



# **The Economic Outlook And Revenue Forecast Through Fiscal Year 2016**

**Prepared by the Virginia Department of Taxation  
for Review by the  
Governor's Advisory Council on Revenue Estimates**

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## *Introduction*

The economic outlook was encouraging in the beginning of calendar year 2012. Modest employment growth, an expanding manufacturing sector, and stabilization in the housing market suggested the recovery was gaining momentum. As 2012 progressed, however, growth again slowed. Although the expansion continued at a slow pace, uncertainty about domestic policy decisions, the European debt crisis, geopolitical tensions in the Mideast, rising gas prices and slowing global economies were all drags on growth through the first half of the calendar year.

Actual U.S. economic growth in fiscal year 2012 performed slightly better than expected in the official forecast, Global Insight's November 2011 standard forecast. This low-growth conservative forecast serves as the basis for the current budget.

Economic conditions in the Commonwealth were close to expectations in fiscal year 2012. Employment growth was stronger than forecast, although income growth was slower than anticipated. The year ended with a small surplus in general fund revenue collections.

The purpose of this meeting of GACRE is to evaluate the forecasts presented here and recommend the most likely path for the Virginia economy and general fund revenue collections over the next two biennia.

At their October meeting, JABE reviewed Global Insight's September 2011 standard and alternative pessimistic scenarios. While most members considered the U.S. standard forecast to be reasonable, they were split on their recommendations for Virginia due to substantial risk in the current economic environment. Six members supported the standard forecast, seven supported standard minus, and two supported the pessimistic scenario. The October standard forecast, which is summarized in this book, represents the standard minus outlook.

Section 1 of this book contains a review of the national economic performance during fiscal year 2012, followed by summaries of Global Insight's October standard and alternative pessimistic national outlooks.

Section 2 contains a review of Virginia's economic performance during fiscal year 2012. This is followed by a summary of the standard forecast developed by the Department of Taxation using the Global Insight October standard national forecast. The section closes with discussions of the alternative pessimistic forecast for the Virginia economy.

Section 3 reviews fiscal year 2012 general fund tax revenues and the November 2012 standard and alternative general fund revenue forecasts. Section 4 discusses nongeneral fund revenue and forecasts.

Historical and forecast economic data are contained in Appendix A. Appendix B is a history of general fund revenue collections. Appendix C contains detailed econometric output for major sources.



**SECTION 1**  
**THE U.S. ECONOMY**





## **Section 1 The U.S. Economy**

### **Introduction**

This section begins with a review of fiscal year 2012, comparing actual U.S. economic growth to the official forecast for the year. The official forecast for fiscal year 2012 was Global Insight's November 2011 U.S. standard forecast, which was approved by the Joint Advisory Board of Economists (JABE) and the Governor's Advisory Council on Revenue Estimates (GACRE) at their annual fall meetings. The official forecast is the economic outlook underlying the current appropriations act, Chapter 3.

Following the review of fiscal year 2012, Global Insight's October standard forecast is summarized. The section concludes with an overview of the October 2012 pessimistic alternative scenario.

Tabular data are presented throughout this section and more detailed tabular data related to this section are presented in Appendix A. Table A.1 shows quarterly national and Virginia historical data for major forecast variables from fiscal year 2009 through fiscal year 2012. Table A.2 shows quarterly national and Virginia data for the two forecasts through fiscal year 2016. Table A.3 displays national and Virginia annual historical and forecast data from fiscal year 1994 through fiscal year 2016. Table A.4 displays annual regional historical and forecast employment data from fiscal year 1994 through fiscal year 2016.

### **Review of Fiscal Year 2012**

At the time of Global Insight's November 2011 forecast, the economic expansion had lost momentum. The first half of calendar year 2011 saw weak GDP growth, a slowdown in consumer spending, and a stagnant unemployment rate. It was initially believed that these weaknesses were a result of temporary shocks-- high gas prices, supply-chain disruptions from Japan's natural disaster and extreme weather in the U.S.-- and that growth would rebound in the second half. However, downward revisions to both GDP and employment growth coupled with the U.S. debt-ceiling and the Eurozone sovereign debt crises prompted renewed fears of a double-dip recession. In its standard November forecast, Global Insight predicted the economic recovery would continue, but growth would be very slow; nevertheless, they still assigned a probability of 40 percent to the recession scenario.

Table 1.1 on the following page compares the official forecast and actual growth in key economic indicators for fiscal year 2012.

## U.S. ECONOMY

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**Table 1.1 - Fiscal Year 2012 U.S. Forecast Performance**

	<u>Forecast</u>	<u>Actual</u>	<u>Actual Minus Forecast</u>
<u>Output, Income, and Spending (% Change)</u>			
Real GDP	1.7	2.0	0.3
Total Personal Income	3.6	3.7	0.1
Wages and Salaries (51%)	3.3	3.4	0.1
Average Wage	2.3	2.0	(0.3)
Real Consumer Spending	2.0	2.0	0.0
<u>Employment and Labor Markets (% Change)</u>			
Total Nonagricultural Employment	0.9	1.4	0.5
Construction (5%)	(0.8)	0.7	1.5
Manufacturing (9%)	1.5	1.9	0.4
Trade, Transportation, and Utilities (19%)	1.4	1.5	0.1
Information (2%)	(1.3)	(1.7)	(0.4)
Financial Activities (6%)	(0.4)	0.5	0.9
Professional and Business Services (13%)	2.5	3.6	1.1
Education and Health Services (15%)	2.2	2.1	(0.1)
Leisure and Hospitality (10%)	1.6	2.3	0.7
Other Services (4%)	1.0	0.4	(0.6)
Government (17%)	(1.7)	(1.2)	0.5
Unemployment Rate (%)	9.2	8.6	(0.6)
<u>Interest Rates (% Change)</u>			
3-Month Treasury Bills	0.0	0.0	0.0
30-Year Treasury Bonds	3.3	3.2	(0.1)
<u>Prices (% Change)</u>			
CPI	2.7	2.9	0.2
GDP Deflator	2.0	2.0	0.0

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The forecast data are from the November 2011 Global Insight U.S. standard scenario.

Following is a summary of the key assumptions included in Global Insight's November 2011 U.S. forecast and how these assumptions fared over the fiscal year.

- Real GDP rose 2.0 percent for the fiscal year, ahead of the forecast of a 1.7 percent increase.
- Total nonagricultural employment rose 1.4 percent, 0.5 percentage point ahead of the forecast of 0.9 percent growth. As expected, employment in the information and government sectors continued to decline, while employment in professional and business services, education and health, and leisure and hospitality experienced the greatest growth. The largest variances from the forecast were in the construction, financial activities, and professional and business services sectors. In each of these, employment fared better than expected.
- Total personal income rose 3.7 percent in fiscal year 2012 compared with the forecast of a 3.6 percent increase. Wages and salaries rose 3.4 percent, 0.1 percentage point higher than predicted in the forecast.
- Real consumer spending rose 2.0 percent in fiscal year 2012, as predicted in the forecast.
- The increase in the CPI of 2.9 percent exceeded the forecast by 0.2 percentage point, while the GDP deflator increased 2.0 percent, as predicted in the forecast.
- Global Insight expected the Fed to keep the target federal funds rate steady at 0.0 percent to 0.25 percent through at least mid-2013. The target rate has remained unchanged.

### **Recent Developments in the U.S. Economy**

Early in calendar year 2012, the economic outlook was encouraging. Modest employment growth, an expanding manufacturing sector, and some stabilization in the housing market suggested the recovery might gain momentum. As 2012 progressed, however, growth again slowed. Although the expansion slowly continued, uncertainty about domestic policy decisions, the European debt crisis, geopolitical tensions in the Mideast, rising gas prices and slowing global economies were all drags on growth through the first half of the calendar year.

The most recent national economic indicators are presented below.

- According to the third estimate, real GDP grew at an annualized rate of 1.3 percent in the second quarter of 2012, slowing from 2.0 percent in the first quarter and 4.1 percent in the fourth quarter of 2011.

## **U.S. ECONOMY**

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- The labor market remains weak -- employers added a modest 114,000 jobs in September. Figures for July and August, however, were revised upwards by a combined 86,000 jobs.
- The national unemployment rate fell from 8.1 percent to 7.8 percent in September, driven by an increase in household employment of 873,000.
- Initial claims for unemployment rose by 46,000 to 388,000 during the week ending October 13. The four-week moving average was essentially flat at 365,500. Over the last few months, claims have been rising and falling, reflecting the uneven recovery in the labor market.
- The Conference Board's index of leading indicators increased 0.6 percent in September, driven by gains in building permits and rising stock prices.
- The Conference Board's index of consumer confidence jumped from 61.3 to 70.3 in September. A substantial increase in the expectations component drove the gain, but the present situation component also improved.
- Although the manufacturing sector remains weak, the Institute of Supply Management index rose from 49.6 to 51.5 in September, rising above the expansionary threshold of 50.0 for the first time since May.
- The CPI rose 0.6 percent in September, following a 0.6 percent gain in August. In both months, most of this increase was due to higher gas prices. The CPI now stands 2.0 percent above September 2011. Core inflation (excluding food and energy prices) rose 0.1 percent in September and has also increased 2.0 percent from September 2011.
- At its September meeting, the Federal Reserve announced that it will keep the federal funds rate target unchanged at 0.0 to 0.25 percent, and anticipates the exceptionally low rate level is likely to be maintained through mid-2015. In addition, a third round of quantitative easing has been implemented.

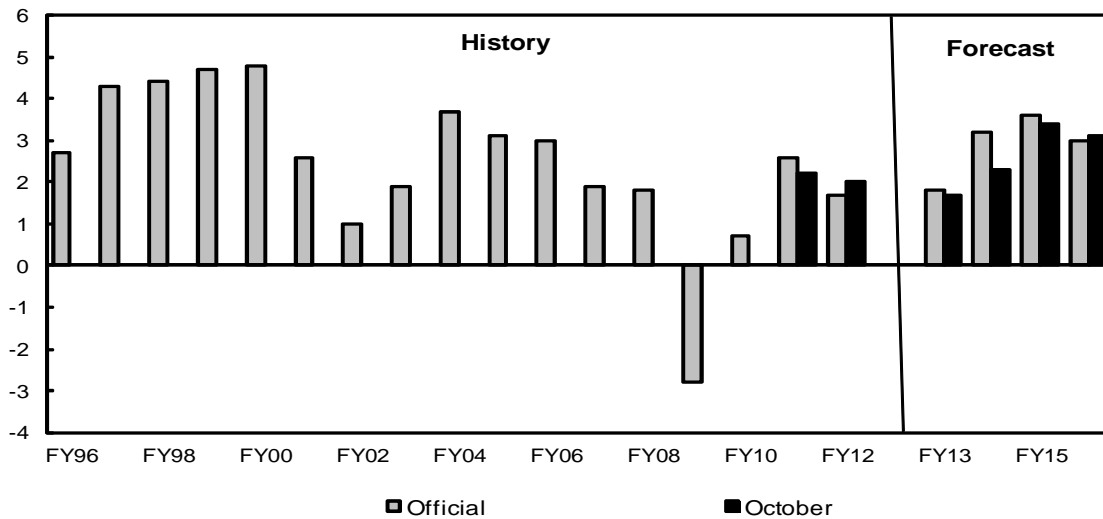
### **The Global Insight U.S. Standard Forecast for Fiscal Years 2013-2016**

The official forecast for fiscal year 2012 was Global Insight's November 2011 standard forecast. Tables 1.2 and 1.3 at the end of this section compare the official forecast with two other forecasts: Global Insight's October 2012 standard and pessimistic alternative forecasts.

Growth in the October 2012 standard forecast is similar to the November 2011 official forecast, except that growth is weaker in fiscal year 2014. Global Insight believes

**Figure 1.1**  
**U.S. REAL GDP GROWTH**  
**FY 1996-12 ACTUAL AND FY 2011-16 FORECAST**

Annual % Change



the economy will continue on a modest growth track, with subdued growth over the rest of this year. Global Insight expects real GDP growth of 1.4 percent in the third quarter of calendar year 2012 and 1.6 percent in the fourth quarter. A deeper European recession, a harder landing in China, and the domestic “fiscal cliff” remain the principal downside risks.

Global Insight expects real GDP to grow 1.7 percent in fiscal year 2013, similar to growth in the official forecast. It is then expected to grow only 2.3 percent in fiscal year 2014 compared with the official forecast of 3.2 percent. Figure 1.1 depicts annual growth in real GDP, comparing the official forecast with the October standard forecast.

The October employment forecast is also similar to the official forecast, but with slightly faster growth in 2013 and slower growth in fiscal years 2014 and 2015. Payroll employment is expected to grow 1.2 percent in fiscal year 2013 and 1.6 percent in fiscal year 2014, compared to the official estimate of 1.0 percent and 1.8 percent. The October forecast predicts a much lower unemployment rate over the forecast horizon compared with the official forecast. In the October forecast, the unemployment rate is 8.1 percent in fiscal year 2013 and 7.9 percent in fiscal year 2014, almost a full percentage point lower than the official forecast.

Total personal income is expected to rise by 3.8 percent in fiscal year 2013, more than the official forecast of 3.4 percent growth. Income growth remains tepid over the forecast horizon, with growth of 4.4 percent in fiscal year 2014 and growth of 5.0 percent in fiscal years 2015-2016. The October forecast for wages and salaries, which is the largest component of personal income, is above the official estimate in fiscal year 2013, but lower than the official estimate over the rest of the forecast horizon. Global Insight expects

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wages and salaries to rise 3.7 percent in fiscal year 2013 and 4.2 percent in fiscal year 2014.

In the October forecast, growth in consumer spending is close to the official forecast in fiscal year 2013, but stronger in fiscal years 2014-2016. Real consumer spending is expected to grow 2.0 percent in fiscal year 2013 and 2.5 percent in fiscal year 2014.

In the October standard forecast, the Fed is expected to keep the current federal funds target range of 0.0 percent to 0.25 percent until mid-2015 and implement another round of quantitative easing, which was announced at their September meeting.

### **Global Insight Pessimistic Alternative Scenario**

The pessimistic alternative forecast, which Global Insight assigns a 20 percent probability of occurring, assumes the European debt crisis intensifies and domestic policy pushes the U.S. off the fiscal cliff early in calendar year 2013. Credit tightens, businesses and consumers retrench, the housing sector turns down again, and the unemployment rate rises back toward 10 percent.

In this scenario, the economy slows sharply in the later part of calendar year 2012, with fourth-quarter real GDP growth near zero. Real GDP falls 2.5 percent and 1.8 percent in the first and second quarters of calendar year 2013, respectively. The decline ends in the third quarter of calendar year 2013 with positive growth of only 0.4 percent. For all of fiscal year 2013, real GDP grows only 0.5 percent, then falls to 0.0 percent in fiscal year 2014. Not until fiscal year 2015 will real GDP rebound, growing 2.4 percent.

In 2013, the labor market sheds jobs, but employment growth is positive for the fiscal year at 0.6 percent. Payroll employment contracts by 0.2 percent in fiscal year 2014, then grows by 0.9 percent in fiscal year 2015. The unemployment rate rises to 8.1 percent in fiscal year 2013, and 9.2 percent in fiscal year 2014. Income growth slows to 2.7 percent and 1.7 percent in fiscal years 2013 and 2014, respectively.

**Table 1.2 - Fiscal Years 2011-2016 Official and October Forecasts**  
 U.S. Economic Forecasts - Income and Other Indicators

		<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>
<u>Output, Income, and Spending (% Change)</u>							
Real GDP	Official (Nov '11)	2.6	1.7	1.8	3.2	3.6	3.0
	Oct Standard	2.2	2.0	1.7	2.3	3.4	3.1
	Oct Pessimistic			0.5	0.0	2.4	2.6
Total Personal Income	Official (Nov '11)	5.4	3.6	3.4	4.3	5.5	5.1
	Oct Standard	5.5	3.7	3.8	4.4	5.0	5.0
	Oct Pessimistic			2.7	1.7	3.5	4.5
Wages and Salaries (51%)	Official (Nov '11)	3.7	3.3	3.3	4.6	5.2	4.8
	Oct Standard	3.9	3.4	3.7	4.2	4.7	4.7
	Oct Pessimistic			2.8	1.5	2.9	4.1
Average Wage	Official (Nov '11)	3.2	2.3	2.3	2.8	3.0	2.9
	Oct Standard	3.2	2.0	2.5	2.6	2.7	2.7
	Oct Pessimistic			2.2	1.7	2.0	2.5
Real Consumer Spending	Official (Nov '11)	2.5	2.0	2.1	1.8	2.4	2.4
	Oct Standard	2.6	2.0	2.0	2.5	2.7	2.5
	Oct Pessimistic			1.2	0.9	1.3	1.2
<u>Interest Rates (%)</u>							
3-Month Treasury Bills	Official (Nov '11)	0.1	0.0	0.1	0.5	2.3	3.7
	Oct Standard		0.0	0.1	0.1	0.2	1.7
	Oct Pessimistic			0.1	0.1	0.1	0.1
30-Year Treasury Bonds	Official (Nov '11)	4.2	3.3	3.5	4.1	4.7	5.3
	Oct Standard		3.2	2.9	3.5	4.0	4.5
	Oct Pessimistic			2.6	2.7	3.3	3.9
<u>Prices (% Change)</u>							
CPI	Official (Nov '11)	2.0	2.7	1.3	1.9	2.2	2.0
	Oct Standard		2.9	1.5	1.5	1.8	1.7
	Oct Pessimistic			1.2	1.2	2.0	2.3
GDP Deflator	Official (Nov '11)	1.7	2.0	1.0	1.4	1.8	1.9
	Oct Standard		2.0	1.8	1.5	1.6	1.6
	Oct Pessimistic			1.9	1.0	1.2	1.7

The Official forecast for FY12-FY16 is Global Insight's November 2011 U.S. standard scenario.

The Oct Standard forecast is Global Insight's October 2012 U.S. standard forecast.

The Oct Pessimistic forecast is Global Insight's October 2012 U.S. pessimistic alternative scenario.

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**Table 1.3 - Fiscal Years 2011-2016 Official and October Forecasts**  
U.S. Economic Forecasts - Employment and Labor Markets

		<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>
<u>Employment and Labor Markets (% Change)</u>							
Total Nonagricultural Employment	Official (Nov '11)	0.6	0.9	1.0	1.8	2.1	1.9
	Oct Standard		1.4	1.2	1.6	1.9	1.9
	Oct Pessimistic			0.6	(0.2)	0.9	1.5
Construction (6%)	Official (Nov '11)	(2.6)	(0.8)	(2.2)	5.7	13.3	11.2
	Oct Standard		0.7	0.0	4.2	11.2	11.5
	Oct Pessimistic			(1.1)	(1.8)	5.6	10.2
Manufacturing (9%)	Official (Nov '11)	0.8	1.5	1.0	1.6	2.5	1.6
	Oct Standard		1.9	1.3	1.2	1.8	1.6
	Oct Pessimistic			0.7	(1.4)	0.9	2.6
Trade, Transportation, and Utilities (19%)	Official (Nov '11)	0.5	1.4	2.0	1.7	1.4	1.5
	Oct Standard		1.5	1.1	1.5	1.1	1.4
	Oct Pessimistic			0.4	(0.1)	0.2	0.5
Financial Activities (6%)	Official (Nov '11)	(0.8)	(0.4)	1.1	0.1	(0.3)	0.1
	Oct Standard		0.5	0.9	1.4	0.6	(0.3)
	Oct Pessimistic			(0.4)	0.6	(0.3)	(1.0)
Professional and Business Services (13%)	Official (Nov '11)	2.5	2.5	2.2	5.7	6.5	4.2
	Oct Standard		3.6	3.1	3.9	5.1	4.3
	Oct Pessimistic			1.4	(0.7)	3.9	4.4
Education and Health Services (13%)	Official (Nov '11)	2.1	2.2	1.7	1.3	1.1	1.9
	Oct Standard		2.1	1.7	1.4	1.6	2.1
	Oct Pessimistic			1.6	1.6	1.4	1.6
Leisure and Hospitality (10%)	Official (Nov '11)	0.9	1.6	1.7	0.1	(0.3)	(0.7)
	Oct Standard		2.3	2.3	1.4	0.0	(0.2)
	Oct Pessimistic			2.6	1.0	(0.9)	(0.8)
Government (16%)	Official (Nov '11)	(1.4)	(1.7)	(0.8)	0.3	0.6	0.8
	Oct Standard		(1.2)	(0.7)	(0.2)	0.2	0.8
	Oct Pessimistic			(0.8)	(1.5)	(0.6)	0.7
Unemployment Rate (%)	Official (Nov '11)	9.3	9.2	9.2	8.7	7.8	7.2
	Oct Standard		8.6	8.1	7.9	7.3	6.7
	Oct Pessimistic			8.4	9.2	9.1	8.6

The Official forecast for FY12-FY16 is Global Insight's November 2011 U.S. standard scenario.

The Oct Standard forecast is Global Insight's October 2012 U.S. standard forecast.

The Oct Pessimistic forecast is Global Insight's October 2012 U.S. pessimistic alternative scenario.



**SECTION 2**  
**THE VIRGINIA ECONOMY**



**Section 2**  
**The Virginia Economy**

**Introduction**

This section begins with a review of fiscal year 2012, comparing actual economic results in Virginia to the official economic forecast for the year. The official forecast for Virginia was based on Global Insight's November 2011 U.S. standard forecast, which was approved by both JABE and GACRE at their annual fall meetings. This low-growth standard forecast was weaker than last year's official forecast.

Following the review of fiscal year 2012, the October standard forecast is summarized. The section concludes with an overview of the October pessimistic alternative scenario.

Tabular data are presented throughout this section. More detailed tabular data are presented in Appendix A. Table A.1 shows quarterly national and Virginia historical data for major forecast variables from fiscal year 2009 through fiscal year 2012. Table A.2 shows quarterly national and Virginia data for the October standard and pessimistic alternative forecasts through fiscal year 2016. Table A.3 displays national and Virginia annual historical and forecast data from fiscal year 1994 through fiscal year 2016. Table A.4 displays annual regional historical and forecast employment data from fiscal year 1994 through fiscal year 2016.

The state and regional employment data used in the forecast are the result of a methodology that uses unemployment insurance tax records (ES-202) data to fine tune the current employment statistics (CES) survey data. To ensure that the most current Virginia employment data are used in the forecast, ES-202 data through the fourth quarter of calendar year 2011 have been incorporated into the CES employment data series. The revised employment series is then seasonally adjusted. This process yields a projection of the annual benchmark revisions that the Virginia Employment Commission will release early next calendar year. The table below compares the base CES employment data series with the series incorporating ES-202 data.

<u>FY12</u>	<u>CES</u>	<u>ES202</u>
Q1	1.0	1.7
Q2	1.0	1.3
Q3	1.2	1.8
Q4	1.1	1.6
Annual	1.1	1.6

## VIRGINIA ECONOMY

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### Review of Fiscal Year 2012

#### Overview

In the official forecast for fiscal year 2012, employment in Virginia was expected to grow at the same pace as fiscal year 2011 and personal income was expected to grow more slowly. While Virginia's higher-than-average dependence on federal spending helped Virginia weather the recession, it proved to be a liability during the debt-ceiling talks: Moody's and Standard & Poor's placed the state on a watch list and were considering downgrading its AAA rating. This dependence could prove to be an even bigger liability if the looming fiscal cliff is allowed to occur. Table 2.1 compares the official forecast and actual results for fiscal year 2012.

**Table 2.1 - Fiscal Year 2012 Virginia Forecast Performance**

	<u>Forecast</u>	<u>Actual</u>	<u>Actual Minus Forecast</u>
<u>Income (% Change)</u>			
Total Personal Income	3.9	4.0	0.1
Wages and Salaries (55%)	3.3	2.6	(0.7)
Average Wage	2.1	1.0	(1.1)
Dividends, Interest, and Rent (16%)	3.0	6.8	3.8
Supplements to Wages and Salaries (15%)	4.0	3.1	(0.9)
Proprietor's Income (6%)	12.0	4.1	(7.9)
Net Transfer Payments (5%)	5.8	11.2	5.4
<u>Employment and Labor Markets (% Change)</u>			
Total Nonagricultural Employment	1.2	1.6	0.4
Construction and Mining (5%)	0.7	(1.8)	(2.5)
Manufacturing (6%)	1.2	1.2	0.0
Trade, Transportation, and Utilities (17%)	2.4	1.8	(0.6)
Information (2%)	(4.4)	(1.3)	3.1
Financial Activities (5%)	0.1	2.4	2.3
Professional and Business Services (18%)	3.3	1.6	(1.7)
Education and Health Services (13%)	1.6	3.4	1.8
Leisure and Hospitality (9%)	1.3	2.7	1.4
Other Services (5%)	2.9	1.8	(1.1)
Government (19%)	(1.7)	0.8	2.5
Unemployment Rate (%)	6.0	6.0	0.0

The forecast data are based on the November 2011 Global Insight U.S. standard forecast and the corresponding Virginia state forecast developed by the Department of Taxation.

Following is a review of key assumptions included in the November 2011 official forecast compared with the actual outcome for the year.

### Income

Virginia's actual income statistics in fiscal year 2012 were both higher and lower than forecast. Total personal income increased 4.0 percent (0.1 percentage point above the forecast); dividends, interest, and rental income increased 6.8 percent (3.8 percentage points above the forecast); and net transfer payments increased 11.2 percent (5.8 percentage points above the forecast). At the same time, wages and salaries increased 2.6 percent (0.7 percentage point below the forecast), supplements to wages and salaries increased 3.1 percent (0.9 percentage point below the forecast), and proprietor's income increased 4.1 percent (7.9 percentage points below the forecast). Part of these mixed results can be attributed to the Bureau of Economic Analysis' revision of quarterly and annual state personal income beginning with the first quarter of 2009.

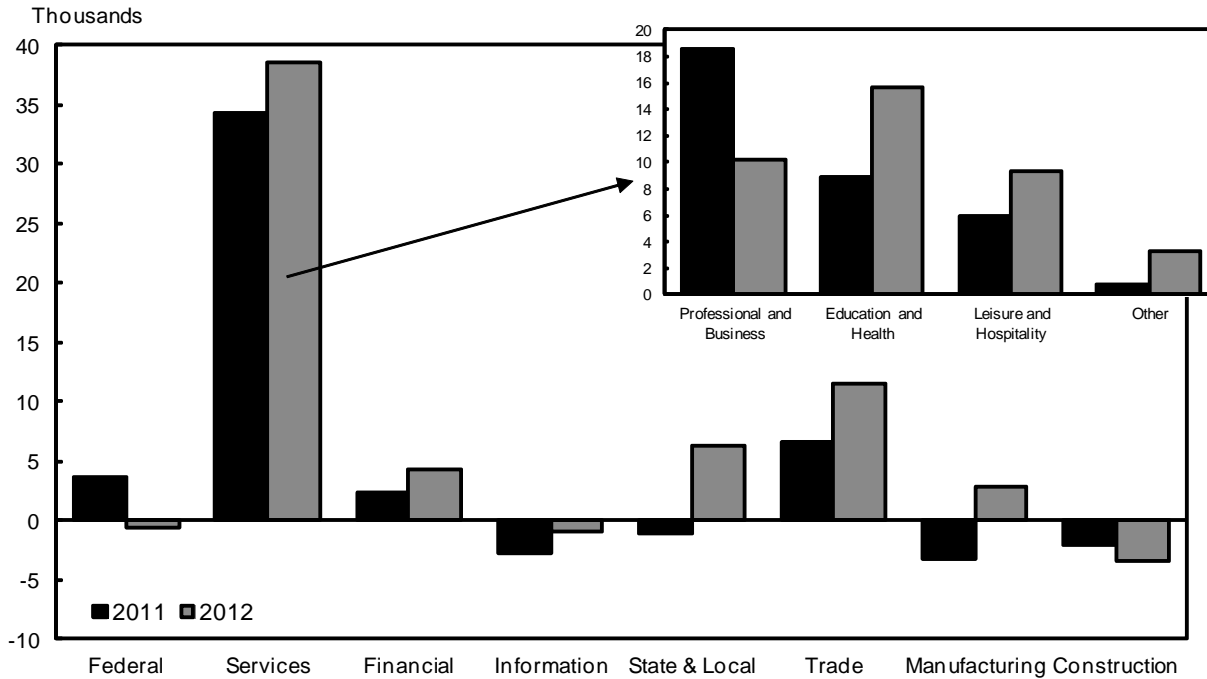
### Employment

Payroll employment growth exceeded expectations in fiscal year 2012. In the official forecast, total nonagricultural employment was projected to increase 1.2 percent, with the average annual employment level rising by 43,200 jobs. Actual job gains were 58,500, an increase of 1.6 percent. Lower-than-expected gains for the professional and business services sector and construction were offset by higher-than-expected gains in education and health services, leisure and hospitality services, and government (all local). Overall, six out of 10 major employment sectors met or exceeded the official forecast in fiscal year 2012.

In terms of the number of jobs, the largest variance was in the high-paying professional and business services sector, which was expected to gain 22,000 jobs, but gained only 10,200 jobs. This was followed by construction, which lost 3,400 jobs, instead of gaining the predicted 1,300 jobs. On the other hand, education and health services added 15,700 jobs, 8,100 more than expected; leisure and hospitality added 9,300 jobs, 5,000 more than expected; and government added 5,600 jobs (all from local government), instead of losing the predicted 11,900 jobs. Figure 2.1 on the following page displays fiscal year 2012 job gains and losses by sector compared with fiscal year 2011.

Tables 2.4 and 2.5 provide an overview of regional employment in Virginia. On a regional basis, employment in both Northern Virginia and the Richmond-Petersburg area exceeded expectations. In Northern Virginia, which represents 36 percent of all jobs in the state, total employment rose by 28,200 jobs, above the predicted amount of 21,900. The professional and business services sector added 7,900 new jobs in fiscal year 2012, down from 11,200 added in fiscal year 2011 and less than the predicted 10,000 jobs. Education and health services added 6,200 jobs, 4,500 more than predicted. The government sector added 2,100 jobs, instead of losing a predicted 3,800 jobs. The housing market sector was a loss overall: financial activities added 1,200 more jobs than expected, but construction added 1,700 less than expected.

**Figure 2.1**  
**VIRGINIA JOB GAINS/LOSSES BY SECTOR**  
**FISCAL YEARS 2011 AND 2012**



Employment in the Norfolk-Virginia Beach-Newport News MSA (20 percent of state employment) was slightly below expectations in fiscal year 2012, rising by 1.0 percent compared with the forecast of 1.3 percent growth. The region gained only 7,100 jobs in fiscal year 2012, compared with the forecast of 9,300. Hampton Roads was the only metro area where professional and business services lost jobs: jobs fell by a total of 1,200 compared to expectations of 4,600 new jobs. Employment in the tourism industry, long a staple of the area economy, grew a bit less than expected, adding 1,400 jobs compared with a forecast of 1,600. Government, which was forecast to lose 3,000 jobs, gained 2,100. Education and health services also outperformed the forecast, adding 1,000 more jobs than expected.

Employment in the Richmond-Petersburg MSA (16 percent of state employment) exceeded expectations by growing 1.8 percent (11,000 jobs) in fiscal year 2012, far ahead of the forecast of 0.1 percent growth. As with the rest of the state, professional and business services were less than expected, adding 1,200 jobs instead of the predicted 2,500. Education and health services added 1,600 more jobs than expected, while lesiure and hospitality added 1,800 more than expected. Government added 1,000 jobs (1,200 came from local), ahead of the forecast of a 1,300 loss.

Outside of the three major metro areas, the remainder of the state (27 percent of state employment) gained 12,200 jobs in fiscal year 2012, slightly more than the forecast of 11,500. Professional and business services gained less than forecast: 2,300 jobs, instead of the predicted 4,800. Education and health services and leiisure and hospitality each gained more jobs than expected: 1,000 and 2,100, respectively. Government increased by 300 jobs, instead of losing 3,900.

## **Recent Developments in the Virginia Economy**

The Virginia economy continues to slowly improve. Over the previous year, payroll employment rose 0.9 percent in September. On a regional basis, Northern Virginia posted growth of 2.1 percent, Hampton Roads grew 0.8 percent, and Richmond-Petersburg rose 0.7 percent compared to September 2011. The unadjusted unemployment rate in September fell 0.2 percentage point to 5.6 percent, 2.0 percentage points below the national unemployment rate.

The Virginia Leading Index was unchanged in August after rising 0.3 percent in July. All components, except initial claims and future employment, declined. The Leading Index contracted in six of the eleven major metro areas in the Commonwealth, improved in Lynchburg, Danville, and Harrisonburg, and was unchanged in Richmond and Hampton Roads.

## **The October Standard Forecast for Fiscal Years 2013 through 2016**

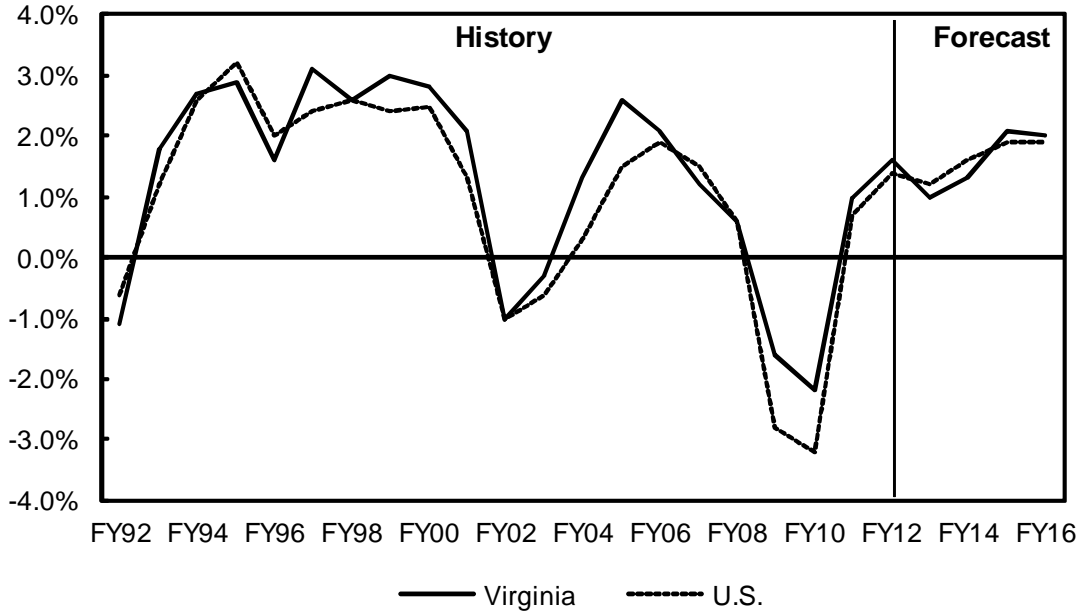
This section compares the official forecast with Global Insight's October 2012 standard and pessimistic alternative scenario forecasts. Tables 2.2 and 2.3 compare the official forecast with the two October forecasts. Tables 2.4 and 2.5 show the two October forecasts for regional employment. All four tables appear at the end of the section.

In the official forecast, economic growth in the Commonwealth was projected to slow down in fiscal year 2013 and increase in fiscal year 2014. The October standard forecast maintains this outlook, but assumes less growth overall. It also assumes that Virginia will grow slower than the nation in terms of employment and personal income in fiscal years 2013 and 2014. It does not assume that sequestration will occur, but rather that the new Congress and president will produce a deal, which does not include such severe spending cuts, shortly after the beginning of the year. Figure 2.2 on the next page compares employment growth in Virginia with that of the nation, while Figure 2.3 provides the same comparison for personal income.

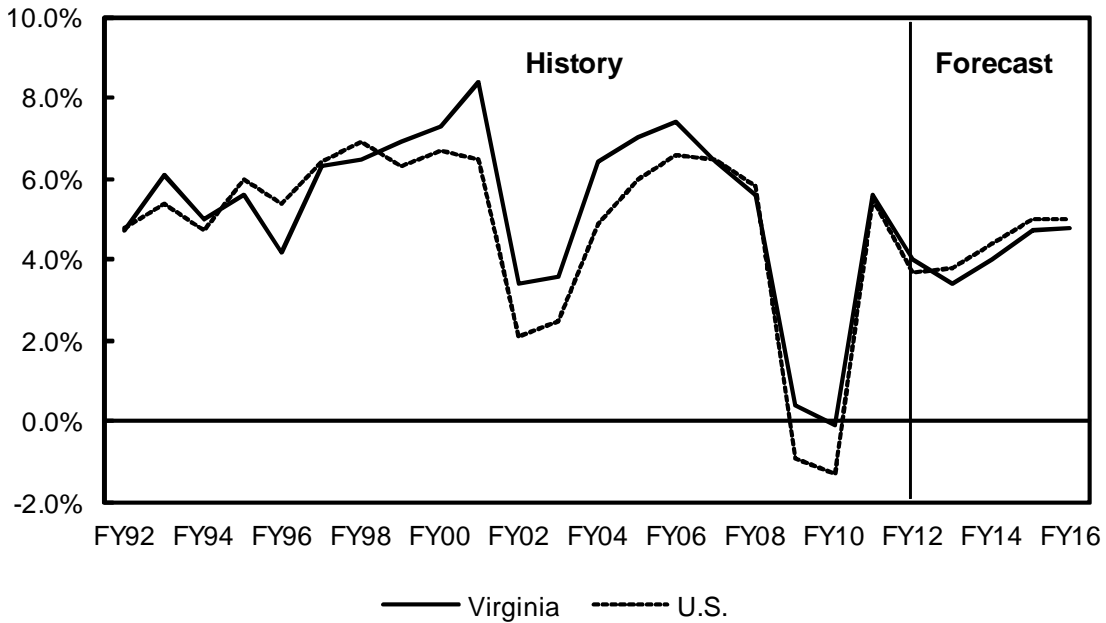
As shown in Figure 2.4, according to the October standard forecast, total nonagricultural employment is expected to increase just 1.0 percent (36,000 jobs) in fiscal year 2013, the same growth as in the official forecast. The professional and business services sector and the construction sector are expected to post bigger gains than in fiscal year 2012, while education and health services is expected to post smaller gains, and the government sector is expected to post job losses.

In the October standard forecast, total personal income is close to the official forecast in fiscal years 2013-2014 and approximately 0.5 percentage point below it in fiscal years 2015-2016. In fiscal year 2013, total personal income is expected to grow 3.4 percent, slightly below the official forecast of 3.5 percent. In fiscal year 2014, personal income growth increases to 4.0 percent, the same growth rate as the official forecast. Income from wages and

**Figure 2.2  
U.S. AND VIRGINIA EMPLOYMENT GROWTH  
HISTORY AND FORECAST - FISCAL YEARS 1992-2016**



**Figure 2.3  
U.S. AND VIRGINIA PERSONAL INCOME GROWTH  
HISTORY AND FORECAST - FISCAL YEARS 1992-2016**

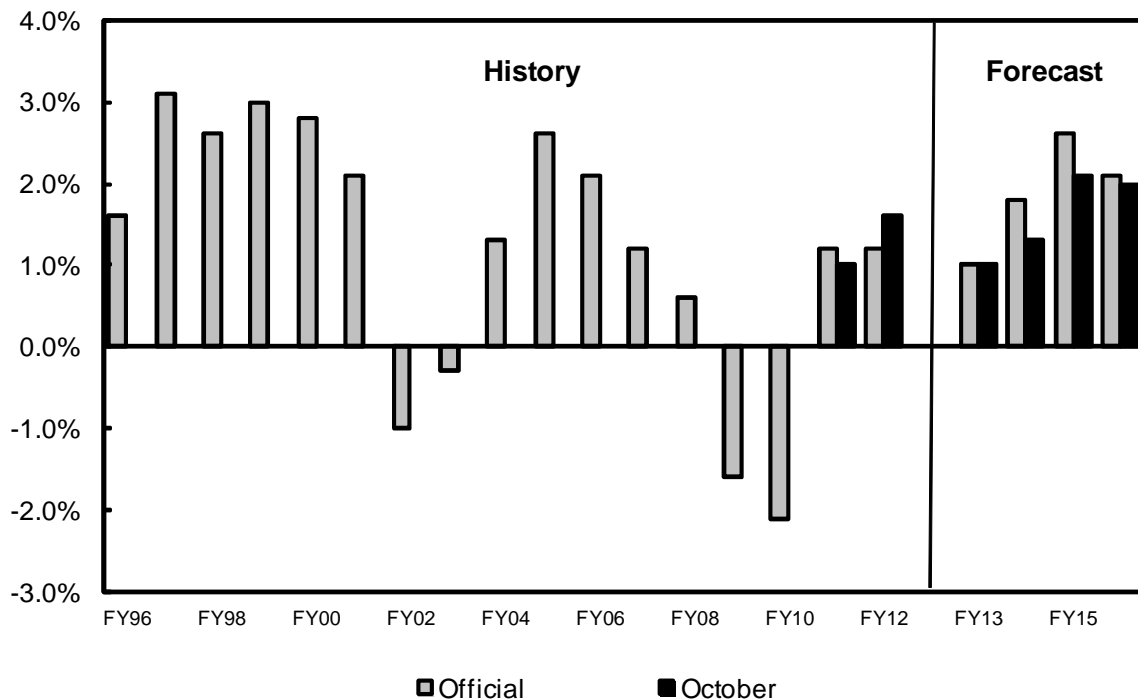




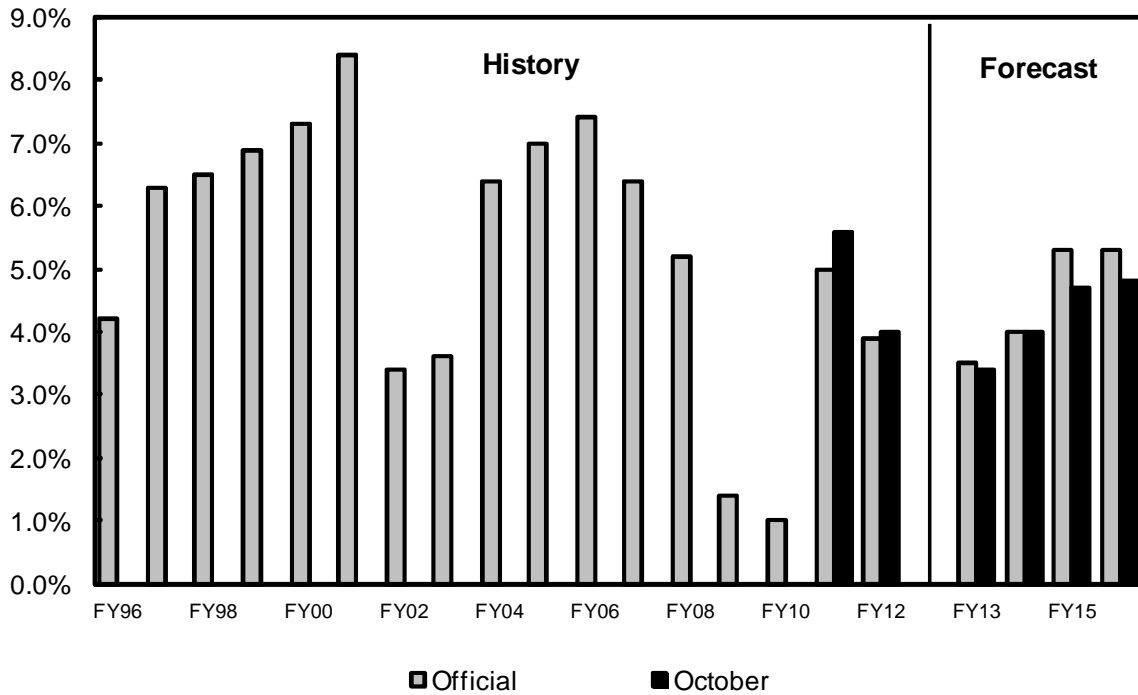
salaries is expected to grow 3.5 percent in fiscal year 2013 and 3.8 percent in fiscal year 2013, 0.2 percentage point and 0.4 percentage point less than the official forecast. Growth of dividends, interest, and rental income is expected to slow to 5.3 percent in fiscal years 2013 and 2014; nevertheless, this is still 2.0 percentage points higher than the official forecast.

While the official forecast predicts small, but positive, growth for proprietor's income in fiscal years 2013 and 2014, the October standard forecast predicts growth of -1.2 percent and -0.5 percent, respectively. Growth in net transfer payments is expected to drop to 5.0 percent in fiscal years 2013 and 2014. Figures 2.5 and 2.6 on the following page chart the annual percent change in personal income and wages and salaries, comparing the official forecast with the October standard forecast.

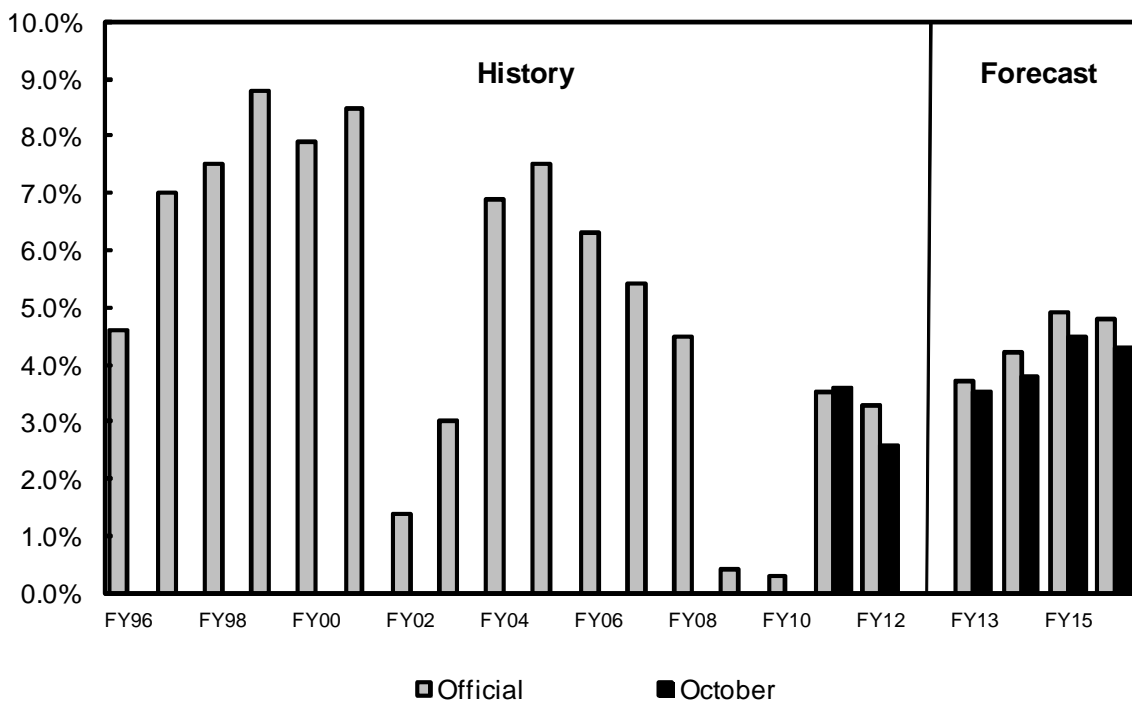
**Figure 2.4**  
**VIRGINIA EMPLOYMENT GROWTH**  
**FY 1996-12 ACTUAL AND FY 2013-16 FORECAST**



**Figure 2.5**  
**VIRGINIA PERSONAL INCOME GROWTH**  
**FY 1996-12 ACTUAL AND FY 2013-16 FORECAST**



**Figure 2.6**  
**VIRGINIA WAGES AND SALARIES GROWTH**  
**FY 1996-12 ACTUAL AND FY 2013-16 FORECAST**



### **Global Insight Pessimistic Alternative Scenario**

In the Virginia pessimistic alternative forecast, economic growth significantly slows, as private sector confidence falls in response to an intensifying Eurozone crisis and gridlock in D.C. This causes a drop in stock prices, a tightening of credit and downsizing by consumers and businesses. Employment grows just 0.4 percent in fiscal year 2013 and then contracts 0.2 percent in fiscal year 2014, before increasing 1.2 percent in fiscal year 2015. Total personal income grows 2.7 percent in fiscal year 2013 and 2.0 percent in fiscal year 2014, compared to 3.4 percent and 4.0 percent in the October standard forecast. Wages and salaries grows 2.8 percent in fiscal year 2013 and 2.0 percent in fiscal year 2014, 0.7 and 1.8 percentage points below the October standard forecast, respectively.

