



Massachusetts Department of Revenue

Briefing Book FY2013 Consensus Revenue Estimate Hearing

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Introduction

This Briefing Book was created by the Department of Revenue (DOR) and is intended to provide you with DOR's current tax revenue estimates for FY12 and FY13 and relevant background information.

With the national economy recovering slowly since the end of the recent *great* recession, Massachusetts economy and the state tax revenues have improved. But the uncertainty on economic growth and tax revenue growth has increased recently, mostly due to the uncertainty on U.S. fiscal policy and the Eurozone's sovereign debt/banking crisis. In this environment, tax revenue forecasting is still very difficult, and there is still great deal of uncertainty surrounding revenue forecast estimates.

Our FY12 and FY13 revenue forecasts are based on tax collections through November 2011 and the economic projections provided by *Moody's Economy.com*, *Global Insight*, and the *New England Economic Partnership (NEEP)*. The forecasts have been adjusted for legislatively mandated tax changes. The table below summarizes the Department's current tax revenue forecasts for FY12 and FY13.

FY12 and FY13 Department of Revenue Tax Revenue Projections (in \$ Billions)

	<u>FY12</u> <u>Projections</u>	<u>% Growth</u> <u>Actual</u> <u>from FY11</u>	<u>% Growth</u> <u>Baseline*</u> <u>from FY11</u>	<u>FY13</u> <u>Projections</u>	<u>% Growth</u> <u>Actual</u> <u>from FY12</u>	<u>% Growth</u> <u>Baseline*</u> <u>from FY12</u>
Revised A&F 10/17 Estimate	\$21.010	2.4%	3.7%	N/A	N/A	N/A
Economy.com	\$21.080	2.7%	4.0%	\$21.763	3.2%	4.9%
Global Insight	\$21.052	2.6%	3.9%	\$21.612	2.7%	4.4%
NEEP	\$21.046	2.6%	3.8%	\$21.691	3.1%	4.8%

* Excluding one-time revenues, the growth of which may not reflect the growth of tax bases

FY11 Results

- FY11 tax collections totaled \$20.517 billion, up \$1.973 billion, or 10.6% from FY10.
- FY11 “baseline” tax collections (i.e., growth adjusted for the impact of tax law and administrative changes) were up 9.3% from FY10.
- FY11 tax collections were \$733 million above the final FY11 revenue estimate of \$19.784 billion, primarily due to higher than projected income taxes, including withholding taxes, income estimated payments and final income tax payments. Capital gains taxes were up 73% in FY11 compared to FY10, and totaled about \$991 million.
- The FY11 performance drew on an underlying sound economy that generated year-to-year increases in withholding, sales and corporate taxes, as well as an infusion of revenue from income tax on investment income. The increase of collections reflects a Massachusetts economy that grew noticeably stronger during the fiscal year:
 - FY11 income tax collections totaled \$11.576 billion, up 13.5% baseline. Withholding increased 6.0% baseline, while income from estimated payments which include capital gains, interest and dividends, and unincorporated business income, increased 20.9% baseline. Refunds were down 6.6% baseline. Income tax payments with returns and bills increased 34.8% baseline.
 - FY11 sales tax was \$4.905 billion, up 6.4% actual and 3.7% baseline. Regular sales tax totaled \$3.476 billion, up 3.3% baseline; meals tax totaled \$813 million, up 3.4% baseline; and motor vehicle sales tax totaled \$615 million, up 6.5% baseline.
 - FY11 corporate and business tax collections of \$2.228 billion for the year were up 5.1% actual and 4.5% baseline. Combined reporting has shifted the tax reporting of some utilities and financial institutions into the corporate tax type, with the result that many utilities and financial institutions now do not pay the financial institutions excise tax or the public utilities excise tax, but instead pay as corporate taxpayers. Corporate excise tax collections totaled \$1.951 billion, up 21.0% baseline; while insurance premiums taxes totaled \$296 million, down 3.7% baseline.

FY12 Summary

- The FY12 consensus revenue estimate assumed FY12 revenue collections of \$20.525 billion. After adjusting for revenue initiatives enacted as part of the FY12 budget, and the sales tax holiday, the FY12 tax forecast was \$20.615 billion, reflecting actual growth of 0.48% and baseline growth of 1.7% from FY11 collections.
- On October 17, 2011 the Executive Office for Administration and Finance (A&F) increased the FY12 revenue estimate by \$395 million, to \$21.010 billion. The revised estimate reflects projected revenue increase of 2.4% actual and 3.7% baseline from FY11 collections.
- Through November 2011, FY12 tax collections totaled \$7.879 billion, up \$356 million, or 4.7% actual and baseline compared to the same five-month period in FY11, \$40 million above the November year-to-date benchmark set out in October. Specifically:
 - Year-to-date withholding is up 3.7% actual and 3.3% baseline.
 - Year-to-date income tax estimated payments (cash) are up 13.2% actual and 21.5% baseline, reflecting increases in non-wage income.
 - Year-to-date corporate and business tax collections are up 4.3% actual but down 0.6% baseline, with cash estimated payments (an indicator of current business conditions) up 4.7% actual and baseline.
- The Massachusetts economy is projected to grow moderately in terms of output during the last three quarters of FY12. Employment is projected to grow slowly throughout FY12:
 - Real Gross State Product is projected to grow by 2.2% to 3.2% over the remainder of FY12.
 - Massachusetts payroll employment is projected to grow by between 0.5% and 1.3% in the last three quarters of FY12, and wages and salaries are projected to grow by 3.7% to 5.1% over the same period.
 - Retail sales are projected to grow by 2.8% to 4.4% over the remainder of FY12.

FY12 Summary

- DOR forecasts that tax year 2011 capital gains realizations (which mainly determine FY12 capital gains tax collections) will be about the same as that in tax year 2010, and will then increase by 57.2% in tax year 2012 before declining by 42.4% in tax year 2013, when the top federal tax rate goes up from 15% to 23.8% with the expiration of Bush tax cuts and the introduction of 3.8% Medicare tax on realized capital gains in the 2010 health care reform laws.
- Using economic projections from Global Insight, Economy.com, and the New England Economic Partnership (NEEP), and DOR's capital gains projections, FY12 tax revenue is projected at \$21.046 billion to \$21.080 billion, \$36 million to \$70 million above the consensus FY12 estimate of \$21.010 billion. Included in this forecast is an adjustment for the impact of tax law changes and revenue initiatives, which are expected to result in a net revenue loss of \$155 million.

FY13 Summary

- The national economy is expected to grow slowly in calendar years 2013 (at a slightly better pace than it will do in 2012). FY13 real Gross Domestic Product (GDP) forecasts range from an increase of 1.8% to 3.1%.

- The three forecast vendors project the following for FY13:
 - Projections for Massachusetts employment range from a growth of 0.2% to 0.9% in FY13, compared to growth of 0.6% to 1.4% in FY12, and Massachusetts wages and salary projections range from growth of 3.4% to 6.4% in FY13, compared to growth of 3.6% to 4.7% in FY12;
 - Massachusetts personal income is expected to rise 3.2% to 6.3% in FY13, compared to growth of 3.7% to 4.2% in FY12;
 - Nationally, corporate profits are expected to grow by 1.0% to 7.4% in FY13, compared to growth of 6.2% to 9.1% in FY12;
 - The stock market as measured by the S&P 500 index is expected to increase -2.1% to 5.8% in calendar year 2012, compared to increase of 11.2% to 12.6% in calendar 2011.

- Using the economic growth assumptions from Economy.com, Global Insight, and the New England Economic Partnership (NEEP), FY13 tax revenue is projected to be \$21.612 billion to \$21.763 billion, reflecting baseline growth of 4.4% to 4.9% over FY12. Included in this forecast is an adjustment for the impact of tax law changes and revenue initiatives, which are expected to result in a net revenue decrease of \$186 million.

