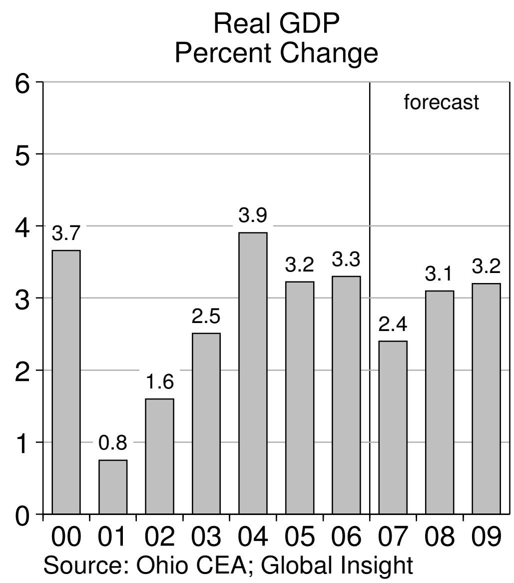
Economic Overview and Forecast

U.S. Economic Outlook

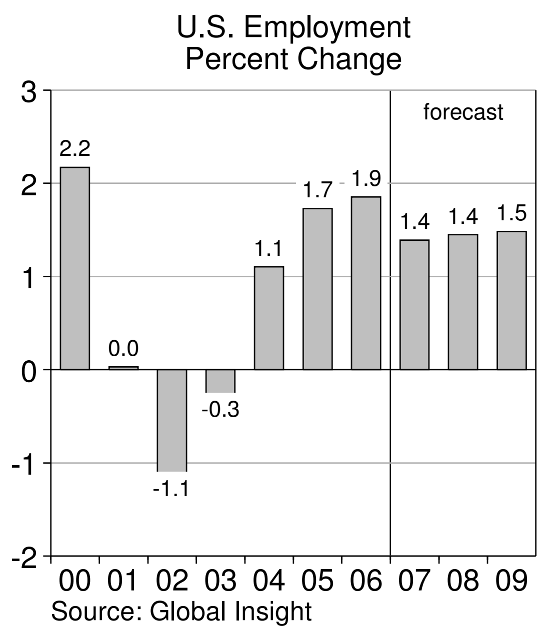
The Ohio Governor's Council of Economic Advisors expects that U.S. economic growth will continue at the recent below-trend pace through early 2007, giving way to somewhat stronger growth at near its potential later in the year and thereafter. Inflation is expected to moderate from the faster pace experienced in 2006, and interest rates are expected to remain within the range of the last year.

The Council predicts that real GDP will increase by 2.4% in 2007, down from 3.3% in 2006, and improve to 3.1% in 2008 and 3.2% in 2009. As a result, growth in corporate profits is predicted to slow from 19.1% in 2006 to 4.9% in 2007, 7.0% in 2008, and 1.7% in 2009.



Consumer spending is expected to expand 3.3% in 2007 – about the same as in 2006 – before slowing to 3.0% in 2008 and 2009, according to Global Insight. The Council projects sales of new light vehicles to slip to 16.4 million units in 2007 before rebounding to 16.7 million units in 2008 and 16.9 million units in 2009. Steady growth in employment and earnings, the availability of credit on agreeable terms, and the high level of household wealth and consumer confidence will support spending.

Rising labor productivity and the low and stable level of initial jobless claims indicate a solid demand for labor. Global Insight projects growth of 1.4% in nonfarm payroll employment in 2007 and 2008 and growth of 1.5% in 2009. Interest rates are projected to stay near recent levels, with bank credit remaining ample. The ratio of household wealth to income is at its highest level this decade, as equity price appreciation has more than offset weakness in home values. Finally, consumer sentiment stands near the high end of its range since 2003, according to the Conference Board and Reuters/University of Michigan surveys.



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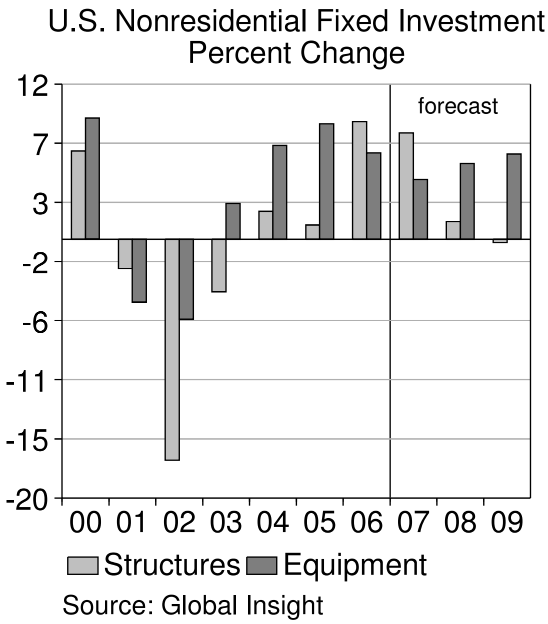
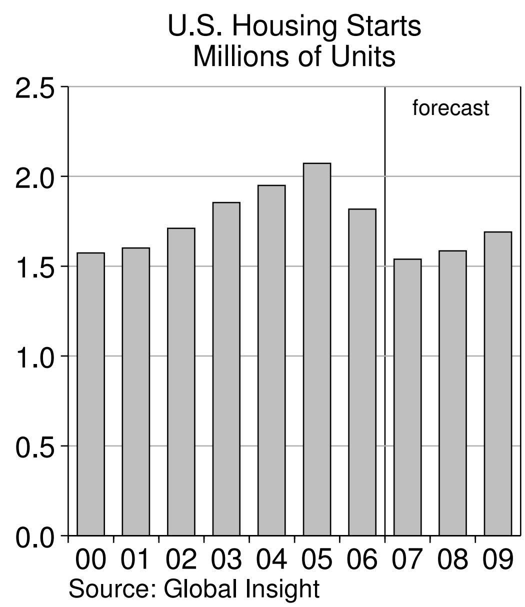


The high rate of capacity use and the need for companies to continue investing in productivity enhancing systems, structures, and equipment in order to remain competitive will fuel business fixed investment. Strong corporate cashflow and relatively easy credit will also support business investment. After rising 9.1% in 2006, business investment in nonresidential structures is projected expand 8.2% in 2007, before slowing to 1.4% in 2008 and -0.3% in 2009. Sharp slowdowns are expected in commercial & health care, power & communication, and mining & petroleum. After rising 6.7% in 2006, business investment in equipment and software is projected to slow to 4.6% in 2007, 5.9% in 2008, and 6.6% in 2009. Leading the slowdown are expected to be communications equipment and industrial equipment, while computers & peripherals remains very strong. Investment in equipment and software in the aircraft industry is expected to post large increases following several years of declines.



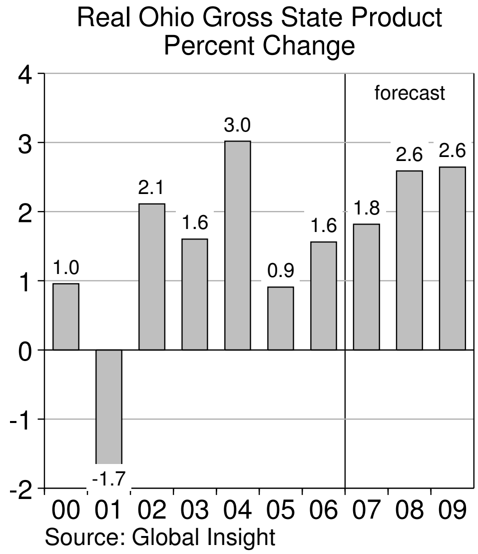
Housing is expected to subtract significantly from growth in 2007, due to the significant decline in the level of activity that occurred during the course of 2006. Construction and sales are expected to change little from recent readings in the near-term, but annual figures will post major declines. After decreasing 4.2% in 2006, investment in residential structures is projected to decrease 14.2% in 2007, before leveling off at -1.6% in 2008 and 2.9% in 2009. Several developments hint at improving conditions in the housing sector, including a stabilization in sales of both new and existing homes, the decline in inventories of unsold homes relative to the pace of sales late in 2006, and the substantial adjustments made by builders to employment and production schedules since mid-2005.

International trade turned the corner in 2006 and is projected by Global Insight to add to real economic growth throughout the forecast period. Real net exports were marginally higher in 2006, due to stronger export growth and weaker import growth. Export growth of 8.1% in 2007, 8.6% in 2008, and 8.8% in 2009 is projected to combine with import growth of only 3.4% in 2007, 4.4% in 2008, and 5.4% in 2009 to trim the trade deficit by 15.6% from 2006 to 2009. Aiding the improvement in the trade balance are expected to be previous and prospective declines in the foreign exchange value of the dollar – supported by widening interest rate differentials between the U.S. and its major trading partners – stronger economic growth overseas than in the U.S., and slower domestic demand growth in the U.S.

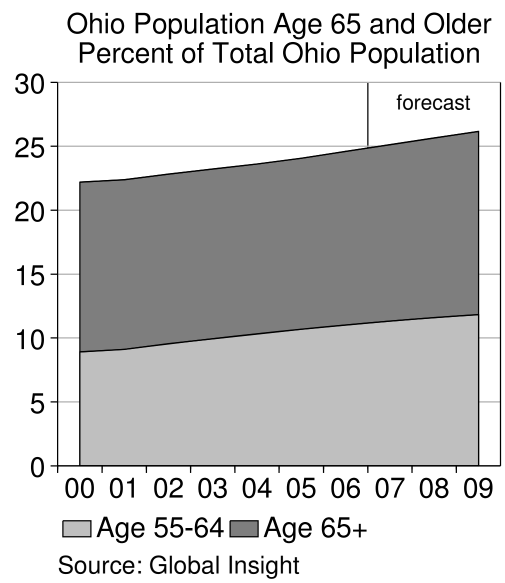
Economic Overview and Forecast

Ohio Economic Outlook

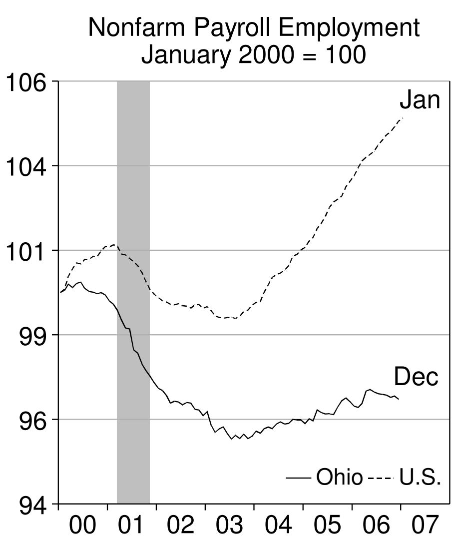
Forecasters expect the Ohio economy to continue underperforming the national economy by most key measures throughout the forecast period. Real Gross State Product is projected to increase 1.8% in 2007 and 2.6% in 2008 and 2009, according to Global Insight. The fastest growing of the 12 major NAICS Industry Sectors as measured by real output are predicted to be professional & business services, manufacturing, and trade, transportation & utilities. The slowest growing of the 12 major NAICS Industry Sectors (excluding government) are predicted to be information, mining, and construction.



Demographics pose a challenge for growth in the Ohio economy. Global Insight predicts that population will grow only 0.3% at a compound annual rate during 2006-2009 – about one third of the national population growth rate. Net migration is projected to remain marginally negative through at least 2009. In addition, the two fastest growing age cohorts are predicted to be age 55-64 and age 65 and above. The only other cohort predicted to grow during the period is age 25-34. The aging of the Ohio population at the upper end of the age spectrum might add more to state spending obligations than to state tax revenue.



Against this backdrop of a slow-growing and aging population in Ohio, the Council projects cyclical improvement in employment growth. Nonfarm payroll employment is projected to grow 0.5% in 2007, 0.7% in 2008, and 1.0% in 2009. In comparison, U.S. employment is projected by Global Insight to rise at a compound annual rate of 1.4% on the same basis during the forecast period.



The fastest growing major sectors in Ohio in terms of employment are projected by Global Insight to be professional & business services, other services, educational & health services, and trade, transportation & utilities. The sectors expected to make the largest contributions to employment growth from the fourth quarter of 2006 to the fourth quarter of 2009 are professional & business services, trade, transportation & utilities, and education services. The unemployment rate is projected to remain between 5% and 6% through 2009.

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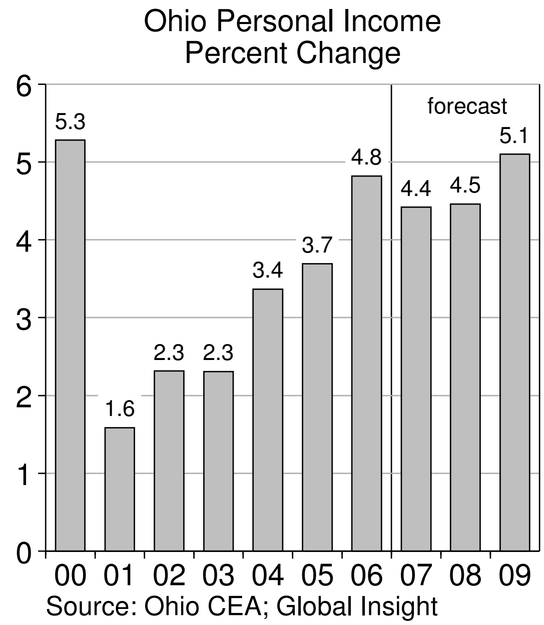
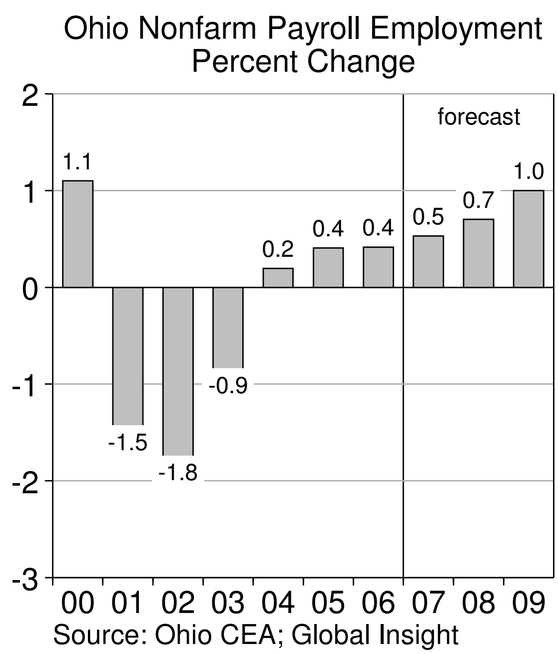
The Council projects Ohio personal income to rise 4.4% in 2007, 4.5% in 2008, and 5.1% in 2009. The fastest growing components of personal income are expected to be proprietors' income, taxable non-wage income, transfer payments, and property income. Wage and salary disbursements are projected to grow more slowly than personal income, rising 4.2% in 2007, 4.4% in 2008, and 4.6% in 2009. In comparison, U.S. personal income is projected to grow 5.3% in 2007, 5.5% in 2008, and 5.9% in 2009.



Growth in Ohio retail sales, as estimated by Global Insight, is projected to be much slower in the forecast period than in recent years. After rising 4.9% in 2006, retail sales are projected to grow only 2.1% in 2007, 2.8% in 2008, and 3.3% in 2009. One factor limiting growth in retail sales is expected to be light vehicle sales. New passenger and light truck registrations in Ohio are projected by Global Insight to decrease 2.4% in 2007 before rising just 1.2% in 2008 and 0.8% in 2009.

Risks to the Outlook

Risks to the outlook include a greater-than-anticipated effect of the housing slump on consumer spending, an energy supply shock that drives energy costs significantly higher, and a major broadening of the war in Iraq or a terrorist attack on American soil that undercuts consumer and business confidence.



So far, the sharp downward adjustment in housing has subtracted from real GDP growth directly, but has not spread in a major way to other sectors. A downdraft in consumer spending growth due to falling home prices, deteriorating balance sheets, and curtailed credit would reduce real GDP further.

As a natural and corrective response to a strengthening in the demand for energy, the run-up in energy costs in recent years has subtracted only moderately from real GDP growth. Should geopolitical events or other factors lead to a supply shock, however, the resulting rise in energy prices could produce a greater-than-expected slowdown in economic growth across sectors.

Highly flexible markets for labor and products enable the U.S. economy to adjust efficiently to macroeconomic shocks. Yet it is possible that a sudden broadening of the war or a terrorist attack, especially if combined with other adverse developments that undermined confidence, could require sizable negative adjustments to employment and production in a short period. ■

Forecasts of Key Economic Measures

		Calendar Year			
		2006a	**2007f**	**2008f**	**2009f**
Real GDP	**% chg**	3.3	2.4	3.1	3.2
Consumer Price Index	**% chg**	3.2	1.8	2.2	2.1
U.S. Personal Income	**% chg**	6.3	5.3	5.5	5.9
Pre-Tax Corp Profits	**% chg**	19.1	4.9	7.0	1.7
U.S. Light Vehicle Sales	**mlns units**	16.5	16.4	16.7	16.9
Ohio Personal Income	**% chg**	4.8	4.4	4.5	5.1
Ohio Wage & Salary Income	**% chg**	4.3	4.2	4.4	4.6
Ohio Employment	**% chg**	0.4	0.5	0.7	1.0

a = actual/estimate
f = forecast

Source: Ohio Governor's Council of Economic Advisors; Global Insight

Overview

Forecasting tax revenues begins with the development of estimates of national economic activity. A forecast of state economic activity is developed based on the national economic forecast, making adjustments for Ohio's particular characteristics. In preparing the economic forecast for the fiscal years 2007 through 2011, the Office of Budget and Management (OBM) relied on the advice of the Governor's Council of Economic Advisors and the economic forecasts of Global Insight, a leading national economic forecasting company. Both national and state economic forecasts are then used to derive estimates of the state's revenues for the next two biennia.