## VIRGINIA ECONOMY

**Table 2.2 - Fiscal Years 2011-2016 Official and October Forecasts**  
Virginia Economic Forecasts - Employment and Labor Markets

		<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>
<u>Employment and Labor Markets (% Change)</u>							
Total Nonagricultural Employment	Official (Nov '11)	1.2	1.2	1.0	1.8	2.6	2.1
	Oct Standard	1.0	1.6	1.0	1.3	2.1	2.0
	Oct Pessimistic			0.4	(0.2)	1.2	1.5
Construction and Mining (5%)	Official (Nov '11)	(0.3)	0.7	(0.2)	5.3	12.4	10.5
	Oct Standard	(1.1)	(1.8)	0.7	3.1	9.4	9.8
	Oct Pessimistic			(0.3)	(2.6)	3.9	8.3
Manufacturing (6%)	Official (Nov '11)	(1.1)	1.2	(0.3)	1.0	2.3	1.9
	Oct Standard	(1.4)	1.2	1.2	0.9	2.0	1.8
	Oct Pessimistic			0.6	(1.9)	1.1	2.9
Trade, Transportation, and Utilities (17%)	Official (Nov '11)	1.8	2.4	2.0	1.3	0.9	1.1
	Oct Standard	1.1	1.8	0.9	1.0	0.5	1.0
	Oct Pessimistic			0.0	(0.7)	(0.3)	0.0
Financial Activities (5%)	Official (Nov '11)	0.4	0.1	1.9	0.3	(0.4)	0.1
	Oct Standard	1.3	2.4	0.7	1.9	0.8	(0.4)
	Oct Pessimistic			(1.0)	0.9	(0.4)	(1.4)
Professional and Business Services (18%)	Official (Nov '11)	3.0	3.3	2.4	4.7	5.8	3.8
	Oct Standard	2.9	1.6	1.8	1.7	3.2	3.0
	Oct Pessimistic			0.6	(2.0)	1.8	2.8
Education and Health Services (13%)	Official (Nov '11)	2.2	1.6	2.0	1.5	1.3	2.2
	Oct Standard	2.0	3.4	1.7	1.2	1.8	2.5
	Oct Pessimistic			1.6	1.4	1.6	2.0
Leisure and Hospitality (9%)	Official (Nov '11)	1.8	1.3	1.6	0.1	(0.3)	(0.7)
	Oct Standard	1.8	2.7	2.4	2.3	0.9	0.4
	Oct Pessimistic			2.6	1.9	0.1	(0.2)
Government (19%)	Official (Nov '11)	(0.2)	(1.7)	(2.1)	(0.1)	2.2	1.6
	Oct Standard	0.4	0.8	(0.7)	0.0	1.8	1.3
	Oct Pessimistic			(0.8)	(0.3)	1.8	1.4
Unemployment Rate (%)	Official (Nov '11)	6.5	6.0	5.9	5.6	5.1	4.7
	Oct Standard	6.5	6.0	5.5	5.3	4.9	4.5
	Oct Pessimistic			5.7	6.2	6.2	5.8

The Official forecast for FY12-16 is based on Global Insight's November 2011 U.S. standard forecast.

The Oct Standard forecast from the Department of Taxation is based on Global Insight's October 2012 U.S. standard forecast.

The Oct Pessimistic forecast from the Department of Taxation is based on Global Insight's October 2012 U.S. pessimistic alternative scenario.

**Table 2.3 - Fiscal Years 2011-2016 Official and October Forecasts**  
Virginia Economic Forecasts - Income

		<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>
<u>Income (% Change)</u>							
Total Personal Income	Official (Nov '11)	5.0	3.9	3.5	4.0	5.3	5.3
	Oct Standard	5.6	4.0	3.4	4.0	4.7	4.8
	Oct Pessimistic			2.7	2.0	3.2	4.1
Wages and Salaries (58%)	Official (Nov '11)	3.5	3.3	3.7	4.2	4.9	4.8
	Oct Standard	3.6	2.6	3.5	3.8	4.5	4.3
	Oct Pessimistic			2.8	2.0	3.1	3.5
Average Wage	Official (Nov '11)	2.3	2.1	2.6	2.4	2.3	2.6
	Oct Standard	2.5	1.0	2.5	2.4	2.3	2.2
	Oct Pessimistic			2.4	2.2	1.9	2.0
Dividends, Interest, and Rent (16%)	Official (Nov '11)	7.2	3.0	3.2	2.8	7.7	7.6
	Oct Standard	7.2	6.8	5.3	5.3	5.9	6.9
	Oct Pessimistic			4.0	0.7	3.0	5.3
Supplements to Wages and Salaries (14%)	Official (Nov '11)	2.9	4.0	4.2	5.4	5.8	5.8
	Oct Standard	3.7	3.1	3.1	5.2	5.9	5.9
	Oct Pessimistic			3.3	4.9	5.0	4.9
Proprietor's Income (6%)	Official (Nov '11)	7.1	12.0	0.6	1.5	0.8	(0.2)
	Oct Standard	11.6	4.1	(1.2)	(0.5)	1.9	4.4
	Oct Pessimistic			(2.0)	(6.0)	(2.4)	4.3
Net Transfer Payments (4%)	Official (Nov '11)	19.9	5.8	4.4	5.1	6.5	8.6
	Oct Standard	19.8	11.2	5.0	5.0	3.7	2.5
	Oct Pessimistic			4.9	7.8	6.8	5.2

The Official forecast for FY12-16 is based on Global Insight's November 2011 U.S. standard forecast.

The Oct Standard forecast from the Department of Taxation is based on Global Insight's October 2012 U.S. standard forecast.

The Oct Pessimistic forecast from the Department of Taxation is based on Global Insight's October 2012 U.S. pessimistic alternative scenario.

## VIRGINIA ECONOMY

**Table 2.4 - Fiscal Years 2011-2016 October Standard Forecast**  
Virginia Economic Forecast - Regional Employment

		FY11	FY12	FY13	FY14	FY15	FY16
<u>Region by Sector (% Change)</u>							
Northern Virginia (36%) *	Total Nonagricultural Employment	1.9	2.1	0.9	1.4	2.6	2.3
	Construction and Mining (5%) **	0.1	0.6	0.8	2.7	10.8	10.3
	Trade, Transportation, and Utilities (15%)	1.9	2.6	(1.1)	1.3	0.6	1.1
	Financial Activities (5%)	1.4	1.4	0.9	1.7	0.7	(0.4)
	Professional and Business Services (28%)	3.1	2.1	1.6	0.5	2.0	2.1
	Education and Health Services (10%)	3.1	4.6	1.8	1.8	2.4	3.2
	Leisure and Hospitality (9%)	3.2	3.5	2.9	4.1	1.9	0.6
	Government (17%)	1.2	0.9	0.0	0.7	3.5	2.5
Hampton Roads (20%)	Total Nonagricultural Employment	0.1	1.0	1.7	1.3	1.5	1.5
	Construction and Mining (5%)	(2.5)	(5.3)	(2.9)	4.0	9.9	9.6
	Trade, Transportation, and Utilities (17%)	0.3	1.4	3.2	1.0	0.5	1.2
	Financial Activities (5%)	(0.1)	0.0	(0.2)	2.2	0.9	(0.5)
	Professional and Business Services (13%)	0.4	(1.2)	4.5	3.8	5.0	4.3
	Education and Health Services (13%)	2.3	3.7	1.4	1.4	1.6	2.2
	Leisure and Hospitality (12%)	0.5	1.7	3.1	1.3	0.0	0.4
	Government (21%)	(0.1)	1.4	(1.1)	(1.3)	(0.9)	(0.5)
Richmond (16%)	Total Nonagricultural Employment	0.8	1.8	0.2	1.4	2.5	2.2
	Construction and Mining (6%)	(2.1)	(1.7)	2.4	3.9	10.5	10.8
	Trade, Transportation, and Utilities (18%)	1.0	2.9	0.8	1.2	0.9	1.4
	Financial Activities (7%)	0.8	4.3	0.3	1.6	0.7	(0.4)
	Professional and Business Services (16%)	4.0	1.3	0.1	2.4	3.8	3.0
	Education and Health Services (14%)	1.0	3.7	0.8	(0.4)	1.7	2.7
	Leisure and Hospitality (9%)	1.7	3.2	(1.5)	1.5	1.5	0.7
	Government (19%)	0.0	0.9	(0.5)	1.3	3.3	2.2
Balance (27%)	Total Nonagricultural Employment	0.8	1.2	1.1	1.3	1.8	1.8
	Construction and Mining (5%)	(0.9)	(2.4)	2.0	2.6	6.9	8.7
	Trade, Transportation, and Utilities (19%)	0.8	0.7	1.5	0.5	0.0	0.4
	Financial Activities (4%)	3.1	4.5	1.5	1.9	0.8	(0.4)
	Professional and Business Services (10%)	3.4	2.3	1.8	3.5	5.3	4.9
	Education and Health Services (15%)	1.2	1.9	2.5	1.3	1.4	1.9
	Leisure and Hospitality (9%)	1.1	2.3	3.1	1.3	0.0	(0.2)
	Government (20%)	0.0	0.2	(1.3)	(0.7)	1.0	0.9

The October Standard forecast from the Department of Taxation is based on Global Insight's October 2012 U.S. standard forecast.

\* Represents the percentage share of Virginia in fiscal year 2012.

\*\* Represents the percentage share of total employment within the region in fiscal year 2012.

## VIRGINIA ECONOMY

**Table 2.5 - Fiscal Years 2011-2016 October Pessimistic Scenario**  
Virginia Economic Forecast - Regional Employment

		FY11	FY12	FY13	FY14	FY15	FY16
<u>Region by Sector (% Change)</u>							
Northern Virginia (36%) *	Total Nonagricultural Employment	1.9	2.1	0.3	(0.2)	1.5	1.7
	Construction and Mining (5%) **	0.1	0.6	(0.4)	(4.1)	4.2	8.6
	Trade, Transportation, and Utilities (15%)	1.9	2.6	(2.1)	(0.7)	(0.3)	(0.1)
	Financial Activities (5%)	1.4	1.4	(0.7)	0.8	(0.4)	(1.3)
	Professional and Business Services (28%)	3.1	2.1	0.6	(2.6)	0.5	1.7
	Education and Health Services (10%)	3.1	4.6	1.5	2.1	2.1	2.5
	Leisure and Hospitality (9%)	3.2	3.5	3.2	3.7	1.2	0.0
	Government (17%)	1.2	0.9	0.0	0.6	3.5	2.6
Hampton Roads (20%)	Total Nonagricultural Employment	0.1	1.0	1.1	(0.2)	0.6	1.0
	Construction and Mining (5%)	(2.5)	(5.3)	(3.9)	(1.9)	4.3	8.0
	Trade, Transportation, and Utilities (17%)	0.3	1.4	2.3	(0.8)	(0.5)	0.1
	Financial Activities (5%)	(0.1)	0.0	(2.2)	1.0	(0.5)	(1.7)
	Professional and Business Services (13%)	0.4	(1.2)	2.6	(1.2)	3.6	4.3
	Education and Health Services (13%)	2.3	3.7	1.3	1.7	1.4	1.7
	Leisure and Hospitality (12%)	0.5	1.7	3.4	0.9	(0.8)	(0.2)
	Government (21%)	(0.1)	1.4	(1.3)	(1.6)	(0.8)	(0.5)
Richmond (16%)	Total Nonagricultural Employment	0.8	1.8	(0.4)	0.0	1.5	1.6
	Construction and Mining (6%)	(2.1)	(1.7)	1.4	(1.7)	5.2	9.5
	Trade, Transportation, and Utilities (18%)	1.0	2.9	(0.1)	(0.6)	0.0	0.3
	Financial Activities (7%)	0.8	4.3	(1.2)	0.8	(0.4)	(1.2)
	Professional and Business Services (16%)	4.0	1.3	(1.2)	(1.4)	2.4	2.9
	Education and Health Services (14%)	1.0	3.7	0.6	(0.1)	1.5	2.1
	Leisure and Hospitality (9%)	1.7	3.2	(1.2)	1.1	0.5	0.0
	Government (19%)	0.0	0.9	(0.5)	1.2	3.4	2.4
Balance (27%)	Total Nonagricultural Employment	0.8	1.2	0.5	(0.3)	1.0	1.5
	Construction and Mining (5%)	(0.9)	(2.4)	1.2	(1.8)	2.6	7.5
	Trade, Transportation, and Utilities (19%)	0.8	0.7	0.8	(0.6)	(0.3)	(0.3)
	Financial Activities (4%)	3.1	4.5	(0.1)	1.0	(0.4)	(1.3)
	Professional and Business Services (9%)	3.4	2.3	0.2	(1.0)	4.3	5.2
	Education and Health Services (15%)	1.2	1.9	2.4	1.5	1.3	1.5
	Leisure and Hospitality (9%)	1.1	2.3	3.4	0.9	(0.8)	(0.8)
	Government (21%)	0.0	0.2	(1.4)	(1.1)	0.9	0.9

The October Pessimistic scenario from the Department of Taxation is based on Global Insight's October 2012 U.S. pessimistic alternative scenario.

\* Represents the percentage share of Virginia in fiscal year 2012.

\*\* Represents the percentage share of total employment within the region in fiscal year 2012.





**SECTION 3  
GENERAL FUND  
REVENUES**



### **Section 3 General Fund Revenues**

#### **Fiscal Year 2012 in Review**

In fiscal year 2012, total general fund revenues grew 5.4 percent to \$15,846.7 million, exceeding the official forecast of 4.5 percent growth by \$123.1 million and reaching the level of fiscal year 2008 collections. The total general fund, including revenues and transfers, exceeded the official forecast by \$129.2 million.

Payroll withholding and sales tax collections, 85 percent of total revenues and closely related to economic activity, exceeded the forecast by \$89.2 million. In addition, payments of individual refunds accounted for \$147.1 million of the revenue surplus. Collections of corporate income taxes came in \$32.1 million above the forecast. Conversely, individual nonwithholding collections were \$94.3 million below forecast, and taxes on premiums of insurance companies were \$34.4 million below forecast. Collectively, the five major sources ended the year \$138.8 million above the forecast. Collections of miscellaneous taxes and other revenues were \$15.8 million below the forecast in fiscal year 2012.

Table 3.1 on the next page compares actual revenues for fiscal year 2012 with the official forecast. The official revenue forecast was based on the November 2011 Global Insight standard forecast, the corresponding Virginia economic forecast developed by the Department of Taxation, historical revenue collections data, and actions of the 2012 General Assembly.

Total revenue collections in fiscal year 2012 had a forecast variance of only 0.8 percent. The largest revenue source, net individual income tax, also recorded a variance of 0.8 percent. The nonwithholding component of individual income tax, one of the most volatile sources, had a variance of -3.8 percent, while the payroll withholding component finished the year close to the forecast with a variance of 0.3 percent. Sales and use tax collections, the second largest revenue source, had a forecast variance of 1.8 percent. Corporate income tax collections had a forecast variance of 3.9 percent. Wills, suits, deeds and contract fees – primarily recordation taxes – had a forecast variance of -0.3 percent, while taxes on insurance premiums had a variance of -12.0 percent. The remaining miscellaneous taxes and other revenues had a forecast variance of -2.3 percent.

Table 3.2 provides an evolutionary perspective of the fiscal year 2012 forecasts used by the Governor and General Assembly, in terms of their variance from actual collections. The variances for total revenues ranged from 0.8 percent in the May 2012 official forecast (the most recent) to 4.4 percent in the December 2009 introduced forecast (the oldest).

# GENERAL FUND REVENUES

**Table 3.1**  
**Fiscal Year 2012 General Fund Collections: Actual and Forecast**  
(Dollars in Millions)

	Fiscal Year 2011		Fiscal Year 2012				% Growth Over FY 11	
	Actual	% Growth	Official Forecast	Actual	Forecast Dollars	Variance Percent	Official	Actual
<b>MAJOR TAX SOURCES</b>								
Corporate Income	\$ 822.3	2.0 %	\$ 827.8	\$ 859.9	\$ 32.1	3.9 %	0.7 %	4.6 %
Individual Income Tax:								
Gross	11,813.7	6.6	12,458.2	12,397.6	(60.6)	(0.5)	5.5	4.9
Withholding	9,635.1	5.0	10,006.0	10,039.7	33.7	0.3	3.8	4.2
Nonwithholding	2,178.6	14.3	2,452.2	2,357.9	(94.3)	(3.8)	12.6	8.2
Refunds	<u>(1,869.3)</u>	<u>(6.3)</u>	<u>(1,931.8)</u>	<u>(1,784.7)</u>	<u>147.1</u>	<u>(7.6)</u>	<u>3.3</u>	<u>(4.5)</u>
Net	9,944.4	9.4	10,526.4	10,612.8	86.4	0.8	5.9	6.7
Insurance Company Premiums	281.6	7.5	287.3	252.9	(34.4)	(12.0)	2.0	(10.2)
State Sales & Use Tax	3,012.4	(2.3)	3,066.0	3,121.5	55.5	1.8	1.8	3.6
Wills, Suits, Deeds, & Contract Fees	<u>291.5</u>	<u>0.4</u>	<u>322.9</u>	<u>322.1</u>	<u>(0.8)</u>	<u>(0.3)</u>	<u>10.8</u>	<u>10.5</u>
Total Major Tax Sources	\$ 14,352.0	6.1 %	\$ 15,030.4	\$ 15,169.2	\$ 138.8	0.9 %	4.7 %	5.7 %
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>								
Alcoholic Beverage State Tax	\$ 136.0	3.3 %	\$ 137.5	\$ 143.4	\$ 5.9	4.3 %	1.1 %	5.4 %
Bank Franchise Tax	24.4	5.4	23.3	18.9	(4.4)	(19.0)	(4.5)	(22.6)
Beer & Beverage Excise Tax	42.9	(1.3)	43.3	43.0	(0.3)	(0.7)	0.8	0.1
Corporate Franchise & Charter Fees	44.4	(4.7)	43.4	42.3	(1.1)	(2.5)	(2.3)	(4.7)
Excess & Other Fees from Officers	(8.6)	17.7	(10.3)	(8.7)	1.6	(15.8)	(19.4)	(0.5)
Estate & Gifts	2.7	(52.2)	0.0	0.3	0.3	n/a	(100.0)	(89.0)
Institutional Revenues	6.4	7.1	6.2	5.8	(0.4)	(5.8)	(3.8)	(9.4)
Interest & Rents	81.5	(13.9)	82.3	77.5	(4.8)	(5.8)	1.0	(4.8)
Licenses & Permits	4.4	1.6	4.1	4.2	0.1	3.4	(5.7)	(2.5)
Miscellaneous Taxes and Penalties	225.8	8.6	237.6	223.4	(14.2)	(6.0)	5.2	(1.1)
Other Miscellaneous Revenues	34.4	(13.6)	31.9	32.8	0.9	2.8	(7.4)	(4.8)
Public Service GR / Consumption Tax	<u>93.8</u>	<u>(3.6)</u>	<u>93.9</u>	<u>94.4</u>	<u>0.5</u>	<u>0.6</u>	<u>0.1</u>	<u>0.7</u>
Total Misc. Taxes and Other Revenues	\$ 688.2	(0.3) %	\$ 693.2	\$ 677.4	\$ (15.8)	(2.3) %	0.7 %	(1.6) %
<b>TOTAL GF REVENUES</b>	<b>\$ 15,040.2</b>	<b>5.8 %</b>	<b>\$ 15,723.6</b>	<b>\$ 15,846.7</b>	<b>\$ 123.1</b>	<b>0.8 %</b>	<b>4.5 %</b>	<b>5.4 %</b>
<b>TRANSFERS</b>								
A.B.C. Profits	\$ 50.5	1.1 %	\$ 55.0	\$ 63.8	\$ 8.8	16.0 %	8.9 %	26.3 %
Sales Tax (0.25%)	204.0	(2.6)	216.1	214.1	(2.0)	(0.9)	5.9	4.9
Transfers Per Appropriations Act	<u>157.6</u>	<u>(30.1)</u>	<u>224.1</u>	<u>223.4</u>	<u>(0.7)</u>	<u>(0.3)</u>	<u>42.2</u>	<u>41.8</u>
Total Transfers	\$ 412.1	(27.3) %	\$ 495.2	\$ 501.3	\$ 6.1	1.2 %	20.2 %	21.6 %
<b>TOTAL GENERAL FUND</b>	<b>\$ 15,452.3</b>	<b>4.5 %</b>	<b>\$ 16,218.8</b>	<b>\$ 16,348.0</b>	<b>\$ 129.2</b>	<b>0.8 %</b>	<b>5.0 %</b>	<b>5.8 %</b>

The Official forecast is based on the November 2011 Global Insight US Standard outlook and the corresponding Virginia economic outlook developed by the Department of Taxation. It includes actions of the 2012 General Assembly - Chapter 2.

## GENERAL FUND REVENUES

**Table 3.2**  
**Actual Collections Over (Under) the Forecast**  
Percent Variance

	May 25 2012		December 19 2011		May 2 2011		December 17 2010		May 7 2010		December 18 2009	
	Official		Introduced		Official		Introduced		Official		Introduced	
<b>Major Tax Sources (96%)</b>												
Corporate Income (5%)	3.9	%	3.9	%	3.4	%	4.3	%	2.6	%	5.7	%
Individual Income (66%)	0.8		0.8		2.7		3.9		4.7		5.3	
Insurance Company Premiums (2%)	(12.0)		(12.0)		(12.7)		(12.7)		(13.2)		(13.5)	
State Sales & Use Tax (20%)	1.8		1.8		0.2		0.2		5.0		4.5	
Wills, Suits, Deeds & Contracts (2%)	(0.3)		(0.3)		7.0		9.5		2.6		7.7	
<b>Total Major Tax Sources</b>	<b>0.9</b>	<b>%</b>	<b>0.9</b>	<b>%</b>	<b>2.0</b>	<b>%</b>	<b>2.9</b>	<b>%</b>	<b>4.2</b>	<b>%</b>	<b>4.8</b>	<b>%</b>
<b>Miscellaneous Taxes &amp; Other Revenues (5%)</b>	<b>(2.3)</b>	<b>%</b>	<b>(1.8)</b>	<b>%</b>	<b>(6.9)</b>	<b>%</b>	<b>(4.7)</b>	<b>%</b>	<b>(9.5)</b>	<b>%</b>	<b>(4.5)</b>	<b>%</b>
<b>Total Revenues</b>	<b>0.8</b>	<b>%</b>	<b>0.8</b>	<b>%</b>	<b>1.6</b>	<b>%</b>	<b>2.6</b>	<b>%</b>	<b>3.6</b>	<b>%</b>	<b>4.4</b>	<b>%</b>

Numbers in parentheses indicate collections as a percentage of total general fund revenues. These may not add to 100 percent due to rounding.

The May 25, 2012 Official forecast is an update to the December 2011 forecast, incorporating year-to-date collection trends through January 2012 and actions of the 2012 General Assembly.

The December 19, 2011 Introduced forecast is based on the November 2011 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and accompanied the Governor's Budget Bill.

The May 2, 2011 Official forecast is an update to the December 2010 forecast, incorporating year-to-date collection trends through January 2011 and actions of the 2011 General Assembly.

The December 17, 2010 Introduced forecast is based on the October 2010 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and accompanied the Governor's Budget Bill.

The May 7, 2010 Official forecast is based on the October 2009 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and reflects actions of the 2010 General Assembly.

The December 18, 2009 Introduced forecast is based on the October 2009 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and accompanied the Governor's Budget Bill.

### Individual Income Taxes

Collections of net individual income taxes (66 percent of total revenues) grew 6.7 percent in fiscal year 2012, ahead of the annual forecast of 5.9 percent growth. Receipts of \$10,612.8 million exceeded the official estimate by \$86.4 million, a variance of 0.8 percent from the forecast. The surplus resulted from better-than-expected receipts in individual withholding, and a decline in refunds.

**Withholding:** In fiscal year 2012, withholding receipts (64 percent of total revenues) increased 4.2 percent, ahead of the forecast growth rate of 3.8 percent. Collections of \$10,039.7 million were \$33.7 million above the forecast, a forecast variance of only 0.3 percent.

## **GENERAL FUND REVENUES**

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Nonwithholding: Collections of individual nonwithholding (16 percent of total revenues) grew 8.2 percent in fiscal year 2012, trailing the annual forecast of 12.6 percent growth. Receipts of \$2,357.9 million were \$94.3 million below the annual estimate, a forecast variance of -3.8 percent.

The annual shortfall in nonwithholding was a result of lower-than-expected individual final payments, which increased by only 5.2 percent compared with expectations of a 14.4 percent increase. These payments are historically tied to non-wage income sources – mainly the financial markets.

Refunds: Individual income tax refunds totaled \$1,784.7 million in fiscal year 2012, \$147.1 million less than expected. They fell by 4.5 percent compared with the forecast of 3.3 percent growth.

### **Sales Taxes**

Collections of sales and use taxes (20 percent of total revenues) were \$3,121.5 million in fiscal year 2012, \$55.5 million ahead of the forecast, a forecast variance of 1.8 percent. Collections grew 3.6 percent for the year compared with the forecast of 1.8 percent growth. Adjusting for accelerated sales tax payments received in June, sales tax collections grew 3.9 percent in fiscal year 2012, compared with the economic-base forecast of a 2.5 percent increase.

### **Corporate Income Taxes**

Corporate income tax collections (5 percent of total revenues), historically the most volatile revenue source, also contributed to the surplus. Collections of \$859.9 million were \$32.1 million ahead of expectations, a forecast variance of 3.9 percent. Growth of 4.6 percent was well ahead of the forecast of 0.7 percent growth.

### **Wills, Suits, Deeds, and Contract Fees**

Wills, Suits, Deeds, and Contract Fees (2 percent of total revenues), of which the primary component is the recordation tax, were close to the forecast in fiscal year 2012, lagging by only \$0.8 million, a variance of -0.3 percent. Collections finished the year at \$322.1 million, a 10.5 percent increase from fiscal year 2011 and close to the official forecast of 10.8 percent growth.

### **Insurance Premiums Taxes**

Collections of taxes on the premiums of insurance companies (2 percent of total revenues) were \$252.9 million in fiscal year 2012 – \$34.4 million below the annual estimate. Net receipts declined by 10.2 percent compared with the forecast of 2.0 percent growth.

### **Miscellaneous Taxes and Other Revenues**

Collectively, minor revenue sources finished the fiscal year \$15.8 million below the annual forecast. Collections of \$677.4 million were 1.6 percent below fiscal year 2011, trailing the

forecast of 0.7 percent growth. This was due almost entirely to a shortfall in revenue from fines.

### **The Revised General Fund Forecasts**

Two revenue forecasts based on the two economic scenarios detailed in Section 2 are presented here: the November standard forecast and the pessimistic alternative forecast. Both of these forecasts incorporate Virginia tax collections data through the first quarter of fiscal year 2013, as well as the latest national and state economic data.

Appendix C-1 summarizes the econometric models that serve as inputs to the forecast of the major revenue sources. These models translate economic scenarios into revenue projections. In developing the revenue forecast, the output from these equations is supplemented by an analysis of current and historical collections patterns and recent legislation affecting each source.

### **The Standard Forecast for Fiscal Years 2013 and 2014**

Table 3.3 on the following pages provides a comparison of the November standard revenue forecast with the official forecast. The official forecast is based on the November 2011 Global Insight U.S. standard outlook and the corresponding Virginia forecast developed by the Department of Taxation. It reflects the comments of JABE and adjustments by the 2012 General Assembly, Chapter 3. The official forecast also serves as the basis for the current Appropriations Act.

In the November standard forecast, total general fund revenues have been increased by \$109.6 million for fiscal year 2013 and \$101.3 million for fiscal year 2014, for a total biennium increase of \$210.9 million. Revenues are now expected to increase 3.6 percent in fiscal year 2013, compared with 2.9 percent in the official forecast. Adjusted for the 2012 session's partial repeal of the accelerated sales tax program, total revenue growth for fiscal year 2013 is expected to be 3.4 percent. Total revenues are expected to increase 4.4 percent in fiscal year 2014, slightly below the growth rate of 4.5 percent in the official forecast.

The increase over the official forecast for the biennium comes mainly from a downward revision to individual refunds and upward revisions to individual nonwithholding and sales tax collections. These outweigh the impacts of downward revisions to corporate income taxes, taxes on insurance premiums and withholding. Minor source revenues also have been revised downward, by roughly \$30 million each year.

### **Net Individual Income Taxes**

The outlook for net individual income taxes in fiscal year 2013 has been revised upward from the official forecast, as the large projected decrease in individual refunds and the smaller projected increase in nonwithholding are projected to push collections \$188.1 million above the official forecast in fiscal year 2013 and \$181.1 million in fiscal year 2014.

# GENERAL FUND REVENUES

**Table 3.3**  
**The Official and November Standard General Fund Forecast for Fiscal Year 2013**  
(Dollars in Millions)

November 1, 2012

	Fiscal Year 2012		Fiscal Year 2013			% Growth Over FY 12	
	Actual	% Growth	Official Forecast	November Forecast	Change	Official	November
<b>MAJOR TAX SOURCES</b>							
Corporate Income	\$ 859.9	4.6 %	\$ 886.0	\$ 820.9	\$ (65.1)	3.0 %	(4.5) %
Individual Income Tax:							
Gross	12,397.6	4.9	12,835.1	12,883.7	48.6	3.5	3.9
Withholding	10,039.7	4.2	10,391.5	10,366.3	(25.2)	3.5	3.3
Nonwithholding	2,357.9	8.2	2,443.6	2,517.4	73.8	3.6	6.8
Refunds	<u>(1,784.7)</u>	<u>(4.5)</u>	<u>(1,923.8)</u>	<u>(1,784.3)</u>	<u>139.5</u>	<u>7.8</u>	<u>(0.0)</u>
Net	10,612.8	6.7	10,911.3	11,099.4	188.1	2.8	4.6
Insurance Company Premiums	252.9	(10.2)	293.6	255.6	(38.0)	16.1	1.1
State Sales & Use Tax	3,121.5	3.6	3,207.9	3,248.8	40.9	2.8	4.1
Wills, Suits, Deeds, & Contract Fees	<u>322.1</u>	<u>10.5</u>	<u>322.9</u>	<u>336.5</u>	<u>13.6</u>	<u>0.3</u>	<u>4.5</u>
Total Major Tax Sources	\$ 15,169.2	5.7 %	\$ 15,621.7	\$ 15,761.2	\$ 139.5	3.0 %	3.9 %
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>							
Alcoholic Beverage State Tax	\$ 143.4	5.4 %	\$ 141.5	\$ 148.3	\$ 6.8	(1.3) %	3.4 %
Bank Franchise Tax	18.9	(22.6)	19.3	17.0	(2.3)	2.2	(10.0)
Beer & Beverage Excise Tax	43.0	0.1	43.3	43.0	(0.3)	0.7	0.0
Corporate Franchise & Charter Fees	42.3	(4.7)	43.4	40.5	(2.9)	2.5	(4.3)
Excess & Other Fees from Officers	(8.7)	(0.5)	(7.5)	(8.7)	(1.2)	13.5	(0.3)
Estate & Gifts	0.3	(89.0)	0.0	0.0	0.0	(100.0)	(100.0)
Institutional Revenues	5.8	(9.4)	6.2	5.7	(0.5)	6.1	(2.4)
Interest & Rents	77.5	(4.8)	77.7	67.8	(9.9)	0.2	(12.6)
Licenses & Permits	4.2	(2.5)	4.3	4.3	0.0	1.4	1.4
Miscellaneous Taxes and Penalties	223.4	(1.1)	238.8	221.1	(17.7)	6.9	(1.0)
Other Miscellaneous Revenues	32.8	(4.8)	30.5	27.2	(3.3)	(6.9)	(17.1)
Public Service GR / Consumption Tax	<u>94.4</u>	<u>0.7</u>	<u>93.9</u>	<u>95.3</u>	<u>1.4</u>	<u>(0.6)</u>	<u>0.9</u>
Total Misc. Taxes and Other Revenues	\$ 677.4	(1.6) %	\$ 691.4	\$ 661.5	\$ (29.9)	2.1 %	(2.4) %
<b>TOTAL GF REVENUES</b>	<b>\$ 15,846.7</b>	<b>5.4 %</b>	<b>\$ 16,313.1</b>	<b>\$ 16,422.7</b>	<b>\$ 109.6</b>	<b>2.9 %</b>	<b>3.6 %</b>
<b>TRANSFERS</b>							
A.B.C. Profits	\$ 63.8	26.3 %	\$ 56.3	\$ 64.6	\$ 8.3	(11.8) %	1.3 %
Sales Tax (0.25%)	214.1	4.9	226.1	222.8	(3.3)	5.6	4.1
Transfers Per Appropriations Act	<u>223.4</u>	<u>41.8</u>	<u>115.4</u>	<u>115.4</u>	<u>0.0</u>	<u>(48.3)</u>	<u>(48.3)</u>
Total Transfers	\$ 501.3	21.6 %	\$ 397.8	\$ 402.8	\$ 5.0	(20.6) %	(19.6) %
<b>TOTAL GENERAL FUND</b>	<b>\$ 16,348.0</b>	<b>5.8 %</b>	<b>\$ 16,710.9</b>	<b>\$ 16,825.5</b>	<b>\$ 114.6</b>	<b>2.2 %</b>	<b>2.9 %</b>

The Official forecast is based on the November 2011 Global Insight US Standard outlook and the corresponding Virginia economic outlook developed by the Department of Taxation. It includes actions of the 2012 General Assembly - Chapter 3.

The November Standard forecast is based on the October 2012 Global Insight Standard Outlook and the corresponding Virginia state forecast developed by the Department of Taxation, which incorporates JABE's recommendations.



# GENERAL FUND REVENUES

**Table 3.3**  
**The Official and November Standard General Fund Forecast for Fiscal Year 2014**  
(Dollars in Millions)

November 1, 2012

	Fiscal Year 2014					2012-2014 Biennium		
	Official Forecast	November Forecast	Change	% Growth Over FY 13		Official Forecast	November Forecast	Change
				Official	November			
<b>MAJOR TAX SOURCES</b>								
Corporate Income	\$ 907.2	\$ 839.8	\$ (67.4)	2.4 %	2.3 %	\$ 1,793.2	\$ 1,660.7	\$ (132.5)
Individual Income Tax:								
Gross	13,415.3	13,462.9	47.6	4.5	4.5	26,250.4	26,346.6	96.2
Withholding	10,843.9	10,809.8	(34.1)	4.4	4.3	21,235.4	21,176.1	(59.3)
Nonwithholding	2,571.4	2,653.1	81.7	5.2	5.4	5,015.0	5,170.5	155.5
Refunds	<u>(1,960.6)</u>	<u>(1,827.1)</u>	<u>133.5</u>	<u>1.9</u>	<u>2.4</u>	<u>(3,884.4)</u>	<u>(3,611.4)</u>	<u>273.0</u>
Net	11,454.7	11,635.8	181.1	5.0	4.8	22,366.0	22,735.2	369.2
Insurance Company Premiums	307.5	273.7	(33.8)	4.7	7.1	601.1	529.3	(71.8)
State Sales & Use Tax	3,331.5	3,372.4	40.9	3.9	3.8	6,539.4	6,621.2	81.8
Wills, Suits, Deeds, & Contract Fees	<u>322.9</u>	<u>336.5</u>	<u>13.6</u>	<u>0.0</u>	<u>0.0</u>	<u>645.8</u>	<u>673.0</u>	<u>27.2</u>
<b>Total Major Tax Sources</b>	<b>\$ 16,323.8</b>	<b>\$ 16,458.2</b>	<b>\$ 134.4</b>	<b>4.5 %</b>	<b>4.4 %</b>	<b>\$ 31,945.5</b>	<b>\$ 32,219.4</b>	<b>\$ 273.9</b>
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>								
Alcoholic Beverage State Tax	\$ 144.3	\$ 151.0	\$ 6.7	2.0 %	1.8 %	\$ 285.8	\$ 299.3	\$ 13.5
Bank Franchise Tax	19.3	16.0	(3.3)	0.0	(5.9)	38.6	33.0	(5.6)
Beer & Beverage Excise Tax	43.3	43.0	(0.3)	0.0	0.0	86.6	86.0	(0.6)
Corporate Franchise & Charter Fees	43.4	40.5	(2.9)	0.0	0.0	86.8	81.0	(5.8)
Excess & Other Fees from Officers	(7.5)	(8.7)	(1.2)	0.0	0.0	(15.0)	(17.4)	(2.4)
Estate & Gifts	0.0	0.0	0.0	n/a	n/a	0.0	0.0	n/a
Institutional Revenues	6.2	5.7	(0.5)	0.0	0.0	12.4	11.4	(1.0)
Interest & Rents	80.3	68.8	(11.5)	3.3	1.5	158.0	136.6	(21.4)
Licenses & Permits	4.3	4.3	0.0	0.0	0.0	8.6	8.6	0.0
Miscellaneous Taxes and Penalties	240.0	221.8	(18.2)	0.5	0.3	478.8	442.9	(35.9)
Other Miscellaneous Revenues	50.4	47.1	(3.3)	65.0	73.2	80.9	74.3	(6.6)
Public Service GR / Consumption Tax	<u>93.9</u>	<u>95.3</u>	<u>1.4</u>	<u>0.0</u>	<u>0.0</u>	<u>187.8</u>	<u>190.6</u>	<u>2.8</u>
<b>Total Misc. Taxes and Other Revenues</b>	<b>\$ 717.9</b>	<b>\$ 684.8</b>	<b>\$ (33.1)</b>	<b>3.8 %</b>	<b>3.5 %</b>	<b>\$ 1,409.3</b>	<b>\$ 1,346.3</b>	<b>\$ (63.0)</b>
<b>TOTAL GF REVENUES</b>	<b>\$ 17,041.7</b>	<b>\$ 17,143.0</b>	<b>\$ 101.3</b>	<b>4.5 %</b>	<b>4.4 %</b>	<b>\$ 33,354.8</b>	<b>\$ 33,565.7</b>	<b>\$ 210.9</b>
<b>TRANSFERS</b>								
A.B.C. Profits	\$ 56.3	\$ 65.5	\$ 9.2	0.0 %	1.4 %	\$ 112.6	\$ 130.1	\$ 17.5
Sales Tax (0.25%)	235.0	230.4	(4.6)	3.9	3.4	461.1	453.2	(7.9)
Transfers Per Appropriations Act	<u>122.8</u>	<u>122.8</u>	<u>0.0</u>	<u>6.4</u>	<u>6.4</u>	<u>238.2</u>	<u>238.2</u>	<u>0.0</u>
<b>Total Transfers</b>	<b>\$ 414.1</b>	<b>\$ 418.7</b>	<b>\$ 4.6</b>	<b>4.1 %</b>	<b>3.9 %</b>	<b>\$ 811.9</b>	<b>\$ 821.5</b>	<b>\$ 9.6</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 17,455.8</b>	<b>\$ 17,561.7</b>	<b>\$ 105.9</b>	<b>4.5 %</b>	<b>4.4 %</b>	<b>\$ 34,166.7</b>	<b>\$ 34,387.2</b>	<b>\$ 220.5</b>

The November Standard forecast is based on the October 2012 Global Insight Standard Outlook and the corresponding Virginia state forecast developed by the Department of Taxation, which incorporates JABE's recommendations.

# GENERAL FUND REVENUES

**Table 3.3**  
**The November Standard General Fund Forecast for Fiscal Years 2015-2016**  
(Dollars in Millions)

November 1, 2012

	Fiscal Year 2015		Fiscal Year 2016		2014-2016 Biennium	
	November Forecast	% Growth Over FY 14	November Forecast	% Growth Over FY 15	November Forecast	% Growth Over 12-14
<b>MAJOR TAX SOURCES</b>						
Corporate Income	\$ 830.3	(1.1) %	\$ 827.0	(0.4) %	\$ 1,657.3	(0.2) %
Individual Income Tax:						
Gross	14,134.6	5.0	14,807.7	4.8	28,942.3	9.9
Withholding	11,323.5	4.8	11,796.0	4.2	23,119.5	9.2
Nonwithholding	2,811.1	6.0	3,011.7	7.1	5,822.8	12.6
Refunds	<u>(1,882.4)</u>	3.0	<u>(2,048.6)</u>	<u>8.8</u>	<u>(3,930.9)</u>	<u>8.8</u>
Net	12,252.2	5.3	12,759.1	4.1	25,011.4	10.0
Insurance Company Premiums	289.7	5.8	301.0	3.9	590.7	11.6
State Sales & Use Tax	3,502.6	3.9	3,641.6	4.0	7,144.2	7.9
Wills, Suits, Deeds, & Contract Fees	<u>336.5</u>	<u>0.0</u>	<u>336.5</u>	<u>0.0</u>	<u>673.0</u>	<u>0.0</u>
Total Major Tax Sources	\$ 17,211.3	4.6 %	\$ 17,865.2	3.8 %	\$ 35,076.6	8.9 %
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>						
Alcoholic Beverage State Tax	\$ 143.2	(5.2) %	\$ 143.2	0.0 %	\$ 286.4	(4.3) %
Bank Franchise Tax	16.0	0.0	16.0	0.0	32.0	(3.0)
Beer & Beverage Excise Tax	43.0	0.0	43.0	0.0	86.0	0.0
Corporate Franchise & Charter Fees	42.4	4.7	42.4	0.0	84.8	4.7
Excess & Other Fees from Officers	(8.7)	0.0	(8.7)	0.0	(17.4)	0.0
Estate & Gifts	0.0	n/a	0.0	n/a	0.0	n/a
Institutional Revenues	5.7	0.0	5.7	0.0	11.4	0.0
Interest & Rents	68.8	0.0	68.8	0.0	137.6	0.7
Licenses & Permits	4.3	0.0	4.3	0.0	8.6	0.0
Miscellaneous Taxes and Penalties	222.6	0.4	222.9	0.1	445.5	0.6
Other Miscellaneous Revenues	26.0	(44.8)	26.0	0.0	52.0	(30.0)
Public Service GR / Consumption Tax	<u>93.9</u>	<u>(1.5)</u>	<u>93.9</u>	<u>0.0</u>	<u>187.8</u>	<u>(1.5)</u>
Total Misc. Taxes and Other Revenues	\$ 657.2	(4.0) %	\$ 657.5	0.0 %	\$ 1,314.7	(2.3) %
<b>TOTAL GF REVENUES</b>	<b>\$ 17,868.5</b>	<b>4.2 %</b>	<b>\$ 18,522.7</b>	<b>3.7 %</b>	<b>\$ 36,391.3</b>	<b>8.4 %</b>
<b>TRANSFERS</b>						
A.B.C. Profits	\$ 65.7	0.3 %	\$ 65.7	0.0 %	\$ 131.4	1.0 %
Sales Tax (0.25%)	239.4	3.9	248.9	4.0	488.3	7.7
Transfers Per Appropriations Act	<u>120.0</u>	<u>(2.3)</u>	<u>120.0</u>	<u>0.0</u>	<u>240.0</u>	<u>0.8</u>
Total Transfers	\$ 425.1	1.5 %	\$ 434.6	2.2 %	\$ 859.7	4.7 %
<b>TOTAL GENERAL FUND</b>	<b>\$ <u>18,293.6</u></b>	<b><u>4.2 %</u></b>	<b>\$ <u>18,957.3</u></b>	<b><u>3.6 %</u></b>	<b>\$ <u>37,251.0</u></b>	<b><u>8.3 %</u></b>

The November Standard forecast is based on the October 2012 Global Insight Standard Outlook and the corresponding Virginia state forecast developed by the Department of Taxation, which incorporates JABE's recommendations.

### Withholding

The withholding revenue model is based on a direct relationship with wages and salaries (55 percent of total personal income) and net transfer payments (5 percent of total personal income) in Virginia. Since growth in wages and salaries is projected to be slightly weaker than in the official forecast, withholding growth in the November standard forecast has been lowered from 3.5 percent to 3.3 percent in fiscal year 2013 and from 4.4 percent to 4.3 percent in fiscal year 2014. These small changes result in \$59.3 million less in revenue from this source over the biennium.

### Nonwithholding

The revenue model for nonwithholding considers estimated and final payments independently. Estimated payments are modeled as a function of total proprietor's income, dividends, interest, and rental income, and the S&P 500 index, while final payments are driven solely by growth in the S&P 500 index.

First quarter collections in nonwithholding are up 4.1 percent from the same period last year, ahead of the official forecast of 3.6 percent growth. In addition, actual growth in dividends, interest and rental income was 3.8 percentage points higher in fiscal year 2012 than predicted in the official forecast, and the October standard forecast for fiscal years 2013 and 2014 assumes growth 2.1 and 2.5 percentage points higher than the official forecast. The November standard forecast for nonwithholding in fiscal year 2013 raises growth from 3.6 percent to 6.8 percent, resulting in \$73.8 million more in collections than the official forecast. The forecast predicts 5.4 percent growth in fiscal year 2014, compared to 5.2 percent in the official forecast, resulting in an additional \$81.7 million in collections.

### Refunds

The forecast methodology for individual refunds relies on the revised outlook for withholding and nonwithholding, comparing taxable year individual income tax with taxable year refunds for the first and second half of a taxable year. Historic data are adjusted for the land preservation tax credit and the low-income credit. Future values of these credits are estimated and these amounts are added to the base refund forecast.

In the November standard revenue forecast, individual refunds are projected to remain flat in fiscal year 2013 compared with the official forecast of a 7.8 percent increase. The November forecast takes \$139.5 million from refunds in fiscal year 2013 and \$133.5 million in fiscal year 2014, reflecting the downward revision to individual withholding taxes. Land preservation credits are projected to be \$125 million in fiscal years 2013 and 2014, similar to last year's collections of \$127.1 million. The outlook for low income credits is \$115.0 million in fiscal year 2013 and \$110.0 in fiscal year 2014, also similar to last year's amount of \$110.0 million.

## **GENERAL FUND REVENUES**

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### **Sales**

The sales tax revenue model is based on a direct relationship with total personal income in Virginia. Growth in personal income is expected to be just 0.1 percentage point lower in fiscal year 2013 compared to the official forecast and the same in fiscal year 2014. However, in fiscal year 2012, sales tax collections exceeded the forecast by \$55.5 million, raising the base. As a result of this and solid economic-base growth in the first quarter of 4.2 percent (vs. the forecast of 1.7 percent), the November standard forecast for sales tax collections is stronger than the official forecast. It expects 4.1 percent growth in fiscal year 2013, and 3.8 percent growth in 2014, for a total of \$81.8 million more in revenue collections.

### **Corporate**

The corporate revenue model considers gross payments and refunds separately. Gross payments are modeled as a function of Virginia specific pre-tax corporate profits and the S&P 500 index. Refunds are driven by the historic ratio of gross payments to refund activity. Through the first quarter of fiscal year 2013, actual collections are down 11.8 percent. Thus, corporate income tax collections in the November standard revenue forecast are expected to decline by 4.5 percent in fiscal year 2013, instead of increase by 3.0 percent, resulting in \$65.1 million less revenue than in the official forecast. In fiscal year 2014, collections are expected to come in \$67.4 million less than in the official forecast, as collections increase by 2.3 percent instead of 2.4 percent.

### **Wills, Suits, Deeds, and Contracts (Recordation)**

The revenue model for wills, suits, deeds and contracts is based on refinancing activity and median home prices in Virginia, along with the yield on 30-year treasury bonds. The outlook for recordation taxes drives the other components of this source. As the housing market seems to be stabilizing, and revenues in this source are up 14.9 percent through the first quarter, the November standard forecast is \$336.5 million in fiscal years 2013 and 2014, \$13.6 million more than the official forecast in each year.

