TENNESSEE REVENUE ESTIMATES

FISCAL YEARS 2008-09 AND 2009-10

PRESENTED TO

TENNESSEE STATE FUNDING BOARD

DECEMBER 3, 2008

James W. White
Executive Director

Dan E. Cooper
Assistant Director

Robert N. Currey
Chief Economist

Fiscal Review Committee

SCHEDULE SHOWING 2008-09 AND 2009-10 REVENUE ESTIMATES
FOR ALL FUNDS BY FISCAL REVIEW STAFF
ACCRUAL COLLECTIONS

REVENUE SOURCE	ACTUAL ACCRUAL COLLECTIONS FY 07-08	FRC STAFF ESTIMATES FY 08-09	PERCENT INCREASE OVER FY 07-08	FRC STAFF ESTIMATES FY 09-10	PERCENT INCREASE OVER FY 08-09
SALES & USE TAX	$6,851,184,800	$6,611,393,000	(3.5)	$6,809,735,000	3.0
GASOLINE TAX	617,080,800	599,369,000	(2.9)	605,363,000	1.0
MOTOR FUEL TAX	182,938,900	171,285,000	(6.4)	175,567,000	2.5
GASOLINE INSPECTION TAX	65,161,400	63,500,000	(2.5)	64,770,000	2.0
MOTOR VEHICLE REG. TAX	251,309,200	245,000,000	(2.5)	248,675,000	1.5
INCOME TAX	292,027,400	175,216,000	(40.0)	175,216,000	-
PRIVILEGE TAX - LESS EARMARKED[1)]	279,005,500	265,000,000	(5.0)	269,638,000	1.75
GROSS RECEIPTS TAX:					
TVA	271,229,700	283,100,000	4.4	295,840,000	4.5
OTHER	19,765,400	25,200,000	27.5	26,082,000	3.5
BEER TAX	17,927,400	18,300,000	2.1	18,849,000	3.0
ALCOHOLIC BEVERAGE TAX	42,602,300	44,200,000	3.8	45,526,000	3.0
FRANCHISE & EXCISE TAX	1,619,508,100	1,229,337,000	(24.1)	1,266,217,000	3.0
INHERITANCE TAX	112,796,700	104,000,000	(7.8)	107,120,000	3.0
TOBACCO TAX	286,036,500	315,000,000	10.1	318,150,000	1.0
MOTOR VEHICLE TITLE FEES	11,392,000	10,538,000	(7.5)	10,749,000	2.0
MIXED DRINK TAX	54,903,200	56,000,000	2.0	57,680,000	3.0
BUSINESS TAX	138,156,800	128,486,000	(7.0)	131,056,000	2.0
SEVERANCE TAX	2,616,700	2,700,000	3.2	2,800,000	3.7
AMUSEMENT TAX	252,100	300,000	19.0	300,000	-
UNAUTHORIZED SUBSTANCE	1,688,300	1,700,000	0.7	1,800,000	5.9
TOTAL REVENUES	**$11,117,583,200**	**$10,349,624,000**	**(6.91)**	**$10,631,133,000**	**2.72**
CURRENT REVISED EST. FY 08-09					
SALES TAX		$7,019,200,000			
FRANCHISE & EXCISE TAX		$1,664,100,000			
ALL FUNDS		$11,396,500,000			
EST. SHORTAGE COMPARED TO					
FY 08-09 REVISED ESTIMATE:					
ALL FUNDS		$1,046,876,000			
GENERAL FUND		$949,333,000			

[1)] Privilege tax collections are reduced by $34.6 million in FY07-08 and $10,700,000 in FY08-09 for earmarked potion of the tax.

