State of Idaho
Economic Outlook Forecast

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SUMMARY OF FINDINGS
(REVENUE PROJECTIONS)

FISCAL YEAR	GENERAL ACCOUNT REVENUE (in millions)	% Change	
1993	$1,043.5	9.6%	
1994	1173.1	12.4%	
1995	1288.1	9.8%	
*1996	1350.9	4.9%	
1997	1391.9	3.0%	
1998	1482.1	6.5%	
1999 (includes $54.6M prop. tax replc.)	1624.5	9.6%	
2000	1821.0	12.1%	
2001	1984.6	9.0%	
2002 (excludes $10.1M ag. prop. tax ex.)	1690.3	-14.8%	
2003 (excludes $13.4M ag. prop. tax ex.)	1750.5	3.6%	(est. 2.8% w/out tax incr.)
2004 (excludes ongoing $13.4M ag. equip. ex. and one-time $50M federal $'s)	2033.6	16.2%	(est. 5.9% w/out 2003/2004 tax increases)
2005	2268.8	11.6%	(est. 13.1% w/out tax incr.)
2006	2431.3	7.2%	(est. 15.9% w/out tax incr.)
2007	2812.5	15.7%	(est. 10.7% w/out tax incr.)
2008	2909.8	3.5%	(est. 0.7% w/out tax incr.)
2009	2466.6	-15.2%	
2010 Estimate	2369.9	-3.9%	
2011 Forecast	2405.4	1.5%	
2012 Forecast	2478.5	3.0%	

*First year HB156-implemented. Provided $40.8M of state sales taxes for school M&O property tax relief. This amount grows at the rate of taxable property value growth. The FY 97 amount was $45.2M and FY 98 was $50.4M. In FY 99 SB1564 (trailer bill to SB1555) amended the public school appropriation to include the amount of property tax replacement previously diverted directly from the sales tax. In FY 99 this added $54.6M to the State General Fund, FY 2000 was $58.0M, FY 2001 was $60.9M, FY 2002 was $64.6M, FY 2003 was $68.9M, FY 2004 was $73.0M and in FY 2005 the amount is capped at $75.0M (see HB 463 of 2003). On August 25, 2006 HB1 passed the special Idaho Legislative session. HB1 shifted the remaining .3% school M & O levy from the property tax to the state general fund, which was paid with a 1-cent sales tax increase that began October 1, 2006.

January original FY 2010 Revenue Projection = $2,659.3M (1.0% over $2,633.8M, midyear FY 2009 estimate).
August revised Executive Estimate for FY 2010 = $2,377.2M (3.6% under $2,465.6M, FY 2009 actual).

Sources: Idaho Outlook, General Account Update - Division of Financial Management.
Executive Budget, Fiscal Year 2010, Division of Financial Management.
Idaho Legislature, Legislative Perspective, November 2009 (and prior reports).

2010 Estimate
Based on general account revenues collected since 1993, existing accruals and the expectation of continued slower revenue growth, the FY 2010 estimate is $2,369.9M or 3.9% under FY 2009 (lower than DFM's August $2,377.2M adjusted amount).

2011 Forecast
The attached background data about Idaho's economic future indicates there will be a more stable, slow increase from the 2010 revenue. The fundamental factors that make the Pacific NW (and Idaho) attractive remain in place. Economic forecasters did not expect the economy to recover before the last part of calendar year 2009 and many do not expect a rebound until 2010. Idaho's recovery will most likely follow mid to late 2010, months that impact FY2011 general fund revenue.

Idaho's fragile economy will continue feeling impacts from both the uncertain but momentum building economies in other parts of the nation. Agriculture is expected to hold steady during 2010/2011. Timber struggles, but mining is somewhat stable. High tech manufacturing appears to be showing some recovery. Tourism looks steady and although exports are down, Idaho is expected to continue expanding its niches in international trade.

The national debt, energy costs, federal taxes and potential impacts of federal policy decisions will continue being on the minds of our citizens. Borrowers and lenders alike are expected to be cautious, but a 1.5% increase from 2010 revenues is possible.

2012 Forecast
Following Idaho's slide into a painful U.S. recession, and the most serious threat to global financial markets in over 80 years, Idaho's economic performance is forecast to show continued comeback in FY 2012, although a modest overall improvement with 3.0% general fund revenue growth.

Background Information For General Account Revenue Forecasts

1. **Wall Street Journal, Economic Thaw Stirs Employers, Conor Dougherty, December 21, 2009.**

The economy is primed for a stronger finish to 2009 than most forecasters and business executives expected just a few months ago, prompting tempered optimism that employers may resume hiring early in the next year. While the economy's strength in 2010 is still a matter of debate, a weekly consensus of forecasters compiled by Macroeconomic Advisers shows steadily rising estimates of fourth-quarter economic growth. At the end of August, the consensus saw 2% growth, at an inflation adjusted annual rate. Today, they see 3.9%. If realized, that would make fourth-quarter growth the best since the first quarter of 2006.

