



# COMMONWEALTH of VIRGINIA

Office of the Governor

John M. Bennett  
Secretary of Finance

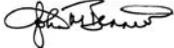
P. O. Box 1475  
Richmond, Virginia 23218

January 12, 2006

## MEMORANDUM

TO: The Honorable Mark R. Warner

THROUGH: The Honorable William H. Leighty

FROM: John M. Bennett 

SUBJECT: December Revenue Data

This month's revenue letter incorporates the revised general fund revenue forecast on which the introduced budget is based. It reflects the deliberations of the Governor's Advisory Board of Economists and the Advisory Council on Revenue Estimates, as well as policy actions which are proposed. With the revisions, projected growth in general fund revenue for fiscal year 2006 is now 6.1 percent. Net of tax policy changes, economics-based revenue growth in fiscal year 2006 is projected to be 8.4 percent.

December is a significant month for revenue collections. In addition to normal monthly collections in withholding and sales taxes, quarterly estimated payments are due from most corporations, and the first wave of quarterly nonwithholding payments from individuals begins to come in.

Total general fund revenue collections grew 10.4 percent in December. Most of the December revenue growth was due to a surge in corporate income tax collections, and continued strength in individual nonwithholding payments. Through the first half of the fiscal year, revenues have grown 11.3 percent over the same period last year.

The Department of Taxation (TAX) continues its conversion process to the new Integrated Revenue Management System (IRMS). The conversion has resulted in a controlled production of individual and corporate extension returns processed during the conversion period. As a result, fewer than the typical number of individual and corporate refunds have been processed, compared to the same period last year. As a result, revenue growth in these sources is overstated. As the IRMS system moves toward full

production, the backlog of refunds will be reduced, and revenue growth will more closely reflect underlying economic activity.

### **National Economic Indicators**

Current indicators depict a healthy national economy, and suggest economic growth will remain solid moving into 2006.

- Employers added 108,000 jobs to their payrolls in December. However, November's gain was revised up from 215,000 to 305,000, making the fourth quarter the strongest of the year in terms of job growth.
- Initial claims for unemployment fell to 291,000 during the last week of December. The four-week moving average fell slightly to 317,000 – consistent with a solid labor market expansion.
- The Consumer Price Index fell 0.6 percent in November, largely due to an 8.0 percent decline in energy prices. Core inflation rose 0.2 percent for the month, bringing the annual rate of core inflation to 2.4 percent.
- The Conference Board's index of consumer confidence increased to 103.6 in December, following a significant 13-point gain in November. Both components of the index increased, but the largest gain was in the current conditions index. The index suggests that consumer confidence has essentially returned to its pre-hurricane levels.
- The Institute of Supply Management index fell 3.9 points to 54.2 in December, indicating growth in the manufacturing sector continues, but at a slower pace.
- As expected, the Federal Reserve raised the federal funds rate another 25 basis points in December, to 4.25 percent.

### **Virginia Economy**

In Virginia, payroll employment grew by 1.4 percent in November compared with the same month last year – about where it has been since last May.

In Northern Virginia payrolls grew by 3.2 percent. In Richmond-Petersburg jobs grew by 2.6 percent, followed by the western MSAs with 2.2 percent, and Hampton Roads with 1.2 percent growth. The unemployment rate rose slightly to 3.3 percent in November.

The Virginia Leading Index fell by 1.6 percent in November after rising 0.2 percent in October. The largest contributor to the decline was a sharp drop in auto registrations. Building permits also declined slightly. The U.S. Leading Index and initial claims for unemployment made positive contributions to the index.

### **December Revenue Collections**

Total general fund revenue collections grew 10.4 percent in December. Most of the December revenue growth was due to a surge in corporate income tax collections and continued strength in individual nonwithholding payments. Limited processing of corporate and individual income tax refunds also played a part. Through the first half of the fiscal year, revenues have grown 11.3 percent over the same period last year, ahead of the annual estimate of 6.1 percent.

**Individual Income Tax Withholding (55% of general fund revenues):** Collections of payroll withholding taxes grew 4.6 percent in December. Monthly growth is slightly understated since this December had one less deposit day than last year. Year-to-date withholding growth is 6.1 percent -- slightly below the projection of 6.9 percent growth for the fiscal year.

**Individual Income Tax Nonwithholding (16% of general fund revenues):** Nonwithholding payments were up 23.0 percent for the month. Year-to-date collections in this source are up 17.7 percent -- ahead of the estimate of 13.2 percent growth.

December growth in nonwithholding can be distorted by the timing of payments. Taxpayers have until January 15 to submit their fourth estimated payment for tax year 2005, and January collections in this source are typically much higher than December collections.

In addition, monthly growth patterns in prior years have shown large swings between December and January. Strong growth in December is often followed by marked weakness in January and vice versa. A clearer assessment of collections will be possible at the end of January, when all quarterly payments have been received.

