



COMMONWEALTH of VIRGINIA

Richard D. Brown
Secretary of Finance

October 13, 2016

PO Box 1475
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MEMORANDUM

TO: The Honorable Terence R. McAuliffe

THROUGH: The Honorable Paul Reagan

FROM: Richard D. Brown 

SUBJECT: September Revenue Data

September completes the first quarter of fiscal year 2017 and is a significant month for revenue collections. Estimated payments from individuals, corporations, and insurance companies are all due in September, along with regular monthly collections in withholding, sales taxes, and other sources.

Total general fund revenue collections fell 2.4 percent in September, which was expected after the prior month's double-digit increase. Collections of withholding, corporate and recordation taxes exceeded expectations, while sales tax receipts declined. On a fiscal year-to-date basis, total revenue collections rose 3.6 percent in September, ahead of the annual forecast of 1.7 percent growth.

National Economic Indicators

Most current national indicators suggest the economic expansion should continue, albeit at a slower pace.

- According to the third estimate, real GDP rose at an annualized rate of 1.4 percent in the second quarter of 2016, following a 0.8 percent increase in the first quarter.
- Payroll employment rose by 156,000 jobs in September, following a gain of 167,000 in August. The three-month average of 192,000 is consistent with a healthy labor market expansion. In a separate report, the unemployment rate ticked up from 4.9 percent to 5.0 percent as more workers entered the labor force.

- Initial claims for unemployment fell by 5,000 to 249,000 during the week ending October 1. The four-week moving average fell by 2,500 to 253,500. Initial claims have been below 300,000 for 83 consecutive weeks, the longest streak since 1970.
- The Conference Board's index of leading indicators fell 0.2 percent in August, after two months of broad-based growth. However, underlying conditions suggest the economy will advance.
- The Conference Board's index of consumer confidence rose 2.3 points to 104.1 in September, the highest level since August 2007. Both the expectations and present conditions components saw healthy increases.
- Activity in the manufacturing sector improved in September. The Institute of Supply Management index rose from 49.4 to 51.5, above expectations and exceeding the expansionary threshold of 50.0.
- The CPI rose 0.2 percent in August and stands 1.1 percent above August 2015. Core inflation (excluding food and energy prices) increased 0.3 percent in August and is 2.3 percent above a year ago.
- At its September meeting, the Federal Reserve announced that it is maintaining the federal funds target rate at the range of 0.25 to 0.5 percent.

Virginia Economy

In Virginia, payroll employment rose 1.7 percent in August from August of last year. Northern Virginia posted growth of 1.9 percent; Hampton Roads grew 0.3 percent; and Richmond-Petersburg rose 3.3 percent. The seasonally adjusted unemployment rate rose 0.2 percentage point to 3.9 percent in August.

The Virginia Leading Index rose 0.6 percent in August after increasing 0.7 percent in July. Initial claims for unemployment, auto registrations, and future employment all improved, while the U.S. leading index declined. On a regional basis, the index for Blacksburg was unchanged in August, while the indexes for the remaining MSAs increased.

September Revenue Collections

Total general fund revenue collections fell 2.4 percent in September, which was expected after the prior month's double-digit increase. Collections of withholding, corporate and recordation taxes exceeded expectations, while sales tax receipts declined. On a fiscal year-to-date basis, total revenue collections rose 3.6 percent in September, ahead of the annual forecast of 1.7 percent growth.

Net Individual Income Tax (70% of general fund revenues): Through September, collections of net individual income taxes increased 3.9 percent from the same period last year, exceeding the annual estimate of 1.8 percent growth. Performance in each component of individual income tax is as follows:

Individual Income Tax Withholding (64% of general fund revenues): Payroll withholding taxes fell 5.8 percent in September. The decline was due to the timing of payments, as collections jumped 17.7 percent last month. Year-to-date, withholding collections are 4.1 percent ahead of the same period last year, exceeding the estimate of 3.0 percent growth.

Individual Income Tax Nonwithholding (17% of general fund revenues): September is a significant month for collections in this source since the first estimated payment for fiscal year 2017 is due. Collections fell 3.1 percent in September from last year. Year-to-date, collections were \$470.8 million compared with \$472.0 million in the same period last year last year, falling by 0.2 percent but ahead of the annual estimate of a 1.2 percent decline.

Individual Income Tax Refunds: Through September, the Department of Taxation issued \$114.9 million in refunds compared with \$122.9 million in the same period last year, a 6.5 percent decline.

Sales Tax (18% of general fund revenues): Collections of sales and use taxes, reflecting August sales, fell 3.5 percent in September. On a fiscal year-to-date basis, collections have risen 0.2 percent, trailing the annual estimate of 2.6 percent growth. Adjusting for the accelerated sales tax program, sales tax collections have grown by 0.2 percent year-to-date, trailing the forecast of 3.7 percent growth.

Corporate Income Tax (4% of general fund revenues): As with nonwithholding, September is a significant month for collections in this source, as the first estimated payment for the fiscal year is due. Through September, collections in this source were \$197.5 million compared with \$188.0 million in the same period last year, a 5.1 percent increase compared with the annual forecast of a 3.0 percent decline.

Wills, Suits, Deeds, Contracts (2% of general fund revenues): Collections of wills, suits, deeds, and contracts – mainly recordation taxes – were \$35.1million in September, compared with \$29.5 million in September of last year, a 19.1 percent increase. On a year-to-date basis, collections are up 14.2 percent, well ahead of the annual forecast of 5.5 percent growth.

