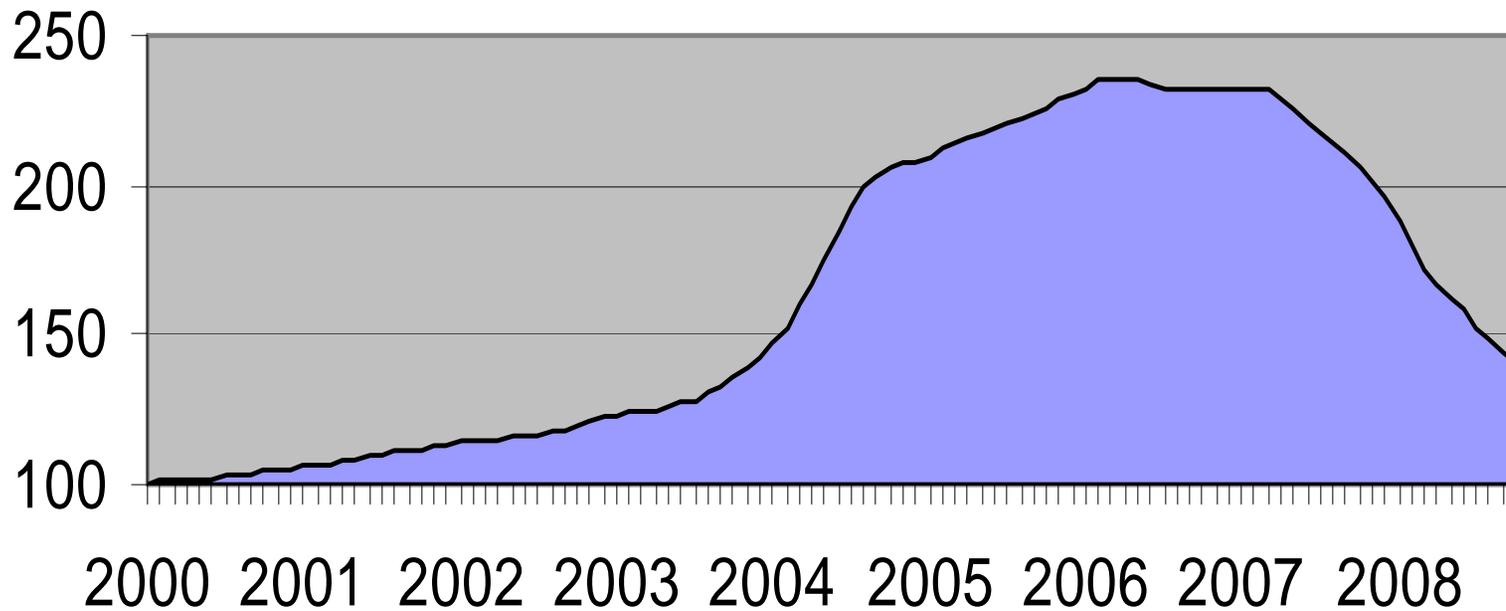
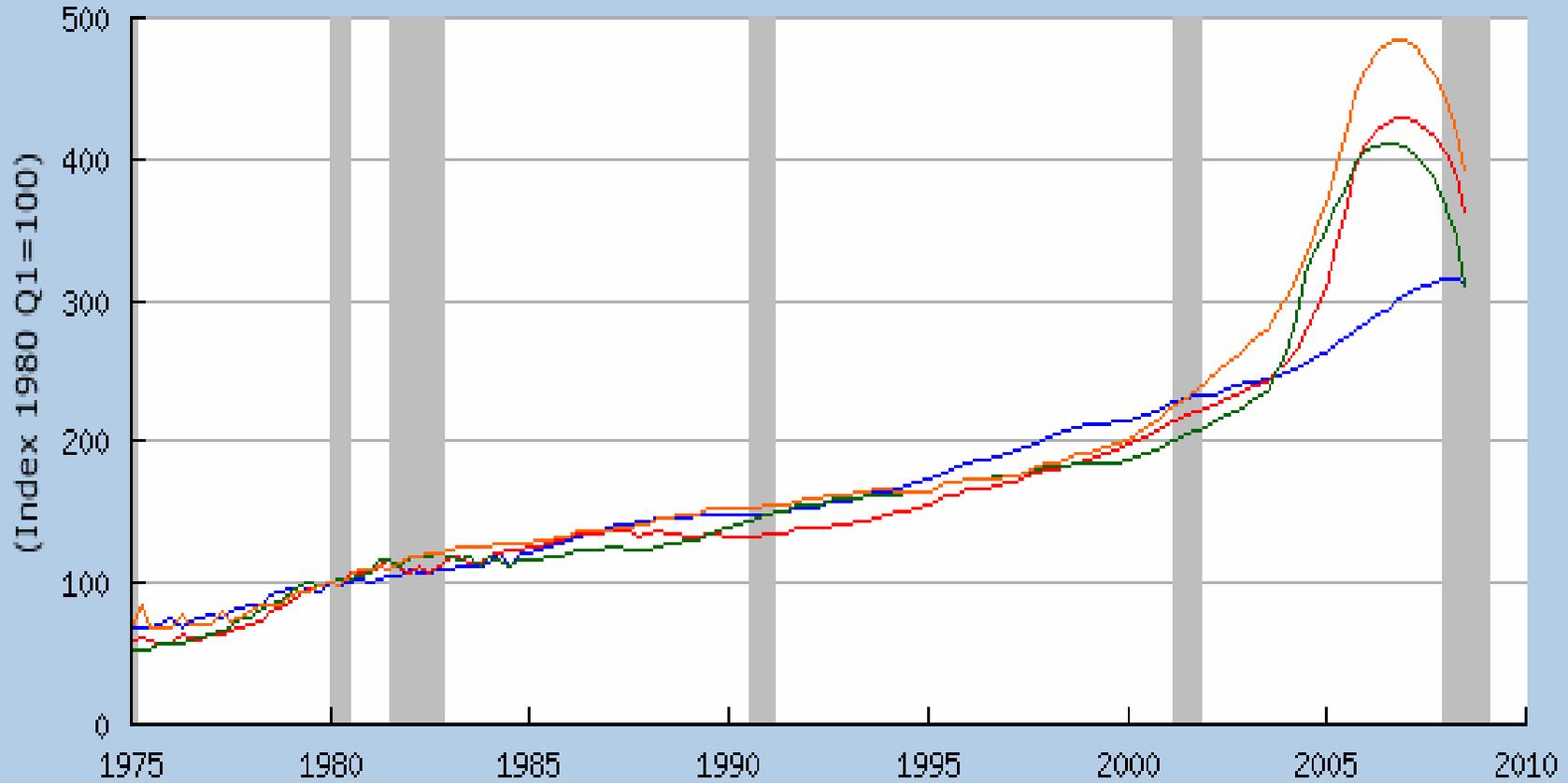