Several statistical methods are employed to project General Revenue Fund receipts. For the major tax sources, such as the sales and use tax, the personal income tax, the corporate franchise tax, and the insurance tax, regression analyses are used. The use of regression forecasting equations for the major taxes assumes that patterns, trends, and cause-effect relationships, which have developed over time, will remain in effect for future periods.

For other tax sources, trend analysis is used. This method is applied to the tax sources that have not experienced substantial and volatile change over time. Trend analysis assumes that historical growth rates and patterns will continue in the future. For example, the kilowatt hour tax and the liquor gallonage tax estimates were prepared using the trend analysis technique.

There is a table associated with each revenue source listing the historical and projected receipts from that source, including any proposed tax law changes. Most sources have a one–part table but several sources - those taxes that, under current law, contribute to the local government funds - have a two-part table. Because the fiscal year 2008-2009 Executive Budget proposes to change the way state tax revenues are allocated to local governments and libraries, different tax sources have different presentations. Currently, receipts from the sales and use tax, the personal income tax, the corporate franchise tax, the public utility excise tax, and the kilowatt hour tax are deposited directly into the General Revenue Fund and at least two of the three local government funds (the Local Government Fund, the Local Government Revenue Assistance Fund, and the Library and Local Government Revenue Assistance Fund). The Executive Budget proposes to link local government and library funding to total state General Revenue Fund tax revenues, and not to selected tax sources. Refer to the Local Government Funds section below for more information about the proposed changes. For the sources affected by the change in the local government fund allocations, Part "a" of the table lists the total projected General Revenue Fund receipts, incorporating the proposed change in the way state tax revenues are allocated to local government funds as well as any proposed tax law changes. Part "b" of the table lists the baseline revenue estimate for each source. The baseline revenue estimates are based on the current state law governing tax and revenue sources, reflecting the statutory level of funding for the local government funds and not incorporating any of the proposed tax law changes.

The Executive Budget proposals reflect a commitment to provide a stable and predictable tax base for all taxpayers, whether businesses or private citizens, by maintaining the tax reforms enacted in Amended Substitute House Bill 66 of the 126th General Assembly (House Bill 66). This commitment is not without cost. House Bill 66 reformed the state of Ohio's tax code in such a way that the state will forego over $2 billion annually in revenues once all the changes are fully phased in. (See Table B-1a below.) This dramatic impact is one of the reasons cited by Moody's Investment Services for revising the state of Ohio's credit outlook from stable to negative. Nonetheless, the administration believes that the commitment to stability is important enough to propose a budget that stays within the very strict constraints that tax reform imposes. Of course, HB 66 is also expected to produce long-run economic benefits that will eventually return the revenue system to more steady growth and ease budgetary pressures.

House Bill 66, the fiscal year 2006-2007 budget bill, contained a series of tax law changes that substantially reduce General Revenue Fund tax receipts. The major tax changes in the bill include:

- The permanent tax rate on the sales and use tax was increased from 5.0 percent to 5.5 percent, effective July 2005. (In fiscal years 2004-2005 the sales and use tax was levied at a temporary tax rate of 6.0 percent.)

- The personal income tax rates for all income brackets were cut by 21 percent and the cut was phased in over five tax years (2005-2009) by 4.2 percent each year.
- The corporation franchise tax is phased out for non-financial corporations over five years (tax years 2006-2010), with a 20 percent phase-out in each year.
- The tangible personal property tax is phased out over four tax years (2006-2009) for general businesses and over five tax years (2007-2011) for telephone and telecommunications companies.
- A business privilege tax, the commercial activity tax, is phased in over 5 fiscal years (2006-2010).
- The tax rate on cigarettes increased from 55 cents per package of 20 cigarettes to $1.25, effective July 2005.

The baseline General Revenue Fund estimates reflect all these tax changes. The impact of these tax changes are also described below for each major tax source.

The tax changes passed in House Bill 66 will continue to constrain General Revenue Fund tax receipts growth in fiscal years 2008-2011. After the proposed allocations from state tax receipts to local government funds are taken into account, General Revenue Fund tax receipts are expected to grow by 2.1 percent in fiscal year 2008 and are expected to decline by 0.2 percent in fiscal year 2009.

Table B-1a lists the estimated revenue impact of these major tax law changes in fiscal years 2006-2011. The numbers for individual tax sources indicate the impact on all state funds. The bottom of the table gives the total fiscal impact of House Bill 66 on all state funds and on the General Revenue Fund. In fiscal years 2006-2007, because of the law that has frozen allocations to the local government funds, the impact on all state funds is the same as that on the General Revenue Fund. In fiscal years 2008-2011, the General Revenue Fund bears the majority of the impact according to the proposed mechanism to allocate state tax receipts to the General Revenue Fund and to the local government funds.

Table B-1a: Estimated Fiscal Impacts of Major Tax Law Changes in House Bill 66 of the 126th General Assembly (a)
($ in millions)

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Sales and Use Tax						
Increase permanent tax rate from 5% to 5.5%	$697.0	$706.0	$726.0	$749.0	$772.0	$798.0
Personal Income Tax						
Phase in 21% rate cut over five years; credits adjusted so filers with Ohio taxable income below $10,000 pay no tax.	-350.5	-761.0	-1,212.2	-1,712.1	-2,272.6	-2,381.6
Corporate Franchise Tax (b)						
Phase out over five years for non-financial corporations	-228.6	-587.8	-971.3	-1,326.4	-1,642.2	-1,642.2
Commercial Activity Tax (c)						
Phase in over five years	273.4	580.0	975.5	1,340.1	1,676.0	1,573.0
Tangible Personal Property Tax						
Phase out, with commensurate increase in state payments to local entities	-88.3	-571.3	-931.6	-1,275.0	-1,624.1	-1,650.7
Cigarette Tax						
Increase tax rate	505.0	425.0	416.0	407.0	398.0	390.0
Local Property Tax						
Eliminate 10% rollback on commercial and industrial property thus decrease state expenditure	166.0	314.0	329.0	348.0	365.0	383.0
Subtotal of Listed Impacts	974.0	104.9	-668.7	-1,469.4	-2,327.9	-2,530.5
Total Impact on All State Funds	1,080.9	185.8	-594.2	-1,402.8	-2,268.0	-2,443.9
Total Impact on General Revenue Fund	1,080.9	185.8	-502.4	-1,296.6	-2,110.9	-2,282.0

(a) These estimates differ, in some cases substantially, from the estimates that were published at the time that HB 66 passed. Analysts have almost two years of actual data following the passage of HB 66 to determine the new estimates. So, for example, the estimated losses from the income tax cuts and corporate franchise tax reductions are larger than originally expected. New revenues from the CAT are also above the original estimates.
(b) This is an unadjusted estimate which does not factor in potential taxpayer behavior – specifically, increased apportionment of taxable income into Ohio by multi-state companies - occurring as the result of the phase-out of the corporate franchise tax. To the extent such behavior is occurring, these figures overstate the revenue being foregone by the repeal of that tax on most taxpayers.
(c) Assumes a commercial activity tax rate reduction will occur in fiscal year 2010, with the full impact being felt in fiscal year 2011.

In the effort to continue the tax reforms enacted in House Bill 66, no tax or fee increases are proposed in the fiscal years 2008-2009 Executive Budget. However, the Executive Budget does propose a few tax law changes including an expansion of property tax relief. Table B-1b lists the proposed tax changes in the Executive Budget and the impact on state revenues. The proposed tax changes included in the FY 2008-2009 Executive Budget will reduce Ohio Residents' tax liability by an additional $261.5 million over the biennium.

Table B-1b: Proposed Tax Changes in FYs 2008-2009 Executive Budget and the Impact on State Revenues (a)
($ in millions)

	FY 2008	FY 2009
Expand homestead exemption to include all senior citizen and permanently disabled homeowners, regardless of income - also increase exemption to $25,000 of market value multiplied by effective residential tax rate.	($128.5)	($257.0)
Restructure nonresident tax exemption for Ohio motor vehicle purchases. Nonresident is charged 6.0%: 5.5% state rate + 0.5% permissive rate (permissive portion is equal to lowest permissive rate in effect in this state). If home state does not have sales tax credit for its residents, no Ohio tax is charged. Change effective August 1, 2007.	$64.0	$66.0
Change vendor discount for sales tax from current 0.75% of all collections to 1.00% discount on first $3,000 of tax collections for the reporting period (monthly or semiannual); no discount on remainder. Change effective August 1, 2007.	$35.0	$39.0
Eliminate the $300 per month cigarette/tobacco product importation exemption.	$25.0	$25.0
Total all impacts	**($4.5)**	**($127.0)**
Total all impacts on Ohio residents - after subtracting motor vehicle change	**($68.5)**	**($193.0)**

(a) New property tax relief increases GRF expenditures;
all other numbers include the impact on all state funds.

Local Government Funds

Recent state budget bills (Amended Substitute House Bill 94, Amended Substitute House Bill 95, and Amended Substitute House Bill 66) temporarily suspended the statutory funding method for the Local Government Fund (LGF), the Local Government Revenue Assistance Fund (LGRAF), and the Library and Local Government Support Fund (LLGSF) over the fiscal year 2002 through 2007 time period. A so-called "freeze" was imposed by these bills in lieu of the statutory funding method and allocation formulas.

The Executive Budget proposes to make several notable changes to the funds. First, the "freeze" would continue through calendar year 2007, thus ensuring that each county (and each municipality receiving a direct distribution from the state) receives the same amount in that year as it received in calendar year 2006. The proposed permanent law changes would become effective in January 2008. Beginning in that month, the Local Government Fund and Local Government Revenue Assistance Fund would be replaced by a single fund called the Local Communities Fund; the Library and Local Government Support Fund would be renamed the Local Libraries Fund. Also beginning in January 2008, a new funding method would be used to provide full, stable ongoing support for the local funds. Each month, the Local Communities Fund would receive 3.65 percent of the total prior month's General Revenue Fund tax receipts, while the Local Libraries Fund would receive 2.20 percent of the total prior month's General Revenue Fund tax receipts. ("General Revenue Fund tax receipts" is defined as the total revenues of the various tax sources that are entirely or partially deposited in the General Revenue Fund, net of deposits made to funds other than the General Revenue Fund and the local government funds, such as the state fire marshal fund.)

Finally, the Executive Budget proposes changes in how local government fund monies are distributed to counties. Due to cumulative valuation and population changes that have occurred since the freeze first went into effect in July 2001, if the entire Local Communities Fund were distributed according to the existing statutory Local Government

Fund and Local Government Revenue Assistance Fund formulas, there would be substantial distributional swings among the counties in calendar year 2008 relative to the freeze-based calendar year 2007 distributions. Under the proposal, the Local Communities Fund allocation formula would guarantee that distributions to counties (and to municipalities that received a direct calendar year 2007 Local Government Fund distribution from the state) would at least equal the calendar year 2007 distributions received from the Local Government Fund and Local Government Revenue Assistance Fund (only a decline in state tax revenue performance would result in distributions not meeting that calendar year 2007 target). All additional Local Communities Fund money exceeding the calendar year 2007 base amounts would be distributed to counties based on each county's share of the total state population.

The Local Libraries Fund would operate in the same manner as the current Library and Local Government Support Fund. The only difference would be that the calendar year 2007 entitlements embedded in the calendar year 2008 Library and Local Government Support Fund formula would be set so that they equal the amounts actually distributed to county library funds in calendar year 2007. This ensures that each county will experience the same rate of change in their calendar year 2008 distributions relative to their calendar year 2007 distributions (in addition, because aggregate calendar year 2008 distributions are not expected to grow at a rate exceeding the inflation rate, the "equalization" formula is not expected to be triggered, thereby allowing each county to grow by the same rate in calendar year 2008).

Since the Local Communities Fund and the Local Libraries Fund would receive a designated percentage of total General Revenue Fund tax receipts, there is a chance local governments and libraries would not receive a larger dollar amount in calendar year 2008 than they will in calendar year 2007. This would occur if total tax receipts fall approximately one percent or more below current projections.

The new method of financing the local government funds will cause a change in the deposit mechanism used by the Office of Budget and Management. Under the proposed system, the Department of Taxation will need to know the final total tax receipts for a month before calculating and reporting to the Office of Budget and Management the amounts to be deposited in the Local Communities Fund and Local Libraries Fund. Therefore, instead of depositing funds in the month prior to distribution, deposits will be made within the first five days of the month in which the distribution is scheduled to occur. The local governments and libraries will still receive funds on the 10th day of that month. This change in the deposit mechanism will cause the Local Communities Fund and Local Libraries Fund to receive no deposit in December 2007. Instead, the deposit currently scheduled in December 2007 will occur within the first three days of January 2008. This timing dynamic will provide a one-time increase in December 2007 to General Revenue Fund receipts. However, the distributions to the local governments and libraries will not be affected. Table B-3 shows the estimated calendar year distributions to the local governments and libraries.

Table B-3: Projected calendar year distributions, CY 2006-2009 ($ in millions)

Includes proposed revenue raisers, first impacting the CY 2008 distributions.

	CY 2006 Actual	CY 2007* Projected	CY 2008** Projected	CY 2009 Projected
Local Government Distributions	$756.8	$756.8	$766.6	$771.2
Library Distributions	$458.0	458.0	462.1	464.9
Total	$1,214.8	$1,214.8	$1,228.6	$1,236.1

*Assumes the freeze will last through December 2007.

**Beginning in January 2008, distributions will reflect the new funding method.

Tax Sources

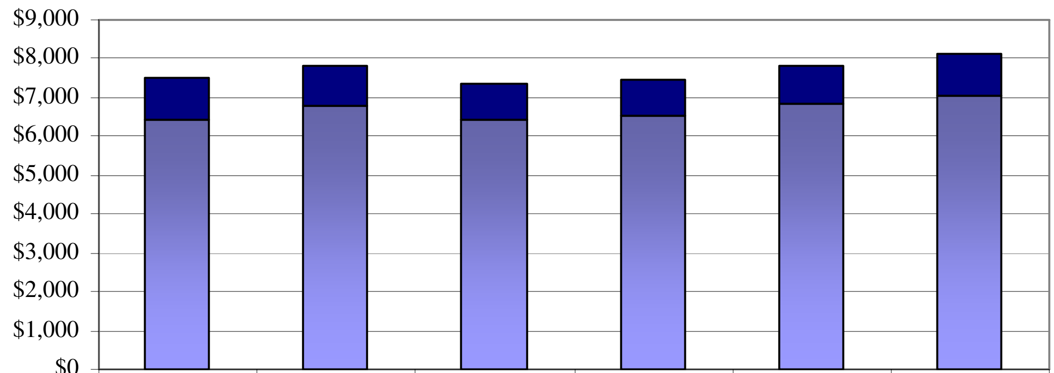
Sales and Use Tax

The state sales and use tax on retail sales and selected services is levied at a rate of 5.5 percent. From 1981 through 2003 the sales and use tax was levied at 5.0 percent. In fiscal years 2004 and 2005, the sales and use tax rate was temporarily raised from 5.0 percent to 6.0 percent. House Bill 66 set the sales and use tax rate at 5.5 percent permanently.

For revenue projection purposes, the sales and use tax is separated into two components: auto and non-auto sales tax revenue. The auto component consists of the tax collected from the sale or use of automobiles and trucks. The non-auto component includes all other sales and use tax collections, including the sales and use tax on motor vehicle leases.

Chart B-1: Sales and Use Tax GRF Revenues

(in millions)



	FY 2004 actual	FY 2005 actual	FY 2006 actual	FY 2007 estimate	FY 2008 forecast	FY 2009 forecast
Auto	$1,122.9	$1,064.1	$936.4	$920.0	$1,022.3	$1,061.9
Non-Auto	$6,407.7	$6,763.0	$6,431.9	$6,550.0	$6,817.0	$7,047.6

Due to the lower tax rate, fiscal year 2006 sales tax revenues dropped below fiscal year 2005 revenues. Fiscal year 2007 revenues are expected to grow at a rate of 1.4 percent. This growth rate is affected by the fact that some revenues in July of fiscal year 2006 were collected at the 6.0 percent rate while all revenues in July of fiscal year 2007 were collected at 5.5 percent. In fiscal year 2008, revenues are expected to slightly exceed fiscal year 2005 levels. Baseline growth in fiscal years 2008 and 2009 is expected to be positive, but modest relative to historical sales and use tax growth.

Current statutory law states that 4.8 percent of all sales tax revenue is to be dedicated to local government funds, but for the past three biennia deposits into the funds have been restricted. However, fiscal year 2008 would mark the start of the proposed change in the local government funds' financing method. After deposits are made based on freeze funding amounts in July-November 2007, beginning in January 2008 deposits into the Local Communities Fund and Local Libraries Fund would be based on a designated percentage of total General Revenue Fund tax receipts. In January 2008, the auto sales tax would no longer credit money to the local funds. In contrast, although funds will no longer come from individual tax sources, for revenue accounting purposes the non-auto sales tax would credit one-half of the money to be deposited in the Local Libraries Fund. None of the money to be deposited in the Local Communities Fund would be credited against the non-auto sales tax. This change inflates the fiscal year 2008 growth rate because less money would be credited from the sales tax as a whole to the local funds. Projected growth rates in fiscal year 2008 and 2009 are 4.9 percent and 3.5 percent respectively. These estimates include two proposed changes in the sales and use tax – a capped vendor discount, and the removal of the auto sales tax exemption for nonresident purchasers. The details of these changes and their fiscal effects are outlined below.

