

# **Governor Kaine's Proposed Amendments to the 2006-2008 Budget**

## **Economic Outlook & Revenue Forecast**

*A Briefing for the Senate Finance,  
House Finance, and House Appropriations  
Committees*

*December 15, 2006*



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## ***Outline...***

- FY 2006 Year-end Revenue Results
- U.S. and Virginia Economic Outlook
- December Revenue Forecast
- November Revenue Collections
- Key Risks to the Outlook

# FY 2006 Year-end Revenue Results

## ***FY06 revenues ended with a 1.0% variance from the official forecast...***

- Actual collections exceeded the forecast by \$147 million, or 1.0%.
  - Withholding and sales tax collections (73% of gross revenues) were within 0.8% of the forecast.
  - Nonwithholding and corporate income tax, the two most volatile revenue sources, continued to grow at unprecedented rates and contributed to the FY06 surplus.

### **Summary of FY 2006 Revenue Collections** (millions of dollars)

Revenue Source	Forecast	Actual	Variance		Annual Growth
			Dollars	Percent	
Withholding	\$ 7,978.8	\$ 8,061.0	\$ 82.2	1.0 %	7.3 %
Nonwithholding	2,431.3	2,530.2	98.9	4.1	22.0
Refunds	(1,239.7)	(1,282.6)	(42.9)	3.5	3.9
Net Individual	\$ 9,170.4	\$ 9,308.6	\$ 138.2	1.5 %	11.4 %
Sales and Use	\$ 2,803.8	\$ 2,812.7	\$ 8.9	0.3 %	(4.5) %
Corporate Income	851.5	871.6	20.1	2.4	41.3
Wills (Recordation)	723.0	694.7	(28.3)	(3.9)	16.6
Insurance Premiums	392.5	373.8	(18.7)	(4.8)	0.1
All Other	746.1	772.9	26.8	3.6	(3.7)
<b>Total GF Revenue</b>	<b>\$ 14,687.3</b>	<b>\$ 14,834.3</b>	<b>\$ 147.0</b>	<b>1.0 %</b>	<b>8.4 %</b>

***Much of the FY06 revenue surplus was incorporated into the 2006-2008 budget...***

- The General Assembly, in anticipation of a surplus, included \$128 million into the beginning balance for FY07.
- The FY06 revenue surplus was \$147 million.
- Surpluses did not appear where expected.

**Comparison of the Actual FY06 Revenue Surplus to the Anticipated FY06 Revenue Surplus Incorporated in Chapters 3 and 10**  
(millions of dollars)

<u>Revenue Source</u>	<u>Anticipated Surplus</u>	<u>Actual Surplus</u>	<u>Difference</u>
Withholding	\$ 30.0	\$ 82.2	\$ 52.2
Nonwithholding	107.0	98.9	(8.1)
Sales and Use	20.0	8.9	(11.1)
Corporate Income	35.0	20.1	(14.9)
Wills (Recordation)	(30.0)	(28.3)	1.7
Insurance Premiums	(15.0)	(18.7)	(3.7)
All Other	(19.0)	(16.1)	2.9
<b>Total GF Revenue</b>	<b>\$ 128.0</b>	<b>\$ 147.0</b>	<b>\$ 19.0</b>

# U.S. and Virginia Economic Outlook

***The revised economic and revenue forecasts result from the forecasting process set forth in the Code of Virginia...***

§ 2.2-1503. Filing of six-year revenue plan by Governor.

1. Forecasts of economic activity in the Commonwealth.
2. Review by an advisory board of economists with respect to economic assumptions and technical econometric methodology. The Advisory Board of Economists (the Board) is established as an advisory board, within the meaning of § 2.2-2100...
3. Review by an advisory council of revenue estimates with respect to economic assumptions and the general economic climate of the Commonwealth. The Advisory Council on Revenue Estimates (the Council) is established as an advisory council, within the meaning of § 2.2-2100...

## ***The Governor's Advisory Board of Economists...***

Dr. Vinod Agarwal, Old Dominion University  
Dr. John M. Albertine, Albertine Enterprises  
Dr. David A. Brat, Randolph-Macon College  
Dr. Christine Chmura, Chmura Economics and Analytics  
Dr. Stephen S. Fuller, George Mason University  
Dr. George Hoffer, Virginia Commonwealth University  
Dr. Daniel C. Messerschmidt, Lynchburg College  
Dr. Roy L. Pearson, The College of William and Mary  
Dr. Michael D. Pratt, Virginia Commonwealth University  
Ms. Kitty Vollbrecht, Norfolk Southern Corporation  
Mr. Roy H. Webb, Federal Reserve Bank of Richmond  
Dr. Gilbert R. Yochum, Old Dominion University

- The Governor's Advisory Board of Economists met on October 18<sup>th</sup> to assess the economic outlook for the nation and Virginia.
  - Participants included a senior official from Global Insight, 12 economists that constitute the Board, and staff from 10 executive and legislative agencies.
  - The Governor appointed three of the 12 members based on recommendations of the General Assembly.
  - The Board recommended the Standard economic outlook on which to base the preliminary revenue forecast.



## ***The Governor's Advisory Council on Revenue Estimates...***

The Honorable William J. Howell, Virginia House of Delegates

The Honorable John H. Chichester, Senate of Virginia

The Honorable Walter A. Stosch, Senate of Virginia

The Honorable H. Morgan Griffith, Virginia House of Delegates

The Honorable Harry R. Purkey, Virginia House of Delegates

The Honorable Vincent F. Callahan, Jr., Virginia House of Delegates

Mr. Hobey Bauhan, Virginia Poultry Federation

Mr. Thomas R. Byrd, Anthem Blue Cross Blue Shield of Virginia

Mr. Thomas F. Farrell, II, Dominion Resources, Inc.

Mr. Michael D. Fraizer, Genworth Financial

Mr. William M. Grace, Grace Industries, Incorporated

Dr. Robert D. Hardie, Level One Partners, LLC

Mr. Richard W. Hausler, KSI Services, Inc.

Mr. James A. Hixon, Norfolk Southern Corporation

Mr. Allen B. King, Universal Leaf Tobacco Company, Inc.

Mr. Randal J. Kirk, Third Security, LLC

Dr. Jeffrey M. Lacker, Federal Reserve Bank of Richmond

Mr. Michael Petters, Northrop Grumman Newport News

Mr. Russ Ramsey, Ramsey Asset Management

Mr. Stuart C. Siegel, S & K Famous Brands, Inc.

Ms. Diane M. Smith, Strategic Analysis, Inc.

Mr. Leo H. Suggs, Overnite Transportation Company

Mr. Robert W. Woltz, Verizon Virginia

## ***The Governor's Advisory Council on Revenue Estimates (continued)...***

- The Governor's Advisory Council on Revenue Estimates met on November 20<sup>th</sup> to review the preliminary revenue forecast that was built upon the recommendations of the Board of Economists.
  - Council members endorsed the Standard economic outlook and resulting revenue forecast.
  - GACRE members were particularly cautious about the housing market.

***National economic growth has slowed, dampened by the cooling housing market and higher interest rates...***

- Current indicators suggest a trend to slower economic growth:
  - Real GDP Growth -- 2.2% in the 3<sup>rd</sup> quarter
  - Employment -- uneven, averaging 150,000 per month
  - Unemployment Rate -- 4.5% in November
  - Jobless Claims -- near 325,000 per week
  - Institute of Supply Manager's manufacturing index -- below 50.0 -- housing & auto sectors are a drag
  - Retail Sales (w/o autos) -- up 5.3% year-over-year
  - Inflation -- core CPI at 2.8%
- Uncertainty still exists due to:
  - Housing
  - Energy Prices
  - Federal Government Spending
- The U.S. outlook anticipates that the economy will continue on a solid path of growth.

	<u>FY07</u>	<u>FY08</u>
Employment	1.2%	1.2%
Personal Income	6.4%	5.2%

***Over the next two years, economic growth in Virginia is expected to outpace the nation...***

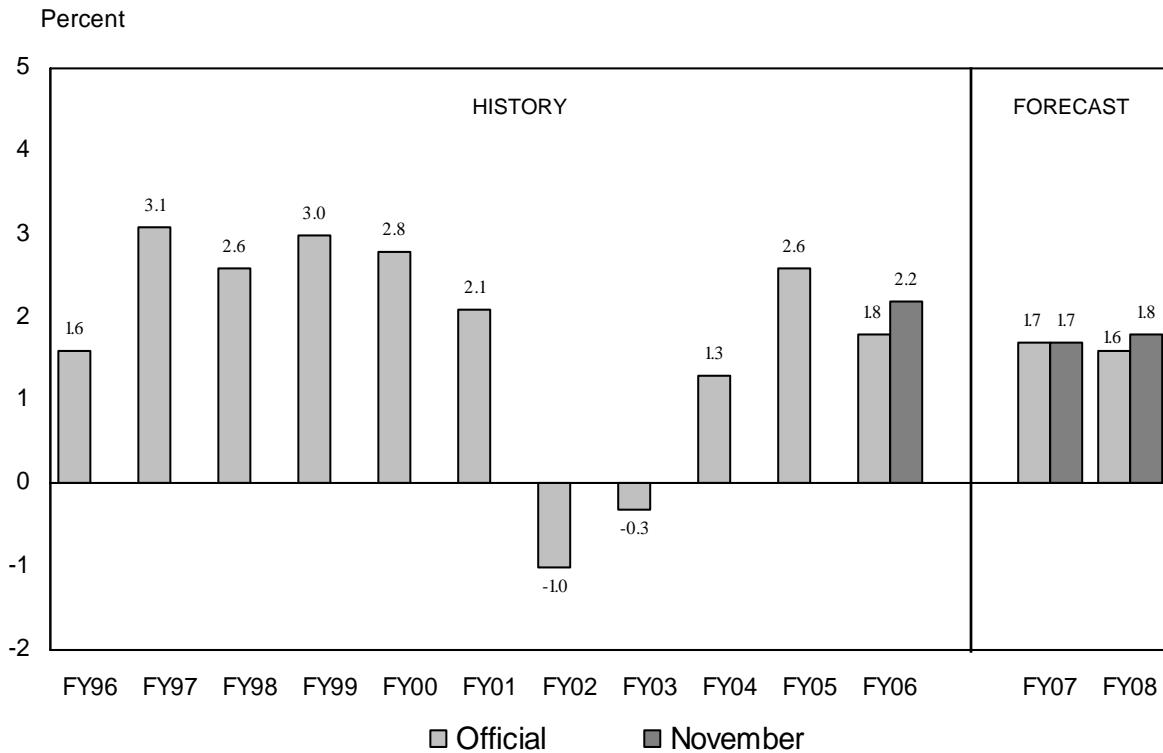
**Comparison of Key Economic Variables**

U.S. and Virginia  
(annual percent change)

	FY06 <u>Actual</u>	FY07 <u>Forecast</u>	FY08 <u>Forecast</u>
Employment			
U.S.	1.5	1.2	1.2
Virginia	2.2	1.7	1.8
Personal Income			
U.S.	5.9	6.4	5.2
Virginia	6.1	6.6	6.2
Wages and Salaries			
U.S.	6.6	6.2	4.6
Virginia	6.8	6.5	6.1
Unemployment			
U.S.	4.8	4.8	5.0
Virginia	3.2	3.3	3.5

***Employment growth is expected to moderate to long-term trends, similar to last year's expectations...***

**Virginia Employment Growth**  
FY 1996-06 Actual and FY 2007-08 Forecast



**Annual Job Gains**

	<u># of Jobs</u>	<u>% Change</u>
FY05 Actual	+91,500	2.6%
FY06 Actual	+78,600	2.2%
FY07 Forecast	+63,800	1.7%
FY08 Forecast	+68,000	1.8%

***The Virginia economic outlook, on which the revenue forecast is based, anticipates growth approximating long-term trends...***

- This year's standard forecast for employment and wage and salary growth is essentially unchanged as compared to last year's official estimate.

**Comparison of Virginia Economic Outlook**  
 Official and November  
 (annual percent change)

	Fiscal Year			
	05	06	07	08
Employment				
Official ('05)	2.5	1.8	1.7	1.6
November ('06)	2.6	2.2	1.7	1.8
Wages & Salaries				
Official ('05)	8.5	6.9	6.4	6.0
November ('06)	7.2	6.8	6.5	6.1
Average Wage				
Official ('05)	5.8	5.0	4.6	4.4
November ('06)	4.5	4.5	4.7	4.2
Personal Income				
Official ('05)	8.3	7.2	6.5	6.0
November ('06)	6.8	6.1	6.6	6.2

# December Revenue Forecast

***The revisions in the revenue forecast reflect growth in two of the most volatile revenue sources...***

- Most of the revision can be attributed to increases in the nonwithholding and corporate income tax forecasts and a decrease in the recordation tax forecast.
- Withholding and sales tax collections (75% of total revenues) -- revenue sources most closely tied to Virginia's economic activity -- are marginally changed from last year's official forecast.

