



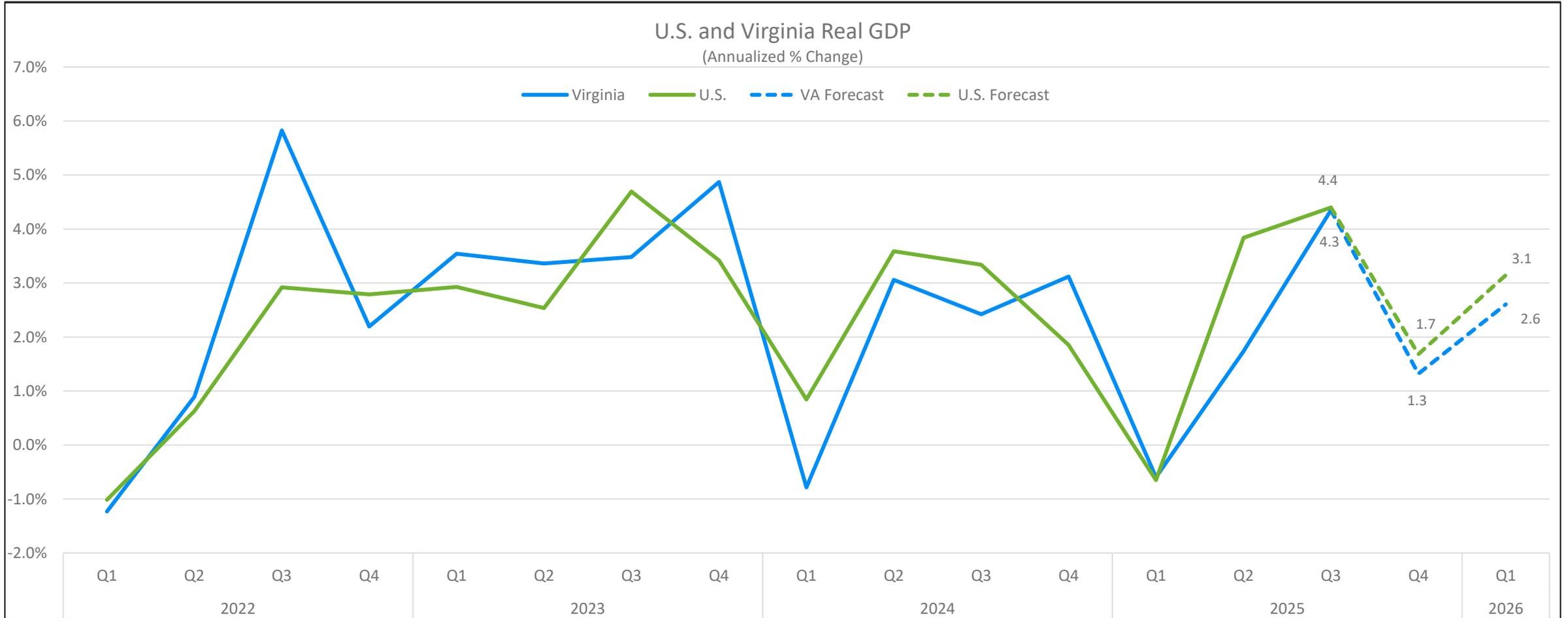
# Economic and Revenue Update

*A Briefing for the Money Committees*

February 2026

