

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT February 2009

Summary

Commonwealth Transportation Fund (CTF) revenues dropped by 7.7 percent in February and are down 0.8 percent year-to-date. However, adjusting for the new revenue streams resulting from House Bill 3202 (2007), base CTF collections are down 10.9 percent through February.

Motor Fuels Tax

Motor fuels tax collections increased by 2.0 percent in February and are down 4.4 percent on an annual basis.

Under current economic and world crude oil supply assumptions, WTI prices are expected to average \$42 per barrel in 2009 and \$53 per barrel in 2010. A stronger economic recovery, lower non-OPEC production because of the current low oil prices and financial market constraints, or more aggressive action to cut production by OPEC countries could lead to a faster and stronger rise in oil prices.

Regular-grade gasoline prices, which averaged \$3.26 per gallon in 2008, are projected to average \$1.96 per gallon in 2009 and \$2.18 per gallon in 2010. The monthly average price is expected to peak slightly over \$2 per gallon this year, although it remains possible that weekly prices could rise significantly higher at some point this spring or summer. On-highway diesel fuel retail prices are projected to average \$2.19 per gallon in 2009 and \$2.51 in 2010. Because of the global weakness in industrial output, it is possible that we will see diesel prices fall below gasoline prices this summer.

Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections fell by 34.9 percent in February, the tenth consecutive double-digit monthly decline. Year-to-date, collections are down 24.1 percent. The year-to-date decline in motor vehicle sales tax is significantly worse than that seen during the fiscal year 1991 recession.

February was another disastrous month for the motor vehicle industry. Nationally, sales fell to 9.1 million units (SAAR), a rate last seen in 1981 when the economy was in the midst of a serious downturn. While prohibitively high interest rates kept consumers from buying vehicles in the 1980s, low interest rates but restricted access to credit are partially responsible for the low sales now.

While a comparison with 1981 is valid because it was the last time that the nation was in a severe downturn, the falloff seen now is actually much more severe since the number of households has increased by 38% since then and, moreover, the share of two-earner households has increased significantly, suggesting that there is a much larger need for two-vehicle households than there was then.

State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 0.9 percent in February. Year-to-date sales tax collections are down 3.4 percent.

Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 10.3 percent in February.

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 2008 and 2009
(Dollars in Thousands)

Revenue	FY 2009 Estimate	As a % of Total Fund	February			Year-To-Date			% Annual Growth Required By Estimate
			FY 2009	FY 2008	% Change	FY 2009	FY 2008	% Change	
Motor Fuel Taxes	\$842,300	23.84	\$67,709	\$66,379	2.0	\$501,326	\$524,132	(4.4)	(2.4)
Priority Transportation Fund (PTF) (a)	152,300	4.31	2,000	2,000	0.0	144,286	12,000	#	-
Motor Vehicle Sales and Use Tax	460,300	13.03	27,242	41,859	(34.9)	292,772	385,528	(24.1)	(19.7)
State Sales and Use Tax	514,500	14.56	35,903	35,600	0.9	344,435	356,685	(3.4)	(2.0)
Motor Vehicle License Fees	239,200	6.78	20,455	18,546	10.3	151,616	156,359	(3.0)	(1.2)
International Registration Plan	51,400	1.46	1,781	6,510	(72.6)	27,117	44,649	(39.3)	(30.7)
Recordation Tax (b)	35,400	1.00	2,853	0	-	22,599	0	-	-
Interest Earnings	30,700	0.87	203	79	157.0	19,112	33,891	(43.6)	(50.6)
Misc. Taxes, Fees, and Revenues	13,200	0.37	1,001	1,359	(26.3)	8,482	10,102	(16.0)	(11.4)
Total State Taxes and Fees	\$2,339,300	66.22	\$159,147	\$172,332	(7.7)	\$1,511,745	\$1,523,346	(0.8)	(1.5)

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

(a) A new revenue stream, Insurance Premiums Tax, is included in the Fiscal Year 2009 Transportation Trust Fund Revenue Forecast. As there were no collections for insurance premiums tax recorded in the Transportation Trust Fund during Fiscal Year 2008, a comparison of the total "Priority Transportation Fund (PTF)" between Fiscal Years 2008 and 2009 may not be appropriate. Refer to the "PTF Motor Fuels" and "PTF Insurance Premiums Tax" line items on page 5 for the detailed information pertaining to the "Priority Transportation Trust Fund (PTF)" line item.

(b) New revenue streams for Recordation Tax are included in the Fiscal Year 2009 Highway Maintenance and Operating Fund and the Transportation Trust Fund Revenue Estimates, respectively. As there were no collections for recordation taxes recorded in these funds during Fiscal Year 2008, a comparison between Fiscal Years 2008 and 2009 may not be appropriate. Refer to the "Recordation Tax (1 cent)" and "Recordation Tax (2 cents)" line items on page 5 for the detailed information pertaining to the "Recordation Tax" line item.