**Summary of the Revised General Fund Revenue Forecast**  
**Fiscal Years 2007 and 2008**  
(millions of dollars)

Major Source	Fiscal Year 07		Fiscal Year 08	
	\$ Amount	\$ Change	\$ Amount	\$ Change
Withholding	\$ 8,517.5	\$ 31.0	\$ 9,056.7	\$ 60.0
Nonwithholding	2,789.2	303.2	2,902.5	333.8
Refunds	1,337.1	14.9	1,442.3	65.9
Net Individual	\$ 9,969.6	\$ 319.3	\$ 10,516.9	\$ 327.9
Sales and Use	\$ 3,089.5	\$ (65.5)	\$ 3,253.2	\$ (61.8)
Corporate Income	901.4	113.8	794.9	14.5
Wills (Recordation)	554.4	(33.6)	554.9	(110.1)
Insurance Premiums	384.6	(31.8)	411.1	(29.1)
All Other Revenue	894.0	30.7	900.1	47.4
<b>Total GF Revenue</b>	<b>\$ 15,793.5</b>	<b>\$ 332.9</b>	<b>\$ 16,431.1</b>	<b>\$ 188.8</b>



***The revisions in the revenue forecast reflect strong growth in two of the most volatile revenue sources (continued)...***

**Summary of the Revised General Fund Revenue Forecast**  
 Fiscal Years 2007 and 2008  
 (annual percent change)

Major Source	As a % of Total Revenue	FY 2007 % Growth	FY 2008 % Growth
Withholding	54.9 %	5.7 %	6.3 %
Nonwithholding	16.1	10.2	4.1
Refunds	8.6	4.2	7.9
Net Individual	62.4 %	7.1 %	5.5 %
Sales and Use	20.4 %	4.1 %	5.3 %
Corporate Income	5.1	3.4	(11.8)
Wills (Recordation)	3.8	(20.2)	0.1
Insurance Premiums	2.7	2.9	6.9
All Other Revenue	5.6	15.7	0.7
<b>Total GF Revenue</b>	<b>100.0 %</b>	<b>5.4 %</b>	<b>4.0 %</b>

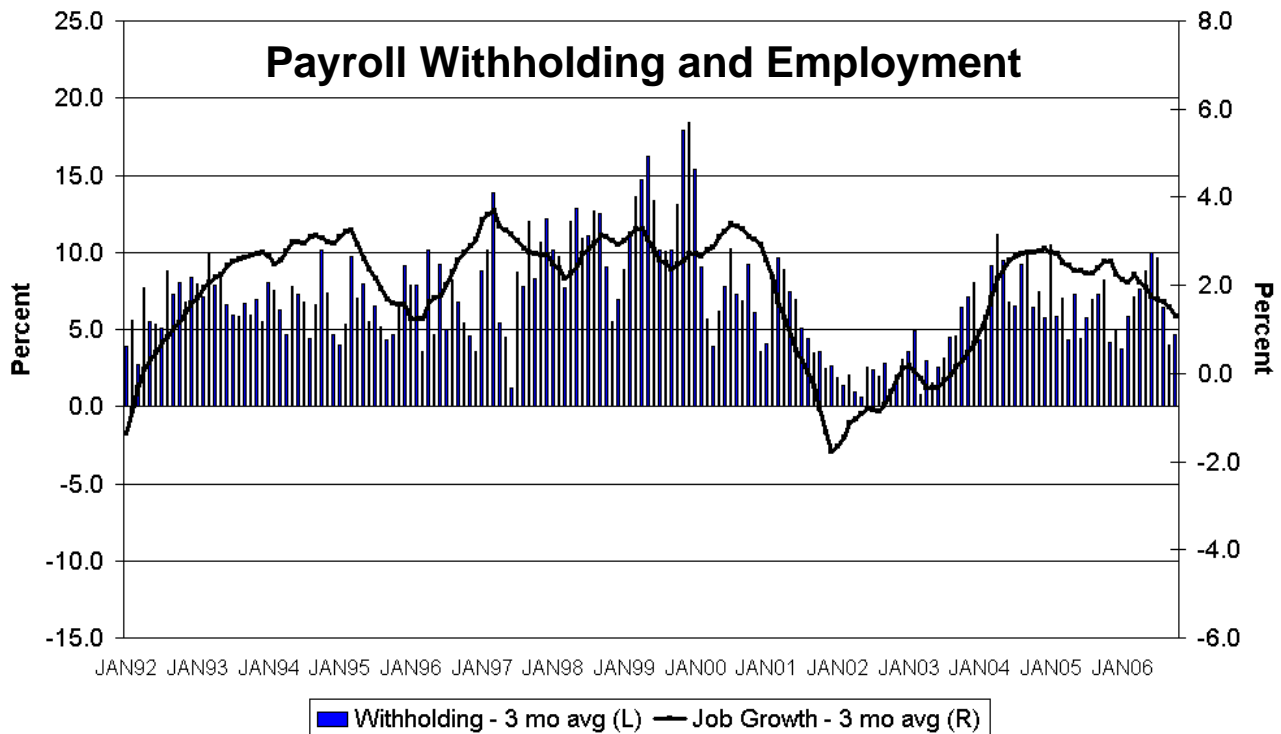
Note: The FY07 growth rate for Sales and Total is adjusted for the end of the Accelerated Sales Tax program in FY06. Unadjusted for this program, Sales is projected to increase 9.8% and Total is projected to increase 6.5%.

***Withholding has been revised upward from the official forecast to reflect the November 2006 economic outlook...***

- Predicted growth in withholding is similar to projected wage and salary growth -- typical of trend economic growth.

**Wages and Salaries and Withholding**  
(annual percent change)

	Wages and Salaries	Withholding
FY06 actual	6.8%	7.3%
FY07 forecast	6.5%	5.7%
FY08 forecast	6.1%	6.3%



***Sales tax projections have been reduced from last year's official forecast to reflect the slowdown in housing...***

- Despite strong growth projections for personal income, the slowdown in housing is expected to reduce housing-related taxable sales thus slowing the overall rate of growth in sales tax.

**Personal Income and Sales Tax**  
(annual percent change)

	Personal Income	December Sales Tax *	Official Sales Tax *
FY06 actual	6.1%	6.1%	6.0%
FY07 forecast	6.6%	4.1%	5.2%
FY08 forecast	6.2%	5.3%	4.9%

\*FY06 adjusted for tax policy changes. FY07 and FY08 represent model growth rates.

## ***Homebuilding and furnishings account for a significant portion of sales tax collections...***

- Representing about 30% of total taxable sales, housing-related taxable sales are expected to soften.

### **Taxable Sales – FY05**

Dollars and Percent Share Each Component of Total

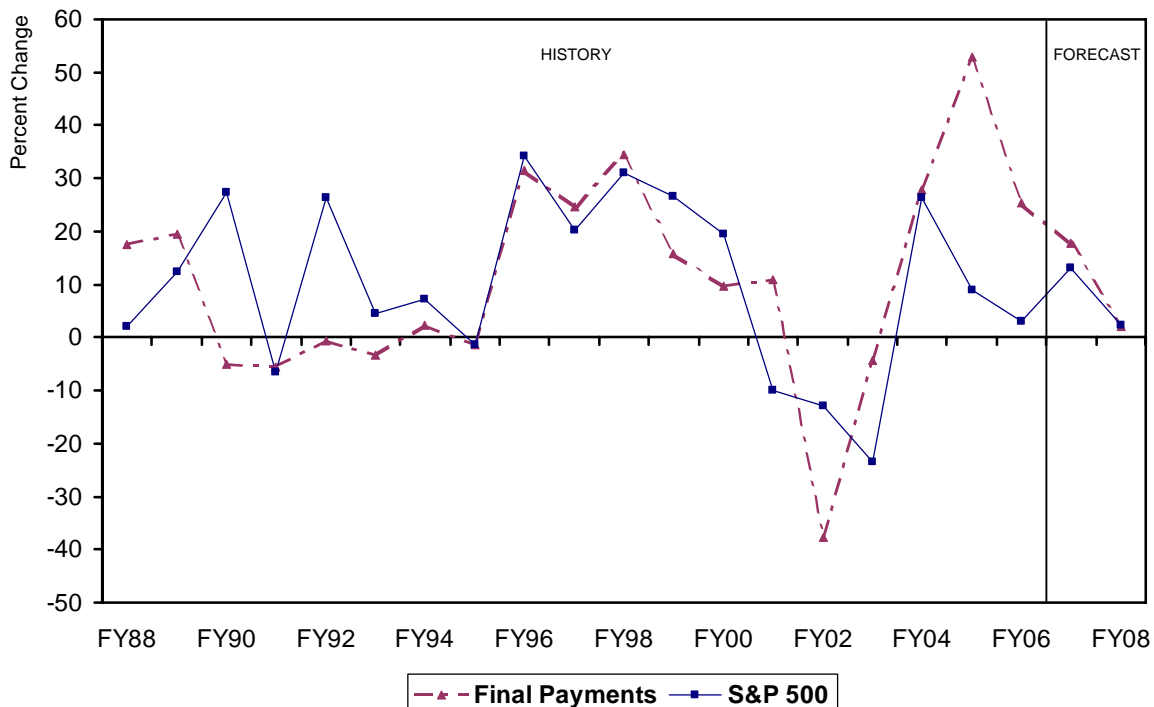
Business Classification*	FY05	% share
Apparel	4,397,740,957	5.4%
Automotive	5,342,922,312	6.5%
Restaurants	10,061,609,819	12.3%
Furniture, Home Furnishings, and Equipment	7,370,544,963	9.0%
General Merchandise	14,087,125,137	17.2%
Lumber, Building Material, and Supply	8,867,349,334	10.8%
Fuel	509,477,628	0.6%
Machinery, Equipment, and Supplies	4,703,305,749	5.7%
Miscellaneous	18,699,984,625	22.8%
Hotels, Motels	2,381,340,007	2.9%
Unidentified	5,473,175,673	6.7%
<b>Total Taxable Sales (ex. Food)</b>	<b>81,894,576,204</b>	<b>100.0%</b>
Housing Market-Related	20,941,200,046	25.6%
General Merchandise and Miscellaneous Portion	3,278,710,976	4.0%
<b>Total Housing Market-Related</b>	<b>24,219,911,022</b>	<b>29.6%</b>

\* Based on old TAX business classification categories. Future data will be presented by NAICS sectors.

## ***Growth in nonwithholding tax payments is expected to moderate from FY06's strong performance...***

- Nonwithholding payments flow from non-wage income such as capital gains, self-employment income, bonuses, and stock options.
- The December forecast projects growth moderating in final payments with reduced capital gains realizations and slower growth in non-wage income.
  - The unprecedented growth in final payments over the last two years was likely boosted by the reduction in federal tax rates on capital gains.

### **Final Payments and the S&P 500**

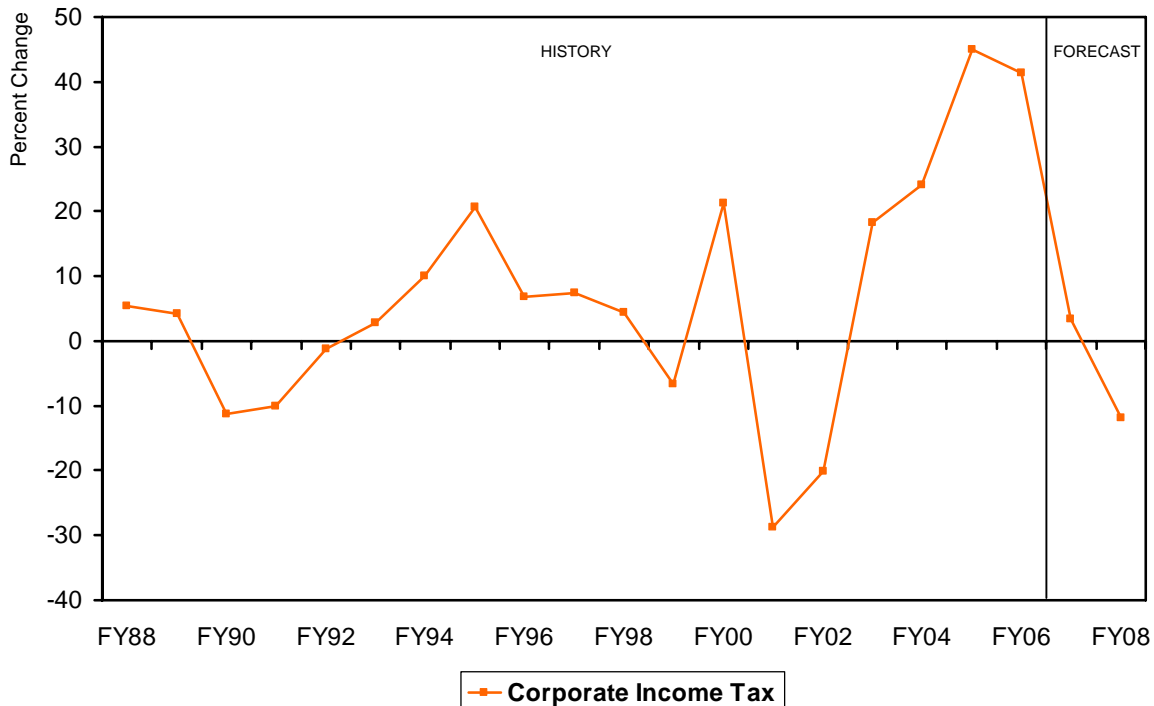


Note: S&P 500 growth is for the prior calendar year, i.e., FY06 is CY05.

## ***Growth in corporate income tax payments is expected to moderate from the record-setting pace of the last two years...***

- Corporate income tax is the most volatile revenue source. Over time, one year in three has seen a decline in collections.
- Since FY02, corporate profits have surged, driven by productivity gains. Growth is expected to slow in FY07 and decline in FY08.
  - The outlook for corporate income taxes was supported by a majority of the business leaders on the Governor's Advisory Council on Revenue Estimates (GACRE).

