

Economic Forecast

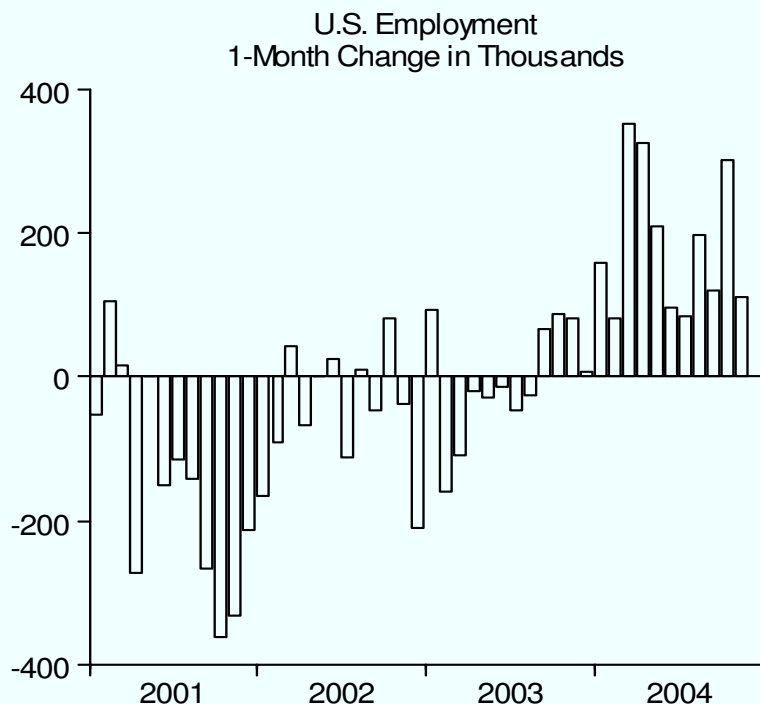
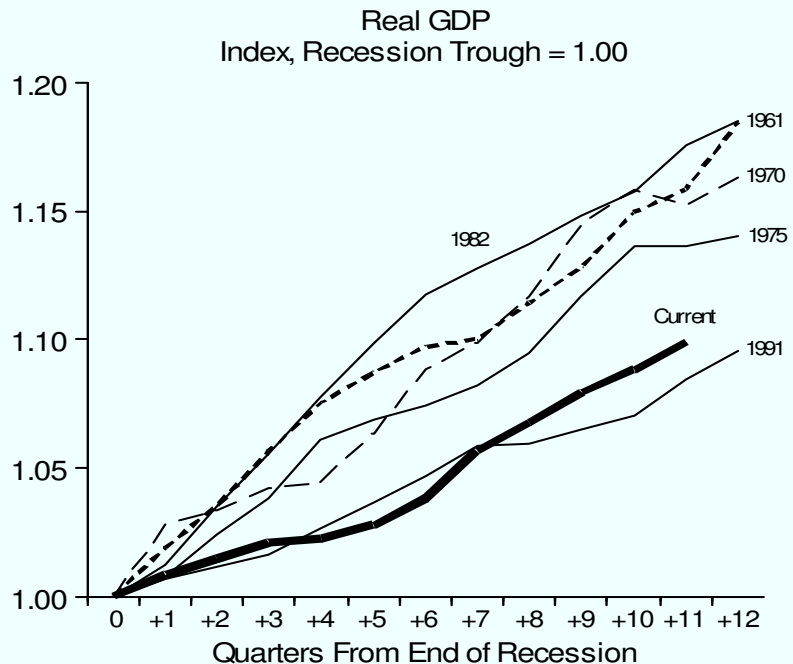
Economic Overview and Forecast

Overview

The U.S. economy has expanded for three straight years, despite the large decrease in financial wealth during 2000-2002, the uncertainty generated by the war in Iraq, the rise of oil prices to an all-time high, a series of devastating hurricanes, and continuing corporate scandals. In addition, record trade and federal budget deficits, the depreciation of the dollar in foreign exchange markets, and concerns about outsourcing labor to other countries have raised doubts about the sustainability of economic growth.

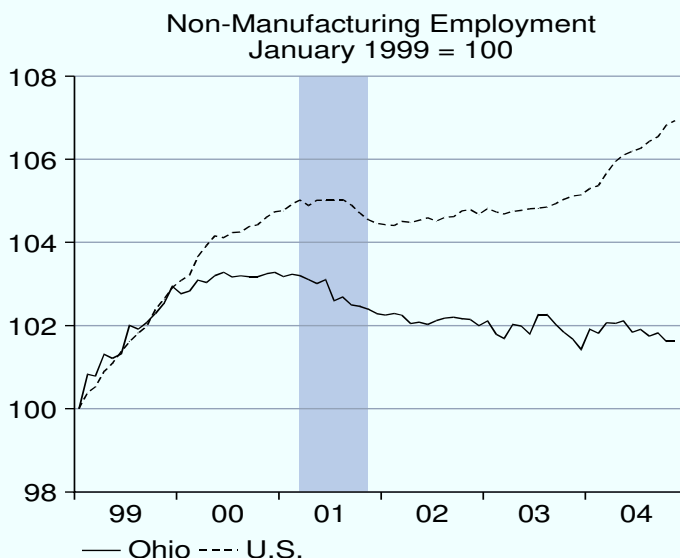
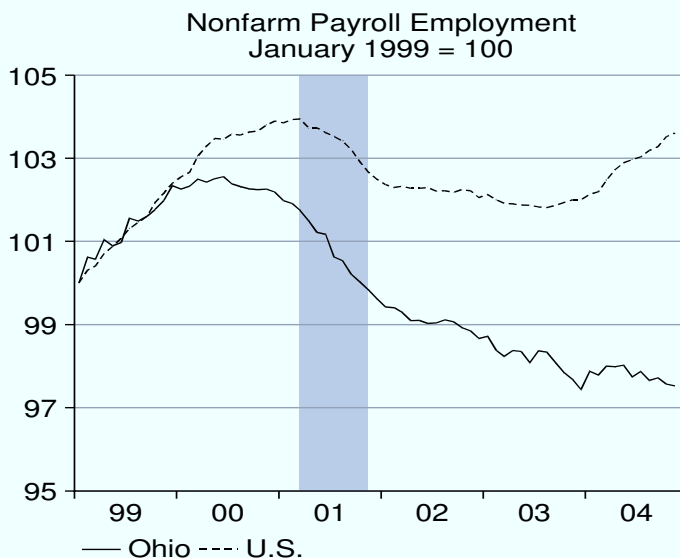
Yet at 3.5%, the growth rate of real Gross Domestic Product (GDP) since the end of the 2001 recession has exceeded the consensus among forecasters. Growth has matched approximately the long-run potential of the U.S. economy, though it fell short of growth rates during the early years of most previous business cycle expansions. (See Real GDP chart.) The lone recent exception is the expansion that began in 1991. Real GDP growth during the first three years of that expansion was only 3.1%. In many respects, the current period is much like that of the early 1990s, with moderate but disappointing economic growth, low inflation and interest rates, and modest growth in employment. (See U.S. Employment chart.)

In many respects the economic expansion was on track by late 2002. Economic activity was disrupted by the run-up to war in Iraq, as the price of oil increased by approximately 75% in a year's time, consumer confidence fell sharply to a new cyclical low, and employment and manufacturing orders and shipments slumped.

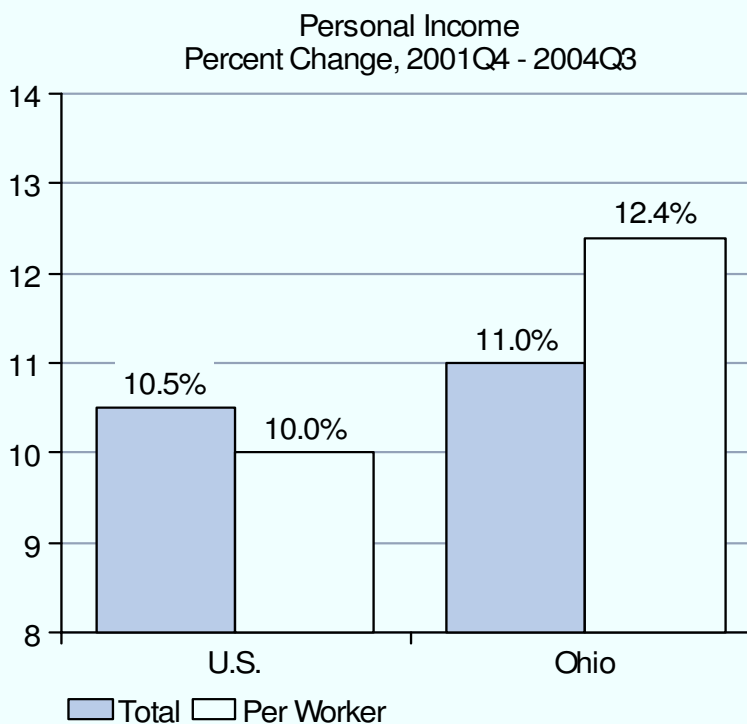


The economy returned to the expansion path quickly as military operations proceeded as planned, but by September 2003, U.S. employment was one million jobs below the level at the end of the recession. Not until April 2004 did employment rise to a new post-recession high. By the close of 2004, employment was approximately 1.25 million jobs higher than at the end of the recession and more than two million jobs higher than at the end of 2003. Still, job gains are only up to an average of about 180,000 per month. Employment grew significantly faster during the third year of expansions following the four major recessions since 1970.

Ohio employment has grown by less than overall U.S. employment growth. (See Nonfarm Payroll Employment chart.) From the cyclical low in December 2003, Ohio employment increased by 31,900 jobs by May 2004. But from May to November, Ohio employment fell by 27,500 jobs, leaving the total 4,400 jobs ahead of the year-end 2003 level. The under-performance of Ohio employment relative to U.S. employment is due not so much to greater losses in manufacturing jobs in Ohio, but to the failure of Ohio non-manufacturing jobs to increase. (See Manufacturing Employment and Non-Manufacturing Employment charts.) The decline in manufacturing is very significant for Ohio because it is the base of the state economy, the percent employed is 40% greater than the national average, and many service jobs depend on manufacturing companies.

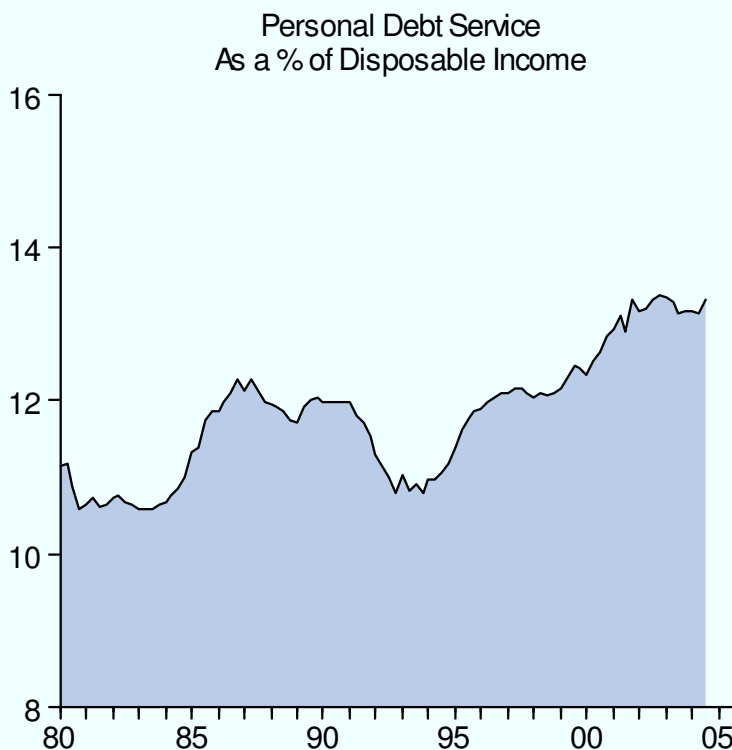


Despite the underperformance of employment in Ohio, growth in personal income has outstripped growth at the national level during the expansion. Total personal income expanded 10.5% from the fourth quarter of 2001 through the third quarter of 2004, compared with an increase of 11.0% in Ohio. (See Personal Income chart.) Personal income per employee, however, rose 2.4 percentage points faster in Ohio than across the country. The greater share of manufacturing, where productivity growth has been the highest, in Ohio than in the U.S. partially explains the faster growth in personal income per worker.



To a significant extent, the moderate pace of increase in U.S. economic activity in this expansion reflects the modest degree of the 2001 recession. Real GDP declined in only three quarters, but never in two consecutive quarters and never on a year-over-year basis. Personal consumption expenditures helped offset the severe decline in corporate profits, business investment, and government financial conditions during the recession. Fiscal and monetary policy stimuli in the form of tax cuts, additional federal government spending, and extremely low interest rates supported activity in cyclical and interest sensitive areas of the economy, such as motor vehicles and housing. Pricing and production decisions by U.S. auto manufacturers further boosted vehicle sales.

The thrust from consumer spending has continued, despite a high consumer debt service burden and an already low saving rate. (See Personal Debt Service chart.) Consumer spending has accounted for about two-thirds of overall GDP growth during the

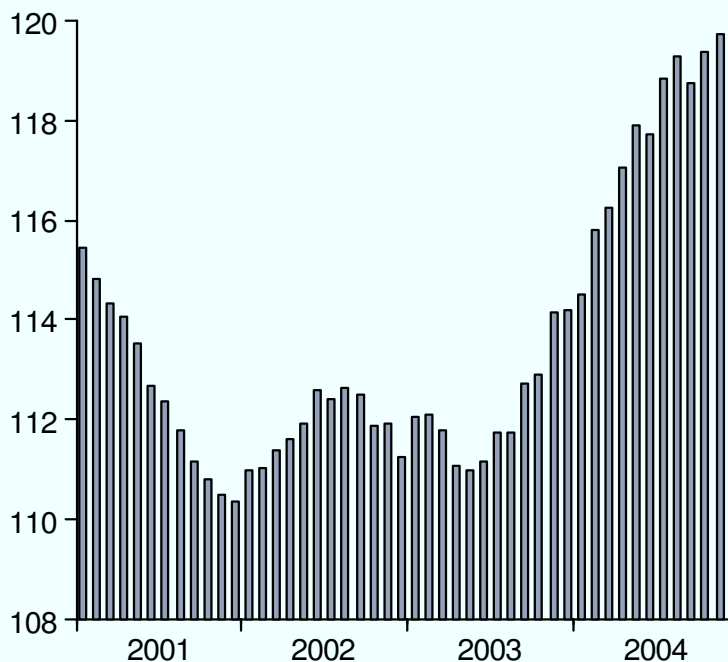


last three years. More recently, business capital spending has responded to the improving economic environment and federal tax incentives, growing at a compound annual rate of 14% during the last year and a half. Increases in business inventories, housing construction, exports, and federal government consumption have been the other major drivers of growth.

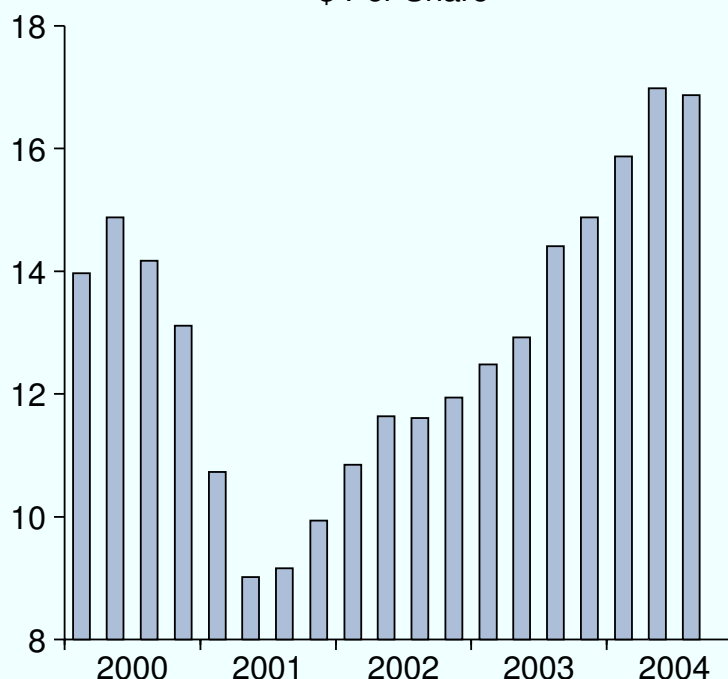
In tandem with increases in consumer, business, and government spending, manufacturing activity has strengthened. (See Industrial Production – Manufacturing chart.) In the past year and a half, industrial production in the manufacturing sector has increased by 7.7%, raising the rate of capacity use by four percentage points. Production advanced even more rapidly in the Transportation Equipment, Primary Metal, and Machinery industries, which account for one-third of manufacturing employment in Ohio. Production in the Fabricated Metal industry, which also has a significant representation in Ohio, has been growing more slowly than overall manufacturing output. The strongest category of manufacturing has been Computers and Electronic Products, which accounts for less than 5 percent of Ohio manufacturing employment.

