



# Revenue Update

## *A Briefing for the Local Government Policy Council*

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# ***Fiscal Year 2016 General Fund Collections Finished \$279.3 Million (-1.5 Percent) Below Forecast...***

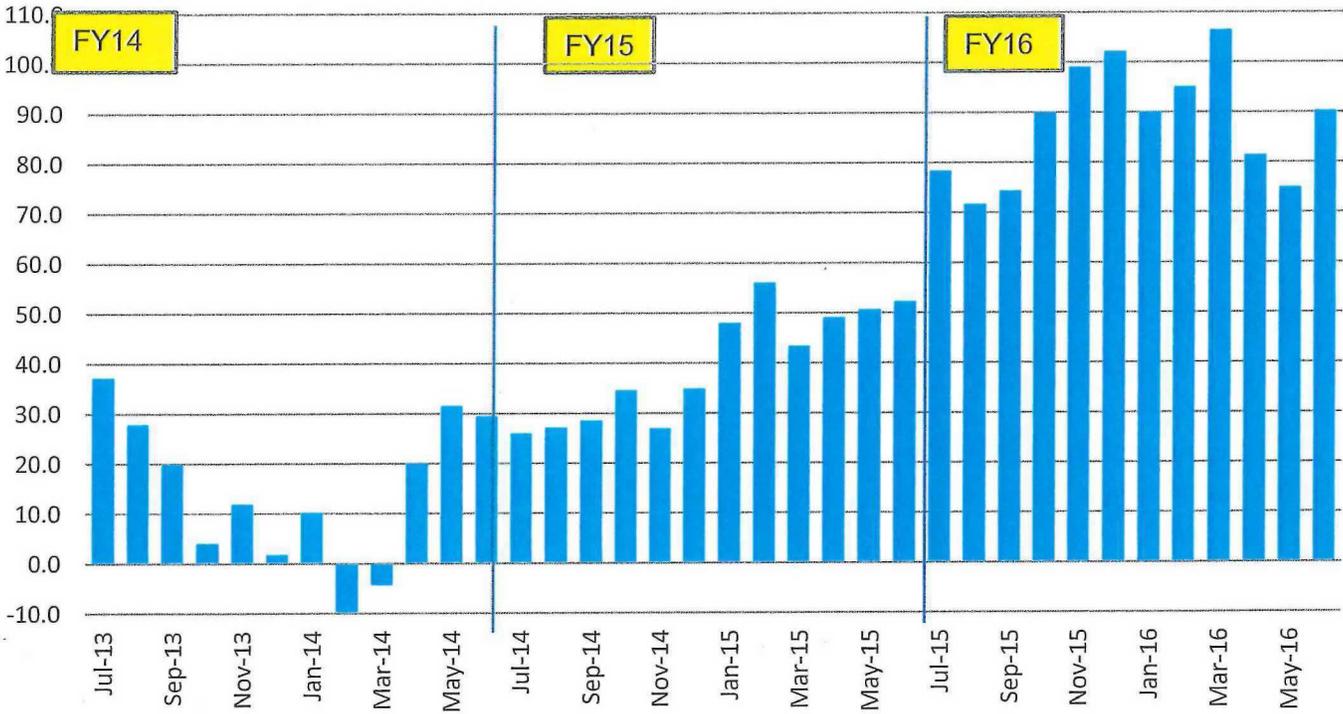
## **Summary of Fiscal Year 2016 Revenue Collections (millions of dollars)**

