

Senate Finance Committee

**2011 Session
Revenue Outlook**

**November 18-19, 2010
Staunton, Virginia**

Virginia's Revenue Outlook: The overall backdrop. . .

- The “great recession” officially ended in June 2009, but Virginia’s economic drivers – jobs and income – are only marginally improved.
 - On a year-over-year basis, Virginia’s economy began to stabilize last spring primarily because the point of comparison was the depth of the recession a year earlier.
 - Job growth finally turned positive in July, a full year after the recession officially ended.
- Virginia lost a net of 150,000 jobs over the past two fiscal years; closer to 200,000 from peak-to-trough of the recession (roughly 4 percent of job base; worse than in recent recessions).

Highlights of Recession Job Change

INDUSTRY	JOBS	STATUS
Construction/Finance/Manufacturing	Lost 100,000 jobs	Still losing jobs
Retail, wholesale trade-related Government	Lost 50,000 jobs Mixed picture	Minimal recapture Federal job growth masks state/local activity; Local jobs down 12,000 last year; still losing jobs.
Business & Professional Services	Lost 16,000 jobs	Regained most of jobs
Hospitality/Leisure Services	Lost 9,000 jobs	Regained most of jobs
Education & Health	Added 24,000 jobs	Still adding jobs

Virginia's Revenue Outlook: The overall backdrop. . .

- Unemployment rates are about half a percentage point lower than their peak.
 - As predicted, rates continued to rise after the “official” end of the recession and then remained static for a couple of months, before starting to slowly edge down.

Unemployment Rate	Nation	Virginia
June 2009	9.5%	6.9%
Peak	10.1%	7.3%
September 2010	9.6%	6.8%

- Unemployment remains stubborn because GDP downshifted more than expected in late spring, after strong inventory-rebuilding in the fourth quarter of 2009.
 - Until job growth gets ahead of the “normal” population-driven labor force growth, the unemployment rate can't show much improvement.
 - The national economic outlook still calls for moderate growth, but the second quarter downshift has dampened expectations somewhat.
 - A lack of confidence is impeding the recovery.

Virginia's Revenue Outlook: The overall backdrop. . .

- The economic downshift in the second quarter of 2010 occurred for a number of reasons.
 - End of major inventory rebuilding cycle;
 - Concern over fallout from European debt problems;
 - Uncertainty about domestic policies;
 - Deleveraging by consumers and businesses;
 - General reluctance to hire until there is more evidence that the recovery will stick.

- National GDP growth has been revised down for both fiscal years 2011 and 2012.

Projected GDP Growth, Annualized Rate

	Q1 (Jul-Sep)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-Jun)
FY 2011				
Oct 09 forecast	2.2%	2.7%	2.8%	3.6%
Oct 10 forecast	2.0%	2.5%	2.2%	2.0%
FY 2012				
Oct 09 forecast	3.7%	3.6%	3.8%	3.8%
Oct 10 forecast	2.5%	3.2%	2.8%	3.2%

Source: Global Insight

- Virginia's current revenue outlook assumes slow movement out of the recession; the question is how national softening will impact Virginia.

Virginia's Revenue Outlook: How We Ended FY 2010...

FY 2010 Results:

- Revenue collections in FY 2010 exceeded the estimate by \$230.9 million, in part because of conservative forecasting.
 - After two years of basing Virginia's forecast on a hybrid standard/pessimistic economic outlook and coming up short, last year's introduced budget used the pessimistic outlook for FY 2010.
 - Budget conference strategy was to accept the conservative FY 2010 forecast and include \$82.2 million contingent appropriation for a one-time employee bonus in December 2010.

FY 2010 Revenues Above Forecast

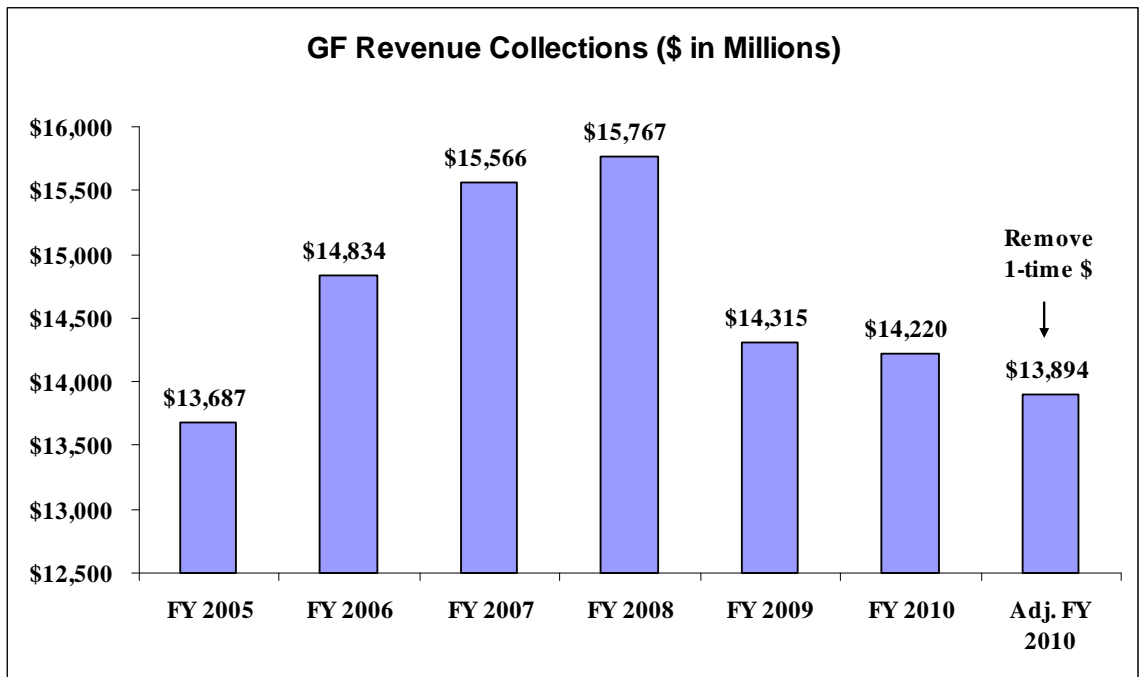
GF Revenue Source	Percent of GF	Variance \$ in millions
Withholding	65%	\$22.8
Non-withholding	13%	93.6
Refunds	(14)%	11.8
Sales	22%	39.5
Corporate	6%	75.8
All other	8%	<u>(12.6)</u>
Total All	100%	\$230.9

