

December 19, 2001

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# **Governor Gilmore's Proposed 2002-2004 Budget**

Fiscal Policy,  
Economic Assumptions,  
and Revenue Estimates



**John W. Forbes**  
Secretary of Finance  
Commonwealth of Virginia



## ***The U.S. recession continues***

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- Real GDP to slump throughout fiscal year 2002
  - ◆ 3rd quarter GDP declines by 1.1 percent
  
- Key economic indicators weakening
  - ◆ Consumer confidence
  - ◆ Industrial production
  - ◆ Unemployment rate
  - ◆ Number of new jobs
  - ◆ Help wanted index
  
- Key economic indicators rebounding
  - ◆ Leading economic indicators
  - ◆ Purchasing manager's index
  
- Consumer price index reveals no inflation threat
  
- Federal Reserve has pursued aggressive policy
  - ◆ Federal funds rate of 1.75 percent at 40-year low
  - ◆ Reductions in 2001 total 475 basis points

## ***The budget is based on the most conservative assumptions for a national recovery***

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- Recession will probably last for all of fiscal year 2002
  - ◆ GDP declines by 0.5 percent
  
- Consumer confidence expected to improve in the spring
  - ◆ Consumer spending drives 2/3rds of the national economy
  - ◆ Consumers well positioned to ignite recovery
    - ⇒ Housing refinancing has freed up cash
    - ⇒ Low energy prices
  
- Federal government action is key to the recovery
  - ◆ Federal Reserve has moved aggressively
  - ◆ Congress passed large recovery package
  - ◆ Large federal stimulus package
  
- Governor's Advisory Council on Revenue Estimates recommended the most conservative path to recovery
  - ◆ Assumed a four quarter recession
  - ◆ Third longest recession in 56 years

## ***Like the nation, Virginia is also suffering a cyclical downturn in fiscal year 2002***

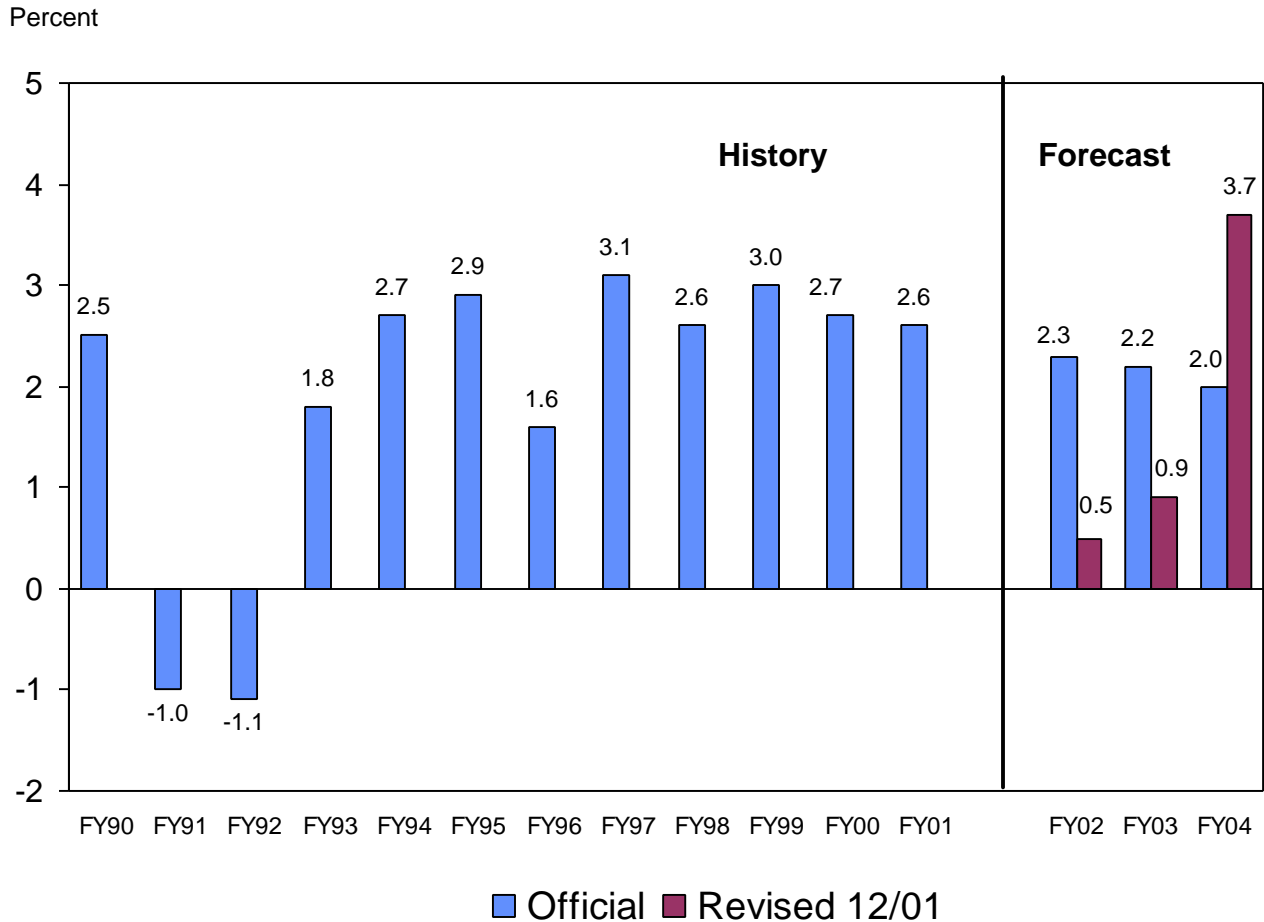
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- Employment expected to decline for three consecutive quarters
  - ◆ Virginia expected to outpace the nation
  - ◆ Increased federal civilian and defense spending insulates the Commonwealth
  - ◆ Rebound not anticipated until fiscal year 2004
  
- Personal income growth expected to fall to lowest rate in at least thirty years
  - ◆ Growth in fiscal year 2003 below that of the prior year
  - ◆ Wage and salaries growth at half the average growth of the past four years
  
- Both advisory groups recommend cautious approach to economic forecast over forecast horizon
  - ◆ Governor's Advisory Board of Economists recommended the "most likely" standard forecast
  - ◆ Governor's Advisory Council on Revenue Estimates recommended the alternative forecast which assumed a longer recession

# ***Marginal employment growth expected***

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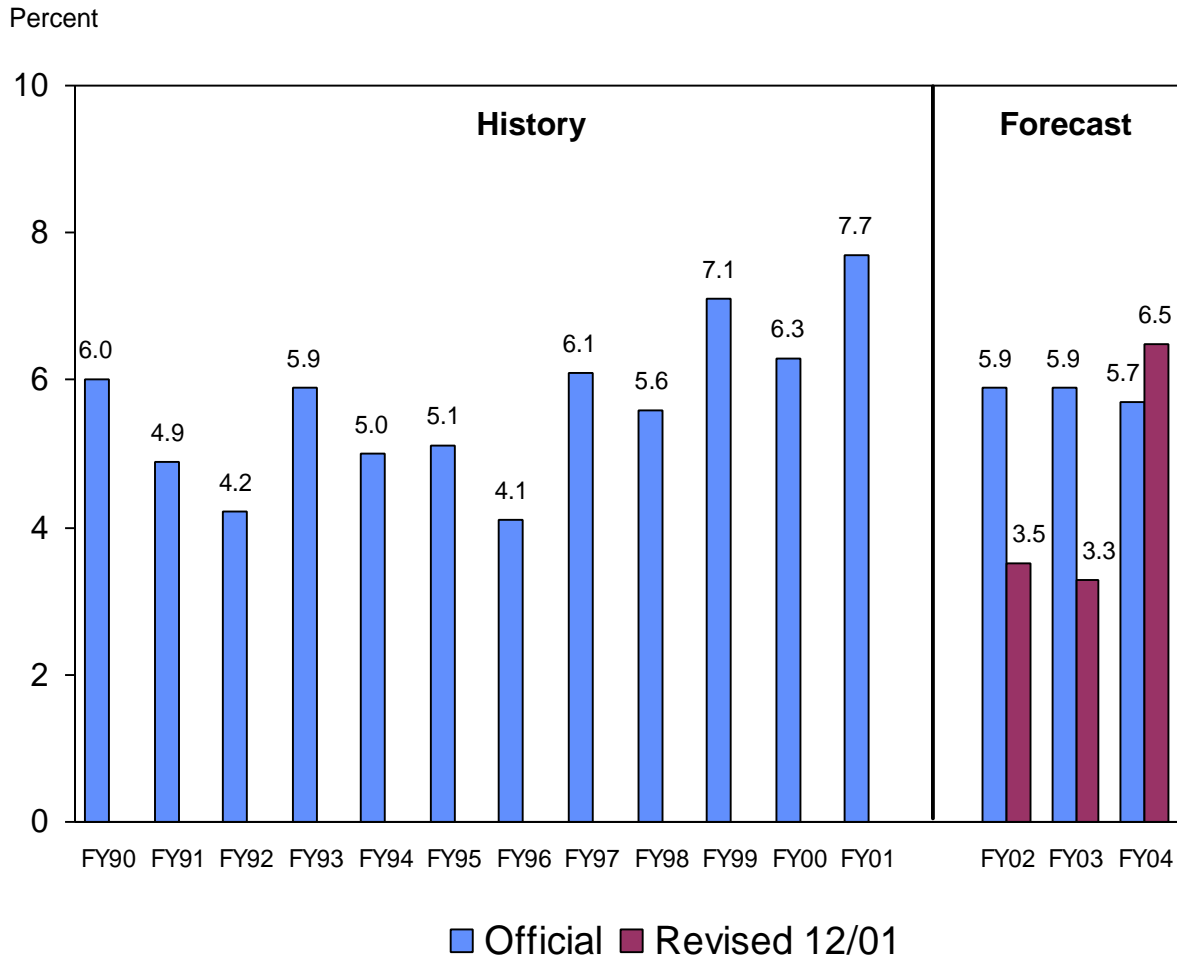
## **Virginia Employment Growth FY1990-01 Actual and FY2002-04 Forecast**



- Diverse employment base and increased federal spending provide buffer
- Northern Virginia enables employment growth to remain positive

# ***Personal income growth expected to slump in both fiscal years 2002 and 2003***

**Virginia Personal Income Growth  
FY1990-01 Actual and FY2002-04 Forecast**

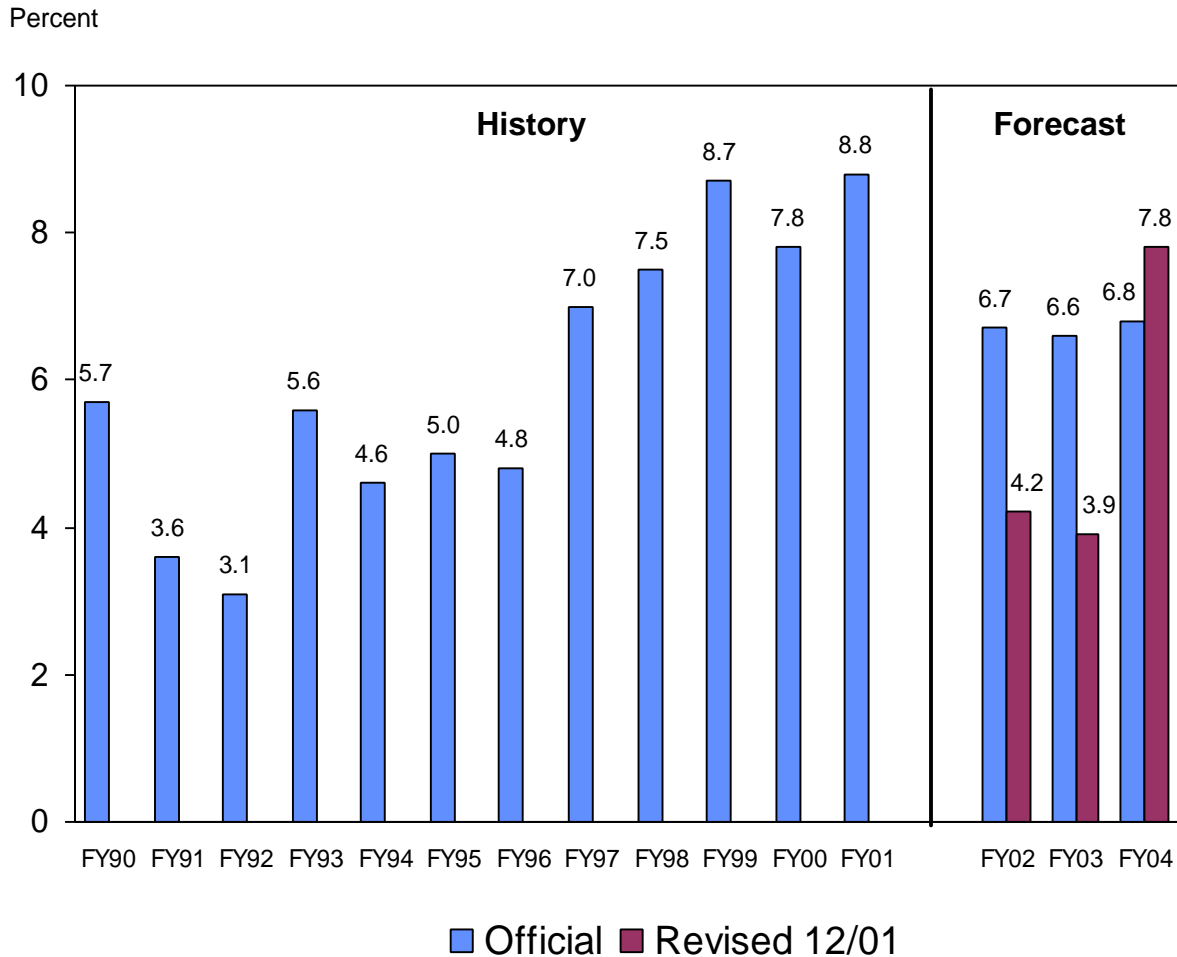


- Growth rate even lower than that experienced during the last recession
- Significant slowing in other income components