Of course, the economy still has a long way to go before anyone declares it healthy. And some economists warn that restocking of shelves could boost production temporarily, but that oomph could fizzle out later in 2010. Investment in equipment such as machinery or computers remains wobbly. New orders for non-defense capital goods were down 2.9% in October, but the question is once we get past this point, what does the economy look like.

U.S. News, Manufacturing, Job Market Show Progress, Meena Thiruvengadam and Jeff Bater, December 26-27, 2009.

The latest economic data offer more evidence that strength is returning to the U.S. manufacturing sector and that the labor market is improving. Orders for durable goods, those intended to last more than three years, were up 2.9% in November, excluding the volatile commercial-aircraft and defense sectors. Orders for all durable goods were up 0.2% to a seasonally adjusted $166.87 billion, the Commerce Department reported.

A separate Labor Department report showed the number of people filing new claim for unemployment benefits fell in the week ended Dec.19 to its lowest level since Sept. 6, 2008—just before the collapse of Lehman Brothers. The report showed the number of workers collecting unemployment benefits for more than a week also dropped.

The U.S. unemployment rate stands at 10%. Macroeconomic Advisers expects the jobless rate to peak at 10.2% in the first quarter of 2010 and fall to 9.6% by the end of the year.

Marketplace, After Navigating Slump, Managers Ponder Next Moves, Joann S. Lubin, December 28, 2009

Many of the nation's corporate leaders spent 2009 managing to hang on. Next year though, is less certain than 2009. The economy returned to growth in the third quarter, but forecasters are divided on the strength and durability of the rebound. After making drastic cuts to weather the steep downturn, chief executives now must decide whether and when to resume hiring, buy new equipment, roll out new products or pursue takeovers.

Big-company CEO's are more optimistic than at anytime in the past 15 months, but they remain cautious, according to a November survey by the Business Roundtable, a Washington group that represents the leaders of companies that collectively employ more than 12 million people.

Nearly one-third of the 111 executives who responded to the survey expect to reduce their U.S. payrolls in the next six months, while only 19% expect their payrolls to grow. Management specialists said CEO's will use temporary staffers and overtime to meet additional demand. CEO's in the Business Roundtable survey were more aggressive about U.S. capital spending: 40% plan an increase in the next six months, while only 16% plan a cut. That's a big change from three months earlier, when more CEO's planned to cut capital expenditures.

In a separate survey by the American Management Association, completed Dec. 15, half of 524 employers said they expect to introduce a new product or service in the next six months. Chief executives of many multinational companies see opportunity overseas, particularly in Asia, where economic growth is rebounding stronger and faster than elsewhere. But they worry about global competition.

U.S. News, Home Prices Inch Up, but Outlook Murky, Sara Murray, December 30, 2009

Home prices stabilized in October, but the latest reading on the S&P/Case-Shiller index of home prices didn't dispel fears that prices are heading for a second dip. The index, which is closely watched because it tracks the sale of the same houses over time, showed home prices on October were at the same level as they were in the fall of 2003 and 29% below the peak in the second quarter of 2006.

A stream of new foreclosures could flood the market and depress home prices. "Despite the recent positive reports on housing prices, we believe that prices have further to fall—about another 5% to 10%," wrote Patrick Newport, an IHS Global Insight economist.

Meanwhile, overall consumer confidence edged up, despite a drop in respondents' assessment of present conditions. The Conference Board index rose to 52.9 from 50.6 last month. A portion of the index that tracks consumers' feelings about current economic conditions fell to its lowest point since February 1983, an indication that people are still feeling downtrodden about a labor market with a 10% jobless rate and tight credit conditions. But, respondents' outlook was brighter about expectations for the economy's performance in the next six months. The expectations index rose this month to its highest level since December 2007 when the recession began.

2. **The Idaho Statesman, Economists Have Reasons for Optimism, Susan Tompor (Detroit Free Press), January 2, 2010.**

Forecasters say pent-up demand is expected to drive up sales of cars and light trucks to the 12 million-unit range in 2010, up about 20 percent from an estimated 10.3 million cars and light trucks in 2009. The bulk of the buyers are likely to be from households with incomes above the $100,000 mark. A good portion of the regular middle class, though, still would be unable to buy cars because of wage cuts, job loss or credit troubles.

