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MEMORANDUM

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NEW ENGLAND PUBLIC POLICY CENTER

To: Robert Tannenwald
Cc: Lynn Browne, Jeff Fuhrer, Prabal Chakrabarti, Alicia Sasser, Bo Zhao, Yolanda Kodrzycki, Katharine Bradbury, Mary Burke, and Darcy Saas
From: Robert Clifford, Jennifer Weiner, and Heather Brome
Date: March 12, 2009
Re: New England State Fiscal Review (Through January Fiscal Year 2009)

Overview

This memo compares New England state revenue collections through January of fiscal year 2009 (FY09) to revenue collections through January of fiscal year 2008 (FY08), describes projected state budget deficits, and summarizes actions taken or planned to address them. Data reported are current as of February 26, 2009.

In all six New England states, total state revenue collections have plummeted sharply relative to their year-ago levels. Through January, year-over-year declines ranged from 2.2 percent in both Maine and Rhode Island to 8.4 percent in Connecticut. Retail sales tax revenue collections have fallen between 1.0 percent in New Hampshire and 11.3 percent in Connecticut. Sales taxes are a fairly good concurrent indicator of economic activity.

Through the first seven months of FY09 (through January FY09), three New England States—Connecticut, Maine, and New Hampshire—had experienced the steepest year-over-year decline since FY95, the fiscal year in which the Boston Fed began to collect revenue data for the region's six states. Sales tax collections also declined at historic rates in Massachusetts and Connecticut; the latter also experienced the largest year-over-year decline in income tax collections over the period analyzed.

Due to plummeting revenues, all states in the region have been forced to grapple with projected budget deficits for FY09. One survey found that projected current-year deficits expressed as a percent of state general fund budgets ranged from 2.3 percent in Connecticut to 10.4 percent in Rhode Island. Massachusetts' $2.4 billion projected deficit is 8.5 percent of spending of the Commonwealth's general fund budget.

As a result, states have enacted or considered a variety of measures to address projected current and future deficits, including cuts in municipal and/or school aid, measures to reduce labor costs (e.g. hiring freezes, retirement incentives, layoffs), tax amnesty programs, use of rainy day funds, increased fees, raising selective taxes (e.g. cigarettes), and removing certain exemptions from broad-based taxes. States are also depending on assistance from the recently passed federal stimulus package to address current-year gaps.

Summary of Total Revenue Collections, Projected State Budget Deficits

Year-over-year total revenue collections for all New England states were down—in some cases, sharply—through January FY09 (See Graph 1, page 3). Year-over-year declines ranged from 2.2 percent for both Maine and Rhode Island to 8.4 percent in Connecticut. Connecticut's 8.4 percent decline is especially steep when compared to the 10.2 percent year-over-year growth in total collections the state experienced through January FY08. New Hampshire reported the second largest year-over-year decline in total revenues, dropping 6.1 percent. Collections in Massachusetts and Vermont declined by slightly less, down 4.3 and 4.0 percent, respectively.

Declines in total state revenues have forced all states in the region to grapple with projected budget deficits for FY09. Table 1 (below) describes the magnitude of these deficits in New England, as reported by a January 2009 National Conference of State Legislatures' (NCSL) survey. Expressed as a percent of the state's general fund budget, deficit estimates as of January ranged from 2.3 percent in Connecticut to 10.4 percent in Rhode Island. Unfortunately, these deficit estimates are likely an outdated case in point; a February press release from the Office of Connecticut's Governor reported that state's projected current-year deficit over $1 billion—significantly higher than the figure recorded in the NCSL's January compilation.