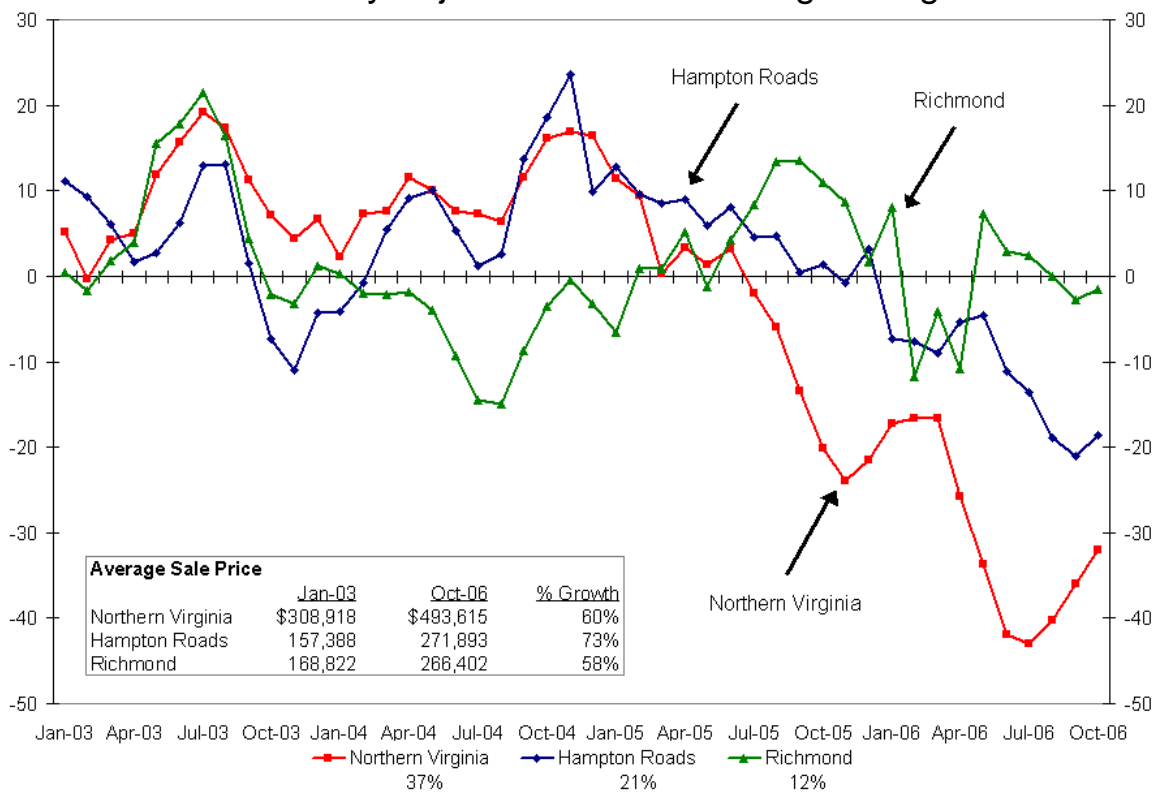
### **Growth in Corporate Income Tax Payments**



# ***Recordation tax receipts are expected to continue declining with the slowdown in the housing market...***

- Home sales have been declining since last October, with price appreciation slowing precipitously over the period.
- Recordation tax collections fell 22% through the first five months of FY07.

**Pending Home Sales**  
 Northern Virginia, Hampton Roads, and Richmond  
 Year-over-Year Percent Change  
 Seasonally-adjusted 3-month moving average



## ***The additional revenues allow the Governor to propose additional tax relief...***

- The proposal increases the filing threshold effective January 1, 2008, for the Virginia individual income tax.
  - Increased from \$7,000 to \$12,000 for individuals
  - Increased from \$14,000 to \$24,000 for married couple
- According to data from tax year 2004, this change in the filing threshold would mean that 176,000 people, who now have to file the paperwork to prove they owe no taxes, would no longer have to file.
- Another 147,000 Virginians would no longer have to pay any state income tax.
- Slightly less than 10 percent of all returns will be eliminated.
- This proposal not only provides meaningful tax relief to those low income citizens who need it the most; it also eliminates the burden of having to file a tax return just to prove that they owe no tax.
- The revenue impact is very modest.
  - FY08 -- \$13.8 million
  - FY09 -- \$27.4 million
  - FY10 -- \$24.9 million



***Transportation revenues are expected to decline...***

**Summary of the Revised  
Commonwealth Transportation Fund Revenue Forecast  
Fiscal Years 2007 and 2008  
(millions of dollars)**

Major Source	Fiscal Year 07		Fiscal Year 08	
	\$ Amount	\$ Change	\$ Amount	\$ Change
Motor Fuels Tax	\$ 852.2	\$ (13.5)	\$ 868.1	\$ (32.3)
Motor Vehicle Sales And Use	587.5	(34.2)	606.0	(26.3)
Retail Sales and Use Tax	508.7	(8.5)	536.0	(6.5)
Motor Vehicle License Fees	170.4	(0.3)	173.5	1.4
All Other Revenue	169.1	14.6	168.8	12.6
<b>Total State Taxes and Fees</b>	<b>\$ 2,287.9</b>	<b>\$ (41.9)</b>	<b>\$ 2,352.4</b>	<b>\$ (51.1)</b>

# November Revenue Collections

# ***Total general fund revenue growth rate has decelerated...***

## **Summary of Fiscal Year 2007 Revenue Collections**

(Adjusting for the Accelerated Sales Tax Program in FY 2006)

July 2006 through November 2006

Major Source	As a % of Total Revenues	Percent Growth over Prior Year		
		YTD Actual	Chapter 10 Estimate	Variance
Withholding	54.9 %	5.7 %	5.3 %	0.4 %
Nonwithholding	16.1	15.9	(1.7)	17.6
Refunds	8.6	107.8	3.1	104.7
Net individual	62.4 %	4.2 %	3.7 %	0.5 %
Sales and Use *	20.4 %	2.7 %	6.3 %	(3.6) %
Corporate Income	5.1	5.4	(9.6)	15.0
Wills (Recordation)	3.8	(22.1)	(15.4)	(6.7)
Insurance	2.7	(5.3)	11.4	(16.7)
All Other Revenue	5.6	21.0	11.7	9.4
<b>Total **</b>	<b>100.0 %</b>	<b>3.2 %</b>	<b>3.1 %</b>	<b>0.1 %</b>

\* Adjusted for the end of the Accelerated Sales Tax program in FY06. Unadjusted growth stands at 17.5% compared with the forecast of 12.2% growth.

\*\* Year-to-date growth adjusted for the end of the Accelerated Sales Tax program in FY06. Unadjusted for the Accelerated Sales Tax program, growth stands at 6.1%, above the forecast of 4.2% growth.

## Key Risks to the Outlook

## ***Key risks to the forecast...***

- The ongoing slowdown in housing activity and its effect on economic growth.
- What will happen with interest rates and the resulting impact on consumer behavior and corporate activity.
- The extent to which elevated energy prices reduce households' discretionary income.
- The impact of economic uncertainty on gains in financial markets.
- A slowdown in defense and federal procurement spending.
- Geopolitical pressures, particularly in the Middle East.

## **APPENDIX**

U.S. Economic Indicators

Virginia Economic Indicators

General Fund Forecast for FY 2007 through FY 2014

Growth in General Fund Revenues, FY 1961 through FY 2008

Nongeneral Fund Forecast for FY 2007 through FY 2012

November 2006 Revenue Report

**Fiscal Years 2005-2010 October & Official  
U.S. Economic Forecasts - Income and Other Indicators**

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		<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
<u>Output, Income and Spending (% Change)</u>							
GDP	-October Std.	6.4	6.7	5.1	4.8	5.6	5.1
	-Official	6.5	6.3	5.3	5.6	5.4	5.1
Real GDP	-October Std.	3.3	3.4	2.6	2.7	3.5	3.2
	-Official	3.7	3.4	3.1	3.4	3.2	2.8
Total Personal Income	-October Std.	6.1	5.9	6.4	5.2	6.0	5.9
	-Official	6.4	5.8	6.4	5.8	5.8	5.5
Wages and Salaries (56%)*	-October Std.	5.3	6.6	6.2	4.6	5.5	5.5
	-Official	6.8	5.7	6.0	5.8	5.6	5.1
Average Wage (Nonag. Employ.)	-October Std.	3.8	5.0	5.0	3.4	3.9	4.0
	-Official	5.1	4.1	4.5	4.5	4.5	4.3
Real Consumer Spending	-October Std.	3.7	3.3	3.0	2.8	3.3	3.4
	-Official	3.7	2.8	3.4	3.2	3.2	2.9
<u>Interest Rates (%)</u>							
3-Month Treasury Bills	-October Std.	2.2	4.1	4.8	4.4	4.5	4.6
	-Official	2.2	4.0	4.4	4.6	4.8	4.9
30-Year Treasury Bonds	-October Std.	4.8	4.7	4.8	4.8	5.5	5.7
	-Official	4.8	4.9	5.3	5.6	5.8	6.1
<u>Prices (% Change)</u>							
CPI	-October Std.	3.0	3.8	2.4	2.2	1.8	1.8
	-Official	3.0	3.8	1.5	1.6	2.0	2.1
GDP Deflator	-October Std.	3.0	3.1	2.5	2.0	2.0	1.9
	-Official	2.7	2.8	2.1	2.0	2.2	2.2

The October Std. forecast is Global Insight's October 2006 U.S. standard forecast.

The Official forecast is Global Insight's October 2005 U.S. standard forecast.

\* Represents the sector's percentage share of total.

**Fiscal Years 2005-2010 October & Official  
U.S. Economic Forecasts - Employment and Labor Markets**

			<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
<u>Employment and Labor Markets (% Change)</u>								
Total Nonagricultural Employment	-October Std.		1.5	1.5	1.2	1.2	1.6	1.4
	-Official		1.6	1.5	1.4	1.3	1.1	0.7
Manufacturing (11%)*	-October Std.		(0.2)	(0.5)	(0.2)	(0.4)	(1.0)	(0.2)
	-Official		0.0	(0.6)	(1.4)	(0.5)	(0.3)	(0.4)
Construction (6%)	-October Std.		4.2	4.1	0.4	(1.7)	1.3	2.5
	-Official		3.8	3.4	0.5	2.1	0.6	0.5
Trade, Transportation, and Utilities (19%)	-October Std.		1.4	1.1	0.5	1.5	1.7	0.8
	-Official		1.2	1.3	1.7	1.3	0.7	0.3
Information (2%)	-October Std.		(2.1)	(0.5)	(0.2)	(0.9)	2.0	0.7
	-Official		(0.5)	0.6	2.1	1.6	1.6	1.9
Financial Activities (6%)	-October Std.		0.9	2.0	1.3	0.3	1.0	1.7
	-Official		1.6	1.1	(0.5)	0.8	0.9	1.1
Professional and Business Services (13%)	-October Std.		3.0	2.8	2.5	3.3	4.9	3.4
	-Official		3.2	3.2	3.4	4.0	3.4	2.0
Education and Health Services (13%)	-October Std.		2.3	2.3	2.2	1.4	1.7	1.0
	-Official		2.3	2.2	1.9	1.4	1.1	0.3
Leisure and Hospitality (10%)	-October Std.		2.6	2.1	2.2	2.7	1.3	1.9
	-Official		2.3	2.0	2.2	0.7	1.5	0.8
Other Services (4%)	-October Std.		(0.2)	(0.1)	0.7	1.0	0.0	0.1
	-Official		0.8	0.7	1.4	1.4	1.5	1.4
Government (16%)	-October Std.		0.7	0.8	0.8	0.5	1.5	1.7
	-Official		0.6	0.9	1.1	0.5	0.4	0.8
Unemployment Rate (%)	-October Std.		5.3	4.8	4.8	5.0	4.8	4.6
	-Official		5.3	5.0	4.9	4.9	4.8	4.8

The October Std. forecast is Global Insight's October 2006 U.S. standard forecast.

The Official forecast is Global Insight's October 2005 U.S. standard forecast.

\* Represents the sector's percentage share of total.



**Fiscal Years 2005-2010 October & Official  
Virginia Economic Forecasts - Employment and Labor Markets**

		<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
<u>Employment (% Change)</u>							
Total Nonagricultural Employment	-October Std.	2.6	2.2	1.7	1.8	1.7	1.5
	-Official	2.5	1.8	1.7	1.6	1.2	0.8
Manufacturing (8%)*	-October Std.	(0.4)	(0.9)	0.4	(0.5)	(1.1)	(0.3)
	-Official	(0.1)	(0.3)	(1.2)	(0.4)	(0.2)	(0.4)
Construction & Mining (7%)	-October Std.	5.6	5.5	2.9	3.1	2.1	3.1
	-Official	4.9	3.2	1.3	2.2	0.8	0.5
Trade, Transportation, and Utilities (18%)	-October Std.	1.6	2.4	1.6	1.8	1.6	0.8
	-Official	1.7	1.3	1.7	1.4	0.5	0.1
Information (3%)	-October Std.	(5.8)	(2.7)	(0.2)	1.7	2.4	1.2
	-Official	(1.1)	1.4	2.5	2.6	2.6	3.1
Financial Activities (5%)	-October Std.	1.8	1.5	1.2	0.2	1.8	3.0
	-Official	1.5	2.0	(0.1)	0.9	1.3	1.6
Professional and Business Services (16%)	-October Std.	5.7	2.5	3.1	3.6	4.1	3.1
	-Official	4.5	3.1	3.1	3.4	3.1	1.6
Education and Health Services (11%)	-October Std.	3.4	4.1	2.2	1.8	2.0	1.3
	-Official	4.3	2.4	2.5	1.6	1.2	0.4
Leisure and Hospitality (9%)	-October Std.	3.4	2.6	2.5	2.1	1.0	1.1
	-Official	2.3	1.9	2.1	0.7	1.2	0.7
Other Services (5%)	-October Std.	2.1	0.8	2.2	2.2	0.3	0.2
	-Official	2.7	2.3	2.3	2.2	2.4	2.2
Government (18%)	-October Std.	1.9	1.6	0.3	0.9	1.0	0.9
	-Official	1.9	0.9	1.5	0.9	0.3	0.5
<u>Labor Markets (% Change)</u>							
Unemployment Rate (%)	-October Std.	3.6	3.2	3.3	3.5	3.3	3.2
	-Official	3.5	3.7	3.7	3.7	3.6	3.6

The October Std. forecast from the Department of Taxation is based on Global Insight's October 2006 U.S. standard forecast.