Virginia's Revenue Outlook: How We Ended FY 2010...

- **Non-withholding and Corporate:** Comprised three quarters of collections above the estimate.
 - Strong corporate profits led to a midsession forecast increase of \$67.4 million; an additional \$75.8 million beyond this revised forecast was collected, primarily due to mergers/acquisitions.
 - The difference in non-withholding resulted from use of the pessimistic outlook; the introduced budget reduced non-withholding by \$110.2 million, but \$93.6 million of this amount actually materialized.
- **Refunds:** Base Refunds and Land Preservation Tax Credits were \$31.3 million below the estimate (positive to bottom line).
 - However, a temporary increase in Low Income Tax Credits from recession impact on wages and enhanced federal Earned Income Tax Credit eroded these savings.
- **Sales tax:** Tax collections from May sales remitted in June were stronger than expected; however, June accelerated sales tax collections fell slightly short of the estimate.

Virginia's Revenue Outlook: How We Ended FY 2010...

- Overall, GF revenues declined by 0.7 percent, compared to a forecasted 2.3 percent decline.
 - More meaningful number is 2.9 percent “economic-based” decline, if calculations are adjusted to remove one-time tax amnesty and accelerated sales tax.
 - This represented the first time that GF revenues declined for two consecutive years.



- Net of one-time revenue, FY 2010 collections slightly exceeded FY 2005 collections.

Virginia's Revenue Outlook: How We Ended FY 2010...

- The fact that last year's collections exceeded the estimate by \$230.9 million makes it easier to achieve the FY 2011 dollar growth assumed in the Official forecast.
 - Because the FY 2010 revenue base ended up higher than projected, less growth is required to meet the FY 2011 forecast than was assumed when the budget was adopted.
 - The current Official forecast can be achieved with bottom-line growth of 2.6 percent, or "economic-based" growth of 4.2 percent.
 - "Economic-based" growth adjusts for the accelerated sales tax collections that were moved from July into June.
- Some of the additional income and sales-based collections from FY 2010 normally would "ripple" through to FY's 2011 and 2012.
 - Forecast adjustments, up or down, will depend on how this "ripple effect" combines with any potential positive or negative changes in the underlying economics.

Virginia's Revenue Outlook: Performance So Far in FY 2011...

FY 2011, First Quarter Performance:

- First quarter “economic-based” growth, adjusted for the accelerated sales tax (AST), was 3.6 percent against a forecast of 4.2 percent for the year.

GF Revenue Source	Percent of GF	YTD Growth Thru Sep	Required by Forecast
Withholding	64.4%	4.4%	2.4%
Non-withholding	14.5%	(5.9)%	11.0%
Refunds	<u>(13.2)%</u>	<u>(18.4)%</u>	<u>(3.5)%</u>
Net Individual	65.7%	4.5%	5.5%
Sales	19.8%	(20.3)%*	(6.5)%*
Corporate	5.4%	0.7%	(1.7)%
Recordation	2.2%	(5.9)%	8.2%
Insurance	1.9%	NA	4.8%
All Other	<u>5.0%</u>	<u>(8.6)%</u>	<u>6.3%</u>
Total	100.0%	(1.7)%	2.6%
“Economic” growth		3.6%	4.2%
If adjust for AST		4.9%*	0.8*

- When October growth is added, year-to-date “economic-based” growth remains at 3.6 percent.

Virginia's Revenue Outlook: Looking Ahead to Balance of FY 2011. . .