Dana Johnson, chief economist for Comerica Inc., said the U.S. economy could see a growth rate of 4.25% for 2010. He's expecting a 4% growth rate in the fourth quarter of 2009, up from what could be a revised 2.5% growth rate in the third quarter. Credit markets aren't nearly the mess they were earlier in the year, and households have rebuilt some of their wealth as the stock market rebounded by roughly 60 percent between March and mid-December. The fiscal stimulus programs also have hundreds of billions yet to spend in the pipeline. The downsides of this sunny outlook are foreclosures won't go away in 2010 and are likely headed higher. And the U.S. jobless rate is likely to fall but still be too high, ending up higher than 9% at the end of 2010.

The Terrible Teens: Economy heals, joblessness looms, Jeannine Aversa (The Associated Press), January 3, 2010.

At best, it could take until the middle of the decade for the nation to generate enough jobs to drive down the unemployment rate to a normal 5 or 6 percent and keep it there. Most economists say it could take at least until 2015 for the unemployment rate to drop down to a historically more normal 5.5%. And with the job market likely to stay weak, some also foresee another decade of wage stagnation.

Even though the economy will likely keep growing, the pace is expected to be plodding. That will make employers reluctant to hire. Further contributing to high unemployment is the likelihood of more people completing for jobs, baby boomers delaying retirement and interest rates edging higher.

"It's possible jobs won't return to pre-recession levels at any point over the next 10 years," Economist David Levy, chairman of the Jerome Levy Forecasting Center says. He also says the country faces and era of chronically high unemployment, averaging at least 8% over the next decade and average pay will dwindle, as will consumer prices. Other contributing forces—businesses squeezing more work from employees they still have and relying more on part-time and overseas help—have intensified. And record-high federal budget deficits and the threat of inflation could drive up interest rates, which could hobble growth and restrict job creation.

3. **The Idaho Business Review, Customer call centers among few bright spots, Brad Carlson, December 28, 2009.**

Some of Idaho's hard-to-find hiring activity can be found at customer service centers, often referred to broadly as "call" centers. Some have come, gone or changed, but the need for the service they provide does not disappear when the economy contracts. "When one call center closes-Dell, for example, this year announced plans to close a center in Twin Falls-another often opens," said Wendie Gregory, branch manager, Manpower Inc. She further said, "many companies are going to business models in which customer service call centers play a larger role." Categories offering the best prospects include information, financial activities, and professional and business services.

Idaho's population growth drops to 12th nationally, IBR Staff Report, January 4, 2010.

Idaho's population growth slowed considerably between July 2008 and July 2009, but the state still ranks as the 12th fastest growing state in the nation. The Idaho Department of Labor reported that the U.S. Census Bureau estimated the state's population grew by 1.2% between mid-2008 and mid-2009, the slowest growth rate for Idaho since 2002, following the last national recession. These figures were released December 24.

Just over 18,000 more people lived in Idaho in mid 2009 than the year before, increasing the state's total population to 1,545,801. A dramatic decline in the number people moving into Idaho contributed to the state's population slowdown. In-migration fell to 3,700 from mid-2008 to mid-2009. Last year, in-migration was 14,000, the first time under 20,000 in four years.

Since the 2000 Census, Idaho's population has increased by 19.5%--nearly 252,000 people—the fifth fastest rate nationally behind Nevada, Arizona, Utah and Georgia. About 116,000 of that increase came from natural growth and the rest from in-migration.

4. **Marples Northwest Business Letter, Inside the Pacific Northwest Economy, Random Lengths Publications Inc. (Eugene, Oregon), Jon P. Anderson, Publisher.**

December 2, 2009 issue

A good barometer of our region's economic health can be found by looking at any office building. These days, they are full of dark floors as unemployment remains extraordinarily high and employers continue to cut staff.

In the region's less-volatile second-tier cities—Spokane, Boise, and Anchorage—office vacancy is below the national average, which stands at 16%.

After years of a booming economy, Boise and the Treasure Valley as a whole have felt the economic turbulence ripple through their commercial real estate market. Vacancies have been on the rise since mid-2005 and took off last year. After hovering at about 8%, the overall vacancy rate is at 15.4%, the highest mark recorded by commercial real estate firm Thornton Oliver Keller.

5. **Boise Area Chamber of Commerce, Economic Outlook Forum, November 10, 2009. Information from local presenters and the Business Barometer is summarized below:**

John Hale, KPMG, (Emerging Growth Companies)
Idaho and some neighbors will be among the first to emerge from the recession, according to a report by an economic analysis and forecasting group. This report states that—along with our tech-heavy neighbors Colorado, Oregon, and Washington—we will benefit from backlogged technology-investing by corporate America.