### **Insurance**

Collections in this source fell by 10.2 percent in fiscal year 2012. The slow commercial real estate market and lower business and housing valuations likely suppressed premium growth. Based on lower collections, the November standard forecast for insurance premium is for growth of only 1.1 percent in fiscal year 2013 and then for much stronger growth of 7.1 percent in fiscal year 2014. This results in \$38.0 million less in fiscal year 2013 and \$33.8 million less in fiscal year 2014 compared to the official forecast.

**Miscellaneous Taxes and Other Revenues**

Taken together, all other revenue sources have been revised downward by \$29.9 million in fiscal year 2013 and \$33.1 million in fiscal year 2014. The November forecast predicts these revenues will decline by 2.4 percent in fiscal year 2013 and then grow by 3.5 percent in fiscal year 2014.

**Alternative General Fund Revenue Forecast**

Table 3.4 on the following page compares the official and the November pessimistic alternative general fund forecasts. The pessimistic scenario reduces the forecast by \$54.1 million in fiscal year 2013, as growth falls from 2.9 percent in the official forecast to 2.6 percent. However, in fiscal year 2014 growth weakens considerably. For the 2012-2014 biennium, the pessimistic alternative forecast is \$674.0 million below the official revenue forecast. As compared to the November standard forecast, the pessimistic alternative forecast is \$884.9 million lower.

# GENERAL FUND REVENUES

**Table 3.4**  
**The Official and November Pessimistic Alternative General Fund Forecast for Fiscal Year 2013**  
(Dollars in Millions)

November 1, 2012

	Fiscal Year 2012		Fiscal Year 2013				
	Actual	% Growth	Official Forecast	Nov Alt Forecast	Change	% Growth Over FY 12	
						Official	Nov Alt
<b>MAJOR TAX SOURCES</b>							
Corporate Income	\$ 859.9	4.6 %	\$ 886.0	\$ 798.2	\$ (87.8)	3.0 %	(7.2) %
Individual Income Tax:							
Gross	12,397.6	4.9	12,835.1	12,746.9	(88.2)	3.5	2.8
Withholding	10,039.7	4.2	10,391.5	10,302.2	(89.3)	3.5	2.6
Nonwithholding	2,357.9	8.2	2,443.6	2,444.7	1.1	3.6	3.7
Refunds	<u>(1,784.7)</u>	<u>(4.5)</u>	<u>(1,923.8)</u>	<u>(1,778.4)</u>	<u>145.4</u>	<u>7.8</u>	<u>(0.4)</u>
Net	10,612.8	6.7	10,911.3	10,968.5	57.2	2.8	3.4
Insurance Company Premiums	252.9	(10.2)	293.6	252.8	(40.8)	16.1	(0.0)
State Sales & Use Tax	3,121.5	3.6	3,207.9	3,234.0	26.1	2.8	3.6
Wills, Suits, Deeds, & Contract Fees	<u>322.1</u>	<u>10.5</u>	<u>322.9</u>	<u>344.0</u>	<u>21.1</u>	<u>0.3</u>	<u>6.8</u>
Total Major Tax Sources	\$ 15,169.2	5.7 %	\$ 15,621.7	\$ 15,597.5	\$ (24.2)	3.0 %	2.8 %
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>							
Alcoholic Beverage State Tax	\$ 143.4	5.4 %	\$ 141.5	\$ 148.3	\$ 6.8	(1.3) %	3.4 %
Bank Franchise Tax	18.9	(22.6)	19.3	17.0	(2.3)	2.2	(10.0)
Beer & Beverage Excise Tax	43.0	0.1	43.3	43.0	(0.3)	0.7	0.0
Corporate Franchise & Charter Fees	42.3	(4.7)	43.4	40.5	(2.9)	2.5	(4.3)
Excess & Other Fees from Officers	(8.7)	(0.5)	(7.5)	(8.7)	(1.2)	13.5	(0.3)
Estate & Gifts	0.3	(89.0)	0.0	0.0	0.0	(100.0)	(100.0)
Institutional Revenues	5.8	(9.4)	6.2	5.7	(0.5)	6.1	(2.4)
Interest & Rents	77.5	(4.8)	77.7	67.8	(9.9)	0.2	(12.6)
Licenses & Permits	4.2	(2.5)	4.3	4.3	0.0	1.4	1.4
Miscellaneous Taxes and Penalties	223.4	(1.1)	238.8	221.1	(17.7)	6.9	(1.0)
Other Miscellaneous Revenues	32.8	(4.8)	30.5	27.2	(3.3)	(6.9)	(17.1)
Public Service GR / Consumption Tax	<u>94.4</u>	<u>0.7</u>	<u>93.9</u>	<u>95.3</u>	<u>1.4</u>	<u>(0.6)</u>	<u>0.9</u>
Total Misc. Taxes and Other Revenues	\$ 677.4	(1.6) %	\$ 691.4	\$ 661.5	\$ (29.9)	2.1 %	(2.4) %
<b>TOTAL GF REVENUES</b>	<b>\$ 15,846.7</b>	<b>5.4 %</b>	<b>\$ 16,313.1</b>	<b>\$ 16,259.0</b>	<b>\$ (54.1)</b>	<b>2.9 %</b>	<b>2.6 %</b>
<b>TRANSFERS</b>							
A.B.C. Profits	\$ 63.8	26.3 %	\$ 56.3	\$ 64.6	\$ 8.3	(11.8) %	1.3 %
Sales Tax (0.25%)	214.1	4.9	226.1	222.8	(3.3)	5.6	4.1
Transfers Per Appropriations Act	<u>223.4</u>	<u>41.8</u>	<u>115.4</u>	<u>115.4</u>	<u>0.0</u>	<u>(48.3)</u>	<u>(48.3)</u>
Total Transfers	\$ 501.3	21.6 %	\$ 397.8	\$ 402.8	\$ 5.0	(20.6) %	(19.6) %
<b>TOTAL GENERAL FUND</b>	<b>\$ 16,348.0</b>	<b>5.8 %</b>	<b>\$ 16,710.9</b>	<b>\$ 16,661.8</b>	<b>\$ (49.1)</b>	<b>2.2 %</b>	<b>1.9 %</b>

The Official forecast is based on the November 2011 Global Insight US Standard outlook and the corresponding Virginia economic outlook developed by the Department of Taxation. It includes actions of the 2012 General Assembly - Chapter 3.

The November Pessimistic Alternative forecast is based on the October 2012 Global Insight Pessimistic Alternative outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

# GENERAL FUND REVENUES

**Table 3.4**  
**The Official and November Pessimistic Alternative General Fund Forecast for Fiscal Year 2014**  
(Dollars in Millions)

November 1, 2012

	Fiscal Year 2014					2012-2014 Biennium		
	Official	Nov Alt	Change	% Growth Over FY 13		Official	Nov Alt	Change
	Forecast	Forecast		Official	Nov Alt	Forecast	Forecast	
<b>MAJOR TAX SOURCES</b>								
Corporate Income	\$ 907.2	\$ 801.8	\$ (105.4)	2.4 %	0.5 %	\$ 1,793.2	\$ 1,600.0	\$ (193.2)
Individual Income Tax:								
Gross	13,415.3	12,782.2	(633.1)	4.5	0.3	26,250.4	25,529.1	(721.3)
Withholding	10,843.9	10,517.7	(326.2)	4.4	2.1	21,235.4	20,819.9	(415.5)
Nonwithholding	2,571.4	2,264.5	(306.9)	5.2	(7.4)	5,015.0	4,709.2	(305.8)
Refunds	<u>(1,960.6)</u>	<u>(1,759.5)</u>	<u>201.1</u>	<u>1.9</u>	<u>(1.1)</u>	<u>(3,884.4)</u>	<u>(3,537.9)</u>	<u>346.5</u>
Net	11,454.7	11,022.7	(432.0)	5.0	0.5	22,366.0	21,991.2	(374.8)
Insurance Company Premiums	307.5	263.0	(44.5)	4.7	4.0	601.1	515.8	(85.3)
State Sales & Use Tax	3,331.5	3,305.5	(26.0)	3.9	2.2	6,539.4	6,539.5	0.1
Wills, Suits, Deeds, & Contract Fees	<u>322.9</u>	<u>344.0</u>	<u>21.1</u>	<u>0.0</u>	<u>0.0</u>	<u>645.8</u>	<u>688.0</u>	<u>42.2</u>
<b>Total Major Tax Sources</b>	<b>\$ 16,323.8</b>	<b>\$ 15,737.0</b>	<b>\$ (586.8)</b>	<b>4.5 %</b>	<b>0.9 %</b>	<b>\$ 31,945.5</b>	<b>\$ 31,334.5</b>	<b>\$ (611.0)</b>
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>								
Alcoholic Beverage State Tax	\$ 144.3	\$ 151.0	\$ 6.7	2.0 %	1.8 %	\$ 285.8	\$ 299.3	\$ 13.5
Bank Franchise Tax	19.3	16.0	(3.3)	0.0	(5.9)	38.6	33.0	(5.6)
Beer & Beverage Excise Tax	43.3	43.0	(0.3)	0.0	0.0	86.6	86.0	(0.6)
Corporate Franchise & Charter Fees	43.4	40.5	(2.9)	0.0	0.0	86.8	81.0	(5.8)
Excess & Other Fees from Officers	(7.5)	(8.7)	(1.2)	0.0	0.0	(15.0)	(17.4)	(2.4)
Estate & Gifts	0.0	0.0	0.0	n/a	n/a	0.0	0.0	n/a
Institutional Revenues	6.2	5.7	(0.5)	0.0	0.0	12.4	11.4	(1.0)
Interest & Rents	80.3	68.8	(11.5)	3.3	1.5	158.0	136.6	(21.4)
Licenses & Permits	4.3	4.3	0.0	0.0	0.0	8.6	8.6	0.0
Miscellaneous Taxes and Penalties	240.0	221.8	(18.2)	0.5	0.3	478.8	442.9	(35.9)
Other Miscellaneous Revenues	50.4	47.1	(3.3)	65.0	73.2	80.9	74.3	(6.6)
Public Service GR / Consumption Tax	<u>93.9</u>	<u>95.3</u>	<u>1.4</u>	<u>0.0</u>	<u>0.0</u>	<u>187.8</u>	<u>190.6</u>	<u>2.8</u>
<b>Total Misc. Taxes and Other Revenues</b>	<b>\$ 717.9</b>	<b>\$ 684.8</b>	<b>\$ (33.1)</b>	<b>3.8 %</b>	<b>3.5 %</b>	<b>\$ 1,409.3</b>	<b>\$ 1,346.3</b>	<b>\$ (63.0)</b>
<b>TOTAL GF REVENUES</b>	<b>\$ 17,041.7</b>	<b>\$ 16,421.8</b>	<b>\$ (619.9)</b>	<b>4.5 %</b>	<b>1.0 %</b>	<b>\$ 33,354.8</b>	<b>\$ 32,680.8</b>	<b>\$ (674.0)</b>
<b>TRANSFERS</b>								
A.B.C. Profits	\$ 56.3	\$ 65.5	\$ 9.2	0.0 %	1.4 %	\$ 112.6	\$ 130.1	\$ 17.5
Sales Tax (0.25%)	235.0	230.4	(4.6)	3.9	3.4	461.1	453.2	(7.9)
Transfers Per Appropriations Act	<u>122.8</u>	<u>122.8</u>	<u>0.0</u>	<u>6.4</u>	<u>6.4</u>	<u>238.2</u>	<u>238.2</u>	<u>0.0</u>
<b>Total Transfers</b>	<b>\$ 414.1</b>	<b>\$ 418.7</b>	<b>\$ 4.6</b>	<b>4.1 %</b>	<b>3.9 %</b>	<b>\$ 811.9</b>	<b>\$ 821.5</b>	<b>\$ 9.6</b>
<b>TOTAL GENERAL FUND</b>	<b>\$ 17,455.8</b>	<b>\$ 16,840.5</b>	<b>\$ (615.3)</b>	<b>4.5 %</b>	<b>1.1 %</b>	<b>\$ 34,166.7</b>	<b>\$ 33,502.3</b>	<b>\$ (664.4)</b>

The Official forecast is based on the November 2011 Global Insight US Standard outlook and the corresponding Virginia economic outlook developed by the Department of Taxation. It includes actions of the 2012 General Assembly - Chapter 3.

The November Pessimistic Alternative forecast is based on the October 2012 Global Insight Pessimistic Alternative outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

# GENERAL FUND REVENUES

**Table 3.4**  
**The November Pessimistic Alternative General Fund Forecast for Fiscal Years 2015-2016**  
(Dollars in Millions)

November 1, 2012

	Fiscal Year 2015		Fiscal Year 2016		2014-2016 Biennium	
	Nov Alt Forecast	% Growth Over FY 14	Nov Alt Forecast	% Growth Over FY 15	Nov Alt Forecast	% Growth Over 12-14
<b>MAJOR TAX SOURCES</b>						
Corporate Income	\$ 791.2	(1.3) %	\$ 785.7	(0.7) %	\$ 1,576.9	(1.4) %
Individual Income Tax:						
Gross	13,311.3	4.1	13,884.1	4.3	27,195.4	6.5
Withholding	10,927.6	3.9	11,336.3	3.7	22,263.9	6.9
Nonwithholding	2,383.7	5.3	2,547.8	6.9	4,931.5	4.7
Refunds	<u>(1,789.7)</u>	1.7	<u>(1,933.9)</u>	8.1	<u>(3,723.6)</u>	5.2
Net	11,521.6	4.5	11,950.2	3.7	23,471.8	6.7
Insurance Company Premiums	274.7	4.4	284.3	3.5	559.0	8.4
State Sales & Use Tax	3,394.2	2.7	3,509.6	3.4	6,903.8	5.6
Wills, Suits, Deeds, & Contract Fees	<u>344.0</u>	0.0	<u>344.0</u>	0.0	<u>688.0</u>	0.0
Total Major Tax Sources	\$ 16,325.7	3.7 %	\$ 16,873.8	3.4 %	\$ 33,199.5	6.0 %
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>						
Alcoholic Beverage State Tax	\$ 143.2	(5.2) %	\$ 143.2	0.0 %	\$ 286.4	(4.3) %
Bank Franchise Tax	16.0	0.0	16.0	0.0	32.0	(3.0)
Beer & Beverage Excise Tax	43.0	0.0	43.0	0.0	86.0	0.0
Corporate Franchise & Charter Fees	42.4	4.7	42.4	0.0	84.8	4.7
Excess & Other Fees from Officers	(8.7)	0.0	(8.7)	0.0	(17.4)	0.0
Estate & Gifts	0.0	n/a	0.0	n/a	0.0	n/a
Institutional Revenues	5.7	0.0	5.7	0.0	11.4	0.0
Interest & Rents	68.8	0.0	68.8	0.0	137.6	0.7
Licenses & Permits	4.3	0.0	4.3	0.0	8.6	0.0
Miscellaneous Taxes and Penalties	222.6	0.4	222.9	0.1	445.5	0.6
Other Miscellaneous Revenues	26.0	(44.8)	26.0	0.0	52.0	(30.0)
Public Service GR / Consumption Tax	<u>93.9</u>	<u>(1.5)</u>	<u>93.9</u>	<u>0.0</u>	<u>187.8</u>	<u>(1.5)</u>
Total Misc. Taxes and Other Revenues	\$ 657.2	(4.0) %	\$ 657.5	0.0 %	\$ 1,314.7	(2.3) %
<b>TOTAL GF REVENUES</b>	<b>\$ 16,982.9</b>	<b>3.4 %</b>	<b>\$ 17,531.3</b>	<b>3.2 %</b>	<b>\$ 34,514.2</b>	<b>5.6 %</b>
<b>TRANSFERS</b>						
A.B.C. Profits	\$ 65.7	0.3 %	\$ 65.7	0.0 %	\$ 131.4	1.0 %
Sales Tax (0.25%)	239.4	3.9	248.9	4.0	488.3	7.7
Transfers Per Appropriations Act	<u>120.0</u>	<u>(2.3)</u>	<u>120.0</u>	<u>0.0</u>	<u>240.0</u>	<u>0.8</u>
Total Transfers	\$ 425.1	1.5 %	\$ 434.6	2.2 %	\$ 859.7	4.7 %
<b>TOTAL GENERAL FUND</b>	<b>\$ 17,408.0</b>	<b>3.4 %</b>	<b>\$ 17,965.9</b>	<b>3.2 %</b>	<b>\$ 35,373.9</b>	<b>5.6 %</b>

The November Pessimistic Alternative forecast is based on the October 2012 Global Insight Pessimistic Alternative outlook and the corresponding Virginia state forecast developed by the Department of Taxation.



**Legislative Changes Affecting the Forecast**

Table 3.5 below lists the legislative and policy changes that affect the revenue forecast for fiscal years 2013 and 2014.

**Table 3.5  
Summary of Recent Legislation Affecting General Fund Revenues  
(Millions of Dollars)**

	FY13	FY14
<b>CORPORATE INCOME TAX</b>		
C. 781, 2009 - Captive REIT -- HB2504/SB1147	10.0	10.0
C. 781, 2009 - Single Sales Factor Apportionment -- HB2437	(8.5)	(18.8)
C. 874, 2010 - Job Tax Credit -- HB624	(1.3)	(1.3)
C. 874, 2010 - Motion Picture Tax Credit -- HB861/SB257	(2.5)	(2.5)
C. 874, 2010 - Limit Section 199 Deduction	(20.0)	(20.0)
C. 874, 2010 - Disallow Section 199 Deductions	30.0	30.0
C. 3, 2012 - Allow 199 Deduction, HB1153/SB462		(10.0)
C. 874, 2010 - Tech/Science Angel Investment -- HB523	(0.5)	(0.5)
C. 874, 2010 - Green Jobs Tax Credit -- HB803/SB603	(0.5)	(0.5)
C. 890, 2011 - Virginia Port Tax Incentive -- SB1481/1136/HB2385	(4.3)	(4.3)
C. 890, 2011 - Virginia Winery and Vineyard Credit -- HB1837	(0.2)	(0.2)
C. 890, 2011 - Refundable R&D Credit -- HB1447/SB1326	(4.3)	(4.3)
C. 890, 2011 - Federal Tax Conformity - Cancel Debt -- HB1874/SB 1384	7.4	
C. 890, 2011 - Telework Credit -- HB2197	(0.9)	(0.9)
C. 3, 2012 - Increase Neighborhood Assistance Credit -- SB131	(1.6)	(1.6)
<b>INDIVIDUAL INCOME TAX</b>		
C. 3, 2006 - Cap Land Preservation Tax Credit (Total Cost)	(125.0)	(125.0)
C. 890, 2011 - Virginia Port Tax Incentive	(0.7)	(0.7)
C. 890, 2011 - Refundable R&D Credit	(0.7)	(0.7)
C. 890, 2011 - IRS Tax Conformity	34.8	55.4
C. 890, 2011 - Telework Credit -- HB2197	(0.1)	(0.1)
C. 3, 2012 - Increase Neighborhood Assistance Credit - SB131	(1.5)	(1.5)
<b>STATE SALES AND USE TAX</b>		
C. 874, 2011 - Data Center Exemption -- HB302/HB1298/SB130	(1.4)	(3.4)
C. 3, 2012 - Sales Tax Presence in VA Amazon - SB597		14.2
C. 3, 2012 - ABC Sales Tax, Sunday Sales - HB896	0.2	0.2
<b>WILLS, SUITS, DEEDS, AND CONTRACTS</b>		
C. 847, 2007 - \$0.03 of Recordation Tax to Transportation	(40.5)	(40.5)
<b>INSURANCE PREMIUMS TAX</b>		
C. 847, 2007 - 1/3 of Insurance Premiums Tax to Transportation	(131.1)	(131.0)
C. 874, 2010 - Provide Relief from Retaliatory Taxes	(0.8)	(0.8)
C. 890, 2011 - Increase Relief from Retaliatory Taxes -- HB2335/SB1359	(5.4)	(5.4)
<b>SALES OF PROPERTY</b>		
C. 3, 2012 - Sale of Sandston Building	0.2	
C. 3, 2012 - Sale of Galax Building	0.1	
C. 3, 2012 - Sale of Prince George Building	0.2	
C. 3, 2012 - Sale of Brunswick Prison		20.0



**SECTION 4  
NON-GENERAL FUND  
REVENUES**



## **Section 4 Non-General Fund Revenues**

### **Transportation Revenues**

Most state taxes and fees used to finance the state's transportation programs are deposited into two funds: the Highway Maintenance and Operating Fund (HMOF) and the Transportation Trust Fund (TTF). The HMOF, which finances maintenance and operating costs, consists of traditional highway user taxes and fees. The TTF, which finances construction costs, consists of dedicated portions of highway user taxes and fees, as well as a portion of state sales and recordation taxes, interest earnings, and several miscellaneous sources. Within the TTF, which was created by a special session of the General Assembly in 1986, is the Priority Transportation Fund (PTF). This fund, which was created during the 2000 legislative session, consists of motor fuel tax revenues from insurance premiums, interest payments, and the implementation of new procedures for taxing motor fuel at the terminal rack.

Revenues used for the Commonwealth's transportation program are derived from the following taxes and fees:

- Motor Fuels and Road Use Taxes,
- a 3 percent Vehicle Sales and Use Tax,
- licensing fees,
- one-half cent State Retail Sales Tax,
- three cents of the State Recordation Tax,
- one-third of State Insurance Premiums Tax,
- International Registration Plan Fees,
- interest earnings, and
- other miscellaneous taxes and fees.

In addition, federal, local, and toll revenues are used to finance transportation programs. These revenue sources, however, do not determine the fiscal capacity of the state's transportation program and, therefore, are not addressed here. Instead, the discussion focuses on revenues from state sources.

## NON-GENERAL FUND REVENUES

### Fiscal Year 2012 in Review

Table 4.1 compares actual collections in fiscal year 2012 to the official forecast for the Commonwealth Transportation Fund (CTF). Total transportation revenues totaled over \$2.4 billion in fiscal year 2012, an increase of \$68.4 million over last year. Revenue collections grew by 2.9 percent as compared to the official forecast of a 2.2 percent increase, resulting in a forecast variance of 0.7 percent.

**Table 4.1**  
**Actual Collections Compared to the Official Forecast for Fiscal Year 2012**  
**(Millions of Dollars)**

Revenue Sources	FY2011 Actual	FY2012 Actual	FY2012 Forecast	Percent Change 2011-2012		Forecast Variance	
				Actual	Forecast	Amount	Percent
Motor Fuels Tax	\$831.1	822.7	\$818.4	-1.0%	-1.5%	\$4.3	0.5%
Road Use Tax	11.5	8.4	12.4	(27.0)	7.8	-4.0	-32.3
Vehicle Sales Tax	500.5	547.2	522.7	9.3	4.4	24.5	4.7
Vehicle Licenses	237.9	235.6	239.2	(1.0)	0.5	-3.6	-1.5
State Sales Tax	477.3	503.1	504.8	5.4	5.8	-1.7	-0.3
Recordation Tax	35.0	39.1	38.4	11.8	9.7	0.7	1.9
Priority Transportation Fund	20.0	20.0	20.0	0.0	0.0	0.0	0.0
Insurance Premiums Tax	130.3	137.3	137.3	5.4	5.4	0.0	0.0
Int'l Registration Plan	61.1	62.6	62.0	2.4	1.5	0.6	0.9
Interest Earnings	18.3	14.0	19.4	(23.6)	6.0	-5.4	-27.9
Rental Tax	31.6	33.3	31.9	5.4	0.9	1.4	4.4
Aviation Fuels Tax	1.8	2.1	2.1	16.7	16.7	0.0	0.0
Miscellaneous	12.9	12.3	12.8	(4.3)	(0.8)	-0.5	-3.5
<b>TOTAL</b>	<b>\$2,369.3</b>	<b>\$2,437.7</b>	<b>\$2,421.4</b>	<b>2.9%</b>	<b>2.2%</b>	<b>\$16.3</b>	<b>0.7%</b>

*As required by Section 33.1-23.03:8A(2) of the Code of Virginia, all revenues that exceed the official forecast are deposited into the Priority Transportation Fund.*

Revenues from motor fuels taxes (34 percent of the CTF) exceeded the forecast by \$4.3 million in fiscal year 2012. Motor fuels tax collections declined by 1.0 percent in fiscal year 2012. From 2009 to 2035, transportation sector energy consumption is expected to grow at an average annual rate of 0.6 percent, slower than the 1.2 percent average rate from 1975 to 2009. The slower growth is a result of changing demographics, increased fuel economy, and saturation of personal travel demand.

Relatively higher prices, current economic conditions and vehicle fleet efficiency have affected gasoline consumption. The amount of highway travel, and thus motor gasoline consumption, is generally linked to economic conditions. Real gross domestic product for the first quarter of calendar year 2012 was 2.0 percent higher than it was in the same period a year earlier, and preliminary data indicate that the growth rate was slightly lower during the second quarter, at 1.3 percent. However, real personal disposable income, which also affects gasoline consumption, has been growing at a much lower rate in 2012, namely 0.1 percent during the first quarter, with preliminary data for the second quarter indicating a growth rate of 1.3 percent. This helps explain why gasoline consumption was relatively low during the first three months of 2012, but may be showing some slight growth in the second quarter compared to data from a year earlier. Another factor affecting gasoline consumption is increases in vehicle fleet fuel efficiency that help reduce gasoline consumption, as more efficient vehicles use less fuel for each mile driven.

The market for diesel fuel is different than the market for gasoline. Most diesel fuel is purchased and consumed by motor carriers, and reflects movement of freight through the state rather than commuter passenger travel. Motor carriers are sensitive to prices and are likely to purchase fuel in a state that has lower fuel tax rates. Motor carriers respond to the general economy more than passenger traffic: they tend to travel more miles when the economy is in an expansion and less when the economy is in a recession.

Revenues from the motor vehicle sales and use tax (22 percent of the CTF) increased by 9.3 percent in fiscal year 2012. For the second consecutive year, new car sales increased by 8.4 percent; however, used car sales were relatively flat, falling by 0.6 percent. Despite two years of solid growth, total vehicle sales remain 17.0 percent below the pre-recession peak in fiscal year 2004.

Revenues from the transportation share of the state retail sales tax (21 percent of the CTF) increased by 5.4 percent, slightly below the 5.8 percent increase anticipated in the forecast.

Motor vehicle license fees (10 percent of the CTF) declined by 1.0 percent in fiscal year 2012, slightly below the forecast of 0.5 percent growth.

International Registration Plan fees (2 percent of the CTF), the registration fees paid by all interstate motor carriers driving through the Commonwealth, increased by 2.4 percent in fiscal year 2012. These fees are based on vehicle weight and the miles traveled in Virginia.

Collectively, all other taxes and revenues (11 percent of the CTF) were \$7.7 million below forecast in fiscal year 2012.

## **NON-GENERAL FUND REVENUES**

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### **Outlook for Key Tax Base Variables**

#### **Motor Fuel Consumption**

In Virginia, gasoline consumption declined by 1.0 percent and diesel fuel consumption declined by 1.5 percent in fiscal year 2012. In fiscal year 2013, gasoline consumption is forecast to decline by 0.4 percent, while diesel fuel consumption is forecast to increase by 2.6 percent. Table 4.2 below shows the three forecasts for motor fuel consumption in Virginia.

Nationally, total liquid fuels consumption fell 1.2 percent in calendar year 2011, driven by a significant decline in motor gasoline consumption. The forecast for total liquid fuels consumption falls by 1.5 percent in calendar year 2012, including a decline in motor gasoline consumption. In calendar year 2013, total liquid fuels consumption increases by 0.6 percent.

After a sharp increase in retail gasoline prices earlier this year, the monthly average price for regular grade gasoline reached \$3.90 per gallon in April 2012. Prices then fell for three consecutive months, averaging \$3.44 per gallon in July. Rising crude prices contributed to a second run-up in regular gasoline retail prices to an average of \$3.85 per gallon in September 2012. Retail gasoline prices are expected to begin declining in October as the gasoline market transitions from summer-grade to winter-grade gasoline specifications and forecast crude oil prices begin to fall. Projected regular gasoline retail prices average \$3.60 per gallon during the fourth quarter of calendar year 2012. Projected regular gasoline retail prices average \$3.65 per gallon in 2012 and \$3.44 per gallon in calendar year 2013.

New Corporate Average Fuel Economy (CAFE) standards will have an impact on future motor fuels tax collections. In late 2007, CAFE standards received their first overhaul in more than 30 years. On December 19, 2007, President Bush signed into law the Energy Independence and Security Act of 2007, which requires automakers to boost fleet-wide gas mileage to 35 mpg by the year 2020. This requirement applies to all passenger automobiles, including light trucks. President Obama recently announced that the new CAFE standards for vehicle fleets would be 54.5 mpg by 2025. This increase, which follows Obama's 2009 mandate for a CAFE average of 35.5 mpg by 2016, is the largest mandatory fuel economy increase in history.

**Table 4.2**  
**Motor Fuel Consumption, History and Forecast, Fiscal Years 2011 - 2014**  
**(Percent Growth)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Taxable Gallons - Gasoline				
Official	(1.3)	(0.8)	2.1	1.2
Standard		(1.0)	(0.4)	2.0
Alternative			(0.9)	1.8
Taxable Gallons - Diesel				
Official	0.1	(1.7)	1.9	4.4
Standard		(1.5)	2.6	4.4
Alternative			2.2	2.2



**Vehicle Sales**

The official forecast anticipated that fiscal year 2012 new car sales would continue to grow at rates similar to those in fiscal year 2011; however, actual growth exceeded those rates. New car sales increased by 8.4 percent, ahead of the forecast of a 5.3 percent increase.

Used car sales were expected to fall off slightly, resulting from the surge in new car sales. Used car sales declined by 0.9 percent in fiscal year 2012, matching the official forecast.

Table 4.3 shows the official and November 2012 forecast for new and used vehicles. The discussion of the vehicle sales outlook is divided into two sections: new taxable titles and used taxable titles.

**Table 4.3**  
**Virginia Vehicle Market, History and Forecast, Fiscal Years 2011 - 2014**  
**(Percent Growth)**

	Fiscal Years			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
New Taxable Titles				
Official	8.4	5.3	10.1	6.5
Standard		8.4	8.0	9.0
Alternative			0.4	0.2
Used Taxable Titles				
Official	4.6	(0.9)	(3.8)	3.0
Standard		(0.9)	2.6	1.0
Alternative			3.0	(2.4)

New Taxable Titles: In fiscal year 2012, approximately 335,000 new vehicles were titled in Virginia, an increase of 24,000 from fiscal year 2011. The official forecast anticipated an increase of about 26,100 new cars. Even with three years of solid growth, new car sales are 125,200 units below the peak year for new car sales in fiscal year 2004.

The November forecast expects further growth over the forecast horizon as the large number of vehicles purchased in fiscal years 2004 through 2006 are due for replacement. Sales are expected to rise steadily through the end of 2014 as the economy gains momentum and reaches its strongest post-recession pace. A risk to the steady upward trend in sales driven by replacement demand is that the pace could peter out if economic fundamentals, such as employment and income growth, fail to improve as well.

Even amid the uncertainty about the durability of the economic recovery, vehicle sales have climbed in recent months thanks to better credit availability and better deals. Interest

## **NON-GENERAL FUND REVENUES**

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rates on new vehicles have been falling since August. Consumers, who are also increasingly driven to replace their aging vehicles, are being wooed back into the market by the deals and the various new offerings.

Used Taxable Titles: About 1.1 million used cars were sold in Virginia in fiscal year 2012, a decline of 0.9 percent. Used car sales generally follow a sales pattern similar to new car sales. However, tight inventories of used vehicles less than five years old have driven used-vehicle prices higher, pushing more consumers into the new-vehicle market. Higher used-vehicle prices have also enabled consumers to trade in their vehicles at higher prices, thus reducing the cost of a new vehicle.

### **November 2012 Commonwealth Transportation Fund Forecast**

Table 4.4 on the following pages presents a comparison of the November 2012 standard forecast and the official forecast.

During the 2007 session of the General Assembly, House Bill 3202 was passed by both houses of the General Assembly and signed into law by the Governor as Chapter 896. Chapter 896 provided a considerable influx of new revenues into the Commonwealth Transportation Fund. Motor vehicle license fees, motor fuels taxes, and miscellaneous revenues have been adjusted to reflect these revenues. In addition, Chapter 896 provided for one-third of the insurance premiums tax and 3 cents (of the 25 cents) of the recordation tax to be deposited into the Commonwealth Transportation Fund beginning in fiscal year 2009.

As compared to the official forecast, total transportation state taxes and fees are \$15.5 million higher in fiscal year 2013 and \$0.4 million less in fiscal year 2014. Fiscal year 2013 revenue collections are estimated to increase 2.8 percent and fiscal year 2014's growth rate is expected to be 2.9 percent.

The motor fuels tax, the single largest revenue source in the CTF, is expected to increase by 0.7 percent in fiscal year 2013 and 1.8 percent in fiscal year 2014.

Motor vehicle sales and use tax collections are expected to increase steadily over the forecast horizon, averaging a about 6.0 percent growth annually.

State retail sales and use tax revenues are projected to increase by 5.7 percent in fiscal year 2013 and 3.8 percent in fiscal year 2014.

## NON-GENERAL FUND REVENUES

**Table 4.4**  
**The Official and November Commonwealth Transportation Fund Forecast for Fiscal Year 2013**  
**(Dollars in Millions)**

November 1, 2012

	Fiscal Year 2012		Fiscal Year 2013				
	Actual	% Growth	Official Forecast	November Forecast	Change	% Growth over FY 12	
						Official	November
<b>Highway Maintenance &amp; Operating Fund</b>							
Motor Fuels Tax	\$ 716.7	(0.8) %	\$ 729.0	\$ 722.5	\$ (6.5)	1.7 %	0.8 %
Road Tax	1.0	(74.4)	5.1	(0.6)	(5.7)	410.0	*
Motor Vehicle Sales And Use Tax	357.4	10.0	354.1	382.0	27.9	(0.9)	6.9
Motor Vehicle License Fees	214.5	(1.0)	220.4	215.8	(4.6)	2.8	0.6
International Registration Plan	62.6	2.5	62.6	63.8	1.2	0.0	1.9
Recordation Tax (1 cent)	13.0	11.1	12.8	13.5	0.7	(1.5)	3.8
Miscellaneous	12.3	(4.7)	14.8	14.8	0.0	20.3	20.3
<b>Total State Taxes and Fees</b>	<b>\$ 1,377.5</b>	<b>1.8 %</b>	<b>\$ 1,398.8</b>	<b>\$ 1,411.8</b>	<b>\$ 13.0</b>	<b>1.5 %</b>	<b>2.5 %</b>
<b>Transportation Trust Fund</b>							
Motor Fuels Tax	\$ 106.0	(2.1) %	\$ 108.0	\$ 106.2	\$ (1.8)	1.9 %	0.2 %
Priority Transportation Trust Fund	157.3	4.7	161.8	151.1	(10.7)	2.9	(3.9)
Base	20.0	0.0	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	137.3	5.4	141.8	131.1	(10.7)	3.3	(4.5)
Road Tax	7.4	(2.6)	7.4	7.9	0.5	0.0	6.8
Motor Vehicle Sales And Use Tax	189.8	8.0	188.8	203.3	14.5	(0.5)	7.1
Motor Vehicle License Fees	21.1	(0.5)	21.4	21.5	0.1	1.4	1.9
Retail Sales and Use Tax	503.1	5.4	526.3	532.0	5.7	4.6	5.7
Recordation Tax (2 cents)	26.1	12.0	25.6	27.0	1.4	(1.9)	3.4
Interest Earnings	14.0	(23.5)	17.6	9.9	(7.7)	25.7	(29.3)
Rental Tax	33.3	5.4	33.3	33.9	0.6	0.0	1.8
Aviation Fuels Tax	2.1	16.7	2.2	2.1	(0.1)	4.8	0.0
<b>Total State Taxes and Fees</b>	<b>\$ 1,060.2</b>	<b>4.4 %</b>	<b>\$ 1,092.4</b>	<b>\$ 1,094.9</b>	<b>\$ 2.5</b>	<b>3.0 %</b>	<b>3.3 %</b>
<b>Total HMOF And TTF</b>							
Motor Fuels Tax	\$ 822.7	(1.0) %	\$ 837.0	\$ 828.7	\$ (8.3)	1.7 %	0.7 %
Priority Transportation Trust Fund	157.3	4.7	161.8	151.1	(10.7)	2.9	(3.9)
Base	20.0	0.0	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	137.3	5.4	141.8	131.1	(10.7)	3.3	(4.5)
Road Tax	8.4	(27.0)	12.5	7.3	(5.2)	48.8	(13.1)
Motor Vehicle Sales and Use Tax	547.2	9.3	542.9	585.3	42.4	(0.8)	7.0
Motor Vehicle License Fees	235.6	(1.0)	241.8	237.3	(4.5)	2.6	0.7
International Registration Plan	62.6	2.5	62.6	63.8	1.2	0.0	1.9
Retail Sales and Use Tax	503.1	5.4	526.3	532.0	5.7	4.6	5.7
Recordation Tax (3 cents)	39.1	11.7	38.4	40.5	2.1	(1.8)	3.6
Interest Earnings	14.0	(23.5)	17.6	9.9	(7.7)	25.7	(29.3)
Rental Tax	33.3	5.4	33.3	33.9	0.6	0.0	1.8
Aviation Fuels Tax	2.1	16.7	2.2	2.1	(0.1)	4.8	0.0
Miscellaneous	12.3	(4.7)	14.8	14.8	0.0	20.3	20.3
<b>Total State Taxes and Fees</b>	<b>\$ 2,437.7</b>	<b>2.9 %</b>	<b>\$ 2,491.2</b>	<b>\$ 2,506.7</b>	<b>\$ 15.5</b>	<b>2.2 %</b>	<b>2.8 %</b>
<b>Transfers per the Appropriations Act</b>							
Retail Sales Tax - AST (TTF)	26.0	n/a	17.0	20.9	3.9	(34.6)	(19.6)
<b>Total Transfers</b>	<b>\$ 26.0</b>	<b>n/a</b>	<b>\$ 17.0</b>	<b>\$ 20.9</b>	<b>\$ 3.9</b>	<b>(34.6)</b>	<b>(19.6)</b>
<b>Total Transportation Fund</b>	<b>\$ 2,463.7</b>	<b>2.8</b>	<b>\$ 2,508.2</b>	<b>\$ 2,527.6</b>	<b>\$ 19.4</b>	<b>1.8 %</b>	<b>2.6 %</b>

The Official forecast is based on the November 2011 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and updated for actions of the 2012 session of the General Assembly.

The November forecast is based on the October 2012 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

# NON-GENERAL FUND REVENUES

**Table 4.4**  
**The Official and November Commonwealth Transportation Fund Forecast for Fiscal Year 2014**  
**(Dollars in Millions)**

November 1, 2012

	Fiscal Year 2014				
	Official	November	Change	% Growth over FY 13	
	Forecast	Forecast		Official	November
<b>Highway Maintenance &amp; Operating Fund</b>					
Motor Fuels Tax	\$ 748.1	\$ 735.4	\$ (12.7)	2.6 %	1.8 %
Road Tax	5.0	(0.2)	(5.2)	(2.0)	(66.7)
Motor Vehicle Sales And Use Tax	375.3	401.0	25.7	6.0	5.0
Motor Vehicle License Fees	223.6	215.9	(7.7)	1.5	0.0
International Registration Plan	63.8	65.3	1.5	1.9	2.4
Recordation Tax (1 cent)	12.8	13.5	0.7	0.0	0.0
Miscellaneous	17.4	17.4	0.0	17.6	17.6
<b>Total State Taxes and Fees (HMOF)</b>	<b>\$ 1,446.0</b>	<b>\$ 1,448.3</b>	<b>\$ 2.3</b>	<b>3.4 %</b>	<b>2.6 %</b>
<b>Transportation Trust Fund</b>					
Motor Fuels Tax	\$ 110.3	\$ 108.5	\$ (1.8)	2.1 %	2.2 %
Priority Transportation Trust Fund	167.2	151.0	(16.2)	3.3	(0.1)
Base	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	147.2	131.0	(16.2)	3.8	(0.1)
Road Tax	7.8	8.2	0.4	5.4	3.8
Motor Vehicle Sales And Use Tax	200.1	213.4	13.3	6.0	5.0
Motor Vehicle License Fees	21.8	21.5	(0.3)	1.9	0.0
Retail Sales and Use Tax	546.2	552.1	5.9	3.8	3.8
Recordation Tax (2 cents)	25.6	27.0	1.4	0.0	0.0
Interest Earnings	17.8	11.9	(5.9)	1.1	20.2
Rental Tax	34.7	35.3	0.6	4.2	4.1
Aviation Fuels Tax	2.3	2.2	(0.1)	4.5	4.8
<b>Total State Taxes and Fees (TTF)</b>	<b>\$ 1,133.8</b>	<b>\$ 1,131.1</b>	<b>\$ (2.7)</b>	<b>3.8 %</b>	<b>3.3 %</b>
<b>Total HMOF And TTF</b>					
Motor Fuels Tax	\$ 858.4	\$ 843.9	\$ (14.5)	2.6 %	1.8 %
Priority Transportation Trust Fund	167.2	151.0	(16.2)	3.3	(0.1)
Base	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	147.2	131.0	(16.2)	3.8	(0.1)
Road Tax	12.8	8.0	(4.8)	2.4	9.6
Motor Vehicle Sales and Use Tax	575.4	614.4	39.0	6.0	5.0
Motor Vehicle License Fees	245.4	237.4	(8.0)	1.5	0.0
International Registration Plan	63.8	65.3	1.5	1.9	2.4
Retail Sales and Use Tax	546.2	552.1	5.9	3.8	3.8
Recordation Tax (3 cents)	38.4	40.5	2.1	0.0	0.0
Interest Earnings	17.8	11.9	(5.9)	1.1	20.2
Rental Tax	34.7	35.3	0.6	4.2	4.1
Aviation Fuels Tax	2.3	2.2	(0.1)	4.5	4.8
Miscellaneous	17.4	17.4	0.0	17.6	17.6
<b>Total State Taxes and Fees</b>	<b>\$ 2,579.8</b>	<b>\$ 2,579.4</b>	<b>\$ (0.4)</b>	<b>3.6 %</b>	<b>2.9 %</b>
<b>Transfers per the Appropriations Act</b>					
Retail Sales Tax - AST (TTF)	17.7	21.8	4.1	n/a	4.3
<b>Total Transfers</b>	<b>\$ 17.7</b>	<b>\$ 21.8</b>	<b>\$ 4.1</b>	<b>n/a %</b>	<b>4.3 %</b>
<b>Total Transportation Fund</b>	<b>\$ 2,597.5</b>	<b>\$ 2,601.2</b>	<b>\$ 3.7</b>	<b>3.6 %</b>	<b>2.9 %</b>

The Official forecast is based on the November 2011 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and updated for actions of the 2012 session of the General Assembly.

The November forecast is based on the October 2012 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

## NON-GENERAL FUND REVENUES

**Table 4.4**  
**The November Commonwealth Transportation Fund Forecast for Fiscal Years 2015 through 2018**  
**(Dollars in Millions)**

November 1, 2012

	Fiscal Years 2015 through 2018							
	FY 15		FY 16		FY 17		FY 18	
	Forecast	% Growth	Forecast	% Growth	Forecast	% Growth	Forecast	% Growth
<b>Highway Maintenance &amp; Operating Fund</b>								
Motor Fuels Tax	\$ 751.6	2.2	\$ 767.5	2.1	\$ 781.3	1.8	\$ 795.4	1.8
Road Tax	0.8	(500.0)	0.8	0.0	0.7	(12.5)	0.6	(14.3)
Motor Vehicle Sales And Use Tax	406.4	1.3	413.9	1.8	427.3	3.2	427.6	0.1
Motor Vehicle License Fees	217.4	0.7	217.4	0.0	218.6	0.6	218.6	0.0
International Registration Plan	66.9	2.5	68.5	2.4	70.2	2.5	71.9	2.4
Recordation Tax (1 cent)	13.5	0.0	13.5	0.0	13.5	0.0	13.5	0.0
Miscellaneous	17.4	0.0	17.4	0.0	17.4	0.0	17.4	0.0
<b>Total State Taxes and Fees (HMOF)</b>	<b>\$ 1,474.0</b>	<b>1.8</b>	<b>\$ 1,499.0</b>	<b>1.7%</b>	<b>\$ 1,529.0</b>	<b>2.0%</b>	<b>\$ 1,545.0</b>	<b>1.0%</b>
<b>Transportation Trust Fund</b>								
Motor Fuels Tax	110.4	1.8	112.4	1.8	113.7	1.2	115.1	1.2
Priority Transportation Trust Fund	157.0	4.0	164.3	4.6	170.5	3.8	178.3	4.6
Base	20.0	0.0	20.0	0.0	20.0	0.0	20.0	0.0
Insurance Premiums Tax (1/3)	137.0	4.6	144.3	5.3	150.5	4.3	158.3	5.2
Road Tax	8.7	6.1	9.1	4.6	9.6	5.5	10.0	4.2
Motor Vehicle Sales And Use Tax	216.2	1.3	220.2	1.9	227.4	3.3	227.5	0.0
Motor Vehicle License Fees	21.8	1.4	21.8	0.0	22.0	0.9	22.0	0.0
Retail Sales and Use Tax	573.2	3.8	595.6	3.9	617.9	3.7	638.7	3.4
Recordation Tax (2 cents)	27.0	0.0	27.0	0.0	27.0	0.0	27.0	0.0
Interest Earnings	10.6	(10.9)	7.8	(26.4)	6.1	(21.8)	6.2	1.6
Rental Tax	36.9	4.5	37.5	1.6	38.1	1.6	38.8	1.8
Aviation Fuels Tax	2.2	0.0	2.3	4.5	2.3	0.0	2.3	0.0
<b>Total State Taxes and Fees (TTF)</b>	<b>\$ 1,164.0</b>	<b>2.9</b>	<b>\$ 1,198.0</b>	<b>2.9%</b>	<b>\$ 1,234.6</b>	<b>3.1%</b>	<b>\$ 1,265.9</b>	<b>2.5%</b>
<b>Total HMOF And TTF</b>								
Motor Fuels Tax	862.0	2.1	879.9	2.1	895.0	1.7	910.5	1.7
Priority Transportation Trust Fund	157.0	4.0	164.3	4.6	170.5	3.8	178.3	4.6
Base	20.0	0.0	20.0	0.0	20.0	0.0	20.0	0.0
Insurance Premiums Tax (1/3)	137.0	4.6	144.3	5.3	150.5	4.3	158.3	5.2
Road Tax	9.5	18.8	9.9	4.2	10.3	4.0	10.6	2.9
Motor Vehicle Sales and Use Tax	622.6	1.3	634.1	1.8	654.7	3.2	655.1	0.1
Motor Vehicle License Fees	239.2	0.8	239.2	0.0	240.6	0.6	240.6	0.0
International Registration Plan	66.9	2.5	68.5	2.4	70.2	2.5	71.9	2.4
Retail Sales and Use Tax	573.2	3.8	595.6	3.9	617.9	3.7	638.7	3.4
Recordation Tax (3 cents)	40.5	0.0	40.5	0.0	40.5	0.0	40.5	0.0
Interest Earnings	10.6	(10.9)	7.8	(26.4)	6.1	(21.8)	6.2	1.6
Rental Tax	36.9	4.5	37.5	1.6	38.1	1.6	38.8	1.8
Aviation Fuels Tax	2.2	0.0	2.3	4.5	2.3	0.0	2.3	0.0
Miscellaneous	17.4	0.0	17.4	0.0	17.4	0.0	17.4	0.0
<b>Total State Taxes and Fees</b>	<b>\$ 2,638.0</b>	<b>2.3</b>	<b>\$ 2,697.0</b>	<b>2.2%</b>	<b>\$ 2,763.6</b>	<b>2.5%</b>	<b>\$ 2,810.9</b>	<b>1.7%</b>
<b>Transfers per the Appropriations Act</b>								
Retail Sales Tax - AST (TTF)	22.6	3.7	23.4	n/a	24.4	n/a	25.3	n/a
<b>Total Transfers</b>	<b>\$ 22.6</b>	<b>3.7</b>	<b>\$ 23.4</b>	<b>3.5</b>	<b>\$ 24.4</b>	<b>4.3</b>	<b>\$ 25.3</b>	<b>3.7</b>
<b>Total Transportation Fund</b>	<b>\$ 2,660.6</b>	<b>2.3</b>	<b>\$ 2,720.4</b>	<b>2.2%</b>	<b>\$ 2,788.0</b>	<b>2.5%</b>	<b>\$ 2,836.2</b>	<b>1.7%</b>

The November forecast is based on the October 2012 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

## **NON-GENERAL FUND REVENUES**

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### **The Alternative Forecast**

Table 4.5 on the following pages compares the official and November pessimistic alternative Commonwealth Transportation Fund forecasts. Under the alternative forecast, total state taxes and fees are expected to be \$16.9 million lower in fiscal year 2013 and \$77.6 million lower in fiscal year 2014, as compared to the official forecast.

