

August 19, 2009

**Review of General Fund Revenues
and the Virginia Economy for
Fiscal Year 2009**

**The Interim Economic Outlook and
Revenue Forecast for Fiscal Years
2010 through 2012**

*A presentation to the Senate
Finance, House Appropriations,
and House Finance Committees*



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Overview...

Fiscal Year 2009 Year-in-Review

- Economic Performance
- Actual General Fund Collections
- Financial Results

Updated Outlook for Fiscal Years 2010 through 2012

- June 2009 Economic Outlook
- August 2009 Interim Revenue Forecast

Next Steps

The U.S. Economy Deteriorated More Than Was Anticipated In Fiscal Year 2009...

- As measured on a fiscal year basis (July through June), estimated real GDP declined 1.6 percent. (This is the first annual decline since 1975, which registered -1.7 percent.)
 - Real consumer spending declined for the first time in the post-war era.

Summary of Key U.S. Economic Indicators Percent Change Over the Prior Fiscal Year

	<u>FY09 Forecast</u>	<u>FY09 Actual</u>
Real GDP	-0.4	-1.6
Consumer Spending	-0.7	-1.3
Employment	-1.0	-2.3
Personal Income	3.1	1.6
Wages & Salaries	2.4	0.7

- Employment declines exceeded expectations, dampening income growth.
 - The U.S. economy shed 5.7 million jobs in fiscal year 2009, erasing nearly all the gains accrued over the previous four years.

Similar To The Nation, The Virginia Economy Shed More Jobs Than Was Expected In Fiscal Year 2009...

- In Virginia, job losses accelerated in the second half of the year, led by a pullback in professional and business services and construction.
 - The Virginia economy shed 53,800 jobs in fiscal year 2009, of which 28,700 or 53 percent were related to housing (construction and financial activities).

Summary of Key Virginia Economic Indicators Percent Change Over the Prior Fiscal Year

	FY09 <u>Forecast</u>	FY09 <u>Actual</u>
Employment	-0.6	-1.4
Professional/Business	2.2	-0.8
Construction/Mining	-3.5	-10.1
Personal Income	2.1	2.3
Wages & Salaries	2.6	2.2

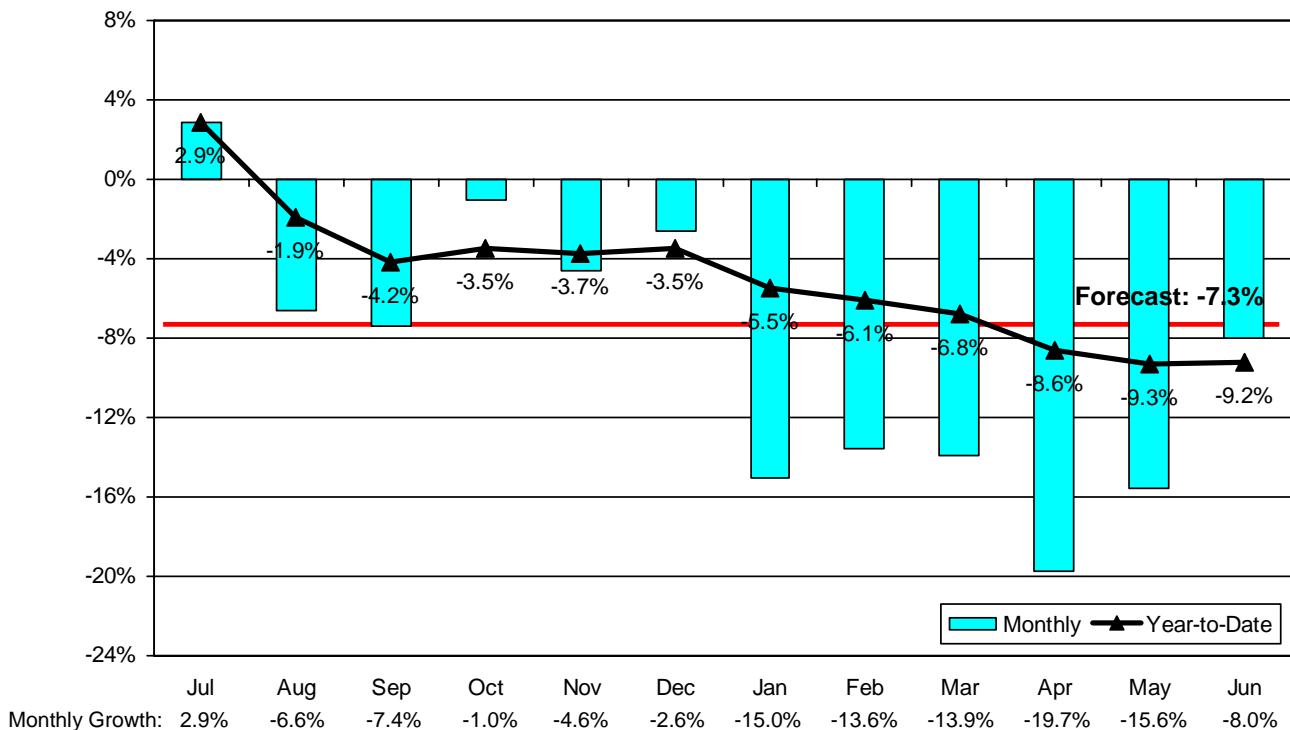
- Income growth is projected to be near expectations due to stronger-than-projected growth in net transfer payments.

The Depression In Housing Continued To Adversely Affect Virginia's Economic Performance In Fiscal Year 2009...

- Since peaking in the third quarter of 2005, home sales and average sale prices in Virginia have fallen to levels not seen since early 2002.
- Statewide volumes are suggesting a bottom; however, this is a phenomenon driven primarily by Northern Virginia, and more specifically Prince William County, where drastic price declines have fueled a surge in sales activity.
 - Sales volume in Hampton Roads and Richmond continues to deteriorate.
- On a statewide basis, quarterly sales volume is 20,000 units, similar to a year ago but still 44 percent below peak levels.
- For the state as a whole, the average sale price has declined for six consecutive quarters, with all three major regions declining at nearly a double digit rate during the second quarter of 2009.
 - Northern Virginia -11%
 - Hampton Roads -9%
 - Richmond -14%

Total General Fund Revenue Collections Collapsed In The Second Half Of The Year...

Growth in Total General Fund Revenue Collections FY09 Monthly and Year-to-Date



- Collections declined an unprecedented eleven consecutive months in fiscal year 2009.
- For the second half of fiscal year 2009:
 - Payroll withholding tax collections fell 1.0 percent;
 - Individual nonwithholding declined 24.8 percent;
 - Individual refunds increased 17.0 percent;
 - Sales tax collections declined 5.9 percent;
 - Corporate income tax receipts fell 19.0 percent, and;
 - Recordation taxes declined 16.8 percent.

Fiscal Year 2009 Revenue Collections Finished \$298.8 Million (2.0 Percent) Below Forecast...

Summary of Fiscal Year 2009 Revenue Collections (millions of dollars)

<u>Major Source</u>	<u>Forecast</u>	<u>Actual</u>	<u>Variance</u>		<u>Annual Growth</u>
			<u>Dollars</u>	<u>Percent</u>	
Withholding	\$ 9,154.0	\$ 9,138.1	\$ (15.9)	(0.2) %	2.3 %
Nonwithholding	2,348.3	2,310.4	(37.9)	(1.6)	(19.2)
Refunds	(1,805.0)	(1,967.4)	(162.4)	9.0	17.1
Net Individual	9,697.3	9,481.1	(216.2)	(2.2)	(6.3)
Sales	2,960.9	2,903.4	(57.5)	(1.9)	(5.6)
Corporate	685.0	648.0	(37.0)	(5.4)	(19.8)
Wills (Recordation)	298.1	314.3	16.2	5.4	(31.1)
Insurance	257.5	255.0	(2.5)	(1.0)	(35.7)
All Other Revenue	715.1	713.2	(1.9)	(0.3)	(22.1)
Total Revenues	\$ 14,613.9	\$ 14,315.1	\$ (298.8)	(2.0) %	(9.2) %
ABC Profits	36.6	44.1	7.5	20.5	22.2
Sales Tax (0.25%)	222.1	213.4	(8.7)	(3.9)	(5.8)
Transfers	148.2	149.0	0.8	0.5	62.7
Total Transfers	\$ 406.9	\$ 406.5	\$ (0.4)	(0.1) %	(50.0) %
Total General Fund	\$ 15,020.8	\$ 14,721.6	\$ (299.2)	(2.0) %	(11.2) %

- The major driver of the fiscal year 2009 revenue shortfall was unexpected growth in individual refunds.
 - Compared to fiscal year 2008, TAX issued 28.8 percent more refunds between April and June, with June's total 110.2 percent above the prior year.
- Withholding and sales tax collections (83 percent of total revenues) finished a combined 0.6 percent below forecast.
- The three most volatile sources, individual nonwithholding, corporate income tax, and wills, finished 1.8 percent below the official forecast for the three sources.

Individual Income Tax Refunds Exceeded The Official Estimate By \$162.4 Million...

- Individual refunds increased 17.1 percent in fiscal year 2009 compared with the forecast of 7.4 percent growth.

Individual Income Tax Refunds by Component (millions of dollars)

	<u>Forecast</u>	<u>Actual</u>	<u>\$ variance</u>	<u>% variance</u>
Base	1,510.0	1,744.3	234.3	15.5%
Land Preservation	190.0	131.2	-58.8	-31.0%
Low Income	105.0	91.9	-13.1	-12.5%
Total	1,805.0	1,967.4	162.4	9.0%

- The large increase in base refunds implies significant overpayment of estimated income taxes throughout the year as the economy deteriorated.
 - For the filing season beginning January 1, 2009, TAX issued 2.6 million refunds, up five percent from the prior year.
 - The average refund size was up a sharp 12 percent.

Sales Tax Collections Were \$57.5 Million (1.9%) Below the Official Estimate...

- Sales tax collections declined 5.6 percent in fiscal year 2009, the largest annual decline on record.

Large Sales Tax Payments by Sector FY08 compared with FY09 (millions of dollars)

Sector	# of Firms	FY08	FY09	% change
Housing	157	\$465.5	\$405.4	-12.9%
Warehouse Clubs/Supercenters	6	369.7	375.2	1.5%
Department Stores	111	375.5	348.3	-7.2%
Grocery Stores	19	288.7	298.6	3.4%
Retail Trade	94	232.6	233.2	0.3%
Restaurants	71	124.0	120.9	-2.5%
Wholesale Trade	68	63.6	52.0	-18.3%
Gasoline Stations	17	48.2	47.3	-1.8%
Other	300	228.5	203.9	-10.7%
Total	843	\$2,196.3	\$2,084.9	-5.1%

- Housing-related taxable sales (20% of total) led the weakness in growth in fiscal year 2009, declining 12.9 percent from fiscal year 2008.
- Taxable sales from department stores and restaurants (23% of total), two sectors dependent on discretionary consumer spending, declined 6.1 percent from fiscal year 2008.
- Adjusted for higher food prices, sales at grocery stores, warehouse clubs, and supercenters (31% of total) were below fiscal year 2008 levels.

July Revenue Collections Continued The Downward Trend From Fiscal Year 2009...

Summary of July (FY2010) Revenue Collections

<u>Major Source</u>	As a % of Total <u>Revenues</u>	Percent Growth over Prior Year		
		<u>YTD Actual</u>	<u>C. 781 Estimate</u>	<u>Variance</u>
Withholding	62.1 %	(7.1) %	3.7 %	(10.8) %
Nonwithholding	15.4	1.6	1.5	0.1
Refunds	(11.7)	21.1	(9.2)	30.3
Net Individual	65.7	(8.7)	5.8	(14.5)
Sales	20.7	(6.0)	8.7	(14.7)
Corporate	4.7	50.7	11.7	39.0
Wills (Recordation)	2.0	(9.1)	(5.1)	(4.0)
Insurance	1.9	0.0	11.0	(11.0)
All Other Revenue	5.0	(22.6)	7.3	(29.9)
Total	100.0 %	(8.1) %	6.6 %	(14.7) %

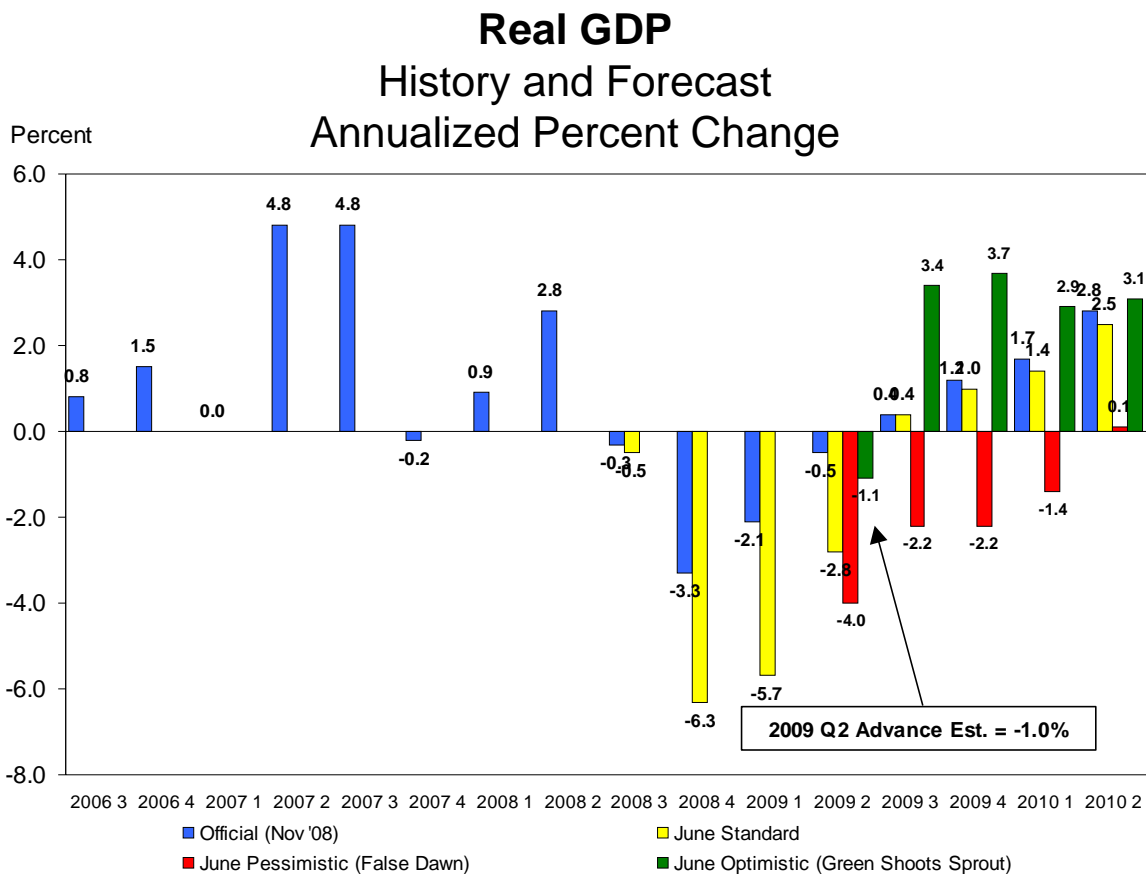
- Withholding receipts declined 7.1 percent in July, primarily a result of one fewer deposit day.
- Individual refunds increased 21.1 percent in July, the fifth consecutive monthly double-digit increase.
- Sales tax collections declined 6.0 percent in July, maintaining the trend from the second half of last year.
- Recordation tax collections declined below double-digit rates in July, for only the fifth time in the last 37 months.

The Governor Ordered The Secretary Of Finance In Mid-June To Conduct A Reforecast Of Revenues...

