



COMMONWEALTH of VIRGINIA

Office of the Governor

John M. Bennett
Secretary of Finance

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September 16, 2005

Memorandum

TO: The Honorable Mark R. Warner

THROUGH: The Honorable William H. Leighty

FROM: John M. Bennett

SUBJECT: August Revenue Data

August is not a significant month for revenue collections, with collections coming mainly from withholding payments, sales taxes, and other sources which have regular monthly collections. In addition, the month includes relatively small off-schedule payments in other sources.

Three non-economic factors significantly affected revenue collections in August, making this month's report more complex than usual to assess:

- 1) In August, the Department of Taxation (TAX) began conversion to a new Integrated Revenue Management System (IRMS) which will be the hub of all its transaction and revenue processing. During the transition, each system module is implemented in a controlled production mode, so that defects can be diagnosed and corrected as they occur. During this period, very few income tax refunds are processed. Revenue totals for some sources are estimates prepared by TAX staff. Total revenues listed are correct, but some minor reconciliation in some sources may be necessary later.
- 2) This August had one additional deposit day compared to last year, and the additional day was a Wednesday – meaning that August had five rather than four Wednesdays. Wednesday is the due date for all employers to submit withholding payments to the Federal government and to states like Virginia that follow the federal schedule. Companies which have Friday payroll dates also normally settle EFT payments on Wednesday. Both factors make Wednesday a significant collections day for withholding, and pushed withholding collections in August higher than they would have been otherwise. Over the year, these timing anomalies will balance out.

- 3) Tax policy changes enacted over the last two sessions are reflected in this August's revenue collections, but were not in effect last August, distorting the monthly and year-to-date comparisons. Those changes include rate increases on retail sales and recordation taxes, and the rate decrease on food for home consumption.

This month's revenue report displays in the first column the forecast on which the Appropriation Act (Chapter 951) was based. The last column reflects the percent annual growth required by the estimate when compared to actual fiscal year 2005 collections. Unusually strong revenue growth in FY 2005 artificially reduces required growth rates for FY 2006. These growth rates represent growth needed to meet the amounts budgeted, and do not represent a revised forecast. Some of FY 2005's strong revenue performance will ripple forward into FY 2006, but revised estimates for FY 2006 will not be finalized until the fall forecasting process is complete.

Total general fund revenue collections grew 23.9 percent in August, and year-to date growth stands at 17.0 percent. If the unusual factors cited above are taken out, then economics-based revenue increased 7.9 percent for the month and year-to-date economics-based revenue growth stands at 6.7 percent.

National Economic Indicators

National economic indicators prior to Hurricane Katrina continued to depict an expanding economy.

- Real GDP grew 3.3 percent in the second quarter, down from 3.8 percent in the first quarter.
- Employers added 169,000 jobs to payrolls in August, and the employment gain in July was revised upward to 242,000. Employment grew in most sectors in August, with only manufacturing and social services losing jobs.
- Initial claims for unemployment fell slightly by 1,000 to 319,000 during the first week of September. This was the first week that Katrina affected claims, and about 10,000 of initial claims are attributed to the storm. The four-week moving average of 319,000 is consistent with an improving labor market.
- The manufacturing sector continues to expand, but at a slower pace. In August, the Institute of Supply Management index fell three points to 53.6.
- The Conference Board's index of consumer confidence rose in August to 105.6. Both components increased, although the present situation index accounted for most of the growth.
- The Conference Board's index of leading indicators rose 0.1 percent in July, with six of its ten components increasing.

- The consumer price index rose 0.5 percent in July, driven by a 6.1 percent increase in gas prices. Core inflation rose 0.1 percent for the month.
- The Federal Reserve raised the federal funds rate at its August meeting to 3.5 percent, the tenth consecutive rate increase.

Given the enormity of the damage and the unprecedented level of likely aid to the affected area, Katrina's impact on the national economy is difficult to predict. Most economists expect Katrina's effects to slow GDP growth from .5 to 1.0 percent in the near term, but to boost it by a similar amount when rebuilding efforts begin in earnest. Many economic indicators are also likely to vary significantly from month to month. Some economists have predicted, for example, that national employment could temporarily drop by over 500,000 jobs. The substantial level of required federal aid also raises questions about the level of future federal appropriations in most other areas.

Virginia Economy

In Virginia, payroll employment grew by 1.44 percent in July compared with the same month last year. Since January, payroll employment growth has gradually moderated from 2.8 percent to about 1.4 percent, where it has stayed since May.

In the Northern Virginia and Richmond-Petersburg MSAs, payrolls grew by 3.1 percent, followed by the western MSAs with 2.3 percent, and Hampton Roads with 1.1 percent growth.

The Virginia Leading Index was flat in July after a 1.8 percent increase in June. Negative contributions by the auto registrations and initial claims components offset increases in the U.S. Leading Index and building permits.

