

Governor Warner's Proposed 2004-2006 Budget

Economic Outlook
Revenue Forecast
Proposed Tax Reform Plan

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

December 17, 2003



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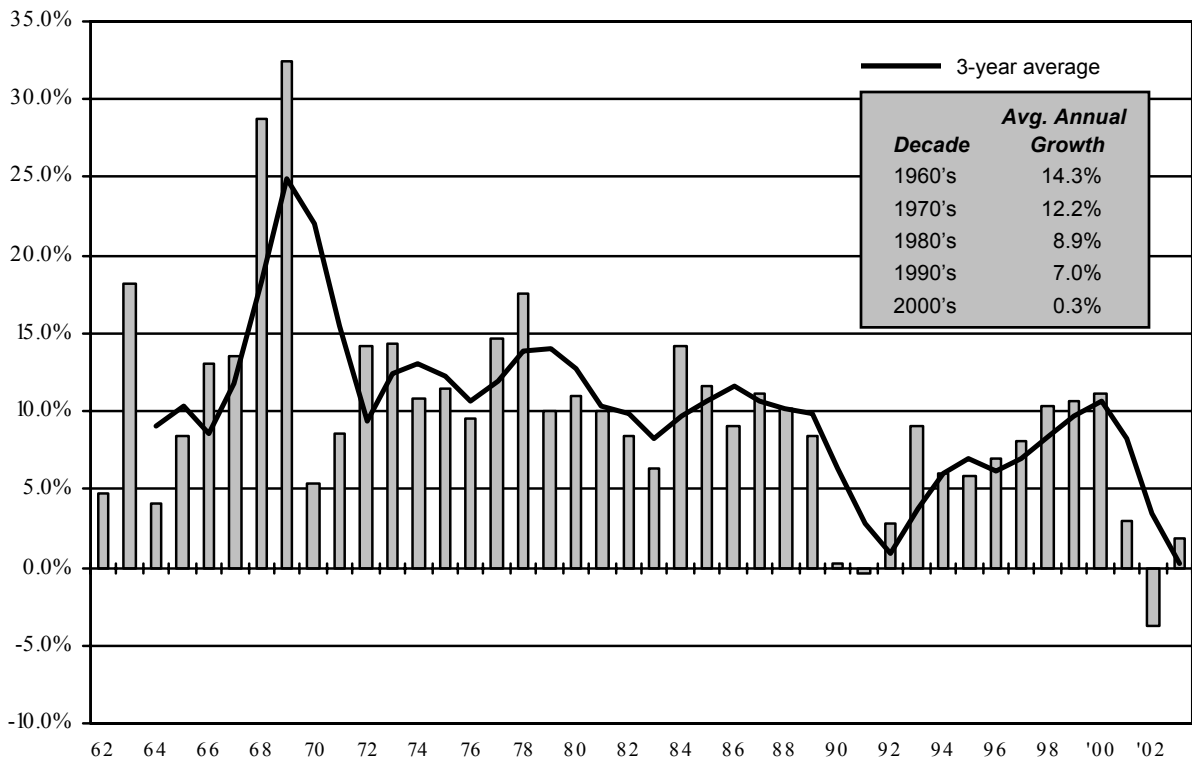
Outline . . .

- FY 2003 Year-end Revenue Results
- U.S. and Virginia Economic Outlook
- Governor Warner's Tax Reform Plan
- December Revenue Forecast
- Key Changes Impacting Revenues

The FY 2003 revenue surplus was the first since FY 2000 . . .

- During FY 2003, actual general fund collections were \$55.2 million above the forecast.
 - For the year, general fund revenues grew 1.8% -- the fourth weakest performance on record.
 - Major economic variables either tracked or were slightly below their forecasts.

General Fund Revenue Growth
Fiscal Year 1962 to Fiscal Year 2003



Since that time, the national economic recovery has continued to firm up . . .

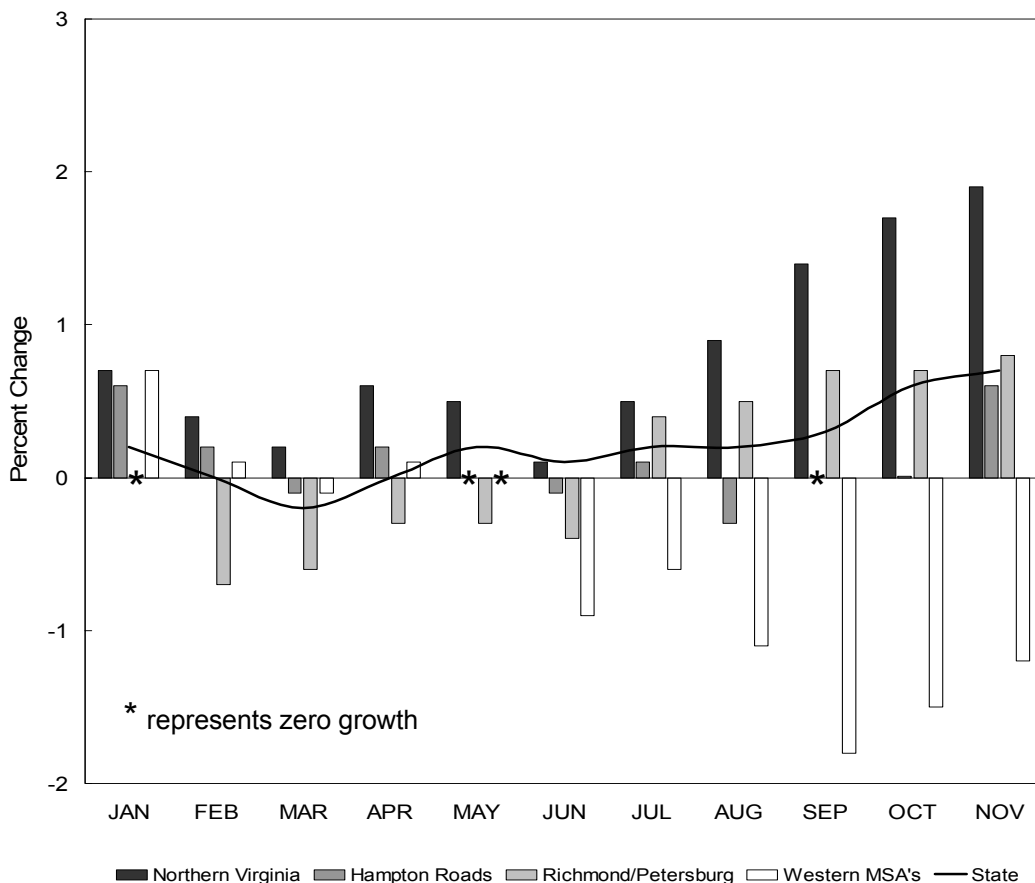
- Current national indicators suggest broad-based strength:
 - GDP 8.2% 3rd quarter
 - U.S. Employment Growth 4 months of gains
 - Unemployment Rate 5.9% in November
 - Consumer Confidence 14 month high
 - Consumer spending Up .9% in November
 - ISM – manufacturing index 62.8 in November

- Cautionary signs still exist.
 - Employment Growth Has been weak
 - Consumer Confidence Has been unstable
 - Oil Prices Still above \$28/barrel

The Virginia economy also continues to improve, although job growth is modest . . .

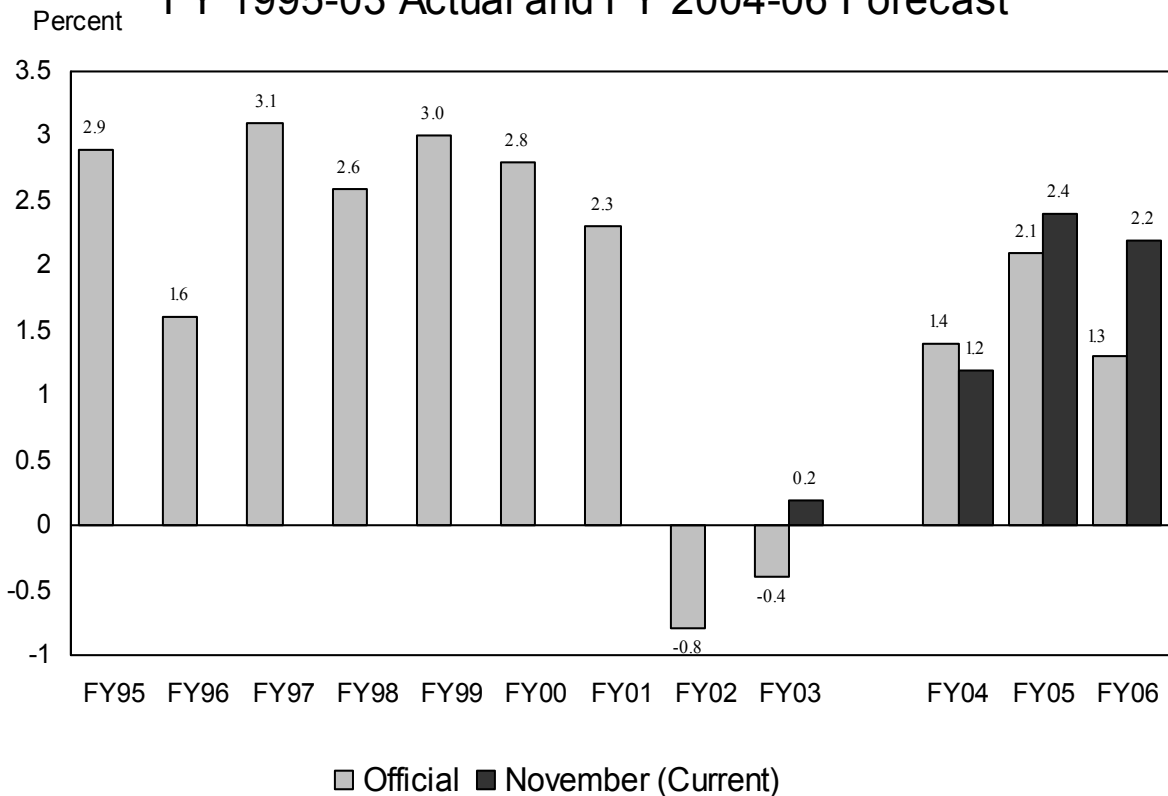
- Through November, Virginia has added jobs for seven consecutive months, although employment growth remains below 1 percent.
 - Northern Virginia has had positive growth since January, with gains in financial activities and services.

Monthly Employment Growth in Calendar Year 2003



After essentially flat employment in FY 2003, stronger job growth is now projected for FY 2005 and FY 2006 . . .

Virginia Employment Growth
 FY 1995-03 Actual and FY 2004-06 Forecast



FY02 Actual Job Losses	-36,400
FY03 Actual Job Gains	+5,700
FY04 Forecast	+40,800
FY05 Forecast	+85,800
FY06 Forecast	+80,600

The major economic indicators reflect the improved economic outlook . . .

- Employment gains are expected; wages and salary growth will also improve.

Comparison of Official and November Outlook

	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
Employment				
Official	-0.4	1.4	2.1	1.3
November (Current)	0.2	1.2	2.4	2.2
Wages and Salaries				
Official	3.2	5.9	6.3	5.1
November (Current)	2.3	4.8	5.9	5.7
Average Wages				
Official	3.6	4.4	4.1	3.8
November (Current)	2.2	3.6	3.4	3.4
Personal Income				
Official	5.4	4.9	6.1	4.4
November (Current)	3.5	4.8	5.7	5.7

The revised revenue forecast is consistent with the improved economic outlook . . .

- A lower forecast for withholding and an increase in projected refunds are offset by a projected increase in nonwithholding collections.
- Smaller sources drive most of the changes.
 - Corporate income taxes, recordation taxes, and insurance premiums account for most of the change.
- One-time actions in FY 04 impact FY 05 growth rate.

Summary of the Revised GF Revenue Forecast (Without Tax Reform)

	Fiscal Year 04		Fiscal Year 05		Fiscal Year 06	
	Official	Revised	Official	Revised	Official	Revised
Withholding	6.5%	5.9%	6.3%	6.0%	5.2%	5.8%
Nonwithholding	-4.8%	4.2%	7.8%	8.3%	8.3%	6.7%
Refunds	<u>-6.6%</u>	<u>-1.2%</u>	<u>7.4%</u>	<u>4.5%</u>	<u>7.3%</u>	<u>4.7%</u>
Net Individual	6.4%	6.8%	6.4%	6.8%	5.5%	6.1%
Sales	5.3%	5.2%	4.1%	5.7%	3.7%	4.7%
Corporate	-8.0%	24.5%	2.4%	-1.8%	6.6%	2.3%
Insurance	0.9%	7.4%	3.9%	9.3%	5.2%	8.6%
Public Service	-8.2%	-7.5%	3.8%	2.3%	3.8%	3.2%
All other revenue	-2.9%	5.3%	-7.1%	-4.5%	2.1%	-1.7%
Total	4.6%	6.8%	4.6%	5.3%	4.8%	5.1%
Total Revenue		\$11,606		\$12,216		\$12,841

Tax Amnesty adds to GF resources in FY 2004; end of Tax Partnership adds to GF resources in FY 2005 and FY 2006 . . .

