



AUDITOR OF PUBLIC ACCOUNTS

Commonwealth of Virginia

REVENUE STABILIZATION FUND CALCULATIONS

For the Year Ended

June 30, 2026

Staci A. Henshaw, CPA
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P.O. Box 1295
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October 30, 2026

Dear General Assembly Member:

REVENUE STABILIZATION FUND

This Office is providing a report of the required calculations for the Revenue Stabilization Fund. Appendix A provides historical information concerning the establishment of the Fund and the requirements surrounding it.

The amount in the Revenue Stabilization Fund is not to exceed 15 percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales as certified by our Office for the previous three fiscal years. Therefore, the limit for the balance at the end of fiscal year 2026 is based on the revenues certified in our prior year report. The limit for the balance at the end of fiscal year 2027 is based on the revenues certified in this report.

CALCULATION OF MAXIMUM FUND ALLOWED
For Fiscal Year 2027
(Dollars in Thousands)

Years	Tax Revenues
2024	$27,500,967
2025	29,171,695
2026	31,379,324
Average for three years	$29,350,662
Maximum fund allowed June 30, 2027 (15% of average)	$ 4,402,599

CALCULATION OF CONSTITUTIONAL DEPOSIT

As of June 30, 2026, certified tax revenues increased by 7.57 percent between fiscal years 2025 and 2026, and the average revenue growth for the preceding six years was 6.86 percent. Under the provisions of the Revenue Stabilization Fund, the difference between last year's revenue growth and the average growth is ***positive*** 0.71 percent. As a result, the General Assembly must make a mandatory deposit of $110,525,794 related to fiscal year 2026 certified tax revenues, as required by the Virginia Constitution. Exhibit 1 provides certified tax revenue amounts used in the calculation. The Comptroller's General Fund Preliminary Annual Report includes a general fund balance restriction of $110,525,794 for the 2028 mandatory deposit.

Fiscal Year 2026 and Future Activity

There were no required deposits to or withdrawals from the Fund during the year. The only change to the balance was interest earned. Exhibit 2 provides the funding progress of the Fund through June 30, 2026, and planned future activity through June 30, 2028.

Article X, Section 8 of the Virginia Constitution, as discussed in Appendix A, establishes the requirements for making a withdrawal from the Revenue Stabilization Fund. Pursuant to Item 255 of Chapter 1, of the 2026 Acts of Assembly, Special Session 1, there is no planned withdrawal from the Fund for the fiscal year ending June 30, 2027.

HISTORICAL INFORMATION

Exhibits 3 through 5 provide historical information on the Revenue Stabilization Fund, including a graphical illustration of fund balance by fiscal year and a schedule of deposits and withdrawals.

Should you have any questions concerning this information, please contact me.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

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Exhibit 1

CALCULATIONS USED FOR THE REVENUE STABILIZATION FUND

(Dollars in Thousands)

Years	Individual and Fiduciary Income Taxes	Corporate Income Tax	State Sales and Use Taxes	Totals	Percentage Change	Six Year Average
2020	15,351,603	1,011,650	4,112,861	20,476,114	3.84%	4.08%
2021	17,304,476	1,515,692	4,624,545	23,444,713	14.50%	4.88%
2022*	19,361,619	1,978,697	5,080,554	26,420,869	12.69%	5.85%
2023*	20,032,168	2,031,121	5,291,556	27,354,845	3.53%	7.74%
2024	20,310,406	1,907,065	5,283,496	27,500,967	0.53%	7.71%
2025	21,892,442	1,878,586	5,400,667	29,171,695	6.08%	6.67%
2026	23,724,599	1,904,762	5,749,963	31,379,324	7.57%	6.86%

*The certified amounts for fiscal year 2022 and 2023 Individual and Fiduciary Income Taxes are reduced or increased, respectively, by estimated refunds for the Individual Income Tax Rebate in the amount of $1,048,612 (dollars in thousands) pursuant to Item 3-5.24 of Chapter 1 of the 2022 Acts of Assembly, Special Session I.