- Question is whether first quarter performance will strengthen or weaken as the fiscal year unfolds.
- FY 2011 economic variables in Official forecast:

Job Growth	Avg. Wage and Salary Growth	Total Wages and Salaries (Jobs + Avg. WS)	Income Growth
1.1%	1.9%	3.0%	3.0%

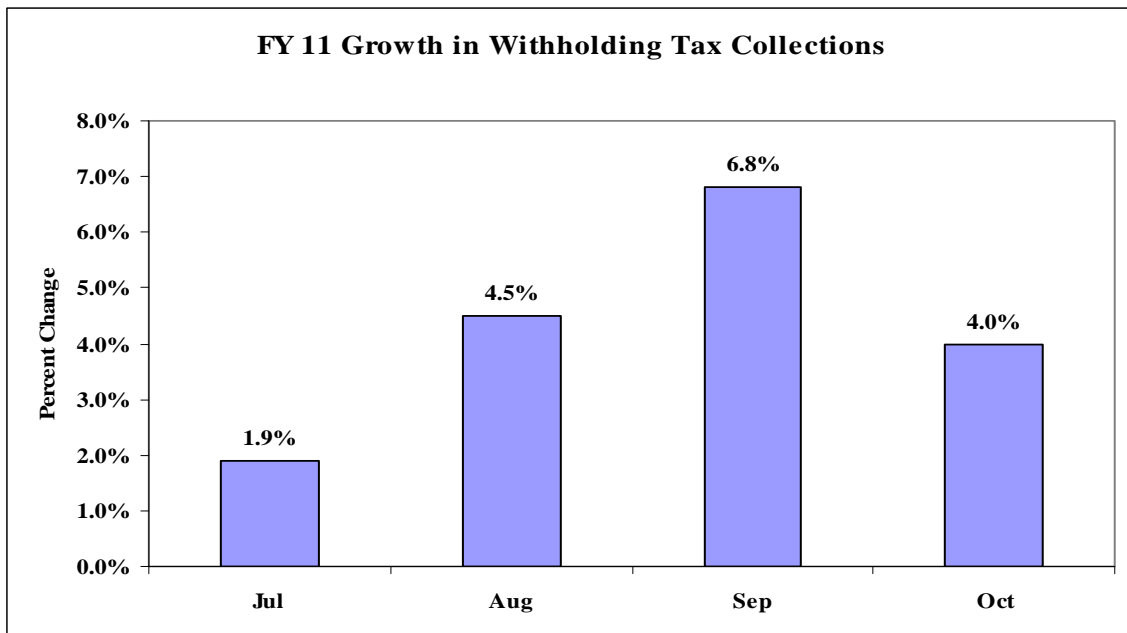
- These are the critical variables for revenue forecast since they drive income tax withholding and sales tax (85 percent of GF revenue).

Jobs/Average Wage and Salary Analysis

- Job growth assumption of 1.1 percent seems reasonable.
 - First 12 months of job growth coming out of past two recessions was 1.3 percent and 1.5 percent respectively; however, both of those were influenced by the front end of "bubbles."
 - Month-over-month job growth for the first quarter is reported to be 0.6 percent (not unusual for under reporting to occur in early stage of recovery).

Virginia's Revenue Outlook: Looking Ahead to Balance of FY 2011...

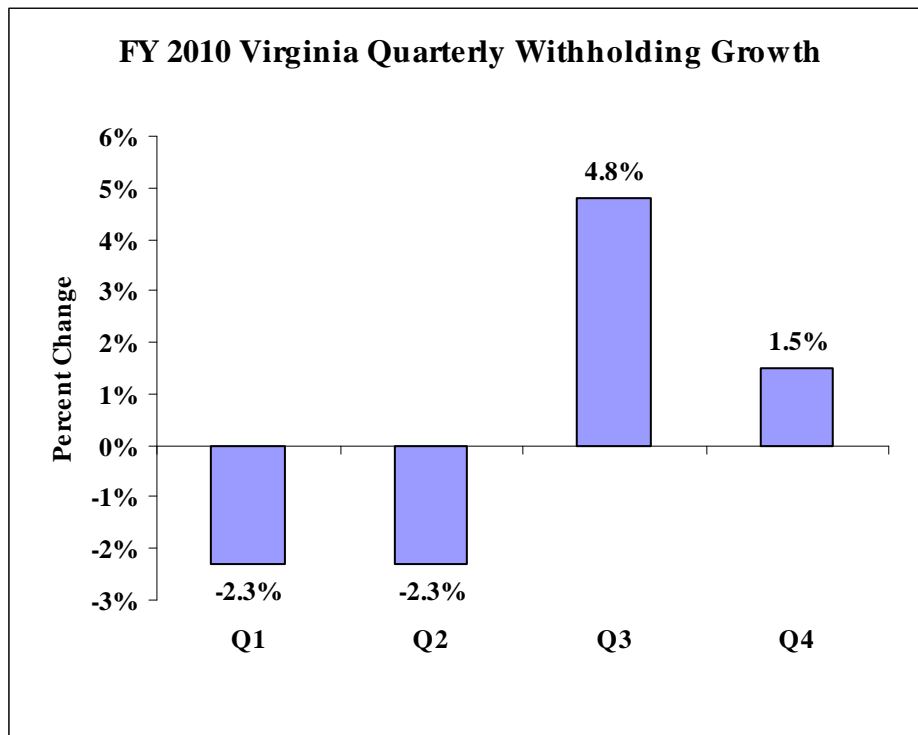
- Average wage/salary assumption of 1.9 percent likely is understated.
 - FY 2010 average wage/salary growth was 2.5 percent in the midst of a jobs free-fall; FY 2011 should not be substantially lower, as jobs are added.
- At turning points in the economy, it is particularly important to test the expected economics against "money in the bank," as reflected in actual collections.



- Current withholding performance suggests job growth may in fact be higher than the 0.6 percent reported to date.

Virginia's Revenue Outlook: Looking Ahead to Balance of FY 2011. . .