- The August 2009 interim revenue forecast is based on the updated economic outlook for Virginia as approved by the Governor's Advisory Board of Economists (GABE) and the Governor's Advisory Council on Revenue Estimates (GACRE) .
 - Global Insight's June 2009 standard forecast for the U.S. and the associated outlook for Virginia were presented to the GABE.
 - The majority of the Board considered the standard forecast for Virginia too high, with two members recommending a lower growth alternative and six supporting the standard forecast with downward revisions.
 - Based on GABE members' comments, the June standard forecast for Virginia employment and wages & salaries was reduced halfway to the "False Dawn" pessimistic alternative forecast.
 - The June GABE and pessimistic alternative forecasts were presented to the Governor's Advisory Council on Revenue Estimates (GACRE) on August 5, 2009.

Global Insight's June U.S. Standard Forecast Is an Update to the November Forecast...

- The June standard forecast update includes two additional quarters of economic data.
 - Real GDP reports for the fourth quarter of 2008 and the first quarter of 2009 were more severe than the November standard or November alternative low-growth forecasts.



- The June standard forecast is rated at a 60% probability by Global Insight – signaling a strong belief in the standard forecast.
 - The two alternative forecasts – “False Dawn” and “Green Shoots Sprout” – are both weighted at a 20% probability.

Global Insight's June U.S. Standard Forecast – “The Bottom Is Near – For Output, Not Employment”...

- Global Insight expects real GDP to begin slowly growing in the second half of the year.
- The labor market is expected to gradually improve, with job growth turning positive in the fourth quarter of 2010. The unemployment rate is expected to peak at 10.3 percent.
- Global Insight expects total personal income growth to slow further in fiscal year 2010.
- Global Insight does not expect a robust consumer recovery.
- The housing market remains a drag on growth; however, home sales, housing starts, and building permits are showing signs of stabilization and are expected to hit bottom in the second quarter of 2009.
- The turmoil in the financial sector and stock markets has subsided; however, some instability remains.

In the June Standard Forecast, the U-Shaped Growth Path for Virginia Has Become Deeper...

- Employment and income growth are not expected to reach a low point until fiscal year 2010, compared with fiscal year 2009 in the official forecast.

Key Virginia Economic Indicators Official and June GABE Forecast Annual Percent Change

	Fiscal Year				
	08	09	10	11	12
Employment					
Official (Nov '08)	0.9	(0.6)	(0.2)	0.8	1.5
June GABE	0.6	(1.4)	(1.8)	0.5	1.5
Personal Income					
Official (Nov '08)	4.4	2.1	2.3	3.4	4.2
June GABE	4.5	2.3	1.2	2.8	3.9
Wages & Salaries					
Official (Nov '08)	4.3	2.6	3.2	3.2	4.0
June GABE	4.4	2.2	1.3	2.8	4.1
Average Wage					
Official (Nov '08)	3.4	3.2	3.4	2.3	2.5
June GABE	3.8	3.7	3.1	2.3	2.6

The August Interim Revenue Forecast Incorporates Pessimism From The GACRE Meeting...

- Based on GACRE comments:
 - The pessimistic alternative scenario for sales tax revenue was adopted.
 - Corporate income tax receipts were lowered to reflect weak taxable profits.
 - Recordation receipts now anticipate that the bottom of the housing market has occurred in Virginia.
- The August Interim revenue forecast is a blend of the standard outlook and the pessimistic outlook.
 - Payroll withholding and retail sales tax – 80% of general fund revenues – are forecast to track to the pessimistic alternative scenario.

***In the August Interim Revenue Forecast,
Total General Fund Revenues Have Been
Reduced by \$1.2 Billion...***

**August Interim Revenue Forecast
(millions of dollars)**

<u>Major Source</u>	As a % of Total Revenues	FY09 Variance	Fiscal Year 2010			
			<u>Official Forecast</u>	<u>June Forecast</u>	<u>Change</u>	<u>Annual Growth</u>
Withholding	62.6 %	\$ (15.9)	\$ 9,474.4	\$ 9,331.8	\$ (142.6)	2.1 %
Nonwithholding	15.4	(37.9)	2,326.9	1,904.4	(422.5)	(17.6)
Refunds	(11.8)	(162.4)	(1,786.2)	(1,944.4)	(158.2)	(1.2)
Net Individual	66.2	(216.2)	10,015.1	9,291.8	(723.3)	(2.0)
Sales	20.2	(57.5)	3,050.1	2,784.7	(265.4)	(4.1)
Corporate	4.8	(37.0)	724.0	662.2	(61.8)	2.2
Wills (Recordation)	2.0	16.2	298.1	284.0	(14.1)	(9.6)
Insurance	1.9	(2.5)	283.1	255.5	(27.6)	0.2
All Other Revenue	5.0	(1.9)	755.8	665.4	(90.4)	(6.7)
Total (Base)	100.0 %	\$ (298.8)	\$ 15,126.2	\$ 13,943.6	\$ (1,182.6)	(2.6) %
<u>Tax Policy Actions</u>						
Tax Amnesty			38.0	38.0	0.0	0.0
Sales Tax Remittance			97.8	97.8	0.0	0.0
Total Revenues			\$ 15,262.0	\$ 14,079.4	\$ (1,182.6)	(1.6) %

- Total general fund revenues are expected to decline for the second year in a row, falling 1.6 percent (-2.6 percent excluding tax policy actions).

The Revised Economic Outlook and Revenue Collection Data for Fiscal Year 2009 Serve As the Basis for the Revised General Fund Revenue Forecast...

- Withholding: -\$142.6 million – reduced employment and wages and salaries
- Nonwithholding: -\$422.5 million – weaker non-wage income and financial markets
- Individual refunds: +\$158.2 million – revised income tax and overpayment ratios
- Sales: -\$265.4 million (“False Dawn”) – lower personal income
- Corporate income: -\$61.8 million – weaker corporate profits and financial markets
- Recordation: -\$14.1 million – lower mortgage originations and home prices
- Insurance: -\$27.6 million – reduced personal income and higher refund activity
- All Other Revenue:
 - Interest: -\$65.9 million – declining investable balances and lower yields
 - Fines -\$24.5 million – underperformance in fiscal year 2009

The August Revenue Reforecast Will Be Addressed By Budget Reductions And Further Reviewed Before December...

- Budget actions will be identified and implemented to address the reduction in the fiscal year 2010 forecast.
 - Continue review of agency-developed 5, 10, and 15 percent reduction plans.
 - Implement agency budget reductions to address the shortfall in the current fiscal year.
 - Make recommendations in the caboose budget bill for additional items that require General Assembly approval.

- Significant revenue elements used in the fall forecasting process will be available over the next few months and will be incorporated in the fall forecasting process.
 - September – individual, corporate, and insurance estimated payments due.
 - October – Retailer corporate estimated payments due.
 - Review economic projections (GABE).
 - November – corporate refunds from extension returns normally peak.
 - Review of revenue forecast for fiscal years 2010, 2011, and 2012 (GACRE).

Appendix

Fiscal Year 2009 General Fund Collections: Actual and Forecast

Official and August Interim General Fund Forecast for Fiscal Years 2010 through 2012

Changes to the Commonwealth Transportation Fund, June Standard Forecast, Fiscal Years 2010 to 2015

Growth in Total General Fund Revenues, Fiscal Years 1961 to 2012

U.S. and Virginia Employment, Fiscal Years 1991 to 2009

Average Home Sale Price in Northern Virginia, Hampton Roads, and Richmond

Revenue Stabilization Fund, History and Forecast

General Fund Balance Sheet, Fiscal Year 2009

June 2009 Revenue Report

July 2009 Revenue Report

"States Plug Budget Holes, For Now", Stateline.org

Note:

The General Fund Preliminary Annual Report, August 15, 2009, is available at the Department of Accounts Web site (www.doa.virginia.gov).

This presentation is available at the Secretary of Finance Web site (www.finance.virginia.gov).

Fiscal Year 2009 General Fund Collections: Actual and Forecast
(Dollars in Millions)

	Fiscal Year 2008		Fiscal Year 2009					
	Actual	% Growth	Official Forecast	Actual	Forecast Variance		% Growth Over FY 08	
					Dollars	Percent	Official	Actual
MAJOR TAX SOURCES								
Corporate Income	\$ 807.9	(8.2) %	\$ 685.0	\$ 648.0	\$ (37.0)	(5.4) %	(15.2) %	(19.8) %
Individual Income Tax:								
Gross	11,794.7	3.9	11,502.3	11,448.5	(53.8)	(0.5)	(2.5)	(2.9)
Withholding	8,933.6	4.3	9,154.0	9,138.1	(15.9)	(0.2)	2.5	2.3
Nonwithholding	2,861.2	2.8	2,348.3	2,310.4	(37.9)	(1.6)	(17.9)	(19.2)
Refunds	<u>(1,679.9)</u>	<u>7.7</u>	<u>(1,805.0)</u>	<u>(1,967.4)</u>	<u>(162.4)</u>	<u>9.0</u>	<u>7.4</u>	<u>17.1</u>
Net	10,114.8	3.3	9,697.3	9,481.1	(216.2)	(2.2)	(4.1)	(6.3)
Insurance Company Premiums	396.9	3.1	257.5	255.0	(2.5)	(1.0)	(35.1)	(35.7)
State Sales & Use Tax	3,075.5	0.9	2,960.9	2,903.4	(57.5)	(1.9)	(3.7)	(5.6)
Wills, Suits, Deeds, & Contract Fees	<u>456.3</u>	<u>(21.7)</u>	<u>298.1</u>	<u>314.3</u>	<u>16.2</u>	<u>5.4</u>	<u>(34.7)</u>	<u>(31.1)</u>
Total Major Tax Sources	\$ 14,851.4	1.1 %	\$ 13,898.8	\$ 13,601.9	\$ (296.9)	(2.1) %	(6.4) %	(8.4) %
MISCELLANEOUS TAXES AND OTHER REVENUES								
Alcoholic Beverage State Tax	\$ 125.3	5.6 %	\$ 131.0	\$ 129.6	\$ (1.4)	(1.0) %	4.5 %	3.4 %
Bank Franchise Tax	13.8	9.6	13.3	22.5	9.2	68.9	(3.4)	63.1
Beer & Beverage Excise Tax	43.5	0.9	43.9	43.6	(0.3)	(0.7)	0.9	0.2
Corporate Franchise & Charter Fees	47.0	(1.9)	43.2	49.4	6.2	14.4	(8.2)	5.1
Excess & Other Fees from Officers	(24.4)	26.5	(22.0)	(17.1)	4.9	(22.1)	9.7	29.6
Estate & Gifts	153.4	0.3	0.0	6.0	6.0	n/a	(100.0)	(96.1)
Institutional Revenues	7.6	5.9	7.5	6.4	(1.1)	(14.6)	(1.2)	(15.7)
Interest & Rents	189.7	7.6	121.1	104.6	(16.5)	(13.7)	(36.2)	(44.9)
Licenses & Permits	4.6	(4.6)	4.6	4.3	(0.3)	(6.5)	(0.2)	(6.6)
Miscellaneous Taxes and Penalties	222.0	(4.8)	229.8	221.1	(8.7)	(3.8)	3.5	(0.4)
Other Miscellaneous Revenues	36.5	21.4	49.9	51.6	1.7	3.3	36.6	41.2
Public Service GR / Consumption Tax	<u>96.4</u>	<u>9.6</u>	<u>92.8</u>	<u>91.3</u>	<u>(1.5)</u>	<u>(1.6)</u>	<u>(3.7)</u>	<u>(5.2)</u>
Total Misc. Taxes and Other Revenues	\$ 915.5	3.8 %	\$ 715.1	\$ 713.2	\$ (1.9)	(0.3) %	(21.9) %	(22.1) %
TOTAL GF REVENUES	\$ 15,767.0	1.3 %	\$ 14,613.9	\$ 14,315.1	\$ (298.8)	(2.0) %	(7.3) %	(9.2) %
TRANSFERS								
A.B.C. Profits	\$ 36.1	31.0 %	\$ 36.6	\$ 44.1	\$ 7.5	20.5 %	1.4 %	22.2 %
Lottery Proceeds Fund	458.2	5.4	0.0	0.0	0.0	n/a	(100.0)	(100.0)
Sales Tax (0.25%)	226.7	0.7	222.1	213.4	(8.7)	(3.9)	(2.0)	(5.8)
Transfers Per Appropriations Act	<u>91.6</u>	<u>(11.1)</u>	<u>148.2</u>	<u>149.0</u>	<u>0.8</u>	<u>0.5</u>	<u>61.8</u>	<u>62.7</u>
Total Transfers	\$ 812.5	(0.9) %	\$ 406.9	\$ 406.5	\$ (0.4)	(0.1) %	(49.9) %	(50.0) %
TOTAL GENERAL FUND	\$ 16,579.5	1.2 %	\$ 15,020.8	\$ 14,721.6	\$ (299.2)	(2.0) %	(9.4) %	(11.2) %

The Official forecast is based on the November 2008 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 2009 General Assembly.

HB 3202 (2007 Acts of Assembly -- Chapter 896) required the Comptroller to deposit one-third of insurance company premiums tax collected in the most recently ended fiscal year and the revenues collected from \$0.03 of the recordation tax to various transportation funds beginning in FY09.

The Official and August Interim General Fund Forecast for Fiscal Year 2010
(Dollars in Millions)

