The Revised Fiscal 2016-18 Revenue Outlook

General Fund, Transportation Fund, and Education Fund

Prepared for the Vermont Emergency Board

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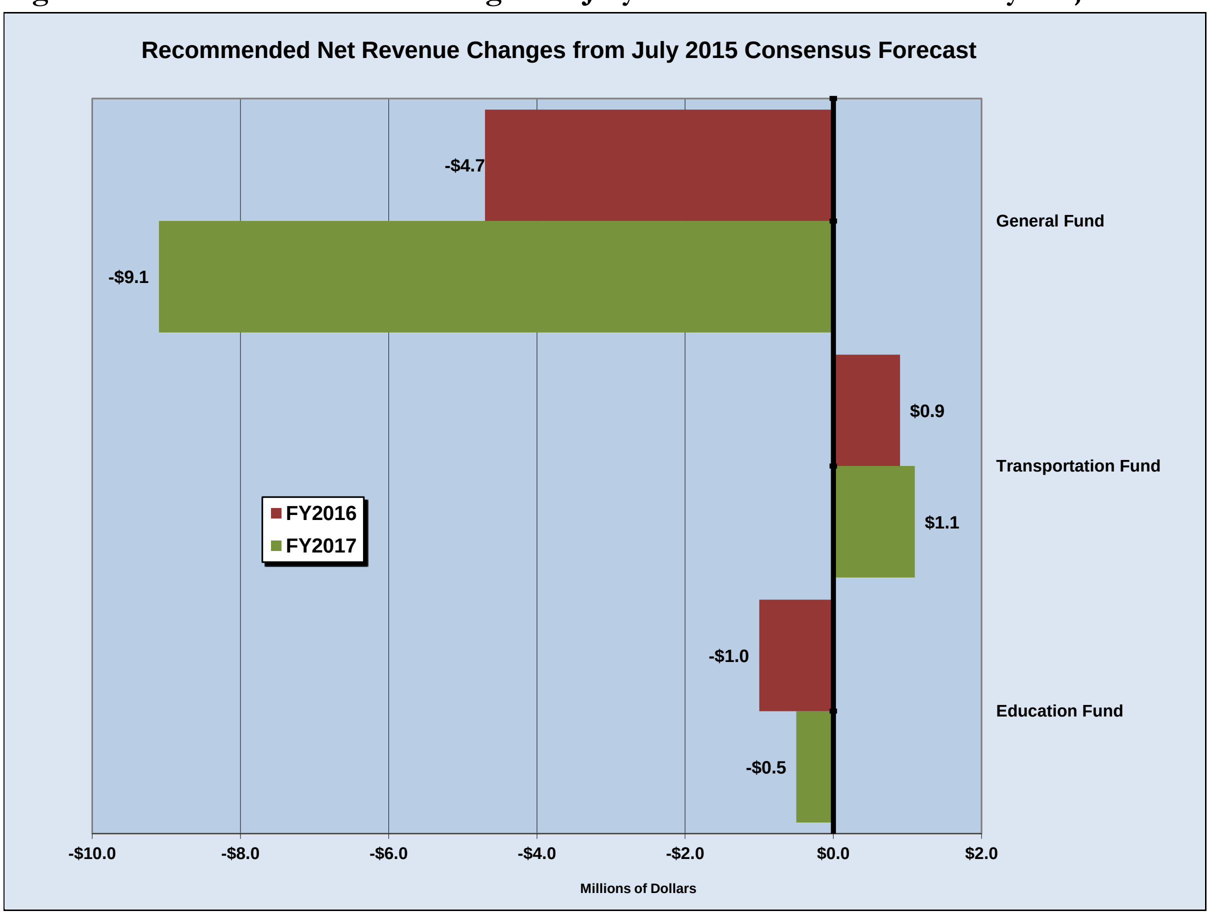
A. Recommended Staff Consensus Forecast Update

- The staff recommended update for the consensus forecast this January is a direct result of a relatively minor, but still significant downgrade in the U.S. and State macroeconomic forecast for calendar years 2016 through 2017, technical adjustments and updates for recent and forthcoming developments in key revenue sources, and the likely revenue receipts impacts of last year's tax and fee changes enacted by the 2015 Vermont General Assembly.

    - The staff recommended consensus revenue forecast update for January 2016 (see Figure 1 below) includes a small, less than 0.5% forecast downgrade for the G-Fund of -$4.7 million (or -0.3% relative to the July 2015 consensus forecast) for fiscal year 2016, and a small forecast downgrade of -$9.1 million (or -0.6% of the July 2015 consensus forecast) for fiscal year 2017. The staff recommended consensus forecast recommendation also includes a -$17.4 million forecast downgrade in the G-Fund (or -1.1% of the July 2015 consensus forecast) for fiscal year 2018.

Figure 1: Staff Recommended Changes vs. July 2015 Consensus Forecast by Major Fund



- The main reasons for the consensus forecast downgrades in the G-Fund forecast from last July's consensus forecast are the modest, but still significant downgrades in the consensus economic forecast and a series of technical corrections and re-specifications in key tax sources. In addition, revenue receipts from the State's Winter Tourism season for fiscal 2016 is likely to be adversely impacted by the season's very slow start—including a very sub-par level of activity for the month of December and over the Christmas-New Year's Holiday period due to poor weather conditions.

  - In addition, there are structural changes under way in the Corporate Tax component of the G-Fund, and the lack of growth in the State's current Sales & Use Tax base caused by the growth of e-commerce activity is also weighing in negatively on the G-Fund forecast.

  - Moreover, this forecast cycle technical adjustments in the Telephone Property Tax's taxable base have weighed significantly and negatively on late fiscal year 2015 and first half fiscal year 2016 revenue receipts in this tax source (with the second half of fiscal 2016 left-to-go). For fiscal year 2017 and beyond, the Telephone Property Tax has a re-established taxable base at a new and reduced level going forward following a comprehensive review by the Vermont Department of Taxes.

  - Finally, the positive effects resulting from declining energy prices on household consumption, business costs, and tourism activity have so far been disappointing,[1] only partially off-setting economic and structural tax-revenue headwinds listed above and those in previous revenue forecast update reports.[2]

- The staff recommendation for the T-Fund for fiscal year 2016 includes a small forecast upgrade relative to the consensus revenue forecast approved last July. For fiscal year 2016, the staff recommendation is for a small upgrade of +$0.9 million (or +0.3% versus the July 2015 consensus forecast) and +$1.1 million forecast upgrade for fiscal year 2017—or +0.4% versus the July 2014 consensus forecast. For fiscal year 2018, the staff recommendation calls for a +$0.7 million (or 0.3%) increase relative to the consensus forecast of July 2015 for that fiscal year.

  - The staff recommended consensus forecast upgrade for those fiscal years in the T-Fund include full consideration of the changed short-term and long-term energy price outlook environment that has been transformed by new extraction

[1] Apparently, households and businesses are not spending "the energy cost dividend" at a rate that is sufficient to off-set the negative economic consequences of reduced exploration and production activity. To-date, households and businesses appear instead to be paying down debt or saving the "energy savings dividend."

[2] Such as the end of the Electrical Energy Tax tied to the end of generation of electrical energy at the Vermont Yankee Vernon Station last year—which ended all tax receipts for this component as of fiscal year 2016.

technologies that have contributed to dramatic increases in supply in the U.S. and abroad over the past 18 months. Combine with soft global demand, particularly in natural resource consuming developing countries, the current period of relatively low energy prices for fossil fuels is expected to last over the near-term time horizon—for at least the calendar year 2016 period.

- For TIB revenues in the T-Fund, the staff recommended forecast update reflects only minor changes to the two fuel TIB components relative to past forecast updates, with gasoline price decline-motivated forecast update changes in the Gas Tax TIB component (including a -$0.1 million recommended staff consensus forecast change in fiscal year 2016, a -$1.1 million staff recommended consensus forecast downgrade for fiscal 2017, and a -$1.7 million staff recommended consensus forecast downgrade for fiscal year 2018). For the Diesel Tax TIB component, the staff recommended forecast includes small upgrades of +$0.1 million for fiscal years 2016, 2017, and 2018.

    - As mentioned in previous forecast update reports, forecasting energy prices over both the short-term and longer-term time horizon—and gasoline prices and diesel fuel prices in particular—is a very difficult and uncertain analytical endeavor. Energy prices as of the current January 2016 consensus forecast update continue to decline to levels well below what was envisioned as recently as this past Summer. The future course of energy prices includes a complex array of geopolitical and technological factors. Because the Gas TIB receipts forecast relies more heavily on gas prices (versus the role gas prices play in the T-Fund's total Gas Tax receipts structure), this consensus forecast update includes yet another Gas TIB receipts decline over the forecast update time line.

- For the E-Fund [Partial], the staff recommended consensus for fiscal year 2016 revenues through fiscal year 2018 has been downgraded, but by 0.5% (corresponding to $1.0 million) or less. For fiscal year 2016, the staff recommended consensus forecast is for a $1.0 million (or -0.5%) downgrade, followed by a -$0.5 million downgrade for fiscal year 2017 (or -0.3% versus the July 2015 consensus forecast), and a staff recommended consensus forecast for fiscal 2018 of -$0.6 million (or -0.3% relative to the July 2015 consensus forecast.

    - Year-to-year dollar changes in the staff recommended consensus forecast update for the E-Fund [Partial] reflect current law, and the latest information and analysis pertaining to the state's Motor Vehicle Purchase & Use Tax and the Sales & Use Tax sources which are included in this fund aggregate.

B. Table for the Staff Recommended Consensus Revenue Forecast by Fund Aggregate

- The staff recommended consensus forecast update for January 2016 relative to the consensus forecast approved last July by fund is summarized in Table 1 below.

Table 1: Staff Recommended Consensus Forecast Update-Difference from January 2015 Forecast						
	2016		2017		2018	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Education Fund	($1.0)	-0.5%	($0.5)	-0.3%	($0.6)	-0.3%
Total--"Big 3 Funds"	($4.8)	-0.3%	($8.5)	-0.4%	($17.3)	-0.9%
MEMO #1: TIB: [1]						
Gasoline	($0.1)	-1.0%	($1.1)	-8.1%	($1.7)	-11.9%
Diesel	$0.1	3.2%	$0.1	3.6%	$0.1	3.6%
Total TIB	($0.1)	-0.4%	($1.0)	-6.6%	($1.6)	-9.9%
Note:						
[1] Totals in the TIB may not add due to rounding.						
						Prepared by: Economic & Policy Resources, Inc.

C. Discussion of Recent Revenue Performance

- The January 2016 staff recommended consensus forecast update is a reflection of a mix of factors including a review of recent revenue performance. First half results in the G-Fund for fiscal year 2016 included the following (see Table 2 below).

Table 2: Cumulative December Results Versus Target -- General Fund				
FY 2016--Cumulative December Component ($ Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Personal Income	**$ 345,269.6**	**$ 346,257.6**	**$ (988.0)**	**-0.3%**
Withholding	$ 285,437.1	$ 277,229.0	$ 8,208.1	3.0%
PI Estimates	$ 61,059.2	$ 59,506.2	$ 1,553.0	2.6%
PI Paid Returns	$ 9,468.0	$ 11,432.7	$ (1,964.8)	-17.2%
PI Refunds	$ (26,434.7)	$ (15,318.8)	$ (11,115.9)	-72.6%
PI Other	$ 15,740.0	$ 13,408.5	$ 2,331.5	17.4%
Net Sales & Use Tax	**$ 122,887.8**	**$ 124,366.0**	**$ (1,478.1)**	**-1.2%**
Corporate Income Tax	**$ 50,647.8**	**$ 44,230.5**	**$ 6,417.3**	**14.5%**
Corporate Paid Returns	$ 55,473.1	$ 53,181.9	$ 2,291.2	4.3%
Corporate Refunds	$ (4,825.3)	$ (8,951.4)	$ 4,126.1	46.1%
Meals & Rooms	**$ 81,525.0**	**$ 80,443.9**	**$ 1,081.0**	**1.3%**
Property Transfer Tax	**$ 6,411.6**	**$ 6,733.2**	**$ (321.6)**	**-4.8%**
Other	**$ 61,254.1**	**$ 65,114.8**	**$ (3,860.7)**	**-5.9%**
Estate Tax	$ 7,989.7	$ 9,853.2	$ (1,863.5)	-18.9%
Insurance Tax	$ 17,378.1	$ 16,362.6	$ 1,015.6	6.2%
Total Telephone Tax	$ 1,563.5	$ 3,553.3	$ (1,989.8)	-56.0%
Bank Franchise Tax	$ 5,013.1	$ 5,702.8	$ (689.7)	-12.1%
Fees	$ 10,522.4	$ 11,305.8	$ (783.4)	-6.9%
Other	$ 18,787.2	$ 18,337.2	$ 450.1	2.5%
Total Net General Fund	**$ 667,995.8**	**$ 667,146.0**	**$ 849.8**	**0.1%**
[1]Figures for the Corporate component are still adjusting to technology changes.				
				Basic Data Source: VT Agency of Administration

- Among the components, first half data show that the Personal Income Tax (at -$1.0 million or -0.3% versus its cumulative through December consensus cash flow target), Sales & Use tax (at -$1.5 million or -1.2% below its cumulative consensus cash flow target through December), and the "Other" category (at -$3.9 million or -5.9% versus its cumulative consensus cash flow target through December) slightly under-performed, while the other of the "Big Four" components, 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 2016.