The Official Forecast from the Department of Taxation is based on Global Insight's October 2005 U.S. standard forecast.

\* Represents the sector's percentage share of total.

**Fiscal Years 2005-2010 October & Official  
Virginia Economic Forecasts - Income and Other Indicators**

		<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
<u>Income (% Change)</u>							
Total Personal Income	-October Std.	6.8	6.1	6.6	6.2	6.6	6.4
	-Official	8.3	7.2	6.5	6.0	6.0	5.4
Real Personal Income	-October Std.	4.0	2.8	4.4	4.2	4.7	4.5
	-Official	5.5	3.9	4.6	4.1	3.8	3.1
Wages and Salaries (58%)*	-October Std.	7.2	6.8	6.5	6.1	5.9	5.6
	-Official	8.5	6.9	6.4	6.0	5.9	5.2
Average Wage (Nonag. Employ.)	-October Std.	4.5	4.5	4.7	4.2	4.1	4.1
	-Official	5.8	5.0	4.6	4.4	4.7	4.4
Dividends, Interest, and Rent (16%)	-October Std.	2.5	4.1	7.7	7.6	9.5	10.0
	-Official	6.5	6.2	7.5	8.2	8.4	7.0
Supplements to Wages and Salaries (15%)	-October Std.	9.8	6.2	7.5	5.8	7.5	7.1
	-Official	12.1	8.9	6.5	5.5	5.3	6.1
Proprietor's Income (7%)	-October Std.	11.2	6.4	2.4	2.1	1.8	0.0
	-Official	8.2	7.5	5.3	3.6	3.0	2.5
<u>Migration and Housing (Thousands)</u>							
Net Migration	-October Std.	37.5	41.3	45.9	47.1	48.0	48.1
	-Official	40.9	41.2	41.2	41.2	41.3	41.5
Single Family Housing Starts	-October Std.	49.7	44.6	42.2	40.8	41.1	41.9
	-Official	50.6	53.7	49.9	49.1	47.9	47.1
Multi-Family Housing Starts	-October Std.	8.3	8.4	6.9	7.2	7.6	7.4
	-Official	11.1	10.8	11.1	11.7	11.2	10.4

The October Std. forecast from the Department of Taxation is based on Global Insight's October 2006 U.S. standard forecast.

The Official Forecast from the Department of Taxation is based on Global Insight's October 2005 U.S. standard forecast.

\* Represents the sector's percentage share of total.

**The Official and December Standard General Fund Forecast for Fiscal Year 2007**  
(Dollars in Millions)

December 15, 2006

	Fiscal Year 2006		Fiscal Year 2007			% Growth Over FY 06	
	Actual	% Growth	Official Forecast	December Forecast	Change	Official	December
<b>MAJOR TAX SOURCES</b>							
Corporate Income	\$ 871.6	41.3 %	\$ 787.6	\$ 901.4	\$ 113.8	(9.6) %	3.4 %
Individual Income Tax:							
Gross	10,591.2	10.5	10,972.5	11,306.7	334.2	3.6	6.8
Withholding	8,061.0	7.3	8,486.5	8,517.5	31.0	5.3	5.7
Nonwithholding	2,530.2	22.0	2,486.0	2,789.2	303.2	(1.7)	10.2
Refunds	<u>(1,282.6)</u>	<u>3.9</u>	<u>(1,322.2)</u>	<u>(1,337.1)</u>	<u>(14.9)</u>	<u>3.1</u>	<u>4.2</u>
Net	9,308.6	11.4	9,650.3	9,969.6	319.3	3.7	7.1
Insurance Company Premiums	373.8	0.1	416.4	384.6	(31.8)	11.4	2.9
State Sales & Use Tax	2,812.7	(4.5)	3,155.0	3,089.5	(65.5)	12.2	9.8
Wills, Suits, Deeds, & Contract Fees	<u>694.7</u>	<u>16.6</u>	<u>588.0</u>	<u>554.4</u>	<u>(33.6)</u>	<u>(15.4)</u>	<u>(20.2)</u>
Total Major Tax Sources	\$ 14,061.4	9.1 %	\$ 14,597.3	\$ 14,899.5	\$ 302.2	3.8 %	6.0 %
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>							
Alcoholic Beverage State Tax	\$ 110.0	7.1 %	\$ 112.9	\$ 114.4	\$ 1.5	2.6 %	4.0 %
Bank Franchise Tax	12.3	16.3	11.2	12.9	1.7	(9.1)	4.7
Beer & Beverage Excise Tax	42.9	2.8	42.0	44.0	2.0	(2.2)	2.5
Corporate Franchise & Charter Fees	46.4	7.7	45.3	45.3	0.0	(2.3)	(2.3)
Excess & Other Fees from Officers	(41.6)	(9.7)	(35.5)	(32.0)	3.5	14.6	23.1
Estate & Gifts	160.4	7.0	145.0	160.4	15.4	(9.6)	(0.0)
Institutional Revenues	8.2	(10.5)	9.2	8.8	(0.4)	11.7	6.9
Interest & Rents	97.1	15.4	182.1	194.9	12.8	87.5	100.7
Licenses & Permits	4.8	2.6	4.9	4.9	0.0	2.8	2.8
Miscellaneous Taxes and Penalties	202.1	(19.3)	239.7	217.7	(22.0)	18.6	7.7
Other Miscellaneous Revenues	40.2	(27.8)	13.7	30.2	16.5	(65.9)	(24.9)
Public Service GR / Consumption Tax	<u>90.0</u>	<u>1.9</u>	<u>92.8</u>	<u>92.5</u>	<u>(0.3)</u>	<u>3.1</u>	<u>2.8</u>
Total Misc. Taxes and Other Revenues	\$ 772.9	(3.7) %	\$ 863.3	\$ 894.0	\$ 30.7	11.7 %	15.7 %
<b>TOTAL GF REVENUES</b>	<b>\$ 14,834.3</b>	<b>8.4 %</b>	<b>\$ 15,460.6</b>	<b>\$ 15,793.5</b>	<b>\$ 332.9</b>	<b>4.2 %</b>	<b>6.5 %</b>
<b>TRANSFERS</b>							
A.B.C. Profits	\$ 30.0	20.7 %	\$ 27.3	\$ 27.3	\$ 0.0	(9.1) %	(9.1) %
Lottery Proceeds Fund	454.0	7.2	427.0	406.3	(20.7)	(5.9)	(10.5)
Transfers Per Appropriations Act	<u>381.6</u>	<u>31.1</u>	<u>345.1</u>	<u>360.8</u>	<u>15.7</u>	<u>(9.6)</u>	<u>(5.5)</u>
Total Transfers	\$ 865.7	17.1 %	\$ 799.4	\$ 794.4	\$ (5.0)	(7.7) %	(8.2) %
<b>TOTAL GENERAL FUND</b>	<b>\$ 15,700.0</b>	<b>8.8 %</b>	<b>\$ 16,260.0</b>	<b>\$ 16,587.9</b>	<b>\$ 327.9</b>	<b>3.6 %</b>	<b>5.7 %</b>

The Official forecast is based on the October 2005 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation, and reflects actions of the 2006 General Assembly, Special Session I.  
The December Standard forecast is based on the October 2006 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation, and incorporates recommendations of GABE and GACRE.

**The Official and December Standard General Fund Forecast for Fiscal Year 2008**

(Dollars in Millions)

December 15, 2006

	Fiscal Year 2008					2007-2008 Biennium		
	Official Forecast	December Forecast	Change	% Growth Over FY 07 Official	% Growth Over FY 07 December	Official Forecast	December Forecast	Change
<b>MAJOR TAX SOURCES</b>								
Corporate Income	\$ 780.4	\$ 794.9	\$ 14.5	(0.9) %	(11.8) %	\$ 1,568.0	\$ 1,696.3	\$ 128.3
Individual Income Tax:								
Gross	11,565.4	11,959.2	393.8	5.4	5.8	22,537.9	23,265.9	728.0
Withholding	8,996.7	9,056.7	60.0	6.0	6.3	17,483.2	17,574.2	91.0
Nonwithholding	2,568.7	2,902.5	333.8	3.3	4.1	5,054.7	5,691.7	637.0
Refunds	<u>(1,376.4)</u>	<u>(1,442.3)</u>	<u>(65.9)</u>	<u>4.1</u>	<u>7.9</u>	<u>(2,698.6)</u>	<u>(2,779.4)</u>	<u>(80.8)</u>
Net	10,189.0	10,516.9	327.9	5.6	5.5	19,839.3	20,486.5	647.2
Insurance Company Premiums	440.2	411.1	(29.1)	5.7	6.9	856.6	795.7	(60.9)
State Sales & Use Tax	3,315.0	3,253.2	(61.8)	5.1	5.3	6,470.0	6,342.7	(127.3)
Wills, Suits, Deeds, & Contract Fees	<u>665.0</u>	<u>554.9</u>	<u>(110.1)</u>	<u>13.1</u>	<u>0.1</u>	<u>1,253.0</u>	<u>1,109.3</u>	<u>(143.7)</u>
Total Major Tax Sources	\$ 15,389.6	\$ 15,531.0	\$ 141.4	5.4 %	4.2 %	\$ 29,986.9	\$ 30,430.5	\$ 443.6
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>								
Alcoholic Beverage State Tax	\$ 117.1	\$ 119.0	\$ 1.9	3.7 %	4.0 %	\$ 230.0	\$ 233.4	\$ 3.4
Bank Franchise Tax	11.5	13.3	1.8	2.7	3.1	22.7	26.2	3.5
Beer & Beverage Excise Tax	42.0	44.0	2.0	0.0	0.0	84.0	88.0	4.0
Corporate Franchise & Charter Fees	46.3	46.3	0.0	2.2	2.2	91.6	91.6	0.0
Excess & Other Fees from Officers	(32.0)	(32.0)	0.0	9.9	0.0	(67.5)	(64.0)	3.5
Estate & Gifts	105.0	129.4	24.4	(27.6)	(19.3)	250.0	289.8	39.8
Institutional Revenues	9.2	8.8	(0.4)	0.0	0.0	18.4	17.6	(0.8)
Interest & Rents	185.7	194.9	9.2	2.0	0.0	367.8	389.8	22.0
Licenses & Permits	5.0	5.0	0.0	2.0	2.0	9.9	9.9	0.0
Miscellaneous Taxes and Penalties	253.1	244.5	(8.6)	5.6	12.3	492.8	462.2	(30.6)
Other Miscellaneous Revenues	14.7	31.8	17.1	7.3	5.3	28.4	62.0	33.6
Public Service GR / Consumption Tax	<u>95.1</u>	<u>95.1</u>	<u>0.0</u>	<u>2.5</u>	<u>2.8</u>	<u>187.9</u>	<u>187.6</u>	<u>(0.3)</u>
Total Misc. Taxes and Other Revenues	\$ 852.7	\$ 900.1	\$ 47.4	(1.2) %	0.7 %	\$ 1,716.0	\$ 1,794.1	\$ 78.1
<b>TOTAL GF REVENUES</b>	<b>\$ 16,242.3</b>	<b>\$ 16,431.1</b>	<b>\$ 188.8</b>	<b>5.1 %</b>	<b>4.0 %</b>	<b>\$ 31,702.9</b>	<b>\$ 32,224.6</b>	<b>\$ 521.7</b>
<b>TRANSFERS</b>								
A.B.C. Profits	\$ 29.1	\$ 29.1	\$ 0.0	6.6 %	6.6 %	\$ 56.4	\$ 56.4	\$ 0.0
Lottery Proceeds Fund	426.1	405.4	(20.7)	(0.2)	(0.2)	853.1	811.7	(41.4)
Transfers Per Appropriations Act	<u>331.0</u>	<u>454.0</u>	<u>123.0</u>	<u>(4.1)</u>	<u>25.8</u>	<u>676.1</u>	<u>814.8</u>	<u>138.7</u>
Total Transfers	\$ 786.2	\$ 888.5	\$ 102.3	(1.7) %	11.8 %	\$ 1,585.6	\$ 1,682.9	\$ 97.3
<b>TOTAL GENERAL FUND</b>	<b>\$ 17,028.5</b>	<b>\$ 17,319.6</b>	<b>\$ 291.1</b>	<b>4.7 %</b>	<b>4.4 %</b>	<b>\$ 33,288.5</b>	<b>\$ 33,907.5</b>	<b>\$ 619.0</b>

The Official forecast is based on the October 2005 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation, and reflects actions of the 2006 General Assembly, Special Session I.

The December Standard forecast is based on the October 2006 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation, and incorporates recommendations of GABE and GACRE.

