

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT July 2008

Summary

Collections in the Commonwealth Transportation Fund (CTF) increased by 7.3 percent in July. Most of July's growth was due to the new revenue streams (insurance premiums tax and recordation tax) added to the CTF through provisions of House Bill 3202 (2007).

Motor Fuels Tax

Motor fuels tax collections were \$8.6 million this July compared to \$4.0 million last year.

The weekly price of regular-grade gasoline, which peaked at \$4.11 per gallon on July 14, averaged \$3.81 per gallon on August 11, a decrease of 30 cents. Gasoline prices are expected to continue falling slowly, averaging just less than \$3.80 per gallon over the next few months. This forecast reflects continuing weak gasoline margins because of the decline in gasoline consumption and growth in ethanol supply.

Diesel fuel retail prices in 2008 are projected to average \$4.18 per gallon, up from \$2.88 per gallon in 2007, and increase to an average of \$4.27 per gallon in 2009. These higher prices reflect strength in diesel demand, particularly in emerging markets, which has significantly increased the margins between diesel prices and crude oil costs from those of last year.

Motor Vehicle Sales and Use Tax

Collections in this source declined by 10.8 percent in July, the eighth monthly decline out of the last nine months.

U.S. auto sales slumped to a 16-year low in July as automakers failed to keep up with consumers' growing demand for smaller, more fuel-efficient vehicles. While production changes may help that problem, trouble in the credit and auto leasing markets will continue to take a toll on sales. July's seasonally adjusted sales rate — which shows what sales would be if they continued at the same pace for the full year — was 12.5 million vehicles. That's down from 17 million as recently as 2005. Automakers expect things to get worse before they get better. The second half of 2008 is expected to be more challenging than the first half as economic and credit conditions weaken.

State Retail Sales Tax

The transportation portion of the state retail sales tax declined by 3.6 percent in July as consumers continue to retrench.

Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 12.6 percent in July. Collections of \$22.8 million exceeded the \$20.2 million collected in July, 2007.

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	July			Year-To-Date			% Annual Growth Required By Estimate
			FY 2009	FY 2008	% Change	FY 2009	FY 2008	% Change	
Motor Fuel Taxes	\$902,000	23.56	\$8,570	\$3,999	114.3	\$8,570	\$3,999	114.3	4.5
Priority Transportation Fund (PTF) (a)	159,500	4.17	3,760	0	-	3,760	0	-	-
Motor Vehicle Sales and Use Tax	609,300	15.92	45,560	51,090	(10.8)	45,560	51,090	(10.8)	6.3
State Sales and Use Tax	540,100	14.11	46,313	48,023	(3.6)	46,313	48,023	(3.6)	2.9
Motor Vehicle License Fees	258,200	6.75	22,767	20,220	12.6	22,767	20,220	12.6	6.6
International Registration Plan	66,600	1.74	5,538	3,749	47.7	5,538	3,749	47.7	(10.1)
Recordation Tax (b)	45,900	1.20	3,843	0	-	3,843	0	-	-
Interest Earnings	37,200	0.97	17	21	(19.0)	17	21	(19.0)	(40.1)
Misc. Taxes, Fees, and Revenues	15,800	0.41	1,060	993	6.7	1,060	993	6.7	6.0
Total State Taxes and Fees	\$2,634,600	68.83	\$137,428	\$128,095	7.3	\$137,428	\$128,095	7.3	11.0

