

Governor Warner's Proposed Amendments to the 2004-2006 Budget

Economic Outlook &
Revenue Forecast

*A Briefing for the Senate Finance,
House Finance, and House Appropriations
Committees*

December 17, 2004



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Secretary of Finance
Commonwealth of Virginia

Governor Warner set four critical objectives for his amendments to the 2004-06 budget . . .

- Promote greater fairness in Virginia's tax code.
- Maintain fiscal stability over the long term.
- Help build a stronger, more competitive economy.
- Meet our basic commitments to education, health care, transportation, and other core services.

The revised economic and revenue forecast is the result of the forecasting process set forth in the Code . . .

- The Governor's Advisory Board of Economists met on October 20th to assess the economic outlook for the nation and Virginia.
 - Participants included a senior official from Global Insight, 9 economists from the Board, and staff from 10 executive and legislative agencies.
 - With few revisions, the Board's economists selected the Standard economic outlook on which to base the preliminary revenue forecast.
- The Governor's Advisory Council on Revenue Estimates met on November 22nd to review a preliminary revenue forecast.
 - Governor Warner, the Attorney General, 7 members of the General Assembly, and 14 senior business leaders participated in the discussion.
 - Council members endorsed the Standard economic outlook and revenue forecast.

The latest information shows that the U.S. economic expansion continues to take hold . . .

- Real GDP, personal income, corporate profits, and employment are now near or above their pre-recession levels.

- Current national indicators suggest broad-based strength:

➤ Real GDP Growth	3.9% in 3 rd quarter
➤ U.S. Employment	Uneven, 185K per month
➤ Jobless Claims	near 340,000
➤ Unemployment Rate	5.4% in November
➤ Consumer spending	up 0.7% in October
➤ ISM - manufacturing index	above 50.0 - expanding
➤ Retail Sales (w/out autos)	up 0.5% in November
➤ Leading Indicators	no increasing risks
➤ Inflation	core CPI at 2.0%
➤ Housing	Price appreciation

- Cautionary signs still exist:

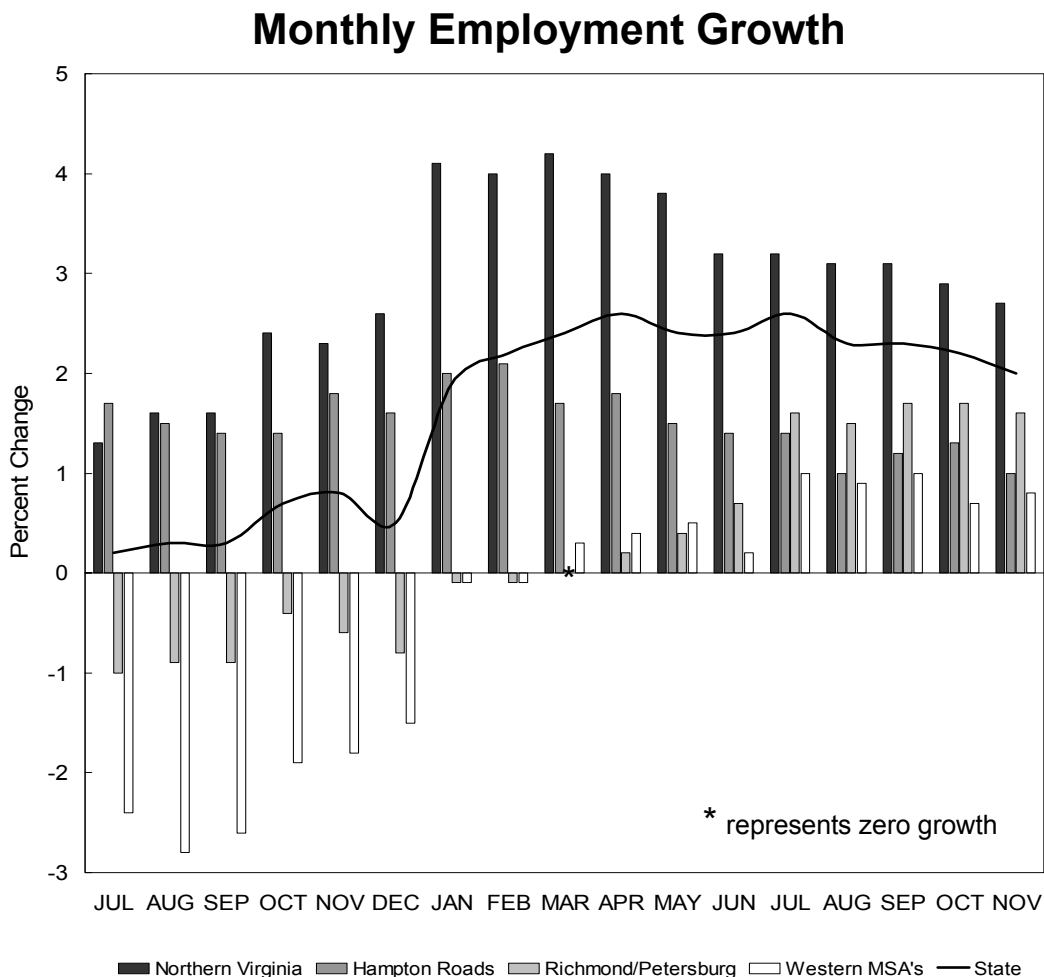
➤ Energy Prices	Oil over \$40/barrel
➤ Consumer Confidence	Has been unstable

- The U.S. outlook anticipates that the moderate recovery will pick up some strength.

➤ Employment	FY05: 1.6%	FY06: 1.5%
➤ Personal Income	FY05: 5.3%	FY06: 4.9%

Virginia's economic expansion continues to outpace the nation's . . .

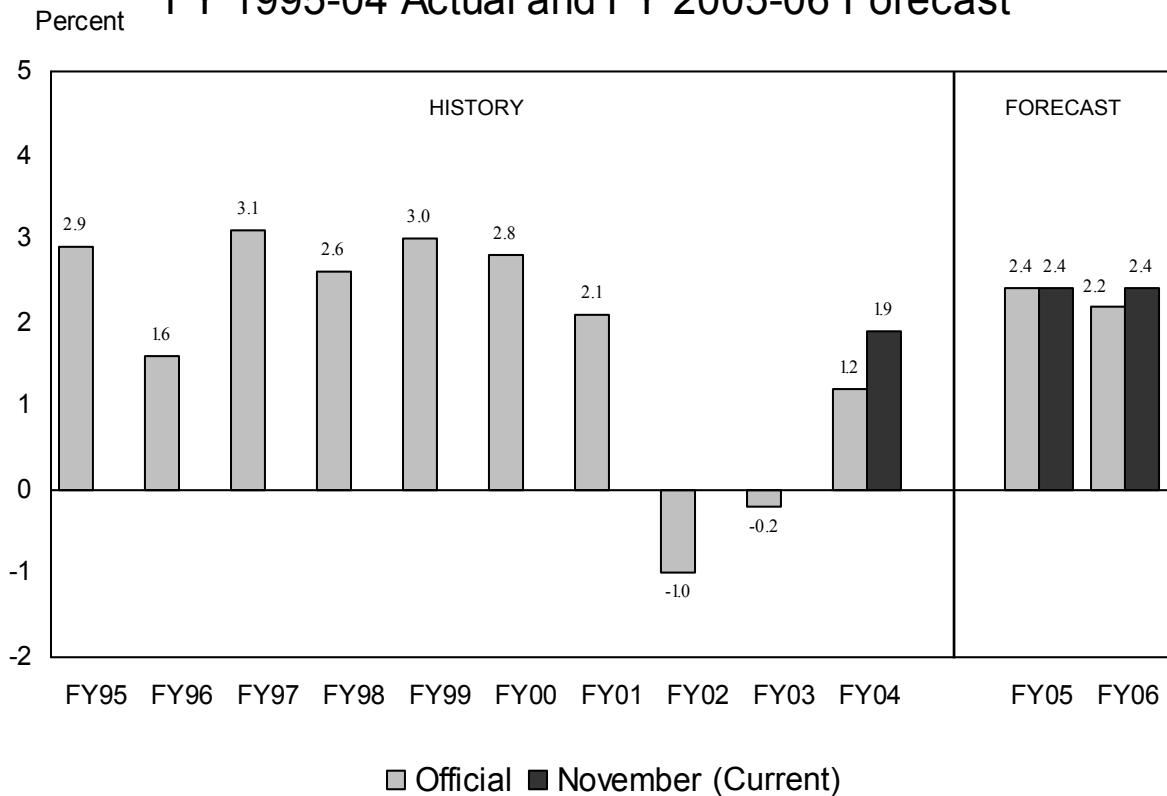
- In November, employment growth in Virginia was 2.0 percent, an addition of 70,200 jobs over last November.
 - Gains have been strongest in professional and business services, construction, and trade.
 - Job growth in Northern Virginia continues to be about 3.0 percent.



Employment in FY05 and FY06 is expected to grow at rates typically seen during an economic expansion . . .

Virginia Employment Growth

FY 1995-04 Actual and FY 2005-06 Forecast

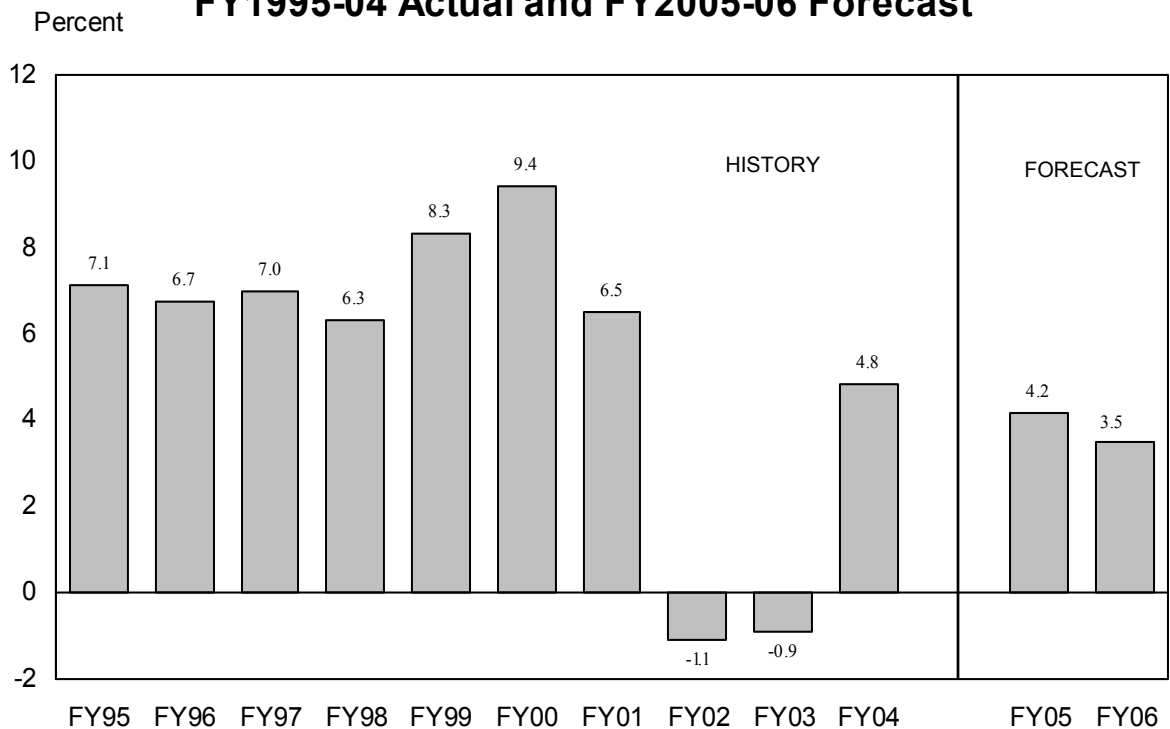


FY02 Actual Job Losses	-35,600
FY03 Actual Job Losses	-6,400
FY04 Actual Job Gains	+66,200
FY05 Forecast	+85,400
FY06 Forecast	+88,500

Increased federal spending in Northern Virginia remains a major source of strength . . .

