

State of Idaho

Economic Outlook Forecast

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SUMMARY OF FINDINGS (REVENUE PROJECTIONS)

FISCAL YEAR	GENERAL ACCOUNT REVENUE (in millions)	% Change
1995	1,288.1	9.8%
*1996	1,350.9	4.9%
1997	1,391.9	3.0%
1998	1,482.1	6.5%
1999 (includes \$54.6M prop. tax replc.)	1,624.5	9.6%
2000	1,821.0	12.1%
2001	1,984.6	9.0%
2002 (excludes \$10.1M ag. prop. tax ex.)	1,690.3	-14.8%
2003 (excludes \$13.4M ag. prop. tax ex.)	1,750.5	3.6% (est. 2.8% w/out tax incr.)
2004 (excludes ongoing \$13.4M ag. equip. ex. and one-time \$50M federal \$'s)	2,033.6	16.2% (est. 5.9% w/out 2003/2004 tax increases)
2005	2,268.8	11.6% (est. 13.1% w/out tax incr.)
2006	2,431.3	7.2% (est. 15.9% w/out tax incr.)
2007	2,812.5	15.7% (est. 10.7% w/out tax incr.)
2008	2,909.8	3.5% (est. 0.7% w/out tax incr.)
2009	2,466.6	-15.2%
2010	2,264.5	-8.2%
2011	2,444.5	7.9%
2012 Estimate	2,556.2	4.6%
2013 Forecast	2,657.8	4.0%

*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 2012 Revenue Projection = \$2,521.5M (6.9% over \$2,359.2M, midyear FY 2011 estimate).
August revised Executive Estimate for FY 2012 = \$2,601.3M (6.4% over \$2,444.5M, FY 2011 actual).

Sources: Idaho Outlook, General Account Update - Division of Financial Management.
Executive Budget, Fiscal Year 2012, Division of Financial Management.
Idaho Legislature, General Fund Budget Monitor, November 2011 (and prior reports).

2012 Estimate

Based on general account revenues collected since 1995, existing accruals and the expectation of continued slower revenue growth, the FY 2012 estimate is \$2,556.2M or 4.6% over FY 2011 (lower than DFM's August \$2,601.3M adjusted amount).

2013 Forecast

The attached background data about Idaho's economic future indicates there will be a more stable, slow increase from the 2012 revenue. The fundamental factors that make the Pacific NW (and Idaho) attractive remain in place.

Idaho's fragile economy will continue feeling impacts from the uncertain economies in other parts of the nation. Agriculture is expected to hold steady during 2012/2013. Timber struggles, but mining is somewhat stable. High tech manufacturing appears to be showing some recovery. Tourism looks steady. 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 4.0% increase from 2012 revenues is possible.

Background Information For General Account Revenue Forecasts

1. Wall Street Journal, U.S. News, Risks Cloud Outlook for Economy in 2012, Conor Dougherty, December 23, 2011.

The U.S. economy is poised for another year of muddling through. Most private economists forecast a modest 2% growth rate for the U.S. in 2012 (compared to the 2011 estimate of 1.7%). A pace subdued by housing woes, a lackluster job market, and cuts by government. Economists also warn of potential spillover from weakness abroad, including a mild recession apparently underway in Europe.

The outlook for 2012 is being shaped by four themes: 1) Global weakness—which threatens to undermine U.S. exports and could snowball if the European crisis deepens or another problem erupts. 2) The foreclosure problem—which will keep the housing market flat on its back. 3) A lackluster job market—which means U.S. businesses will keep adding jobs, but at a rate too slow to put much of a dent in unemployment. Consumer spending is projected to rise at a relatively sluggish pace of around 2.0% in 2012, down from the 2.6% annual rate economists expect for the fourth quarter of this year. 4) Government belt tightening—which will keep subtracting from growth. Congress's acrimony and propensity for last-minute deals will weigh on business and consumer confidence.

