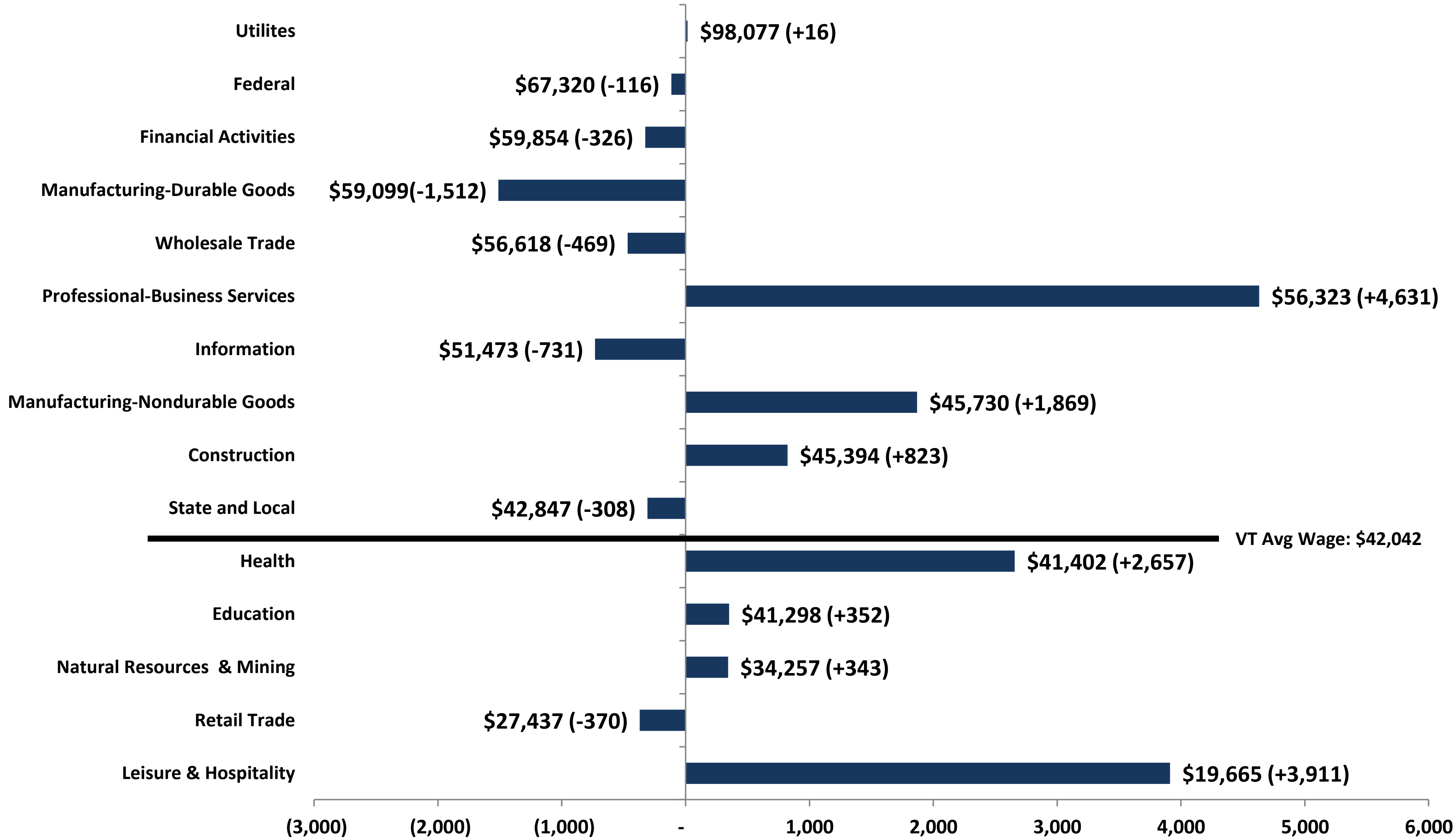
- The other recent economic development of significance to the consensus forecast revision concerns the publication of second quarter (of calendar year 2014) job and wage data from the Quarterly Census of Employment and wages (or the QCEW data). With that data it is now possible to review the job and wage data corresponding to the first five calendar years of Vermont's labor market recovery from the "Great Recession."[5]

  - Because this data is published on a 5 month or so lag, it was made available for review and analysis only a few weeks ago by the Vermont Department of Labor.

