

TRANSPORTATION REVENUE TRACKING REPORT

DEPARTMENT OF MOTOR VEHICLES

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

Revenue Sources	FY 00 _1/ Forecast	March		Fiscal Year-To-Date				
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	% Change	
							Actual	Forecast
Motor Fuels Taxes _2/	\$779,534	\$66,403	-1.4	\$544,438	540,869	3,569	2.4	1.8
Motor Vehicle Sales & Use Tax _3/	456,142	49,861	24.8	363,264	325,921	37,344	15.2	3.4
State Retail Sales Tax	371,400	27,906	5.1	277,799	277,355	444	7.8	7.7
Motor Vehicle Licenses	139,636	13,637	5.7	103,936	107,627	(3,691)	4.5	8.2
International Registration Plan	52,068	8,049	7.2	36,642	39,050	(2,408)	13.9	21.4
Interest Earnings	4,482	0	-97.3	4,522	3,076	1,446	(24.5)	(48.6)
Miscellaneous _4/	12,596	2,030	33.2	12,639	9,297	3,342	20.2	(11.6)
Total State Taxes and Fees	\$1,815,859	\$167,886	7.8	\$1,343,240	\$1,303,194	\$40,046	7.2	4.1

_1/ November 1999 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

Bottom Line

March 2000 is another month of substantial increases in revenues going to the Commonwealth Transportation Fund. Total revenues increased 7.8 percent for the month over March of last year, and are 7.2 percent greater than last year on a YTD basis. This monthly increase however, is less than recorded for February 2000, which may indicate the economy is responding to higher interest rates. Total revenues are currently running 3.1 percent ahead of forecast for the year. The three major contributors to the positive variance are Motor Fuels Tax, Motor Vehicles Sales and Use Tax and Miscellaneous revenues.

Motor Fuels Tax

Motor Fuels Tax revenues are predictably lower for the month of March over the same month last year. This revenue source is down 1.4 percent from March one year ago, but still slightly ahead for the year. Motor Fuels Tax revenues are ahead on a YTD basis by 2.4 percent but only 0.6 percent greater than forecast. The reduction in revenue is being reflected in a reduction in taxable gallons purchased, no doubt an effect of higher pump prices. January 2000 gallons were 10.7 percent under January of 1999 and total gallons are now only 0.6 percent ahead on a YTD basis. We should continue to see relatively high fuel prices through the Summer of 2000.

Motor Vehicle Sales and Use Tax

Tax revenues from the sale of motor vehicles continue to rise. Spurred on by considerable incentives being offered by manufacturers and by severe price competition in order to maintain market share, overall sales in March set an annualized record of 18.2 million units topping the previous record of the

third quarter of 1999. Revenue from Motor Vehicle Sales increased 24.8 percent for the month of March. Revenues have increased 15.2 percent on a YTD basis, which is higher than the YTD percentage reported last month. Motor Vehicle Sales and Use Tax revenues are contributing \$37.3 million to the total forecast variance of \$40.0 million.

State Retail Sales Tax

State Retail Sales Tax revenue growth slowed down in March, but remained at a healthy pace of 5.1 percent for the month. On a YTD basis, this revenue source is growing at a 7.8 percent rate which is only 0.1 percent off of the forecast growth rate. FAO is still expecting at least one interest rate hike in this fiscal year, which will act to further reduce the growth in this revenue.

Motor Vehicle Licenses

Motor Vehicle License revenues increased by 5.7 percent for the month but are running \$3.6 million below forecast for the year. The monthly growth rate for March is substantially below that of last month. On a YTD basis, this revenue source is growing at a 4.5 percent rate. Total vehicle registrations still reflect the strong sales figures by increasing 8.2 percent for the month and are ahead on a YTD basis by 6.6 percent.

Other Revenues

International Registration Plan (IRP) revenues are up 7.2 percent for the month and are running 13.9 percent ahead on a YTD basis. This revenue source is subject to wide, monthly fluctuations.

HIGHWAY MAINTENANCE AND OPERATING FUND (HMOF)
(\$ in Thousands)

Revenue Sources	FY 00 _1/ Forecast	March		Fiscal Year-To-Date				
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	Actual	% Change Forecast
Motor Fuels Taxes _2/	\$676,991	\$57,178	-1.4	\$469,761	470,019	(\$257)	2.9	2.9
Motor Vehicle Sales and Use Tax	294,216	31,445	27.0	232,630	210,501	22,129	16.5	5.4
Motor Vehicle Licenses	121,747	11,720	5.0	90,515	93,948	(3,433)	4.9	8.8
International Registration Plan	52,068	8,049	7.2	36,642	39,050	(2,408)	13.9	21.4
Miscellaneous	12,596	2,030	33.2	12,639	9,297	3,342	20.2	-11.6
Total State Taxes and Fees	\$1,157,618	\$110,422	7.2	\$842,187	\$822,814	\$19,373	7.2	4.8
Federal Grants and Contracts _3/	11,078	869	111.4	6,460	n/a	n/a	30.7	n/a
Transfer to TTF _4/	(11,224)	(319)	#N/A	(638)	n/a	n/a	#N/A	n/a
Total HMOF	\$1,157,472	\$110,972	7.3	\$848,009	n/a	n/a	7.4	n/a