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 2008 and 2009
(Dollars in Thousands)

Revenue	FY 2009 Estimate	As a % of Total Fund	February			Year-To-Date			% Annual Growth Required By Est
			FY 2009	FY 2008	% Change	FY 2009	FY 2008	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND									
Motor Fuel Taxes (Includes Road Tax)	\$725,300	20.53	\$58,588	\$57,394	2.1	\$430,504	\$449,726	(4.3)	(2.1)
Motor Vehicle Sales and Use Tax	277,900	7.87	16,993	25,933	(34.5)	178,248	238,919	(25.4)	(21.7)
Motor Vehicle License Fees	218,500	6.19	18,639	16,864	10.5	137,992	142,716	(3.3)	(1.0)
International Registration Plan	51,400	1.46	1,781	6,510	(72.6)	27,117	44,649	(39.3)	(30.7)
Recordation Tax (1 cent) (a)	11,800	0.33	951	0	-	7,533	0	-	-
Misc. Taxes, Fees, and Revenues	13,200	0.37	1,001	1,359	(26.3)	8,482	10,102	(16.0)	(11.4)
Total State Taxes and Fees	\$1,298,100	36.75	\$97,953	\$108,060	(9.4)	\$789,876	\$886,112	(10.9)	(7.6)
Other Revenues									
Federal Grants and Contracts	\$0	0.00	\$905	\$1,750	(48.3)	\$13,771	\$21,598	(36.2)	(100.0)
Miscellaneous Revenues	19,605	0.55	2,038	1,113	83.1	11,170	11,089	0.7	16.3
Transfer (to) / from Transportation Trust Fund	384,970	10.90	0	2,400	(100.0)	345,000	265,543	29.9	45.0
Total Highway Maintenance and Operating Fund	\$1,702,675	48.20	\$100,896	\$113,323	(11.0)	\$1,159,817	\$1,184,342	(2.1)	(0.8)
TRANSPORTATION TRUST FUND									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$117,000	3.31	\$9,121	\$8,985	1.5	\$70,822	\$74,406	(4.8)	(4.4)
PTF Motor Fuels	20,000	0.57	2,000	2,000	0.0	12,000	12,000	0.0	0.0
PTF Insurance Premiums Tax (a)	132,300	3.74	0	0	-	132,286	0	-	-
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	182,400	5.16	10,249	15,926	(35.6)	114,524	146,609	(21.9)	(16.3)
State Sales and Use Tax	514,500	14.56	35,903	35,600	0.9	344,435	356,685	(3.4)	(2.0)
Motor Vehicle License Fees	20,700	0.59	1,816	1,682	8.0	13,624	13,643	(0.1)	(3.0)
Recordation Tax (2 cents) (a)	23,600	0.67	1,902	0	-	15,066	0	-	-
Interest Earnings	30,700	0.87	203	79	157.0	19,112	33,891	(43.6)	(50.6)
Total State Taxes and Fees	\$1,041,200	29.47	\$61,194	\$64,272	(4.8)	\$721,869	\$637,234	13.3	7.5
Other Revenues									
Federal Grants and Contracts	\$938,474	26.57	\$149,557	\$54,308	175.4	\$579,843	\$537,953	7.8	9.7
Receipts from Cities/Counties	97,299	2.76	1,409	1,091	29.1	30,704	32,326	(5.0)	114.4
Toll Revenues (Includes Route 28) (b)	106,041	3.00	6,156	11,632	(47.1)	54,287	77,630	(30.1)	(18.3)
Miscellaneous Revenues	31,806	0.90	578	2,260	(74.4)	9,572	10,504	(8.9)	115.1
Total Other Revenues	\$1,173,620	33.23	\$157,700	\$69,291	127.6	\$674,406	\$658,413	2.4	12.2
Transfer (to) / from Highway Maintenance and Operating Fund	(\$384,970)	(10.90)	\$0	(\$2,400)	100.0	(\$345,000)	(\$265,543)	(29.9)	(45.0)
Total Transportation Trust Fund	\$1,829,850	51.80	\$218,894	\$131,163	66.9	\$1,051,275	\$1,030,104	2.1	4.6
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	\$3,532,525	100.00	\$319,790	\$244,486	30.8	\$2,211,092	\$2,214,446	(0.2)	2.0

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

(a) These line items were added to the Fiscal Year 2009 Revenue Forecast. Since there were no collections for these line items during Fiscal Year 2008, the Monthly and Year-To-Date % Change columns do not provide comparable data.

(b) The Dulles Toll Road was transferred to the Metropolitan Washington Airport Authority effective November 1, 2008. No toll revenues will be recorded for the Dulles Toll Road after November 1, 2008.