**Individual Income Tax Refunds:** This month, TAX issued \$17.2 million in refunds, compared with \$13.0 million in December of last year. Fiscal year-to-date, \$113.0 million in refunds have been issued compared to \$168.9 million in the same period last year. TAX continues to be in a controlled production mode for extension returns processed during its conversion to IRMS, resulting in fewer than normal individual refunds being processed year-to-date. This has the effect of temporarily boosting apparent growth in individual income tax collections.

**Sales Tax (19% of general fund revenues):** Collections of sales and use taxes, representing November sales, declined 5.0 percent in December. Adjusting for the effects of the reduced tax rate on food, growth was flat for the month. Year-to-date growth stands at 4.5 percent through December, ahead of the estimate of a 4.6 percent decline.

As with individual nonwithholding, January receipts are necessary to more accurately assess growth in this source, since a large part of holiday sales tax collections will be received in January.

**Corporate Income Tax (5% of general fund revenues):** Collections in corporate income taxes surged in December, with \$184.7 million in receipts compared with \$111.1 million in December of last year. The largest payments came from companies in defense, technology, housing, and mortgage banking. Collections in this source have grown 91.0 percent through the first half of the fiscal year – far ahead of the annual estimate of 17.1 percent growth. Although underlying growth in this source is very strong, it is probably also overstated to some degree.

As with individual income tax collections, controlled production in processing extension returns has meant that fewer than normal extension returns are being fully processed. Last year at this time, \$84.2 million in corporate refunds had been issued. This year-to-date, \$8.9 million in corporate refunds have been issued. As the backlog of extension returns is worked off, the apparent growth rate will come closer to reflecting underlying economic activity.

### Other Revenue Sources

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

	<u>Year-to-Date</u>	<u>Required to Meet Estimate</u>
Insurance Premiums Taxes (3% GF revenues)	-0.5%	5.1%
ABC Taxes (1.0% GF revenues)	5.4%	-0.5%
Public Service Corporations (0.6% GF revenues)	14.5%	2.6%
Interest Income (0.7% GF revenues)*	34.0%	17.3%

\*Approximately 60% of the interest for the current quarter and will be transferred to nongeneral funds in January.

**All Other Revenue:** All Other Revenue grew by 2.3 percent in December – \$86.9 million compared with \$84.9 million in December of last year. Substantial growth in the largest component of all other revenue – wills, suits, deeds, and contract fees – helped to offset declines in many of the minor sources. Wills, suits, deeds, and contract fees (mostly recordation tax receipts) grew by 13.2 percent in December. Year-to-date growth stands at 41.1 percent. For the fiscal year, collections of All Other Revenue are 8.1 percent above fiscal year 2006, trailing the annual estimate of 10.4 percent growth.

**Lottery Revenues:** Lottery net profits increased 28.7 percent for the month. An increase of 8.1 percent in gross sales was driven by growth in all product categories with scratch products generating the most sales. Overall expenses were nearly flat compared to last year – mainly due to lower than expected prize payouts for Pick 3 and Pick 4 games.

Year-to-date net income growth of 11.5 percent is well ahead of the projected 2.4 percent annual rate. The Lottery Department reports that comparisons to prior periods are greatly influenced by the size of advertised jackpots and prize expense rates that fluctuate with the “luck of the draw.” Also, the kick-off of the North Carolina lottery later this fiscal year is expected to slow the overall sales growth. Both factors have been incorporated into the Lottery’s revised revenue projections.

## Summary

This month’s revenue letter incorporates the revised general fund revenue forecast on which the introduced budget is based. It reflects the deliberations of the Governor’s Advisory Board of Economists and the Advisory Council on Revenue Estimates, as well as policy actions recommended in the Governor’s introduced budget. With the revisions, projected growth in general fund revenue for fiscal year 2006 is now 6.1 percent. Net of tax policy changes, economics-based revenue growth in fiscal year 2006 is projected to be 8.4 percent.

Total general fund revenue collections grew 10.4 percent in December. Most of the December revenue growth was due to a surge in corporate income tax collections, and continued strength in individual nonwithholding payments. Through the first half of the fiscal year, revenues have grown 11.3 percent over the same period last year.

The timing of payments in December and January can significantly distort apparent growth rates. Individual estimated payments are due January 15, and the bulk of sales taxes from the holiday shopping season will be received in January. In addition, corporate payments from retailers will be received in January. December and January receipts must therefore be considered together to get a clearer picture of revenue growth.

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This year, TAX's conversion to its new Integrated Revenue Management System (IRMS) has contributed to distortions in the collections data. Controlled production for individuals and corporations that filed extension returns has slowed the processing of refunds. As a result, revenue growth in these sources is over-stated. TAX continues to work these returns to insure taxpayers are not adversely affected by the conversion.

