

CONSENSUS REVENUE ESTIMATING GROUP
 WYOMING STATE GOVERNMENT

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January 2009 CREG Revenue Forecast

CHEYENNE — The Consensus Revenue Estimating Group (CREG) held its revenue forecast meeting on January 6th, 2009. The following information pertains primarily to the General Fund forecast and reflects the assumptions that resulted from that meeting. Please note that the forecast covers the period FY 2009 – FY 2014.

General Fund: The table below depicts the changes that were made to the primary sources of General Fund revenues. Specifically, decreases were made for sales and use taxes, mineral severance taxes, and investment income while the “All Other” category was left unchanged.

FY 2009-10 Biennium General Fund Revenue Forecast Comparison

Revenue Source	October 2008 Forecast FY 2009-10 Biennium	January 2009 Forecast FY 2009-10 Biennium	Difference
Sales and Use Tax	\$1,044.4 M	\$1,027.7 M	- \$ 16.7 M
Severance Tax	\$ 506.9 M	\$ 422.5 M	- \$ 84.4 M
Investment Income	\$ 370.3 M	\$ 224.3 M	- \$146.0M
All Other	\$ 252.6 M	\$ 252.6 M	\$ 0.0 M
Total General Fund	\$2,174.2 M	\$1,927.1 M	- \$ 247.1 M

The General Fund share of total **sales and use tax revenue** for FY 2009 is expected to reach \$521.9 million, an increase of \$0.2 million from the level forecasted in October 2008 but the estimate for FY 2010 was reduced by \$16.9 million to reflect anticipated reductions in oil and gas employment and a lower rate of income growth.

In light of the weakening global demand for energy, price levels for crude oil, natural gas, and coal were reduced from the levels forecasted in October. The total General Fund share of **severance tax revenue** for FY 2009 is forecasted to reach \$214.8 million, a decrease of \$37.2 million from the level forecasted in October 2008 while the FY 2010 estimate was also revised downwards.

Challenged by continued market deterioration and growing uncertainty, **investment income** from the pooled investment accounts and the Permanent Wyoming Mineral Trust Fund (PWMTF) were reduced by \$146.0 million over the FY 2009-10 forecast period. The remaining General Fund revenue sources were left unchanged from the October 2008 estimates.

Total Severance Taxes and Federal Mineral Royalties: The severance tax and federal mineral royalty projections are significantly lower than those of the October 2008 report. Reductions in total severance taxes for the FY 2009-10 biennium amounted to \$441.3 million while federal mineral royalties were lowered by \$352.2 million.

Bottom-Line General Fund/Budget Reserve Account: FY 2009-10 General Fund revenues are expected to be \$247.1 million less than projected in October, while FY 2009-10 Budget Reserve Account revenues are projected to be \$403.5 million lower. The reduction to total traditional funds available for appropriation for the FY 2009-10 biennium is \$650.6 million, as compared to levels shown in the October 2008 report.

FY 2009-10 Bottom-Line Funds Available

FY08 Actual Carryover Increase	\$507.65 M
Plus: Projected Increase in Revenues – October 2008 CREG	+\$402.20 M
Projected Increase in Funds Available – October 2008 CREG	=\$909.85 M
Decrease in Projected GF/BRA Revenues – January 2009 CREG	-\$650.60 M
Total Funds Available GF/BRA – January 2009 CREG	=\$259.25 M

The complete January 2009 CREG forecast and this news release are available at the EAD website. Go to – <http://eadiv.state.wy.us> and click on **Publications**. Monthly spot prices for natural gas, crude oil, and coal can be found in the publication, **Wyoming Insight**, also available at the EAD website.