



# COMMONWEALTH of VIRGINIA

Office of the Governor

Jody M. Wagner  
Secretary of Finance

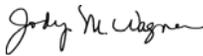
P.O. Box 1475  
Richmond, Virginia 23218

January 14, 2008

## MEMORANDUM

TO: The Honorable Timothy M. Kaine

THROUGH: The Honorable Wayne M. Turnage

FROM: Jody M. Wagner 

SUBJECT: December Revenue Data

This month's revenue letter incorporates the revised general fund revenue forecast on which the introduced Fiscal Year 2008-10 biennial budget and the amendments to the Fiscal Year 2008 budget are based. The forecast is based upon recommendations of both the Governor's Advisory Board of Economists and Governor's Advisory Council on Revenue Estimates. With the revisions, projected growth in general fund revenue for fiscal year 2008 is now 3.3 percent.

December and January are significant months for revenue collections. Growth can be distorted during this period due to several timing issues. In December, in addition to normal monthly collections of withholding and some 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. Finally, the bulk of sales tax collections from the holiday shopping season will be received in January. As is always the case, due to all these factors, the months of December and January must be analyzed together to form an accurate assessment of revenue growth.

General fund revenues grew 1.8 percent in December 2007 compared to December 2006. On a year-to-date basis, revenues grew 3.2 percent over the same period last year, close to the annual forecast of 3.3 percent. Individual withholding is tracking its forecast and sales tax collections are running slightly ahead. Individual nonwithholding, corporate, and recordation tax collections are trailing their respective forecasts.

### **National Economic Indicators**

Recent indicators suggest the national economic expansion continues to slow, as the housing shock and credit crunch remain influential. Amid growing uncertainty surrounding the economy, Moody's Economy.com estimates the probability of a recession at 50 percent, while Global Insight assigns a 40 percent probability.

- Real GDP grew 4.9 percent in the third quarter, ahead of second quarter growth of 3.8 percent, and equal to consensus expectations. Real GDP growth is expected to weaken over this and the next two quarters.
- The job market weakened significantly in December. Payroll employment grew by only 18,000 jobs in December, following a gain of 115,000 in November. Monthly gains averaged 97,000 for the fourth quarter and are consistent with moderate growth. Gains in professional and business services, health care, and leisure and hospitality jobs offset declines in construction, manufacturing, and retail trade. In a separate report, the unemployment rate rose from 4.7 to 5.0 percent.
- Initial claims for unemployment dropped by 21,000 to 336,000 during the week ending December 29. The four-week moving average decreased from 344,500 to 343,750; however, it is only slightly below its post-Katrina high.
- The Consumer Price Index jumped 0.8 percent in November, driven by rising energy prices. Core inflation, excluding food and energy, increased 0.3 percent in November, resulting in growth of 2.3 percent over the last year.
- The manufacturing sector contracted in December. The Institute of Supply Management index fell from 50.8 to 47.7, its sixth consecutive decline and its lowest level since 2003.
- The Conference Board's index of leading indicators is consistent with significantly slowing growth. The index fell 0.4 percent to 136.3 in December, the third decline in the last four months. The index is at its lowest level since Hurricane Katrina. Generally, a negative reading for six to nine months is indicative of a recession.
- The Conference Board's index of consumer confidence rose slightly from 87.8 to 88.6 in December. The increase follows four consecutive declines, and the index remains at a very low level. A rising expectations component offset the decline in the current conditions component.
- At its December 11 meeting, the Federal Reserve lowered the federal funds rate by 25 basis points to 4.25 percent. The committee stated, "Economic growth is slowing, reflecting the intensification of the housing correction and some softening in business and consumer spending. Moreover, strains in financial markets have increased in recent weeks." They also noted that recent developments have increased the uncertainty regarding future economic growth.

## **Virginia Economy**

In Virginia, payroll employment grew 1.7 percent in November. Jobs grew by 2.0 percent in Hampton Roads, 1.6 percent in Northern Virginia, and 2.1 percent in the western MSAs.

Employment was flat in Richmond-Petersburg. The unemployment rate rose slightly, from 2.9 percent to 3.0 percent in November.

The Virginia leading index fell 0.4 percent in November, its fourth consecutive decline. All three components of the index contributed to the drop in November. The regional indices fell in nine of the state's eleven metropolitan areas in November. Only Blacksburg and Lynchburg showed an increase.

### **December Revenue Collections**

General fund revenues grew 1.8 percent in December 2007 compared to December 2006. On a year-to-date basis, revenues grew 3.2 percent over the same period last year, close to the annual forecast of 3.3 percent.

***Individual Income Tax Withholding (56% of general fund revenues):*** Collections of payroll withholding taxes grew 8.1 percent in December. Year-to-date withholding growth is 5.6 percent, equal to the projected annual growth rate.

***Individual Income Tax Nonwithholding (19% of general fund revenues):*** Collections of nonwithholding in December 2007 fell 21.4 percent from December 2006. Year-to-date, collections in this source are 5.3 percent above the same period last year, lagging the estimate of a 10.0 percent increase.

December and January are significant months for collections in this source, and growth can be distorted by the timing of payments. Taxpayers have until January 15 to submit their fourth estimated payment for tax year 2007. Although January collections in this source are typically much higher than December collections, 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 growth in this source will be possible at the end of January, when all quarterly payments have been received.

