

TRANSPORTATION REVENUE TRACKING REPORT

DEPARTMENT OF MOTOR VEHICLES

HIGHWAY MAINTENANCE & OPERATING AND TRANSPORTATION TRUST FUNDS STATE TAXES AND FEES (\$ Thousands)

Revenue Sources	FY 01 _1/ Forecast	June-01		Fiscal Year-To-Date				
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	% Change Actual Forecast	
Motor Fuels Taxes _2/	\$768,665	\$107,938	(9.2)	\$778,191	\$768,665	\$9,526	(0.8)	(2.0)
Motor Vehicle Sales & Use Tax _3/	486,146	48,568	2.2	502,403	486,146	16,257	0.9	(2.4)
State Retail Sales Tax	390,200	32,367	1.9	387,637	390,200	(2,563)	4.1	4.8
Motor Vehicle Licenses	141,989	14,503	(3.1)	147,106	141,989	5,117	1.6	(1.9)
International Registration Plan	57,880	5,152	(39.6)	51,095	57,880	(6,785)	(6.8)	5.6
Priority Transportation Fund	35,234	26,667	0.0	36,079	35,234	846	0.0	
Interest Earnings	6,843	3,140	(6.1)	12,915	6,843	6,072	21.2	(35.8)
Miscellaneous _4/	13,317	623	(67.1)	18,310	13,317	4,994	3.9	(24.4)
Total State Taxes and Fees	\$1,900,273	\$238,958	5.3	\$1,933,736	\$1,900,273	\$33,463	2.7	0.9

_1/ November 2000 Forecast.

_2/ Includes the road tax and applicable aviation taxes.

_3/ Includes applicable rental tax.

_4/ Miscellaneous fees in the Highway Maintenance and Operating Fund.

Note: Due to rounding columns may not add up exactly

END OF FISCAL YEAR 2001

Bottom Line

The 2001 fiscal year ended on a relatively strong note. June 2001 revenue increased 5.8 percent over the same month last year. Final YTD revenues grew only 2.7 percent but that was considerably higher than forecast. The major contributors to the positive variance of \$33.4 millions at year's end were Motor Fuels Taxes and Motor Vehicle Sales and Use Tax. An additional \$5.0 million in variance came from Motor Vehicle Licenses, although that source was 3.1 percent less in June 2001 than it was for June of last year.

Motor Fuels Tax

Motor Fuel Tax revenues decreased 9.2 percent for the month and are down 0.8 percent for the fiscal year. This is less of a decrease than predicted in the forecast which estimated that this revenue source would decrease by 2.0 percent. However, total taxable gallons are up by 3.9 percent over April of 2000 and up by 4.5 percent on a YTD basis.

Motor Vehicle Sales and Use Tax

Motor Vehicle Sales and Use Tax revenues are up 2.2 percent for the month but remain ahead only by 0.9 percent for the year. National vehicle sales, and to some degree sales in Virginia as well, have remained strong through the end of the fiscal year. For the nation, vehicle sales came in at 17.1 million units for June 2001. This month, total taxable titles in Virginia fell by 3.2 percent and on a YTD basis, total taxable titles fell 1.6 percent. Over the entire fiscal year, new taxable titles were down by 2.8 percent and used taxable titles were down by 1.2 percent. Although the number of taxable titles is less than last fiscal year, the end of the year total is only 12,000 less than the second highest number ever.

State Retail Sales Tax

State Retail Sales Tax revenue is up 1.9 percent for the month and ends the fiscal year 4.1 percent ahead of last year. The actual percent increase is a little shy of the 4.8 percent predicted in the forecast but still represents a very healthy growth rate. This revenue source has been helped by strong new home sales and purchases of durable goods and services. As long as personal income continues to grow in a robust fashion, the growth rate in this revenue source should remain in the 3 to 4 percent range.

Motor Vehicle Licenses

Motor Vehicle License revenues decreased by 3.1 percent for the month but ended the fiscal year with a positive 1.6 percent growth rate. One-year registrations were down for the month of June by 5.7 percent with two-year registrations down 1.8 percent. For the entire fiscal year, one-year registrations were down by 1.3 percent but two-year registrations were higher by 9.9 percent. Total vehicle registrations increased by only 0.2 percent for the fiscal year as compared to last year.