The investments made by our neighbors are in education, technology transfer, and research. For instance, in 2006 Utah created the Utah Science and Technology Research initiative (USTARS). This program spends millions of dollars to fund investments at Utah universities to recruit world-class researchers, build state-of-the-art research facilities, and commercialize the innovation these investments yield. The goal of the USTARS program is to generate sustainable, high-paying jobs. The program has been wildly successful. Utah has suffered less in the recession, and has built various economic clusters which now form a sustainable future job base.

John Church, Idaho Economics (Employment decline stabilizing in Boise MSA, state)
The Boise Metro Business Index posted a value of 192.2 in August 2009. This figure is 4.6% below the level of August 2008 and 5.5% below its peak level of 203.2 attained in January 2007. On a positive note, during the last three months, the index has not fallen further and has remained virtually constant.

The number of residential housing permits issued in Ada and Canyon counties in the first eight months of 2009 declined 39.8% from levels seen in the first eight months of 2008. Adding to the decline is the decline in non-agricultural employment in the Boise MSA. August 2009 non-agricultural employment in the Boise MSA was off 7.6% (20,800 jobs) from year-earlier levels. Based on 2010 Global Insight forecasting the economy will continue at a subpar annual average pace of 1.8% for at least the first half of 2010. A turnaround in the local economy is likely to follow the national recovery.

Productivity gains (output per worker) the last two quarters have been 6.3% and 6.6% increases, respectively. These gains are good news for corporate bottom lines, but bad for household incomes. It is unlikely that these gains will continue for long, nor that firms will re-hire workers until they are sure about the end of the recession and the ongoing strength of the recovery. Therefore, one should not expect to see overall employment turn decisively higher until the second half of 2010.

The outlook for residential home sales in the near future should be one of caution. But it is possible, and in some views likely, that single-family housing starts will begin to increase in the second half of 2010. Nonresidential construction in the nation is still declining and one should not expect to see the bottom of that trend until at least the second half of 2010.

The most recent employment figures do not indicate an economic turnaround in the local economy. However, the latest figures show that over the last three months the decline in employment in the state and the Boise MSA has come to a halt. This provides some hope that employment gains in the state and Boise MSA could be forthcoming—probably by early 2010.

2009 County Assessed (Taxable) Property Values:

SUMMARY TABLE FOR TEN
MOST POPULATED COUNTIES
PLUS MOST ASSESSED VALUE CHANGE

COUNTY	COUNTY SEAT	* 2008 COUNTY POPULATION		** 2009 ASSESSED VALUE		2008-09 ASSESSED VALUE CHANGE	
1. Ada	Boise	380,920		$30,974.6 M		($3,849.7) M	
2. Canyon	Caldwell	183,939		8,577.3		(1,218.7)	
3. Kootenai	Coeur d'Alene	137,475		14,781.6		(1,211.9)	
4. Bonneville	Idaho Falls	99,135		5,628.2		146.1	
5. Bannock	Pocatello	80,812		3,479.3		219.6	
6. Twin Falls	Twin Falls	74,284		4,308.3		104.9	
7. Bingham	Blackfoot	43,903		1,540.5		56.5	
8. Bonner	Sandpoint	41,168		7,224.4		(57.8)	
9. Nez Perce	Lewiston	38,975		2,480.4		45.4	
10. Madison	Rexburg	37,456		1,373.2		117.0	
SUBTOTAL		1,118,067	(73.4%)	$80,367.8	(65.0%)	($5,648.6)	(84.8%)
Elmore	Mountain Home	28,997		1,443.8		79.1	
Jefferson	Rigby	23,860		1,137.7		74.1	
Fremont	St. Anthony	12,551		1,575.6		85.5	
Custer	Challis	4,254		968.6		137.4	
SUBTOTAL (Cumulative)		1,187,729	(77.9%)	$85,493.5	(69.2%)	($5,272.5)	(79.2%)
TOTAL STATE		1,523,816	(100%)	$123,570.2	(100%)	($6,658.1)	(100%)

* 2008 Census Estimates (7-1-08)
** Does not include previous year's subroll (est. only). Preliminary 2009 data.

Assessed (taxable) property value in Idaho's counties decreased by $6,658.1 milllion between 2008 and 2009. The ten most populated counties had 84.8% of Idaho's decreased value. When you include Elmore, Jefferson, Fremont and Custer counties with the ten most populated counties, 79.2% of Idaho's value change is accounted for. (In 2007-08 the ten most populated counties had 50.8% of the increased value. When Elmore, Fremont, Valley, and Teton County were included, 71.7% of Idaho's 2007-08 value change was accounted for).

The $(6,658.1) million assessed market value change for 2008-09 is 222.1% less than the 2007-08 change of $5,451.7.4 million. The 2006-07 increase was $17,688.4 million and 2005-06 was $17,719.6 million.