Recent Revenue Trends

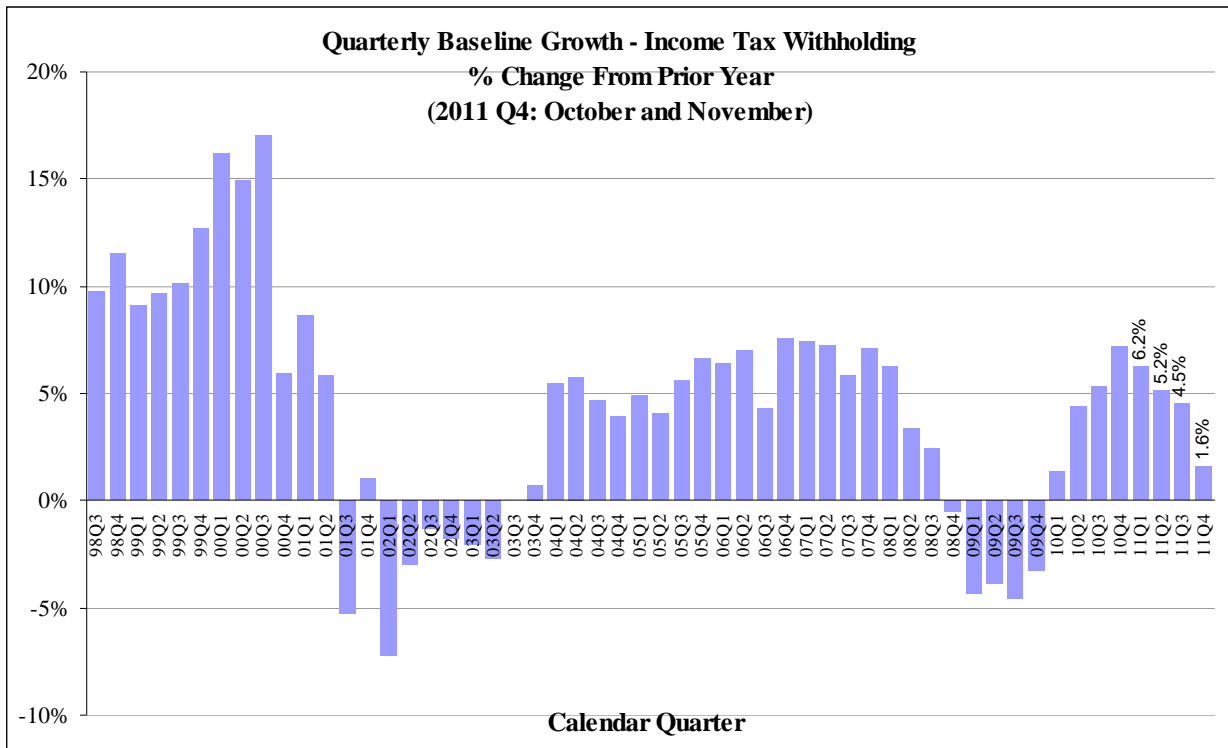
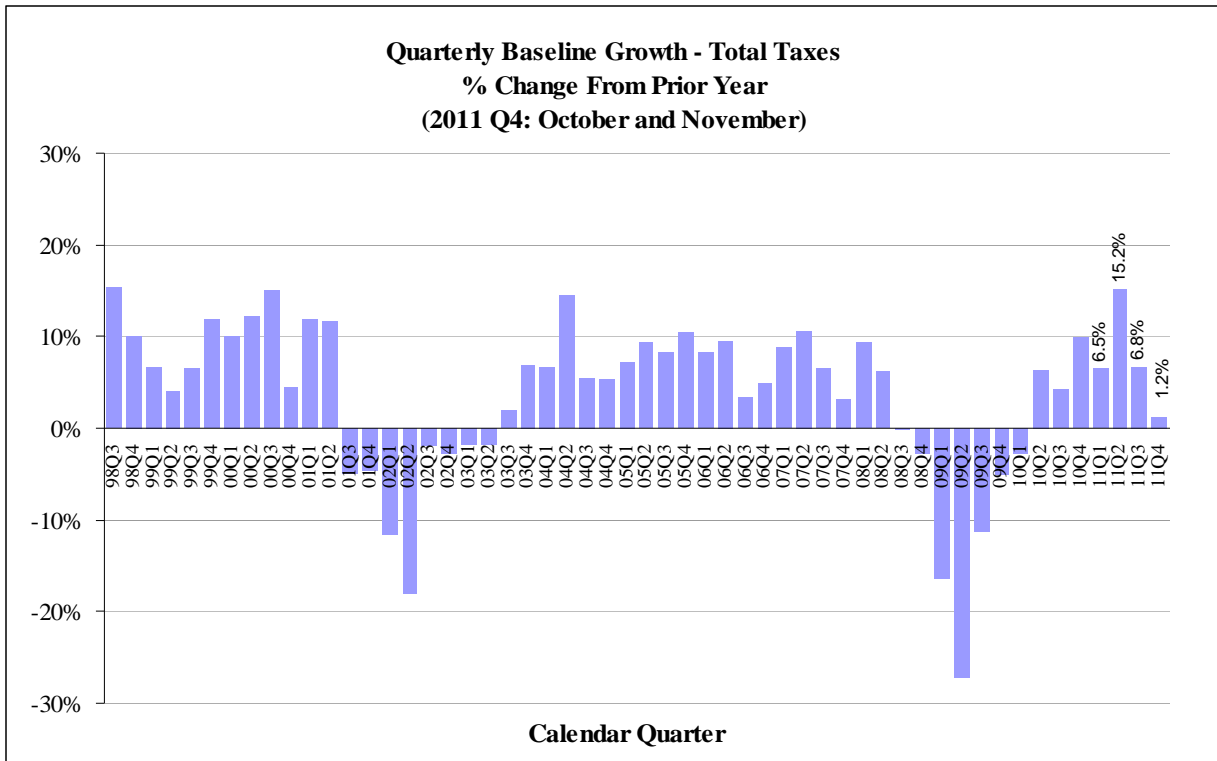
- **Two Measures of Tax Revenue Growth:**
 - Actual growth - growth in actual collections over two periods.
 - Baseline growth - growth had there been no tax law or administrative changes that affected tax collections. Baseline growth also adjusts for fluctuations in the timing of tax collections. Baseline growth is a better measure of the change in the underlying tax base and the economy.

FY2012 Year-to-Date Collections Through November 2011 (in \$ Millions)					
	11/11 FY12 YTD Collections	11/11 FY12 YTD \$ Change	11/11 FY12 YTD Actual % Change	11/11 FY12 YTD Baseline % Change	FY12 YTD \$ Above/(Below) Benchmark Based on FY12 Estimate of \$21.010 Billion
Income - Total	4,357	265	6.5%	6.0%	(24)
Income Withholding	3,841	139	3.7%	3.3%	(61)
Income Est. Payments (Cash)	494	57	13.2%	21.5%	10
Income Returns/Bills	198	32	19.4%	-2.2%	9
Income Refunds (Cash)	175	(35)	-16.7%	-17.9%	(18)
Sales & Use - Total	2,106	17	0.8%	3.2%	4
Sales - Regular	1,453	(13)	-0.9%	2.7%	(0)
Sales - Meals	383	17	4.6%	4.2%	2
Sales - Motor Vehicles	270	13	5.0%	4.4%	3
Corporate & Business - Total	644	27	4.3%	-0.6%	42
Corporate Excise	555	(47)	-7.9%	-8.8%	(21)
Insurance Excise	86	10	13.0%	15.8%	1
Financial Institutions Excise	35	83	N/A	N/A	67
Public Utilities Excise	(32)	(18)	N/A	N/A	(4)
All Other	772	47	6.6%	6.6%	17
Total Tax Collections	7,879	356	4.7%	4.7%	40

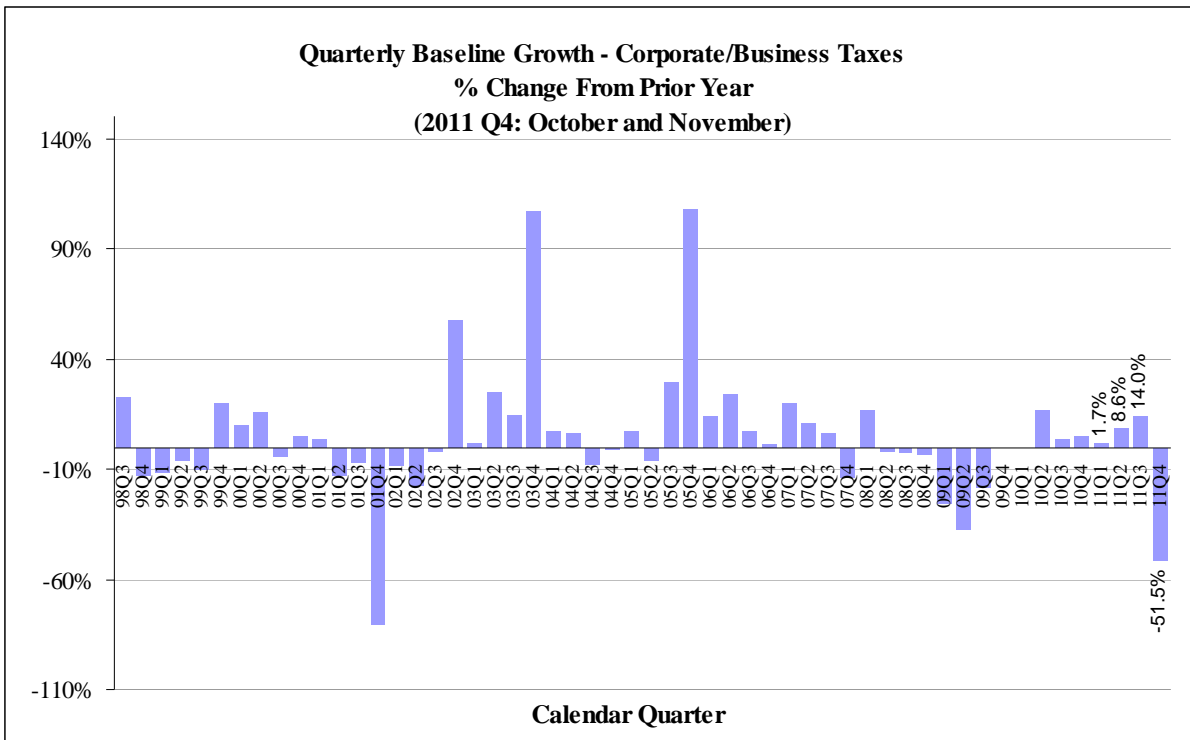
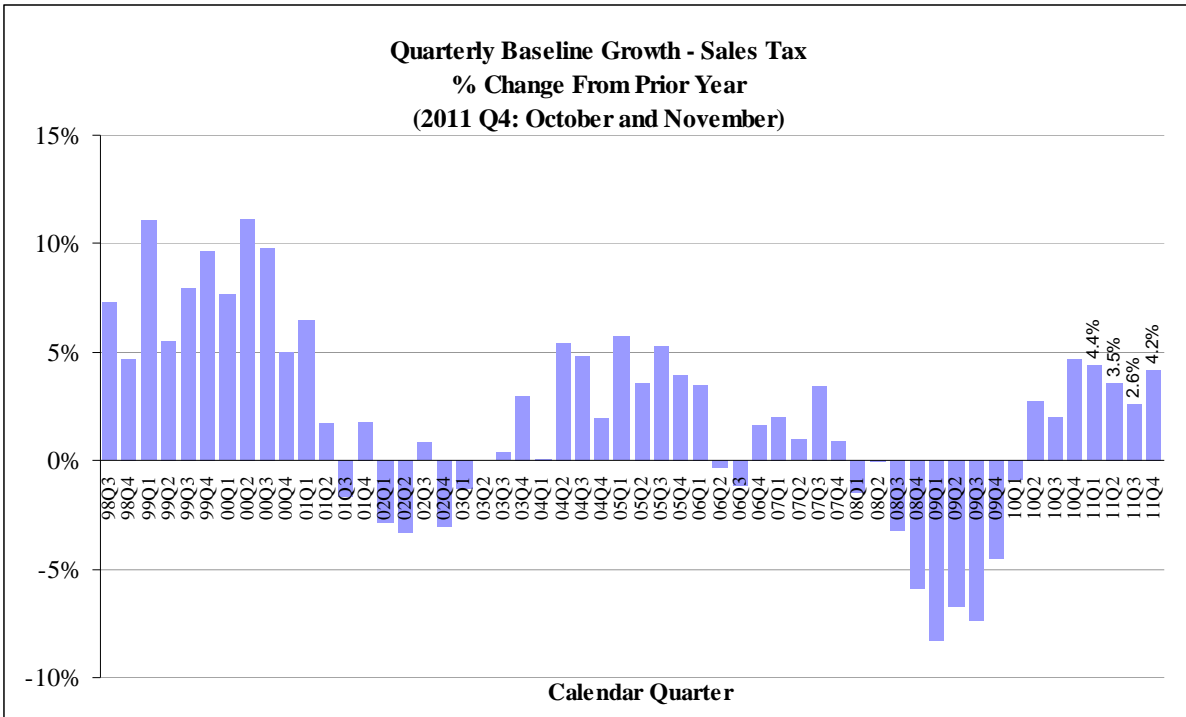
Recent Revenue Trends