Corporate profits are both reflecting and contributing to the improved economic situation. After decreasing by 40% from peak to trough during the recession, operating earnings per share of S&P 500 companies have nearly doubled from the low-point. (See S&P 500 Operating Profits chart.) In the year ending in the third quarter of 2004, profits are up 25% from the same period a year earlier. Higher unit sales and increased worker productivity are largely responsible for the increase in profits, which in turn has triggered stepped-up hiring and strong growth in capital spending.

Industrial Production - Manufacturing
Index 1997 = 100



S&P 500 Operating Profits
\$ Per Share



One of the important sustaining features of this expansion has been the low and relatively stable rate of inflation. Consumer prices have increased at an annual rate in the 1% to 3% range during the last two years. Driven by the significant rise in energy prices, inflation has trended higher recently, but remains well below levels that have disrupted the economy in the past. The broader GDP price index has increased at a rate between 1.5% and 2.5% since the onset of the 2001 recession. (See Real GDP Price Index chart.)

Tame inflation has permitted the Federal Reserve to raise the overnight borrowing rate at a measured pace of one-half percentage point approximately every three months since May 2004. Forecasters expect the rate

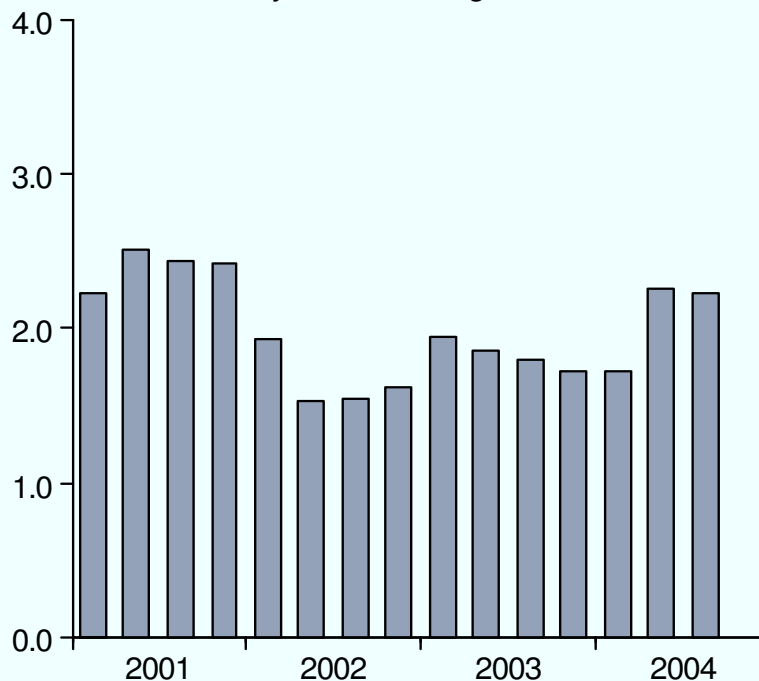
to rise from the level of 2.25% at the end of 2004 to the 3.0% to 3.5% range by the end of 2005, depending on the strength of economic growth. The low rate of inflation and high confidence of investors in the commitment and ability of the Federal Reserve to contain inflation has kept long-term interest rates from rising during this expansion. Low mortgage rates continue to fuel a strong housing sector, a high level of motor vehicle production and sales, and a moderate level of mortgage refinancing, which further adds to consumer spending power.

This backdrop of improving economic growth with low and relatively stable interest rates has become a positive — but not strong — environment for state tax revenue. Growth has started to rebound in most states with the usual lag. Continued improvement is highly dependent on the future course of the economy.

Slower Growth Ahead

- Expectations about the economy have fluctuated with oil prices and perceptions of strength in labor markets. The economy hit a so-called “soft patch” in mid-year, but managed to grow a healthy 3.5% during that time. Real GDP appeared on track to at least match that rate in the final quarter of 2004. A number of indicators point toward sustained, but slower growth ahead:
- The Leading Economic Index compiled by the Conference Board decreased for five straight months before rising in November 2004. The indicator is a combination of 10 separate measures that tend to move before the rest of the economy. The largest contributor to the recent weakness has been the narrowing of the spread between long-term and short-term interest rates, which reflects recent actions by the Federal Reserve. The growth rate of the Weekly Leading Index from the Economic Cycle Research Institute (ECRI) paints a similar picture, having flattened out after posting a marked decline. The patterns of both indices are consistent with continued, but slower economic growth in 2005.

Real GDP Price Index
Quarterly Percent Change, Annual Rate



- Growth rates in the manufacturing sector appear to have peaked. The Purchasing Managers Index (see chart) and its key components decreased significantly in 2004 after rising sharply the year before. New orders, production, employment, and order backlogs are all reported to be expanding, but at a much slower rate than a year ago. Growth rates in new orders, production, and shipments of factory goods have all turned south.



- High energy prices have cut into real spending by consumers and businesses. The price of oil remains near its record-high in nominal terms, reducing dollars available for spending on other goods and services. The elevated price of oil is estimated to have reduced real economic growth by as much as one percentage point in 2004. The greater energy efficiency of the economy today than during past price spikes and the largely demand-based source of the increase point toward a slowdown, but not a recession.
- Consumer spending could contribute less to overall growth due to higher energy prices, less mortgage refinancing activity, the tepid pace of hiring, the already low saving rate and high debt service burden, and the apparent peaking in income growth. The largest impediment to robust consumer spending could be the softness in labor markets. Job growth has improved notably in the past year, but remains lackluster compared with previous expansions. In addition, the lofty level of motor vehicle sales owes much to rising sales incentives, which could be scaled back as interest rates ratchet higher.

Among factors supporting continued economic expansion are the still-low level of interest rates, the depreciation of the dollar, fiscal stimulus, and strong corporate balance sheets. The rally in stock prices and the record-high level in November of the Business Optimism Index of the National Federation of Independent Business also point toward continued growth. Although short-term interest rates are on the rise, they remain at a low level. The cheaper dollar will begin to aid U.S. exporters in 2005, although the impact is muted by the fact that the Chinese currency is pegged to the dollar.

The Forecast

The economic forecast for the U.S. and Ohio was compiled at a meeting of the Governor's Council of Economic Advisors in early November 2004. The consensus that was formulated by the Council calls for the economic expansion to continue at a slower pace near the long-run trend rate through calendar year 2006. Employment is expected to pick up and the unemployment rate to fall slightly. Inflation is projected to remain low.

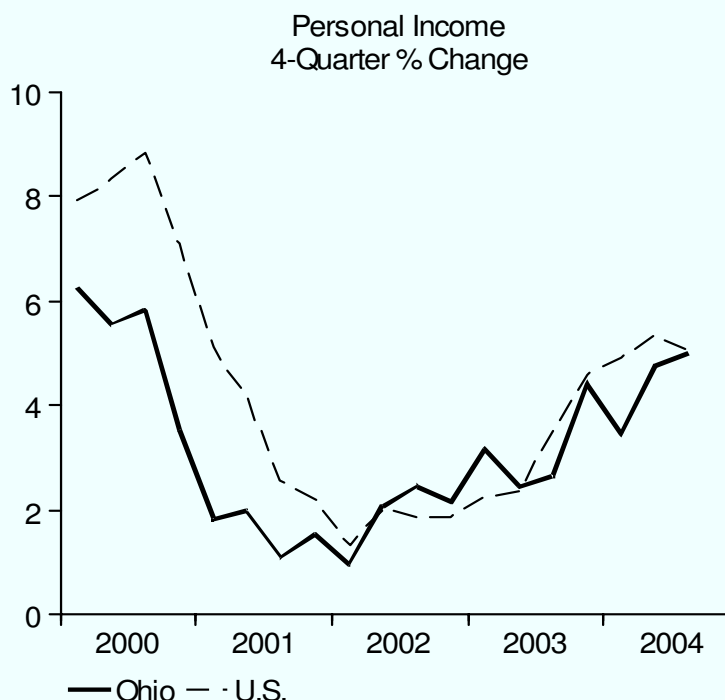
After reaching an estimated 4.4% in calendar year 2004, real GDP growth is projected to decrease to 3.4% in both 2005 and 2006. (Council forecasts are for calendar years.) Council members cited high energy costs and uncertainty about developments in Iraq as leading factors behind the slowdown.

U.S. employment growth is projected to increase from an estimated 1.0% in 2004 to 1.8% in 2005 and 1.6% in 2006. Continued declines in jobless claims point toward steady, if unspectacular, improvement in labor markets. Some industries, such as trucking, are reporting difficulty in finding qualified workers. The U.S. unemployment rate is projected to edge down from 5.5% in 2004 to 5.3% in 2005 and 2006.

After rising decidedly during the first half of the year, Ohio employment stalled and retraced some of its steps through November. Weakness has been evident in both manufacturing and service industries. The Council anticipates, however, that December 2003 marked the low-point for Ohio employment and that the number of jobs will grow 1.1% on average in 2005 and 1.4% in 2006. The Ohio unemployment rate, which was 6.5% in November 2004, is projected to fall to an average of 5.8% in 2005 and 5.6% in 2006.

Despite solid income growth, growth in consumer spending is expected to slow. U.S. personal income is projected to grow 5.0%, 5.1%, and 5.2% in 2004, 2005, and 2006, respectively. Retail sales growth is projected to slow from 7.1% in 2004 to 4.5% and 4.6% in 2005 and 2006.

Ohio personal income is projected to rise less rapidly than at the national level – by 4.7% in both 2005 and 2006. During the year ending in the third quarter of 2004, both U.S. and Ohio personal income increased by 5.0%.



Light motor vehicle sales are projected to remain near recent highs, reflecting a sound willingness and ability to buy, as measured by motor vehicle prices, disposable income, household debt, inflation, and the stock market. Unit sales are projected at 16.8 million units in 2005 and 16.7 million units in 2006, compared with an estimated 16.8 million unit selling pace in 2004.

Housing construction is expected to fade somewhat, but remain at a historically high level reflecting low interest rates and strong immigration. U.S. housing starts are projected to decrease from an estimated 1.9 million units in 2004 to 1.8 million units in 2005 and 1.7 million units in 2006. Housing starts in Ohio are projected to remain near 50 thousand units from 2004 through 2006.

Substantial excess manufacturing capacity globally is expected to restrain inflation, aided by strong inflation-fighting credibility of the Federal Reserve. In today's highly competitive environment, businesses face difficulty in sustaining price increases. After rising an estimated 2.6% in 2004, consumer prices are projected to rise 2.3% and 2.1% in 2005 and 2006, respectively.

Risks to the Forecast

The chief risks to the outlook include:

- The price of oil. Nine of the 10 recessions since World War II have been associated with appreciable increases in the price of oil. Research suggests that the threshold beyond which a spike in the price of oil would precipitate a recession in current circumstances is above recent levels. Additional significant

increases, however, especially if they occurred in combination with one or more other shocks, could result in a more drastic slowdown than projected.

- The decrease in the foreign exchange value of the dollar is expected to help U.S. exports in the near term by rendering U.S.-made goods less expensive overseas. However, additional large declines in the dollar could signal inflation problems in the U.S., reduce the demand for dollar-denominated assets by foreign investors, and drive interest rates sharply higher.
- Inflation. The Federal Reserve has pegged short-term interest rates at long-time lows for an extended period, raising the possibility that inflation will rise unexpectedly. Higher-than-anticipated inflation would cause a significant rise in interest rates — possibly for an extended period — which would reduce activity in interest sensitive sectors of the economy.
- A turn for the worse in Iraq could negatively affect the U.S. and Ohio economies through its impact on the price of oil, confidence of consumers and businesses in the economic outlook, or the fiscal position of the federal government.
- A large-scale terrorist attack on U.S. soil could likewise undermine confidence and bring about a further increase in the allocation of national resources away from productive pursuits and to security.

Implications for the State of Ohio

The consensus forecast of sustained but slower economic growth translates into moderate revenue growth for the state's General Revenue Fund during 2005-2007. The Ohio economy appears to have turned the corner, however tentatively, benefiting from strength in certain manufacturing industries that are prominent in Ohio and increased price-competitiveness of U.S. exports on many world markets.

Table C-1
Economic Variables
 Historical and Forecast for CY 1999-2006
 Annual Percentage Change (except where noted)

	Actual					Forecast*		
	1999	2000	2001	2002	2003	2004	2005	2006
<u>National Product</u>								
Real GDP	4.5	3.7	0.8	1.9	3.0	4.4	3.4	3.4
Nominal GDP	6.0	5.9	3.2	3.5	4.9	6.6	5.5	5.4
<u>Income</u>								
U.S. Personal Income	5.1	8.0	3.5	1.8	3.2	5.0	5.1	5.2
Ohio Personal Income	3.5	5.3	1.6	1.9	3.2	3.6	4.7	4.7
<u>Prices</u>								
Consumer Price Index	2.2	3.4	2.8	1.6	2.3	2.6	2.3	2.1
GDP Price Index	1.4	2.2	2.4	1.7	1.8	2.1	1.9	1.9
<u>Consumption and Business</u>								
U.S. Corporate Profits before Taxes	8.0	-0.3	-8.5	7.1	15.4	13.6	10.2	5.3
U.S. Light Vehicle Sales (million units)	16.9	17.3	17.1	16.8	16.6	16.7	16.8	16.7
U.S. Housing Starts (million units)	1.65	1.57	1.60	1.71	1.85	1.93	1.78	1.69
<u>Employment</u>								
U.S. Unemployment Rate (%)	4.2	4.0	4.8	5.8	6.0	5.5	5.3	5.3
Ohio Unemployment Rate (%)	4.3	4.1	4.3	5.7	6.2	6.0	5.8	5.6

*The forecast is based on the November 10, 2004 meeting of the Governor's Council of Economic Advisors.

Economic Forecast

Revenue Estimates and Methodology

Overview

The Office of Budget and Management (OBM) relied heavily on the advice of the Governor's Council of Economic Advisors and the economic forecasts of Global Insight, a leading national economic forecasting company, in preparing the economic forecast and revenue projections for the fiscal years 2005 through 2007. Revenue estimating involves the development of national estimates of economic activity. These national estimates are translated into a forecast of state economic activity. The state economic forecast is then used to derive estimates of the state's revenues for the next biennium.

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 cigarette tax, regression analyses are used. With the use of mathematical equations, the underlying assumption in regression analysis is 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 insurance tax and the liquor gallonage tax estimates were prepared using the trend analysis technique.

The baseline revenue estimates are based on state law governing tax and revenue sources. The General Revenue Fund estimates continue to reflect the portion of state revenues that are to be deposited in the General Revenue Fund under current law, plus any proposed tax law changes in the Executive Budget for fiscal years 2006 and 2007. 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 the three local government funds. The local government funds include the Local Government Fund, the Local Government Revenue Assistance Fund, and the Library and Local Government Revenue Assistance Fund.

The passage of Senate Bill 3 by the 123rd General Assembly created the kilowatt hour tax, which replaces tax revenue from electric companies previously collected through the public utility excise tax. This change caused receipts from public utility excise tax to decline as receipts from the kilowatt hour tax began to grow. The Executive Budget proposes that deposit amounts from the public utility excise tax and kilowatt hour tax into the local government funds be adjusted to more closely reflect the relative magnitude of those revenue sources.

The Executive Budget also proposes to limit the growth of deposits into and distributions from the three local government funds. As a result of House Bill 95, the fiscal year 2004-2005 Biennial Budget Bill, distributions from all three local government funds were limited to \$1,215.3 million per fiscal year. Compared to fiscal year 2005 distribution levels, the proposed monthly distributions would reduce funding to libraries by 5%, to townships and villages by 10%, and to counties and cities by 20% in fiscal years 2006 and 2007. Different reduction levels are proposed due to the variation in the local recipient governments' average reliance on state aid relative to their general and special revenue funding. Distribution changes will begin on January 1, 2006, the start of FY 2006 for local governments and the last half of FY 2006 for the State of Ohio. The impact of this proposal on the General Revenue Fund revenue estimates is reflected separately in the estimates for the appropriate tax sources.

