



Revenue Update

A Briefing for the House Appropriations Committee

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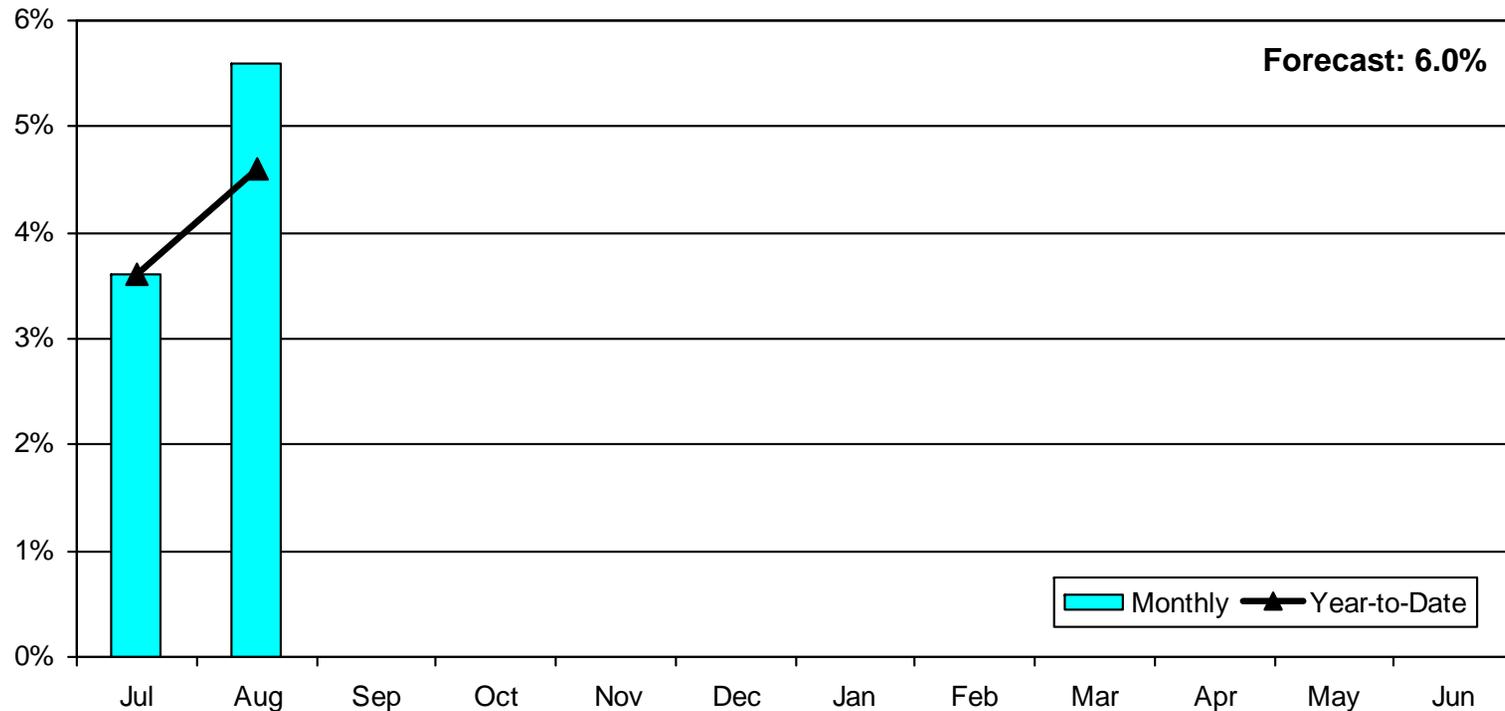
September 17, 2007