- Federal procurement contracts in Northern Virginia increased by about \$4 billion in 2003.
 - Ave. increase since 1990: about \$1.5 billion per year.
 - 75% of the contracts were for services and R&D projects (Department of Defense and Homeland Security).

**NoVa Professional and Business Services
FY1995-04 Actual and FY2005-06 Forecast**



- The professional and business services subsector in Northern Virginia accounted for 21% of all jobs created in FY04.

The economic outlook on which the revenue forecast is based anticipates a continuing moderate expansion . . .

- The forecast for growth in employment and wages and salaries is essentially unchanged from last year.

Comparison of Official and November Outlook

	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
Employment				
Official	0.2	1.2	2.4	2.2
November (Current)	(0.2)	1.9	2.4	2.4
Wages and Salaries				
Official	2.3	4.8	5.9	5.7
November (Current)	2.1	5.8	5.9	5.7
Average Wages				
Official	2.2	3.6	3.4	3.4
November (Current)	2.3	3.8	3.4	3.2
Personal Income				
Official	3.5	4.8	5.7	5.7
November (Current)	2.7	5.4	6.0	5.4

The higher revenue base from FY04 and continuing economic growth produces significant additional GF revenues . . .

(millions of dollars)

	FY2005		FY2006	
	<u>\$ change</u>	<u>% growth</u>	<u>\$ change</u>	<u>% growth</u>
Withholding	\$ 124.4	6.4 %	\$ 166.3	5.9 %
Nonwithholding	2.9	7.1	(25.4)	4.9
Refunds	33.5	6.5	26.4	5.6
Net Individual	93.8	6.5	114.5	5.7
Sales	85.7	14.7	136.2	6.2
Corporate	80.7	14.7	83.1	1.2
Wills, Suits, & Deeds	143.7	37.6	104.1	(3.8)
All other revenue	<u>46.9</u>	<u>(5.4)</u>	<u>30.0</u>	<u>3.3</u>
Total GF Revenues	\$ 450.8	8.3 %	\$ 467.9	5.1 %

- Payroll withholding and sales tax revisions reflect strength in the underlying economy.
- Corporate income tax payments are expected to remain strong.
- Price appreciation in the housing market will drive higher recordation tax collections.

Withholding has been revised upwards due to gains in employment and wages . . .

- Withholding collections represent 62% of GF revenues.
- The model which forecasts payroll withholding is driven by Virginia wages and salaries.
 - Baseline growth is expected to follow the typical expansionary pattern.

	<u>Wage & Salary</u> <u>Growth</u>	<u>Withholding Growth</u> <u>(Original)*</u>	<u>Withholding Growth</u> <u>(Revised)</u>
FY05	5.9%	6.0%	6.8%
FY06	5.7%	5.8%	6.2%

* Chapter 4, without tax policy changes

- Tax changes (increased personal exemption, standard deduction, and filing threshold) reduce the withholding forecast somewhat.
- Adjusted for tax changes, growth is 6.4% in FY05 and 5.9% in FY06.

FY05 +\$124.4 million

FY06 +\$166.3 million

No significant change is included in the revenue forecast for nonwithholding payments . . .

- Nonwithholding collections include four estimated payments and one final payment each fiscal year.
 - About 76% of collections are received after December.
 - Overall growth tends to be correlated with stock market gains or losses.
- In FY04, a shortfall in estimated payments was more than offset by a surge in final payments in late April and May.
 - In calendar year 2003, the S&P 500 index was up 26.4%.
- With the stock market close to flat this year, the revised forecast for nonwithholding does not project another surge in final payments.

	<u>Nonwithholding Growth</u>	
	<u>(Original)</u>	<u>(Revised)</u>
FY05	7.8%	7.1%
FY06	6.3%	4.9%
	FY05	+\$2.9 million
	FY06	-\$25.4 million

Sales tax growth is expected to be healthy; however, last year's 15.5% growth in the final quarter will be a hurdle . . .

- The model which projects sales tax revenue is driven by Virginia personal income.
- Recent collections point to continued healthy growth, despite the waning effects of tax cuts and refinancings.
- Baseline growth is expected to follow the typical expansionary pattern.

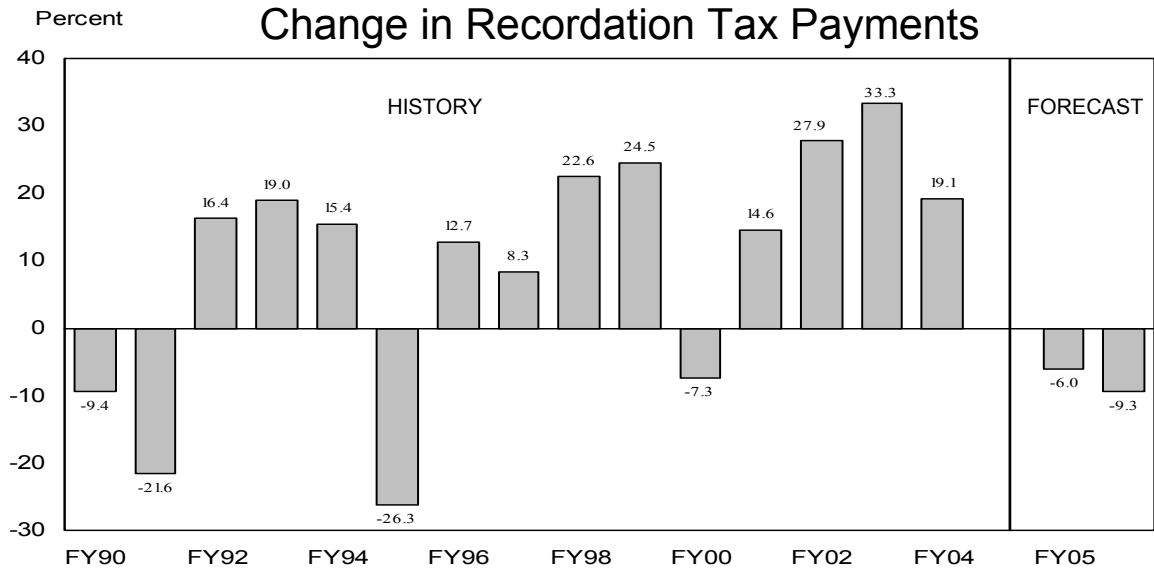
	<u>Personal Income</u> <u>Growth</u>	<u>Sales Tax Growth</u> <u>(Original)</u>	<u>Sales Tax Growth</u> <u>(Revised)</u>
FY05	6.0%	4.6%	6.0%
FY06	5.4%	4.9%	5.5%

- Tax changes (rate increase, exemption for public service corporations) increase the sales tax forecast.
- Adjusted for tax reform, projected growth is 14.7% in FY05 and 6.2% in FY06.

FY05	+\$85.7 million
FY06	+\$136.2 million

The forecast for recordation taxes has been updated to reflect the increase in real estate valuations . . .

- Recordation tax collections are also subject to wide swings.



- Low interest rates and strong home price appreciation have driven growth in this source.
- The baseline forecast includes an explicit assumption that price appreciation has largely offset the decline in refinancings.

	<u>(Original)</u>	<u>(Revised)</u>
FY05	-24.2%	-6.0%
FY06	3.5%	-9.3%
FY05		+\$143.7 million
FY06		+\$104.1 million

Governor Warner has proposed three tax policy changes . . .

Complete the Planned Reduction in the Sales Tax on Food

- Reduce the sales tax on food by 1.5% on July 1, 2005, rather than phasing the cut over three years.
- -\$99.1 million impact in FY06; -\$57.7 million impact in FY07.

Conform with the Federal Tax Code, as of December 31, 2004

- Pass on federal tax benefits to Virginia businesses and individuals.
 - Simplify business tax filing;
 - Increase in section 179 expensing for small businesses;
 - Allow teachers to deduct up to \$250 in classroom expenses;
 - Modify method of accounting for income received by naval shipbuilders.
- Impact of -\$9.4 million in FY05; +\$2.7 million in FY06.

Return 3% Car Rental Tax to Transportation

- Part of the Governor's \$824 million transportation plan.
- Impact of -\$23.2 million FY06 and thereafter.

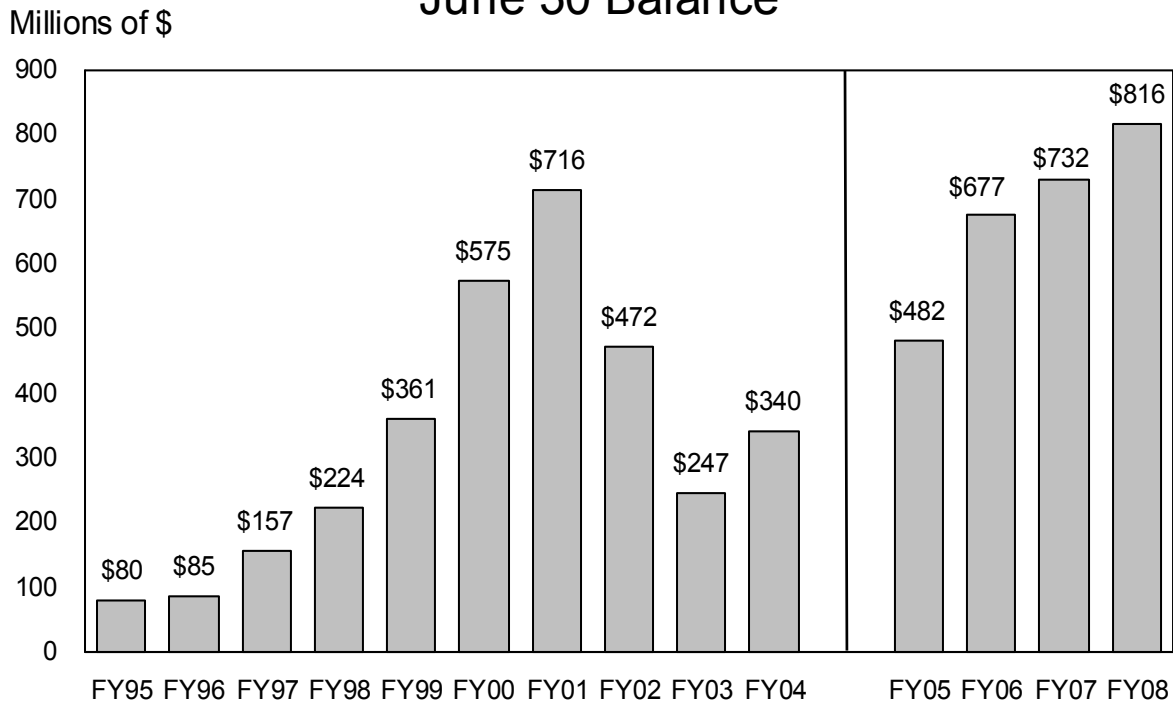
The revised general fund revenue forecast, including the proposed tax policy changes, adds \$789.7 million for the biennium . . .

	FY2005		FY2006	
	Official	Revised	Official	Revised
Withholding	4.6%	6.4%	5.4%	5.9%
Nonwithholding	6.9%	7.1%	6.6%	4.9%
Refunds	3.8%	6.5%	6.3%	5.6%
Net Individual	5.3%	6.5%	5.5%	5.7%
Sales	11.3%	14.7%	4.6%	2.8%
Corporate	-4.2%	12.5%	0.9%	3.8%
Insurance	8.5%	8.5%	8.8%	8.6%
Public Service	-0.7%	0.6%	3.2%	1.4%
Wills, Suits, & Deeds	-4.5%	37.6%	6.6%	-3.8%
All other revenue	-9.3%	-5.4%	4.9%	1.2%
Total	4.5%	8.2%	5.2%	4.3%
Total Revenue		\$12,893		\$13,442

Note: Includes all tax policy changes.