- **Withholding**
 - Withholding has increased moderately so far in FY12, with baseline collections up 3.3% through November 2011, after having increased by 6.0% baseline in FY11.
- **Income Tax Estimated Payments (Cash)**
 - Income tax estimated payments (Cash) have increased by 21.5% baseline so far in FY12, after having increased by 20.9% baseline in FY11. which seems to be consistent with the strength seen in the first two quarterly payments (April and June) for tax year 2011
- **Sales Tax**
 - As consumers increase their spending, sales tax collections have increased in FY12. After having increased by 3.7% baseline in FY11, sales tax collections are up 3.2% baseline FY12 year-to-date. Regular sales tax is up by 2.7% baseline. Meals tax is up 4.2% baseline. Motor vehicle sales tax has increased by 4.4% baseline. The sales tax growth seems consistent with the sales tax growth seen in many other states.
- **Corporate and Business Excise**
 - With slow economic recovery and moderate corporate profits growth, the corporate and business tax collections have posted a slight decline in the first five months of FY12, with a baseline decrease of 0.6% through November compared with an increase of 4.5% baseline in FY11. A positive note: YTD corporate and business estimated payments (cash), which reflect current economic activity, are up 4.7% actual and baseline.

Recent Revenue Trends



Recent Revenue Trends



The U.S. Economy

- DOR utilizes national and Massachusetts state economic forecasts from Global Insight, Moody's Economy.com, and the New England Economic Partnership.
- The growth of the national economy has slowed down significantly since the second half of 2010, and is expected to remain slow in 2012 with the growth in the second half of 2012 stronger than in the first half. U.S. fiscal policy and the Eurozone's sovereign debt/banking crisis remains major sources of uncertainty on economic growth.
- The labor market continued to improve in 2011, but at a slow pace. US payroll employment rose by 120,000 in November 2011, and by about 1.4 million in the first eleven month of 2011. Unemployment rate, which was 8.6% in November 2011, is expected to increase slightly in 2012.
- The housing market is experiencing a steady but slow recovery. Sales of new and existing homes have increased while housing inventory has declined gradually. In October 2011, new- and existing-home sales increased by 8.9% and 13.5% respectively compared with October 2010. During the same period of time, housing inventory fell to 6.3 month and 8.0 month of supply at the current sales rate from 8.5 month and 10.6 month of supply for new and existing homes respectively. The high unemployment rate, uncertainties in housing market and on economic growth will continue to affect the housing recovery.

The U.S. Economy

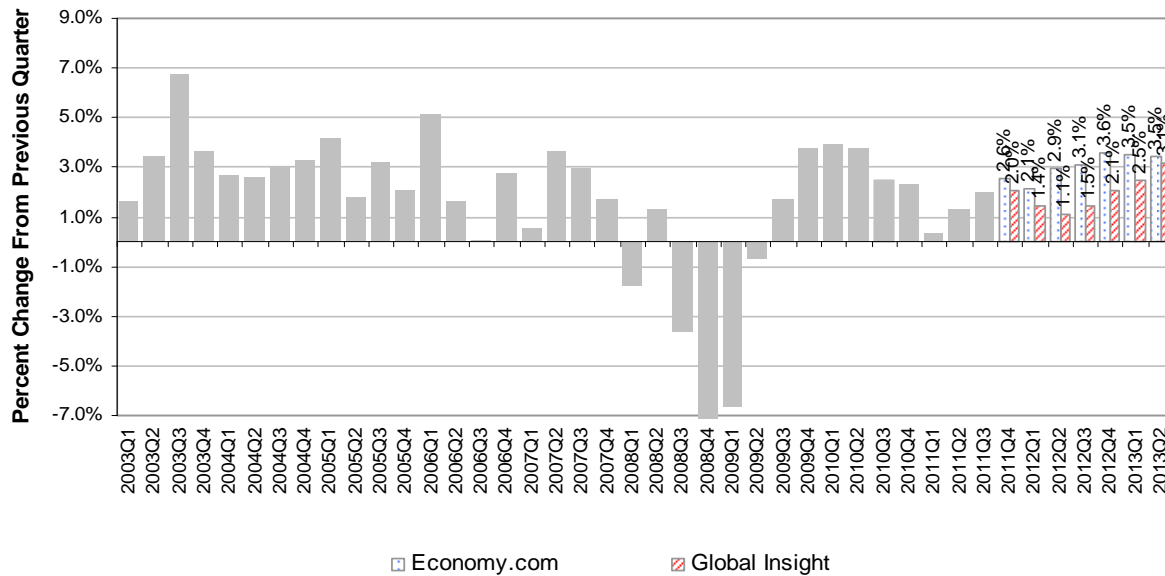
- Short-term interest rates are expected to remain very low over the remainder of 2011 and in 2012. The Federal Reserve is expected to keep the federal funds rate in its current target range of 0.0%-0.25% through 2012 and 2013. The bank prime rate will follow a similar trend.
- After a mild growth of 5.7% in FY11, corporate profits are expected to grow slightly faster over the remainder of FY12 but growth will slow down in FY13. Corporate profits are expected to grow 6.4%~9.5% over the remainder of FY12, and 1.0%~7.4% in FY13 .
- The stock market, as measured by the S&P 500 index, increased in the first three quarters of calendar year 2011, with the average daily close of the S&P 500 index up by 14.8% compared to the same period of 2010. The calendar year 2012 (FY13) average of the S&P 500 index is expected to change slightly, with Economy.com projecting an increase of 5.8% and Global Insight predicting a decrease of 2.1% compared to calendar year 2011.

The U.S. Economy

Real GDP Growth FY94-13 (Forecasts begin in FY12)

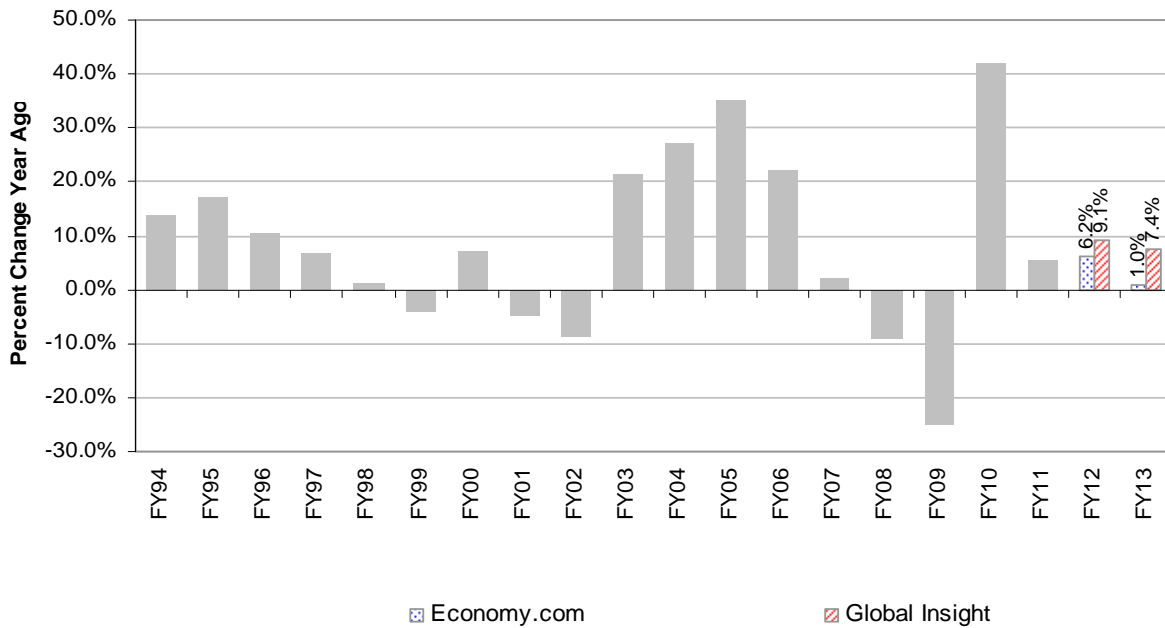


Annualized Quarterly Growth in U.S. Real GDP (Change from Previous Quarter, Annualized)

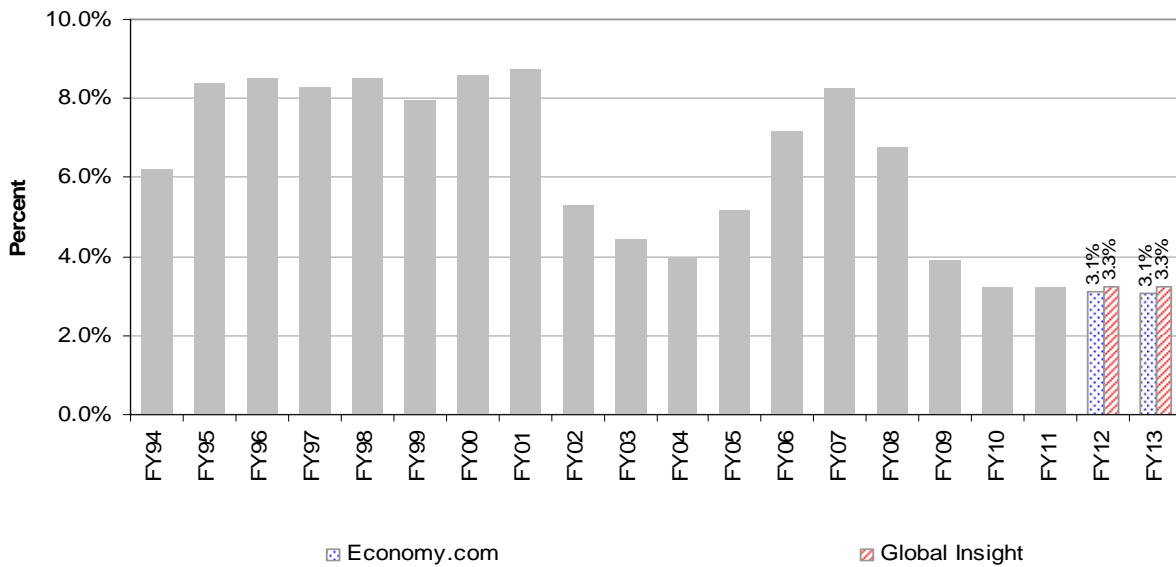


The U.S. Economy

Business Profits is Expected to Grow Moderately
(Corporate Profits Before Tax FY94-13)