**The Official and December Standard General Fund Forecast for Fiscal Year 2009**

(Dollars in Millions)

December 15, 2006

	<b>Fiscal Year 2009</b>				
	Official Forecast	December Forecast	Change	% Growth Over FY 08 Official      December	
<b>MAJOR TAX SOURCES</b>					
Corporate Income	\$ 874.6	\$ 864.4	\$ (10.2)	12.1 %	8.7 %
Individual Income Tax:					
Gross	12,324.9	12,734.9	410.0	6.6	6.5
Withholding	9,628.5	9,605.7	(22.8)	7.0	6.1
Nonwithholding	2,696.4	3,129.2	432.8	5.0	7.8
Refunds	<u>(1,542.6)</u>	<u>(1,536.4)</u>	<u>6.2</u>	<u>12.1</u>	<u>6.5</u>
Net	10,782.3	11,198.5	416.2	5.8	6.5
Insurance Company Premiums	440.2	432.2	(8.0)	0.0	5.1
State Sales & Use Tax	3,470.4	3,435.4	(35.0)	4.7	5.6
Wills, Suits, Deeds, & Contract Fees	<u>685.0</u>	<u>599.3</u>	<u>(85.7)</u>	<u>3.0</u>	<u>8.0</u>
Total Major Tax Sources	\$ 16,252.5	\$ 16,529.8	\$ 277.3	5.6 %	6.4 %
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>					
Alcoholic Beverage State Tax	\$ 114.0	\$ 123.8	\$ 9.8	(2.6) %	4.0 %
Bank Franchise Tax	11.5	13.7	2.2	0.0	3.0
Beer & Beverage Excise Tax	42.0	44.0	2.0	0.0	0.0
Corporate Franchise & Charter Fees	46.3	46.3	0.0	0.0	0.0
Excess & Other Fees from Officers	(28.0)	(33.0)	(5.0)	12.5	(3.1)
Estate & Gifts	120.2	0.0	(120.2)	14.5	NA
Institutional Revenues	9.2	8.8	(0.4)	0.0	0.0
Interest & Rents	148.2	190.3	42.1	(20.2)	(2.4)
Licenses & Permits	5.0	5.0	0.0	0.0	0.0
Miscellaneous Taxes and Penalties	267.2	245.3	(21.9)	5.6	0.3
Other Miscellaneous Revenues	13.6	35.6	22.0	(7.5)	11.9
Public Service GR / Consumption Tax	<u>98.0</u>	<u>97.7</u>	<u>(0.3)</u>	<u>3.0</u>	<u>2.7</u>
Total Misc. Taxes and Other Revenues	\$ 847.2	\$ 777.5	\$ (69.7)	(0.7) %	(13.6) %
<b>TOTAL GF REVENUES</b>	<b>\$ 17,099.7</b>	<b>\$ 17,307.3</b>	<b>\$ 207.6</b>	<b>5.3 %</b>	<b>5.3 %</b>
<b>TRANSFERS</b>					
A.B.C. Profits	\$ 24.6	\$ 29.1	\$ 4.5	(15.5) %	0.0 %
Lottery Proceeds Fund	426.1	405.4	(20.7)	0.0	0.0
Transfers Per Appropriations Act	<u>363.5</u>	<u>423.8</u>	<u>60.3</u>	<u>9.8</u>	<u>(6.7)</u>
Total Transfers	\$ 814.2	\$ 858.3	\$ 44.1	3.6 %	(3.4) %
<b>TOTAL GENERAL FUND</b>	<b>\$ 17,913.9</b>	<b>\$ 18,165.6</b>	<b>\$ 251.7</b>	<b>5.2 %</b>	<b>4.9 %</b>

The Official forecast is based on the October 2005 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation, and reflects actions of the 2006 General Assembly, Special Session I.

The December Standard forecast is based on the October 2006 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation, and incorporates recommendations of GABE and GACRE.

The Virginia Transportation Act of 2000 provides for the transfer and deposit, subject to appropriation, of one-third of the Insurance Premiums tax into the Priority Transportation Trust Fund, established by Section 33.1-23.03.8 of the Code of Virginia (Chapter 1044).

**The Official and December Standard General Fund Forecast for Fiscal Year 2010**

(Dollars in Millions)

December 15, 2006

	Fiscal Year 2010					2009-2010 Biennium		
	Official Forecast	December Forecast	Change	% Growth Over FY 09 Official	% Growth Over FY 09 December	Official Forecast	December Forecast	Change
<b>MAJOR TAX SOURCES</b>								
Corporate Income	\$ 935.1	\$ 898.1	\$ (37.0)	6.9 %	3.9 %	\$ 1,809.7	\$ 1,762.5	\$ (47.2)
Individual Income Tax:								
Gross	12,999.0	13,511.4	512.4	5.5	6.1	25,323.9	26,246.3	922.4
Withholding	10,143.5	10,165.5	22.0	5.3	5.8	19,772.0	19,771.2	(0.8)
Nonwithholding	2,855.5	3,345.9	490.4	5.9	6.9	5,551.9	6,475.1	923.2
Refunds	<u>(1,621.8)</u>	<u>(1,621.3)</u>	<u>0.5</u>	<u>5.1</u>	<u>5.5</u>	<u>(3,164.4)</u>	<u>(3,157.7)</u>	<u>6.7</u>
Net	11,377.2	11,890.1	512.9	5.5	6.2	22,159.5	23,088.6	929.1
Insurance Company Premiums	440.2	452.4	12.2	0.0	4.7	880.4	884.6	4.2
State Sales & Use Tax	3,624.8	3,620.9	(3.9)	4.4	5.4	7,095.2	7,056.3	(38.9)
Wills, Suits, Deeds, & Contract Fees	<u>685.0</u>	<u>629.3</u>	<u>(55.7)</u>	<u>0.0</u>	<u>5.0</u>	<u>1,370.0</u>	<u>1,228.6</u>	<u>(141.4)</u>
Total Major Tax Sources	\$ 17,062.3	\$ 17,490.8	\$ 428.5	5.0 %	5.8 %	\$ 33,314.8	\$ 34,020.6	\$ 705.8
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>								
Alcoholic Beverage State Tax	\$ 118.5	\$ 128.7	\$ 10.2	3.9 %	4.0 %	\$ 232.5	\$ 252.5	\$ 20.0
Bank Franchise Tax	11.5	14.1	2.6	0.0	2.9	23.0	27.8	4.8
Beer & Beverage Excise Tax	42.0	44.0	2.0	0.0	0.0	84.0	88.0	4.0
Corporate Franchise & Charter Fees	46.3	46.3	0.0	0.0	0.0	92.6	92.6	0.0
Excess & Other Fees from Officers	(28.0)	(33.0)	(5.0)	0.0	0.0	(56.0)	(66.0)	(10.0)
Estate & Gifts	120.2	0.0	(120.2)	0.0	NA	240.4	0.0	(240.4)
Institutional Revenues	9.2	8.8	(0.4)	0.0	0.0	18.4	17.6	(0.8)
Interest & Rents	148.2	190.3	42.1	0.0	0.0	296.4	380.6	84.2
Licenses & Permits	5.0	5.0	0.0	0.0	0.0	10.0	10.0	0.0
Miscellaneous Taxes and Penalties	267.7	246.2	(21.5)	0.2	0.4	534.9	491.5	(43.4)
Other Miscellaneous Revenues	13.6	36.3	22.7	0.0	2.0	27.2	71.9	44.7
Public Service GR / Consumption Tax	<u>100.9</u>	<u>100.5</u>	<u>(0.4)</u>	<u>3.0</u>	<u>2.9</u>	<u>198.8</u>	<u>198.2</u>	<u>(0.6)</u>
Total Misc. Taxes and Other Revenues	\$ 855.1	\$ 787.2	\$ (67.9)	0.9 %	1.2 %	\$ 1,702.2	\$ 1,564.7	\$ (137.5)
<b>TOTAL GF REVENUES</b>	<b>\$ 17,917.4</b>	<b>\$ 18,278.0</b>	<b>\$ 360.6</b>	<b>4.8 %</b>	<b>5.6 %</b>	<b>\$ 35,017.0</b>	<b>\$ 35,585.3</b>	<b>\$ 568.3</b>
<b>TRANSFERS</b>								
A.B.C. Profits	\$ 24.6	\$ 29.1	\$ 4.5	0.0 %	0.0 %	\$ 49.2	\$ 58.2	\$ 9.0
Lottery Proceeds Fund	426.1	405.4	(20.7)	0.0	0.0	852.2	810.8	(41.4)
Transfers Per Appropriations Act	<u>375.3</u>	<u>342.3</u>	<u>(33.0)</u>	<u>3.2</u>	<u>(19.2)</u>	<u>738.8</u>	<u>766.1</u>	<u>27.3</u>
Total Transfers	\$ 826.0	\$ 776.8	\$ (49.2)	1.4 %	(9.5) %	\$ 1,640.2	\$ 1,635.1	\$ (5.1)
<b>TOTAL GENERAL FUND</b>	<b>\$ 18,743.4</b>	<b>\$ 19,054.8</b>	<b>\$ 311.4</b>	<b>4.6 %</b>	<b>4.9 %</b>	<b>\$ 36,657.2</b>	<b>\$ 37,220.4</b>	<b>\$ 563.2</b>

The Official forecast is based on the October 2005 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation, and reflects actions of the 2006 General Assembly, Special Session I.

The December Standard forecast is based on the October 2006 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation, and incorporates recommendations of GABE and GACRE.

The Virginia Transportation Act of 2000 provides for the transfer and deposit, subject to appropriation, of one-third of the Insurance Premiums tax into the Priority Transportation Trust Fund, established by Section 33.1-23.03.8 of the Code of Virginia (Chapter 1044).

**The December Standard General Fund Forecast for Fiscal Years 2011-2014**  
(Dollars in Millions)

December 15, 2006

	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
<b>MAJOR TAX SOURCES</b>				
Corporate Income	\$ 907.8	\$ 930.1	\$ 952.9	\$ 976.1
Individual Income Tax:				
Gross	14,280.6	15,039.3	15,841.2	16,689.3
Withholding	10,701.1	11,214.9	11,753.2	12,317.4
Nonwithholding	3,579.5	3,824.4	4,088.0	4,371.9
Refunds	<u>(1,704.8)</u>	<u>(1,785.6)</u>	<u>(1,870.5)</u>	<u>(1,961.2)</u>
Net	12,575.8	13,253.7	13,970.7	14,728.1
Insurance Company Premiums	479.1	508.6	540.1	573.6
State Sales & Use Tax	3,791.1	3,946.5	4,108.3	4,276.8
Wills, Suits, Deeds, & Contract Fees	<u>631.2</u>	<u>635.0</u>	<u>641.4</u>	<u>651.7</u>
Total Major Tax Sources	\$ 18,385.0	\$ 19,273.9	\$ 20,213.4	\$ 21,206.3
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>				
Alcoholic Beverage State Tax	\$ 133.9	\$ 139.2	\$ 144.8	\$ 150.6
Bank Franchise Tax	14.1	14.1	14.1	14.1
Beer & Beverage Excise Tax	44.0	44.0	44.0	44.0
Corporate Franchise & Charter Fees	46.3	46.3	46.3	46.3
Excess & Other Fees from Officers	(33.0)	(33.0)	(33.0)	(33.0)
Estate & Gifts	0.0	0.0	0.0	0.0
Institutional Revenues	8.8	8.8	8.8	8.8
Interest & Rents	190.3	190.3	190.3	190.3
Licenses & Permits	5.0	5.0	5.0	5.0
Miscellaneous Taxes and Penalties	247.1	248.0	248.5	249.1
Other Miscellaneous Revenues	36.3	36.3	36.3	36.3
Public Service GR / Consumption Tax	<u>103.3</u>	<u>106.2</u>	<u>109.3</u>	<u>112.4</u>
Total Misc. Taxes and Other Revenues	\$ 796.1	\$ 805.2	\$ 814.4	\$ 823.9
<b>TOTAL GF REVENUES</b>	<b>\$ 19,181.1</b>	<b>\$ 20,079.1</b>	<b>\$ 21,027.8</b>	<b>\$ 22,030.2</b>
<b>TRANSFERS</b>				
A.B.C. Profits	\$ 29.1	\$ 29.1	\$ 29.1	\$ 29.1
Lottery Proceeds Fund	405.4	405.4	405.4	405.4
Transfers Per Appropriations Act	<u>354.8</u>	<u>366.1</u>	<u>378.0</u>	<u>390.3</u>
Total Transfers	\$ 789.3	\$ 800.6	\$ 812.5	\$ 824.8
<b>TOTAL GENERAL FUND</b>	<b>\$ <u>19,970.4</u></b>	<b>\$ <u>20,879.7</u></b>	<b>\$ <u>21,840.3</u></b>	<b>\$ <u>22,855.0</u></b>
\$ Change From Previous Year	\$ 915.6	\$ 909.3	\$ 960.6	\$ 1,014.7
<b>TOTAL BIENNIUM GENERAL FUND</b>		<b>\$ 40,850.1</b>		<b>\$ 44,695.3</b>
\$ Change From Previous Biennium		\$ 3,629.7		\$ 3,845.2
% Growth From Previous Biennium		9.8 %		9.4 %