Other Revenue Sources

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

| | <u>Year-to-Date</u> | <u>Annual Estimate</u> |
|---------------------------------------|---------------------|------------------------|
| Insurance Premiums (2.0% GF revenues) | NA | 1.3% |
| Interest Income (0.3% GF revenues) | 36.8% | 5.3% |
| ABC Taxes (1% GF revenues) | 20.3% | -2.8% |

Note: Monthly collections of insurance company premiums are being transferred to the Transportation Trust Fund per Chapter 896, 2007 Acts of the Assembly until the required amount of \$163.1 million has been deposited.

All Other Revenue (2% of general fund revenues): Receipts in All Other Revenue fell 7.9 percent in September, \$27.8 million compared with \$30.2 million a year ago. On a year-to-date basis, collections of All Other Revenue fell 6.5 percent from the same period last year, trailing the annual estimate of a 3.5 percent decline.

Summary

September completes the first quarter of fiscal year 2017 and is a significant month for revenue collections. Estimated payments from individuals, corporations, and insurance companies are all due in September, along with regular monthly collections in withholding, sales taxes, and other sources.

Total general fund revenue collections fell 2.4 percent in September, which was expected after the prior month's double-digit increase. Collections of withholding, corporate and recordation taxes exceeded expectations, while sales receipts declined. On a fiscal year-to-date basis, total revenue collections rose 3.6 percent in September, ahead of the annual forecast of 1.7 percent growth.

The fall revenue forecasting process has begun. The Joint Advisory Board of Economists (JABE) will meet November 9 to assess recent economic developments and the economic outlook for the current and next biennium. The Governor's Advisory Council on Revenue Estimates (GACRE) will meet on November 28 to evaluate both the JABE economic recommendations and revenue collections through October.

Official revenue estimates for fiscal year 2017 and the next biennium will be released on December 16 when the Governor introduces his budget recommendation to the General Assembly.

FY 2017 Revised Estimate
August 26, 2016

Commonwealth of Virginia/Department of Accounts
Summary Report on General Fund Revenue Collections
For the Fiscal Years 2016 and 2017
(Dollars in Thousands)

| Revenue | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|--|---------------------|---------------------------|----------------------|----------------------|-------------|-------------------------|-------------------------|-------------|-------------------------------------|
| | FY 2017 Estimate | As a % of Gen Fund Rev | September FY 2017 | September FY 2016 | % Change | Year-To-Date FY 2017 | Year-To-Date FY 2016 | % Change | % Annual Growth Req By Est |
| Individual Income Tax: | | | | | | | | | |
| Withholding | \$11,646,000 | 63.50 | \$882,235 | \$936,142 | (5.8) | \$2,777,023 | \$2,666,536 | 4.1 | 3.0 |
| Tax Dues/Estimated Payments | 3,032,500 | 16.54 | 355,208 | 366,385 | (3.1) | 470,797 | 471,963 | (0.2) | (1.2) |
| Gross Individual Income Tax | \$14,678,500 | 80.04 | \$1,237,443 | \$1,302,527 | (5.0) | \$3,247,820 | \$3,138,499 | 3.5 | 2.1 |
| Individual and Fiduciary Income (Refunds) | (1,894,100) | (10.32) | (38,156) | (48,859) | (21.9) | (114,902) | (122,892) | (6.5) | 4.0 |
| Net Individual Income Tax | \$12,784,400 | 69.72 | \$1,199,287 | \$1,253,668 | (4.3) | \$3,132,918 | \$3,015,607 | 3.9 | 1.8 |
| Sales and Use Tax | \$3,382,200 | 18.45 | \$260,637 | \$269,988 | (3.5) | \$649,881 | \$648,875 | 0.2 | 2.6 |
| Corporations Income Tax | 742,100 | 4.05 | 180,445 | 164,009 | 10.0 | 197,547 | 187,974 | 5.1 | (3.0) |
| Wills, Suits, Deeds, Contracts | 389,400 | 2.12 | 35,083 | 29,459 | 19.1 | 109,627 | 96,005 | 14.2 | 5.5 |
| Insurance Premiums | 343,500 | 1.87 | 0 | 0 | - | 0 | 0 | - | 1.3 |
| Interest Income (a) | 54,900 | 0.30 | 8,087 | 6,290 | 28.6 | 24,959 | 18,247 | 36.8 | 5.3 |
| Alcoholic Beverage Sales (b) | 211,400 | 1.15 | 4,039 | 3,746 | 7.8 | 14,139 | 11,754 | 20.3 | (2.8) |
| All Other Revenues | 430,100 | 2.34 | 27,790 | 30,158 | (7.9) | 82,185 | 87,873 | (6.5) | (3.5) |
| Total General Fund Revenues | \$18,338,000 | 100.00 | \$1,715,368 | \$1,757,318 | (2.4) | \$4,211,256 | \$4,066,335 | 3.6 | 1.7 |

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

(a) Interest is earned monthly in the General Fund and credited to nongeneral funds on a quarterly basis. This will occur in the months of October, January, April and June.

