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November 10, 2011

Investor Update

Revenue Report

The Revenue Report for the month of October 2011 dated November 9, 2011, is attached to this Investor Update. On an accrual basis, October is the third month of the 2011-2012 fiscal year.

The format for the accompanying tax collection tables has been modified. There are now two tables, one for the monthly activity (Table 1) and another for year-to-date activity (Table 2). All of the information from the previous format is retained in the new format, and budgeted estimates for the month and for the fiscal year to date are now included by fund and by tax source. The columns labeled "B/(W)" indicate how the actual collections performed – better or worse – compared to the budgeted estimates or prior year actual collections.

Replying to This Address

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**STATE OF TENNESSEE
DEPARTMENT OF FINANCE AND ADMINISTRATION
STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0285**

**MARK A. EMKES
COMMISSIONER**

FOR IMMEDIATE RELEASE
WEDNESDAY, NOVEMBER 9, 2011

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OCTOBER REVENUES

NASHVILLE – Revenue collections in Tennessee for October continue to indicate consumer confidence in the state's economy. Finance and Administration commissioner Mark Emkes reported today that state revenue collections for October were \$791.5 million, which is 8.01% above October 2010.

"We're satisfied with the positive growth rates experienced in our overall tax collections, especially in the sales tax, which is the best indicator of economic recovery in Tennessee," Emkes said. "The sales tax recorded a first quarter growth of 6.5%, which is the best first quarter growth since 2006.

"However, we continue to watch national leading economic indicators, which show that very slow recovery is in progress, and in light of that and the uncertainty surrounding resolution of the federal budget, we must continue to be diligent in monitoring our spending patterns."

On an accrual basis, October is the third month in the 2011-2012 fiscal year.

October collections were \$36.4 million more than the budgeted estimate. The general fund was over collected by \$34.0 million and the four other funds were over collected by \$2.4 million.

Sales tax collections were \$15.9 million more than the estimate for October. The October growth rate was 6.17%. Year-to-date the growth rate is 6.50%.

Franchise and excise combined collections for October were \$35.1 million, and they were \$24.9 million above the budgeted estimate of \$10.2 million.

Gasoline and motor fuel collections increased by 1.93% and they were \$1.2 million below the budgeted estimate of \$72.8 million.

Tobacco tax collections for the month were under collected by \$1.6 million.

Privilege tax collections were \$600,000 less than the budgeted estimate of \$21.2 million.

Inheritance and Estate taxes were under collected by \$1.9 million for the month.

All other taxes were over collected by a net of \$0.9 million.

Year-to-date collections for three months were \$59.9 million more than the budgeted estimate. The general fund was over collected by \$56.8 million and the four other funds were over collected by \$3.1 million.

The budgeted revenue estimates for 2011-2012 are based on the State Funding Board's consensus recommendation of April 15, 2011 and adopted by the first session of the 107th General Assembly in May. They are available on the state's website at <http://www.tn.gov/finance/bud/budget.html>.

Table 1
Revenue Collections by Fund
October
2011-2012

Fund	2011				2010 Actual	2011	
	Actual	Budgeted	B/(W)	Percent		B/(W)	Percent
General Fund	\$631,704,000	\$597,672,000	\$34,032,000	5.69%	\$585,133,000	\$46,571,000	7.96%
Highway Fund	58,205,000	56,299,000	1,906,000	3.39%	51,648,000	6,557,000	12.70%
Sinking Fund	32,645,000	32,564,000	81,000	0.25%	30,899,000	1,746,000	5.65%
City & County Fund	66,756,000	66,408,000	348,000	0.52%	63,085,000	3,671,000	5.82%
Earmarked Fund	2,175,000	2,176,000	(1,000)	-0.05%	2,050,000	125,000	6.10%
Total	\$791,485,000	\$755,119,000	\$36,366,000	4.82%	\$732,815,000	\$58,670,000	8.01%

