

**Economic & Revenue Forecast Council
State of Washington**



Revenue Review: June 17, 2010

Executive Summary

- Events since our February 2010 forecast have unfolded substantially along the lines we had predicted then. The current U.S. forecast is, therefore, similar to the forecast adopted in February. Major state economic variables are also coming in very close to what we had expected. As a result, the revisions to the Washington state economic forecast are minimal. The final state economic and revenue forecast is based on the June Global Insight U.S. forecast, modified according to our standard practice by the Blue Chip GDP forecast and the NYMEX oil futures price.
- Though the forecast changes are minimal since the publication of our preliminary economic forecast two weeks ago, there have been two significant data releases that make us believe that the balance of risks has again shifted to the downside. Firstly, the May jobs report was disappointing. Employers, who had been increasing permanent staff, slowed down – choosing instead to increase hours or hire temporary help until there is greater clarity about the risks to the recovery. Private job growth, which had been a robust 218,000 in April, slowed to 41,000 in May. In Washington they slowed from 5,600 jobs gained in April to 200 jobs gained in May. Secondly, the May retail sales report for the nation was weak – with retail sales declining 1.2%, as rebates for appliances expired in many states. It may also be an indication that consumers are retrenching, though confidence measures are improving.
- Real GDP grew at a 3.0%, seasonally adjusted, annualized rate (SAAR), in the first quarter of the year, marginally higher than our prediction of 2.9% (SAAR). However, as expected, this was slower than the fourth quarter's 5.6% (SAAR) growth, but included growth in final domestic demand and consumer spending that was faster. It was also the third consecutive quarter of GDP growth, providing more evidence that the "Great Recession" is now in the rear-view mirror. Industrial production also remains strong, growing 1.2% in May.
- The risk of a double dip recession in the fourth quarter of 2010 has receded but remains. Private spending, essential for self-sustaining growth, appears to be recovering, in particular by businesses. Spending on equipment and software grew by 19% (SAAR) and 12.7% (SAAR), in 2009Q4 and 2010Q1, respectively. Housing starts fell sharply in May, but that was expected after the tax credits expired.
- The risk from European sovereign debt default will slow the recovery in the short term, but hopefully not derail it. Interbank lending spreads have widened, although nowhere close to where they were during the financial meltdown in September 2008. The S&P 500 VIX, or volatility index, a proxy for the level of nervousness in financial markets has also spiked, but again is

far below where it was during the financial meltdown. U.S. equity markets declined close to 10% last month, but remain 55% above their trough in March 2009. A “flight to safety” has seen the USD strengthen against the EUR, and U.S. Treasuries have rallied, driving down yields.

- These worries about European sovereign debt spring from a fear that Greece might default on its debt, and that the contagion may spread to Spain, Portugal, Ireland, Italy, and possibly even the United Kingdom. However, the European authorities have reacted with uncharacteristic speed and a massive policy response, which makes us believe that contagion is likely to be avoided. Financial markets, however, will remain jittery for a while and could be a drag on the recovery in the short term. The strengthening USD will hurt U.S. export competitiveness, but Washington will be spared much of the pain. Exports of transportation equipment are minimally affected in the short run by currency fluctuations. Contracts and prices are negotiated in advance and hedges put in place to guard against exchange rate risk. Moreover, close to 90% of the state’s commodity exports, which are most sensitive to a strengthening currency, are to Asia and the USD has remained stable against Asian currencies.
- The construction sector continues to be a drag on the recovery. Excluding the boom years, construction activity in the state is approximately 4.5% of the economy, but 8% of revenue. This is the main reason the economic recovery appears stronger than the revenue recovery. Residential construction is coming off a boost from the homebuyer tax credits, but now that those credits have expired, we expect the nascent recovery in the state to taper off, just as it has nationally. Growth in residential construction will be anemic until the middle of 2011. Non-residential construction, on the other hand is unlikely to improve by much until 2012, although contract data for the state indicate that the decline in square footage is stabilizing.
- The weakness in the commercial real estate sector has left community banks particularly vulnerable because of their disproportionate exposure to that sector. This has resulted in those banks being unable to ease up on credit, although large nationally chartered banks have done so. The deterioration in the asset quality of Washington chartered banks has slowed, but asset quality remains poor. We expect continued weakness in this sector and resulting tight credit for small business in the immediate to medium term. The health of community banks will eventually improve as the economy recovers and so does the commercial real estate sector.
- We continue to remain bullish about the prospects for the state’s aerospace industry. Both air cargo and passenger traffic are recovering, although April figures were negatively affected by flight cancellations due to Icelandic volcano ash. According to the IATA, air cargo grew 25.2% over year ago in April, after growing 28.1% in March. Passenger traffic fell 2.4% in April, and is now 7% below its prior pre-crisis peak. In March it had been within 1% of that peak. Boeing’s order book remains full and we expect aerospace employment to return to modest growth in 2012 and 2013. Although we are optimistic that Boeing will eventually be awarded the military’s contract to build the next generation air refueling tanker, it is not included in our estimates.

- The state's software publishing industry is also rapidly returning to health. Microsoft's balance sheet remains healthy and its launch of Windows 7 in October has been an overwhelming success, as evidenced by its latest earnings report. Also encouraging is the news that we are now beginning to see a transition from mostly consumer demand for the product to the more lucrative business demand. The software publishing industry has added 900 (seasonally adjusted) jobs through May this year, slightly higher than the 800 we predicted in February. We expect modest employment growth in software publishing to continue.
- As expected, the State of Washington finally began to see positive overall employment growth in early 2010. We have five months of new employment data since the last forecast was adopted. Government employment grew less than forecast mainly as a result of less than expected temporary Census hiring but private sector job growth was right on target. The private sector gains were widespread with only financial activities and "other services" declining. Manufacturing and even construction grew modestly from December through May. As was the case nationally, the month of May was a disappointment as nearly all the payroll job growth was due to temporary census jobs. Still, the unemployment rate fell to 9.1% in May from a revised 9.3% in April. While we continue to expect the jobs recovery to continue, we have reduced our forecast for near-term employment growth since the preliminary forecast was released in May.
- New housing construction continued to improve in the first quarter according to the housing permit data but a drop in permits in April suggests a payback in the second and third quarters of this year as federal support is withdrawn. The number of housing permits rose to 21,100 units in the first quarter of 2010 from 19,000 units in the fourth quarter of 2009. This is up 40% from the trough in the second quarter of 2009 and 12% above our February forecast but it is still very low by historical standards. Some of the recent improvement in housing is no doubt due to the homebuyer's tax credit, which has now effectively expired. We expect reductions in housing permits in the second and third quarters of this year, with growth resuming in the fourth quarter. In the longer term we are optimistic about housing construction. Population growth has been well below trend in recent years due to the recession and the housing crisis. We believe a return to trend population growth will boost housing construction in Washington in 2012 and 2013. Housing construction will not return to the levels reached in the bubble years of 2004-2006 over the forecast horizon.
- Construction employment continues to bump along the bottom. Our model indicates there is about a one-year lag between turning points in permits and turning points in housing related construction employment. This suggests that employment in residential building and related special trades will begin rising, slowly, in the second half of 2010. However, nonresidential construction employment will continue to decline through most of 2011. We expect overall construction employment to continue to drift down through mid-2011 as the weak residential recovery is not enough to offset continued reductions in nonresidential construction. In spite of a fairly strong recovery in 2012 and 2013, construction employment will still be 35,100 below the previous peak at the end of 2013.

- Washington's personal income is now growing moderately. After sharp declines in the fourth quarter of 2008 and first quarter of 2009, personal income grew in the second, third, and fourth quarters of 2009. Personal income declined only 0.3% from the fourth quarter of 2008 to the fourth quarter of 2009 in spite of the severe job losses during that period. Disposable personal income rose nearly 3% during that period thanks to the tax cuts and increased transfer payments in the stimulus package. This means that Washington residents do have more to spend now than a year ago. Personal income growth will accelerate in the years ahead as positive job growth resumes.
- Revenue collections through the June 10 collection period were \$39 million below what we had expected over this period in the February forecast. This is 0.9% below our estimate for this period.
- New legislation from the 2010 session is expected to add \$761 million in revenues to the current biennium. To this we have added \$42 million in other non-economic factors such as expected large assessment payments and changes to the fee and tax structures at the DOR and DOL, for a total of \$803 million in non-economic revenue increases. For the next biennium, legislative changes and other non-economic changes are forecasted to bring in an additional \$1.66 billion.
- Netting out the combined effects of the negative collection variance, the negative forecast change, and the net positive non-economic changes – mostly due to legislative action, the forecast of collections for the remainder of the biennium is increased by USD 558 million.
- In the next biennium, increased revenue from economic growth is forecasted to bring in an additional \$197 million on top of the \$1.66 billion in non-economic increases.
- In summary, the new GF-S forecasts are:
 - 2009-11 biennium: USD 29.2 billion, which is USD 558 million higher than our previous forecast
 - 2011-13 biennium: USD 34.1 billion, which is USD 1.8 billion higher than our previous forecast

Downside Risks: 10% probability

- Downside risks have increased since the preliminary economic forecast two weeks ago, and now outweigh upside risks.
- Financial markets remain jittery as evidenced by their reaction to the Greek debt crisis. If the crisis is not contained and there is contagion to the rest of Europe, we would see a flight to quality, renewed distress in financial markets with wider spreads and falling equities, and spending reductions. Specifically, there would be downward adjustments to several components of consumer spending, business fixed investment and to home sales and housing starts because credit conditions would be tighter and would restrict spending, slowing the recovery. House prices would be lower, as would consumer

sentiment and overseas GDP. In an extreme scenario, the EUR may collapse, although that seems unlikely.

- Most of the downside risk now point to a slower recovery, rather than a double-dip recession, where economic activity sags in the fourth quarter of 2010. The risk of a W-shaped recovery is less now because private spending, especially business, appears to be strengthening. Nevertheless, it is not a zero probability event.

- Fears of deflation remain, though they have eased. But with the amount of liquidity that has been pumped into the economy, there is always a risk of inflation. However, inflation expectations are “well anchored,” which means the risk of inflation is low, even with the injection of liquidity. If expectations become “unanchored” and we get an uptick in inflationary pressures, then the Federal Reserve may be compelled to raise interest rates earlier than planned further slowing the recovery.

- Policy errors.

Upside Risks: 5% probability

- A sharper than expected improvement in the global rebound.

- Consumer confidence returns earlier than expected. Our baseline expects a gradual return of consumer confidence as the job situation improves. If consumer confidence returns quicker, the recovery will come quicker. One bright spot is that business confidence appears to be on the mend.

- Commodity prices do not strengthen too fast as the recovery gets underway.

- Boeing wins the military’s tanker contract.

- Good policy.

This page left intentionally blank.

Revenue Review

Presented to
The Economic & Revenue Forecast Council

Arun Raha
Chief Economist

June 17, 2010
Olympia, Washington



WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL

This page left intentionally blank.



Summary

- Revenue collections since our February forecast have come in close to target
- There is evidence that the economic recovery stumbled in May – we are now predicting near-term weakness, but a continuing recovery
- The forecast for the 2009-11 Biennium is \$558 million higher, entirely due to non-economic reasons
- Revenues for the 2011-13 Biennium are expected to be 16.4% higher than in the 2009-11 Biennium – most of the change since February is because of non-economic reasons
- The downside risk to the forecast is now higher than in our preliminary forecast two weeks ago

Arun Raha
Revenue Review
17 June 2010

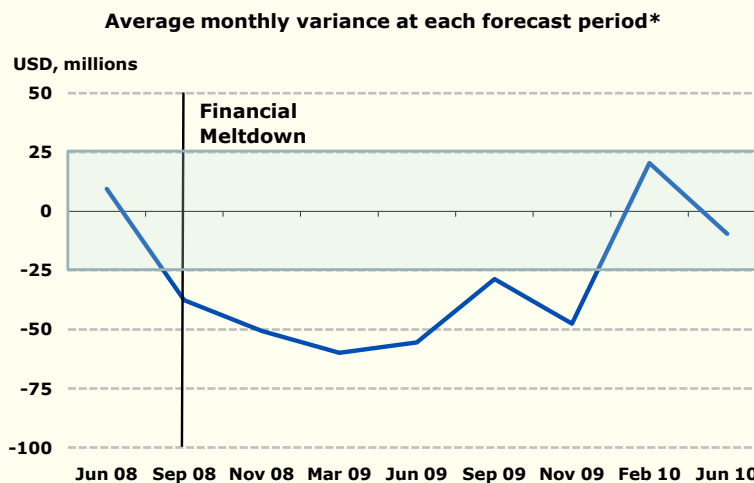
Slide 1

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



The average monthly revenue variance indicates our forecasts have been on target since November