RECESSION AND ITS IMPACT ON STATE AND LOCAL GOVERNMENT FINANCES

S&P/Case-Shiller Home Price Index Las Vegas through October 2008



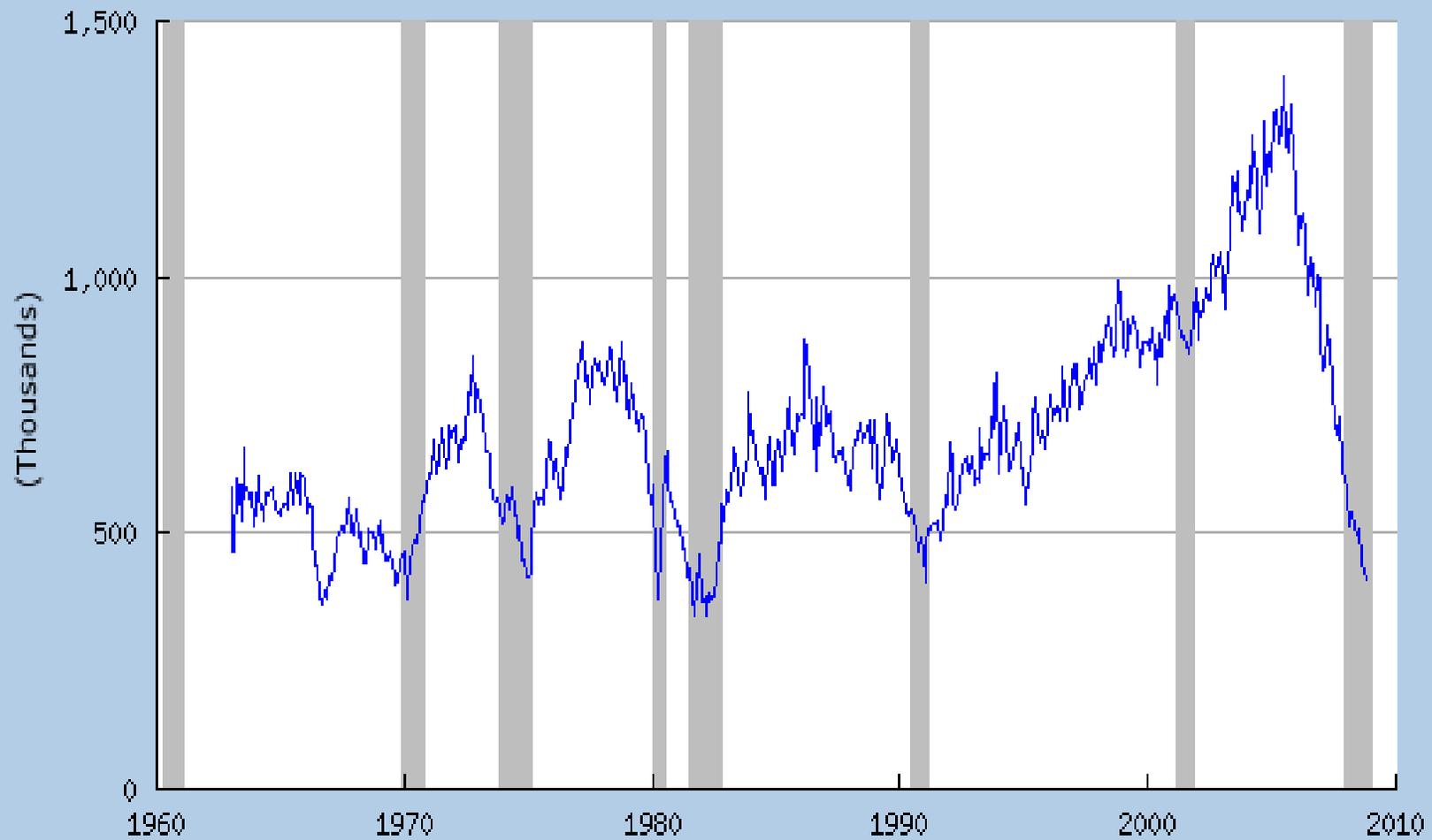
House Price Index for Tennessee (TNSTHPI)
vs. House Price Index for Arizona (AZSTHPI)
vs. House Price Index for Nevada (NVSTHPI)
vs. House Price Index for Florida (FLSTHPI)



Shaded areas indicate US recessions as determined by the NBER.
2009 Federal Reserve Bank of St. Louis: research.stlouisfed.org