  - The data show that Vermont's labor market recovery progress has occurred in both higher paying and lower paying job categories, the larger portion (roughly two-thirds or 64%) of the Vermont economy's recovered jobs over the past 5 years has occurred in lower than average paying job categories (see Figure 8).

[5] According to the National Bureau of Economic Research, as the national arbiter of the dates of U.S. business cycles, the "Great Recession" began in December of 2007 and ended in June of 2009. Accordingly, the "Great Recession" ended nationally at the end of the second quarter of calendar year 2009. With QCEW data now available through the second quarter of calendar year 2014, it is now possible to trace Vermont's labor market recovery through the first five years of the national economic recovery with this detailed job and wage data.

Figure 8. Tracking Job Recovery and Wage Levels in Vermont: First Five Years of "Recovery" from the "Great Recession": Dollar Amounts are Avg. Wages in 2013



Looking ahead, the following tables present the updated consensus forecast for key macroeconomic variables employed in the consensus revenue forecast update.

TABLE 8
Comparison of Recent Consensus U.S. Macroeconomic Forecasts
June 2012 through December 2014, Selected Variables, Calendar Year Basis

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Real GDP Growth									
June-13	*-3.1*	*2.4*	*1.8*	*2.2*	*2.0*	*3.9*	*4.2*	*3.5*	
December-13	*-2.8*	*2.5*	*1.8*	*2.8*	*1.8*	*3.1*	*4.0*	*2.9*	*2.6*
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*	*1.8*	*2.3*	*2.2*	*2.2*	*3.6*	*3.8*	*3.1*
S&P 500 Growth (Annual Avg.)									
June-13	*-22.5*	*20.3*	*11.4*	*8.7*	*14.4*	*3.6*	*-0.7*	*0.4*	
December-13	*-22.5*	*20.3*	*11.4*	*8.7*	*19.2*	*9.6*	*-0.1*	*0.4*	*3.4*
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*	*11.4*	*7.1*	*1.3*	*2.2*
Employment Growth (Non-Ag)									
June-13	*-4.4*	*-0.7*	*1.2*	*1.7*	*1.4*	*1.6*	*2.7*	*2.4*	
December-13	*-4.4*	*-0.7*	*1.2*	*1.7*	*1.6*	*1.7*	*2.2*	*2.1*	*2.0*
June-14	*-4.3*	*-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*
Unemployment Rate									
June-13	*9.3*	*9.6*	*8.9*	*8.1*	*7.7*	*7.0*	*6.2*	*5.7*	
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*
West Texas Int. Crude Oil $/Bbl									
June-13	*61.7*	*79.4*	*95.1*	*94.2*	*96.8*	*104.6*	*110.3*	*114.0*	
December-13	*61.7*	*79.5*	*95.0*	*94.1*	*98.2*	*104.8*	*111.8*	*114.5*	*117.3*
June-14	*61.7*	*79.5*	*95.0*	*94.1*	*97.9*	*110.8*	*114.9*	*119.7*	*121.0*
December-14	*61.7*	*79.5*	*95.0*	*94.1*	*97.9*	*93.9*	*62.8*	*75.9*	*80.7*
Prime Rate									
June-13	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*4.26*	*6.60*	
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*
Consumer Price Index Growth									
June-13	*-0.3*	*1.6*	*3.1*	*2.1*	*1.7*	*2.1*	*2.3*	*2.5*	
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*	*2.3*	*2.6*	*2.9*
December-14	*-0.3*	*1.6*	*3.1*	*2.1*	*1.5*	*1.6*	*1.5*	*2.3*	*2.6*
Avg. Home Price Growth									
June-13	*-5.3*	*-3.9*	*-3.6*	*-0.1*	*2.7*	*4.9*	*3.7*	*2.3*	
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*	*4.6*	*5.0*	*5.4*	*5.7*

TABLE 9
Comparison of Consensus Administration and JFO Vermont State Forecasts
June 2012 through December 2014, Selected Variables, Calendar Year Basis