Bannock and Bonneville counties showed the largest 2008-09 assessed market value increases at $219.6M and $146.1M, respectively. In the 2007-08 period Ada and Canyon showed the largest increases at $914.8 and $866.2 million, respectively.

Eleven counties lost net assessed market value in the 2008-09 period. Four counties lost net assessed value in the 2007-08 period. Two counties in the 2006-07 period lost net assessed value.

Note: Assessed Market Value data is listed on following page.

SUMMARY OF STATEWIDE ASSESSED VALUE CHANGES (2008/2009)

2008/2009 Difference **(includes subrolls)**	$130,430.7 to $123,941.6	= $(6,489.1)M	-5.0%
Categories with increases:			
Urban/Rural non-owner occupied residential, $536.2			+1.2%
Urban/Rural Commercial/Industrial, $38.3			+0.1.%
Agriculture, $196.6			+4.5%
Mining, $85.3			+16.1%
Operating, $202.8			+5.1%
		$1,059.2M	
Categories with decreases:			
Urban/Rural-owner occupied residential, ($7,528.4)			-15.8%
Timber, ($19.9)			-2.0%
		(7,548.3)M	

Statewide County Assessed Market Values, 2009 and 2008 Compared

COUNTY	2009	2008	DIFFERENCE	% Inc.
Bannock	3,479,348,257	3,259,753,384	219,594,873	6.7%
Bonneville	5,628,217,100	5,482,085,948	146,131,152	2.7%
Custer	968,633,249	831,211,077	137,422,172	16.5%
Madison	1,373,152,095	1,256,108,318	117,043,777	9.3%
Twin Falls	4,308,341,085	4,203,465,180	104,875,905	2.5%
Fremont	1,575,614,800	1,490,079,732	85,535,068	5.7%
Elmore	1,443,758,675	1,364,637,970	79,120,705	5.8%
Jefferson	1,137,715,128	1,063,570,822	74,144,306	7.0%
Bingham	1,540,490,538	1,483,977,827	56,512,711	3.8%
Nez Perce	2,480,431,200	2,435,029,173	45,402,027	1.9%
Boise	1,000,504,504	962,511,316	37,993,188	3.9%
Cassia	1,086,574,595	1,050,497,991	36,076,604	3.4%
Bear Lake	728,950,753	695,894,521	33,056,232	4.8%
Latah	1,817,292,223	1,784,915,196	32,377,027	1.8%
Lincoln	319,467,802	287,306,450	32,161,352	11.2%
Gooding	808,056,884	779,789,390	28,267,494	3.6%
Power	686,931,443	659,236,270	27,695,173	4.2%
Caribou	608,927,294	582,107,232	26,820,062	4.6%
Franklin	553,240,435	532,586,004	20,654,431	3.9%
Owyhee	635,223,009	622,720,524	12,502,485	2.0%
Idaho	1,267,096,994	1,254,653,195	12,443,799	1.0%
Washington	659,351,326	648,792,311	10,559,015	1.6%
Oneida	231,785,761	221,571,337	10,214,424	4.6%
Boundary	932,917,765	928,317,194	4,600,571	0.5%
Camas	148,339,697	143,779,777	4,559,920	3.2%
Payette	1,066,196,353	1,062,458,190	3,738,163	0.4%
Clark	115,689,993	111,969,516	3,720,477	3.3%
Lemhi	650,901,861	647,835,804	3,066,057	0.5%
Butte	130,541,798	127,547,999	2,993,799	2.3%
Clearwater	637,218,457	635,412,686	1,805,771	0.3%
Jerome	1,091,307,857	1,089,912,159	1,395,698	0.1%
Benewah	697,646,968	696,904,036	742,932	0.1%
Adams	470,432,936	470,186,826	246,110	0.1%
Lewis	239,904,214	243,034,539	(3,130,325)	-1.3%
Minidoka	944,838,429	973,701,859	(28,863,430)	-3.0%
Teton	2,139,285,534	2,184,781,504	(45,495,970)	-2.1%
Bonner	7,224,428,790	7,282,182,277	(57,753,487)	-0.8%
Gem	923,108,703	1,009,194,820	(86,086,117)	-8.5%
Shoshone	998,707,711	1,091,087,468	(92,379,757)	-8.5%
Blaine	11,827,880,485	12,450,007,318	(622,126,833)	-5.0%
Valley	4,658,162,004	5,513,672,249	(855,510,245)	-15.5%
Kootenai	14,781,630,221	15,993,511,529	(1,211,881,308)	-7.6%
Canyon	8,577,330,056	9,795,985,372	(1,218,655,316)	-12.4%
Ada	$30,974,584,417	$34,824,294,358	(3,849,709,941)	-11.1%
TOTAL	**$123,570,159,399**	**$130,228,278,648**	**($6,658,119,249)**	**-5.1%**