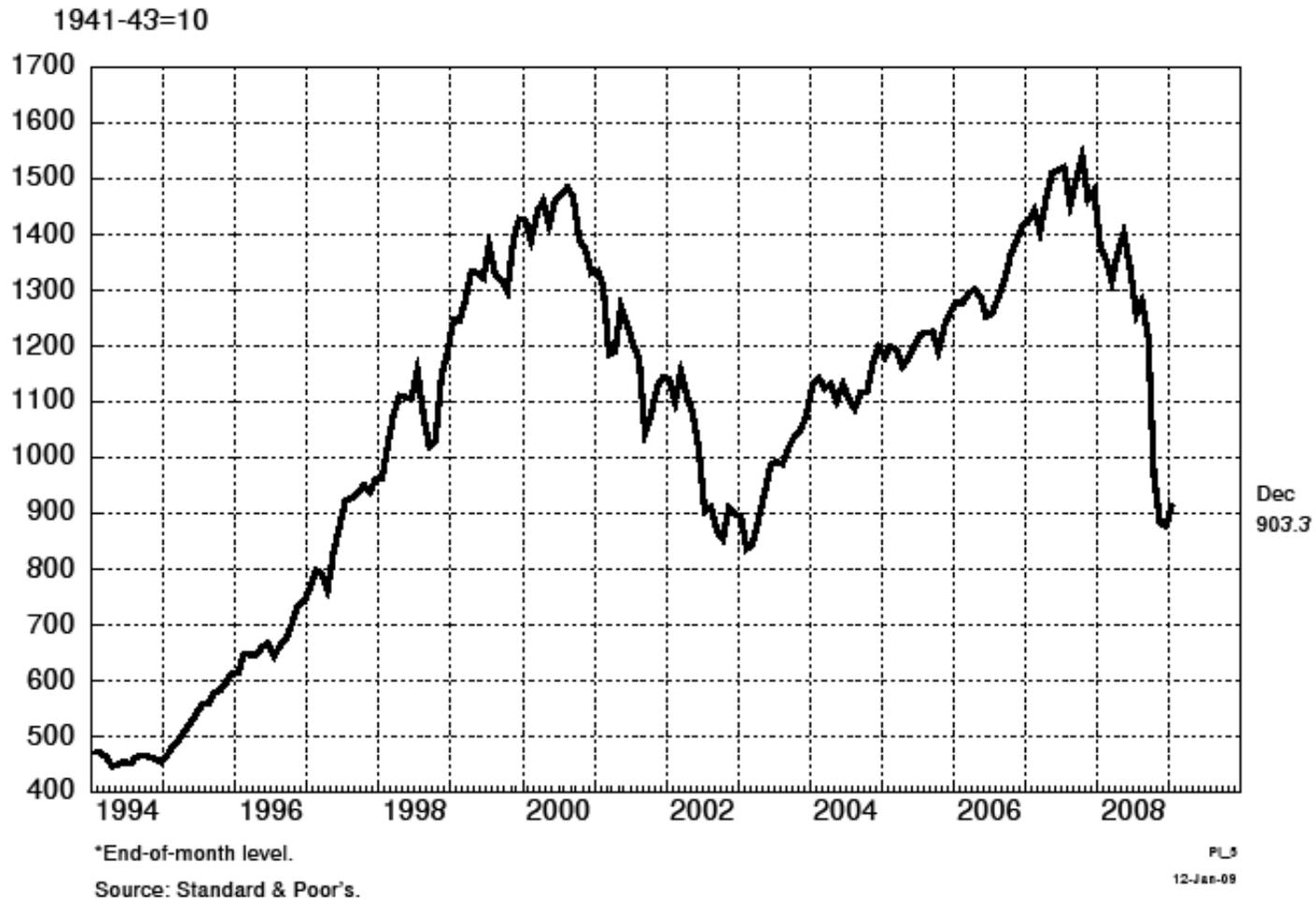
- TNSTHPI (Left)
- AZSTHPI (Left)
- NVSTHPI (Left)
- FLSTHPI (Left)

New One Family Houses Sold: United States (HSN1F)
Source: U.S. Department of Commerce: Census Bureau