Interest Rates Will Remain Low Through FY13
(Bank Prime Rate)



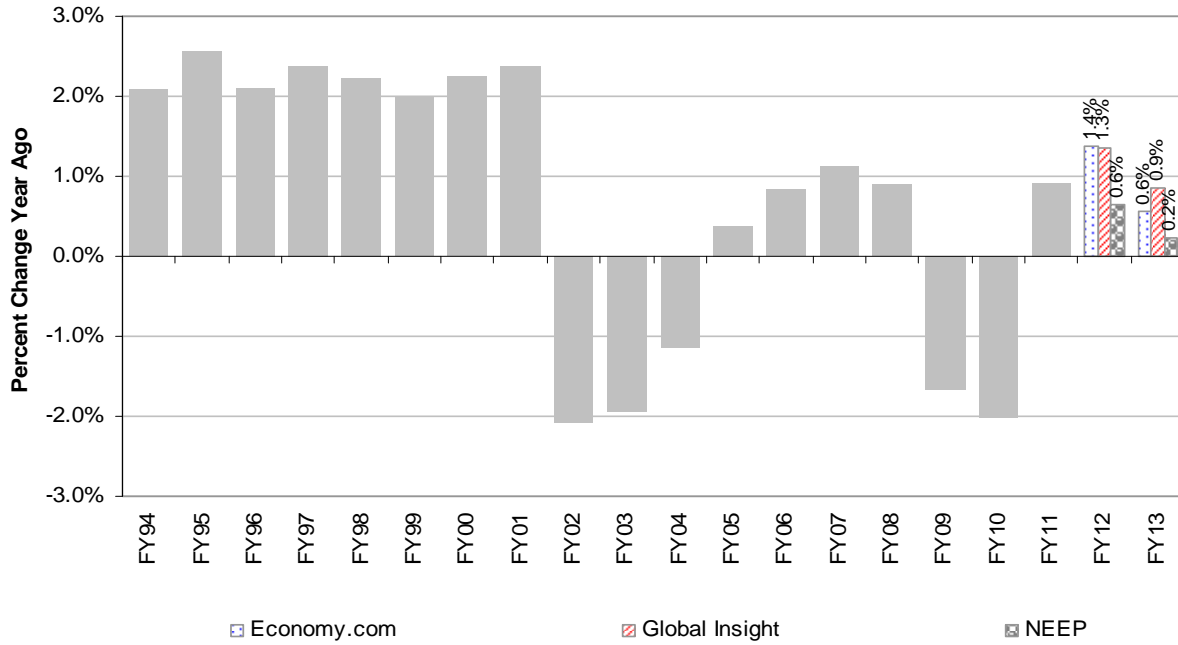
The Massachusetts Economy

The forecast assumptions for the Massachusetts economy are as follows:

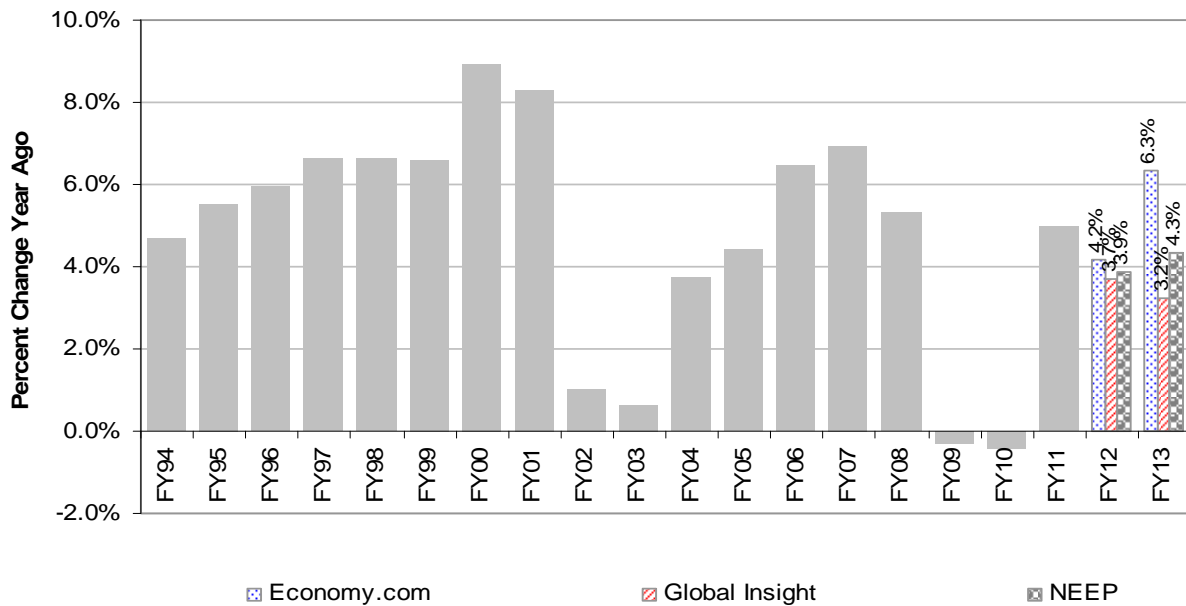
- The state economy has grown faster than the national economy since the end of recession, but the pace has slowed down in 2011 in terms of output. Real state gross domestic product is projected to grow at an rate of 2.3% to 3.1% for FY12 and 1.7% to 3.6% for FY13.
- Massachusetts state employment bottomed out in the third quarter of 2009, at which point the state's employment declined by 139,000 (4.2%) from the peak reached in the first quarter of 2008. By the third quarter of 2011, 73,000 or 53% of the lost jobs has been recovered. State employment is projected to increase by 0.6% to 1.4% in FY12, and 0.2% to 0.9% in FY13. The state unemployment rate is projected to average 7.4% to 7.6% for FY12 and 7.3% to 8.0% for FY13.
- According to the U.S. Bureau of Economic Analysis's most recent reports, Massachusetts wage and salary disbursements in the second quarter of 2011 increased by 4.6% (compared to the same quarter in 2010) after rising by 4.7% in the first quarter. Personal income increased by 5.1% in both the first and the second quarter of 2011. Compared to the same period in FY11, wage and salary disbursements are projected to increase by 3.7% to 5.1% over the remainder of FY12. For FY13, wages and salaries are expected to increase by 3.4% to 6.4% over FY12.
- The state's housing market has not seen significant improvement. According to the Massachusetts Association of Realtors, the median price fell by 5.2% for single family homes and rose by 4.1% for condominiums in October 2011 on a year-over-year basis. During the same period of time, sales rose by 2.7% for single family homes and 0.8% for condominiums.
- Retail sales are projected to grow by 2.8% to 4.4% for the remainder of FY12, and grow by 3.0% to 4.1% in FY13.