# ***Wage and salary growth expected to slow considerably***

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## **Virginia Wage and Salaries Growth FY1990-01 Actual and FY2002-04 Forecast**



- Deteriorating employment market holds down average wage increases
- Wage and salary growth decelerates more quickly than during the 1990 recession



## ***Net total tax revenue shortfall***

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	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>
Chapter 1073	9.3%	4.2%	5.5%
Budget Bill 2002	0.7%	2.2%	5.5%
Chapter 1073	12,083	12,585	13,383
Budget Bill 2002	<u>11,130</u>	<u>11,371</u>	<u>11,997</u>
<b>Difference</b>	<b>(\$953)</b>	<b>(\$1,214)</b>	<b>(\$1,386)</b>

- Fiscal year 2002 total tax revenues are from Chapter 1073
- Fiscal year 2003 and 2004 are the December 20, 2000 forecast
- Total tax revenue shortfall for the three year period approaches \$3.6 billion

# ***History of the major changes to the revenue forecast through early December***

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## **Migration of the Tax Revenue Forecast** (Millions of Dollars)

<b>Action</b>	<b>FY02</b>	<b>FY03</b>	<b>FY04</b>
<b>Chapter 1073/Dec. 2000</b>	\$ 12,083	\$ 12,585	\$ 13,383
Percent Growth	9.4%	5.7%	6.3%
<hr/>			
<b>Executive Order 74</b>	\$ 11,879		
Percent Growth	6.7%		
Budget Impact	\$ (204)		
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<b>Economic Advisors</b>	\$ 10,989	\$ 11,561	\$ 12,177
Percent Growth	-0.6%	5.2%	5.3%
Budget Impact	\$ (890)	\$ (1,024)	\$ (1,206)
<hr/>			
<b>Business Leaders</b>	\$ 10,877	\$ 11,320	\$ 11,946
Percent Growth	-1.6%	4.1%	5.5%
Budget Impact	\$ (112)	\$ (241)	\$ (231)
<hr/>			
<b>Cumulative Revenue Shortfall</b>	\$ (1,206)	\$ (1,265)	\$ (1,437)

**Total projected tax revenues are adjusted to reflect proposed tax policy in the Budget Bill**

	Total Tax Revenues		
	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>
Business Leaders	-1.6%	4.1%	5.5%
Budget Bill 2002	0.7%	2.2%	5.5%
Budget Bill 2002	\$ 11,131	\$ 11,371	\$ 11,997

- Tax policy choices in the budget provide additional resources in closing the budget gap
- Two proposed tax policy changes will result in accelerated revenues in FY02
  - ◆ June sales tax collections would be due on June 25th -- dealers would not get normal 20 day float
    - ⇒ Generates \$170 million
  - ◆ Collections of large employers' last payroll withholding payment to occur in June
    - ⇒ Generates \$78 million
- In the next biennium, increased fees from corporations (\$15 million) is the only significant change from the Business Leaders forecast

## ***Virginia's three major revenue sources were revised significantly downward***

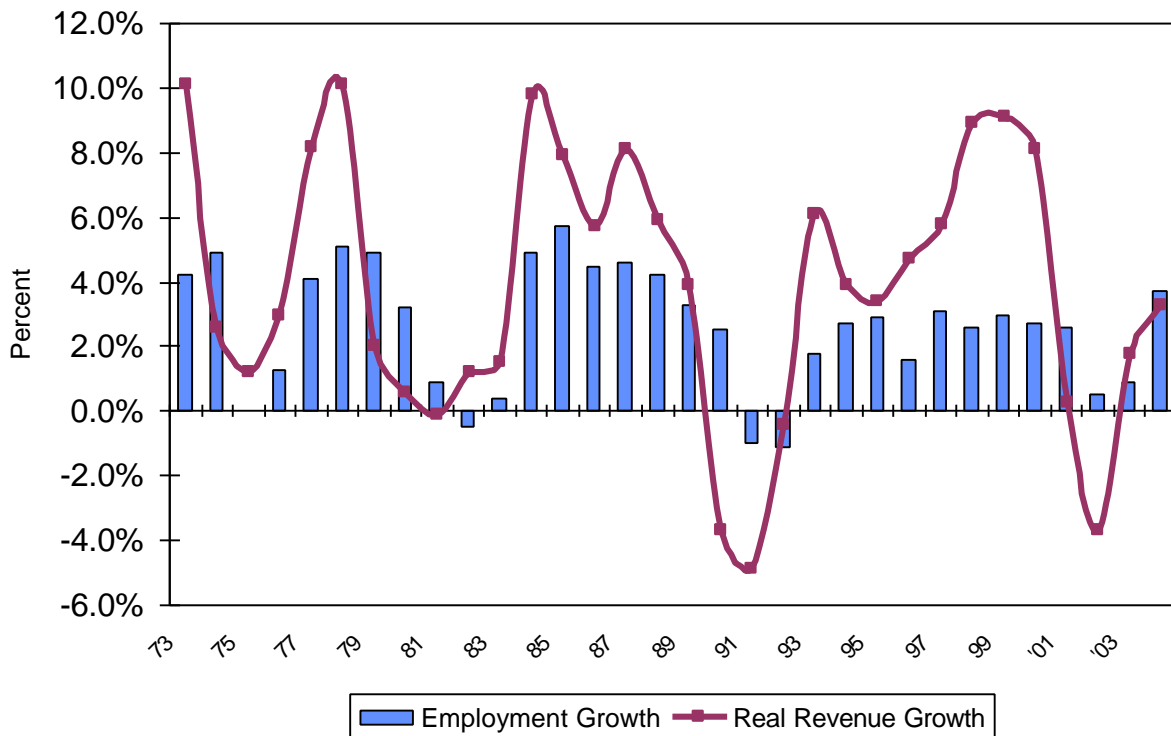
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- Net individual income tax receipts most broadly reflect economic and market conditions
  - ◆ Slowing job and average wage growth impact withholding receipts
  - ◆ Sluggish stock market and slowing business activity lower nonwithholding collections
  
- Deteriorating consumer fundamentals affect sales tax collections
  - ◆ Slowing personal income growth and growing unemployment
  - ◆ Consumer confidence falling rapidly
  
- Corporate income tax collections expected to remain dismal
  - ◆ Estimates of corporate profitability not encouraging
  - ◆ Carry-forward provisions masks growth even when corporate profits rebound

## ***Real revenue growth is expected to follow past patterns as the recession unfolds***

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Real Revenue Growth vs. Job Growth  
History and Forecast

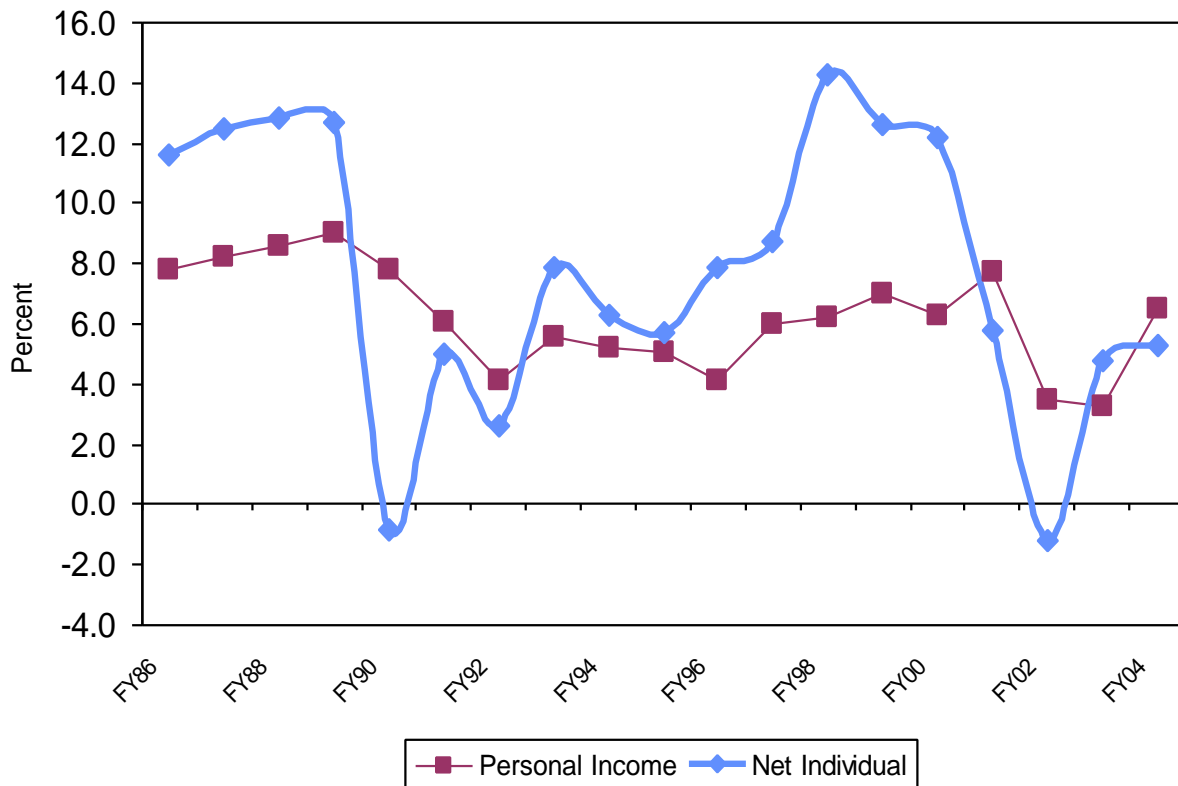


- Real revenue is expected to decline as economic growth slows
- Late '90s surge in real revenue growth highlights the low inflation environment and stock market bubble

## ***Net individual income taxes highlight the slowdown in revenue growth***

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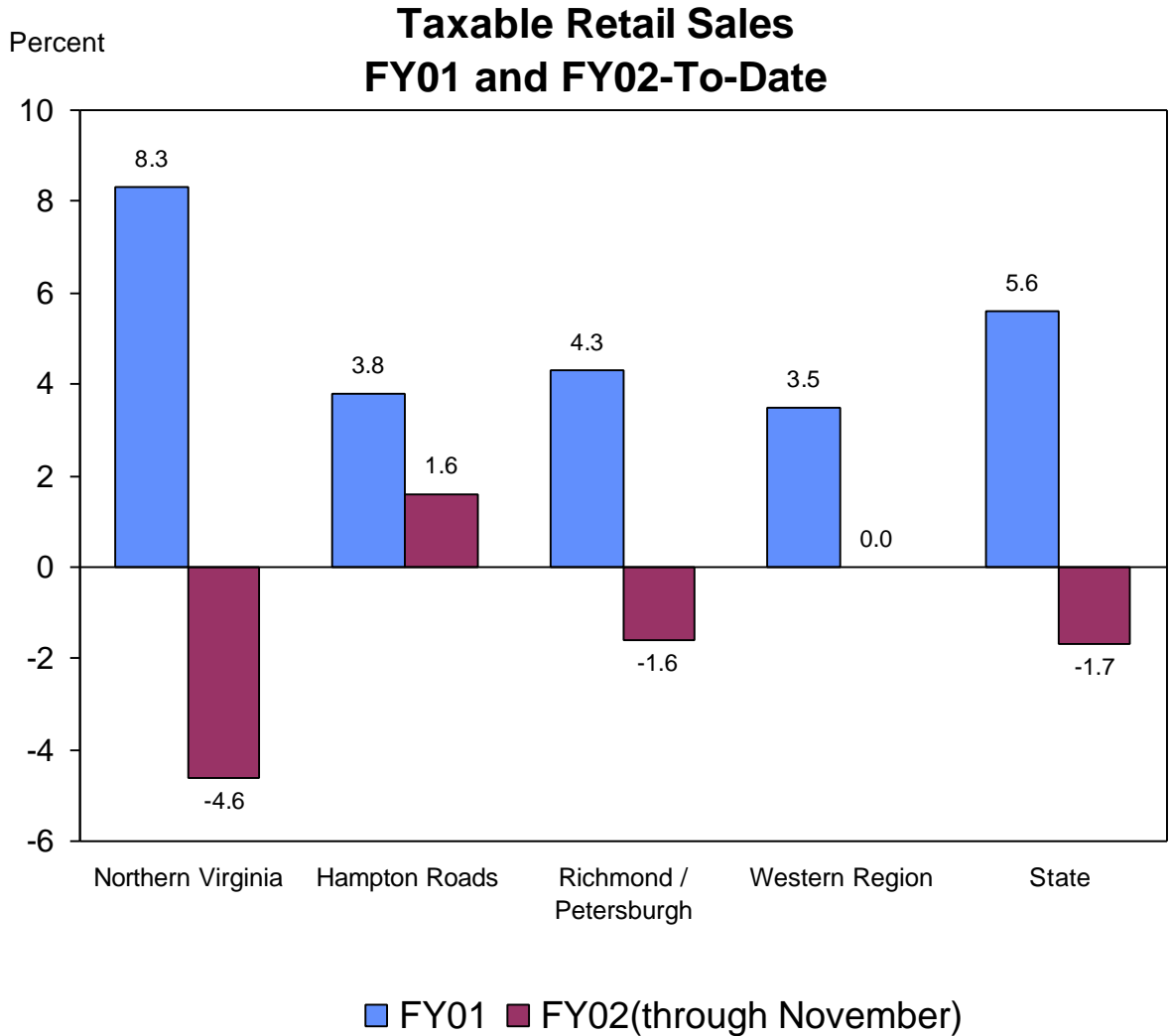
Virginia Personal Income Growth and Net Individual  
Income Tax Growth  
History and Forecast



