



The Economic Outlook and Revenue Forecast through Fiscal Year 2018

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

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Table of Contents

Introduction:		ii
Section 1:	The U.S. Economy	1-1
Section 2:	The Virginia Economy	2-1
Section 3:	General Fund Revenues	3-1
Section 4:	Non-General Fund Revenues	4-1
Appendix A:	Economic Data	A-1
Appendix B:	General Fund Data	B-1
Appendix C:	Models and Methodologies	C-1

Introduction

As fiscal year 2014 general fund revenue collections fell short of the forecast, meeting the criteria in Virginia Code section 2.2-1503.3, the Governor ordered the Secretary of Finance to produce interim economic and revenue forecasts, which were released in August.

The economic forecast that best represented deliberations of the Joint Advisory Board of Economists (JABE) and the Governor's Advisory Council on Revenue Estimates (GACRE) over the summer was the IHS Economics May 2014 standard forecast for the U.S., with the outlook for Virginia somewhere between the standard and alternative pessimistic forecast. The resulting interim economic outlook incorporated a slower recovery than anticipated in the November 2013 forecast. As a result, total general fund revenue collections for fiscal years 2015 and 2016 were reduced by \$2.0 billion in the August interim revenue forecast.

The JABE met in October as part of the regular fall forecasting process to consider two more recent economic forecasts: the IHS Economics October standard forecast and the IHS October alternative pessimistic forecast. The members agreed the October standard forecast was appropriate for the U.S. JABE members, however, considered the Virginia October standard forecast too optimistic, while the pessimistic scenario was too low. The result is the JABE pessimistic plus forecast for Virginia.

The purpose of this meeting is to review the most current economic forecasts to determine the most likely path for the Virginia economy over the next biennium, and which of the resulting revenue forecasts seems appropriate. This forecast will serve as the basis for the budget to be released by the Governor in December.

Section 1 of this book contains a review of the national economic performance during fiscal year 2014. Summaries of IHS Economics October standard and alternative pessimistic national outlooks are presented.

Section 2 contains a review of Virginia's economic performance during fiscal year 2014. This is followed by a summary of the JABE pessimistic plus forecast developed by the Department of Taxation and the October standard forecast.

Section 3 contains a review of Virginia's general fund revenue collections during fiscal year 2014. This is followed by a summary of the JABE pessimistic plus and the October standard forecasts. Section 4 discusses nongeneral fund revenue and forecasts.

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

SECTION 1
THE U.S. ECONOMY

Section 1 The U.S. Economy

Introduction

This section begins with a review of fiscal year 2014, comparing actual U.S. economic growth to the official forecast for the year. The official forecast for fiscal year 2014 was based on IHS Economics November 2013 U.S. standard outlook as approved by the Joint Advisory Board of Economists (JABE) and the Governor's Advisory Council on Revenue Estimates (GACRE).

Following the review of fiscal year 2014, the October standard forecast is summarized. The section concludes with an overview of IHS Economics October 2014 pessimistic alternative scenario.

Tabular data are presented throughout this section. More detailed tabular data are presented in the appendices. Appendix A-1 shows quarterly historical data for major forecast variables from fiscal year 2012 through fiscal year 2014. Appendix A-2 shows quarterly data for the three forecasts through fiscal year 2018. Appendix A-3 displays annual historical and forecast data from fiscal year 1996 through fiscal year 2018. Appendix A-4 displays regional employment data from fiscal year 1996 through fiscal year 2018.

Review of Fiscal Year 2014

At the time of IHS Economics November 2013 forecast, modest economic growth persisted despite higher taxes, sequestration, and weak economies overseas. Conditions in the housing market and labor market had improved. The Fed continued its quantitative easing program. IHS Economics expected the economy to continue its modest expansion.

Following is a summary of key assumptions included in the November 2013 standard forecast and how those assumptions fared over the fiscal year. Table 1.1 on the next page compares the official forecast and actual results for fiscal year 2014.

- Real GDP rose 2.5 percent for the fiscal year, ahead of the forecast of 2.1 percent growth.
- Total personal income rose 2.7 percent in fiscal year 2014, trailing the forecast of 3.6 percent growth. Wages and salaries grew 3.6 percent, 0.4 percentage point ahead of the forecast of 3.2 percent.
- Real consumer spending rose 2.4 percent in fiscal year 2014, ahead of the forecast of 2.0 percent.

Table 1.1 - Fiscal Year 2014 U.S. Forecast Performance

	<u>Forecast</u>	<u>Actual</u>	<u>Actual Minus Forecast</u>
<u>Output, Income, and Spending (% Change)</u>			
Real GDP	2.1	2.5	0.4
Total Personal Income	3.6	2.7	(0.9)
Wages and Salaries (51%)	3.2	3.6	0.4
Average Wage	1.6	1.8	0.2
Real Consumer Spending	2.0	2.4	0.4
<u>Employment and Labor Markets (% Change)</u>			
Total Nonagricultural Employment	1.6	1.7	0.1
Construction (4%)	3.0	3.2	0.2
Manufacturing (9%)	0.8	0.6	(0.2)
Trade, Transportation, and Utilities (19%)	1.7	2.0	0.3
Information (2%)	(0.4)	(0.3)	0.1
Financial Activities (6%)	0.8	1.0	0.2
Professional and Business Services (14%)	3.5	3.7	0.2
Education and Health Services (16%)	1.5	1.8	0.3
Leisure and Hospitality (11%)	2.7	3.2	0.5
Other Services (4%)	0.7	0.6	(0.1)
Government (16%)	0.1	(0.1)	(0.2)
Unemployment Rate (%)	7.1	6.8	(0.3)
<u>Interest Rates (% Change)</u>			
3-Month Treasury Bills	0.1	0.0	(0.1)
30-Year Treasury Bonds	3.8	3.7	(0.1)
<u>Prices (% Change)</u>			
CPI	1.3	1.6	0.3
GDP Deflator	1.4	1.5	0.1

The Official forecast is IHS' Economics November 2013 U.S. standard scenario.

- Total nonagricultural employment grew 1.7 percent, close to the forecast of 1.6 percent. Most sectors finished the year close to expectations. The largest variance from the forecast was in the leisure and hospitality sector, which grew 3.2 percent, ahead of the forecast of 2.7 percent growth. The only sectors which lost jobs were government and information services.

- The increase in the CPI of 1.6 percent exceeded the forecast by 0.3 percentage point, while the GDP deflator increased 1.5 percent compared with the forecast of 1.4 percent.
- IHS Economics expected the Fed to keep the target federal funds rate steady at 0.0 percent to 0.25 percent until mid-2015, and end its quantitative easing program in 2014. The target rate has remained unchanged and the Fed continues to scale back its quantitative easing program.

Recent Developments in the U.S. Economy

Most recent indicators suggest that the U.S. economy continues to improve and underlying fundamentals should support a more robust expansion over the coming year. According to the third estimate, real GDP grew at an annualized rate of 4.6 percent in the second quarter of 2014, reversing the 2.1 percent decline in the first quarter.

Payroll employment rose by 248,000 jobs in September, while the August gain was revised up from 142,000 to 180,000. So far this year, monthly job gains have averaged a solid 227,000. In a separate report, the unemployment rate fell from 6.1 percent to 5.9 percent in September, with both an increase in jobs and a decline in the number of unemployed.

Initial claims for unemployment rose by 17,000 to 283,000 during the week ending October 18th. The four-week moving average fell by 3,000 to 281,000, the lowest level since mid-2000. The claims data have been below 300,000 for five consecutive weeks, a post-recession first. In prior expansions, claims have stayed below 300,000 only for brief periods in early 2006 and late 1999 and 2000.

The Conference Board's index of leading indicators rose 0.8 percent in September following a revised flat reading for August. The index has increased in twelve of the last fourteen months.

The Conference Board's October consumer confidence index climbed 5.5 points from and upwardly revised 89. The 94.5 reading in October marks a seven-year high.

Activity in the manufacturing sector slowed in September, with the Institute of Supply Management index falling from 59.0 to 56.6; however, the index remains well above the expansionary threshold of 50.0.

The CPI increased 0.1 percent in September and stands 1.7 percent above September 2013. Core inflation (excluding food and energy prices) also increased 0.1 percent in September and was up 1.7 percent from a year ago. The Federal Reserve announced at its September meeting that it will keep the federal funds target rate at 0.0 to 0.25 percent, and will continue winding down its quantitative easing program.

The IHS Economics U.S. Standard Forecast for Fiscal Years 2015-2018

Due to the underperformance of revenue collections in fiscal year 2014, the Governor ordered the Secretary of Finance in mid-May to produce interim economic and revenue forecasts, which were released in August. The U.S. economic forecast that best represented deliberations of the JABE and the GACRE was the IHS Economics May 2014 standard forecast. Tables 1.2 and 1.3 at the end of this section compare this interim forecast with two other forecasts: the IHS Economics October 2014 standard and pessimistic alternative forecasts.

In the October standard forecast, growth is slightly slower than the interim forecast. IHS Economics believes the economy will continue its modest expansion, with real GDP growth of 3.7 percent in the third quarter of calendar year 2014 and 3.0 percent in the fourth quarter. A continuation of economic growth is expected through at least 2018. This recovery is based on several things occurring: relatively robust domestic demand, a strengthening currency, increasing domestic oil production, which assists in keeping global oil prices in check, and the Federal Reserve implementing its tighter monetary policies smoothly. IHS Economics assigns a 70 percent probability to the standard scenario.

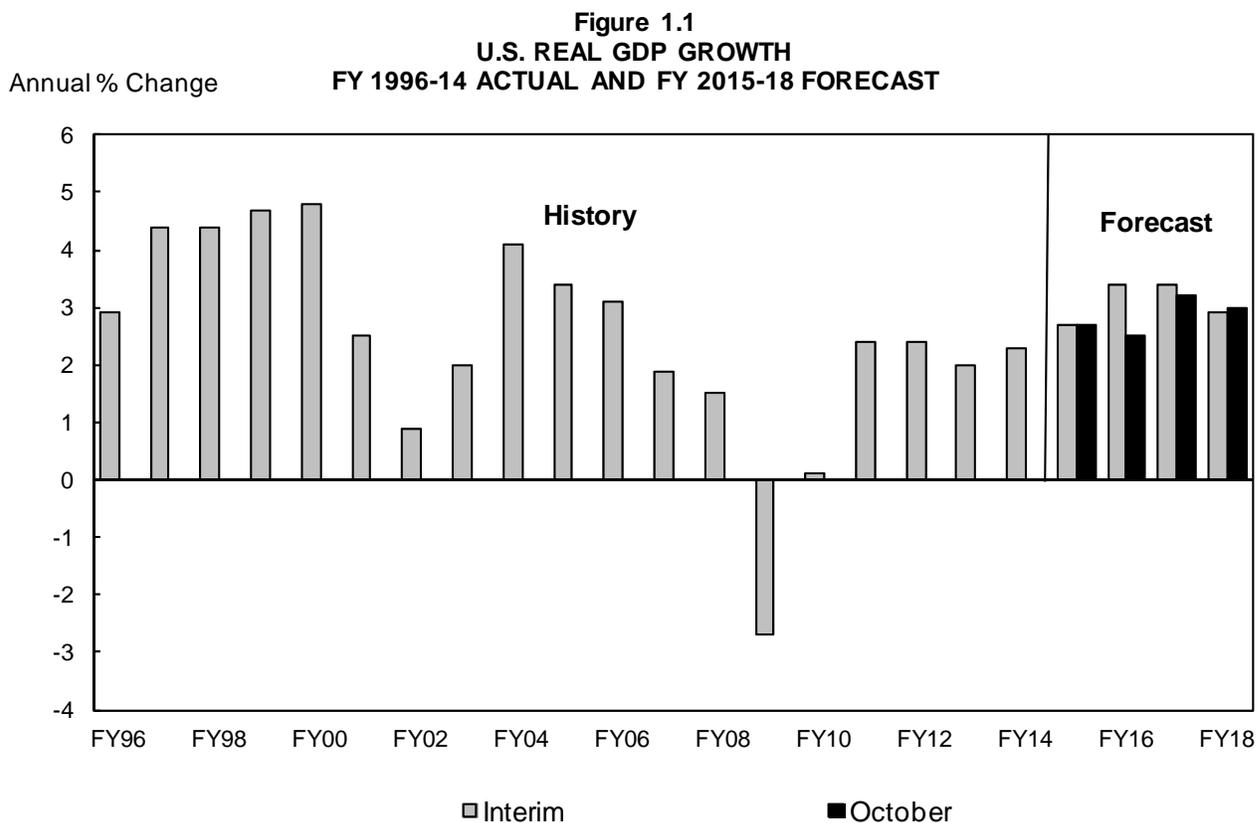
IHS expects real GDP growth of 2.7 percent in fiscal year 2015, slightly faster than fiscal year 2014, the same as the interim forecast. It is then expected to increase 2.5 percent in fiscal year 2016, 3.2 percent in fiscal year 2017, and 3.0 percent in fiscal year 2018. Figure 1.1 on the following page depicts GDP growth.

The outlook for the job market in the October forecast is the same as the interim forecast in fiscal year 2015, but growth is slower in fiscal years 2016-2018. Payroll employment is expected to grow 1.9 percent in fiscal year 2015, and 1.6 percent in fiscal year 2016, compared with the official estimate of 1.9 percent and 2.0 percent, respectively. The October forecast expects the unemployment rate to fall more quickly than predicted in the interim forecast – primarily due to a drop in the labor-force participation rate, which is at its lowest level since 1978. In the October forecast, the unemployment rate falls to 5.8 percent in fiscal year 2015, and 5.6 percent in fiscal year 2016.

Total personal income is expected to rise by 4.7 percent in fiscal year 2015, slightly better than the interim forecast. Income growth then increases to 4.7 percent in fiscal year 2016, almost one percentage point below the interim forecast. The October forecast for the largest component of personal income, wages and salaries, is higher than the interim estimate in fiscal year 2015, but lower in fiscal year 2016. IHS Economics expects wages and salaries to rise 5.2 percent in fiscal year 2015 and 4.8 percent in fiscal year 2016, compared with 4.6 percent and 5.3 percent in the interim forecast.

Consumers are slower to resume spending in the October standard forecast. Real consumer spending is expected to grow 2.5 percent in fiscal year 2015, compared with 2.8 percent in the interim forecast. Growth rises to 3.0 percent in fiscal year 2016, compared with 3.3 percent in the interim forecast. With little risk of inflation, the Fed is expected to

increase the federal funds target to 1.0 percent by the end of 2015, and peaking at 3.75 percent by the end of 2017.



Alternative U.S. Forecasts

IHS Economics Pessimistic Alternative Scenario

The pessimistic alternative forecast assumes the recovery stalls as household formation stagnates and the housing market recovery fails to materialize. This scenario is driven by poor wage growth, slower immigration, lower marriage rates, limited access to credit, and onerous student loan burdens. Real GDP growth slows to 0.7 percent in the fourth quarter and drops 0.1 percent in the first quarter of 2015. IHS Economics assigns a 15 percent probability to the pessimistic scenario.

In this scenario, real GDP increases by only 1.9 percent in fiscal year 2015 and by 1.0 percent in fiscal year 2016, before rising to 2.1 percent in fiscal year 2017. Total personal income increases by 4.0 percent in fiscal year 2015 and 2.9 percent in fiscal year 2016.

U.S. Economy

Wages and salaries grow by 4.5 percent in fiscal year 2015 and 3.1 percent in 2016, and remain below the standard forecast until fiscal year 2018. The pessimistic scenario has employment growth dropping to 1.6 percent in fiscal year 2015 and 0.6 percent in fiscal year 2016, lagging the standard forecast over the forecast horizon.

Table 1.2 - Fiscal Years 2013-2018 Interim, October Standard and Pessimistic Forecasts
U.S. Economic Forecasts - Income and Other Indicators

		<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
<u>Output, Income, and Spending (% Change)</u>							
Real GDP	Interim (May '14)	2.0	2.4	2.7	3.4	3.4	2.9
	Oct Standard	2.0	2.5	2.7	2.5	3.2	3.0
	Oct Pessimistic			1.9	1.0	2.1	2.0
Total Personal Income	Interim (May '14)	3.7	3.1	4.5	5.4	5.7	5.5
	Oct Standard	4.0	2.7	4.7	4.7	5.5	5.6
	Oct Pessimistic			4.0	2.9	4.2	5.2
Wages and Salaries (51%)	Interim (May '14)	4.0	3.3	4.6	5.3	5.3	5.0
	Oct Standard	3.9	3.6	5.2	4.8	5.0	5.1
	Oct Pessimistic			4.5	3.1	4.2	4.9
Average Wage	Interim (May '14)	2.3	1.5	2.7	3.2	3.1	3.4
	Oct Standard	2.3	1.8	3.2	3.1	3.5	3.9
	Oct Pessimistic			2.8	2.4	3.6	4.4
Real Consumer Spending	Interim (May '14)	2.0	2.4	2.8	3.3	3.4	3.2
	Oct Standard	2.1	2.4	2.5	3.0	3.2	3.1
	Oct Pessimistic			2.0	1.6	1.7	1.8
<u>Interest Rates (%)</u>							
3-Month Treasury Bills	Interim (May '14)	0.1	0.0	0.1	1.2	3.1	3.7
	Oct Standard	0.1	0.0	0.1	0.9	2.5	3.5
	Oct Pessimistic			0.0	0.2	0.3	1.1
30-Year Treasury Bonds	Interim (May '14)	3.0	3.7	4.0	4.4	4.7	4.8
	Oct Standard	3.0	3.7	3.5	4.1	4.4	4.6
	Oct Pessimistic			3.0	3.4	3.8	4.6
<u>Prices (% Change)</u>							
CPI	Interim (May '14)	1.7	1.5	2.0	1.3	1.8	1.9
	Oct Standard	1.7	1.6	1.6	1.3	1.8	2.0
	Oct Pessimistic			1.3	1.4	2.6	2.7
GDP Deflator	Interim (May '14)	1.6	1.4	1.9	1.6	1.7	1.7
	Oct Standard	1.7	1.5	1.7	1.7	1.8	1.9
	Oct Pessimistic			1.4	1.4	2.2	2.6

The Interim forecast for FY15 - FY18 is IHS Economics May 2014 U.S. standard scenario.

The Oct Standard forecast is IHS Economics October 2014 U.S. standard forecast.

The Oct Pessimistic forecast is IHS Economics October 2014 U.S. pessimistic alternative scenario.

Table 1.3 - Fiscal Years 2013-2018 Interim, October Standard and Pessimistic Forecasts
 U.S. Economic Forecasts - Employment and Labor Markets

		<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
<u>Employment and Labor Markets (% Change)</u>							
Total Nonagricultural Employment	Interim (May '14)	1.6	1.7	1.9	2.0	2.1	1.6
	Oct Standard	1.6	1.7	1.9	1.6	1.4	1.2
	Oct Pessimistic			1.6	0.6	0.6	0.5
Construction (4%)	Interim (May '14)	2.4	3.3	5.4	10.1	9.7	4.3
	Oct Standard	2.4	3.2	4.4	6.6	6.9	6.1
	Oct Pessimistic			4.1	3.5	2.9	4.5
Manufacturing (9%)	Interim (May '14)	1.2	0.6	1.6	1.6	1.0	0.3
	Oct Standard	1.2	0.6	1.2	1.0	(0.1)	(0.4)
	Oct Pessimistic			1.2	0.1	(0.4)	(0.4)
Trade, Transportation, and Utilities (19%)	Interim (May '14)	1.3	1.9	1.7	1.0	1.3	1.4
	Oct Standard	1.3	2.0	1.9	1.1	1.0	0.6
	Oct Pessimistic			1.4	0.3	0.4	(0.3)
Financial Activities (6%)	Interim (May '14)	1.2	0.9	0.9	0.2	(0.1)	(0.7)
	Oct Standard	1.2	1.0	1.3	(0.1)	(0.3)	(1.5)
	Oct Pessimistic			1.2	(1.7)	(0.8)	(1.7)
Professional and Business Services (14%)	Interim (May '14)	3.4	3.7	4.4	4.6	3.4	2.3
	Oct Standard	3.4	3.7	3.8	3.8	3.4	2.0
	Oct Pessimistic			2.9	0.4	1.3	1.4
Education and Health Services (16%)	Interim (May '14)	2.1	1.7	1.6	2.4	2.5	2.2
	Oct Standard	2.1	1.8	2.1	1.8	1.9	1.2
	Oct Pessimistic			1.9	2.1	1.4	0.5
Leisure and Hospitality (11%)	Interim (May '14)	3.2	3.2	1.9	0.9	1.2	1.3
	Oct Standard	3.2	3.2	2.1	1.4	0.5	1.8
	Oct Pessimistic			2.4	1.5	(0.0)	1.5
Government (16%)	Interim (May '14)	(0.4)	(0.1)	0.5	0.6	1.1	1.2
	Oct Standard	(0.4)	(0.1)	0.3	0.5	0.7	1.2
	Oct Pessimistic			(0.5)	(0.5)	0.2	0.6
Unemployment Rate (%)	Interim (May '14)	7.8	6.8	6.3	5.8	5.5	5.2
	Oct Standard	7.8	6.8	5.8	5.6	5.4	5.3
	Oct Pessimistic			6.1	6.4	6.7	6.9

The Interim forecast for FY15 - FY18 is IHS Economics May 2014 U.S. standard scenario.

The Oct Standard forecast is IHS Economics October 2014 U.S. standard forecast.

The Oct Pessimistic forecast is IHS Economics October 2014 U.S. pessimistic alternative scenario.

SECTION 2
THE VIRGINIA ECONOMY

Section 2 The Virginia Economy

Introduction

This section begins with a review of fiscal year 2014, comparing actual economic growth in Virginia to the official forecast for the year. The official forecast for Virginia was based on IHS Economics November 2013 U.S. standard forecast, which was approved by both JABE and GACRE at their annual fall meetings with modifications to slightly lower growth resulting in a standard minus forecast. Following the review of fiscal year 2014, the JABE pessimistic plus and the October standard forecasts are summarized.

Tabular data are presented throughout this section. More detailed tabular data are presented in Appendix A. Table A.1 shows quarterly national and Virginia historical data for major forecast variables from fiscal year 2012 through fiscal year 2014. Table A.2 shows quarterly national and Virginia data for the October standard forecast and the October pessimistic alternative forecast through fiscal year 2018. Table A.3 displays national and Virginia annual historical and forecast data from fiscal year 1996 through fiscal year 2018. Table A.4 displays annual regional historical and forecast employment data from fiscal year 1996 through fiscal year 2018.

The state and regional employment data used in the forecast are the result of a methodology that uses unemployment insurance tax records (ES-202) data to fine tune the current employment statistics (CES) survey data. To ensure that the most current Virginia employment data are used in the forecast, ES-202 data through the fourth quarter of calendar year 2013 have been incorporated into the CES employment data series. The revised employment series is then seasonally adjusted. This process yields a projection of the annual benchmark revisions that the Virginia Employment Commission will release early next calendar year. The table below compares the base CES employment data series with the series incorporating ES-202 data.

<u>FY14</u>	<u>CES</u>	<u>ES202</u>
Q1	0.8	0.9
Q2	0.1	0.3
Q3	0.1	0.6
Q4	0.3	0.7
Annual	0.3	0.6

Review of Fiscal Year 2014

Overview

In the official forecast for fiscal year 2014, employment in Virginia was expected to grow at a slower pace than in fiscal year 2013 and personal income was also expected to grow more slowly. While Virginia's higher-than-average dependence on federal spending helped Virginia weather the recession, in fiscal year 2014 it was a liability stemming from federal spending reductions in addition to the decisions regarding the debt-ceiling and automatic spending cuts per the sequester. These cuts had some effect on hiring in defense-related industries in Virginia, most of which are part of the professional and business services sector. Table 2.1 compares the official forecast and actual results for fiscal year 2014.

Table 2.1 - Fiscal Year 2014 Virginia Forecast Performance

	<u>Forecast</u>	<u>Actual</u>	<u>Actual Minus Forecast</u>
<u>Income (% Change)</u>			
Total Personal Income	2.9	1.4	(1.5)
Wages and Salaries (52%)	2.6	0.9	(1.7)
Average Wage	1.6	0.3	(1.3)
Dividends, Interest, and Rent (21%)	4.7	2.0	(2.7)
Supplements to Wages and Salaries (12%)	2.1	1.9	(0.2)
Proprietor's Income (7%)	3.8	4.4	0.6
Net Transfer Payments (5%)	(1.6)	(0.4)	1.2
<u>Employment and Labor Markets (% Change)</u>			
Total Nonagricultural Employment	1.0	0.6	(0.4)
Construction and Mining (5%)	3.0	(0.8)	(3.8)
Manufacturing (6%)	(0.1)	0.2	0.3
Trade, Transportation, and Utilities (17%)	0.9	1.8	0.9
Information (2%)	0.4	(0.7)	(1.1)
Financial Activities (5%)	(1.0)	1.6	2.6
Professional and Business Services (18%)	1.0	(1.2)	(2.2)
Education and Health Services (13%)	1.4	2.4	1.0
Leisure and Hospitality (10%)	0.1	1.4	1.3
Other Services (5%)	1.1	0.8	(0.3)
Government (19%)	(0.1)	(0.1)	0.0
Unemployment Rate (%)	5.0	5.2	0.2

The forecast data are from the Official November 2013 forecast.

Following is a review of key assumptions included in the November 2013 official forecast compared with the actual outcome for the year.

Income

Total personal income increased 1.4 percent, 1.5 percentage points behind the forecast; dividends, interest, and rent, which increased by 2.0 percent, were 2.7 percentage points behind the forecast; and supplements to wages and salaries finished 0.2 percentage points behind the forecast. Wages and salaries, which accounted for 52 percent of total personal income in fiscal year 2014, grew 0.9 percent or 1.7 percentage points below the forecast. These shortfalls were somewhat offset by the other two components of income, as they performed better than expected. First, proprietor's income, which made up 7 percent of total personal income in fiscal year 2014, rose 4.4 percent instead of the predicted 3.8 percent. Second, net transfer payments declined by 0.4 percent which was ahead of the 1.6 percent decline forecasted.

Employment

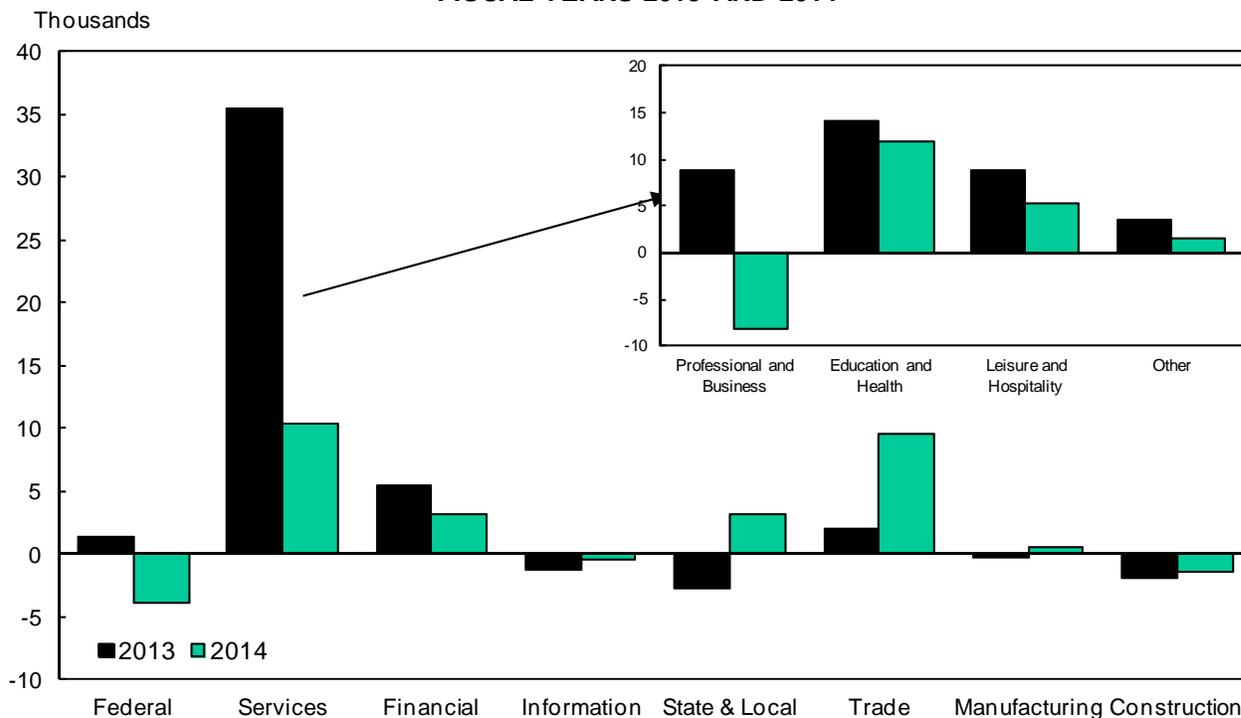
Payroll employment grew 0.6 percent in fiscal year 2014, 0.4 percent below the forecast. In the official forecast, total nonagricultural employment was projected to increase 1.0 percent, with the average annual employment level rising by 37,600 jobs. Actual job gains were 22,800, an increase of 0.6 percent. Job losses in professional and business services and construction pulled down total employment in the Commonwealth. Overall, six out of ten major employment sectors met or exceeded the official forecast in fiscal year 2014.

In terms of the number of jobs, the largest variance was concentrated in other services, which was expected to gain 14,200 jobs, however it gained only 1,600 positions. Also, the professional and business services sector was expected to gain 6,800 jobs, but lost 8,200 jobs. Financial activities gained 3,100 jobs; this sector outperformed the forecasted loss of 1,900 jobs. Federal government lost 3,800 jobs more than the anticipated loss of 2,900. Figure 2.1 on the following page displays fiscal year 2013 job gains and losses by sector compared with fiscal year 2014.

Tables 2.4 and 2.5 provide an overview of regional employment in Virginia. On a regional basis, the Richmond-Petersburg area was the only area to exceed expectations. Employment in the Richmond-Petersburg MSA (17 percent of state employment) grew 2.3 percent (14,400 jobs) in fiscal year 2014, far ahead of the forecast of 0.5 percent. Retail and wholesale trade increased more than expected, adding 6,500 jobs instead of the predicted 700. Education and health services added 2,900 more jobs than expected, while leisure and hospitality added 1,400 more than expected. Government added 600 jobs, in line with the forecast.

In Northern Virginia, which represents 36 percent of all jobs in the state, total employment rose by 6,300 jobs, well below the predicted amount of 27,500. The professional and business services sector subtracted 5,700 jobs in fiscal year 2014, more than reversing the gain of 4,200 jobs in fiscal year 2013. Other services added only 600 jobs, 15,500 less than predicted. The government sector added 2,300 jobs, instead of 1,100 jobs. Construction added 600 fewer jobs than expected, while financial activities added 1,100 more than expected.

Figure 2.1
VIRGINIA JOB GAINS/LOSSES BY SECTOR
FISCAL YEARS 2013 AND 2014



Employment in the Norfolk-Virginia Beach-Newport News MSA (20 percent of state employment) was below expectations in fiscal year 2014, increasing 0.8 percent compared with the forecast of 1.1 percent growth. The region gained 6,300 jobs in fiscal year 2014, compared with the forecast of 7,900. The professional and business services sector lost 400 jobs compared to expectations of 1,000 new jobs. Employment in the tourism industry, long a staple of the area economy, grew more than expected, adding 1,800 jobs compared with a forecast of 500. Government, which was forecast to gain 800 jobs, lost 1,500. Education and health services outperformed the forecast, adding 3,000 more jobs than expected.

Outside of the three major metro areas, the remainder of the state (27 percent of state employment) declined 4,200 jobs in fiscal year 2014, below the forecasted loss of 900. Professional and business services lost 1,800 jobs, instead of the predicted gain of 1,100. Education and health gained 1,100 fewer jobs than expected, while leisure and hospitality posted no change but better than the expected decline of 1,100 jobs. Government decreased by 1,900 jobs, instead of losing 3,300.

Recent Developments in the Virginia Economy

In Virginia, payroll employment grew 0.2 percent from September of last year. Northern Virginia posted growth of 0.4 percent, Richmond-Petersburg grew 1.3 percent, and Hampton Roads grew 0.5 percent relative with last year. The seasonally adjusted unemployment rate in the Commonwealth was unchanged in September at 5.5 percent. The unemployment rate has been trending up slightly the last five months and at 5.5 percent is the same rate as it was a year-ago.

The Virginia Leading Index rose 0.2 percent in August after advancing 0.3 percent in July. The U.S. leading index, initial unemployment claims, and future employment improved in August, while auto registrations and building permits declined. The indexes for Richmond, Lynchburg, Hampton Roads, Charlottesville, Danville, and Winchester advanced, while the indexes for Roanoke, Bristol, and Blacksburg declined. The indexes for Northern Virginia and Harrisonburg were unchanged.

JABE Pessimistic Plus Forecast for Fiscal Years 2015 through 2018

This section compares the interim forecast, which was based on the IHS Economics May 2014 standard U.S. forecast and the recommendations for a more pessimistic Virginia forecast from the JABE members with two other forecasts currently under consideration. Tables 2.2 and 2.3 compare the interim forecast with the JABE pessimistic plus scenario, which is close to the May Interim and is based on the recommendations from the JABE members and the IHS Economics October 2014 standard forecast. Tables 2.4 and 2.5 show the JABE pessimistic plus and the October 2014 standard forecast for regional employment. All four tables appear at the end of the section.

In the interim forecast, economic growth in the Commonwealth was projected to remain weak but to moderately accelerate in fiscal year 2015 relative to fiscal year 2014. In the Virginia JABE pessimistic plus forecast, economic growth continues to improve, but performs below the national economy. In this version, federal government spending is expected to decline 2.9 percent in calendar year 2014, following a 5.7 percent drop in calendar year 2013; federal government spending is expected to continue to be a drag, although to a smaller extent beginning in fiscal year 2016. Figure 2.2 on the next page compares employment growth in Virginia with that of the nation, while Figure 2.3 provides the same comparison for personal income.

As shown in Figure 2.4, total nonagricultural employment is expected to increase 0.9 percent (33,800 jobs) in fiscal year 2015. Total nonagricultural employment is forecast to increase 1.4 percent and 1.8 percent in fiscal years 2016 and 2017, respectively. In fiscal year 2016, professional and business services, construction and education and health services are expected to post bigger growth rates than total nonagricultural employment, while financial activities and leisure and hospitality are forecast to either advance at a slower rate or to decline.

Figure 2.2
U.S. AND VIRGINIA EMPLOYMENT GROWTH
HISTORY AND FORECAST - FISCAL YEARS 1994-2018

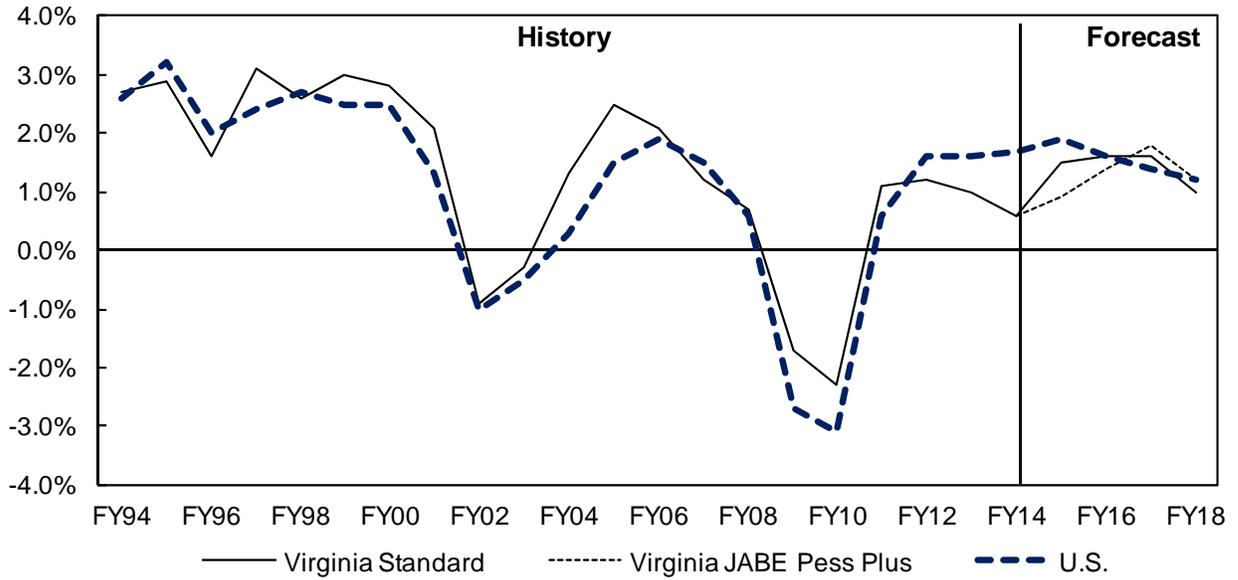


Figure 2.3
U.S. AND VIRGINIA PERSONAL INCOME GROWTH
HISTORY AND FORECAST - FISCAL YEARS 1994-2018

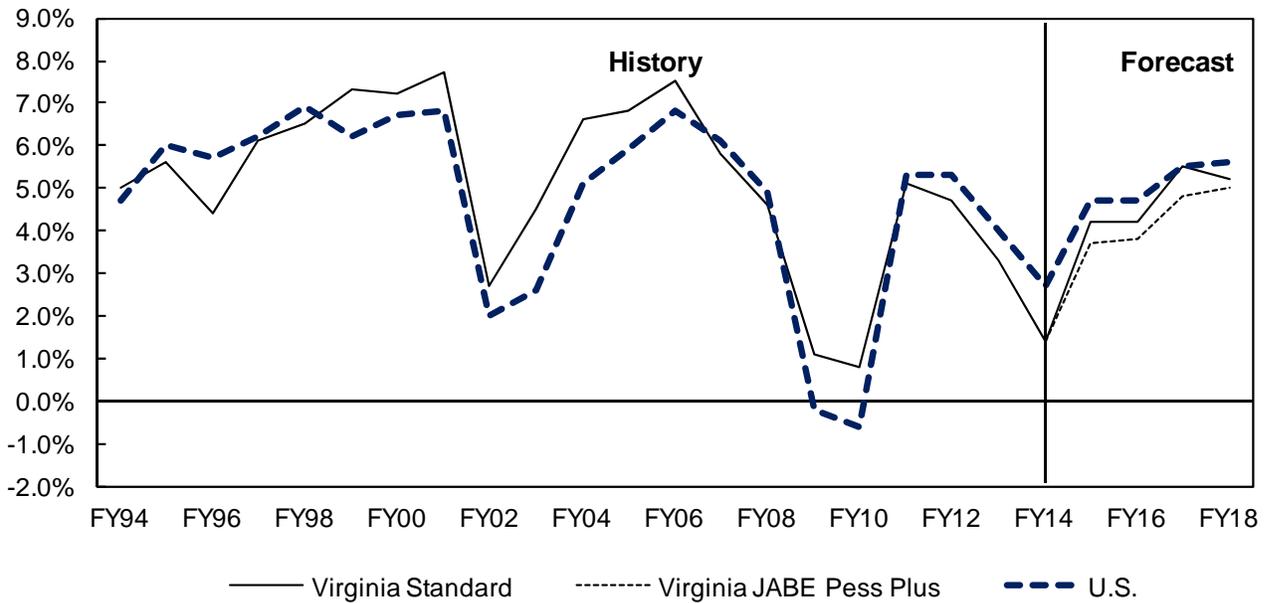
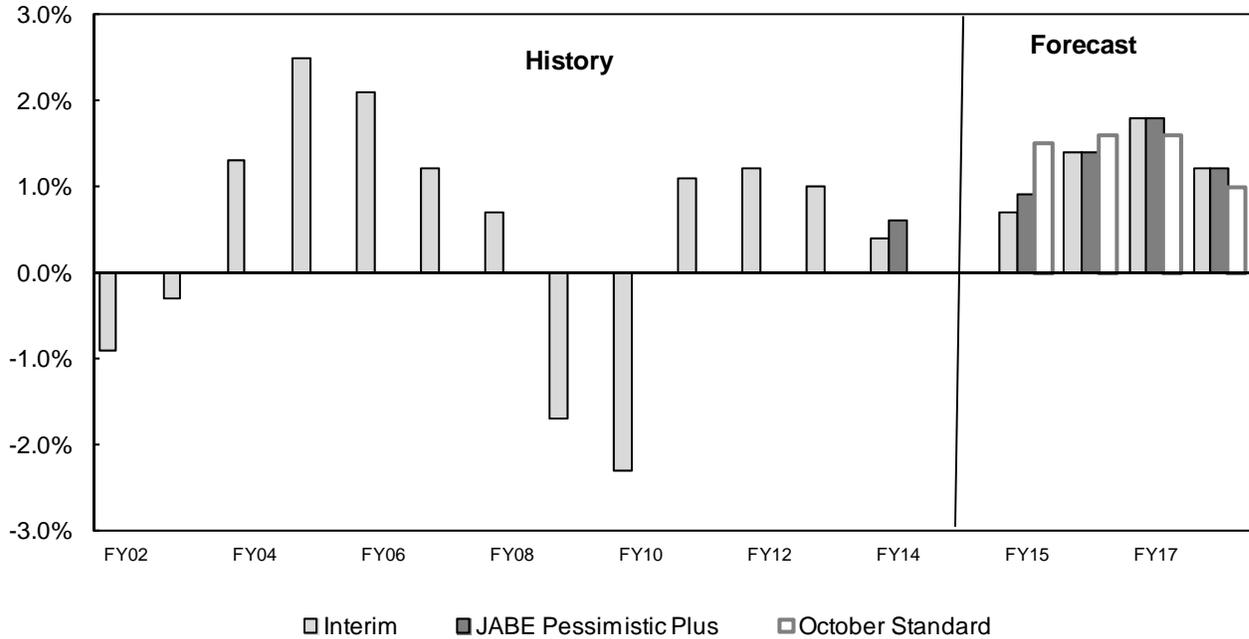


Figure 2.4
VIRGINIA EMPLOYMENT GROWTH
FY 1998-14 ACTUAL AND FY 2015-18 FORECAST



Total personal income is expected to grow on par with the interim forecast and below the October standard by approximately 0.5 percentage point in fiscal years 2015, 2016 and 2017. Personal income growth increases 3.7 percent in fiscal year 2015 and increases to 3.8 percent in fiscal year 2016 and to 4.8 percent by fiscal year 2017. Income from wages and salaries is expected to grow 3.4 percent in fiscal year 2015 and 3.5 percent in fiscal year 2016, in line with the interim forecast. Growth of dividends, interest, and rental income is expected to increase 3.3 percent in fiscal year 2015, and then accelerate 4.5 percent in fiscal year 2016.