Other Revenues

International Registration Plan (IRP) revenues are down for the month by 39.6 percent and are down for the fiscal year by 6.8 percent. The overall decline in this revenue source has to be the result of reduced truck shipments resulting from less manufacturing output. Interest earning increased for the fiscal year by 46.9 percent due to payments received from Priority Transportation Fund deposits.

HIGHWAY MAINTENANCE AND OPERATING FUND (HMOF)

(\$ in Thousands)

Revenue Sources	FY 01 _1/ Forecast	June-01		Fiscal Year-To-Date				
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	% Change Actual	Forecast
Motor Fuels Taxes _2/	\$664,096	\$89,224	(13.4)	\$662,794	664,096	(\$1,302)	(2.0)	(1.8)
Motor Vehicle Sales and Use Tax	312,900	30,831	2.5	320,485	312,900	7,585	0.6	(1.8)
Motor Vehicle Licenses	123,564	12,602	(3.6)	127,764	123,564	4,200	1.3	(2.0)
International Registration Plan	57,880	5,152	(39.6)	51,095	57,880	(6,785)	(6.8)	5.6
Miscellaneous	13,317	623	(67.1)	18,310	13,317	4,994	3.9	(24.4)
Total State Taxes and Fees	\$1,171,757	\$138,433	(11.6)	\$1,180,448	\$1,171,757	\$8,691	(1.1)	(1.8)
Federal Grants and Contracts _3/	5,697	1,905	100.3	11,505	n/a	n/a	28.0	n/a
Transfer to TTF _4/	(4,008)	(4,218)	-1230.6	(638)	n/a	n/a	-3,224	n/a
Total HMOF	\$1,173,446	\$136,120	(13.5)	\$1,191,315	n/a	n/a	(4.3)	n/a

_1/ November 2000 Forecast.

_2/ Includes the road tax.

_3/ Revenues reflect prior period activity and are not a reliable measure of revenue or fiscal capacity of the State's program.

_4/ Current law provides for balances to be transferred to the Transportation Trust Fund (TTF).

Note: Due to rounding columns may not add up exactly.

TRANSPORTATION TRUST FUND

(\$ in Thousands)

Revenue Sources	FY 01 _1/ Forecast	June-01		Fiscal Year-To-Date				
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	% Change Actual	Forecast
Motor Fuels Taxes _2/	\$104,569	\$18,713	18.3	\$115,398	\$104,569	\$10,829	6.4	(3.6)
Motor Vehicle Sales and Use Tax _3/	173,246	17,737	1.6	\$181,918	173,246	8,672	1.3	(3.5)
Priority Transportation Fund	35,234	26,667	0	\$36,079	35,234	846	0.0	4.8
State Retail Sales Tax	390,200	32,367	1.9	\$387,637	390,200	(2,563)	4.1	4.8
Motor Vehicle Licenses	18,425	1,901	0.3	\$19,341	18,425	916	3.4	(1.5)
Interest Earnings	\$6,843	3,140	(6.1)	\$12,915	6,843	6,072	21.2	(35.8)
Total State Taxes and Fees	\$728,517	\$100,525	43.0	\$753,288	\$728,517	\$24,772	9.2	5.6
Federal Grants and Contracts _4/	765,713	35,288	(39.9)	537,888	n/a	n/a	6.6	n/a
Local Contributions _5/	39,022	(1,505)	94.3	17,605	n/a	n/a	(60.9)	n/a
Toll and Other Revenues _6/	57,389	9,993	99.3	82,673	n/a	n/a	25.5	n/a
Transfers from HMOF	4,008	4,218	1230.6	42,349	n/a	n/a	136.1	n/a
Total TTF	\$1,594,649	\$148,519	37.5	\$1,433,803	n/a	n/a	3.7	n/a

TOTAL TRANSPORTATION FUNDS

Total HMOF & TTF Revenues	\$2,768,094	\$284,639	7.3	\$2,625,118	n/a	n/a	3.0	n/a
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_1/ November 2000 Forecast.

_2/ Includes road and aviation fuel taxes.

_3/ Includes applicable rental tax.

_4/ Revenues reflect prior period activity and are not a reliable measure of revenue or the fiscal capacity of the State's program.

_5/ Local government contributions are received on a cost-share basis as provided by law.