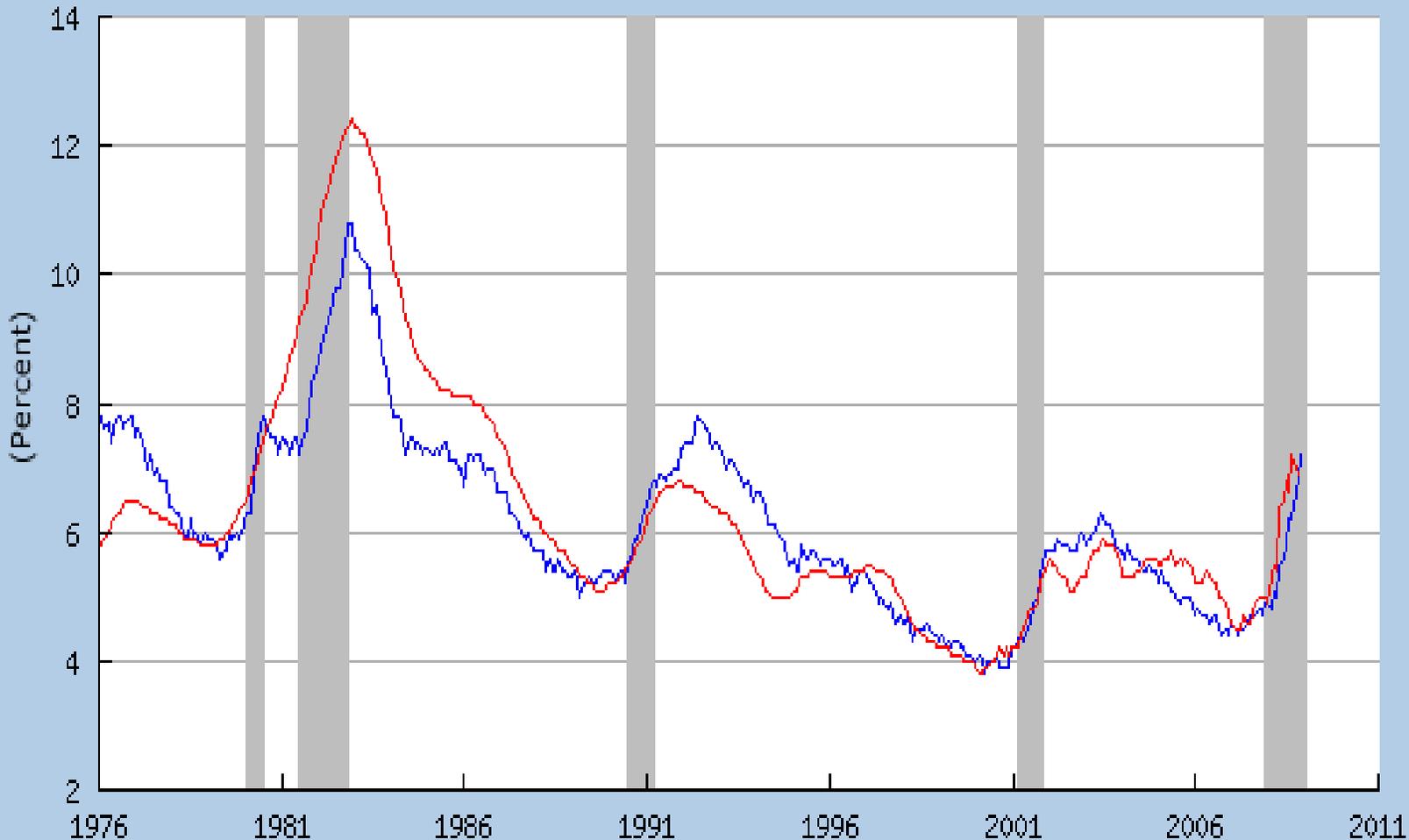


Shaded areas indicate US recessions as determined by the NBER.
2008 Federal Reserve Bank of St. Louis: research.stlouisfed.org

STANDARD & POOR'S 500-STOCK INDEX*



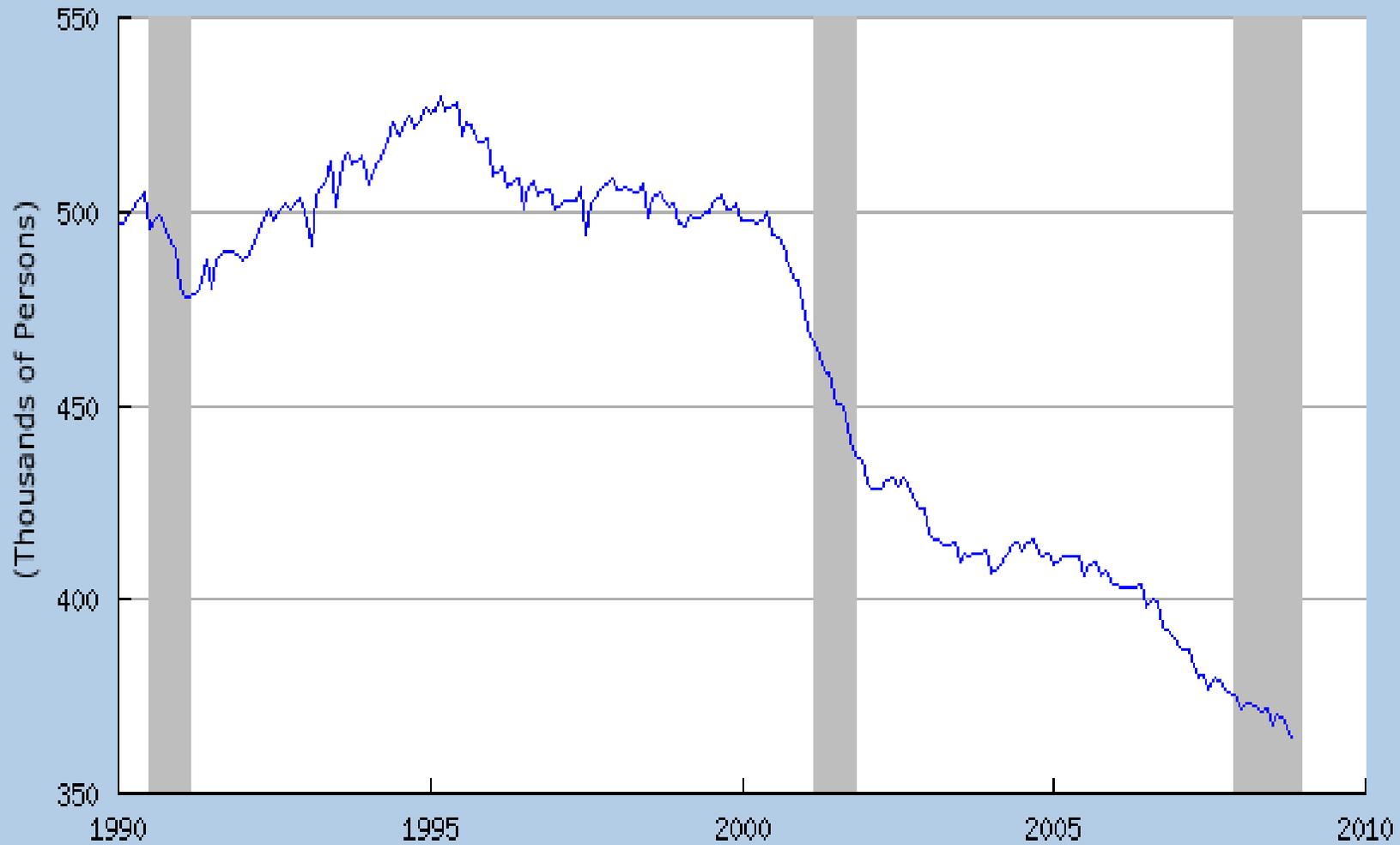
Civilian Unemployment Rate (UNRATE)
vs. Unemployment Rate in Tennessee (TNUR)



