

# **Governor Kaine's Proposed Amendments to the 2008-2010 Budget**

## **Economic Outlook & Revenue Forecast**

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

*December 17, 2008*



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

- FY 2008 Year-in-Review
- October Revenue Forecast
- U.S. and Virginia Economic Outlook
- December Revenue Forecast
- November Revenue Collections
- Next Steps

## ***FY 2008 General Fund Revenues Finished \$15.9 Million (0.1%) Above Forecast...***

- A slowdown in growth for most major revenue sources during the second half of the year was offset by a large surplus in net corporate income tax receipts.
- The FY 2008 forecast was the second most accurate estimate of the last 25 years, trailing only the FY 2000 forecast.
  - The 25-year average forecast variance is  $\pm 1.5$  percent

### **Summary of FY 2008 Revenue Collections** (millions of dollars)

<u>Major Source</u>	<u>Forecast</u>	<u>Actual</u>	<u>Variance</u>		<u>Annual Growth</u>
			<u>Dollars</u>	<u>Percent</u>	
Withholding	\$ 9,010.9	\$ 8,933.6	\$ (77.3)	(0.9) %	4.3 %
Nonwithholding	2,870.8	2,861.2	(9.6)	(0.3)	2.8
Refunds	1,710.4	1,679.9	(30.5)	(1.8)	7.7
Net Individual	10,171.3	10,114.8	(56.5)	(0.6)	3.3
Sales	3,096.4	3,075.5	(20.9)	(0.7)	0.9
Corporate	699.1	807.9	108.8	15.6	(8.2)
Wills (Recordation)	495.5	456.3	(39.2)	(7.9)	(21.7)
Insurance	418.4	396.9	(21.5)	(5.1)	3.1
All Other Revenue	870.4	915.5	45.1	5.2	3.8
<b>Total Revenues</b>	<b>\$ 15,751.1</b>	<b>\$ 15,767.0</b>	<b>\$ 15.9</b>	<b>0.1 %</b>	<b>1.3 %</b>
ABC Profits	34.3	36.1	1.8	5.2	31.0
Lottery Profits	462.2	458.2	(4.0)	(0.9)	5.4
Sales Tax (0.25%)	228.8	226.7	(2.1)	(0.9)	0.7
Transfers	96.6	91.6	(5.0)	(5.2)	(30.9)
<b>Total Transfers</b>	<b>\$ 821.9</b>	<b>\$ 812.5</b>	<b>\$ (9.4)</b>	<b>(1.1) %</b>	<b>(0.9) %</b>
<b>Total General Fund</b>	<b>\$ 16,573.0</b>	<b>\$ 16,579.5</b>	<b>\$ 6.5</b>	<b>0.0 %</b>	<b>1.2 %</b>

## ***Both the U.S. And Virginia Economies Weakened More Than Expected Over the Second Half of FY 2008...***

- U.S. employment declined every month, shedding 461,000 jobs from January to June, compared with the forecast for slower growth.
- Oil prices spiked near \$140 barrel in late-June/early-July, 67 percent higher in the second quarter of 2008 than the forecast of \$70 per barrel.
  - Consumer confidence declined to recession levels.
- Financial markets declined instead of stabilizing.
- Unemployment claims increased dramatically from expectations.
  - 320,000 in January, 400,000 by July, 450,000 as of August
- The housing industry collapsed as delinquencies increased, driving down home prices.

## ***Based On the Deteriorating Economic and Revenue Trends, The Governor Accelerated The Fall Forecasting Process...***

- The October revenue forecast was the outcome of a major consensus process that included industry experts, academic economists, business leaders, and members of the General Assembly:
  - A meeting of housing industry experts – August 21
  - A meeting of consumer spending/auto industry experts – September 5
  - Governor’s Advisory Board of Economists (GABE) – September 10
  - Governor’s Advisory Council on Revenue Estimates (GACRE) – September 23
- The GABE unanimously approved the August standard outlook for fiscal year 2009 and the majority approved fiscal year 2010.
- However, business members of GACRE were split on the forecasts, with four supporting the standard outlook, four supporting the alternative lower growth scenario, and one choosing “standard minus”.
- Based on all comments, the October revenue forecast incorporated elements of both the standard and alternative economic forecasts. It indicated a revenue shortfall of \$2.5 billion.

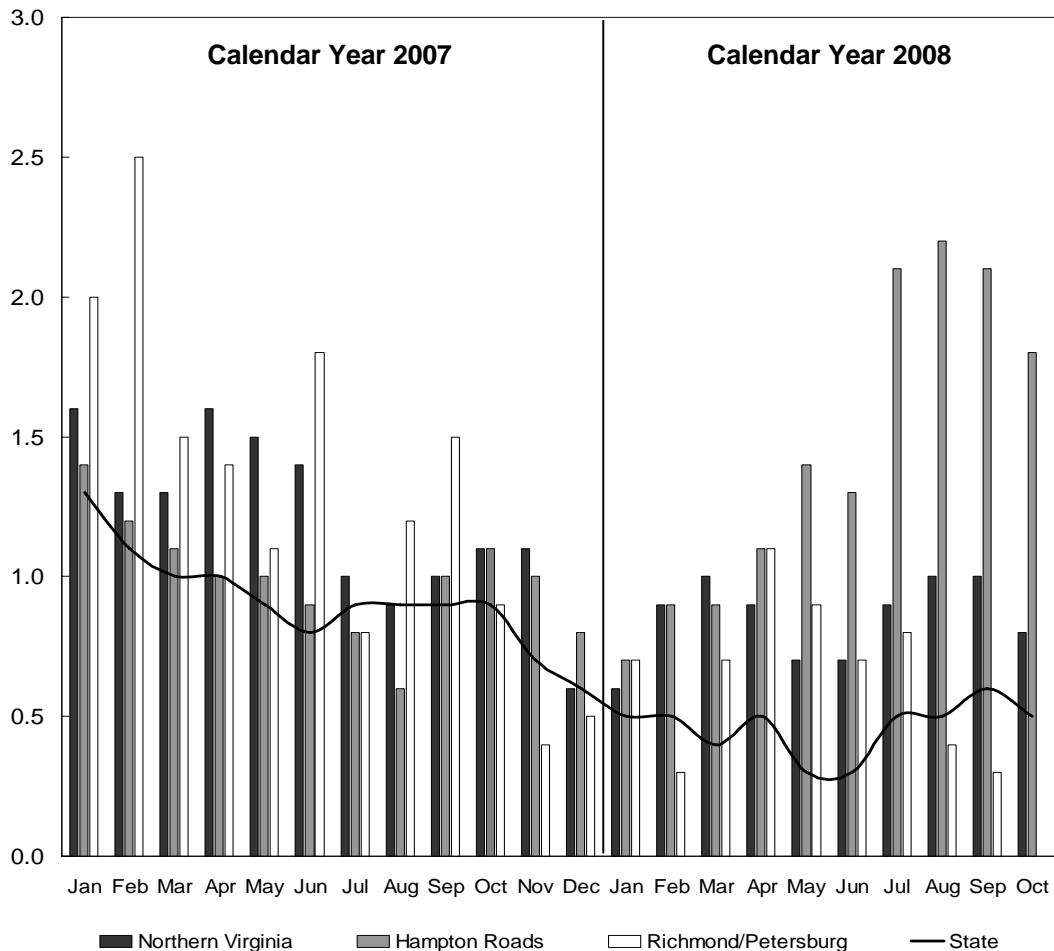
## ***In Addition To The Ongoing Financial Crisis, The U.S. Economy Has Weakened Considerably Since August...***

- Real GDP fell at an annualized rate of 0.5 percent in the third quarter, with real personal consumption expenditures falling 3.7 percent, the largest drop in consumer spending since 1980;
- Payroll employment declined by 533,000 jobs in November, the largest one-month drop since December 1974, bringing total job losses for the calendar year to 1.9 million;
- Initial claims for unemployment insurance are at their highest point since 1982, suggesting a severe weakening in the labor market;
- The ISM manufacturing index for November fell to 36.2, its lowest level since the early 1980s (anything lower than 50.0 is considered recessionary);
- November retail sales declined 1.8 percent from October and 7.4 percent from November 2007, the largest year-ago decline in sales on record back to the 1960's;
- New home sales in October fell 40.1 percent from the prior year;
- November auto sales were the lowest since the recession of the early 1980's; and
- Over the last two months, consumer confidence is at its lowest level on record.

## ***Unlike The National Economy, Employment Growth In Virginia Remains Positive...***

- Declines in housing-related employment – construction and financial activities – continue to be a major drag on growth, especially in Northern Virginia.
- However, the weakness in housing has thus far been offset by continued gains in professional and business and education and health services.

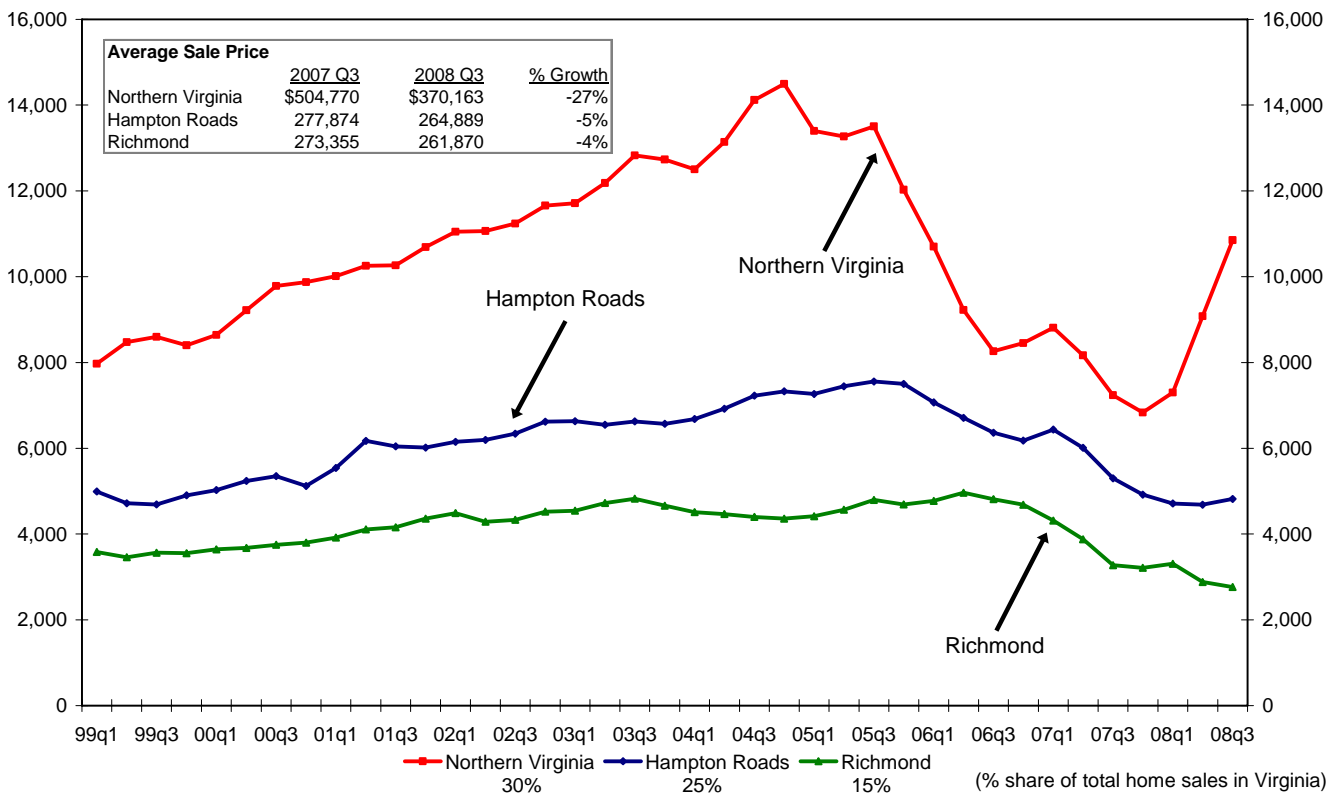
### **Monthly Employment Growth** (annual percent change)



# Data From The Virginia Association Of Realtors Through The Third Quarter Of 2008 Suggest That The Housing Downturn In Virginia Appears To Be Near A Bottom...

- The stabilization is entirely related to a significant increase in sales activity in Northern Virginia, primarily Prince William County.
  - The increased sales activity has been fueled by a near 25 percent decline in the average sale price over the last six months.
  - Recent trends are in line with expectations of housing industry experts.

**Pending Home Sales in Northern Virginia, Hampton Roads, and Richmond Levels**  
Seasonally-adjusted 2-quarter moving average





# ***Global Insight's November Forecast For The National Economy Is More Pessimistic...***

- In the Global Insight November standard economic outlook, real GDP is projected to decline for four consecutive quarters (2008Q3-2009Q2).

## **Key U.S. Economic Indicators**

November and August Forecasts  
Annual Percent Change

	Fiscal Year			
	07	08	09	10
Real GDP				
November Standard	2.0	2.4	(0.4)	0.1
August Standard			0.8	2.0
August Alternative			(0.7)	0.5
Consumer Spending				
November Standard	3.0	1.9	(0.7)	1.7
August Standard		2.0	0.3	1.6
August Alternative			(0.8)	(0.1)
Employment				
November Standard	1.4	0.7	(1.0)	(0.9)
August Standard			(0.4)	0.5
August Alternative			(1.0)	(0.3)
Personal Income				
November Standard	6.5	5.3	3.1	1.7
August Standard		5.4	3.3	4.1
August Alternative			2.8	3.2

## ***Also, Global Insight's November Forecast For The Virginia Economy Is More Pessimistic...***

- As a result, the Global Insight outlook for Virginia is reduced from the August standard forecast, with the outlook for employment and income growth falling at or below the August alternative outlook.

