



Economic and Revenue Update for April 2015

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Topics for Discussion

- National and State Economic Indicators
- April Year-to-Date Revenue Collections, Fiscal Year 2015
- Next Significant Data Points

National and State Economic Indicators

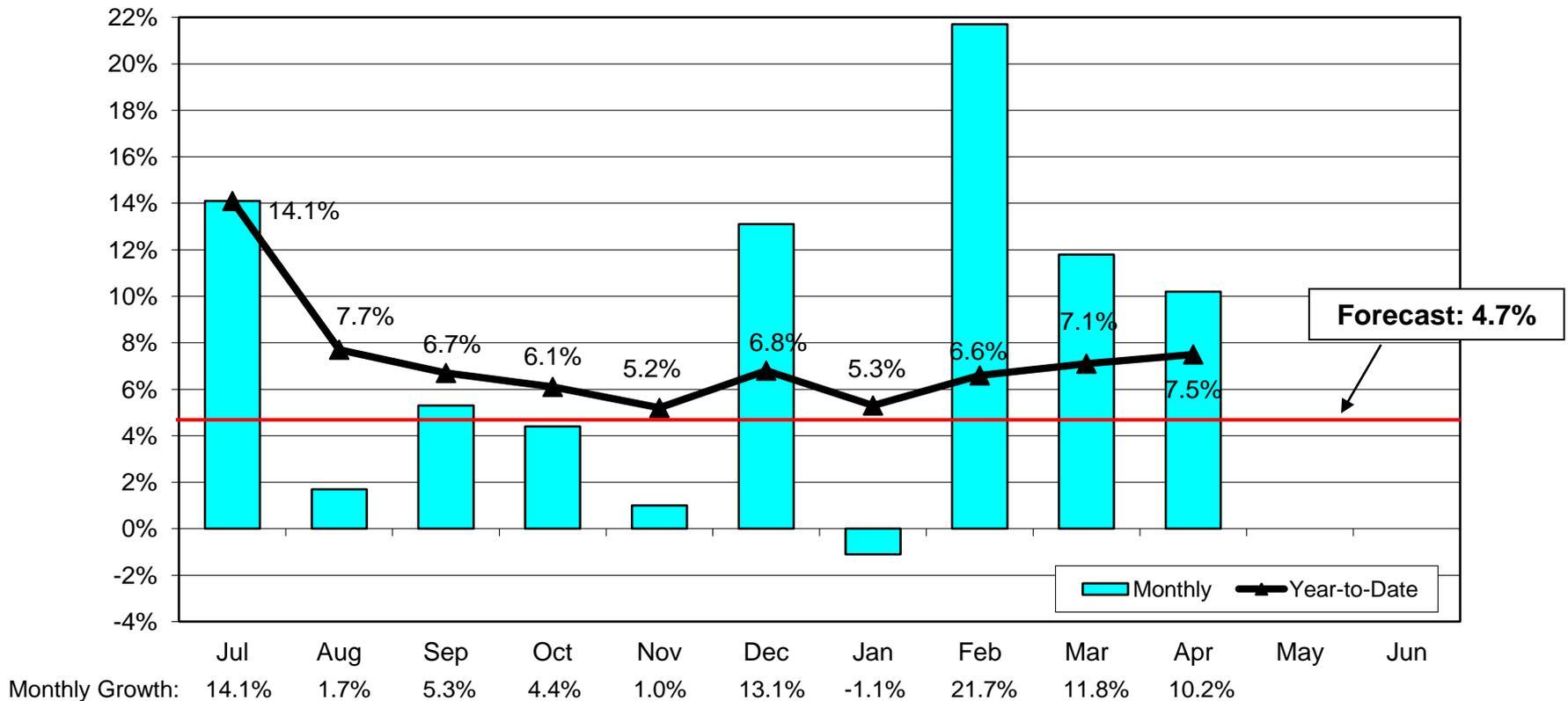
- According to the advance estimate, real GDP grew at an annualized rate of 0.2 percent in the first quarter of 2015, down from 2.2 percent growth in the fourth quarter of 2014.
- The labor market improved in April. Payroll employment rose by 223,000 jobs. The modest gain in March was revised down from 129,000 to 85,000. In a separate report, the unemployment rate fell from 5.5 to 5.4 percent in April, even as the labor force grew.
 - The lowest unemployment rate since May 2008.
- Initial claims for unemployment rose by 3,000 to 265,000 during the week ending May 2. The four-week moving average fell by 4,250 to 279,500, consistent with an improving labor market.
- The Conference Board's index of leading indicators rose 0.2 percent in March after rising 0.1 percent in February. The behavior of the leading indicator is consistent with accelerating economic growth.
- The Conference Board's index of consumer confidence fell by 6.2 points to 95.2 in April. Both the expectations and the current conditions components declined.
- Activity in the manufacturing sector stabilized in April, with the Institute of Supply Management index remaining unchanged at 51.5 after five consecutive monthly declines.