Major Sources	Forecast	Actual	Dollars	Percent	Forecast	Actual
Withholding	\$11,501.6	\$11,306.3	(\$195.3)	(1.7) %	4.1 %	2.4
Nonwithholding	3,099.0	3,070.1	(28.9)	(0.9)	1.9	0.9
Refunds	(1,777.6)	(1,820.7)	(43.1)	2.4	1.2	3.6
Net Individual	\$12,823.0	\$12,555.6	(\$267.4)	(2.1) %	4.0 %	1.8
Sales	\$3,367.7	\$3,295.9	(\$71.9)	(2.1) %	4.1 %	1.9
Corporate	722.8	764.9	42.1	5.8	(13.1)	(8.0)
Wills (Recordation)	383.0	369.1	(13.9)	(3.6)	10.6	6.6
Insurance	322.7	339.1	16.4	5.1	7.3	12.8
All Other Revenue	689.8	715.5	25.7	3.7	(0.4)	3.3
<b>Total Revenue</b>	<b>\$18,309.0</b>	<b>\$18,040.1</b>	<b>(\$268.9)</b>	<b>(1.5) %</b>	<b>3.2 %</b>	<b>1.7</b>
A.B.C. Profits	\$84.0	\$86.5	\$2.5	3.0	0.8 %	3.8
Sales Tax (0.375%)	366.7	355.5	(11.2)	(3.1)	4.1	0.9
Transfers	121.3	119.6	(1.7)	(1.4)	(38.8)	(39.7)
<b>Total Transfers</b>	<b>\$572.0</b>	<b>\$561.6</b>	<b>(\$10.4)</b>	<b>(1.8)</b>	<b>(9.8) %</b>	<b>(11.4)</b>
<b>TOTAL GENERAL FUND</b>	<b>\$18,881.0</b>	<b>\$18,601.7</b>	<b>(\$279.3)</b>	<b>(1.5)</b>	<b>2.8 %</b>	<b>1.3</b>

- Payroll withholding and sales tax accounted for 73 percent and 27 percent, respectively, of the revenue shortfall.
- All other sources balanced out.

# Employment Growth has Accelerated Over the Last Fiscal Year...

Commonwealth of Virginia  
 Year-Over-Year Monthly Job Change  
 (thousands of jobs)



# *However, Recent Job Growth Has Been Predominately in Lower Paying Occupations...*

## Virginia Employment Change and Average Weekly Wage by Major Industry

Industry	Employment	Change From A Year Ago		Average
	2015:Q4	# of Jobs	% Change	Weekly Wage
Total, All Industries	3,797,909	109,880	3.0%	\$1,094
Health Care and Social Assistance	478,994	17,020	3.7%	\$1,012
Professional, Scientific, and Technical Services	413,493	16,468	4.1%	\$2,066
Accommodation and Food Services	336,783	13,615	4.2%	\$367
Administrative and Support and Waste Management	236,129	11,556	5.1%	\$797
Transportation and Warehousing	137,052	8,313	6.5%	\$1,025
Unclassified establishments	12,393	7,578	157.4%	\$937
Construction	197,806	7,151	3.8%	\$1,110
Other Services (except Public Administration)	138,790	6,093	4.6%	\$843
Retail Trade	440,825	5,785	1.3%	\$564
Arts, Entertainment, and Recreation	64,665	5,626	9.5%	\$590
Public Administration	247,058	4,540	1.9%	\$1,411
Manufacturing	244,523	3,032	1.3%	\$1,168
Finance and Insurance	134,097	2,362	1.8%	\$1,676
Real Estate and Rental and Leasing	53,608	1,723	3.3%	\$1,145
Educational Services	364,245	1,420	0.4%	\$846
Agriculture, Forestry, Fishing and Hunting	13,225	630	5.0%	\$680
Wholesale Trade	111,478	361	0.3%	\$1,538
Utilities	18,535	109	0.6%	\$1,607
Mining, Quarrying, and Oil and Gas Extraction	6,387	(807)	-11.2%	\$1,425
Management of Companies and Enterprises	73,310	(1,023)	-1.4%	\$2,087
Information	74,512	(1,672)	-2.2%	\$1,718
		<b>% of Job Growth</b>		
Low Wage		52,303	47.6%	\$367 - \$940
Medium Wage		40,972	37.3%	\$941 - \$1,513
High Wage		16,605	15.1%	\$1,514 - \$2,087

## ***Despite an Improvement in Housing and Supercenters, Broad-based Declines in Sales Tax Collections Occurred in Fiscal Year 2016...***