### **Key Virginia Economic Indicators**

November and August Forecasts

Annual Percent Change

	Fiscal Year			
	07	08	09	10
<b>Employment</b>				
November Standard	1.2	0.9	(0.6)	(0.2)
August Standard			(0.1)	0.8
August Alternative			(0.6)	(0.0)
<b>Personal Income</b>				
November Standard	5.5	4.4	2.1	2.3
August Standard	4.9	4.8	3.2	3.7
August Alternative			2.6	3.0
<b>Wages &amp; Salaries</b>				
November Standard	5.0	4.3	2.6	3.2
August Standard	4.9	4.4	3.3	4.4
August Alternative			2.8	3.6
<b>Average Wage</b>				
November Standard	3.8	3.4	3.2	3.4
August Standard	3.6	3.4	3.4	3.6
August Alternative			3.4	3.6

## ***Due To Continued Economic Contraction In October And November, A Reassessment Of The October Revenue Forecast Was Done...***

- The process utilized for the December forecast was similar to the General Assembly mid-session forecast and analyzed the most recent national and state economic data and revenue collections. The following meetings of the Governor's advisory groups were held:
  - Governor's Advisory Board of Economists (GABE) – November 14
  - Governor's Advisory Council on Revenue Estimates (GACRE) – December 2
- The baseline economic outlook presented to the GABE and GACRE was based on the Global Insight November 2008 standard U.S. forecast.
  - The November standard outlook anticipated a four-quarter national recession ending in June 2009.
    - This economic scenario was similar to the August alternative low-growth outlook that was the foundation of most revenue source estimates in the October revenue forecast.
  - The GABE unanimously approved the adoption of this outlook, with some members noting that the outlook could be somewhat optimistic.
- The November economic outlook and associated revenue forecast was then presented to GACRE.
  - A majority of the GACRE members supported moving to the November forecast update, with a few cautioning that there could be further weakness in the economy.
- The December revenue forecast reflects the consensus that further reductions are warranted to the revenue estimates released in October given that economic conditions have deteriorated.

## ***The Weaker Economic Outlook Impacts The Major Sources Of Revenue In The Revised December Revenue Forecast...***

- Withholding – Incorporates the November standard economic outlook for two years of negative employment growth.
- Nonwithholding –Expected to be an additional 5.0 percent lower than the October forecast due to continued declines in the financial markets in FY 2010.
- Sales Tax – Updated to include the first five months of collections and, based on GACRE input, an expected decline of 3.0 percent in sales for the holiday shopping season.
- Corporate – Unchanged from the October forecast (based on the August alternative outlook) as year-to-date collections support the current forecast.
- Recordation – Updated to include the first five months of collections and the weaker outlook for housing contained in the November standard economic outlook.

# ***The December General Fund Revenue Forecast Reflects The Revised Economic Outlook As Well As Proposed Tax Policy Changes...***

## **General Fund Revenue Adjustments**

\$ in Millions

	<u>FY2009</u>	<u>FY2010</u>	<u>Total</u>
October Revenue Reforecast	\$ (956.4)	\$ (1,515.0)	\$ (2,471.4)
November Revenue Reforecast	(138.6)	(229.6)	(368.2)
Technical Changes	3.0	8.1	11.1
Transfers:			
ABC Profits	1.4	1.9	3.3
Sales Tax 1/4 cent	(21.8)	(29.2)	(51.0)
Other	(25.5)	0.3	(25.2)
Subtotal	\$ (45.9)	\$ (27.0)	\$ (72.9)
Total December (Baseline) Shortfall	\$ (1,137.9)	\$ (1,763.5)	\$ (2,901.4)
 Budget Reduction Plans/Balancing Actions:			
Federal (Title IV E Refund)	16.8	-	16.8
Enhanced Compliance Effort	1.2	21.7	22.9
Other Revenue	8.3	3.8	12.1
Transfers	63.2	67.9	131.1
Subtotal	89.5	93.4	182.9
 Proposed Tax Policy Changes:			
2/3's of Excess Fees	-	6.0	6.0
Dealer Discount on Sales Tax	-	64.3	64.3
Captive REIT legislation	-	10.0	10.0
Advance Fixed Date Conformity	(2.8)	10.5	7.7
Adjust Land Preservation Tax Credit	-	50.0	50.0
Sales Tax on Cigarettes	-	2.0	2.0
Energy Tax Credit	-	(2.0)	(2.0)
Energy Sales Tax Exemption	-	(0.2)	(0.2)
Subtotal	(2.8)	140.6	137.8
 Net Shortfall	\$ (1,051.2)	\$ (1,529.5)	\$ (2,580.7)

# ***The December General Fund Revenue Forecast Reflects The Revised Economic Outlook As Well As Proposed Tax Policy Changes (continued)...***

## **Summary of the December General Fund Revenue Forecast Fiscal Years 2009 and 2010 (millions of dollars)**

Major Source	Fiscal Year 2009			Fiscal Year 2010		
	Official *	December	\$ Change	Official *	December	\$ Change
Withholding	\$ 9,506.5	\$ 9,239.8	\$ (266.7)	\$ 10,105.4	\$ 9,563.2	\$ (542.2)
Nonwithholding	3,057.2	2,621.2	(436.0)	3,315.6	2,622.0	(693.6)
Refunds	1,786.8	1,815.6	28.8	1,827.5	1,797.4	(30.1)
Net Individual	\$ 10,776.9	\$ 10,045.4	\$ (731.5)	\$ 11,593.5	\$ 10,387.8	\$ (1,205.7)
Sales	\$ 3,225.7	\$ 3,010.9	\$ (214.8)	\$ 3,391.2	\$ 3,166.6	\$ (224.6)
Corporate	706.0	685.0	(21.0)	728.2	729.0	0.8
Wills (Recordation)	380.8	298.1	(82.7)	415.1	298.1	(117.0)
Insurance	294.8	257.5	(37.3)	317.3	283.1	(34.2)
All Other Revenue	705.7	718.4	12.7	744.8	757.4	12.6
<b>Total Revenues</b>	<b>\$ 16,089.9</b>	<b>\$ 15,015.3</b>	<b>\$ (1,074.6)</b>	<b>\$ 17,190.1</b>	<b>\$ 15,622.0</b>	<b>\$ (1,568.1)</b>
ABC Profits	\$ 35.2	\$ 36.6	\$ 1.4	\$ 34.5	\$ 37.0	\$ 2.5
Lottery Profits	0.0	0.0	0.0	0.0	0.0	0.0
Sales Tax (0.25%)	243.9	222.1	(21.8)	257.7	228.5	(29.2)
Transfers	105.7	145.2	39.5	95.3	162.8	67.5
<b>Total Transfers</b>	<b>\$ 384.8</b>	<b>\$ 403.9</b>	<b>\$ 19.1</b>	<b>\$ 387.5</b>	<b>\$ 428.3</b>	<b>\$ 40.8</b>
<b>Total General Fund</b>	<b>\$ 16,474.7</b>	<b>\$ 15,419.2</b>	<b>\$ (1,055.5)</b>	<b>\$ 17,577.6</b>	<b>\$ 16,050.3</b>	<b>\$ (1,527.3)</b>
Percent Change for FY	(0.6) %	(7.0) %		6.7 %	4.1 %	

<b>2008-10 Biennium</b>	<u>Official *</u>	<u>December</u>	<u>\$ Change</u>
Total Revenues	\$ 33,280.0	\$ 30,637.3	\$ (2,642.7)
Total Transfers	772.3	832.2	59.9
<b>Total General Fund</b>	<b>\$ 34,052.3</b>	<b>\$ 31,469.5</b>	<b>\$ (2,582.8)</b>

\* Chapter 879 Forecast

# ***Fiscal Year 2009 Year-to-Date Revenue Collections Are Running Ahead Of The Forecasts...***

## **November Year-to-Date Collections and FY 2009 Forecasts (annual percent change)**

<u>Major Source</u>	As a % of Total <u>Revenues</u>	Percent Growth over Prior Year		
		<u>October Estimate</u>	<u>YTD Actual</u>	<u>December Estimate</u>
Withholding	61.0 %	3.3 %	4.3 %	3.4 %
Nonwithholding	17.4	(7.9)	(1.5)	(8.4)
Refunds	(11.9)	6.8	13.9	8.1
Net Individual	66.6	(0.4)	3.1	(0.7)
Sales	20.3	0.0	(2.8)	(2.1)
Corporate	4.5	(15.2)	(17.4)	(15.2)
Wills (Recordation)	2.3	(23.9)	(34.9)	(34.7)
Insurance	1.7	(35.1)	(100.0)	(35.1)
All Other Revenue	4.6	(24.0)	(30.5)	(21.5)
<b>Total</b>	<b>100.0 %</b>	<b>(4.0) %</b>	<b>(3.7) %</b>	<b>(4.8) %</b>

Note: Adjusted for the repeal of the estate tax and transfers to transportation from insurance and recordation per HB 3202, year-to-date collections have increased 0.2 percent compared with the October forecast of a 2.0 percent decline.

- Through November, year-to-date revenue growth is ahead of forecast.
  - However, the December forecast includes a significant decline in revenue growth in the fourth quarter of FY 2009.

***The Governor Proposes A Withdrawal Of \$490 Million From The Revenue Stabilization Fund As Part Of His Recommended Actions To Address The FY 2009 General Fund Shortfall...***

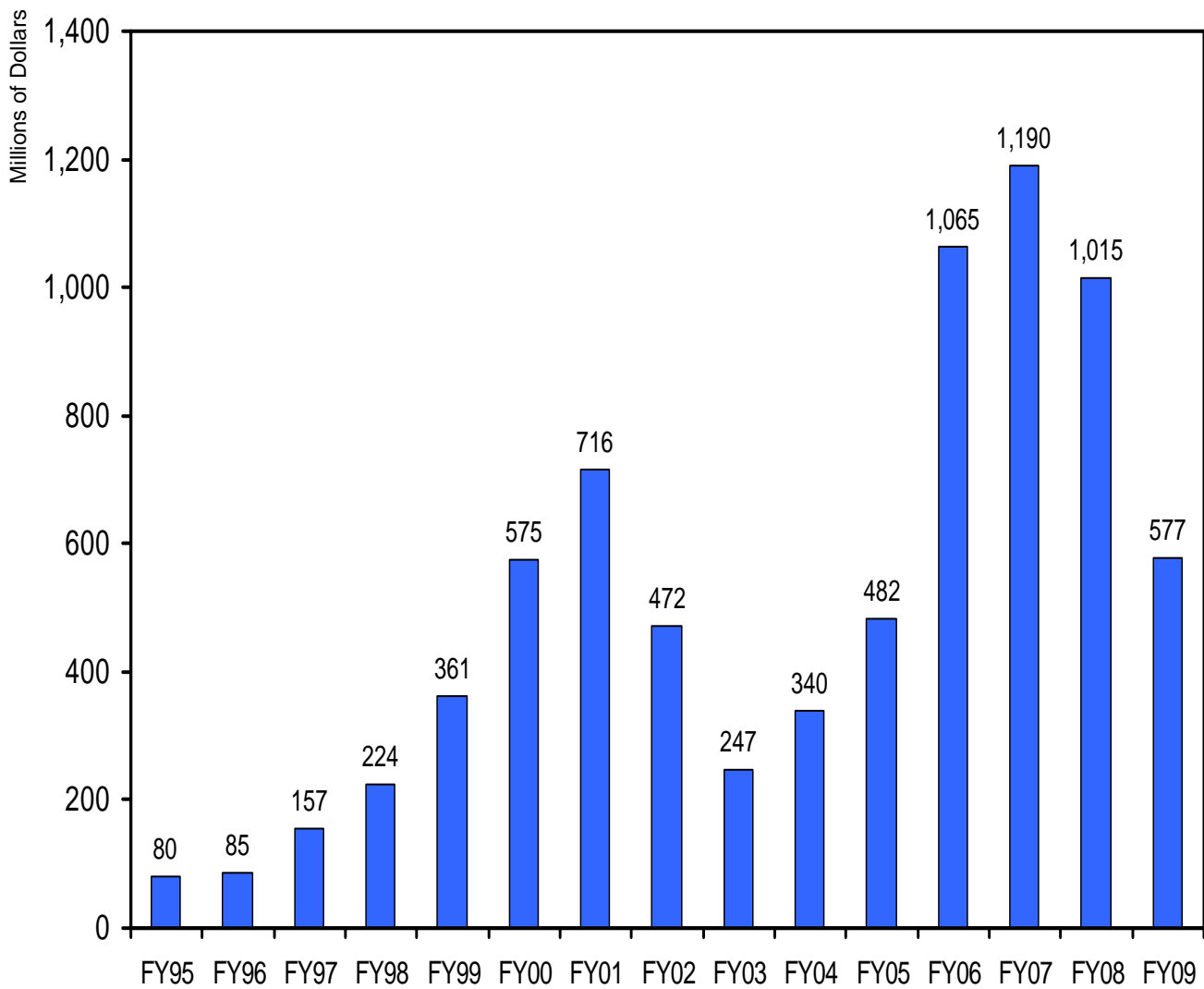
- The revenue stabilization fund balance on June 30, 2008 was \$1,014.9 million.
  - A \$21.3 million deposit required by Chapter 879 on or before June 30, 2009.
  - Interest credited to the fund quarterly.
  
- Proceeds from the Revenue Stabilization Fund are available to meet a revenue shortfall in the currently enacted budget under proscribed conditions.
  - General Assembly may appropriate a withdrawal from the Fund if there is a revenue shortfall of 2 percent or greater in certified tax revenue (\$284.5 million) for FY 2008.
  - The withdrawal cannot exceed one-half of the revenue shortfall (\$493.3 million).
  
- The balance in the Revenue Stabilization Fund after withdrawing the \$490 million proposed by the Governor will be in excess of \$575 million after the required FY 2009 deposit and accrual of interest through June 30, 2009.