_1/ November 1999 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 00 _1/ Forecast	March		Fiscal Year-To-Date				
		Revenue Collected	% Change Year Ago	Revenue Collected	Revenue Forecast	\$ Variance	Actual	% Change Forecast
Motor Fuels Taxes _2/	\$102,543	\$9,226	-1.4	\$74,677	\$70,850	\$3,827	-0.3	-5.4
Motor Vehicle Sales and Use Tax _3/	161,926	18,415	21.3	\$130,634	115,420	15,214	13.2	0.0
State Retail Sales Tax	371,400	27,906	5.1	\$277,799	277,355	444	7.8	7.7
Motor Vehicle Licenses	17,889	1,917	10.2	\$13,421	13,679	(258)	2.3	4.3
Interest Earnings	4,482	0	-97.3	\$4,522	3,076	1,446	-24.5	-48.6
Total State Taxes and Fees	\$658,240	\$57,464	8.8	\$501,053	\$480,380	\$20,673	7.3	2.9
Federal Grants and Contracts _4/	700,500	34,355	-21.4	380,402	n/a	n/a	3.6	n/a
Local Contributions _5/	39,152	5,366	-20.8	54,493	n/a	n/a	167.2	n/a
Toll and Other Revenues _6/	48,094	7,713	-16.8	49,459	n/a	n/a	7.4	n/a
Transfers from HMOF	11,224	319	-99.1	638	n/a	n/a	-29.9	n/a
Total TTF	\$1,457,210	\$105,217	-28.0	\$986,045	n/a	n/a	11.7	n/a

TOTAL TRANSPORTATION FUNDS

Total HMOF & TTF Revenues	\$2,614,683	\$216,189	-13.4	\$1,834,054	n/a	n/a	6.4	n/a
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_1/ November 1999 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 contribution are received on a cost-share basis as provided by law.

_6/ Receipts from Dulles, Powhite and Coleman Bridge and miscellaneous revenues.

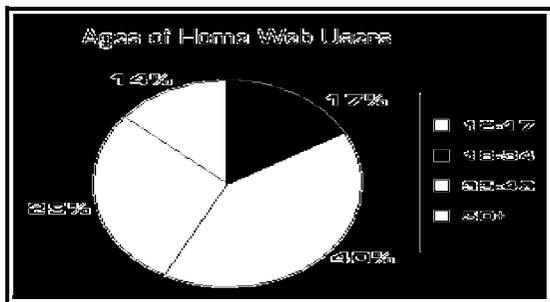
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INTERNET USAGE TRENDS

The phrase “Dot COM” has been incorporated into almost every aspect of our lives. Whether it is sending a greeting card, purchasing groceries, or renewing your vehicle registration, it is all possible over the Internet. The following report will give an overview of current Internet usage trends and what we can expect for the future. There is a special section on the automobile industry and how that is effected by the Internet. Also included is an analysis of DMV Internet usage and how it compares to other e-commerce industries.

Demographics and Trends:

The Headcount.com pie chart below shows the breakdown of web users by age group:



In 1998 Headcount.com reported that there were 18.6 million people making purchases over the Internet. This number is expected to grow by 247.3% to 64.6 million by 2002. Dot COM companies are allocating large amounts of money towards marketing to and hopefully capturing their share of this growing market. As to be expected, the high tech industries have prevailed so far. Software comes in on top with 29% of all Internet purchases. Not far behind are hardware purchases, which make up 25% of e-commerce. Books (23%), travel (16%), music (14%), and clothing (10%) are all growing areas of e-commerce.

Automobile Industry:

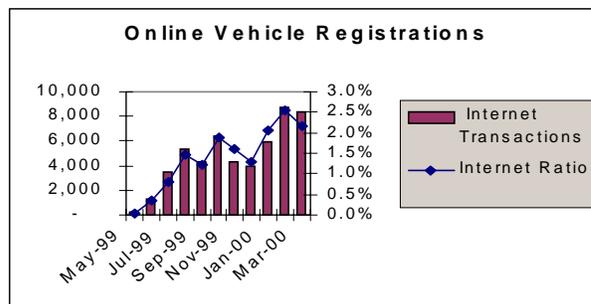
The automobile industry is being uprooted with the addition of virtual dealerships. About 61% of car dealers have web sites. It is estimated that 40% of U.S. car buyers shop online, up from 25% in 1998. Consumers can custom order an automobile online or they can request that a dealer swing by their house for a test drive.

