



# **The Economic Outlook And Revenue Forecast Through Fiscal Year 2014**

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

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**GOVERNOR'S CONFIDENTIAL WORKING PAPERS**



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## ***Introduction***

Last fall, the September standard economic outlook, which was somewhat weaker than the official economic forecast at the time, was presented to the Joint Advisory Board of Economists (JABE). Members were about evenly split during the discussion, with half supporting the standard outlook and the other half choosing standard minus. As a result, the October standard outlook was adjusted for slower employment growth in fiscal year 2011. This revised outlook was then presented to the Governor's Advisory Council on Revenue Estimates (GACRE), which felt it was the most probable path for the Virginia economy. Economic conditions were close to the forecast in the Commonwealth; however, growth in employment and income was slightly stronger than expected, and the year ended with a 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 three fiscal years. Given the political, economic, and financial uncertainty here and abroad, your insight will be most helpful in refining our forecasting process.

At their October meeting, JABE reviewed Global Insight's September 2011 standard and alternative recession scenarios. Seven members recommended the standard forecast, five chose standard minus, and two recommended the recession scenario for the U.S. economy but not the Virginia economy. Generally, the JABE members who did not choose the standard forecast considered it the most likely scenario absent any shocks, but felt that the downside risks are so great that the forecast should be lower for planning purposes. The October standard forecast, which is summarized in this book, represents slightly slower growth than that presented to JABE.

Section 1 of this book contains a review of the national economic performance during fiscal year 2011, then presents summaries of Global Insight's October 2011 standard and alternative recession national outlooks. Global Insight's October standard forecast is decidedly pessimistic. Its forecast for real GDP growth in 2012 is near the bottom of the real GDP estimates from the *Blue Chip Economic Indicators* consensus forecast. Given that the alternative recession forecast is rated at a 40 percent probability, Global Insight is signalling that the risks to the standard outlook are mainly on the downside.

Section 2 contains a review of Virginia's economic performance during fiscal year 2011. This is followed by a summary of the economic forecasts developed by the Department of Taxation using the national Global Insight October standard and alternative recession forecasts.

Section 3 reviews fiscal year 2011 collections of general fund tax revenues and the November 2011 standard and alternative general fund revenue forecasts. Section 4 discusses nongeneral fund revenue and forecasts.

Appendix A contains historical and forecast economic data. 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 2011, comparing the actual U.S. economic results to the official forecast for the year. The official forecast for fiscal year 2011 was Global Insight's October 2010 standard forecast adjusted for slower employment growth, reflecting input from the Joint Advisory Board of Economists (JABE). It was approved by 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 890.

Following the review of fiscal year 2011, the October standard forecast is summarized. The section concludes with an overview of the October 2011 recession scenario.

Tabular data are presented throughout this section and more detailed tabular data related to this section are presented in Appendix A. Specifically, Table A.1 shows quarterly national and Virginia historical data for major forecast variables from fiscal year 2009 through fiscal year 2011. Table A.2 shows quarterly national and Virginia data for the three forecasts through fiscal year 2014. Table A.3 displays national and Virginia annual historical and forecast data from fiscal year 1992 through fiscal year 2014. Table A.4 displays annual regional historical and forecast employment data from fiscal year 1992 through fiscal year 2014.

**Review of Fiscal Year 2011**

At the time of Global Insight's October 2010 forecast, the economy had lost momentum. The small number of newly created private sector jobs was not enough to stop the unemployment rate from rising, and the economic boost provided by inventory building and the stimulus were fading. While there was talk of a double-dip recession, Global Insight thought it was unlikely (25 percent probability) thanks to easing credit markets, emerging market growth, the fact that housing and vehicles already were at low levels, and unused stimulus funds. Thus, Global Insight expected the recovery to continue, but at a slow pace.

Table 1.1 on the following page compares the official forecast and actual results for fiscal year 2011.

## U.S. ECONOMY

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Table 1.1 - Fiscal Year 2011 U.S. Forecast Performance

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	<u>Forecast</u>	<u>Actual</u>	<u>Actual Minus Forecast</u>
<u>Output, Income, and Spending (% Change)</u>			
Real GDP	2.2	2.6	0.4
Total Personal Income	3.3	5.4	2.1
Wages and Salaries (51%)	2.8	3.7	0.9
Average Wage	2.3	3.2	0.9
Real Consumer Spending	2.1	2.5	0.4
<u>Employment and Labor Markets (% Change)</u>			
Total Nonagricultural Employment	0.5	0.6	0.1
Construction (5%)	(3.4)	(2.6)	0.8
Manufacturing (9%)	1.3	0.8	(0.5)
Trade, Transportation, and Utilities (19%)	0.1	0.5	0.4
Information (2%)	(0.9)	(1.8)	(0.9)
Financial Activities (6%)	(1.0)	(0.8)	0.2
Professional and Business Services (13%)	2.8	2.5	(0.3)
Education and Health Services (15%)	1.8	2.1	0.3
Leisure and Hospitality (10%)	0.3	0.9	0.6
Other Services (4%)	0.7	1.5	0.8
Government (17%)	(0.9)	(1.4)	(0.5)
Unemployment Rate (%)	9.7	9.3	(0.4)
<u>Interest Rates (% Change)</u>			
3-Month Treasury Bills	0.2	0.1	(0.1)
30-Year Treasury Bonds	3.6	4.2	0.6
<u>Prices (% Change)</u>			
CPI	1.3	2.0	0.7
GDP Deflator	1.4	1.7	0.3

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The forecast data are from the October 2010 Global Insight U.S. standard scenario.

Following is a summary of the key assumptions included in Global Insight's October 2010 forecast and how these assumptions fared over the fiscal year.

- Real GDP rose 2.6 percent for the fiscal year, compared with the forecast of a 2.2 percent increase.
- Total nonagricultural employment rose 0.6 percent, close to the 0.5 percent increase in the forecast. As expected, employment in the construction, information, financial activities and government sectors continued to decline, while employment in the professional and business services and the education and health services sectors experienced the greatest growth. The largest variances from the forecast were in the construction, information and other services sectors. In each of these, employment fared better than expected.
- Total personal income rose 5.4 percent in fiscal year 2011 compared with the forecast of a 3.3 percent increase. Wages and salaries rose 3.7 percent, 0.9 percentage point ahead of the forecast of a 2.8 percent increase.
- Real consumer spending rose 2.5 percent in fiscal year 2011, exceeding the forecast of 2.1 percent growth.
- The actual increase in the CPI of 2.0 percent exceeded the forecast by 0.7 percentage point, while the GDP deflator increased 1.7 percent – 0.3 percentage point higher than the predicted growth rate.
- Global Insight expected the Fed to keep the target federal funds rate steady at 0.0 percent to 0.25 percent throughout 2011, and then begin to tighten in March 2012. The target rate has remained unchanged.

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

By the start of calendar year 2011, the economic outlook had brightened: the economy had regained momentum, business and consumer confidence was improving, the unemployment rate was falling, and the recovery seemed close to becoming self-sustaining. As 2011 progressed, though, the outlook once again dimmed.

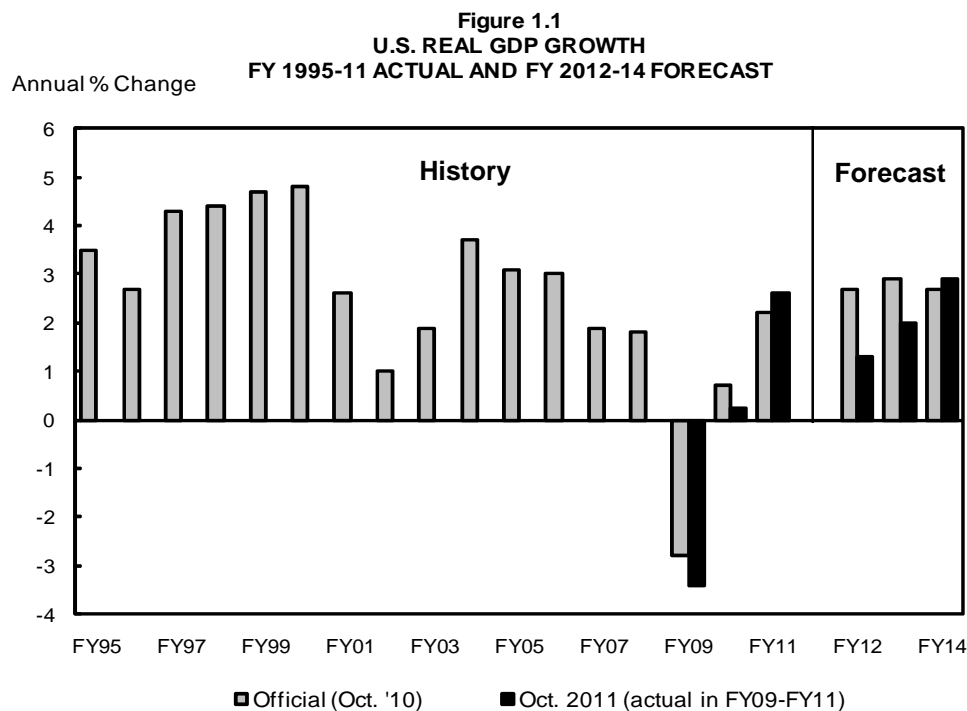
The first half of calendar year 2011 consisted of very weak GDP growth, a slowdown in consumer spending, and a stagnant unemployment rate. It was initially believed that these weaknesses were a result of temporary shocks – namely, high gasoline and food prices, supply-chain disruptions from Japan's natural 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 have renewed fears of a double-dip recession. Nevertheless, the current consensus is that the economic recovery will continue, albeit very slowly.

## **U.S. ECONOMY**

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The most recent national economic indicators are presented below.

- According to the advance estimate, real GDP grew at an annualized rate of 2.5 percent in the third quarter of 2011. This was up from 1.3 percent in the second quarter and 0.4 percent in the first quarter of 2011.
- The labor market continues to struggle. Payroll employment gained only 80,000 jobs in October. However, revised BLS data showed that 102,000 more jobs were added in August and September than previously thought.
- The national unemployment rate fell slightly to 9.0 percent in October after three consecutive months at 9.1 percent.
- Initial claims for unemployment fell by 9,000 to 397,000 during the week ending October 29. The four-week moving average decreased from 406,500 to 404,500.
- The Conference Board's index of leading indicators rose 0.2 percent in September. Although September marked the fifth consecutive monthly increase, gains have become smaller over recent months. The moderating growth in the index suggests economic growth will remain sluggish.
- The Conference Board's index of consumer confidence plummeted to a two-year low of 45.2 in August, remained essentially unchanged in September, and then plunged again in October. The Index now stands at 39.8 and is at its lowest level since the recession. Both the present situation and expectations components fell in October. This very low level suggests consumer spending is not likely to accelerate.
- The manufacturing sector continued to expand in October, but at a slower pace, as the Institute of Supply Management index decreased from 51.6 to 50.8. This marked the 27th consecutive month above the expansionary threshold of 50.0. However, the index had remained above 60.0 for four consecutive months earlier in the year, but since May it has been slowly declining.
- Inflation remains low. The CPI increased 0.3 percent in September and is now 3.9 percent above the September 2010 level. Core inflation (excluding food and energy prices) rose 0.1 percent in September and 2.0 percent from September 2010.
- The Federal Reserve announced at its September meeting that it will keep the federal funds rate target unchanged at 0.0 to 0.25 percent.



**The Global Insight U.S. Standard Forecast for Fiscal Years 2012-2014**

The official forecast for fiscal year 2012 was Global Insight’s October 2010 standard forecast. Tables 1.2 and 1.3 compare the official forecast with Global Insight’s October 2011 standard and recession forecasts.

Global Insight believes the economic recovery has slowed greatly, but it does not expect a double-dip recession. Growth in the October 2011 standard forecast is much weaker than in the October 2010 official forecast. Global Insight expects real GDP growth of 1.0 percent in the fourth quarter of calendar year 2011 and 1.1 percent in the first quarter of 2012. The Eurozone is expected to fall into a mild recession during the fourth quarter of this year, with a Greek default “inevitable” in the next six months. The standard forecast assumes that European leaders are able to quickly stabilize financial markets.

Global Insight expects real GDP to grow only 1.4 percent in fiscal year 2012, almost half of the estimated 2.7 percent growth in the official forecast. It is then expected to grow 1.6 percent in fiscal year 2013 and 3.1 percent in fiscal year 2014. Figure 1.1 depicts annual growth in real GDP, comparing the official forecast with the October standard forecast.

In its October forecast, Global Insight paints a bleaker picture of the job market than the official forecast over the next two fiscal years. Payroll employment is expected to grow

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only 0.7 percent in fiscal year 2012 and 0.9 percent in fiscal year 2013, compared to the official estimate of 1.6 percent and 2.3 percent. The October forecast expects the unemployment rate to remain unchanged for the next two years instead of falling. In the October forecast, the unemployment rate is 9.3 percent in fiscal years 2012 and 2013, then 8.8 percent in fiscal year 2014.

Total personal income is expected to rise by 3.9 percent in fiscal year 2012, more than the official forecast of 3.5 percent growth. Income growth remains tepid over the forecast horizon, with growth of 3.3 percent in fiscal year 2013 and 4.2 percent in fiscal year 2014. Similarly, the October forecast for wages and salaries, which is the largest component of personal income, is below the official estimate over the next two fiscal years. Global Insight expects wages and salaries to rise 3.2 percent in fiscal year 2012, 3.4 percent in fiscal year 2013 and 4.6 percent in fiscal year 2014.

In the October forecast, the growth in consumer spending is slower in fiscal year 2012, but stronger in fiscal years 2013 and 2014 than in the official forecast. Real consumer spending is expected to grow 1.7 percent in fiscal year 2012, 2.1 percent in fiscal year 2013, and 1.7 percent in fiscal year 2014.

With little risk of inflation, the Fed is expected to keep the current federal funds target range of 0.0 percent to 0.25 percent until January 2014.

### **Global Insight Recession Scenario**

The recession forecast, which Global Insight assigns a 40 percent probability of occurring, assumes a double-dip recession. In this scenario, domestic policy remains uncertain and European leaders are unable to resolve the debt crisis. The recession in Europe lowers foreign demand for U.S. goods and consumer and business confidence fall even further.

Real GDP falls 1.2 percent in the last quarter of calendar year 2011, 2.9 percent in the first quarter of 2012, and 0.9 percent in the second quarter of 2012. The decline ends in the third quarter of calendar year 2012 with small, but positive growth of 0.1 percent. For all of fiscal year 2012, real GDP grows only 0.2 percent, then falls 0.3 percent in fiscal year 2013. In fiscal year 2014, real GDP rebounds, growing 2.4 percent. In fiscal year 2013, the labor market sheds jobs, the unemployment rate rises to 10.4 percent and income growth slows to 0.7 percent.

There have been only two double-dip recessions in the last six decades – 1957/58 followed by 1960/61, and 1980 followed by 1981/82. In both cases, fiscal and/or monetary policy tightening contributed to the interruption of the expansion. In the early 1980s, high oil prices were also a factor. Global Insight believes an unintentional tightening of fiscal policy, as well as increases in oil prices, faltering growth in emerging markets, and the Eurozone sovereign debt problems are potential risks to the current economic recovery.

**Table 1.2 - Fiscal Years 2009-2014 Official and October Forecasts**  
 U.S. Economic Forecasts - Income and Other Indicators

		<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
<u>Output, Income, and Spending (% Change)</u>							
Real GDP	Official (Oct '10)	(2.8)	0.7	2.2	2.7	2.9	2.7
	Oct Standard	(3.4)	0.3	2.6	1.4	1.6	3.1
	Oct Recession			2.6	0.2	(0.3)	2.4
Total Personal Income	Official (Oct '10)	0.5	0.3	3.3	3.5	4.3	4.8
	Oct Standard	(0.7)	(1.0)	5.4	3.9	3.3	4.2
	Oct Recession			5.4	2.6	0.7	3.1
Wages and Salaries (51%)	Official (Oct '10)	(1.9)	(1.7)	2.8	4.1	4.7	4.5
	Oct Standard	(1.9)	(1.5)	3.7	3.2	3.4	4.6
	Oct Recession			3.7	2.5	1.3	3.1
Average Wage	Official (Oct '10)	0.8	1.3	2.3	2.5	2.4	2.7
	Oct Standard	0.9	1.7	3.2	2.5	2.5	2.8
	Oct Recession			3.2	2.3	1.8	2.2
Real Consumer Spending	Official (Oct '10)	(1.7)	0.4	2.1	2.3	1.8	1.5
	Oct Standard	(2.3)	0.3	2.5	1.7	2.1	1.7
	Oct Recession			2.5	0.9	0.8	0.4
<u>Interest Rates (%)</u>							
3-Month Treasury Bills	Official (Oct '10)	0.6	0.1	0.2	0.5	2.7	3.5
	Oct Standard		0.1	0.1	0.0	0.1	0.5
	Oct Recession			0.1	0.0	0.1	0.1
30-Year Treasury Bonds	Official (Oct '10)	3.9	4.4	3.6	3.6	4.5	5.1
	Oct Standard		4.4	4.2	3.2	3.5	4.1
	Oct Recession			4.2	2.9	2.9	3.7
<u>Prices (% Change)</u>							
CPI	Official (Oct '10)	1.4	1.0	1.3	1.8	2.0	2.0
	Oct Standard		1.0	2.0	2.4	1.5	2.1
	Oct Recession			2.0	1.9	0.8	2.7
GDP Deflator	Official (Oct '10)	1.9	0.5	1.4	1.4	1.5	1.7
	Oct Standard		0.7	1.7	2.1	1.1	1.5
	Oct Recession			1.7	2.0	0.7	1.2

The Official forecast for FY11-FY14 is Global Insight's October 2010 U.S. standard scenario.

The Oct Standard forecast is Global Insight's October 2011 U.S. standard forecast.

The Oct Recession forecast is Global Insight's October 2011 U.S. pessimistic alternative scenario.

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**Table 1.3 - Fiscal Years 2009-2014 Official and October Forecasts**  
U.S. Economic Forecasts - Employment and Labor Markets

		FY09	FY10	FY11	FY12	FY13	FY14
<u>Employment and Labor Markets (% Change)</u>							
Total Nonagricultural Employment	Official (Oct '10)	(2.8)	(3.0)	0.5	1.6	2.3	1.7
	Oct Standard		(3.1)	0.6	0.7	0.9	1.7
	Oct Recession				0.2	(0.5)	0.9
Construction (6%)	Official (Oct '10)	(11.4)	(13.7)	(3.4)	(0.7)	6.7	8.2
	Oct Standard		(14.5)	(2.6)	(2.0)	(3.4)	5.5
	Oct Recession				(3.0)	(7.3)	0.9
Manufacturing (9%)	Official (Oct '10)	(7.7)	(8.2)	1.3	2.7	2.7	2.2
	Oct Standard		(8.9)	0.8	1.4	1.2	1.3
	Oct Recession				0.8	(1.1)	1.3
Trade, Transportation, and Utilities (19%)	Official (Oct '10)	(3.9)	(3.4)	0.1	1.7	2.9	1.5
	Oct Standard		(3.8)	0.5	1.2	1.9	1.6
	Oct Recession				0.6	0.7	0.7
Financial Activities (6%)	Official (Oct '10)	(3.3)	(3.9)	(1.0)	2.3	1.8	(0.2)
	Oct Standard		(3.6)	(0.8)	(0.1)	1.1	0.1
	Oct Recession				(1.0)	0.5	(1.3)
Professional and Business Services (13%)	Official (Oct '10)	(4.7)	(3.6)	2.8	5.0	4.5	3.7
	Oct Standard		(3.6)	2.5	2.1	1.7	5.9
	Oct Recession				0.4	(1.9)	5.1
Education and Health Services (13%)	Official (Oct '10)	2.4	1.7	1.8	2.0	1.3	1.1
	Oct Standard		1.7	2.1	1.8	1.6	1.5
	Oct Recession				1.9	1.7	1.4
Leisure and Hospitality (10%)	Official (Oct '10)	(1.8)	(1.5)	0.3	(0.4)	0.8	0.3
	Oct Standard		(1.9)	0.9	1.5	1.8	(0.4)
	Oct Recession				1.9	1.3	(1.3)
Government (16%)	Official (Oct '10)	1.0	(0.1)	(0.9)	(0.1)	0.9	1.0
	Oct Standard		(0.0)	(1.4)	(1.9)	(0.8)	0.3
	Oct Recession				(2.3)	(1.9)	(0.6)
Unemployment Rate (%)	Official (Oct '10)	7.6	9.8	9.7	9.4	8.7	8.2
	Oct Standard		9.7	9.3	9.3	9.3	8.8
	Oct Recession				9.6	10.4	10.3

The Official forecast for FY11-FY14 is Global Insight's October 2010 U.S. standard scenario.

The Oct Standard forecast is Global Insight's October 2011 U.S. standard forecast.

The Oct Recession forecast is Global Insight's October 2011 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 2011, comparing the actual economic results in Virginia to the official forecast for the year. Following the review of fiscal year 2011, the October standard forecast is summarized. The section concludes with an overview of the October 2011 recession scenario.

Tabular data are presented throughout this section and more detailed tabular data related to this section are presented in Appendix A. Specifically, Table A.1 shows quarterly national and Virginia historical data for major forecast variables from fiscal year 2009 through fiscal year 2011. Table A.2 shows quarterly national and Virginia data for the three forecasts through fiscal year 2014. Table A.3 displays national and Virginia annual historical and forecast data from fiscal year 1992 through fiscal year 2014. Table A.4 displays annual regional historical and forecast employment data from fiscal year 1992 through fiscal year 2014.

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 2010 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>FY11</u>	<u>CES</u>	<u>ES-202</u>
Q1	0.3%	0.6%
Q2	0.2%	0.8%
Q3	1.2%	2.1%
Q4	0.3%	1.2%
<b>Annual</b>	<b>0.5%</b>	<b>1.2%</b>

## VIRGINIA ECONOMY

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### Review of Fiscal Year 2011

#### Overview

The official forecast for fiscal year 2011 was based on Global Insight's October 2010 standard forecast adjusted for slower employment growth. In the official forecast, the Virginia economy was expected to improve from its weak performance in fiscal year 2010, although growth in both employment and income was projected to be modest and below trend through fiscal year 2012. The ongoing slump in the housing market, tight credit, and persistently weak consumer fundamentals were expected to continue to be a drag on the Virginia economy. Table 2.1 compares the official forecast and actual results for fiscal year 2011.

**Table 2.1 - Fiscal Year 2011 Virginia Forecast Performance**

	<u>Forecast</u>	<u>Actual</u>	<u>Actual Minus Forecast</u>
<u>Income (% Change)</u>			
Total Personal Income	2.8	5.0	2.2
Wages and Salaries (55%)	2.6	3.5	0.9
Average Wage	1.8	2.3	0.5
Dividends, Interest, and Rent (16%)	3.0	7.2	4.2
Supplements to Wages and Salaries (15%)	3.6	2.9	(0.7)
Proprietor's Income (6%)	4.1	7.1	3.0
Net Transfer Payments (5%)	4.1	19.9	15.8
<u>Employment and Labor Markets (% Change)</u>			
Total Nonagricultural Employment	0.7	1.2	0.5
Construction and Mining (5%)	(3.0)	(0.3)	2.7
Manufacturing (6%)	(1.1)	(1.1)	0.0
Trade, Transportation, and Utilities (17%)	1.4	1.8	0.4
Information (2%)	(1.9)	(4.8)	(2.9)
Financial Activities (5%)	(0.7)	0.4	1.1
Professional and Business Services (18%)	1.6	3.0	1.4
Education and Health Services (13%)	2.0	2.2	0.2
Leisure and Hospitality (9%)	1.7	1.8	0.1
Other Services (5%)	3.6	1.4	(2.2)
Government (19%)	(0.6)	(0.2)	0.4
Unemployment Rate (%)	7.3	6.5	(0.8)

The forecast data are based on the October 2010 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 October 2010 official forecast compared with the actual outcomes for the year.

### Income

Virginia's income statistics in fiscal year 2011 were slightly higher than projected. Total personal income increased 5.0 percent – 2.2 percentage points ahead of the forecast. Income from wages and salaries, which accounted for 55 percent of total personal income in fiscal year 2011, grew 3.5 percent, ahead of the forecast of 2.6 percent growth. Net transfer payments rose 19.9 percent, far ahead of the forecast of 4.1 percent growth. Dividends, interest, and rental income grew 7.2 percent, more than twice as much as forecast. The growth in proprietor's income of 7.1 percent also was ahead of the forecast. Supplements to wages and salaries, on the other hand, were slightly below forecast in fiscal year 2011.

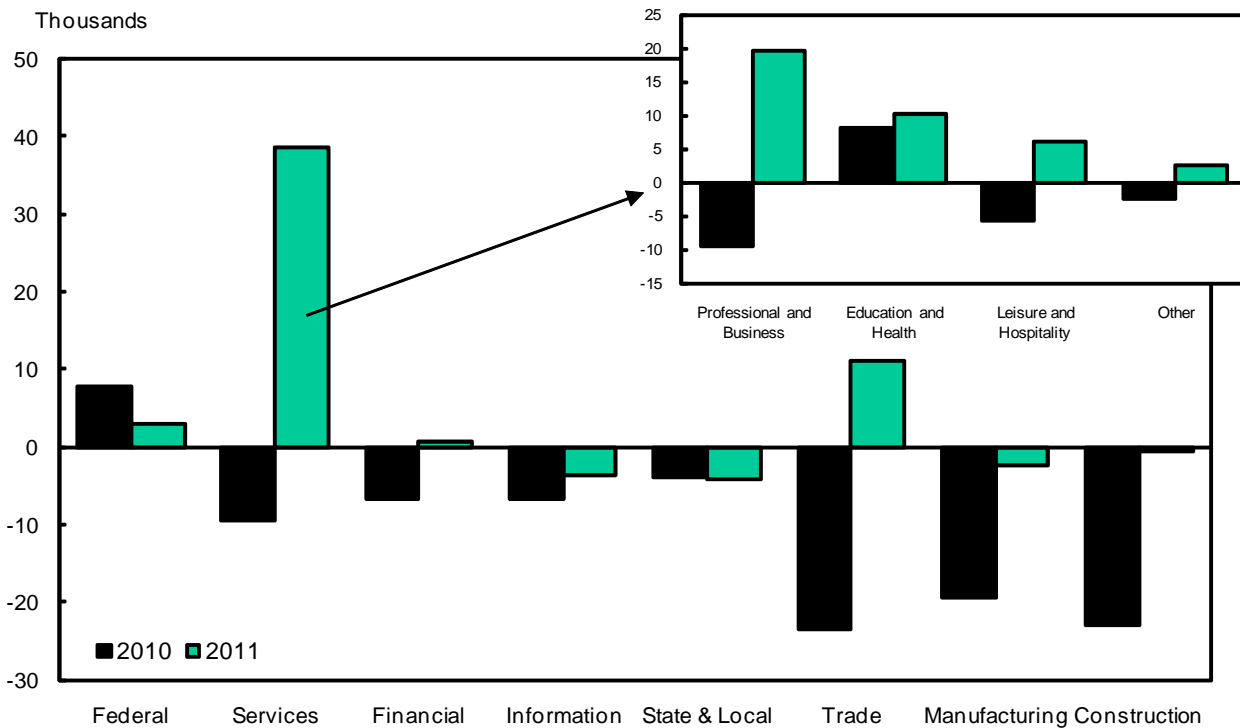
### Employment

Payroll employment growth in fiscal year 2011 exceeded expectations as well. In the official forecast, total nonagricultural employment was projected to increase 0.7 percent, with the average annual employment level rising by 25,400 jobs. Actual job gains were 42,200, an increase of 1.2 percent. As expected, most of the growth was in the services sector, which added 38,600 jobs. Overall, eight out of ten major employment sectors met or exceeded the official forecast in fiscal year 2011.

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 10,400 jobs, but instead gained 19,500. This was followed by construction, which lost only 500 jobs, much less than the predicted loss of 5,800. Taken together, construction and financial activities, the two sectors most closely related to the housing market, grew by 200 jobs in fiscal year 2011, much better than the predicted loss of 7,000 jobs. This growth followed four consecutive annual declines in housing-related employment. Federal government grew more than expected, adding 2,900 jobs compared with the forecast of 400. Other services gained 4,200 fewer jobs than expected. Manufacturing, trade, leisure, and education were all close to the forecast. Figure 2.1 on the following page displays fiscal year 2011 job gains and losses by sector compared with fiscal year 2010.

Tables 2.4 and 2.5 provide an overview of regional employment in Virginia. On a regional basis, the better-than-expected performance of total nonagricultural employment statewide in fiscal year 2011 was driven by Northern Virginia. In this region, which represents 36 percent of all jobs in the state, total employment rose by 28,800 jobs, while a gain of 9,200 was projected. The professional and business services sector added 10,900 new jobs in fiscal year 2011, almost twice the forecast of a 5,800 gain. The government sector added 3,000 jobs, compared with the forecast of a 4,400 loss. The housing market improved with the construction and financial activities sectors adding a combined 200 jobs for the year, much better than the predicted loss of 5,700.

**Figure 2.1  
VIRGINIA JOB GAINS/LOSSES BY SECTOR  
FISCAL YEARS 2010 AND 2011**



Employment in the Norfolk-Virginia Beach-Newport News MSA (20 percent of state employment) was below expectations in fiscal year 2011, rising by just 0.2 percent compared with the forecast of 0.7 percent growth. The region gained only 1,500 jobs in fiscal year 2011, compared with the forecast of 5,400. Growth was flat to slightly negative in most major sectors other than services. Hampton Roads was the only metro area where professional and business services grew more slowly than forecast. The region gained only 1,000 new jobs in this sector, while 3,100 were expected. Employment in the tourism industry, long a staple of the area economy, grew more than expected, adding 1,800 jobs compared with a forecast loss of 800. Growth in government employment, which was forecast to be flat, fell 0.7 percent. The variance was attributable to a larger than expected drop in local government employment.

Employment in the Richmond-Petersburg MSA (16 percent of state employment) grew 0.5 percent (3,000 jobs) in fiscal year 2011, slightly ahead of the forecast of 0.1 percent. The largest variance was in manufacturing, which dropped only 700 jobs compared with the forecast loss of 2,300. Professional and business services and leisure and hospitality also grew more than expected.

Outside of the three major metro areas, the remainder of the state (28 percent of state employment) gained 8,900 jobs in fiscal year 2011, less than the forecast of 10,400. However, professional and business services gained 4,800 jobs, instead of the forecast small loss. Other services came in far below expectations, gaining only 900 jobs while an increase of 6,700 was expected.

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

The Virginia economy is in a fragile recovery. Job growth improved over the last year, but the modest pace of growth seen in the beginning of the year has significantly slowed. In September, payroll employment rose just 0.2 percent from September of last year. In Northern Virginia, there was essentially no change in employment, Hampton Roads employment fell 0.7 percent, and employment in Richmond-Petersburg fell 1.3 percent since September 2010. The unemployment rate decreased from 6.5 percent to 6.4 percent in September and remains well below the national rate of 9.1 percent.

The Virginia Leading Index fell 0.3 percent in August, following a 0.3 percent decline in July. Decreases in auto registrations, building permits, and future employment, along with increases in unemployment claims drove this decline. The only component that didn't fall was the U.S. Leading Index, which rose by 0.3 percent in August.

### **The October Standard Forecast for Fiscal Years 2012 through 2014**

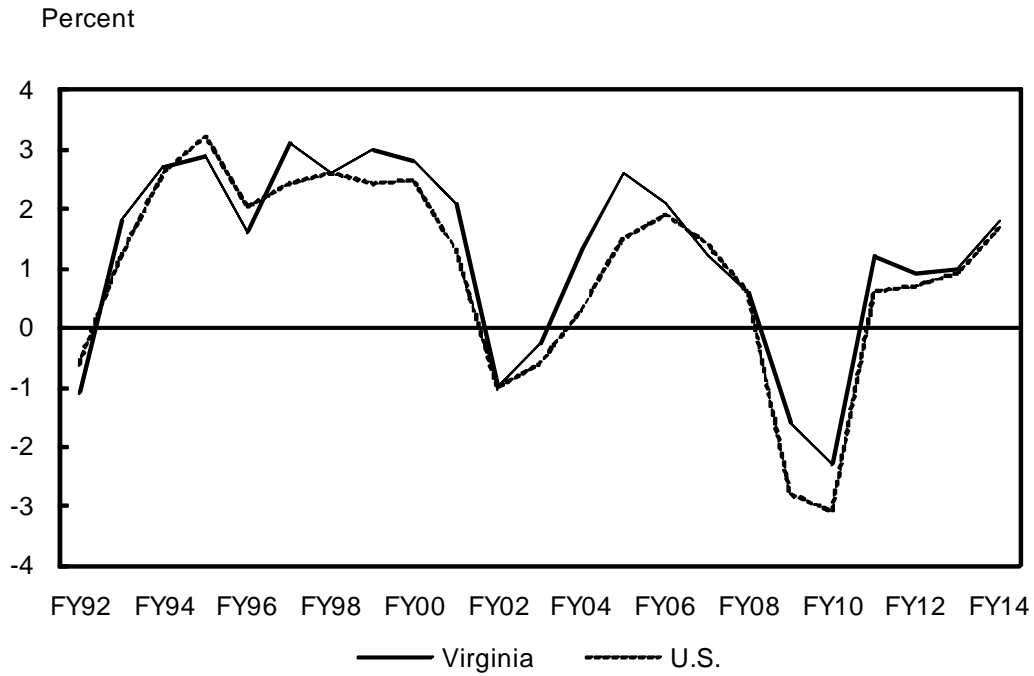
This section compares the official forecast, Global Insight's October 2010 forecast, with two others currently under consideration: Global Insight's October 2011 standard and recession forecasts. Table 2.2 compares these three forecasts in terms of employment and labor markets and Table 2.3 compares them in terms of income. Tables 2.4 and 2.5 show the October 2011 standard forecast and the alternative recession scenario for regional employment. All four tables appear at the end of the section.

Growth in employment and income was projected to be modest in fiscal year 2011 and then increasingly stronger through fiscal year 2013. The October standard forecast alters this outlook. Virginia is now expected to perform similar to the nation in terms of employment and personal income growth over the next three fiscal years. 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.

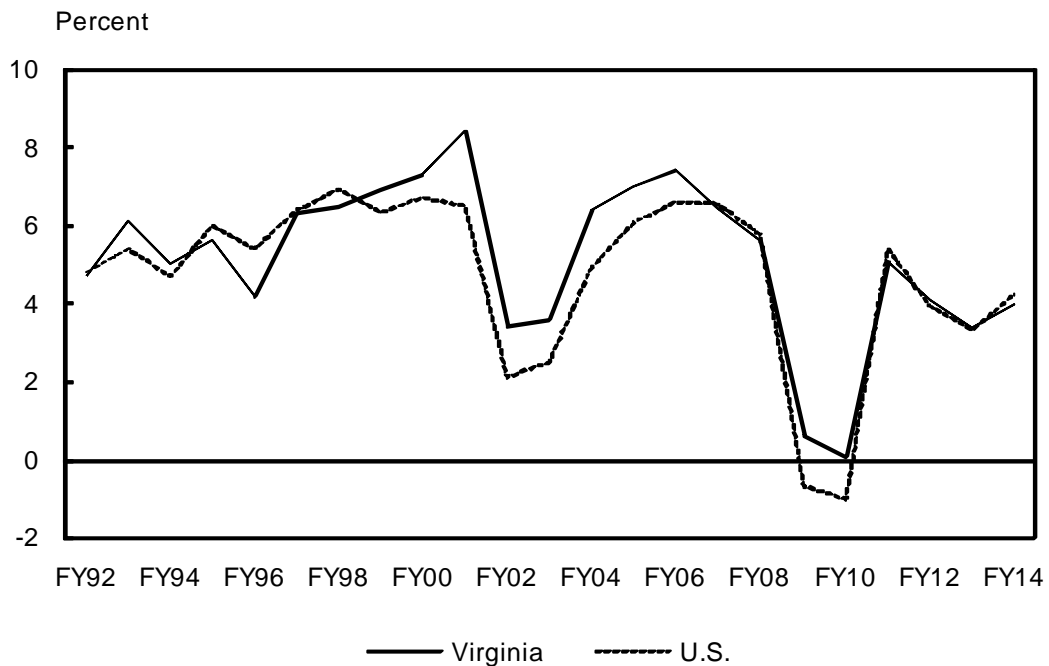
As shown in Figure 2.4, according to the October standard forecast, total nonagricultural employment is expected to increase 0.9 percent (32,700 jobs) in fiscal year 2012, more than a percentage point below the official forecast. Gains in professional and business services, trade, leisure and hospitality, and education and health services are expected to lead the way, while construction, government, and financial activities will continue to be a drag on growth. Employment is expected to increase 1.0 percent in fiscal year 2013, which is again more than a percentage point lower than the official forecast of 2.1 percent.