August Revenue Collections

Total general fund revenue collections grew 23.9 percent in August. Most of the August revenue growth was due to strength in payroll withholding, sales tax receipts, and recordation taxes.

Revenue growth was boosted by three unusual factors: (1) an additional deposit day; (2) comparison to a month last year when HB 5018's tax policy changes were not in effect; and (3) the transition to a new computer system at the Tax Department, which prevented normal processing of income tax refunds. Adjusting for these unusual events, underlying revenue growth in August was 7.9 percent.

Individual Income Tax Withholding (57% of general fund revenues): The additional deposit day and having five Wednesdays in August buoyed withholding collections. Employers who have Friday payroll dates normally settle EFT payments for withholding on Wednesday. In addition, Wednesday is the due date for all employers to submit withholding payments to the Federal government and to states like Virginia that follow the federal schedule.

Collections of payroll withholding taxes grew 12.8 percent in August. Adjusting for the additional deposit day and extra Wednesday, withholding collections increased 6.1 percent. Year-to-date withholding growth is 9.7 percent -- ahead of the 5.6 percent annual estimate.

Individual Income Tax Nonwithholding (14% of general fund revenues): Because the first estimated payment for fiscal year 2006 is not due until September, collections in this source are not yet significant.

Nonwithholding collections in August totaled \$43.7 million -- 25.7 percent above the same month last year. Of the \$43.7 million, about 70 percent came from taxpayers filing extension returns and making final payments for tax year 2004. Year-to-date collections of nonwithholding are up 13.6 percent.

Individual Income Tax Refunds: The transition to its new computer system requires TAX to process a limited number of tax returns at a time, in order to diagnose system defects and correct them. This controlled production phase resulted in only \$447,000 in refunds being paid this August, compared to \$38.1 million in August of last year. Most refunds issued in August were to taxpayers who requested filing extensions and are now filing returns for tax year 2004.

Sales Tax (22% of general fund revenues): Collections of sales and use taxes, representing July sales, grew 16.6 percent in August. Year-to-date growth stands at 12.5 percent. Adjusting for the rate increase effective September 1, 2004, and the food tax reduction effective July 1, 2005, collections were up 8.6 percent for the month and 3.7 percent for the fiscal year to date.

Corporate Income Tax (4% of general fund revenues): The first estimated payment for fiscal year 2006 is due in September, so corporate income tax collections are not yet significant. Most of the \$18.6 million in corporate payments in August came from companies whose fiscal year runs on an unusual schedule. Year-to-date collections of corporate income tax total \$56.6 million -- mainly due to strong estimated payments paid last month by retailers.

Other Revenue Sources

The following list provides data on August collections for other revenue sources:

	<u>Year-to-Date</u>	<u>Required to Meet Estimate</u>
Insurance Premiums Taxes (3% GF revenues)	-0.5%	10.7%
ABC Taxes (1.1% GF revenues)	8.3%	-0.5%
Public Service Corporations (0.7% GF revenues)	0.4%	0.3%
Interest Income (0.7% GF revenues)	60.2%	-0.2%

All Other Revenue: All Other Revenue grew 49.5 percent in August -- \$111.9 million compared with \$74.9 million in August of last year. Substantial growth in the largest component -- wills, suits, deeds, and contract fees -- accounted for most of the growth. Of the \$75.5 million collected in wills, suits, deeds, and contract fees, \$67.9 million was recordation tax receipts. For the fiscal year, collections of All Other Revenue have grown 34.4 percent.

Lottery Revenues: Lottery profits increased 1.2 percent in August, with year-to-date growth of 3.3 percent. Although gross sales have increased 12.7 percent for the year, net revenue is slightly behind the annual growth rate of 4.3 percent. Higher prize payouts in Pick 3 and Lotto South were mainly responsible. During the fall forecasting process, the Lottery Department will update its forecast to include estimates of the impact of North Carolina's recent decision to begin its own lottery.

Summary

Total general fund revenue collections grew 23.9 percent in August, and year-to date growth stands at 17.0 percent. Most of August's revenue growth was due to strength in payroll withholding, sales tax receipts, and recordation taxes. The growth rate was boosted by an additional deposit day (and additional Wednesday), comparison to a month last year which did not include tax policy changes affecting sales and recordation taxes, and TAX's inability to issue income tax refunds during the transition to its new computer system. Adjusting for these factors, underlying economics-based revenue growth in August was 7.9 percent, and economics-based revenue growth year-to-date stands at 6.7 percent.

September collections will include the first estimated payment for individual non-withholding and corporate income, as well as a quarterly payment for insurance premiums. September also completes the first quarter of the fiscal year. A better assessment of revenue performance will therefore be available then.