This forecast is based on an economic scenario in which the economy falls into a recession with two quarters of contraction starting in the first quarter of calendar year 2013. Gridlock in Washington and Europe derail the recovery, leading to depressed confidence and extremely weak spending. Businesses facing low sales prospects cut wages and reduce their payrolls.

## NON-GENERAL FUND REVENUES

**Table 4.5**  
**The Official and November Alternative Commonwealth Transportation Fund Forecast for Fiscal Year 2013**  
**(Dollars in Millions)**

November 1, 2012

	Fiscal Year 2012		Fiscal Year 2013				
	Actual	% Growth	Official Forecast	Nov Alt Forecast	Change	% Growth over FY 12	
						Official	Nov Alt
<b>Highway Maintenance &amp; Operating Fund</b>							
Motor Fuels Tax	\$ 716.7	(0.8) %	\$ 729.0	\$ 714.0	\$ (15.0)	1.7 %	(0.4) %
Road Tax	1.0	(74.4)	5.1	(0.6)	(5.7)	410.0	*
Motor Vehicle Sales And Use Tax	357.4	10.0	354.1	368.3	14.2	(0.9)	3.0
Motor Vehicle License Fees	214.5	(1.0)	220.4	215.8	(4.6)	2.8	0.6
International Registration Plan	62.6	2.5	62.6	63.8	1.2	0.0	1.9
Recordation Tax (1 cent)	13.0	11.1	12.8	13.5	0.7	(1.5)	3.8
Miscellaneous	12.3	(4.7)	14.8	14.8	0.0	20.3	20.3
<b>Total State Taxes and Fees</b>	<b>\$ 1,377.5</b>	<b>1.8 %</b>	<b>\$ 1,398.8</b>	<b>\$ 1,389.6</b>	<b>\$ (9.2)</b>	<b>1.5 %</b>	<b>0.9 %</b>
<b>Transportation Trust Fund</b>							
Motor Fuels Tax	\$ 106.0	(2.1) %	\$ 108.0	\$ 105.6	\$ (2.4)	1.9 %	(0.4) %
Priority Transportation Trust Fund	157.3	4.7	161.8	151.1	(10.7)	2.9	(3.9)
Base	20.0	0.0	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	137.3	5.4	141.8	131.1	(10.7)	3.3	(4.5)
Road Tax	7.4	(2.6)	7.4	7.9	0.5	0.0	6.8
Motor Vehicle Sales And Use Tax	189.8	8.0	188.8	196.0	7.2	(0.5)	3.3
Motor Vehicle License Fees	21.1	(0.5)	21.4	21.5	0.1	1.4	1.9
Retail Sales and Use Tax	503.1	5.4	526.3	529.7	3.4	4.6	5.3
Recordation Tax (2 cents)	26.1	12.0	25.6	27.0	1.4	(1.9)	3.4
Interest Earnings	14.0	(23.5)	17.6	9.9	(7.7)	25.7	(29.3)
Rental Tax	33.3	5.4	33.3	33.9	0.6	0.0	1.8
Aviation Fuels Tax	2.1	16.7	2.2	2.1	(0.1)	4.8	0.0
<b>Total State Taxes and Fees</b>	<b>\$ 1,060.2</b>	<b>4.4 %</b>	<b>\$ 1,092.4</b>	<b>\$ 1,084.7</b>	<b>\$ (7.7)</b>	<b>3.0 %</b>	<b>2.3 %</b>
<b>Total HMOF And TTF</b>							
Motor Fuels Tax	\$ 822.7	(1.0) %	\$ 837.0	\$ 819.6	\$ (17.4)	1.7 %	(0.4) %
Priority Transportation Trust Fund	157.3	4.7	161.8	151.1	(10.7)	2.9	(3.9)
Base	20.0	0.0	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	137.3	5.4	141.8	131.1	(10.7)	3.3	(4.5)
Road Tax	8.4	(27.0)	12.5	7.3	(5.2)	48.8	(13.1)
Motor Vehicle Sales and Use Tax	547.2	9.3	542.9	564.3	21.4	(0.8)	3.1
Motor Vehicle License Fees	235.6	(1.0)	241.8	237.3	(4.5)	2.6	0.7
International Registration Plan	62.6	2.5	62.6	63.8	1.2	0.0	1.9
Retail Sales and Use Tax	503.1	5.4	526.3	529.7	3.4	4.6	5.3
Recordation Tax (3 cents)	39.1	11.7	38.4	40.5	2.1	(1.8)	3.6
Interest Earnings	14.0	(23.5)	17.6	9.9	(7.7)	25.7	(29.3)
Rental Tax	33.3	5.4	33.3	33.9	0.6	0.0	1.8
Aviation Fuels Tax	2.1	16.7	2.2	2.1	(0.1)	4.8	0.0
Miscellaneous	12.3	(4.7)	14.8	14.8	0.0	20.3	20.3
<b>Total State Taxes and Fees</b>	<b>\$ 2,437.7</b>	<b>2.9 %</b>	<b>\$ 2,491.2</b>	<b>\$ 2,474.3</b>	<b>\$ (16.9)</b>	<b>2.2 %</b>	<b>1.5 %</b>
<b>Transfers per the Appropriations Act</b>							
Retail Sales Tax - AST (TTF)	26.0	n/a	17.0	20.9	3.9	(34.6)	(19.6)
<b>Total Transfers</b>	<b>\$ 26.0</b>	<b>n/a</b>	<b>\$ 17.0</b>	<b>\$ 20.9</b>	<b>\$ 3.9</b>	<b>(34.6)</b>	<b>(19.6) %</b>
<b>Total Transportation Fund</b>	<b>\$ 2,463.7</b>	<b>2.8</b>	<b>\$ 2,508.2</b>	<b>\$ 2,495.2</b>	<b>\$ (13.0)</b>	<b>1.8 %</b>	<b>1.3 %</b>

The Official forecast is based on the November 2011 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and updated for actions of the 2012 session of the General Assembly.

The November Alternative forecast is based on the October 2012 Global Insight Pessimistic Alternative outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

# NON-GENERAL FUND REVENUES

**Table 4.5**  
**The Official and November Alternative Commonwealth Transportation Fund Forecast for Fiscal Year 2014**  
**(Dollars in Millions)**

November 1, 2012

	Fiscal Year 2014				
	Official Forecast	Nov Alt Forecast	Change	% Growth over FY 13	
				Official	Nov Alt
<b>Highway Maintenance &amp; Operating Fund</b>					
Motor Fuels Tax	\$ 748.1	\$ 727.5	\$ (20.6)	2.6 %	1.9 %
Road Tax	5.0	(0.2)	(5.2)	(2.0)	(66.7)
Motor Vehicle Sales And Use Tax	375.3	363.4	(11.9)	6.0	(1.3)
Motor Vehicle License Fees	223.6	215.9	(7.7)	1.5	0.0
International Registration Plan	63.8	65.3	1.5	1.9	2.4
Recordation Tax (1 cent)	12.8	13.5	0.7	0.0	0.0
Miscellaneous	17.4	17.4	0.0	17.6	17.6
<b>Total State Taxes and Fees (HMOF)</b>	<b>\$ 1,446.0</b>	<b>\$ 1,402.8</b>	<b>\$ (43.2)</b>	<b>3.4 %</b>	<b>0.9 %</b>
<b>Transportation Trust Fund</b>					
Motor Fuels Tax	\$ 110.3	\$ 107.6	\$ (2.7)	2.1 %	1.9 %
Priority Transportation Trust Fund	167.2	151.0	(16.2)	3.3	(0.1)
Base	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	147.2	131.0	(16.2)	3.8	(0.1)
Road Tax	7.8	8.2	0.4	5.4	3.8
Motor Vehicle Sales And Use Tax	200.1	193.4	(6.7)	6.0	(1.3)
Motor Vehicle License Fees	21.8	21.5	(0.3)	1.9	0.0
Retail Sales and Use Tax	546.2	541.3	(4.9)	3.8	2.2
Recordation Tax (2 cents)	25.6	27.0	1.4	0.0	0.0
Interest Earnings	17.8	11.9	(5.9)	1.1	20.2
Rental Tax	34.7	35.3	0.6	4.2	4.1
Aviation Fuels Tax	2.3	2.2	(0.1)	4.5	4.8
<b>Total State Taxes and Fees (TTF)</b>	<b>\$ 1,133.8</b>	<b>\$ 1,099.4</b>	<b>\$ (34.4)</b>	<b>3.8 %</b>	<b>1.4 %</b>
<b>Total HMOF And TTF</b>					
Motor Fuels Tax	\$ 858.4	\$ 835.1	\$ (23.3)	2.6 %	1.9 %
Priority Transportation Trust Fund	167.2	151.0	(16.2)	3.3	(0.1)
Base	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	147.2	131.0	(16.2)	3.8	(0.1)
Road Tax	12.8	8.0	(4.8)	2.4	9.6
Motor Vehicle Sales and Use Tax	575.4	556.8	(18.6)	6.0	(1.3)
Motor Vehicle License Fees	245.4	237.4	(8.0)	1.5	0.0
International Registration Plan	63.8	65.3	1.5	1.9	2.4
Retail Sales and Use Tax	546.2	541.3	(4.9)	3.8	2.2
Recordation Tax (3 cents)	38.4	40.5	2.1	0.0	0.0
Interest Earnings	17.8	11.9	(5.9)	1.1	20.2
Rental Tax	34.7	35.3	0.6	4.2	4.1
Aviation Fuels Tax	2.3	2.2	(0.1)	4.5	4.8
Miscellaneous	17.4	17.4	0.0	17.6	17.6
<b>Total State Taxes and Fees</b>	<b>\$ 2,579.8</b>	<b>\$ 2,502.2</b>	<b>\$ (77.6)</b>	<b>3.6 %</b>	<b>1.1 %</b>
<b>Transfers per the Appropriations Act</b>					
Retail Sales Tax - AST (TTF)	17.7	21.7	4.0	n/a	3.8
<b>Total Transfers</b>	<b>\$ 17.7</b>	<b>\$ 21.7</b>	<b>\$ 4.0</b>	<b>n/a %</b>	<b>3.8 %</b>
<b>Total Transportation Fund</b>	<b>\$ 2,597.5</b>	<b>\$ 2,523.9</b>	<b>\$ (73.6)</b>	<b>3.6 %</b>	<b>1.2 %</b>

The Official forecast is based on the November 2011 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and updated for actions of the 2012 session of the General Assembly.

The November Alternative forecast is based on the October 2012 Global Insight Pessimistic Alternative outlook and the corresponding Virginia state forecast developed by the Department of Taxation.



## NON-GENERAL FUND REVENUES

**Table 4.5**  
**The November Alternative Commonwealth Transportation Fund Forecast for Fiscal Years 2015 through 2018**  
**(Dollars in Millions)**

November 1, 2012

	Fiscal Years 2015 through 2018							
	FY 15		FY 16		FY 17		FY 18	
	Forecast	% Growth	Forecast	% Growth	Forecast	% Growth	Forecast	% Growth
<b>Highway Maintenance &amp; Operating Fund</b>								
Motor Fuels Tax	\$ 736.3	1.2	\$ 745.4	1.2	\$ 756.0	1.4	\$ 769.6	1.8
Road Tax	0.8	(500.0)	0.8	0.0	0.7	(12.5)	0.6	(14.3)
Motor Vehicle Sales And Use Tax	367.1	1.0	379.7	3.4	396.3	4.4	402.5	1.6
Motor Vehicle License Fees	217.4	0.7	217.4	0.0	218.6	0.6	218.6	0.0
International Registration Plan	66.9	2.5	68.5	2.4	70.2	2.5	71.9	2.4
Recordation Tax (1 cent)	13.5	0.0	13.5	0.0	13.5	0.0	13.5	0.0
Miscellaneous	17.4	0.0	17.4	0.0	17.4	0.0	17.4	0.0
<b>Total State Taxes and Fees (HMOF)</b>	<b>\$ 1,419.4</b>	<b>1.2</b>	<b>\$ 1,442.7</b>	<b>1.6%</b>	<b>\$ 1,472.7</b>	<b>2.1%</b>	<b>\$ 1,494.1</b>	<b>1.5%</b>
<b>Transportation Trust Fund</b>								
Motor Fuels Tax	108.3	0.7	109.1	0.7	109.9	0.7	111.2	1.2
Priority Transportation Trust Fund	157.0	4.0	164.3	4.6	170.5	3.8	178.3	4.6
Base	20.0	0.0	20.0	0.0	20.0	0.0	20.0	0.0
Insurance Premiums Tax (1/3)	137.0	4.6	144.3	5.3	150.5	4.3	158.3	5.2
Road Tax	8.7	6.1	9.1	4.6	9.6	5.5	10.0	4.2
Motor Vehicle Sales And Use Tax	195.3	1.0	202.1	3.5	210.9	4.4	214.2	1.6
Motor Vehicle License Fees	21.8	1.4	21.8	0.0	22.0	0.9	22.0	0.0
Retail Sales and Use Tax	555.6	2.6	574.2	3.3	595.6	3.7	617.3	3.6
Recordation Tax (2 cents)	27.0	0.0	27.0	0.0	27.0	0.0	27.0	0.0
Interest Earnings	10.6	(10.9)	7.8	(26.4)	6.1	(21.8)	6.2	1.6
Rental Tax	36.9	4.5	37.5	1.6	38.1	1.6	38.8	1.8
Aviation Fuels Tax	2.2	0.0	2.3	4.5	2.3	0.0	2.3	0.0
<b>Total State Taxes and Fees (TTF)</b>	<b>\$ 1,123.4</b>	<b>2.2</b>	<b>\$ 1,155.2</b>	<b>2.8%</b>	<b>\$ 1,192.0</b>	<b>3.2%</b>	<b>\$ 1,227.3</b>	<b>3.0%</b>
<b>Total HMOF And TTF</b>								
Motor Fuels Tax	844.6	1.1	854.5	1.2	865.9	1.3	880.8	1.7
Priority Transportation Trust Fund	157.0	4.0	164.3	4.6	170.5	3.8	178.3	4.6
Base	20.0	0.0	20.0	0.0	20.0	0.0	20.0	0.0
Insurance Premiums Tax (1/3)	137.0	4.6	144.3	5.3	150.5	4.3	158.3	5.2
Road Tax	9.5	18.8	9.9	4.2	10.3	4.0	10.6	2.9
Motor Vehicle Sales and Use Tax	562.4	1.0	581.8	3.4	607.2	4.4	616.7	1.6
Motor Vehicle License Fees	239.2	0.8	239.2	0.0	240.6	0.6	240.6	0.0
International Registration Plan	66.9	2.5	68.5	2.4	70.2	2.5	71.9	2.4
Retail Sales and Use Tax	555.6	2.6	574.2	3.3	595.6	3.7	617.3	3.6
Recordation Tax (3 cents)	40.5	0.0	40.5	0.0	40.5	0.0	40.5	0.0
Interest Earnings	10.6	(10.9)	7.8	(26.4)	6.1	(21.8)	6.2	1.6
Rental Tax	36.9	4.5	37.5	1.6	38.1	1.6	38.8	1.8
Aviation Fuels Tax	2.2	0.0	2.3	4.5	2.3	0.0	2.3	0.0
Miscellaneous	17.4	0.0	17.4	0.0	17.4	0.0	17.4	0.0
<b>Total State Taxes and Fees</b>	<b>\$ 2,542.8</b>	<b>1.6</b>	<b>\$ 2,597.9</b>	<b>2.2%</b>	<b>\$ 2,664.7</b>	<b>2.6%</b>	<b>\$ 2,721.4</b>	<b>2.1%</b>
<b>Transfers per the Appropriations Act</b>								
Retail Sales Tax - AST (TTF)	22.1	1.8	22.7	n/a	23.5	n/a	24.4	n/a
<b>Total Transfers</b>	<b>\$ 22.1</b>	<b>1.8</b>	<b>\$ 22.7</b>	<b>2.7</b>	<b>\$ 23.5</b>	<b>3.5</b>	<b>\$ 24.4</b>	<b>3.8</b>
<b>Total Transportation Fund</b>	<b>\$ 2,564.9</b>	<b>1.6</b>	<b>\$ 2,620.6</b>	<b>2.2%</b>	<b>\$ 2,688.2</b>	<b>2.6%</b>	<b>\$ 2,745.8</b>	<b>2.1%</b>

The November Alternative forecast is based on the October 2012 Global Insight Pessimistic Alternative outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

## NON-GENERAL FUND REVENUES

### ABC Revenues and Profits Fiscal Year 2012

In fiscal year 2012, ABC's total income, excluding state tax receipts, was \$632.9 million. Gross sales of alcoholic beverages in the retail stores accounted for 96.8 percent of this income. The remaining 3.2 percent of income was generated largely through the Department's regulatory and licensing activities. Table 4.6 shows ABC's revenues, costs, and profits for fiscal years 2009 through 2012. Along with the net ABC profits, Table 4.6 also shows transfers required by the Acts of the Assembly and net profits for distribution transferred to the General Fund.

**Table 4.6**  
**Department of Alcoholic Beverage Control Components of the Enterprise Fund**  
**Revenues, Expenses, and Disbursements, Fiscal Years 2009-2012 (\$ millions)**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Revenue*	576.0	584.7	598.6	632.9
Cost of Goods & Total Operating Expenses	464.5	464.3	477.8	501.1
Net ABC Profit	111.8	120.6	120.9	132.1
Transfer to the General Fund:				
Reimbursement for Appropriations as provided by the Acts of the Assembly	67.6	70.6	67.7	67.9
Net Profits for Distribution	44.2	49.9	53.2	64.2

\*These revenue figures exclude receipts collected under the state tax on alcoholic beverages and the general sales tax.

### ABC Revenues and Profit Forecast for 2013-2016

Comparisons of ABC's performance in fiscal year 2011, estimated performance for fiscal year 2012, and actual performance in fiscal year 2012, are included in Table 4.7.

**Table 4.7**  
**A Comparison of Fiscal Year 2011 Results to Fiscal Year 2012 Estimated and Actual Results, (\$ millions)**

	<u>FY11 Actual</u>	<u>FY12 Est.</u>	<u>FY12 Actual</u>	<u>\$ Var</u>	<u>% Var</u>	<u>Change from FY11</u>	
						<u>FY12 Est.</u>	<u>FY12 Actual</u>
Total Store Sales*	695.3	708.0	733.8	25.8	0.0	12.7	38.5
Net ABC Profit for Distribution	53.2	53.3	64.2	10.9	0.2	0.1	11.0
State Tax Revenue**	137.3	137.5	145.4	7.9	0.1	0.2	8.1

\*These figures include state tax on alcoholic beverages and exclude the general sales tax collected at ABC stores.

\*\*State Tax Revenue does not include \$9.1m wine liter tax transferred to DBHDS.

## NON-GENERAL FUND REVENUES

Fiscal Year 2012 compared to 2011 shows an increase in sales, an increase in net ABC profits for distribution, and an increase in state tax revenue. Table 4.8 contains fiscal year 2012 results for store sales, profits for distribution and state tax revenues along with the 2013 through 2016 forecasts. Profit forecasts in Table 4.8 are net of any transfers mandated by the Appropriation Act.

**Table 4.8**  
**Forecast of ABC Store Sales, ABC State Tax on Alcohol,**  
**and Net Profits for Distribution**  
**(\$ millions)**

	<u>Actual</u>	<u>Forecast</u>			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total ABC Store Sales: (1)	733.8	759.3	775.9	792.3	808.7
Adjusted Net Profits for Distribution: (2) (3)	64.2	64.6	65.5	65.7	66.0
ABC State Tax Revenues:(1)					
Spirits	121.1	125.3	128.0	130.7	133.4
Wine (4)	24.3	23.0	23.0	23.0	23.0
Total Tax Revenue:	145.4	148.3	151.0	153.7	156.4

(1) Excludes the 5 percent general sales tax and lottery sales.

(2) Does not include appropriation transfers mandated by Virginia Acts of Assembly.

(3) ABC develops forecasts on an accrual basis. The transfer of profits occurs on a cash basis. Variances often occur at year end when ABC has to transfer estimated profits on June 30th.

(4) Wine figure excludes statutory transfers.

ABC's profit forecast is a factor of two elements: sales performance and trends in expenses. In both cases, forecasts beyond fiscal year 2013 are more prone to forecast error given the uncertainty with the economy and impacts on customer behavior and ABC's cost structure.

In fiscal year 2013, ABC expects sales to continue to grow in both the retail and mixed beverage licensee (restaurant) segments. Sales from ABC's retail outlets continue to increase year over year, while sales to restaurants remain variable due to the slow economic recovery in Virginia and the nation. Uncontrollable factors such as holiday season sales and sales from restaurants have the potential to significantly impact the accuracy of ABC's sales forecast. Currently, ABC is experiencing slight growth in both retail and restaurant sales.

On the expense side, ABC is faced with mandated salary and benefit costs, energy inflation, automatic rent escalation, telecommunication and technology costs and growth in

## **NON-GENERAL FUND REVENUES**

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credit card discount fees that are all very difficult to influence in the short run. Personnel costs account for 59 percent of ABC non-merchandise expenditures, 17 percent are for continuous charges such as rent and utilities, 18 percent are for contractual services such as shipping product to stores and telecommunications, and 5 percent are for miscellaneous expenses such as depreciation and credit card discount fees. In fiscal years 2013 and 2014, increases in expenditures are exacerbated by the need to make ongoing infrastructure improvements in order to comply with data security standards mandated by the Payment Card Industry and Commonwealth Information Technology Resource Management (ITRM). Changes in salary and benefit cost rates mandated by the Appropriations Act can also significantly impact the accuracy of ABC's expense forecasts.

### **Distribution of ABC Profits and ABC State Tax Revenues**

During fiscal year 2012, ABC contributed \$132.1 million of net profits to the Commonwealth. It collected \$198.1 million of taxes on store sales, wine, and beer and an additional \$29.6 million of general sales tax totaling \$359.8 million.

Net ABC profits are generally earmarked for deposit in the General Fund; certain appropriations have been made by the General Assembly to recover costs of alcohol-related programs. These include the Department of Behavioral Health and Developmental Services' programs for the treatment of alcoholics, as well as testing services and the Breathalyzer Training Program. The transfers for these programs and others were \$67.9 million in fiscal year 2012. These appropriations are charged against net ABC profits before being transferred to the General Fund. The remaining ABC profits are transferred into the General Fund as ABC profits. ABC expects to meet transfer requirements in fiscal year 2013 given the projected increase in gross sales. However, risks include economic relapses, particularly during the holiday season, and unforeseen increases in expenses.

In any given time period, amounts transferred to the General Fund will not correspond to net ABC profit earned, due to a 50 day interval before the profits are transferred. This issue is exacerbated at year-end when ABC must estimate fourth quarter profits and make the transfer in advance of year-end closing.

**VIRGINIA LOTTERY**

Each fiscal year, the Lottery makes periodic transfers of net income (revenues from sales plus other income, minus expenses) to the Lottery Proceeds Fund. Expenses are comprised of prizes to players, commissions to retailers, ticket printing and distribution, contractual fees for gaming system operations, and administrative operating costs.

**Actual Results - Fiscal Year 2012**

The Virginia Lottery transferred net proceeds of \$473.1 million to the Lottery Proceeds Fund during fiscal year 2012. The Lottery also transferred \$1.5 million for debt set-off to the Department of Taxation and \$11.3 million from unclaimed prizes to the Literary Fund.

Sales for fiscal year 2012 were \$1.6 billion, an increase of \$133.3 million (+9.0 percent) from fiscal year 2011, and \$90.3 million (+6.9 percent) more than the fiscal year 2012 forecast. Net income was \$42.9 million (+9.6 percent) more than fiscal year 2011, and \$23.0 million (+4.9 percent) more than forecast. The additional \$23.0 million in profits that were in excess of the 2012 forecast will be part of the transfers to the Lottery Proceeds Fund for the 2013 fiscal year.

**Forecast Overview - Fiscal Years 2013 and 2014 (Table 4.9)**

The Virginia Lottery developed its sales and revenue forecasts based upon a variety of baseline assumptions, including:

- the economic outlook as endorsed by the Joint Advisory Board of Economists;
- continued traditional lottery gaming competition from North Carolina, as well as the increased likelihood of competition from internet lottery sales and casino-style gaming in nearby jurisdictions including Maryland, Washington, D.C., West Virginia, and Delaware;
- no legislatively-mandated change in the overall compensation rate paid to retailers ;
- no new constraints on the Lottery's sales and marketing efforts; and
- no new, non-traditional product-line offerings.

**Table 4.9**  
**Forecast of Lottery Sales and Transfers to the Lottery Proceeds Fund**  
**(in millions)**

	FY13	FY14	FY15
Sales	\$1,597.9	\$1,618.9	\$1,618.9
- Prize Expense	962.6	977.8	977.8
- Retailer Compensation	91.1	92.0	92.0
- Operating Expenses	88.1	88.6	88.6
+ Other Income	1.2	1.5	1.5
<b>Net Income</b>	<b>\$457.3</b>	<b>\$462.0</b>	<b>\$462.0</b>
Other Transfers	\$23.0	\$0.0	\$0.0
Total Available	\$480.3	\$462.0	\$462.0

## **NON-GENERAL FUND REVENUES**

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For fiscal year 2013, the Lottery is projecting sales of \$1.6 billion and net income (turnover to the Lottery Proceeds Fund) of \$457.3 million. Prize expense is estimated to be \$962.6 million, or 60.2 percent of sales; retailer compensation is forecast to be \$91.1 million, or 5.7 percent of sales. This forecast takes into account current trends and simulation models for jackpot progressions and sales, and statistically expected prize expense rates. The estimated \$457.3 million net income, plus the residual \$23.0 million of fiscal year 2012 profits that will be transferred during fiscal year 2013, brings the total expected transfers to the Lottery Proceeds Fund for fiscal year 2013 to \$480.3 million.

For fiscal year 2014, the Lottery expects that sales will grow to over \$1.6 billion, creating revenue for the Lottery Proceeds Fund of \$462.0 million for fiscal year 2014, consistent with the current estimate in the Appropriations Act.

### **Sales Projections for Fiscal Years 2013 and 2014**

For each fiscal year forecast, the Lottery total forecast is the sum of sales forecasts developed by the Lottery for each of its products. The methodology for each estimate is dependent upon the nature of the product. The data used in our models include such factors as: experiences of other U.S. and Canadian lotteries, variability of prize percentage, economic variables, such as predicted interest rates, seasonal factors, promotions, product life cycle, and the Lottery's future plans for each of the products.

### ***Scratch Games***

Scratch games continue to account for just over half of total lottery sales. Sales of scratch games are expected to sustain the recent growth in prior years over the forecast period, as players continue to support the variety of games offered in Virginia. The key to the maintenance and growth of scratch sales over the forecast horizon will be actively managing our comprehensive portfolio of games at various price points and prize levels.

### ***The Jackpot-Style Games: Mega Millions, Powerball, Win for Life, and Decades of Dollars***

About 15 percent of the Lottery's sales come from jackpot-style games - those games offering top prizes in the millions of dollars. The Lottery now offers four such games: Mega Millions, Powerball, Win for Life, and Decades of Dollars. "Luck of the draw" plays a major role in the sales performance of Mega Millions and Powerball. Drawings of random numbers determine whether the jackpot prize is won or whether it "rolls" and continues to grow. High jackpots increase levels of play. Conversely, high frequency of jackpot winners means less jackpot growth and lower sales. Since drawings of random numbers determine the frequency of jackpot wins, which is a large determinant of sales levels for these games, there is inherently a large degree of uncertainty in any forecast for these large jackpot games.

Another key determinant of sales levels for these games is the prevailing interest rate. The Lottery invests the prize pool for each jackpot prize in U.S. Treasury Bonds to create the necessary income stream. At a given level of sales and resulting cash pool, the higher the yield of the bonds, the higher an annuity jackpot prize may be advertised. Higher advertised jackpots lead to higher sales. Thus in periods of high interest rates, jackpots grow relatively quickly and sales are stable. In periods of low interest rates, jackpots grow slowly and sales decline. Current bond yields continue to be very low.

Escalating efforts to expand multi-state jackpot game offerings among all U.S. Lottery states led to the 2010 breakthrough agreement between the two major consortia – Mega Millions and Powerball – that may lead to further product offerings with a national jackpot. Because there are so many states involved in these types of national agreements, these initiatives have experienced many delays and setbacks over the years. For fiscal year 2013, the Powerball game will reflect a full year of sales under the new \$2 per ticket structure that began in January 2012.

### ***Daily Games***

The Lottery's other drawing games – those games sold through the network of Lottery computer terminals and where winners are determined by a random drawing – collectively referred to as “daily games,” are Pick 3, Pick 4 and Cash 5. Daily games comprise about a third of total Lottery sales. Each of these products operates on approximately the same profit margin. While Pick 3 and Pick 4 are very mature products, total sales are forecast to continue increasing slightly. Some play is expected to continue to shift from Pick 3 to Pick 4 over time. Cash 5 is expected to continue to exhibit stable sales, an unusual phenomenon and contrary to the experiences of other U.S. lotteries that have seen their Cash 5 sales decline more significantly.

### ***Other Products***

Since fiscal year 2007, the Lottery has offered two new products to players: the limited-time offering of raffle tickets, and a new line of “fast play” style games. Raffle style games offer a fixed number of tickets for sale, and each ticket has an equal chance to win predetermined prizes. Fast play style games are offered for sale through retailer terminals, and offer an instant-win experience for consumers.

### **Net Income for Fiscal Years 2013 and 2014**

The Lottery is forecasting net income of \$457.3 million for fiscal year 2013, and \$462.0 million for fiscal year 2014. The Lottery's largest expense, prizes to players, is expected to increase slightly over this period as players continue to buy more of the higher price point scratch games, which pay a higher portion of sales back in prizes. Retailers should continue to earn commissions and incentives equal to about 5.7 percent of sales. Operating expenses are projected to remain low, forecast to stabilize around 5.5 percent of total sales.

## **NON-GENERAL FUND REVENUES**

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The Virginia Lottery, celebrating its 24<sup>th</sup> year in fiscal year 2013, with its current product mix, continues to operate at a mature stage. Virginia continues to support sustaining sales and net income through innovations in existing products, ongoing operating efficiencies, retailer recruitment and expansion initiatives, and crucial marketing endeavors.

### **Ongoing Risks to the Forecast**

There are always a number of ongoing risks associated with the Virginia Lottery's forecast that could significantly affect the Lottery's transfer to the Lottery Proceeds Fund. The first is luck. Luck is also a primary driver of sales for Mega Millions and Powerball. If jackpots are won with more frequency than expected, then sales will be lower than expected, due to small jackpots. Of course, a long period without a jackpot win can generate much higher sales due to the exponential growth of the jackpot; this was the case in March 2012 when the Mega Millions jackpot grew to a world record \$656 million.

A second risk is competition from other gaming opportunities available to consumers. North Carolina, as it further develops its lottery operation, may launch product offerings not available in Virginia. Prior to the inception of the North Carolina Education Lottery, approximately 10 percent of Virginia Lottery sales were to residents of North Carolina. Since inception, that percentage has declined to about 5 percent, meaning that the other 5 percent of sales were lost. Virginia may continue to experience a further erosion of sales to North Carolinians because their lottery increased the percentage of sales returned in prizes in 2008, eliminating the competitive advantage that Virginia had. Also, if North Carolina were to introduce different products than those available in Virginia, the impact on Virginia Lottery sales and revenues could be more than anticipated in this current forecast. Specifically, the offering of internet gaming, video lottery, or other non-traditional products in North Carolina could cause a more significant decline in Virginia lottery revenues. Increased competition from video lottery and casino offerings in Maryland, which began in 2010, may have an increasingly negative impact on traditional lottery product sales in Virginia. In fact, if voters approve "Question 7" on the November 2012 ballot in Maryland, developers could construct a casino at National Harbor on the Potomac River just across the Virginia border. This increase in competition for gaming dollars along the heavily populated northern Virginia border is in addition to the well-established competition from video lottery and table games offerings in West Virginia. Expanded gaming options in West Virginia are also aggressively advertised in Virginia markets. Perhaps most significant is the potential competition from internet gaming.

A third risk is the prospect of the Lottery being constrained even further in its ability to launch, promote and support products. For example, if the advertising budget were reduced to sub-optimal levels, sales would suffer. It is likely that some products will need to be repositioned or relaunched in the marketplace. Advertising funds are necessary to ensure this is effective.



**Unemployment Insurance Trust Fund**

The current unemployment benefit financing system, put in place in 1981, calculates an employer's tax liability by computing the ratio of benefit charges to taxable wages for the last four fiscal years. An appropriate tax rate, subject to a maximum and minimum, is then assigned based on the employer's benefit ratio. A determining factor of tax schedules is the fund balance factor—a ratio related to the Trust Fund's solvency level. Generally, a lower fund balance factor means higher tax schedules.

The Unemployment Insurance (UI) Trust Fund also may receive tax revenues from two other sources—the pool tax and the fund-building tax. The pool tax is an added tax imposed on all employers to cover those benefits that cannot be charged to a particular employer because the employer is inactive or the employer is already subject to the maximum tax. When the fund balance factor exceeds 50 percent, interest income is used to offset these benefit charges. The fund-building tax of 0.2 percent is added to each employer's tax rate unless the fund balance factor exceeds 50 percent. UI tax collections fell slightly below the projection by \$2.0 million, or 0.3 percent, in fiscal year 2012. With a few unexpected months of positive cash balances, projected interest revenues were \$0.5 million above the projected zero level.

**Discussion of Forecast**

The estimates in Tables 4.10 and 4.11 represent projections from the Unemployment Insurance Benefit Financing Model. The current estimates' increase in tax revenue in fiscal year 2013 reflects the increase in employment and the four year moving average of benefit charges outweighing the decline in the pool tax rate. The decrease in fiscal years 2014-2016 is the result of continued employment growth and pool tax rate decline, decreasing average benefit charges, and improving solvency levels. In the baseline scenario, pool taxes of 0.38 percent, 0.27 percent, 0.24 percent, and 0.21 percent are projected for calendar years 2013-2016, respectively. A fund-building tax is imposed in calendar years 2013-2015. With loans paid off near the end of fiscal year 2013, interest on Trust Fund balances are consistently paid again starting with fiscal year 2014. In the pessimistic alternate scenario, pool taxes of 0.40 percent, 0.37 percent, 0.41 percent, and 0.44 percent are projected for calendar years 2013-2016, respectively. A fund-building tax is imposed in calendar years 2013-2016. Tax revenues are lower in 2013 in the alternate scenario because employment is lower. Due to higher benefit payments in the alternate scenario, average benefit ratios are higher for fiscal years 2014-2016. In fiscal year 2014, higher tax rates are partly offset by lower employment and produce slightly higher tax revenue than the baseline scenario. For fiscal years 2015 and 2016, despite continued lower employment, higher tax rates produce higher tax revenue than the baseline scenario. With borrowing lasting a year longer than the baseline scenario, the alternate scenario produces zero interest revenue through fiscal year 2014. Then, interest earnings resume, but at a lower level than the baseline scenario due to lower Trust Fund balances.

## NON-GENERAL FUND REVENUES

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**Table 4.10**  
**Financial Forecasts Fiscal Years 2013, 2014, 2015, and 2016**  
**Baseline Scenario (Global Insight STANDARD)**  
**(Millions of Dollars)**

Revenue Source	Fiscal Year 2013		Fiscal Year 2014		Fiscal Year 2015		Fiscal Year 2016	
	Est.	% Change	Est.	% Change	Est.	% Change	Est.	% Change
Unemployment Insurance Tax	822.2	6.2%	808.9	-1.6%	751.6	-7.1%	614.9	-18.2%
Interest on Trust Fund	0.3	-40.0%	11.9	3866.7%	26.1	119.3%	40.5	55.2%
<b>Total Revenue</b>	<b>822.5</b>	<b>6.2%</b>	<b>820.8</b>	<b>-0.2%</b>	<b>777.7</b>	<b>-5.3%</b>	<b>655.4</b>	<b>-15.7%</b>

**Table 4.11**  
**Financial Forecasts Fiscal Years 2013, 2014, 2015, and 2016**  
**Pessimistic Alternate Scenario (Global Insight RECOVERY DERAILED)**  
**(Millions of Dollars)**

Revenue Source	Fiscal Year 2013		Fiscal Year 2014		Fiscal Year 2015		Fiscal Year 2016	
	Est.	% Change	Est.	% Change	Est.	% Change	Est.	% Change
Unemployment Insurance Tax	810.8	4.8%	822.5	1.4%	891.3	8.4%	932.3	4.6%
Interest on Trust Fund	0.3	-40.0%	-	-100.0%	3.1	N/A	18.3	490.3%
<b>Total Revenue</b>	<b>811.1</b>	<b>4.7%</b>	<b>822.5</b>	<b>1.4%</b>	<b>894.4</b>	<b>8.7%</b>	<b>950.6</b>	<b>6.3%</b>

**APPENDIX A**  
**ECONOMIC DATA**



**TABLE A.1 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES**

	History											
	2009 3	2009 4	2010 1	2010 2	2010 3	2010 4	2011 1	2011 2	2011.3	2011 4	2012 1	2012 2
Real Gross Domestic Product, Billions of 2005 \$, SAAR	12,746.7	12,873.1	12,947.6	13,019.6	13,103.5	13,181.2	13,183.8	13,264.7	13,306.9	13,441.0	13,506.4	13,548.5
Annualized % Change	1.4	4.0	2.3	2.2	2.6	2.4	0.1	2.5	1.3	4.1	2.0	1.3
% Change from Prior Year's Quarter	(3.3)	(0.1)	1.9	2.5	2.8	2.4	1.8	1.9	1.6	2.0	2.4	2.1
Real Consumer Spending, Billions of 2005 \$, SAAR	9,046.2	9,045.4	9,100.8	9,159.4	9,216.0	9,308.5	9,380.9	9,403.2	9,441.9	9,489.3	9,546.8	9,582.5
Annualized % Change	2.1	(0.0)	2.5	2.6	2.5	4.1	3.1	1.0	1.7	2.0	2.4	1.5
% Change from Prior Year's Quarter	(1.6)	(0.3)	0.7	1.8	1.9	2.9	3.1	2.7	2.5	1.9	1.8	1.9
U.S. Personal Income, Billions \$, SAAR	11,794.9	11,866.2	12,089.8	12,290.6	12,397.2	12,509.9	12,856.5	12,938.9	12,976.3	13,017.4	13,227.1	13,357.4
Annualized % Change	(2.8)	2.4	7.8	6.8	3.5	3.7	11.6	2.6	1.2	1.3	6.6	4.0
% Change from Prior Year's Quarter	(5.7)	(3.8)	1.4	3.5	5.1	5.4	6.3	5.3	4.7	4.1	2.9	3.2
Virginia Personal Income, Millions \$, SAAR	339,096.0	340,563.0	347,680.0	353,357.0	356,494.0	358,978.0	370,065.0	372,443.0	374,497.0	376,242.0	381,023.0	385,017.0
Annualized % Change	(2.0)	1.7	8.6	6.7	3.6	2.8	12.9	2.6	2.2	1.9	5.2	4.3
% Change from Prior Year's Quarter	(3.6)	(2.4)	2.1	3.7	5.1	5.4	6.4	5.4	5.1	4.8	3.0	3.4
Virginia Wages and Salaries, Millions \$, SAAR	192,115.0	192,624.0	194,169.0	197,209.0	199,275.0	198,929.0	202,811.0	202,863.0	204,080.0	204,524.0	207,046.0	208,907.0
Annualized % Change	(0.7)	1.1	3.2	6.4	4.3	(0.7)	8.0	0.1	2.4	0.9	5.0	3.6
% Change from Prior Year's Quarter	(1.3)	(0.8)	1.7	2.5	3.7	3.3	4.5	2.9	2.4	2.8	2.1	3.0
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	50,502.0	50,300.0	52,197.0	53,048.0	52,882.0	53,975.0	56,456.0	57,638.0	57,941.0	58,401.0	59,211.0	60,531.0
Annualized % Change	(13.1)	(1.6)	16.0	6.7	(1.2)	8.5	19.7	8.6	2.1	3.2	5.7	9.2
% Change from Prior Year's Quarter	(22.9)	(19.7)	(7.3)	1.4	4.7	7.3	8.2	8.7	9.6	8.2	4.9	5.0
Virginia Total Proprietor's Income, Millions \$, SAAR	18,846.0	19,494.0	21,087.0	22,123.0	22,318.0	22,648.0	22,877.0	23,187.0	23,210.0	23,302.0	24,055.0	24,231.0
Annualized % Change	5.7	14.5	36.9	21.1	3.6	6.0	4.1	5.5	0.4	1.6	13.6	3.0
% Change from Prior Year's Quarter	(11.1)	(5.2)	10.9	19.0	18.4	16.2	8.5	4.8	4.0	2.9	5.1	4.5

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

**TABLE A.1 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES**

	History											
	2009 3	2009 4	2010 1	2010 2	2010 3	2010 4	2011 1	2011 2	2011.3	2011 4	2012 1	2012 2
Total U.S. Employment, Millions, SA	129.9	129.4	129.3	130.0	129.9	130.2	130.7	131.2	131.5	132.0	132.7	133.0
Annualized % Change	(3.0)	(1.5)	(0.4)	2.0	(0.1)	0.9	1.4	1.7	0.9	1.4	2.1	1.0
% Change from Prior Year's Quarter	(5.0)	(4.2)	(2.6)	(0.8)	(0.0)	0.6	1.1	1.0	1.2	1.4	1.5	1.3
Virginia Total Nonag. Employment, Thousands, SA	3,620.8	3,621.8	3,607.9	3,646.7	3,641.8	3,654.5	3,671.3	3,679.3	3,703.2	3,703.6	3,736.7	3,737.7
Annualized % Change	(2.5)	0.1	(1.5)	4.4	(0.5)	1.4	1.9	0.9	2.6	0.0	3.6	0.1
% Change from Prior Year's Quarter	(3.8)	(3.1)	(2.0)	0.1	0.6	0.9	1.8	0.9	1.7	1.3	1.8	1.6
CPI, All Urban, 2000=100, SA	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3	2.3
Annualized % Change	3.6	3.0	0.9	(0.3)	1.4	3.0	4.5	4.4	3.1	1.3	2.5	0.8
% Change from Prior Year's Quarter	(1.6)	1.5	2.3	1.8	1.2	1.2	2.1	3.3	3.8	3.3	2.8	1.9
Refiner's Acquisition Cost of Oil, \$ per Barrel	66.4	73.2	75.8	75.4	74.1	81.5	93.9	108.2	100.6	104.5	107.6	101.6
Quarterly Change	9.6	6.7	2.7	(0.4)	(1.3)	7.5	12.3	14.4	(7.6)	3.9	3.1	(6.0)
Change from Prior Year's Quarter	(47.5)	18.1	35.4	18.6	7.6	8.4	18.0	32.8	26.5	23.0	13.7	(6.6)
Before-Tax Corporate Profits, Billions \$, SAAR	1,516.9	1,691.9	1,785.2	1,755.3	1,850.6	1,874.2	1,801.1	1,839.7	1,839.3	1,936.4	2,124.5	2,108.2
Annualized % Change	70.3	54.8	24.0	(6.5)	23.6	5.2	(14.7)	8.9	(0.1)	22.8	44.9	(3.0)
% Change from Prior Year's Quarter	2.8	94.9	45.7	32.2	22.0	10.8	0.9	4.8	(0.6)	3.3	18.0	14.6
S&P 500 Stock Market Index, Level	996.7	1,088.7	1,121.6	1,135.2	1,096.4	1,204.0	1,302.7	1,319.0	1,228.1	1,225.7	1,347.4	1,350.4
Annualized % Change	55.7	42.4	12.6	5.0	(13.0)	45.4	37.1	5.1	(24.8)	(0.8)	46.1	0.9
% Change from Prior Year's Quarter	(20.4)	19.7	38.6	27.2	10.0	10.6	16.2	16.2	12.0	1.8	3.4	2.4
30-Year Treasury Bonds, Level	4.3	4.3	4.6	4.4	3.9	4.2	4.6	4.3	3.7	3.0	3.1	2.9
Quarterly Change	0.2	0.0	0.3	(0.3)	(0.5)	0.3	0.4	(0.2)	(0.6)	(0.7)	0.1	(0.2)
Change from Prior Year's Quarter	(0.1)	0.6	1.2	0.2	(0.5)	(0.2)	(0.1)	(0.0)	(0.2)	(1.1)	(1.4)	(1.4)