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	December FY 2006	December FY 2005	% Change	Year-To-Date FY 2006	Year-To-Date FY 2005	% Change	% Annual Growth Req By Est
<b>Individual Income Tax:</b>									
<b>Withholding</b>	\$8,031,800	53.68	\$719,130	\$687,500	4.6	\$3,895,845	\$3,673,566	6.1	6.9
<b>Tax Dues/Estimated Payments</b>	2,347,500	15.69	155,153	126,125	23.0	584,395	496,544	17.7	13.2
<b>Gross Individual Income Tax</b>	<u>\$10,379,300</u>	<u>69.37</u>	<u>\$874,283</u>	<u>\$813,625</u>	<u>7.5</u>	<u>\$4,480,240</u>	<u>\$4,170,110</u>	<u>7.4</u>	<u>8.3</u>
<b>Individual and Fiduciary Income     (Refunds)</b>	(1,304,700)	(8.72)	(17,227)	(13,013)	32.4	(112,990)	(168,925)	(33.1)	5.7
<b>Net Individual Income Tax</b>	<u>\$9,074,600</u>	<u>60.65</u>	<u>\$857,056</u>	<u>\$800,612</u>	<u>7.1</u>	<u>\$4,367,250</u>	<u>\$4,001,185</u>	<u>9.1</u>	<u>8.6</u>
<b>Sales and Use Tax</b>	\$2,811,800	18.79	\$229,152	\$241,294	(5.0)	\$1,307,914	\$1,251,371	4.5	(4.6)
<b>Corporations Income Tax</b>	722,400	4.83	184,742	111,120	66.3	471,600	246,889	91.0	17.1
<b>Public Service Corporations</b>	90,600	0.61	5,515	3,758	46.8	39,544	34,545	14.5	2.6
<b>Insurance Premiums</b>	392,500	2.62	84,339	75,018	12.4	156,190	156,986	(0.5)	5.1
<b>Interest Income (a)</b>	98,400	0.66	18,224	10,548	72.8	65,956	49,216	34.0	17.3
<b>Alcoholic Beverage Sales (b)</b>	143,800	0.96	3,452	3,434	0.5	49,946	47,366	5.4	(0.5)
<b>Tobacco Master Settlement</b>	0	0.00	0	0	-	0	571	(100.0)	(100.0)
<b>All Other Revenues</b>	1,193,700	7.98	86,870	84,911	2.3	548,204	507,015	8.1	10.4
<b>Total General Fund Revenues</b>	<u>\$14,527,800</u>	<u>97.10</u>	<u>\$1,469,350</u>	<u>\$1,330,695</u>	<u>10.4</u>	<u>\$7,006,604</u>	<u>\$6,295,144</u>	<u>11.3</u>	<u>6.1</u>
<b>Gross Lottery Revenue</b>	\$1,388,262	9.28	\$124,208	\$114,919	8.1	\$702,253	\$634,137	10.7	4.1
<b>Less: Expenses</b>	(954,762)	(6.38)	(82,608)	(82,592)	0.0	(478,593)	(433,529)	10.4	4.9
<b>Net Lottery Profits</b>	<u>\$433,500</u>	<u>2.90</u>	<u>\$41,600</u>	<u>\$32,327</u>	<u>28.7</u>	<u>\$223,660</u>	<u>\$200,608</u>	<u>11.5</u>	<u>2.4</u>
<b>Total General Fund Revenues and Net Lottery Profits</b>	<u>\$14,961,300</u>	<u>100.00</u>	<u>\$1,510,950</u>	<u>\$1,363,022</u>	<u>10.9</u>	<u>\$7,230,264</u>	<u>\$6,495,752</u>	<u>11.3</u>	<u>6.0</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 January.