- Personal income is expected to slow dramatically in fiscal year 02
- Late '90s surge in net individual income taxes was driven by stock options and capital gains realizations

# ***Terrorist attack and closing of Reagan National have impacted sales activity***

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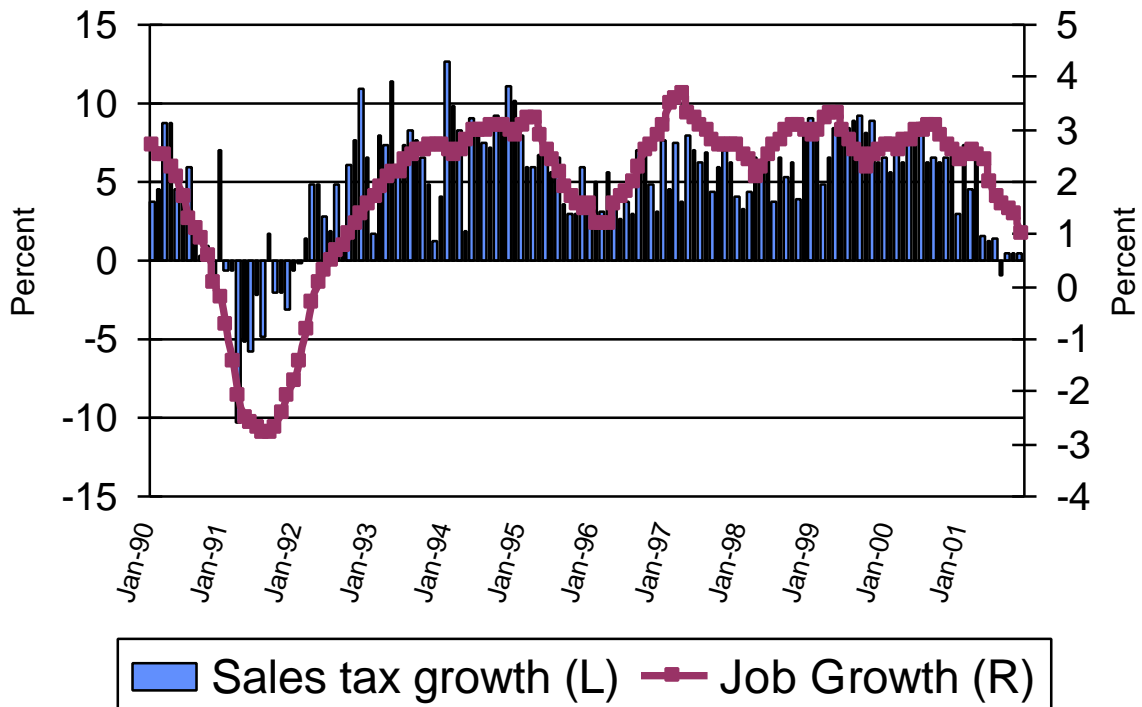


- Percentage of statewide total - by region
  - ◆ Northern Virginia                      34%
  - ◆ Hampton Roads                            18%
  - ◆ Richmond/Petersburg                    15%
  - ◆ Western Region                            11%

## ***Recent sales tax collections confirm a major slowdown underway***

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Sales Tax and Virginia  
Job Growth



- Sales tax bars represent sales tax growth (3 month moving average)
- Job growth represents actual monthly job growth



## ***Increased uncertainty raises the risks to the forecast***

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- Downside risks
  - ◆ Another terrorist attack on U.S. soil
  - ◆ War on terrorism suffers setbacks
  - ◆ Virginia employment declines
  - ◆ Escalation of energy prices
  - ◆ Lower interest rates fail to jumpstart economy - liquidity trap
  - ◆ Dramatic stock market crash
  
- Upside risks
  - ◆ Unprecedented fiscal and monetary policy lead to a robust recovery early in 2002
  - ◆ Consumers prove to be more resilient than expected - solid holiday shopping season
  - ◆ Stock market improves as corporate balance sheets improve



## **APPENDIX**

U.S. Economic Indicators

Virginia Economic Indicators

General Fund Forecast for FY2002 through FY2008

Growth in General Fund Revenues FY1961 through FY2004

Legislative Adjustments affecting General Fund Revenues

Nongeneral Fund Forecast for FY2002 through FY2008

Revenue Report through November 2001



**Fiscal Years 1999-2004 October Alternative & Official  
U.S. Economic Forecasts - Income and Other Indicators**

		<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>
<u>Output, Income and Spending (% Change)</u>							
GDP	-October Alt.	5.4	6.4	5.1	1.6	3.8	7.0
	-Official	5.5	6.9	6.6	5.1	5.1	5.1
Real GDP	-October Alt.	4.1	4.5	2.7	(0.5)	2.6	4.6
	-Official	4.0	5.2	4.4	3.4	3.5	3.6
Total Personal Income	-October Alt.	5.9	5.6	6.6	3.2	3.3	5.8
	-Official	6.0	5.9	6.5	5.2	5.1	5.0
Wages and Salaries	-October Alt.	7.1	7.4	7.5	3.8	3.6	7.2
	-Official	7.2	6.7	6.1	4.5	5.1	5.6
Average Wage (Nonag. Employ.)	-October Alt.	4.6	4.8	6.1	4.4	3.2	3.9
	-Official	4.6	4.3	4.3	3.1	3.8	4.2
Real Consumer Spending	-October Alt.	4.9	5.1	4.0	0.5	2.2	4.2
	-Official	4.9	5.6	4.3	2.9	2.8	2.7
<u>Interest Rates (%)</u>							
Treasury Bills	-October Alt.	4.5	5.2	5.1	2.4	4.1	5.2
	-Official	4.5	5.2	6.1	6.1	5.7	5.6
30-Year Treasury Bonds	-October Alt.	5.4	6.1	5.7	4.9	5.3	6.2
	-Official	5.4	6.1	6.2	6.7	6.7	6.6
<u>Prices (% Change)</u>							
CPI	-October Alt.	1.7	2.9	3.4	1.9	1.6	2.2
	-Official	1.7	2.9	3.0	2.3	2.6	2.7
GDP Deflator	-October Alt.	1.3	1.8	2.3	2.1	1.3	2.3
	-Official	1.4	1.7	2.2	1.6	1.5	1.5

The October Alt. forecast is Economy.com's October 2001 U.S. alternative recession forecast.

The Official forecast is DRI/WEFA Group's October 2000 U.S. standard forecast.

**Fiscal Years 1999-2004 October Alternative & Official  
U.S. Economic Forecasts - Employment and Labor Markets**

		<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>
<u>Employment and Labor Markets (% Change)</u>							
Total Nonagricultural Employment	-October Alt.	2.5	2.5	1.4	(0.5)	0.3	3.1
	-Official	2.4	2.3	1.7	1.4	1.2	1.4
Manufacturing	-October Alt.	(0.8)	(0.9)	(1.5)	(4.8)	(0.5)	2.5
	-Official	(0.8)	(0.9)	0.2	0.0	0.2	0.7
Construction	-October Alt.	6.8	5.6	3.5	1.1	(1.6)	5.1
	-Official	6.8	5.4	3.3	2.1	1.8	2.2
Mining	-October Alt.	(6.3)	(4.8)	3.2	3.3	(1.0)	0.4
	-Official	(6.5)	(5.2)	8.8	5.1	(1.2)	(0.2)
Services	-October Alt.	4.0	4.0	2.7	(0.2)	0.8	4.5
	-Official	4.0	3.9	2.9	2.0	1.6	1.8
Trade	-October Alt.	1.9	2.3	1.3	0.0	0.7	2.8
	-Official	1.9	1.9	1.4	1.8	1.7	1.7
Finance, Insurance, and Real Estate	-October Alt.	3.4	1.0	0.3	(0.8)	(0.5)	3.2
	-Official	3.4	1.4	0.8	0.6	0.8	0.5
Transportation, Communication, and Public Utilities	-October Alt.	3.5	3.2	2.2	(1.6)	(0.4)	3.5
	-Official	3.5	2.8	1.8	1.1	1.0	0.8
Government	-October Alt.	1.7	2.6	0.8	1.7	0.9	0.7
	-Official	1.7	2.2	1.0	0.8	0.8	0.9
Labor Force	-October Alt.	1.1	1.2	0.7	0.5	1.0	1.3
	-Official	1.1	1.2	1.5	1.3	1.3	1.1
Number of Unemployed	-October Alt.	(4.8)	(5.3)	2.4	36.2	20.6	(15.6)
	-Official	(4.9)	(5.3)	3.5	5.5	3.9	0.9
Unemployment Rate (%)	-October Alt.	4.4	4.1	4.2	5.7	6.8	5.6
	-Official	4.4	4.1	4.2	4.3	4.5	4.5

The October Alt. forecast is Economy.com's October 2001 U.S. alternative recession forecast.  
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**Fiscal Years 1999-2004 October Alternative & Official  
Virginia Economic Forecasts - Employment and Labor Markets**

		<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>
<u>Employment (% Change)</u>							
Total Nonagricultural Employment	-October Alt.	3.0	2.7	2.4	0.5	0.9	3.7
	-Official	3.1	2.7	2.0	2.3	2.2	2.0
Manufacturing	-October Alt.	(2.1)	(1.0)	(2.4)	(4.2)	0.0	2.9
	-Official	(2.3)	(0.5)	(0.3)	1.4	1.0	1.6
Construction	-October Alt.	4.0	4.9	7.6	6.5	(0.9)	4.9
	-Official	4.0	3.9	2.7	2.4	2.1	1.7
Services	-October Alt.	6.6	3.9	4.2	0.8	1.6	5.7
	-Official	6.8	4.6	3.7	3.6	3.2	2.7
Trade	-October Alt.	1.8	2.7	1.4	0.3	1.2	2.5
	-Official	1.7	2.0	1.6	2.4	2.4	2.0
Finance, Insurance, and Real Estate	-October Alt.	5.5	3.1	2.7	0.0	0.6	4.9
	-Official	5.4	2.5	1.7	0.8	1.2	0.8
Transportation, Communication, and Public Utilities	-October Alt.	2.7	5.0	4.2	(0.2)	(0.5)	4.1
	-Official	2.7	5.0	0.2	1.8	1.2	0.9
Federal Government	-October Alt.	(1.6)	0.7	(1.5)	0.3	1.1	0.5
	-Official	(1.5)	0.8	(0.9)	(1.0)	(0.3)	0.2
State and Local Government	-October Alt.	2.3	2.3	2.0	1.8	1.0	1.0
	-Official	2.4	1.9	2.4	1.6	1.9	2.1
<u>Labor Markets (% Change)</u>							
Number of Unemployed	-October Alt.	(13.8)	(11.4)	(0.9)	48.2	17.0	(15.2)
	-Official	(16.6)	0.7	(1.0)	6.2	5.2	4.9
Labor Force	-October Alt.	1.9	1.2	3.5	1.7	0.9	2.3
	-Official	1.1	3.2	3.1	1.4	1.0	1.8
Unemployment Rate (%)	-October Alt.	2.8	2.5	2.4	3.5	4.0	3.3
	-Official	2.8	2.7	2.6	2.7	2.8	2.9

The October Alt data corresponds to Economy.com's October 2001 alternative recession forecast.  
The Official forecast is based on The DRI/WEFA Group's October 2000 U.S. standard forecast.