Amnesty

- Tax Amnesty ran from Sept. 3 – Nov. 3.
- Program waived all penalties and one-half interest, but a 20% post-amnesty penalty was imposed on non-participants.
- Projected Amnesty revenue: \$44.8 million GF
- Actual revenue collected: \$89.5 million GF
 - Localities and the TTF will also benefit.
- One-time Amnesty revenues will be partially offset by a one-time post-amnesty loss in compliance collections.
- Net GF impact is \$33.7 million above forecast

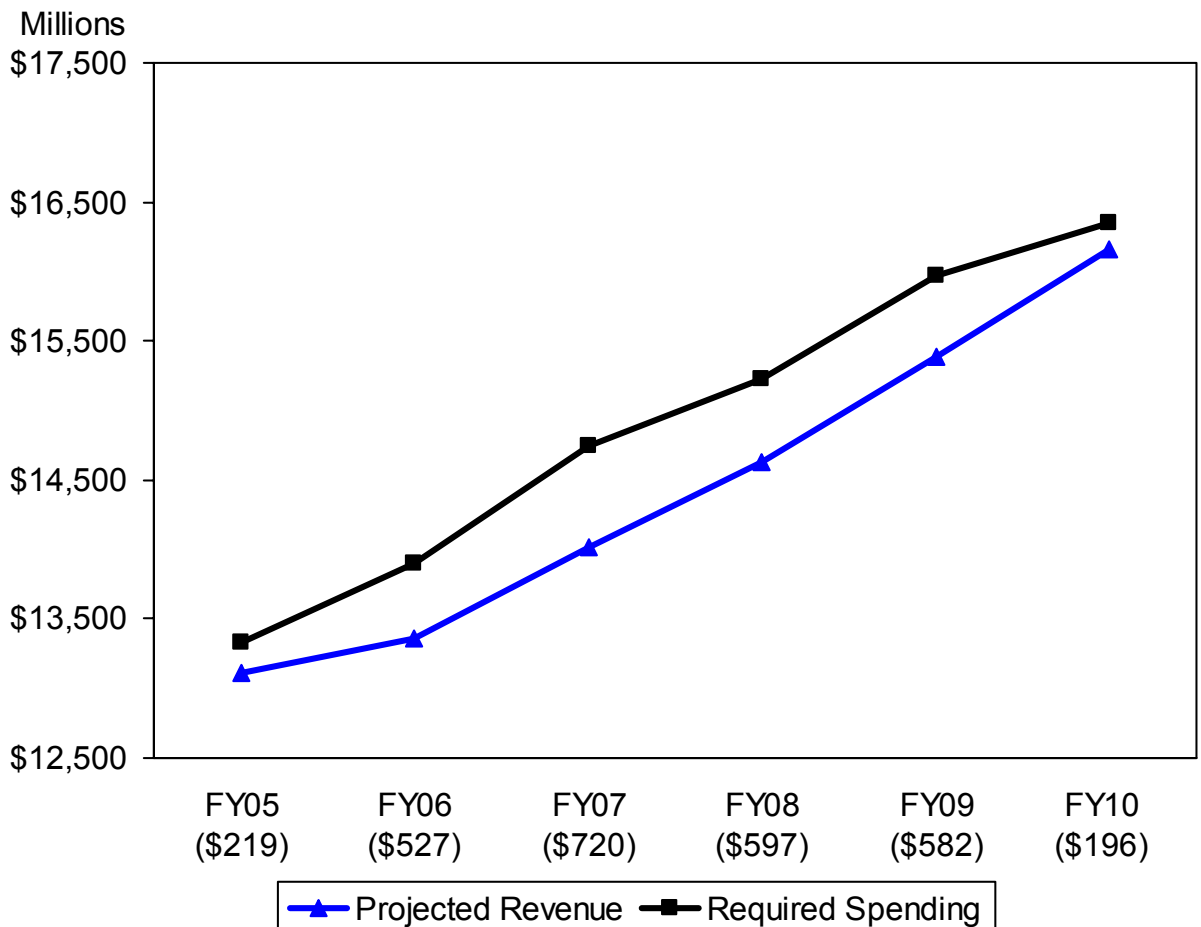
Partnership

- Partnership with AMS began in July, 1998
- New tax revenues generated through collection enhancements pay for the cost of the Partnership.
- Financial obligations to AMS fulfilled by end of FY 2004.
- Results in an annual GF increase of \$52.6 million in FY 2005 and FY 2006.
 - Localities and the TTF will also benefit.

Even with an economic recovery, the six-year forecast shows continuing budget shortfalls through the end of the decade . . .

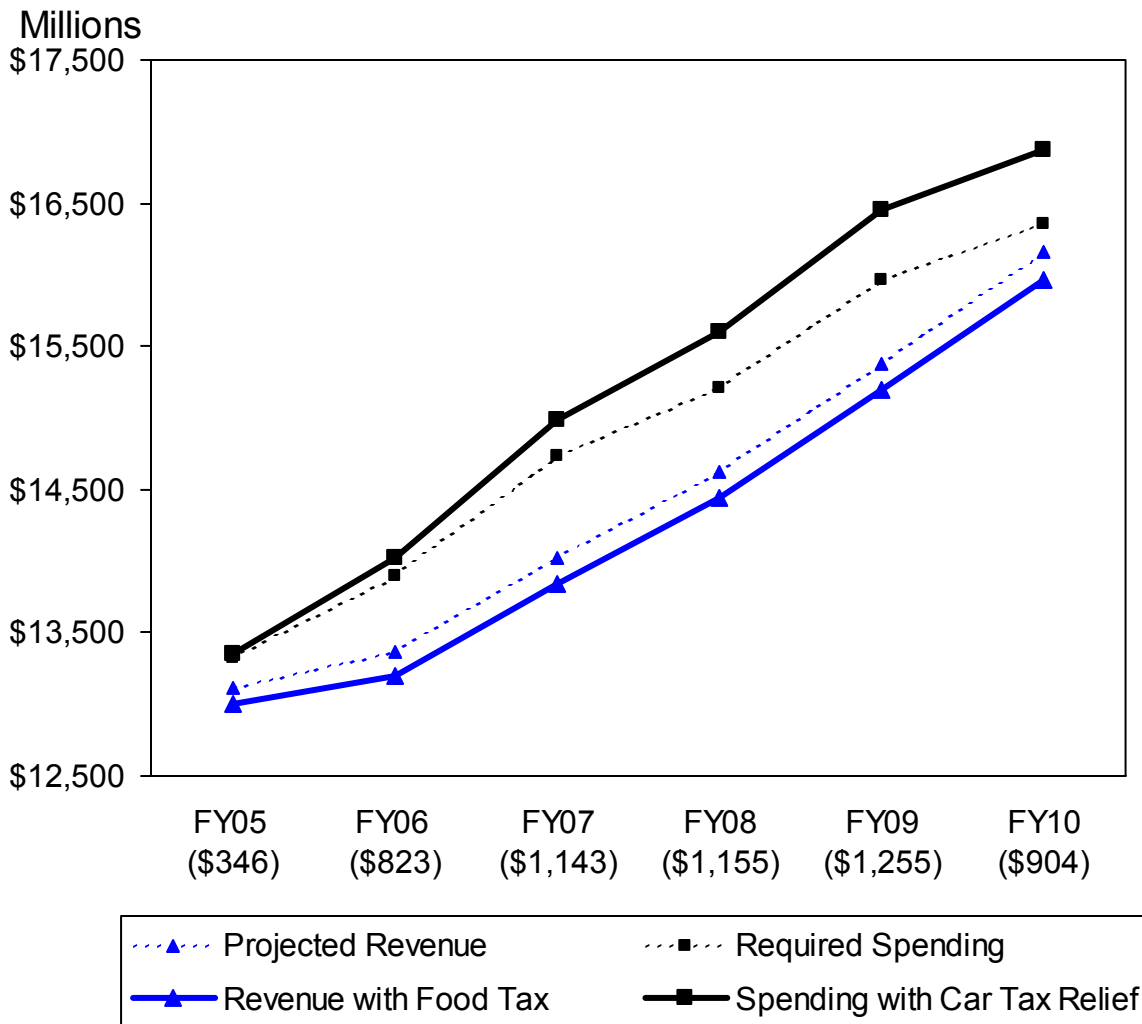
- At the Governor's recommendation, the 2002 General Assembly adopted a requirement for a six-year financial plan.
- Six-year projections show that even with solid revenue growth, budget shortfalls continue through the end of the decade.

Six-year Revenue and Expenditure Projection (70% Car Tax and No Additional Food Tax)



If the promises on car tax and food tax relief are kept, the budget shortfall is larger . . .

**Six-year Revenue and Expenditure Projections
(With 100% Car Tax and Food Tax Reduction)**



The results of the six-year financial projections make the need for tax reform more pressing . . .

- Governor Warner proposed a tax and budget reform plan with three fundamental goals:
 - 1) Make the tax system more fair.
 - 2) Meet Virginia's Constitutional commitment to provide a quality public education.
 - 3) Protect the Commonwealth's fiscal integrity.

Governor Warner's Tax Reform Plan will . . .

- Lower the income tax for most Virginians.
- Reduce the food tax by 1.5 cents and add 1 cent to the sales tax.
- Close corporate loopholes.
- Increase Virginia's state cigarette tax to pay for health care needs. Give counties ability to levy the tax, up to a cap.
- Finish the promise to end the car tax.
- Eliminate estate tax for working farms and family-owned businesses.
- End the unfair accelerated sales tax collection for retailers.
- Provide incentives for small and mid-size businesses to invest.
- Ease the tax burden on military, reservists, and National Guard families.
- Streamline collection of the state sales tax.

Governor's tax reform package addresses tax fairness and fiscal integrity . . .

Individual Income Tax

- Increases the personal exemption (from \$800 to \$1,000).
- Increases the standard deduction for individuals (from \$3,000 to \$4,000).
- Eliminates the marriage penalty (raising the standard deduction for married couples from \$5,000 to \$8,000).
- Lowers income taxes for all filers on first \$20,000 income.
- Raises the income threshold for filing tax returns (from \$5,000 to \$7,000 for individuals and from \$8,000 to \$14,000 for couples).
- Conforms to provisions of federal Military Family Tax Relief Act.
- Adds a 6.25% bracket for those with taxable income above \$100,000.
 - *About 7% of filers have taxable income above \$100,000.*

Governor's tax reform package addresses tax fairness and fiscal integrity . . .

Age Deduction

- Preserves \$12,000 deduction for current seniors 65 and older.
- Preserves \$6,000 deduction for current seniors aged 62-64.
- For persons turning 65 after January 1, 2005, the age deduction will be based on income.
 - For individuals, the age deduction will be reduced by \$1 for every \$2 above \$50,000 of income, and phased out for individuals with income above \$74,000.
 - For couples, the age deduction will be reduced by \$1 for every \$2 above \$75,000 of income, and phased out for couples with income above \$123,000.
 - The \$6,000 deduction for persons aged 62 – 64 will no longer be available for those who become 62 after January 1, 2005.

100% of current seniors 65 and older are unaffected. Over 75% of future seniors will not be affected.

Governor Warner's Tax Reform Plan . . .

Sales Tax

- Lower sales tax on food by 1.5 cents (one cent reduction on July 1, 2004; one-half cent reduction on July 1, 2005).
- Increase sales tax on non-food items by 1 percent, effective July 1, 2004.
- With this change, Virginia would remain lower than most neighboring states:

Combined State and Local Sales Taxes

→ District of Columbia	5.75%
→ Kentucky	6%
→ Maryland*	5%
→ North Carolina	7.05%
→ Tennessee	9.35%
→ West Virginia	6%

*Maryland has a local option income tax.

- With sales tax increase, only nine states that impose a sales tax would have a lower state sales tax rate than Virginia.
- Reform package also ends in June, 2005, the unfair accelerated sales tax payment adopted in 2002 as a one-time budget fix.

Governor Warner's Tax Reform Plan . . .

Car Tax

- Eliminate car tax (currently frozen at 70%) in budgets proposed during Governor Warner's term, subject to existing triggers:
 - 77.5% in 2005
 - 85% in 2006
 - 92.5% in 2007
 - 100% elimination in 2008

- The Code limits car tax spending to 8.5% of the general fund revenues available for appropriation.
 - The 8.5 percent cap would limit car tax reimbursement to about 79 percent, based on the current revenue forecasts for FY 2005 through FY 2010.

Governor Warner's Tax Reform Plan . . .

Cigarette Tax

- 2.5 cents per pack state tax moves to 25 cents per pack, with all revenue from cigarette taxes dedicated for health care.

- Expands taxing authority to counties over three years, and caps combined state and local taxes at 75 cents per pack (50 cpp local, 25 cpp state).
 - July 1, 2004 up to 20 cpp
 - July 1, 2005 up to a total of 35 cpp
 - July 1, 2006 up to a total of 50 cpp

- Localities that have a higher local cigarette tax than 50 cpp may levy their existing tax, but may not raise it further.

- Current state cigarette tax rates range from a high of \$2.05 per pack in New Jersey to 2.5 cents in Virginia.
 - The average state cigarette tax is 72 cents per pack.
 - The median state cigarette tax in U.S. is 59 cents per pack.

Governor Warner's Tax Reform Plan . . .

Estate, Business, and Corporate Income

- Fully eliminates estate tax on working farms and closely held businesses (if they comprise the majority of the estate), and estates up to \$10 million in value.
- Stimulates investment by allowing companies to deduct as business expenses up to \$100,000 in equipment purchases (conform to recent federal tax changes).
- Closes corporate tax loopholes. *21 of 50 largest corporate employers paid no corporate income tax in Virginia in 1999.*
 - Eliminates “Delaware holding company” loophole.
 - Eliminates “nowhere income,” ensuring that profits on goods shipped from Virginia are taxed in Virginia, unless they are taxed in another state (sales throwback provision).
 - Requires “pass-through entities” to identify their owners, most of whom live outside Virginia.

Impact of the Governor's Tax Reform Plan on Revenues . . .