Tax Sources

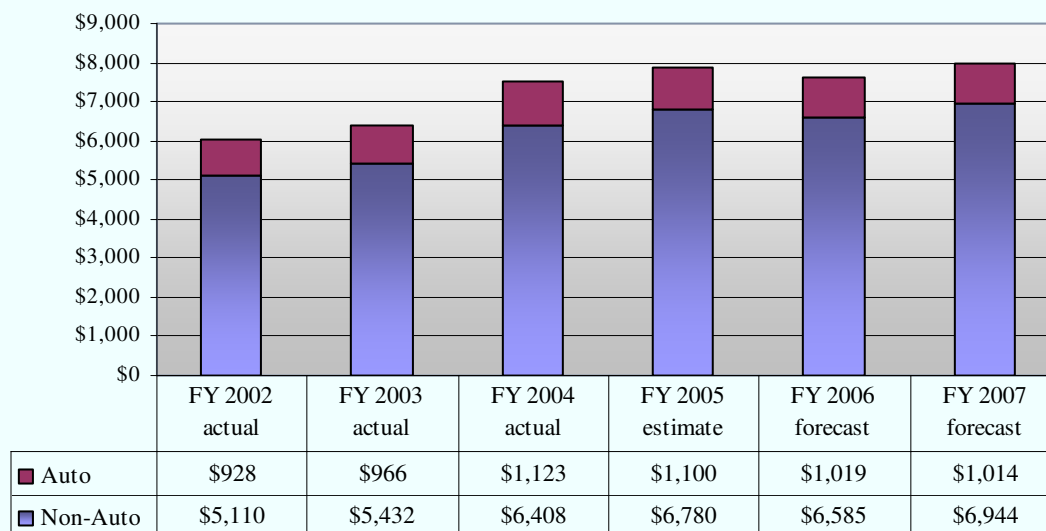
Sales and Use Tax

The state sales and use tax on retail sales and the rental and repair of personal property and selected services has been levied at a rate of 5.0 percent since 1981. However, House Bill 95, the fiscal year 2004-2005 Biennial Budget Bill, temporarily increased the sales and use tax rate to 6.0 percent for those two fiscal years. This rate change increased revenue by an estimated \$1.2 billion each fiscal year. Beginning on July 1, 2005 the tax rate is scheduled to return to 5.0 percent.

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 automobile leases.

Chart C-1: Sales and Use Tax GRF Revenues

(in millions)



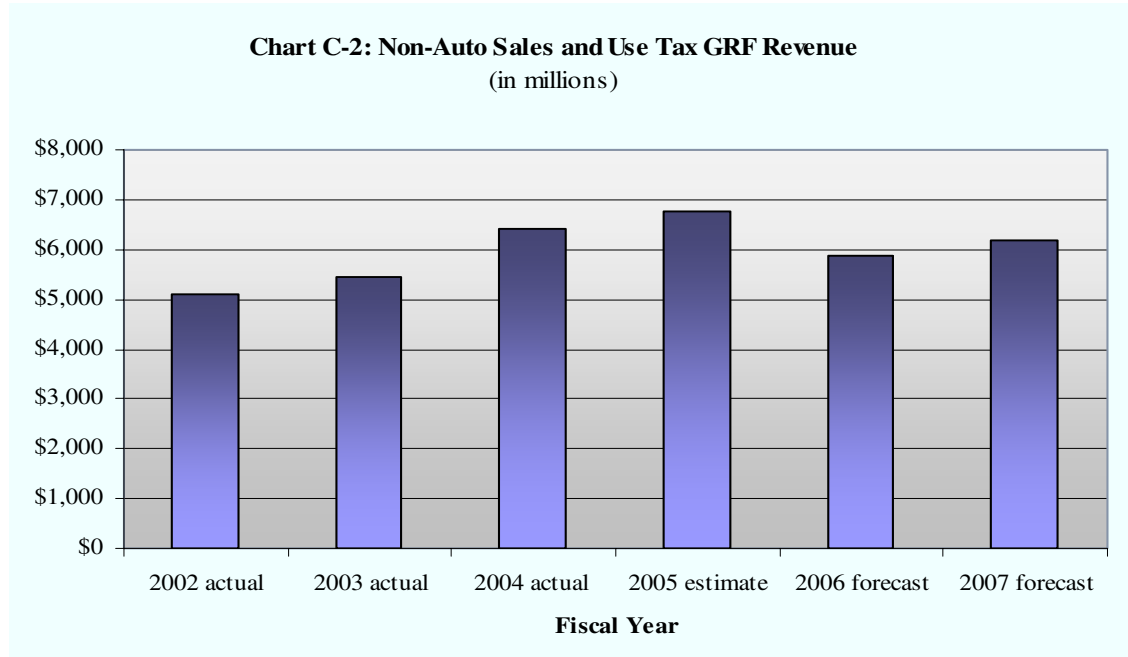
The fiscal year 2006-2007 Executive Budget proposes a sales and use tax rate of 5.5 percent. This would increase the tax rate of 5.0 percent by 0.5 percent. However, due to the temporary tax rate of 6.0 percent passed in House Bill 95, the tax rate in fiscal years 2006 and 2007 would actually be lower than its current level.

Under the proposed the sales and use tax rate of 5.5 percent, sales and use tax revenues will decrease slightly in fiscal year 2006. However, economic growth, tax reform, and gains from limiting the local government funds leave estimated revenues for fiscal year 2007 above fiscal year 2005 receipts. The projected decrease from fiscal year 2005 to fiscal year 2006 is -3.5 percent; the projected increase from fiscal year 2006 to fiscal year 2007 is 4.7 percent.

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 wage and salary income data from the Governor's Council of Economic Advisors and Global Insight. Various specifications were tested and the resulting estimate is an average of the four regression estimates. The estimates for fiscal years 2005, 2006, and 2007 were then adjusted to reflect the actual performance of fiscal year 2004.

Estimated receipts from the non-auto sales and use tax also reflect changes resulting from House Bill 40 passed by the 125th General Assembly. House Bill 40 altered the historical pattern of sales and use tax payments beginning in April 2003. Under prior law, monthly sales and use tax receipts reflected taxable transactions of the previous month. House Bill 40 created advanced payment requirements for large taxpayers. Therefore current monthly receipts reflect activity from both current and prior months. House Bill 40 provided a one-time revenue acceleration of \$240.3 million in the fourth quarter of fiscal year 2003.



In addition to the tax rate change and limiting the local government funds, one additional change resulting from House Bill 95 will begin to affect non-auto sales and use tax receipts in fiscal year 2006. On June 26, 2003, Governor Taft signed into law House Bill 95, which included language needed to bring Ohio into compliance with the Streamlined Sales Tax System. The Streamlined Sales Tax System is a multi-state effort to simplify sales and use tax laws. Under this national effort Ohio will convert to destination-based sourcing of the sales and use tax. This will allow the state to collect some of the sales and use tax revenue lost through e-commerce transactions. Originally destination-based sourcing was scheduled to take effect on January 1, 2005. However, the passage of House Bill 204 pushed back the effective date until July 1, 2005. Vendors may switch to destination-based sourcing anytime between January 1, 2005 and July 1, 2005. The state does not expect to gain any sales and use tax revenue due to the Streamlined Sales tax law in fiscal year 2005. In fiscal year 2006 and fiscal year 2007 the state expects total use tax revenue to increase by \$25 million and \$100 million, respectively, as a result of increased voluntary use tax compliance by out-of-state sellers. The estimated gain from this change in the law is included in the baseline estimate for the non-auto portion of the sales and use tax.

Baseline revenues increased significantly in fiscal years 2004 and 2005 as a result of the 1.0 percent temporary increase in the tax rate for the sales and use tax. The baseline estimates for fiscal year 2006 and 2007 use a 5.0 percent tax rate. A detailed examination of projected General Revenue Fund receipts for fiscal years 2006 and 2007 can be found in Table C-2 below.

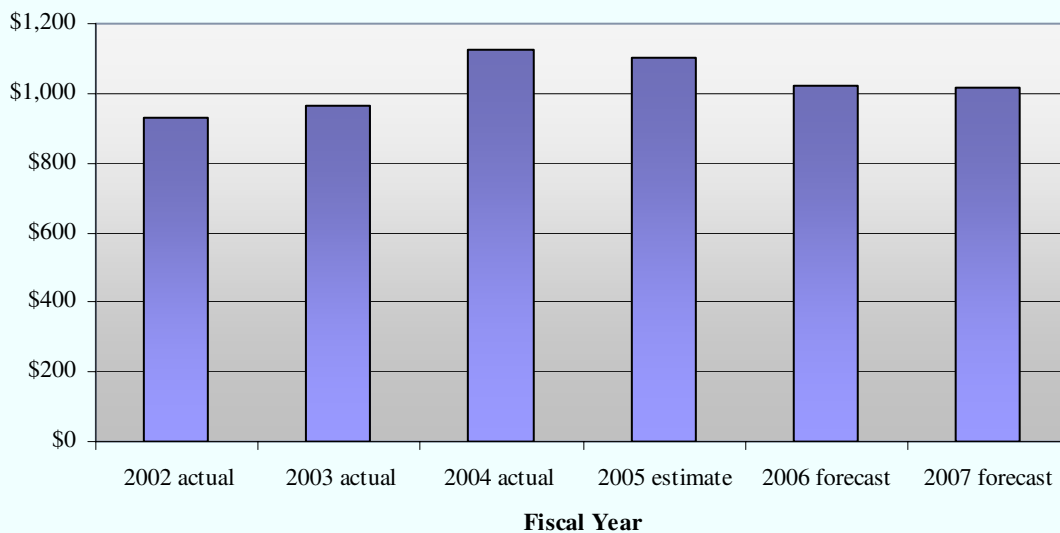
Table C-2: Non-Auto Sales and Use Tax GRF Revenues
(\$ in millions)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	5,110	5,432	6,408	6,780	5,895	6,185
Proposed 5.5% Tax Rate				0	623	656
Limit on Local Government Funds				0	68	104
Total GRF Estimate				6,780	6,585	6,944

Auto Sales and Use Tax

The estimate for the auto sales and use tax is based on a regression of auto sales and use tax receipts against monthly national motor vehicle unit sales. Estimates resulting from the regression analysis for fiscal years 2005, 2006, and 2007 were adjusted to reflect the actual performance of fiscal year 2004.

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



Auto sales and use tax revenue is projected to decrease over the next two fiscal years. Economic conditions for auto sales have been particularly good the past three years. This is largely due to better incentives offered by auto makers and historically low interest rates. However, according to the Governor's Council of Economic Advisors, vehicle sales over the next two years will remain stable at 2004 sales levels. Thus increases in the auto sales tax due to economic conditions are unlikely. Economic conditions combined with the changes in the tax rate result in a decrease in auto sales and use tax receipts in fiscal years 2006 and 2007. Table C-3 gives a detailed look at estimated 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 5.0 percent tax rate is used to calculate baseline revenues.

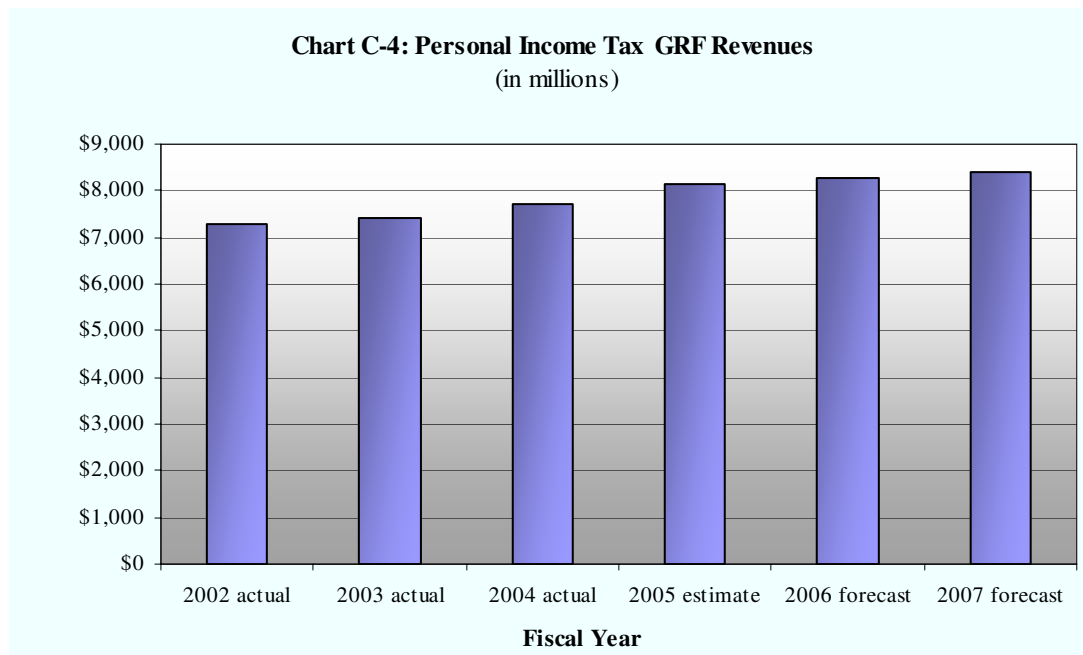
Table C-3: Auto Sales and Use Tax GRF Revenues
(\$ in millions)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	928	966	1,123	1,100	913	905
Proposed 5.5% Tax Rate				0	96	96
Limit on Local Government Funds				0	10	13
Total GRF Estimate				1,100	1,019	1,014

Personal Income Tax

Ohio has a graduated income tax levied upon residents and non-residents who earn or receive income in Ohio. Trusts were also subject to income tax in taxable years 2002-2004. 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 C-4: Personal Income Tax GRF Revenues
(in millions)



The baseline estimates of the personal income tax revenues as listed in Table C-4 were derived by breaking down this tax source into different components: employer withholdings, quarterly estimated payments, annual returns, refunds, and other collections. The collections from each component in fiscal years 2006 and 2007 were estimated using a combined method of regression analysis and trend analysis. To estimate the growth rate for withholding revenues, Ohio wage and salary data from Global Insight was employed in building up the regression models. The growth rates for the non-wage components of personal income tax were predicted by taking into account not only the estimated growth rate for withholding revenues but also the stock market performance and the other factors that affect non-wage income.

Prior to the enactment of Senate Bill 261 by the 124th General Assembly, Ohio was the only state with a broad-based income tax that did not apply to trust income. According to Senate Bill 261, trust income is taxable during the tax years 2002-2004. The Executive Budget proposes to make the income tax on trusts permanent.

There are nine brackets in the Ohio personal income tax with a top marginal tax rate of 7.5 percent. The top rate, especially when added to the municipal income tax rates, makes Ohio's rates less attractive to higher-

salary professionals and corporate executives choosing a state in which to locate their facilities. The Executive Budget proposes a phased tax rate reduction of 21 percent, with a 4.2 percent reduction each year in the next five years for all income brackets, starting in tax year 2005. For example, the top tax rate of 7.5 percent will be reduced by 0.315 percentage points (4.2% of 7.5 percent) each tax year in the next five tax years and the new top tax rate will become 5.925 percent starting in tax year 2009. Bracket indexing is suspended until tax year 2010. The personal income tax credits are adjusted so that the filers with Federally Adjusted Gross Income under \$10,000 do not pay income taxes. Please refer to the Tax Reform section in Tab D, Special Analysis, for details.

The Executive Budget proposes to eliminate the income tax deduction for college tuition in fiscal year 2007 (tax year 2006). The Executive Budget also proposes to reduce the distributions to the local government funds from the personal income tax collections, starting in January 2006. The historical and projected General Revenue Fund receipts from personal income tax for fiscal years 2002-2007 are listed in Table C-4. The numbers are also graphed in Chart C-4.

Table C-4: Personal Income Tax GRF Revenues

(\$ in millions)

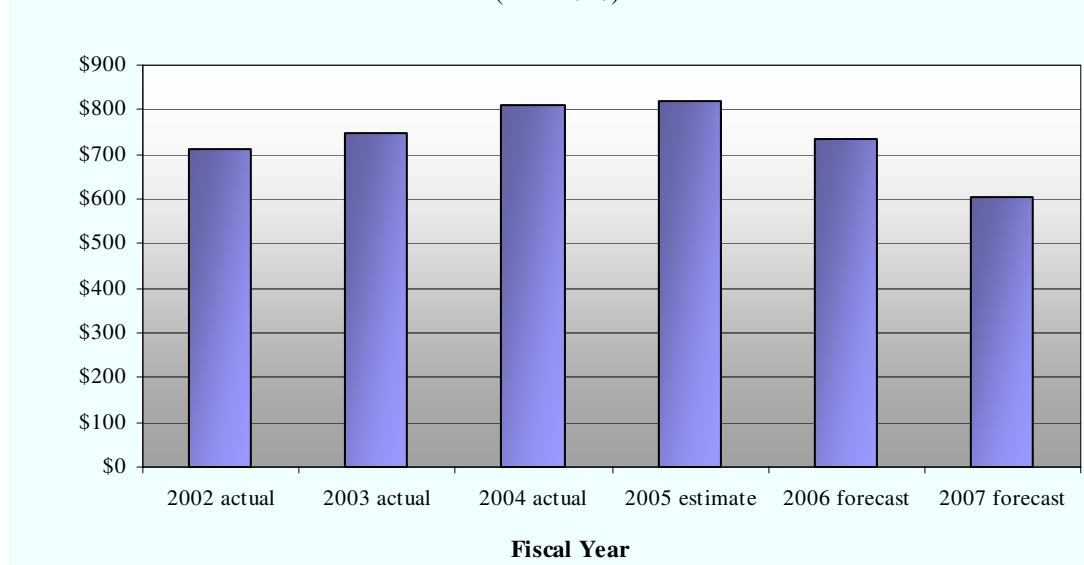
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	7,304.2	7,420.7	7,696.9	8,153.2	8,390.0	8,741.7
Proposed Trust Tax				0	19.0	55.0
Proposed Tax Rate Reduction				0	-325.0	-690.0
Removal of College Tuition Deduction				0	0	13.4
Limit on Local Government Funds				0	207.0	280.3
Total GRF Estimate				8,153.2	8,291.0	8,400.4

Corporation Franchise Tax

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

Chart C-5: Corporation Franchise Tax GRF Revenues

(in millions)



The baseline estimates of corporation franchise tax revenues for fiscal years 2006 and 2007, as listed in Table C-5, were constructed from elasticity analysis and simulation analysis. The elasticity analysis linked

the growth rate of current payments on this tax with the growth rate of the U.S. corporate profits before tax. The consensus economic forecast by the Governor's Council of Economic Advisers predicts a steady yet slower growth of U.S. pre-tax corporate profits in fiscal years 2006-2007 relative to fiscal years 2004-2005. The elasticity of the corporation franchise tax payments with respect to U.S. corporate pre-tax profits is also expected to be lower in fiscal years 2006-2007 than the average elasticity in mid 1990's, largely due to more extensive tax planning. Simulation analysis was used to estimate the tax credits. The net revenue estimates from this tax were determined after subtracting the tax credits and refunds from the estimated current payments.