Note: This report does not include previous year's subroll (est. only)

STATEWIDE COUNTY ASSESSED MARKET VALUES

	ASSESSED VALUE	ANNUAL CHANGE	PERCENT CHANGE
1983	$23,188,449,489	(1,282,415,346)	-5.2%
1984	$24,281,138,534	1,092,689,045	4.7%
1985	$24,995,993,842	714,855,308	2.9%
1986	$25,129,681,628	133,687,786	0.5%
1987	$25,117,260,285	(12,421,343)	0.0%
1988	$25,364,904,537	247,644,252	1.0%
1989	$25,959,028,463	594,123,926	2.3%
1990	$27,293,398,951	1,334,370,488	5.1%
1991	$29,523,517,021	2,230,118,070	8.2%
1992	$31,508,830,864	1,985,313,843	6.7%
1993	$34,531,928,150	3,023,097,286	9.6%
1994	$38,350,899,563	3,818,971,413	11.1%
1995	$43,839,862,440	5,488,962,877	14.3%
1996	$48,481,013,384	4,641,150,944	10.6%
1997	$52,775,255,544	2,732,051,318	8.9%
1998	$55,496,564,717	2,721,309,173	5.2%
1999	$58,651,591,077	3,155,026,360	5.7%
2000	$61,670,716,906	3,019,125,829	5.1%
2001	$65,275,466,481	3,604,749,575	5.8%
2002	$70,087,450,291	4,811,983,810	7.4%
2003	$73,101,262,803	3,013,812,512	4.3%
2004	$78,139,218,807	5,037,956,004	6.9%
2005	$89,368,562,766	11,229,343,959	14.4%
2006	$107,088,168,237	17,719,605,471	19.8%
2007	$124,776,548,554	17,688,380,317	16.5%
2008	$130,228,278,648	5,451,730,094	4.4%
2009	$123,570,159,399	($6,658,119,249)	-5.1%
		AVERAGE ANNUAL % CHANGE:	6.1%

Note: This report does not include previous year's subroll (est. only).

General Fund Update, State Division of Financial Management, November 30, 2006, 2007, 2008 and 2009 Revenues. (Table also includes ATI calculations).

REVENUE SOURCE	11/30/2006 FY 2007	% of YR END	11/30/2007 FY 2008	% of YR END	11/30/2008 FY 2009	% of YR END	11/30/2009 FY 2010	% of YR END
Personal Income Tax	$442.0 M	31.6%	$484.1 M	33.8%	$463.8 M	39.7%	$432.0 M	
Corporate Income Tax	59.4	31.2%	50.8	26.8%	45.3	32.1%	32.0	
Sales Tax	414.5	44.3%	516.6	45.2%	478.4	46.8%	418.6	
Product Taxes	11.6	51.8%	12.5	46.6%	13.4	45.1%	18.5	
Miscellaneous	35.5	29.1%	38.2	31.7%	36.3	34.7%	35.5	
TOTAL	**$963.2 M**	**36.05%**	**$1,102.2 M**	**36.05%**	**$1,037.2 M**	**42.07%**	**$936.5 M**	**?**
5 MO. GROWTH RATE	**11.4%**		**14.4%**		**-5.9%**		**-9.8%**	
YR End RATE	**10.7%**		**0.7%**		**-15.3%**		**?**	
	(FY 2007 without tax increases)		(FY 2008 includes tax increases)		(FY 2009 includes tax increases)			

Estimate for "% of YR END" for FY 2010 = average of FY 2007, FY 2008 and FY 2009 percentages.
Average = (36.05% + 36.05% + 42.07%)/3 = 38.06%

Documentation for the ATI FY 2010/2011 general account revenue estimates:

Method #1 (FY 2010)
(Year End Total) (38.06%) = $936.5M
(Year End Total) (.3806) = $936.5M
Year End Total = ($936.5M / .3806) = $2,460.6M

The FY 2007 total was reduced by an estimated $140.5M for seven months of one-cent sales tax collections in determining year-end FY 06/07 growth rate and the first five months was reduced by an estimated $18.2M for the Nov. 2006 additional 6th-cent sales tax collection. Add an estimated $140.5M to the Method #1 (FY 2007) year-end total revenue estimate to include all the additional sales tax collections with the FY 2007 revenue estimate. Sales tax adjustments were dropped for FY 2008 and future years unless the rate changes again.

