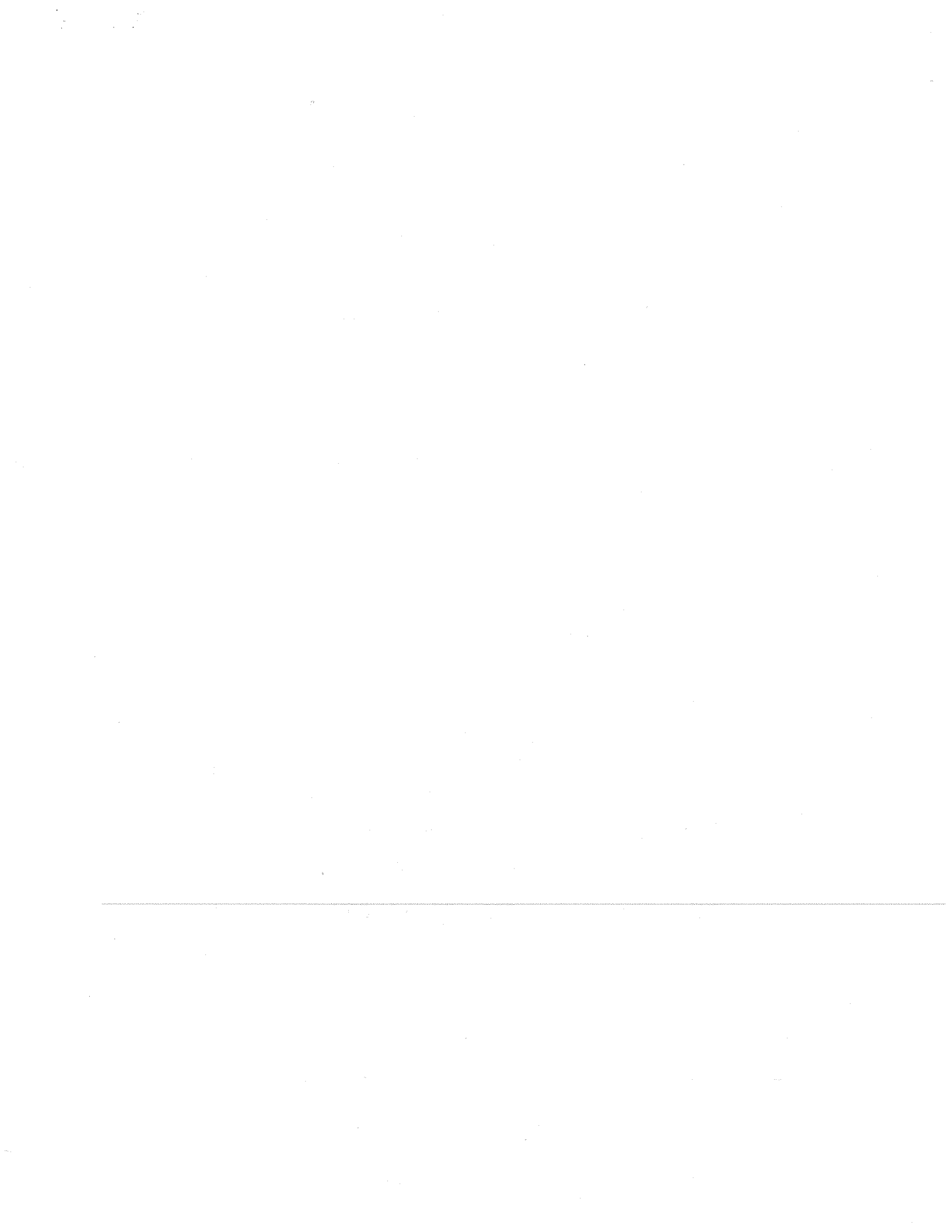


The Minnesota Economic Outlook for 2009

**Thomas F. Stinson
December 12, 2008**

Budget Deficit of \$426 Million Projected for End of FY 2009

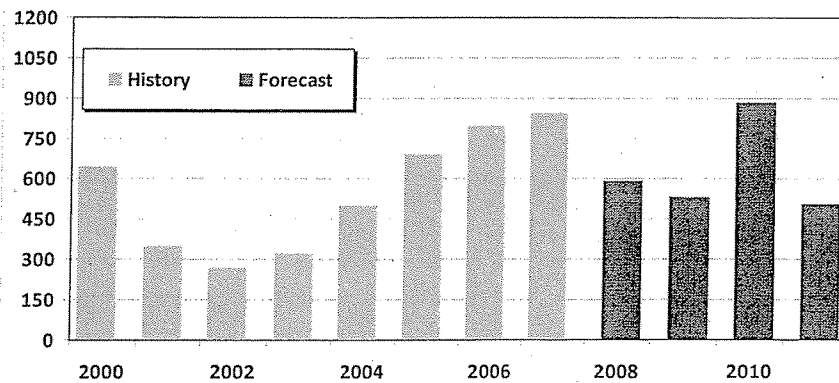
- **Income taxes down \$291 million (1.9%)**
- **Sales taxes down \$145 million (1.6%)**
- **Corporate taxes down \$57 million (3.1%)**
- **Other revenues up \$80 million (1.3%)**