<b>Revenue Stabilization Fund Activity June 30, 2008 – June 30, 2009</b>	
Balance June 30, 2008	\$1,014,870,245
FY 2009 Deposit	\$21,320,527
Estimated FY 2009 Interest	\$30,456,700
FY 2009 Withdrawal	-\$490,000,000
Estimated June 30, 2009 Balance	\$576,647,472



***The Balance In The Revenue Stabilization Fund Will Exceed \$575 Million After The Proposed Withdrawal Of \$490 Million...***

**Revenue Stabilization Fund -- June 30 Balance**  
FY 1995-08 Actual and FY 2009 Forecast  
(millions of dollars)



Note: FY 2009 balance is estimated.

***A Proposed Tobacco Tax Increase Will Be Earmarked For The Virginia Health Care Fund And Defray Cost Of Smoking-Related Illness In The Medicaid Program...***

**Summary of the Virginia Health Care Fund Revenue Forecast**

Fiscal Year 2008 Actual and Fiscal Years 2009 and 2010 Forecast  
(millions of dollars)

	Actual	Forecast	
	FY2008	FY2009	FY2010
Tobacco Taxes:			
Base	14.0	13.9	13.9
Cigarette User Fees (9/1/04)	154.0	153.0	153.0
Rate Increase (2009 Session)	<u>0.0</u>	<u>0.0</u>	<u>154.1</u>
<b>Total Cigarette Taxes</b>	<b>168.0</b>	<b>166.9</b>	<b>321.0</b>
10% Other Tobacco Products (3/1/05)	15.9	15.2	15.2
10% OTP to \$0.25 per oz. (2009)	<u>0.0</u>	<u>0.0</u>	<u>0.8</u>
<b>Total Tobacco Taxes</b>	<b>183.9</b>	<b>182.1</b>	<b>337.0</b>
Tobacco Settlement Funds:			
Master Settlement	53.7	55.7	55.7
NPM Escrow	0.0	0.0	0.0
Other Revenue:			
Medicaid Recoveries	<u>61.3</u>	<u>61.4</u>	<u>66.0</u>
<b>TOTAL FUND</b>	<b>\$ 298.9</b>	<b>\$ 299.2</b>	<b>\$ 458.7</b>

- The increased revenues will go directly to Medicaid.
- The CDC's estimated cost of smoking-related illness for the Virginia Medicaid Program was \$401 million in 2004.

**Cigarette Tax Rates**

Virginia and Surrounding States

State	Tax Rate (\$ per pack)	U.S. Rank
Virginia	0.30	47
Kentucky	0.30	47
North Carolina	0.35	45
West Virginia	0.55	40
Tennessee	0.62	36
Washington, D.C.	1.00	26
Maryland	2.00	4
<b>U.S. Median</b>	<b>1.00</b>	
<b>U.S. Average</b>	<b>1.11</b>	

## ***Next Steps In The Revenue Forecasting Process...***

- The mid-session review will incorporate the latest economic and revenue data.
  - Global Insight January U.S. economic outlook.
    - Impact of federal legislation and bailout plans.
    - Retail holiday sales.
  - Key additional revenue data will be available.
    - December 15: Due date for the fourth quarter corporate estimated income tax payment.
    - January 15: Due date for the fourth quarter individual estimated income tax payment.
    - Retail sales tax collections reflecting the main holiday shopping season.

# ***The December General Fund Revenue Forecast And The Proposed Revenue Stabilization Fund Withdrawal Leave A Shortfall Of \$2,090.7 Million To Be Addressed By Spending Adjustments...***

## **General Fund Revenue Adjustments**

\$ in Millions

	<u>FY2009</u>	<u>FY2010</u>	<u>Total</u>
October Revenue Reforecast	\$ (956.4)	\$ (1,515.0)	\$ (2,471.4)
November Revenue Reforecast	(138.6)	(229.6)	(368.2)
Technical Changes	3.0	8.1	11.1
Transfers:			
ABC Profits	1.4	1.9	3.3
Sales Tax 1/4 cent	(21.8)	(29.2)	(51.0)
Other	(25.5)	0.3	(25.2)
Subtotal	\$ (45.9)	\$ (27.0)	\$ (72.9)
Total December (Baseline) Shortfall	\$ (1,137.9)	\$ (1,763.5)	\$ (2,901.4)
Budget Reduction Plans/Balancing Actions:			
Federal (Title IV E Refund)	16.8	-	16.8
Enhanced Compliance Effort	1.2	21.7	22.9
Other Revenue	8.3	3.8	12.1
Transfers	63.2	67.9	131.1
Subtotal	89.5	93.4	182.9
Proposed Tax Policy Changes:			
2/3's of Excess Fees	-	6.0	6.0
Dealer Discount on Sales Tax	-	64.3	64.3
Captive REIT legislation	-	10.0	10.0
Advance Fixed Date Conformity	(2.8)	10.5	7.7
Adjust Land Preservation Tax Credit	-	50.0	50.0
Sales Tax on Cigarettes	-	2.0	2.0
Energy Tax Credit	-	(2.0)	(2.0)
Energy Sales Tax Exemption	-	(0.2)	(0.2)
Subtotal	(2.8)	140.6	137.8
Net Shortfall	\$ (1,051.2)	\$ (1,529.5)	\$ (2,580.7)
Revenue Stabilization Fund Withdrawal	490.0	-	490.0
Remaining Shortfall	\$ (561.2)	\$ (1,529.5)	\$ (2,090.7)

## **APPENDIX**

U.S. Economic Indicators

Virginia Economic Indicators

General Fund Forecast for FY 2009 through FY 2016

Growth in General Fund Revenues, FY 1961 through FY 2009

Nongeneral Fund Forecast for FY 2009 through FY 2014

November 2008 Revenue Report

Revenue Stabilization Fund FY 2009 Withdrawal Calculation

**Fiscal Years 2007-2012 November and August Forecasts**  
U.S. Economic Forecasts - Income and Other Indicators

		<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
<u>Output, Income, and Spending (% Change)</u>							
Real GDP	November Std.	2.0	2.4	(0.4)	0.1	2.6	3.4
	August Std.			0.8	2.0	3.1	3.1
	August Alt.			(0.7)	0.5	2.8	2.8
Total Personal Income	November Std.	6.5	5.3	3.1	1.7	3.6	5.3
	August Std.		5.4	3.3	4.1	5.3	5.6
	August Alt.			2.8	3.2	5.5	6.5
Wages and Salaries (56%) *	November Std.	5.8	4.6	2.4	1.4	3.4	4.7
	August Std.		4.7	3.4	3.9	4.9	5.2
	August Alt.			2.6	2.7	4.6	5.7
Average Wage	November Std.	4.3	3.9	3.4	2.3	2.5	3.0
	August Std.		4.0	3.8	3.4	3.4	3.6
	August Alt.			3.7	3.0	3.4	3.9
Real Consumer Spending	November Std.	3.0	1.9	(0.7)	1.7	1.6	2.6
	August Std.		2.0	0.3	1.6	3.0	3.0
	August Alt.			(0.8)	(0.1)	2.0	2.4
<u>Interest Rates (%)</u>							
3-Month Treasury Bills	November Std.	4.9	2.9	0.9	1.2	2.9	4.6
	August Std.			1.8	3.4	4.6	4.6
	August Alt.			2.0	4.6	5.7	5.8
30-Year Treasury Bonds	November Std.	4.9	4.6	4.2	4.1	4.8	5.8
	August Std.			4.3	5.0	5.8	5.8
	August Alt.			4.9	6.1	6.7	6.7
<u>Prices (% Change)</u>							
CPI	November Std.	2.6	3.7	1.6	0.2	3.1	2.6
	August Std.			4.8	1.6	1.7	2.3
	August Alt.			5.7	2.3	2.4	3.0
GDP Deflator	November Std.	2.9	2.3	2.5	1.2	1.6	1.7
	August Std.			2.4	1.9	2.1	2.0
	August Alt.			2.6	2.4	2.8	2.9

The November Std. forecast is Global Insight's November 2008 U.S. standard forecast.

The August Std. forecast is Global Insight's August 2008 U.S. standard forecast.

The August Alt. forecast is Global Insight's August 2008 U.S. alternative low-growth forecast.

\* Represents the percentage share of total.

**Fiscal Years 2007-2012 November and August Forecasts**  
U.S. Economic Forecasts - Employment and Labor Markets

		<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
<u>Employment and Labor Markets (% Change)</u>							
Total Nonagricultural Employment	November Std.	1.4	0.7	(1.0)	(0.9)	0.9	1.7
	August Std.			(0.4)	0.5	1.4	1.6
	August Alt.			(1.0)	(0.3)	1.2	1.7
Construction (6%) *	November Std.	1.6	(3.2)	(5.8)	(6.4)	(0.4)	2.9
	August Std.			(6.6)	(2.2)	1.7	3.9
	August Alt.			(9.3)	(6.9)	0.2	4.1
Trade, Transportation, and Utilities (19%)	November Std.	1.2	0.5	(2.2)	0.1	0.3	0.9
	August Std.			(1.5)	0.8	1.1	0.5
	August Alt.			(2.5)	0.0	1.1	0.2
Financial Activities (6%)	November Std.	1.0	(1.0)	(1.4)	0.7	0.8	0.9
	August Std.			(1.2)	0.6	2.1	2.1
	August Alt.			(2.4)	(1.5)	2.5	4.2
Professional and Business Services (13%)	November Std.	3.0	1.3	(2.1)	(1.5)	5.1	5.7
	August Std.			(0.6)	3.1	5.2	4.2
	August Alt.			(3.0)	1.6	6.7	5.2
Education and Health Services (13%)	November Std.	2.6	3.0	3.0	2.5	2.6	1.8
	August Std.			3.0	2.3	1.3	1.2
	August Alt.			3.2	3.1	1.4	1.3
Leisure and Hospitality (10%)	November Std.	2.6	2.5	0.0	(0.4)	(0.7)	0.6
	August Std.			0.6	(0.4)	0.8	1.4
	August Alt.			1.2	(1.0)	(0.1)	0.2
Government (16%)	November Std.	1.0	1.0	0.8	(0.4)	(0.2)	0.5
	August Std.			1.2	0.4	0.2	0.8
	August Alt.			0.4	(0.5)	(0.4)	0.8
Unemployment Rate (%)	November Std.	4.5	4.9	6.8	8.1	8.0	7.4
	August Std.			5.9	6.1	5.7	5.3
	August Alt.			6.3	7.1	6.8	6.2

The November Std. forecast is Global Insight's November 2008 U.S. standard forecast.

The August Std. forecast is Global Insight's August 2008 U.S. standard forecast.

The August Alt. forecast is Global Insight's August 2008 U.S. alternative low-growth forecast.

\* Represents the percentage share of total.

**Fiscal Years 2007-2012 November and August Forecasts**  
Virginia Economic Forecasts - Employment and Labor Markets

		<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
<u>Employment and Labor Markets (% Change)</u>							
Total Nonagricultural Employment	November Std.	1.2	0.9	(0.6)	(0.2)	0.8	1.5
	August Std.			(0.1)	0.8	1.4	1.5
	August Alt.			(0.6)	(0.0)	1.3	1.8
Construction and Mining (7%) *	November Std.	(1.5)	(3.8)	(3.5)	(5.9)	(0.4)	2.9
	August Std.			(4.3)	(1.7)	1.7	3.8
	August Alt.			(7.0)	(6.4)	0.2	4.0
Trade, Transportation, and Utilities (18%)	November Std.	0.7	0.9	(2.5)	0.9	0.0	0.2
	August Std.			(1.6)	1.3	0.8	(0.2)
	August Alt.			(2.6)	0.8	1.2	(0.6)
Financial Activities (5%)	November Std.	0.6	(1.9)	(1.8)	1.0	1.5	1.8
	August Std.			(1.4)	1.2	3.5	3.1
	August Alt.			(2.9)	(1.7)	4.0	6.3
Professional and Business Services (17%)	November Std.	3.1	2.3	2.2	(1.5)	3.9	4.4
	August Std.			3.3	1.9	3.8	3.3
	August Alt.			1.3	0.2	4.5	4.4
Education and Health Services (11%)	November Std.	3.0	4.2	2.8	3.0	3.2	2.2
	August Std.			2.8	2.8	1.5	1.4
	August Alt.			3.0	3.8	1.6	1.6
Leisure and Hospitality (9%)	November Std.	2.4	1.1	(0.1)	(0.3)	(0.6)	0.5
	August Std.			0.5	(0.4)	0.7	1.3
	August Alt.			1.0	(0.9)	(0.1)	0.1
Government (18%)	November Std.	1.7	1.4	(1.6)	2.6	(0.5)	(0.3)
	August Std.			(1.6)	1.4	0.4	0.5
	August Alt.			(1.6)	1.5	0.5	0.8
Unemployment Rate (%)	November Std.	3.0	3.3	4.7	5.7	5.6	5.1
	August Std.			4.0	4.1	3.9	3.5
	August Alt.			4.3	4.9	4.6	4.2

The November Std. forecast from the Department of Taxation is based on Global Insight's November 2008 U.S. standard forecast.

The August Std. forecast from the Department of Taxation is based on Global Insight's August 2008 U.S. standard forecast.

The August Alt. forecast from the Department of Taxation is based on Global Insight's August 2008 U.S. alternative low-growth forecast.

\* Represents the percentage share of total.