Method #2 (FY 2010)
$2,369.9M (after evaluating each revenue source individually this was used as the FY 2010 end of year estimate)

Income tax collections were evaluated in more detail and were found to be 6.8% below last year's cumulative end of November collections. If this trend continues, the result would be individual income tax collections of $1,088.7M for the FY 2010 estimate. Assume the last seven months of FY 2010 collections continue correcting from unemployment, tight credit and investment loses. Use $1,149.1M or 1.6% less than the FY 2009 year end amount.

Corporate tax collections are weaker than DFM's August 2009 prediction for FY 2010. Assume corporate tax collections continue being less than DFM's estimate. Use a smaller estimate of $120.7M.

Sales tax collections are declining at an estimated -12.5% rate for the first five months of FY 2010. The rate was an estimated -13.1% for the last seven months of FY 2009. Assume the sales tax collections strengthen some for an overall FY 2010 decline, of -7.0%, the net result being $951.6M, FY 2010 collections.

Product taxes are assumed to be at the $41.3M level, about the same as DFM's August $40.7M projection.
Based on collections for the first five months, miscellaneous revenues are assumed to be somewhat stronger than the $104.0M August 2009 DFM prediction. Use a FY 2010 amount of $107.2M.

Method #2 final calculations for FY 2010 and FY 2011 (See back page for results)
Based on estimated end of year distributions for FY 2010 the average, adjusted general account revenue mix consists of 48.5% personal income tax revenues, 5.1% corporate income tax, 40.2% sales tax, 1.7% product taxes and 4.5% miscellaneous revenues. The FY 2010 breakout is shown in the chart on the last page of this report.
This approximate distribution was used for the FY 2011 forecast.

A diversion from the cigarette tax to the General Fund occurred as per Idaho Code 63-2520(b)(4) and is to be used to fund the school bond levy equalization support program identified in Idaho Code 33-906. The exact amount of this diversion is unavailable until budgeted, but on the average is assumed/estimated to be $17.9M beginning in FY 2010 (see H327 from 2009 legislative session). However, after passage of H275 in the 2009 Legislative session, an estimated $1.0M Lottery dividend is subtracted from this amount for a net $16.9M from the Cigarette Taxes. The Lottery dividend subtraction estimated in FY 2011 = $2.5M, FY2012 = $3.0M, FY2013 = $3.5M, FY2014 = $4.0M and FY2015 = $4.5M. After that the estimated Lottery subtraction is zero.

FY 2012 (addn'l forecast year)
This is another year much like the previous year as the national and Idaho economy should expect a continuation of the gradual turnaround. The overall 3.0% general fund growth was distributed by revenue source nearly identical to the FY 2011 mix.

PROJECTIONS BY SPECIFIC REVENUE SOURCE (MILLIONS $'S)
-FISCAL YEARS -

Revenue Source	[1] 2004 (Actual)	% Chg	[2] 2005 (Actual)	% Chg	[3] 2006 (Actual)	% Chg	[3] 2007 (Actual)	% Chg	[4] 2008 (Actual)	% Chg	2009 (Actual)	% Chg	2010 (Estimate)	% Chg	2011 (Forecast)	% Chg	2012 (Forecast)
Per. Inc. Tax	$902.1	14.8%	$1,035.5	17.5%	$1,216.5	15.1%	$1,400.2	2.1%	$1,430.2	-18.3%	$1,168.1	-1.6%	$1,149.1	1.6%	$1,167.5	2.8%	$1,200.0
Corp. Inc. Tax	103.0	34.6%	138.6	40.0%	194.1	-2.0%	190.2	-0.3%	189.7	-25.6%	141.2	-14.5%	120.7	3.6%	125.0	3.4%	129.3
Sales Tax	886.1	7.5%	952.9	-7.6%	880.8	22.3%	1,077.5	6.0%	1,142.5	-10.5%	1,022.9	-7.0%	951.6	1.9%	969.9	3.5%	1,004.0
Product Taxes	44.6	-48.9%	22.8	3.1%	23.5	-4.7%	22.4	19.6%	26.8	10.8%	29.7	39.1%	41.3	-4.1%	39.6	-1.5%	39.0
Cigarettes	30.0		7.8		8.0		1.0		6.5		7.8						
Liquor	4.9		4.9		4.9		10.2		8.4		9.3						
Beer	1.9		2.0		2.0		2.1		2.1		2.0						
Wine	2.1		2.3		2.4		2.5		2.6		3.3						
Tobacco	5.5		5.8		6.2		6.6		7.2		7.3						
Misc. Revenues	97.8	21.7%	119.0	-2.2%	116.4	5.0%	122.2	-1.2%	120.6	-13.2%	104.7	2.4%	107.2	-3.5%	103.4	2.7%	106.2
Mine License	0.07		0.03		0.3		2.3		2.0		0.9						
Kilowatt Hour	1.8		1.6		2.3		2.3		1.9		2.0						
Insurance	62.8		60.9		60.4		59.8		60.0		55.5						
State Police/Bev.Lic.	1.6		1.6		1.7		1.8		1.9		1.6						
State Treas.	5.0		8.9		18.1		17.2		14.0		0.8						
Jud. Branch/County (courts)	5.0		4.7		4.8		5.0		5.1		5.4						
Unclaim. Prop.	3.7		9.8		2.0		3.3		2.5		1.8						
Lands	0.3		0.5		0.3		0.5		0.0		1.0						
Estate Tax	4.4		3.3		1.1		0.1		0.0		0.2						
Secretary of State (UCC)	2.4		2.7		3.0		3.0		3.1		2.4						
[2] Other/Dept. Tran.	10.8		25.0		22.4		26.9		31.5		33.1						
TOTAL	$2,033.6		$2,268.8		$2,431.3		$2,812.5		$2,909.8		$2,466.6		$2,369.9		$2,405.4		$2,478.5
% CHG	+16.2%		+11.6%		+7.2%		+15.7%		+3.5%		-15.2		-3.9%		1.5%		3.0%
% CHG W/OUT TAX INCR.	+5.9%		+13.1%		+15.9%		+10.7%		+0.7%								
* one-time federal $'s	$50.0																
Adjusted TOTAL	$2,083.6																