August 19, 2009

	Fiscal Year 2010					2008-2010 Biennium		
	Official Forecast	Interim Forecast	Change	% Growth Over FY 09 Official Interim		Official Forecast	Interim Forecast	Change
MAJOR TAX SOURCES								
Corporate Income	\$ 724.0	\$ 662.2	\$ (61.8)	11.7 %	2.2 %	\$ 1,409.0	\$ 1,310.2	\$ (98.8)
Individual Income Tax:								
Gross	11,820.3	11,255.2	(565.1)	3.2	(1.7)	23,322.6	22,703.7	(618.9)
Withholding	9,474.4	9,331.8	(142.6)	3.7	2.1	18,628.4	18,469.9	(158.5)
Nonwithholding	2,345.9	1,923.4	(422.5)	1.5	(16.8)	4,694.2	4,233.8	(460.4)
Refunds	<u>(1,786.2)</u>	<u>(1,944.4)</u>	<u>(158.2)</u>	<u>(9.2)</u>	<u>(1.2)</u>	<u>(3,591.2)</u>	<u>(3,911.8)</u>	<u>(320.6)</u>
Net	10,034.1	9,310.8	(723.3)	5.8	(1.8)	19,731.4	18,791.9	(939.5)
Insurance Company Premiums	283.1	255.5	(27.6)	11.0	0.2	540.6	510.5	(30.1)
State Sales & Use Tax	3,157.4	2,892.0	(265.4)	8.7	(0.4)	6,118.3	5,795.4	(322.9)
Wills, Suits, Deeds, & Contract Fees	<u>298.1</u>	<u>284.0</u>	<u>(14.1)</u>	<u>(5.1)</u>	<u>(9.6)</u>	<u>596.2</u>	<u>598.3</u>	<u>2.1</u>
Total Major Tax Sources	\$ 14,496.7	\$ 13,404.5	\$ (1,092.2)	6.6 %	(1.5) %	\$ 28,395.5	\$ 27,006.4	\$ (1,389.1)
MISCELLANEOUS TAXES AND OTHER REVENUES								
Alcoholic Beverage State Tax	\$ 136.7	\$ 136.7	\$ 0.0	5.5 %	5.5 %	\$ 267.7	\$ 266.3	\$ (1.4)
Bank Franchise Tax	13.7	13.7	0.0	(39.0)	(39.0)	27.0	36.2	9.2
Beer & Beverage Excise Tax	44.3	44.3	0.0	1.6	1.6	88.2	87.9	(0.3)
Corporate Franchise & Charter Fees	44.4	44.4	0.0	(10.1)	(10.1)	87.6	93.8	6.2
Excess & Other Fees from Officers	(15.7)	(15.7)	0.0	8.4	8.4	(37.7)	(32.8)	4.9
Estate & Gifts	0.0	0.0	0.0	n/a	n/a	0.0	6.0	6.0
Institutional Revenues	7.5	7.5	0.0	17.2	17.2	15.0	13.9	(1.1)
Interest & Rents	167.0	101.1	(65.9)	59.7	(3.3)	288.1	205.7	(82.4)
Licenses & Permits	4.6	4.6	0.0	7.0	7.0	9.2	8.9	(0.3)
Miscellaneous Taxes and Penalties	236.4	211.9	(24.5)	6.9	(4.2)	466.2	433.0	(33.2)
Other Miscellaneous Revenues	32.5	32.5	0.0	(37.0)	(37.0)	82.4	84.1	1.7
Public Service GR / Consumption Tax	<u>93.9</u>	<u>93.9</u>	<u>0.0</u>	<u>2.8</u>	<u>2.8</u>	<u>186.7</u>	<u>185.2</u>	<u>(1.5)</u>
Total Misc. Taxes and Other Revenues	\$ 765.3	\$ 674.9	\$ (90.4)	7.3 %	(5.4) %	\$ 1,480.4	\$ 1,388.1	\$ (92.3)
TOTAL GF REVENUES	\$ 15,262.0	\$ 14,079.4	\$ (1,182.6)	6.6 %	(1.6) %	\$ 29,875.9	\$ 28,394.5	\$ (1,481.4)
TRANSFERS								
A.B.C. Profits	\$ 37.0	\$ 37.0	\$ 0.0	(16.1) %	(16.1) %	\$ 73.6	\$ 81.1	\$ 7.5
Sales Tax (0.25%)	228.5	203.1	(25.4)	7.1	(4.8)	450.6	416.5	(34.1)
Transfers Per Appropriations Act	<u>176.3</u>	<u>175.2</u>	<u>(1.1)</u>	<u>18.3</u>	<u>17.6</u>	<u>324.5</u>	<u>324.2</u>	<u>(0.3)</u>
Total Transfers	\$ 441.8	\$ 415.3	\$ (26.5)	8.7 %	2.2 %	\$ 848.7	\$ 821.8	\$ (26.9)
TOTAL GENERAL FUND	\$ 15,703.8	\$ 14,494.7	\$ (1,209.1)	6.7 %	(1.5) %	\$ 30,724.6	\$ 29,216.3	\$ (1,508.3)

The Official forecast is based on the November 2008 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 2009 General Assembly.

The August 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 August Interim General Fund Forecast for Fiscal Years 2011-2012
(Dollars in Millions)

August 19, 2009

	Fiscal Year 2011		Fiscal Year 2012		2010-2012 Biennium	
	<u>Interim Forecast</u>	<u>% Growth Over FY 10</u>	<u>Interim Forecast</u>	<u>% Growth Over FY 11</u>	<u>Interim Forecast</u>	<u>% Growth Over 08-10</u>
MAJOR TAX SOURCES						
Corporate Income	\$ 781.9	18.1 %	\$ 861.6	10.2 %	\$ 1,643.5	25.4 %
Individual Income Tax:						
Gross	11,694.2	3.9	12,241.7	4.7	23,935.9	5.4
Withholding	9,592.7	2.8	10,028.4	4.5	19,621.1	6.2
Nonwithholding	2,101.5	9.3	2,213.3	5.3	4,314.8	1.9
Refunds	<u>(1,856.0)</u>	<u>(4.5)</u>	<u>(1,866.1)</u>	<u>0.5</u>	<u>(3,722.1)</u>	<u>(4.8)</u>
Net	9,838.2	5.7	10,375.6	5.5	20,213.8	7.6
Insurance Company Premiums	273.7	7.1	292.2	6.8	565.9	10.8
State Sales & Use Tax	2,783.1	(3.8)	2,885.9	3.7	5,669.0	(2.2)
Wills, Suits, Deeds, & Contract Fees	<u>284.0</u>	<u>0.0</u>	<u>284.0</u>	<u>0.0</u>	<u>568.0</u>	<u>(5.1)</u>
Total Major Tax Sources	\$ 13,960.9	4.2 %	\$ 14,699.3	5.3 %	\$ 28,660.2	6.1 %
MISCELLANEOUS TAXES AND OTHER REVENUES						
Alcoholic Beverage State Tax	\$ 136.7	0.0 %	\$ 136.7	0.0 %	\$ 273.4	2.7 %
Bank Franchise Tax	14.1	2.9	14.5	2.8	28.6	(20.9)
Beer & Beverage Excise Tax	44.3	0.0	44.3	0.0	88.6	0.8
Corporate Franchise & Charter Fees	44.9	1.1	44.9	0.0	89.8	(4.3)
Excess & Other Fees from Officers	(17.1)	(8.9)	(17.1)	0.0	(34.2)	(4.1)
Estate & Gifts	0.0	n/a	0.0	n/a	0.0	n/a
Institutional Revenues	7.5	0.0	7.5	0.0	15.0	7.9
Interest & Rents	75.7	(25.1)	98.3	29.9	174.0	(15.4)
Licenses & Permits	4.6	0.0	4.6	0.0	9.2	3.4
Miscellaneous Taxes and Penalties	217.2	2.5	226.1	4.1	443.3	2.4
Other Miscellaneous Revenues	34.7	6.8	34.7	0.0	69.4	(17.4)
Public Service GR / Consumption Tax	<u>94.5</u>	<u>0.6</u>	<u>95.4</u>	<u>1.0</u>	<u>189.9</u>	<u>2.5</u>
Total Misc. Taxes and Other Revenues	\$ 657.1	(2.6) %	\$ 689.9	5.0 %	\$ 1,347.0	(3.0) %
TOTAL GF REVENUES	\$ 14,618.0	3.8 %	\$ 15,389.2	5.3 %	\$ 30,007.2	5.7 %
TRANSFERS						
A.B.C. Profits	\$ 37.0	0.0 %	\$ 37.0	0.0 %	\$ 74.0	(8.8) %
Sales Tax (0.25%)	202.9	(0.1)	210.4	3.7	413.3	(0.8)
Transfers Per Appropriations Act	<u>88.6</u>	<u>(49.4)</u>	<u>91.6</u>	<u>3.4</u>	<u>180.2</u>	<u>(44.4)</u>
Total Transfers	\$ 328.5	(20.9) %	\$ 339.0	3.2 %	\$ 667.5	(18.8) %
TOTAL GENERAL FUND	\$ 14,946.5	3.1 %	\$ 15,728.2	5.2 %	\$ 30,674.7	5.0 %

The August 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.

**Changes to the Commonwealth Transportation Fund
June Standard Forecast
(\$ millions)
Fiscal Years 2010 - 2015**

<u>Source</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<i>Fiscal Years</i> <u>2013</u>	<u>2014</u>	<u>2015</u>	<u>6-yr Total</u>
Motor Fuels Tax	(23.6)	(12.7)	(2.8)	(6.4)	(8.6)	(16.4)	(70.5)
Motor Vehicle Sales Tax	(83.7)	(86.0)	(72.9)	(59.9)	(42.6)	(35.0)	(380.1)
Retail Sales Tax	(50.6)	(66.4)	(69.3)	(67.7)	(62.5)	(62.6)	(379.1)
All Other	2.0	(7.9)	(10.1)	(9.7)	(9.1)	(18.7)	(53.5)
Total Highway Maintenance Fund	(66.7)	(59.6)	(41.6)	(35.6)	(26.1)	(28.4)	(258.0)
Total Transportation Trust Fund	(89.2)	(113.4)	(113.5)	(108.1)	(96.7)	(104.3)	(625.2)
Total Commonwealth Transportation Fund*	(155.9)	(173.0)	(155.1)	(143.7)	(122.8)	(132.7)	(883.2)

*Total state taxes and fees

Growth in Total General Fund Revenues
Fiscal Year 1961 - Fiscal Year 2012
(Nominal - Actual Dollars)

<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>	<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>
61	230,998,887	-	87	4,590,434,000	11.1%
62	242,144,567	4.8%	88	5,054,382,000	10.1%
63	286,304,265	18.2%	89	5,478,912,000	8.4%
64	298,033,919	4.1%	90	5,494,884,000	0.3%
65	323,213,412	8.4%	91	5,471,879,000	-0.4%
66	365,129,776	13.0%	92	5,623,213,000	2.8%
67	414,755,644	13.6%	93	6,133,637,000	9.1%
68	533,597,744	28.7%	94	6,503,368,000	6.0%
69	706,254,374	32.4%	95	6,881,145,000	5.8%
70	743,721,322	5.3%	96	7,356,110,000	6.9%
71	807,954,651	8.6%	97	7,949,327,000	8.1%
72	922,653,686	14.2%	98	8,773,520,000	10.4%
73	1,054,469,443	14.3%	99	9,702,747,000	10.6%
74	1,168,562,871	10.8%	00	10,788,482,000	11.2%
75	1,303,178,893	11.5%	01	11,105,275,000	2.9%
76	1,428,421,157	9.6%	02	10,678,954,000	-3.8%
77	1,636,301,819	14.6%	03	10,867,149,000	1.8%
78	1,923,085,084	17.5%	04	11,917,867,000	9.7%
79	2,115,211,522	10.0%	05	13,687,252,000	14.8%
80	2,344,928,934	10.9%	06	14,834,298,000	8.4%
81	2,579,663,941	10.0%	07	15,565,827,000	4.9%
82	2,796,458,741	8.4%	08	15,766,951,000	1.3%
83	2,975,687,935	6.4%	09	14,315,060,000	-9.2%
84	3,397,710,261	14.2%	10*	14,079,400,000	-1.6%
85	3,790,816,000	11.6%	11*	14,618,000,000	3.8%
86	4,131,778,000	9.0%	12*	15,389,200,000	5.3%

* June 2009 GABE Forecast (Excludes Transfers)

Growth in Total General Fund Revenues

Fiscal Year 1961 - Fiscal Year 2012

(Real -- Inflation-Adjusted Dollars)

<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>	<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>
61	1,105,204,952	-	87	6,593,367,039	8.2%
62	1,147,658,974	3.8%	88	6,993,554,904	6.1%
63	1,341,192,041	16.9%	89	7,261,838,617	3.8%
64	1,377,299,871	2.7%	90	6,993,348,860	-3.7%
65	1,473,505,411	7.0%	91	6,660,109,057	-4.8%
66	1,634,567,893	10.9%	92	6,644,938,788	-0.2%
67	1,807,607,949	10.6%	93	7,058,595,332	6.2%
68	2,255,178,327	24.8%	94	7,338,156,707	4.0%
69	2,862,342,441	26.9%	95	7,585,370,828	3.4%
70	2,875,507,740	0.5%	96	7,950,488,522	4.8%
71	2,989,435,198	4.0%	97	8,415,993,860	5.9%
72	3,287,677,045	10.0%	98	9,183,662,361	9.1%
73	3,619,253,280	10.1%	99	10,040,717,553	9.3%
74	3,711,490,777	2.5%	00	10,914,876,267	8.7%
75	3,754,693,134	1.2%	01	10,979,667,603	0.6%
76	3,861,328,243	2.8%	02	10,398,506,285	-5.3%
77	4,181,920,412	8.3%	03	10,389,144,463	-0.1%
78	4,607,295,362	10.2%	04	11,152,890,257	7.4%
79	4,703,501,194	2.1%	05	12,463,010,481	11.7%
80	4,733,691,855	0.6%	06	13,089,009,476	5.0%
81	4,728,556,394	-0.1%	07	13,416,850,117	2.5%
82	4,791,902,980	1.3%	08	13,166,116,372	-1.9%
83	4,861,679,114	1.5%	09	11,745,304,769	-10.8%
84	5,334,762,539	9.7%	10*	11,524,338,837	-1.9%
85	5,753,860,632	7.9%	11*	11,790,040,811	2.3%
86	6,094,607,192	5.9%	12*	12,189,368,797	3.4%

* June 2009 GABE Forecast (Excludes Transfers)

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

U.S. and Virginia Employment
Fiscal Year 1991 - Fiscal Year 2009

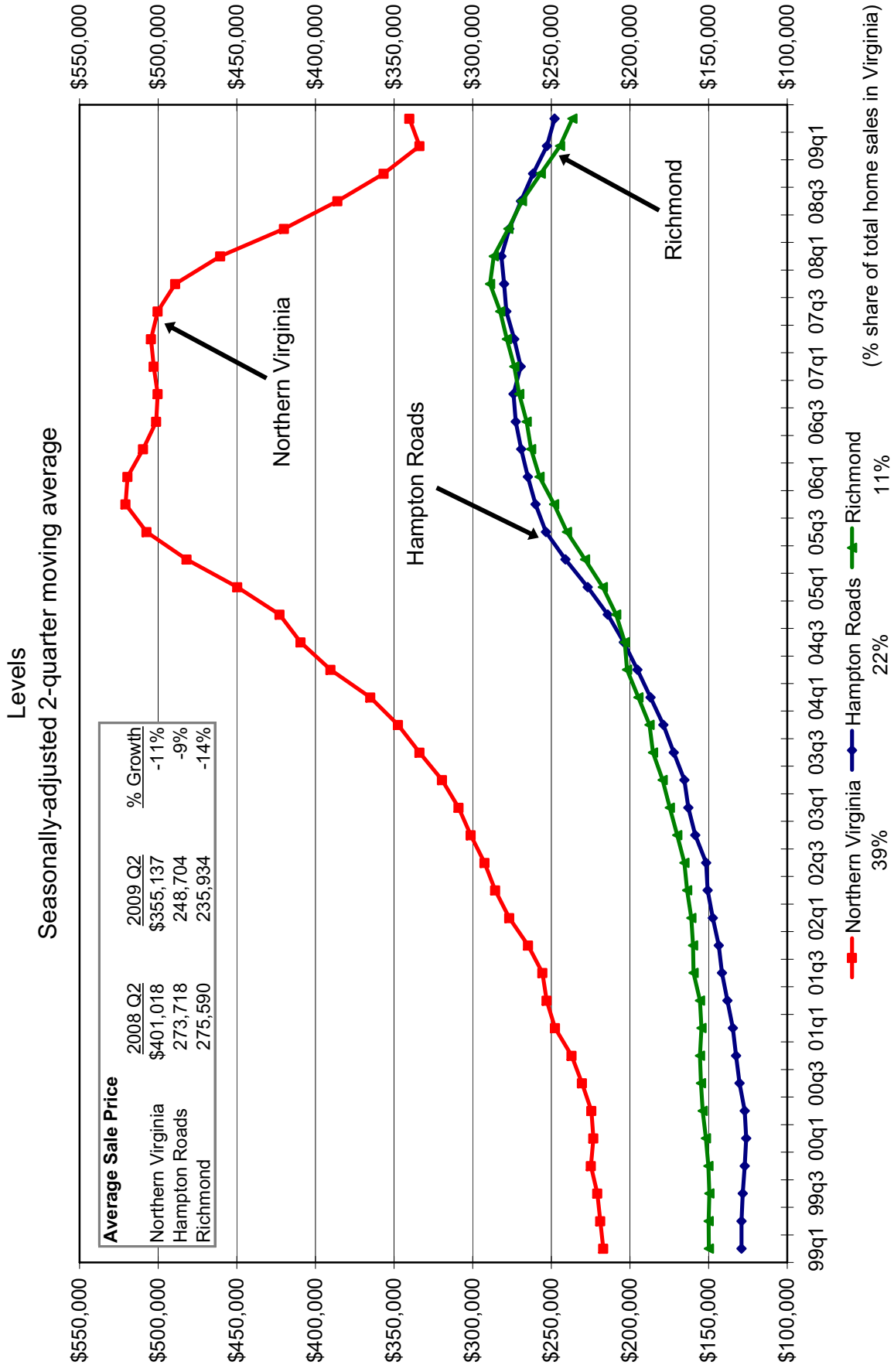
(Thousands of Jobs -- Seasonally-Adjusted)