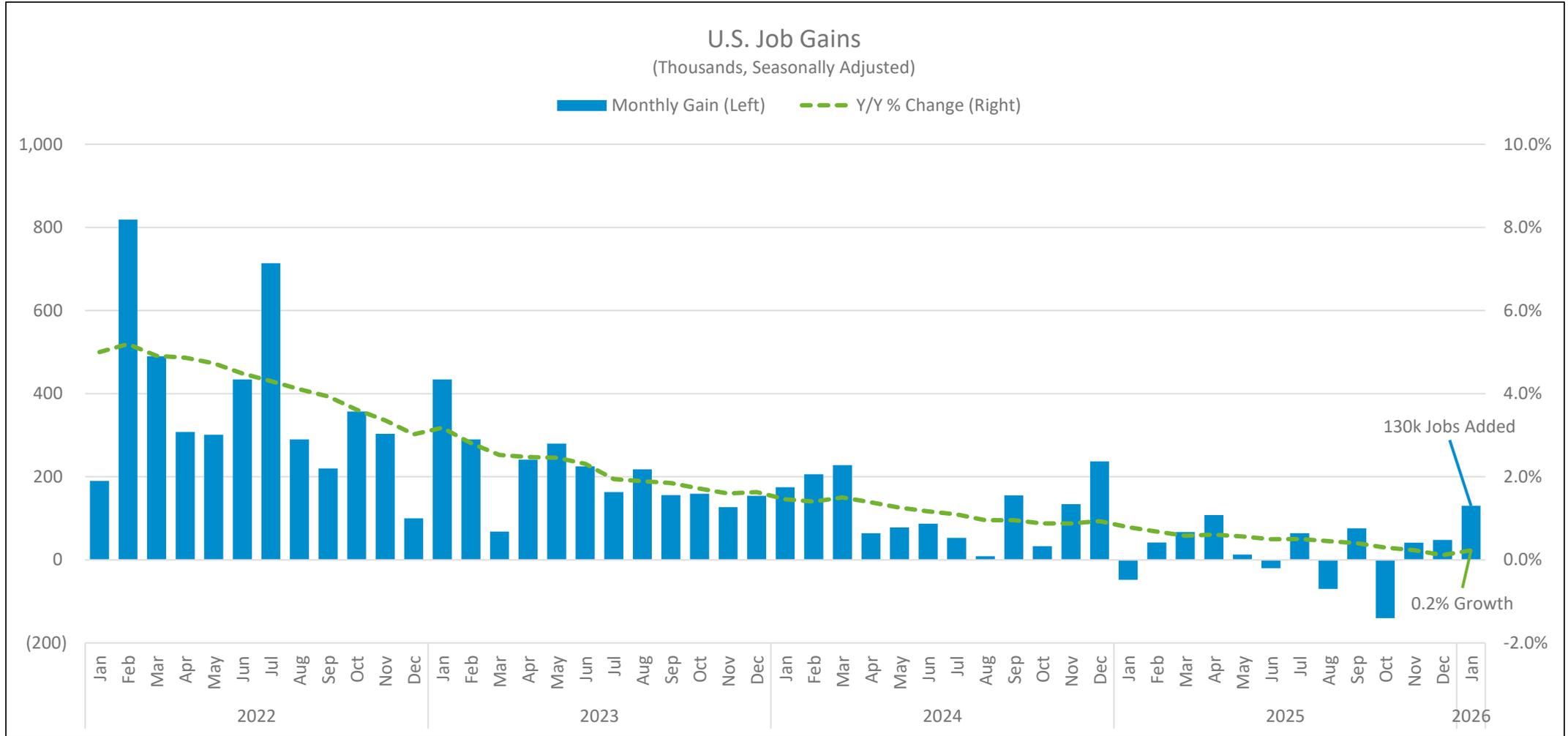
Mark D. Sickles  
Secretary of Finance  
Commonwealth of Virginia  
[www.finance.virginia.gov](http://www.finance.virginia.gov)