(b) 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 2016 and 2017

(Dollars in Thousands)

| Revenue | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---------------------|------------------------------------|--------------------|--------------------|--------------|--------------------|--------------------|-------------|----------------------------------|
| | FY 2017 Estimate | As a % of Total Gen Fund Rev | FY 2017 | FY 2016 | % Change | FY 2017 | FY 2016 | % Change | % Annual Growth Req By Est |
| Taxes: | | | | | | | | | |
| Individual Income Tax - Withholding | \$11,646,000 | 63.50 | \$882,235 | \$936,142 | (5.8) | \$2,777,023 | \$2,666,536 | 4.1 | 3.0 |
| Tax Dues/Estimated Payments | 3,032,500 | 16.54 | 355,208 | 366,385 | (3.1) | 470,797 | 471,963 | (0.2) | (1.2) |
| Gross Individual Income Tax | \$14,678,500 | 80.04 | \$1,237,443 | \$1,302,527 | (5.0) | \$3,247,820 | \$3,138,499 | 3.5 | 2.1 |
| Individ and Fiduc Income (Refunds) | (1,894,100) | (10.32) | (38,156) | (48,859) | (21.9) | (114,902) | (122,892) | (6.5) | 4.0 |
| Net Individual Income Tax | \$12,784,400 | 69.72 | \$1,199,287 | \$1,253,668 | (4.3) | \$3,132,918 | \$3,015,607 | 3.9 | 1.8 |
| Sales and Use Tax | 3,382,200 | 18.45 | 260,637 | 269,988 | (3.5) | 649,881 | 648,875 | 0.2 | 2.6 |
| Corporations Income | 742,100 | 4.05 | 180,445 | 164,009 | 10.0 | 197,547 | 187,974 | 5.1 | (3.0) |
| Public Service Corporations | 98,900 | 0.54 | 8,345 | 7,657 | 9.0 | 21,963 | 21,767 | 0.9 | 6.8 |
| Insurance Premiums | 343,500 | 1.87 | 0 | 0 | - | 0 | 0 | - | 1.3 |
| Alcoholic Beverage Excise | 169,600 | 0.92 | 0 | 0 | - | 2,361 | 0 | - | (3.3) |
| Beer and Beverage Excise | 41,800 | 0.23 | 4,039 | 3,746 | 7.8 | 11,778 | 11,754 | 0.2 | (1.1) |
| Wills, Suits, Deeds, Contracts | 389,400 | 2.12 | 35,083 | 29,459 | 19.1 | 109,627 | 96,005 | 14.2 | 5.5 |
| Inheritance, Gift, and Estate | 0 | 0.00 | 0 | 7 | (100.0) | 253 | 7 | # | (100.0) |
| Bank Franchise | 18,700 | 0.10 | 0 | 0 | - | 45 | 111 | (59.5) | 5.1 |
| Other Taxes | 7,900 | 0.04 | 1,750 | 1,548 | 13.0 | 1,424 | 3,039 | (53.1) | (44.0) |
| Total Taxes | \$17,978,500 | 98.04 | \$1,689,586 | \$1,730,082 | (2.3) | \$4,127,797 | \$3,985,139 | 3.6 | 1.8 |
| Rights and Privileges: | | | | | | | | | |
| Licenses and Permits | \$4,000 | 0.02 | \$362 | \$361 | 0.3 | \$1,126 | \$1,075 | 4.7 | (3.1) |
| Corp. Franchise and Charters | 45,600 | 0.25 | 525 | 526 | (0.2) | 1,667 | 1,582 | 5.4 | (15.0) |
| Fees for Misc. Privileges & Services | 11,300 | 0.06 | 514 | 511 | 0.6 | 1,731 | 1,642 | 5.4 | 3.1 |
| Total Rights and Privileges | \$60,900 | 0.33 | \$1,401 | \$1,398 | 0.2 | \$4,524 | \$4,299 | 5.2 | (11.4) |
| Other Revenues: | | | | | | | | | |
| Sales of Property & Commodities | \$0 | 0.00 | \$0 | \$0 | - | \$3 | \$216 | (98.6) | (100.0) |
| Assessmts & Rcpts for Support of Special Svcs | 400 | 0.00 | 12 | 17 | (29.4) | 33 | 92 | (64.1) | (1.5) |
| Institutional Revenue | 7,300 | 0.04 | 290 | 581 | (50.1) | 636 | 1,635 | (61.1) | 39.0 |
| Interest (a) | 54,900 | 0.30 | 8,087 | 6,290 | 28.6 | 24,959 | 18,247 | 36.8 | 5.3 |
| Dividends and Rent | 300 | 0.00 | 53 | 47 | 12.8 | 231 | 231 | 0.0 | (33.8) |
| Fines, Forfeitures & Fees | 225,900 | 1.23 | 18,131 | 18,681 | (2.9) | 54,632 | 56,582 | (3.4) | (0.1) |
| Other Revenue | 8,600 | 0.05 | (2,193) | 232 | # | (785) | 960 | (181.8) | (54.3) |
| Excess Fees | (6,800) | (0.04) | (788) | (665) | (18.5) | (2,583) | (2,417) | (6.9) | 7.5 |
| Private Donations, Gifts & Cont. | 0 | 0.00 | 0 | 0 | - | 0 | 0 | - | (100.0) |
| Cities, Counties, and Towns | 8,000 | 0.05 | 789 | 655 | 20.5 | 1,809 | 1,351 | 33.9 | 8.8 |
| Total Other Revenues | \$298,600 | 1.63 | \$24,381 | \$25,838 | (5.6) | \$78,935 | \$76,897 | 2.7 | (1.9) |
| Total General Fund Revenues | \$18,338,000 | 100.00 | \$1,715,368 | \$1,757,318 | (2.4) | \$4,211,256 | \$4,066,335 | 3.6 | 1.7 |

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

(a) Interest is earned monthly in the General Fund and credited to nongeneral funds on a quarterly basis. This will occur in the months of October, January, April and June.