Consumers Perk Up as Job Market Stays Resilient, Conor Dougherty, December 23, 2011.

Initial claims for unemployment insurance in the U.S. fell to 364,000 last week, the lowest reading since April 2008. The four-week moving average has been improving for three months.

The Thomson Reuters/University of Michigan Consumer Sentiment Index rose to 69.9 in its final December reading, up from 64.1 in November. It started the year at 74.1 then plunged to a low of 55.7 in August. During the boom before the most recent recession, readings generally stayed well above 80.

In the fourth quarter, economists expect gross domestic product (GDP) growth to accelerate to an annual rate of more than 3%--the fastest pace in more than a year. Still, that momentum is not expected to carry into 2012.

Unemployment Eases, Jobs Still Scarce, Phil Izzo, December 21, 2011

Unemployment rates dropped in 43 states and Washington, D.C. in November, the Labor Department reported, but job growth remained relatively subdued. Nationally, the jobless rate declined to 8.6% last month from 9% in October.

The Labor Department noted that no state posted a statistically significant increase in unemployment, while declines posted by 13 states also were not significant. States hard hit by the housing bust continue to face elevated unemployment. Nevada far and away has the highest jobless rate, at 13%, followed by California's 11.3%. North Dakota is lowest at 3.4%.

According to a separate survey of companies conducted by the Labor Department, 29 states and Washington, D.C., added jobs in November from the previous month. The rest of the states shed positions.

U.S. News, Inflation Rate Seen Outpacing Home Prices for Years, Phil Izzo, December 9, 2011

The ailing housing market is unlikely to return to health before 2016 and is weighing on the U.S. economy's two-year-old recovery, which finally is showing signs of picking up steam.

That is according to economists in the latest Wall Street Journal survey, who expect home prices will begin to increase in 2012 but—by an 8 to 1 margin—don't see prices outpacing inflation over the next three years.

The economists expect home prices as measured by the Federal Housing and Finance Administration will be down 2.7% in 2011, but up slightly next year. They forecast that inflation will remain below 2.5% through at least 2014 after hitting 3.3% at the end of this year. Although the housing market, once stabilized, is expected to contribute to growth, a muted recovery means it won't add much. The 54 economists in the survey (not all of whom answer every question) expect economic expansion above 3% by 2014, which would be faster than the 1.7% forecast for 2011 but still relatively slow.

2. **The Idaho Statesman, NationWorld, Experts See Stocks Rising in 2012, Bernard Condon (The Associated Press), December 24, 2011.**

The good news: Wall Street will soar more than 10%. The bad: Analysts predicted big gains in 2011 and got nearly zero. There's plenty of reason to think stocks will rise fast in the coming year. U.S. companies are generating record profits. People are spending more than expected and factories are producing more. The odds of the U.S. slipping into another recession have fallen since the summer, when the economy had slowed. Binky Chadha, chief strategist at Deutsche Bank, says the S&P 500 could hit 1,500 by the end of 2012, a gain of more than 18%. Still, there is worry amid the bullishness.

Michael Hartnett, chief global equity strategist at Bank of America-Merrill Lynch, expects the S&P to close next year at 1,350, up 6.7% from Friday's close. He thinks the U.S. will avoid recession and U.S. companies will generate decent profits. What could wreck that prediction is a worse situation in Europe than he is expecting.

Economists Not Very Hopeful About 2012, Kevin Hall (The Associated Press), December 28, 2011.

The U.S. economy isn't likely to be much worse than it was this year, but it might not be much better, either. Economists at Bank of America Merrill Lynch are more pessimistic than most. They put the chances of a much deeper European crisis at 40 percent. If it really does reach that kind of stage of distress, we will see a mild global recession.

Even without a European meltdown, Ethan Harris, the bank's co-head of economic research, sees the U.S. economy slowing sharply. He projects strong growth in the final three month of 2011, well above 3%, but sees that braking to just 1% annualized growth by the final three months of 2012. Federal spending cuts already agreed to, should shave 1.5 percentage points off the U.S. growth rate next year, Harris calculates.