### **Total Sales Tax Collections**

#### **Fiscal Years 2014 - 2016**

Industry (% of Total \$ Amount)	# of Firms in FY16	Millions of Dollars			Percent Change		
		FY14	FY15	FY16	FY14	FY15	FY16
Housing (15%)	190	\$466.2	\$492.9	\$504.1	4.4%	5.7%	2.3%
Warehouse Clubs/Supercenters (13%)	6	\$398.2	\$413.1	\$425.4	-1.6%	3.7%	3.0%
Department Stores (10%)	133	\$357.8	\$360.3	\$332.7	-0.4%	0.7%	-7.7%
Grocery Stores (9%)	28	\$322.6	\$324.7	\$317.8	0.0%	0.7%	-2.1%
Retail Trade (9%)	142	\$292.0	\$299.2	\$300.6	2.7%	2.5%	0.5%
Restaurants (5%)	106	\$154.6	\$159.5	\$151.8	6.2%	3.2%	-4.8%
Wholesale Trade (2%)	87	\$71.9	\$74.1	\$72.8	5.5%	3.0%	-1.8%
Leisure and Hospitality (2%)	87	\$46.4	\$52.9	\$50.8	10.7%	13.9%	-3.8%
Gasoline Stations (1%)	24	\$45.7	\$48.1	\$45.8	-8.4%	5.4%	-4.9%
Other (4%)	417	\$150.1	\$154.7	\$145.4	-11.4%	3.1%	-6.0%
Total Large Payers (70%)	1,220	\$2,305.4	\$2,379.6	\$2,347.1	0.6%	3.2%	-1.4%
Total	124,879	\$3,211.5	\$3,368.8	\$3,434.0	0.8%	4.9%	1.9%

Note: Dealers making payments in excess of \$100,000.

# The Official and Interim Standard General Fund Forecasts

(Dollars in Millions)

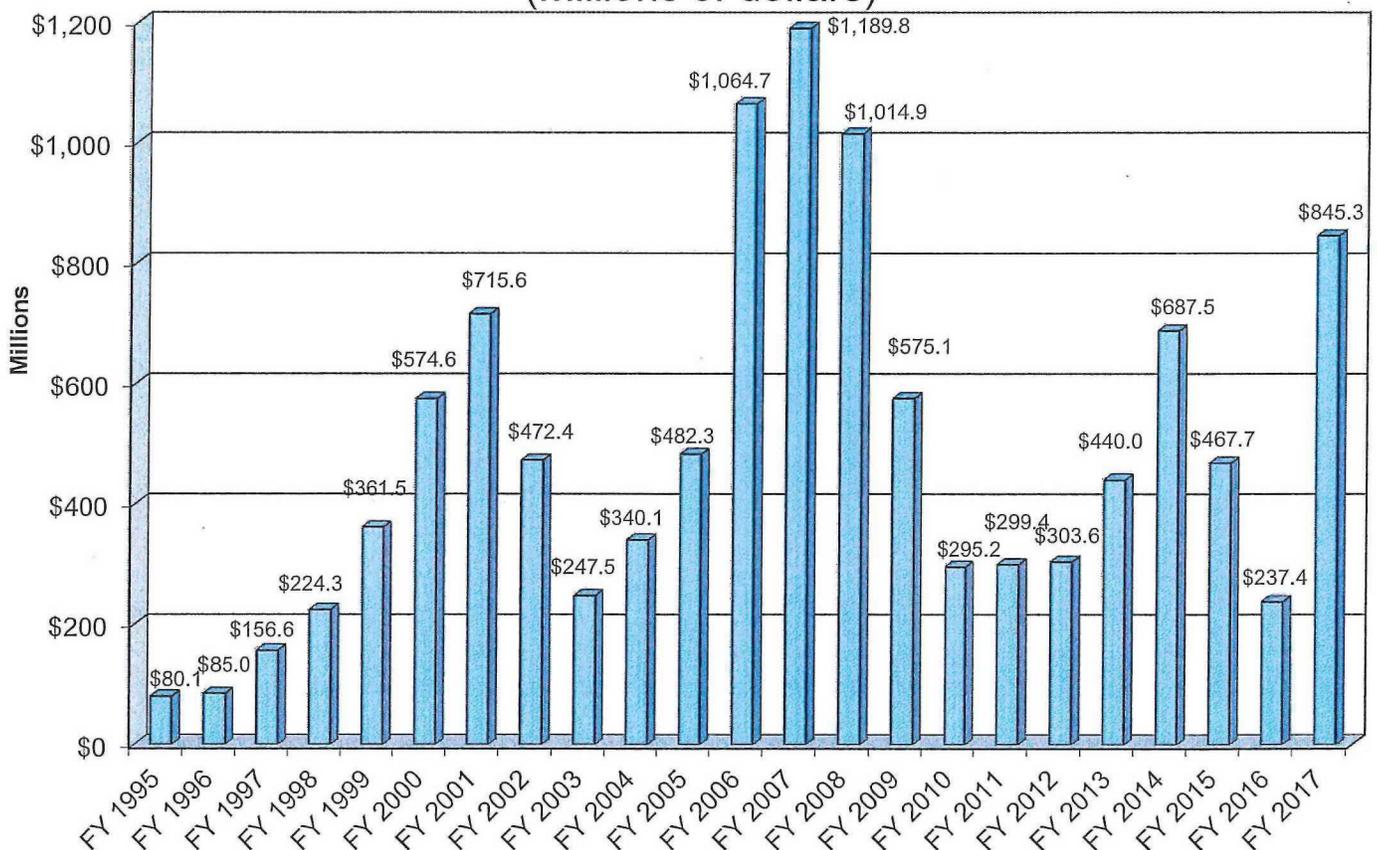
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Major Sources	Fiscal Year 2016		Fiscal Year 2017			% Growth Over FY 16	
	Actual	% Growth	Official	Interim	Change	Official	Interim
Withholding	\$11,306.3	2.4 %	\$11,958.6	\$11,646.0	(\$312.6)	4.0 %	3.0 %
Nonwithholding	3,070.1	0.9	3,165.6	3,032.5	(133.1)	2.1	(1.2)
Refunds	(1,820.7)	3.6	(1,894.1)	(1,894.1)	0.0	6.6	4.0
Net Individual	\$12,555.6	1.8 %	\$13,230.1	\$12,784.4	(\$445.7)	3.2 %	1.8 %
Sales	\$3,295.9	1.9 %	\$3,500.8	\$3,382.2	(\$118.6)	4.0 %	2.6 %
Corporate	764.9	(8.0)	765.2	742.1	(23.1)	5.9	(3.0)
Wills (Recordation)	369.1	6.6	389.4	389.4	0.0	1.7	5.5
Insurance	339.1	12.8	335.6	343.5	7.9	4.0	1.3
All Other Revenue	\$ 715.5	3.3	681.4	696.4	15.0	(1.2)	(2.7)
<b>Total Revenue</b>	<b>\$18,040.1</b>	<b>1.7 %</b>	<b>\$18,902.4</b>	<b>\$18,338.0</b>	<b>(\$564.4)</b>	<b>3.2 %</b>	<b>1.7 %</b>