Emissions from On-Road Motor Vehicles

Often it is informative to look at the consequences of owning and operating a motor vehicle from the perspective of society in general, as opposed to the individual perspective. One consequence of owning and operating motor vehicles is the emission of pollutants, which impact society (costs imposed on the society through the actions of individuals). Pollution emissions impose costs on society through increased health problems, higher building maintenance expenses and reduced aesthetic benefits. In addition, there is increasing scientific evidence that emissions of a certain type are impacting the environment resulting with a general rise in temperature. Unfortunately, public costs are very difficult to quantify accurately and, because of this, often remain excluded from any overall cost calculation.

Forecasting and Analysis has looked at emission data for three types posted on the Environmental Protection Agency (EPA) web site under the Office of Air Compliance and Standards. All three of these emissions are significant contributors to reduced air quality and are major influences to the global warming impacts noted above.

Carbon Monoxide:

The following table shows carbon monoxide by source for selected years through 1999. Carbon monoxide is released into the atmosphere through the combustion of carbon-based elements such as petroleum. Many sources contribute to the overall emission levels of carbon monoxide. However, it is clear from the table that on-road vehicles constitute the largest category of emitters.

Carbon Monoxide - Percent of Total Emissions								
	1970	1975	1980	1985	1990	1995	1999	
Fuel Comb. Elec. Util.	1.52%	1.69%	1.69%	1.70%	2.01%	2.12%	2.05%	
Fuel Comb. Ind.	0.59%	0.65%	0.64%	0.57%	0.89%	1.12%	1.21%	
Fuel Comb. Other	2.80%	2.95%	5.31%	6.43%	4.31%	4.79%	3.80%	
Chemical & Allied Production MFG	2.62%	1.89%	1.83%	1.58%	1.19%	1.30%	1.11%	
Metals Processing	2.82%	2.14%	1.91%	1.90%	2.66%	2.53%	1.72%	
Petroleum & Related Processes	1.68%	1.89%	1.47%	0.39%	0.34%	0.37%	0.38%	
On Road Vehicles	68.01%	71.20%	66.46%	66.14%	58.96%	58.27%	51.30%	
All Other	21.29%	19.04%	22.11%	22.74%	31.28%	31.22%	40.03%	

In 1999, 51% of all carbon monoxide emissions came from on-road vehicles. What is surprising is the amount of emissions that come from the "other" category. That category includes non-road engines and vehicles, gasoline and diesel as well as aircraft, marine vessels, and railroads. It also includes a miscellaneous category, which contains agriculture, forestry, prescribed burnings, forest fires, cooling towers and fugitive dust. Most of these sources are very difficult, if not impossible to control.

Lead Emissions:

Lead emissions have been dramatically reduced through the introduction and widespread use of unleaded gasoline. This is evident from the second table, which shows huge reductions in lead emissions coming from on-road vehicles beginning in 1989.

Lead Emissions - Percent of Total Emissions								
	1970	1975	1980	1985	1990	1995	1999	
Metals Processing	10.97%	6.22%	4.08%	9.16%	43.62%	52.15%	49.49%	
Other Industrial Processes	0.92%	0.84%	1.09%	1.38%	3.40%	1.50%	1.26%	
Waste Disposal & Recycling	1.00%	1.00%	1.63%	3.81%	16.16%	15.37%	19.36%	
On Road Vehicles	77.86%	81.55%	81.59%	78.86%	8.46%	0.48%	0.52%	
Non-Road Engines and Vehicles	4.41%	3.84%	5.67%	4.02%	15.60%	13.85%	12.26%	
All Other	4.85%	6.56%	5.94%	2.77%	12.76%	16.65%	17.10%	

The metals processing industry was the largest contributor to the overall emissions levels in 1999 for lead by providing in excess of 49% of total emissions. The health effects of lead on humans result in higher instances of metal retardation and reduced motor skills.

Nitrogen Oxide Emissions:

Nitrogen Oxide, often referred to as NOX, is a third major factor in air pollution. It is also released into the atmosphere by the combustion of carbon-based materials. The following table shows that on-road vehicles are the largest contributor to total nitrogen oxide emissions.

Emissions impose costs on all of society. The on-road vehicles are a major source of the emissions noted above but it is clearly not the only significant source.