**The December Standard General Fund Forecast for Fiscal Years 2011-2014**  
(Dollars in Millions)

December 15, 2006

	FY 11 % Growth Over FY 10	FY 12 % Growth Over FY 11	FY 13 % Growth Over FY 12	FY 14 % Growth Over FY 13
<b>MAJOR TAX SOURCES</b>				
Corporate Income	1.1 %	2.5 %	2.5 %	2.4 %
Individual Income Tax:				
Gross	5.7	5.3	5.3	5.4
Withholding	5.3	4.8	4.8	4.8
Nonwithholding	7.0	6.8	6.9	6.9
Refunds	<u>5.2</u>	<u>4.7</u>	<u>4.8</u>	<u>4.8</u>
Net	5.8	5.4	5.4	5.4
Insurance Company Premiums	5.9	6.2	6.2	6.2
State Sales & Use Tax	4.7	4.1	4.1	4.1
Wills, Suits, Deeds, & Contract Fees	<u>0.3</u>	<u>0.6</u>	<u>1.0</u>	<u>1.6</u>
Total Major Tax Sources	5.1 %	4.8 %	4.9 %	4.9 %
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>				
Alcoholic Beverage State Tax	4.0 %	4.0 %	4.0 %	4.0 %
Bank Franchise Tax	0.0	0.0	0.0	0.0
Beer & Beverage Excise Tax	0.0	0.0	0.0	0.0
Corporate Franchise & Charter Fees	0.0	0.0	0.0	0.0
Excess & Other Fees from Officers	0.0	0.0	0.0	0.0
Estate & Gifts	NA	NA	NA	NA
Institutional Revenues	0.0	0.0	0.0	0.0
Interest & Rents	0.0	0.0	0.0	0.0
Licenses & Permits	0.0	0.0	0.0	0.0
Miscellaneous Taxes and Penalties	0.4	0.4	0.2	0.2
Other Miscellaneous Revenues	0.0	0.0	0.0	0.0
Public Service GR / Consumption Tax	<u>2.8</u>	<u>2.8</u>	<u>2.9</u>	<u>2.8</u>
Total Misc. Taxes and Other Revenues	1.1 %	1.1 %	1.1 %	1.2 %
<b>TOTAL GF REVENUES</b>	<b>4.9 %</b>	<b>4.7 %</b>	<b>4.7 %</b>	<b>4.8 %</b>
<b>TRANSFERS</b>				
A.B.C. Profits	0.0 %	0.0 %	0.0 %	0.0 %
Lottery Proceeds Fund	0.0	0.0	0.0	0.0
Transfers Per Appropriations Act	<u>3.7</u>	<u>3.2</u>	<u>3.3</u>	<u>3.3</u>
Total Transfers	1.6 %	1.4 %	1.5 %	1.5 %
<b>TOTAL GENERAL FUND</b>	<b><u>4.8 %</u></b>	<b><u>4.6 %</u></b>	<b><u>4.6 %</u></b>	<b><u>4.6 %</u></b>



**Growth in Total General Fund Revenues**  
**Fiscal Year 1961 - Fiscal Year 2008**  
**(Nominal -- Actual Dollars)**

<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>	<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>
61	230,998,887	---	85	3,790,816,000	11.6%
62	242,144,567	4.8%	86	4,131,778,000	9.0%
63	286,304,265	18.2%	87	4,590,434,000	11.1%
64	298,033,919	4.1%	88	5,054,382,000	10.1%
65	323,213,412	8.4%	89	5,478,912,000	8.4%
66	365,129,776	13.0%	90	5,494,884,000	0.3%
67	414,755,644	13.6%	91	5,471,879,000	-0.4%
68	533,597,744	28.7%	92	5,623,213,000	2.8%
69	706,254,374	32.4%	93	6,133,637,000	9.1%
70	743,721,322	5.3%	94	6,503,368,000	6.0%
71	807,954,651	8.6%	95	6,881,145,000	5.8%
72	922,653,686	14.2%	96	7,356,110,000	6.9%
73	1,054,469,443	14.3%	97	7,949,327,000	8.1%
74	1,168,562,871	10.8%	98	8,773,520,000	10.4%
75	1,303,178,893	11.5%	99	9,702,747,000	10.6%
76	1,428,421,157	9.6%	00	10,788,482,000	11.2%
77	1,636,301,819	14.6%	01	11,105,275,000	2.9%
78	1,923,085,084	17.5%	02	10,678,954,000	-3.8%
79	2,115,211,522	10.0%	03	10,867,149,000	1.8%
80	2,344,928,934	10.9%	04	11,917,867,000	9.7%
81	2,579,663,941	10.0%	05	13,687,252,000	14.8%
82	2,796,458,741	8.4%	06	14,834,298,000	8.4%
83	2,975,687,935	6.4%	*07	15,793,500,000	6.5%
84	3,397,710,261	14.2%	*08	16,431,100,000	4.0%

\* December 15, 2006 Forecast (Excludes Transfers)

**Growth in Total General Fund Revenues**  
**Fiscal Year 1961 - Fiscal Year 2008**  
**(Real -- Inflation-Adjusted Dollars)**

<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>	<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>
61	1,105,204,952	---	85	5,753,860,632	7.9%
62	1,147,658,974	3.8%	86	6,094,607,192	5.9%
63	1,341,192,041	16.9%	87	6,593,367,039	8.2%
64	1,377,299,871	2.7%	88	6,993,554,904	6.1%
65	1,473,505,411	7.0%	89	7,261,838,617	3.8%
66	1,634,567,893	10.9%	90	6,993,348,860	-3.7%
67	1,807,607,949	10.6%	91	6,660,109,057	-4.8%
68	2,255,178,327	24.8%	92	6,644,938,788	-0.2%
69	2,862,342,441	26.9%	93	7,058,595,332	6.2%
70	2,875,507,740	0.5%	94	7,338,156,707	4.0%
71	2,989,435,198	4.0%	95	7,585,370,828	3.4%
72	3,287,677,045	10.0%	96	7,950,488,522	4.8%
73	3,619,253,280	10.1%	97	8,415,993,860	5.9%
74	3,711,490,777	2.5%	98	9,183,662,361	9.1%
75	3,754,693,134	1.2%	99	10,040,717,553	9.3%
76	3,861,328,243	2.8%	00	10,914,876,267	8.7%
77	4,181,920,412	8.3%	01	10,979,667,603	0.6%
78	4,607,295,362	10.2%	02	10,398,506,285	-5.3%
79	4,703,501,194	2.1%	03	10,389,144,463	-0.1%
80	4,733,691,855	0.6%	04	11,152,472,792	7.3%
81	4,728,556,394	-0.1%	05	12,466,642,985	11.8%
82	4,791,902,980	1.3%	06	13,099,990,286	5.1%
83	4,861,679,114	1.5%	*07	13,657,471,463	4.3%
84	5,334,762,539	9.7%	*08	13,932,453,745	2.0%

\* December 15, 2006 Forecast (Excludes Transfers)

Shaded areas indicate years in which there was a national recession.

**NONGENERAL FUND REVENUE PROJECTIONS**  
**For Fiscal Years 2006 Through 2012**  
\$ (Millions)

	<b>Actual</b>						
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Taxes:</b>							
Motor vehicle fuel tax	931.2	938.1	954.8	981.0	1,010.6	1,036.8	1,058.9
Unemployment compensation payroll tax	535.9	456.9	409.9	418.0	429.1	422.6	400.4
Special highway tax from sales tax	476.3	508.7	536.0	566.4	597.2	629.4	663.4
Motor vehicle sales tax and use tax	598.5	587.5	606.0	624.0	642.2	655.2	669.7
Other taxes	302.0	341.7	345.3	346.2	347.0	350.3	351.7
<b>Total</b>	<b>2,843.9</b>	<b>2,832.9</b>	<b>2,852.0</b>	<b>2,935.5</b>	<b>3,026.1</b>	<b>3,094.4</b>	<b>3,144.2</b>
<b>Rights and privileges:</b>							
Motor Vehicle Licenses	240.2	253.9	258.3	258.2	264.6	263.8	264.7
Other Rights & Privileges	515.9	535.3	547.7	559.5	567.1	582.4	589.9
<b>Total</b>	<b>756.1</b>	<b>789.1</b>	<b>806.0</b>	<b>817.7</b>	<b>831.7</b>	<b>846.2</b>	<b>854.7</b>
<b>Sales of property and commodities:</b>							
Alocoholic Beverage Sales	472.5	510.0	540.0	570.0	600.0	630.0	660.0
Other Sales	192.3	187.1	177.5	167.9	161.0	150.7	143.0
<b>Total</b>	<b>664.8</b>	<b>697.1</b>	<b>717.5</b>	<b>737.9</b>	<b>761.0</b>	<b>780.7</b>	<b>803.0</b>
<b>Assessment &amp; Receipts for Support of Special Services:</b>							
	<b>379.6</b>	<b>381.7</b>	<b>407.3</b>	<b>421.1</b>	<b>435.4</b>	<b>449.1</b>	<b>463.6</b>
<b>Institutional revenue:</b>							
Institutions of Higher Education	2,588.6	2,851.5	3,038.9	3,268.8	3,563.0	3,883.7	4,233.2
Other Educational Institutions	6.1	9.3	8.4	7.2	7.4	7.6	7.8
Medical Hospitals	879.4	928.8	1,000.5	1,077.7	1,127.5	1,174.9	1,239.4
Mental Hospitals	308.8	297.9	292.1	291.3	292.2	293.4	285.4
Corrections	51.6	50.5	51.0	51.5	52.0	52.5	53.0
Other Institutions	27.6	32.8	31.2	32.2	31.3	31.5	31.9
<b>Total</b>	<b>3,862.1</b>	<b>4,170.8</b>	<b>4,422.1</b>	<b>4,728.7</b>	<b>5,073.5</b>	<b>5,443.4</b>	<b>5,850.8</b>
<b>Interest dividends and rents:</b>							
	<b>136.1</b>	<b>141.9</b>	<b>151.1</b>	<b>151.4</b>	<b>154.9</b>	<b>163.0</b>	<b>168.2</b>
<b>Grants and donations:</b>							
Federal grants and contracts	6,135.9	7,481.9	7,382.6	7,624.5	7,843.2	8,159.2	8,514.9
Other grants & contracts	168.9	259.4	329.8	392.0	269.9	263.2	232.5
<b>Total</b>	<b>6,304.8</b>	<b>7,741.3</b>	<b>7,712.4</b>	<b>8,016.5</b>	<b>8,113.1</b>	<b>8,422.4</b>	<b>8,747.4</b>
<b>Other Revenue:</b>							
	<b>1,248.2</b>	<b>1,472.0</b>	<b>1,578.0</b>	<b>1,669.2</b>	<b>1,766.2</b>	<b>1,878.8</b>	<b>2,010.1</b>
<b>Total Nongeneral Fund Revenue</b>	<b>16,195.5</b>	<b>18,226.8</b>	<b>18,646.3</b>	<b>19,478.0</b>	<b>20,161.9</b>	<b>21,078.0</b>	<b>22,042.0</b>
\$ Amount change from previous year		<b>2,031.3</b>	<b>419.4</b>	<b>831.7</b>	<b>683.9</b>	<b>916.1</b>	<b>964.0</b>
% Change from previous year		<b>12.5%</b>	<b>2.3%</b>	<b>4.5%</b>	<b>3.5%</b>	<b>4.5%</b>	<b>4.6%</b>

Commonwealth of Virginia/Department of Accounts  
Summary Report on General Fund and Lottery Revenue Collections  
For the Fiscal Years 2006 and 2007  
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2007 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	November FY 2007	November FY 2006	% Change	Year-To-Date FY 2007	Year-To-Date FY 2006	% Change	% Annual Growth Req By Est
<b>Individual Income Tax:</b>									
<b>Withholding</b>	\$8,486,500	53.42	\$697,240	\$639,271	9.1	\$3,358,165	\$3,176,715	5.7	5.3
<b>Tax Dues/Estimated Payments</b>	2,486,000	15.65	38,992	9,550	308.3	497,395	429,241	15.9	(1.7)
<b>Gross Individual Income Tax</b>	\$10,972,500	69.07	\$736,232	\$648,821	13.5	\$3,855,560	\$3,605,956	6.9	3.6
<b>Individual and Fiduciary Income (Refunds)</b>	(1,322,200)	(8.32)	(40,138)	(13,714)	192.7	(199,021)	(95,763)	107.8	3.1
<b>Net Individual Income Tax</b>	\$9,650,300	60.75	\$696,094	\$635,107	9.6	\$3,656,539	\$3,510,193	4.2	3.7
<b>Sales and Use Tax (a)</b>	\$3,155,000	19.86	\$247,772	\$253,362	(2.2)	\$1,267,246	\$1,078,762	17.5	12.2
<b>Corporations Income Tax</b>	787,600	4.96	956	15,132	(93.7)	302,368	286,858	5.4	(9.6)
<b>Wills, Suits, Deeds, Contracts (b)</b>	588,000	3.70	45,790	53,187	(13.9)	243,665	312,706	(22.1)	(15.4)
<b>Insurance Premiums</b>	416,400	2.62	8,835	(14,663)	160.3	68,046	71,851	(5.3)	11.4
<b>Interest Income (c)</b>	181,800	1.14	30,605	18,531	65.2	95,549	47,732	100.2	87.8
<b>Alcoholic Beverage Sales (d)</b>	154,900	0.98	30,957	29,163	6.2	48,671	46,494	4.7	1.3
<b>All Other Revenues (b)</b>	526,600	3.31	33,437	36,977	(9.6)	190,932	182,658	4.5	0.7
<b>Total General Fund Revenues</b>	\$15,460,600	97.32	\$1,094,446	\$1,026,796	6.6	\$5,873,016	\$5,537,254	6.1	4.2
<b>Gross Lottery Revenue</b>	\$1,371,600	8.63	\$104,948	\$123,719	(15.2)	\$525,448	\$578,045	(9.1)	0.5
<b>Less: Expenses</b>	(945,500)	(5.95)	(70,142)	(78,053)	(10.1)	(358,052)	(395,985)	(9.6)	3.9
<b>Net Lottery Profits (e)</b>	\$426,100	2.68	\$34,806	\$45,666	(23.8)	\$167,396	\$182,060	(8.1)	(6.3)
<b>Total General Fund Revenues and Net Lottery Profits</b>	\$15,886,700	100.00	\$1,129,252	\$1,072,462	5.3	\$6,040,412	\$5,719,314	5.6	3.9

# Percentage is greater than or equal to 1,000%.

(a) A comparison of the Fiscal Year 2007 and 2006 Sales and Use Tax amounts is not appropriate due to the discontinuation of the Accelerated Sales Tax Program (AST) at the end of Fiscal Year 2006. After eliminating the effects of the AST, the Sales and Use Tax adjusted year-to-date growth rate is 2.7% compared to the forecasted growth rate of 6.3%.

(b) Effective for FY 2007, "Wills, Suits, Deeds, Contracts" is reported separately from "All Other Revenues" and "Public Service Corporations" is included in "All Other Revenues."