- FY 2011 first quarter withholding growth was 4.4 percent; this compares against last year's negative first quarter shown in the chart below.
- This growth rate should hold as we compare against last year's weak second quarter (through October, growth was 4.3 percent); by year-end, growth will diminish somewhat, when the comparison includes last year's strong third quarter.

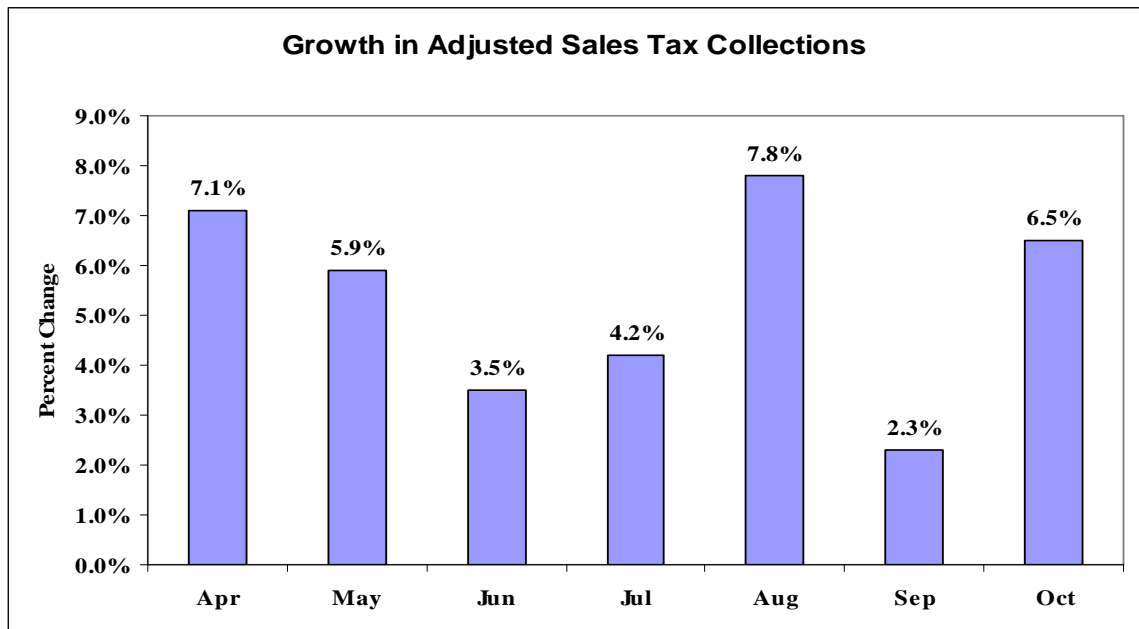


- However, withholding growth for the year should exceed the 2.4 percent required by current forecast.

Virginia's Revenue Outlook: Looking Ahead to Balance of FY 2011...

Sales Tax

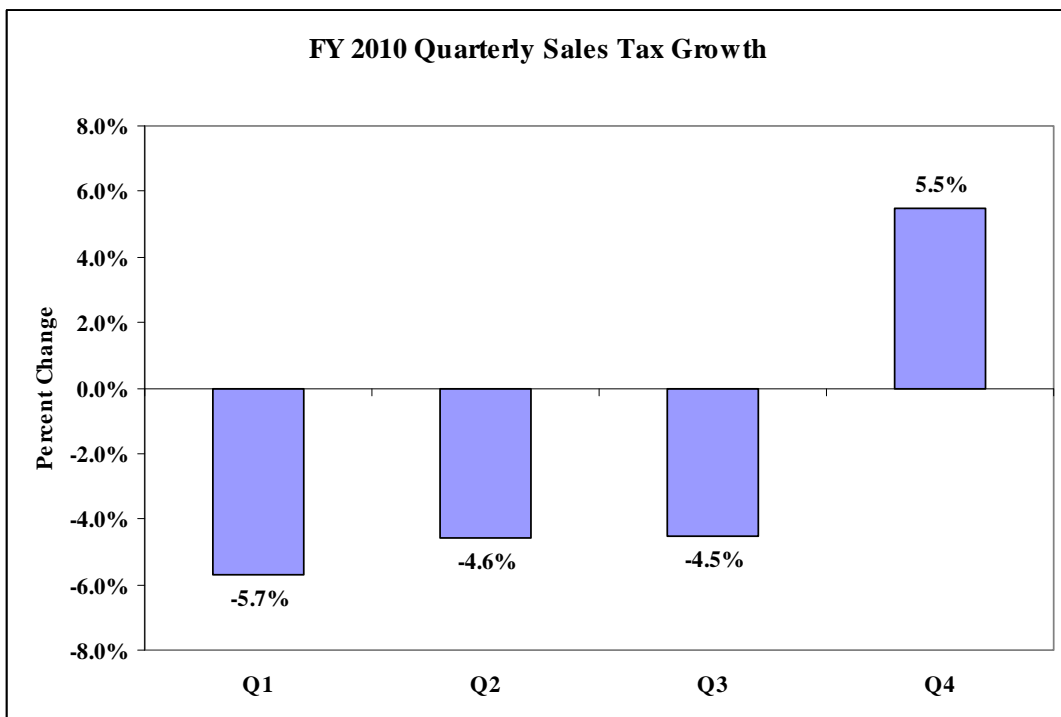
- First quarter sales tax growth was 4.9 percent, after adjusting for accelerated sales tax, ahead of the 0.8 percent forecasted "economic-based" increase.
 - Growth remained strong in October at 6.5 percent.
 - Sales tax collections have been in positive territory for seven months (adjusted for accelerated sales tax).