The outlook for proprietor’s income under the JABE pessimistic plus forecast is similar to the interim forecast beginning in fiscal year 2016. The forecast predicts a 4.2 percent increase in fiscal year 2015 and 0.7 percent in 2016, which is the same as the interim forecast. Net transfer payments are expected to increase 3.8 percent in fiscal year 2015, and then increase 0.8 percent and 3.6 percent in fiscal years 2016 and 2017, respectively. Figures 2.5 and 2.6 on the following page chart the annual percent change in personal income and wages and salaries, comparing the interim forecast with the JABE pessimistic plus and the October standard forecast.

Figure 2.5
VIRGINIA PERSONAL INCOME GROWTH
FY 1998-14 ACTUAL AND FY 2015-18 FORECAST

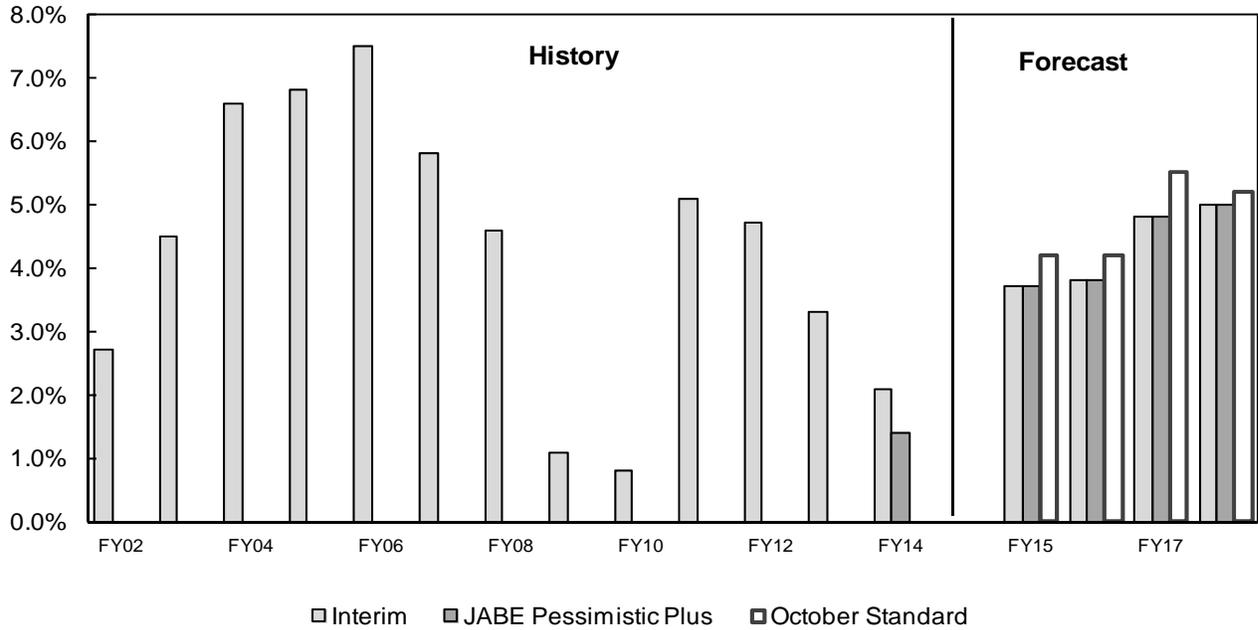
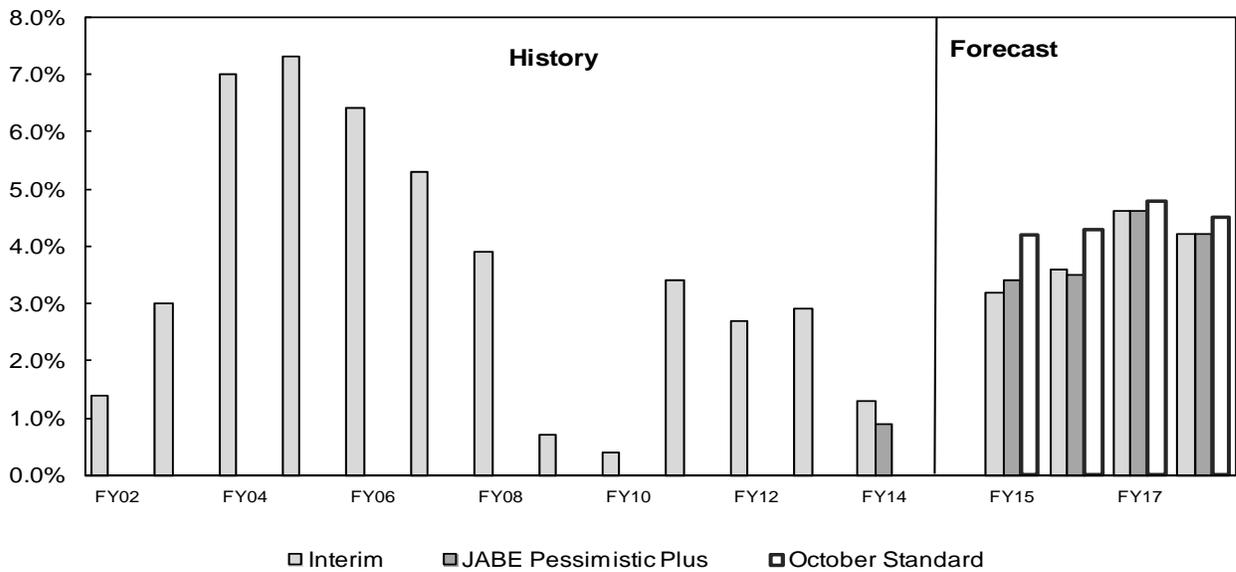


Figure 2.6
VIRGINIA WAGES AND SALARIES GROWTH
FY 1998-14 ACTUAL AND FY 2015-18 FORECAST



IHS Economics October Standard Forecast for Fiscal Years 2015 through 2018

The October standard forecast assumes that Virginia will grow slower than the nation in terms of employment and personal income; however, economic activity will accelerate to diminish the gap over time. Federal government spending is expected to decline 2.5 percent in calendar year 2014, following a 5.7 percent drop in calendar year 2013; federal government spending is expected to continue to be a drag, although to a smaller extent on the overall economy throughout the forecast horizon.

According to the October standard forecast, total nonagricultural employment is expected to increase 1.5 percent (56,800 jobs) in fiscal year 2015, more than double the interim forecast of 0.7 percent growth. In fiscal year 2016, professional and business services, construction and education and health services are expected to post bigger growth rates than total nonagricultural employment, while financial activities and leisure and hospitality are forecast to either advance at a slower rate or to decline.

In the October standard forecast, total personal income is expected to grow approximately a 0.5 percentage point faster in fiscal years 2015, 2016 and 2017 than in the interim forecast. Growth of 4.2 percent is expected in fiscal year 2015, compared with 3.7 percent in the interim forecast. Personal income growth increases to 4.2 percent in fiscal year 2016 and to 5.5 percent by fiscal year 2017. Income from wages and salaries is expected to grow 4.2 percent in fiscal year 2015 and 4.3 percent in fiscal year 2016, 1.0 percentage point and 0.7 percentage point higher than the interim forecast. Growth of dividends, interest, and rental income is expected to increase 3.7 percent in fiscal year 2015, and then accelerate to a 5.2 percent increase in fiscal year 2016.

The outlook for proprietor's income under the October standard forecast is similar to the interim forecast. The October standard forecast predicts a 3.0 percent increase in fiscal year 2015 and 0.9 percent in 2016, which is within 0.3 percentage point from the interim forecast over the two years. Net transfer payments are expected to increase 6.3 percent in fiscal year 2015, and then increase to 4.1 percent and 6.2 percent in fiscal years 2016 and 2017, respectively.

Virginia Economy

Table 2.2 - Fiscal Years 2013-2018 Interim, JABE Pessimistic Plus and Standard Forecasts
Virginia Economic Forecasts - Employment and Labor Markets

		<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
<u>Employment and Labor Markets (% Change)</u>							
Total Nonagricultural Employment	Interim (May '14)	1.0	0.4	0.7	1.4	1.8	1.2
	JABE Pess Plus	1.0	0.6	0.9	1.4	1.8	1.2
	Oct Standard			1.5	1.6	1.6	1.0
Construction and Mining (5%)	Interim (May '14)	(1.0)	0.7	2.5	3.6	5.3	2.3
	JABE Pess Plus	(1.0)	(0.8)	2.1	3.5	5.4	2.4
	Oct Standard			2.3	6.9	6.4	4.8
Manufacturing (6%)	Interim (May '14)	(0.1)	(0.4)	(0.9)	1.3	1.2	0.4
	JABE Pess Plus	(0.1)	0.2	0.3	1.3	1.2	0.4
	Oct Standard			1.0	1.4	0.4	(0.2)
Trade, Transportation, and Utilities (17%)	Interim (May '14)	0.5	0.8	0.8	0.6	1.0	0.6
	JABE Pess Plus	0.5	1.8	0.8	0.6	1.0	0.6
	Oct Standard			1.7	0.5	0.5	0.1
Financial Activities (5%)	Interim (May '14)	3.0	1.4	0.8	(0.1)	(0.7)	(1.6)
	JABE Pess Plus	3.0	1.6	1.5	(0.1)	(0.7)	(1.6)
	Oct Standard			0.3	(0.1)	(0.5)	(2.2)
Professional and Business Services (18%)	Interim (May '14)	1.3	(1.8)	1.0	3.0	2.8	1.9
	JABE Pess Plus	1.3	(1.2)	0.8	3.0	2.8	1.9
	Oct Standard			2.6	2.5	2.5	1.4
Education and Health Services (13%)	Interim (May '14)	3.0	2.8	1.8	2.0	2.6	2.4
	JABE Pess Plus	3.0	2.4	1.4	2.0	2.6	2.4
	Oct Standard			2.2	1.8	2.3	1.7
Leisure and Hospitality (10%)	Interim (May '14)	2.5	1.0	1.6	0.9	1.2	1.2
	JABE Pess Plus	2.5	1.4	2.2	0.9	1.2	1.2
	Oct Standard			2.0	1.2	0.7	1.7
Government (19%)	Interim (May '14)	(0.2)	(0.0)	(0.2)	1.1	1.5	0.5
	JABE Pess Plus	(0.2)	(0.1)	0.1	1.1	1.5	0.5
	Oct Standard			0.3	1.7	1.5	0.5
Unemployment Rate (%)	Interim (May '14)	5.7	5.2	4.9	4.8	4.7	4.6
	JABE Pess Plus	5.7	5.2	5.0	4.9	4.8	4.7
	Oct Standard			4.7	4.5	4.2	4.0

The Interim forecast is based on IHS' Economics May 2014 U.S. standard scenario and recommendations from JABE members.

The JABE Pessimistic Plus forecast is based on IHS' Economics October 2014 U.S. standard scenario and recommendations from JABE members.

The Oct Standard forecast is based on IHS' Economics October 2014 U.S. standard forecast.

Table 2.3 - Fiscal Years 2013-2018 Interim, JABE Pessimistic Plus and Standard Forecasts
Virginia Economic Forecasts - Income

		FY13	FY14	FY15	FY16	FY17	FY18
<u>Income (% Change)</u>							
Total Personal Income	Interim (May '14)	3.0	2.1	3.7	3.8	4.8	5.0
	JABE Pess Plus	3.3	1.4	3.7	3.8	4.8	5.0
	Oct Standard			4.2	4.2	5.5	5.2
Wages and Salaries (52%)	Interim (May '14)	2.9	1.3	3.2	3.6	4.6	4.2
	JABE Pess Plus	2.9	0.9	3.4	3.5	4.6	4.2
	Oct Standard			4.2	4.3	4.8	4.5
Average Wage	Interim (May '14)	1.8	0.9	2.5	2.1	2.8	3.0
	JABE Pess Plus	1.8	0.3	2.5	2.0	2.8	3.0
	Oct Standard			2.6	2.6	3.2	3.4
Dividends, Interest, and Rent (21%)	Interim (May '14)	4.7	4.2	4.7	4.5	6.8	7.3
	JABE Pess Plus	7.6	2.0	3.3	4.5	6.9	7.4
	Oct Standard			3.7	5.2	9.8	8.3
Supplements to Wages and Salaries (12%)	Interim (May '14)	2.4	1.1	4.5	6.9	5.5	6.8
	JABE Pess Plus	3.1	1.9	3.1	7.0	5.6	6.9
	Oct Standard			2.6	4.0	5.4	5.8
Proprietor's Income (7%)	Interim (May '14)	6.7	4.5	2.4	0.7	(0.2)	(0.7)
	JABE Pess Plus	8.0	4.4	4.2	0.7	(0.2)	(0.7)
	Oct Standard			3.0	0.9	(1.4)	(2.0)
Net Transfer Payments (5%)	Interim (May '14)	(2.0)	2.6	5.5	1.0	3.7	6.7
	JABE Pess Plus	(5.4)	(0.4)	3.8	0.8	3.6	6.8
	Oct Standard			6.3	4.1	6.2	7.7

The Interim forecast is based on IHS' Economics May 2014 U.S. standard scenario and recommendations from JABE members.

The JABE Pessimistic Plus forecast is based on IHS' Economics October 2014 U.S. standard scenario and recommendations from JABE members.

The Oct Standard forecast is based on IHS' Economics October 2014 U.S. standard forecast.

Virginia Economy

Table 2.4 - Fiscal Years 2013-2018 JABE Pessimistic Plus Scenario
Virginia Economic Forecast - Regional Employment

		<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
<u>Region by Sector (% Change)</u>							
Northern Virginia (36%) *	Total Nonagricultural Employment	1.5	0.5	0.8	1.4	2.1	1.3
	Construction and Mining (5%) **	0.5	2.9	1.8	(1.5)	4.7	2.3
	Trade, Transportation, and Utilities (15%)	0.8	1.1	1.0	0.7	1.1	0.7
	Financial Activities (5%)	2.9	2.1	1.9	0.1	(0.6)	(2.1)
	Professional and Business Services (28%)	1.1	(1.5)	0.2	2.3	2.3	1.6
	Education and Health Services (10%)	2.7	0.9	(0.2)	2.5	3.3	3.1
	Leisure and Hospitality (9%)	3.7	2.0	3.7	1.0	1.2	1.3
	Government (17%)	1.1	1.0	0.7	1.6	2.5	1.0
Hampton Roads (20%)	Total Nonagricultural Employment	1.2	0.8	1.4	1.3	1.7	1.1
	Construction and Mining (5%)	0.4	0.4	7.8	3.9	8.0	3.9
	Trade, Transportation, and Utilities (17%)	(0.1)	1.6	2.0	0.8	1.1	0.7
	Financial Activities (5%)	1.6	0.6	5.6	(0.3)	(0.9)	(1.4)
	Professional and Business Services (13%)	2.3	(0.4)	0.2	4.2	3.6	2.4
	Education and Health Services (14%)	3.7	3.8	1.0	1.8	2.3	2.1
	Leisure and Hospitality (11%)	1.1	2.1	2.2	0.8	1.1	1.1
	Government (21%)	(1.0)	(1.0)	(0.3)	0.4	0.5	(0.1)
Richmond (17%)	Total Nonagricultural Employment	1.9	2.3	1.7	1.8	1.7	1.1
	Construction and Mining (5%)	2.9	(0.1)	(0.6)	6.6	1.4	(1.0)
	Trade, Transportation, and Utilities (19%)	2.8	6.0	3.7	1.1	1.5	1.1
	Financial Activities (8%)	4.0	2.1	0.5	(0.2)	(0.7)	(1.1)
	Professional and Business Services (15%)	1.7	(0.2)	2.3	3.3	2.8	1.9
	Education and Health Services (15%)	3.1	3.9	3.9	2.2	2.9	2.6
	Leisure and Hospitality (9%)	3.4	1.7	(0.1)	0.9	1.3	1.3
	Government (17%)	(0.9)	0.6	0.1	1.5	1.9	0.7
Balance (27%)	Total Nonagricultural Employment	(0.1)	(0.4)	0.1	1.4	1.6	1.0
	Construction and Mining (5%)	(6.2)	(7.1)	0.1	8.5	7.2	3.5
	Trade, Transportation, and Utilities (18%)	(1.0)	0.1	(2.1)	0.2	0.4	0.2
	Financial Activities (4%)	3.0	1.2	(2.2)	(0.3)	(0.9)	(1.3)
	Professional and Business Services (9%)	0.8	(1.9)	1.8	4.1	3.6	2.4
	Education and Health Services (15%)	2.6	1.9	1.5	1.6	2.0	1.9
	Leisure and Hospitality (9%)	1.6	(0.0)	1.6	0.8	1.1	1.2
	Government (21%)	(0.8)	(1.0)	(0.2)	0.6	0.8	0.4

The pessimistic plus forecast is based on IHS' Economics October 2014 U.S. and recommendations from JABE members.

* Represents the percentage share of Virginia in fiscal year 2014.

** Represents the percentage share of total employment within the region in fiscal year 2014.

Table 2.5 - Fiscal Years 2013-2018 October Standard Forecast
Virginia Economic Forecast - Regional Employment

		<u>FY13</u>	<u>FY14</u>	<u>FY15</u>	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>
<u>Region by Sector (% Change)</u>							
Northern Virginia (36%) *	Total Nonagricultural Employment	1.5	0.5	1.1	1.7	1.6	1.1
	Construction and Mining (5%) **	0.5	2.9	2.8	5.1	2.9	4.3
	Trade, Transportation, and Utilities (15%)	0.8	1.1	0.7	0.6	0.5	0.0
	Financial Activities (5%)	2.9	2.1	3.2	(0.1)	(0.4)	(2.0)
	Professional and Business Services (28%)	1.1	(1.5)	1.5	1.5	1.8	1.0
	Education and Health Services (10%)	2.7	0.9	2.1	2.2	2.8	2.1
	Leisure and Hospitality (9%)	3.7	2.0	1.5	1.2	0.7	1.7
	Government (17%)	1.1	1.0	(0.7)	2.9	2.5	1.0
Hampton Roads (20%)	Total Nonagricultural Employment	1.2	0.8	2.2	1.5	1.6	0.8
	Construction and Mining (5%)	0.4	0.4	0.5	7.7	8.9	4.9
	Trade, Transportation, and Utilities (17%)	(0.1)	1.6	3.7	0.7	0.7	0.2
	Financial Activities (5%)	1.6	0.6	1.1	(0.1)	(0.5)	(2.6)
	Professional and Business Services (13%)	2.3	(0.4)	4.1	3.9	3.5	1.8
	Education and Health Services (14%)	3.7	3.8	1.7	1.7	2.1	1.6
	Leisure and Hospitality (11%)	1.1	2.1	4.0	1.1	0.6	1.6
	Government (21%)	(1.0)	(1.0)	1.2	0.7	0.5	(0.3)
Richmond (17%)	Total Nonagricultural Employment	1.9	2.3	1.4	2.0	2.0	1.1
	Construction and Mining (5%)	2.9	(0.1)	1.2	8.0	9.2	5.1
	Trade, Transportation, and Utilities (19%)	2.8	6.0	2.7	1.0	1.1	0.5
	Financial Activities (8%)	4.0	2.1	(1.7)	(0.1)	(0.4)	(2.1)
	Professional and Business Services (15%)	1.7	(0.2)	3.8	3.3	2.9	1.4
	Education and Health Services (15%)	3.1	3.9	0.9	2.0	2.5	1.9
	Leisure and Hospitality (9%)	3.4	1.8	0.1	1.4	0.8	2.1
	Government (17%)	(0.9)	0.6	1.9	2.1	1.9	0.6
Balance (27%)	Total Nonagricultural Employment	(0.1)	(0.4)	1.5	1.5	1.4	0.9
	Construction and Mining (5%)	(6.2)	(7.1)	3.9	8.2	7.5	5.3
	Trade, Transportation, and Utilities (19%)	(1.0)	0.1	0.7	0.0	0.1	(0.3)
	Financial Activities (4%)	3.0	1.2	(3.3)	(0.1)	(0.5)	(2.4)
	Professional and Business Services (10%)	0.8	(1.9)	3.8	3.9	3.7	2.0
	Education and Health Services (15%)	2.6	1.9	3.3	1.4	1.7	1.3
	Leisure and Hospitality (9%)	1.6	(0.0)	2.0	1.2	0.7	1.7
	Government (20%)	(0.8)	(0.9)	0.0	0.8	0.8	0.5

The Standard forecast is based on IHS' Economics October 2014 U.S. standard forecast.

* Represents the percentage share of Virginia in fiscal year 2014.

** Represents the percentage share of total employment within the region in fiscal year 2014.

SECTION 3
GENERAL FUND REVENUES

Section 3
General Fund Revenues

General Fund Revenues

This section reviews general fund revenue collections for fiscal year 2014, comparing actual results with the official forecast for the year. Following this review, two revised general fund revenue forecasts are presented: the JABE pessimistic plus forecast and the October standard forecast. The standard forecast is based on the IHS October standard economic outlook presented in the first two sections – the standard forecast for the U.S. and Virginia. The basis for the JABE pessimistic plus forecast is the JABE pessimistic plus economic scenario for Virginia. These updated forecasts are compared with the HB 5010 forecast based on the Interim May 2014 outlook and the corresponding Virginia state forecast developed by the Department of Taxation, and reflects actions of the 2014 General Assembly.

Fiscal Year 2014 in Review

In fiscal year 2014, total general fund revenues fell 1.6 percent to \$16,411.4 million, falling short of the official forecast (1.0 percent growth) by \$438.0 million. This marks the first time that revenues have declined outside of a national recession. Adjusting for the accelerated sales tax program, total revenues fell 0.6 percent, trailing the economic-base forecast of 2.1 percent growth.

All major sources except the insurance premiums tax and individual income tax refunds contributed to the deficit, however, collections of individual nonwithholding accounted for most of the shortfall in fiscal year 2014. Collections in this source were \$401.1 million below the estimate, a variance of -13.7 percent. Payroll withholding and sales tax collections, 83 percent of total revenues and closely related to economic activity, finished a combined 0.6 percent below forecast. Taken together, the two sources were \$78.9 million behind the forecast. Two major sources contributed positively to collections. Individual refunds were \$51.3 million lower than forecast, a net positive for the Commonwealth, and insurance premiums taxes finished the year with a \$31.0 million surplus. Collectively, the five major sources ended the year \$476.8 million below the forecast (2.9 percent variance). Also, collections of miscellaneous taxes and other revenues were \$38.8 million ahead of the forecast in fiscal year 2014 (5.8 percent variance).

Table 3.1 on the next page compares actual revenues for fiscal year 2014 with the official forecast. The official revenue forecast was based on the November 2013 IHS Economics' standard U.S. forecast, the corresponding Virginia economic forecast developed by the Department of Taxation, historical revenue collections data, and actions of the 2014 General Assembly.

General Fund Revenues

Table 3.1
Fiscal Year 2014 General Fund Collections: Actual and Official Forecast
(Dollars in Millions)

	Fiscal Year 2013		Fiscal Year 2014					
	Actual	% Growth	Official Forecast	Actual	Forecast Variance		% Growth Over FY 13	
					Dollars	Percent	Official	Actual
MAJOR TAX SOURCES								
Corporate Income	\$ 796.7	(7.3) %	\$ 769.9	\$ 757.5	\$ (12.4)	(1.6) %	(3.4) %	(4.9) %
Individual Income Tax:								
Gross	13,059.0	5.3	13,476.2	13,009.2	(467.0)	(3.5)	3.2	(0.4)
Withholding	10,251.3	2.1	10,550.2	10,484.2	(66.0)	(0.6)	2.9	2.3
Nonwithholding	2,807.7	19.1	2,926.0	2,524.9	(401.1)	(13.7)	4.2	(10.1)
Refunds	<u>(1,719.1)</u>	<u>(3.7)</u>	<u>(1,807.1)</u>	<u>(1,755.8)</u>	<u>51.3</u>	<u>(2.8)</u>	<u>5.1</u>	<u>2.1</u>
Net	11,340.0	6.9	11,669.1	11,253.3	(415.8)	(3.6)	2.9	(0.8)
Insurance Company Premiums	262.2	3.7	289.4	320.4	31.0	10.7	10.4	22.2
State Sales & Use Tax	3,219.8	3.1	3,079.4	3,066.5	(12.9)	(0.4)	(4.4)	(4.8)
Wills, Suits, Deeds, & Contract Fees	<u>377.5</u>	<u>17.2</u>	<u>377.5</u>	<u>310.8</u>	<u>(66.7)</u>	<u>(17.7)</u>	<u>0.0</u>	<u>(17.7)</u>
Total Major Tax Sources	\$ 15,996.2	5.5 %	\$ 16,185.3	\$ 15,708.5	\$ (476.8)	(2.9) %	1.2 %	(1.8) %
MISCELLANEOUS TAXES AND OTHER REVENUES								
Alcoholic Beverage State Tax	\$ 152.9	6.6 %	\$ 154.5	\$ 157.4	\$ 2.9	1.9 %	1.1 %	3.0 %
Bank Franchise Tax	20.4	8.3	20.0	22.5	2.5	12.7	(2.2)	10.3
Beer & Beverage Excise Tax	42.3	(1.6)	42.3	41.8	(0.5)	(1.1)	(0.0)	(1.2)
Corporate Franchise & Charter Fees	47.1	11.3	47.9	50.2	2.3	4.8	1.7	6.6
Excess & Other Fees from Officers	(10.8)	(24.6)	(9.4)	(7.1)	2.3	(24.2)	13.0	34.0
Estate & Gifts	(0.3)	(189.9)	0.0	0.2	0.2	n/a	(100.0)	(173.1)
Institutional Revenues	5.7	(2.5)	5.6	5.6	0.0	0.8	(1.7)	(0.9)
Interest & Rents	67.8	(12.5)	50.3	74.4	24.1	47.9	(25.9)	9.7
Licenses & Permits	4.2	(1.6)	4.3	4.0	(0.3)	(6.3)	3.0	(3.4)
Miscellaneous Taxes and Penalties	224.2	0.4	218.4	222.3	3.9	1.8	(2.6)	(0.8)
Other Miscellaneous Revenues	38.7	17.9	32.5	33.3	0.8	2.5	(15.9)	(13.8)
Public Service GR / Consumption Tax	<u>96.2</u>	<u>1.9</u>	<u>97.7</u>	<u>98.2</u>	<u>0.5</u>	<u>0.5</u>	<u>1.5</u>	<u>2.0</u>
Total Misc. Taxes and Other Revenues	\$ 688.4	1.6 %	\$ 664.1	\$ 702.9	\$ 38.8	5.8 %	(3.5) %	2.1 %
TOTAL GF REVENUES	\$ 16,684.6	5.3 %	\$ 16,849.4	\$ 16,411.4	\$ (438.0)	(2.6) %	1.0 %	(1.6) %
TRANSFERS								
A.B.C. Profits	\$ 68.0	6.6 %	\$ 71.6	\$ 72.2	\$ 0.6	0.8 %	5.3 %	6.2 %
Sales Tax (0.25%)	221.4	3.4	334.7	334.0	(0.7)	(0.2)	51.2	50.9
Transfers Per Appropriations Act	<u>135.2</u>	<u>(18.5)</u>	<u>131.2</u>	<u>131.5</u>	<u>0.3</u>	<u>0.2</u>	<u>(3.0)</u>	<u>(2.7)</u>
Total Transfers	\$ 424.6	(15.3) %	\$ 537.5	\$ 537.7	\$ 0.2	0.0 %	26.6 %	26.6 %
TOTAL GENERAL FUND	\$ 17,109.2	4.7 %	\$ 17,386.9	\$ 16,949.1	\$ (437.8)	(2.5) %	1.6 %	(0.9) %

The Official forecast is based on the November 2013 IHS Global Insight US Standard outlook and the corresponding Virginia economic outlook developed by the Department of Taxation. It includes actions of the 2014 General Assembly - Chapter 1.

Individual Income Taxes

Collections of net individual income taxes (69 percent of total revenues) fell 0.8 percent in fiscal year 2014, trailing the annual forecast of 2.9 percent growth. Receipts of \$11,253.3 million were \$415.8 million below the official estimate, a variance of 3.6 percent from the forecast. Although refunds were lower than expected, both withholding and nonwithholding fell short of their estimates, with nonwithholding accounting for the bulk of the shortfall.

Withholding: In fiscal year 2014, withholding receipts (64 percent of total revenues) increased 2.3 percent, trailing the forecast growth rate of 2.9 percent. Collections of \$10,484.2 million were \$66.0 million below the forecast, a forecast variance of -0.6 percent. Payroll withholding for the public sector has been slowing, while payments by federal contractors declined 2.6 percent in fiscal year 2013 and 6.4 percent in fiscal year 2014.

Nonwithholding: Collections of individual nonwithholding (15 percent of total revenues) fell 10.1 percent in fiscal year 2014, far below the annual forecast of 4.2 percent growth. Receipts of \$2,524.9 million were \$401.1 million below the annual estimate, a forecast variance of -13.7 percent.

The annual deficit in nonwithholding was a result of lower-than-expected individual final payments, which fell by 23.5 percent compared with expectations of no growth. These payments are historically tied to non-wage income sources – mainly the financial markets. Despite record breaking increases in the stock market, it appears that the uncertainty of the federal fiscal cliff in December 2012/January 2013 shifted more realized capital gains from 2013 into 2012 than expected.

Refunds: Individual income tax refunds totaled \$1,755.8 million in fiscal year 2014, \$51.3 million less than expected. They rose by 2.1 percent compared with the forecast of 5.1 percent growth. During the main filing season of January through June, TAX issued 2.6 million refunds, about the same number as last year. The average check size was down 3% (\$549 versus \$566).

Sales Taxes

Collections of sales and use taxes (19 percent of total revenues) were \$3,066.5 million in fiscal year 2014, \$12.9 million below the forecast, a forecast variance of 0.4 percent. Collections fell 4.8 percent for the year compared with the forecast of a 4.4 percent decline. Adjusting for accelerated sales tax payments received in June, sales tax collections grew 0.8 percent in fiscal year 2014, compared with the economic-base forecast of a 1.6 percent increase. Monthly growth rates were below the annual forecast in 6 out of the 12 months as Virginia consumers have shown restraint in the face of federal government layoffs and spending cuts.

General Fund Revenues

Corporate Income Taxes

Corporate income tax collections (5 percent of total revenues), historically the most volatile revenue source, fell short of the forecast. Collections of \$757.5 million were \$12.4 million below expectations, a forecast variance of 1.6 percent. The fiscal year decrease of 4.9 percent trailed the forecast of a 3.4 percent decline.

Wills, Suits, Deeds, and Contract Fees

Wills, Suits, Deeds, and Contract Fees (2 percent of total revenues), of which the primary component is the recordation tax, were well behind the forecast in fiscal year 2014. The sluggish recovery of the housing market slowed recordation receipts and caused a deficit in this source of \$66.7 million, a variance of -17.7 percent. Collections finished the year at \$310.8 million, a 17.7 percent drop from fiscal year 2013 and far below the official forecast of 0.0 percent growth.

Insurance Premiums Taxes

One major source to see a surplus, collections of taxes on the premiums of insurance companies (2 percent of total revenues) were \$320.4 million in fiscal year 2014 – \$31.0 million above the annual estimate. Growth in the commercial real estate market and improving home values led to a rebound in insurance premiums tax collections.

Miscellaneous Taxes and Other Revenues

Collectively, minor revenue sources finished the fiscal year \$38.8 million above the annual forecast. Collections of \$702.9 million were 2.1 percent above fiscal year 2013, and ahead of the forecast of a 3.5 percent decline. Most minor sources finished the year at or above forecast.

The Revised General Fund Revenue Forecasts for Fiscal Years 2015-2018

Two forecasts are presented for your consideration: the JABE pessimistic plus forecast based on the IHS Economics October standard scenario adjusted per JABE recommendations, and the October standard forecast based on the IHS Economics U.S. October standard forecast. These are compared with the House Bill 5010 forecast released on August 15th. The House Bill 5010 forecast is the result of the Governor addressing the fiscal year 2014 shortfall in Chapter 2. It is based on the May 2014 IHS Economics U.S. standard economic scenario adjusted per recommendations by the JABE, and the corresponding Virginia forecast developed by the Department of Taxation. It reflects actions of the 2014 General Assembly Special Session 1.

JABE Pessimistic Plus General Fund Revenue Forecast

Table 3.2 at the end of this section provides a comparison of the HB 5010 revenue forecast with the JABE pessimistic plus general fund forecast. Changes from the HB 5010 forecast are relatively small.

In the JABE pessimistic plus forecast, total general fund revenues have been reduced by \$14.7 million in fiscal year 2015. The decrease from the HB 5010 forecast comes mainly from a downward revision to individual nonwithholding. Revenues are now expected to grow by 2.7 percent in fiscal year 2015, compared with 2.8 percent in the HB 5010 forecast. Revenues in fiscal year 2016 have been increased by \$34.5 million, mainly in individual withholding, raising growth from 2.6 percent in the HB 5010 forecast to 2.9 percent. The 2014-2016 biennium has been increased by \$19.8 million from the HB 5010 estimate.

Net Individual Income Taxes

The outlook for net individual income taxes in fiscal year 2015 has been revised downward from the HB 5010 forecast, as the projected increase is expected to be \$5.6 million less than the official forecast in fiscal year 2015, and \$40.5 million more in fiscal year 2016.

Withholding

The withholding revenue model is based on a direct relationship with wages and salaries (53 percent of total personal income) and net transfer payments (6 percent of total personal income) in Virginia. Withholding in the JABE pessimistic forecast has been raised by \$17.6 million in fiscal year 2015 for growth of 2.9 percent. Withholding collections are projected to increase by 3.3 percent in fiscal year 2016, or \$39.6 million more than the HB5010 forecast.

Nonwithholding

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

Due to the significant shortfall in nonwithholding in fiscal year 2014, this source was reduced substantially in the HB 5010 forecast. The JABE pessimistic forecast for nonwithholding lowers collections further by \$14.4 million in fiscal year 2015 and \$5.6 million in fiscal year 2016. The reduction results in growth of 5.8 percent in fiscal year 2015 and 2.7 percent in fiscal year 2016.

General Fund Revenues

Refunds

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

In the JABE pessimistic revenue forecast, individual refunds are projected to grow 4.1 percent in fiscal year 2015 compared with the official forecast of a 3.6 percent increase. The interim forecast adds \$8.8 million to refunds in fiscal year 2015, reflecting the upward revision to individual withholding taxes. Land preservation credits are projected to be \$100 million each year, below last year's level of \$112.5 million. The outlook for low income credits is \$125 million in fiscal year 2015, and \$115 million in fiscal year 2016.

Sales

The sales tax revenue model is based on a direct relationship with total personal income in Virginia. The JABE pessimistic forecast increases sales tax collections by \$4.5 million in fiscal year 2015 for growth of 3.0 percent. Growth in this source is expected to be 3.6 percent in fiscal year 2016, \$5.2 million higher than the HB 5010 forecast.

Corporate

The corporate revenue model considers gross payments and refunds separately. Gross payments are modeled as a function of Virginia specific pre-tax corporate profits and the S&P 500 index. The JABE pessimistic forecast essentially leaves corporate income tax collections unchanged from the HB 5010 forecast in fiscal years 2015-2016. Collections are expected to fall by 0.6 percent in fiscal year 2015 and 1.0 percent in 2016.

Wills, Suits, Deeds, and Contracts (Recordation)

The revenue model for wills, suits, deeds and contracts is based on mortgage originations and median home prices in Virginia, along with the yield on 30-year treasury bonds. The outlook for recordation taxes drives the other components of this source. After ten months of double-digit decreases, collections of recordation taxes declined 5.7 percent in August and grew 1.2 percent in September. The JABE pessimistic forecast for collections in this source is 2.4 percent growth, an upward revision of \$3.8 million. The estimate assumes no growth over the forecast horizon.

Insurance

Collections in this source rose by 22.2 percent in fiscal year 2014, and finished the year with a \$31.0 million surplus. In the JABE pessimistic forecast, insurance premiums

growth is reduced to 4.4 percent in fiscal year 2015, a decrease of \$9.9 million. The model calls for a 2.3 percent decline in fiscal year 2016, a downward revision of \$3.4 million.

Miscellaneous Taxes and Other Revenues

Collectively, minor revenue sources have been revised downward by \$9.5 million in fiscal year 2015 for a decline of 5.2 percent compared with 3.9 percent drop in the HB 5010 forecast. These sources have been revised downward by \$9.1 million in fiscal year 2016.