	FY 2005	FY 2006	FY 2007	FY 2008
Individual Income Tax	(\$ Millions)			
Raise personal and dependent exemption from \$800 to \$1,000	(29.3)	(56.2)	(55.5)	(54.9)
Raise standard deduction to \$4,000 single/separate and \$8,000 married	(54.2)	(104.5)	(104.4)	(103.7)
Increase filing threshold to \$7,000 single/separate and \$14,000 married	(2.3)	(4.5)	(4.7)	(4.8)
Expand the 3% and 5% Brackets	(89.0)	(171.2)	(170.3)	(169.1)
Add a Top Bracket -- 6.25% on income above \$100,000	96.6	195.9	215.5	235.6
Age Deduction -- Retain \$12,000 age deduction for all filers 65 years old by 1/01/05 and \$6,000 for all filers 62 year old by 1/01/05. Filers 65 years old after 1/01/05 receive \$12,000 age deduction based on income. Eliminates \$6,000 deduction for filers not yet 62 by 1/01/05.	9.2	35.0	52.6	58.1
Conform to Military Family Tax Relief Act	(2.4)	(2.0)	(2.1)	(2.1)

Impact of the Governor's Tax Reform Plan on Revenues . . .

	FY 2005	FY 2006	FY 2007	FY 2008
Sales Tax	(\$ Millions)			
Increase Sales Tax on Non-Food items by 1 Cent	727.1	832.6	869.5	908.8
Reduce Food Tax by 1.5 Cents in two steps	(101.2)	(165.1)	(174.3)	(178.8)
Business Tax Provisions				
Close Intangible Holding Company Loophole	34.0	22.4	23.2	24.1
Eliminate "nowhere income" (Sales Throwback)	10.6	7.3	7.5	7.7
Identify Pass-Through Entity Owners	2.0	6.0	7.9	7.9
Conform to Federal § 179 Expensing Rules	(11.2)	(5.6)	6.0	6.9
Repeal the Accelerated Sales Tax	(181.0)	--	--	--
Cigarette Tax				
Increase by 22.5 cents per pack	146.5	145.8	143.8	143.8
Car Tax Relief				
77.5% in CY05, 85.0 in CY06, 92.5% in CY07, and 100% in CY08	(25.8)	(130.8)	(248.9)	(378.9)
Estate Tax				
Provides a full exemption for all estates valued at \$10 million or less, all closely held businesses, and all working farms	(50.9)	(63.3)	(53.3)	(50.3)
TOTAL FISCAL IMPACT*	\$481.6	\$546.2	\$515.8	\$453.1

*For FY04, net impact is -\$10.3 million

The Governor's tax reform package will help preserve Virginia's fiscal integrity . . .

- The proposed budget and tax reform plan will:
 - Make the tax code more fair.
 - Meet Virginia's basic obligations:
 - ➔ FY 04: -\$10.3 million
 - ➔ FY 05: +\$481.6 million
 - ➔ FY 06: +\$546.2 million in new revenue
 - Create no new programs or entitlements.
 - Replenish Revenue Stabilization Fund.
 - Help preserve Virginia's coveted AAA bond rating.
 - Return Virginia to responsible budget practices.

Governor Warner's budget and tax reform plan also proposes changes in budgeting of some revenue sources . . .

- Creates the Virginia Health Care Fund, whose proceeds will be used solely for health care. The fund would receive:
 - All revenue from state tax on cigarettes;
 - Revenues from the 40% general fund share of the Tobacco Master Settlement Agreement; and
 - All recoveries from prior year overpayments for Medicaid.
 - More than \$500 million will be dedicated for health care purposes in the 2004 – 2006 biennium through the fund.
- Creates the Virginia Natural and Historic Resources Fund, using proceeds from the fee levied on recordation (about \$15.1 million per year).
- Honors the commitment to provide proceeds from the additional “\$2 for Life” legislation for emergency medical services.

The Governor's Tax and Budget Reform Plan is embedded in the Official Revenue forecast on which the budget is based. . .

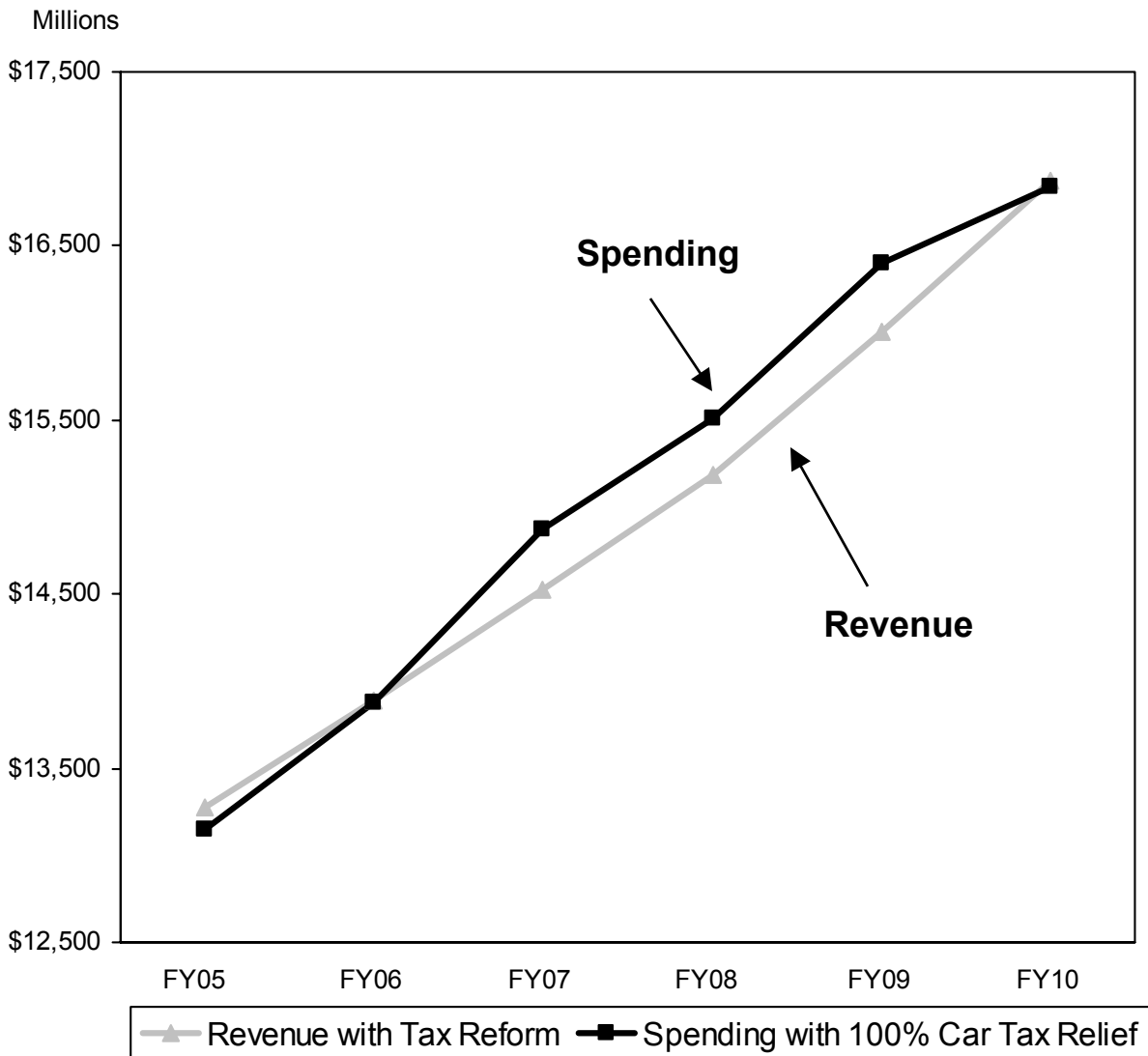
Summary of December Forecast – Including Tax Reform

	Fiscal Year 04		Fiscal Year 05		Fiscal Year 06	
	Official	Revised	Official	Revised	Official	Revised
Withholding	6.5%	5.9%	6.3%	5.1%	5.2%	5.0%
Nonwithholding	-4.8%	4.0%	7.8%	8.7%	8.3%	7.3%
Refunds	<u>-6.6%</u>	<u>-1.2%</u>	<u>7.4%</u>	<u>4.5%</u>	<u>7.3%</u>	<u>3.2%</u>
Net Individual	6.4%	6.8%	6.4%	5.9%	5.5%	5.8%
Sales	5.3%	5.2%	4.1%	23.8%	3.7%	11.3%
Corporate	-8.0%	21.1%	2.4%	9.0%	6.6%	0.1%
Insurance	0.9%	7.4%	3.9%	9.3%	5.2%	8.6%
Public Service	-8.2%	-7.5%	3.8%	2.3%	3.8%	3.2%
All other revenue	-2.9%	5.3%	-7.1%	-26.7%	2.1%	1.7%
Total	4.6%	6.7%	4.6%	6.9%	4.8%	6.8%
Total Revenue*		\$11,592		\$12,397		\$13,235

*With the creation of the Virginia Health Care Fund and the Virginia Natural and Historic Resources Fund.

The Governor's budget and tax reform plan restores stability, but keeps the pressure on state government to continue looking for efficiencies and savings . . .

Six-year Revenue and Expenditure Projection with Governor's Budget and Tax Reform Plan



APPENDIX

Summary of Governor Warner's Tax Reform Plan

U.S. Economic Indicators

Virginia Economic Indicators

General Fund Forecast for FY 2004 through FY 2010

Growth in General Fund Revenues FY 1961 through FY 2006

Nongeneral Fund Forecast for FY 2004 through FY 2010

Revenue Report through November 2003

Individual Income Tax

Effective January 1, 2005 unless otherwise noted

Item	Current Structure	Governor Warner's Plan
Personal and Dependent Exemption	\$800	\$1,000
Standard Deduction		
<i>Single</i>	\$3,000	\$4,000
<i>Married Filing Jointly</i>	\$5,000	\$8,000
<i>Married Filing Separately</i>	\$2,500	\$4,000
Rates and Brackets		
For taxable income:		
\$0-\$3,000	2%	\$0-\$3,000 2%
\$3,001-\$5,000	3%	\$3,001-\$7,000 3%
\$5,001-\$17,000	5%	\$7,001-\$20,000 5%
\$17,001-over	5.75%	\$20,001-\$100,000 5.75%
		\$100,001-Over 6.25%
Filing Threshold		
<i>Single</i>	\$5,000	\$7,000
<i>Married Filing Jointly</i>	\$8,000	\$14,000
<i>Married Filing Separately</i>	\$4,000	\$7,000
Age Deduction	\$12,000 for individuals 65 or older and \$6,000 for individuals age 62 through 64, regardless of income	<p>Individuals currently receiving the \$12,000 deduction (i.e., are currently at least 65) are not affected.</p> <p>Filers who turn 65 on or after January 1, 2005 will receive an age deduction based on their income.</p> <p>The age deduction for these individuals will be reduced by \$1 for every \$2 above \$50,000.</p> <p>Married couples who turn 65 on or after January 1, 2005 will reduce their deduction by \$1 for every \$2 above \$75,000.</p> <p>The current \$6,000 deduction for individuals who are 62-64 may be claimed only by filers who turn 62 on or before January 1, 2005.</p>
Military Family Tax Relief Act	Virginia does not conform.	<p>Virginia will conform for all affected tax years -- allowing federal tax relief to apply to the Virginia income tax.</p> <p>Examples of this tax relief are a deduction that allows people who serve in the National Guard to deduct up to \$1,500 in expenses for overnight travel associated with their duty, and a capital gain exclusion for military personnel who sell a home owned for less than two years.</p>

Sales Tax

Item	Current Structure	Governor Warner's Plan
Sales Tax	Current combined state and local rate of 4.5%	1% increase in sales tax, excluding food, to a combined state and local rate of 5.5% effective July 1, 2004.
Sales Tax on Food	Current combined state and local rate of 4.0%	1% reduction in food tax rate, effective July 1, 2004; an additional 0.5% reduction in food tax rate, effective July 1, 2005.
Streamlined Sales Tax Statute	Virginia has not adopted the provisions of the multi-state Streamlined Sales Tax agreement, which is intended to simplify and standardize sales tax laws across the states.	Adopt the Streamlined Sales Tax (SSTP) statute (without the sourcing rules), effective July 1, 2006. This does not allow taxing of access to the Internet. If Congress enacts legislation, the SSTP would allow states to collect sales taxes on goods purchased over the Internet. Under existing state law, sales taxes are owed on Internet purchases, but states have no means to ensure collection.

Business Tax Provisions

Effective January 1, 2004 unless otherwise noted

Item	Current Structure	Governor Warner's Plan
Accelerated Sales Tax Collections	Sales tax dealers with annual sales of \$1.3 million or more must make a prepayment in June of 90% of their June sales tax liability.	This requirement is repealed, effective July 1, 2004. Affected dealers will not have to make an accelerated payment in June 2005.
Close Intangible Holding Company Loophole	Virginia must currently prove that transactions with intangible holding companies improperly reflect Virginia income.	Effects of transactions with intangible holding companies will be eliminated from the corporate income tax computation.
Eliminate "nowhere income" loophole by adopting a "sales throwback" rule	Virginia currently does not require that sales shipped from a Virginia site be included in computing Virginia tax if the corporation is not subject to tax in other states.	The sales throwback rule would treat sales made into states where the corporation is not taxable as Virginia sales, ensuring that profits from goods shipped from Virginia are taxed in Virginia, unless they are taxed in another state.