- Consumers have been improving their balance sheets as the savings rate has risen above 5 percent over the past two years; they now appear somewhat more inclined to spend.

Virginia's Revenue Outlook: Looking Ahead to Balance of FY 2011...

- The sales tax growth rate should retain its strength over the next two quarters, as we continue to compare against weak growth last year, as shown in the chart below.
 - It will diminish somewhat at year-end when the comparison includes last year's strong final quarter.



- However, sales tax growth for the year should exceed the 0.8 percent "economic" growth required by current forecast.

Virginia's Revenue Outlook: Looking Ahead to Balance of FY 2011. . .

Refunds

- First quarter refunds declined by 18.4 percent against the annual forecast of a 3.5 percent decline (decline in refunds increases the bottom line).
 - Pattern continued in October with decline of 12.0 percent.
- The refund base is inflated from recession-related activity and will adjust as the economy continues to improve.
 - **FY 2009**: The refund base inflated by \$234 million primarily because those who make quarterly estimated payments overpaid during the year, as the economy deteriorated.
 - **FY 2010**: The inflated refund base shifted from estimated payment filers to payroll withholding, as employment declined by 2.1 percent.
 - **FY 2011**: As jobs begin to grow, some of the inflated refund base will wash out of the forecast.
 - **Refunds should decline more than the 3.5 percent assumed in the annual forecast, resulting in a positive impact to the bottom line.**

Virginia's Revenue Outlook: Looking Ahead to Balance of FY 2011. . .

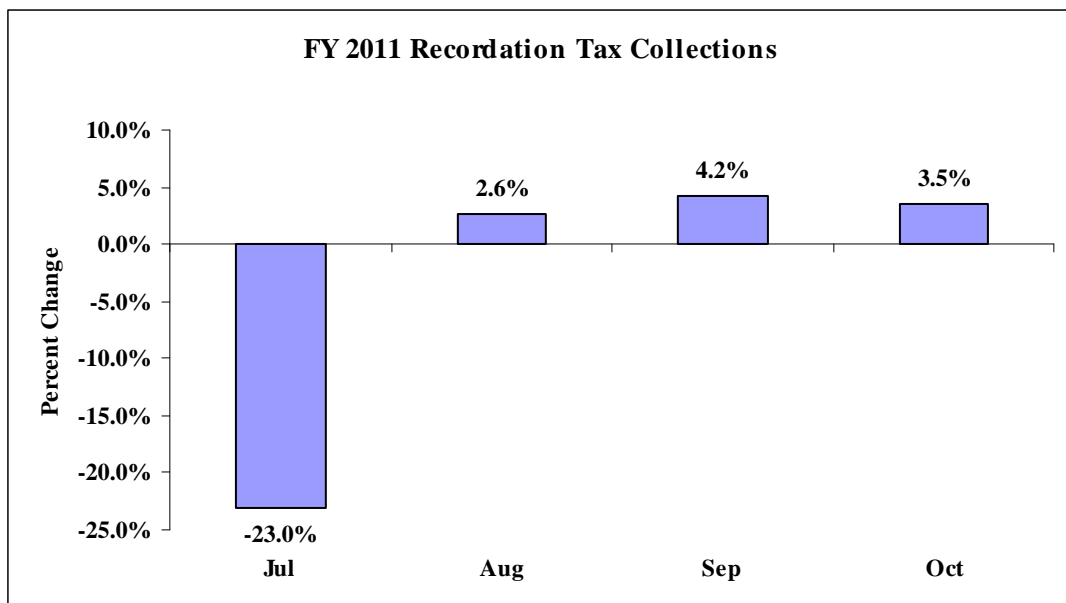
Corporate and Non-Withholding

- The typical post-recession pattern is an increase in corporate profits, followed by a strengthening of non-withholding collections paid by sole proprietors.
 - Corporate profits increase as the economy starts to recover because expenses have been pared, and there is a lag in rehiring.
- Corporate collections are following that pattern; they kicked up in FY 2010, earlier than expected.
 - **Corporate growth should remain solid in FY 2011, as reflected in the Official forecast.**
- Non-withholding estimated payments have “corrected” for the recession and were at FY 2005 levels last year.
 - Growth should resume going forward.
 - **However, because this year's September estimated payment was below the forecast, a negative forecast adjustment is warranted.**

Virginia's Revenue Outlook: Looking Ahead to Balance of FY 2011...