<u>FY</u>	<u>U.S.</u>	<u>Gain/Loss</u>	<u>FY</u>	<u>Virginia</u>	<u>Gain/Loss</u>
90	109,817		90	2,905	
91	108,283	-1,534	91	2,828	-77
92	108,640	357	92	2,840	12
93	110,663	2,023	93	2,914	74
94	114,136	3,473	94	3,005	91
95	117,186	3,050	95	3,075	70
96	119,647	2,461	96	3,129	55
97	122,644	2,997	97	3,225	96
98	125,851	3,207	98	3,317	92
99	128,851	3,000	99	3,403	86
00	131,839	2,988	00	3,518	115
01	132,047	208	01	3,527	9
02	130,373	-1,674	02	3,497	-30
03	129,839	-534	03	3,487	-10
04	131,442	1,603	04	3,579	92
05	133,624	2,182	05	3,658	79
06	135,956	2,332	06	3,733	75
07	137,645	1,689	07	3,763	30
08	137,356	-289	08	3,761	-2
09	131,735	-5,621	09	3,655	-106

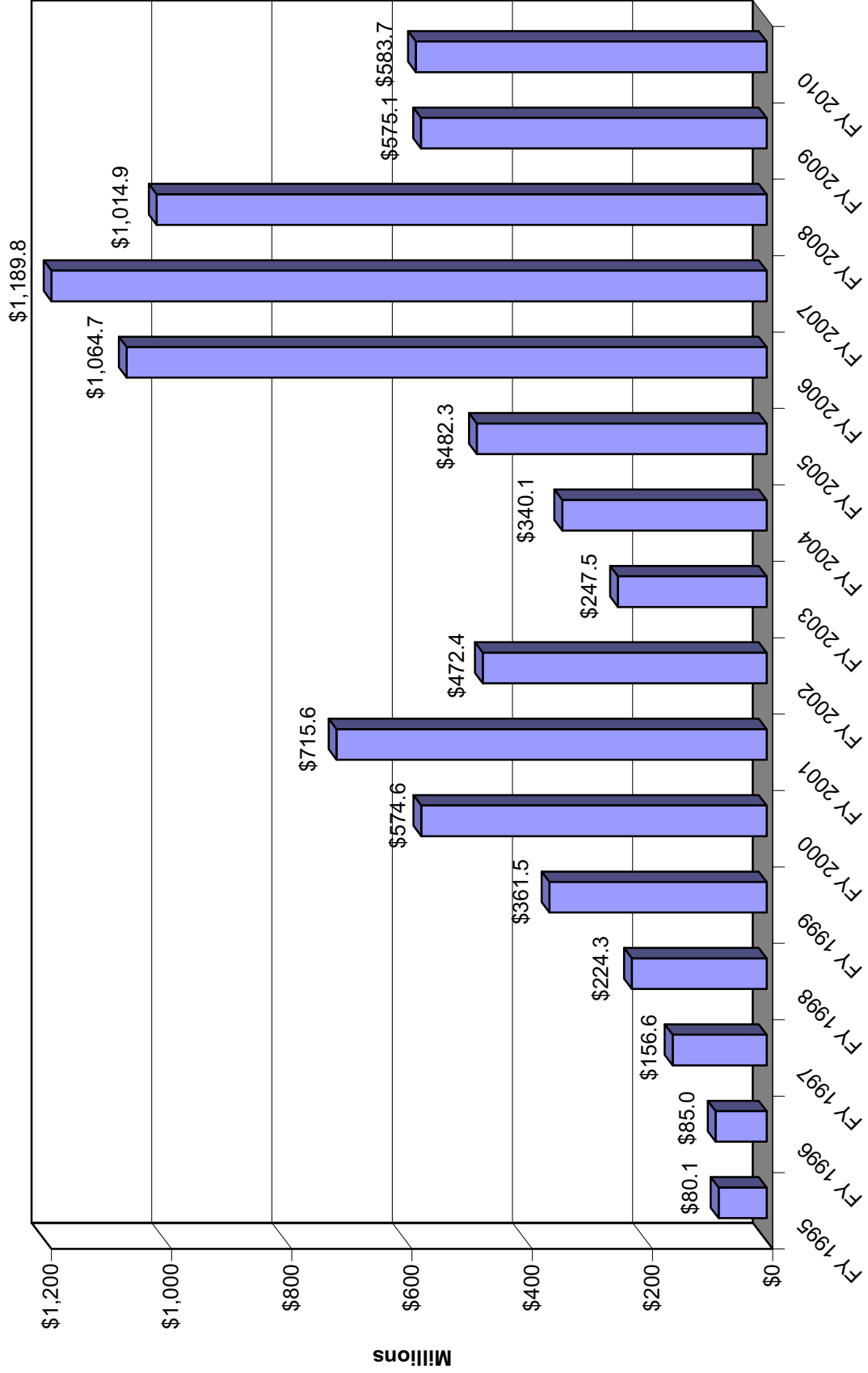
Note: Values reflect June monthly level, with gain/loss the net change from the prior year.

Source: Bureau of Labor Statistics (BLS)

Average Home Sale Price in Northern Virginia, Hampton Roads, and Richmond



Revenue Stabilization Fund



Commonwealth of Virginia
Preliminary Balance Sheet
General Fund - Budgetary (Cash) Basis (Unaudited)
June 30, 2009
(Dollars in Thousands)

Assets

Cash, Cash Equivalents, and Investments	\$ 824,760	
Cash and Travel Advances	<u>923</u>	
Total Assets		<u>\$ 825,683</u>

Liabilities and Fund Equity

Liabilities:		
Deposits Pending Distribution	<u>2,208</u>	
Total Liabilities		\$ 2,208

Fund Equity:

Reserved Fund Balance:		
Revenue Stabilization Reserve Fund (Note 4)	575,064	
Payroll Reserve for July 1, 2009 Payroll	86,461	
Lottery Proceeds Fund (Note 5)	<u>964</u>	
Total Reserved Fund Balance		<u>662,489</u>

Unreserved Fund Balance:

Designated:

Amount Required for Reappropriation of 2009 Unexpended Balances for Capital Outlay	10,805
Central Capital Planning Fund	12,136
Natural Disaster Sum Sufficient	14,184
Amount Required by Chapter 781	51,769
Amount Required for Mandatory Reappropriation	<u>72,092</u>

Total Designated Fund Balance (Note 7) 160,986

Total Unreserved Fund Balance 160,986

Total Fund Equity \$ 823,475

Total Liabilities and Fund Balance \$ 825,683

The accompanying notes are an integral part of this statement.

FY 2009 Revised Estimate
Per Chapter 781

Commonwealth of Virginia/Department of Accounts
Summary Report on General Fund and Lottery Revenue Collections
For the Fiscal Years 2008 and 2009
(Dollars in Thousands)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2009 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	FY 2009	June FY 2008	% Change	FY 2009	Year-To-Date FY 2008	% Change	% Annual Growth Req By Est
Revenue									
Individual Income Tax:									
Withholding	\$9,154,000	62.64	\$800,393	\$736,814	8.6	\$9,138,057	\$8,933,565	2.3	2.5
Tax Dues/Estimated Payments	2,348,300	16.07	217,100	311,465	(30.3)	2,310,422	2,861,183	(19.2)	(17.9)
Gross Individual Income Tax	\$11,502,300	78.71	\$1,017,493	\$1,048,279	(2.9)	\$11,448,479	\$11,794,748	(2.9)	(2.5)
Individual and Fiduciary Income (Refunds)	(1,805,000)	(12.35)	(124,194)	(59,070)	110.2	(1,967,369)	(1,679,915)	17.1	7.4
Net Individual Income Tax	\$9,697,300	66.36	\$893,299	\$989,209	(9.7)	\$9,481,110	\$10,114,833	(6.3)	(4.1)
Sales and Use Tax	\$2,960,900	20.26	\$232,130	\$259,958	(10.7)	\$2,903,443	\$3,075,528	(5.6)	(3.7)
Corporations Income Tax	685,000	4.69	138,025	168,452	(18.1)	648,033	807,852	(19.8)	(15.2)
Wills, Suits, Deeds, Contracts	298,100	2.04	34,763	41,592	(16.4)	314,264	456,348	(31.1)	(34.7)
Insurance Premiums	257,500	1.76	97,992	98,006	0.0	255,019	396,858	(35.7)	(35.1)
Interest Income (a)	120,800	0.83	2,699	(28,801)	109.4	104,217	189,308	(44.9)	(36.2)
Alcoholic Beverage Sales (b)	174,900	1.20	35,009	34,215	2.3	173,227	168,862	2.6	3.6
All Other Revenues	419,400	2.86	69,868	72,464	(3.6)	435,747	557,362	(21.8)	(24.8)
Total General Fund Revenues	\$14,613,900	100.00	\$1,503,785	\$1,635,095	(8.0)	\$14,315,060	\$15,766,951	(9.2)	(7.3)
Gross Lottery Revenue (c)	-	-	-	-	-	-	-	-	-
Less: Expenses (c)	-	-	-	-	-	-	-	-	-
Net Lottery Profits (c)	-	-	-	-	-	-	-	-	-
Total General Fund Revenues and Net Lottery Profits (c)	-	-	-	-	-	-	-	-	-
# Percentage is greater than or equal to 1,000%.									

(a) Interest was allocated in accordance with Section 3-3.04 of Chapter 781, 2009 Virginia Acts of Assembly.

(b) Includes Beer and Beverage Excise Tax and Alcoholic Beverage State Tax.

(c) Beginning in Fiscal Year 2009, Lottery proceeds will be deposited directly to the non-general Lottery Proceeds Fund and will no longer be reflected as part of the General Fund.

FY 2009 Revised Estimate
Per Chapter 781

Commonwealth of Virginia/Department of Accounts
General Fund Statement of Revenue Collections and Estimates
For the Fiscal Years 2008 and 2009
(Dollars in Thousands)

Revenue	(1) FY 2009 Estimate	(2) As a % of Total Gen Fund Rev	(3) June		(5) %		(7) FY 2008		(8) %		(9) % Annual Growth Req By Est
			FY 2009	FY 2008	Change	FY 2009	FY 2008	Change			
Taxes:											
Individual Income Tax - Withholding	\$9,154,000	62.64	\$800,393	\$736,814	8.6	\$9,138,057	\$8,933,565	2.3	2.5		
Tax Dues/Estimated Payments	2,348,300	16.07	217,100	311,465	(30.3)	2,310,422	2,861,183	(19.2)	(17.9)		
Gross Individual Income Tax	\$11,502,300	78.71	\$1,017,493	\$1,048,279	(2.9)	\$11,448,479	\$11,794,748	(2.9)	(2.5)		
Individ and Fiduc Income (Refunds)	(1,805,000)	(12.35)	(124,194)	(59,070)	110.2	(1,967,369)	(1,679,915)	17.1	7.4		
Net Individual Income Tax	\$9,697,300	66.36	\$893,299	\$989,209	(9.7)	\$9,481,110	\$10,114,833	(6.3)	(4.1)		
Sales and Use Tax	2,960,900	20.26	232,130	259,958	(10.7)	2,903,443	3,075,528	(5.6)	(3.7)		
Corporations Income	685,000	4.69	138,025	168,452	(18.1)	648,033	807,852	(19.8)	(15.2)		
Public Service Corporations	92,800	0.64	3,420	8,452	(59.5)	91,340	96,390	(5.2)	(3.7)		
Insurance Premiums	257,500	1.76	97,992	98,006	0.0	255,019	396,858	(35.7)	(35.1)		
Alcoholic Beverage Excise	131,000	0.90	31,100	30,100	3.3	129,626	125,339	3.4	4.5		
Beer and Beverage Excise	43,900	0.30	3,909	4,115	(5.0)	43,601	43,523	0.2	0.9		
Wills, Suits, Deeds, Contracts	298,100	2.04	34,763	41,592	(16.4)	314,264	456,348	(31.1)	(34.7)		
Inheritance, Gift, and Estate	0	0.00	654	710	(7.9)	6,006	153,378	(96.1)	(100.0)		
Bank Franchise	13,300	0.09	7,667	6,742	13.7	22,461	13,775	63.1	(3.4)		
Other Taxes	2,600	0.01	530	(1,795)	129.5	5,769	1,683	242.8	54.5		
Total Taxes	\$14,182,400	97.05	\$1,443,489	\$1,605,541	(10.1)	\$13,900,672	\$15,285,507	(9.1)	(7.2)		
Rights and Privileges:											
Licenses and Permits	\$4,600	0.03	\$484	\$550	(12.0)	\$4,301	\$4,607	(6.6)	(0.2)		
Corp. Franchise and Charters	43,200	0.30	32,257	29,333	10.0	49,414	47,034	5.1	(8.2)		
Fees for Misc. Privileges & Services	16,100	0.11	3,377	4,262	(20.8)	13,711	15,807	(13.3)	1.9		
Total Rights and Privileges	\$63,900	0.44	\$36,118	\$34,145	5.8	\$67,426	\$67,448	0.0	(5.3)		
Other Revenues:											
Sales of Property & Commodities	\$1,800	0.01	\$0	(\$3)	100.0	\$1	\$0	-	-		
Assessmts & Rcpts for Support of Special Svcs	400	0.00	50	125	(60.0)	396	461	(14.1)	(13.2)		
Institutional Revenue	7,500	0.05	473	582	(18.7)	6,402	7,590	(15.7)	(1.2)		
Interest (a)	120,800	0.83	2,699	(28,801)	109.4	104,217	189,308	(44.9)	(36.2)		
Dividends and Rent	300	0.00	28	49	(42.9)	340	373	(8.8)	(19.6)		
Fines, Forfeitures & Fees	227,200	1.55	19,461	19,669	(1.1)	215,308	220,363	(2.3)	3.1		
Other Revenue	20,600	0.14	2,149	4,811	(55.3)	27,098	10,129	167.5	103.4		
Excess Fees	(22,000)	(0.15)	(1,647)	(1,846)	10.8	(17,144)	(24,350)	29.6	9.7		
Private Donations, Gifts & Cont.	900	0.01	3	(100)	103.0	79	31	154.8	#		
Cities, Counties, and Towns	10,100	0.07	962	923	4.2	10,265	10,091	1.7	0.1		
Total Other Revenues	\$367,600	2.51	\$24,178	(\$4,591)	626.6	\$346,962	\$413,996	(16.2)	(11.2)		
Total General Fund Revenues	\$14,613,900	100.00	\$1,503,785	\$1,635,095	(8.0)	\$14,315,060	\$15,766,951	(9.2)	(7.3)		

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

(a) Interest was allocated in accordance with Section 3-3.04 of Chapter 781, 2009 Virginia Acts of Assembly.