General Fund Revenues

Table 3.2
The HB5010 and JABE Pessimistic Plus General Fund Forecast for Fiscal Year 2015
(Dollars in Millions)

November 10, 2014

	Fiscal Year 2015				
	HB5010	JABE Pess	Change	% Growth Over FY 14	
	Forecast	Forecast		HB5010	JABE Pess
MAJOR TAX SOURCES					
Corporate Income	\$ 750.9	\$ 752.9	\$ 2.0	(0.9) %	(0.6) %
Individual Income Tax:					
Gross	13,455.5	13,458.7	3.2	3.4	3.5
Withholding	10,770.3	10,787.9	17.6	2.7	2.9
Nonwithholding	2,685.2	2,670.8	(14.4)	6.3	5.8
Refunds	<u>(1,819.0)</u>	<u>(1,827.8)</u>	<u>(8.8)</u>	<u>3.6</u>	<u>4.1</u>
Net	11,636.5	11,630.9	(5.6)	3.4	3.4
Insurance Company Premiums	344.4	334.5	(9.9)	7.5	4.4
State Sales & Use Tax	3,152.5	3,157.0	4.5	2.8	3.0
Wills, Suits, Deeds, & Contract Fees	<u>314.5</u>	<u>318.3</u>	<u>3.8</u>	<u>1.2</u>	<u>2.4</u>
Total Major Tax Sources	\$ 16,198.8	\$ 16,193.6	\$ (5.2)	3.1 %	3.1 %
MISCELLANEOUS TAXES AND OTHER REVENUES					
Alcoholic Beverage State Tax	\$ 156.5	\$ 156.5	\$ 0.0	(0.6) %	(0.6) %
Bank Franchise Tax	20.0	16.8	(3.2)	(11.3)	(25.5)
Beer & Beverage Excise Tax	42.3	41.8	(0.5)	1.1	(0.0)
Corporate Franchise & Charter Fees	47.9	47.3	(0.6)	(4.6)	(5.8)
Excess & Other Fees from Officers	(9.4)	(8.9)	0.5	31.9	24.9
Estate & Gifts	0.0	0.0	0.0	n/a	n/a
Institutional Revenues	5.6	5.5	(0.1)	(0.8)	(2.5)
Interest & Rents	60.4	63.7	3.3	(18.8) %	(14.4)
Licenses & Permits	4.3	4.0	(0.3)	6.7 %	(0.8)
Miscellaneous Taxes and Penalties	218.9	213.7	(5.2)	(1.5) %	(3.9)
Other Miscellaneous Revenues	31.4	28.9	(2.5)	(5.8) %	(13.3)
Public Service GR / Consumption Tax	<u>97.7</u>	<u>96.8</u>	<u>(0.9)</u>	<u>(0.5) %</u>	<u>(1.4)</u>
Total Misc. Taxes and Other Revenues	\$ 675.6	\$ 666.1	\$ (9.5)	(3.9) %	(5.2) %
TOTAL GF REVENUES	\$ 16,874.4	\$ 16,859.7	\$ (14.7)	2.8 %	2.7 %
TRANSFERS					
A.B.C. Profits	\$ 74.8	\$ 74.8	\$ 0.0	3.6 %	3.6 %
Sales Tax (0.375%)	350.6	347.5	(3.1)	5.0	4.0
Transfers Per Appropriations Act	<u>162.7</u>	<u>162.7</u>	<u>0.0</u>	<u>23.7</u>	<u>23.7</u>
Total Transfers	\$ 588.1	\$ 585.0	\$ (3.1)	9.4 %	8.8 %
TOTAL GENERAL FUND	\$ 17,462.5	\$ 17,444.7	\$ (17.8)	3.0 %	2.9 %

The HB5010 forecast is based on the May 2014 IHS Economics Standard Outlook and the corresponding Virginia state forecast developed by the Department of Taxation with recommendations from JABE. It includes actions of the 2014 General Assembly Special Session 1. The JABE Pessimistic Plus forecast is based on the October IHS Economics US Standard outlook and the corresponding Virginia economic outlook developed by the Department of Taxation with recommendations from the Joint Advisory Board of Economists (JABE).

Table 3.2
The HB5010 and JABE Pessimistic Plus General Fund Forecast for Fiscal Year 2016
(Dollars in Millions)

November 10, 2014

	Fiscal Year 2016					2014-2016 Biennium		
	HB5010 Forecast	JABE Pess Forecast	Change	% Growth Over FY 15		HB5010 Forecast	JABE Pess Forecast	Change
				HB5010	JABE Pess			
MAJOR TAX SOURCES								
Corporate Income	\$ 748.2	\$ 745.7	\$ (2.5)	(0.4) %	(1.0) %	\$ 1,499.1	\$ 1,498.6	\$ (0.5)
Individual Income Tax:								
Gross	13,847.8	13,881.8	34.0	2.9	3.1	27,303.3	27,340.5	37.2
Withholding	11,100.5	11,140.1	39.6	3.1	3.3	21,870.8	21,928.0	57.2
Nonwithholding	2,747.3	2,741.7	(5.6)	2.3	2.7	5,432.5	5,412.5	(20.0)
Refunds	<u>(1,884.5)</u>	<u>(1,878.0)</u>	<u>6.5</u>	<u>3.6</u>	<u>2.7</u>	<u>(3,703.5)</u>	<u>(3,705.8)</u>	<u>(2.3)</u>
Net	11,963.3	12,003.8	40.5	2.8	3.2	23,599.8	23,634.7	34.9
Insurance Company Premiums	330.2	326.8	(3.4)	(4.1)	(2.3)	674.6	661.3	(13.3)
State Sales & Use Tax	3,265.5	3,270.7	5.2	3.6	3.6	6,418.0	6,427.7	9.7
Wills, Suits, Deeds, & Contract Fees	<u>314.5</u>	<u>318.3</u>	<u>3.8</u>	<u>0.0</u>	<u>0.0</u>	<u>629.0</u>	<u>636.6</u>	<u>7.6</u>
Total Major Tax Sources	\$ 16,621.7	\$ 16,665.3	\$ 43.6	2.6 %	2.9 %	\$ 32,820.5	\$ 32,858.9	\$ 38.4
MISCELLANEOUS TAXES AND OTHER REVENUES								
Alcoholic Beverage State Tax	\$ 159.2	\$ 159.2	\$ 0.0	1.7 %	1.7 %	\$ 315.7	\$ 315.7	\$ 0.0
Bank Franchise Tax	20.0	20.5	0.5	0.0	22.0	40.0	37.3	(2.7)
Beer & Beverage Excise Tax	42.3	41.8	(0.5)	0.0	0.0	84.6	83.6	(1.0)
Corporate Franchise & Charter Fees	47.9	47.3	(0.6)	0.0	0.0	95.8	94.6	(1.2)
Excess & Other Fees from Officers	(9.4)	(8.9)	0.5	0.0	0.0	(18.8)	(17.8)	1.0
Estate & Gifts	0.0	0.0	0.0	n/a	n/a	0.0	0.0	n/a
Institutional Revenues	5.6	5.5	(0.1)	0.0	0.0	11.2	11.0	(0.2)
Interest & Rents	65.4	67.5	2.1	8.3	6.0	125.8	131.2	5.4
Licenses & Permits	4.3	4.0	(0.3)	0.0	0.0	8.6	8.0	(0.6)
Miscellaneous Taxes and Penalties	220.3	212.9	(7.4)	0.6	(0.4)	439.2	426.6	(12.6)
Other Miscellaneous Revenues	42.3	39.9	(2.4)	34.7	38.1	73.7	68.8	(4.9)
Public Service GR / Consumption Tax	<u>97.7</u>	<u>96.8</u>	<u>(0.9)</u>	<u>0.0</u>	<u>0.0</u>	<u>195.4</u>	<u>193.6</u>	<u>(1.8)</u>
Total Misc. Taxes and Other Revenues	\$ 695.6	\$ 686.5	\$ (9.1)	3.0 %	3.1 %	\$ 1,371.2	\$ 1,352.6	\$ (18.6)
TOTAL GF REVENUES	\$ 17,317.3	\$ 17,351.8	\$ 34.5	2.6 %	2.9 %	\$ 34,191.7	\$ 34,211.5	\$ 19.8
TRANSFERS								
A.B.C. Profits	\$ 78.2	\$ 78.2	\$ 0.0	4.5 %	4.5 %	\$ 153.0	\$ 153.0	\$ 0.0
Sales Tax (0.375%)	363.0	358.6	(4.4)	3.5	3.2	713.6	706.1	(7.5)
Transfers Per Appropriations Act	<u>113.9</u>	<u>113.9</u>	<u>0.0</u>	<u>(30.0)</u>	<u>(30.0)</u>	<u>276.6</u>	<u>276.6</u>	<u>0.0</u>
Total Transfers	\$ 555.1	\$ 550.7	\$ (4.4)	(5.6) %	(5.9) %	\$ 1,143.2	\$ 1,135.7	\$ (7.5)
TOTAL GENERAL FUND	\$ 17,872.4	\$ 17,902.5	\$ 30.1	2.3 %	2.6 %	\$ 35,334.9	\$ 35,347.2	\$ 12.3

The HB5010 forecast is based on the May 2014 IHS Economics Standard Outlook and the corresponding Virginia state forecast developed by the Department of Taxation with recommendations from JABE. It includes actions of the 2014 General Assembly Special Session 1.

The JABE Pessimistic Plus forecast is based on the October IHS Economics US Standard outlook and the corresponding Virginia economic outlook developed by the Department of Taxation with recommendations from the Joint Advisory Board of Economists (JABE).

General Fund Revenues

Table 3.2
The JABE Pessimistic Plus General Fund Forecast for Fiscal Years 2017-2018
(Dollars in Millions)

November 10, 2014

	Fiscal Year 2017		Fiscal Year 2018		2016-2018 Biennium	
	JABE Pess Forecast	% Growth Over FY 16	JABE Pess Forecast	% Growth Over FY 17	JABE Pess Forecast	% Growth Over 14-16
MAJOR TAX SOURCES						
Corporate Income	\$ 753.8	1.1 %	\$ 740.9	(1.7) %	\$ 1,494.7	(0.3) %
Individual Income Tax:						
Gross	14,456.5	4.1	15,052.6	4.1	29,509.0	7.9
Withholding	11,623.0	4.3	12,116.3	4.2	23,739.2	8.3
Nonwithholding	2,833.5	3.3	2,936.3	3.6	5,769.8	6.6
Refunds	<u>(1,949.1)</u>	3.8	<u>(2,030.2)</u>	<u>4.2</u>	<u>(3,979.3)</u>	<u>7.4</u>
Net	12,507.4	4.2	13,022.4	4.1	25,529.7	8.0
Insurance Company Premiums	349.3	6.9	367.3	5.2	716.6	8.4
State Sales & Use Tax	3,348.0	2.4	3,483.1	4.0	6,831.1	6.3
Wills, Suits, Deeds, & Contract Fees	<u>318.3</u>	<u>0.0</u>	<u>318.3</u>	<u>0.0</u>	<u>636.6</u>	<u>0.0</u>
Total Major Tax Sources	\$ 17,276.7	3.7 %	\$ 17,932.0	3.8 %	\$ 35,208.7	7.2 %
MISCELLANEOUS TAXES AND OTHER REVENUES						
Alcoholic Beverage State Tax	\$ 159.2	0.0 %	\$ 159.2	0.0 %	\$ 318.4	0.9 %
Bank Franchise Tax	20.5	0.0	20.5	0.0	41.0	9.9
Beer & Beverage Excise Tax	41.8	0.0	41.8	0.0	83.6	0.0
Corporate Franchise & Charter Fees	47.3	0.0	47.3	0.0	94.6	0.0
Excess & Other Fees from Officers	(8.9)	0.0	(8.9)	0.0	(17.8)	0.0
Estate & Gifts	0.0	n/a	0.0	n/a	0.0	n/a
Institutional Revenues	5.5	0.0	5.5	0.0	11.0	0.0
Interest & Rents	54.8	(18.8)	54.8	0.0	109.6	(16.5)
Licenses & Permits	4.0	0.0	4.0	0.0	8.0	0.0
Miscellaneous Taxes and Penalties	212.9	0.0	212.9	0.0	425.8	(0.2)
Other Miscellaneous Revenues	28.5	(28.6)	28.5	0.0	57.0	(17.2)
Public Service GR / Consumption Tax	<u>96.8</u>	<u>0.0</u>	<u>96.8</u>	<u>0.0</u>	<u>193.6</u>	<u>0.0</u>
Total Misc. Taxes and Other Revenues	\$ 662.4	(3.5) %	\$ 662.4	0.0 %	\$ 1,324.8	(2.1) %
TOTAL GF REVENUES	\$ 17,939.1	3.4 %	\$ 18,594.4	3.7 %	\$ 36,533.5	6.8 %
TRANSFERS						
A.B.C. Profits	\$ 71.0	(9.2) %	\$ 71.0	0.0 %	\$ 142.0	(7.2) %
Sales Tax (0.375%)	372.9	4.0	388.2	4.1	761.1	7.8
Transfers Per Appropriations Act	<u>120.0</u>	<u>5.4</u>	<u>120.0</u>	<u>0.0</u>	<u>240.0</u>	<u>(13.2)</u>
Total Transfers	\$ 563.9	2.4 %	\$ 579.2	2.7 %	\$ 1,143.1	0.7 %
TOTAL GENERAL FUND	\$ 18,503.0	3.4 %	\$ 19,173.6	3.6 %	\$ 37,676.6	6.6 %

The HB5010 forecast is based on the May 2014 IHS Economics Standard Outlook and the corresponding Virginia state forecast developed by the Department of Taxation with recommendations from JABE. It includes actions of the 2014 General Assembly Special Session 1. This forecast includes the sales tax diversion to the Commonwealth Transportation Fund as passed in HB2313 2013 without the impact for the federal Marketplace Fairness Act.

The October Standard Forecast for Fiscal Years 2015 - 2018

Table 3.3 at the end of this section compares the HB 5010 forecast and the October standard general fund forecast. The October standard scenario increases the forecast by \$247.7 million in fiscal year 2015, as growth rises from 2.8 percent in the HB 5010 forecast to a 4.3 percent increase. The standard forecast projects total revenue growth of 3.7 percent in fiscal year 2016, an increase of \$430.5 million from the HB 5010 forecast.

Net Individual Income Taxes

In the October standard forecast, the outlook for net individual income taxes has been revised upward from the HB 5010 forecast, as the projected increase is expected to be \$201.9 million greater than the HB 5010 forecast in fiscal year 2015 and \$367.8 million more in fiscal year 2016.

Withholding

The withholding revenue model is based on a direct relationship with wages and salaries (53 percent of total personal income) and net transfer payments (6 percent of total personal income) in Virginia. Withholding in the October standard forecast has been raised by \$184.7 million in fiscal year 2015 for growth of 4.5 percent, compared with the current forecast of 2.7 percent growth. Under this scenario, withholding collections are projected to increase by 4.1 percent in fiscal year 2016.

Nonwithholding

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

The October standard forecast for nonwithholding in fiscal year 2015 raises growth from 6.3 percent to 7.4 percent, resulting in a \$26.0 million increase from the current forecast. The forecast predicts 3.4 percent growth in fiscal year 2016, compared with 2.3 percent growth in the current forecast.

Refunds

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

Individual refunds are projected to grow 4.1 percent in fiscal year 2015 compared with the current forecast of a 3.6 percent increase. The forecast adds \$8.8 million to refunds

General Fund Revenues

in fiscal year 2015, and reduces refunds by \$6.5 million in fiscal year 2016. Land preservation credits are projected to be \$100 million each year, below last year's level of \$112.5 million. The outlook for low income credits is \$115 million in fiscal year 2015, and \$100 million in fiscal year 2016.

Sales

The sales tax revenue model is based on a direct relationship with total personal income in Virginia. The October standard forecast for sales tax collections increases the official forecast by \$59.4 million in fiscal year 2015 for growth of 4.7 percent. Growth in this source is expected to be 3.9 percent in fiscal year 2016.

Corporate

The corporate revenue model considers gross payments and refunds separately. Gross payments are modeled as a function of Virginia specific pre-tax corporate profits and the S&P 500 index. The October standard forecast increases corporate collections by \$2.0 million from the HB 5010 forecast in fiscal year 2015. Collections are expected to fall by 0.6 percent in fiscal year 2015 and 0.5 percent in 2016.

Wills, Suits, Deeds, and Contracts (Recordation)

The revenue model for wills, suits, deeds and contracts is based on mortgage originations and median home prices in Virginia, along with the yield on 30-year treasury bonds. The outlook for recordation taxes drives the other components of this source. After ten months of double-digit decreases, collections of recordation taxes declined 5.7 percent in August and grew 1.2 percent in September. The October standard forecast calls for 2.4 percent growth, an upward revision of \$3.8 million. The estimate assumes no growth over the forecast horizon.

Insurance

The October standard forecast for taxes on the premiums of insurance companies is for growth of 4.4 percent in fiscal year 2015, a decrease of \$9.9 million from the current forecast. The model calls for a 2.3 percent decline in fiscal year 2016.

Miscellaneous Taxes and Other Revenues

Collectively, minor revenue sources have been reduced up by \$9.5 million in fiscal year 2015 for a decline of 5.2 percent compared with a 3.9 percent drop in the HB 5010 forecast. These sources have been revised downward by \$9.1 million in fiscal year 2016.

Table 3.3
The HB5010 and October Standard General Fund Forecast for Fiscal Year 2015
(Dollars in Millions)

November 10, 2014

	Fiscal Year 2015				
	HB5010 Forecast	October Forecast	Change	% Growth Over FY 14 HB5010 October	
MAJOR TAX SOURCES					
Corporate Income	\$ 750.9	\$ 752.9	\$ 2.0	(0.9) %	(0.6) %
Individual Income Tax:					
Gross	13,455.5	13,666.2	210.7	3.4	5.1
Withholding	10,770.3	10,955.0	184.7	2.7	4.5
Nonwithholding	2,685.2	2,711.2	26.0	6.3	7.4
Refunds	<u>(1,819.0)</u>	<u>(1,827.8)</u>	<u>(8.8)</u>	<u>3.6</u>	<u>4.1</u>
Net	11,636.5	11,838.4	201.9	3.4	5.2
Insurance Company Premiums	344.4	334.5	(9.9)	7.5	4.4
State Sales & Use Tax	3,152.5	3,211.9	59.4	2.8	4.7
Wills, Suits, Deeds, & Contract Fees	<u>314.5</u>	<u>318.3</u>	<u>3.8</u>	<u>1.2</u>	<u>2.4</u>
Total Major Tax Sources	\$ 16,198.8	\$ 16,456.0	\$ 257.2	3.1 %	4.8 %
MISCELLANEOUS TAXES AND OTHER REVENUES					
Alcoholic Beverage State Tax	\$ 156.5	\$ 156.5	\$ 0.0	(0.6) %	(0.6) %
Bank Franchise Tax	20.0	16.8	(3.2)	(11.3)	(25.5)
Beer & Beverage Excise Tax	42.3	41.8	(0.5)	1.1	(0.0)
Corporate Franchise & Charter Fees	47.9	47.3	(0.6)	(4.6)	(5.8)
Excess & Other Fees from Officers	(9.4)	(8.9)	0.5	31.9	24.9
Estate & Gifts	0.0	0.0	0.0	n/a	n/a
Institutional Revenues	5.6	5.5	(0.1)	(0.8)	(2.5)
Interest & Rents	60.4	63.7	3.3	(18.8) %	(14.4)
Licenses & Permits	4.3	4.0	(0.3)	6.7 %	(0.8)
Miscellaneous Taxes and Penalties	218.9	213.7	(5.2)	(1.5) %	(3.9)
Other Miscellaneous Revenues	31.4	28.9	(2.5)	(5.8) %	(13.3)
Public Service GR / Consumption Tax	<u>97.7</u>	<u>96.8</u>	<u>(0.9)</u>	<u>(0.5) %</u>	<u>(1.4)</u>
Total Misc. Taxes and Other Revenues	\$ 675.6	\$ 666.1	\$ (9.5)	(3.9) %	(5.2) %
TOTAL GF REVENUES	\$ 16,874.4	\$ 17,122.1	\$ 247.7	2.8 %	4.3 %
TRANSFERS					
A.B.C. Profits	\$ 74.8	\$ 74.8	\$ 0.0	3.6 %	3.6 %
Sales Tax (0.375%)	350.6	353.9	3.3	5.0	6.0
Transfers Per Appropriations Act	<u>162.7</u>	<u>162.7</u>	<u>0.0</u>	<u>23.7</u>	<u>23.7</u>
Total Transfers	\$ 588.1	\$ 591.4	\$ 3.3	9.4 %	10.0 %
TOTAL GENERAL FUND	\$ 17,462.5	\$ 17,713.5	\$ 251.0	3.0 %	4.5 %

The HB5010 forecast is based on the May 2014 IHS Economics Standard Outlook and the corresponding Virginia state forecast developed by the Department of Taxation with recommendations from JABE. It includes actions of the 2014 General Assembly Special Session 1. The October Standard forecast is based on the October IHS Economics US Standard outlook and the corresponding Virginia economic outlook developed by the Department of Taxation.

General Fund Revenues

Table 3.3
The HB5010 and October Standard General Fund Forecast for Fiscal Year 2016
(Dollars in Millions)

November 10, 2014

	Fiscal Year 2016					2014-2016 Biennium		
	HB5010 Forecast	October Forecast	Change	% Growth Over FY 15 HB5010	October	HB5010 Forecast	October Forecast	Change
MAJOR TAX SOURCES								
Corporate Income	\$ 748.2	\$ 749.3	\$ 1.1	(0.4) %	(0.5) %	\$ 1,499.1	\$ 1,502.2	\$ 3.1
Individual Income Tax								
Gross	13,847.8	14,209.1	361.3	2.9	4.0	27,303.3	27,875.3	572.0
Withholding	11,100.5	11,406.0	305.5	3.1	4.1	21,870.8	22,361.0	490.2
Nonwithholding	2,747.3	2,803.1	55.8	2.3	3.4	5,432.5	5,514.3	81.8
Refunds	<u>(1,884.5)</u>	<u>(1,878.0)</u>	<u>6.5</u>	<u>3.6</u>	<u>2.7</u>	<u>(3,703.5)</u>	<u>(3,705.8)</u>	<u>(2.3)</u>
Net	11,963.3	12,331.1	367.8	2.8	4.2	23,599.8	24,169.5	569.7
Insurance Company Premiums	330.2	326.8	(3.4)	(4.1)	(2.3)	674.6	661.3	(13.3)
State Sales & Use Tax	3,265.5	3,335.8	70.3	3.6	3.9	6,418.0	6,547.7	129.7
Wills, Suits, Deeds, & Contract Fees	<u>314.5</u>	<u>318.3</u>	<u>3.8</u>	<u>0.0</u>	<u>0.0</u>	<u>629.0</u>	<u>636.6</u>	<u>7.6</u>
Total Major Tax Sources	\$ 16,621.7	\$ 17,061.3	\$ 439.6	2.6 %	3.7 %	\$ 32,820.5	\$ 33,517.3	\$ 696.8
MISCELLANEOUS TAXES AND OTHER REVENUES								
Alcoholic Beverage State Tax	\$ 159.2	\$ 159.2	\$ 0.0	1.7 %	1.7 %	\$ 315.7	\$ 315.7	\$ 0.0
Bank Franchise Tax	20.0	20.5	0.5	0.0	22.0	40.0	37.3	(2.7)
Beer & Beverage Excise Tax	42.3	41.8	(0.5)	0.0	0.0	84.6	83.6	(1.0)
Corporate Franchise & Charter Fees	47.9	47.3	(0.6)	0.0	0.0	95.8	94.6	(1.2)
Excess & Other Fees from Officers	(9.4)	(8.9)	0.5	0.0	0.0	(18.8)	(17.8)	1.0
Estate & Gifts	0.0	0.0	0.0	n/a	n/a	0.0	0.0	n/a
Institutional Revenues	5.6	5.5	(0.1)	0.0	0.0	11.2	11.0	(0.2)
Interest & Rents	65.4	67.5	2.1	8.3	6.0	125.8	131.2	5.4
Licenses & Permits	4.3	4.0	(0.3)	0.0	0.0	8.6	8.0	(0.6)
Miscellaneous Taxes and Penalties	220.3	212.9	(7.4)	0.6	(0.4)	439.2	426.6	(12.6)
Other Miscellaneous Revenues	42.3	39.9	(2.4)	34.7	38.1	73.7	68.8	(4.9)
Public Service GR / Consumption Tax	<u>97.7</u>	<u>96.8</u>	<u>(0.9)</u>	<u>0.0</u>	<u>0.0</u>	<u>195.4</u>	<u>193.6</u>	<u>(1.8)</u>
Total Misc. Taxes and Other Revenues	\$ 695.6	\$ 686.5	\$ (9.1)	3.0 %	3.1 %	\$ 1,371.2	\$ 1,352.6	\$ (18.6)
TOTAL GF REVENUES	\$ 17,317.3	\$ 17,747.8	\$ 430.5	2.6 %	3.7 %	\$ 34,191.7	\$ 34,869.9	\$ 678.2
TRANSFERS								
A.B.C. Profits	\$ 78.2	\$ 78.2	\$ 0.0	4.5 %	4.5 %	\$ 153.0	\$ 153.0	\$ 0.0
Sales Tax (0.375%)	363.0	366.3	3.3	3.5	3.5	713.6	720.2	6.6
Transfers Per Appropriations Act	<u>113.9</u>	<u>113.9</u>	<u>0.0</u>	<u>(30.0)</u>	<u>(30.0)</u>	<u>276.6</u>	<u>276.6</u>	<u>0.0</u>
Total Transfers	\$ 555.1	\$ 558.4	\$ 3.3	(5.6) %	(5.6) %	\$ 1,143.2	\$ 1,149.8	\$ 6.6
TOTAL GENERAL FUND	\$ 17,872.4	\$ 18,306.2	\$ 433.8	2.3 %	3.3 %	\$ 35,334.9	\$ 36,019.7	\$ 684.8

The HB5010 forecast is based on the May 2014 IHS Economics Standard Outlook and the corresponding Virginia state forecast developed by the Department of Taxation with recommendations from JABE. It includes actions of the 2014 General Assembly Special Session 1.

The October Standard forecast is based on the October IHS Economics US Standard outlook and the corresponding Virginia economic outlook developed by the Department of Taxation.

Table 3.3
The October Standard General Fund Forecast for Fiscal Years 2017-2018
(Dollars in Millions)

November 10, 2014

	Fiscal Year 2017		Fiscal Year 2018		2016-2018 Biennium	
	October Forecast	% Growth Over FY 16	October Forecast	% Growth Over FY 17	October Forecast	% Growth Over 14-16
MAJOR TAX SOURCES						
Corporate Income	\$ 760.7	1.5 %	\$ 748.4	(1.6) %	\$ 1,509.1	0.5 %
Individual Income Tax:						
Gross	14,852.8	4.5	15,507.9	4.4	30,360.7	8.9
Withholding	11,942.4	4.7	12,483.6	4.5	24,426.0	9.2
Nonwithholding	2,910.4	3.8	3,024.3	3.9	5,934.7	7.6
Refunds	<u>(1,949.1)</u>	3.8	<u>(2,030.2)</u>	4.2	<u>(3,979.3)</u>	7.4
Net	12,903.7	4.6	13,477.7	4.4	26,381.4	9.2
Insurance Company Premiums	349.3	6.9	367.3	5.2	716.6	8.4
State Sales & Use Tax	3,440.4	3.1	3,589.4	4.3	7,029.8	7.4
Wills, Suits, Deeds, & Contract Fees	<u>318.3</u>	<u>0.0</u>	<u>318.3</u>	<u>0.0</u>	<u>636.6</u>	<u>0.0</u>
Total Major Tax Sources	\$ 17,772.4	4.2 %	\$ 18,501.1	4.1 %	\$ 36,273.5	8.2 %
MISCELLANEOUS TAXES AND OTHER REVENUES						
Alcoholic Beverage State Tax	\$ 159.2	0.0 %	\$ 159.2	0.0 %	\$ 318.4	0.9 %
Bank Franchise Tax	20.5	0.0	20.5	0.0	41.0	9.9
Beer & Beverage Excise Tax	41.8	0.0	41.8	0.0	83.6	0.0
Corporate Franchise & Charter Fees	47.3	0.0	47.3	0.0	94.6	0.0
Excess & Other Fees from Officers	(8.9)	0.0	(8.9)	0.0	(17.8)	0.0
Estate & Gifts	0.0	n/a	0.0	n/a	0.0	n/a
Institutional Revenues	5.5	0.0	5.5	0.0	11.0	0.0
Interest & Rents	54.8	(18.8)	54.8	0.0	109.6	(16.5)
Licenses & Permits	4.0	0.0	4.0	0.0	8.0	0.0
Miscellaneous Taxes and Penalties	212.9	0.0	212.9	0.0	425.8	(0.2)
Other Miscellaneous Revenues	28.5	(28.6)	28.5	0.0	57.0	(17.2)
Public Service GR / Consumption Tax	<u>96.8</u>	<u>0.0</u>	<u>96.8</u>	<u>0.0</u>	<u>193.6</u>	<u>0.0</u>
Total Misc. Taxes and Other Revenues	\$ 662.4	(3.5) %	\$ 662.4	0.0 %	\$ 1,324.8	(2.1) %
TOTAL GF REVENUES	\$ 18,434.8	3.9 %	\$ 19,163.5	4.0 %	\$ 37,598.3	7.8 %
TRANSFERS						
A.B.C. Profits	\$ 71.0	(9.2) %	\$ 71.0	0.0 %	\$ 142.0	(7.2) %
Sales Tax (0.375%)	383.1	4.6	399.6	4.3	782.7	8.7
Transfers Per Appropriations Act	<u>120.0</u>	<u>5.4</u>	<u>120.0</u>	<u>0.0</u>	<u>240.0</u>	<u>(13.2)</u>
Total Transfers	\$ 574.1	2.8 %	\$ 590.6	2.9 %	\$ 1,164.7	1.3 %
TOTAL GENERAL FUND	\$ 19,008.9	3.8 %	\$ 19,754.1	3.9 %	\$ 38,763.0	7.6 %

The HB5010 forecast is based on the May 2014 IHS Economics Standard Outlook and the corresponding Virginia state forecast developed by the Department of Taxation with recommendations from JABE. It includes actions of the 2014 General Assembly Special Session 1. This forecast includes the sales tax diversion to the Commonwealth Transportation Fund as passed in HB2313 2013 without the impact for the federal Marketplace Fairness Act.

General Fund Revenues

Legislative Changes Affecting the Forecast

Table 3.4 below lists the legislative and policy changes that affect the revenue forecast for fiscal years 2015-2016.

Table 3.4
Summary of Recent Legislation Affecting General Fund Revenues
(Millions of Dollars)

	FY15	FY16
CORPORATE INCOME TAX		
C. 781, 2009 - Captive REIT -- HB2504/SB1147	10.0	10.0
C. 781, 2009 - Single Sales Factor Apportionment -- HB2437	(58.9)	(58.6)
C. 890, 2011 - Virginia Port Tax Incentive -- SB1481/1136/HB2385	(4.3)	(2.7)
C. 3, 2012 - Delay date of scholarships -- SB131/HB321	(10.0)	(20.0)
C. 2, 2014 - Cap Scholarship -- HB321/SB131	(10.0)	(10.0)
C. 2, 2014 - Increase R&D Expenses Tax Credit -- HB1220/SB623	(1.0)	(1.0)
C. 2, 2014 - Increase Motion Picture Tax Credit -- HB460	(4.0)	(4.0)
Federal TOPS Program	12.0	4.0
INDIVIDUAL INCOME TAX		
C. 3, 2006 - Cap Land Preservation Tax Credit (Total Cost)	(100.0)	(100.0)
C. 890, 2011 - Virginia Port Tax Incentive	(0.7)	(0.7)
C. 3, 2012 - Increase Neighborhood Assistance Credit - SB131	(1.5)	(1.5)
C. 3, 2012 - Small business investment credit Credit - SB344	1.5	1.5
C. 806, 2013 - American Taxpayer Relief Act of 2012	13.3	15.1
C. 806, 2013 - Maintain Cap on Equity/Subordinated Debt	0.5	0.5
C. 806, 2013 - Adjust Credit for Participating Landlords - HB 2013	0.2	0.2
C.2, 2014 - Accelerate Due Date for Employer Withholding	0.2	0.5
2014 Increase Neighborhood Assistance Credit	(1.0)	(2.0)
STATE SALES AND USE TAX		
C. 806, 2013 - Diversion to Transportation	(48.9)	(100.9)
C. 806, 2013 - Additional 0.125% to Education - HB2313	115.8	119.5
C. 3, 2012 - Sales Tax Presence in VA Amazon - SB597 (GA)	14.2	14.2
C. 2, 2014 - Additional Amazon Sales Tax (GA)	5.3	7.3
C. 2, 2014 - Tax Satellite TV Equipment	9.6	9.6
C. 2, 2014 - Expanding AST Dealers	20.8	29.9
WILLS, SUITS, DEEDS, AND CONTRACTS		
C. 847, 2007 - \$0.03 of Recordation Tax to Transportation	(38.2)	(38.2)
INSURANCE PREMIUMS TAX		
C. 847, 2007 - 1/3 of Insurance Premiums Tax to Transportation	(150.4)	(161.7)
C. 890, 2013 - Repeal Long-Term Care	1.0	1.0
SALES OF PROPERTY		
C. 3, 2012 - Sale of Brunswick Prison		10.0

SECTION 4
NON-GENERAL FUND REVENUES

Section 4 Non-General Fund Revenues

Transportation Revenues

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

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

- Motor Fuels and Road Use Taxes,
- a 4.15 percent Vehicle Sales and Use Tax (The rate of 4.15 percent will be phased in over four years, beginning in fiscal year 2014.),
- licensing fees,
- 0.55 cent State Retail Sales and Use Tax (The share of existing general sales and use tax revenues used for transportation from a 0.50 percent to 0.675 percent, phased in over four years. In the event that the U.S. Congress does not pass the Marketplace Fairness Act by January 1, 2015, the share of sales tax revenues used for transportation will remain at 0.60 percent.),
- 0.3 percent State Retail Sales and Use tax,
- three cents of the State Recordation Tax,
- one-third of State Insurance Premiums Tax,
- International Registration Plan Fees,
- Interest Earnings, and
- Other miscellaneous taxes and fees.

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

NON-GENERAL FUND REVENUES

Fiscal Year 2014 in Review

Table 4.1 compares actual collections in fiscal year 2014 to the official forecast for the Commonwealth Transportation Fund (CTF). Total transportation revenues totaled \$2.8 billion, an increase of \$312.7 million over last year. Revenue collections grew by 12.5 percent as compared to the official forecast of a 13.2 percent increase, resulting in a forecast variance of -0.6 percent.

Table 4.1
Actual Collections Compared to the Official Forecast for Fiscal Year 2014
(Millions of Dollars)

Revenue Sources	FY2013 Actual	FY2014 Actual	FY2014 Forecast	Percent Change 2013-2014		Forecast Variance	
				Actual	Forecast	Amount	Percent
Motor Fuels Tax	814.8	649.7	\$597.8	-20.3%	-26.6%	\$51.9	8.7%
Road Use Tax	5.1	8.6	7.7	68.6	51.0	0.9	11.7
Vehicle Sales Tax	589.4	788.6	826.1	33.8	40.2	-37.5	-4.5
Vehicle Licenses	245.6	249.3	250.7	1.5	2.1	-1.4	-0.6
State Sales Tax	521.2	822.6	837.8	57.8	60.7	-15.2	-1.8
Recordation Tax	46.3	37.3	45.5	(19.4)	(1.7)	-8.2	-18.0
Priority Transportation Fund	20.0	-	-	na	na	na	na
Insurance Premiums Tax	130.1	130.8	130.8	0.5	0.5	0.0	0.0
Int'l Registration Plan	61.8	59.6	62.3	(3.6)	0.8	-2.7	-4.3
Interest Earnings	9.3	7.2	13.1	(22.6)	40.9	-5.9	-45.0
Rental Tax	33.4	33.3	33.1	(0.3)	(0.9)	0.2	0.6
Aviation Fuels Tax	1.8	2.0	2.0	11.1	11.1	0.0	0.0
Miscellaneous	14.8	17.3	16.1	16.9	8.8	1.2	7.5
TOTAL	\$2,493.6	\$2,806.3	\$2,823.0	12.5%	13.2%	(\$16.7)	-0.6%

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

Revenues from motor fuels taxes (23 percent of the CTF in fiscal year 2014) exceeded the forecast by \$51.9 million in fiscal year 2014. Motor fuels tax collections declined by 20.3 percent in fiscal year 2014.

Fiscal year 2014 marked the first year of the new taxing regime for motor fuels. HB2313 (2013) eliminates the \$0.175 per gallon tax on motor fuels, and replaces it with a percentage-based tax of 3.5 percent for gasoline and 6 percent for diesel fuel.

Personal vehicle travel demand, measured as annual vehicle miles traveled (VMT) per licensed driver, peaked in 2004 and has declined each year since then for a total decline of 7.5 percent. VMT per capita in 2012 reached its lowest level since 1996.

A variety of factors have been cited for the decline, including retiring Baby Boomers; less enthusiasm for cars among Millennials; a move in many places toward more compact and mixed-use development; and demand-side policy efforts, including TDM, tolling and market-pricing of parking. In addition, some trends that fueled VMT growth in the last century have eased: The transition toward women working outside the home is essentially complete, car-ownership has gone from rare to common, and people's time budgets for car travel may have reached their maximum.

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

Revenues from the motor vehicle sales and use tax (28 percent of the CTF in fiscal year 2014) increased by 33.8 percent in fiscal year 2014. HB2313 (2013) amends the tax on the sale of motor vehicles (the "titling tax"). Previously, the titling tax was 3 percent. A new rate of 4.15 percent will be phased in over four years. In fiscal year 2104, the rate was 4 percent. New car sales declined by 2.8 percent; however, used car sales were relatively flat, growing by only 0.5 percent.

Revenues from the transportation share of the state retail sales tax (29 percent of the CTF in fiscal year 2014) increased by 57.8 percent. HB2313 (2013) raised the state sales and use tax across the Commonwealth from 4 percent to 4.3 percent and designated the increased revenues to the Commonwealth Transportation Fund.

Motor vehicle license fees (9 percent of the CTF in fiscal year 2014) increased by 1.5 percent in fiscal year 2014.

International Registration Plan fees (2 percent of the CTF in fiscal year 2014), the registration fees paid by all interstate motor carriers driving through the Commonwealth, declined by 3.6 percent in fiscal year 2014. These fees are based on vehicle weight and the miles traveled in Virginia.

Collectively, all other taxes and revenues (9 percent of the CTF in fiscal year 2014) were \$11.8 million below the forecast in fiscal year 2014

NON-GENERAL FUND REVENUES

Outlook for Key Tax Base Variables

Motor Fuel Consumption

Gasoline consumption increased by 2.1 percent and diesel fuel consumption increased by 1.2 percent in fiscal year 2014.

Per capita vehicle miles of travel dropped again in 2013, making it the ninth consecutive year of decline. Total VMT in the United States increased by 0.6 percent from 2012. Unlike other past dips in driving, this recent downward shift has had no clear, lasting connection to economic trends or gas prices. Evidence suggests that the decline is likely due to changing demographics, saturated highways, and a rising preference for compact, mixed-use neighborhoods, which reduce the need for driving. Fuel prices seem to have little relationship with VMT, and the trend toward lower levels of driving has persisted through economic prosperity, recession and recovery.

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

Table 4.2
Motor Fuel Consumption, History and Forecast, Fiscal Years 2014 - 2016
(Percent Growth)

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Taxable Gallons - Gasoline			
Official	(0.5)	0.7	0.9
JABE Pess. Plus	2.1	(0.5)	2.0
Standard	2.1	2.5	1.6
Taxable Gallons - Diesel			
Official	2.2	2.5	3.2
JABE Pess. Plus	1.2	1.6	3.2
Standard	1.2	2.0	4.2

Vehicle Sales

The official forecast anticipated that fiscal year 2014 new car sales would continue to grow. New car sales declined by 2.8 percent, well below the forecast of a 6.9 percent increase.

Used car sales were expected to increase slightly in fiscal year 2014. Used car sales increased by 0.5 percent in fiscal year 2014, matching the official forecast.

Table 4.3 shows the official and November 2014 forecast for new and used vehicles. The discussion of the vehicle sales outlook is divided into two sections: new taxable titles and used taxable titles.

**Table 4.3
Virginia Vehicle Market, History and Forecast, Fiscal Years 2014 - 2016
(Percent Growth)**

	<u>2014</u>	<u>2015</u>	<u>2016</u>
New Taxable Titles			
Official	6.9	2.0	0.3
JABE Pess. Plus	(2.8)	3.6	0.5
Standard		2.5	(0.5)
Used Taxable Titles			
Official	0.5	5.2	1.2
JABE Pess. Plus	0.5	(1.0)	1.4
Standard		1.8	2.1

New Taxable Titles: In fiscal year 2014, over 352,000 new vehicles were titled in Virginia, a drop of 10,000 from fiscal year 2013. New car sales are still about 25,000 units below the 2008 level.

The November forecast expects solid growth in fiscal year 2015 as sales are supported by a steadily improving job market, favorable financing conditions including long-term loans, favorable leasing terms, replacement demand, and broader credit availability than for other loan products. According to J.D. Power, one-third of vehicles loans have terms of at least six years. Long loans enable consumers to afford more expensive vehicles because monthly payments are reduced. Compounding these sales inducements, dealers and manufacturers are offering more discounting and other sales incentives. The ratio of incentives to average transaction prices has reached the highest level since 2010.

NON-GENERAL FUND REVENUES

Used Taxable Titles: About 1.1 million used cars were sold in Virginia in fiscal year 2014, an increase of 0.5 percent. Used car sales generally follow a sales pattern similar to new car sales. However, tight inventories of used vehicles less than five years old have driven used-vehicle prices higher, pushing more consumers into the new-vehicle market. Used-vehicle prices are expected to moderate in fiscal year 2016, moving more consumers into the used car market from the new car market.

November 2014 JABE Pessimistic Plus Commonwealth Transportation Fund Forecast

Table 4.4 on the following pages presents a comparison of the October 2014 JABE Pessimistic Plus forecast and the official forecast. In the Virginia JABE pessimistic plus forecast, economic growth continues to improve, but performs below the national economy.