Forecast for FY 2010-11 Revenues Down \$3.3 Billion from End-of-Session

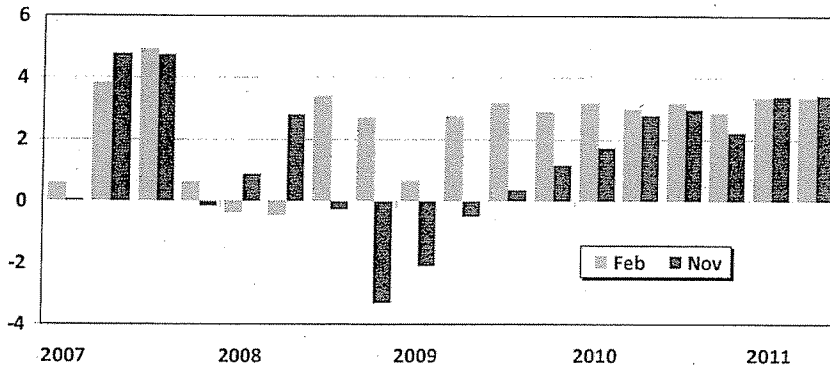
- Income taxes down \$1,748 million (10.1%)
- Sales taxes down \$826 million (8.7%)
- Corporate taxes down \$640 million (31.3%)
- Motor vehicle taxes down \$10 million (9.0%)
- Other revenues down \$97 million (1.5%)

Capital Gains Income Will Fall



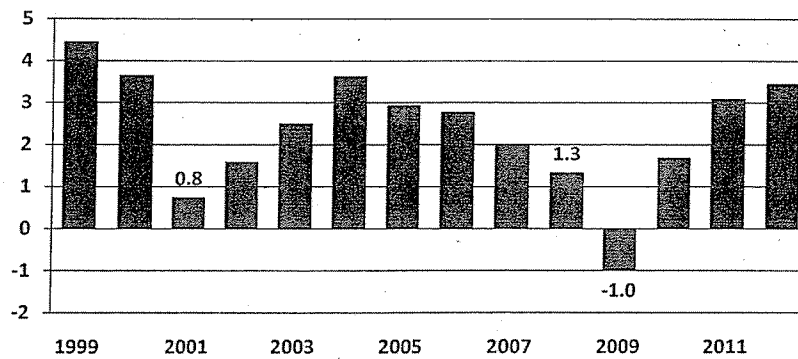
The Recession Will be Longer and Deeper than Forecast in February