The Executive Budget proposes to phase-out the corporation franchise tax in the next five years, except for financial institutions. The proposed phase-out will start with tax year 2006. The Ohio corporation franchise tax is not as productive as comparable taxes are in other states, in spite of the relatively high tax rate. The double based tax with numerous credits, deductions, and exemptions also creates a very complicated tax structure. The most serious problem with this tax system, which has also been the focus of the historical reforms on this tax, is that the tax allows extensive and aggressive tax planning. Not only does the state forego tax revenues due to the tax planning, but the tax planning also creates horizontal and vertical inequity among tax payers. As an example, the corporate groups are allowed to elect the filing method that results in the lowest tax liability. Such tax planning practices are normally concentrated among large and multistate corporations. Tax planning has grown so sophisticated that as long as the state bases the corporation tax on net income, new tax planning techniques will turn up. The proposed phase-out of this tax for non-financial businesses acknowledges this aspect of the corporation franchise tax planning, especially among non-financial corporations. A new tax called the Commercial Activity Tax is proposed to be phased-in over the next five years. This new tax will also replace much of the local tangible personal property tax. Please refer to the Tax Reform section in Tab D, Special Analysis, for more details.

Table C-5 displays in detail the General Revenue Fund receipts from the corporation franchise tax.

Table C-5: Corporation Franchise Tax GRF Revenues
(\$ in millions)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	712.3	747.2	809.2	820.0	870.0	890.0
Phase-Out for Non-Financial Institutions				0	-142.0	-292.0
Limit on Local Government Funds				0	6.0	6.9
Total GRF Estimate				820.0	734.0	604.9

Commercial Activity Tax

The Executive Budget proposes to phase-in the commercial activity tax over the next five years, beginning July 2005. The tax would be levied upon all non-financial businesses in Ohio on the basis of gross receipts. Starting from tax year 2010, this new tax will replace the current corporation franchise tax for non-financial institutions and much of the local tangible personal property tax.

The commercial activity tax intends to meet the five guiding principles of a quality state and local tax structure: simplicity, equity, stability, neutrality, and competitiveness. After the phase-in period, one tax rate of 0.26% will apply to all non-financial businesses. For businesses with gross revenues less than or equal to \$5 million, \$1 million in sales will be exempted from this tax. A minimum tax of \$100 will be collected if the gross revenues are less than \$1 million. The tax will generally be paid quarterly after the close of the measurement period.

The baseline estimate for the commercial activity tax is based on a simulation analysis. The Ohio receipts data categorized by North American Industry Classification System (NAICS), as reported in the IMPLAN database, was used in the simulation analysis. This data was then matched with the 1992 Census Enterprise Statistics for Ohio to estimate the tax revenues by NAICS categories.

The Executive Budget proposes to phase out the tangible personal property taxes on machinery and equipment by tax year 2007, and on inventories by tax year 2010. (Please refer to the Tax Reform section in Tab D, Special Analysis, for details.) A portion of the commercial activity tax receipts will be directed to non-GRF funds to provide payments to school districts and other political subdivisions to offset the local tax losses due to the phase-out of these portions of the tangible personal property tax. The non-GRF receipts from the commercial activity tax are estimated to be \$45 million in fiscal year 2006 and \$345 million in fiscal year 2007. The projected General Revenue Fund receipts from the commercial activity tax are \$220.0 million in fiscal year 2006 and \$205.0 million in fiscal year 2007.

Table C-6: Commercial Activity Tax GRF Revenues
(\$ in millions)

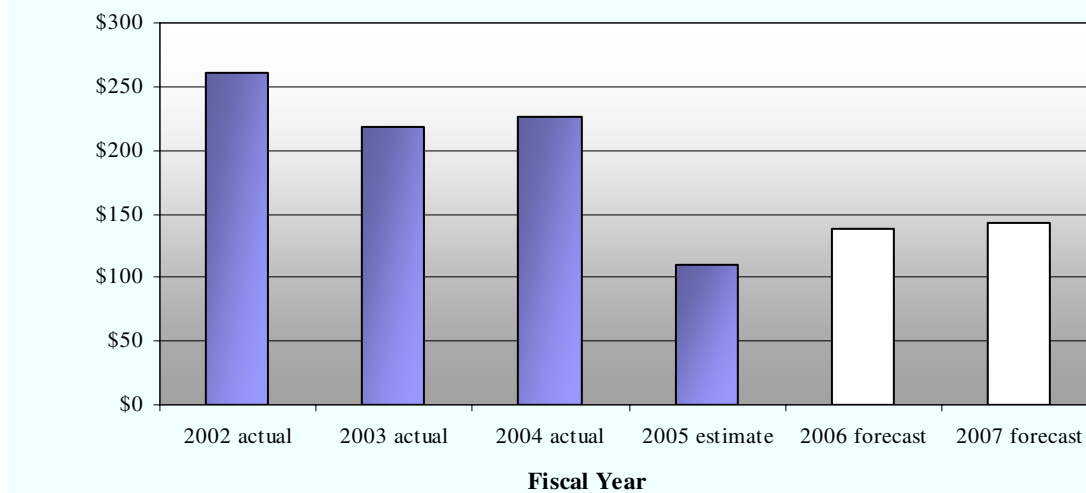
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	N/A	N/A	N/A	N/A	220.0	205.0

Public Utility Excise Tax

The public utility excise tax has been levied upon most public utility companies as classified by statutes on the basis of gross receipts since 1894. Companies liable for this tax on gross receipts are not subject to corporation franchise tax and their services are not subject to sales and use tax.

Recently, there have been two major changes to this tax. In Senate Bill 3, 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. In House Bill 95, the 125th General Assembly removed the telephone companies from the public utility excise tax, beginning in tax year 2005. This last change accounts for the sharp drop in the public utility excise tax revenue from fiscal year 2004 to fiscal year 2005.

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



With the local telephone companies subject to the sales and use tax and the corporate franchise tax instead, the major contributors to the public utility excise tax are the natural gas utilities. The minor contributors are the pipeline, heating, waterworks, and water transportation companies. The baseline estimates of the public utility excise tax revenues were derived for these two categories, natural gas and non-natural gas utilities, separately. 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 in fiscal years 2006 and 2007, the price and residential consumption information for the Midwest region provided by Energy Information Administration was employed. The estimated growth trend was then adjusted by taking into account the effect of the weather and the budget payment plan available to the natural gas residential users. The excise tax receipts on the pipeline, heating, waterworks, and water transportation companies in fiscal years 2006 and 2007 are expected to be quite close to the level in fiscal year 2004. The actual revenues from local telephone companies in the first half of the fiscal year 2005 were the last collections from these companies under this tax.

The 2006-2007 Executive Budget proposes a reduced distribution to local government funds from the excise tax receipts relative to the distribution level in fiscal year 2005. Although the contributions to the local government funds from the public utility excise tax are proposed to be limited, those contributions are still at a higher level than would be provided under statutory law; it is for this reason that the effects of the limit on local government funds are shown to be negative. Table C-7 and Chart C-6 display the historical and projected General Revenue Fund receipts from public utility excise tax.

Table C-7: Public Utility Excise Tax GRF Revenues
(\$ in millions)

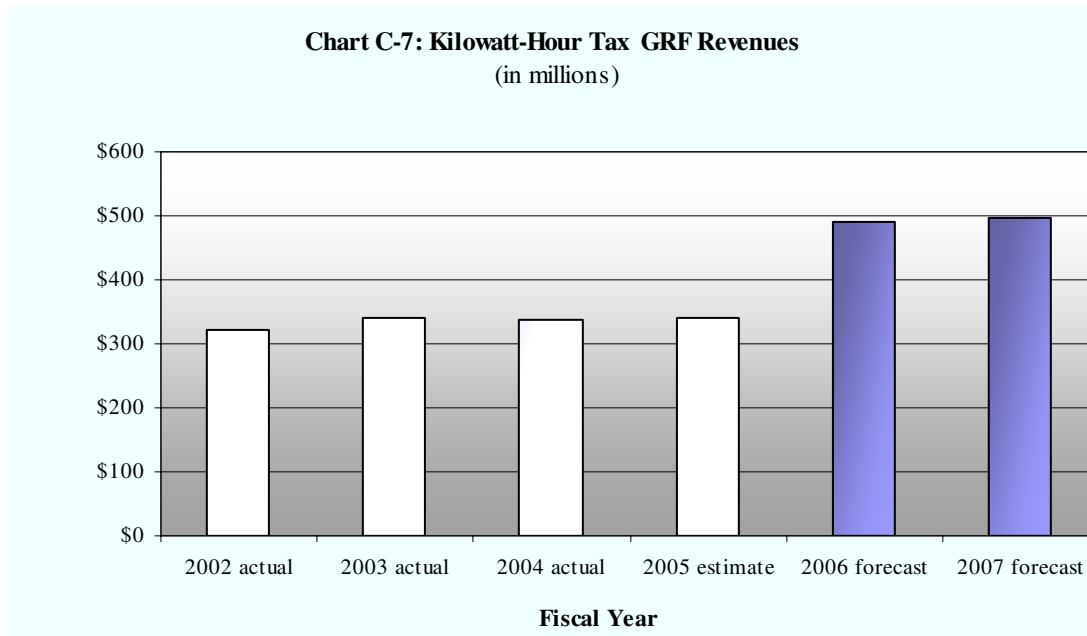
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	260.1	218.7	226.4	110.0	145.0	149.0
Limit on Local Government Funds				0	-6.4	-5.3
Total GRF Estimate				110.0	138.6	143.7

Kilowatt-Hour Tax

The kilowatt-hour tax was introduced through 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. The revenues from this tax also compensate the tax losses for school districts and local governments due to the reduced tangible personal property tax assessment rates for electric and rural electric companies.

The kilowatt-hour tax collection is based upon 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 and partially on price.

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



The national electricity sales to ultimate consumers projected by Global Insight were used to come up with the baseline estimate of the kilowatt-hour tax revenues. The tax revenues were expected to grow slower than the national electricity sales would, due to the slower population growth in Ohio.

The Executive Budget proposes to increase the kilowatt-hour tax rate by 30 percent for all tax brackets (including the self-assessors) and the increased tax revenue would be distributed to the General Revenue Fund. Reduced distributions to the local government funds are also proposed. Table C-8 gives predicted General Revenue Fund receipts from kilowatt-hour tax.

Table C-8: Kilowatt-Hour Tax GRF Revenues
(\$ in millions)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	323.3	339.9	339.0	341.0	328.5	333.0
Proposed Tax Rate Increase				0	162.0	164.0
Limit on Local Government Funds				0	-1.1	0.2
Total GRF Estimate				341.0	489.4	497.2

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 further below.

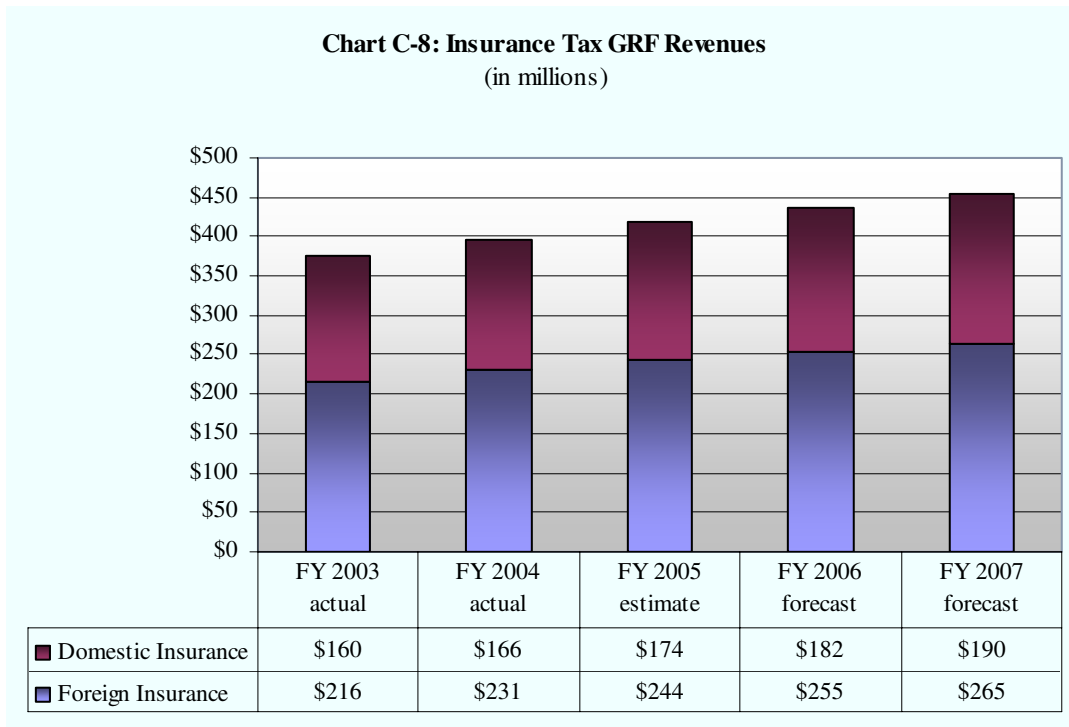
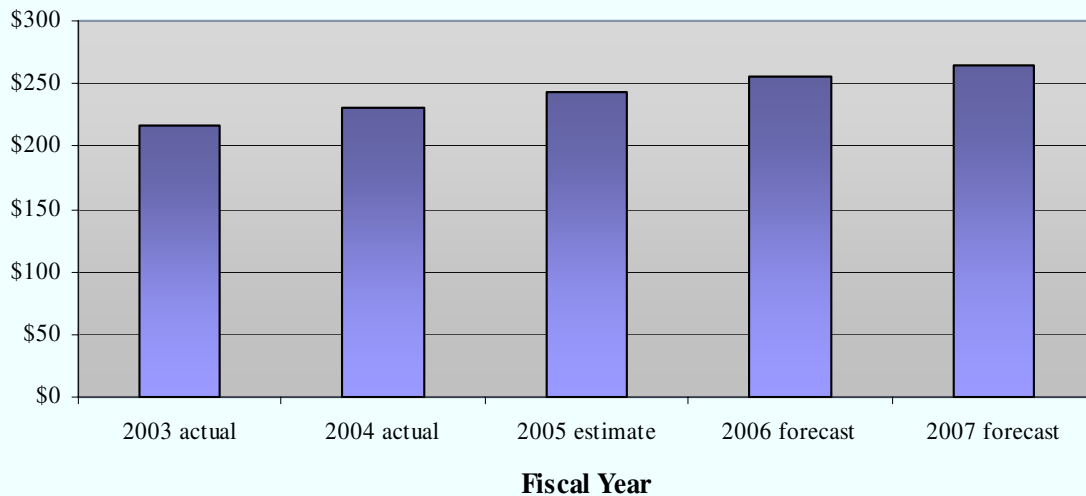


Chart C-8 shows estimated revenue from the foreign and domestic insurance tax. Estimates resulted from an in-depth trend analysis of data from the Department of Insurance on each of the four major categories of insurance: property and casualty, health, life, and other. Trends of total premiums written in Ohio as well as trends in premiums written by each type of insurance company also influences estimates. September 11, 2001 greatly affected the insurance market and increased insurance premiums across the nation. This trend helped grow GRF tax revenues in fiscal year 2003 and fiscal year 2004. Estimates assume this trend will continue with projected revenue growth of 5.0 percent in fiscal years 2005 and 2006, and growth of 4.0 percent in fiscal year 2007.

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. In recent years the retaliatory portion of the tax has grown significantly due to decreases in Ohio's tax rate and because a company's entire tax liability is shown as a retaliatory tax payment, not just the extra tax due from the higher home state tax rate.