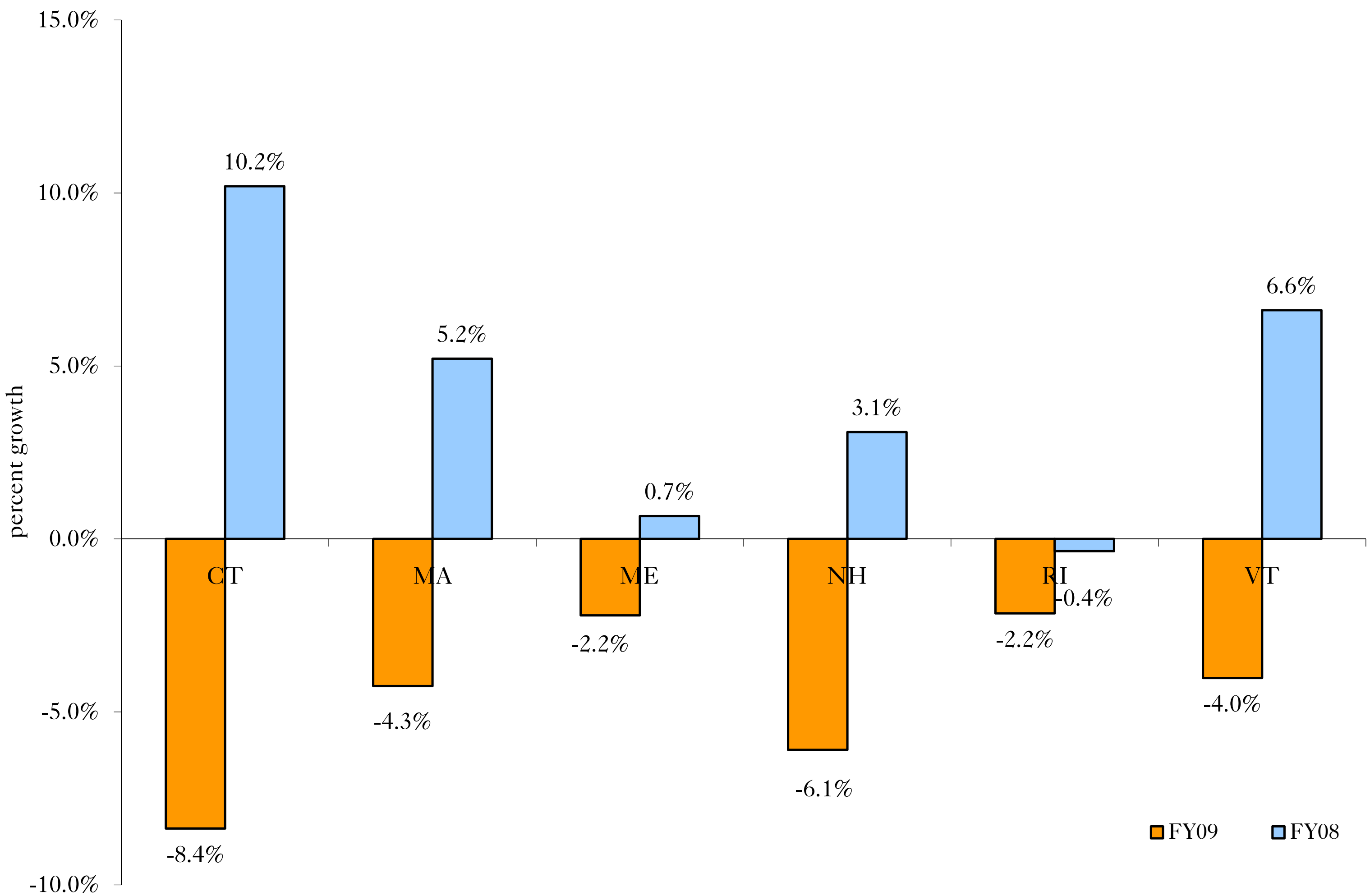
Table 1 – Projected Current-year Budget Deficits (NCSL Survey)

State	Size of deficit as of January 2009 (millions)	Deficit as percent of general fund budget
Connecticut	$392	2.3%
Maine	$140	4.5%
Massachusetts	$2,400	8.5%
New Hampshire	$250	10.0%
Rhode Island	$350	10.4%
Vermont	$53	4.5%

Source: National Conference of State Legislatures, "Update on State Budget Gaps: FY 2009 & FY 2010," February 6, 2009.
Note: Deficit estimates reported in this table do not necessarily reflect the latest revenue projections or mitigation measures undertaken by states.

In addition to current-year fiscal challenges, states in the region also face projected budget deficits for FY10 and beyond as projected revenues for these future periods fall short of expenditures necessary to maintain current levels of service. Governors from New England states with a biennial budgeting process have recently proposed budgets for FY10 and FY11 that address anticipated budget deficits of $6 billion in Connecticut, $1 billion in New Hampshire, and $838 million in Maine. Proposed FY10 budgets for Massachusetts and Vermont—states with an annual budgeting process—bridge gaps of $3.5 billion and $200 million, respectively. Rhode Island, which is also on an annual cycle, has not yet released its FY10 budget proposal but estimates suggest the state will grapple with a deficit of around $460 million in FY10.

Graph 1: Year-Over-Year Growth in Total Revenue Collections, Through January FY09 and FY08



As noted, New England states have enacted or considered a variety of measures to address current and future deficits. These actions are described in the section following. In addition, all New England states have proposed to use federal stimulus dollars to bridge current and/or future fiscal year deficits. The American Recovery and Reinvestment Act of 2009 (ARRA)—the federal stimulus package passed by Congress and signed into law by President Obama in February—provides two main sources of funds that states may use to address budget deficits. First, states will receive a temporary increase in their Federal Medicaid Assistance Percentage (FMAP)—the rate at which the federal government reimburses states for Medicaid spending. Second, ARRA includes a fiscal stabilization fund with the specific purpose of helping state and local governments avert budget cuts to education and other key services. Other funds that will flow to the states through ARRA—such as those for infrastructure projects—are less likely to play a direct role in addressing fiscal challenges at the state level.