**Commonwealth of Virginia/Department of Lottery
Summary Report on Lottery Collections
For the Fiscal Years 2016 and 2017
(Dollars in Thousands)**

| | FY 2017 Estimate | (a) | September | | | Year-To-Date | | | (c) | % Annual Growth Required By Estimate | |
|-------------------------------------|---------------------|-----|------------------|-----|------------------|--------------|------------------|-----|------------------|---|--------------|
| | | | FY 2017 | (b) | FY 2016 | % Change | FY 2017 | (b) | | | FY 2016 |
| Lottery Collections | | | | | | | | | | | |
| Total Lottery Sales | \$1,957,100 | | \$160,724 | | \$154,325 | 4.1 | \$483,970 | | \$459,382 | 5.4 | (2.5) |
| Other Income | 1,000 | | 75 | | 139 | (46.0) | 167 | | 236 | (29.2) | 1.2 |
| Total Income | <u>\$1,958,100</u> | | <u>\$160,799</u> | | <u>\$154,464</u> | 4.1 | <u>\$484,137</u> | | <u>\$459,618</u> | 5.3 | <u>(2.5)</u> |
| Less: | | | | | | | | | | | |
| Prize Expenses | \$1,198,420 | | \$101,137 | | \$90,889 | 11.3 | \$291,608 | | \$268,642 | 8.5 | (0.8) |
| Retailer Commissions | 110,813 | | 8,941 | | 8,728 | 2.4 | 26,941 | | 26,013 | 3.6 | (1.7) |
| Operating Expenses | 107,636 | | 8,652 | | 7,632 | 13.4 | 23,290 | | 21,728 | 7.2 | 9.1 |
| Total Expenses | <u>\$1,416,869</u> | | <u>\$118,730</u> | | <u>\$107,249</u> | 10.7 | <u>\$341,839</u> | | <u>\$316,383</u> | 8.0 | <u>(0.2)</u> |
| Net Proceeds from Operations | | | | | | | | | | | |
| Net Lottery Ticket Profits | \$541,231 | | \$42,069 | | \$47,215 | (10.9) | \$142,298 | | \$143,235 | (0.7) | 1.2 |
| Prior Year Residual Profit Transfer | 20,296 | | 0 | | 0 | - | 53,486 | | 4,255 | # | - |
| Available to Lottery Proceeds Fund | <u>\$561,527</u> | | <u>\$42,069</u> | | <u>\$47,215</u> | (10.9) | <u>\$195,784</u> | | <u>\$147,490</u> | 32.7 | <u>4.2</u> |

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

(a) FY 2017 estimate established by Chapter 780, 2016 Acts of Assembly (2017-2018 Appropriation Act). Prior Year Residual Profit Transfer of \$53,486,355 was made on August 16, 2016. The FY 2017 estimate will be revisited as part of the state revenue forecast process and will include an updated estimate of FY 2017 sales and profits, as well as the definite residual transfer from FY 2016. The figure shown here as the Prior Year Residual Profit Transfer reflects the anticipated residual transfer already included in the FY 2017 estimate reflected in Chapter 780.

(b) Amounts reported are accrual-based estimates (unaudited closing).

(c) 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.

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 2016 and 2017
(Dollars in Thousands)

| Revenue | FY 2017 Estimate | As a % of Total Fund | September | | | Year-To-Date | | | % Annual Growth Required By Estimate |
|------------------------------------|---------------------|----------------------------|------------------|------------------|--------------|------------------|------------------|-------------|---|
| | | | FY 2017 | FY 2016 | % Change | FY 2017 | FY 2016 | % Change | |
| Motor Fuel Taxes | \$896,800 | 18.82 | \$73,723 | \$76,266 | (3.3) | \$164,146 | \$160,763 | 2.1 | 4.2 |
| Priority Transportation Fund (PTF) | 163,142 | 3.42 | 114,700 | 114,022 | 0.6 | 127,437 | 121,392 | 5.0 | 8.5 |
| Motor Vehicle Sales and Use Tax | 966,800 | 20.29 | 88,952 | 86,890 | 2.4 | 264,364 | 255,089 | 3.6 | 1.1 |
| State Sales and Use Tax | 1,017,700 | 21.36 | 78,063 | 81,875 | (4.7) | 201,444 | 199,362 | 1.0 | 1.7 |
| Motor Vehicle License Fees | 246,800 | 5.18 | 21,050 | 21,902 | (3.9) | 67,287 | 66,755 | 0.8 | (2.6) |
| International Registration Plan | 61,700 | 1.29 | 4,628 | 4,204 | 10.1 | 13,297 | 14,069 | (5.5) | (8.9) |
| Recordation Tax | 45,400 | 0.95 | 4,346 | 3,534 | 23.0 | 13,731 | 11,529 | 19.1 | 2.7 |
| Interest Earnings | 12,100 | 0.25 | 89 | 24 | 270.8 | 97 | 44 | 120.5 | 227.1 |
| Misc. Taxes, Fees, and Revenues | 17,000 | 0.36 | 1,079 | 1,265 | (14.7) | 4,049 | 4,306 | (6.0) | (7.8) |
| Total State Taxes and Fees | \$3,427,442 | 71.92 | \$386,630 | \$389,982 | (0.9) | \$855,852 | \$833,309 | 2.7 | 2.1 |