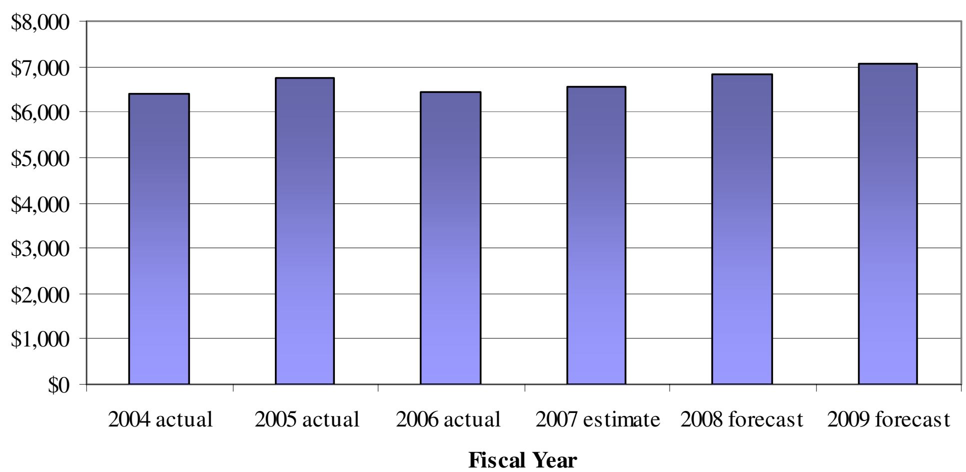
All vendors who remit sales and use tax to the state receive a discount equal to a specific percentage of the remitted tax as consideration for helping to administer the tax (as long as filing and payment are made timely). After being temporarily increased during the past two biennia because of changes in the state tax rate, under current law the vendor discount is slated to return to the statutory rate of 0.75 percent. The Executive Budget proposes restructuring the vendor discount in the following way: vendors would receive a discount of 1.0 percent on the first $3,000 in tax collected for each reporting period (on semi-annual and monthly returns), and receive no discount on any remaining tax remitted to the state for the reporting period. This change would take effect in August 2007. Although the discount change affects auto and non-auto sales tax alike, to simplify the presentation only non-auto sales and use tax revenue estimates include the effect of the proposed change in the vendor discount.

Currently, out-of-state residents who purchase cars in Ohio are exempt from paying tax on these purchases in Ohio. Instead these individuals pay tax in their state of residence. The Executive Budget proposes to eliminate this exemption. Out-of-state residents would pay sales tax to Ohio on vehicles purchased in Ohio. The rate an individual would pay would be the sum of the 5.5 percent state tax rate and the lowest local tax rate in effect at the beginning of the calendar year. This rate is currently 0.5 percent, so the rate charged to out-of-state residents would be 6.0 percent. This is equal to the sales tax rate currently in effect in Ohio's surrounding states. Individuals from states that do not provide a credit for sales tax paid to another state for a vehicle purchased in that state would not be charged sales tax on their purchase in Ohio. This would allow West Virginia residents to not pay Ohio sales tax, since West Virginia does not offer a credit to its residents on out-of-state purchases.

Non-Auto Sales and Use Tax

The baseline estimate for the non-auto sales and use tax results from a regression of non-auto sales and use tax receipts against Ohio income data, national consumption data, stock market data, and housing price data. Forecasts of these data were provided by the Governor's Council of Economic Advisors and Global Insight. Various specifications were tested and the resulting estimate is an average of the regression estimates. The estimates for fiscal years 2007, 2008, and 2009 were then adjusted to reflect the actual performance of fiscal year 2006 and the performance thus far in fiscal year 2007.

Chart B-2: Non-Auto Sales and Use Tax GRF Revenue
(in millions)



Non-auto sales tax revenue is expected to increase over the next two years by 4.0 percent and 3.5 percent respectively. The fiscal year 2008 growth rate is inflated by the proposed changes to the local government funds formulas and the vendor discount, as discussed above. In January 2008 the local government funds are proposed to receive a designated percentage of total General Revenue Fund tax receipts. Table B-4a below reflects expected General Revenue Fund revenues. Figures incorporate the proposed change in the funding of local governments and libraries as well as the proposed change in the vendor discount rate. In contrast, the historical and baseline projections of General Revenue Fund receipts for fiscal years 2008 and 2009 can be found in Table B-4b below. Revenue figures for fiscal years 2004 and 2005 reflect a 6.0 percent sales and use tax rate; otherwise a 5.5 percent tax rate is used to calculate baseline revenues.

Table B-4a: Non-Auto Sales and Use Tax GRF Revenues ($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	6,407.7	6,763.0	6,431.9	6,550.0	6,782.1	7,008.6
Impact of Capped Vendor Discount				0	34.9	39.0
Total GRF Estimate				6,550.0	6,817.0	7,047.6

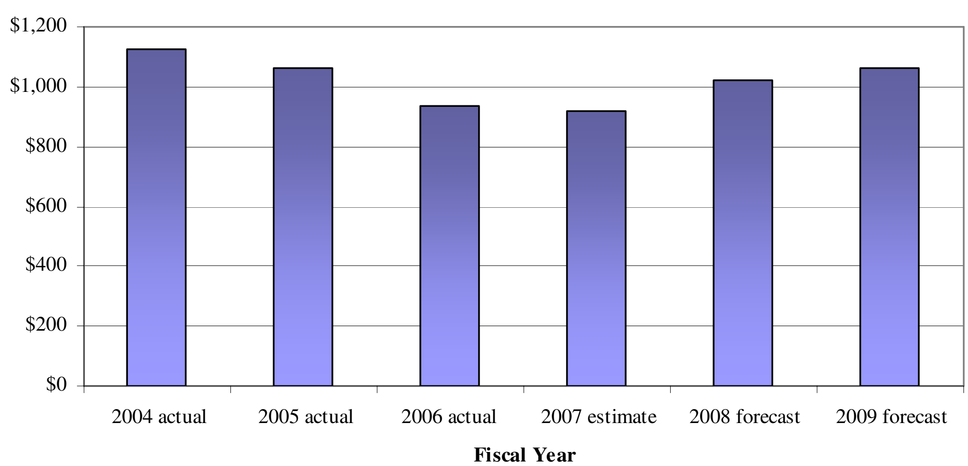
Table B-4b: Non-Auto Sales and Use Tax GRF Revenues - Baseline Forecast ($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Baseline GRF Revenue	6,407.7	6,763.0	6,431.9	6,550.0	6,678.3	6,892.5

Auto Sales and Use Tax

The estimate for the auto sales and use tax is based on three regression models of auto sales and use tax receipts. Auto sales and use tax receipts were regressed against some measure of new motor vehicle sales – U.S. or Ohio, unemployment, and national consumption data on vehicles, homes, and gasoline. Estimates resulting from an average of the three regression methods for fiscal years 2007, 2008, and 2009 were adjusted to reflect the actual performance of fiscal year 2006 and fiscal year 2007 thus far.

Chart B-3: Auto Sales and Use Tax GRF Revenues
(in millions)



After decreasing in fiscal years 2006 and 2007, auto sales and use tax revenue is projected to rise over the next two fiscal years. Part of the projected growth can be attributed to the change in the local government funds' financing method and the elimination of the exemption for vehicles purchased by residents of other states. Economic conditions for auto sales were particularly good from fiscal year 2001 through fiscal year 2006. This was largely due to better incentives offered by auto makers and historically low interest rates. Sales have fallen more recently as interest rates have risen and incentives have been reduced. However, according to the Governor's Council of Economic Advisors, national vehicle sales over the next two years will grow approximately 1.2 percent in both fiscal years 2008 and 2009. Global Insight's current forecast predicts Ohio new vehicle registrations to mirror the modest growth path of national purchasing trends.

The fiscal year 2008-2009 Executive Budget proposes that all revenues from this tax source will be deposited in the General Revenue Fund, effective December 2007. In July to November 2007, the amount of deposits to the local government funds is proposed to stay at the freeze amounts established in fiscal year 2005. This change, and the proposed elimination of the sales tax exemption for motor vehicles purchased by out-of-state residents, is reflected in Table B-5a below.

Table B-5b gives the historical and baseline projections of General Revenue Fund receipts from the auto sales and use tax. Revenue figures for fiscal years 2004 and 2005 reflect a 6.0 percent sales and use tax rate; otherwise a 5.5 percent tax rate is used to calculate baseline revenues.

Table B-5a: Auto Sales and Use Tax GRF Revenues ($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	1,122.9	1,064.1	936.4	920.0	958.3	995.9
Elimination of Out-of-State Purchasers Exemption				0.0	64.0	66.0
Total GRF Estimate				920.0	1,022.3	1,061.9

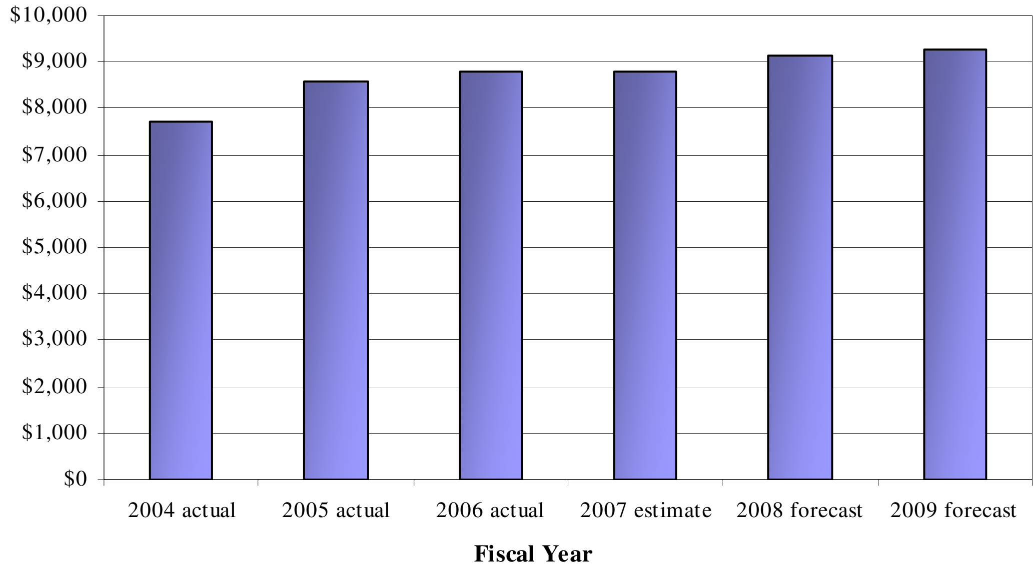
Table B-5b: Auto Sales and Use Tax GRF Revenues - Baseline Forecast ($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Baseline GRF Revenue	1,122.9	1,064.1	936.4	920.0	929.1	948.1

Personal Income Tax

The Ohio income tax on individuals and estates took effect in 1972. An income tax on trusts was enacted in 2002. There are nine income brackets with progressive tax rates. Ohio taxable income is based on federal adjusted gross income for individuals or taxable income for estates and trusts, with certain adjustments. Graduated tax rates are applied to this income base to arrive at tax liability before credits. Final tax liability is obtained after certain credits are subtracted.

Chart B-4: Personal Income Tax GRF Revenues
(in millions)



The baseline estimates of the personal income tax revenues listed in Table B-6 were derived by breaking down this tax source into its different components: employer withholdings, quarterly estimated payments, annual returns, refunds, tax on trusts, and other collections. The collections from each component in fiscal years 2008 and 2009 were estimated using a combined method of regression analysis and trend analysis. Ohio wage and salary income and Ohio non-farm employment were employed in the regression equation to estimate the growth rates for withholding revenues. The growth rates for the non-wage components were predicted by considering the growth rates of both Ohio wage and salary income and non-wage income items, such as capital gains.

The baseline estimates also reflect recent law changes. House Bill 66 enacted several changes to the personal income tax. Tax rates are reduced by 21 percent from the tax year 2004 rates for all income brackets, phased-in over five years starting from tax year 2005. In tax year 2005, tax rates were reduced by 4.2 percent. In each of the years through tax year 2009, the rates are reduced by an additional 4.2 percent per year. For example, the top tax rate of 7.5 percent in tax year 2004 will be reduced by 0.315 percentage points (4.2 percent of 7.5%) in each of the tax years 2005-2009 and the new top tax rate will become 5.925 percent starting in tax year 2009. House Bill 66 also created a non-refundable low-income tax credit for filers with taxable income under $10,000. These changes to the personal income tax in House Bill 66 will reduce revenues by an estimated $1,212.2 million in fiscal year 2008 and by $1,712.1 million in fiscal year 2009. House Bill 66 also eliminated the income tax deduction for college tuition payments starting from tax year 2006 and made the income tax on trusts permanent.

Aligned with the enacted tax rate cut, the withholding rates were reduced by 4.2 percent starting in January 2006; this cut was estimated to result in a one-time revenue loss of $165 million in fiscal year 2006. The withholding rates were then reduced by an additional 8.4 percent starting in October 2006, resulting in an estimated one-time revenue loss of $390 million in fiscal year 2007. In each of calendar years 2008 and 2009, withholding rates will be further reduced by an additional 4.2 percent. The additional cuts in the withholding rates are estimated to further reduce revenues by $180 million in fiscal year 2008 and by $190 million in fiscal year 2009.

The 126th General Assembly passed other bills that will depress personal income tax revenues. Among these are Substitute House Bill 73 (HB 73) and Substitute House Bill 149 (HB 149). The former changes the residency test for income tax purposes. Prior to HB 73, the bright line test for residency in Ohio was 120 contact periods plus up to 30 contact periods for medical hardship or other prescribed activities. Persons with an abode in another state who did not exceed the 120/150 contact period standard were considered nonresidents of Ohio and thus not subject to Ohio tax on certain types of income (e.g. capital gains from intangible assets). HB 73 eliminated the medical hardship periods and enacted a new bright line standard of 183 contact periods in Ohio before the state may assert that an individual with an abode in another state may be defined as an Ohio resident for income tax purposes. HB 73 also exempted active-duty military pay and allowances from the state income tax base. Overall, the Department of Taxation estimates that these changes will cause an annual revenue loss of $52.5 million starting in fiscal year 2008.

HB 149 authorized a refundable tax credit against the personal income tax for rehabilitating historic buildings. The credit equals 25 percent of a taxpayer's qualified rehabilitation expenditures. A taxpayer may apply for this credit in fiscal years 2008 and 2009 although the credit cannot actually be earned and claimed until the rehabilitation work is completed. The enacted credit is estimated to reduce personal income tax revenues by $7.5 million in fiscal year 2008 and by $30.0 million in fiscal year 2009. Additionally, Amended Substitute House Bill 530, the fiscal year 2007-08 capital budget bill passed by the 126th General Assembly, allows trusts created before 1972 to elect whether they are to be subject to personal income tax or commercial activity tax beginning in 2006. The elections have already been made, and this change is expected to reduce revenue by about $18.0 million per year.

The proposed change in the mechanisms to allocate state tax revenues to local government funds also affects the General Revenue Fund receipts from personal income tax in fiscal year 2008 and beyond. Under current law, 10.5 percent of personal income tax receipts are deposited into the local government funds. Although funds will no longer come from individual tax sources, for revenue accounting purposes all Local Communities Fund deposits (but no Local Libraries Fund deposits) would be credited against the personal income tax. The change is proposed to take effect in January 2008. For the July to November 2007 period, the allocation of monies to the local government funds would continue at the freeze levels established in fiscal year 2005.

The historical and projected General Revenue Fund receipts from personal income tax for fiscal years 2004-2009 – incorporating the proposed local government fund changes - are listed in Table B-6a. Table B-6b lists the baseline General Revenue Fund forecast for fiscal years 2004-2009 under current statute. Actual and estimated General Revenue Fund receipts from the personal income tax are also graphed in Chart B-4.

Table B-6a: Personal Income Tax GRF Revenues
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	7,696.9	8,598.9	8,786.4	8,790.0	9,148.4	9,252.0

Table B-6b: Personal Income Tax GRF Revenues - Baseline Forecast
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Baseline GRF Revenue	7,696.9	8,598.9	8,786.4	8,790.0	8,851.4	8,967.7

Corporation Franchise Tax

The Ohio corporation franchise tax is assessed on all corporations organized for profit that do business in Ohio, except for those that are specifically exempt. This tax was first imposed in 1902. Corporations are taxed on the basis of either net worth or net income, depending on which produces the greater tax liability.

The baseline estimates of corporation franchise tax revenues for fiscal years 2008 and 2009, as listed in Table B-7b, were constructed using elasticity analysis and simulation analysis. The elasticity analysis linked the growth rate of tax payments with the growth rate of U.S. corporate profits before tax. Corporate profits have been growing steadily since 2002, with consecutive double-digit growth rates in the past four years. Both the Governor's Council of Economic Advisers and Global Insight predict that growth will slow down starting in 2007. Simulation analysis was used to estimate the tax credits. The net revenue estimates equals the estimated payments minus estimated credits.

The baseline estimates also reflect the recent law changes. House Bill 66 enacted a five year phase-out schedule for this tax starting in tax year 2006. The tax is phased out by 20 percent per year in tax years 2006-2010. The phase-out does not apply to financial institutions, financial institution affiliates, insurance company affiliates, and securitization companies. Therefore, for most corporations, there will be no franchise tax liabilities for tax year 2010 and forward.

Table B-7a displays actual and estimated General Revenue Fund receipts from the corporation franchise tax with the proposed funding change for the local government funds and Table B-7b displays the baseline forecasts under current statute. Although strong growth in corporate profits, perhaps accompanied by behavioral change, has allowed corporate tax revenues to maintain their FY 2005 levels in FY 2006-2007 despite the first two steps in the phase-out of the tax, revenues are expected to drop sharply in FY 2008-2009 as the tax is imposed at only 40 percent and 20 percent of its original strength. Under the current state law, 4.8 percent of the corporation franchise tax receipts are allocated to local governments. The fiscal year 2008-2009 Executive Budget proposes that all revenues from this tax source are to be allocated to the General Revenue Fund, effective January 2008. From July to November 2007, the amount deposited in the local government funds is proposed to stay at the freeze amount established in fiscal year 2005. The actual and predicted revenues are also graphed in Chart B-5.