Many of the proposals put forward by New England states for use of federal stimulus funds were crafted before the provisions of ARRA were finalized and thus were based on anticipated funding. With the passage of the bill, state officials are now working to determine how much money their state will receive and under what conditions, how the money will be used, and who within the state government will administer the funds. Table 2 (below) shows state-by-state estimates of the funds slated for the New England region through the increased FMAP and fiscal stabilization fund provisions of ARRA, as reported by the Center on Budget and Policy Priorities.

Table 2 – Federal Stimulus Estimates (millions)

		Fiscal Stabilization Fund	
State	Medicaid	Education	Flexible
Connecticut	$1,320	$443	$99
Maine	$470	$158	$35
Massachusetts	$3,090	$813	$181
New Hampshire	$250	$164	$37
Rhode Island	$470	$135	$30
Vermont	$280	$77	$17

Source: Center on Budget and Policy Priorities, "American Recovery and Reinvestment Act of 2009: State-by-State Estimates of Key Provisions Affecting Low- and Moderate-Income Individuals," Updated February 13, 2009.

ARRA will also support states in assisting the growing number of unemployed. While unemployment insurance is a federal program, states have some discretion about who is eligible to receive benefits and under what circumstances they are eligible. The Unemployment Insurance Modernization Act (UIMA) provides incentive funding for states to relax the eligibility requirements for unemployment insurance through payments to state Unemployment Insurance Trust Funds. These funds are welcome given that many states' Unemployment Insurance Trust Funds face insolvency in the near-term. In Rhode Island the rapid rise in the number of unemployed coupled with a low fund balance means that state's Unemployment Insurance Trust Fund is likely to face insolvency in 2009.

Connecticut and Massachusetts are also at risk of insolvency late in 2009 or early 2010; Vermont and New Hampshire could also face insolvency in 2010.[1]

UIMA provides two types of incentive funding: the first third is available to states that apply an alternative base period for assessing eligibility if a worker is not eligible under the standard base period. All New England states are eligible. The second two-thirds of UIMA incentive funding is available to states that cover at least two of the following four categories of workers: permanently laid-off workers who require extended unemployment benefits to participate in training; part-time workers or those seeking part-time employment; increased benefits for workers with dependent family members; or individuals who leave work for a specific compelling family reason (e.g. domestic violence, to follow a spouse who relocates, illness and disability). Currently, only Maine is eligible for this portion of UIMA funding.

State-by-State Summary of Revenue Collections, Responses to Projected Deficits

Connecticut

Year-over-year revenue collections through January FY09

Total revenue collections in Connecticut through January FY09 were down 8.4 percent compared to a year ago. Personal income tax collections were also down 4.0 percent, reflecting the state's reliance on revenues from taxes on investment income, particularly capital gains. Connecticut also leads New England with the largest decline in sales tax revenue collections, down 11.3 percent through January of FY09. The State Comptroller blames poor performance in this revenue source on dismal holiday sales and growing unemployment. Corporate tax collections were also down 14.8 percent in Connecticut compared to a year ago.

Measures to address current-year deficit

Connecticut's revenue collections have been severely impacted by worsening economic conditions, yielding a steadily increasing current-year deficit in FY09. Since June, Governor Rell has ordered four separate rounds of budget cuts and proposed three separate deficit mitigation plans that have relied heavily on transfers among various state funds, identification of new Medicaid funds, drawing down the state's rainy day fund, and expected federal stimulus dollars. Other initiatives have included a tax amnesty plan, collecting unclaimed bottle deposits from beverage distributors, and a retirement incentive plan for state employees. Governor Rell has remained steadfast in her commitment not to increase taxes.

Governor Rell has also submitted a bill with a "middle college" plan which would merge vocational-technical high schools in the state with community colleges. The plan aims to save money by eliminating administrative costs and to better train and prepare young people for the labor force.

Governor's FY10/FY11 budget proposal

In early February 2009 Governor Rell proposed a two-year $38 billion budget for FY10/FY11 in response to an estimated $6 billion budget deficit anticipated over the next two fiscal years[2]. The

[1] These estimates are based on a well-respected methodology used by the National Employment Law Project.

proposed budget cuts hundreds of state jobs, consolidates or eliminates 23 agencies, increases fees, and depends on a number of one-time revenues (including federal stimulus funds), but does not raise taxes. Educational grants would receive flat-funding though some cities and towns would see decreases in municipal aid relative to FY09.

