

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT December 2010

Summary

Commonwealth Transportation Fund (CTF) revenues declined by 5.1 percent in December, due to a drop in motor fuels tax collections. Year-to-date, collections are up 1.7 percent. Adjusted for the accelerated sales tax program (AST), year-to-date CTF revenues are up 4.1 percent.

Motor Fuels Tax

December collections fell by 7.8 percent. On a year-to-date basis, collections are up 2.5 percent.

Regular-grade motor gasoline retail prices are expected to average \$3.17 per gallon this year, 39 cents per gallon higher than last year and \$3.29 per gallon in 2012, with prices forecast to average about 5 cents per gallon higher in each year during the April through September peak driving season. There is also significant uncertainty surrounding the forecast, with the current market prices of futures and options contracts for gasoline suggesting more than a 25 percent probability that the national average retail price for regular gasoline could exceed \$3.50 per gallon in the June through September period in 2011 and an 8 to 10 percent probability that it could exceed \$4.00 per gallon in August and September 2011.

Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 14.5 percent in December, the fourteenth consecutive month of growth in this source. Annual collections in this source are up 12.3 percent. Notwithstanding the double-digit annual growth, fiscal year 2011 collections through December are 13.3 percent lower than the level through the first six months of fiscal year 2008.

Vehicle sales are improving very slowly; consumers are beginning to release their pent-up demand as the need to replace their aging units increases. The pace of vehicle sales remains far below what would be consistent with underlying population and income trends, about 15.5 million units. Sales are not expected to reach such a healthy pace until early 2013. A stronger labor market and easier access to credit will be needed before sales gain some momentum. The labor market, however, is not expected to create enough jobs to begin pulling the unemployment rate down until the end of next year.

State Retail Sales Tax

The transportation portion of the state retail sales tax fell by 4.5 percent in December, mainly due to additional collections last December from the tax amnesty program. Adjusted for the AST program, year-to-date sales tax collections have increased by 1.7 percent.

Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 2.9 percent in December.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Summary Statement of Selected Revenue Estimates & Collections
For the Fiscal Years 2010 and 2011
(Dollars in Thousands)

Revenue	FY 2011 Estimate	As a % of Total Fund	December			Year-To-Date			% Annual Growth Required By Estimate
			FY 2011	FY 2010	% Change	FY 2011	FY 2010	% Change	
Motor Fuel Taxes	\$855,500	25.33	\$69,125	\$75,001	(7.8)	\$368,617	\$359,486	2.5	3.1
Priority Transportation Fund (PTF)	150,300	4.45	17,037	20,671	(17.6)	138,327	137,102	0.9	0.8
Motor Vehicle Sales and Use Tax	506,500	15.00	37,536	32,792	14.5	257,789	229,531	12.3	6.9
State Sales and Use Tax	480,800	14.24	41,538	43,494	(4.5)	224,353	247,799	(9.5)	(2.0)
Motor Vehicle License Fees	234,800	6.95	15,747	15,296	2.9	115,567	109,159	5.9	2.0
International Registration Plan	61,300	1.82	3,603	7,540	(52.2)	22,137	22,704	(2.5)	2.6
Recordation Tax	32,200	0.95	3,229	3,118	3.6	18,262	19,017	(4.0)	(8.5)
Interest Earnings	38,600	1.14	25	66	(62.1)	4,871	6,195	(21.4)	68.1
Misc. Taxes, Fees, and Revenues	12,700	0.38	998	1,001	(0.3)	6,428	6,088	5.6	(0.4)
Total State Taxes and Fees	\$2,372,700	70.26	\$188,838	\$198,979	(5.1)	\$1,156,351	\$1,137,081	1.7	3.0

Percentage is greater than or equal to 1,000%.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2010 and 2011
(Dollars in Thousands)