Summary of Fiscal Year 2008 Revenue Collections

July through August

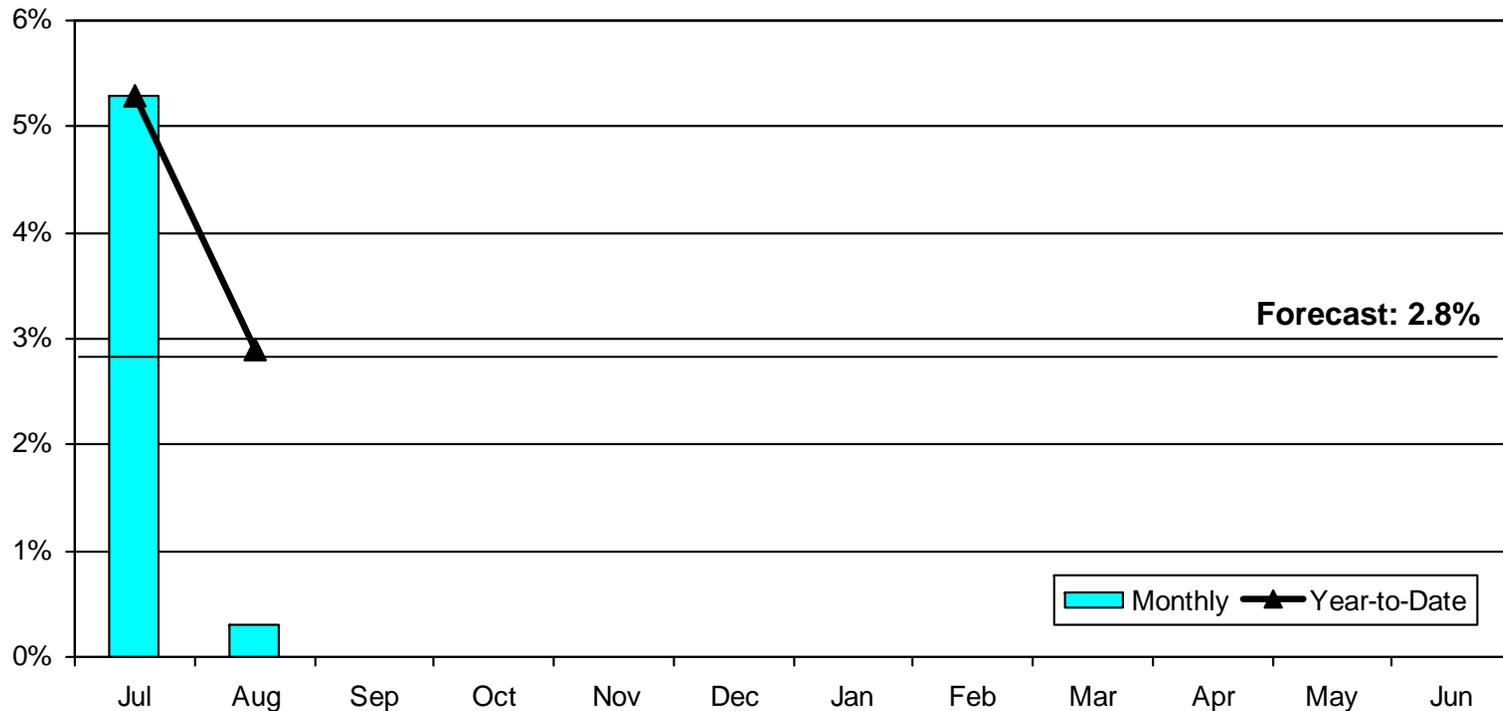
<u>Major Source</u>	As a % of Total <u>Revenues</u>	Percent Growth over Prior Year		
		<u>YTD Actual</u>	<u>August 2007 Estimate</u>	<u>Variance</u>
Withholding	56.7 %	4.6 %	6.0 %	(1.4) %
Nonwithholding	18.9	22.4	6.6	15.8
Refunds	(10.8)	(14.2)	10.5	(24.7)
Net individual	<u>64.9</u>	<u>6.5</u>	<u>5.4</u>	<u>1.1</u>
Sales	19.6	2.9	2.8	0.1
Corporate	4.5	(32.0)	(18.4)	(13.6)
Wills (Recordation)	3.3	(9.8)	(9.0)	(0.8)
Insurance	2.5	1.2	2.9	(1.7)
All Other Revenue	5.3	(1.8)	5.2	(7.0)
Total	100.0 %	3.4 %	3.0 %	0.4 %

Growth in Withholding Tax Collections FY08 Monthly and Year-to-Date



- Withholding collections grew 5.6 percent in August.
- Year-to-date withholding growth is 4.6 percent, lagging the projected annual growth rate of 6.0 percent.