Item	Current Structure	Governor Warner's Plan
Pass-Through Entities	Currently, federal law provides that pass-through entities be taxed at the ownership level. However, most are not required to provide information to Virginia that identifies their owners. At present, only S corporations are required to file an annual informational income tax return with Virginia.	All other pass-through entities (partnerships & limited liability companies) will be required to file an annual informational income tax return with Virginia.
Deductions for Equipment Purchases (Federal Conformity to § 179 Expensing)	Virginia allows businesses to deduct as a business expense up to \$25,000 in equipment or similar purchases.	Virginia will conform to new federal law for all affected tax years, allowing businesses to deduct up to \$100,000 in equipment or similar purchases each year.

Other Tax Reform Provisions

Effective January 1, 2004 unless otherwise noted

Item	Current Structure	Governor Warner's Plan
State Cigarette Tax	Rate of 2.5 cents per pack	Increase rate by 22.5 cents to a total of 25 cents per pack, effective July 1, 2004.
Local Cigarette Tax	Authority to impose is limited to cities, towns, and two counties.	<p>Allow all localities to impose a cigarette tax up to a maximum rate of 50 cents per pack. Localities currently levying the tax at a rate above 50 cents per pack may continue to levy their existing tax, but may not increase it.</p> <p>Counties will be given authority to levy a local cigarette tax in increasing amounts over three years:</p> <p>July 1, 2004 - up to 20 cents per pack (cpp)</p> <p>July 1, 2005 - up to a total of 35 cpp</p> <p>July 1, 2006 - up to a total of 50 cpp</p>
Car Tax Relief	Reimbursements are currently frozen at 70% of liability.	Increase reimbursements to 77.5% for CY 2005, 85% for CY 2006, 92.5% for CY 2007, and 100% for CY 2008, subject to the same conditions as are in the Code of Virginia now for revenue growth.

Item	Current Structure	Governor Warner's Plan
Estate Tax	Tax is imposed on the transfer of taxable estates in excess of \$1.5 million.	Effective for deaths occurring on and after January 1, 2004, the tax is imposed only on the transfer of taxable estates in excess of \$10 million. No tax is imposed on estates if the majority of the estate consists of an interest in a closely held business or a working farm.

**Fiscal Years 2001-2006 October & Official
U.S. Economic Forecasts - Income and Other Indicators**

		<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
<u>Output, Income and Spending (% Change)</u>							
GDP	-October Std.	4.2	2.6	4.0	5.3	5.7	5.4
	-Official	4.2	2.6	4.5	6.4	5.4	5.3
Real GDP	-October Std.	1.8	0.8	2.7	3.8	4.0	3.6
	-Official	1.8	0.8	2.8	3.9	3.2	3.2
Total Personal Income	-October Std.	6.4	2.1	3.1	4.2	5.5	5.5
	-Official	6.4	2.1	4.3	5.0	4.9	5.0
Wages and Salaries	-October Std.	5.9	0.6	1.6	3.6	6.0	5.8
	-Official	5.9	0.7	3.2	5.6	5.7	5.0
Average Wage (Nonag. Employ.)	-October Std.	4.6	1.7	2.2	3.5	3.7	3.7
	-Official	4.6	1.5	3.2	3.8	4.0	3.9
Real Consumer Spending	-October Std.	3.3	2.7	2.9	3.6	3.8	3.1
	-Official	3.3	2.7	3.0	2.9	2.4	2.9
<u>Interest Rates (%)</u>							
Treasury Bills	-October Std.	5.1	2.2	1.3	1.0	1.3	2.0
	-Official	5.1	2.1	1.6	2.5	3.6	4.4
30-Year Treasury Bonds	-October Std.	5.7	5.5	5.0	5.3	5.7	5.8
	-Official	5.7	5.5	5.2	5.8	6.2	6.5
<u>Prices (% Change)</u>							
CPI	-October Std.	3.4	1.8	2.2	1.6	1.5	1.8
	-Official	3.4	1.8	2.3	2.9	2.9	2.7
GDP Deflator	-October Std.	2.3	1.7	1.3	1.5	1.6	1.8
	-Official	2.3	1.7	1.7	2.4	2.1	2.0

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

The Official forecast is Global Insight's September 2002 U.S. standard forecast.

**Fiscal Years 2001-2006 October & Official
U.S. Economic Forecasts - Employment and Labor Markets**

		<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
<u>Employment and Labor Markets (% Change)</u>							
Total Nonagricultural Employment	-October Std.*	1.3	(1.0)	(0.5)	0.1	2.2	2.0
	-Official	1.3	(0.8)	0.1	1.8	1.7	1.1
Manufacturing	-October Std.*	(1.4)	(7.6)	(4.7)	(3.5)	0.0	0.8
	-Official	(1.5)	(6.3)	(1.6)	0.5	1.4	1.5
Construction	-October Std.*	1.8	(0.7)	(0.6)	1.8	3.4	3.4
	-Official	1.8	(1.1)	(2.2)	2.6	1.7	0.4
Mining	-October Std.*	3.1	(0.9)	(4.0)	(1.1)	(4.9)	(5.9)
	-Official	3.6	1.9	(0.4)	1.1	(1.0)	(2.1)
Services	-October Std.*	2.3	0.3	0.7	1.4	3.6	3.0
	-Official	2.6	0.3	1.4	3.1	2.8	2.1
Trade	-October Std.*	0.4	(1.7)	(1.0)	(0.5)	1.4	1.0
	-Official	0.9	(0.8)	(0.4)	1.1	0.8	0.3
Information	-October Std.*	3.9	(4.5)	(4.7)	(2.0)	2.8	1.1
	-Official						
Finance, Insurance, and Real Estate	-October Std.*	1.0	1.0	0.9	1.0	2.3	1.4
	-Official	1.0	1.3	0.5	2.9	2.4	1.1
Transportation, Communication, and Public Utilities	-October Std.*	1.3	(3.3)	(2.1)	(0.2)	4.3	3.2
	-Official	2.5	(2.8)	(0.9)	3.3	2.5	0.9
Government	-October Std.*	1.3	2.3	0.8	(0.4)	0.5	1.5
	-Official	1.0	1.9	0.5	0.3	0.2	0.1
Labor Force	-October Std.	0.9	0.8	1.0	0.9	1.2	1.4
	-Official	0.7	0.6	1.0	1.6	1.5	1.4
Unemployment Rate (%)	-October Std.	4.2	5.5	5.9	6.2	5.9	5.8
	-Official	4.2	5.5	6.1	5.9	5.7	5.7

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

The Official forecast is Global Insight's September 2002 U.S. standard forecast.

* NAICS

**Fiscal Years 2001-2006 October & Official
Virginia Economic Forecasts - Employment and Labor Markets**

		<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
<u>Employment (% Change)</u>							
Total Nonagricultural Employment	-October Std.*	2.1	(1.0)	0.2	1.2	2.4	2.2
	-Official	2.3	(0.8)	(0.4)	1.4	2.1	1.3
Manufacturing	-October Std.*	(3.3)	(7.5)	(4.9)	(3.3)	0.0	0.9
	-Official	(2.4)	(5.9)	(4.1)	(4.7)	(1.0)	(1.2)
Construction & Mining	-October Std.*	5.2	0.2	(0.7)	3.1	0.6	2.7
	-Official	4.2	(0.2)	(3.0)	1.3	2.6	3.2
Services	-October Std.*	3.1	0.5	1.8	1.9	3.9	3.7
	-Official	4.5	(0.4)	0.8	4.1	4.2	2.6
Trade	-October Std.*	1.1	(1.0)	(0.1)	1.3	2.2	1.5
	-Official	1.2	0.2	(0.1)	0.1	0.1	(0.2)
Finance, Insurance, and Real Estate	-October Std.*	2.6	0.3	1.6	0.9	3.7	2.3
	-Official	3.0	0.5	(0.4)	2.8	3.4	1.6
Transportation, Communication, and Public Utilities	-October Std.*	0.4	(4.6)	(1.4)	(0.1)	2.7	2.0
	-Official	3.8	(3.7)	(3.7)	1.1	2.7	1.2
Federal Government	-October Std.*	(1.5)	(2.7)	1.2	(0.3)	(0.1)	(0.5)
	-Official	(1.3)	(2.5)	1.3	0.1	0.0	(0.1)
State and Local Government	-October Std.*	2.4	1.7	1.2	2.1	0.4	0.0
	-Official	2.5	2.0	1.0	1.3	1.5	1.2
<u>Labor Markets (% Change)</u>							
Number of Unemployed	-October Std.	6.4	62.4	(0.2)	2.1	(5.1)	(1.3)
	-Official	5.9	64.5	20.7	5.5	0.8	0.4
Labor Force	-October Std.	2.3	2.0	1.3	0.1	0.6	0.9
	-Official	2.2	2.4	1.1	3.0	3.6	2.4
Unemployment Rate (%)	-October Std.	2.5	4.1	4.0	4.1	3.8	3.8
	-Official	2.5	4.1	4.9	5.0	4.9	4.8

The October Std. forecast, developed by the Department of Taxation, is based on Global Insight's October 2003 standard U.S. forecast. The Official forecast, developed by the Department of Taxation, is based on Global Insight's September 2002 standard U.S. forecast.

* NAICS

**Fiscal Years 2001-2006 October & Official
Virginia Economic Forecasts - Income and Other Indicators**

		<u>FY01</u>	<u>FY02</u>	<u>FY03</u>	<u>FY04</u>	<u>FY05</u>	<u>FY06</u>
<u>Income (% Change)</u>							
Total Personal Income	-October Std.*	7.8	2.5	3.5	4.8	5.7	5.7
	-Official	7.2	3.1	5.4	4.9	6.1	4.4
Real Personal Income	-October Std.*	5.2	1.1	1.6	3.2	4.1	3.8
	-Official	4.7	1.7	3.5	2.4	3.5	2.0
Wages and Salaries	-October Std.*	8.2	1.1	2.3	4.8	5.9	5.7
	-Official	8.5	1.8	3.2	5.9	6.3	5.1
Average Wage (Nonag. Employ.)	-October Std.*	6.1	2.1	2.2	3.6	3.4	3.4
	-Official	6.0	2.6	3.6	4.4	4.1	3.8
Dividends, Interest, and Rent	-October Std.*	9.1	0.5	0.6	3.1	5.5	5.5
	-Official	5.2	1.2	2.6	2.3	5.2	4.9
Net Transfer Payments	-October Std.*	8.6	19.9	12.5	8.0	6.3	6.8
	-Official	5.8	13.6	5.9	3.9	3.6	2.5
Other Labor Income	-October Std.*	7.5	5.2	9.5	3.9	5.0	7.1
	-Official	7.0	5.0	2.8	2.3	3.8	3.6
<u>Migration and Housing (Thousands)</u>							
Net Migration	-October Std.	50.2	54.3	51.8	33.0	11.3	15.3
	-Official	36.4	38.8	37.5	37.0	36.2	35.3
Single Family Housing Starts	-October Std.	42.3	44.7	49.3	42.3	40.6	40.7
	-Official	43.2	47.5	49.2	51.1	51.3	51.1
Multi-Family Housing Starts	-October Std.	8.8	8.6	11.6	11.7	10.8	10.4
	-Official	9.3	7.8	6.4	7.1	7.8	7.9

The October Std. forecast, developed by the Department of Taxation, is based on Global Insight's October 2003 standard U.S. forecast. The Official forecast, developed by the Department of Taxation, is based on Global Insight's September 2002 standard U.S. forecast.

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The Official and December Standard General Fund Forecast for Fiscal Year 2004
(Dollars in Millions)

