

# TRANSPORTATION REVENUE TRACKING REPORT

## DEPARTMENT OF MOTOR VEHICLES

### HIGHWAY MAINTENANCE & OPERATING AND TRANSPORTATION TRUST FUNDS

#### STATE TAXES AND FEES

(\$ Thousands)

Revenue Sources	FY 01 _1/ Forecast	April-01		Fiscal Year-To-Date			% Change	
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	Actual	Forecast
Motor Fuels Taxes _2/	\$768,665	\$58,070	20.7	\$603,882	\$595,239	\$8,643	1.9	0.5
Motor Vehicle Sales & Use Tax _3/	486,146	40,146	(4.0)	408,814	400,929	7,885	0.9	(1.0)
State Retail Sales Tax	390,200	31,713	2.9	323,498	322,011	1,487	4.8	4.3
Motor Vehicle Licenses	141,989	13,127	9.9	118,420	115,589	2,832	2.2	(0.3)
International Registration Plan	57,880	5,153	14.3	40,297	45,481	(5,184)	(2.1)	10.5
Priority Transportation Fund	35,234	1,667	0.0	5,000	5,000	0	0.0	
Interest Earnings	6,843	4,645	66.5	11,357	6,637	4,720	55.3	(9.2)
Miscellaneous _4/	13,317	1,596	(8.8)	16,268	11,110	5,158	13.0	(22.8)
<b>Total State Taxes and Fees</b>	<b>\$1,900,273</b>	<b>\$156,115</b>	<b>10.2</b>	<b>\$1,527,538</b>	<b>\$1,501,997</b>	<b>\$25,541</b>	<b>2.9</b>	<b>1.1</b>

\_1/ November 2000 Forecast.

\_2/ Includes the road tax and applicable aviation taxes.

\_3/ Includes applicable rental tax.

\_4/ Miscellaneous fees in the Highway Maintenance and Operating Fund.

Note: Due to rounding columns may not add up exactly

#### Bottom Line

April 2001 shows considerable strength in the Virginia economy. A recession does not appear on the horizon as of yet. Overall, total revenues increased 10.2 percent for the month and are growing at a respectable pace of 2.9 percent on a year to date basis. This rate of growth is 1.8 percent ahead of the forecast. The largest contributors to the monthly gain is Motor Fuels Tax revenues, State Retail Sales Tax revenues and Motor Vehicle License revenues.

#### Motor Fuels Tax

Motor Fuel Tax revenues increased 20.7 percent for the month but are still running 1.9 percent ahead on a YTD basis. Net taxable gallons were down 5.0 percent for the month of February when compared to February of 2000. On a YTD basis, net taxable gallons are running 5.0 percent ahead of last year. The reasons for this have a lot to do with the strength of personal income growth which lowers the economic importance of gasoline in most peoples budget; although the retail price may be relatively high. The second reason has more to do with the lack of coordination between taxable gallons and revenues on a monthly basis because of the time lag in reporting gallons. By year's end, there should be a much closer correlation between gallons and revenues.

#### Motor Vehicle Sales and Use Tax

Motor Vehicle Sales and Use Tax revenues are down 4.0 percent for the month which is reflected with a weakening in the sales of new vehicles. Nationally, April 2001 sales of new vehicles are off 7.0% from the same month last year. Eroding consumer confidence and weakening labor markets nationally are beginning to wear on consumers. Virginia reflects the national economic picture to a large degree so continued

slowdown in vehicle sales appears to be the situation over the remaining two months of this fiscal year. On a year to date basis, Motor Vehicle Sales and Use Tax revenues are growing only 0.9% more than last year. New Taxable titles are down 9.8 percent for the month and down 2.4 percent for the year. Used taxable titles, reflecting used vehicles sales, are now down 1.4 percent for the year.

#### State Retail Sales Tax

State Retail Sales Tax revenue is ahead 2.9 percent for the month reflecting continued strong home sales. On a year to date basis, this revenue source is ahead by 4.8 percent which has been helped by the five interest rate reductions of the Federal Reserve Board this year. Lower interest rates allows consumers to purchase more durable consumer items and thus, results in Virginia collecting more sales and use tax.