In the October standard forecast, total personal income is expected to grow somewhat faster in fiscal year 2012 than in the official forecast, but slower in fiscal years 2013 and 2014. Growth of 4.1 percent is expected in fiscal year 2012, compared to 3.6 percent in the official

**Figure 2.2**  
**U.S. AND VIRGINIA EMPLOYMENT GROWTH**  
**HISTORY AND FORECAST - FISCAL YEARS 1992-2014**



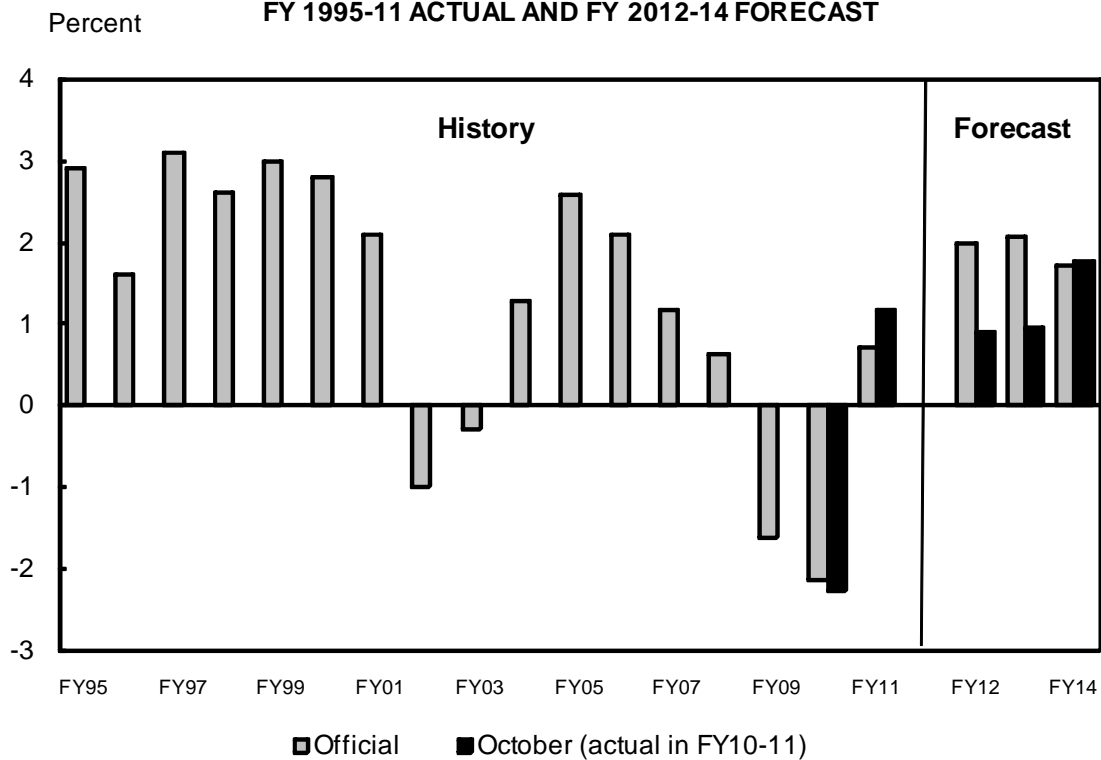
**Figure 2.3**  
**U.S. AND VIRGINIA PERSONAL INCOME GROWTH**  
**HISTORY AND FORECAST - FISCAL YEARS 1992-2014**





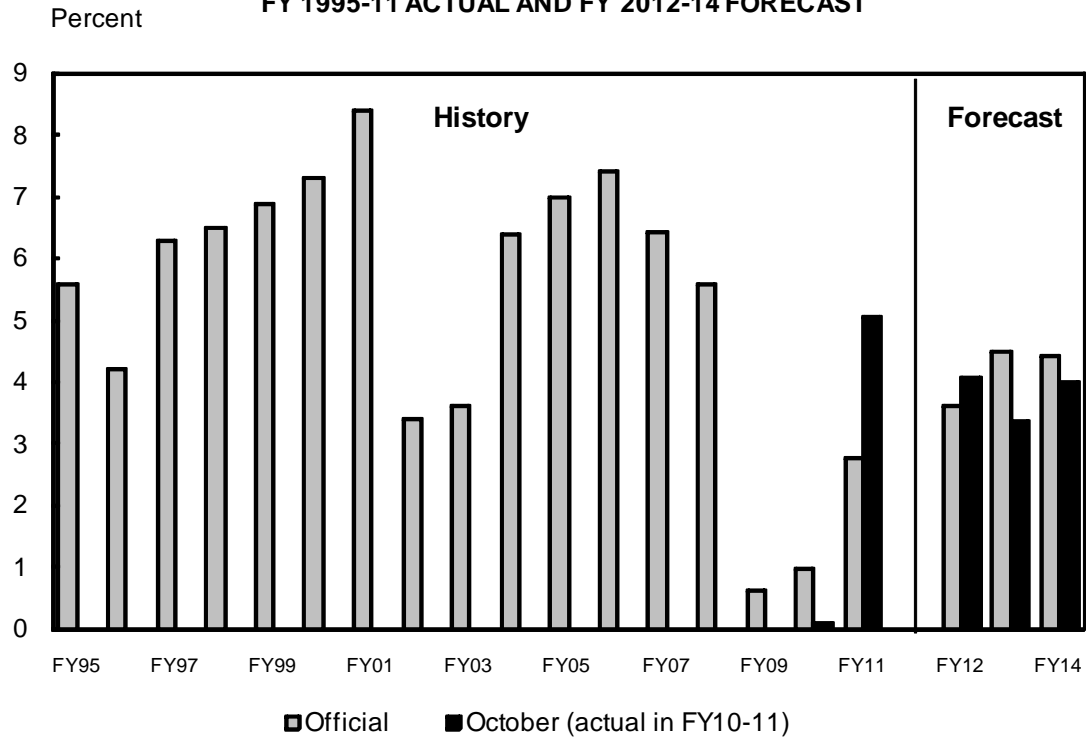
forecast. Total personal income growth then falls to 3.4 percent in fiscal year 2013, more than a full percentage point below the official forecast. Income from wages and salaries is expected to grow 3.0 percent in fiscal year 2012 and 3.5 percent in fiscal year 2013, 1.7 percentage point and 1.1 percentage point less than the official forecast. Dividends, interest, and rental income are expected to grow faster in fiscal year 2012 than predicted in the official forecast, but much slower in fiscal years 2013 and 2014. Proprietor's income is expected to grow faster than in the official forecast, particularly in fiscal year 2012 when growth is expected to be 12.1 percent instead of 1.5 percent. Net transfer payments are projected to play a stronger part in total personal income, with positive instead of negative growth in fiscal year 2012. 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 1995-11 ACTUAL AND FY 2012-14 FORECAST**

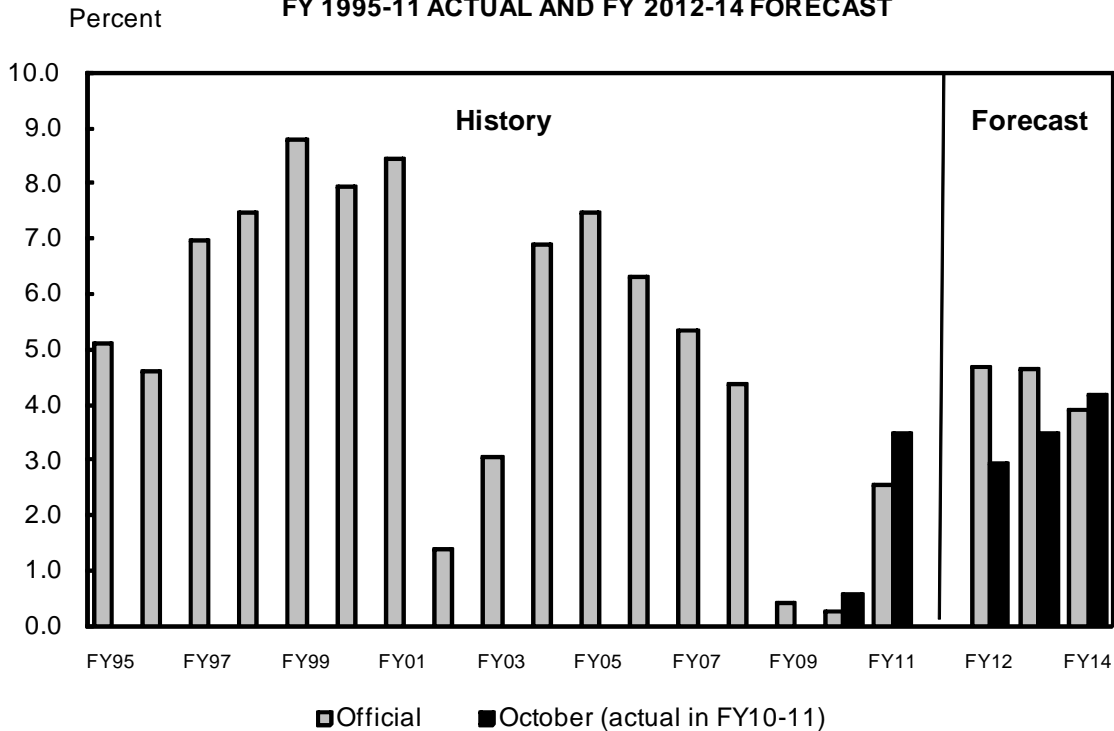


**VIRGINIA ECONOMY**

**Figure 2.5**  
**VIRGINIA PERSONAL INCOME GROWTH**  
**FY 1995-11 ACTUAL AND FY 2012-14 FORECAST**



**Figure 2.6**  
**VIRGINIA WAGES AND SALARIES GROWTH**  
**FY 1995-11 ACTUAL AND FY 2012-14 FORECAST**



**Global Insight Recession Scenario**

In the Virginia alternative recession forecast, economic growth stalls. The private sector recovery is undercut as unstable financial markets, tight credit, and persistently high unemployment cause consumers to retrench. Employment increases only 0.5 percent in fiscal year 2012 before falling 0.3 percent in fiscal year 2013. Total personal income grows 3.5 percent in fiscal year 2012, but falls to 1.9 percent and 3.0 percent over the next two years, more than a full percentage point below the official forecast. Growth in wages and salaries is roughly half of the official forecast over the next two years, with growth of 2.4 percent in fiscal year 2012 and 2.0 percent in fiscal year 2013.

## VIRGINIA ECONOMY

**Table 2.2 - Fiscal Years 2009-2014 Official and October Forecasts**  
Virginia Economic Forecasts - Employment and Labor Markets

		<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
<u>Employment and Labor Markets (% Change)</u>							
Total Nonagricultural Employment	Official (Oct '10)	(1.6)	(2.1)	0.7	2.0	2.1	1.7
	Oct Standard	(1.6)	(2.3)	1.2	0.9	1.0	1.8
	Oct Recession			1.2	0.5	(0.3)	0.9
Construction and Mining (5%)	Official (Oct '10)	(10.9)	(11.8)	(3.0)	4.7	7.2	7.5
	Oct Standard	(10.9)	(10.5)	(0.3)	(0.4)	(1.2)	5.1
	Oct Recession			(0.3)	(1.3)	(4.7)	1.0
Manufacturing (6%)	Official (Oct '10)	(7.0)	(8.1)	(1.1)	3.4	3.3	2.0
	Oct Standard	(7.0)	(7.7)	(1.1)	1.1	(0.0)	0.7
	Oct Recession			(1.1)	0.3	(2.7)	0.7
Trade, Transportation, and Utilities (17%)	Official (Oct '10)	(3.7)	(2.8)	1.4	1.4	2.7	1.2
	Oct Standard	(3.7)	(3.6)	1.8	2.1	2.0	1.3
	Oct Recession			1.8	1.5	0.8	0.5
Financial Activities (5%)	Official (Oct '10)	(3.4)	(3.3)	(0.7)	1.8	1.7	0.0
	Oct Standard	(3.4)	(3.6)	0.4	(0.5)	1.8	0.4
	Oct Recession			0.4	(1.7)	1.0	(1.5)
Professional and Business Services (18%)	Official (Oct '10)	(0.5)	(1.5)	1.6	4.4	3.1	3.0
	Oct Standard	(0.5)	(1.4)	3.0	2.7	1.9	4.9
	Oct Recession			3.0	1.5	(0.9)	3.9
Education and Health Services (13%)	Official (Oct '10)	3.4	2.9	2.0	2.9	1.6	1.2
	Oct Standard	3.4	1.8	2.2	1.2	1.8	1.7
	Oct Recession			2.2	1.3	1.9	1.7
Leisure and Hospitality (9%)	Official (Oct '10)	(1.1)	(0.7)	1.7	2.1	1.7	0.3
	Oct Standard	(1.0)	(1.7)	1.8	1.1	1.7	(0.4)
	Oct Recession			1.8	1.5	1.2	(1.2)
Government (19%)	Official (Oct '10)	1.7	(0.6)	(0.6)	(2.6)	(1.5)	1.1
	Oct Standard	1.7	0.6	(0.2)	(1.6)	(1.5)	(0.1)
	Oct Recession			(0.2)	(1.6)	(1.6)	(0.1)
Unemployment Rate (%)	Official (Oct '10)	5.4	7.0	7.3	7.0	6.6	6.2
	Oct Standard	5.5	7.1	6.5	6.0	6.0	5.7
	Oct Recession			6.5	6.2	6.7	6.6

The Official forecast for FY11-14 is based on Global Insight's October 2010 U.S. standard forecast.

The Oct Standard forecast from the Department of Taxation is based on Global Insight's October 2011 U.S. standard forecast.

The Oct Recession forecast from the Department of Taxation is based on Global Insight's October 2011 U.S. pessimistic alternative scenario.

**Table 2.3 - Fiscal Years 2009-2014 Official and October Forecasts**  
Virginia Economic Forecasts - Income

		<u>FY09</u>	<u>FY10</u>	<u>FY11</u>	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>
<u>Income (% Change)</u>							
Total Personal Income	Official (Oct '10)	1.4	1.0	2.8	3.6	4.5	4.4
	Oct Standard	0.6	0.1	5.0	4.1	3.4	4.0
	Oct Recession			5.0	3.5	1.9	3.0
Wages and Salaries (58%)	Official (Oct '10)	0.4	0.3	2.6	4.7	4.6	3.9
	Oct Standard	0.4	0.6	3.5	3.0	3.5	4.2
	Oct Recession			3.5	2.4	2.0	2.8
Average Wage	Official (Oct '10)	2.1	2.5	1.8	2.6	2.5	2.2
	Oct Standard	2.1	2.9	2.3	2.0	2.5	2.4
	Oct Recession			2.3	2.0	2.3	1.9
Dividends, Interest, and Rent (16%)	Official (Oct '10)	(2.9)	(4.8)	3.0	2.6	6.1	5.5
	Oct Standard	(5.3)	(8.9)	7.2	4.2	2.4	2.3
	Oct Recession			7.2	2.5	(1.4)	(0.3)
Supplements to Wages and Salaries (14%)	Official (Oct '10)	5.2	3.5	3.6	4.5	5.3	5.3
	Oct Standard	5.4	2.6	2.9	4.4	4.6	5.4
	Oct Recession			2.9	4.6	4.5	4.8
Proprietor's Income (6%)	Official (Oct '10)	(2.5)	(0.7)	4.1	1.5	(0.4)	(0.1)
	Oct Standard	(9.0)	(7.3)	7.1	12.1	0.5	1.3
	Oct Recession			7.1	12.4	0.5	1.0
Net Transfer Payments (4%)	Official (Oct '10)	34.8	26.4	4.1	(3.5)	2.5	10.1
	Oct Standard	34.8	28.1	19.9	7.1	5.7	6.3
	Oct Recession			19.9	6.3	5.5	10.4

The Official forecast for FY11-14 is based on Global Insight's October 2010 U.S. standard forecast.

The Oct Standard forecast from the Department of Taxation is based on Global Insight's October 2011 U.S. standard forecast.

The Oct Recession forecast from the Department of Taxation is based on Global Insight's October 2011 U.S. pessimistic alternative scenario.

## VIRGINIA ECONOMY

**Table 2.4 - Fiscal Years 2009-2014 October Standard Forecast**  
Virginia Economic Forecast - Regional Employment

		FY09	FY10	FY11	FY12	FY13	FY14
<u>Region by Sector (% Change)</u>							
Northern Virginia (36%) *	Total Nonagricultural Employment	(0.9)	(0.8)	2.2	1.2	1.4	2.3
	Construction and Mining (5%) **	(11.8)	(9.0)	2.3	1.7	0.1	6.3
	Trade, Transportation, and Utilities (15%)	(3.3)	(3.0)	3.0	2.7	1.9	1.4
	Financial Activities (5%)	(3.7)	(1.7)	0.9	(1.7)	1.4	0.2
	Professional and Business Services (28%)	1.0	0.6	3.0	1.9	2.3	4.5
	Education and Health Services (10%)	3.6	2.9	2.3	0.6	2.3	2.2
	Leisure and Hospitality (9%)	(0.4)	(1.5)	4.1	2.3	1.6	(0.4)
	Government (17%)	2.3	2.6	1.3	(1.5)	(1.1)	0.3
Hampton Roads (20%)	Total Nonagricultural Employment	(2.4)	(2.5)	0.2	1.0	0.5	1.3
	Construction and Mining (5%)	(11.2)	(11.2)	(1.7)	(1.3)	(2.9)	4.7
	Trade, Transportation, and Utilities (17%)	(5.7)	(4.0)	0.1	1.6	2.0	1.4
	Financial Activities (5%)	(5.0)	(6.3)	(1.4)	(1.8)	1.7	0.2
	Professional and Business Services (13%)	(1.3)	(4.6)	1.0	4.2	1.6	5.8
	Education and Health Services (13%)	1.9	1.2	2.6	2.2	1.6	1.5
	Leisure and Hospitality (12%)	(2.8)	(1.4)	2.2	1.8	1.8	(0.4)
	Government (21%)	1.3	0.5	(0.7)	(1.8)	(2.6)	(1.2)
Richmond (16%)	Total Nonagricultural Employment	(2.0)	(3.2)	0.5	(0.1)	1.0	1.8
	Construction and Mining (6%)	(13.7)	(12.8)	(1.3)	(2.9)	(3.1)	5.0
	Trade, Transportation, and Utilities (18%)	(2.8)	(4.1)	0.2	(0.5)	2.2	1.7
	Financial Activities (7%)	(2.7)	(2.8)	(1.6)	0.3	1.3	0.2
	Professional and Business Services (16%)	(3.7)	(4.7)	3.1	2.3	1.2	4.4
	Education and Health Services (14%)	5.8	2.8	2.9	1.4	1.8	1.8
	Leisure and Hospitality (9%)	(0.7)	(2.1)	0.3	(0.6)	1.9	(0.4)
	Government (19%)	1.4	0.4	(1.0)	(0.9)	(0.7)	0.4
Balance (27%)	Total Nonagricultural Employment	(1.8)	(3.5)	0.9	1.0	0.7	1.4
	Construction and Mining (5%)	(7.8)	(10.5)	(1.7)	(1.0)	(0.6)	3.9
	Trade, Transportation, and Utilities (19%)	(3.0)	(3.9)	2.5	3.4	1.9	0.8
	Financial Activities (4%)	(2.2)	(5.0)	3.6	1.9	3.1	1.0
	Professional and Business Services (10%)	-2.2	-2.4	5.1	4.6	1.4	5.6
	Education and Health Services (15%)	2.8	0.6	1.5	0.9	1.5	1.4
	Leisure and Hospitality (9%)	-0.4	-1.9	-0.5	-0.1	1.7	-0.4
	Government (20%)	1.4	(1.4)	(1.0)	(1.9)	(1.4)	0.1

The October Standard forecast from the Department of Taxation is based on Global Insight's October 2011 U.S. standard forecast.

\* Represents the percentage share of Virginia in fiscal year 2011.

\*\* Represents the percentage share of total employment within the region in fiscal year 2011.

**Table 2.5 - Fiscal Years 2009-2014 October Recession Scenario**  
Virginia Economic Forecast - Regional Employment

Region by Sector (% Change)		FY09	FY10	FY11	FY12	FY13	FY14
Northern Virginia (36%) *	Total Nonagricultural Employment	(0.9)	(0.8)	2.2	0.8	0.1	1.2
	Construction and Mining (5%) **	(11.8)	(9.0)	2.3	0.6	(4.1)	1.6
	Trade, Transportation, and Utilities (15%)	(3.3)	(3.0)	3.0	2.0	0.6	0.4
	Financial Activities (5%)	(3.7)	(1.7)	0.9	(2.8)	0.7	(1.6)
	Professional and Business Services (28%)	1.0	0.6	3.0	1.0	(0.0)	3.5
	Education and Health Services (10%)	3.6	2.9	2.3	0.8	2.5	2.1
	Leisure and Hospitality (9%)	(0.4)	(1.5)	4.1	2.7	1.1	(1.2)
	Government (17%)	2.3	2.6	1.3	(1.5)	(1.2)	0.3
Hampton Roads (20%)	Total Nonagricultural Employment	(2.4)	(2.5)	0.2	0.6	(0.7)	0.5
	Construction and Mining (5%)	(11.2)	(11.2)	(1.7)	(2.2)	(6.3)	0.6
	Trade, Transportation, and Utilities (17%)	(5.7)	(4.0)	0.1	0.9	0.6	0.5
	Financial Activities (5%)	(5.0)	(6.3)	(1.4)	(3.2)	0.8	(2.0)
	Professional and Business Services (13%)	(1.3)	(4.6)	1.0	2.5	(2.1)	4.9
	Education and Health Services (13%)	1.9	1.2	2.6	2.3	1.7	1.4
	Leisure and Hospitality (12%)	(2.8)	(1.4)	2.2	2.2	1.2	(1.2)
	Government (21%)	1.3	0.5	(0.7)	(1.8)	(2.7)	(1.3)
Richmond (16%)	Total Nonagricultural Employment	(2.0)	(3.2)	0.5	(0.5)	(0.2)	0.9
	Construction and Mining (6%)	(13.7)	(12.8)	(1.3)	(3.8)	(6.7)	0.7
	Trade, Transportation, and Utilities (18%)	(2.8)	(4.1)	0.2	(1.3)	0.8	0.6
	Financial Activities (7%)	(2.7)	(2.8)	(1.6)	(0.7)	0.6	(1.5)
	Professional and Business Services (16%)	(3.7)	(4.7)	3.1	1.1	(1.7)	3.5
	Education and Health Services (14%)	5.8	2.8	2.9	1.5	1.9	1.7
	Leisure and Hospitality (9%)	(0.7)	(2.1)	0.3	(0.2)	1.3	(1.3)
	Government (19%)	1.4	0.4	(1.0)	(0.9)	(0.7)	0.6
Balance (27%)	Total Nonagricultural Employment	(1.8)	(3.5)	0.9	0.6	(0.5)	0.8
	Construction and Mining (5%)	(7.8)	(10.5)	(1.7)	(1.7)	(3.4)	0.7
	Trade, Transportation, and Utilities (19%)	(3.0)	(3.9)	2.5	3.0	1.2	0.5
	Financial Activities (4%)	(2.2)	(5.0)	-5.9	0.8	2.4	-0.7
	Professional and Business Services (9%)	-2.2	-2.4	-10.6	3.0	-1.9	5.0
	Education and Health Services (15%)	2.8	0.6	-3.6	0.9	1.6	1.3
	Leisure and Hospitality (9%)	-0.4	-1.9	-1.2	0.3	1.2	-1.2
	Government (21%)	1.4	(1.4)	(1.0)	(2.0)	(1.7)	(0.1)

The October Recession scenario from the Department of Taxation is based on Global Insight's October 2011 U.S. pessimistic alternative scenario.

\* Represents the percentage share of Virginia in fiscal year 2011.

\*\* Represents the percentage share of total employment within the region in fiscal year 2011.





**SECTION 3  
GENERAL FUND  
REVENUES**



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

#### **Fiscal Year 2011 in Review**

In fiscal year 2011, total general fund revenues grew 5.8 percent to \$15,040.2 million, exceeding the official forecast of 3.5 percent growth by \$321.7 million. Adjusted for the accelerated sales tax program, total general fund revenues grew 7.4 percent in fiscal year 2011, compared with the economic-base forecast of 5.5 percent. The total general fund, including revenues and transfers, exceeded the official forecast by \$310.7 million.

All major sources exceeded their respective forecasts. Collections of individual nonwithholding and corporate income taxes, historically the two most volatile revenue sources, accounted for \$165.9 million of the revenue surplus. Payroll withholding and sales tax collections, 84 percent of total revenues and closely related to economic activity, exceeded the forecast by \$103.7 million. Payments of individual refunds were below expectations. Collectively, the five major sources ended the year \$318.6 million above the forecast. Collections of miscellaneous taxes and other revenues were \$3.1 million above the forecast in fiscal year 2011.

Table 3.1 on the next page compares actual revenues for fiscal year 2011 with the official forecast. The official revenue forecast was based on the October 2010 Global Insight standard forecast, the corresponding Virginia economic forecast developed by the Department of Taxation, historical revenue collections data, and actions of the 2011 General Assembly.

Total revenue collections in fiscal year 2011 had a forecast variance of 2.2 percent. The largest revenue source, net individual income tax, recorded a variance of 2.0 percent. The nonwithholding component of individual income tax had a variance of 5.3 percent, while the payroll withholding component finished the year close to the forecast with a variance of 0.6 percent. Sales and use tax collections, the second largest revenue source, had a forecast variance of 1.5 percent. Corporate income tax collections had a forecast variance of 7.3 percent. Wills, suits, deeds and contract fees – primarily recordation taxes – had a forecast variance of 6.4 percent, while taxes on insurance premiums were 1.4 percent above the forecast. The remaining miscellaneous taxes and other revenues had a forecast variance of 0.4 percent.

Table 3.2 provides an evolutionary perspective of the fiscal year 2011 forecasts used by the Governor and General Assembly, in terms of their variance from actual collections. The variances for total revenues ranged from -8.0 percent in the April 2011 official forecast to 2.2 percent in the May 2011 official forecast.

# GENERAL FUND REVENUES

**Table 3.1**  
**Fiscal Year 2011 General Fund Collections: Actual and Forecast**  
(Dollars in Millions)

	Fiscal Year 2010		Fiscal Year 2011					
	Actual	% Growth	Official Forecast	Actual	Forecast Variance		% Growth Over FY 10	
					Dollars	Percent	Official	Actual
<b>MAJOR TAX SOURCES</b>								
Corporate Income	\$ 806.5	24.4 %	\$ 766.6	\$ 822.3	\$ 55.7	7.3 %	(4.9) %	2.0 %
Individual Income Tax:								
Gross	11,082.9	(3.2)	11,643.2	11,813.7	170.5	1.5	5.1	6.6
Withholding	9,176.2	0.4	9,574.8	9,635.1	60.3	0.6	4.3	5.0
Nonwithholding	1,906.8	(17.5)	2,068.4	2,178.6	110.2	5.3	8.5	14.3
Refunds	<u>(1,994.7)</u>	<u>1.4</u>	<u>(1,897.0)</u>	<u>(1,869.3)</u>	<u>27.7</u>	<u>(1.5)</u>	<u>(4.9)</u>	<u>(6.3)</u>
Net	9,088.3	(4.1)	9,746.2	9,944.4	198.2	2.0	7.2	9.4
Insurance Company Premiums	261.9	2.7	277.7	281.6	3.9	1.4	6.0	7.5
State Sales & Use Tax	3,082.5	6.2	2,968.9	3,012.4	43.5	1.5	(3.7)	(2.3)
Wills, Suits, Deeds, & Contract Fees	<u>290.2</u>	<u>(7.7)</u>	<u>274.0</u>	<u>291.5</u>	<u>17.5</u>	<u>6.4</u>	<u>(5.6)</u>	<u>0.4</u>
Total Major Tax Sources	\$ 13,529.3	(0.5) %	\$ 14,033.4	\$ 14,352.0	\$ 318.6	2.3 %	3.7 %	6.1 %
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>								
Alcoholic Beverage State Tax	\$ 131.6	1.5 %	\$ 133.7	\$ 136.0	\$ 2.3	1.7 %	1.6 %	3.3 %
Bank Franchise Tax	23.1	3.1	22.8	24.4	1.6	7.0	(1.5)	5.4
Beer & Beverage Excise Tax	43.5	(0.2)	43.5	42.9	(0.6)	(1.3)	0.0	(1.3)
Corporate Franchise & Charter Fees	46.6	(5.7)	46.7	44.4	(2.3)	(4.9)	0.2	(4.7)
Excess & Other Fees from Officers	(10.5)	38.9	(10.3)	(8.6)	1.7	(16.3)	1.7	17.7
Estate & Gifts	5.7	(5.6)	4.0	2.7	(1.3)	(32.2)	(29.5)	(52.2)
Institutional Revenues	6.0	(6.0)	5.8	6.4	0.6	11.1	(3.6)	7.1
Interest & Rents	94.7	(9.5)	75.1	81.5	6.4	8.5	(20.7)	(13.9)
Licenses & Permits	4.3	(0.4)	4.0	4.4	0.4	8.7	(6.6)	1.6
Miscellaneous Taxes and Penalties	208.0	(5.9)	231.3	225.8	(5.5)	(2.4)	11.2	8.6
Other Miscellaneous Revenues	39.8	(22.7)	32.1	34.4	2.3	7.3	(19.4)	(13.6)
Public Service GR / Consumption Tax	<u>97.3</u>	<u>6.5</u>	<u>96.4</u>	<u>93.8</u>	<u>(2.6)</u>	<u>(2.7)</u>	<u>(0.9)</u>	<u>(3.6)</u>
Total Misc. Taxes and Other Revenues	\$ 690.2	(3.2) %	\$ 685.1	\$ 688.2	\$ 3.1	0.4 %	(0.7) %	(0.3) %
<b>TOTAL GF REVENUES</b>	<b>\$ 14,219.5</b>	<b>(0.7) %</b>	<b>\$ 14,718.5</b>	<b>\$ 15,040.2</b>	<b>\$ 321.7</b>	<b>2.2 %</b>	<b>3.5 %</b>	<b>5.8 %</b>
<b>TRANSFERS</b>								
A.B.C. Profits	\$ 50.0	13.3 %	\$ 46.2	\$ 50.5	\$ 4.3	9.3 %	(7.5) %	1.1 %
Sales Tax (0.25%)	209.4	(1.9)	217.3	204.0	(13.3)	(6.1)	3.8	(2.6)
Transfers Per Appropriations Act	<u>307.8</u>	<u>42.7</u>	<u>159.6</u>	<u>157.6</u>	<u>(2.0)</u>	<u>(1.3)</u>	<u>(48.1)</u>	<u>(48.8)</u>
Total Transfers	\$ 567.2	39.5 %	\$ 423.1	\$ 412.1	\$ (11.0)	(2.6) %	(25.4) %	(27.3) %
<b>TOTAL GENERAL FUND</b>	<b>\$ 14,786.7</b>	<b>0.4 %</b>	<b>\$ 15,141.6</b>	<b>\$ 15,452.3</b>	<b>\$ 310.7</b>	<b>2.1 %</b>	<b>2.4 %</b>	<b>4.5 %</b>

The Official forecast is based on the October 2010 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and incorporates revenue collections data through January and actions of the 2011 General Assembly.

## GENERAL FUND REVENUES

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

	May 2 2011 Official		December 17 2010 Introduced		April 21 2010 Official		December 18 2009 Introduced		August 19 2009 Interim		April 8 2009 Official
<b>Major Tax Sources (95%)</b>											
Corporate Income (5%)	7.3 %		5.2 %		3.7 %		11.5 %		5.2 %		7.5 %
Individual Income (66%)	2.0		2.7		3.7		4.2		1.1		(9.5)
Insurance Company Premiums (2%)	1.4		1.4		2.6		2.6		2.9		(5.6)
State Sales & Use Tax (20%)	1.5		(0.1)		4.6		4.2		8.2		(7.6)
Wills, Suits, Deeds & Contracts (2%)	6.4		6.4		(7.2)		(2.5)		2.6		(2.2)
<b>Total Major Tax Sources</b>	2.3 %		2.3 %		3.6 %		4.4 %		2.8 %		(8.0) %
<b>Miscellaneous Taxes &amp; Other Revenues (5%)</b>	0.5 %		0.1 %		(6.2) %		(2.7) %		4.7 %		(8.0) %
<b>Total Revenues</b>	2.2 %		2.2 %		3.1 %		4.1 %		2.9 %		(8.0) %

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 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 1, 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 April 21, 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.

The August 19, 2009 Interim forecast is based on the June 2009 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and reflects recommendations of the GABE and GACRE.

The April 8, 2009 Official forecast is based on the November 2008 Global Insight Standard outlook and the corresponding Virginia forecast developed by the Department of Taxation and incorporates actions of the 2009 General Assembly.

### **Individual Income Taxes**

Following two consecutive annual declines, collections of net individual income taxes (66 percent of total revenues) grew 9.4 percent in fiscal year 2011, ahead of the annual forecast of 7.2 percent growth. Receipts of \$9,944.4 million exceeded the official estimate by \$198.2 million. Most of the surplus resulted from a better-than-expected performance in individual nonwithholding, but withholding and refunds also contributed.

**Withholding:** In fiscal year 2011, withholding receipts (65 percent of total revenues) increased 5.0 percent, ahead of the forecast growth rate of 4.3 percent. Collections of \$9,635.1 million were \$60.3 million above the forecast.

**Nonwithholding:** Collections of individual nonwithholding (14 percent of total revenues) grew 14.3 percent in fiscal year 2011, ahead of the annual forecast of 8.5 percent growth. This increase

## **GENERAL FUND REVENUES**

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followed double-digit declines in fiscal years 2009 and 2010. Receipts of \$2,178.6 million were \$110.2 million ahead of the annual estimate.

The annual surplus in nonwithholding was attributable to a better-than-expected performance in individual final payments, which increased by 34 percent compared with expectations of a 17 percent increase. These payments are historically tied to non-wage income sources – mainly the financial markets. Collections of quarterly estimated payments, reflecting second half payments for tax year 2010 and first half payments for tax year 2011, were also stronger than expected, rising by 4 percent compared to the forecast of zero growth.

Refunds: Individual income tax refunds totaled \$1,869.3 million in fiscal year 2011, \$27.7 million less than expected. They fell by 6.3 percent compared with the forecast of a 4.9 percent decline.

### **Sales Taxes**

Collections of sales and use taxes (20 percent of total revenues) were \$3,012.4 million in fiscal year 2011, \$43.5 million ahead of the forecast. Collections fell 2.3 percent for the year compared with the forecast of a 3.7 percent decline. Adjusting for the accelerated sales tax and other policy initiatives, including amnesty and the modified dealer discount, sales tax collections grew 4.5 percent in fiscal year 2011, close to the economic-base forecast of a 4.8 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 \$822.3 million were \$55.7 million ahead of expectations. Growth of 2.0 percent was well ahead of the forecast of a 4.9 percent decline.

### **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, exceeded the forecast by \$17.5 million in fiscal year 2011. Collections finished the year at \$291.5 million, a 0.4 percent increase from fiscal year 2010 and ahead of the official forecast of a 5.6 percent decline. This is the first annual increase seen in this source since collections peaked at \$695 million in fiscal year 2006. The subsequent housing depression led to four consecutive annual declines, with economic-base collections dropping 53 percent from peak levels.

### **Insurance Premiums Taxes**

Collections of taxes on the premiums of insurance companies (2 percent of total revenues) were \$281.6 million in fiscal year 2011 – \$3.9 million above the annual estimate. Net receipts increased by 7.5 percent compared with the forecast of 6.0 percent growth.

**Miscellaneous Taxes and Other Revenues**

Collectively, minor revenue sources finished \$3.1 million above the annual forecast. Collections of \$688.2 million were 0.3 percent below fiscal year 2010, but ahead of the forecast of a 0.7 percent decline.

**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 alternative recession forecast. Both of these forecasts incorporate Virginia tax collections data through the first quarter of fiscal year 2012, 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 2012 through 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 October 2010 Global Insight U.S. standard outlook and the corresponding Virginia forecast developed by the Department of Taxation, and reflects comments of JABE and adjustments by the 2011 General Assembly, Chapter 890. The official forecast also serves as the basis for the current Appropriations Act.

The November economic forecast calls for faster growth than the official forecast in fiscal year 2012, as current collections trends indicate growth is somewhat stronger than anticipated. The November standard forecast increases revenue collections by \$153.0 million in fiscal year 2012, driven primarily by an upward revision to individual nonwithholding collections. As a result, revenues are now expected to increase 4.7 percent in fiscal year 2012, a full percentage point ahead of the official forecast. Adjusted for the 2011 session's partial repeal of the accelerated sales tax program, total revenue growth for fiscal year 2012 is expected to be 3.5 percent.

Revenue growth in fiscal years 2013 and 2014 is expected to be more sluggish. The November forecast anticipates total revenue growth of 3.3 percent in fiscal year 2013 and 4.6 percent in 2014.

**Net Individual Income Taxes**

The outlook for net individual income taxes in fiscal year 2012 has been revised upward from the official forecast, as the large projected increase in nonwithholding outweighs the much smaller projected increase in individual refunds.

# GENERAL FUND REVENUES

**Table 3.3**  
**The Official and November Standard General Fund Forecast for Fiscal Year 2012**  
(Dollars in Millions)

November 1, 2011

	Fiscal Year 2012					2010-2012 Biennium		
	Official Forecast	November Forecast	Change	% Growth Over FY 11 Official	% Growth Over FY 11 November	Official Forecast	November Forecast	Change
<b>MAJOR TAX SOURCES</b>								
Corporate Income	\$ 831.6	\$ 827.1	\$ (4.5)	1.1 %	0.6 %	\$ 1,653.9	\$ 1,649.4	\$ (4.5)
Individual Income Tax:								
Gross	12,181.6	12,384.6	203.0	3.1	4.8	23,995.3	24,198.3	203.0
Withholding	9,958.0	9,964.2	6.2	3.4	3.4	19,593.1	19,599.3	6.2
Nonwithholding	2,223.6	2,420.4	196.8	2.1	11.1	4,402.2	4,599.0	196.8
Refunds	<u>(1,852.0)</u>	<u>(1,891.9)</u>	<u>(39.9)</u>	<u>(0.9)</u>	<u>1.2</u>	<u>(3,721.3)</u>	<u>(3,761.2)</u>	<u>(39.9)</u>
Net	10,329.6	10,492.7	163.1	3.9	5.5	20,274.0	20,437.1	163.1
Insurance Company Premiums	289.6	288.0	(1.6)	2.9	2.3	571.2	569.6	(1.6)
State Sales & Use Tax	3,115.5	3,116.0	0.5	3.4	3.4	6,127.9	6,128.4	0.5
Wills, Suits, Deeds, & Contract Fees	<u>301.1</u>	<u>323.5</u>	<u>22.4</u>	<u>3.3</u>	<u>11.0</u>	<u>592.6</u>	<u>615.0</u>	<u>22.4</u>
Total Major Tax Sources	\$ 14,867.4	\$ 15,047.3	\$ 179.9	3.6 %	4.8 %	\$ 29,219.4	\$ 29,399.3	\$ 179.9
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>								
Alcoholic Beverage State Tax	\$ 137.1	\$ 137.5	\$ 0.4	0.8 %	1.1 %	\$ 273.1	\$ 273.5	\$ 0.4
Bank Franchise Tax	18.0	23.3	5.3	(26.2)	(4.5)	42.4	47.7	5.3
Beer & Beverage Excise Tax	43.5	43.3	(0.2)	1.3	0.8	86.4	86.2	(0.2)
Corporate Franchise & Charter Fees	46.7	43.4	(3.3)	5.2	(2.3)	91.1	87.8	(3.3)
Excess & Other Fees from Officers	(10.3)	(10.3)	0.0	(19.4)	(19.4)	(18.9)	(18.9)	0.0
Estate & Gifts	2.0	0.0	(2.0)	n/a	n/a	4.7	2.7	(2.0)
Institutional Revenues	5.8	6.2	0.4	(10.0)	(3.8)	12.2	12.6	0.4
Interest & Rents	103.9	74.0	(29.9)	27.5	(9.2)	185.4	155.5	(29.9)
Licenses & Permits	4.2	4.1	(0.1)	(3.4)	(5.7)	8.6	8.5	(0.1)
Miscellaneous Taxes and Penalties	231.5	237.7	6.2	2.5	5.2	457.3	463.5	6.2
Other Miscellaneous Revenues	48.6	47.4	(1.2)	41.1	37.6	83.0	81.8	(1.2)
Public Service GR / Consumption Tax	<u>96.4</u>	<u>93.9</u>	<u>(2.5)</u>	<u>2.8</u>	<u>0.1</u>	<u>190.2</u>	<u>187.7</u>	<u>(2.5)</u>
Total Misc. Taxes and Other Revenues	\$ 727.4	\$ 700.5	\$ (26.9)	5.7 %	1.8 %	\$ 1,415.6	\$ 1,388.7	\$ (26.9)
<b>TOTAL GF REVENUES</b>	<b>\$ 15,594.8</b>	<b>\$ 15,747.8</b>	<b>\$ 153.0</b>	<b>3.7 %</b>	<b>4.7 %</b>	<b>\$ 30,635.0</b>	<b>\$ 30,788.0</b>	<b>\$ 153.0</b>
<b>TRANSFERS</b>								
A.B.C. Profits	\$ 47.8	\$ 53.3	\$ 5.5	(5.4) %	5.5 %	\$ 98.3	\$ 103.8	\$ 5.5
Sales Tax (0.25%)	225.1	216.1	(9.0)	10.3	5.9	429.1	420.1	(9.0)
Transfers Per Appropriations Act	<u>195.7</u>	<u>185.8</u>	<u>(9.9)</u>	<u>24.2</u>	<u>17.9</u>	<u>353.3</u>	<u>343.4</u>	<u>(9.9)</u>
Total Transfers	\$ 468.6	\$ 455.2	\$ (13.4)	13.7 %	10.5 %	\$ 880.7	\$ 867.3	\$ (13.4)
<b>TOTAL GENERAL FUND</b>	<b>\$ 16,063.4</b>	<b>\$ 16,203.0</b>	<b>\$ 139.6</b>	<b>4.0 %</b>	<b>4.9 %</b>	<b>\$ 31,515.7</b>	<b>\$ 31,655.3</b>	<b>\$ 139.6</b>

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

The November forecast is based on the October 2011 US Macro and Virginia economic outlooks that incorporate recommendations from JABE.