Exhibit 2

SCHEDULE OF FUNDING PROGRESS
(Dollars in Thousands)

	Amounts
Balance as of June 30, 2025	$ 2,882,213
Interest earned during fiscal year 2026	118,405
Balance as of June 30, 2026*	$ 3,000,618
Maximum fund allowed for fiscal year 2026**	$ 4,201,375
Percentage of maximum fund allowed for fiscal year 2026	71.42%
Maximum fund allowed for fiscal year 2027	$ 4,402,599
Percentage of maximum fund allowed for fiscal year 2027	68.16%
Required future deposit: Fiscal year 2028 mandatory deposit	110,526
Total fund including required deposit as of June 30, 2028	$ 3,111,144

* A fiscal year 2027 deposit is not required based on fiscal year 2025 calculations, and a fiscal year 2028 deposit is required based on fiscal year 2026 calculations.

**The maximum fund allowed at the end of fiscal year 2026 is calculated in our prior year report based on revenues certified in that report.

Exhibit 3

REVENUE STABILIZATION FUND BALANCE
FISCAL YEARS 2012 – 2026
As of Fiscal Year End
(Dollars in Thousands)

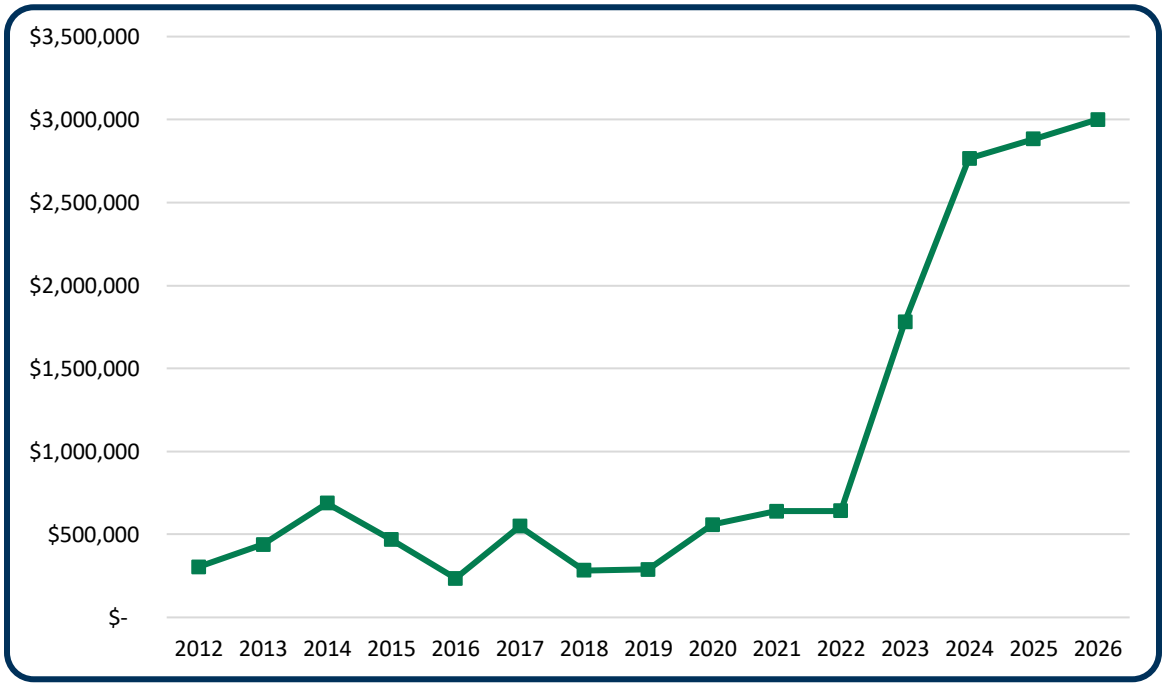


Exhibit 4

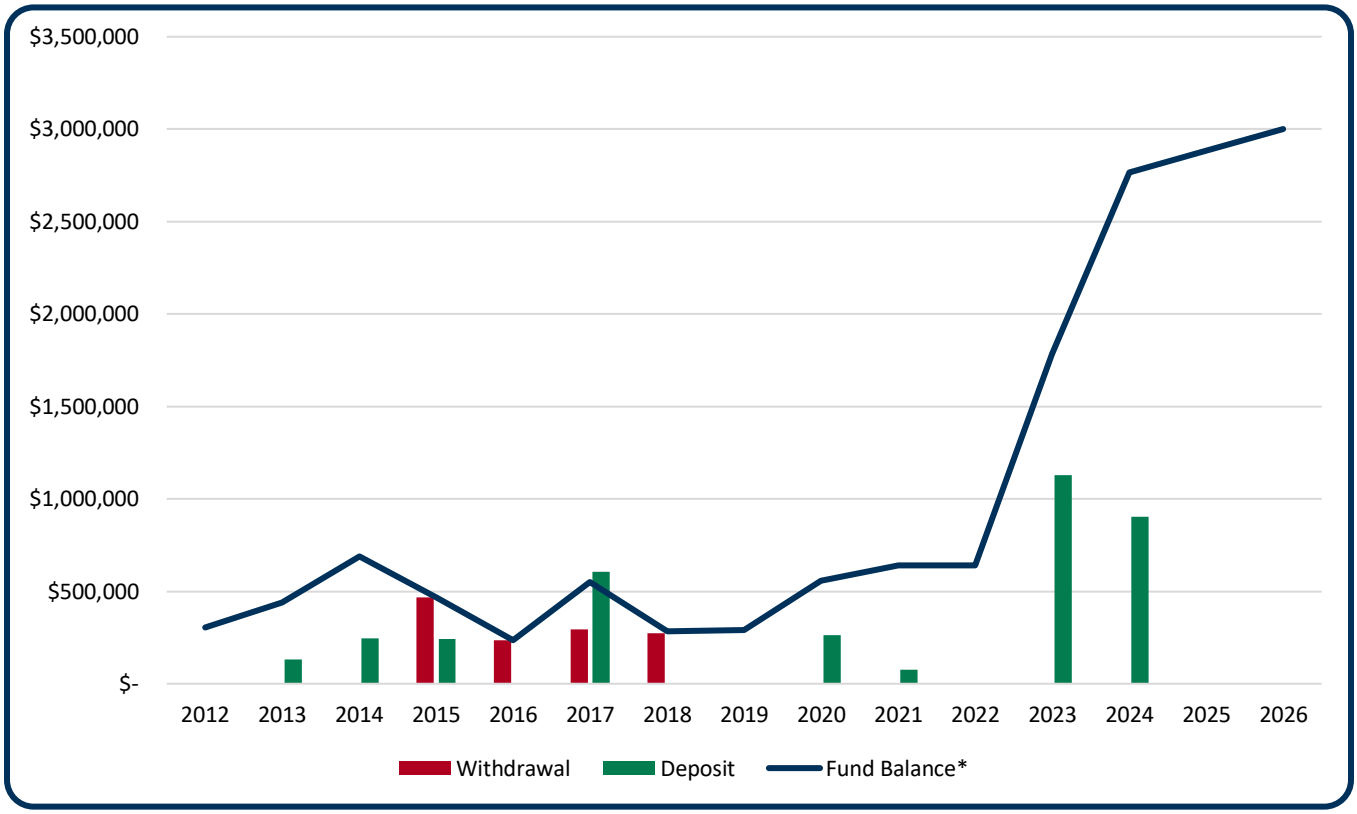
SCHEDULE OF DEPOSITS AND WITHDRAWALS*
(Dollars in Thousands)

Date	Amount of Deposit	Amount of Withdrawal
June 1995	$ 79,897	$ -
June 1997	66,625	-
June 1998	58,314	-
June 1999	123,834	-
June 2000	194,136	-
June 2001	103,346	-
April 2002	187,091	467,731
June 2003	-	247,481
June 2004	87,000	-
June 2005	134,468	-
June 2006	181,936	-
June 2006	402,224	-
June 2007	106,690	-
June 2008	114,845	351,500
June 2009	21,321	490,000
June 2010	-	295,096
June 2013	132,689	-
June 2014	244,645	-
June 2015	243,170	467,717
June 2016	-	235,485
June 2017	605,572	294,653
June 2018	-	272,542
June 2020	262,942	-
June 2021	77,410	-
June 2023	1,127,733	-
June 2024	904,652	-

*Any years not shown, including the current year, did not have deposits or withdrawals.