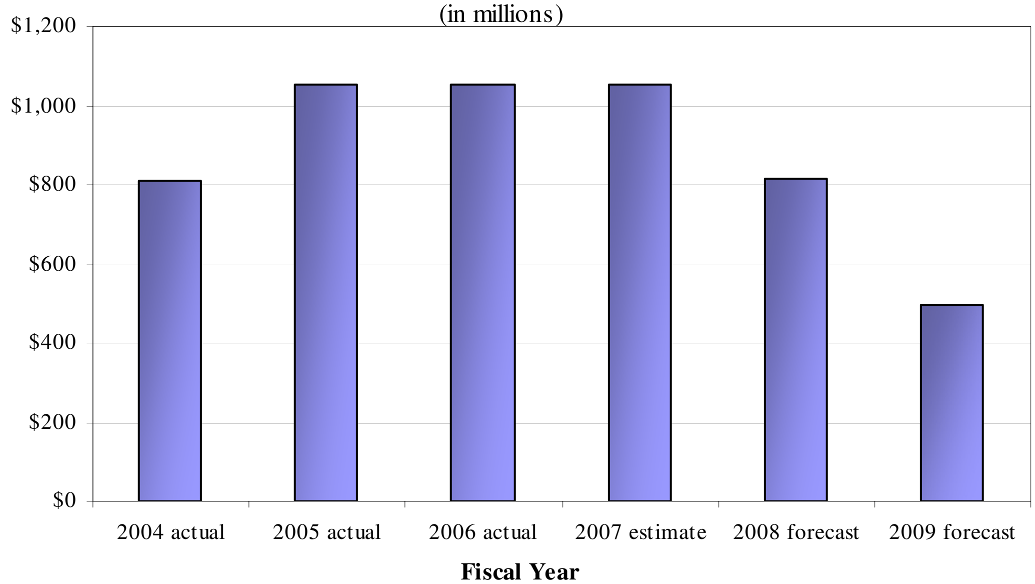
Table B-7a: Corporation Franchise Tax GRF Revenues
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	809.2	1,051.6	1,054.9	1,055.0	812.8	497.4

Table B-7b: Corporation Franchise Tax GRF Revenues - Baseline Forecast
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Baseline GRF Revenue	809.2	1,051.6	1,054.9	1,055.0	773.4	473.5

Chart B-5: Corporation Franchise Tax GRF Revenues
(in millions)



Commercial Activity Tax (CAT)

The commercial activity tax, a tax imposed for the privilege of doing business in Ohio, is levied upon taxable gross receipts sourced to Ohio from most business activities. The tax was enacted by the 126th General Assembly in House Bill 66. It is phased in over five years beginning in July 2005. The CAT applies to businesses with at least $150,000 in annual taxable gross receipts. Those companies subject to the CAT are taxed at $150 on their first $1 million in annual taxable gross receipts, plus the CAT rate multiplied by their remaining taxable gross receipts above $1 million. In fiscal year 2008, the tax rate of 0.156%, which is 60 percent of the fully phased-in tax rate, will apply. The tax rate in fiscal year 2009 will be 0.208%, which is 80 percent of the full tax rate. In fiscal year 2010, when the commercial activity tax is fully phased in, a tax rate of 0.26% will apply to all non-financial businesses, unless the rate is adjusted based on the triggering mechanism in the Ohio Revised Code. In fact. OBM estimates that revenues will be high enough in FY 2009 that the trigger will be reached and the tax rate will be reduced in FY 2010. This has a partial-year impact in FY 2010 and a full-year impact in FY 2011, so that FY 2011 revenues are below FY 2010 revenues (please see Table B-1a, near the beginning of this document).

As the commercial activity tax is phased in, the law enacted in House Bill 66 phases out the tangible personal property tax. The tax on general business and railroad property is phased-out over four tax years (2006-2009), and the tax on telephone and telecommunications property is phased out over five tax years (2007-2011). To provide transitional relief for the local tax losses caused by the phase-out of the tangible personal property tax, revenues from the commercial activity tax are deposited into two separate tangible personal property tax replacement funds that provide guaranteed payments to school districts and local governments.

The commercial activity tax receipts are estimated using trend analysis based on the actual receipts in fiscal year 2006 and fiscal year 2007 thus far. Additionally, under current law, the temporary exemption for gross receipts from motor fuel that was in effect for fiscal years 2006-2007 expires, so that all petroleum industry gross receipts become taxable beginning in fiscal year 2008. This change adds $83 million and $111 million to estimated collections in fiscal years 2008 and 2009, respectively. The tax receipts are estimated to be $975.5 million in fiscal year 2008 and $1,340.1 million in fiscal year 2009. The total payments to local entities for replacement of the tangible personal property tax are estimated to be $931.6 million in fiscal year 2008 and $1,275.0 million in fiscal year 2009. After the "hold harmless" obligations to local entities are met, the OBM director is authorized to transfer the balances in the tangible personal property tax replacement funds to the General Revenue Fund. These transfers are reflected as transfers-in and are discussed later.

Table B-8a: Commercial Activity Tax GRF Revenues
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue*	N/A	N/A	185.1	0	0	0

* The GRF does not directly receive CAT revenues in FY 2007-2009. However, current OBM forecasts are for revenues to exceed required TPP reimbursements. These excess revenues, equal to $17 million in FY 2007, $44 million in FY 2008, and $65 million in FY 2009, may be transferred by the OBM director to the GRF.

Table B-8b: Commercial Activity Tax Revenues for All Funds
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Total Revenues	N/A	N/A	273.4	580.0	975.5	1,340.1
GRF Revenues	N/A	N/A	185.1	0.0	0.0	0.0
Tangible Property Tax Replacement Fund Revenues	N/A	N/A	88.3	580.0	975.5	1,340.1
Required Tangible Property Tax Reimbursements	N/A	N/A	86.8	571.3	931.6	1,275.0
Potential Excess for GRF *	N/A	N/A	N/A	8.7	43.9	65.1

* In FY 2007 the actual excess available for the GRF is greater than $8.7 million because of excess balances carried over from FY 2006.

Public Utility Excise Tax

The public utility excise tax has been levied on most public utility companies since 1894. It is based on the gross receipts of public utility companies. Companies liable for this tax are not subject to the corporation franchise tax and their services are not subject to the sales and use tax.

There have been two major changes to this tax since 2001. Amended Substitute Senate Bill 3 of the 123rd Ohio General Assembly replaced the excise tax on electric and rural electric companies with the kilowatt-hour tax. This became effective May 1, 2001. Amended Substitute House Bill 95 of the 125th General Assembly removed the telephone companies from the public utility excise tax, beginning in tax year 2005. This change accounts for the sharp drop in the public utility excise tax revenues from fiscal year 2004 to fiscal year 2005.

Two factors contributed to the General Revenue Fund tax receipts growth from fiscal year 2005 to fiscal year 2006, as demonstrated in Chart B-6. The first factor is the price increase in natural gas in fiscal year 2006, which is largely attributed to Hurricane Katrina. On the other hand, the decreased deposits to local government funds (as prescribed by the House Bill 66 "freeze") accounted for about one-third of the dollar increase in GRF revenues. In fiscal year 2002, revenue was first realized from the kilowatt hour tax and electric companies were no longer subject to the public utility excise tax. At the same time, the local government fund freeze started. From then until fiscal year 2006, no kilowatt hour tax revenue was credited to local government funds and the public utility excise tax revenue credited to the local government funds had a designated "freeze" amount, which was about $36.7 million per year. To more closely reflect the relative total revenues of these two tax sources, House Bill 66 divided the $36.7 million deposit between the two sources. In each of fiscal years 2006-2007, $25.7 million was credited to the local government funds from the kilowatt hour tax and $11.0 million was credited to the local government funds from the public utility excise tax. This led to a GRF revenue increase of $25.7 million in public utility excise tax from fiscal year 2005 to fiscal year 2006.

The majority of the public utility excise tax is collected from the natural gas utilities. Minor contributors to this tax are pipeline, heating, waterworks, and water transportation companies. The baseline estimates of the public utility excise tax revenues were derived for two categories, natural gas and non-natural gas utilities. The estimation methods are a combination of regression analysis and trend analysis.

The public utility excise tax is a tax based on gross receipts. To predict the growth rate of natural gas gross receipts for fiscal years 2008 and 2009, the price and residential consumption information for the Midwest region provided by the Energy Information Administration was employed. The tax receipts were then estimated by also considering the impact of weather and budget payment plans available to the natural gas residential users. The excise tax receipts from pipeline, heating, waterworks, and water transportation companies are relatively small and they have been historically stable. The revenue estimate is based on the assumption that the receipts from these companies in fiscal years 2008 and 2009 are close to the historical average.

Table B-9a and Chart B-6 display the historical and projected General Revenue Fund receipts from the public utility excise tax, including the proposed financing changes for the local government funds. Under current law, 4.8 percent of the tax receipts are to be credited to the local government funds. The fiscal year 2008-2009 Executive Budget proposes that all receipts from this tax source will be credited to the General Revenue Fund beginning in January 2008. For the July to November 2007 period, the deposits to the local government funds would continue at the freeze amounts established for fiscal years 2006 and 2007. Table B-9b provides historical and projected baseline General Revenue Fund revenues from the public utility excise tax.

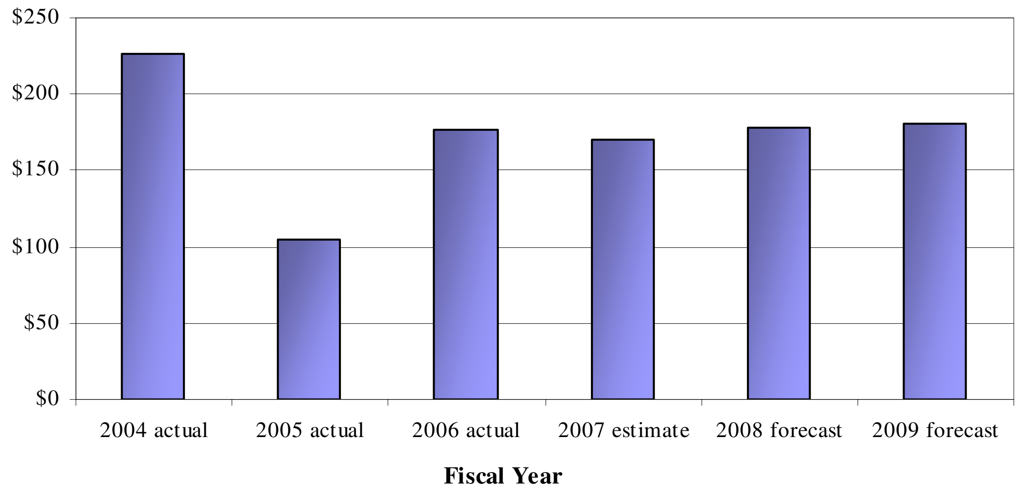
Table B-9a: Public Utility Excise Tax GRF Revenues
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	226.4	104.1	176.2	170.0	177.9	181.0

Table B-9b: Public Utility Excise Tax GRF Revenues - Baseline Forecast
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Baseline GRF Revenue	226.4	104.1	176.2	170.0	172.3	172.3

Chart B-6: Public Utility Excise Tax GRF Revenues
(in millions)



Kilowatt-Hour Tax

The kilowatt-hour tax was introduced in Amended Substitute Senate Bill 3 of the 123rd Ohio General Assembly as part of electric utility deregulation. The tax is levied on the electric distribution companies with end-users in Ohio. Effective May 2001, this tax replaced the public utility excise tax on electric and rural electric companies. Thirty-seven percent of the revenues from this tax source are deposited to the school district and local government property tax replacement funds to compensate for local tax revenue losses due to the reduced tangible personal property tax assessment rates for electric companies. This part of the tax revenue is not reflected in the tables of this section but in the tables under Department of Education and Revenue Redistribution Funds.

The kilowatt-hour tax collection is based on the end-user's consumption of electricity, as measured in kilowatt-hours. Three marginal tax rates are applied: 0.465 cents per kilowatt-hour for the first 2,000 kilowatt-hours consumed in a month, 0.419 cents per kilowatt-hour for the next 13,000 kilowatt-hours, and 0.363 cents for all consumption over 15,000 kilowatt-hours. For certain large consumers of electricity (called “self-assessors”), the tax is based partially on consumption (volume) and partially on sales (dollar amount).

The national electricity sales to ultimate consumers projected by Global Insight were used to produce the baseline estimate of the kilowatt-hour tax revenues. The tax revenues were expected to grow at a slower rate than national electricity sales due to slower population growth in Ohio.

Table B-10a and Chart B-7 display predicted General Revenue Fund receipts from the kilowatt-hour tax. The sharp drop in the General Revenue Fund estimates in fiscal years 2008-2009 is caused by the proposed changes in the depositing of tax receipts to the local government funds. Under current statute, 3.024 percent of the total receipts from the kilowatt hour tax are scheduled to be deposited into the local government funds. The fiscal year 2008-2009 Executive Budget proposes that local government funds deposits be based on total General Revenue Fund receipts. Beginning in January 2008, for revenue accounting purposes, one-half of the total General Revenue Fund tax revenues to be deposited into the Local Libraries Fund would be credited against the kilowatt-hour tax. (Only the General Revenue Fund share of the tax, and not the school district and local government reimbursement funds, would be affected by this change.) The deposits in July to November 2007 are proposed to continue at the freeze level established for fiscal years 2006-2007. Table B-10b provides historic and projected baseline General Revenue Fund tax revenues for the kilowatt-hour tax.

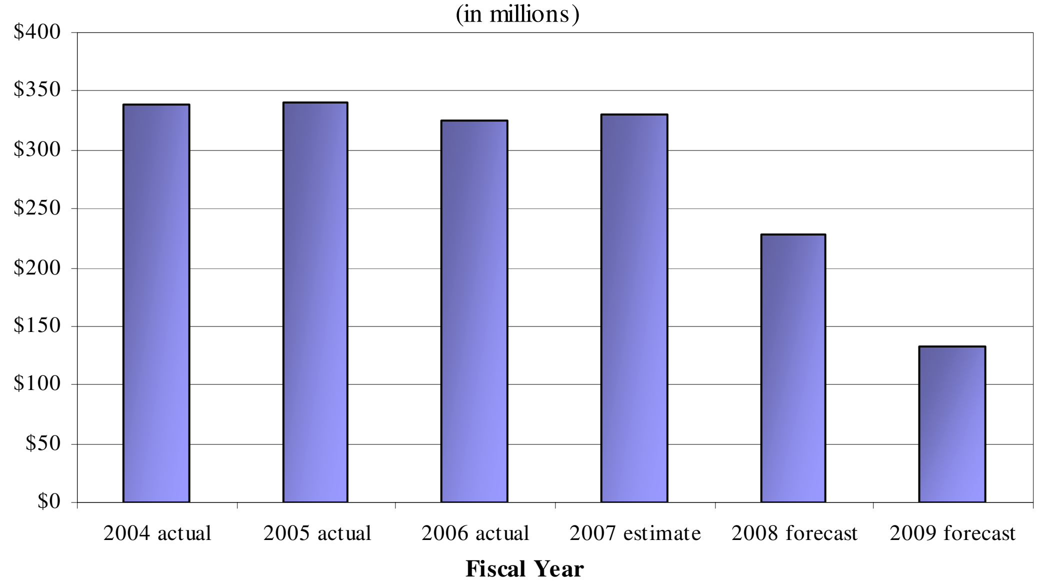
Table B-10a: Kilowatt-Hour Tax GRF Revenues
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	339.0	339.8	325.3	330.0	227.3	133.1

Table B-10b: Kilowatt-Hour Tax GRF Revenues - Baseline Forecast
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Baseline GRF Revenue	339.0	339.8	325.3	330.0	343.0	347.0

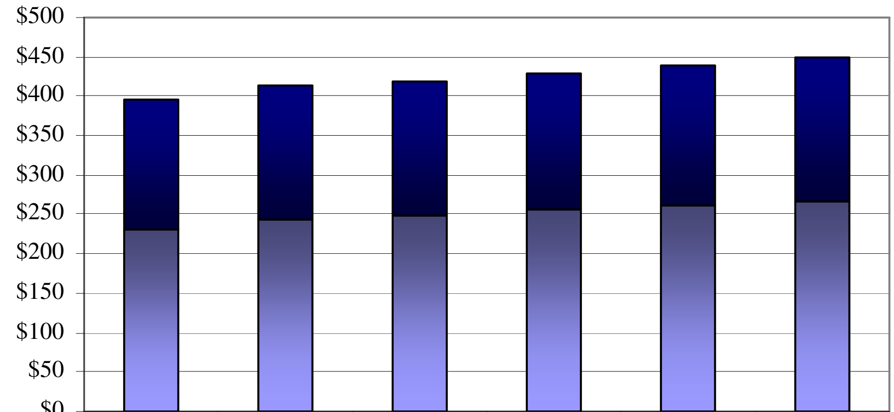
Chart B-7: Kilowatt-Hour Tax GRF Revenues
(in millions)



Insurance Tax

Under Ohio law, insurance companies fall into two categories: domestic and foreign. Domestic insurance companies are organized under Ohio law; foreign insurance companies are not. Ohio has two separate taxes: one levied against domestic insurers and one levied against foreign insurers. In 1997 both taxes underwent extensive restructuring. This restructuring gradually took effect from fiscal year 1999 through fiscal year 2002, finally reaching a stable rate and base in fiscal year 2003. The tax base for both taxes consists of all premiums written for Ohio consumers. Premiums are taxed at a rate of 1.4 percent, with the exception of health insurance premiums, which are taxed at a rate of 1.0 percent. Additionally, foreign insurance companies are subject to a retaliatory tax, which is explained in more detail below.