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Real GSP Growth									
June-12	-3.6	4.1	0.5	2.3	2.9	3.3	3.4	2.5	
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	
June-14	-2.9	5.6	1.3	1.2	0.5	2.9	4.0	3.2	2.4
December-14	-2.9	5.6	1.3	1.2	0.5	1.0	3.3	3.6	2.8
Population Growth									
June-12	0.1	0.2	0.1	0.3	0.3	0.4	0.4	0.4	
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	
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
Employment Growth									
June-12	-3.3	0.2	0.7	1.2	1.1	2.0	2.3	1.4	
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	
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
Unemployment Rate									
June-12	6.9	6.4	5.6	4.8	4.7	4.3	3.9	3.2	
December-12	6.9	6.4	5.6	5.0	5.0	4.4	3.9	3.5	
June-13	6.9	6.4	6.6	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	
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
Personal Income Growth									
June-12	-1.3	3.4	4.3	3.3	4.4	6.0	6.2	5.0	
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	
June-14	-1.4	1.7	7.1	3.7	2.9	4.9	5.6	5.0	4.6
December-14	1.4	1.6	7.2	3.4	2.5	3.8	5.1	5.4	4.7
Home Price Growth (JFO*)									
June-12	-1.6	-0.9	-0.4	0.6	1.1	1.6	2.0	3.0	
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	
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

F. Notes and Comments on Methods:

- All figures presented above are presented as described, including current law "net" revenues for the respective funds listed in the consensus forecast estimate for fiscal years 2015, 2016, and 2017 that are part of the official Emergency Board motion.

- The revenue forecasting process is a collaborative one involving the staff of the Vermont Department of Taxes, VTrans, the Legislative Joint Fiscal Office, Kavet Rockler & Associates, LLC, and many others throughout state government and the staff of Economic & Policy Resources. Special thanks are due to Sharon Asay (of the Vermont Department of Taxes), Mary Cox (of the Vermont Department of Taxes), Victor Gauto (of the Vermont Department of Taxes), Doug Farnham (of the Vermont Department of Taxes), Terry Edwards (of the Vermont Department of Taxes), Lenny LeBlanc of VTrans), Sara Teachout, Stephanie Barrett, Catherine Benham, Neil Strickner, Theresa Utton-Jerman, and Mark Perrault (of the JFO), and many others in both the Administration and the JFO. All contributed time and energy to assembling data, providing analysis, or technical assistance that was crucial to completing these forecasts.

- The consensus forecasting process involves the discussion and agreement of two independent forecasts completed by Thomas E. Kavet of the JFO and the staff at Economic & Policy Resources. Agreement on the consensus forecast occurs after a complete discussion-vetting and reconciliation of these independent forecasts.

- At this time, the State is developing an internal State macroeconomic model which may eventually replace the model maintained at Moody's Analytics through the New England Economic Partnership (NEEP). The NEEP forecast for Vermont is managed by Economic & Policy Resources, Inc., who also currently supports the Vermont Agency of Administration with the Administration's part of the consensus forecasting process. Since October of 2001, input and review of initial Vermont NEEP model design and output prior to its release has been provided by KRA, as the State Economist and Principal Economic Advisor to the Vermont Legislature. Last May, the NEEP organization did not develop a Vermont macro forecast. The macro forecast employed at that time was independent of the NEEP forecasting process. The November 2-14 NEEP forecast was used to inform this forecast update in terms of the macroeconomic environment or background. Dynamic and other input/output-based models for the State of Vermont, including those from Regional Economic Models, Inc. (REMI), the REDYN input-output model as currently maintained by Economic Analytics, LLC), and IMPLAN are also occasionally employed in the analytic process for completing the consensus economic and revenue forecasts.