Shaded areas indicate US recessions as determined by the NBER.
2009 Federal Reserve Bank of St. Louis: research.stlouisfed.org

— UNRATE (Left)
— TNUR (Left)

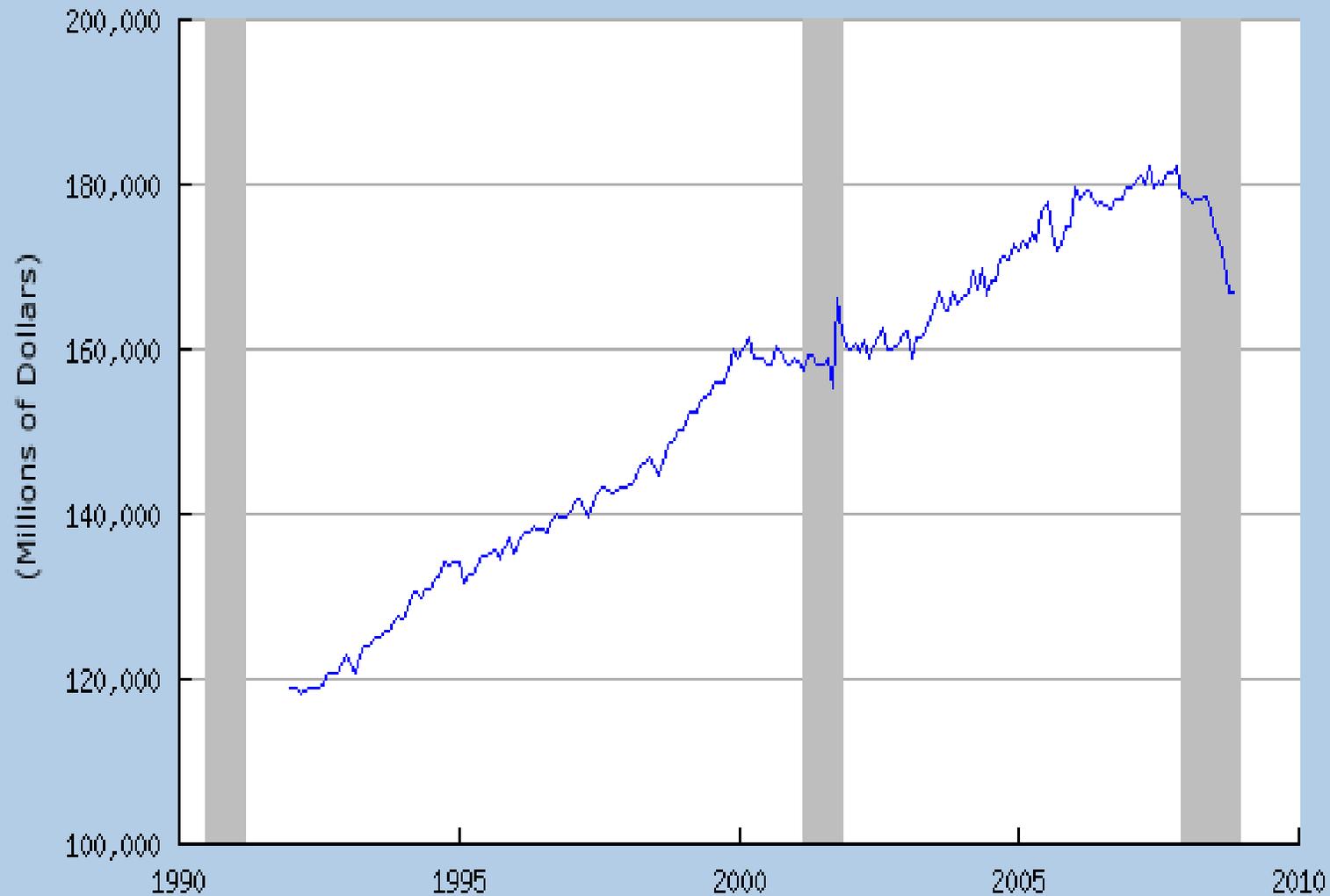
Manufacturing Employment in Tennessee (TNMFGN)
Source: U.S. Department of Labor: Bureau of Labor Statistics



Shaded areas indicate US recessions as determined by the NBER.
2008 Federal Reserve Bank of St. Louis: research.stlouisfed.org

Real Retail and Food Services Sales (RRSFS)