*Adjusted for June 2009 variance in Property Taxes



Arun Raha
Revenue Review
17 June 2010

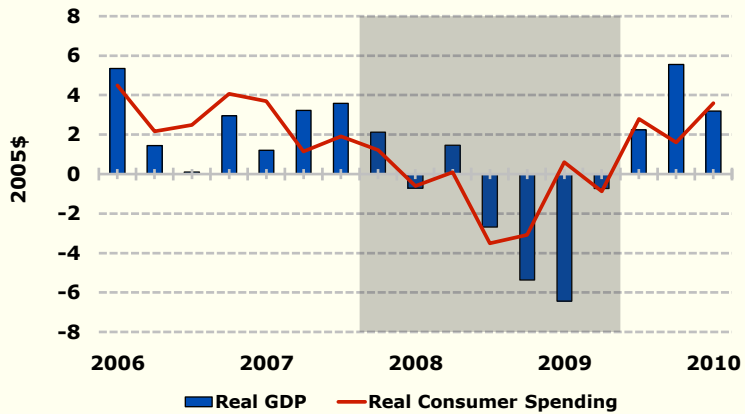
Slide 2

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



We have had 3 consecutive quarters of GDP and consumer spending growth

Percent growth, SAAR



Source: BEA, data through 2010 Q1

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

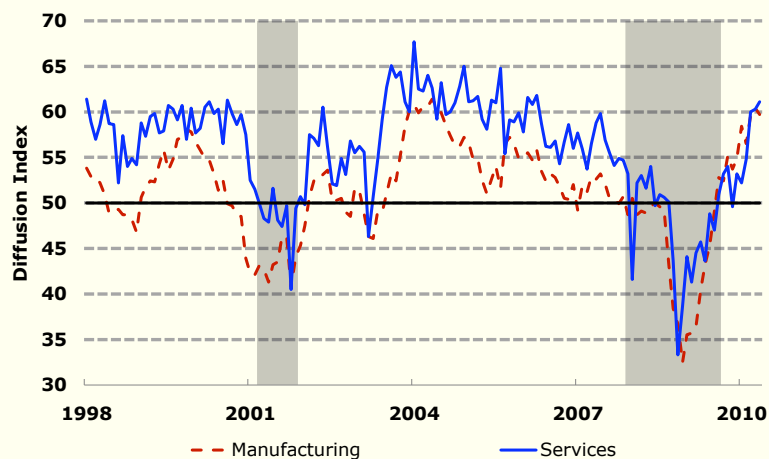
Arun Raha
Revenue Review
17 June 2010

Slide 3



ISM indices for both services and manufacturing indicate growth

An index greater than 50, implies growth



Source: Institute of Supply Management; data through May 2010

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Arun Raha
Revenue Review
17 June 2010

Slide 4

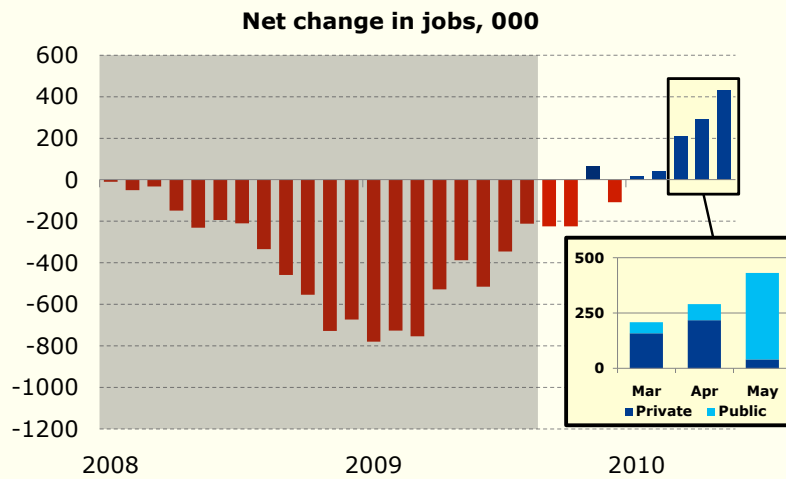


The jobs recovery stalled in May

Only 41,000 private sector jobs were added in May, down from 218,000 in April

Arun Raha
Revenue Review
17 June 2010

Slide 5



Source: BLS; data through May 2010

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

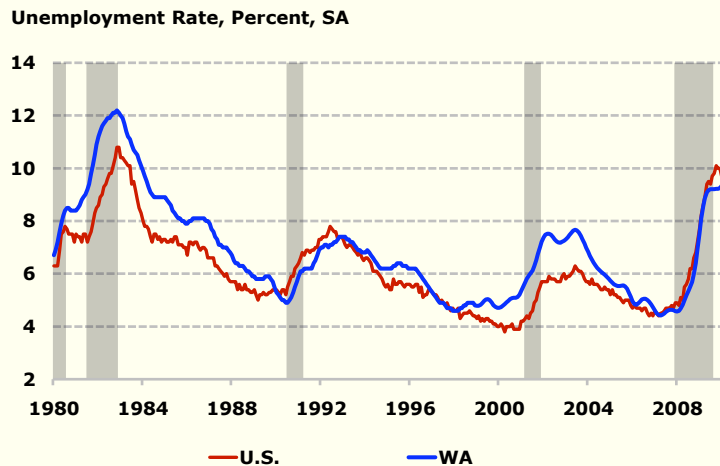


Unemployment is still high

It is normal for this rate to continue to rise even after the economy is in recovery

Arun Raha
Revenue Review
17 June 2010

Slide 6



Source: WA ESD, BLS; data through May 2010

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



At this stage in 1981-82, the state economy had made up all of the job losses

Peak to trough job losses

1981-82:

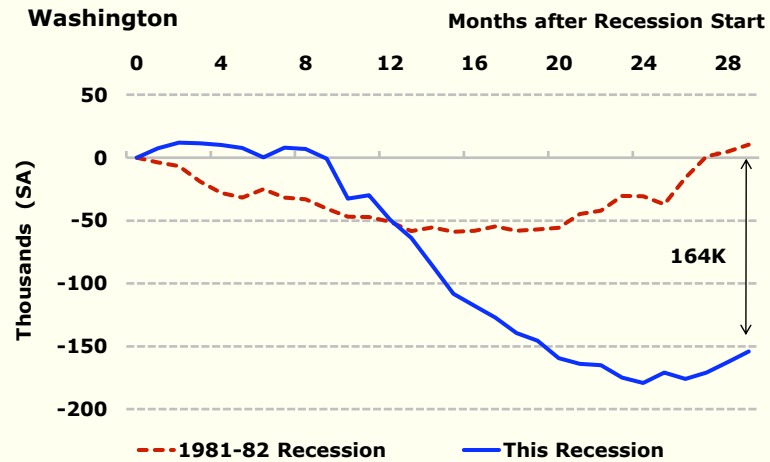
2.9% of labor force

This time:

5.1% of labor force

Arun Raha
Revenue Review
17 June 2010

Slide 7



Source: WA State ESD, ERFC; data through May 2010

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



The S&P 500 VIX volatility index has spiked recently

This index is a proxy for fear and uncertainty in markets

Arun Raha
Revenue Review
17 June 2010

Slide 8



Source: Yahoo Finance; data through June 14, 2010

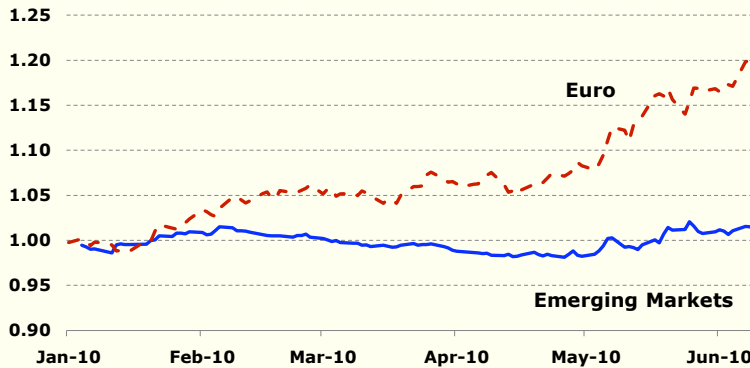
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



The USD has appreciated against the EUR this year, but not against emerging market currencies

U.S. Dollar versus select currencies

Index, Dec. 31, 2009 = 1.0



Arun Raha
Revenue Review
17 June 2010

Slide 9

Source: US Federal Reserve Bank, ERFC; data through June 11, 2010

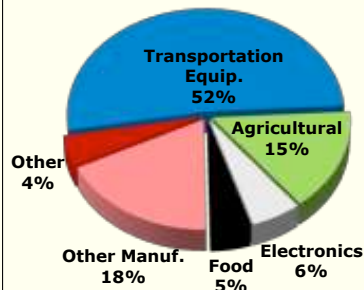
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



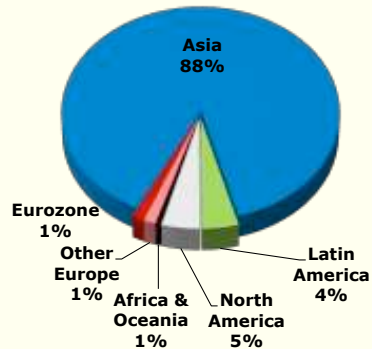
WA exports are less affected by a weaker EUR

2009

Exports By Industry



Destination of Agricultural Exports



Arun Raha
Revenue Review
17 June 2010

Slide 10

Source: Wisser Trade Data

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



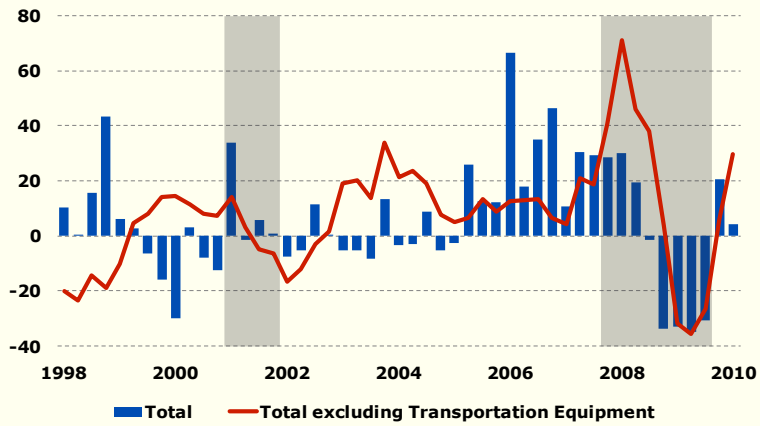
Exports will help the state recover faster than the nation

Exports excluding transport equipment were up 30% in Q1

Arun Raha
Revenue Review
17 June 2010

Slide 11

Exports
Percent Change, year ago



Source: Wisier Trade Data; through 2010 Q1

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

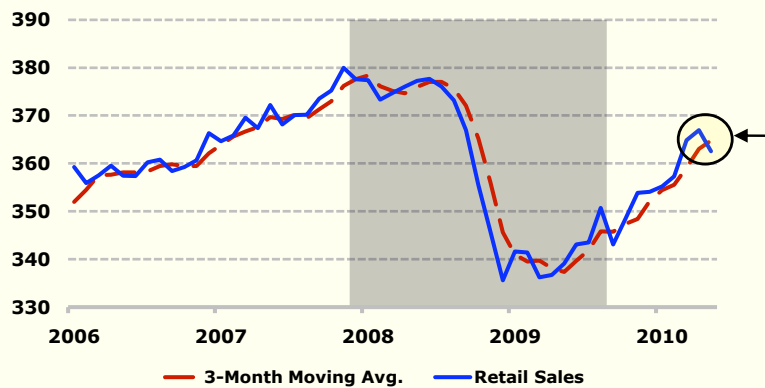


Retail sales fell in May

Arun Raha
Revenue Review
17 June 2010

Slide 12

U.S. Retail Sales and Food Services
USD, billions



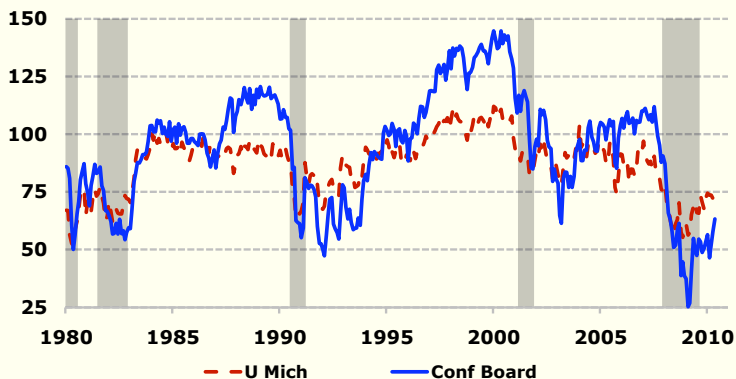
Source: U.S. Census Bureau; data through May 2010

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Consumer confidence is improving, but slowly

Index
Mich: 1966Q1 = 100, SA
Conf Board: 1985 = 100, SA



Arun Raha
Revenue Review
17 June 2010

Slide 13

Source: University of Michigan; Conference Board, data through June 2010

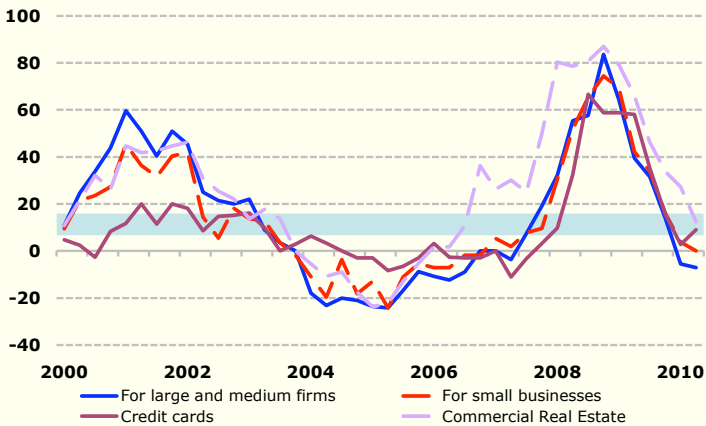
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Large bank lending appears to be easing

Survey includes 60 large domestic banks and 24 U.S. branches of foreign banks

Net Tightening minus Easing
Percent



Arun Raha
Revenue Review
17 June 2010

Slide 14

Source: Federal Reserve Board, Senior Loan Officers Quarterly Survey; data through April 2010 survey