Maine

Year-over-year revenue collections through January FY09

Through January FY09 Maine's total revenue collections were down 2.2 percent compared to a year earlier. Personal income taxes were down just 0.1 percent, compared to 4.0 percent year-over-year growth through January of FY08. Sales tax collections declined 3.5 percent, and corporate tax collections in Maine were down by 10.9 percent compared to a year ago.

Measures to address current-year deficit

In November of 2008 Governor Baldacci announced that he was initiating a curtailment process to reduce spending in light of an anticipated $150 million budget deficit in FY09[3]. Governor Baldacci issued an executive order for $80 million in spending cuts including $31 million in cuts to the Department of Health and Human Services and $28 million to the Department of Education, including $27 million in local school aid.

In December 2008 the Governor proposed a supplemental budget for the legislature's consideration including the $80 million in cuts ordered through the curtailment process, use of $45 million from the state's rainy day fund, and $29 million from "other cuts and returned money" including the closing of a unit of a correctional facility and reduced payments to certain hospitals.

In January 2009 the legislature passed a $166 million supplemental budget including cuts of $27 million in funding for K-12 education, $12 million for higher education, and $34 million in human services. The supplemental budget also relied on $56 million from the state's reserve fund—the $45 million proposed by Governor Baldacci plus an additional $11 million to correct for an error made by the state's revenue department. The final bill did not include the Governor's proposed closing of a correctional facility unit and funding reductions for rural hospitals. Maine officials have recently said that the state will likely use federal stimulus money to restore cuts to K-12 education in the current fiscal year.

Governor's FY10/FY11 budget proposal

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[22] The $6 billion estimate was generated by the Governor's office; estimates from the Legislature's Office of Fiscal Analysis project that the deficit will actually be over $8 billion.

[3] Under Maine state law the Governor has the authority to reduce spending on legislature-approved programs through a temporary curtailment order until a supplemental budget can be passed. By design curtailment orders are limited in what they can accomplish—they cannot eliminate programs, reduce spending in legislative or judicial branches, introduce new initiatives, or draw on rainy day funds.

In January 2009, Governor Baldacci released the details of his FY10/FY11 biennial budget proposal. The $6 billion budget responded to a total anticipated deficit of $838 million—a $330 million decline in revenues stemming from the national recession and an additional structural gap of $508 million. Some of the cost-saving measures contained in the proposed budget include: spending reductions across state government; the elimination of 219 state positions (requiring 139 layoffs); a retirement incentive program for state-employees; health cost sharing for certain state employees; the transfer of 118 prisoners to private out-of-state correctional facilities; and a 10 percent reduction in state-municipal revenue sharing and other tax rebate programs. K-12 education would be funded at roughly the level recommended by the Governor's proposed supplemental budget, whereas higher education would be cut by 2.4 percent. The budget raises fees for hunting and fishing but does not include any broad-based tax increases. While not drawing on the state's rainy day fund, the proposal does rely on close to $100 million in increased Medicaid reimbursements expected from the federal stimulus package.

Massachusetts

Year-over-year revenue collections through January FY09
In January FY09, year-over-year total revenue collections were down 4.3 percent, a significant change from January FY08, when revenues were up 5 percent on a year-over-year basis. The Commonwealth had the distinction of having the greatest decline in personal income tax collections in the region, down 5.1 percent compared to a year earlier. Sales tax collections in January were down significantly compared to a year ago, declining 4.5 percent. Due to a large settlement in December, corporate tax collections were down just 0.8 percent in January FY09[4].

Measures to address current-year deficit
In October 2008 Governor Patrick announced his plan to close what was then estimated as more than a $1 billion current-year deficit. Patrick's plan included almost $625 million in "9C" cuts (cuts the Governor can make to budgets of executive branch agencies without legislative approval), $100 million in other cuts not requiring legislative approval (including voluntary cuts by other branches of government), $179 million in cuts requiring legislative approval, $146 million in savings from not providing funding for certain deficiencies (budget items with higher-than-anticipated costs), $168 million in revenue enhancements, and a $200 million transfer from the state's rainy day fund. The largest portion of the Governor's proposed 9C cuts would affect health care spending ($340 million). By late October the legislature passed a bill containing a number of the Governor's proposed budget-balancing tactics including a tax amnesty plan, use of rainy day funds, slowing payments to the state pension fund, and spending cuts. The bill—totaling around $350 million—was signed into law in early November 2008.

In December 2008 the Governor announced that the budget would need to be reduced by another $1 billion. In early January, Governor Patrick sought and received legislative approval for authority to

[4] Massachusetts corporate tax collections received a boost from a large settlement payment of $121 million and approximately $30 million in payments received under a voluntary disclosure program for previously non-filing corporations and financial institutions. Due to these payments corporate tax collections exceeded the December monthly benchmark by $157 million.

make unilateral cuts to local aid. At the end of January Governor Patrick announced his emergency plan for closing the remaining FY09 gap of around $1 billion. The plan includes $191 in additional budget cuts (including $128 million in local aid), $68 million in new revenues (including eliminating sales tax exemptions on candy, soda, and alcohol), $327 million from the rainy day fund, and $533 million in anticipated federal stimulus funds. As of February 26th, the legislature had not yet taken up the Governor's emergency plan.

