



COMMONWEALTH of VIRGINIA

Office of the Governor

Jody M. Wagner
Secretary of Finance

P.O. Box 1475
Richmond, Virginia 23218

January 12, 2007

MEMORANDUM

TO: The Honorable Timothy M. Kaine

THROUGH: The Honorable William H. Leighty

FROM: Jody M. Wagner 

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. With the revisions, projected growth in general fund revenue for fiscal year 2007 is now 6.5 percent.

As you know, December and January are significant months for revenue collections. Growth can be distorted during this time of year due to several timing issues. In December, in addition to normal monthly collections of withholding and holiday sales taxes, quarterly estimated payments are due from most corporations and some fourth quarter nonwithholding payments from individuals are received. In addition, some withholding payments can be delayed by a larger volume of mail over the holidays, pushing some December payments into January. The bulk of sales tax collections from the holiday shopping season will be received in January. Finally, this December had one less deposit day than last year, but January will have one more day than last January. Due to all these factors, the months of December and January must be analyzed together to form an accurate assessment of revenue growth.

December revenue collections fell 2.6 percent from December of last year. On a year-to-date basis, total revenue has grown 4.2 percent, below the annual forecast of 6.5 percent. Adjusting total revenue for the effects of repealing the Accelerated Sales Tax program, growth is 2.0 percent through the first half of the fiscal year, behind the adjusted annual estimate of 5.4 percent growth.

National Economic Indicators

Most indicators suggest national economic growth has slowed, dampened by the impact of higher interest rates and the housing market.

- Real GDP grew 2.0 percent in the third quarter – down from the 2.6 percent pace in the second quarter and 5.6 percent in the first quarter.
- The labor market is healthy -- payroll employment grew by 167,000 jobs in December, much stronger than expected. November gains were revised up from 132,000 to 154,000. In a separate report, the unemployment rate was unchanged at 4.5 percent.
- Initial claims for unemployment rose from 319,000 to 329,000 during the last week of December. The four-week moving average rose from 316,000 to 317,500. The initial claims report is consistent with a healthy labor market.
- Lower energy prices have led to lower inflation. The Consumer Price Index was unchanged at 201.7 percent in November, following declines of 0.5 percent in September and October. Core CPI, excluding food and energy, was also flat in November and was at 2.6 percent for the year.
- The Institute of Supply Management index rose from 49.5 to 51.4 in December. Although a reading above 50.0 suggests the sector is expanding, growth in this sector has slowed.
- The Conference Board's index of leading indicators rose 0.1 percent in November, its third consecutive increase. Growth in the index is consistent with a slowly growing economy.
- The Conference Board's index of consumer confidence reached an eight-month high in December, rising from 105.3 to 109.0. Both the present conditions and expectations components increased.
- At its December meeting, the Federal Reserve left the federal funds rate unchanged at 5.25 percent, where it has remained since June. It cited substantial cooling of the housing market. In its statement, the Federal Reserve indicated that the economy is likely "to expand at a moderate pace on balance over coming quarters."

Virginia Economy

In Virginia, payroll employment grew 1.4 percent in November. Growth in Northern Virginia remained well above the rest of the state, with a 2.8 percent gain. Jobs in Hampton Roads grew by 1.7 percent, followed by Richmond-Petersburg with 0.9 percent growth and the western

MSAs with 0.7 percent growth. The unemployment rate rose slightly from 2.7 percent to 2.8 percent in November.

December Revenue Collections

General fund revenues fell 2.6 percent in December 2006 from December 2005. Through the first half of the fiscal year, total revenue has grown 4.2 percent, below the annual forecast of 6.5 percent. Adjusting total revenue for the effects of repealing the Accelerated Sales Tax program, growth is 2.0 percent through December 2006, behind the adjusted annual estimate of 5.4 percent growth.

Individual Income Tax Withholding (54% of general fund revenues): Collections of payroll withholding taxes grew only 1.2 percent in December. One less deposit day than December of last year contributed to the slow growth. Year-to-date withholding growth is 4.9 percent, lagging the projected annual growth rate of 5.7 percent.

Individual Income Tax Nonwithholding (18% of general fund revenues): Collections of nonwithholding fell 4.3 percent for the month. Year-to-date, collections in this source are 10.5 percent above the same period last year, tracking closely to the annual estimate of 10.2 percent.

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 2006, 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: In December 2005, the transition to a new computer system required TAX to process a limited number of tax returns, resulting in few refunds in the fall. In December 2006, with the new system in place, TAX returned to a normal level of processing. Through December 2006, \$220.0 million in refunds has been issued compared with \$113.0 million in the same period last year.