Beginning in fiscal year 2014, Chapter 766 (2013) provided a considerable influx of new revenues into the Commonwealth Transportation Fund:

- The bill eliminated the \$0.175 per gallon tax on motor fuels, and replaced it with a percentage-based tax of 3.5 percent for gasoline and 6 percent for diesel fuel. (In the event that the U.S. Congress does not pass the Marketplace Fairness Act by January 1, 2015, the rate on gasoline will rise to 5.1 percent.)
- The bill raised the state sales and use tax across the Commonwealth from 4 percent to 4.3 percent and designated the increased revenues to the Commonwealth Transportation Fund.
- The bill increased the share of existing general sales and use tax revenues used for transportation from 0.50 percent to 0.675 percent, phased in over four years. (In the event that the U.S. Congress does not pass the Marketplace Fairness Act by January 1, 2015, the share of sales tax revenues used for transportation will remain at 0.60 percent.)
- The bill amended the tax on the sale of motor vehicles (the "titling tax"). Previously, the titling tax was 3 percent. A new rate of 4.15 percent will be phased in over four years.

The November forecast shows a reduction in fiscal year 2015 of \$90.5 million and a reduction of \$54.1 million in fiscal year 2016, as compared to the official forecast. Revenue collections are estimated to increase by 6.9 percent and 7.2 percent in fiscal years 2015 and 2016, respectively.

NON-GENERAL FUND REVENUES

Table 4.4
The Official and November JABE Pessimistic Plus Transportation Fund Forecast for Fiscal Year 2015
(Dollars in Millions)

November 10, 2014

	Fiscal Year 2014		Fiscal Year 2015				
	Actual	% Growth	Official	November	Change	% Growth over FY 14	
			Forecast	Forecast		Official	November
Highway Maintenance & Operating Fund							
Motor Fuels Tax	\$ 527.3	(25.6) %	\$ 573.0	\$ 575.5	\$ 2.5	8.7 %	9.1 %
Road Tax	0.5	(119.2)	(0.1)	0.7	0.8	(120.0)	40.0
Motor Vehicle Sales And Use Tax	581.2	50.0	653.5	606.4	(47.1)	12.4	4.3
Motor Vehicle License Fees	227.6	1.7	232.8	223.6	(9.2)	2.3	(1.8)
Retail Sales and Use Tax	191.3	n/a	270.5	268.8	(1.7)	41.4	40.5
International Registration Plan	59.6	(3.6)	63.5	60.2	(3.3)	6.5	1.0
Recordation Tax (1 cent)	12.5	(18.8)	15.0	12.7	(2.3)	20.0	1.6
Miscellaneous	17.3	16.9	16.1	15.7	(0.4)	(6.9)	(9.2)
Total State Taxes and Fees	\$ 1,617.3	14.7 %	\$ 1,824.3	\$ 1,763.6	\$ (60.7)	12.8 %	9.0 %
Transportation Trust Fund							
Motor Fuels Tax	\$ 122.4	(2.6) %	\$ 136.0	\$ 136.6	\$ 0.6	11.1 %	11.6 %
Insurance Premiums Tax (1/3)	130.8	0.5	140.1	150.4	10.3	7.1	15.0
Road Tax	8.0	3.9	7.8	7.8	0.0	(2.5)	(2.5)
Motor Vehicle Sales And Use Tax	207.4	2.8	222.1	207.8	(14.3)	7.1	0.2
Motor Vehicle License Fees	21.7	0.0	22.4	22.0	(0.4)	3.2	1.4
Retail Sales and Use Tax	631.3	21.1	666.1	658.0	(8.1)	5.5	4.2
Recordation Tax (2 cents)	24.9	(19.4)	30.5	25.2	(5.3)	22.5	1.2
Interest Earnings	7.2	(22.6)	10.5	14.3	3.8	45.8	98.6
Rental Tax	33.3	(0.3)	34.0	35.1	1.1	2.1	5.4
Aviation Fuels Tax	2.0	11.1	2.0	2.0	0.0	0.0	0.0
Total State Taxes and Fees	\$ 1,189.0	9.7 %	\$ 1,271.5	\$ 1,259.2	\$ (12.3)	6.9 %	5.9 %
Total HMOF And TTF							
Motor Fuels Tax	\$ 649.7	(22.2) %	\$ 709.0	\$ 712.1	\$ 3.1	9.1 %	9.6 %
Insurance Premiums Tax (1/3)	130.8	0.5	140.1	150.4	10.3	7.1	15.0
Road Tax	8.5	66.7	7.7	8.5	0.8	(9.4)	0.0
Motor Vehicle Sales and Use Tax	788.6	33.8	875.6	814.2	(61.4)	11.0	3.2
Motor Vehicle License Fees	249.3	1.5	255.2	245.6	(9.6)	2.4	(1.5)
International Registration Plan	59.6	(3.6)	63.5	60.2	(3.3)	6.5	1.0
Retail Sales and Use Tax	822.6	57.8	936.6	926.8	(9.8)	13.9	12.7
Recordation Tax (3 cents)	37.4	(19.2)	45.5	37.9	(7.6)	21.7	1.3
Interest Earnings	7.2	(22.6)	10.5	14.3	3.8	45.8	98.6
Rental Tax	33.3	(0.3)	34.0	35.1	1.1	2.1	5.4
Aviation Fuels Tax	2.0	11.1	2.0	2.0	0.0	0.0	0.0
Miscellaneous	17.3	16.9	16.1	15.7	(0.4)	(6.9)	(9.2)
Total State Taxes and Fees	\$ 2,806.3	12.5 %	\$ 3,095.8	\$ 3,022.8	\$ (73.0)	10.3 %	7.7 %
Transfers							
AST 0.5% TTF	21.7	3.8	17.5	0.0	(17.5)	(19.4)	*
AST Diversion HMOF	0.0	*	1.3	1.3	0.0	*	*
AST 0.3% HMOF	0.0	*	0.0	0.0	0.0	*	*
AST 0.3% TTF	0.0	*	0.0	0.0	0.0	*	*
Total Transfers	\$ 21.7	3.8	\$ 18.8	\$ 1.3	\$ (17.5)	(13.4)	(94.0) %
Total Transportation Fund	\$ 2,828.0	12.5	\$ 3,114.6	\$ 3,024.1	\$ (90.5)	10.1 %	6.9 %

The Official forecast is based on the November 2013 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

The November forecast is based on the JABE Pessimistic Plus outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

This forecast assumes that federal legislation implementing the Marketplace Fairness Act (MFA) is not passed through the forecast horizon.

Therefore, this forecast does not include revenues attributable to the MFA. In addition, according to provisions of HB2313 (2013), if federal legislation implementing the MFA is not passed, the motor fuels sales tax rate on gasoline increases by 1.6% on January 1, 2015 and the incremental sales tax commitment remains at the fiscal year 2015 rate of 0.1%.

NON-GENERAL FUND REVENUES

Table 4.4
The Official and November JABE Pessimistic Plus Transportation Fund Forecast for Fiscal Year 2016
(Dollars in Millions)

November 10, 2014

	Fiscal Year 2016				
	Official Forecast	November Forecast	Change	% Growth over FY 15	
				Official	November
Highway Maintenance & Operating Fund					
Motor Fuels Tax	\$ 672.4	\$ 678.5	\$ 6.1	17.3 %	17.9 %
Road Tax	(0.3)	0.6	0.9	200.0	(14.3)
Motor Vehicle Sales And Use Tax	675.7	628.3	(47.4)	3.4	3.6
Motor Vehicle License Fees	234.6	222.7	(11.9)	0.8	(0.4)
Retail Sales and Use Tax	279.9	269.0	(10.9)	3.5	0.1
International Registration Plan	62.7	60.4	(2.3)	(1.3)	0.3
Recordation Tax (1 cent)	15.0	12.7	(2.3)	0.0	0.0
Miscellaneous	16.1	15.7	(0.4)	0.0	0.0
Total State Taxes and Fees (HMOF)	\$ 1,956.1	\$ 1,887.9	\$ (68.2)	7.2 %	7.0 %
Transportation Trust Fund					
Motor Fuels Tax	\$ 159.6	\$ 161.2	\$ 1.6	17.4 %	18.0 %
Insurance Premiums Tax (1/3)	143.7	161.7	18.0	2.6	7.5
Road Tax	8.1	7.9	(0.2)	3.8	1.3
Motor Vehicle Sales And Use Tax	225.9	211.7	(14.2)	1.7	1.9
Motor Vehicle License Fees	22.5	21.9	(0.6)	0.4	(0.5)
Retail Sales and Use Tax	685.5	673.5	(12.0)	2.9	2.4
Recordation Tax (2 cents)	30.5	25.2	(5.3)	0.0	0.0
Interest Earnings	10.9	14.8	3.9	3.8	3.5
Rental Tax	35.1	35.6	0.5	3.2	1.4
Aviation Fuels Tax	2.1	2.0	(0.1)	5.0	0.0
Total State Taxes and Fees (TTF)	\$ 1,323.9	\$ 1,315.5	\$ (8.4)	4.1 %	4.5 %
Total HMOF And TTF					
Motor Fuels Tax	\$ 832.0	\$ 839.7	\$ 7.7	17.3 %	17.9 %
Insurance Premiums Tax (1/3)	143.7	161.7	18.0	2.6	7.5
Road Tax	7.8	8.5	0.7	1.3	0.0
Motor Vehicle Sales and Use Tax	901.6	840.0	(61.6)	3.0	3.2
Motor Vehicle License Fees	257.1	244.6	(12.5)	0.7	(0.4)
International Registration Plan	62.7	60.4	(2.3)	(1.3)	0.3
Retail Sales and Use Tax	965.4	942.5	(22.9)	3.1	1.7
Recordation Tax (3 cents)	45.5	37.9	(7.6)	0.0	0.0
Interest Earnings	10.9	14.8	3.9	3.8	3.5
Rental Tax	35.1	35.6	0.5	3.2	1.4
Aviation Fuels Tax	2.1	2.0	(0.1)	5.0	0.0
Miscellaneous	16.1	15.7	(0.4)	0.0	0.0
Total State Taxes and Fees	\$ 3,280.0	\$ 3,203.4	\$ (76.6)	5.9 %	6.0 %
Transfers					
AST 0.5% TTF	14.9	23.3	8.4	(14.9)	*
AST Diversion HMOF	1.3	1.4	0.1	*	7.7
AST 0.3% HMOF	0.0	8.4	8.4	*	*
AST 0.3% TTF	0.0	5.6	5.6	*	*
Total Transfers	\$ 16.2	\$ 38.7	\$ 22.5	(13.8) %	2876.9 %
Total Transportation Fund	\$ 3,296.2	\$ 3,242.1	\$ (54.1)	5.8 %	7.2 %

The Official forecast is based on the November 2013 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

The November forecast is based on the JABE Pessimistic Plus outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

This forecast assumes that federal legislation implementing the Marketplace Fairness Act (MFA) is not passed through the forecast horizon.

Therefore, this forecast does not include revenues attributable to the MFA. In addition, according to provisions of HB2313 (2013), if federal legislation implementing the MFA is not passed, the motor fuels sales tax rate on gasoline increases by 1.6% on January 1, 2015 and the incremental sales tax commitment remains at the fiscal year 2015 rate of 0.1%.

NON-GENERAL FUND REVENUES

Table 4.4
The Official and November JABE Pessimistic Plus Transportation Fund Forecast for Fiscal Year 2017-20
(Dollars in Millions)

November 10, 2014

	Fiscal Years 2017 through 2020							
	FY 17		FY 18		FY 19		FY 20	
	Forecast	% Growth	Forecast	% Growth	Forecast	% Growth	Forecast	% Growth
Highway Maintenance & Operating Fund								
Motor Fuels Tax	\$ 685.5	1.0	\$ 693.9	1.2	\$ 708.3	2.1	\$ 715.6	1.0
Road Tax	0.6	0.0	0.6	0.0	0.4	33.3	0.4	0.0
Motor Vehicle Sales And Use Tax	643.2	2.4	647.3	0.6	658.3	1.7	668.1	1.5
Motor Vehicle License Fees	224.7	0.9	223.9	(0.4)	224.3	0.2	224.9	0.3
Retail Sales and Use Tax	279.8	4.0	291.1	4.0	301.7	3.6	312.1	3.4
International Registration Plan	60.6	0.3	60.8	0.3	61.1	0.5	61.4	0.5
Recordation Tax (1 cent)	12.7	0.0	12.7	0.0	12.7	0.0	12.7	0.0
Miscellaneous	15.7	0.0	15.7	0.0	15.7	0.0	15.7	0.0
Total State Taxes and Fees (HMOF)	\$ 1,922.8	1.8	\$ 1,946.0	1.2%	\$ 1,982.5	1.9%	\$ 2,010.9	1.4%
Transportation Trust Fund								
Motor Fuels Tax	162.8	1.0	164.8	1.2	168.2	2.1	170.0	1.1
Insurance Premiums Tax (1/3)	162.8	0.7	170.7	4.9	179.3	5.0	187.2	4.4
Road Tax	7.8	(1.3)	8.0	2.6	8.3	3.8	8.3	0.0
Motor Vehicle Sales And Use Tax	213.3	0.8	214.6	0.6	218.1	1.6	221.2	1.4
Motor Vehicle License Fees	22.3	1.8	22.1	(0.9)	22.2	0.5	22.3	0.5
Retail Sales and Use Tax	700.4	4.0	729.1	4.1	756.1	3.7	782.4	3.5
Recordation Tax (2 cents)	25.2	0.0	25.2	0.0	25.2	0.0	25.2	0.0
Interest Earnings	17.3	16.9	19.0	9.8	20.8	9.5	28.9	38.9
Rental Tax	36.1	1.4	36.7	1.7	37.7	2.7	38.7	2.7
Aviation Fuels Tax	2.0	0.0	2.0	0.0	2.0	0.0	2.0	0.0
Total State Taxes and Fees (TTF)	\$ 1,350.0	2.6	\$ 1,392.2	3.1%	\$ 1,437.9	3.3%	\$ 1,486.2	3.4%
Total HMOF And TTF								
Motor Fuels Tax	848.3	1.0	858.7	1.2	876.5	2.1	885.6	1.0
Insurance Premiums Tax (1/3)	162.8	0.7	170.7	4.9	179.3	5.0	187.2	4.4
Road Tax	8.4	(1.2)	8.6	2.4	8.7	1.2	8.7	0.0
Motor Vehicle Sales and Use Tax	856.5	2.0	861.9	0.6	876.4	1.7	889.3	1.5
Motor Vehicle License Fees	247.0	1.0	246.0	(0.4)	246.5	0.2	247.2	0.3
International Registration Plan	60.6	0.3	60.8	0.3	61.1	0.5	61.4	0.5
Retail Sales and Use Tax	980.2	4.0	1,020.2	4.1	1,057.8	3.7	1,094.5	3.5
Recordation Tax (3 cents)	37.9	0.0	37.9	0.0	37.9	0.0	37.9	0.0
Interest Earnings	17.3	16.9	19.0	9.8	20.8	9.5	28.9	38.9
Rental Tax	36.1	1.4	36.7	1.7	37.7	2.7	38.7	2.7
Aviation Fuels Tax	2.0	0.0	2.0	0.0	2.0	0.0	2.0	0.0
Miscellaneous	15.7	0.0	15.7	0.0	15.7	0.0	15.7	0.0
Total State Taxes and Fees	\$ 3,272.8	2.2	\$ 3,338.2	2.0%	\$ 3,420.4	2.5%	\$ 3,497.1	2.2%
Transfers								
AST 0.5% TTF	24.0	3.0	25.0	4.2	26.0	4.0	27.0	3.8
AST Diversion HMOF	1.4	0.0	1.5	7.1	1.6	6.7	1.6	0.0
AST 0.3% HMOF	8.7	3.6	9.0	3.4	9.4	4.4	9.7	3.2
AST 0.3% TTF	5.8	3.6	6.0	3.4	6.2	3.3	6.5	4.8
Total Transfers	\$ 39.9	3.1	\$ 41.5	4.0	\$ 43.2	4.1	\$ 44.8	3.7
Total Transportation Fund	\$ 3,312.7	2.2%	\$ 3,379.7	2.0%	\$ 3,463.6	2.5%	\$ 3,541.9	2.3%

The November forecast is based on the JABE Pessimistic Plus outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

This forecast assumes that federal legislation implementing the Marketplace Fairness Act (MFA) is not passed through the forecast horizon.

Therefore, this forecast does not include revenues attributable to the MFA. In addition, according to provisions of HB2313 (2013), if federal legislation implementing the MFA is not passed, the motor fuels sales tax rate on gasoline increases by 1.6% on January 1, 2015 and the incremental sales tax commitment remains at the fiscal year 2015 rate of 0.1%.

NON-GENERAL FUND REVENUES

The Standard Forecast

Table 4.5 on the following pages compares the official and November standard Commonwealth Transportation Fund forecasts. Under the standard forecast, total transportation fund revenues are expected to be \$52.3 million lower in fiscal year 2015 and \$5.5 million lower in fiscal year 2016, as compared to the official forecast.

This forecast is based on IHS Economics October 2014 standard forecast and the corresponding Virginia state forecast. The October standard forecast assumes that Virginia will grow slower than the nation in terms of employment and personal income; however, economic activity will accelerate to diminish the gap over time. Federal government spending is expected to decline 2.5 percent in calendar year 2014, following a 5.7 percent drop in calendar year 2013; federal government spending is expected to continue to be a drag, although to a smaller extent on the overall economy throughout the forecast horizon.

NON-GENERAL FUND REVENUES

Table 4.5
The Official and November Standard Transportation Fund Forecast for Fiscal Year 2015
(Dollars in Millions)

November 10, 2014

	Fiscal Year 2014		Fiscal Year 2015				
	Actual	% Growth	Official	November	Change	% Growth over FY 14	
			Forecast	Forecast		Official	November
Highway Maintenance & Operating Fund							
Motor Fuels Tax	\$ 527.3	(25.6) %	\$ 573.0	\$ 588.0	\$ 15.0	8.7 %	11.5 %
Road Tax	0.5	(119.2)	(0.1)	0.7	0.8	(120.0)	40.0
Motor Vehicle Sales And Use Tax	581.2	50.0	653.5	610.7	(42.8)	12.4	5.1
Motor Vehicle License Fees	227.6	1.7	232.8	223.6	(9.2)	2.3	(1.8)
Retail Sales and Use Tax	191.3	n/a	270.5	273.5	3.0	41.4	43.0
International Registration Plan	59.6	(3.6)	63.5	60.2	(3.3)	6.5	1.0
Recordation Tax (1 cent)	12.5	(18.8)	15.0	12.7	(2.3)	20.0	1.6
Miscellaneous	17.3	16.9	16.1	15.7	(0.4)	(6.9)	(9.2)
Total State Taxes and Fees	\$ 1,617.3	14.7 %	\$ 1,824.3	\$ 1,785.1	\$ (39.2)	12.8 %	10.4 %
Transportation Trust Fund							
Motor Fuels Tax	\$ 122.4	(2.6) %	\$ 136.0	\$ 139.8	\$ 3.8	11.1 %	14.2 %
Insurance Premiums Tax (1/3)	130.8	0.5	140.1	150.4	10.3	7.1	15.0
Road Tax	8.0	3.9	7.8	7.8	0.0	(2.5)	(2.5)
Motor Vehicle Sales And Use Tax	207.4	2.8	222.1	209.2	(12.9)	7.1	0.9
Motor Vehicle License Fees	21.7	0.0	22.4	22.0	(0.4)	3.2	1.4
Retail Sales and Use Tax	631.3	21.1	666.1	670.1	4.0	5.5	6.1
Recordation Tax (2 cents)	24.9	(19.4)	30.5	25.2	(5.3)	22.5	1.2
Interest Earnings	7.2	(22.6)	10.5	14.3	3.8	45.8	98.6
Rental Tax	33.3	(0.3)	34.0	35.1	1.1	2.1	5.4
Aviation Fuels Tax	2.0	11.1	2.0	2.0	0.0	0.0	0.0
Total State Taxes and Fees	\$ 1,189.0	9.7 %	\$ 1,271.5	\$ 1,275.9	\$ 4.4	6.9 %	7.3 %
Total HMOF And TTF							
Motor Fuels Tax	\$ 649.7	(22.2) %	\$ 709.0	\$ 727.8	\$ 18.8	9.1 %	12.0 %
Insurance Premiums Tax (1/3)	130.8	0.5	140.1	150.4	10.3	7.1	15.0
Road Tax	8.5	66.7	7.7	8.5	0.8	(9.4)	0.0
Motor Vehicle Sales and Use Tax	788.6	33.8	875.6	819.9	(55.7)	11.0	4.0
Motor Vehicle License Fees	249.3	1.5	255.2	245.6	(9.6)	2.4	(1.5)
International Registration Plan	59.6	(3.6)	63.5	60.2	(3.3)	6.5	1.0
Retail Sales and Use Tax	822.6	57.8	936.6	943.6	7.0	13.9	14.7
Recordation Tax (3 cents)	37.4	(19.2)	45.5	37.9	(7.6)	21.7	1.3
Interest Earnings	7.2	(22.6)	10.5	14.3	3.8	45.8	98.6
Rental Tax	33.3	(0.3)	34.0	35.1	1.1	2.1	5.4
Aviation Fuels Tax	2.0	11.1	2.0	2.0	0.0	0.0	0.0
Miscellaneous	17.3	16.9	16.1	15.7	(0.4)	(6.9)	(9.2)
Total State Taxes and Fees	\$ 2,806.3	12.5 %	\$ 3,095.8	\$ 3,061.0	\$ (34.8)	10.3 %	9.1 %
Transfers							
AST 0.5% TTF	21.7	3.8	17.5	0.0	(17.5)	(19.4)	(100.0)
AST Diversion HMOF	0.0	*	1.3	1.3	0.0	*	*
AST 0.3% HMOF	0.0	*	0.0	0.0	0.0	*	*
AST 0.3% TTF	0.0	*	0.0	0.0	0.0	*	*
Total Transfers	\$ 21.7	3.8	\$ 18.8	\$ 1.3	\$ (17.5)	(13.4)	(94.0) %
Total Transportation Fund	\$ 2,828.0	12.5	\$ 3,114.6	\$ 3,062.3	\$ (52.3)	10.1 %	8.3 %

The Official forecast is based on the November 2013 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

The November forecast is based on the IHS Economics October Standard forecast and the corresponding Virginia state forecast developed by the Department of Taxation.

This forecast assumes that federal legislation implementing the Marketplace Fairness Act (MFA) is not passed through the forecast horizon.

Therefore, this forecast does not include revenues attributable to the MFA. In addition, according to provisions of HB2313 (2013), if federal legislation implementing the MFA is not passed, the motor fuels sales tax rate on gasoline increases by 1.6% on January 1, 2015 and the incremental sales tax commitment remains at the fiscal year 2015 rate of 0.1%.

NON-GENERAL FUND REVENUES

Table 4.5
The Official and November Standard Transportation Fund Forecast for Fiscal Year 2016
(Dollars in Millions)

November 10, 2014

	Fiscal Year 2016				
	Official Forecast	November Forecast	Change	% Growth over FY 15	
				Official	November
Highway Maintenance & Operating Fund					
Motor Fuels Tax	\$ 672.4	\$ 697.2	\$ 24.8	17.3 %	18.6 %
Road Tax	(0.3)	0.6	0.9	200.0	(14.3)
Motor Vehicle Sales And Use Tax	675.7	631.9	(43.8)	3.4	3.5
Motor Vehicle License Fees	234.6	222.7	(11.9)	0.8	(0.4)
Retail Sales and Use Tax	279.9	274.7	(5.2)	3.5	0.4
International Registration Plan	62.7	60.4	(2.3)	(1.3)	0.3
Recordation Tax (1 cent)	15.0	12.7	(2.3)	0.0	0.0
Miscellaneous	16.1	15.7	(0.4)	0.0	0.0
Total State Taxes and Fees (HMOF)	\$ 1,956.1	\$ 1,915.9	\$ (40.2)	7.2 %	7.3 %
Transportation Trust Fund					
Motor Fuels Tax	\$ 159.6	\$ 165.6	\$ 6.0	17.4 %	18.5 %
Insurance Premiums Tax (1/3)	143.7	161.7	18.0	2.6	7.5
Road Tax	8.1	7.9	(0.2)	3.8	1.3
Motor Vehicle Sales And Use Tax	225.9	212.9	(13.0)	1.7	1.8
Motor Vehicle License Fees	22.5	21.9	(0.6)	0.4	(0.5)
Retail Sales and Use Tax	685.5	687.9	2.4	2.9	2.7
Recordation Tax (2 cents)	30.5	25.2	(5.3)	0.0	0.0
Interest Earnings	10.9	14.8	3.9	3.8	3.5
Rental Tax	35.1	35.6	0.5	3.2	1.4
Aviation Fuels Tax	2.1	2.0	(0.1)	5.0	0.0
Total State Taxes and Fees (TTF)	\$ 1,323.9	\$ 1,335.5	\$ 11.6	4.1 %	4.7 %
Total HMOF And TTF					
Motor Fuels Tax	\$ 832.0	\$ 862.8	\$ 30.8	17.3 %	18.5 %
Insurance Premiums Tax (1/3)	143.7	161.7	18.0	2.6	7.5
Road Tax	7.8	8.5	0.7	1.3	0.0
Motor Vehicle Sales and Use Tax	901.6	844.8	(56.8)	3.0	3.0
Motor Vehicle License Fees	257.1	244.6	(12.5)	0.7	(0.4)
International Registration Plan	62.7	60.4	(2.3)	(1.3)	0.3
Retail Sales and Use Tax	965.4	962.6	(2.8)	3.1	2.0
Recordation Tax (3 cents)	45.5	37.9	(7.6)	0.0	0.0
Interest Earnings	10.9	14.8	3.9	3.8	3.5
Rental Tax	35.1	35.6	0.5	3.2	1.4
Aviation Fuels Tax	2.1	2.0	(0.1)	5.0	0.0
Miscellaneous	16.1	15.7	(0.4)	0.0	0.0
Total State Taxes and Fees	\$ 3,280.0	\$ 3,251.4	\$ (28.6)	5.9 %	6.2 %
Transfers					
AST 0.5% TTF	14.9	23.7	8.8	(14.9)	*
AST Diversion HMOF	1.3	1.4	0.1	*	7.7
AST 0.3% HMOF	0.0	8.5	8.5	*	*
AST 0.3% TTF	0.0	5.7	5.7	*	*
Total Transfers	\$ 16.2	\$ 39.3	\$ 23.1	* %	2923.1 %
Total Transportation Fund	\$ 3,296.2	\$ 3,290.7	\$ (5.5)	5.8 %	7.5 %

The Official forecast is based on the November 2013 Global Insight Standard outlook and the corresponding Virginia state forecast developed by the Department of Taxation.

The November forecast is based on the IHS Economics October Standard forecast and the corresponding Virginia state forecast developed by the Department of Taxation.

This forecast assumes that federal legislation implementing the Marketplace Fairness Act (MFA) is not passed through the forecast horizon.

Therefore, this forecast does not include revenues attributable to the MFA. In addition, according to provisions of HB2313 (2013), if federal legislation implementing the MFA is not passed, the motor fuels sales tax rate on gasoline increases by 1.6% on January 1, 2015 and the incremental sales tax commitment remains at the fiscal year 2015 rate of 0.1%.

NON-GENERAL FUND REVENUES

Table 4.5
The November Standard Transportation Fund Forecast for Fiscal Years 2017 through 2020
(Dollars in Millions)

November 10, 2014

	Fiscal Years 2017 through 2020							
	FY 17		FY 18		FY 19		FY 20	
	Forecast	% Growth	Forecast	% Growth	Forecast	% Growth	Forecast	% Growth
Highway Maintenance & Operating Fund								
Motor Fuels Tax	\$ 708.9	1.7	\$ 752.6	6.2	\$ 770.5	2.4	\$ 779.1	1.1
Road Tax	0.6	0.0	0.6	0.0	0.4	33.3	0.4	0.0
Motor Vehicle Sales And Use Tax	660.1	4.5	664.2	0.6	662.3	(0.3)	660.6	(0.3)
Motor Vehicle License Fees	224.7	0.9	223.9	(0.4)	224.3	0.2	224.9	0.3
Retail Sales and Use Tax	287.3	4.6	299.6	4.3	310.8	3.7	323.1	4.0
International Registration Plan	60.6	0.3	60.8	0.3	61.1	0.5	61.4	0.5
Recordation Tax (1 cent)	12.7	0.0	12.7	0.0	12.7	0.0	12.7	0.0
Miscellaneous	15.7	0.0	15.7	0.0	15.7	0.0	15.7	0.0
Total State Taxes and Fees (HMOF)	\$ 1,970.6	2.9	\$ 2,030.1	3.0%	\$ 2,057.8	1.4%	\$ 2,077.9	1.0%
Transportation Trust Fund								
Motor Fuels Tax	168.3	1.6	178.8	6.2	183.0	2.3	185.1	1.1
Insurance Premiums Tax (1/3)	162.8	0.7	170.7	4.9	179.3	5.0	187.2	4.4
Road Tax	7.8	(1.3)	8.0	2.6	8.3	3.8	8.3	0.0
Motor Vehicle Sales And Use Tax	218.7	2.7	220.0	0.6	219.4	(0.3)	218.9	(0.2)
Motor Vehicle License Fees	22.3	1.8	22.1	(0.9)	22.2	0.5	22.3	0.5
Retail Sales and Use Tax	719.5	4.6	750.4	4.3	778.8	3.8	810.0	4.0
Recordation Tax (2 cents)	25.2	0.0	25.2	0.0	25.2	0.0	25.2	0.0
Interest Earnings	17.3	16.9	19.0	9.8	20.8	9.5	28.9	38.9
Rental Tax	36.1	1.4	36.7	1.7	37.7	2.7	38.7	2.7
Aviation Fuels Tax	2.0	0.0	2.0	0.0	2.0	0.0	2.0	0.0
Total State Taxes and Fees (TTF)	\$ 1,380.0	3.3	\$ 1,432.9	3.8%	\$ 1,476.7	3.1%	\$ 1,526.6	3.4%
Total HMOF And TTF								
Motor Fuels Tax	877.2	1.7	931.4	6.2	953.5	2.4	964.2	1.1
Insurance Premiums Tax (1/3)	162.8	0.7	170.7	4.9	179.3	5.0	187.2	4.4
Road Tax	8.4	(1.2)	8.6	2.4	8.7	1.2	8.7	0.0
Motor Vehicle Sales and Use Tax	878.8	4.0	884.2	0.6	881.7	(0.3)	879.5	(0.2)
Motor Vehicle License Fees	247.0	1.0	246.0	(0.4)	246.5	0.2	247.2	0.3
International Registration Plan	60.6	0.3	60.8	0.3	61.1	0.5	61.4	0.5
Retail Sales and Use Tax	1,006.8	4.6	1,050.0	4.3	1,089.6	3.8	1,133.1	4.0
Recordation Tax (3 cents)	37.9	0.0	37.9	0.0	37.9	0.0	37.9	0.0
Interest Earnings	17.3	16.9	19.0	9.8	20.8	9.5	28.9	38.9
Rental Tax	36.1	1.4	36.7	1.7	37.7	2.7	38.7	2.7
Aviation Fuels Tax	2.0	0.0	2.0	0.0	2.0	0.0	2.0	0.0
Miscellaneous	15.7	0.0	15.7	0.0	15.7	0.0	15.7	0.0
Total State Taxes and Fees	\$ 3,350.6	3.1	\$ 3,463.0	3.4%	\$ 3,534.5	2.1%	\$ 3,604.5	2.0%
Transfers								
AST 0.5% TTF	24.5	3.4	25.6	4.5	26.7	4.3	27.7	3.7
AST Diversion HMOF	1.5	7.1	1.5	0.0	1.6	6.7	1.7	6.3
AST 0.3% HMOF	8.8	3.5	9.2	4.5	9.6	4.3	10.0	4.2
AST 0.3% TTF	5.9	3.5	6.1	3.4	6.4	4.9	6.7	4.7
Total Transfers	\$ 40.7	3.6	\$ 42.4	4.2	\$ 44.3	4.5	\$ 46.1	4.1
Total Transportation Fund	\$ 3,391.3	3.1%	\$ 3,505.4	3.4%	\$ 3,578.8	2.1%	\$ 3,650.6	2.0%

The November forecast is based on the IHS Economics October Standard forecast and the corresponding Virginia state forecast developed by the Department of Taxation.

This forecast assumes that federal legislation implementing the Marketplace Fairness Act (MFA) is not passed through the forecast horizon.

Therefore, this forecast does not include revenues attributable to the MFA. In addition, according to provisions of HB2313 (2013), if federal legislation implementing the MFA is not passed, the motor fuels sales tax rate on gasoline increases by 1.6% on January 1, 2015 and the incremental sales tax commitment remains at the fiscal year 2015 rate of 0.1%.

NON-GENERAL FUND REVENUES

ABC Revenues and Profits Fiscal Year 2014

In fiscal year 2014, ABC's total revenue, excluding state tax receipts, was \$689.5 million. Gross sales of alcoholic beverages in the retail stores accounted for 97.0 percent of this income. The remaining 3.0 percent of income was generated largely through the Department's regulatory and licensing activities. Table 4.6 shows ABC's revenues, costs, and profits for fiscal years 2011 through 2014. Along with the net ABC profits, Table 4.6 also shows transfers required by the Acts of the Assembly and net profits for distribution transferred to the General Fund.

Table 4.6
Department of Alcoholic Beverage Control Components
of the Enterprise Fund - Revenues, Expenses, and Disbursements
Fiscal Years 2011-2014 (\$ millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total Revenue*	598.6	632.9	662.4	689.5
Cost of Goods & Total Operating Expenses	477.8	501.1	528.1	549.7
Net ABC Profit	120.9	132.1	133.7	139.9
Transfer to the General Fund:				
Reimbursement for Appropriations as provided by the Acts of the Assembly	67.7	67.9	67.1	67.1
Net Profits for Distribution	53.2	64.2	67.4	72.9

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

ABC Revenues and Profit Forecast for 2015-2018

Comparisons of ABC's performance in fiscal year 2013, estimated performance for fiscal year 2014, and actual performance in fiscal year 2014, are included in Table 4.7 on the following page. Fiscal Year 2014 compared to 2013 shows an increase in sales, an increase in net ABC profits for distribution, and an increase in state tax revenue. Table 4.8 contains fiscal year 2014 results for store sales, profits for distribution and state tax revenues along with the 2015 through 2018 forecasts. Profit forecasts in Table 4.8 are net of any transfers mandated by the Appropriation Act.

Table 4.7
A Comparison of Fiscal Year 2013 Results
to Fiscal Year 2014 Estimated and Actual Results
(\$ millions)

	<u>FY13</u>	<u>FY14</u>	<u>FY14</u>	<u>Variance</u>		<u>FY13 v. FY14</u>	
	<u>Actual</u>	<u>Estimate</u>	<u>Actual</u>	<u>Amount</u>	<u>Percent</u>	<u>Estimate</u>	<u>Actual</u>
Total Store Sales*	768.8	800.0	800.5	0.5	0.1%	31.2	31.7
Net ABC Profit for Distribution	67.4	70.6	72.9	2.3	3.3%	3.2	5.5
State Tax Revenue	152.1	154.5	157.5	3.0	1.9%	2.4	5.4

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

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

ABC's profit forecast is a factor of two elements: sales performance and trends in expenses. In both cases, forecasts beyond fiscal year 2015 are more prone to forecast error given the uncertainty with the economy and impacts on customer behavior and ABC's cost structure.

In fiscal year 2015, ABC expects sales to continue to grow in both the retail and mixed beverage licensee (restaurant) segments. Sales from ABC's retail outlets continue to increase year over year, while sales to restaurants remain variable due to the slow economic recovery in Virginia and the nation. Uncontrollable factors such as holiday season sales and sales from restaurants have the potential to significantly impact the accuracy of ABC's sales forecast. Currently, ABC is experiencing slight growth in both retail and restaurant sales.

On the expense side, ABC is faced with mandated salary and benefit costs, energy inflation, automatic rent escalation, telecommunication and technology costs and growth in credit card discount fees that are all very difficult to influence in the short run. Personnel costs account for 60 percent of ABC non-merchandise expenditures, 17 percent are for continuous charges such as rent and utilities, 17 percent are for contractual services such as shipping product to stores and telecommunications, and 5 percent are for miscellaneous expenses such as depreciation and credit card discount fees. In fiscal years 2015 through 2018, increases in expenditures are exacerbated by the need to make significant ongoing infrastructure improvements in order to improve our information technology infrastructure. Currently, several of the ABC's systems are dated and have reached their end-of-life, needing to be upgraded to maintain viability and to keep up with ABC's growing needs. Upgrading the outdated systems also addresses an Auditor of Public Accounts audit point, ensuring that ABC complies with state and industry security standards. Changes in salary and benefit cost rates, as well as mandated Appropriations Act transfers, can also significantly impact the accuracy of ABC's expense forecasts.

NON-GENERAL FUND REVENUES

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

	Actual	Forecast			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total ABC Store Sales: (1)	\$ 800.5	\$ 837.0	\$ 857.9	\$ 879.4	\$ 901.4
Adjusted Net Profits for Distribution: (2) (3)	72.9	74.8	\$ 78.2	78.9	79.5
ABC State Tax Revenues:(1)					
Spirits	132.0	138.1	\$ 141.6	145.1	148.7
Wine (4)	<u>25.5</u>	<u>24.5</u>	<u>24.5</u>	<u>24.5</u>	<u>24.5</u>
Total Tax Revenue:	157.5	162.6	\$ 166.1	\$ 169.6	\$ 173.2

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

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

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

(4) Wine figure excludes statutory transfers

ABC is now in the process of considering various proposals to enhance revenue. The agency is proposing that the anticipated additional revenue be used to address the Commonwealth's needs, as well as the pressing infrastructure needs of ABC. Based on these proposals, ABC has committed potential additional profit in FY15 of \$2.5M and FY16 of \$2.0M. If these proposals are adopted by the Board, the additional profit would continue into future periods.

Distribution of ABC Profits and ABC State Tax Revenues

During fiscal year 2014, ABC contributed \$139.9 million of net profits to the Commonwealth, and collected \$210.0 million of taxes on store sales, wine and beer and an additional \$36.9 million of general sales tax totaling \$386.8 million.

Net ABC profits are generally earmarked for deposit in the General Fund; certain appropriations have been made by the General Assembly to recover alcohol-related program costs. Such programs include the Department of Behavioral Health and Developmental Services' programs for the treatment of alcoholics as well as testing services and the Breathalyzer Training Program. The transfers for these programs and others were \$67.1 million in fiscal year 2014. These appropriations are charged against net ABC profits before being transferred to the General Fund. The remaining ABC profits are transferred into the General Fund as ABC profits. ABC expects to meet transfer requirements in fiscal year 2015 given the projected increase in gross sales. However, risks include reduced

purchases due to continued slow economic growth, particularly during the holiday season and unforeseen increases in expenses.

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

Virginia Lottery

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

Actual Results - Fiscal Year 2014

The Virginia Lottery transferred \$532.7 million to the Lottery Proceeds Fund during fiscal year 2014. The Lottery also transferred \$1.7 million for debt set-off to the Department of Taxation and \$9.8 million from unclaimed prizes to the Literary Fund.

Sales for fiscal year 2014 were \$1.8 billion, an increase of \$121.6 million (+7 percent) from fiscal year 2013, and \$66.6 million (+4 percent) more than the fiscal year 2014 forecast. Net income was \$52.0 million (+11 percent) more than fiscal year 2013, and \$28.1 million (+6 percent) more than forecast, primarily due to lower prize expense rates. The additional \$28.1 million in profits that were in excess of the 2014 forecast will be part of the transfers to the Lottery Proceeds Fund for the 2015 fiscal year.

Forecast Overview - Fiscal Years 2015 through 2016

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

- the economic outlook as endorsed by the Joint Advisory Board of Economists, in particular with respect to long-term interest rates and US Treasury-issued bond yields;
- continued traditional lottery gaming competition from neighboring jurisdictions, as well as the increased competition from internet lottery sales and casino-style gaming in nearby jurisdictions including Maryland, Washington, D.C., North Carolina, West Virginia, and Delaware;
- no legislatively-mandated change in the overall compensation rate paid to retailers offering Lottery products;
- no new constraints on the Lottery's sales and marketing efforts, including the ability to

NON-GENERAL FUND REVENUES

- advertise products, establish prizes paid to players, and offer licensed property games that appeal to consumers; and
- no new, non-traditional product-line offerings such as Keno or video lottery game offerings.