Governor's FY10 budget proposal
At the same time he announced his plan for FY09, Governor Patrick unveiled his FY10 budget proposal. The proposed budget attempts to fill a projected $3.5 billion deficit with $1.6 billion in spending cuts and savings (including a $220 million reduction in local aid), maintaining Chapter 70 education funding at current levels for a savings of $300 million, $674 million in executive branch cuts and savings, $197 in cuts and savings from other branches, $587 million in additional revenue, $586 million from the rainy day fund, and $711 million in anticipated federal recovery aid funds. The revenue enhancements proposed by the governor include a one percentage point increase to the rooms-and-meals tax, eliminating the sales tax exemption on alcohol, candy and sweetened beverages, expanding the 5-cent recycle deposit on bottles to include more types of beverages, and increased RMV fees.

In light of expected cuts to local aid the administration, the Governor has also proposed different measures to help cities and towns facing their own budget difficulties. For example Governor Patrick has proposed to allow municipalities to levy up to a one percent local option rooms-and-meals tax, to collect property taxes on telephone poles and to join the state's Group Insurance Commission to reduce health care costs for municipal employees and retirees. The Governor has also recommended tools to facilitate regionalization.

New Hampshire

Year-over-year revenue collections through January FY09
Total revenue collections in New Hampshire were down 6.1 percent through January FY09. The Granite State's corporate tax collections declined significantly in FY09, down 20.4 percent whereas in January FY08 collections in this category grew 8.9 percent. New Hampshire does not have a sales tax. The meals and room tax and real estate transfer tax collections declined through January FY09, the latter dropping by 22.0 percent. The real estate transfer tax had also experienced a 14.2 percent year-over-year decline in collections through January FY08.

Measures to address current-year deficit
Governor Lynch and the legislature have taken a variety of steps to bridge the projected budget deficit for FY09. In February 2008 the Governor issued an executive order freezing executive branch hiring, equipment purchasing, and out-of-state travel by state employees through the end of FY09. In June 2008 the Governor ordered budget cuts of around $30 million and two deficit reduction bills were passed by the legislature, including a measure that would allow the cigarette tax to increase if certain revenue targets were not met. Altogether, the actions instituted prior to the start of FY09 provided combined savings of around $100 million. In November 2008 Governor Lynch ordered, and the Joint Legislative Fiscal Committee approved, another $53.6 million in budget cuts and other

executive branch cost savings measures totaling around $3 million. The largest cut was to the Department of Health and Human Services ($25 million). At this time Governor Lynch also proposed additional savings of $15 to $20 million for consideration by the full legislature. In February 2009 the legislature passed a bill reducing the current-year gap by about $16 million through fund transfers, cuts to legislative and judicial budgets, and reducing payments to hospital-owned physician practices. This February, the Governor recommended closing the remaining current-year deficit with $50 million in expected increased Medicaid reimbursement, $50 million from a surplus in the state's medical malpractice insurance fund, and the remainder—a projected $38 million—from the state's rainy day fund.

Governor's FY10/FY11 budget proposal
Governor Lynch presented his FY10/FY11 budget in February 2009. The proposed budget would spend close to $3 billion over the biennium—one percent less than estimated actual spending in FY08/FY09—and was designed to account for anticipated deficit of close to $1 billion. The proposed budget would lay off nearly 300 state workers and close a prison, a school, 8 district courts, and 16 state liquor stores, and would raise the cigarette tax. Cost savings would be achieved through various measures including changes to state employee and retiree health plans and cost-sharing. The plan would also rely on around $390 million in federal stimulus dollars and $60 million from the medical malpractice insurance fund. The plan also includes a 35-cent increase in the tobacco tax, a three-quarter percent increase in the rooms-and-meals tax and a tax on gambling winnings over $600. Local aid for education would increase, though the state would reduce other local aid by suspending revenue sharing and distribution of rooms-and-meals tax revenues to local communities and reducing state support for local retirement costs. Governor Lynch has, however, proposed to make up for these reductions by passing federal stimulus funds to cities and towns.

Rhode Island

Year-over-year revenue collections through January FY09

Total revenue collections in Rhode Island were down 2.2 percent through January FY09 compared to a year earlier. Rhode Island was the only New England sate to experience an increase in its corporate tax collections, which were up 8.3 percent. Rhode Island's personal income tax collections declined by a modest 0.4 percent and sales tax collections declined by 2.8 percent in January compared to a year earlier. Changes in accounting practices and revenue estimating adjustments made at Rhode Island's May and November 2008 Revenue Estimating Conferences yielded less severe declines in revenue than otherwise would have been reported.