Commonwealth of Virginia/Department of Accounts
Summary Report on General Fund and Lottery Revenue Collections
For the Fiscal Years 2005 and 2006
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2006 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	August FY 2006	FY 2005	% Change	Year-To-Date FY 2006	FY 2005	% Change	% Annual Growth Req By Est
Individual Income Tax:									
Withholding	\$7,932,600	57.67	\$682,361	\$605,088	12.8	\$1,293,902	\$1,179,073	9.7	5.6
Tax Dues/Estimated Payments	1,765,600	12.83	43,672	34,733	25.7	72,204	63,557	13.6	(14.9)
Gross Individual Income Tax	<u>\$9,698,200</u>	<u>70.50</u>	<u>\$726,033</u>	<u>\$639,821</u>	<u>13.5</u>	<u>\$1,366,106</u>	<u>\$1,242,630</u>	<u>9.9</u>	<u>1.2</u>
Individual and Fiduciary Income (Refunds)	(1,363,500)	(9.91)	(447)	(38,093)	(98.8)	(41,178)	(66,773)	(38.3)	10.5
Net Individual Income Tax	<u>\$8,334,700</u>	<u>60.59</u>	<u>\$725,586</u>	<u>\$601,728</u>	<u>20.6</u>	<u>\$1,324,928</u>	<u>\$1,175,857</u>	<u>12.7</u>	<u>(0.2)</u>
Sales and Use Tax	2,828,400	20.56	252,275	216,434	16.6	342,761	304,606	12.5	(4.0)
Corporations Income Tax	508,200	3.69	18,552	4,739	291.5	56,573	18,920	199.0	(17.6)
Public Service Corporations	88,600	0.65	7,032	6,776	3.8	13,168	13,119	0.4	0.3
Insurance Premiums	413,700	3.01	5,551	5,591	(0.7)	7,476	7,514	(0.5)	10.7
Interest Income (a)	83,700	0.61	21,103	11,252	87.5	30,863	19,267	60.2	(0.2)
Alcoholic Beverage Sales (b)	143,800	1.05	5,283	4,833	9.3	9,470	8,746	8.3	(0.5)
Tobacco Master Settlement	0	0.00	0	0	-	0	0	-	(100.0)
All Other Revenues	912,400	6.63	111,942	74,902	49.5	202,545	150,749	34.4	(15.6)
Total General Fund Revenues	<u>\$13,313,500</u>	<u>96.79</u>	<u>\$1,147,324</u>	<u>\$926,255</u>	<u>23.9</u>	<u>\$1,987,784</u>	<u>\$1,698,778</u>	<u>17.0</u>	<u>(2.7)</u>
Gross Lottery Revenue	\$1,425,000	10.36	\$116,489	\$103,849	12.2	\$228,050	\$202,364	12.7	6.8
Less: Expenses	(983,200)	(7.15)	(83,977)	(71,736)	17.1	(162,420)	(138,840)	17.0	8.0
Net Lottery Profits	<u>\$441,800</u>	<u>3.21</u>	<u>\$32,512</u>	<u>\$32,113</u>	<u>1.2</u>	<u>\$65,630</u>	<u>\$63,524</u>	<u>3.3</u>	<u>4.3</u>
Total General Fund Revenues and Net Lottery Profits	<u>\$13,755,300</u>	<u>100.00</u>	<u>\$1,179,836</u>	<u>\$958,368</u>	<u>23.1</u>	<u>\$2,053,414</u>	<u>\$1,762,302</u>	<u>16.5</u>	<u>(2.5)</u>

Percentage is greater than 1,000%.

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

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

NOTE: Due to the Department of Taxation's implementation of a new accounting system, there are various estimates within the detailed tax line items listed above. While the total revenue represents the collections for the fiscal year, the classification within line items is largely a result of estimates provided by the Department of Taxation. In addition, the Department of Taxation has processed few refunds during this implementation phase which has the effect of reporting higher than normal revenue.