Chart B-8: Insurance Tax GRF Revenues
(in millions)



	FY 2004 actual	FY 2005 actual	FY 2006 estimate	FY 2007 forecast	FY 2008 forecast	FY 2009 forecast
Domestic Insurance	$165.9	$171.4	$170.3	$174.7	$178.4	$182.5
Foreign Insurance	$230.5	$242.9	$248.8	$255.3	$260.6	$266.6

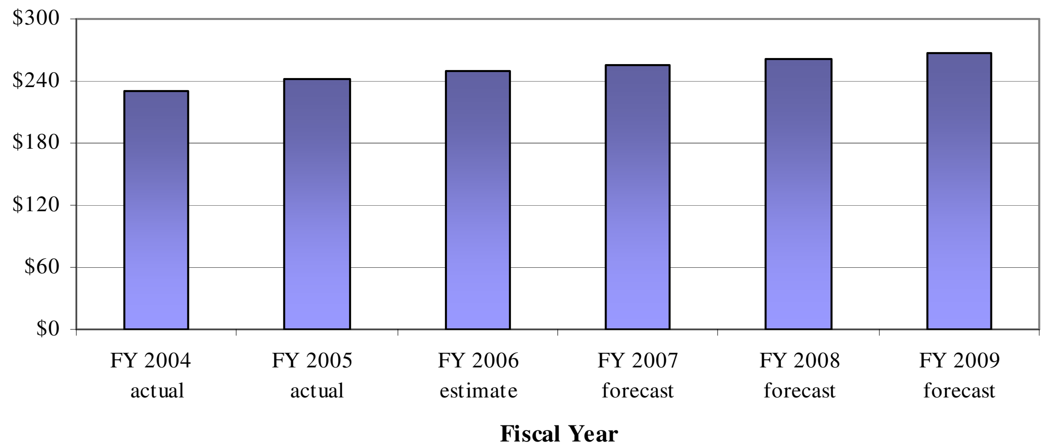
Chart B-8 shows estimated revenue from the foreign and domestic insurance taxes. These estimates are derived from an elasticity analysis of Ohio insurance taxes relative to national premium growth rates, as well as model analysis. Independent variables used in the various specifications of the model analysis include treasury yields, the consumer price index, Ohio household formation data, and Gross Domestic Product, as forecast by Global Insight The insurance market has experienced a softening trend since the 2002 spike in growth, which was attributable to the events of September 11, 2001. A soft market is expected to prevail through 2008. (This period corresponds to tax years through 2009.) Growth is expected to be moderate from fiscal year 2007 through fiscal year 2009.

Foreign Insurance Tax

The foreign insurance tax applies to the insurance companies that are not organized under Ohio law, but sell insurance policies in Ohio. The tax is based on the gross amount of premiums written for Ohio risks during the preceding calendar year, less specified deductions. Additionally, if the state in which the insurance company is organized imposes a higher tax on premiums than Ohio, the company must also pay a retaliatory tax equal to the difference between total tax under Ohio law and total tax under law in its state of origin. After growing rapidly during the years when Ohio's tax rate was decreasing, the retaliatory portion of the tax grew modestly in fiscal year 2006. When a company is subject to the retaliatory tax the entire tax liability is shown as a retaliatory tax payment, not just the extra tax due from the higher home state tax rate.

Currently, the state fire marshal receives 20 percent of all retaliatory taxes attributable to fire tax premiums. The Executive Budget proposes to modify this split such that the state fire marshal would receive 10 percent of all retaliatory tax attributable to fire tax premiums. This change will generate additional revenue in the General Revenue Fund from foreign insurance tax receipts. Projected increases are $5.7 million and $5.8 million in fiscal years 2008 and 2009, respectively.

Chart B-9: Foreign Insurance Tax GRF Revenues
(in millions)



Foreign insurance premiums in Ohio are dominated primarily by life insurance premiums and secondarily by property and casualty insurance premiums. High premium growth driven by September 11th has dropped off. The softness experienced in tax year 2006 is expected to continue in tax years 2007 through 2009. This translates into projected annual growth for the foreign insurance tax to be 2.6% in fiscal year 2007, 2.1% in fiscal year 2008, and 2.3% in fiscal year 2009.

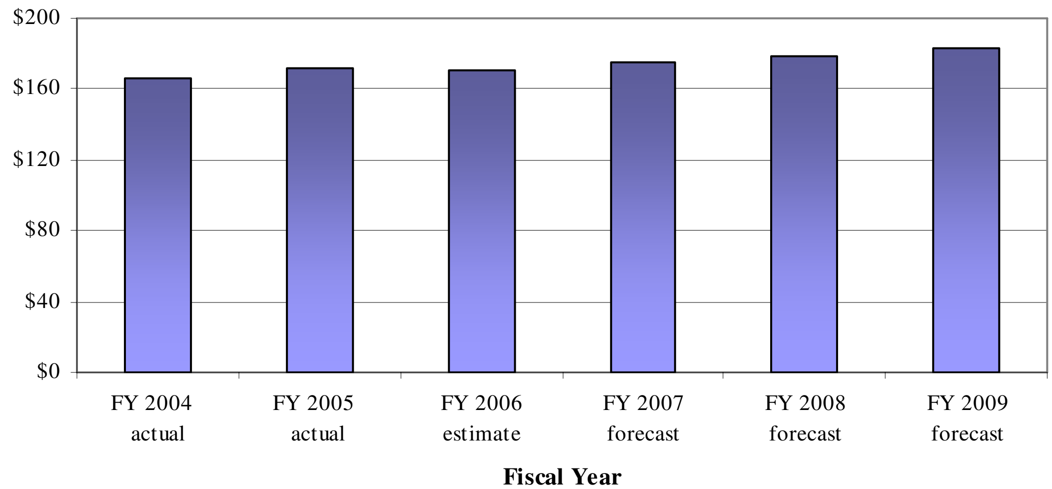
Table B-11 Foreign Insurance Tax GRF Revenues ($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Estimate	FY 2007 Forecast	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	230.5	242.9	248.8	255.3	260.6	266.6
Change in Fire Marshal's Distribution				0.0	5.7	5.8
Total GRF Revenue				255.3	266.3	272.4

Domestic Insurance Tax

The domestic insurance tax applies to insurance companies that are organized under Ohio law. The tax is levied on the gross amount of premiums written to cover risks in Ohio less specific deductions.

Chart B-10: Domestic Insurance Tax GRF Revenues
(in millions)



Receipts from the domestic insurance tax are driven primarily by property and casualty insurance premiums which made up over 50 percent of the taxable base in tax year 2006. Tax growth is expected to be near 2.0 percent from fiscal year 2007 through fiscal year 2009. Table B-12 details the specific level of tax expected from this source

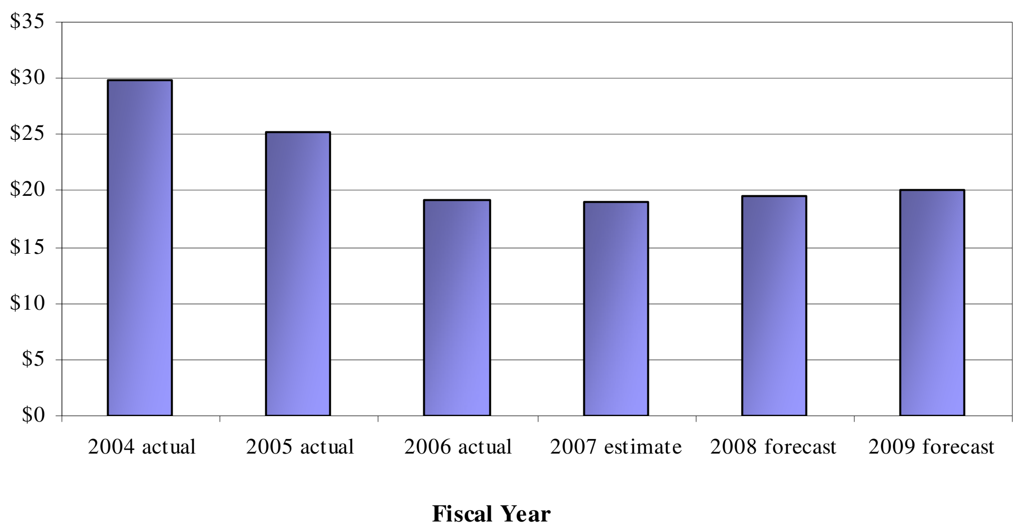
Table B-12: Domestic Insurance Tax GRF Revenues ($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	165.9	171.4	170.3	174.7	178.4	182.5

Business and Property Tax

This revenue category primarily includes the dealers in intangibles tax. The dealers in intangibles tax is imposed on firms engaged in lending money or in buying, selling, or discounting intangibles such as mortgages, stocks, and bonds. Dealers in intangibles are not subject to the corporation franchise tax, the tangible personal property tax, or the commercial activities tax.

Chart B-11: Business and Property Tax GRF Revenues
(in millions)



As revenues from this tax source have been stable recently, tax receipts in fiscal years 2008-2009 are estimated to change little from the recently history. The baseline estimates for the General Revenue Fund receipts from this tax are displayed in Table B-13 and Chart B-11.

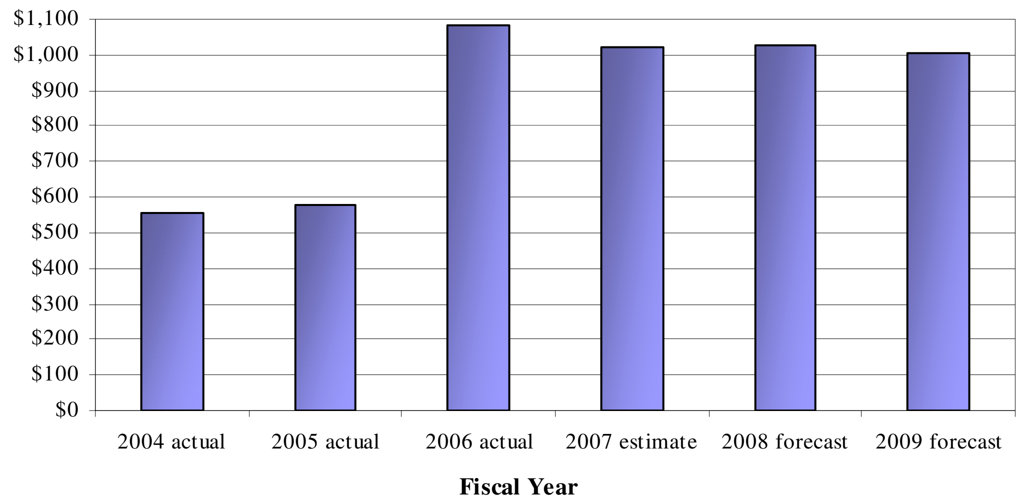
Table B-13: Business and Property Tax GRF Revenues
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	29.9	25.2	19.1	19.0	19.5	20.0

Cigarette and Other Tobacco Products Tax

A tax is levied upon the sale, use, consumption, or storage for consumption of cigarettes in Ohio and on the receipt or import of other tobacco products for resale in Ohio. The excise tax on cigarettes has been levied since 1931. There have been two recent tax rate increases. Amended Substitute Senate Bill 261 of the 124th General Assembly increased the tax rate from 24 cents to 55 cents per package of 20 cigarettes, effective July 2002. House Bill 66 raised the tax rate per package of 20 cigarettes to $1.25, effective July 2005. The excise tax on other tobacco products was enacted effective February 1993 and applies to cigars, chewing tobacco, snuff, smoking tobacco, and other tobacco products. Other tobacco products are currently taxed at 17 percent of their wholesale price.

Chart B-12: Cigarette and Other Tobacco Products Tax GRF Revenues
(in millions)



The baseline revenue estimates for the cigarette and other tobacco products taxes were developed based on a trend analysis. Revenues are estimated to decline in the long term due to anti-smoking campaigns and the indoor smoking ban that was passed in November 2006 by Ohio voters.

The fiscal year 2008-2009 Executive Budget proposes to reverse an exemption passed in House Bill 66. The exemption allows a person to acquire outside of Ohio a total of not more than three hundred dollars worth of cigarettes in any month, as long as they are not for resale, without incurring liability for unpaid Ohio cigarette excise tax and sales tax. The Executive Budget proposes to remove this exemption effective July 2007. Removing the exemption is estimated to raise revenues by $25 million per year. The historical and projected General Revenue Fund receipts from the cigarette and other tobacco products tax are depicted in Table B-14 and Chart B-12.

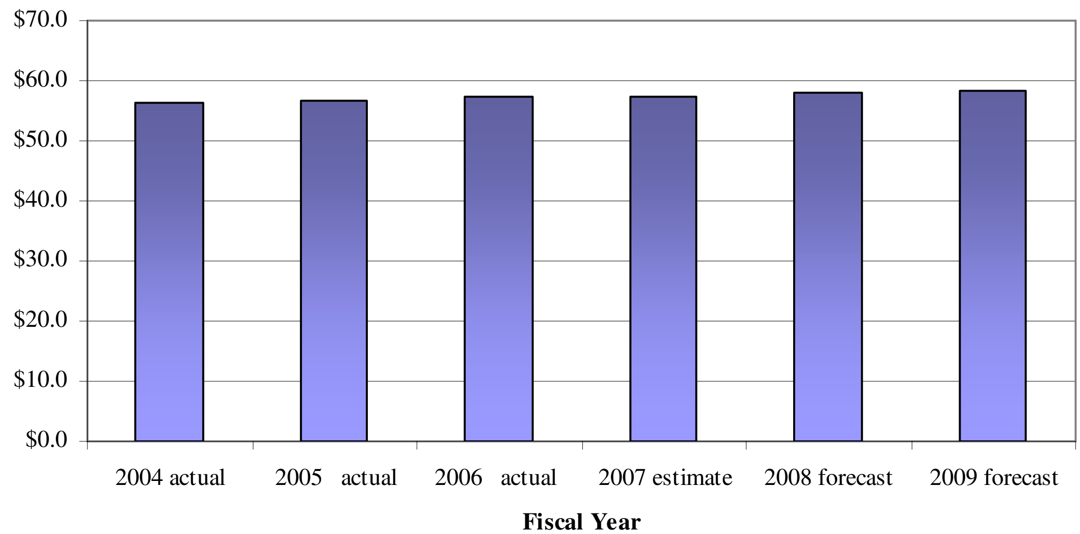
Table B-14: Cigarette and Other Tobacco Products Tax GRF Revenues
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	557.5	577.7	1,084.1	1,020.0	1,000.0	980.0
Remove Exemption on $300 Out-of-State Purchase				0	25.0	25.0
Total GRF Estimate				1,020.0	1,025.0	1,005.0

Alcoholic Beverage Tax

The alcoholic beverage tax applies to sales of beer and malt beverages, wine, and mixed alcoholic beverages. The tax is based on a per-container rate depending on the type of beverage sold. Most of the receipts are deposited in the General Revenue Fund except for five cents per gallon of wine sold, which is deposited in the Ohio Grape Industries Special Revenue Fund. In addition, 1.0 percent of the tax is deposited in the Beverage Tax Administration Fund.

Chart B-13: Alcoholic Beverage Tax GRF Revneues
(in millions)



As Chart B-13 illustrates, the alcoholic beverage tax has experienced a flattening trend over time with annual growth rates of less than 2.0 percent over the past three years. The baseline estimate projects this flat to low growth trend will continue. Table B-15 gives a detailed look at estimated receipts by the General Revenue Fund from the alcoholic beverage tax.

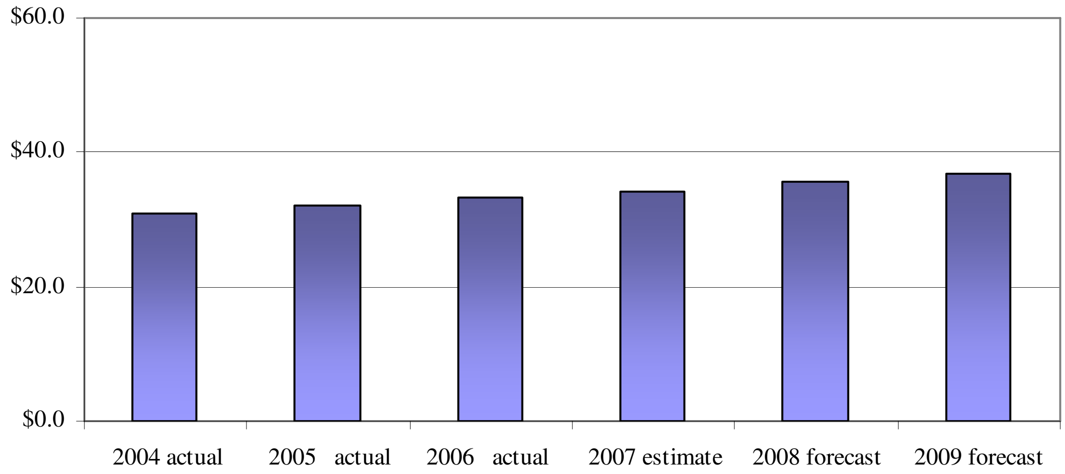
Table B-15: Alcoholic Beverage Tax GRF Revenues ($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated Revenue	56.5	56.8	57.5	57.5	58.0	58.5

Liquor Gallonage Tax

The liquor gallonage tax is currently levied at the rate of $3.38 per gallon of spirituous liquor sold by the Department of Commerce. The entire tax is deposited in the General Revenue Fund.

Chart B-14: Liquor Gallonage Tax GRF Revenues
(in millions)



The dollar value of liquor sales has been on the rise the last three fiscal years and this trend is expected to continue in the future. However, gains in liquor sales do not immediately transfer to gains in the liquor gallonage tax since the tax is volume based, not dollar sales based. Therefore the baseline estimate assumes moderate growth throughout the biennium, with annual growth rates of 3.5 percent and 3.4 percent for fiscal years 2008 and 2009, respectively.

