

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT June 2008

Summary

Collections in the Commonwealth Transportation Fund declined by 7.8 percent in June. Fiscal year 2008's annual growth was 2.6 percent, trailing the forecasted growth rate of 4.0 percent. Adjusting for the increased registration fees included in Motor Vehicle License Fees and the International Registration Plan, fiscal year 2008's collections declined by 1.2 percent, the first annual decline since fiscal year 1991. Weak growth in motor fuels tax collections and a significant decline in the motor vehicle sales tax resulted in a fiscal year 2008 deficit of \$34.4 million.

Motor Fuels Tax (excluding PTF Fuels Tax Revenue)

Motor fuels tax collections fell by 8.0 percent in June. Annual collections increased by 0.4 percent, lagging the official forecast by 3.6 percentage points.

Regular-grade motor gasoline retail prices, which averaged \$2.81 per gallon in 2007, are projected to rise to an average of \$3.84 per gallon this year and \$4.06 per gallon in 2009. These prices hit a record of \$4.10 per gallon on June 30. For the remainder of 2008, pump prices are projected to remain well above \$4.00 per gallon. This forecast reflects very 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 \$4.35 per gallon, up from \$2.88 per gallon last year, and increase to an average of \$4.48 per gallon in 2009.

Motor Vehicle Sales and Use Tax

Collections in this source fell by 20.8 percent in June. Year-to-date collections declined by 8.8 percent in fiscal year 2008, the largest annual drop since fiscal year 1991.

Conditions for consumers are particularly challenging for the U.S. motor vehicles industry. There are many reasons for the weak sales, from the weak labor market, eroding household wealth and the credit crunch to still elevated gasoline prices and weak trade-in values on gas guzzlers. Further, the decision to move away from leasing may have the effect of depressing sales further since consumers may be attracted to leasing during weaker economic times as monthly payments on leased vehicles are lower than monthly payments on purchased vehicles.

State Retail Sales Tax

The transportation portion of the state retail sales tax fell by 5.1 percent in June. Collections in this source increased by 1.5 percent in fiscal year 2008, ahead of the anticipated 0.1 percent growth rate.

Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 32.1 percent in June. Year-to-date growth was 42.9 percent, lagging the official forecast of 49.4 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 2007 and 2008
(Dollars in Thousands)

Revenue	FY 2008 Estimate	As a % of Total Fund	June			Year-To-Date			% Annual Growth Required By Estimate
			FY 2008	FY 2007	% Change	FY 2008	FY 2007	% Change	
Motor Fuel Taxes	\$894,000	24.02	\$134,175	\$145,919	(8.0)	\$863,024	\$859,482	0.4	4.0
Priority Transportation Fund	20,000	0.54	2,000	2,000	0.0	20,000	20,000	0.0	0.0
Motor Vehicle Sales and Use Tax	599,900	16.11	51,393	64,888	(20.8)	573,000	628,458	(8.8)	(4.5)
State Sales and Use Tax	517,800	13.91	44,029	46,406	(5.1)	524,901	517,277	1.5	0.1
Motor Vehicle License Fees	253,100	6.81	21,366	16,170	32.1	242,128	169,429	42.9	49.4
International Registration Plan	64,500	1.73	6,090	4,318	41.0	74,120	53,987	37.3	19.5
Interest Earnings	43,500	1.17	12,913	15,240	(15.3)	62,111	53,943	15.1	(19.4)
Misc. Taxes, Fees, and Revenues	15,800	0.42	1,115	1,182	(5.7)	14,903	12,338	20.8	28.1
Total State Taxes and Fees	<u>\$2,408,600</u>	<u>64.71</u>	<u>\$273,081</u>	<u>\$296,123</u>	<u>(7.8)</u>	<u>\$2,374,187</u>	<u>\$2,314,914</u>	<u>2.6</u>	<u>4.0</u>

Percentage is greater than or equal to 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 2007 and 2008
(Dollars in Thousands)

Revenue	FY 2008 Estimate	As a % of Total Fund	June			Year-To-Date			% Annual Growth Required By Est
			FY 2008	FY 2007	% Change	FY 2008	FY 2007	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$770,300	20.70	\$114,305	\$127,715	(10.5)	\$740,662	\$741,464	(0.1)	3.9
Motor Vehicle Sales and Use Tax	369,400	9.92	31,974	40,315	(20.7)	355,051	389,921	(8.9)	(5.3)
Motor Vehicle License Fees	231,700	6.23	19,464	14,325	35.9	220,779	148,186	49.0	56.4
International Registration Plan	64,500	1.73	6,090	4,318	41.0	74,120	53,987	37.3	19.5
Misc. Taxes, Fees, and Revenues	15,800	0.42	1,115	1,182	(5.7)	14,903	12,338	20.8	28.1
Total State Taxes and Fees	\$1,451,700	39.00	\$172,948	\$187,855	(7.9)	\$1,405,515	\$1,345,896	4.4	7.9
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$377	\$3,373	(88.8)	\$27,864	\$30,702	(9.2)	(100.0)
Miscellaneous Revenues	16,937	0.46	1,436	1,121	28.1	16,851	16,927	(0.4)	0.1
Transfer (to) / from Transportation Trust Fund	260,570	7.00	0	0	-	265,543	231,205	14.9	12.7
Total Highway Maintenance and Operating Fund	\$1,729,207	46.46	\$174,761	\$192,349	(9.1)	\$1,715,773	\$1,624,730	5.6	6.4
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$123,700	3.32	\$19,870	\$18,204	9.2	\$122,362	\$118,018	3.7	4.8
Priority Transportation Fund	20,000	0.54	2,000	2,000	0.0	20,000	20,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	230,500	6.19	19,419	24,573	(21.0)	217,949	238,537	(8.6)	(3.4)
State Sales and Use Tax	517,800	13.91	44,029	46,406	(5.1)	524,901	517,277	1.5	0.1
Motor Vehicle License Fees	21,400	0.58	1,902	1,845	3.1	21,349	21,243	0.5	0.7
Interest Earnings	43,500	1.17	12,913	15,240	(15.3)	62,111	53,943	15.1	(19.4)
Total State Taxes and Fees	\$956,900	25.71	\$100,133	\$108,268	(7.5)	\$968,672	\$969,018	0.0	(1.3)
Other Revenues:									
Federal Grants and Contracts	\$1,101,708	29.60	\$88,535	\$59,354	49.2	\$855,765	\$618,516	38.4	78.1
Receipts from Cities/Counties	78,428	2.11	4,591	398	#	45,381	42,066	7.9	86.4
Toll Revenues (Includes Route 28)	100,598	2.70	7,163	6,981	2.6	129,727	103,731	25.1	(3.0)
Miscellaneous Revenues	15,758	0.42	854	1,709	(50.0)	14,789	21,562	(31.4)	(26.9)
Total Other Revenues	\$1,296,492	34.83	\$101,143	\$68,442	47.8	\$1,045,662	\$785,875	33.1	65.0
Transfer (to) / from Highway Maintenance and Operating Fund	(\$260,570)	(7.00)	\$0	\$0	-	(\$265,543)	(\$231,205)	(14.9)	(12.7)
Total Transportation Trust Fund	\$1,992,822	53.54	\$201,276	\$176,710	13.9	\$1,748,791	\$1,523,688	14.8	30.8
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,722,029	100.00	\$376,037	\$369,059	1.9	\$3,464,564	\$3,148,418	10.0	18.2

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