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

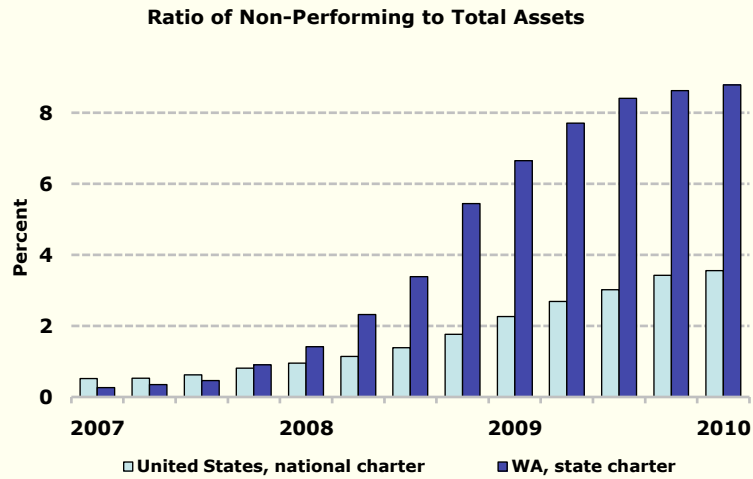


Asset quality of regional banks is poorer, but leveling off

The poorer asset quality of regional banks is due to their disproportionately high exposure to commercial real estate

Arun Raha
Revenue Review
17 June 2010

Slide 15

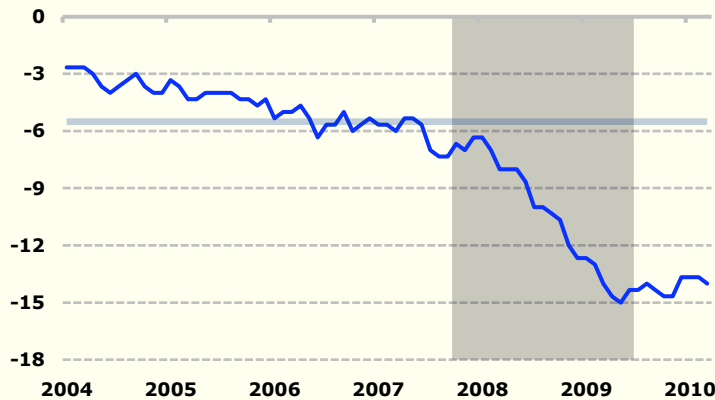


WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Credit conditions remain tight for small business

Availability of Loans
Net Percent ("Easier" minus "Harder"), 3mma



Arun Raha
Revenue Review
17 June 2010

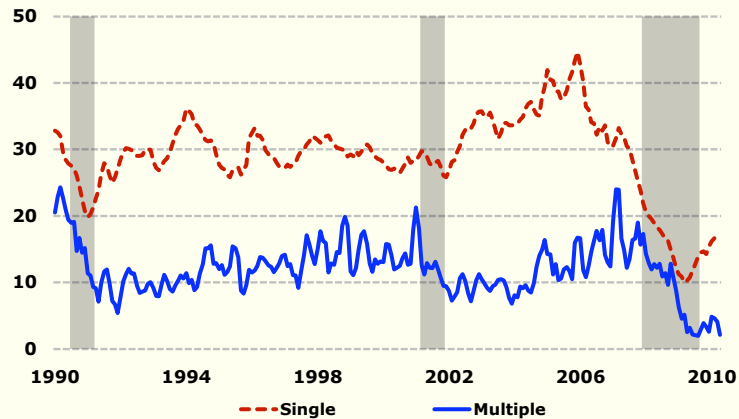
Slide 16

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



WA single family housing is expected to flatten out, now that the first time homebuyer tax credit has expired

Thousands, SA, 3MMA



Arun Raha
Revenue Review
17 June 2010

Slide 17

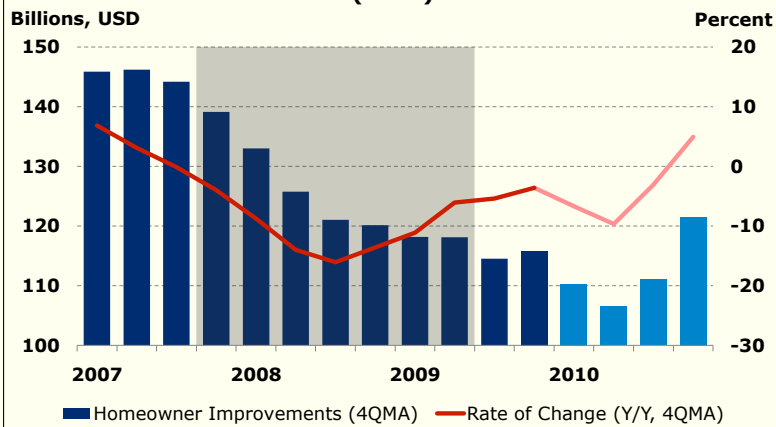
Source: U.S. Census Bureau; data through April 2010

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Leading indicator suggests remodeling improvement in 2010

The Leading Indicator of Remodeling Activity (LIRA)



Arun Raha
Revenue Review
17 June 2010

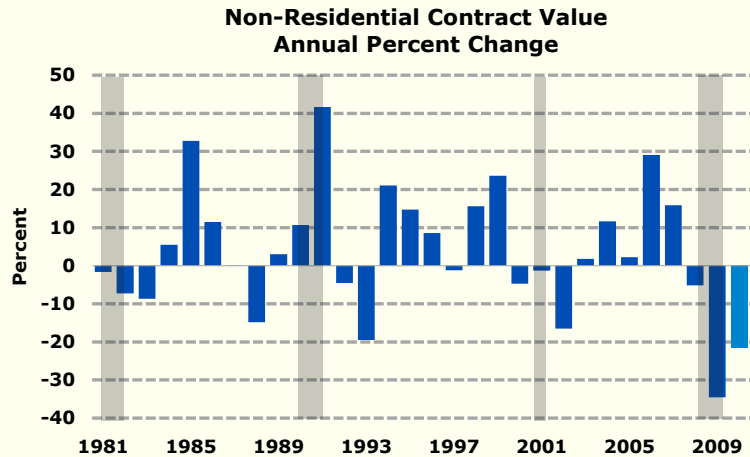
Slide 18

Source: Joint Center for Housing Studies of Harvard University, actual data through 2009 Q4

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



This is the worst downturn in non-residential construction in 30 years



Arun Raha
Revenue Review
17 June 2010

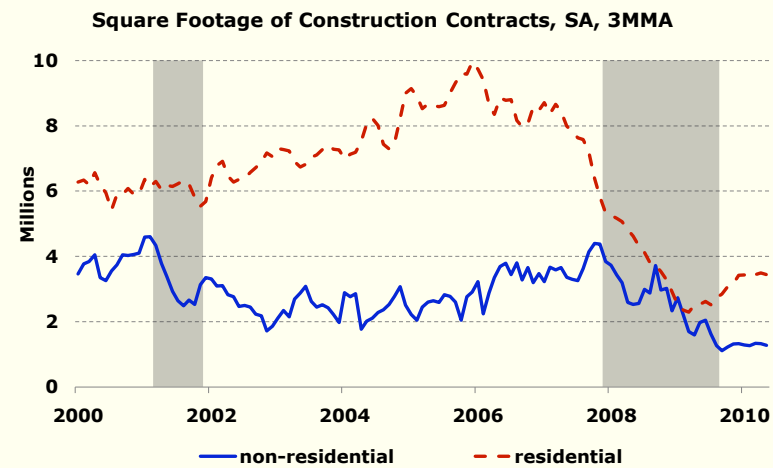
Slide 19

Source: McGraw-Hill Construction, data through May, 2010

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



New construction in WA is no longer in free-fall, but the recovery will be weak



Residential square feet is up 55% since reaching a trough in Jan 2009

Arun Raha
Revenue Review
17 June 2010

Slide 20

Source: McGraw Hill Construction, ERFC; data through May 2010

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



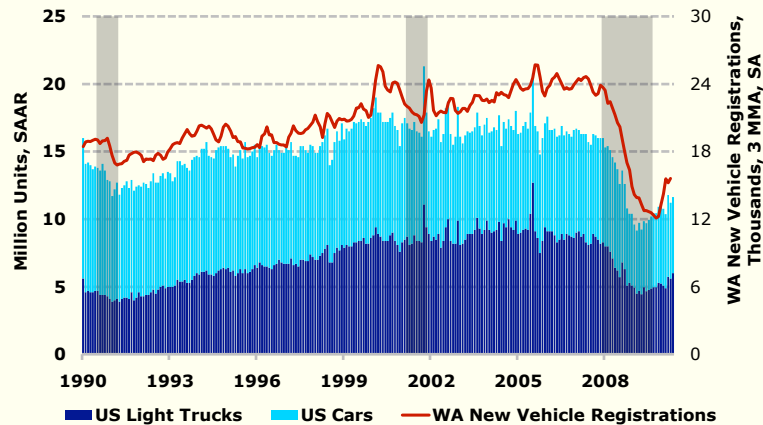
Automotive sales continue to improve

National car sales were 19% higher in May 2010 than in May 2009

Cash for Clunkers effect removed

Arun Raha
Revenue Review
17 June 2010

Slide 21



WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

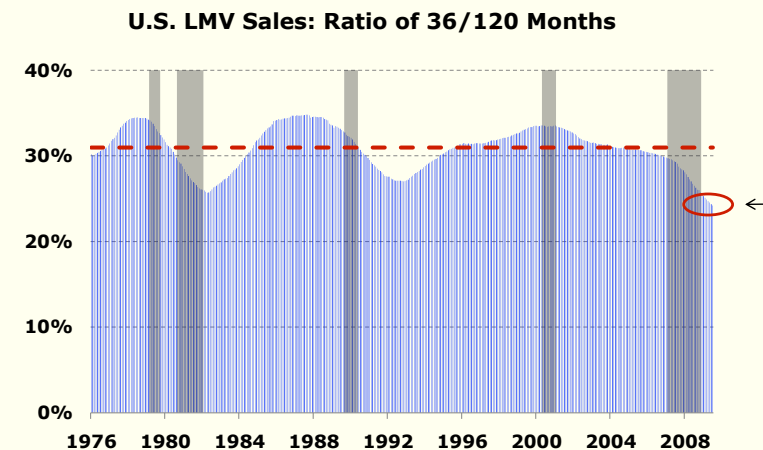


Relative age of the car fleet indicates continued turnaround in car sales

The percent of "old" cars on the road is at a historic high

Arun Raha
Revenue Review
17 June 2010

Slide 22

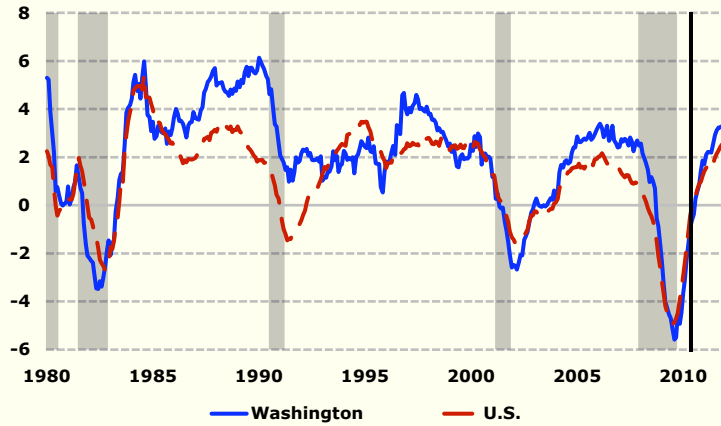


WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



WA employment lagged the nation in the downturn and will recover stronger than the nation

Percent change, year ago



Arun Raha
Revenue Review
17 June 2010

Slide 23

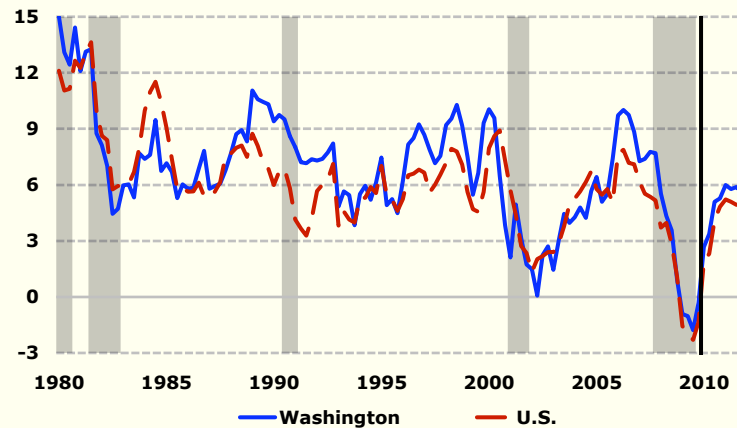
Source: ERFC June 2010 forecast; actual through May 2010

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



The recovery in WA personal income growth is expected to be better than the nation's

Percent change, year ago



Arun Raha
Revenue Review
17 June 2010

Slide 24

Source: ERFC June 2010 forecast; actual data through 2010Q1

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

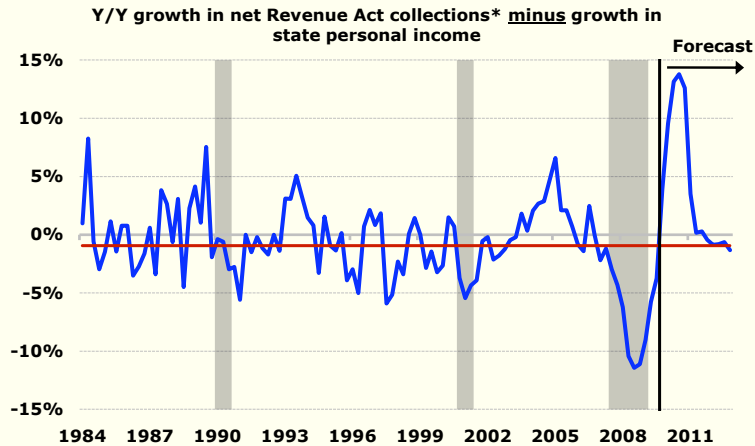


Revenue growth relative to income will improve sharply due to 2010 legislation

The growth rate for FY 2011 is accelerated by legislative additions to B&O and retail sales taxes

Arun Raha
Revenue Review
17 June 2010

Slide 25



*Current definition of Revenue Act, includes effects of 2010 legislation

Source: DOR and ERFC; data through 2010Q1 estimated

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

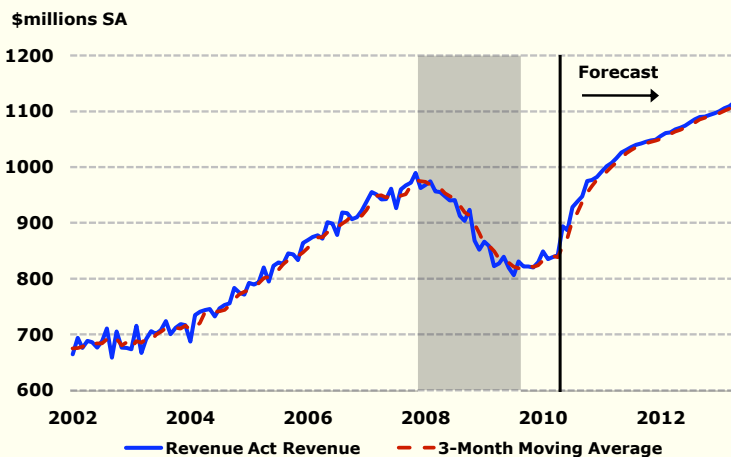


Revenue Act collections are now trending upward, and likely to continue

Adjusted receipts were up 2.2% year-over-year in the May 11-June 10 collection period – for April activity.