(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 fewer 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)		(5)	(6)		(7)	(8)	(9)
	FY 2006 Estimate	As a % of Total Gen Fund Rev	December		% Change	Year-To-Date		% Change	% Annual Growth Req By Est	
			FY 2006	FY 2005		FY 2006	FY 2005			
<b>Taxes:</b>										
Individual Income Tax - Withholding	\$8,031,800	55.28	\$719,130	\$687,500	4.6	\$3,895,845	\$3,673,566	6.1	6.9	
Tax Dues/Estimated Payments	2,347,500	16.16	155,153	126,125	23.0	584,395	496,544	17.7	13.2	
Gross Individual Income Tax	\$10,379,300	71.44	\$874,283	\$813,625	7.5	\$4,480,240	\$4,170,110	7.4	8.3	
Individ and Fiduc Income (Refunds)	(1,304,700)	(8.98)	(17,227)	(13,013)	32.4	(112,990)	(168,925)	(33.1)	5.7	
Net Individual Income Tax	\$9,074,600	62.46	\$857,056	\$800,612	7.1	\$4,367,250	\$4,001,185	9.1	8.6	
Sales and Use Tax	2,811,800	19.36	229,152	241,294	(5.0)	1,307,914	1,251,371	4.5	(4.6)	
Corporations Income	722,400	4.97	184,742	111,120	66.3	471,600	246,889	91.0	17.1	
Public Service Corporations	90,600	0.62	5,515	3,758	46.8	39,544	34,545	14.5	2.6	
Insurance Premiums	392,500	2.70	84,339	75,018	12.4	156,190	156,986	(0.5)	5.1	
Alcoholic Beverage Excise	101,800	0.70	0	0	-	27,374	25,365	7.9	(0.9)	
Beer and Beverage Excise	42,000	0.29	3,452	3,434	0.5	22,572	22,001	2.6	0.5	
Wills, Suits, Deeds, Contracts	772,000	5.32	60,233	53,201	13.2	372,939	264,328	41.1	29.5	
Inheritance, Gift, and Estate	144,000	0.99	12,245	11,681	4.8	71,267	98,173	(27.4)	(4.0)	
Tobacco Products	0	0.00	0	(1)	100.0	0	6,333	(100.0)	(100.0)	
Bank Franchise	10,900	0.08	0	0	-	(180)	719	(125.0)	2.8	
Other Taxes	4,300	0.03	(251)	1,298	(119.3)	3,151	9,929	(68.3)	(86.2)	
<b>Total Taxes</b>	<b>\$14,166,900</b>	<b>97.52</b>	<b>\$1,436,483</b>	<b>\$1,301,415</b>	<b>10.4</b>	<b>\$6,839,621</b>	<b>\$6,117,824</b>	<b>11.8</b>	<b>6.4</b>	
<b>Rights and Privileges:</b>										
Licenses and Permits	\$4,800	0.03	\$644	\$635	1.4	\$2,367	\$2,357	0.4	3.3	
Corp. Franchise and Charters	44,300	0.31	570	632	(9.8)	3,429	3,430	0.0	2.9	
Fees for Practice of Prof	0	0.00	0	0	-	0	0	-	-	
Fees for Misc. Privileges & Services	13,400	0.09	723	735	(1.6)	5,058	5,014	0.9	0.9	
<b>Total Rights and Privileges</b>	<b>\$62,500</b>	<b>0.43</b>	<b>\$1,937</b>	<b>\$2,002</b>	<b>(3.2)</b>	<b>\$10,854</b>	<b>\$10,801</b>	<b>0.5</b>	<b>2.5</b>	
<b>Other Revenues:</b>										
Sales of Property & Commodities	\$5,200	0.04	\$88	\$3	#	\$5,825	\$11,193	(48.0)	(55.8)	
Assessmts & Rcpts for Support of Special Svcs	400	0.00	6	13	(53.8)	125	146	(14.4)	20.1	
Institutional Revenue	9,200	0.06	618	755	(18.1)	4,720	3,961	19.2	0.0	
Interest (a)	98,400	0.68	18,224	10,548	72.8	65,956	49,216	34.0	17.3	
Dividends and Rent	300	0.00	23	37	(37.8)	191	170	12.4	22.4	
Fines, Forfeitures & Fees	221,100	1.52	13,942	16,746	(16.7)	94,512	105,415	(10.3)	0.8	
Other Revenue	(6,200)	(0.04)	311	1,302	(76.1)	3,053	10,975	(72.2)	(144.4)	
Excess Fees	(39,500)	(0.27)	(3,180)	(2,922)	(8.8)	(23,262)	(19,444)	(19.6)	(4.2)	
Private Donations, Gifts & Cont.	0	0.00	0	0	-	67	0	-	(100.0)	
Cities, Counties, and Towns	9,500	0.06	898	796	12.8	4,942	4,316	14.5	0.6	
Tobacco Master Settlement	0	0.00	0	0	-	0	571	(100.0)	(100.0)	
<b>Total Other Revenues</b>	<b>\$298,400</b>	<b>2.05</b>	<b>\$30,930</b>	<b>\$27,278</b>	<b>13.4</b>	<b>\$156,129</b>	<b>\$166,519</b>	<b>(6.2)</b>	<b>(4.0)</b>	
<b>Total General Fund Revenues</b>	<b>\$14,527,800</b>	<b>100.00</b>	<b>\$1,469,350</b>	<b>\$1,330,695</b>	<b>10.4</b>	<b>\$7,006,604</b>	<b>\$6,295,144</b>	<b>11.3</b>	<b>6.1</b>	

# Percentage is greater than 1,000%.

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

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 fewer 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)**

	<b>FY 2006 Estimate (d)</b>	<b>December</b>			<b>Year-To-Date</b>			<b>% Annual Growth Required By Estimate</b>
		<b>FY 2006</b>	<b>FY 2005</b>	<b>% Change</b>	<b>FY 2006</b>	<b>FY 2005</b>	<b>% Change (b)</b>	
Lottery Collections								
Lotto South	\$65,122	\$7,441	\$5,141	44.7	\$34,940	\$31,835	9.8	(2.4)
Cash 5	27,453	2,487	2,423	2.6	14,076	14,016	0.4	(2.3)
Pick 4	174,669	15,589	15,122	3.1	86,890	81,448	6.7	3.2
Pick 3	254,789	23,211	22,026	5.4	129,732	120,113	8.0	0.6
Mega Millions	147,120	9,737	8,919	9.2	87,043	66,844	30.2	7.2
Scratch	719,109	65,743	61,288	7.3	349,572	319,881	9.3	5.8
Gross Lottery Revenue	<u>1,388,262</u>	<u>124,208</u>	<u>114,919</u>	<u>8.1</u>	<u>702,253</u>	<u>634,137</u>	<u>10.7</u>	<u>4.1</u>
Expenses (c)	<u>954,762</u>	<u>82,608 (a)</u>	<u>82,592</u>	<u>0.0</u>	<u>478,593 (a)</u>	<u>433,529</u>	<u>10.4</u>	<u>4.9</u>
Net Lottery Ticket Profits	<u>\$433,500</u>	<u>\$41,600 (a)</u>	<u>\$32,327</u>	<u>28.7</u>	<u>\$223,660 (a)</u>	<u>\$200,608</u>	<u>11.5</u>	<u>2.4</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 2005.