**Commonwealth of Virginia/Department of Lottery
Summary Report on Lottery Collections
For the Fiscal Years 2008 and 2009
(Dollars in Thousands)**

	FY 2009 Estimate (a)	June		Year-To-Date		% Annual Growth Required By Estimate
		FY 2009	FY 2008	FY 2009	FY 2008	
Lottery Collections						
Win for Life	\$34,900	\$2,385	\$2,623	\$32,129	\$37,718	(7.5)
Cash 5	29,000	2,415	2,322	29,267	29,023	(0.1)
Pick 4	191,400	14,943	14,920	185,418	183,990	4.0
Pick 3	277,200	20,140	20,342	250,634	256,605	8.0
Mega Millions	137,500	12,628	9,348	162,096	166,145	(17.2)
Fast Play	10,900	1,197	2,607	6,773	9,230	18.1
Raffle	10,600	0	0	8,906	8,799	20.5
Scratch	699,800	57,304	55,671	690,382	694,903	0.7
Gross Lottery Revenue	1,391,300	111,012	107,833	1,365,605	1,386,413	0.4
Expenses (b)	960,800	83,321 (c)	74,716	935,105 (c)	931,154	3.2
Net Lottery Ticket Profits	\$430,500	\$27,691 (c)	\$33,117	\$430,500 (c)	\$455,259	(5.4)

(a) Estimate established in Chapter 781, 2009 Acts of Assembly, and includes the residual amount of FY 2008 profits (\$259,003) that were transferred in FY 2009. The estimated profit pursuant to FY 2009 Lottery operations is \$430,200,000.

(b) "Expenses" includes prizes to winners, compensation to retailers, instant and online gaming costs, Lottery operating expenses, and net other income/expense.

(c) Current month includes operating expenses estimated (unaudited closing).

Commonwealth of Virginia/Department of Accounts
 Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
 Summary Statement of Selected Revenue Estimates & Collections

For the Fiscal Years 2008 and 2009
 (Dollars in Thousands)

Revenue	FY 2009 Estimate	As a % of Total Fund	FY 2009		June		Year-To-Date		% Annual Growth Required By Estimate
			FY 2009	FY 2008	FY 2008	FY 2008	FY 2009	FY 2008	
Motor Fuel Taxes	\$842,300	23.84	\$137,168	\$134,175	2.2	\$839,513	\$863,024	(2.7)	(2.4)
Priority Transportation Fund (PTF) (a)	152,300	4.31	2,000	2,000	0.0	152,286	20,000	661.4	-
Motor Vehicle Sales and Use Tax	460,300	13.03	43,324	51,393	(15.7)	442,309	573,000	(22.8)	(19.7)
State Sales and Use Tax	514,500	14.56	39,900	44,029	(9.4)	499,366	524,901	(4.9)	(2.0)
Motor Vehicle License Fees	239,200	6.78	23,181	21,366	8.5	241,636	242,128	(0.2)	(1.2)
International Registration Plan	51,400	1.46	9,424	6,090	54.7	58,833	74,120	(20.6)	(30.7)
Recordation Tax (b)	35,400	1.00	3,703	0	-	35,703	0	-	-
Interest Earnings	30,700	0.87	1,026	12,913	(92.1)	27,749	62,111	(55.3)	(50.6)
Misc. Taxes, Fees, and Revenues	13,200	0.37	1,502	1,115	34.7	12,934	14,903	(13.2)	(11.4)
Total State Taxes and Fees	\$2,339,300	66.22	\$261,228	\$273,081	(4.3)	\$2,310,329	\$2,374,187	(2.7)	(1.5)

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

(a) A new revenue stream, Insurance Premiums Tax, is included in the Fiscal Year 2009 Transportation Trust Fund Revenue Forecast. As there were no collections for insurance premiums tax recorded in the Transportation Trust Fund during Fiscal Year 2008, a comparison of the total "Priority Transportation Fund (PTF)" between Fiscal Years 2008 and 2009 may not be appropriate. Refer to the "PTF Motor Fuels" and "PTF Insurance Premiums Tax" line items on page 5 for the detailed information pertaining to the "Priority Transportation Trust Fund (PTF)" line item.

(b) New revenue streams for Recordation Tax are included in the Fiscal Year 2009 Highway Maintenance and Operating Fund and the Transportation Trust Fund Revenue Estimates, respectively. As there were no collections for recordation taxes recorded in these funds during Fiscal Year 2008, a comparison between Fiscal Years 2008 and 2009 may not be appropriate. Refer to the "Recordation Tax (1 cent)" and "Recordation Tax (2 cents)" line items on page 5 for the detailed information pertaining to the "Recordation Tax" line item.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2008 and 2009
(Dollars in Thousands)

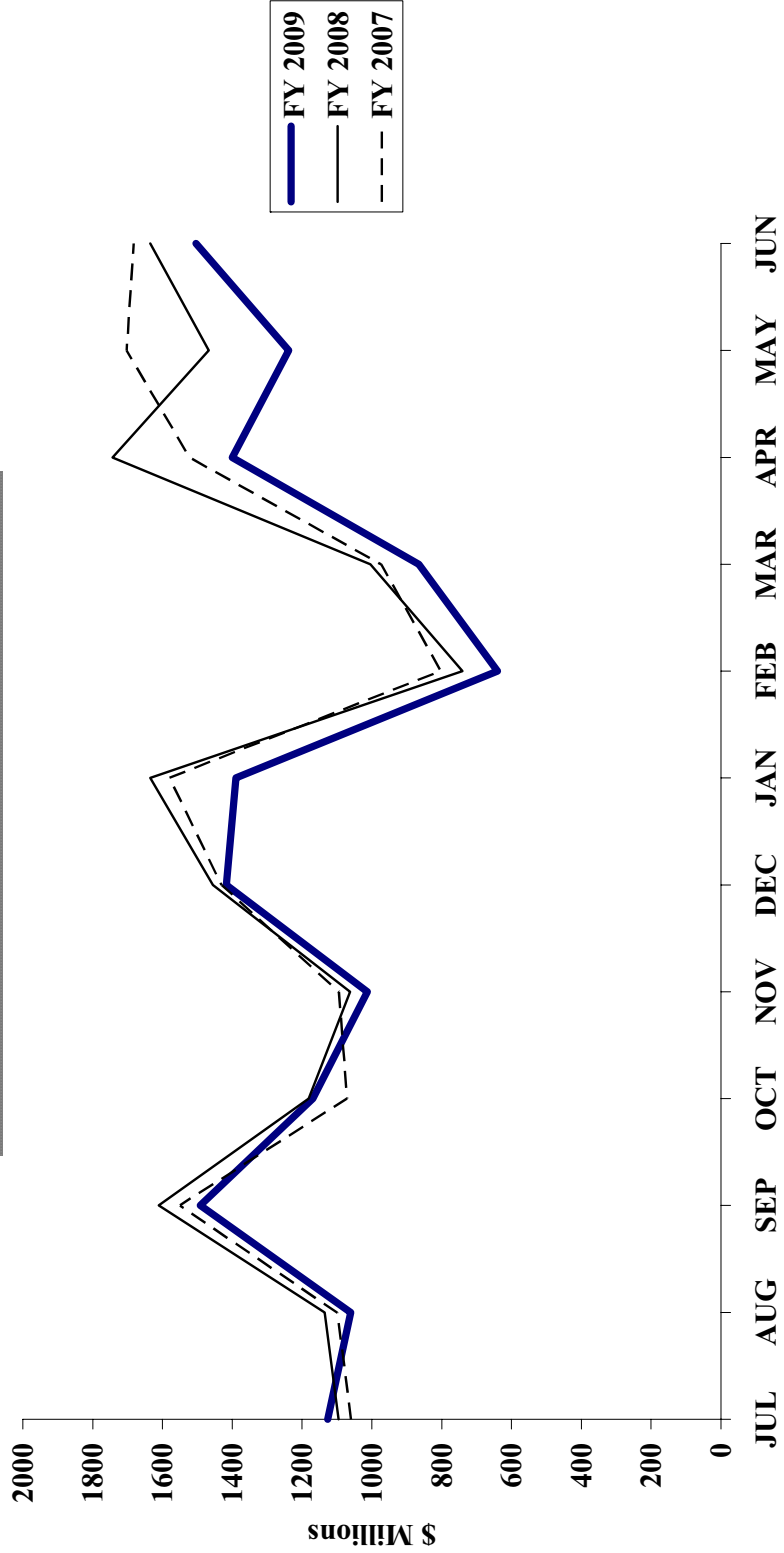
Revenue	FY 2009 Estimate	As a % of Total Fund	June		%		Year-To-Date		% Annual Growth Required By Est
			FY 2009	FY 2008	Change	Change	FY 2009	FY 2008	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$725,300	20.53	\$119,617	\$114,305	4.6	\$722,709	\$740,662	(2.4)	(2.1)
Motor Vehicle Sales and Use Tax	277,900	7.87	26,839	31,974	(16.1)	269,731	355,051	(24.0)	(21.7)
Motor Vehicle License Fees	218,500	6.19	21,130	19,464	8.6	220,035	220,779	(0.3)	(1.0)
International Registration Plan	51,400	1.46	9,424	6,090	54.7	58,833	74,120	(20.6)	(30.7)
Recordation Tax (1 cent) (a)	11,800	0.33	1,234	0	-	11,901	0	-	-
Misc. Taxes, Fees, and Revenues	13,200	0.37	1,502	1,115	34.7	12,934	14,903	(13.2)	(11.4)
Total State Taxes and Fees	\$1,298,100	36.75	\$179,746	\$172,948	3.9	\$1,296,143	\$1,405,515	(7.8)	(7.6)
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$3,255	\$377	763.4	\$20,341	\$27,864	(27.0)	(100.0)
Miscellaneous Revenues	19,605	0.55	893	1,436	(37.8)	13,842	16,851	(17.9)	16.3
Transfer (to) / from Transportation Trust Fund	384,970	10.90	0	0	-	364,831	265,543	37.4	45.0
Total Highway Maintenance and Operating Fund	\$1,702,675	48.20	\$183,894	\$174,761	5.2	\$1,695,157	\$1,715,773	(1.2)	(0.8)
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$117,000	3.31	\$17,551	\$19,870	(11.7)	\$116,804	\$122,362	(4.5)	(4.4)
PTF Motor Fuels	20,000	0.57	2,000	2,000	0.0	20,000	20,000	0.0	0.0
PTF Insurance Premiums Tax (a)	132,300	3.74	0	0	-	132,286	0	-	-
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	182,400	5.16	16,485	19,419	(15.1)	172,578	217,949	(20.8)	(16.3)
State Sales and Use Tax	514,500	14.56	39,900	44,029	(9.4)	499,366	524,901	(4.9)	(2.0)
Motor Vehicle License Fees	20,700	0.59	2,051	1,902	7.8	21,601	21,349	1.2	(3.0)
Recordation Tax (2 cents) (a)	23,600	0.67	2,469	0	-	23,802	0	-	-
Interest Earnings	30,700	0.87	1,026	12,913	(92.1)	27,749	62,111	(55.3)	(50.6)
Total State Taxes and Fees	\$1,041,200	29.47	\$81,482	\$100,133	(18.6)	\$1,014,186	\$968,672	4.7	7.5
Other Revenues:									
Federal Grants and Contracts	\$938,474	26.57	\$37,159	\$88,535	(58.0)	\$789,086	\$855,765	(7.8)	9.7
Receipts from Cities/Countries	97,299	2.76	3,790	4,591	(17.4)	46,810	45,381	3.1	114.4
Toll Revenues (Includes Route 28) (b)	106,041	3.00	7,817	7,163	9.1	77,947	129,727	(39.9)	(18.3)
Miscellaneous Revenues	31,806	0.90	2,569	854	200.8	18,328	14,789	23.9	115.1
Total Other Revenues	\$1,173,620	33.23	\$51,335	\$101,143	(49.2)	\$932,171	\$1,045,662	(10.9)	12.2
Transfer (to) / from Highway Maintenance and Operating Fund	(\$384,970)	(10.90)	\$0	\$0	-	(\$364,831)	(\$265,543)	(37.4)	(45.0)
Total Transportation Trust Fund	\$1,829,850	51.80	\$132,817	\$201,276	(34.0)	\$1,581,526	\$1,748,791	(9.6)	4.6
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,532,525	100.00	\$316,711	\$376,037	(15.8)	\$3,276,683	\$3,464,564	(5.4)	2.0

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

(a) These line items were added to the Fiscal Year 2009 Revenue Forecast. Since there were no collections for these line items during Fiscal Year 2008, the Monthly and Year-To-Date % Change columns do not provide comparable data.

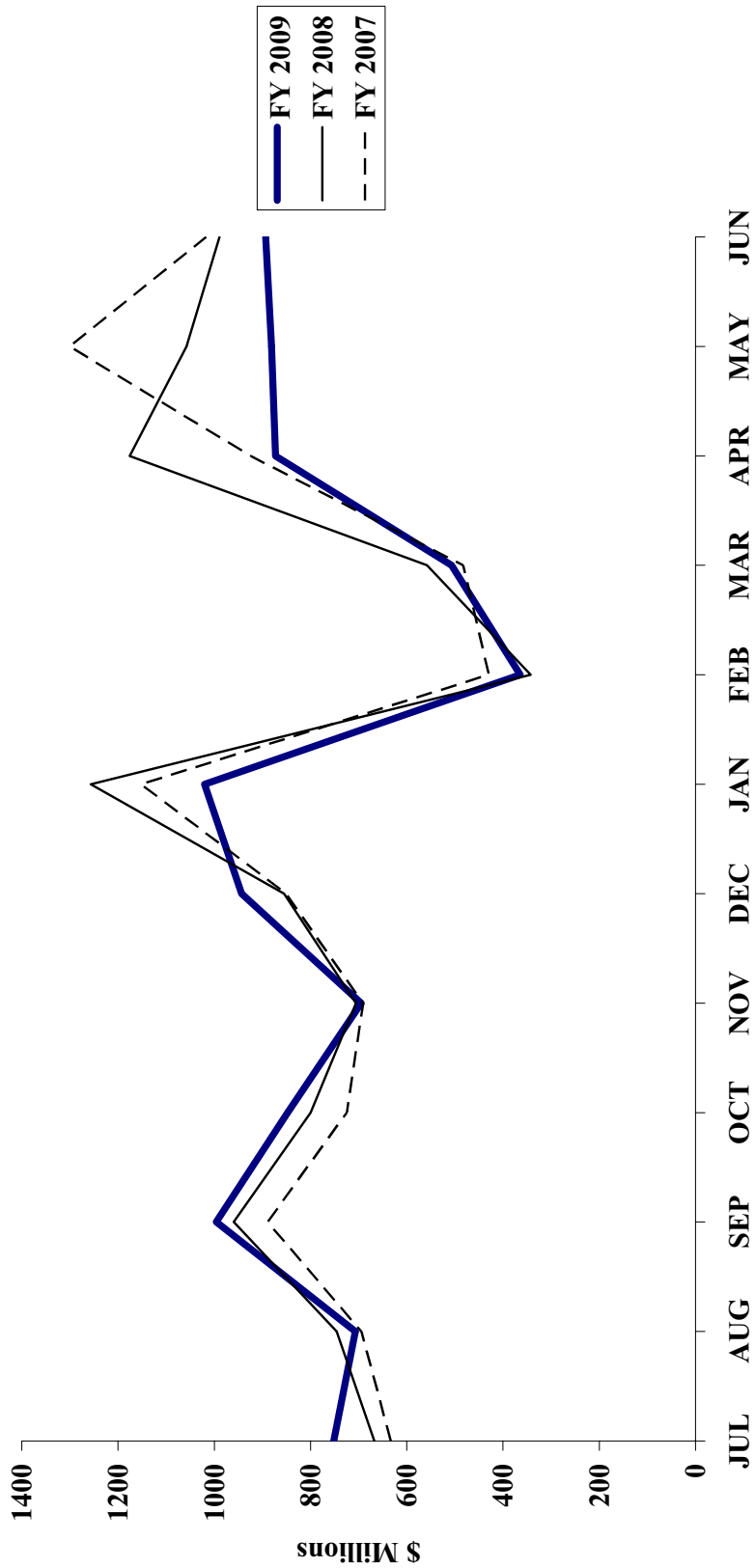
(b) The Dulles Toll Road was transferred to the Metropolitan Washington Airport Authority effective November 1, 2008. No toll revenues will be recorded for the Dulles Toll Road after November 1, 2008.