#### Motor Vehicle Licenses

Motor Vehicle License revenues increased 9.9 percent for the month and are still running ahead on a year to date basis by 2.2 percent. This rather surprising strong monthly growth results from a 7.4 percent increase in one-year registrations and a 26.9 percent increase in two-year vehicle registrations. Total vehicle registrations grew exactly the same amount as revenues for the month, although year to date growth in total registrations is only 0.8 percent ahead of last year.

#### Other Revenues

International Registration Plan (IRP) revenues are up for the month by 14.3 percent but are down 2.1 percent on a YTD basis. Interest earning are higher than expected due to quarterly payments received from Priority Transportation Fund deposits.

## HIGHWAY MAINTENANCE AND OPERATING FUND (HMOF)

(\$ in Thousands)

Revenue Sources	FY 01 _1/ Forecast	April-01		Fiscal Year-To-Date			% Change	
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	Actual	Forecast
Motor Fuels Taxes _2/	\$664,096	\$48,820	20.9	\$516,562	514,474	\$2,088	1.3	0.8
Motor Vehicle Sales and Use Tax	312,900	25,424	(4.2)	261,213	258,054	3,159	0.8	(0.4)
Motor Vehicle Licenses	123,564	11,401	9.6	102,880	100,652	2,228	1.9	(0.3)
International Registration Plan	57,880	5,153	14.3	40,297	45,481	(5,184)	(2.1)	10.5
Miscellaneous	13,317	1,596	(8.8)	16,268	11,110	5,158	13.0	(22.8)
<b>Total State Taxes and Fees</b>	<b>\$1,171,757</b>	<b>\$92,394</b>	<b>10.5</b>	<b>\$937,220</b>	<b>\$929,772</b>	<b>\$7,449</b>	<b>1.2</b>	<b>0.4</b>
Federal Grants and Contracts _3/	5,697	540	47.9	7,913	n/a	n/a	15.9	n/a
Transfer to TTF _4/	(4,008)	(1,336)	#N/A	(638)	n/a	n/a	-5.667	n/a
<b>Total HMOF</b>	<b>\$1,173,446</b>	<b>\$91,598</b>	<b>9.1</b>	<b>\$944,495</b>	<b>n/a</b>	<b>n/a</b>	<b>(2.5)</b>	<b>n/a</b>

\_1/ November 2000 Forecast.

\_2/ Includes the road tax.

\_3/ Revenues reflect prior period activity and are not a reliable measure of revenue or fiscal capacity of the State's program.

\_4/ Current law provides for balances to be transferred to the Transportation Trust Fund (TTF).

Note: Due to rounding columns may not add up exactly.

## TRANSPORTATION TRUST FUND

(\$ in Thousands)

Revenue Sources	FY 01 _1/ Forecast	April-01		Fiscal Year-To-Date			% Change	
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	Actual	Forecast
Motor Fuels Taxes _2/	\$104,569	\$9,249	20.0	\$87,320	\$80,765	\$6,555	6.0	(2.0)
Motor Vehicle Sales and Use Tax _3/	173,246	14,721	(3.5)	\$147,602	142,875	4,726	1.2	(2.1)
Priority Transportation Fund	35,234	1,667	0	\$5,000	5,000	0	0.0	
State Retail Sales Tax	390,200	31,713	2.9	\$323,498	322,011	1,487	4.8	4.3
Motor Vehicle Licenses	18,425	1,726	12.2	\$15,540	14,936	604	3.9	(0.2)
Interest Earnings	6,843	4,645	66.5	\$11,357	6,637	4,720	55.3	(9.2)
<b>Total State Taxes and Fees</b>	<b>\$728,517</b>	<b>\$63,721</b>	<b>9.7</b>	<b>\$590,318</b>	<b>\$572,225</b>	<b>\$18,093</b>	<b>5.6</b>	<b>2.3</b>
Federal Grants and Contracts _4/	765,713	41,729	67.5	445,828	n/a	n/a	10.0	n/a
Local Contributions _5/	39,022	1,719	(1.8)	17,912	n/a	n/a	(68.2)	n/a
Toll and Other Revenues _6/	57,389	4,181	-15.9	66,900	n/a	n/a	22.9	n/a
Transfers from HMOF	4,008	0	#N/A	0	n/a	n/a	140.7	n/a
<b>Total TTF</b>	<b>\$1,594,649</b>	<b>\$111,350</b>	<b>24.1</b>	<b>\$1,120,958</b>	<b>n/a</b>	<b>n/a</b>	<b>2.8</b>	<b>n/a</b>