G. Detailed Forecast Tables.

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

SOURCE G-FUND *revenues are prior to all E-Fund allocations and other out-transfers. Used for analytic and comparative purposes only.*	FY 2010 (Actual)	% Change	FY 2011 (Actual)	% Change	FY 2012 (Actual)	% Change	FY 2013 (Actual)	% Change	FY 2014 (Preliminary)	% Change	FY 2015 (Forecast)	% Change	FY 2016 (Forecast)	% Change	FY 2017 (Forecast)	% Change
REVENUE SOURCE																
Personal Income	$498.0	-6.1%	$553.3	11.1%	$597.0	7.9%	$660.6	10.7%	$671.1	1.6%	$701.8	4.6%	$740.3	5.5%	$777.1	5.0%
Sales & Use*	$311.1	-3.1%	$325.6	4.7%	$341.8	5.0%	$346.8	1.4%	$353.6	2.0%	$365.8	3.4%	$377.8	3.3%	$389.4	3.1%
Corporate	$62.8	-5.1%	$89.7	42.7%	$85.9	-4.2%	$95.0	10.5%	$94.8	-0.1%	$102.6	8.2%	$82.4	-19.7%	$86.1	4.5%
Meals and Rooms	$118.0	0.8%	$122.6	4.0%	$126.9	3.5%	$134.8	6.2%	$142.7	5.9%	$149.1	4.5%	$154.9	3.9%	$160.8	3.8%
Cigarette and Tobacco**	$70.1	9.2%	$72.9	4.0%	$80.1	9.9%	$74.3	-7.2%	$71.9	-3.3%	$73.8	2.6%	$70.9	-3.9%	$68.5	-3.4%
Liquor and Wine	$14.9	-1.0%	$15.4	3.1%	$16.4	7.0%	$17.0	3.4%	$17.7	4.0%	$18.0	1.9%	$18.6	3.3%	$19.2	3.2%
Insurance	$53.3	-0.9%	$55.0	3.3%	$56.3	2.5%	$55.0	-2.3%	$57.1	3.7%	$56.5	-1.0%	$56.9	0.7%	$57.4	0.9%
Telephone	$7.9	-13.9%	$11.4	44.4%	$9.6	-15.3%	$9.4	-2.6%	$9.1	-2.9%	$8.7	-4.5%	$8.6	-1.1%	$8.5	-1.2%
Beverage	$5.7	0.4%	$5.8	2.2%	$6.0	3.3%	$6.2	3.3%	$6.4	3.6%	$6.6	3.2%	$6.8	3.0%	$7.0	2.9%
Electric***	$2.9	2.5%	$2.9	0.8%	$2.9	0.3%	$8.9	204.5%	$13.1	46.9%	$9.4	-28.6%	$0.0	NM	$0.0	NM
Estate****	$14.2	-39.5%	$35.9	153.3%	$13.3	-62.8%	$15.4	15.4%	$35.5	131.0%	$14.3	-59.8%	$23.2	62.2%	$24.9	7.3%
Property	$23.8	-8.2%	$25.6	7.7%	$24.1	-6.0%	$28.5	18.3%	$30.9	8.5%	$33.6	8.6%	$36.2	7.7%	$38.7	6.9%
Bank	$10.4	-49.7%	$15.4	49.0%	$10.7	-30.9%	$10.7	0.2%	$11.0	2.7%	$11.1	1.2%	$11.2	0.9%	$11.3	0.9%
Other Tax	$3.7	32.1%	$3.7	1.7%	$1.2	-66.7%	$1.8	42.9%	$1.9	9.6%	$2.1	8.4%	$2.3	9.5%	$2.5	8.7%
Total Tax Revenue	$1,196.5	-4.9%	$1,335.1	11.6%	$1,372.4	2.8%	$1,464.3	6.7%	$1,517.0	3.6%	$1,553.4	2.4%	$1,590.1	2.4%	$1,651.4	3.9%
Business Licenses	$3.0	-0.2%	$2.9	-1.2%	$3.0	3.4%	$2.8	-8.0%	$1.1	-61.4%	$0.4	-63.0%	$0.4	2.5%	$0.4	4.9%
Fees	$19.2	0.9%	$20.5	6.4%	$20.9	2.1%	$21.4	2.2%	$20.6	-3.4%	$21.4	3.7%	$22.0	2.8%	$22.6	2.7%
Services	$1.2	-19.9%	$1.1	-8.7%	$2.3	105.8%	$2.5	8.3%	$1.3	-47.3%	$1.4	5.4%	$1.5	7.1%	$1.6	3.3%
Fines	$7.4	-24.8%	$5.7	-22.2%	$7.4	28.7%	$4.7	-35.9%	$3.6	-24.2%	$4.3	20.3%	$4.7	9.3%	$5.0	6.4%
Interest	$0.6	-57.0%	$0.3	-46.0%	$0.4	32.8%	$0.6	26.3%	$0.2	-59.2%	$0.4	77.1%	$0.7	80.0%	$1.4	87.5%
Special Assessments	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Lottery	$21.6	3.0%	$21.4	-0.7%	$22.3	4.2%	$22.9	2.7%	$22.6	-1.6%	$22.6	0.1%	$23.0	1.8%	$23.4	1.7%
All Other	$0.3	57.4%	$0.7	115.7%	$0.9	19.7%	$1.7	86.8%	$1.3	-24.0%	$1.3	2.4%	$1.4	7.7%	$1.5	7.1%
Total Other Revenue	$53.3	-4.7%	$52.8	-1.1%	$57.3	8.6%	$56.6	-1.3%	$50.7	-10.4%	$51.8	2.2%	$53.7	3.7%	$55.8	3.9%
TOTAL GENERAL FUND	**$1,249.9**	**-4.9%**	**$1,387.9**	**11.0%**	**$1,429.7**	**3.0%**	**$1,520.9**	**6.4%**	**$1,567.6**	**3.1%**	**$1,605.2**	**2.4%**	**$1,643.9**	**2.4%**	**$1,707.2**	**3.9%**

