



State of Tennessee

*Secretary of State Tre Hargett
State Comptroller Justin P. Wilson
State Treasurer David H. Lillard, Jr.*

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STATE FUNDING BOARD APPROVES REVENUE ESTIMATES FOR STATE GOVERNMENT

The State Funding Board reached consensus Friday on the State's revenue estimates for fiscal years 2010 and 2011. The board expects the revenue growth rates to range between -1.50% and -0.25% for fiscal year 2010 and 1.7 percent to 2.2 percent for fiscal year 2011.

The Funding Board's revenue estimates are used by the administration and legislature in determining steps necessary to close the current year budget, ending June 30, 2010, and in preparing the budget for state government for the new fiscal year beginning July 1, 2010. The estimates are based on the assumption that there will be no increases or decreases in the state's tax rates or its schedule of fees, fines or other charges.

On Monday, Funding Board members heard presentations from the Tennessee Department of Revenue, the General Assembly's Fiscal Review Committee and Tennessee economists representing the three grand divisions of the state about their expectations for the revenue situation over the next fiscal year.

Following those presentations, the Funding Board staff worked throughout the week to develop a consensus for revenue estimates. Funding Board members chose to take a cautious approach.

"Estimating the state's revenues is one of the most difficult tasks that we have," said Comptroller Justin P. Wilson, who serves as the Funding Board's Secretary. "But it's also one of the most important tasks we have. We want these numbers to be as accurate as they possibly can be, given all of the unknown variables that go into economic forecasting."

“With this economy, it is difficult to predict what’s going to happen this week, much less six to 18 months into the future,” said Treasurer David H. Lillard Jr., another Funding Board member. “There is some consensus that the economy is in the process of rebounding, but it is possible the recovery of state tax revenues will be constrained for a longer time because credit is tight for individuals and small businesses and the rate of personal savings is still high. Because of that uncertainty, I think most Tennesseans would agree it is prudent to be cautious in forecasting our estimates.”

“The Funding Board will continue to closely monitor Tennessee’s tax revenues each month. Another meeting will be held in the spring to review and possibly revise the estimates if conditions warrant that prior to final adoption of the Fiscal Year 2011 budget,” said Secretary of State Tre Hargett, another Funding Board member.

The Funding Board also estimated that the state lottery’s revenues will experience little to no growth over the next four fiscal years. The Board agreed on a range of lottery revenue projections that call for 0 percent to 1 percent growth through the fiscal year that ends June 30, 2014.

In addition to Wilson, Lillard and Hargett, the Funding Board members are Governor Phil Bredesen and Finance and Administration Commissioner David Goetz.

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