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	July			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)	\$777,800	20.32	\$7,624	\$3,170	140.5	\$7,624	\$3,170	140.5	5.0
Motor Vehicle Sales and Use Tax	374,500	9.78	27,847	31,240	(10.9)	27,847	31,240	(10.9)	5.5
Motor Vehicle License Fees	236,300	6.18	20,757	18,479	12.3	20,757	18,479	12.3	7.0
International Registration Plan	66,600	1.74	5,538	3,749	47.7	5,538	3,749	47.7	(10.1)
Recordation Tax (1 cent) (a)	15,300	0.40	1,281	0	-	1,281	0	-	-
Misc. Taxes, Fees, and Revenues	15,800	0.41	1,060	993	6.7	1,060	993	6.7	6.0
Total State Taxes and Fees	<u>\$1,486,300</u>	<u>38.83</u>	<u>\$64,107</u>	<u>\$57,631</u>	<u>11.2</u>	<u>\$64,107</u>	<u>\$57,631</u>	<u>11.2</u>	<u>5.7</u>
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$3,940	\$606	550.2	\$3,940	\$606	550.2	(100.0)
Miscellaneous Revenues	19,605	0.51	682	1,516	(55.0)	682	1,516	(55.0)	16.3
Transfer (to) / from Transportation Trust Fund	384,970	10.06	100,000	100,000	0.0	100,000	100,000	0.0	45.0
Total Highway Maintenance and Operating Fund	<u>\$1,890,875</u>	<u>49.40</u>	<u>\$168,729</u>	<u>\$159,753</u>	<u>5.6</u>	<u>\$168,729</u>	<u>\$159,753</u>	<u>5.6</u>	<u>10.2</u>
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$124,200	3.24	\$946	\$829	14.1	\$946	\$829	14.1	1.5
PTF Motor Fuels	20,000	0.52	2,000	0	-	2,000	0	-	0.0
PTF Insurance Premiums Tax (a)	139,500	3.65	1,760	0	-	1,760	0	-	-
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	234,800	6.14	17,713	19,850	(10.8)	17,713	19,850	(10.8)	7.7
State Sales and Use Tax	540,100	14.11	46,313	48,023	(3.6)	46,313	48,023	(3.6)	2.9
Motor Vehicle License Fees	21,900	0.57	2,010	1,741	15.5	2,010	1,741	15.5	2.6
Recordation Tax (2 cents) (a)	30,600	0.80	2,562	0	-	2,562	0	-	-
Interest Earnings	37,200	0.97	17	21	(19.0)	17	21	(19.0)	(40.1)
Total State Taxes and Fees	<u>\$1,148,300</u>	<u>30.00</u>	<u>\$73,321</u>	<u>\$70,464</u>	<u>4.1</u>	<u>\$73,321</u>	<u>\$70,464</u>	<u>4.1</u>	<u>18.5</u>
Other Revenues:									
Federal Grants and Contracts	\$938,474	24.52	\$62,055	\$86,281	(28.1)	\$62,055	\$86,281	(28.1)	9.7
Receipts from Cities/Counties	97,299	2.54	6,410	7,298	(12.2)	6,410	7,298	(12.2)	114.4
Toll Revenues (Includes Route 28)	106,041	2.77	6,433	7,661	(16.0)	6,433	7,661	(16.0)	(18.3)
Miscellaneous Revenues	31,806	0.83	1,258	1,470	(14.4)	1,258	1,470	(14.4)	115.1
Total Other Revenues	<u>\$1,173,620</u>	<u>30.66</u>	<u>\$76,156</u>	<u>\$102,710</u>	<u>(25.9)</u>	<u>\$76,156</u>	<u>\$102,710</u>	<u>(25.9)</u>	<u>12.2</u>
Transfer (to) / from Highway Maintenance and Operating Fund	<u>(\$384,970)</u>	<u>(10.06)</u>	<u>(\$100,000)</u>	<u>(\$100,000)</u>	<u>0.0</u>	<u>(\$100,000)</u>	<u>(\$100,000)</u>	<u>0.0</u>	<u>(45.0)</u>
Total Transportation Trust Fund	<u>\$1,936,950</u>	<u>50.60</u>	<u>\$49,477</u>	<u>\$73,174</u>	<u>(32.4)</u>	<u>\$49,477</u>	<u>\$73,174</u>	<u>(32.4)</u>	<u>10.8</u>
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	<u>\$3,827,825</u>	<u>100.00</u>	<u>\$218,206</u>	<u>\$232,927</u>	<u>(6.3)</u>	<u>\$218,206</u>	<u>\$232,927</u>	<u>(6.3)</u>	<u>10.5</u>

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.