

## COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT June 2011

### Summary

Commonwealth Transportation Fund revenues fell by 2.0 percent in June mainly due to lower motor fuels tax collections. Fiscal year 2011 collections grew by 2.8 percent and finished the year slightly ahead of the forecast of a 3.0 percent increase.

### Motor Fuels Tax

Motor fuels tax collections fell by 2.0 percent this month but were up 1.7 percent for the year, lagging the 3.1 percent increase required in the official forecast.

The annual average regular-grade gasoline retail price is expected to increase from \$2.78 per gallon in 2010 to \$3.53 per gallon in 2011 and to \$3.64 per gallon in 2012 due to increases in oil prices. The increase in retail prices reflects not only the higher cost of crude oil but also changes in average U.S. refinery gasoline margin (the difference between refinery wholesale gasoline prices and the average cost of crude oil) from \$0.34 per gallon in 2010 to \$0.48 per gallon in 2011 and \$0.43 per gallon in 2012.

On-highway diesel fuel retail prices, which averaged \$2.99 per gallon in 2010, are expected to average \$3.83 per gallon in 2011 and \$3.96 per gallon in 2012. Projected U.S. refinery diesel fuel margins increase from an average of \$0.38 per gallon in 2010 to \$0.62 per gallon in 2011, then fall to an average of \$0.55 per gallon in 2012.

### Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections declined by 0.5 percent in June. Fiscal year 2011 growth was 12.3 percent, well ahead of the forecast of 6.9 percent growth.

Concerns about a weakening recovery, disappointing employment growth and persistent layoffs, weak income growth, a persistent decline in house prices (household wealth), worries about global weakness in the face of Europe's sovereign debt crisis, instability in the Middle East, and the recession in Japan are also causing many households to put their auto buying plans on hold. The share of households that plan to buy a new vehicle in the next few months fell to 3.1% in June from 3.4% in May and 4.5% in April.

Near-term risks point to the downside. If the recovery flags in coming months, the employment situation fails to improve, and consumer confidence suffers, sales will

remain weak. Automakers may try to counteract these forces with higher incentives, but such efforts usually have temporary effects.

### State Retail Sales Tax

The TTF portion of the state retail sales tax increased by 3.9 percent in June. The decline of 2.7 percent ended the year slightly behind the official forecast of a 2.0 percent decline.

### Motor Vehicle Licenses

Motor vehicle registration fee collections fell by 9.8 percent in June.

**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 2010 and 2011**  
**(Dollars in Thousands)**

Revenue	FY 2011 Estimate	As a % of Total Fund	June			Year-To-Date			% Annual Growth Required By Estimate
			FY 2011	FY 2010	% Change	FY 2011	FY 2010	% Change	
Motor Fuel Taxes	\$855,500	25.33	\$138,930	\$141,710	(2.0)	\$844,377	\$830,112	1.7	3.1
Priority Transportation Fund (PTF)	150,300	4.45	2,000	2,000	0.0	150,327	149,102	0.8	0.8
Motor Vehicle Sales and Use Tax	506,500	15.00	47,873	48,128	(0.5)	532,178	473,707	12.3	6.9
State Sales and Use Tax	480,800	14.24	42,852	41,247	3.9	477,329	490,714	(2.7)	(2.0)
Motor Vehicle License Fees	234,800	6.95	21,191	23,483	(9.8)	237,860	230,200	3.3	2.0
International Registration Plan	61,300	1.82	5,210	6,851	(24.0)	61,053	59,770	2.1	2.6
Recordation Tax	32,200	0.95	3,581	3,774	(5.1)	34,984	35,186	(0.6)	(8.5)
Interest Earnings	38,600	1.14	5,012	4,784	4.8	18,268	22,956	(20.4)	68.1
Misc. Taxes, Fees, and Revenues	12,700	0.38	1,077	1,186	(9.2)	12,892	12,752	1.1	(0.4)
<b>Total State Taxes and Fees</b>	<b>\$2,372,700</b>	<b>70.26</b>	<b>\$267,726</b>	<b>\$273,163</b>	<b>(2.0)</b>	<b>\$2,369,268</b>	<b>\$2,304,499</b>	<b>2.8</b>	<b>3.0</b>