Measures to address current-year deficit
In January 2009 Governor Carcieri unveiled his plan to address the state's estimated $357 million current-year deficit. Key pieces of the plan included more than $74 million in municipal and education aid cuts and a rollback in pension benefits for state workers and teachers. Also included were sales of state-owned properties and enhanced Medicaid funding through the federal stimulus package. Although the plan did not include any broad-based tax increases, the Governor's plan included an increase in the cigarette tax and other fee hikes equaling $24 million. In February 2009, the legislature approved the tax and fee increases included in the Governor's proposal, but have yet to vote on the other elements.

To counter local aid cuts the proposal also included various measures help municipalities reduce spending, such as minimum-cost sharing for health coverage, requiring municipalities to sign onto state purchasing contracts, and the elimination of certain mandates. Still municipalities in Rhode Island have begun to release dramatic plans to cut programs and workers.

Rhode Island legislators are also considering a new bill which would shorten the time needed to earn a bachelor's degree from 4 years to 3 years in an attempt to save money for students and their families. Specifically, the bill would allow high school students to take courses at the state's public colleges and receive college credit. The program would be called "Bachelor's in Three." The House Committee on Health, Education, and Welfare recommended further study of the proposed program.

Governor's FY10 budget proposal
Governor Carcieri has not yet released his FY10 budget proposal, although it is expected to include changes to the state's tax code as recommended by a tax advisory panel formed by the administration. The Governor has expressed an interest in using federal stimulus money to fund tax cuts. The state's FY10 budget is also expected to reflect a global Medicaid waiver negotiated between the state and the federal government in 2008. Under the waiver Rhode Island has agreed to restrict Medicaid spending to a certain level, but in exchange will be granted more flexibility than other states in administering the program. It is not yet entirely clear how or whether federal stimulus funding for Rhode Island under the FMAP provision of ARRA will ultimately be affected by the waiver.

Vermont

Year-over-year revenue collections through January FY09
Total revenue collections in Vermont were down 4.0 percent compared to a year earlier through January FY09. Personal income tax collections were also down by 3.3 percent, significant when compared to the 10.0 percent year-over-year growth experienced in this revenue source in the Green

Mountain state through January FY08. Sales tax collections were also down, 5.2 percent. Vermont experienced the largest decline in corporate tax collections in the region: collections were down 33.4 percent through January compared to collections over the same time period in FY08.

Measures to address current-year deficit
In August 2008 Governor Douglas and the state's Joint Fiscal Committee agreed to a package of budget cuts for state agencies, fund transfers, and up to 16 state employee layoffs to reduce the current-year general fund deficit by $23 million. In December 2008 the state faced a current-year budget deficit of $66 million—$37 million due to reduced revenues and $29 million due to necessary new spending. After negotiations with the Joint Fiscal Committee, Governor Douglas proposed a second round of budget cuts equaling $19.7 million. The package included cuts to various social service programs. The Committee ultimately approved a similarly-sized compromise package that restored cuts to some programs such as for the mentally ill and developmentally disabled by making reductions elsewhere in the budget. The remainder of the budget shortfall was left to be addressed when the new legislature convened in January.

By the new year the budget deficit had increased by an additional $10 million. In mid-January Governor Douglas proposed to close the entire remaining deficit with $3 million in program cuts (including elimination of a prescription drug assistance program for low-income elderly) and state money expected to be freed up due to enhanced Medicaid reimbursements in the federal stimulus package. The legislature is currently considering the Governor's proposal.

Governor's FY10 budget proposal
Governor Douglas outlined his proposal for the FY10 budget in January 2009. The proposed budget was crafted to address an anticipated gap of around $200 million between projected revenues and expenditures. The budget includes 660 job cuts, $34 million in reductions to human services programs, and reliance on over $90 million in expected federal stimulus aid. The Governor's plan would freeze per-pupil education spending and grants for special education and reduce the amount of education funding that is supported by the general fund.