**Fiscal Years 1999-2004 October Alternative & Official  
Virginia Economic Forecasts - Income and Other Indicators**

		<u>FY99</u>	<u>FY00</u>	<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>
<u>Income (% Change)</u>							
Total Personal Income	-October Alt.	7.1	6.7	7.3	3.5	3.3	6.5
	-Official	7.1	5.9	6.2	5.9	5.9	5.7
Real Personal Income	-October Alt.	5.8	4.3	4.7	1.4	1.1	3.7
	-Official	5.7	3.6	3.4	3.7	3.8	3.6
Wages and Salaries	-October Alt.	8.5	7.8	8.9	4.2	3.9	7.8
	-Official	8.6	6.6	6.8	6.7	6.6	6.8
Average Wage (Nonag. Employ.)	-October Alt.	5.3	4.9	6.4	3.6	2.9	3.9
	-Official	5.4	3.8	4.7	4.3	4.4	4.7
Dividends, Interest, and Rent	-October Alt.	6.9	4.8	3.7	(2.2)	(2.5)	3.7
	-Official	7.0	4.8	6.3	4.4	5.7	4.2
Net Transfer Payments	-October Alt.	(0.9)	3.2	5.8	17.0	13.2	(7.3)
	-Official	(0.9)	3.5	3.3	2.0	2.9	3.1
Other Labor Income	-October Alt.	4.7	3.3	5.6	1.8	3.1	7.6
	-Official	4.7	3.1	4.3	4.7	3.4	2.7
<u>Migration and Housing (Thousands)</u>							
Net Migration	-October Alt.						
	-Official	10.7	10.8	10.8	10.6	10.8	11.2
Single Family Housing Starts	-October Alt.	44.9	42.3	42.1	38.7	39.2	39.9
	-Official	46.2	46.3	44.8	43.8	42.8	42.4
Multi-Family Housing Starts	-October Alt.	9.3	8.7	8.4	7.9	9.0	11.7
	-Official	9.1	9.8	9.5	9.0	9.1	8.9

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**The Official and December Alternative General Fund Forecast for Fiscal Year 2002**  
**(Dollars in Millions)**

December 19, 2001

	Fiscal Year 2002					2001-2002 Biennium		
	Official	Dec Alt.	Change	% Growth Over FY 01		Official	Dec Alt.	Change
	Forecast	Forecast		Official	Dec Alt.	Forecast	Forecast	
<b>MAJOR TAX SOURCES</b>								
Corporate Income	\$ 473.6	\$ 357.5	\$ (116.1)	30.2 %	(1.7) %	\$ 837.4	\$ 721.3	\$ (116.1)
Individual Income Tax:								
Gross	8,927.2	8,248.1	(679.1)	10.7	2.3	16,988.9	16,309.8	(679.1)
Withholding	6,901.9	6,564.3	(337.6)	10.3	4.9	13,156.8	12,819.2	(337.6)
Nonwithholding	2,025.3	1,683.8	(341.5)	12.1	(6.8)	3,832.1	3,490.6	(341.5)
Refunds	(932.4)	(1,032.8)	(100.4)	11.6	23.6	(1,767.8)	(1,868.2)	(100.4)
Net	7,994.8	7,215.3	(779.5)	10.6	(0.2)	15,221.1	14,441.6	(779.5)
Insurance Company Premiums	273.6	288.0	14.4	2.1	7.4	541.7	556.1	14.4
Public Service GR / Consumption Tax	79.2	95.5	16.3	(15.2)	2.2	172.6	188.9	16.3
State Sales & Use Tax	<u>2,464.8</u>	<u>2,445.0</u>	<u>(19.8)</u>	<u>8.4</u>	<u>7.6</u>	<u>4,737.8</u>	<u>4,718.0</u>	<u>(19.8)</u>
Total Major Tax Sources	\$ 11,286.0	\$ 10,401.3	\$ (884.7)	10.4 %	1.7 %	\$ 21,510.5	\$ 20,625.8	\$ (884.7)
<b>MISCELLANEOUS TAXES &amp; OTHER REVENUES</b>								
Alcoholic Beverages State Tax	\$ 80.2	\$ 85.5	\$ 5.3	(3.2) %	3.2 %	\$ 163.0	\$ 168.3	\$ 5.3
Bank Franchise Tax	10.5	9.0	(1.5)	127.1	94.6	15.1	13.6	(1.5)
Beer & Beverage Excise Tax	39.5	40.3	0.8	(1.6)	0.4	79.6	80.4	0.8
Corporate Franchise & Charter Fees	21.8	20.0	(1.8)	(4.7)	(12.6)	44.7	42.9	(1.8)
Excess & Other Fees From Officers	(15.9)	(11.6)	4.3	43.9	5.0	(27.0)	(22.7)	4.3
Estate & Gifts	137.0	131.8	(5.2)	8.0	3.9	263.8	258.6	(5.2)
Institutional Revenues	8.4	8.7	0.3	6.5	10.3	16.3	16.6	0.3
Interest & Rents	152.0	85.3	(66.7)	13.8	(36.1)	285.5	218.8	(66.7)
Licenses & Permits	1.5	1.6	0.1	(6.3)	0.0	3.1	3.2	0.1
Miscellaneous Taxes & Penalties	145.3	130.1	(15.2)	10.6	(1.0)	276.6	261.4	(15.2)
Other Miscellaneous Revenues	49.1	52.5	3.4	(53.7)	(50.5)	155.2	158.6	3.4
Tobacco Products Tax	13.6	14.7	1.1	(9.8)	(2.5)	28.7	29.8	1.1
Wills, Suits, Deeds & Contract Fees	<u>154.3</u>	<u>160.6</u>	<u>6.3</u>	<u>(7.9)</u>	<u>(4.2)</u>	<u>321.9</u>	<u>328.2</u>	<u>6.3</u>
Total Misc. Taxes & Other Revenues	\$ 797.3	\$ 728.5	\$ (68.8)	(3.9) %	(12.2) %	\$ 1,626.8	\$ 1,558.0	\$ (68.8)
<b>TOTAL TAX REVENUES</b>	\$ 12,083.3	\$ 11,129.8	\$ (953.5)	9.3 %	0.7 %	\$ 23,137.3	\$ 22,183.8	\$ (953.5)
Tobacco Master Settlement	\$ 63.3	\$ 59.3	\$ (4.0)	23.4 %	15.6 %	\$ 114.6	\$ 110.6	\$ (4.0)
<b>GENERAL FUND REVENUES</b>	\$ 12,146.6	\$ 11,189.1	\$ (957.5)	9.4 %	0.8 %	\$ 23,251.9	\$ 22,294.4	\$ (957.5)
<b>TRANSFERS</b>								
A.B.C. Profits	\$ 24.9	\$ 24.9	\$ 0.0	(11.4) %	(11.4) %	\$ 53.0	\$ 53.0	\$ 0.0
Net Lottery Transfers	310.3	323.0	12.7	(5.8)	(1.9)	639.7	652.4	12.7
Transfers Per Appropriations Act	<u>20.0</u>	<u>285.3</u>	<u>265.3</u>	<u>(20.3)</u>	<u>1,036.7</u>	<u>45.1</u>	<u>310.4</u>	<u>265.3</u>
Total Transfers	\$ 355.2	\$ 633.2	\$ 278.0	(7.2) %	65.5 %	\$ 737.8	\$ 1,015.8	\$ 278.0
<b>TOTAL GENERAL FUND</b>	\$ <u>12,501.8</u>	\$ <u>11,822.3</u>	\$ <u>(679.5)</u>	<u>8.8</u> %	<u>2.9</u> %	\$ <u>23,989.7</u>	\$ <u>23,310.2</u>	\$ <u>(679.5)</u>

The Official forecast is based on the October 1999 WEFA U.S. Standard scenario and the corresponding Virginia forecast developed by the Department of Taxation and is the revenue forecast contained in Chapter 1073.

The December Economy.com Alternative forecast is based on the October 2001 Economy.com Alternative Recession scenario and the corresponding Virginia state forecast developed by Economy.com.

**The December and Economy.com Alternative General Fund Forecast for Fiscal Year 2003**

**(Dollars in Millions)**

December 19, 2001

	<b>Fiscal Year 2003</b>					
	Official	Dec Alt.	Change	% Growth Over FY 02		
	Forecast	Forecast		Official	Dec Alt.	
<b>MAJOR TAX SOURCES</b>						
Corporate Income	\$ 536.9	\$ 361.6	\$ (175.3)	13.4 %	1.1 %	
Individual Income Tax:						
Gross	9,320.2	8,479.2	(841.0)	4.4	2.8	
Withholding	7,314.9	6,849.5	(465.4)	6.0	4.3	
Nonwithholding	2,005.3	1,629.7	(375.6)	(1.0)	(3.2)	
Refunds	<u>(1,001.7)</u>	<u>(999.1)</u>	<u>2.6</u>	<u>7.4</u>	<u>(3.3)</u>	
Net	8,318.5	7,480.1	(838.4)	4.0	3.7	
Insurance Company Premiums	281.3	298.0	16.7	2.8	3.5	
Public Service GR / Consumption Tax	98.5	98.5	0.0	24.4	3.1	
State Sales & Use Tax	<u>2,598.4</u>	<u>2,372.7</u>	<u>(225.7)</u>	<u>5.4</u>	<u>(3.0)</u>	
Total Major Tax Sources	\$ 11,833.6	\$ 10,610.9	\$ (1,222.7)	4.9 %	2.0 %	
<b>MISCELLANEOUS TAXES &amp; OTHER REVENUES</b>						
Alcoholic Beverages State Tax	\$ 87.9	\$ 88.7	\$ 0.8	9.6 %	3.7 %	
Bank Franchise Tax	9.0	9.0	0.0	(14.3)	0.0	
Beer & Beverage Excise Tax	40.2	40.3	0.1	1.8	0.0	
Corporate Franchise & Charter Fees	20.6	22.0	1.4	(5.5)	10.0	
Excess & Other Fees From Officers	(13.0)	(12.3)	0.7	(18.2)	6.0	
Estate & Gifts	137.9	126.8	(11.1)	0.7	(3.8)	
Institutional Revenues	8.9	8.9	0.0	6.0	2.3	
Interest & Rents	132.8	77.5	(55.3)	(12.6)	(9.1)	
Licenses & Permits	1.5	1.6	0.1	0.0	0.0	
Miscellaneous Taxes & Penalties	131.9	134.5	2.6	(9.2)	3.4	
Other Miscellaneous Revenues	37.4	89.2	51.8	(23.8)	69.9	
Tobacco Products Tax	13.2	14.4	1.2	(2.9)	(2.0)	
Wills, Suits, Deeds & Contract Fees	<u>143.1</u>	<u>159.3</u>	<u>16.2</u>	<u>(7.3)</u>	<u>(0.8)</u>	
Total Misc. Taxes & Other Revenues	\$ 751.4	\$ 759.9	\$ 8.5	(5.8) %	4.3 %	
<b>TOTAL TAX REVENUES</b>	\$ 12,585.0	\$ 11,370.8	\$ (1,214.2)	4.2 %	2.2 %	
Tobacco Master Settlement	\$ 64.2	\$ 59.1	\$ (5.1)	1.4 %	(0.3) %	
<b>GENERAL FUND REVENUES</b>	\$ 12,649.2	\$ 11,429.9	\$ (1,219.3)	4.1 %	2.2 %	
<b>TRANSFERS</b>						
A.B.C. Profits	\$ 26.6	\$ 13.6	\$ (13.0)	6.8 %	(45.4) %	
Net Lottery Transfers	311.3	320.0	8.7	0.3	(0.9)	
Transfers Per Appropriations Act	<u>20.0</u>	<u>393.9</u>	<u>373.9</u>	<u>0.0</u>	<u>38.1</u>	
Total Transfers	\$ 357.9	\$ 727.5	\$ 369.6	0.8 %	14.9 %	
<b>TOTAL GENERAL FUND</b>	\$ <u>13,007.1</u>	\$ <u>12,157.4</u>	\$ <u>(849.7)</u>	<u>4.0</u> %	<u>2.8</u> %	

The Official forecast is based on the October 2000 WEFA U.S. Standard scenario and the corresponding Virginia forecast developed by the Department of Taxation released on December 20, 2000.

The December Economy.com Alternative forecast is based on the October 2001 Economy.com Alternative Recession scenario and the corresponding Virginia state forecast developed by Economy.com.

**The December and Economy.com Alternative General Fund Forecast for Fiscal Year 2004**  
**(Dollars in Millions)**

December 19, 2001

	Fiscal Year 2004					2003 - 2004 Biennium		
	Official	Dec Alt.	Change	% Growth Over FY 03		Official	Dec Alt.	Change
	Forecast	Forecast		Official	Dec Alt.	Forecast	Forecast	
<b>MAJOR TAX SOURCES</b>								
Corporate Income	\$ 567.9	\$ 397.5	\$ (170.4)	5.8 %	9.9 %	\$ 1,104.8	\$ 759.1	\$ (345.7)
Individual Income Tax:								
Gross	9,950.1	8,925.7	(1,024.4)	6.8	5.3	19,270.3	17,404.9	(1,865.4)
Withholding	7,844.5	7,246.8	(597.7)	7.2	5.8	15,159.4	14,096.3	(1,063.1)
Nonwithholding	2,105.6	1,678.9	(426.7)	5.0	3.0	4,110.9	3,308.6	(802.3)
Refunds	(1,056.9)	(1,051.8)	5.1	5.5	5.3	(2,058.6)	(2,050.9)	7.7
Net	8,893.2	7,873.9	(1,019.3)	6.9	5.3	17,211.7	15,354.0	(1,857.7)
Insurance Company Premiums	303.4	319.9	16.5	7.9	7.3	584.7	617.9	33.2
Public Service GR / Consumption Tax	101.8	101.8	0.0	3.4	3.4	200.3	200.3	0.0
State Sales & Use Tax	2,752.0	2,526.4	(225.6)	5.9	6.5	5,350.4	4,899.1	(451.3)
Total Major Tax Sources	\$ 12,618.3	\$ 11,219.5	\$ (1,398.8)	6.6 %	5.7 %	\$ 24,451.9	\$ 21,830.4	\$ (2,621.5)
<b>MISCELLANEOUS TAXES &amp; OTHER REVENUES</b>								
Alcoholic Beverages State Tax	\$ 90.9	\$ 92.2	\$ 1.3	3.4 %	3.9 %	\$ 178.8	\$ 180.9	\$ 2.1
Bank Franchise Tax	9.0	9.0	0.0	0.0	0.0	18.0	18.0	0.0
Beer & Beverage Excise Tax	40.2	40.3	0.1	0.0	0.0	80.4	80.6	0.2
Corporate Franchise & Charter Fees	20.8	22.0	1.2	1.0	0.0	41.4	44.0	2.6
Excess & Other Fees From Officers	(13.8)	(13.1)	0.7	6.2	6.2	(26.8)	(25.4)	1.4
Estate & Gifts	144.8	127.5	(17.3)	5.0	0.6	282.7	254.3	(28.4)
Institutional Revenues	9.0	9.1	0.1	1.1	2.2	17.9	18.0	0.1
Interest & Rents	132.8	78.4	(54.4)	0.0	1.2	265.6	155.9	(109.7)
Licenses & Permits	1.5	1.6	0.1	0.0	0.0	3.0	3.2	0.2
Miscellaneous Taxes & Penalties	135.9	138.8	2.9	3.0	3.2	267.8	273.3	5.5
Other Miscellaneous Revenues	37.4	89.4	52.0	0.0	0.2	74.8	178.6	103.8
Tobacco Products Tax	12.8	14.1	1.3	(3.0)	(2.1)	26.0	28.5	2.5
Wills, Suits, Deeds & Contract Fees	143.1	168.2	25.1	0.0	5.6	286.2	327.5	41.3
Total Misc. Taxes & Other Revenues	\$ 764.4	\$ 777.5	\$ 13.1	1.7 %	2.3 %	\$ 1,515.8	\$ 1,537.4	\$ 21.6
<b>TOTAL TAX REVENUES</b>	\$ 13,382.7	\$ 11,997.0	\$ (1,385.7)	6.3 %	5.5 %	\$ 25,967.7	\$ 23,367.8	\$ (2,599.9)
Tobacco Master Settlement	\$ 56.5	\$ 52.0	\$ (4.5)	(12.0) %	(12.0) %	\$ 120.7	\$ 111.1	\$ (9.6)
<b>GENERAL FUND REVENUES</b>	\$ 13,439.2	\$ 12,049.0	\$ (1,390.2)	6.2 %	5.4 %	\$ 26,088.4	\$ 23,478.9	\$ (2,609.5)
<b>TRANSFERS</b>								
A.B.C. Profits	\$ 27.0	\$ 12.6	\$ (14.4)	1.5 %	(7.4) %	\$ 53.6	\$ 26.2	\$ (27.4)
Net Lottery Profits	308.6	320.0	11.4	(0.9)	0.0	619.9	640.0	20.1
Transfers Per Appropriations Act	20.0	367.5	347.5	0.0	(6.7)	40.0	761.4	721.4
Total Transfers	\$ 355.6	\$ 700.1	\$ 344.5	(0.6) %	(3.8) %	\$ 713.5	\$ 1,427.6	\$ 714.1
<b>TOTAL GENERAL FUND</b>	\$ <u>13,794.8</u>	\$ <u>12,749.1</u>	\$ <u>(1,045.7)</u>	<u>6.1</u> %	<u>4.9</u> %	\$ <u>26,801.9</u>	\$ <u>24,906.5</u>	\$ <u>(1,895.4)</u>