% Change Real GDP SAAR

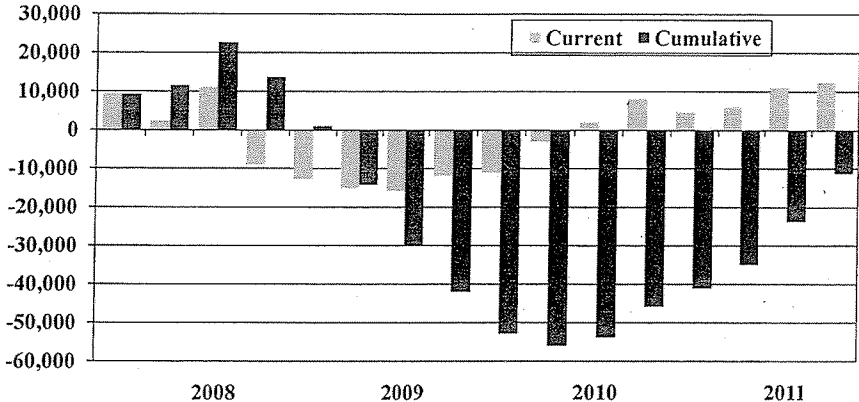


The November Baseline Projects a Real GDP Decline of 1 Percent in 2009

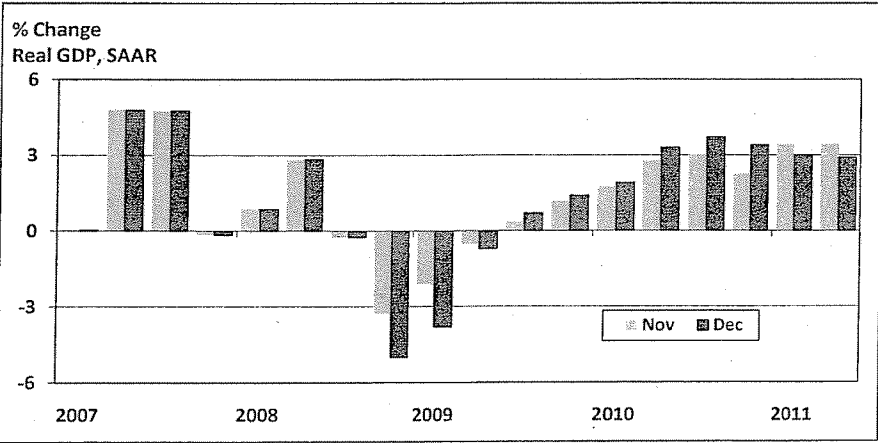
Annual Percent Change



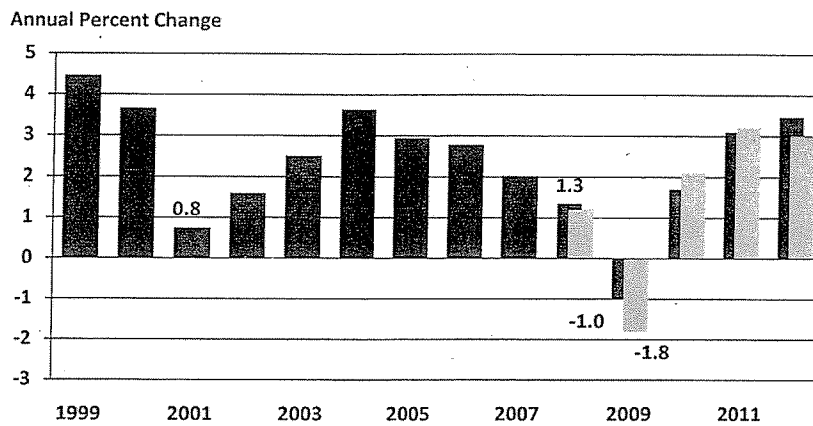
Minnesota Will Lose Jobs in 2009



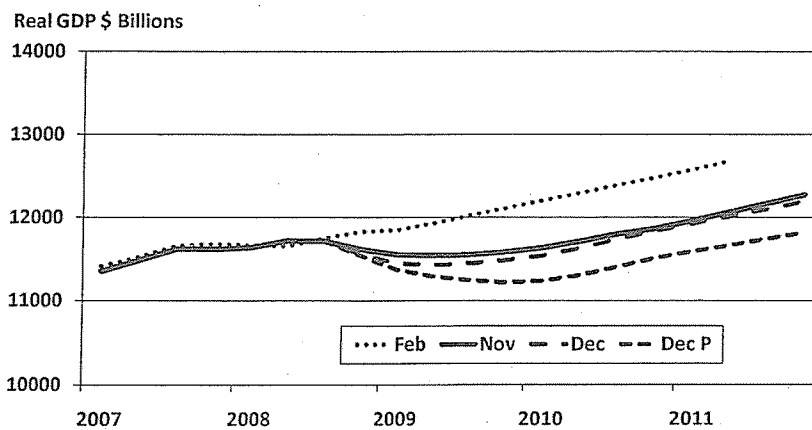
GII's December's Baseline Shows a Deeper Recession than November's