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

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

(e) The Lottery estimate represents the original Fiscal Year 2007 estimate and excludes the effect of the Fiscal Year 2006 audited profit adjustment of \$931,308 the Comptroller transferred to the General Fund in August 2006.

Commonwealth of Virginia/Department of Accounts  
General Fund Statement of Revenue Collections and Estimates  
For the Fiscal Years 2006 and 2007

Revenue	(1)	(2)	(3) (4)		(5)	(6) (7)		(8)	(9)
	FY 2007 Estimate	As a % of Total Gen Fund Rev	FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change	% Annual Growth Req By Est
<b>Taxes:</b>									
Individual Income Tax - Withholding	\$8,486,500	54.89	\$697,240	\$639,271	9.1	\$3,358,165	\$3,176,715	5.7	5.3
Tax Dues/Estimated Payments	2,486,000	16.08	38,992	9,550	308.3	497,395	429,241	15.9	(1.7)
Gross Individual Income Tax	\$10,972,500	70.97	\$736,232	\$648,821	13.5	\$3,855,560	\$3,605,956	6.9	3.6
Individ and Fiduc Income (Refunds)	(1,322,200)	(8.55)	(40,138)	(13,714)	192.7	(199,021)	(95,763)	107.8	3.1
Net Individual Income Tax	\$9,650,300	62.42	\$696,094	\$635,107	9.6	\$3,656,539	\$3,510,193	4.2	3.7
Sales and Use Tax	3,155,000	20.41	247,772	253,362	(2.2)	1,267,246	1,078,762	17.5	12.2
Corporations Income	787,600	5.10	956	15,132	(93.7)	302,368	286,858	5.4	(9.6)
Public Service Corporations	92,800	0.60	5,750	5,635	2.0	33,432	34,029	(1.8)	3.1
Insurance Premiums	416,400	2.69	8,835	(14,663)	160.3	68,046	71,851	(5.3)	11.4
Alcoholic Beverage Excise	112,900	0.73	27,598	25,821	6.9	29,610	27,374	8.2	2.6
Beer and Beverage Excise	42,000	0.27	3,359	3,342	0.5	19,061	19,120	(0.3)	(2.2)
Wills, Suits, Deeds, Contracts	588,000	3.80	45,790	53,187	(13.9)	243,665	312,706	(22.1)	(15.4)
Inheritance, Gift, and Estate	145,000	0.94	11,062	13,349	(17.1)	75,222	59,022	27.4	(9.6)
Bank Franchise	11,200	0.07	(3)	(100)	97.0	62	(180)	134.4	(9.1)
Other Taxes	5,800	0.04	1,085	21	#	4,328	3,402	27.2	(61.6)
<b>Total Taxes</b>	<b>\$15,007,000</b>	<b>97.07</b>	<b>\$1,048,298</b>	<b>\$990,193</b>	<b>5.9</b>	<b>\$5,699,579</b>	<b>\$5,403,137</b>	<b>5.5</b>	<b>3.6</b>
<b>Rights and Privileges:</b>									
Licenses and Permits	\$4,900	0.03	\$246	\$322	(23.6)	\$1,666	\$1,722	(3.3)	2.8
Corp. Franchise and Charters	45,300	0.29	546	504	8.3	2,814	2,860	(1.6)	(2.3)
Fees for Misc. Privileges & Services	13,500	0.09	844	624	35.3	4,985	4,335	15.0	(4.1)
<b>Total Rights and Privileges</b>	<b>\$63,700</b>	<b>0.41</b>	<b>\$1,636</b>	<b>\$1,450</b>	<b>12.8</b>	<b>\$9,465</b>	<b>\$8,917</b>	<b>6.1</b>	<b>(2.3)</b>
<b>Other Revenues:</b>									
Sales of Property & Commodities	\$100	0.00	\$0	\$2,690	(100.0)	\$1	\$5,737	(100.0)	(98.6)
Assessmts & Rcpts for Support of Special Svcs	400	0.00	5	11	(54.5)	84	119	(29.4)	20.5
Institutional Revenue	9,200	0.06	509	689	(26.1)	2,898	4,102	(29.4)	11.7
Interest (a)	181,800	1.18	30,605	18,531	65.2	95,549	47,732	100.2	87.8
Dividends and Rent	300	0.00	13	29	(55.2)	151	168	(10.1)	6.0
Fines, Forfeitures & Fees	233,900	1.51	15,173	15,073	0.7	75,388	80,570	(6.4)	25.1
Other Revenue	(9,800)	(0.06)	67	879	(92.4)	1,361	2,742	(50.4)	(211.4)
Excess Fees	(35,500)	(0.23)	(2,710)	(3,616)	25.1	(15,539)	(20,081)	22.6	14.6
Private Donations, Gifts & Cont.	0	0.00	0	0	-	5	67	(92.5)	0.0
Cities, Counties, and Towns	9,500	0.06	850	867	(2.0)	4,074	4,044	0.7	(5.0)
<b>Total Other Revenues</b>	<b>\$389,900</b>	<b>2.52</b>	<b>\$44,512</b>	<b>\$35,153</b>	<b>26.6</b>	<b>\$163,972</b>	<b>\$125,200</b>	<b>31.0</b>	<b>40.8</b>
<b>Total General Fund Revenues</b>	<b>\$15,460,600</b>	<b>100.00</b>	<b>\$1,094,446</b>	<b>\$1,026,796</b>	<b>6.6</b>	<b>\$5,873,016</b>	<b>\$5,537,254</b>	<b>6.1</b>	<b>4.2</b>

# Percentage is greater than or equal to 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 2006 and 2007  
(Dollars in Thousands)**

	<b>FY 2007 Estimate (a)</b>	<b>November</b>			<b>Year-To-Date</b>			<b>% Annual Growth Required By Estimate</b>
		<b>FY 2007</b>	<b>FY 2006</b>	<b>% Change</b>	<b>FY 2007</b>	<b>FY 2006</b>	<b>% Change (b)</b>	
Lottery Collections								
Lotto South/Win for Life (c)	\$63,600	\$3,489	\$6,704	(48.0)	\$18,437	\$27,498	(33.0)	2.8
Cash 5	26,300	2,195	2,349	(6.6)	10,961	11,590	(5.4)	(5.1)
Pick 4	172,800	14,123	14,503	(2.6)	69,834	71,301	(2.1)	1.8
Pick 3	240,200	21,148	21,271	(0.6)	105,023	106,521	(1.4)	(6.5)
Mega Millions	132,400	7,816	20,847	(62.5)	43,375	77,306	(43.9)	(17.1)
Scratch	<u>736,300</u>	<u>56,177</u>	<u>58,045</u>	<u>(3.2)</u>	<u>277,818</u>	<u>283,829</u>	<u>(2.1)</u>	<u>6.8</u>
Gross Lottery Revenue	1,371,600	104,948	123,719	(15.2)	525,448	578,045	(9.1)	0.5
Expenses (d)	<u>945,500</u>	<u>70,142 (e)</u>	<u>78,053</u>	<u>(10.1)</u>	<u>358,052 (e)</u>	<u>395,985</u>	<u>(9.6)</u>	<u>3.9</u>
Net Lottery Ticket Profits	<u>\$426,100</u>	<u>\$34,806 (e)</u>	<u>\$45,666</u>	<u>(23.8)</u>	<u>\$167,396 (e)</u>	<u>\$182,060</u>	<u>(8.1)</u>	<u>(6.3)</u>

(a) Estimate established in December 2005.

(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 jackpots, prize expense, and game related administrative expenses.

(c) Lotto South ended on February 25, 2006, and was replaced with Win for Life.

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

(e) Current month includes operating expenses estimated (unaudited closing).

**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 2006 and 2007**  
**(Dollars in Thousands)**

Revenue	FY 2007 Estimate	As a % of Total Fund	November			Year-To-Date			% Annual Growth Required By Estimate
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change	
Motor Fuel Taxes	\$869,900	22.09	\$69,848	\$70,026	(0.3)	\$298,234	\$309,761	(3.7)	(0.1)
Priority Transportation Fund	20,000	0.51	2,000	2,000	0.0	6,000	6,000	0.0	0.0
Motor Vehicle Sales and Use Tax	652,600	16.57	48,712	52,202	(6.7)	267,373	277,535	(3.7)	3.8
State Sales and Use Tax	520,400	13.21	42,218	39,853	5.9	215,090	175,304	22.7	9.3
Motor Vehicle License Fees	170,700	4.33	12,497	11,640	7.4	71,582	70,309	1.8	0.8
International Registration Plan	60,800	1.55	5,091	1,925	164.5	19,453	11,370	71.1	0.4
Interest Earnings	25,300	0.64	51	68	(25.0)	12,254	7,221	69.7	(34.5)
Misc. Taxes, Fees, and Revenues	23,300	0.59	2,239	4,612	(51.5)	12,588	14,903	(15.5)	(27.2)
<b>Total State Taxes and Fees</b>	<b>\$2,343,000</b>	<b>59.49</b>	<b>\$182,656</b>	<b>\$182,326</b>	<b>0.2</b>	<b>\$902,574</b>	<b>\$872,403</b>	<b>3.5</b>	<b>2.1</b>

# Percentage is greater than or equal to 1,000%.

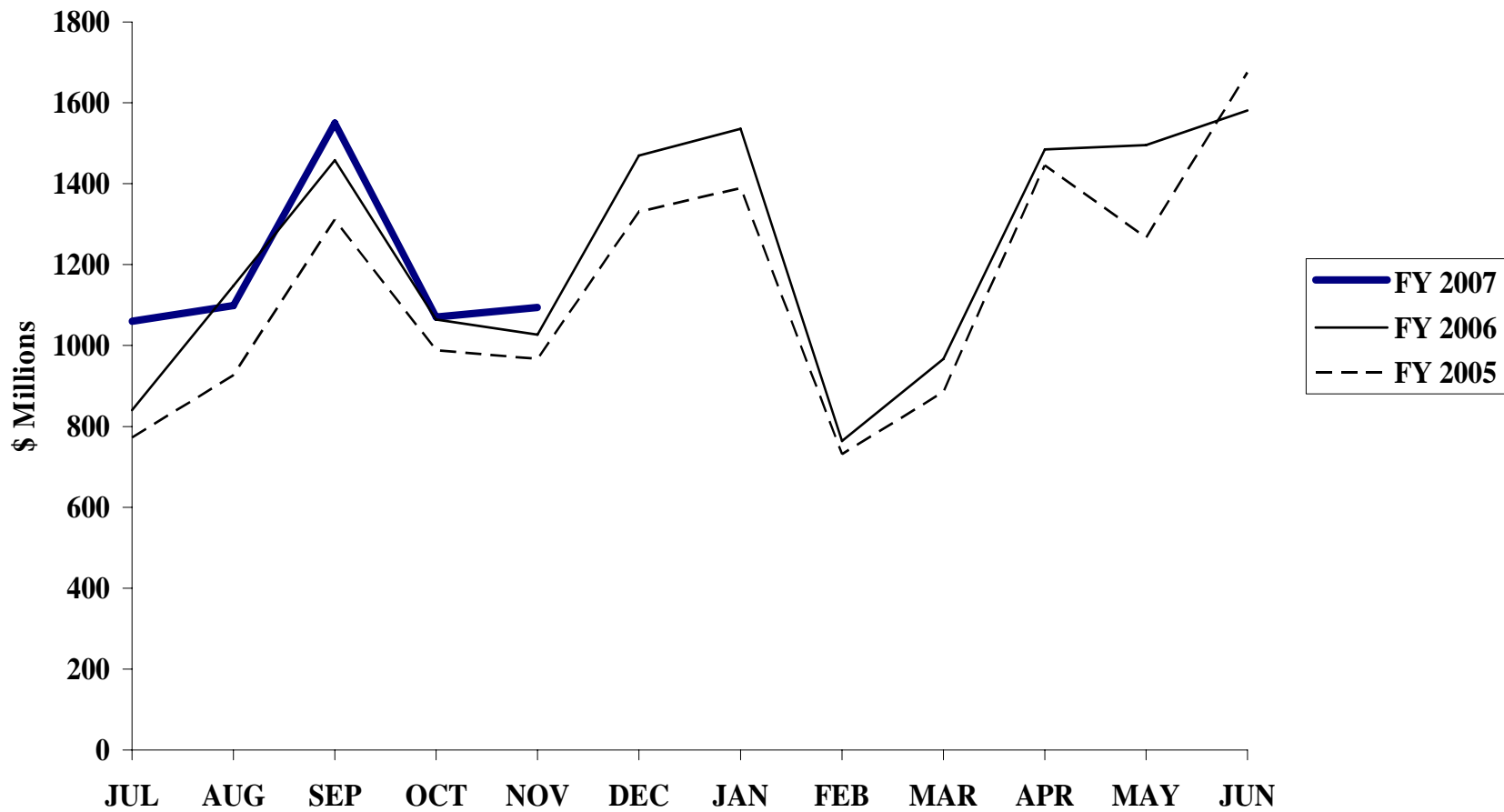
Commonwealth of Virginia/Department of Accounts  
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues  
Statement of Revenue Estimates & Collections  
For the Fiscal Years 2006 and 2007  
(Dollars in Thousands)