The Massachusetts Economy

Massachusetts Employment Forecasts

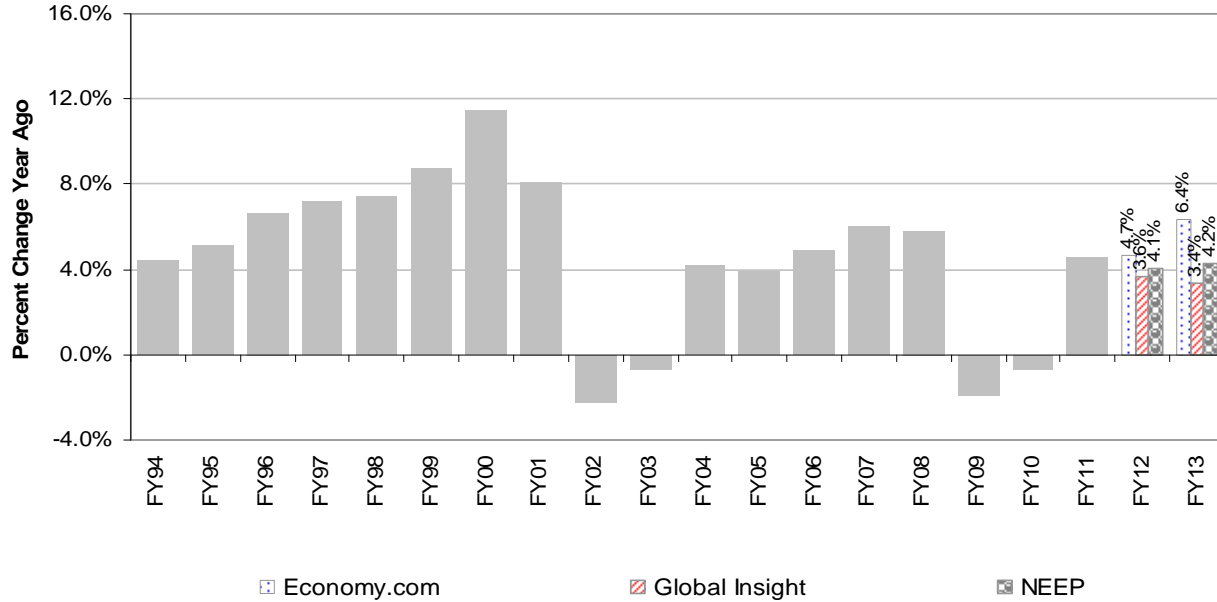


Massachusetts Personal Income Forecasts

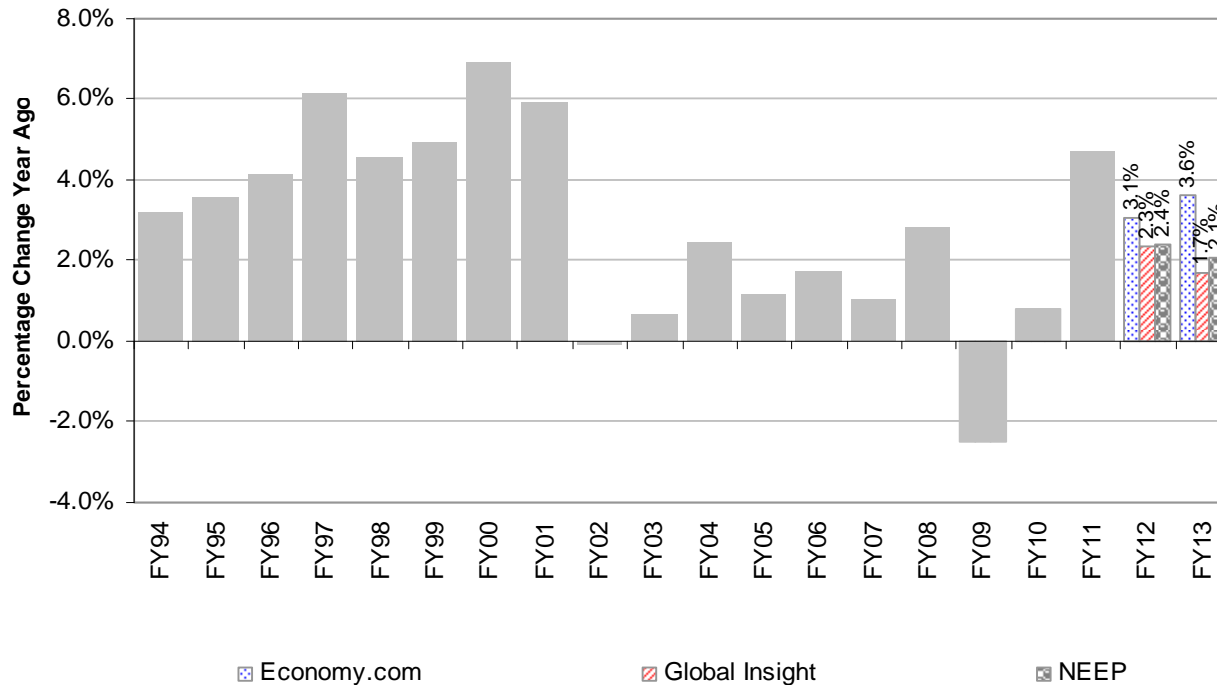


The Massachusetts Economy

Massachusetts Wages and Salaries Forecasts



Massachusetts Real Gross State Product (GSP) Growth FY94-13



U.S and Massachusetts Economic Forecast Table

(Percent Change from Prior Fiscal Year)

	History		Forecast				
	FY 2010	FY 2011	FY 2012 First Quarter	FY 2012 Last	FY 2012 Full Year	FY 2013	FY 2014
				Three Quarters			
<u>US - Global Insight 11/11</u>							
Real GDP	0.3%	2.6%	1.6%	1.7%	1.7%	1.8%	3.2%
Corporate Profits	42.1%	5.7%	8.0%	9.5%	9.1%	7.4%	9.1%
S&P500 (Calendar year lagged one year)	-22.5%	20.3%	NA	NA	11.2%	-2.1%	6.3%
Unemployment Rate	9.7%	9.3%	9.1%	9.2%	9.2%	9.2%	8.7%
Bank Prime Rate	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.5%
Federal Funds Rate	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.4%
<u>US - Economy.com 11/11</u>							
Real GDP	0.3%	2.6%	1.6%	2.1%	2.0%	3.1%	3.8%
Corporate Profits	42.1%	5.7%	5.8%	6.4%	6.2%	1.0%	11.4%
S&P500 (Calendar year lagged one year)	-22.5%	20.3%	NA	NA	12.6%	5.8%	4.7%
Unemployment Rate	9.7%	9.3%	9.1%	9.0%	9.1%	8.9%	7.8%
Bank Prime Rate	3.3%	3.3%	3.3%	3.1%	3.1%	3.1%	3.8%
Federal Funds Rate	0.2%	0.2%	0.1%	0.1%	0.1%	0.1%	0.8%
<u>Massachusetts - Global Insight 11/11</u>							
Real Gross State Product	0.8%	4.2%	2.8%	2.2%	2.3%	1.7%	3.0%
Wages & Salaries	-0.7%	4.6%	3.3%	3.7%	3.6%	3.4%	4.6%
Personal Income	-0.4%	5.0%	4.1%	3.5%	3.7%	3.2%	4.2%
Employment	-2.0%	0.9%	1.6%	1.3%	1.3%	0.9%	1.5%
Retail Sales	1.8%	6.5%	7.0%	4.4%	5.0%	3.7%	3.9%
Unemployment Rate	8.7%	8.1%	7.4%	7.3%	7.4%	7.3%	6.9%
Housing Starts	0.4%	2.9%	-29.4%	0.7%	-8.2%	34.6%	49.1%
<u>Massachusetts - Economy.com 11/11</u>							
Real Gross State Product	0.8%	4.8%	2.6%	3.2%	3.1%	3.6%	3.6%
Wages & Salaries	-0.7%	4.6%	3.2%	5.1%	4.7%	6.4%	6.5%
Personal Income	-0.4%	5.0%	3.9%	4.3%	4.2%	6.3%	6.1%
Employment	-2.0%	0.9%	1.6%	1.3%	1.4%	0.6%	1.7%
Retail Sales	3.4%	8.8%	7.4%	4.3%	5.1%	4.1%	4.4%
Unemployment Rate	8.7%	8.1%	7.4%	7.6%	7.6%	7.9%	7.3%
Housing Permits	10.1%	-2.5%	-38.2%	33.5%	12.8%	77.7%	33.4%
Home Sales	21.8%	-18.0%	12.2%	-10.5%	-5.5%	11.8%	4.2%
<u>Massachusetts - NEEP 09/11 (Adjusted for Most Recent U.S. Government Data Release)</u>							
Real Gross State Product	0.8%	5.1%	2.9%	2.3%	2.4%	2.1%	2.8%
Wages & Salaries	-0.7%	4.6%	3.5%	4.3%	4.1%	4.2%	4.7%
Personal Income	-0.4%	5.0%	4.3%	3.7%	3.9%	4.3%	4.8%
Employment	-2.0%	0.9%	1.2%	0.5%	0.6%	0.2%	1.1%
Retail Sales	3.4%	8.8%	6.7%	2.8%	3.7%	3.0%	2.8%
Unemployment Rate	8.7%	8.1%	7.4%	7.6%	7.5%	8.0%	7.8%
Housing Permits	10.1%	-3.1%	-4.3%	39.6%	26.9%	47.1%	18.4%

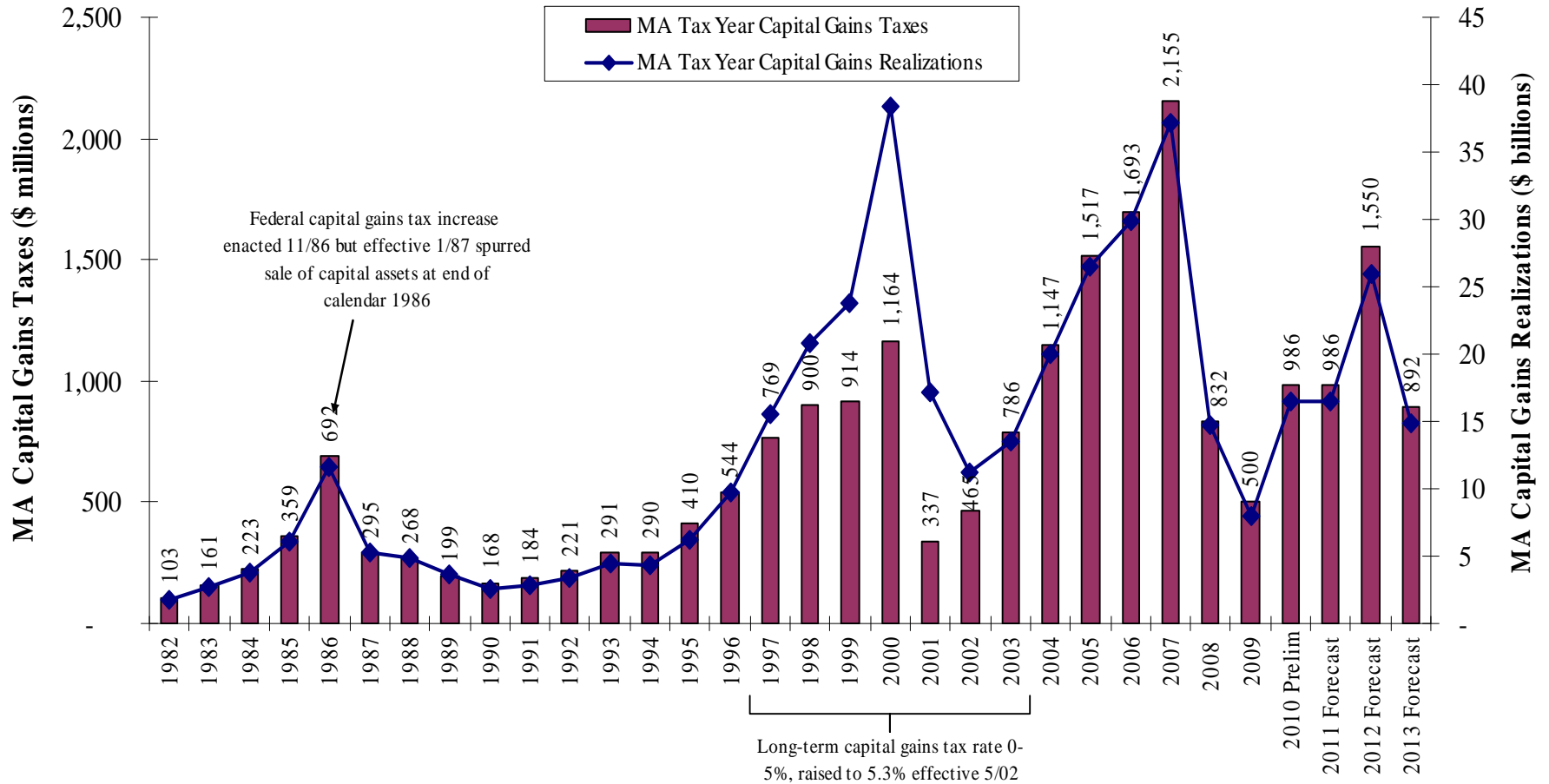
Note: For S&P500, the numbers shown are calendar year numbers with one year lag.