State Revenue Data Sources:

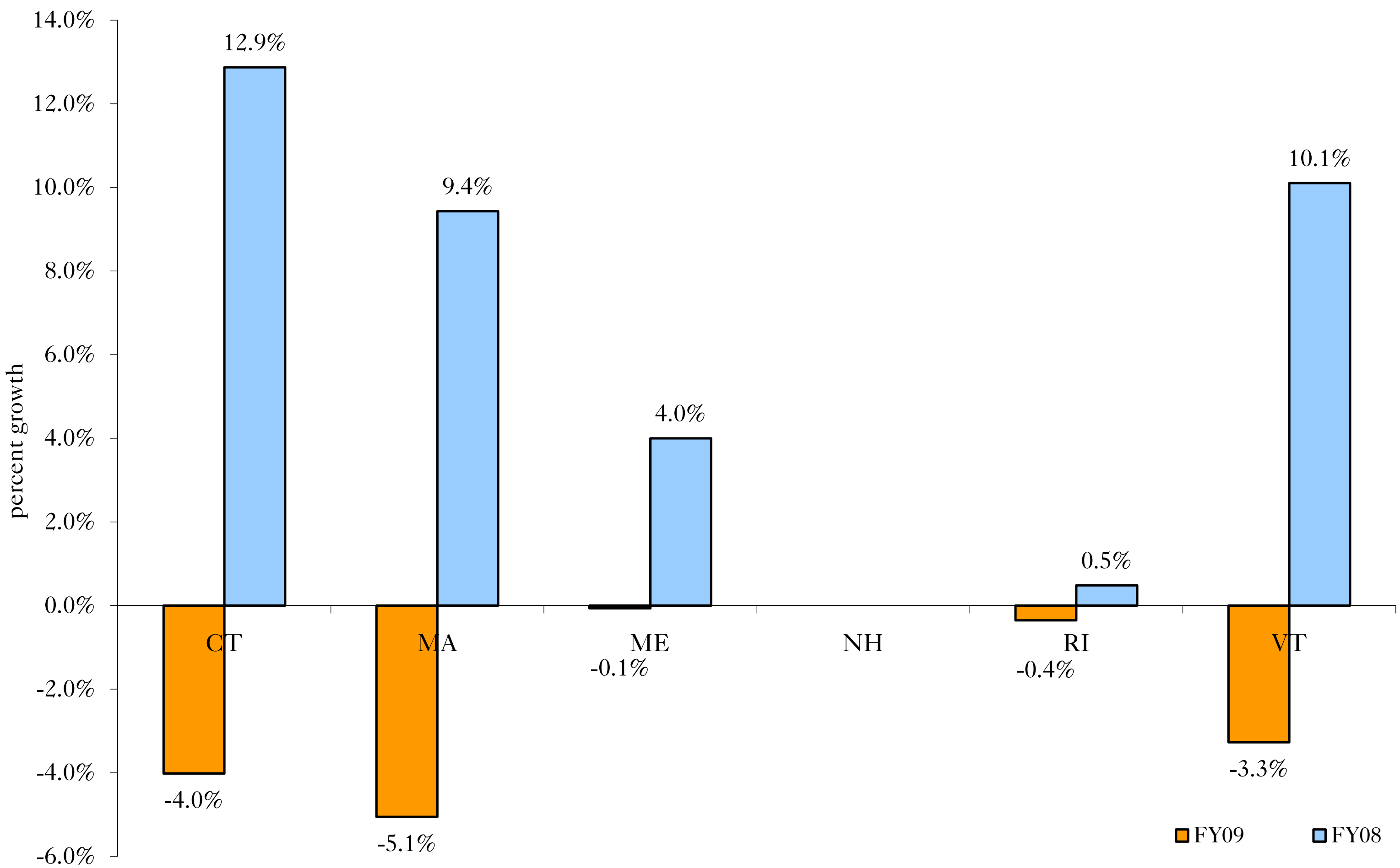
Monthly Comparative Statement of Revenue, Connecticut Department of Revenue Services
General Fund Total Undedicated Revenue, Maine Office of the State Controller
Monthly Revenue Reports, Massachusetts Department of Revenue
State of New Hampshire Monthly Revenue Focus, New Hampshire Department of Administrative Services
Monthly Revenue Briefs, State of Rhode Island Department of Revenue
Monthly Revenue Collections, State of Vermont Department of Finance and Management