Table 4.9

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

	FY2015	FY2016
Sales	1,867.6	1,950.5
- Prize Expense	1,136.0	1,206.9
- Retailer Compensation	105.2	110.2
- Operating Expenses	98.7	103.5
+ Other Income	1.8	1.8
Net Income	529.5	531.7
Other Transfers	28.1	-
Total Available	557.6	531.7

For fiscal year 2015, the Lottery is projecting sales of \$1.9 billion and net income (turnover to the Lottery Proceeds Fund) of \$529.5 million. Prize expense is estimated to be \$1.136 billion, or 60.8 percent of sales; retailer compensation is forecast to be \$105.2 million, or 5.6 percent of sales. This forecast takes into account current trends and simulation models for jackpot progressions and sales, and statistically expected prize expense rates. The estimated \$529.5 million net income, plus the residual \$28.1 million of fiscal year 2014 profits that will be transferred during fiscal year 2015, brings the total expected transfers to the Lottery Proceeds Fund for fiscal year 2015 to \$557.6 million.

For fiscal year 2016, the Lottery expects that sales will grow to \$2.0 billion, creating revenue for the Lottery Proceeds Fund of \$531.7 million for fiscal year 2016, and holds this profit estimate steady for the next 2016-18 biennium.

Sales Projections for Fiscal Years 2015 through 2016

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

Scratch Games

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

The Jackpot-Style Games: Mega Millions, Powerball, \$1,000,000 Moneyball, Decades of Dollars, and Monopoly Millionaires' Club

About 15 percent of the Lottery's sales come from jackpot-style games - those games offering top prizes in the millions of dollars. The Lottery currently offers four such games - Mega Millions, Powerball, \$1,000,000 Moneyball, and Decades of Dollars – and plans to offer Monopoly Millionaires' Club in the second half of fiscal year 2015. “Luck of the draw” plays a major role in the sales performance of Mega Millions and Powerball. Drawings of random numbers determine whether the jackpot prize is won or whether it “rolls” and continues to grow. High jackpots increase levels of play. Conversely, high frequency of jackpot winners means less jackpot growth and lower sales. Since drawings of random numbers determine the frequency of jackpot wins, which is a large determinant of sales levels for these games, there is inherently a large degree of uncertainty in any forecast for these large jackpot games.

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

\$1,000,000 Moneyball and Decades of Dollars, the other jackpot-style games currently offered in Virginia, offer a fixed prize to players without regard to the number of winners resulting from any single drawing. Player awareness of these types of games, and frequent game refreshes, are key to these products' success. These games also pose a short-term profitability risk because of the large fixed prizes available for each drawing.

Escalating efforts to expand multi-state jackpot game offerings among all U.S. Lottery states led to the 2010 breakthrough agreement between the two major consortia – Mega Millions and Powerball – that may lead to further product offerings with a national jackpot.

NON-GENERAL FUND REVENUES

Because there are so many states involved in these types of national agreements, these initiatives have experienced many delays and setbacks over the years. After nearly five years of efforts, a new national game offering – Monopoly Millionaires' Club – began in October 2014; Virginia will offer this game in the second half of fiscal year 2015. Also in the fourth quarter of fiscal year 2015, the Powerball game will change to allow for longer jackpot runs with higher advertised jackpots. These activities are already included in the sales forecasts. There are no other anticipated changes to the national games at this time; if modified games or new products become available for sale in Virginia, a forecast adjustment may be recommended depending upon the timing and predictability of revenue. Because such national game initiatives require significant lead-time, no such forecast adjustments would be needed before fiscal year 2016.

Daily Games

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

Other Products

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

Net Income for Fiscal Years 2015 through 2016

The Lottery is forecasting net income of \$529.5 million for fiscal year 2015, and \$531.7 million for fiscal year 2016. The Lottery's largest expense, prizes to players, is expected to increase over this period as players continue to buy more of the higher price point scratch games, which pay a higher portion of sales back in prizes. Retailers should continue to earn commissions and incentives equal to about 5.6 percent of sales. Operating expenses are projected to remain low, forecast to stabilize around 5.3 percent of total sales – about half of the 10 percent statutory maximum.

The Virginia Lottery, celebrating its 26th year in fiscal year 2015, with its current product mix, continues to operate at a mature stage. Virginia continues to support

sustaining sales and net income through innovations in existing products, ongoing operating efficiencies, retailer recruitment and expansion initiatives, and crucial marketing endeavors.

Ongoing Risks to the Forecast

There are always a number of ongoing risks associated with the Virginia Lottery's forecast that could significantly affect the Lottery's transfer to the Lottery Proceeds Fund. The first is luck. Since the basis of many of the Lottery's products is a random drawing, in the relatively short period of one year, a wide range of outcomes can occur. If the Lottery experiences unusually high payouts in its daily games in any given year, sales may be higher than projected, but income lower simply due to players winning more money. This phenomenon occurred in fiscal year 2013, resulting in higher sales, but lower profits than fiscal year 2012. Conversely, a prolonged period of low payouts can lead to higher current profit margin, but dampen players' enthusiasm and reduce future sales and profits. In fiscal year 2014, lower than expected prize payouts added over \$16 million to profits for the year. Of course, a long period without a jackpot win can generate much higher sales due to the exponential growth of the jackpot; this was the case in March 2012 when the Mega Millions jackpot grew to a world record \$656 million. This type of sales activity is never anticipated as part of a forecast of expected results.

A second risk is competition from other gaming opportunities available to consumers. The North Carolina, Kentucky and Maryland lotteries are actively working to launch internet-based product offerings not available in Virginia. Increased competition from video lottery and casino offerings in Maryland, which began in 2010, may have an increasingly negative impact on traditional lottery product sales in Virginia – in particular, the casino just across the Virginia border at National Harbor on the Potomac River. This increase in competition for gaming dollars along the heavily populated northern Virginia border is in addition to the well-established competition from video lottery and table games offerings in West Virginia. Expanded gaming options in West Virginia are also aggressively advertised in Virginia markets. Perhaps most significant is the potential competition from internet gaming. With the December 2011 Department of Justice ruling that helped clarify the legality of internet gaming, many states are progressing toward offering internet gaming that would provide Virginia consumers a more readily available outlet for their gaming dollars.

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

The current estimates of sales and profits also presume that the Lottery's appropriation authority is sufficient to support its operations for activities including investments in technology, sales equipment necessary for the expansion of the Lottery retailer network, advertising, and contractual commitments to vendor partners that are primarily based on percentage of sales agreements.

NON-GENERAL FUND REVENUES

Unemployment Insurance Trust Fund

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

The Unemployment Insurance (UI) Trust Fund also may receive tax revenues from two other sources—the pool tax and the fund-building tax. The pool tax is an added tax imposed on all employers to cover those benefits that cannot be charged to a particular employer because the employer is inactive or the employer is already subject to the maximum tax. When the fund balance factor exceeds 50 percent, interest income is used to offset these benefit charges. The fund-building tax of 0.2 percent is added to each employer's tax rate unless the fund balance factor exceeds 50 percent. UI tax collections fell below the projection by \$36.2 million, or 4.6 percent, in fiscal year 2014 due in part to an error in one of the input files causing a large increase in forecast tax revenue. Despite the lower tax revenues, projected interest revenues were \$0.4 million, or 6.3 percent, above the projection.

Discussion of Forecast

The estimates in Tables 4.10 and 4.11 represent projections from the Unemployment Insurance Benefit Financing Model. The current estimates' decrease in tax revenue in fiscal years 2015 through 2018 reflects decreases in the four year moving average of benefit charges overwhelming the fluctuations in the pool tax rate. In the Baseline Scenario, pool taxes of 0.18 percent, 0.19 percent, 0.21 percent, and 0.20 percent are projected for Calendar Years 2015--2018 respectively. A fund-building tax is imposed in Calendar Years 2015 and 2016. Interest revenues increase with increasing balances.

In the pessimistic Alternate Scenario, pool taxes of 0.19 percent, 0.24 percent, 0.35 percent, and 0.37 percent are projected for Calendar Years 2015--2018 respectively. A fund-building tax is imposed in Calendar Years 2015--2018. Tax revenues are lower in 2015 in the Alternate Scenario because employment is lower. Due to higher benefit payments in the Alternate Scenario, average benefit ratios are higher for fiscal Years 2015 through 2018. In fiscal year 2016, the higher tax rates are partly offset by lower employment, but still produce slightly higher tax revenue than the Baseline Scenario. For fiscal years 2017 and 2018, despite continued lower employment, higher tax rates produce higher tax revenue than the Baseline Scenario. The Alternate Scenario produces lower interest revenue because balances are lower throughout the forecast period due to benefits rising faster than taxes.

NON-GENERAL FUND REVENUES

Table 4.10
Financial Forecasts Fiscal Years 2015, 2016, 2017, and 2018
Baseline Scenario
(Millions of Dollars)

Revenue Source	Fiscal Year 2015		Fiscal Year 2016		Fiscal Year 2017		Fiscal Year 2018	
	Est.	% Change						
Unemployment Insurance Tax	696.8	-7.7%	673.7	-3.3%	615.8	-8.6%	546.7	-11.2%
Interest on Trust Fund	10.8	61.2%	17.0	57.4%	24.2	42.4%	29.7	22.7%
Total Revenue	707.6	-7.1%	690.7	-2.4%	640.0	-7.3%	576.4	-9.9%

Table 4.11
Financial Forecasts Fiscal Years 2015, 2016, 2017, and 2018
Pessimistic Alternate Scenario
(Millions of Dollars)

Revenue Source	Fiscal Year 2015		Fiscal Year 2016		Fiscal Year 2017		Fiscal Year 2018	
	Est.	% Change						
Unemployment Insurance Tax	693.3	-8.2%	683.6	-1.4%	748.3	9.5%	785.3	4.9%
Interest on Trust Fund	9.9	47.8%	9.3	-6.1%	10.8	16.1%	19.3	78.7%
Total Revenue	703.2	-7.7%	692.9	-1.5%	759.1	9.6%	804.6	6.0%

NON-GENERAL FUND REVENUES

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APPENDIX A ECONOMIC DATA

TABLE A.1 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	History											
	2011.3	2011.4	2012.1	2012.2	2012.3	2012.4	2013.1	2013.2	2013.3	2013.4	2014.1	2014.2
Real Gross Domestic Product, Billions \$, SAAR	15,021.1	15,190.3	15,275.0	15,336.7	15,431.3	15,433.7	15,538.4	15,606.6	15,779.9	15,916.2	15,831.7	16,010.4
Annualized % Change	0.8	4.6	2.2	1.6	2.5	0.1	2.7	1.8	4.5	3.5	(2.1)	4.6
% Change from Prior Year's Quarter	1.2	1.7	2.6	2.3	2.7	1.6	1.7	1.8	2.3	3.1	1.9	2.6
Real Consumer Spending, Billions \$, SAAR	10,282.2	10,316.8	10,387.6	10,420.2	10,470.4	10,520.6	10,613.7	10,660.4	10,713.3	10,811.4	10,844.3	10,912.6
Annualized % Change	1.8	1.4	2.8	1.3	1.9	1.9	3.6	1.8	2.0	3.7	1.2	2.5
% Change from Prior Year's Quarter	2.2	1.5	1.7	1.8	1.8	2.0	2.2	2.3	2.3	2.8	2.2	2.4
U.S. Personal Income, Billions \$, SAAR	13,294.8	13,345.8	13,650.7	13,776.1	13,828.9	14,295.1	13,977.2	14,131.3	14,247.4	14,311.7	14,484.7	14,707.7
Annualized % Change	4.7	1.5	9.5	3.7	1.5	14.2	(8.6)	4.5	3.3	1.8	4.9	6.3
% Change from Prior Year's Quarter	6.4	5.3	4.8	4.8	4.0	7.1	2.4	2.6	3.0	0.1	3.6	4.1
Virginia Personal Income, Millions \$, SAAR	384,908.1	386,362.1	392,709.5	395,359.2	397,454.7	409,723.3	400,146.1	403,497.3	404,632.6	405,422.9	408,961.4	414,293.6
Annualized % Change	5.9	1.5	6.7	2.7	2.1	12.9	(9.0)	3.4	1.1	0.8	3.5	5.3
% Change from Prior Year's Quarter	6.4	5.6	4.6	4.2	3.3	6.0	1.9	2.1	1.8	(1.0)	2.2	2.7
Virginia Wages and Salaries, Millions \$, SAAR	204,601.5	202,942.2	206,803.3	207,130.5	208,466.7	212,531.4	211,878.5	212,098.0	211,564.1	211,745.9	213,515.5	216,062.9
Annualized % Change	5.8	(3.2)	7.8	0.6	2.6	8.0	(1.2)	0.4	(1.0)	0.3	3.4	4.9
% Change from Prior Year's Quarter	3.2	1.8	3.2	2.7	1.9	4.7	2.5	2.4	1.5	(0.4)	0.8	1.9
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	73,985.2	75,949.1	77,614.3	79,464.3	79,958.6	86,677.5	81,070.4	82,776.0	83,850.9	83,778.9	83,992.9	85,381.8
Annualized % Change	8.4	11.0	9.1	9.9	2.5	38.1	(23.5)	8.7	5.3	(0.3)	1.0	6.8
% Change from Prior Year's Quarter	11.4	11.2	9.6	9.6	8.1	14.1	4.5	4.2	4.9	(3.3)	3.6	3.1
Virginia Total Proprietor's Income, Millions \$, SAAR	23,714.3	24,339.3	25,240.9	25,874.4	26,098.5	26,673.1	27,087.5	27,258.9	27,504.8	27,632.1	28,158.1	28,566.5
Annualized % Change	13.9	11.0	15.7	10.4	3.5	9.1	6.4	2.6	3.7	1.9	7.8	5.9
% Change from Prior Year's Quarter	16.3	16.2	12.7	12.7	10.1	9.6	7.3	5.4	5.4	3.6	4.0	4.8

SAAR: Seasonally Adjusted at Annual Rates
SA: Seasonally Adjusted

TABLE A.1 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	History											
	2011.3	2011.4	2012.1	2012.2	2012.3	2012.4	2013.1	2013.2	2013.3	2013.4	2014.1	2014.2
Total U.S. Employment, Millions, SA	132.1	132.6	133.4	133.9	134.3	134.9	135.5	136.1	136.6	137.2	137.8	138.5
Annualized % Change	1.3	1.7	2.4	1.3	1.2	1.8	1.9	1.8	1.6	1.8	1.5	2.2
% Change from Prior Year's Quarter	1.3	1.5	1.8	1.7	1.6	1.7	1.6	1.7	1.8	1.8	1.7	1.8
Virginia Total Nonag. Employment, Thousands, SA	3,702.7	3,709.8	3,726.8	3,727.0	3,735.4	3,758.6	3,764.2	3,764.1	3,769.6	3,769.7	3,785.2	3,789.2
Annualized % Change	1.6	0.8	1.9	0.0	0.9	2.5	0.6	(0.0)	0.6	0.0	1.7	0.4
% Change from Prior Year's Quarter	1.3	1.2	1.3	1.1	0.9	1.3	1.0	1.0	0.9	0.3	0.6	0.7
CPI, All Urban, 1982-1984=1.0, SA	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.4	2.4
Annualized % Change	2.6	1.6	2.1	1.4	1.7	2.4	1.2	0.4	2.2	1.1	1.9	3.0
% Change from Prior Year's Quarter	3.7	3.3	2.8	1.9	1.7	1.9	1.7	1.4	1.5	1.2	1.4	2.1
Refiner's Acquisition Cost of Oil, \$ per Barrel	100.6	104.5	107.6	101.6	97.5	97.3	101.2	99.4	105.3	96.0	97.6	101.0
Quarterly Change	(7.6)	3.9	3.1	(6.0)	(4.1)	(0.2)	3.9	(1.7)	5.8	(9.2)	1.6	3.4
Change from Prior Year's Quarter	26.5	23.0	13.9	(6.6)	(3.1)	(7.2)	(6.5)	(2.2)	7.7	(1.3)	(3.5)	1.6
Before-Tax Corporate Profits, Billions \$, SAAR	1,781.4	1,891.6	2,120.9	2,119.4	2,155.7	2,148.4	2,169.0	2,219.8	2,270.9	2,281.6	2,297.2	2,450.1
Annualized % Change	(5.4)	27.1	58.0	(0.3)	7.0	(1.3)	3.9	9.7	9.5	1.9	2.8	29.4
% Change from Prior Year's Quarter	(5.6)	(0.1)	21.4	17.3	21.0	13.6	2.3	4.7	5.3	6.2	5.9	10.4
S&P 500 Stock Market Index, Level	1,228.1	1,225.7	1,347.4	1,350.4	1,402.2	1,418.2	1,514.5	1,609.8	1,675.3	1,770.4	1,834.3	1,900.4
Annualized % Change	(24.8)	(0.8)	46.1	0.9	16.3	4.6	30.1	27.6	17.3	24.7	15.2	15.2
% Change from Prior Year's Quarter	12.0	1.8	3.4	2.4	14.2	15.7	12.4	19.2	19.5	24.8	21.1	18.1
30-Year Treasury Bonds, Level	3.7	3.0	3.1	2.9	2.7	2.9	3.1	3.1	3.7	3.8	3.7	3.4
Quarterly Change	(0.6)	(0.7)	0.1	(0.2)	(0.2)	0.1	0.3	0.0	0.6	0.1	(0.1)	(0.2)
Change from Prior Year's Quarter	(0.2)	(1.1)	(1.4)	(1.4)	(1.0)	(0.2)	(0.0)	0.2	1.0	0.9	0.5	0.3

SAAR: Seasonally Adjusted at Annual Rates
SA: Seasonally Adjusted

TABLE A.2 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	October Standard Forecast															
	2014.3	2014.4	2015.1	2015.2	2015.3	2015.4	2016.1	2016.2	2016.3	2016.4	2017.1	2017.2	2017.3	2017.4	2018.1	2018.2
Real Gross Domestic Product, Billions \$, SAAR	16,156.9	16,278.4	16,364.2	16,453.8	16,559.0	16,660.0	16,781.1	16,908.6	17,050.3	17,199.1	17,318.8	17,453.4	17,586.5	17,717.6	17,823.0	17,939.6
Annualized % Change	3.7	3.0	2.1	2.2	2.6	2.5	2.9	3.1	3.4	3.5	2.8	3.1	3.1	3.0	2.4	2.6
% Change from Prior Year's Quarter	2.4	2.3	3.4	2.8	2.5	2.3	2.5	2.8	3.0	3.2	3.2	3.2	3.1	3.0	2.9	2.8
Real Consumer Spending, Billions \$, SAAR	10,968.4	11,055.3	11,135.0	11,210.4	11,289.6	11,371.6	11,468.5	11,556.5	11,647.7	11,744.3	11,828.0	11,923.0	12,018.2	12,111.7	12,183.9	12,269.4
Annualized % Change	2.1	3.2	2.9	2.7	2.9	2.9	3.4	3.1	3.2	3.4	2.9	3.2	3.2	3.1	2.4	2.8
% Change from Prior Year's Quarter	2.4	2.3	2.7	2.7	2.9	2.9	3.0	3.1	3.2	3.3	3.1	3.2	3.2	3.1	3.0	2.9
U.S. Personal Income, Billions \$, SAAR	14,858.3	15,021.9	15,211.6	15,358.5	15,522.2	15,698.2	15,935.6	16,127.8	16,329.1	16,559.5	16,818.8	17,052.9	17,281.4	17,508.3	17,741.6	17,950.4
Annualized % Change	4.2	4.5	5.1	3.9	4.3	4.6	6.2	4.9	5.1	5.8	6.4	5.7	5.5	5.4	5.4	4.8
% Change from Prior Year's Quarter	4.3	5.0	5.0	4.4	4.5	4.5	4.8	5.0	5.2	5.5	5.5	5.7	5.8	5.7	5.5	5.3
Virginia Personal Income, Millions \$, SAAR	419,836.8	422,731.4	427,628.1	431,003.7	434,835.4	439,335.7	446,316.8	451,741.6	457,417.8	464,050.1	471,384.1	477,512.9	483,347.8	488,790.3	495,076.9	500,191.8
Annualized % Change	5.5	2.8	4.7	3.2	3.6	4.2	6.5	5.0	5.1	5.9	6.5	5.3	5.0	4.6	5.2	4.2
% Change from Prior Year's Quarter	3.8	4.3	4.6	4.0	3.6	3.9	4.4	4.8	5.2	5.6	5.6	5.7	5.7	5.3	5.0	4.7
Virginia Wages and Salaries, Millions \$, SAAR	218,822.8	221,011.1	223,248.7	225,425.1	227,686.3	230,155.3	233,100.6	235,826.4	238,533.3	241,543.7	244,368.7	246,943.3	249,543.7	252,197.2	255,107.2	257,781.7
Annualized % Change	5.2	4.1	4.1	4.0	4.1	4.4	5.2	4.8	4.7	5.1	4.8	4.3	4.3	4.3	4.7	4.3
% Change from Prior Year's Quarter	3.4	4.4	4.6	4.3	4.1	4.1	4.4	4.6	4.8	4.9	4.8	4.7	4.6	4.4	4.4	4.4
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	86,462.8	86,716.0	87,716.2	88,458.1	89,439.2	90,863.3	92,659.0	94,681.7	96,912.6	99,578.2	102,308.1	104,826.7	106,948.3	108,614.9	110,168.4	111,528.7
Annualized % Change	5.2	1.2	4.7	3.4	4.5	6.5	8.1	9.0	9.8	11.5	11.4	10.2	8.3	6.4	5.8	5.0
% Change from Prior Year's Quarter	3.1	3.5	4.4	3.6	3.4	4.8	5.6	7.0	8.4	9.6	10.4	10.7	10.4	9.1	7.7	6.4
Virginia Total Proprietor's Income, Millions \$, SAAR	28,635.2	28,788.9	28,801.4	29,013.5	29,083.5	29,115.6	29,008.3	29,052.0	28,932.0	28,780.6	28,502.5	28,391.6	28,175.3	28,120.7	27,970.3	28,017.6
Annualized % Change	1.0	2.2	0.2	3.0	1.0	0.4	(1.5)	0.6	(1.6)	(2.1)	(3.8)	(1.5)	(3.0)	(0.8)	(2.1)	0.7
% Change from Prior Year's Quarter	4.1	4.2	2.3	1.6	1.6	1.1	0.7	0.1	(0.5)	(1.2)	(1.7)	(2.3)	(2.6)	(2.3)	(1.9)	(1.3)

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.2 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	October Standard Forecast															
	2014.3	2014.4	2015.1	2015.2	2015.3	2015.4	2016.1	2016.2	2016.3	2016.4	2017.1	2017.2	2017.3	2017.4	2018.1	2018.2
Total U.S. Employment, Millions, SA	139.2	139.9	140.5	141.1	141.7	142.2	142.7	143.2	143.8	144.4	144.8	145.2	145.7	146.1	146.4	146.7
Annualized % Change	2.0	2.0	1.7	1.8	1.7	1.4	1.4	1.4	1.6	1.6	1.2	1.2	1.2	1.2	0.9	0.9
% Change from Prior Year's Quarter	1.9	1.9	2.0	1.9	1.8	1.7	1.6	1.5	1.4	1.5	1.4	1.4	1.3	1.2	1.1	1.0
Virginia Total Nonag. Employment, Thousands, SA	3,806.7	3,827.9	3,844.8	3,861.7	3,875.4	3,888.7	3,905.9	3,923.4	3,938.8	3,957.3	3,967.6	3,978.2	3,987.7	3,996.5	4,003.0	4,009.2
Annualized % Change	1.9	2.2	1.8	1.8	1.4	1.4	1.8	1.8	1.6	1.9	1.1	1.1	1.0	0.9	0.6	0.6
% Change from Prior Year's Quarter	1.0	1.5	1.6	1.9	1.8	1.6	1.6	1.6	1.6	1.8	1.6	1.4	1.2	1.0	0.9	0.8
CPI, All Urban, 1982-1984=1.0, SA	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Annualized % Change	1.0	1.6	1.0	1.4	1.3	1.0	1.8	1.8	2.0	1.9	2.0	2.0	2.0	2.0	2.2	2.0
% Change from Prior Year's Quarter	1.8	1.9	1.6	1.2	1.3	1.2	1.4	1.5	1.6	1.9	1.9	2.0	2.0	2.0	2.0	2.1
Refiner's Acquisition Cost of Oil, \$ per Barrel	96.6	92.8	95.6	95.4	94.9	93.0	93.0	94.0	95.3	94.4	95.4	95.9	96.4	96.9	98.3	99.1
Quarterly Change	(4.4)	(3.8)	2.8	(0.2)	(0.5)	(1.9)	(0.0)	1.0	1.3	(0.9)	0.9	0.5	0.5	0.5	1.4	0.8
% Change from Prior Year's Quarter	(8.6)	(3.2)	(2.0)	(5.6)	(1.7)	0.2	(2.6)	(1.4)	0.4	1.4	2.4	1.9	1.1	2.5	2.9	3.3
Before-Tax Corporate Profits, Billions \$, SAAR	2,511.2	2,546.3	2,485.9	2,504.9	2,524.2	2,518.6	2,482.9	2,508.2	2,519.1	2,513.0	2,437.3	2,420.7	2,406.2	2,407.6	2,353.2	2,372.1
Annualized % Change	10.4	5.7	(9.2)	3.1	3.1	(0.9)	(5.6)	4.1	1.8	(1.0)	(11.5)	(2.7)	(2.4)	0.2	(8.7)	3.3
% Change from Prior Year's Quarter	10.6	11.6	8.2	2.2	0.5	(1.1)	(0.1)	0.1	(0.2)	(0.2)	(1.8)	(3.5)	(4.5)	(4.2)	(3.5)	(2.0)
S&P 500 Stock Market Index, Level	1,993.2	1,992.3	2,012.5	2,032.4	2,051.6	2,074.6	2,098.8	2,120.9	2,137.7	2,154.9	2,171.7	2,187.1	2,202.6	2,218.6	2,234.3	2,252.9
Annualized % Change	21.0	(0.2)	4.1	4.0	3.8	4.6	4.7	4.3	3.2	3.3	3.1	2.9	2.9	2.9	2.9	3.4
% Change from Prior Year's Quarter	19.0	12.5	9.7	6.9	2.9	4.1	4.3	4.4	4.2	3.9	3.5	3.1	3.0	3.0	2.9	3.0
30-Year Treasury Bonds, Level	3.3	3.4	3.7	3.8	4.0	4.0	4.1	4.2	4.2	4.3	4.4	4.6	4.6	4.6	4.6	4.6
Quarterly Change	(0.2)	0.1	0.3	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	(0.0)	0.0	0.0
% Change from Prior Year's Quarter	(0.5)	(0.4)	(0.0)	0.4	0.7	0.6	0.4	0.3	0.3	0.3	0.3	0.4	0.4	0.3	0.1	0.0

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.2 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES

Jabe Pessimistic Plus Scenario

	2014.3	2014.4	2015.1	2015.2	2015.3	2015.4	2016.1	2016.2	2016.3	2016.4	2017.1	2017.2	2017.3	2017.4	2018.1	2018.2
Real Gross Domestic Product,																
Billions \$, SAAR	16,156.8	16,184.9	16,180.9	16,204.7	16,260.5	16,309.6	16,367.9	16,445.4	16,542.5	16,645.4	16,723.1	16,817.8	16,906.5	16,992.9	17,054.6	17,124.3
Annualized % Change	3.7	0.7	(0.1)	0.6	1.4	1.2	1.4	1.9	2.4	2.5	1.9	2.3	2.1	2.1	1.5	1.6
% Change from Prior Year's Quarter	2.4	1.7	2.2	1.2	0.6	0.8	1.2	1.5	1.7	2.1	2.2	2.3	2.2	2.1	2.0	1.8
Real Consumer Spending,																
Billions \$, SAAR	10,968.3	11,021.9	11,049.8	11,089.4	11,134.2	11,182.2	11,234.8	11,279.2	11,324.9	11,370.9	11,411.4	11,463.5	11,515.6	11,571.8	11,613.6	11,667.4
Annualized % Change	2.1	2.0	1.0	1.4	1.6	1.7	1.9	1.6	1.6	1.6	1.4	1.8	1.8	2.0	1.5	1.9
% Change from Prior Year's Quarter	2.4	1.9	1.9	1.6	1.5	1.5	1.7	1.7	1.7	1.7	1.6	1.6	1.7	1.8	1.8	1.8
U.S. Personal Income,																
Billions \$, SAAR	14,858.3	14,958.4	15,074.7	15,143.2	15,238.0	15,348.3	15,514.7	15,647.5	15,798.5	15,973.1	16,193.3	16,389.2	16,585.4	16,797.2	17,038.3	17,251.7
Annualized % Change	4.2	2.7	3.1	1.8	2.5	2.9	4.4	3.5	3.9	4.5	5.6	4.9	4.9	5.2	5.9	5.1
% Change from Prior Year's Quarter	4.3	4.5	4.1	3.0	2.6	2.6	2.9	3.3	3.7	4.1	4.4	4.7	5.0	5.2	5.2	5.3
Virginia Personal Income,																
Millions \$, SAAR	418,356.6	421,401.2	425,202.5	428,556.2	431,986.5	436,576.6	442,171.8	447,037.1	451,738.6	457,365.7	463,899.0	469,383.3	475,296.9	480,635.4	486,808.4	491,839.8
Annualized % Change	4.0	2.9	3.7	3.2	3.2	4.3	5.2	4.5	4.3	5.1	5.8	4.8	5.1	4.6	5.2	4.2
% Change from Prior Year's Quarter	3.4	3.9	4.0	3.4	3.3	3.6	4.0	4.3	4.6	4.8	4.9	5.0	5.2	5.1	4.9	4.8
Virginia Wages and Salaries,																
Millions \$, SAAR	218,166.6	219,415.4	221,141.6	223,028.1	224,404.9	226,794.7	229,397.4	231,997.5	234,667.5	237,381.4	240,056.4	242,533.4	244,929.8	247,407.9	249,987.6	252,397.3
Annualized % Change	4.0	2.3	3.2	3.5	2.5	4.3	4.7	4.6	4.7	4.7	4.6	4.2	4.0	4.1	4.2	3.9
% Change from Prior Year's Quarter	3.1	3.6	3.6	3.2	2.9	3.4	3.7	4.0	4.6	4.7	4.6	4.5	4.4	4.2	4.1	4.1
Virginia Dividends, Interest, and Rent,																
Millions \$, SAAR	85,574.5	86,647.4	87,578.2	88,281.6	89,295.7	90,251.1	91,465.1	92,859.6	94,431.5	96,288.0	98,241.6	100,106.7	101,940.6	103,586.0	105,368.0	106,890.4
Annualized % Change	0.9	5.1	4.4	3.3	4.7	4.3	5.5	6.2	6.9	8.1	8.4	7.8	7.5	6.6	7.1	5.9
% Change from Prior Year's Quarter	2.1	3.4	4.3	3.4	4.3	4.2	4.4	5.2	5.8	6.7	7.4	7.8	8.0	7.6	7.3	6.8
Virginia Total Proprietor's Income,																
Millions \$, SAAR	29,081.1	29,121.5	29,113.0	29,236.6	29,296.4	29,343.1	29,317.9	29,405.4	29,374.6	29,338.9	29,229.9	29,221.8	29,134.0	29,116.6	29,020.5	29,050.8
Annualized % Change	7.4	0.6	(0.1)	1.7	0.8	0.6	(0.3)	1.2	(0.4)	(0.5)	(1.5)	(0.1)	(1.2)	(0.2)	(1.3)	0.4
% Change from Prior Year's Quarter	5.7	5.4	3.4	2.3	0.7	0.8	0.7	0.6	0.3	(0.0)	(0.3)	(0.6)	(0.8)	(0.8)	(0.7)	(0.6)

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.2 - QUARTERLY NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	2014.3	2014.4	2015.1	2015.2	2015.3	2015.4	2016.1	2016.2	2016.3	2016.4	2017.1	2017.2	2017.3	2017.4	2018.1	2018.2
Jabe Pessimistic Plus Alternative Scenario																
Total U.S. Employment, Millions, SA	139.2	139.6	139.9	140.1	140.4	140.5	140.6	140.8	141.0	141.3	141.5	141.7	141.9	142.1	142.2	142.3
Annualized % Change	2.0	1.1	0.9	0.7	0.7	0.3	0.4	0.5	0.6	0.7	0.4	0.6	0.6	0.5	0.3	0.4
% Change from Prior Year's Quarter	1.9	1.7	1.6	1.2	0.8	0.6	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.5	0.5	0.4
Virginia Total Nonag. Employment, Thousands, SA	3,798.3	3,805.8	3,816.3	3,828.4	3,840.7	3,858.2	3,875.1	3,893.6	3,912.3	3,931.3	3,944.4	3,957.2	3,967.8	3,978.2	3,986.4	3,995.4
Annualized % Change	0.9	0.8	1.1	1.3	1.3	1.8	1.8	1.9	1.9	2.0	1.3	1.3	1.1	1.1	0.8	0.9
% Change from Prior Year's Quarter	0.8	1.0	0.8	1.0	1.1	1.4	1.5	1.7	1.9	1.9	1.8	1.6	1.4	1.2	1.1	1.0
CPI, All Urban, 1982=100, SA	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.6	2.6
Annualized % Change	1.0	0.6	0.0	1.7	1.1	1.4	2.4	2.6	2.9	2.7	2.6	2.6	2.7	2.8	3.0	2.9
% Change from Prior Year's Quarter	1.8	1.6	1.2	0.8	0.9	1.1	1.6	1.9	2.3	2.6	2.7	2.7	2.7	2.7	2.8	2.8
Refiner's Acquisition Cost of Oil, \$ per Barrel	96.6	88.2	87.3	90.1	89.3	90.2	93.0	97.7	102.3	103.5	104.9	105.5	106.1	106.6	108.1	109.0
Quarterly Change	(4.4)	(8.4)	(0.9)	2.8	(0.8)	0.9	2.8	4.7	4.6	1.2	1.4	0.6	0.5	0.5	1.5	0.8
Change from Prior Year's Quarter	(8.6)	(7.8)	(10.3)	(10.9)	(7.3)	1.9	5.7	7.6	13.0	13.3	11.9	7.8	3.8	3.1	3.2	3.4
Before-Tax Corporate Profits, Billions \$, SAAR	2,511.1	2,435.4	2,295.7	2,282.1	2,257.9	2,235.3	2,188.8	2,186.8	2,198.7	2,201.1	2,136.4	2,139.4	2,160.2	2,197.5	2,175.5	2,223.2
Annualized % Change	10.3	(11.5)	(21.1)	(2.3)	(4.2)	(3.9)	(11.4)	3.4	2.2	0.4	(11.3)	0.6	3.9	7.1	(3.9)	9.1
% Change from Prior Year's Quarter	10.6	6.7	(0.1)	(6.9)	(10.1)	(8.2)	(5.5)	(4.2)	(2.6)	(1.5)	(1.5)	(2.2)	(1.8)	(0.2)	1.8	3.9
S&P 500 Stock Market Index, Level	1,993.2	1,967.2	1,970.5	1,938.8	1,917.5	1,906.6	1,927.7	1,945.5	1,958.5	1,972.2	1,985.3	1,997.4	2,009.3	2,021.7	2,033.4	2,047.6
Annualized % Change	21.0	(5.1)	0.7	(6.3)	(4.3)	(2.3)	4.5	3.7	2.7	2.8	2.7	2.5	2.4	2.5	2.3	2.8
% Change from Prior Year's Quarter	19.0	11.1	7.4	2.0	(3.8)	(3.1)	(2.2)	0.3	2.1	3.4	3.0	2.7	2.6	2.5	2.4	2.5
30-Year Treasury Bonds, Level	3.3	2.8	2.9	3.2	3.3	3.4	3.4	3.5	3.6	3.7	3.8	4.0	4.3	4.5	4.7	4.9
Quarterly Change	(0.2)	(0.5)	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.2	0.2
Change from Prior Year's Quarter	(0.5)	(1.0)	(0.7)	(0.3)	0.0	0.6	0.5	0.3	0.3	0.3	0.4	0.5	0.7	0.8	0.9	1.0

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	History											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Real Gross Domestic Product, Billions \$, SAAR	10,561.0	11,034.9	11,525.9	12,065.9	12,559.7	12,682.3	12,908.8	13,271.1	13,773.5	14,234.3	14,613.8	14,873.8
% Change	3.8	4.5	4.4	4.7	4.1	1.0	1.8	2.8	3.8	3.3	2.7	1.8
Fiscal Year	10,342.0	10,792.8	11,271.6	11,794.6	12,347.0	12,660.2	12,772.7	13,025.8	13,553.5	14,013.3	14,450.2	14,721.1
% Change	2.9	4.4	4.4	4.6	4.7	2.5	0.9	2.0	4.1	3.4	3.1	1.9
Real Consumer Spending, Billions \$, SAAR	6,755.6	7,009.9	7,384.7	7,775.9	8,170.7	8,382.6	8,598.8	8,867.6	9,208.2	9,531.8	9,821.7	10,041.6
% Change	3.5	3.8	5.3	5.3	5.1	2.6	2.6	3.1	3.8	3.5	3.0	2.2
Fiscal Year	6,643.6	6,864.6	7,187.7	7,583.6	7,985.1	8,289.0	8,490.8	8,706.1	9,050.0	9,375.4	9,679.2	9,947.9
% Change	3.3	3.3	4.7	5.5	5.3	3.8	2.4	2.5	4.0	3.6	3.2	2.8
U.S. Personal Income, Billions \$, SAAR	6,661.9	7,075.0	7,587.7	7,983.8	8,632.8	8,987.1	9,149.5	9,486.7	10,048.3	10,609.3	11,389.0	11,994.9
% Change	6.1	6.2	7.2	5.2	8.1	4.1	1.8	3.7	5.9	5.6	7.3	5.3
Fiscal Year	6,459.5	6,859.7	7,331.9	7,782.9	8,302.5	8,867.3	9,046.8	9,281.3	9,750.1	10,322.9	11,025.0	11,695.9
% Change	5.7	6.2	6.9	6.2	6.7	6.8	2.0	2.6	5.1	5.9	6.8	6.1
Virginia Personal Income, Millions \$, SAAR	175,140.2	186,656.7	199,426.1	213,283.6	230,606.2	242,631.2	250,255.9	264,709.6	282,273.6	301,875.7	322,950.4	340,479.1
% Change	5.0	6.6	6.8	6.9	8.1	5.2	3.1	5.8	6.6	6.9	7.0	5.4
Fiscal Year	170,494.1	180,821.8	192,508.8	206,536.8	221,451.1	238,649.3	245,549.9	256,344.7	273,384.5	291,746.0	313,546.9	331,693.6
% Change	4.4	6.1	6.5	7.3	7.2	7.8	2.9	4.4	6.6	6.7	7.5	5.8
Virginia Wages and Salaries, Millions \$, SAAR	96,626.2	103,770.6	112,115.3	120,992.0	132,384.5	138,736.6	140,596.4	147,600.9	158,792.5	169,118.9	178,958.3	188,703.4
% Change	5.9	7.4	8.0	7.9	9.4	4.8	1.3	5.0	7.6	6.5	5.8	5.4
Fiscal Year	93,584.9	100,075.5	107,560.1	117,062.7	126,298.8	137,029.1	138,929.6	143,049.6	153,071.0	164,249.7	174,772.0	184,002.0
% Change	4.7	6.9	7.5	8.8	7.9	8.5	1.4	3.0	7.0	7.3	6.4	5.3
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	38,378.6	40,748.0	42,866.6	43,715.6	47,519.3	48,639.0	49,008.8	51,986.8	53,673.0	58,265.7	65,719.3	71,765.2
% Change	5.4	6.2	5.2	2.0	8.7	2.4	0.8	6.1	3.2	8.6	12.8	9.2
Fiscal Year	37,218.8	39,706.5	41,838.8	43,123.3	45,538.8	48,631.5	48,546.0	50,491.9	52,737.9	55,436.4	62,003.1	68,801.0
% Change	4.3	6.7	5.4	3.1	5.6	6.8	(0.2)	4.0	4.4	5.1	11.8	11.0
Virginia Total Proprietor's Income, Millions \$, SAAR	9,363.5	10,220.6	11,590.2	12,497.6	14,358.5	15,713.8	17,148.9	17,294.6	19,046.0	20,226.5	21,569.1	20,052.1
% Change	6.9	9.2	13.4	7.8	14.9	9.4	9.1	0.8	10.1	6.2	6.6	(7.0)
Fiscal Year	9,088.4	9,800.8	10,786.2	12,053.2	13,389.6	15,115.9	16,523.7	17,155.4	18,186.7	19,464.9	21,303.7	20,810.3
% Change	10.2	7.8	10.1	11.7	11.1	12.9	9.3	3.8	6.0	7.0	9.4	(2.3)