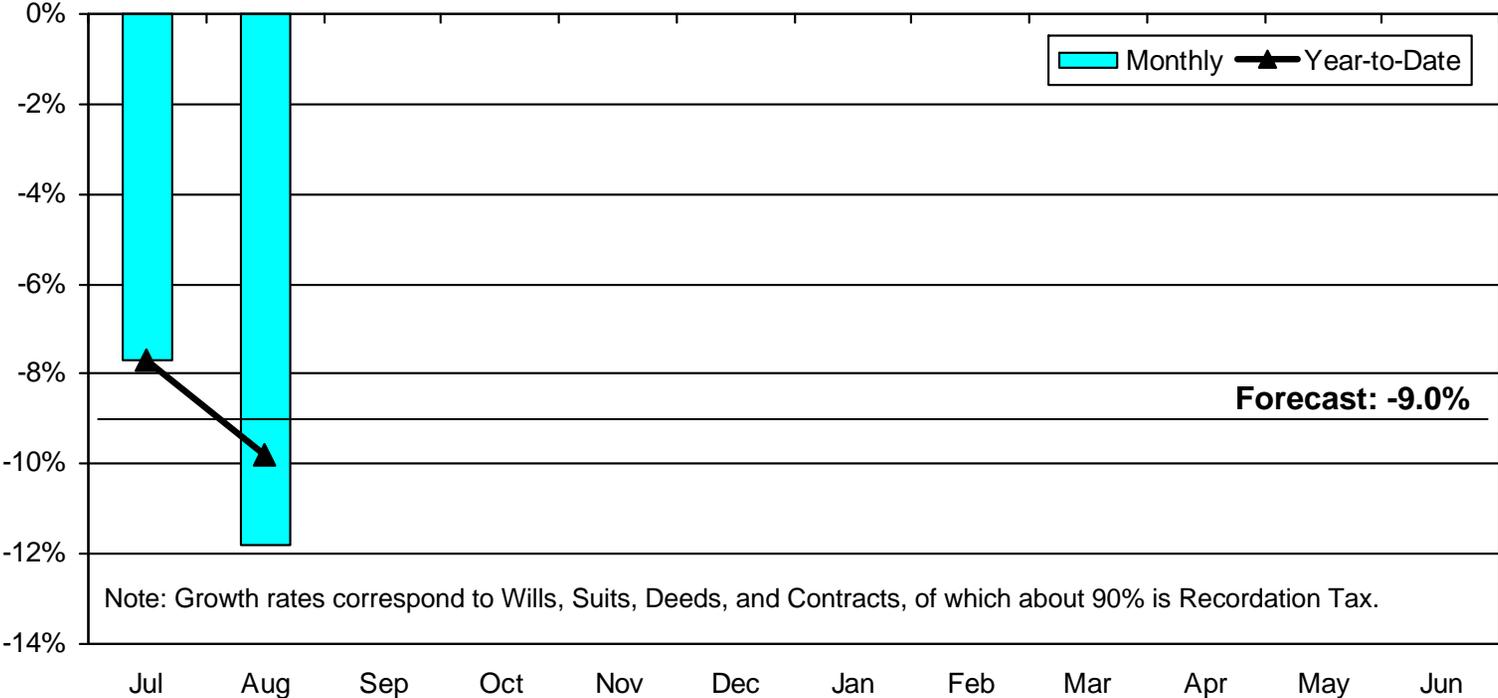
Growth in Sales Tax Collections FY08 Monthly and Year-to-Date



- Collections of sales and use taxes were essentially flat in August.
- Higher energy prices and the slowdown in the housing market are slowing retail sales. Year-to-date growth in sales and use taxes is 2.9 percent for the first two months of the fiscal year.