SCHEDULE 1

FRC 12-3-08

SCHEDULE SHOWING FISCAL REVIEW STAFF REVENUE ESTIMATES FOR ALL FUNDS AND THE GENERAL FUND FOR FISCAL YEAR 08-09

	ALL FUNDS	GENERAL FUND
REVENUE SOURCE	FY 08-09	FY 08-09
SALES & USE TAX	$6,611,393,000	$6,257,022,000
GASOLINE TAX	599,369,000	9,170,000
MOTOR FUEL TAX	171,285,000	3,186,000
GASOLINE INSPECTION TAX	63,500,000	18,415,000
MOTOR VEHICLE REGISTRATION TAX	245,000,000	45,276,000
INCOME TAX	175,216,000	116,326,000
PRIVILEGE TAX	265,000,000	265,000,000
GROSS RECEIPTS TAX:		
TVA	283,100,000	161,509,000
OTHER	25,200,000	21,259,000
BEER TAX	18,300,000	12,265,000
ALCOHOLIC BEVERAGE TAX	44,200,000	36,518,000
FRANCHISE & EXCISE TAX	1,229,337,000	1,026,937,000
INHERITANCE TAX	104,000,000	104,000,000
TOBACCO TAX	315,000,000	315,000,000
MOTOR VEHICLE TITLE FEES	10,538,000	7,838,000
MIXED DRINK TAX	56,000,000	28,000,000
BUSINESS TAX	128,486,000	128,486,000
SEVERANCE TAX	2,700,000	750,000
AMUSEMENT TAX	300,000	300,000
UNAUTHORIZED SUBSTANCE	1,700,000	510,000
TOTAL	$10,349,624,000	$8,557,767,000

FRC 12-3-08

SCHEDULE SHOWING FISCAL REVIEW STAFF REVENUE ESTIMATES FOR ALL FUNDS AND THE GENERAL FUND FISCAL YEAR 09-10

	ALL FUNDS	GENERAL FUND
REVENUE SOURCE	FY 09-10	FY 09-10
SALES & USE TAX	$6,809,735,000	$6,444,733,000
GASOLINE TAX	605,363,000	9,262,000
MOTOR FUEL TAX	175,567,000	3,266,000
GASOLINE INSPECTION TAX	64,770,000	18,783,000
MOTOR VEHICLE REGISTRATION TAX	248,675,000	45,955,000
INCOME TAX	175,216,000	116,326,000
PRIVILEGE TAX	269,638,000	269,638,000
GROSS RECEIPTS TAX:		
TVA	295,840,000	168,777,000
OTHER	26,082,000	22,003,000
BEER TAX	18,849,000	12,633,000
ALCOHOLIC BEVERAGE TAX	45,526,000	37,614,000
FRANCHISE & EXCISE TAX	1,266,217,000	1,063,817,000
INHERITANCE TAX	107,120,000	107,120,000
TOBACCO TAX	318,150,000	318,150,000
MOTOR VEHICLE TITLE FEES	10,749,000	8,049,000
MIXED DRINK TAX	57,680,000	28,840,000
BUSINESS TAX	131,056,000	131,056,000
SEVERANCE TAX	2,800,000	778,000
AMUSEMENT TAX	300,000	300,000
UNAUTHORIZED SUBSTANCE	1,800,000	540,000
TOTAL	$10,631,133,000	$8,807,640,000
ESTIMATED DOLLAR GROWTH OVER FRC ESTIMATE FOR FY 08-09	$281,509,000	$249,873,000

FRC 12-3-08

REVENUE ESTIMATES BY FISCAL REVIEW STAFF COMPARED WITH BUDGETED ESTIMATES GENERAL FUND FY 2008-09

Taxes Which Account for Most of Shortfall

Tax	Shortfall
F&E	$434,763,000
Sales	385,678,000
Income	57,874,000
Privilege	41,600,000
	$919,915,000

Fiscal Review Staff Estimated Shortfall $949,333,000

All other taxes combined are estimated to have a net shortage of $29,418,000

Growth Rate Comparison from the 2001-2002 Recession to the 2008-2009 Recession

The 2001-2002 Recession

	Growth Rates (Based on Actual Accruals)			
	FY99-00	FY00-01	FY01-02	FY02-03
Sales & Use	5.85%	0.93%	0.05%	17.49%
F&E	21.52%	1.82%	-12.38%	10.91%
Privilege*	7.79%	4.59%	10.34%	22.07%
Income	12.19%	10.84%	-28.93%	-18.25%

Less Earmarked Revenue

The 2008-2009 Recession

	Growth Rates (Based on Actual Accruals)			FRC Estimate
	FY05-06	FY06-07	FY07-08	FY08-09
Sales & Use	6.96%	4.60%	0.52%	-3.50%
F&E	8.72%	18.40%	-8.30%	-24.10%
Privilege*	15.08%	2.92%	-11.09%	-5.00%
Income	24.66%	27.37%	17.96%	-40.00%

Less Earmarked Revenue

Prepared by RNC, Fiscal Review Committee, Tennessee General Assembly