- The Corporate Income Tax had a particularly notable +$6.4 million or +14.5% ahead of its cumulative consensus cash flow target through December, which helped to off-set the under-performance of other components over the first half of fiscal year 2016.

- The Estate Tax (at -$1.9 million or -18.9% of its through December cumulative consensus cash flow target) spent most of the first half of FY 2016 with below-target monthly receipts. However, this tax source rebounded during the month of December, with $3.2 million in receipts during the month.

- The major negative drag on the G-Fund during the first half of the fiscal year came from higher than expected refunding activity in the Personal Income Tax component. While this source so far has experienced roughly $11.1 million in higher than expected refunds over the first half of FY '16, this activity was partially off-set by the above-target performance of +$8.2 million in the PI Withholding sub-component. Among the "other" PI components, the ups and downs were essentially "off-setting."

▪ Looking at the T-Fund performance through the first half of fiscal year 2016, receipts in the T-Fund (non TIB) through December finished +$1.4 million or +1.1% above the consensus cumulative target (see Table 3 below).

  - Despite relatively low crude oil and corresponding gasoline prices during calendar year 2015, both Gasoline and Diesel fuel taxes are tracking ahead of their cumulative consensus targets for the end of December by +$0.6 million (+1.5%) and +$0.4 million (+4.6%). MvFees also outperformed its cumulative consensus cash flow target for December by +$1.2 million (+3.1%).

Table 3: Cumulative December Results Versus Target --Transportation Fund

FY 2016--Cumulative December Component ($ Thousands)		Cumulative Receipts		Cumulative Target		Dollar Difference	Percent Difference
Gasoline Tax (non-TIB)	$	41,031.9	$	40,441.9	$	590.0	1.5%
Diesel Tax (non-TIB)	$	9,684.5	$	9,262.4	$	422.1	4.6%
MvP&U Tax	$	33,055.5	$	33,084.0	$	(28.6)	-0.1%
MvFees	$	38,104.1	$	36,951.5	$	1,152.5	3.1%
Other Fees-Revenues	$	8,703.7	$	9,415.7	$	(712.0)	-7.6%
Total Transportation Fund (no TIB)	**$**	**130,579.7**	**$**	**129,155.6**	**$**	**1,424.1**	**1.1%**
Gasoline -TIB	$	7,018.7	$	7,052.7	$	(34.1)	-0.5%
Diesel-TIB	$	983.9	$	959.7	$	24.2	2.5%
Total Transportation Fund (w/TIB)	**$**	**138,582.2**	**$**	**137,168.0**	**$**	**1,414.3**	**1.0%**

Basic Data Source: VT Agency of Administration

- MvP&U and the T-Fund "Other Fees" account also underperformed versus their cumulative consensus targets for December, by -$0.1 million (-0.1%, essentially an on-target performance) and -$0.7 million (-7.6%).

- Through the first half of fiscal year 2016, revenues in the TIB categories were mixed, with Diesel TIB posting an above target performance (at +$0.1 million or +2.5% versus cumulative consensus cash flow target). Gas TIB receipts, however, ended December -$0.1 million or -0.5% versus cumulative consensus cash flow target. Each of these components missed their respective cumulative targets by less than $1.0 million, essentially an "on-target" performance.

- The staff recommended forecast update reflects the reality of the on-going trough in fuel prices and consumption.

▪ Net revenues available to the E-Fund [Partial] after the first half of fiscal year 2015 receipts finished behind cumulative consensus target by -$0.7 million or -0.7% versus cumulative consensus cash flow target (see Table 4 below).

Table 4: Cumulative December Results Versus Target --Education Fund [Partial]

FY 2016--Cumulative December Component ($ Thousands)	Cumulative Receipts	Cumulative Target	Dollar Difference	Percent Difference
Sales & Use Tax	$ 66,168.1	$ 66,966.3	$ (798.1)	-1.2%
MvP&U Tax	$ 16,527.7	$ 16,542.0	$ (14.3)	-0.1%
Lottery	$ 9,954.2	$ 9,812.2	$ 142.0	1.4%
Interest	$ 43.7	$ 27.7	$ 16.0	NM
Total Education Fund [Partial]	**$ 92,693.7**	**$ 93,348.1**	**$ (654.4)**	**-0.7%**

Notes: NM=Not Meaningful

Basic Data Source: VT Agency of Administration

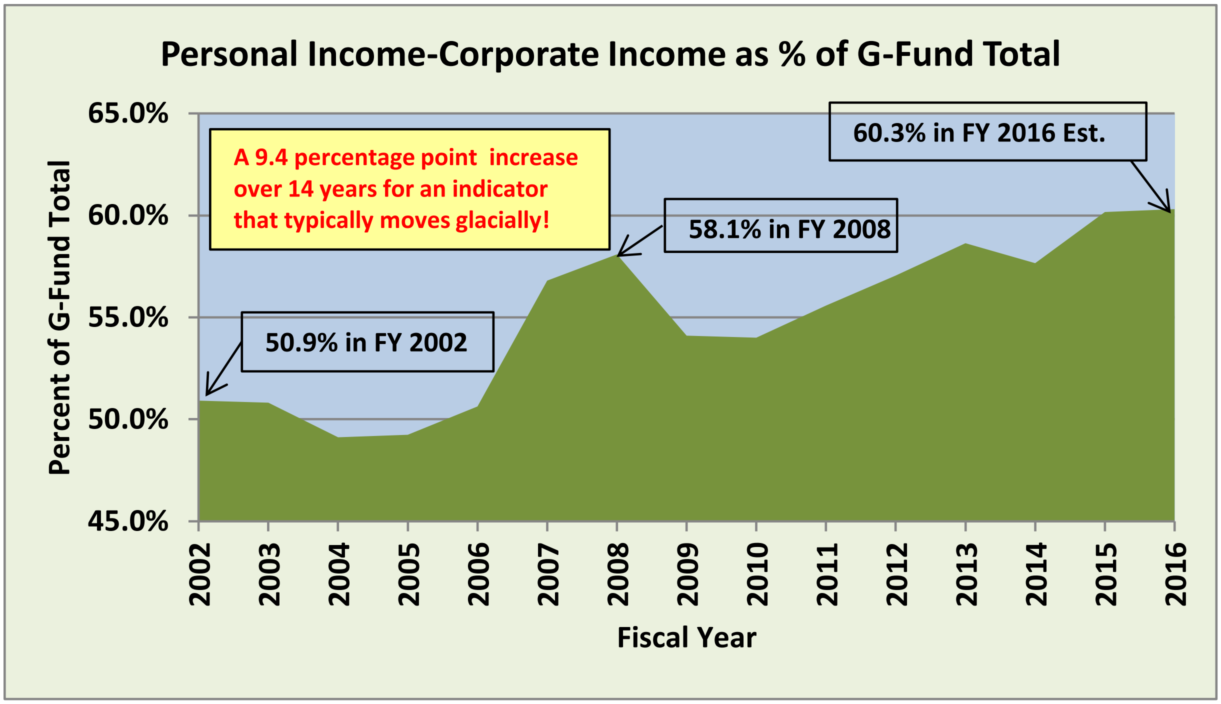
- The lower than expected performance in the G-Fund-related Sales & Use Tax and the T-Fund-related MvP&U Tax also translated to the E-Fund. The Lottery Transfer component was a positive influence on the overall E-Fund's [Partial] aggregate receipts, but not enough to bring the E-Fund into positive territory.

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

▪ Similar to the previous two forecast updates in July and January of CY 2015, this current forecast update involves a considerable level of uncertainty—driven by a number of issues. These issues include increasing volatility in key tax sources, increasing uncertainty in the economic outlook as the current economic upturn ages, and the reliance of a good part of the year-to-year revenue growth that is tied to the tax-fee changes that were passed during the 2015 Vermont General Assembly.[3]

[3] For example, this consensus forecast update accepts the +$22.9 million Personal Income Tax revenue impact estimates for FY 2016 calculated by the Chainbridge impact software of the Legislative Joint Fiscal Office. This assumption means that the Spring 2016 filing season will need to be an all-time record for the PI Tax—on top of last year's record. This analytical tool is still unproven and it is uncertain whether or not these increased revenues will actually be realized during fiscal year 2016 and beyond.

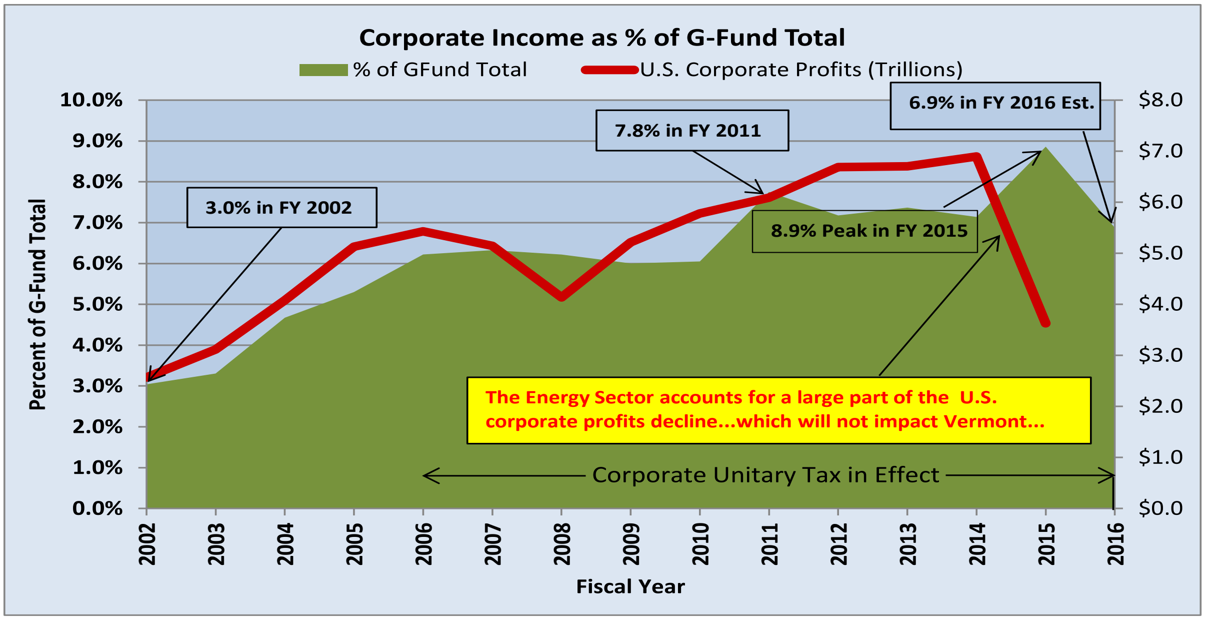
- Regarding the first, the State G-Fund over the past two economic cycles has become significantly more dependent on the Personal Income Tax and Corporate Income Tax as a percent of total G-Fund revenues over a surprisingly short period of time. Since fiscal year 2002, the percentage of total G-Fund revenues accounted for by these two tax sources that go up and down with the economy has increased by 9.4 percentage points as a percentage of total G-Fund receipts.



- A percentage like this tends to move much slower than what has been experienced in Vermont since fiscal year 2002. The increasing dependence of the G-Fund on the PI Tax and Corporate makes the G-Fund performance more "at risk" and volatile.

- A good share of the PI Tax and Corporate Tax increase has been attributable to the most volatile and unpredictable component of the G-Fund of all—the Corporate Tax.

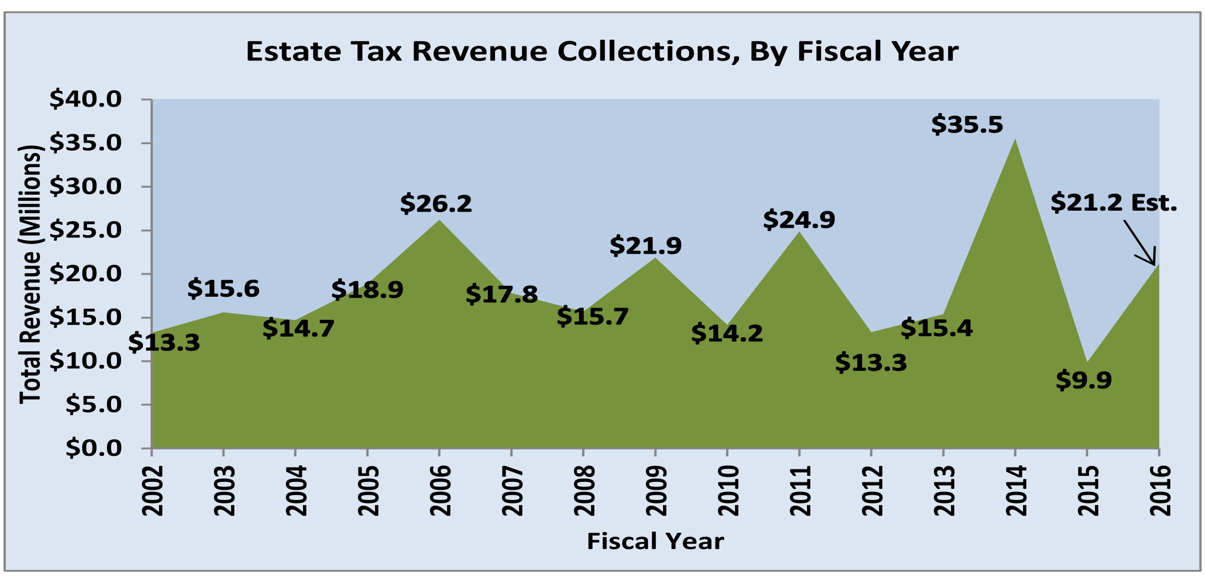
- Over the last two cycles, the Corporate Tax component as a percent of the G-Fund total has increased by 4.0 percentage points—if the updated consensus revenue forecast for fiscal year 2016 holds.