National and State Economic Indicators

- The CPI rose 0.2 percent in March, and is unchanged from March 2014. Core inflation (excluding food and energy prices) also rose 0.2 percent in March, and has increased 1.8 percent from a year ago.
- The Federal Reserve announced at its April meeting that it will keep the federal funds target rate at 0.0 to 0.25 percent.
- In Virginia, payroll employment rose 0.8 percent in March from a year ago.
 - Northern Virginia posted growth of 1.2 percent, Hampton Roads grew 0.6 percent, and Richmond-Petersburg rose 1.3 percent.
 - The seasonally adjusted unemployment rate rose 0.1 percentage point to 4.8 percent in March, but stands 0.5 percentage point below March of last year.
- The Virginia Leading Index rose 0.4 percent in March after declining 0.4 percent in February. The U.S. leading index, initial claims, and future employment contributed positively to the index, while auto registrations and building permits declined.
 - The indexes of all major metropolitan statistical areas except Staunton posted increases in March.

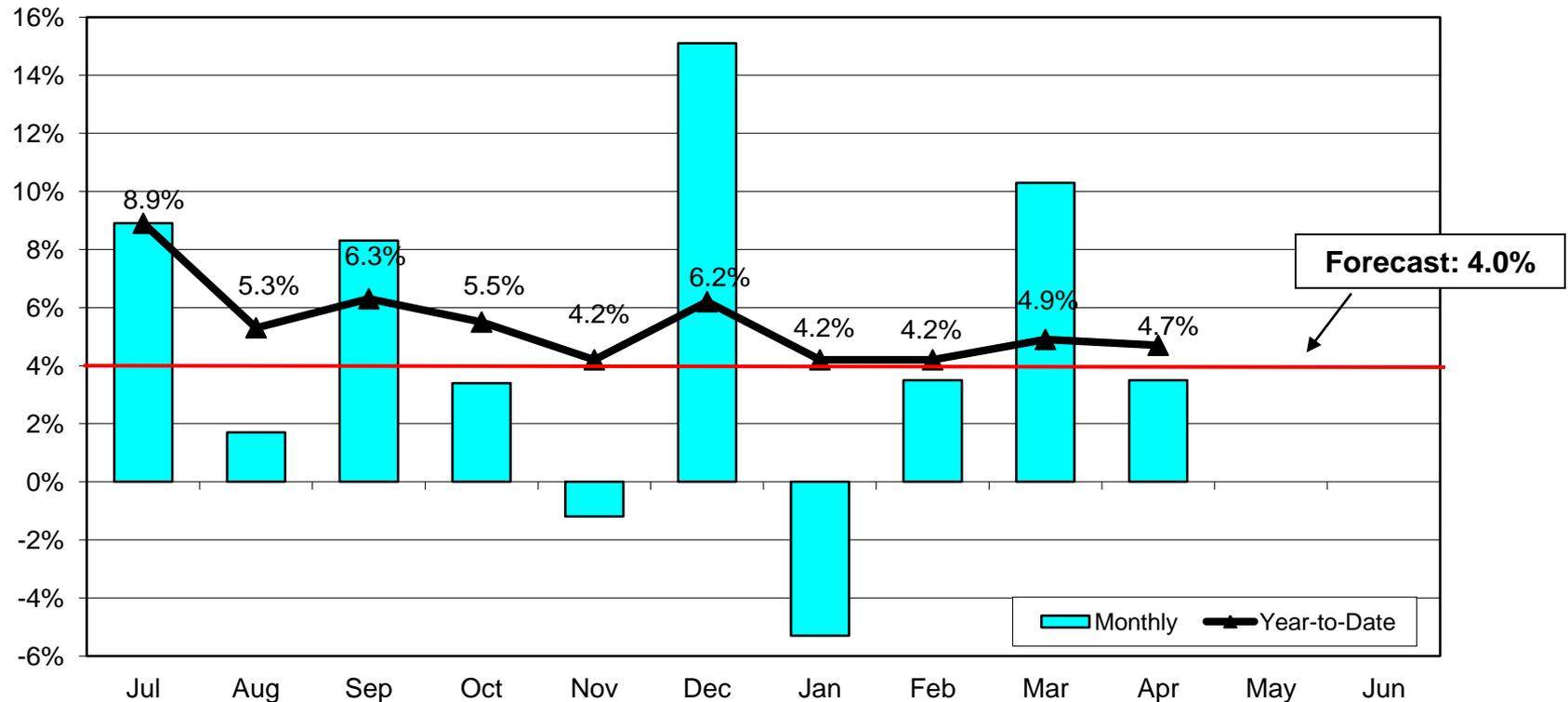
Growth in Total General Fund Revenue Collections