***Individual Income Tax Refunds:*** TAX issued \$43.5 million in individual refunds in December 2007, compared with \$20.9 million in December 2006. Year to date, refunds are 3.4 percent ahead of the same period last year, trailing the annual forecast of a 7.7 percent increase.

***Net Individual Income Tax (65% of general fund revenues):*** Year-to-date net individual income tax growth is 5.6 percent, below the projected annual growth rate of 6.5 percent, due to the lagging collections of nonwithholding taxes.

***Sales Tax (19% of general fund revenues):*** Collections of sales and use taxes, reflecting November sales, grew 16.0 percent in December. Monthly growth is probably overstated since the Thanksgiving holiday in 2007 occurred at the earliest possible time on the calendar, allowing for an entire week of holiday sales to occur in November. The last time this occurred was in 2001 when a 14.1 percent increase in November sales was followed by a 8.7 percent decline in December. On a

year-to-date basis, collections of sales and use taxes have increased 4.9 percent, ahead of the forecasted growth rate of 2.8 percent. 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.

**Corporate Income Tax (5% of general fund revenues):** Collections in corporate income taxes fell 21.1 percent in December. On a year-to-date basis, corporate income tax collections have fallen 24.9 percent from the same period last year, behind expectations of a 15.0 percent decline. Lower corporate payments and a substantial increase in refund activity contributed to the decline. Corporate payments have fallen 11.0 percent over the same period last year, while refunds have increased by 82.4 percent.

**Wills, Suits, Deeds, Contracts (3% of general fund revenues):** Wills, suits, deeds, and contracts – mainly recordation tax collections – fell 26.9 percent in December as the housing market continued to slow. On a year-to-date basis, collections in this source declined 17.3 percent from last year, compared with the estimate of a 10.7 percent annual decline.

**Insurance Premiums (3% of general fund revenues):** Year-to-date collections of the tax on insurance premiums are 9.3 percent ahead of the same period last year, ahead of the forecast of 4.8 percent annual growth.

### **Other Revenue Sources**

The following list provides data on December collections for other revenue sources. The growth rate for interest income is overstated, since approximately 65 percent of the interest for the current quarter is due to nongeneral funds and will be transferred in January.

	<b><u>Year-to-Date</u></b>	<b><u>Annual Estimate</u></b>
Interest Income (1.1% GF revenues)	27.6%	-0.6%
ABC Taxes (1% GF revenues)	2.3%	5.0%

**All Other Revenue:** Receipts in All Other Revenue grew 25.1 percent in December – \$38.7 million compared with \$30.9 million in December 2006. Most of the increase was in inheritance, gift, and estate taxes -- \$16.5 million compared with \$6.1 million in December 2006. For the fiscal year-to-date, collections of All Other Revenue are 8.1 percent ahead of the same period in fiscal year 2007, ahead of the annual estimate of a 5.5 percent decline.

**Lottery Revenues:** Net income totaled \$86.2 million in December 2007 or \$10.8 million more than December 2006. December 2007 was 0.2 percent ahead of December 2006 as statistically higher-

than-expected prize payouts offset the increase in sales. Year-to-date, net income is up 12.7 percent compared to the annual forecast of a 3.7 percent increase. Comparisons to last year are affected because products currently offered (Fast Play Bingo, additional daily games' drawings) were not offered or included in sales and net income results from last year. In addition, jackpot sales were significantly depressed last year because of unusually low advertised jackpots.

### **Summary**

General fund revenues grew 1.8 percent in December 2007 compared to December 2006. On a fiscal year-to-date basis, revenues grew 3.2 percent over the same period last year, close to the annual forecast of 3.3 percent. Individual withholding is tracking its forecast and sales tax collections are running slightly ahead. Individual nonwithholding, corporate, and recordation tax collections are trailing their respective forecasts.

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. December and January receipts must be considered together to get a clearer picture of revenue growth.

Revenue collections through December were the weakest since December of 2002 and raise the importance of January's collections in assessing the annual revenue forecast. Not only will individual nonwithholding and sales tax receipts be clearer; payroll withholding, corporate, and recordation tax payments will also provide the final data point to incorporate into a midsession revenue forecast. Given that national economic news has become markedly more negative since the forecast was prepared in November, we will incorporate the latest economic data into the midsession revenue forecast. The midsession revenue forecast process will be completed as promptly as possible after the January revenue report is released on February 15, 2008.