Chart C-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. Taxable life insurance premiums and property and casualty insurance premiums grew at an annual rate of 8.0 percent and 9.0 percent respectively from fiscal year 2003 to fiscal year 2004. Projected annual growth rates for total foreign insurance premiums ranges from 8.2 percent to 6.2 percent over the next three fiscal years. This translates into projected annual growth for the foreign insurance tax to be 5.6 percent in fiscal year 2005, 4.5 percent in fiscal year 2006, and 4.0 percent in fiscal year 2007.

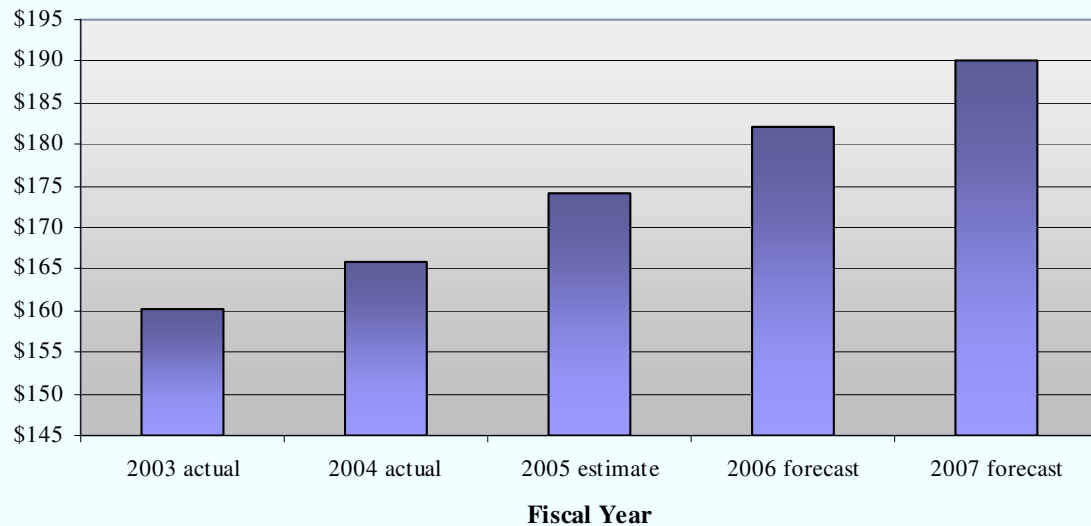
Table C-9: Foreign Insurance Tax GRF Revenues (\$ in millions)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline GRF Revenue	216.3	230.5	244.0	255.0	265

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



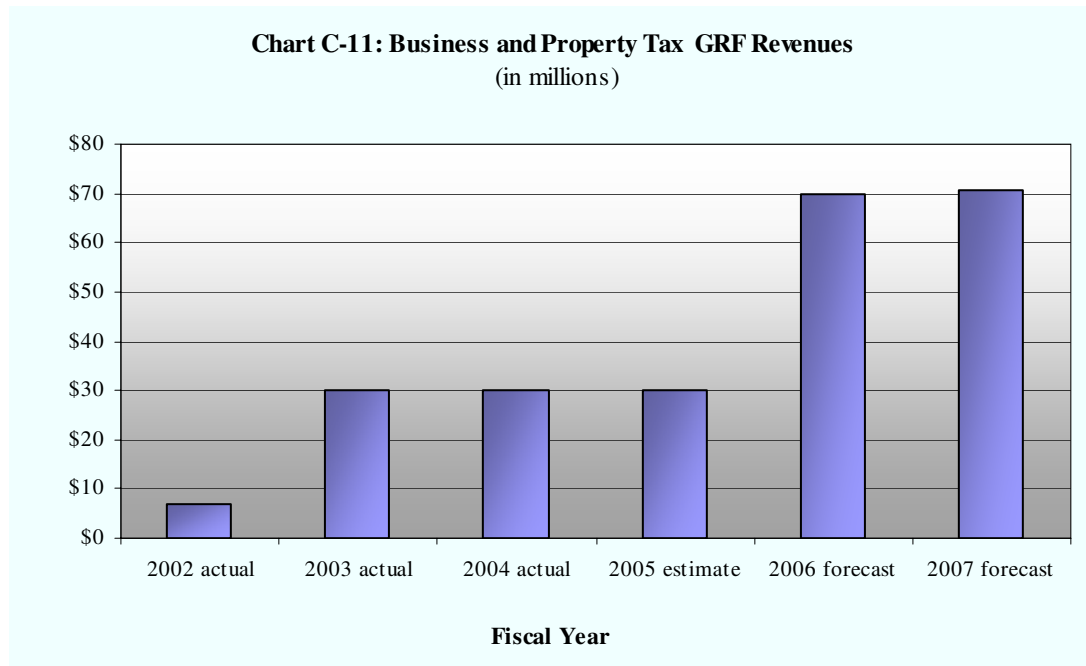
The domestic insurance tax is expected to grow at a rate of 5.0 percent for all three fiscal years projected: 2005, 2006, 2007. Receipts from the domestic insurance tax are driven primarily by property and casualty insurance premiums which make up 63.0 percent of the taxable base. In the domestic market, property and casualty premiums have experienced year-over-year growth of at least 8.0 percent for the past three years. This trend is expected to continue over the next three years, but at a slightly more moderate pace.

Table C-10: Domestic Insurance Tax GRF Revenues
(\$ in millions)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline GRF Revenue	160.1	165.9	174.0	182.0	190.0

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 currently not subject to the corporation franchise tax or the tangible personal property tax.



As the revenues from the business and property tax have been stable recently, small growth rates were applied to construct the baseline estimates of the receipts from this tax. The baseline estimation results for the General Revenue Fund receipts from this tax are displayed in Table C-11.

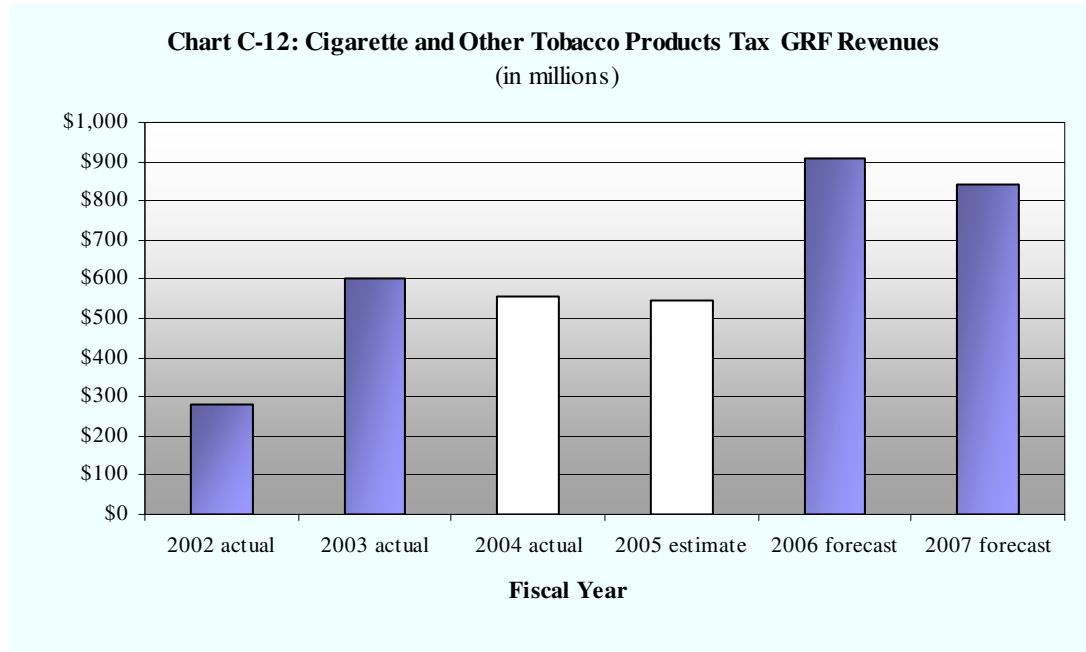
The 2006-2007 Executive Budget proposes that the state impose a one mill (0.1 percent) tax on real property transfers beginning in fiscal year 2006. The revenues from this real property transfer tax will be deposited in the General Revenue Fund accounted for in the Business and Property Tax category.

Table C-11: Business and Property Tax GRF Revenues
(\$ in millions)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	7.1	30.0	29.9	30.0	30.0	30.5
Proposed Real Property Transfer Tax				0	40.0	40.0
Total GRF Estimate				30.0	70.0	70.5

Cigarette and Other Tobacco Products Tax

The excise tax on cigarettes has been levied since 1931. Senate Bill 261 of the 124th General Assembly increased the tax rate to 55 cents per package of 20 cigarettes, effective July 2002. The tax rate had been 24 cents per package from January 1993 until then. 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.



The baseline estimates of the revenues from cigarette and other tobacco products tax developed through a regression analysis, which linked the growth rates of the revenues with those of Ohio disposable income and Ohio population. The estimated growth rates were then adjusted down to a negative value because of such factors as various anti-smoking campaigns and the indoor smoking ban passed in certain cities in Ohio.

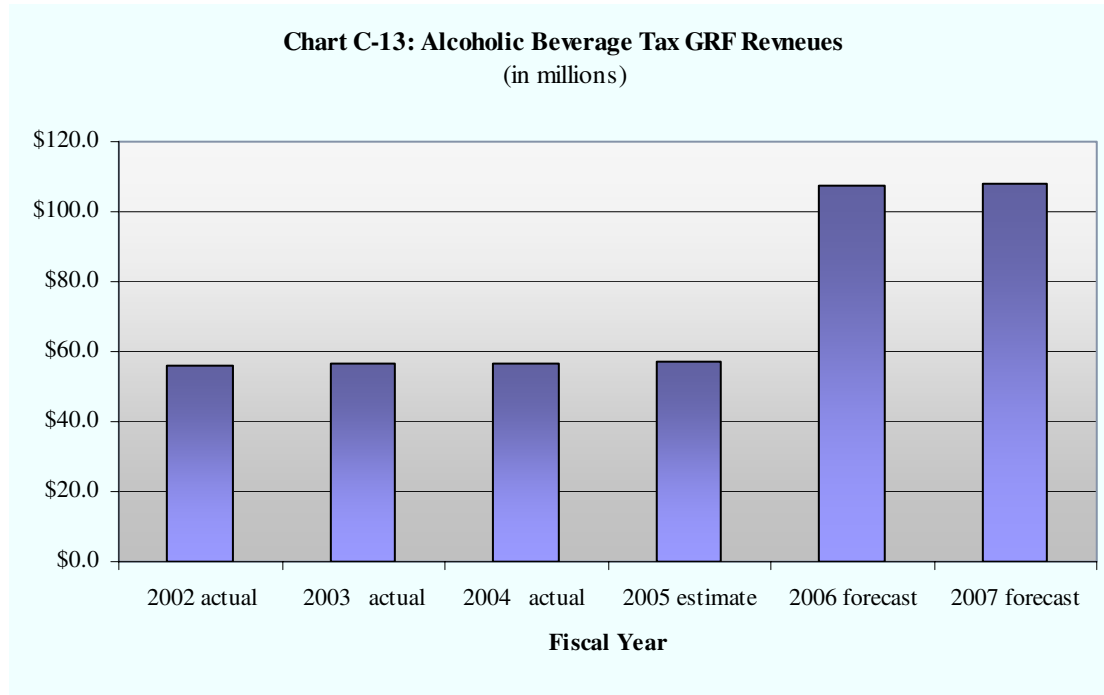
The 2006-2007 Executive Budget proposes a 45-cent increase per package of 20 cigarettes. A corresponding "floor tax" of 45 cents per package would also apply to the cigarette stamps already on hand on the date of the tax increase. (A floor tax was levied with the tax increase in fiscal year 2003.) The tax rate on other tobacco products would increase to 30 percent. The historical and projected General Revenue Fund receipts from the cigarette and other tobacco products tax are depicted in Table C-12 and Chart C-12.

Table C-12: Cigarette and Other Tobacco Products Tax GRF Revenues
(\$ in millions)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	281.3	599.9	557.5	548.0	537.0	526.0
Proposed 45-cent Increase per Pack				0	305.0	298.0
Proposed Floor Tax				0	45.0	0.0
Proposed Tax Rate Increase on Other Tobacco Products				0	20.0	20.0
Total GRF Estimate				548.0	907.0	844.0

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.



As Chart C-13 illustrates, the alcoholic beverage tax has experienced a flattening trend over the past three years, with annual growth rates of less than 2.0 percent. The baseline estimate projects this trend will continue.

The fiscal year 2006-2007 Executive Budget proposes doubling the excise tax on beer, wine, vermouth, champagne, mixed beverages, and cider. The state's excise taxes on these products were last increased in 1993. Doubling the current tax rate would increase revenue by \$50.0 million each fiscal year. Table C-13 gives a detailed look at estimated receipts by the General Revenue Fund from the alcoholic beverage tax.

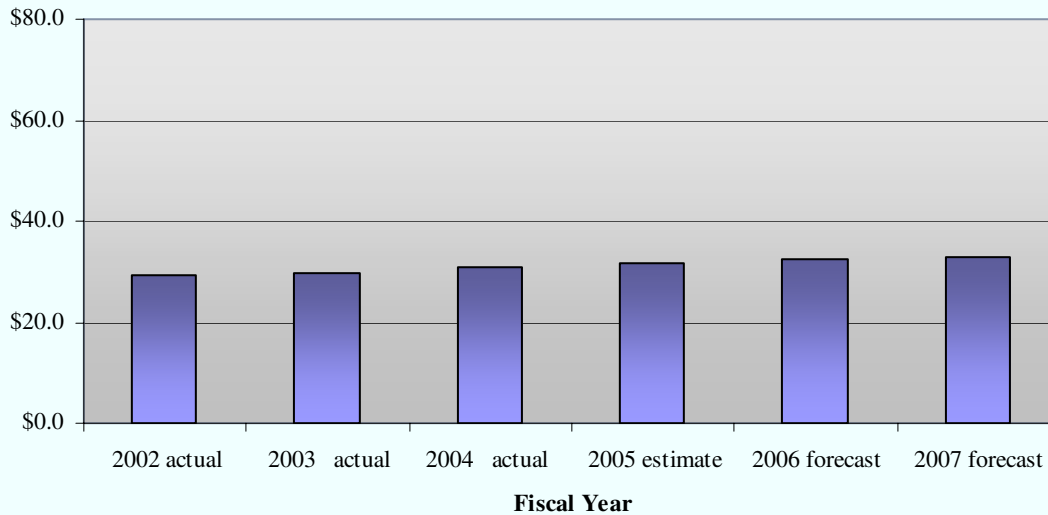
Table C-13: Alcoholic Beverage Tax GRF Revenues
(\$ in millions)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	55.7	56.6	56.5	57.0	57.5	58.0
Impact of Doubling Tax Rate				0	50.0	50.0
Total GRF Estimate				57.0	107.5	108.0

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



Liquor dollar sales have 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 2.0 percent to 3.0 percent.

Table C-14: Liquor Gallonage Tax GRF Revenues
(\$ in millions)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	29.3	29.7	30.9	31.5	32.5	33.0

Estate Tax

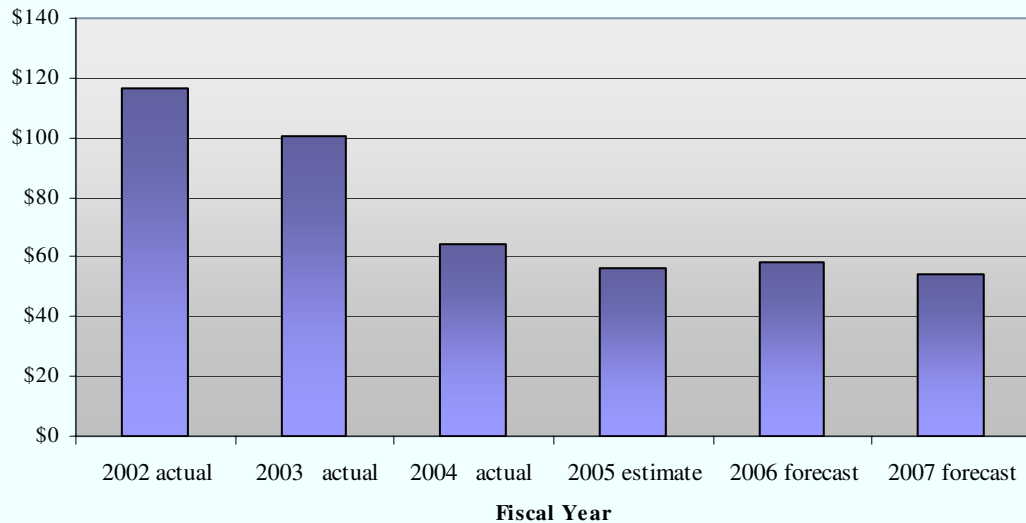
The estate tax is a progressive tax levied on the value of the decedent's estate, less deductions and other exemptions. Currently, 20 percent of receipts are deposited in the General Revenue Fund while the remaining 80 percent is distributed to the municipal corporation or township of origin.