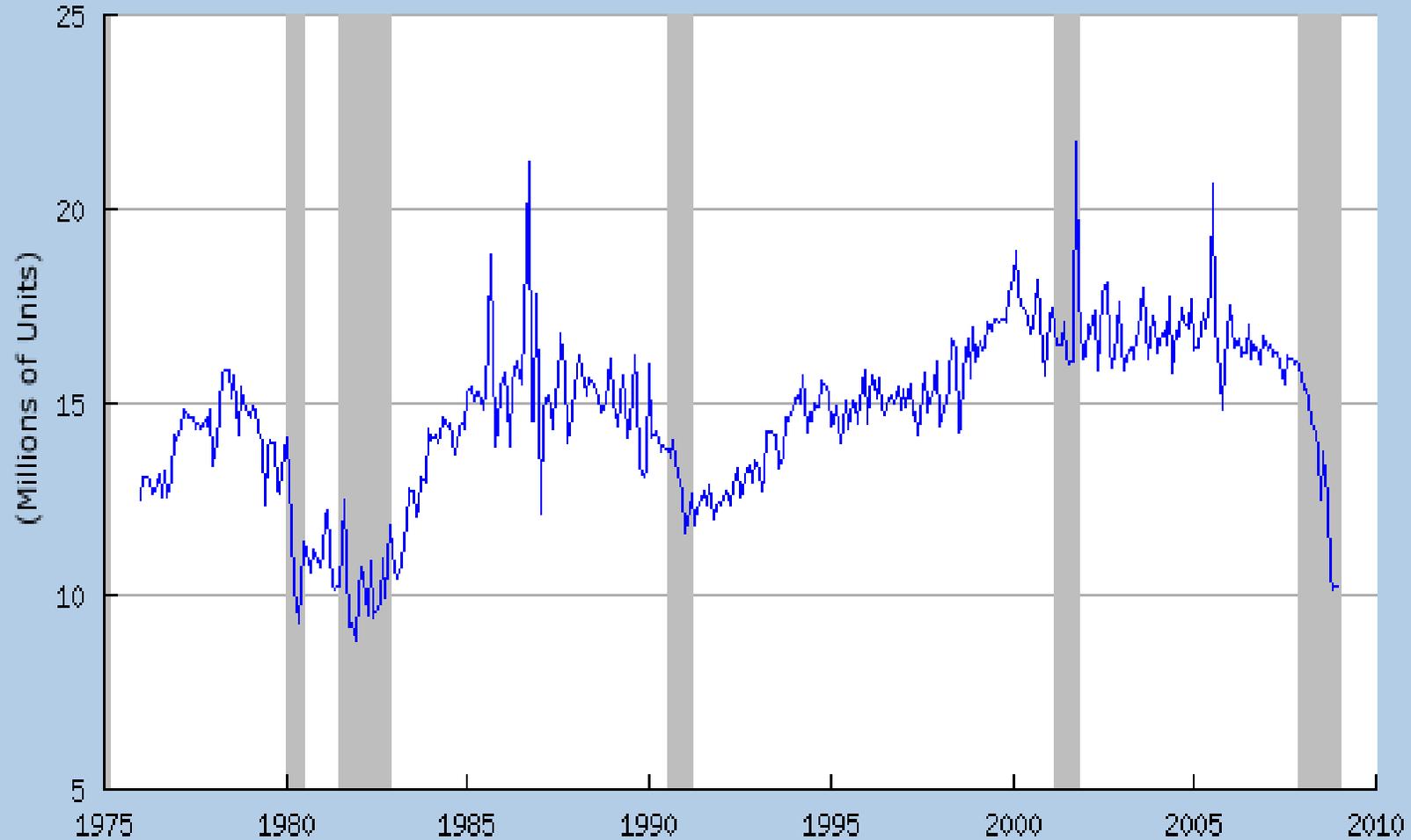
Source: Federal Reserve Bank of St. Louis



Shaded areas indicate US recessions as determined by the NBER.

2008 Federal Reserve Bank of St. Louis: research.stlouisfed.org

Light Weight Vehicle Sales: Autos & Light Trucks (ALTSALES)
Source: U.S. Department of Commerce: Bureau of Economic Analysis



Shaded areas indicate US recessions as determined by the NBER.
2009 Federal Reserve Bank of St. Louis: research.stlouisfed.org

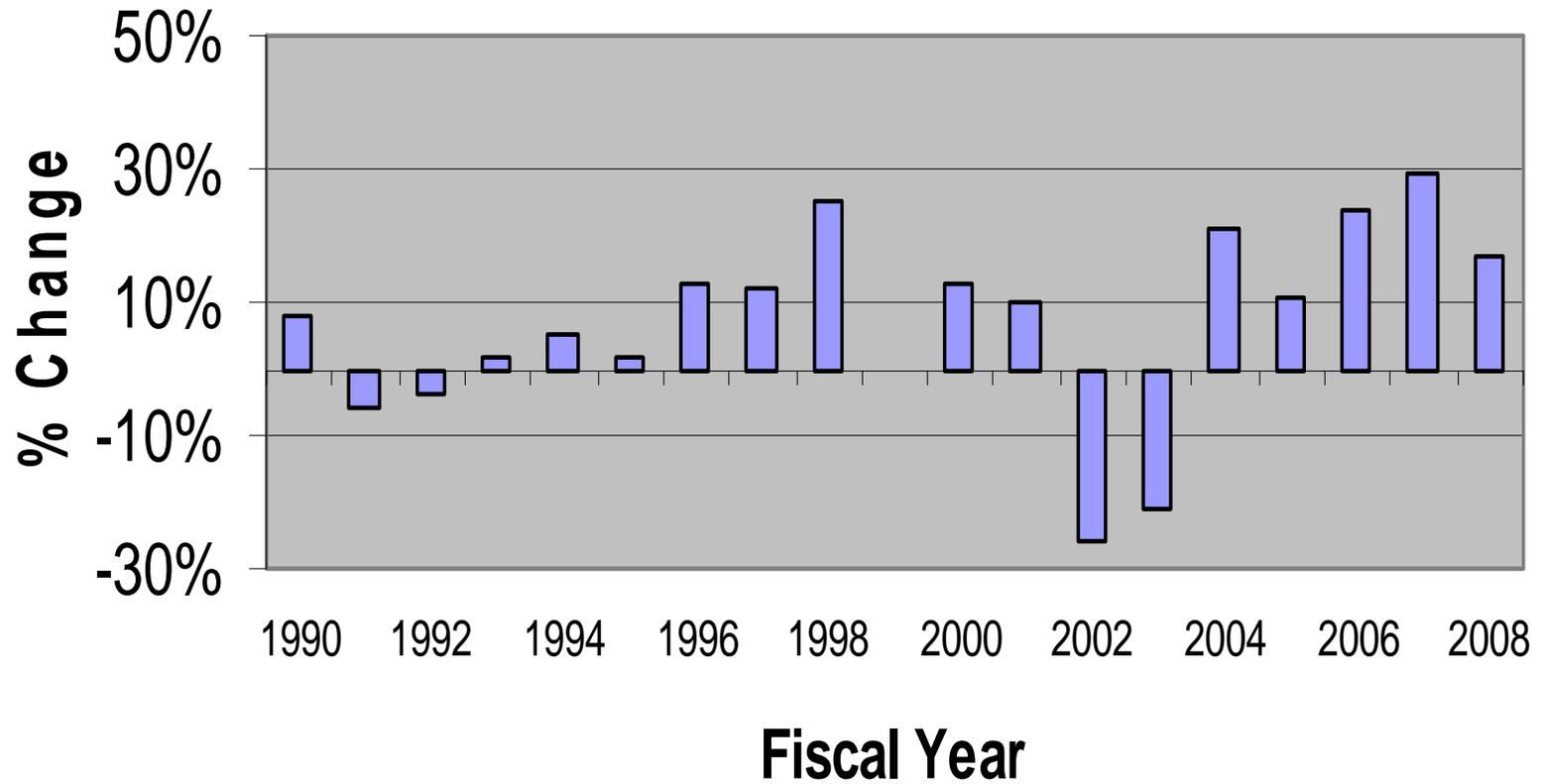
August-December Collections, FY 2009 versus FY 2008