Sales Tax (20% of general fund revenues): Collections of sales and use taxes, reflecting November sales, grew 5.6 percent in December 2006. As with individual nonwithholding, January receipts are needed to more accurately assess growth in this source because a large part of holiday sales tax collections will be received in January.

Year-to-date growth in sales and use taxes of 15.4 percent is inflated due to the repeal of the Accelerated Sales Tax program. Adjusting for the repeal of this program, growth in this source was 3.1 percent through December, compared with the 4.1 percent growth necessary to meet the annual estimate.

Corporate Income Tax (6% of general fund revenues): Collections of corporate income tax fell 21.4 percent in December. This is overstated since TAX did not issue many refunds last year because of controlled production, while this year, refund activity returned to more typical levels.

On a year-to-date basis, collections of corporate income tax have fallen 5.1 percent, well below the annual estimate of 3.4 percent growth.

Wills, Suits, Deeds, Contracts (4% of general fund revenues): Wills, suits, deeds, and contracts -- mainly recordation tax collections -- fell 15.8 percent in December as the housing market continued to slow. Year-to-date collections in this source have fallen 21.1 percent from last year.

Other Revenue Sources

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

	<u>Year-to-Date</u>	<u>Annual Estimate</u>
Insurance Premiums Taxes (3% GF revenues)	-4.4%	2.9%
ABC Taxes (1% GF revenues)	4.6%	3.6%
Interest Income (0.6% GF revenues)	83.1%	101.0%

All Other Revenue: Receipts in All Other Revenue fell 16.1 percent in December -- \$27.0 million compared with \$32.2 million in December of last year. Most of the decline was in inheritance, gift, and estate taxes. For the fiscal year, collections of All Other Revenue are 1.4 percent above fiscal year 2006, but behind the annual estimate of 3.4 percent growth.

Lottery Revenues: Net income of \$41.1 million in December was 1.4 percent below December of last year, due to a decline in sales across all online games. The largest decline in sales occurred in the jackpot games category as a result of lower advertised jackpots. Year-to-date, net income fell 6.7 percent, slightly better than the forecast of a 10.7 percent decline.

The Honorable Timothy M. Kaine

January 12, 2007

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Summary

December revenue collections fell 2.6 percent from December of last year. On a year-to-date basis, total revenue has grown 4.2 percent, behind the annual forecast of 6.5 percent. Adjusting total revenue for the effects of repealing the Accelerated Sales Tax program, growth is 2.0 percent through the first half of the fiscal year, behind the adjusted annual estimate of 5.4 percent growth.

The timing of payments in December and January can significantly distort 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 be considered together to get a clearer picture of revenue growth.

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

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2007 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	December FY 2007	December FY 2006	% Change	Year-To-Date FY 2007	Year-To-Date FY 2006	% Change	% Annual Growth Req By Est
Individual Income Tax:									
Withholding	\$8,517,500	52.58	\$728,045	\$719,130	1.2	\$4,086,211	\$3,895,845	4.9	5.7
Tax Dues/Estimated Payments	2,789,200	17.22	148,410	155,153	(4.3)	645,805	584,395	10.5	10.2
Gross Individual Income Tax	<u>\$11,306,700</u>	<u>69.80</u>	<u>\$876,455</u>	<u>\$874,283</u>	<u>0.2</u>	<u>\$4,732,016</u>	<u>\$4,480,240</u>	<u>5.6</u>	<u>6.8</u>
Individual and Fiduciary Income (Refunds)	(1,337,100)	(8.26)	(20,945)	(17,227)	21.6	(219,966)	(112,990)	94.7	4.2
Net Individual Income Tax	<u>\$9,969,600</u>	<u>61.54</u>	<u>\$855,510</u>	<u>\$857,056</u>	<u>(0.2)</u>	<u>\$4,512,050</u>	<u>\$4,367,250</u>	<u>3.3</u>	<u>7.1</u>
Sales and Use Tax (a)	\$3,089,500	19.07	\$242,017	\$229,152	5.6	\$1,509,265	\$1,307,914	15.4	9.8
Corporations Income Tax	901,400	5.57	145,269	184,742	(21.4)	447,637	471,600	(5.1)	3.4
Wills, Suits, Deeds, Contracts (b)	554,400	3.42	50,712	60,233	(15.8)	294,377	372,939	(21.1)	(20.2)
Insurance Premiums	384,600	2.37	81,257	84,339	(3.7)	149,302	156,190	(4.4)	2.9
Interest Income (c)	194,600	1.20	25,247	18,224	38.5	120,796	65,956	83.1	101.0
Alcoholic Beverage Sales (d)	158,400	0.98	3,559	3,452	3.1	52,230	49,946	4.6	3.6
All Other Revenues (b)	<u>541,000</u>	<u>3.34</u>	<u>26,971</u>	<u>32,152</u>	<u>(16.1)</u>	<u>217,901</u>	<u>214,809</u>	<u>1.4</u>	<u>3.4</u>
Total General Fund Revenues	<u>\$15,793,500</u>	<u>97.49</u>	<u>\$1,430,542</u>	<u>\$1,469,350</u>	<u>(2.6)</u>	<u>\$7,303,558</u>	<u>\$7,006,604</u>	<u>4.2</u>	<u>6.5</u>
Gross Lottery Revenue	\$1,304,430	8.05	\$116,534	\$124,208	(6.2)	\$641,981	\$702,253	(8.6)	(4.5)
Less: Expenses	<u>(898,099)</u>	<u>(5.54)</u>	<u>(75,473)</u>	<u>(82,553)</u>	<u>(8.6)</u>	<u>(433,341)</u>	<u>(478,538)</u>	<u>(9.4)</u>	<u>(1.4)</u>
Net Lottery Profits	<u>\$406,331</u>	<u>2.51</u>	<u>\$41,061</u>	<u>\$41,655</u>	<u>(1.4)</u>	<u>\$208,640</u>	<u>\$223,715</u>	<u>(6.7)</u>	<u>(10.7)</u>
Total General Fund Revenues and Net Lottery Profits	<u>\$16,199,831</u>	<u>100.00</u>	<u>\$1,471,603</u>	<u>\$1,511,005</u>	<u>(2.6)</u>	<u>\$7,512,198</u>	<u>\$7,230,319</u>	<u>3.9</u>	<u>6.0</u>