- The current consensus forecast for fiscal year 2016 follows an 8.9% of the G-Fund performance for the Corporate Tax in fiscal year 2015—1.7 percentage points higher than the current staff recommended consensus forecast for the Corporate Tax for fiscal year 2016.

- This comes at a time when the dynamics of the Corporate Tax receipts environment is changing as corporate profits decline nationally.

- Add that the always volatile Estate Tax component, and a total of over +$880.0 million of the $1,428.6 million in G-Fund revenues are accounted for by these economically sensitive sources—which grows to almost 90% (or 89.7% of the staff recommended consensus forecast update total) when the Sales & Use and Rooms & Meals Taxes are added to these components.



- Looking ahead, it is uncertain how much longer the G-Fund can in fact continue to rely on such volatile tax sources. Future receipts have significant downside risk going forward.

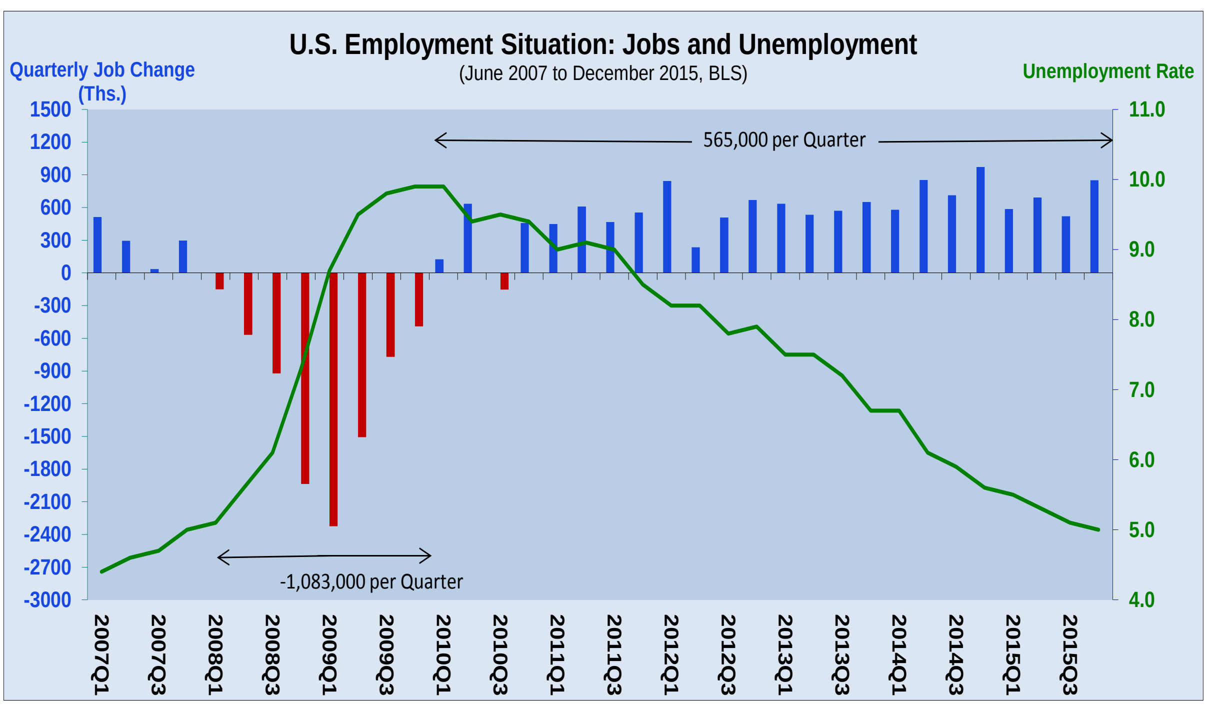
▪ In terms of the economic environment, what the economic upturn has lacked in terms of its robustness, it has made up in its duration—at 79 months old—which is more than 20 months longer than the average post-World War II economic upturns (at 59 months).

- The current upturn ranks as the 4th longest since World War II, and the 5th longest ever—dating back to 1854—when these business cycle records first started.

- There currently are no signs of the type of imbalances that typically are precursors of a forthcoming period of economic recession in the near-term future through the rest of fiscal year 2016 and into at least the first half of fiscal year 2017.

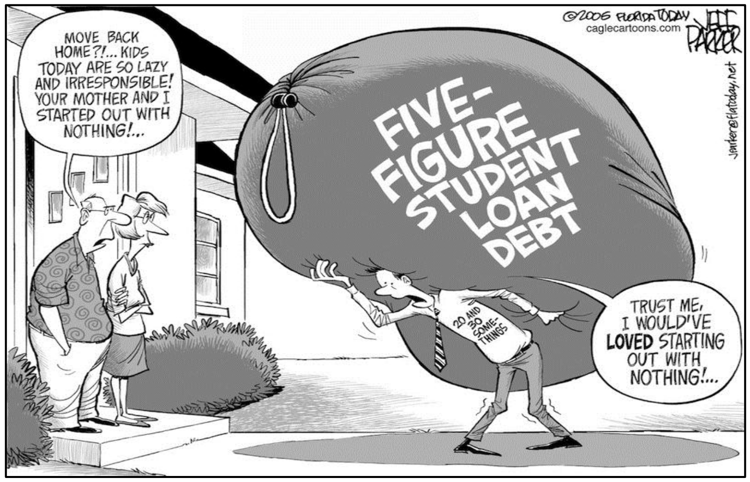
- If the upturn lasts until the end of fiscal year 2018 (or June of calendar year 2018), the then 108 month upturn will be the second longest upturn, both since World War II and also back to when such records started to be kept back in 1854.

▪ Although the current economic upturn has not been without its problems, almost seven years of "upturn" has resulted in significant output and labor market gains—with nearly 14 million jobs gained and an unemployment rate (at 5.0%) that is approaching full-employment.



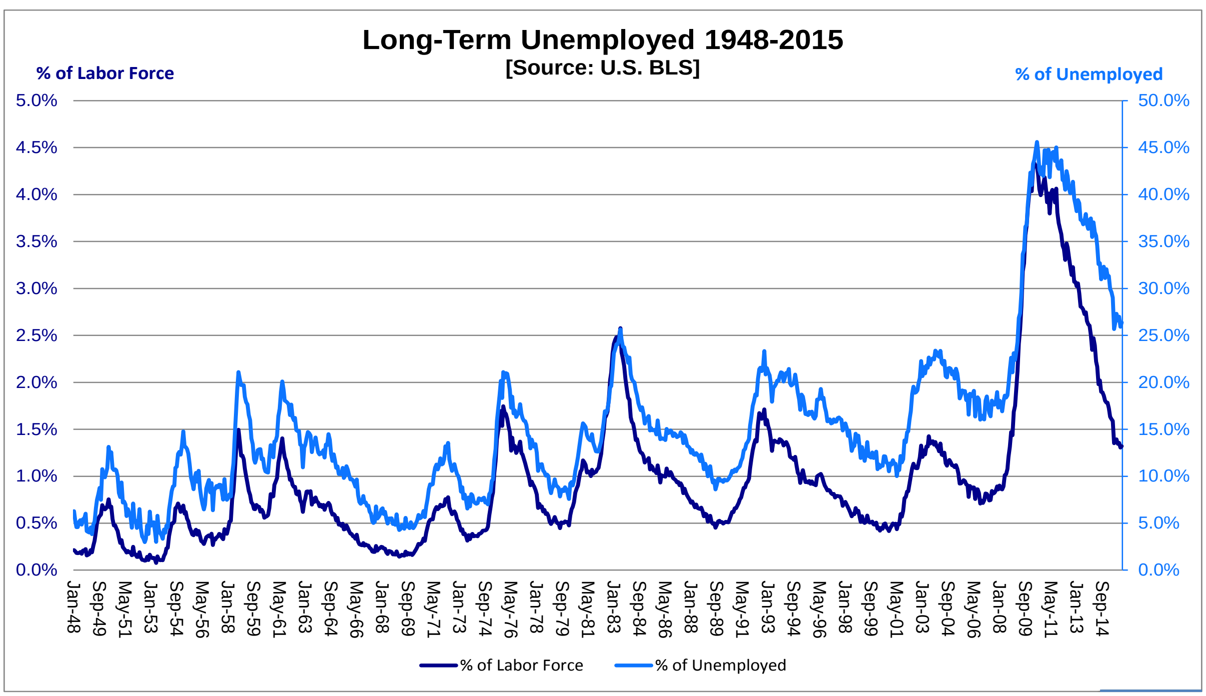
▪ The labor market gains nationally have also helped to reduce the number of long-term unemployed—a problem that has plagued the U.S economy since the onset of the "Great Recession" back in calendar year 2007.

– The chart below displays the gradually-retreating unemployment rate (U-3), showing that, while the labor market overall for this indicator is still weaker than before the recession, it is in fact now showing significant improvement.

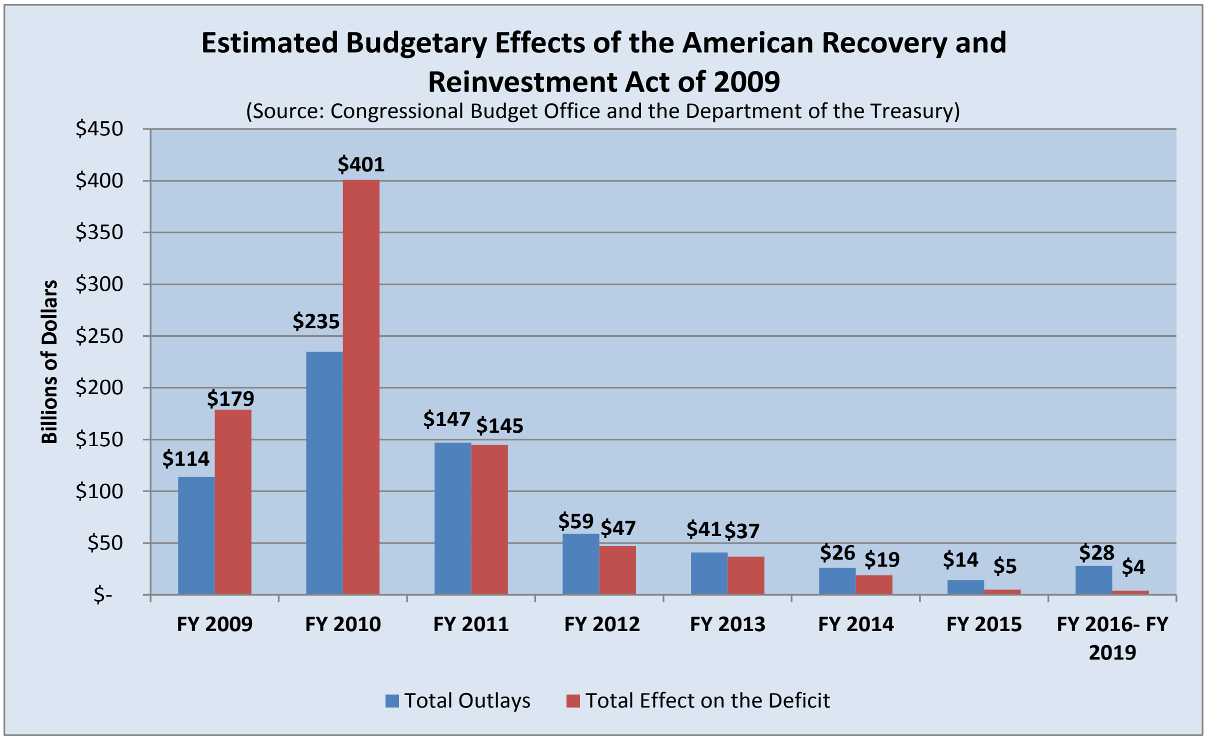


– The most expanded view of unemployment, U-6—which measures the total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons (but would prefer to work full-time) as a percent of the civilian labor force—remains high at 9.9%.