Commonwealth of Virginia/Department of Accounts
General Fund Statement of Revenue Collections and Estimates
For the Fiscal Years 2005 and 2006
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2006 Estimate	As a % of Total Gen Fund Rev	FY 2006	August FY 2005	% Change	FY 2006	Year-To-Date FY 2005	% Change	% Annual Growth Req By Est
Taxes:									
Individual Income Tax - Withholding	\$7,932,600	59.58	\$682,361	\$605,088	12.8	\$1,293,902	\$1,179,073	9.7	5.6
Tax Dues/Estimated Payments	1,765,600	13.26	43,672	34,733	25.7	72,204	63,557	13.6	(14.9)
Gross Individual Income Tax	\$9,698,200	72.84	\$726,033	\$639,821	13.5	\$1,366,106	\$1,242,630	9.9	1.2
Individ and Fiduc Income (Refunds)	(1,363,500)	(10.24)	(447)	(38,093)	(98.8)	(41,178)	(66,773)	(38.3)	10.5
Net Individual Income Tax	\$8,334,700	62.60	\$725,586	\$601,728	20.6	\$1,324,928	\$1,175,857	12.7	(0.2)
Sales and Use Tax	2,828,400	21.25	252,275	216,434	16.6	342,761	304,606	12.5	(4.0)
Corporations Income	508,200	3.82	18,552	4,739	291.5	56,573	18,920	199.0	(17.6)
Public Service Corporations	88,600	0.67	7,032	6,776	3.8	13,168	13,119	0.4	0.3
Insurance Premiums	413,700	3.11	5,551	5,591	(0.7)	7,476	7,514	(0.5)	10.7
Alcoholic Beverage Excise	101,800	0.76	1,552	962	61.3	1,552	962	61.3	(0.9)
Beer and Beverage Excise	42,000	0.32	3,731	3,871	(3.6)	7,918	7,784	1.7	0.5
Wills, Suits, Deeds, Contracts	483,800	3.63	75,496	37,382	102.0	139,857	70,490	98.4	(18.8)
Inheritance, Gift, and Estate	144,000	1.08	19,212	8,572	124.1	26,606	15,866	67.7	(4.0)
Tobacco Products	0	0.00	0	4,970	(100.0)	0	6,327	(100.0)	(100.0)
Bank Franchise	9,600	0.07	0	(125)	100.0	(80)	719	(111.1)	(9.4)
Other Taxes	5,600	0.04	1,329	2,767	(52.0)	2,544	5,050	(49.6)	(82.0)
Total Taxes	\$12,960,400	97.35	\$1,110,316	\$893,667	24.2	\$1,923,303	\$1,627,214	18.2	(2.7)
Rights and Privileges:									
Licenses and Permits	\$4,700	0.03	\$496	\$462	7.4	\$714	\$660	8.2	1.2
Corp. Franchise and Charters	40,000	0.30	632	591	6.9	1,198	1,166	2.7	(7.1)
Fees for Practice of Prof	1,000	0.01	0	0	-	0	0	-	-
Fees for Misc. Privileges & Services	12,100	0.09	831	733	13.4	1,401	1,484	(5.6)	(8.9)
Total Rights and Privileges	\$57,800	0.43	\$1,959	\$1,786	9.7	\$3,313	\$3,310	0.1	(5.2)
Other Revenues:									
Sales of Property & Commodities	\$100	0.00	\$1	\$492	(99.8)	\$147	\$11,087	(98.7)	(99.2)
Assessmts & Rcpts for Support of Special Svcs	400	0.00	3	40	(92.5)	57	76	(25.0)	20.1
Institutional Revenue	8,600	0.07	177	689	(74.3)	1,434	828	73.2	(6.5)
Interest (a)	83,700	0.63	21,103	11,252	87.5	30,863	19,267	60.2	(0.2)
Dividends and Rent	300	0.00	44	37	18.9	69	49	40.8	22.4
Fines, Forfeitures & Fees	228,100	1.71	16,640	18,245	(8.8)	34,255	35,449	(3.4)	4.0
Other Revenue	(6,000)	(0.04)	357	2,275	(84.3)	1,374	8,269	(83.4)	(143.0)
Excess Fees	(29,100)	(0.22)	(3,832)	(2,823)	(35.7)	(8,361)	(8,013)	(4.3)	23.3
Private Donations, Gifts & Cont.	0	0.00	0	0	-	8	0	-	(100.0)
Cities, Counties, and Towns	9,200	0.07	556	595	(6.6)	1,322	1,242	6.4	(2.6)
Tobacco Master Settlement	0	0.00	0	0	-	0	0	-	(100.0)
Total Other Revenues	\$295,300	2.22	\$35,049	\$30,802	13.8	\$61,168	\$68,254	(10.4)	(5.0)
Total General Fund Revenues	\$13,313,500	100.00	\$1,147,324	\$926,255	23.9	\$1,987,784	\$1,698,778	17.0	(2.7)

Percentage is greater than 1,000%.

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

NOTE: Due to the Department of Taxation's implementation of a new accounting system, there are various estimates within the detailed tax line items listed above. While the total revenue represents the collections for the fiscal year, the classification within line items is largely a result of estimates provided by the Department of Taxation. In addition, the Department of Taxation has processed few refunds during this implementation phase which has the effect of reporting higher than normal revenue.