The biggest effect on the industry has been in the sales price of vehicles. With the power of the

Internet at their fingertips, consumers can compare prices around the nation or globe. In May, the National Automotive Dealers’ Association will begin posting the invoice price of cars on its web site. With these industry wide changes, the days of haggling over automobile prices could become a thing of the past. According to a survey by J.D. Power & Associates, “Customers who were referred to their dealerships by an online service were usually given a discounted price without even asking.”

DMV Online:

The DMV has made huge strides in e-commerce during the last year. Customers can choose from a wide array of services, such as vehicle registration and driver license renewals, without leaving the comfort of their own desk. Since its launch in May 1999, the sale of vehicle registrations over the Internet has grown 4,481%. (See chart below) Internet transactions currently make up 2.6% of all DMV Headquarters transactions. As a comparison, Internet sales in general merchandise and electronic stores make up 4% of total sales.



Customer awareness is key in boosting Internet sales. In February 2000, Driver License renewals over the Internet averaged 26 per day, totaling 757 for the month. In March, DMV customers received Renewal Notices that included a PIN number, which enabled them to renew by Internet. In one day, Driver License renewals jumped to 573 transactions. By the end of March, the DMV had received 3,140 request for renewals over the Internet.

Key Revenue Indicator Tracking Report March-00

Key Indicator	FY 1999 Total	FY 2000 Forecast	Month			Year-to-Date			% Annual Growth Required By Forecast
			FY 2000	FY 1999	% Change	FY 2000	FY 1999	% Change	
Net Taxable Gallons (000's) Jan-00	4,462,898	4,523,087	338,739	379,350	-10.7	2,625,600	2,610,272	0.6	1.3
Total Taxable Vehicle Sales (000's)	14,014,643	\$14,759,099	\$1,568,095	\$1,279,187	22.6	\$11,769,711	\$10,138,035	16.1	5.3
New Taxable Vehicle Sales (000's)	7,607,758	8,192,324	867,943	667,673	30.0	6,617,030	5,479,679	20.8	7.7
Used Taxable Vehicle Sales (000's)	6,406,885	6,566,774	700,152	611,513	14.5	5,152,681	4,658,356	10.6	2.5
Total Taxable Titles	1,494,974	1,535,637	160,137	140,657	13.8	1,163,810	1,082,620	7.5	2.7
New Taxable Titles	357,761	374,609	39,309	31,187	26.0	296,684	255,181	16.3	4.7
Used Taxable Titles	1,137,213	1,161,028	120,828	109,470	10.4	867,126	827,439	4.8	2.1
Average Price All Motor Vehicles	\$9,364	\$9,546	\$9,792	\$9,094	7.7	\$10,112	\$9,362	8.0	1.9
Average Price New Vehicles	21,265	21,869	22,080	21,409	3.1	22,303	21,474	3.9	2.8
Average Price Used Vehicles	5,634	5,656	5,795	5,586	3.7	5,942	5,630	5.5	0.4
Total Vehicle Registrations	5,519,697	5,602,329	549,806	508,236	8.2	4,227,779	3,966,719	6.6	1.5
One-Year Registrations	4,797,398	4,850,941	479,519	443,451	8.1	3,668,616	3,454,392	6.2	1.1
Two-Year Registrations	722,299	751,388	70,287	64,785	8.5	559,163	512,327	9.1	4.0

Twelve Month Rolling Average ¹			
March-00			
Revenue Source ²	From 4-99 to 3-00	From 4-98 to 3-99	Percent Difference
	(\$Thousands)		
<u>Motor Fuels Tax</u>	\$65,371	\$63,265	3.33%
Motor Fuels Tax ³	\$64,187	\$62,082	3.39%
Aviation	\$117	\$117	0.08%
Road Tax	\$1,067	\$1,066	0.05%
<u>Vehicle Sales Tax</u>	\$40,804	\$35,538	14.82%
Vehicle Sales Tax	\$40,287	\$35,053	14.93%
Rental Tax	\$518	\$485	6.76%
Retail Sales Tax	\$30,193	\$28,276	6.78%
Motor Vehicle License	\$11,919	\$11,526	3.41%
IRP	\$4,497	\$4,141	8.61%

1 Of Selected Revenue Sources
2 Includes HMOF and TTF
3 Includes Clean Special Fuels Tax revenues