**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	December			Year-To-Date			% Annual Growth Required By Estimate
			FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change	
Motor Fuel Taxes	\$845,800	24.56	\$68,949	\$68,993	(0.1)	\$378,711	\$365,224	3.7	(0.4)
Priority Transportation Fund	20,000	0.58	2,000	2,000	0.0	8,000	8,000	0.0	0.0
Motor Vehicle Sales and Use Tax	636,600	18.48	42,750	47,586	(10.2)	320,285	309,205	3.6	3.5
State Sales and Use Tax	474,900	13.79	45,362	38,619	17.5	220,666	206,747	6.7	5.6
Motor Vehicle License Fees	169,200	4.91	10,793	11,367	(5.0)	81,101	76,932	5.4	2.9
International Registration Plan	58,600	1.70	3,754	2,322	61.7	15,124	15,051	0.5	(3.5)
Interest Earnings	25,700	0.75	5	0	-	7,226	3,491	107.0	45.7
Misc. Taxes, Fees, and Revenues	22,700	0.66	2,334	2,138	9.2	17,238	14,510	18.8	(14.2)
<b>Total State Taxes and Fees</b>	<b>\$2,253,500</b>	<b>65.43</b>	<b>\$175,947</b>	<b>\$173,025</b>	<b>1.7</b>	<b>\$1,048,351</b>	<b>\$999,160</b>	<b>4.9</b>	<b>2.3</b>

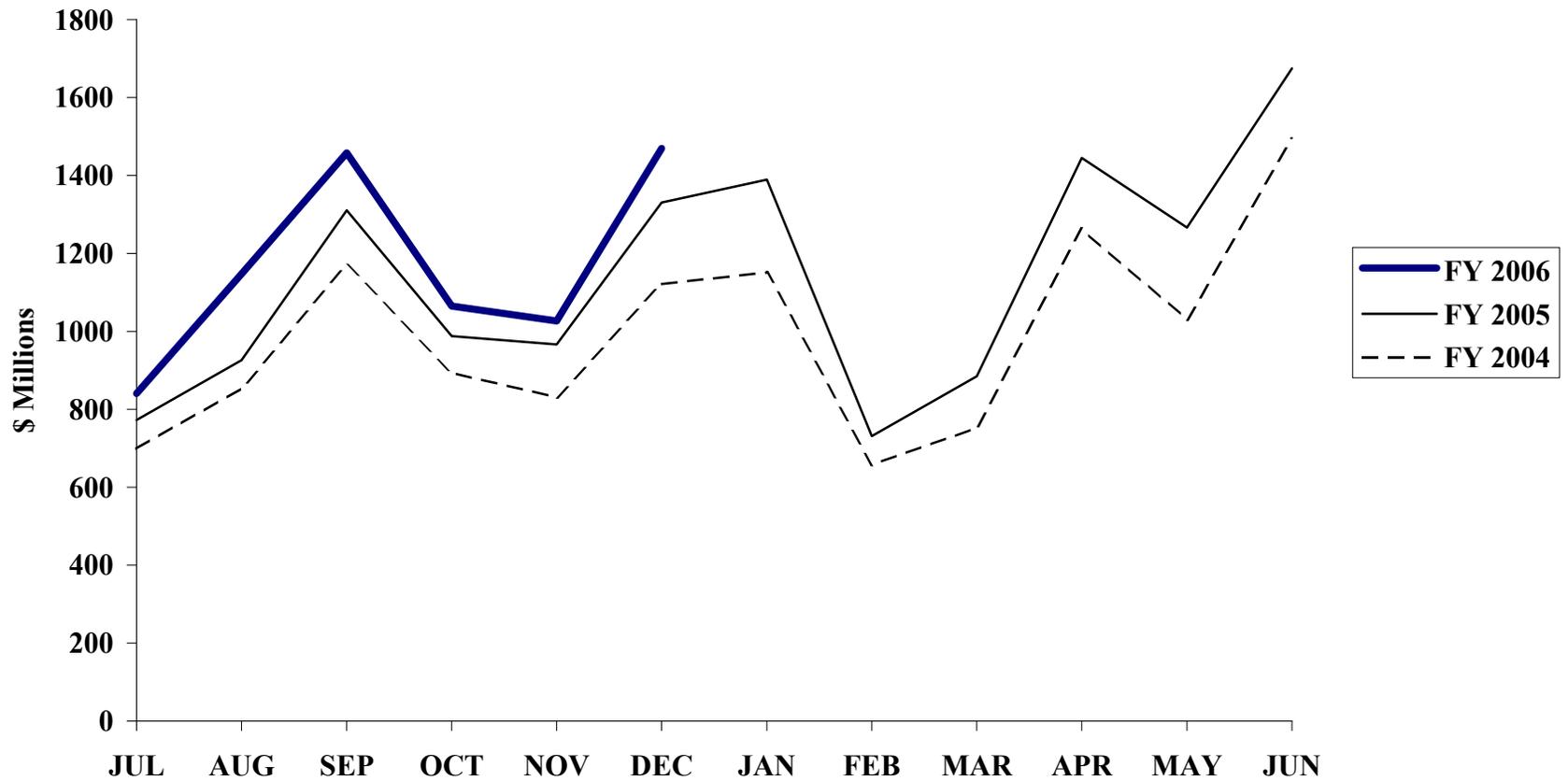
# Percentage is greater than 1,000%.