December 17, 2003

	Fiscal Year 2004						2003-2004 Biennium		
	Official	December	Change	% Growth Over FY 03		Official	December	Change	
	Forecast	Forecast		Official	December	Forecast	Forecast		
MAJOR TAX SOURCES									
Corporate Income	\$ 315.9	\$ 415.9	\$ 100.0	(8.0) %	21.1 %	\$ 659.2	\$ 759.2	\$ 100.0	
Individual Income Tax:									
Gross	8,327.4	8,416.8	89.4	4.5	5.6	16,297.5	16,386.9	89.4	
Withholding	6,991.6	6,957.7	(33.9)	6.5	5.9	13,559.0	13,525.1	(33.9)	
Nonwithholding	1,335.8	1,459.1	123.3	(4.8)	4.0	2,738.5	2,861.8	123.3	
Refunds	<u>(1,115.9)</u>	<u>(1,180.4)</u>	<u>(64.5)</u>	<u>(6.6)</u>	<u>(1.2)</u>	<u>(2,310.3)</u>	<u>(2,374.8)</u>	<u>(64.5)</u>	
Net	7,211.5	7,236.4	24.9	6.4	6.8	13,987.2	14,012.1	24.9	
Insurance Company Premiums	336.1	357.8	21.7	0.9	7.4	669.1	690.8	21.7	
Public Service GR / Consumption Tax	83.8	84.4	0.6	(8.2)	(7.5)	175.0	175.6	0.6	
State Sales & Use Tax	<u>2,460.0</u>	<u>2,457.2</u>	<u>(2.8)</u>	<u>5.3</u>	<u>5.2</u>	<u>4,796.0</u>	<u>4,793.2</u>	<u>(2.8)</u>	
Total Major Tax Sources	\$ 10,407.3	\$ 10,551.7	\$ 144.4	5.3 %	6.8 %	\$ 20,286.6	\$ 20,431.0	\$ 144.4	
MISCELLANEOUS TAXES & OTHER REVENUES									
Alcoholic Beverages State Tax	\$ 95.4	\$ 91.4	\$ (4.0)	8.7 %	4.1 %	\$ 183.2	\$ 179.2	\$ (4.0)	
Bank Franchise Tax	9.4	10.0	0.6	1.6	8.1	18.7	19.3	0.6	
Beer & Beverage Excise Tax	32.7	32.7	0.0	(20.1)	(20.1)	73.6	73.6	0.0	
Corporate Franchise & Charter Fees	37.3	37.3	0.0	1.6	1.6	74.0	74.0	0.0	
Excess & Other Fees From Officers	(20.0)	(26.0)	(6.0)	(27.4)	(5.6)	(47.5)	(53.5)	(6.0)	
Estate & Gifts	135.2	125.1	(10.1)	(5.7)	(12.7)	278.5	268.4	(10.1)	
Institutional Revenues	9.3	9.3	0.0	17.8	17.8	17.2	17.2	0.0	
Interest & Rents	80.3	67.3	(13.0)	(3.3)	(19.0)	163.4	150.4	(13.0)	
Licenses & Permits	1.5	1.6	0.1	0.0	6.7	3.0	3.1	0.1	
Miscellaneous Taxes & Penalties	231.9	225.1	(6.8)	27.3	23.6	414.1	407.3	(6.8)	
Other Miscellaneous Revenues	112.4	126.6	14.2	82.6	105.7	173.9	188.1	14.2	
Tobacco Master Settlement	53.0	50.5	(2.5)	(11.7)	(15.8)	113.0	110.5	(2.5)	
Tobacco Products Tax	14.9	19.0	4.1	(2.7)	24.1	30.2	34.3	4.1	
Wills, Suits, Deeds & Contract Fees	<u>165.6</u>	<u>270.4</u>	<u>104.8</u>	<u>(42.1)</u>	<u>(5.4)</u>	<u>451.4</u>	<u>556.2</u>	<u>104.8</u>	
Total Misc. Taxes & Other Revenues	\$ 958.9	\$ 1,040.3	\$ 81.4	(2.9) %	5.3 %	\$ 1,946.8	\$ 2,028.2	\$ 81.4	
TOTAL GF REVENUES	\$ 11,366.2	\$ 11,592.0	\$ 225.8	4.6 %	6.7 %	\$ 22,233.3	\$ 22,459.1	\$ 225.8	
TRANSFERS									
A.B.C. Profits	\$ 7.0	\$ 9.0	\$ 2.0	(50.7) %	(36.6) %	\$ 21.2	\$ 23.2	\$ 2.0	
Lottery Proceeds Fund	371.4	386.1	14.7	(1.0)	2.9	746.5	761.2	14.7	
Transfers Per Appropriations Act	<u>317.8</u>	<u>586.4</u>	<u>268.6</u>	<u>(51.4)</u>	<u>(10.3)</u>	<u>971.2</u>	<u>1,239.8</u>	<u>268.6</u>	
Total Transfers	\$ 696.2	\$ 981.5	\$ 285.3	(33.2) %	(5.9) %	\$ 1,738.9	\$ 2,024.2	\$ 285.3	
TOTAL GENERAL FUND	\$ 12,062.4	\$ 12,573.5	\$ 511.1	1.3 %	5.6 %	\$ 23,972.2	\$ 24,483.3	\$ 511.1	

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

December 17, 2003

	Fiscal Year 2005				
	Official	December	Change	% Growth Over FY 04	
	Forecast	Forecast		Official	December
MAJOR TAX SOURCES					
Corporate Income	\$ 323.6	\$ 453.3	\$ 129.7	2.4 %	9.0 %
Individual Income Tax:					
Gross	8,871.7	8,894.9	23.2	6.5	5.7
Withholding	7,432.0	7,309.1	(122.9)	6.3	5.1
Nonwithholding	1,439.7	1,585.8	146.1	7.8	8.7
Refunds	<u>(1,198.5)</u>	<u>(1,233.3)</u>	<u>(34.8)</u>	<u>7.4</u>	<u>4.5</u>
Net	7,673.2	7,661.6	(11.6)	6.4	5.9
Insurance Company Premiums	349.3	391.2	41.9	3.9	9.3
Public Service GR / Consumption Tax	87.0	86.3	(0.7)	3.8	2.3
State Sales & Use Tax	<u>2,561.4</u>	<u>3,041.9</u>	<u>480.5</u>	<u>4.1</u>	<u>23.8</u>
Total Major Tax Sources	\$ 10,994.5	\$ 11,634.3	\$ 639.8	5.6 %	10.3 %
MISCELLANEOUS TAXES & OTHER REVENUES					
Alcoholic Beverages State Tax	\$ 97.3	\$ 93.3	\$ (4.0)	2.0 %	2.1 %
Bank Franchise Tax	9.6	10.3	0.7	2.1	3.0
Beer & Beverage Excise Tax	41.4	32.7	(8.7)	26.6	0.0
Corporate Franchise & Charter Fees	21.8	38.0	16.2	(41.6)	1.9
Excess & Other Fees From Officers	(21.4)	(20.0)	1.4	7.0	(23.1)
Estate & Gifts	138.7	68.4	(70.3)	2.6	(45.3)
Institutional Revenues	9.4	9.3	(0.1)	1.1	0.0
Interest & Rents	63.3	80.7	17.4	(21.2)	19.9
Licenses & Permits	1.5	1.6	0.1	0.0	0.0
Miscellaneous Taxes & Penalties	227.8	232.9	5.1	(1.8)	3.5
Other Miscellaneous Revenues	52.7	16.7	(36.0)	(53.1)	(86.8)
Tobacco Master Settlement	53.7	0.0	(53.7)	1.3	(100)
Tobacco Products Tax	14.8	0.0	(14.8)	(0.7)	(100)
Wills, Suits, Deeds & Contract Fees	<u>180.0</u>	<u>199.1</u>	<u>19.1</u>	<u>8.7</u>	<u>(26.4)</u>
Total Misc. Taxes & Other Revenues	\$ 890.6	\$ 763.0	\$ (127.6)	(7.1) %	(26.7) %
TOTAL GF REVENUES	\$ 11,885.1	\$ 12,397.3	\$ 512.2	4.6 %	6.9 %
TRANSFERS					
A.B.C. Profits	\$ 7.0	\$ 11.6	\$ 4.6	0.0 %	28.9 %
Lottery Proceeds Fund	371.4	395.0	23.6	0.0	2.3
Transfers Per Appropriations Act	<u>17.0</u>	<u>114.2</u>	<u>97.2</u>	<u>(94.7)</u>	<u>(80.5)</u>
Total Transfers	\$ 395.4	\$ 520.8	\$ 125.4	(43.2) %	(46.9) %
TOTAL GENERAL FUND	\$ 12,280.5	\$ 12,918.1	\$ 637.6	1.8 %	2.7 %

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

December 17, 2003

	Fiscal Year 2006					2005 - 2006 Biennium		
	Official	December	Change	% Growth Over FY 05		Official	December	Change
	Forecast	Forecast		Official	December	Forecast	Forecast	
MAJOR TAX SOURCES								
Corporate Income	\$ 345.0	\$ 453.7	\$ 108.7	6.6 %	0.1 %	\$ 668.6	\$ 907.0	\$ 238.4
Individual Income Tax:								
Gross	9,377.7	9,377.3	(0.4)	5.7	5.4	18,249.4	18,272.2	22.8
Withholding	7,818.5	7,676.2	(142.3)	5.2	5.0	15,250.5	14,985.3	(265.2)
Nonwithholding	1,559.2	1,701.1	141.9	8.3	7.3	2,998.9	3,286.9	288.0
Refunds	<u>(1,286.2)</u>	<u>(1,273.2)</u>	<u>13.0</u>	<u>7.3</u>	<u>3.2</u>	<u>(2,484.7)</u>	<u>(2,506.5)</u>	<u>(21.8)</u>
Net	8,091.5	8,104.1	12.6	5.5	5.8	15,764.7	15,765.7	1.0
Insurance Company Premiums	367.3	424.9	57.6	5.2	8.6	716.6	816.1	99.5
Public Service GR / Consumption T	90.3	89.1	(1.2)	3.8	3.2	177.3	175.4	(1.9)
State Sales & Use Tax	<u>2,656.1</u>	<u>3,387.0</u>	<u>730.9</u>	<u>3.7</u>	<u>11.3</u>	<u>5,217.5</u>	<u>6,428.9</u>	<u>1,211.4</u>
Total Major Tax Sources	\$ 11,550.2	\$ 12,458.8	\$ 908.6	5.1 %	7.1 %	\$ 22,544.7	\$ 24,093.1	\$ 1,548.4
MISCELLANEOUS TAXES & OTHER REVENUES								
Alcoholic Beverages State Tax	\$ 101.3	\$ 97.3	\$ (4.0)	4.1 %	4.3 %	\$ 198.6	\$ 190.6	\$ (8.0)
Bank Franchise Tax	9.8	10.6	0.8	2.1	2.9	19.4	20.9	1.5
Beer & Beverage Excise Tax	41.4	32.7	(8.7)	0.0	0.0	82.8	65.4	(17.4)
Corporate Franchise & Charter Fee:	21.8	39.0	17.2	0.0	2.6	43.6	77.0	33.4
Excess & Other Fees From Officers	(22.8)	(21.0)	1.8	6.5	6.5	(44.2)	(41.0)	3.2
Estate & Gifts	142.1	50.0	(92.1)	2.5	(26.9)	280.8	118.4	(162.4)
Institutional Revenues	9.5	9.3	(0.2)	1.1	0.0	18.9	18.6	(0.3)
Interest & Rents	63.3	90.0	26.7	0.0	11.5	126.6	170.7	44.1
Licenses & Permits	1.5	1.6	0.1	0.0	0.0	3.0	3.2	0.2
Miscellaneous Taxes & Penalties	236.0	228.3	(7.7)	3.6	(2.0)	463.8	461.2	(2.6)
Other Miscellaneous Revenues	52.9	31.2	(21.7)	0.4	86.8	105.6	47.9	(57.7)
Tobacco Master Settlement	54.6	0.0	(54.6)	1.7	n/a	108.3	0.0	(108.3)
Tobacco Products Tax	14.7	0.0	(14.7)	(0.7)	n/a	29.5	0.0	(29.5)
Wills, Suits, Deeds & Contract Fees	<u>183.1</u>	<u>206.8</u>	<u>23.7</u>	<u>1.7</u>	<u>3.9</u>	<u>363.1</u>	<u>405.9</u>	<u>42.8</u>
Total Misc. Taxes & Other Reven	\$ 909.2	\$ 775.8	\$ (133.4)	2.1 %	1.7 %	\$ 1,799.8	\$ 1,538.8	\$ (261.0)
TOTAL GF REVENUES	\$ 12,459.4	\$ 13,234.6	\$ 775.2	4.8 %	6.8 %	\$ 24,344.5	\$ 25,631.9	\$ 1,287.4
TRANSFERS								
A.B.C. Profits	\$ 7.0	\$ 13.3	\$ 6.3	0.0 %	14.7 %	\$ 14.0	\$ 24.9	\$ 10.9
Lottery Proceeds Fund	371.4	402.0	30.6	0.0	1.8	742.8	797.0	54.2
Transfers Per Appropriations Act	<u>17.0</u>	<u>110.4</u>	<u>93.4</u>	<u>0.0</u>	<u>(3.3)</u>	<u>34.0</u>	<u>224.6</u>	<u>190.6</u>
Total Transfers	\$ 395.4	\$ 525.7	\$ 130.3	0.0 %	0.9 %	\$ 790.8	\$ 1,046.5	\$ 255.7
TOTAL GENERAL FUND	\$ 12,854.8	\$ 13,760.3	\$ 905.5	4.7 %	6.5 %	\$ 25,135.3	\$ 26,678.4	\$ 1,543.1

The December Standard General Fund Forecast for Fiscal Years 2007-2010
(Dollars in Millions)

12/17/03

	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010
MAJOR TAX SOURCES				
Corporate Income	\$ 505.7	\$ 532.9	\$ 560.6	\$ 589.7
Individual Income Tax:				
Gross	9,956.8	10,465.0	11,118.3	11,778.3
Withholding	8,110.4	8,496.3	9,018.7	9,540.6
Nonwithholding	1,846.4	1,968.7	2,099.6	2,237.7
Refunds	<u>(1,342.0)</u>	<u>(1,426.1)</u>	<u>(1,511.9)</u>	<u>(1,595.1)</u>
Net	8,614.8	9,038.9	9,606.4	10,183.2
Insurance Company Premiums	447.4	472.0	498.0	525.4
Public Service GR / Consumption Tax	91.8	94.5	97.4	100.3
State Sales & Use Tax	<u>3,529.8</u>	<u>3,686.5</u>	<u>3,858.1</u>	<u>4,037.4</u>
Total Major Tax Sources	\$ 13,189.5	\$ 13,824.8	\$ 14,620.5	\$ 15,436.0
MISCELLANEOUS TAXES & OTHER REVENUES				
Alcoholic Beverages State Tax	\$ 101.2	\$ 105.2	\$ 109.4	\$ 113.8
Bank Franchise Tax	10.6	10.6	10.6	10.6
Beer & Beverage Excise Tax	32.7	32.7	32.7	32.7
Corporate Franchise & Charter Fees	40.0	41.0	42.0	43.0
Excess & Other Fees From Officers	(16.0)	(16.0)	(16.0)	(16.0)
Estate & Gifts	54.2	58.3	58.3	72.7
Institutional Revenues	9.5	9.5	9.5	9.5
Interest & Rents	90.0	90.0	90.0	90.0
Licenses & Permits	1.6	1.6	1.7	1.7
Miscellaneous Taxes & Penalties	255.9	270.5	286.2	302.9
Other Miscellaneous Revenues	37.4	37.4	37.4	37.4
Tobacco Master Settlement	0.0	0.0	0.0	0.0
Tobacco Products Tax	0.0	0.0	0.0	0.0
Wills, Suits, Deeds & Contract Fees	<u>219.8</u>	<u>228.5</u>	<u>237.7</u>	<u>247.3</u>
Total Misc. Taxes & Other Revenues	\$ 836.9	\$ 869.3	\$ 899.5	\$ 945.6
TOTAL GF REVENUES	\$ 14,026.4	\$ 14,694.2	\$ 15,520.0	\$ 16,381.6
TRANSFERS				
A.B.C. Profits	\$ 13.3	\$ 13.3	\$ 13.3	\$ 13.3
Lottery Proceeds Fund	402.0	402.0	402.0	402.0
Transfers Per Appropriations Act	<u>74.2</u>	<u>74.2</u>	<u>74.2</u>	<u>74.2</u>
Total Transfers	\$ 489.5	\$ 489.5	\$ 489.5	\$ 489.5
TOTAL GENERAL FUND	\$ 14,515.9	\$ 15,183.7	\$ 16,009.5	\$ 16,871.1
\$ Change From Previous Year	\$ 755.6	\$ 667.8	\$ 825.8	\$ 861.6