Capital Gains Taxes

- Estimates based on tax year 2010 income tax returns processed to date indicate that tax year 2010 capital gains realizations (taxes on which were remitted mostly in FY11) were \$16.5 billion, compared to \$8.0 billion in tax year 2009, an increase of 107.3%. Long-term realizations increased by about 121.0% while short-term realizations increased by about 26.1%.
- Capital gains taxes increased from \$500 million in tax year 2009 to approximately \$986 million in tax year 2010, an increase of \$487 million, or 97.4%. On a fiscal year basis, FY11 capital gains taxes are estimated to have totaled about \$991 million (though no exact numbers are available on a fiscal year basis), an increase of \$418 million, or 73%, from FY10.
- DOR projects that Massachusetts capital gains realizations will be about the same in tax year 2011 compared to tax year 2010, increase by 57.2% in tax year 2012, and then decrease by 42.4% in tax year 2013 when the top federal tax rate on capital gains realization increases from 15% to 23.8% with the expiration of Bush tax cuts and the introduction of 3.8% Medicare tax on realized capital gains in the 2010 health care reform laws. DOR capital gains forecast implies tax year 2011 capital gains taxes of \$986 million, and tax year 2012 capital gains taxes of \$1.550 billion. On a fiscal year basis, capital gains taxes would be approximately \$1.095 billion in FY12, an increase of \$105 million compared to FY11, and \$1.412 billion in FY13, an increase of \$317 million over FY12.

Capital Gains Taxes

Massachusetts Capital Gains Realizations and Taxes



FY12 and FY13 Tax Revenue Projections

**FY12 and FY13 Tax Revenue Projections Based on Economic Forecasts of Moody's Economy.com, Global Insight, and New England Economic Partnership
(in \$ Billions)**

	<u>FY12</u> <u>Projections</u>	<u>\$ Growth</u> <u>from FY11</u>	<u>% Growth</u> <u>Actual</u> <u>from FY11</u>	<u>% Growth</u> <u>Baseline*</u> <u>from FY11</u>	<u>FY13</u> <u>Projections</u>	<u>\$ Growth</u> <u>from FY12</u>	<u>% Growth</u> <u>Actual</u> <u>from FY12</u>	<u>% Growth</u> <u>Baseline*</u> <u>from FY12</u>
Revised A&F 10/17 Estimate	\$21.010	\$0.493	2.4%	3.7%	N/A	N/A	N/A	N/A
Economy.com	\$21.080	\$0.563	2.7%	4.0%	\$21.763	\$0.683	3.2%	4.9%
Global Insight	\$21.052	\$0.535	2.6%	3.9%	\$21.612	\$0.560	2.7%	4.4%
NEEP	\$21.046	\$0.529	2.6%	3.8%	\$21.691	\$0.645	3.1%	4.8%

* Excluding one-time revenues, the growth of which may not reflect the growth of tax bases

FY12 and FY13 Tax Revenue Projections

FY12 Year To Date Baseline Growth; Forecasts for Remainder of FY12 and FY13

	FY11 Baseline Growth	FY12 YTD Baseline Growth	Baseline* Growth Remainder of FY12			FY13 Baseline* Growth		
			Economy.com	Global Insight	NEEP	Economy.com	Global Insight	NEEP
Income Total	13.5%	6.0%	5.2%	4.6%	4.9%	7.5%	6.1%	7.3%
<i>Income Withholding</i>	6.0%	3.3%	4.1%	3.2%	3.6%	4.3%	3.2%	4.2%
Sales - Regular	3.3%	2.7%	2.9%	3.6%	2.7%	1.1%	2.0%	0.8%
Sales - Meals	3.4%	4.2%	2.9%	2.7%	3.1%	3.5%	1.5%	3.3%
Sales - Motor Vehicle	6.5%	4.4%	4.0%	4.4%	3.3%	4.4%	4.6%	4.9%
Sales - Total	3.7%	3.2%	3.1%	3.6%	2.8%	1.9%	2.3%	1.7%
Corporate & Business	4.5%	-0.6%	4.7%	5.1%	4.5%	0.4%	2.4%	0.0%
Other Tax Revenue	5.2%	6.6%	-1.6%	-1.6%	-1.8%	1.2%	0.4%	1.4%
Total Tax Revenue	9.3%	4.7%	4.2%	3.9%	3.9%	4.9%	4.4%	4.8%

* Excluding one-time revenues, the growth of which may not reflect the growth of tax bases

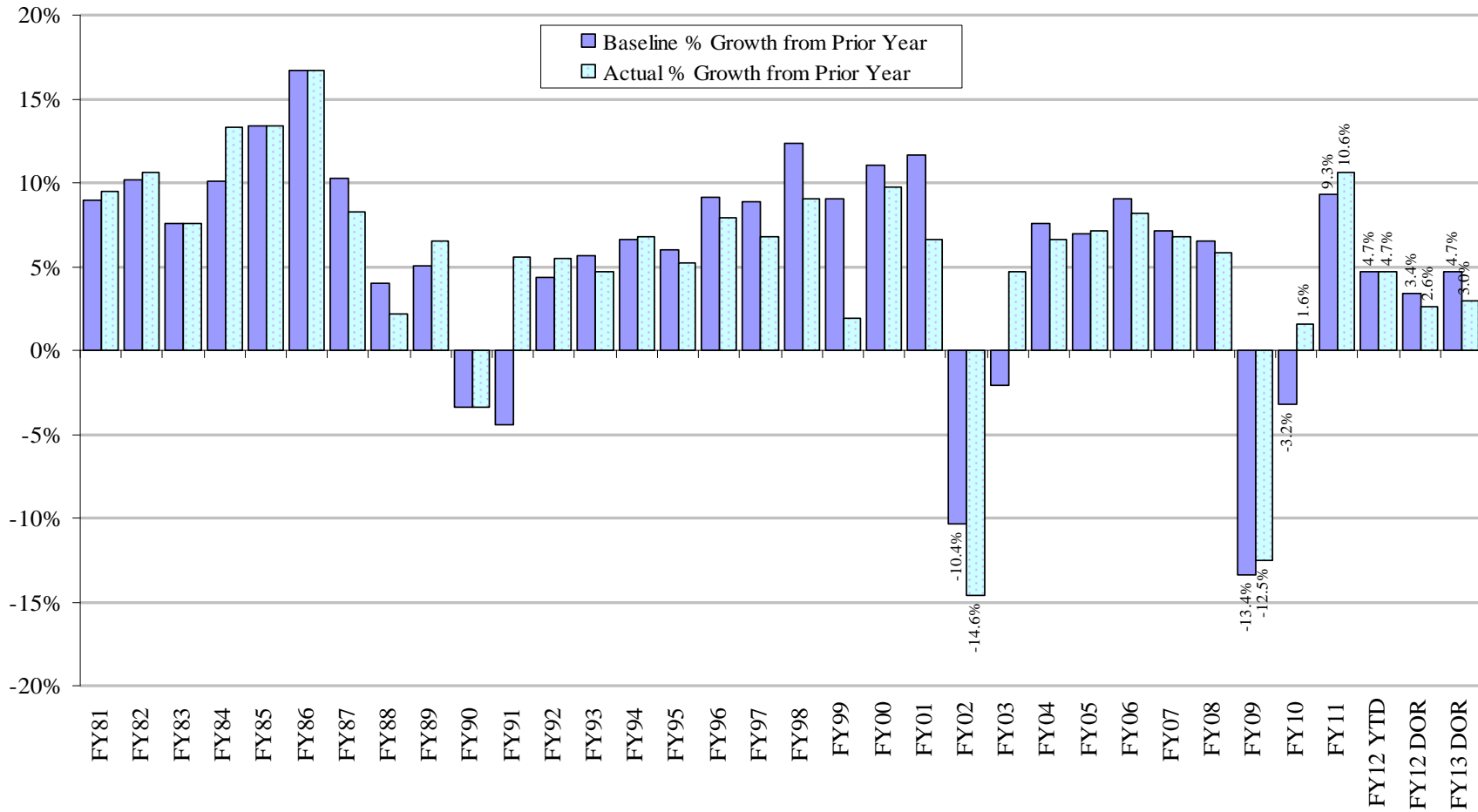
FY12 and FY13 Tax Revenue Projections

FY11 Actual Tax Revenue Collections, FY12 and FY13 Tax Revenue Forecasts (in \$ millions) Forecasts for Remainder of FY12 and FY13.