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

(a) A comparison of the Fiscal Year 2007 and 2006 Sales and Use Tax amounts is not appropriate due to the discontinuation of the Accelerated Sales Tax Program (AST) at the end of Fiscal Year 2006. After eliminating the effects of the AST, the Sales and Use Tax adjusted year-to-date growth rate is 3.1% compared to the forecasted growth rate of 4.1%.

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

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

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

Commonwealth of Virginia/Department of Accounts
General Fund Statement of Revenue Collections and Estimates
For the Fiscal Years 2006 and 2007
(Dollars in Thousands)

Revenue	(1)	(2)	(3) (4)		(5)	(6) (7)		(8)	(9)
	FY 2007 Estimate	As a % of Total Gen Fund Rev	FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change	% Annual Growth Req By Est
Taxes:									
Individual Income Tax - Withholding	\$8,517,500	53.93	\$728,045	\$719,130	1.2	\$4,086,211	\$3,895,845	4.9	5.7
Tax Dues/Estimated Payments	2,789,200	17.66	148,410	155,153	(4.3)	645,805	584,395	10.5	10.2
Gross Individual Income Tax	\$11,306,700	71.59	\$876,455	\$874,283	0.2	\$4,732,016	\$4,480,240	5.6	6.8
Individ and Fiduc Income (Refunds)	(1,337,100)	(8.47)	(20,945)	(17,227)	21.6	(219,966)	(112,990)	94.7	4.2
Net Individual Income Tax	\$9,969,600	63.12	\$855,510	\$857,056	(0.2)	\$4,512,050	\$4,367,250	3.3	7.1
Sales and Use Tax	3,089,500	19.56	242,017	229,152	5.6	1,509,265	1,307,914	15.4	9.8
Corporations Income	901,400	5.71	145,269	184,742	(21.4)	447,637	471,600	(5.1)	3.4
Public Service Corporations	92,500	0.59	5,067	5,515	(8.1)	38,499	39,544	(2.6)	2.8
Insurance Premiums	384,600	2.44	81,257	84,339	(3.7)	149,302	156,190	(4.4)	2.9
Alcoholic Beverage Excise	114,400	0.72	0	0	-	29,610	27,374	8.2	4.0
Beer and Beverage Excise	44,000	0.28	3,559	3,452	3.1	22,620	22,572	0.2	2.5
Wills, Suits, Deeds, Contracts	554,400	3.51	50,712	60,233	(15.8)	294,377	372,939	(21.1)	(20.2)
Inheritance, Gift, and Estate	160,400	1.02	6,114	12,245	(50.1)	81,336	71,267	14.1	0.0
Bank Franchise	12,900	0.08	(96)	0	-	(34)	(180)	81.1	4.7
Other Taxes	13,600	0.08	351	(251)	239.8	4,680	3,151	48.5	(9.9)
Total Taxes	\$15,337,300	97.11	\$1,389,760	\$1,436,483	(3.3)	\$7,089,342	\$6,839,621	3.7	5.8
Rights and Privileges:									
Licenses and Permits	\$4,900	0.03	\$690	\$644	7.1	\$2,356	\$2,367	(0.5)	2.8
Corp. Franchise and Charters	45,300	0.29	556	570	(2.5)	3,370	3,429	(1.7)	(2.3)