# U.S. and Virginia GDP Growth Expected to Moderate



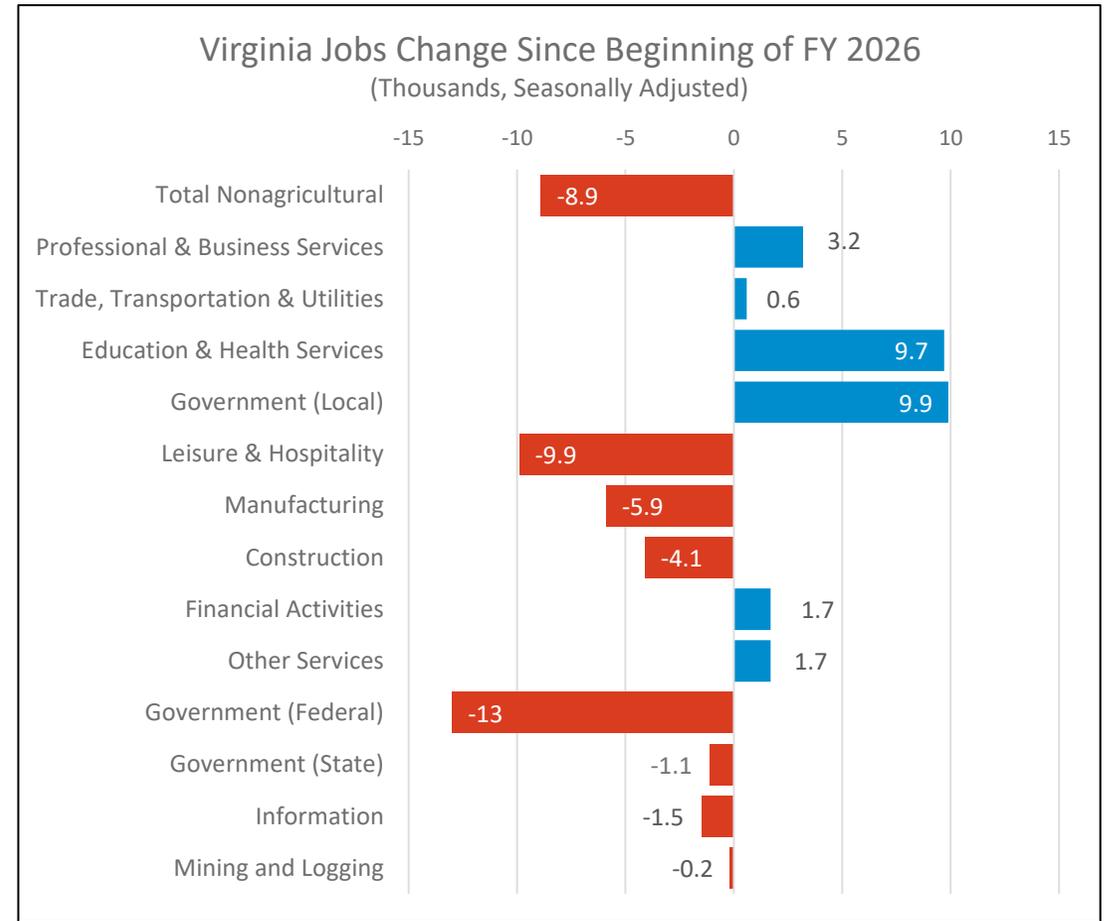
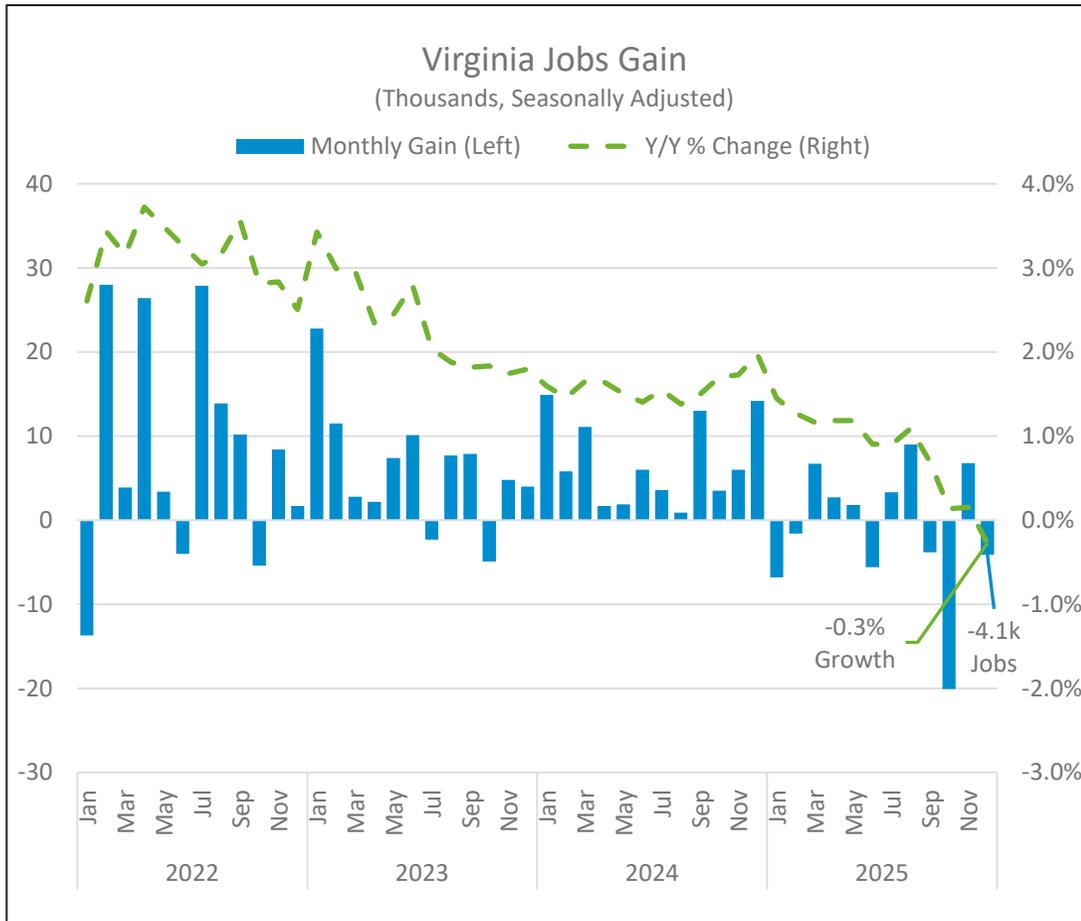
Source: U.S. Bureau of Economic Analysis; Moody's Analytics January Baseline Forecast