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

Revenue	FY 2006 Estimate	As a % of Total Fund	December			Year-To-Date			% Annual Growth Required By Est
			FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change	
<b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>									
Motor Fuel Taxes (Includes Road Tax)	\$725,500	21.07	\$57,665	\$57,765	(0.2)	\$328,788	\$315,441	4.2	(0.7)
Motor Vehicle Sales and Use Tax	395,200	11.47	26,225	30,549	(14.2)	197,953	199,232	(0.6)	(0.2)
Motor Vehicle License Fees	147,900	4.29	9,384	9,876	(5.0)	71,056	67,377	5.5	2.8
International Registration Plan	58,600	1.70	3,754	2,322	61.7	15,124	15,051	0.5	(3.5)
Misc. Taxes, Fees, and Revenues	22,700	0.66	2,334	2,138	9.2	17,238	14,510	18.8	(14.2)
<b>Total State Taxes and Fees</b>	<b>\$1,349,900</b>	<b>39.19</b>	<b>\$99,362</b>	<b>\$102,650</b>	<b>(3.2)</b>	<b>\$630,159</b>	<b>\$611,611</b>	<b>3.0</b>	<b>(0.5)</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$0	0.00	\$5,161	\$2,710	90.4	\$18,359	\$10,166	80.6	(100.0)
<b>Transfer (to) / from Transportation Trust Fund</b>									
	186,200	5.41	0	0	-	186,199	194,977	(4.5)	(4.5)
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$1,536,100</b>	<b>44.60</b>	<b>\$104,523</b>	<b>\$105,360</b>	<b>(0.8)</b>	<b>\$834,717</b>	<b>\$816,754</b>	<b>2.2</b>	<b>(2.9)</b>
<b>TRANSPORTATION TRUST FUND:</b>									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$120,300	3.49	\$11,284	\$11,228	0.5	\$49,923	\$49,783	0.3	1.0
Priority Transportation Fund	20,000	0.58	2,000	2,000	0.0	8,000	8,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	241,400	7.01	16,525	17,037	(3.0)	122,332	109,973	11.2	10.1
State Sales and Use Tax	474,900	13.79	45,362	38,619	17.5	220,666	206,747	6.7	5.6
Motor Vehicle License Fees	21,300	0.62	1,409	1,491	(5.5)	10,045	9,555	5.1	3.5
Interest Earnings	25,700	0.75	5	0	-	7,226	3,491	107.0	45.7
<b>Total State Taxes and Fees</b>	<b>\$903,600</b>	<b>26.24</b>	<b>\$76,585</b>	<b>\$70,375</b>	<b>8.8</b>	<b>\$418,192</b>	<b>\$387,549</b>	<b>7.9</b>	<b>6.7</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$1,011,300	29.36	\$24,776	\$24,452	1.3	\$257,292	\$239,923	7.2	121.8
Receipts from Cities/Counties	70,400	2.04	3,641	799	355.7	21,788	15,065	44.6	174.6
Toll Revenues (Includes Route 28)	88,700	2.58	10,808	7,235	49.4	53,674	46,817	14.6	(20.5)
Miscellaneous Revenues	20,200	0.59	1,273	(585)	317.6	8,992	18,760	(52.1)	(25.7)
<b>Total Other Revenues</b>	<b>\$1,190,600</b>	<b>34.57</b>	<b>\$40,498</b>	<b>\$31,901</b>	<b>26.9</b>	<b>\$341,746</b>	<b>\$320,565</b>	<b>6.6</b>	<b>91.9</b>
<b>Transfer (to) / from Highway Maintenance and Operating Fund</b>									
	(\$186,200)	(5.41)	\$0	\$0	-	(\$186,199)	(\$194,977)	4.5	4.5
<b>Total Transportation Trust Fund</b>	<b>\$1,908,000</b>	<b>55.40</b>	<b>\$117,083</b>	<b>\$102,276</b>	<b>14.5</b>	<b>\$573,739</b>	<b>\$513,137</b>	<b>11.8</b>	<b>50.0</b>
<b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b>									
	<b>\$3,444,100</b>	<b>100.00</b>	<b>\$221,606</b>	<b>\$207,636</b>	<b>6.7</b>	<b>\$1,408,456</b>	<b>\$1,329,891</b>	<b>5.9</b>	<b>20.7</b>