Other: Government overhead charge levied by the State Controller against dedicated and federal funds. The Secretary of State, Governor's office and departments of Agriculture, Administration, Corrections, Law Enforcement, Water Resources, DEQ, and Department of Lands provide some of this revenue. Public Utility Transfer to the General Account and other are also included. Supplemental appropriations may also entail some of this revenue (Example: FY 1994 included an additional $3 million one time appropriation from the Budget Reserve for public school textbooks, supplies, materials and equipment. A $420,000 transfer from the Liquor Fund to the General Account was also included.)

The "other" category increased sharply in FY 2000 due to primarily to an additional $4 million from the State Controller, .$7M the Attorney General, $1.3M DFM and $.7M Department of Lands. Also included were transfers of $2.1M DEQ fines, $.4 Finance and $1.0M BSU Reimbursement. The FY 2001 $7.0M increase was again due to transfers into this category (mostly from DEQ fines, Finance, Sec. of State, Insurance and Lands).

[1] In FY 1996 there was $40.8M of public school property tax relief shifted from the sales tax collections. In FY 1997 this amount was $45.2M and in FY 98 was $50.4M. FY 99 was $54.6 million; however, the sales tax was no longer diverted and remained in the FY 99 General Fund account. The FY 2000 amount was $58.0M, FY 2001 was $60.9M, FY 2002 was $64.6M, FY 2003 was $68.9M, FY 2004 was $73.0 million and in FY 2005 the amount to the General Fund was capped at $75.0 million.

[2] In FY 2002 there was $10.1M of agric. personal property tax exemption as part of the 2001 legislative tax relief package. This revenue was shown as transferred from the miscellaneous (other) category. In FY 2003 this ongoing transfer is $13.4M. This amount was removed from the state general funds each year until FY 2005 and after when it became a "substraction from the top" of state sales tax collections. In FY 2004 Idaho received $50M in one-time Federal assistance which is not included here.

[3] In FY 2003 Idaho's sales tax collections include an est. $13M, one-month (June 2003) of additional (1-cent) sales taxes. In FY 2004 the 1-cent additional sales taxes (est. $171.6M) were collected for the full year and are to sunset (est. $187.0M) at the end of FY 2005 (June 30, 2005), thus one-month of an estimated $17.8M sales tax increases were included in the first month of FY 2006. Idaho also increased cigarette taxes by 29 cents/pack in FY 2004 (est. $21.5M) which did not sunset at end of FY 2005, but went to an Economic Recovery Fund in FY 2005 (est. $21.9M) rather than the general fund. After that, the new cigarette tax goes to the state permanent building fund for Capitol Mall project improvements, along with approximately $8.0M existing general fund cigarette taxes starting in FY 2007. FY 2004 includes $50M one-time Federal assistance to Idaho, which is not included under misc. (other) revenue. Without tax increases the FY 2003 total fund percent increase was estimated at 2.8%.

[4] Idaho passed HB1 at the August 25, 2006 special legislative session. This 1-cent sales tax increase was done to help fund public school general M&O property tax relief. The 1-cent increase was estimated to be $219M if all collected in FY 2007, however, the new tax collections started in October 2006, so only eight months of collections occurred in FY 2007 (Nov. through June). These eight months collections currently are estimated to be $140.5M.