Growth in Recordation Tax Collections

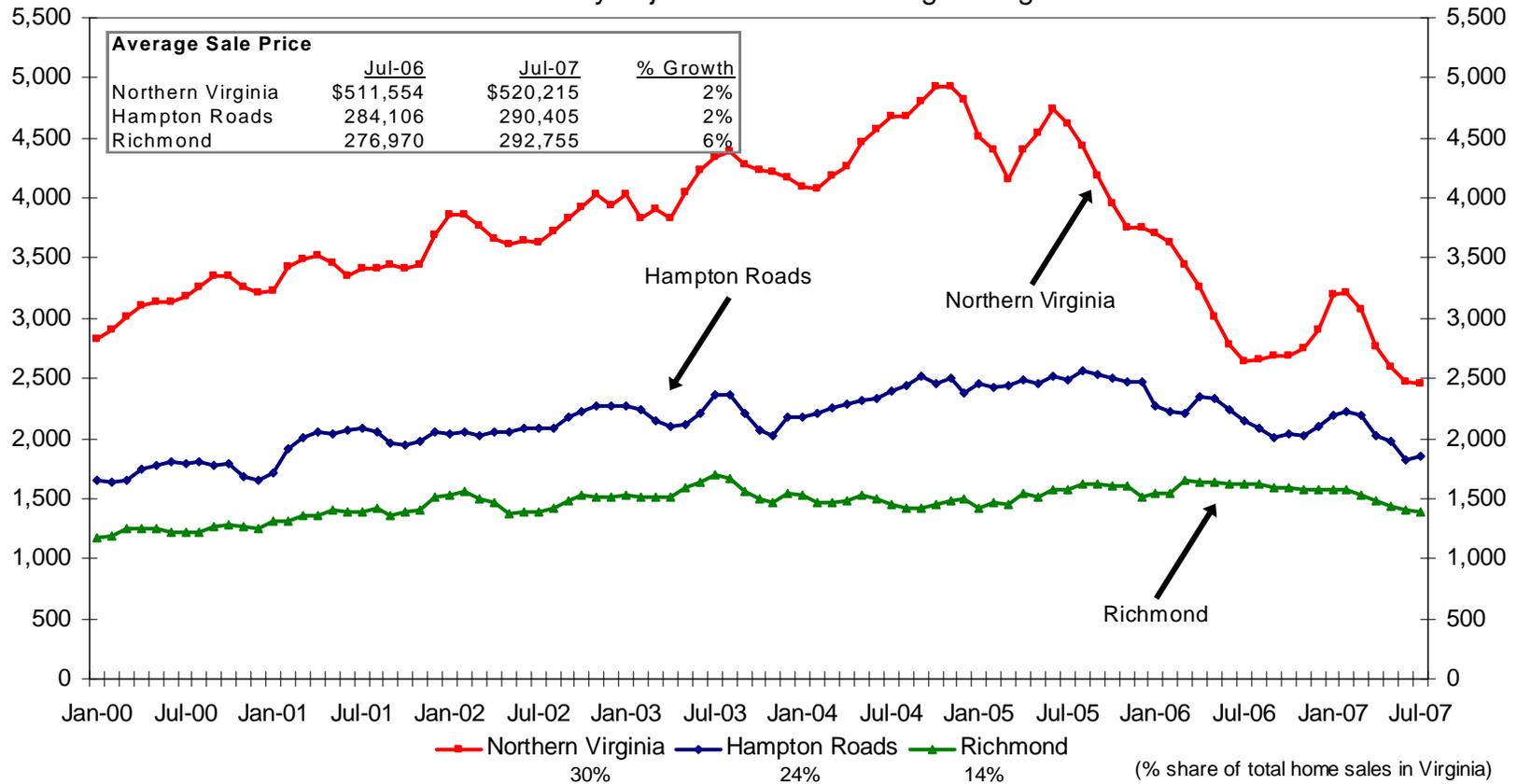
FY08 Monthly and Year-to-Date



- Recordation tax collections declined 11.8 percent in August, bringing year-to-date growth for the first two months of the fiscal year to -9.8 percent. Activity in the housing market continues to slow.

Pending Home Sales in Northern Virginia, Hampton Roads, and Richmond Levels

Seasonally-adjusted 3-month moving average



- Pending home sales in the three major metropolitan areas, representing about 70% of total recordation taxes, are down from prior year levels.

September Collections – First Significant Data Point

General Comments

- Monthly collections will include the third calendar year estimated payment from individuals, corporations, and insurance companies due September 15th.
- First quarter collections in payroll withholding and sales taxes will provide data to determine the current direction of the economy.
- First quarter collections will be the last available data point to be incorporated into the revenue models for use in updating the revenue forecast.