With the revised six year revenue forecast, the Revenue Stabilization Fund will grow to more than \$800 million by the end of FY08 . . .

**Revenue Stabilization Fund, FY1995-2008
June 30 Balance**



	<u>Constitutional</u>	<u>Super Deposit</u>
FY05	--	\$134.5
FY06	\$181.9	--
FY07	\$36.4	--
FY08	\$64.3	--

Based on the revised revenue forecast, excluding the sales tax changes enacted in 2004. Note: \$87 million of the \$181.9 million was appropriated last session.

Key risks to the forecast . . .

- The elevated price of oil constitutes the most significant risk to the economic expansion.
- Geopolitical pressures, particularly in the Middle East.
- Consumer confidence has retreated to its lowest reading since March.
- The recent sharp depreciation of the dollar poses a risk for a considerable rise in long-term interest rates.
- Uncertainties in the housing market, particularly with respect to future price appreciation and the level of sales.

APPENDIX

U.S. Economic Indicators

Virginia Economic Indicators

General Fund Forecast for FY 2005 through FY 2012

Growth in General Fund Revenues FY 1961 through FY 2006

Nongeneral Fund Forecast for FY 2004 through FY 2010

Revenue Report through November 2004

**Fiscal Years 2003-2008 October & Official
U.S. Economic Forecasts - Income and Other Indicators**

		<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
<u>Output, Income and Spending (% Change)</u>							
GDP	-October Std.	4.0	6.4	5.8	4.9	4.9	5.2
	-Official	4.0	5.3	5.7	5.4	5.6	5.0
Real GDP	-October Std.	2.3	4.4	3.8	3.1	3.1	3.2
	-Official	2.7	3.8	4.0	3.6	3.8	3.1
Total Personal Income	-October Std.	2.1	4.6	5.3	4.9	5.2	5.5
	-Official	3.1	4.2	5.5	5.5	5.8	5.3
Wages and Salaries	-October Std.	1.4	4.0	5.1	5.2	5.0	5.1
	-Official	1.6	3.6	6.0	5.8	5.5	5.0
Average Wage (Nonag. Employ.)	-October Std.	2.0	3.8	3.5	3.6	4.0	4.2
	-Official	2.2	3.5	3.7	3.7	3.7	3.7
Real Consumer Spending	-October Std.	3.0	3.8	3.2	2.9	3.0	2.7
	-Official	2.9	3.6	3.8	3.1	3.5	2.8
<u>Interest Rates (%)</u>							
3-Month Treasury Bills	-October Std.	1.3	1.0	2.0	3.0	3.2	3.4
	-Official	1.3	1.0	1.3	2.0	2.2	2.6
30-Year Treasury Bonds	-October Std.	5.0	5.2	5.3	5.8	5.9	6.1
	-Official	5.0	5.3	5.7	5.8	5.7	5.8
<u>Prices (% Change)</u>							
CPI	-October Std.	2.2	2.2	2.5	1.4	1.6	1.8
	-Official	2.2	1.6	1.5	1.8	2.0	2.1
GDP Deflator	-October Std.	1.7	1.9	1.9	1.8	1.7	1.9
	-Official	1.3	1.5	1.6	1.8	1.8	1.9

The October Std. forecast is Global Insight's October 2004 U.S. standard forecast.

The Official forecast is Global Insight's October 2003 U.S. standard forecast.

**Fiscal Years 2003-2008 October & Official
U.S. Economic Forecasts - Employment and Labor Markets**

		<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
<u>Employment and Labor Markets (% Change)</u>							
Total Nonagricultural Employment	-October Std.	(0.6)	0.2	1.6	1.5	0.9	0.9
	-Official	(0.5)	0.1	2.2	2.0	1.7	1.3
Manufacturing	-October Std.	(5.4)	(3.5)	0.9	1.2	0.2	(0.4)
	-Official	(4.7)	(3.5)	0.0	0.8	0.3	(0.2)
Construction	-October Std.	(1.2)	1.7	3.1	1.8	0.0	0.8
	-Official	(0.6)	1.8	3.4	3.4	3.7	3.2
Trade, Transportation, and Utilities	-October Std.	(1.2)	(0.2)	1.0	1.0	1.0	0.6
	-Official	(1.2)	(0.5)	2.0	1.4	1.4	0.6
Information	-October Std.	(6.4)	(3.3)	0.5	1.4	(0.3)	1.7
	-Official	(4.7)	(2.0)	2.8	1.1	0.6	2.0
Financial Activities	-October Std.	1.1	1.1	0.9	0.8	(0.3)	0.4
	-Official	0.9	1.0	2.3	1.4	0.9	1.4
Professional and Business Services	-October Std.	(1.3)	1.6	3.9	3.7	3.6	3.7
	-Official	(0.9)	2.5	6.4	4.6	4.2	3.2
Education and Health Services	-October Std.	3.0	1.9	2.2	1.9	1.5	1.0
	-Official	2.8	1.4	2.5	2.3	2.7	1.8
Leisure and Hospitality	-October Std.	0.6	1.2	2.0	2.3	0.1	(0.1)
	-Official	0.3	0.4	1.6	2.2	0.9	0.8
Other Services	-October Std.	1.2	0.0	0.8	0.1	0.8	1.6
	-Official	0.1	(0.1)	2.6	1.6	1.0	1.9
Government	-October Std.	1.0	(0.2)	0.2	0.3	0.3	0.2
	-Official	0.8	(0.4)	0.5	1.5	0.7	0.3
Unemployment Rate (%)	-October Std.	5.9	5.8	5.4	5.4	5.6	5.6
	-Official	5.9	6.2	5.9	5.8	5.7	5.7

The October Std. forecast is Global Insight's October 2004 U.S. standard forecast.

The Official forecast is Global Insight's October 2003 U.S. standard forecast.

**Fiscal Years 2003-2008 October & Official
Virginia Economic Forecasts - Employment and Labor Markets**

		<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
<u>Employment (% Change)</u>							
Total Nonagricultural Employment	-October Std.	(0.2)	1.9	2.4	2.4	2.1	1.8
	-Official	0.2	1.2	2.4	2.2	2.0	1.6
Manufacturing	-October Std.	(4.4)	(4.2)	0.0	1.0	0.2	(0.5)
	-Official	(4.9)	(3.3)	0.0	0.9	0.4	(0.3)
Construction & Mining	-October Std.	(1.2)	4.9	3.8	1.8	2.5	2.7
	-Official	(0.7)	3.1	0.6	2.7	1.1	0.2
Trade, Transportation, and Utilities	-October Std.	(0.8)	2.4	3.3	3.7	3.3	2.2
	-Official	(0.3)	1.0	2.3	1.6	1.4	0.4
Information	-October Std.	(8.7)	(1.9)	1.4	3.6	3.6	3.2
	-Official	(8.6)	(1.4)	4.4	1.6	1.0	3.1
Financial Activities	-October Std.	2.0	2.9	1.7	0.7	0.4	1.1
	-Official	1.6	0.9	3.7	2.3	1.4	2.2
Professional and Business Services	-October Std.	(1.2)	3.3	5.5	3.5	4.3	3.6
	-Official	(1.1)	1.9	5.8	5.5	5.5	4.2
Education and Health Services	-October Std.	3.7	3.3	0.6	2.4	2.1	1.2
	-Official	5.1	2.2	3.1	2.7	3.2	2.1
Leisure and Hospitality	-October Std.	1.5	2.6	1.8	3.5	0.5	1.1
	-Official	2.3	1.7	1.6	2.3	0.9	0.9
Other Services	-October Std.	3.8	2.9	2.3	3.5	3.9	4.6
	-Official	3.3	1.7	4.0	2.8	1.8	3.4
Government	-October Std.	0.7	1.1	1.1	0.6	0.2	0.2
	-Official	1.2	1.6	0.3	(0.1)	0.5	0.6
<u>Labor Markets (% Change)</u>							
Unemployment Rate (%)	-October Std.	4.1	3.7	3.3	3.2	3.2	3.1
	-Official	4.0	4.1	3.8	3.8	3.7	3.6

The October Std. Forecast from the Department of Taxation is based on The Global Insight's October 2004 standard U.S. Forecast.
The Official Forecast from the Department of Taxation is based on The Global Insight's October 2003 standard U.S. Forecast.

**Fiscal Years 2003-2008 October & Official
Virginia Economic Forecasts - Income and Other Indicators**

		<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>
<u>Income (% Change)</u>							
Total Personal Income	-October Std.	2.7	5.4	6.0	5.4	5.5	5.4
	-Official	3.5	4.8	5.7	5.7	5.2	4.5
Real Personal Income	-October Std.	0.8	3.5	3.9	3.8	3.7	3.3
	-Official	1.6	3.2	4.1	3.8	3.2	2.4
Wages and Salaries	-October Std.	2.1	5.8	5.9	5.7	6.3	5.9
	-Official	2.3	4.8	5.9	5.7	5.1	4.4
Average Wage (Nonag. Employ.)	-October Std.	2.3	3.8	3.4	3.2	4.1	4.0
	-Official	2.2	3.6	3.4	3.4	3.1	2.8
Dividends, Interest, and Rent	-October Std.	(2.8)	1.1	6.2	6.2	5.5	6.0
	-Official	0.6	3.1	5.5	5.5	4.3	3.8
Net Transfer Payments	-October Std.	9.1	(3.7)	0.6	8.7	1.9	(0.9)
	-Official	12.5	8.0	6.3	6.8	8.3	6.4
Supplements to Wages and Salaries	-October Std.	8.8	7.9	6.9	4.8	4.7	4.4
	-Official	9.5	3.9	5.0	7.1	5.7	5.1
<u>Migration and Housing (Thousands)</u>							
Net Migration	-October Std.	51.8	51.4	29.6	32.9	34.3	36.9
	-Official	51.8	33.0	11.3	15.3	8.5	1.1
Single Family Housing Starts	-October Std.	49.4	49.8	45.7	42.4	41.9	41.3
	-Official	49.3	42.3	40.6	40.7	40.5	40.2
Multi-Family Housing Starts	-October Std.	10.6	10.1	8.8	8.3	8.4	8.9
	-Official	11.6	11.7	10.8	10.4	10.3	10.2

The October Std. Forecast from the Department of Taxation is based on The Global Insight's October 2004 standard U.S. Forecast.
The Official Forecast from the Department of Taxation is based on The Global Insight's October 2003 standard U.S. Forecast.