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

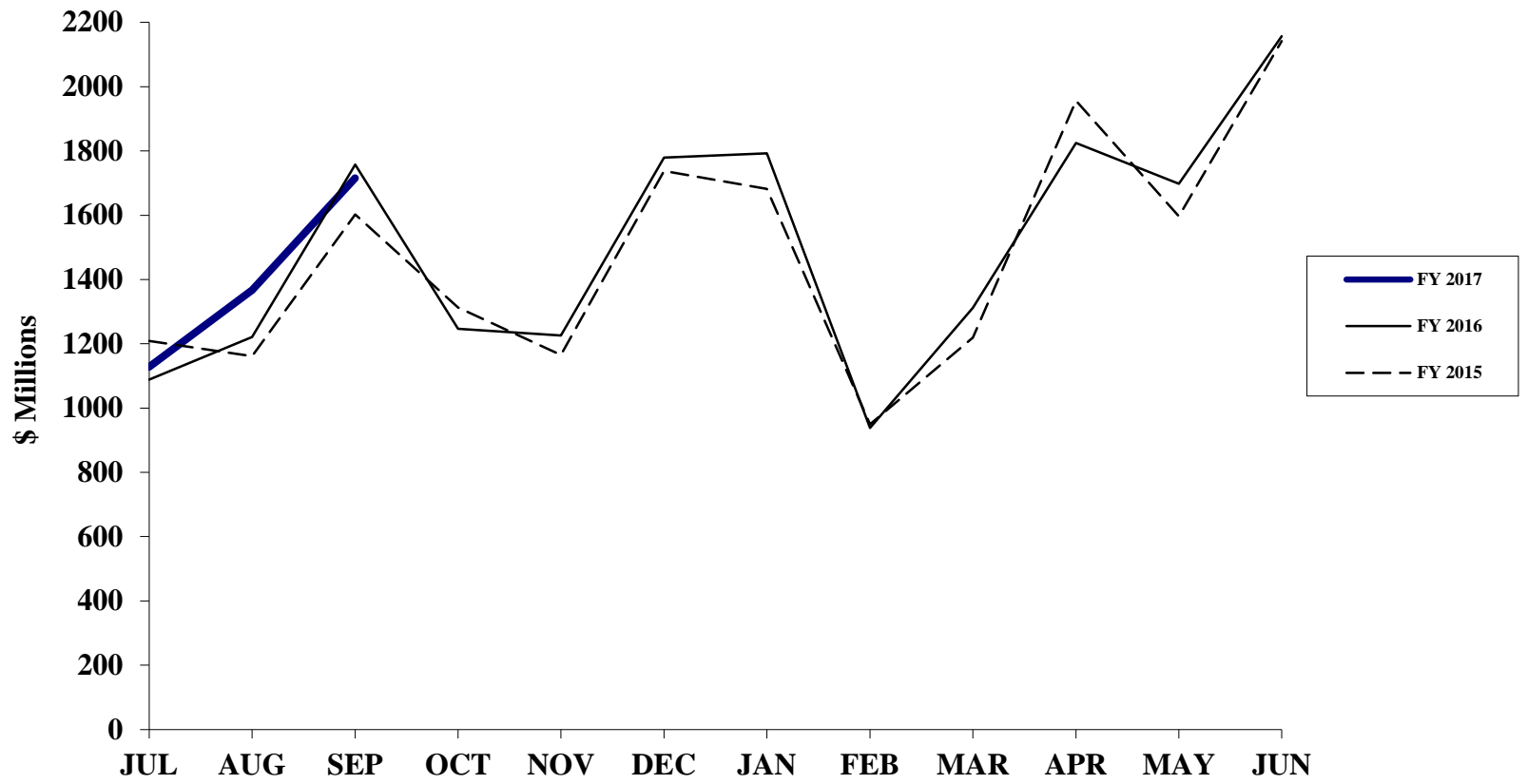
Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2016 and 2017
(Dollars in Thousands)