## GENERAL FUND REVENUES

**Table 3.3**  
**The November Standard General Fund Forecast for Fiscal Years 2013-2014**  
(Dollars in Millions)

November 1, 2011

	Fiscal Year 2013		Fiscal Year 2014		2012-2014 Biennium	
	November Forecast	% Growth Over FY 12	November Forecast	% Growth Over FY 13	November Forecast	% Growth Over 10-12
<b>MAJOR TAX SOURCES</b>						
Corporate Income	\$ 888.0	7.4 %	\$ 945.8	6.5 %	\$ 1,833.8	11.2 %
Individual Income Tax:						
Gross	12,755.7	3.0	13,339.2	4.6	26,094.9	7.8
Withholding	10,341.3	3.8	10,804.3	4.5	21,145.6	7.9
Nonwithholding	2,414.4	(0.2)	2,534.9	5.0	4,949.3	7.6
Refunds	<u>(1,886.0)</u>	<u>(0.3)</u>	<u>(1,917.2)</u>	<u>1.7</u>	<u>(3,803.2)</u>	<u>1.1</u>
Net	10,869.7	3.6	11,422.0	5.1	22,291.7	9.1
Insurance Company Premiums	292.1	1.4	306.0	4.8	598.1	5.0
State Sales & Use Tax	3,214.5	3.2	3,323.9	3.4	6,538.4	6.7
Wills, Suits, Deeds, & Contract Fees	<u>313.2</u>	<u>(3.2)</u>	<u>313.2</u>	<u>0.0</u>	<u>626.4</u>	<u>1.9</u>
Total Major Tax Sources	\$ 15,577.5	3.5 %	\$ 16,310.9	4.7 %	\$ 31,888.4	8.5 %
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>						
Alcoholic Beverage State Tax	\$ 140.2	2.0 %	\$ 143.0	2.0 %	\$ 283.2	3.5 %
Bank Franchise Tax	19.3	(17.2)	19.3	0.0	38.6	(19.1)
Beer & Beverage Excise Tax	43.3	0.0	43.3	0.0	86.6	0.4
Corporate Franchise & Charter Fees	43.4	0.0	43.4	0.0	86.8	(1.1)
Excess & Other Fees from Officers	(7.5)	27.2	(7.5)	0.0	(15.0)	20.7
Estate & Gifts	0.0	n/a	0.0	n/a	0.0	n/a
Institutional Revenues	6.2	0.0	6.2	0.0	12.4	(1.9)
Interest & Rents	77.4	4.6	85.6	10.6	163.0	4.8
Licenses & Permits	4.3	4.9	4.3	0.0	8.6	1.8
Miscellaneous Taxes and Penalties	238.8	0.5	239.8	0.4	478.6	3.2
Other Miscellaneous Revenues	29.2	(38.4)	29.2	0.0	58.4	(28.6)
Public Service GR / Consumption Tax	<u>93.9</u>	<u>0.0</u>	<u>93.9</u>	<u>0.0</u>	<u>187.8</u>	<u>0.1</u>
Total Misc. Taxes and Other Revenues	\$ 688.5	(1.7) %	\$ 700.5	1.7 %	\$ 1,389.0	0.0 %
<b>TOTAL GF REVENUES</b>	<b>\$ 16,266.0</b>	<b>3.3 %</b>	<b>\$ 17,011.4</b>	<b>4.6 %</b>	<b>\$ 33,277.4</b>	<b>8.1 %</b>
<b>TRANSFERS</b>						
A.B.C. Profits	\$ 53.7	0.8 %	\$ 54.0	0.6 %	\$ 107.7	3.8 %
Sales Tax (0.25%)	222.5	3.0	230.3	3.5	452.8	7.8
Transfers Per Appropriations Act	<u>142.5</u>	<u>(23.3)</u>	<u>135.3</u>	<u>(5.1)</u>	<u>277.8</u>	<u>(19.1)</u>
Total Transfers	\$ 418.7	(8.0) %	\$ 419.6	0.2 %	\$ 838.3	(3.3) %
<b>TOTAL GENERAL FUND</b>	<b>\$ 16,684.7</b>	<b>3.0 %</b>	<b>\$ 17,431.0</b>	<b>4.5 %</b>	<b>\$ 34,115.7</b>	<b>7.8 %</b>

The November forecast is based on the October 2011 US Macro and Virginia economic outlooks that incorporate recommendations from JABE.

## **GENERAL FUND REVENUES**

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### 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. While growth in wages and salaries is projected to be slightly weaker than the official forecast, growth in withholding exceeded the forecast in fiscal year 2010 and has been solid through the first quarter of fiscal year 2012 at 4.0 percent. As a result, withholding growth in the November standard forecast in fiscal year 2012 remains unchanged at 3.4 percent. It is then expected to increase to 3.8 percent in fiscal year 2013 and 4.5 percent in fiscal year 2014.

### 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.

Nonwithholding collections exceeded the forecast in fiscal year 2011 and first quarter collections are up 18.8 percent from the same period last year, far ahead of the official forecast of 2.1 percent growth. The November standard forecast for nonwithholding in fiscal year 2012 raises growth to 11.1 percent, resulting in \$196.8 million more in collections than in the official forecast. The forecast predicts a 0.2 percent decline in this source in fiscal year 2013 followed by a 5.0 percent increase in fiscal year 2014.

### 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 rise by 1.2 percent in fiscal year 2012 compared with the official forecast of a 0.9 percent decline. The November forecast adds \$39.9 million to refunds in fiscal year 2012, reflecting the upward revision to gross individual income taxes. Land preservation credits are projected to be \$150 million in fiscal year 2012, similar to last year. The outlook for low income credits is \$100 million, slightly lower than last year.

### Sales

The sales tax revenue model is based on a direct relationship with total personal income in Virginia. Growth in personal income in the standard forecast is stronger than in the official

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## GENERAL FUND REVENUES

forecast for fiscal year 2012, but weaker in fiscal years 2013 and 2014. In addition, current sales tax collections trends are somewhat stronger than anticipated. As a result, the November standard forecast for sales tax collections is essentially the same as the official forecast. It expects 3.4 percent growth in fiscal year 2012, 3.2 percent in fiscal year 2013 and 3.4 percent in 2014.

### **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. In the November standard revenue forecast, corporate income tax collections are \$4.5 million less than in the official forecast in fiscal year 2012, as growth is only 0.6 percent instead of 1.1 percent. The November forecast anticipates growth of 7.4 percent in fiscal year 2013, followed by 6.5 percent in fiscal year 2014.

### **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, but not growing, the November standard forecast for this source remains at the level of the official forecast.

### **Insurance**

The November standard forecast for insurance premiums is essentially unchanged from the official forecast. Growth in this source is expected to be 2.3 percent in fiscal year 2012, 1.4 percent in fiscal year 2013, and 4.8 percent in fiscal year 2014.

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

Taken together, all other revenue sources have been revised downward by \$26.9 million in fiscal year 2012, for growth of 1.8 percent. The November forecast predicts these revenues will decline by 1.7 percent in fiscal year 2013 and then grow by 1.7 percent in fiscal year 2014.

### **Alternative Recession General Fund Revenue Forecast**

Table 3.4 on the following page compares the official and the November alternative recession general fund forecasts. The double-dip recession scenario reduces the forecast by \$96.9 million in fiscal year 2012, as growth falls from 3.7 percent in the official forecast to 3.0 percent. In the recession forecast, total revenue growth drops to 0.1 percent in fiscal year 2013 and 3.8 percent in fiscal year 2014.

# GENERAL FUND REVENUES

**Table 3.4**  
**The Official and November Recession General Fund Forecast for Fiscal Year 2012**  
(Dollars in Millions)

November 1, 2011

	Fiscal Year 2012					2010-2012 Biennium		
	Official Forecast	Nov Rec Forecast	Change	% Growth Over FY 11 Official    Nov Rec		Official Forecast	Nov Rec Forecast	Change
<b>MAJOR TAX SOURCES</b>								
Corporate Income	\$ 831.6	\$ 804.6	\$ (27.0)	1.1 %	(2.1) %	\$ 1,653.9	\$ 1,626.9	\$ (27.0)
Individual Income Tax:								
Gross	12,181.6	12,248.9	67.3	3.1	3.7	23,995.3	24,062.6	67.3
Withholding	9,958.0	9,897.7	(60.3)	3.4	2.7	19,593.1	19,532.8	(60.3)
Nonwithholding	2,223.6	2,351.2	127.6	2.1	7.9	4,402.2	4,529.8	127.6
Refunds	<u>(1,852.0)</u>	<u>(1,919.6)</u>	<u>(67.6)</u>	<u>(0.9)</u>	<u>2.7</u>	<u>(3,721.3)</u>	<u>(3,788.9)</u>	<u>(67.6)</u>
Net	10,329.6	10,329.3	(0.3)	3.9	3.9	20,274.0	20,273.7	(0.3)
Insurance Company Premiums	289.6	285.4	(4.2)	2.9	1.4	571.2	567.0	(4.2)
State Sales & Use Tax	3,115.5	3,101.1	(14.4)	3.4	2.9	6,127.9	6,113.5	(14.4)
Wills, Suits, Deeds, & Contract Fees	<u>301.1</u>	<u>277.0</u>	<u>(24.1)</u>	<u>3.3</u>	<u>(5.0)</u>	<u>592.6</u>	<u>568.5</u>	<u>(24.1)</u>
Total Major Tax Sources	\$ 14,867.4	\$ 14,797.4	\$ (70.0)	3.6 %	3.1 %	\$ 29,219.4	\$ 29,149.4	\$ (70.0)
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>								
Alcoholic Beverage State Tax	\$ 137.1	\$ 137.5	\$ 0.4	0.8 %	1.1 %	\$ 273.1	\$ 273.5	\$ 0.4
Bank Franchise Tax	18.0	23.3	5.3	(26.2)	(4.5)	42.4	47.7	5.3
Beer & Beverage Excise Tax	43.5	43.3	(0.2)	1.3	0.8	86.4	86.2	(0.2)
Corporate Franchise & Charter Fees	46.7	43.4	(3.3)	5.2	(2.3)	91.1	87.8	(3.3)
Excess & Other Fees from Officers	(10.3)	(10.3)	0.0	(19.4)	(19.4)	(18.9)	(18.9)	0.0
Estate & Gifts	2.0	0.0	(2.0)	n/a	n/a	4.7	2.7	(2.0)
Institutional Revenues	5.8	6.2	0.4	(10.0)	(3.8)	12.2	12.6	0.4
Interest & Rents	103.9	74.0	(29.9)	27.5	(9.2)	185.4	155.5	(29.9)
Licenses & Permits	4.2	4.1	(0.1)	(3.4)	(5.7)	8.6	8.5	(0.1)
Miscellaneous Taxes and Penalties	231.5	237.7	6.2	2.5	5.2	457.3	463.5	6.2
Other Miscellaneous Revenues	48.6	47.4	(1.2)	41.1	37.6	83.0	81.8	(1.2)
Public Service GR / Consumption Tax	<u>96.4</u>	<u>93.9</u>	<u>(2.5)</u>	<u>2.8</u>	<u>0.1</u>	<u>190.2</u>	<u>187.7</u>	<u>(2.5)</u>
Total Misc. Taxes and Other Revenues	\$ 727.4	\$ 700.5	\$ (26.9)	5.7 %	1.8 %	\$ 1,415.6	\$ 1,388.7	\$ (26.9)
<b>TOTAL GF REVENUES</b>	<b>\$ 15,594.8</b>	<b>\$ 15,497.9</b>	<b>\$ (96.9)</b>	<b>3.7 %</b>	<b>3.0 %</b>	<b>\$ 30,635.0</b>	<b>\$ 30,538.1</b>	<b>\$ (96.9)</b>
<b>TRANSFERS</b>								
A.B.C. Profits	\$ 47.8	\$ 47.8	\$ 0.0	(5.4) %	(5.4) %	\$ 98.3	\$ 98.3	\$ 0.0
Sales Tax (0.25%)	225.1	216.1	(9.0)	10.3	5.9	429.1	420.1	(9.0)
Transfers Per Appropriations Act	<u>195.7</u>	<u>185.8</u>	<u>(9.9)</u>	<u>24.2</u>	<u>17.9</u>	<u>353.3</u>	<u>343.4</u>	<u>(9.9)</u>
Total Transfers	\$ 468.6	\$ 449.7	\$ (18.9)	13.7 %	9.1 %	\$ 880.7	\$ 861.8	\$ (18.9)
<b>TOTAL GENERAL FUND</b>	<b>\$ 16,063.4</b>	<b>\$ 15,947.6</b>	<b>\$ (115.8)</b>	<b>4.0 %</b>	<b>3.2 %</b>	<b>\$ 31,515.7</b>	<b>\$ 31,399.9</b>	<b>\$ (115.8)</b>

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

The November Recession forecast is based on the October 2011 US Recession Macro and Virginia economic outlooks that incorporate recommendations from JABE.

## GENERAL FUND REVENUES

**Table 3.4**  
**The November Recession General Fund Forecast for Fiscal Years 2013-2014**  
(Dollars in Millions)

November 1, 2011

	Fiscal Year 2013		Fiscal Year 2014		2012-2014 Biennium	
	Nov Rec Forecast	% Growth Over FY 12	Nov Rec Forecast	% Growth Over FY 13	Nov Rec Forecast	% Growth Over 10-12
<b>MAJOR TAX SOURCES</b>						
Corporate Income	\$ 853.9	6.1 %	\$ 912.1	6.8 %	\$ 1,766.0	8.6 %
Individual Income Tax:						
Gross	12,239.2	(0.1)	12,693.9	3.7	24,933.1	3.6
Withholding	10,140.8	2.5	10,512.0	3.7	20,652.8	5.7
Nonwithholding	2,098.4	(10.8)	2,181.9	4.0	4,280.3	(5.5)
Refunds	<u>(1,973.2)</u>	<u>2.8</u>	<u>(1,983.3)</u>	<u>0.5</u>	<u>(3,956.5)</u>	<u>4.4</u>
Net	10,266.0	(0.6)	10,710.6	4.3	20,976.6	3.5
Insurance Company Premiums	282.8	(0.9)	291.4	3.0	574.2	1.3
State Sales & Use Tax	3,154.9	1.7	3,229.3	2.4	6,384.2	4.4
Wills, Suits, Deeds, & Contract Fees	<u>262.8</u>	<u>(5.1)</u>	<u>249.3</u>	<u>(5.1)</u>	<u>512.1</u>	<u>(9.9)</u>
Total Major Tax Sources	\$ 14,820.4	0.2 %	\$ 15,392.7	3.9 %	\$ 30,213.1	3.6 %
<b>MISCELLANEOUS TAXES AND OTHER REVENUES</b>						
Alcoholic Beverage State Tax	\$ 140.2	2.0 %	\$ 143.0	2.0 %	\$ 283.2	3.5 %
Bank Franchise Tax	19.3	(17.2)	19.3	0.0	38.6	(19.1)
Beer & Beverage Excise Tax	43.3	0.0	43.3	0.0	86.6	0.4
Corporate Franchise & Charter Fees	43.4	0.0	43.4	0.0	86.8	(1.1)
Excess & Other Fees from Officers	(7.5)	27.2	(7.5)	0.0	(15.0)	20.7
Estate & Gifts	0.0	n/a	0.0	n/a	0.0	n/a
Institutional Revenues	6.2	0.0	6.2	0.0	12.4	(1.9)
Interest & Rents	77.4	4.6	85.6	10.6	163.0	4.8
Licenses & Permits	4.3	4.9	4.3	0.0	8.6	1.8
Miscellaneous Taxes and Penalties	238.8	0.5	239.8	0.4	478.6	3.2
Other Miscellaneous Revenues	29.2	(38.4)	29.2	0.0	58.4	(28.6)
Public Service GR / Consumption Tax	<u>93.9</u>	<u>0.0</u>	<u>93.9</u>	<u>0.0</u>	<u>187.8</u>	<u>0.1</u>
Total Misc. Taxes and Other Revenues	\$ 688.5	(1.7) %	\$ 700.5	1.7 %	\$ 1,389.0	0.0 %
<b>TOTAL GF REVENUES</b>	<b>\$ 15,508.9</b>	<b>0.1 %</b>	<b>\$ 16,093.2</b>	<b>3.8 %</b>	<b>\$ 31,602.1</b>	<b>3.5 %</b>
<b>TRANSFERS</b>						
A.B.C. Profits	\$ 48.3	1.0 %	\$ 49.3	2.1 %	\$ 97.6	(0.7) %
Sales Tax (0.25%)	222.5	3.0	230.3	3.5	452.8	7.8
Transfers Per Appropriations Act	<u>142.5</u>	<u>(23.3)</u>	<u>135.3</u>	<u>(5.1)</u>	<u>277.8</u>	<u>(19.1)</u>
Total Transfers	\$ 413.3	(8.1) %	\$ 414.9	0.4 %	\$ 828.2	(3.9) %
<b>TOTAL GENERAL FUND</b>	<b>\$ 15,922.2</b>	<b>(0.2) %</b>	<b>\$ 16,508.1</b>	<b>3.7 %</b>	<b>\$ 32,430.3</b>	<b>3.3 %</b>

The November Recession forecast is based on the October 2011 US Recession Macro and Virginia economic outlooks that incorporate recommendations from JABE.

## GENERAL FUND REVENUES

### Legislative Changes Affecting the Forecast

Table 3.5 below lists the legislative and policy changes that affect the revenue forecast for fiscal year 2012.

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

	FY12	FY13	FY14
<b>CORPORATE INCOME TAX</b>			
C. 781, 2009 - Captive REIT	10.0	10.0	10.0
C. 781, 2009 - Single Sales Factor Apportionment	(4.1)	(8.5)	(18.8)
C. 874, 2010 - Job Tax Credit -- HB 624	(1.3)	(1.3)	(1.3)
C. 874, 2010 - Motion Picture Tax Credit	(2.5)	(2.5)	(2.5)
C. 874, 2010 - Phase-in Section 108 conformity	24.5		
C. 874, 2010 - Section 108 conformity	(10.0)		
C. 874, 2010 - Limit Section 199 Deduction	(30.0)	(20.0)	(20.0)
C. 874, 2010 - Disallow Section 199 Deductions	30.0	30.0	30.0
C. 874, 2010 - Tech/Science Angel Investment -- HB523	(0.5)	(0.5)	(0.5)
C. 890, 2011 - Advance Conformity to 12/31/2010	(8.2)		
C. 890, 2011 - Virginia Port Tax Incentive SB1481,1136, HB2385	(4.3)	(4.3)	(4.3)
C. 890, 2011 - Virginia Winery and Vineyard Credit -- HB1837	(0.2)	(0.2)	(0.2)
C. 890, 2011 - Refundable R&D Credit	(4.3)	(4.3)	(4.3)
C. 890, 2011 - Federal Tax Conformity - Cancel Debt	7.4	7.4	
C. 890, 2011 - Green Jobs Tax Credit	(0.5)	(0.5)	(0.5)
C. 890, 2011 - Telework Credit -- HB2197		(0.9)	(0.9)
<b>INDIVIDUAL INCOME TAX</b>			
C. 3, 2006 - Cap Land Preservation Tax Credit (Total Cost)	(150.0)	(150.0)	(125.0)
C. 874, 2010 - Adjust Withholding for Military Spouses	(9.9)	(9.9)	(9.9)
C. 874, 2010 - Income Tax Credit for Landlords -- HB 764	0.1	0.1	0.1
C. 890, 2011 - Virginia Port Tax Incentive	(0.7)	(0.7)	(0.7)
C. 890, 2011 - Refundable R&D Credit	(0.7)	(0.7)	(0.7)
C. 890, 2011 - IRS Tax Conformity	(0.5)	34.8	55.4
C. 890, 2011 - Telework Credit -- HB2197		(0.1)	(0.1)
<b>STATE SALES AND USE TAX</b>			
C. 874, 2010 - Exemption for Economic Development Project -- SB 130	(0.3)		
C. 874, 2010 - Eliminate Dealer Discount (Partial)	49.1	49.1	49.1
C. 890, 2011 - Data Center Exemption	(7.0)	(1.4)	(3.4)
<b>WILLS, SUITS, DEEDS, AND CONTRACTS</b>			
C. 847, 2007 - \$.03 of Recordation Tax to Transportation	(38.5)	(37.2)	(37.2)
<b>INSURANCE PREMIUMS TAX</b>			
C. 847, 2007 - 1/3 of Insurance Premiums Tax to Transportation	(137.3)	(142.0)	(147.3)
C. 874, 2010 - Provide Relief from Retaliatory Taxes	(0.8)	(0.8)	(0.8)
C. 874, 2010 - Increase Relief from Retaliatory Taxes		(5.4)	(5.4)
<b>FINES, FORFEITURES, AND FEES</b>			
C. 874, 2010 - Miscellaneous Fees and Adjustments	15.2	15.2	15.2
C. 890, 2011 - District Courts --SB 774	(0.1)		

**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 also 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 2011 in Review

Table 4.1 compares actual collections in fiscal year 2011 to the official forecast for the Commonwealth Transportation Fund (CTF). Total transportation revenues totaled close to \$2.4 billion in fiscal year 2011, an increase of \$64.8 million over last year. Revenue collections grew by 2.8 percent as compared to the official forecast of a 3.0 percent increase, resulting in a forecast variance of 0.1 percent.

**Table 4.1**  
**Commonwealth Transportation Revenues**  
**Actual Collections Compared to the Official Forecast for Fiscal Year 2011**  
**(Millions of Dollars)**

Revenue Sources	FY2010 Actual	FY2011 Actual	FY2011 Forecast	Percent Change 2010-2011		Forecast Variance	
				Actual	Forecast	Amount	Percent
Motor Fuels Tax	\$ 817.2	\$ 831.1	\$ 843.0	1.7%	3.2%	\$ (11.9)	-1.4%
Road Use Tax	11.1	11.5	10.8	3.6%	-2.7%	0.7	6.5%
Vehicle Sales Tax	444.1	500.5	475.0	12.7%	7.0%	25.5	5.4%
Vehicle Licenses	230.2	237.9	234.8	3.3%	2.0%	3.1	1.3%
State Sales Tax	490.7	477.3	480.8	-2.7%	-2.0%	(3.5)	-0.7%
Recordation Tax	35.2	35.0	32.2	-0.6%	-8.5%	2.8	8.7%
Priority Transportation Fund	20.0	20.0	20.0	0.0%	0.0%	-	0.0%
Insurance Premiums Tax	129.1	130.3	130.3	0.9%	0.9%	-	0.0%
Int'l Registration Plan	59.8	61.1	61.3	2.2%	2.5%	(0.2)	-0.3%
Interest Earnings	23.0	18.3	38.6	-20.4%	67.8%	(20.3)	-52.6%
Rental Tax	29.6	31.6	31.5	6.8%	6.4%	0.1	-3.6%
Aviation Fuels Tax	1.7	1.8	1.7	5.9%	0.0%	0.1	6.3%
Miscellaneous	12.8	12.9	12.7	0.8%	-0.8%	0.2	-2.3%
<b>TOTAL</b>	<b>\$ 2,304.5</b>	<b>\$ 2,369.3</b>	<b>\$ 2,372.7</b>	<b>2.8%</b>	<b>3.0%</b>	<b>\$ (3.4)</b>	<b>-0.1%</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 (35 percent of the CTF) fell short of the forecast by \$11.9 million in fiscal year 2011, as they only increased by 1.7 percent instead of the forecast 3.2 percent in fiscal year 2011. 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.

Personal vehicle travel demand, measured as vehicle miles traveled (VMT) per licensed driver, grew at an average annual rate of 1.1 percent between 1970 to 2007. This increase was driven by rising income, a decline in the cost of driving per mile (determined by both fuel economy and fuel price), and demographic changes (such as women fully entering the workforce). Since 2007, VMT per licensed driver has declined slightly because of the sudden spike in the cost of driving per mile followed by the economic downturn. VMT per driver is expected to increase over the next decade at about half of the average annual rate of the previous 17 years.

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 (19 percent of the CTF) increased by 12.7 percent in fiscal year 2011. New car sales increased by 8.4 percent and used car sales increased by 4.6 percent. Despite the bounce-back in vehicle sales over the past two years, vehicle sales volumes are still well below pre-recession levels.

Revenues from the transportation share of the state retail sales tax (21 percent of the CTF) declined by 2.7 percent, slightly below the 2.0 percent decline anticipated in the forecast. However, after adjusting for the accelerated sales tax program (AST), whereby a portion of fiscal year 2011 CTF sales tax revenues were retained in fiscal year 2010 general fund collections and subsequently transferred back to the CTF, the transportation share of the state retail sales tax grew by 2.9 percent.

Motor vehicle license fees (10 percent of the CTF) increased by 3.3 percent in fiscal year 2011, slightly ahead of the forecast of 2.0 percent growth.

International Registration Plan fees (3 percent of the CTF), the registration fees paid by all interstate motor carriers driving through the Commonwealth, increased by 2.2 percent in fiscal year 2011. 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 \$16.4 million below forecast in fiscal year 2011.

## NON-GENERAL FUND REVENUES

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### Outlook for Key Tax Base Variables

#### Motor Fuel Consumption

Gasoline consumption declined by 1.3 percent compared to the official forecast of a 2.1 percent increase in fiscal year 2011. Diesel fuel consumption increased by 0.1 percent compared to the forecast of a 3.3 percent increase.

Nationally, total consumption of liquid fuels in 2010 grew by the highest rate of growth since 2004. However, consumption is projected to fall by 1.2 percent in 2011 as the forecast for U.S. real GDP growth, which was recently lowered for the seventh consecutive month, grows increasingly pessimistic. Lower motor gasoline consumption is expected to account for much of this decline. In 2012, total liquid fuels consumption is expected to increase by 0.5 percent. Projected motor gasoline consumption rises 0.5 percent, as highway travel increases modestly, while diesel fuel consumption increases by 0.7 percent, as growth in industrial activity continues to be slow due to weak economic growth.

The annual average regular-grade gasoline retail price, which averaged \$2.78 per gallon in 2010, is expected to increase to an average of \$3.52 per gallon in 2011, and an average of \$3.43 per gallon in 2012. The increase in retail prices in 2011 reflects not only the higher cost of crude oil, but also changes in the average U.S. refinery gasoline margin (the difference between refinery wholesale gasoline prices and the average cost of crude oil). On-highway diesel fuel retail prices, which averaged \$2.99 per gallon in 2010, will average \$3.80 per gallon in 2011, and \$3.73 per gallon in 2012.

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. On July 29, 2011, President Obama 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 2010 - 2014**  
**(Percent Growth)**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Taxable Gallons - Gasoline					
Official	0.8	2.1	0.2	1.7	1.6
Standard		(1.3)	(0.8)	2.1	1.2
Recession		(1.3)	(0.5)	(0.3)	2.9
Taxable Gallons - Diesel					
Official	(2.1)	3.3	5.4	3.8	1.3
Standard		0.1	(1.7)	1.9	4.4
Recession		0.1	(2.4)	(0.8)	4.9

**Vehicle Sales**

The official forecast anticipated that fiscal year 2011 car sales would continue to grow at rates similar to those in fiscal year 2010; however, actual growth exceeded those rates. New car sales increased by 8.4 percent, ahead of the forecast of a 5.5 percent increase, and used car sales increased by 4.6 percent, ahead of the forecast of a 3.1 percent increase.

Table 4.3 shows the official and November 2011 forecasts 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 2010 - 2014**  
**(Percent Growth)**

	Fiscal Years				
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
New Taxable Titles					
Official	4.2	5.5	7.5	10.0	0.7
Standard		8.4	5.3	10.1	6.5
Recession		8.4	(2.1)	5.5	6.8
Used Taxable Titles					
Official	4.0	3.1	5.1	3.2	1.7
Standard		4.6	(0.9)	(3.8)	3.0
Recession		4.6	(0.9)	(6.6)	3.1

New Taxable Titles: In fiscal year 2011, approximately 308,900 new vehicles were titled in Virginia, an increase of 24,000 from fiscal year 2010. The official forecast anticipated an increase of about 15,800 new cars. Even with solid growth in fiscal year 2011, new car sales were at a level slightly below fiscal year 1998 and over 151,300 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. Nevertheless, vehicle sales are expected to face substantial headwinds over the next 18 months. Vehicle sales are strongly linked to employment conditions and consumer sentiment, neither of which is expected to support sales in the coming months.

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

Used Taxable Titles: About 1.1 million used cars were sold in Virginia in fiscal year 2011, an increase of 4.6 percent. Used car sales generally follow a sales pattern similar to new car

## **NON-GENERAL FUND REVENUES**

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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 2011 Commonwealth Transportation Fund Forecast**

Table 4.4 on the following pages presents a comparison of the November 2011 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 CTF beginning in fiscal year 2009.

As compared to the official forecast, total transportation fund revenues are \$4.2 million lower in fiscal year 2012. The new growth rate for these revenues is 2.4 percent. Fiscal years 2013 and 2014 show a greater downward revision in the November forecast due to expected diminished collections of motor fuels taxes.

The motor fuels tax, the single largest revenue source in the CTF, is expected to decline by 1.0 percent in fiscal year 2012, increase by 2.1 percent in fiscal year 2013 and increase by 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 little less than 5.0 percent growth annually.

State retail sales and use tax revenues are projected to increase by 5.0 percent in fiscal year 2012 after adjusting for the funds that were retained in the general fund in fiscal year 2011 as part of the accelerated sales tax program. These retained funds were designated to be returned to the transportation fund in fiscal year 2012.

## NON-GENERAL FUND REVENUES

**Table 4.4**  
**The Official and November Commonwealth Transportation Fund Forecast for Fiscal Year 2012**  
**(Dollars in Millions)**

November 1, 2011

	Fiscal Year 2011		Fiscal Year 2012				
	Actual	% Growth	Official Forecast	November Forecast	Change	% Growth over FY 11	
						Official	November
<b>Highway Maintenance &amp; Operating Fund</b>							
Motor Fuels Tax	\$ 722.8	1.7 %	\$ 746.5	\$ 716.6	\$ (29.9)	3.3 %	(0.9) %
Road Tax	3.9	(7.1)	3.4	5.1	1.7	12.8	30.8
Motor Vehicle Sales And Use Tax	324.8	12.2	325.4	342.4	17.0	0.2	5.4
Motor Vehicle License Fees	216.7	3.4	216.1	217.9	1.8	(0.3)	0.6
International Registration Plan	61.1	2.2	63.2	62.0	(1.2)	3.4	1.5
Recordation Tax (1 cent)	11.7	0.0	11.5	12.8	1.3	(1.7)	9.7
Miscellaneous	12.9	0.8	12.9	12.8	(0.1)	0.0	(0.8)
<b>Total State Taxes and Fees</b>	<b>\$ 1,353.9</b>	<b>4.3 %</b>	<b>\$ 1,379.0</b>	<b>\$ 1,369.6</b>	<b>\$ (9.4)</b>	<b>1.9 %</b>	<b>1.2 %</b>
<b>Transportation Trust Fund</b>							
Motor Fuels Tax	\$ 108.3	1.8 %	\$ 107.3	\$ 106.5	\$ (0.8)	(0.9) %	(1.7) %
Priority Transportation Trust Fund	150.3	0.8	157.3	157.3	0.0	4.7	4.7
Base	20.0	0.0	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	130.3	0.9	137.3	137.3	0.0	5.4	5.4
Road Tax	7.6	10.1	7.8	7.3	(0.5)	2.6	(3.9)
Motor Vehicle Sales And Use Tax	175.7	13.6	173.6	182.6	9.0	(1.2)	3.9
Motor Vehicle License Fees	21.2	2.4	21.3	21.3	0.0	0.5	0.5
Retail Sales and Use Tax	477.3	(2.7)	501.6	504.8	3.2	5.1	5.8
Recordation Tax (2 cents)	23.3	(0.9)	23.1	25.7	2.6	(0.9)	10.3
Interest Earnings	18.3	(20.4)	27.8	19.4	(8.4)	51.9	6.0
Rental Tax	31.6	6.8	32.1	31.9	(0.2)	1.6	0.9
Aviation Fuels Tax	1.8	5.9	1.8	2.1	0.3	0.0	16.7
<b>Total State Taxes and Fees</b>	<b>\$ 1,015.4</b>	<b>0.9 %</b>	<b>\$ 1,053.7</b>	<b>\$ 1,058.9</b>	<b>\$ 5.2</b>	<b>3.8 %</b>	<b>4.3 %</b>
<b>Total HMOF And TTF</b>							
Motor Fuels Tax	\$ 831.1	1.7 %	\$ 853.8	\$ 823.1	\$ (30.7)	2.7 %	(1.0) %
Priority Transportation Trust Fund	150.3	0.8	157.3	157.3	0.0	4.7	4.7
Base	20.0	0.0	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	130.3	0.9	137.3	137.3	0.0	5.4	5.4
Road Tax	11.5	3.6	11.2	12.4	1.2	(2.6)	7.8
Motor Vehicle Sales and Use Tax	500.5	12.7	499.0	525.0	26.0	(0.3)	4.9
Motor Vehicle License Fees	237.9	3.3	237.4	239.2	1.8	(0.2)	0.5
International Registration Plan	61.1	2.2	63.2	62.0	(1.2)	3.4	1.5
Retail Sales and Use Tax	477.3	(2.7)	501.6	504.8	3.2	5.1	5.8
Recordation Tax (3 cents)	35.0	(0.6)	34.6	38.5	3.9	(1.1)	10.1
Interest Earnings	18.3	(20.4)	27.8	19.4	(8.4)	51.9	6.0
Rental Tax	31.6	6.8	32.1	31.9	(0.2)	1.6	0.9
Aviation Fuels Tax	1.8	5.9	1.8	2.1	0.3	0.0	16.7
Miscellaneous	12.9	0.8	12.9	12.8	(0.1)	0.0	(0.8)
<b>Total State Taxes and Fees</b>	<b>\$ 2,369.3</b>	<b>2.8 %</b>	<b>\$ 2,432.7</b>	<b>\$ 2,428.5</b>	<b>\$ (4.2)</b>	<b>2.7 %</b>	<b>2.5 %</b>
<b>Transfers per the Appropriations Act</b>							
Retail Sales Tax - AST Retention	27.7	n/a	26.0	26.0	0.0	n/a	(6.1)
Total Transfers	27.7	n/a	\$ 26.0	\$ 26.0	\$ 0.0	n/a	(6.1) %
<b>Total Transportation Fund</b>	<b>2,397.0</b>	<b>4.0</b>	<b>\$ 2,458.7</b>	<b>\$ 2,454.5</b>	<b>\$ (4.2)</b>	<b>2.6 %</b>	<b>2.4 %</b>

The Official forecast is based on the October 2010 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and includes actions of the 2011 General Assembly session.

The November forecast is based on the October 2011 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 2013**  
**(Dollars in Millions)**

November 1, 2011

	Fiscal Year 2013					
	Official Forecast	November Forecast	Change	% Growth over FY 12		
				Official	November	
<b>Highway Maintenance &amp; Operating Fund</b>						
Motor Fuels Tax	\$ 762.6	\$ 731.3	\$ (31.3)	2.2 %	2.1 %	
Road Tax	(0.3)	5.1	5.4	(108.8)	0.0	
Motor Vehicle Sales And Use Tax	351.5	355.1	3.6	8.0	3.7	
Motor Vehicle License Fees	224.2	220.4	(3.8)	3.7	1.1	
International Registration Plan	65.2	62.6	(2.6)	3.2	1.0	
Recordation Tax (1 cent)	11.5	12.8	1.3	0.0	(0.3)	
Miscellaneous	12.9	12.8	(0.1)	0.0	0.0	
<b>Total State Taxes and Fees (HMOF)</b>	<b>\$ 1,427.6</b>	<b>\$ 1,400.1</b>	<b>\$ (27.5)</b>	<b>3.5 %</b>	<b>2.2 %</b>	
<b>Transportation Trust Fund</b>						
Motor Fuels Tax	\$ 109.3	\$ 108.7	\$ (0.6)	1.9 %	2.1 %	
Priority Transportation Trust Fund	162.1	162.0	(0.1)	3.1	3.0	
Base	20.0	20.0	0.0	0.0	0.0	
Insurance Premiums Tax (1/3)	142.1	142.0	(0.1)	3.5	3.4	
Road Tax	7.8	7.4	(0.4)	0.0	1.4	
Motor Vehicle Sales And Use Tax	187.5	189.4	1.9	8.0	3.7	
Motor Vehicle License Fees	22.0	21.4	(0.6)	3.3	0.5	
Retail Sales and Use Tax	542.1	519.5	(22.6)	8.1	2.9	
Recordation Tax (2 cents)	23.1	25.7	2.6	0.0	0.0	
Interest Earnings	24.3	17.6	(6.7)	(12.6)	(9.3)	
Rental Tax	33.2	33.3	0.1	3.4	4.4	
Aviation Fuels Tax	1.8	2.2	0.4	0.0	4.8	
<b>Total State Taxes and Fees (TTF)</b>	<b>\$ 1,113.2</b>	<b>\$ 1,087.2</b>	<b>\$ (26.0)</b>	<b>5.6 %</b>	<b>2.7 %</b>	
<b>Total HMOF And TTF</b>						
Motor Fuels Tax	\$ 871.9	\$ 840.0	\$ (31.9)	2.1 %	2.1 %	
Priority Transportation Trust Fund	162.1	162.0	(0.1)	3.1	3.0	
Base	20.0	20.0	0.0	0.0	0.0	
Insurance Premiums Tax (1/3)	142.1	142.0	(0.1)	3.5	3.4	
Road Tax	7.5	12.5	5.0	(33.0)	0.8	
Motor Vehicle Sales and Use Tax	539.0	544.5	5.5	8.0	3.7	
Motor Vehicle License Fees	246.2	241.8	(4.4)	3.7	1.1	
International Registration Plan	65.2	62.6	(2.6)	3.2	1.0	
Retail Sales and Use Tax	542.1	519.5	(22.6)	8.1	2.9	
Recordation Tax (3 cents)	34.6	38.5	3.9	0.0	(0.1)	
Interest Earnings	24.3	17.6	(6.7)	(12.6)	(9.3)	
Rental Tax	33.2	33.3	0.1	3.4	4.4	
Aviation Fuels Tax	1.8	2.2	0.4	0.0	4.8	
Miscellaneous	12.9	12.8	(0.1)	0.0	0.0	
<b>Total State Taxes and Fees</b>	<b>\$ 2,540.8</b>	<b>\$ 2,487.3</b>	<b>\$ (53.5)</b>	<b>4.4 %</b>	<b>2.4 %</b>	
<b>Transfers per the Appropriations Act</b>						
Retail Sales Tax - AST Retention	0.0	24.6	24.6	n/a	n/a	
<b>Total Transfers</b>	<b>\$ 0.0</b>	<b>\$ 24.6</b>	<b>\$ 24.6</b>	<b>n/a %</b>	<b>n/a %</b>	
<b>Total Transportation Fund</b>	<b>\$ 2,540.8</b>	<b>\$ 2,511.9</b>	<b>\$ (28.9)</b>	<b>3.3 %</b>	<b>2.3 %</b>	

The Official forecast is based on the October 2010 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and includes actions of the 2011 General Assembly session.