SAAR: Seasonally Adjusted at Annual Rates
 SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	History										October Standard Forecast		
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
Real Gross Domestic Product, Billions \$, SAAR	14,830.4 (0.3)	14,418.8 (2.8)	14,783.8 2.5	15,020.6 1.6	15,369.2 2.3	15,710.3 2.2	16,069.3 2.3	16,509.3 2.7	16,984.8 2.9	17,519.1 3.1	18,001.6 2.8		
Fiscal Year % Change	14,945.8 1.5	14,549.8 (2.6)	14,573.8 0.2	14,913.9 2.3	15,205.8 2.0	15,502.5 2.0	15,884.6 2.5	16,313.3 2.7	16,727.2 2.5	17,255.4 3.2	17,766.7 3.0		
Real Consumer Spending, Billions \$, SAAR	10,007.2 (0.3)	9,847.0 (1.6)	10,036.3 1.9	10,263.5 2.3	10,449.7 1.8	10,699.7 2.4	10,945.2 2.3	11,251.7 2.8	11,604.2 3.1	11,970.2 3.2	12,309.3 2.8		
Fiscal Year % Change	10,072.5 1.3	9,886.8 (1.8)	9,911.7 0.3	10,171.0 2.6	10,351.7 1.8	10,566.3 2.1	10,820.4 2.4	11,092.3 2.5	11,421.5 3.0	11,785.8 3.2	12,145.8 3.1		
U.S. Personal Income, Billions \$, SAAR	12,429.6 3.6	12,087.5 (2.8)	12,429.4 2.8	13,202.0 6.2	13,887.7 5.2	14,166.9 2.0	14,768.1 4.2	15,447.6 4.6	16,238.0 5.1	17,165.3 5.7	18,056.6 5.2		
Fiscal Year % Change	12,273.5 4.9	12,252.6 (0.2)	12,184.4 (0.6)	12,833.0 5.3	13,516.9 5.3	14,058.1 4.0	14,437.9 2.7	15,112.6 4.7	15,820.9 4.7	16,690.1 5.5	17,620.4 5.6		
Virginia Personal Income, Millions \$, SAAR	351,728.2 3.3	349,182.6 (0.7)	359,782.5 3.0	381,587.0 6.1	398,811.7 4.5	403,424.7 1.2	416,455.8 3.2	433,200.7 4.0	454,881.6 5.0	480,258.8 5.6	502,728.1 4.7		
Fiscal Year % Change	346,879.6 4.6	350,827.0 1.1	352,734.0 0.5	370,679.2 5.1	389,834.7 5.2	402,705.4 3.3	408,327.6 1.4	425,300.0 4.2	443,057.4 4.2	467,591.2 5.5	491,851.7 5.2		
Virginia Wages and Salaries, Millions \$, SAAR	193,671.5 2.6	191,634.8 (1.1)	196,643.0 2.6	202,429.5 2.9	208,733.0 3.1	211,821.6 1.5	217,353.1 2.6	226,628.8 4.3	237,251.0 4.7	248,263.2 4.6	259,133.3 4.4		
Fiscal Year % Change	191,234.1 3.9	192,608.6 0.7	193,463.8 0.4	199,960.1 3.4	205,369.4 2.7	211,243.7 2.9	213,222.1 0.9	222,126.9 4.2	231,692.1 4.3	242,847.2 4.8	253,657.5 4.5		
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	73,018.7 1.7	66,400.1 (9.1)	66,251.8 (0.2)	73,313.6 10.7	80,928.7 10.4	82,869.0 2.4	85,638.4 3.3	89,119.2 4.1	95,957.9 7.7	105,674.5 10.1	112,198.5 6.2		
Fiscal Year % Change	73,221.8 6.4	70,434.6 (3.8)	64,889.0 (7.9)	69,515.9 7.1	76,753.2 10.4	82,620.6 7.6	84,251.1 2.0	87,338.3 3.7	91,910.8 5.2	100,906.4 9.8	109,315.1 8.3		
Virginia Total Proprietor's Income, Millions \$, SAAR	19,843.3 (1.0)	18,559.6 (6.5)	20,463.6 10.3	23,353.5 14.1	25,971.7 11.2	27,370.9 5.4	28,537.2 4.3	29,003.5 1.6	28,943.2 (0.2)	28,297.5 (2.2)	28,020.1 (1.0)		
Fiscal Year % Change	19,802.6 (4.8)	19,012.1 (4.0)	19,614.1 3.2	21,671.8 10.5	24,792.2 14.4	26,779.5 8.0	27,965.4 4.4	28,809.8 3.0	29,064.9 0.9	28,651.7 (1.4)	28,071.0 (2.0)		

SAAR: Seasonally Adjusted at Annual Rates
SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

		Jabe Pessimistic Plus Scenario			
		2015	2016	2017	2018
Real Gross Domestic Product, Billions \$, SAAR	Calendar Year	16,238.9	16,500.3	16,860.1	17,166.0
	% Change	1.2	1.6	2.2	1.8
	Fiscal Year	16,181.8	16,345.9	16,682.2	17,019.6
	% Change	1.9	1.0	2.1	2.0
Real Consumer Spending, Billions \$, SAAR	Calendar Year	11,113.9	11,302.4	11,490.6	11,693.6
	% Change	1.6	1.7	1.7	1.8
	Fiscal Year	11,032.4	11,207.6	11,392.7	11,592.1
	% Change	2.0	1.6	1.7	1.8
U.S. Personal Income, Billions \$, SAAR	Calendar Year	15,201.0	15,733.4	16,491.3	17,364.3
	% Change	3.0	3.5	4.8	5.3
	Fiscal Year	15,008.6	15,437.1	16,088.5	16,918.2
	% Change	4.0	2.9	4.2	5.2
Virginia Personal Income, Millions \$, SAAR	Calendar Year	430,580.5	449,578.3	472,303.6	494,339.9
	% Change	3.6	4.4	5.1	4.7
	Fiscal Year	423,379.1	439,443.0	460,596.7	483,645.1
	% Change	3.7	3.8	4.8	5.0
Virginia Wages and Salaries, Millions \$, SAAR	Calendar Year	223,842.3	233,360.9	243,731.9	253,597.6
	% Change	3.3	4.3	4.4	4.0
	Fiscal Year	220,437.9	228,148.6	238,659.7	248,680.7
	% Change	3.4	3.5	4.6	4.2
Virginia Dividends, Interest, and Rent, Millions \$, SAAR	Calendar Year	88,851.7	93,761.1	100,968.7	107,631.8
	% Change	4.0	5.5	7.7	6.6
	Fiscal Year	87,020.4	90,967.9	97,267.0	104,446.3
	% Change	3.3	4.5	6.9	7.4
Virginia Total Proprietor's Income, Millions \$, SAAR	Calendar Year	29,247.3	29,359.2	29,175.6	29,041.3
	% Change	1.8	0.4	(0.6)	(0.5)
	Fiscal Year	29,138.1	29,340.7	29,291.3	29,080.5
	% Change	4.2	0.7	(0.2)	(0.7)

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	History											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total U.S. Employment, Millions, SA	119.8	122.9	126.1	129.2	132.0	132.1	130.6	130.3	131.7	134.0	136.4	137.9
% Change	2.1	2.6	2.6	2.5	2.2	0.0	(1.1)	(0.2)	1.1	1.7	1.8	1.1
Fiscal Year	118.5	121.3	124.6	127.7	130.8	132.5	131.1	130.4	130.8	132.8	135.3	137.3
% Change	2.0	2.4	2.7	2.5	2.5	1.3	(1.0)	(0.5)	0.3	1.5	1.9	1.5
Virginia Total Nonag. Employment, Thousands, SA	3,138.0	3,234.7	3,322.8	3,415.9	3,520.4	3,523.7	3,501.2	3,504.1	3,590.0	3,670.0	3,735.5	3,772.7
% Change	2.2	3.1	2.7	2.8	3.1	0.1	(0.6)	0.1	2.5	2.2	1.8	1.0
Fiscal Year	3,094.7	3,191.5	3,273.8	3,373.2	3,467.2	3,539.2	3,506.1	3,496.9	3,541.6	3,631.7	3,709.5	3,755.9
% Change	1.6	3.1	2.6	3.0	2.8	2.1	(0.9)	(0.3)	1.3	2.5	2.1	1.2
CPI, All Urban, 1982=1984=1.0, SA	1.6	1.6	1.6	1.7	1.7	1.8	1.8	1.8	1.9	2.0	2.0	2.1
% Change	2.9	2.3	1.5	2.2	3.4	2.8	1.6	2.3	2.7	3.4	3.2	2.9
Fiscal Year	1.5	1.6	1.6	1.6	1.7	1.8	1.8	1.8	1.9	1.9	2.0	2.0
% Change	2.7	2.8	1.8	1.7	2.9	3.4	1.8	2.2	2.2	3.0	3.8	2.6
Refiner's Acquisition Cost of Oil, \$ per Barrel	20.7	19.1	12.5	17.4	28.2	23.0	24.0	28.6	36.9	50.3	60.1	68.0
% Change	3.5	(1.6)	(6.5)	4.9	10.8	(5.3)	1.1	4.6	8.3	13.4	9.8	7.9
Fiscal Year	18.2	21.0	15.7	12.6	24.2	27.2	21.4	27.6	30.8	42.6	58.1	59.1
% Change	1.1	2.8	(5.2)	(3.2)	11.7	3.0	(5.8)	6.2	3.2	11.8	15.5	1.0
Before-Tax Corporate Profits, Billions \$, SAAR	738.8	796.9	728.1	766.2	747.1	690.7	788.9	969.5	1,254.6	1,653.3	1,851.4	1,748.4
% Change	7.8	7.9	(8.6)	5.2	(2.5)	(7.6)	14.2	22.9	29.4	31.8	12.0	(5.6)
Fiscal Year	715.9	760.2	775.7	738.8	771.8	727.8	685.6	890.0	1,113.7	1,448.5	1,775.3	1,820.0
% Change	9.8	6.2	2.0	(4.8)	4.5	(5.7)	(5.8)	29.8	25.1	30.1	22.6	2.5
S&P 500 Stock Market Index, Level	670.8	872.7	1,084.3	1,326.1	1,426.8	1,192.1	995.6	963.7	1,130.6	1,207.1	1,310.7	1,476.7
% Change	23.9	30.1	24.2	22.3	7.6	(16.4)	(16.5)	(3.2)	17.3	6.8	8.6	12.7
Fiscal Year	614.7	749.3	1,003.0	1,198.8	1,395.4	1,337.4	1,114.9	895.1	1,078.3	1,160.0	1,254.9	1,399.9
% Change	27.7	21.9	33.8	19.5	16.4	(4.2)	(16.6)	(19.7)	20.5	7.6	8.2	11.6
30-Year Treasury Bonds, Level	6.7	6.6	5.6	5.9	5.9	5.5	5.4	5.1	5.1	4.6	4.9	4.8
% Change	(0.2)	(0.1)	(1.0)	0.3	0.1	(0.4)	(0.1)	(0.4)	0.1	(0.6)	0.3	(0.0)
Fiscal Year	6.5	6.8	6.1	5.4	6.1	5.7	5.5	5.0	5.2	4.8	4.7	4.9
% Change	(1.0)	0.3	(0.7)	(0.7)	0.7	(0.5)	(0.1)	(0.5)	0.2	(0.4)	(0.1)	0.2

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	History										October Standard Forecast		
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
Total U.S. Employment, Millions, SA	137.2 (0.6)	131.2 (4.3)	130.3 (0.7)	131.8 1.2	134.1 1.7	136.4 1.7	138.8 1.8	141.4 1.8	143.5 1.5	145.4 1.3	146.9 1.0		
Fiscal Year % Change	138.1 0.6	134.3 (2.7)	130.1 (3.1)	130.9 0.6	133.0 1.6	135.2 1.6	137.5 1.7	140.2 1.9	142.5 1.6	144.5 1.4	146.2 1.2		
Virginia Total Nonag. Employment, Thousands, SA	3,775.6 0.1	3,653.3 (3.2)	3,649.0 (0.1)	3,695.1 1.3	3,737.0 1.1	3,766.9 0.8	3,802.2 0.9	3,867.6 1.7	3,931.3 1.6	3,982.5 1.3	4,011.9 0.7		
Fiscal Year % Change	3,781.8 0.7	3,719.0 (1.7)	3,633.9 (2.3)	3,672.8 1.1	3,716.6 1.2	3,755.6 1.0	3,778.4 0.6	3,895.2 1.5	3,898.4 1.6	3,960.5 1.6	3,999.1 1.0		
CPI, All Urban, 1982=1984=1.0, SA	2.2 3.8	2.1 (0.3)	2.2 1.6	2.2 3.1	2.3 2.1	2.3 1.5	2.4 1.8	2.4 1.4	2.4 1.6	2.5 2.0	2.5 2.1		
Fiscal Year % Change	2.1 3.7	2.1 1.4	2.2 1.0	2.2 2.0	2.3 2.9	2.3 1.7	2.3 1.6	2.4 1.6	2.4 1.3	2.5 1.8	2.5 2.0		
Refiner's Acquisition Cost of Oil, \$ per Barrel	94.3 26.3	59.2 (35.1)	76.7 17.5	101.8 25.1	101.0 (0.8)	100.5 (0.5)	97.0 (3.5)	94.7 (2.3)	94.2 (0.6)	96.1 1.9	99.5 3.4		
Fiscal Year % Change	90.9 31.8	66.5 (24.4)	72.7 6.2	89.4 16.7	103.6 14.2	98.8 (4.7)	100.0 1.1	95.1 (4.9)	93.7 (1.4)	95.2 1.5	97.7 2.4		
Before-Tax Corporate Profits, Billions \$, SAAR	1,382.5 (20.9)	1,472.6 6.5	1,840.7 25.0	1,806.8 (1.8)	2,136.1 18.2	2,235.3 4.6	2,451.2 9.7	2,508.4 2.3	2,505.8 (0.1)	2,418.0 (3.5)	2,381.6 (1.5)		
Fiscal Year % Change	1,642.9 (9.7)	1,254.4 (23.6)	1,713.3 36.6	1,833.4 7.0	1,978.3 7.9	2,173.2 9.9	2,325.0 7.0	2,512.1 8.0	2,508.5 (0.1)	2,472.5 (1.4)	2,384.8 (3.5)		
S&P 500 Stock Market Index, Level	1,220.9 (17.3)	946.7 (22.5)	1,139.3 20.3	1,268.9 11.4	1,379.6 8.7	1,642.5 19.1	1,930.1 17.5	2,042.8 5.8	2,128.1 4.2	2,195.0 3.1	2,262.5 3.1		
Fiscal Year % Change	1,426.7 1.9	965.8 (32.3)	1,085.6 12.4	1,230.5 13.4	1,287.9 4.7	1,486.2 15.4	1,795.1 20.8	2,007.6 11.8	2,086.5 3.9	2,162.8 3.7	2,227.1 3.0		
30-Year Treasury Bonds, Level	4.3 (0.6)	4.1 (0.2)	4.3 0.2	3.9 (0.3)	2.9 (1.0)	3.4 0.5	3.4 (0.0)	3.9 0.4	4.2 0.3	4.5 0.3	4.6 0.0		
Fiscal Year % Change	4.6 (0.2)	3.9 (0.7)	4.4 0.5	4.2 (0.2)	3.2 (1.0)	3.0 (0.2)	3.7 0.7	3.5 (0.1)	4.1 0.5	4.4 0.3	4.6 0.2		

SAAR: Seasonally Adjusted at Annual Rates
SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

	Jabe Pessimistic Plus Scenario			
	2015	2016	2017	2018
Total U.S. Employment, Millions, SA	140.2	141.0	141.8	142.4
Calendar Year % Change	1.0	0.5	0.6	0.4
Fiscal Year	139.7	140.6	141.4	142.1
% Change	1.6	0.6	0.6	0.5
Virginia Total Nonag. Employment, Thousands, SA	3,835.9	3,903.1	3,961.9	3,998.8
Calendar Year % Change	1.1	1.8	1.5	0.9
Fiscal Year	3,812.2	3,866.9	3,936.3	3,981.9
% Change	0.9	1.4	1.8	1.2
CPI, All Urban, 1982-1984=1.0, SA	2.4	2.4	2.5	2.6
Calendar Year % Change	1.0	2.1	2.7	2.9
Fiscal Year	2.4	2.4	2.5	2.5
% Change	1.3	1.4	2.6	2.7
Refiner's Acquisition Cost of Oil, \$ per Barrel	89.2	99.1	105.8	109.5
Calendar Year Change	(6.6)	9.9	6.6	3.7
Fiscal Year	90.6	92.5	104.1	107.4
Change	(9.4)	2.0	11.5	3.4
Before-Tax Corporate Profits, Billions \$, SAAR	2,267.7	2,188.8	2,158.4	2,248.2
Calendar Year % Change	(6.4)	(3.5)	(1.4)	4.2
Fiscal Year	2,381.1	2,212.2	2,168.9	2,189.1
% Change	2.4	(7.1)	(2.0)	0.9
S&P 500 Stock Market Index, Level	1,933.4	1,951.0	2,003.4	2,054.6
Calendar Year % Change	0.5	0.9	2.7	2.6
Fiscal Year	1,967.4	1,924.3	1,978.4	2,028.0
% Change	9.6	(2.2)	2.8	2.5
30-Year Treasury Bonds, Level	3.2	3.5	4.1	5.0
Calendar Year Change	(0.1)	0.4	0.6	0.8
Fiscal Year	3.0	3.4	3.8	4.6
Change	(0.6)	0.4	0.4	0.8

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

Virginia		History											
		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Construction and Mining Thousands, SA	Calendar Year	189.5	201.5	203.7	210.5	221.6	228.4	224.9	227.6	241.1	254.2	260.0	250.7
	% Change	3.8	6.3	1.1	3.3	5.3	3.1	(1.5)	1.2	5.9	5.4	2.3	(3.6)
	Fiscal Year	184.1	197.5	201.1	208.4	215.2	226.3	226.7	224.1	234.5	247.7	260.0	255.9
	% Change	2.1	7.3	1.8	3.6	3.3	5.2	0.2	(1.1)	4.7	5.6	4.9	(1.6)
Manufacturing Thousands, SA	Calendar Year	370.9	374.5	375.6	366.9	363.6	341.3	320.1	305.0	298.7	295.8	288.1	277.8
	% Change	(0.6)	1.0	0.3	(2.3)	(0.9)	(6.1)	(6.2)	(4.7)	(2.1)	(1.0)	(2.6)	(3.6)
	Fiscal Year	371.7	372.0	376.0	370.6	366.7	354.6	328.4	313.8	299.3	298.0	292.7	282.9
	% Change	(0.4)	0.1	1.1	(1.4)	(1.1)	(3.3)	(7.4)	(4.4)	(4.6)	(0.4)	(1.8)	(3.4)
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	599.0	609.3	618.7	637.0	650.7	644.8	636.5	635.2	646.5	657.2	663.0	668.1
	% Change	2.2	1.7	1.5	3.0	2.2	(0.9)	(1.3)	(0.2)	1.8	1.7	0.9	0.8
	Fiscal Year	590.8	605.0	612.9	628.6	644.1	650.6	639.4	634.1	641.3	651.6	661.3	665.5
	% Change	1.2	2.4	1.3	2.6	2.5	1.0	(1.7)	(0.8)	1.1	1.6	1.5	0.6
Financial Activities Thousands, SA	Calendar Year	153.0	158.6	165.2	173.4	178.9	179.9	182.2	186.5	189.0	192.5	194.8	193.6
	% Change	2.9	3.7	4.1	5.0	3.2	0.6	1.2	2.4	1.4	1.8	1.2	(0.6)
	Fiscal Year	150.4	156.2	160.9	170.1	175.7	180.3	180.7	184.2	187.6	190.8	194.0	195.1
	% Change	0.8	3.9	3.0	5.7	3.3	2.6	0.2	1.9	1.8	1.7	1.7	0.6
Professional and Business Services Thousands, SA	Calendar Year	447.8	470.9	507.7	538.5	567.9	559.5	547.0	549.3	578.5	606.0	628.5	646.3
	% Change	5.3	5.1	7.8	6.1	5.5	(1.5)	(2.2)	0.4	5.3	4.8	3.7	2.8
	Fiscal Year	435.5	460.5	488.1	524.2	552.7	569.2	552.0	545.2	561.4	593.6	618.6	637.6
	% Change	5.7	5.7	6.0	7.4	5.4	3.0	(3.0)	(1.2)	3.0	5.7	4.2	3.1
Education and Health Services Thousands, SA	Calendar Year	296.0	310.6	318.7	329.1	336.2	351.9	368.7	376.5	387.5	399.4	414.4	431.9
	% Change	3.3	4.9	2.6	3.3	2.2	4.7	4.8	2.1	2.9	3.1	3.8	4.2
	Fiscal Year	290.3	303.7	314.9	324.1	332.0	343.7	360.5	373.4	381.7	392.8	406.9	422.2
	% Change	2.8	4.6	3.7	2.9	2.4	3.5	4.9	3.6	2.2	2.9	3.6	3.8
Leisure and Hospitality Thousands, SA	Calendar Year	270.5	278.6	281.8	287.1	297.1	301.2	303.9	308.5	320.1	329.4	338.8	345.3
	% Change	1.6	3.0	1.2	1.9	3.5	1.4	0.9	1.5	3.8	2.9	2.8	1.9
	Fiscal Year	267.9	275.4	279.4	284.9	291.9	300.1	301.3	305.9	314.3	325.1	334.4	342.4
	% Change	2.6	2.8	1.5	2.0	2.4	2.8	0.4	1.5	2.8	3.4	2.9	2.4
Government Thousands, SA	Calendar Year	596.2	596.6	602.0	611.2	624.6	629.2	634.9	637.5	650.9	661.9	674.8	683.0
	% Change	(0.2)	0.1	0.9	1.5	2.2	0.7	0.9	0.4	2.1	1.7	2.0	1.2
	Fiscal Year	594.6	597.2	597.8	606.1	618.5	627.6	631.5	636.0	643.6	656.6	668.5	679.5
	% Change	(1.3)	0.4	0.1	1.4	2.0	1.5	0.6	0.7	1.2	2.0	1.8	1.6

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

Virginia		History										October Standard Forecast		
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
Construction and Mining Thousands, SA	Calendar Year	234.1	200.6	193.4	189.4	187.5	184.6	186.8	195.2	209.2	221.1	228.5		
	% Change	(6.6)	(14.3)	(3.6)	(2.0)	(1.0)	(1.5)	1.2	4.5	7.2	5.7	3.3		
	Fiscal Year	243.6	216.9	194.2	192.1	188.4	186.5	185.0	189.3	202.4	215.3	225.7		
	% Change	(4.8)	(10.9)	(10.5)	(1.1)	(1.9)	(1.0)	(0.8)	2.3	6.9	6.4	4.8		
Manufacturing Thousands, SA	Calendar Year	264.8	239.3	230.5	231.0	231.5	231.2	232.6	236.4	238.0	238.4	237.6		
	% Change	(4.7)	(9.6)	(3.7)	0.2	0.2	(0.1)	0.6	1.6	0.7	0.2	(0.4)		
	Fiscal Year	271.6	252.5	233.1	230.0	231.5	231.3	231.9	234.1	237.5	238.4	237.9		
	% Change	(4.0)	(7.0)	(7.7)	(1.3)	0.6	(0.1)	0.2	1.0	1.4	0.4	(0.2)		
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	659.2	624.4	621.1	628.7	633.5	637.9	652.4	658.3	662.1	663.9	663.7		
	% Change	(1.3)	(5.3)	(0.5)	1.2	0.8	0.7	2.3	0.9	0.6	0.3	(0.0)		
	Fiscal Year	666.3	642.0	618.9	625.4	631.3	634.1	645.5	656.4	659.9	663.5	663.9		
	% Change	0.1	(3.7)	(3.6)	1.1	0.9	0.5	1.8	1.7	0.5	0.5	0.1		
Financial Activities Thousands, SA	Calendar Year	188.6	179.9	179.1	182.6	188.3	192.3	194.7	194.4	194.5	191.3	187.7		
	% Change	(2.6)	(4.6)	(0.5)	1.9	3.1	2.1	1.3	(0.2)	0.0	(1.6)	(1.9)		
	Fiscal Year	191.1	184.5	178.1	180.6	185.3	190.8	193.9	194.5	194.4	193.5	189.2		
	% Change	(2.1)	(3.4)	(3.5)	1.4	2.6	3.0	1.6	0.3	(0.1)	(0.5)	(2.2)		
Professional and Business Services Thousands, SA	Calendar Year	657.0	640.1	650.3	667.5	678.5	679.8	678.4	700.6	717.8	732.3	738.5		
	% Change	1.7	(2.6)	1.6	2.6	1.6	0.2	(0.2)	3.3	2.5	2.0	0.8		
	Fiscal Year	653.3	649.8	641.3	660.0	673.3	682.2	673.9	691.2	708.5	726.2	736.0		
	% Change	2.5	(0.5)	(1.3)	2.9	2.0	1.3	(1.2)	2.6	2.5	2.5	1.4		
Education and Health Services Thousands, SA	Calendar Year	451.9	460.3	468.0	474.9	485.1	499.3	510.6	520.6	531.3	541.8	550.3		
	% Change	4.6	1.8	1.7	1.5	2.1	2.9	2.3	2.0	2.1	2.0	1.6		
	Fiscal Year	443.5	456.9	462.6	472.7	478.9	493.0	504.8	515.9	525.2	537.1	546.2		
	% Change	5.0	3.0	1.2	2.2	1.3	3.0	2.4	2.2	1.8	2.3	1.7		
Leisure and Hospitality Thousands, SA	Calendar Year	349.3	341.6	341.3	349.2	358.9	366.4	371.5	378.1	381.1	385.8	392.3		
	% Change	1.2	(2.2)	(0.1)	2.3	2.8	2.1	1.4	1.8	0.8	1.2	1.7		
	Fiscal Year	348.6	345.0	339.5	345.5	354.2	363.0	368.2	375.6	380.1	382.6	389.3		
	% Change	1.8	(1.0)	(1.6)	1.8	2.5	2.5	1.4	2.0	1.2	0.7	1.7		
Government Thousands, SA	Calendar Year	694.4	700.0	704.7	710.3	709.9	710.1	707.9	718.1	729.9	736.7	739.2		
	% Change	1.7	0.8	0.7	0.8	(0.1)	0.0	(0.3)	1.4	1.6	0.9	0.3		
	Fiscal Year	687.5	698.9	703.4	705.6	711.2	709.7	709.2	711.6	723.8	734.5	738.0		
	% Change	1.2	1.7	0.6	0.3	0.8	(0.2)	(0.1)	0.3	1.7	1.5	0.5		

SAAR: Seasonally Adjusted at Annual Rates
SA: Seasonally Adjusted

TABLE A.3 - ANNUAL NATIONAL AND VIRGINIA ECONOMIC VARIABLES

Virginia	Jabe Pessimistic Plus Scenario				
	2015	2016	2017	2018	
Construction and Mining Thousands, SA	Calendar Year	191.4	200.9	209.4	211.0
	% Change	2.4	5.0	4.2	0.8
	Fiscal Year	188.8	195.3	205.9	210.8
% Change	2.1	3.5	5.4	2.4	
Manufacturing Thousands, SA	Calendar Year	233.4	237.2	239.2	240.0
	% Change	0.3	1.6	0.9	0.3
	Fiscal Year	232.5	235.5	238.4	239.5
% Change	0.3	1.3	1.2	0.4	
Trade, Transportation, and Utilities Thousands, SA	Calendar Year	652.6	658.3	664.0	666.7
	% Change	0.4	0.9	0.9	0.4
	Fiscal Year	650.9	655.1	661.5	665.7
% Change	0.8	0.6	1.0	0.6	
Financial Activities Thousands, SA	Calendar Year	196.7	196.1	193.4	191.2
	% Change	0.4	(0.3)	(1.4)	(1.1)
	Fiscal Year	196.8	196.5	195.0	192.0
% Change	1.5	(0.1)	(0.7)	(1.6)	
Professional and Business Services Thousands, SA	Calendar Year	689.6	709.6	726.1	738.2
	% Change	2.5	2.9	2.3	1.7
	Fiscal Year	679.1	699.5	718.9	732.5
% Change	0.8	3.0	2.8	1.9	
Education and Health Services Thousands, SA	Calendar Year	515.8	529.2	542.1	554.5
	% Change	1.4	2.6	2.4	2.3
	Fiscal Year	511.7	521.9	535.6	548.5
% Change	1.4	2.0	2.6	2.4	
Leisure and Hospitality Thousands, SA	Calendar Year	378.5	381.7	386.8	390.7
	% Change	1.8	0.8	1.4	1.0
	Fiscal Year	376.4	379.8	384.3	389.0
% Change	2.2	0.9	1.2	1.2	
Government Thousands, SA	Calendar Year	712.9	723.6	730.5	733.6
	% Change	0.6	1.5	1.0	0.4
	Fiscal Year	710.2	717.8	728.3	732.1
% Change	0.1	1.1	1.5	0.5	

SAAR: Seasonally Adjusted at Annual Rates

SA: Seasonally Adjusted

**APPENDIX B
GENERAL FUND DATA**

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

	2000.3	2000.4	2001.1	2001.2	2001.3	2001.4	2001.1	2001.2	2001.3	2001.4	2002.1	2002.2	2002.3	2002.4	2003.1	2003.2	2003.3	2003.4	2004.1
Withholding Annual % Change	1,444.0 6.8	1,575.6 3.5	1,659.1 9.6	1,576.2 6.9	1,494.4 3.5	1,617.8 2.7	1,693.4 2.1	1,616.8 2.6	1,535.8 2.8	1,667.1 3.0	1,706.3 0.8	1,658.2 2.6	1,606.0 4.6	1,801.6 8.1	1,706.3 0.8	1,658.2 2.6	1,606.0 4.6	1,801.6 8.1	1,861.8 9.1
Nonwithholding Annual % Change	261.0 10.9	127.2 (30.1)	395.6 29.9	1,023.1 7.9	243.1 (6.8)	139.9 10.0	316.6 (20.0)	759.9 (25.7)	236.6 (2.7)	143.4 2.5	288.4 (8.9)	734.3 (3.4)	240.5 1.6	160.5 11.9	288.4 (8.9)	734.3 (3.4)	240.5 1.6	160.5 11.9	304.4 5.6
Gross Individual Income Tax Annual % Change	1,704.9 7.4	1,702.8 (0.1)	2,054.7 13.0	2,599.3 7.3	1,737.5 1.9	1,757.8 3.2	2,010.0 (2.2)	2,376.6 (8.6)	1,772.4 2.0	1,810.4 3.0	1,994.7 (0.8)	2,392.6 0.7	1,846.5 4.2	1,962.0 8.4	1,994.7 (0.8)	2,392.6 0.7	1,846.5 4.2	1,962.0 8.4	2,166.2 8.6
Individual Refunds Annual % Change	124.5 78.6	56.6 42.9	322.9 0.0	331.4 22.8	175.3 40.8	73.1 29.1	451.2 39.8	471.6 42.3	119.6 (31.8)	66.4 (9.1)	518.4 14.9	490.0 3.9	86.4 (27.8)	72.5 9.2	518.4 14.9	490.0 3.9	86.4 (27.8)	72.5 9.2	578.8 11.7
Net Individual Income Tax Annual % Change	1,580.4 4.2	1,646.2 (1.1)	1,731.9 15.8	2,267.8 5.4	1,562.2 (1.2)	1,684.7 2.3	1,558.8 (10.0)	1,905.1 (16.0)	1,652.8 5.8	1,744.0 3.5	1,476.3 (5.3)	1,902.6 (0.1)	1,760.2 6.5	1,889.5 8.3	1,476.3 (5.3)	1,902.6 (0.1)	1,760.2 6.5	1,889.5 8.3	1,587.3 7.5
Sales and Use Tax Annual % Change	573.6 4.3	564.0 1.5	573.9 5.8	561.5 1.5	575.0 0.3	579.1 2.7	551.9 (3.8)	723.8 28.9	457.6 (20.4)	576.6 (0.4)	564.9 2.3	737.0 1.8	488.6 6.8	620.0 7.5	564.9 2.3	737.0 1.8	488.6 6.8	620.0 7.5	622.9 10.3
Corporate Income Tax Annual % Change	125.3 (9.9)	27.7 (66.4)	34.0 (34.6)	176.8 (39.6)	77.5 (38.1)	37.9 37.0	26.7 (21.4)	148.1 (16.2)	89.8 15.8	55.9 47.3	16.3 (39.0)	181.4 22.5	112.9 25.8	38.0 (32.0)	16.3 (39.0)	181.4 22.5	112.9 25.8	38.0 (32.0)	44.3 171.7
Wills, Suits, Deeds, Contracts Annual % Change	39.1 1.5	39.8 11.0	36.8 21.7	51.8 24.6	32.7 32.7	54.9 37.8	49.4 34.2	58.2 12.2	65.3 25.8	74.3 35.2	63.7 28.9	82.6 42.0	93.6 43.4	79.5 7.1	63.7 28.9	82.6 42.0	93.6 43.4	79.5 7.1	67.7 6.3
Insurance Premiums Annual % Change	65.3 7.9	42.3 (3.6)	26.2 6.1	134.3 10.1	67.4 3.2	53.0 25.4	30.8 17.6	141.5 5.4	76.8 13.9	59.7 12.6	35.2 14.5	161.3 14.0	79.7 3.8	63.1 5.7	35.2 14.5	161.3 14.0	79.7 3.8	63.1 5.7	42.6 20.9
Interest Income Annual % Change	60.4 14.8	37.6 30.8	44.9 12.4	(9.7) (198.0)	55.3 (8.4)	21.4 (43.0)	26.1 (42.0)	(2.3) (75.8)	40.3 (27.1)	22.8 6.6	8.4 (67.7)	10.1 (532.6)	29.8 (26.0)	11.1 (51.5)	8.4 (67.7)	10.1 (532.6)	29.8 (26.0)	11.1 (51.5)	13.9 65.3
Alcoholic Beverage Sales Annual % Change	11.8 3.4	29.0 6.0	32.8 2.3	49.3 6.5	11.6 (1.9)	29.9 3.0	34.7 5.7	51.3 3.9	11.8 1.9	31.2 4.5	36.4 4.9	49.3 (3.9)	12.9 9.1	32.9 5.3	36.4 4.9	49.3 (3.9)	12.9 9.1	32.9 5.3	37.3 2.4
All Other Revenues Annual % Change	90.4 (32.4)	119.9 (13.6)	119.2 54.1	220.9 12.4	84.4 (6.6)	124.8 4.1	110.3 (7.5)	193.6 (12.4)	118.9 40.8	125.5 0.5	143.3 29.9	195.2 0.8	146.5 23.2	111.8 (10.9)	143.3 29.9	195.2 0.8	146.5 23.2	111.8 (10.9)	144.0 0.5
Total General Fund Revenues Annual % Change	2,546.4 1.7	2,506.5 (2.7)	2,599.6 13.3	3,452.8 1.1	2,485.4 (2.4)	2,585.8 3.2	2,388.6 (8.1)	3,219.1 (6.8)	2,513.3 1.1	2,689.9 4.0	2,344.5 (1.8)	3,319.5 3.1	2,724.3 8.4	2,846.0 5.8	2,344.5 (1.8)	3,319.5 3.1	2,724.3 8.4	2,846.0 5.8	2,560.0 9.2

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

	2004.2	2004.3	2004.4	2005.1	2005.2	2005.3	2005.4	2006.1	2006.2	2006.3	2006.4	2007.1	2007.2	2007.3	2007.4	2008.1
Withholding	1,769.9	1,768.0	1,905.5	1,992.0	1,847.5	1,897.2	1,996.5	2,131.5	2,028.5	1,970.4	2,110.3	2,292.5	2,192.2	2,062.9	2,244.9	2,411.8
Annual % Change	6.7	10.1	5.8	7.0	4.4	7.3	4.8	7.0	9.8	3.9	5.7	7.6	8.1	4.7	6.4	5.2
Nonwithholding	857.5	286.6	209.9	415.0	1,162.0	349.0	225.7	483.9	1,435.1	356.4	264.8	512.5	1,648.3	394.1	260.1	556.6
Annual % Change	16.8	19.2	30.8	36.3	35.5	21.8	7.5	16.6	23.5	2.1	17.3	5.9	14.9	10.6	(1.8)	8.6
Gross Individual Income Tax	2,627.4	2,054.7	2,115.5	2,407.0	3,009.5	2,246.3	2,222.2	2,615.5	3,463.6	2,326.8	2,375.2	2,805.0	3,840.4	2,457.0	2,505.1	2,968.4
Annual % Change	9.8	11.3	7.8	11.1	14.5	9.3	5.0	8.7	15.1	3.6	6.9	7.2	10.9	5.6	5.5	5.8
Individual Refunds	479.5	87.8	81.1	588.0	477.3	50.5	62.5	638.4	531.2	110.2	109.8	740.4	599.5	83.6	143.9	811.3
Annual % Change	(2.1)	1.6	11.8	1.6	(0.5)	(42.5)	(22.9)	8.6	11.3	118.3	75.6	16.0	12.9	(24.1)	31.1	9.6
Net Individual Income Tax	2,147.9	1,966.9	2,034.3	1,819.0	2,532.2	2,195.8	2,159.7	1,977.0	2,932.4	2,216.7	2,265.4	2,064.6	3,240.9	2,373.3	2,361.2	2,157.2
Annual % Change	12.9	11.7	7.7	14.6	17.9	11.6	6.2	8.7	15.8	1.0	4.9	4.4	10.5	7.1	4.2	4.5
Sales and Use Tax	830.8	524.3	727.0	736.0	958.8	579.3	728.6	758.5	746.3	762.3	746.9	774.8	765.1	785.8	798.2	723.3
Annual % Change	12.7	7.3	17.3	18.2	15.4	10.5	0.2	3.1	(22.2)	31.6	2.5	2.1	2.5	3.1	6.9	(6.6)
Corporate Income Tax	230.5	122.0	124.9	90.0	279.9	214.7	256.1	116.0	280.3	256.9	186.6	118.7	317.4	217.7	115.4	138.7
Annual % Change	27.1	8.1	228.4	103.2	21.4	76.0	105.1	29.0	0.2	19.7	(27.2)	2.3	13.2	(15.2)	(38.1)	16.9
Wills, Suits, Deeds, Contracts	99.7	113.8	150.6	141.9	189.8	202.8	170.1	149.7	172.1	150.8	143.6	133.9	154.7	130.7	112.6	98.6
Annual % Change	20.7	21.5	89.3	109.6	90.4	78.3	13.0	5.5	(9.3)	(25.7)	(15.6)	(10.5)	(10.1)	(13.3)	(21.6)	(26.4)
Insurance Premiums	165.8	88.0	69.0	38.3	178.3	84.1	72.1	36.3	181.3	87.9	61.4	38.0	197.6	101.7	61.5	32.1
Annual % Change	2.8	10.4	9.3	(10.1)	7.5	(4.4)	4.4	(5.2)	1.7	4.5	(14.8)	4.7	9.0	15.8	0.1	(15.7)
Interest Income	6.6	27.1	22.1	23.8	10.8	44.7	26.0	39.6	6.1	91.7	42.9	53.8	(12.4)	105.5	66.2	37.5
Annual % Change	(35.0)	(9.2)	99.7	71.0	64.5	65.0	17.7	66.4	(43.9)	105.0	64.7	35.7	(303.9)	15.1	54.4	(30.3)
Alcoholic Beverage Sales	55.0	12.6	34.8	38.1	59.0	13.5	36.4	40.6	62.4	14.3	38.0	42.1	67.5	13.8	39.6	45.5
Annual % Change	11.6	(2.6)	5.8	2.4	7.2	7.4	4.7	6.5	5.8	5.5	4.2	3.6	8.2	(3.4)	4.5	8.0
All Other Revenues	251.3	155.2	122.6	118.5	177.9	110.9	111.7	148.8	180.2	127.2	111.1	128.6	176.9	113.6	144.0	147.2
Annual % Change	28.7	6.0	9.6	(17.7)	(29.2)	(28.6)	(8.9)	25.7	1.3	14.7	(0.5)	(13.6)	(1.8)	(10.7)	29.6	14.4
Total General Fund Revenues	3,787.7	3,009.8	3,285.3	3,005.5	4,386.6	3,445.8	3,560.8	3,266.7	4,561.0	3,707.7	3,595.9	3,354.5	4,907.7	3,842.1	3,698.7	3,380.0
Annual % Change	14.1	10.5	15.4	17.4	15.8	14.5	8.4	8.7	4.0	7.6	1.0	2.7	7.6	3.6	2.9	0.8