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.2 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	October Standard Forecast															
	2012 3	2012 4	2013 1	2013 2	2013 3	2013 4	2014 1	2014 2	2014 3	2014 4	2015 1	2015 2	2015 3	2015 4	2016 .1	2016 2
Real Gross Domestic Product, Billions of 2005 \$, SAAR	13,594.7	13,648.8	13,716.6	13,773.2	13,847.5	13,940.7	14,043.0	14,159.4	14,286.0	14,419.4	14,530.0	14,651.5	14,767.0	14,869.4	14,970.5	15,074.4
Annualized % Change	1.4	1.6	2.0	1.7	2.2	2.7	3.0	3.4	3.6	3.8	3.1	3.4	3.2	2.8	2.7	2.8
% Change from Prior Year's Quarter	2.2	1.5	1.6	1.7	1.9	2.1	2.4	2.8	3.2	3.4	3.5	3.5	3.4	3.1	3.0	2.9
Real Consumer Spending, Billions of 2005 \$, SAAR	9,625.3	9,679.3	9,727.6	9,786.3	9,851.6	9,914.8	9,985.6	10,054.7	10,126.8	10,203.3	10,252.3	10,317.5	10,384.6	10,451.8	10,516.8	10,583.6
Annualized % Change	1.8	2.3	2.0	2.4	2.7	2.6	2.9	2.8	2.9	3.1	1.9	2.6	2.6	2.6	2.5	2.6
% Change from Prior Year's Quarter	1.9	2.0	1.9	2.1	2.4	2.4	2.7	2.7	2.8	2.9	2.7	2.6	2.5	2.4	2.6	2.6
U.S. Personal Income, Billions \$, SAAR	13,436.4	13,574.3	13,699.6	13,841.6	13,984.2	14,131.1	14,331.1	14,498.9	14,678.3	14,860.2	15,039.3	15,221.6	15,406.8	15,588.8	15,801.6	15,979.9
Annualized % Change	2.4	4.2	3.7	4.2	4.2	4.3	5.8	4.8	5.0	5.0	4.9	4.9	5.0	4.8	5.6	4.6
% Change from Prior Year's Quarter	3.5	4.3	3.6	3.6	4.1	4.1	4.6	4.7	5.0	5.2	4.9	5.0	5.0	4.9	5.1	5.0
Virginia Personal Income, Millions \$, SAAR	387,607.6	390,132.3	393,318.3	396,566.7	400,703.2	404,959.9	409,952.6	414,396.0	419,402.1	424,264.5	428,983.4	433,511.2	439,119.7	444,171.9	449,636.5	454,635.5
Annualized % Change	2.7	2.6	3.3	3.3	4.2	4.3	5.0	4.4	4.9	4.7	4.5	4.3	5.3	4.7	5.0	4.5
% Change from Prior Year's Quarter	3.5	3.7	3.2	3.0	3.4	3.8	4.2	4.5	4.7	4.8	4.6	4.6	4.7	4.7	4.8	4.9
Virginia Wages and Salaries, Millions \$, SAAR	211,549.2	212,614.4	214,032.7	215,487.0	217,814.5	220,049.0	222,744.4	225,402.1	227,811.4	230,309.2	232,705.2	235,052.7	237,601.0	239,993.4	242,605.4	245,064.5
Annualized % Change	5.2	2.0	2.7	2.7	4.4	4.2	5.0	4.9	4.3	4.5	4.2	4.1	4.4	4.1	4.4	4.1
% Change from Prior Year's Quarter	3.7	4.0	3.4	3.1	3.0	3.5	4.1	4.6	4.6	4.7	4.5	4.3	4.3	4.2	4.3	4.3
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	60,516.9	61,710.3	62,748.9	63,607.7	64,369.7	64,940.3	65,869.2	66,651.1	67,718.5	68,769.8	69,904.7	70,898.0	72,138.4	73,474.2	74,739.6	75,942.6
Annualized % Change	(0.1)	8.1	6.9	5.6	4.9	3.6	5.8	4.8	6.6	6.4	6.8	5.8	7.2	7.6	7.1	6.6
% Change from Prior Year's Quarter	4.4	5.7	6.0	5.1	6.4	5.2	5.0	4.8	5.2	5.9	6.1	6.4	6.5	6.8	6.9	7.1
Virginia Total Proprietor's Income, Millions \$, SAAR	23,855.1	23,361.2	23,224.4	23,176.9	23,145.2	23,202.2	23,357.1	23,452.3	23,504.2	23,539.7	23,741.2	24,107.8	24,468.6	24,660.7	24,860.5	25,064.8
Annualized % Change	(6.1)	(8.0)	(2.3)	(0.8)	(0.5)	1.0	2.7	1.6	0.9	0.6	3.5	6.3	6.1	3.2	3.3	3.3
% Change from Prior Year's Quarter	2.8	0.3	(3.5)	(4.4)	(3.0)	(0.7)	0.6	1.2	1.6	1.5	1.6	2.8	4.1	4.8	4.7	4.0

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.2 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	October Standard Forecast															
	2012 3	2012 4	2013 1	2013 2	2013 3	2013 4	2014 1	2014 2	2014 3	2014 4	2015 1	2015 2	2015 3	2015 4	2016 .1	2016 2
Total U.S. Employment, Millions, SA	133.3	133.7	134.1	134.6	135.1	135.7	136.3	136.9	137.6	138.3	139.0	139.6	140.3	141.0	141.6	142.3
Annualized % Change	0.9	1.1	1.4	1.4	1.6	1.8	1.7	1.8	2.0	2.2	1.9	2.0	2.0	1.9	1.8	1.8
% Change from Prior Year's Quarter	1.4	1.3	1.1	1.2	1.4	1.5	1.6	1.7	1.8	1.9	2.0	2.0	2.0	1.9	1.9	1.9
Virginia Total Nonag. Employment, Thousands, SA	3,739.6	3,749.0	3,762.2	3,774.5	3,784.5	3,796.5	3,814.3	3,831.7	3,857.3	3,881.2	3,898.5	3,917.2	3,938.4	3,956.8	3,974.7	3,992.5
Annualized % Change	0.2	1.0	1.4	1.3	1.1	1.3	1.9	1.8	2.7	2.5	1.8	1.9	2.2	1.9	1.8	1.8
% Change from Prior Year's Quarter	1.0	1.2	0.7	1.0	1.2	1.3	1.4	1.5	1.9	2.2	2.2	2.2	2.1	1.9	2.0	1.9
CPI, All Urban, 2000=100, SA	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Annualized % Change	2.2	1.5	0.4	1.2	2.0	1.6	1.8	1.9	1.8	1.6	2.0	1.3	1.4	2.1	1.9	2.1
% Change from Prior Year's Quarter	1.7	1.7	1.2	1.3	1.3	1.3	1.7	1.8	1.8	1.8	1.8	1.7	1.6	1.7	1.7	1.9
Refiner's Acquisition Cost of Oil, \$ per Barrel	98.8	94.5	88.4	88.1	89.0	88.6	87.6	86.2	84.8	83.4	83.3	79.9	78.3	81.1	82.1	84.1
Quarterly Change	(2.8)	(4.2)	(6.1)	(0.3)	0.8	(0.4)	(1.0)	(1.4)	(1.4)	(1.4)	(0.0)	(3.4)	(1.6)	2.8	1.0	2.0
Change from Prior Year's Quarter	(1.8)	(10.0)	(19.2)	(13.5)	(9.8)	(6.0)	(0.9)	(1.9)	(4.2)	(5.2)	(4.2)	(6.3)	(6.5)	(2.3)	(1.2)	4.2
Before-Tax Corporate Profits, Billions \$, SAAR	2,114.1	2,140.5	2,285.1	2,283.6	2,299.7	2,309.1	2,233.1	2,264.8	2,275.6	2,291.8	2,197.1	2,198.4	2,194.5	2,187.2	2,098.9	2,106.8
Annualized % Change	1.1	5.1	29.9	(0.3)	2.9	1.6	(12.5)	5.8	1.9	2.9	(15.5)	0.2	(0.7)	(1.3)	(15.2)	1.5
% Change from Prior Year's Quarter	14.9	10.5	7.6	8.3	8.8	7.9	(2.3)	(0.8)	(1.0)	(0.8)	(1.6)	(2.9)	(3.6)	(4.6)	(4.5)	(4.2)
S&P 500 Stock Market Index, Level	1,402.2	1,390.0	1,400.0	1,410.0	1,426.0	1,444.0	1,458.0	1,475.0	1,490.7	1,509.0	1,527.3	1,545.3	1,563.3	1,581.3	1,597.2	1,613.2
Annualized % Change	16.3	(3.4)	2.9	2.9	4.6	5.1	3.9	4.7	4.3	5.0	5.0	4.8	4.7	4.7	4.1	4.1
% Change from Prior Year's Quarter	14.2	13.4	3.9	4.4	1.7	3.9	4.1	4.6	4.5	4.5	4.8	4.8	4.9	4.8	4.6	4.4
30-Year Treasury Bonds, Level	2.7	2.9	3.0	3.1	3.2	3.5	3.7	3.8	3.9	4.0	4.0	4.1	4.2	4.4	4.6	4.8
Quarterly Change	(0.2)	0.1	0.1	0.1	0.2	0.3	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.2	0.2	0.2
Change from Prior Year's Quarter	(1.0)	(0.2)	(0.2)	0.1	0.5	0.6	0.7	0.7	0.7	0.5	0.4	0.3	0.3	0.4	0.5	0.7

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted



TABLE A.2 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	Pessimistic Alternative Scenario															
	2012 3	2012 4	2013 1	2013 2	2013 3	2013 4	2014 1	2014 2	2014 3	2014 4	2015 1	2015 2	2015 3	2015 4	2016 .1	2016 2
Real Gross Domestic Product, Billions of 2005 \$, SAAR	13,571.1	13,581.0	13,494.8	13,434.6	13,448.0	13,480.8	13,533.5	13,613.2	13,709.8	13,808.2	13,891.0	13,988.2	14,081.5	14,166.7	14,248.0	14,335.7
Annualized % Change	0.7	0.3	(2.5)	(1.8)	0.4	1.0	1.6	2.4	2.9	2.9	2.4	2.8	2.7	2.4	2.3	2.5
% Change from Prior Year's Quarter	2.0	1.0	(0.1)	(0.8)	(0.9)	(0.7)	0.3	1.3	1.9	2.4	2.6	2.8	2.7	2.6	2.6	2.5
Real Consumer Spending, Billions of 2005 \$, SAAR	9,620.3	9,652.2	9,629.3	9,630.3	9,665.4	9,696.9	9,733.0	9,767.2	9,804.5	9,838.5	9,854.3	9,882.3	9,912.1	9,945.3	9,978.6	10,019.8
Annualized % Change	1.6	1.3	(0.9)	0.0	1.5	1.3	1.5	1.4	1.5	1.4	0.6	1.1	1.2	1.3	1.3	1.7
% Change from Prior Year's Quarter	1.9	1.7	0.9	0.5	0.5	0.5	1.1	1.4	1.4	1.5	1.2	1.2	1.1	1.1	1.3	1.4
U.S. Personal Income, Billions \$, SAAR	13,425.8	13,534.8	13,499.6	13,547.7	13,594.5	13,660.3	13,783.3	13,878.0	13,996.0	14,120.8	14,296.6	14,441.7	14,590.4	14,740.4	14,959.4	15,122.6
Annualized % Change	2.1	3.3	(1.0)	1.4	1.4	2.0	3.6	2.8	3.4	3.6	5.1	4.1	4.2	4.2	6.1	4.4
% Change from Prior Year's Quarter	3.5	4.0	2.1	1.4	1.3	0.9	2.1	2.4	3.0	3.4	3.7	4.1	4.2	4.4	4.6	4.7
Virginia Personal Income, Millions \$, SAAR	387,227.1	388,627.1	390,409.3	391,476.5	393,474.0	395,764.9	398,589.9	401,405.7	405,051.9	408,483.0	411,780.9	415,391.7	420,106.7	424,484.2	429,405.3	434,043.9
Annualized % Change	2.3	1.5	1.8	1.1	2.1	2.3	2.9	2.9	3.7	3.4	3.3	3.6	4.6	4.2	4.7	4.4
% Change from Prior Year's Quarter	3.4	3.3	2.5	1.7	1.6	1.8	2.1	2.5	2.9	3.2	3.3	3.5	3.7	3.9	4.3	4.5
Virginia Wages and Salaries, Millions \$, SAAR	211,454.6	211,767.4	211,985.9	212,406.1	213,803.9	215,072.7	216,769.8	218,553.6	220,153.7	221,737.5	223,483.6	225,239.4	227,258.7	229,276.4	231,591.4	233,807.5
Annualized % Change	5.0	0.6	0.4	0.8	2.7	2.4	3.2	3.3	3.0	2.9	3.2	3.2	3.6	3.6	4.1	3.9
% Change from Prior Year's Quarter	3.6	3.5	2.4	1.7	1.1	1.6	2.3	2.9	3.0	3.1	3.1	3.1	3.2	3.4	3.6	3.8
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	60,235.1	61,135.8	62,014.3	62,106.4	61,801.0	61,595.5	61,840.7	62,010.3	62,557.5	63,188.3	64,038.0	64,867.2	65,758.3	66,646.7	67,464.6	68,180.5
Annualized % Change	(1.9)	6.1	5.9	0.6	(2.0)	(1.3)	1.6	1.1	3.6	4.1	5.5	5.3	5.6	5.5	5.0	4.3
% Change from Prior Year's Quarter	4.0	4.7	4.7	2.6	2.6	0.8	(0.3)	(0.2)	1.2	2.6	3.6	4.6	5.1	5.5	5.4	5.1
Virginia Total Proprietor's Income, Millions \$, SAAR	23,811.6	23,361.5	23,192.5	22,551.1	22,211.5	21,868.2	21,678.5	21,557.3	21,461.8	21,321.2	21,113.0	21,321.7	21,624.5	22,000.4	22,316.8	22,922.5
Annualized % Change	(6.7)	(7.3)	(2.9)	(10.6)	(5.9)	(6.0)	(3.4)	(2.2)	(1.8)	(2.6)	(3.8)	4.0	5.8	7.1	5.9	11.3
% Change from Prior Year's Quarter	2.6	0.3	(3.6)	(6.9)	(6.7)	(6.4)	(6.5)	(4.4)	(3.4)	(2.5)	(2.6)	(1.1)	0.8	3.2	5.7	7.5

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.2 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	Pessimistic Alternative Scenario															
	2012 3	2012 4	2013 1	2013 2	2013 3	2013 4	2014 1	2014 2	2014 3	2014 4	2015 1	2015 2	2015 3	2015 4	2016 .1	2016 2
Total U.S. Employment, Millions, SA	133.3	133.4	133.1	132.8	132.8	132.9	133.0	133.2	133.5	133.9	134.3	134.8	135.3	135.9	136.4	137.0
Annualized % Change	0.9	0.2	(0.8)	(0.8)	(0.2)	0.2	0.3	0.7	1.1	1.1	1.1	1.5	1.6	1.7	1.7	1.7
% Change from Prior Year's Quarter	1.4	1.0	0.3	(0.1)	(0.4)	(0.4)	(0.1)	0.3	0.6	0.8	1.0	1.2	1.3	1.5	1.6	1.7
Virginia Total Nonag. Employment, Thousands, SA	3,739.6	3,739.2	3,732.6	3,727.6	3,723.1	3,722.1	3,728.3	3,736.3	3,753.1	3,766.4	3,775.6	3,788.1	3,804.2	3,819.0	3,834.4	3,850.8
Annualized % Change	0.2	(0.0)	(0.7)	(0.5)	(0.5)	(0.1)	0.7	0.9	1.8	1.4	1.0	1.3	1.7	1.6	1.6	1.7
% Change from Prior Year's Quarter	1.0	1.0	(0.1)	(0.3)	(0.4)	(0.5)	(0.1)	0.2	0.8	1.2	1.3	1.4	1.4	1.4	1.6	1.7
CPI, All Urban, 2000=100, SA	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.5
Annualized % Change	2.2	0.9	(0.9)	0.7	2.0	1.6	1.8	1.9	2.1	2.2	2.4	2.0	2.1	2.4	2.6	2.8
% Change from Prior Year's Quarter	1.7	1.6	0.7	0.7	0.7	0.9	1.5	1.8	1.8	2.0	2.1	2.2	2.2	2.2	2.3	2.5
Refiner's Acquisition Cost of Oil, \$ per Barrel	98.8	91.1	76.4	74.1	77.2	78.6	79.3	79.7	81.0	83.4	85.3	85.8	87.1	90.7	94.3	98.2
Quarterly Change	(2.8)	(7.7)	(14.7)	(2.3)	3.1	1.4	0.7	0.4	1.3	2.3	2.0	0.5	1.3	3.5	3.6	3.9
Change from Prior Year's Quarter	(1.8)	(13.4)	(31.2)	(27.5)	(21.6)	(12.5)	3.0	5.6	3.8	4.8	6.0	6.1	6.1	7.3	9.0	12.3
Before-Tax Corporate Profits, Billions \$, SAAR	2,097.0	2,121.8	2,168.0	2,103.8	2,144.2	2,148.0	2,060.1	2,086.7	2,103.3	2,118.3	2,015.7	2,019.5	2,014.6	2,001.2	1,916.6	1,922.8
Annualized % Change	(2.1)	4.8	9.0	(11.3)	7.9	0.7	(15.4)	5.3	3.2	2.9	(18.0)	0.8	(1.0)	(2.6)	(15.9)	1.3
% Change from Prior Year's Quarter	14.0	9.6	2.0	(0.2)	2.3	1.2	(5.0)	(0.8)	(1.9)	(1.4)	(2.2)	(3.2)	(4.2)	(5.5)	(4.9)	(4.8)
S&P 500 Stock Market Index, Level	1,402.2	1,292.0	1,064.0	1,124.0	1,180.4	1,197.9	1,212.0	1,228.5	1,243.8	1,261.2	1,278.6	1,296.4	1,314.1	1,331.9	1,348.7	1,364.5
Annualized % Change	16.3	(27.9)	(54.0)	24.5	21.7	6.1	4.8	5.5	5.1	5.7	5.6	5.7	5.6	5.5	5.2	4.7
% Change from Prior Year's Quarter	14.2	5.4	(21.0)	(16.8)	(15.8)	(7.3)	13.9	9.3	5.4	5.3	5.5	5.5	5.7	5.6	5.5	5.3
30-Year Treasury Bonds, Level	2.7	2.6	2.4	2.5	2.4	2.5	2.8	3.0	3.2	3.3	3.4	3.5	3.6	3.8	4.0	4.3
Quarterly Change	(0.2)	(0.1)	(0.2)	0.0	(0.1)	0.2	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.2	0.3
Change from Prior Year's Quarter	(1.0)	(0.4)	(0.7)	(0.5)	(0.4)	(0.1)	0.3	0.5	0.8	0.8	0.6	0.5	0.4	0.5	0.6	0.8

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

**TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES**

		History											
		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Real Gross Domestic Product, Billions of 2005 \$, SAAR	Calendar Year	8,863.1	9,086.0	9,425.9	9,845.9	10,274.8	10,770.6	11,216.4	11,337.5	11,543.1	11,836.4	12,246.9	12,623.0
	% Change	4.1	2.5	3.7	4.5	4.4	4.8	4.1	1.1	1.8	2.5	3.5	3.1
	Fiscal Year	8,680.1	8,986.7	9,231.9	9,631.1	10,051.2	10,521.4	11,024.5	11,308.2	11,423.9	11,638.4	12,070.8	12,439.9
	% Change	3.2	3.5	2.7	4.3	4.4	4.7	4.8	2.6	1.0	1.9	3.7	3.1
Real Consumer Spending, Billions of 2005 \$, SAAR	Calendar Year	5,916.2	6,076.2	6,288.3	6,520.4	6,862.3	7,237.6	7,604.6	7,810.3	8,018.3	8,244.5	8,515.8	8,803.5
	% Change	3.8	2.7	3.5	3.7	5.2	5.5	5.1	2.7	2.7	2.8	3.3	3.4
	Fiscal Year	5,811.4	5,995.7	6,182.7	6,388.9	6,681.2	7,051.9	7,433.8	7,715.8	7,919.6	8,110.3	8,388.7	8,664.2
	% Change	3.8	3.2	3.1	3.3	4.6	5.5	5.4	3.8	2.6	2.4	3.4	3.3
U.S. Personal Income, Billions \$, SAAR	Calendar Year	5,874.8	6,200.9	6,591.6	7,000.8	7,525.4	7,910.9	8,559.4	8,883.3	9,060.1	9,378.2	9,937.3	10,485.9
	% Change	5.5	5.6	6.3	6.2	7.5	5.1	8.2	3.8	2.0	3.5	6.0	5.5
	Fiscal Year	5,713.3	6,054.2	6,381.3	6,790.6	7,261.1	7,716.6	8,234.3	8,772.9	8,958.0	9,179.3	9,631.0	10,211.9
	% Change	4.7	6.0	5.4	6.4	6.9	6.3	6.7	6.5	2.1	2.5	4.9	6.0
Virginia Personal Income, Millions \$, SAAR	Calendar Year	155,163.3	162,498.5	171,164.8	182,302.8	194,596.3	207,326.3	224,787.5	239,314.8	245,840.8	258,087.0	275,618.0	294,733.8
	% Change	5.5	4.7	5.3	6.5	6.7	6.5	8.4	6.5	2.7	5.0	6.8	6.9
	Fiscal Year	150,902.5	159,417.3	166,162.5	176,645.3	188,127.8	201,061.5	215,754.3	233,890.8	241,957.3	250,584.8	266,573.3	285,120.5
	% Change	5.0	5.6	4.2	6.3	6.5	6.9	7.3	8.4	3.4	3.6	6.4	7.0
Virginia Wages and Salaries, Millions \$, SAAR	Calendar Year	87,132.5	91,269.8	96,626.0	103,770.5	112,122.5	121,001.0	132,391.5	138,722.8	140,626.3	147,586.5	158,884.3	169,298.0
	% Change	5.1	4.7	5.9	7.4	8.0	7.9	9.4	4.8	1.4	4.9	7.7	6.6
	Fiscal Year	85,076.5	89,437.0	93,565.0	100,089.0	107,580.8	117,048.8	126,347.8	137,036.8	138,942.5	143,159.0	153,020.0	164,460.3
	% Change	4.7	5.1	4.6	7.0	7.5	8.8	7.9	8.5	1.4	3.0	6.9	7.5
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	Calendar Year	28,917.8	29,958.0	32,022.5	33,982.3	36,599.0	36,839.3	40,295.0	41,439.8	41,226.8	41,964.5	42,741.8	46,015.8
	% Change	8.3	3.6	6.9	6.1	7.7	0.7	9.4	2.8	(0.5)	1.8	1.9	7.7
	Fiscal Year	27,499.3	29,764.5	30,716.0	33,113.0	35,347.8	36,635.3	38,566.5	40,973.5	41,595.3	41,374.0	42,233.5	43,882.8
	% Change	5.4	8.2	3.2	7.8	6.7	3.6	5.3	6.2	1.5	(0.5)	2.1	3.9
Virginia Total Proprietor's Income, Millions \$, SAAR	Calendar Year	8,165.5	9,206.0	9,889.3	10,824.0	11,451.0	12,412.0	14,191.0	17,774.5	18,459.5	18,676.0	21,085.5	22,443.8
	% Change	5.5	12.7	7.4	9.5	5.8	8.4	14.3	25.3	3.9	1.2	12.9	6.4
	Fiscal Year	8,008.5	8,600.0	9,568.8	10,377.0	11,075.5	11,917.0	13,341.5	16,226.5	17,857.0	18,490.0	19,832.8	21,830.0
	% Change	8.9	7.4	11.3	8.4	6.7	7.6	12.0	21.6	10.0	3.5	7.3	10.1

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

		History						October Standard Forecast				
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Real Gross Domestic Product, Billions of 2005 \$, SAAR	Calendar Year	12,958.5	13,206.4	13,161.9	12,758.0	13,063.0	13,299.1	13,574.6	13,819.5	14,226.9	14,704.5	15,128.1
	% Change	2.7	1.9	(0.3)	(3.1)	2.4	1.8	2.1	1.8	2.9	3.4	2.9
	Fiscal Year	12,812.8	13,054.6	13,293.3	12,870.6	12,896.8	13,183.3	13,450.7	13,683.3	13,997.6	14,471.7	14,920.3
	% Change	3.0	1.9	1.8	(3.2)	0.2	2.2	2.0	1.7	2.3	3.4	3.1
Real Consumer Spending, Billions of 2005 \$, SAAR	Calendar Year	9,054.5	9,262.9	9,211.7	9,032.6	9,196.2	9,428.8	9,608.5	9,820.1	10,092.6	10,351.5	10,617.9
	% Change	2.9	2.3	(0.6)	(1.9)	1.8	2.5	1.9	2.2	2.8	2.6	2.6
	Fiscal Year	8,928.4	9,171.5	9,293.2	9,077.7	9,087.9	9,327.1	9,515.1	9,704.6	9,951.7	10,225.0	10,484.2
	% Change	3.0	2.7	1.3	(2.3)	0.1	2.6	2.0	2.0	2.5	2.7	2.5
U.S. Personal Income, Billions \$, SAAR	Calendar Year	11,268.1	11,912.3	12,460.2	11,867.0	12,321.9	12,947.3	13,398.8	13,914.1	14,592.2	15,314.1	16,068.4
	% Change	7.5	5.7	4.6	(4.8)	3.8	5.1	3.5	3.8	4.9	4.9	4.9
	Fiscal Year	10,887.3	11,598.8	12,270.8	12,165.0	12,010.4	12,675.6	13,144.6	13,638.0	14,236.3	14,949.9	15,694.3
	% Change	6.6	6.5	5.8	(0.9)	(1.3)	5.5	3.7	3.8	4.4	5.0	5.0
Virginia Personal Income, Millions \$, SAAR	Calendar Year	316,297.8	335,319.3	350,090.5	340,255.5	354,127.3	373,311.8	385,945.0	398,887.0	417,003.8	436,446.5	457,117.5
	% Change	7.3	6.0	4.4	(2.8)	4.1	5.4	3.4	3.4	4.5	4.7	4.7
	Fiscal Year	306,217.0	325,941.0	344,172.5	345,501.0	345,174.0	364,495.0	379,194.8	391,906.2	407,502.9	426,540.3	446,890.9
	% Change	7.4	6.4	5.6	0.4	(0.1)	5.6	4.0	3.4	4.0	4.7	4.8
Virginia Wages and Salaries, Millions \$, SAAR	Calendar Year	179,165.0	189,309.3	194,213.3	192,010.5	197,395.5	203,569.5	210,029.2	216,845.8	226,566.8	236,338.1	246,244.2
	% Change	5.8	5.7	2.6	(1.1)	2.8	3.1	3.2	3.2	4.5	4.3	4.2
	Fiscal Year	174,852.3	184,224.3	192,292.8	193,016.0	194,029.3	200,969.5	206,139.3	213,420.8	221,502.5	231,469.6	241,316.1
	% Change	6.3	5.4	4.4	0.4	0.5	3.6	2.6	3.5	3.8	4.5	4.3
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	Calendar Year	53,066.8	59,824.5	64,477.3	52,358.3	53,025.5	57,609.0	60,492.3	63,916.7	67,252.2	71,603.8	76,549.2
	% Change	15.3	12.7	7.8	(18.8)	1.3	8.6	5.0	5.7	5.2	6.5	6.9
	Fiscal Year	49,499.3	56,341.0	63,214.8	59,187.8	51,511.8	55,237.8	59,021.0	62,145.9	65,457.6	69,322.8	74,073.7
	% Change	12.8	13.8	12.2	(6.4)	(13.0)	7.2	6.8	5.3	5.3	5.9	6.9
Virginia Total Proprietor's Income, Millions \$, SAAR	Calendar Year	23,133.5	22,268.0	21,211.0	18,983.0	22,044.0	23,144.0	23,875.6	23,187.2	23,463.3	24,244.6	25,078.1
	% Change	3.1	(3.7)	(4.7)	(10.5)	16.1	5.0	3.2	(2.9)	1.2	3.3	3.4
	Fiscal Year	23,032.3	22,827.5	21,723.3	19,840.3	20,387.5	22,757.5	23,699.5	23,404.4	23,289.2	23,723.2	24,763.7
	% Change	5.5	(0.9)	(4.8)	(8.7)	2.8	11.6	4.1	(1.2)	(0.5)	1.9	4.4

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

		History						Pessimistic Alternative Scenario				
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Real Gross Domestic Product, Billions of 2005 \$, SAAR	Calendar Year	12,958.5	13,206.4	13,161.9	12,758.0	13,063.0	13,299.1	13,551.8	13,464.5	13,666.2	14,031.8	14,383.3
	% Change	2.7	1.9	(0.3)	(3.1)	2.4	1.8	1.9	(0.6)	1.5	2.7	2.5
	Fiscal Year	12,812.8	13,054.6	13,293.3	12,870.6	12,896.8	13,183.3	13,450.7	13,520.4	13,518.9	13,849.3	14,208.0
	% Change	3.0	1.9	1.8	(3.2)	0.2	2.2	2.0	0.5	(0.0)	2.4	2.6
Real Consumer Spending, Billions of 2005 \$, SAAR	Calendar Year	9,054.5	9,262.9	9,211.7	9,032.6	9,196.2	9,428.8	9,600.5	9,655.5	9,785.8	9,898.5	10,042.5
	% Change	2.9	2.3	(0.6)	(1.9)	1.8	2.5	1.8	0.6	1.3	1.2	1.5
	Fiscal Year	8,928.4	9,171.5	9,293.2	9,077.7	9,087.9	9,327.1	9,515.1	9,633.0	9,715.6	9,844.9	9,963.9
	% Change	3.0	2.7	1.3	(2.3)	0.1	2.6	2.0	1.2	0.9	1.3	1.2
U.S. Personal Income, Billions \$, SAAR	Calendar Year	11,268.1	11,912.3	12,460.2	11,867.0	12,321.9	12,947.3	13,386.3	13,575.5	13,944.5	14,517.3	15,210.2
	% Change	7.5	5.7	4.6	(4.8)	3.8	5.1	3.4	1.4	2.7	4.1	4.8
	Fiscal Year	10,887.3	11,598.8	12,270.8	12,165.0	12,010.4	12,675.6	13,144.6	13,502.0	13,729.0	14,213.8	14,853.2
	% Change	6.6	6.5	5.8	(0.9)	(1.3)	5.5	3.7	2.7	1.7	3.5	4.5
Virginia Personal Income, Millions \$, SAAR	Calendar Year	316,297.8	335,319.3	350,090.5	340,255.5	354,127.3	373,311.8	385,473.5	392,781.1	403,382.6	417,940.9	436,492.7
	% Change	7.3	6.0	4.4	(2.8)	4.1	5.4	3.3	1.9	2.7	3.6	4.4
	Fiscal Year	306,217.0	325,941.0	344,172.5	345,501.0	345,174.0	364,495.0	379,194.8	389,435.0	397,308.6	410,176.9	427,010.0
	% Change	7.4	6.4	5.6	0.4	(0.1)	5.6	4.0	2.7	2.0	3.2	4.1
Virginia Wages and Salaries, Millions \$, SAAR	Calendar Year	179,165.0	189,309.3	194,213.3	192,010.5	197,395.5	203,569.5	209,793.7	213,317.2	219,303.7	226,314.5	234,926.4
	% Change	5.8	5.7	2.6	(1.1)	2.8	3.1	3.1	1.7	2.8	3.2	3.8
	Fiscal Year	174,852.3	184,224.3	192,292.8	193,016.0	194,029.3	200,969.5	206,139.3	211,903.5	216,050.0	222,653.6	230,483.5
	% Change	6.3	5.4	4.4	0.4	0.5	3.6	2.6	2.8	2.0	3.1	3.5
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	Calendar Year	53,066.8	59,824.5	64,477.3	52,358.3	53,025.5	57,609.0	60,278.2	61,879.3	62,399.2	65,327.5	68,601.5
	% Change	15.3	12.7	7.8	(18.8)	1.3	8.6	4.6	2.7	0.8	4.7	5.0
	Fiscal Year	49,499.3	56,341.0	63,214.8	59,187.8	51,511.8	55,237.8	59,021.0	61,372.9	61,811.9	63,662.8	67,012.5
	% Change	12.8	13.8	12.2	(6.4)	(13.0)	7.2	6.8	4.0	0.7	3.0	5.3
Virginia Total Proprietor's Income, Millions \$, SAAR	Calendar Year	23,133.5	22,268.0	21,211.0	18,983.0	22,044.0	23,144.0	23,864.8	22,455.8	21,504.7	21,514.9	23,201.5
	% Change	3.1	(3.7)	(4.7)	(10.5)	16.1	5.0	3.1	(5.9)	(4.2)	0.0	7.8
	Fiscal Year	23,032.3	22,827.5	21,723.3	19,840.3	20,387.5	22,757.5	23,699.5	23,229.2	21,828.9	21,304.4	22,216.0
	% Change	5.5	(0.9)	(4.8)	(8.7)	2.8	11.6	4.1	(2.0)	(6.0)	(2.4)	4.3

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

		History											
		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total U.S. Employment, Millions, SA	Calendar Year	114.3	117.3	119.7	122.8	125.9	129.0	131.8	131.8	130.3	130.0	131.4	133.7
	% Change	3.1	2.6	2.0	2.6	2.6	2.4	2.2	0.0	(1.1)	(0.3)	1.1	1.7
	Fiscal Year	112.4	116.0	118.4	121.2	124.4	127.4	130.6	132.3	130.9	130.1	130.5	132.5
	% Change	2.6	3.2	2.0	2.4	2.6	2.4	2.5	1.3	(1.0)	(0.6)	0.3	1.5
Virginia Total Nonag. Employment, Thousands, SA	Calendar Year	3,003.4	3,069.7	3,135.6	3,231.9	3,319.7	3,412.4	3,516.6	3,517.2	3,494.3	3,497.5	3,583.7	3,664.1
	% Change	2.9	2.2	2.1	3.1	2.7	2.8	3.1	0.0	(0.7)	0.1	2.5	2.2
	Fiscal Year	2,958.8	3,045.0	3,092.4	3,188.8	3,270.7	3,369.7	3,463.3	3,534.9	3,499.4	3,490.0	3,534.6	3,626.2
	% Change	2.7	2.9	1.6	3.1	2.6	3.0	2.8	2.1	(1.0)	(0.3)	1.3	2.6
CPI, All Urban, 2000=100, SA	Calendar Year	1.5	1.5	1.6	1.6	1.6	1.7	1.7	1.8	1.8	1.8	1.9	2.0
	% Change	2.6	2.8	2.9	2.3	1.5	2.2	3.4	2.8	1.6	2.3	2.7	3.4
	Fiscal Year	1.5	1.5	1.5	1.6	1.6	1.6	1.7	1.8	1.8	1.8	1.9	1.9
	% Change	2.6	2.8	2.7	2.8	1.8	1.7	2.9	3.4	1.8	2.2	2.2	3.0
Refiner's Acquisition Cost of Oil, \$ per Barrel	Calendar Year	15.5	17.2	20.7	19.1	12.5	17.4	28.2	23.0	24.0	28.6	36.9	50.3
	Change	(0.9)	1.7	3.5	(1.6)	(6.5)	4.9	10.8	(5.3)	1.1	4.6	8.3	13.4
	Fiscal Year	14.8	17.1	18.2	21.0	15.7	12.6	24.2	27.2	21.4	27.6	30.8	42.6
	Change	(3.7)	2.4	1.1	2.8	(5.2)	(3.2)	11.7	3.0	(5.8)	6.2	3.2	11.8
Before-Tax Corporate Profits, Billions \$, SAAR	Calendar Year	599.0	684.3	740.8	801.8	722.9	780.5	772.5	712.7	765.3	903.5	1,229.4	1,640.2
	% Change	15.4	14.2	8.2	8.2	(9.8)	8.0	(1.0)	(7.7)	7.4	18.1	36.1	33.4
	Fiscal Year	554.5	648.6	716.3	765.2	774.1	741.4	793.7	755.0	689.3	837.4	1,063.5	1,435.9
	% Change	13.8	17.0	10.4	6.8	1.2	(4.2)	7.1	(4.9)	(8.7)	21.5	27.0	35.0
S&P 500 Stock Market Index, Level	Calendar Year	460.3	541.6	670.8	872.7	1,084.3	1,326.1	1,426.8	1,192.1	995.6	963.7	1,130.6	1,207.1
	% Change	2.0	17.7	23.9	30.1	24.2	22.3	7.6	(16.4)	(16.5)	(3.2)	17.3	6.8
	Fiscal Year	459.6	481.2	614.7	749.3	1,003.0	1,198.8	1,395.4	1,337.4	1,114.9	895.1	1,078.3	1,160.0
	% Change	6.3	4.7	27.7	21.9	33.8	19.5	16.4	(4.2)	(16.6)	(19.7)	20.5	7.6
30-Year Treasury Bonds, Level	Calendar Year	7.4	6.9	6.7	6.6	5.6	5.9	5.9	5.5	5.4	5.1	5.1	4.6
	Change	0.8	(0.5)	(0.2)	(0.1)	(1.0)	0.3	0.1	(0.4)	(0.1)	(0.4)	0.1	(0.6)
	Fiscal Year	6.6	7.5	6.5	6.8	6.1	5.4	6.1	5.7	5.5	5.0	5.2	4.8
	Change	(0.6)	0.9	(1.0)	0.3	(0.7)	(0.7)	0.7	(0.5)	(0.1)	(0.5)	0.2	(0.4)

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

		History						October Standard Forecast				
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total U.S. Employment, Millions, SA	Calendar Year	136.1	137.6	136.8	130.8	129.9	131.4	133.2	134.9	137.3	140.0	142.5
	% Change	1.8	1.1	(0.6)	(4.4)	(0.7)	1.2	1.4	1.3	1.8	2.0	1.8
	Fiscal Year	135.0	137.0	137.7	133.9	129.7	130.5	132.3	133.9	136.0	138.6	141.3
	% Change	1.9	1.5	0.6	(2.8)	(3.2)	0.7	1.4	1.2	1.6	1.9	1.9
Virginia Total Nonag. Employment, Thousands, SA	Calendar Year	3,726.4	3,761.3	3,762.9	3,642.2	3,637.7	3,689.4	3,740.7	3,779.4	3,846.1	3,927.7	3,999.5
	% Change	1.7	0.9	0.0	(3.2)	(0.1)	1.4	1.4	1.0	1.8	2.1	1.8
	Fiscal Year	3,702.3	3,745.6	3,768.7	3,707.1	3,624.3	3,661.8	3,720.3	3,756.3	3,806.8	3,888.6	3,965.6
	% Change	2.1	1.2	0.6	(1.6)	(2.2)	1.0	1.6	1.0	1.3	2.1	2.0
CPI, All Urban, 2000=100, SA	Calendar Year	2.0	2.1	2.2	2.1	2.2	2.2	2.3	2.3	2.4	2.4	2.5
	% Change	3.2	2.9	3.8	(0.3)	1.6	3.1	2.0	1.3	1.8	1.7	1.9
	Fiscal Year	2.0	2.0	2.1	2.1	2.2	2.2	2.3	2.3	2.3	2.4	2.4
	% Change	3.8	2.6	3.7	1.4	1.0	2.0	2.9	1.5	1.5	1.8	1.7
Refiner's Acquisition Cost of Oil, \$ per Barrel	Calendar Year	60.1	68.0	94.3	59.2	76.7	101.8	100.6	88.5	85.5	80.7	85.2
	Change	9.8	7.9	26.3	(35.1)	17.5	25.1	(1.2)	(12.1)	(3.1)	(4.8)	4.5
	Fiscal Year	58.1	59.1	90.9	66.5	72.7	89.4	103.6	92.5	87.8	82.8	81.4
	Change	15.5	1.0	31.8	(24.4)	6.2	16.7	14.2	(11.1)	(4.7)	(5.0)	(1.4)
Before-Tax Corporate Profits, Billions \$, SAAR	Calendar Year	1,822.7	1,738.4	1,359.9	1,440.5	1,816.3	1,854.1	2,121.8	2,294.4	2,266.3	2,194.3	2,091.9
	% Change	11.1	(4.6)	(21.8)	5.9	26.1	2.1	14.4	8.1	(1.2)	(3.2)	(4.7)
	Fiscal Year	1,755.8	1,794.5	1,631.8	1,224.3	1,687.3	1,841.4	2,002.1	2,205.8	2,276.7	2,240.7	2,146.9
	% Change	22.3	2.2	(9.1)	(25.0)	37.8	9.1	8.7	10.2	3.2	(1.6)	(4.2)
S&P 500 Stock Market Index, Level	Calendar Year	1,310.7	1,476.7	1,220.9	946.7	1,139.3	1,268.9	1,372.5	1,420.0	1,483.2	1,554.3	1,621.2
	% Change	8.6	12.7	(17.3)	(22.5)	20.3	11.4	8.2	3.5	4.4	4.8	4.3
	Fiscal Year	1,254.9	1,399.9	1,426.7	965.8	1,085.6	1,230.5	1,287.9	1,400.6	1,450.8	1,518.1	1,588.8
	% Change	8.2	11.6	1.9	(32.3)	12.4	13.4	4.7	8.7	3.6	4.6	4.7
30-Year Treasury Bonds, Level	Calendar Year	4.9	4.8	4.3	4.1	4.3	3.9	2.9	3.2	3.8	4.2	4.9
	Change	0.3	(0.0)	(0.6)	(0.2)	0.2	(0.3)	(1.0)	0.3	0.6	0.4	0.7
	Fiscal Year	4.7	4.9	4.6	3.9	4.4	4.2	3.2	2.9	3.5	4.0	4.5
	Change	(0.1)	0.2	(0.2)	(0.7)	0.5	(0.2)	(1.0)	(0.3)	0.6	0.5	0.5

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

		History						Pessimistic Alternative Scenario				
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total U.S. Employment, Millions, SA	Calendar Year	136.1	137.6	136.8	130.8	129.9	131.4	133.1	132.9	133.4	135.1	137.3
	% Change	1.8	1.1	-0.6	-4.4	-0.7	1.2	1.3	(0.1)	0.4	1.2	1.7
	Fiscal Year	135.0	137.0	137.7	133.9	129.7	130.5	132.3	133.2	133.0	134.1	136.2
	% Change	1.9	1.5	0.6	-2.8	-3.2	0.7	1.4	0.6	(0.2)	0.9	1.5
Virginia Total Nonag. Employment, Thousands, SA	Calendar Year	3726.4	3761.3	3762.9	3642.2	3637.7	3689.4	3,738.3	3,726.3	3,746.0	3,796.7	3,857.6
	% Change	1.7	0.9	0.0	-3.2	-0.1	1.4	1.3	(0.3)	0.5	1.4	1.6
	Fiscal Year	3702.3	3745.6	3768.7	3707.1	3624.3	3661.8	3,720.3	3,734.8	3,727.5	3,770.8	3,827.1
	% Change	2.1	1.2	0.6	-1.6	-2.2	1.0	1.6	0.4	(0.2)	1.2	1.5
CPI, All Urban, 2000=100, SA	Calendar Year	2.0	2.1	2.2	2.1	2.2	2.2	2.3	2.3	2.4	2.4	2.5
	% Change	3.2	2.9	3.8	-0.3	1.6	3.1	2.0	0.7	1.8	2.2	2.5
	Fiscal Year	2.0	2.0	2.1	2.1	2.2	2.2	2.3	2.3	2.3	2.4	2.4
	% Change	3.8	2.6	3.7	1.4	1.0	2.0	2.9	1.2	1.2	2.0	2.3
Refiner's Acquisition Cost of Oil, \$ per Barrel	Calendar Year	60.1	68.0	94.3	59.2	76.7	101.8	99.8	76.6	80.9	87.2	98.8
	Change	9.8	7.9	26.3	-35.1	17.5	25.1	(2.0)	(23.2)	4.3	6.4	11.5
	Fiscal Year	58.1	59.1	90.9	66.5	72.7	89.4	103.6	85.1	78.7	83.9	92.6
	Change	15.5	1.0	31.8	-24.4	6.2	16.7	14.2	(18.5)	(6.4)	5.2	8.7
Before-Tax Corporate Profits, Billions \$, SAAR	Calendar Year	1822.7	1738.4	1359.9	1440.5	1816.3	1854.1	2,112.9	2,141.0	2,092.1	2,012.7	1,905.6
	% Change	11.1	-4.6	-21.8	5.9	26.1	2.1	14.0	1.3	(2.3)	(3.8)	(5.3)
	Fiscal Year	1755.8	1794.5	1631.8	1224.3	1687.3	1841.4	2,002.1	2,122.7	2,109.7	2,064.2	1,963.8
	% Change	22.3	2.2	-9.1	-25.0	37.8	9.1	8.7	6.0	(0.6)	(2.2)	(4.9)
S&P 500 Stock Market Index, Level	Calendar Year	1310.7	1476.7	1220.9	946.7	1139.3	1268.9	1,348.0	1,141.6	1,236.4	1,305.2	1,372.4
	% Change	8.6	12.7	-17.3	-22.5	20.3	11.4	6.2	(15.3)	8.3	5.6	5.1
	Fiscal Year	1254.9	1399.9	1426.7	965.8	1085.6	1230.5	1,287.9	1,220.5	1,204.7	1,270.0	1,339.8
	% Change	8.2	11.6	1.9	-32.3	12.4	13.4	4.7	(5.2)	(1.3)	5.4	5.5
30-Year Treasury Bonds, Level	Calendar Year	4.9	4.8	4.3	4.1	4.3	3.9	2.9	2.4	3.1	3.6	4.5
	Change	0.3	0.0	-0.6	-0.2	0.2	-0.3	(1.0)	(0.4)	0.6	0.5	0.9
	Fiscal Year	4.7	4.9	4.6	3.9	4.4	4.2	3.2	2.6	2.7	3.3	3.9
	Change	-0.1	0.2	-0.2	-0.7	0.5	-0.2	(1.0)	(0.6)	0.1	0.7	0.6

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted



TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

Virginia Employment		History											
		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Construction and Mining Thousands, SA	Calendar Year	175.7	182.5	189.5	201.5	203.7	210.5	221.6	228.4	224.9	227.6	241.1	254.2
	% Change	5.1	3.9	3.8	6.3	1.1	3.3	5.3	3.1	(1.5)	1.2	5.9	5.4
	Fiscal Year	170.9	180.2	184.1	197.5	201.1	208.4	215.2	226.3	226.7	224.1	234.5	247.7
	% Change	5.1	5.5	2.1	7.3	1.8	3.6	3.3	5.2	0.2	(1.1)	4.7	5.6
Manufacturing Thousands, SA	Calendar Year	370.8	373.1	370.9	374.5	375.6	366.9	363.6	341.3	320.1	305.0	298.7	295.8
	% Change	0.1	0.6	(0.6)	1.0	0.3	(2.3)	(0.9)	(6.1)	(6.2)	(4.7)	(2.1)	(1.0)
	Fiscal Year	369.7	373.2	371.7	372.0	376.0	370.6	366.7	354.6	328.4	313.8	299.3	298.0
	% Change	(0.3)	1.0	(0.4)	0.1	1.1	(1.4)	(1.1)	(3.3)	(7.4)	(4.4)	(4.6)	(0.4)
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	578.8	586.1	599.0	609.3	618.7	637.0	650.7	644.8	636.5	635.2	646.5	657.2
	% Change	3.8	1.2	2.2	1.7	1.5	3.0	2.2	(0.9)	(1.3)	(0.2)	1.8	1.7
	Fiscal Year	569.1	583.6	590.8	605.0	612.9	628.6	644.1	650.6	639.4	634.1	641.3	651.6
	% Change	3.6	2.5	1.2	2.4	1.3	2.6	2.5	1.0	(1.7)	(0.8)	1.1	1.6
Financial Activities Thousands, SA	Calendar Year	149.6	148.6	153.0	158.6	165.2	173.4	178.9	179.9	182.2	186.5	189.0	192.5
	% Change	4.6	(0.7)	2.9	3.7	4.1	5.0	3.2	0.6	1.2	2.4	1.4	1.8
	Fiscal Year	147.3	149.1	150.4	156.2	160.9	170.1	175.7	180.3	180.7	184.2	187.6	190.8
	% Change	5.2	1.3	0.8	3.9	3.0	5.7	3.3	2.6	0.2	1.9	1.8	1.7
Professional and Business Services Thousands, SA	Calendar Year	396.4	425.2	447.8	470.9	507.7	538.5	567.9	559.5	547.0	549.3	578.5	606.0
	% Change	4.7	7.3	5.3	5.1	7.8	6.1	5.5	(1.5)	(2.2)	0.4	5.3	4.8
	Fiscal Year	385.7	411.9	435.5	460.5	488.1	524.2	552.7	569.2	552.0	545.2	561.4	593.6
	% Change	4.8	6.8	5.7	5.7	6.0	7.4	5.4	3.0	(3.0)	(1.2)	3.0	5.7
Education and Health Services Thousands, SA	Calendar Year	275.8	284.4	293.5	307.8	315.5	325.6	332.4	345.4	361.8	370.0	381.3	393.5
	% Change	3.0	3.1	3.2	4.9	2.5	3.2	2.1	3.9	4.8	2.3	3.1	3.2
	Fiscal Year	271.1	280.5	288.0	301.1	311.9	320.6	328.1	339.4	353.8	366.5	374.7	387.3
	% Change	2.5	3.4	2.7	4.5	3.6	2.8	2.3	3.5	4.2	3.6	2.2	3.4
Leisure and Hospitality Thousands, SA	Calendar Year	254.2	266.1	270.5	278.6	281.8	287.1	297.1	301.2	303.9	308.5	320.1	329.4
	% Change	4.3	4.7	1.6	3.0	1.2	1.9	3.5	1.4	0.9	1.5	3.8	2.9
	Fiscal Year	248.0	261.2	267.9	275.4	279.4	284.9	291.9	300.1	301.3	305.9	314.3	325.1
	% Change	3.4	5.3	2.6	2.8	1.5	2.0	2.4	2.8	0.4	1.5	2.8	3.4
Government Thousands, SA	Calendar Year	603.2	597.5	596.2	596.6	602.0	611.2	624.6	629.2	634.9	637.5	650.9	661.9
	% Change	0.9	(0.9)	(0.2)	0.1	0.9	1.5	2.2	0.7	0.9	0.4	2.1	1.7
	Fiscal Year	601.1	602.5	594.6	597.2	597.8	606.1	618.5	627.6	631.5	636.0	643.6	656.6
	% Change	1.3	0.2	(1.3)	0.4	0.1	1.4	2.0	1.5	0.6	0.7	1.2	2.0