The November forecast is based on the October 2011 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, 2011

	Fiscal Year 2014				
	Official Forecast	November Forecast	Change	% Growth over FY 13	
				Official	November
<b>Highway Maintenance &amp; Operating Fund</b>					
Motor Fuels Tax	\$ 774.3	\$ 745.1	\$ (29.2)	1.5 %	1.9 %
Road Tax	(0.3)	5.0	5.3	0.0	(2.0)
Motor Vehicle Sales And Use Tax	363.7	376.5	12.8	3.5	6.0
Motor Vehicle License Fees	224.8	223.6	(1.2)	0.3	1.5
International Registration Plan	67.2	63.8	(3.4)	3.1	1.9
Recordation Tax (1 cent)	11.5	12.8	1.3	0.0	0.0
Miscellaneous	12.9	12.8	(0.1)	0.0	0.0
<b>Total State Taxes and Fees (HMOF)</b>	<b>\$ 1,454.1</b>	<b>\$ 1,439.6</b>	<b>\$ (14.5)</b>	<b>1.9 %</b>	<b>2.8 %</b>
<b>Transportation Trust Fund</b>					
Motor Fuels Tax	\$ 111.1	\$ 110.3	\$ (0.8)	1.6 %	1.5 %
Priority Transportation Trust Fund	169.0	167.3	(1.7)	4.3	3.3
Base	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	149.0	147.3	(1.7)	4.9	3.7
Road Tax	7.9	7.8	(0.1)	1.3	5.4
Motor Vehicle Sales And Use Tax	194.0	200.8	6.8	3.5	6.0
Motor Vehicle License Fees	22.0	21.8	(0.2)	0.0	1.9
Retail Sales and Use Tax	564.2	537.2	(27.0)	4.1	3.4
Recordation Tax (2 cents)	23.1	25.7	2.6	0.0	0.0
Interest Earnings	24.2	17.8	(6.4)	(0.4)	1.1
Rental Tax	34.3	34.7	0.4	3.3	4.2
Aviation Fuels Tax	1.8	2.3	0.5	0.0	4.5
<b>Total State Taxes and Fees (TTF)</b>	<b>\$ 1,151.6</b>	<b>\$ 1,125.7</b>	<b>\$ (25.9)</b>	<b>3.4 %</b>	<b>3.5 %</b>
<b>Total HMOF And TTF</b>					
Motor Fuels Tax	\$ 885.4	\$ 855.4	\$ (30.0)	1.5 %	1.8 %
Priority Transportation Trust Fund	169.0	167.3	(1.7)	4.3	3.3
Base	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	149.0	147.3	(1.7)	4.9	3.7
Road Tax	7.6	12.8	5.2	1.3	2.4
Motor Vehicle Sales and Use Tax	557.7	577.3	19.6	3.5	6.0
Motor Vehicle License Fees	246.8	245.4	(1.4)	0.2	1.5
International Registration Plan	67.2	63.8	(3.4)	3.1	1.9
Retail Sales and Use Tax	564.2	537.2	(27.0)	4.1	3.4
Recordation Tax (3 cents)	34.6	38.5	3.9	0.0	0.0
Interest Earnings	24.2	17.8	(6.4)	(0.4)	1.1
Rental Tax	34.3	34.7	0.4	3.3	4.2
Aviation Fuels Tax	1.8	2.3	0.5	0.0	4.5
Miscellaneous	12.9	12.8	(0.1)	0.0	0.0
<b>Total State Taxes and Fees</b>	<b>\$ 2,605.7</b>	<b>\$ 2,565.3</b>	<b>\$ (40.4)</b>	<b>2.6 %</b>	<b>3.1 %</b>
<b>Transfers per the Appropriations Act</b>					
Retail Sales Tax - AST Retention	0.0	25.4	25.4	n/a	n/a
<b>Total Transfers</b>	<b>\$ 0.0</b>	<b>\$ 25.4</b>	<b>\$ 25.4</b>	<b>n/a %</b>	<b>n/a %</b>
<b>Total Transportation Fund</b>	<b>\$ 2,605.7</b>	<b>\$ 2,590.7</b>	<b>\$ (15.0)</b>	<b>2.6 %</b>	<b>3.1 %</b>

The Official forecast is based on the October 2010 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and includes actions of the 2011 General Assembly session.

The November forecast is based on the October 2011 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 Recession Forecast**

Table 4.5 on the following pages compares the official and November alternative recession Commonwealth Transportation Fund forecasts. Under the recession forecast, total revenues are expected to be \$35.6 million lower in fiscal year 2012, \$138.4 million lower in fiscal year 2013, and \$83.6 million lower in fiscal year 2014, as compared to the official forecast. As compared to the November standard forecast, revenues would total \$185.4 million lower over the next three fiscal years.

This forecast is based on an economic scenario in which the economy falls into a recession with three consecutive quarters of contraction starting in the fourth quarter of calendar year 2011. Bad policy decisions impose unnecessary fiscal contraction on consumers, 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 Recession Commonwealth Transportation Fund Forecast for Fiscal Year 2012**  
**(Dollars in Millions)**

November 1, 2011

	Fiscal Year 2011		Fiscal Year 2012				
	Actual	% Growth	Official Forecast	Recession Forecast	Change	% Growth over FY 11	
						Official	Recession
<b>Highway Maintenance &amp; Operating Fund</b>							
Motor Fuels Tax	\$ 722.8	1.7 %	\$ 746.5	\$ 713.2	\$ (33.3)	3.3 %	(1.3) %
Road Tax	3.9	(7.1)	3.4	5.1	1.7	12.8	30.8
Motor Vehicle Sales And Use Tax	324.8	12.2	325.4	329.7	4.3	0.2	1.5
Motor Vehicle License Fees	216.7	3.4	216.1	215.3	(0.8)	(0.3)	(0.6)
International Registration Plan	61.1	2.2	63.2	62.0	(1.2)	3.4	1.5
Recordation Tax (1 cent)	11.7	0.0	11.5	12.8	1.3	(1.7)	9.7
Miscellaneous	12.9	0.8	12.9	12.8	(0.1)	0.0	(0.8)
<b>Total State Taxes and Fees</b>	<b>\$ 1,353.9</b>	<b>4.3 %</b>	<b>\$ 1,379.0</b>	<b>\$ 1,350.9</b>	<b>\$ (28.1)</b>	<b>1.9 %</b>	<b>(0.2) %</b>
<b>Transportation Trust Fund</b>							
Motor Fuels Tax	\$ 108.3	1.8 %	\$ 107.3	\$ 103.4	\$ (3.9)	(0.9) %	(4.5) %
Priority Transportation Trust Fund	150.3	0.8	157.3	157.3	0.0	4.7	4.7
Base	20.0	0.0	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	130.3	0.9	137.3	137.3	0.0	5.4	5.4
Road Tax	7.6	10.1	7.8	7.3	(0.5)	2.6	(3.9)
Motor Vehicle Sales And Use Tax	175.7	13.6	173.6	175.8	2.2	(1.2)	0.1
Motor Vehicle License Fees	21.2	2.4	21.3	20.9	(0.4)	0.5	(1.4)
Retail Sales and Use Tax	477.3	(2.7)	501.6	502.4	0.8	5.1	5.3
Recordation Tax (2 cents)	23.3	(0.9)	23.1	25.7	2.6	(0.9)	10.3
Interest Earnings	18.3	(20.4)	27.8	19.4	(8.4)	51.9	6.0
Rental Tax	31.6	6.8	32.1	31.9	(0.2)	1.6	0.9
Aviation Fuels Tax	1.8	5.9	1.8	2.1	0.3	0.0	16.7
<b>Total State Taxes and Fees</b>	<b>\$ 1,015.4</b>	<b>0.9 %</b>	<b>\$ 1,053.7</b>	<b>\$ 1,046.2</b>	<b>\$ (7.5)</b>	<b>3.8 %</b>	<b>3.0 %</b>
<b>Total HMOF And TTF</b>							
Motor Fuels Tax	\$ 831.1	1.7 %	\$ 853.8	\$ 816.6	\$ (37.2)	2.7 %	(1.7) %
Priority Transportation Trust Fund	150.3	0.8	157.3	157.3	0.0	4.7	4.7
Base	20.0	0.0	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	130.3	0.9	137.3	137.3	0.0	5.4	5.4
Road Tax	11.5	3.6	11.2	12.4	1.2	(2.6)	7.8
Motor Vehicle Sales and Use Tax	500.5	12.7	499.0	505.5	6.5	(0.3)	1.0
Motor Vehicle License Fees	237.9	3.3	237.4	236.2	(1.2)	(0.2)	(0.7)
International Registration Plan	61.1	2.2	63.2	62.0	(1.2)	3.4	1.5
Retail Sales and Use Tax	477.3	(2.7)	501.6	502.4	0.8	5.1	5.3
Recordation Tax (3 cents)	35.0	(0.6)	34.6	38.5	3.9	(1.1)	10.1
Interest Earnings	18.3	(20.4)	27.8	19.4	(8.4)	51.9	6.0
Rental Tax	31.6	6.8	32.1	31.9	(0.2)	1.6	0.9
Aviation Fuels Tax	1.8	5.9	1.8	2.1	0.3	0.0	16.7
Miscellaneous	12.9	0.8	12.9	12.8	(0.1)	0.0	(0.8)
<b>Total State Taxes and Fees</b>	<b>\$ 2,369.3</b>	<b>2.8 %</b>	<b>\$ 2,432.7</b>	<b>\$ 2,397.1</b>	<b>\$ (35.6)</b>	<b>2.7 %</b>	<b>1.2 %</b>
<b>Transfers per the Appropriations Act</b>							
Retail Sales Tax - AST Retention	27.7	n/a	26.0	26.0	0.0	n/a	(6.1)
Total Transfers	27.7	n/a	\$ 26.0	\$ 26.0	\$ 0.0	n/a	(6.1) %
<b>Total Transportation Fund</b>	<b>2,397.0</b>	<b>4.0</b>	<b>\$ 2,458.7</b>	<b>\$ 2,423.1</b>	<b>\$ (35.6)</b>	<b>2.6 %</b>	<b>1.1 %</b>

The Official forecast is based on the October 2010 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and includes actions of the 2011 General Assembly session.

The Recession forecast is based on the October 2011 Global Insight Recession outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

# NON-GENERAL FUND REVENUES

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

November 1, 2011

	Fiscal Year 2013				
	Official	Recession	Change	% Growth over FY 12	
	Forecast	Forecast		Official	Recession
<b>Highway Maintenance &amp; Operating Fund</b>					
Motor Fuels Tax	\$ 762.6	\$ 710.3	\$ (52.3)	2.2 %	(0.4) %
Road Tax	(0.3)	5.1	5.4	(108.8)	0.0
Motor Vehicle Sales And Use Tax	351.5	328.8	(22.7)	8.0	(0.3)
Motor Vehicle License Fees	224.2	212.9	(11.3)	3.7	(1.1)
International Registration Plan	65.2	62.6	(2.6)	3.2	1.0
Recordation Tax (1 cent)	11.5	12.8	1.3	0.0	(0.3)
Miscellaneous	12.9	12.8	(0.1)	0.0	0.0
Total State Taxes and Fees (HMOF)	\$ 1,427.6	\$ 1,345.3	\$ (82.3)	3.5 %	(0.4) %
<b>Transportation Trust Fund</b>					
Motor Fuels Tax	\$ 109.3	\$ 103.1	\$ (6.2)	1.9 %	(0.3) %
Priority Transportation Trust Fund	162.1	162.0	(0.1)	3.1	3.0
Base	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	142.1	142.0	(0.1)	3.5	3.4
Road Tax	7.8	7.4	(0.4)	0.0	1.4
Motor Vehicle Sales And Use Tax	187.5	175.4	(12.1)	8.0	(0.2)
Motor Vehicle License Fees	22.0	20.4	(1.6)	3.3	(2.4)
Retail Sales and Use Tax	542.1	510.0	(32.1)	8.1	1.5
Recordation Tax (2 cents)	23.1	25.7	2.6	0.0	0.0
Interest Earnings	24.3	17.6	(6.7)	(12.6)	(9.3)
Rental Tax	33.2	33.3	0.1	3.4	4.4
Aviation Fuels Tax	1.8	2.2	0.4	0.0	4.8
Total State Taxes and Fees (TTF)	\$ 1,113.2	\$ 1,057.1	\$ (56.1)	5.6 %	1.0 %
<b>Total HMOF And TTF</b>					
Motor Fuels Tax	\$ 871.9	\$ 813.4	\$ (58.5)	2.1 %	(0.4) %
Priority Transportation Trust Fund	162.1	162.0	(0.1)	3.1	3.0
Base	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	142.1	142.0	(0.1)	3.5	3.4
Road Tax	7.5	12.5	5.0	(33.0)	0.8
Motor Vehicle Sales and Use Tax	539.0	504.2	(34.8)	8.0	(0.3)
Motor Vehicle License Fees	246.2	233.3	(12.9)	3.7	(1.2)
International Registration Plan	65.2	62.6	(2.6)	3.2	1.0
Retail Sales and Use Tax	542.1	510.0	(32.1)	8.1	1.5
Recordation Tax (3 cents)	34.6	38.5	3.9	0.0	(0.1)
Interest Earnings	24.3	17.6	(6.7)	(12.6)	(9.3)
Rental Tax	33.2	33.3	0.1	3.4	4.4
Aviation Fuels Tax	1.8	2.2	0.4	0.0	4.8
Miscellaneous	12.9	12.8	(0.1)	0.0	0.0
<b>Total State Taxes and Fees</b>	<b>\$ 2,540.8</b>	<b>\$ 2,402.4</b>	<b>\$ (138.4)</b>	<b>4.4 %</b>	<b>0.2 %</b>
<b>Transfers per the Appropriations Act</b>					
Retail Sales Tax - AST Retention	0.0	24.1	24.1	n/a	n/a
Total Transfers	\$ 0.0	\$ 24.1	\$ 24.1	n/a %	n/a %
<b>Total Transportation Fund</b>	<b>\$ 2,540.8</b>	<b>\$ 2,426.5</b>	<b>\$ (114.3)</b>	<b>3.3 %</b>	<b>0.1 %</b>

The Official forecast is based on the October 2010 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and includes actions of the 2011 General Assembly session.

The Recession forecast is based on the October 2011 Global Insight Recession outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

## NON-GENERAL FUND REVENUES

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

November 1, 2011

	Fiscal Year 2014				
	Official Forecast	Recession Forecast	Change	% Growth over FY 13	
				Official	Recession
<b>Highway Maintenance &amp; Operating Fund</b>					
Motor Fuels Tax	\$ 774.3	\$ 741.8	\$ (32.5)	1.5 %	4.4 %
Road Tax	(0.3)	5.0	5.3	0.0	(2.0)
Motor Vehicle Sales And Use Tax	363.7	349.3	(14.4)	3.5	6.2
Motor Vehicle License Fees	224.8	220.0	(4.8)	0.3	3.3
International Registration Plan	67.2	63.8	(3.4)	3.1	1.9
Recordation Tax (1 cent)	11.5	12.8	1.3	0.0	0.0
Miscellaneous	12.9	12.8	(0.1)	0.0	0.0
<b>Total State Taxes and Fees (HMOF)</b>	<b>\$ 1,454.1</b>	<b>\$ 1,405.5</b>	<b>\$ (48.6)</b>	<b>1.9 %</b>	<b>4.5 %</b>
<b>Transportation Trust Fund</b>					
Motor Fuels Tax	\$ 111.1	\$ 106.3	\$ (4.8)	1.6 %	3.1 %
Priority Transportation Trust Fund	169.0	167.3	(1.7)	4.3	3.3
Base	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	149.0	147.3	(1.7)	4.9	3.7
Road Tax	7.9	7.8	(0.1)	1.3	5.4
Motor Vehicle Sales And Use Tax	194.0	186.3	(7.7)	3.5	6.2
Motor Vehicle License Fees	22.0	21.5	(0.5)	0.0	5.4
Retail Sales and Use Tax	564.2	522.2	(42.0)	4.1	2.4
Recordation Tax (2 cents)	23.1	25.7	2.6	0.0	0.0
Interest Earnings	24.2	17.8	(6.4)	(0.4)	1.1
Rental Tax	34.3	34.7	0.4	3.3	4.2
Aviation Fuels Tax	1.8	2.3	0.5	0.0	4.5
<b>Total State Taxes and Fees (TTF)</b>	<b>\$ 1,151.6</b>	<b>\$ 0.0</b>	<b>\$ (1,151.6)</b>	<b>3.4 %</b>	<b>(100.0) %</b>
<b>Total HMOF And TTF</b>					
Motor Fuels Tax	\$ 885.4	\$ 848.1	\$ (37.3)	1.5 %	4.3 %
Priority Transportation Trust Fund	169.0	167.3	(1.7)	4.3	3.3
Base	20.0	20.0	0.0	0.0	0.0
Insurance Premiums Tax (1/3)	149.0	147.3	(1.7)	4.9	3.7
Road Tax	7.6	12.8	5.2	1.3	2.4
Motor Vehicle Sales and Use Tax	557.7	535.6	(22.1)	3.5	6.2
Motor Vehicle License Fees	246.8	241.5	(5.3)	0.2	3.5
International Registration Plan	67.2	63.8	(3.4)	3.1	1.9
Retail Sales and Use Tax	564.2	522.2	(42.0)	4.1	2.4
Recordation Tax (3 cents)	34.6	38.5	3.9	0.0	0.0
Interest Earnings	24.2	17.8	(6.4)	(0.4)	1.1
Rental Tax	34.3	34.7	0.4	3.3	4.2
Aviation Fuels Tax	1.8	2.3	0.5	0.0	4.5
Miscellaneous	12.9	12.8	(0.1)	0.0	0.0
<b>Total State Taxes and Fees</b>	<b>\$ 2,605.7</b>	<b>\$ 2,497.4</b>	<b>\$ (108.3)</b>	<b>2.6 %</b>	<b>4.0 %</b>
<b>Transfers per the Appropriations Act</b>					
Retail Sales Tax - AST Retention	0.0	24.7	24.7	n/a	n/a
<b>Total Transfers</b>	<b>\$ 0.0</b>	<b>\$ 24.7</b>	<b>\$ 24.7</b>	<b>n/a %</b>	<b>n/a %</b>
<b>Total Transportation Fund</b>	<b>\$ 2,605.7</b>	<b>\$ 2,522.1</b>	<b>\$ (83.6)</b>	<b>2.6 %</b>	<b>3.9 %</b>

The Official forecast is based on the October 2010 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation and includes actions of the 2011 General Assembly session.

The Recession forecast is based on the October 2011 Global Insight Recession outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

## **NON-GENERAL FUND REVENUES**

### **Alcoholic Beverage Control (ABC) - Revenues and Profits Fiscal Year 2011**

In fiscal year 2011, ABC's total income, excluding state tax receipts, was \$598.6 million. Gross sales of alcoholic beverages in the retail stores accounted for 96.6 percent of this income. The remaining 3.4 percent of income was generated largely through the ABC's regulatory and licensing activities. Table 4.6 shows ABC's revenues, costs, and profits for fiscal years 2008 through 2011. 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 2008-2011 (\$ millions)**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Total Revenue*</b>	555.0	576.0	584.7	598.6
<b>Cost of Goods &amp; Total Operating Expenses</b>	451.6	464.5	464.3	477.8
<b>Net ABC Profit</b>	103.4	111.8	120.6	120.9
<b>Transfer to the General Fund:</b>				
<b>Reimbursement for Appropriations as provided by the Acts of the Assembly</b>	66.2	67.6	70.6	67.7
<b>Net Profits for Distribution</b>	37.2	44.2	49.9	53.2

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

### **ABC Revenues and Profit Forecast for Fiscal Years 2012-2014**

Comparisons of ABC's performance in fiscal year 2010, estimated performance for fiscal year 2011, and actual performance in fiscal year 2011, are included in Table 4.7.

**Table 4.7**  
**A Comparison of Fiscal Year 2010 Results to Fiscal Year 2011 Estimated and Actual Results, (\$ millions)**

	<u>FY10 Actual</u>	<u>FY11 Estimate</u>	<u>FY11 Actual</u>	<u>\$ Var</u>	<u>% Var</u>	<u>Change from FY10</u>	
						<u>FY11 Estimate</u>	<u>FY11 Actual</u>
<b>Total Store Sales*</b>	675.5	685.0	695.3	10.3	1.5%	9.5	19.8
<b>Net ABC Profit for Distribution</b>	49.9	46.2	53.2	7.0	15.2%	(3.7)	3.3
<b>State Tax Revenue**</b>	132.0	133.7	137.3	3.6	2.7%	1.7	5.3

\*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

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## NON-GENERAL FUND REVENUES

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Fiscal year 2011 compared to fiscal year 2010 shows an increase in sales, net ABC profits for distribution, and state tax revenue. Table 4.8 contains fiscal year 2011 results for store sales, profits for distribution and state tax revenues along with the 2012 through 2014 forecasts. Profit forecasts in Table 4.8 are net of any transfers mandated by the Appropriations Act.

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

	<u>Actual</u> <u>2011</u>	<u>Forecast</u>		
		<u>2012</u>	<u>2013</u>	<u>2014</u>
Total ABC Store Sales: (1)	695.3	708.0	724.0	741.0
Adjusted Net Profits for Distribution: (2) (3)	53.2	53.3	53.7	54.0
ABC State Tax Revenues:(1)				
Spirits	114.3	116.8	119.5	122.3
Wine (4)	<u>23.0</u>	<u>20.7</u>	<u>20.7</u>	<u>20.7</u>
Total Tax Revenue:	137.3	137.5	140.2	143.0

(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. As a result, forecasts beyond fiscal year 2012 are more prone to forecast error due to economic uncertainty, changes in customer behavior and ABC's cost structure.

In fiscal year 2012, ABC expects sales to continue to grow, but at a much slower rate than in previous years. This is because of the slow pace of the economic recovery in Virginia and the reduced rate of growth in the new locations. Uncontrollable factors, such as holiday season sales and sales from mixed beverage licensees (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 credit card discount fees. These are all very difficult to change in the short run. ABC non-

## **NON-GENERAL FUND REVENUES**

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merchandise expenditures are as follows: 59 percent for personnel costs; 17 percent for continuous charges, such as rent and utilities; 12 percent for contractual services, such as shipping product to stores and telecommunications; and 8 percent for miscellaneous expenses, such as depreciation and credit card discount fees. In fiscal years 2012 and 2013, 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 2011, ABC contributed \$120.9 million in net profits to the Commonwealth and collected \$190.2 million in taxes on store sales, wine, and beer, and an additional \$27.9 million in general sales tax.

Net ABC profits are generally earmarked for deposit in the General Fund. First, the General Assembly makes certain appropriations to recover the costs of alcohol-related programs, such as the Department of Behavioral Health and Developmental Services' alcoholic treatment programs and testing services, and the Breathalyzer Training Program. These appropriations, which totaled \$67.7 million in fiscal year 2011, 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 2012 given the projected slight increase in gross sales. However, there are risks, such as continued economic declines, 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, or sales minus expenses plus other income, to the Lottery Proceeds Fund. Expenses are comprised of prizes to players, commissions to retailers, ticket printing and distribution, computer gaming contract fees, and administrative operating costs.

**Actual Results - Fiscal Year 2011**

The Virginia Lottery transferred net proceeds of \$435.3 million to the Lottery Proceeds Fund during fiscal year 2011. The Lottery also transferred \$1.5 million for debt set-off to the Department of Taxation and \$10.9 million from unclaimed prizes to the Literary Fund.

Sales for fiscal year 2011 were \$1.5 billion, an increase of \$47.6 million (3.3 percent) from fiscal year 2010, and \$33.9 million (2.3 percent) more than the fiscal year 2011 forecast. With higher than forecast sales, net income was also \$9.0 million (2.1 percent) more than forecast. The additional \$9.0 million in profits will be part of the transfers to the Lottery Proceeds Fund for the 2012 fiscal year.

**Forecast Overview - Fiscal Years 2012 to 2014**

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, in particular with respect to long-term interest rates and US Treasury-issued bond yields;
- continued lottery gaming competition from North Carolina;
- 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)**

	FY2012	FY2013	FY2014
Sales	1,525.7	1,563.3	1,596.5
- Prize Expense	914.4	942.6	968.3
- Retailer Compensation	86.8	89.0	90.8
- Operating Expenses	80.4	82.7	83.9
+ Other Income	1.3	1.3	1.5
<b>Net Income</b>	<b>445.4</b>	<b>450.3</b>	<b>455.0</b>
Other Transfers	9.0	-	-
Total Available	454.4	450.3	455.0

## **NON-GENERAL FUND REVENUES**

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For fiscal year 2012, the Lottery is projecting sales of \$1.5 billion and net income (turnover to the Lottery Proceeds Fund) of \$445.4 million. Prize expense is estimated to be \$914.4 million, or 59.9 percent of sales; retailer compensation is forecast to be \$86.8 million, or 5.7 percent of sales. The estimated \$445.4 million net income, plus the residual \$9.0 million of fiscal year 2011 profits that will be transferred during fiscal year 2012, brings the total expected transfers to the Lottery Proceeds Fund for fiscal year 2012 to \$454.4 million.

For the 2012-2014 biennium, the Lottery expects that sales will grow to nearly \$1.6 billion in 2014, creating revenue for the Lottery Proceeds Fund of \$450.3 million for fiscal year 2013, and \$455.0 million for fiscal year 2014.

### **Sales Projections for Fiscal Year 2012 and the 2012-2014 Biennium**

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.

### **Scratch Games**

Scratch games continue to account for half of total lottery sales. Sales of scratch games are expected to experience a compound annual growth of 4.75 percent over the forecast period, as players continue to support the variety of games offered in Virginia.

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

About 16 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. High jackpots increase levels of play. Conversely, high frequency of jackpot winners means less jackpot growth and lower sales.

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.

Win for Life and Decades of Dollars, the other jackpot-style games offered in Virginia, offer a fixed prize to players without regard to the number of winners resulting from any single drawing. Since the inception of Win for Life in March 2006, it has become clear that player awareness of these types of games is key to these products' success.

Escalating efforts to expand multi-state jackpot game offerings among all U.S. Lottery states have 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 2012, the Powerball game will undergo structural changes that include increases in ticket price and jackpot levels; anticipated revenues from this change are included in the forecast provided. There are no other anticipated changes to the national games at this time. If modified games or new products become available for sale in Virginia, a forecast adjustment will be made at that time.

### **Daily Games**

The Lottery's other drawing games, "daily games" sold through the network of Lottery computer terminals and where winners are determined by a random drawing, are Pick 3, Pick 4 and Cash 5. Daily games comprise about a third of total Lottery sales. Cash 5 is expected to continue to exhibit stable to slightly declining 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 Year 2012 and the 2012-2014 Biennium**

The Lottery is forecasting net income of \$445.3 million for fiscal year 2012, \$450.3 million for fiscal year 2013, and \$455.0 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 5.3 percent of total sales.

The Virginia Lottery, celebrating its 23<sup>rd</sup> year in fiscal year 2012, with its current product mix, has reached 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.

## **NON-GENERAL FUND REVENUES**

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### **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. Since the basis of many of the Lottery's products is a random drawing, in the relatively short period of one year, a wide range of outcomes can occur. If the Lottery experiences unusually high payouts in its daily games in any given year, sales may be higher than projected, but income lower simply due to players winning more money. This phenomenon occurred in fiscal year 2010, resulting in higher sales, but lower profits than fiscal year 2009. Conversely, a prolonged period of low payouts can lead to higher current profit margin, but dampen players' enthusiasm and reduce future sales and profits. 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.

A second risk is competition along Virginia's borders. 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. 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.

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 re-launched 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 \$4.8 million, or 0.7 percent, in fiscal year 2011. With outstanding loans to the Federal government to pay UI benefits, actual and projected interest revenues were equal at zero.

### **Discussion of Forecast**

The estimates in Tables 4.10 and 4.11 represent projections from the Unemployment Insurance Benefit Financing Model. The estimated increase in tax revenue in fiscal years 2012 and 2013 reflects increases in the four-year moving average of benefit charges and in the pool tax rate. The decrease in fiscal year 2014 is the result of a reversal of these trends.

Under the standard scenario, pool taxes of 0.58 percent, 0.43 percent, and 0.31 percent are projected for calendar years 2012 to 2014, respectively, and a fund-building tax is imposed in each of the three years. With outstanding loans for much of the forecast period, interest revenues are zero until the beginning of fiscal year 2013. Under the recession scenario, higher pool taxes of 0.62 percent, 0.52 percent, and 0.48 percent are projected for calendar years 2012 to 2014, respectively, and again a fund-building tax is imposed in each of the three years.

Due to higher benefit payments, average benefit ratios are higher in fiscal years 2012 through 2014 under the recession scenario. Tax revenues are lower in fiscal year 2012 under this scenario because employment is lower. In fiscal year 2013, lower employment only partially offsets the higher tax rates and as a result, there is slightly more tax revenue than in the standard scenario. For fiscal year 2014, despite continued lower employment, higher tax rates again produce higher tax revenue than the standard scenario. The recession scenario produces zero interest revenue throughout the forecast period because there are outstanding loans until the last two months of fiscal year 2014.

## NON-GENERAL FUND REVENUES

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**Table 4.10**  
**Financial Forecasts Fiscal Years 2012, 2013, and 2014**  
**Standard Scenario**  
**(Millions of Dollars)**

Revenue Source	<u>Fiscal Year 2012</u>		<u>Fiscal Year 2013</u>		<u>Fiscal Year 2014</u>	
	Estimate	% Change From Actual FY11	Estimate	% Change From Estimated FY12	Estimate	% Change From Estimated FY13
Unemployment Insurance Tax	\$ 775.9	16.2%	\$ 806.3	3.9%	\$ 768.8	-4.7%
Interest on Trust Fund	\$ -	N/A	\$ 1.2	N/A	\$ 14.5	1108.3%
<b>Total Revenue</b>	<b>\$ 775.9</b>	<b>16.2%</b>	<b>\$ 807.5</b>	<b>4.1%</b>	<b>\$ 783.3</b>	<b>-3.0%</b>

**Table 4.11**  
**Financial Forecasts Fiscal Years 2012, 2013, and 2014**  
**Recession Scenario**  
**(Millions of Dollars)**

Revenue Source	<u>Fiscal Year 2012</u>		<u>Fiscal Year 2013</u>		<u>Fiscal Year 2014</u>	
	Estimate	% Change From Actual FY11	Estimate	% Change From Estimated FY12	Estimate	% Change From Estimated FY13
Unemployment Insurance Tax	\$ 766.3	14.7%	\$ 815.9	6.5%	\$ 877.2	7.5%
Interest on Trust Fund	\$ -	N/A	\$ -	N/A	\$ -	N/A
<b>Total Revenue</b>	<b>\$ 766.3</b>	<b>14.7%</b>	<b>\$ 815.9</b>	<b>6.5%</b>	<b>\$ 877.2</b>	<b>7.5%</b>

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





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

	History											
	2008 3	2008 4	2009 1	2009 2	2009 3	2009 4	2010 1	2010 2	2010 3	2010 4	2011 1	2011 2
Real Gross Domestic Product, Billions of 2005 \$, SAAR	13,186.9	12,883.5	12,663.2	12,641.3	12,694.5	12,813.5	12,937.7	13,058.5	13,139.6	13,216.1	13,227.9	13,271.8
Annualized % Change	(3.7)	(8.9)	(6.7)	(0.7)	1.7	3.8	3.9	3.8	2.5	2.3	0.4	1.3
% Change from Prior Year's Quarter	(0.6)	(3.3)	(4.5)	(5.0)	(3.7)	(0.5)	2.2	3.3	3.5	3.1	2.2	1.6
Real Consumer Spending, Billions of 2005 \$, SAAR	9,196.0	9,076.0	9,040.9	8,998.5	9,050.3	9,060.2	9,121.2	9,186.9	9,247.1	9,328.4	9,376.7	9,392.7
Annualized % Change	(3.8)	(5.1)	(1.5)	(1.9)	2.3	0.4	2.7	2.9	2.6	3.6	2.1	0.7
% Change from Prior Year's Quarter	(1.0)	(2.5)	(2.7)	(3.1)	(1.6)	(0.2)	0.9	2.1	2.2	3.0	2.8	2.2
U.S. Personal Income, Billions \$, SAAR	12,513.3	12,340.0	11,964.4	11,944.1	11,874.1	11,938.2	12,137.7	12,325.6	12,453.2	12,577.6	12,846.9	12,992.6
Annualized % Change	(1.8)	(5.4)	(11.6)	(0.7)	(2.3)	2.2	6.9	6.3	4.2	4.1	8.8	4.6
% Change from Prior Year's Quarter	4.7	1.6	(3.6)	(5.0)	(5.1)	(3.3)	1.4	3.2	4.9	5.4	5.8	5.4
Virginia Personal Income, Millions \$, SAAR	351,671.0	348,897.0	341,977.0	342,570.0	341,308.0	343,336.0	348,154.0	353,828.0	357,484.0	360,754.0	367,264.0	371,010.0
Annualized % Change	(0.2)	(3.1)	(7.7)	0.7	(1.5)	2.4	5.7	6.7	4.2	3.7	7.4	4.1
% Change from Prior Year's Quarter	4.4	2.6	(1.7)	(2.6)	(2.9)	(1.6)	1.8	3.3	4.7	5.1	5.5	4.9
Virginia Wages and Salaries, Millions \$, SAAR	194,595.0	194,128.0	191,066.0	192,420.0	192,052.0	193,054.0	194,363.0	197,103.0	199,257.0	199,579.0	201,366.0	203,439.0
Annualized % Change	1.5	(1.0)	(6.2)	2.9	(0.8)	2.1	2.7	5.8	4.4	0.6	3.6	4.2
% Change from Prior Year's Quarter	2.6	1.5	(1.6)	(0.8)	(1.3)	(0.6)	1.7	2.4	3.8	3.4	3.6	3.2
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	65,448.0	62,522.0	57,147.0	54,163.0	52,963.0	53,225.0	55,324.0	56,480.0	56,681.0	57,452.0	59,264.0	60,336.0
Annualized % Change	2.3	(16.7)	(30.2)	(19.3)	(8.6)	2.0	16.7	8.6	1.4	5.6	13.2	7.4
% Change from Prior Year's Quarter	7.1	0.9	(11.5)	(16.8)	(19.1)	(14.9)	(3.2)	4.3	7.0	7.9	7.1	6.8
Virginia Total Proprietor's Income, Millions \$, SAAR	21,210.0	20,571.0	19,038.0	18,200.0	18,142.0	18,414.0	17,832.0	18,857.0	19,342.0	19,694.0	19,663.0	19,735.0
Annualized % Change	(5.5)	(11.5)	(26.6)	(16.5)	(1.3)	6.1	(12.1)	25.1	10.7	7.5	(0.6)	1.5
% Change from Prior Year's Quarter	(3.4)	(5.9)	(11.7)	(15.4)	(14.5)	(10.5)	(6.3)	3.6	6.6	7.0	10.3	4.7

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

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

	History											
	2008 3	2008 4	2009 1	2009 2	2009 3	2009 4	2010 1	2010 2	2010 3	2010 4	2011 1	2011 2
Total U.S. Employment, Millions, SA	136.7	135.1	132.8	131.0	130.0	129.4	129.3	130.0	129.9	130.1	130.5	131.0
Annualized % Change	(2.2)	(4.7)	(6.5)	(5.5)	(3.0)	(1.6)	(0.3)	2.0	(0.2)	0.8	1.3	1.4
% Change from Prior Year's Quarter	(0.7)	(2.0)	(3.7)	(4.7)	(4.9)	(4.2)	(2.6)	(0.8)	(0.1)	0.5	0.9	0.8
Virginia Total Nonag. Employment, Thousands, SA	3,764.3	3,737.6	3,681.5	3,645.1	3,621.3	3,621.0	3,606.1	3,642.2	3,642.9	3,648.2	3,683.5	3,685.0
Annualized % Change	(0.8)	(2.8)	(5.9)	(3.9)	(2.6)	(0.0)	(1.6)	4.1	0.1	0.6	3.9	0.2
% Change from Prior Year's Quarter	0.1	(0.7)	(2.5)	(3.4)	(3.8)	(3.1)	(2.0)	(0.1)	0.6	0.8	2.1	1.2
CPI, All Urban, 2000=100, SA	2.2	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Annualized % Change	6.4	(9.1)	(2.4)	1.9	3.7	2.7	1.3	(0.5)	1.4	2.6	5.2	4.1
% Change from Prior Year's Quarter	5.3	1.6	(0.2)	(1.0)	(1.6)	1.5	2.4	1.8	1.2	1.2	2.2	3.3
Refiner's Acquisition Cost of Oil, \$ per Barrel	113.9	55.1	40.4	56.8	66.4	73.2	75.8	75.4	74.1	81.5	93.9	108.2
Quarterly Change	(3.1)	(58.8)	(14.7)	16.4	9.6	6.7	2.7	(0.4)	(1.3)	7.5	12.3	14.4
Change from Prior Year's Quarter	42.5	(28.9)	(50.8)	(60.2)	(47.5)	18.1	35.4	18.6	7.6	8.4	18.0	32.9
Before-Tax Corporate Profits, Billions \$, SAAR	1,475.8	868.0	1,209.3	1,343.8	1,545.7	1,723.9	1,825.3	1,865.5	1,844.5	1,742.5	1,877.1	1,890.6
Annualized % Change	(18.3)	(88.0)	276.8	52.5	75.1	54.7	25.7	9.1	(4.4)	(20.4)	34.7	2.9
% Change from Prior Year's Quarter	(14.0)	(49.4)	(21.7)	(13.4)	4.7	98.6	50.9	38.8	19.3	1.1	2.8	1.3
S&P 500 Stock Market Index, Level	1,251.9	909.8	809.3	892.2	996.7	1,088.7	1,121.6	1,135.2	1,096.4	1,204.0	1,302.7	1,319.0
Annualized % Change	(30.6)	(72.1)	(37.4)	47.7	55.7	42.4	12.6	5.0	(13.0)	45.4	37.1	5.1
% Change from Prior Year's Quarter	(16.0)	(39.1)	(40.1)	(35.0)	(20.4)	19.7	38.6	27.2	10.0	10.6	16.2	16.2
30-Year Treasury Bonds, Level	4.4	3.7	3.5	4.2	4.3	4.3	4.6	4.4	3.9	4.2	4.6	4.3
Quarterly Change	(0.1)	(0.8)	(0.2)	0.7	0.2	0.0	0.3	(0.3)	(0.5)	0.3	0.4	(0.2)
Change from Prior Year's Quarter	(0.5)	(0.9)	(1.0)	(0.4)	(0.1)	0.6	1.2	0.2	(0.5)	(0.2)	(0.1)	(0.0)