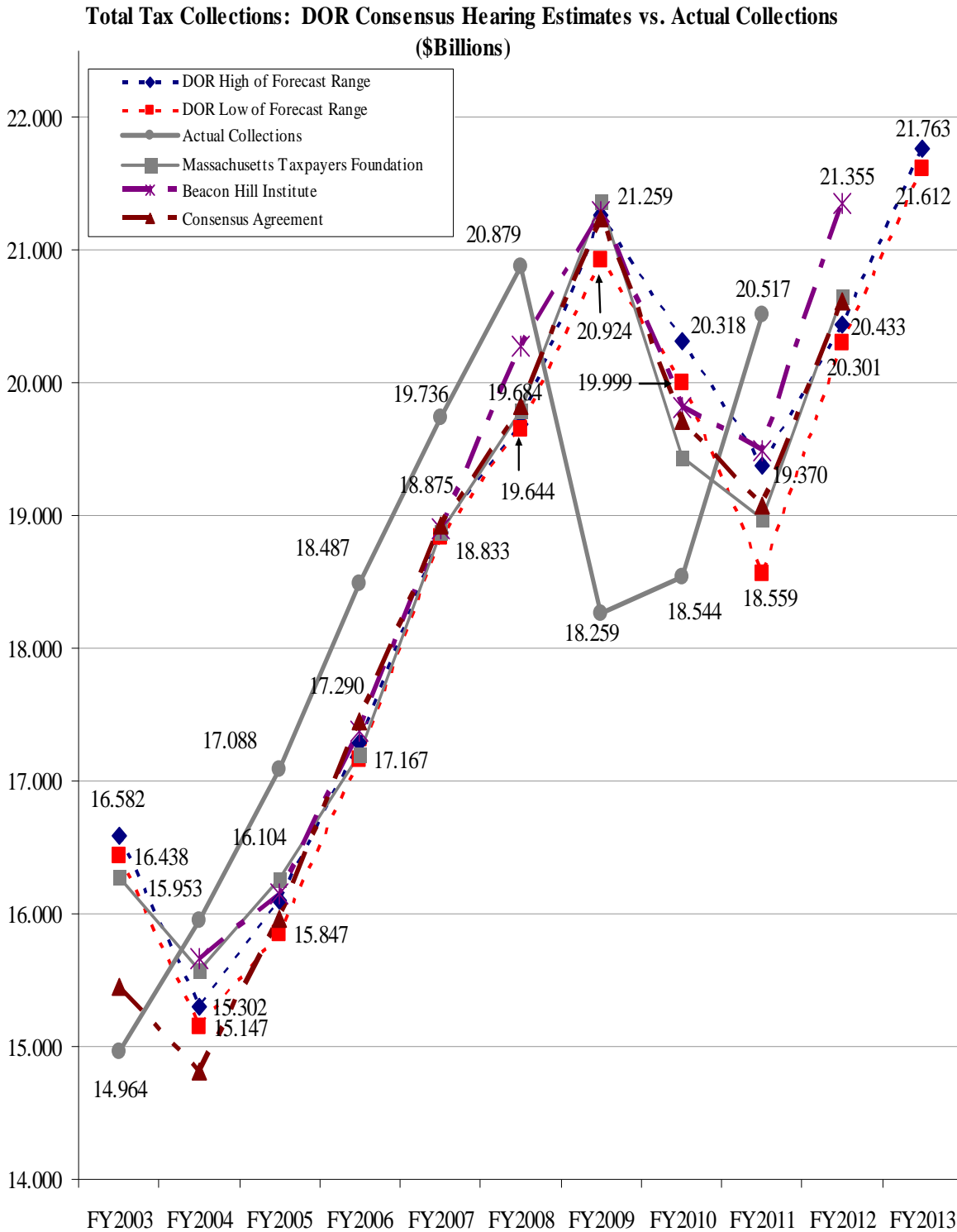
	----- FY 2012 -----					----- FY 2013 -----		
	FY11 Actual	Revised A&F 10/17 Estimate	Economy.com	Global Insight	NEEP	Economy.com	Global Insight	NEEP
Withholding	9,436	9,865	9,754	9,701	9,726	10,135	9,974	10,095
Capital Gains	991	1,005	1,096	1,094	1,096	1,416	1,408	1,416
Other Income	1,149	1,233	1,301	1,307	1,307	1,385	1,336	1,376
Total Income Tax	11,576	12,103	12,151	12,103	12,129	12,936	12,718	12,886
Sales: Regular	3,476	3,513	3,498	3,512	3,493	3,556	3,604	3,540
Sales: Meals	813	844	845	844	846	874	857	874
Sales: Motor Vehicles	615	638	641	642	638	669	672	670
Sales Total	4,905	4,996	4,984	4,999	4,977	5,099	5,133	5,084
Corporate & Business	2,228	2,174	2,177	2,183	2,174	1,965	2,013	1,955
Other Tax Revenue	1,808	1,738	1,768	1,768	1,766	1,762	1,748	1,766
Total Tax Revenue	20,517	21,010	21,080	21,052	21,046	21,763	21,612	21,691

FY12 and FY13 Tax Revenue Projections

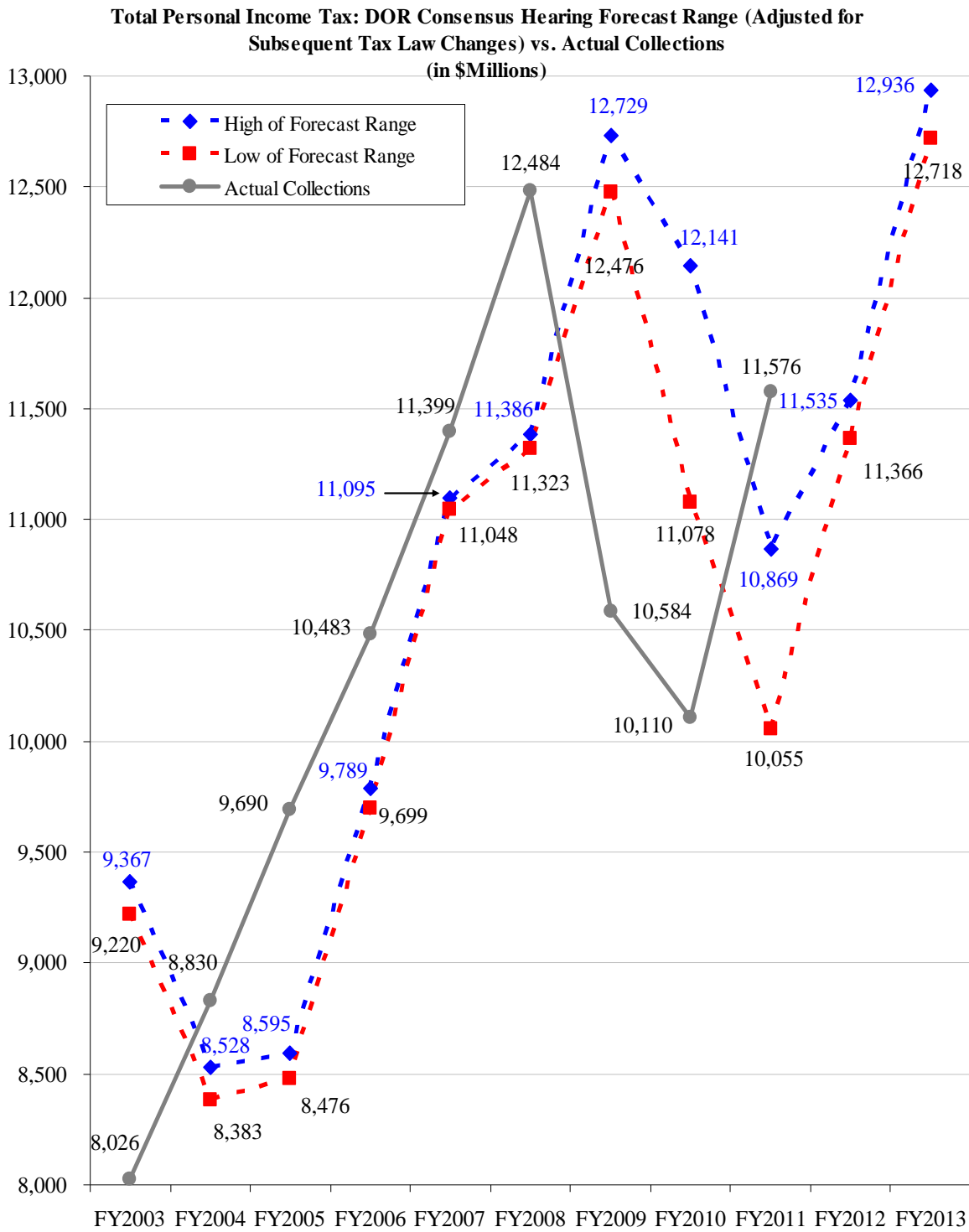
Actual and Baseline Tax Revenue Growth, FY1981-FY2013
(FY12 and FY13 Are Forecasts Based on Average of 3 Vendors)



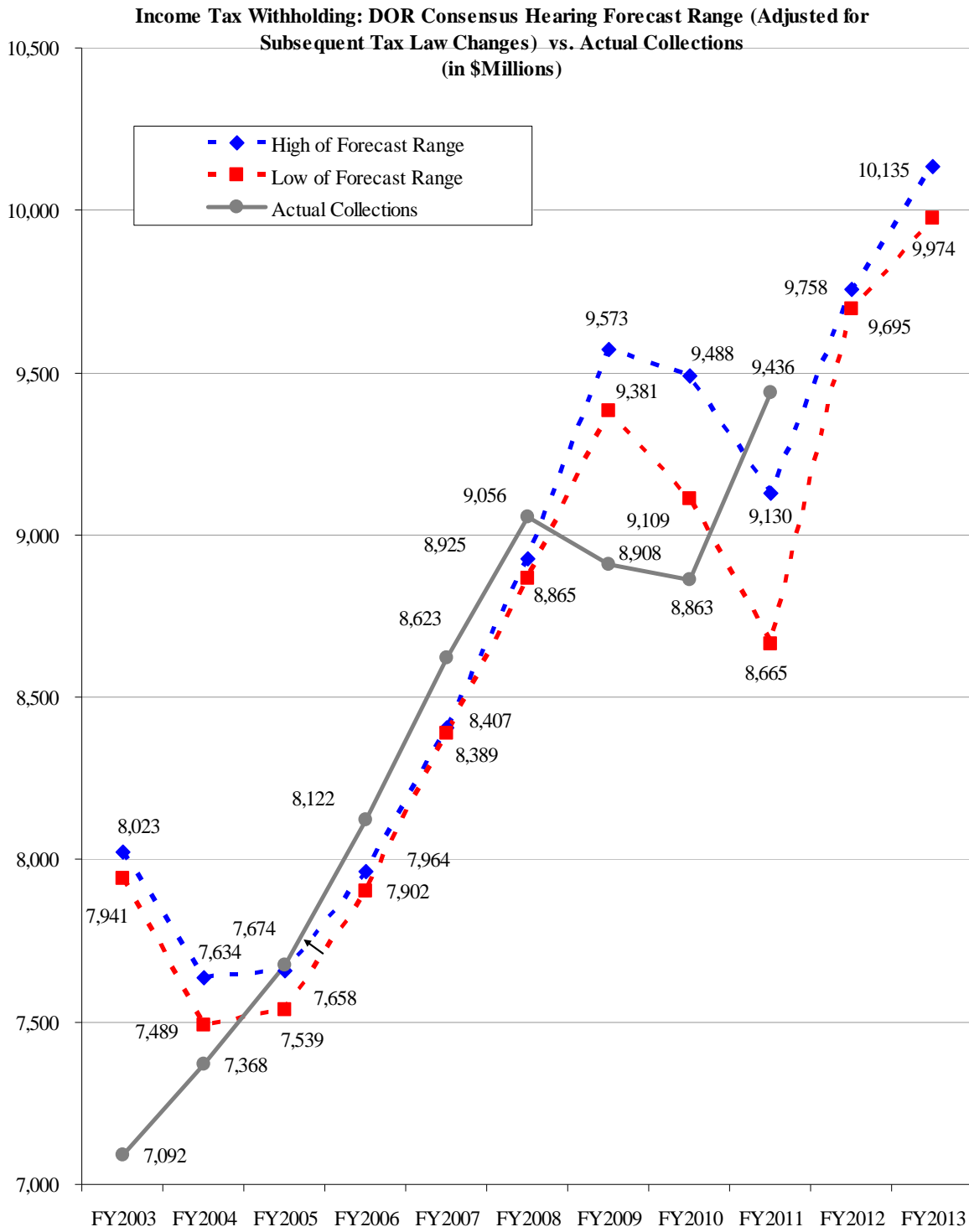
Historical Comparison of Projections to Actual Collections