**Commonwealth of Virginia/Department of Lottery
 Summary Report on Lottery Collections
 For the Fiscal Years 2005 and 2006
 (Dollars in Thousands)**

	FY 2006 Estimate (d)	August			Year-To-Date			% Annual Growth Required By Estimate
		FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change (b)	
Lottery Collections								
Lotto South	\$74,000	\$5,619	\$5,445	3.2	\$10,935	\$11,344	(3.6)	11.0
Cash 5	28,900	2,403	2,300	4.5	4,683	4,738	(1.2)	2.8
Pick 4	171,900	14,939	13,398	11.5	28,952	26,855	7.8	1.6
Pick 3	241,700	22,228	19,649	13.1	43,719	39,951	9.4	(4.5)
Mega Millions	141,000	11,619	8,528	36.2	26,095	26,101	0.0	2.8
Scratch	767,500	59,681	54,529	9.4	113,666	93,375	21.7	12.9
Gross Lottery Revenue	<u>1,425,000</u>	<u>116,489</u>	<u>103,849</u>	<u>12.2</u>	<u>228,050</u>	<u>202,364</u>	<u>12.7</u>	<u>6.8</u>
Expenses (c)	<u>983,200</u>	<u>83,977 (a)</u>	<u>71,736</u>	<u>17.1</u>	<u>162,420 (a)</u>	<u>138,840</u>	<u>17.0</u>	<u>8.0</u>
Net Lottery Ticket Profits	<u>\$441,800</u>	<u>\$32,512 (a)</u>	<u>\$32,113</u>	<u>1.2</u>	<u>\$65,630 (a)</u>	<u>\$63,524</u>	<u>3.3</u>	<u>4.3</u>

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

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

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

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

(d) Estimate established in December 2004.

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 2005 and 2006
(Dollars in Thousands)

Revenue	FY 2006 Estimate	As a % of Total Fund	August			Year-To-Date			% Annual Growth Required By Estimate
			FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change	
Motor Fuel Taxes	\$878,900	25.30	\$79,852	\$76,635	4.2	\$87,898	\$78,191	12.4	3.5
Priority Transportation Fund	20,000	0.58	0	0	-	0	0	-	0.0
Motor Vehicle Sales and Use Tax	655,700	18.88	69,582	58,107	19.7	122,079	108,585	12.4	6.6
State Sales and Use Tax	463,400	13.34	43,377	37,093	16.9	59,574	52,700	13.0	3.0
Motor Vehicle License Fees	166,500	4.79	18,429	14,868	24.0	30,313	27,744	9.3	1.2
International Registration Plan	59,600	1.71	3,430	2,474	38.6	4,687	6,493	(27.8)	(1.8)
Interest Earnings	11,200	0.32	11	54	(79.6)	15	(99)	115.2	(36.5)
Misc. Taxes, Fees, and Revenues	20,400	0.59	2,564	2,996	(14.4)	4,523	5,145	(12.1)	(22.9)
Total State Taxes and Fees	\$2,275,700	65.51	\$217,245	\$192,227	13.0	\$309,089	\$278,759	10.9	3.3

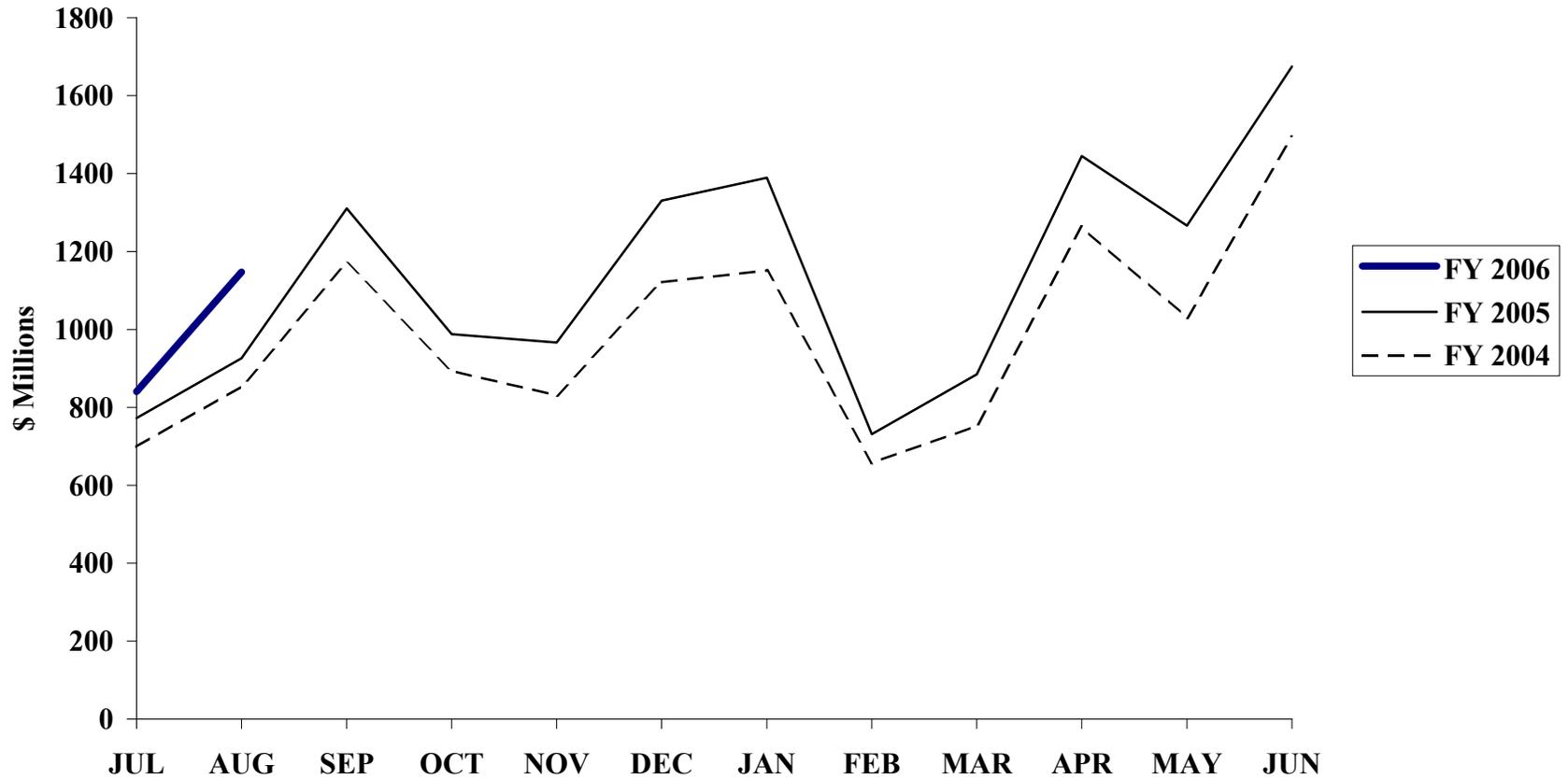
Percentage is greater than 1,000%.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2005 and 2006
(Dollars in Thousands)