Table B-16: Liquor Gallonage Tax GRF Revenues ($ in millions)

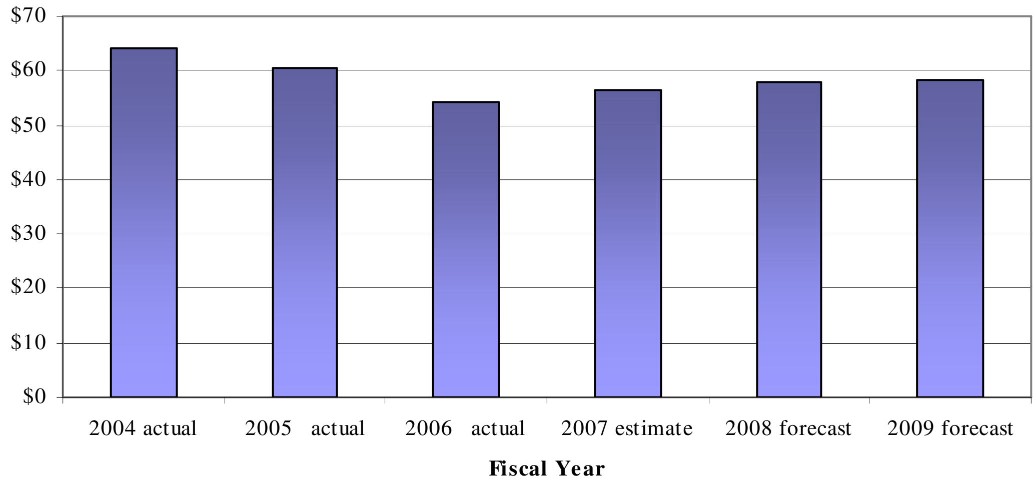
	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated Revenue	30.9	32.2	33.4	34.3	35.5	36.7

Estate Tax

The estate tax is a progressive tax levied on the gross value of the decedent's estate, less deductions and other exemptions, with a maximum $13,900 credit available to each estate since 2002. Currently, 20 percent of receipts are deposited in the General Revenue Fund while the remaining 80 percent is distributed to the municipal corporation or township of origin.

House Bill 66 changed how the estate tax was levied in order to make Ohio law consistent with federal law. Federal legislation passed in 2001 eliminated the tax credit federal estate tax payers would receive for paying state estate taxes. Until FY 2006, if an Ohio estate tax payer’s federal credit was greater than estate taxes due to the state, the payer paid the amount of the federal credit instead. In House Bill 66 the state eliminated the payment calculation based on this federal credit. This is expected to decrease revenues by $8.0 million in both fiscal years 2008 and 2009.

Chart B-15: Estate Tax GRF Revenues
(in millions)



Historically the estate tax has been volatile in nature and difficult to predict. The death of one particularly wealthy individual can greatly influence receipts for the year, at times making up 10 percent of total receipts. As Chart B-15 shows, in recent years receipts from this tax have declined modestly. This is a function of several factors, including a general drop in wealth because of the 2001 stock market decline, the lowering of the state share of the tax for estates with dates of death after January 1, 2002, and the relative wealth of individuals who died in those years. The baseline forecast employs an adjusted trend analysis that takes into consideration fiscal year 2006 results as well as fiscal year 2007 results thus far, and assumes modest growth over the biennium.

Table B-17: Estate Tax GRF Revenues ($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated Revenue	64.2	60.4	54.1	56.5	57.8	58.3

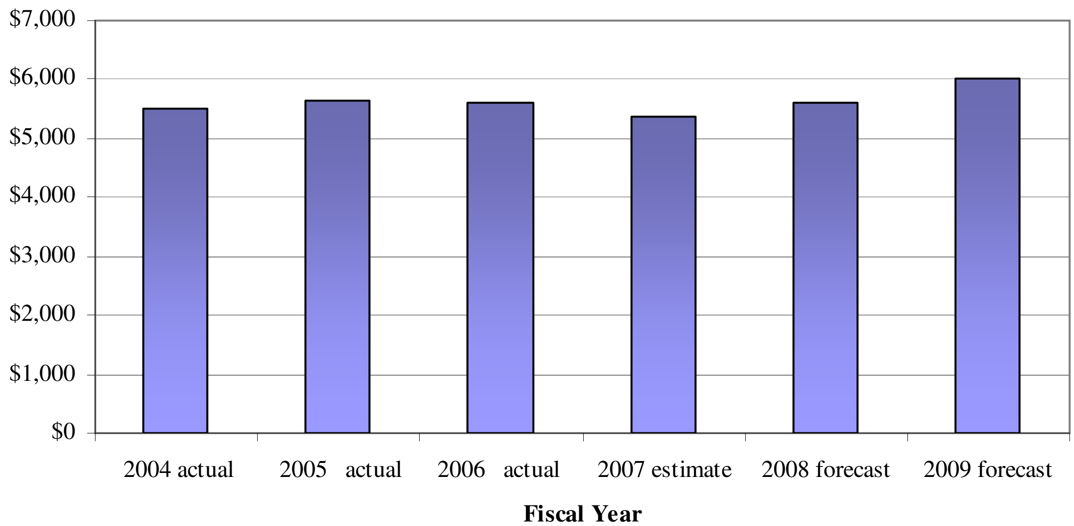
Non-Tax Sources

Federal Grants and Aid

Receipts from this source are provided as federal reimbursements for programs administered by the Department of Job and Family Services. Reimbursements for Medicaid services account for 98 percent of the aid; the remaining funds reimburse the state for Medicaid administration, Food Stamp administration, and Title IV-E administration.

Federal grant estimates result from the projection of expenses for the human services programs mentioned above that have federal participation. The federal reimbursement percentage for Medicaid is determined by the federal government prior to each federal fiscal year and is called the Federal Medical Assistance Percentage (FMAP). The FMAP is the federal government's share of a state's Medicaid expenditures. In general, each state's FMAP rate is based on the ratio of the state's per capita income to the U.S. per capita income. The FMAP rate varies by service and ranges from 50 percent to 90 percent. Ohio's weighted average FMAP rate is projected to be 59.7 percent in fiscal year 2008 and 60.8 percent in fiscal year 2009.

Chart B-16: Federal Grants GRF Revenues
(in millions)



Spending is determined by caseload projections, utilization levels, and rates for services. Any changes in state spending on Medicaid or reimbursable operating expenditures will change receipts from federal grants. Table B-18 shows the growth of total General Revenue Fund receipts from federal grants over the past three fiscal years and the estimated receipts for the next three fiscal years.

Table B-18: Federal Grant GRF Revenues ($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated Revenue	5,516.4	5,646.6	5,595.2	5,357.0	5,604.6	6,030.7

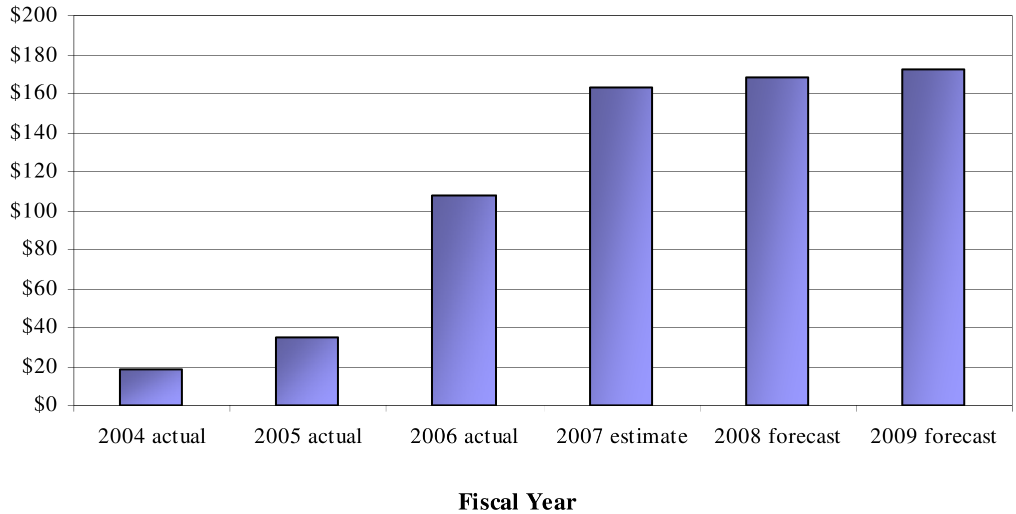
Earnings on Investments

Earnings on investments are determined by the amount of cash in the state's portfolio and the level of interest rates at which the funds are invested. The General Revenue Fund's share of total earnings on investments is determined by the average daily cash balance in the General Revenue Fund and all the non-interest-earning funds, including the Budget Stabilization Fund. The Treasurer of State is responsible for managing the state's portfolio and investing the state funds. State funds are invested in a diversified portfolio concentrated in short-term to medium term securities issued by the Federal government and its agencies.

Table B-19: GRF Revenues from Earnings on Investment
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	18.0	35.0	107.3	163.0	142.8	146.2
Interest Proceeds from non-GRF funds				0.0	25.2	25.8
Total GRF Estimate				163.0	168.0	172.0

Chart B-17: GRF Revenues from Earnings on Investment
(in millions)



Trend analysis was employed to estimate the average daily cash balance in the state funds. As the economy is expected to expand steadily in the next few years, OBM estimates that the average daily cash balance will grow gradually in fiscal years 2008-2009 at the historical trend. The interest rates on investment were estimated by regression analysis against current or lagged discount rates on short-term treasury bills and yields on treasury notes with maturity of no more than five years. It was estimated to decline slightly in fiscal years 2008-2009. The baseline estimate of investment earnings is the product of the estimated cash balance and interest rate.

House Bill 66 distributed interest earnings from certain non-GRF funds into the General Revenue Fund. The non-GRF funds that are excluded from this provision are mostly debt related funds or funds that are constitutionally restricted. The Executive Budget proposes to extend this diversion in fiscal years 2008-2009. The General Revenue Fund estimates of receipts from earnings on investments are displayed in Chart B-17 and Table B-19. The historical data are shown as well.

Licenses and Fees

This source includes licenses and fees collected from businesses, occupations, and motor vehicles. The licenses and fees category also includes insurance agent fees, factory building fees, motor carrier fees, and fees from occupations and businesses not elsewhere classified.

The Executive Budget proposes a change in the allocation of Insurance Sales Person appointment, reappointment, and sponsorship fees. Current law allocates 25 percent of the revenue from these fees to the General Revenue Fund. The Executive Budget proposes 40 percent of revenues from appointment, reappointment, and sponsorship fees be allocated to the General Revenue Fund. This will generate an addition $5.0 million in both fiscal years 2008 and 2009.

Table B-20: License and Fee GRF Revenues
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	50.2	70.6	73.9	71.0	71.0	71.0
Adjust Insurance Fee Split to GRF					5.0	5.0

Total GRF Estimate	76.0	76.0

Other Income

Other income consists of various miscellaneous revenues from refunds, fines and forfeitures, sales of goods and services, receipts from local governments, and other revenue not elsewhere classified. In addition, these revenues include repayments of various loans made from the General Revenue Fund, canceled warrants, and refunds of prior-year expenditures.

The Executive Budget proposes a transfer of unclaimed funds from the Department of Commerce of $10.7 million in fiscal year 2008 and $14.7 million in fiscal year 2009. Table B-21 reflects this transfer below.

Table B-21: Other Income GRF Revenues
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	119.1	85.8	138.3	102.0	52.0	52.0
Unclaimed Funds Transfer					10.7	14.7
Total GRF Estimate					62.7	66.7

Intrastate Transfer Vouchers (ISTV)

Intrastate transfer vouchers consist mainly of appropriation reimbursements from other funds for services rendered by state agencies that receive General Revenue Fund appropriations. The Executive Budget estimate for fiscal years 2008 and 2009 also assumes a continuation of the transfer of lottery funds to pay part of the debt service of elementary and secondary education bonds. The transfer of lottery funds to the General Revenue Fund is a reimbursement for a portion of debt service payments that are made from the General Revenue Fund appropriations to the Ohio School Facilities Commission. Currently no ISTV transfers are expected into or out of the Budget Stabilization Fund in fiscal years 2007, 2008, and 2009.

Table B-22: Intrastate Transfer Vouchers GRF Revenues
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	38.9	72.8	52.7	51.6	51.6	51.6

Liquor Profit Transfer

Liquor profits are generated by the sale of spirituous liquor by the Division of Liquor Control within the Department of Commerce. As required by the Ohio Revised Code, transfers are net of all operating costs and the payment of debt service on industrial development bonds.

In House Bill 66 the discount on liquor sales to wholesale merchants was decreased from 12.5 percent to 6.0 percent. This generated at least an additional $15.0 million each year in funds available for transfers and drove the growth rate in the transfer amount, which was 20 percent in fiscal year 2006.

After growing 8.3 percent in fiscal year 2006, sales of spirituous liquor are expected to move back towards a trend of 3.0 to 5.0 percent growth in fiscal years 2007, 2008, and 2009. Growth in the total liquor profit transfers is expected to be less stable. Total liquor profit transfers are affected by both the debt service costs for the sale of development bonds, and cash management decisions made by the Director of the Office of Budget and Management. Debt service payments from liquor profit funds are expected to increase by at least 25 percent from fiscal year 2007 to fiscal year 2009. The Director of the Office of Budget and Management has decided to wait to transfer some funds projected to be available in fiscal year 2007 until fiscal year 2008. This increases the fiscal year 2008 growth rate and depresses the fiscal year 2009 growth rate. Table B-23 shows the historical and expected liquor profit transfers to the General Revenue Fund.

Table B-23: Liquor Profit Transfer to the GRF ($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated Revenue	118.0	115.0	138.0	135.0	147.0	141.0

Transfers–In

Transfers-In include various transfers to the General Revenue Fund from other state funds. The baseline estimates for fiscal years 2008 and 2009 for this category include a transfer of $8.0 million each year from the Securities Division within the Department of Commerce. In addition, a transfer of $75.0 million in each fiscal year is expected from the school district public utility property tax replacement fund. This payment is to reimburse the General Revenue Fund for increases in payments to school districts because of lower charge-offs in the school foundation program due to the reductions in taxable valuation caused by the changes in the taxation of electric and natural gas utilities that occurred in 2001.

As stated earlier, the receipts from the commercial activity tax will be distributed to tangible personal property tax replacement funds to reimburse schools and local governments for their revenue losses due to the phase-out of the tangible personal property tax. The reimbursement laws provide for two ways for part of the replacement fund money to come back to the General Revenue Fund. First, similar to what is described above for the public utility replacement fund, a transfer is made to reimburse the General Revenue Fund for increases in foundation payments caused by the reduction in taxable property values due to the changes in House Bill 66. Second, after all obligations to schools and local governments are met, the OBM director is authorized to transfer any balances in the replacement funds to the General Revenue Fund. The combination of these two items is listed in Table B-24 as "Commercial Activities Tax Transfers In."

Finally, the Executive Budget proposes a series of non-General Revenue Fund transfers that will amount to an additional $113.6 million in General Revenue Funds in Fiscal Year 2008.

Table B-24: Transfers-In to GRF
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	380.6	417.2	164.3	119.0	88.0	88.0
Rotary Transfers					113.6	0.0
Commercial Activities Tax Transfers In					118.7	210.0
Total GRF Estimate					320.3	298.0

Temporary Transfers–In

Temporary transfers-in to General Revenue Fund are to replenish the temporary transfers-out to other funds. Current law requires payments to be made to school districts and local governments from the tangible personal property tax replacement funds. When the balance in the replacement funds is not sufficient to cover the amount due to local entities, money is transferred temporarily from General Revenue Fund. The estimated temporary transfers-in for fiscal years 2007-2009 reflect the amount of money transferred out of and later transferred back to General Revenue Fund for such purpose. The temporary transfers are made necessary because of the timing difference between the due dates for commercial activity tax payments and the dates when reimbursement payments must be made to local entities.

Table B-25: Temporary Transfers-In to GRF
($ in millions)

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Estimate	FY 2008 Forecast	FY 2009 Forecast
Actual/Estimated GRF Revenue	13.3	19.6	12.9	287.4	439.0	547.3

Actual and Estimated Revenues

The table beginning on the next page, Table B-2, shows; by budget fund group, revenue history for fiscal years 2004, 2005, and 2006 and revenue estimates for fiscal years 2007, 2008 and 2009. The first page of the table shows total revenue for all funds and, beginning on the table's second page are the revenues for each budget fund group. The revenues are presented by income source and the amounts displayed are in millions of dollars. Except for the Department of Transportation, whose capital funding is historically appropriated on the same cycle as the main operating budget, no capital fund revenue has been assumed for fiscal year 2009.