He sees a second shock coming from policy uncertainty, which includes unresolved issues of Bush-era tax cuts scheduled to expire at the end of 2012, the federal government poised to hit the debt ceiling again in 2012, as well as pressure to make structural changes to programs such as Social Security and Medicare. Another drag is the slow recovery of the housing sector. The pace of growth is likely to slow considerably next year.

3. **The Idaho Business Review, Report Says Western States Are Edging Toward Recovery, by The Associated Press from idahobusinessreview.com, December 16, 2011.**

The West is recovering faster than the nation as a whole, but employment across the region remained far below pre-recession levels and the housing market showed few signs of improvement, according to an economic report by Brookings Mountain West researchers at the University of Nevada, Las Vegas. The report focused on economic growth in 10 metropolitan areas spread across Nevada, Arizona, New Mexico, Utah, Colorado and Idaho.

Overall, the region saw a modest 0.3% growth in employment in the quarter ending September, compared to the national rate of 0.1%. “The road to recovery remains long and uncertain”, the report noted. Leading the recovery were Utah’s Ogden and Provo, Albuquerque in New Mexico, and Phoenix. Boise and Las Vegas showed modest signs. Ogden and Provo saw employment rise by 1.5% and Idaho’s Boise saw a 1% increase.

Manufacturing gains drove the jobs numbers in Provo and Ogden, while government expansion helped Boise grow its work force. Hard-hit Tucson, Boise and Phoenix also will not see improved home prices in the foreseeable future, the researchers concluded.

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

December 15, 2011 issue

Pacific Northwest states added jobs in 2011, but the gains were uneven. The economic recovery is still bumpy and fragile, and labor markets in the five states Marple’s covers were much the same in 2011. More people in the Pacific Northwest had jobs through October than the start of the year. The gains were even stronger compared to the year-ago period. But, for every industry that added employees, more were flat or down in 2011. Anything tied to housing—particularly construction and wood products—was a drag on states’ payroll totals. Manufacturing—both durable and non-durable goods—was a mixed bag.

Idaho had an uneven year in 2011. It was the only state among the five on Marple’s masthead to post a decline in non-farm payrolls through October. But the Gem State in October also posted its largest one-month gain since November 2006. Construction employment, which evaporated during the housing crash, has held steady in 2011 after four years of decline. The industry’s employment—nearly halved from its 2006 peak of 53,300—stood at 30,100 in October, 300 fewer than a year ago. With a modest 3% annual growth, it would take construction until 2030 to reach its pre-recession levels.

Idaho’s highly specialized semiconductor manufacturing sector, led by Micron Technology, employed 8,300 in October, one-third less than its 2007 peak. One trend in Idaho’s manufacturing industry is the transition away from production to research and development. The R&D jobs are good and have a strong multiplier effect, but they don’t always increase at the same pace of demand as production jobs do, stated Idaho DOL researchers.

Health care’s trajectory leveled off in 2011. It gained 100 employees year over year, a 0.1% increase, after steady, roughly 5% annual growth that goes back until at least 1990. Underlying data show promise that Idaho’s labor market is on solid footing. A job vacancy survey last spring indicated more hiring for new jobs rather than to replace departed workers.

November 9, 2011 issue

While exports to China have been a lifeline for the five states on Marple’s masthead, business and government leaders are also working to increase a key import from the region’s top trade partner: money, as in investments in Northwest businesses. Chinese direct investment in the Northwest is comparatively small. Oregon leads the region and is ranked 7th highest nationally. Idaho follows and is ranked 18th compared to other states.

Investment in Idaho totals at least \$62 million. Most of that amount went to Hoku’s plant in Pocatello, that will produce solar-grade polysilicon. Two other China-backed projects are in various stages of development and include a fertilizer plant near Pocatello and the other is a Chinese bus builder that is close to announcing a North American headquarters with a long-range timeline that may also include manufacturing or assembling the buses in Idaho.