Commonwealth of Virginia/Department of Accounts  
Summary Report on General Fund and Lottery Revenue Collections  
For the Fiscal Years 2007 and 2008  
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2008 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	December FY 2008	December FY 2007	% Change	Year-To-Date FY 2008	Year-To-Date FY 2007	% Change	% Annual Growth Req By Est
<b>Individual Income Tax:</b>									
<b>Withholding (a)</b>	\$9,042,300	54.66	\$785,779	\$727,232	8.1	\$4,307,805	\$4,080,788	5.6	5.6
<b>Tax Dues/Estimated Payments (a)</b>	3,059,370	18.50	112,961	143,790	(21.4)	654,220	621,217	5.3	10.0
<b>Gross Individual Income Tax (a)</b>	<u>\$12,101,670</u>	<u>73.16</u>	<u>\$898,740</u>	<u>\$871,022</u>	<u>3.2</u>	<u>\$4,962,025</u>	<u>\$4,702,005</u>	<u>5.5</u>	<u>6.6</u>
<b>Individual and Fiduciary Income (Refunds)</b>	(1,680,600)	(10.16)	(43,475)	(20,945)	107.6	(227,538)	(219,966)	3.4	7.7
<b>Net Individual Income Tax (a)</b>	<u>\$10,421,070</u>	<u>63.00</u>	<u>\$855,265</u>	<u>\$850,077</u>	<u>0.6</u>	<u>\$4,734,487</u>	<u>\$4,482,039</u>	<u>5.6</u>	<u>6.5</u>
<b>Sales and Use Tax</b>	\$3,136,000	18.96	\$280,850	\$242,017	16.0	\$1,583,938	\$1,509,265	4.9	2.8
<b>Corporations Income Tax (a)</b>	747,900	4.52	114,004	144,470	(21.1)	333,147	443,452	(24.9)	(15.0)
<b>Wills, Suits, Deeds, Contracts</b>	520,300	3.14	37,066	50,712	(26.9)	243,329	294,377	(17.3)	(10.7)
<b>Insurance Premiums</b>	403,400	2.44	91,221	81,257	12.3	163,246	149,302	9.3	4.8
<b>Interest Income (a) (b)</b>	174,800	1.06	35,076	27,521	27.5	171,668	134,536	27.6	(0.6)
<b>Alcoholic Beverage Sales (c)</b>	170,000	1.03	3,439	3,559	(3.4)	53,442	52,230	2.3	5.0
<b>All Other Revenues (a)</b>	513,800	3.11	38,704	30,929	25.1	257,579	238,357	8.1	(5.5)
<b>Total General Fund Revenues</b>	<u>\$16,087,270</u>	<u>97.26</u>	<u>\$1,455,625</u>	<u>\$1,430,542</u>	<u>1.8</u>	<u>\$7,540,836</u>	<u>\$7,303,558</u>	<u>3.2</u>	<u>3.3</u>
<b>Gross Lottery Revenue</b>	\$1,399,051	8.46	\$127,354	\$116,534	9.3	\$679,151	\$641,981	5.8	2.7
<b>Less: Expenses</b>	(945,871)	(5.72)	(86,226)	(75,476)	14.2	(444,109)	(433,344)	2.5	2.2
<b>Net Lottery Profits</b>	<u>\$453,180</u>	<u>2.74</u>	<u>\$41,128</u>	<u>\$41,058</u>	<u>0.2</u>	<u>\$235,042</u>	<u>\$208,637</u>	<u>12.7</u>	<u>3.7</u>
<b>Total General Fund Revenues and Net Lottery Profits</b>	<u>\$16,540,450</u>	<u>100.00</u>	<u>\$1,496,753</u>	<u>\$1,471,600</u>	<u>1.7</u>	<u>\$7,775,878</u>	<u>\$7,512,195</u>	<u>3.5</u>	<u>3.4</u>

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

(a) Certain revenue reclassifications among line items were made by the Department of Taxation to the monthly and year-to-date amounts for Fiscal Year 2007 and the first four months of Fiscal Year 2008. Total revenue was unchanged.

(b) Approximately 65% of the interest for the current quarter is due to nongeneral funds and will be transferred in January.