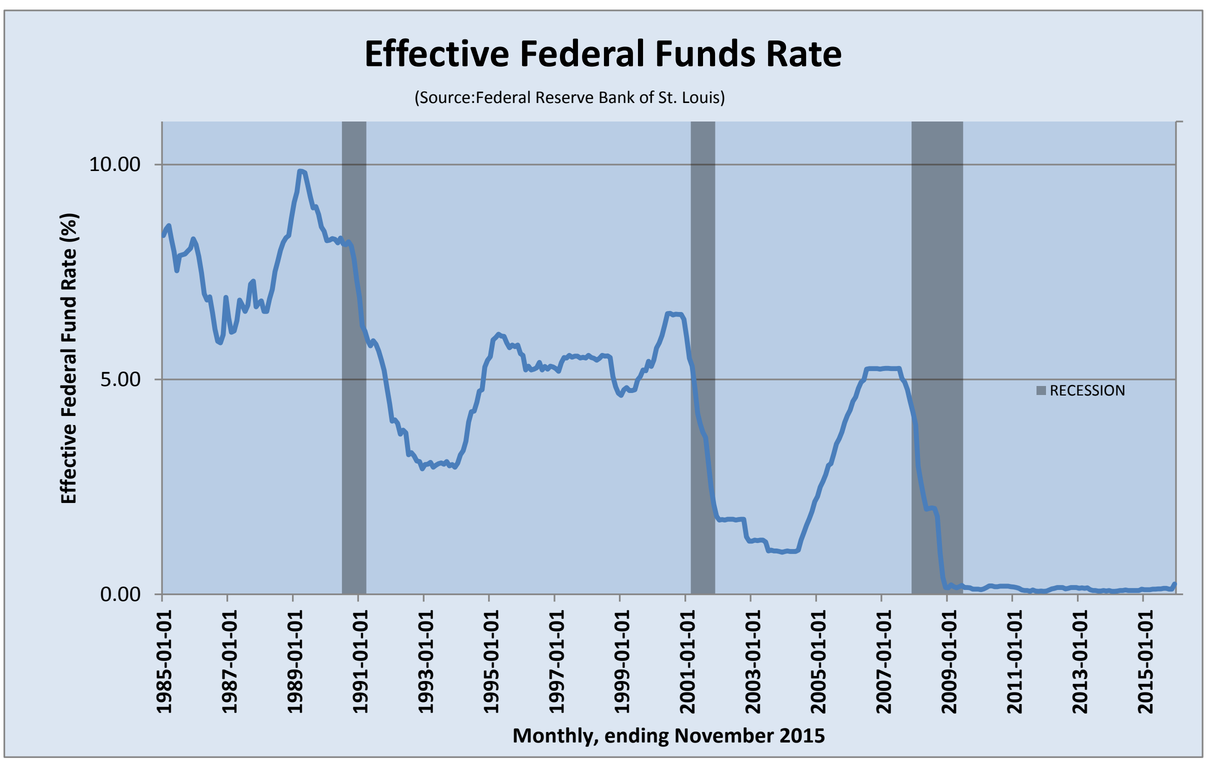
– However, the month of December marked the first time since the last recession that the U-6 unemployment rate declined to below 10.0% (since June 2008). These data include the part of the labor force that is not working full-time—but would prefer to be working full-time (or is underemployed).



▪ The current economic upturn, following the 2007-08 financial crisis and the "Great Recession," was supported by an unprecedented fiscal policy stimulus.

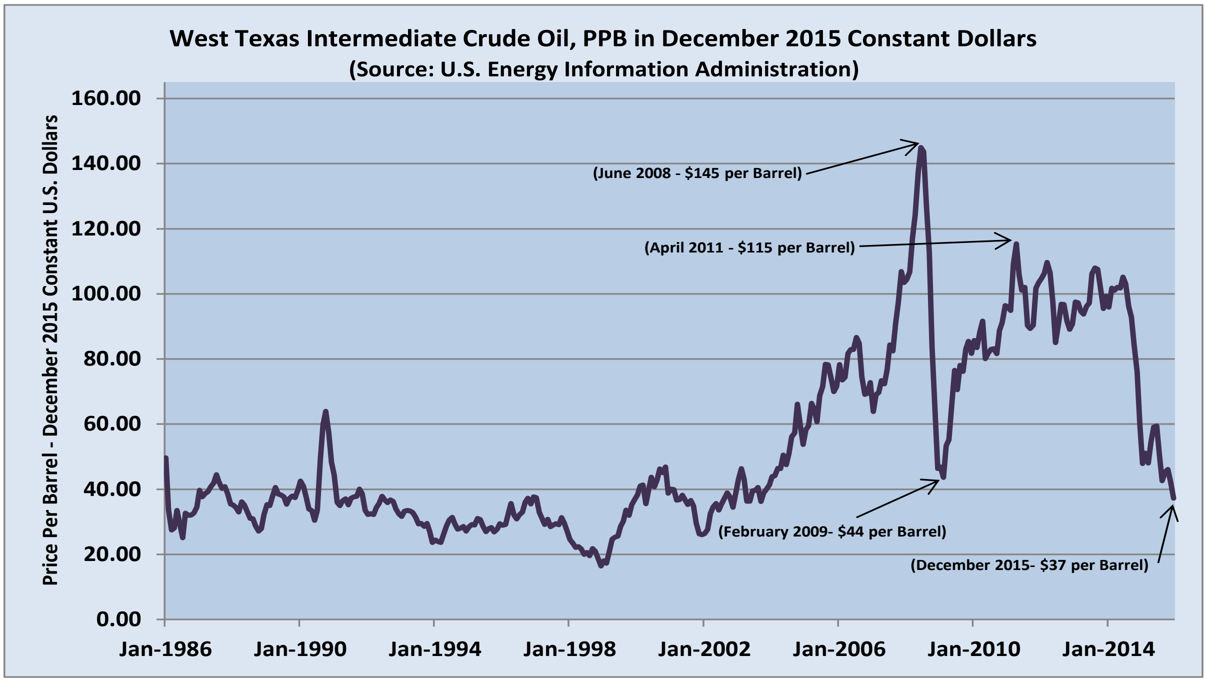


- The current economic upturn also was supported by an unprecedented period of roughly "zero percent" short-term interest rates and expansion of the Federal Reserve's balance sheet—which expanded greatly during the initial period following the financial crisis and during the Fed's policy of "quantitative easing."



- The upturn also has been aided by a surprisingly pronounced and enduring decline in fossil fuel prices, which has been deeper and longer than almost everyone has expected.

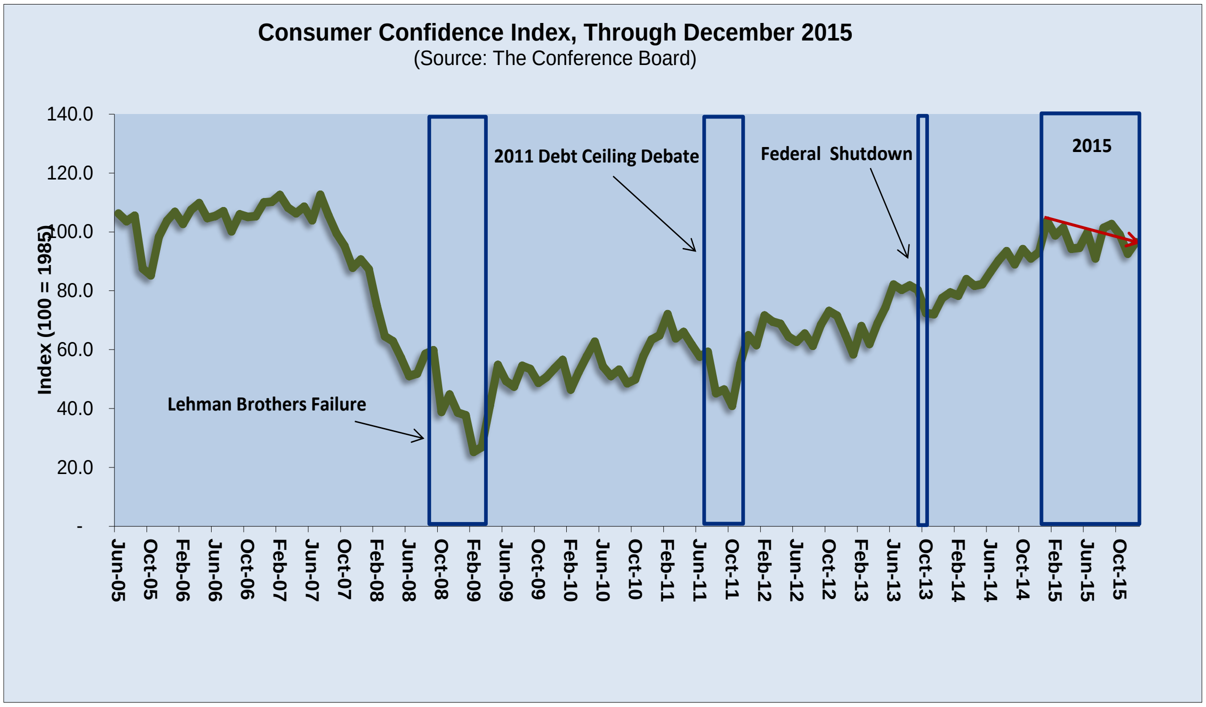
  - The price decline in fossil fuel is now expected to persist through much if not all of calendar year 2016—and possibly longer. This will have significant effects on the energy cost budgets of households, businesses and visitors to Vermont.



- But the uplifting effect of declining oil prices seems to have run into concerns about the weakening of the global economy such as China and other key commodity-based economies in the developing world (Brazil, Russia, Australia, and many countries on the African continent), volatility in the U.S. Stock market, and weakness in U.S. manufacturing brought about by the strengthening U.S. dollar which makes U.S. exports less "price competitive."

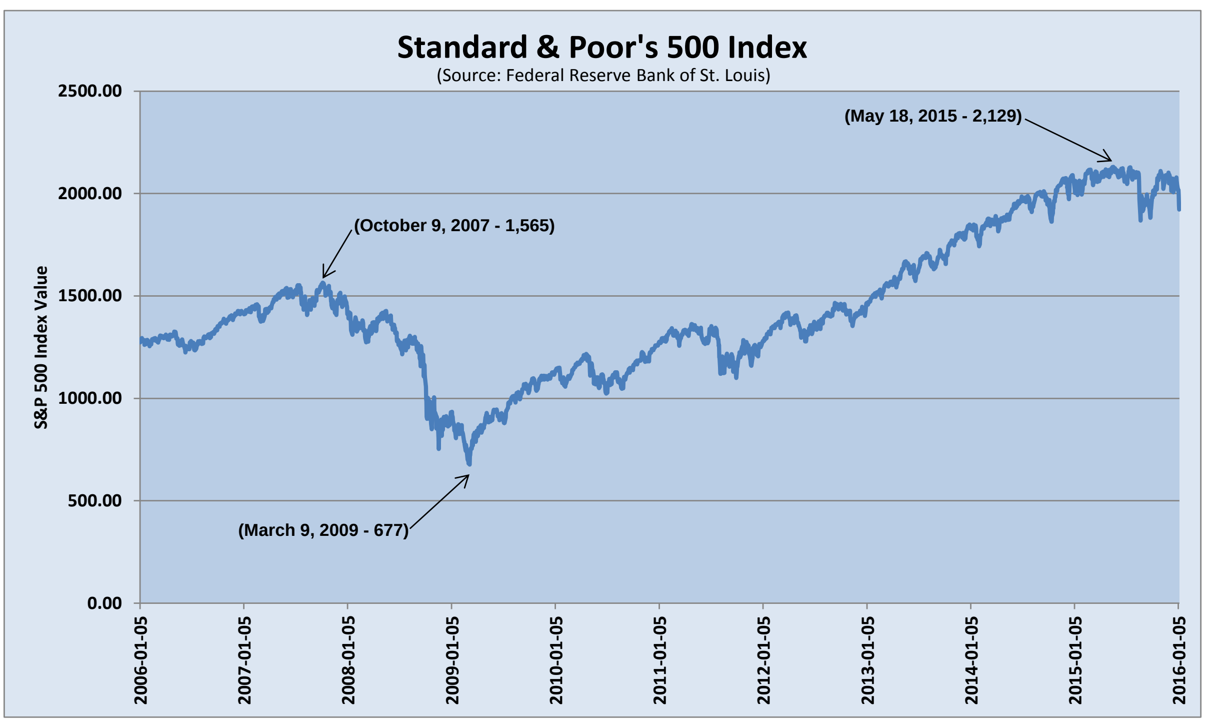
  - These complicating factors have weighed heavily on the collective psyche of consumers—still with the memory of all of the uncertainty surrounding the "Great Recession."

- As a result, the Conference Board's Index of Consumer Confidence has drifted sideways during much of calendar year 2015—finishing the year at a level that was actually somewhat below the level for the index way back at the beginning of calendar year 2015.

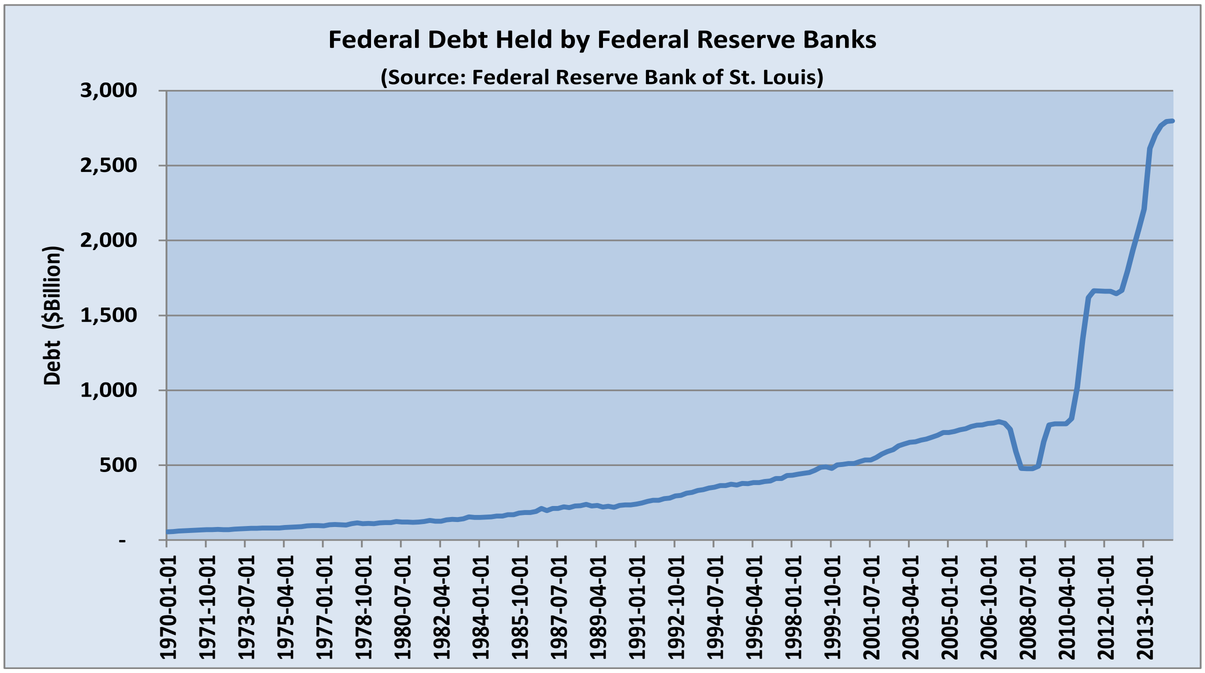


- As has the U.S. stock market, which posted its first calendar year price decline since 2008, finishing calendar year 2015 at -0.73% on a year-over-year basis.