If you look beyond the Treasure Valley, areas of Idaho with agriculture-based economies have weathered the storm well, and even prospered. The most recent good news comes from Twin Falls, where a yogurt company (Chobani) announced plans for a \$128 million plant

that will employ 400 production workers. The plant will add to the more than half dozen milk processing plants and cheese processors in south-central Idaho.

5. **Boise Area Chamber of Commerce, Economic Outlook Forum, November 18, 2011. Information from local presenters and the Business Barometer is summarized below:**

John Church, Idaho Economics, (Economic Update: Positive Gains in Idaho Employment; Evidence Weighs In—Economy Slowly on Its Way Back)

Employment in Idaho: In the first eight months of 2011 total non-agricultural employment in Idaho increased by 1.1%, 6,500 jobs, from levels of a year earlier. The goods producing industries of mining, natural resources, construction, and manufacturing posted a modest overall gain in employment. However, the construction industry in Idaho has not yet posted any signs of a recovery in employment. August 2011 construction employment in Idaho was off 2.9%, (1,000) jobs, from August 2010 employment levels.

In the Boise MSA, total nonagricultural employment in August 2011 posted a 1.6% gain, 4,000 jobs, from August 2010 levels. The employment gains in the State and the Boise MSA appear to be broad based. The service providing industries in the State posted a 1.2% employment increase, 6,300 jobs, in August 2011 over year earlier levels. The Boise MSA captured nearly half of those gains with the service providing industries adding nearly 3,500 jobs over year earlier levels in the last two months. The fact that the State and Boise MSA are positive employment gains from year earlier levels is good news. Nevertheless, it will take many months of employment gains at this pace to make up for the nearly 51,500 non-agricultural jobs lost in the State and the nearly 23,200 non-ag jobs lost in the Boise MSA during the recent economic recession.

Bill Canon, PKG User Interface Solutions (Growing Into Major Healthcare Diagnostics Player)

PKG User Interface Solutions is an industry-leading designer, developer and manufacturer of advanced, innovative user interface systems, primarily in the medical, industrial and avionics industries. Currently employing 85 people, PKG expects approximately 50% new employment growth over the next year, with next phase construction considerations and planning to begin later in 2012. The new corporate headquarters (between Locust Grove and Eagle Roads) is positioned central to the CORE, Idaho's first industry cluster and is devoted to building out Idaho's core competency in health care, research and technology.

Jeff Mihalic, Western Aircraft (Seeks Legislative Assistance to Level the Playing Field, Create Jobs)

Located at Gowen Field, Western Aircraft began operations in the 1930's as the flight department for Morrison Knudsen. Today, Western employs 164 people and provides maintenance and fueling services to general aviation and business aviation customers from across the U.S. Western's primary competitors operate in states that do not tax aircraft parts installed on aircraft during maintenance. Western is asking that Idaho's sales tax exemption for parts installed on commercial aircraft be extended to include all general aviation and business aircraft, to better compete for business across the U.S. They predict employment growing by at least 100 employees, with an annual payroll increase of \$5,450,000 within 60 months.

Thomas Harmon, ProService (Plants its Roots in the Treasure Valley)

ProService is a newly founded third party customer service company that opened a 26,000-square foot facility in Meridian in October 2011. One of ProService's charter clients is online retailer Balsam Brands, a fast-growing company with a portfolio of home furnishings and other niche market brands, that has sustained 40 percent annual growth for the past few years. ProService is thrilled to plant its roots in the Treasure Valley and is excited to be able to create up to 100 jobs in the upcoming years.