Notes:

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

**** Includes Cigarette Tax, Tobacco Products Tax and Floor Stock Tax revenues.**

***** Reflects closure of Vermont Yankee in December of 2014. Taxed per Act 143 of 2012 effective in FY 2013. 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 $11.0 million in FY11.**

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

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY 2010** *(Actual)*	**%** Change	**FY 2011** *(Actual)*	**%** Change	**FY 2012** *(Actual)*	**%** Change	**FY 2013** *(Actual)*	**%** Change	**FY 2014** *(Preliminary)*	**%** Change	**FY 2015** *(Forecast)*	**%** Change	**FY 2016** *(Forecast)*	**%** Change	**FY 2017** *(Forecast)*	**%** Change
REVENUE SOURCE																
Personal Income	$498.0	-6.1%	$553.3	11.1%	$597.0	7.9%	$660.6	10.7%	$671.1	1.6%	$701.8	4.6%	$740.3	5.5%	$777.1	5.0%
Sales and Use*	$207.4	-3.1%	$217.1	4.7%	$227.9	5.0%	$231.2	1.4%	$229.9	-0.6%	$237.8	3.4%	$245.6	3.3%	$253.1	3.1%
Corporate	$62.8	-5.1%	$89.7	42.7%	$85.9	-4.2%	$95.0	10.5%	$94.8	-0.1%	$102.6	8.2%	$82.4	-19.7%	$86.1	4.5%
Meals and Rooms	$118.0	0.8%	$122.6	4.0%	$126.9	3.5%	$134.8	6.2%	$142.7	5.9%	$149.1	4.5%	$154.9	3.9%	$160.8	3.8%
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
Liquor	$14.9	-1.0%	$15.4	3.1%	$16.4	7.0%	$17.0	3.4%	$17.7	4.0%	$18.0	1.9%	$18.6	3.3%	$19.2	3.2%
Insurance	$53.3	-0.9%	$55.0	3.3%	$56.3	2.5%	$55.0	-2.3%	$57.1	3.7%	$56.5	-1.0%	$56.9	0.7%	$57.4	0.9%
Telephone	$7.9	-13.9%	$11.4	44.4%	$9.6	-15.3%	$9.4	-2.6%	$9.1	-2.9%	$8.7	-4.5%	$8.6	-1.1%	$8.5	-1.2%
Beverage	$5.7	0.4%	$5.8	2.2%	$6.0	3.3%	$6.2	3.3%	$6.4	3.6%	$6.6	3.2%	$6.8	3.0%	$7.0	2.9%
Electric***	$2.9	2.5%	$2.9	0.8%	$2.9	0.3%	$8.9	204.5%	$13.1	46.9%	$9.4	-28.6%	$0.0	-100.0%	$0.0	NM
Estate****	$14.2	-35.2%	$24.9	75.6%	$13.3	-46.4%	$15.4	15.4%	$35.5	131.0%	$14.3	-59.8%	$23.2	62.2%	$24.9	7.3%
Property	$7.8	-8.2%	$8.4	7.6%	$7.9	-6.1%	$9.2	16.5%	$10.0	9.3%	$10.9	8.6%	$11.7	7.7%	$12.5	6.9%
Bank	$10.4	-49.7%	$15.4	49.0%	$10.7	-30.9%	$10.7	0.2%	$11.0	2.7%	$11.1	1.2%	$11.2	0.9%	$11.3	0.9%
Other Tax	$3.7	32.1%	$3.7	1.7%	$1.2	-66.7%	$1.8	42.9%	$1.9	9.6%	$2.1	8.4%	$2.3	9.5%	$2.5	8.7%
Total Tax Revenue	$1,006.7	-5.7%	$1,125.4	11.8%	$1,162.1	3.3%	$1,255.0	8.0%	$1,300.3	3.6%	$1,328.80	2.2%	$1,362.5	2.5%	$1,420.4	4.3%
Business Licenses	$3.0	-0.2%	$2.9	-1.2%	$3.0	3.4%	$2.8	-8.0%	$1.1	-61.4%	$0.4	-63.0%	$0.4	2.5%	$0.4	4.9%
Fees	$19.2	0.9%	$20.5	6.4%	$20.9	2.1%	$21.4	2.2%	$20.6	-3.4%	$21.4	3.7%	$22.0	2.8%	$22.6	2.7%
Services	$1.2	-19.9%	$1.1	-8.7%	$2.3	105.8%	$2.5	8.3%	$1.3	-47.3%	$1.4	5.4%	$1.5	7.1%	$1.6	3.3%
Fines	$7.4	-24.8%	$5.7	-22.2%	$7.4	28.7%	$4.7	-35.9%	$3.6	-24.2%	$4.3	20.3%	$4.7	9.3%	$5.0	6.4%
Interest	$0.5	-54.7%	$0.3	-45.9%	$0.4	36.3%	$0.5	20.5%	$0.2	-66.6%	$0.3	91.3%	$0.6	100.0%	$1.2	100.0%
All Other	$0.3	57.4%	$0.7	115.7%	$0.9	19.7%	$1.7	86.8%	$1.3	-24.0%	$1.3	2.4%	$1.4	7.7%	$1.5	7.1%
Total Other Revenue	$31.7	-8.8%	$31.3	-1.2%	$34.9	11.6%	$33.5	-3.9%	$28.0	-16.4%	$29.1	3.8%	$30.6	5.2%	$32.3	5.5%
TOTAL GENERAL FUND	**$1,038.4**	**-5.8%**	**$1,156.7**	**11.4%**	**$1,197.0**	**3.5%**	**$1,288.6**	**7.7%**	**$1,328.4**	**3.1%**	**$1,357.9**	**2.2%**	**$1,393.1**	**2.6%**	**$1,452.7**	**4.3%**