Revenue	FY 2006 Estimate	As a % of Total Fund	August			Year-To-Date			% Annual Growth Required By Est
			FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$754,100	21.71	\$69,586	\$66,323	4.9	\$76,383	\$66,256	15.3	3.2
Motor Vehicle Sales and Use Tax	406,400	11.70	44,710	37,369	19.6	78,306	69,891	12.0	2.6
Motor Vehicle License Fees	145,500	4.19	16,164	13,023	24.1	26,487	24,320	8.9	1.1
International Registration Plan	59,600	1.71	3,430	2,474	38.6	4,687	6,493	(27.8)	(1.8)
Misc. Taxes, Fees, and Revenues	20,400	0.59	2,564	2,996	(14.4)	4,523	5,145	(12.1)	(22.9)
Total State Taxes and Fees	\$1,386,000	39.90	\$136,454	\$122,185	11.7	\$190,386	\$172,105	10.6	2.1
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$4,701	\$2,846	65.2	\$6,722	\$3,641	84.6	(100.0)
Transfer (to) / from Transportation Trust Fund									
	186,200	5.36	0	(25,179)	100.0	186,199	121,592	53.1	(4.5)
Total Highway Maintenance and Operating Fund	\$1,572,200	45.26	\$141,155	\$99,852	41.4	\$383,307	\$297,338	28.9	(0.6)
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$124,800	3.59	\$10,266	\$10,312	(0.4)	\$11,515	\$11,935	(3.5)	4.8
Priority Transportation Fund	20,000	0.58	0	0	-	0	0	-	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	249,300	7.18	24,872	20,738	19.9	43,773	38,694	13.1	13.7
State Sales and Use Tax	463,400	13.34	43,377	37,093	16.9	59,574	52,700	13.0	3.0
Motor Vehicle License Fees	21,000	0.60	2,265	1,845	22.8	3,826	3,424	11.7	2.0
Interest Earnings	11,200	0.32	11	54	(79.6)	15	(99)	115.2	(36.5)
Total State Taxes and Fees	\$889,700	25.61	\$80,791	\$70,042	15.3	\$118,703	\$106,654	11.3	5.1
Other Revenues:									
Federal Grants and Contracts	\$1,011,300	29.12	\$23,902	\$31,221	(23.4)	\$57,914	\$68,984	(16.0)	121.8
Receipts from Cities/Counties	70,400	2.03	4,995	3,321	50.4	8,843	6,573	34.5	174.6
Toll Revenues (Includes Route 28)	88,700	2.55	7,209	8,115	(11.2)	12,986	13,218	(1.8)	(20.5)
Miscellaneous Revenues	27,500	0.79	3,692	604	511.3	4,737	11,885	(60.1)	1.1
Total Other Revenues	\$1,197,900	34.49	\$39,798	\$43,261	(8.0)	\$84,480	\$100,660	(16.1)	93.1
Transfer (to) / from Highway Maintenance and Operating Fund									
	(\$186,200)	(5.36)	\$0	\$25,179	(100.0)	(\$186,199)	(\$121,592)	(53.1)	4.5
Total Transportation Trust Fund	\$1,901,400	54.74	\$120,589	\$138,482	(12.9)	\$16,984	\$85,722	(80.2)	49.5
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	\$3,473,600	100.00	\$261,744	\$238,334	9.8	\$400,291	\$383,060	4.5	21.7