(c) 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 2007 and 2008

(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2008 Estimate	As a % of Total Gen Fund Rev	December		% Change	Year-To-Date		% Change	% Annual Growth Req By Est
			FY 2008	FY 2007		FY 2008	FY 2007		
<b>Taxes:</b>									
Individual Income Tax - Withholding (a)	\$9,042,300	56.21	\$785,779	\$727,232	8.1	\$4,307,805	\$4,080,788	5.6	5.6
Tax Dues/Estimated Payments (a)	3,059,370	19.02	112,961	143,790	(21.4)	654,220	621,217	5.3	10.0
Gross Individual Income Tax (a)	\$12,101,670	75.23	\$898,740	\$871,022	3.2	\$4,962,025	\$4,702,005	5.5	6.6
Individ and Fiduc Income (Refunds)	(1,680,600)	(10.45)	(43,475)	(20,945)	107.6	(227,538)	(219,966)	3.4	7.7
Net Individual Income Tax (a)	\$10,421,070	64.78	\$855,265	\$850,077	0.6	\$4,734,487	\$4,482,039	5.6	6.5
Sales and Use Tax	3,136,000	19.49	280,850	242,017	16.0	1,583,938	1,509,265	4.9	2.8
Corporations Income (a)	747,900	4.65	114,004	144,470	(21.1)	333,147	443,452	(24.9)	(15.0)
Public Service Corporations	88,000	0.55	2,435	5,067	(51.9)	40,820	38,499	6.0	0.0
Insurance Premiums	403,400	2.51	91,221	81,257	12.3	163,246	149,302	9.3	4.8
Alcoholic Beverage Excise	126,000	0.78	0	0	-	30,506	29,610	3.0	6.1
Beer and Beverage Excise	44,000	0.27	3,439	3,559	(3.4)	22,936	22,620	1.4	2.0
Wills, Suits, Deeds, Contracts	520,300	3.23	37,066	50,712	(26.9)	243,329	294,377	(17.3)	(10.7)
Inheritance, Gift, and Estate	118,500	0.74	16,520	6,114	170.2	92,856	81,336	14.2	(22.5)
Bank Franchise	13,100	0.08	(20)	(96)	79.2	37	(34)	208.8	4.2
Other Taxes	10,500	0.07	516	351	47.0	4,632	4,680	(1.0)	57.7
<b>Total Taxes (a)</b>	<b>\$15,628,770</b>	<b>97.15</b>	<b>\$1,401,296</b>	<b>\$1,383,528</b>	<b>1.3</b>	<b>\$7,249,934</b>	<b>\$7,055,146</b>	<b>2.8</b>	<b>3.5</b>
<b>Rights and Privileges:</b>									
Licenses and Permits	\$5,000	0.03	\$490	\$690	(29.0)	\$2,337	\$2,356	(0.8)	3.5
Corp. Franchise and Charters	47,900	0.30	517	556	(7.0)	3,284	3,370	(2.6)	(0.1)
Fees for Misc. Privileges & Services	15,900	0.10	523	599	(12.7)	5,531	5,584	(0.9)	1.6
<b>Total Rights and Privileges</b>	<b>\$68,800</b>	<b>0.43</b>	<b>\$1,530</b>	<b>\$1,845</b>	<b>(17.1)</b>	<b>\$11,152</b>	<b>\$11,310</b>	<b>(1.4)</b>	<b>0.6</b>
<b>Other Revenues:</b>									
Sales of Property & Commodities	\$100	0.00	(\$40)	\$0	-	\$1	\$1	0.0	#
Assessmts & Rcpts for Support of Special Svcs	300	0.00	21	0	-	188	84	123.8	33.9
Institutional Revenue	7,500	0.05	543	1,431	(62.1)	3,522	4,328	(18.6)	4.6
Interest (a) (b)	174,800	1.09	35,076	27,521	27.5	171,668	134,536	27.6	(0.6)
Dividends and Rent	300	0.00	35	45	(22.2)	235	196	19.9	9.9
Fines, Forfeitures & Fees (a)	222,000	1.38	16,240	17,478	(7.1)	110,446	109,363	1.0	(2.1)
Other Revenue	4,000	0.02	1,896	266	612.8	2,981	1,627	83.2	2.1
Excess Fees	(29,600)	(0.18)	(1,830)	(2,406)	23.9	(14,123)	(17,945)	21.3	10.7
Private Donations, Gifts & Cont.	0	0.00	100	2	#	130	7	#	(100.0)
Cities, Counties, and Towns	10,300	0.06	758	832	(8.9)	4,702	4,905	(4.1)	0.2
<b>Total Other Revenues (a)</b>	<b>\$389,700</b>	<b>2.42</b>	<b>\$52,799</b>	<b>\$45,169</b>	<b>16.9</b>	<b>\$279,750</b>	<b>\$237,102</b>	<b>18.0</b>	<b>(0.4)</b>
<b>Total General Fund Revenues</b>	<b>\$16,087,270</b>	<b>100.00</b>	<b>\$1,455,625</b>	<b>\$1,430,542</b>	<b>1.8</b>	<b>\$7,540,836</b>	<b>\$7,303,558</b>	<b>3.2</b>	<b>3.3</b>

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

(a) Certain revenue reclassifications among line items were made by the Department of Taxation to the monthly and year-to-date amounts for Fiscal Year 2007 and the first four months of Fiscal Year 2008. Total revenue was unchanged.

(b) Approximately 65% 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 2007 and 2008  
(Dollars in Thousands)**

	<b>FY 2008 Estimate (a)</b>	<b>December</b>			<b>Year-To-Date</b>			<b>% Annual Growth Required By Estimate</b>
		<b>FY 2008</b>	<b>FY 2007</b>	<b>% Change</b>	<b>FY 2008</b>	<b>FY 2007</b>	<b>% Change (b)</b>	
Lottery Collections								
Win for Life	\$33,336	\$3,189	\$3,506	(9.0)	\$18,407	\$21,942	(16.1)	(19.3)
Cash 5	28,734	2,430	2,252	7.9	14,249	13,213	7.8	4.4
Pick 4	189,580	15,797	14,481	9.1	89,307	84,315	5.9	5.4
Pick 3	269,995	21,780	21,481	1.4	126,110	126,504	(0.3)	1.7
Mega Millions	146,653	13,037	8,853	47.3	79,480	52,228	52.2	12.6
Scratch/Bingo/Raffle (c)	730,753	71,121	65,961	7.8	351,598	343,779	2.3	1.8
Gross Lottery Revenue	<u>1,399,051</u>	<u>127,354</u>	<u>116,534</u>	<u>9.3</u>	<u>679,151</u>	<u>641,981</u>	<u>5.8</u>	<u>2.7</u>
Expenses (d)	<u>945,871</u>	<u>86,226 (e)</u>	<u>75,476</u>	<u>14.2</u>	<u>444,109 (e)</u>	<u>433,344</u>	<u>2.5</u>	<u>2.2</u>
Net Lottery Ticket Profits	<u>\$453,180</u>	<u>\$41,128 (e)</u>	<u>\$41,058</u>	<u>0.2</u>	<u>\$235,042 (e)</u>	<u>\$208,637</u>	<u>12.7</u>	<u>3.7</u>

(a) Estimate established in December 2007, and includes the residual amount of FY 2007 profits (\$3,180,128) that were transferred in FY 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) Fast Play Bingo began on February 4, 2007. Fast Play Bingo is an online game which plays like a Scratch game. Millionaire Raffle began on April 15, 2007, and drawing occurred June 14, 2007. Raffle is an online game which has a limited amount of tickets. The Lottery will have two separate Raffle drawings in FY 2008; the first drawing occurred on December 31, 2007.