FY15 Monthly and Year-to-Date



- Total general fund revenues increased 10.2 percent in April due in part to individual nonwithholding payments received ahead of the May 1 due date.
- On a year-to-date basis, total revenues increased 7.5 percent, ahead of the annual forecast of 4.7 percent growth (Chapter 665).
 - Adjusting for AST and the HB2313 program, total revenues grew 7.4 percent through April, ahead of the economic-base forecast of 4.5 percent growth.

Growth in Withholding Tax Collections FY15 Monthly and Year-to-Date

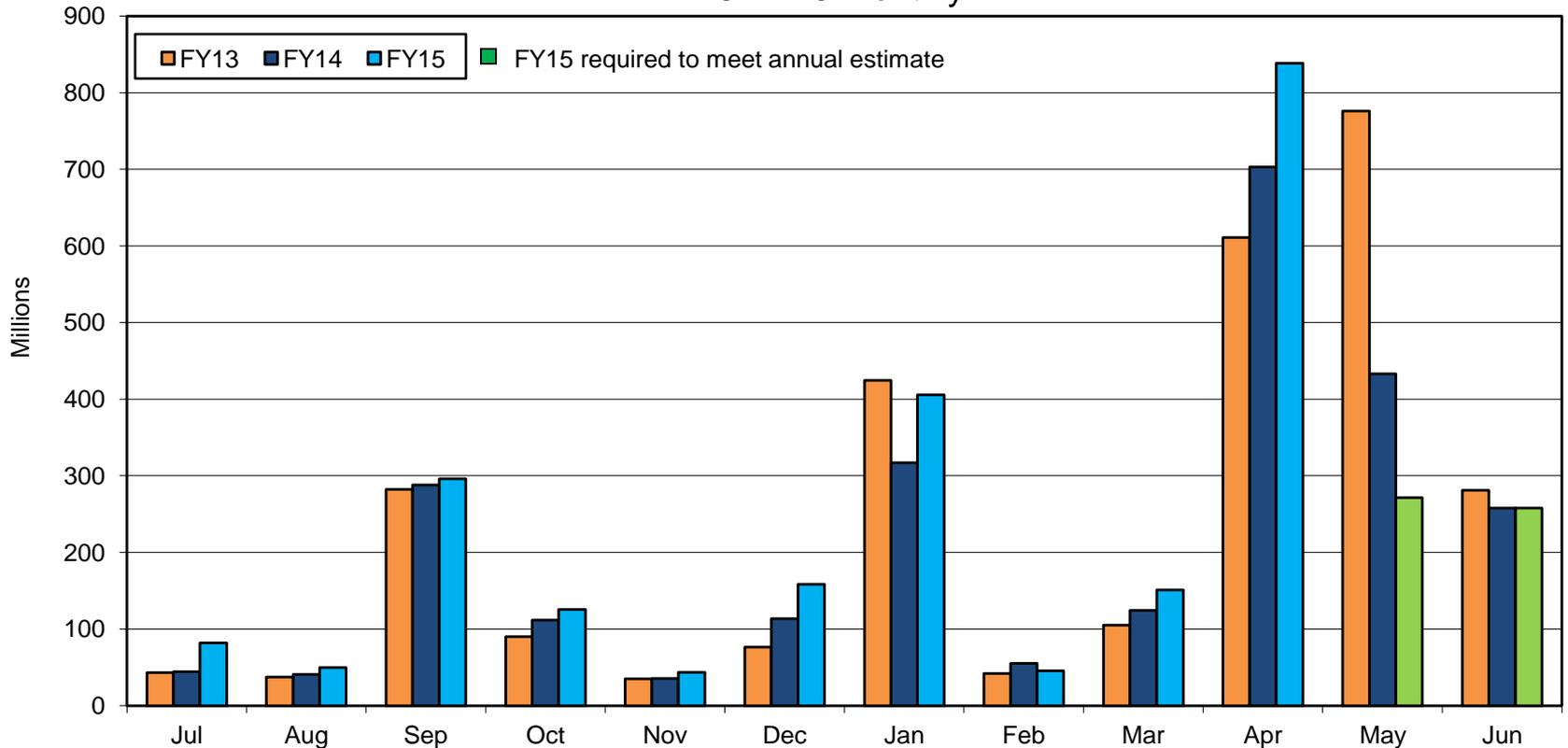


Monthly Growth:

- Collections of payroll withholding taxes increased 3.5 percent in April. April had one less deposit day.
- Year-to-date, withholding collections increased 4.7 percent compared with the same period last year, slightly above the projected annual growth rate of 4.0 percent.
- Growth of 0.2 percent is needed for the May-June period to attain the annual forecast.