Revenue Collections by Tax
October
2011-2012

Tax Source	2011				2010 Actual	2011	
	Actual	Budgeted	B/(W)	Percent		B/(W)	Percent
Franchise & Excise	\$35,090,000	\$10,200,000	\$24,890,000	244.02%	\$9,368,000	\$25,722,000	274.57%
Income	1,925,000	3,145,000	(1,220,000)	-38.79%	2,572,000	(647,000)	-25.16%
Inheritance & Estate	6,574,000	8,478,000	(1,904,000)	-22.46%	12,098,000	(5,524,000)	-45.66%
Gasoline	50,434,000	51,686,000	(1,252,000)	-2.42%	49,960,000	474,000	0.95%
Petroleum Special	5,205,000	5,389,000	(184,000)	-3.41%	5,217,000	(12,000)	-0.23%
Tobacco	23,576,000	25,152,000	(1,576,000)	-6.27%	25,283,000	(1,707,000)	-6.75%
Beer	1,587,000	1,456,000	131,000	9.00%	1,473,000	114,000	7.74%
Motor Vehicle Registration	18,277,000	18,564,000	(287,000)	-1.55%	17,946,000	331,000	1.84%
Motor Vehicle Title	885,000	944,000	(59,000)	-6.25%	879,000	6,000	0.68%
Mixed Drink	5,196,000	4,820,000	376,000	7.80%	4,460,000	736,000	16.50%
Business	3,235,000	2,769,000	466,000	16.83%	2,317,000	918,000	39.62%
Privilege	20,549,000	21,192,000	(643,000)	-3.03%	19,740,000	809,000	4.10%
Gross Receipts	214,000	123,000	91,000	73.98%	48,000	166,000	345.83%
TVA - In Lieu of Tax Payments	28,662,000	27,684,000	978,000	3.53%	26,095,000	2,567,000	9.84%
Alcoholic Beverage	3,878,000	3,509,000	369,000	10.52%	3,342,000	536,000	16.04%
Sales and Use	570,027,000	554,100,000	15,927,000	2.87%	536,923,000	33,104,000	6.17%
Motor Vehicle Fuel	15,915,000	15,714,000	201,000	1.28%	15,025,000	890,000	5.92%
Severance	224,000	190,000	34,000	17.89%	260,000	(36,000)	-13.85%
Coin-operated Amusement	32,000	4,000	28,000	700.00%	3,000	29,000	966.67%
Unauthorized Substance	0	0	0	NA	(194,000)	194,000	NA
Total	\$791,485,000	\$755,119,000	\$36,366,000	4.82%	\$732,815,000	\$58,670,000	8.01%

Table 2
Revenue Collections by Fund
Year-to-Date
August - October
2011-2012

Fund	2011-2012				2010-2011 Actual	2011-2012	
	Actual	Budgeted	B/(W)	Percent		B/(W)	Percent
General Fund	\$2,136,378,000	\$2,079,529,000	\$56,849,000	2.73%	\$2,001,190,000	\$135,188,000	6.76%
Highway Fund	170,414,000	169,930,000	484,000	0.28%	164,499,000	5,915,000	3.60%
Sinking Fund	97,892,000	97,646,000	246,000	0.25%	92,509,000	5,383,000	5.82%
City & County Fund	200,153,000	197,794,000	2,359,000	1.19%	195,225,000	4,928,000	2.52%
Earmarked Fund	6,526,000	6,525,000	1,000	0.02%	6,150,000	376,000	6.11%
Total	\$2,611,363,000	\$2,551,424,000	\$59,939,000	2.35%	\$2,459,573,000	\$151,790,000	6.17%

Revenue Collections by Tax
Year-to-Date
August - October
2011-2012

Tax Source	2011-2012				2010-2011 Actual	2011-2012	
	Actual	Budgeted	B/(W)	Percent		B/(W)	Percent
Franchise & Excise	\$321,725,000	\$295,600,000	\$26,125,000	8.84%	\$290,393,000	\$31,332,000	10.79%
Income	4,023,000	5,792,000	(1,769,000)	-30.54%	5,175,000	(1,152,000)	-22.26%
Inheritance & Estate	36,393,000	24,874,000	11,519,000	46.31%	27,153,000	9,240,000	34.03%
Gasoline	156,228,000	160,256,000	(4,028,000)	-2.51%	162,991,000	(6,763,000)	-4.15%
Petroleum Special	16,139,000	16,532,000	(393,000)	-2.38%	16,278,000	(139,000)	-0.85%
Tobacco	70,530,000	74,852,000	(4,322,000)	-5.77%	74,965,000	(4,435,000)	-5.92%
Beer	4,734,000	4,595,000	139,000	3.03%	4,569,000	165,000	3.61%
Motor Vehicle Registration	58,503,000	58,848,000	(345,000)	-0.59%	56,935,000	1,568,000	2.75%
Motor Vehicle Title	2,978,000	2,906,000	72,000	2.48%	2,761,000	217,000	7.86%
Mixed Drink	15,594,000	14,423,000	1,171,000	8.12%	13,536,000	2,058,000	15.20%
Business	28,863,000	32,667,000	(3,804,000)	-11.64%	27,337,000	1,526,000	5.58%
Privilege	50,891,000	56,039,000	(5,148,000)	-9.19%	47,200,000	3,691,000	7.82%
Gross Receipts	15,675,000	16,311,000	(636,000)	-3.90%	9,285,000	6,390,000	68.82%
TVA - In Lieu of Tax Payments	87,022,000	81,944,000	5,078,000	6.20%	86,269,000	753,000	0.87%
Alcoholic Beverage	11,623,000	11,099,000	524,000	4.72%	10,520,000	1,103,000	10.48%
Sales and Use	1,687,364,000	1,653,400,000	33,964,000	2.05%	1,584,361,000	103,003,000	6.50%
Motor Vehicle Fuel	42,314,000	40,647,000	1,667,000	4.10%	39,313,000	3,001,000	7.63%
Severance	731,000	602,000	129,000	21.43%	660,000	71,000	10.76%
Coin-operated Amusement	51,000	37,000	14,000	37.84%	82,000	(31,000)	-37.80%
Unauthorized Substance	(18,000)	0	(18,000)	NA	(210,000)	192,000	NA
Total	\$2,611,363,000	\$2,551,424,000	\$59,939,000	2.35%	\$2,459,573,000	\$151,790,000	6.17%