# National Job Growth Trend Is Slow



Source: U.S. Bureau of Labor Statistics

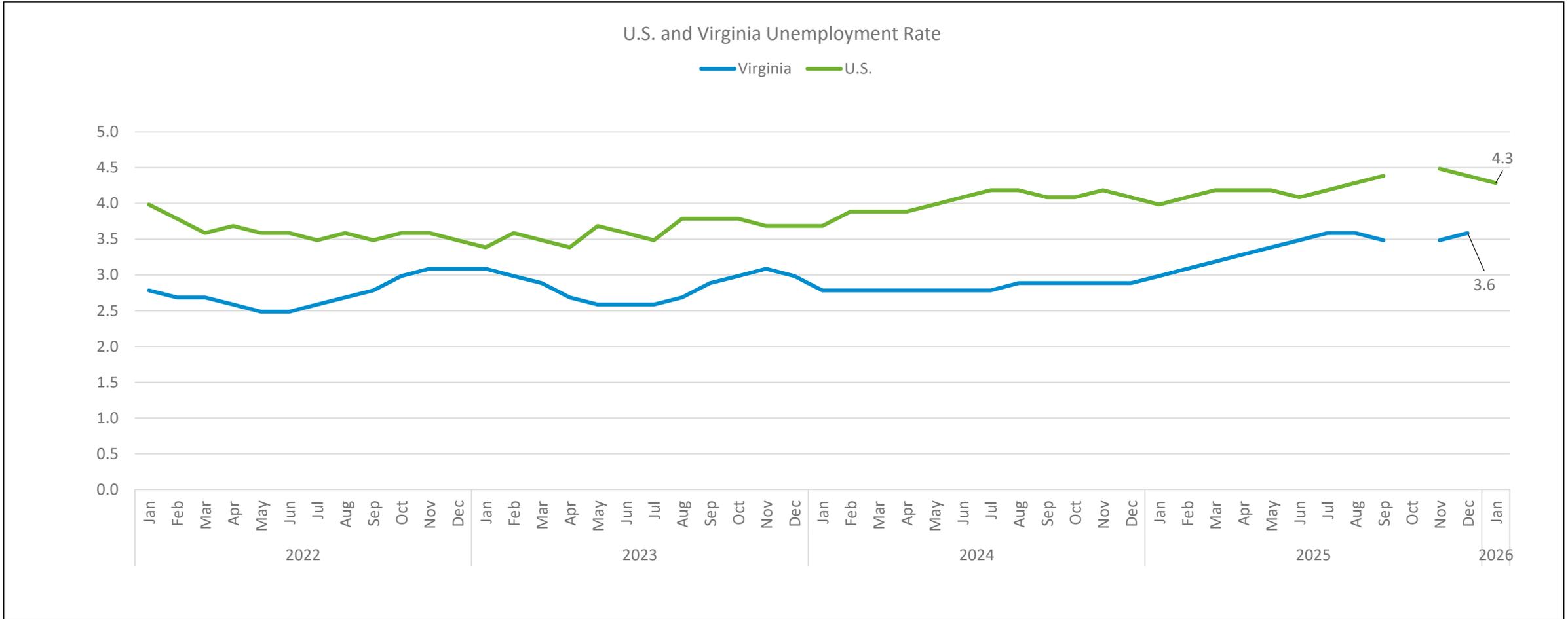
# Virginia Job Growth -0.3% Year-Over-Year; Jobs Down 8,900 FYTD