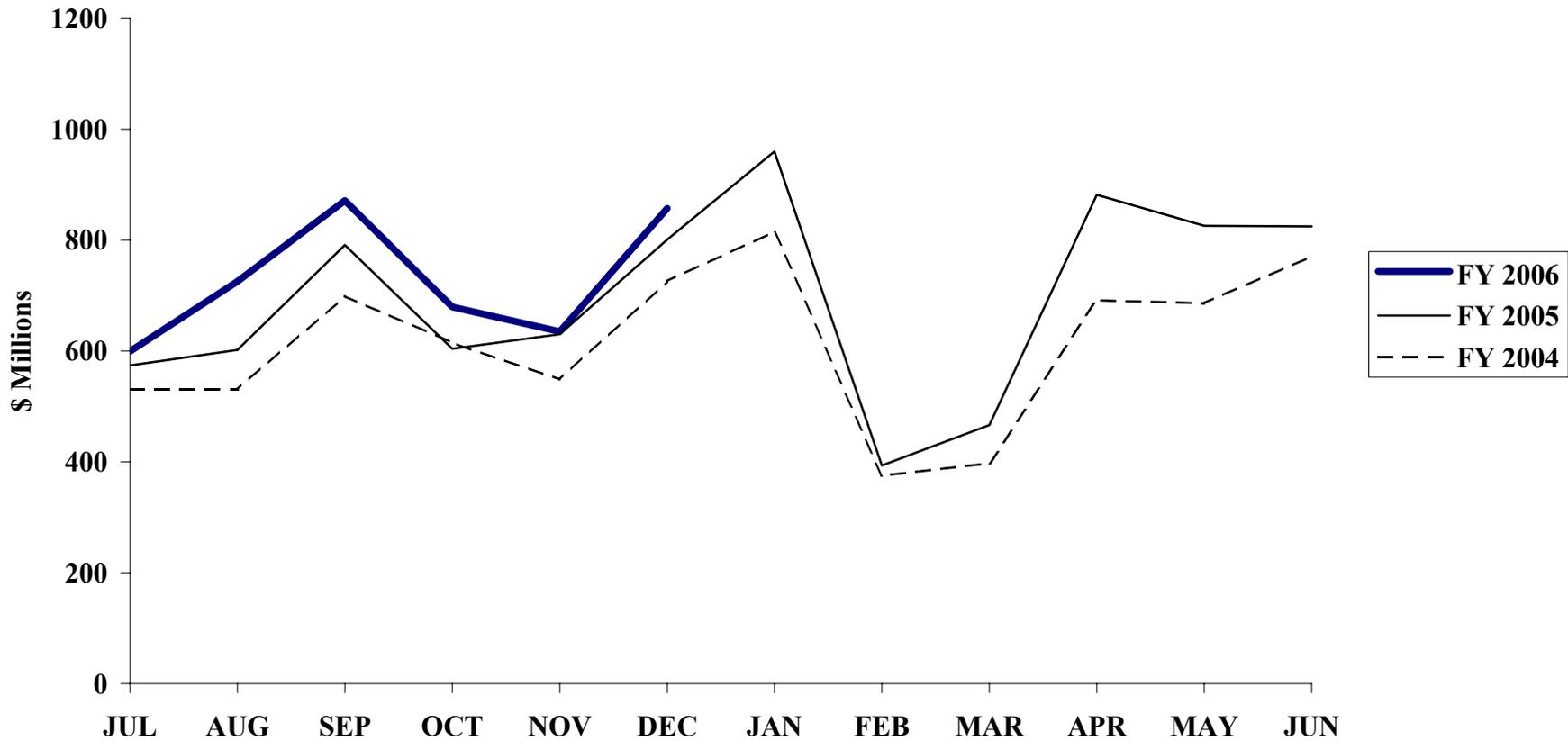
# Percentage is greater than 1,000%.