**Fiscal Years 2007-2012 November and August Forecasts**  
Virginia Economic Forecasts - Income

		<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>
<u>Income (% Change)</u>							
Total Personal Income	November Std.	5.5	4.4	2.1	2.3	3.4	4.2
	August Std.	4.9	4.8	3.2	3.7	4.4	4.8
	August Alt.			2.6	3.0	4.6	5.6
Wages and Salaries (58%) *	November Std.	5.0	4.3	2.6	3.2	3.2	4.0
	August Std.	4.9	4.4	3.3	4.4	4.2	4.6
	August Alt.			2.8	3.6	4.1	5.2
Average Wage	November Std.	3.8	3.4	3.2	3.4	2.3	2.5
	August Std.	3.6	3.4	3.4	3.6	2.8	3.1
	August Alt.			3.4	3.6	2.7	3.3
Dividends, Interest, and Rent (16%)	November Std.	8.8	3.5	1.0	(2.5)	2.8	7.8
	August Std.	4.3	7.1	3.7	3.0	7.4	6.8
	August Alt.			3.9	1.8	8.4	8.6
Supplements to Wages and Salaries (14%)	November Std.	3.8	4.0	3.0	5.6	4.6	4.2
	August Std.	4.4	4.0	3.0	4.3	4.4	5.1
	August Alt.			3.1	4.2	4.1	5.1
Proprietor's Income (6%)	November Std.	(0.5)	1.3	(0.7)	3.6	4.2	(4.0)
	August Std.	(0.6)	0.8	3.2	2.7	(0.7)	0.7
	August Alt.			(5.6)	(5.6)	(3.0)	1.3

The November Std. forecast from the Department of Taxation is based on Global Insight's November 2008 U.S. standard forecast.

The August Std. forecast from the Department of Taxation is based on Global Insight's August 2008 U.S. standard forecast.

The August Alt. forecast from the Department of Taxation is based on Global Insight's August 2008 U.S. alternative low-growth forecast.

\* Represents the percentage share of total.

**The Official and December Standard General Fund Forecast for Fiscal Year 2009**  
(Dollars in Millions)

December 17, 2008

	Fiscal Year 2008		Fiscal Year 2009				
	Actual	% Growth	Official Forecast	December Forecast	Change	% Growth Over FY 08 Official	December
<b>MAJOR TAX SOURCES</b>							
Corporate Income	\$ 807.9	(8.2) %	\$ 706.0	\$ 685.0	\$ (21.0)	(12.6) %	(15.2) %
Individual Income Tax:							
Gross	11,794.7	3.9	12,563.7	11,861.0	(702.7)	6.5	0.6
Withholding	8,933.6	4.3	9,506.5	9,239.8	(266.7)	6.4	3.4
Nonwithholding	2,861.2	2.8	3,057.2	2,621.2	(436.0)	6.9	(8.4)
Refunds	<u>(1,679.9)</u>	<u>7.7</u>	<u>(1,786.8)</u>	<u>(1,815.6)</u>	<u>(28.8)</u>	<u>6.4</u>	<u>8.1</u>
Net	10,114.8	3.3	10,776.9	10,045.4	(731.5)	6.5	(0.7)
Insurance Company Premiums	396.9	3.1	294.8	257.5	(37.3)	(25.7)	(35.1)
State Sales & Use Tax	3,075.5	0.9	3,225.7	3,010.9	(214.8)	4.9	(2.1)
Wills, Suits, Deeds, & Contract Fees	<u>456.3</u>	<u>(21.7)</u>	<u>380.8</u>	<u>298.1</u>	<u>(82.7)</u>	<u>(16.6)</u>	<u>(34.7)</u>
Total Major Tax Sources	\$ 14,851.4	1.1 %	\$ 15,384.3	\$ 14,296.9	\$ (1,087.4)	3.6 %	(3.7) %
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>							
Alcoholic Beverage State Tax	\$ 125.3	5.6 %	\$ 131.0	\$ 131.0	\$ 0.0	4.5 %	4.5 %
Bank Franchise Tax	13.8	9.6	13.5	13.3	(0.2)	(2.0)	(3.4)
Beer & Beverage Excise Tax	43.5	0.9	44.0	43.9	(0.1)	1.1	0.9
Corporate Franchise & Charter Fees	47.0	(1.9)	47.9	43.2	(4.7)	1.8	(8.2)
Excess & Other Fees from Officers	(24.4)	26.5	(28.1)	(22.0)	6.1	(15.4)	9.7
Estate & Gifts	153.4	0.3	0.0	0.0	0.0	(100.0)	(100.0)
Institutional Revenues	7.6	5.9	7.5	7.5	0.0	(1.2)	(1.2)
Interest & Rents	189.7	7.6	122.4	121.1	(1.3)	(35.5)	(36.2)
Licenses & Permits	4.6	(4.6)	5.0	4.6	(0.4)	8.5	(0.2)
Miscellaneous Taxes and Penalties	222.0	(4.8)	240.5	229.8	(10.7)	8.3	3.5
Other Miscellaneous Revenues	36.5	21.4	33.1	53.6	20.6	(9.5)	46.8
Public Service GR / Consumption Tax	<u>96.4</u>	<u>9.6</u>	<u>88.9</u>	<u>92.4</u>	<u>3.5</u>	<u>(7.8)</u>	<u>(4.1)</u>
Total Misc. Taxes and Other Revenues	\$ 915.5	3.8 %	\$ 705.7	\$ 718.4	\$ 12.7	(22.9) %	(21.5) %
<b>TOTAL GF REVENUES</b>	<b>\$ 15,767.0</b>	<b>1.3 %</b>	<b>\$ 16,089.9</b>	<b>\$ 15,015.3</b>	<b>\$ (1,074.6)</b>	<b>2.0 %</b>	<b>(4.8) %</b>
<b>TRANSFERS</b>							
A.B.C. Profits	\$ 36.1	31.0 %	\$ 35.2	\$ 36.6	\$ 1.4	(2.5) %	1.4 %
Lottery Proceeds Fund	458.2	5.4	0.0	0.0	0.0	(100.0)	(100.0)
Sales Tax (0.25%)	226.7	(11.1)	243.9	222.1	(21.8)	7.6	(2.0)
Transfers Per Appropriations Act	<u>91.6</u>	<u>(30.9)</u>	<u>105.7</u>	<u>145.2</u>	<u>39.5</u>	<u>15.4</u>	<u>58.5</u>
Total Transfers	\$ 812.5	(0.9) %	\$ 384.8	\$ 403.9	\$ 19.1	(52.6) %	(50.3) %
<b>TOTAL GENERAL FUND</b>	<b>\$ 16,579.5</b>	<b>1.2 %</b>	<b>\$ 16,474.7</b>	<b>\$ 15,419.2</b>	<b>\$ (1,055.5)</b>	<b>(0.6) %</b>	<b>(7.0) %</b>

The Official forecast is based on the January 2008 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and reflects actions of the 2008 General Assembly.

The December Standard forecast is based on the November 2008 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation approved by the GABE and GACRE.

Chapter 896 (HB 3202) requires the Comptroller to deposit one-third of insurance company premiums tax collected in the most recently ended fiscal year and the revenues collected from \$0.03 of the recordation tax to various transportation funds beginning in FY09.

**The Official and December Standard General Fund Forecast for Fiscal Year 2010**  
(Dollars in Millions)

December 17, 2008

	Fiscal Year 2010					2008-2010 Biennium		
	Official Forecast	December Forecast	Change	% Growth Over FY 09 Official      December		Official Forecast	December Forecast	Change
<b>MAJOR TAX SOURCES</b>								
Corporate Income	\$ 728.2	\$ 729.0	\$ 0.8	3.1 %	6.4 %	\$ 1,434.2	\$ 1,414.0	\$ (20.2)
Individual Income Tax:								
Gross	13,421.0	12,185.2	(1,235.8)	6.8	2.7	25,984.7	24,046.2	(1,938.5)
Withholding	10,105.4	9,563.2	(542.2)	6.3	3.5	19,611.9	18,803.0	(808.9)
Nonwithholding	3,315.6	2,622.0	(693.6)	8.4	0.0	6,372.8	5,243.2	(1,129.6)
Refunds	<u>(1,827.5)</u>	<u>(1,797.4)</u>	<u>30.1</u>	<u>2.3</u>	<u>(1.0)</u>	<u>(3,614.3)</u>	<u>(3,613.0)</u>	<u>1.3</u>
Net	11,593.5	10,387.8	(1,205.7)	7.6	3.4	22,370.4	20,433.2	(1,937.2)
Insurance Company Premiums	317.3	283.1	(34.2)	7.6	9.9	612.2	540.6	(71.6)
State Sales & Use Tax	3,391.2	3,166.6	(224.6)	5.1	5.2	6,616.9	6,177.5	(439.4)
Wills, Suits, Deeds, & Contract Fees	<u>415.1</u>	<u>298.1</u>	<u>(117.0)</u>	<u>9.0</u>	<u>0.0</u>	<u>795.9</u>	<u>596.2</u>	<u>(199.7)</u>
<b>Total Major Tax Sources</b>	<b>\$ 16,445.3</b>	<b>\$ 14,864.6</b>	<b>\$ (1,580.7)</b>	<b>6.9 %</b>	<b>4.0 %</b>	<b>\$ 31,829.5</b>	<b>\$ 29,161.5</b>	<b>\$ (2,668.0)</b>
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>								
Alcoholic Beverage State Tax	\$ 136.0	\$ 136.7	\$ 0.7	3.8 %	4.4 %	\$ 267.0	\$ 267.7	\$ 0.7
Bank Franchise Tax	13.9	13.7	(0.2)	3.0	3.0	27.4	27.0	(0.4)
Beer & Beverage Excise Tax	44.0	44.3	0.3	0.0	0.9	88.0	88.2	0.2
Corporate Franchise & Charter Fees	47.9	44.4	(3.5)	0.0	2.8	95.8	87.6	(8.2)
Excess & Other Fees from Officers	(30.6)	(17.1)	13.5	(8.9)	22.3	(58.7)	(39.1)	19.6
Estate & Gifts	0.0	0.0	0.0	n/a	n/a	0.0	0.0	0.0
Institutional Revenues	7.5	7.5	0.0	0.0	0.0	15.0	15.0	0.0
Interest & Rents	149.4	157.5	8.1	22.1	30.1	271.8	278.6	6.8
Licenses & Permits	5.0	4.6	(0.4)	0.0	0.0	10.0	9.2	(0.8)
Miscellaneous Taxes and Penalties	248.9	236.1	(12.8)	3.5	2.7	489.4	465.9	(23.5)
Other Miscellaneous Revenues	32.1	36.2	4.1	(2.9)	(32.5)	65.2	89.8	24.7
Public Service GR / Consumption Tax	<u>90.7</u>	<u>93.5</u>	<u>2.8</u>	<u>2.0</u>	<u>1.2</u>	<u>179.6</u>	<u>185.9</u>	<u>6.3</u>
<b>Total Misc. Taxes and Other Revenues</b>	<b>\$ 744.8</b>	<b>\$ 757.4</b>	<b>\$ 12.6</b>	<b>5.5 %</b>	<b>5.4 %</b>	<b>\$ 1,450.5</b>	<b>\$ 1,475.8</b>	<b>\$ 25.3</b>
<b>TOTAL GF REVENUES</b>	<b>\$ 17,190.1</b>	<b>\$ 15,622.0</b>	<b>\$ (1,568.1)</b>	<b>6.8 %</b>	<b>4.0 %</b>	<b>\$ 33,280.0</b>	<b>\$ 30,637.3</b>	<b>\$ (2,642.7)</b>
<b>TRANSFERS</b>								
A.B.C. Profits	\$ 34.5	\$ 37.0	\$ 2.5	(2.0) %	1.1 %	\$ 69.7	\$ 73.6	\$ 3.9
Lottery Proceeds Fund	0.0	0.0	0.0	n/a	n/a	0.0	0.0	0.0
Sales Tax (0.25%)	257.7	228.5	(29.2)	5.7	2.9	501.6	450.6	(51.0)
Transfers Per Appropriations Act	<u>95.3</u>	<u>162.8</u>	<u>67.5</u>	<u>(9.8)</u>	<u>12.1</u>	<u>201.0</u>	<u>308.0</u>	<u>107.0</u>
<b>Total Transfers</b>	<b>\$ 387.5</b>	<b>\$ 428.3</b>	<b>\$ 40.8</b>	<b>0.7 %</b>	<b>6.0 %</b>	<b>\$ 772.3</b>	<b>\$ 832.2</b>	<b>\$ 59.9</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 17,577.6</b>	<b>\$ 16,050.3</b>	<b>\$ (1,527.3)</b>	<b>6.7 %</b>	<b>4.1 %</b>	<b>\$ 34,052.3</b>	<b>\$ 31,469.5</b>	<b>\$ (2,582.8)</b>

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Chapter 896 (HB 3202) requires the Comptroller to deposit one-third of insurance company premiums tax collected in the most recently ended fiscal year and the revenues collected from \$0.03 of the recordation tax to various transportation funds beginning in FY09.