Source: U.S. Bureau of Labor Statistics

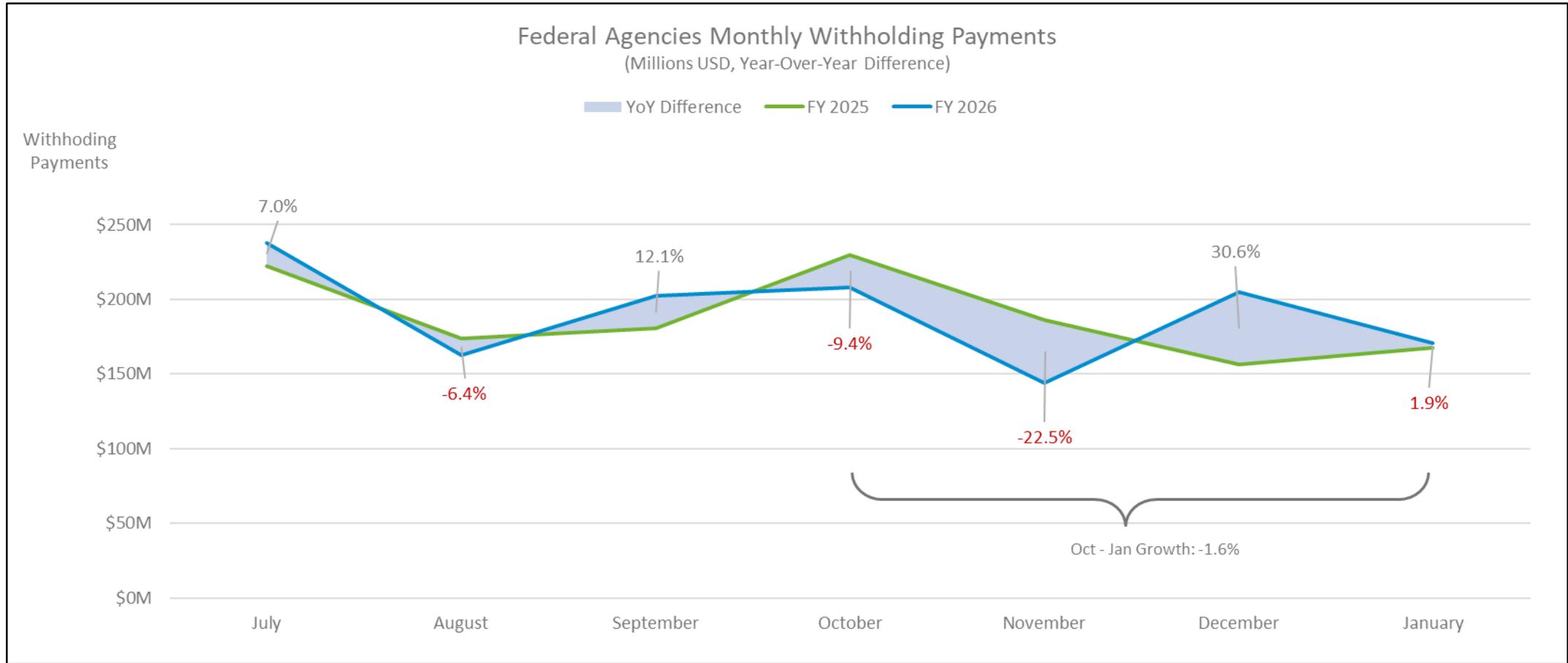
Source: U.S. Bureau of Labor Statistics

# U.S. and Virginia Unemployment Rates Are Stable

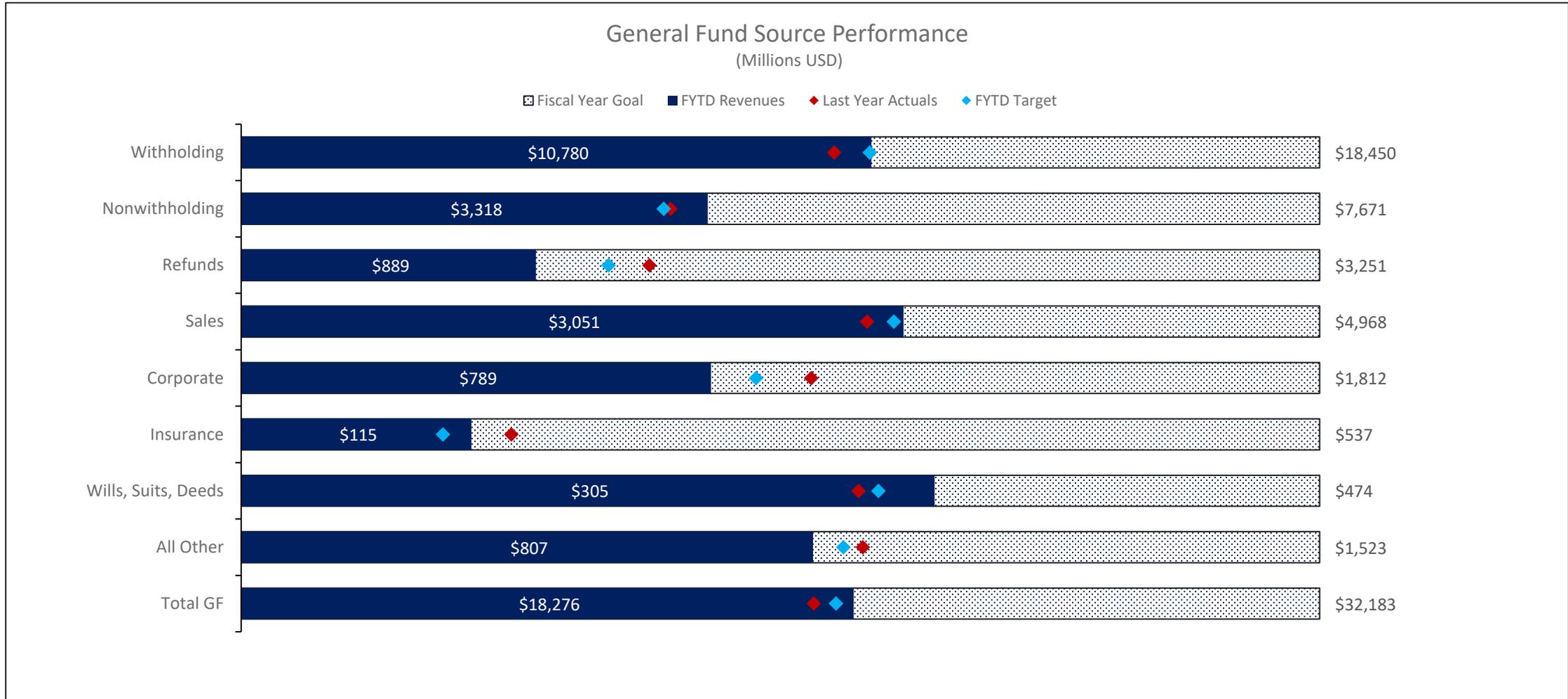


Source: U.S. Bureau of Labor Statistics

# Federal Withholding Recovering Post-Shutdown



# Revenues Ahead of Projections



# January Declined Slightly; FYTD Revenues 2.9% Ahead of Forecast

SOURCE, \$ Mil	January Revenues Year-Over-Year				Forecast Variance FYTD			
	Jan 25	Jan 26	Change \$	Change %	Actuals	Projected	Variance \$	Variance %
Withholding	\$1,625.3	\$1,673.6	\$48.3	3.0%	\$10,780.1	\$10,753.5	26.6	0.2%
Non-withholding	716.2	655.2	(61.0)	-8.5%	3,318.3	3,005.6	312.7	10.4%
IIT Refunds	(129.7)	(110.7)	19.1	-14.7%	(889.0)	(1,107.4)	218.5	-19.7%
Net Individual Income	\$2,211.7	\$2,218.1	\$6.4	0.3%	\$13,209.4	\$12,651.7	\$557.8	4.4%
Sales & Use Tax	471.7	504.2	32.5	6.9%	3,050.7	3,007.0	43.7	1.5%
Corporate Income Tax	136.9	82.8	(54.1)	-39.5%	789.1	865.0	(75.9)	-8.8%
Insurance	10.6	(1.5)	(12.1)	-114.0%	114.6	100.5	14.1	14.1%
Wills, Suits, Deeds	33.8	36.1	2.2	6.6%	304.8	280.2	24.6	8.8%
Interest Income	(88.2)	(105.3)	(17.2)	19.5%	383.4	429.1	(45.7)	-10.6%
All Other	58.0	61.8	3.8	6.5%	424.1	421.2	2.8	0.7%