Table B-2
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
All Funds						
Taxes						
Auto Sales and Use	1,163.8	1,105.0	977.3	960.9	1,040.0	1,061.9
Non-Auto Sales and Use	8,191.1	8,585.5	8,345.0	8,571.8	8,883.9	9,182.9
Personal Income	9,596.8	10,486.9	10,898.9	10,469.4	10,994.0	11,282.5
Corporate Franchise	1,060.6	1,282.0	1,309.5	1,304.6	1,015.0	699.6
Public Utility	275.8	155.8	187.2	196.2	196.2	196.2
Kilowatt-Hour	614.8	613.3	626.4	634.2	643.7	653.0
Foreign Insurance	256.9	269.1	272.5	279.5	289.5	294.7
Domestic Insurance	166.1	171.4	170.4	174.9	178.6	182.7
Misc Business and Property	1,921.4	2,104.0	2,250.2	2,538.0	2,373.2	2,418.8
Cigarette	557.5	579.1	1,086.7	1,025.0	1,030.0	1,010.0
Alcoholic Beverage	57.5	57.7	58.5	58.6	59.1	59.6
Liquor Gallonage	30.9	32.2	33.4	34.3	35.5	36.7
Estate	64.2	60.4	54.1	56.5	57.8	58.3
Racing	16.0	14.6	12.9	14.1	14.0	13.8
Commercial Activity Tax	.0	.0	273.9	592.7	996.1	1,360.7
Total Tax Receipts	23,973.4	25,517.0	26,556.9	26,910.7	27,806.6	28,511.4
Non-Taxes						
Federal Grants	13,080.1	13,503.6	14,077.7	16,051.7	15,680.9	16,004.9
Earnings/Investment	104.4	163.1	294.6	341.3	297.8	287.1
Licenses and Fees	1,982.0	2,081.2	2,258.6	2,461.2	2,507.7	2,538.3
Other Income	7,685.6	7,766.3	8,748.7	7,591.0	8,204.0	7,166.2
Interagency (ISTV'S & IDC'S)	2,238.6	2,445.7	2,540.6	2,729.6	2,895.3	3,044.8
Total Non-Tax Receipts	25,090.7	25,959.9	27,920.2	29,174.8	29,585.7	29,041.3
Total Revenues	49,064.1	51,476.9	54,477.1	56,085.5	57,392.3	57,552.7
Transfers						
Liquor Transfers	118.0	115.0	138.0	135.0	147.0	141.0
Lottery Transfers	648.1	645.1	646.3	646.3	657.9	667.9
Transfers In-Other	3,312.7	3,351.2	3,778.7	2,388.4	2,633.4	2,648.9
Total Transfers	4,078.8	4,111.3	4,563.0	3,169.7	3,438.3	3,457.8
Total Sources	$ 53,142.9	$ 55,588.2	$ 59,040.1	$ 59,255.2	$ 60,830.6	$ 61,010.5

Table B-2 (Continued)
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
General Revenue Fund						
Taxes						
Auto Sales and Use	1,122.9	1,064.1	936.4	920.0	1,022.3	1,061.9
Non-Auto Sales and Use	6,407.7	6,763.0	6,431.9	6,550.0	6,817.0	7,047.6
Personal Income	7,696.9	8,598.9	8,786.4	8,790.0	9,148.4	9,251.9
Corporate Franchise	809.2	1,051.6	1,054.9	1,055.0	812.8	497.4
Public Utility	226.4	104.1	176.2	170.0	177.9	181.0
Kilowatt-Hour	339.0	339.8	325.3	330.0	227.3	133.1
Foreign Insurance	230.5	242.9	248.8	255.3	266.3	272.4
Domestic Insurance	165.9	171.4	170.3	174.7	178.4	182.5
Misc Business and Property	29.9	25.2	19.1	19.0	19.5	20.0
Cigarette	557.5	577.7	1,084.1	1,020.0	1,025.0	1,005.0
Alcoholic Beverage	56.5	56.8	57.5	57.5	58.0	58.5
Liquor Gallonage	30.9	32.2	33.4	34.3	35.5	36.7
Estate	64.2	60.4	54.1	56.5	57.8	58.3
Commercial Activity Tax	.0	.0	185.1	.0	.0	.0
Total Tax Receipts	17,737.5	19,088.1	19,563.5	19,432.3	19,846.2	19,806.3
Non-Taxes						
Federal Grants	5,516.4	5,646.6	5,595.2	5,357.0	5,604.6	6,030.7
Earnings/Investment	18.0	35.0	107.3	163.0	168.0	172.0
Licenses and Fees	50.2	70.6	73.9	71.0	76.0	76.0
Other Income	119.4	86.1	138.6	102.0	62.7	66.7
Interagency (ISTV'S & IDC'S)	68.5	72.4	52.3	51.6	51.6	51.6
Total Non-Tax Receipts	5,772.5	5,910.7	5,967.3	5,744.6	5,962.9	6,397.0
Total Revenues	23,510.0	24,998.8	25,530.8	25,176.9	25,809.1	26,203.3
Transfers						
Liquor Transfers	118.0	115.0	138.0	135.0	147.0	141.0
Transfers In-Other	402.9	436.8	177.2	406.4	787.1	883.1
Total Transfers	520.9	551.8	315.2	541.4	934.1	1,024.1
Total Sources	$ 24,030.9	$ 25,550.6	$ 25,846.0	$ 25,718.3	$ 26,743.2	$ 27,227.4
General Services Fund Group						
Taxes						
Misc Business and Property	1.8	1.5	1.7	.5	.5	.5
Total Tax Receipts	1.8	1.5	1.7	.5	.5	.5
Non-Taxes						
Federal Grants	413.3	66.7	70.6	75.1	67.3	67.6
Earnings/Investment	2.1	1.9	3.6	3.0	3.0	2.9
Licenses and Fees	82.2	94.5	109.6	100.1	94.2	110.5
Other Income	663.2	886.8	1,066.4	543.0	616.6	648.2
Interagency (ISTV'S & IDC'S)	485.6	476.8	526.5	555.9	664.1	678.8
Total Non-Tax Receipts	1,646.4	1,526.7	1,776.7	1,277.1	1,445.2	1,508.0
Total Revenues	1,648.2	1,528.2	1,778.4	1,277.6	1,445.7	1,508.5
Transfers						
Transfers In-Other	82.0	185.9	55.1	17.4	24.6	16.0
Total Transfers	82.0	185.9	55.1	17.4	24.6	16.0
Total Sources	$ 1,730.2	$ 1,714.1	$ 1,833.5	$ 1,295.0	$ 1,470.3	$ 1,524.5

Table B-2 **(Continued)**
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
Budget Stablization Fund						
Transfers						
Transfers In-Other	.0	.0	435.9	.0	.0	.0
Total Transfers	.0	.0	435.9	.0	.0	.0
Total Sources	$ .0	$ .0	$ 435.9	$ .0	$ .0	$ .0
Workers' Compensation Fund Group						
Non-Taxes						
Other Income	327.3	336.6	352.6	381.0	387.4	391.8
Interagency (ISTV'S & IDC'S)	1.4	2.9	4.6	4.5	4.5	4.6
Total Non-Tax Receipts	328.7	339.5	357.2	385.5	391.9	396.4
Total Revenues	328.7	339.5	357.2	385.5	391.9	396.4
Transfers						
Transfers In-Other	3.2	.0	.0	.0	.0	.0
Total Transfers	3.2	.0	.0	.0	.0	.0
Total Sources	$ 331.9	$ 339.5	$ 357.2	$ 385.5	$ 391.9	$ 396.4
Liquor Control Fund Group						
Non-Taxes						
Licenses and Fees	1.0	1.2	1.2	1.1	1.1	1.1
Other Income	521.9	550.7	600.1	622.0	652.6	688.9
Total Non-Tax Receipts	522.9	551.9	601.3	623.1	653.7	690.0
Total Revenues	522.9	551.9	601.3	623.1	653.7	690.0
Total Sources	$ 522.9	$ 551.9	$ 601.3	$ 623.1	$ 653.7	$ 690.0
State Lottery Fund Group						
Non-Taxes						
Earnings/Investment	28.5	51.4	50.3	42.3	37.1	37.1
Licenses and Fees	.1	.0	.0	.0	.1	.1
Other Income	1,022.8	997.4	1,309.2	908.4	918.5	918.4
Interagency (ISTV'S & IDC'S)	.1	.5	.2	.2	.2	.2
Total Non-Tax Receipts	1,051.5	1,049.3	1,359.7	950.9	955.9	955.8
Total Revenues	1,051.5	1,049.3	1,359.7	950.9	955.9	955.8
Transfers						
Transfers In-Other	6.3	6.0	12.6	26.0	26.0	20.0
Total Transfers	6.3	6.0	12.6	26.0	26.0	20.0
Total Sources	$ 1,057.8	$ 1,055.3	$ 1,372.3	$ 976.9	$ 981.9	$ 975.8

Table B-2 (Continued)
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
Underground Parking Garage Fund						
Non-Taxes						
Licenses and Fees	2.0	2.0	2.0	2.0	2.0	2.0
Interagency (ISTV'S & IDC'S)	.6	.6	.6	.7	.7	.7
Total Non-Tax Receipts	2.6	2.6	2.6	2.7	2.7	2.7
Total Revenues	2.6	2.6	2.6	2.7	2.7	2.7
Total Sources	$ 2.6	$ 2.6	$ 2.6	$ 2.7	$ 2.7	$ 2.7
Fed Special Revenue Fund Group						
Non-Taxes						
Federal Grants	6,187.7	6,545.2	7,060.4	8,644.6	8,746.7	8,647.1
Earnings/Investment	1.2	1.3	2.2	2.5	2.2	2.2
Licenses and Fees	1.2	1.3	2.3	125.3	127.8	128.9
Other Income	144.6	150.8	168.3	168.5	172.3	193.9
Interagency (ISTV'S & IDC'S)	1,057.4	1,235.1	1,300.3	1,373.3	1,387.4	1,438.1
Total Non-Tax Receipts	7,392.1	7,933.7	8,533.5	10,314.2	10,436.4	10,410.2
Total Revenues	7,392.1	7,933.7	8,533.5	10,314.2	10,436.4	10,410.2
Transfers						
Transfers In-Other	35.9	74.3	7.1	1.0	.2	.0
Total Transfers	35.9	74.3	7.1	1.0	.2	.0
Total Sources	$ 7,428.0	$ 8,008.0	$ 8,540.6	$ 10,315.2	$ 10,436.6	$ 10,410.2
Highway Operating Fund Group						
Taxes						
Misc Business and Property	488.7	589.1	667.6	952.5	697.4	692.4
Total Tax Receipts	488.7	589.1	667.6	952.5	697.4	692.4
Non-Taxes						
Federal Grants	921.2	1,073.1	1,306.9	1,913.2	1,210.3	1,210.0
Earnings/Investment	8.9	11.1	20.0	15.0	15.0	15.0
Licenses and Fees	70.5	69.2	70.7	71.0	71.1	71.7
Other Income	88.9	73.2	77.7	168.3	138.8	145.3
Interagency (ISTV'S & IDC'S)	7.5	6.2	6.1	9.5	6.5	6.5
Total Non-Tax Receipts	1,097.0	1,232.8	1,481.4	2,177.0	1,441.7	1,448.5
Total Revenues	1,585.7	1,821.9	2,149.0	3,129.5	2,139.1	2,140.9
Transfers						
Transfers In-Other	528.1	518.6	596.9	515.0	500.0	500.0
Total Transfers	528.1	518.6	596.9	515.0	500.0	500.0
Total Sources	$ 2,113.8	$ 2,340.5	$ 2,745.9	$ 3,644.5	$ 2,639.1	$ 2,640.9

Table B-2 (Continued)
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
State Highway Safety Fund Group						
Taxes						
Misc Business and Property	.8	.9	1.5	1.1	1.1	1.1
Total Tax Receipts	.8	.9	1.5	1.1	1.1	1.1
Non-Taxes						
Federal Grants	12.4	12.2	12.4	17.6	17.6	17.7
Earnings/Investment	2.5	4.6	9.6	5.2	5.3	5.3
Licenses and Fees	244.9	293.8	308.2	314.5	322.2	328.5
Other Income	46.5	46.6	48.5	49.0	62.6	63.7
Interagency (ISTV'S & IDC'S)	13.1	24.9	17.0	16.2	15.1	15.2
Total Non-Tax Receipts	319.4	382.1	395.7	402.5	422.8	430.4
Total Revenues	320.2	383.0	397.2	403.6	423.9	431.5
Transfers						
Transfers In-Other	175.3	119.3	91.3	64.9	43.3	41.5
Total Transfers	175.3	119.3	91.3	64.9	43.3	41.5
Total Sources	$ 495.5	$ 502.3	$ 488.5	$ 468.5	$ 467.2	$ 473.0
Revenue Distribution Fund Group						
Taxes						
Auto Sales and Use	40.9	40.9	40.9	40.9	17.7	.0
Non-Auto Sales and Use	260.4	260.4	260.4	260.4	233.0	231.4
Personal Income	829.7	829.3	829.3	371.3	563.2	767.8
Corporate Franchise	47.4	47.4	47.4	47.4	.0	.0
Public Utility	36.7	36.7	11.0	11.0	3.1	.0
Kilowatt-Hour	275.4	273.2	300.9	303.7	415.9	519.4
Misc Business and Property	1,106.8	1,142.2	1,170.3	1,175.0	1,190.0	1,200.0
Racing	2.5	2.3	2.1	2.2	2.2	2.2
Commercial Activity Tax	.0	.0	88.3	572.0	975.4	1,340.0
Total Tax Receipts	2,599.8	2,632.4	2,750.6	2,783.9	3,400.5	4,060.8
Non-Taxes						
Earnings/Investment	.7	1.0	1.9	2.7	2.7	2.7
Licenses and Fees	520.9	489.9	532.3	543.3	567.8	592.8
Other Income	.1	.1	.1	.0	.0	.0
Total Non-Tax Receipts	521.7	491.0	534.3	546.0	570.5	595.5
Total Revenues	3,121.5	3,123.4	3,284.9	3,329.9	3,971.0	4,656.3
Transfers						
Transfers In-Other	51.1	100.3	144.5	155.0	150.0	150.0
Total Transfers	51.1	100.3	144.5	155.0	150.0	150.0
Total Sources	$ 3,172.6	$ 3,223.7	$ 3,429.4	$ 3,484.9	$ 4,121.0	$ 4,806.3

Table B-2 (Continued)
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
State Special Revenue Fund Group						
Taxes						
Non-Auto Sales and Use	17.7	18.0	19.5	19.8	20.3	20.3
Personal Income	4.6	6.3	7.5	8.1	8.1	8.1
Corporate Franchise	14.0	12.5	3.5	2.2	2.2	2.2
Public Utility	.2	.0	.0	.2	.2	.2
Foreign Insurance	22.3	21.1	20.2	19.2	18.2	17.3
Domestic Insurance	.2	.0	.1	.2	.2	.2
Misc Business and Property	17.9	19.2	20.3	19.5	20.2	20.2
Alcoholic Beverage	.8	.8	.9	.9	.9	.9
Racing	13.5	12.3	10.8	11.9	11.8	11.6
Commercial Activity Tax	.0	.0	.0	10.7	10.7	10.7
Total Tax Receipts	91.2	90.2	82.8	92.7	92.8	91.7
Non-Taxes						
Federal Grants	11.2	144.9	14.7	18.5	12.3	12.3
Earnings/Investment	11.8	15.4	18.8	22.4	22.9	22.6
Licenses and Fees	962.9	1,009.4	1,106.9	1,181.6	1,197.7	1,181.0
Other Income	225.4	249.4	252.3	381.0	374.9	392.8
Interagency (ISTV'S & IDC'S)	129.8	138.1	129.9	149.1	141.5	142.5
Total Non-Tax Receipts	1,341.1	1,557.2	1,522.6	1,752.6	1,749.3	1,751.2
Total Revenues	1,432.3	1,647.4	1,605.4	1,845.3	1,842.1	1,842.9
Transfers						
Transfers In-Other	34.7	147.5	183.9	76.3	89.8	73.0
Total Transfers	34.7	147.5	183.9	76.3	89.8	73.0
Total Sources	$ 1,467.0	$ 1,794.9	$ 1,789.3	$ 1,921.6	$ 1,931.9	$ 1,915.9
Waterways Safety Fund Group						
Taxes						
Misc Business and Property	13.5	14.6	15.7	1.6	15.8	15.9
Total Tax Receipts	13.5	14.6	15.7	1.6	15.8	15.9
Non-Taxes						
Federal Grants	2.1	2.8	3.3	8.8	5.4	5.4
Earnings/Investment	.4	.5	.8	.9	.7	.5
Licenses and Fees	5.4	5.4	5.5	5.5	5.5	5.5
Other Income	.2	.2	.1	.1	.1	.1
Interagency (ISTV'S & IDC'S)	.0	.1	.2	.0	.0	.0
Total Non-Tax Receipts	8.1	9.0	9.9	15.3	11.7	11.5
Total Revenues	21.6	23.6	25.6	16.9	27.5	27.4
Transfers						
Transfers In-Other	.0	.0	3.0	1.0	1.0	1.0
Total Transfers	.0	.0	3.0	1.0	1.0	1.0
Total Sources	$ 21.6	$ 23.6	$ 28.6	$ 17.9	$ 28.5	$ 28.4

Table B-2 (Continued)
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
Wildlife Fund Group						
Non-Taxes						
Federal Grants	15.8	12.1	14.2	16.9	16.7	14.1
Earnings/Investment	.5	.7	1.2	1.1	1.1	1.1
Licenses and Fees	31.0	34.9	35.6	35.7	35.7	35.7
Other Income	3.2	3.3	3.3	3.2	3.2	3.2
Interagency (ISTV'S & IDC'S)	.9	1.1	.9	.9	.9	.9
Total Non-Tax Receipts	51.4	52.1	55.2	57.8	57.6	55.0
Total Revenues	51.4	52.1	55.2	57.8	57.6	55.0
Total Sources	$ 51.4	$ 52.1	$ 55.2	$ 57.8	$ 57.6	$ 55.0
Coal Research/Development Fund						
Non-Taxes						
Earnings/Investment	.1	.3	.3	.3	.3	.3
Other Income	13.0	.0	.0	.0	7.5	7.5
Total Non-Tax Receipts	13.1	.3	.3	.3	7.8	7.8
Total Revenues	13.1	.3	.3	.3	7.8	7.8
Transfers						
Transfers In-Other	.0	34.6	.0	24.6	25.2	26.1
Total Transfers	.0	34.6	.0	24.6	25.2	26.1
Total Sources	$ 13.1	$ 34.9	$ .3	$ 24.9	$ 33.0	$ 33.9
Facilities Establishment Fund						
Non-Taxes						
Earnings/Investment	2.6	4.8	9.2	3.1	3.7	4.0
Licenses and Fees	.3	.1	.1	.1	.1	.1
Other Income	139.6	98.7	97.8	48.4	71.1	71.3
Total Non-Tax Receipts	142.5	103.6	107.1	51.6	74.9	75.4
Total Revenues	142.5	103.6	107.1	51.6	74.9	75.4
Transfers						
Transfers In-Other	4.1	106.0	24.8	69.6	66.3	116.0
Total Transfers	4.1	106.0	24.8	69.6	66.3	116.0
Total Sources	$ 146.6	$ 209.6	$ 131.9	$ 121.2	$ 141.2	$ 191.4