Table 3:Major State Revenue Collections, New England States

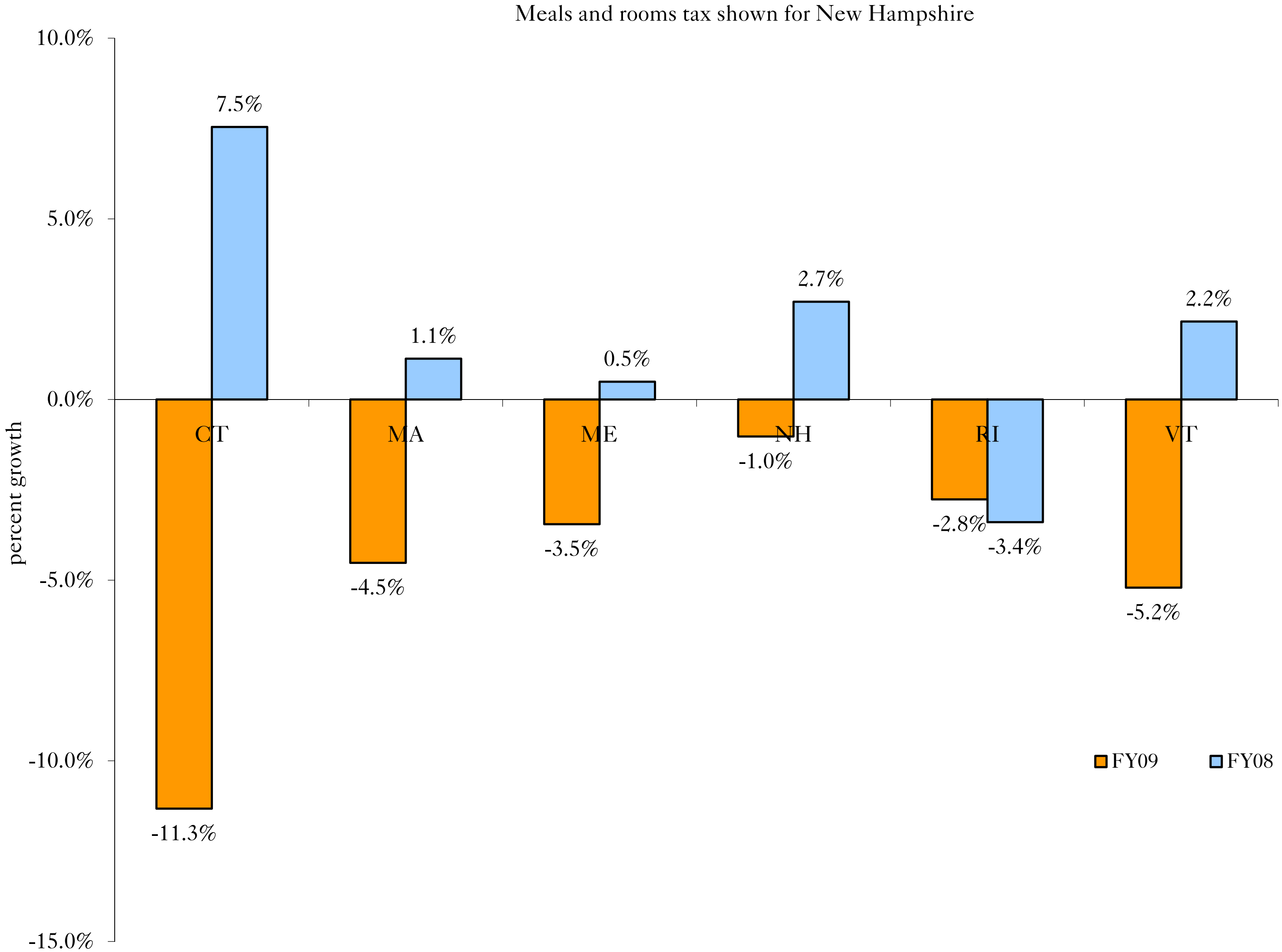
Year-over-year comparisons

	Connecticut		Maine		Massachusetts		New Hampshire		Rhode Island		Vermont	
	Through January FY09	*Through January FY08*	*Through January FY09*	*Through January FY08*	*Through January FY09*	*Through January FY08*	*Through January FY09*	*Through January FY08*	*Through January FY09*	*Through January FY08*	*Through January FY09*	*Through January FY08*
Total Revenues/Taxes:	-8.4%	10.2%	-2.2%	0.7%	-4.3%	5.2%	-6.1%	3.1%	-2.2%	-0.4%	-4.0%	6.6%
Personal Income Tax:	-4.0%	12.9%	-0.1%	4.0%	-5.1%	9.4%	-	-	-0.4%	0.5%	-3.3%	10.1%
Income Tax Withholdings:	1.4%	8.0%	-	-	-0.5%	5.4%	-	-	-	-	-	-
Sales Tax:	-11.3%	7.5%	-3.5%	0.5%	-4.5%	1.1%	-	-	-2.8%	-3.4%	-5.2%	2.2%
Corporation or Business Tax:	-14.8%	-23.5%	-10.9%	3.8%	-0.8%	1.9%	-20.4%	8.9%	8.3%	-26.1%	-33.4%	28.8%
Meals and Room Tax:	-	-	-	-	-	-	-1.0%	2.7%	-	-	-	-
Real Estate Transfer Tax:	-	-	-	-	-	-	-22.0%	-14.2%	-	-	-	-

Graph 2: Year-Over-Year Growth in Personal Income Tax Collections, Through January FY09 and FY08



Graph 3: Year-Over-Year Growth in Sales Tax Collections, Through January FY09 and FY08



Graph 4: Year-Over-Year Growth in Corporate Tax Collections, Through January FY09 and FY08