Arun Raha
Revenue Review
17 June 2010

Slide 26



* Adjusted for large one-time transactions, current definition of Revenue Act

Source: DOR and ERFC; monthly data through April 2010 activity; June 2010 forecast

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



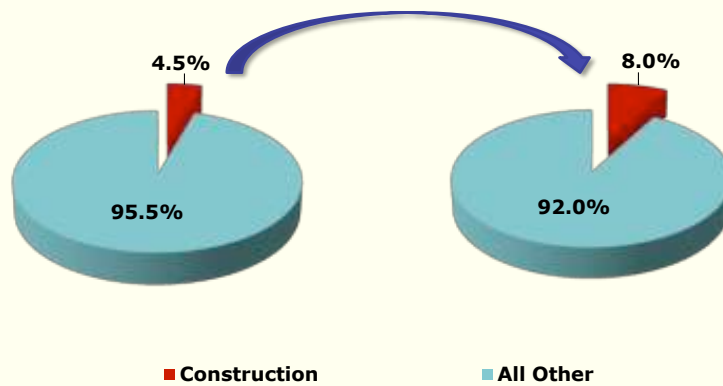
Construction contributes more to the GF-S than to State Product

1997 – 2004
Average

Excludes
bubble
years

Gross State Product

General Fund Revenue



Arun Raha
Revenue Review
17 June 2010

Slide 27

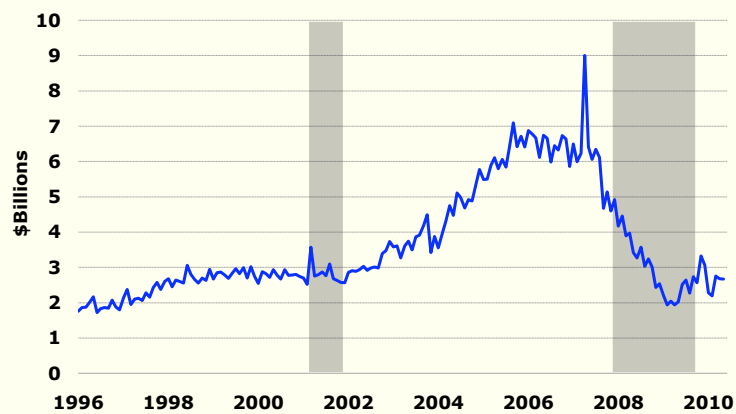
Source: Bureau of Economic Analysis, ERFC

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Spring tax-credit rush has been subdued so far compared to fall's

Seasonally Adjusted Taxable Real Estate Excise Activity



Arun Raha
Revenue Review
17 June 2010

Slide 28

Source: ERFC; monthly data through May 2010

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Forecast changes: General Fund State, 2009-2011 Biennium

February Forecast:
\$28,725 million

USD millions	June '10 Forecast				Total Change*
	Collection Experience	Non-economic Change	Forecast Change	Forecast	
Dept. of Revenue	(\$34)	\$749	(\$159)	\$27,802	\$556
All other agencies	(\$5)	\$54	(\$47)	\$1,481	\$1
Total GF-S	(\$39)	\$803	(\$207)	\$29,282	\$558

Arun Raha
Revenue Review
17 June 2010

* Detail may not add to total due to rounding

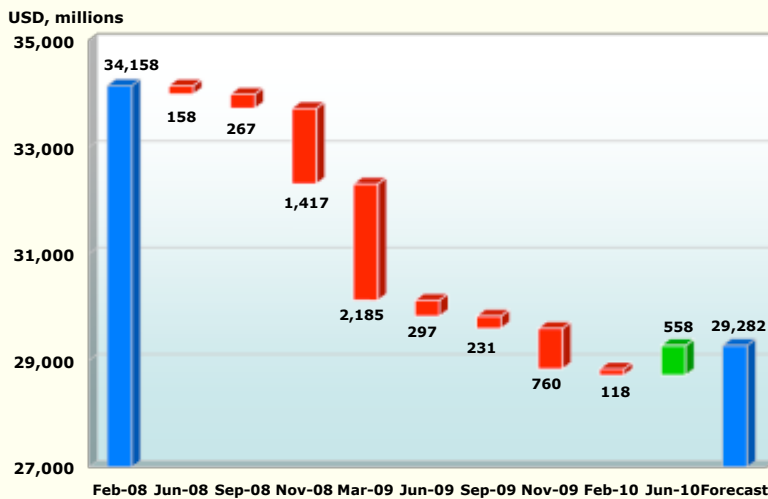
Slide 29

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Forecast revisions to the 2009-11 biennium

GF-S New Definition



Arun Raha
Revenue Review
17 June 2010

Slide 30

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Forecast changes: General Fund State, 2011-2013 Biennium

USD Millions

USD millions	February 2010 Forecast	Non-economic Change	June '10 Forecast		Total Change*
			Forecast Change	Forecast	
Dept. of Revenue	\$30,658	\$1,556	\$219	\$32,433	\$1,774
All other agencies	\$1,566	\$105	(\$21)	\$1,650	\$84
Total GF-S	\$32,225	\$1,661	\$197	\$34,083	\$1,858

Arun Raha
Revenue Review
17 June 2010

* Detail may not add to total due to rounding

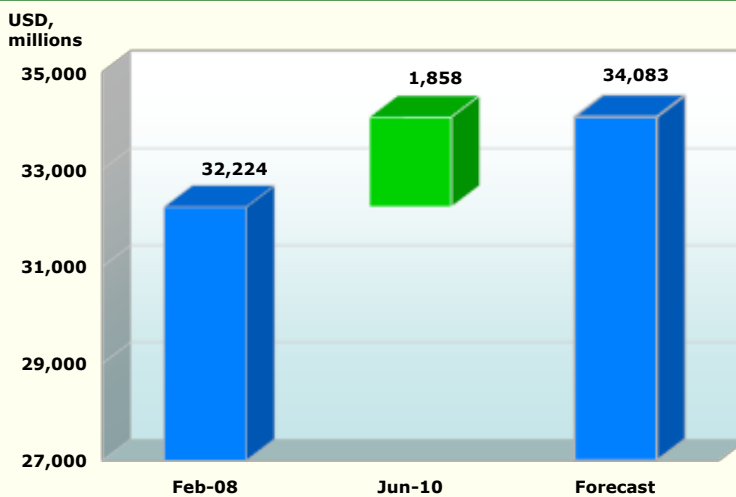
Slide 31

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Forecast revisions to the 2011-13 biennium

GF-S
New
Definition



Arun Raha
Revenue Review
17 June 2010

Source: ERFC; data through June 2010 forecast

Slide 32

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



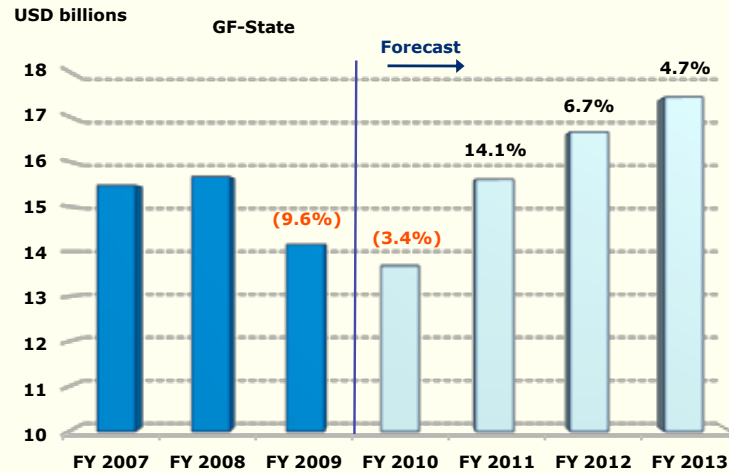
General Fund* forecast by fiscal year

* General Fund & Related Funds for FY 07, 08, and 09

General Fund – new definition, for FY 10-13

Arun Raha
Revenue Review
17 June 2010

Slide 33



Source: ERFC forecast, June 2010; includes impact of legislative changes

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



2009-11 Biennium alternative forecasts – cash basis

USD millions	2009-11 Biennium	Difference From the baseline
June 2010 Baseline (85%)	\$29,282	
<u>June 2010 Alternative Forecasts</u>		
Optimistic (5%)	\$29,862	\$579
Pessimistic (10%)	\$28,636	(\$646)
Probability Weighted Average	\$29,247	(\$36)
GCEA*	\$29,198	(\$85)

Arun Raha
Revenue Review
17 June 2010

Slide 34

*Based on the Governor's Council of Economic Advisors' assumptions

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



2011-13 Biennium alternative forecasts – cash basis

USD millions	2011-13 Biennium	Difference From the baseline
June 2010 Baseline (85%)	\$34,083	
June 2010 Alternative Forecasts		
Optimistic (5%)	\$36,624	\$2,541
Pessimistic (10%)	\$31,180	(\$2,903)
Probability Weighted Average	\$33,920	(\$163)
GCEA*	\$33,643	(\$440)

Arun Raha
Revenue Review
17 June 2010

Slide 35

*Based on the Governor's Council of Economic Advisors' assumptions

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Forecast changes: Lottery

Most of Lottery Revenue is Non-General Fund

Does not include one-time cash transfers

	Lottery Revenue					USD Millions
	February Forecast*	<u>Non-economic Change</u>	<u>Economic Change</u>	<u>Total Change</u>	June Forecast	
2009-11 Biennium	\$227.0	\$16.6	\$5.8	\$22.4	\$249.4	
2011-13 Biennium	\$231.5	\$24.3	\$10.5	\$34.8	\$266.3	

Arun Raha
Revenue Review
17 June 2010

Slide 36

* February forecast by Washington State Lottery

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Conclusion

- The forecast for the 2009-11 Biennium is \$558 million higher, entirely due to non-economic reasons
- The forecast for the 2011-13 Biennium is \$ 1.9 billion higher, but just \$197 million of that is due to an improved economic outlook
- Revenues for the 2011-13 Biennium are now expected to be 16.4% higher than in the 2009-11 Biennium
- The downside risk to the forecast is now higher than in our preliminary forecast two weeks ago
- The economy is likely to continue to recover, but will experience near-term softness

Arun Raha
Revenue Review
17 June 2010

Slide 37

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

This page left intentionally blank.