Revenue	FY 2007 Estimate	As a % of Total Fund	November			Year-To-Date			% Annual Growth Required By Est
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change	
<b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>									
Motor Fuel Taxes (Includes Road Tax)	\$746,400	18.95	\$60,933	\$61,054	(0.2)	\$259,334	\$271,123	(4.3)	(0.7)
Motor Vehicle Sales and Use Tax	404,100	10.26	29,608	26,505	11.7	165,610	171,728	(3.6)	3.6
Motor Vehicle License Fees	149,200	3.79	10,876	10,128	7.4	62,453	61,672	1.3	0.6
International Registration Plan	60,800	1.55	5,091	1,925	164.5	19,453	11,370	71.1	0.4
Misc. Taxes, Fees, and Revenues	23,300	0.59	2,239	4,612	(51.5)	12,588	14,903	(15.5)	(27.2)
<b>Total State Taxes and Fees</b>	<b>\$1,383,800</b>	<b>35.14</b>	<b>\$108,747</b>	<b>\$104,224</b>	<b>4.3</b>	<b>\$519,438</b>	<b>\$530,796</b>	<b>(2.1)</b>	<b>0.1</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$0	0.00	\$2,053	(\$1,602)	228.2	\$10,595	\$13,198	(19.7)	(100.0)
Transfer (to) / from Transportation Trust Fund	286,303	7.27	53,205	0	-	239,144	186,199	28.4	53.8
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$1,670,103</b>	<b>42.41</b>	<b>\$164,005</b>	<b>\$102,622</b>	<b>59.8</b>	<b>\$769,177</b>	<b>\$730,193</b>	<b>5.3</b>	<b>4.0</b>
<b>TRANSPORTATION TRUST FUND:</b>									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$123,500	3.14	\$8,915	\$8,972	(0.6)	\$38,900	\$38,638	0.7	4.3
Priority Transportation Fund	20,000	0.51	2,000	2,000	0.0	6,000	6,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	248,500	6.31	19,104	25,697	(25.7)	101,763	105,807	(3.8)	4.2
State Sales and Use Tax	520,400	13.21	42,218	39,853	5.9	215,090	175,304	22.7	9.3
Motor Vehicle License Fees	21,500	0.54	1,621	1,512	7.2	9,129	8,637	5.7	2.1
Interest Earnings	25,300	0.64	51	68	(25.0)	12,254	7,221	69.7	(34.5)
<b>Total State Taxes and Fees</b>	<b>\$959,200</b>	<b>24.35</b>	<b>\$73,909</b>	<b>\$78,102</b>	<b>(5.4)</b>	<b>\$383,136</b>	<b>\$341,607</b>	<b>12.2</b>	<b>5.1</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$1,354,852	34.40	\$47,546	\$44,013	8.0	\$278,056	\$232,516	19.6	181.8
Receipts from Cities/Counties	125,272	3.18	5,697	2,679	112.7	24,207	18,146	33.4	156.5
Toll Revenues (Includes Route 28)	96,447	2.45	7,890	6,041	30.6	40,774	42,866	(4.9)	(15.0)
Miscellaneous Revenues	18,717	0.48	568	2,096	(72.9)	3,793	7,719	(50.9)	(15.0)
<b>Total Other Revenues</b>	<b>\$1,595,288</b>	<b>40.51</b>	<b>\$61,701</b>	<b>\$54,829</b>	<b>12.5</b>	<b>\$346,830</b>	<b>\$301,247</b>	<b>15.1</b>	<b>139.9</b>
Transfer (to) / from Highway Maintenance and Operating Fund	(\$286,303)	(7.27)	(\$53,205)	\$0	-	(\$239,144)	(\$186,199)	(28.4)	(53.8)
<b>Total Transportation Trust Fund</b>	<b>\$2,268,185</b>	<b>57.59</b>	<b>\$82,405</b>	<b>\$132,931</b>	<b>(38.0)</b>	<b>\$490,822</b>	<b>\$456,655</b>	<b>7.5</b>	<b>63.0</b>
<b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b>									
	<b>\$3,938,288</b>	<b>100.00</b>	<b>\$246,410</b>	<b>\$235,553</b>	<b>4.6</b>	<b>\$1,259,999</b>	<b>\$1,186,848</b>	<b>6.2</b>	<b>31.3</b>

# Percentage is greater than or equal to 1,000%.

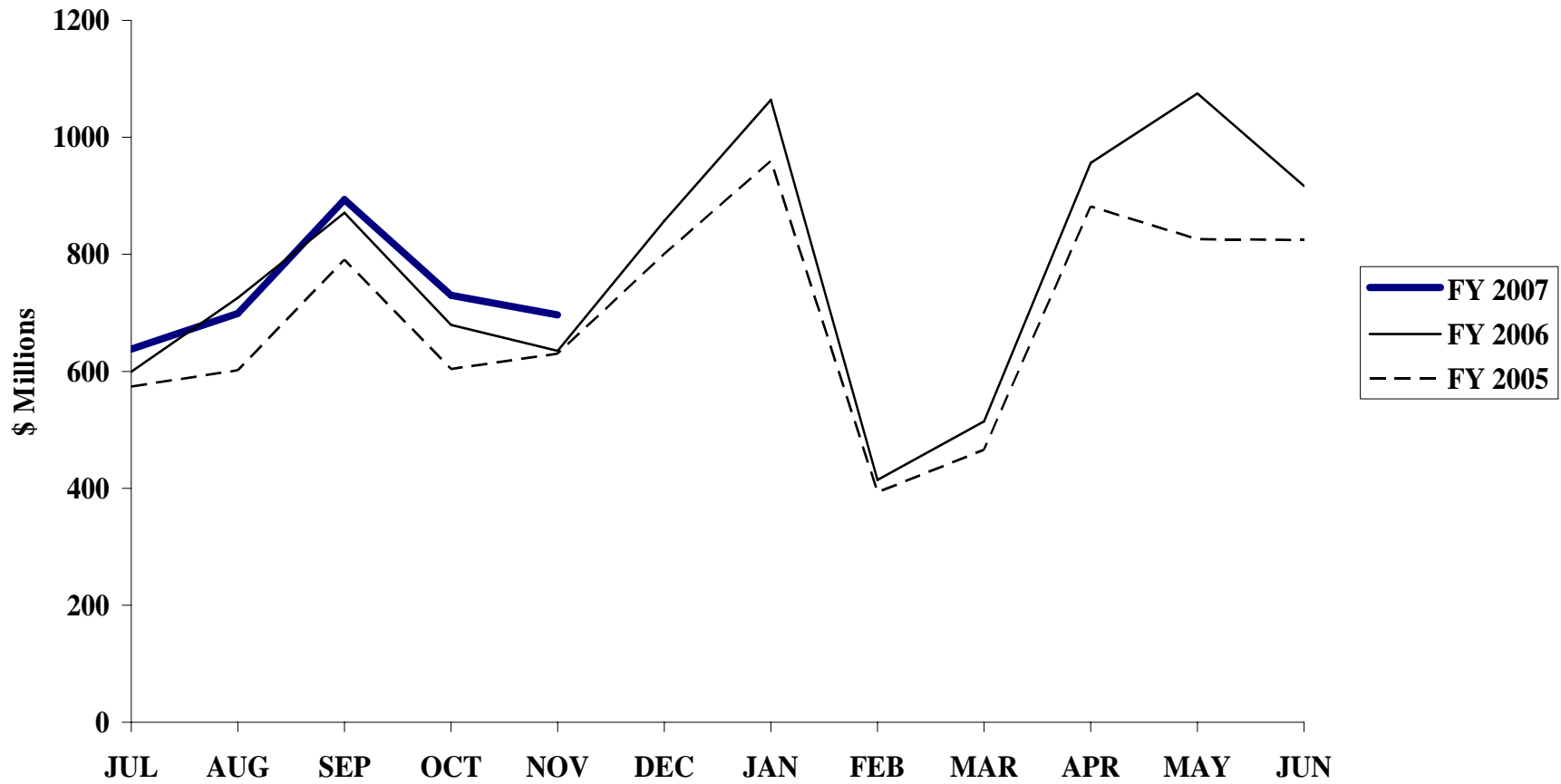


## Total General Fund Revenues



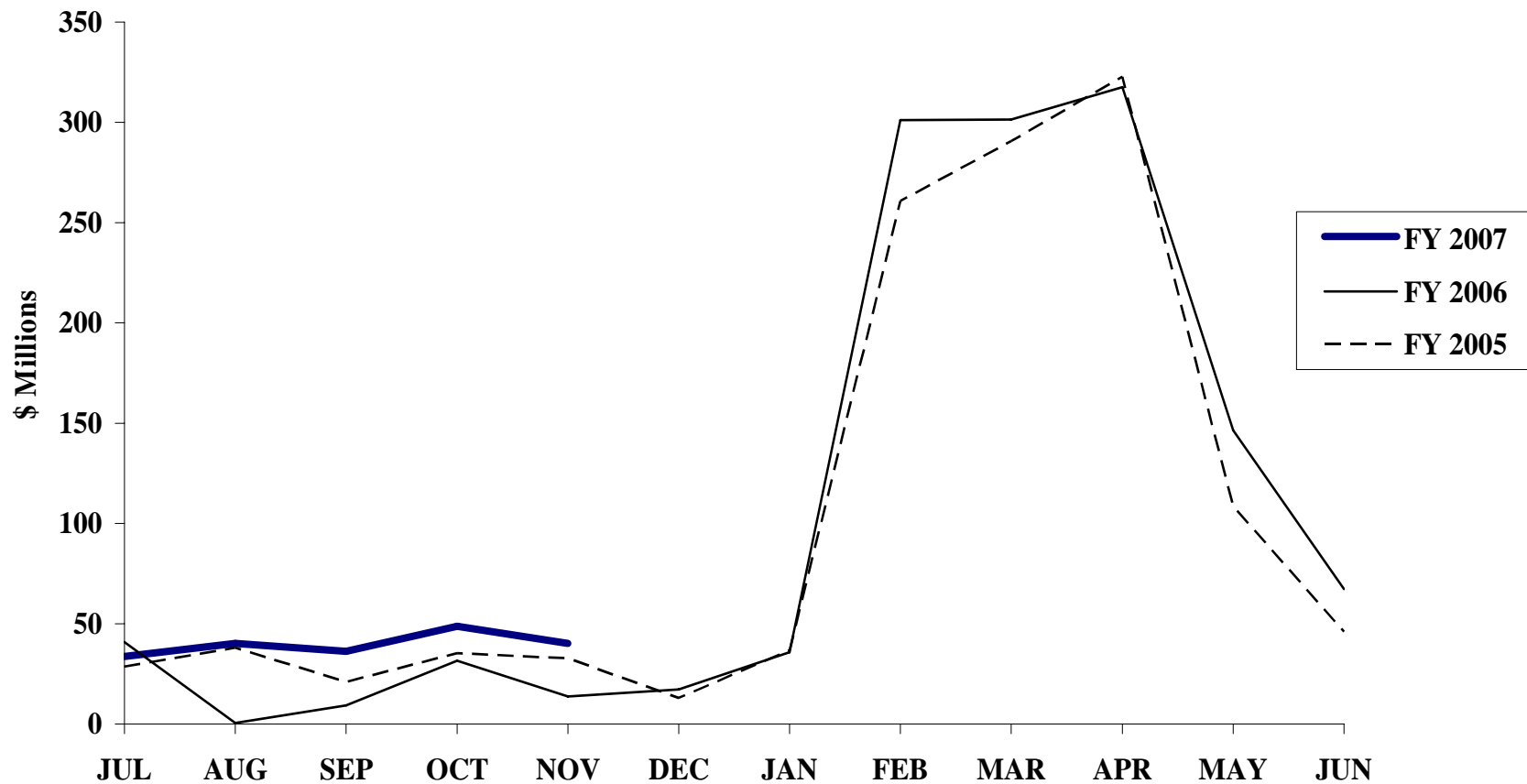
**FY 2005 Actual = \$13,687.3 Million**  
**FY 2006 Actual = \$14,834.3 Million**  
**FY 2007 Estimate = \$15,460.6 Million**

# Net Individual Income Tax



**FY 2005 Actual = \$8,352.4 Million**  
**FY 2006 Actual = \$9,308.6 Million**  
**FY 2007 Estimate = \$9,650.3 Million**

## Individual and Fiduciary Income Tax Refunds



**FY 2005 Actual = \$1,234.2 Million**

**FY 2006 Actual = \$1,282.6 Million**

**FY 2007 Estimate = \$1,322.2 Million**

## DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2007

(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, 2006</b>	\$5,684.6	5.12%	\$1,242.8	13.40%	\$6,927.4	6.61%
<b>August</b>	\$5,305.9	5.20%	\$1,357.8	14.82%	\$6,663.7	7.16%
<b>September</b>	\$5,541.2	5.31%	\$1,371.6	9.66%	\$6,912.8	6.17%
<b>October</b>	\$5,805.7	5.27%	\$1,381.2	7.47%	\$7,186.9	5.69%
<b>November</b>	\$5,528.9	5.32%	\$1,391.9	11.64%	\$6,920.8	6.59%
<b>December</b>						
<b>January, 2007</b>						
<b>February</b>						
<b>March</b>						
<b>April</b>						
<b>May</b>						
<b>June</b>						
<b>Year-to-Date Average</b>	\$5,573.3	5.24%	\$1,349.1	11.35%	\$6,922.4	6.43%
<b>Latest 12-month Average</b>	\$5,237.5	4.85%	\$1,274.3	5.70%	\$6,511.8	5.01%

<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 2007**

<b>Month</b>	<b>Beginning Balance</b>	<b>Deposits</b>	<b>Withdrawals</b>	<b>Interest Allocated (A)</b>	<b>Ending Balance</b>
<b>July</b>	\$1,064,664,515	\$0	\$0	\$0	\$1,064,664,515
<b>August</b>	\$1,064,664,515	\$0	\$0	\$0	\$1,064,664,515
<b>September</b>	\$1,064,664,515	\$0	\$0	\$0	\$1,064,664,515
<b>October</b>	\$1,064,664,515	\$0	\$0	\$12,886,734	\$1,077,551,249
<b>November</b>	\$1,077,551,249	\$0	\$0	\$0	\$1,077,551,249
<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.