The December Standard General Fund Forecast for Fiscal Years 2007-2010
(Dollars in Millions)

12/17/03

	FY 07 % Growth Over FY 06	FY 08 % Growth Over FY 07	FY 09 % Growth Over FY 08	FY 10 % Growth Over FY 09
MAJOR TAX SOURCES				
Corporate Income	11.5 %	5.4 %	5.2 %	5.2 %
Individual Income Tax:				
Gross	6.2	5.1	6.2	5.9
Withholding	5.7	4.8	6.1	5.8
Nonwithholding	8.5	6.6	6.6	6.6
Refunds	<u>5.4</u>	<u>6.3</u>	<u>6.0</u>	<u>5.5</u>
Net	6.3	4.9	6.3	6.0
Insurance Company Premiums	5.3	5.5	5.5	5.5
Public Service GR / Consumption Tax	3.0	3.0	3.0	3.0
State Sales & Use Tax	<u>4.2</u>	<u>4.4</u>	<u>4.7</u>	<u>4.6</u>
Total Major Tax Sources	5.9 %	4.8 %	5.8 %	5.6 %
MISCELLANEOUS TAXES & OTHER REVENUES				
Alcoholic Beverages State Tax	4.0 %	4.0 %	4.0 %	4.0 %
Bank Franchise Tax	0.0	0.0	0.0	0.0
Beer & Beverage Excise Tax	0.0	0.0	0.0	0.0
Corporate Franchise & Charter Fees	2.6	2.5	2.4	2.4
Excess & Other Fees From Officers	(23.8)	0.0	0.0	0.0
Estate & Gifts	8.4	7.6	0.0	24.7
Institutional Revenues	2.2	0.0	0.0	0.0
Interest & Rents	0.0	0.0	0.0	0.0
Licenses & Permits	0.0	0.0	6.3	0.0
Miscellaneous Taxes & Penalties	12.1	5.7	5.8	5.8
Other Miscellaneous Revenues	19.9	0.0	0.0	0.0
Tobacco Master Settlement	n/a	n/a	n/a	n/a
Tobacco Products Tax	n/a	n/a	n/a	n/a
Wills, Suits, Deeds & Contract Fees	<u>6.3</u>	<u>4.0</u>	<u>4.0</u>	<u>4.0</u>
Total Misc. Taxes & Other Revenues	7.9 %	3.9 %	3.5 %	5.1 %
TOTAL GF REVENUES	6.0 %	4.8 %	5.6 %	5.6 %
TRANSFERS				
A.B.C. Profits	0.0 %	0.0 %	0.0 %	0.0 %
Lottery Proceeds Fund	0.0	0.0	0.0	0.0
Transfers Per Appropriations Act	<u>(32.8)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total Transfers	(6.9) %	0.0 %	0.0 %	0.0 %
TOTAL GENERAL FUND	5.5 %	4.6 %	5.4 %	5.4 %

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

<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>	<u>FY</u>	<u>Total Revenues</u>	<u>Growth</u>
61	230,998,887	---	84	3,397,710,261	14.2%
62	242,144,567	4.8%	85	3,790,816,000	11.6%
63	286,304,265	18.2%	86	4,131,778,000	9.0%
64	298,033,919	4.1%	87	4,590,434,000	11.1%
65	323,213,412	8.4%	88	5,054,382,000	10.1%
66	365,129,776	13.0%	89	5,478,912,000	8.4%
67	414,755,644	13.6%	90	5,494,884,000	0.3%
68	533,597,744	28.7%	91	5,471,879,000	-0.4%
69	706,254,374	32.4%	92	5,623,213,000	2.8%
70	743,721,322	5.3%	93	6,133,637,000	9.1%
71	807,954,651	8.6%	94	6,503,368,000	6.0%
72	922,653,686	14.2%	95	6,881,145,000	5.8%
73	1,054,469,443	14.3%	96	7,356,110,000	6.9%
74	1,168,562,871	10.8%	97	7,949,327,000	8.1%
75	1,303,178,893	11.5%	98	8,773,520,000	10.4%
76	1,428,421,157	9.6%	99	9,702,747,000	10.6%
77	1,636,301,819	14.6%	00	10,788,482,000	11.2%
78	1,923,085,084	17.5%	01	11,105,275,000	2.9%
79	2,115,211,522	10.0%	02	10,678,954,000	-3.8%
80	2,344,928,934	10.9%	03	10,867,149,000	1.8%
81	2,579,663,941	10.0%	*04	11,592,000,000	6.7%
82	2,796,458,741	8.4%	*05	12,397,300,000	6.9%
83	2,975,687,935	6.4%	*06	13,234,600,000	6.8%

*December 17, 2003 Forecast (Excludes Transfers)

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

<u>FY</u>	<u>Real Revenues</u>	<u>Growth</u>	<u>FY</u>	<u>Real Revenues</u>	<u>Growth</u>
61	1,043,296,503	---	84	5,034,987,494	9.8%
62	1,083,420,881	3.8%	85	5,432,233,149	7.9%
63	1,266,020,761	16.9%	86	5,743,266,902	5.7%
64	1,300,506,917	2.7%	87	6,208,218,011	8.1%
65	1,391,496,860	7.0%	88	6,573,330,862	5.9%
66	1,542,796,438	10.9%	89	6,828,964,047	3.9%
67	1,705,848,107	10.6%	90	6,576,466,047	-3.7%
68	2,128,707,327	24.8%	91	6,253,361,599	-4.9%
69	2,703,469,507	27.0%	92	6,227,912,128	-0.4%
70	2,716,244,488	0.5%	93	6,610,680,211	6.1%
71	2,822,992,788	3.9%	94	6,870,438,345	3.9%
72	3,103,704,267	9.9%	95	7,102,109,378	3.4%
73	3,417,001,063	10.1%	96	7,436,573,728	4.7%
74	3,505,013,898	2.6%	97	7,864,488,827	5.8%
75	3,548,841,319	1.3%	98	8,561,160,416	8.9%
76	3,656,313,554	3.0%	99	9,351,752,355	9.2%
77	3,957,031,611	8.2%	00	10,171,839,651	8.8%
78	4,355,527,309	10.1%	01	10,218,465,474	0.5%
79	4,440,596,475	2.0%	02	9,697,384,719	-5.1%
80	4,467,914,229	0.6%	03	9,687,976,893	-0.1%
81	4,465,210,855	-0.1%	*04	10,176,939,011	5.0%
82	4,518,579,920	1.2%	*05	10,715,884,371	5.3%
83	4,584,576,175	1.5%	*06	11,233,420,947	4.8%

*December 17, 2003 Forecast (Excludes Transfers)

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

NONGENERAL FUND REVENUE PROJECTIONS
For Fiscal Years 2004 Through 2009-2010
(Dollars in thousands)

	Actual	Projected						
	2003	2004	2005	2006	2007	2008	2009	2010
Taxes:								
Motor vehicle fuel tax	868.4	886.4	918.9	950.2	978.2	1,001.0	1,019.9	1,039.0
Unemployment compensation payroll tax	216.1	394.6	555.5	616.9	547.3	429.8	356.5	331.7
Special highway tax from sales tax	375.7	399.7	421.8	467.5	487.1	508.0	530.6	541.2
Motor vehicle sales tax and use tax	536.4	567.1	593.5	612.5	634.1	639.0	651.8	664.9
Other taxes	105.9	82.1	241.9	237.7	236.7	238.3	239.4	240.5
Total	2,102.4	2,330.0	2,731.7	2,884.7	2,883.4	2,816.0	2,798.2	2,817.3
Rights and privileges:								
Motor Vehicle Licenses	224.0	202.0	204.9	204.2	205.7	205.3	208.3	211.3
Other Rights & Privileges	419.1	478.4	493.6	502.7	513.8	523.9	528.1	530.8
Total	643.1	680.3	698.6	706.9	719.5	729.2	736.4	742.2
Sales of property and commodities:								
Alocoholic Beverage Sales	367.7	401.1	427.5	451.9	475.3	507.0	541.9	580.4
Other Sales	45.0	26.9	27.0	27.1	26.2	26.3	26.3	26.3
Total	412.7	428.1	454.6	478.9	501.5	533.3	568.2	606.7
Assessment & Receipts for Support of Special Services:								
	242.6	300.7	305.1	313.6	318.7	328.9	339.3	347.5
Institutional revenue:								
Institutions of Higher Education	1,989.8	2,142.3	2,257.9	2,351.1	2,504.4	2,629.7	2,761.1	2,899.2
Other Educational Institutions	6.9	10.8	8.3	8.4	9.0	10.0	10.0	10.5
Medical Hospitals	673.4	791.9	817.7	836.0	849.5	904.0	927.3	976.8
Mental Hospitals	259.2	272.3	272.0	272.5	273.1	273.6	274.2	274.7
Corrections	69.0	59.5	47.3	40.9	42.1	43.3	44.5	45.8
Other Institutions	14.9	19.6	21.6	22.6	23.3	29.9	31.1	31.6
Total	3,013.1	3,296.4	3,424.9	3,531.5	3,701.5	3,890.4	4,048.2	4,238.6
Interest dividends and rents:	90.1	73.3	69.8	84.3	101.9	112.3	113.7	113.3
Grants and donations:								
Federal grants and contracts	5,388.8	6,392.5	5,886.9	6,217.1	6,448.7	6,724.9	7,015.3	7,326.7
Other grants & contracts	181.4	194.9	113.3	113.2	115.1	117.1	119.3	121.8
Total	5,570.2	6,587.5	6,000.2	6,330.2	6,563.8	6,842.0	7,134.6	7,448.4
Other Revenue:	1,066.9	1,259.7	1,465.1	1,506.1	1,591.3	1,629.7	1,757.6	1,865.9
Total Nongeneral Fund Revenue	13,141.1	14,956.0	15,149.9	15,836.2	16,381.5	16,881.7	17,496.3	18,180.0
\$ Amount change from previous year	(129.4)	1,814.8	193.9	686.4	545.3	500.2	614.6	683.7
% Change from previous year	-1.0%	13.8%	1.3%	4.5%	3.4%	3.1%	3.6%	3.9%

Commonwealth of Virginia/Department of Accounts
Summary Report on General Fund and Lottery Revenue Collections
For the Fiscal Years 2003 and 2004
(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2004 Estimate	As a % of Gen Fund Rev & Net Lottery Profits	FY 2004	November FY 2003	% Change	FY 2004	Year-To-Date FY 2003	% Change	% Annual Growth Req By Est
Individual Income Tax:									
Withholding	\$6,991,600	59.57	\$548,915	\$523,714	4.8	\$2,762,259	\$2,600,266	6.2	6.5
Tax Dues/Estimated Payments	1,335,800	11.38	24,512	17,560	39.6	296,976	288,969	2.8	(4.8)
Gross Individual Income Tax	\$8,327,400	70.95	\$573,427	\$541,274	5.9	\$3,059,235	\$2,889,235	5.9	4.5
Individual and Fiduciary Income (Refunds)	(1,115,900)	(9.51)	(24,674)	(16,411)	50.4	(135,633)	(168,779)	(19.6)	(6.6)
Net Individual Income Tax	\$7,211,500	61.44	\$548,753	\$524,863	4.6	\$2,923,602	\$2,720,456	7.5	6.4
Sales and Use Tax	2,460,000	20.96	208,911	197,907	5.6	902,871	856,224	5.4	5.3
Corporations Income Tax	315,900	2.69	(17,423)	(40,570)	57.1	112,711	61,357	83.7	(8.0)
Public Service Corporations	83,800	0.72	5,420	5,582	(2.9)	30,344	34,779	(12.8)	(8.2)
Insurance Premiums	336,100	2.86	4,085	(9,523)	142.9	72,685	69,215	5.0	0.9
Interest Income (a)	80,000	0.68	11,110	24,938	(55.4)	33,313	54,819	(39.2)	(2.1)
Alcoholic Beverage Sales (b)	128,100	1.09	26,087	24,691	5.7	42,675	39,937	6.9	(0.5)
Tobacco Master Settlement	53,000	0.45	0	0	-	516	0	-	(11.7)
All Other Revenues (c)	697,800	5.95	43,963	57,449	(23.5)	298,030	272,871	9.2	(2.7)
Total General Fund Revenues (c)	\$11,366,200	96.84	\$830,906	\$785,337	5.8	\$4,416,747	\$4,109,658	7.5	4.6
Gross Lottery Revenue	\$1,163,770	9.91	\$95,605	\$89,864	6.4	\$472,090	\$450,034	4.9	2.5
Less: Expenses	(792,351)	(6.75)	(66,771)	(60,121)	11.1	(317,818)	(298,766)	6.4	4.2
Net Lottery Profits	\$371,419	3.16	\$28,834	\$29,743	(3.1)	\$154,272	\$151,268	2.0	(1.0)
Total General Fund Revenues and Net Lottery Profits (c)	\$11,737,619	100.00	\$859,740	\$815,080	5.5	\$4,571,019	\$4,260,926	7.3	4.4

Percentage is greater than 1,000%.

