

CONSENSUS REVENUE ESTIMATING GROUP
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October 2011 CREG Revenue Forecast

CHEYENNE — The Consensus Revenue Estimating Group (CREG) met on October 13, 2011. This meeting was preceded by the mineral valuation group meeting on October 6, 2011. The following tables are summaries of the effects on the General Fund and Budget Reserve Account for the remainder of the FY 2011-12 biennium.

FY 2011-12 Biennium General Fund Revenue Forecast Comparison

Revenue Source	January 2011 Forecast FY 2011-12 Biennium	October 2011 Forecast FY 2011-12 Biennium	Difference
Sales and Use Tax	\$ 890.8 M	\$ 961.1 M	+ \$ 70.3 M
Severance Tax	\$ 420.3 M	\$ 451.6 M	+ \$ 31.3 M
Investment Income	\$ 391.2 M	\$ 495.5 M	+ \$ 104.3 M
All Other	\$ 269.5 M	\$ 300.9 M	+ \$ 31.4 M
Total General Fund	\$1,971.8 M	\$2,209.1 M	+ \$ 237.3 M

General Fund (GF) revenue estimates for the FY 2011-12 biennium were increased by approximately \$237.3 million from the January 2011 forecast revision; the majority of the increase came from actual revenues in FY 2011, which exceeded January 2011 projections by \$203.0 million. While all GF revenue sources exceeded expectations in FY 2011, the primary driver was capital gains income derived from the sale of equities in the Permanent Wyoming Mineral Trust Fund (PWMTF) and Pooled Income accounts. Including capital gains, investment income totaled \$306.5 million, or \$126.4 million (approximately 70%) in excess of the January 2011 projection. A detailed explanation of the circumstances surrounding the capital gains in FY 2011 can be found in Section 2 of the report that follows. FY 2012 General Fund revenues were increased modestly from January 2011 levels by a total of \$34.3 million.

FY 2011-12 Biennium Budget Reserve Account (BRA) Revenue Forecast Comparison

Revenue Source	January 2011 Forecast FY 2011-12 Biennium	October 2011 Forecast FY 2011-12 Biennium	Difference
Severance Tax	\$ 454.6 M	\$ 518.4 M	+ \$ 63.8 M
Fed. Min. Royalty	\$ 745.3 M	\$ 880.6 M	+ \$ 135.3 M
Total BRA	\$1,199.9 M	\$1,399.0 M	+ \$ 199.1 M

As with the General Fund, actual Budget Reserve Account (BRA) revenues in FY 2011 significantly exceeded the January 2011 CREG projection levels. Severance taxes added \$44.8 million and federal mineral royalties (FMRs) added \$95.3 million of income in excess of projected levels. The January 2011 forecast for FY 2012 BRA income was increased by \$19.0 million in severance taxes and \$40.0 million in federal mineral royalties.

FY 2011-12 General Fund / Budget Reserve Account Bottom Line

Projected LSRA Balance as of June 30, 2012 – Jan. 2011 CREG	\$1,044.7M
Actual additional FY 2011 revenues available	+\$ 343.1 M
Less statutory transfer to PWMTF Spending Policy Reserve Account	- \$ 23.3 M
Increase in projected FY 2012 GF/BRA revenues – Oct. 2011 CREG	+\$ 93.3 M
Plus distribution in FY 2011 of prior year FMRs	<u>+\$ 1.2 M</u>
Projected transfer to LSRA on June 30, 2012 – Oct. 2011 CREG	+\$ 414.3 M
Projected LSRA Balance on June 30, 2012 – Oct. 2011 CREG	<u>\$ 1,459.0 M</u>

Through the FY 2011-12 biennium, projected GF/BRA revenues in excess of the statutory reserve amount of \$98.8 million show a net increase of \$436.4 million. A distribution of prior year federal mineral royalties to the BRA in FY 2011 also adds \$1.2 million to the bottom line. Except for PWMTF earnings in excess of the spending policy amount (SPA) of \$23.3 million, which automatically transfer to the spending policy reserve account (SPRA), the additional available GF/BRA funds will show up in the Legislative Stabilization Reserve Account (LSRA) balance on the accompanying profile, as the result of transfer language contained in the 2011 budget bill.