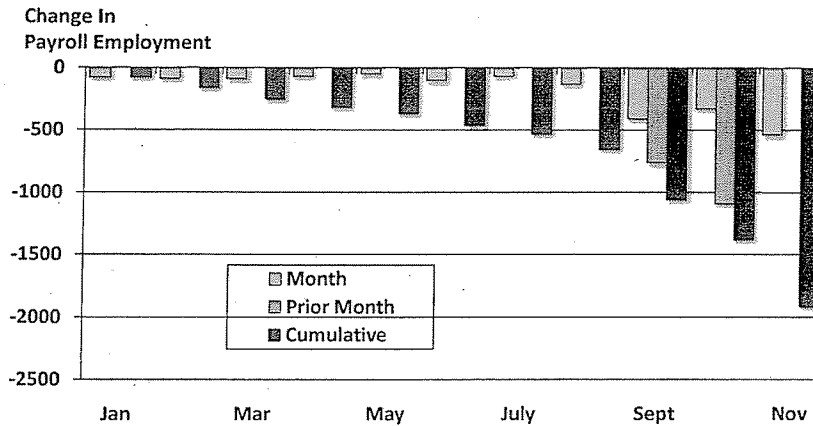
The December Baseline Calls For a 1.8 Percent Decline in Real GDP



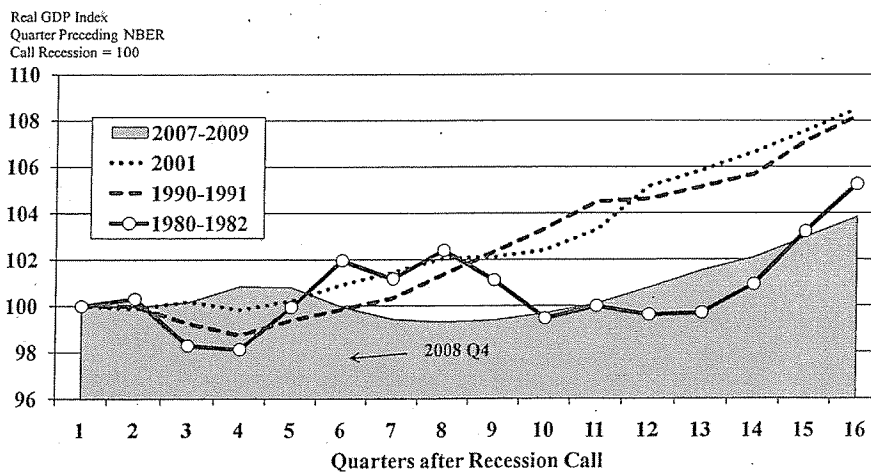
The Recession Could Be Worse Than Forecast in November



Extremely Large December U.S. Job Loss Indicates Further Economic Weakness

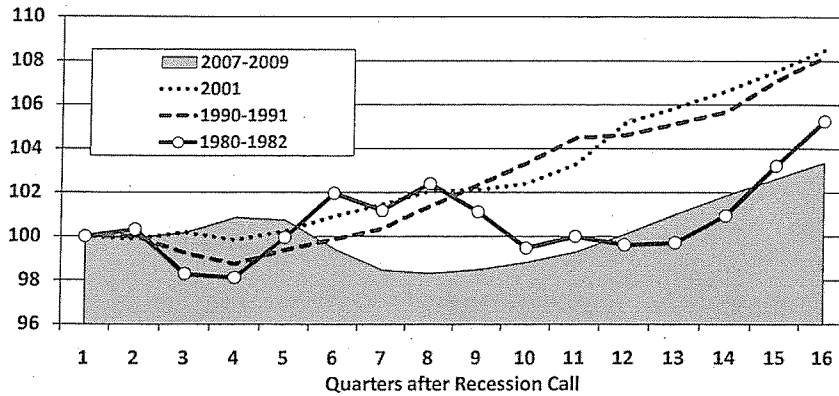


This Recession Will Be More Severe Than Those of 1990-91 and 2001



The 2007-09 Recession Will be More Severe Than Those of 1990-91 and 2001

Real GDP Index
 Quarter Preceding NBER
 Call Recession = 100



Minnesota Forecast to Grow More Slowly than U.S. November Baseline

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Wages			
U.S.	3.5	1.2	2.4
MN	3.4	0.2	2.4
Employment			
U.S.	-0.1	-1.5	0.1
MN	-0.1	-1.8	0.0
Personal Income			
US	4.2	2.1	2.4
MN	4.6	1.1	2.2