2011 County Assessed (Taxable) Property Values:

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

<u>COUNTY</u>	<u>COUNTY SEAT</u>	* 2010 COUNTY		** 2011		2010-11 ASSESSED <u>VALUE CHANGE</u>
		<u>POPULATION</u>		<u>ASSESSED VALUE</u>		
1. Ada	Boise	393,531		\$24,566.5	M	(\$2,108.0) M
2. Canyon	Caldwell	189,428		\$6,840.7		(\$510.3)
3. Kootenai	Coeur d'Alene	138,901		\$12,057.2		(\$870.7)
4. Bonneville	Idaho Falls	104,592		\$5,564.7		(\$24.6)
5. Bannock	Pocatello	83,071		\$3,966.6		\$387.0
6. Twin Falls	Twin Falls	77,517		\$4,346.5		\$16.9
7. Bingham	Blackfoot	45,769		\$1,643.8		\$42.8
8. Bonner	Sandpoint	40,915		\$6,045.2		(\$417.9)
9. Nez Perce	Lewiston	39,339		\$2,596.9		\$27.8
10. Madison	Rexburg	37,623		\$1,389.5		\$21.3
SUBTOTAL		1,150,686	(73.2%)	\$69,017.5	(64.7%)	(\$3,435.6) (65.4%)
Custer	Challis	4,366		896.7		180.3
Latah	Moscow	37,334		1,904.9		39.8
Caribou	Soda Springs	6,977		748.0		91.7
Payette	Payette	22,621		1,086.8		69.0
SUBTOTAL (Cumulative)		1,221,984	(77.8%)	\$73,653.9	(69.0%)	(\$3,054.8) (58.1%)
TOTAL STATE		1,571,450	(100%)	\$106,676.8	(100%)	(\$5,253.5) (100%)

* 2010 Census Estimates (7-1-10)

** Does not include previous year's subroll (est. only). Preliminary 2011 data.

Assessed (taxable) property value in Idaho's counties decreased by \$5,253.5 million between 2010 and 2011. The ten most populated counties had 65.4% of Idaho's decreased value. When you include Custer, Latah, Caribou and Payette counties with the ten most populated counties, 58.1% of Idaho's value change is accounted for. (In 2009-10 the ten most populated counties had 68.0% of the change in value. When Oneida, Latah, Caribou and Gooding County were included, 66.4% of Idaho's 2009-10 value change was accounted for).

The \$(5,253.5) million assessed market value change for 2010-11 is 54.9% more than the 2009-10 change of \$(11,639.9) million. The 2008-09 change was \$(6,658.1) million and 2007-08 was \$5,451.7 million.

Bannock and Custer counties showed the largest 2010-11 assessed market value increases at \$387.0M and \$180.3M, respectively. In the 2009-10 period Bannock and Nez Perce showed the largest increases at \$100.2 and \$88.7 million, respectively.

Twenty counties lost net assessed market value in the 2010-11 period. Twenty Five counties lost net assessed value in the 2009-10 period. Eleven counties in the 2008-09 period lost net assessed value.

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

SUMMARY OF STATEWIDE ASSESSED VALUE CHANGES (2010/2011)

2010/2011 Difference (includes subrolls)	\$112,299.6 to \$106,713.1 =	\$ (5,586.5)M	-5.0%
Categories with decreases:			
Urban/Rural-owner occupied residential,	\$(2,483.8)		-6.0%
Urban/Rural non-owner occupied residential,	\$(2,381.0)		-7.4%
Urban/Rural Commercial/Industrial,	\$(1,255.9)		-4.2%
Timber,	\$(106.6)		-12.0%
		<u>\$ (6,227.3)M</u>	
Categories with increases:			
Agriculture,	\$18.8		+0.6%
Mining,	\$194.4		+46.8%
Operating,	\$427.6		+9.7%
		<u>\$640.8M</u>	