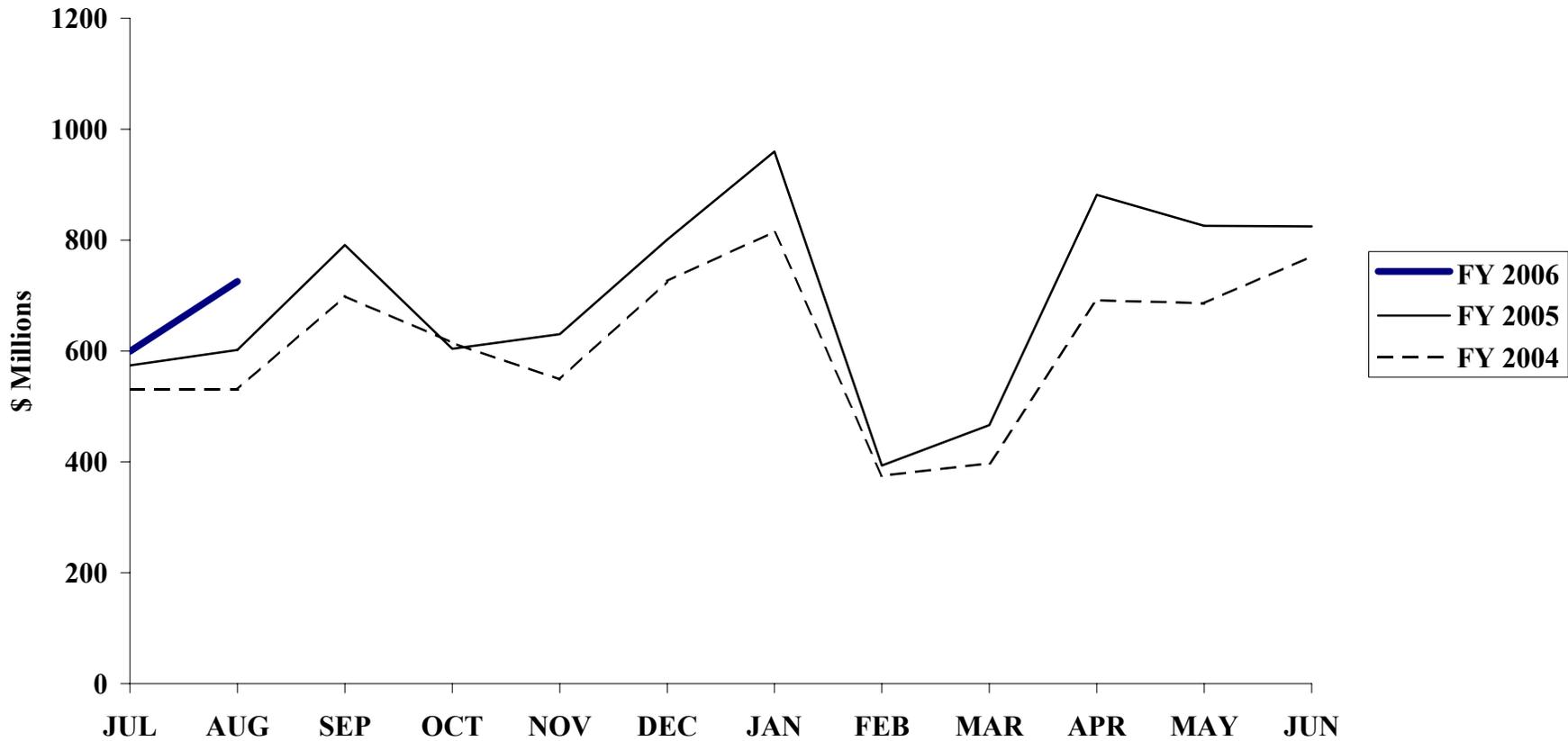
Percentage is greater than 1,000%.