Changes to the General Fund-State Cash Forecast-by Agency

Comparison of the June 2010 to the February 2010 Forecast
2009-11 Biennium
Millions of Dollars

	February 2010 <u>Forecast*</u>	Collection <u>Experience</u>	Non-economic <u>Changes**</u>	Forecast <u>Change</u>	June 2010 <u>Forecast</u>	Total <u>Change#</u>
Department of Revenue	\$27,245.4	(\$33.5)	\$749.2	(\$159.3)	\$27,801.8	\$556.4
All other Agencies	\$1,479.3	(\$5.0)	\$53.7	(\$47.4)	\$1,480.6	\$1.2
Total General Fund-State	\$28,724.7	(\$38.5)	\$802.9	(\$206.8)	\$29,282.4	\$557.6

* Forecast for GF-S for the 2009-11 biennium adopted February 2010

**Sum of changes from 2010 legislative session (\$761.0m) plus expected net assessment payments, new DOR RTA administrative fee and DOL non-economic changes (\$41.9m)

#Details may not add due to rounding

Changes to the General Fund-State Cash Forecast-by Agency

Comparison of the June 2010 to the February 2010 Forecast

2011-13 Biennium

Millions of Dollars

	February 2010 Forecast*	Non-economic Changes**	Forecast Change	June 2010 Forecast	Total Change*
Department of Revenue	\$30,658.3	\$1,555.7	\$218.6	\$32,432.6	\$1,774.3
All other Agencies	\$1,566.2	\$105.4	(\$21.2)	\$1,650.3	\$84.2
Total General Fund-State	\$32,224.5	\$1,661.1	\$197.4	\$34,082.9	\$1,858.4

* Forecast for GF-S for the 2011-13 biennium adopted February 2010

**Sum of changes from 2010 legislative session (\$1,658.7m) plus new DOR RTA administrative fee and DOL non-economic changes (\$2.4m)

**Revenue Legislation Affecting General Fund-State
Passed in the 2010 Legislative Session**

(Revenues in millions \$)

ID	Description	GF-S Revenue											
		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	BI 2009-11	BI 2011-13				
E2SHB 1597	Tax programs administration	-	-	-	-	-	-	-	-	-	-	-	-
SHB 2402	Farmers market/property tax	-	(0.002)	(0.002)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.002)	(0.002)	(0.002)	(0.003)
2SHB 2436	Vehicle license fraud	-	0.681	0.718	0.758	0.802	0.849	0.881	0.881	0.681	0.681	1.475	1.475
ESHB 2493	Cigarette & tobacco taxation	7.185	94.192	98.489	99.267	99.276	100.490	101.377	101.377	101.377	101.377	197.756	197.756
2SHB 2551	WA vaccine association	-	(0.700)	(0.700)	(0.700)	(0.700)	(0.700)	(0.700)	(0.700)	(0.700)	(0.700)	(1.400)	(1.400)
EHB 2561	Energy cost savings & jobs	-	-	-	-	33.922	38.672	-	-	-	-	-	-
SHB 2620	Excise taxation	(0.087)	(0.853)	(0.743)	(0.583)	(0.345)	(0.052)	(0.940)	(0.940)	(0.940)	(0.940)	(1.326)	(1.326)
EHB 2672	Aluminum smelters/tax relief	-	-	(1.354)	(3.411)	(3.582)	(3.761)	-	-	-	-	(4.765)	(4.765)
SHB 2758	Wholesale sales/excise tax	-	-	-	-	(0.742)	(0.857)	-	-	-	-	-	-
ESHB 3014	Rural co. investmt projects	-	(7.788)	(6.961)	(6.741)	(7.427)	(7.813)	(7.788)	(7.788)	(7.788)	(7.788)	(13.702)	(13.702)
ESSB 5902	Persons with disabilities	-	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.034)	(0.068)	(0.068)
2ESSB 6143	Excise tax law modifications	57.067	614.287	703.920	785.301	377.499	396.393	671.354	671.354	671.354	671.354	1,489.221	1,489.221
	Business and Occupation Tax	51.822	448.100	528.316	602.618	353.277	371.135	499.922	499.922	499.922	499.922	1,130.934	1,130.934
	Retail Sales Tax	0.380	67.098	72.554	78.911	17.659	18.403	67.478	67.478	67.478	67.478	151.466	151.466
	Real Estate Excise Tax	-	4.361	4.703	5.051	5.405	5.674	4.361	4.361	4.361	4.361	9.754	9.754
	Public Utilities District Tax	0.091	1.091	1.113	1.135	1.158	1.181	1.182	1.182	1.182	1.182	2.248	2.248
	Carbonated Beverage Tax	-	35.774	38.793	38.560	-	-	35.774	35.774	35.774	35.774	77.353	77.353
	Beer Tax	4.774	57.863	58.441	59.026	-	-	62.637	62.637	62.637	62.637	117.467	117.467
SB 6206	Tax incentive accountability	-	(0.339)	(0.339)	(0.339)	(0.339)	(0.339)	(0.339)	(0.339)	(0.339)	(0.339)	(0.678)	(0.678)
SSB 6339	Wax and ceramic materials	-	(0.173)	(0.199)	(0.209)	(0.220)	(0.230)	(0.173)	(0.173)	(0.173)	(0.173)	(0.408)	(0.408)
E2SSB 6504	Crime victims' compensation	-	(2.668)	(2.668)	(2.668)	(2.668)	(2.668)	(2.668)	(2.668)	(2.668)	(2.668)	(5.336)	(5.336)
E2SSB 6609	Local govt infrastructure	-	-	-	(1.950)	(1.950)	(1.950)	(1.950)	(1.950)	(1.950)	(1.950)	(1.950)	(1.950)
SSB 6614	Bonneville power admin	(0.023)	(0.270)	(0.284)	(0.298)	(0.313)	(0.328)	(0.293)	(0.293)	(0.293)	(0.293)	(0.582)	(0.582)
SSB 6712	Extending tax incentives	-	(0.222)	(0.957)	(1.102)	(1.148)	(1.194)	(0.222)	(0.222)	(0.222)	(0.222)	(2.059)	(2.059)
SSB 6846	Enhanced 911 services	-	0.207	0.639	0.658	0.678	0.698	0.207	0.207	0.207	0.207	1.297	1.297
SB 6855	Community center taxation	-	0.010	0.040	0.041	0.043	0.044	0.010	0.010	0.010	0.010	0.081	0.081
ESSB 6444	Operating Supplemental Budget 2010	-	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550	1.100	1.100
Total GF-S Revenue Impact		64.142	696.877	790.115	868.538	493.301	517.770	761.019	761.019	761.019	761.019	1,658.653	1,658.653

**Year-Over-Year Employment Growth by Industry
(May 2009 to May 2010)
Washington vs. U.S.**

	Washington		U.S
	(000)	% Chg.	% Chg.
Total	-27.6	-1.0%	-0.4%
Natural Resources and Mining	0.4	6.6%	3.3%
Education and Health Services	5.0	1.3%	1.8%
Retail Trade	2.8	0.9%	-0.7%
Professional and Business Services	1.7	0.5%	0.5%
Wholesale Trade	-1.2	-1.0%	-0.8%
Government Education	-2.6	-1.1%	-1.1%
Leisure and Hospitality	-3.1	-1.1%	-0.2%
Software Publishers	-0.6	-1.2%	-
Other Services	-1.3	-1.2%	-0.5%
Government Non-Education	-4.2	-1.7%	-1.5%
Information Excluding Software	-1.0	-1.8%	-
Manufacturing Excluding Aerospace	-5.3	-2.9%	-
Aerospace Product and Parts Manufacturin	-2.9	-3.4%	-
Transportation, Warehousing and Utilities	-3.6	-3.9%	-2.1%
Financial Activities	-7.7	-5.3%	-2.2%
Construction	-14.0	-8.6%	-8.2%
Information	-1.6	-1.5%	-2.9%
Manufacturing	-8.1	-3.1%	-2.0%

Washington Geographic Breakdown

Seattle MSA	-20.1	-1.4%
Tacoma MSA	-2.7	-1.0%
Spokane MSA	-5.4	-2.5%
Rest of WA	0.7	0.1%

Source: WA State Employment Security Department, U.S. Bureau of Labor Statistics

Electronic Filers*
Year-over-year growth in payments, same taxpayers
Percent

NAICS/Sector	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10
441 Motor vehicles & parts	(20.7)	(19.4)	(11.3)	0.6	16.1	(11.8)	7.4	3.0	10.9	(5.9)	7.5	17.6	7.6
442 furniture and home furnishings	(19.9)	(20.1)	(16.9)	(13.9)	(12.5)	(7.4)	(5.7)	(1.5)	16.3	(8.4)	10.5	11.0	8.3
443 Electronics & appliances	(5.7)	(10.5)	(12.6)	(8.3)	1.8	1.9	(5.4)	(1.5)	12.5	(4.2)	(1.5)	17.7	11.5
444 Build. Mat./garden equip.	(8.1)	(11.5)	(8.9)	(14.0)	(12.3)	(10.2)	(8.6)	(4.6)	2.5	0.1	8.7	20.7	(2.0)
445 Food & beverage stores	3.9	3.0	2.4	1.7	(0.7)	13.6	(9.6)	1.4	2.7	(2.5)	3.1	17.7	(12.4)
446 Drug & health stores	8.3	5.8	4.9	4.5	1.5	4.5	7.5	4.9	12.2	4.8	7.0	5.2	3.2
447 Gas stations & convenience stores	(20.2)	(17.4)	(12.8)	(16.2)	(13.8)	(11.7)	(5.7)	11.1	20.3	9.6	16.4	21.1	11.9
448 Apparel & accessories	(1.7)	(7.0)	(3.5)	(3.6)	(8.4)	0.7	5.3	5.2	14.1	6.7	12.6	18.3	4.9
451 Sporting goods,toys,books,music	(4.1)	(4.8)	(2.4)	(2.9)	0.7	2.2	7.6	6.4	12.4	(1.3)	8.1	5.0	6.6
452 General merchandise stores	2.7	(2.7)	(1.2)	(0.3)	(1.4)	2.2	5.4	3.9	6.0	0.8	5.2	9.4	1.3
453 Miscellaneous retailers	(6.0)	(8.1)	(3.4)	(5.5)	(5.4)	(3.8)	(4.0)	7.7	10.2	(1.9)	8.2	5.5	2.9
454 Nonstore retailers	(13.6)	(9.3)	(4.7)	(2.6)	(5.1)	(5.4)	(3.7)	18.5	21.3	3.8	5.6	9.0	13.2
44-45 Sub total: Retail Trade	(7.7)	(9.6)	(6.0)	(3.6)	0.0	(2.8)	0.5	3.5	9.5	(1.2)	6.8	13.5	3.3
11 Agriculture,forestry,fishing	(8.0)	(12.9)	(20.6)	(23.1)	(25.1)	(23.6)	(14.0)	(13.9)	0.6	12.8	69.9	41.4	26.9
21 Mining	33.1	(8.7)	(17.1)	(27.2)	(22.2)	(22.1)	(11.1)	35.2	(10.6)	(16.0)	(12.8)	(24.0)	(39.0)
22 Utilities	2.2	0.6)	(7.1)	7.3	14.7	12.4	6.7	3.6	7.4	(10.9)	(11.9)	(8.6)	(4.9)
23 Construction	(21.9)	(21.4)	(21.2)	(21.4)	(20.6)	(21.6)	(23.8)	(24.9)	(21.8)	(17.0)	(20.4)	(19.0)	(11.7)
31-33 Manufacturing	(39.2)	(39.1)	(31.0)	(26.9)	(13.6)	(1.1)	12.6	17.3	38.4	29.2	30.6	36.6	119.0
42 Wholesale trade	(14.1)	(22.7)	(9.9)	(17.7)	(15.9)	(7.7)	(14.4)	(8.5)	6.5	4.6	3.5	13.6	10.6
48-49 Transportation & Warehousing	(27.5)	(36.8)	(31.0)	(27.8)	(20.0)	(21.0)	(26.9)	(0.9)	2.6	9.0	27.6	33.3	12.4
51 Information (adjusted for one-time paym	(3.0)	(4.1)	(8.4)	(3.9)	1.0	(0.8)	(3.1)	2.5	(0.1)	1.7	3.2	7.8	0.9
52 Finance, insurance	(8.9)	(4.7)	(14.2)	(14.6)	(11.8)	3.2	4.2	(5.5)	(14.8)	(17.3)	(17.0)	(22.2)	(1.2)
53 Real Estate, rental & leasing	(10.5)	(14.3)	(7.2)	(9.7)	(8.1)	(7.7)	(1.8)	(1.1)	(3.7)	(6.3)	(6.5)	(4.8)	(2.5)
54 Professional, scientific & Tech. services	(0.1)	(17.1)	(12.6)	(15.3)	(12.6)	(12.6)	(8.3)	(7.7)	(14.4)	(2.8)	10.9	5.5	(0.5)
55-62 Management,education & health services	5.8	2.1	3.9	6.5	8.1	(2.7)	(1.5)	14.5	10.1	4.7	2.5	7.6	7.7
71 Arts, entertainment & recreation	(2.0)	(5.6)	(3.5)	(4.1)	(5.9)	(0.6)	(0.8)	(6.4)	10.0	3.0	9.6	(2.3)	(3.2)
72 Accommodation & food services	(6.5)	(5.8)	(7.1)	(4.3)	(7.9)	(6.5)	(6.3)	(5.7)	5.2	1.4	3.4	3.6	3.6
81 Other services	(7.2)	(10.1)	(4.7)	(4.8)	(5.7)	(5.5)	(6.9)	0.7	8.2	(5.3)	(1.6)	0.5	1.6
92,99,0C Public Administration & all other	(5.5)	11.8	(4.1)	4.1	3.9	(1.3)	(17.8)	(7.2)	28.9	8.1	13.2	13.8	(13.7)
Total: All Industries	(11.2)	(13.6)	(10.5)	(9.4)	(6.6)	(6.6)	(5.7)	(2.5)	4.0	(1.7)	1.5	5.9	6.8
Addendum:													
Retail trade & Food services	(7.3)	(6.7)	(7.0)	(6.5)	(6.8)	(6.9)	(7.5)	(7.6)	(6.0)	(0.8)	6.2	12.1	3.4
Non retail trade & food services	(14.1)	(13.7)	(14.6)	(13.0)	(13.4)	(13.0)	(13.4)	(15.5)	(14.4)	(2.4)	(2.0)	1.3	9.5
Accommodations	(13.7)	(11.3)	(10.5)	(9.7)	(9.0)	(10.4)	(10.9)	(14.9)	(15.3)	(0.1)	5.4	3.7	1.5
Retail trade & food service-except auto	(3.6)	(5.9)	(4.3)	(4.1)	(4.6)	(0.5)	(1.1)	2.5	9.3	0.5	6.0	10.9	2.5
Real estate/construction related	(17.9)	(18.6)	(17.0)	(18.2)	(17.5)	(17.6)	(18.4)	(18.1)	(13.9)	(12.4)	(12.6)	(9.4)	(7.4)
Total less real estate/construction related	(9.2)	(12.1)	(8.5)	(6.6)	(3.2)	(3.1)	(1.6)	2.2	8.1	1.0	5.1	9.8	10.5
Non retail trade	(13.3)	(16.1)	(13.3)	(13.0)	(10.5)	(8.7)	(9.0)	(6.2)	(0.2)	(2.0)	(1.6)	1.6	9.0

*Electronic payments of EFT taxpayers and ELF taxpayers (includes some non-electronic payments of EFT taxpayers) received by two days after due date.

