

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT June 2007

Summary

Collections in the Commonwealth Transportation Fund increased by 1.7 percent in June. Fiscal year 2007's annual growth was 1.7 percent, slightly ahead of the forecasted growth rate of 1.2 percent. Slightly stronger than anticipated motor vehicle and general retail sales tax collections contributed to the fiscal year 2007 surplus of \$12.6 million.

Motor Fuels Tax (excluding PTF Fuels Tax Revenue)

Motor fuels tax collections increased by 2.2 percent in June. Annual collections were down 1.3 percent, lagging the official forecast by 0.3 percentage points.

This summer's average retail regular motor gasoline price is projected to be \$2.95 per gallon, up 11 cents per gallon from last summer. Despite the continuing low gasoline inventories, gasoline prices began to fall in the second half of July and are expected to continue to decline through the end of this year. Regular-grade gasoline prices are expected to average about \$2.64 per gallon in December 2007, compared with an average monthly high of \$3.15 in May 2007.

Motor Vehicle Sales and Use Tax

Collections in this source increased by 7.4 percent in June. Year-to-date collections were flat, slightly ahead of the 1.7 percent decline expected in the official forecast.

The outlook for vehicle sales for the balance of the year is for continued erosion. The rapid deterioration in house prices is leaving less home equity for households to draw on to finance vehicle purchases. Meanwhile, mortgage defaults are weighing on increasingly more households and rate resets on variable rate mortgages will only exacerbate the current credit deterioration. In addition to troubles in the housing market, persistently high gasoline prices are weighing on disposable incomes and affecting the types of vehicles that consumers are buying. Finally, after a number of years of above-trend vehicle purchases, in part propelled by high incentive spending and low interest rates, demand for vehicles is spent up. As it is, the steadily improving quality of vehicles means that most vehicle purchases are driven by other things than the need to replace them.

State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 8.5 percent in June. Collections in this source increased by 8.6 percent in fiscal year 2007, ahead of the anticipated 6.8 percent growth rate.

Motor Vehicle Licenses

Motor vehicle registration fee collections declined by 2.5 percent in June. Year-to-date growth was 0.1 percent, slightly lagging the official forecast of a 0.6 percent growth.

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 2006 and 2007
(Dollars in Thousands)

Revenue	FY 2007 Estimate	As a % of Total Fund	June			Year-To-Date			% Annual Growth Required By Estimate
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	Change	
Motor Fuel Taxes	\$861,600	22.37	\$145,919	\$142,776	2.2	\$859,482	\$870,414	(1.3)	(1.0)
Priority Transportation Fund	20,000	0.52	2,000	2,000	0.0	20,000	20,000	0.0	0.0
Motor Vehicle Sales and Use Tax	618,300	16.06	64,888	60,395	7.4	628,458	628,689	0.0	(1.7)
State Sales and Use Tax	508,700	13.21	46,406	42,775	8.5	517,277	476,259	8.6	6.8
Motor Vehicle License Fees	170,400	4.42	16,170	16,588	(2.5)	169,429	169,315	0.1	0.6
International Registration Plan	62,400	1.62	4,318	9,590	(55.0)	53,987	60,570	(10.9)	3.0
Interest Earnings	48,200	1.25	15,240	15,841	(3.8)	53,943	38,648	39.6	24.7
Misc. Taxes, Fees, and Revenues (a)	12,700	0.33	1,182	1,223	(3.4)	12,338	11,993	2.9	5.9
Total State Taxes and Fees (a)	\$2,302,300	59.78	\$296,123	\$291,188	1.7	\$2,314,914	\$2,275,888	1.7	1.2

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

(a) Certain Fiscal Year 2007 year-to-date and Fiscal Year 2006 monthly and year-to-date amounts have been reclassified. Refer to (a) 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 2006 and 2007
(Dollars in Thousands)