Fees for Misc. Privileges & Services	14,600	0.09	599	723	(17.2)	5,584	5,058	10.4	3.8
Total Rights and Privileges	\$64,800	0.41	\$1,845	\$1,937	(4.7)	\$11,310	\$10,854	4.2	(0.6)
Other Revenues:									
Sales of Property & Commodities	\$100	0.00	\$0	\$88	(100.0)	\$1	\$5,825	(100.0)	(98.6)
Assessmts & Rcpts for Support of Special Svcs	400	0.00	0	6	(100.0)	84	125	(32.8)	20.5
Institutional Revenue	8,800	0.06	1,431	618	131.6	4,328	4,720	(8.3)	6.9
Interest (a)	194,600	1.23	25,247	18,224	38.5	120,796	65,956	83.1	101.0
Dividends and Rent	300	0.00	45	23	95.7	196	191	2.6	6.0
Fines, Forfeitures & Fees	204,100	1.29	13,520	13,942	(3.0)	88,907	94,512	(5.9)	9.1
Other Revenue	4,900	0.03	266	311	(14.5)	1,627	3,053	(46.7)	(44.3)
Excess Fees	(32,000)	(0.20)	(2,406)	(3,180)	24.3	(17,945)	(23,262)	22.9	23.1
Private Donations, Gifts & Cont.	0	0.00	2	0	-	7	67	(89.6)	0.0
Cities, Counties, and Towns	10,200	0.07	832	898	(7.3)	4,905	4,942	(0.7)	2.0
Total Other Revenues	\$391,400	2.48	\$38,937	\$30,930	25.9	\$202,906	\$156,129	30.0	41.3
Total General Fund Revenues	\$15,793,500	100.00	\$1,430,542	\$1,469,350	(2.6)	\$7,303,558	\$7,006,604	4.2	6.5

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

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

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

	FY 2007 Estimate (a)	December			Year-To-Date			% Annual Growth Required By Estimate
		FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change (b)	
Lottery Collections								
Lotto South/Win for Life (c)	\$45,136	\$3,506	\$7,441	(52.9)	\$21,942	\$34,940	(37.2)	(27.0)
Cash 5	25,121	2,252	2,487	(9.4)	13,213	14,076	(6.1)	(9.4)
Pick 4	167,717	14,481	15,589	(7.1)	84,315	86,890	(3.0)	(1.2)
Pick 3	251,279	21,481	23,211	(7.5)	126,504	129,732	(2.5)	(2.2)
Mega Millions	122,553	8,853	9,737	(9.1)	52,228	87,043	(40.0)	(23.2)
Scratch	<u>692,624</u>	<u>65,961</u>	<u>65,743</u>	<u>0.3</u>	<u>343,779</u>	<u>349,572</u>	<u>(1.7)</u>	<u>0.5</u>
Gross Lottery Revenue	1,304,430	116,534	124,208	(6.2)	641,981	702,253	(8.6)	(4.5)
Expenses (d)	<u>898,099</u>	<u>75,473 (e)</u>	<u>82,553</u>	<u>(8.6)</u>	<u>433,341 (e)</u>	<u>478,538</u>	<u>(9.4)</u>	<u>(1.4)</u>
Net Lottery Ticket Profits	<u>\$406,331</u>	<u>\$41,061 (e)</u>	<u>\$41,655</u>	<u>(1.4)</u>	<u>\$208,640 (e)</u>	<u>\$223,715</u>	<u>(6.7)</u>	<u>(10.7)</u>

(a) Estimate established in December 2006 and includes the residual amount (\$931,308) of FY 2006 profits that were transferred in FY 2007.