The Official and December Standard General Fund Forecast for Fiscal Year 2005
(Dollars in Millions)

December 17, 2004

	Fiscal Year 2004		Fiscal Year 2005				
	Actual	% Growth	Official Forecast	December Forecast	Change	% Growth Over FY 04	
						Official	December
MAJOR TAX SOURCES							
Corporate Income	\$ 425.7	24.0	\$ 407.7	479.0	\$ 71.3	(4.2) %	12.5 %
Individual Income Tax:							
Gross	8,602.1	7.9	9,037.2	9,164.5	127.3	5.1	6.5
Withholding	7,039.3	7.2	7,366.0	7,490.4	124.4	4.6	6.4
Nonwithholding	1,562.8	11.4	1,671.2	1,674.1	2.9	6.9	7.1
Refunds	<u>(1,217.2)</u>	<u>1.9</u>	<u>(1,263.3)</u>	<u>(1,296.8)</u>	<u>(33.5)</u>	<u>3.8</u>	<u>6.5</u>
Net	7,384.9	9.0	7,773.9	7,867.7	93.8	5.3	6.5
Insurance Company Premiums	351.3	5.5	381.2	381.0	(0.2)	8.5	8.5
Public Service GR / Consumption Tax	86.9	(4.8)	86.3	87.4	1.1	(0.7)	0.6
State Sales & Use Tax	<u>2,562.3</u>	<u>9.7</u>	<u>2,852.3</u>	<u>2,938.0</u>	<u>85.7</u>	<u>11.3</u>	<u>14.7</u>
Total Major Tax Sources	\$ 10,811.1	9.4	\$ 11,501.4	11,753.1	\$ 251.7	6.4 %	8.7 %
MISCELLANEOUS TAXES & OTHER REVENUES							
Alcoholic Beverages State Tax	\$ 95.9	9.2	\$ 93.3	96.2	\$ 2.9	(2.7) %	0.4 %
Bank Franchise Tax	8.7	(6.4)	10.3	9.3	(1.0)	19.0	7.4
Beer & Beverage Excise Tax	42.2	3.1	32.7	42.0	9.3	(22.5)	(0.4)
Corporate Franchise & Charter Fees	39.1	6.4	38.0	39.5	1.5	(2.7)	1.1
Excess & Other Fees From Officers	(34.9)	(26.6)	(20.0)	(31.9)	(11.9)	(42.6)	(8.5)
Estate & Gifts	149.6	4.4	119.3	165.0	45.7	(20.3)	10.3
Institutional Revenues	9.6	22.0	9.3	8.6	(0.7)	(3.5)	(10.7)
Interest & Rents	61.7	(25.8)	80.7	69.3	(11.4)	30.8	12.4
Licenses & Permits	4.6	200.3	1.6	4.7	3.1	(65.3)	1.9
Miscellaneous Taxes & Penalties	221.9	21.8	248.0	243.9	(4.1)	11.8	9.9
Other Miscellaneous Revenues	100.3	63.0	12.1	24.7	12.6	(87.9)	(75.4)
Tobacco Master Settlement	51.4	(14.4)	0.0	0.0	0.0	(100.0)	(100.0)
Tobacco Products Tax	16.1	5.3	0.0	0.0	0.0	(100.0)	(100.0)
Wills, Suits, Deeds & Contract Fees	<u>340.6</u>	<u>19.1</u>	<u>325.1</u>	<u>468.8</u>	<u>143.7</u>	<u>(4.5)</u>	<u>37.6</u>
Total Misc. Taxes & Other Revenues	\$ 1,106.8	19.3	\$ 950.4	1,140.1	\$ 189.7	(14.1) %	3.0 %
TOTAL GF REVENUES	\$ 11,917.9	9.7	\$ 12,451.8	12,893.2	\$ 441.4	4.5 %	8.2 %
TRANSFERS							
A.B.C. Profits	\$ 16.8	18.3	\$ 11.6	15.1	\$ 3.5	(31.0) %	(10.1) %
Lottery Proceeds Fund	407.8	8.7	395.0	423.5	28.5	(3.1)	3.8
Transfers Per Appropriations Act	<u>588.2</u>	<u>(10.0)</u>	<u>301.1</u>	<u>297.5</u>	<u>(3.6)</u>	<u>(48.8)</u>	<u>(49.4)</u>
Total Transfers	\$ 1,012.8	(2.9)	\$ 707.7	736.1	\$ 28.4	(30.1) %	(27.3) %
TOTAL GENERAL FUND	\$ 12,930.7	8.6	\$ 13,159.5	13,629.3	\$ 469.8	1.8 %	5.4 %

The Official and December Standard General Fund Forecast for Fiscal Year 2006
(Dollars in Millions)

December 17, 2004

	Fiscal Year 2006						2005-2006 Biennium		
	Official	December	Change	% Growth Over FY 05		Official	December	Change	
	Forecast	Forecast		Official	December	Forecast	Forecast		
MAJOR TAX SOURCES									
Corporate Income	\$ 411.4	\$ 497.2	\$ 85.8	0.9 %	3.8 %	\$ 819.1	\$ 976.2	\$ 157.1	
Individual Income Tax:									
Gross	9,547.4	9,688.3	140.9	5.6	5.7	18,584.6	18,852.8	268.2	
Withholding	7,766.3	7,932.6	166.3	5.4	5.9	15,132.3	15,423.0	290.7	
Nonwithholding	1,781.1	1,755.7	(25.4)	6.6	4.9	3,452.3	3,429.8	(22.5)	
Refunds	<u>(1,342.9)</u>	<u>(1,369.3)</u>	<u>(26.4)</u>	<u>6.3</u>	<u>5.6</u>	<u>(2,606.2)</u>	<u>(2,666.1)</u>	<u>(59.9)</u>	
Net	8,204.5	8,319.0	114.5	5.5	5.7	15,978.4	16,186.7	208.3	
Insurance Company Premiums	414.9	413.7	(1.2)	8.8	8.6	796.1	794.7	(1.4)	
Public Service GR / Consumption Tax	89.1	88.6	(0.5)	3.2	1.4	175.4	176.0	0.6	
State Sales & Use Tax	<u>2,984.1</u>	<u>3,021.2</u>	<u>37.1</u>	<u>4.6</u>	<u>2.8</u>	<u>5,836.4</u>	<u>5,959.2</u>	<u>122.8</u>	
Total Major Tax Sources	\$ 12,104.0	\$ 12,339.7	\$ 235.7	5.2 %	5.0 %	\$ 23,605.4	\$ 24,092.8	\$ 487.4	
MISCELLANEOUS TAXES & OTHER REVENUES									
Alcoholic Beverages State Tax	\$ 97.3	\$ 101.8	\$ 4.5	4.3 %	5.8 %	\$ 190.6	\$ 198.0	\$ 7.4	
Bank Franchise Tax	10.6	9.6	(1.0)	2.9	3.2	20.9	18.9	(2.0)	
Beer & Beverage Excise Tax	32.7	42.0	9.3	0.0	0.0	65.4	84.0	18.6	
Corporate Franchise & Charter Fees	39.0	40.0	1.0	2.6	1.3	77.0	79.5	2.5	
Excess & Other Fees From Officers	(21.0)	(29.1)	(8.1)	5.0	(8.8)	(41.0)	(61.0)	(20.0)	
Estate & Gifts	113.3	144.0	30.7	(5.0)	(12.7)	232.6	309.0	76.4	
Institutional Revenues	9.3	8.6	(0.7)	0.0	0.0	18.6	17.2	(1.4)	
Interest & Rents	90.0	82.3	(7.7)	11.5	18.8	170.7	151.6	(19.1)	
Licenses & Permits	1.6	4.7	3.1	0.0	0.0	3.2	9.4	6.2	
Miscellaneous Taxes & Penalties	243.4	233.7	(9.7)	(1.9)	(4.2)	491.4	477.6	(13.8)	
Other Miscellaneous Revenues	26.6	13.7	(12.9)	119.8	(44.5)	38.7	38.4	(0.3)	
Tobacco Master Settlement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Tobacco Products Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Wills, Suits, Deeds & Contract Fees	<u>346.7</u>	<u>450.8</u>	<u>104.1</u>	<u>6.6</u>	<u>(3.8)</u>	<u>671.8</u>	<u>919.6</u>	<u>247.8</u>	
Total Misc. Taxes & Other Revenues	\$ 989.5	\$ 1,102.1	\$ 112.6	4.1 %	(3.3) %	\$ 1,939.9	\$ 2,242.2	\$ 302.3	
TOTAL GF REVENUES	\$ 13,093.5	\$ 13,441.8	\$ 348.3	5.2 %	4.3 %	\$ 25,545.3	\$ 26,335.0	\$ 789.7	
TRANSFERS									
A.B.C. Profits	\$ 13.3	\$ 19.8	\$ 6.5	14.7 %	31.1 %	\$ 24.9	\$ 34.9	\$ 10.0	
Lottery Proceeds Fund	402.0	441.8	39.8	1.8	4.3	797.0	865.3	68.3	
Transfers Per Appropriations Act	<u>344.9</u>	<u>378.4</u>	<u>33.5</u>	<u>14.5</u>	<u>27.2</u>	<u>646.0</u>	<u>675.9</u>	<u>29.9</u>	
Total Transfers	\$ 760.2	\$ 840.0	\$ 79.8	7.4 %	14.1 %	\$ 1,467.9	\$ 1,576.1	\$ 108.2	
TOTAL GENERAL FUND	\$ 13,853.7	\$ 14,281.8	\$ 428.1	5.3 %	4.8 %	\$ 27,013.2	\$ 27,911.1	\$ 897.9	

The Official and December Standard General Fund Forecast for Fiscal Year 2007
(Dollars in Millions)

December 17, 2004

	Fiscal Year 2007					
	Official	December	Change	% Growth Over FY 06		
	Forecast	Forecast		Official	December	
MAJOR TAX SOURCES						
Corporate Income	\$ 498.2	\$ 505.5	\$ 7.3	21.1 %	1.7 %	
Individual Income Tax:						
Gross	10,037.7	10,305.3	267.6	5.1	6.4	
Withholding	8,168.6	8,449.3	280.7	5.2	6.5	
Nonwithholding	1,869.1	1,856.0	(13.1)	4.9	5.7	
Refunds	<u>(1,402.7)</u>	<u>(1,474.5)</u>	<u>(71.8)</u>	<u>4.5</u>	<u>7.7</u>	
Net	8,635.0	8,830.8	195.8	5.2	6.2	
Insurance Company Premiums	447.4	456.1	8.7	7.8	10.2	
Public Service GR / Consumption Tax	91.8	91.3	(0.5)	3.0	3.0	
State Sales & Use Tax	<u>3,019.4</u>	<u>3,157.8</u>	<u>138.4</u>	<u>1.2</u>	<u>4.5</u>	
Total Major Tax Sources	\$ 12,691.8	\$ 13,041.5	\$ 349.7	4.9 %	5.7 %	
MISCELLANEOUS TAXES & OTHER REVENUES						
Alcoholic Beverages State Tax	\$ 101.2	\$ 105.4	\$ 4.2	4.0 %	3.5 %	
Bank Franchise Tax	10.6	9.9	(0.7)	0.0	3.1	
Beer & Beverage Excise Tax	32.7	42.0	9.3	0.0	0.0	
Corporate Franchise & Charter Fees	40.0	40.5	0.5	2.6	1.3	
Excess & Other Fees From Officers	(16.0)	(16.0)	0.0	(23.8)	(45.0)	
Estate & Gifts	107.4	144.0	36.6	(5.2)	0.0	
Institutional Revenues	9.5	8.6	(0.9)	2.2	0.0	
Interest & Rents	90.0	82.3	(7.7)	0.0	0.0	
Licenses & Permits	1.6	4.7	3.1	0.0	0.0	
Miscellaneous Taxes & Penalties	271.0	269.8	(1.2)	11.3	15.4	
Other Miscellaneous Revenues	37.4	12.8	(24.6)	40.6	(6.6)	
Tobacco Master Settlement	0.0	0.0	0.0	0.0	0.0	
Tobacco Products Tax	0.0	0.0	0.0	0.0	0.0	
Wills, Suits, Deeds & Contract Fees	<u>362.2</u>	<u>475.9</u>	<u>113.7</u>	<u>4.5</u>	<u>5.6</u>	
Total Misc. Taxes & Other Revenues	\$ 1,047.6	\$ 1,179.9	\$ 132.3	5.9 %	7.1 %	
TOTAL GF REVENUES	\$ 13,739.4	\$ 14,221.4	\$ 482.0	4.9 %	5.8 %	
TRANSFERS						
A.B.C. Profits	\$ 13.3	\$ 19.8	\$ 6.5	0.0 %	0.0 %	
Lottery Proceeds Fund	402.0	441.8	39.8	0.0	0.0	
Transfers Per Appropriations Act	<u>313.3</u>	<u>342.6</u>	<u>29.3</u>	<u>(9.2)</u>	<u>(9.5)</u>	
Total Transfers	\$ 728.6	\$ 804.2	\$ 75.6	(4.2) %	(4.3) %	
TOTAL GENERAL FUND	\$ <u>14,468.0</u>	\$ <u>15,025.6</u>	\$ <u>557.6</u>	<u>4.4 %</u>	<u>5.2 %</u>	