The Official forecast is based on the October 2000 WEFA U.S. Standard scenario and the corresponding Virginia forecast developed by the Department of Taxation released on December 20, 2000.

The December Economy.com Alternative forecast is based on the October 2001 Economy.com Alternative Recession scenario and the corresponding Virginia state forecast developed by Economy.com.

## The December Economy.Com Alternative General Fund Forecast for Fiscal Years 2005-2008

(Dollars in Millions)

12/19/01

	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008
<b>MAJOR TAX SOURCES</b>				
Corporate Income	\$ 408.5	\$ 423.0	\$ 437.8	\$ 453.1
Individual Income Tax:				
Gross	9,426.6	9,952.9	10,575.3	11,222.6
Withholding	7,645.3	8,050.5	8,573.9	9,131.2
Nonwithholding	1,781.3	1,902.4	2,001.4	2,091.4
Refunds	(1,080.3)	(1,137.4)	(1,197.7)	(1,261.2)
Net	8,346.3	8,815.5	9,377.6	9,961.4
Insurance Company Premiums	319.0	333.9	349.6	366.0
Public Service GR / Consumption Tax	105.0	108.3	111.7	115.2
State Sales & Use Tax	<u>2,649.1</u>	<u>2,769.3</u>	<u>2,894.0</u>	<u>3,024.2</u>
Total Major Tax Sources	\$ 11,827.9	\$ 12,450.0	\$ 13,170.7	\$ 13,920.0
<b>MISCELLANEOUS TAXES &amp; OTHER REVENUES</b>				
Alcoholic Beverages State Tax	\$ 90.9	\$ 90.9	\$ 90.9	\$ 90.9
Bank Franchise Tax	9.0	9.0	9.0	9.0
Beer & Beverage Excise Tax	40.2	40.2	40.2	40.2
Corporate Franchise & Charter Fees	20.8	20.8	20.8	20.8
Excess & Other Fees From Officers	(13.8)	(13.8)	(13.8)	(13.8)
Estate & Gifts	144.8	144.8	144.8	144.8
Institutional Revenues	9.0	9.0	9.0	9.0
Interest & Rents	78.4	78.4	78.4	78.4
Licenses & Permits	1.5	1.5	1.5	1.5
Miscellaneous Taxes & Penalties	135.9	135.9	135.9	135.9
Other Miscellaneous Revenues	49.3	49.3	49.3	49.3
Tobacco Products Tax	12.8	12.8	12.8	12.8
Wills, Suits, Deeds & Contract Fees	<u>143.1</u>	<u>143.1</u>	<u>143.1</u>	<u>143.1</u>
Total Misc. Taxes & Other Revenues	\$ 721.9	\$ 721.9	\$ 721.9	\$ 721.9
<b>TOTAL TAX REVENUES</b>	\$ 12,549.8	\$ 13,171.9	\$ 13,892.6	\$ 14,641.9
Tobacco Master Settlement	\$ 52.6	\$ 53.3	\$ 54.0	\$ 58.2
<b>GENERAL FUND REVENUES</b>	<b>\$ 12,602.4</b>	<b>\$ 13,225.2</b>	<b>\$ 13,946.6</b>	<b>\$ 14,700.1</b>
<b>TRANSFERS</b>				
A.B.C. Profits	\$ 12.6	\$ 12.6	\$ 12.6	\$ 12.6
Net Lottery Transfers	320.0	320.0	320.0	320.0
Transfers Per Appropriations Act	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>	<u>17.0</u>
Total Transfers	\$ 349.6	\$ 349.6	\$ 349.6	\$ 349.6
<b>TOTAL GENERAL FUND</b>	<b>\$ 12,952.0</b>	<b>\$ 13,574.8</b>	<b>\$ 14,296.2</b>	<b>\$ 15,049.7</b>
\$ Change From Previous Year	\$ 203.0	\$ 622.8	\$ 721.4	\$ 753.4
<b>TOTAL BIENNIUM GENERAL FUND</b>		\$ 26,526.9		\$ 29,345.9
\$ Change From Previous Biennium		\$ 1,620.4		\$ 2,819.0
% Growth From Previous Biennium		6.5 %		10.6 %

**The December Economy.Com Alternative General Fund Forecast for Fiscal Years 2005-2008**  
**(Dollars in Millions)**

12/19/01

	FY 05 % Growth <u>Over FY 04</u>	FY 06 % Growth <u>Over FY 05</u>	FY 07 % Growth <u>Over FY 06</u>	FY 08 % Growth <u>Over FY 07</u>
<b>MAJOR TAX SOURCES</b>				
Corporate Income	2.8 %	3.5 %	3.5 %	3.5 %
Individual Income Tax:				
Gross	5.6	5.6	6.3	6.1
Withholding	5.5	5.3	6.5	6.5
Nonwithholding	6.1	6.8	5.2	4.5
Refunds	<u>2.7</u>	<u>5.3</u>	<u>5.3</u>	<u>5.3</u>
Net	6.0	5.6	6.4	6.2
Insurance Company Premiums	(0.3)	4.7	4.7	4.7
Public Service GR / Consumption Tax	3.1	3.1	3.1	3.1
State Sales & Use Tax	<u>4.9</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>
Total Major Tax Sources	5.4 %	5.3 %	5.8 %	5.7 %
<b>MISCELLANEOUS TAXES &amp; OTHER REVENUES</b>				
Alcoholic Beverages State Tax	(1.4) %	0.0 %	0.0 %	0.0 %
Bank Franchise Tax	0.0	0.0	0.0	0.0
Beer & Beverage Excise Tax	(0.2)	0.0	0.0	0.0
Corporate Franchise & Charter Fees	(5.5)	0.0	0.0	0.0
Excess & Other Fees From Officers	5.3	0.0	0.0	0.0
Estate & Gifts	13.6	0.0	0.0	0.0
Institutional Revenues	(1.1)	0.0	0.0	0.0
Interest & Rents	0.0	0.0	0.0	0.0
Licenses & Permits	(6.3)	0.0	0.0	0.0
Miscellaneous Taxes & Penalties	(2.1)	0.0	0.0	0.0
Other Miscellaneous Revenues	(44.9)	0.0	0.0	0.0
Tobacco Products Tax	(9.2)	0.0	0.0	0.0
Wills, Suits, Deeds & Contract Fees	<u>(14.9)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Misc. Taxes & Other Revenues	(7.2) %	0.0 %	0.0 %	0.0 %
<b>TOTAL TAX REVENUES</b>	4.6 %	5.0 %	5.5 %	5.4 %
Tobacco Master Settlement	1.2 %	1.3 %	1.3 %	7.8 %
<b>GENERAL FUND REVENUES</b>	<b>4.6 %</b>	<b>4.9 %</b>	<b>5.5 %</b>	<b>5.4 %</b>
<b>TRANSFERS</b>				
A.B.C. Profits	0.0 %	0.0 %	0.0 %	0.0 %
Net Lottery Transfers	0.0	0.0	0.0	0.0
Transfers Per Appropriations Act	<u>(95.4)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Transfers	(50.1) %	0.0 %	0.0 %	0.0 %
<b>TOTAL GENERAL FUND</b>	<b>1.6 %</b>	<b>4.8 %</b>	<b>5.3 %</b>	<b>5.3 %</b>

**Growth in Total General Fund Revenues**  
**Fiscal Year 1961 - Fiscal Year 2004**  
**(Nominal - Actual Dollars)**

<b>FY</b>	<b>Total Revenues</b>	<b>Growth</b>	<b>FY</b>	<b>Total Revenues</b>	<b>Growth</b>
61	230,998,887	----	83	2,975,687,935	6.4%
62	242,144,567	4.8%	84	3,397,710,261	14.2%
63	286,304,265	18.2%	85	3,790,816,000	11.6%
64	298,033,919	4.1%	86	4,131,778,000	9.0%
65	323,213,412	8.4%	87	4,590,434,000	11.1%
66	365,129,776	13.0%	88	5,054,382,000	10.1%
67	414,755,644	13.6%	89	5,478,912,000	8.4%
68	533,597,744	28.7%	90	5,494,884,000	0.3%
69	706,254,374	32.4%	91	5,471,882,000	-0.4%
70	743,721,322	5.3%	92	5,623,213,000	2.8%
71	807,954,651	8.6%	93	6,133,637,000	9.1%
72	922,653,686	14.2%	94	6,503,400,000	6.0%
73	1,054,469,443	14.3%	95	6,881,145,000	5.8%
74	1,168,562,871	10.8%	96	7,356,100,000	6.9%
75	1,303,178,893	11.5%	97	7,949,300,000	8.1%
76	1,428,421,157	9.6%	98	8,773,500,000	10.4%
77	1,636,301,819	14.6%	99	9,702,747,000	10.6%
78	1,923,085,084	17.5%	00	10,721,500,000	10.5%
79	2,115,211,522	10.0%	01	11,053,999,000	3.1%
80	2,344,928,934	10.9%	*02	11,129,800,000	0.7%
81	2,579,663,941	10.0%	*03	11,369,600,000	2.2%
82	2,796,458,741	8.4%	*04	11,996,200,000	5.5%

**\*December 19, 2001 Forecast**  
**Excludes Transfers**

**Growth in Total General Fund Revenues**  
**Fiscal Year 1961 - Fiscal Year 2004**  
**(Real - Inflation Adjusted Dollars)**

<u>FY</u>	<u>Real Revenues</u>	<u>Growth</u>	<u>FY</u>	<u>Real Revenues</u>	<u>Growth</u>
61	989,288,595		83	4,584,505,543	1.5%
62	1,028,214,722	3.9%	84	5,034,763,667	9.8%
63	1,201,192,637	16.8%	85	5,432,135,846	7.9%
64	1,233,584,102	2.7%	86	5,743,167,113	5.7%
65	1,319,911,841	7.0%	87	6,208,113,061	8.1%
66	1,462,420,250	10.8%	88	6,573,309,491	5.9%
67	1,616,036,018	10.5%	89	6,828,793,818	3.9%
68	2,013,006,674	24.6%	90	6,576,564,436	- 3.7%
69	2,561,909,401	27.3%	91	6,253,400,760	-4.9%
70	2,685,399,249	4.8%	92	6,227,946,616	-0.4%
71	2,822,795,531	5.1%	93	6,610,551,274	6.1%
72	3,103,704,267	10.0%	94	6,870,635,466	3.9%
73	3,416,945,700	10.1%	95	7,102,201,006	3.4%
74	3,505,250,457	2.6%	96	7,436,423,372	4.7%
75	3,548,962,127	1.2%	97	7,864,559,373	5.8%
76	3,656,524,144	3.0%	98	8,562,227,048	8.9%
77	3,956,959,843	8.2%	99	9,343,039,961	9.1%
78	4,355,551,971	10.1%	00	10,103,185,074	8.1%
79	4,440,689,701	2.0%	01	10,137,226,471	0.3%
80	4,467,595,016	0.6%	*02	9,989,661,771	-1.5%
81	4,465,210,855	-0.1%	*03	9,985,221,748	0.0%
82	4,518,616,427	1.2%	*04	10,308,733,918	3.2%