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

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

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

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

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

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

Revenue	FY 2007 Estimate	As a % of Total Fund	December			Year-To-Date			% Annual Growth Required By Estimate
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change	
Motor Fuel Taxes	\$861,600	22.46	\$72,164	\$68,949	4.7	\$370,398	\$378,711	(2.2)	(1.0)
Priority Transportation Fund	20,000	0.52	2,000	2,000	0.0	8,000	8,000	0.0	0.0
Motor Vehicle Sales and Use Tax	618,300	16.12	41,773	42,750	(2.3)	309,147	320,285	(3.5)	(1.7)
State Sales and Use Tax	508,700	13.26	41,102	45,362	(9.4)	256,192	220,666	16.1	6.8
Motor Vehicle License Fees	170,400	4.44	10,925	10,793	1.2	82,507	81,101	1.7	0.6
International Registration Plan	62,400	1.63	1,395	3,754	(62.8)	20,848	15,124	37.8	3.0
Interest Earnings	33,800	0.88	170	5	#	12,423	7,226	71.9	(12.5)
Misc. Taxes, Fees, and Revenues (a)	12,700	0.33	1,042	855	21.9	5,903	5,296	11.5	5.9
Total State Taxes and Fees (a)	\$2,287,900	59.64	\$170,571	\$174,468	(2.2)	\$1,065,418	\$1,036,409	2.8	0.5

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

(a) Certain Fiscal Year 2007 year-to-date and Fiscal Year 2006 monthly and year-to-date amounts have been reclassified. Refer to (a) on page 5 for additional information.

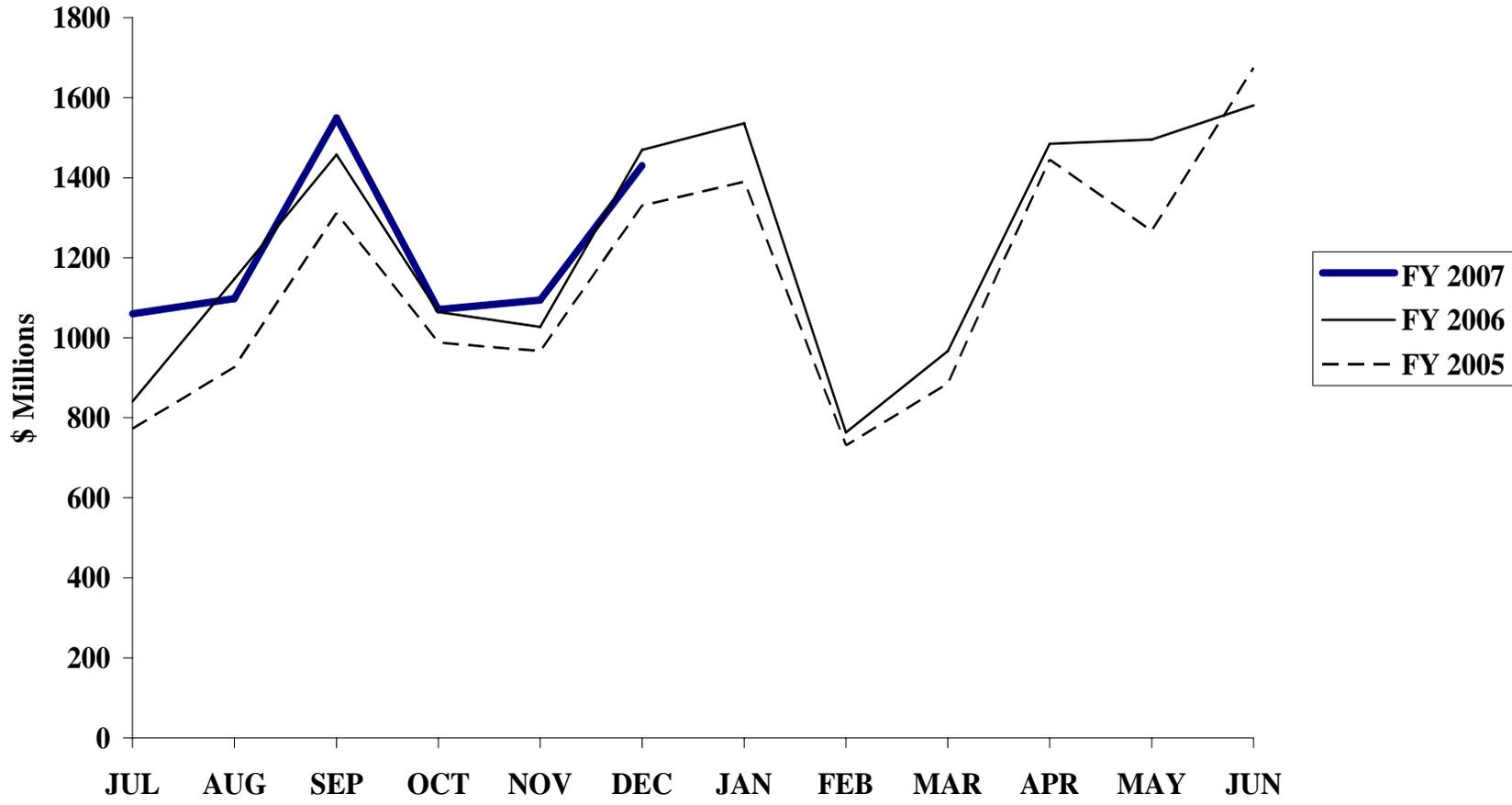
Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2006 and 2007
(Dollars in Thousands)