Notes:

* Includes $2.5M transfer to the T-Fund in FY08 for prior years Jet Fuel tax processing errors.

** Includes Cigarette Tax, Tobacco Products Tax and Floor Stock Tax revenues.

*** Reflects closure of Vermont Yankee in December of 2014. Taxed per Act 143 of 2012 effective in FY 2013. 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 $11.0 million in FY11.

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

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers. Used for analytic and comparative purposes only.*	**FY 2010** *(Actual)*	% Change	**FY 2011** *(Actual)*	% Change	**FY 2012** *(Actual)*	% Change	**FY 2013** *(Actual)*	% Change	**FY 2014** *(Preliminary)*	% Change	**FY 2015** *(Forecast)*	% Change	**FY 2016** *(Forecast)*	% Change	**FY 2017** *(Forecast)*	% Change
REVENUE SOURCE																
Gasoline	$61.0	0.6%	$60.6	-0.6%	$59.3	-2.2%	$59.9	1.1%	$76.5	27.6%	$76.7	0.3%	$78.5	2.3%	$78.2	-0.4%
Diesel	$15.1	-2.6%	$15.4	2.0%	$16.0	3.9%	$15.6	-2.2%	$17.2	9.7%	$18.2	6.0%	$18.5	1.6%	$18.8	1.6%
Purchase and Use*	$69.7	5.7%	$77.1	10.5%	$81.9	6.3%	$83.6	2.0%	$91.8	9.9%	$97.7	6.4%	$102.6	5.0%	$106.9	4.2%
Motor Vehicle Fees	$72.5	10.7%	$72.3	-0.3%	$73.5	1.7%	$77.9	5.9%	$79.0	1.5%	$80.4	1.7%	$80.8	0.5%	$81.8	1.2%
Other Revenue**	$18.2	1.4%	$17.9	-2.0%	$18.3	2.2%	$19.1	4.2%	$19.5	2.3%	$20.1	3.1%	$20.4	1.5%	$20.7	1.5%
TOTAL TRANS. FUND	**$236.6**	**4.9%**	**$243.3**	**2.8%**	**$249.0**	**2.3%**	**$256.0**	**2.8%**	**$284.0**	**10.9%**	**$293.1**	**3.2%**	**$300.8**	**2.6%**	**$306.4**	**1.9%**