Statewide County Assessed Market Values, 2010 and 2009 Compared

<u>COUNTY</u>	<u>2011</u>	<u>2010</u>	<u>DIFFERENCE</u>	<u>% Chg.</u>
Bannock	3,966,588,427	3,579,564,069	387,024,358	10.8%
Custer	896,680,249	716,400,865	180,279,384	25.2%
Caribou	748,012,213	656,285,807	91,726,406	14.0%
Payette	1,086,766,034	1,017,768,670	68,997,364	6.8%
Bingham	1,643,751,718	1,600,965,620	42,786,098	2.7%
Latah	1,904,921,414	1,865,097,300	39,824,114	2.1%
Gooding	887,017,741	854,315,212	32,702,529	3.8%
Power	734,809,111	704,502,725	30,306,386	4.3%
Nez Perce	2,596,934,917	2,569,101,230	27,833,687	1.1%
Cassia	1,154,823,985	1,129,079,346	25,744,639	2.3%
Washington	670,607,838	647,060,228	23,547,610	3.6%
Franklin	602,232,612	579,101,294	23,131,318	4.0%
Madison	1,389,488,220	1,368,185,913	21,302,307	1.6%
Fremont	1,575,891,200	1,554,795,746	21,095,454	1.4%
Lemhi	624,662,307	605,269,013	19,393,294	3.2%
Minidoka	986,841,469	968,315,164	18,526,305	1.9%
Twin Falls	4,346,492,398	4,329,560,053	16,932,345	0.4%
Oneida	293,227,003	280,546,490	12,680,513	4.5%
Butte	141,247,986	134,808,777	6,439,209	4.8%
Clark	112,224,481	109,995,952	2,228,529	2.0%
Jerome	1,114,168,454	1,112,011,313	2,157,141	0.2%
Boundary	863,941,278	862,636,693	1,304,585	0.2%
Bear Lake	741,583,417	741,026,719	556,698	0.1%
Lewis	240,723,142	240,450,193	272,949	0.1%
Camas	150,251,154	150,870,482	(619,328)	-0.4%
Lincoln	296,345,803	303,596,128	(7,250,325)	-2.4%
Benewah	672,616,883	685,394,814	(12,777,931)	-1.9%
Owyhee	507,438,871	522,391,005	(14,952,134)	-2.9%
Idaho	1,252,556,792	1,268,017,113	(15,460,321)	-1.2%
Adams	406,638,900	426,961,713	(20,322,813)	-4.8%
Bonneville	5,564,689,405	5,589,338,891	(24,649,486)	-0.4%
Clearwater	581,986,593	616,049,876	(34,063,283)	-5.5%
Boise	680,956,066	733,741,089	(52,785,023)	-7.2%
Jefferson	1,090,575,101	1,150,775,061	(60,199,960)	-5.2%
Shoshone	869,166,649	946,937,294	(77,770,645)	-8.2%
Elmore	1,314,804,232	1,431,441,407	(116,637,175)	-8.1%
Gem	633,121,039	797,802,980	(164,681,941)	-20.6%
Teton	1,505,848,523	1,786,905,621	(281,057,098)	-15.7%
Valley	2,913,984,374	3,294,516,127	(380,531,753)	-11.6%
Bonner	6,045,191,784	6,463,092,177	(417,900,393)	-6.5%
Canyon	6,840,705,510	7,350,960,562	(510,255,052)	-6.9%
Kootenai	12,057,168,912	12,927,862,542	(870,693,630)	-6.7%
Blaine	9,402,669,462	10,582,369,105	(1,179,699,643)	-11.1%
Ada	\$24,566,466,822	\$26,674,429,612	(2,107,962,790)	-7.9%

TOTAL **106,676,820,489** **111,930,297,991** **(5,253,477,502)** **-4.7%**

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

STATEWIDE COUNTY ASSESSED MARKET VALUES

	ASSESSED VALUE	ANNUAL CHANGE	PERCENT CHANGE
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%
2010	\$111,930,297,991	(\$11,639,861,408)	-9.4%
2011	\$106,676,820,489	(\$5,253,477,502)	-4.7%
		AVERAGE ANNUAL % CHANGE:	5.8%