Revenue	FY 2007 Estimate	As a % of Total Fund	December			Year-To-Date			% Annual Growth Required By Est
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$743,300	19.38	\$62,724	\$57,665	8.8	\$322,058	\$328,788	(2.0)	(1.2)
Motor Vehicle Sales and Use Tax	381,900	9.95	25,521	26,225	(2.7)	191,131	197,953	(3.4)	(2.1)
Motor Vehicle License Fees	149,200	3.89	9,511	9,384	1.4	71,964	71,056	1.3	0.6
International Registration Plan	62,400	1.63	1,395	3,754	(62.8)	20,848	15,124	37.8	3.0
Misc. Taxes, Fees, and Revenues (a)	12,700	0.33	1,042	855	21.9	5,903	5,296	11.5	5.9
Total State Taxes and Fees	\$1,349,500	35.18	\$100,193	\$97,883	2.4	\$611,904	\$618,217	(1.0)	(1.0)
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$2,409	\$5,161	(53.3)	\$13,004	\$18,359	(29.2)	(100.0)
Miscellaneous Revenues (a)	10,600	0.27	556	2,378	(76.6)	8,949	13,639	(34.4)	(50.8)
Transfer (to) / from Transportation Trust Fund	286,303	7.46	0	0	-	239,144	186,199	28.4	53.8
Total Highway Maintenance and Operating Fund	\$1,646,403	42.91	\$103,158	\$105,422	(2.1)	\$873,001	\$836,414	4.4	2.4
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$118,300	3.08	\$9,440	\$11,284	(16.3)	\$48,340	\$49,923	(3.2)	(0.1)
Priority Transportation Fund	20,000	0.52	2,000	2,000	0.0	8,000	8,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	236,400	6.17	16,252	16,525	(1.7)	118,016	122,332	(3.5)	(0.9)
State Sales and Use Tax	508,700	13.26	41,102	45,362	(9.4)	256,192	220,666	16.1	6.8
Motor Vehicle License Fees	21,200	0.55	1,414	1,409	0.4	10,543	10,045	5.0	0.6
Interest Earnings	33,800	0.88	170	5	#	12,423	7,226	71.9	(12.5)
Total State Taxes and Fees	\$938,400	24.46	\$70,378	\$76,585	(8.1)	\$453,514	\$418,192	8.4	2.8
Other Revenues:									
Federal Grants and Contracts	\$1,354,852	35.32	\$63,322	\$24,776	155.6	\$341,378	\$257,292	32.7	181.8
Receipts from Cities/Counties (a)	69,303	1.81	5,407	2,742	97.2	28,948	20,091	44.1	46.4
Toll Revenues (Includes Route 28)	96,447	2.51	8,171	10,808	(24.4)	48,945	53,674	(8.8)	(15.0)
Miscellaneous Revenues	17,391	0.45	6,585	1,273	417.3	10,377	8,992	15.4	(21.0)
Total Other Revenues	\$1,537,993	40.09	\$83,485	\$39,599	110.8	\$429,648	\$340,049	26.3	131.8
Transfer (to) / from Highway Maintenance and Operating Fund	(\$286,303)	(7.46)	\$0	\$0	-	(\$239,144)	(\$186,199)	(28.4)	(53.8)
Total Transportation Trust Fund	\$2,190,090	57.09	\$153,863	\$116,184	32.4	\$644,018	\$572,042	12.6	57.5
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	\$3,836,493	100.00	\$257,021	\$221,606	16.0	\$1,517,019	\$1,408,456	7.7	27.9