STATE TAX	Change	Shared With		Notes
		Cities	Counties	
Franchise & Excise	-21.27%	X	X	Excise Only
Income	-4.79%	X	X	3/8 to local gov by situs
Inheritance, Estate, Gift	-9.79%			
Gasoline	-4.65%	X	X	Earmarked for roads
Special Petroleum	-3.22%	X	X	Earmarked for roads
Tobacco	17.67%			Tax increase 7/1/2007
Beer	-5.74%	X	X	
Motor Veh Registration	-4.29%			
Motor Veh Title	-6.72%			
Mixed Drink	-0.45%	X	X	50% to education
Business	21.32%			
Privilege	-25.87%			
Gross Receipts & TVA	2.65%	X	X	
Alcoholic Beverage	1.92%		X	
Sales & Use	-5.44%	X		
Motor Veh Fuel	-15.28%	X	X	Earmarked for roads
Severance	43.87%		X	Education, roads, streams
Coin Amusement	28.30%			
Unauthorized Substance	-36.37%	X		
Total	-7.06%			

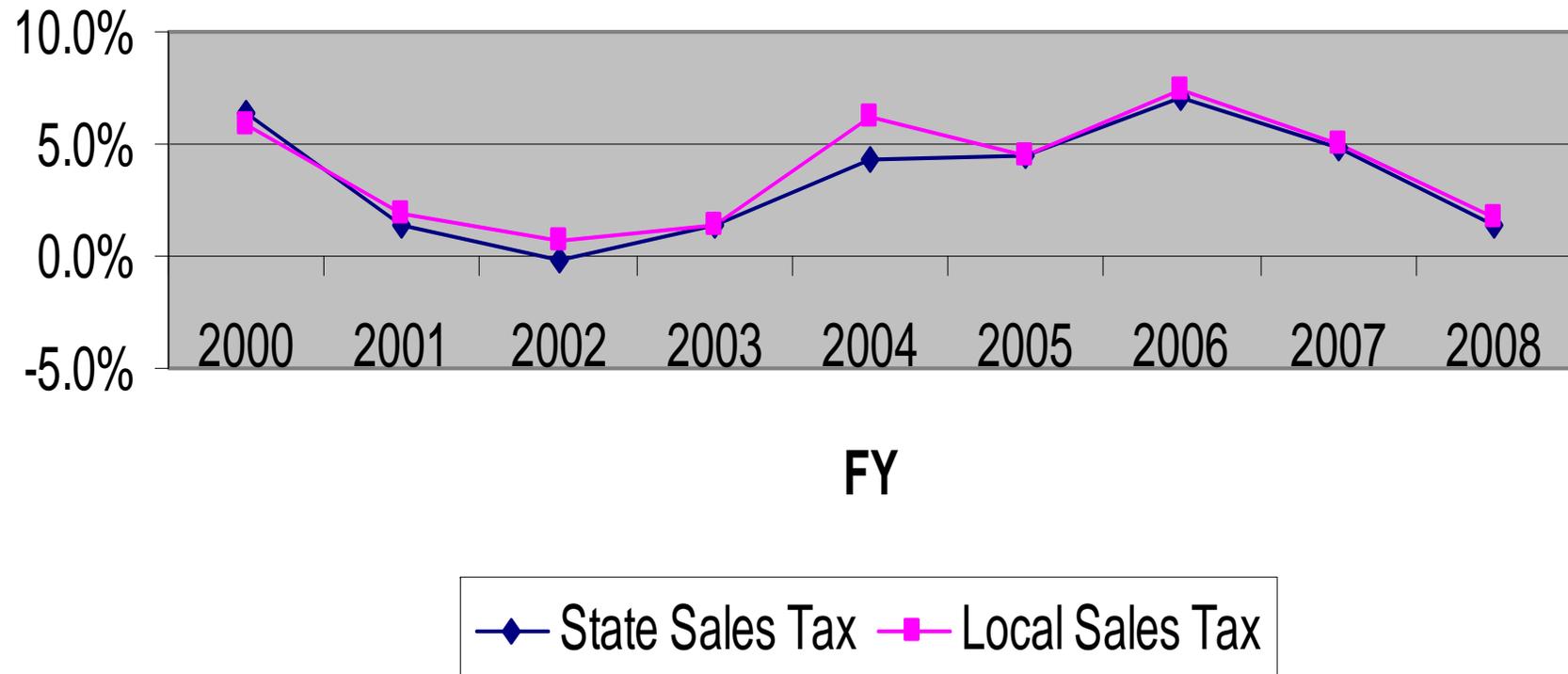
Source: "Tennessee Department of Revenue Tax Collections, December 2008."