(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 2007 and 2008**  
**(Dollars in Thousands)**

Revenue	FY 2008 Estimate	As a % of Total Fund	December			Year-To-Date			% Annual Growth Required By Estimate
			FY 2008	FY 2007	% Change	FY 2008	FY 2007	% Change	
Motor Fuel Taxes	\$882,700	23.57	\$75,608	\$72,164	4.8	\$380,299	\$370,398	2.7	2.7
Priority Transportation Fund	20,000	0.53	0	2,000	(100.0)	8,000	8,000	0.0	0.0
Motor Vehicle Sales and Use Tax	615,400	16.43	40,243	41,773	(3.7)	297,457	309,147	(3.8)	(2.1)
State Sales and Use Tax	524,400	14.00	47,624	41,102	15.9	270,043	256,192	5.4	1.4
Motor Vehicle License Fees	268,900	7.18	15,792	10,925	44.5	118,745	82,507	43.9	58.7
International Registration Plan	61,500	1.64	6,016	1,395	331.3	34,634	20,848	66.1	13.9
Interest Earnings	43,500	1.16	69	170	(59.4)	15,883	12,423	27.9	(19.4)
Misc. Taxes, Fees, and Revenues	15,800	0.42	1,367	1,042	31.2	7,750	5,903	31.3	28.1
<b>Total State Taxes and Fees</b>	<b>\$2,432,200</b>	<b>64.93</b>	<b>\$186,719</b>	<b>\$170,571</b>	<b>9.5</b>	<b>\$1,132,811</b>	<b>\$1,065,418</b>	<b>6.3</b>	<b>5.1</b>

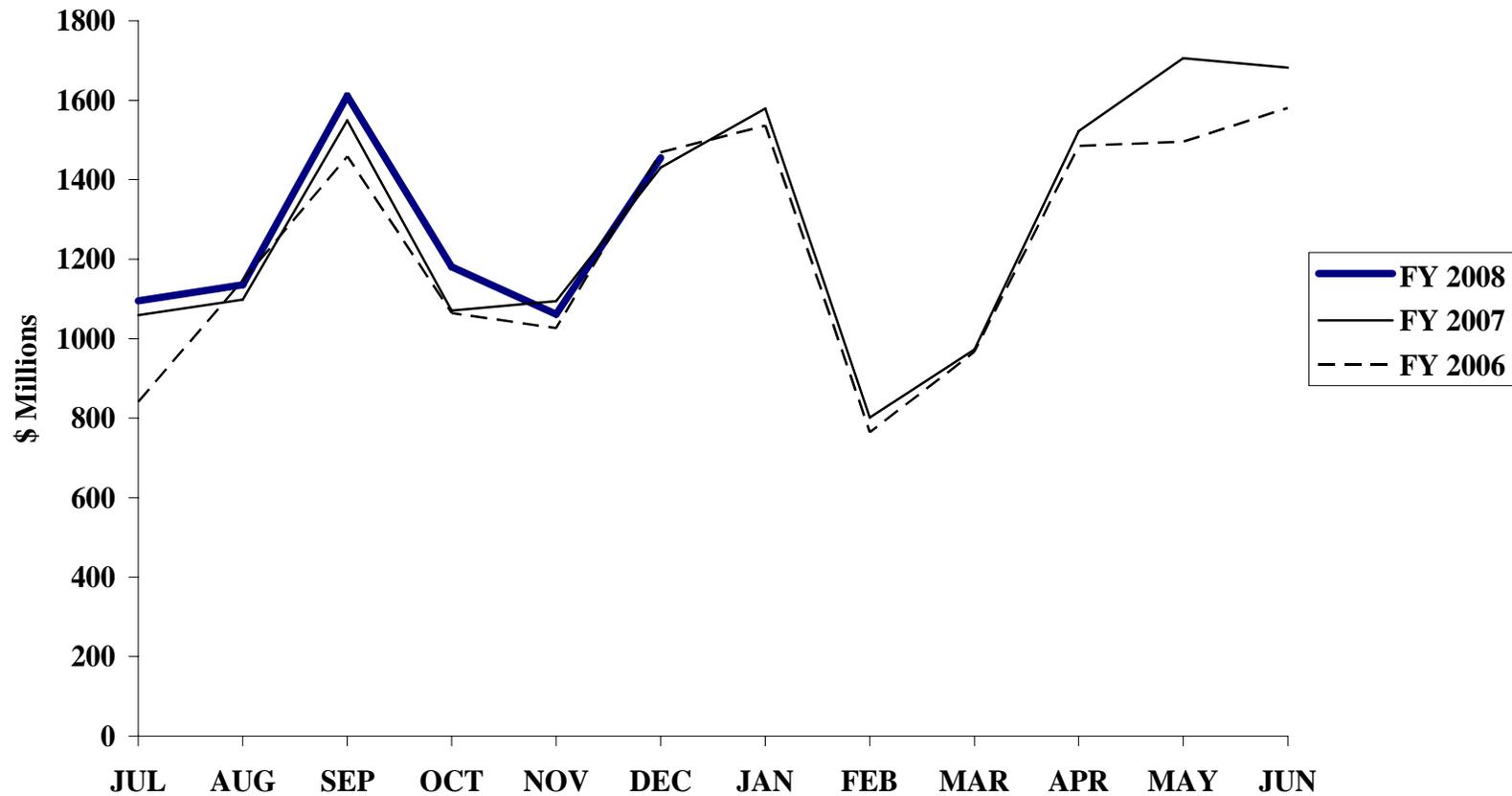
# Percentage is greater than or equal to 1,000%.