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

**TABLE A.2 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES**

	October Standard Forecast											
	2011 3	2011 4	2012 1	2012 2	2012 3	2012 4	2013 1	2013 2	2013 3	2013 4	2014 1	2014 2
Real Gross Domestic Product, Billions of 2005 \$, SAAR	13,350.1	13,382.3	13,419.8	13,463.6	13,510.5	13,571.6	13,644.9	13,752.1	13,864.8	13,978.2	14,101.8	14,228.9
Annualized % Change	2.4	1.0	1.1	1.3	1.4	1.8	2.2	3.2	3.3	3.3	3.6	3.7
% Change from Prior Year's Quarter	1.6	1.3	1.5	1.4	1.2	1.4	1.7	2.1	2.6	3.0	3.3	3.5
Real Consumer Spending, Billions of 2005 \$, SAAR	9,422.7	9,465.6	9,511.1	9,570.2	9,622.3	9,674.7	9,714.6	9,751.6	9,791.4	9,825.9	9,878.9	9,932.6
Annualized % Change	1.3	1.8	1.9	2.5	2.2	2.2	1.7	1.5	1.6	1.4	2.2	2.2
% Change from Prior Year's Quarter	1.9	1.5	1.4	1.9	2.1	2.2	2.1	1.9	1.8	1.6	1.7	1.9
U.S. Personal Income, Billions \$, SAAR	13,042.8	13,151.3	13,279.9	13,389.0	13,494.7	13,606.3	13,693.5	13,829.9	13,972.0	14,119.9	14,330.8	14,519.8
Annualized % Change	1.6	3.4	4.0	3.3	3.2	3.3	2.6	4.0	4.2	4.3	6.1	5.4
% Change from Prior Year's Quarter	4.7	4.6	3.4	3.1	3.5	3.5	3.1	3.3	3.5	3.8	4.7	5.0
Virginia Personal Income, Millions \$, SAAR	374,338.6	377,218.5	381,040.6	383,448.6	386,653.2	389,673.8	393,568.1	397,178.0	400,715.7	404,283.3	410,024.2	414,703.9
Annualized % Change	3.6	3.1	4.1	2.6	3.4	3.2	4.1	3.7	3.6	3.6	5.8	4.6
% Change from Prior Year's Quarter	4.7	4.6	3.8	3.4	3.3	3.3	3.3	3.6	3.6	3.7	4.2	4.4
Virginia Wages and Salaries, Millions \$, SAAR	204,378.6	206,078.8	207,864.3	209,062.7	210,955.2	212,696.4	215,135.7	217,289.5	219,429.7	221,549.8	224,205.9	226,786.9
Annualized % Change	1.9	3.4	3.5	2.3	3.7	3.3	4.7	4.1	4.0	3.9	4.9	4.7
% Change from Prior Year's Quarter	2.6	3.3	3.2	2.8	3.2	3.2	3.5	3.9	4.0	4.2	4.2	4.4
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	60,018.0	60,513.2	61,282.3	61,686.6	61,979.4	62,253.5	62,402.9	62,681.0	62,949.8	63,305.0	63,899.2	65,001.2
Annualized % Change	(2.1)	3.3	5.2	2.7	1.9	1.8	1.0	1.8	1.7	2.3	3.8	7.1
% Change from Prior Year's Quarter	5.9	5.3	3.4	2.2	3.3	2.9	1.8	1.6	1.6	1.7	2.4	3.7
Virginia Total Proprietor's Income, Millions \$, SAAR	21,943.1	21,981.8	22,012.1	22,025.4	22,027.1	22,056.2	22,104.6	22,182.5	22,249.0	22,344.7	22,398.1	22,504.0
Annualized % Change	52.8	0.7	0.6	0.2	0.0	0.5	0.9	1.4	1.2	1.7	1.0	1.9
% Change from Prior Year's Quarter	13.4	11.6	11.9	11.6	0.4	0.3	0.4	0.7	1.0	1.3	1.3	1.4

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.2 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	October Standard Forecast											
	2011 3	2011 4	2012 1	2012 2	2012 3	2012 4	2013 1	2013 2	2013 3	2013 4	2014 1	2014 2
Total U.S. Employment, Millions, SA	131.1	131.2	131.3	131.6	131.9	132.3	132.6	133.2	133.8	134.5	135.1	135.8
Annualized % Change	0.4	0.1	0.3	1.0	1.0	1.1	1.1	1.5	1.9	2.0	2.0	2.0
% Change from Prior Year's Quarter	1.0	0.8	0.6	0.5	0.6	0.8	1.0	1.2	1.4	1.7	1.9	2.0
Virginia Total Nonag. Employment, Thousands, SA	3,692.9	3,695.1	3,699.5	3,702.9	3,715.2	3,726.8	3,738.4	3,753.1	3,771.4	3,787.8	3,808.0	3,830.6
Annualized % Change	0.9	0.2	0.5	0.4	1.3	1.3	1.2	1.6	2.0	1.7	2.2	2.4
% Change from Prior Year's Quarter	1.4	1.3	0.4	0.5	0.6	0.9	1.1	1.4	1.5	1.6	1.9	2.1
CPI, All Urban, 2000=100, SA	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4
Annualized % Change	3.1	(0.8)	1.1	0.6	2.4	1.9	1.9	1.9	2.0	2.2	2.6	2.6
% Change from Prior Year's Quarter	3.8	2.9	1.9	1.0	0.8	1.5	1.7	2.0	1.9	2.0	2.2	2.3
Refiner's Acquisition Cost of Oil, \$ per Barrel	98.3	84.2	87.1	90.7	95.6	97.8	98.9	99.2	99.3	99.5	101.2	103.6
Quarterly Change	(10.0)	(14.1)	2.9	3.7	4.9	2.1	1.1	0.3	0.1	0.2	1.7	2.4
Change from Prior Year's Quarter	24.2	2.6	(6.8)	(17.5)	(2.6)	13.6	11.8	8.4	3.7	1.8	2.3	4.4
Before-Tax Corporate Profits, Billions \$, SAAR	1,906.5	1,871.2	2,012.3	1,992.5	2,013.8	2,031.2	2,209.0	2,245.8	2,274.3	2,304.1	2,362.9	2,384.7
Annualized % Change	3.4	(7.2)	33.8	(3.9)	4.4	3.5	39.9	6.8	5.2	5.3	10.6	3.7
% Change from Prior Year's Quarter	3.4	7.4	7.2	5.4	5.6	8.5	9.8	12.7	12.9	13.4	7.0	6.2
S&P 500 Stock Market Index, Level	1,228.1	1,100.0	1,150.0	1,185.0	1,203.7	1,222.4	1,241.1	1,258.9	1,276.7	1,295.4	1,314.2	1,333.0
Annualized % Change	(24.8)	(35.6)	19.5	12.7	6.5	6.4	6.3	5.9	5.8	6.0	5.9	5.9
% Change from Prior Year's Quarter	12.0	(8.6)	(11.7)	(10.2)	(2.0)	11.1	7.9	6.2	6.1	6.0	5.9	5.9
30-Year Treasury Bonds, Level	3.7	2.9	3.1	3.2	3.4	3.4	3.6	3.7	3.8	4.0	4.2	4.4
Quarterly Change	(0.6)	(0.8)	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.1
Change from Prior Year's Quarter	(0.2)	(1.2)	(1.5)	(1.1)	(0.3)	0.5	0.5	0.4	0.4	0.5	0.7	0.7

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.2 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	Recession Scenario											
	2011 3	2011 4	2012 1	2012 2	2012 3	2012 4	2013 1	2013 2	2013 3	2013 4	2014 1	2014 2
Real Gross Domestic Product, Billions of 2005 \$, SAAR	13,330.6	13,290.0	13,192.4	13,162.8	13,165.1	13,178.5	13,195.4	13,265.5	13,358.3	13,455.0	13,566.6	13,679.4
Annualized % Change	1.8	(1.2)	(2.9)	(0.9)	0.1	0.4	0.5	2.1	2.8	2.9	3.4	3.4
% Change from Prior Year's Quarter	1.5	0.6	(0.3)	(0.8)	(1.2)	(0.8)	0.0	0.8	1.5	2.1	2.8	3.1
Real Consumer Spending, Billions of 2005 \$, SAAR	9,414.3	9,426.5	9,405.8	9,439.0	9,470.3	9,495.8	9,501.8	9,504.9	9,509.7	9,509.0	9,534.6	9,558.2
Annualized % Change	0.9	0.5	(0.9)	1.4	1.3	1.1	0.3	0.1	0.2	(0.0)	1.1	1.0
% Change from Prior Year's Quarter	1.8	1.1	0.3	0.5	0.6	0.7	1.0	0.7	0.4	0.1	0.3	0.6
U.S. Personal Income, Billions \$, SAAR	13,029.6	13,101.9	13,022.2	13,051.5	13,081.4	13,125.8	13,143.4	13,224.5	13,321.1	13,432.1	13,637.7	13,797.8
Annualized % Change	1.1	2.2	(2.4)	0.9	0.9	1.4	0.5	2.5	3.0	3.4	6.3	4.8
% Change from Prior Year's Quarter	4.6	4.2	1.4	0.5	0.4	0.2	0.9	1.3	1.8	2.3	3.8	4.3
Virginia Personal Income, Millions \$, SAAR	373,982.8	376,013.5	378,284.3	379,406.5	381,095.8	382,648.6	385,262.4	387,754.4	390,311.6	392,866.2	397,610.0	401,357.0
Annualized % Change	3.2	2.2	2.4	1.2	1.8	1.6	2.8	2.6	2.7	2.6	4.9	3.8
% Change from Prior Year's Quarter	4.6	4.2	3.0	2.3	1.9	1.8	1.8	2.2	2.4	2.7	3.2	3.5
Virginia Wages and Salaries, Millions \$, SAAR	204,257.5	205,520.3	206,449.8	207,032.0	208,201.1	209,047.3	210,625.8	211,983.8	213,394.5	214,738.7	216,668.9	218,633.5
Annualized % Change	1.6	2.5	1.8	1.1	2.3	1.6	3.1	2.6	2.7	2.5	3.6	3.7
% Change from Prior Year's Quarter	2.5	3.0	2.5	1.8	1.9	1.7	2.0	2.4	2.5	2.7	2.9	3.1
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	59,744.3	59,770.4	60,094.4	59,865.6	59,470.9	59,248.7	58,882.5	58,639.5	58,479.9	58,520.7	58,875.0	59,659.8
Annualized % Change	(3.9)	0.2	2.2	(1.5)	(2.6)	(1.5)	(2.4)	(1.6)	(1.1)	0.3	2.4	5.4
% Change from Prior Year's Quarter	5.4	4.0	1.4	(0.8)	(0.5)	(0.9)	(2.0)	(2.0)	(1.7)	(1.2)	(0.0)	1.7
Virginia Total Proprietor's Income, Millions \$, SAAR	21,947.6	22,030.6	22,079.2	22,088.5	22,095.0	22,114.5	22,144.4	22,205.6	22,257.8	22,339.6	22,369.8	22,461.0
Annualized % Change	53.0	1.5	0.9	0.2	0.1	0.4	0.5	1.1	0.9	1.5	0.5	1.6
% Change from Prior Year's Quarter	13.5	11.9	12.3	11.9	0.7	0.4	0.3	0.5	0.7	1.0	1.0	1.2

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.2 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	Recession Scenario											
	2011 3	2011 4	2012 1	2012 2	2012 3	2012 4	2013 1	2013 2	2013 3	2013 4	2014 1	2014 2
Total U.S. Employment, Millions, SA	131.1	130.9	130.4	130.2	130.1	130.0	129.9	130.1	130.5	130.9	131.4	132.0
Annualized % Change	0.4	(0.8)	(1.4)	(0.5)	(0.4)	(0.2)	(0.3)	0.5	1.1	1.3	1.6	1.9
% Change from Prior Year's Quarter	1.0	0.6	(0.1)	(0.6)	(0.8)	(0.6)	(0.4)	(0.1)	0.3	0.7	1.1	1.4
Virginia Total Nonag. Employment, Thousands, SA	3,692.8	3,687.8	3,677.3	3,668.6	3,668.9	3,668.8	3,670.4	3,676.2	3,686.5	3,694.8	3,709.9	3,729.0
Annualized % Change	0.9	(0.5)	(1.1)	(0.9)	0.0	(0.0)	0.2	0.6	1.1	0.9	1.6	2.1
% Change from Prior Year's Quarter	1.4	1.1	(0.2)	(0.4)	(0.6)	(0.5)	(0.2)	0.2	0.5	0.7	1.1	1.4
CPI, All Urban, 2000=100, SA	2.3	2.3	2.2	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.4
Annualized % Change	3.1	(2.0)	(0.2)	(0.1)	1.2	1.6	2.1	2.2	2.5	2.9	3.7	3.8
% Change from Prior Year's Quarter	3.8	2.6	1.2	0.2	(0.3)	0.6	1.2	1.8	2.1	2.4	2.8	3.2
Refiner's Acquisition Cost of Oil, \$ per Barrel	98.3	77.2	74.7	77.2	77.7	80.9	85.0	87.8	90.1	93.8	101.1	109.5
Quarterly Change	(10.0)	(21.1)	(2.5)	2.6	0.5	3.2	4.1	2.7	2.3	3.7	7.3	8.4
Change from Prior Year's Quarter	24.2	(4.4)	(19.2)	(31.0)	(20.6)	3.8	10.4	10.6	12.5	12.9	16.1	21.7
Before-Tax Corporate Profits, Billions \$, SAAR	1,886.5	1,799.5	1,862.8	1,836.2	1,855.3	1,878.2	2,039.7	2,068.1	2,094.8	2,130.3	2,201.6	2,224.0
Annualized % Change	(0.9)	(17.2)	14.8	(5.6)	4.2	5.0	39.1	5.7	5.3	6.9	14.1	4.1
% Change from Prior Year's Quarter	2.3	3.3	(0.8)	(2.9)	(1.7)	4.4	9.5	12.6	12.9	13.4	7.9	7.5
S&P 500 Stock Market Index, Level	1,228.1	985.0	940.0	971.3	986.3	1,006.2	1,023.5	1,040.1	1,056.8	1,074.6	1,092.4	1,110.2
Annualized % Change	(24.8)	(58.6)	(17.1)	14.0	6.3	8.3	7.1	6.6	6.6	6.9	6.8	6.7
% Change from Prior Year's Quarter	12.0	(18.2)	(27.8)	(26.4)	(19.7)	2.2	8.9	7.1	7.1	6.8	6.7	6.7
30-Year Treasury Bonds, Level	3.7	2.7	2.4	2.5	2.7	2.8	2.9	3.1	3.3	3.6	3.8	4.0
Quarterly Change	(0.6)	(1.0)	(0.3)	0.1	0.2	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Change from Prior Year's Quarter	(0.2)	(1.4)	(2.1)	(1.8)	(1.0)	0.1	0.4	0.5	0.6	0.8	0.9	0.9

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

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

		History											
		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Real Gross Domestic Product, Billions of 2005 \$, SAAR	Calendar Year	8,280.0	8,516.2	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
	% Change	3.4	2.9	4.1	2.5	3.7	4.5	4.4	4.8	4.1	1.1	1.8	2.5
	Fiscal Year	8,120.2	8,409.2	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
	% Change	1.6	3.6	3.2	3.5	2.7	4.3	4.4	4.7	4.8	2.6	1.0	1.9
Real Consumer Spending, Billions of 2005 \$, SAAR	Calendar Year	5,503.2	5,698.6	5,916.2	6,076.3	6,288.3	6,520.4	6,862.4	7,237.7	7,604.6	7,810.4	8,018.3	8,244.5
	% Change	3.4	3.6	3.8	2.7	3.5	3.7	5.2	5.5	5.1	2.7	2.7	2.8
	Fiscal Year	5,394.8	5,600.0	5,811.4	5,995.8	6,182.7	6,388.9	6,681.2	7,051.9	7,433.8	7,715.8	7,919.6	8,110.3
	% Change	1.6	3.8	3.8	3.2	3.1	3.3	4.6	5.5	5.4	3.8	2.6	2.4
U.S. Personal Income, Billions \$, SAAR	Calendar Year	5,347.3	5,568.1	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
	% Change	6.3	4.1	5.5	5.6	6.3	6.2	7.5	5.1	8.2	3.8	2.0	3.5
	Fiscal Year	5,176.7	5,458.0	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
	% Change	4.8	5.4	4.7	6.0	5.4	6.4	6.9	6.3	6.7	6.5	2.1	2.5
Virginia Personal Income, Millions \$, SAAR	Calendar Year	140,101.0	147,090.5	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
	% Change	6.1	5.0	5.5	4.7	5.3	6.5	6.7	6.5	8.4	6.5	2.7	5.0
	Fiscal Year	135,496.3	143,732.3	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
	% Change	4.7	6.1	5.0	5.6	4.2	6.3	6.5	6.9	7.3	8.4	3.4	3.6
Virginia Wages and Salaries, Millions \$, SAAR	Calendar Year	79,632.8	82,930.5	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
	% Change	5.8	4.1	5.1	4.7	5.9	7.4	8.0	7.9	9.4	4.8	1.4	4.9
	Fiscal Year	76,963.0	81,263.0	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
	% Change	3.3	5.6	4.7	5.1	4.6	7.0	7.5	8.8	7.9	8.5	1.4	3.0
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	Calendar Year	25,454.0	26,708.0	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
	% Change	2.1	4.9	8.3	3.6	6.9	6.1	7.7	0.7	9.4	2.8	(0.5)	1.8
	Fiscal Year	25,214.3	26,094.0	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
	% Change	2.9	3.5	5.4	8.2	3.2	7.8	6.7	3.6	5.3	6.2	1.5	(0.5)
Virginia Total Proprietor's Income, Millions \$, SAAR	Calendar Year	6,894.5	7,740.0	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
	% Change	7.6	12.3	5.5	12.7	7.4	9.5	5.8	8.4	14.3	25.3	3.9	1.2
	Fiscal Year	6,593.8	7,356.3	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
	% Change	9.0	11.6	8.9	7.4	11.3	8.4	6.7	7.6	12.0	21.6	10.0	3.5

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

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

		History							October Standard Forecast			
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Real Gross Domestic Product, Billions of 2005 \$, SAAR	Calendar Year	12,246.9	12,623.0	12,958.5	13,206.4	13,161.9	12,703.1	13,088.0	13,308.0	13,491.4	13,810.0	14,298.3
	% Change	3.5	3.1	2.7	1.9	(0.3)	(3.5)	3.0	1.7	1.4	2.4	3.5
	Fiscal Year	12,070.8	12,439.9	12,812.8	13,054.6	13,293.3	12,843.7	12,876.1	13,213.9	13,404.0	13,619.8	14,043.4
	% Change	3.7	3.1	3.0	1.9	1.8	(3.4)	0.3	2.6	1.4	1.6	3.1
Real Consumer Spending, Billions of 2005 \$, SAAR	Calendar Year	8,515.8	8,803.5	9,054.5	9,262.9	9,211.7	9,037.5	9,220.9	9,414.4	9,594.6	9,770.9	9,967.2
	% Change	3.3	3.4	2.9	2.3	(0.6)	(1.9)	2.0	2.1	1.9	1.8	2.0
	Fiscal Year	8,388.7	8,664.2	8,928.4	9,171.5	9,293.2	9,077.9	9,104.6	9,336.2	9,492.4	9,690.8	9,857.2
	% Change	3.4	3.3	3.0	2.7	1.3	(2.3)	0.3	2.5	1.7	2.1	1.7
U.S. Personal Income, Billions \$, SAAR	Calendar Year	9,937.3	10,485.9	11,268.1	11,912.3	12,460.2	11,930.2	12,373.5	13,008.4	13,442.5	13,903.8	14,627.1
	% Change	6.0	5.5	7.5	5.7	4.6	(4.3)	3.7	5.1	3.3	3.4	5.2
	Fiscal Year	9,631.0	10,211.9	10,887.3	11,598.8	12,270.8	12,190.5	12,068.9	12,717.6	13,215.7	13,656.1	14,235.6
	% Change	4.9	6.0	6.6	6.5	5.8	(0.7)	(1.0)	5.4	3.9	3.3	4.2
Virginia Personal Income, Millions \$, SAAR	Calendar Year	275,618.0	294,733.8	316,297.8	335,319.3	350,064.8	342,297.8	355,055.0	372,457.8	385,204.0	398,936.3	417,673.0
	% Change	6.8	6.9	7.3	6.0	4.4	(2.2)	3.7	4.9	3.4	3.6	4.7
	Fiscal Year	266,573.3	285,120.5	306,217.0	325,941.0	344,165.0	346,278.8	346,656.5	364,128.0	379,011.6	391,768.3	407,431.8
	% Change	6.4	7.0	7.4	6.4	5.6	0.6	0.1	5.0	4.1	3.4	4.0
Virginia Wages and Salaries, Millions \$, SAAR	Calendar Year	158,884.3	169,298.0	179,165.0	189,309.3	194,201.0	192,148.0	197,575.5	203,815.6	210,144.7	218,351.2	228,275.6
	% Change	7.7	6.6	5.8	5.7	2.6	(1.1)	2.8	3.2	3.1	3.9	4.5
	Fiscal Year	153,020.0	164,460.3	174,852.3	184,224.3	192,290.0	193,052.3	194,143.0	200,910.3	206,846.1	214,019.2	222,993.1
	% Change	6.9	7.5	6.3	5.4	4.4	0.4	0.6	3.5	3.0	3.5	4.2
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	Calendar Year	42,741.8	46,015.8	53,066.8	59,824.5	64,415.5	54,374.5	56,484.3	60,032.8	61,800.5	62,834.7	65,914.1
	% Change	1.9	7.7	15.3	12.7	7.7	(15.6)	3.9	6.3	2.9	1.7	4.9
	Fiscal Year	42,233.5	43,882.8	49,499.3	56,341.0	63,190.5	59,820.0	54,498.0	58,433.3	60,875.0	62,329.2	63,788.8
	% Change	2.1	3.9	12.8	13.8	12.2	(5.3)	(8.9)	7.2	4.2	2.4	2.3
Virginia Total Proprietor's Income, Millions \$, SAAR	Calendar Year	21,085.5	22,443.8	23,133.5	22,268.0	21,211.0	18,448.5	18,931.3	20,830.7	22,030.2	22,220.2	22,499.8
	% Change	12.9	6.4	3.1	(3.7)	(4.7)	(13.0)	2.6	10.0	5.8	0.9	1.3
	Fiscal Year	19,832.8	21,830.0	23,032.3	22,827.5	21,720.3	19,754.8	18,311.3	19,608.5	21,990.6	22,092.6	22,373.9
	% Change	7.3	10.1	5.5	(0.9)	(4.9)	(9.0)	(7.3)	7.1	12.1	0.5	1.3

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted



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

		History							Recession Scenario			
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Real Gross Domestic Product, Billions of 2005 \$, SAAR	Calendar Year	12,246.9	12,623.0	12,958.5	13,206.4	13,161.9	12,703.1	13,088.0	13,280.1	13,174.7	13,318.6	13,737.7
	% Change	3.5	3.1	2.7	1.9	(0.3)	(3.5)	3.0	1.5	(0.8)	1.1	3.1
	Fiscal Year	12,070.8	12,439.9	12,812.8	13,054.6	13,293.3	12,843.7	12,876.1	13,213.9	13,243.9	13,201.1	13,514.8
	% Change	3.7	3.1	3.0	1.9	1.8	(3.4)	0.3	2.6	0.2	(0.3)	2.4
								0.0				
Real Consumer Spending, Billions of 2005 \$, SAAR	Calendar Year	8,515.8	8,803.5	9,054.5	9,262.9	9,211.7	9,037.5	9,220.9	9,402.6	9,452.7	9,506.3	9,576.9
	% Change	3.3	3.4	2.9	2.3	(0.6)	(1.9)	2.0	2.0	0.5	0.6	0.7
	Fiscal Year	8,388.7	8,664.2	8,928.4	9,171.5	9,293.2	9,077.9	9,104.6	9,336.2	9,421.4	9,493.2	9,527.9
	% Change	3.4	3.3	3.0	2.7	1.3	(2.3)	0.3	2.5	0.9	0.8	0.4
U.S. Personal Income, Billions \$, SAAR	Calendar Year	9,937.3	10,485.9	11,268.1	11,912.3	12,460.2	11,930.2	12,373.5	12,992.8	13,070.2	13,280.3	13,891.4
	% Change	6.0	5.5	7.5	5.7	4.6	(4.3)	3.7	5.0	0.6	1.6	4.6
	Fiscal Year	9,631.0	10,211.9	10,887.3	11,598.8	12,270.8	12,190.5	12,068.9	12,717.6	13,051.3	13,143.8	13,547.2
	% Change	4.9	6.0	6.6	6.5	5.8	(0.7)	(1.0)	5.4	2.6	0.7	3.1
Virginia Personal Income, Millions \$, SAAR	Calendar Year	275,618.0	294,733.8	316,297.8	335,319.3	350,064.8	342,297.8	355,055.0	372,067.6	380,358.8	389,048.7	403,813.6
	% Change	6.8	6.9	7.3	6.0	4.4	(2.2)	3.7	4.8	2.2	2.3	3.8
	Fiscal Year	266,573.3	285,120.5	306,217.0	325,941.0	344,165.0	346,278.8	346,656.5	364,128.0	376,921.8	384,190.3	395,536.2
	% Change	6.4	7.0	7.4	6.4	5.6	0.6	0.1	5.0	3.5	1.9	3.0
Virginia Wages and Salaries, Millions \$, SAAR	Calendar Year	158,884.3	169,298.0	179,165.0	189,309.3	194,201.0	192,148.0	197,575.5	203,645.7	207,682.5	212,685.7	219,887.7
	% Change	7.7	6.6	5.8	5.7	2.6	(1.1)	2.8	3.1	2.0	2.4	3.4
	Fiscal Year	153,020.0	164,460.3	174,852.3	184,224.3	192,290.0	193,052.3	194,143.0	200,910.3	205,814.9	209,964.5	215,858.9
	% Change	6.9	7.5	6.3	5.4	4.4	0.4	0.6	3.5	2.4	2.0	2.8
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	Calendar Year	42,741.8	46,015.8	53,066.8	59,824.5	64,415.5	54,374.5	56,484.3	59,778.7	59,669.9	58,630.6	60,326.5
	% Change	1.9	7.7	15.3	12.7	7.7	(15.6)	3.9	5.8	(0.2)	(1.7)	2.9
	Fiscal Year	42,233.5	43,882.8	49,499.3	56,341.0	63,190.5	59,820.0	54,498.0	58,433.3	59,868.7	59,060.4	58,883.8
	% Change	2.1	3.9	12.8	13.8	12.2	(5.3)	(8.9)	7.2	2.5	(1.4)	(0.3)
Virginia Total Proprietor's Income, Millions \$, SAAR	Calendar Year	21,085.5	22,443.8	23,133.5	22,268.0	21,211.0	18,448.5	18,931.3	20,844.0	22,094.3	22,236.8	22,459.0
	% Change	12.9	6.4	3.1	(3.7)	(4.7)	(13.0)	2.6	10.1	6.0	0.6	1.0
	Fiscal Year	19,832.8	21,830.0	23,032.3	22,827.5	21,720.3	19,754.8	18,311.3	19,608.5	22,036.5	22,139.9	22,357.0
	% Change	7.3	10.1	5.5	(0.9)	(4.9)	(9.0)	(7.3)	7.1	12.4	0.5	1.0

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

		History											
		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total U.S. Employment, Millions, SA	Calendar Year	108.7	110.8	114.3	117.3	119.7	122.8	125.9	129.0	131.8	131.8	130.3	130.0
	% Change	0.3	2.0	3.1	2.6	2.0	2.6	2.6	2.4	2.2	0.0	(1.1)	(0.3)
	Fiscal Year	108.3	109.6	112.4	116.0	118.4	121.2	124.4	127.4	130.6	132.3	130.9	130.1
	% Change	(0.6)	1.2	2.6	3.2	2.0	2.4	2.6	2.4	2.5	1.3	(1.0)	(0.6)
Virginia Total Nonag. Employment, Thousands, SA	Calendar Year	2,848.5	2,918.9	3,003.4	3,069.7	3,135.6	3,231.8	3,319.7	3,412.3	3,516.6	3,517.2	3,494.3	3,497.5
	% Change	0.7	2.5	2.9	2.2	2.1	3.1	2.7	2.8	3.1	0.0	(0.7)	0.1
	Fiscal Year	2,829.7	2,880.1	2,958.8	3,045.0	3,092.5	3,188.8	3,270.7	3,369.7	3,463.2	3,535.0	3,499.4	3,490.0
	% Change	(1.1)	1.8	2.7	2.9	1.6	3.1	2.6	3.0	2.8	2.1	(1.0)	(0.3)
CPI, All Urban, 2000=100, SA	Calendar Year	1.4	1.4	1.5	1.5	1.6	1.6	1.6	1.7	1.7	1.8	1.8	1.8
	% Change	3.0	3.0	2.6	2.8	2.9	2.3	1.5	2.2	3.4	2.8	1.6	2.3
	Fiscal Year	1.4	1.4	1.5	1.5	1.5	1.6	1.6	1.6	1.7	1.8	1.8	1.8
	% Change	3.2	3.1	2.6	2.8	2.7	2.8	1.8	1.7	2.9	3.4	1.8	2.2
Refiner's Acquisition Cost of Oil, \$ per Barrel	Calendar Year	18.4	16.4	15.5	17.2	20.7	19.1	12.6	17.4	28.2	23.0	24.0	28.6
	Change	(0.7)	(2.0)	(0.9)	1.7	3.5	(1.6)	(6.5)	4.8	10.8	(5.3)	1.0	4.6
	Fiscal Year	18.3	18.5	14.8	17.1	18.2	21.0	15.8	12.6	24.2	27.2	21.4	27.6
	Change	(4.5)	0.1	(3.7)	2.4	1.0	2.8	(5.2)	(3.2)	11.6	3.0	(5.8)	6.2
Before-Tax Corporate Profits, Billions \$, SAAR	Calendar Year	474.4	519.0	599.0	684.3	740.8	801.8	722.9	780.5	772.5	712.7	765.3	903.5
	% Change	11.5	9.4	15.4	14.2	8.2	8.2	(9.8)	8.0	(1.0)	(7.7)	7.4	18.1
	Fiscal Year	452.3	487.4	554.5	648.6	716.3	765.2	774.1	741.4	793.7	755.0	689.3	837.4
	% Change	7.7	7.7	13.8	17.0	10.4	6.8	1.2	(4.2)	7.1	(4.9)	(8.7)	21.5
S&P 500 Stock Market Index, Level	Calendar Year	415.7	451.4	460.3	541.6	670.8	872.7	1,084.3	1,326.1	1,426.8	1,192.1	995.6	963.7
	% Change	10.5	8.6	2.0	17.7	23.9	30.1	24.2	22.3	7.6	(16.4)	(16.5)	(3.2)
	Fiscal Year	398.7	432.2	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
	% Change	15.2	8.4	6.3	4.7	27.7	21.9	33.8	19.5	16.4	(4.2)	(16.6)	(19.7)
30-Year Treasury Bonds, Level	Calendar Year	7.7	6.6	7.4	6.9	6.7	6.6	5.6	5.9	5.9	5.5	5.4	5.1
	Change	(0.5)	(1.1)	0.8	(0.5)	(0.2)	(0.1)	(1.0)	0.3	0.1	(0.4)	(0.1)	(0.4)
	Fiscal Year	7.9	7.2	6.6	7.5	6.5	6.8	6.1	5.4	6.1	5.7	5.5	5.0
	Change	(0.5)	(0.7)	(0.6)	0.9	(1.0)	0.3	(0.7)	(0.7)	0.7	(0.5)	(0.1)	(0.5)

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

		History							October Standard Forecast			
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total U.S. Employment, Millions, SA	Calendar Year	131.4	133.7	136.1	137.6	136.8	130.8	129.8	131.0	131.8	133.5	136.2
	% Change	1.1	1.7	1.8	1.1	(0.6)	(4.4)	(0.7)	0.9	0.6	1.3	2.0
	Fiscal Year	130.5	132.5	135.0	137.0	137.7	133.9	129.7	130.4	131.3	132.5	134.8
	% Change	0.3	1.5	1.9	1.4	0.6	(2.8)	(3.1)	0.6	0.7	0.9	1.7
Virginia Total Nonag. Employment, Thousands, SA	Calendar Year	3,583.7	3,664.1	3,726.4	3,761.3	3,762.9	3,642.2	3,634.8	3,689.1	3,711.1	3,762.7	3,844.6
	% Change	2.5	2.2	1.7	0.9	0.0	(3.2)	(0.2)	1.5	0.6	1.4	2.2
	Fiscal Year	3,534.6	3,626.3	3,702.3	3,745.6	3,768.7	3,707.1	3,622.7	3,664.9	3,697.6	3,733.4	3,799.4
	% Change	1.3	2.6	2.1	1.2	0.6	(1.6)	(2.3)	1.2	0.9	1.0	1.8
CPI, All Urban, 2000=100, SA	Calendar Year	1.9	2.0	2.0	2.1	2.2	2.1	2.2	2.2	2.3	2.3	2.4
	% Change	2.7	3.4	3.2	2.9	3.8	(0.3)	1.6	3.0	1.3	1.9	2.3
	Fiscal Year	1.9	1.9	2.0	2.0	2.1	2.1	2.2	2.2	2.3	2.3	2.3
	% Change	2.2	3.0	3.8	2.6	3.7	1.4	1.0	2.0	2.4	1.5	2.1
Refiner's Acquisition Cost of Oil, \$ per Barrel	Calendar Year	36.9	50.3	60.1	68.0	94.3	59.2	76.7	96.1	92.8	99.2	103.9
	Change	8.3	13.4	9.8	7.9	26.3	(35.1)	17.5	19.4	(3.3)	6.4	4.7
	Fiscal Year	30.8	42.6	58.1	59.0	90.9	66.5	72.7	89.4	90.1	97.8	100.9
	Change	3.2	11.8	15.5	0.9	31.9	(24.4)	6.2	16.7	0.6	7.8	3.0
Before-Tax Corporate Profits, Billions \$, SAAR	Calendar Year	1,229.4	1,640.2	1,822.7	1,738.4	1,359.9	1,455.7	1,819.5	1,886.4	2,012.5	2,258.3	2,378.8
	% Change	36.1	33.4	11.1	(4.6)	(21.8)	7.0	25.0	3.7	6.7	12.2	5.3
	Fiscal Year	1,063.5	1,435.9	1,755.8	1,794.5	1,631.8	1,224.2	1,740.1	1,838.7	1,945.7	2,124.9	2,331.5
	% Change	27.0	35.0	22.3	2.2	(9.1)	(25.0)	42.1	5.7	5.8	9.2	9.7
S&P 500 Stock Market Index, Level	Calendar Year	1,130.6	1,207.1	1,310.7	1,476.7	1,220.9	946.7	1,139.3	1,237.5	1,190.3	1,268.0	1,342.4
	% Change	17.3	6.8	8.6	12.7	(17.3)	(22.5)	20.3	8.6	(3.8)	6.5	5.9
	Fiscal Year	1,078.3	1,160.0	1,254.9	1,399.9	1,426.7	965.8	1,085.6	1,230.5	1,165.8	1,231.5	1,304.8
	% Change	20.5	7.6	8.2	11.6	1.9	(32.3)	12.4	13.4	(5.3)	5.6	6.0
30-Year Treasury Bonds, Level	Calendar Year	5.1	4.6	4.9	4.8	4.3	4.1	4.3	3.9	3.3	3.8	4.4
	Change	0.1	(0.6)	0.3	(0.0)	(0.6)	(0.2)	0.2	(0.4)	(0.6)	0.5	0.7
	Fiscal Year	5.2	4.8	4.7	4.9	4.6	3.9	4.4	4.2	3.2	3.5	4.1
	Change	0.2	(0.4)	(0.1)	0.2	(0.2)	(0.7)	0.5	(0.2)	(1.0)	0.3	0.6

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

		History							Recession Scenario			
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total U.S. Employment, Millions, SA	Calendar Year	131.4	133.7	136.1	137.6	136.8	130.8	129.8	130.9	130.2	130.3	132.3
	% Change	1.1	1.7	1.8	1.1	-0.6	-4.4	-0.7	0.8	(0.5)	0.1	1.5
	Fiscal Year	130.5	132.5	135.0	137.0	137.7	133.9	129.7	130.4	130.7	130.0	131.2
	% Change	0.3	1.5	1.9	1.4	0.6	-2.8	-3.1	0.6	0.2	(0.5)	0.9
Virginia Total Nonag. Employment, Thousands, SA	Calendar Year	3583.7	3664.1	3726.4	3761.3	3762.9	3642.2	3634.8	3,687.3	3,670.9	3,682.0	3,741.6
	% Change	2.5	2.2	1.7	0.9	0.0	-3.2	-0.2	1.4	(0.4)	0.3	1.6
	Fiscal Year	3534.6	3626.3	3702.3	3745.6	3768.7	3707.1	3622.7	3,664.9	3,681.6	3,671.1	3,705.1
	% Change	1.3	2.6	2.1	1.2	0.6	-1.6	-2.3	1.2	0.5	(0.3)	0.9
CPI, All Urban, 2000=100, SA	Calendar Year	1.9	2.0	2.0	2.1	2.2	2.1	2.2	2.2	2.3	2.3	2.4
	% Change	2.7	3.4	3.2	2.9	3.8	-0.3	1.6	3.0	0.4	1.9	3.2
	Fiscal Year	1.9	1.9	2.0	2.0	2.1	2.1	2.2	2.2	2.3	2.3	2.3
	% Change	2.2	3.0	3.8	2.6	3.7	1.4	1.0	2.0	1.9	0.8	2.7
Refiner's Acquisition Cost of Oil, \$ per Barrel	Calendar Year	36.9	50.3	60.1	68.0	94.3	59.2	76.7	94.4	77.6	89.2	110.9
	Change	8.3	13.4	9.8	7.9	26.3	-35.1	17.5	17.7	(16.8)	11.6	21.7
	Fiscal Year	30.8	42.6	58.1	59.0	90.9	66.5	72.7	89.4	81.8	82.9	98.6
	Change	3.2	11.8	15.5	0.9	31.9	-24.4	6.2	16.7	(7.6)	1.0	15.8
Before-Tax Corporate Profits, Billions \$, SAAR	Calendar Year	1229.4	1640.2	1822.7	1738.4	1359.9	1455.7	1819.5	1,863.4	1,858.1	2,083.2	2,209.5
	% Change	36.1	33.4	11.1	-4.6	-21.8	7.0	25.0	2.4	(0.3)	12.1	6.1
	Fiscal Year	1063.5	1435.9	1755.8	1794.5	1631.8	1224.2	1740.1	1,838.7	1,846.2	1,960.3	2,162.7
	% Change	27.0	35.0	22.3	2.2	-9.1	-25.0	42.1	5.7	0.4	6.2	10.3
S&P 500 Stock Market Index, Level	Calendar Year	1130.6	1207.1	1310.7	1476.7	1220.9	946.7	1139.3	1,208.7	976.0	1,048.7	1,119.0
	% Change	17.3	6.8	8.6	12.7	-17.3	-22.5	20.3	6.1	(19.3)	7.5	6.7
	Fiscal Year	1078.3	1160.0	1254.9	1399.9	1426.7	965.8	1085.6	1,230.5	1,031.1	1,014.0	1,083.5
	% Change	20.5	7.6	8.2	11.6	1.9	-32.3	12.4	13.4	(16.2)	(1.7)	6.8
30-Year Treasury Bonds, Level	Calendar Year	5.1	4.6	4.9	4.8	4.3	4.1	4.3	3.8	2.6	3.2	4.1
	Change	0.1	-0.6	0.3	0.0	-0.6	-0.2	0.2	(0.4)	(1.2)	0.6	0.9
	Fiscal Year	5.2	4.8	4.7	4.9	4.6	3.9	4.4	4.2	2.9	2.9	3.7
	Change	0.2	-0.4	-0.1	0.2	-0.2	-0.7	0.5	(0.2)	(1.4)	0.0	0.8