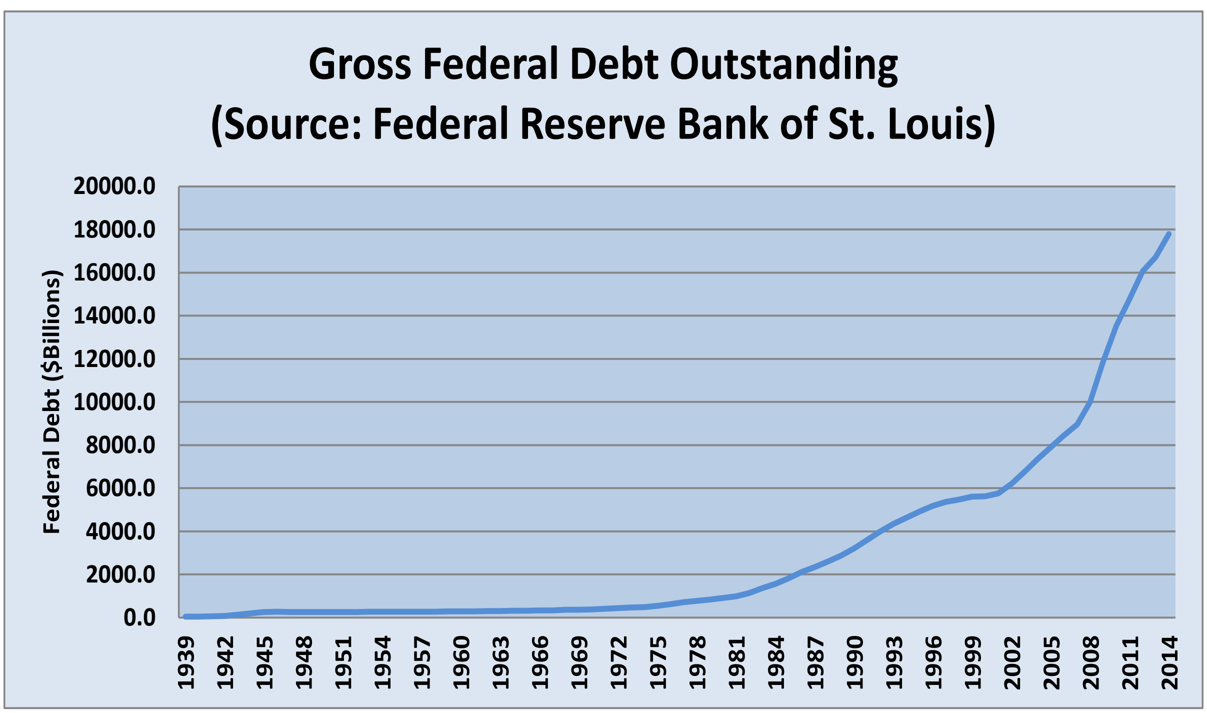
- In fact through the first two weeks of calendar year 2016, all three major stock market indexes are off by more than 8.0%.



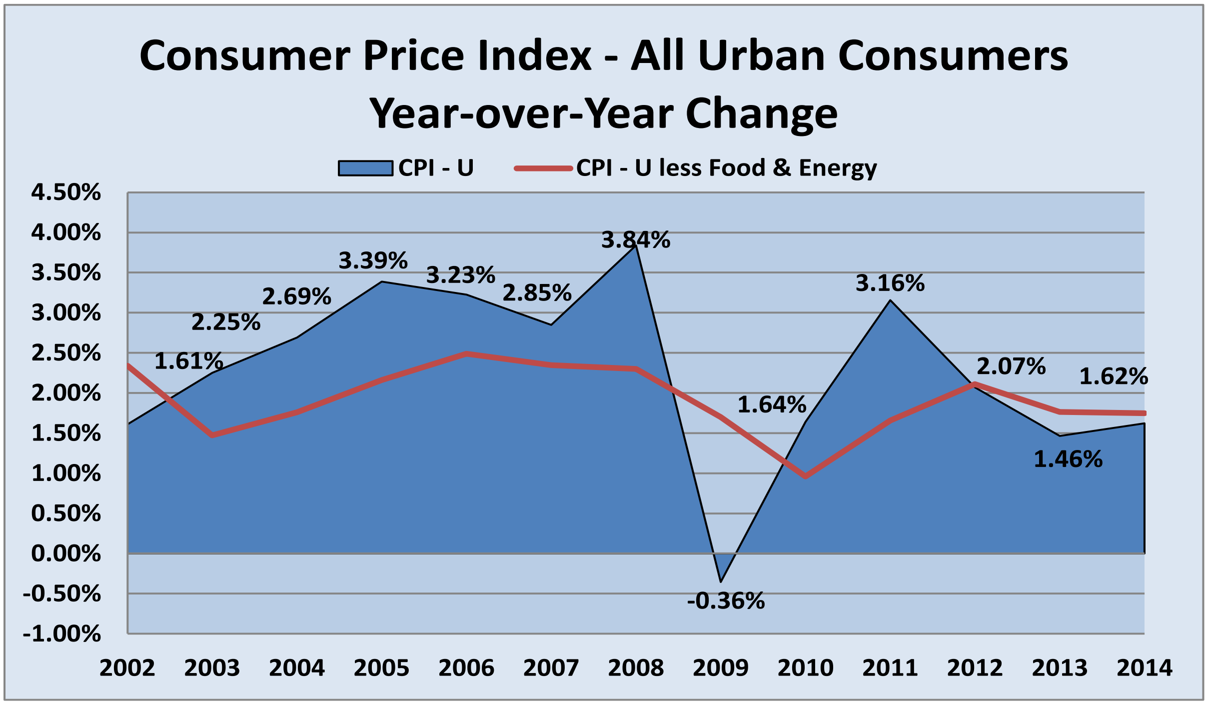
- On the policy front. The Federal Reserve has now begun a period of "policy normalization" that includes short-term rate increases and a reduction in its balance sheet holdings of various debt instruments which has grown substantially in recent years.



  - The Federal Stimulus program also had a downside, as the sharp increase in federal debt outstanding since calendar year 2000 has reduced the financial-fiscal capacity of the U.S. government to take on any future economic challenges.



- But inflation remains firmly under control, giving the Federal Reserve at least some flexibility in its execution of the "normalization" of monetary policy.

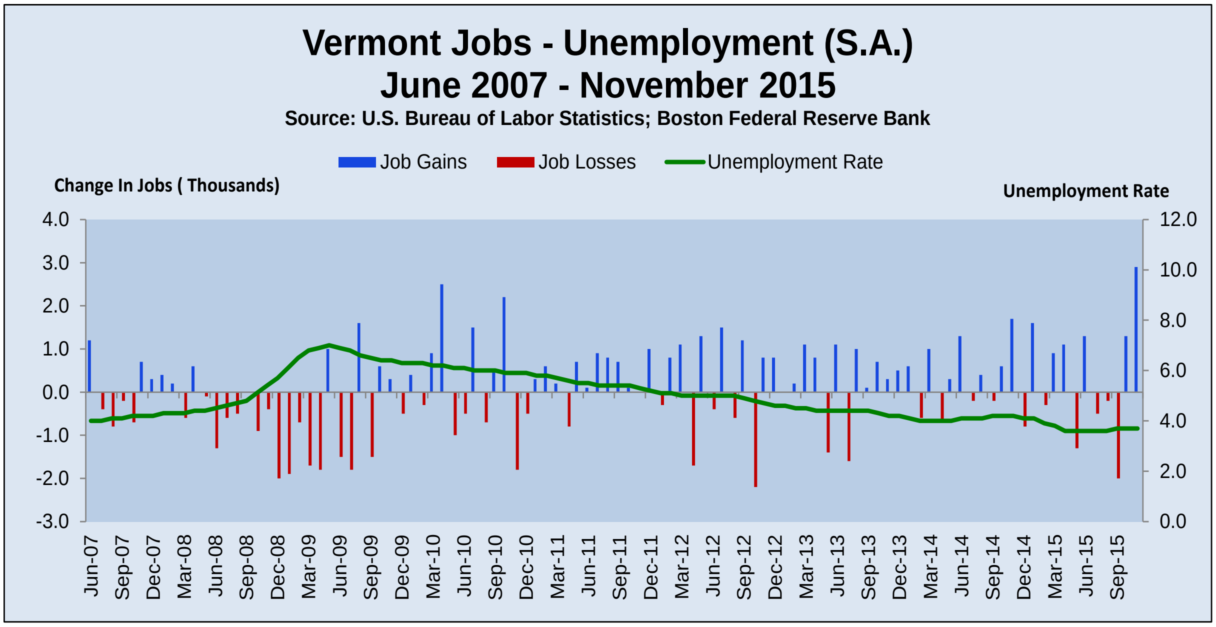


D. Discussion of Recent Vermont Economic Trends

- Turning to the Vermont data, the seasonally adjusted payroll job count appears to continue to bounce back and forth, registering an uptick—following a disappointing performance in third quarter of calendar year 2015. October and November (with November being the most recent month where data are available—as December data have not yet been published) saw a positive performance.

  - However, given the recent "up and down" pattern to activity, it is too early to conclude that the Vermont economy is out of the long-standing month-to-month "ups-and-downs" which began back in early calendar year 2014.

  - Payroll job changes have for the most part bounced back and forth month-to-month, dating to January 2014. September's and October's relatively upbeat job performances hopefully represent a possible and positive break of that past trend



- Despite the choppy job creation pattern over the last two years, Vermont has fared reasonably well in non-seasonally adjusted year-over-year job creation.

▪ Tables 5 and 6 below compare the Total Nonfarm and Private sector payroll job changes by state on a year-over-year basis by major North American Industry Classification System (NAICS) sector.

Table 5: Year-Over-Year Job Change by State
Total Payroll Jobs (November 2014-November 2015)

Rank	State	% Change
1	Idaho	4.1%
2	Utah	3.6%
3	Florida	3.0%
4	Washington	2.8%
5	Oregon	2.7%
6	South Carolina	2.6%
7	California	2.6%
11	Massachusetts	2.2%
17	New York	1.9%
23	Rhode Island	1.7%
24	Connecticut	1.6%
25	Texas	1.5%
32	Vermont	1.3%
33	Maine	1.2%
40	Pennsylvania	0.7%
41	New Hampshire	0.6%
46	Oklahoma	-0.1%
47	Louisiana	-0.6%
48	Wyoming	-0.8%
49	West Virginia	-1.4%
50	North Dakota	-2.8%

Source: U.S. Department of Labor, BLS

Table 6: Year-Over-Year Job Change by State
Private Sector Payroll Jobs (November 2014-November 2015)

Rank	State	% Change
1	Idaho	5.0%
2	Utah	3.9%
3	Florida	3.6%
4	Washington	3.1%
5	South Carolina	3.0%
8	California	2.8%
14	Massachusetts	2.3%
15	New York	2.3%
20	Rhode Island	2.1%
24	Connecticut	1.9%
28	Texas	1.6%
32	Maine	1.5%
37	New Hampshire	1.1%
38	Vermont	1.1%
46	Oklahoma	-0.2%
47	Louisiana	-0.3%
48	Wyoming	-1.4%
49	West Virginia	-1.5%
50	North Dakota	-3.5%

Source: U.S. Department of Labor, BLS

- From the tables, it seems apparent that Vermont has improved in the national and New England rankings, and established a +1.3% year-over-year growth rate during the month of November.

- Total Private sector payroll job growth over the November 2014-November 2015 period, registered a +1.1% gain over the last year.