**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 2007 and 2008**  
(Dollars in Thousands)

Revenue	FY 2008 Estimate	As a % of Total Fund	December			Year-To-Date			% Annual Growth Required By Est
			FY 2008	FY 2007	% Change	FY 2008	FY 2007	% Change	
<b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>									
Motor Fuel Taxes (Includes Road Tax)	\$763,200	20.38	\$65,640	\$62,724	4.6	\$324,514	\$322,058	0.8	2.9
Motor Vehicle Sales and Use Tax	379,500	10.13	24,606	25,521	(3.6)	184,376	191,131	(3.5)	(2.7)
Motor Vehicle License Fees	247,200	6.60	14,375	9,511	51.1	108,524	71,964	50.8	66.8
International Registration Plan	61,500	1.64	6,016	1,395	331.3	34,634	20,848	66.1	13.9
Misc. Taxes, Fees, and Revenues	15,800	0.42	1,367	1,042	31.2	7,750	5,903	31.3	28.1
<b>Total State Taxes and Fees</b>	<b>\$1,467,200</b>	<b>39.17</b>	<b>\$112,004</b>	<b>\$100,193</b>	<b>11.8</b>	<b>\$659,798</b>	<b>\$611,904</b>	<b>7.8</b>	<b>9.0</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$0	0.00	\$2,638	\$2,409	9.5	\$19,162	\$13,004	47.4	(100.0)
Miscellaneous Revenues	16,937	0.45	970	556	74.5	7,932	8,949	(11.4)	0.1
Transfer (to) / from Transportation Trust Fund	260,570	6.96	63,143	0	-	263,143	239,144	10.0	12.7
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$1,744,707</b>	<b>46.58</b>	<b>\$178,755</b>	<b>\$103,158</b>	<b>73.3</b>	<b>\$950,035</b>	<b>\$873,001</b>	<b>8.8</b>	<b>7.4</b>
<b>TRANSPORTATION TRUST FUND:</b>									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$119,500	3.19	\$9,968	\$9,440	5.6	\$55,785	\$48,340	15.4	1.3
Priority Transportation Fund	20,000	0.53	0	2,000	(100.0)	8,000	8,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	235,900	6.30	15,637	16,252	(3.8)	113,081	118,016	(4.2)	(1.1)
State Sales and Use Tax	524,400	14.00	47,624	41,102	15.9	270,043	256,192	5.4	1.4
Motor Vehicle License Fees	21,700	0.58	1,417	1,414	0.2	10,221	10,543	(3.1)	2.2
Interest Earnings	43,500	1.16	69	170	(59.4)	15,883	12,423	27.9	(19.4)
<b>Total State Taxes and Fees</b>	<b>\$965,000</b>	<b>25.76</b>	<b>\$74,715</b>	<b>\$70,378</b>	<b>6.2</b>	<b>\$473,013</b>	<b>\$453,514</b>	<b>4.3</b>	<b>(0.4)</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$1,101,708	29.42	\$58,977	\$63,322	(6.9)	\$441,839	\$341,378	29.4	78.1
Receipts from Cities/Counties	78,428	2.09	(1,043)	5,407	(119.3)	27,769	28,948	(4.1)	86.4
Toll Revenues (Includes Route 28)	100,598	2.69	12,675	8,171	55.1	59,375	48,945	21.3	(3.0)
Miscellaneous Revenues	15,758	0.42	657	6,585	(90.0)	7,259	10,377	(30.0)	(26.9)
<b>Total Other Revenues</b>	<b>\$1,296,492</b>	<b>34.62</b>	<b>\$71,266</b>	<b>\$83,485</b>	<b>(14.6)</b>	<b>\$536,242</b>	<b>\$429,648</b>	<b>24.8</b>	<b>65.0</b>
Transfer (to) / from Highway Maintenance and Operating Fund	(\$260,570)	(6.96)	(\$63,143)	\$0	-	(\$263,143)	(\$239,144)	(10.0)	(12.7)
<b>Total Transportation Trust Fund</b>	<b>\$2,000,922</b>	<b>53.42</b>	<b>\$82,838</b>	<b>\$153,863</b>	<b>(46.2)</b>	<b>\$746,112</b>	<b>\$644,018</b>	<b>15.9</b>	<b>31.3</b>
<b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b>	<b>\$3,745,629</b>	<b>100.00</b>	<b>\$261,593</b>	<b>\$257,021</b>	<b>1.8</b>	<b>\$1,696,147</b>	<b>\$1,517,019</b>	<b>11.8</b>	<b>19.0</b>