Issued by the Center for Business and Economic Research, UT Knoxville.

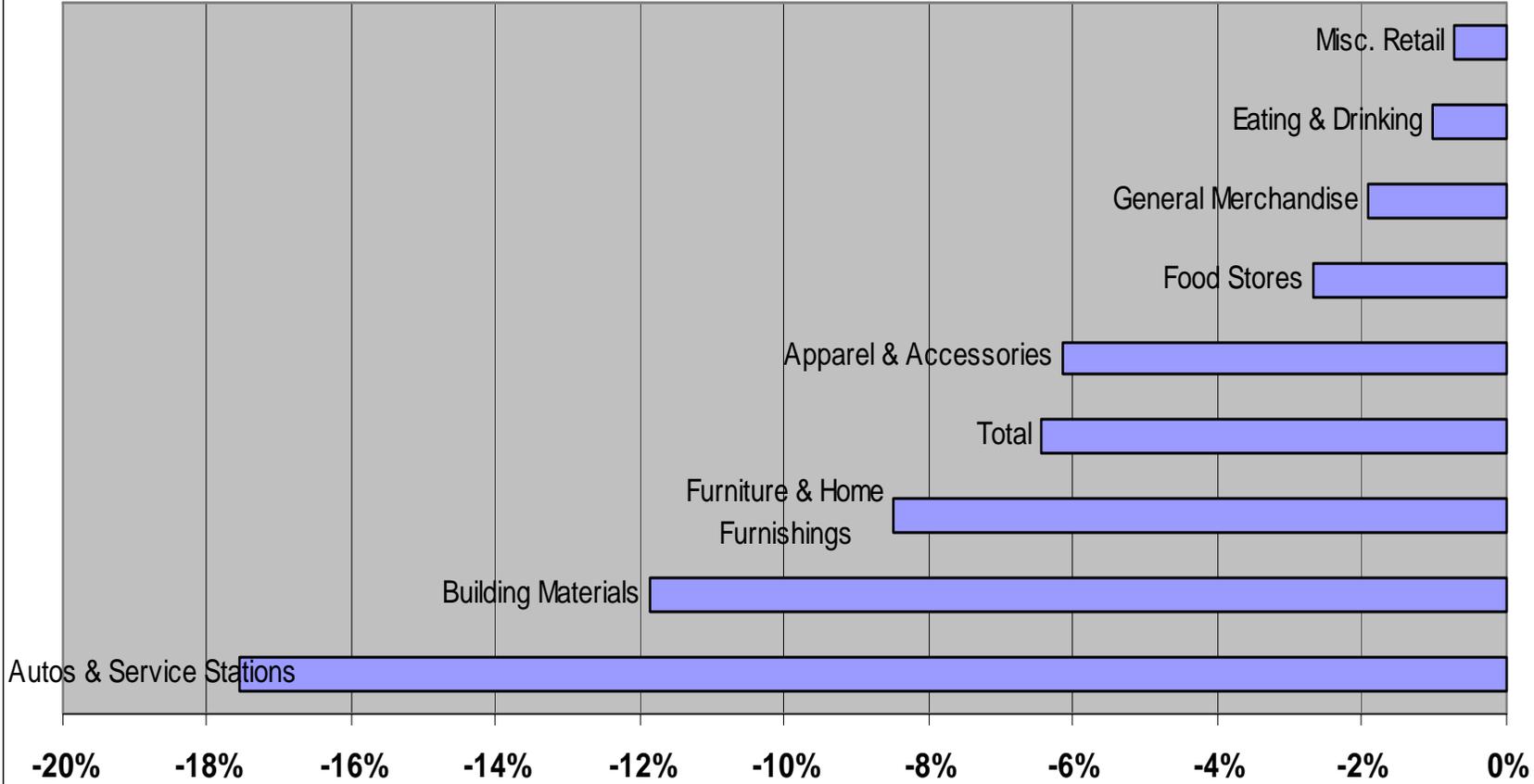
Hall Income Tax Collections



Growth in Fiscal Year State and Local Sales Taxes



Sales Tax Growth By Category (July-Dec 07 to July-Dec 08)



Estimated FY 2009 Change (in \$millions) of State-Shared Taxes

Shared Tax	To Cities	To Counties
Excise	\$ (1.0)	\$ 1.7
Income	\$ (17.9)	\$ (5.1)
Gasoline & Motor Fuel	\$ (6.8)	\$ (13.5)
Spec Pet Product	\$ -	\$ -
Beer	\$ (0.1)	\$ (0.1)
Mixed Drink	\$ 0.7	\$ 0.1
GR-TVA	\$ 0.2	\$ 0.5
Alcoh Bev	\$ -	\$ 0.1
Sales & Use	\$ (12.5)	\$ -
Total	\$ (37.5)	\$ (16.3)

Local Sales Tax Base Growth for Months of June-September

Local Government Area	Growth: 2007 over 2006			Growth: 2008 over 2007		
	N	Positive	Negative	N	Positive	Negative
Total County Area	95	84	11	95	52	43
County Area Outside Cities	95	61	34	95	43	52
Cities Only(1)	368	234	134	368	189	179

Change in Total Assessments				
County	1993-1997	1997-2001	2001-2005	2005-2009
Davidson	38.6%	25.8%	16.1%	?
Hamilton	21.1%	29.2%	22.9%	?
Knox	25.8%	32.4%	23.5%	?
Note: Shelby County excluded because only recently did it get onto a 4 year reappraisal cycle.				