

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT

January 2014

Summary

Commonwealth Transportation Fund (CTF) revenues increased by 8.1 percent in January. On a year-to-date basis, collections are up 13.5 percent. Adjusting for the new revenue streams from HB2313 (2013) and the new taxing regime for motor fuels, total collections increased by 4.0 percent in January and are up 3.5 percent for the year.

Motor Fuels Tax

Motor fuel taxes fell by 32.5 percent in January and are down 20.7 percent for the fiscal year.

Led by falling crude oil prices, the projected U.S. annual average regular gasoline retail price, which fell from \$3.63/gal in 2012 to an average of \$3.51/gal in 2013, will continue to fall to \$3.44/gal in 2014 and \$3.37 in 2015. Diesel fuel prices, which averaged \$3.92/gal in 2013, are projected to average \$3.83/gal in 2014 and \$3.73/gal in 2015.

Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 29.0 percent in January and are up 32.3 percent for the year. Adjusting for the July 1 increase in the motor vehicle sales tax rate and excluding the rental taxes, motor vehicle sales tax collections fell by 4.1 percent this month and are up 2.6 percent annually.

Vehicle sales started the year off on a weak note but not one that raises alarm about the economic recovery. On a seasonally adjusted annualized basis, automakers reported sales of 15.2 million units, down from the total for January as well as the average for all of 2013. However, severe winter weather is to blame, and sales that were delayed during the past two months will be made up in coming months.

Economic fundamentals for the vehicle industry are still positive, especially as the economy is expected to gain momentum throughout 2014. Accelerating employment and income growth, an improving housing market, and a rebound in nonresidential investment will drive sales. Vehicle-specific drivers such as low interest rates, increased leasing, and expanded access to credit will also foster sales. Vehicle manufacturers have also been pumping up incentive spending and launching new vehicles in recent months. In addition, as an estimated 3 million vehicles come off lease, households and businesses

will seek to replace their vehicles. Finally, pent-up demand will remain a key driver of sales.

State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 56.3 percent in January, due to the 0.3 percent increase in the state retail sales tax and the increased amount of general fund sales tax collections being deposited into the Highway Maintenance Fund as stipulated by HB2313 (2013). Adjusting for HB2313, sales tax collections were down 2.6 percent for the month and are up 1.1 percent for the year.

Motor Vehicle Licenses

Motor vehicle registration fee collections declined by 6.9 percent in January.

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 2013 and 2014
(Dollars in Thousands)

Revenue	FY 2014 Estimate	As a % of Total Fund	January			Year-To-Date			% Annual Growth Required By Estimate
			FY 2014	FY 2013	% Change	FY 2014	FY 2013	% Change	
Motor Fuel Taxes (b)	\$607,500	15.24	\$48,373	\$71,701	(32.5)	\$350,878	\$442,399	(20.7)	(27.8)
Priority Transportation Fund (PTF) (b)	130,800	3.28	0	0	-	130,769	130,064	0.5	0.6
Motor Vehicle Sales and Use Tax	859,200	21.55	69,863	54,174	29.0	471,532	356,424	32.3	38.0
State Sales and Use Tax (a)	837,800	21.01	83,544	53,442	56.3	473,501	303,016	56.3	60.8
Motor Vehicle License Fees	250,700	6.29	18,157	19,512	(6.9)	137,294	137,377	(0.1)	2.1
International Registration Plan	62,300	1.56	4,556	6,521	(30.1)	28,927	27,744	4.3	0.9
Recordation Tax	45,500	1.15	2,511	3,876	(35.2)	22,968	26,210	(12.4)	(1.8)
Interest Earnings	13,100	0.33	1,615	2,095	(22.9)	3,578	4,733	(24.4)	41.1
Misc. Taxes, Fees, and Revenues	16,100	0.40	1,288	1,409	(8.6)	9,558	7,739	23.5	8.7
Total State Taxes and Fees	\$2,823,000	70.81	\$229,907	\$212,730	8.1	\$1,629,005	\$1,435,706	13.5	13.2

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

(a) New revenue streams for State Sales and Use Tax are included in the Fiscal Year 2014 Highway Maintenance and Operating Fund Revenue Forecast. As there were no collections for state sales and use tax recorded in the Highway Maintenance and Operating Fund during Fiscal Year 2013, a comparison between Fiscal Years 2013 and 2014 may not be appropriate. Refer to the "State Sales and Use Tax" line item on page 5 for the detailed information pertaining to the "State Sales and Use Tax" line item.

(b) Certain Fiscal Year 2013 monthly and year-to-date amounts have been reclassified. Refer to (b) on page 5 for additional information.