Nonwithholding Tax Collections

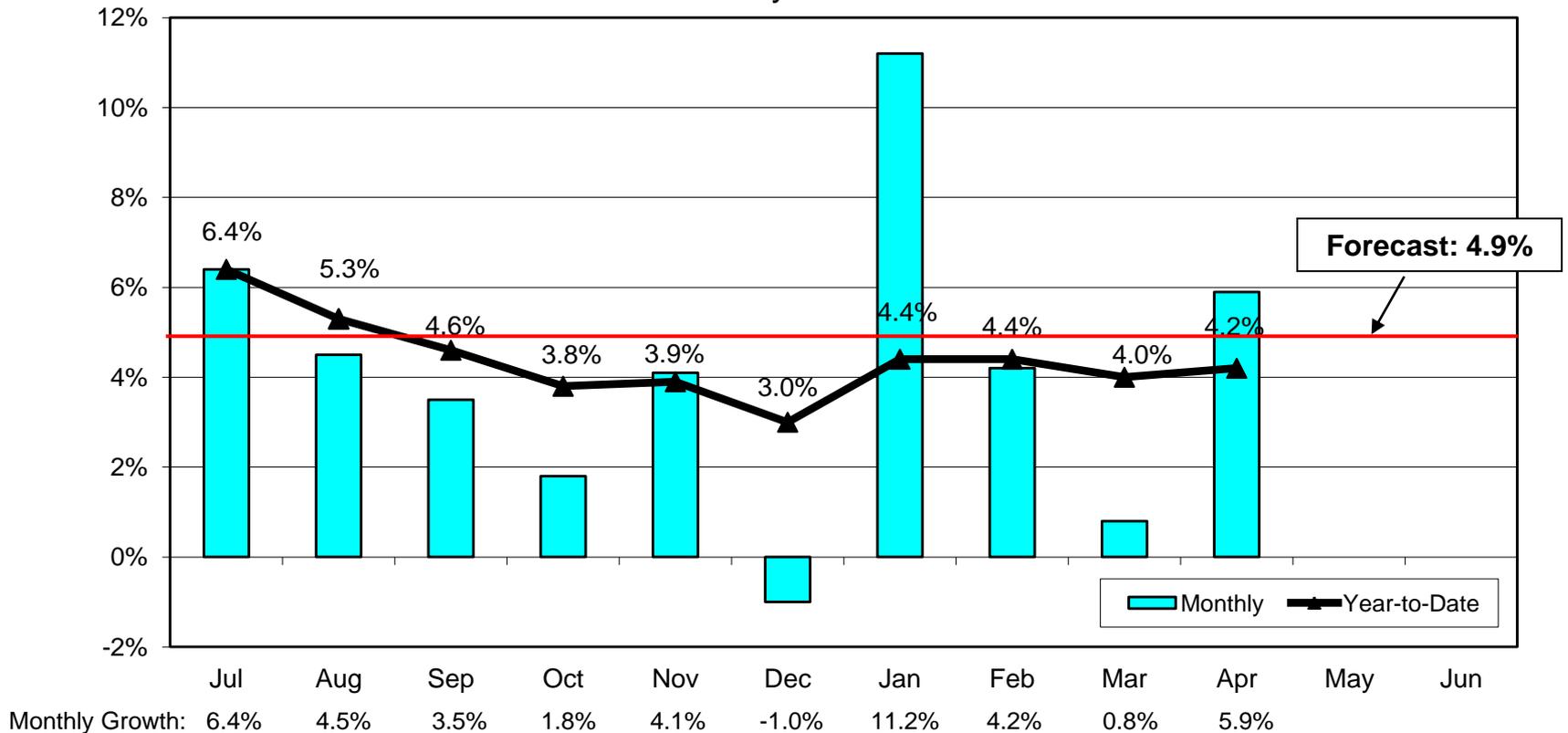
FY13-FY15 Monthly



- To date, roughly 80 percent of the nonwithholding forecast has been collected, and collections during this period are 19.8 percent ahead of the same period last year, ahead of the annual estimate of 7.9 percent growth.
- May receipts will be mainly final payments for tax year 2014 and continue to be the biggest wildcard affecting the revenue forecast.

Growth in Sales Tax Collections

FY15 Monthly and Year-to-Date



- On a year-to-date basis, collections increased 4.2 percent, behind the annual estimate of 4.9 percent growth.
 - Adjusting for AST and HB2313, sales tax collections increased 4.2 percent through April, close to the economic-base forecast of a 3.9 percent increase.
- Economic based growth of 2.9 percent is needed for the May-June period to attain the annual forecast.

Individual Income Tax Refunds

- As the main filing season continues, \$473.4 million in refunds were issued in April compared with \$467.9 million last April.
- Year-to-date, refunds decreased 1.2 percent from the same period last year, ahead of the estimate of a 3.2 percent increase.
 - Since the filing season began in January, TAX has issued 2.3 million refunds, approximately the same amount as last year. The average check size is down about 1.0 percent.

Net Individual Income Tax

- Through April, collections of net individual income tax rose 8.8 percent from the same period last year, ahead of the annual estimate of 5.0 percent growth.

Net Corporate Income Tax Collections