| Revenue | FY 2017 Estimate | As a % of Total Fund | September | | | Year-To-Date | | | % Annual Growth Required By Est |
|--|---------------------|----------------------------|------------------|------------------|---------------|--------------------|--------------------|--------------|--|
| | | | FY 2017 | FY 2016 | % Change | FY 2017 | FY 2016 | % Change | |
| HIGHWAY MAINTENANCE AND OPERATING FUND: | | | | | | | | | |
| Motor Fuel Taxes (Includes Road Tax) | \$716,600 | 15.04 | \$57,430 | \$58,596 | (2.0) | \$133,789 | \$127,468 | 5.0 | 4.2 |
| Motor Vehicle Sales and Use Tax | 696,900 | 14.62 | 63,125 | 61,610 | 2.5 | 189,800 | 182,086 | 4.2 | 0.9 |
| State Sales and Use Tax | 286,000 | 6.00 | 17,026 | 22,469 | (24.2) | 51,375 | 55,561 | (7.5) | 3.3 |
| Motor Vehicle License Fees | 224,800 | 4.72 | 19,201 | 19,938 | (3.7) | 61,498 | 60,897 | 1.0 | (3.0) |
| International Registration Plan | 61,700 | 1.29 | 4,628 | 4,204 | 10.1 | 13,297 | 14,069 | (5.5) | (8.9) |
| Recordation Tax (1 cent) (a) | 0 | 0.00 | 0 | 1,178 | - | 0 | 3,843 | - | - |
| Misc. Taxes, Fees, and Revenues | 17,000 | 0.36 | 1,079 | 1,265 | (14.7) | 4,049 | 4,306 | (6.0) | (7.8) |
| Total State Taxes and Fees | \$2,003,000 | 42.03 | \$162,489 | \$169,260 | (4.0) | \$453,808 | \$448,230 | 1.2 | 0.7 |
| Other Revenues: | | | | | | | | | |
| Federal Grants and Contracts | \$0 | 0.00 | \$4,070 | \$2,706 | 50.4 | \$15,225 | \$9,465 | 60.9 | (100.0) |
| Miscellaneous Revenues | 18,044 | 0.38 | 3,131 | 1,148 | 172.7 | 5,587 | 6,511 | (14.2) | (32.9) |
| Transfer (to) / from Transportation Trust Fund | 102,896 | 2.16 | 25,000 | 0 | - | 25,000 | 0 | - | 15.4 |
| Total Highway Maintenance and Operating Fund | \$2,123,940 | 44.57 | \$194,690 | \$173,114 | 12.5 | \$499,620 | \$464,206 | 7.6 | (0.9) |
| TRANSPORTATION TRUST FUND: | | | | | | | | | |
| Motor Fuel Taxes (Includes Aviation & Road Taxes) | \$180,200 | 3.78 | \$16,293 | \$17,670 | (7.8) | \$30,357 | \$33,295 | (8.8) | 4.0 |
| PTF Insurance Premiums Tax | 163,142 | 3.42 | 114,700 | 114,022 | 0.6 | 127,437 | 121,392 | 5.0 | 8.5 |
| Motor Vehicle Sales and Use Tax (Includes Rental Tax) | 269,900 | 5.67 | 25,827 | 25,280 | 2.2 | 74,564 | 73,003 | 2.1 | 1.7 |
| State Sales and Use Tax | 731,700 | 15.36 | 61,037 | 59,406 | 2.7 | 150,069 | 143,801 | 4.4 | 1.1 |
| Motor Vehicle License Fees | 22,000 | 0.46 | 1,849 | 1,964 | (5.9) | 5,789 | 5,858 | (1.2) | 2.0 |
| Recordation Tax (a) | 45,400 | 0.95 | 4,346 | 2,356 | - | 13,731 | 7,686 | - | - |
| Interest Earnings | 12,100 | 0.25 | 89 | 24 | 270.8 | 97 | 44 | 120.5 | 227.1 |
| Total State Taxes and Fees | \$1,424,442 | 29.89 | \$224,141 | \$220,722 | 1.5 | \$402,044 | \$385,079 | 4.4 | 4.2 |
| Other Revenues: | | | | | | | | | |
| Federal Grants and Contracts | \$1,096,844 | 23.02 | \$125,039 | \$153,396 | (18.5) | \$543,458 | \$614,677 | (11.6) | (2.4) |
| Receipts from Cities/Counties | 200,869 | 4.21 | 13,115 | 12,674 | 3.5 | 43,717 | 21,339 | 104.9 | 59.4 |
| Toll Revenues (Includes Route 28) | 16,100 | 0.34 | 1,073 | 923 | 16.3 | 2,840 | 2,759 | 2.9 | (14.1) |
| Miscellaneous Revenues | 6,245 | 0.13 | 1,163 | 3,209 | (63.8) | 6,787 | 6,416 | 5.8 | (83.6) |
| Total Other Revenues | \$1,320,058 | 27.70 | \$140,390 | \$170,202 | (17.5) | \$596,802 | \$645,191 | (7.5) | 1.0 |
| Transfer (to) / from Highway Maintenance and Operating Fund | (\$102,896) | (2.16) | (\$25,000) | \$0 | - | (\$25,000) | \$0 | - | (15.4) |
| Total Transportation Trust Fund | \$2,641,604 | 55.43 | \$339,531 | \$390,924 | (13.1) | \$973,846 | \$1,030,270 | (5.5) | 2.2 |
| TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND | | | | | | | | | |
| | \$4,765,544 | 100.00 | \$534,221 | \$564,038 | (5.3) | \$1,473,466 | \$1,494,476 | (1.4) | 0.8 |