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

Virginia Employment		History						October Standard Forecast				
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Construction and Mining Thousands, SA	Calendar Year	260.0	250.7	234.1	200.6	193.3	189.1	189.6	191.8	204.0	225.4	243.6
	% Change	2.3	(3.6)	(6.6)	(14.3)	(3.6)	(2.2)	0.2	1.2	6.4	10.5	8.1
	Fiscal Year	260.0	255.9	243.6	217.0	194.2	192.1	188.7	190.1	196.0	214.5	235.5
	% Change	4.9	(1.6)	(4.8)	(10.9)	(10.5)	(1.1)	(1.8)	0.7	3.1	9.4	9.8
Manufacturing Thousands, SA	Calendar Year	288.1	277.8	264.8	239.3	230.5	230.6	235.0	235.7	239.8	244.6	248.6
	% Change	(2.6)	(3.6)	(4.7)	(9.6)	(3.7)	0.0	1.9	0.3	1.7	2.0	1.6
	Fiscal Year	292.8	282.9	271.6	252.5	233.1	229.8	232.6	235.3	237.5	242.2	246.7
	% Change	(1.8)	(3.4)	(4.0)	(7.0)	(7.7)	(1.4)	1.2	1.2	0.9	2.0	1.8
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	663.0	668.1	659.2	624.4	621.1	629.5	641.9	646.4	650.1	654.2	662.7
	% Change	0.9	0.8	(1.3)	(5.3)	(0.5)	1.3	2.0	0.7	0.6	0.6	1.3
	Fiscal Year	661.3	665.5	666.3	642.0	618.9	625.5	637.0	642.5	648.8	651.8	658.1
	% Change	1.5	0.6	0.1	(3.7)	(3.6)	1.1	1.8	0.9	1.0	0.5	1.0
Financial Activities Thousands, SA	Calendar Year	194.8	193.6	188.6	180.0	179.1	181.6	186.1	187.6	190.6	190.6	189.2
	% Change	1.2	(0.6)	(2.6)	(4.6)	(0.5)	1.4	2.4	0.8	1.6	0.0	(0.8)
	Fiscal Year	194.0	195.1	191.1	184.5	178.1	180.4	184.7	185.9	189.4	190.8	190.0
	% Change	1.7	0.6	(2.1)	(3.4)	(3.5)	1.3	2.4	0.7	1.9	0.8	(0.4)
Professional and Business Services Thousands, SA	Calendar Year	628.5	646.3	657.0	640.1	650.3	666.6	674.7	688.8	703.9	728.4	746.0
	% Change	3.7	2.8	1.7	(2.6)	1.6	2.5	1.2	2.1	2.2	3.5	2.4
	Fiscal Year	618.6	637.6	653.3	649.8	641.3	659.9	670.2	682.4	694.3	716.6	737.9
	% Change	4.2	3.1	2.5	(0.5)	(1.3)	2.9	1.6	1.8	1.7	3.2	3.0
Education and Health Services Thousands, SA	Calendar Year	405.3	420.5	439.3	449.3	456.8	470.6	481.4	488.3	496.2	505.8	521.1
	% Change	3.0	3.7	4.5	2.3	1.7	3.0	2.3	1.4	1.6	1.9	3.0
	Fiscal Year	399.6	411.9	430.4	445.0	453.0	461.8	477.5	485.9	491.6	500.5	513.0
	% Change	3.2	3.1	4.5	3.4	1.8	2.0	3.4	1.7	1.2	1.8	2.5
Leisure and Hospitality Thousands, SA	Calendar Year	338.8	345.3	349.3	341.6	341.3	349.1	359.7	367.8	373.7	375.7	375.3
	% Change	2.8	1.9	1.2	(2.2)	(0.1)	2.3	3.0	2.3	1.6	0.5	(0.1)
	Fiscal Year	334.4	342.4	348.6	345.1	339.5	345.5	354.8	363.1	371.5	374.8	376.2
	% Change	2.9	2.4	1.8	(1.0)	(1.6)	1.8	2.7	2.4	2.3	0.9	0.4
Government Thousands, SA	Calendar Year	674.8	683.0	694.4	700.0	704.7	709.9	709.6	705.1	712.4	723.6	733.8
	% Change	2.0	1.2	1.7	0.8	0.7	0.7	(0.1)	(0.6)	1.0	1.6	1.4
	Fiscal Year	668.5	679.5	687.5	698.9	703.4	705.9	711.5	706.7	706.3	718.8	728.5
	% Change	1.8	1.6	1.2	1.7	0.6	0.4	0.8	(0.7)	(0.0)	1.8	1.3

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

**TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES**

Virginia Employment		History						Pessimistic Alternative Scenario				
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Construction and Mining Thousands, SA	Calendar Year	260.0	250.7	234.1	200.6	193.3	189.1	189.4	185.3	184.9	197.9	213.8
	% Change	2.3	(3.6)	(6.6)	(14.3)	(3.6)	(2.2)	0.1	(2.2)	(0.2)	7.0	8.0
	Fiscal Year	260.0	255.9	243.6	217.0	194.2	192.1	188.7	188.1	183.2	190.4	206.3
	% Change	4.9	(1.6)	(4.8)	(10.9)	(10.5)	(1.1)	(1.8)	(0.3)	(2.6)	3.9	8.3
Manufacturing Thousands, SA	Calendar Year	288.1	277.8	264.8	239.3	230.5	230.6	235.0	230.9	230.1	235.2	241.9
	% Change	(2.6)	(3.6)	(4.7)	(9.6)	(3.7)	0.0	1.9	(1.8)	(0.3)	2.2	2.8
	Fiscal Year	292.8	282.9	271.6	252.5	233.1	229.8	232.6	234.0	229.6	232.0	238.7
	% Change	(1.8)	(3.4)	(4.0)	(7.0)	(7.7)	(1.4)	1.2	0.6	(1.9)	1.1	2.9
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	663.0	668.1	659.2	624.4	621.1	629.5	641.1	634.2	632.3	629.6	634.2
	% Change	0.9	0.8	(1.3)	(5.3)	(0.5)	1.3	1.9	(1.1)	(0.3)	(0.4)	0.7
	Fiscal Year	661.3	665.5	666.3	642.0	618.9	625.5	637.0	637.1	632.9	631.0	630.8
	% Change	1.5	0.6	0.1	(3.7)	(3.6)	1.1	1.8	0.0	(0.7)	(0.3)	(0.0)
Financial Activities Thousands, SA	Calendar Year	194.8	193.6	188.6	180.0	179.1	181.6	185.6	182.6	184.8	182.4	180.1
	% Change	1.2	(0.6)	(2.6)	(4.6)	(0.5)	1.4	2.2	(1.6)	1.2	(1.3)	(1.2)
	Fiscal Year	194.0	195.1	191.1	184.5	178.1	180.4	184.7	182.8	184.4	183.7	181.2
	% Change	1.7	0.6	(2.1)	(3.4)	(3.5)	1.3	2.4	(1.0)	0.9	(0.4)	(1.4)
Professional and Business Services Thousands, SA	Calendar Year	628.5	646.3	657.0	640.1	650.3	666.6	674.1	666.0	664.0	682.5	699.2
	% Change	3.7	2.8	1.7	(2.6)	1.6	2.5	1.1	(1.2)	(0.3)	2.8	2.5
	Fiscal Year	618.6	637.6	653.3	649.8	641.3	659.9	670.2	673.9	660.6	672.6	691.5
	% Change	4.2	3.1	2.5	(0.5)	(1.3)	2.9	1.6	0.6	(2.0)	1.8	2.8
Education and Health Services Thousands, SA	Calendar Year	405.3	420.5	439.3	449.3	456.8	470.6	481.2	487.8	496.4	503.5	516.4
	% Change	3.0	3.7	4.5	2.3	1.7	3.0	2.2	1.4	1.8	1.4	2.6
	Fiscal Year	399.6	411.9	430.4	445.0	453.0	461.8	477.5	485.0	491.9	499.7	509.5
	% Change	3.2	3.1	4.5	3.4	1.8	2.0	3.4	1.6	1.4	1.6	2.0
Leisure and Hospitality Thousands, SA	Calendar Year	338.8	345.3	349.3	341.6	341.3	349.1	359.8	368.9	371.6	371.0	368.7
	% Change	2.8	1.9	1.2	(2.2)	(0.1)	2.3	3.1	2.5	0.7	(0.2)	(0.6)
	Fiscal Year	334.4	342.4	348.6	345.1	339.5	345.5	354.8	364.1	371.1	371.4	370.4
	% Change	2.9	2.4	1.8	(1.0)	(1.6)	1.8	2.7	2.6	1.9	0.1	(0.2)
Government Thousands, SA	Calendar Year	674.8	683.0	694.4	700.0	704.7	709.9	709.6	703.7	710.2	721.9	733.1
	% Change	2.0	1.2	1.7	0.8	0.7	0.7	(0.1)	(0.8)	0.9	1.7	1.5
	Fiscal Year	668.5	679.5	687.5	698.9	703.4	705.9	711.5	706.2	704.3	716.9	727.2
	% Change	1.8	1.6	1.2	1.7	0.6	0.4	0.8	(0.8)	(0.3)	1.8	1.4

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

**TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT**

<b>Northern Virginia</b>		<b>History</b>											
		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total Nonagricultural Employment Thousands, SA	Calendar Year	880.7	908.7	942.5	978.8	1,019.5	1,075.7	1,144.6	1,161.9	1,150.7	1,166.4	1,219.0	1,263.7
	% Change	3.5	3.2	3.7	3.9	4.2	5.5	6.4	1.5	(1.0)	1.4	4.5	3.7
	Fiscal Year	865.0	897.2	921.7	962.5	997.8	1,044.8	1,111.4	1,162.3	1,154.7	1,151.9	1,192.7	1,241.6
	% Change	3.5	3.7	2.7	4.4	3.7	4.7	6.4	4.6	(0.7)	(0.2)	3.5	4.1
Construction and Mining Thousands, SA	Calendar Year	52.4	53.1	55.6	59.2	61.9	66.7	73.4	78.6	78.0	78.3	85.5	92.3
	% Change	6.8	1.3	4.7	6.5	4.6	7.7	10.1	7.1	(0.7)	0.4	9.2	8.0
	Fiscal Year	51.0	53.2	53.6	57.9	60.0	64.4	70.0	76.6	78.5	77.0	82.1	88.8
	% Change	8.6	4.4	0.7	8.0	3.7	7.2	8.8	9.4	2.5	(2.0)	6.7	8.1
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	168.2	170.9	174.6	177.4	182.2	190.6	196.9	198.1	197.0	197.6	204.5	210.3
	% Change	3.3	1.6	2.2	1.6	2.7	4.6	3.3	0.6	(0.6)	0.3	3.5	2.9
	Fiscal Year	165.2	170.4	172.1	175.9	180.0	186.0	194.2	198.4	197.1	196.8	200.7	208.3
	% Change	3.2	3.2	1.0	2.2	2.3	3.3	4.4	2.2	(0.6)	(0.1)	2.0	3.8
Financial Activities Thousands, SA	Calendar Year	53.7	51.6	53.2	55.6	58.5	60.3	62.3	62.9	65.0	65.9	67.0	69.0
	% Change	3.9	(3.8)	3.0	4.6	5.2	3.0	3.3	1.0	3.4	1.4	1.7	3.0
	Fiscal Year	53.6	52.6	51.9	54.4	56.9	59.5	61.3	62.6	63.8	65.5	66.3	68.0
	% Change	8.2	(1.8)	(1.3)	4.9	4.5	4.7	3.0	2.1	2.0	2.6	1.2	2.6
Professional and Business Services Thousands, SA	Calendar Year	180.6	193.5	208.7	220.3	239.3	261.7	284.4	285.6	276.4	282.9	306.1	322.5
	% Change	4.4	7.2	7.9	5.6	8.6	9.4	8.7	0.4	(3.2)	2.4	8.2	5.4
	Fiscal Year	176.2	187.1	199.9	215.8	229.2	249.8	273.4	288.8	280.3	276.6	294.1	315.3
	% Change	4.4	6.1	6.9	7.9	6.2	9.0	9.5	5.6	(2.9)	(1.3)	6.3	7.2
Education and Health Services Thousands, SA	Calendar Year	70.7	73.3	75.6	80.3	83.3	87.4	93.5	98.5	102.1	104.5	107.1	112.8
	% Change	5.4	3.7	3.1	6.3	3.7	4.8	7.0	5.3	3.7	2.3	2.6	5.3
	Fiscal Year	68.9	72.3	74.1	77.9	82.1	85.0	90.5	96.1	100.4	103.7	105.3	109.9
	% Change	5.2	5.0	2.5	5.1	5.5	3.5	6.4	6.1	4.5	3.3	1.5	4.4
Leisure and Hospitality Thousands, SA	Calendar Year	78.8	82.4	83.3	86.8	87.6	90.4	96.1	97.9	100.1	102.7	107.6	110.4
	% Change	5.6	4.5	1.1	4.3	0.9	3.1	6.3	2.0	2.2	2.6	4.7	2.6
	Fiscal Year	76.4	81.3	82.5	85.4	87.0	88.9	93.3	97.3	98.7	101.2	105.2	109.4
	% Change	4.4	6.3	1.5	3.5	1.9	2.2	4.9	4.4	1.4	2.5	4.0	4.0
Government Thousands, SA	Calendar Year	167.8	169.2	169.3	167.5	166.7	170.1	175.3	178.9	183.7	190.4	197.5	202.8
	% Change	1.1	0.8	0.0	(1.0)	(0.5)	2.0	3.1	2.0	2.7	3.6	3.8	2.7
	Fiscal Year	166.7	169.0	169.3	168.8	166.2	167.9	173.4	176.8	181.4	186.3	194.5	200.0
	% Change	0.5	1.4	0.2	(0.3)	(1.6)	1.0	3.3	2.0	2.6	2.7	4.4	2.8

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT

Northern Virginia		History						October Standard Forecast				
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Nonagricultural Employment Thousands, SA	Calendar Year	1,295.0	1,311.0	1,314.7	1,292.4	1,304.0	1,332.2	1,352.8	1,367.0	1,394.3	1,429.3	1,458.7
	% Change	2.5	1.2	0.3	(1.7)	0.9	2.2	1.5	1.1	2.0	2.5	2.1
	Fiscal Year	1,283.6	1,304.3	1,314.6	1,303.3	1,293.4	1,318.1	1,346.3	1,358.0	1,377.2	1,412.8	1,445.1
	% Change	3.4	1.6	0.8	(0.9)	(0.8)	1.9	2.1	0.9	1.4	2.6	2.3
Construction and Mining Thousands, SA	Calendar Year	95.0	87.5	79.3	68.8	67.2	66.7	68.1	68.5	73.3	81.5	88.4
	% Change	2.9	(7.9)	(9.3)	(13.2)	(2.4)	(0.7)	2.1	0.6	7.0	11.2	8.4
	Fiscal Year	95.4	91.6	83.5	73.6	67.1	67.1	67.5	68.1	69.9	77.4	85.4
	% Change	7.4	(4.0)	(8.8)	(11.8)	(8.9)	0.1	0.6	0.8	2.7	10.8	10.3
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	208.7	209.3	207.6	197.7	197.5	202.3	204.5	204.3	205.9	207.4	210.6
	% Change	(0.8)	0.3	(0.8)	(4.8)	(0.1)	2.5	1.1	(0.1)	0.8	0.7	1.5
	Fiscal Year	209.6	208.8	209.4	202.4	196.3	199.9	205.1	202.8	205.3	206.5	208.9
	% Change	0.6	(0.4)	0.3	(3.3)	(3.0)	1.9	2.6	(1.1)	1.3	0.6	1.1
Financial Activities Thousands, SA	Calendar Year	69.9	68.9	66.5	64.0	64.4	65.0	66.2	66.8	67.8	67.9	67.4
	% Change	1.3	(1.5)	(3.5)	(3.7)	0.6	0.9	1.9	0.9	1.5	0.0	(0.7)
	Fiscal Year	69.8	69.8	67.5	65.0	64.0	64.8	65.7	66.3	67.5	67.9	67.7
	% Change	2.7	(0.0)	(3.2)	(3.7)	(1.7)	1.4	1.4	0.9	1.7	0.7	(0.4)
Professional and Business Services Thousands, SA	Calendar Year	336.5	347.1	354.6	354.9	363.3	373.1	379.5	384.5	387.8	397.2	403.5
	% Change	4.3	3.1	2.2	0.1	2.4	2.7	1.7	1.3	0.9	2.4	1.6
	Fiscal Year	330.1	342.2	351.3	355.0	357.6	368.8	376.7	382.8	384.9	392.7	400.7
	% Change	4.7	3.7	2.7	1.0	0.7	3.1	2.1	1.6	0.5	2.0	2.1
Education and Health Services Thousands, SA	Calendar Year	117.1	120.8	125.2	128.9	132.5	138.9	141.8	144.8	148.0	151.7	157.6
	% Change	3.8	3.2	3.6	2.9	2.8	4.8	2.1	2.1	2.2	2.5	3.9
	Fiscal Year	114.9	119.1	122.8	127.2	130.8	134.9	141.1	143.6	146.2	149.6	154.5
	% Change	4.6	3.6	3.1	3.6	2.8	3.1	4.6	1.8	1.8	2.4	3.2
Leisure and Hospitality Thousands, SA	Calendar Year	111.9	114.6	117.2	114.6	115.4	120.0	124.2	128.1	132.3	133.7	133.7
	% Change	1.4	2.4	2.3	(2.2)	0.7	3.9	3.5	3.2	3.2	1.1	0.0
	Fiscal Year	111.0	113.1	116.4	115.9	114.3	117.9	122.1	125.6	130.7	133.2	134.0
	% Change	1.5	1.9	2.9	(0.4)	(1.4)	3.2	3.5	2.9	4.1	1.9	0.6
Government Thousands, SA	Calendar Year	209.3	214.6	218.6	224.0	229.0	230.8	232.0	231.9	237.6	244.7	250.7
	% Change	3.2	2.6	1.8	2.5	2.3	0.8	0.5	(0.0)	2.4	3.0	2.5
	Fiscal Year	206.5	212.0	216.4	221.3	227.0	229.7	231.8	231.9	233.6	241.6	247.6
	% Change	3.3	2.6	2.1	2.3	2.6	1.2	0.9	0.0	0.7	3.5	2.5

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

**TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT**

<b>Northern Virginia</b>		<b>History</b>						<b>Pessimistic Alternative Scenario</b>				
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Nonagricultural Employment Thousands, SA	Calendar Year	1,295.0	1,311.0	1,314.7	1,292.4	1,304.0	1,332.2	1,351.8	1,347.3	1,355.8	1,377.6	1,402.0
	% Change	2.5	1.2	0.3	(1.7)	0.9	2.2	1.5	(0.3)	0.6	1.6	1.8
	Fiscal Year	1,283.6	1,304.3	1,314.6	1,303.3	1,293.4	1,318.1	1,346.3	1,349.9	1,347.2	1,366.9	1,390.0
	% Change	3.4	1.6	0.8	(0.9)	(0.8)	1.9	2.1	0.3	(0.2)	1.5	1.7
Construction and Mining Thousands, SA	Calendar Year	95.0	87.5	79.3	68.8	67.2	66.7	68.1	65.7	65.2	69.8	75.7
	% Change	2.9	(7.9)	(9.3)	(13.2)	(2.4)	(0.7)	2.0	(3.4)	(0.8)	7.1	8.5
	Fiscal Year	95.4	91.6	83.5	73.6	67.1	67.1	67.5	67.2	64.5	67.2	73.0
	% Change	7.4	(4.0)	(8.8)	(11.8)	(8.9)	0.1	0.6	(0.4)	(4.1)	4.2	8.6
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	208.7	209.3	207.6	197.7	197.5	202.3	204.2	200.0	199.3	198.3	200.0
	% Change	(0.8)	0.3	(0.8)	(4.8)	(0.1)	2.5	0.9	(2.1)	(0.3)	(0.5)	0.8
	Fiscal Year	209.6	208.8	209.4	202.4	196.3	199.9	205.1	200.9	199.5	198.9	198.7
	% Change	0.6	(0.4)	0.3	(3.3)	(3.0)	1.9	2.6	(2.1)	(0.7)	(0.3)	(0.1)
Financial Activities Thousands, SA	Calendar Year	69.9	68.9	66.5	64.0	64.4	65.0	66.1	65.2	65.9	65.1	64.3
	% Change	1.3	(1.5)	(3.5)	(3.7)	0.6	0.9	1.7	(1.4)	1.1	(1.2)	(1.2)
	Fiscal Year	69.8	69.8	67.5	65.0	64.0	64.8	65.7	65.2	65.8	65.5	64.7
	% Change	2.7	(0.0)	(3.2)	(3.7)	(1.7)	1.4	1.4	(0.7)	0.8	(0.4)	(1.3)
Professional and Business Services Thousands, SA	Calendar Year	336.5	347.1	354.6	354.9	363.3	373.1	379.1	374.0	368.6	374.4	379.9
	% Change	4.3	3.1	2.2	0.1	2.4	2.7	1.6	(1.4)	(1.4)	1.6	1.5
	Fiscal Year	330.1	342.2	351.3	355.0	357.6	368.8	376.7	378.9	369.1	371.0	377.5
	% Change	4.7	3.7	2.7	1.0	0.7	3.1	2.1	0.6	(2.6)	0.5	1.7
Education and Health Services Thousands, SA	Calendar Year	117.1	120.8	125.2	128.9	132.5	138.9	141.7	144.7	148.1	150.8	155.7
	% Change	3.8	3.2	3.6	2.9	2.8	4.8	2.1	2.1	2.4	1.8	3.3
	Fiscal Year	114.9	119.1	122.8	127.2	130.8	134.9	141.1	143.3	146.3	149.3	153.1
	% Change	4.6	3.6	3.1	3.6	2.8	3.1	4.6	1.5	2.1	2.1	2.5
Leisure and Hospitality Thousands, SA	Calendar Year	111.9	114.6	117.2	114.6	115.4	120.0	124.2	128.5	131.6	132.1	131.5
	% Change	1.4	2.4	2.3	(2.2)	0.7	3.9	3.5	3.5	2.4	0.4	(0.5)
	Fiscal Year	111.0	113.1	116.4	115.9	114.3	117.9	122.1	125.9	130.5	132.1	132.1
	% Change	1.5	1.9	2.9	(0.4)	(1.4)	3.2	3.5	3.2	3.7	1.2	0.0
Government Thousands, SA	Calendar Year	209.3	214.6	218.6	224.0	229.0	230.8	232.0	231.7	237.3	244.6	251.2
	% Change	3.2	2.6	1.8	2.5	2.3	0.8	0.5	(0.1)	2.4	3.1	2.7
	Fiscal Year	206.5	212.0	216.4	221.3	227.0	229.7	231.8	231.8	233.2	241.5	247.8
	% Change	3.3	2.6	2.1	2.3	2.6	1.2	0.9	(0.0)	0.6	3.5	2.6

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT

Hampton Roads		History											
		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total Nonagricultural Employment Thousands, SA	Calendar Year	630.6	645.6	660.1	677.9	694.0	706.6	720.3	730.5	734.0	737.8	749.8	760.8
	% Change	2.2	2.4	2.2	2.7	2.4	1.8	1.9	1.4	0.5	0.5	1.6	1.5
	Fiscal Year	621.7	639.2	651.6	670.2	684.5	701.4	714.3	725.0	733.2	735.7	742.9	755.8
	% Change	1.4	2.8	1.9	2.9	2.1	2.5	1.8	1.5	1.1	0.3	1.0	1.7
Construction and Mining Thousands, SA	Calendar Year	34.6	37.5	40.6	42.3	42.3	42.9	44.0	46.0	44.7	47.2	48.8	50.0
	% Change	3.0	8.4	8.4	4.1	0.0	1.4	2.6	4.4	(2.8)	5.6	3.4	2.5
	Fiscal Year	33.9	35.9	39.0	41.9	42.1	42.8	43.3	45.1	45.4	45.3	48.3	49.5
	% Change	2.8	5.7	8.9	7.2	0.7	1.7	1.1	4.2	0.7	(0.3)	6.7	2.4
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	121.8	123.5	127.4	129.8	132.6	136.0	138.2	139.5	139.6	136.5	139.5	141.3
	% Change	3.3	1.4	3.2	1.9	2.1	2.6	1.6	1.0	0.1	(2.2)	2.1	1.3
	Fiscal Year	120.0	122.8	124.9	128.9	130.8	134.9	137.0	139.2	139.5	138.4	137.5	140.3
	% Change	2.6	2.3	1.7	3.2	1.5	3.1	1.5	1.6	0.2	(0.8)	(0.6)	2.0
Financial Activities Thousands, SA	Calendar Year	30.6	30.8	31.5	32.3	34.1	36.0	36.5	36.7	36.7	37.6	39.7	39.9
	% Change	5.2	0.4	2.3	2.7	5.7	5.5	1.2	0.6	0.2	2.2	5.6	0.7
	Fiscal Year	29.8	30.9	31.1	32.0	32.9	35.4	36.1	36.7	36.7	37.1	38.6	39.8
	% Change	5.1	3.6	0.8	2.7	3.0	7.4	2.0	1.8	(0.1)	1.1	4.2	3.1
Professional and Business Services Thousands, SA	Calendar Year	70.5	75.7	81.3	86.9	92.6	98.1	98.9	103.0	104.7	104.4	100.3	101.5
	% Change	4.9	7.4	7.4	6.9	6.5	5.9	0.8	4.1	1.6	(0.3)	(3.9)	1.2
	Fiscal Year	68.0	73.5	77.9	84.6	89.3	95.7	99.4	100.1	104.8	104.4	102.0	101.2
	% Change	2.4	8.0	6.1	8.6	5.5	7.2	3.8	0.8	4.6	(0.3)	(2.3)	(0.9)
Education and Health Services Thousands, SA	Calendar Year	62.5	64.0	64.9	66.8	69.0	71.0	72.8	74.2	76.9	78.1	82.0	84.7
	% Change	3.0	2.4	1.4	3.0	3.3	2.8	2.6	1.9	3.7	1.5	4.9	3.3
	Fiscal Year	61.4	63.3	64.3	65.9	68.0	69.9	71.7	73.5	75.5	77.7	80.2	83.1
	% Change	1.8	3.1	1.6	2.4	3.3	2.8	2.6	2.4	2.8	2.9	3.3	3.6
Leisure and Hospitality Thousands, SA	Calendar Year	65.4	67.9	69.5	71.7	72.3	72.9	74.2	76.2	76.5	76.5	79.0	81.9
	% Change	3.5	3.9	2.3	3.2	0.9	0.9	1.7	2.7	0.4	(0.0)	3.2	3.7
	Fiscal Year	64.0	66.9	68.4	70.9	71.8	72.9	73.4	75.4	76.1	76.7	77.4	80.6
	% Change	2.0	4.6	2.2	3.6	1.2	1.5	0.7	2.7	1.0	0.8	0.9	4.1
Government Thousands, SA	Calendar Year	146.7	144.8	142.6	142.6	144.4	144.3	145.8	147.5	149.4	149.4	151.3	151.5
	% Change	(0.3)	(1.3)	(1.5)	0.0	1.2	(0.1)	1.1	1.1	1.3	0.0	1.3	0.1
	Fiscal Year	146.9	145.8	143.8	142.5	143.2	144.4	145.1	146.5	148.6	149.4	150.2	151.4
	% Change	(0.0)	(0.7)	(1.4)	(0.9)	0.5	0.9	0.4	1.0	1.5	0.5	0.5	0.8

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT

Hampton Roads		History						October Standard Forecast				
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Nonagricultural Employment Thousands, SA	Calendar Year	767.3	775.3	766.4	740.8	735.2	738.7	749.3	760.4	770.9	782.7	793.8
	% Change	0.9	1.0	(1.1)	(3.3)	(0.8)	0.5	1.4	1.5	1.4	1.5	1.4
	Fiscal Year	764.9	771.4	772.9	754.2	735.5	735.9	743.0	755.5	765.4	776.8	788.5
	% Change	1.2	0.8	0.2	(2.4)	(2.5)	0.1	1.0	1.7	1.3	1.5	1.5
Construction and Mining Thousands, SA	Calendar Year	49.8	48.5	45.3	38.4	36.9	35.2	33.6	33.7	36.2	40.0	43.2
	% Change	(0.3)	(2.6)	(6.6)	(15.3)	(3.9)	(4.5)	(4.5)	0.3	7.4	10.4	8.2
	Fiscal Year	50.2	49.2	47.1	41.9	37.2	36.2	34.3	33.3	34.7	38.1	41.7
	% Change	1.5	(2.2)	(4.1)	(11.2)	(11.2)	(2.5)	(5.3)	(2.9)	4.0	9.9	9.6
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	142.3	143.6	138.9	129.7	128.9	129.3	133.6	136.0	136.7	137.7	139.8
	% Change	0.7	0.9	(3.3)	(6.6)	(0.6)	0.3	3.3	1.8	0.5	0.8	1.5
	Fiscal Year	142.1	142.9	142.1	133.9	128.8	129.1	130.9	135.1	136.5	137.1	138.7
	% Change	1.2	0.6	(0.6)	(5.7)	(3.9)	0.3	1.4	3.2	1.0	0.5	1.2
Financial Activities Thousands, SA	Calendar Year	40.7	41.5	40.2	37.5	36.4	36.6	36.3	36.9	37.6	37.6	37.2
	% Change	1.9	2.1	(3.3)	(6.7)	(2.8)	0.6	(0.8)	1.4	1.9	0.0	(0.9)
	Fiscal Year	40.2	41.4	41.0	39.0	36.6	36.5	36.5	36.5	37.3	37.6	37.4
	% Change	0.9	3.0	(0.9)	(5.0)	(6.2)	(0.1)	(0.0)	(0.2)	2.2	0.9	(0.5)
Professional and Business Services Thousands, SA	Calendar Year	101.9	102.9	104.8	99.7	98.2	98.2	99.0	103.6	108.1	113.5	117.6
	% Change	0.5	0.9	1.9	(4.9)	(1.6)	0.0	0.8	4.7	4.3	5.0	3.6
	Fiscal Year	101.6	102.1	104.2	102.8	98.2	98.6	97.4	101.7	105.6	110.9	115.7
	% Change	0.5	0.5	2.0	(1.3)	(4.5)	0.4	(1.2)	4.5	3.8	5.0	4.3
Education and Health Services Thousands, SA	Calendar Year	87.2	89.9	91.1	93.0	94.1	97.8	100.0	101.2	102.9	104.7	107.4
	% Change	3.0	3.1	1.4	2.1	1.1	3.9	2.2	1.2	1.7	1.7	2.6
	Fiscal Year	86.0	88.5	90.5	92.2	93.5	95.6	99.2	100.6	102.0	103.7	106.0
	% Change	3.5	2.8	2.3	1.9	1.3	2.3	3.7	1.4	1.4	1.6	2.2
Leisure and Hospitality Thousands, SA	Calendar Year	84.5	85.9	85.9	83.3	83.4	83.6	86.5	88.4	88.8	89.0	88.9
	% Change	3.1	1.7	(0.1)	(3.0)	0.1	0.3	3.4	2.2	0.5	0.2	(0.1)
	Fiscal Year	83.4	85.2	86.5	84.2	83.1	83.5	84.9	87.6	88.8	88.8	89.1
	% Change	3.5	2.2	1.6	(2.8)	(1.3)	0.5	1.7	3.1	1.3	0.0	0.4
Government Thousands, SA	Calendar Year	153.0	155.0	156.8	158.0	159.2	159.8	160.4	158.0	156.3	155.3	154.7
	% Change	1.0	1.4	1.2	0.8	0.7	0.3	0.4	(1.5)	(1.1)	(0.7)	(0.3)
	Fiscal Year	152.0	154.0	155.8	157.9	158.9	158.7	160.9	159.1	157.1	155.7	155.0
	% Change	0.4	1.3	1.2	1.3	0.6	(0.1)	1.4	(1.1)	(1.3)	(0.9)	(0.5)

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted



**TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT**

<b>Hampton Roads</b>		<b>History</b>						<b>Pessimistic Alternative Scenario</b>				
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Nonagricultural Employment Thousands, SA	Calendar Year	767.3	775.3	766.4	740.8	735.2	738.7	748.8	749.3	751.0	756.7	765.2
	% Change	0.9	1.0	(1.1)	(3.3)	(0.8)	0.5	1.4	0.1	0.2	0.8	1.1
	Fiscal Year	764.9	771.4	772.9	754.2	735.5	735.9	743.0	750.9	749.3	753.5	760.8
	% Change	1.2	0.8	0.2	(2.4)	(2.5)	0.1	1.0	1.1	(0.2)	0.6	1.0
Construction and Mining Thousands, SA	Calendar Year	49.8	48.5	45.3	38.4	36.9	35.2	33.6	32.6	32.8	35.0	37.9
	% Change	(0.3)	(2.6)	(6.6)	(15.3)	(3.9)	(4.5)	(4.6)	(3.1)	0.7	6.9	8.1
	Fiscal Year	50.2	49.2	47.1	41.9	37.2	36.2	34.3	33.0	32.4	33.8	36.5
	% Change	1.5	(2.2)	(4.1)	(11.2)	(11.2)	(2.5)	(5.3)	(3.9)	(1.9)	4.3	8.0
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	142.3	143.6	138.9	129.7	128.9	129.3	133.4	133.3	132.5	132.0	133.1
	% Change	0.7	0.9	(3.3)	(6.6)	(0.6)	0.3	3.2	(0.1)	(0.6)	(0.4)	0.8
	Fiscal Year	142.1	142.9	142.1	133.9	128.8	129.1	130.9	133.9	132.8	132.2	132.3
	% Change	1.2	0.6	(0.6)	(5.7)	(3.9)	0.3	1.4	2.3	(0.8)	(0.5)	0.1
Financial Activities Thousands, SA	Calendar Year	40.7	41.5	40.2	37.5	36.4	36.6	36.2	35.6	36.1	35.6	35.0
	% Change	1.9	2.1	(3.3)	(6.7)	(2.8)	0.6	(1.1)	(1.6)	1.4	(1.6)	(1.5)
	Fiscal Year	40.2	41.4	41.0	39.0	36.6	36.5	36.5	35.7	36.1	35.9	35.3
	% Change	0.9	3.0	(0.9)	(5.0)	(6.2)	(0.1)	(0.0)	(2.2)	1.0	(0.5)	(1.7)
Professional and Business Services Thousands, SA	Calendar Year	101.9	102.9	104.8	99.7	98.2	98.2	98.8	98.9	100.2	104.7	108.7
	% Change	0.5	0.9	1.9	(4.9)	(1.6)	0.0	0.6	0.1	1.3	4.5	3.8
	Fiscal Year	101.6	102.1	104.2	102.8	98.2	98.6	97.4	100.0	98.8	102.4	106.9
	% Change	0.5	0.5	2.0	(1.3)	(4.5)	0.4	(1.2)	2.6	(1.2)	3.6	4.3
Education and Health Services Thousands, SA	Calendar Year	87.2	89.9	91.1	93.0	94.1	97.8	99.9	101.1	103.0	104.2	106.6
	% Change	3.0	3.1	1.4	2.1	1.1	3.9	2.2	1.2	1.8	1.2	2.2
	Fiscal Year	86.0	88.5	90.5	92.2	93.5	95.6	99.2	100.4	102.1	103.6	105.3
	% Change	3.5	2.8	2.3	1.9	1.3	2.3	3.7	1.3	1.7	1.4	1.7
Leisure and Hospitality Thousands, SA	Calendar Year	84.5	85.9	85.9	83.3	83.4	83.6	86.5	88.6	88.3	87.9	87.3
	% Change	3.1	1.7	(0.1)	(3.0)	0.1	0.3	3.4	2.4	(0.3)	(0.5)	(0.6)
	Fiscal Year	83.4	85.2	86.5	84.2	83.1	83.5	84.9	87.8	88.6	87.9	87.8
	% Change	3.5	2.2	1.6	(2.8)	(1.3)	0.5	1.7	3.4	0.9	(0.8)	(0.2)
Government Thousands, SA	Calendar Year	153.0	155.0	156.8	158.0	159.2	159.8	160.4	157.4	155.6	154.6	154.1
	% Change	1.0	1.4	1.2	0.8	0.7	0.3	0.4	(1.8)	(1.2)	(0.6)	(0.3)
	Fiscal Year	152.0	154.0	155.8	157.9	158.9	158.7	160.9	158.9	156.3	155.1	154.3
	% Change	0.4	1.3	1.2	1.3	0.6	(0.1)	1.4	(1.3)	(1.6)	(0.8)	(0.5)

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT

Richmond		History											
		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Total Nonagricultural Employment Thousands, SA	Calendar Year	513.9	525.2	535.7	551.4	559.8	573.2	587.3	588.9	586.9	587.9	603.3	615.7
	% Change	3.4	2.2	2.0	2.9	1.5	2.4	2.5	0.3	(0.4)	0.2	2.6	2.0
	Fiscal Year	504.6	521.1	530.3	543.1	555.9	566.1	580.6	590.2	587.4	585.6	595.5	610.4
	% Change	3.0	3.3	1.8	2.4	2.4	1.8	2.5	1.7	(0.5)	(0.3)	1.7	2.5
Construction and Mining Thousands, SA	Calendar Year	30.5	32.2	34.0	36.8	36.7	38.2	40.1	40.6	40.5	40.5	42.2	44.6
	% Change	2.2	5.7	5.3	8.5	(0.3)	3.9	5.1	1.1	(0.3)	0.1	4.2	5.7
	Fiscal Year	29.9	31.3	33.0	35.6	36.7	37.7	39.0	40.7	40.3	40.4	40.9	43.7
	% Change	1.5	4.6	5.7	7.6	3.1	2.8	3.4	4.4	(1.0)	0.3	1.3	6.8
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	98.6	100.9	103.8	106.3	107.3	110.2	112.9	112.2	112.0	112.3	113.2	113.3
	% Change	4.1	2.3	2.9	2.4	0.9	2.6	2.4	(0.6)	(0.2)	0.2	0.8	0.1
	Fiscal Year	96.8	100.0	102.2	105.3	106.6	108.7	111.8	112.9	111.8	112.0	113.2	112.7
	% Change	3.8	3.3	2.3	3.0	1.2	1.9	2.9	1.0	(1.0)	0.2	1.1	(0.5)
Financial Activities Thousands, SA	Calendar Year	37.7	38.2	40.1	40.6	40.3	43.7	45.1	47.0	46.7	46.4	46.9	46.7
	% Change	4.6	1.1	5.1	1.2	(0.8)	8.5	3.3	4.3	(0.8)	(0.6)	1.1	(0.4)
	Fiscal Year	36.9	37.8	39.3	40.7	39.9	42.0	44.5	46.1	47.3	46.1	46.9	46.7
	% Change	3.3	2.6	3.9	3.5	(1.8)	5.1	6.1	3.6	2.5	(2.6)	1.8	(0.3)
Professional and Business Services Thousands, SA	Calendar Year	71.9	75.9	78.5	81.4	87.4	88.5	91.9	89.7	87.7	83.9	88.2	92.9
	% Change	7.1	5.6	3.4	3.8	7.3	1.3	3.8	(2.4)	(2.2)	(4.3)	5.1	5.4
	Fiscal Year	69.4	74.0	77.7	79.3	84.4	88.8	89.8	91.6	88.5	85.2	85.5	90.9
	% Change	5.6	6.7	4.9	2.1	6.4	5.3	1.1	2.0	(3.4)	(3.7)	0.3	6.4
Education and Health Services Thousands, SA	Calendar Year	46.4	47.6	49.2	51.0	50.1	51.7	51.7	53.9	56.7	60.6	65.1	68.5
	% Change	1.1	2.4	3.4	3.6	(1.8)	3.1	0.1	4.3	5.2	6.9	7.4	5.3
	Fiscal Year	46.0	47.0	48.5	50.1	50.9	50.5	51.8	52.4	55.3	58.6	62.9	66.7
	% Change	1.0	2.0	3.2	3.2	1.6	(0.8)	2.6	1.2	5.5	6.0	7.3	6.1
Leisure and Hospitality Thousands, SA	Calendar Year	39.6	41.3	41.2	42.8	43.3	43.3	44.3	45.3	44.6	46.1	48.4	49.4
	% Change	5.5	4.3	(0.2)	3.9	1.3	(0.1)	2.3	2.3	(1.6)	3.5	5.0	2.1
	Fiscal Year	38.4	40.5	41.4	41.7	43.2	43.1	44.0	44.8	44.9	45.0	47.4	48.8
	% Change	4.3	5.3	2.3	0.7	3.6	(0.3)	2.0	1.9	0.3	0.2	5.2	3.0
Government Thousands, SA	Calendar Year	101.7	100.5	99.8	101.5	102.7	104.9	107.5	109.0	110.3	111.5	112.4	113.5
	% Change	3.4	(1.2)	(0.6)	1.6	1.2	2.1	2.5	1.4	1.2	1.1	0.8	1.0
	Fiscal Year	100.2	102.0	99.6	100.4	102.4	103.5	106.0	108.4	109.8	111.1	111.6	113.7
	% Change	4.2	1.7	(2.3)	0.8	2.0	1.1	2.4	2.2	1.3	1.1	0.5	1.9

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT

Richmond		History						October Standard Forecast				
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Nonagricultural Employment Thousands, SA	Calendar Year	625.3	633.2	630.4	605.5	602.3	610.8	617.2	621.0	633.7	648.7	661.9
	% Change	1.6	1.3	(0.4)	(3.9)	(0.5)	1.4	1.0	0.6	2.1	2.4	2.0
	Fiscal Year	619.5	631.0	632.8	619.9	600.5	605.4	616.5	617.5	626.0	641.6	655.6
	% Change	1.5	1.9	0.3	(2.0)	(3.1)	0.8	1.8	0.2	1.4	2.5	2.2
Construction and Mining Thousands, SA	Calendar Year	45.6	46.5	42.7	35.7	33.7	32.8	33.3	34.0	36.5	40.7	44.3
	% Change	2.1	2.1	(8.2)	(16.3)	(5.6)	(2.7)	1.5	2.2	7.4	11.7	8.7
	Fiscal Year	45.3	46.1	45.3	39.1	34.1	33.4	32.8	33.6	34.9	38.6	42.7
	% Change	3.5	1.8	(1.7)	(13.7)	(12.8)	(2.1)	(1.7)	2.4	3.9	10.5	10.8
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	115.7	118.4	117.4	111.6	110.8	112.4	115.9	116.4	117.5	118.8	120.8
	% Change	2.1	2.3	(0.8)	(5.0)	(0.7)	1.4	3.2	0.4	1.0	1.1	1.7
	Fiscal Year	114.6	117.0	118.3	115.0	110.4	111.5	114.7	115.6	117.0	118.1	119.8
	% Change	1.7	2.1	1.1	(2.8)	(4.0)	1.0	2.9	0.8	1.2	0.9	1.4
Financial Activities Thousands, SA	Calendar Year	46.5	45.8	44.2	43.0	42.6	43.8	44.9	45.2	45.9	45.9	45.6
	% Change	(0.3)	(1.7)	(3.5)	(2.5)	(1.0)	2.8	2.6	0.7	1.4	0.0	(0.7)
	Fiscal Year	46.7	46.2	44.9	43.7	42.6	42.9	44.8	44.9	45.6	45.9	45.8
	% Change	(0.1)	(1.1)	(2.7)	(2.7)	(2.6)	0.8	4.3	0.3	1.6	0.7	(0.4)
Professional and Business Services Thousands, SA	Calendar Year	95.7	99.1	99.5	92.8	93.3	97.1	96.3	98.1	101.1	104.8	107.3
	% Change	3.0	3.6	0.3	(6.7)	0.5	4.1	(0.9)	1.9	3.0	3.7	2.4
	Fiscal Year	94.2	97.9	100.0	96.3	91.9	95.6	96.9	96.9	99.3	103.0	106.2
	% Change	3.6	3.9	2.1	(3.7)	(4.6)	4.0	1.3	0.1	2.4	3.8	3.0
Education and Health Services Thousands, SA	Calendar Year	71.3	74.0	80.6	83.1	84.8	86.9	88.6	88.8	89.4	91.2	94.2
	% Change	4.1	3.8	8.8	3.2	2.0	2.5	2.0	0.2	0.7	2.1	3.2
	Fiscal Year	69.8	72.4	77.6	82.1	84.2	85.1	88.3	89.0	88.7	90.2	92.6
	% Change	4.6	3.6	7.2	5.8	2.7	1.0	3.7	0.8	(0.4)	1.7	2.7
Leisure and Hospitality Thousands, SA	Calendar Year	51.6	52.4	52.8	51.9	51.5	53.2	53.3	53.6	54.3	54.9	54.9
	% Change	4.4	1.6	0.8	(1.8)	(0.8)	3.4	0.2	0.6	1.3	1.1	0.0
	Fiscal Year	50.4	52.2	52.8	52.4	51.3	52.2	53.8	53.0	53.9	54.7	55.1
	% Change	3.4	3.5	1.1	(0.6)	(2.1)	1.7	3.2	(1.5)	1.5	1.5	0.7
Government Thousands, SA	Calendar Year	113.5	112.5	111.2	112.6	113.4	113.6	113.8	114.0	117.0	120.2	122.8
	% Change	(0.0)	(0.9)	(1.2)	1.2	0.7	0.2	0.2	0.1	2.6	2.7	2.2
	Fiscal Year	112.9	113.9	110.8	112.4	113.1	113.1	114.1	113.6	115.1	118.8	121.5
	% Change	(0.7)	0.9	(2.8)	1.4	0.6	0.0	0.9	(0.5)	1.3	3.3	2.2