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

**General Fund Update, State Division of Financial Management, November 30, 2008, 2009, 2010
and 2011 Revenues. (Table also includes ATI calculations).**

REVENUE SOURCE	11/30/2008		11/30/2009		11/30/2010		11/30/2011	
	FY 2009	% of YR END	FY 2010	% of YR END	FY 2011	% of YR END	FY 2012	% of YR END
Individual Income Tax	\$463.8 M	39.7%	\$432.0 M	40.7%	\$447.5 M	38.8%	\$465.7 M	
Corporate Income Tax	45.3	32.1%	32.0	33.0%	39.6	23.4%	49.2	
Sales Tax	478.4	46.8%	418.6	43.8%	431.1	44.3%	44.8	
Product Taxes	13.4	45.1%	18.5	45.0%	20.2	47.2%	20.5	
Miscellaneous	36.3	34.7%	35.5	32.7%	34.7	32.2%	38.8	
TOTAL	\$1,037.2 M	42.07%	\$936.6 M	41.36%	\$973.2 M	39.81%	\$1,016.0 M	?
5 MO. GROWTH RATE	-5.9%		-9.7%		3.9%		4.4%	
YEAR END RATE	-15.3%		-8.2%		7.9%		?	

Estimate for "% of YR END" for FY 2012 = average of FY 2009, FY 2010 and FY 2011 percentages.
Average = (42.07% + 41.36% + 39.81%)/3 = 41.08%

Documentation for the ATI FY 2011/2012 general account revenue estimates:

Method #1 (Year End Total) (41.08%) = \$1,016.0M
(FY 2012) (Year End Total) (.4108) = \$1,016.0M
Year End Total = (\$1,016.0M / .4108) = \$2,473.2M

Method #2 \$2,556.2M (after evaluating each revenue source individually this was used as
(FY 2012) the FY 2012 end of year estimate)

Income tax collections were evaluated in more detail and were found to be 4.1% above last year's cumulative end of November collections. If this trend continues, the result would be individual income tax collections of \$1,199.9M for the FY 2012 estimate. Assume the last seven months of FY 2012 collections continue correcting from unemployment, tight credit and investment loses. Use \$1,220.7M or 5.9% more than the FY 2011 year end amount.

Corporate tax collections are stronger than DFM's August 2011 prediction for FY 2012. Assume corporate tax collections remain stronger than DFM's estimate. Use a slightly larger estimate of \$182.4M.

Sales tax collections are growing at an estimated 2.5% rate for the first five months of FY 2012. The rate was an estimated 0.7% for the last seven months of FY 2011. Assume the sales tax collections maintain a growth trend for an overall FY 2012 increase of 3.3%, the net result being \$1,004.5M, FY 2012 collections.

Product taxes are assumed to be at the \$43.1M level, the same as DFM's August \$43.1M projection. Based on collections for the first five months, miscellaneous revenues are assumed to be somewhat stronger than the \$97.6M August 2011 DFM prediction. Use a FY 2012 amount of \$105.5M.

Method #2 final calculations for FY 2013 (See back page for results)

Based on estimated end of year distributions for FY 2012 the average, adjusted general account revenue mix consists of 47.8% individual income tax revenues, 7.1% corporate income tax, 39.3% sales tax, 1.7% product taxes and 4.1% miscellaneous revenues. The FY 2013 breakout is shown in the chart on the last page of this report.

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.

In 2010 the Idaho legislature passed S1418. Section 13 of that bill directed that \$14.4M shall be distributed from the cigarette tax in FY2011 for the school bond equalization support. Based on this, the FY2012 base amount was used, but was offset by \$3.0M lottery dividend for a net \$11.4M from the cigarette tax. FY 2013 was assumed to be \$14.4M-\$3.5M lottery offset for a net \$10.9M from the cigarette tax. FY2014 will be \$14.4M-\$4.0M lottery for a net \$10.4M cigarette tax and in FY 2015 it will be \$14.4M-\$4.5M offset for a net \$9.9M cigarette tax.