Total General Fund Revenues



FY 2007 Actual = \$15,565.8 Million
FY 2008 Actual = \$15,766.9 Million
FY 2009 Actual = \$14,315.1 Million

Net Individual Income Tax

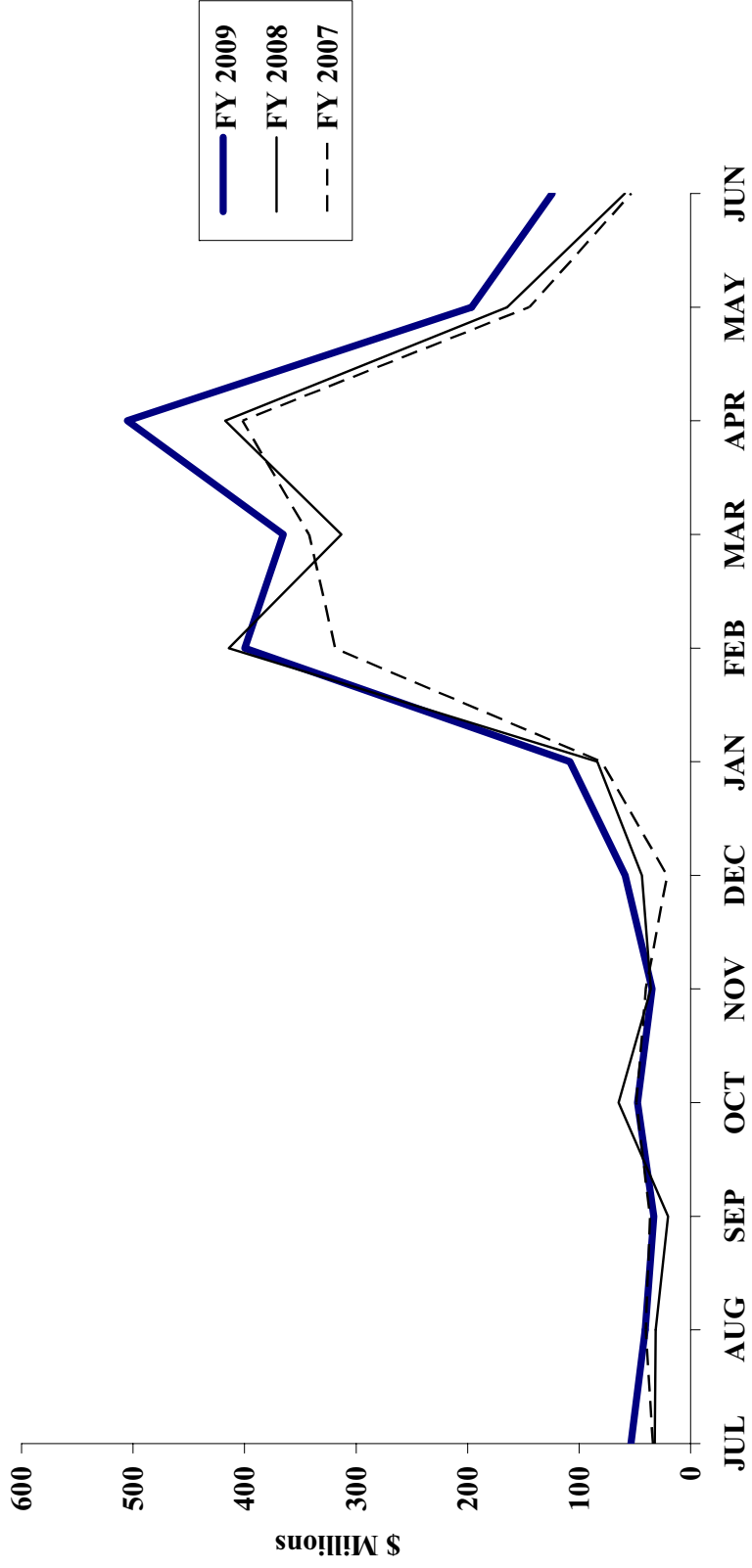


FY 2007 Actual = \$9,787.6 Million

FY 2008 Actual = \$10,114.8 Million

FY 2009 Actual = \$9,481.1 Million

Individual and Fiduciary Income Tax Refunds



FY 2007 Actual = \$1,559.8 Million
FY 2008 Actual = \$1,679.9 Million
FY 2009 Actual = \$1,967.4 Million

DEPARTMENT OF THE TREASURY

General Account Investment Portfolio
 Monthly Average Balances and Rates
 For the Fiscal Year 2009
 (Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
July, 2008	\$4,914.2	3.16%	\$1,812.2	-3.54%	\$6,726.4	1.35%
August	\$4,238.3	3.20%	\$1,812.8	6.74%	\$6,051.1	4.26%
September	\$4,315.2	3.27%	\$1,800.1	-24.46%	\$6,115.3	-4.89%
October	\$4,146.7	3.64%	\$1,767.2	-21.27%	\$5,913.9	-3.80%
November	\$3,820.7	3.48%	\$1,702.0 ¹	14.82%	\$5,522.7 ¹	6.97%
December	\$3,567.5	3.01%	\$1,662.0	36.73%	\$5,229.5	13.73%
January, 2009	\$3,772.3	2.69%	\$1,661.9	3.13%	\$5,434.2	2.82%
February	\$3,702.5	2.46%	\$1,632.0	-9.28%	\$5,334.5	-1.13%
March	\$3,433.1	2.19%	\$1,604.0	14.05%	\$5,037.1	5.97%
April	\$3,045.4	2.21%	\$1,604.0	11.87%	\$4,649.4	5.54%
May	\$3,273.0	1.70%	\$1,600.0	13.89%	\$4,873.0	5.70%
June	\$3,129.8	1.64%	\$1,601.9	8.52%	\$4,731.7	3.97%
Year-to-Date Average	\$3,779.9	2.80%	\$1,688.3	3.97%	\$5,468.2	3.16%

• Performance on the extended duration portion of the General Account is now reported on an annualized total return basis. Total return includes unrealized gains and losses, which in the short term can make returns more volatile. Over an extended time period the fluctuations average out and total return approaches the portfolio yield.

• Unaudited.

¹ Revised External Manager Extended Duration Avg. Balance & Annualized Total Return and Composite Avg. Balance & Rate for November 2008.

**Commonwealth of Virginia/Department of Accounts
Report on the Revenue Stabilization Fund
For the Fiscal Year 2009**

Month	Beginning Balance	Deposits	Withdrawals	Interest Allocated (A)	Ending Balance
July	\$1,014,870,245	\$0	\$0	\$0	\$1,014,870,245
August	\$1,014,870,245	\$0	\$0	\$0	\$1,014,870,245
September	\$1,014,870,245	\$0	\$0	\$0	\$1,014,870,245
October	\$1,014,870,245	\$0	\$0	\$9,828,002	\$1,024,698,247
November	\$1,024,698,247	\$0	\$0	\$0	\$1,024,698,247
December	\$1,024,698,247	\$0	\$0	\$0	\$1,024,698,247
January	\$1,024,698,247	\$0	\$0	\$8,825,266	\$1,033,523,513
February	\$1,033,523,513	\$0	\$0	\$0	\$1,033,523,513
March	\$1,033,523,513	\$0	\$0	\$0	\$1,033,523,513
April	\$1,033,523,513	\$0	(\$490,000,000) (B)	\$8,504,961	\$552,028,474
May	\$552,028,474	\$0	\$0	\$0	\$552,028,474
June	\$552,028,474	\$21,320,527 (C)	\$0	\$1,714,867	\$575,063,868

Notes: (A) Interest is earned monthly but credited to nongeneral funds on a quarterly basis and will appear on this report in the months of October, January, April, and final June.

(B) A withdrawal of \$490,000,000 was made as required by Item 265.D.2 of Chapter 781, 2009 VA Acts of Assembly.

(C) A deposit of \$21,320,527 was made as required by Item 265.A of Chapter 781, 2009 VA Acts of Assembly.

FY 2010 Estimate
Per Chapter 781

Commonwealth of Virginia/Department of Accounts
Summary Report on General Fund Revenue Collections
For the Fiscal Years 2009 and 2010
(Dollars in Thousands)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2010 Estimate	As a % of Gen Fund Rev	FY 2010	July FY 2009	% Change	FY 2010	Year-To-Date FY 2009	% Change	% Annual Growth Req By Est
Revenue									
Individual Income Tax:									
Withholding	\$9,474,400	62.08	\$712,718	\$767,183	(7.1)	\$712,718	\$767,183	(7.1)	3.7
Tax Dues/Estimated Payments	2,345,900	15.37	38,839	38,216	1.6	38,839	38,216	1.6	1.5
Gross Individual Income Tax	\$11,820,300	77.45	\$751,557	\$805,399	(6.7)	\$751,557	\$805,399	(6.7)	3.2
Individual and Fiduciary Income (Refunds)	(1,786,200)	(11.70)	(64,698)	(53,438)	21.1	(64,698)	(53,438)	21.1	(9.2)
Net Individual Income Tax	\$10,034,100	65.75	\$686,859	\$751,961	(8.7)	\$686,859	\$751,961	(8.7)	5.8
Sales and Use Tax	\$3,157,400	20.69	\$253,634	\$269,725	(6.0)	\$253,634	\$269,725	(6.0)	8.7
Corporations Income Tax	724,000	4.74	20,083	13,323	50.7	20,083	13,323	50.7	11.7
Wills, Suits, Deeds, Contracts	298,100	1.95	29,825	32,795	(9.1)	29,825	32,795	(9.1)	(5.1)
Insurance Premiums	283,100	1.85	0	0	-	0	0	-	11.0
Interest Income (a)	166,700	1.09	11,177	26,284	(57.5)	11,177	26,284	(57.5)	60.0
Alcoholic Beverage Sales (b)	181,000	1.19	4,167	4,060	2.6	4,167	4,060	2.6	4.5
All Other Revenues	417,600	2.74	30,411	28,752	5.8	30,411	28,752	5.8	(4.2)
Total General Fund Revenues	\$15,262,000	100.00	\$1,036,156	\$1,126,900	(8.1)	\$1,036,156	\$1,126,900	(8.1)	6.6

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

(a) Interest will be allocated in accordance with Section 3-3.04 of Chapter 781, 2009 Virginia Acts of Assembly.
(b) Includes Beer and Beverage Excise Tax and Alcoholic Beverage State Tax.

**Commonwealth of Virginia/Department of Accounts
General Fund Statement of Revenue Collections and Estimates
For the Fiscal Years 2009 and 2010
(Dollars in Thousands)**

FY 2010 Estimate
Per Chapter 781

Revenue	(1) FY 2010 Estimate	(2) As a % of Total Gen Fund Rev	(3) July		(5) %		(7) Year-To-Date		(8) %		(9) % Annual Growth Req By Est
			FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009	
Taxes:											
Individual Income Tax - Withholding	\$9,474,400	62.08	\$712,718	\$767,183	(7.1)	\$712,718	\$767,183	(7.1)		3.7	
Tax Dues/Estimated Payments	2,345,900	15.37	38,839	38,216	1.6	38,839	38,216	1.6		1.5	
Gross Individual Income Tax	\$11,820,300	77.45	\$751,557	\$805,399	(6.7)	\$751,557	\$805,399	(6.7)		3.2	
Individ and Fiduc Income (Refunds)	(1,786,200)	(11.70)	(64,698)	(53,438)	21.1	(64,698)	(53,438)	21.1		(9.2)	
Net Individual Income Tax	\$10,034,100	65.75	\$686,859	\$751,961	(8.7)	\$686,859	\$751,961	(8.7)		5.8	
Sales and Use Tax	3,157,400	20.69	253,634	269,725	(6.0)	253,634	269,725	(6.0)		8.7	
Corporations Income	724,000	4.74	20,083	13,323	50.7	20,083	13,323	50.7		11.7	
Public Service Corporations	93,900	0.62	9,539	6,296	51.5	9,539	6,296	51.5		2.8	
Insurance Premiums	283,100	1.85	0	0	-	0	0	-		11.0	
Alcoholic Beverage Excise	136,700	0.90	0	0	-	0	0	-		5.5	
Beer and Beverage Excise	44,300	0.29	4,167	4,060	2.6	4,167	4,060	2.6		1.6	
Wills, Suits, Deeds, Contracts	298,100	1.95	29,825	32,795	(9.1)	29,825	32,795	(9.1)		(5.1)	
Inheritance, Gift, and Estate	0	0.00	180	1,257	(85.7)	180	1,257	(85.7)		(100.0)	
Bank Franchise	13,700	0.09	48	0	-	48	0	-		(39.0)	
Other Taxes	5,900	0.04	562	1,466	(61.7)	562	1,466	(61.7)		2.3	
Total Taxes	\$14,791,200	96.92	\$1,004,897	\$1,080,883	(7.0)	\$1,004,897	\$1,080,883	(7.0)		6.4	
Rights and Privileges:											
Licenses and Permits	\$4,600	0.03	\$198	\$246	(19.5)	\$198	\$246	(19.5)		7.0	
Corp. Franchise and Charters	44,400	0.29	579	583	(0.7)	579	583	(0.7)		(10.1)	
Fees for Misc. Privileges & Services	16,100	0.11	614	780	(21.3)	614	780	(21.3)		17.4	
Total Rights and Privileges	\$65,100	0.43	\$1,391	\$1,609	(13.5)	\$1,391	\$1,609	(13.5)		(3.4)	
Other Revenues:											
Sales of Property & Commodities	\$1,700	0.01	\$2	\$0	-	\$2	\$0	-		#	
Assessmts & Rcpts for Support of Special Svcs	400	0.00	24	39	(38.5)	24	39	(38.5)		1.0	
Institutional Revenue	7,500	0.05	507	546	(7.1)	507	546	(7.1)		17.2	
Interest (a)	166,700	1.09	11,177	26,284	(57.5)	11,177	26,284	(57.5)		60.0	
Dividends and Rent	300	0.00	30	23	30.4	30	23	30.4		(11.8)	
Fines, Forfeitures & Fees	230,500	1.50	18,455	17,770	3.9	18,455	17,770	3.9		7.1	
Other Revenue	2,500	0.02	1,242	1,005	23.6	1,242	1,005	23.6		(90.8)	
Excess Fees	(15,700)	(0.10)	(2,309)	(1,904)	(21.3)	(2,309)	(1,904)	(21.3)		8.4	
Private Donations, Gifts & Cont.	1,700	0.01	11	0	-	11	0	-		#	
Cities, Counties, and Towns	10,100	0.07	729	645	13.0	729	645	13.0		(1.6)	
Total Other Revenues	\$405,700	2.65	\$29,868	\$44,408	(32.7)	\$29,868	\$44,408	(32.7)		16.9	
Total General Fund Revenues	\$15,262,000	100.00	\$1,036,156	\$1,126,900	(8.1)	\$1,036,156	\$1,126,900	(8.1)		6.6	

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

(a) Interest will be allocated in accordance with Section 3-3.04 of Chapter 781, 2009 Virginia Acts of Assembly.