The Official and December Standard General Fund Forecast for Fiscal Year 2008
(Dollars in Millions)

December 17, 2004

	Fiscal Year 2008						2007 - 2008 Biennium		
	Official	December	Change	% Growth Over FY 07		Official	December	Change	
	Forecast	Forecast		Official	December	Forecast	Forecast		
MAJOR TAX SOURCES									
Corporate Income	\$ 525.2	\$ 558.0	\$ 32.8	5.4 %	10.4 %	\$ 1,023.4	\$ 1,063.5	\$ 40.1	
Individual Income Tax:									
Gross	10,521.6	10,950.8	429.2	4.8	6.3	20,559.3	21,256.1	696.8	
Withholding	8,533.7	8,959.2	425.5	4.5	6.0	16,702.3	17,408.5	706.2	
Nonwithholding	1,987.9	1,991.6	3.7	6.4	7.3	3,857.0	3,847.6	(9.4)	
Refunds	<u>(1,484.5)</u>	<u>(1,559.5)</u>	<u>(75.0)</u>	<u>5.8</u>	<u>5.8</u>	<u>(2,887.2)</u>	<u>(3,034.0)</u>	<u>(146.8)</u>	
Net	9,037.1	9,391.3	354.2	4.7	6.3	17,672.1	18,222.1	550.0	
Insurance Company Premiums	472.0	507.4	35.4	5.5	11.2	919.4	963.5	44.1	
Public Service GR / Consumption Tax	94.0	94.0	0.0	2.4	3.0	185.8	185.3	(0.5)	
State Sales & Use Tax	<u>3,089.3</u>	<u>3,292.9</u>	<u>203.6</u>	<u>2.3</u>	<u>4.3</u>	<u>6,108.7</u>	<u>6,450.7</u>	<u>342.0</u>	
Total Major Tax Sources	\$ 13,217.6	\$ 13,843.6	\$ 626.0	4.1 %	6.2 %	\$ 25,909.4	\$ 26,885.1	\$ 975.7	
MISCELLANEOUS TAXES & OTHER REVENUES									
Alcoholic Beverages State Tax	\$ 105.2	\$ 109.6	\$ 4.4	4.0 %	4.0 %	\$ 206.4	\$ 215.0	\$ 8.6	
Bank Franchise Tax	9.9	10.2	0.3	(6.6)	3.0	20.5	20.1	(0.4)	
Beer & Beverage Excise Tax	32.7	42.0	9.3	0.0	0.0	65.4	84.0	18.6	
Corporate Franchise & Charter Fees	41.0	41.0	0.0	2.5	1.2	81.0	81.5	0.5	
Excess & Other Fees From Officers	(16.0)	(16.0)	0.0	0.0	0.0	(32.0)	(32.0)	0.0	
Estate & Gifts	108.6	131.4	22.8	1.1	(8.7)	216.0	275.4	59.4	
Institutional Revenues	9.5	8.6	(0.9)	0.0	0.0	19.0	17.2	(1.8)	
Interest & Rents	90.0	82.3	(7.7)	0.0	0.0	180.0	164.6	(15.4)	
Licenses & Permits	1.6	4.7	3.1	0.0	0.0	3.2	9.4	6.2	
Miscellaneous Taxes & Penalties	285.6	285.2	(0.4)	5.4	5.7	556.6	555.0	(1.6)	
Other Miscellaneous Revenues	37.4	12.8	(24.6)	0.0	0.0	74.8	25.6	(49.2)	
Tobacco Master Settlement	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Tobacco Products Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Wills, Suits, Deeds & Contract Fees	<u>375.9</u>	<u>493.2</u>	<u>117.3</u>	<u>3.8</u>	<u>3.6</u>	<u>738.1</u>	<u>969.1</u>	<u>231.0</u>	
Total Misc. Taxes & Other Revenues	\$ 1,081.4	\$ 1,205.0	\$ 123.6	3.2 %	2.1 %	\$ 2,129.0	\$ 2,384.9	\$ 255.9	
TOTAL GF REVENUES	\$ 14,299.0	\$ 15,048.6	\$ 749.6	4.1 %	5.8 %	\$ 28,038.4	\$ 29,270.0	\$ 1,231.6	
TRANSFERS									
A.B.C. Profits	\$ 13.3	\$ 19.8	\$ 6.5	0.0 %	0.0 %	\$ 26.6	\$ 39.6	\$ 13.0	
Lottery Proceeds Fund	402.0	441.8	39.8	0.0	0.0	804.0	883.6	79.6	
Transfers Per Appropriations Act	<u>323.2</u>	<u>352.9</u>	<u>29.7</u>	<u>3.2</u>	<u>3.0</u>	<u>636.5</u>	<u>695.5</u>	<u>59.0</u>	
Total Transfers	\$ 738.5	\$ 814.5	\$ 76.0	1.4 %	1.3 %	\$ 1,467.1	\$ 1,618.7	\$ 151.6	
TOTAL GENERAL FUND	\$ 15,037.5	\$ 15,863.1	\$ 825.6	3.9 %	5.6 %	\$ 29,505.5	\$ 30,888.7	\$ 1,383.2	

The December Standard General Fund Forecast for Fiscal Years 2009-2012
(Dollars in Millions)

12/17/04

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012
MAJOR TAX SOURCES				
Corporate Income	\$ 577.6	\$ 568.4	\$ 568.4	\$ 568.4
Individual Income Tax:				
Gross	11,562.6	12,264.7	12,964.7	13,732.1
Withholding	9,409.5	9,907.6	10,395.7	10,933.5
Nonwithholding	2,153.1	2,357.1	2,569.0	2,798.6
Refunds	<u>(1,632.1)</u>	<u>(1,709.3)</u>	<u>(1,786.6)</u>	<u>(1,866.5)</u>
Net	9,930.5	10,555.4	11,178.1	11,865.6
Insurance Company Premiums	507.4	507.4	507.4	507.4
Public Service GR / Consumption Tax	96.8	99.7	102.7	105.8
State Sales & Use Tax	<u>3,424.6</u>	<u>3,578.7</u>	<u>3,739.0</u>	<u>3,906.6</u>
Total Major Tax Sources	\$ 14,536.9	\$ 15,309.6	\$ 16,095.6	\$ 16,953.8
MISCELLANEOUS TAXES & OTHER REVENUES				
Alcoholic Beverages State Tax	\$ 114.0	\$ 118.5	\$ 123.3	\$ 128.2
Bank Franchise Tax	10.2	10.2	10.2	10.2
Beer & Beverage Excise Tax	42.0	42.0	42.0	42.0
Corporate Franchise & Charter Fees	41.0	41.0	41.0	41.0
Excess & Other Fees From Officers	(16.0)	(16.0)	(16.0)	(16.0)
Estate & Gifts	120.2	120.2	120.2	120.2
Institutional Revenues	8.6	8.6	8.6	8.6
Interest & Rents	82.3	82.3	82.3	82.3
Licenses & Permits	4.7	4.7	4.7	4.7
Miscellaneous Taxes & Penalties	300.9	317.6	317.6	317.6
Other Miscellaneous Revenues	12.8	12.8	12.8	12.8
Tobacco Master Settlement	0.0	0.0	0.0	0.0
Tobacco Products Tax	0.0	0.0	0.0	0.0
Wills, Suits, Deeds & Contract Fees	<u>496.9</u>	<u>499.9</u>	<u>504.5</u>	<u>510.0</u>
Total Misc. Taxes & Other Revenues	\$ 1,217.6	\$ 1,241.8	\$ 1,251.2	\$ 1,261.6
TOTAL GF REVENUES	\$ 15,754.5	\$ 16,551.4	\$ 17,346.8	\$ 18,215.4
TRANSFERS				
A.B.C. Profits	\$ 19.8	\$ 19.8	\$ 19.8	\$ 19.8
Lottery Proceeds Fund	441.8	441.8	441.8	441.8
Transfers Per Appropriations Act	<u>\$ 363.5</u>	<u>\$ 375.3</u>	<u>\$ 387.4</u>	<u>\$ 400.2</u>
Total Transfers	\$ 825.1	\$ 836.9	\$ 849.0	\$ 861.8
TOTAL GENERAL FUND	\$ 16,579.6	\$ 17,388.3	\$ 18,195.8	\$ 19,077.2
\$ Change From Previous Year	\$ 716.5	\$ 808.7	\$ 807.5	\$ 881.4

The December Standard General Fund Forecast for Fiscal Years 2009-2012
(Dollars in Millions)

12/17/04

	FY 09 % Growth Over FY 08	FY 10 % Growth Over FY 09	FY 11 % Growth Over FY 10	FY 12 % Growth Over FY 11
MAJOR TAX SOURCES				
Corporate Income	3.5 %	(1.6) %	0.0 %	0.0 %
Individual Income Tax:				
Gross	5.6	6.1	5.7	5.9
Withholding	5.0	5.3	4.9	5.2
Nonwithholding	8.1	9.5	9.0	8.9
Refunds	<u>4.7</u>	<u>4.7</u>	<u>4.5</u>	<u>4.5</u>
Net	5.7	6.3	5.9	6.2
Insurance Company Premiums	0.0	0.0	0.0	0.0
Public Service GR / Consumption Tax	3.0	3.0	3.0	3.0
State Sales & Use Tax	<u>4.0</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>
Total Major Tax Sources	5.0 %	5.3 %	5.1 %	5.3 %
MISCELLANEOUS TAXES & OTHER REVENUES				
Alcoholic Beverages State Tax	4.0 %	3.9 %	4.1 %	4.0 %
Bank Franchise Tax	0.0	0.0	0.0	0.0
Beer & Beverage Excise Tax	0.0	0.0	0.0	0.0
Corporate Franchise & Charter Fees	0.0	0.0	0.0	0.0
Excess & Other Fees From Officers	0.0	0.0	0.0	0.0
Estate & Gifts	(8.5)	0.0	0.0	0.0
Institutional Revenues	0.0	0.0	0.0	0.0
Interest & Rents	0.0	0.0	0.0	0.0
Licenses & Permits	0.0	0.0	0.0	0.0
Miscellaneous Taxes & Penalties	5.5	5.6	0.0	0.0
Other Miscellaneous Revenues	0.0	0.0	0.0	0.0
Tobacco Master Settlement	0.0	0.0	0.0	0.0
Tobacco Products Tax	0.0	0.0	0.0	0.0
Wills, Suits, Deeds & Contract Fees	<u>0.8</u>	<u>0.6</u>	<u>0.9</u>	<u>1.1</u>
Total Misc. Taxes & Other Revenues	1.0 %	2.0 %	0.8 %	0.8 %
TOTAL GF REVENUES	4.7 %	5.1 %	4.8 %	5.0 %
TRANSFERS				
A.B.C. Profits	0.0 %	0.0 %	0.0 %	0.0 %
Lottery Proceeds Fund	0.0	0.0	0.0	0.0
Transfers Per Appropriations Act	<u>3.0</u>	<u>3.2</u>	<u>3.2</u>	<u>3.3</u>
Total Transfers	1.3 %	1.4 %	1.4 %	1.5 %
TOTAL GENERAL FUND	4.5 %	4.9 %	4.6 %	4.8 %

Growth in Total General Fund Revenues
Fiscal Year 1961 - Fiscal Year 2006
(Nominal - Actual Dollars)