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

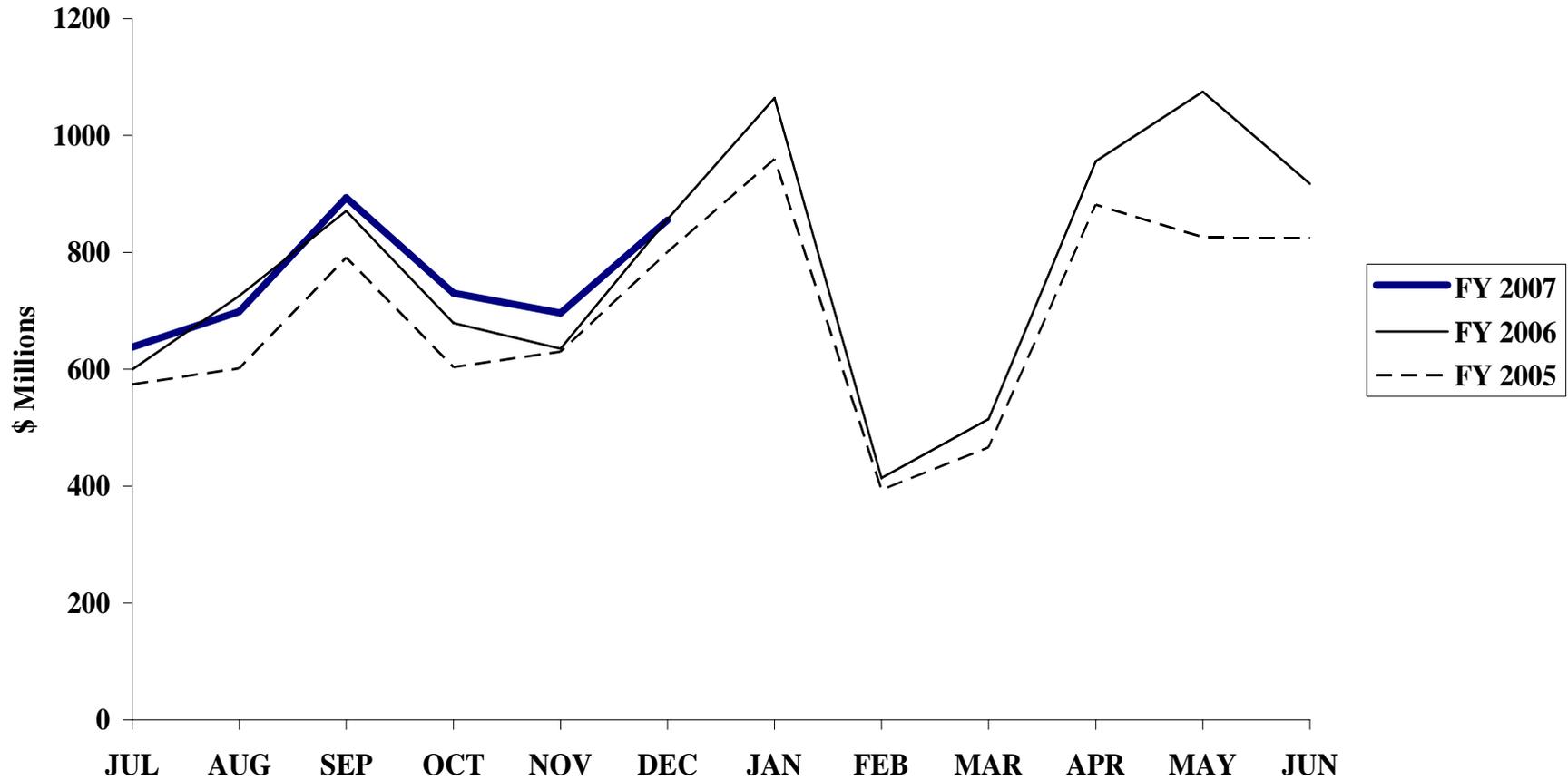
(a) A new line, "Miscellaneous Revenues", was added to the Highway Maintenance and Operating Fund Revenue Forecast. A portion of the amounts previously reported in "Miscellaneous Taxes, Fees, and Revenues" and "Receipts from Cities/Counties" were reclassified to "Miscellaneous Revenues." In order to provide comparable data, the Fiscal Year 2007 and Fiscal Year 2006 monthly and year-to-date amounts were likewise reclassified.