Nitrogen Oxide Emissions - Percent of Total Emissions								
	1970	1975	1980	1985	1990	1995	1999	
Fuel Comb. Elec. Util.	23.41%	25.16%	28.81%	26.41%	27.57%	25.48%	22.51%	
Fuel Comb. Industrial	20.67%	17.71%	14.58%	13.83%	12.56%	12.53%	12.35%	
Fuel Comb. Other	3.99%	3.47%	3.04%	3.07%	4.95%	5.18%	4.63%	
Chemical & Allied Products MFG	1.29%	0.98%	0.95%	1.13%	0.70%	0.63%	0.52%	
Metals processing	0.37%	0.32%	0.27%	0.38%	0.40%	0.39%	0.35%	
Petroleum & Related Industries	1.15%	0.28%	0.30%	0.53%	0.63%	0.44%	0.56%	
Other Industrial Processes	0.89%	0.80%	0.84%	1.41%	1.56%	1.59%	1.85%	
On Road Vehicles	35.31%	38.20%	35.36%	34.87%	29.83%	31.76%	33.83%	
Non-Road Engines & Vehicles	9.23%	11.66%	14.47%	16.04%	19.88%	20.47%	21.72%	
All Other	3.68%	1.43%	1.40%	1.73%	1.93%	1.50%	1.69%	

**Key Revenue Indicator Tracking Report
June-01**

Key Indicator	FY 2000 Total	FY 2001 Forecast*	Month		%	Year-to-Date		% Annual Growth	
			FY 2001	FY 2000		FY 2001	FY 2000	% Change	Required By Forecast
Net Taxable Gallons (000's)	4,522,879	4,459,240							(1.4)
Apr-01			389,629	374,824	3.9	3,905,110	3,735,518	4.5	
Total Taxable Vehicle Sales (000's)	16,039,842	\$15,868,665	\$1,464,388	\$1,516,590	(3.4)	\$15,982,822	\$16,039,842	(0.4)	(1.1)
New Taxable Vehicle Sales (000's)	9,025,279	8,823,036	828,084	864,082	(4.2)	8,984,267	9,025,279	(0.5)	(2.2)
Used Taxable Vehicle Sales (000's)	7,014,563	7,045,629	636,304	652,508	(2.5)	6,998,555	7,014,563	(0.2)	0.4
Total Taxable Titles	1,590,691	1,544,560	142,433	147,138	(3.2)	1,564,701	1,590,691	(1.6)	(2.9)
New Taxable Titles	409,400	389,160	37,577	40,323	(6.8)	397,904	409,400	(2.8)	(4.9)
Used Taxable Titles	1,181,291	1,155,400	104,856	106,815	(1.8)	1,166,797	1,181,291	(1.2)	(2.2)
Average Price All Motor Vehicles	\$10,078	\$10,256	\$10,281	\$10,307	(0.3)	\$10,165	\$10,078	0.9	1.8
Average Price New Vehicles	22,045	22,672	22,037	21,429	2.8	22,579	22,045	2.4	2.8
Average Price Used Vehicles	5,938	6,098	6,068	6,109	(0.7)	5,998	5,938	1.0	2.7
Total Vehicle Registrations	5,866,003	5,906,810	574,986	605,970	(5.1)	5,877,617	5,866,003	0.2	0.7
One-Year Registrations	5,082,364	5,138,480	489,228	518,681	(5.7)	5,016,212	5,082,364	(1.3)	1.1
Two-Year Registrations	783,639	768,330	85,758	87,289	(1.8)	861,405	783,639	9.9	(2.0)

Twelve Month Rolling Average¹

June-01

Revenue Source ²	From 7-00 to 6-01	From 7-99 to 6-00	Percent Difference
	(\$Thousands)		
Motor Fuels Tax	\$64,849	\$65,369	-0.80%
Motor Fuels Tax ³	\$63,797	\$64,234	-0.68%
Aviation	\$143	\$116	24.23%
Road Tax	\$908	\$1,020	-10.92%
Vehicle Sales Tax	\$41,867	\$41,508	0.86%
Vehicle Sales Tax	\$41,302	\$40,965	0.82%
Rental Tax	\$565	\$543	4.02%
Retail Sales Tax	\$32,303	\$31,039	4.07%
Motor Vehicle License	\$12,259	\$12,067	1.59%
IRP	\$4,258	\$4,567	-6.77%

*October 2000 Forecast

1 Of Selected Revenue Sources

2 Includes HMOF and TTF

3 Includes Clean Special Fuels Tax Revenues