<b>Total GF Revenues</b>	<b>\$2,834.6</b>	<b>\$2,796.1</b>	<b>(\$38.5)</b>	<b>-1.4%</b>	<b>\$18,276.1</b>	<b>\$17,754.7</b>	<b>\$521.4</b>	<b>2.9%</b>

- ▶ Total General fund revenues declined slightly this January relative to January 2025.
- ▶ January withholding was expected to decline substantially with one fewer major withholding deposit days than last year. Instead withholding collections grew +\$48.3 million (3.0%).
- ▶ Fiscal year-to-date performance in withholding is very close to forecast at just \$26.6 million (0.2%) ahead.
- ▶ Relative to the official revenue forecast, total General Fund collections are \$521.4 million (2.9%) ahead.

# Revenues Can Decline 1.6% and Still Meet Forecast

SOURCE, \$ Mil	<u>Feb-Jul Revenues</u>			YTD Growth	Remaining Growth to Meet Dec Forecast	Forecasted Annual Growth
	FY 25 Actuals	FY 26 Dec Forecast	Revenues Rqd to Meet Budget			
Withholding	\$7,414.2	\$7,696.8	\$7,670.2	6.2%	3.5%	5.1%
Non-withholding	4,465.4	4,665.1	4,352.3	8.7%	-2.5%	2.0%
IIT Refunds	(1,956.8)	(2,143.6)	(2,362.1)	-27.8%	20.7%	2.0%
Net Individual Income	\$9,922.9	\$10,218.2	\$9,660.5	10.4%	-2.6%	4.5%
Sales & Use Tax	1,929.5	1,960.6	1,916.9	5.8%	-0.7%	3.2%
Corporate Income Tax	920.8	946.7	1,022.6	-17.6%	11.1%	-3.6%
Insurance	406.9	436.4	422.3	-14.8%	3.8%	-0.8%