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

Revenue Source	²		²		²		²		²		²		²		²		²
	2005 (Actual)	% Chg	2006 (Actual)	% Chg	2007 (Actual)	% Chg	2008 (Actual)	% Chg	2009 (Actual)	% Chg	2010 (Actual)	% Chg	2011 (Actual)	% Chg	2012 (Estimate)	% Chg	2013 (Forecast)
Ind. Inc. Tax	\$1,035.5	17.5%	\$1,216.5	15.1%	\$1,400.2	2.1%	\$1,430.2	-18.3%	\$1,168.1	-9.1%	\$1,061.9	8.6%	\$1,152.7	5.9%	\$1,220.7	5.0%	\$1,281.9
Corp. Inc. Tax	138.6	40.0%	194.1	-2.0%	190.2	-0.3%	189.7	-25.6%	141.2	-31.3%	97.0	74.1%	168.9	8.0%	182.4	1.3%	184.8
Sales Tax	952.9	-7.6%	880.8	22.3%	1,077.5	6.0%	1,142.5	-10.5%	1,022.9	-6.6%	955.9	1.7%	972.4	3.3%	1,004.5	3.6%	1,040.7
Product Taxes	22.8	3.1%	23.5	-4.7%	22.4	19.6%	26.8	10.8%	29.7	38.7%	41.2	3.9%	42.8	0.7%	43.1	1.2%	43.6
Cigarettes	7.8		8.0		1.0		6.5		7.8		16.9		14.4				
Liquor	4.9		4.9		10.2		8.4		9.3		11.4		14.8				
Beer	2.0		2.0		2.1		2.1		2.0		2.1		2.0				
Wine	2.3		2.4		2.5		2.6		3.3		3.0		3.2				
Tobacco	5.8		6.2		6.6		7.2		7.3		7.8		8.4				
Misc. Revenues	119.0	-2.2%	116.4	5.0%	122.2	-1.2%	120.6	-13.2%	104.7	3.6%	108.5	-0.7%	107.7	-2.0%	105.5	1.2%	106.8
Mine License	0.03		0.3		2.3		2.0		0.9		1.8		1.6				
Kilowatt Hour	1.6		2.3		2.3		1.9		2.0		2.1		2.4				
Insurance	60.9		60.4		59.8		60.0		55.5		53.6		54.1				
State Police/Bev.Lic.	1.6		1.7		1.8		1.9		1.6		1.5		1.5				
State Treas.	8.9		18.1		17.2		14.0		0.8		-1.3		-0.4				
Jud. Branch/County (courts)	4.7		4.8		5.0		5.1		5.4		5.4		5.1				
Unclaim. Prop.	9.8		2.0		3.3		2.5		1.8		8.2		4.5				
Lands	0.5		0.3		0.5		0.0		1.0		0.7		0.6				
Estate Tax	3.3		1.1		0.1		0.0		0.2		-0.2		0.5				
Secretary of State (UCC)	2.7		3.0		3.0		3.1		2.4		2.4		2.4				
¹ Other/Dept. Tran.	25.0		22.4		26.9		31.5		33.1		34.3		35.4				
TOTAL	\$2,268.8		\$2,431.3		\$2,812.5		\$2,909.8		\$2,466.6		\$2,264.5		\$2,444.5		\$2,556.2		\$2,657.8
% CHG	+11.6%		+7.2%		+15.7%		+3.5%		-15.2%		-8.2%		7.9%		4.6%		4.0%
% CHG W/OUT TAX INCR.	+13.1%		+15.9%		+10.7%		+0.7%										

Other:¹ 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.)

² In FY 2003 Idaho's sales tax collections included 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 were 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.

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 were estimated to be \$140.5M.