Commonwealth of Virginia/Department of Lottery
Summary Report on Lottery Collections
For the Fiscal Years 2009 and 2010
(Dollars in Thousands)

	<u>FY 2010</u> <u>Estimate</u> (a)	<u>July</u>		<u>Year-To-Date</u>		<u>% Annual</u> <u>Growth</u> <u>Required</u> <u>By Estimate</u>
		<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>	
						<u>%</u>
Lottery Collections						
Win for Life	\$34,900	\$2,670	\$2,894	\$2,670	\$2,894	(7.7)
Cash 5	29,000	2,504	2,387	2,504	2,387	4.9
Pick 4	191,400	16,047	15,463	16,047	15,463	3.8
Pick 3	277,200	20,967	21,324	20,967	21,324	(1.7)
Mega Millions	137,500	14,438	13,276	14,438	13,276	8.8
Fast Play	10,900	738	1,088	738	1,088	(32.2)
Raffle	10,600	0	0	0	0	-
Scratch	699,800	56,388	55,108	56,388	55,108	2.3
Gross Lottery Revenue	1,391,300	113,752	111,540	113,752	111,540	2.0
Expenses (c)	961,100	77,279 (d)	75,320	77,279 (d)	75,320	2.6
Net Lottery Ticket Profits	\$430,200	\$36,473 (d)	\$36,220	\$36,473 (d)	\$36,220	0.7

(a) Estimate established in Chapter 781, 2009 Acts of Assembly.

(b) The current year figures on this chart, including growth percentages, are not an indicator of the probable outcome for the fiscal year.

Lottery revenues can have dramatic swings up and down month to month depending on the lotto jackpots, prize expense, and game related administrative expenses.

(c) "Expenses" includes prizes to winners, compensation to retailers, instant and online gaming costs, Lottery operating expenses, and net other income/expense.

(d) Current month includes operating expenses estimated (unaudited closing).

Commonwealth of Virginia/Department of Accounts
 Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
 Summary Statement of Selected Revenue Estimates & Collections

For the Fiscal Years 2009 and 2010
 (Dollars in Thousands)

Revenue	FY 2010 Estimate	As a % of Total Fund	July		Year-To-Date		% Annual Growth Required By Estimate	
			FY 2010	FY 2009	FY 2010	FY 2009		% Change
Motor Fuel Taxes	\$852,200	25.05	(\$35)	\$8,570	(\$35)	\$8,570	(100.4)	1.5
Priority Transportation Fund (PTF)	149,900	4.41	2,505	3,760	2,505	3,760	(33.4)	(1.6)
Motor Vehicle Sales and Use Tax	487,700	14.33	41,002	45,560	41,002	45,560	(10.0)	10.3
State Sales and Use Tax	529,000	15.55	43,246	46,313	43,246	46,313	(6.6)	5.9
Motor Vehicle License Fees	241,900	7.11	19,566	22,767	19,566	22,767	(14.1)	0.1
International Registration Plan	51,400	1.50	6,863	5,538	6,863	5,538	23.9	(12.6)
Recordation Tax	35,400	1.04	4,122	3,843	4,122	3,843	7.3	(0.8)
Interest Earnings	41,200	1.21	0	17	0	17	(100.0)	48.5
Misc. Taxes, Fees, and Revenues	13,200	0.39	974	1,060	974	1,060	(8.1)	2.1
Total State Taxes and Fees	\$2,401,900	70.59	\$118,243	\$137,428	\$118,243	\$137,428	(14.0)	4.0

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

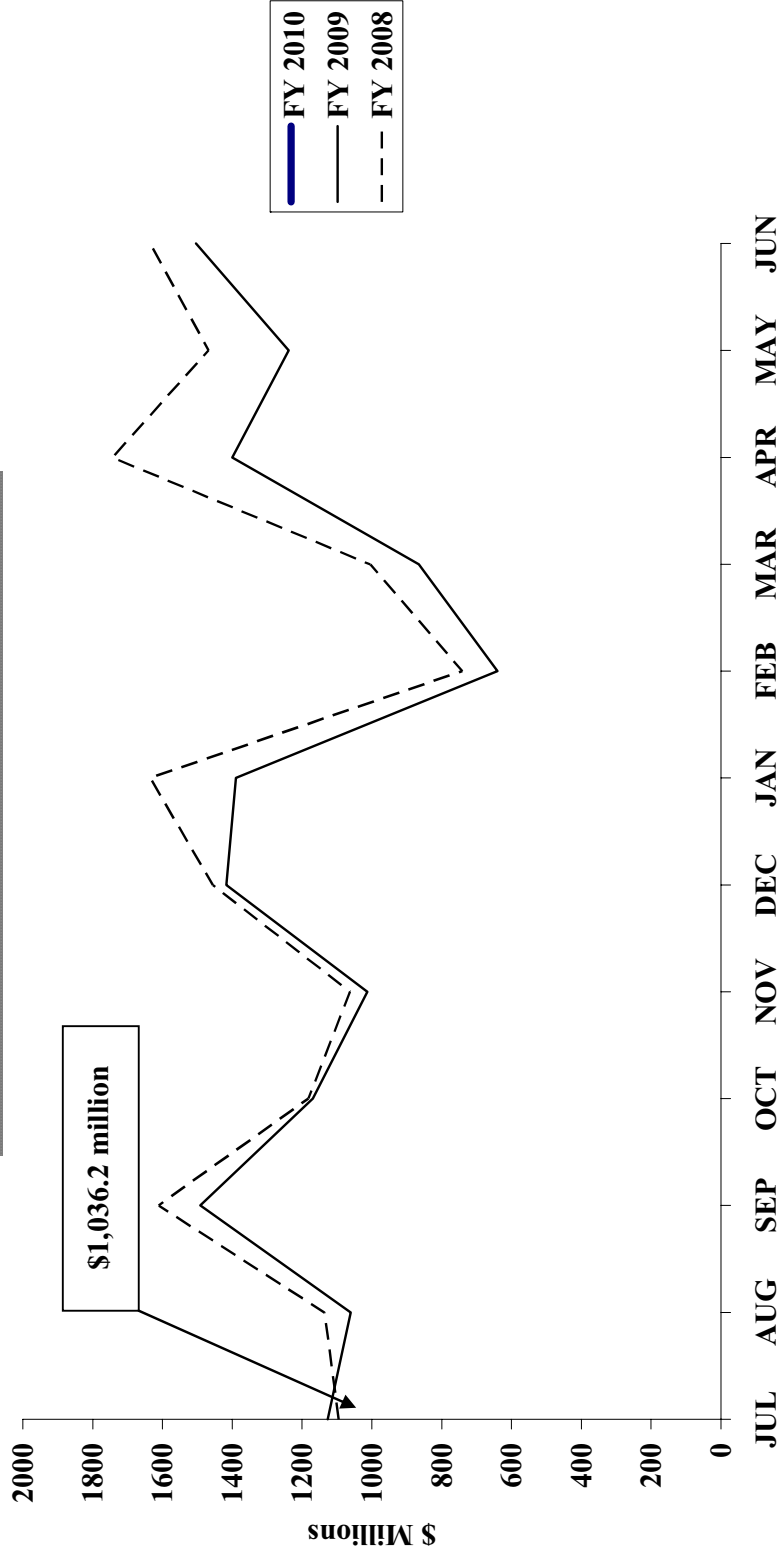
Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
 Statement of Revenue Estimates & Collections
 For the Fiscal Years 2009 and 2010
 (Dollars in Thousands)

Revenue	FY 2010 Estimate	As a % of Total Fund	July		Year-To-Date		% Annual Growth Required By Est
			FY 2010	FY 2009	FY 2010	FY 2009	
HIGHWAY MAINTENANCE AND OPERATING FUND:							
Motor Fuel Taxes (Includes Road Tax)	\$733,600	21.56	(\$204)	\$7,624	(\$204)	\$7,624	1.5
Motor Vehicle Sales and Use Tax	296,000	8.70	25,009	27,847	25,009	27,847	9.7
Motor Vehicle License Fees	221,000	6.50	17,832	20,757	17,832	20,757	0.4
International Registration Plan	51,400	1.50	6,863	5,538	6,863	5,538	(12.6)
Recordation Tax (1 cent)	11,800	0.35	1,374	1,281	1,374	1,281	(0.8)
Misc. Taxes, Fees, and Revenues	13,200	0.39	974	1,060	974	1,060	2.1
Total State Taxes and Fees	\$1,327,000	39.00	\$51,848	\$64,107	\$51,848	\$64,107	2.4
Other Revenues:							
Federal Grants and Contracts	\$0	0.00	\$1,882	\$3,940	\$1,882	\$3,940	(100.0)
Miscellaneous Revenues	10,543	0.31	1,017	682	1,017	682	(23.8)
Transfer (to) / from Transportation Trust Fund	523,898	15.40	50,000	100,000	50,000	100,000	43.6
Total Highway Maintenance and Operating Fund	\$1,861,441	54.71	\$104,747	\$168,729	\$104,747	\$168,729	9.8
TRANSPORTATION TRUST FUND:							
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$118,600	3.49	\$169	\$946	\$169	\$946	1.5
PTF Motor Fuels	20,000	0.59	0	2,000	0	2,000	0.0
PTF Insurance Premiums Tax	129,900	3.82	2,505	1,760	2,505	1,760	(1.8)
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	191,700	5.63	15,993	17,713	15,993	17,713	11.1
State Sales and Use Tax	529,000	15.55	43,246	46,313	43,246	46,313	5.9
Motor Vehicle License Fees	20,900	0.61	1,734	2,010	1,734	2,010	(3.2)
Recordation Tax (2 cents)	23,600	0.69	2,748	2,562	2,748	2,562	(0.8)
Interest Earnings	41,200	1.21	0	17	0	17	48.5
Total State Taxes and Fees	\$1,074,900	31.59	\$66,395	\$73,321	\$66,395	\$73,321	6.0
Other Revenues:							
Federal Grants and Contracts	\$812,448	23.89	\$71,445	\$62,055	\$71,445	\$62,055	3.0
Receipts from Cities/Counties	109,510	3.22	3,812	6,410	3,812	6,410	133.9
Toll Revenues (Includes Route 28) (a)	52,309	1.54	1,967	6,433	1,967	6,433	(32.9)
Miscellaneous Revenues	15,436	0.45	1,363	1,258	1,363	1,258	(15.8)
Total Other Revenues	\$989,703	29.10	\$78,587	\$76,156	\$78,587	\$76,156	6.2
Transfer (to) / from Highway Maintenance and Operating Fund	(\$523,898)	(15.40)	(\$50,000)	(\$100,000)	(\$50,000)	(\$100,000)	(43.6)
Total Transportation Trust Fund	\$1,540,705	45.29	\$94,982	\$49,477	\$94,982	\$49,477	(2.6)
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,402,146	100.00	\$199,729	\$218,206	\$199,729	\$218,206	3.8

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

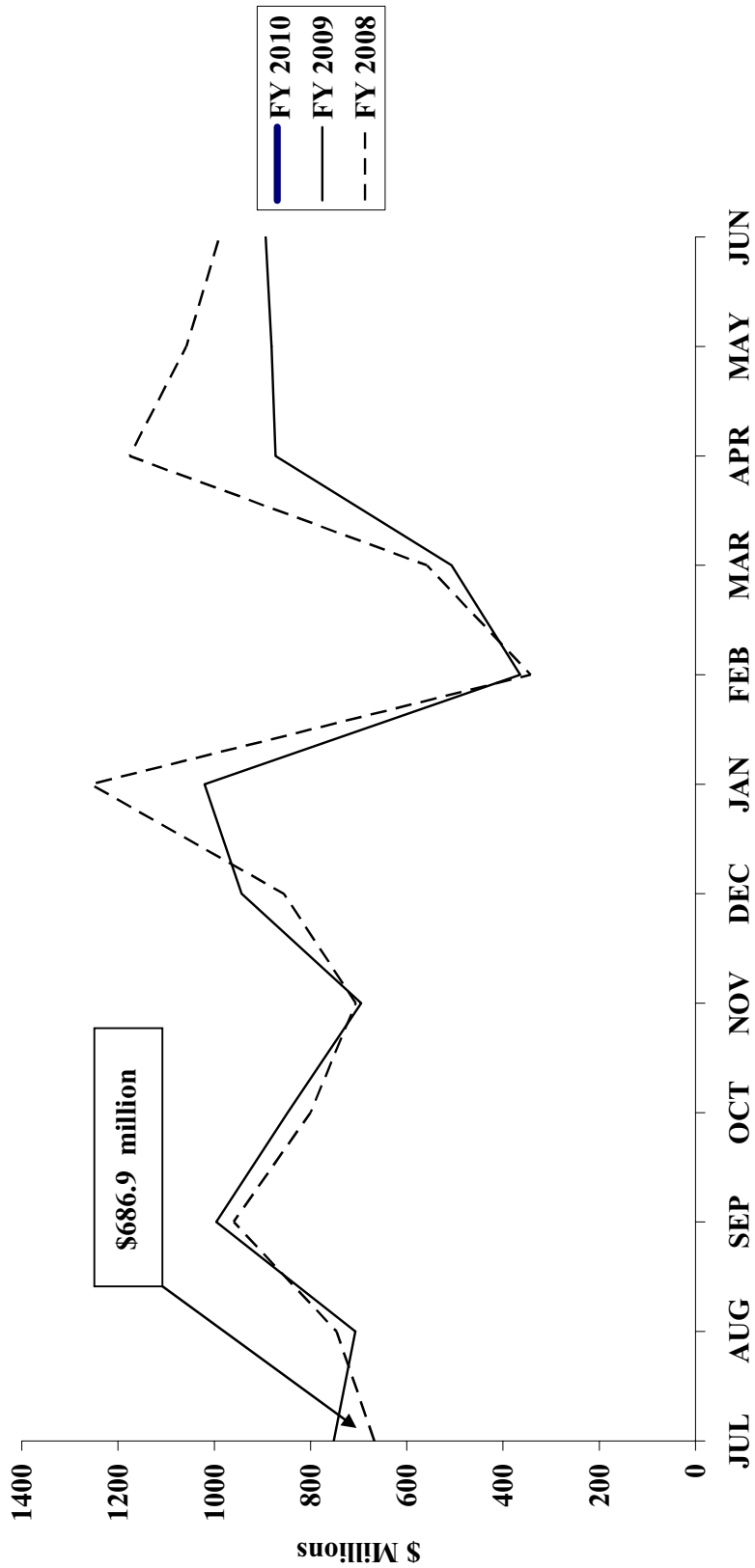
(a) The Dulles Toll Road was transferred to the Metropolitan Washington Airport Authority effective November 1, 2008. No toll revenues will be recorded for the Dulles Toll Road after November 1, 2008.