Total General Fund Revenues



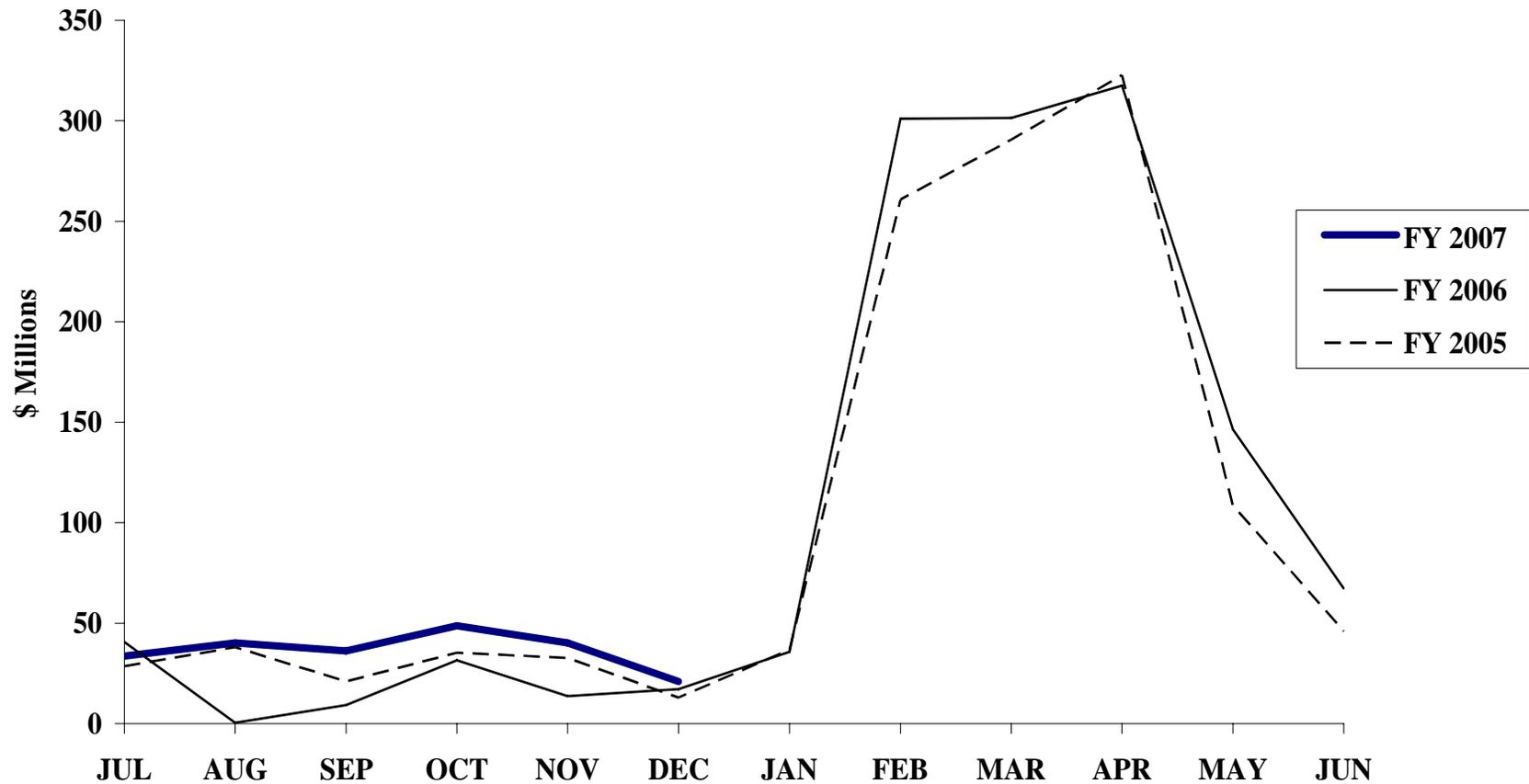
FY 2005 Actual = \$13,687.3 Million
FY 2006 Actual = \$14,834.3 Million
FY 2007 Estimate = \$15,793.5 Million

Net Individual Income Tax



FY 2005 Actual = \$8,352.4 Million
FY 2006 Actual = \$9,308.6 Million
FY 2007 Estimate = \$9,969.6 Million

Individual and Fiduciary Income Tax Refunds



FY 2005 Actual = \$1,234.2 Million

FY 2006 Actual = \$1,282.6 Million

FY 2007 Estimate = \$1,337.1 Million

DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2007

(Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION ^{1, 2}		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
July, 2006	\$5,684.6	5.12%	\$1,242.8	13.40%	\$6,927.4	6.61%
August	\$5,305.9	5.20%	\$1,357.8	14.82%	\$6,663.7	7.16%
September	\$5,541.2	5.31%	\$1,371.6	9.66%	\$6,912.8	6.17%
October	\$5,805.7	5.27%	\$1,381.2	7.47%	\$7,186.9	5.69%
November	\$5,528.9	5.32%	\$1,391.9	11.64%	\$6,920.8	6.59%
December	\$5,209.7	5.28%	\$1,395.8	-4.51%	\$6,605.5	3.21%
January, 2007						
February						
March						
April						
May						
June						
Year-to-Date Average	\$5,512.7	5.25%	\$1,356.9	8.63%	\$6,869.6	5.92%
Latest 12-month Average	\$5,326.9	4.94%	\$1,296.3	4.56%	\$6,623.2	4.87%

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 2007**

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