- Collections of corporate income tax were \$145.5 million in April, compared with \$146.5 million last April, a 0.7 percent decrease.
- On a year-to-date basis, collections in this source have increased 14.4 percent, ahead of the estimate of 11.0 percent growth.

Recordation Tax Collections

- Collections of wills, suits, deeds, and contracts – mainly recordation tax collections – increased 25.9 percent in April.
 - Collections have increased in seven of the last eight months.
 - On a year-to-date basis, collections are up 8.2 percent, ahead of the forecast of 2.4 percent growth.

Insurance Premiums Tax

- Insurance companies made their first estimated payment for tax year 2015 in April. Collections in this source were \$114.4 million compared with \$113.8 million in April of last year.
 - Estimated payments are also due in June.
- For the fiscal year to-date, net insurance premiums tax collections are \$195.2 million compared with \$207.5 million during the same period last year.

Summary of Fiscal Year 2015 Revenue Collections

July through April
Percent Growth over Prior Year

Major Source	As a % of Total Revenues	YTD Actual	Annual Estimate	Variance	May-Jun Req'd to Meet Est.	Prior Year May-Jun
Withholding	63.4 %	4.7 %	4.0 %	0.7 %	0.2 %	(2.7) %
Nonwithholding	15.9	19.8	7.9	11.9	(23.5)	(34.6)
Refunds	(10.5)	(1.2)	3.2	(4.4)	39.8	(9.3)
Net Individual	68.8	8.8	5.0	3.8	(10.9)	(15.3)
Sales	18.7	4.2	4.9	(0.7)	7.6	(4.6)
Corporate	4.9	14.4	11.0	3.4	0.5	(8.2)
Wills (Recordation)	1.9	8.2	2.4	5.8	(23.7)	(22.7)
Insurance	1.9	(5.9)	0.0	(5.9)	11.0	12.1
All Other Revenue	3.9	(2.2)	(4.4)	2.2	(9.2)	3.7
Total	100.0 %	7.5 %	4.7 %	2.8 %	(6.0) %	(11.4) %