Analysis for the Major Sources Based on Taxable Activity

Revenue Act Sources

June 2010 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity**
	Tax Base Adjusted*	Personal Income ¹	
I. Retail Sales			
1992	6.8	7.3	0.9
1993	4.1	6.6	0.6
1994	6.4	5.2	1.2
1995	5.0	5.9	0.8
1996	3.0	6.0	0.5
1997	6.7	8.6	0.8
1998	8.0	8.4	0.9
1999	7.1	8.0	0.9
2000	8.0	8.9	0.9
2001	2.8	4.3	0.6
2002	(1.4)	1.6	(0.9)
2003	2.1	2.4	0.9
2004	4.6	4.4	1.1
2005	7.9	5.4	1.5
2006	10.1	8.2	1.2
2007	7.9	8.3	1.0
2008	2.7	6.3	0.4
2009	(10.4)	0.6	(16.4)
2010	(4.3)	1.0	(4.5)
2011	9.9	5.5	1.8
2012	6.3	5.8	1.1
2013	5.8	5.9	1.0
Average 1992-2009:	4.5	5.9	0.8
II. Business & Occupation			
1992	5.9	7.3	0.8
1993	3.5	6.6	0.5
1994	3.0	5.2	0.6
1995	6.5	5.9	1.1
1996	4.3	6.0	0.7
1997	9.4	8.6	1.1
1998	7.3	8.4	0.9
1999	6.6	8.0	0.8
2000	5.6	8.9	0.6
2001	3.0	4.3	0.7
2002	(3.6)	1.6	(2.2)
2003	(1.6)	2.4	(0.7)
2004	6.8	4.4	1.6
2005	9.7	5.4	1.8
2006	11.1	8.2	1.4
2007	8.3	8.3	1.0
2008	6.8	6.3	1.1
2009	(8.8)	0.6	(13.9)
2010	0.7	1.0	0.7
2011	9.8	5.5	1.8
2012	6.2	5.8	1.1
2013	5.2	5.9	0.9
Average 1992-2009:	4.7	5.9	0.8

* Based on constant base taxable data.

** Percent changes in taxable activity divided by percent change in personal income.

¹ Income adjusted to exclude special dividend payment in fy 05.

Analysis for the Major Sources Based on Taxable Activity

Revenue Act Sources

June 2010 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity**
	Tax Base Adjusted*	Personal Income ¹	
III. Use			
1992	(0.6)	7.3	(0.1)
1993	7.6	6.6	1.2
1994	6.1	5.2	1.2
1995	6.4	5.9	1.1
1996	(1.9)	6.0	(0.3)
1997	(0.7)	8.6	(0.1)
1998	4.4	8.4	0.5
1999	(0.1)	8.0	(0.0)
2000	14.4	8.9	1.6
2001	8.4	4.3	1.9
2002	(5.8)	1.6	(3.6)
2003	(1.4)	2.4	(0.6)
2004	5.6	4.4	1.3
2005	14.0	5.4	2.6
2006	2.3	8.2	0.3
2007	9.1	8.3	1.1
2008	2.0	6.3	0.3
2009	(13.0)	0.6	(20.6)
2010	(3.5)	1.0	(3.6)
2011	16.4	5.5	3.0
2012	7.6	5.8	1.3
2013	6.4	5.9	1.1
Average 1992-2009:	3.2	5.9	0.5

Total Revenue Act Receipts

June 2010 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity**
	Tax Receipts [#]	Personal Income ¹	
Revenue Act			
1992	5.8	7.3	0.8
1993	6.1	6.6	0.9
1994	7.9	5.2	1.5
1995	6.3	5.9	1.1
1996	1.8	6.0	0.3
1997	5.3	8.6	0.6
1998	6.3	8.4	0.7
1999	4.2	8.0	0.5
2000	7.4	8.9	0.8
2001	3.9	4.3	0.9
2002	(1.7)	1.6	(1.0)
2003	1.0	2.4	0.4
2004	4.8	4.4	1.1
2005	7.6	5.4	1.4
2006	10.6	8.2	1.3
2007	8.3	8.3	1.0
2008	4.2	6.3	0.7
2009	(9.5)	0.6	(15.0)
2010	(4.2)	1.0	(4.4)
2011	16.2	5.5	2.9
2012	7.6	5.8	1.3
2013	5.1	5.9	0.9
Average 1992-2009:	4.5	5.9	0.8

* Based on constant base taxable data.

** Percent changes in taxable activity divided by percent change in personal income.

[#] Post-ESSB 5073 definition of Revenue Act

^{**} Percent changes in tax receipts divided by percent change in personal income.

¹ Income adjusted to exclude special dividend payment in fy 05.

General Fund-State: History and Forecast of Components

History and Forecast by Fiscal Year (Cash basis)

June 2010 - Millions of Dollars

	General Fund-State		Related Fund		General Fund-State plus Related Fund	
	Level	% Change	Level	% Change	Level	% Change
History:						
FY 1995	\$8,551		\$248		\$8,799	
FY 1996	\$8,581	0.3%	\$353	42.6%	\$8,934	1.5%
FY 1997	\$9,057	5.5%	\$392	11.1%	\$9,449	5.8%
FY 1998	\$9,641	6.5%	\$416	6.1%	\$10,057	6.4%
FY 1999	\$9,979	3.5%	\$435	4.5%	\$10,414	3.6%
FY 2000	\$10,433	4.5%	\$634	45.9%	\$11,068	6.3%
FY 2001	\$10,829	3.8%	\$731	15.2%	\$11,560	4.4%
FY 2002	\$10,451	-3.5%	\$1,182	61.6%	\$11,632	0.6%
FY 2003	\$10,690	2.3%	\$1,031	-12.7%	\$11,721	0.8%
FY 2004	\$11,321	5.9%	\$1,037	0.6%	\$12,358	5.4%
FY 2005	\$12,067	6.6%	\$969	-6.6%	\$13,036	5.5%
FY 2006	\$13,329	10.5%	\$989	2.0%	\$14,318	9.8%
FY 2007	\$14,443	8.4%	\$1,024	3.6%	\$15,467	8.0%
FY 2008	\$14,614	1.2%	\$1,045	2.0%	\$15,659	1.2%
FY 2009	\$13,089	-10.4%	\$1,069	2.3%	\$14,158	-9.6%
Forecast:						
FY 2010*	\$13,680	4.5%	\$0	-100.0%	\$13,680	-3.4%
FY 2011*	\$15,602	14.1%	\$0	0.0%	\$15,602	14.1%
FY 2012*	\$16,654	6.7%	\$0	0.0%	\$16,654	6.7%
FY 2013*	\$17,429	4.7%	\$0	0.0%	\$17,429	4.7%
Biennial Totals						
03-05 Biennium	\$23,389	10.6%	\$2,006	-9.3%	\$25,395	8.7%
05-07 Biennium	\$27,772	18.7%	\$2,013	0.3%	\$29,785	17.3%
07-09 Biennium	\$27,703	-0.2%	\$2,114	5.0%	\$29,817	0.1%
09-11 Biennium	\$29,282	5.7%	\$0	-100.0%	\$29,282	-1.8%
11-13 Biennium	\$34,083	16.4%	\$0	0.0%	\$34,083	16.4%

*FY 2010-13: New definition of GF-S per ESSB 5073 which includes funds previously classified as the "Related Fund"

U.S. Forecast Comparison

	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2009	2010	2011	2012	2013
Real GDP (2005 USD billions)											
June Forecast, Final	13,248	13,363	13,462	13,565	13,665	13,770	12,987	13,409	13,826	14,296	14,753
Percent Change	3.0%	3.5%	3.0%	3.1%	3.0%	3.1%	-2.4%	3.2%	3.1%	3.4%	3.2%
February Forecast	13,195	13,286	13,382	13,481	13,577	13,688	12,975	13,336	13,742	14,253	14,672
Percent Change	2.9%	2.8%	2.9%	3.0%	2.9%	3.3%	-2.5%	2.8%	3.0%	3.7%	2.9%
Real Consumption (2005 USD billions)											
June Forecast, Final	9,369	9,423	9,506	9,596	9,665	9,730	9,235	9,473	9,771	10,076	10,356
Percent Change	3.5%	2.3%	3.6%	3.9%	2.9%	2.7%	-0.6%	2.6%	3.1%	3.1%	2.8%
February Forecast	9,341	9,390	9,465	9,526	9,580	9,650	9,236	9,430	9,699	10,046	10,334
Percent Change	2.1%	2.1%	3.2%	2.6%	2.3%	2.9%	-0.6%	2.1%	2.8%	3.6%	2.9%
Implicit Price Deflator, PCE (2005=1.00)											
June Forecast, Final	1.106	1.108	1.111	1.116	1.122	1.126	1.092	1.110	1.129	1.149	1.171
Percent Change	1.5%	0.6%	1.1%	1.8%	2.0%	1.7%	0.2%	1.6%	1.7%	1.8%	2.0%
February Forecast	1.105	1.108	1.112	1.116	1.123	1.128	1.092	1.110	1.130	1.150	1.173
Percent Change	1.2%	0.8%	1.6%	1.6%	2.3%	1.7%	0.2%	1.6%	1.8%	1.8%	2.0%
Real Personal Income (2005 USD billions)											
June Forecast, Final	11,011	11,128	11,250	11,336	11,424	11,500	11,003	11,181	11,553	11,953	12,343
Percent Change	2.1%	4.3%	4.5%	3.1%	3.2%	2.7%	-2.0%	1.6%	3.3%	3.5%	3.3%
February Forecast	11,141	11,250	11,343	11,416	11,466	11,557	11,047	11,288	11,603	12,021	12,450
Percent Change	3.0%	4.0%	3.3%	2.6%	1.8%	3.2%	-1.6%	2.2%	2.8%	3.6%	3.6%
Nonfarm Payroll Employment (Millions)											
June Forecast, Final	129.7	130.4	130.6	131.0	131.7	132.5	130.9	130.4	133.0	136.6	139.9
Percent Change	0.2%	2.1%	0.6%	1.2%	2.2%	2.6%	-4.3%	-0.4%	2.0%	2.7%	2.4%
February Forecast	130.9	131.4	131.7	132.1	132.8	133.9	132.0	131.5	134.3	137.6	140.8
Percent Change	0.3%	1.5%	0.8%	1.4%	2.0%	3.3%	-3.7%	-0.3%	2.1%	2.5%	2.3%
Unemployment Rate (Percent of Labor Force)											
June Forecast, Final	9.7	9.8	9.7	9.6	9.3	9.0	9.3	9.7	8.9	7.6	6.4
February Forecast	10.2	10.0	9.8	9.6	9.1	8.6	9.2	9.9	8.5	7.6	6.5
30 Year Fixed Mortgage Rate (Percent, average)											
June Forecast, Final	5.0	4.9	4.8	4.9	5.0	5.1	5.0	4.9	5.1	5.9	6.3
February Forecast	5.0	5.1	5.2	5.3	5.4	5.5	5.0	5.2	5.6	6.4	6.5
3 Month T-Bill Rate (Percent, average)											
June Forecast, Final	0.1	0.2	0.2	0.4	0.6	1.0	0.2	0.2	1.3	3.2	3.7
February Forecast	0.1	0.2	0.5	0.9	1.5	2.1	0.2	0.5	2.3	3.7	4.1

Washington Forecast Comparison

	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2009	2010	2011	2012	2013
Real Personal Income (2005 USD billions)											
June Forecast, Final	255.8	259.0	263.1	264.2	267.3	269.4	254.3	260.5	271.2	282.2	292.7
Percent Change	2.5%	5.1%	6.6%	1.7%	4.8%	3.1%	-1.2%	2.4%	4.1%	4.1%	3.7%
February Forecast	256.8	259.6	263.1	263.7	266.1	268.5	254.2	260.8	270.0	281.5	293.1
Percent Change	4.4%	4.5%	5.4%	1.0%	3.7%	3.7%	-1.2%	2.6%	3.5%	4.3%	4.1%
Personal Income (USD billions)											
June Forecast, Final	282.9	286.9	292.3	294.9	299.9	303.5	277.8	289.3	306.1	324.2	342.9
Percent Change	4.1%	5.7%	7.8%	3.6%	6.9%	4.9%	-1.0%	4.1%	5.8%	5.9%	5.8%
February Forecast	283.8	287.5	292.5	294.4	298.8	302.8	277.7	289.5	305.2	323.8	343.7
Percent Change	5.7%	5.4%	7.0%	2.6%	6.1%	5.5%	-1.1%	4.3%	5.4%	6.1%	6.1%
Nonfarm Payroll Employment (Thousands)											
June Forecast, Final	2791	2805	2812	2828	2847	2870	2827	2809	2884	2976	3056
Percent Change	0.2%	2.0%	0.9%	2.4%	2.8%	3.3%	-4.5%	-0.7%	2.7%	3.2%	2.7%
February Forecast	2800	2817	2827	2840	2861	2890	2835	2821	2901	2984	3062
Percent Change	0.4%	2.5%	1.4%	1.9%	3.0%	4.2%	-4.2%	-0.5%	2.8%	2.9%	2.6%
Unemployment Rate (Percent of Labor Force)											
June Forecast, Final	9.4	9.2	9.3	9.2	9.1	8.8	8.9	9.3	8.7	7.6	6.6
February Forecast	9.7	9.8	9.7	9.5	9.3	8.9	8.9	9.7	8.8	7.7	6.7
Manufacturing Employment (Thousands)											
June Forecast, Final	257.9	259.0	260.5	262.8	264.2	267.3	265.9	260.1	269.1	283.0	293.9
Percent Change	0.0%	1.7%	2.4%	3.6%	2.0%	4.8%	-8.7%	-2.2%	3.5%	5.2%	3.9%
February Forecast	259.1	259.7	260.9	262.8	264.0	266.4	265.9	260.6	268.0	278.5	289.7
Percent Change	0.8%	0.8%	1.9%	3.1%	1.8%	3.7%	-8.7%	-2.0%	2.8%	3.9%	4.0%
Construction Employment (Thousands)											
June Forecast, Final	148.6	148.4	147.3	147.6	146.8	146.5	160.9	148.0	148.1	158.6	170.6
Percent Change	-4.6%	-0.6%	-3.0%	1.0%	-2.2%	-0.7%	-19.8%	-8.0%	0.1%	7.1%	7.5%
February Forecast	151.0	149.2	148.3	148.4	148.5	148.7	164.2	149.2	150.2	160.2	170.9
Percent Change	-8.7%	-4.9%	-2.3%	0.4%	0.3%	0.5%	-18.1%	-9.1%	0.6%	6.7%	6.7%
Housing Permits (Thousands)											
June Forecast, Final	21.1	19.9	19.8	21.5	25.8	30.8	17.0	20.6	32.5	43.5	47.7
Percent Change	52.8%	-20.4%	-3.4%	40.7%	107.3%	103.7%	-41.2%	20.9%	58.1%	33.7%	9.7%
February Forecast	18.8	20.9	21.4	23.4	27.1	31.7	15.9	21.1	33.7	44.3	47.7
Percent Change	43.2%	53.5%	8.9%	43.2%	80.7%	87.4%	-44.9%	32.6%	59.3%	31.7%	7.7%