In the past the state covered all administration expenses for the estate tax. Due to the passage of Senate Bill 189, as of June 29, 2004, the cost of administration of the estate tax is now shared with the state paying 20 percent and the applicable local government paying 80 percent. The resulting estimated GRF revenue increase is \$2.0 million for fiscal year 2005 and \$4.0 million for fiscal years 2006 and 2007. These increases are included in the baseline revenue estimates.

Senate Bill 108, which was passed by the 123rd Ohio General Assembly and became effective in September 2000, made significant changes to the estate tax. Under prior law estates were granted a \$500 tax credit. Under the current law the tax credit granted to estates increased to \$13,900. The distribution of revenue from the estate tax to the state and local governments of origin changed as well. Previously the state

collected 36 percent of estate tax revenue. Now the state collects 20 percent of the estate tax revenue. The bill also granted a deduction for qualified family owned business interest.

Chart C-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% of total receipts. As Chart C-15 shows, in recent years receipts from this tax have declined. This is in part due to recent increases in the size of tax credits and decreases in the percent of the tax received by the state, but also a function of the wealth of individuals who died in those years. The baseline forecast employs an adjusted trend analysis that takes into consideration fiscal year 2004 results as well as fiscal year 2005 results thus far.

The estate tax has been further complicated by a pending court case, *Wise v. State of Ohio*. The most recent decision would require Ohio to update state law with federal legislation passed in 2001 that eliminated the estate tax credit for paying estate taxes to their state of residence. Currently Ohio requires tax payers to pay the higher of two formulas, the state formula or the federal tax credit amount under the pre-2001 federal law. The Executive Budget proposes the elimination of the federal tax credit formula. Taxpayers of the Ohio estate tax would pay the state formula amount only. Table C-15 illustrates the effects of this change on General Revenue Fund receipts from the estate tax.

Table C-15: Estate Tax GRF Revenues
(\$ in millions)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	116.3	100.8	64.2	56.0	60.0	62.0
Elimination of Federal Tax Credit Formula				0.0	-2.0	-8.0
Total GRF Estimate				56.0	58.0	54.0

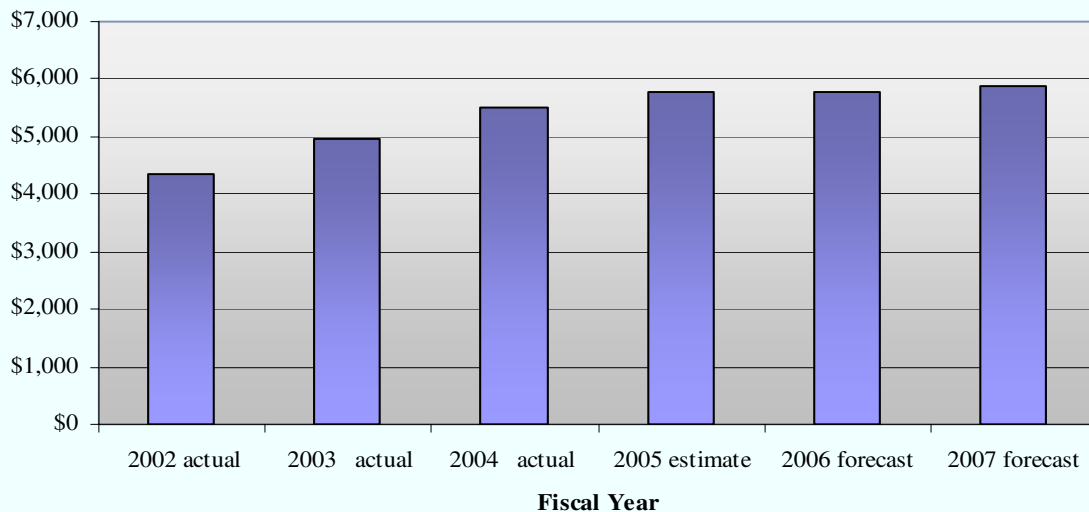
Non-Tax Sources

Federal Grants and Aid

Receipts from this source are provided as federal reimbursements for programs administered by the Department of Job and Family Services. Reimbursement 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 grants 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 59.6 percent in fiscal year 2006 and 59.7 percent in fiscal year 2007.

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



Spending is determined by caseload projections, utilization levels and rates for services. The amounts in fiscal year 2003 and fiscal year 2004 include one federal payment of the Jobs and Growth Tax Relief Reconciliation Act. This one time federal payment was distributed to the states in two installments, Ohio received two payments of \$193.0 million – the first in June, 2003 and the second in October, 2003 (fiscal year 2004). This same federal act also provided a temporary increase in the state's FMAP rate. This amount was equal to 2.95 percent of total state expenditures for Medicaid from April 2003 to June 2004. This additional money was placed in a non-GRF account, Fund 5Y9 and will be used in fiscal year 2005. This money will be transferred to the General Revenue Fund and will not show up in this revenue category.

Any changes in state spending on Medicaid or reimbursable operating expenditures will change receipts from federal grants. Table C-16 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. For further information on Department of Job and Family Services programs, please see Tab E, Agency Budget Recommendations.

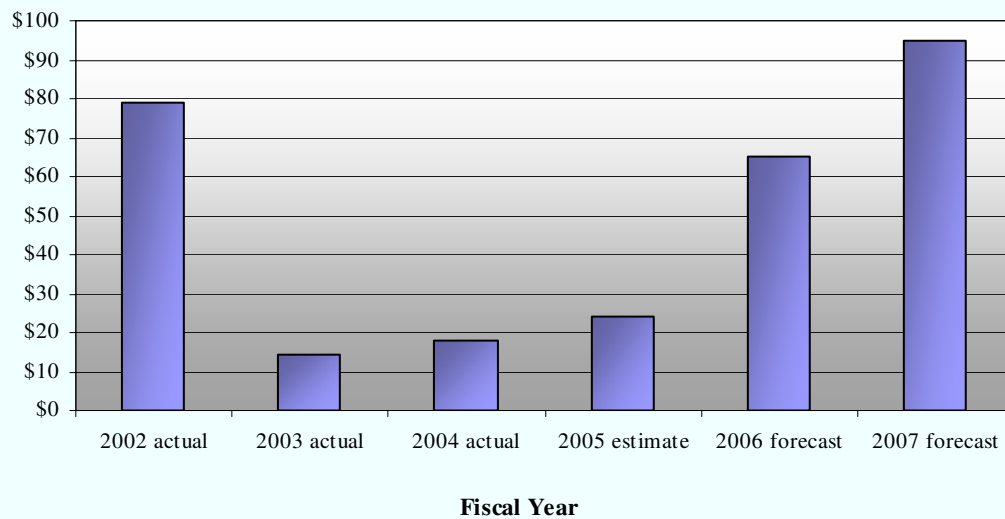
Table C-16: Federal Grant GRF Revenues
(\$ in millions)

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 Forecast	FY 2007 Forecast
Actual/Baseline Revenue	4,361	4,972	5,516	5,774	5,761	5,878

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 on short-term to medium term securities issued by Federal government and its agencies.

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



As the historical trend and economic conditions affect the average daily cash balance in the state funds, the average daily cash balance was estimated by regressing the growth rate of this balance against the growth rate of real Gross Domestic Product, and the return on Standard and Poor's 500 index. The interest rates on investment were estimated by regressing this interest rate against the discount rates on short-term treasury bills and yields on treasury notes with maturity of no more than five years. The baseline estimate of investment earnings is the product of the estimated cash balance and interest rate. The average daily balances are expected to be stable and interest rates are expected to increase over the fiscal year 2005 to 2007 period, therefore, the investment earnings are predicted to grow.

The 2006-2007 Executive Budget proposes to transfer the interest accrued from many other state funds into the General Revenue Fund. The state funds that are excluded from this provision are mostly debt related funds or funds that are constitutionally restricted. The General Revenue Fund estimates of receipts from earnings on investments are displayed in Chart C-17 and Table C-17. The historical data are shown as well.

Table C-17: GRF Revenues from Earnings on Investment
(\$ in millions)

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 Forecast	FY 2007 Forecast
Actual/Baseline Revenue	79.0	14.2	18.0	24.0	40.0	60.0
Proposed Accrual to GRF				0.0	25.0	35.0
Total GRF Estimate				24.0	65.0	95.0

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 fiscal year 2006-2007 Executive Budget proposes to eliminate the tax exemptions from the tax on premiums written by surplus line insurers, risk purchasing groups and risk retention groups. Elimination of the exemptions is projected to increase license and fee revenues by \$12.0 million each fiscal year.

Table C-18: License and Fee GRF Revenues
(\$ in millions)

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 Forecast	FY 2007 Forecast
Actual/Baseline Revenue	31.1	33.7	50.2	62.4	62.4	62.4
Surplus Line Exemption Elimination					12.0	12.0
Total GRF Estimate					74.4	74.4

Other Income

Other income consists of various miscellaneous revenues from refunds and recoveries, 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 \$50.0 million in fiscal year 2006 and \$50.0 million in fiscal year 2007. Table C-19 reflects this transfer below.

Table C-19: Other Income GRF Revenues
(\$ in millions)

	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Estimate	FY 2006 Forecast	FY 2007 Forecast
Actual/Baseline Revenue	159.3	139.4	119.1	82.0	82.0	82.0
Unclaimed Funds Transfer					50.0	50.0
Total GRF Estimate					132.0	132.0

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 2006 and 2007 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. A significant decrease in intrastate transfer vouchers revenue occurred between fiscal year 2003 and fiscal year 2004. This was a

result of no ISTV transfers from the Tobacco Master Settlement or the Budget Stabilization Fund. Currently no ISTV transfers are expected into or out of the Budget Stabilization Fund in fiscal years 2005, 2006, and 2007.

Table C-20: Intrastate Transfer Vouchers GRF Revenues

(\$ in millions)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	848.9	454.4	68.9	75.0	67.0	67.0

Liquor Profit Transfer

Liquor profits are generated by the sale of spirituous liquor by the Division of Liquor Control within the Department of Commerce. Liquor profit transfers to the General Revenue Fund are the net of all operating costs and the payment of debt service on industrial development bonds.

In the baseline estimate, total liquor profit transfers are expected to grow at a rate of 5.0 percent. Additionally, the Executive Budget proposes to increase liquor profit transfers by \$15.0 million per year. The additional profits will result from price increases determined by the Division of Liquor Control. However, growth in funds available for transfer to the General Revenue Fund will be limited by the expected increase in the use of liquor profit funds to pay the debt service costs for the sale of development bonds. Debt service payments from liquor profit funds are expected to increase by at least 25 percent for fiscal years 2005, 2006, and 2007. Table C-21 shows in detail the effects of the profit increase and projected debt service payments on liquor profit transfers to the General Revenue Fund.

Table C-21: Liquor Profit Transfer to the GRF

(\$ in millions)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	128.0	134.5	140.4	147.4	154.8	162.5
Profit Increase					15.0	15.0
Debt Service Payment	-16.0	-19.5	-22.4	-30.1	-41.9	-52.7
Total GRF Estimate	112.0	115.0	118.0	117.4	127.9	124.8

Transfers-In

Transfers-In include various transfers to the General Revenue Fund from other state funds. In fiscal year 2005 the baseline estimate includes transfers from the Medicaid relief fund and federal fiscal relief fund totaling \$316.9 million. Funds from these two sources are no longer available in fiscal years 2006 and 2007. The baseline estimates for fiscal years 2006 and 2007 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 \$85.0 million in each fiscal year is expected through the school district property tax replacement fund. This is the kilowatt hour tax revenue dedicated to the school district property tax replacement fund that is made through formula payments out of the General Revenue Fund. Finally the Executive Budget proposes a series of non General Revenue Fund transfers that will amount to an additional \$30.0 million in General Revenue Funds each fiscal year in the 2006-2007 biennium.

Table C-22: Transfers-In to the GRF

(\$ in millions)

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
	Actual	Actual	Actual	Estimate	Forecast	Forecast
Actual/Baseline Revenue	384.0	389.2	380.6	416.8	98.0	98.0
Rotary Transfers					30.0	30.0
Total GRF Estimate					128.0	128.0

Actual and Estimated Revenues

The table beginning on the next page, Table C-2, shows; by budget fund group, revenue history for fiscal years 2002, 2003, and 2004 and revenue estimates for fiscal years 2005, 2006 and 2007. 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 years 2006 and 2007, because a capital bill had yet to be enacted at the time of publication. Fiscal year 2005 estimates assume revenue to support the capital reappropriations per Am. Sub. Senate Bill 189 of the 125th General Assembly.

Table C-2
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
All Funds						
Taxes						
Auto Sales and Use	968.4	1,007.1	1,163.8	1,140.9	1,055.4	1,046.5
Non-Auto Sales and Use	6,771.2	7,155.4	8,191.1	8,652.8	8,496.6	8,913.6
Personal Income	9,129.6	9,307.6	9,596.8	10,087.7	10,273.0	10,448.4
Corporate Franchise	1,011.4	1,015.0	1,060.6	1,080.1	983.9	855.7
Public Utility	323.9	258.8	275.8	161.9	167.5	171.7
Kilowatt-Hour	569.1	625.8	614.8	624.5	789.5	798.9
Foreign Insurance	233.2	237.9	256.9	265.0	272.0	280.0
Domestic Insurance	132.5	160.2	166.1	174.2	182.2	190.2
Misc Business and Property	1,708.7	1,806.0	1,909.3	2,024.3	2,203.4	2,238.0
Cigarette	281.7	601.0	557.5	553.0	912.0	849.0
Alcoholic Beverage	56.5	57.6	57.5	57.9	108.4	108.9
Liquor Gallonage	29.3	29.7	30.9	31.5	32.5	33.0
Estate	116.3	100.8	64.2	56.0	58.0	54.0
Racing	17.4	15.6	16.0	18.0	15.9	15.7
Commercial Activity Tax	.0	.0	.0	.0	265.0	550.0
Total Tax Receipts	21,349.2	22,378.5	23,961.3	24,927.8	25,815.3	26,553.6
Non-Taxes						
Federal Grants	10,768.3	11,856.1	13,080.1	14,160.0	14,471.0	14,945.4
Earnings/Investment	312.2	200.5	104.4	93.4	124.5	151.0
Licenses and Fees	1,704.4	1,762.3	1,982.0	2,618.3	2,703.3	2,762.7
Other Income	6,639.8	6,824.0	7,365.0	6,118.7	6,408.2	6,287.7
Interagency (ISTV'S & IDC'S)	2,570.4	2,545.9	2,238.6	2,771.2	2,760.9	2,928.2
Total Non-Tax Receipts	21,995.1	23,188.8	24,770.1	25,761.6	26,467.9	27,075.0
Total Revenues	43,344.2	45,567.3	48,731.4	50,689.4	52,283.2	53,628.6
Transfers						
Liquor Transfers	112.0	115.0	118.0	117.0	128.0	125.0
Lottery Transfers	610.2	606.4	648.1	637.9	637.9	637.9
Transfers In-Other	3,026.3	3,205.1	3,312.7	3,608.5	1,989.3	1,888.9
Transfer In-BSF	40.4	115.4	.0	.0	.0	.0
Total Transfers	3,788.9	4,041.9	4,078.8	4,363.4	2,755.2	2,651.8
Total Sources	\$ 47,133.1	\$ 49,609.2	\$ 52,810.2	\$ 55,052.8	\$ 55,038.4	\$ 56,280.4