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

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

Virginia Employment		History											
		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Construction and Mining Thousands, SA	Calendar Year	160.5	167.1	175.7	182.5	189.5	201.5	203.7	210.5	221.6	228.4	224.9	227.6
	% Change	(4.4)	4.1	5.1	3.9	3.8	6.3	1.1	3.3	5.3	3.1	(1.5)	1.2
	Fiscal Year	162.3	162.6	170.9	180.2	184.1	197.5	201.1	208.4	215.2	226.3	226.7	224.1
	% Change	(10.4)	0.2	5.1	5.5	2.1	7.3	1.8	3.6	3.3	5.2	0.2	(1.1)
Manufacturing Thousands, SA	Calendar Year	372.7	370.3	370.8	373.1	370.9	374.5	375.6	366.9	363.6	341.3	320.1	305.0
	% Change	(0.8)	(0.7)	0.1	0.6	(0.6)	1.0	0.3	(2.3)	(0.9)	(6.1)	(6.2)	(4.7)
	Fiscal Year	374.9	370.6	369.7	373.2	371.7	372.0	376.0	370.6	366.7	354.6	328.4	313.8
	% Change	(1.5)	(1.1)	(0.3)	1.0	(0.4)	0.1	1.1	(1.4)	(1.1)	(3.3)	(7.4)	(4.4)
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	545.0	557.6	578.8	586.1	599.0	609.3	618.7	637.0	650.7	644.8	636.5	635.2
	% Change	(1.3)	2.3	3.8	1.2	2.2	1.7	1.5	3.0	2.2	(0.9)	(1.3)	(0.2)
	Fiscal Year	546.1	549.1	569.1	583.6	590.8	605.0	612.9	628.6	644.1	650.6	639.4	634.1
	% Change	(3.2)	0.6	3.6	2.5	1.2	2.4	1.3	2.6	2.5	1.0	(1.7)	(0.8)
Financial Activities Thousands, SA	Calendar Year	138.4	143.1	149.6	148.6	153.0	158.6	165.2	173.4	178.9	179.9	182.2	186.5
	% Change	(1.2)	3.4	4.6	(0.7)	2.9	3.7	4.1	5.0	3.2	0.6	1.2	2.4
	Fiscal Year	138.2	140.0	147.3	149.1	150.4	156.2	160.9	170.1	175.7	180.3	180.7	184.2
	% Change	(2.8)	1.3	5.2	1.3	0.8	3.9	3.0	5.7	3.3	2.6	0.2	1.9
Professional and Business Services Thousands, SA	Calendar Year	355.8	378.7	396.4	425.2	447.8	470.9	507.7	538.5	567.9	559.5	547.0	549.3
	% Change	4.3	6.4	4.7	7.3	5.3	5.1	7.8	6.1	5.5	(1.5)	(2.2)	0.4
	Fiscal Year	346.0	367.9	385.7	411.9	435.5	460.5	488.1	524.2	552.7	569.2	552.0	545.2
	% Change	0.7	6.3	4.8	6.8	5.7	5.7	6.0	7.4	5.4	3.0	(3.0)	(1.2)
Education and Health Services Thousands, SA	Calendar Year	261.1	267.7	275.8	284.4	293.6	307.7	315.5	325.5	332.4	345.4	361.8	370.0
	% Change	3.9	2.6	3.0	3.1	3.2	4.8	2.5	3.2	2.1	3.9	4.8	2.3
	Fiscal Year	256.8	264.6	271.1	280.5	288.0	301.0	311.8	320.6	328.1	339.5	353.7	366.5
	% Change	4.6	3.0	2.5	3.5	2.7	4.5	3.6	2.8	2.3	3.5	4.2	3.6
Leisure and Hospitality Thousands, SA	Calendar Year	235.2	243.7	254.2	266.1	270.5	278.6	281.8	287.1	297.1	301.2	303.9	308.5
	% Change	2.2	3.6	4.3	4.7	1.6	3.0	1.2	1.9	3.5	1.4	0.9	1.5
	Fiscal Year	231.3	239.8	248.0	261.2	267.9	275.4	279.4	284.9	291.9	300.1	301.3	305.9
	% Change	(0.6)	3.7	3.4	5.3	2.6	2.8	1.5	2.0	2.4	2.8	0.4	1.5
Government Thousands, SA	Calendar Year	589.3	597.8	603.2	597.5	596.2	596.6	602.0	611.2	624.6	629.2	634.9	637.5
	% Change	1.5	1.4	0.9	(0.9)	(0.2)	0.1	0.9	1.5	2.2	0.7	0.9	0.4
	Fiscal Year	584.2	593.7	601.1	602.5	594.6	597.2	597.8	606.1	618.5	627.7	631.5	636.0
	% Change	0.9	1.6	1.3	0.2	(1.3)	0.4	0.1	1.4	2.0	1.5	0.6	0.7

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

Virginia Employment		History							October Standard Forecast			
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Construction and Mining Thousands, SA	Calendar Year	241.1	254.2	260.0	250.7	234.1	200.6	193.1	193.9	191.0	192.9	211.2
	% Change	5.9	5.4	2.3	(3.5)	(6.6)	(14.3)	(3.7)	0.4	(1.5)	1.0	9.5
	Fiscal Year	234.5	247.7	260.0	255.9	243.6	217.0	194.1	193.6	192.8	190.4	200.1
	% Change	4.7	5.6	4.9	(1.6)	(4.8)	(10.9)	(10.5)	(0.3)	(0.4)	(1.2)	5.1
Manufacturing Thousands, SA	Calendar Year	298.7	295.8	288.1	277.8	264.8	239.3	230.1	232.7	232.6	233.7	236.3
	% Change	(2.1)	(1.0)	(2.6)	(3.6)	(4.7)	(9.6)	(3.9)	1.1	(0.1)	0.5	1.1
	Fiscal Year	299.3	298.0	292.8	282.9	271.6	252.5	233.0	230.5	233.0	232.9	234.5
	% Change	(4.6)	(0.4)	(1.8)	(3.4)	(4.0)	(7.0)	(7.7)	(1.1)	1.1	(0.0)	0.7
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	646.5	657.2	663.0	668.1	659.2	624.3	620.5	639.1	648.4	661.4	665.0
	% Change	1.8	1.7	0.9	0.8	(1.3)	(5.3)	(0.6)	3.0	1.5	2.0	0.5
	Fiscal Year	641.3	651.6	661.3	665.5	666.3	642.0	618.6	629.5	642.9	655.6	664.0
	% Change	1.1	1.6	1.5	0.6	0.1	(3.7)	(3.6)	1.8	2.1	2.0	1.3
Financial Activities Thousands, SA	Calendar Year	189.0	192.5	194.8	193.7	188.6	180.0	177.9	178.0	179.0	181.8	180.8
	% Change	1.4	1.8	1.2	(0.6)	(2.6)	(4.6)	(1.1)	0.1	0.5	1.6	(0.5)
	Fiscal Year	187.6	190.8	194.0	195.1	191.1	184.5	177.9	178.6	177.6	180.8	181.5
	% Change	1.8	1.7	1.7	0.6	(2.1)	(3.4)	(3.6)	0.4	(0.5)	1.8	0.4
Professional and Business Services Thousands, SA	Calendar Year	578.5	606.0	628.5	646.3	657.0	640.1	647.6	671.7	683.3	704.9	745.4
	% Change	5.3	4.8	3.7	2.8	1.7	(2.6)	1.2	3.7	1.7	3.2	5.7
	Fiscal Year	561.4	593.6	618.6	637.6	653.3	649.8	640.4	659.9	677.9	690.9	724.4
	% Change	3.0	5.7	4.2	3.1	2.5	(0.5)	(1.4)	3.0	2.7	1.9	4.9
Education and Health Services Thousands, SA	Calendar Year	381.3	393.5	405.3	420.5	439.3	449.3	459.3	464.4	472.7	480.7	488.6
	% Change	3.1	3.2	3.0	3.7	4.5	2.3	2.2	1.1	1.8	1.7	1.6
	Fiscal Year	374.7	387.4	399.6	411.9	430.4	445.0	453.0	463.1	468.5	477.0	485.1
	% Change	2.2	3.4	3.2	3.1	4.5	3.4	1.8	2.2	1.2	1.8	1.7
Leisure and Hospitality Thousands, SA	Calendar Year	320.1	329.4	338.8	345.3	349.3	341.7	340.8	347.4	353.4	354.8	353.6
	% Change	3.8	2.9	2.8	1.9	1.2	(2.2)	(0.3)	1.9	1.7	0.4	(0.4)
	Fiscal Year	314.3	325.1	334.4	342.4	348.6	345.1	339.3	345.5	349.4	355.4	354.0
	% Change	2.8	3.4	2.9	2.4	1.8	(1.0)	(1.7)	1.8	1.1	1.7	(0.4)
Government Thousands, SA	Calendar Year	651.0	661.9	674.8	683.0	694.4	700.0	703.1	699.1	683.9	677.9	687.3
	% Change	2.1	1.7	2.0	1.2	1.7	0.8	0.4	(0.6)	(2.2)	(0.9)	1.4
	Fiscal Year	643.6	656.6	668.5	679.5	687.5	698.9	703.0	701.8	690.6	680.3	679.8
	% Change	1.2	2.0	1.8	1.6	1.2	1.7	0.6	(0.2)	(1.6)	(1.5)	(0.1)

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

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

Virginia Employment		History							Recession Scenario			
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Construction and Mining Thousands, SA	Calendar Year	241.1	254.2	260.0	250.7	234.1	200.6	193.1	193.7	186.1	180.4	192.1
	% Change	5.9	5.4	2.3	(3.5)	(6.6)	(14.3)	(3.7)	0.3	(4.0)	(3.0)	6.5
	Fiscal Year	234.5	247.7	260.0	255.9	243.6	217.0	194.1	193.6	191.0	181.9	183.8
	% Change	4.7	5.6	4.9	(1.6)	(4.8)	(10.9)	(10.5)	(0.3)	(1.3)	(4.7)	1.0
Manufacturing Thousands, SA	Calendar Year	298.7	295.8	288.1	277.8	264.8	239.3	230.1	232.7	227.2	225.2	230.1
	% Change	(2.1)	(1.0)	(2.6)	(3.6)	(4.7)	(9.6)	(3.9)	1.1	(2.4)	(0.9)	2.2
	Fiscal Year	299.3	298.0	292.8	282.9	271.6	252.5	233.0	230.5	231.2	225.0	226.6
	% Change	(4.6)	(0.4)	(1.8)	(3.4)	(4.0)	(7.0)	(7.7)	(1.1)	0.3	(2.7)	0.7
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	646.5	657.2	663.0	668.1	659.2	624.3	620.5	638.6	639.8	647.4	646.8
	% Change	1.8	1.7	0.9	0.8	(1.3)	(5.3)	(0.6)	2.9	0.2	1.2	(0.1)
	Fiscal Year	641.3	651.6	661.3	665.5	666.3	642.0	618.6	629.5	639.0	644.2	647.3
	% Change	1.1	1.6	1.5	0.6	0.1	(3.7)	(3.6)	1.8	1.5	0.8	0.5
Financial Activities Thousands, SA	Calendar Year	189.0	192.5	194.8	193.7	188.6	180.0	177.9	177.7	175.8	176.6	173.2
	% Change	1.4	1.8	1.2	(0.6)	(2.6)	(4.6)	(1.1)	(0.2)	(1.0)	0.5	(1.9)
	Fiscal Year	187.6	190.8	194.0	195.1	191.1	184.5	177.9	178.6	175.5	177.4	174.7
	% Change	1.8	1.7	1.7	0.6	(2.1)	(3.4)	(3.6)	0.4	(1.7)	1.0	(1.5)
Professional and Business Services Thousands, SA	Calendar Year	578.5	606.0	628.5	646.3	657.0	640.1	647.6	670.8	665.1	672.8	710.7
	% Change	5.3	4.8	3.7	2.8	1.7	(2.6)	1.2	3.6	(0.9)	1.2	5.6
	Fiscal Year	561.4	593.6	618.6	637.6	653.3	649.8	640.4	659.9	670.1	664.3	690.3
	% Change	3.0	5.7	4.2	3.1	2.5	(0.5)	(1.4)	3.0	1.5	(0.9)	3.9
Education and Health Services Thousands, SA	Calendar Year	381.3	393.5	405.3	420.5	439.3	449.3	459.3	464.5	473.6	482.0	488.5
	% Change	3.1	3.2	3.0	3.7	4.5	2.3	2.2	1.1	2.0	1.8	1.3
	Fiscal Year	374.7	387.4	399.6	411.9	430.4	445.0	453.0	463.1	469.0	478.0	485.9
	% Change	2.2	3.4	3.2	3.1	4.5	3.4	1.8	2.2	1.3	1.9	1.7
Leisure and Hospitality Thousands, SA	Calendar Year	320.1	329.4	338.8	345.3	349.3	341.7	340.8	347.8	354.3	353.1	349.1
	% Change	3.8	2.9	2.8	1.9	1.2	(2.2)	(0.3)	2.1	1.9	(0.3)	(1.1)
	Fiscal Year	314.3	325.1	334.4	342.4	348.6	345.1	339.3	345.5	350.8	355.0	350.7
	% Change	2.8	3.4	2.9	2.4	1.8	(1.0)	(1.7)	1.8	1.5	1.2	(1.2)
Government Thousands, SA	Calendar Year	651.0	661.9	674.8	683.0	694.4	700.0	703.1	699.1	683.4	676.7	686.5
	% Change	2.1	1.7	2.0	1.2	1.7	0.8	0.4	(0.6)	(2.3)	(1.0)	1.4
	Fiscal Year	643.6	656.6	668.5	679.5	687.5	698.9	703.0	701.8	690.4	679.4	678.6
	% Change	1.2	2.0	1.8	1.6	1.2	1.7	0.6	(0.2)	(1.6)	(1.6)	(0.1)

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

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

Northern Virginia		History											
		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Nonagricultural Employment Thousands, SA	Calendar Year	822.7	850.6	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
	% Change	1.2	3.4	3.5	3.2	3.7	3.9	4.2	5.5	6.4	1.5	(1.0)	1.4
	Fiscal Year	813.8	835.4	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
	% Change	(1.3)	2.7	3.5	3.7	2.7	4.4	3.7	4.7	6.4	4.6	(0.7)	(0.2)
Construction and Mining Thousands, SA	Calendar Year	46.0	49.1	52.4	53.1	55.6	59.2	61.9	66.7	73.4	78.6	78.0	78.3
	% Change	(6.7)	6.8	6.8	1.3	4.7	6.5	4.6	7.7	10.1	7.1	(0.7)	0.4
	Fiscal Year	46.4	47.0	51.0	53.2	53.6	57.9	60.0	64.4	70.0	76.6	78.5	77.0
	% Change	(15.5)	1.3	8.6	4.4	0.7	8.0	3.7	7.2	8.8	9.4	2.5	(2.0)
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	157.9	162.8	168.2	170.9	174.6	177.4	182.2	190.6	196.9	198.1	197.0	197.6
	% Change	(0.6)	3.1	3.3	1.6	2.2	1.6	2.7	4.6	3.3	0.6	(0.6)	0.3
	Fiscal Year	157.5	160.1	165.2	170.4	172.1	175.9	180.0	186.0	194.2	198.4	197.1	196.8
	% Change	(3.2)	1.7	3.2	3.2	1.0	2.2	2.3	3.3	4.4	2.2	(0.6)	(0.1)
Financial Activities Thousands, SA	Calendar Year	48.3	51.7	53.7	51.6	53.2	55.6	58.5	60.3	62.3	62.9	65.0	65.9
	% Change	(1.3)	7.0	3.9	(3.8)	3.0	4.6	5.2	3.0	3.3	1.0	3.4	1.4
	Fiscal Year	48.2	49.5	53.6	52.6	51.9	54.4	56.9	59.5	61.3	62.6	63.8	65.5
	% Change	(1.5)	2.7	8.2	(1.8)	(1.3)	4.9	4.5	4.7	3.0	2.1	2.0	2.6
Professional and Business Services Thousands, SA	Calendar Year	164.6	172.9	180.6	193.5	208.7	220.3	239.3	261.7	284.4	285.6	276.4	282.9
	% Change	4.2	5.1	4.4	7.2	7.9	5.6	8.6	9.4	8.7	0.4	(3.2)	2.4
	Fiscal Year	159.9	168.8	176.2	187.1	199.9	215.8	229.2	249.8	273.4	288.8	280.3	276.6
	% Change	(0.9)	5.6	4.4	6.1	6.9	7.9	6.2	9.0	9.5	5.6	(2.9)	(1.3)
Education and Health Services Thousands, SA	Calendar Year	63.9	67.1	70.7	73.3	75.6	80.3	83.3	87.4	93.5	98.5	102.1	104.5
	% Change	4.6	5.0	5.4	3.7	3.1	6.3	3.7	4.8	7.0	5.3	3.7	2.3
	Fiscal Year	62.5	65.5	68.9	72.3	74.1	77.9	82.1	85.0	90.5	96.1	100.4	103.7
	% Change	4.4	4.7	5.2	5.0	2.5	5.1	5.5	3.5	6.4	6.1	4.5	3.3
Leisure and Hospitality Thousands, SA	Calendar Year	71.6	74.7	78.8	82.4	83.3	86.8	87.6	90.4	96.1	97.9	100.1	102.7
	% Change	1.8	4.3	5.6	4.5	1.1	4.3	0.9	3.1	6.3	2.0	2.2	2.6
	Fiscal Year	70.8	73.2	76.4	81.3	82.5	85.4	87.0	88.9	93.3	97.3	98.7	101.2
	% Change	0.5	3.4	4.4	6.3	1.5	3.5	1.9	2.2	4.9	4.4	1.4	2.5
Government Thousands, SA	Calendar Year	166.3	166.0	167.8	169.2	169.3	167.5	166.7	170.1	175.3	178.9	183.7	190.4
	% Change	2.4	(0.2)	1.1	0.8	0.0	(1.0)	(0.5)	2.0	3.1	2.0	2.7	3.6
	Fiscal Year	164.7	165.9	166.7	169.0	169.3	168.8	166.2	167.9	173.4	176.8	181.4	186.3
	% Change	2.0	0.8	0.5	1.4	0.2	(0.3)	(1.6)	1.0	3.3	2.0	2.6	2.7

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted



TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT

Northern Virginia		History							October Standard Forecast			
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Nonagricultural Employment Thousands, SA	Calendar Year	1,219.0	1,263.6	1,295.0	1,311.0	1,314.7	1,292.4	1,305.9	1,332.1	1,347.3	1,371.0	1,410.0
	% Change	4.5	3.7	2.5	1.2	0.3	(1.7)	1.0	2.0	1.1	1.8	2.8
	Fiscal Year	1,192.7	1,241.6	1,283.6	1,304.3	1,314.7	1,303.3	1,293.5	1,322.3	1,338.4	1,357.5	1,388.4
	% Change	3.5	4.1	3.4	1.6	0.8	(0.9)	(0.8)	2.2	1.2	1.4	2.3
Construction and Mining Thousands, SA	Calendar Year	85.5	92.3	95.0	87.5	79.3	68.9	67.3	69.4	70.0	70.9	79.2
	% Change	9.2	8.0	2.9	(7.9)	(9.3)	(13.2)	(2.3)	3.1	0.8	1.4	11.7
	Fiscal Year	82.1	88.8	95.4	91.5	83.5	73.6	67.0	68.6	69.8	69.8	74.2
	% Change	6.7	8.1	7.4	(4.0)	(8.8)	(11.8)	(9.0)	2.3	1.7	0.1	6.3
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	204.5	210.3	208.7	209.3	207.7	197.7	197.9	206.3	209.5	213.8	215.1
	% Change	3.5	2.9	(0.8)	0.3	(0.8)	(4.8)	0.1	4.2	1.5	2.1	0.6
	Fiscal Year	200.7	208.3	209.6	208.8	209.4	202.4	196.4	202.3	207.8	211.8	214.7
	% Change	2.0	3.8	0.6	(0.4)	0.3	(3.3)	(3.0)	3.0	2.7	1.9	1.4
Financial Activities Thousands, SA	Calendar Year	67.0	69.0	69.9	68.9	66.5	64.0	64.3	63.9	63.8	64.5	64.2
	% Change	1.7	3.0	1.3	(1.5)	(3.5)	(3.7)	0.4	(0.6)	(0.1)	1.1	(0.5)
	Fiscal Year	66.3	68.0	69.8	69.8	67.5	65.0	63.9	64.5	63.4	64.3	64.4
	% Change	1.2	2.6	2.7	(0.0)	(3.2)	(3.7)	(1.7)	0.9	(1.7)	1.4	0.2
Professional and Business Services Thousands, SA	Calendar Year	306.1	322.6	336.5	347.1	354.6	355.0	361.7	372.1	379.1	391.3	412.0
	% Change	8.2	5.4	4.3	3.1	2.2	0.1	1.9	2.9	1.9	3.2	5.3
	Fiscal Year	294.1	315.3	330.1	342.2	351.3	354.9	357.1	368.0	375.0	383.8	401.1
	% Change	6.3	7.2	4.7	3.7	2.7	1.0	0.6	3.0	1.9	2.3	4.5
Education and Health Services Thousands, SA	Calendar Year	107.1	112.8	117.1	120.8	125.2	128.9	133.6	133.5	136.4	139.3	142.2
	% Change	2.6	5.3	3.8	3.2	3.6	2.9	3.7	(0.1)	2.2	2.1	2.1
	Fiscal Year	105.3	109.9	115.0	119.1	122.8	127.2	130.9	133.9	134.8	137.9	140.9
	% Change	1.5	4.4	4.6	3.6	3.1	3.6	2.9	2.3	0.6	2.3	2.2
Leisure and Hospitality Thousands, SA	Calendar Year	107.6	110.4	111.9	114.6	117.2	114.6	115.4	121.1	123.0	123.5	123.1
	% Change	4.7	2.6	1.4	2.4	2.3	(2.2)	0.6	5.0	1.6	0.4	(0.3)
	Fiscal Year	105.2	109.4	111.0	113.1	116.4	115.9	114.2	118.9	121.7	123.7	123.2
	% Change	4.0	4.0	1.5	1.9	2.9	(0.4)	(1.5)	4.1	2.3	1.6	(0.4)
Government Thousands, SA	Calendar Year	197.5	202.8	209.3	214.6	218.6	224.0	229.6	228.8	225.0	223.4	228.6
	% Change	3.8	2.7	3.2	2.6	1.8	2.5	2.5	(0.3)	(1.6)	(0.7)	2.3
	Fiscal Year	194.5	200.0	206.5	212.0	216.4	221.3	227.0	230.0	226.7	224.1	224.7
	% Change	4.4	2.8	3.3	2.6	2.1	2.3	2.6	1.3	(1.5)	(1.1)	0.3

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT

Northern Virginia		History							Recession Scenario			
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Nonagricultural Employment Thousands, SA	Calendar Year	1,219.0	1,263.6	1,295.0	1,311.0	1,314.7	1,292.4	1,305.9	1,331.3	1,332.6	1,339.0	1,366.9
	% Change	4.5	3.7	2.5	1.2	0.3	(1.7)	1.0	1.9	0.1	0.5	2.1
	Fiscal Year	1,192.7	1,241.6	1,283.6	1,304.3	1,314.7	1,303.3	1,293.5	1,322.3	1,332.6	1,333.6	1,350.0
	% Change	3.5	4.1	3.4	1.6	0.8	(0.9)	(0.8)	2.2	0.8	0.1	1.2
Construction and Mining Thousands, SA	Calendar Year	85.5	92.3	95.0	87.5	79.3	68.9	67.3	69.3	67.9	65.6	71.1
	% Change	9.2	8.0	2.9	(7.9)	(9.3)	(13.2)	(2.3)	3.0	(2.1)	(3.3)	8.3
	Fiscal Year	82.1	88.8	95.4	91.5	83.5	73.6	67.0	68.6	69.0	66.2	67.2
	% Change	6.7	8.1	7.4	(4.0)	(8.8)	(11.8)	(9.0)	2.3	0.6	(4.1)	1.6
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	204.5	210.3	208.7	209.3	207.7	197.7	197.9	206.1	206.4	208.6	208.4
	% Change	3.5	2.9	(0.8)	0.3	(0.8)	(4.8)	0.1	4.1	0.1	1.1	(0.1)
	Fiscal Year	200.7	208.3	209.6	208.8	209.4	202.4	196.4	202.3	206.4	207.6	208.6
	% Change	2.0	3.8	0.6	(0.4)	0.3	(3.3)	(3.0)	3.0	2.0	0.6	0.4
Financial Activities Thousands, SA	Calendar Year	67.0	69.0	69.9	68.9	66.5	64.0	64.3	63.8	62.7	62.8	61.6
	% Change	1.7	3.0	1.3	(1.5)	(3.5)	(3.7)	0.4	(0.8)	(1.6)	0.0	(1.9)
	Fiscal Year	66.3	68.0	69.8	69.8	67.5	65.0	63.9	64.5	62.7	63.1	62.1
	% Change	1.2	2.6	2.7	(0.0)	(3.2)	(3.7)	(1.7)	0.9	(2.8)	0.7	(1.6)
Professional and Business Services Thousands, SA	Calendar Year	306.1	322.6	336.5	347.1	354.6	355.0	361.7	371.8	371.0	376.1	394.8
	% Change	8.2	5.4	4.3	3.1	2.2	0.1	1.9	2.8	(0.2)	1.4	5.0
	Fiscal Year	294.1	315.3	330.1	342.2	351.3	354.9	357.1	368.0	371.7	371.6	384.5
	% Change	6.3	7.2	4.7	3.7	2.7	1.0	0.6	3.0	1.0	(0.0)	3.5
Education and Health Services Thousands, SA	Calendar Year	107.1	112.8	117.1	120.8	125.2	128.9	133.6	133.5	136.7	139.8	142.2
	% Change	2.6	5.3	3.8	3.2	3.6	2.9	3.7	(0.1)	2.4	2.3	1.7
	Fiscal Year	105.3	109.9	115.0	119.1	122.8	127.2	130.9	133.9	135.0	138.3	141.3
	% Change	1.5	4.4	4.6	3.6	3.1	3.6	2.9	2.3	0.8	2.5	2.1
Leisure and Hospitality Thousands, SA	Calendar Year	107.6	110.4	111.9	114.6	117.2	114.6	115.4	121.3	123.3	122.9	121.6
	% Change	4.7	2.6	1.4	2.4	2.3	(2.2)	0.6	5.1	1.7	(0.3)	(1.1)
	Fiscal Year	105.2	109.4	111.0	113.1	116.4	115.9	114.2	118.9	122.1	123.5	122.1
	% Change	4.0	4.0	1.5	1.9	2.9	(0.4)	(1.5)	4.1	2.7	1.1	(1.2)
Government Thousands, SA	Calendar Year	197.5	202.8	209.3	214.6	218.6	224.0	229.6	228.8	225.0	223.3	228.8
	% Change	3.8	2.7	3.2	2.6	1.8	2.5	2.5	(0.3)	(1.7)	(0.7)	2.4
	Fiscal Year	194.5	200.0	206.5	212.0	216.4	221.3	227.0	230.0	226.6	224.0	224.7
	% Change	4.4	2.8	3.3	2.6	2.1	2.3	2.6	1.3	(1.5)	(1.2)	0.3

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

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

<b>Hampton Roads</b>		<b>History</b>											
		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Nonagricultural Employment Thousands, SA	Calendar Year	608.1	617.0	630.7	645.6	660.1	677.9	694.0	706.7	720.4	730.6	734.1	737.8
	% Change	1.0	1.5	2.2	2.4	2.2	2.7	2.4	1.8	1.9	1.4	0.5	0.5
	Fiscal Year	604.6	613.4	621.7	639.3	651.5	670.2	684.5	701.5	714.5	725.1	733.2	735.8
	% Change	0.1	1.5	1.4	2.8	1.9	2.9	2.1	2.5	1.9	1.5	1.1	0.3
Construction and Mining Thousands, SA	Calendar Year	32.3	33.6	34.6	37.5	40.6	42.3	42.3	42.9	44.0	46.0	44.7	47.2
	% Change	(2.4)	3.9	3.0	8.4	8.4	4.1	0.0	1.4	2.6	4.4	(2.8)	5.6
	Fiscal Year	32.6	33.0	33.9	35.9	39.0	41.9	42.1	42.8	43.3	45.1	45.4	45.3
	% Change	(6.5)	1.3	2.8	5.7	8.9	7.2	0.7	1.7	1.1	4.2	0.7	(0.3)
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	117.2	118.0	121.8	123.5	127.4	129.8	132.6	136.0	138.2	139.5	139.6	136.5
	% Change	(1.1)	0.6	3.3	1.4	3.2	1.9	2.1	2.6	1.6	1.0	0.1	(2.2)
	Fiscal Year	118.0	116.9	120.0	122.8	124.9	128.9	130.8	134.9	137.0	139.2	139.5	138.4
	% Change	(2.1)	(0.9)	2.6	2.3	1.7	3.2	1.5	3.1	1.5	1.6	0.2	(0.8)
Financial Activities Thousands, SA	Calendar Year	27.7	29.1	30.6	30.8	31.5	32.3	34.1	36.0	36.4	36.6	36.7	37.6
	% Change	0.9	5.2	5.2	0.5	2.2	2.6	5.7	5.6	1.1	0.5	0.2	2.3
	Fiscal Year	27.4	28.4	29.8	30.9	31.2	31.9	32.9	35.4	36.1	36.7	36.6	37.1
	% Change	(0.8)	3.5	5.0	3.8	0.7	2.6	3.0	7.5	2.0	1.6	(0.2)	1.3
Professional and Business Services Thousands, SA	Calendar Year	64.8	67.2	70.5	75.7	81.3	86.9	92.6	98.1	98.9	103.0	104.7	104.4
	% Change	6.4	3.8	4.9	7.4	7.4	6.9	6.5	5.9	0.8	4.1	1.6	(0.3)
	Fiscal Year	62.7	66.4	68.0	73.5	77.9	84.6	89.3	95.7	99.4	100.1	104.8	104.4
	% Change	3.4	6.0	2.4	8.0	6.1	8.6	5.5	7.2	3.8	0.8	4.6	(0.3)
Education and Health Services Thousands, SA	Calendar Year	59.8	60.7	62.5	64.0	64.9	66.8	69.0	71.0	72.8	74.2	76.9	78.1
	% Change	2.5	1.6	3.0	2.4	1.4	3.0	3.3	2.8	2.6	1.9	3.7	1.5
	Fiscal Year	59.1	60.4	61.4	63.3	64.3	65.9	68.0	69.9	71.7	73.5	75.5	77.7
	% Change	3.0	2.2	1.8	3.1	1.6	2.4	3.3	2.8	2.6	2.4	2.8	2.9
Leisure and Hospitality Thousands, SA	Calendar Year	62.0	63.2	65.4	67.9	69.5	71.7	72.3	72.9	74.2	76.2	76.5	76.5
	% Change	3.0	2.0	3.5	3.9	2.3	3.2	0.9	0.9	1.7	2.7	0.4	(0.0)
	Fiscal Year	60.7	62.7	64.0	66.9	68.4	70.9	71.8	72.9	73.4	75.4	76.1	76.7
	% Change	1.3	3.3	2.0	4.6	2.2	3.6	1.2	1.5	0.7	2.7	1.0	0.8
Government Thousands, SA	Calendar Year	145.6	147.1	146.7	144.8	142.6	142.6	144.4	144.3	145.8	147.5	149.4	149.4
	% Change	1.8	1.0	(0.3)	(1.3)	(1.5)	0.0	1.2	(0.1)	1.1	1.1	1.3	0.0
	Fiscal Year	144.3	146.9	146.9	145.8	143.8	142.5	143.2	144.4	145.1	146.5	148.6	149.4
	% Change	1.1	1.8	(0.0)	(0.7)	(1.4)	(0.9)	0.5	0.9	0.4	1.0	1.5	0.5

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT

Hampton Roads		History							October Standard Forecast			
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Nonagricultural Employment Thousands, SA	Calendar Year	749.8	760.8	767.3	775.3	766.5	740.8	734.4	741.4	745.0	751.5	764.8
	% Change	1.6	1.5	0.9	1.0	(1.1)	(3.3)	(0.9)	0.9	0.5	0.9	1.8
	Fiscal Year	742.9	755.8	764.9	771.4	772.9	754.2	735.1	736.6	744.0	747.6	757.4
	% Change	1.0	1.7	1.2	0.8	0.2	(2.4)	(2.5)	0.2	1.0	0.5	1.3
Construction and Mining Thousands, SA	Calendar Year	48.8	50.0	49.8	48.5	45.3	38.4	36.9	36.4	35.3	35.4	38.5
	% Change	3.4	2.5	(0.3)	(2.6)	(6.6)	(15.3)	(3.9)	(1.3)	(3.1)	0.3	8.7
	Fiscal Year	48.3	49.5	50.2	49.2	47.1	41.9	37.2	36.5	36.0	35.0	36.6
	% Change	6.7	2.4	1.5	(2.2)	(4.1)	(11.2)	(11.2)	(1.7)	(1.3)	(2.9)	4.7
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	139.5	141.3	142.3	143.6	138.9	129.7	128.7	129.8	132.0	134.7	135.7
	% Change	2.1	1.3	0.7	0.9	(3.3)	(6.6)	(0.8)	0.9	1.7	2.0	0.8
	Fiscal Year	137.5	140.3	142.1	142.9	142.1	134.0	128.7	128.8	130.8	133.5	135.4
	% Change	(0.6)	2.0	1.2	0.6	(0.6)	(5.7)	(4.0)	0.1	1.6	2.0	1.4
Financial Activities Thousands, SA	Calendar Year	39.7	39.9	40.7	41.5	40.2	37.5	36.3	35.5	35.6	36.1	35.9
	% Change	5.6	0.7	1.9	2.1	(3.3)	(6.7)	(3.3)	(2.0)	0.3	1.3	(0.6)
	Fiscal Year	38.6	39.8	40.2	41.4	41.0	39.0	36.5	36.0	35.4	36.0	36.0
	% Change	4.2	3.1	0.9	3.0	(0.9)	(5.0)	(6.3)	(1.4)	(1.8)	1.7	0.2
Professional and Business Services Thousands, SA	Calendar Year	100.3	101.5	101.9	102.8	104.8	99.7	97.9	101.5	103.9	107.4	114.8
	% Change	(3.9)	1.2	0.5	0.9	1.9	(4.9)	(1.8)	3.7	2.3	3.5	6.8
	Fiscal Year	102.0	101.2	101.6	102.1	104.2	102.8	98.0	99.1	103.3	104.9	111.1
	% Change	(2.3)	(0.9)	0.5	0.5	2.0	(1.3)	(4.6)	1.0	4.2	1.6	5.8
Education and Health Services Thousands, SA	Calendar Year	82.0	84.7	87.2	89.9	91.1	93.0	94.3	97.1	98.8	100.2	101.7
	% Change	4.9	3.3	3.0	3.1	1.4	2.1	1.4	2.9	1.7	1.5	1.4
	Fiscal Year	80.2	83.1	86.0	88.5	90.5	92.3	93.4	95.8	98.0	99.5	101.0
	% Change	3.3	3.6	3.5	2.9	2.3	1.9	1.2	2.6	2.2	1.6	1.5
Leisure and Hospitality Thousands, SA	Calendar Year	79.0	81.9	84.5	85.9	85.9	83.3	83.3	85.8	87.3	87.7	87.4
	% Change	3.2	3.7	3.1	1.7	(0.1)	(3.0)	(0.0)	3.0	1.7	0.4	(0.4)
	Fiscal Year	77.4	80.6	83.4	85.2	86.5	84.2	83.0	84.8	86.3	87.8	87.5
	% Change	0.9	4.1	3.5	2.2	1.6	(2.8)	(1.4)	2.2	1.8	1.8	(0.4)
Government Thousands, SA	Calendar Year	151.3	151.5	153.0	155.0	156.8	158.0	158.6	156.8	152.3	149.3	149.6
	% Change	1.3	0.1	1.0	1.4	1.2	0.8	0.4	(1.1)	(2.8)	(2.0)	0.2
	Fiscal Year	150.2	151.4	152.0	154.0	155.8	157.9	158.7	157.6	154.7	150.7	148.9
	% Change	0.5	0.8	0.4	1.3	1.2	1.3	0.5	(0.7)	(1.8)	(2.6)	(1.2)

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

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

<b>Hampton Roads</b>		<b>History</b>							<b>Recession Scenario</b>			
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Nonagricultural Employment Thousands, SA	Calendar Year	749.8	760.8	767.3	775.3	766.5	740.8	734.4	741.0	737.1	736.2	745.0
	% Change	1.6	1.5	0.9	1.0	(1.1)	(3.3)	(0.9)	0.9	(0.5)	(0.1)	1.2
	Fiscal Year	742.9	755.8	764.9	771.4	772.9	754.2	735.1	736.6	740.7	735.7	739.4
	% Change	1.0	1.7	1.2	0.8	0.2	(2.4)	(2.5)	0.2	0.6	(0.7)	0.5
Construction and Mining Thousands, SA	Calendar Year	48.8	50.0	49.8	48.5	45.3	38.4	36.9	36.4	34.4	33.2	35.1
	% Change	3.4	2.5	(0.3)	(2.6)	(6.6)	(15.3)	(3.9)	(1.3)	(5.4)	(3.6)	5.7
	Fiscal Year	48.3	49.5	50.2	49.2	47.1	41.9	37.2	36.5	35.7	33.5	33.7
	% Change	6.7	2.4	1.5	(2.2)	(4.1)	(11.2)	(11.2)	(1.7)	(2.2)	(6.3)	0.6
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	139.5	141.3	142.3	143.6	138.9	129.7	128.7	129.6	130.0	131.3	131.4
	% Change	2.1	1.3	0.7	0.9	(3.3)	(6.6)	(0.8)	0.8	0.3	1.0	0.0
	Fiscal Year	137.5	140.3	142.1	142.9	142.1	134.0	128.7	128.8	130.0	130.8	131.4
	% Change	(0.6)	2.0	1.2	0.6	(0.6)	(5.7)	(4.0)	0.1	0.9	0.6	0.5
Financial Activities Thousands, SA	Calendar Year	39.7	39.9	40.7	41.5	40.2	37.5	36.3	35.4	34.9	34.9	34.1
	% Change	5.6	0.7	1.9	2.1	(3.3)	(6.7)	(3.3)	(2.3)	(1.6)	(0.0)	(2.3)
	Fiscal Year	38.6	39.8	40.2	41.4	41.0	39.0	36.5	36.0	34.8	35.1	34.4
	% Change	4.2	3.1	0.9	3.0	(0.9)	(5.0)	(6.3)	(1.4)	(3.2)	0.8	(2.0)
Professional and Business Services Thousands, SA	Calendar Year	100.3	101.5	101.9	102.8	104.8	99.7	97.9	101.3	99.9	100.9	108.0
	% Change	(3.9)	1.2	0.5	0.9	1.9	(4.9)	(1.8)	3.5	(1.3)	0.9	7.0
	Fiscal Year	102.0	101.2	101.6	102.1	104.2	102.8	98.0	99.1	101.5	99.4	104.3
	% Change	(2.3)	(0.9)	0.5	0.5	2.0	(1.3)	(4.6)	1.0	2.5	(2.1)	4.9
Education and Health Services Thousands, SA	Calendar Year	82.0	84.7	87.2	89.9	91.1	93.0	94.3	97.1	98.9	100.5	101.6
	% Change	4.9	3.3	3.0	3.1	1.4	2.1	1.4	2.9	1.9	1.6	1.2
	Fiscal Year	80.2	83.1	86.0	88.5	90.5	92.3	93.4	95.8	98.1	99.7	101.2
	% Change	3.3	3.6	3.5	2.9	2.3	1.9	1.2	2.6	2.3	1.7	1.4
Leisure and Hospitality Thousands, SA	Calendar Year	79.0	81.9	84.5	85.9	85.9	83.3	83.3	85.9	87.5	87.3	86.3
	% Change	3.2	3.7	3.1	1.7	(0.1)	(3.0)	(0.0)	3.2	1.9	(0.3)	(1.1)
	Fiscal Year	77.4	80.6	83.4	85.2	86.5	84.2	83.0	84.8	86.7	87.7	86.7
	% Change	0.9	4.1	3.5	2.2	1.6	(2.8)	(1.4)	2.2	2.2	1.2	(1.2)
Government Thousands, SA	Calendar Year	151.3	151.5	153.0	155.0	156.8	158.0	158.6	156.8	152.3	149.2	149.4
	% Change	1.3	0.1	1.0	1.4	1.2	0.8	0.4	(1.1)	(2.9)	(2.0)	0.1
	Fiscal Year	150.2	151.4	152.0	154.0	155.8	157.9	158.7	157.6	154.7	150.6	148.7
	% Change	0.5	0.8	0.4	1.3	1.2	1.3	0.5	(0.7)	(1.8)	(2.7)	(1.3)