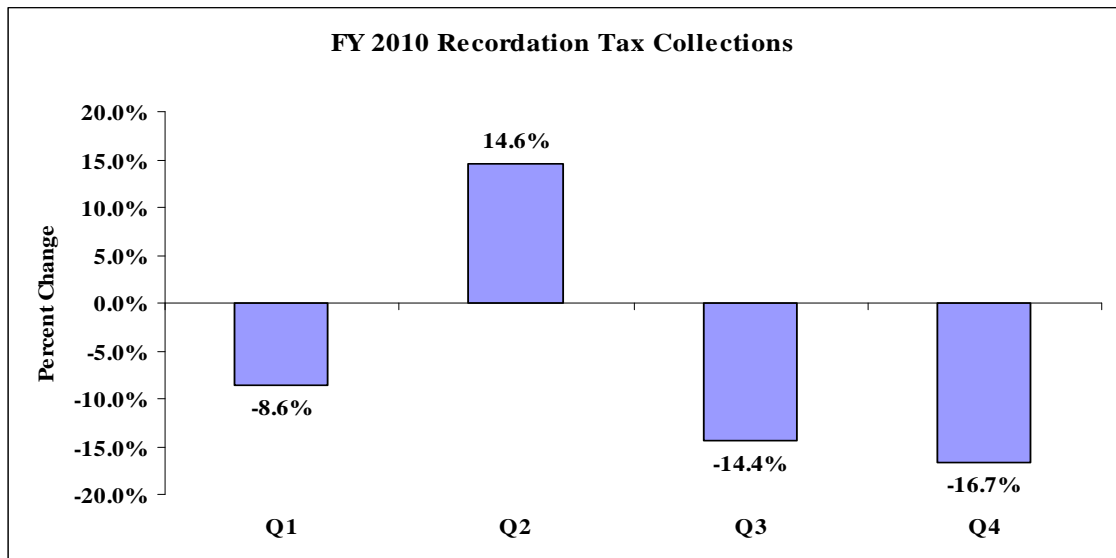
Recordation Tax (Wills, Suits, Deeds)

- The housing industry correction will be a multi-year process at best and could reflect systemic changes related to the level of household formation.
 - It is hard to know where things stand because the Homebuyer Tax Credit pulled forward sales and propped up lower-end prices.
 - Virginia Association of Realtors reports that median home prices have risen for the past three quarters; however, volume declined by 22 percent in the first quarter of FY 2011.



Virginia's Revenue Outlook: Looking Ahead to Balance of FY 2011...

- Uncertainty in the housing market makes it difficult to project a trend in recordation tax collections.
 - First quarter collections were down 5.9 percent against last year's negative first quarter shown in the chart below.
 - Last year's second quarter reflected the initial phase of the Homebuyer Tax Credit; in comparison, this year's second quarter will look bleak.



- If prices have hit bottom, there is potential for growth in the second half of the fiscal year; **nonetheless, a downward adjustment to the recordation tax forecast is required.**

Virginia's Revenue Outlook: FY 2012...

- **Turning to FY 2012**, the outlook essentially is the same as that presented last year – continued moderate growth.
- However, a modest upward revision to the forecast is warranted for the ripple effect of FY 2010 withholding and sales tax collections and slight modification of economic variables underlying the forecast.
- Economic variables assumed in Official forecast:

Job Growth	Avg. Wage and Salary Growth	Total Wages and Salaries (Jobs + Avg. WS)	Income Growth
2.1%	1.6%	3.7%	3.7%

Observations:

- Job growth could be slightly overstated, given the absence of any “bubble” effect and potential defense contractor restructuring in anticipation of slower growth in federal defense contracts.
- Alternatively, average wage/salary growth is understated since moderate job growth in FY 2012 will put pressure on wage rates.
- Both corporate and non-withholding growth rates should trend down from the FY 2011 transition year.

Virginia's Revenue Outlook: Short Session Adjustments to FY 2010-12 . . .

SFC Staff Estimate of Forecast Changes (\$ in millions)

	<u>FY 2011</u>	<u>FY 2012</u>
SFC Estimate	\$14,671.5	\$15,485.1
Current Official Forecast	\$14,583.5	\$15,303.1
GF Growth Rates	3.2%	5.5%
"Economic-based" Growth	4.6%	5.3%
Estimated Revenue Changes:		
Withholding	\$78.6	\$199.2
Non-withholding	(37.4)	(104.7)
Refunds (lower refunds = positive)	29.1	27.9
Sales	84.7	96.4
Corporate	2.7	4.4
Recordation	(36.8)	(26.9)
All Other	(32.9)	(14.3)
Total Revenue Changes	\$88.0	\$182.0
Transfer change (1/4 percent sales tax)	\$6.6	\$7.4
Total Revenue and Transfers	\$94.6	\$189.4

- Total estimated biennial adjustments = \$284.0 million.
- Since uncertainty continues to surround this recovery, it may be prudent to once again use the contingent appropriation strategy for revenue adjustments.

Virginia's Revenue Outlook: Concluding Thoughts . . .

- At the current time, Virginia appears to be on the path to recovery with moderate growth, as anticipated.
 - But, no one feels very good about the recovery -- the jobs situation tells it all.
- Going back to the highlights of job change

Highlights of Recession Job Change

INDUSTRY	JOBS	STATUS
Construction/Finance/Manufacturing	Lost 100,000 jobs	Still losing jobs
Retail, wholesale trade-related Government	Lost 50,000 jobs Mixed picture	Minimal recapture Federal job growth masks state/local activity; Local jobs down 12,000 last year; still losing jobs.
Business & Professional Services	Lost 16,000 jobs	Regained most of jobs
Hospitality/Leisure Services	Lost 9,000 jobs	Regained most of jobs
Education & Health	Added 24,000 jobs	Still adding jobs

- A year after the recession “officially” ended, half of Virginia’s economy still is struggling to get into positive territory; that puts a lot of pressure on the other half to carry the day.
- A major driver in that other half has been Business and Professional Services, an area that is heavily dependent on defense contract spending (targeted for reduced growth going forward).

Virginia's Revenue Outlook: Concluding Thoughts . . .