▪ Vermont's best year-over-year performer is the Information sector, with job additions on a year-over-year basis of +4.3%. That performance ranks Vermont's 4th in terms of its ranking among the 50 states within the Information NAICS sector.[4]

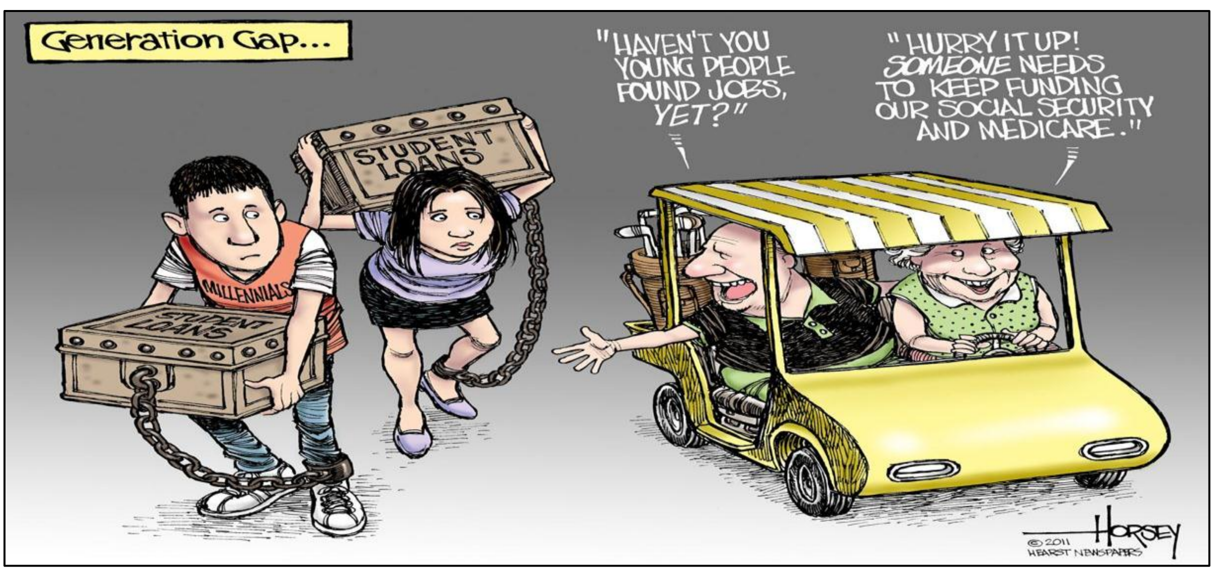
Table 7: Payroll Job Performance By NAICS Supersector November 2014 vs. November 2015

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	**1.3%**	**4**	**32**	**MA (11)**	**5**
Total Private	**1.1%**	**6**	**38**	**MA (14)**	**5**
Construction	1.3%	4	40	MA (14)	6
Manufacturing	-1.9%	6	41	RI (8)	23
Information	4.3%	2	4	NH (1)	23
Financial Activities	0.0%	5	40	CT (24)	10
Trade, Transportation, Utilities	-0.2%	4	42	NH (7)	9
Leisure and Hospitality	1.5%	5	38	RI (2)	6
Education and Health Services	3.3%	1	14	VT (14)	1
Professional and Business Services	-0.4%	5	46	RI (3)	9
Government	2.2%	1	2	VT (2)	16

Notes: NAICS means North American Industry Classification System

Source: U.S. Bureau of Labor Statistics

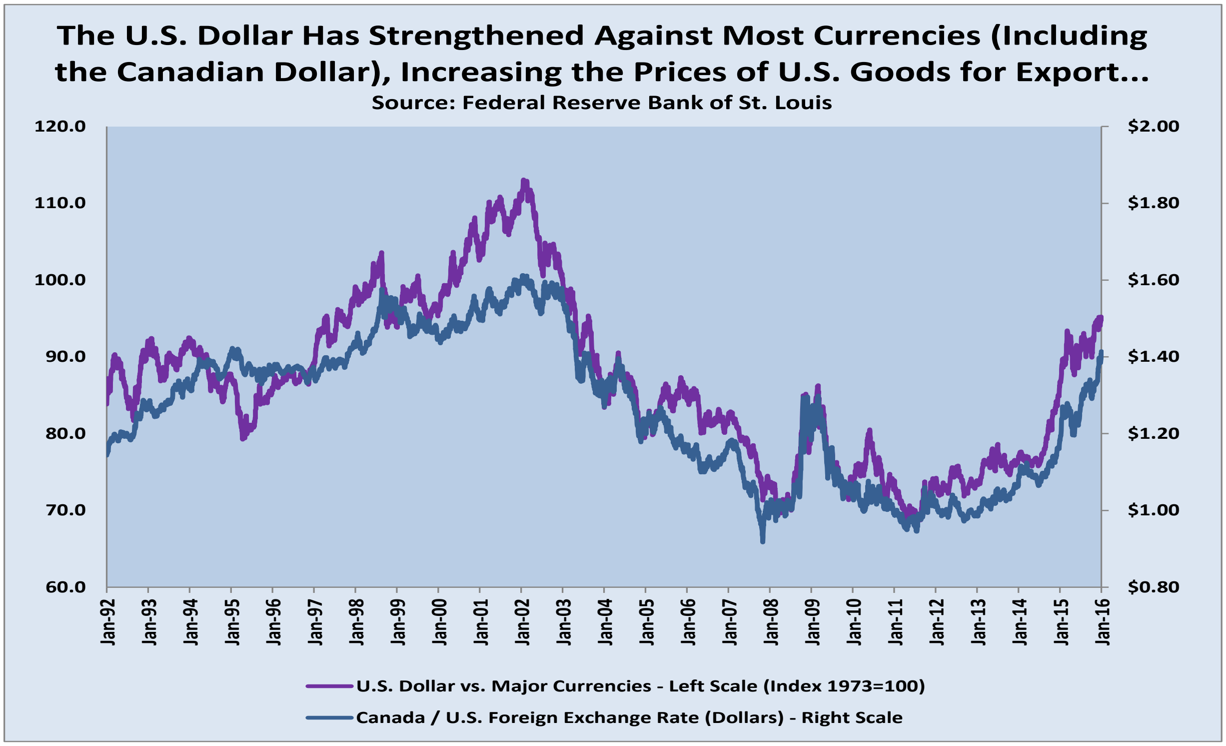
- Growth in Vermont's Education and Health Services sector, at +3.3% year-over-year, is ranked 14th in the U.S and 1st in New England. The Government sector grew by +2.2% year-over-year after November 2015, ranking Vermont 2nd nationally, while Leisure and Hospitality expanded by +1.5%, ranking 38th nationally.



[4] NAICS refers to the North American Industry Classification System.

- The weakest year-over-year job changes have come in the Manufacturing sector with a -1.9% decline from November of 2014 to November of 2015.

  - Vermont's higher than average reliance on manufacturing activity has been a drag on job growth in recent times as the factory sector has slowed with the increase in the value of the U.S. dollar—particularly relative to the Canadian dollar.



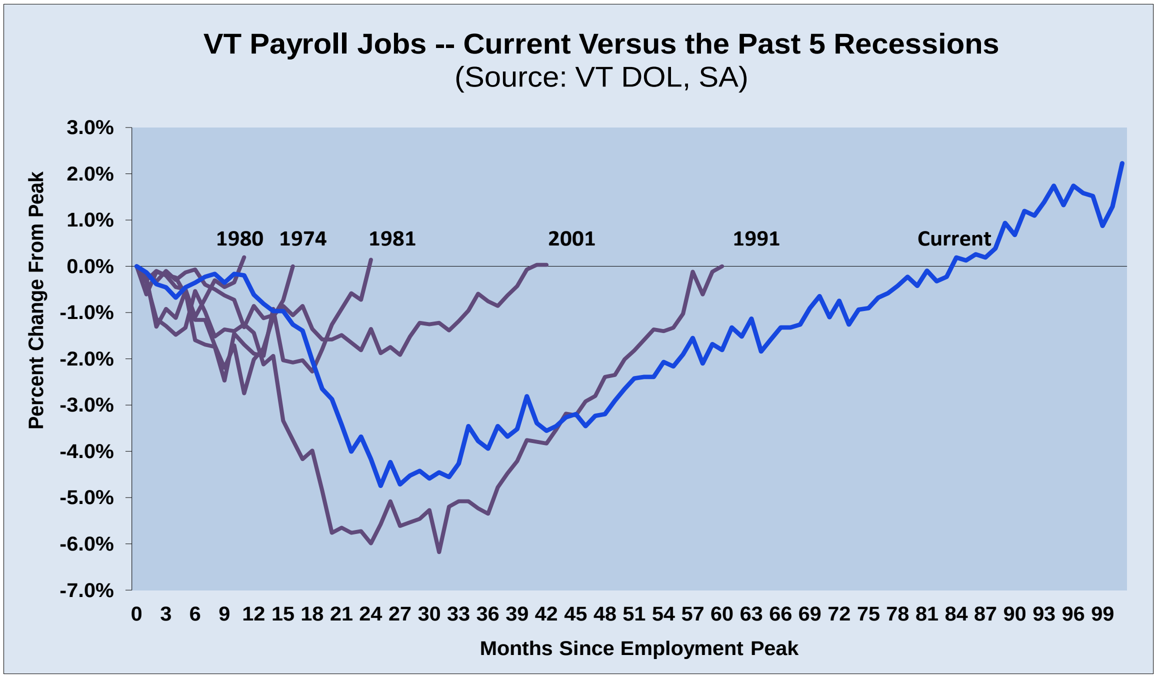
  - In addition, Vermont's Professional & Business Services and Trade, Transportation, & Utilities sectors shed -0.4% and -0.2% of its jobs from November 2014 to November 2015, ranking it 46th and 42nd in the nation, respectively.

- Just as the U.S. business cycle has become longer, so too has the economic cycles for the State of Vermont. The chart 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 the more recent recessions are generally lengthening—meaning that it appears that business cycles overall may be becoming longer as well. Even though the month-to-month flow has been up and down, the employment level overall continues to make gains over its pre-recession peak.

  - As of November 2015 (the latest month for which state-by-state payroll job data are available), Vermont has surpassed the peak employment level reached in June 2007 by 6,900 jobs—adding 46.9% more than the number of jobs lost during the "Great Recession" in the State.

- 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 key Vermont employment sectors (e.g. the high paying Durable Goods manufacturing) over the past two years.[5]



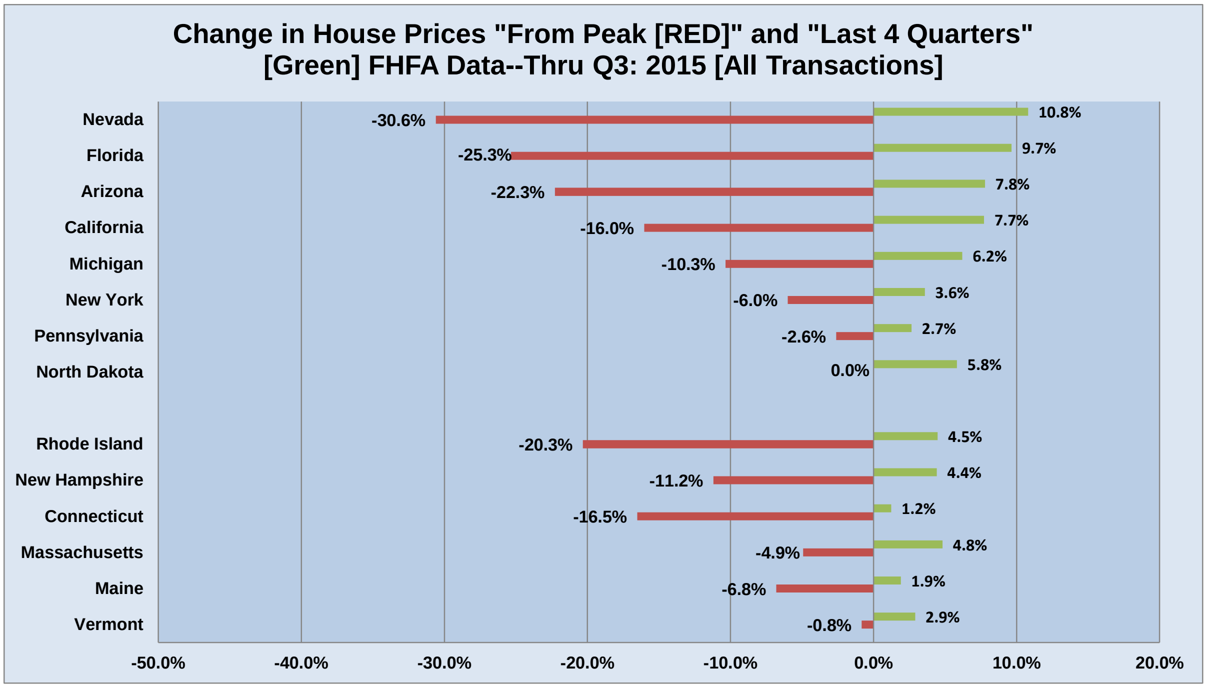
- Turning to housing markets, housing prices—as measure by the Federal Housing Finance Agency's price index (FHFA) increased again in Vermont during the 3rd quarter of calendar year 2015 leaving the State just 0.8% below its previous mid-2000s housing price peak.

  - This most recent reading for Vermont represented a +2.9% year-over-year price increase, with the highest performing New England regional neighbor—the State of Massachusetts, finishing the quarter at a total of +14.6% off its price trough or bottom (and +4.8% over the last year alone), but still 4.9% below its mid-2000's price peak.

- Overall, FHFA housing prices form the 3rd quarter of calendar year 2015 increased on a year-over-year basis for all 50 states and have done so for the last 6 consecutive quarters dating back to early calendar year 2014.

  - Among the 50 states, a total of 19 states have reached their pre-recession peaks as of the 3rd quarter of calendar year 2015.