<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>	<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>
61	230,998,887	---	84	3,397,710,261	14.2%
62	242,144,567	4.8%	85	3,790,816,000	11.6%
63	286,304,265	18.2%	86	4,131,778,000	9.0%
64	298,033,919	4.1%	87	4,590,434,000	11.1%
65	323,213,412	8.4%	88	5,054,382,000	10.1%
66	365,129,776	13.0%	89	5,478,912,000	8.4%
67	414,755,644	13.6%	90	5,494,884,000	0.3%
68	533,597,744	28.7%	91	5,471,879,000	-0.4%
69	706,254,374	32.4%	92	5,623,213,000	2.8%
70	743,721,322	5.3%	93	6,133,637,000	9.1%
71	807,954,651	8.6%	94	6,503,368,000	6.0%
72	922,653,686	14.2%	95	6,881,145,000	5.8%
73	1,054,469,443	14.3%	96	7,356,110,000	6.9%
74	1,168,562,871	10.8%	97	7,949,327,000	8.1%
75	1,303,178,893	11.5%	98	8,773,520,000	10.4%
76	1,428,421,157	9.6%	99	9,702,747,000	10.6%
77	1,636,301,819	14.6%	00	10,788,482,000	11.2%
78	1,923,085,084	17.5%	01	11,105,275,000	2.9%
79	2,115,211,522	10.0%	02	10,678,954,000	-3.8%
80	2,344,928,934	10.9%	03	10,867,149,000	1.8%
81	2,579,663,941	10.0%	04	11,917,867,000	9.7%
82	2,796,458,741	8.4%	*05	12,893,200,000	8.2%
83	2,975,687,935	6.4%	*06	13,441,800,000	4.3%

*December 17, 2004 Forecast (Excludes Transfers)

Growth in Total General Fund Revenues
Fiscal Year 1961 - Fiscal Year 2006
(Real - Inflation Adjusted Dollars)

<u>FY</u>	<u>Real Revenues</u>	<u>Growth</u>	<u>FY</u>	<u>Real Revenues</u>	<u>Growth</u>
61	1,105,191,733	---	84	5,334,762,539	9.7%
62	1,147,672,573	3.8%	85	5,753,904,299	7.9%
63	1,341,176,334	16.9%	86	6,094,629,667	5.9%
64	1,377,315,783	2.7%	87	6,593,414,391	8.2%
65	1,473,522,206	7.0%	88	6,993,554,904	6.1%
66	1,634,604,481	10.9%	89	7,261,814,555	3.8%
67	1,807,647,340	10.6%	90	6,993,393,363	-3.7%
68	2,255,225,984	24.8%	91	6,660,149,589	-4.8%
69	2,862,313,440	26.9%	92	6,644,938,788	-0.2%
70	2,875,507,740	0.5%	93	7,058,595,332	6.2%
71	2,989,435,198	4.0%	94	7,338,198,108	4.0%
72	3,287,677,045	10.0%	95	7,585,391,732	3.4%
73	3,619,315,392	10.1%	96	7,950,488,522	4.8%
74	3,711,520,247	2.5%	97	8,416,016,135	5.9%
75	3,754,666,089	1.2%	98	9,183,686,394	9.1%
76	3,861,354,338	2.8%	99	10,040,691,577	9.3%
77	4,181,893,693	8.3%	00	10,914,931,481	8.7%
78	4,607,295,362	10.2%	01	10,979,721,880	0.6%
79	4,703,501,194	2.1%	02	10,398,860,687	-5.3%
80	4,733,739,634	0.6%	03	10,386,935,026	-0.1%
81	4,728,534,726	-0.1%	04	11,184,263,215	7.7%
82	4,791,882,452	1.3%	*05	11,860,571,663	6.0%
83	4,861,698,971	1.5%	*06	12,172,610,364	2.6%

*December 17, 2004 Forecast (Excludes Transfers)

Shaded areas indicate years in which there was a national recession.

NONGENERAL FUND REVENUE PROJECTIONS
For Fiscal Years 2005 Through 2009-2010
(Dollars in millions)

	Actual						
	2004	2005	2006	2007	2008	2009	2010
Taxes:							
Motor vehicle fuel tax	908.8	935.8	957.1	987.0	1,017.4	1,041.6	1,069.2
Unemployment compensation payroll tax	362.1	522.7	581.8	538.2	425.7	363.6	337.8
Special highway tax from sales tax	415.0	437.6	463.4	480.0	503.9	527.7	554.0
Motor vehicle sales tax and use tax	597.2	613.1	625.1	633.4	654.8	659.7	691.2
Other taxes	90.4	352.1	513.4	522.1	534.7	547.1	560.8
Total	2,373.5	2,861.4	3,140.8	3,160.7	3,136.6	3,139.7	3,213.0
Rights and privileges:							
Motor Vehicle Licenses	229.5	251.1	252.2	253.5	253.3	254.8	254.8
Other Rights & Privileges	445.3	508.9	516.9	531.6	540.6	553.4	559.9
Total	674.9	760.0	769.1	785.1	793.9	808.2	814.7
Sales of property and commodities:							
Alocoholic Beverage Sales	407.6	440.1	469.2	500.3	536.3	555.0	585.0
Other Sales	41.7	29.7	29.7	27.3	27.4	27.4	27.5
Total	449.3	469.8	498.9	527.7	563.7	582.4	612.5
Assessment & Receipts for Support of Special Services:							
	267.9	300.0	326.7	336.2	357.5	380.7	406.1
Institutional revenue:							
Institutions of Higher Education	2,257.8	2,510.8	2,456.5	2,881.4	3,065.4	3,262.3	3,472.9
Other Educational Institutions	5.9	11.4	11.5	7.8	8.3	8.4	8.5
Medical Hospitals	704.9	880.7	836.0	876.1	904.0	932.6	986.2
Mental Hospitals	277.9	273.7	277.2	281.2	282.2	283.2	284.3
Corrections	65.9	50.8	49.1	49.8	51.6	51.3	52.1
Other Institutions	29.6	50.1	53.6	48.5	40.4	37.3	38.1
Total	3,342.1	3,777.5	3,683.9	4,144.8	4,351.8	4,575.1	4,842.0
Interest dividends and rents:	50.5	54.8	67.2	81.8	90.5	94.5	96.0
Grants and donations:							
Federal grants and contracts	5,925.0	6,485.7	7,029.8	7,493.8	7,576.3	7,874.3	8,233.3
Other grants & contracts	153.6	147.4	142.9	137.3	140.2	143.5	146.0
Total	6,078.6	6,633.1	7,172.7	7,631.1	7,716.5	8,017.8	8,379.3
Other Revenue:	1,251.2	1,568.3	1,464.1	1,532.7	1,634.4	1,733.9	1,846.2
Total Nongeneral Fund Revenue	14,488.0	16,424.9	17,123.4	18,200.1	18,644.8	19,332.2	20,209.7
\$ Amount change from previous year		1,936.9	698.5	1,076.6	444.7	687.5	877.4
% Change from previous year		13.4%	4.3%	6.3%	2.4%	3.7%	4.5%

Commonwealth of Virginia/Department of Accounts
Summary Report on General Fund and Lottery Revenue Collections
For the Fiscal Years 2004 and 2005
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2005 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	November FY 2005	November FY 2004	% Change	Year-To-Date FY 2005	Year-To-Date FY 2004	% Change	% Annual Growth Req By Est
Individual Income Tax:									
Withholding	\$7,366,000	57.34	\$631,611	\$548,915	15.1	\$2,986,066	\$2,762,259	8.1	4.6
Tax Dues/Estimated Payments	1,671,200	13.01	31,177	24,512	27.2	370,419	296,976	24.7	6.9
Gross Individual Income Tax	<u>\$9,037,200</u>	<u>70.35</u>	<u>\$662,788</u>	<u>\$573,427</u>	<u>15.6</u>	<u>\$3,356,485</u>	<u>\$3,059,235</u>	<u>9.7</u>	<u>5.1</u>
Individual and Fiduciary Income (Refunds)	(1,263,300)	(9.83)	(32,736)	(24,674)	32.7	(155,911)	(135,633)	15.0	3.8
Net Individual Income Tax	<u>\$7,773,900</u>	<u>60.52</u>	<u>\$630,052</u>	<u>\$548,753</u>	<u>14.8</u>	<u>\$3,200,574</u>	<u>\$2,923,602</u>	<u>9.5</u>	<u>5.3</u>
Sales and Use Tax	2,852,300	22.20	239,520	208,911	14.7	1,010,076	902,871	11.9	11.3
Corporations Income Tax	407,700	3.17	(30,031)	(17,423)	(72.4)	135,768	112,711	20.5	(4.2)
Public Service Corporations	86,300	0.67	4,209	5,420	(22.3)	30,787	30,344	1.5	(0.7)
Insurance Premiums	381,200	2.97	(7,167)	4,085	(275.4)	81,968	72,685	12.8	8.5
Interest Income (a)	80,400	0.63	14,481	11,110	30.3	38,669	33,313	16.1	30.9
Alcoholic Beverage Sales (b)	126,000	0.98	27,607	26,087	5.8	43,933	42,675	2.9	(8.7)
Tobacco Master Settlement	0	0.00	0	0	-	571	516	10.7	(100.0)
All Other Revenues	744,000	5.79	87,828	43,963	99.8	422,105	298,030	41.6	(13.1)
Total General Fund Revenues	<u>\$12,451,800</u>	<u>96.93</u>	<u>\$966,499</u>	<u>\$830,906</u>	<u>16.3</u>	<u>\$4,964,451</u>	<u>\$4,416,747</u>	<u>12.4</u>	<u>4.5</u>
Gross Lottery Revenue	\$1,262,500	9.82	\$109,490	\$95,605	14.5	\$519,218	\$472,090	10.0	0.0
Less: Expenses	(867,500)	(6.75)	(73,795)	(66,783)	10.5	(351,281)	(317,831)	10.5	1.5
Net Lottery Profits	<u>\$395,000</u>	<u>3.07</u>	<u>\$35,695</u>	<u>\$28,822</u>	<u>23.8</u>	<u>\$167,937</u>	<u>\$154,259</u>	<u>8.9</u>	<u>(3.2)</u>
Total General Fund Revenues and Net Lottery Profits	<u>\$12,846,800</u>	<u>100.00</u>	<u>\$1,002,194</u>	<u>\$859,728</u>	<u>16.6</u>	<u>\$5,132,388</u>	<u>\$4,571,006</u>	<u>12.3</u>	<u>4.2</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.