Table B-2 (Continued)
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
Local Transp Improv Program Fund						
Non-Taxes						
Earnings/Investment	1.5	1.8	3.4	3.6	3.7	3.7
Interagency (ISTV'S & IDC'S)	.1	.0	.0	.0	.0	.0
Total Non-Tax Receipts	1.6	1.8	3.4	3.6	3.7	3.7
Total Revenues	1.6	1.8	3.4	3.6	3.7	3.7
Transfers						
Transfers In-Other	63.8	64.0	63.8	63.9	63.9	63.9
Total Transfers	63.8	64.0	63.8	63.9	63.9	63.9
Total Sources	$ 65.4	$ 65.8	$ 67.2	$ 67.5	$ 67.6	$ 67.6
Lottery Profits/Educ Fund Group						
Non-Taxes						
Earnings/Investment	1.0	1.6	2.8	.1	.1	.1
Other Income	2.2	1.6	1.3	1.4	1.4	1.4
Total Non-Tax Receipts	3.2	3.2	4.1	1.5	1.5	1.5
Total Revenues	3.2	3.2	4.1	1.5	1.5	1.5
Transfers						
Lottery Transfers	648.1	645.1	646.3	646.3	657.9	667.9
Transfers In-Other	7.5	15.8	8.2	.0	.0	.0
Total Transfers	655.6	660.9	654.5	646.3	657.9	667.9
Total Sources	$ 658.8	$ 664.1	$ 658.6	$ 647.8	$ 659.4	$ 669.4
School Building Assistance Fund						
Non-Taxes						
Earnings/Investment	5.6	5.8	9.1	7.0	8.0	.0
Other Income	601.6	400.7	602.5	510.2	750.0	.0
Total Non-Tax Receipts	607.2	406.5	611.6	517.2	758.0	.0
Total Revenues	607.2	406.5	611.6	517.2	758.0	.0
Transfers						
Transfers In-Other	603.5	403.8	683.9	.0	.0	.0
Total Transfers	603.5	403.8	683.9	.0	.0	.0
Total Sources	$ 1,210.7	$ 810.3	$ 1,295.5	$ 517.2	$ 758.0	$ .0
Accrued Leave Liability Fund Grp						
Non-Taxes						
Earnings/Investment	.8	1.3	2.6	2.3	2.0	1.7
Interagency (ISTV'S & IDC'S)	31.6	34.5	23.2	95.7	101.9	103.9
Total Non-Tax Receipts	32.4	35.8	25.8	98.0	103.9	105.6
Total Revenues	32.4	35.8	25.8	98.0	103.9	105.6
Total Sources	$ 32.4	$ 35.8	$ 25.8	$ 98.0	$ 103.9	$ 105.6

Table B-2 **(Continued)**
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
Agency Fund Group						
Taxes						
Non-Auto Sales and Use	1,505.3	1,544.1	1,633.2	1,741.6	1,813.6	1,883.6
Personal Income	1,065.6	1,052.4	1,275.7	1,300.0	1,274.3	1,254.7
Corporate Franchise	190.0	170.5	203.7	200.0	200.0	200.0
Public Utility	12.5	15.0	.0	15.0	15.0	15.0
Kilowatt-Hour	.4	.3	.2	.5	.5	.5
Foreign Insurance	4.1	5.1	3.5	5.0	5.0	5.0
Misc Business and Property	219.1	274.5	309.8	318.8	378.7	418.7
Cigarette	.0	1.4	2.6	5.0	5.0	5.0
Alcoholic Beverage	.2	.1	.1	.2	.2	.2
Commercial Activity Tax	.0	.0	.5	10.0	10.0	10.0
Total Tax Receipts	2,997.2	3,063.4	3,429.3	3,596.1	3,702.3	3,792.7
Non-Taxes						
Earnings/Investment	1.1	3.6	8.1	4.3	3.6	3.8
Licenses and Fees	5.9	6.4	6.6	6.9	3.3	1.3
Other Income	2,121.1	2,206.0	2,375.6	2,398.1	2,480.0	2,530.7
Interagency (ISTV'S & IDC'S)	431.0	442.6	467.4	461.5	509.9	590.8
Total Non-Tax Receipts	2,559.1	2,658.6	2,857.7	2,870.8	2,996.8	3,126.6
Total Revenues	5,556.3	5,722.0	6,287.0	6,466.9	6,699.1	6,919.3
Transfers						
Transfers In-Other	.8	.9	1.5	2.5	3.1	3.0
Total Transfers	.8	.9	1.5	2.5	3.1	3.0
Total Sources	$ 5,557.1	$ 5,722.9	$ 6,288.5	$ 6,469.4	$ 6,702.2	$ 6,922.3
Holdng Acct Redist Fund Group						
Taxes						
Misc Business and Property	35.0	36.8	44.2	50.0	50.0	50.0
Total Tax Receipts	35.0	36.8	44.2	50.0	50.0	50.0
Non-Taxes						
Earnings/Investment	.1	.2	.2	.1	.1	.1
Licenses and Fees	.1	.0	.0	.0	.0	.0
Other Income	5.5	3.3	9.5	4.5	5.8	5.9
Interagency (ISTV'S & IDC'S)	2.8	2.2	1.9	.0	.0	.0
Total Non-Tax Receipts	8.5	5.7	11.6	4.6	5.9	6.0
Total Revenues	43.5	42.5	55.8	54.6	55.9	56.0
Total Sources	$ 43.5	$ 42.5	$ 55.8	$ 54.6	$ 55.9	$ 56.0
Volunteer Firemen's Depndnts Fnd						
Non-Taxes						
Other Income	.3	.1	.2	.2	.2	.3
Total Non-Tax Receipts	.3	.1	.2	.2	.2	.3
Total Revenues	.3	.1	.2	.2	.2	.3
Total Sources	$ .3	$ .1	$ .2	$ .2	$ .2	$ .3

Table B-2 (Continued)
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
Debt Service Fund Group						
Taxes						
Misc Business and Property	7.9	.0	.0	.0	.0	.0
Total Tax Receipts	7.9	.0	.0	.0	.0	.0
Non-Taxes						
Earnings/Investment	2.1	2.3	3.2	2.3	.0	.0
Licenses and Fees	1.3	.0	.0	.0	.0	.0
Other Income	395.4	476.2	519.2	633.5	713.0	823.5
Total Non-Tax Receipts	398.8	478.5	522.4	635.8	713.0	823.5
Total Revenues	406.7	478.5	522.4	635.8	713.0	823.5
Transfers						
Transfers In-Other	161.5	162.0	170.5	198.7	202.7	205.1
Total Transfers	161.5	162.0	170.5	198.7	202.7	205.1
Total Sources	$ 568.2	$ 640.5	$ 692.9	$ 834.5	$ 915.7	$ 1,028.6
Highway Safety Building Fund						
Non-Taxes						
Earnings/Investment	.1	.0	.1	.0	.0	.0
Other Income	10.0	5.0	.0	.0	.0	.0
Total Non-Tax Receipts	10.1	5.0	.1	.0	.0	.0
Total Revenues	10.1	5.0	.1	.0	.0	.0
Transfers						
Transfers In-Other	16.6	.0	5.1	1.3	.0	.0
Total Transfers	16.6	.0	5.1	1.3	.0	.0
Total Sources	$ 26.7	$ 5.0	$ 5.2	$ 1.3	$ .0	$ .0
Administrative Building Fund						
Non-Taxes						
Earnings/Investment	.9	1.3	1.9	.0	.0	.0
Other Income	174.4	88.5	.0	.0	.0	.0
Total Non-Tax Receipts	175.3	89.8	1.9	.0	.0	.0
Total Revenues	175.3	89.8	1.9	.0	.0	.0
Transfers						
Transfers In-Other	109.9	75.5	87.2	.0	.0	.0
Total Transfers	109.9	75.5	87.2	.0	.0	.0
Total Sources	$ 285.2	$ 165.3	$ 89.1	$ .0	$ .0	$ .0

Table B-2 (Continued)
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
Adult Correctional Building Fund						
Non-Taxes						
Earnings/Investment	.4	.7	2.3	.0	.0	.0
Other Income	60.0	77.3	.1	70.0	.0	.0
Total Non-Tax Receipts	60.4	78.0	2.4	70.0	.0	.0
Total Revenues	60.4	78.0	2.4	70.0	.0	.0
Transfers						
Transfers In-Other	60.5	.7	79.6	.0	.0	.0
Total Transfers	60.5	.7	79.6	.0	.0	.0
Total Sources	$ 120.9	$ 78.7	$ 82.0	$ 70.0	$ .0	$ .0
Juvenile Correctional Bldng Fund						
Non-Taxes						
Earnings/Investment	.3	.1	.3	.0	.0	.0
Other Income	.0	.0	14.7	12.0	.0	.0
Total Non-Tax Receipts	.3	.1	15.0	12.0	.0	.0
Total Revenues	.3	.1	15.0	12.0	.0	.0
Transfers						
Transfers In-Other	.3	.1	15.0	.0	.0	.0
Total Transfers	.3	.1	15.0	.0	.0	.0
Total Sources	$ .6	$ .2	$ 30.0	$ 12.0	$ .0	$ .0
Arts Facilities Building Fund						
Non-Taxes						
Earnings/Investment	.2	.2	.8	.0	.0	.0
Other Income	.0	20.1	30.9	20.0	.0	.0
Total Non-Tax Receipts	.2	20.3	31.7	20.0	.0	.0
Total Revenues	.2	20.3	31.7	20.0	.0	.0
Transfers						
Transfers In-Other	53.2	26.5	31.7	.0	.0	.0
Total Transfers	53.2	26.5	31.7	.0	.0	.0
Total Sources	$ 53.4	$ 46.8	$ 63.4	$ 20.0	$ .0	$ .0

Table B-2 (Continued)
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
Parks & Natural Resources Fund						
Non-Taxes						
Earnings/Investment	.2	.3	.8	1.0	1.0	.0
Other Income	.0	25.1	.2	30.0	.0	.0
Total Non-Tax Receipts	.2	25.4	1.0	31.0	1.0	.0
Total Revenues	.2	25.4	1.0	31.0	1.0	.0
Transfers						
Transfers In-Other	30.2	25.3	.8	28.0	.0	.0
Total Transfers	30.2	25.3	.8	28.0	.0	.0
Total Sources	$ 30.4	$ 50.7	$ 1.8	$ 59.0	$ 1.0	$ .0
Mental Health Facilities Imp Fnd						
Non-Taxes						
Earnings/Investment	.4	.2	.6	1.0	1.0	1.0
Other Income	.1	25.3	30.2	29.8	30.0	.0
Total Non-Tax Receipts	.5	25.5	30.8	30.8	31.0	1.0
Total Revenues	.5	25.5	30.8	30.8	31.0	1.0
Transfers						
Transfers In-Other	30.4	25.2	30.6	.0	.0	.0
Total Transfers	30.4	25.2	30.6	.0	.0	.0
Total Sources	$ 30.9	$ 50.7	$ 61.4	$ 30.8	$ 31.0	$ 1.0
Higher Education Improvemnt Fund						
Non-Taxes						
Earnings/Investment	1.3	2.3	5.2	3.0	3.0	3.0
Other Income	150.3	300.0	300.2	150.0	325.0	.0
Total Non-Tax Receipts	151.6	302.3	305.4	153.0	328.0	3.0
Total Revenues	151.6	302.3	305.4	153.0	328.0	3.0
Transfers						
Transfers In-Other	276.8	302.4	155.2	.0	.0	.0
Total Transfers	276.8	302.4	155.2	.0	.0	.0
Total Sources	$ 428.4	$ 604.7	$ 460.6	$ 153.0	$ 328.0	$ 3.0

Table B-2 (Continued)
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
Parks & Recreation Improv Fund						
Non-Taxes						
Earnings/Investment	.2	.3	.7	.8	.8	.8
Other Income	25.0	23.1	.0	.0	25.0	.0
Total Non-Tax Receipts	25.2	23.4	.7	.8	25.8	.8
Total Revenues	25.2	23.4	.7	.8	25.8	.8
Transfers						
Transfers In-Other	25.2	23.4	.7	.0	.0	.0
Total Transfers	25.2	23.4	.7	.0	.0	.0
Total Sources	$ 50.4	$ 46.8	$ 1.4	$ .8	$ 25.8	$ .8
Highway Capital Improv Fund Group						
Non-Taxes						
Earnings/Investment	1.4	1.7	3.1	.0	.0	.0
Other Income	160.0	140.1	180.0	.0	.0	.0
Total Non-Tax Receipts	161.4	141.8	183.1	.0	.0	.0
Total Revenues	161.4	141.8	183.1	.0	.0	.0
Transfers						
Transfers In-Other	161.6	141.7	183.1	401.1	200.0	100.0
Total Transfers	161.6	141.7	183.1	401.1	200.0	100.0
Total Sources	$ 323.0	$ 283.5	$ 366.2	$ 401.1	$ 200.0	$ 100.0
Infrastructure Bank Obligations						
Non-Taxes						
Earnings/Investment	1.2	1.3	1.3	.0	.0	.0
Other Income	120.0	.0	.0	.0	.0	.0
Total Non-Tax Receipts	121.2	1.3	1.3	.0	.0	.0
Total Revenues	121.2	1.3	1.3	.0	.0	.0
Transfers						
Transfers In-Other	121.1	1.3	1.3	305.8	450.0	400.0
Total Transfers	121.1	1.3	1.3	305.8	450.0	400.0
Total Sources	$ 242.3	$ 2.6	$ 2.6	$ 305.8	$ 450.0	$ 400.0

Table B-2 (Continued)
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
Local Infrastruct Cap Imp Fund						
Non-Taxes						
Earnings/Investment	2.5	3.1	5.0	5.4	5.6	5.6
Other Income	139.2	140.6	141.6	142.8	143.0	144.5
Total Non-Tax Receipts	141.7	143.7	146.6	148.2	148.6	150.1
Total Revenues	141.7	143.7	146.6	148.2	148.6	150.1
Transfers						
Transfers In-Other	133.4	144.0	138.0	.0	.0	.0
Total Transfers	133.4	144.0	138.0	.0	.0	.0
Total Sources	$ 275.1	$ 287.7	$ 284.6	$ 148.2	$ 148.6	$ 150.1
Auditor of State Fund Group						
Non-Taxes						
Licenses and Fees	2.1	2.5	3.7	3.1	3.1	3.1
Other Income	32.1	30.4	30.6	31.5	32.3	33.1
Interagency (ISTV'S & IDC'S)	8.2	7.7	9.5	10.5	11.0	11.0
Total Non-Tax Receipts	42.4	40.6	43.8	45.1	46.4	47.2
Total Revenues	42.4	40.6	43.8	45.1	46.4	47.2
Total Sources	$ 42.4	$ 40.6	$ 43.8	$ 45.1	$ 46.4	$ 47.2
Tobacco Settlement Fund						
Non-Taxes						
Earnings/Investment	4.7	5.5	15.5	43.2	.0	.0
Other Income	322.3	323.0	296.8	2.1	.0	.0
Total Non-Tax Receipts	327.0	328.5	312.3	45.3	.0	.0
Total Revenues	327.0	328.5	312.3	45.3	.0	.0
Transfers						
Transfers In-Other	88.5	208.5	288.1	18.4	.0	.0
Total Transfers	88.5	208.5	288.1	18.4	.0	.0
Total Sources	$ 415.5	$ 537.0	$ 600.4	$ 63.7	$ .0	$ .0
Clean Ohio Fund Group						
Non-Taxes						
Earnings/Investment	.5	.8	1.6	1.7	1.3	1.0
Other Income	50.0	.0	50.1	50.0	.0	35.0
Total Non-Tax Receipts	50.5	.8	51.7	51.7	1.3	36.0
Total Revenues	50.5	.8	51.7	51.7	1.3	36.0
Transfers						
Transfers In-Other	44.3	.8	51.8	11.5	.2	.2
Total Transfers	44.3	.8	51.8	11.5	.2	.2
Total Sources	$ 94.8	$ 1.6	$ 103.5	$ 63.2	$ 1.5	$ 36.2

Table B-2 (Continued)
Income Sources, Fiscal Years 2004 - 2009
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2004 ACTUAL	FY 2005 ACTUAL	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 ESTIMATE	FY 2009 ESTIMATE
Clean Ohio Revitalization						
Non-Taxes						
Earnings/Investment	.6	.7	.8	.6	.6	.6
Other Income	.0	.0	50.0	.0	.0	.0
Total Non-Tax Receipts	.6	.7	50.8	.6	.6	.6
Total Revenues	.6	.7	50.8	.6	.6	.6
Transfers						
Transfers In-Other	.0	.0	50.3	.0	.0	50.0
Total Transfers	.0	.0	50.3	.0	.0	50.0
Total Sources	$ .6	$ .7	$ 101.1	$ .6	$ .6	$ 50.6
THIRD FRONTIER R&D FD GRP						
Non-Taxes						
Earnings/Investment	.0	.0	.0	1.9	3.0	.0
Other Income	.0	.0	.0	100.0	200.0	.0
Total Non-Tax Receipts	.0	.0	.0	101.9	203.0	.0
Total Revenues	.0	.0	.0	101.9	203.0	.0
Total Sources	$ .0	$ .0	$ .0	$ 101.9	$ 203.0	$ .0
JOB READY SITE DEV FD GRP						
Non-Taxes						
Earnings/Investment	.0	.0	.0	1.5	2.0	.0
Other Income	.0	.0	.0	30.0	30.0	.0
Total Non-Tax Receipts	.0	.0	.0	31.5	32.0	.0
Total Revenues	.0	.0	.0	31.5	32.0	.0
Total Sources	$ .0	$ .0	$ .0	$ 31.5	$ 32.0	$ .0