Historical Comparison of Projections to Actual Collections

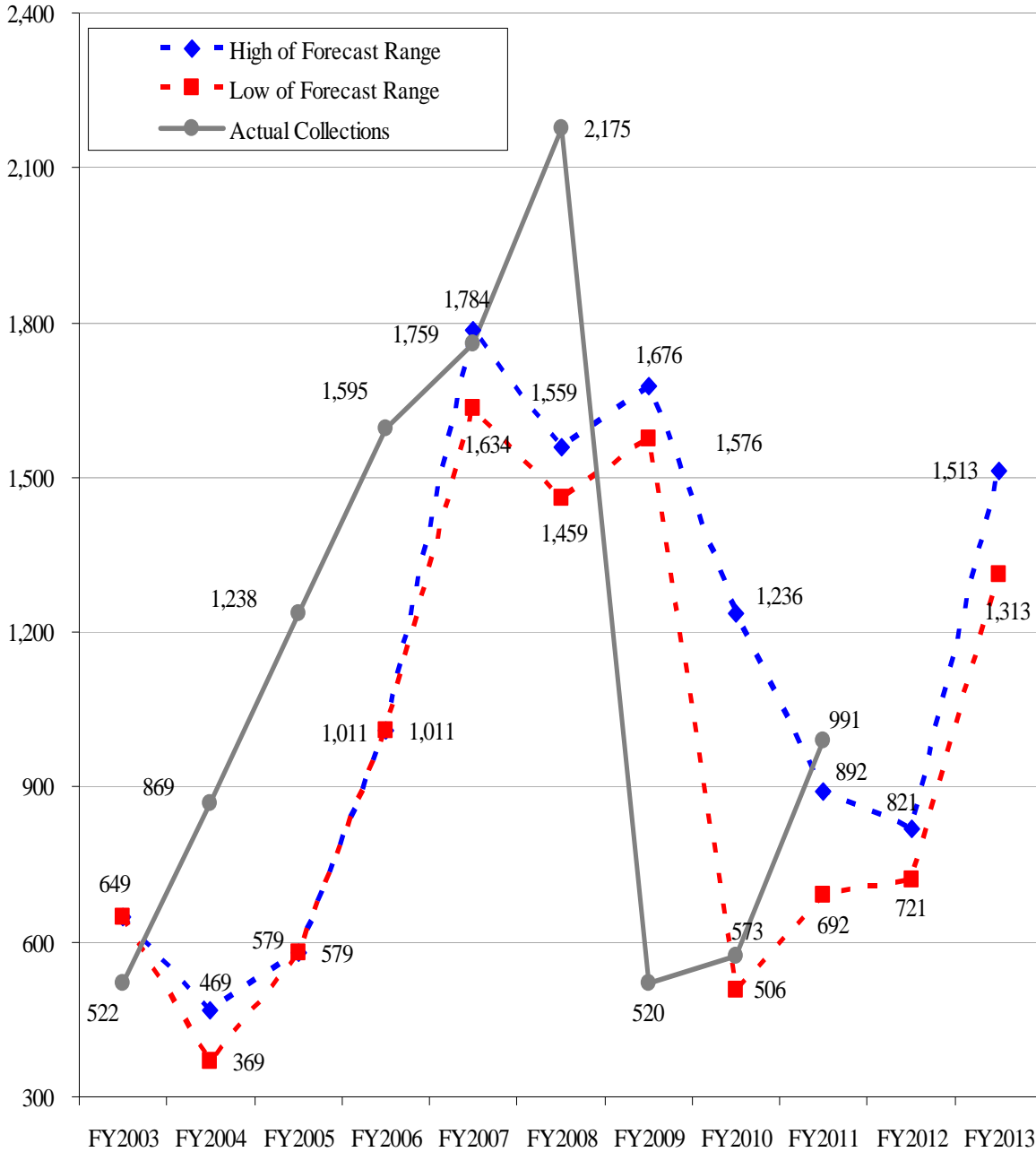


Historical Comparison of Projections to Actual Collections



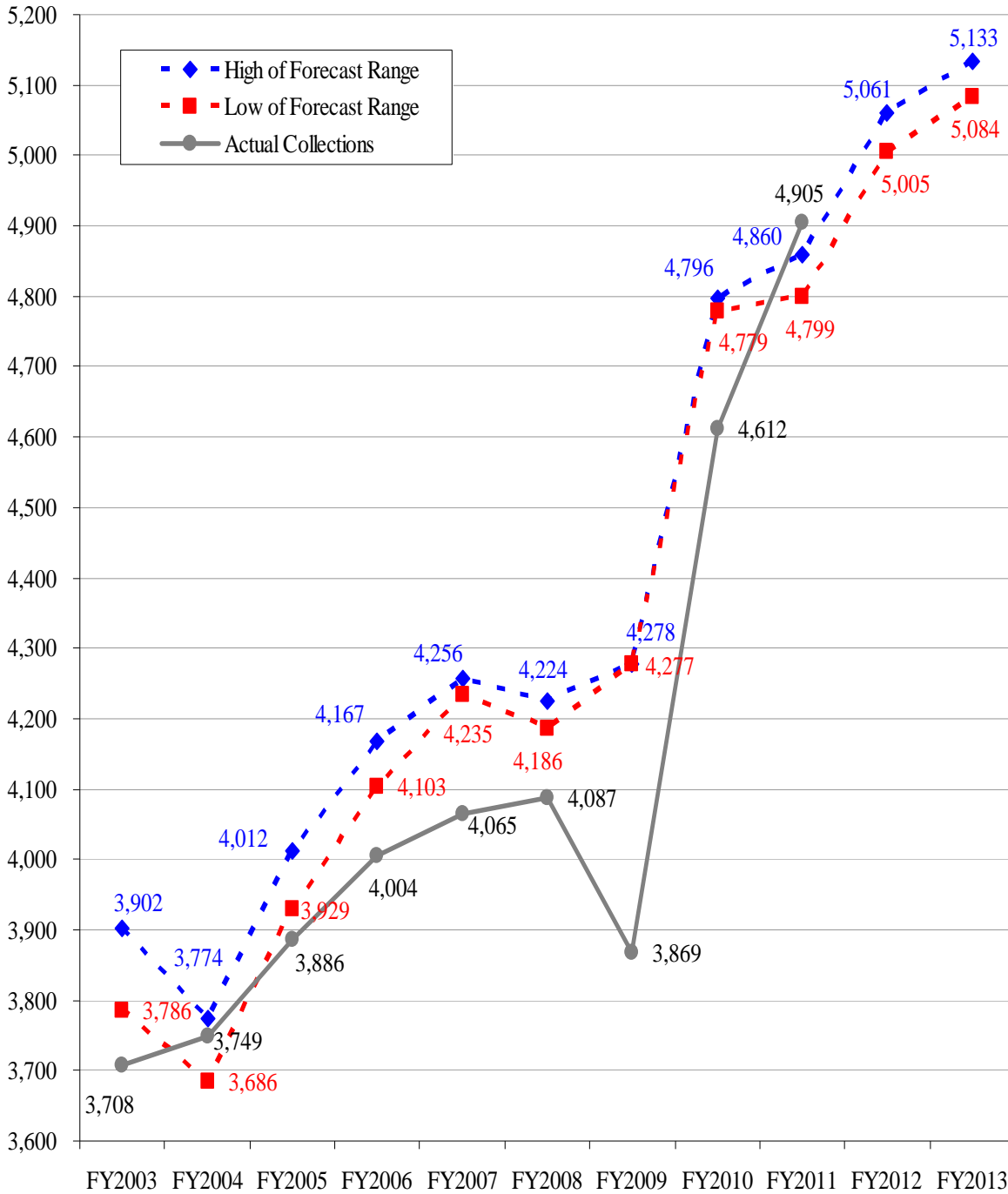
Historical Comparison of Projections to Actual Collections

Capital Gains Tax: DOR Consensus Hearing Forecast Range (Adjusted for Subsequent Tax Law Changes) vs. Actual Collections
(in \$Millions)



Historical Comparison of Projections to Actual Collections

Sales and Use Tax: DOR Consensus Hearing Forecast Range vs. Actual Collections
(in \$Millions)



Historical Comparison of Projections to Actual Collections

Corporate/Business Tax: DOR Consensus Hearing Forecast Range (Adjusted for Subsequent Tax Law Changes) vs. Actual Collections