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

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY 2010** *(Actual)*	% Change	**FY 2011** *(Actual)*	% Change	**FY 2012** *(Actual)*	% Change	**FY 2013** *(Actual)*	% Change	**FY 2014** *(Preliminary)*	% Change	**FY 2015** *(Forecast)*	% Change	**FY 2016** *(Forecast)*	% Change	**FY 2017** *(Forecast)*	% Change
REVENUE SOURCE																
Gasoline	$61.0	0.6%	$60.6	-0.6%	$59.3	-2.2%	$59.9	1.1%	$76.5	27.6%	$76.7	0.3%	$78.5	2.3%	$78.2	-0.4%
Diesel	$15.1	-2.6%	$15.4	2.0%	$16.0	3.9%	$15.6	-2.2%	$17.2	9.7%	$18.2	6.0%	$18.5	1.6%	$18.8	1.6%
Purchase and Use*	$46.5	5.7%	$51.4	10.5%	$59.6	16.0%	$55.7	-6.5%	$61.2	9.9%	$65.1	6.4%	$68.4	5.0%	$71.3	4.2%
Motor Vehicle Fees	$72.5	10.7%	$72.3	-0.3%	$73.5	1.7%	$77.9	5.9%	$79.0	1.5%	$80.4	1.7%	$80.8	0.5%	$81.8	1.2%
Other Revenue**	$18.2	1.4%	$17.9	-2.0%	$18.3	2.2%	$19.1	4.2%	$19.5	2.3%	$20.1	3.1%	$20.4	1.5%	$20.7	1.5%
TOTAL TRANS. FUND	**$213.3**	**4.8%**	**$217.617**	**2.0%**	**$226.688**	**4.2%**	**$228.195**	**0.7%**	**$253.383**	**11.0%**	**$260.533**	**2.8%**	**$266.600**	**2.3%**	**$270.767**	**1.6%**
OTHER																
TIB Gasoline	$13.4	NM	$16.5	23.6%	$20.9	26.6%	$21.2	1.4%	$19.2	-9.5%	$17.4	-9.3%	$14.0	-19.5%	$15.9	13.6%
TIB Diesel and Other***	$1.5	NM	$2.0	31.7%	$1.9	-1.7%	$1.8	-8.6%	$1.8	4.5%	$2.0	5.8%	$2.0	1.5%	$2.0	1.5%
Total TIB	$14.9	NM	$18.5	24.4%	$22.8	23.6%	$23.0	0.6%	$21.0	-8.4%	$19.4	-8.0%	$16.0	-17.4%	$17.9	12.1%

Notes:

* 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 1A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
AVAILABLE EDUCATION FUND* REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2015

CURRENT LAW BASIS

Source General and Transportation Fund taxes allocated to or associated with the Education Fund only.	**FY 2010** *(Actual)*	% Change	**FY 2011** *(Actual)*	% Change	**FY 2012** *(Actual)*	% Change	**FY 2013** *(Preliminary)*	% Change	**FY 2014** *(Forecast)*	% Change	**FY 2015** *(Forecast)*	% Change	**FY 2016** *(Forecast)*	% Change	**FY 2017** *(Forecast)*	% Change
GENERAL FUND																
Sales & Use**	$103.7	-3.1%	$108.5	4.7%	$113.9	5.0%	$115.6	1.4%	$123.8	7.1%	$128.0	3.4%	$132.2	3.3%	$136.3	3.1%
Interest	$0.1	NM	$0.0	NM	$0.0	NM	$0.1	NM	$0.1	NM	$0.1	NM	$0.1	NM	$0.2	NM
Lottery	$21.6	3.0%	$21.4	-0.7%	$22.3	4.2%	$22.9	2.7%	$22.6	-1.6%	$22.6	0.1%	$23.0	1.8%	$23.4	1.7%
TRANSPORTATION FUND																
Purchase and Use***	$23.2	5.7%	$25.7	10.5%	$27.3	6.3%	$27.9	2.0%	$30.6	9.9%	$32.6	6.4%	$34.2	5.0%	$35.6	4.2%
TOTAL	**$148.6**	**-1.1%**	**$155.7**	**4.8%**	**$163.6**	**5.1%**	**$166.5**	**1.7%**	**$177.0**	**6.3%**	**$183.3**	**3.6%**	**$189.6**	**3.4%**	**$195.5**	**3.1%**

Notes:

FY1998 revenues represent partial year allocations prior to Act 60 Technical Corrections

** Includes Telecommunications Tax; Includes $1.25M transfer to T-Fund in FY08 for prior Jet Fuel Tax processing errors

*** Includes Motor Vehicle Rental revenues, restated