Exhibit 5

DEPOSITS, WITHDRAWALS, AND FUND BALANCE
FISCAL YEARS 2012 - 2026
(Dollars in Thousands)



*Fund balance is as of fiscal year end and includes the impact of the deposits, withdrawals, and interest earned throughout the year.

APPENDIX A

HISTORICAL INFORMATION

Mandatory Deposit

Article X, Section 8 of the Virginia Constitution and the enabling legislation established the Revenue Stabilization Fund, and requires this Office to report to the General Assembly the following:

1. certified tax revenues for the calculation of the Revenue Stabilization Fund;

2. the maximum size allowed of the Revenue Stabilization Fund; and

3. the amount of the mandatory deposit to the fund.

The amount in the Revenue Stabilization Fund is not to exceed 15 percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales as certified by our Office for the three fiscal years immediately preceding. The General Assembly is required to make deposits to the Revenue Stabilization Fund to equal at least 50 percent of the total of: certified tax revenues for the most recently ended fiscal year, multiplied by the difference between the annual percentage increase in certified tax revenues collected for the most recently ended fiscal year, and the average annual percentage increase in certified tax revenues collected for the six fiscal years immediately preceding the most recently ended fiscal year.

Item 255 of Chapter 1, of the 2026 Acts of Assembly, Special Session 1, requires this Office to report to the General Assembly on or before November 1 of each year.

Withdrawals

Per Article X, Section 8 of the Virginia Constitution, the General Assembly may appropriate an amount for transfer from the Fund to compensate for no more than one-half of the difference between the total general fund revenues appropriated and a revised general fund revenue forecast presented to the General Assembly prior to or during a subsequent regular or special legislative session. However, per Article X, Section 8, no transfer shall be made unless the general fund revenues appropriated exceed such revised general fund revenue forecast by more than two percent of certified tax revenues collected in the most recently ended fiscal year. Furthermore, no appropriation or transfer from such fund in any fiscal year shall exceed more than one-half of the balance of the Revenue Stabilization Fund.

Item 267 D.1 – D.4 of Chapter 836 of the 2017 Acts of Assembly contained additional guidelines for determining the amounts to use in the withdrawal calculation. While the guidelines relate to a specific withdrawal, they contain provisions related to withdrawals that are not specified in the Constitution or Code of Virginia. In the absence of new guidance, if withdrawals are necessary in the future, the guidelines would be utilized to ensure consistency in the calculation over time. The guidelines are as follows:

1. For purposes of determining a transfer from the Revenue Stabilization Fund to the general fund as a result of a downward revision in general fund revenues, the term "total general fund revenues appropriated" shall mean the general fund operating and capital appropriations for each year of the biennium contained in the Appropriation Act which is in effect at the time when such downward revision in general fund revenues is made.

2. In accordance with Article 10, § 8, Virginia Constitution, and § 2.2-1830, Code of Virginia, the amount of the transfer shall not exceed the lesser of one-half of the balance of the Revenue Stabilization Fund or one-half of the forecasted shortfall in revenues.

3. The anticipated shortfalls in general fund revenues for fiscal years ending June 30, 2017, and June 30, 2018, shall be computed by comparing the revised forecast for "Total General Fund Resources Available for Appropriation" as shown in § 3 of the first enactment to the total general fund revenues appropriated for each year of the biennium as contained in the general appropriation act as it became effective on July 1, 2016 (Chapter 780 of the 2016 Acts of Assembly).

4. For purposes of computing the shortfall in revenues, the revised forecast referenced in paragraph 3 above shall consist of the revised forecast of revenues and transfers presented to the Governor's Advisory Council on Revenue Estimates on November 28, 2016, adjusted for any technical revisions pursuant to current law. Any subsequent policy-based adjustments to revenues or transfers that are dependent upon the passage of legislation or other budgetary action that requires approval by the 2017 General Assembly shall not be considered as part of the adjustments to the forecast for purposes of calculating the revenue shortfall in fiscal year 2017 or fiscal year 2018.