Table C-2 (Continued)
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
General Revenue Fund						
Taxes						
Auto Sales and Use	927.5	966.2	1,122.9	1,100.0	1,019.2	1,013.8
Non-Auto Sales and Use	5,110.4	5,431.7	6,407.7	6,780.0	6,585.1	6,944.1
Personal Income	7,304.1	7,420.7	7,696.9	8,153.2	8,291.0	8,400.4
Corporate Franchise	712.3	747.2	809.2	820.0	734.0	604.9
Public Utility	260.1	218.7	226.4	110.0	138.6	143.7
Kilowatt-Hour	323.3	339.9	339.0	341.0	489.4	497.2
Foreign Insurance	214.3	216.4	230.5	244.0	255.0	265.0
Domestic Insurance	132.4	160.1	165.9	174.0	182.0	190.0
Misc Business and Property	7.1	30.0	29.9	30.0	70.0	70.5
Cigarette	281.3	599.9	557.5	548.0	907.0	844.0
Alcoholic Beverage	55.7	56.6	56.5	57.0	107.5	108.0
Liquor Gallonage	29.3	29.7	30.9	31.5	32.5	33.0
Estate	116.3	100.8	64.2	56.0	58.0	54.0
Commercial Activity Tax	.0	.0	.0	.0	220.0	205.0
Total Tax Receipts	15,474.1	16,317.9	17,737.5	18,444.7	19,089.3	19,373.6
Non-Taxes						
Federal Grants	4,361.4	4,972.4	5,516.4	5,773.6	5,760.5	5,878.1
Earnings/Investment	79.0	14.3	18.0	24.0	65.0	95.0
Licenses and Fees	31.1	33.7	50.2	62.4	74.4	74.4
Other Income	159.6	139.8	119.4	82.0	132.0	132.0
Interagency (ISTV'S & IDC'S)	848.9	454.0	68.5	75.0	67.0	67.0
Total Non-Tax Receipts	5,480.0	5,614.2	5,772.5	6,017.0	6,098.9	6,246.5
Total Revenues	20,954.0	21,932.1	23,510.0	24,461.7	25,188.2	25,620.1
Transfers						
Liquor Transfers	112.0	115.0	118.0	117.0	128.0	125.0
Transfers In-Other	356.2	287.1	402.9	436.4	141.3	128.0
Transfer In-BSF	40.4	115.4	.0	.0	.0	.0
Total Transfers	508.6	517.5	520.9	553.4	269.3	253.0
Total Sources	\$ 21,462.6	\$ 22,449.6	\$ 24,030.9	\$ 25,015.1	\$ 25,457.5	\$ 25,873.1
General Services Fund Group						
Taxes						
Misc Business and Property	1.3	1.3	1.8	1.8	1.8	1.8
Total Tax Receipts	1.3	1.3	1.8	1.8	1.8	1.8
Non-Taxes						
Federal Grants	58.7	58.0	413.3	65.6	72.5	63.4
Earnings/Investment	4.1	3.5	2.1	2.2	2.4	2.5
Licenses and Fees	76.2	88.1	82.2	93.8	88.5	60.1
Other Income	181.7	188.4	208.2	224.0	237.8	238.2
Interagency (ISTV'S & IDC'S)	498.0	489.3	485.6	530.1	578.9	588.4
Total Non-Tax Receipts	818.7	827.3	1,191.4	915.7	980.1	952.6
Total Revenues	820.0	828.6	1,193.2	917.5	981.9	954.4
Transfers						
Transfers In-Other	42.0	29.7	82.0	43.1	38.1	34.9
Total Transfers	42.0	29.7	82.0	43.1	38.1	34.9
Total Sources	\$ 862.0	\$ 858.3	\$ 1,275.2	\$ 960.6	\$ 1,020.0	\$ 989.3

Table C-2 (Continued)
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
<u>Budget Stabilization Fund</u>						
Transfers						
Transfers In-Other	13.1	.0	.0	.0	.0	.0
Total Transfers	13.1	.0	.0	.0	.0	.0
Total Sources	\$ 13.1	\$.0	\$.0	\$.0	\$.0	\$.0
<u>Workers' Compensation Fund Group</u>						
Non-Taxes						
Other Income	333.0	342.7	327.3	420.2	386.4	385.0
Interagency (ISTV'S & IDC'S)	3.9	4.1	1.4	3.0	4.9	5.0
Total Non-Tax Receipts	336.9	346.8	328.7	423.2	391.3	390.0
Total Revenues	336.9	346.8	328.7	423.2	391.3	390.0
Transfers						
Transfers In-Other	.1	.0	3.2	.0	.0	.0
Total Transfers	.1	.0	3.2	.0	.0	.0
Total Sources	\$ 337.0	\$ 346.8	\$ 331.9	\$ 423.2	\$ 391.3	\$ 390.0
<u>Liquor Control Fund Group</u>						
Non-Taxes						
Licenses and Fees	1.0	1.0	1.0	1.0	1.0	1.0
Other Income	466.3	485.6	521.9	543.1	575.1	603.3
Interagency (ISTV'S & IDC'S)	.1	.0	.0	.0	.0	.0
Total Non-Tax Receipts	467.4	486.6	522.9	544.1	576.1	604.3
Total Revenues	467.4	486.6	522.9	544.1	576.1	604.3
Transfers						
Transfers In-Other	.3	.0	.0	.0	.0	.0
Total Transfers	.3	.0	.0	.0	.0	.0
Total Sources	\$ 467.7	\$ 486.6	\$ 522.9	\$ 544.1	\$ 576.1	\$ 604.3
<u>State Lottery Fund Group</u>						
Non-Taxes						
Earnings/Investment	44.0	59.6	28.5	27.2	21.1	17.1
Licenses and Fees	.0	.0	.1	.0	.1	.1
Other Income	918.3	860.4	1,022.8	908.8	899.7	897.1
Interagency (ISTV'S & IDC'S)	.2	.1	.1	.6	1.4	1.4
Total Non-Tax Receipts	962.5	920.1	1,051.5	936.6	922.3	915.7
Total Revenues	962.5	920.1	1,051.5	936.6	922.3	915.7
Transfers						
Transfers In-Other	35.3	40.4	6.3	11.5	10.2	5.0
Total Transfers	35.3	40.4	6.3	11.5	10.2	5.0
Total Sources	\$ 997.8	\$ 960.5	\$ 1,057.8	\$ 948.1	\$ 932.5	\$ 920.7

Table C-2 (Continued)
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
Underground Parking Garage Fund						
Non-Taxes						
Earnings/Investment	.1	.1	.0	.0	.0	.0
Licenses and Fees	2.1	2.0	2.0	1.9	2.1	2.1
Interagency (ISTV'S & IDC'S)	.6	.6	.6	.6	.6	.6
Total Non-Tax Receipts	2.8	2.7	2.6	2.5	2.7	2.7
Total Revenues	2.8	2.7	2.6	2.5	2.7	2.7
Total Sources	\$ 2.8	\$ 2.7	\$ 2.6	\$ 2.5	\$ 2.7	\$ 2.7
Fed Special Revenue Fund Group						
Non-Taxes						
Federal Grants	5,299.6	5,827.5	6,185.9	7,191.1	7,406.4	7,753.9
Earnings/Investment	3.8	2.8	1.2	.5	.5	.4
Licenses and Fees	1.5	2.4	1.2	444.4	498.5	491.4
Other Income	149.6	143.2	144.6	88.3	84.0	84.2
Interagency (ISTV'S & IDC'S)	836.9	1,017.6	1,057.4	1,313.1	1,178.5	1,254.3
Total Non-Tax Receipts	6,291.4	6,993.5	7,390.3	9,037.4	9,167.9	9,584.2
Total Revenues	6,291.4	6,993.5	7,390.3	9,037.4	9,167.9	9,584.2
Transfers						
Transfers In-Other	6.4	.0	35.9	64.5	71.5	71.5
Total Transfers	6.4	.0	35.9	64.5	71.5	71.5
Total Sources	\$ 6,297.8	\$ 6,993.5	\$ 7,426.2	\$ 9,101.9	\$ 9,239.4	\$ 9,655.7
Highway Operating Fund Group						
Taxes						
Misc Business and Property	362.9	385.5	488.7	590.0	690.0	696.0
Total Tax Receipts	362.9	385.5	488.7	590.0	690.0	696.0
Non-Taxes						
Federal Grants	974.5	946.0	921.2	1,074.0	1,174.0	1,194.0
Earnings/Investment	42.6	24.5	8.9	8.3	8.2	8.3
Licenses and Fees	67.4	70.8	70.5	72.1	73.1	74.1
Other Income	50.7	87.2	88.9	68.8	83.2	83.2
Interagency (ISTV'S & IDC'S)	8.3	2.9	7.5	7.6	7.6	7.6
Total Non-Tax Receipts	1,143.5	1,131.4	1,097.0	1,230.8	1,346.1	1,367.2
Total Revenues	1,506.4	1,516.9	1,585.7	1,820.8	2,036.1	2,063.2
Transfers						
Transfers In-Other	532.6	524.0	528.1	520.0	615.7	636.7
Total Transfers	532.6	524.0	528.1	520.0	615.7	636.7
Total Sources	\$ 2,039.0	\$ 2,040.9	\$ 2,113.8	\$ 2,340.8	\$ 2,651.8	\$ 2,699.9

Table C-2 (Continued)
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
State Highway Safety Fund Group						
Taxes						
Misc Business and Property	1.6	1.0	.8	.8	.8	.8
Total Tax Receipts	1.6	1.0	.8	.8	.8	.8
Non-Taxes						
Federal Grants	12.6	11.5	12.4	17.1	17.2	17.2
Earnings/Investment	7.2	5.0	2.5	2.4	2.4	2.3
Licenses and Fees	106.1	105.0	244.9	293.6	299.5	301.6
Other Income	47.5	50.9	46.5	48.3	49.6	50.1
Interagency (ISTV'S & IDC'S)	11.1	13.5	13.1	19.9	14.9	15.0
Total Non-Tax Receipts	184.5	185.9	319.4	381.3	383.6	386.2
Total Revenues	186.1	186.9	320.2	382.1	384.4	387.0
Transfers						
Transfers In-Other	210.5	205.4	175.3	119.6	89.2	62.0
Total Transfers	210.5	205.4	175.3	119.6	89.2	62.0
Total Sources	\$ 396.6	\$ 392.3	\$ 495.5	\$ 501.7	\$ 473.6	\$ 449.0
Revenue Distribution Fund Group						
Taxes						
Auto Sales and Use	40.9	40.9	40.9	40.9	36.2	32.7
Non-Auto Sales and Use	262.5	260.4	260.4	260.4	229.7	208.3
Personal Income	848.8	829.8	829.7	829.8	777.3	743.3
Corporate Franchise	48.7	47.4	47.4	47.4	37.9	38.0
Public Utility	39.8	36.7	36.7	36.7	13.7	12.8
Kilowatt-Hour	245.8	283.3	275.4	283.0	299.6	301.2
Misc Business and Property	1,053.0	1,105.1	1,106.8	1,135.9	1,176.5	1,194.1
Racing	2.9	2.6	2.5	2.4	2.4	2.4
Commercial Activity Tax	.0	.0	.0	.0	45.0	345.0
Total Tax Receipts	2,542.4	2,606.2	2,599.8	2,636.5	2,618.3	2,877.8
Non-Taxes						
Earnings/Investment	2.1	1.5	.7	.6	.6	.6
Licenses and Fees	523.1	530.8	520.9	561.4	544.6	544.6
Other Income	.1	.1	.1	.0	.0	.0
Total Non-Tax Receipts	525.3	532.4	521.7	562.0	545.2	545.2
Total Revenues	3,067.7	3,138.6	3,121.5	3,198.5	3,163.5	3,423.0
Transfers						
Transfers In-Other	.0	1.8	51.1	95.3	135.0	155.2
Total Transfers	.0	1.8	51.1	95.3	135.0	155.2
Total Sources	\$ 3,067.7	\$ 3,140.4	\$ 3,172.6	\$ 3,293.8	\$ 3,298.5	\$ 3,578.2

Table C-2 (Continued)
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
State Special Revenue Fund Group						
Taxes						
Non-Auto Sales and Use	15.8	16.3	17.7	17.6	17.6	17.6
Personal Income	4.2	6.0	4.6	4.7	4.7	4.7
Corporate Franchise	13.3	13.6	14.0	12.7	12.0	12.8
Public Utility	.0	.1	.2	.2	.2	.2
Foreign Insurance	15.9	17.4	22.3	16.0	12.0	10.0
Domestic Insurance	.1	.1	.2	.2	.2	.2
Misc Business and Property	13.5	13.1	17.6	17.2	17.1	17.1
Alcoholic Beverage	.7	.8	.8	.7	.7	.7
Racing	14.5	13.0	13.5	15.6	13.5	13.3
Total Tax Receipts	78.0	80.4	90.9	84.9	78.0	76.6
Non-Taxes						
Federal Grants	49.3	28.3	13.0	20.6	23.0	23.0
Earnings/Investment	17.2	15.2	11.8	17.0	15.1	15.1
Licenses and Fees	845.1	879.7	962.9	1,036.9	1,070.2	1,161.2
Other Income	499.7	513.6	680.4	870.4	1,040.1	820.0
Interagency (ISTV'S & IDC'S)	84.2	86.6	129.8	209.6	208.7	210.3
Total Non-Tax Receipts	1,495.5	1,523.4	1,797.9	2,154.5	2,357.1	2,229.6
Total Revenues	1,573.5	1,603.8	1,888.8	2,239.4	2,435.1	2,306.2
Transfers						
Transfers In-Other	33.8	36.5	34.7	34.6	40.3	49.7
Total Transfers	33.8	36.5	34.7	34.6	40.3	49.7
Total Sources	\$ 1,607.3	\$ 1,640.3	\$ 1,923.5	\$ 2,274.0	\$ 2,475.4	\$ 2,355.9
Waterways Safety Fund Group						
Taxes						
Misc Business and Property	12.1	12.7	13.5	14.5	15.7	15.9
Total Tax Receipts	12.1	12.7	13.5	14.5	15.7	15.9
Non-Taxes						
Federal Grants	2.4	3.1	2.1	5.2	4.3	2.7
Earnings/Investment	.9	.7	.4	.3	.3	.3
Licenses and Fees	5.5	5.5	5.4	5.4	5.5	5.5
Other Income	.1	.2	.2	.1	.1	.1
Interagency (ISTV'S & IDC'S)	.1	.1	.0	.0	.0	.0
Total Non-Tax Receipts	9.0	9.6	8.1	11.0	10.2	8.6
Total Revenues	21.1	22.3	21.6	25.5	25.9	24.5
Transfers						
Transfers In-Other	1.1	.0	.0	.0	3.0	1.0
Total Transfers	1.1	.0	.0	.0	3.0	1.0
Total Sources	\$ 22.2	\$ 22.3	\$ 21.6	\$ 25.5	\$ 28.9	\$ 25.5

Table C-2 (Continued)
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
<u>Wildlife Fund Group</u>						
Non-Taxes						
Federal Grants	9.8	9.0	15.8	12.8	13.1	13.1
Earnings/Investment	1.7	1.1	.5	.5	.5	.5
Licenses and Fees	28.1	29.8	31.0	35.5	36.5	37.3
Other Income	3.3	3.1	3.2	3.7	3.7	3.7
Interagency (ISTV'S & IDC'S)	1.1	1.0	.9	1.0	1.0	1.0
Total Non-Tax Receipts	44.0	44.0	51.4	53.5	54.8	55.6
Total Revenues	44.0	44.0	51.4	53.5	54.8	55.6
Transfers						
Transfers In-Other	.8	.0	.0	.0	.0	.0
Total Transfers	.8	.0	.0	.0	.0	.0
Total Sources	\$ 44.8	\$ 44.0	\$ 51.4	\$ 53.5	\$ 54.8	\$ 55.6
<u>Coal Research/Development Fund</u>						
Non-Taxes						
Earnings/Investment	.5	.5	.1	.1	.1	.1
Other Income	30.2	.0	13.0	.0	.0	.0
Total Non-Tax Receipts	30.7	.5	13.1	.1	.1	.1
Total Revenues	30.7	.5	13.1	.1	.1	.1
Transfers						
Transfers In-Other	15.4	46.4	.0	37.6	34.0	13.6
Total Transfers	15.4	46.4	.0	37.6	34.0	13.6
Total Sources	\$ 46.1	\$ 46.9	\$ 13.1	\$ 37.7	\$ 34.1	\$ 13.7
<u>Facilities Establishment Fund</u>						
Non-Taxes						
Earnings/Investment	4.3	2.9	2.6	1.5	1.7	1.9
Licenses and Fees	.1	3.1	.3	.3	.3	.3
Other Income	37.8	47.7	139.6	47.0	48.9	47.5
Total Non-Tax Receipts	42.2	53.7	142.5	48.8	50.9	49.7
Total Revenues	42.2	53.7	142.5	48.8	50.9	49.7
Transfers						
Transfers In-Other	8.1	1.8	4.1	118.3	120.1	120.0
Total Transfers	8.1	1.8	4.1	118.3	120.1	120.0
Total Sources	\$ 50.3	\$ 55.5	\$ 146.6	\$ 167.1	\$ 171.0	\$ 169.7