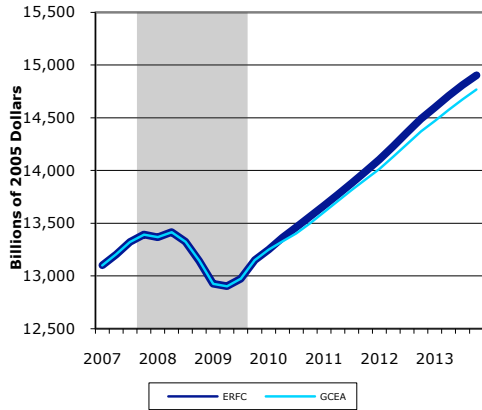
Governor's Council of Economic Advisor's Forecast

June 4, 2010

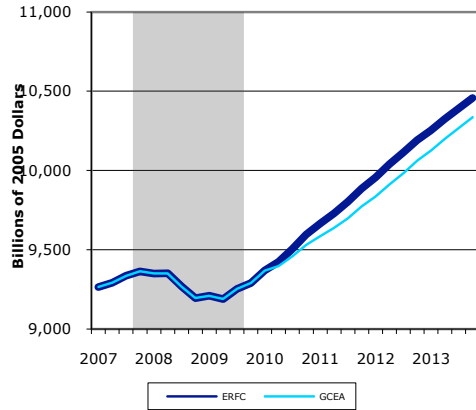
	2010	2011	2012	2013
<u>U.S.</u>				
Real GDP				
<i>Growth</i>				
ERFC	3.2	3.1	3.4	3.2
GCEA Average	2.9	2.9	3.1	3.0
Real Consumption				
<i>Growth</i>				
ERFC	2.6	3.1	3.1	2.8
GCEA Average	2.2	2.5	2.8	2.9
Implicit Price Deflator, PCE				
<i>Growth</i>				
ERFC	1.6	1.7	1.8	2.0
GCEA Average	1.5	1.6	1.9	2.3
Mortgage Rate				
<i>Percent</i>				
ERFC	4.9	5.1	5.9	6.3
GCEA Average	5.0	5.4	5.9	6.1
Oil Price (WTI)				
<i>USD per barrel</i>				
ERFC	75.9	78.9	81.4	83.3
GCEA Average	74.5	76.6	78.9	82.5
In which quarter will the Washington unemployment rate peak?				
	2010Q2			
At what rate will the Washington unemployment rate peak?				
	9.7			
<u>Washington State</u>				
Real Personal Income				
<i>Growth</i>				
ERFC	2.4	4.1	4.1	3.7
GCEA Average	2.3	3.7	3.7	3.6
Wage and Salary Employment				
<i>Growth</i>				
ERFC	-0.7	2.7	3.2	2.7
GCEA Average	-0.4	2.4	2.8	2.7
Manufacturing Employment				
<i>Growth</i>				
ERFC	-2.2	3.5	5.2	3.9
GCEA Average	-1.8	2.5	3.3	3.1
Construction Employment				
<i>Growth</i>				
ERFC	-8.0	0.1	7.1	7.5
GCEA Average	-8.7	0.1	5.5	6.0
Housing Permits				
<i>Thousands of authorized units</i>				
ERFC	20.6	32.5	43.5	47.7
GCEA Average	20.6	28.8	38.1	42.9
Washington Average Annual Wage				
<i>Growth</i>				
ERFC	3.8	3.4	3.0	3.2
GCEA Average	3.1	3.1	3.0	3.2

U.S. Forecast Comparison

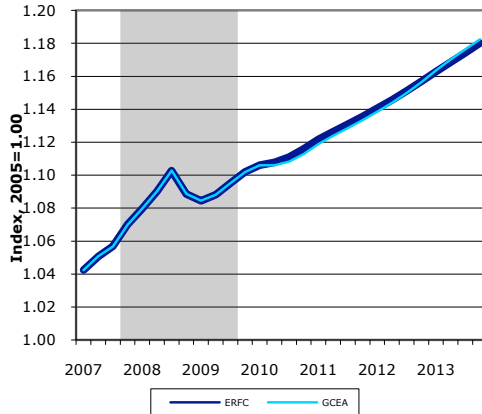
Real GDP



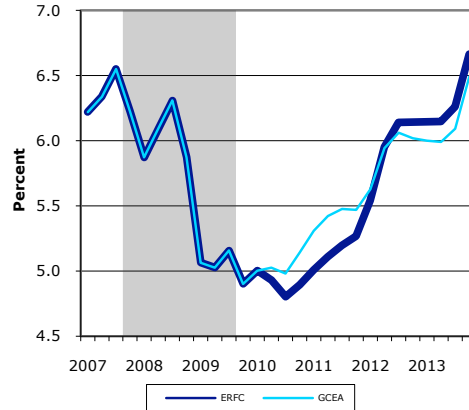
Real Consumption



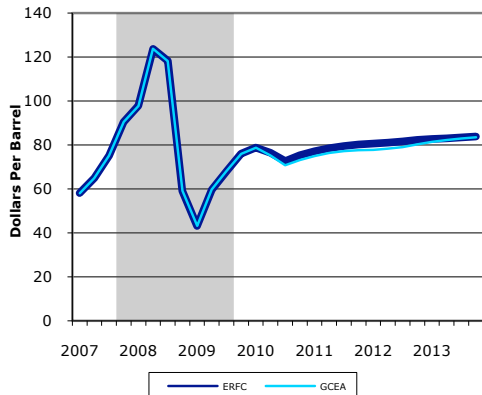
Implicit Price Deflator, PCE



Mortgage Rate

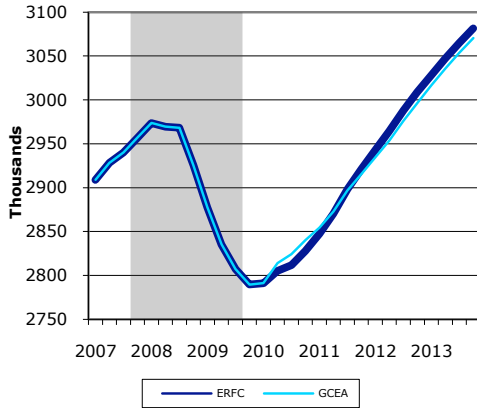


WTI Oil Price

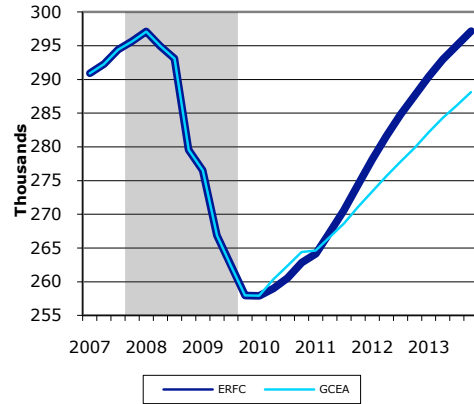


Washington Forecast Comparison

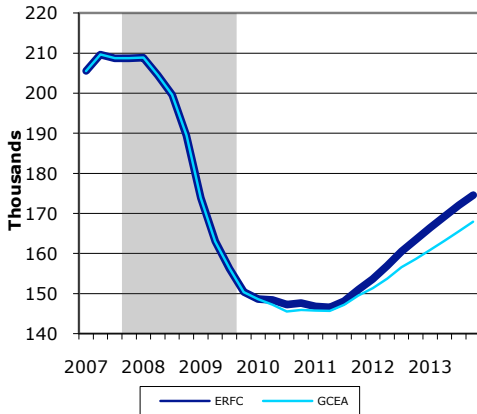
Nonfarm Payroll Employment



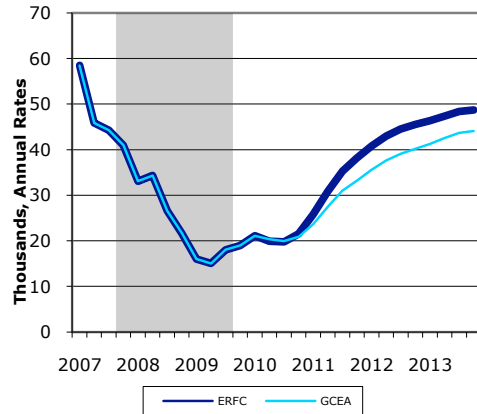
Manufacturing Employment



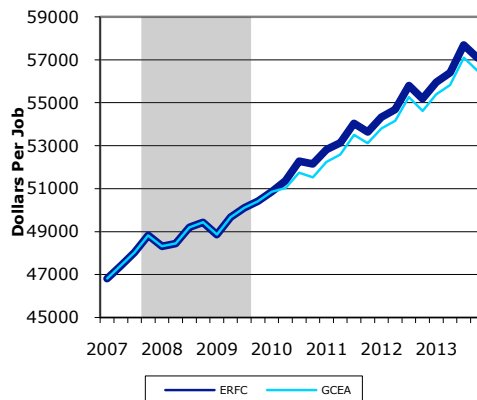
Construction Employment



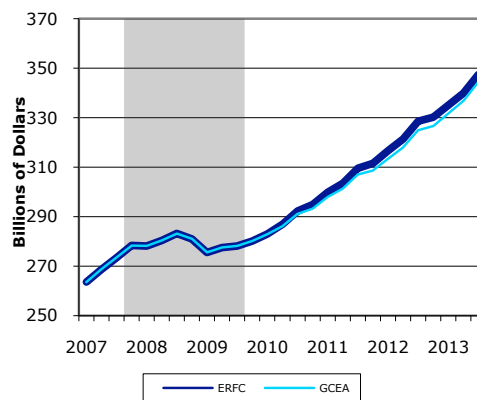
Housing Units Authorized



Average Annual Wage



Personal Income



**General Fund-State Cash Forecast
Summary of Changes to GF-S Forecast
2009-11 Biennium
Millions of Dollars**

	Collection Experience: February 11 - June 10, 2010				Total Change 2009-11 Biennium
	Actual Variance*	Special Factors**	Variance Excluding Special Factors	Remainder of the Biennium (6/11/10 - 6/30/11) Forecast Change	
Revenue Act**	(\$27.2)	\$13.3	(\$40.5)	(\$62.4)	\$517.3
Non Revenue Act	(\$6.3)	\$9.0	(\$15.3)	(\$96.9)	\$39.0
Property tax	\$9.3		\$9.3	(\$11.3)	(\$2.1)
Real estate ex. tax	(\$30.7)		(\$30.7)	(\$94.5)	(\$120.8)
Cigarette other	\$7.1 \$8.0	\$9.0	(\$1.9) \$8.0	\$2.8 \$6.1	\$105.8 \$56.1
Department of Revenue Subtotal	(\$33.5)	\$22.3	(\$55.8)	(\$159.3)	\$556.4
Department of Licensing	(\$5.8)	(\$5.8)	\$0.0	\$5.8	(\$6.3)
Lottery	\$0.0		\$0.0	\$0.9	\$0.9
Administrative Office of the Courts	\$0.8		\$0.8	(\$0.1)	\$0.7
All Other	NA		NA	(\$54.0)	\$5.9
Total General Fund-State	(\$38.5)	\$16.4	(\$54.9)	(\$206.8)	\$557.6

*Variance since the last (February 2010) forecast (February 11- June 10, 2010)
 **Retail sales, business & occupation, use, public utilities and tobacco products taxes and penalties & interest
 # Large one-time payments less refunds plus effects of 2010 legislation on May cigarette tax receipts
 ## Legislative and administrative changes plus expected one-time payments and refunds

General Fund-State Cash Estimates - Other Agencies
Comparison of June 2010 to February 2010 Forecast
2009-11 Biennium
(Amounts in Millions)