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

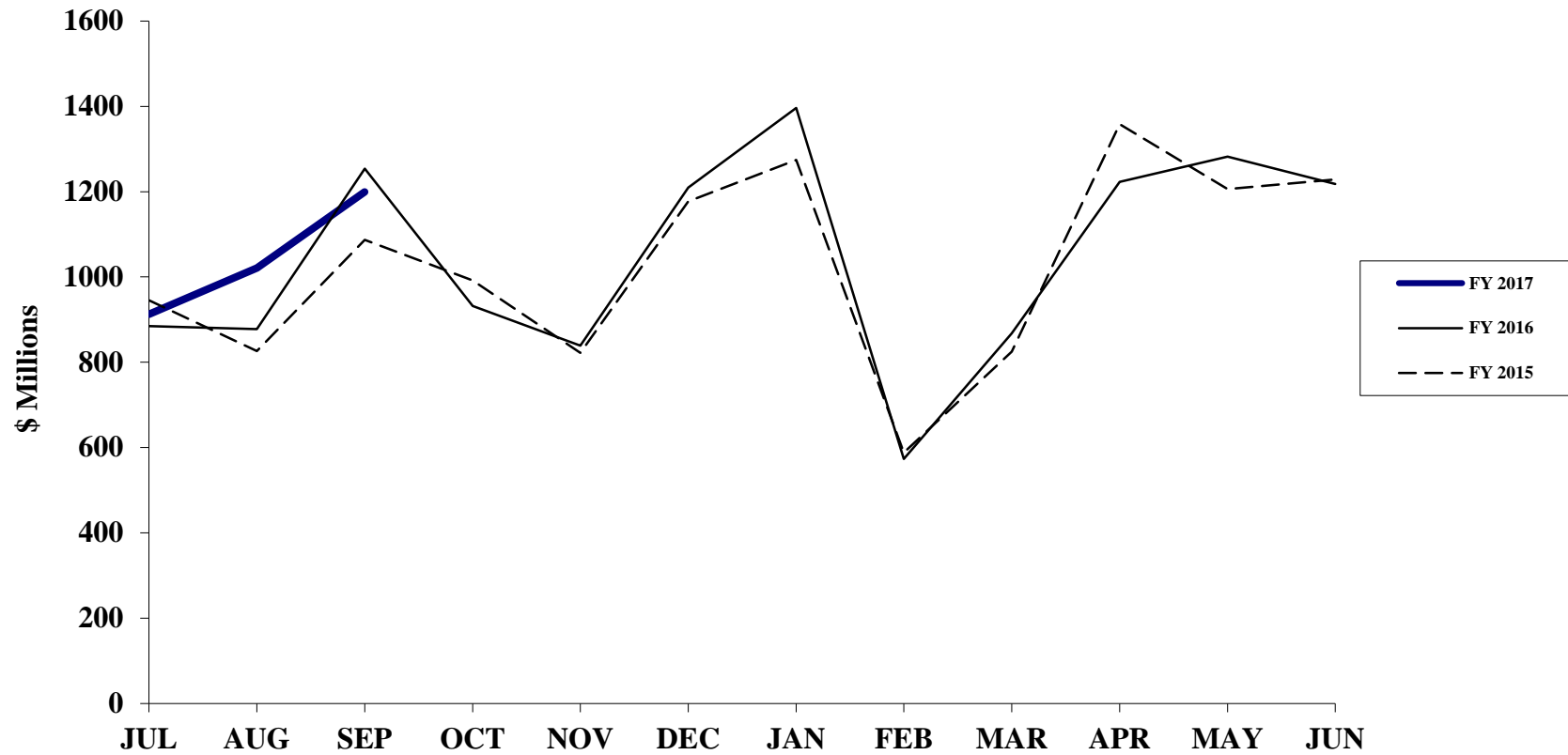
(a) Pursuant to Code of Virginia, §58.1-815.4, \$0.03 of specific recordation taxes are deposited to components of the Transportation Trust Fund effective July 1, 2016. Accordingly, the "Recordation Tax (1 cent)" line item was removed from the Highway Maintenance and Operating Fund FY 2017 Revenue Forecast. All FY 2017 Recordation Taxes are included in the Transportation Trust Fund Revenue Forecast in the "Recordation Tax" line item. Since there will be no collections for the "Recordation Tax (1 cent)" line item for the Highway Maintenance and Operating Fund during FY 2017, the Monthly and Year-To-Date % Change and % Annual Growth Required by Est. columns for the Recordation Tax lines are not provided.