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

	2008.2	2008.3	2008.4	2009.1	2009.2	2009.3	2009.4	2010.1	2010.2	2010.3	2010.4	2011.1	2011.2	2011.3	2011.4
Withholding Annual % Change	2,213.9 1.0	2,175.8 5.5	2,384.3 6.2	2,306.6 (4.4)	2,271.5 2.6	2,125.0 (2.3)	2,328.6 (2.3)	2,416.4 4.8	2,306.1 1.5	2,219.1 4.4	2,459.9 5.6	2,538.5 5.1	2,417.6 4.8	2,308.0 4.0	2,510.9 2.1
Nonwithholding Annual % Change	1,650.4 0.1	406.5 3.1	243.3 (6.5)	458.8 (17.6)	1,201.8 (27.2)	311.3 (23.4)	217.8 (10.5)	373.0 (18.7)	1,004.6 (16.4)	292.9 (5.9)	204.6 (6.0)	435.7 16.8	1,245.4 24.0	348.0 18.8	222.8 8.9
Gross Individual Income Tax Annual % Change	3,864.3 0.6	2,582.2 5.1	2,627.6 4.9	2,765.4 (6.8)	3,473.3 (10.1)	2,436.3 (5.6)	2,546.4 (3.1)	2,789.4 0.9	3,310.7 (4.7)	2,512.0 3.1	2,664.5 4.6	2,974.2 6.6	3,663.0 10.6	2,655.9 5.7	2,733.7 2.6
Individual Refunds Annual % Change	641.1 6.9	127.2 52.0	141.3 (1.8)	873.2 7.6	825.8 28.8	150.8 18.6	182.3 29.1	947.1 8.5	714.4 (13.5)	123.1 (18.4)	160.9 (11.8)	888.2 (6.2)	697.1 (2.4)	105.7 (14.1)	132.1 (17.9)
Net Individual Income Tax Annual % Change	3,223.2 (0.5)	2,455.0 3.4	2,486.3 5.3	1,892.2 (12.3)	2,647.5 (17.9)	2,285.5 (6.9)	2,364.1 (4.9)	1,842.3 (2.6)	2,596.4 (1.9)	2,388.9 4.5	2,503.6 5.9	2,086.1 13.2	2,965.8 14.2	2,550.2 6.8	2,601.6 3.9
Sales and Use Tax Annual % Change	768.3 0.4	769.9 (2.0)	729.2 (8.6)	708.8 (2.0)	695.4 (9.5)	724.7 (5.9)	724.0 (0.7)	674.5 (4.8)	959.4 38.0	577.9 (20.3)	746.3 3.1	719.7 6.7	968.5 0.9	620.4 7.3	772.0 3.5
Corporate Income Tax Annual % Change	336.0 5.8	191.4 (12.1)	71.9 (37.7)	71.1 (48.7)	313.6 (6.7)	176.3 (7.9)	175.6 144.4	56.8 (20.2)	397.8 26.8	177.6 0.7	160.5 (8.6)	127.8 125.1	356.4 (10.4)	191.3 7.7	134.4 (16.3)
Wills, Suits, Deeds, Contracts Annual % Change	114.5 (26.0)	90.3 (30.9)	66.2 (41.2)	68.4 (30.6)	89.3 (22.0)	80.5 (10.9)	74.6 12.8	60.1 (12.2)	75.0 (16.0)	75.7 (5.9)	77.7 4.1	63.3 5.4	74.7 (0.4)	78.9 4.2	79.8 2.8
Insurance Premiums Annual % Change	201.5 2.0	0.0 (100.0)	75.6 22.9	20.2 (163.0)	199.6 (0.9)	0.0 NA	75.1 (0.6)	20.3 0.4	207.1 3.7	0.0 NA	80.5 7.2	9.4 (53.7)	210.4 1.6	0.0 NA	56.4 (29.9)
Interest Income Annual % Change	(19.9) 60.5	74.6 (29.3)	25.4 (61.7)	23.3 (37.8)	23.3 (4.2)	40.3 (45.9)	26.4 3.9	33.3 42.8	(5.7) (70.0)	25.7 (36.2)	21.6 (18.0)	23.8 (28.5)	10.0 (274.5)	29.5 14.5	17.0 (21.5)
Alcoholic Beverage Sales Annual % Change	70.0 3.6	12.8 (7.2)	41.5 4.7	47.1 3.5	71.8 2.7	12.3 (4.0)	42.2 1.7	47.5 1.0	73.0 1.7	12.8 3.9	43.2 2.2	48.7 2.5	74.3 1.7	13.8 7.9	45.0 4.2
All Other Revenues Annual % Change	152.6 (13.8)	85.8 (24.5)	102.9 (28.5)	103.4 (29.8)	143.7 (5.8)	87.4 1.9	71.8 (30.2)	97.5 (5.7)	164.1 14.2	89.4 2.4	81.1 12.9	105.7 8.4	151.9 (7.4)	89.1 (0.3)	77.2 (4.9)
Total General Fund Revenues Annual % Change	4,846.1 (1.3)	3,679.9 (4.2)	3,599.0 (2.7)	2,894.2 (14.4)	4,142.0 (14.5)	3,407.0 (7.4)	3,553.9 (1.3)	2,791.6 (3.5)	4,467.0 7.8	3,348.1 (1.7)	3,714.5 4.5	3,165.6 13.4	4,812.0 7.7	3,573.2 6.7	3,783.4 1.9

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

	2012.1	2012.2	2012.3	2012.4	2013.1	2013.2	2013.3	2013.4	2014.1	2014.2	2014.3
Withholding	2,640.7	2,580.0	2,292.0	2,606.4	2,761.1	2,591.9	2,403.1	2,659.9	2,803.7	2,617.5	2,554.4
Annual % Change	4.0	6.7	(0.7)	3.8	4.6	0.5	4.8	2.1	1.5	1.0	6.3
Nonwithholding	468.9	1,318.3	362.4	201.3	575.7	1,668.3	372.8	260.6	496.7	1,394.8	427.7
Annual % Change	7.6	5.9	4.1	(9.6)	22.8	26.5	2.9	29.4	(13.7)	(16.4)	14.7
Gross Individual Income Tax	3,109.6	3,898.3	2,654.4	2,807.7	3,336.8	4,260.1	2,775.9	2,920.4	3,300.5	4,012.4	2,982.1
Annual % Change	4.6	6.4	(0.1)	2.7	7.3	9.3	4.6	4.0	(1.1)	(5.8)	7.4
Individual Refunds	862.9	684.1	98.2	108.9	827.8	684.2	118.6	156.9	820.2	660.1	123.5
Annual % Change	(2.9)	(1.9)	(7.1)	(17.6)	(4.1)	0.0	20.8	44.2	(0.9)	(3.5)	4.1
Net Individual Income Tax	2,246.7	3,214.2	2,556.2	2,698.9	2,509.1	3,575.9	2,657.3	2,763.5	2,480.3	3,352.3	2,858.6
Annual % Change	7.7	8.4	0.2	3.7	11.7	11.3	4.0	2.4	(1.1)	(6.3)	7.6
Sales and Use Tax	768.1	961.0	684.7	777.1	787.0	971.0	653.9	766.1	721.1	925.3	684.0
Annual % Change	6.7	(0.8)	10.4	0.7	2.5	1.0	(4.5)	(1.4)	(8.4)	(4.7)	4.6
Corporate Income Tax	162.4	371.8	168.8	197.9	84.5	345.6	201.5	102.2	124.0	329.8	226.6
Annual % Change	27.1	4.3	(11.8)	47.2	(48.0)	(7.0)	19.4	(48.4)	46.8	(4.6)	12.4
Wills, Suits, Deeds, Contracts	73.5	89.8	90.7	92.2	91.3	103.3	93.2	76.2	60.6	80.8	87.5
Annual % Change	16.1	20.2	14.9	15.5	24.1	15.1	2.8	(17.3)	(33.6)	(21.8)	(6.1)
Insurance Premiums	(15.2)	211.7	0.0	79.9	(21.0)	203.3	0.0	90.3	3.5	226.7	0.0
Annual % Change	62.4	0.6	NA	41.7	37.7	(4.0)	NA	12.9	(116.5)	11.5	NA
Interest Income	19.9	10.8	26.9	15.1	21.8	3.7	18.3	22.8	23.4	9.6	18.0
Annual % Change	(16.2)	8.0	(8.9)	(10.9)	9.2	(65.4)	(31.7)	50.5	7.3	157.4	(2.0)
Alcoholic Beverage Sales	50.6	77.0	15.7	46.1	53.2	80.2	14.8	47.7	54.4	82.3	15.2
Annual % Change	4.0	3.6	13.7	2.6	5.1	4.1	(5.8)	3.4	2.3	2.7	2.8
All Other Revenues	107.3	140.3	76.6	88.2	101.3	159.6	83.3	79.5	105.0	161.8	82.9
Annual % Change	1.6	(7.7)	(14.0)	14.3	(5.6)	13.8	8.7	(9.8)	3.6	1.4	(0.5)
Total General Fund Revenues	3,413.4	5,076.6	3,619.5	3,995.5	3,627.1	5,442.5	3,722.3	3,948.3	3,572.3	5,168.5	3,972.6
Annual % Change	7.8	5.5	1.3	5.6	6.3	7.2	2.8	(1.2)	(1.5)	(5.0)	6.7

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

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Withholding											
Calendar Year	3,446.5	3,658.7	3,922.3	4,148.0	4,550.9	4,979.1	5,673.3	6,007.5	6,347.5	6,513.0	6,772.2
% Change	7.1	6.2	7.2	5.8	9.7	9.4	13.9	5.9	5.7	2.6	4.0
Fiscal Year	3,347.8	3,562.6	3,798.6	4,049.0	4,303.0	4,759.0	5,311.9	5,861.3	6,254.9	6,422.4	6,567.4
% Change	8.0	6.4	6.6	6.6	6.3	10.6	11.6	10.3	6.7	2.7	2.3
Nonwithholding											
Calendar Year	764.0	772.3	794.6	890.4	1,084.4	1,317.7	1,596.4	1,640.6	1,801.7	1,456.4	1,423.7
% Change	2.1	1.1	2.9	12.1	21.8	21.5	21.2	2.8	9.8	(19.2)	(2.2)
Fiscal Year	751.3	775.3	783.4	878.1	1,041.9	1,284.7	1,487.8	1,669.7	1,806.8	1,459.5	1,402.7
% Change	3.1	3.2	1.0	12.1	18.6	23.3	15.8	12.2	8.2	(19.2)	(3.9)
Gross Individual Income Tax											
Calendar Year	4,210.5	4,431.0	4,716.9	5,038.4	5,635.3	6,296.7	7,269.7	7,648.1	8,149.2	7,969.4	8,195.9
% Change	6.2	5.2	6.5	6.8	11.8	11.7	15.5	5.2	6.6	(2.2)	2.8
Fiscal Year	4,099.0	4,338.0	4,581.9	4,927.2	5,344.9	6,043.7	6,799.8	7,530.9	8,061.7	7,881.9	7,970.1
% Change	7.1	5.8	5.6	7.5	8.5	13.1	12.5	10.8	7.0	(2.2)	1.1
Individual Refunds											
Calendar Year	512.7	530.6	547.4	587.5	628.5	655.2	717.4	773.8	902.6	1,108.8	1,167.3
% Change	2.6	3.5	3.2	7.3	7.0	4.2	9.5	7.9	16.6	22.8	5.3
Fiscal Year	514.3	526.1	553.8	579.1	617.1	638.2	711.9	702.0	835.4	1,171.1	1,194.4
% Change	1.6	2.3	5.3	4.6	6.6	3.4	11.5	(1.4)	19.0	40.2	2.0
Net Individual Income Tax											
Calendar Year	3,697.8	3,900.4	4,169.5	4,451.0	5,006.8	5,641.5	6,552.3	6,874.3	7,246.6	6,860.6	7,028.6
% Change	6.7	5.5	6.9	6.8	12.5	12.7	16.1	4.9	5.4	(5.3)	2.4
Fiscal Year	3,584.8	3,811.9	4,028.1	4,348.0	4,727.8	5,405.4	6,087.9	6,828.9	7,226.3	6,710.8	6,775.7
% Change	7.9	6.3	5.7	7.9	8.7	14.3	12.6	12.2	5.8	(7.1)	1.0
Sales and Use Tax											
Calendar Year	1,479.4	1,612.1	1,682.8	1,783.1	1,872.4	1,992.4	2,140.7	2,233.3	2,289.5	2,309.9	2,410.4
% Change	6.3	9.0	4.4	6.0	5.0	6.4	7.4	4.3	2.5	0.9	4.4
Fiscal Year	1,441.6	1,539.1	1,657.7	1,722.0	1,826.8	1,919.2	2,065.3	2,201.5	2,273.0	2,429.8	2,336.0
% Change	6.9	6.8	7.7	3.9	6.1	5.1	7.6	6.6	3.2	6.9	(3.9)
Corporate Income Tax											
Calendar Year	384.7	323.1	411.8	386.9	448.8	458.1	462.8	497.5	326.2	320.5	348.6
% Change	37.6	(16.0)	27.4	(6.0)	16.0	2.1	1.0	7.5	(34.4)	(1.8)	8.8
Fiscal Year	371.5	312.1	376.4	402.3	432.3	450.8	420.4	565.9	363.8	290.2	343.3
% Change	34.6	(16.0)	20.6	6.9	7.4	4.3	(6.7)	34.6	(35.7)	(20.2)	18.3
Wills, Suits, Deeds, Contracts											
Calendar Year	110.2	99.0	86.4	99.1	112.5	148.5	151.3	150.8	195.5	247.2	319.5
% Change	14.7	(10.2)	(12.7)	14.7	13.5	32.0	1.9	(0.3)	29.6	26.4	29.3
Fiscal Year	99.6	114.9	84.7	95.5	103.4	126.8	157.9	146.3	167.6	214.4	285.8
% Change	19.0	15.4	(26.3)	12.7	8.3	22.6	24.5	(7.3)	14.6	27.9	33.3

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Withholding											
Calendar Year	7,305.3	7,733.2	8,240.8	8,792.5	9,185.8	9,031.7	9,401.4	9,775.0	10,119.1	10,415.9	
% Change	7.9	5.9	6.6	6.7	4.5	(1.7)	4.1	4.0	3.5	2.9	
Fiscal Year	7,039.3	7,513.0	8,053.7	8,565.5	8,933.6	9,138.1	9,176.2	9,635.1	10,039.7	10,251.3	10,484.2
% Change	7.2	6.7	7.2	6.4	4.3	2.3	0.4	5.0	4.2	2.1	2.3
Nonwithholding											
Calendar Year	1,658.4	2,151.8	2,540.3	2,815.0	2,856.7	2,189.8	1,875.2	2,251.8	2,350.9	2,877.3	
% Change	16.5	29.7	18.1	10.8	1.5	(23.3)	(14.4)	20.1	4.4	22.4	
Fiscal Year	1,562.8	2,073.5	2,493.8	2,782.0	2,861.2	2,310.4	1,906.8	2,178.6	2,357.9	2,807.7	2,524.9
% Change	11.4	32.7	20.3	11.6	2.8	(19.2)	(17.5)	14.3	8.2	19.1	(10.1)
Gross Individual Income Tax											
Calendar Year	8,963.7	9,884.9	10,781.0	11,607.5	12,042.5	11,221.4	11,276.6	12,026.8	12,470.0	13,293.3	
% Change	9.4	10.3	9.1	7.7	3.7	(6.8)	0.5	6.7	3.7	6.6	
Fiscal Year	8,602.1	9,586.6	10,547.5	11,347.4	11,794.7	11,448.5	11,082.9	11,813.7	12,397.6	13,059.0	13,009.2
% Change	7.9	11.4	10.0	7.6	3.9	(2.9)	(3.2)	6.6	4.9	5.3	(0.4)
Individual Refunds											
Calendar Year	1,227.3	1,178.3	1,389.6	1,567.4	1,720.8	2,032.1	1,945.5	1,823.1	1,754.0	1,787.6	
% Change	5.1	(4.0)	17.9	12.8	9.8	18.1	(4.3)	(6.3)	(3.8)	1.9	
Fiscal Year	1,217.2	1,234.2	1,282.6	1,559.8	1,679.9	1,967.4	1,994.7	1,869.3	1,784.7	1,719.1	1,755.8
% Change	1.9	1.4	3.9	21.6	7.7	17.1	1.4	(6.3)	(4.5)	(3.7)	2.1
Net Individual Income Tax											
Calendar Year	7,736.4	8,706.7	9,391.4	10,040.0	10,321.7	9,189.3	9,331.1	10,203.8	10,716.0	11,505.7	
% Change	10.1	12.5	7.9	6.9	2.8	(11.0)	1.5	9.4	5.0	7.4	
Fiscal Year	7,384.9	8,352.4	9,264.9	9,787.6	10,114.8	9,481.1	9,088.3	9,944.4	10,612.8	11,340.0	11,253.3
% Change	9.0	13.1	10.9	5.6	3.3	(6.3)	(4.1)	9.4	6.7	6.9	(0.8)
Sales and Use Tax											
Calendar Year	2,705.1	3,002.6	3,014.1	3,123.8	2,990.8	2,853.0	2,958.0	3,080.6	3,190.9	3,178.0	
% Change	12.2	11.0	0.4	3.6	(4.3)	(4.6)	3.7	4.1	3.6	(0.4)	
Fiscal Year	2,562.3	2,946.1	2,812.7	3,049.1	3,075.5	2,903.4	3,082.5	3,012.4	3,121.5	3,219.8	3,066.5
% Change	9.7	15.0	(4.5)	8.4	0.9	(5.6)	6.2	(2.3)	3.6	3.1	(4.8)
Corporate Income Tax											
Calendar Year	521.7	840.6	839.8	769.3	738.0	736.7	792.7	809.9	900.9	733.7	
% Change	49.7	61.1	(0.1)	(8.4)	(4.1)	(0.2)	7.6	2.2	11.2	(18.6)	
Fiscal Year	425.7	616.7	867.1	879.6	807.9	648.0	806.5	822.3	859.9	796.7	757.5
% Change	24.0	44.9	40.6	1.4	(8.2)	(19.8)	24.4	2.0	4.6	(7.3)	(4.9)
Wills, Suits, Deeds, Contracts											
Calendar Year	431.7	704.7	616.2	531.9	369.5	312.8	288.5	296.8	346.2	364.0	
% Change	35.1	63.2	(12.6)	(13.7)	(30.5)	(15.3)	(7.8)	2.9	16.6	5.1	
Fiscal Year	340.6	596.1	694.7	582.9	456.3	314.3	290.2	291.5	322.1	377.5	310.8
% Change	19.1	75.0	16.6	(16.1)	(21.7)	(31.1)	(7.7)	0.4	10.5	17.2	(17.7)

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

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Insurance Premiums											
Calendar Year	186.6	203.6	212.9	216.6	220.4	243.6	248.3	254.3	280.9	308.7	339.4
% Change	6.2	9.1	4.6	1.7	1.8	10.5	1.9	2.4	10.5	9.9	9.9
Fiscal Year	180.3	196.4	208.2	218.0	219.0	237.0	244.9	251.1	268.1	292.7	333.0
% Change	3.2	8.9	6.0	4.7	0.5	8.2	3.4	2.5	6.8	9.2	13.8
Interest Income											
Calendar Year	52.5	61.0	80.1	94.6	116.5	125.0	118.3	147.8	111.9	86.9	59.5
% Change	7.9	16.1	31.4	18.1	23.1	7.3	(5.4)	24.9	(24.3)	(22.4)	(31.5)
Fiscal Year	48.1	53.4	64.5	82.3	114.9	105.8	126.1	131.2	133.2	100.4	81.7
% Change	13.3	11.1	20.8	27.5	39.7	(7.9)	19.2	4.0	1.5	(24.6)	(18.6)
Alcoholic Beverage Sales											
Calendar Year	101.8	101.5	102.1	103.0	103.8	107.2	111.9	119.2	123.6	129.0	131.5
% Change	(0.4)	(0.3)	0.5	0.9	0.8	3.2	4.4	6.5	3.7	4.3	1.9
Fiscal Year	102.5	101.1	101.0	104.4	103.5	105.5	110.6	117.2	123.0	127.5	128.7
% Change	0.5	(1.4)	(0.1)	3.4	(0.9)	1.9	4.8	6.0	4.9	3.6	1.0
All Other Revenues											
Calendar Year	323.9	374.0	371.4	397.5	429.8	432.6	560.6	484.2	549.3	548.2	596.8
% Change	11.3	15.5	(0.7)	7.0	8.1	0.6	29.6	(13.6)	13.5	(0.2)	8.9
Fiscal Year	305.3	374.4	360.5	383.5	421.5	422.9	489.7	546.4	550.4	513.1	582.9
% Change	11.3	22.6	(3.7)	6.4	9.9	0.3	15.8	11.6	0.7	(6.8)	13.6
Total General Fund Revenues											
Calendar Year	6,336.9	6,674.7	7,116.9	7,531.8	8,311.0	9,148.7	10,346.2	10,761.3	11,123.6	10,810.9	11,234.2
% Change	8.3	5.3	6.6	5.8	10.3	10.1	13.1	4.0	3.4	(2.8)	3.9
Fiscal Year	6,133.6	6,503.4	6,881.1	7,356.1	7,949.3	8,773.5	9,702.7	10,788.5	11,105.3	10,679.0	10,867.1
% Change	9.1	6.0	5.8	6.9	8.1	10.4	10.6	11.2	2.9	(3.8)	1.8
ABC Profits											
Fiscal Year	26.8	20.7	19.0	26.0	23.8	20.7	25.5	30.1	28.1	25.4	14.2
% Change	13.0	(22.8)	(8.2)	36.8	(8.5)	(12.9)	23.0	18.2	(6.8)	(9.6)	(44.1)
Transfers per Appropriations Act											
Fiscal Year	377.2	388.0	273.4	443.0	364.2	367.9	371.1	407.4	354.5	702.0	1,028.5
% Change	(40.2)	2.9	(29.5)	62.0	(17.8)	1.0	0.9	9.8	(13.0)	98.0	46.5

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Insurance Premiums											
Calendar Year	365.4	372.8	366.9	398.8	309.2	254.5	267.3	257.4	276.4	272.6	
% Change	7.7	2.0	(1.6)	8.7	(22.5)	(17.7)	5.0	(3.7)	7.4	(1.4)	
Fiscal Year	351.3	373.6	373.8	384.9	396.9	255.0	261.9	281.6	252.9	262.2	320.4
% Change	5.5	6.3	0.1	3.0	3.1	(35.7)	2.7	7.5	(10.2)	3.7	22.2
Interest Income											
Calendar Year	69.7	105.4	180.2	213.1	117.6	71.0	75.0	80.2	72.7	66.6	
% Change	17.3	51.2	71.0	18.2	(44.8)	(39.6)	5.5	7.0	(9.4)	(8.3)	
Fiscal Year	61.4	83.9	116.5	175.9	189.3	104.2	94.3	81.1	77.2	67.5	74.1
% Change	(24.8)	36.6	38.9	51.1	7.6	(44.9)	(9.5)	(14.0)	(4.9)	(12.5)	9.8
Alcoholic Beverage Sales											
Calendar Year	139.6	147.0	155.2	163.1	169.8	173.4	176.5	181.8	189.4	195.9	
% Change	6.2	5.3	5.6	5.0	4.1	2.2	1.8	3.0	4.2	3.4	
Fiscal Year	138.0	144.5	153.0	161.8	168.9	173.2	175.1	178.9	186.4	195.2	199.2
% Change	7.2	4.7	5.9	5.8	4.3	2.6	1.1	2.2	4.2	4.7	2.1
All Other Revenues											
Calendar Year	673.1	518.9	567.4	563.1	488.5	406.3	432.1	423.9	412.4	423.7	
% Change	12.8	(22.9)	9.3	(0.8)	(13.3)	(16.8)	6.4	(1.9)	(2.7)	2.7	
Fiscal Year	653.6	574.1	551.6	543.9	557.4	435.7	420.7	428.1	413.9	425.7	429.6
% Change	12.1	(12.2)	(3.9)	(1.4)	2.5	(21.8)	(3.4)	1.8	(3.3)	2.9	0.9
Total General Fund Revenues											
Calendar Year	12,642.8	14,398.7	15,131.3	15,803.1	15,505.0	13,997.0	14,321.2	15,334.3	16,105.0	16,740.2	
% Change	12.5	13.9	5.1	4.4	(1.9)	(9.7)	2.3	7.1	5.0	3.9	
Fiscal Year	11,917.9	13,687.3	14,834.3	15,565.8	15,767.0	14,315.1	14,219.5	15,040.2	15,846.7	16,684.6	16,411.4
% Change	9.7	14.8	8.4	4.9	1.3	(9.2)	(0.7)	5.8	5.4	5.3	(1.6)
ABC Profits											
Fiscal Year	16.8	24.9	30.0	27.6	36.1	44.1	50.0	50.5	63.8	68.0	72.2
% Change	18.0	48.9	20.4	(8.3)	31.0	22.2	13.4	1.0	26.3	6.6	6.2
Transfers per Appropriations Act											
Fiscal Year	996.0	714.6	835.6	792.7	776.4	362.4	517.2	361.6	437.5	356.6	465.5
% Change	(3.2)	(28.3)	16.9	(5.1)	(2.1)	(53.3)	42.7	(30.1)	21.0	(18.5)	30.5

APPENDIX C
MODELS AND METHODOLOGIES

Corporate Income Tax

diffya(corp)

$$= 2.00706 * \text{diffya}(\text{zbva}) + 0.26975 * \text{diffya}(\text{sp500va})$$

(3.62629) (0.42515)

$$+ 1.14161$$

(0.36480)

Sum Sq	70170.9	Std Err	27.6175	LHS Mean	6.4341
R Sq	0.1653	R Bar Sq	0.1471	F 2, 92	9.1074
D.W.(1)	2.0837	D.W.(4)	2.2152		

Quarterly data for 95 periods from 1991Q1 to 2014Q3

diffya	Year-over-year difference function
corp	Gross corporate income tax receipts
zbva	Virginia portion of national pre-tax profits
sp500va	Virginia specific Standard and Poor's 500 stock index

GENERAL FUND METHODOLOGY

Corporate Income Tax, Gross Receipts

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
1999	98Q3	111.7	115.0	(3.2)	-2.9%
	98Q4	131.6	107.4	24.1	18.4%
	99Q1	76.2	84.3	(8.0)	-10.5%
	99Q2	206.1	234.5	(28.4)	-13.8%
	Total	525.6	541.1	(15.5)	-3.0%
2000	99Q3	153.2	117.1	36.1	23.6%
	99Q4	141.4	139.2	2.1	1.5%
	00Q1	75.1	79.1	(4.1)	-5.4%
	00Q2	251.7	208.3	43.3	17.2%
	Total	621.3	543.8	77.5	12.5%
2001	00Q3	145.1	153.9	(8.8)	-6.1%
	00Q4	102.3	138.9	(36.6)	-35.8%
	01Q1	73.0	73.1	(0.1)	-0.1%
	01Q2	193.3	250.7	(57.4)	-29.7%
	Total	513.7	616.5	(102.9)	-20.0%
2002	01Q3	100.2	140.5	(40.3)	-40.3%
	01Q4	117.7	97.5	20.2	17.2%
	02Q1	83.8	72.0	11.8	14.1%
	02Q2	171.8	194.3	(22.5)	-13.1%
	Total	473.4	504.2	(30.8)	-6.5%
2003	02Q3	117.7	108.3	9.4	8.0%
	02Q4	124.2	132.5	(8.3)	-6.7%
	03Q1	68.5	96.9	(28.4)	-41.5%
	03Q2	202.0	182.3	19.7	9.8%
	Total	512.4	520.0	(7.6)	-1.5%
2004	03Q3	135.8	129.9	5.8	4.3%
	03Q4	124.9	136.3	(11.5)	-9.2%
	04Q1	82.5	87.1	(4.5)	-5.5%
	04Q2	252.5	222.9	29.6	11.7%
	Total	595.7	576.2	19.5	3.3%
2005	04Q3	140.9	155.9	(15.1)	-10.7%
	04Q4	190.2	140.9	49.4	26.0%
	05Q1	109.7	108.1	1.6	1.5%
	05Q2	305.3	276.2	29.1	9.5%
	Total	746.1	681.1	65.0	8.7%
2006	05Q3	219.0	164.6	54.4	24.8%
	05Q4	262.8	219.3	43.5	16.6%
	06Q1	136.7	124.5	12.2	8.9%
	06Q2	368.3	321.9	46.4	12.6%
	Total	986.8	830.3	156.5	15.9%

Corporate Income Tax, Gross Receipts

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2007	06Q3	283.8	234.2	49.7	17.5%
	06Q4	225.4	267.7	(42.3)	-18.8%
	07Q1	164.8	134.9	29.9	18.1%
	07Q2	356.2	368.0	(11.8)	-3.3%
	Total	1,030.2	1,004.7	25.5	2.5%
2008	07Q3	244.3	276.3	(32.0)	-13.1%
	07Q4	165.0	221.8	(56.8)	-34.4%
	08Q1	197.4	153.9	43.5	22.0%
	08Q2	361.7	342.0	19.7	5.5%
	Total	968.4	994.0	(25.5)	-2.6%
2009	08Q3	220.0	230.9	(10.9)	-4.9%
	08Q4	201.5	115.4	86.1	42.7%
	09Q1	113.6	179.2	(65.5)	-57.7%
	09Q2	339.2	349.4	(10.2)	-3.0%
	Total	874.3	874.8	(0.5)	-0.1%
2010	09Q3	203.7	224.5	(20.8)	-10.2%
	09Q4	249.8	252.1	(2.3)	-0.9%
	10Q1	129.0	148.8	(19.7)	-15.3%
	10Q2	379.4	367.4	11.9	3.1%
	Total	961.9	992.8	(30.9)	-3.2%
2011	10Q3	227.0	224.8	2.2	1.0%
	10Q4	238.3	262.3	(24.0)	-10.1%
	11Q1	161.8	128.4	33.4	20.7%
	11Q2	390.4	382.5	7.9	2.0%
	Total	1,017.5	997.9	19.6	1.9%
2012	11Q3	241.8	223.1	18.7	7.7%
	11Q4	224.1	239.8	(15.7)	-7.0%
	12Q1	184.9	184.6	0.4	0.2%
	12Q2	397.9	409.2	(11.2)	-2.8%
	Total	1,048.8	1,056.6	(7.8)	-0.7%
2013	12Q3	224.8	265.0	(40.2)	-17.9%
	12Q4	273.1	240.4	32.7	12.0%
	13Q1	134.1	189.5	(55.3)	-41.2%
	13Q2	375.1	406.2	(31.0)	-8.3%
	Total	1,007.1	1,101.0	(93.9)	-9.3%
2014	13Q3	242.2	233.0	9.2	3.8%
	13Q4	225.4	282.9	(57.5)	-25.5%
	14Q1	141.3	143.1	(1.8)	-1.3%
	14Q2	356.1	389.6	(33.5)	-9.4%
	Total	965.0	1,048.6	(83.6)	-8.7%

GENERAL FUND METHODOLOGY

Individual Income Tax - Withholding

diffya(with)

$$= 0.00936 * \text{diffya}(\text{ywstran}) + 134.449 * \text{q994} + 15.8200$$

(8.07781) (3.52764) (1.77797)

Sum Sq	126027	Std Err	38.0603	LHS Mean	83.4946
R Sq	0.4617	R Bar Sq	0.4431	F 3, 87	24.8704
D.W.(1)	1.9414	D.W.(4)	2.0224		

Quarterly data for 91 periods from 1992Q1 to 2014Q3

diffya	Year-over-year difference function
with	Withholding tax receipts
ywstran	Virginia income from wages and salaries and transfer payments
q994	1 in 1994Q4; 0 in all other quarters

Individual Income Tax - Withholding

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
1999	98Q3	1,226.7	1,177.3	49.4	4.0%
	98Q4	1,285.4	1,296.3	(10.9)	-0.9%
	99Q1	1,432.4	1,380.2	52.3	3.6%
	99Q2	1,367.4	1,290.1	77.4	5.7%
	Total	5,311.9	5,143.8	168.1	3.2%
2000	99Q3	1,351.5	1,310.6	40.9	3.0%
	99Q4	1,521.9	1,513.4	8.5	0.6%
	00Q1	1,513.7	1,521.1	(7.4)	-0.5%
	00Q2	1,474.2	1,494.8	(20.6)	-1.4%
	Total	5,861.3	5,839.9	21.4	0.4%
2001	00Q3	1,444.0	1,486.7	(42.8)	-3.0%
	00Q4	1,575.6	1,642.3	(66.7)	-4.2%
	01Q1	1,659.1	1,634.5	24.6	1.5%
	01Q2	1,576.2	1,588.9	(12.7)	-0.8%
	Total	6,254.9	6,352.5	(97.6)	-1.6%
2002	01Q3	1,494.4	1,508.6	(14.2)	-1.0%
	01Q4	1,617.8	1,650.0	(32.2)	-2.0%
	02Q1	1,693.4	1,686.3	7.1	0.4%
	02Q2	1,616.8	1,601.9	14.8	0.9%
	Total	6,422.4	6,446.9	(24.5)	-0.4%
2003	02Q3	1,535.8	1,558.0	(22.2)	-1.4%
	02Q4	1,667.1	1,666.2	0.8	0.1%
	03Q1	1,706.3	1,760.5	(54.2)	-3.2%
	03Q2	1,658.2	1,690.0	(31.8)	-1.9%
	Total	6,567.4	6,674.8	(107.4)	-1.6%
2004	03Q3	1,606.0	1,631.1	(25.1)	-1.6%
	03Q4	1,801.6	1,787.9	13.7	0.8%
	04Q1	1,861.8	1,829.1	32.7	1.8%
	04Q2	1,769.9	1,777.3	(7.3)	-0.4%
	Total	7,039.3	7,025.3	14.0	0.2%
2005	04Q3	1,768.0	1,727.8	40.3	2.3%
	04Q4	1,905.5	1,918.5	(13.0)	-0.7%
	05Q1	1,992.0	1,978.0	14.0	0.7%
	05Q2	1,847.5	1,897.4	(49.9)	-2.7%
	Total	7,513.0	7,521.6	(8.6)	-0.1%
2006	05Q3	1,897.2	1,888.7	8.5	0.4%
	05Q4	1,996.5	2,015.4	(18.9)	-0.9%
	06Q1	2,131.5	2,133.7	(2.2)	-0.1%
	06Q2	2,028.5	1,976.2	52.3	2.6%
	Total	8,053.7	8,014.0	39.7	0.5%

GENERAL FUND METHODOLOGY

Individual Income Tax - Withholding

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2007	06Q3	1,970.4	1,998.5	(28.1)	-1.4%
	06Q4	2,110.3	2,113.5	(3.2)	-0.1%
	07Q1	2,292.5	2,252.3	40.2	1.8%
	07Q2	2,192.2	2,139.9	52.2	2.4%
	Total	8,565.5	8,504.3	61.2	0.7%
2008	07Q3	2,062.9	2,094.0	(31.1)	-1.5%
	07Q4	2,244.9	2,220.2	24.7	1.1%
	08Q1	2,411.8	2,363.6	48.3	2.0%
	08Q2	2,213.9	2,291.9	(78.0)	-3.5%
	Total	8,933.6	8,969.7	(36.1)	-0.4%
2009	08Q3	2,175.8	2,155.3	20.4	0.9%
	08Q4	2,304.3	2,324.0	(19.7)	-0.9%
	09Q1	2,386.6	2,439.5	(52.9)	-2.2%
	09Q2	2,271.5	2,266.3	5.2	0.2%
	Total	9,138.1	9,185.1	(47.0)	-0.5%
2010	09Q3	2,125.0	2,214.8	(89.8)	-4.2%
	09Q4	2,328.6	2,358.0	(29.4)	-1.3%
	10Q1	2,416.4	2,465.8	(49.4)	-2.0%
	10Q2	2,306.1	2,339.1	(32.9)	-1.4%
	Total	9,176.2	9,377.7	(201.5)	-2.2%
2011	10Q3	2,219.1	2,231.5	(12.5)	-0.6%
	10Q4	2,459.9	2,424.1	35.8	1.5%
	11Q1	2,538.5	2,554.1	(15.5)	-0.6%
	11Q2	2,417.6	2,418.8	(1.2)	0.0%
	Total	9,635.1	9,628.4	6.6	0.1%
2012	11Q3	2,308.0	2,331.5	(23.5)	-1.0%
	11Q4	2,510.9	2,544.2	(33.2)	-1.3%
	12Q1	2,640.7	2,623.1	17.6	0.7%
	12Q2	2,580.0	2,488.7	91.3	3.5%
	Total	10,039.7	9,987.5	52.2	0.5%
2013	12Q3	2,292.0	2,369.0	(77.0)	-3.4%
	12Q4	2,606.4	2,619.6	(13.2)	-0.5%
	13Q1	2,761.1	2,675.5	85.6	3.1%
	13Q2	2,591.9	2,605.9	(14.0)	-0.5%
	Total	10,251.3	10,270.0	(18.7)	-0.2%
2014	13Q3	2,403.1	2,327.1	76.0	3.2%
	13Q4	2,659.9	2,601.6	58.2	2.2%
	14Q1	2,803.7	2,795.7	8.0	0.3%
	14Q2	2,617.5	2,664.4	(46.9)	-1.8%
	Total	10,484.2	10,388.8	95.4	0.9%

GENERAL FUND METHODOLOGY

Individual Income Tax - Estimated Payments

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
1999	98Q3	187.3	183.1	4.2	2.3%
	98Q4	98.0	99.8	-1.8	-1.8%
	99Q1	279.8	236.8	43.0	15.4%
	99Q2	333.4	312.7	20.7	6.2%
	Total	898.5	832.3	66.1	7.4%
2000	99Q3	205.2	201.5	3.7	1.8%
	99Q4	128.7	118.5	10.2	7.9%
	00Q1	283.1	294.4	-11.3	-4.0%
	00Q2	368.3	353.0	15.2	4.1%
	Total	985.3	967.5	17.8	1.8%
2001	00Q3	252.5	230.7	21.8	8.6%
	00Q4	117.0	143.1	-26.1	-22.3%
	01Q1	361.7	288.4	73.3	20.3%
	01Q2	358.6	358.5	0.2	0.0%
	Total	1,089.9	1,020.7	69.2	6.4%
2002	01Q3	241.2	267.0	-25.8	-10.7%
	01Q4	133.4	102.9	30.5	22.8%
	02Q1	298.2	334.6	-36.4	-12.2%
	02Q2	340.9	347.6	-6.8	-2.0%
	Total	1,013.6	1,052.1	-38.5	-3.8%
2003	02Q3	228.1	223.2	4.9	2.2%
	02Q4	144.0	118.1	25.9	18.0%
	03Q1	275.9	298.5	-22.6	-8.2%
	03Q2	328.1	342.7	-14.6	-4.5%
	Total	976.2	982.6	-6.4	-0.7%
2004	03Q3	222.7	243.0	-20.2	-9.1%
	03Q4	166.1	156.9	9.2	5.5%
	04Q1	269.2	304.0	-34.7	-12.9%
	04Q2	359.4	348.1	11.4	3.2%
	Total	1,017.4	1,051.8	-34.4	-3.4%
2005	04Q3	260.4	237.5	23.0	8.8%
	04Q4	205.6	181.7	23.9	11.6%
	05Q1	345.7	289.5	56.2	16.2%
	05Q2	427.4	377.2	50.2	11.7%
	Total	1,239.1	1,085.8	153.3	12.4%
2006	05Q3	328.0	285.7	42.3	12.9%
	05Q4	235.9	229.8	6.1	2.6%
	06Q1	408.8	372.7	36.1	8.8%
	06Q2	511.8	456.4	55.3	10.8%
	Total	1,484.4	1,344.6	139.8	9.4%