Source/Agency	February 2010 Baseline	Non-Economic Changes	Forecast Changes	June 2010 Baseline	Total Changes
Department of Licensing	\$44.8	(\$6.3)	\$0.0	\$38.5	(\$6.3)
Insurance Commissioner Insurance Premiums	\$844.3	\$0.0	(\$35.0)	\$809.3	(\$35.0)
Liquor Control Board Liquor Profits and Fees	\$74.0	(\$0.5)	(\$0.3)	\$73.1	(\$0.8)
Beer and Wine Surtax	\$61.5	\$62.6	\$0.0	\$124.1	\$62.6
Lottery Commission Lottery Revenue	\$17.3	\$0.0	\$0.9	\$18.2	\$0.9
State Treasurer Interest Earnings	(\$7.2)	\$0.0	\$0.6	(\$6.6)	\$0.6
Office of Financial Management Other Agencies	\$241.6	(\$2.1)	(\$19.4)	\$220.1	(\$21.5)
Administrative Office of the Courts Fines and Forfeitures	\$203.1	\$0.0	\$0.7	\$203.8	\$0.7
Total General Fund-State	\$1,479.3	\$53.7	(\$52.4)	\$1,480.6	\$1.2

General Fund-State Cash Estimates - Other Agencies
Comparison of June 2010 Baseline to Alternative Forecasts
2009-11 Biennium
(Amounts in Millions)

Source/Agency	Optimistic	Baseline	Pessimistic
Department of Licensing	\$39.7	\$38.5	\$37.4
Insurance Commissioner Insurance Premiums	\$819.6	\$809.3	\$799.0
Liquor Control Board Liquor Profits and Fees	\$74.6	\$73.1	\$71.7
Beer and Wine Surtax	\$126.6	\$124.1	\$121.7
Lottery Commission Lottery Revenue	\$18.2	\$18.2	\$18.2
State Treasurer Interest Earnings	\$8.5	(\$6.6)	(\$9.8)
Office of Financial Management Other Agencies	\$230.1	\$220.1	\$210.1
Administrative Office of the Courts Fines and Forfeitures	\$207.0	\$203.8	\$199.9
Total General Fund-State	\$1,524.3	\$1,480.6	\$1,448.1
Change from Baseline	\$43.8		(\$32.4)

* Detail may not total due to rounding.

General Fund-State GAAP Estimates - Other Agencies
Comparison of June 2010 to February 2010 Forecast
2009-11 Biennium
(Amounts in Millions)

Source/Agency	February 2010 Baseline	Non-Economic Changes	Forecast Changes	June 2010 Baseline	Total Changes
Department of Licensing	\$44.8	(\$6.3)	\$0.0	\$38.5	(\$6.3)
Insurance Commissioner Insurance Premiums	\$844.3	\$0.0	(\$35.0)	\$809.3	(\$35.0)
Liquor Control Board Liquor Profits and Fees	\$74.0	(\$0.5)	(\$0.3)	\$73.1	(\$0.8)
Beer and Wine Surtax	\$61.5	\$62.6	\$0.0	\$124.1	\$62.6
Lottery Commission Lottery Revenue	\$15.3	\$0.0	\$0.9	\$16.2	\$0.9
State Treasurer Interest Earnings	(\$10.0)	\$0.0	\$0.6	(\$9.4)	\$0.6
Office of Financial Management Other Agencies	\$241.6	(\$2.1)	(\$19.4)	\$220.1	(\$21.5)
Administrative Office of the Courts Fines and Forfeitures	\$203.1	\$0.0	\$0.7	\$203.8	\$0.7
Total General Fund-State	\$1,474.6	\$53.7	(\$52.5)	\$1,475.8	\$1.2

General Fund-State GAAP Estimates - Other Agencies
Comparison of June 2010 Baseline to Alternative Forecasts
2009-11 Biennium
(Amounts in Millions)

Source/Agency	Optimistic	Baseline	Pessimistic
Department of Licensing	\$39.7	\$38.5	\$37.4
Insurance Commissioner Insurance Premiums	\$819.6	\$809.3	\$799.0
Liquor Control Board Liquor Profits and Fees	\$74.6	\$73.1	\$71.7
Beer and Wine Surtax	\$126.6	\$124.1	\$121.7
Lottery Commission Lottery Revenue	\$16.2	\$16.2	\$16.2
State Treasurer Interest Earnings	\$5.8	(\$9.4)	(\$12.5)
Office of Financial Management Other Agencies	\$230.1	\$220.1	\$210.1
Administrative Office of the Courts Fines and Forfeitures	\$207.0	\$203.8	\$199.9
Total General Fund-State	\$1,519.6	\$1,475.8	\$1,443.3
Change from Baseline	\$43.8		(\$32.4)

* Detail may not total due to rounding.

General Fund-State Cash Estimates - Other Agencies
Comparison of June 2010 to February 2010 Forecast
2011-13 Biennium
(Amounts in Millions)

Source/Agency	February 2010 Baseline	Non-Economic Changes	Forecast Changes	June 2010 Baseline	Total Changes
Department of Licensing	\$47.5	(\$7.6)	\$0.1	\$40.0	(\$7.5)
Insurance Commissioner Insurance Premiums	\$894.2	\$0.0	\$0.1	\$894.3	\$0.1
Liquor Control Board Liquor Profits and Fees	\$89.4	(\$0.2)	(\$0.7)	\$88.5	(\$1.0)
Beer and Wine Surtax	\$63.2	\$117.5	\$0.0	\$180.6	\$117.5
Lottery Commission Lottery Revenue	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State Treasurer Interest Earnings	\$31.3	\$0.0	(\$4.1)	\$27.2	(\$4.1)
Office of Financial Management Other Agencies	\$225.3	(\$4.2)	(\$16.6)	\$204.5	(\$20.8)
Administrative Office of the Courts Fines and Forfeitures	\$215.2	\$0.0	(\$0.0)	\$215.2	(\$0.0)
Total General Fund-State	\$1,566.2	\$105.4	(\$21.2)	\$1,650.3	\$84.2

General Fund-State Cash Estimates - Other Agencies
Comparison of June 2010 Baseline to Alternative Forecasts
2011-13 Biennium
(Amounts in Millions)

Source/Agency	Optimistic	Baseline	Pessimistic
Department of Licensing	\$41.2	\$40.0	\$38.8
Insurance Commissioner Insurance Premiums	\$916.6	\$894.3	\$871.9
Liquor Control Board Liquor Profits and Fees	\$90.2	\$88.5	\$86.7
Beer and Wine Surtax	\$184.2	\$180.6	\$177.0
Lottery Commission Lottery Revenue	\$0.0	\$0.0	\$0.0
State Treasurer Interest Earnings	\$69.4	\$27.2	\$10.1
Office of Financial Management Other Agencies	\$214.5	\$204.5	\$194.5
Administrative Office of the Courts Fines and Forfeitures	\$227.2	\$215.2	\$198.3
Total General Fund-State	\$1,743.5	\$1,650.3	\$1,577.3
Change from Baseline	\$93.1		(\$73.0)

* Detail may not total due to rounding.

General Fund-State GAAP Estimates - Other Agencies
Comparison of June 2010 to February 2010 Forecast
2009-11 Biennium
(Amounts in Millions)

Source/Agency	February 2010 Baseline	Non-Economic Changes	Forecast Changes	June 2010 Baseline	Total Changes
Department of Licensing	\$47.5	(\$7.6)	\$0.1	\$40.0	(\$7.5)
Insurance Commissioner Insurance Premiums	\$894.2	\$0.0	\$0.1	\$894.3	\$0.1
Liquor Control Board Liquor Profits and Fees	\$89.4	(\$0.2)	(\$0.7)	\$88.5	(\$1.0)
Beer and Wine Surtax	\$63.2	\$117.5	\$0.0	\$180.6	\$117.5
Lottery Commission Lottery Revenue	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
State Treasurer Interest Earnings	\$34.0	\$0.0	(\$4.3)	\$29.7	(\$4.3)
Office of Financial Management Other Agencies	\$225.3	(\$4.2)	(\$16.6)	\$204.5	(\$20.8)
Administrative Office of the Courts Fines and Forfeitures	\$215.2	\$0.0	(\$0.0)	\$215.2	(\$0.0)
Total General Fund-State	\$1,568.8	\$105.4	(\$21.4)	\$1,652.8	\$84.0

General Fund-State GAAP Estimates - Other Agencies
Comparison of June 2010 Baseline to Alternative Forecasts
2009-11 Biennium
(Amounts in Millions)

Source/Agency	Optimistic	Baseline	Pessimistic
Department of Licensing	\$41.2	\$40.0	\$38.8
Insurance Commissioner Insurance Premiums	\$916.6	\$894.3	\$871.9
Liquor Control Board Liquor Profits and Fees	\$90.2	\$88.5	\$86.7
Beer and Wine Surtax	\$184.2	\$180.6	\$177.0
Lottery Commission Lottery Revenue	\$0.0	\$0.0	\$0.0
State Treasurer Interest Earnings	\$71.9	\$29.7	\$12.6
Office of Financial Management Other Agencies	\$214.5	\$204.5	\$194.5
Administrative Office of the Courts Fines and Forfeitures	\$227.2	\$215.2	\$198.3
Total General Fund-State	\$1,746.0	\$1,652.8	\$1,579.8
Change from Baseline	\$93.1		(\$73.0)

* Detail may not total due to rounding.

June 2010		Cash Basis
Alternative Forecasts 2009-11 and 2011-13 Biennia Millions of Dollars		
	<u>2009-11 Biennium</u>	<u>Difference From the June 2010 Baseline</u>
June 2010 Baseline (85%)	\$29,282	
June 2010 Alternative Forecasts		
Optimistic (5%)	\$29,862	\$579
Pessimistic (10%)	\$28,636	(\$646)
Probability Weighted Average	\$29,247	(\$36)
GCEA*	\$29,198	(\$85)
	<u>2011-13 Biennium</u>	<u>Difference From the June 2010 Baseline</u>
June 2010 Baseline (85%)	\$34,083	
June 2010 Alternative Forecasts		
Optimistic (5%)	\$36,624	\$2,541
Pessimistic (10%)	\$31,180	(\$2,903)
Probability Weighted Average	\$33,920	(\$163)
GCEA*	\$33,643	(\$440)

* Based on the Governor's Council of Economic Advisors Assumptions.

Track Record for the 2009-11 General Fund-State Cash Forecast

February 2008 through June 2010

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non-Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis#</u>
February 2008 ##	\$32,443	\$1,715				\$34,158
Changes to Forecast						
June 2008	(85)	(28)	(112)	(46) #1	(158)	34,000
September 2008	(238)	(29)	(267)	0	(267)	33,733
November 2008	(1,376)	(77)	(1,453)	36 #2	(1,417)	32,316
March 2009	(2,030)	(94)	(2,124)	(61) #3	(2,185)	30,131
June 2009	(509)	(15)	(523)	226 #4	(297)	29,834
September 2009	(177)	(8)	(185)	(46) #5	(231)	29,603
November 2009	(752)	(8)	(760)	0	(760)	28,843
February 2010	9	23	32	(150) #6	(118)	28,725
June 2010	(193)	(52)	(245)	803 #7	558	29,282
Total change***:						
From February 2008	(5,350)	(288)	(5,638)	762	(4,876)	
Percent change	(16.5)	(16.8)	(16.5)	2.2	(14.3)	

* Excludes legislative, judicial, statutorily required or other major non-economic changes.

** Includes legislative, judicial, statutorily required or other major non-economic changes.

*** Detail may not add to total due to rounding.

New definition of General Fund-State per ESSB 5073.

First official forecast for the 2009-11 biennium.

#1 Impact of 2008 legislation and budget driven revenue.

#2 Expiration of Sales Tax Exemption on Renewable Energy Equipment.

#3 Adjustment of prior estimates of SST mitigation payments and voluntary taxes on internet sales.

#4 Sum of 2009 legislation and budget-driven revenue.

#5 Effects of Supreme Court decision on B&O taxes on interest earnings.

#6 Effects of Supreme Court decision on B&O tax exemption for certain direct sellers minus expected assessment payments.

#7 Sum of 2010 legislation and budget-driven revenue plus expected assessment payments, DOR fee change and DOL non-economic changes.

2009-11 Enacted Budget Balance Sheet
Including 2010 Supplemental
General Fund-State
Dollars in Millions

RESOURCES	
Beginning Fund Balance	\$ 189.3
February 2010 Update	\$ 28,724.7
2010 Legislation with Revenue Impacts	\$ 761.0
June 2010 Update	\$ (203.3)
Current Revenue Totals	\$ 29,282.4
Transfer to Budget Stabilization Account	\$ (258.5)
2009 Session	
Enacted Fund Transfers	\$ 918.2
Transfer from Budget Stabilization Account	\$ 45.1
2010 Session	
Enacted Fund Transfers	\$ 328.3
Governor's Vetoes of Fund Transfers to and from GFS	\$ (20.7)
Transfer from Budget Stabilization Account (HB 3197)	\$ 229.0
Budget Driven Revenue	\$ (0.5)
Total Resources (including beginning fund balance)	\$ 30,712.5
EXPENDITURES	
2009-11 Enacted Budgets	\$ 30,918.1
2010 Supplemental Budgets	
HB 2921	\$ (45.4)
ESSB 6444	\$ (414.3)
Governor's Vetoes of ESSB 6444	\$ 6.8
Total Expenditures	\$ 30,465.2
RESERVES	
Projected General Fund Ending Balance	\$ 247.3
Budget Stabilization Account Beginning Balance	\$ 21.4
Transfer from General Fund and Interest Earnings	\$ 258.5
Transfer to General Fund	\$ (274.1)
Projected Budget Stabilization Account Ending Balance	\$ 5.8
Total Reserves (General Fund plus Budget Stabilization)	\$ 253.1