Total General Fund Revenues



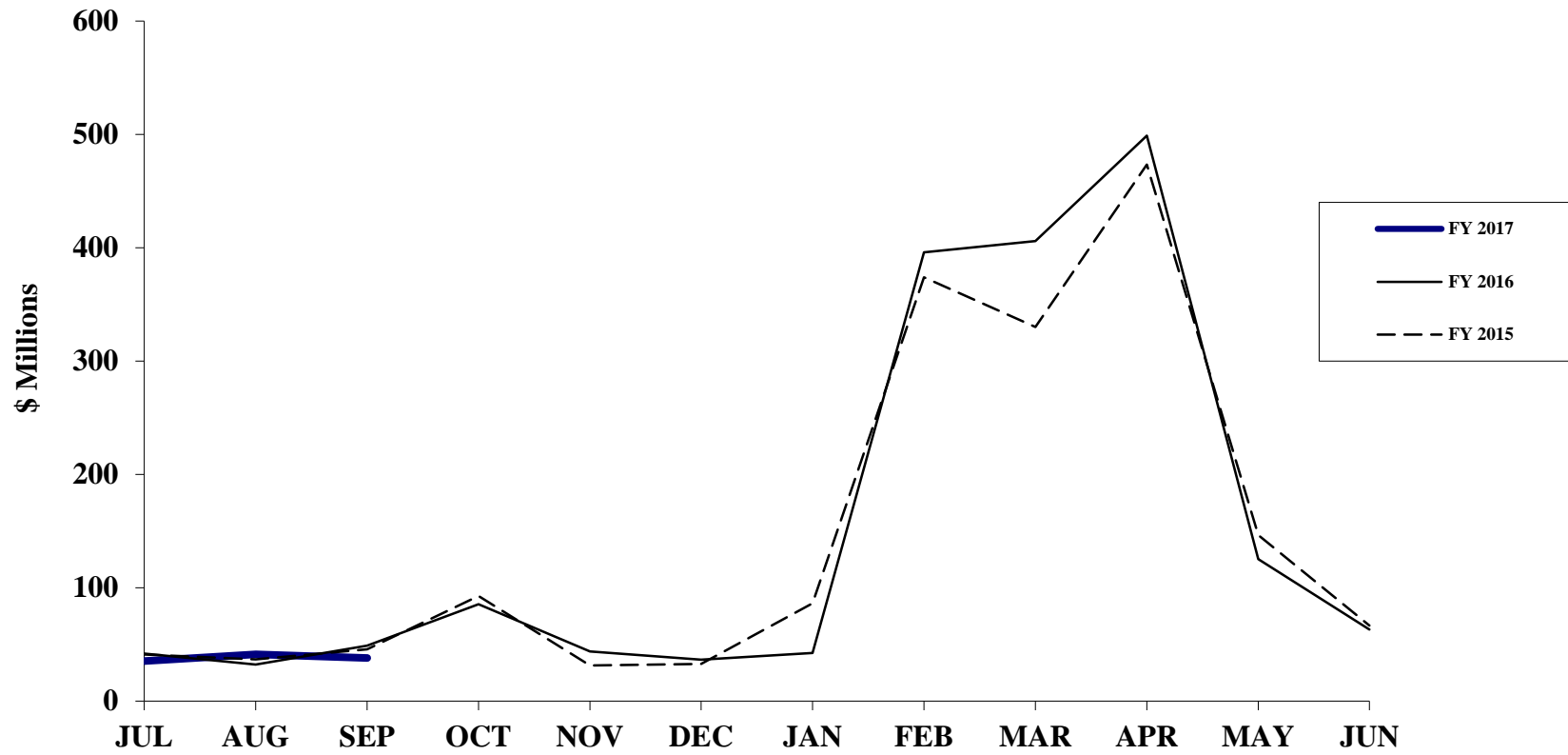
FY 2015 Actual = \$17,735.6 Million
FY 2016 Actual = \$18,040.1 Million
FY 2017 Estimate = \$18,338.0 Million

Net Individual Income Tax



FY 2015 Actual = \$12,328.7 Million
FY 2016 Actual = \$12,555.6 Million
FY 2017 Estimate = \$12,784.4 Million

Individual and Fiduciary Income Tax Refunds



FY 2015 Actual = \$1,757.3 Million
FY 2016 Actual = \$1,820.7 Million
FY 2017 Estimate = \$1,894.1 Million

DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2017

(Dollars in Millions)

| MONTH | PRIMARY LIQUIDITY | | EXTERNAL MANAGEMENT EXTENDED DURATION | | COMPOSITE | | TREASURY 1 YR. CONSTANT MATURITY ¹ |
|-----------------------------|-------------------|-------|--|----------------------------|--------------|-------|---|
| | Avg. Balance | Yield | Avg. Balance | Annualized Total Return | Avg. Balance | Rate | Yield |
| July, 2016 | \$4,183.5 | 0.69% | \$1,269.5 | 4.46% | \$5,453.0 | 1.57% | 0.51% |
| August | \$3,648.3 | 0.69% | \$1,270.9 | -1.35% | \$4,919.2 | 0.16% | 0.57% |
| September | \$4,021.4 | 0.74% | \$1,270.4 | 0.84% | \$5,291.8 | 0.76% | 0.59% |
| October | | | | | | | |
| November | | | | | | | |
| December | | | | | | | |
| January, 2017 | | | | | | | |
| February | | | | | | | |
| March | | | | | | | |
| April | | | | | | | |
| May | | | | | | | |
| June | | | | | | | |
| Year-to-Date Average | \$3,951.1 | 0.71% | \$1,270.3 | 1.32% | \$5,221.4 | 0.86% | 0.56% |

▪ Performance on the extended duration portion of the General Account is 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.

¹ Federal Reserve Bank H.15 Release.

**Commonwealth of Virginia/Department of Accounts
Report on the Revenue Stabilization Fund
For the Fiscal Year 2017**

| Month | Beginning Balance | Deposits | Withdrawals | Interest Allocated (A) | Ending Balance |
|------------------|--------------------------|-----------------|--------------------|-------------------------------|-----------------------|
| July | \$235,485,176 | \$0 | \$0 | \$0 | \$235,485,176 |
| August | \$235,485,176 | \$0 | \$0 | \$0 | \$235,485,176 |
| September | \$235,485,176 | \$0 | \$0 | \$0 | \$235,485,176 |
| October | | | | | |
| November | | | | | |
| December | | | | | |
| January | | | | | |
| February | | | | | |
| March | | | | | |
| April | | | | | |
| May | | | | | |
| June | | | | | |

Notes: (A) Interest is earned monthly but credited to the Revenue Stabilization Fund on a quarterly basis.