(a) Approximately 60% of the interest for the current quarter is due to nongeneral funds and will be transferred in January.

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

(c) Year-to-date revenue on this report for FY 2004 has been reduced by \$32.4 million representing receipts from the Federal Government received this year pertaining to increased Federal Medical Assistance Percentages for fourth quarter fiscal 2003 Medicaid expenditures authorized under the Jobs and Growth Tax Relief Reconciliation Act of 2003. Such receipts for prior year expenditure credits must be recorded as revenue. This report was revised to provide appropriate year-to-date comparability to prior year amounts. Actual Total General Fund year-to-date revenue is \$4.449 billion.

Commonwealth of Virginia/Department of Accounts
General Fund Statement of Revenue Collections and Estimates
For the Fiscal Years 2003 and 2004

(Dollars in Thousands)

Revenue	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	FY 2004 Estimate	As a % of Total Gen Fund Rev	FY 2004	FY 2003	% Change	FY 2004	FY 2003	% Change	% Annual Growth Req By Est
Taxes:									
Individual Income Tax - Withholding	\$6,991,600	61.51	\$548,915	\$523,714	4.8	\$2,762,259	\$2,600,266	6.2	6.5
Tax Dues/Estimated Payments	1,335,800	11.75	24,512	17,560	39.6	296,976	288,969	2.8	(4.8)
Gross Individual Income Tax	\$8,327,400	73.26	\$573,427	\$541,274	5.9	\$3,059,235	\$2,889,235	5.9	4.5
Individ and Fiduc Income (Refunds)	(1,115,900)	(9.82)	(24,674)	(16,411)	50.4	(135,633)	(168,779)	(19.6)	(6.6)
Net Individual Income Tax	\$7,211,500	63.44	\$548,753	\$524,863	4.6	\$2,923,602	\$2,720,456	7.5	6.4
Sales and Use Tax	2,460,000	21.64	208,911	197,907	5.6	902,871	856,224	5.4	5.3
Corporations Income	315,900	2.78	(17,423)	(40,570)	57.1	112,711	61,357	83.7	(8.0)
Public Service Corporations	83,800	0.74	5,420	5,582	(2.9)	30,344	34,779	(12.8)	(8.2)
Insurance Premiums	336,100	2.96	4,085	(9,523)	142.9	72,685	69,215	5.0	0.9
Alcoholic Beverage Excise	95,400	0.84	22,503	21,281	5.7	23,808	21,472	10.9	8.7
Beer and Beverage Excise	32,700	0.29	3,584	3,410	5.1	18,867	18,465	2.2	(20.1)
Wills, Suits, Deeds, Contracts	165,600	1.46	20,873	20,877	0.0	145,886	111,583	30.7	(42.1)
Inheritance, Gift, and Estate	135,200	1.19	7,120	19,390	(63.3)	51,140	67,591	(24.3)	(5.7)
Tobacco Products	14,900	0.13	1,066	982	8.6	6,595	6,454	2.2	(2.7)
Bank Franchise	9,400	0.08	0	0	-	64	62	3.2	1.6
Other Taxes	16,800	0.15	1,678	(210)	899.0	4,923	(2,037)	341.7	286.5
Total Taxes	\$10,877,300	95.70	\$806,570	\$743,989	8.4	\$4,293,496	\$3,965,621	8.3	4.1
Rights and Privileges:									
Licenses and Permits	\$1,500	0.01	\$343	\$114	200.9	\$1,676	\$626	167.7	(2.3)
Corp. Franchise and Charters	37,300	0.33	446	456	(2.2)	2,859	2,708	5.6	1.6
Fees for Practice of Prof	1,100	0.01	39	30	30.0	115	99	16.2	0.8
Fees for Misc. Privileges & Services	11,600	0.10	(184)	684	(126.9)	3,956	3,920	0.9	3.8
Total Rights and Privileges	\$51,500	0.45	\$644	\$1,284	(49.8)	\$8,606	\$7,353	17.0	1.9
Other Revenues:									
Sales of Property & Commodities	\$9,100	0.08	\$2	\$0	-	\$726	\$6	#	793.0
Assessmts & Rcpts for Support of Special Svcs	400	0.00	7	13	(46.2)	123	157	(21.7)	4.4
Institutional Revenue	9,300	0.08	115	808	(85.8)	4,677	3,065	52.6	17.8
Interest (a)	80,000	0.71	11,110	24,938	(55.4)	33,313	54,819	(39.2)	(2.1)
Dividends and Rent	300	0.00	23	23	0.0	144	208	(30.8)	(78.4)
Fines, Forfeitures & Fees	215,100	1.89	12,479	13,178	(5.3)	78,267	73,326	6.7	12.5
Other Revenue (b)	80,800	0.71	2,250	2,454	(8.3)	11,618	12,124	(4.2)	108.5
Excess Fees	(20,000)	(0.17)	(3,117)	(2,280)	(36.7)	(18,199)	(10,693)	(70.2)	27.4
Private Donations, Gifts & Cont.	0	0.00	0	0	-	0	0	-	(100.0)
Cities, Counties, and Towns	9,400	0.08	823	930	(11.5)	3,460	3,672	(5.8)	3.1
Tobacco Master Settlement	53,000	0.47	0	0	-	516	0	-	(11.7)
Total Other Revenues (b)	\$437,400	3.85	\$23,692	\$40,064	(40.9)	\$114,645	\$136,684	(16.1)	20.2
Total General Fund Revenues (b)	\$11,366,200	100.00	\$830,906	\$785,337	5.8	\$4,416,747	\$4,109,658	7.5	4.6

Percentage is greater than 1,000%.

(a) Approximately 60% of the interest for the current quarter is due to nongeneral funds and will be transferred in January.

(b) Year-to-date revenue on this report for FY 2004 has been reduced by \$32.4 million representing receipts from the Federal Government received this year pertaining to increased Federal Medical Assistance Percentages for fourth quarter fiscal 2003 Medicaid expenditures authorized under the Jobs and Growth Tax Relief Reconciliation Act of 2003. Such receipts for prior year expenditure credits must be recorded as revenue. This report was revised to provide appropriate year-to-date comparability to prior year amounts. Actual Total General Fund year-to-date revenue is \$4.449 billion.

**Commonwealth of Virginia/Department of Lottery
Summary Report on Lottery Collections
For the Fiscal Years 2003 and 2004
(Dollars in Thousands)**

	FY 2004 Estimate (d)	November			Year-To-Date			% Annual Growth Required By Estimate
		FY 2004	FY 2003	% Change	FY 2004	FY 2003	% Change (b)	
Lottery Collections								
Lotto South	\$78,440	\$6,693	\$5,894	13.6	\$29,673	\$30,547	(2.9)	9.5
Cash 5	24,890	2,192	2,393	(8.4)	11,277	12,012	(6.1)	(12.5)
Pick 4	153,650	12,401	11,815	5.0	61,910	59,249	4.5	4.6
Pick 3	241,500	18,638	19,533	(4.6)	95,779	98,874	(3.1)	0.4
Mega Millions	117,600	7,137	7,746	(7.9)	40,808	44,498	(8.3)	12.0
Scratch	547,690	48,544	42,483	14.3	232,643	204,854	13.6	0.8
Gross Lottery Revenue	<u>1,163,770</u>	<u>95,605</u>	<u>89,864</u>	<u>6.4</u>	<u>472,090</u>	<u>450,034</u>	<u>4.9</u>	<u>2.5</u>
Expenses (c)	<u>792,351</u>	<u>66,771 (a)</u>	<u>60,121</u>	<u>11.1</u>	<u>317,818 (a)</u>	<u>298,766</u>	<u>6.4</u>	<u>4.2</u>
Net Lottery Ticket Profits	<u>\$371,419</u>	<u>\$28,834 (a)</u>	<u>\$29,743</u>	<u>(3.1)</u>	<u>\$154,272 (a)</u>	<u>\$151,268</u>	<u>2.0</u>	<u>(1.0)</u>

(a) Current month includes operating expenses estimate (unaudited closing).

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

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

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

(d) Estimate established in December 2002.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Summary Statement of Revenue Estimates & Collections
For the Fiscal Years 2003 and 2004
(Dollars in Thousands)

Revenue	FY 2004 Estimate	As a % of Total Fund	November			Year-To-Date			% Annual Growth Required By Estimate
			FY 2004	FY 2003	% Change	FY 2004	FY 2003	% Change	
Motor Fuel Taxes	\$842,000	25.32	\$67,072	\$64,453	4.1	\$287,881	\$281,573	2.2	4.1
Priority Transportation Fund	20,000	0.60	2,000	2,000	0.0	6,000	6,000	0.0	0.0
Motor Vehicle Sales and Use Tax	546,000	16.42	39,859	36,292	9.8	253,796	230,977	9.9	0.6
State Sales and Use Tax	398,000	11.97	35,326	33,558	5.3	155,563	149,545	4.0	5.9
Motor Vehicle License Fees	178,200	5.36	10,279	10,190	0.9	66,610	67,073	(0.7)	12.3
International Registration Plan	64,400	1.94	2,753	2,163	27.3	13,144	16,621	(20.9)	11.9
Interest Earnings	11,500	0.35	0	0	-	3,480	4,688	(25.8)	(21.4)
Misc. Taxes, Fees, and Revenues	24,000	0.72	2,024	1,530	32.3	9,954	10,568	(5.8)	3.3
Total State Taxes and Fees	\$2,084,100	62.68	\$159,313	\$150,186	6.1	\$796,428	\$767,045	3.8	4.1

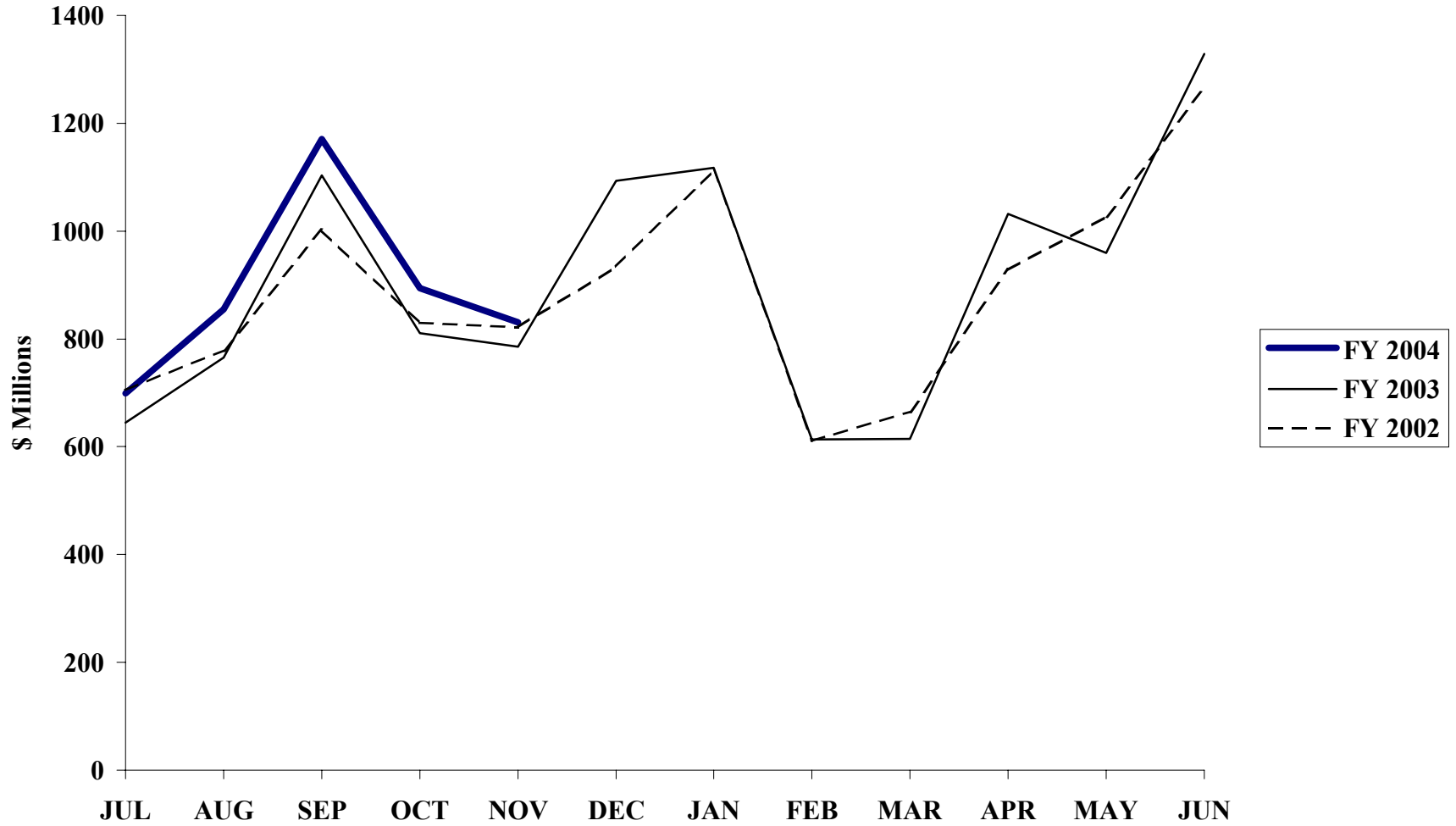
Percentage is greater than 1,000%.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2003 and 2004
(Dollars in Thousands)