**The Official and December Standard General Fund Forecast for Fiscal Year 2011**

(Dollars in Millions)

December 17, 2008

	Fiscal Year 2011				
	Official	December	Change	% Growth Over FY 10	
	Forecast	Forecast		Official	December
<b>MAJOR TAX SOURCES</b>					
Corporate Income	\$ 736.7	\$ 764.7	\$ 28.0	1.2 %	4.9 %
Individual Income Tax:					
Gross	14,167.1	12,764.9	(1,402.2)	5.6	4.8
Withholding	10,601.4	9,901.5	(699.9)	4.9	3.5
Nonwithholding	3,565.7	2,863.4	(702.3)	7.5	9.2
Refunds	<u>(1,848.3)</u>	<u>(1,782.3)</u>	<u>66.0</u>	<u>1.1</u>	<u>(0.8)</u>
Net	12,318.8	10,982.6	(1,336.2)	6.3	5.7
Insurance Company Premiums	325.6	298.3	(27.3)	2.6	5.4
State Sales & Use Tax	3,557.7	3,260.1	(297.6)	4.9	3.0
Wills, Suits, Deeds, & Contract Fees	<u>409.7</u>	<u>298.1</u>	<u>(111.6)</u>	<u>(1.3)</u>	<u>0.0</u>
Total Major Tax Sources	\$ 17,348.5	\$ 15,603.8	\$ (1,744.7)	5.5 %	5.0 %
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>					
Alcoholic Beverage State Tax	\$ 136.0	\$ 136.7	\$ 0.7	0.0 %	0.0 %
Bank Franchise Tax	13.9	14.1	0.2	0.0	2.9
Beer & Beverage Excise Tax	44.0	44.3	0.3	0.0	0.0
Corporate Franchise & Charter Fees	47.9	44.9	(3.0)	0.0	1.1
Excess & Other Fees from Officers	(30.6)	(17.1)	13.5	0.0	0.0
Estate & Gifts	0.0	0.0	0.0	n/a	n/a
Institutional Revenues	7.5	7.5	0.0	0.0	0.0
Interest & Rents	160.3	146.0	(14.3)	7.3	(7.3)
Licenses & Permits	5.0	4.6	(0.4)	0.0	0.0
Miscellaneous Taxes and Penalties	248.9	238.2	(10.7)	0.0	0.9
Other Miscellaneous Revenues	32.1	34.7	2.6	0.0	(4.1)
Public Service GR / Consumption Tax	<u>90.7</u>	<u>94.5</u>	<u>3.8</u>	<u>0.0</u>	<u>1.1</u>
Total Misc. Taxes and Other Revenues	\$ 755.7	\$ 748.4	\$ (7.3)	1.5 %	(1.2) %
<b>TOTAL GF REVENUES</b>	<b>\$ 18,104.1</b>	<b>\$ 16,352.2</b>	<b>\$ (1,751.9)</b>	<b>5.3 %</b>	<b>4.7 %</b>
<b>TRANSFERS</b>					
A.B.C. Profits	\$ 34.5	\$ 37.0	\$ 2.5	0.0 %	0.0 %
Lottery Proceeds Fund	0.0	0.0	0.0	n/a	n/a
Sales Tax (0.25%)	263.0	235.3	(27.7)	2.1	3.0
Transfers Per Appropriations Act	<u>80.4</u>	<u>80.4</u>	<u>0.0</u>	<u>(15.6)</u>	<u>(50.6)</u>
Total Transfers	\$ 377.9	\$ 352.7	\$ (25.2)	(2.5) %	(17.7) %
<b>TOTAL GENERAL FUND</b>	<b>\$ <u>18,482.0</u></b>	<b>\$ <u>16,704.9</u></b>	<b>\$ <u>(1,777.1)</u></b>	<b><u>5.1 %</u></b>	<b><u>4.1 %</u></b>

The Official forecast is based on the January 2008 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and reflects actions of the 2008 General Assembly.

The December Standard forecast is based on the November 2008 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation approved by the GABE and GACRE.

**The Official and December Standard General Fund Forecast for Fiscal Year 2012**  
(Dollars in Millions)

December 17, 2008

	Fiscal Year 2012					2010-2012 Biennium		
	Official Forecast	December Forecast	Change	% Growth Over FY 11 Official      December		Official Forecast	December Forecast	Change
<b>MAJOR TAX SOURCES</b>								
Corporate Income	\$ 729.4	\$ 782.7	\$ 53.3	(1.0) %	2.4 %	\$ 1,466.1	\$ 1,547.4	\$ 81.3
Individual Income Tax:								
Gross	14,879.7	13,421.9	(1,457.8)	5.0	5.1	29,046.8	26,186.8	(2,860.0)
Withholding	11,086.8	10,345.8	(741.0)	4.6	4.5	21,688.2	20,247.3	(1,440.9)
Nonwithholding	3,792.9	3,076.1	(716.8)	6.4	7.4	7,358.6	5,939.5	(1,419.1)
Refunds	<u>(1,939.9)</u>	<u>(1,830.3)</u>	<u>109.6</u>	<u>5.0</u>	<u>2.7</u>	<u>(3,788.2)</u>	<u>(3,612.6)</u>	<u>175.6</u>
Net	12,939.8	11,591.6	(1,348.2)	5.0	5.5	25,258.6	22,574.2	(2,684.4)
Insurance Company Premiums	340.3	313.4	(26.9)	4.5	5.1	665.9	611.7	(54.2)
State Sales & Use Tax	3,712.1	3,380.9	(331.2)	4.3	3.7	7,269.8	6,641.0	(628.8)
Wills, Suits, Deeds, & Contract Fees	<u>408.5</u>	<u>298.1</u>	<u>(110.4)</u>	<u>(0.3)</u>	<u>0.0</u>	<u>818.2</u>	<u>596.2</u>	<u>(222.0)</u>
<b>Total Major Tax Sources</b>	<b>\$ 18,130.1</b>	<b>\$ 16,366.7</b>	<b>\$ (1,763.4)</b>	<b>4.5 %</b>	<b>4.9 %</b>	<b>\$ 35,478.6</b>	<b>\$ 31,970.5</b>	<b>\$ (3,508.1)</b>
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>								
Alcoholic Beverage State Tax	\$ 136.0	\$ 136.7	\$ 0.7	0.0 %	0.0 %	\$ 272.0	\$ 273.4	\$ 1.4
Bank Franchise Tax	13.9	14.5	0.6	0.0	2.8	27.8	28.6	0.8
Beer & Beverage Excise Tax	44.0	44.3	0.3	0.0	0.0	88.0	88.6	0.6
Corporate Franchise & Charter Fees	47.9	44.9	(3.0)	0.0	0.0	95.8	89.8	(6.0)
Excess & Other Fees from Officers	(30.6)	(17.1)	13.5	0.0	0.0	(61.2)	(34.2)	27.0
Estate & Gifts	0.0	0.0	0.0	n/a	n/a	0.0	0.0	0.0
Institutional Revenues	7.5	7.5	0.0	0.0	0.0	15.0	15.0	0.0
Interest & Rents	160.3	146.1	(14.2)	0.0	0.1	320.6	292.1	(28.5)
Licenses & Permits	5.0	4.6	(0.4)	0.0	0.0	10.0	9.2	(0.8)
Miscellaneous Taxes and Penalties	248.9	240.0	(8.9)	0.0	0.8	497.7	478.2	(19.5)
Other Miscellaneous Revenues	32.1	34.7	2.6	0.0	0.0	64.2	69.4	5.2
Public Service GR / Consumption Tax	<u>90.7</u>	<u>95.4</u>	<u>4.7</u>	<u>0.0</u>	<u>1.0</u>	<u>181.4</u>	<u>189.9</u>	<u>8.5</u>
<b>Total Misc. Taxes and Other Revenues</b>	<b>\$ 755.7</b>	<b>\$ 751.6</b>	<b>\$ (4.1)</b>	<b>0.0 %</b>	<b>0.4 %</b>	<b>\$ 1,511.3</b>	<b>\$ 1,500.0</b>	<b>\$ (11.3)</b>
<b>TOTAL GF REVENUES</b>	<b>\$ 18,885.8</b>	<b>\$ 17,118.3</b>	<b>\$ (1,767.5)</b>	<b>4.3 %</b>	<b>4.7 %</b>	<b>\$ 36,989.9</b>	<b>\$ 33,470.5</b>	<b>\$ (3,519.4)</b>
<b>TRANSFERS</b>								
A.B.C. Profits	\$ 34.5	\$ 37.0	\$ 2.5	0.0 %	0.0 %	\$ 69.0	\$ 74.0	\$ 5.0
Lottery Proceeds Fund	0.0	0.0	0.0	n/a	n/a	0.0	0.0	0.0
Sales Tax (0.25%)	274.4	244.1	(30.3)	4.3	3.7	537.4	479.4	(58.0)
Transfers Per Appropriations Act	<u>80.4</u>	<u>80.4</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>160.8</u>	<u>160.8</u>	<u>0.0</u>
<b>Total Transfers</b>	<b>\$ 389.3</b>	<b>\$ 361.5</b>	<b>\$ (27.8)</b>	<b>3.0 %</b>	<b>2.5 %</b>	<b>\$ 767.2</b>	<b>\$ 714.2</b>	<b>\$ (53.0)</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 19,275.1</b>	<b>\$ 17,479.8</b>	<b>\$ (1,795.3)</b>	<b>4.3 %</b>	<b>4.6 %</b>	<b>\$ 37,757.1</b>	<b>\$ 34,184.7</b>	<b>\$ (3,572.4)</b>

The Official forecast is based on the January 2008 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and reflects actions of the 2008 General Assembly.

The December Standard forecast is based on the November 2008 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation approved by the GABE and GACRE.

**The December Standard General Fund Forecast for Fiscal Years 2013-2016**  
(Dollars in Millions)

December 17, 2008

	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
<b>MAJOR TAX SOURCES</b>				
Corporate Income	\$ 791.2	\$ 787.7	\$ 784.6	\$ 781.5
Individual Income Tax:				
Gross	14,160.9	14,901.3	15,676.0	16,490.0
Withholding	10,866.0	11,401.9	11,960.6	12,546.7
Nonwithholding	3,294.9	3,499.4	3,715.4	3,943.3
Refunds	<u>(1,919.0)</u>	<u>(2,010.4)</u>	<u>(2,107.3)</u>	<u>(2,209.3)</u>
Net	12,241.9	12,890.9	13,568.7	14,280.7
Insurance Company Premiums	329.6	345.3	362.2	379.9
State Sales & Use Tax	3,529.4	3,690.2	3,856.8	4,031.1
Wills, Suits, Deeds, & Contract Fees	<u>298.1</u>	<u>298.1</u>	<u>298.1</u>	<u>298.1</u>
Total Major Tax Sources	\$ 17,190.2	\$ 18,012.2	\$ 18,870.4	\$ 19,771.3
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>				
Alcoholic Beverage State Tax	\$ 136.7	\$ 136.7	\$ 136.7	\$ 136.7
Bank Franchise Tax	14.9	15.3	15.3	15.3
Beer & Beverage Excise Tax	44.3	44.3	44.3	44.3
Corporate Franchise & Charter Fees	44.4	44.4	44.4	44.4
Excess & Other Fees from Officers	(17.1)	(17.1)	(17.1)	(17.1)
Estate & Gifts	0.0	0.0	0.0	0.0
Institutional Revenues	7.5	7.5	7.5	7.5
Interest & Rents	146.1	146.1	146.1	146.1
Licenses & Permits	4.6	4.6	4.6	4.6
Miscellaneous Taxes and Penalties	240.2	240.5	240.5	240.5
Other Miscellaneous Revenues	34.7	34.7	34.7	34.7
Public Service GR / Consumption Tax	<u>95.4</u>	<u>95.4</u>	<u>95.4</u>	<u>95.4</u>
Total Misc. Taxes and Other Revenues	\$ 751.7	\$ 752.4	\$ 752.4	\$ 752.4
<b>TOTAL GF REVENUES</b>	\$ 17,941.9	\$ 18,764.6	\$ 19,622.8	\$ 20,523.7
<b>TRANSFERS</b>				
A.B.C. Profits	\$ 37.0	\$ 37.0	\$ 37.0	\$ 37.0
Lottery Proceeds Fund	0.0	0.0	0.0	0.0
Sales Tax (0.25%)	255.1	266.9	279.2	292.1
Transfers Per Appropriations Act	<u>80.4</u>	<u>80.4</u>	<u>80.4</u>	<u>80.4</u>
Total Transfers	\$ 372.5	\$ 384.3	\$ 396.6	\$ 409.5
<b>TOTAL GENERAL FUND</b>	\$ <u>18,314.4</u>	\$ <u>19,148.9</u>	\$ <u>20,019.4</u>	\$ <u>20,933.2</u>
\$ Change From Previous Year	\$ 834.6	\$ 834.5	\$ 870.5	\$ 913.8
<b>TOTAL BIENNIUM GENERAL FUND</b>		\$ 37,463.3		\$ 40,952.6
\$ Change From Previous Biennium		\$ 3,278.6		\$ 3,489.3
% Growth From Previous Biennium		9.6 %		9.3 %

**The December Standard General Fund Forecast for Fiscal Years 2013-2016**

(Dollars in Millions)

December 17, 2008

	FY 13 % Growth Over FY 12	FY 14 % Growth Over FY 13	FY 15 % Growth Over FY 14	FY 16 % Growth Over FY 15
<b>MAJOR TAX SOURCES</b>				
Corporate Income	1.1 %	(0.4) %	(0.4) %	(0.4) %
Individual Income Tax:				
Gross	5.5	5.2	5.2	5.2
Withholding	5.0	4.9	4.9	4.9
Nonwithholding	7.1	6.2	6.2	6.1
Refunds	<u>4.8</u>	<u>4.8</u>	<u>4.8</u>	<u>4.8</u>
Net	5.6	5.3	5.3	5.2
Insurance Company Premiums	5.2	4.8	4.9	4.9
State Sales & Use Tax	4.4	4.6	4.5	4.5
Wills, Suits, Deeds, & Contract Fees	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Major Tax Sources	5.0 %	4.8 %	4.8 %	4.8 %
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>				
Alcoholic Beverage State Tax	0.0 %	0.0 %	0.0 %	0.0 %
Bank Franchise Tax	2.8	2.7	0.0	0.0
Beer & Beverage Excise Tax	0.0	0.0	0.0	0.0
Corporate Franchise & Charter Fees	(1.1)	0.0	0.0	0.0
Excess & Other Fees from Officers	0.0	0.0	0.0	0.0
Estate & Gifts	n/a	n/a	n/a	n/a
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	0.1	0.1	0.0	0.0
Other Miscellaneous Revenues	0.0	0.0	0.0	0.0
Public Service GR / Consumption Tax	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Misc. Taxes and Other Revenues	0.0 %	0.1 %	0.0 %	0.0 %
<b>TOTAL GF REVENUES</b>	<b>4.8 %</b>	<b>4.6 %</b>	<b>4.6 %</b>	<b>4.6 %</b>
<b>TRANSFERS</b>				
A.B.C. Profits	0.0 %	0.0 %	0.0 %	0.0 %
Lottery Proceeds Fund	n/a	n/a	n/a	n/a
Sales Tax (0.25%)	4.5	4.6	4.6	4.6
Transfers Per Appropriations Act	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Transfers	3.0 %	3.2 %	3.2 %	3.3 %
<b>TOTAL GENERAL FUND</b>	<b><u>4.8 %</u></b>	<b><u>4.6 %</u></b>	<b><u>4.5 %</u></b>	<b><u>4.6 %</u></b>