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT

Richmond		History						Pessimistic Alternative Scenario				
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total Nonagricultural Employment Thousands, SA	Calendar Year	625.3	633.2	630.4	605.5	602.3	610.8	616.8	612.5	618.1	627.7	638.7
	% Change	1.6	1.3	(0.4)	(3.9)	(0.5)	1.4	1.0	(0.7)	0.9	1.6	1.7
	Fiscal Year	619.5	631.0	632.8	619.9	600.5	605.4	616.5	613.8	613.7	623.0	633.2
	% Change	1.5	1.9	0.3	(2.0)	(3.1)	0.8	1.8	(0.4)	(0.0)	1.5	1.6
Construction and Mining Thousands, SA	Calendar Year	45.6	46.5	42.7	35.7	33.7	32.8	33.2	32.8	33.2	36.0	39.1
	% Change	2.1	2.1	(8.2)	(16.3)	(5.6)	(2.7)	1.4	(1.2)	1.0	8.5	8.7
	Fiscal Year	45.3	46.1	45.3	39.1	34.1	33.4	32.8	33.2	32.7	34.4	37.6
	% Change	3.5	1.8	(1.7)	(13.7)	(12.8)	(2.1)	(1.7)	1.4	(1.7)	5.2	9.5
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	115.7	118.4	117.4	111.6	110.8	112.4	115.8	114.0	113.9	113.7	114.9
	% Change	2.1	2.3	(0.8)	(5.0)	(0.7)	1.4	3.0	(1.6)	(0.1)	(0.1)	1.1
	Fiscal Year	114.6	117.0	118.3	115.0	110.4	111.5	114.7	114.5	113.8	113.8	114.1
	% Change	1.7	2.1	1.1	(2.8)	(4.0)	1.0	2.9	(0.1)	(0.6)	(0.0)	0.3
Financial Activities Thousands, SA	Calendar Year	46.5	45.8	44.2	43.0	42.6	43.8	44.8	44.2	44.6	44.1	43.6
	% Change	(0.3)	(1.7)	(3.5)	(2.5)	(1.0)	2.8	2.3	(1.5)	1.0	(1.2)	(1.1)
	Fiscal Year	46.7	46.2	44.9	43.7	42.6	42.9	44.8	44.2	44.6	44.4	43.9
	% Change	(0.1)	(1.1)	(2.7)	(2.7)	(2.6)	0.8	4.3	(1.2)	0.8	(0.4)	(1.2)
Professional and Business Services Thousands, SA	Calendar Year	95.7	99.1	99.5	92.8	93.3	97.1	96.2	94.7	95.2	98.1	100.5
	% Change	3.0	3.6	0.3	(6.7)	0.5	4.1	(1.0)	(1.5)	0.5	3.0	2.5
	Fiscal Year	94.2	97.9	100.0	96.3	91.9	95.6	96.9	95.7	94.3	96.6	99.4
	% Change	3.6	3.9	2.1	(3.7)	(4.6)	4.0	1.3	(1.2)	(1.4)	2.4	2.9
Education and Health Services Thousands, SA	Calendar Year	71.3	74.0	80.6	83.1	84.8	86.9	88.6	88.7	89.4	90.8	93.3
	% Change	4.1	3.8	8.8	3.2	2.0	2.5	2.0	0.1	0.8	1.6	2.8
	Fiscal Year	69.8	72.4	77.6	82.1	84.2	85.1	88.3	88.8	88.7	90.1	92.0
	% Change	4.6	3.6	7.2	5.8	2.7	1.0	3.7	0.6	(0.1)	1.5	2.1
Leisure and Hospitality Thousands, SA	Calendar Year	51.6	52.4	52.8	51.9	51.5	53.2	53.3	53.8	54.0	54.1	53.8
	% Change	4.4	1.6	0.8	(1.8)	(0.8)	3.4	0.2	0.9	0.4	0.3	(0.6)
	Fiscal Year	50.4	52.2	52.8	52.4	51.3	52.2	53.8	53.2	53.8	54.1	54.1
	% Change	3.4	3.5	1.1	(0.6)	(2.1)	1.7	3.2	(1.2)	1.1	0.5	0.0
Government Thousands, SA	Calendar Year	113.5	112.5	111.2	112.6	113.4	113.6	113.8	113.9	116.9	120.4	123.3
	% Change	(0.0)	(0.9)	(1.2)	1.2	0.7	0.2	0.2	0.1	2.7	2.9	2.4
	Fiscal Year	112.9	113.9	110.8	112.4	113.1	113.1	114.1	113.6	115.0	118.9	121.8
	% Change	(0.7)	0.9	(2.8)	1.4	0.6	0.0	0.9	(0.5)	1.2	3.4	2.4

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

**APPENDIX B**  
**GENERAL FUND DATA**



**TABLE B.1 - QUARTERLY GENERAL FUND REVENUES**  
(Millions of Dollars)

	1999 3	1999 4	2000 1	2000 2	2000 3	2000 4	2001 1	2001 2	2001 3	2001 4	2002 1	2002 2	2002 3
Withholding	1,351.5	1,521.9	1,513.7	1,474.2	1,444.0	1,575.6	1,659.1	1,576.2	1,494.4	1,617.8	1,693.4	1,616.8	1,535.8
Annual % Change	10.2	18.4	5.7	7.8	6.8	3.5	9.6	6.9	3.5	2.7	2.1	2.6	2.8
Nonwithholding	235.3	181.9	304.5	947.9	261.0	127.2	395.6	1,023.1	243.1	139.9	316.6	759.9	236.6
Annual % Change	12.2	83.8	(2.9)	9.5	10.9	(30.1)	29.9	7.9	(6.8)	10.0	(20.0)	(25.7)	(2.7)
Gross Individual Income Tax	1,586.8	1,703.8	1,818.2	2,422.1	1,704.9	1,702.8	2,054.7	2,599.3	1,737.5	1,757.8	2,010.0	2,376.6	1,772.4
Annual % Change	10.5	23.1	4.1	8.5	7.4	(0.1)	13.0	7.3	1.9	3.2	(2.2)	(8.6)	2.0
Individual Refunds	69.7	39.6	322.8	269.8	124.5	56.6	322.9	331.4	175.3	73.1	451.2	471.6	119.6
Annual % Change	23.4	(16.4)	11.8	(15.5)	78.6	42.9	0.0	22.8	40.8	29.1	39.8	42.3	(31.8)
Net Individual Income Tax	1,517.1	1,664.2	1,495.4	2,152.3	1,580.4	1,646.2	1,731.9	2,267.8	1,562.2	1,684.7	1,558.8	1,905.1	1,652.8
Annual % Change	9.9	24.5	2.6	12.5	4.2	(1.1)	15.8	5.4	(1.2)	2.3	(10.0)	(16.0)	5.8
Sales and Use Tax	550.0	555.8	542.4	553.3	573.6	564.0	573.9	561.5	575.0	579.1	551.9	723.8	457.6
Annual % Change	8.2	6.5	5.2	6.6	4.3	1.5	5.8	1.5	0.3	2.7	(3.8)	28.9	(20.4)
Corporate Income Tax	139.0	82.4	52.0	292.5	125.3	27.7	34.0	176.8	77.5	37.9	26.7	148.1	89.8
Annual % Change	36.2	7.0	3.6	53.0	(9.9)	(66.4)	(34.6)	(39.6)	(38.1)	37.0	(21.4)	(16.2)	15.8
Wills, Suits, Deeds, Contracts	38.5	35.9	30.3	41.6	39.1	39.8	36.8	51.8	51.9	54.9	49.4	58.2	65.3
Annual % Change	(4.6)	(11.6)	(14.2)	(0.1)	1.5	11.0	21.7	24.6	32.7	37.8	34.2	12.2	25.8
Insurance Premiums	60.5	43.9	24.7	122.0	65.3	42.3	26.2	134.3	67.4	53.0	30.8	141.5	76.8
Annual % Change	4.8	1.3	7.4	0.9	7.9	(3.6)	6.1	10.1	3.2	25.4	17.6	5.4	13.9
Interest Income	52.6	28.7	40.0	9.9	60.4	37.6	44.9	(9.7)	55.3	21.4	26.1	(2.3)	40.3
Annual % Change	(10.6)	(5.4)	18.5	207.1	14.8	30.8	12.4	(198.0)	(8.4)	(43.0)	(42.0)	(75.8)	(27.1)
Alcoholic Beverage Sales	11.5	27.4	32.1	46.3	11.8	29.0	32.8	49.3	11.6	29.9	34.7	51.3	11.8
Annual % Change	(2.3)	6.3	7.5	7.0	3.4	6.0	2.3	6.5	(1.9)	3.0	5.7	3.9	1.9
All Other Revenues	133.8	138.8	77.4	196.5	90.4	119.9	119.2	220.9	84.4	124.8	110.3	193.6	118.9
Annual % Change	39.0	31.7	(29.1)	9.8	(32.4)	(13.6)	54.1	12.4	(6.6)	4.1	(7.5)	(12.4)	40.8
Total General Fund Revenues	2,503.0	2,577.0	2,294.1	3,414.4	2,546.4	2,506.5	2,599.6	3,452.8	2,485.4	2,585.8	2,388.6	3,219.1	2,513.3
Annual % Change	11.0	18.1	1.8	13.3	1.7	(2.7)	13.3	1.1	(2.4)	3.2	(8.1)	(6.8)	1.1

**TABLE B.1 - QUARTERLY GENERAL FUND REVENUES**  
(Millions of Dollars)

	2002 4	2003 1	2003 2	2003 3	2003 4	2004 1	2004 2	2004 3	2004 4	2005 1	2005 2	2005 3	2005 4
Withholding	1,667.1	1,706.3	1,658.2	1,606.0	1,801.6	1,861.8	1,769.9	1,768.0	1,905.5	1,992.0	1,847.5	1,897.2	1,996.5
Annual % Change	3.0	0.8	2.6	4.6	8.1	9.1	6.7	10.1	5.8	7.0	4.4	7.3	4.8
Nonwithholding	143.4	288.4	734.3	240.5	160.5	304.4	857.5	286.6	209.9	415.0	1,162.0	349.0	225.7
Annual % Change	2.5	(8.9)	(3.4)	1.6	11.9	5.6	16.8	19.2	30.8	36.3	35.5	21.8	7.5
Gross Individual Income Tax	1,810.4	1,994.7	2,392.6	1,846.5	1,962.0	2,166.2	2,627.4	2,054.7	2,115.5	2,407.0	3,009.5	2,246.3	2,222.2
Annual % Change	3.0	(0.8)	0.7	4.2	8.4	8.6	9.8	11.3	7.8	11.1	14.5	9.3	5.0
Individual Refunds	66.4	518.4	490.0	86.4	72.5	578.8	479.5	87.8	81.1	588.0	477.3	50.5	62.5
Annual % Change	(9.1)	14.9	3.9	(27.8)	9.2	11.7	(2.1)	1.6	11.8	1.6	(0.5)	(42.5)	(22.9)
Net Individual Income Tax	1,744.0	1,476.3	1,902.6	1,760.2	1,889.5	1,587.3	2,147.9	1,966.9	2,034.3	1,819.0	2,532.2	2,195.8	2,159.7
Annual % Change	3.5	(5.3)	(0.1)	6.5	8.3	7.5	12.9	11.7	7.7	14.6	17.9	11.6	6.2
Sales and Use Tax	576.6	564.9	737.0	488.6	620.0	622.9	830.8	524.3	727.0	736.0	958.8	579.3	728.6
Annual % Change	(0.4)	2.3	1.8	6.8	7.5	10.3	12.7	7.3	17.3	18.2	15.4	10.5	0.2
Corporate Income Tax	55.9	16.3	181.4	112.9	38.0	44.3	230.5	122.0	124.9	90.0	279.9	214.7	256.1
Annual % Change	47.3	(39.0)	22.5	25.8	(32.0)	171.7	27.1	8.1	228.4	103.2	21.4	76.0	105.1
Wills, Suits, Deeds, Contracts	74.3	63.7	82.6	93.6	79.5	67.7	99.7	113.8	150.6	141.9	189.8	202.8	170.1
Annual % Change	35.2	28.9	42.0	43.4	7.1	6.3	20.7	21.5	89.3	109.6	90.4	78.3	13.0
Insurance Premiums	59.7	35.2	161.3	79.7	63.1	42.6	165.8	88.0	69.0	38.3	178.3	84.1	72.1
Annual % Change	12.6	14.5	14.0	3.8	5.7	20.9	2.8	10.4	9.3	(10.1)	7.5	(4.4)	4.4
Interest Income	22.8	8.4	10.1	29.8	11.1	13.9	6.6	27.1	22.1	23.8	10.8	44.7	26.0
Annual % Change	6.6	(67.7)	(532.6)	(26.0)	(51.5)	65.3	(35.0)	(9.2)	99.7	71.0	64.5	65.0	17.7
Alcoholic Beverage Sales	31.2	36.4	49.3	12.9	32.9	37.3	55.0	12.6	34.8	38.1	59.0	13.5	36.4
Annual % Change	4.5	4.9	(3.9)	9.1	5.3	2.4	11.6	(2.6)	5.8	2.4	7.2	7.4	4.7
All Other Revenues	125.5	143.3	195.2	146.5	111.8	144.0	251.3	155.2	122.6	118.5	177.9	110.9	111.7
Annual % Change	0.5	29.9	0.8	23.2	(10.9)	0.5	28.7	6.0	9.6	(17.7)	(29.2)	(28.6)	(8.9)
Total General Fund Revenues	2,689.9	2,344.5	3,319.5	2,724.3	2,846.0	2,560.0	3,787.7	3,009.8	3,285.3	3,005.5	4,386.6	3,445.8	3,560.8
Annual % Change	4.0	(1.8)	3.1	8.4	5.8	9.2	14.1	10.5	15.4	17.4	15.8	14.5	8.4



**TABLE B.1 - QUARTERLY GENERAL FUND REVENUES**  
(Millions of Dollars)

	2006 1	2006 2	2006 3	2006 4	2007 1	2007 2	2007 3	2007 4	2008 1	2008 2	2008 3	2008 4	2009 1
Withholding	2,131.5	2,028.5	1,970.4	2,110.3	2,292.5	2,192.2	2,062.9	2,244.9	2,411.8	2,213.9	2,175.8	2,384.3	2,306.6
Annual % Change	7.0	9.8	3.9	5.7	7.6	8.1	4.7	6.4	5.2	1.0	5.5	6.2	(4.4)
Nonwithholding	483.9	1,435.1	356.4	264.8	512.5	1,648.3	394.1	260.1	556.6	1,650.4	406.5	243.3	458.8
Annual % Change	16.6	23.5	2.1	17.3	5.9	14.9	10.6	(1.8)	8.6	0.1	3.1	(6.5)	(17.6)
Gross Individual Income Tax	2,615.5	3,463.6	2,326.8	2,375.2	2,805.0	3,840.4	2,457.0	2,505.1	2,968.4	3,864.3	2,582.2	2,627.6	2,765.4
Annual % Change	8.7	15.1	3.6	6.9	7.2	10.9	5.6	5.5	5.8	0.6	5.1	4.9	(6.8)
Individual Refunds	638.4	531.2	110.2	109.8	740.4	599.5	83.6	143.9	811.3	641.1	127.2	141.3	873.2
Annual % Change	8.6	11.3	118.3	75.6	16.0	12.9	(24.1)	31.1	9.6	6.9	52.0	(1.8)	7.6
Net Individual Income Tax	1,977.0	2,932.4	2,216.7	2,265.4	2,064.6	3,240.9	2,373.3	2,361.2	2,157.2	3,223.2	2,455.0	2,486.3	1,892.2
Annual % Change	8.7	15.8	1.0	4.9	4.4	10.5	7.1	4.2	4.5	(0.5)	3.4	5.3	(12.3)
Sales and Use Tax	758.5	746.3	762.3	746.9	774.8	765.1	785.8	798.2	723.3	768.3	769.9	729.2	708.8
Annual % Change	3.1	(22.2)	31.6	2.5	2.1	2.5	3.1	6.9	(6.6)	0.4	(2.0)	(8.6)	(2.0)
Corporate Income Tax	116.0	280.3	256.9	186.6	118.7	317.4	217.7	115.4	138.7	336.0	191.4	71.9	71.1
Annual % Change	29.0	0.2	19.7	(27.2)	2.3	13.2	(15.2)	(38.1)	16.9	5.8	(12.1)	(37.7)	(48.7)
Wills, Suits, Deeds, Contracts	149.7	172.1	150.8	143.6	133.9	154.7	130.7	112.6	98.6	114.5	90.3	66.2	68.4
Annual % Change	5.5	(9.3)	(25.7)	(15.6)	(10.5)	(10.1)	(13.3)	(21.6)	(26.4)	(26.0)	(30.9)	(41.2)	(30.6)
Insurance Premiums	36.3	181.3	87.9	61.4	38.0	197.6	101.7	61.5	32.1	201.5	0.0	75.6	(20.2)
Annual % Change	(5.2)	1.7	4.5	(14.8)	4.7	9.0	15.8	0.1	(15.7)	2.0	(100.0)	22.9	(163.0)
Interest Income	39.6	6.1	91.7	42.9	53.8	(12.4)	105.5	66.2	37.5	(19.9)	74.6	25.4	23.3
Annual % Change	66.4	(43.9)	105.0	64.7	35.7	(303.9)	15.1	54.4	(30.3)	60.5	(29.3)	(61.7)	(37.8)
Alcoholic Beverage Sales	40.6	62.4	14.3	38.0	42.1	67.5	13.8	39.6	45.5	70.0	12.8	41.5	47.1
Annual % Change	6.5	5.8	5.5	4.2	3.6	8.2	(3.4)	4.5	8.0	3.6	(7.2)	4.7	3.5
All Other Revenues	148.8	180.2	127.2	111.1	128.6	176.9	113.6	144.0	147.2	152.6	85.8	102.9	103.4
Annual % Change	25.7	1.3	14.7	(0.5)	(13.6)	(1.8)	(10.7)	29.6	14.4	(13.8)	(24.5)	(28.5)	(29.8)
Total General Fund Revenues	3,266.7	4,561.0	3,707.7	3,595.9	3,354.5	4,907.7	3,842.1	3,698.7	3,380.0	4,846.1	3,679.9	3,599.0	2,894.2
Annual % Change	8.7	4.0	7.6	1.0	2.7	7.6	3.6	2.9	0.8	(1.3)	(4.2)	(2.7)	(14.4)

**TABLE B.1 - QUARTERLY GENERAL FUND REVENUES**  
(Millions of Dollars)

	2009 2	2009 3	2009 4	2010 1	2010 2	2010 3	2010 4	2011 1	2011 2	2011 3	2011 4	2012 1	2012 2
Withholding	2,271.5	2,125.0	2,328.6	2,416.4	2,306.1	2,219.1	2,459.9	2,538.5	2,417.6	2,308.0	2,510.9	2,640.7	2,580.0
Annual % Change	2.6	(2.3)	(2.3)	4.8	1.5	4.4	5.6	5.1	4.8	4.0	2.1	4.0	6.7
Nonwithholding	1,201.8	311.3	217.8	373.0	1,004.6	292.9	204.6	435.7	1,245.4	348.0	222.8	468.9	1,318.3
Annual % Change	(27.2)	(23.4)	(10.5)	(18.7)	(16.4)	(5.9)	(6.0)	16.8	24.0	18.8	8.9	7.6	5.9
Gross Individual Income Tax	3,473.3	2,436.3	2,546.4	2,789.4	3,310.7	2,512.0	2,664.5	2,974.2	3,663.0	2,655.9	2,733.7	3,109.6	3,898.3
Annual % Change	(10.1)	(5.6)	(3.1)	0.9	(4.7)	3.1	4.6	6.6	10.6	5.7	2.6	4.6	6.4
Individual Refunds	825.8	150.8	182.3	947.1	714.4	123.1	160.9	888.2	697.1	105.7	132.1	862.9	684.1
Annual % Change	28.8	18.6	29.1	8.5	(13.5)	(18.4)	(11.8)	(6.2)	(2.4)	(14.1)	(17.9)	(2.9)	(1.9)
Net Individual Income Tax	2,647.5	2,285.5	2,364.1	1,842.3	2,596.4	2,388.9	2,503.6	2,086.1	2,965.8	2,550.2	2,601.6	2,246.7	3,214.2
Annual % Change	(17.9)	(6.9)	(4.9)	(2.6)	(1.9)	4.5	5.9	13.2	14.2	6.8	3.9	7.7	8.4
Sales and Use Tax	695.4	724.7	724.0	674.5	959.4	577.9	746.3	719.7	968.5	620.4	772.0	768.1	961.0
Annual % Change	(9.5)	(5.9)	(0.7)	(4.8)	38.0	(20.3)	3.1	6.7	0.9	7.3	3.5	6.7	(0.8)
Corporate Income Tax	313.6	176.3	175.6	56.8	397.8	177.6	160.5	127.8	356.4	191.3	134.4	162.4	371.8
Annual % Change	(6.7)	(7.9)	144.4	(20.2)	26.8	0.7	(8.6)	125.1	(10.4)	7.7	(16.3)	27.1	4.3
Wills, Suits, Deeds, Contracts	89.3	80.5	74.6	60.1	75.0	75.7	77.7	63.3	74.7	78.9	79.8	73.5	89.8
Annual % Change	(22.0)	(10.9)	12.8	(12.2)	(16.0)	(5.9)	4.1	5.4	(0.4)	4.2	2.8	16.1	20.2
Insurance Premiums	199.6	0.0	75.1	(20.3)	207.1	0.0	80.5	(9.4)	210.4	0.0	56.4	(15.2)	211.7
Annual % Change	(0.9)	NA	(0.6)	0.4	3.7	NA	7.2	(53.7)	1.6	NA	(29.9)	62.4	0.6
Interest Income	(19.0)	40.3	26.4	33.3	(5.7)	25.7	21.6	23.8	10.0	29.5	17.0	19.9	10.8
Annual % Change	(4.2)	(45.9)	3.9	42.8	(70.0)	(36.2)	(18.0)	(28.5)	(274.5)	14.5	(21.5)	(16.2)	8.0
Alcoholic Beverage Sales	71.8	12.3	42.2	47.5	73.0	12.8	43.2	48.7	74.3	13.8	45.0	50.6	77.0
Annual % Change	2.7	(4.0)	1.7	1.0	1.7	3.9	2.2	2.5	1.7	7.9	4.2	4.0	3.6
All Other Revenues	143.7	87.4	71.8	97.5	164.1	89.4	81.1	105.7	151.9	89.1	77.2	107.3	140.3
Annual % Change	(5.8)	1.9	(30.2)	(5.7)	14.2	2.4	12.9	8.4	(7.4)	(0.3)	(4.9)	1.6	(7.7)
Total General Fund Revenues	4,142.0	3,407.0	3,553.9	2,791.6	4,467.0	3,348.1	3,714.5	3,165.6	4,812.0	3,573.2	3,783.4	3,413.4	5,076.6
Annual % Change	(14.5)	(7.4)	(1.3)	(3.5)	7.8	(1.7)	4.5	13.4	7.7	6.7	1.9	7.8	5.5

**TABLE B.2 - ANNUAL GENERAL FUND REVENUES**  
(Millions of Dollars)

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Withholding	Calendar Year	3,217.7	3,446.5	3,658.7	3,922.3	4,148.0	4,550.9	4,979.1	5,673.3	6,007.5	6,347.5	6,513.0
	% Change	5.9	7.1	6.2	7.2	5.8	9.7	9.4	13.9	5.9	5.7	2.6
	Fiscal Year	3,099.1	3,347.8	3,562.6	3,798.6	4,049.0	4,303.0	4,759.0	5,311.9	5,861.3	6,254.9	6,422.4
	% Change	4.7	8.0	6.4	6.6	6.6	6.3	10.6	11.6	10.3	6.7	2.7
Nonwithholding	Calendar Year	748.1	764.0	772.3	794.6	890.4	1,084.4	1,317.7	1,596.4	1,640.6	1,801.7	1,456.4
	% Change	(3.5)	2.1	1.1	2.9	12.1	21.8	21.5	21.2	2.8	9.8	(19.2)
	Fiscal Year	728.3	751.3	775.3	783.4	878.1	1,041.9	1,284.7	1,487.8	1,669.7	1,806.8	1,459.5
	% Change	(6.1)	3.1	3.2	1.0	12.1	18.6	23.3	15.8	12.2	8.2	(19.2)
Gross Individual Income Tax	Calendar Year	3,965.8	4,210.5	4,431.0	4,716.9	5,038.4	5,635.3	6,296.7	7,269.7	7,648.1	8,149.2	7,969.4
	% Change	4.0	6.2	5.2	6.5	6.8	11.8	11.7	15.5	5.2	6.6	(2.2)
	Fiscal Year	3,827.5	4,099.0	4,338.0	4,581.9	4,927.2	5,344.9	6,043.7	6,799.8	7,530.9	8,061.7	7,881.9
	% Change	2.5	7.1	5.8	5.6	7.5	8.5	13.1	12.5	10.8	7.0	(2.2)
Individual Refunds	Calendar Year	499.9	512.7	530.6	547.4	587.5	628.5	655.2	717.4	773.8	902.6	1,108.8
	% Change	0.3	2.6	3.5	3.2	7.3	7.0	4.2	9.5	7.9	16.6	22.8
	Fiscal Year	506.2	514.3	526.1	553.8	579.1	617.1	638.2	711.9	702.0	835.4	1,171.1
	% Change	1.5	1.6	2.3	5.3	4.6	6.6	3.4	11.5	(1.4)	19.0	40.2
Net Individual Income Tax	Calendar Year	3,465.9	3,697.8	3,900.4	4,169.5	4,451.0	5,006.8	5,641.5	6,552.3	6,874.3	7,246.6	6,860.6
	% Change	4.6	6.7	5.5	6.9	6.8	12.5	12.7	16.1	4.9	5.4	(5.3)
	Fiscal Year	3,321.2	3,584.8	3,811.9	4,028.1	4,348.0	4,727.8	5,405.4	6,087.9	6,828.9	7,226.3	6,710.8
	% Change	2.6	7.9	6.3	5.7	7.9	8.7	14.3	12.6	12.2	5.8	(7.1)
Sales and Use Tax	Calendar Year	1,391.5	1,479.4	1,612.1	1,682.8	1,783.1	1,872.4	1,992.4	2,140.7	2,233.3	2,289.5	2,309.9
	% Change	4.9	6.3	9.0	4.4	6.0	5.0	6.4	7.4	4.3	2.5	0.9
	Fiscal Year	1,348.8	1,441.6	1,539.1	1,657.7	1,722.0	1,826.8	1,919.2	2,065.3	2,201.5	2,273.0	2,429.8
	% Change	0.9	6.9	6.8	7.7	3.9	6.1	5.1	7.6	6.6	3.2	6.9
Corporate Income Tax	Calendar Year	279.6	384.7	323.1	411.8	386.9	448.8	458.1	462.8	497.5	326.2	320.5
	% Change	0.9	37.6	(16.0)	27.4	(6.0)	16.0	2.1	1.0	7.5	(34.4)	(1.8)
	Fiscal Year	275.9	371.5	312.1	376.4	402.3	432.3	450.8	420.4	565.9	363.8	290.2
	% Change	(1.2)	34.6	(16.0)	20.6	6.9	7.4	4.3	(6.7)	34.6	(35.7)	(20.2)
Wills, Suits, Deeds, Contracts	Calendar Year	96.1	110.2	99.0	86.4	99.1	112.5	148.5	151.3	150.8	195.5	247.2
	% Change	30.4	14.7	(10.2)	(12.7)	14.7	13.5	32.0	1.9	(0.3)	29.6	26.4
	Fiscal Year	83.7	99.6	114.9	84.7	95.5	103.4	126.8	157.9	146.3	167.6	214.4
	% Change	16.4	19.0	15.4	(26.3)	12.7	8.3	22.6	24.5	(7.3)	14.6	27.9

**TABLE B.2 - ANNUAL GENERAL FUND REVENUES**  
(Millions of Dollars)

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Withholding	Calendar Year	6,772.2	7,305.3	7,733.2	8,240.8	8,792.5	9,185.8	9,031.7	9,401.4	9,523.6	
	% Change	4.0	7.9	5.9	6.6	6.7	4.5	(1.7)	4.1	1.3	
	Fiscal Year	6,567.4	7,039.3	7,513.0	8,053.7	8,565.5	8,933.6	9,138.1	9,176.2	9,635.1	10,039.7
	% Change	2.3	7.2	6.7	7.2	6.4	4.3	2.3	0.4	5.0	4.2
Nonwithholding	Calendar Year	1,423.7	1,658.4	2,151.8	2,540.3	2,815.0	2,856.7	2,189.8	1,875.2	1,937.9	
	% Change	(2.2)	16.5	29.7	18.1	10.8	1.5	(23.3)	(14.4)	3.3	
	Fiscal Year	1,402.7	1,562.8	2,073.5	2,493.8	2,782.0	2,861.2	2,310.4	1,906.8	2,178.6	2,357.9
	% Change	(3.9)	11.4	32.7	20.3	11.6	2.8	(19.2)	(17.5)	14.3	8.2
Gross Individual Income Tax	Calendar Year	8,195.9	8,963.7	9,884.9	10,781.0	11,607.5	12,042.5	11,221.4	11,276.6	11,461.5	
	% Change	2.8	9.4	10.3	9.1	7.7	3.7	(6.8)	0.5	1.6	
	Fiscal Year	7,970.1	8,602.1	9,586.6	10,547.5	11,347.4	11,794.7	11,448.5	11,082.9	11,813.7	12,397.6
	% Change	1.1	7.9	11.4	10.0	7.6	3.9	(2.9)	(3.2)	6.6	4.9
Individual Refunds	Calendar Year	1,167.3	1,227.3	1,178.3	1,389.6	1,567.4	1,720.8	2,032.1	1,945.5	1,886.6	
	% Change	5.3	5.1	(4.0)	17.9	12.8	9.8	18.1	(4.3)	(3.0)	
	Fiscal Year	1,194.4	1,217.2	1,234.2	1,282.6	1,559.8	1,679.9	1,967.4	1,994.7	1,869.3	1,784.7
	% Change	2.0	1.9	1.4	3.9	21.6	7.7	17.1	1.4	(6.3)	(4.5)
Net Individual Income Tax	Calendar Year	7,028.6	7,736.4	8,706.7	9,391.4	10,040.0	10,321.7	9,189.3	9,331.1	9,574.9	
	% Change	2.4	10.1	12.5	7.9	6.9	2.8	(11.0)	1.5	2.6	
	Fiscal Year	6,775.7	7,384.9	8,352.4	9,264.9	9,787.6	10,114.8	9,481.1	9,088.3	9,944.4	10,612.8
	% Change	1.0	9.0	13.1	10.9	5.6	3.3	(6.3)	(4.1)	9.4	6.7
Sales and Use Tax	Calendar Year	2,410.4	2,705.1	3,002.6	3,014.1	3,123.8	2,990.8	2,853.0	2,958.0	3,003.3	
	% Change	4.4	12.2	11.0	0.4	3.6	(4.3)	(4.6)	3.7	1.5	
	Fiscal Year	2,336.0	2,562.3	2,946.1	2,812.7	3,049.1	3,075.5	2,903.4	3,082.5	3,012.4	3,121.5
	% Change	(3.9)	9.7	15.0	(4.5)	8.4	0.9	(5.6)	6.2	(2.3)	3.6
Corporate Income Tax	Calendar Year	348.6	521.7	840.6	839.8	769.3	738.0	736.7	792.7	863.7	
	% Change	8.8	49.7	61.1	(0.1)	(8.4)	(4.1)	(0.2)	7.6	9.0	
	Fiscal Year	343.3	425.7	616.7	867.1	879.6	807.9	648.0	806.5	822.3	859.9
	% Change	18.3	24.0	44.9	40.6	1.4	(8.2)	(19.8)	24.4	2.0	4.6
Wills, Suits, Deeds, Contracts	Calendar Year	319.5	431.7	704.7	616.2	531.9	369.5	312.8	288.5	291.8	
	% Change	29.3	35.1	63.2	(12.6)	(13.7)	(30.5)	(15.3)	(7.8)	1.1	
	Fiscal Year	285.8	340.6	596.1	694.7	582.9	456.3	314.3	290.2	291.5	322.1
	% Change	33.3	19.1	75.0	16.6	(16.1)	(21.7)	(31.1)	(7.7)	0.4	10.5

**TABLE B.2 - ANNUAL GENERAL FUND REVENUES**  
(Millions of Dollars)

		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Insurance Premiums	Calendar Year	175.8	186.6	203.6	212.9	216.6	220.4	243.6	248.3	254.3	280.9	308.7
	% Change	11.2	6.2	9.1	4.6	1.7	1.8	10.5	1.9	2.4	10.5	9.9
	Fiscal Year	174.8	180.3	196.4	208.2	218.0	219.0	237.0	244.9	251.1	268.1	292.7
	% Change	10.9	3.2	8.9	6.0	4.7	0.5	8.2	3.4	2.5	6.8	9.2
Interest Income	Calendar Year	48.6	52.5	61.0	80.1	94.6	116.5	125.0	118.3	147.8	111.9	86.9
	% Change	50.1	7.9	16.1	31.4	18.1	23.1	7.3	(5.4)	24.9	(24.3)	(22.4)
	Fiscal Year	42.4	48.1	53.4	64.5	82.3	114.9	105.8	126.1	131.2	133.2	100.4
	% Change	13.3	13.3	11.1	20.8	27.5	39.7	(7.9)	19.2	4.0	1.5	(24.6)
Alcoholic Beverage Sales	Calendar Year	102.3	101.8	101.5	102.1	103.0	103.8	107.2	111.9	119.2	123.6	129.0
	% Change	0.1	(0.4)	(0.3)	0.5	0.9	0.8	3.2	4.4	6.5	3.7	4.3
	Fiscal Year	102.0	102.5	101.1	101.0	104.4	103.5	105.5	110.6	117.2	123.0	127.5
	% Change	(0.9)	0.5	(1.4)	(0.1)	3.4	(0.9)	1.9	4.8	6.0	4.9	3.6
All Other Revenues	Calendar Year	291.1	323.9	374.0	371.4	397.5	429.8	432.6	560.6	484.2	549.3	548.2
	% Change	8.9	11.3	15.5	(0.7)	7.0	8.1	0.6	29.6	(13.6)	13.5	(0.2)
	Fiscal Year	274.4	305.3	374.4	360.5	383.5	421.5	422.9	489.7	546.4	550.4	513.1
	% Change	9.7	11.3	22.6	(3.7)	6.4	9.9	0.3	15.8	11.6	0.7	(6.8)
Total General Fund Revenues	Calendar Year	5,850.8	6,336.9	6,674.7	7,116.9	7,531.8	8,311.0	9,148.7	10,346.2	10,761.3	11,123.6	10,810.9
	% Change	5.4	8.3	5.3	6.6	5.8	10.3	10.1	13.1	4.0	3.4	(2.8)
	Fiscal Year	5,623.2	6,133.6	6,503.4	6,881.1	7,356.1	7,949.3	8,773.5	9,702.7	10,788.5	11,105.3	10,679.0
	% Change	2.8	9.1	6.0	5.8	6.9	8.1	10.4	10.6	11.2	2.9	(3.8)
ABC Profits	Fiscal Year	23.7	26.8	20.7	19.0	26.0	23.8	20.7	25.5	30.1	28.1	25.4
	% Change	(9.4)	13.0	(22.8)	(8.2)	36.8	(8.5)	(12.9)	23.0	18.2	(6.8)	(9.6)
Transfers per Appropriations Act	Fiscal Year	630.5	377.2	388.0	273.4	443.0	364.2	367.9	371.1	407.4	354.5	702.0
	% Change	0.1	(40.2)	2.9	(29.5)	62.0	(17.8)	1.0	0.9	9.8	(13.0)	98.0

**TABLE B.2 - ANNUAL GENERAL FUND REVENUES**  
(Millions of Dollars)

		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Insurance Premiums	Calendar Year	339.4	365.4	372.8	366.9	398.8	309.2	254.5	267.3	278.2	
	% Change	9.9	7.7	2.0	(1.6)	8.7	(22.5)	(17.7)	5.0	4.1	
	Fiscal Year	333.0	351.3	373.6	373.8	384.9	396.9	255.0	261.9	281.6	252.9
	% Change	13.8	5.5	6.3	0.1	3.0	3.1	(35.7)	2.7	7.5	(10.2)
Interest Income	Calendar Year	59.5	69.7	105.4	180.2	213.1	117.6	71.0	75.0	65.4	
	% Change	(31.5)	17.3	51.2	71.0	18.2	(44.8)	(39.6)	5.5	(12.7)	
	Fiscal Year	81.7	61.4	83.9	116.5	175.9	189.3	104.2	94.3	81.1	77.2
	% Change	(18.6)	(24.8)	36.6	38.9	51.1	7.6	(44.9)	(9.5)	(14.0)	(4.9)
Alcoholic Beverage Sales	Calendar Year	131.5	139.6	147.0	155.2	163.1	169.8	173.4	176.5	177.7	
	% Change	1.9	6.2	5.3	5.6	5.0	4.1	2.2	1.8	0.7	
	Fiscal Year	128.7	138.0	144.5	153.0	161.8	168.9	173.2	175.1	178.9	186.4
	% Change	1.0	7.2	4.7	5.9	5.8	4.3	2.6	1.1	2.2	4.2
All Other Revenues	Calendar Year	596.8	673.1	518.9	567.4	563.1	488.5	406.3	432.1	440.3	
	% Change	8.9	12.8	(22.9)	9.3	(0.8)	(13.3)	(16.8)	6.4	1.9	
	Fiscal Year	582.9	653.6	574.1	551.6	543.9	557.4	435.7	420.7	428.1	413.9
	% Change	13.6	12.1	(12.2)	(3.9)	(1.4)	2.5	(21.8)	(3.4)	1.8	(3.3)
Total General Fund Revenues	Calendar Year	11,234.2	12,642.8	14,398.7	15,131.3	15,803.1	15,505.0	13,997.0	14,321.2	14,695.2	
	% Change	3.9	12.5	13.9	5.1	4.4	(1.9)	(9.7)	2.3	2.6	
	Fiscal Year	10,867.1	11,917.9	13,687.3	14,834.3	15,565.8	15,767.0	14,315.1	14,219.5	15,040.2	15,846.7
	% Change	1.8	9.7	14.8	8.4	4.9	1.3	(9.2)	(0.7)	5.8	5.4
ABC Profits	Fiscal Year	14.2	16.8	24.9	30.0	27.6	36.1	44.1	50.0	50.5	63.8
	% Change	(44.1)	18.0	48.9	20.4	(8.3)	31.0	22.2	13.4	1.0	26.3
Transfers per Appropriations Act	Fiscal Year	1,028.5	996.0	714.6	835.6	792.7	776.4	362.4	517.2	361.6	437.5
	% Change	46.5	(3.2)	(28.3)	16.9	(5.1)	(2.1)	(53.3)	42.7	(30.1)	21.0

**APPENDIX C  
MODELS &  
METHODOLOGIES**





**Corporate Income Tax**

DIFFYA(CORP)

$$= 1.89869 * \text{DIFFYA(ZBVA)} + 0.62880 * \text{DIFFYA(SP500VA)} + 2.49208$$

(3.36708)                      (0.91691)                      (0.80958)

R Sq    0.1953                      R Bar Sq 0.1761                      F 2, 84 10.1918  
D.W.( 1) 2.0351                      D.W.( 4) 2.2752

QUARTERLY data for 87 periods from 1991Q1 to 2012Q3

CORP	Corporate income tax, gross receipts
DIFFYA	Year over year difference function
ZBVA	Virginia portion of national pre-tax profits
SP500VA	Virginia specific Standard and Poor's 500 stock index

## GENERAL FUND METHODOLOGY

### Corporate Income Tax, Gross Receipts

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
1997	96Q3	97.6	118.8	(21.2)	-21.7%
	96Q4	107.5	110.2	(2.7)	-2.5%
	97Q1	67.8	64.2	3.5	5.2%
	97Q2	242.1	206.5	35.6	14.7%
	Total	515.0	499.7	15.2	3.0%
1998	97Q3	117.5	108.8	8.7	7.4%
	97Q4	110.2	116.8	(6.6)	-6.0%
	98Q1	79.6	71.5	8.1	10.1%
	98Q2	229.5	245.4	(15.9)	-6.9%
	Total	536.7	542.5	(5.7)	-1.1%
1999	98Q3	111.7	117.4	(5.7)	-5.1%
	98Q4	131.6	110.0	21.5	16.4%
	99Q1	76.2	88.3	(12.0)	-15.8%
	99Q2	206.1	238.6	(32.5)	-15.8%
	Total	525.6	554.3	(28.7)	-5.5%
2000	99Q3	153.2	121.8	31.4	20.5%
	99Q4	141.4	143.9	(2.5)	-1.8%
	00Q1	75.1	82.7	(7.6)	-10.2%
	00Q2	251.7	211.7	40.0	15.9%
	Total	621.3	560.1	61.2	9.8%
2001	00Q3	145.1	157.2	(12.1)	-8.3%
	00Q4	102.3	140.8	(38.5)	-37.6%
	01Q1	73.0	74.8	(1.8)	-2.4%
	01Q2	193.3	251.1	(57.8)	-29.9%
	Total	513.7	623.8	(110.2)	-21.4%
2002	01Q3	100.2	139.6	(39.4)	-39.3%
	01Q4	117.7	96.9	20.8	17.7%
	02Q1	83.8	70.3	13.4	16.0%
	02Q2	171.8	191.5	(19.8)	-11.5%
	Total	473.4	498.3	(24.9)	-5.3%
2003	02Q3	117.7	103.9	13.8	11.7%
	02Q4	124.2	127.5	(3.3)	-2.7%
	03Q1	68.5	91.2	(22.7)	-33.2%
	03Q2	202.0	178.7	23.3	11.6%
	Total	512.4	501.3	11.1	2.2%
2004	03Q3	135.8	129.4	6.3	4.7%
	03Q4	124.9	137.9	(13.0)	-10.4%
	04Q1	82.5	91.3	(8.8)	-10.6%
	04Q2	252.5	227.3	25.2	10.0%
	Total	595.7	586.0	9.7	1.6%

## GENERAL FUND METHODOLOGY

### Corporate Income Tax, Gross Receipts

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2005	04Q3	140.9	159.9	(19.1)	-13.5%
	04Q4	190.2	144.9	45.4	23.9%
	05Q1	109.7	110.5	(0.8)	-0.7%
	05Q2	305.3	277.8	27.5	9.0%
	Total	746.1	693.1	53.0	7.1%
2006	05Q3	219.0	165.9	53.0	24.2%
	05Q4	262.8	219.4	43.4	16.5%
	06Q1	136.7	126.8	9.9	7.3%
	06Q2	368.3	321.6	46.7	12.7%
	Total	986.8	833.7	153.0	15.5%
2007	06Q3	283.8	234.2	49.6	17.5%
	06Q4	225.4	269.9	(44.5)	-19.7%
	07Q1	164.8	137.8	27.0	16.4%
	07Q2	356.2	372.9	(16.7)	-4.7%
	Total	1030.2	1014.8	15.4	1.5%
2008	07Q3	244.3	282.5	(38.2)	-15.6%
	07Q4	165.0	226.1	(61.1)	-37.0%
	08Q1	197.4	154.6	42.8	21.7%
	08Q2	361.7	343.5	18.3	5.1%
	Total	968.4	1006.6	(38.2)	-3.9%
2009	08Q3	220.0	229.5	(9.5)	-4.3%
	08Q4	201.5	112.7	88.8	44.1%
	09Q1	113.6	175.0	(61.4)	-54.0%
	09Q2	339.2	346.0	(6.8)	-2.0%
	Total	874.3	863.1	11.2	1.3%
2010	09Q3	203.7	222.4	(18.7)	-9.2%
	09Q4	249.8	253.0	(3.2)	-1.3%
	10Q1	129.0	152.9	(23.9)	-18.5%
	10Q2	379.4	369.6	9.7	2.6%
	Total	961.9	998.0	(36.1)	-3.8%
2011	10Q3	227.0	226.3	0.7	0.3%
	10Q4	238.3	264.3	(26.0)	-10.9%
	11Q1	161.8	135.8	26.0	16.1%
	11Q2	390.4	389.9	0.5	0.1%
	Total	1017.5	1016.3	1.2	0.1%
2012	11Q3	242.0	231.7	10.3	4.3%
	11Q4	224.0	245.5	(21.5)	-9.6%
	12Q1	184.9	182.9	2.1	1.1%
	12Q2	397.9	408.4	(10.4)	-2.6%
	Total	1048.9	1068.4	(19.6)	-1.9%

## GENERAL FUND METHODOLOGY

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### Individual Income Tax - Withholding

DIFFYA(WITH)

$$= 0.01046 * \text{DIFFYA}(\text{YWSTRAN}) + 131.799 * \text{Q994} + 4.36006$$

( 8.73427)                      (3.60174)      (0.45726)

R Sq    0.5041                      R Bar Sq 0.4852                      F 3, 79 26.7661  
D.W.( 1) 1.9827                      D.W.( 4) 1.8429

$$\text{AR}_0 = -0.18660 * \text{AR}_4$$

(-1.50866)

QUARTERLY data for 83 periods from 1992Q1 to 2012Q3

WITH	Withholding tax receipts
DIFFYA	Year over year difference function
YWSTRAN	Virginia income from wages and salaries and transfer payments
Q994	1 in 1999Q4; 0 in all other quarters

## GENERAL FUND METHODOLOGY

### Individual Income Tax - Withholding

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
1997	96Q3	972.9	981.7	(8.8)	-0.9%
	96Q4	1071.1	1097.4	(26.3)	-2.5%
	97Q1	1171.1	1110.1	60.9	5.2%
	97Q2	1087.9	1136.1	(48.2)	-4.4%
	Total	4303.0	4325.3	(22.3)	-0.5%
1998	97Q3	1090.0	1044.9	45.1	4.1%
	97Q4	1202.0	1162.2	39.7	3.3%
	98Q1	1260.8	1232.6	28.2	2.2%
	98Q2	1206.2	1184.8	21.4	1.8%
	Total	4759.0	4624.5	134.4	2.8%
1999	98Q3	1226.7	1173.5	53.2	4.3%
	98Q4	1285.4	1289.2	(3.8)	-0.3%
	99Q1	1432.4	1379.0	53.4	3.7%
	99Q2	1367.4	1284.4	83.1	6.1%
	Total	5311.9	5126.1	185.8	3.5%
2000	99Q3	1351.5	1305.1	46.4	3.4%
	99Q4	1521.9	1509.8	12.1	0.8%
	00Q1	1513.7	1517.1	(3.4)	-0.2%
	00Q2	1474.2	1492.8	(18.6)	-1.3%
	Total	5861.3	5824.8	36.5	0.6%
2001	00Q3	1444.0	1487.0	(43.1)	-3.0%
	00Q4	1575.6	1640.4	(64.8)	-4.1%
	01Q1	1659.1	1639.1	20.0	1.2%
	01Q2	1576.2	1584.0	(7.8)	-0.5%
	Total	6254.9	6350.6	(95.7)	-1.5%
2002	01Q3	1494.4	1505.5	(11.1)	-0.7%
	01Q4	1617.8	1650.2	(32.3)	-2.0%
	02Q1	1693.4	1680.0	13.5	0.8%
	02Q2	1616.8	1596.1	20.7	1.3%
	Total	6422.4	6431.6	(9.3)	-0.1%
2003	02Q3	1535.8	1550.9	(15.1)	-1.0%
	02Q4	1667.1	1657.7	9.4	0.6%
	03Q1	1706.3	1750.0	(43.7)	-2.6%
	03Q2	1658.2	1683.6	(25.3)	-1.5%
	Total	6567.4	6642.2	(74.8)	-1.1%
2004	03Q3	1606.0	1628.0	(22.0)	-1.4%
	03Q4	1801.6	1785.9	15.6	0.9%
	04Q1	1861.8	1828.0	33.8	1.8%
	04Q2	1769.9	1782.8	(12.8)	-0.7%
	Total	7039.3	7024.7	14.6	0.2%

## GENERAL FUND METHODOLOGY

### Individual Income Tax - Withholding

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2005	04Q3	1768.0	1730.6	37.4	2.1%
	04Q4	1905.5	1918.5	(13.0)	-0.7%
	05Q1	1992.0	1977.7	14.3	0.7%
	05Q2	1847.5	1902.7	(55.2)	-3.0%
	Total	7513.0	7529.6	(16.5)	-0.2%
2006	05Q3	1897.2	1886.3	10.9	0.6%
	05Q4	1996.5	2016.8	(20.3)	-1.0%
	06Q1	2131.5	2132.5	(1.0)	0.0%
	06Q2	2028.5	1975.7	52.7	2.6%
	Total	8053.7	8011.4	42.3	0.5%
2007	06Q3	1970.4	1999.6	(29.2)	-1.5%
	06Q4	2110.3	2117.7	(7.3)	-0.3%
	07Q1	2292.5	2260.8	31.7	1.4%
	07Q2	2192.2	2137.5	54.7	2.5%
	Total	8565.5	8515.6	49.9	0.6%
2008	07Q3	2062.9	2099.0	(36.1)	-1.8%
	07Q4	2244.9	2228.9	16.0	0.7%
	08Q1	2411.8	2369.1	42.7	1.8%
	08Q2	2213.9	2295.3	(81.4)	-3.7%
	Total	8933.6	8992.4	(58.9)	-0.7%
2009	08Q3	2175.8	2152.4	23.3	1.1%
	08Q4	2304.3	2305.1	(0.8)	0.0%
	09Q1	2386.6	2424.4	(37.8)	-1.6%
	09Q2	2271.5	2263.1	8.4	0.4%
	Total	9138.1	9145.0	(6.9)	-0.1%
2010	09Q3	2125.0	2208.0	(82.9)	-3.9%
	09Q4	2328.6	2347.7	(19.1)	-0.8%
	10Q1	2416.4	2471.2	(54.8)	-2.3%
	10Q2	2306.1	2333.3	(27.2)	-1.2%
	Total	9176.2	9360.2	(184.1)	-2.0%
2011	10Q3	2219.1	2242.7	(23.6)	-1.1%
	10Q4	2459.9	2430.8	29.1	1.2%
	11Q1	2538.5	2567.4	(28.9)	-1.1%
	11Q2	2417.6	2424.9	(7.3)	-0.3%
	Total	9635.1	9665.8	(30.8)	-0.3%
2012	11Q3	2308.0	2316.5	(8.5)	-0.4%
	11Q4	2511.0	2551.9	(40.9)	-1.6%
	12Q1	2640.7	2602.7	38.0	1.4%
	12Q2	2580.0	2497.4	82.7	3.2%
	Total	10039.8	9968.5	71.2	0.7%