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 2013 and 2014
(Dollars in Thousands)

Revenue	FY 2014 Estimate	As a % of Total Fund	January			Year-To-Date			% Annual Growth Required By Est
			FY 2014	FY 2013	% Change	FY 2014	FY 2013	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$485,100	12.17	\$36,587	\$59,979	(39.0)	\$279,635	\$371,896	(24.8)	(31.3)
Motor Vehicle Sales and Use Tax	611,700	15.34	49,071	33,165	48.0	333,446	220,331	51.3	57.9
State Sales and Use Tax (a)	199,500	5.00	20,416	0	-	108,569	0	-	-
Motor Vehicle License Fees	228,800	5.74	16,508	17,682	(6.6)	125,365	125,220	0.1	2.2
International Registration Plan	62,300	1.56	4,556	6,521	(30.1)	28,927	27,744	4.3	0.9
Recordation Tax (1 cent)	15,000	0.39	837	1,292	(35.2)	7,665	8,737	(12.3)	(2.9)
Misc. Taxes, Fees, and Revenues	16,100	0.40	1,288	1,409	(8.6)	9,558	7,739	23.5	8.7
Total State Taxes and Fees	\$1,618,500	40.60	\$129,263	\$120,048	7.7	\$893,165	\$761,667	17.3	14.8
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$2,146	\$2,337	(8.2)	\$17,082	\$15,186	12.5	(100.0)
Miscellaneous Revenues	18,658	0.47	1,663	1,243	33.8	10,386	8,975	15.7	11.5
Transfer (to) / from Transportation Trust Fund	313,942	7.87	0	0	-	190,000	170,000	11.8	(10.4)
Total Highway Maintenance and Operating Fund	\$1,951,100	48.94	\$133,072	\$123,628	7.6	\$1,110,633	\$955,828	16.2	8.3
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes) (b)	\$122,400	3.07	\$11,786	\$11,722	0.5	\$71,243	\$70,503	1.0	(9.5)
PTF Insurance Premiums Tax	130,800	3.28	0	0	-	130,769	130,064	0.5	0.6
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	247,500	6.21	20,792	21,009	(1.0)	138,086	136,093	1.5	5.2
State Sales and Use Tax	638,300	16.01	63,128	53,442	18.1	364,932	303,016	20.4	22.5
Motor Vehicle License Fees	21,900	0.55	1,649	1,830	(9.9)	11,929	12,157	(1.9)	1.1
Recordation Tax (2 cents)	30,500	0.76	1,674	2,584	(35.2)	15,303	17,473	(12.4)	(1.3)
Interest Earnings	13,100	0.33	1,615	2,095	(22.9)	3,578	4,733	(24.4)	41.1
Total State Taxes and Fees	\$1,204,500	30.21	\$100,644	\$92,682	8.6	\$735,840	\$674,039	9.2	11.2
Other Revenues:									
Federal Grants and Contracts	\$929,928	23.33	\$54,354	\$90,874	(40.2)	\$863,510	\$915,309	(5.7)	(28.8)
Receipts from Cities/Counties	178,614	4.48	5,870	3,236	81.4	51,640	43,375	19.1	208.5
Toll Revenues (Includes Route 28)	16,768	0.42	835	897	(6.9)	6,964	6,686	4.2	(5.0)
Miscellaneous Revenues	19,854	0.49	882	288	206.3	13,101	34,986	(62.6)	(57.6)
Total Other Revenues	\$1,145,164	28.72	\$61,941	\$95,295	(35.0)	\$935,215	\$1,000,356	(6.5)	(19.9)
Transfer (to) / from Highway Maintenance and Operating Fund	(\$313,942)	(7.87)	\$0	\$0	-	(\$190,000)	(\$170,000)	(11.8)	10.4
Total Transportation Trust Fund	\$2,035,722	51.06	\$162,585	\$187,977	(13.5)	\$1,481,055	\$1,504,395	(1.6)	(5.8)
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	\$3,986,822	100.00	\$295,657	\$311,605	(5.1)	\$2,591,688	\$2,460,223	5.3	0.6

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

(a) This line item was added to the Fiscal Year 2014 Revenue Forecast. Since there were no collections for this line item during Fiscal Year 2013, the Monthly and Year-To-Date % Change columns do not provide comparable data.

(b) The "PTF Motor Fuels" line item was removed from the Transportation Trust Fund Revenue Forecast. The amount previously reported in "PTF Motor Fuels" was reclassified to "Motor Fuel Taxes (Includes Aviation & Roads Taxes)." In order to provide comparable data, the Fiscal Year 2013 monthly and year-to-date amounts were likewise reclassified.