Table C-2 (Continued)
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
<u>Local Transp Improv Program Fund</u>						
Non-Taxes						
Earnings/Investment	4.9	3.2	1.5	1.0	1.0	1.0
Interagency (ISTV'S & IDC'S)	.0	.0	.1	.0	.0	.0
Total Non-Tax Receipts	4.9	3.2	1.6	1.0	1.0	1.0
Total Revenues	4.9	3.2	1.6	1.0	1.0	1.0
Transfers						
Transfers In-Other	62.2	62.9	63.8	64.0	64.0	64.0
Total Transfers	62.2	62.9	63.8	64.0	64.0	64.0
Total Sources	\$ 67.1	\$ 66.1	\$ 65.4	\$ 65.0	\$ 65.0	\$ 65.0
<u>Lottery Profits/Educ Fund Group</u>						
Non-Taxes						
Earnings/Investment	3.7	2.2	1.0	.8	.8	.8
Other Income	1.1	2.1	2.2	2.3	2.3	2.3
Total Non-Tax Receipts	4.8	4.3	3.2	3.1	3.1	3.1
Total Revenues	4.8	4.3	3.2	3.1	3.1	3.1
Transfers						
Lottery Transfers	610.2	606.4	648.1	637.9	637.9	637.9
Transfers In-Other	25.0	65.0	7.5	16.6	.8	.8
Total Transfers	635.2	671.4	655.6	654.5	638.7	638.7
Total Sources	\$ 640.0	\$ 675.7	\$ 658.8	\$ 657.6	\$ 641.8	\$ 641.8
<u>School Building Assistance Fund</u>						
Non-Taxes						
Earnings/Investment	27.5	13.0	5.6	.0	.0	.0
Other Income	407.2	450.0	601.6	.0	.0	.0
Total Non-Tax Receipts	434.7	463.0	607.2	.0	.0	.0
Total Revenues	434.7	463.0	607.2	.0	.0	.0
Transfers						
Transfers In-Other	422.1	455.9	603.5	400.0	.0	.0
Total Transfers	422.1	455.9	603.5	400.0	.0	.0
Total Sources	\$ 856.8	\$ 918.9	\$ 1,210.7	\$ 400.0	\$.0	\$.0
<u>Accrued Leave Liability Fund Grp</u>						
Non-Taxes						
Earnings/Investment	1.6	1.3	.8	.7	.6	.6
Interagency (ISTV'S & IDC'S)	22.6	35.1	31.6	107.2	112.4	120.7
Total Non-Tax Receipts	24.2	36.4	32.4	107.9	113.0	121.3
Total Revenues	24.2	36.4	32.4	107.9	113.0	121.3
Total Sources	\$ 24.2	\$ 36.4	\$ 32.4	\$ 107.9	\$ 113.0	\$ 121.3

Table C-2 (Continued)
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
<u>Agency Fund Group</u>						
Taxes						
Non-Auto Sales and Use	1,382.5	1,447.0	1,505.3	1,594.8	1,664.2	1,743.6
Personal Income	972.5	1,051.1	1,065.6	1,100.0	1,200.0	1,300.0
Corporate Franchise	237.1	206.8	190.0	200.0	200.0	200.0
Public Utility	24.0	3.3	12.5	15.0	15.0	15.0
Kilowatt-Hour	.0	2.6	.4	.5	.5	.5
Foreign Insurance	3.0	4.1	4.1	5.0	5.0	5.0
Misc Business and Property	190.2	190.3	207.3	211.1	231.5	241.8
Cigarette	.4	1.1	.0	5.0	5.0	5.0
Alcoholic Beverage	.1	.2	.2	.2	.2	.2
Total Tax Receipts	2,809.8	2,906.5	2,985.4	3,131.6	3,321.4	3,511.1
Non-Taxes						
Earnings/Investment	2.4	2.9	1.1	1.0	1.1	1.4
Licenses and Fees	5.4	5.3	5.9	6.6	6.6	6.6
Other Income	2,271.3	2,164.4	2,121.1	2,285.1	2,285.5	2,285.9
Interagency (ISTV'S & IDC'S)	243.2	428.0	431.0	494.2	566.2	644.5
Total Non-Tax Receipts	2,522.3	2,600.6	2,559.1	2,786.9	2,859.4	2,938.4
Total Revenues	5,332.1	5,507.1	5,544.5	5,918.5	6,180.8	6,449.5
Transfers						
Transfers In-Other	2.4	1.7	.8	2.5	2.5	3.0
Total Transfers	2.4	1.7	.8	2.5	2.5	3.0
Total Sources	\$ 5,334.5	\$ 5,508.8	\$ 5,545.3	\$ 5,921.0	\$ 6,183.3	\$ 6,452.5
<u>Holding Acct Redist Fund Group</u>						
Taxes						
Misc Business and Property	33.8	37.1	35.0	23.0	.0	.0
Total Tax Receipts	33.8	37.1	35.0	23.0	.0	.0
Non-Taxes						
Earnings/Investment	.4	.2	.1	.1	.1	.1
Licenses and Fees	.0	.0	.1	.7	.1	.1
Other Income	4.5	2.2	5.5	7.3	2.7	2.7
Interagency (ISTV'S & IDC'S)	3.9	2.8	2.8	.0	3.6	3.6
Total Non-Tax Receipts	8.8	5.2	8.5	8.1	6.5	6.5
Total Revenues	42.6	42.3	43.5	31.1	6.5	6.5
Total Sources	\$ 42.6	\$ 42.3	\$ 43.5	\$ 31.1	\$ 6.5	\$ 6.5
<u>Volunteer Firemen's Depndnts Fnd</u>						
Non-Taxes						
Other Income	.1	.2	.3	.2	.3	.3
Total Non-Tax Receipts	.1	.2	.3	.2	.3	.3
Total Revenues	.1	.2	.3	.2	.3	.3
Total Sources	\$.1	\$.2	\$.3	\$.2	\$.3	\$.3

Table C-2 (Continued)
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
<u>Debt Service Fund Group</u>						
Taxes						
Misc Business and Property	33.2	29.9	7.9	.0	.0	.0
Total Tax Receipts	33.2	29.9	7.9	.0	.0	.0
Non-Taxes						
Earnings/Investment	6.6	4.9	2.1	2.0	3.0	3.0
Licenses and Fees	9.8	3.1	1.3	.0	.0	.0
Other Income	244.5	322.8	395.4	485.9	551.9	620.9
Total Non-Tax Receipts	260.9	330.8	398.8	487.9	554.9	623.9
Total Revenues	294.1	360.7	406.7	487.9	554.9	623.9
Transfers						
Transfers In-Other	136.5	131.0	161.5	153.6	178.6	193.5
Total Transfers	136.5	131.0	161.5	153.6	178.6	193.5
Total Sources	\$ 430.6	\$ 491.7	\$ 568.2	\$ 641.5	\$ 733.5	\$ 817.4
<u>Sports Facilities Bldg Fund Grp</u>						
Non-Taxes						
Earnings/Investment	1.3	.2	.0	.0	.0	.0
Total Non-Tax Receipts	1.3	.2	.0	.0	.0	.0
Total Revenues	1.3	.2	.0	.0	.0	.0
Transfers						
Transfers In-Other	25.9	.4	.0	.0	.0	.0
Total Transfers	25.9	.4	.0	.0	.0	.0
Total Sources	\$ 27.2	\$.6	\$.0	\$.0	\$.0	\$.0
<u>Highway Safety Building Fund</u>						
Non-Taxes						
Earnings/Investment	1.0	.5	.1	.0	.0	.0
Other Income	.0	.0	10.0	.0	.0	.0
Total Non-Tax Receipts	1.0	.5	10.1	.0	.0	.0
Total Revenues	1.0	.5	10.1	.0	.0	.0
Transfers						
Transfers In-Other	21.0	.5	16.6	3.0	.0	.0
Total Transfers	21.0	.5	16.6	3.0	.0	.0
Total Sources	\$ 22.0	\$ 1.0	\$ 26.7	\$ 3.0	\$.0	\$.0

Table C-2 (Continued)
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
<u>Administrative Building Fund</u>						
Non-Taxes						
Earnings/Investment	4.4	1.7	.9	.0	.0	.0
Other Income	71.4	.9	174.4	.0	.0	.0
Total Non-Tax Receipts	75.8	2.6	175.3	.0	.0	.0
Total Revenues	75.8	2.6	175.3	.0	.0	.0
Transfers						
Transfers In-Other	4.4	73.5	109.9	97.7	.0	.0
Total Transfers	4.4	73.5	109.9	97.7	.0	.0
Total Sources	\$ 80.2	\$ 76.1	\$ 285.2	\$ 97.7	\$.0	\$.0
<u>Adult Correctional Building Fund</u>						
Non-Taxes						
Earnings/Investment	2.7	1.3	.4	.0	.0	.0
Other Income	.1	53.5	60.0	.0	.0	.0
Total Non-Tax Receipts	2.8	54.8	60.4	.0	.0	.0
Total Revenues	2.8	54.8	60.4	.0	.0	.0
Transfers						
Transfers In-Other	2.7	54.8	60.5	75.0	.0	.0
Total Transfers	2.7	54.8	60.5	75.0	.0	.0
Total Sources	\$ 5.5	\$ 109.6	\$ 120.9	\$ 75.0	\$.0	\$.0
<u>Juvenile Correctional Bldng Fund</u>						
Non-Taxes						
Earnings/Investment	1.6	.5	.3	.0	.0	.0
Other Income	.0	30.0	.0	.0	.0	.0
Total Non-Tax Receipts	1.6	30.5	.3	.0	.0	.0
Total Revenues	1.6	30.5	.3	.0	.0	.0
Transfers						
Transfers In-Other	1.6	30.5	.3	15.0	.0	.0
Total Transfers	1.6	30.5	.3	15.0	.0	.0
Total Sources	\$ 3.2	\$ 61.0	\$.6	\$ 15.0	\$.0	\$.0

Table C-2 (Continued)
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
Arts Facilities Building Fund						
Non-Taxes						
Earnings/Investment	1.7	.8	.2	.0	.0	.0
Other Income	.0	20.0	.0	.0	.0	.0
Total Non-Tax Receipts	1.7	20.8	.2	.0	.0	.0
Total Revenues	1.7	20.8	.2	.0	.0	.0
Transfers						
Transfers In-Other	32.0	.8	53.2	44.0	.0	.0
Total Transfers	32.0	.8	53.2	44.0	.0	.0
Total Sources	\$ 33.7	\$ 21.6	\$ 53.4	\$ 44.0	\$.0	\$.0
Parks & Natural Resources Fund						
Non-Taxes						
Earnings/Investment	.8	.6	.2	.0	.0	.0
Other Income	50.2	30.0	.0	.0	.0	.0
Total Non-Tax Receipts	51.0	30.6	.2	.0	.0	.0
Total Revenues	51.0	30.6	.2	.0	.0	.0
Transfers						
Transfers In-Other	50.9	.6	30.2	26.0	.0	.0
Total Transfers	50.9	.6	30.2	26.0	.0	.0
Total Sources	\$ 101.9	\$ 31.2	\$ 30.4	\$ 26.0	\$.0	\$.0
Mental Health Facilities Imp Fnd						
Non-Taxes						
Earnings/Investment	1.0	.5	.4	.0	.0	.0
Other Income	31.3	60.5	.1	.0	.0	.0
Total Non-Tax Receipts	32.3	61.0	.5	.0	.0	.0
Total Revenues	32.3	61.0	.5	.0	.0	.0
Transfers						
Transfers In-Other	31.3	30.9	30.4	30.0	.0	.0
Total Transfers	31.3	30.9	30.4	30.0	.0	.0
Total Sources	\$ 63.6	\$ 91.9	\$ 30.9	\$ 30.0	\$.0	\$.0

Table C-2 (Continued)
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
Higher Education Improvemnt Fund						
Non-Taxes						
Earnings/Investment	3.8	9.8	1.3	.0	.0	.0
Other Income	334.4	325.0	150.3	.0	.0	.0
Total Non-Tax Receipts	338.2	334.8	151.6	.0	.0	.0
Total Revenues	338.2	334.8	151.6	.0	.0	.0
Transfers						
Transfers In-Other	338.2	535.9	276.8	360.0	.0	.0
Total Transfers	338.2	535.9	276.8	360.0	.0	.0
Total Sources	\$ 676.4	\$ 870.7	\$ 428.4	\$ 360.0	\$.0	\$.0
Parks & Recreation Improv Fund						
Non-Taxes						
Federal Grants	.0	.3	.0	.0	.0	.0
Earnings/Investment	.6	.7	.2	.0	.0	.0
Other Income	25.0	.0	25.0	.0	.0	.0
Total Non-Tax Receipts	25.6	1.0	25.2	.0	.0	.0
Total Revenues	25.6	1.0	25.2	.0	.0	.0
Transfers						
Transfers In-Other	.6	25.7	25.2	23.1	.0	.0
Total Transfers	.6	25.7	25.2	23.1	.0	.0
Total Sources	\$ 26.2	\$ 26.7	\$ 50.4	\$ 23.1	\$.0	\$.0
Highway Capital Improv Fund Group						
Non-Taxes						
Earnings/Investment	6.8	2.9	1.4	.0	.0	.0
Other Income	.1	135.2	160.0	.0	.0	.0
Total Non-Tax Receipts	6.9	138.1	161.4	.0	.0	.0
Total Revenues	6.9	138.1	161.4	.0	.0	.0
Transfers						
Transfers In-Other	6.8	138.0	161.6	140.0	270.0	50.0
Total Transfers	6.8	138.0	161.6	140.0	270.0	50.0
Total Sources	\$ 13.7	\$ 276.1	\$ 323.0	\$ 140.0	\$ 270.0	\$ 50.0

Table C-2 (Continued)
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
<u>Infrastructure Bank Obligations</u>						
Non-Taxes						
Earnings/Investment	3.8	2.7	1.2	.0	.0	.0
Other Income	104.6	143.7	120.0	.0	.0	.0
Total Non-Tax Receipts	108.4	146.4	121.2	.0	.0	.0
Total Revenues	108.4	146.4	121.2	.0	.0	.0
Transfers						
Transfers In-Other	108.4	146.7	121.1	.0	175.0	300.0
Total Transfers	108.4	146.7	121.1	.0	175.0	300.0
Total Sources	\$ 216.8	\$ 293.1	\$ 242.3	\$.0	\$ 175.0	\$ 300.0
<u>Local Infrastruct Cap Imp Fund</u>						
Non-Taxes						
Earnings/Investment	5.8	5.2	2.5	2.0	.0	.0
Other Income	135.6	136.9	139.2	.0	.0	.0
Total Non-Tax Receipts	141.4	142.1	141.7	2.0	.0	.0
Total Revenues	141.4	142.1	141.7	2.0	.0	.0
Transfers						
Transfers In-Other	129.3	135.2	133.4	322.0	.0	.0
Total Transfers	129.3	135.2	133.4	322.0	.0	.0
Total Sources	\$ 270.7	\$ 277.3	\$ 275.1	\$ 324.0	\$.0	\$.0
<u>Auditor of State Fund Group</u>						
Non-Taxes						
Licenses and Fees	1.9	2.0	2.1	2.3	2.3	2.3
Other Income	30.0	32.6	32.1	31.1	31.2	31.2
Interagency (ISTV'S & IDC'S)	7.3	8.2	8.2	9.3	8.9	8.8
Total Non-Tax Receipts	39.2	42.8	42.4	42.7	42.4	42.3
Total Revenues	39.2	42.8	42.4	42.7	42.4	42.3
Transfers						
Transfers In-Other	.4	.0	.0	.0	.0	.0
Total Transfers	.4	.0	.0	.0	.0	.0
Total Sources	\$ 39.6	\$ 42.8	\$ 42.4	\$ 42.7	\$ 42.4	\$ 42.3

Table C-2 (Continued)
Income Sources, Fiscal Years 2002 - 2007
(Dollars in Millions)

FUND GROUP/INCOME SOURCES	FY 2002 ACTUAL	FY 2003 ACTUAL	FY 2004 ACTUAL	FY 2005 ESTIMATE	FY 2006 ESTIMATE	FY 2007 ESTIMATE
<u>Tobacco Settlement Fund</u>						
Non-Taxes						
Earnings/Investment	21.3	11.1	4.7	1.2	.0	.0
Other Income	.5	1.1	1.7	1.9	.0	.0
Interagency (ISTV'S & IDC'S)	.0	2.0	.0	.0	.0	.0
Total Non-Tax Receipts	21.8	14.2	6.4	3.1	.0	.0
Total Revenues	21.8	14.2	6.4	3.1	.0	.0
Transfers						
Transfers In-Other	324.2	84.1	88.5	298.8	.0	.0
Total Transfers	324.2	84.1	88.5	298.8	.0	.0
Total Sources	\$ 346.0	\$ 98.3	\$ 94.9	\$ 301.9	\$.0	\$.0
<u>Clean Ohio Fund Group</u>						
Non-Taxes						
Earnings/Investment	1.0	1.5	.5	.0	.0	.0
Other Income	50.0	.0	50.0	.2	.0	.0
Interagency (ISTV'S & IDC'S)	.0	.0	.0	.0	.0	.0
Total Non-Tax Receipts	51.0	1.5	50.5	.2	.0	.0
Total Revenues	51.0	1.5	50.5	.2	.0	.0
Transfers						
Transfers In-Other	44.7	7.9	44.3	6.3	.0	.0
Total Transfers	44.7	7.9	44.3	6.3	.0	.0
Total Sources	\$ 95.7	\$ 9.4	\$ 94.8	\$ 6.5	\$.0	\$.0
<u>Clean Ohio Revitalization</u>						
Non-Taxes						
Earnings/Investment	.0	1.1	.6	.0	.0	.0
Other Income	.0	50.0	.0	.0	.0	.0
Total Non-Tax Receipts	.0	51.1	.6	.0	.0	.0
Total Revenues	.0	51.1	.6	.0	.0	.0
Transfers						
Transfers In-Other	.0	50.0	.0	50.0	.0	.0
Total Transfers	.0	50.0	.0	50.0	.0	.0
Total Sources	\$.0	\$ 101.1	\$.6	\$ 50.0	\$.0	\$.0