**Individual Income Tax - Estimated Payments**

DIFFYA(EP)

$$= 0.04982 * \text{DIFFYA}(\text{SP500}) + 0.00615 * \text{DIFFYA}(\text{YWPPTVA}) +$$

(2.96114)	(2.75857)
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$$+ 0.00433 * \text{DIFFYA}(\text{YRDIRVA}) - 3.90318$$

(5.43297)	(1.25295)
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R Sq 0.4728	R Bar Sq 0.4471	F 4,82 18.3860
D.W.(1) 1.8544	D.W.(4) 1.8381	

$$\text{MA}_0 = -0.12198 * \text{MA}_4$$

(-1.08056)
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QUARTERLY data for 87 periods from 1991Q1 to 2012Q3

EP	Estimated payments
DIFFYA	Year over year difference function
YWPPTVA	Virginia total proprietor's income
YRDIRVA	Virginia dividends, interest, and rental income
SP500	Standard and Poor's 500 stock index

## GENERAL FUND METHODOLOGY

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### Individual Income Tax - Estimated Payments

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
1997	96Q3	140.1	149.5	-9.4	-6.7%
	96Q4	68.0	74.0	-6.0	-8.9%
	97Q1	203.9	185.0	18.9	9.3%
	97Q2	251.4	243.0	8.4	3.3%
	Total	663.4	651.6	11.8	1.8%
1998	97Q3	164.6	163.9	0.7	0.4%
	97Q4	80.5	88.9	-8.3	-10.4%
	98Q1	223.1	223.0	0.1	0.1%
	98Q2	308.0	277.0	31.0	10.1%
	Total	776.2	752.8	23.5	3.0%
1999	98Q3	187.3	185.2	2.1	1.1%
	98Q4	98.0	100.2	-2.2	-2.3%
	99Q1	279.8	238.0	41.8	14.9%
	99Q2	333.4	316.4	17.0	5.1%
	Total	898.5	839.8	58.7	6.5%
2000	99Q3	205.2	200.7	4.5	2.2%
	99Q4	128.7	117.8	10.9	8.4%
	00Q1	283.1	302.7	-19.6	-6.9%
	00Q2	368.3	362.1	6.1	1.7%
	Total	985.3	983.4	1.9	0.2%
2001	00Q3	252.5	235.6	16.8	6.7%
	00Q4	117.0	145.7	-28.7	-24.5%
	01Q1	361.7	310.1	51.6	14.3%
	01Q2	358.6	379.1	-20.5	-5.7%
	Total	1089.9	1070.6	19.3	1.8%
2002	01Q3	241.2	254.3	-13.2	-5.5%
	01Q4	133.4	126.0	7.4	5.5%
	02Q1	298.2	344.8	-46.6	-15.6%
	02Q2	340.9	353.3	-12.5	-3.7%
	Total	1013.6	1078.4	-64.8	-6.4%
2003	02Q3	228.1	229.9	-1.7	-0.8%
	02Q4	144.0	122.3	21.8	15.1%
	03Q1	275.9	287.6	-11.7	-4.2%
	03Q2	328.1	334.1	-6.0	-1.8%
	Total	976.2	973.8	2.3	0.2%
2004	03Q3	222.7	234.2	-11.5	-5.2%
	03Q4	166.1	156.2	9.9	6.0%
	04Q1	269.2	303.5	-34.2	-12.7%
	04Q2	359.4	350.8	8.6	2.4%
	Total	1017.4	1044.7	-27.3	-2.7%



## GENERAL FUND METHODOLOGY

### Individual Income Tax - Estimated Payments

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2005	04Q3	260.4	243.0	17.4	6.7%
	04Q4	205.6	188.2	17.4	8.5%
	05Q1	345.7	291.3	54.4	15.7%
	05Q2	427.4	376.7	50.7	11.9%
	Total	1239.1	1099.1	140.0	11.3%
2006	05Q3	328.0	285.6	42.4	12.9%
	05Q4	235.9	229.9	6.0	2.6%
	06Q1	408.8	373.3	35.5	8.7%
	06Q2	511.8	463.5	48.3	9.4%
	Total	1484.4	1352.3	132.1	8.9%
2007	06Q3	327.4	359.2	-31.8	-9.7%
	06Q4	279.6	266.4	13.3	4.8%
	07Q1	460.8	433.1	27.7	6.0%
	07Q2	517.3	536.5	-19.3	-3.7%
	Total	1585.1	1595.2	-10.1	-0.6%
2008	07Q3	344.2	360.4	-16.2	-4.7%
	07Q4	260.9	303.1	-42.2	-16.2%
	08Q1	491.4	476.6	14.7	3.0%
	08Q2	514.5	528.0	-13.5	-2.6%
	Total	1611.0	1668.1	-57.1	-3.5%
2009	08Q3	374.4	344.6	29.8	8.0%
	08Q4	201.6	228.0	-26.4	-13.1%
	09Q1	412.2	406.9	5.2	1.3%
	09Q2	447.4	414.8	32.6	7.3%
	Total	1435.6	1394.3	41.2	2.9%
2010	09Q3	281.6	274.7	6.9	2.4%
	09Q4	173.4	149.8	23.6	13.6%
	10Q1	352.3	418.1	-65.8	-18.7%
	10Q2	444.6	476.6	-31.9	-7.2%
	Total	1251.8	1319.2	-67.3	-5.4%
2011	10Q3	254.8	313.4	-58.7	-23.0%
	10Q4	204.8	207.7	-2.8	-1.4%
	11Q1	351.3	394.9	-43.6	-12.4%
	11Q2	490.4	480.2	10.2	2.1%
	Total	1301.3	1396.2	-94.9	-7.3%
2012	11Q3	315.5	292.0	23.5	7.5%
	11Q4	226.7	225.5	1.1	0.5%
	12Q1	370.3	374.1	-3.8	-1.0%
	12Q2	522.6	505.8	16.8	3.2%
	Total	1435.1	1397.4	37.7	2.6%

## GENERAL FUND METHODOLOGY

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### Individual Income Tax - Final Payments

PCH(FP)

$$= 1.15813 * \underset{(5.08352)}{PCH(CYSP500)} + \underset{(0.60508)}{2.39036}$$

R Sq 0.6176      R Bar Sq 0.5937      F 1, 16 25.8421  
D.W.(1) 1.0896      D.W.(2) 1.6459

Annual data for 18 periods from 1994 to 2011

PCH                      Percent change function  
FP                        Final payments  
CYSP500                Standard & Poor's 500 stock index, calendar year

**Individual Income Tax - Final Payments  
Percent Growth**

Fiscal Year	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>
1995	(1.5)	4.0	(5.5)
1996	31.4	30.1	1.3
1997	24.7	20.0	4.7
1998	34.5	27.8	6.7
1999	15.9	24.6	(8.7)
2000	9.7	19.4	(9.7)
2001	10.9	(2.3)	13.2
2002	(37.8)	(4.4)	(33.4)
2003	(4.3)	(12.0)	7.6
2004	27.9	24.4	3.4
2005	53.0	11.7	41.3
2006	21.0	7.3	13.7
2007	18.6	15.1	3.5
2008	4.5	7.7	(3.2)
2009	(30.0)	(23.1)	(7.0)
2010	(25.1)	22.3	(47.4)
2011	34.0	14.5	19.5
2012	5.2	5.1	0.1

## GENERAL FUND METHODOLOGY

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### State Sales Tax

DIFF(SALES)

$$= 0.00168 * \text{DIFF}(\text{YRPICVA}) + 21.2020 * \text{QD3} - 5.18260$$

(2.71857)                      (4.22208)      (1.86882)

R Sq    0.2580                      R Bar Sq 0.2318    F 3, 85 9.8530  
D.W.( 1) 2.3111                      D.W.( 4) 1.2978

$$\text{AR}_0 = -0.46799 * \text{AR}_1$$

(-4.60543)

QUARTERLY data for 89 periods from 1990Q3 to 2012Q3

SALES	State sales tax receipts (base collections)
DIFF	Quarter over quarter difference function
YRPICVA	Virginia total personal income
QD3	1 in third quarter of all years; 0 in all other quarters

## GENERAL FUND METHODOLOGY

### State Sales Tax (Adjusted for AST)

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
1997	96Q3	451.6	456.2	(4.6)	-1.0%
	96Q4	460.0	451.0	9.0	2.0%
	97Q1	454.0	456.8	(2.8)	-0.6%
	97Q2	461.2	454.7	6.5	1.4%
	Total	1826.8	1818.7	8.0	0.4%
1998	97Q3	478.6	477.5	1.1	0.2%
	97Q4	478.6	481.7	(3.1)	-0.6%
	98Q1	483.5	477.9	5.7	1.2%
	98Q2	478.5	481.7	(3.2)	-0.7%
	Total	1919.2	1918.7	0.6	0.0%
1999	98Q3	508.3	503.6	4.7	0.9%
	98Q4	522.1	504.0	18.1	3.5%
	99Q1	515.6	518.3	(2.7)	-0.5%
	99Q2	519.3	514.4	4.9	0.9%
	Total	2065.3	2040.3	24.9	1.2%
2000	99Q3	550.0	537.7	12.3	2.2%
	99Q4	555.8	549.9	5.9	1.1%
	00Q1	542.4	558.2	(15.8)	-2.9%
	00Q2	553.3	554.1	(0.8)	-0.1%
	Total	2201.5	2199.8	1.7	0.1%
2001	00Q3	573.6	572.4	1.2	0.2%
	00Q4	564.0	573.5	(9.5)	-1.7%
	01Q1	573.9	576.9	(3.0)	-0.5%
	01Q2	561.5	571.4	(9.9)	-1.8%
	Total	2273.0	2294.2	(21.2)	-0.9%
2002	01Q3	575.0	579.6	(4.6)	-0.8%
	01Q4	579.1	573.1	6.0	1.0%
	02Q1	551.9	576.6	(24.7)	-4.5%
	02Q2	574.4	562.0	12.4	2.2%
	Total	2280.4	2291.4	(11.0)	-0.5%
2003	02Q3	585.6	581.5	4.0	0.7%
	02Q4	576.6	585.2	(8.6)	-1.5%
	03Q1	564.9	581.5	(16.6)	-2.9%
	03Q2	574.3	572.2	2.1	0.4%
	Total	2301.3	2320.4	(19.1)	-0.8%
2004	03Q3	627.7	593.0	34.7	5.5%
	03Q4	620.0	616.8	3.2	0.5%
	04Q1	622.9	627.2	(4.4)	-0.7%
	04Q2	663.3	623.4	39.9	6.0%
	Total	2533.9	2460.4	73.5	2.9%

## GENERAL FUND METHODOLOGY

### State Sales Tax (Adjusted for AST)

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2005	04Q3	667.9	668.5	(0.6)	-0.1%
	04Q4	679.7	682.1	(2.4)	-0.4%
	05Q1	687.4	678.5	8.9	1.3%
	05Q2	725.5	687.2	38.3	5.3%
	Total	2760.5	2716.3	44.2	1.6%
2006	05Q3	718.3	733.7	(15.4)	-2.1%
	05Q4	721.8	735.3	(13.4)	-1.9%
	06Q1	754.9	731.3	23.5	3.1%
	06Q2	733.0	745.8	(12.8)	-1.8%
	Total	2928.0	2946.1	(18.1)	-0.6%
2007	06Q3	756.1	765.3	(9.1)	-1.2%
	06Q4	739.4	755.9	(16.5)	-2.2%
	07Q1	769.3	758.0	11.3	1.5%
	07Q2	752.1	759.8	(7.7)	-1.0%
	Total	3016.9	3038.9	(22.0)	-0.7%
2008	07Q3	782.6	781.6	1.0	0.1%
	07Q4	794.4	778.6	15.8	2.0%
	08Q1	720.0	796.8	(76.8)	-10.7%
	08Q2	761.5	760.3	1.3	0.2%
	Total	3058.5	3117.2	(58.7)	-1.9%
2009	08Q3	768.8	758.6	10.2	1.3%
	08Q4	728.5	762.9	(34.4)	-4.7%
	09Q1	710.2	723.5	(13.3)	-1.9%
	09Q2	693.5	704.9	(11.5)	-1.7%
	Total	2901.0	2949.9	(48.9)	-1.7%
2010	09Q3	724.9	712.2	12.7	1.7%
	09Q4	723.2	713.6	9.5	1.3%
	10Q1	678.4	729.5	(51.2)	-7.5%
	10Q2	731.7	706.9	24.8	3.4%
	Total	2858.1	2862.3	(4.2)	-0.1%
2011	10Q3	760.2	730.1	30.1	4.0%
	10Q4	746.3	755.8	(9.6)	-1.3%
	11Q1	719.7	765.8	(46.1)	-6.4%
	11Q2	777.5	737.3	40.2	5.2%
	Total	3003.7	2989.0	14.7	0.5%
2012	11Q3	774.0	769.4	4.6	0.6%
	11Q4	772.0	782.7	(10.7)	-1.4%
	12Q1	768.1	774.9	(6.8)	-0.9%
	12Q2	809.0	772.8	36.2	4.5%
	Total	3123.1	3099.7	23.3	0.7%

Recordation Taxes

DIFF(REC)

$$\begin{aligned} &= 0.00013 * \text{DIFF}(\text{REFIMORT}) + 274.924 * \text{DIFF}(\text{MEDHOME}) \\ &\quad (3.44914) \qquad\qquad\qquad (3.25228) \\ &\quad - 5.08198 * \text{DIFF}(\text{RTBOND30Y.1}) - 3.61109 * \text{QD1} + 11.1620 * \text{QD2} \\ &\quad\quad (3.18623) \qquad\quad (3.06705) \qquad\quad (9.8293) \\ &\quad - 2.31857 \\ &\quad (-3.4693) \end{aligned}$$

R Sq 0.7013                      R Bar Sq 0.6835                      F 5, 84 39.4461  
D.W.(1) 2.3882                      D.W.(4) 1.0577

QUARTERLY data for 90 periods from 1990Q2 to 2012Q3

REC                      Recordation tax receipts  
DIFF                      Quarter over quarter difference function  
REFIMORT                      Refinancing mortgage originations  
MEDHOME                      Median home prices  
RTBOND30Y.1                      30-year treasury bond yield, lagged one quarter  
QD1                      1 in the first quarter of all years; 0 in all other quarters  
QD2                      1 in the second quarter of all years; 0 in all other quarters

## GENERAL FUND METHODOLOGY

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### Recordation Taxes

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
1997	96Q3	21.3	17.8	3.5	16.6%
	96Q4	21.0	18.6	2.4	11.4%
	97Q1	18.9	17.0	2.0	10.4%
	97Q2	25.3	27.8	(2.5)	-10.0%
	Total	86.5	81.1	5.4	6.2%
1998	97Q3	23.1	22.7	0.4	1.7%
	97Q4	27.5	23.5	4.0	14.5%
	98Q1	24.8	25.0	(0.2)	-0.7%
	98Q2	33.4	36.0	(2.7)	-8.0%
	Total	108.7	107.2	1.5	1.4%
1999	98Q3	34.9	32.5	2.4	7.0%
	98Q4	35.4	34.5	0.9	2.6%
	99Q1	29.8	30.2	(0.4)	-1.5%
	99Q2	35.7	38.0	(2.3)	-6.5%
	Total	135.8	135.2	0.6	0.4%
2000	99Q3	32.7	30.0	2.7	8.3%
	99Q4	29.9	28.9	1.0	3.4%
	00Q1	25.8	22.4	3.4	13.1%
	00Q2	35.2	34.2	1.0	2.8%
	Total	123.5	115.4	8.1	6.6%
2001	00Q3	32.9	35.9	(3.0)	-9.1%
	00Q4	33.9	32.5	1.4	4.0%
	01Q1	31.5	32.8	(1.3)	-4.1%
	01Q2	45.1	42.3	2.8	6.2%
	Total	143.3	143.5	(0.1)	-0.1%
2002	01Q3	45.0	42.2	2.8	6.3%
	01Q4	48.5	48.3	0.2	0.5%
	02Q1	43.5	43.2	0.3	0.6%
	02Q2	50.0	49.8	0.3	0.5%
	Total	187.1	183.5	3.6	1.9%
2003	02Q3	56.6	53.3	3.3	5.9%
	02Q4	65.8	62.4	3.4	5.2%
	03Q1	56.6	60.7	(4.0)	-7.1%
	03Q2	73.1	71.3	1.8	2.4%
	Total	252.1	247.6	4.5	1.8%
2004	03Q3	83.0	73.4	9.6	11.5%
	03Q4	69.1	69.4	(0.3)	-0.5%
	04Q1	58.8	67.4	(8.6)	-14.7%
	04Q2	86.1	73.3	12.7	14.8%
	Total	296.9	283.6	13.3	4.5%



## GENERAL FUND METHODOLOGY

### Recordation Taxes

<u>Fiscal Year</u>		<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2005	04Q3	81.1	82.1	(1.0)	-1.2%
	04Q4	80.7	84.2	(3.6)	-4.4%
	05Q1	76.1	80.1	(4.0)	-5.3%
	05Q2	102.0	89.7	12.3	12.0%
	Total	340.0	336.2	3.7	1.1%
2006	05Q3	109.3	106.5	2.8	2.6%
	05Q4	91.6	107.7	(16.1)	-17.5%
	06Q1	80.2	82.7	(2.5)	-3.1%
	06Q2	92.4	87.9	4.5	4.9%
	Total	373.5	384.8	(11.3)	-3.0%
2007	06Q3	80.8	87.4	(6.6)	-8.1%
	06Q4	77.6	80.0	(2.4)	-3.1%
	07Q1	71.9	74.4	(2.6)	-3.6%
	07Q2	83.0	78.5	4.5	5.5%
	Total	313.3	320.4	(7.1)	-2.3%
2008	07Q3	69.7	78.5	(8.8)	-12.6%
	07Q4	60.3	64.1	(3.8)	-6.3%
	08Q1	52.5	55.1	(2.6)	-4.9%
	08Q2	60.9	57.0	3.9	6.4%
	Total	243.5	254.8	(11.3)	-4.6%
2009	08Q3	52.5	51.4	1.1	2.1%
	08Q4	38.5	48.5	(10.0)	-25.9%
	09Q1	41.1	39.0	2.1	5.1%
	09Q2	53.2	55.1	(1.9)	-3.5%
	Total	185.3	194.0	(8.7)	-4.7%
2010	09Q3	47.9	46.2	1.7	3.5%
	09Q4	44.2	45.6	(1.4)	-3.2%
	10Q1	35.2	35.5	(0.3)	-0.8%
	10Q2	44.3	42.9	1.4	3.2%
	Total	171.6	170.2	1.4	0.8%
2011	10Q3	44.8	47.2	(2.4)	-5.3%
	10Q4	46.6	46.0	0.6	1.2%
	11Q1	37.4	32.4	5.0	13.3%
	11Q2	44.2	44.5	(0.3)	-0.7%
	Total	173.0	170.1	2.9	1.7%
2012	11Q3	47.0	43.4	3.6	7.7%
	11Q4	48.0	46.9	1.1	2.2%
	12Q1	44.3	49.4	(5.0)	-11.4%
	12Q2	54.0	55.3	(1.4)	-2.5%
	Total	193.3	195.0	(1.7)	-0.9%

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**NON-GENERAL FUND METHODOLOGY**

**Motor Fuels Tax**

GAS

$$\begin{aligned}
 &= -165.810 * \text{movavg}(3, \text{pdccengas}/\text{pdcce}) \\
 &\quad (3.67929) \\
 &+ 0.00222 * \text{movavg}(3, \text{cyrpicva}) + 88.3664 * \text{season}_2 \\
 &\quad (10.1343) \quad (4.81557) \\
 &+ 62.7873 * \text{season}_3 + 52.9940 * \text{season}_4 + 419.352 \\
 &\quad (3.46009) \quad (2.88862) \quad (12.1757)
 \end{aligned}$$

Sum Sq	307242	Std Err	60.8417	LHS Mean	896.008
R Sq	0.7111	R Bar Sq	0.6937	F 5, 83	40.8646
D.W.(1)	2.4421	D.W.(4)	0.5593		

DIESEL

$$\begin{aligned}
 &= 0.03944 * \text{gnp96} - 42.7297 * \text{movavg}(3, \text{ppirpp}) - 155.616 \\
 &\quad (19.5122) \quad (8.86982) \quad (8.59320)
 \end{aligned}$$

Sum Sq	37449.4	Std Err	20.8676	LHS Mean	230.966
R Sq	0.8603	R Bar Sq	0.8570	F 2, 86	264.736
D.W.(1)	1.8994	D.W.(4)	0.7157		

GAS	Taxable gallons of gasoline
PDCCENGAS	Gasoline and oil implicit price deflator
PDCCE	Consumer expenditures implicit price deflator
CYRPICVA	Virginia real personal income
SEASON_2	Dummy variable second quarter
SEASON_3	Dummy variable third quarter
SEASON_4	Dummy variable fourth quarter
DIESEL	Taxable gallons of diesel
GDP96	Real gross domestic product
PPIRPP	PPI, refined petroleum products

## NON-GENERAL FUND METHODOLOGY

### Gasoline Consumption

Fiscal Year		Actual	Fitted	Residual	% Residual
2003	02Q3	980.6	977.2	3.4	0.3%
	02Q4	905.3	949.5	(44.2)	-4.9%
	03Q1	845.9	891.4	(45.5)	-5.4%
	03Q2	894.8	971.6	(76.8)	-8.6%
	Total	3,626.6	3,789.7	(163.1)	-4.5%
2004	03Q3	1,018.0	974.3	43.7	4.3%
	03Q4	990.7	962.2	28.5	2.9%
	04Q1	938.6	909.1	29.5	3.1%
	04Q2	1,009.0	987.6	21.3	2.1%
	Total	3,956.2	3,833.3	122.9	3.1%
2005	04Q3	1,016.9	986.4	30.6	3.0%
	04Q4	990.2	965.0	25.2	2.5%
	05Q1	939.1	914.3	24.8	2.6%
	05Q2	992.0	994.6	(2.6)	-0.3%
	Total	3,938.3	3,860.3	78.0	2.0%
2006	05Q3	1,057.2	989.8	67.3	6.4%
	05Q4	956.3	963.1	(6.8)	-0.7%
	06Q1	945.1	909.5	35.7	3.8%
	06Q2	987.0	992.6	(5.6)	-0.6%
	Total	3,945.6	3,855.0	90.6	2.3%
2007	06Q3	1,042.9	994.7	48.3	4.6%
	06Q4	981.0	980.0	1.0	0.1%
	07Q1	960.3	937.0	23.3	2.4%
	07Q2	1,026.9	1,020.6	6.3	0.6%
	Total	4,011.1	3,932.2	78.9	2.0%
2008	07Q3	1,057.1	1,016.3	40.8	3.9%
	07Q4	1,006.3	985.0	21.3	2.1%
	08Q1	944.4	926.9	17.5	1.8%
	08Q2	945.5	994.4	(48.9)	-5.2%
	Total	3,953.3	3,922.6	30.8	0.8%
2009	08Q3	1,037.1	980.1	57.0	5.5%
	08Q4	986.9	974.2	12.8	1.3%
	09Q1	937.4	945.5	(8.1)	-0.9%
	09Q2	992.5	1,051.6	(59.1)	-6.0%
	Total	3,953.9	3,951.3	2.6	0.1%
2010	09Q3	1,010.7	1,041.0	(30.4)	-3.0%
	09Q4	935.7	1,002.5	(66.8)	-7.1%
	10Q1	955.3	935.8	19.5	2.0%
	10Q2	1,082.9	1,017.1	65.8	6.1%
	Total	3,984.6	3,996.4	(11.8)	-0.3%
2011	10Q3	841.3	1,023.2	(181.9)	-21.6%
	10Q4	1,021.0	1,005.3	15.8	1.5%
	11Q1	927.3	942.6	(15.3)	-1.6%
	11Q2	1,144.6	1,007.3	137.3	12.0%
	Total	3,934.3	3,978.4	(44.1)	-1.1%
2012	11Q3	802.7	983.3	(180.6)	-22.5%
	11Q4	944.3	969.8	(25.5)	-2.7%
	12Q1	901.8	917.2	(15.4)	-1.7%
	12Q2	1,246.4	1,013.1	233.3	18.7%
	Total	3,895.3	3,883.5	11.8	0.3%

## NON-GENERAL FUND METHODOLOGY

### Diesel Fuel Consumption

<u>Fiscal Year</u>		<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2003	02Q3	270.6	270.5	0.1	0.0%
	02Q4	265.5	268.3	(2.8)	-1.1%
	03Q1	255.1	264.9	(9.8)	-3.8%
	03Q2	287.2	268.2	19.0	6.6%
	Total	1,078.4	1,071.9	6.5	0.6%
2004	03Q3	285.8	275.2	10.7	3.7%
	03Q4	276.1	282.5	(6.3)	-2.3%
	04Q1	274.4	283.6	(9.2)	-3.4%
	04Q2	294.3	283.2	11.2	3.8%
	Total	1,130.7	1,124.4	6.3	0.6%
2005	04Q3	304.2	284.1	20.1	6.6%
	04Q4	301.7	283.1	18.6	6.2%
	05Q1	281.9	285.5	(3.6)	-1.3%
	05Q2	301.3	283.2	18.1	6.0%
	Total	1,189.1	1,135.9	53.2	4.5%
2006	05Q3	313.8	282.3	31.5	10.0%
	05Q4	290.1	277.3	12.8	4.4%
	06Q1	282.6	278.7	3.9	1.4%
	06Q2	302.6	276.5	26.2	8.7%
	Total	1,189.1	1,114.8	74.3	6.3%
2007	06Q3	286.3	274.6	11.6	4.1%
	06Q4	310.3	279.6	30.8	9.9%
	07Q1	288.7	283.1	5.6	2.0%
	07Q2	318.0	286.3	31.7	10.0%
	Total	1,203.3	1,123.6	79.7	6.6%
2008	07Q3	305.0	287.3	17.6	5.8%
	07Q4	286.7	283.7	3.0	1.0%
	08Q1	272.2	272.9	(0.7)	-0.3%
	08Q2	262.1	262.4	(0.3)	-0.1%
	Total	1,125.9	1,106.3	19.6	1.7%
2009	08Q3	290.3	247.9	42.4	14.6%
	08Q4	264.6	244.6	19.9	7.5%
	09Q1	231.6	258.5	(26.8)	-11.6%
	09Q2	247.9	278.7	(30.8)	-12.4%
	Total	1,034.3	1,029.6	4.7	0.5%
2010	09Q3	252.3	281.1	(28.8)	-11.4%
	09Q4	232.3	277.7	(45.4)	-19.6%
	10Q1	249.6	273.9	(24.3)	-9.7%
	10Q2	278.3	275.6	2.7	1.0%
	Total	1,012.5	1,108.3	(95.8)	-9.5%
2011	10Q3	217.2	277.8	(60.6)	-27.9%
	10Q4	259.2	278.0	(18.8)	-7.2%
	11Q1	237.6	270.8	(33.3)	-14.0%
	11Q2	299.8	260.7	39.2	13.1%
	Total	1,013.8	1,087.3	(73.5)	-7.2%
2012	11Q3	184.8	251.0	(66.2)	-35.8%
	11Q4	257.0	253.2	3.8	1.5%
	12Q1	235.3	251.8	(16.6)	-7.1%
	12Q2	321.3	256.0	65.4	20.3%
	Total	998.3	1,012.0	(13.7)	-1.4%

**NON-GENERAL FUND METHODOLOGY**

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**Motor Vehicle Sales and Use Tax**

log(ttcarsq)

$$\begin{aligned}
 &= 2.08906 * \text{dlogya}(\text{pdcgdp}) \\
 &\quad (1.19547) \\
 &+ 1.21228 * \text{movavg}(2, \text{dlogya}(\text{xtnemva}.4)) \\
 &\quad (2.48584) \\
 &+ 0.00001 * \text{diffya}(\text{yrpicva}) + 0.09937 * \text{season}_2 \\
 &\quad (4.04624) \quad (4.09584) \\
 &+ 0.09120 * \text{season}_3 - 0.09837 * \text{season}_4 + 5.75427 \\
 &\quad (3.75997) \quad (4.00732) \quad (176.141)
 \end{aligned}$$

Sum Sq	0.4518	Std Err	0.0776	LHS Mean	5.9151
R Sq	0.6472	R Bar Sq	0.6190	F 6, 75	22.9309
D.W.( 1)	0.3884	D.W.( 4)	0.8297		

newcar

$$\begin{aligned}
 &= 0.00689 * \text{suvlv} - 0.00328 * \text{rmcblv} + 0.01749 * \text{season}_2 \\
 &\quad (24.5726) \quad (8.43452) \quad (10.6117) \\
 &+ 0.01983 * \text{season}_3 - 0.00142 * \text{season}_4 + 0.00427 \\
 &\quad (12.1623) \quad (0.86164) \quad (0.81843)
 \end{aligned}$$

Sum Sq	0.0025	Std Err	0.0055	LHS Mean	0.0896
R Sq	0.9198	R Bar Sq	0.9149	F 5, 83	190.295
D.W.( 1)	0.8436	D.W.( 4)	0.9992		

TTCARSQ	Total taxable titles
PDIGDP	GDP price deflator
XTNEMVA	Virginia non-agricultural employment
YRPICVA	Virginia real personal income
SEASON_2	Dummy variable second quarter
SEASON_3	Dummy variable third quarter
SEASON_4	Dummy variable fourth quarter
NEWCAR	New taxable titles
SUVLV	U.S. new light vehicle sales
RMCLV	Rate on commercial bank loans for new vehicles

## NON-GENERAL FUND METHODOLOGY

### New Taxable Titles (in thousands)

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2003	02Q3	118.6	120.3	(1.7)	-1.5%
	02Q4	89.8	93.6	(3.8)	-4.2%
	03Q1	90.0	92.7	(2.7)	-3.0%
	03Q2	115.7	112.9	2.9	2.5%
	Total	414.2	419.5	(5.3)	-1.3%
2004	03Q3	127.8	122.0	5.8	4.5%
	03Q4	105.6	97.1	8.5	8.1%
	04Q1	103.8	97.4	6.4	6.2%
	04Q2	123.0	116.6	6.4	5.2%
	Total	460.2	433.0	27.2	5.9%
2005	04Q3	126.9	121.4	5.5	4.3%
	04Q4	103.0	100.5	2.5	2.4%
	05Q1	98.8	96.6	2.2	2.2%
	05Q2	122.0	119.8	2.2	1.8%
	Total	450.6	438.2	12.3	2.7%
2006	05Q3	140.2	126.0	14.2	10.1%
	05Q4	89.0	88.4	0.6	0.7%
	06Q1	97.9	96.3	1.6	1.6%
	06Q2	117.5	110.2	7.4	6.3%
	Total	444.6	420.9	23.8	5.3%
2007	06Q3	120.2	112.6	7.6	6.4%
	06Q4	92.0	90.0	2.1	2.2%
	07Q1	92.3	91.8	0.5	0.6%
	07Q2	119.4	107.4	11.9	10.0%
	Total	423.9	401.8	22.2	5.2%
2008	07Q3	109.3	109.1	0.2	0.2%
	07Q4	85.7	88.5	(2.8)	-3.3%
	08Q1	83.4	86.2	(2.8)	-3.3%
	08Q2	99.1	98.2	0.8	0.8%
	Total	377.4	382.0	(4.6)	-1.2%
2009	08Q3	91.8	92.2	(0.4)	-0.5%
	08Q4	57.2	52.0	5.2	9.1%
	09Q1	55.8	48.0	7.7	13.9%
	09Q2	68.8	67.6	1.2	1.7%
	Total	273.5	259.9	13.7	5.0%
2010	09Q3	87.9	84.2	3.7	4.2%
	09Q4	55.7	56.7	(1.0)	-1.8%
	10Q1	59.9	59.8	0.1	0.1%
	10Q2	81.5	81.0	0.5	0.7%
	Total	284.9	281.6	3.3	1.2%
2011	10Q3	79.9	85.7	(5.8)	-7.2%
	10Q4	67.2	69.6	(2.4)	-3.6%
	11Q1	76.0	75.7	0.2	0.3%
	11Q2	85.8	87.9	(2.0)	-2.4%
	Total	308.9	318.9	(10.0)	-3.2%
2012	11Q3	83.2	91.8	(8.7)	-10.4%
	11Q4	74.8	77.9	(3.1)	-4.2%
	12Q1	81.6	85.2	(3.5)	-4.3%
	12Q2	95.4	103.0	(7.6)	-7.9%
	Total	335.0	357.9	(22.9)	-6.8%

## NON-GENERAL FUND METHODOLOGY

### Used Taxable Titles (in thousands)

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2003	02Q3	315.1	258.0	57.1	18.1%
	02Q4	256.4	214.1	42.2	16.5%
	03Q1	280.3	248.8	31.5	11.3%
	03Q2	324.4	272.9	51.4	15.9%
	Total	1,176.2	993.8	182.3	15.5%
2004	03Q3	325.2	269.2	56.0	17.2%
	03Q4	289.6	239.6	50.0	17.3%
	04Q1	317.9	273.1	44.8	14.1%
	04Q2	332.9	297.5	35.4	10.6%
	Total	1,265.6	1,079.4	186.2	14.7%
2005	04Q3	329.3	292.8	36.5	11.1%
	04Q4	288.0	248.3	39.6	13.8%
	05Q1	314.3	289.6	24.7	7.9%
	05Q2	332.8	315.0	17.8	5.3%
	Total	1,264.4	1,145.7	118.6	9.4%
2006	05Q3	335.8	311.8	24.0	7.2%
	05Q4	272.0	269.9	2.1	0.8%
	06Q1	307.0	310.7	(3.7)	-1.2%
	06Q2	320.8	339.6	(18.8)	-5.9%
	Total	1,235.6	1,232.0	3.5	0.3%
2007	06Q3	311.6	324.1	(12.5)	-4.0%
	06Q4	269.9	266.5	3.4	1.2%
	07Q1	299.5	302.0	(2.5)	-0.8%
	07Q2	323.4	324.3	(1.0)	-0.3%
	Total	1,204.3	1,216.9	(12.6)	-1.0%
2008	07Q3	303.9	314.8	(10.9)	-3.6%
	07Q4	254.1	260.6	(6.6)	-2.6%
	08Q1	285.3	289.2	(3.9)	-1.4%
	08Q2	297.4	320.9	(23.5)	-7.9%
	Total	1,140.7	1,185.5	(44.9)	-3.9%
2009	08Q3	278.0	314.5	(36.4)	-13.1%
	08Q4	212.2	267.7	(55.5)	-26.2%
	09Q1	255.8	263.5	(7.7)	-3.0%
	09Q2	271.2	264.4	6.7	2.5%
	Total	1,017.2	1,110.1	(92.9)	-9.1%
2010	09Q3	277.1	238.2	38.8	14.0%
	09Q4	219.5	219.5	(0.0)	0.0%
	10Q1	266.5	267.1	(0.6)	-0.2%
	10Q2	294.8	293.5	1.3	0.4%
	Total	1,057.9	1,018.4	39.5	3.7%
2011	10Q3	289.2	299.1	(9.8)	-3.4%
	10Q4	237.9	253.5	(15.6)	-6.6%
	11Q1	289.1	288.5	0.6	0.2%
	11Q2	289.8	318.6	(28.7)	-9.9%
	Total	1,106.0	1,159.7	(53.6)	-4.8%
2012	11Q3	276.8	318.3	(41.5)	-15.0%
	11Q4	237.4	258.3	(20.9)	-8.8%
	12Q1	296.0	273.5	22.5	7.6%
	12Q2	285.8	295.1	(9.3)	-3.3%
	Total	1,096.0	1,145.2	(49.2)	-4.5%

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**NON-GENERAL FUND METHODOLOGY**

**Motor Vehicle License Revenues**

vehreg1

$$= 0.83150 * \text{vehreg1}[-4] + 0.34281 * \text{vehreg2}[-8]$$

(14.6092)                      (2.08462)

$$+ 52658.4 * \text{origvtff} + 134245$$

(1.73724)                      (2.54989)

Sum Sq	3E+11	Std Err	58754.0	LHS Mean	1207671
R Sq	0.8483	R Bar Sq	0.8429	F 3, 83	154.767
D.W.( 1)	1.8189	D.W.( 4)	2.1845		

vehreg2

$$= 0.92228 * (\text{vehreg2.8} * \text{renew}) + 4608.76 * \text{qd2} + 58442.7$$

(16.2081)                      (0.80034)                      (5.68168)

Sum Sq	4E+10	Std Err	22884.0	LHS Mean	224528
R Sq	0.7689	R Bar Sq	0.7634	F 2, 84	139.719
D.W.( 1)	0.8885	D.W.( 4)	1.4001		

VEHREG1	One year registrations
VEHREG2	Two year registrations
RENEW2	Percent of two year renewals who maintain the two year interval
QD2	Dummy variable second quarter



## NON-GENERAL FUND METHODOLOGY

<b>One Year Registrations</b>					
	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2003	02Q3	1,470,196	1,270,174	200,022	13.6%
	02Q4	1,117,834	1,087,574	30,260	2.7%
	03Q1	1,163,163	1,236,481	(73,318)	-6.3%
	03Q2	1,465,491	1,302,072	163,419	11.2%
	Total	5,216,684	4,896,300	320,384	6.1%
2004	03Q3	1,377,265	1,439,136	(61,871)	-4.5%
	03Q4	1,182,994	1,130,879	52,115	4.4%
	04Q1	1,298,254	1,183,560	114,694	8.8%
	04Q2	1,439,911	1,423,353	16,558	1.1%
	Total	5,298,424	5,176,928	121,496	2.3%
2005	04Q3	1,367,213	1,370,916	(3,703)	-0.3%
	04Q4	1,133,817	1,183,738	(49,921)	-4.4%
	05Q1	1,273,050	1,285,294	(12,244)	-1.0%
	05Q2	1,475,608	1,425,529	50,079	3.4%
	Total	5,249,688	5,265,477	(15,789)	-0.3%
2006	05Q3	1,453,834	1,362,180	91,654	6.3%
	05Q4	1,131,645	1,155,159	(23,514)	-2.1%
	06Q1	1,282,905	1,279,530	3,375	0.3%
	06Q2	1,411,435	1,451,847	(40,412)	-2.9%
	Total	5,279,819	5,248,717	31,102	0.6%
2007	06Q3	1,412,785	1,433,129	(20,344)	-1.4%
	06Q4	1,153,708	1,149,002	4,706	0.4%
	07Q1	1,280,834	1,285,605	(4,771)	-0.4%
	07Q2	1,411,435	1,410,534	901	0.1%
	Total	5,258,762	5,278,270	(19,508)	-0.4%
2008	07Q3	1,400,808	1,419,686	(18,878)	-1.3%
	07Q4	1,231,785	1,177,363	54,422	4.4%
	08Q1	1,312,356	1,294,023	18,333	1.4%
	08Q2	1,391,387	1,412,636	(21,249)	-1.5%
	Total	5,336,336	5,303,708	32,628	0.6%
2009	08Q3	1,388,357	1,411,180	(22,823)	-1.6%
	08Q4	1,081,591	1,247,568	(165,977)	-15.3%
	09Q1	1,291,207	1,326,324	(35,117)	-2.7%
	09Q2	1,419,707	1,396,295	23,412	1.6%
	Total	5,180,862	5,381,367	(200,505)	-3.9%
2010	09Q3	1,305,233	1,391,923	(86,690)	-6.6%
	09Q4	1,067,307	1,122,334	(55,027)	-5.2%
	10Q1	1,237,929	1,297,221	(59,292)	-4.8%
	10Q2	1,351,826	1,416,731	(64,905)	-4.8%
	Total	4,962,295	5,228,208	(265,913)	-5.4%
2011	10Q3	1,366,974	1,340,717	26,257	1.9%
	10Q4	1,093,333	1,112,075	(18,742)	-1.7%
	11Q1	1,266,415	1,272,872	(6,457)	-0.5%
	11Q2	1,320,047	1,378,993	(58,946)	-4.5%
	Total	5,046,769	5,104,657	(57,888)	-1.1%
2012	11Q3	1,320,807	1,343,458	(22,651)	-1.7%
	11Q4	1,054,684	1,102,854	(48,170)	-4.6%
	12Q1	1,235,555	1,254,906	(19,351)	-1.6%
	12Q2	1,251,833	1,306,972	(55,139)	-4.4%
	Total	4,862,879	5,008,191	(145,312)	-3.0%

## NON-GENERAL FUND METHODOLOGY

### Two Year Registrations

<u>Fiscal Year</u>		<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2003	02Q3	252,092	228,232	23,860	9.5%
	02Q4	187,492	194,291	(6,799)	-3.6%
	03Q1	204,539	233,593	(29,054)	-14.2%
	03Q2	260,046	260,900	(854)	-0.3%
	Total	904,169	917,016	(12,847)	-1.4%
2004	03Q3	250,876	243,757	7,119	2.8%
	03Q4	213,274	206,095	7,179	3.4%
	04Q1	237,659	234,248	3,411	1.4%
	04Q2	253,820	227,835	25,985	10.2%
	Total	955,629	911,934	43,695	4.6%
2005	04Q3	251,646	257,228	(5,582)	-2.2%
	04Q4	203,444	205,643	(2,199)	-1.1%
	05Q1	233,271	219,255	14,016	6.0%
	05Q2	278,458	269,038	9,420	3.4%
	Total	966,819	951,164	15,655	1.6%
2006	05Q3	296,499	256,257	40,242	13.6%
	05Q4	226,698	226,231	467	0.2%
	06Q1	255,918	245,703	10,215	4.0%
	06Q2	283,167	264,067	19,100	6.7%
	Total	1,062,282	992,257	70,025	6.6%
2007	06Q3	299,315	256,872	42,443	14.2%
	06Q4	241,409	218,381	23,028	9.5%
	07Q1	270,725	242,199	28,526	10.5%
	07Q2	283,167	283,741	(574)	-0.2%
	Total	1,094,616	1,001,192	93,424	8.5%
2008	07Q3	278,906	292,688	(13,782)	-4.9%
	07Q4	235,108	236,950	(1,842)	-0.8%
	08Q1	244,137	260,283	(16,146)	-6.6%
	08Q2	277,234	287,501	(10,267)	-3.7%
	Total	1,035,385	1,077,422	(42,037)	-4.1%
2009	08Q3	315,988	294,937	21,051	6.7%
	08Q4	238,209	248,697	(10,488)	-4.4%
	09Q1	286,888	272,107	14,781	5.2%
	09Q2	316,656	287,501	29,155	9.2%
	Total	1,157,741	1,103,242	54,499	4.7%
2010	09Q3	291,583	278,640	12,943	4.4%
	09Q4	234,243	243,666	(9,423)	-4.0%
	10Q1	271,991	250,876	21,115	7.8%
	10Q2	313,186	282,763	30,423	9.7%
	Total	1,111,003	1,055,944	55,059	5.0%
2011	10Q3	321,766	308,251	13,515	4.2%
	10Q4	252,349	246,142	6,207	2.5%
	11Q1	288,078	285,014	3,064	1.1%
	11Q2	301,728	314,243	(12,515)	-4.1%
	Total	1,163,921	1,153,649	10,272	0.9%
2012	11Q3	298,282	276,690	21,592	7.2%
	11Q4	234,104	234,178	(74)	0.0%
	12Q1	286,257	260,905	25,352	8.9%
	12Q2	296,383	295,826	557	0.2%
	Total	1,115,026	1,067,599	47,427	4.3%

## **NON-GENERAL FUND METHODOLOGY**

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### **ABC Revenue Estimating Methodology**

Distilled spirit sales are a function of the price of product and quantity sold. Both are forecasted using separate models with quarterly data from 1981 through the present. The price of distilled spirits is a function of the cost of product and the appropriate state and federal taxes and mark-ups. Sales estimates serve as the basis for the development of pro forma profit and loss statements. Sales performance can be significantly influenced by changes in consumer behavior (primarily during the holiday period) and severe weather that are both impossible to accurately forecast. Expenses are estimated based on anticipated budget requirements during the forecasting period. Variations in anticipated expenses are often the source of forecasting error, particularly in the later years of the forecast.

#### **Average Price of Distilled Spirits**

The average sales price per gallon of distilled spirits sold was calculated for each quarter. This was adjusted to account for changes in mark-up, state taxes, and the Federal Excise Tax on distilled spirits. The resulting base price was forecasted using an ARIMA model that was found to fit the data better than previous regression-based forecasting methods.

#### **Statistical Results:**

Mean Squared Error = .04

$R^2 = 98.1\%$

#### **Quantity of Liquor Demanded**

Again, a variety of modeling techniques and data were evaluated to forecast the demand for distilled spirits. The Winter's Multiplicative exponential smoothing method provided the best fit for the data.

#### **Statistical Results:**

Mean Squared Error = .001

$R^2 = 98.7\%$

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## NON-GENERAL FUND METHODOLOGY

### THE UNEMPLOYMENT INSURANCE TRUST FUND

Equation Specifications for Taxable Wages:

$$(TAX_x/TOT_x) = f(TBAAW_x, MTWB, QI_x)$$

The proportion of taxable wages (TAX) to total wages (TOT) in a given quarter is linearly related to the ratio of the maximum taxable wage base to the average annual wage (TBAAW), the maximum taxable wage base (MTWB), and the rate of insured unemployment (QI).

There are four equations—one for each quarter. The ratios derived by the equations are applied to the projections for total wages to produce taxable wages. Total wages are derived by multiplying covered employment by the average quarterly wage.

Projected tax rates are then applied to taxable wages to obtain projections for tax contributions.

The following pages give specifications for the quarterly equations currently used in the model. There are 12 observations used in the equations, the years 1999 to 2010 inclusive.

#### First Quarter

The first quarter regression equation, with t statistics in brackets, is:

$$(TAX_1/TOT_1) = 0.229 + 1.618 (TBAAW_1) + 0.004 (QI_1)$$

[13.168]      [22.921]      [1.03]

The summary statistics are:

Adjusted R <sup>2</sup>	0.981
MSE	5.016 x 10 <sup>-5</sup>

#### Second Quarter

The second quarter regression equation, with t statistics in brackets, is:

$$(TAX_2/TOT_2) = -0.074 + 1.261 (TBAAW_2) - 0.005 (QI_2)$$

[-9.057]      [38.126]      [-3.251]

## **NON-GENERAL FUND METHODOLOGY**

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The summary statistics are:

Adjusted R <sup>2</sup>	0.995
MSE	8.813 x 10 <sup>-6</sup>

### Third Quarter

The third quarter regression equation, with t statistics in brackets, is:

$$(TAX_3/TOT_3) = -0.016 + 0.668 (TBAAW_3) - 0.007 (QI_3)$$

	[-2.048]	[22.009]	[-4.929]
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The summary statistics are:

Adjusted R <sup>2</sup>	0.986
MSE	7.098 x 10 <sup>-6</sup>

### Fourth Quarter

The fourth quarter regression equation, with t statistics in brackets, is:

$$(TAX_4/TOT_4) = -0.013 + 0.579 (TBAAW_4) - 0.007 (QI_4)$$

	[-2.829]	[29.184]	[-7.802]
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The summary statistics are:

Adjusted R <sup>2</sup>	0.993
MSE	2.019 x 10 <sup>-6</sup>