Wills, Suits, Deeds	199.7	193.9	169.3	12.3%	-15.2%	0.6%
Interest Income	168.4	111.6	157.3	-9.9%	-6.6%	-8.9%
All Other	590.5	560.6	557.8	-6.3%	-5.5%	-5.8%
<b>Total GF Revenues</b>	<b>\$14,138.7</b>	<b>\$14,428.1</b>	<b>\$13,906.7</b>	<b>6.9%</b>	<b>-1.6%</b>	<b>3.0%</b>

- ▶ FYTD revenues are up 6.9%.
- ▶ Growth for Fiscal Year 2026 was forecasted at 3.0% coming out of GACRE.
- ▶ Revenues can decline by 1.6% and still meet this forecast.

# Summary

## Economy

- ▶ Q4 2025 GDP growth is expected to come in around 1.7% and 1.3% for the U.S. and Virginia respectively before accelerating in Q1 of 2026.
- ▶ U.S. job growth was strong, adding 130,000 jobs in January.
- ▶ Virginia lost an estimated 4,100 jobs in December bringing total losses this fiscal year to 8,900.
- ▶ Unemployment rates remained near their recent levels at 4.3% for the U.S. in January and 3.6% for Virginia in December.
- ▶ Payroll disruptions stemming from the October federal government shutdown appear to have mostly corrected as federal withholding is flat.

## Revenues

- ▶ Total General Fund revenues stayed flat in January.
- ▶ FYTD collections are up approximately \$1.2 billion (6.9%) relative to last year.
- ▶ Collections are \$521 million (2.9%) ahead of forecast.