[5] Most recently, these reductions have included Keurig Green Mountain (in the food sector), Global Foundries (and its predecessor IBM), and now Energizer in Bennington (both in the electric and electronic manufacturing sector).



- Price recovery is important because it is a precursor to more normal levels of activity in housing construction. So far, this upturn construction activity remains subdued, with residential and non-residential activity lagging behind activity levels last decade.

- The following tables present the updated consensus forecast for key macroeconomic variables employed in the consensus revenue forecast update.

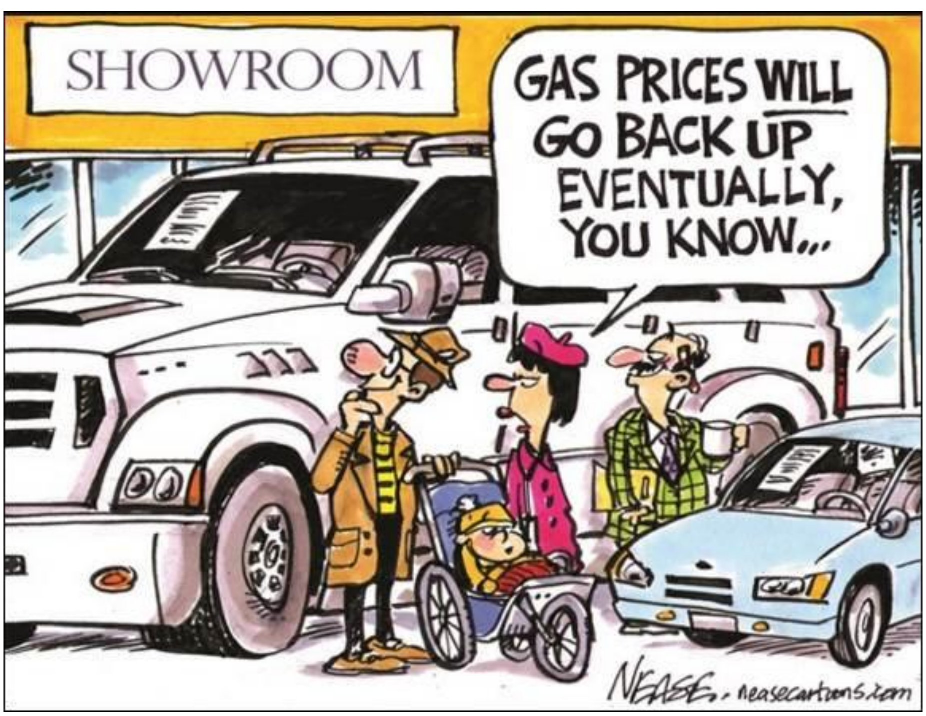


TABLE 8

Comparison of Recent Consensus U.S. Macroeconomic Forecasts
June 2014 through December 2015, Selected Variables, Calendar Year Basis

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Real GDP Growth									
June-14	*-2.8*	*2.5*	*1.8*	*2.8*	*1.9*	*2.8*	*3.9*	*3.2*	*2.8*
December-14	*-2.8*	*2.5*	*1.6*	*2.3*	*2.2*	*2.2*	*3.6*	*3.8*	*3.1*
June-15	*-2.8*	*2.5*	*1.6*	*2.3*	*2.2*	*2.4*	*2.6*	*3.2*	*3.0*
December 2015	*2.8*	*2.5*	*1.6*	*2.2*	*1.5*	*2.4*	*2.5*	*2.9*	*3.1*
S&P 500 Growth (Annual Avg.)									
June-14	*-22.5*	*20.3*	*11.4*	*8.7*	*19.1*	*13.1*	*3.4*	*-5.5*	*4.8*
December-14	*-22.5*	*20.3*	*11.4*	*8.7*	*19.1*	*17.5*	*7.1*	*1.3*	*2.2*
June-15	*-22.5*	*20.3*	*11.4*	*8.7*	*19.1*	*17.5*	*7.8*	*1.9*	*2.3*
December 2015	*-22.5*	*20.3*	*11.4*	*8.7*	*19.1*	*17.5*	*-0.7*	*2.7*	*4.8*
Employment Growth (Non-Ag)									
June-14	*-4.4*	*-0.7*	*1.2*	*1.7*	*1.7*	*1.8*	*2.4*	*2.4*	*1.9*
December-14	*-4.4*	*-0.7*	*1.2*	*1.7*	*1.7*	*2.0*	*2.4*	*2.6*	*1.7*
June-15	*-4.4*	*-0.7*	*1.2*	*1.7*	*1.7*	*1.9*	*2.2*	*2.2*	*2.3*
December 2015	*-4.4*	*-0.7*	*1.2*	*1.7*	*1.7*	*1.9*	*2.1*	*2.0*	*2.0*
Unemployment Rate									
June-14	*9.3*	*9.6*	*8.9*	*8.1*	*7.4*	*6.3*	*6.0*	*5.7*	*5.2*
December-14	*9.3*	*9.6*	*8.9*	*8.1*	*7.4*	*6.2*	*5.4*	*5.1*	*4.8*
June-15	*9.3*	*9.6*	*8.9*	*8.1*	*7.4*	*6.2*	*5.3*	*4.9*	*4.7*
December 2015	*9.3*	*9.6*	*8.9*	*8.1*	*7.4*	*6.2*	*5.3*	*4.8*	*4.7*
West Texas Int. Crude Oil $/Bbl									
June-14	*62*	*79*	*95*	*94*	*98*	*100*	*103*	*104*	*105*
December-14	*62*	*79*	*95*	*94*	*98*	*94*	*63*	*76*	*81*
June-15	*62*	*79*	*95*	*94*	*98*	*94*	*58*	*70*	*79*
December 2015	*62*	*79*	*95*	*94*	*98*	*93*	*49*	*55*	*64*
Prime Rate									
June-14	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*3.37*	*5.00*	*6.30*
December-14	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*3.37*	*5.12*	*6.52*
June-15	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*3.30*	*4.70*	*6.20*
December 2015	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*3.25*	*3.26*	*3.97*	*5.74*
Consumer Price Index Growth									
June-14	*-0.3*	*1.6*	*3.1*	*2.1*	*1.5*	*1.9*	*2.2*	*2.5*	*2.6*
December-14	*-0.3*	*1.6*	*3.1*	*2.1*	*1.5*	*1.6*	*1.5*	*2.3*	*2.6*
June-15	*-0.3*	*1.6*	*3.1*	*2.1*	*1.5*	*1.6*	*0.5*	*2.5*	*2.6*
December 2015	*-0.3*	*1.6*	*3.1*	*2.1*	*1.5*	*1.6*	*0.2*	*2.2*	*2.9*
Avg. Home Price Growth									
June-14	*-5.5*	*-4.0*	*-3.7*	*-0.1*	*4.1*	*4.9*	*5.6*	*6.4*	*5.8*
December-14	*-5.5*	*-4.0*	*-3.7*	*-0.1*	*4.1*	*5.7*	*5.0*	*5.4*	*5.7*
June-15	*-5.5*	*-4.1*	*-3.7*	*-0.1*	*4.1*	*5.7*	*4.7*	*5.1*	*5.5*
December 2015	*-5.5*	*-4.1*	*-3.8*	*-0.1*	*4.0*	*5.6*	*5.5*	*5.7*	*5.9*

TABLE 9

Comparison of Consensus Administration and JFO Vermont State Forecasts
June 2013 through December 2015, Selected Variables, Calendar Year Basis

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Real GSP Growth									
June-13	-2.9	5.6	1.3	1.2	1.3	3.0	4.2	2.9	
December-13	-2.9	5.6	1.3	1.2	1.4	3.1	4.1	2.9	2.2
June-14	-2.8	5.6	1.3	1.2	0.5	2.9	4.0	3.2	2.4
December-14	-2.5	4.4	2.2	1.1	1.9	1.0	3.3	3.6	2.8
June-15	-2.5	4.4	2.2	1.1	1.9	1.2	2.4	3.0	2.6
December 2015	-2.4	3.7	2.8	0.4	-0.3	0.6	2.2	2.8	2.4
Population Growth									
June-13	0.1	0.2	0.1	-0.1	0.3	0.3	0.3	0.4	
December-13	0.1	0.2	0.1	-0.1	0.1	0.1	0.1	0.2	0.2
June-14	0.1	0.2	0.1	-0.1	0.1	0.1	0.1	0.2	0.2
December-14	0.1	0.2	0.1	0.0	0.1	0.0	0.1	0.2	0.3
June-15	0.1	0.2	0.1	-0.1	0.1	-0.1	-0.1	0.2	0.2
December 2015									
Employment Growth									
June-13	-3.3	-0.2	0.7	1.2	1.0	0.9	2.2	1.9	
December-13	-3.3	-0.2	0.7	1.2	1.0	1.3	2.2	1.9	1.4
June-14	-3.3	0.3	0.8	1.3	0.5	1.4	2.0	1.8	1.6
December-14	-3.3	0.3	0.8	1.3	0.5	1.0	1.6	1.9	1.3
June-15	-3.3	0.3	0.9	1.3	0.8	1.0	1.7	1.9	1.8
December 2015	-3.3	0.3	0.9	1.3	0.8	1.0	1.6	1.7	1.8
Unemployment Rate									
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	3.0
June-14	6.9	6.4	5.6	4.9	4.4	3.9	3.6	3.3	3.0
December-14	6.9	6.4	5.6	4.9	4.4	3.7	3.5	3.2	2.9
June-15	6.6	6.1	5.5	4.9	4.4	4.1	3.6	3.2	2.9
December 2015	6.6	6.1	5.5	4.9	4.4	4.1	3.7	3.4	3.3
Personal Income Growth									
June-13	-2.2	3.3	4.7	3.4	1.0	2.8	4.2	3.7	
December-13	-2.2	3.3	4.7	3.4	3.8	5.7	6.2	5.1	4.5
June-14	-1.4	1.7	7.1	3.7	2.9	4.9	5.6	5.0	4.6
December-14	-1.4	1.7	7.1	3.7	2.9	3.8	5.1	5.4	4.7
June-15	-1.4	1.6	7.2	3.4	2.5	4.0	4.8	5.2	4.7
December 2015	-2.0	2.2	6.8	3.6	1.4	3.5	4.5	5.1	4.6
Home Price Growth (JFO*)									
June-13	-2.0	-1.1	-0.5	0.5	0.7	1.5	2.0	3.2	
December-13	-2.0	-1.2	-0.6	0.5	0.5	1.5	2.1	3.1	3.7
June-14	-2.1	-1.2	-0.6	0.5	0.2	0.4	1.7	2.9	3.7
December-14	-2.1	-1.2	-0.6	0.5	0.2	0.9	2.1	2.7	3.4
June-15	-2.1	-1.2	-0.7	0.4	0.2	0.7	2.3	2.8	3.4
December 2015	-2.1	-1.2	-0.8	0.4	0.1	0.7	2.5	2.9	3.4

E. 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 2016, 2017, and 2018 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.

- The State continues to develop 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. In May of 2015, 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 2015 NEEP forecast was developed using the internal State macroeconomic model 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 2016