Total General Fund Revenues



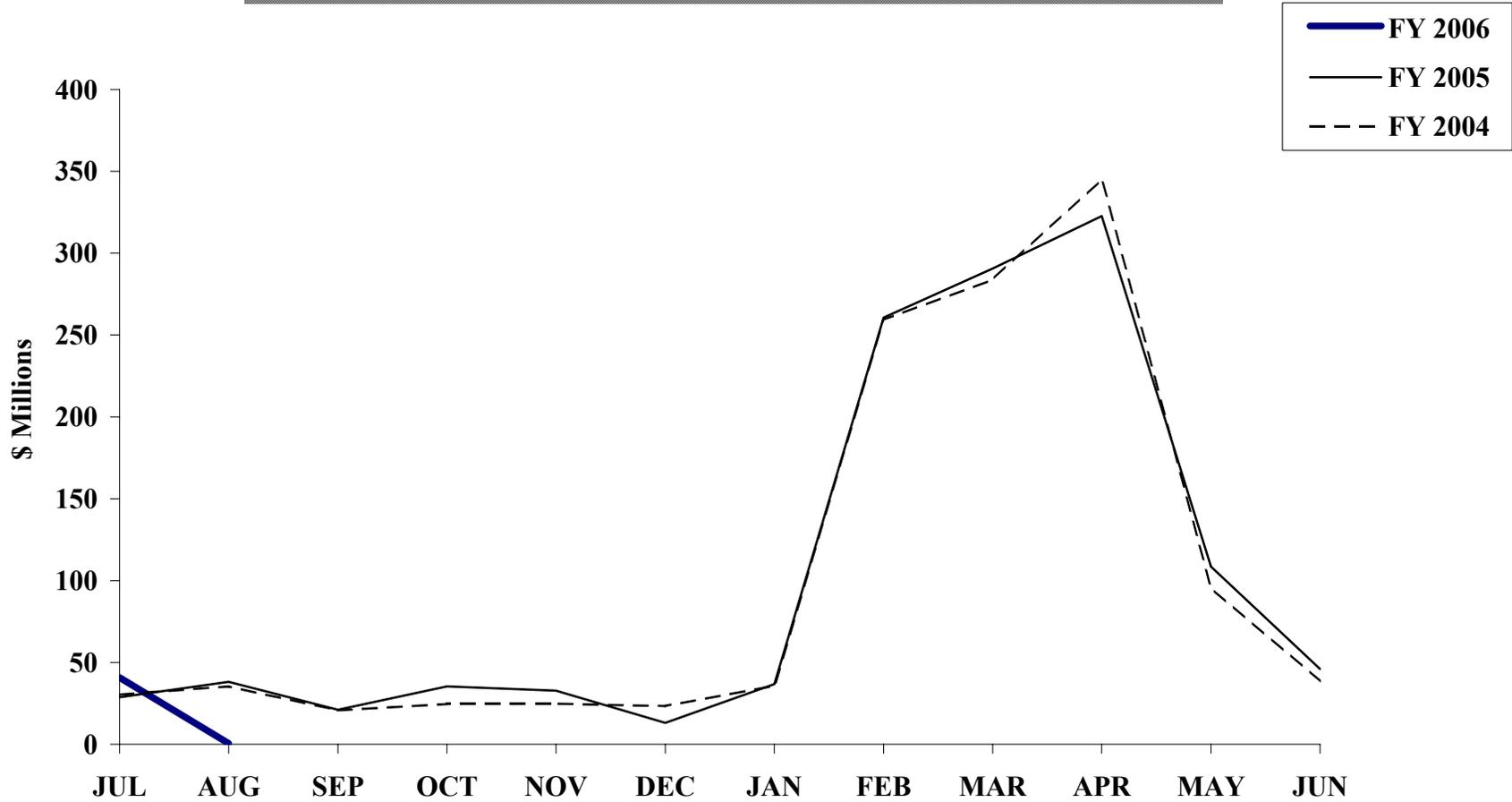
FY 2004 Actual = \$11,917.8 Million
FY 2005 Actual = \$13,687.3 Million
FY 2006 Estimate = \$13,313.5 Million

Net Individual Income Tax



FY 2004 Actual = \$7,384.8 Million
FY 2005 Actual = \$8,352.4 Million
FY 2006 Estimate = \$8,334.7 Million

Individual and Fiduciary Income Tax Refunds



FY 2004 Actual = \$1,217.2 Million
FY 2005 Actual = \$1,234.2 Million
FY 2006 Estimate = \$1,363.5 Million

DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2006

(Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION ^{1,2}		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
July, 2005	\$4,108.3	3.13%	\$1,030.2	-9.52%	\$5,138.5	0.59%
August	\$4,049.1	3.29%	\$1,020.0	13.62%	\$5,069.1	5.37%
September						
October						
November						
December						
January, 2006						
February						
March						
April						
May						
June						
Year-to-Date Average	\$4,078.7	3.21%	\$1,025.1	1.99%	\$5,103.8	2.96%
Latest 12-month Average	\$3,652.0	2.56%	\$927.9	3.20%	\$4,579.9	2.69%

¹ 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.

² Unaudited.

**Commonwealth of Virginia/Department of Accounts
 Report on the Revenue Stabilization Fund
 For the Fiscal Year 2006
 (Dollars in Thousands)**

<u>Month</u>	<u>Beginning Balance</u>	<u>Deposits/(Withdrawals)</u>	<u>Interest Allocated (A)</u>	<u>Ending Balance</u>
July	\$482,259	\$0	\$0	\$482,259
August	\$482,259	\$0	\$0	\$482,259
September				
October				
November				
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.