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT

Richmond		History											
		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Nonagricultural Employment Thousands, SA	Calendar Year	484.8	496.8	513.9	525.2	535.7	551.4	559.8	573.2	587.3	588.9	586.9	587.9
	% Change	0.5	2.5	3.4	2.2	2.0	2.9	1.5	2.4	2.5	0.3	(0.4)	0.2
	Fiscal Year	481.8	490.1	504.6	521.1	530.3	543.1	555.9	566.1	580.6	590.2	587.4	585.6
	% Change	(1.3)	1.7	3.0	3.3	1.8	2.4	2.4	1.8	2.5	1.7	(0.5)	(0.3)
Construction and Mining Thousands, SA	Calendar Year	29.4	29.8	30.5	32.2	34.0	36.8	36.7	38.2	40.1	40.6	40.5	40.5
	% Change	(2.9)	1.5	2.2	5.7	5.3	8.5	(0.3)	3.9	5.1	1.1	(0.3)	0.1
	Fiscal Year	29.8	29.5	29.9	31.3	33.0	35.6	36.7	37.7	39.0	40.7	40.3	40.4
	% Change	(7.5)	(1.1)	1.5	4.6	5.7	7.6	3.1	2.8	3.4	4.4	(1.0)	0.3
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	92.6	94.8	98.6	100.9	103.8	106.3	107.3	110.2	112.9	112.2	112.0	112.3
	% Change	(0.8)	2.4	4.1	2.3	2.9	2.4	0.9	2.6	2.4	(0.6)	(0.2)	0.2
	Fiscal Year	92.7	93.2	96.8	100.0	102.2	105.3	106.6	108.7	111.8	112.9	111.8	112.0
	% Change	(2.2)	0.5	3.8	3.3	2.3	3.0	1.2	1.9	2.9	1.0	(1.0)	0.2
Financial Activities Thousands, SA	Calendar Year	35.4	36.1	37.7	38.2	40.1	40.6	40.3	43.7	45.1	47.0	46.7	46.4
	% Change	(0.6)	1.9	4.6	1.1	5.1	1.2	(0.8)	8.5	3.2	4.3	(0.8)	(0.6)
	Fiscal Year	35.4	35.7	36.9	37.8	39.3	40.7	39.9	42.0	44.5	46.1	47.3	46.1
	% Change	(1.1)	0.8	3.3	2.6	3.9	3.5	(1.8)	5.1	6.1	3.6	2.5	(2.6)
Professional and Business Services Thousands, SA	Calendar Year	64.5	67.1	71.9	75.9	78.5	81.4	87.4	88.5	91.9	89.7	87.7	83.9
	% Change	0.8	4.1	7.1	5.6	3.4	3.8	7.3	1.3	3.8	(2.4)	(2.2)	(4.3)
	Fiscal Year	63.9	65.7	69.4	74.0	77.7	79.3	84.4	88.8	89.8	91.6	88.5	85.2
	% Change	(1.3)	2.7	5.6	6.7	4.9	2.1	6.4	5.3	1.1	2.0	(3.4)	(3.7)
Education and Health Services Thousands, SA	Calendar Year	44.9	45.9	46.4	47.6	49.2	51.0	50.1	51.7	51.7	53.9	56.7	60.6
	% Change	4.4	2.3	1.1	2.4	3.4	3.6	(1.8)	3.1	0.1	4.3	5.2	6.9
	Fiscal Year	43.7	45.6	46.0	47.0	48.5	50.1	50.9	50.5	51.8	52.4	55.3	58.6
	% Change	2.5	4.4	1.0	2.0	3.2	3.2	1.6	(0.8)	2.6	1.2	5.5	6.0
Leisure and Hospitality Thousands, SA	Calendar Year	36.1	37.5	39.6	41.3	41.2	42.8	43.3	43.3	44.3	45.3	44.6	46.1
	% Change	2.3	3.9	5.5	4.3	(0.2)	3.9	1.3	(0.1)	2.3	2.3	(1.6)	3.5
	Fiscal Year	35.4	36.8	38.4	40.5	41.4	41.7	43.2	43.1	44.0	44.8	44.9	45.0
	% Change	(1.8)	4.2	4.3	5.3	2.3	0.7	3.6	(0.3)	2.0	1.9	0.3	0.2
Government Thousands, SA	Calendar Year	94.2	98.4	101.7	100.5	99.8	101.5	102.7	104.9	107.5	109.0	110.3	111.5
	% Change	2.2	4.4	3.4	(1.2)	(0.6)	1.6	1.2	2.1	2.5	1.4	1.2	1.1
	Fiscal Year	92.8	96.2	100.2	102.0	99.6	100.4	102.4	103.5	106.0	108.4	109.8	111.1
	% Change	0.2	3.7	4.2	1.7	(2.3)	0.8	2.0	1.1	2.4	2.2	1.3	1.1

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT

Richmond		History							October Standard Forecast			
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Nonagricultural Employment Thousands, SA	Calendar Year	603.3	615.7	625.3	633.2	630.4	605.5	601.8	603.1	604.9	613.1	626.8
	% Change	2.6	2.0	1.6	1.3	(0.4)	(3.9)	(0.6)	0.2	0.3	1.4	2.2
	Fiscal Year	595.5	610.4	619.5	631.0	632.8	619.9	600.3	603.3	602.7	608.5	619.3
	% Change	1.7	2.5	1.5	1.9	0.3	(2.0)	(3.2)	0.5	(0.1)	1.0	1.8
Construction and Mining Thousands, SA	Calendar Year	42.2	44.6	45.6	46.5	42.7	35.7	33.7	33.3	31.9	32.0	35.1
	% Change	4.2	5.7	2.1	2.1	(8.2)	(16.3)	(5.6)	(1.3)	(4.0)	0.3	9.4
	Fiscal Year	41.0	43.7	45.3	46.1	45.3	39.1	34.1	33.6	32.7	31.6	33.2
	% Change	1.3	6.8	3.5	1.8	(1.7)	(13.7)	(12.8)	(1.3)	(2.9)	(3.1)	5.0
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	113.2	113.3	115.7	118.4	117.4	111.6	110.5	110.2	111.1	113.6	114.8
	% Change	0.8	0.1	2.1	2.3	(0.8)	(5.0)	(0.9)	(0.3)	0.9	2.2	1.0
	Fiscal Year	113.2	112.7	114.6	117.0	118.3	115.0	110.4	110.6	110.0	112.4	114.3
	% Change	1.1	(0.5)	1.7	2.1	1.1	(2.8)	(4.1)	0.2	(0.5)	2.2	1.7
Financial Activities Thousands, SA	Calendar Year	46.9	46.7	46.5	45.8	44.2	43.0	42.3	41.8	42.2	42.7	42.5
	% Change	1.1	(0.4)	(0.3)	(1.7)	(3.5)	(2.5)	(1.8)	(1.1)	1.1	1.0	(0.5)
	Fiscal Year	46.9	46.7	46.7	46.2	44.9	43.7	42.5	41.9	42.0	42.5	42.6
	% Change	1.8	(0.3)	(0.1)	(1.1)	(2.7)	(2.7)	(2.8)	(1.6)	0.3	1.3	0.2
Professional and Business Services Thousands, SA	Calendar Year	88.2	92.9	95.7	99.1	99.5	92.8	92.8	96.3	97.3	99.8	105.0
	% Change	5.1	5.4	3.0	3.6	0.3	(6.7)	(0.1)	3.8	1.0	2.6	5.2
	Fiscal Year	85.5	90.9	94.2	97.9	100.0	96.3	91.8	94.7	96.9	98.0	102.4
	% Change	0.3	6.4	3.6	3.9	2.1	(3.7)	(4.7)	3.1	2.3	1.2	4.4
Education and Health Services Thousands, SA	Calendar Year	65.1	68.5	71.3	74.0	80.6	83.1	85.7	87.4	88.7	90.3	91.8
	% Change	7.4	5.3	4.1	3.8	8.8	3.2	3.1	2.0	1.5	1.8	1.7
	Fiscal Year	62.9	66.7	69.8	72.4	77.6	82.1	84.3	86.8	88.0	89.5	91.2
	% Change	7.3	6.1	4.6	3.6	7.2	5.8	2.8	2.9	1.4	1.8	1.8
Leisure and Hospitality Thousands, SA	Calendar Year	48.4	49.4	51.6	52.4	52.8	51.9	51.4	51.0	51.8	52.0	51.8
	% Change	5.0	2.1	4.4	1.6	0.8	(1.8)	(0.9)	(0.8)	1.5	0.4	(0.4)
	Fiscal Year	47.4	48.8	50.4	52.2	52.8	52.4	51.3	51.4	51.1	52.1	51.9
	% Change	5.2	3.0	3.4	3.5	1.1	(0.7)	(2.1)	0.3	(0.6)	1.9	(0.4)
Government Thousands, SA	Calendar Year	112.4	113.5	113.5	112.5	111.3	112.6	112.5	111.4	110.1	109.7	112.1
	% Change	0.8	1.0	(0.0)	(0.9)	(1.1)	1.2	(0.1)	(1.0)	(1.1)	(0.4)	2.2
	Fiscal Year	111.6	113.7	112.9	113.9	110.8	112.4	112.8	111.8	110.7	109.9	110.4
	% Change	0.5	1.9	(0.8)	0.9	(2.8)	1.4	0.4	(1.0)	(0.9)	(0.7)	0.4

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.4 - ANNUAL VIRGINIA REGIONAL EMPLOYMENT

Richmond		History							Recession Scenario			
		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Nonagricultural Employment Thousands, SA	Calendar Year	603.3	615.7	625.3	633.2	630.4	605.5	601.8	602.8	598.3	600.3	610.2
	% Change	2.6	2.0	1.6	1.3	(0.4)	(3.9)	(0.6)	0.2	(0.7)	0.3	1.6
	Fiscal Year	595.5	610.4	619.5	631.0	632.8	619.9	600.3	603.3	600.0	598.7	604.2
	% Change	1.7	2.5	1.5	1.9	0.3	(2.0)	(3.2)	0.5	(0.5)	(0.2)	0.9
Construction and Mining Thousands, SA	Calendar Year	42.2	44.6	45.6	46.5	42.7	35.7	33.7	33.3	31.1	29.9	31.8
	% Change	4.2	5.7	2.1	2.1	(8.2)	(16.3)	(5.6)	(1.4)	(6.5)	(3.8)	6.3
	Fiscal Year	41.0	43.7	45.3	46.1	45.3	39.1	34.1	33.6	32.3	30.2	30.4
	% Change	1.3	6.8	3.5	1.8	(1.7)	(13.7)	(12.8)	(1.3)	(3.8)	(6.7)	0.7
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	113.2	113.3	115.7	118.4	117.4	111.6	110.5	110.1	109.4	110.6	110.8
	% Change	0.8	0.1	2.1	2.3	(0.8)	(5.0)	(0.9)	(0.4)	(0.7)	1.1	0.2
	Fiscal Year	113.2	112.7	114.6	117.0	118.3	115.0	110.4	110.6	109.2	110.0	110.7
	% Change	1.1	(0.5)	1.7	2.1	1.1	(2.8)	(4.1)	0.2	(1.3)	0.8	0.6
Financial Activities Thousands, SA	Calendar Year	46.9	46.7	46.5	45.8	44.2	43.0	42.3	41.7	41.6	41.5	40.8
	% Change	1.1	(0.4)	(0.3)	(1.7)	(3.5)	(2.5)	(1.8)	(1.3)	(0.3)	(0.0)	(1.8)
	Fiscal Year	46.9	46.7	46.7	46.2	44.9	43.7	42.5	41.9	41.5	41.8	41.1
	% Change	1.8	(0.3)	(0.1)	(1.1)	(2.7)	(2.7)	(2.8)	(1.6)	(0.7)	0.6	(1.5)
Professional and Business Services Thousands, SA	Calendar Year	88.2	92.9	95.7	99.1	99.5	92.8	92.8	96.2	94.5	95.0	99.9
	% Change	5.1	5.4	3.0	3.6	0.3	(6.7)	(0.1)	3.7	(1.7)	0.5	5.1
	Fiscal Year	85.5	90.9	94.2	97.9	100.0	96.3	91.8	94.7	95.7	94.1	97.3
	% Change	0.3	6.4	3.6	3.9	2.1	(3.7)	(4.7)	3.1	1.1	(1.7)	3.5
Education and Health Services Thousands, SA	Calendar Year	65.1	68.5	71.3	74.0	80.6	83.1	85.7	87.4	88.9	90.5	91.8
	% Change	7.4	5.3	4.1	3.8	8.8	3.2	3.1	2.0	1.6	1.9	1.4
	Fiscal Year	62.9	66.7	69.8	72.4	77.6	82.1	84.3	86.8	88.1	89.8	91.3
	% Change	7.3	6.1	4.6	3.6	7.2	5.8	2.8	2.9	1.5	1.9	1.7
Leisure and Hospitality Thousands, SA	Calendar Year	48.4	49.4	51.6	52.4	52.8	51.9	51.4	51.1	51.9	51.7	51.1
	% Change	5.0	2.1	4.4	1.6	0.8	(1.8)	(0.9)	(0.7)	1.7	(0.3)	(1.2)
	Fiscal Year	47.4	48.8	50.4	52.2	52.8	52.4	51.3	51.4	51.4	52.0	51.3
	% Change	5.2	3.0	3.4	3.5	1.1	(0.7)	(2.1)	0.3	(0.2)	1.3	(1.3)
Government Thousands, SA	Calendar Year	112.4	113.5	113.5	112.5	111.3	112.6	112.5	111.4	110.1	109.7	112.4
	% Change	0.8	1.0	(0.0)	(0.9)	(1.1)	1.2	(0.1)	(1.0)	(1.2)	(0.3)	2.4
	Fiscal Year	111.6	113.7	112.9	113.9	110.8	112.4	112.8	111.8	110.7	109.9	110.5
	% Change	0.5	1.9	(0.8)	0.9	(2.8)	1.4	0.4	(1.0)	(0.9)	(0.7)	0.6

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted



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



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

	1998 3	1998 4	1999 1	1999 2	1999 3	1999 4	2000 1	2000 2	2000 3	2000 4	2001 1	2001 2	2001 3
Withholding	1,226.7	1,285.4	1,432.4	1,367.4	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
Annual % Change	12.5	6.9	13.6	13.4	10.2	18.4	5.7	7.8	6.8	3.5	9.6	6.9	3.5
Nonwithholding	209.7	99.0	313.4	865.8	235.3	181.9	304.5	947.9	261.0	127.2	395.6	1,023.1	243.1
Annual % Change	16.8	2.9	27.1	13.6	12.2	83.8	(2.9)	9.5	10.9	(30.1)	29.9	7.9	(6.8)
Gross Individual Income Tax	1,436.3	1,384.4	1,745.9	2,233.2	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
Annual % Change	13.1	6.6	15.8	13.4	10.5	23.1	4.1	8.5	7.4	(0.1)	13.0	7.3	1.9
Individual Refunds	56.5	47.4	288.7	319.4	69.7	39.6	322.8	269.8	124.5	56.6	322.9	331.4	175.3
Annual % Change	5.9	41.2	3.0	17.8	23.4	(16.4)	11.8	(15.5)	78.6	42.9	0.0	22.8	40.8
Net Individual Income Tax	1,379.8	1,337.0	1,457.2	1,913.9	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
Annual % Change	13.5	5.7	18.7	12.7	9.9	24.5	2.6	12.5	4.2	(1.1)	15.8	5.4	(1.2)
Sales and Use Tax	508.3	522.1	515.6	519.3	550.0	555.8	542.4	553.3	573.6	564.0	573.9	561.5	575.0
Annual % Change	6.2	9.1	6.6	8.5	8.2	6.5	5.2	6.6	4.3	1.5	5.8	1.5	0.3
Corporate Income Tax	102.1	77.0	50.2	191.2	139.0	82.4	52.0	292.5	125.3	27.7	34.0	176.8	77.5
Annual % Change	(3.2)	16.1	(20.8)	(11.4)	36.2	7.0	3.6	53.0	(9.9)	(66.4)	(34.6)	(39.6)	(38.1)
Wills, Suits, Deeds, Contracts	40.4	40.6	35.3	41.6	38.5	35.9	30.3	41.6	39.1	39.8	36.8	51.8	51.9
Annual % Change	47.8	26.8	22.2	7.8	(4.6)	(11.6)	(14.2)	(0.1)	1.5	11.0	21.7	24.6	32.7
Insurance Premiums	57.8	43.3	23.0	120.9	60.5	43.9	24.7	122.0	65.3	42.3	26.2	134.3	67.4
Annual % Change	40.4	(18.8)	(9.0)	3.0	4.8	1.3	7.4	0.9	7.9	(3.6)	6.1	10.1	3.2
Interest Income	58.8	30.4	33.7	3.2	52.6	28.7	40.0	9.9	60.4	37.6	44.9	(9.7)	55.3
Annual % Change	30.1	22.3	(8.7)	(384.2)	(10.6)	(5.4)	18.5	207.1	14.8	30.8	12.4	(198.0)	(8.4)
Alcoholic Beverage Sales	11.7	25.7	29.8	43.3	11.5	27.4	32.1	46.3	11.8	29.0	32.8	49.3	11.6
Annual % Change	1.7	6.0	4.5	5.1	(2.3)	6.3	7.5	7.0	3.4	6.0	2.3	6.5	(1.9)
All Other Revenues	96.3	105.4	109.1	178.9	133.8	138.8	77.4	196.5	90.4	119.9	119.2	220.9	84.4
Annual % Change	15.5	(3.0)	33.1	20.2	39.0	31.7	(29.1)	9.8	(32.4)	(13.6)	54.1	12.4	(6.6)
Total General Fund Revenues	2,255.2	2,181.4	2,253.9	3,012.3	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
Annual % Change	12.3	6.3	14.1	10.1	11.0	18.1	1.8	13.3	1.7	(2.7)	13.3	1.1	(2.4)

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

	2001 4	2002 1	2002 2	2002 3	2002 4	2003 1	2003 2	2003 3	2003 4	2004 1	2004 2	2004 3	2004 4
Withholding	1,617.8	1,693.4	1,616.8	1,535.8	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
Annual % Change	2.7	2.1	2.6	2.8	3.0	0.8	2.6	4.6	8.1	9.1	6.7	10.1	5.8
Nonwithholding	139.9	316.6	759.9	236.6	143.4	288.4	734.3	240.5	160.5	304.4	857.5	286.6	209.9
Annual % Change	10.0	(20.0)	(25.7)	(2.7)	2.5	(8.9)	(3.4)	1.6	11.9	5.6	16.8	19.2	30.8
Gross Individual Income Tax	1,757.8	2,010.0	2,376.6	1,772.4	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
Annual % Change	3.2	(2.2)	(8.6)	2.0	3.0	(0.8)	0.7	4.2	8.4	8.6	9.8	11.3	7.8
Individual Refunds	73.1	451.2	471.6	119.6	66.4	518.4	490.0	86.4	72.5	578.8	479.5	87.8	81.1
Annual % Change	29.1	39.8	42.3	(31.8)	(9.1)	14.9	3.9	(27.8)	9.2	11.7	(2.1)	1.6	11.8
Net Individual Income Tax	1,684.7	1,558.8	1,905.1	1,652.8	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
Annual % Change	2.3	(10.0)	(16.0)	5.8	3.5	(5.3)	(0.1)	6.5	8.3	7.5	12.9	11.7	7.7
Sales and Use Tax	579.1	551.9	723.8	457.6	576.6	564.9	737.0	488.6	620.0	622.9	830.8	524.3	727.0
Annual % Change	2.7	(3.8)	28.9	(20.4)	(0.4)	2.3	1.8	6.8	7.5	10.3	12.7	7.3	17.3
Corporate Income Tax	37.9	26.7	148.1	89.8	55.9	16.3	181.4	112.9	38.0	44.3	230.5	122.0	124.9
Annual % Change	37.0	(21.4)	(16.2)	15.8	47.3	(39.0)	22.5	25.8	(32.0)	171.7	27.1	8.1	228.4
Wills, Suits, Deeds, Contracts	54.9	49.4	58.2	65.3	74.3	63.7	82.6	93.6	79.5	67.7	99.7	113.8	150.6
Annual % Change	37.8	34.2	12.2	25.8	35.2	28.9	42.0	43.4	7.1	6.3	20.7	21.5	89.3
Insurance Premiums	53.0	30.8	141.5	76.8	59.7	35.2	161.3	79.7	63.1	42.6	165.8	88.0	69.0
Annual % Change	25.4	17.6	5.4	13.9	12.6	14.5	14.0	3.8	5.7	20.9	2.8	10.4	9.3
Interest Income	21.4	26.1	(2.3)	40.3	22.8	8.4	10.1	29.8	11.1	13.9	6.6	27.1	22.1
Annual % Change	(43.0)	(42.0)	(75.8)	(27.1)	6.6	(67.7)	(532.6)	(26.0)	(51.5)	65.3	(35.0)	(9.2)	99.7
Alcoholic Beverage Sales	29.9	34.7	51.3	11.8	31.2	36.4	49.3	12.9	32.9	37.3	55.0	12.6	34.8
Annual % Change	3.0	5.7	3.9	1.9	4.5	4.9	(3.9)	9.1	5.3	2.4	11.6	(2.6)	5.8
All Other Revenues	124.8	110.3	193.6	118.9	125.5	143.3	195.2	146.5	111.8	144.0	251.3	155.2	122.6
Annual % Change	4.1	(7.5)	(12.4)	40.8	0.5	29.9	0.8	23.2	(10.9)	0.5	28.7	6.0	9.6
Total General Fund Revenues	2,585.8	2,388.6	3,219.1	2,513.3	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
Annual % Change	3.2	(8.1)	(6.8)	1.1	4.0	(1.8)	3.1	8.4	5.8	9.2	14.1	10.5	15.4

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

	2005 1	2005 2	2005 3	2005 4	2006 1	2006 2	2006 3	2006 4	2007 1	2007 2	2007 3	2007 4	2008 1
Withholding	1,992.0	1,847.5	1,897.2	1,996.5	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
Annual % Change	7.0	4.4	7.3	4.8	7.0	9.8	3.9	5.7	7.6	8.1	4.7	6.4	5.2
Nonwithholding	415.0	1,162.0	349.0	225.7	483.9	1,435.1	356.4	264.8	512.5	1,648.3	394.1	260.1	556.6
Annual % Change	36.3	35.5	21.8	7.5	16.6	23.5	2.1	17.3	5.9	14.9	10.6	(1.8)	8.6
Gross Individual Income Tax	2,407.0	3,009.5	2,246.3	2,222.2	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
Annual % Change	11.1	14.5	9.3	5.0	8.7	15.1	3.6	6.9	7.2	10.9	5.6	5.5	5.8
Individual Refunds	588.0	477.3	50.5	62.5	638.4	531.2	110.2	109.8	740.4	599.5	83.6	143.9	811.3
Annual % Change	1.6	(0.5)	(42.5)	(22.9)	8.6	11.3	118.3	75.6	16.0	12.9	(24.1)	31.1	9.6
Net Individual Income Tax	1,819.0	2,532.2	2,195.8	2,159.7	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
Annual % Change	14.6	17.9	11.6	6.2	8.7	15.8	1.0	4.9	4.4	10.5	7.1	4.2	4.5
Sales and Use Tax	736.0	958.8	579.3	728.6	758.5	746.3	762.3	746.9	774.8	765.1	785.8	798.2	723.3
Annual % Change	18.2	15.4	10.5	0.2	3.1	(22.2)	31.6	2.5	2.1	2.5	3.1	6.9	(6.6)
Corporate Income Tax	90.0	279.9	214.7	256.1	116.0	280.3	256.9	186.6	118.7	317.4	217.7	115.4	138.7
Annual % Change	103.2	21.4	76.0	105.1	29.0	0.2	19.7	(27.2)	2.3	13.2	(15.2)	(38.1)	16.9
Wills, Suits, Deeds, Contracts	141.9	189.8	202.8	170.1	149.7	172.1	150.8	143.6	133.9	154.7	130.7	112.6	98.6
Annual % Change	109.6	90.4	78.3	13.0	5.5	(9.3)	(25.7)	(15.6)	(10.5)	(10.1)	(13.3)	(21.6)	(26.4)
Insurance Premiums	38.3	178.3	84.1	72.1	36.3	181.3	87.9	61.4	38.0	197.6	101.7	61.5	32.1
Annual % Change	(10.1)	7.5	(4.4)	4.4	(5.2)	1.7	4.5	(14.8)	4.7	9.0	15.8	0.1	(15.7)
Interest Income	23.8	10.8	44.7	26.0	39.6	6.1	91.7	42.9	53.8	(12.4)	105.5	66.2	37.5
Annual % Change	71.0	64.5	65.0	17.7	66.4	(43.9)	105.0	64.7	35.7	(303.9)	15.1	54.4	(30.3)
Alcoholic Beverage Sales	38.1	59.0	13.5	36.4	40.6	62.4	14.3	38.0	42.1	67.5	13.8	39.6	45.5
Annual % Change	2.4	7.2	7.4	4.7	6.5	5.8	5.5	4.2	3.6	8.2	(3.4)	4.5	8.0
All Other Revenues	118.5	177.9	110.9	111.7	148.8	180.2	127.2	111.1	128.6	176.9	113.6	144.0	147.2
Annual % Change	(17.7)	(29.2)	(28.6)	(8.9)	25.7	1.3	14.7	(0.5)	(13.6)	(1.8)	(10.7)	29.6	14.4
Total General Fund Revenues	3,005.5	4,386.6	3,445.8	3,560.8	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
Annual % Change	17.4	15.8	14.5	8.4	8.7	4.0	7.6	1.0	2.7	7.6	3.6	2.9	0.8

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

	2008 2	2008 3	2008 4	2009 1	2009 2	2009 3	2009 4	2010 1	2010 2	2010 3	2010 4	2011 1	2011 2
Withholding	2,213.9	2,175.8	2,384.3	2,306.6	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
Annual % Change	1.0	5.5	6.2	(4.4)	2.6	(2.3)	(2.3)	4.8	1.5	4.4	5.6	5.1	4.8
Nonwithholding	1,650.4	406.5	243.3	458.8	1,201.8	311.3	217.8	373.0	1,004.6	292.9	204.6	435.7	1,245.4
Annual % Change	0.1	3.1	(6.5)	(17.6)	(27.2)	(23.4)	(10.5)	(18.7)	(16.4)	(5.9)	(6.0)	16.8	24.0
Gross Individual Income Tax	3,864.3	2,582.2	2,627.6	2,765.4	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
Annual % Change	0.6	5.1	4.9	(6.8)	(10.1)	(5.6)	(3.1)	0.9	(4.7)	3.1	4.6	6.6	10.6
Individual Refunds	641.1	127.2	141.3	873.2	825.8	150.8	182.3	947.1	714.4	123.1	160.9	888.2	697.1
Annual % Change	6.9	52.0	(1.8)	7.6	28.8	18.6	29.1	8.5	(13.5)	(18.4)	(11.8)	(6.2)	(2.4)
Net Individual Income Tax	3,223.2	2,455.0	2,486.3	1,892.2	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
Annual % Change	(0.5)	3.4	5.3	(12.3)	(17.9)	(6.9)	(4.9)	(2.6)	(1.9)	4.5	5.9	13.2	14.2
Sales and Use Tax	768.3	769.9	729.2	708.8	695.4	724.7	724.0	674.5	959.4	577.9	746.3	719.7	968.5
Annual % Change	0.4	(2.0)	(8.6)	(2.0)	(9.5)	(5.9)	(0.7)	(4.8)	38.0	(20.3)	3.1	6.7	0.9
Corporate Income Tax	336.0	191.4	71.9	71.1	313.6	176.3	175.6	56.8	397.8	177.6	160.5	127.8	356.4
Annual % Change	5.8	(12.1)	(37.7)	(48.7)	(6.7)	(7.9)	144.4	(20.2)	26.8	0.7	(8.6)	125.1	(10.4)
Wills, Suits, Deeds, Contracts	114.5	90.3	66.2	68.4	89.3	80.5	74.6	60.1	75.0	75.7	77.7	63.3	74.7
Annual % Change	(26.0)	(30.9)	(41.2)	(30.6)	(22.0)	(10.9)	12.8	(12.2)	(16.0)	(5.9)	4.1	5.4	(0.4)
Insurance Premiums	201.5	0.0	75.6	(20.2)	199.6	0.0	75.1	(20.3)	207.1	0.0	80.5	(9.4)	210.4
Annual % Change	2.0	(100.0)	22.9	(163.0)	(0.9)	NA	(0.6)	0.4	3.7	NA	7.2	(53.7)	1.6
Interest Income	(19.9)	74.6	25.4	23.3	(19.0)	40.3	26.4	33.3	(5.7)	25.7	21.6	23.8	10.0
Annual % Change	60.5	(29.3)	(61.7)	(37.8)	(4.2)	(45.9)	3.9	42.8	(70.0)	(36.2)	(18.0)	(28.5)	(274.5)
Alcoholic Beverage Sales	70.0	12.8	41.5	47.1	71.8	12.3	42.2	47.5	73.0	12.8	43.2	48.7	74.3
Annual % Change	3.6	(7.2)	4.7	3.5	2.7	(4.0)	1.7	1.0	1.7	3.9	2.2	2.5	1.7
All Other Revenues	152.6	85.8	102.9	103.4	143.7	87.4	71.8	97.5	164.1	89.4	81.1	105.7	151.9
Annual % Change	(13.8)	(24.5)	(28.5)	(29.8)	(5.8)	1.9	(30.2)	(5.7)	14.2	2.4	12.9	8.4	(7.4)
Total General Fund Revenues	4,846.1	3,679.9	3,599.0	2,894.2	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
Annual % Change	(1.3)	(4.2)	(2.7)	(14.4)	(14.5)	(7.4)	(1.3)	(3.5)	7.8	(1.7)	4.5	13.4	7.7

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

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Withholding	Calendar Year	3,037.5	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
	% Change	3.4	5.9	7.1	6.2	7.2	5.8	9.7	9.4	13.9	5.9	5.7
	Fiscal Year	2,958.9	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
	% Change	3.8	4.7	8.0	6.4	6.6	6.6	6.3	10.6	11.6	10.3	6.7
Nonwithholding	Calendar Year	775.1	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
	% Change	(0.9)	(3.5)	2.1	1.1	2.9	12.1	21.8	21.5	21.2	2.8	9.8
	Fiscal Year	775.6	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
	% Change	(1.9)	(6.1)	3.1	3.2	1.0	12.1	18.6	23.3	15.8	12.2	8.2
Gross Individual Income Tax	Calendar Year	3,812.6	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
	% Change	2.5	4.0	6.2	5.2	6.5	6.8	11.8	11.7	15.5	5.2	6.6
	Fiscal Year	3,734.6	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
	% Change	2.5	2.5	7.1	5.8	5.6	7.5	8.5	13.1	12.5	10.8	7.0
Individual Refunds	Calendar Year	498.5	499.9	512.7	530.6	547.4	587.5	628.5	655.2	717.4	773.8	902.6
	% Change	(7.7)	0.3	2.6	3.5	3.2	7.3	7.0	4.2	9.5	7.9	16.6
	Fiscal Year	498.6	506.2	514.3	526.1	553.8	579.1	617.1	638.2	711.9	702.0	835.4
	% Change	(11.0)	1.5	1.6	2.3	5.3	4.6	6.6	3.4	11.5	(1.4)	19.0
Net Individual Income Tax	Calendar Year	3,314.0	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
	% Change	4.3	4.6	6.7	5.5	6.9	6.8	12.5	12.7	16.1	4.9	5.4
	Fiscal Year	3,236.0	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
	% Change	5.0	2.6	7.9	6.3	5.7	7.9	8.7	14.3	12.6	12.2	5.8
Sales and Use Tax	Calendar Year	1,327.1	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
	% Change	(3.9)	4.9	6.3	9.0	4.4	6.0	5.0	6.4	7.4	4.3	2.5
	Fiscal Year	1,336.5	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
	% Change	(1.6)	0.9	6.9	6.8	7.7	3.9	6.1	5.1	7.6	6.6	3.2
Corporate Income Tax	Calendar Year	277.2	279.6	384.7	323.1	411.8	386.9	448.8	458.1	462.8	497.5	326.2
	% Change	(2.3)	0.9	37.6	(16.0)	27.4	(6.0)	16.0	2.1	1.0	7.5	(34.4)
	Fiscal Year	279.2	275.9	371.5	312.1	376.4	402.3	432.3	450.8	420.4	565.9	363.8
	% Change	(10.0)	(1.2)	34.6	(16.0)	20.6	6.9	7.4	4.3	(6.7)	34.6	(35.7)
Wills, Suits, Deeds, Contracts	Calendar Year	73.7	96.1	110.2	99.0	86.4	99.1	112.5	148.5	151.3	150.8	195.5
	% Change	(7.8)	30.4	14.7	(10.2)	(12.7)	14.7	13.5	32.0	1.9	(0.3)	29.6
	Fiscal Year	71.9	83.7	99.6	114.9	84.7	95.5	103.4	126.8	157.9	146.3	167.6
	% Change	(21.6)	16.4	19.0	15.4	(26.3)	12.7	8.3	22.6	24.5	(7.3)	14.6

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

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Withholding	Calendar Year	6,513.0	6,772.2	7,305.3	7,733.2	8,240.8	8,792.5	9,185.8	9,031.7	9,401.4	
	% Change	2.6	4.0	7.9	5.9	6.6	6.7	4.5	(1.7)	4.1	
	Fiscal Year	6,422.4	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
	% Change	2.7	2.3	7.2	6.7	7.2	6.4	4.3	2.3	0.4	5.0
Nonwithholding	Calendar Year	1,456.4	1,423.7	1,658.4	2,151.8	2,540.3	2,815.0	2,856.7	2,189.8	1,875.2	
	% Change	(19.2)	(2.2)	16.5	29.7	18.1	10.8	1.5	(23.3)	(14.4)	
	Fiscal Year	1,459.5	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
	% Change	(19.2)	(3.9)	11.4	32.7	20.3	11.6	2.8	(19.2)	(17.5)	14.3
Gross Individual Income Tax	Calendar Year	7,969.4	8,195.9	8,963.7	9,884.9	10,781.0	11,607.5	12,042.5	11,221.4	11,276.6	
	% Change	(2.2)	2.8	9.4	10.3	9.1	7.7	3.7	(6.8)	0.5	
	Fiscal Year	7,881.9	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
	% Change	(2.2)	1.1	7.9	11.4	10.0	7.6	3.9	(2.9)	(3.2)	6.6
Individual Refunds	Calendar Year	1,108.8	1,167.3	1,227.3	1,178.3	1,389.6	1,567.4	1,720.8	2,032.1	1,945.5	
	% Change	22.8	5.3	5.1	(4.0)	17.9	12.8	9.8	18.1	(4.3)	
	Fiscal Year	1,171.1	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
	% Change	40.2	2.0	1.9	1.4	3.9	21.6	7.7	17.1	1.4	(6.3)
Net Individual Income Tax	Calendar Year	6,860.6	7,028.6	7,736.4	8,706.7	9,391.4	10,040.0	10,321.7	9,189.3	9,331.1	
	% Change	(5.3)	2.4	10.1	12.5	7.9	6.9	2.8	(11.0)	1.5	
	Fiscal Year	6,710.8	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
	% Change	(7.1)	1.0	9.0	13.1	10.9	5.6	3.3	(6.3)	(4.1)	9.4
Sales and Use Tax	Calendar Year	2,309.9	2,410.4	2,705.1	3,002.6	3,014.1	3,123.8	2,990.8	2,853.0	2,958.0	
	% Change	0.9	4.4	12.2	11.0	0.4	3.6	(4.3)	(4.6)	3.7	
	Fiscal Year	2,429.8	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
	% Change	6.9	(3.9)	9.7	15.0	(4.5)	8.4	0.9	(5.6)	6.2	(2.3)
Corporate Income Tax	Calendar Year	320.5	348.6	521.7	840.6	839.8	769.3	738.0	736.7	792.7	
	% Change	(1.8)	8.8	49.7	61.1	(0.1)	(8.4)	(4.1)	(0.2)	7.6	
	Fiscal Year	290.2	343.3	425.7	616.7	867.1	879.6	807.9	648.0	806.5	822.3
	% Change	(20.2)	18.3	24.0	44.9	40.6	1.4	(8.2)	(19.8)	24.4	2.0
Wills, Suits, Deeds, Contracts	Calendar Year	247.2	319.5	431.7	704.7	616.2	531.9	369.5	312.8	288.5	
	% Change	26.4	29.3	35.1	63.2	(12.6)	(13.7)	(30.5)	(15.3)	(7.8)	
	Fiscal Year	214.4	285.8	340.6	596.1	694.7	582.9	456.3	314.3	290.2	291.5
	% Change	27.9	33.3	19.1	75.0	16.6	(16.1)	(21.7)	(31.1)	(7.7)	0.4



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

		1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Insurance Premiums	Calendar Year	158.1	175.8	186.6	203.6	212.9	216.6	220.4	243.6	248.3	254.3	280.9
	% Change	(4.7)	11.2	6.2	9.1	4.6	1.7	1.8	10.5	1.9	2.4	10.5
	Fiscal Year	157.7	174.8	180.3	196.4	208.2	218.0	219.0	237.0	244.9	251.1	268.1
	% Change	(11.7)	10.9	3.2	8.9	6.0	4.7	0.5	8.2	3.4	2.5	6.8
Interest Income	Calendar Year	32.4	48.6	52.5	61.0	80.1	94.6	116.5	125.0	118.3	147.8	111.9
	% Change	(60.6)	50.1	7.9	16.1	31.4	18.1	23.1	7.3	(5.4)	24.9	(24.3)
	Fiscal Year	37.4	42.4	48.1	53.4	64.5	82.3	114.9	105.8	126.1	131.2	133.2
	% Change	(63.2)	13.3	13.3	11.1	20.8	27.5	39.7	(7.9)	19.2	4.0	1.5
Alcoholic Beverage Sales	Calendar Year	102.1	102.3	101.8	101.5	102.1	103.0	103.8	107.2	111.9	119.2	123.6
	% Change	(0.2)	0.1	(0.4)	(0.3)	0.5	0.9	0.8	3.2	4.4	6.5	3.7
	Fiscal Year	103.0	102.0	102.5	101.1	101.0	104.4	103.5	105.5	110.6	117.2	123.0
	% Change	1.7	(0.9)	0.5	(1.4)	(0.1)	3.4	(0.9)	1.9	4.8	6.0	4.9
All Other Revenues	Calendar Year	267.2	291.1	323.9	374.0	371.4	397.5	429.8	432.6	560.6	484.2	549.3
	% Change	2.1	8.9	11.3	15.5	(0.7)	7.0	8.1	0.6	29.6	(13.6)	13.5
	Fiscal Year	250.2	274.4	305.3	374.4	360.5	383.5	421.5	422.9	489.7	546.4	550.4
	% Change	(7.8)	9.7	11.3	22.6	(3.7)	6.4	9.9	0.3	15.8	11.6	0.7
Total General Fund Revenues	Calendar Year	5,551.7	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
	% Change	0.3	5.4	8.3	5.3	6.6	5.8	10.3	10.1	13.1	4.0	3.4
	Fiscal Year	5,471.9	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
	% Change	(0.4)	2.8	9.1	6.0	5.8	6.9	8.1	10.4	10.6	11.2	2.9
ABC Profits	Fiscal Year	26.2	23.7	26.8	20.7	19.0	26.0	23.8	20.7	25.5	30.1	28.1
	% Change	(4.6)	(9.4)	13.0	(22.8)	(8.2)	36.8	(8.5)	(12.9)	23.0	18.2	(6.8)
Transfers per Appropriations Act	Fiscal Year	630.0	630.5	377.2	388.0	273.4	443.0	364.2	367.9	371.1	407.4	354.5
	% Change	273.6	0.1	(40.2)	2.9	(29.5)	62.0	(17.8)	1.0	0.9	9.8	(13.0)