Revenue	FY 2011 Estimate	As a % of Total Fund	December			Year-To-Date			% Annual Growth Required By Est
			FY 2011	FY 2010	% Change	FY 2011	FY 2010	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$739,800	21.90	\$58,032	\$64,593	(10.2)	\$316,201	\$310,100	2.0	3.5
Motor Vehicle Sales and Use Tax	309,800	9.17	22,885	19,960	14.7	155,075	138,362	12.1	7.0
Motor Vehicle License Fees	213,700	6.33	14,327	13,905	3.0	105,309	99,259	6.1	2.0
International Registration Plan	61,300	1.82	3,603	7,540	(52.2)	22,137	22,704	(2.5)	2.6
Recordation Tax (1 cent)	10,700	0.32	1,076	1,039	3.6	6,087	6,339	(4.0)	(8.8)
Misc. Taxes, Fees, and Revenues	12,700	0.38	998	1,001	(0.3)	6,428	6,088	5.6	(0.4)
Total State Taxes and Fees	\$1,348,000	39.92	\$100,921	\$108,038	(6.6)	\$611,237	\$582,852	4.9	3.8
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$1,122	\$2,026	(44.6)	\$9,651	\$9,858	(2.1)	(100.0)
Miscellaneous Revenues	16,191	0.48	470	2,735	(82.8)	4,406	8,209	(46.3)	12.3
Transfer (to) / from Transportation Trust Fund	510,998	15.13	100,000	50,000	100.0	166,940	200,000	(16.5)	0.7
Total Highway Maintenance and Operating Fund	\$1,875,189	55.53	\$202,513	\$162,799	24.4	\$792,234	\$800,919	(1.1)	1.9
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$115,700	3.43	\$11,093	\$10,408	6.6	\$52,416	\$49,386	6.1	0.6
PTF Motor Fuels	20,000	0.59	2,000	2,000	0.0	8,000	8,000	0.0	0.0
PTF Insurance Premiums Tax	130,300	3.86	15,037	18,671	(19.5)	130,327	129,102	0.9	0.9
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	196,700	5.83	14,651	12,832	14.2	102,714	91,169	12.7	6.8
State Sales and Use Tax	480,800	14.24	41,538	43,494	(4.5)	224,353	247,799	(9.5)	(2.0)
Motor Vehicle License Fees	21,100	0.62	1,420	1,391	2.1	10,258	9,900	3.6	1.8
Recordation Tax (2 cents)	21,500	0.63	2,153	2,079	3.6	12,175	12,678	(4.0)	(8.3)
Interest Earnings	38,600	1.14	25	66	(62.1)	4,871	6,195	(21.4)	68.1
Total State Taxes and Fees	\$1,024,700	30.34	\$87,917	\$90,941	(3.3)	\$545,114	\$554,229	(1.6)	1.8
Other Revenues:									
Federal Grants and Contracts	\$881,334	26.09	\$49,116	\$52,096	(5.7)	\$483,356	\$440,203	9.8	6.9
Receipts from Cities/Counties	59,007	1.75	2,765	9,910	(72.1)	27,710	18,677	48.4	28.0
Toll Revenues (Includes Route 28)	30,035	0.89	806	847	(4.8)	7,621	21,253	(64.1)	(32.4)
Miscellaneous Revenues	17,862	0.53	(60)	2,580	(102.3)	28,997	15,205	90.7	(39.7)
Total Other Revenues	\$988,238	29.26	\$52,627	\$65,433	(19.6)	\$547,684	\$495,338	10.6	4.7
Transfer (to) / from Highway Maintenance and Operating Fund									
Maintenance and Operating Fund	(\$510,998)	(15.13)	(\$100,000)	(\$50,000)	(100.0)	(\$166,940)	(\$200,000)	16.5	(0.7)
Total Transportation Trust Fund	\$1,501,940	44.47	\$40,544	\$106,374	(61.9)	\$925,858	\$849,567	9.0	4.1
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	\$3,377,129	100.00	\$243,057	\$269,173	(9.7)	\$1,718,092	\$1,650,486	4.1	2.9

Percentage is greater than or equal to 1,000%.