Revenue	FY 2004 Estimate	As a % of Total Fund	November			Year-To-Date			% Annual Growth Required By Est
			FY 2004	FY 2003	% Change	FY 2004	FY 2003	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$718,900	21.62	\$57,448	\$58,376	(1.6)	\$248,317	\$240,909	3.1	4.4
Motor Vehicle Sales and Use Tax	350,800	10.55	25,440	24,904	2.2	163,597	149,079	9.7	0.8
Motor Vehicle License Fees	153,600	4.62	8,969	9,646	(7.0)	58,249	59,269	(1.7)	10.5
International Registration Plan	64,400	1.94	2,753	2,163	27.3	13,144	16,621	(20.9)	11.9
Misc. Taxes, Fees, and Revenues	24,000	0.72	2,024	1,530	32.3	9,954	10,568	(5.8)	3.3
Total State Taxes and Fees	\$1,311,700	39.45	\$96,634	\$96,619	0.0	\$493,261	\$476,446	3.5	4.4
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$1,165	\$262	344.7	\$5,122	\$6,295	(18.6)	(100.0)
Transfer (to) / from Transportation Trust Fund	\$20,200	0.61	\$0	\$0	-	\$20,177	\$72,271	(72.1)	(79.2)
Total Highway Maintenance and Operating Fund	\$1,331,900	40.06	\$97,799	\$96,881	0.9	\$518,560	\$555,012	(6.6)	(2.5)
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$123,100	3.70	\$9,624	\$6,077	58.4	\$39,564	\$40,664	(2.7)	2.5
Priority Transportation Fund	20,000	0.60	2,000	2,000	0.0	6,000	6,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	195,200	5.87	14,419	11,388	26.6	90,199	81,898	10.1	0.2
State Sales and Use Tax	398,000	11.97	35,326	33,558	5.3	155,563	149,545	4.0	5.9
Motor Vehicle License Fees	24,600	0.74	1,310	544	140.8	8,361	7,804	7.1	24.9
Interest Earnings	11,500	0.35	0	0	-	3,480	4,688	(25.8)	(21.4)
Total State Taxes and Fees	\$772,400	23.23	\$62,679	\$53,567	17.0	\$303,167	\$290,599	4.3	3.7
Other Revenues:									
Federal Grants and Contracts	\$1,068,800	32.14	\$42,306	\$49,555	(14.6)	\$353,623	\$294,707	20.0	57.6
Receipts from Cities/Counties	45,500	1.37	1,569	2,024	(22.5)	18,428	17,374	6.1	80.0
Toll Revenues (Includes Route 28)	60,800	1.83	5,532	5,186	6.7	27,238	25,847	5.4	(3.2)
Miscellaneous Revenues	65,900	1.98	1,906	245	678.0	7,560	6,061	24.7	279.1
Total Other Revenues	\$1,241,000	37.32	\$51,313	\$57,010	(10.0)	\$406,849	\$343,989	18.3	58.3
Transfer (to) / from Highway Maintenance and Operating Fund	(\$20,200)	(0.61)	\$0	\$0	-	(\$20,177)	(\$72,271)	72.1	79.2
Total Transportation Trust Fund	\$1,993,200	59.94	\$113,992	\$110,577	3.1	\$689,839	\$562,317	22.7	39.2
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	\$3,325,100	100.00	\$211,791	\$207,458	2.1	\$1,208,399	\$1,117,329	8.2	18.8

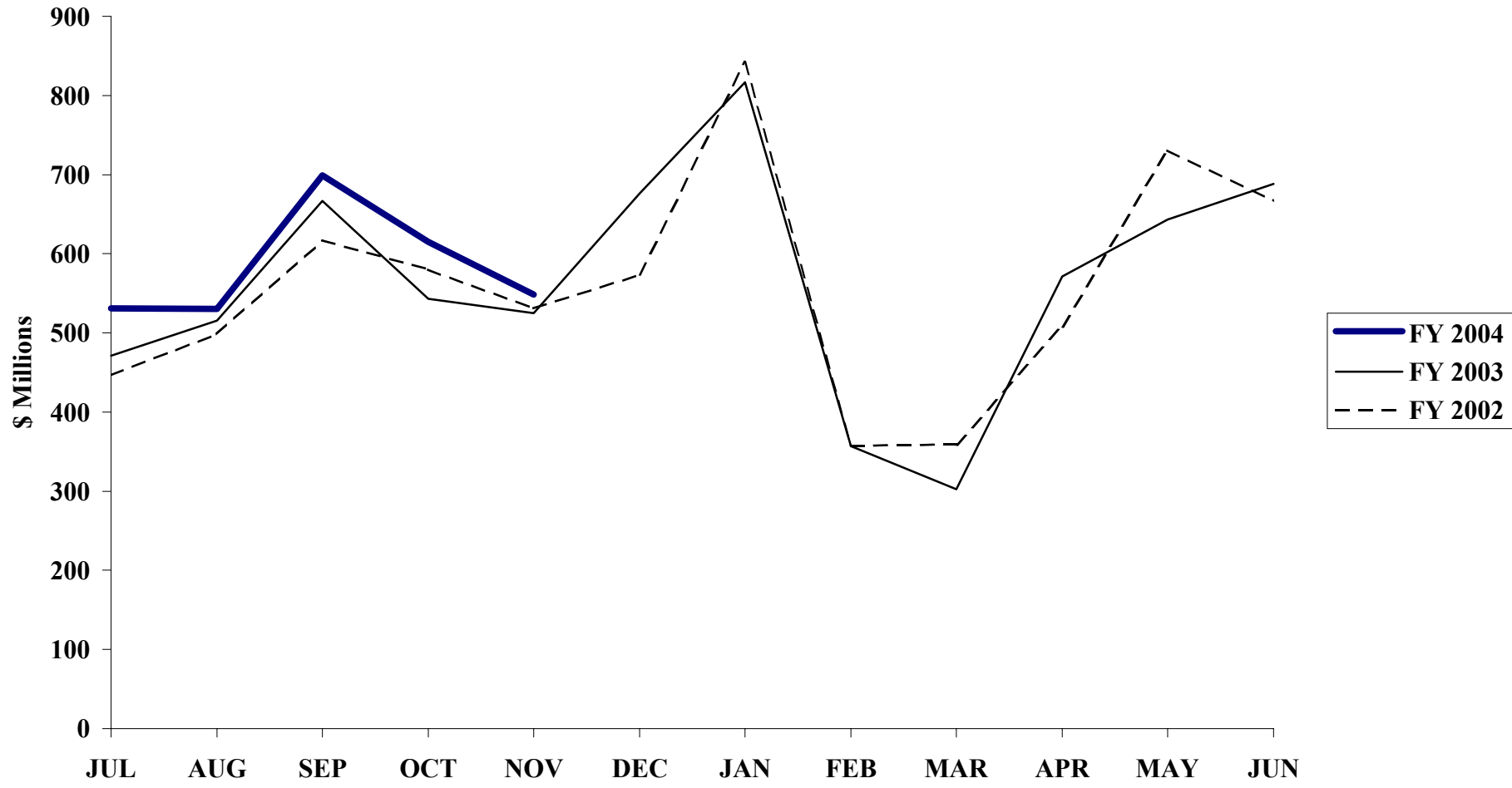
Percentage is greater than 1,000%.

Total General Fund Revenues



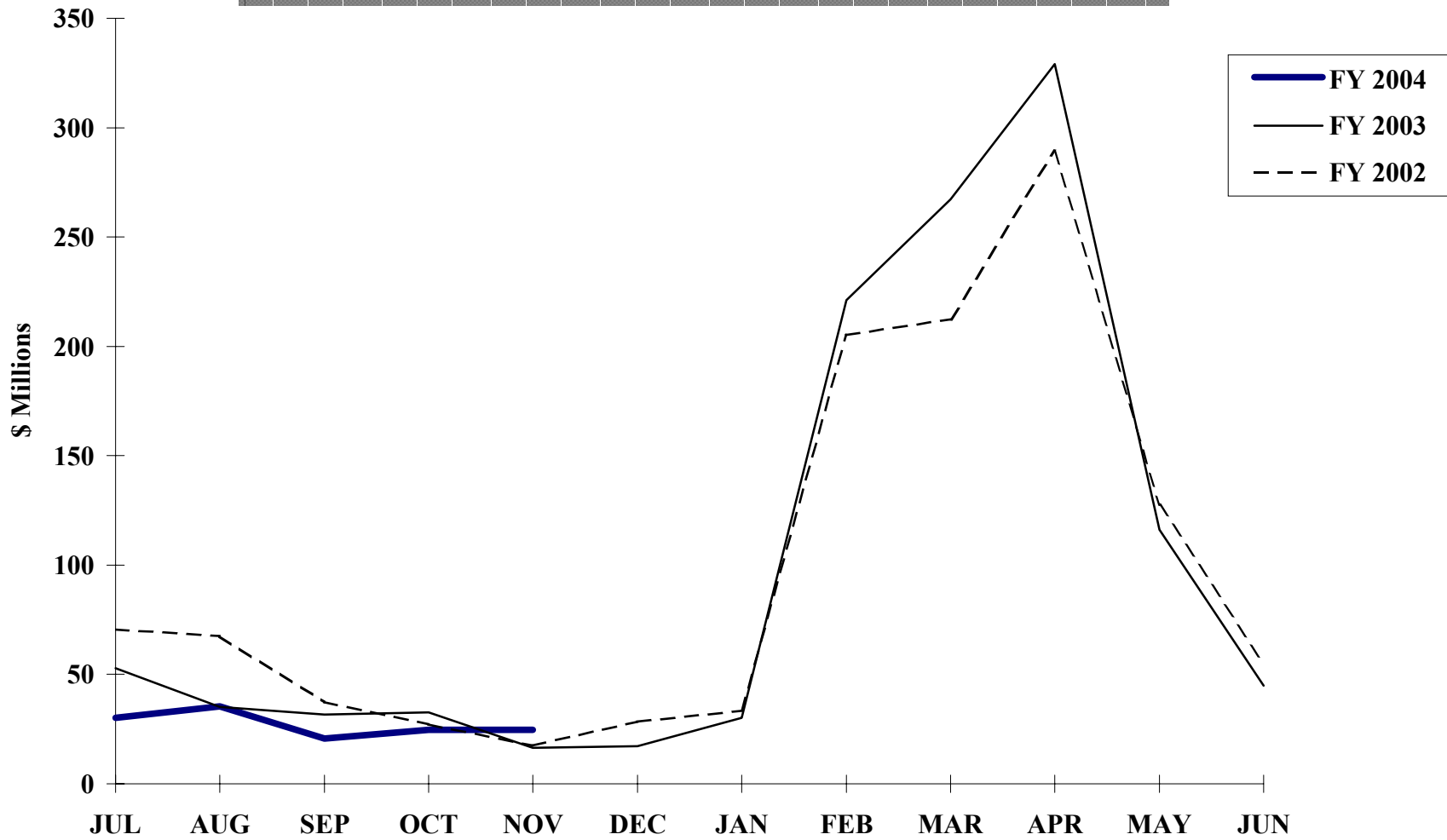
FY 2002 Actual = \$10,678.9 Million
FY 2003 Actual = \$10,867.1 Million
FY 2004 Estimate = \$11,366.2 Million

Net Individual Income Tax



FY 2002 Actual = \$6,710.7 Million
FY 2003 Actual = \$6,775.7 Million
FY 2004 Estimate = \$7,211.5 Million

Individual and Fiduciary Income Tax Refunds



FY 2002 Actual = \$1,171.1 Million
FY 2003 Actual = \$1,194.4 Million
FY 2004 Estimate = \$1,115.9 Million

DEPARTMENT OF THE TREASURY

General Account Investment Portfolio

Monthly Average Balances and Rates

For the Fiscal Year 2004

(Dollars in Millions)

MONTH	PRIMARY LIQUIDITY		EXTERNAL MANAGEMENT EXTENDED DURATION ^{1,2}		COMPOSITE	
	Avg. Balance	Yield	Avg. Balance	Annualized Total Return	Avg. Balance	Rate
July, 2003	\$2,176.4	1.94%	\$930.9	-36.69%	\$3,107.3	-9.63%
August	\$2,118.9	1.87%	\$843.1	4.04%	\$2,962.0	2.49%
September	\$2,504.2	1.74%	\$829.0	28.58%	\$3,333.2	8.41%
October	\$2,533.8	1.66%	\$834.8	-11.06%	\$3,368.6	-1.49%
November	\$2,475.1	1.63%	\$831.2	1.08%	\$3,306.3	1.49%
December						
January, 2004						
February						
March						
April						
May						
June						
Year-to-Date Average	\$2,361.7	1.76%	\$853.8	-3.61%	\$3,215.5	0.34%
Latest 12-month Average	\$2,168.3	2.18%	\$895.4	4.27%	\$3,063.7	2.79%

¹ Performance on the extended duration portion of the General Account is now reported on an annualized total return basis. Total return includes unrealized gains and losses, which in the short term can make returns more volatile. Over an extended time period the fluctuations average out and total return approaches the portfolio yield.

² Unaudited.

**Commonwealth of Virginia/Department of Accounts
 Report on the Revenue Stabilization Fund
 For the Fiscal Year 2004
 (Dollars in Thousands)**

Month	Beginning Balance	Deposits/(Withdrawals)	Interest Allocated (A)	Ending Balance
July	\$247,481	\$0	\$0	\$247,481
August	\$247,481	\$0	\$0	\$247,481
September	\$247,481	\$0	\$0	\$247,481
October	\$247,481	\$0	\$1,860	\$249,341
November	\$249,341	\$0	\$0	\$249,341
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.