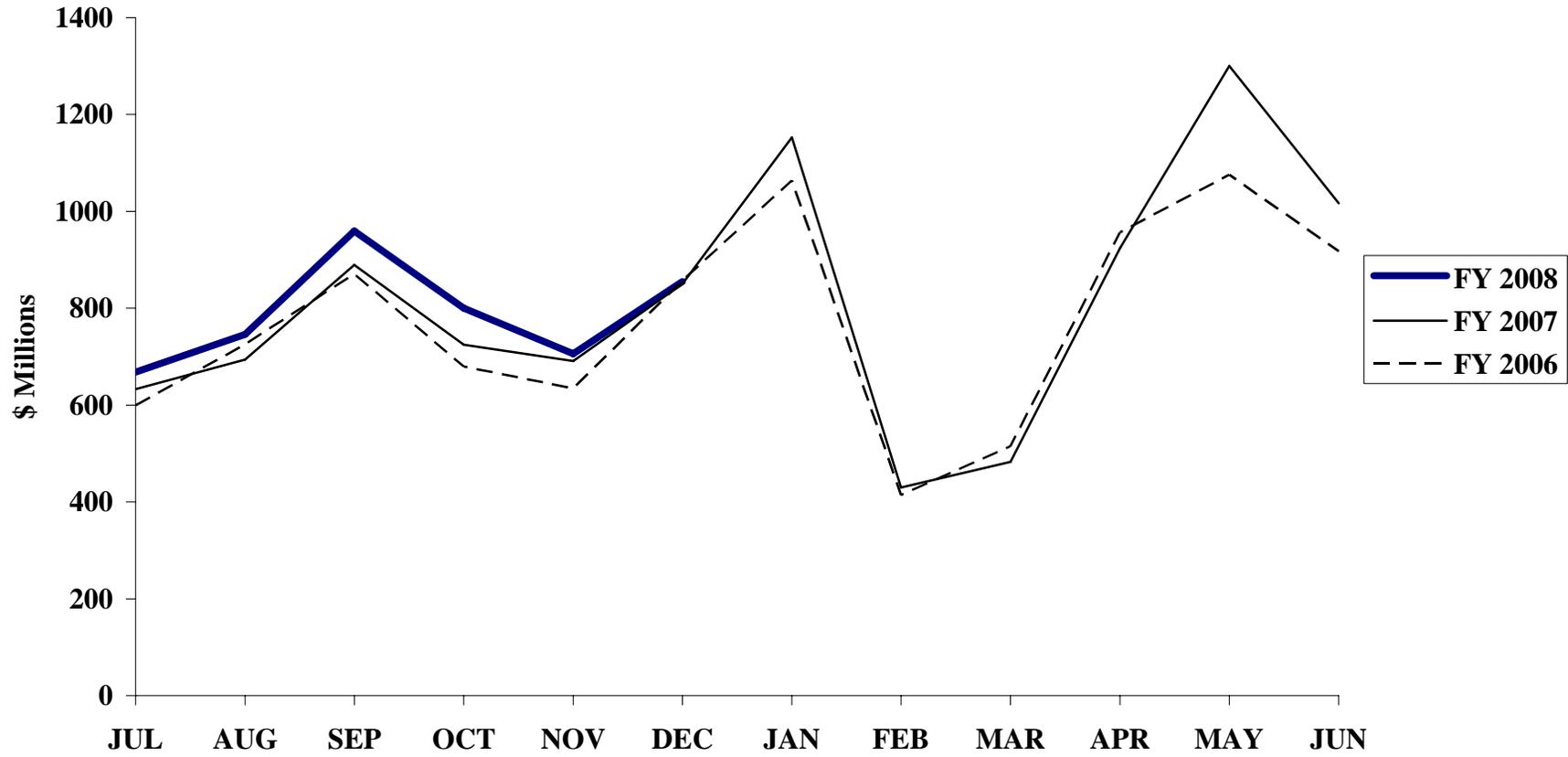
# Percentage is greater than or equal to 1,000%.