- In a “non-bubble” economic environment, a recovery must be driven by broad-based job growth.
- Much attention has been focused on the strong financial position of large corporations, which cut jobs quickly and have remained “lean.”
 - As the economy starts to recover, these companies have the financial ability to invest and add jobs.
 - Nationally, corporate profits have returned to the pre-recession level, growing 26.5 percent in 2010 (Source: Moody's Analytics).
- However, smaller companies are the key to broad-based job growth.
 - As a recent JLARC report pointed out, between 2003 and 2007, only smaller corporations (fewer than 50 jobs) showed net job growth in Virginia.
 - 95 percent of all Virginia companies (corporations and pass-through entities) have fewer than 50 employees. (Source: VEC)
 - Two-thirds of Virginia jobs are in companies with fewer than 250 employees. (Source: VEC)

Virginia's Revenue Outlook: Concluding Thoughts . . .

- Broad-based job growth is needed to lift consumer confidence; until confidence returns, the economy will remain in somewhat of a “chicken and egg” situation.
 - Consumers hunker down and pay off debt because they are worried about jobs.
 - Companies are hesitant to hire until consumers loosen up.
 - Anxiety levels elevate as remnants of the financial meltdown are resurrected, i.e., foreclosure process.
 - Everyone wants to “watch and wait.”
- Not much has changed since last year’s Senate Retreat where **a closing observation was that this recovery will be slow and uneven.**
 - That observation still is valid; modest revenue adjustments do not change the path of recovery but reflect the ripple effect from last year’s collections and slight timing changes.
- Policy makers should not expect budgeting to be “fun” anytime soon.

APPENDIX A

Refresher on Tax Policy Actions . . .

- Annually, the estimated tax benefit of tax policy changes enacted or amended since 1990 is updated by the Tax Department, as shown in the following table.
 - The data is a preliminary estimate of what could be claimed.
 - There is no comprehensive after-the-fact report on all tax preferences claimed.
 - A study resolution passed by the 2010 General Assembly noted the need for a comprehensive review and on-going analysis of tax preferences that are authorized in the Code.
 - JLARC is collecting data on actual preferences claimed by various taxpayer groups and will propose a method to evaluate the effectiveness of preferences (report due to 2012 General Assembly).

Evolution of Tax Policy

- During the 1990's, a large number of tax preferences were established, sometimes without overall upper limits or performance triggers.

Refresher on Tax Policy Actions . . .

- More recently, tax policy has migrated toward performance grants or “post-dated” tax credits, i.e., the credit can’t be claimed until after job growth occurs.
 - More transparency/accountability;
 - Better able to tailor preference to desired outcome;
 - Companies with no tax liability can use grants.

Common features of recent tax legislation:

- Grants/credits generally have overall cap, either per taxpayer or statewide;
- If statewide cap, apply for allocation in advance;
- Job creation credits have a set amount per job, i.e., \$700 - \$1,500, depending on program;
- If not job specific, credit is a percent of private investment, generally in the range of 25 to 50 percent (performance grants typically are a smaller percent of the private investment).
- Benefit is required to be claimed in equal installments over several tax years to ensure that positive results accrue to the state in sync with the tax preference.

Selected Tax Measures Enacted Since 1990

Ranked by Dollar Value (\$ in Millions)

	Enacted/ Amended	FY 11	FY 12
Personal Property Tax Relief Act ("Car Tax") -- 70% level for FY05 and part of FY06, \$950 million cap in FY07 and beyond	2004	(950.0)	(950.0)
Subtraction for those aged 65 or older and 62-64	1994	(360.3)	(371.1)
Add: Means testing of Age Deduction	2004	84.9	91.9
		(275.4)	(279.2)
Sales Tax on Food -- Eliminate state 2 1/2 percent	2004	(215.1)	(221.5) *
Estate Tax (SB504)	2006	(140.0)	(140.0)
Tax Credit for Land Preservation created 1999, ability to transfer 2002	2002	(125.0)	(150.0) **
Tax Credit for Families Below the Poverty Level	2000	(41.0)	(45.0)
Correct Low-Income Cliff Effect	2004	(69.0)	(55.0)
		(110.0)	(100.0)
Tax Credit for Historic Rehabilitation	1999	(46.0)	(46.0)
Coalfield Employment Enhancement Tax Credits & 2006 Allocation	2000	(44.5)	(44.5)
Increase Filing Thresholds & Personal Exemption increase	2004/2007	(32.2)	(32.2)
Increase Personal Exemption to \$930	2004/2007	(29.8)	(29.8)
Sales Tax Exemption for Non-prescription Drugs	1990	(28.9)	(30.6)
Increase Standard Deduction	2004	(21.3)	(21.3)
Subtraction for Military Wages -- Up to \$15,000	1999	(11.4)	(11.4)
Subtraction for Federal and State Employees -- Up to \$15,000	1999	(2.2)	(2.2)
		(13.6)	(13.6)
Subtraction for Unemployment Benefits	1999	(23.2)	(23.2)
Double Weighting of Sales Tax in Corporate Income Tax	1999	(15.0)	(15.0)
Deduction/Credit for Long Term Health Care Insurance	1999/2006	(13.2)	(13.2)
Neighborhood Assistance Tax Credit	1997/2006	(11.9)	(11.9)
Enterprise Zone -- General and Investment Tax Credits (now grants)	1998	(10.0)	(10.0)
Major Business Facility Job Tax Credit	1994/2010	(9.3)	(9.3)
Subtraction for Prepaid Tuition Plan; Deduction for Savings Trust (min)	1998/2009	(7.0)	(7.0)
Create Admin Process for Registering Nonprofits	2003	(5.1)	(5.1)
Tax Credit for Equity and Subordinated Debt Investments	1998/2010	(5.0)	(3.0)
Subtraction of Disability Income	2000	(4.0)	(4.0)
Single Sale Factor Apportionment	2009	(3.8)	(7.6)
Interest Equalization	1999	(2.9)	(2.9)
Back to School Sales Tax holiday	2006	(2.8)	(2.8)
Sales Tax Exemption for Purchase of Internet Service Equipment	1999	(2.6)	(2.6)
Sales Tax Exemption -- Automobile Refinishing Materials	2005	(2.5)	(2.5)
Tax Credit for Retaliatory Tax on Insurance Companies	1998	(2.4)	(2.4)
Sales Tax Exemption -- For Profit Hospital Drug Samples	1999	(1.9)	(1.9)
Sales Tax Holiday Emergency Preparedness	2007	(1.7)	(1.7)
Subtraction for Income from Tobacco Settlement Payments	2000	(1.7)	(1.7)
Sales Tax Exemption for Optometrists & Medical Practitioners	1999	(1.6)	(1.6)
Tax Credit for Taxes Paid to Other States (sale of capital asset addition)	1999	-	-
Tax Credit for Purchase of Equipment to Process Recyclable Materials	1998	(1.0)	(1.0)
Tax Credit for Motion Pictures	2010		(2.5)
Tax Credit for Green Jobs	2010	(1.3)	(1.3)