Sales (x HB2313 & AST)	4.2 %	3.9 %	0.3 %	2.9 %	5.5 %
Total (x HB2313 & AST)	7.4 %	4.5 %	2.9 %	(7.4) %	(10.3) %

Summary of Fiscal Year 2015 Revenue Collections

July through April, Fiscal Year-to-Date

General Fund Revenue Collection Trends

(thousands of dollars)

FY	Total Collections	Revenue Collections Through:											
		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
2000	10,788.5	699.1	1,435.8	2,503.0	3,210.6	3,977.8	5,080.0	6,067.5	6,704.5	7,374.1	8,411.9	9,663.1	10,788.5
2001	11,105.3	688.0	1,452.7	2,546.4	3,312.7	4,106.3	5,052.9	6,295.8	6,981.1	7,652.5	8,696.8	9,998.9	11,105.3
2002	10,679.0	705.4	1,483.7	2,485.4	3,315.4	4,136.9	5,071.2	6,184.7	6,794.7	7,459.8	8,388.0	9,414.6	10,679.0
2003	10,867.1	644.3	1,409.6	2,513.3	3,324.3	4,109.7	5,203.2	6,320.5	6,933.6	7,547.7	8,579.5	9,539.0	10,867.1
2004	11,917.9	699.3	1,553.7	2,724.3	3,618.2	4,449.1	5,570.2	6,721.0	7,377.9	8,130.2	9,393.7	10,423.6	11,917.9
2005	13,687.3	772.5	1,698.8	3,009.8	3,998.0	4,964.5	6,295.1	7,684.7	8,415.7	9,300.7	10,745.5	12,012.3	13,687.3
2006	14,834.3	840.5	1,987.8	3,445.8	4,510.5	5,537.3	7,006.6	8,542.7	9,306.7	10,273.3	11,758.2	13,253.6	14,834.3
2007	15,565.8	1,059.7	2,158.2	3,707.7	4,778.6	5,873.0	7,303.6	8,882.9	9,684.8	10,658.1	12,180.5	13,883.2	15,565.8
2008	15,767.0	1,095.6	2,231.1	3,842.1	5,023.2	6,085.2	7,540.8	9,175.5	9,916.1	10,920.8	12,664.1	14,131.9	15,767.0
2009	14,315.1	1,126.9	2,188.0	3,679.9	4,848.9	5,861.6	7,278.9	8,667.9	9,307.9	10,173.1	11,572.9	12,811.3	14,315.1
2010	14,219.5	1,036.2	2,027.7	3,407.0	4,482.0	5,465.7	6,960.9	8,258.9	8,861.4	9,752.5	11,157.9	12,394.4	14,219.5
2011	15,040.2	867.4	1,911.7	3,348.1	4,462.9	5,537.9	7,062.6	8,523.8	9,226.6	10,228.2	11,655.4	13,113.5	15,040.2
2012	15,846.7	955.4	2,080.6	3,573.2	4,722.6	5,903.2	7,356.7	8,868.2	9,692.1	10,770.1	12,347.9	13,927.3	15,846.7
2013	16,684.6	938.0	2,137.6	3,619.5	4,948.9	6,091.0	7,615.0	9,421.8	10,229.6	11,242.1	12,855.0	14,757.7	16,684.6
2014	16,411.4	1,059.9	2,201.4	3,722.3	4,980.1	6,134.4	7,670.6	9,371.5	10,151.7	11,242.9	13,017.7	14,526.7	16,411.4
Average	13,848.6	879.2	1,863.9	3,208.5	4,235.8	5,215.6	6,537.9	7,932.5	8,639.0	9,515.1	10,895.0	12,256.7	13,848.6
% of Total	100.0%	6.3%	13.5%	23.2%	30.6%	37.7%	47.2%	57.3%	62.4%	68.7%	78.7%	88.5%	100.0%
2015													
Chapter 665	17,186.0	1,208.9	2,370.4	3,972.6	5,286.0	6,451.6	8,189.9	9,871.8	10,821.7	12,041.3	13,997.6	-	-
% of Estimate		7.0%	13.8%	23.1%	30.8%	37.5%	47.7%	57.4%	63.0%	70.1%	81.4%		

Next Significant Data Points

- May
 - Payroll withholding will have one less deposit day.
 - Key payments from individual nonwithholding will be received.
- June
 - Individual, corporate and insurance companies have estimated payments due June 15th.
 - Payroll withholding will have an extra deposit day.