

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT

January 2004

Summary

Revenue collections continued to surge in January, increasing by 7.9 percent. Most of the monthly increase was attributable to solid growth in the motor vehicle sales tax as well as strong growth in the Commonwealth Transportation Fund's other two major sources: motor fuels tax and retail sales tax collections. On a year-to-date basis, growth is up 6.1 percent, well ahead of the forecast of 2.9 percent growth.

Motor Fuels Tax (excluding PTF Fuels Tax Revenue)

Motor Fuels Tax collections grew by 4.6 percent in January. Annual collections through the first half of fiscal year 2004 are up 3.4 percent, ahead of the 2.0 percent official forecast. Crude oil will remain above \$30 per barrel for the North American benchmark until spring. Starting in the second quarter, a seasonal decline in demand will bring some moderation in prices. Prices will remain in the high \$20 per barrel range. Continued high crude prices will also support refined products. Look for gasoline to exceed \$1.60 per gallon on average during the driving season.

Motor Vehicle Sales and Use Tax

Vehicle sales slowed somewhat from its torrid pace last month but still posted solid gains. Collections in this source increased by 9.0 percent in January and are up 12.4 percent for the year, far outpacing the official estimate of 5.7 percent growth. February collections are expected to be sluggish as January sales were below trend nationally.

The outlook for vehicle sales in 2004 is for a pace of 16.3 million units, down from 16.6 million last year. This expectation is bolstered by consumer new vehicle buying plans, which are a fairly good predictor of sales. Buying plans have been trending down but leveled off during the fourth quarter of last year. Weighing on buying plans is weak income growth, spent-up demand and rising debt burdens. In addition, once interest rates begin to rise during the second half of the year, vehicle manufacturers will not be able to offer 0% financing since their own borrowing costs will rise.

State Retail Sales Tax

The transportation portion of retail sales tax increased by 9.7 percent in January. Collections in this source are up 8.0 percent in fiscal year 2004.

Motor Vehicle Licenses

Motor Vehicle Registrations were up 19.6 percent in January. Collections of \$13.3 million were higher than the \$11.1 million collected last January. Motor vehicle license receipts are up 2.4 percent for the year.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Summary Statement of Revenue Estimates & Collections
For the Fiscal Years 2003 and 2004
(Dollars in Thousands)

Revenue	FY 2004 Estimate	As a % of Total Fund	January			Year-To-Date			% Annual Growth Required By Estimate
			FY 2004	FY 2003	% Change	FY 2004	FY 2003	% Change	
Motor Fuel Taxes	\$825,100	25.00	\$68,915	\$65,862	4.6	\$429,406	\$415,451	3.4	2.0
Priority Transportation Fund	20,000	0.61	2,000	2,000	0.0	10,000	10,000	0.0	0.0
Motor Vehicle Sales and Use Tax	573,600	17.39	46,082	42,281	9.0	350,116	311,381	12.4	5.7
State Sales and Use Tax	395,800	12.00	46,228	42,130	9.7	239,703	221,930	8.0	5.4
Motor Vehicle License Fees	156,600	4.74	13,314	11,128	19.6	91,176	88,998	2.4	(1.3)
International Registration Plan	58,800	1.78	4,974	2,267	119.4	20,976	21,764	(3.6)	2.1
Interest Earnings	9,900	0.30	3,752	5,826	(35.6)	7,232	10,527	(31.3)	(32.3)
Misc. Taxes, Fees, and Revenues	18,600	0.57	2,595	2,557	1.5	12,246	14,492	(15.5)	(19.9)
Total State Taxes and Fees	\$2,058,400	62.39	\$187,860	\$174,051	7.9	\$1,160,855	\$1,094,543	6.1	2.9

Percentage is greater than 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 2003 and 2004
(Dollars in Thousands)

Revenue	FY 2004 Estimate	As a % of Total Fund	January			Year-To-Date			% Annual Growth Required By Est
			FY 2004	FY 2003	% Change	FY 2004	FY 2003	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$703,200	21.31	\$58,563	\$55,181	6.1	\$368,734	\$354,199	4.1	2.1
Motor Vehicle Sales and Use Tax	368,700	11.18	29,569	26,285	12.5	225,536	200,054	12.7	6.0
Motor Vehicle License Fees	135,700	4.11	11,755	9,481	24.0	79,808	78,307	1.9	(2.4)
International Registration Plan	58,800	1.78	4,974	2,267	119.4	20,976	21,764	(3.6)	2.1
Misc. Taxes, Fees, and Revenues	18,600	0.57	2,595	2,557	1.5	12,246	14,492	(15.5)	(19.9)
Total State Taxes and Fees	\$1,285,000	38.95	\$107,456	\$95,771	12.2	\$707,300	\$668,816	5.8	2.3
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$1,016	\$934	8.8	\$7,546	\$8,732	(13.6)	(100.0)
Transfer (to) / from Transportation Trust Fund	\$20,200	0.61	\$36,726	\$30,000	22.4	\$56,902	\$102,271	(44.4)	(79.2)
Total Highway Maintenance and Operating Fund	\$1,305,200	39.56	\$145,198	\$126,705	14.6	\$771,748	\$779,819	(1.0)	(4.5)
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$121,900	3.69	\$10,352	\$10,681	(3.1)	\$60,672	\$61,252	(0.9)	1.5
Priority Transportation Fund	20,000	0.61	2,000	2,000	0.0	10,000	10,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	204,900	6.21	16,513	15,996	3.2	124,580	111,327	11.9	5.2
State Sales and Use Tax	395,800	12.00	46,228	42,130	9.7	239,703	221,930	8.0	5.4
Motor Vehicle License Fees	20,900	0.63	1,559	1,647	(5.3)	11,368	10,691	6.3	6.1
Interest Earnings	9,900	0.30	3,752	5,826	(35.6)	7,232	10,527	(31.3)	(32.3)
Total State Taxes and Fees	\$773,400	23.44	\$80,404	\$78,280	2.7	\$453,555	\$425,727	6.5	3.8
Other Revenues:									
Federal Grants and Contracts	\$1,068,800	32.39	\$35,617	\$83,655	(57.4)	\$438,826	\$402,791	8.9	57.6
Receipts from Cities/Counties	45,500	1.38	3,298	903	265.2	22,943	18,708	22.6	80.0
Toll Revenues (Includes Route 28)	60,800	1.84	5,708	5,008	14.0	37,376	34,980	6.8	(3.2)
Miscellaneous Revenues	65,900	2.00	881	(60)	#	9,400	9,603	(2.1)	279.1
Total Other Revenues	\$1,241,000	37.61	\$45,504	\$89,506	(49.2)	\$508,545	\$466,082	9.1	58.3
Transfer (to) / from Highway Maintenance and Operating Fund	(\$20,200)	(0.61)	(\$36,726)	(\$30,000)	(22.4)	(\$56,902)	(\$102,271)	44.4	79.2
Total Transportation Trust Fund	\$1,994,200	60.44	\$89,182	\$137,786	(35.3)	\$905,198	\$789,538	14.6	39.3
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,299,400	100.00	\$234,380	\$264,491	(11.4)	\$1,676,946	\$1,569,357	6.9	17.9

Percentage is greater than 1,000%.