Actions with Minimal Impact (Less than \$1.0 million)

	Enacted/ Amended	FY 11	FY 12
Tax Credit for Providing VHDA Low-Income Housing	1990	(0.2)	(0.2)
Tax Reduction for Providing Rent Reductions	1990	Minimal	Minimal
Tax Credit for Advanced Technology Pesticide & Fertilizer Equip.	1990	(0.1)	(0.1)
Subtraction for Qualified Research Expenses	1993	Minimal	Minimal
Tax Credit for Creating Jobs Involved in Clean Fuel Vehicles	1995	Minimal	Minimal
Tax Credit for Qualifying Steam Producers	1995	0	0
Tax Credit for Investment in Day Care Facilities	1996	Minimal	Minimal
Tax Credit for Agricultural Best Management Practices	1996	(0.5)	(0.5)
Tax Credit for Purchase of Vehicle Emission Equipment	1997	(0.1)	(0.1)
Subtraction for Qualified Agricultural Contributions	1998	Minimal	Minimal
Deduction for Contributions to Public School Construction Grants	1998	Minimal	Minimal
Tax Credit for Taxes Paid to a Foreign Country on Retirement Income	1998	(0.1)	(0.1)
Alt. Tax Credit for Purchase Mach/Equip. to Process Recyclable Mat.	1998	0	0
Tax Credit for Purchase of Waste Motor Oil Burning Equipment	1998	(0.1)	(0.1)
Tax Credit for Hiring TANF Recipients	1998	Minimal	Minimal
Sales Tax Exemption for Free Book Distribution	1998	(0.1)	(0.1)
Subtraction of Capital Gain for Land Dedicated to Open Space	1999	Minimal	Minimal
Deduction for Teacher Continuing Education Costs	1999	Minimal	Minimal
Tax Credit for Contributions to Political Candidates	1999	(0.4)	(0.4)
Tax Credit for Retrofitting Residence with Accessibility Features	1999	Minimal	Minimal
Tax Credit for Employing Persons with Disabilities	1999	Minimal	Minimal
Subtraction for Reparations from Nazi Persecution	2000	Minimal	Minimal
Subtraction for Income of Medal of Honor Recipients	2000	Minimal	Minimal
Virginia Coal Employment & Production Incentive Tax Credit	2000	-	-
Tax Credit for Riparian Buffers	2000	Minimal	Minimal
Credit for Cigarettes Manufactured and Exported (n/a after 2010)	2004	0.0	0.0
Sales Tax Exemption -- Public Transportation	2005	(0.3)	(0.3)
Sales Tax Exemption -- Veterinary Meds	2006	(0.1)	(0.1)
Sales Tax Holiday Energy Efficiency	2007	(0.1)	(0.1)
Sales Tax Exemptions -- Economic Development Projects	2008	(0.9)	(0.9)
Provide Relief from Retaliatory Taxes	2010		(0.8)
Exemption for Economic Development	2010		(0.3)
State Tax Reductions Enacted Since 1990		(2,164.6)	(2,197.1)
Other State Tax Measures			
Add 1/2 percent sales tax on non-food items	2004	431.5	444.4
Recordation Tax Rate Increase (net of 3 cents to transportation)	2004/2007	75.2	80.9
Tobacco Tax Increase	2004	142.4	142.4
Close Two Corp. Tax Loopholes/Eliminate ST Exemp for Public Svc. Co.	2004	143.1	143.1
Other State Tax Measures		792.2	810.8
Net State Tax Actions		(1,372.5)	(1,386.2)

*Updated to reflect FY 10 actual sales tax collections

**Reflects 2009 Session action to delay \$50 million in credits claimed

Note: Estimates reflect initial impact statements updated for actual and forecast data