**\*December 19, 2001 Forecast**

**Excludes Transfers**

**Shaded areas indicate fiscal years in which there was  
a national recession**

**Table 3.7**  
**SUMMARY OF RECENT LEGISLATION AFFECTING**  
**GENERAL FUND REVENUES**  
**(MILLIONS OF DOLLARS)**

	FY02	FY03	FY04
<b>CORPORATE INCOME TAX</b>			
C. 192, 1993 - Raise Neighborhood Assistance Credit			
C. 611, 1994 - deferment for 2 years			
C. 694/C. 936, 1996 - deferment for 2 years			
C. 358, 2000 - extend sunset date to 2002	(3.0)	(3.0)	(3.0)
C. 726, 1997 - Worker Retraining Tax Credit	(0.2)	(0.2)	(0.2)
C. 971, 1999 - Deregulation of Electric Utilities	10.0	(20.0)	
C. 706, 2000 - Deregulation of Natural Gas	3.6	3.6	3.6
C. 428, 2000 - Rent Reduction Tax Credit	(0.1)	(0.1)	(0.1)
Federal Economic Growth and Tax Relief Reconciliation Act of 2001	(0.1)	(0.8)	(1.1)
<b>INDIVIDUAL INCOME TAX</b>			
C. 888, 1990 - Additional Withholding Allowances			
C. 401, 1992 - deferment for 2 years			
C. 139, 1994 - deferment for 2 years			
C. 458, 1996 - deferment for 2 years			
1997 Budget Bill - deferment for 2 years			
C. 553, 2000 - deferment for 2 years			(31.8)
C. 491, 1998 - Tax Credit for Equity and Subordinated Debt Investments	(5.0)	(5.0)	(5.0)
C. 365/C. 498, 1999 - Income Tax Subtraction for Military Wages	(9.4)	(9.7)	(9.7)
C. 498, 1999 - Income Tax Subtraction for Federal/State Employees	(1.1)	(1.1)	(1.1)
C. 588, 1999 - Income Tax Subtraction for Unemployment Benefits	(7.9)	(8.2)	(8.2)
C. 397, 2000 - Tax Credit for Low Income Families	(21.7)	(23.7)	(25.8)
C. 394, 2000 - Subtraction for Taxpayers with Permanent Disabilities	(0.7)	(0.7)	(0.7)
Federal Economic Growth and Tax Relief Reconciliation Act of 2001	(1.2)	(22.7)	(38.7)
<b>STATE SALES AND USE TAX</b>			
C. 425, 2000 - Exemption for Modular Housing	(0.4)	(0.4)	(0.4)
C. 425, 2001 - Exemption for Various Nonprofit and Miscellaneous Organizations	(2.6)	(2.6)	(2.6)
<b>ESTATE &amp; GIFTS</b>			
Federal Economic Growth and Tax Relief Reconciliation Act of 2001		(8.6)	(11.5)



**NONGENERAL FUND REVENUE PROJECTIONS**  
**For Fiscal Years 2002 Through 2007-2008**

	<u>Actual</u>	<u>Projected</u>						
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Taxes:</b>								
Motor vehicle fuel tax	860.3	855.2	883.7	912.6	931.8	949.3	963.5	981.6
Unemployment compensation payroll tax	162.7	143.7	188.6	242.7	288.8	330.8	348.0	357.3
Special highway tax from sales tax	387.6	415.7	403.8	429.8	450.5	470.9	492.1	514.2
Motor vehicle sales tax and use tax	496.6	490.7	516.2	541.5	566.3	573.9	586.7	608.4
Other taxes	120.8	113.0	117.3	122.0	127.2	131.5	135.0	139.7
<b>Total</b>	<b>2,028.0</b>	<b>2,018.3</b>	<b>2,109.5</b>	<b>2,248.7</b>	<b>2,364.6</b>	<b>2,456.5</b>	<b>2,525.3</b>	<b>2,601.2</b>
<b>Rights and privileges:</b>								
Motor Vehicle Licenses	210.9	203.8	204.3	204.5	208.4	208.1	210.8	210.6
Other Rights & Privileges	397.8	381.9	395.5	403.5	411.3	416.8	426.8	433.6
<b>Total</b>	<b>608.7</b>	<b>585.8</b>	<b>599.8</b>	<b>608.0</b>	<b>619.7</b>	<b>624.9</b>	<b>637.6</b>	<b>644.1</b>
<b>Sales of property and commodities:</b>								
Alocoholic Beverage Sales	321.3	336.6	353.0	370.2	384.0	398.6	413.2	427.8
Other Sales	39.7	40.3	41.5	42.0	41.7	41.8	41.9	42.0
<b>Total</b>	<b>361.0</b>	<b>376.9</b>	<b>394.5</b>	<b>412.2</b>	<b>425.7</b>	<b>440.4</b>	<b>455.1</b>	<b>469.8</b>
<b>Assessment &amp; Receipts for Support of Special Services:</b>								
	<b>231.4</b>	<b>214.7</b>	<b>219.6</b>	<b>220.9</b>	<b>224.1</b>	<b>228.0</b>	<b>230.7</b>	<b>224.0</b>
<b>Institutional revenue:</b>								
Institutions of Higher Education	1,796.7	1,798.4	1,871.5	1,919.2	1,996.0	2,075.8	2,158.8	2,245.2
Other Educational Institutions	9.3	9.3	9.4	9.4	9.5	9.5	9.5	9.5
Medical Hospitals	546.3	613.4	703.6	793.4	840.7	890.8	943.9	1,000.3
Mental Hospitals	269.5	272.5	277.7	277.7	283.3	286.1	289.0	291.9
Corrections	116.1	109.5	53.8	33.5	34.4	35.3	36.3	37.3
Other Institutions	21.7	19.7	20.7	21.3	21.5	20.4	20.5	20.7
<b>Total</b>	<b>2,759.7</b>	<b>2,822.8</b>	<b>2,936.8</b>	<b>3,054.5</b>	<b>3,185.2</b>	<b>3,317.9</b>	<b>3,458.0</b>	<b>3,604.8</b>
<b>Interest dividends and rents:</b>	<b>156.2</b>	<b>92.5</b>	<b>91.6</b>	<b>90.2</b>	<b>88.4</b>	<b>82.6</b>	<b>85.6</b>	<b>88.4</b>
<b>Grants and donations:</b>								
Federal grants and contracts	4,352.9	5,265.4	5,059.3	5,285.3	5,391.0	5,498.9	5,608.8	5,721.0
Other grants & contracts	171.9	168.9	170.1	161.6	165.6	167.1	168.3	169.7
<b>Total</b>	<b>4,524.8</b>	<b>5,434.3</b>	<b>5,229.4</b>	<b>5,447.0</b>	<b>5,556.7</b>	<b>5,665.9</b>	<b>5,777.2</b>	<b>5,890.8</b>
<b>Other Revenue:</b>	<b>808.3</b>	<b>871.7</b>	<b>927.4</b>	<b>973.8</b>	<b>1,037.1</b>	<b>1,111.8</b>	<b>1,192.2</b>	<b>1,286.6</b>
<b>Total Nongeneral Fund Revenue</b>	<b>11,478.1</b>	<b>12,416.9</b>	<b>12,508.5</b>	<b>13,055.2</b>	<b>13,501.5</b>	<b>13,928.1</b>	<b>14,361.8</b>	<b>14,809.7</b>
\$ Amount change from previous year	<b>504.5</b>	<b>938.8</b>	<b>91.6</b>	<b>546.6</b>	<b>446.3</b>	<b>426.5</b>	<b>433.7</b>	<b>447.9</b>
% Change from previous year	<b>5.6%</b>	<b>8.2%</b>	<b>0.7%</b>	<b>4.4%</b>	<b>3.4%</b>	<b>3.2%</b>	<b>3.1%</b>	<b>3.1%</b>

Commonwealth of Virginia/Department of Accounts  
Summary Report on General Fund and Lottery Revenue Collections  
For the Fiscal Years 2001 and 2002  
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2002 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	FY 2002	FY 2001	% Change	FY 2002	FY 2001	% Change	% Annual Growth Req By Est
<b>Individual Income Tax:</b>									
Withholding	\$6,808,700	55.59	\$529,495	\$522,043	1.4	\$2,583,410	\$2,485,552	3.9	8.9
Tax Dues/Estimated Payments	1,909,800	15.59	18,930	16,385	15.5	309,780	311,320	(0.5)	5.7
<b>Gross Individual Income Tax</b>	<b>\$8,718,500</b>	<b>71.18</b>	<b>\$548,425</b>	<b>\$538,428</b>	<b>1.9</b>	<b>\$2,893,190</b>	<b>\$2,796,872</b>	<b>3.4</b>	<b>8.1</b>
Individual and Fiduciary Income (Refunds)	(925,200)	(7.55)	(17,326)	(17,143)	1.1	(219,805)	(164,870)	33.3	10.7
<b>Net Individual Income Tax</b>	<b>\$7,793,300</b>	<b>63.63</b>	<b>\$531,099</b>	<b>\$521,285</b>	<b>1.9</b>	<b>\$2,673,385</b>	<b>\$2,632,002</b>	<b>1.6</b>	<b>7.8</b>
Sales and Use Tax (a)	2,448,100	19.99	188,515	190,902	(1.3)	952,198	960,554	(0.9)	7.7
Corporations Income Tax	514,800	4.20	(5,811)	(13,622)	57.3	96,960	126,771	(23.5)	41.5
Public Service Corporations	95,500	0.78	5,912	1,022	478.5	26,866	27,688	(3.0)	2.2
Insurance Premiums	273,300	2.23	2,533	1,760	43.9	58,293	49,896	16.8	2.0
Interest Income (b)	139,300	1.14	26,939	29,253	(7.9)	66,857	78,062	(14.4)	4.6
Alcoholic Beverage Sales (c)	125,000	1.02	23,424	22,495	4.1	38,286	37,690	1.6	1.6
All Other Revenues	489,900	4.00	48,477	40,498	19.7	223,635	193,623	15.5	(14.6)
<b>General Fund Revenues Excluding     Tobacco Master Settlement</b>	<b>\$11,879,200</b>	<b>96.99</b>	<b>\$821,088</b>	<b>\$793,593</b>	<b>3.5</b>	<b>\$4,136,480</b>	<b>\$4,106,286</b>	<b>0.7</b>	<b>7.5</b>
Tobacco Master Settlement	\$58,100	0.47	\$407	\$0	-	\$407	\$0	-	13.3
<b>Total General Fund Revenues</b>	<b>\$11,937,300</b>	<b>97.46</b>	<b>\$821,495</b>	<b>\$793,593</b>	<b>3.5</b>	<b>\$4,136,887</b>	<b>\$4,106,286</b>	<b>0.7</b>	<b>7.5</b>
<b>Gross Lottery Revenue</b>	<b>\$980,770</b>	<b>8.01</b>	<b>\$85,893</b>	<b>\$81,862</b>	<b>4.9</b>	<b>\$429,723</b>	<b>\$394,642</b>	<b>8.9</b>	<b>(2.2)</b>
<b>Less: Expenses</b>	<b>(670,470)</b>	<b>(5.47)</b>	<b>(56,660)</b>	<b>(52,890)</b>	<b>7.1</b>	<b>(295,566)</b>	<b>(263,987)</b>	<b>12.0</b>	<b>(0.5)</b>
<b>Net Lottery Profits</b>	<b>\$310,300</b>	<b>2.54</b>	<b>\$29,233</b>	<b>\$28,972</b>	<b>0.9</b>	<b>\$134,157</b>	<b>\$130,655</b>	<b>2.7</b>	<b>(5.7)</b>
<b>Total General Fund Revenues and Net Lottery Profits</b>	<b>\$12,247,600</b>	<b>100.00</b>	<b>\$850,728</b>	<b>\$822,565</b>	<b>3.4</b>	<b>\$4,271,044</b>	<b>\$4,236,941</b>	<b>0.8</b>	<b>7.1</b>
Local Portion of State Sales/Use Tax	\$822,900	6.72	\$63,747	\$64,483	(1.1)	\$322,244	\$324,535	(0.7)	7.2

# Percentage is greater than 1,000%.

(a) Includes Local Portion of State Sales and Use Tax.

(b) Approximately 60% of the interest for the current quarter is due to nongeneral funds and will be transferred in January.

(c) Includes Beer and Beverage Excise Tax and Alcoholic Beverage State Tax.