# 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 2010 and 2011**  
(Dollars in Thousands)

Revenue	FY 2011 Estimate	As a % of Total Fund	June			Year-To-Date			% Annual Growth Required By Est
			FY 2011	FY 2010	% Change	FY 2011	FY 2010	% Change	
<b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>									
Motor Fuel Taxes (Includes Road Tax)	\$739,800	21.90	\$119,915	\$122,932	(2.5)	\$726,729	\$715,089	1.6	3.5
Motor Vehicle Sales and Use Tax	309,800	9.17	29,465	29,598	(0.4)	324,836	289,456	12.2	7.0
Motor Vehicle License Fees	213,700	6.33	19,316	21,413	(9.8)	216,655	209,464	3.4	2.0
International Registration Plan	61,300	1.82	5,210	6,851	(24.0)	61,053	59,770	2.1	2.6
Recordation Tax (1 cent)	10,700	0.32	1,194	1,258	(5.1)	11,661	11,729	(0.6)	(8.8)
Misc. Taxes, Fees, and Revenues	12,700	0.38	1,077	1,186	(9.2)	12,892	12,752	1.1	(0.4)
<b>Total State Taxes and Fees</b>	<b>\$1,348,000</b>	<b>39.92</b>	<b>\$176,177</b>	<b>\$183,238</b>	<b>(3.9)</b>	<b>\$1,353,826</b>	<b>\$1,298,260</b>	<b>4.3</b>	<b>3.8</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$0	0.00	\$3,032	\$1,992	52.2	\$21,254	\$19,253	10.4	(100.0)
Miscellaneous Revenues	16,191	0.48	1,078	684	57.6	15,143	14,423	5.0	12.3
Transfer (to) / from Transportation Trust Fund	510,998	15.13	100,000	157,604	(36.5)	462,938	507,604	(8.8)	0.7
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$1,875,189</b>	<b>55.53</b>	<b>\$280,287</b>	<b>\$343,518</b>	<b>(18.4)</b>	<b>\$1,853,161</b>	<b>\$1,839,540</b>	<b>0.7</b>	<b>1.9</b>
<b>TRANSPORTATION TRUST FUND:</b>									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$115,700	3.43	\$19,015	\$18,778	1.3	\$117,648	\$115,023	2.3	0.6
PTF Motor Fuels	20,000	0.59	2,000	2,000	0.0	20,000	20,000	0.0	0.0
PTF Insurance Premiums Tax	130,300	3.86	0	0	-	130,327	129,102	0.9	0.9
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	196,700	5.83	18,408	18,530	(0.7)	207,342	184,251	12.5	6.8
State Sales and Use Tax	480,800	14.24	42,852	41,247	3.9	477,329	490,714	(2.7)	(2.0)
Motor Vehicle License Fees	21,100	0.62	1,875	2,070	(9.4)	21,205	20,736	2.3	1.8
Recordation Tax (2 cents)	21,500	0.63	2,387	2,516	(5.1)	23,323	23,457	(0.6)	(8.3)
Interest Earnings	38,600	1.14	5,012	4,784	4.8	18,268	22,956	(20.4)	68.1
<b>Total State Taxes and Fees</b>	<b>\$1,024,700</b>	<b>30.34</b>	<b>\$91,549</b>	<b>\$89,925</b>	<b>1.8</b>	<b>\$1,015,442</b>	<b>\$1,006,239</b>	<b>0.9</b>	<b>1.8</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$881,334	26.09	\$114,618	\$86,508	32.5	\$894,677	\$824,119	8.6	6.9
Receipts from Cities/Counties	59,007	1.75	4,478	2,273	97.0	43,526	46,086	(5.6)	28.0
Toll Revenues (Includes Route 28)	30,035	0.89	1,003	1,041	(3.7)	20,142	44,454	(54.7)	(32.4)
Miscellaneous Revenues	17,862	0.53	4,138	3,996	3.6	54,665	29,604	84.7	(39.7)
<b>Total Other Revenues</b>	<b>\$988,238</b>	<b>29.26</b>	<b>\$124,237</b>	<b>\$93,818</b>	<b>32.4</b>	<b>\$1,013,010</b>	<b>\$944,263</b>	<b>7.3</b>	<b>4.7</b>
<b>Transfer (to) / from Highway Maintenance and Operating Fund</b>									
Maintenance and Operating Fund	(\$510,998)	(15.13)	(\$100,000)	(\$157,604)	36.5	(\$462,938)	(\$507,604)	8.8	(0.7)
<b>Total Transportation Trust Fund</b>	<b>\$1,501,940</b>	<b>44.47</b>	<b>\$115,786</b>	<b>\$26,139</b>	<b>343.0</b>	<b>\$1,565,514</b>	<b>\$1,442,898</b>	<b>8.5</b>	<b>4.1</b>
<b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b>									
	<b>\$3,377,129</b>	<b>100.00</b>	<b>\$396,073</b>	<b>\$369,657</b>	<b>7.1</b>	<b>\$3,418,675</b>	<b>\$3,282,438</b>	<b>4.2</b>	<b>2.9</b>

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