## Total General Fund Revenues



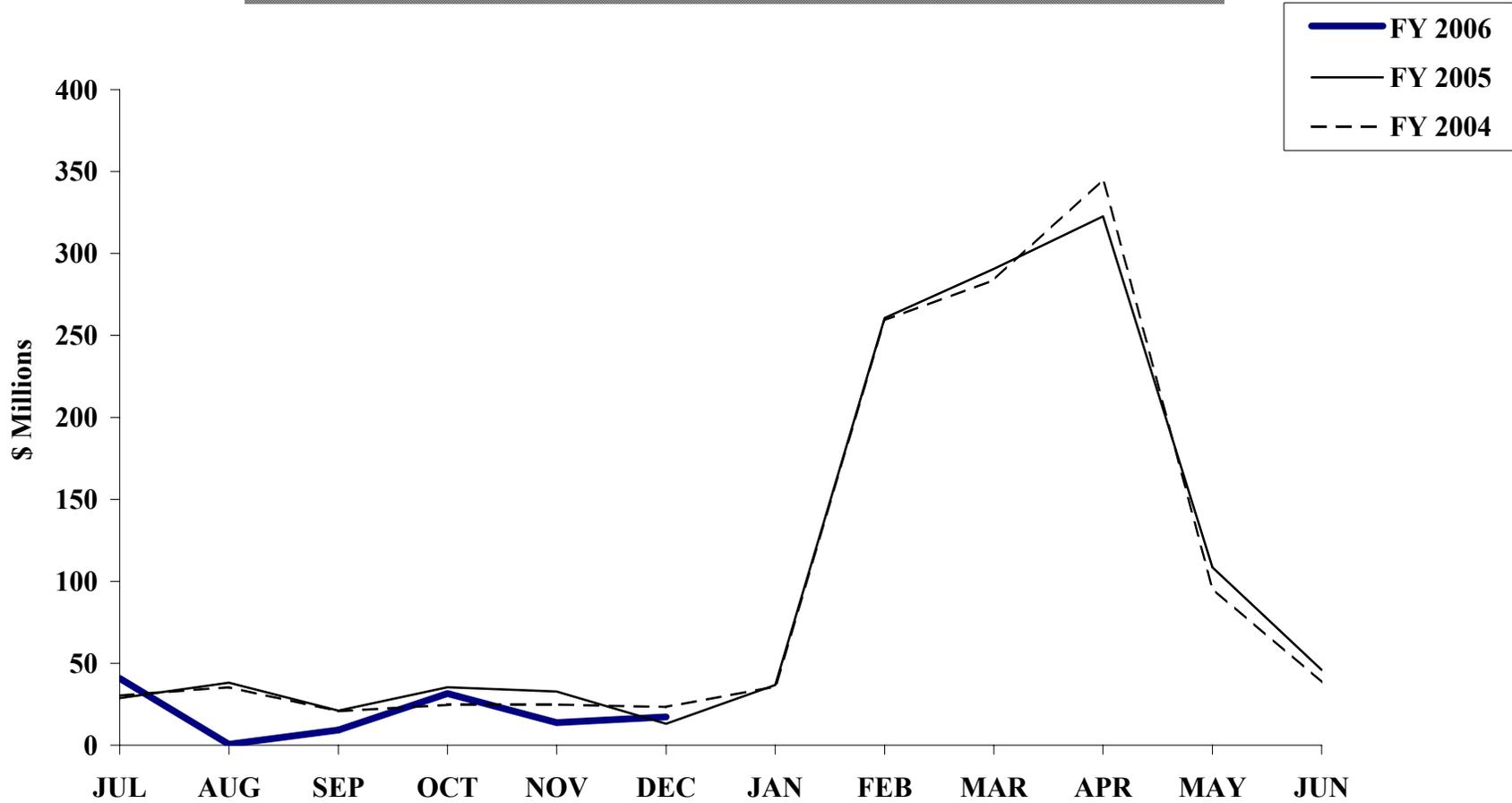
**FY 2004 Actual = \$11,917.8 Million**  
**FY 2005 Actual = \$13,687.3 Million**  
**FY 2006 Estimate = \$14,527.8 Million**

# Net Individual Income Tax



**FY 2004 Actual = \$7,384.8 Million**  
**FY 2005 Actual = \$8,352.4 Million**  
**FY 2006 Estimate = \$9,074.6 Million**

# Individual and Fiduciary Income Tax Refunds



**FY 2004 Actual = \$1,217.2 Million**  
**FY 2005 Actual = \$1,234.2 Million**  
**FY 2006 Estimate = \$1,304.7 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 <sup>1, 2</sup>		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
<b>July, 2005</b>	\$4,108.3	3.13%	\$1,030.2	-9.52%	\$5,138.5	0.59%
<b>August</b>	\$4,049.1	3.29%	\$1,020.0	13.63% <sup>3</sup>	\$5,069.1	5.37%
<b>September</b>	\$4,407.7	3.54%	\$1,010.4	-8.54%	\$5,418.1	1.28%
<b>October</b>	\$4,423.6	3.60%	\$1,015.5	-5.93%	\$5,439.1	1.82%
<b>November</b>	\$4,364.1	3.79%	\$1,026.5	5.00%	\$5,390.6	4.02%
<b>December</b>	\$4,136.2	3.92%	\$1,132.7	8.78%	\$5,268.9	4.97%
<b>January, 2006</b>						
<b>February</b>						
<b>March</b>						
<b>April</b>						
<b>May</b>						
<b>June</b>						
<b>Year-to-Date Average</b>	\$4,248.2	3.55%	\$1,039.2	0.73%	\$5,287.4	2.99%
<b>Latest 12-month Average</b>	\$4,036.5	3.12%	\$989.6	2.49%	\$5,026.1	3.00%

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

<sup>2</sup> Unaudited.

<sup>3</sup> Revised Annualized Total Return.

**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	\$482,259	\$0	\$0	\$482,259
October	\$482,259	\$0	\$3,947	\$486,206
November	\$486,206	\$0	\$0	\$486,206
December	\$486,206	\$0	\$0	\$486,206
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.