## Growth in Total General Fund Revenues

### Fiscal Year 1961 - Fiscal Year 2010

(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	-	86	4,131,778,000	9.0%
62	242,144,567	4.8%	87	4,590,434,000	11.1%
63	286,304,265	18.2%	88	5,054,382,000	10.1%
64	298,033,919	4.1%	89	5,478,912,000	8.4%
65	323,213,412	8.4%	90	5,494,884,000	0.3%
66	365,129,776	13.0%	91	5,471,879,000	-0.4%
67	414,755,644	13.6%	92	5,623,213,000	2.8%
68	533,597,744	28.7%	93	6,133,637,000	9.1%
69	706,254,374	32.4%	94	6,503,368,000	6.0%
70	743,721,322	5.3%	95	6,881,145,000	5.8%
71	807,954,651	8.6%	96	7,356,110,000	6.9%
72	922,653,686	14.2%	97	7,949,327,000	8.1%
73	1,054,469,443	14.3%	98	8,773,520,000	10.4%
74	1,168,562,871	10.8%	99	9,702,747,000	10.6%
75	1,303,178,893	11.5%	00	10,788,482,000	11.2%
76	1,428,421,157	9.6%	01	11,105,275,000	2.9%
77	1,636,301,819	14.6%	02	10,678,954,000	-3.8%
78	1,923,085,084	17.5%	03	10,867,149,000	1.8%
79	2,115,211,522	10.0%	04	11,917,867,000	9.7%
80	2,344,928,934	10.9%	05	13,687,252,000	14.8%
81	2,579,663,941	10.0%	06	14,834,298,000	8.4%
82	2,796,458,741	8.4%	07	15,565,827,000	4.9%
83	2,975,687,935	6.4%	08	15,766,951,000	1.3%
84	3,397,710,261	14.2%	09*	15,015,300,000	-4.8%
85	3,790,816,000	11.6%	10*	15,622,000,000	4.0%

\* December 17, 2008 Forecast (Excludes Transfers)



## Growth in Total General Fund Revenues

### Fiscal Year 1961 - Fiscal Year 2010

(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	-	86	6,094,607,192	5.9%
62	1,147,658,974	3.8%	87	6,593,367,039	8.2%
63	1,341,192,041	16.9%	88	6,993,554,904	6.1%
64	1,377,299,871	2.7%	89	7,261,838,617	3.8%
65	1,473,505,411	7.0%	90	6,993,348,860	-3.7%
66	1,634,567,893	10.9%	91	6,660,109,057	-4.8%
67	1,807,607,949	10.6%	92	6,644,938,788	-0.2%
68	2,255,178,327	24.8%	93	7,058,595,332	6.2%
69	2,862,342,441	26.9%	94	7,338,156,707	4.0%
70	2,875,507,740	0.5%	95	7,585,370,828	3.4%
71	2,989,435,198	4.0%	96	7,950,488,522	4.8%
72	3,287,677,045	10.0%	97	8,415,993,860	5.9%
73	3,619,253,280	10.1%	98	9,183,662,361	9.1%
74	3,711,490,777	2.5%	99	10,040,717,553	9.3%
75	3,754,693,134	1.2%	00	10,914,876,267	8.7%
76	3,861,328,243	2.8%	01	10,979,667,603	0.6%
77	4,181,920,412	8.3%	02	10,398,506,285	-5.3%
78	4,607,295,362	10.2%	03	10,389,144,463	-0.1%
79	4,703,501,194	2.1%	04	11,152,890,257	7.4%
80	4,733,691,855	0.6%	05	12,463,010,481	11.7%
81	4,728,556,394	-0.1%	06	13,089,009,476	5.0%
82	4,791,902,980	1.3%	07	13,416,850,117	2.5%
83	4,861,679,114	1.5%	08	13,166,116,372	-1.9%
84	5,334,762,539	9.7%	09*	12,314,789,755	-6.5%
85	5,753,860,632	7.9%	10*	12,760,569,823	3.6%

\* December 17, 2008 Forecast (Excludes Transfers)

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

**NONGENERAL FUND REVENUE PROJECTIONS**  
**For Fiscal Years 2008 Through 2014**  
\$ (Millions)

	<b>Actual</b>						
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Taxes:</b>							
Motor vehicle fuel tax	924.4	917.8	927.5	923.7	918.9	932.2	947.4
Unemployment compensation payroll tax	344.0	322.7	486.4	663.4	748.0	760.4	659.8
Special highway tax from sales tax	524.9	514.5	529.0	544.4	564.7	589.7	616.8
Motor vehicle sales tax and use tax	541.7	430.1	457.2	489.2	518.4	550.8	569.1
Other taxes	375.7	455.8	609.6	459.5	469.6	472.1	475.0
<b>Total</b>	<b>2,710.7</b>	<b>2,640.9</b>	<b>3,009.7</b>	<b>3,080.2</b>	<b>3,219.6</b>	<b>3,305.2</b>	<b>3,268.0</b>
<b>Rights and privileges:</b>							
Motor Vehicle Licenses	239.6	240.0	242.5	246.3	249.9	252.9	253.3
Other Rights & Privileges	633.8	697.1	707.3	720.2	728.3	741.0	719.0
<b>Total</b>	<b>873.4</b>	<b>937.2</b>	<b>949.7</b>	<b>966.4</b>	<b>978.2</b>	<b>993.9</b>	<b>972.2</b>
<b>Sales of property and commodities:</b>							
Alocoholic Beverage Sales	533.0	559.4	591.2	611.8	633.3	655.4	678.4
Other Sales	707.8	670.6	666.5	661.5	657.0	652.7	653.3
<b>Total</b>	<b>1,240.8</b>	<b>1,230.0</b>	<b>1,257.6</b>	<b>1,273.3</b>	<b>1,290.2</b>	<b>1,308.1</b>	<b>1,331.7</b>
<b>Assessment &amp; Receipts for Support of Special Services:</b>	<b>552.3</b>	<b>614.3</b>	<b>651.5</b>	<b>685.3</b>	<b>720.3</b>	<b>755.6</b>	<b>787.6</b>
<b>Institutional revenue:</b>							
Institutions of Higher Education	3,140.6	3,292.8	3,485.0	3,849.7	4,093.4	4,437.2	4,827.7
Other Educational Institutions	5.6	4.6	5.8	5.7	5.7	5.7	5.4
Medical Hospitals	909.2	1,075.1	1,124.9	1,194.0	1,269.9	1,346.5	1,427.9
Mental Hospitals	325.1	352.3	353.8	354.3	354.5	355.3	355.8
Corrections	55.3	51.3	53.3	48.2	50.2	52.2	54.2
Other Institutions	45.4	63.5	65.1	36.1	36.8	36.9	37.7
<b>Total</b>	<b>4,481.3</b>	<b>4,839.6</b>	<b>5,088.0</b>	<b>5,487.9</b>	<b>5,810.5</b>	<b>6,233.8</b>	<b>6,708.7</b>
<b>Interest dividends and rents:</b>	<b>129.4</b>	<b>102.3</b>	<b>90.3</b>	<b>82.6</b>	<b>91.1</b>	<b>105.6</b>	<b>117.2</b>
<b>Grants and donations:</b>							
Federal grants and contracts	6,874.2	8,044.0	7,938.3	8,208.2	8,561.8	8,979.0	9,439.0
Other grants & contracts	219.5	655.9	379.6	348.9	250.3	230.7	231.1
<b>Total</b>	<b>7,093.7</b>	<b>8,700.0</b>	<b>8,317.9</b>	<b>8,557.0</b>	<b>8,812.0</b>	<b>9,209.8</b>	<b>9,670.1</b>
<b>Other Revenue:</b>	<b>1,389.3</b>	<b>1,474.1</b>	<b>1,476.4</b>	<b>1,479.3</b>	<b>1,501.6</b>	<b>1,528.8</b>	<b>1,563.1</b>
<b>Total Nongeneral Fund Revenue</b>	<b>18,470.9</b>	<b>20,538.3</b>	<b>20,841.0</b>	<b>21,612.2</b>	<b>22,423.6</b>	<b>23,440.7</b>	<b>24,418.6</b>
\$ Amount change from previous year		2,067.4	302.7	771.1	811.4	1,017.1	977.9
% Change from previous year		11.2%	1.5%	3.7%	3.8%	4.5%	4.2%

Commonwealth of Virginia/Department of Accounts  
Summary Report on General Fund and Lottery Revenue Collections  
For the Fiscal Years 2008 and 2009  
(Dollars in Thousands)

	(1) FY 2009 Estimate	(2) As a % of Gen Fund Rev & Net Lottery Profits	(3) November		(5) Change		(6) FY 2009		(7) Year-To-Date		(8) Change	(9) % Annual Growth Req By Est
			FY 2009	FY 2008	%	FY 2009	FY 2008	%				
<b>Revenue</b>												
<b>Individual Income Tax:</b>												
Withholding	\$9,231,900	61.00	\$692,508	\$695,750	(0.5)	\$3,674,363	\$3,522,026	4.3	3.3			
Tax Dues/Estimated Payments	2,635,100	17.41	37,016	45,849	(19.3)	533,245	541,259	(1.5)	(7.9)			
<b>Gross Individual Income Tax</b>	<b>\$11,867,000</b>	<b>78.41</b>	<b>\$729,524</b>	<b>\$741,599</b>	<b>(1.6)</b>	<b>\$4,207,608</b>	<b>\$4,063,285</b>	<b>3.6</b>	<b>0.6</b>			
Individual and Fiduciary Income (Refunds)	(1,794,900)	(11.86)	(34,687)	(35,749)	(3.0)	(209,569)	(184,063)	13.9	6.8			
<b>Net Individual Income Tax</b>	<b>\$10,072,100</b>	<b>66.55</b>	<b>\$694,837</b>	<b>\$705,850</b>	<b>(1.6)</b>	<b>\$3,998,039</b>	<b>\$3,879,222</b>	<b>3.1</b>	<b>(0.4)</b>			
<b>Sales and Use Tax</b>	<b>\$3,075,500</b>	<b>20.32</b>	<b>\$245,038</b>	<b>\$254,843</b>	<b>(3.8)</b>	<b>\$1,266,501</b>	<b>\$1,303,089</b>	<b>(2.8)</b>	<b>0.0</b>			
Corporations Income Tax	684,900	4.53	(32,343)	(31,292)	(3.4)	180,972	219,143	(17.4)	(15.2)			
Wills, Suits, Deeds, Contracts	347,300	2.29	18,280	34,066	(46.3)	134,332	206,264	(34.9)	(23.9)			
Insurance Premiums	257,500	1.70	0	(31,242)	100.0	0	72,025	(100.0)	(35.1)			
Interest Income (a)	116,100	0.77	26,256	55,818	(53.0)	85,654	136,592	(37.3)	(38.7)			
Alcoholic Beverage Sales (b)	174,900	1.16	34,617	32,794	5.6	51,104	50,003	2.2	3.6			
<b>All Other Revenues</b>	<b>405,200</b>	<b>2.68</b>	<b>26,041</b>	<b>41,188</b>	<b>(36.8)</b>	<b>145,009</b>	<b>218,875</b>	<b>(33.7)</b>	<b>(27.3)</b>			
<b>Total General Fund Revenues</b>	<b>\$15,133,500</b>	<b>100.00</b>	<b>\$1,012,726</b>	<b>\$1,062,025</b>	<b>(4.6)</b>	<b>\$5,861,611</b>	<b>\$6,085,213</b>	<b>(3.7)</b>	<b>(4.0)</b>			
Gross Lottery Revenue (c)	-	-	-	-	-	-	-	-	-			
Less: Expenses (c)	-	-	-	-	-	-	-	-	-			
<b>Net Lottery Profits (c)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			
<b>Total General Fund Revenues and Net Lottery Profits (c)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>			

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

(a) Interest will be allocated in accordance with Section 3-3.04 of Chapter 879, 2008 Virginia Acts of Assembly.

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

(c) Beginning in Fiscal Year 2009, Lottery proceeds will be deposited directly to the non-general Lottery Proceeds Fund and will no longer be reflected as part of the General Fund.