Individual Income Tax - Estimated Payments

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2007	06Q3	327.4	356.0	-28.6	-8.7%
	06Q4	279.6	269.9	9.8	3.5%
	07Q1	460.8	426.0	34.8	7.5%
	07Q2	517.3	533.1	-15.8	-3.1%
	Total	1,585.1	1,585.0	0.1	0.0%
2008	07Q3	344.2	365.9	-21.7	-6.3%
	07Q4	260.9	299.0	-38.1	-14.6%
	08Q1	491.4	462.4	29.0	5.9%
	08Q2	514.5	513.1	1.5	0.3%
	Total	1,611.0	1,640.3	-29.3	-1.8%
2009	08Q3	374.4	331.8	42.6	11.4%
	08Q4	201.6	224.0	-22.4	-11.1%
	09Q1	412.2	425.1	-13.0	-3.1%
	09Q2	447.4	448.0	-0.6	-0.1%
	Total	1,435.6	1,429.0	6.6	0.5%
2010	09Q3	281.6	303.4	-21.9	-7.8%
	09Q4	173.4	176.0	-2.7	-1.5%
	10Q1	352.3	412.5	-60.2	-17.1%
	10Q2	444.6	456.6	-11.9	-2.7%
	Total	1,251.8	1,348.5	-96.7	-7.7%
2011	10Q3	254.8	297.4	-42.6	-16.7%
	10Q4	204.8	198.9	6.0	2.9%
	11Q1	351.3	404.4	-53.2	-15.1%
	11Q2	490.4	491.2	-0.8	-0.2%
	Total	1,301.3	1,391.8	-90.6	-7.0%
2012	11Q3	315.5	309.5	6.0	1.9%
	11Q4	226.7	242.8	-16.1	-7.1%
	12Q1	370.3	398.5	-28.2	-7.6%
	12Q2	522.6	526.2	-3.6	-0.7%
	Total	1,435.1	1,477.0	-41.9	-2.9%
2013	12Q3	299.0	352.5	-53.5	-17.9%
	12Q4	178.2	290.9	-112.7	-63.3%
	13Q1	492.6	401.7	90.9	18.5%
	13Q2	593.0	552.2	40.8	6.9%
	Total	1,562.8	1,597.3	(34.5)	-2.2%
2014	13Q3	328.3	343.1	-14.8	-4.5%
	13Q4	223.2	208.4	14.8	6.6%
	14Q1	453.2	502.3	-49.1	-10.8%
	14Q2	567.7	611.3	-43.6	-7.7%
	Total	1,572.5	1,665.1	(92.6)	-5.9%

GENERAL FUND METHODOLOGY

Individual Income Tax – Final Payments

pch(fp)

$$= 1.04601 * \text{pch}(\text{cysp500}) + 1.99148$$

(3.76071) (0.41858)

Sum Sq	6440.53	Std Err	18.9158	LHS Mean	10.1837
R Sq	0.4400	R Bar Sq	0.4089	F 1, 18	14.1430
D.W.(1)	1.5953	D.W.(2)	1.2513		

Annual data for 20 periods from 1994 to 2013

pch	Percent change function
fp	Final payments
cysp500	Standard and Poor's 500 stock index, calendar year

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

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>
1995	(1.5)	3.9	(5.4)
1996	31.4	25.2	6.2
1997	24.7	16.9	7.8
1998	34.5	23.3	11.1
1999	15.9	20.8	(4.8)
2000	9.7	16.5	(6.8)
2001	10.9	(1.3)	12.2
2002	(37.8)	(3.0)	(34.8)
2003	(4.3)	(9.2)	4.8
2004	27.9	20.6	7.3
2005	53.0	10.2	42.8
2006	21.0	6.6	14.4
2007	18.6	13.0	5.6
2008	4.5	6.9	(2.5)
2009	(30.0)	(18.2)	(11.8)
2010	(25.1)	18.8	(44.0)
2011	34.0	12.5	21.5
2012	5.2	4.8	0.4
2013	34.9	12.8	22.1
2014	(23.5)	22.5	(46.0)

GENERAL FUND METHODOLOGY

State Sales Tax

diff(sales)

$$= 0.00161 * \text{diff}(\text{yrpicva}) + 19.6108 * \text{qd3} - 4.74654$$

(2.26714) (3.67426) (1.54609)

Sum Sq	36745.6	Std Err	19.8775	LHS Mean	5.1153
R Sq	0.2162	R Bar Sq	0.1910	F 3, 93	8.5531
D.W.(1)	2.3120	D.W.(4)	1.2138		

Quarterly data for 97 periods from 1990Q3 to 2014Q3

diff	Quarter-over-quarter difference function
sales	Sales tax receipts
yrpicva	Virginia personal income
qd3	Quarterly dummy variable for quarter 3

**State Sales Tax
(Adjusted for AST)**

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
1999	98Q3	508.3	502.0	6.3	1.2%
	98Q4	522.1	504.6	17.4	3.3%
	99Q1	515.6	520.3	(4.7)	-0.9%
	99Q2	519.3	515.5	3.8	0.7%
	Total	2,065.3	2,042.4	22.9	1.1%
2000	99Q3	550.0	536.7	13.3	2.4%
	99Q4	555.8	549.1	6.7	1.2%
	00Q1	542.4	557.8	(15.4)	-2.8%
	00Q2	553.3	553.0	0.3	0.1%
	Total	2,201.5	2,196.6	4.9	0.2%
2001	00Q3	573.6	571.7	1.8	0.3%
	00Q4	564.0	574.6	(10.5)	-1.9%
	01Q1	573.9	570.8	3.1	0.5%
	01Q2	561.5	571.1	(9.6)	-1.7%
	Total	2,273.0	2,288.2	(15.3)	-0.7%
2002	01Q3	575.0	578.3	(3.2)	-0.6%
	01Q4	579.1	572.3	6.8	1.2%
	02Q1	551.9	577.1	(25.2)	-4.6%
	02Q2	574.4	563.6	10.8	1.9%
	Total	2,280.4	2,291.3	(10.9)	-0.5%
2003	02Q3	585.6	582.0	3.6	0.6%
	02Q4	576.6	586.1	(9.5)	-1.6%
	03Q1	564.9	583.9	(19.0)	-3.4%
	03Q2	574.3	573.3	0.9	0.2%
	Total	2,301.3	2,325.3	(24.0)	-1.0%
2004	03Q3	627.7	592.4	35.3	5.6%
	03Q4	620.0	616.2	3.8	0.6%
	04Q1	622.9	628.0	(5.1)	-0.8%
	04Q2	663.3	623.5	39.8	6.0%
	Total	2,533.9	2,460.1	73.9	2.9%
2005	04Q3	667.9	667.2	0.7	0.1%
	04Q4	679.7	680.5	(0.8)	-0.1%
	05Q1	687.4	679.0	8.3	1.2%
	05Q2	725.5	688.9	36.6	5.0%
	Total	2,760.5	2,715.7	44.8	1.6%
2006	05Q3	718.3	734.1	(15.7)	-2.2%
	05Q4	721.8	733.4	(11.6)	-1.6%
	06Q1	754.9	732.2	22.7	3.0%
	06Q2	733.0	744.7	(11.7)	-1.6%
	Total	2,928.0	2,944.4	(16.4)	-0.6%

GENERAL FUND METHODOLOGY

State Sales Tax (Adjusted for AST)

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2007	06Q3	756.1	761.2	(5.0)	-0.7%
	06Q4	739.4	755.4	(16.0)	-2.2%
	07Q1	769.3	755.8	13.5	1.8%
	07Q2	752.1	761.0	(8.9)	-1.2%
	Total	3,016.9	3,033.3	(16.4)	-0.5%
2008	07Q3	782.6	780.0	2.6	0.3%
	07Q4	794.4	775.5	18.9	2.4%
	08Q1	720.0	790.7	(70.7)	-9.8%
	08Q2	761.5	755.0	6.5	0.9%
	Total	3,058.5	3,101.2	(42.7)	-1.4%
2009	08Q3	768.8	760.2	8.6	1.1%
	08Q4	728.5	767.4	(38.8)	-5.3%
	09Q1	710.2	730.2	(20.0)	-2.8%
	09Q2	693.5	712.0	(18.5)	-2.7%
	Total	2,901.0	2,969.7	(68.7)	-2.4%
2010	09Q3	724.9	713.9	11.0	1.5%
	09Q4	723.2	714.4	8.7	1.2%
	10Q1	678.4	722.1	(43.7)	-6.4%
	10Q2	731.7	702.1	29.6	4.0%
	Total	2,858.1	2,852.5	5.6	0.2%
2011	10Q3	760.2	730.1	30.1	4.0%
	10Q4	746.3	758.3	(12.1)	-1.6%
	11Q1	719.7	764.1	(44.4)	-6.2%
	11Q2	777.5	737.6	39.9	5.1%
	Total	3,003.7	2,990.1	13.5	0.5%
2012	11Q3	774.3	776.3	(2.1)	-0.3%
	11Q4	772.0	783.7	(11.6)	-1.5%
	12Q1	768.1	777.4	(9.3)	-1.2%
	12Q2	809.0	771.7	37.3	4.6%
	Total	3,123.4	3,109.1	14.3	0.5%
2013	12Q3	807.1	809.0	(1.9)	-0.2%
	12Q4	777.1	830.9	(53.8)	-6.9%
	13Q1	787.0	776.8	10.2	1.3%
	13Q2	814.8	774.4	40.4	5.0%
	Total	3,186.0	3,191.1	(5.1)	-0.2%
2014	13Q3	814.3	819.5	(5.2)	-0.6%
	13Q4	806.1	818.4	(12.3)	-1.5%
	14Q1	761.0	809.1	(48.2)	-6.3%
	14Q2	830.1	785.0	45.1	5.4%
	Total	3,211.5	3,232.1	(20.6)	-0.6%

Recordation Taxes

diff(rec)

$$= 0.00013 * \text{diff}(\text{refimort}) + 0.30761 * \text{diff}(\text{medhome}) -$$

(3.15800) (3.41877)

$$4.95351 * \text{diff}(\text{rtbond30y.1}) - 3.04913 * \text{qd1} + 12.0316 * \text{qd2}$$

(2.98058) (2.54358) (10.3866)

$$- 2.7684$$

(-4.02809)

Sum Sq	2020.9	Std Err	4.6868	LHS Mean	0.3612
R Sq	0.6870	R Bar Sq	0.6700	F 5, 92	40.3792
D.W.(1)	2.3424	D.W.(4)	1.3752		

Quarterly data for 98 periods from 1990Q2 to 2014Q3

diff	Quarter-over-quarter difference function
rec	Recordation tax receipts
refimort	Mortgage refinancing originations
medhome	Median home prices
rtbond30y.1	Yield on 30-year treasury bond, lagged one quarter
qd1, qd2	Quarterly dummy variables for quarters 1 and 2

GENERAL FUND METHODOLOGY

Recordation Taxes

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
1999	98Q3	34.9	32.1	2.9	8.2%
	98Q4	35.4	34.0	1.4	4.1%
	99Q1	29.8	30.3	(0.6)	-1.9%
	99Q2	35.7	38.6	(2.9)	-8.1%
	Total	135.8	134.9	0.9	0.6%
2000	99Q3	32.7	29.6	3.1	9.5%
	99Q4	29.9	28.5	1.4	4.6%
	00Q1	25.8	22.5	3.3	12.8%
	00Q2	35.2	34.6	0.5	1.6%
	Total	123.5	115.2	8.3	6.7%
2001	00Q3	32.9	35.5	(2.6)	-8.0%
	00Q4	33.9	32.1	1.8	5.2%
	01Q1	31.5	33.1	(1.6)	-4.9%
	01Q2	45.1	42.6	2.5	5.5%
	Total	143.3	143.3	0.1	0.0%
2002	01Q3	45.0	42.0	3.0	6.7%
	01Q4	48.5	47.9	0.6	1.3%
	02Q1	43.5	43.6	(0.1)	-0.2%
	02Q2	50.0	50.3	(0.2)	-0.4%
	Total	187.1	183.7	3.3	1.8%
2003	02Q3	56.6	53.0	3.6	6.3%
	02Q4	65.8	62.0	3.8	5.8%
	03Q1	56.6	60.9	(4.3)	-7.5%
	03Q2	73.1	71.8	1.3	1.8%
	Total	252.1	247.6	4.4	1.8%
2004	03Q3	83.0	73.2	9.8	11.8%
	03Q4	69.1	69.4	(0.3)	-0.4%
	04Q1	58.8	67.7	(9.0)	-15.3%
	04Q2	86.1	74.2	11.9	13.8%
	Total	296.9	284.4	12.5	4.2%
2005	04Q3	81.1	82.1	(0.9)	-1.2%
	04Q4	80.7	84.1	(3.4)	-4.2%
	05Q1	76.1	80.7	(4.6)	-6.1%
	05Q2	102.0	90.5	11.5	11.3%
	Total	340.0	337.4	2.6	0.8%
2006	05Q3	109.3	106.4	2.9	2.7%
	05Q4	91.6	107.5	(15.9)	-17.3%
	06Q1	80.2	82.8	(2.6)	-3.3%
	06Q2	92.4	88.2	4.2	4.5%
	Total	373.5	384.9	(11.4)	-3.1%

Recordation Taxes

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2007	06Q3	80.8	87.0	(6.1)	-7.6%
	06Q4	77.6	79.7	(2.1)	-2.7%
	07Q1	71.9	74.8	(2.9)	-4.0%
	07Q2	83.0	78.7	4.4	5.2%
	Total	313.3	320.1	(6.8)	-2.2%
2008	07Q3	69.7	78.0	(8.3)	-11.9%
	07Q4	60.3	63.4	(3.1)	-5.1%
	08Q1	52.5	55.0	(2.5)	-4.7%
	08Q2	60.9	56.8	4.1	6.7%
	Total	243.5	253.2	(9.7)	-4.0%
2009	08Q3	52.5	50.6	1.9	3.6%
	08Q4	38.5	47.8	(9.3)	-24.0%
	09Q1	41.1	39.2	1.9	4.6%
	09Q2	53.2	55.1	(1.9)	-3.5%
	Total	185.3	192.7	(7.4)	-4.0%
2010	09Q3	47.9	45.8	2.1	4.4%
	09Q4	44.2	45.1	(1.0)	-2.2%
	10Q1	35.2	36.6	(1.4)	-3.9%
	10Q2	44.3	43.0	1.4	3.1%
	Total	171.6	170.4	1.2	0.7%
2011	10Q3	44.8	47.0	(2.2)	-4.9%
	10Q4	46.6	48.1	(1.6)	-3.4%
	11Q1	37.4	31.5	5.9	15.8%
	11Q2	44.2	45.5	(1.2)	-2.8%
	Total	173.0	172.1	0.9	0.5%
2012	11Q3	47.1	45.1	2.0	4.2%
	11Q4	48.3	48.1	0.2	0.4%
	12Q1	44.3	47.4	(3.1)	-7.0%
	12Q2	54.0	55.0	(1.0)	-1.8%
	Total	193.6	195.5	(1.9)	-1.0%
2013	12Q3	54.7	52.8	1.9	3.5%
	12Q4	55.9	55.1	0.9	1.5%
	13Q1	55.2	50.1	5.0	9.1%
	13Q2	72.9	64.9	8.0	11.0%
	Total	238.7	222.8	15.9	6.6%
2014	13Q3	55.6	71.1	(15.6)	-28.0%
	13Q4	45.0	48.4	(3.4)	-7.5%
	14Q1	35.3	38.7	(3.3)	-9.4%
	14Q2	46.7	46.1	0.6	1.4%
	Total	182.6	204.3	(21.6)	-11.8%

Motor Fuels Tax

Gas

$$\begin{aligned}
 &= -169.097 * \text{movavg}(3, \text{pdccengas}/\text{pdcce}) \\
 &\quad (3.58247) \\
 &+ 0.00197 * \text{movavg}(3, \text{cyrpicva}) + 97.3357 * \text{season}_2 \\
 &\quad (8.86015) \quad (4.91759) \\
 &+ 45.6296 * \text{season}_3 + 55.7345 * \text{season}_4 + 437.766 \\
 &\quad (2.32952) \quad (2.81664) \quad (11.8254)
 \end{aligned}$$

Sum Sq	427502	Std Err	68.5407	LHS Mean	902.575
R Sq	0.6568	R Bar Sq	0.6379	F 5, 91	34.8305
D.W.(1)	2.7236	D.W.(4)	0.4920		

Diesel

$$\begin{aligned}
 &= 0.03474 * \text{gnp96} - 46.8758 * \text{movavg}(3, \text{ppirpp}) - 146.777 \\
 &\quad (16.7381) \quad (8.81187) \quad (7.06183)
 \end{aligned}$$

Sum Sq	55556.8	Std Err	24.3111	LHS Mean	233.133
R Sq	0.8058	R Bar Sq	0.8017	F 2, 94	195.077
D.W.(1)	2.1014	D.W.(4)	0.5719		

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

NON-GENERAL FUND METHODOLOGY

Gasoline Consumption

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2005	04Q3	1,016.9	956.5	60.4	5.9%
	04Q4	990.2	965.3	24.9	2.5%
	05Q1	939.1	911.6	27.5	2.9%
	05Q2	992.0	1,012.2	(20.2)	-2.0%
	Total	3,938.3	3,845.6	92.6	2.4%
2006	05Q3	1,057.2	955.8	101.4	9.6%
	05Q4	956.3	960.2	(3.9)	-0.4%
	06Q1	945.1	904.1	41.1	4.3%
	06Q2	987.0	1,006.9	(19.9)	-2.0%
	Total	3,945.6	3,827.0	118.6	3.0%
2007	06Q3	1,042.9	955.1	87.9	8.4%
	06Q4	981.0	971.7	9.3	1.0%
	07Q1	960.3	927.5	32.8	3.4%
	07Q2	1,026.9	1,033.8	(6.9)	-0.7%
	Total	4,011.1	3,888.0	123.1	3.1%
2008	07Q3	1,057.1	977.2	79.9	7.6%
	07Q4	1,006.3	975.0	31.3	3.1%
	08Q1	944.4	910.3	34.0	3.6%
	08Q2	945.5	994.0	(48.4)	-5.1%
	Total	3,953.3	3,856.6	96.8	2.4%
2009	08Q3	1,037.1	926.5	110.7	10.7%
	08Q4	986.9	956.4	30.5	3.1%
	09Q1	937.4	933.9	3.5	0.4%
	09Q2	992.5	1,069.9	(77.4)	-7.8%
	Total	3,953.9	3,886.6	67.3	1.7%
2010	09Q3	1,010.7	1,012.4	(1.8)	-0.2%
	09Q4	935.7	1,004.0	(68.3)	-7.3%
	10Q1	955.3	932.8	22.5	2.4%
	10Q2	1,082.9	1,032.4	50.5	4.7%
	Total	3,984.6	3,981.6	3.0	0.1%
2011	10Q3	841.3	986.9	(145.6)	-17.3%
	10Q4	1,021.0	998.1	22.9	2.2%
	11Q1	927.3	935.4	(8.1)	-0.9%
	11Q2	1,144.6	1,019.6	125.0	10.9%
	Total	3,934.3	3,940.1	(5.8)	-0.1%
2012	11Q3	802.7	962.6	(159.9)	-19.9%
	11Q4	944.3	970.4	(26.0)	-2.8%
	12Q1	901.8	920.0	(18.1)	-2.0%
	12Q2	1,246.4	1,022.7	223.8	18.0%
	Total	3,895.3	3,875.6	19.7	0.5%
2013	12Q3	706.8	974.2	(267.3)	-37.8%
	12Q4	1,022.5	991.1	31.4	3.1%
	13Q1	904.7	935.5	(30.8)	-3.4%
	13Q2	1,153.5	1,039.1	114.3	9.9%
	Total	3,787.5	3,939.9	(152.4)	-4.0%
2014	13Q3	737.9	986.3	(248.4)	-33.7%
	13Q4	1,023.3	1,000.8	22.6	2.2%
	14Q1	977.4	946.5	30.8	3.2%
	14Q2	1,129.4	1,048.2	81.2	7.2%
	Total	3,868.0	3,981.9	(113.9)	-2.9%

NON-GENERAL FUND METHODOLOGY

Diesel Fuel Consumption

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2005	04Q3	304.2	284.1	20.0	6.6%
	04Q4	301.7	282.9	18.9	6.3%
	05Q1	281.9	284.6	(2.7)	-1.0%
	05Q2	301.3	282.1	19.2	6.4%
	Total	1,189.1	1,133.7	55.4	4.7%
2006	05Q3	313.8	280.6	33.2	10.6%
	05Q4	290.1	274.8	15.3	5.3%
	06Q1	282.6	275.1	7.5	2.7%
	06Q2	302.6	271.7	31.0	10.2%
	Total	1,189.1	1,102.2	87.0	7.3%
2007	06Q3	286.3	270.0	16.2	5.7%
	06Q4	310.3	275.7	34.6	11.2%
	07Q1	288.7	279.1	9.6	3.3%
	07Q2	318.0	282.7	35.3	11.1%
	Total	1,203.3	1,107.5	95.7	8.0%
2008	07Q3	305.0	282.1	22.8	7.5%
	07Q4	286.7	276.2	10.5	3.7%
	08Q1	272.2	262.2	9.9	3.6%
	08Q2	262.1	251.9	10.2	3.9%
	Total	1,125.9	1,072.5	53.4	4.7%
2009	08Q3	290.3	238.4	51.8	17.9%
	08Q4	264.6	237.2	27.3	10.3%
	09Q1	231.6	254.9	(23.3)	-10.1%
	09Q2	247.9	279.2	(31.3)	-12.6%
	Total	1,034.3	1,009.8	24.6	2.4%
2010	09Q3	252.3	282.7	(30.4)	-12.0%
	09Q4	232.3	276.6	(44.4)	-19.1%
	10Q1	249.6	269.4	(19.8)	-7.9%
	10Q2	278.3	270.6	7.7	2.8%
	Total	1,012.5	1,099.4	(86.9)	-8.6%
2011	10Q3	217.2	272.8	(55.6)	-25.6%
	10Q4	259.2	272.7	(13.5)	-5.2%
	11Q1	237.6	260.9	(23.4)	-9.8%
	11Q2	299.8	250.7	49.2	16.4%
	Total	1,013.8	1,057.2	(43.4)	-4.3%
2012	11Q3	184.8	244.0	(59.2)	-32.0%
	11Q4	257.0	246.3	10.6	4.1%
	12Q1	235.3	247.0	(11.7)	-5.0%
	12Q2	321.3	249.7	71.6	22.3%
	Total	998.3	987.0	11.3	1.1%
2013	12Q3	191.6	252.6	(61.0)	-31.8%
	12Q4	261.7	253.6	8.1	3.1%
	13Q1	240.4	255.3	(14.9)	-6.2%
	13Q2	323.7	261.0	62.8	19.4%
	Total	1,017.5	1,022.6	(5.1)	-0.5%
2014	13Q3	204.7	270.0	(65.3)	-31.9%
	13Q4	260.1	276.9	(16.8)	-6.4%
	14Q1	257.0	271.6	(14.6)	-5.7%
	14Q2	307.9	278.9	28.9	9.4%
	Total	1,029.7	1,097.5	(67.8)	-6.6%

NON-GENERAL FUND METHODOLOGY

Motor Vehicle Sales and Use Tax

log(ttcarsq)

$$\begin{aligned}
 &= 2.07353 * dlogya(pdcgdp) + 1.24279 * movavg(2,dlogya(xtnemva.4)) \\
 &\quad (1.27470) \qquad\qquad\qquad (2.61838) \\
 &+ 0.00001 * diffya(yrpicva) + 0.09969 * season_2 \\
 &\quad (4.17386) \qquad\qquad\qquad (4.43089) \\
 &+ 0.08994 * season_3 - 0.10056 * season_4 + 5.75162 \\
 &\quad (3.99787) \qquad\qquad (4.42202) \qquad\qquad (192.515)
 \end{aligned}$$

Sum Sq	0.4721	Std Err	0.0754	LHS Mean	5.9142
R Sq	0.6486	R Bar Sq	0.6232	F 6, 83	25.5369
D.W.(1)	0.4456	D.W.(4)	0.8979		

newcar

$$\begin{aligned}
 &= 0.00661 * suvlv - 0.00178 * rmcblv + 0.01665 * season_2 \\
 &\quad (19.1478) \qquad\qquad (4.46398) \qquad\qquad (8.49791) \\
 &+ 0.01912 * season_3 - 0.00148 * season_4 - 0.00406 \\
 &\quad (9.8545) \qquad\qquad (0.75429) \qquad\qquad (0.65366)
 \end{aligned}$$

Sum Sq	0.0042	Std Err	0.0068	LHS Mean	0.0897
R Sq	0.8668	R Bar Sq	0.8595	F 5, 91	118.456
D.W.(1)	0.5533	D.W.(4)	0.6034		

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

NON-GENERAL FUND METHODOLOGY

New Taxable Titles (in thousands)

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2005	04Q3	126.9	121.4	5.5	4.3%
	04Q4	103.0	99.2	3.8	3.7%
	05Q1	98.8	96.8	2.0	2.0%
	05Q2	122.0	116.6	5.4	4.4%
	Total	450.6	434.0	16.6	3.7%
2006	05Q3	140.2	128.2	12.0	8.6%
	05Q4	89.0	92.8	(3.8)	-4.3%
	06Q1	97.9	97.3	0.5	0.5%
	06Q2	117.5	114.9	2.7	2.3%
	Total	444.6	433.2	11.4	2.6%
2007	06Q3	120.2	117.5	2.7	2.2%
	06Q4	92.0	93.9	(1.9)	-2.0%
	07Q1	92.3	92.8	(0.5)	-0.5%
	07Q2	119.4	113.4	6.0	5.0%
	Total	423.9	417.6	6.3	1.5%
2008	07Q3	109.3	110.4	(1.0)	-1.0%
	07Q4	85.7	86.2	(0.5)	-0.6%
	08Q1	83.4	85.7	(2.3)	-2.8%
	08Q2	99.1	99.6	(0.5)	-0.5%
	Total	377.4	381.8	(4.4)	-1.2%
2009	08Q3	91.8	95.8	(4.0)	-4.4%
	08Q4	57.2	65.6	(8.3)	-14.6%
	09Q1	55.8	67.9	(12.2)	-21.8%
	09Q2	68.8	79.1	(10.3)	-15.1%
	Total	273.5	308.4	(34.9)	-12.7%
2010	09Q3	87.9	86.8	1.1	1.3%
	09Q4	55.7	60.7	(5.1)	-9.1%
	10Q1	59.9	66.6	(6.7)	-11.3%
	10Q2	81.5	86.3	(4.8)	-5.9%
	Total	284.9	300.4	(15.5)	-5.4%
2011	10Q3	79.9	91.3	(11.5)	-14.3%
	10Q4	67.2	73.9	(6.7)	-10.0%
	11Q1	76.0	83.9	(7.9)	-10.4%
	11Q2	85.8	96.1	(10.2)	-11.9%
	Total	308.9	345.2	(36.3)	-11.8%
2012	11Q3	83.2	97.6	(14.4)	-17.4%
	11Q4	74.8	81.4	(6.6)	-8.8%
	12Q1	81.6	90.2	(8.6)	-10.6%
	12Q2	95.4	98.3	(2.8)	-3.0%
	Total	335.0	367.4	(32.5)	-9.7%
2013	12Q3	95.1	99.7	(4.5)	-4.8%
	12Q4	81.6	80.7	0.9	1.1%
	13Q1	86.8	84.4	2.3	2.7%
	13Q2	99.1	100.1	(1.0)	-1.0%
	Total	362.6	364.9	(2.3)	-0.6%
2014	13Q3	99.5	99.8	(0.4)	-0.4%
	13Q4	81.1	75.0	6.1	7.5%
	14Q1	81.4	75.2	6.1	7.6%
	14Q2	90.5	93.8	(3.2)	-3.5%
	Total	352.5	343.8	8.6	2.5%

NON-GENERAL FUND METHODOLOGY

Used Taxable Titles (in thousands)

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2005	04Q3	329.3	288.1	41.2	12.5%
	04Q4	288.0	246.7	41.2	14.3%
	05Q1	314.3	288.2	26.1	8.3%
	05Q2	332.8	318.9	13.9	4.2%
	Total	1,264.4	1,141.9	122.5	9.7%
2006	05Q3	335.8	311.9	23.9	7.1%
	05Q4	272.0	266.6	5.4	2.0%
	06Q1	307.0	313.5	(6.5)	-2.1%
	06Q2	320.8	329.9	(9.1)	-2.8%
	Total	1,235.6	1,222.0	13.6	1.1%
2007	06Q3	311.6	311.8	(0.2)	-0.1%
	06Q4	269.9	256.6	13.2	4.9%
	07Q1	299.5	293.1	6.4	2.1%
	07Q2	323.4	314.0	9.3	2.9%
	Total	1,204.3	1,175.5	28.8	2.4%
2008	07Q3	303.9	309.4	(5.5)	-1.8%
	07Q4	254.1	254.6	(0.5)	-0.2%
	08Q1	285.3	277.1	8.2	2.9%
	08Q2	297.4	299.4	(1.9)	-0.7%
	Total	1,140.7	1,140.5	0.2	0.0%
2009	08Q3	278.0	295.7	(17.7)	-6.4%
	08Q4	212.2	252.2	(40.0)	-18.9%
	09Q1	255.8	256.9	(1.1)	-0.4%
	09Q2	271.2	272.2	(1.1)	-0.4%
	Total	1,017.2	1,077.0	(59.8)	-5.9%
2010	09Q3	277.1	250.6	26.5	9.6%
	09Q4	219.5	220.4	(0.9)	-0.4%
	10Q1	266.5	256.8	9.7	3.6%
	10Q2	294.8	276.7	18.0	6.1%
	Total	1,057.9	1,004.6	53.3	5.0%
2011	10Q3	289.2	279.3	9.9	3.4%
	10Q4	237.9	239.9	(2.0)	-0.9%
	11Q1	289.1	285.4	3.6	1.3%
	11Q2	289.8	317.7	(27.9)	-9.6%
	Total	1,106.0	1,122.4	(16.4)	-1.5%
2012	11Q3	276.8	327.0	(50.2)	-18.1%
	11Q4	237.4	262.6	(25.2)	-10.6%
	12Q1	296.0	284.8	11.2	3.8%
	12Q2	285.8	309.7	(23.9)	-8.4%
	Total	1,096.0	1,184.0	(88.0)	-8.0%
2013	12Q3	281.8	293.3	(11.5)	-4.1%
	12Q4	237.1	271.2	(34.1)	-14.4%
	13Q1	280.8	263.2	17.5	6.2%
	13Q2	305.5	284.4	21.1	6.9%
	Total	1,105.1	1,112.1	(7.0)	-0.6%
2014	13Q3	290.0	276.8	13.2	4.6%
	13Q4	241.6	213.6	28.0	11.6%
	14Q1	271.0	274.0	(2.9)	-1.1%
	14Q2	307.7	298.3	9.3	3.0%
	Total	1,110.3	1,062.7	47.6	4.3%

Motor Vehicle License Revenues

Vehreg1

$$= 0.84392 * \text{vehreg1}[-4] + 0.27984 * \text{vehreg2}[-8]$$

(15.7835) (1.92195)

$$+ 53193.5 * \text{origvttf} + 130901$$

(1.77217) (2.57817)

Sum Sq	3E+11	Std Err	58199.7	LHS Mean	1209126
R Sq	0.8448	R Bar Sq	0.8397	F 3, 91	165.124
D.W.(1)	1.8753	D.W.(4)	2.2447		

Vehreg2

$$= 0.95825 * (\text{vehreg2.8} * \text{renew}) + 6013.36 * \text{qd2} + 52821.2$$

(18.6759) (1.11057) (5.52234)

Sum Sq	5E+10	Std Err	22542.2	LHS Mean	230536
R Sq	0.8009	R Bar Sq	0.7966	F 2, 92	185.057
D.W.(1)	0.9193	D.W.(4)	1.4369		

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

NON-GENERAL FUND METHODOLOGY

One Year Registrations

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2005	04Q3	1,367,213	1,363,743	3,470	0.3%
	04Q4	1,133,817	1,181,717	(47,900)	-4.2%
	05Q1	1,273,050	1,283,757	(10,707)	-0.8%
	05Q2	1,475,608	1,418,837	56,771	3.8%
	Total	5,249,688	5,248,054	1,634	0.0%
2006	05Q3	1,453,834	1,354,920	98,914	6.8%
	05Q4	1,131,645	1,147,430	(15,785)	-1.4%
	06Q1	1,282,905	1,271,755	11,150	0.9%
	06Q2	1,411,435	1,447,220	(35,785)	-2.5%
	Total	5,279,819	5,221,325	58,494	1.1%
2007	06Q3	1,412,785	1,428,236	(15,451)	-1.1%
	06Q4	1,153,708	1,142,847	10,861	0.9%
	07Q1	1,280,834	1,278,844	1,990	0.2%
	07Q2	1,325,940	1,399,958	(74,018)	-5.6%
	Total	5,173,267	5,249,885	(76,618)	-1.5%
2008	07Q3	1,408,511	1,406,146	2,365	0.2%
	07Q4	1,231,785	1,167,973	63,812	5.2%
	08Q1	1,312,356	1,283,434	28,922	2.2%
	08Q2	1,391,387	1,329,125	62,262	4.5%
	Total	5,344,039	5,186,677	157,362	2.9%
2009	08Q3	1,362,010	1,403,327	(41,317)	-3.0%
	08Q4	1,061,494	1,237,980	(176,486)	-16.6%
	09Q1	1,268,629	1,314,179	(45,550)	-3.6%
	09Q2	1,387,221	1,381,743	5,478	0.4%
	Total	5,079,354	5,337,229	(257,875)	-5.1%
2010	09Q3	1,278,480	1,358,373	(79,893)	-6.2%
	09Q4	1,047,572	1,092,506	(44,934)	-4.3%
	10Q1	1,215,359	1,269,837	(54,478)	-4.5%
	10Q2	1,318,585	1,379,181	(60,596)	-4.6%
	Total	4,859,996	5,099,896	(239,900)	-4.9%
2011	10Q3	1,339,471	1,298,257	41,214	3.1%
	10Q4	1,072,468	1,081,624	(9,156)	-0.9%
	11Q1	1,241,276	1,233,994	7,282	0.6%
	11Q2	1,287,951	1,328,193	(40,242)	-3.1%
	Total	4,941,166	4,942,068	(902)	0.0%
2012	11Q3	1,320,807	1,339,209	(18,402)	-1.4%
	11Q4	1,054,684	1,098,706	(44,022)	-4.2%
	12Q1	1,235,555	1,250,706	(15,151)	-1.2%
	12Q2	1,251,833	1,300,916	(49,083)	-3.9%
	Total	4,862,879	4,989,538	(126,659)	-2.6%
2013	12Q3	1,330,752	1,331,076	(324)	0.0%
	12Q4	1,059,221	1,088,136	(28,915)	-2.7%
	13Q1	1,207,727	1,250,469	(42,742)	-3.5%
	13Q2	1,370,117	1,268,059	102,058	7.4%
	Total	4,967,817	4,937,740	30,077	0.6%
2014	13Q3	1,286,444	1,337,415	(50,971)	-4.0%
	13Q4	1,070,701	1,090,306	(19,605)	-1.8%
	14Q1	1,177,663	1,230,228	(52,565)	-4.5%
	14Q2	1,324,308	1,370,105	(45,797)	-3.5%
	Total	4,859,116	5,028,054	(168,938)	-3.5%

NON-GENERAL FUND METHODOLOGY

Two Year Registrations

	<u>Fiscal Year</u>	<u>Actual</u>	<u>Fitted</u>	<u>Residual</u>	<u>% Residual</u>
2005	04Q3	251,646	258,153	(6,507)	-2.6%
	04Q4	203,444	205,536	(2,092)	-1.0%
	05Q1	233,271	219,420	13,851	5.9%
	05Q2	278,458	270,645	7,813	2.8%
	Total	966,819	953,754	13,065	1.4%
2006	05Q3	296,499	257,162	39,337	13.3%
	05Q4	226,698	226,535	163	0.1%
	06Q1	255,918	246,397	9,521	3.7%
	06Q2	283,167	265,574	17,593	6.2%
	Total	1,062,282	995,668	66,614	6.3%
2007	06Q3	299,315	257,790	41,525	13.9%
	06Q4	241,409	218,529	22,880	9.5%
	07Q1	270,725	242,823	27,902	10.3%
	07Q2	273,826	285,642	(11,816)	-4.3%
	Total	1,085,275	1,004,783	80,492	7.4%
2008	07Q3	278,906	294,323	(15,417)	-5.5%
	07Q4	235,108	237,469	(2,361)	-1.0%
	08Q1	244,137	261,269	(17,132)	-7.0%
	08Q2	277,234	289,477	(12,243)	-4.4%
	Total	1,035,385	1,082,539	(47,154)	-4.6%
2009	08Q3	315,988	296,617	19,371	6.1%
	08Q4	238,209	249,451	(11,242)	-4.7%
	09Q1	276,699	273,330	3,369	1.2%
	09Q2	302,018	281,869	20,149	6.7%
	Total	1,132,914	1,101,267	31,647	2.8%
2010	09Q3	278,398	279,993	(1,595)	-0.6%
	09Q4	224,169	244,319	(20,150)	-9.0%
	10Q1	258,263	251,673	6,590	2.6%
	10Q2	296,929	284,645	12,284	4.1%
	Total	1,057,759	1,060,631	(2,872)	-0.3%
2011	10Q3	305,619	310,197	(4,578)	-1.5%
	10Q4	240,029	246,845	(6,816)	-2.8%
	11Q1	274,668	278,196	(3,528)	-1.3%
	11Q2	288,437	304,832	(16,395)	-5.7%
	Total	1,108,753	1,140,069	(31,316)	-2.8%
2012	11Q3	298,282	279,579	18,703	6.3%
	11Q4	234,104	235,409	(1,305)	-0.6%
	12Q1	286,257	263,179	23,078	8.1%
	12Q2	296,383	300,686	(4,303)	-1.5%
	Total	1,115,026	1,078,854	36,172	3.2%
2013	12Q3	329,923	301,751	28,172	8.5%
	12Q4	252,382	248,327	4,055	1.6%
	13Q1	285,852	276,541	9,311	3.3%
	13Q2	328,063	293,770	34,293	10.5%
	Total	1,196,220	1,120,390	75,830	6.3%
2014	13Q3	308,108	295,775	12,333	4.0%
	13Q4	255,044	243,501	11,543	4.5%
	14Q1	280,728	285,981	(5,253)	-1.9%
	14Q2	326,511	300,242	26,269	8.0%
	Total	1,170,391	1,125,499	44,892	3.8%

NON-GENERAL FUND METHODOLOGY

ABC Revenue Estimating Methodology

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

Average Price of Distilled Spirits

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

Statistical Results:

Mean Squared Error = .04

$R^2 = 98.1\%$

Quantity of Liquor Demanded

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

Statistical Results:

Mean Squared Error = .001

$R^2 = 98.7\%$

THE UNEMPLOYMENT INSURANCE TRUST FUND

Equation Specifications for Taxable Wages:

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

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

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

The following pages give specifications for the quarterly equations currently used in the model. There are 12 observations used in the equations, the years 2001 to 2012 inclusive.

First Quarter

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

$$(TAX_1/TOT_1) = 0.175 + 1.938 (TBAAW_1)$$

[27.764] [56.916]

The summary statistics are:

Adjusted R ²	0.997
MSE	6.962 x 10 ⁻⁶

Second Quarter

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

$$(TAX_2/TOT_2) = -0.055 + 1.16 (TBAAW_2) - 0.004 (QI_2)$$

[-6.027] [27.305] [-2.653]

The summary statistics are:

Adjusted R ²	0.987
MSE	9.187 x 10 ⁻⁶

NON-GENERAL FUND METHODOLOGY

Third Quarter

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

$$\begin{aligned} (\text{TAX}_3/\text{TOT}_3) = & -0.008 + 0.625 (\text{TBAAW}_3) - 0.007 (\text{QI}_3) \\ & [-0.993] \quad [16.559] \quad [-3.926] \end{aligned}$$

The summary statistics are:

Adjusted R ²	0.969	
MSE		8.484 x 10 ⁻⁶

Fourth Quarter

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

$$\begin{aligned} (\text{TAX}_4/\text{TOT}_4) = & -0.012 + 0.566 (\text{TBAAW}_4) - 0.007 (\text{QI}_4) \\ & [-2.679] \quad [26.156] \quad [-6.218] \end{aligned}$$

The summary statistics are:

Adjusted R ²	0.987	
MSE		2.256 x 10 ⁻⁶