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

		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Insurance Premiums	Calendar Year	308.7	339.4	365.4	372.8	366.9	398.8	309.2	254.5	267.3	
	% Change	9.9	9.9	7.7	2.0	(1.6)	8.7	(22.5)	(17.7)	5.0	
	Fiscal Year	292.7	333.0	351.3	373.6	373.8	384.9	396.9	255.0	261.9	281.6
	% Change	9.2	13.8	5.5	6.3	0.1	3.0	3.1	(35.7)	2.7	7.5
Interest Income	Calendar Year	86.9	59.5	69.7	105.4	180.2	213.1	117.6	71.0	75.0	
	% Change	(22.4)	(31.5)	17.3	51.2	71.0	18.2	(44.8)	(39.6)	5.5	
	Fiscal Year	100.4	81.7	61.4	83.9	116.5	175.9	189.3	104.2	94.3	81.1
	% Change	(24.6)	(18.6)	(24.8)	36.6	38.9	51.1	7.6	(44.9)	(9.5)	(14.0)
Alcoholic Beverage Sales	Calendar Year	129.0	131.5	139.6	147.0	155.2	163.1	169.8	173.4	176.5	
	% Change	4.3	1.9	6.2	5.3	5.6	5.0	4.1	2.2	1.8	
	Fiscal Year	127.5	128.7	138.0	144.5	153.0	161.8	168.9	173.2	175.1	178.9
	% Change	3.6	1.0	7.2	4.7	5.9	5.8	4.3	2.6	1.1	2.2
All Other Revenues	Calendar Year	548.2	596.8	673.1	518.9	567.4	563.1	488.5	406.3	432.1	
	% Change	(0.2)	8.9	12.8	(22.9)	9.3	(0.8)	(13.3)	(16.8)	6.4	
	Fiscal Year	513.1	582.9	653.6	574.1	551.6	543.9	557.4	435.7	420.7	428.1
	% Change	(6.8)	13.6	12.1	(12.2)	(3.9)	(1.4)	2.5	(21.8)	(3.4)	1.8
Total General Fund Revenues	Calendar Year	10,810.9	11,234.2	12,642.8	14,398.7	15,131.3	15,803.1	15,505.0	13,997.0	14,321.2	
	% Change	(2.8)	3.9	12.5	13.9	5.1	4.4	(1.9)	(9.7)	2.3	
	Fiscal Year	10,679.0	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
	% Change	(3.8)	1.8	9.7	14.8	8.4	4.9	1.3	(9.2)	(0.7)	5.8
ABC Profits	Fiscal Year	25.4	14.2	16.8	24.9	30.0	27.6	36.1	44.1	50.0	50.5
	% Change	(9.6)	(44.1)	18.0	48.9	20.4	(8.3)	31.0	22.2	13.4	1.0
Transfers per Appropriations Act	Fiscal Year	702.0	1,028.5	996.0	714.6	835.6	792.7	776.4	362.4	517.2	361.6
	% Change	98.0	46.5	(3.2)	(28.3)	16.9	(5.1)	(2.1)	(53.3)	42.7	(30.1)

**APPENDIX C  
MODELS &  
METHODOLOGIES**



**Corporate Income Tax**

DIFFYA(CORP)

$$= 1.98993 * \text{DIFFYA(ZBVA)} + 0.62179 * \text{DIFFYA(SP500VA)} + 3.11617$$

(3.5257) (0.89978) (.99887)

R Sq 0.2148                      R Bar Sq 0.1952                      F 2, 80 10.9454  
D.W.( 1) 2.0532                      D.W.( 4) 2.3310

QUARTERLY data for 83 periods from 1991Q1 to 2011Q3

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

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### Corporate Income Tax, Gross Receipts

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
1996	95Q3	112.9	98.2	14.7	13.0%
	95Q4	103.1	96.5	6.7	6.5%
	96Q1	56.9	64.2	(7.3)	-12.8%
	96Q2	198.6	231.7	(33.1)	-16.7%
	Total	471.5	490.5	(19.0)	-4.0%
1997	96Q3	97.6	119.5	(21.9)	-22.4%
	96Q4	107.5	110.9	(3.5)	-3.2%
	97Q1	67.8	65.0	2.8	4.1%
	97Q2	242.1	207.3	34.9	14.4%
	Total	515.0	502.6	12.4	2.4%
1998	97Q3	117.5	109.6	7.9	6.7%
	97Q4	110.2	117.5	(7.3)	-6.6%
	98Q1	79.6	72.0	7.6	9.5%
	98Q2	229.5	245.8	(16.3)	-7.1%
	Total	536.7	544.8	(8.1)	-1.5%
1999	98Q3	111.7	117.8	(6.0)	-5.4%
	98Q4	131.6	110.4	21.2	16.1%
	99Q1	76.2	88.9	(12.7)	-16.7%
	99Q2	206.1	239.3	(33.2)	-16.1%
	Total	525.6	556.3	(30.8)	-5.9%
2000	99Q3	153.2	122.6	30.7	20.0%
	99Q4	141.4	144.7	(3.4)	-2.4%
	00Q1	75.1	83.4	(8.3)	-11.1%
	00Q2	251.7	212.4	39.3	15.6%
	Total	621.3	563.0	58.3	9.4%
2001	00Q3	145.1	157.7	(12.7)	-8.7%
	00Q4	102.3	141.2	(39.0)	-38.1%
	01Q1	73.0	75.4	(2.4)	-3.2%
	01Q2	193.3	251.8	(58.5)	-30.3%
	Total	513.7	626.1	(112.4)	-21.9%
2002	01Q3	100.2	140.1	(40.0)	-39.9%
	01Q4	117.7	97.4	20.4	17.3%
	02Q1	83.8	70.8	12.9	15.4%
	02Q2	171.8	192.1	(20.3)	-11.8%
	Total	473.4	500.4	(27.0)	-5.7%
2003	02Q3	117.7	104.8	12.9	10.9%
	02Q4	124.2	128.7	(4.5)	-3.7%
	03Q1	68.5	92.3	(23.9)	-34.8%
	03Q2	202.0	179.7	22.4	11.1%
	Total	512.4	505.5	6.8	1.3%

## GENERAL FUND METHODOLOGY

### Corporate Income Tax, Gross Receipts

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2004	03Q3	135.8	130.4	5.4	4.0%
	03Q4	124.9	138.9	(14.0)	-11.2%
	04Q1	82.5	92.6	(10.1)	-12.2%
	04Q2	252.5	228.9	23.7	9.4%
	Total	595.7	590.7	5.0	0.8%
2005	04Q3	140.9	161.5	(20.6)	-14.6%
	04Q4	190.2	146.2	44.0	23.1%
	05Q1	109.7	112.3	(2.6)	-2.3%
	05Q2	305.3	279.4	25.8	8.5%
	Total	746.1	699.4	46.7	6.3%
2006	05Q3	219.0	167.5	51.4	23.5%
	05Q4	262.8	221.3	41.6	15.8%
	06Q1	136.7	128.0	8.7	6.4%
	06Q2	368.3	322.8	45.5	12.4%
	Total	986.8	839.5	147.2	14.9%
2007	06Q3	283.8	235.4	48.4	17.1%
	06Q4	225.4	270.5	(45.1)	-20.0%
	07Q1	164.8	138.2	26.6	16.1%
	07Q2	356.2	373.4	(17.2)	-4.8%
	Total	1030.2	1017.6	12.7	1.2%
2008	07Q3	244.3	282.7	(38.4)	-15.7%
	07Q4	165.0	226.5	(61.5)	-37.3%
	08Q1	197.4	154.7	42.7	21.6%
	08Q2	361.7	343.5	18.3	5.1%
	Total	968.4	1007.4	(38.9)	-4.0%
2009	08Q3	220.0	229.5	(9.5)	-4.3%
	08Q4	201.5	111.3	90.2	44.8%
	09Q1	113.6	174.1	(60.5)	-53.2%
	09Q2	339.2	347.1	(7.9)	-2.3%
	Total	874.3	862.0	12.3	1.4%
2010	09Q3	203.7	224.9	(21.2)	-10.4%
	09Q4	249.8	257.9	(8.1)	-3.2%
	10Q1	129.0	157.8	(28.7)	-22.3%
	10Q2	379.4	376.6	2.8	0.7%
	Total	961.9	1017.2	(55.2)	-5.7%
2011	10Q3	227.0	225.6	1.4	0.6%
	10Q4	238.3	255.7	(17.4)	-7.3%
	11Q1	161.8	137.9	23.9	14.8%
	11Q2	390.4	386.5	3.9	1.0%
	Total	1017.5	1005.7	11.8	1.2%

## GENERAL FUND METHODOLOGY

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### Individual Income Tax - Withholding

DIFFYA(WITH)

$$= 0.01085 * \underset{(9.8844)}{\text{DIFFYA(YWSTRAN)}} + 130.599 * \underset{(3.93139)}{\text{Q994}} + 1.84410 \underset{(0.21144)}{\text{}}$$

R Sq    0.5782                  R Bar Sq   0.5613                  F 3, 75   34.2664  
D.W.( 1) 1.9330                D.W.( 4) 2.0456

$$\text{AR}_0 = -0.18605 * \text{AR}_4 \\ \quad \quad \quad (-1.64669)$$

QUARTERLY data for 79 periods from 1992Q1 to 2011Q3

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>
1996	95Q3	911.1	924.8	(13.7)	-1.5%
	95Q4	1034.0	993.0	40.9	4.0%
	96Q1	1028.8	1039.9	(11.2)	-1.1%
	96Q2	1075.2	1046.4	28.8	2.7%
	Total	4049.0	4004.2	44.9	1.1%
1997	96Q3	972.9	981.4	(8.5)	-0.9%
	96Q4	1071.1	1097.3	(26.1)	-2.4%
	97Q1	1171.1	1110.3	60.8	5.2%
	97Q2	1087.9	1135.8	(48.0)	-4.4%
	Total	4303.0	4324.8	(21.8)	-0.5%
1998	97Q3	1090.0	1044.9	45.1	4.1%
	97Q4	1202.0	1162.7	39.2	3.3%
	98Q1	1260.8	1232.8	28.0	2.2%
	98Q2	1206.2	1185.3	20.9	1.7%
	Total	4759.0	4625.7	133.2	2.8%
1999	98Q3	1226.7	1174.3	52.4	4.3%
	98Q4	1285.4	1290.3	(4.9)	-0.4%
	99Q1	1432.4	1381.0	51.5	3.6%
	99Q2	1367.4	1285.0	82.4	6.0%
	Total	5311.9	5130.5	181.4	3.4%
2000	99Q3	1351.5	1305.9	45.6	3.4%
	99Q4	1521.9	1509.5	12.4	0.8%
	00Q1	1513.7	1518.3	(4.6)	-0.3%
	00Q2	1474.2	1495.5	(21.4)	-1.4%
	Total	5861.3	5829.2	32.0	0.5%
2001	00Q3	1444.0	1489.9	(45.9)	-3.2%
	00Q4	1575.6	1642.2	(66.6)	-4.2%
	01Q1	1659.1	1641.3	17.9	1.1%
	01Q2	1576.2	1585.7	(9.5)	-0.6%
	Total	6254.9	6359.0	(104.2)	-1.7%
2002	01Q3	1494.4	1505.2	(10.9)	-0.7%
	01Q4	1617.8	1650.1	(32.3)	-2.0%
	02Q1	1693.4	1678.6	14.8	0.9%
	02Q2	1616.8	1594.3	22.4	1.4%
	Total	6422.4	6428.3	(5.9)	-0.1%
2003	02Q3	1535.8	1550.2	(14.5)	-0.9%
	02Q4	1667.1	1656.3	10.8	0.6%
	03Q1	1706.3	1749.2	(42.9)	-2.5%
	03Q2	1658.2	1683.2	(25.0)	-1.5%
	Total	6567.4	6638.9	(71.5)	-1.1%

## GENERAL FUND METHODOLOGY

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### Individual Income Tax - Withholding

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2004	03Q3	1606.0	1628.6	(22.6)	-1.4%
	03Q4	1801.6	1787.6	14.0	0.8%
	04Q1	1861.8	1829.5	32.3	1.7%
	04Q2	1769.9	1784.6	(14.6)	-0.8%
	Total	7039.3	7030.2	9.1	0.1%
2005	04Q3	1768.0	1732.6	35.4	2.0%
	04Q4	1905.5	1920.7	(15.2)	-0.8%
	05Q1	1992.0	1980.0	12.0	0.6%
	05Q2	1847.5	1905.3	(57.8)	-3.1%
	Total	7513.0	7538.7	(25.6)	-0.3%
2006	05Q3	1897.2	1888.8	8.5	0.4%
	05Q4	1996.5	2018.5	(22.1)	-1.1%
	06Q1	2131.5	2135.6	(4.0)	-0.2%
	06Q2	2028.5	1977.9	50.5	2.5%
	Total	8053.7	8020.8	32.9	0.4%
2007	06Q3	1970.4	2001.2	(30.8)	-1.6%
	06Q4	2110.3	2119.7	(9.3)	-0.4%
	07Q1	2292.5	2263.5	29.1	1.3%
	07Q2	2192.2	2139.7	52.4	2.4%
	Total	8565.5	8524.1	41.4	0.5%
2008	07Q3	2062.9	2101.2	(38.3)	-1.9%
	07Q4	2244.9	2231.0	13.9	0.6%
	08Q1	2411.8	2370.5	41.4	1.7%
	08Q2	2213.9	2296.8	(82.9)	-3.7%
	Total	8933.6	8999.5	(65.9)	-0.7%
2009	08Q3	2175.8	2153.1	22.7	1.0%
	08Q4	2304.3	2305.1	(0.8)	0.0%
	09Q1	2386.6	2423.6	(37.0)	-1.5%
	09Q2	2271.5	2261.7	9.7	0.4%
	Total	9138.1	9143.5	(5.4)	-0.1%
2010	09Q3	2125.0	2207.9	(82.9)	-3.9%
	09Q4	2328.6	2351.9	(23.3)	-1.0%
	10Q1	2416.4	2470.3	(53.9)	-2.2%
	10Q2	2306.1	2330.7	(24.6)	-1.1%
	Total	9176.2	9360.8	(184.7)	-2.0%
2011	10Q3	2219.1	2239.9	(20.8)	-0.9%
	10Q4	2459.9	2437.0	22.8	0.9%
	11Q1	2538.5	2553.8	(15.3)	-0.6%
	11Q2	2417.6	2435.0	(17.4)	-0.7%
	Total	9635.1	9665.7	(30.6)	-0.3%

**Individual Income Tax - Estimated Payments**

DIFFYA(EP)

$$\begin{aligned} = & 0.04982 * \text{DIFFYA}(\text{SP500}) + 0.00992 * \text{DIFFYA}(\text{YWPPTVA}) + \\ & \quad (3.0608) \quad \quad \quad (4.3672) \\ & 0.00371 * \text{DIFFYA}(\text{YRDIRVA}) - 5.0968 \\ & \quad (4.08758) \quad \quad \quad (1.64537) \end{aligned}$$

R Sq 0.5299      R Bar Sq 0.5058      F 4,78 21.9827  
D.W.(1) 1.9361      D.W.(4) 1.8175

$$\begin{aligned} \text{MA}_0 = & -0.05002 * \text{MA}_4 \\ & (-0.40982) \end{aligned}$$

QUARTERLY data for 83 periods from 1991Q1 to 2011Q3

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>
1996	95Q3	131.0	151.8	-20.8	-15.9%
	95Q4	53.2	81.0	-27.8	-52.3%
	96Q1	165.5	155.1	10.4	6.3%
	96Q2	225.1	225.0	0.2	0.1%
	Total	574.9	612.9	-38.0	-6.6%
1997	96Q3	140.1	148.2	-8.1	-5.8%
	96Q4	68.0	71.6	-3.6	-5.4%
	97Q1	203.9	187.3	16.7	8.2%
	97Q2	251.4	243.8	7.6	3.0%
	Total	663.4	650.9	12.5	1.9%
1998	97Q3	164.6	164.3	0.3	0.2%
	97Q4	80.5	89.4	-8.9	-11.0%
	98Q1	223.1	223.4	-0.3	-0.1%
	98Q2	308.0	276.8	31.2	10.1%
	Total	776.2	753.8	22.4	2.9%
1999	98Q3	187.3	184.8	2.6	1.4%
	98Q4	98.0	100.3	-2.3	-2.4%
	99Q1	279.8	240.1	39.7	14.2%
	99Q2	333.4	321.1	12.3	3.7%
	Total	898.5	846.3	52.2	5.8%
2000	99Q3	205.2	203.2	2.1	1.0%
	99Q4	128.7	120.0	8.7	6.8%
	00Q1	283.1	308.5	-25.4	-9.0%
	00Q2	368.3	368.3	0.0	0.0%
	Total	985.3	999.9	-14.6	-1.5%
2001	00Q3	252.5	240.1	12.4	4.9%
	00Q4	117.0	148.8	-31.7	-27.1%
	01Q1	361.7	324.7	37.0	10.2%
	01Q2	358.6	390.8	-32.2	-9.0%
	Total	1089.9	1104.4	-14.5	-1.3%
2002	01Q3	241.2	265.9	-24.8	-10.3%
	01Q4	133.4	133.8	-0.4	-0.3%
	02Q1	298.2	346.6	-48.4	-16.2%
	02Q2	340.9	353.5	-12.7	-3.7%
	Total	1013.6	1099.8	-86.2	-8.5%
2003	02Q3	228.1	232.6	-4.4	-1.9%
	02Q4	144.0	127.7	16.3	11.3%
	03Q1	275.9	283.4	-7.5	-2.7%
	03Q2	328.1	331.9	-3.7	-1.1%
	Total	976.2	975.6	0.6	0.1%

## GENERAL FUND METHODOLOGY

### Individual Income Tax - Estimated Payments

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2004	03Q3	222.7	233.6	-10.9	-4.9%
	03Q4	166.1	157.6	8.5	5.1%
	04Q1	269.2	308.7	-39.5	-14.7%
	04Q2	359.4	358.4	1.0	0.3%
	Total	1017.4	1058.3	-40.9	-4.0%
2005	04Q3	260.4	249.8	10.6	4.1%
	04Q4	205.6	196.6	9.1	4.4%
	05Q1	345.7	294.1	51.6	14.9%
	05Q2	427.4	378.6	48.7	11.4%
	Total	1239.1	1119.1	120.0	9.7%
2006	05Q3	328.0	288.4	39.5	12.1%
	05Q4	235.9	231.9	4.0	1.7%
	06Q1	408.8	376.7	32.1	7.9%
	06Q2	511.8	465.8	46.0	9.0%
	Total	1484.4	1362.8	121.6	8.2%
2007	06Q3	327.4	357.6	-30.2	-9.2%
	06Q4	279.6	262.0	17.6	6.3%
	07Q1	460.8	429.0	31.8	6.9%
	07Q2	517.3	531.8	-14.5	-2.8%
	Total	1585.1	1580.4	4.7	0.3%
2008	07Q3	344.2	348.6	-4.5	-1.3%
	07Q4	260.9	293.7	-32.8	-12.6%
	08Q1	491.4	467.3	24.1	4.9%
	08Q2	514.5	518.1	-3.5	-0.7%
	Total	1611.0	1627.6	-16.7	-1.0%
2009	08Q3	374.4	336.0	38.4	10.3%
	08Q4	201.6	217.7	-16.1	-8.0%
	09Q1	412.2	405.5	6.7	1.6%
	09Q2	447.4	412.3	35.1	7.9%
	Total	1435.6	1371.5	64.1	4.5%
2010	09Q3	281.6	277.9	3.7	1.3%
	09Q4	173.4	150.3	23.1	13.3%
	10Q1	352.3	403.6	-51.3	-14.6%
	10Q2	444.6	467.8	-23.1	-5.2%
	Total	1251.8	1299.5	-47.7	-3.8%
2011	10Q3	254.8	307.0	-52.2	-20.5%
	10Q4	204.8	201.3	3.6	1.7%
	11Q1	351.3	391.6	-40.3	-11.5%
	11Q2	490.4	472.9	17.5	3.6%
	Total	1301.3	1372.7	-71.4	-5.5%

## GENERAL FUND METHODOLOGY

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### Individual Income Tax - Final Payments

PCH(FP)

$$= 1.36437 * \underset{(4.94534)}{\text{PCH(CYSP500)}} - \underset{(0.19743)}{0.92993}$$

R Sq 0.5047      R Bar Sq 0.4841      F 1, 24 24.4564  
D.W.(1) 1.1751      D.W.(2) 1.7662

Annual data for 26 periods from 1985 to 2010

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	Actual	Fitted	Residual
1992	(6.9)	20.5	(27.3)
1993	(3.4)	8.3	(11.7)
1994	2.3	9.8	(7.5)
1995	(1.5)	5.0	(6.5)
1996	31.4	24.8	6.6
1997	24.7	17.1	7.6
1998	34.5	23.1	11.4
1999	15.9	20.7	(4.7)
2000	9.7	16.7	(7.0)
2001	10.9	0.2	10.7
2002	(37.8)	(1.4)	(36.4)
2003	(4.3)	(7.1)	2.8
2004	27.9	20.5	7.4
2005	53.0	10.8	42.2
2006	21.0	7.5	13.5
2007	18.6	13.4	5.2
2008	4.5	7.8	(3.3)
2009	(30.0)	(15.5)	(14.5)
2010	(25.1)	18.9	(44.0)
2011	34.0	12.9	21.0

## GENERAL FUND METHODOLOGY

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### State Sales Tax

DIFF(SALES)

$$= 0.00203 * \text{DIFF}(\text{YRPICVA}) + 22.1836 * \text{QD3} - 6.55587$$

(3.07972)                      (4.44901)      (2.31573)

R Sq    0.2905                      R Bar Sq 0.2642    F 3, 81 11.0527  
D.W.( 1) 2.3138                      D.W.( 4) 1.3456

$$\text{AR}_0 = -0.47097 * \text{AR}_1$$

(-4.54179)

QUARTERLY data for 85 periods from 1990Q3 to 2011Q3

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

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
1996	95Q3	423.4	432.4	(9.0)	-2.1%
	95Q4	427.0	426.0	1.0	0.2%
	96Q1	437.7	422.0	15.8	3.6%
	96Q2	433.8	432.0	1.9	0.4%
	Total	1722.0	1712.4	9.6	0.6%
1997	96Q3	451.6	456.6	(5.1)	-1.1%
	96Q4	460.0	450.5	9.5	2.1%
	97Q1	454.0	456.5	(2.5)	-0.6%
	97Q2	461.2	453.8	7.4	1.6%
	Total	1826.8	1817.5	9.2	0.5%
1998	97Q3	478.6	477.7	1.0	0.2%
	97Q4	478.6	482.0	(3.4)	-0.7%
	98Q1	483.5	477.3	6.3	1.3%
	98Q2	478.5	481.3	(2.8)	-0.6%
	Total	1919.2	1918.2	1.1	0.1%
1999	98Q3	508.3	504.5	3.8	0.8%
	98Q4	522.1	503.9	18.1	3.5%
	99Q1	515.6	518.4	(2.8)	-0.5%
	99Q2	519.3	513.1	6.2	1.2%
	Total	2065.3	2039.9	25.4	1.2%
2000	99Q3	550.0	537.9	12.1	2.2%
	99Q4	555.8	550.8	5.0	0.9%
	00Q1	542.4	558.8	(16.4)	-3.0%
	00Q2	553.3	554.8	(1.5)	-0.3%
	Total	2201.5	2202.3	(0.8)	0.0%
2001	00Q3	573.6	573.5	0.0	0.0%
	00Q4	564.0	573.5	(9.5)	-1.7%
	01Q1	573.9	578.2	(4.3)	-0.8%
	01Q2	561.5	571.3	(9.9)	-1.8%
	Total	2273.0	2296.6	(23.6)	-1.0%
2002	01Q3	575.0	578.4	(3.4)	-0.6%
	01Q4	579.1	572.0	7.1	1.2%
	02Q1	551.9	576.0	(24.1)	-4.4%
	02Q2	574.4	561.1	13.3	2.3%
	Total	2280.4	2287.5	(7.1)	-0.3%
2003	02Q3	585.6	581.3	4.3	0.7%
	02Q4	576.6	584.2	(7.6)	-1.3%
	03Q1	564.9	581.2	(16.3)	-2.9%
	03Q2	574.3	572.2	2.1	0.4%
	Total	2301.3	2318.8	(17.5)	-0.8%

## GENERAL FUND METHODOLOGY

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### State Sales Tax

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2004	03Q3	627.7	593.9	33.8	5.4%
	03Q4	620.0	617.6	2.4	0.4%
	04Q1	622.9	627.6	(4.7)	-0.8%
	04Q2	663.3	623.3	40.0	6.0%
	Total	2533.9	2462.4	71.5	2.8%
2005	04Q3	667.9	669.5	(1.6)	-0.2%
	04Q4	679.7	683.5	(3.8)	-0.6%
	05Q1	687.4	678.9	8.5	1.2%
	05Q2	725.5	687.5	38.0	5.2%
	Total	2760.5	2719.4	41.1	1.5%
2006	05Q3	718.3	735.1	(16.8)	-2.3%
	05Q4	721.8	736.1	(14.3)	-2.0%
	06Q1	754.9	733.2	21.7	2.9%
	06Q2	733.0	746.7	(13.7)	-1.9%
	Total	2928.0	2951.1	(23.1)	-0.8%
2007	06Q3	756.1	766.0	(9.9)	-1.3%
	06Q4	739.4	756.0	(16.6)	-2.2%
	07Q1	769.3	759.8	9.5	1.2%
	07Q2	752.1	760.2	(8.1)	-1.1%
	Total	3016.9	3042.1	(25.2)	-0.8%
2008	07Q3	782.6	782.2	0.4	0.0%
	07Q4	794.4	778.6	15.8	2.0%
	08Q1	720.0	798.0	(78.0)	-10.8%
	08Q2	761.5	761.0	0.5	0.1%
	Total	3058.5	3119.9	(61.3)	-2.0%
2009	08Q3	768.8	758.0	10.8	1.4%
	08Q4	728.5	760.4	(31.8)	-4.4%
	09Q1	710.2	721.1	(10.9)	-1.5%
	09Q2	693.5	703.8	(10.3)	-1.5%
	Total	2901.0	2943.3	(42.2)	-1.5%
2010	09Q3	724.9	711.9	13.0	1.8%
	09Q4	723.2	713.8	9.4	1.3%
	10Q1	678.4	726.1	(47.7)	-7.0%
	10Q2	731.7	706.0	25.7	3.5%
	Total	2858.1	2857.8	0.3	0.0%
2011	10Q3	760.2	732.0	28.2	3.7%
	10Q4	746.3	757.7	(11.5)	-1.5%
	11Q1	719.7	759.5	(39.8)	-5.5%
	11Q2	777.5	736.4	41.1	5.3%
	Total	3003.7	2985.6	18.0	0.6%

**Recordation Taxes**

DIFF(REC)

$$\begin{aligned}
 &= 0.00016 * \text{DIFF}(\text{REFIMORT}) + 0.29334 * \text{DIFF}(\text{MEDHOME}) \\
 &\quad (4.13989) \qquad \qquad \qquad (3.63161) \\
 &\quad - 3.93223 * \text{DIFF}(\text{RTBOND30Y.1}) - 3.22225 * \text{QD1} + 10.6926 * \text{QD2} \\
 &\quad \quad (2.80265) \qquad \quad (2.97149) \qquad \quad (10.2158) \\
 &\quad - 2.5147 \\
 &\quad (-3.62336)
 \end{aligned}$$

R Sq	0.7040	R Bar Sq	0.6879	F 5, 92	43.7582
D.W.(1)	2.3902	D.W.(4)	0.9404		

QUARTERLY data for 98 periods from 1987Q2 to 2011Q3

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

### Recordation Taxes

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
1996	95Q3	19.8	20.4	(0.6)	-2.9%
	95Q4	19.3	18.5	0.9	4.4%
	96Q1	17.6	16.2	1.4	8.1%
	96Q2	23.7	26.5	(2.8)	-11.8%
	Total	80.5	81.6	(1.1)	-1.3%
1997	96Q3	21.3	19.0	2.4	11.1%
	96Q4	21.0	18.6	2.4	11.3%
	97Q1	18.9	17.5	1.5	7.7%
	97Q2	25.3	27.2	(2.0)	-7.8%
	Total	86.5	82.3	4.2	4.9%
1998	97Q3	23.1	23.3	(0.1)	-0.6%
	97Q4	27.5	23.2	4.3	15.6%
	98Q1	24.8	25.2	(0.4)	-1.5%
	98Q2	33.4	35.6	(2.2)	-6.6%
	Total	108.7	107.1	1.6	1.4%
1999	98Q3	34.9	31.7	3.2	9.2%
	98Q4	35.4	34.8	0.6	1.8%
	99Q1	29.8	30.8	(1.1)	-3.5%
	99Q2	35.7	37.1	(1.4)	-4.0%
	Total	135.8	134.4	1.4	1.0%
2000	99Q3	32.7	30.4	2.3	7.0%
	99Q4	29.9	29.4	0.5	1.8%
	00Q1	25.8	22.8	2.9	11.4%
	00Q2	35.2	33.8	1.4	3.9%
	Total	123.5	116.3	7.1	5.8%
2001	00Q3	32.9	35.8	(2.9)	-8.8%
	00Q4	33.9	32.7	1.1	3.3%
	01Q1	31.5	32.8	(1.3)	-4.0%
	01Q2	45.1	43.1	2.0	4.4%
	Total	143.3	144.4	(1.1)	-0.7%
2002	01Q3	45.0	43.6	1.4	3.2%
	01Q4	48.5	47.2	1.3	2.7%
	02Q1	43.5	45.0	(1.5)	-3.5%
	02Q2	50.0	48.6	1.5	2.9%
	Total	187.1	184.4	2.7	1.4%
2003	02Q3	56.6	54.4	2.2	3.8%
	02Q4	65.8	63.3	2.5	3.8%
	03Q1	56.6	62.5	(5.9)	-10.4%
	03Q2	73.1	70.5	2.6	3.5%
	Total	252.1	250.7	1.3	0.5%

## GENERAL FUND METHODOLOGY

### Recordation Taxes

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2004	03Q3	83.0	75.5	7.5	9.0%
	03Q4	69.1	66.6	2.5	3.6%
	04Q1	58.8	66.3	(7.6)	-12.9%
	04Q2	86.1	74.0	12.1	14.1%
	Total	296.9	282.4	14.5	4.9%
2005	04Q3	81.1	81.9	(0.8)	-0.9%
	04Q4	80.7	85.1	(4.4)	-5.5%
	05Q1	76.1	81.1	(4.9)	-6.5%
	05Q2	102.0	87.6	14.5	14.2%
	Total	340.0	335.6	4.3	1.3%
2006	05Q3	109.3	106.2	3.1	2.9%
	05Q4	91.6	108.3	(16.7)	-18.2%
	06Q1	80.2	84.2	(4.0)	-4.9%
	06Q2	92.4	87.4	4.9	5.3%
	Total	373.5	386.0	(12.5)	-3.4%
2007	06Q3	80.8	87.0	(6.2)	-7.6%
	06Q4	77.6	79.4	(1.8)	-2.4%
	07Q1	71.9	76.3	(4.5)	-6.2%
	07Q2	83.0	77.9	5.2	6.2%
	Total	313.3	320.7	(7.3)	-2.3%
2008	07Q3	69.7	77.6	(7.8)	-11.2%
	07Q4	60.3	64.7	(4.4)	-7.2%
	08Q1	52.5	53.0	(0.4)	-0.8%
	08Q2	60.9	57.6	3.3	5.4%
	Total	243.5	252.8	(9.4)	-3.9%
2009	08Q3	52.5	51.3	1.2	2.3%
	08Q4	38.5	47.4	(8.9)	-23.1%
	09Q1	41.1	35.6	5.4	13.2%
	09Q2	53.2	53.5	(0.3)	-0.5%
	Total	185.3	187.8	(2.5)	-1.4%
2010	09Q3	47.9	47.1	0.8	1.7%
	09Q4	44.2	45.3	(1.2)	-2.6%
	10Q1	35.2	38.6	(3.4)	-9.8%
	10Q2	44.3	45.0	(0.7)	-1.5%
	Total	171.6	176.0	(4.5)	-2.6%
2011	10Q3	44.8	44.5	0.3	0.6%
	10Q4	46.6	47.1	(0.6)	-1.2%
	11Q1	37.4	33.6	3.8	10.1%
	11Q2	44.2	45.7	(1.4)	-3.3%
	Total	173.0	171.0	2.0	1.2%



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**NON-GENERAL FUND METHODOLOGY**

**Motor Fuels Tax**

GAS

$$\begin{aligned}
 &= -150.857 * \text{movavg}(3, \text{pdccengas}/\text{pdcce}) \\
 &\quad (4.14197) \\
 &+ 0.00221 * \text{movavg}(3, \text{cyrpicva}) + 76.6716 * \text{season}_2 \\
 &\quad (13.3189) \quad (5.47308) \\
 &+ 75.1170 * \text{season}_3 + 53.3088 * \text{season}_4 + 412.391 \\
 &\quad (5.42387) \quad (3.80595) \quad (15.8065)
 \end{aligned}$$

Sum Sq	162711	Std Err	45.3831	LHS Mean	893.5
R Sq	0.8196	R Bar Sq	0.8081	F 5, 79	71.76
D.W.(1)	2.2688	D.W.(4)	0.8931		

DIESEL

$$\begin{aligned}
 &= 0.03900 * \text{gnp96} - 40.2062 * \text{movavg}(3, \text{ppirpp}) - 153.249 \\
 &\quad (22.0509) \quad (8.66608) \quad (9.8242)
 \end{aligned}$$

Sum Sq	25943.3	Std Err	17.7871	LHS Mean	230.2
R Sq	0.8987	R Bar Sq	0.8962	F 2, 82	363.5
D.W.(1)	1.4559	D.W.(4)	0.9198		

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					
	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2002	01Q3	992.8	954.0	38.9	3.9%
	01Q4	943.6	939.1	4.5	0.5%
	02Q1	876.7	897.0	(20.4)	-2.3%
	02Q2	953.6	979.6	(26.0)	-2.7%
	Total	3,766.7	3,769.6	(2.9)	-0.1%
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%



## NON-GENERAL FUND METHODOLOGY

### Diesel Fuel Consumption

<u>Fiscal Year</u>		<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2002	01Q3	263.2	254.0	9.2	3.5%
	01Q4	265.6	261.3	4.3	1.6%
	02Q1	245.5	266.8	(21.3)	-8.7%
	02Q2	275.5	269.3	6.2	2.2%
	Total	1,049.8	1,051.5	(1.7)	-0.2%
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%

**NON-GENERAL FUND METHODOLOGY**

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**Motor Vehicle Sales and Use Tax**

log(ttcarsq)

$$\begin{aligned}
 &= 1.52796 * \text{dlogya}(\text{pdcgdp}) \\
 &\quad (0.88378) \\
 &+ 1.08558 * \text{movavg}(2, \text{dlogya}(\text{xtnemva}.4)) \\
 &\quad (2.22220) \\
 &+ 0.00001 * \text{diffya}(\text{yrpicva}) + 0.10397 * \text{season}_2 \\
 &\quad (4.64310) \quad (4.19542) \\
 &+ 0.09564 * \text{season}_3 - 0.09301 * \text{season}_4 + 5.75053 \\
 &\quad (3.86072) \quad (3.70780) \quad (174.511)
 \end{aligned}$$

Sum Sq	0.4243	Std Err	0.0773	LHS Mean	5.91
R Sq	0.6604	R Bar Sq	0.6317	F 6, 71	23.01
D.W.( 1)	0.3549	D.W.( 4)	0.8617		

newcar

$$\begin{aligned}
 &= 0.00687 * \text{suvlv} - 0.00384 * \text{rmcblv} + 0.01790 * \text{season}_2 \\
 &\quad (25.8609) \quad (9.45503) \quad (11.2638) \\
 &+ 0.02060 * \text{season}_3 - 0.00118 * \text{season}_4 + 0.00916 \\
 &\quad (13.1134) \quad (0.74177) \quad (1.74594)
 \end{aligned}$$

Sum Sq	0.0021	Std Err	0.0051	LHS Mean	0.089
R Sq	0.9315	R Bar Sq	0.9272	F 5, 79	214.8
D.W.( 1)	0.9154	D.W.( 4)	1.1693		

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>
2002	01Q3	107.0	108.2	(1.2)	-1.1%
	01Q4	106.5	104.9	1.6	1.5%
	02Q1	92.9	93.7	(0.7)	-0.8%
	02Q2	110.0	111.5	(1.5)	-1.3%
	Total	416.4	418.2	(1.8)	-0.4%
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%

## 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>
2002	01Q3	307.9	295.3	12.6	4.1%
	01Q4	274.0	226.5	47.5	17.3%
	02Q1	306.4	251.0	55.4	18.1%
	02Q2	319.9	263.5	56.5	17.7%
	Total	1,208.3	1,036.3	172.0	14.2%
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%

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**NON-GENERAL FUND METHODOLOGY**

**Motor Vehicle License Revenues**

vehreg1

$$= 0.81510 * \text{vehreg1}[-4] + 0.44625 * \text{vehreg2}[-8]$$

(14.3137)                      (2.62906)

$$+ 51142.6 * \text{origvttf} + 135812$$

(1.73383)                      (2.64223)

Sum Sq	3E+11	Std Err	57155.2	LHS Mean	1212
R Sq	0.8653	R Bar Sq	0.8602	F 3, 79	169.2
D.W.(1)	1.9115	D.W.(4)	2.2259		

vehreg2

$$= 0.93945 * (\text{vehreg2.8} * \text{renew}) + 5458.80 * \text{qd2} + 55924.5$$

(15.6234)                      (0.89967)                      (5.20372)

Sum Sq	4E+10	Std Err	23540.4	LHS Mean	223408
R Sq	0.7655	R Bar Sq	0.7596	F 2, 80	130.5
D.W.(1)	0.8303	D.W.(4)	1.4269		

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

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### One Year Registrations

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2002	01Q3	1,273,549	1,274,793	(1,244)	-0.1%
	01Q4	1,072,798	1,071,650	1,148	0.1%
	02Q1	1,228,538	1,251,181	(22,643)	-1.8%
	02Q2	1,294,029	1,384,035	(90,006)	-7.0%
	Total	4,868,914	4,981,660	(112,746)	-2.3%
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%

## NON-GENERAL FUND METHODOLOGY

### Two Year Registrations

Fiscal Year		Actual	Fitted	Residual	% Residual
2002	01Q3	235,222	226,671	8,551	3.6%
	01Q4	188,058	186,716	1,342	0.7%
	02Q1	223,314	200,896	22,418	10.0%
	02Q2	208,447	240,634	(32,187)	-15.4%
	Total	855,041	854,917	124	0.0%
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%

## **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

$R^2 = 98.7\%$



**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 1998 to 2009 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]

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]

The summary statistics are:

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