Commonwealth of Virginia/Department of Accounts  
General Fund Statement of Revenue Collections and Estimates  
For the Fiscal Years 2001 and 2002  
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2002 Estimate	As a % of Total Gen Fund Rev	FY 2002	November FY 2001	% Change	FY 2002	Year-To-Date FY 2001	% Change	% Annual Growth Req By Est
<b>Taxes:</b>									
Individual Income Tax - Withholding	\$6,808,700	57.04	\$529,495	\$522,043	1.4	\$2,583,410	\$2,485,552	3.9	8.9
Tax Dues/Estimated Payments	1,909,800	16.00	18,930	16,385	15.5	309,780	311,320	(0.5)	5.7
Gross Individual Income Tax	\$8,718,500	73.04	\$548,425	\$538,428	1.9	\$2,893,190	\$2,796,872	3.4	8.1
Individ and Fiduc Income (Refunds)	(925,200)	(7.75)	(17,326)	(17,143)	1.1	(219,805)	(164,870)	33.3	10.7
Net Individual Income Tax	\$7,793,300	65.29	\$531,099	\$521,285	1.9	\$2,673,385	\$2,632,002	1.6	7.8
Sales and Use Tax	2,448,100	20.51	188,515	190,902	(1.3)	952,198	960,554	(0.9)	7.7
Corporations Income	514,800	4.31	(5,811)	(13,622)	57.3	96,960	126,771	(23.5)	41.5
Public Service Corporations	95,500	0.80	5,912	1,022	478.5	26,866	27,688	(3.0)	2.2
Insurance Premiums	273,300	2.29	2,533	1,760	43.9	58,293	49,896	16.8	2.0
Alcoholic Beverage Excise	84,800	0.71	20,071	19,265	4.2	20,171	19,769	2.0	2.4
Beer and Beverage Excise	40,200	0.34	3,353	3,230	3.8	18,115	17,921	1.1	0.1
Wills, Suits, Deeds, Contracts	143,100	1.20	17,372	14,281	21.6	87,054	65,163	33.6	(14.6)
Inheritance, Gift, and Estate	131,300	1.10	16,045	8,916	80.0	57,155	49,032	16.6	3.5
Tobacco Products	13,700	0.11	1,285	1,016	26.5	6,409	6,209	3.2	(9.1)
Bank Franchise	9,000	0.07	0	0	-	(2)	(6,016)	100.0	94.6
Other Taxes	(4,900)	(0.04)	(617)	(206)	(199.5)	(3,096)	(553)	(459.9)	(74.1)
<b>Total Taxes</b>	<b>\$11,542,200</b>	<b>96.69</b>	<b>\$779,757</b>	<b>\$747,849</b>	<b>4.3</b>	<b>\$3,993,508</b>	<b>\$3,948,436</b>	<b>1.1</b>	<b>8.3</b>
<b>Rights and Privileges:</b>									
Licenses and Permits	\$1,500	0.01	\$120	\$101	18.8	\$641	\$609	5.3	(8.3)
Corp. Franchise and Charters	20,400	0.17	480	579	(17.1)	2,744	3,128	(12.3)	(10.8)
Fees for Practice of Prof	1,000	0.01	14	36	(61.1)	123	86	43.0	(12.6)
Fees for Misc. Privileges & Services	9,900	0.08	598	377	58.6	5,353	4,658	14.9	(12.1)
<b>Total Rights and Privileges</b>	<b>\$32,800</b>	<b>0.27</b>	<b>\$1,212</b>	<b>\$1,093</b>	<b>10.9</b>	<b>\$8,861</b>	<b>\$8,481</b>	<b>4.5</b>	<b>(11.2)</b>
<b>Other Revenues:</b>									
Sales of Property & Commodities	\$1,600	0.01	\$1	\$147	(99.3)	(\$10)	\$35	(128.6)	#
Assessmts & Rcpts for Support of Special Svces	300	0.00	48	21	128.6	198	190	4.2	(24.8)
Institutional Revenue	8,800	0.08	906	802	13.0	3,608	3,100	16.4	11.6
Interest (a)	139,300	1.17	26,939	29,253	(7.9)	66,857	78,062	(14.4)	4.6
Dividends and Rent	300	0.00	27	28	(3.6)	186	193	(3.6)	(17.6)
Fines, Forfeitures & Fees	132,700	1.11	11,450	11,072	3.4	60,070	53,967	11.3	(1.1)
Other Revenue	25,400	0.21	1,411	3,349	(57.9)	7,051	15,272	(53.8)	(69.9)
Excess Fees	(12,200)	(0.10)	(1,542)	(882)	(74.8)	(7,291)	(4,741)	(53.8)	(10.4)
Private Donations, Gifts & Cont.	0	0.00	0	0	-	0	0	-	100.0
Cities, Counties, and Towns	8,000	0.07	879	861	2.1	3,442	3,291	4.6	(9.1)
<b>Total Other Revenues</b>	<b>\$304,200</b>	<b>2.55</b>	<b>\$40,119</b>	<b>\$44,651</b>	<b>(10.1)</b>	<b>\$134,111</b>	<b>\$149,369</b>	<b>(10.2)</b>	<b>(15.1)</b>
General Fund Revenues Excluding Tobacco Master Settlement	\$11,879,200	99.51	\$821,088	\$793,593	3.5	\$4,136,480	\$4,106,286	0.7	7.5
Tobacco Master Settlement	\$58,100	0.49	\$407	\$0	-	\$407	\$0	-	13.3
<b>Total General Fund Revenues</b>	<b>\$11,937,300</b>	<b>100.00</b>	<b>\$821,495</b>	<b>\$793,593</b>	<b>3.5</b>	<b>\$4,136,887</b>	<b>\$4,106,286</b>	<b>0.7</b>	<b>7.5</b>

# Percentage is greater than 1,000%.

(a) Approximately 60% of the interest for the current quarter is due to nongeneral funds and will be transferred in January.

**Commonwealth of Virginia/Department of Lottery  
Summary Report on Lottery Collections  
For the Fiscal Years 2001 and 2002  
(Dollars in Thousands)**

	<b>FY 2002 Estimate</b>	<b>November</b>			<b>Year-To-Date</b>			<b>% Annual Growth Required By Estimate</b>
		<b>FY 2002</b>	<b>FY 2001</b>	<b>% Change</b>	<b>FY 2002</b>	<b>FY 2001</b>	<b>% Change (b)</b>	
Lottery Collections								
Lotto South (d)	\$123,000	\$5,522	\$6,314	(12.5)	\$38,394	\$33,202	15.6	51.7
Cash 5	26,350	2,220	2,099	5.8	10,841	10,942	(0.9)	1.8
Pick 4	139,750	11,444	10,695	7.0	58,001	53,189	9.0	6.4
Pick 3	223,520	19,708	18,486	6.6	101,520	92,873	9.3	(2.8)
Multi-State (Big Game)	80,150	4,575	4,985	(8.2)	36,437	29,120	25.1	7.7
Scratch	388,000	42,424	39,283	8.0	184,530	175,316	5.3	(15.7)
Gross Lottery Revenue	980,770	85,893	81,862	4.9	429,723	394,642	8.9	(2.2)
Expenses (c)	670,470	56,660 (a)	52,890	7.1	295,566 (a)	263,987	12.0	(0.5)
Net Lottery Ticket Profits	\$310,300	\$29,233 (a)	\$28,972	0.9	\$134,157 (a)	\$130,655	2.7	(5.7)

(a) Current month includes operating expenses estimate (unaudited closing).

(b) The current-year figures on this chart, including growth percentages, are not an indicator of the probable outcome for the fiscal year.

Lottery revenues can have dramatic swings up and down month-to-month depending on the lotto jackpot, prize expense and game related administrative expenses.

(c) "Expenses" includes prizes to winners, compensation to retailers, instant ticket printing costs, Lottery operating expenses, and net other income/expense.

(d) Includes Kicker. The Lottery stopped selling Kicker on September 16, 2000 concurrent with the introduction of Lotto Virginia. The Lottery stopped selling Lotto Virginia on September 8, 2001 with the introduction of Lotto South.

**Commonwealth of Virginia/Department of Accounts**  
**Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues**  
**Summary Statement of Revenue Estimates & Collections**  
**For the Fiscal Years 2001 and 2002**  
**(Dollars in Thousands)**

Revenue	FY 2002 Estimate	As a % of Total Fund	November			Year-To-Date			% Annual Growth Required By Estimate
			FY 2002	FY 2001	% Change	FY 2002	FY 2001	% Change	
Motor Fuel Taxes	\$790,905	26.18	\$63,906	\$76,203	(16.1)	\$273,139	\$302,176	(9.6)	1.6
Priority Transportation Fund	27,500	0.91	2,000	0	-	6,000	0	-	(17.5)
Motor Vehicle Sales and Use Tax	508,810	16.84	47,399	39,172	21.0	227,572	217,530	4.6	1.3
State Sales and Use Tax	415,600	13.75	32,236	32,625	(1.2)	162,512	163,882	(0.8)	7.2
Motor Vehicle License Fees	144,201	4.77	10,406	10,996	(5.4)	60,306	58,715	2.7	(2.0)
International Registration Plan	60,704	2.01	3,069	2,031	51.1	21,589	15,688	37.6	18.8
Interest Earnings	3,452	0.11	11	8	37.5	1,989	3,129	(36.4)	(73.3)
Misc. Taxes, Fees, and Revenues	14,907	0.49	2,870	1,218	135.6	10,722	7,544	42.1	(18.6)
<b>Total State Taxes and Fees</b>	<b>\$1,966,079</b>	<b>65.06</b>	<b>\$161,897</b>	<b>\$162,253</b>	<b>(0.2)</b>	<b>\$763,829</b>	<b>\$768,664</b>	<b>(0.6)</b>	<b>1.8</b>

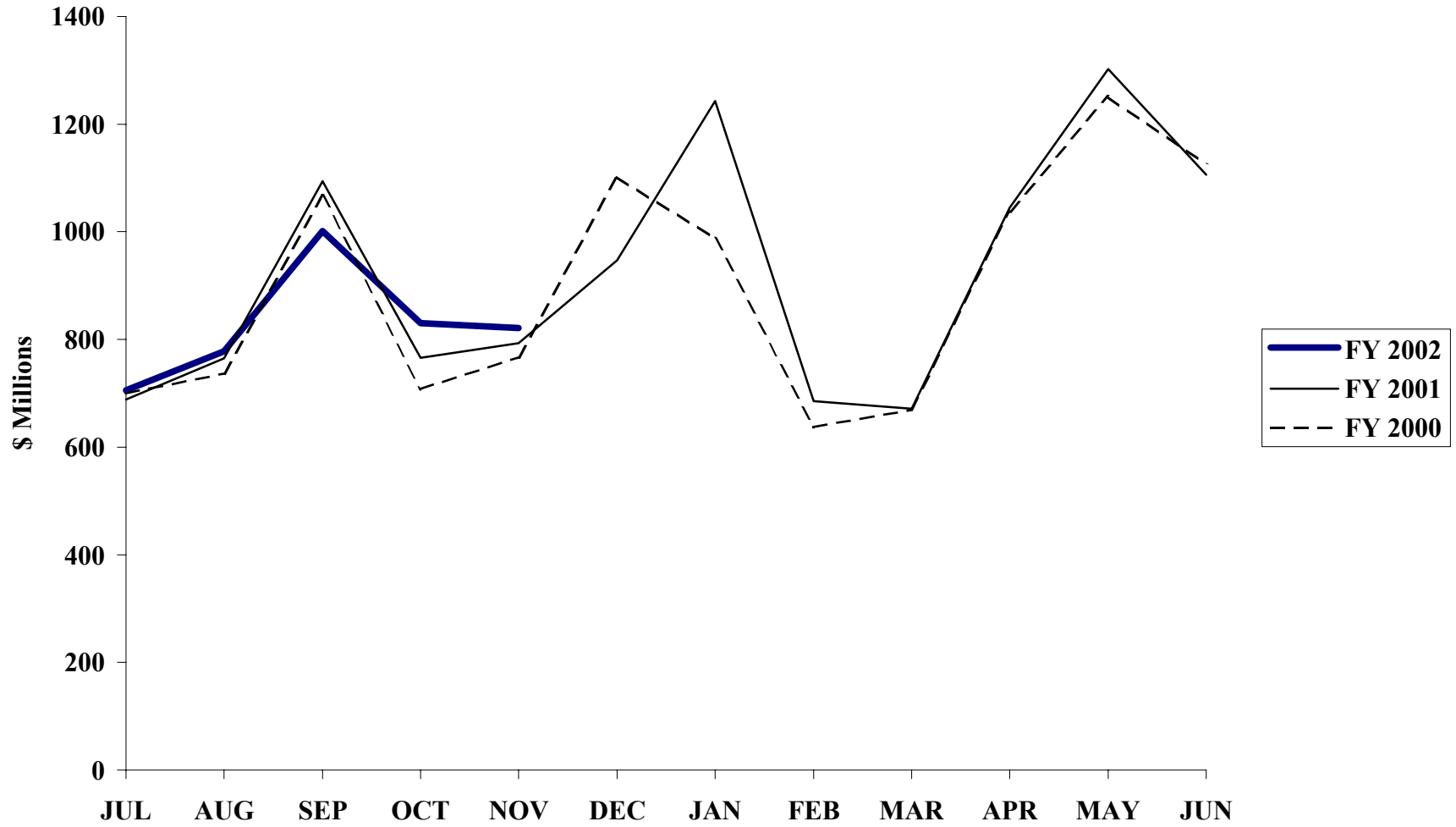
# Percentage is greater than 1,000%.