## TOTAL TRANSPORTATION FUNDS

<b>Total HMOF &amp; TTF Revenues</b>	<b>\$2,768,094</b>	<b>\$202,948</b>	<b>16.8</b>	<b>\$2,065,453</b>	<b>n/a</b>	<b>n/a</b>	<b>1.1</b>	<b>n/a</b>
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\_1/ November 2000 Forecast.

\_2/ Includes road and aviation fuel taxes.

\_3/ Includes applicable rental tax.

\_4/ Revenues reflect prior period activity and are not a reliable measure of revenue or the fiscal capacity of the State's program.

\_5/ Local government contributions are received on a cost-share basis as provided by law.

## Fuel Economy and Mileage Estimates

The U.S. Environmental Protection Agency's report, "Light-Duty Automotive Technology and Fuel Economy Trends 1975 Through 2000", summarizes key fuel economy and technology usage trends related to model year 1975 through 2000 light vehicles sold in the United States. The report finds that since 1988, average new light vehicle fuel economy has declined 1.9 miles per gallon (mpg); more than 7.0 percent. The average fuel economy for model year 2000 vehicles is 24.0 mpg, as low as it has been any year since 1980. This is primarily due to the increase in light truck market share and to the tradeoff of fuel economy for increased vehicle weight and performance. Light vehicles include those vehicles that U.S. Environmental Protection Agency (EPA) and the U.S. Department of Transportation (DOT) classify as cars or light-duty trucks (sport utility vehicles, vans, and pickup trucks) with less than 8,500 pounds gross vehicle weight ratings.

There are five key findings in the report.

- 1. Fuel economy remains at a 20 year low.**  
There has been an overall declining trend in light vehicle fuel economy since 1988. The average fuel economy for all model year 2000 light vehicles is now 24.0 mpg, the same as in 1999, and is as low as it has been at any time since 1980. This value is more than 1.9 mpg lower than the peak value of 25.9 mpg achieved in 1987 and 1988. Within the light vehicle category for model year 2000, average fuel economy is 28.1 mpg for passenger cars and 20.5 mpg for light trucks.
- 2. Trucks represent nearly half of new light vehicle sales.** Sales of light trucks (SUV's, vans and minivans, and pickup trucks) have risen steadily for over 20 years and now make up 46 percent of the U.S. light vehicle market; more than twice their market share as recently as 1983.
- 3. Fuel economy is being traded for vehicle weight and power.** More efficient technologies continue to enter the new light vehicle fleet and

are being used to increase vehicle weight and acceleration rather than fuel economy. This year's light vehicles will have about the same average fuel economy as those built in model year 1981.

- 4. Ford and General Motors are pledging to increase fuel economy.** Ford Motor Company recently pledged to increase the fuel economy of its entire line of SUV sales by 25 percent by the 2005 model year. General Motors pledged to remain the truck fuel economy leader. If all manufacturers increased their fuel economy by 25 percent by 2005, typical mpg would go from 24 to 30.
- 5. The Honda Hybrid is the most fuel efficient U.S. vehicle since 1975.** The model year 2000 Honda Insight, the first gasoline/battery hybrid vehicle ever sold in the U.S. market, is the most fuel efficient vehicle sold in the United States since 1975. This vehicle has a rating of 61 mpg city and 70 mpg highway.