SOURCE G-FUND

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

	FY 2012 *(Actual)*	% Change	FY 2013 *(Actual)*	% Change	FY 2014 *(Actual)*	% Change	FY 2015 *(Actual)*	% Change	FY 2016 *(Forecast)*	% Change	FY 2017 *(Forecast)*	% Change	FY 2018 *(Forecast)*	% Change
REVENUE SOURCE														
Personal Income	$597.0	7.9%	$660.6	10.7%	$671.1	1.6%	$705.9	5.2%	$760.8	7.8%	$793.7	4.3%	$817.0	2.9%
Sales & Use*	$341.8	5.0%	$346.8	1.4%	$353.6	2.0%	$364.6	3.1%	$378.3	3.8%	$392.1	3.6%	$403.9	3.0%
Corporate	$85.9	-4.2%	$95.0	10.5%	$94.8	-0.1%	$121.9	28.5%	$104.2	-14.5%	$92.6	-11.1%	$89.8	-3.0%
Meals and Rooms	$126.9	3.5%	$134.8	6.2%	$142.7	5.9%	$150.8	5.7%	$155.6	3.2%	$161.3	3.7%	$166.8	3.4%
Cigarette and Tobacco**	$80.1	9.9%	$74.3	-7.2%	$71.9	-3.3%	$76.8	6.7%	$79.4	3.4%	$76.3	-3.9%	$74.1	-2.8%
Liquor and Wine	$16.4	7.0%	$17.0	3.4%	$17.7	4.0%	$18.2	2.9%	$18.3	0.7%	$19.0	3.8%	$19.6	3.2%
Insurance	$56.3	2.5%	$55.0	-2.3%	$57.1	3.7%	$55.3	-3.1%	$57.0	3.1%	$57.7	1.2%	$58.4	1.2%
Telephone	$9.6	-15.3%	$9.4	-2.6%	$9.1	-2.9%	$7.7	-14.9%	$3.1	-60.0%	$6.3	103.2%	$6.1	-3.2%
Beverage	$6.0	3.3%	$6.2	3.3%	$6.4	3.6%	$6.7	4.2%	$6.8	2.1%	$7.0	2.9%	$7.2	2.9%
Electric***	$2.9	0.3%	$8.9	204.5%	$13.1	46.9%	$9.4	-28.2%	$0.0	NM	$0.0	NM	$0.0	NM
Estate****	$13.3	-62.8%	$15.4	15.4%	$35.5	131.0%	$9.9	-72.2%	$20.5	107.3%	$22.1	7.8%	$23.6	6.8%
Property	$24.1	-6.0%	$28.5	18.3%	$30.9	8.5%	$33.6	8.6%	$36.6	8.9%	$39.5	7.9%	$41.8	5.8%
Bank	$10.7	-30.9%	$10.7	0.2%	$11.0	2.7%	$10.7	-2.0%	$10.3	-4.2%	$10.5	1.9%	$10.6	0.9%
Other Tax	$1.2	-66.7%	$1.8	42.9%	$1.9	9.6%	$2.0	4.5%	$2.2	8.7%	$2.5	13.6%	$2.8	12.0%
Total Tax Revenue	$1,372.4	2.8%	$1,464.3	6.7%	$1,517.0	3.6%	$1,573.5	3.7%	$1,633.1	3.8%	$1,680.6	2.9%	$1,721.7	2.4%
Business Licenses	$3.0	3.4%	$2.8	-8.0%	$1.1	-61.4%	$1.1	0.2%	$0.5	-54.8%	$0.5	2.0%	$0.5	2.0%
Fees	$20.9	2.1%	$21.4	2.2%	$20.6	-3.4%	$22.1	7.0%	$22.1	0.1%	$22.8	3.2%	$23.5	3.1%
Services	$2.3	105.8%	$2.5	8.3%	$1.3	-47.3%	$1.5	12.5%	$3.3	120.9%	$3.8	15.2%	$4.2	10.5%
Fines	$7.4	28.7%	$4.7	-35.9%	$3.6	-24.2%	$3.5	-3.1%	$4.0	15.5%	$3.8	-5.0%	$3.9	2.6%
Interest	$0.4	32.8%	$0.6	26.3%	$0.2	-59.2%	$0.3	40.4%	$0.6	89.1%	$0.9	55.0%	$1.3	34.4%
Lottery	$22.3	4.2%	$22.9	2.7%	$22.6	-1.6%	$22.8	0.8%	$23.6	3.7%	$23.7	0.4%	$23.9	0.8%
All Other*****	$0.9	19.7%	$1.7	86.8%	$1.3	-24.0%	$1.0	-20.4%	$1.7	68.2%	$1.5	-11.8%	$1.6	6.7%
Total Other Revenue	$57.3	8.6%	$56.6	-1.3%	$50.7	-10.4%	$52.2	3.0%	$55.8	6.9%	$57.0	2.2%	$58.9	3.2%
TOTAL GENERAL FUND	**$1,429.7**	**3.0%**	**$1,520.9**	**6.4%**	**$1,567.6**	**3.1%**	**$1,625.7**	**3.7%**	**$1,688.9**	**3.9%**	**$1,737.6**	**2.9%**	**$1,780.6**	**2.5%**

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.**

****** Excludes $5.0 million payment from Entergy in fiscal year 2015 that is earmarked for a Special Fund.**

TABLE 1 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
AVAILABLE GENERAL FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2016

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY 2012** *(Actual)*	% Change	**FY 2013** *(Actual)*	% Change	**FY 2014** *(Actual)*	% Change	**FY 2015** *(Actual)*	% Change	**FY 2016** *(Forecast)*	% Change	**FY 2017** *(Forecast)*	% Change	**FY 2018** *(Forecast)*	% Change
REVENUE SOURCE														
Personal Income	$597.0	7.9%	$660.6	10.7%	$671.1	1.6%	$705.9	5.2%	$760.8	7.8%	$793.7	4.3%	$817.0	2.9%
Sales and Use*	$227.9	5.0%	$231.2	1.4%	$229.9	-0.6%	$237.0	3.1%	$245.9	3.8%	$254.9	3.6%	$262.5	3.0%
Corporate	$85.9	-4.2%	$95.0	10.5%	$94.8	-0.1%	$121.9	28.5%	$104.2	-14.5%	$92.6	-11.1%	$89.8	-3.0%
Meals and Rooms	$126.9	3.5%	$134.8	6.2%	$142.7	5.9%	$150.8	5.7%	$155.6	3.2%	$161.3	3.7%	$166.8	3.4%
Cigarette and Tobacco **	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM	$0.0	NM
Liquor	$16.4	7.0%	$17.0	3.4%	$17.7	4.0%	$18.2	2.9%	$18.3	0.7%	$19.0	3.8%	$19.6	3.2%
Insurance	$56.3	2.5%	$55.0	-2.3%	$57.1	3.7%	$55.3	-3.1%	$57.0	3.1%	$57.7	1.2%	$58.4	1.2%
Telephone	$9.6	-15.3%	$9.4	-2.6%	$9.1	-2.9%	$7.7	-14.9%	$3.1	-60.0%	$6.3	103.2%	$6.1	-3.2%
Beverage	$6.0	3.3%	$6.2	3.3%	$6.4	3.6%	$6.7	4.2%	$6.8	2.1%	$7.0	2.9%	$7.2	2.9%
Estate****	$13.3	-46.4%	$15.4	15.4%	$35.5	131.0%	$9.9	-72.2%	$20.5	107.3%	$22.1	7.8%	$23.6	6.8%
Property	$7.9	-6.1%	$9.2	16.5%	$10.0	9.3%	$10.9	8.7%	$11.8	8.9%	$12.8	7.9%	$13.5	5.8%
Bank	$10.7	-30.9%	$10.7	0.2%	$11.0	2.7%	$10.7	-2.0%	$10.3	-4.2%	$10.5	1.9%	$10.6	0.9%
Other Tax	$1.2	-66.7%	$1.8	42.9%	$1.9	9.6%	$2.0	4.5%	$2.2	8.7%	$2.5	13.6%	$2.8	12.0%
Total Tax Revenue	$1,162.1	3.3%	$1,255.0	8.0%	$1,300.3	3.6%	$1,346.4	3.5%	$1,396.5	3.7%	$1,440.3	3.1%	$1,477.9	2.6%
Business Licenses	$3.0	3.4%	$2.8	-8.0%	$1.1	-61.4%	$1.1	0.2%	$0.5	-54.8%	$0.5	2.0%	$0.5	2.0%
Fees	$20.9	2.1%	$21.4	2.2%	$20.6	-3.4%	$22.1	7.0%	$22.1	0.1%	$22.8	3.2%	$23.5	3.1%
Services	$2.3	105.8%	$2.5	8.3%	$1.3	-47.3%	$1.5	12.5%	$3.3	120.9%	$3.8	15.2%	$4.2	10.5%
Fines	$7.4	28.7%	$4.7	-35.9%	$3.6	-24.2%	$3.5	-3.1%	$4.0	15.5%	$3.8	-5.0%	$3.9	2.6%
Interest	$0.4	36.3%	$0.5	20.5%	$0.2	-66.6%	$0.2	51.9%	$0.5	109.8%	$0.8	60.0%	$1.1	37.5%
All Other*****	$0.9	19.7%	$1.7	86.8%	$1.3	-24.0%	$1.0	-20.4%	$1.7	68.2%	$1.5	-11.8%	$1.6	6.7%
Total Other Revenue	$34.9	11.6%	$33.5	-3.9%	$28.0	-16.4%	$29.4	4.7%	$32.1	9.3%	$33.2	3.5%	$34.8	4.8%
TOTAL GENERAL FUND	**$1,197.0**	**3.5%**	**$1,288.6**	**7.7%**	**$1,328.4**	**3.1%**	**$1,375.8**	**3.6%**	**$1,428.6**	**3.8%**	**$1,473.5**	**3.1%**	**$1,512.8**	**2.7%**

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.

**** Excludes $5.0 million payment from Entergy in fiscal year 2015 that is earmarked for a Special Fund.

TABLE 2A - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
SOURCE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2016

SOURCE T-FUND *revenues are prior to all E-Fund allocations and other out-transfers. Used for analytic and comparative purposes only.*	**FY 2012** *(Actual)*	% Change	**FY 2013** *(Actual)*	% Change	**FY 2014** *(Actual)*	% Change	**FY 2015** *(Actual)*	% Change	**FY 2016** *(Forecast)*	% Change	**FY 2017** *(Forecast)*	% Change	**FY 2018** *(Forecast)*	% Change
REVENUE SOURCE														
Gasoline	$59.3	-2.2%	$59.9	1.1%	$76.5	27.6%	$77.6	1.5%	$78.3	0.9%	$78.4	0.1%	$78.3	-0.1%
Diesel	$16.0	3.9%	$15.6	-2.2%	$17.2	9.7%	$19.1	11.5%	$19.5	1.8%	$19.9	2.1%	$20.2	1.5%
Purchase and Use*	$81.9	6.3%	$83.6	2.0%	$91.8	9.9%	$97.3	5.9%	$102.3	5.2%	$106.8	4.4%	$110.7	3.7%
Motor Vehicle Fees	$73.5	1.7%	$77.9	5.9%	$79.0	1.5%	$80.1	1.4%	$81.8	2.1%	$82.4	0.7%	$83.0	0.7%
Other Revenue**	$18.3	2.2%	$19.1	4.2%	$19.5	2.3%	$19.7	0.8%	$18.9	-3.8%	$19.4	2.6%	$19.7	1.5%
TOTAL TRANS. FUND	**$249.0**	**2.3%**	**$256.0**	**2.8%**	**$284.0**	**10.9%**	**$293.8**	**3.5%**	**$300.8**	**2.4%**	**$306.9**	**2.0%**	**$311.9**	**1.6%**

TABLE 2 - STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE/ADMINISTRATION
AVAILABLE TRANSPORTATION FUND REVENUE FORECAST UPDATE
Consensus JFO and Administration Forecast - January 2016

CURRENT LAW BASIS *including all Education Fund allocations and other out-transfers*	**FY 2012** *(Actual)*	% Change	**FY 2013** *(Actual)*	% Change	**FY 2014** *(Actual)*	% Change	**FY 2015** *(Actual)*	% Change	**FY 2016** *(Forecast)*	% Change	**FY 2017** *(Forecast)*	% Change	**FY 2018** *(Forecast)*	% Change
REVENUE SOURCE														
Gasoline	$59.3	-2.2%	$59.9	1.1%	$76.5	27.6%	$77.6	1.5%	$78.3	0.9%	$78.4	0.1%	$78.3	-0.1%
Diesel	$16.0	3.9%	$15.6	-2.2%	$17.2	9.7%	$19.1	11.5%	$19.5	1.8%	$19.9	2.1%	$20.2	1.5%
Purchase and Use*	$59.6	16.0%	$55.7	-6.5%	$61.2	9.9%	$64.8	5.9%	$68.2	5.2%	$71.2	4.4%	$73.8	3.7%
Motor Vehicle Fees	$73.5	1.7%	$77.9	5.9%	$79.0	1.5%	$80.1	1.4%	$81.8	2.1%	$82.4	0.7%	$83.0	0.7%
Other Revenue**	$18.3	2.2%	$19.1	4.2%	$19.5	2.3%	$19.7	0.8%	$18.9	-3.8%	$19.4	2.6%	$19.7	1.5%
TOTAL TRANS. FUND	**$226.688**	**4.2%**	**$228.195**	**0.7%**	**$253.383**	**11.0%**	**$261.4**	**3.2%**	**$266.7**	**2.0%**	**$271.3**	**1.7%**	**$275.0**	**1.4%**
OTHER														
TIB Gasoline	$20.9	26.6%	$21.2	1.4%	$19.2	-9.5%	$18.2	-5.2%	$13.0	-28.3%	$12.6	-3.7%	$12.5	-0.1%
TIB Diesel and Other***	$1.9	-1.7%	$1.8	-8.6%	$1.8	4.5%	$2.1	11.4%	$2.1	1.7%	$2.1	2.1%	$2.2	1.5%
Total TIB	$22.8	23.6%	$23.0	0.6%	$21.0	-8.4%	$20.2	-3.8%	$15.1	-25.3%	$14.7	-2.9%	$14.7	0.1%

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 2016

CURRENT LAW BASIS

Source General and Transportation Fund taxes allocated to or associated with the Education Fund only.	**FY 2012** *(Actual)*	% Change	**FY 2013** *(Actual)*	% Change	**FY 2014** *(Actual)*	% Change	**FY 2015** *(Actual)*	% Change	**FY 2016** *(Forecast)*	% Change	**FY 2017** *(Forecast)*	% Change	**FY 2018** *(Forecast)*	% Change
GENERAL FUND														
Sales & Use**	$113.9	5.0%	$115.6	1.4%	$123.8	7.1%	$127.6	3.1%	$132.4	3.8%	$137.2	3.6%	$141.4	3.0%
Interest	$0.0	NM	$0.1	NM	$0.1	NM	$0.1	NM	$0.1	NM	$0.1	NM	$0.2	NM
Lottery	$22.3	4.2%	$22.9	2.7%	$22.6	-1.6%	$22.8	0.8%	$23.6	3.7%	$23.7	0.4%	$23.9	0.8%
TRANSPORTATION FUND														
Purchase and Use***	$27.3	6.3%	$27.9	2.0%	$30.6	9.9%	$32.4	5.9%	$34.1	5.2%	$35.6	4.4%	$36.9	3.7%
TOTAL	**$163.6**	**5.1%**	**$166.5**	**1.7%**	**$177.0**	**6.3%**	**$182.9**	**3.3%**	**$190.2**	**4.0%**	**$196.7**	**3.4%**	**$202.3**	**2.9%**

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**