FY 2009 Revised Estimate  
October 9, 2008

Commonwealth of Virginia/Department of Accounts  
General Fund Statement of Revenue Collections and Estimates  
For the Fiscal Years 2008 and 2009  
(Dollars in Thousands)

Revenue	(1) FY 2009 Estimate	(2) As a % of Total Gen Fund Rev	(3) FY 2009	(4) November FY 2008	(5) % Change	(6) FY 2009	(7) Year-To-Date FY 2008	(8) % Change	(9) % Annual Growth Req By Est
<b>Taxes:</b>									
Individual Income Tax - Withholding	\$9,231,900	61.00	\$692,508	\$695,750	(0.5)	\$3,674,363	\$3,522,026	4.3	3.3
Tax Dues/Estimated Payments	2,635,100	17.41	37,016	45,849	(19.3)	533,245	541,259	(1.5)	(7.9)
Gross Individual Income Tax	\$11,867,000	78.41	\$729,524	\$741,599	(1.6)	\$4,207,608	\$4,063,285	3.6	0.6
Individ and Fiduc Income (Refunds)	(1,794,900)	(11.86)	(34,687)	(35,749)	(3.0)	(209,569)	(184,063)	13.9	6.8
Net Individual Income Tax	\$10,072,100	66.55	\$694,837	\$705,850	(1.6)	\$3,998,039	\$3,879,222	3.1	(0.4)
Sales and Use Tax	3,075,500	20.32	245,038	254,843	(3.8)	1,266,501	1,303,089	(2.8)	0.0
Corporations Income	684,900	4.53	(32,343)	(31,292)	(3.4)	180,972	219,143	(17.4)	(15.2)
Public Service Corporations	92,400	0.61	5,665	6,336	(10.6)	33,709	38,385	(12.2)	(4.1)
Insurance Premiums	257,500	1.70	0	(31,242)	100.0	0	72,025	(100.0)	(35.1)
Alcoholic Beverage Excise	131,000	0.87	30,901	29,029	6.4	31,368	30,506	2.8	4.5
Beer and Beverage Excise	43,900	0.29	3,716	3,765	(1.3)	19,736	19,497	1.2	0.9
Wills, Suits, Deeds, Contracts	347,300	2.29	18,280	34,066	(46.3)	134,332	206,264	(34.9)	(23.9)
Inheritance, Gift, and Estate	0	0.00	2,439	15,210	(84.0)	4,937	76,336	(93.5)	(100.0)
Bank Franchise	13,300	0.09	0	5	(100.0)	2,676	57	#	(3.4)
Other Taxes	2,600	0.02	1,107	102	985.3	3,938	4,117	(4.3)	54.5
<b>Total Taxes</b>	<b>\$14,720,500</b>	<b>97.27</b>	<b>\$969,640</b>	<b>\$986,672</b>	<b>(1.7)</b>	<b>\$5,676,208</b>	<b>\$5,848,641</b>	<b>(2.9)</b>	<b>(3.7)</b>
<b>Rights and Privileges:</b>									
Licenses and Permits	\$4,600	0.03	\$332	\$422	(21.3)	\$1,675	\$1,847	(9.3)	(0.2)
Corp. Franchise and Charters	43,200	0.28	439	537	(18.2)	2,586	2,766	(6.5)	(8.2)
Fees for Misc. Privileges & Services	16,100	0.11	609	772	(21.1)	4,768	5,008	(4.8)	1.9
<b>Total Rights and Privileges</b>	<b>\$63,900</b>	<b>0.42</b>	<b>\$1,380</b>	<b>\$1,731</b>	<b>(20.3)</b>	<b>\$9,029</b>	<b>\$9,621</b>	<b>(6.2)</b>	<b>(5.3)</b>
<b>Other Revenues:</b>									
Sales of Property & Commodities	\$1,800	0.01	\$0	\$40	(100.0)	\$1	\$41	(97.6)	-
Assessmts & Rcpts for Support of Special Svcs	400	0.00	11	69	(84.1)	128	166	(22.9)	(13.2)
Institutional Revenue	7,500	0.05	521	417	24.9	2,993	2,980	0.4	(1.2)
Interest (a)	116,100	0.77	26,256	55,818	(53.0)	85,654	136,592	(37.3)	(38.7)
Dividends and Rent	300	0.00	37	27	37.0	211	200	5.5	(19.6)
Fines, Forfeitures & Fees	226,800	1.50	15,249	18,024	(15.4)	89,616	94,206	(4.9)	2.9
Other Revenue	8,100	0.05	39	311	(87.5)	1,976	1,085	82.1	(20.0)
Excess Fees	(22,000)	(0.14)	(1,284)	(2,028)	36.7	(8,203)	(12,293)	33.3	9.7
Private Donations, Gifts & Cont.	0	0.00	0	0	-	0	30	(100.0)	(100.0)
Cities, Counties, and Towns	10,100	0.07	877	944	(7.1)	3,998	3,944	1.4	0.1
<b>Total Other Revenues</b>	<b>\$349,100</b>	<b>2.31</b>	<b>\$41,706</b>	<b>\$73,622</b>	<b>(43.4)</b>	<b>\$176,374</b>	<b>\$226,951</b>	<b>(22.3)</b>	<b>(15.7)</b>
<b>Total General Fund Revenues</b>	<b>\$15,133,500</b>	<b>100.00</b>	<b>\$1,012,726</b>	<b>\$1,062,025</b>	<b>(4.6)</b>	<b>\$5,861,611</b>	<b>\$6,085,213</b>	<b>(3.7)</b>	<b>(4.0)</b>

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

(a) Interest will be allocated in accordance with Section 3-3.04 of Chapter 879, 2008 Virginia Acts of Assembly.

**Commonwealth of Virginia/Department of Lottery**  
**Summary Report on Lottery Collections**  
**For the Fiscal Years 2008 and 2009**  
(Dollars in Thousands)

	FY 2009 Estimate (a)	November		Year-To-Date		% Annual Growth Required By Estimate
		FY 2009	FY 2008	FY 2009	FY 2008	
			% Change		% Change (b)	
<b>Lottery Collections</b>						
Win for Life	\$34,900	\$2,738	\$2,795	(2.0)	\$15,217	(10.0)
Cash 5	29,000	2,299	2,351	(2.2)	11,818	(0.1)
Pick 4	191,400	14,800	14,297	3.5	73,511	1.1
Pick 3	277,200	20,394	19,710	3.5	104,330	(3.1)
Mega Millions	137,500	11,896	10,228	16.3	66,443	(11.1)
Fast Play	10,900	397	563	(29.5)	3,311	(0.5)
Raffle	10,600	0	0	-	0	-
Scratch	699,800	54,721	55,740	(1.8)	277,167	(0.6)
Gross Lottery Revenue	1,391,300	107,245	105,684	1.5	551,797	(2.1)
Expenses (c)	961,143	74,510 (d)	69,282	7.5	357,883	1.7
Net Lottery Ticket Profits	\$430,157	\$32,735 (d)	\$36,402	(10.1)	\$193,914	(9.2)

(a) Revised estimate established on October 9, 2008.

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

(d) 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 Selected Revenue Estimates & Collections

For the Fiscal Years 2008 and 2009  
(Dollars in Thousands)

Revenue	FY 2009 Estimate	As a % of Total Fund		November		Year-To-Date		% Change	% Annual Growth Required By Estimate
		FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008		
Motor Fuel Taxes	\$817,900	22.83	\$69,740	\$62,953	\$69,740	\$289,516	\$304,692	(9.7)	(5.0)
Priority Transportation Fund (PTF) (a)	152,300	4.25	4,000	8,422	4,000	120,245	8,000	110.6	#
Motor Vehicle Sales and Use Tax	500,500	13.97	44,742	28,917	44,742	199,300	257,214	(35.4)	(22.5)
State Sales and Use Tax	524,800	14.65	44,018	42,135	44,018	217,686	222,418	(4.3)	(2.1)
Motor Vehicle License Fees	239,200	6.68	19,276	15,197	19,276	99,144	102,953	(21.2)	(3.7)
International Registration Plan	68,800	1.92	2,589	1,491	2,589	14,752	28,619	(42.4)	(48.5)
Recordation Tax (b)	41,400	1.16	0	2,316	0	14,824	0	-	-
Interest Earnings	30,700	0.86	69	4	69	10,812	15,814	(94.2)	(31.6)
Misc. Taxes, Fees, and Revenues	13,200	0.37	1,286	945	1,286	5,550	6,383	(26.5)	(13.1)
<b>Total State Taxes and Fees</b>	<b>\$2,388,800</b>	<b>66.69</b>	<b>\$185,720</b>	<b>\$162,380</b>	<b>\$185,720</b>	<b>\$971,829</b>	<b>\$946,093</b>	<b>(12.6)</b>	<b>2.7</b>

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

(a) A new revenue stream, Insurance Premiums Tax, is included in the Fiscal Year 2009 Transportation Trust Fund Revenue Forecast. As there were no collections for insurance premiums tax recorded in the Transportation Trust Fund during Fiscal Year 2008, a comparison of the total "Priority Transportation Fund (PTF)" between Fiscal Years 2008 and 2009 may not be appropriate. Refer to the "PTF Motor Fuels" and "PTF Insurance Premiums Tax" line items on page 5 for the detailed information pertaining to the "Priority Transportation Trust Fund (PTF)" line item.

(b) New revenue streams for Recordation Tax are included in the Fiscal Year 2009 Highway Maintenance and Operating Fund and the Transportation Trust Fund Revenue Estimates, respectively. As there were no collections for recordation taxes recorded in these funds during Fiscal Year 2008, a comparison between Fiscal Years 2008 and 2009 may not be appropriate. Refer to the "Recordation Tax (1 cent)" and "Recordation Tax (2 cents)" line items on page 5 for the detailed information pertaining to the "Recordation Tax" line item.

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 2008 and 2009  
(Dollars in Thousands)

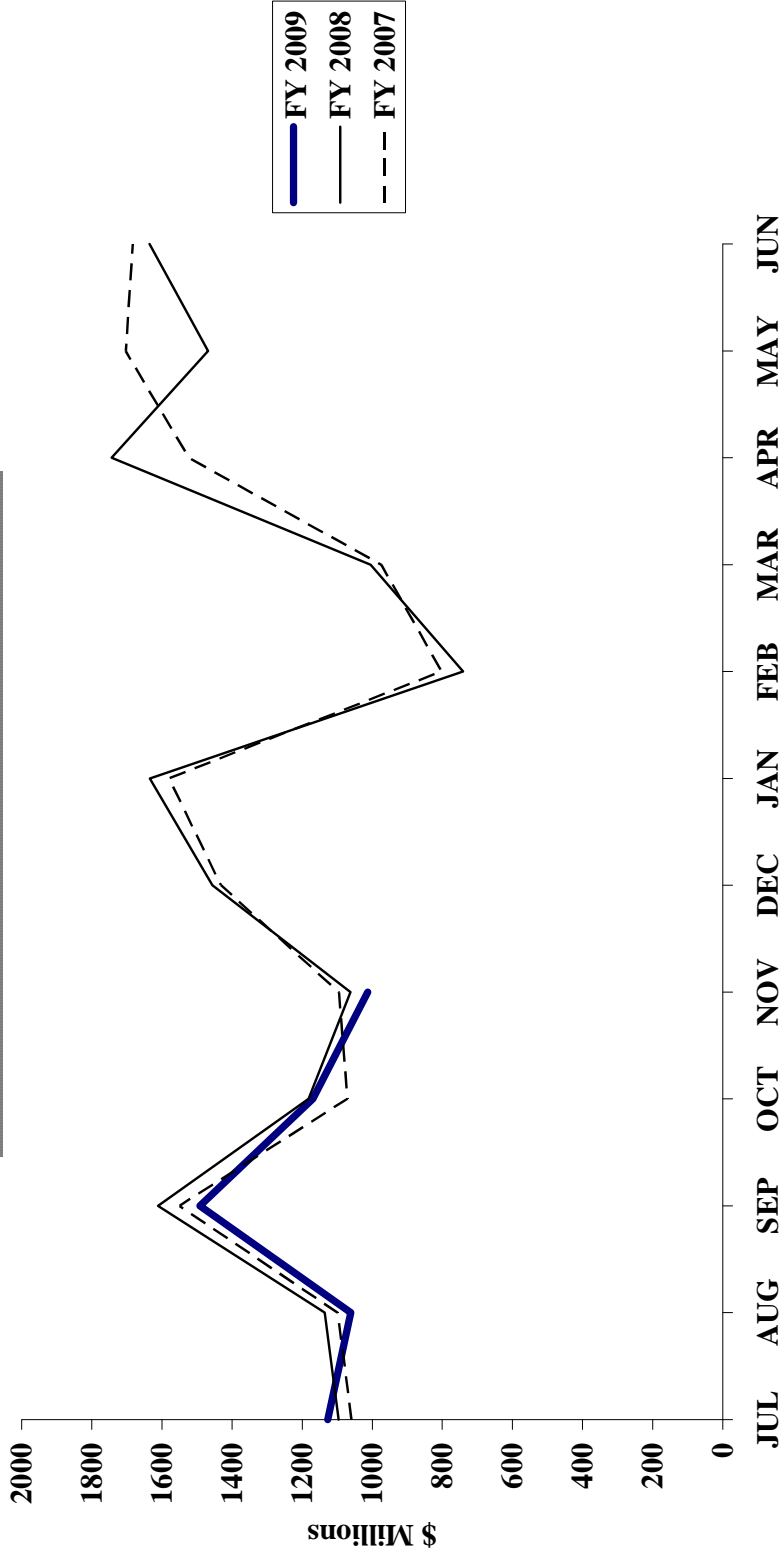
Revenue	FY 2009 Estimate	As a % of Total Fund	November		Year-To-Date		% Annual Growth Required By Est
			FY 2009	FY 2008	FY 2009	FY 2008	
				% Change		% Change	
<b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>							
Motor Fuel Taxes (Includes Road Tax)	\$703,300	19.63	\$54,606	\$58,510	(6.7)	\$258,875	(4.1)
Motor Vehicle Sales and Use Tax	304,700	8.50	17,214	27,398	(37.2)	159,770	(24.2)
Motor Vehicle License Fees	218,500	6.10	13,854	17,544	(21.0)	94,149	(4.1)
International Registration Plan	68,800	1.92	1,491	2,589	(42.4)	28,619	(7.2)
Recordation Tax (1 cent) (a)	13,800	0.39	772	0	-	0	-
Misc. Taxes, Fees, and Revenues	13,200	0.37	945	1,286	(26.5)	6,383	(11.4)
Total State Taxes and Fees	\$1,322,300	36.91	\$88,882	\$107,327	(17.2)	\$547,796	(11.5)
Other Revenues:							
Federal Grants and Contracts	\$0	0.00	\$991	\$10,576	(90.6)	\$16,524	(43.6)
Miscellaneous Revenues	19,605	0.55	927	1,174	(21.0)	6,962	(0.6)
Transfer (to) / from Transportation Trust Fund	384,970	10.75	60,000	0	-	200,000	40.0
Total Highway Maintenance and Operating Fund	\$1,726,875	48.21	\$150,800	\$119,077	26.6	\$771,282	1.3
<b>TRANSPORTATION TRUST FUND:</b>							
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$114,600	3.20	\$8,347	\$11,230	(25.7)	\$45,817	(10.2)
PTF Motor Fuels	20,000	0.56	2,000	4,000	(50.0)	8,000	(25.0)
PTF Insurance Premiums Tax (a)	132,300	3.69	6,422	0	-	0	-
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	195,800	5.47	11,703	17,344	(32.5)	78,265	(19.7)
State Sales and Use Tax	524,800	14.65	42,135	44,018	(4.3)	217,686	(2.1)
Motor Vehicle License Fees	20,700	0.58	1,343	1,732	(22.5)	8,894	1.0
Recordation Tax (2 cents) (a)	27,600	0.77	1,544	0	-	0	-
Interest Earnings	30,700	0.86	4	69	(94.2)	15,814	(50.6)
Total State Taxes and Fees	\$1,066,500	29.78	\$73,498	\$78,393	(6.2)	\$398,297	22.3
Other Revenues:							
Federal Grants and Contracts	\$938,474	26.20	\$55,965	\$79,543	(29.6)	\$327,876	(14.4)
Receipts from Cities/Counties	97,299	2.71	(1,002)	1,796	(155.8)	28,812	(26.9)
Toll Revenues (Includes Route 28) (b)	106,041	2.96	1,915	6,607	(71.0)	29,007	(37.9)
Miscellaneous Revenues	31,806	0.89	227	2,243	(89.9)	6,602	(14.9)
Total Other Revenues	\$1,173,620	32.76	\$57,105	\$90,189	(36.7)	\$383,550	(17.5)
Transfer (to) / from Highway Maintenance and Operating Fund	(\$384,970)	(10.75)	(\$60,000)	\$0	-	(\$200,000)	(40.0)
Total Transportation Trust Fund	\$1,855,150	51.79	\$70,603	\$168,582	(58.1)	\$663,273	(11.0)
<b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b>	<b>\$3,582,025</b>	<b>100.00</b>	<b>\$221,403</b>	<b>\$287,659</b>	<b>(23.0)</b>	<b>\$1,434,555</b>	<b>(4.4)</b>