Revenue	FY 2007 Estimate	As a % of Total Fund	June			Year-To-Date			% Annual Growth Required By Est
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$743,300	19.30	\$127,715	\$124,458	2.6	\$741,464	\$751,972	(1.4)	(1.2)
Motor Vehicle Sales and Use Tax	381,900	9.92	40,315	37,512	7.5	389,921	390,170	(0.1)	(2.1)
Motor Vehicle License Fees	149,200	3.87	14,325	14,514	(1.3)	148,186	148,250	0.0	0.6
International Registration Plan	62,400	1.62	4,318	9,590	(55.0)	53,987	60,570	(10.9)	3.0
Misc. Taxes, Fees, and Revenues (a)	12,700	0.33	1,182	1,223	(3.4)	12,338	11,993	2.9	5.9
Total State Taxes and Fees	\$1,349,500	35.04	\$187,855	\$187,297	0.3	\$1,345,896	\$1,362,955	(1.3)	(1.0)
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$3,373	\$8,334	(59.5)	\$30,702	\$37,421	(18.0)	(100.0)
Miscellaneous Revenues (a)	10,600	0.28	1,121	777	44.3	16,927	21,537	(21.4)	(50.8)
Transfer (to) / from Transportation Trust Fund	286,303	7.43	0	0	-	231,205	186,199	24.2	53.8
Total Highway Maintenance and Operating Fund	\$1,646,403	42.75	\$192,349	\$196,408	(2.1)	\$1,624,730	\$1,608,112	1.0	2.4
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$118,300	3.07	\$18,204	\$18,318	(0.6)	\$118,018	\$118,442	(0.4)	(0.1)
Priority Transportation Fund	20,000	0.52	2,000	2,000	0.0	20,000	20,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	236,400	6.14	24,573	22,883	7.4	238,537	238,519	0.0	(0.9)
State Sales and Use Tax	508,700	13.21	46,406	42,775	8.5	517,277	476,259	8.6	6.8
Motor Vehicle License Fees	21,200	0.55	1,845	2,074	(11.0)	21,243	21,065	0.8	0.6
Interest Earnings	48,200	1.25	15,240	15,841	(3.8)	53,943	38,648	39.6	24.7
Total State Taxes and Fees	\$952,800	24.74	\$108,268	\$103,891	4.2	\$969,018	\$912,933	6.1	4.4
Other Revenues:									
Federal Grants and Contracts	\$1,354,852	35.19	\$59,354	\$44,852	32.3	\$618,516	\$480,822	28.6	181.8
Receipts from Cities/Counties (a)	69,303	1.80	398	4,704	(91.5)	42,066	47,329	(11.1)	46.4
Toll Revenues (Includes Route 28)	96,447	2.50	6,981	11,071	(36.9)	103,731	113,439	(8.6)	(15.0)
Miscellaneous Revenues	17,391	0.45	1,709	6,225	(72.5)	21,562	22,018	(2.1)	(21.0)
Total Other Revenues	\$1,537,993	39.94	\$68,442	\$66,852	2.4	\$785,875	\$663,608	18.4	131.8
Transfer (to) / from Highway Maintenance and Operating Fund	(\$286,303)	(7.43)	\$0	\$0	-	(\$231,205)	(\$186,199)	(24.2)	(53.8)
Total Transportation Trust Fund	\$2,204,490	57.25	\$176,710	\$170,743	3.5	\$1,523,688	\$1,390,342	9.6	58.6
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	\$3,850,893	100.00	\$369,059	\$367,151	0.5	\$3,148,418	\$2,998,454	5.0	28.4

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

(a) A new line, "Miscellaneous Revenues", was added to the Highway Maintenance and Operating Fund Revenue Forecast. A portion of the amounts previously reported in "Miscellaneous Taxes, Fees, and Revenues" and "Receipts from Cities/Counties" were reclassified to "Miscellaneous Revenues." In order to provide comparable data, the Fiscal Year 2007 and Fiscal Year 2006 monthly and year-to-date amounts were likewise reclassified.