The highest and lowest 2001 vehicle fuel economy and mileage (City/Highway) ratings offered by the EPA are as follows:

### ***A. Highest Fuel Economy by Vehicle Class***

Minicompact - Audi TT Coupe 22/31  
Subcompact – Volkswagen Beetle 42/49  
(Diesel)  
Midsize – Honda Accord 26/32  
Large – Chevrolet Impala 21/32  
Small Station Wagon – Saturn SW 27/38  
Midsize Station Wagon – Ford Focus 28/36  
SUV (2 WD) - Toyota RAV4 25/31  
SUV (4WD) - Suzuki Vitara 25/27  
Minivan - Oldsmobile Silhouette 19/26  
Pickup Truck – Isuzu Hombre 2WD 22/28  
Cargo Van – Chevrolet Astro 17/22  
Passenger Van – Chevrolet Astro 16/21

### ***B. Lowest Fuel Economy***

Minicompact – Porsche 911 Turbo 15/22

Key Revenue Indicator Tracking Report										
April-01										
Key Indicator	FY 2000 Total	FY 2001 Forecast*	Month			% Change	Year-to-Date		% Annual Growth	
			FY 2001	FY 2000			FY 2001	FY 2000	Change	Required By Forecast
Net Taxable Gallons (000's)	4,522,879	4,459,240								
Feb-01			349,106	375,322	(7.0)	3,150,300	3,000,922	5.0	(1.4)	
Total Taxable Vehicle Sales (000's)	16,039,842	15,868,665	1,298,851	1,339,071	(3.0)	13,091,725	13,112,065	(0.2)	(1.1)	
New Taxable Vehicle Sales (000's)	9,025,279	8,823,036	705,432	754,959	(6.6)	7,367,681	7,374,633	(0.1)	(2.2)	
Used Taxable Vehicle Sales (000's)	7,014,563	7,045,629	593,419	584,112	1.6	5,724,044	5,737,432	(0.2)	0.4	
Total Taxable Titles	1,590,691	1,544,560	132,369	136,547	(3.1)	1,279,224	1,300,357	(1.6)	(2.9)	
New Taxable Titles	409,400	389,160	32,131	35,618	(9.8)	324,392	332,302	(2.4)	(4.9)	
Used Taxable Titles	1,181,291	1,155,400	100,238	100,929	(0.7)	954,832	968,055	(1.4)	(2.2)	
Average Price All Motor Vehicles	\$10,078	\$10,256	\$9,812	\$9,807	0.1	\$10,169	\$10,081	0.9	1.8	
Average Price New Vehicles	22,045	22,672	21,955	21,196	3.6	22,712	22,193	2.3	2.8	
Average Price Used Vehicles	5,938	6,098	5,920	5,787	2.3	5,995	5,927	1.1	2.7	
Total Vehicle Registrations	5,866,003	5,906,810	523,164	475,821	9.9	4,742,448	4,703,600	0.8	0.7	
One-Year Registrations	5,082,364	5,138,480	445,004	414,218	7.4	4,052,737	4,082,834	(0.7)	1.1	
Two-Year Registrations	783,639	768,330	78,160	61,603	26.9	689,711	620,766	11.1	(2.0)	
Twelve Month Rolling Average <sup>1</sup>										
April-01										
Revenue Source <sup>2</sup>			From 5-00 to 4-01			From 5-99 to 4-00			Percent Difference	
			(\$Thousands)							
Motor Fuels Tax			\$66,315			\$64,489			2.83%	
Motor Fuels Tax <sup>3</sup>			\$65,238			\$63,364			2.96%	
Aviation			\$133			\$117			13.25%	
Road Tax			\$944			\$1,008			-6.38%	
Vehicle Sales Tax			\$41,821			\$40,777			2.56%	
Vehicle Sales Tax			\$41,254			\$40,242			2.51%	
Rental Tax			\$567			\$535			5.99%	
Retail Sales Tax			\$32,401			\$30,677			5.62%	
Motor Vehicle License			\$12,278			\$11,822			3.86%	
IRP			\$4,496			\$4,377			2.71%	
*October 2000 Forecast										
1 Of Selected Revenue Sources										
2 Includes HMOF and TTF										
3 Includes Clean Special Fuels Tax Revenues										