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

(a) These line items were added to the Fiscal Year 2009 Revenue Forecast. Since there were no collections for these line items during Fiscal Year 2008, the Monthly and Year-To-Date % Change columns do not provide comparable data.

(b) The Dulles Toll Road was transferred to the Metropolitan Washington Airport Authority effective November 1, 2008. No additional revenue will be recorded for the Dulles Toll Road after October 31, 2008.

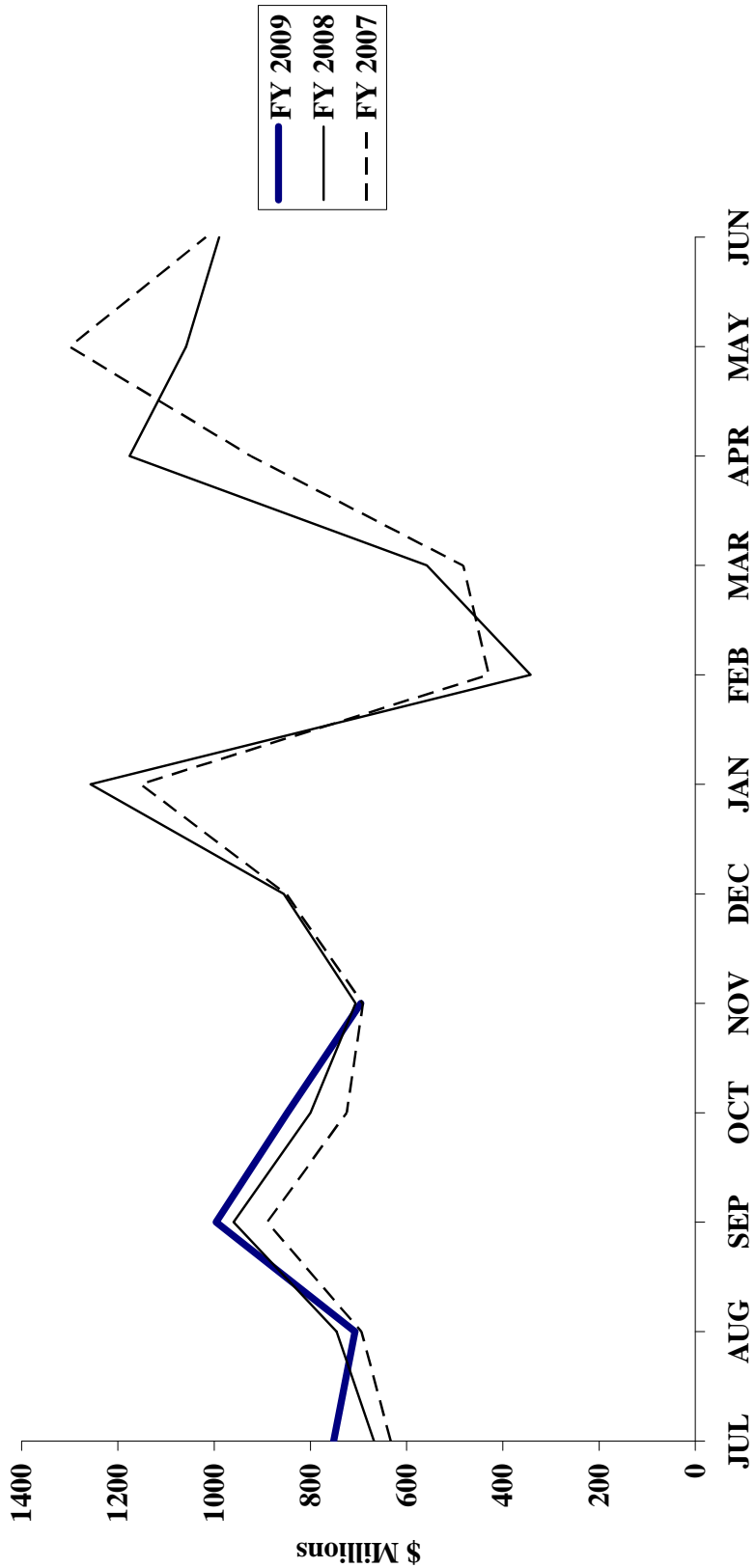
# Total General Fund Revenues



**FY 2007 Actual = \$15,565.8 Million**  
**FY 2008 Actual = \$15,766.9 Million**  
**FY 2009 Estimate = \$15,133.5 Million**



# Net Individual Income Tax

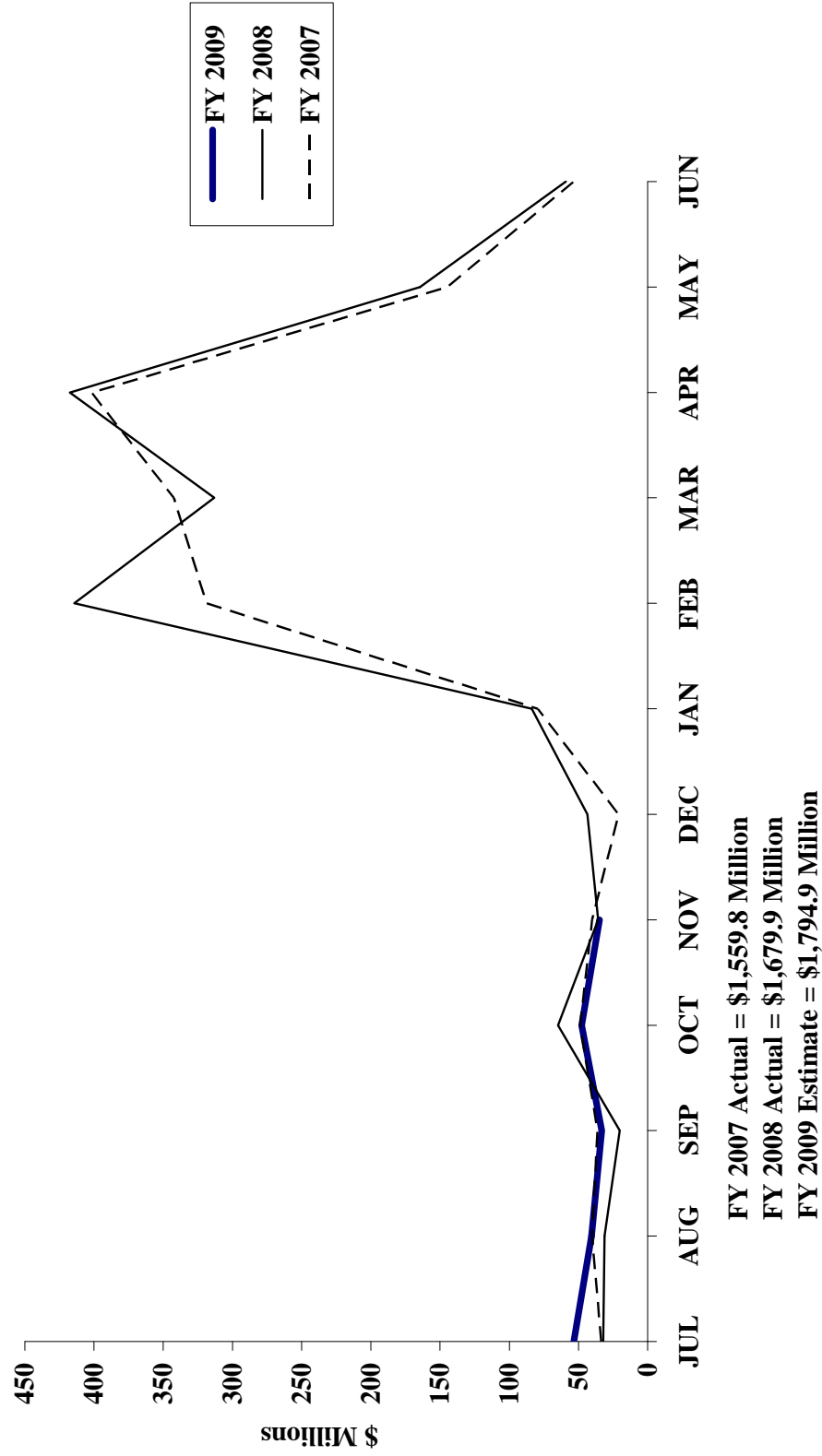


**FY 2007 Actual = \$9,787.6 Million**

**FY 2008 Actual = \$10,114.8 Million**

**FY 2009 Estimate = \$10,072.1 Million**

# Individual and Fiduciary Income Tax Refunds



# DEPARTMENT OF THE TREASURY

General Account Investment Portfolio  
 Monthly Average Balances and Rates  
 For the Fiscal Year 2009  
 (Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
July, 2008	\$4,914.2	3.16%	\$1,812.2	-3.54%	\$6,726.4	1.35%
August	\$4,238.3	3.20%	\$1,812.8	6.74%	\$6,051.1	4.26%
September	\$4,315.2	3.27%	\$1,800.1	-24.46%	\$6,115.3	-4.89%
October	\$4,146.7	3.64%	\$1,767.2	-21.27%	\$5,913.9	-3.80%
November	\$3,820.7	3.48%	\$1,706.5	16.45%	\$5,527.2	7.48%
December						
January, 2009						
February						
March						
April						
May						
June						
<b>Year-to-Date Average</b>	<b>\$4,287.0</b>	<b>3.34%</b>	<b>\$1,779.8</b>	<b>-5.38%</b>	<b>\$6,066.8</b>	<b>0.78%</b>

• 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.

• Unaudited.

**Commonwealth of Virginia/Department of Accounts  
Report on the Revenue Stabilization Fund  
For the Fiscal Year 2009**

<b>Month</b>	<b>Beginning Balance</b>	<b>Deposits</b>	<b>Withdrawals</b>	<b>Interest Allocated (A)</b>	<b>Ending Balance</b>
July	\$1,014,870,245	\$0	\$0	\$0	\$1,014,870,245
August	\$1,014,870,245	\$0	\$0	\$0	\$1,014,870,245
September	\$1,014,870,245	\$0	\$0	\$0	\$1,014,870,245
October	\$1,014,870,245	\$0	\$0	\$9,828,002	\$1,024,698,247
November	\$1,024,698,247	\$0	\$0	\$0	\$1,024,698,247
December					
January					
February					
March					
April					
May					
June					

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.

# ***Revenue Stabilization Fund FY 2009 Withdrawal Calculation....***

<b>Two Percent Threshold Determination</b>	(In thousands)
Certified tax revenues collected in FY 2008	\$ 14,227,165
Two Percent of Certified Revenues	\$ 284,543
<b>Total Revised General Fund Forecast</b>	
Revised General Fund Revenue Estimate FY 2009	\$ 15,016,157
Revised General Fund Transfers FY 2009	401,898
Revised FY 2008 Balance Forward	565,815
Total Revised General Fund Forecast	\$ 15,983,870
<b>Calculation of General Fund Variance and FY 2009 Estimated Withdrawal</b>	
General Fund Revenues Appropriated:	
Operating Appropriations (Chapter 879)	\$ 16,965,377
Capital Appropriations (Chapter 879)	5,000
Total General Fund Revenue Appropriated FY 2009	\$ 16,970,377
Revised General Fund Forecast FY 2009	\$ 15,983,870
Calculated Variance	\$ 986,507
FY 2009 Estimated Withdrawal (1/2 of calculated variance)	\$ 493,254
<b>Calculation of One-Half the Balance of the Revenue Stabilization Fund</b>	
Revenue Stabilization Fund Balance as of June 30, 2008	\$ 1,014,870
50% of the Balance of the Revenue Stabilization Fund	\$ 507,435
<b>Maximum Amount Available for Withdrawal Based on Calculations</b>	\$ 493,254