Commonwealth of Virginia/Department of Accounts
General Fund Statement of Revenue Collections and Estimates
For the Fiscal Years 2004 and 2005

Revenue	(Dollars in Thousands)								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2005 Estimate	As a % of Total Gen Fund Rev	FY 2005	November FY 2004	% Change	FY 2005	Year-To-Date FY 2004	% Change	% Annual Growth Req By Est
Taxes:									
Individual Income Tax - Withholding	\$7,366,000	59.16	\$631,611	\$548,915	15.1	\$2,986,066	\$2,762,259	8.1	4.6
Tax Dues/Estimated Payments	1,671,200	13.42	31,177	24,512	27.2	370,419	296,976	24.7	6.9
Gross Individual Income Tax	\$9,037,200	72.58	\$662,788	\$573,427	15.6	\$3,356,485	\$3,059,235	9.7	5.1
Individ and Fiduc Income (Refunds)	(1,263,300)	(10.15)	(32,736)	(24,674)	32.7	(155,911)	(135,633)	15.0	3.8
Net Individual Income Tax	\$7,773,900	62.43	\$630,052	\$548,753	14.8	\$3,200,574	\$2,923,602	9.5	5.3
Sales and Use Tax	2,852,300	22.91	239,520	208,911	14.7	1,010,076	902,871	11.9	11.3
Corporations Income	407,700	3.28	(30,031)	(17,423)	(72.4)	135,768	112,711	20.5	(4.2)
Public Service Corporations	86,300	0.69	4,209	5,420	(22.3)	30,787	30,344	1.5	(0.7)
Insurance Premiums	381,200	3.06	(7,167)	4,085	(275.4)	81,968	72,685	12.8	8.5
Alcoholic Beverage Excise	93,300	0.75	24,404	22,503	8.4	25,365	23,808	6.5	(2.7)
Beer and Beverage Excise	32,700	0.26	3,203	3,584	(10.6)	18,568	18,867	(1.6)	(22.5)
Wills, Suits, Deeds, Contracts	325,100	2.61	48,788	20,873	133.7	211,126	145,886	44.7	(4.5)
Inheritance, Gift, and Estate	119,300	0.96	18,996	7,120	166.8	86,492	51,140	69.1	(20.3)
Tobacco Products	0	0.00	0	1,066	(100.0)	6,334	6,595	(4.0)	(100.0)
Bank Franchise	10,300	0.08	0	0	-	719	64	#	19.0
Other Taxes	30,800	0.25	1,663	1,678	(0.9)	8,631	4,923	75.3	101.8
Total Taxes	\$12,112,900	97.28	\$933,637	\$806,570	15.8	\$4,816,408	\$4,293,496	12.2	5.5
Rights and Privileges:									
Licenses and Permits	\$1,600	0.01	\$360	\$343	5.0	\$1,722	\$1,676	2.7	(65.3)
Corp. Franchise and Charters	38,000	0.30	492	446	10.3	2,798	2,859	(2.1)	(2.7)
Fees for Practice of Prof	1,000	0.01	0	39	(100.0)	0	115	(100.0)	(12.7)
Fees for Misc. Privileges & Services	12,100	0.10	801	(184)	535.3	4,280	3,956	8.2	0.9
Total Rights and Privileges	\$52,700	0.42	\$1,653	\$644	156.7	\$8,800	\$8,606	2.3	(7.3)
Other Revenues:									
Sales of Property & Commodities	\$100	0.00	\$1	\$2	(50.0)	\$11,190	\$726	#	(95.1)
Assessmts & Rcpts for Support of Special Svcs	400	0.00	8	7	14.3	133	123	8.1	30.7
Institutional Revenue	9,300	0.08	733	115	537.4	3,206	4,677	(31.5)	(3.5)
Interest (a)	80,400	0.65	14,481	11,110	30.3	38,669	33,313	16.1	30.9
Dividends and Rent	300	0.00	17	23	(26.1)	134	144	(6.9)	13.2
Fines, Forfeitures & Fees	217,200	1.74	17,734	12,479	42.1	88,669	78,267	13.3	5.1
Other Revenue	(11,100)	(0.09)	372	2,250	(83.5)	9,673	11,618	(16.7)	(114.6)
Excess Fees	(20,000)	(0.16)	(2,857)	(3,117)	8.3	(16,522)	(18,199)	9.2	42.6
Private Donations, Gifts & Cont.	0	0.00	0	0	-	0	0	-	(100.0)
Cities, Counties, and Towns	9,600	0.08	720	823	(12.5)	3,520	3,460	1.7	7.1
Tobacco Master Settlement	0	0.00	0	0	-	571	516	10.7	(100.0)
Total Other Revenues	\$286,200	2.30	\$31,209	\$23,692	31.7	\$139,243	\$114,645	21.5	(25.0)
Total General Fund Revenues	\$12,451,800	100.00	\$966,499	\$830,906	16.3	\$4,964,451	\$4,416,747	12.4	4.5

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.

**Commonwealth of Virginia/Department of Lottery
Summary Report on Lottery Collections
For the Fiscal Years 2004 and 2005
(Dollars in Thousands)**

	FY 2005 Estimate (d)	November			Year-To-Date			% Annual Growth Required By Estimate
		FY 2005	FY 2004	% Change	FY 2005	FY 2004	% Change (b)	
Lottery Collections								
Lotto South	\$71,100	\$4,671	\$6,693	(30.2)	\$26,695	\$29,673	(10.0)	(2.6)
Cash 5	26,500	2,267	2,192	3.4	11,593	11,277	2.8	(5.5)
Pick 4	159,000	13,294	12,401	7.2	66,326	61,910	7.1	1.3
Pick 3	240,100	19,484	18,638	4.5	98,086	95,779	2.4	(0.5)
Mega Millions	115,700	13,339	7,137	86.9	57,925	40,808	41.9	(12.4)
Scratch	650,100	56,435	48,544	16.3	258,593	232,643	11.2	3.0
Gross Lottery Revenue	<u>1,262,500</u>	<u>109,490</u>	<u>95,605</u>	<u>14.5</u>	<u>519,218</u>	<u>472,090</u>	<u>10.0</u>	<u>0.0</u>
Expenses (c)	<u>867,500</u>	<u>73,795 (a)</u>	<u>66,783</u>	<u>10.5</u>	<u>351,281 (a)</u>	<u>317,831</u>	<u>10.5</u>	<u>1.5</u>
Net Lottery Ticket Profits	<u>\$395,000</u>	<u>\$35,695 (a)</u>	<u>\$28,822</u>	<u>23.8</u>	<u>\$167,937 (a)</u>	<u>\$154,259</u>	<u>8.9</u>	<u>(3.2)</u>

(a) Current month includes operating expenses estimate (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 expenses 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 2003.

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 2004 and 2005
(Dollars in Thousands)

Revenue	FY 2005 Estimate	As a % of Total Fund	November			Year-To-Date			% Annual Growth Required By Estimate
			FY 2005	FY 2004	% Change	FY 2005	FY 2004	% Change	
Motor Fuel Taxes	\$860,500	28.51	\$72,485	\$67,072	8.1	\$296,231	\$287,881	2.9	1.7
Priority Transportation Fund	20,000	0.66	2,000	2,000	0.0	6,000	6,000	0.0	0.0
Motor Vehicle Sales and Use Tax	600,200	19.90	46,730	39,859	17.2	261,618	253,796	3.1	(0.6)
State Sales and Use Tax	417,500	13.84	38,296	35,326	8.4	168,128	155,563	8.1	0.6
Motor Vehicle License Fees	146,700	4.86	11,033	10,279	7.3	65,563	66,610	(1.6)	(9.9)
International Registration Plan	61,500	2.04	2,014	2,753	(26.8)	12,729	13,144	(3.2)	13.2
Interest Earnings	15,400	0.51	0	0	-	3,491	3,480	0.3	44.3
Misc. Taxes, Fees, and Revenues	18,600	0.62	2,982	2,024	47.3	12,372	9,954	24.3	(13.0)
Total State Taxes and Fees	\$2,140,400	70.94	\$175,540	\$159,313	10.2	\$826,132	\$796,428	3.7	0.3

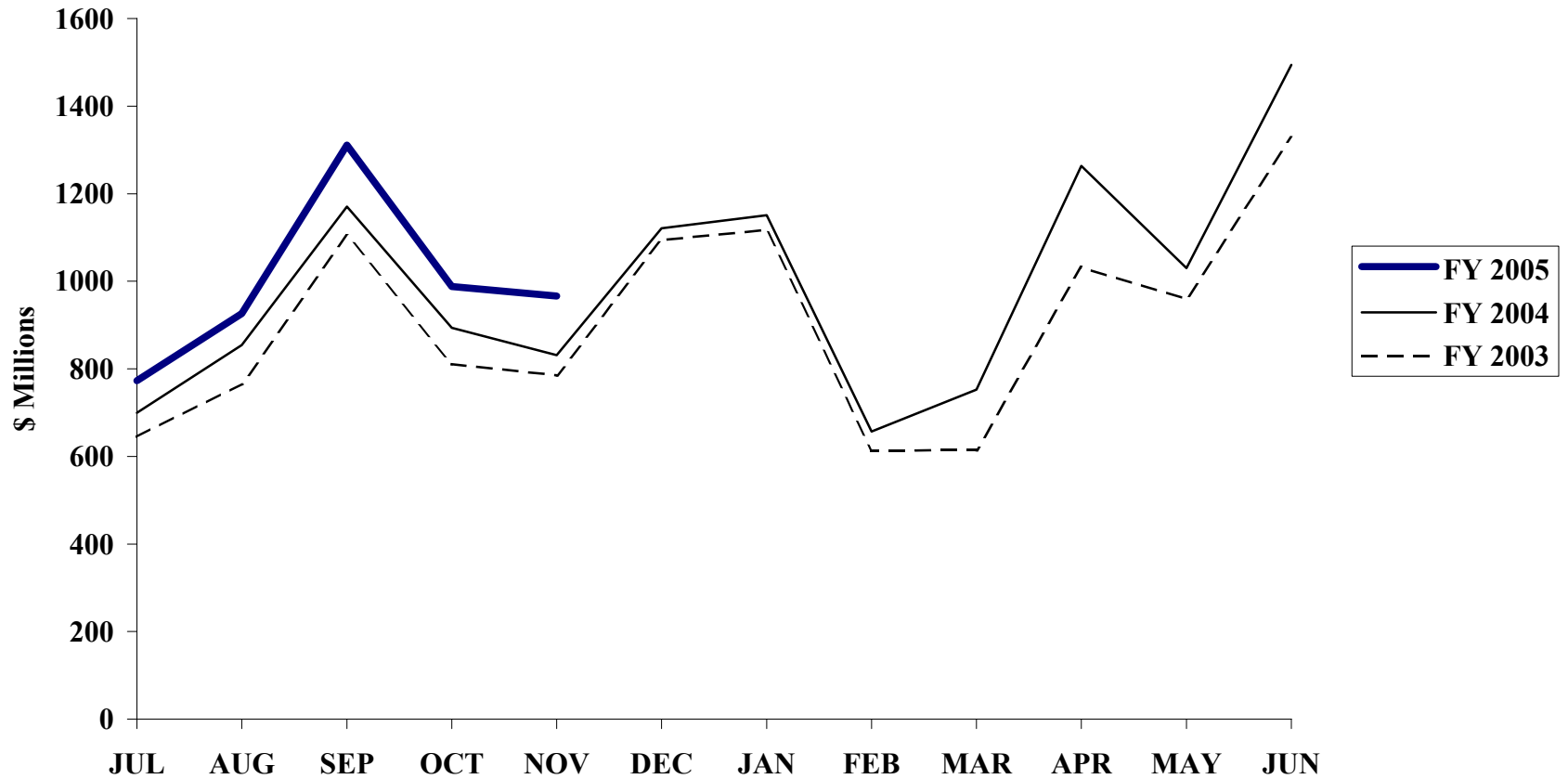
Percentage is greater than 1,000%.