Commonwealth of Virginia/Department of Accounts  
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues  
Statement of Revenue Estimates & Collections  
For the Fiscal Years 2001 and 2002  
(Dollars in Thousands)

Revenue	FY 2002 Estimate	As a % of Total Fund	November			Year-To-Date			% Annual Growth Required By Est
			FY 2002	FY 2001	% Change	FY 2002	FY 2001	% Change	
<b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>									
Motor Fuel Taxes (Includes Road Tax)	\$683,173	22.61	\$54,749	\$63,329	(13.5)	\$232,678	\$259,427	(10.3)	3.1
Motor Vehicle Sales and Use Tax	326,570	10.81	30,358	24,591	23.5	147,520	140,669	4.9	1.9
Motor Vehicle License Fees	125,218	4.14	9,027	9,416	(4.1)	52,687	51,161	3.0	(2.0)
International Registration Plan	60,704	2.01	3,069	2,031	51.1	21,589	15,688	37.6	18.8
Misc. Taxes, Fees, and Revenues	14,907	0.49	2,870	1,218	135.6	10,722	7,544	42.1	(18.6)
<b>Total State Taxes and Fees</b>	<b>\$1,210,572</b>	<b>40.06</b>	<b>\$100,073</b>	<b>\$100,585</b>	<b>(0.5)</b>	<b>\$465,196</b>	<b>\$474,489</b>	<b>(2.0)</b>	<b>2.6</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$22,732	0.75	\$616	\$1,073	(42.6)	\$5,124	\$4,258	20.3	97.6
Transfer (to) / from Transportation Trust Fund	(28,711)	(0.95)	0	0	-	0	(35,459)	100.0	32.2
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$1,204,593</b>	<b>39.86</b>	<b>\$100,689</b>	<b>\$101,658</b>	<b>(1.0)</b>	<b>\$470,320</b>	<b>\$443,288</b>	<b>6.1</b>	<b>4.8</b>
<b>TRANSPORTATION TRUST FUND:</b>									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$107,732	3.57	\$9,157	\$12,874	(28.9)	\$40,461	\$42,749	(5.4)	(6.6)
Priority Transportation Fund	27,500	0.91	2,000	0	-	6,000	0	-	(17.5)
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	182,240	6.03	17,041	14,581	16.9	80,052	76,861	4.2	0.2
State Sales and Use Tax	415,600	13.75	32,236	32,625	(1.2)	162,512	163,882	(0.8)	7.2
Motor Vehicle License Fees	18,983	0.63	1,379	1,580	(12.7)	7,619	7,554	0.9	(1.9)
Interest Earnings	3,452	0.11	11	8	37.5	1,989	3,129	(36.4)	(73.3)
<b>Total State Taxes and Fees</b>	<b>\$755,507</b>	<b>25.00</b>	<b>\$61,824</b>	<b>\$61,668</b>	<b>0.3</b>	<b>\$298,633</b>	<b>\$294,175</b>	<b>1.5</b>	<b>0.7</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$936,383	30.99	\$143,596	\$101,354	41.7	\$491,508	\$259,899	89.1	74.1
Receipts from Cities/Counties	31,907	1.06	3,760	2,289	64.3	16,545	10,657	55.3	81.2
Toll Revenues (Includes Route 28)	64,621	2.14	3,202	4,463	(28.3)	23,454	25,221	(7.0)	1.6
Miscellaneous Revenues	0	0.00	2	(627)	100.3	6,059	6,322	(4.2)	(100.0)
<b>Total Other Revenues</b>	<b>\$1,032,911</b>	<b>34.19</b>	<b>\$150,560</b>	<b>\$107,479</b>	<b>40.1</b>	<b>\$537,566</b>	<b>\$302,099</b>	<b>77.9</b>	<b>61.9</b>
Transfer (to) / from Highway Maintenance and Operating Fund	\$28,711	0.95	\$0	\$0	-	\$0	\$35,459	(100.0)	(32.2)
<b>Total Transportation Trust Fund</b>	<b>\$1,817,129</b>	<b>60.14</b>	<b>\$212,384</b>	<b>\$169,147</b>	<b>25.6</b>	<b>\$836,199</b>	<b>\$631,733</b>	<b>32.4</b>	<b>27.0</b>
<b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b>									
	<b>\$3,021,722</b>	<b>100.00</b>	<b>\$313,073</b>	<b>\$270,805</b>	<b>15.6</b>	<b>\$1,306,519</b>	<b>\$1,075,021</b>	<b>21.5</b>	<b>17.1</b>

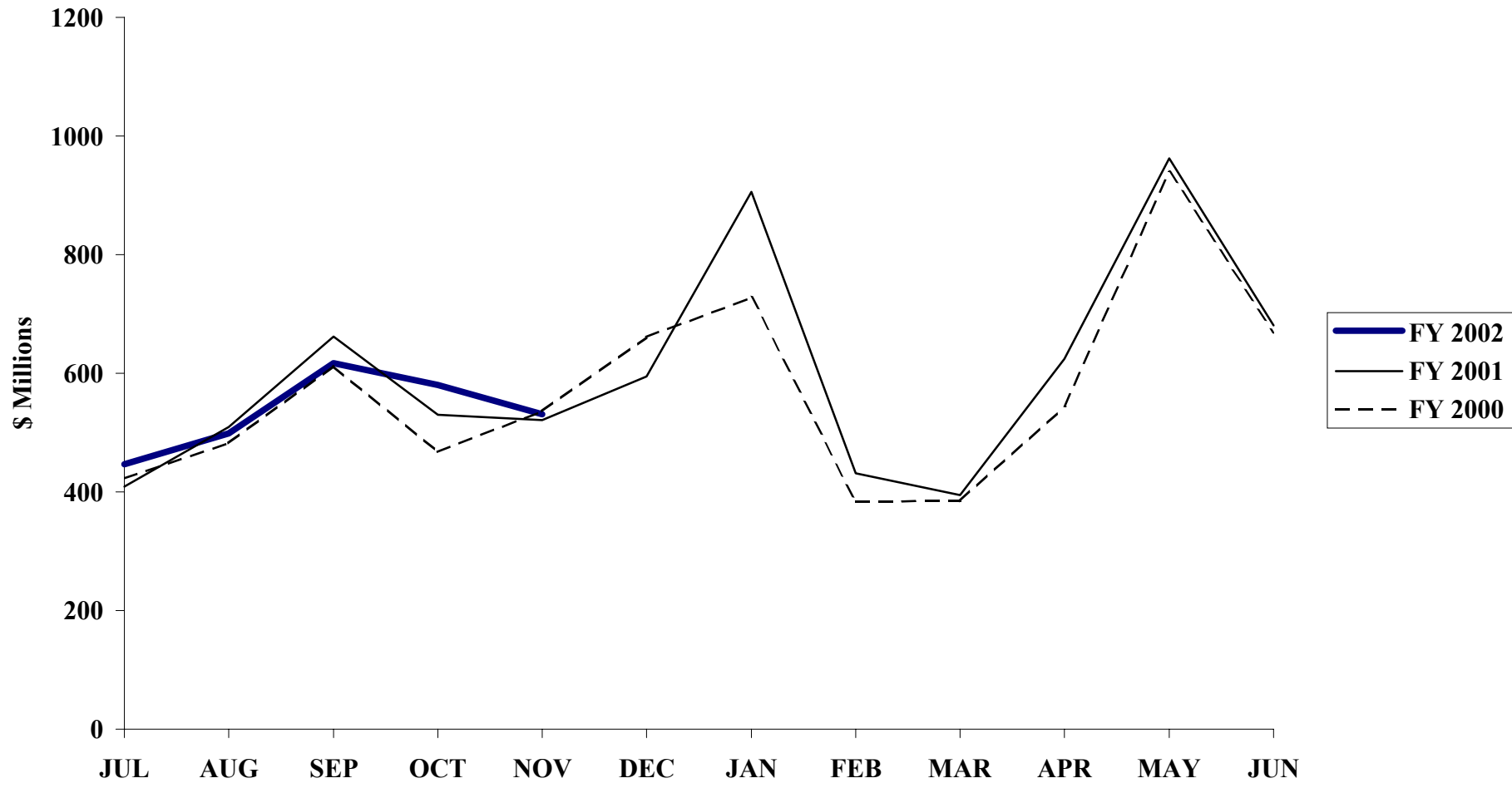
# Percentage is greater than 1,000%.

# Total General Fund Revenues



**FY 2000 Actual = \$10,788.5 Million**  
**FY 2001 Actual = \$11,105.3 Million**  
**FY 2002 Estimate = \$11,937.3 Million**

# Net Individual Income Tax



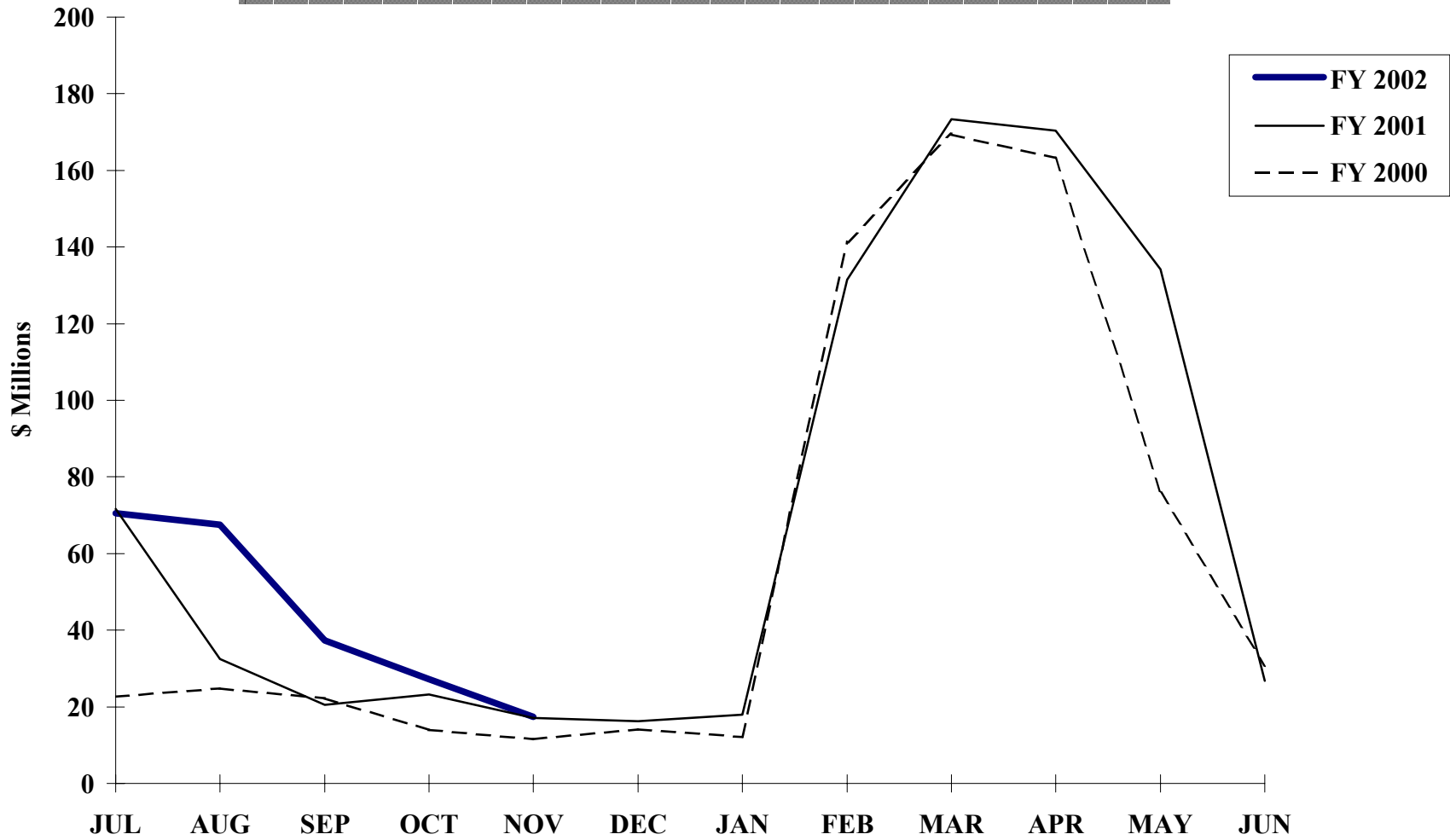
**FY 2000 Actual = \$6,828.9 Million**

**FY 2001 Actual = \$7,226.3 Million**

**FY 2002 Estimate = \$7,793.3 Million**



# Individual and Fiduciary Income Tax Refunds



**FY 2000 Actual = \$702.0 Million**  
**FY 2001 Actual = \$835.4 Million**  
**FY 2002 Estimate = \$925.2 Million**

## DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2002

(Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION <sup>1,2</sup>		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
<b>July</b>	\$2,502.5	4.98%	\$990.7	23.82%	\$3,493.2	10.32%
<b>August</b>	\$2,325.5	4.92%	\$1,003.7	11.17%	\$3,329.2	6.80%
<b>September</b>	\$2,328.0	4.69%	\$1,018.4	20.92%	\$3,346.4	9.63%
<b>October</b>	\$2,258.0	4.56%	\$1,035.6	19.83%	\$3,293.6	9.36%
<b>November</b>	\$2,023.2	4.70%	\$1,038.3	-13.38%	\$3,061.5	-1.43%
<b>December</b>						
<b>January</b>						
<b>February</b>						
<b>March</b>						
<b>April</b>						
<b>May</b>						
<b>June</b>						
<b>Year-to-Date Average</b>	\$2,287.4	4.78%	\$1,017.3	12.34%	\$3,304.8	7.10%

<sup>1</sup> Performance on the extended duration portion of the General Account is now reported on an annualized total return basis. Total return includes unrealized gains and losses, which in the short term can make returns more volatile. Over an extended time period the fluctuations average out and total return approaches the portfolio yield.

<sup>2</sup> Unaudited.

**Commonwealth of Virginia/Department of Accounts  
 Report on the Revenue Stabilization Fund  
 For the Fiscal Year 2002  
 (Dollars in Thousands)**

<b>Month</b>	<b>Beginning Balance</b>	<b>Deposits/(Withdrawals)</b>	<b>Interest Allocated (A)</b>	<b>Ending Balance</b>
<b>July</b>	\$715,623	\$0	\$0	\$715,623
<b>August</b>	\$715,623	\$0	\$0	\$715,623
<b>September</b>	\$715,623	\$0	\$0	\$715,623
<b>October</b>	\$715,623	\$0	\$10,519	\$726,142
<b>November</b>	\$726,142	\$0	\$0	\$726,142
<b>December</b>				
<b>January</b>				
<b>February</b>				
<b>March</b>				
<b>April</b>				
<b>May</b>				
<b>June</b>				

Notes: (A) Interest is earned monthly but credited to nongeneral funds on a quarterly basis and will appear on this report in the months of October, January, April, and final June.