Major Sources	Fiscal Year 2018			% Growth Over FY17		2016-2018 Biennium		
	Official	Interim	Change	Official	Interim	Official	Interim	Change
Withholding	\$12,410.2	\$12,037.4	(\$372.8)	3.8 %	3.4 %	\$24,368.8	\$23,683.4	(\$685.4)
Nonwithholding	3,393.9	3,280.8	(113.1)	7.2	8.2	6,559.5	6,313.3	(246.2)
Refunds	(1,968.2)	(1,968.2)	0.0	3.9	3.9	(3,862.3)	(3,862.3)	0.0
Net Individual	\$13,835.9	\$13,350.0	(\$485.9)	4.6	4.4	\$27,066.0	\$26,134.4	(\$931.6)
Sales	\$3,635.0	\$3,481.4	(\$153.6)	3.8	2.9	\$7,135.7	\$6,863.6	(\$272.1)
Corporate	736.4	724.0	(12.4)	(3.8)	(2.4)	1,501.6	1,466.1	(35.5)
Wills (Recordation)	389.4	389.4	0.0	0.0	0.0	778.8	778.8	0.0
Insurance	350.3	354.5	4.2	4.4	3.2	685.9	698.0	12.1
All Other Revenue	686.1	701.1	15.0	0.7	0.7	1,367.5	1,397.5	30.0
<b>Total Revenue</b>	<b>\$19,633.1</b>	<b>\$19,000.4</b>	<b>(\$632.7)</b>	<b>3.9 %</b>	<b>3.6 %</b>	<b>\$38,535.5</b>	<b>\$37,338.4</b>	<b>(\$1,197.1)</b>

***A Mandatory Deposit of \$605.6 Million Will Be Made to the Revenue Stabilization Fund in FY2017 Substantially Increasing the Size of the Fund to About \$845.0 Million by June 30, 2017...***

**Revenue Stabilization Fund – June 30 Balance**  
 FY1995-2015 Actual and FY2016-2017 Forecast  
 (millions of dollars)



- A deposit of \$243.2 million and a withdrawal of \$467.7 million occurred in FY2015.
- Another withdrawal of \$235.5 million occurred in FY2016.
- A mandatory deposit of \$605.6 million is required in year 2017 based on actual general fund revenue collections for FY2015.