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 2004 and 2005
(Dollars in Thousands)

Revenue	FY 2005 Estimate	As a % of Total Fund	November			Year-To-Date			% Annual Growth Required By Est
			FY 2005	FY 2004	% Change	FY 2005	FY 2004	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$733,700	24.31	\$62,927	\$57,448	9.5	\$257,676	\$248,317	3.8	0.8
Motor Vehicle Sales and Use Tax	385,800	12.79	29,956	25,440	17.8	168,683	163,597	3.1	(0.8)
Motor Vehicle License Fees	125,400	4.15	9,597	8,969	7.0	57,500	58,249	(1.3)	(11.8)
International Registration Plan	61,500	2.04	2,014	2,753	(26.8)	12,729	13,144	(3.2)	13.2
Misc. Taxes, Fees, and Revenues	18,600	0.62	2,982	2,024	47.3	12,372	9,954	24.3	(13.0)
Total State Taxes and Fees	\$1,325,000	43.91	\$107,476	\$96,634	11.2	\$508,960	\$493,261	3.2	(0.7)
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$1,538	\$1,165	32.0	\$7,456	\$5,122	45.6	(100.0)
Transfer (to) / from Transportation Trust Fund	\$244,600	8.11	\$24,462	\$0	-	\$194,977	\$20,177	866.3	329.9
Total Highway Maintenance and Operating Fund	\$1,569,600	52.02	\$133,476	\$97,799	36.5	\$711,393	\$518,560	37.2	11.7
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$126,800	4.20	\$9,558	\$9,624	(0.7)	\$38,555	\$39,564	(2.6)	7.3
Priority Transportation Fund	20,000	0.66	2,000	2,000	0.0	6,000	6,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	214,400	7.11	16,774	14,419	16.3	92,935	90,199	3.0	(0.4)
State Sales and Use Tax	417,500	13.84	38,296	35,326	8.4	168,128	155,563	8.1	0.6
Motor Vehicle License Fees	21,300	0.71	1,436	1,310	9.6	8,063	8,361	(3.6)	3.8
Interest Earnings	15,400	0.51	0	0	-	3,491	3,480	0.3	44.3
Total State Taxes and Fees	\$815,400	27.03	\$68,064	\$62,679	8.6	\$317,172	\$303,167	4.6	2.0
Other Revenues:									
Federal Grants and Contracts	\$764,800	25.35	\$32,216	\$42,306	(23.9)	\$215,471	\$353,623	(39.1)	19.7
Receipts from Cities/Counties	43,700	1.45	863	1,569	(45.0)	14,265	18,428	(22.6)	37.9
Toll Revenues (Includes Route 28)	62,900	2.08	3,826	5,532	(30.8)	39,583	27,238	45.3	(15.6)
Miscellaneous Revenues	5,500	0.18	3,527	1,906	85.0	19,345	7,560	155.9	(70.0)
Total Other Revenues	\$876,900	29.06	\$40,432	\$51,313	(21.2)	\$288,664	\$406,849	(29.0)	14.8
Transfer (to) / from Highway Maintenance and Operating Fund	(\$244,600)	(8.11)	(\$24,462)	\$0	-	(\$194,977)	(\$20,177)	(866.3)	(329.9)
Total Transportation Trust Fund	\$1,447,700	47.98	\$84,034	\$113,992	(26.3)	\$410,859	\$689,839	(40.4)	(3.9)
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,017,300	100.00	\$217,510	\$211,791	2.7	\$1,122,252	\$1,208,399	(7.1)	3.6

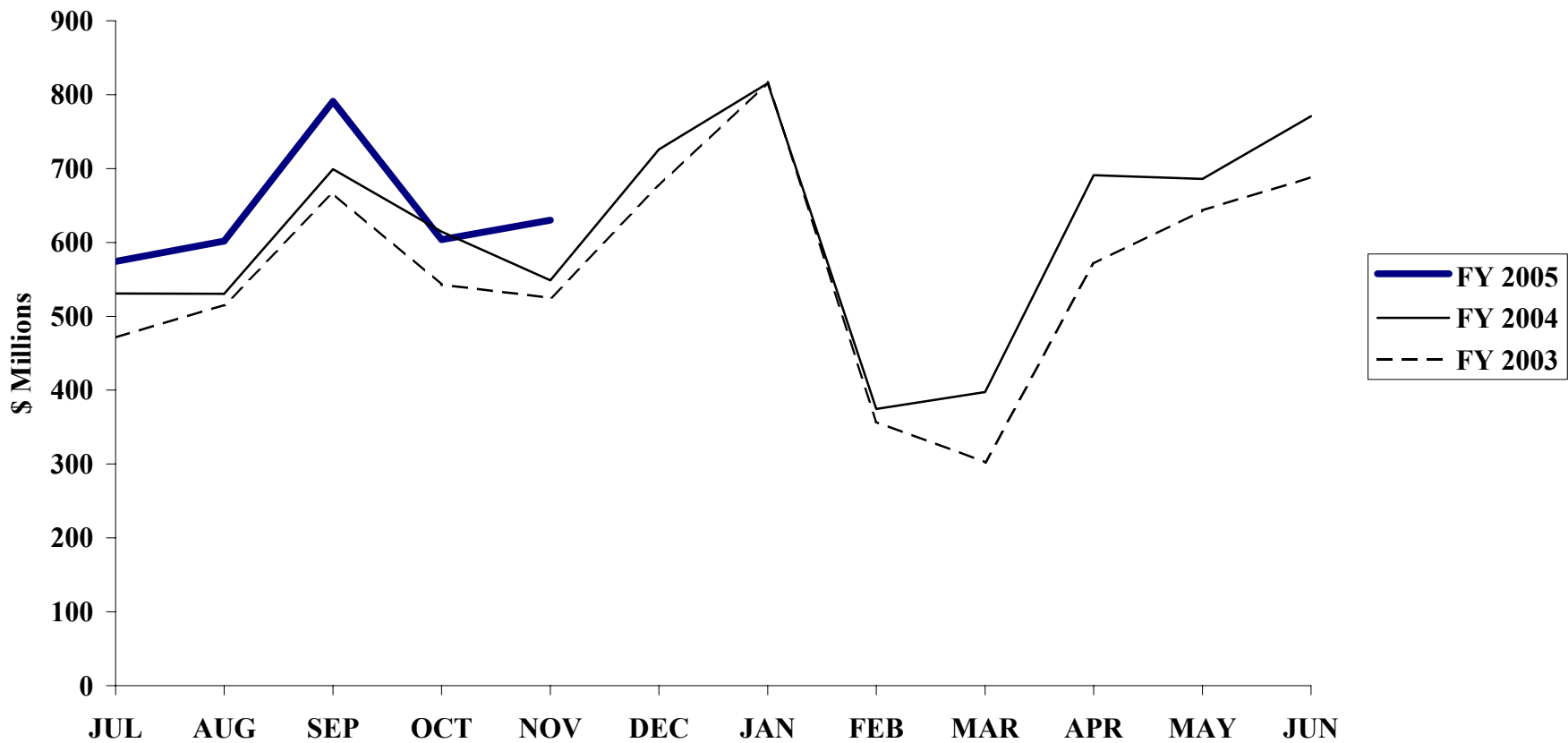
Percentage is greater than 1,000%.

Total General Fund Revenues



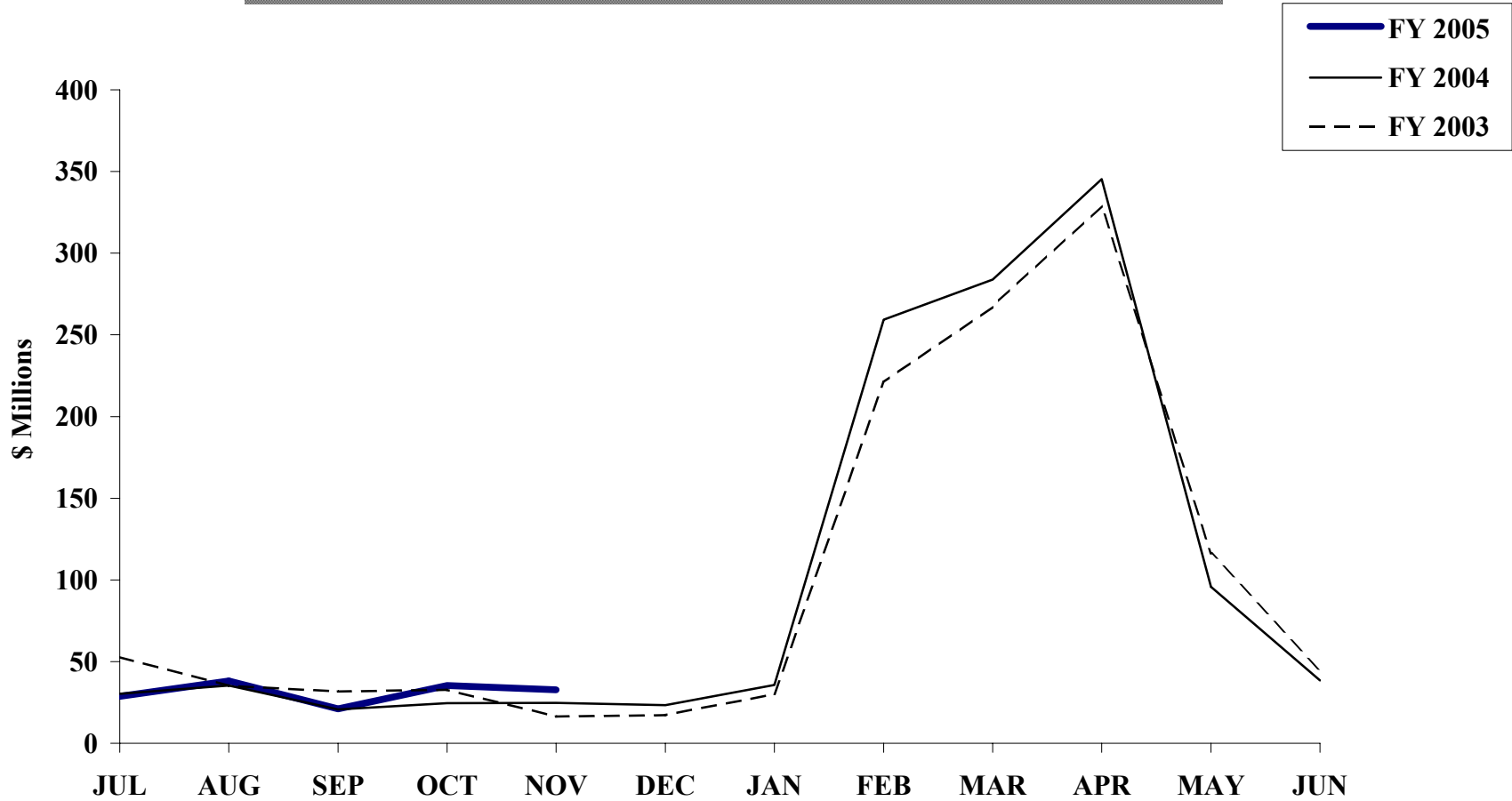
FY 2003 Actual = \$10,867.1 Million
FY 2004 Actual = \$11,917.8 Million
FY 2005 Estimate = \$12,451.8 Million

Net Individual Income Tax



FY 2003 Actual = \$6,775.7 Million
FY 2004 Actual = \$7,384.8 Million
FY 2005 Estimate = \$7,773.9 Million

Individual and Fiduciary Income Tax Refunds



FY 2003 Actual = \$1,194.4 Million
FY 2004 Actual = \$1,217.2 Million
FY 2005 Estimate = \$1,263.3 Million

DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2005

(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, 2004	\$3,038.8	1.66%	\$842.2	9.21%	\$3,881.0	3.30%
August	\$3,001.2	1.77%	\$852.1	19.27%	\$3,853.3	5.64%
September	\$3,214.6	1.87%	\$859.5	1.93%	\$4,074.1	1.88%
October	\$3,237.2	1.93%	\$862.7	7.44%	\$4,099.9	3.09%
November	\$3,221.6	2.06%	\$861.7	-9.79%	\$4,083.3	-0.44%
December						
January, 2005						
February						
March						
April						
May						
June						
Year-to-Date Average	\$3,142.7	1.86%	\$855.6	5.57%	\$3,998.3	2.65%
Latest 12-month Average	\$2,973.1	1.69%	\$848.1	3.37%	\$3,821.4	2.07%

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 2005
(Dollars in Thousands)**

<u>Month</u>	<u>Beginning Balance</u>	<u>Deposits/(Withdrawals)</u>	<u>Interest Allocated (A)</u>	<u>Ending Balance</u>
July	\$340,067	\$0	\$0	\$340,067
August	\$340,067	\$0	\$0	\$340,067
September	\$340,067	\$0	\$0	\$340,067
October	\$340,067	\$0	\$1,624	\$341,691
November	\$341,691	\$0	\$0	\$341,691
December				
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.