Total General Fund Revenues



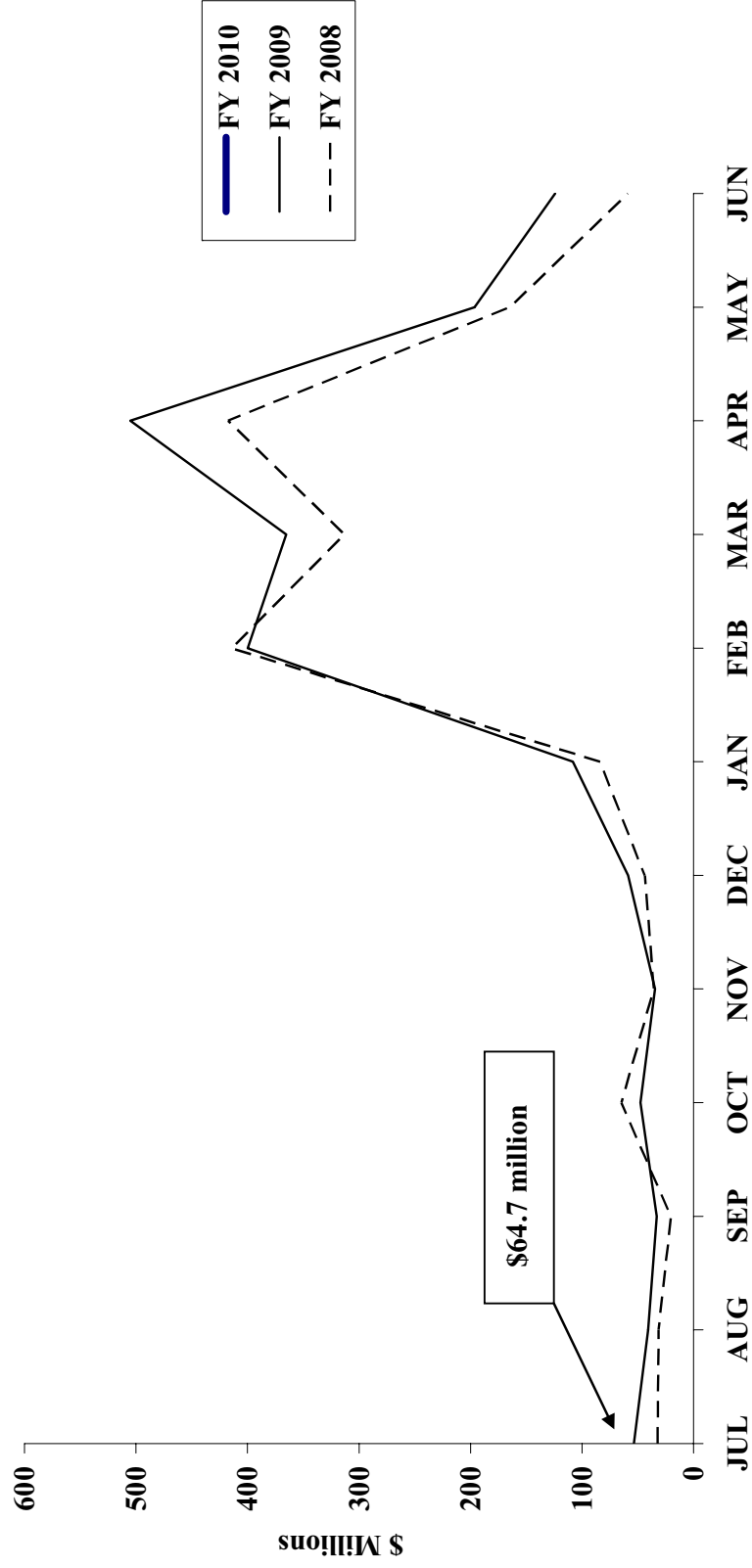
FY 2008 Actual = \$15,766.9 Million
FY 2009 Actual = \$14,315.1 Million
FY 2010 Estimate = \$15,262.0 Million

Net Individual Income Tax



FY 2008 Actual = \$10,114.8 Million
FY 2009 Actual = \$9,481.1 Million
FY 2010 Estimate = \$10,034.1 Million

Individual and Fiduciary Income Tax Refunds



FY 2008 Actual = \$1,679.9 Million
FY 2009 Actual = \$1,967.4 Million
FY 2010 Estimate = \$1,786.2 Million

DEPARTMENT OF THE TREASURY

General Account Investment Portfolio
 Monthly Average Balances and Rates
 For the Fiscal Year 2010
 (Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
July, 2009	\$2,788.6	1.50%	\$1,620.7	21.42%	\$4,409.3	8.82%
August						
September						
October						
November						
December						
January, 2010						
February						
March						
April						
May						
June						
Year-to-Date Average	\$2,788.6	1.50%	\$1,620.7	21.42%	\$4,409.3	8.82%

- Performance on the extended duration portion of the General Account is now reported on an annualized total return basis. Total return includes unrealized gains and losses, which in the short term can make returns more volatile.
- Over an extended time period the fluctuations average out and total return approaches the portfolio yield.
- Unaudited.

**Commonwealth of Virginia/Department of Accounts
Report on the Revenue Stabilization Fund
For the Fiscal Year 2010**

<u>Month</u>	<u>Beginning Balance</u>	<u>Deposits</u>	<u>Withdrawals</u>	<u>Interest Allocated (A)</u>	<u>Ending Balance</u>
July	\$575,063,868	\$0	\$0	\$0	\$575,063,868
August					
September					
October					
November					
December					
January					
February					
March					
April					
May					
June					

Notes: (A) Interest is earned monthly but credited to nongeneral funds on a quarterly basis and will appear on this report in the months of October, January, April, and final June.

States plug budget holes, for now

By Pamela M. Prah, Stateline.org

[Click here to read summaries by state or issue and other graphics about the 2009 legislative sessions so far.](#)

This year's state legislative session will go down as one of the most brutal in recent memory as the national recession forced lawmakers to find money to cover a staggering \$215 billion in estimated budget gaps for 2009 and 2010 — the equivalent of more than \$700 for every man, woman and child in the country.

Even with the federal stimulus package dumping billions of dollars into the states, California, Kentucky, Nevada, New York and Washington are among states that struggled with the largest deficits in modern history. California, by far, faced the biggest challenge — a whopping \$26 billion gap — that forced the state to slash \$15 billion in basic services, including program funds for K-12 education and health care for the poor, and to divert some \$4 billion from local jurisdictions.

Stateline.org's 2009 Legislative Year in Review is an exclusive look at major developments in state capitols as the country enters the second year of a national recession.

[Click here for Stateline.org's online package that includes state-by-state reviews detailing how states handled budget deficits and the federal stimulus package; the trends developing in key areas, such as education and health care; notable new legislation; and a chart of completed sessions and political control.](#)

While most statehouses have shuttered their doors for the year, newly emerging budget shortfalls caused by less-than-anticipated revenues will force many legislatures to reconvene to balance their budgets as required by law. The question is just how big the new holes will be. At least half the states already are running in the red less than a month after their new budgets began July 1. Arizona, Connecticut and Pennsylvania could not agree on a 2010 budget plan by July 1 and are still working to complete them. Michigan, the only state that begins its fiscal year Oct. 1, also is trying to close a budget shortfall.

Read the latest news, analysis and research on the economic crisis in the states in Stateline.org's new Recession and Recovery special section.

Some states enacted the largest tax increases in recent memory to balance their ledgers while others made deep cuts, slashing budgets for prisons, mental health and higher education. Many states found short-term patches to plug holes, laying the groundwork for even bigger problems in the coming year, particularly when the federal stimulus money starts drying up.

Several of the new state tax hikes, for example, are temporary, including higher sales taxes in California and Nevada and heftier personal income taxes in Hawaii, New York and New Jersey. Illinois turned to another short-term fix by

8/18/2009

borrowing \$3.5 billion to pay its pension obligation. Minnesota put off payments to school districts. California raided \$2 billion from local governments to balance its books.

The Stimulus and the States

Follow how states are managing the stimulus money and which programs are receiving funding as part of the recovery effort using Stateline.org's stimulus special section.

Stateline.org's annual review of all 50 states found much of the 2009 legislative session was spent frantically trying to patch budget holes with a windfall of federal stimulus dollars that many weren't sure how to tap. All but North Dakota and Montana had budget gaps when drafting their current 2010 budgets. Even with an infusion of an expected \$49 billion in stimulus funds during the year, states were forced to take dramatic measures to balance their ledgers for 2010:

At least 18 raised personal income and/or state sales taxes, with seven states levying higher taxes on those in upper-income brackets;

At least 18 will collect more revenue in cigarette and/or alcohol sales;

Some 35 states cut higher education spending or increased tuition;

At least 26 states slashed funding to prisons, including seven that reduced spending by more than 10 percent and another seven states closed prisons entirely;

17 forced state employees to take furloughs or unpaid leave, affecting more than 830,000 employees, and at least six offered state employees buyouts;

At least four states are forcing Medicaid patients to pay more for their care, and at least eight states cut optional benefits under Medicaid, the joint federal-state program that provides health coverage to more than 60 million low-income people;

Seven sought new gambling revenue, including Delaware, which this fall will join Nevada as the only states to allow sports betting. Ohio approved some 17,500 slot machines at race tracks, and Illinois added video poker at bars.

States are trying to balance their budgets at a time when state and local sales tax collections experienced their worst decline in 50 years and demands for state services are up dramatically as laid-off workers and struggling families seek unemployment benefits, food stamps and health care.

Budget deficit estimates change constantly and vary depending on the organizations tracking them. The National Conference of State Legislatures figures states had to confront deficits of \$142.6 billion when they were drafting fiscal 2010 budgets, but at the same time, lawmakers had to erase \$72.9 billion in red ink in their 2009 budgets. At least \$60 billion of deficits are looming in 2011, but that number will likely grow.

The National Association of State Budget Officers and National Governors Association put total state deficits at \$230 billion between fiscal 2009 and 2011. And the Center on Budget and Policy Priorities estimates states plugged \$275 billion in gaps during 2009-2010 and predicts budget gaps for the next two fiscal years — those already mostly closed for 2010 and those projected for 2011 — to total at least \$350 billion.

The fiscal outlook is so bad for most states that even Republican governors, loath to raise taxes, bucked the tide of their national party and accepted — and sometimes suggested — tax increases. Mississippi Gov. Haley Barbour, a former national GOP chairman and tobacco lobbyist, agreed to a 50-cent tax increase on a pack of cigarettes, for the first hike in nearly 25 years, and a hospital tax.

Other Republican governors who had to accept tax increases include Arnold Schwarzenegger of California, M. Jodi Rell of Connecticut and Charlie Crist of Florida. One of the sticking points in the ongoing budget impasse in Arizona was Republican Gov. Jan Brewer's insistence that the sales tax be raised, much to the dismay of the GOP-controlled

Legislature.

The federal recovery money helped states avoid draconian cuts, but few programs were spared. California, Michigan and Utah ended adult dental coverage for low-income people. Virginia closed 18 highway rest stops, and Arizona closed six state parks two days a week. Colorado, Kansas, Michigan, New Jersey, New York, North Carolina and Washington shut down prisons. California's budget eliminates state funding for new textbooks for five years.

But at the same time, recession-weary lawmakers in 14 states managed to boost health care coverage for children, and at least nine states expanded programs for prekindergarten-age children.

Budget cuts felt widely

Americans, already distressed by rising unemployment rates and decimated savings investment plans, are feeling the impact of state budget actions far and wide.

Some 40,000 poor people were cut from Washington state's basic health care plan, and another 29,500 poor adults lost coverage when Minnesota eliminated a program for individuals who don't qualify for Medicaid. Fewer poor people in New York will be eligible for free cancer screenings because of budget cuts. And the 30,000 legal immigrants who get health care coverage in Massachusetts – a state in the middle of an ambitious universal health care experiment – will see reduced benefits after \$90 million was cut from the program.

California, Connecticut, Georgia, Illinois, Michigan, New York, South Carolina and Tennessee were among state that made significant cuts to mental health programs.

Some 10,000 children in Illinois may not be able to go to preschool after the budget for prekindergarten programs was cut by 10 percent. California cuts may shorten its school year by five days. And in Hawaii, fewer students will be able to participate in school sports as athletic departments there got 65 percent of what they had in the last fiscal year. The \$100 billion in the federal stimulus package for schools over the next two years helped many legislatures avoid severe education cuts, but shortfalls were too deep to avoid cuts for schools in California, Idaho, Illinois, Kansas, Nevada, Utah and Washington.

Drivers will pay more for gas in Oregon, Rhode Island and Vermont, and heftier vehicle registration or car rental fees are on tap in more than a dozen states. Cigarette smokers in a dozen states will see higher prices. New Jersey, New York and North Carolina increased both tobacco and alcohol taxes.

Businesses, travelers and motorists also will have to shell out more. Electricians, plumbers, funeral directors and Christmas-tree growers in Washington state will pay more for their licenses. Travelers to Hawaii, Indiana and Nevada will see higher hotel taxes. At least nine states hiked court fees to bring in more revenue. In Florida, for example it now costs \$100 more for those seeking to adopt a child and \$25 more for those caught driving 15 miles per hour over the speed limit. Massachusetts imposed a one-time satellite dish tax.

In Oregon, a voter-approved plan to impose longer prison sentences on those who commit property crimes was delayed by state lawmakers who said they could not pay for it. Tennessee's department of corrections will save money by offering inmates less milk and meat in their daily meals. In Michigan, which has had the country's highest unemployment since 2006, the budget picture is so bleak that the small town of Standish is hoping to import prisoners from California – or maybe Guantanamo Bay – to keep a local state prison in business.

States targeted online shopping as a source of tax revenue. New York was finally able to implement a law enacted last year that requires certain companies to collect sales taxes on goods bought over the Internet. (Amazon and Overstock

had challenged the law in court and lost). This year, Hawaii, North Carolina and Rhode Island passed similar measures.

Kentucky, Vermont, Washington and Wisconsin all expanded the sales taxes to certain digital products, such as software and cell phone ringtones in Kentucky and online music in Washington. Tennessee extended the sales tax to software maintenance contracts.

State employees, once thought to have the most secure jobs with the best benefits, are being furloughed, or forced to take unpaid days off in at least 17 states. California's furloughs are the nation's harshest, with about 210,000 state workers losing three days each month until June 2010. Another 9,000 state employees in six states took early buyouts. Nearly 80,000 Pennsylvania state workers went unpaid for more than a month amid a state budget impasse.

The federal stimulus package blunted many cuts in health care programs because Congress threatened to withhold \$87 billion in Medicaid money from states that had toughened eligibility standards and application processes they had on July 1, 2008. That meant some states like California and South Carolina had to roll back newer policies that cut people from their Medicaid programs.

A few states were able to cut, not raise, taxes. Maine, North Dakota and Vermont reduced income tax rates. North Dakota was so flush that lawmakers gave themselves and state employees a 5 percent pay raise and approved \$400 million in income and corporate tax cuts. Montana and Wyoming cut property taxes.

California not alone with budget woes

This year's budget debacle in California overshadowed similar budget showdowns in Arizona, Connecticut, Illinois, North Carolina, Ohio and Pennsylvania, but experts say the Golden State's dilemma could be a precursor of the fiscal headaches yet to come as states weather the longest recession since World War II.

California's Schwarzenegger (R) and the Democratic-controlled legislature finally agreed to a controversial plan to close the state's monstrous shortfall, after voters in May rejected a plan that would have allowed the state to borrow \$5 billion from future lottery profits and extended for another two years the temporary 1-cent sales tax increase approved earlier in the year. State finance officials already are projecting a \$7 billion to \$8 billion shortfall for the next fiscal year.

New York, pummeled by Wall Street's implosion, is bracing for deficits expected to climb to \$6 billion over the next year after it closed a \$17.7 billion budget hole this year by raising income taxes on the rich and imposing a variety of hefty fees on state services.

Even states that have been largely spared from the recession are being forced to make cuts. Idaho reduced year-over-year funding for elementary and secondary education for the first time in its history. Energy-rich Wyoming trimmed its budget for the first time in at least 20 years as its financial forecasts sobered.

Worse is yet to come

State leaders began the year knowing that the country was officially in a recession, but few could predict how dire their fiscal predicament would be.

In the current recession — now 19 months long and still going — states have tackled greater budget shortfalls than they faced in the five years it took them to recover from the last national recession after the 2001 terrorist attacks, according to NCSL data.

While 2009 is grim, states worry 2010 and beyond will be even worse. Even if the national recession ends this year as many predict, the outlook for states is bleak. State fiscal conditions historically lag behind national economic recovery.

The year after a recession ends is typically when state budgets are hit hardest, because by then, Medicaid rolls have swelled with the higher numbers of the unemployed who have lost their health insurance.

Many state leaders also predict serious budget trouble when the flood of federal stimulus money ends in 14 months. At least six Republican governors came under fire for turning back a small portion of their stimulus share for fear of trouble funding new or expanded programs after the stimulus money runs out. Most of the \$275 billion that states will receive from the \$787 billion package will be spent in fiscal 2009, 2010 and 2011 budgets, with fewer dollars available in fiscal 2012.