# Total General Fund Revenues



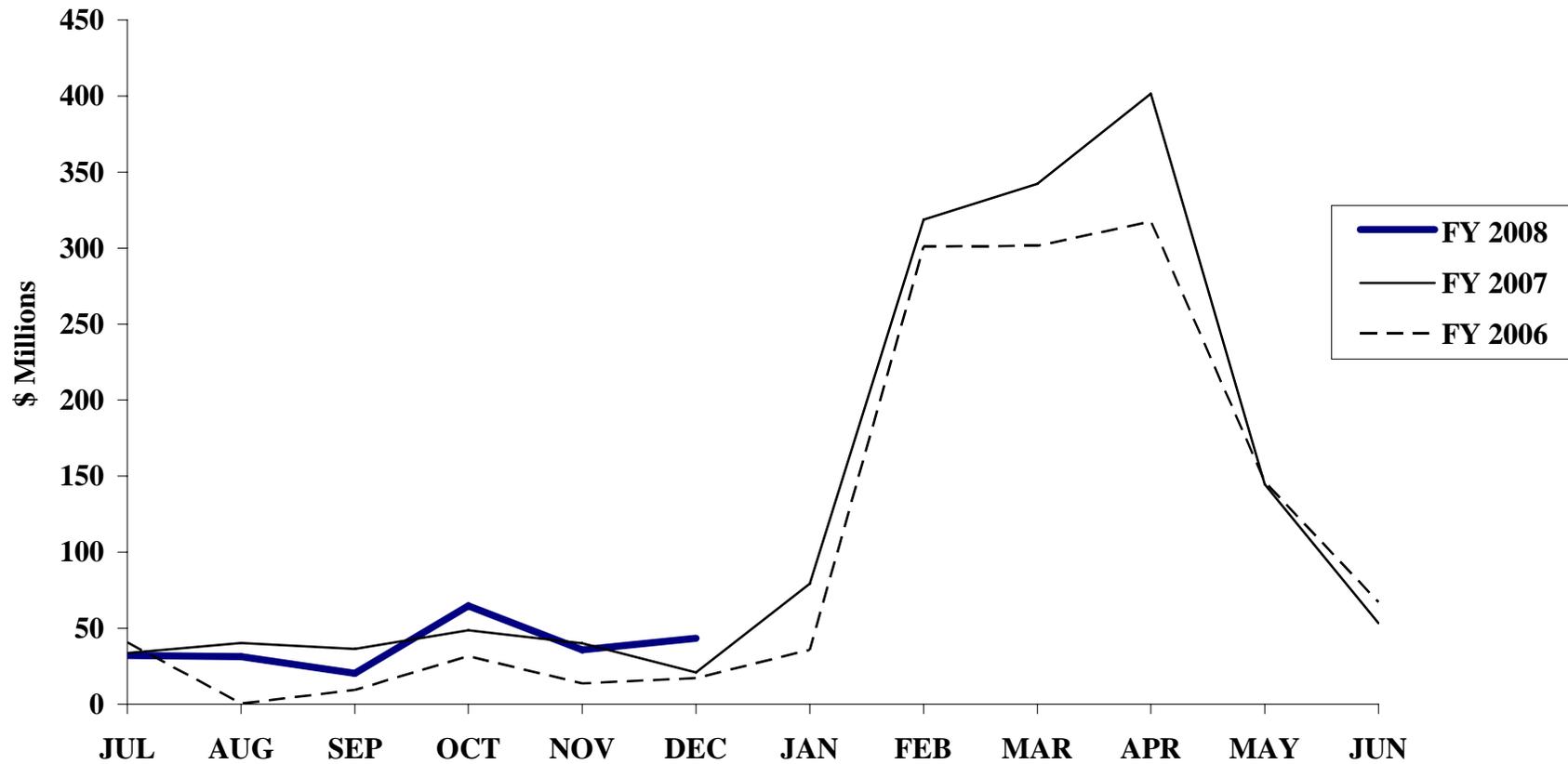
**FY 2006 Actual = \$14,834.3 Million**  
**FY 2007 Actual = \$15,565.8 Million**  
**FY 2008 Estimate = \$16,087.3 Million**

# Net Individual Income Tax



**FY 2006 Actual = \$9,308.6 Million**  
**FY 2007 Actual = \$9,787.6 Million**  
**FY 2008 Estimate = \$10,421.1 Million**

## Individual and Fiduciary Income Tax Refunds



**FY 2006 Actual = \$1,282.6 Million**  
**FY 2007 Actual = \$1,559.8 Million**  
**FY 2008 Estimate = \$1,680.6 Million**

## DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2008

(Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
<b>July, 2007</b>	\$5,727.9	5.35%	\$1,723.0	9.69%	\$7,450.9	6.35%
<b>August</b>	\$5,110.8	5.45%	\$1,737.9	11.29%	\$6,848.7	6.93%
<b>September</b>	\$5,243.4	5.58%	\$1,752.3	8.79%	\$6,995.7	6.38%
<b>October</b>	\$5,492.7	5.47%	\$1,764.6	8.48%	\$7,257.3	6.20%
<b>November</b>	\$5,180.7	5.48%	\$1,783.7	17.87%	\$6,964.4	8.65%
<b>December</b>	\$4,958.2	5.28%	\$1,798.6	2.55%	\$6,756.8	4.55%
<b>January, 2008</b>						
<b>February</b>						
<b>March</b>						
<b>April</b>						
<b>May</b>						
<b>June</b>						
<b>Year-to-Date Average</b>	\$5,285.6	5.43%	\$1,760.0	9.72%	\$7,045.6	6.50%

- 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 2008**

<b>Month</b>	<b>Beginning Balance</b>	<b>Deposits</b>	<b>Withdrawals</b>	<b>Interest Allocated (A)</b>	<b>Ending Balance</b>
<b>July</b>	\$1,189,834,417	\$0	\$0	\$0	\$1,189,834,417
<b>August</b>	\$1,189,834,417	\$0	\$0	\$0	\$1,189,834,417
<b>September</b>	\$1,189,834,417	\$0	\$0	\$0	\$1,189,834,417
<b>October</b>	\$1,189,834,417	\$0	\$0	\$15,138,454	\$1,204,972,871
<b>November</b>	\$1,204,972,871	\$0	\$0	\$0	\$1,204,972,871
<b>December</b>	\$1,204,972,871	\$0	\$0	\$0	\$1,204,972,871
<b>January</b>					
<b>February</b>					
<b>March</b>					
<b>April</b>					
<b>May</b>					
<b>June</b>					

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.