

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT

March 2006

Summary

Revenue collections showed solid growth in March, increasing by 5.9 percent, driven by collections of international registration fees. On a year-to-date basis, growth is up 4.4 percent, ahead of the forecast of 2.3 percent growth.

Motor Fuels Tax (excluding PTF Fuels Tax Revenue)

Motor Fuels Tax collections declined by 3.3 percent in March. Annual collections through the first nine months of fiscal year 2006 are up 1.9 percent, ahead of the 0.4 percent decrease expected in the official forecast.

Retail regular gasoline prices are projected to average \$2.50 per gallon in 2006 and \$2.40 in 2007. Summer (April 1 to September 30) regular gasoline pump prices are expected to average \$2.62 per gallon, 25 cents higher than last year's average of \$2.37 per gallon. Retail diesel prices are also expected to average \$2.62 per gallon this summer. World oil market conditions, growth in U.S. demand, and ongoing implementation of domestic fuel quality requirements are expected to keep consumer prices for motor fuels and other petroleum products high in 2006. Higher crude oil costs together with higher margins (retail price minus crude oil cost and taxes, per gallon) are also expected to contribute to increases at the pump. Higher gasoline margins are likely because: 1) gasoline consumption is expected to grow solidly following weak growth in 2005; 2) Tier 2 gasoline requirements mandate further reduction in sulfur content this year; and 3) phase-out of methyl tertiary butyl ether (MTBE) from the gasoline pool is likely to put significant pressure on ethanol and gasoline prices.

Motor Vehicle Sales and Use Tax

Vehicle sales tax collections increased by 2.6 percent in March. Growth in this source is up 4.0 percent for the year, slightly ahead of the official estimate of 3.5 percent growth.

Consumer fundamentals are mixed. While employment and wage trends will support a solid pace of spending on new motor vehicles, demand is likely spent up, given the above trend pace of recent years. In addition, higher interest rates are reducing vehicle affordability. While not an especially good indicator of future sales, it follows that vehicle buying plans weakened in March as well; 2.5% of surveyed households indicated their intention to buy a new vehicle, its weakest share since January 2005. Vehicle buying plans are correlated with a two quarter lag to sales.

The drag on vehicle sales is expected to increase as the year progresses. Employment growth is expected to weaken by year-end, while interest rates are expected to march higher. Persistently high gasoline prices have not as of yet seemed to deter consumers.

State Retail Sales Tax

The transportation portion of retail sales tax increased by 11.2 percent in March. Collections in this source are up 7.5 percent in fiscal year 2006.

Motor Vehicle Licenses

Motor Vehicle Registrations dropped by 2.0 percent in March. Collections of \$16.1 million were slightly lower than the \$16.4 million collected last March. Motor vehicle license receipts are up 4.6 percent for the year.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Summary Statement of Revenue Estimates & Collections
For the Fiscal Years 2005 and 2006
(Dollars in Thousands)

Revenue	FY 2006 Estimate	As a % of Total Fund	March			Year-To-Date			% Annual Growth Required By Estimate
			FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change	
Motor Fuel Taxes	\$845,800	24.56	\$63,793	\$65,951	(3.3)	\$585,716	\$574,779	1.9	(0.4)
Priority Transportation Fund	20,000	0.58	2,000	2,000	0.0	14,000	14,000	0.0	0.0
Motor Vehicle Sales and Use Tax	636,600	18.48	55,205	53,791	2.6	468,580	450,582	4.0	3.5
State Sales and Use Tax	474,900	13.79	38,346	34,475	11.2	349,636	325,149	7.5	5.6
Motor Vehicle License Fees	169,200	4.91	16,053	16,378	(2.0)	123,192	117,804	4.6	2.9
International Registration Plan	58,600	1.70	19,026	10,991	73.1	40,752	39,340	3.6	(3.5)
Interest Earnings	25,700	0.75	16	0	-	14,247	7,754	83.7	45.7
Misc. Taxes, Fees, and Revenues	22,700	0.66	2,709	2,586	4.8	25,073	23,221	8.0	(14.2)
Total State Taxes and Fees	\$2,253,500	65.43	\$197,148	\$186,172	5.9	\$1,621,196	\$1,552,629	4.4	2.3

Percentage is greater than 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 2005 and 2006
(Dollars in Thousands)

Revenue	FY 2006 Estimate	As a % of Total Fund	March			Year-To-Date			% Annual Growth Required By Est
			FY 2006	FY 2005	% Change	FY 2006	FY 2005	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$725,500	21.07	\$53,203	\$54,862	(3.0)	\$506,927	\$494,629	2.5	(0.7)
Motor Vehicle Sales and Use Tax	395,200	11.47	34,553	34,608	(0.2)	290,165	290,080	0.0	(0.2)
Motor Vehicle License Fees	147,900	4.29	14,033	14,319	(2.0)	107,863	103,104	4.6	2.8
International Registration Plan	58,600	1.70	19,026	10,991	73.1	40,752	39,340	3.6	(3.5)
Misc. Taxes, Fees, and Revenues	22,700	0.66	2,709	2,586	4.8	25,073	23,221	8.0	(14.2)
Total State Taxes and Fees	\$1,349,900	39.19	\$123,524	\$117,366	5.2	\$970,780	\$950,374	2.1	(0.5)
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$4,332	\$7,705	(43.8)	\$26,119	\$20,716	26.1	(100.0)
Transfer (to) / from Transportation Trust Fund	186,200	5.41	0	0	-	186,199	194,977	(4.5)	(4.5)
Total Highway Maintenance and Operating Fund	\$1,536,100	44.60	\$127,856	\$125,071	2.2	\$1,183,098	\$1,166,067	1.5	(2.9)
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$120,300	3.49	\$10,590	\$11,089	(4.5)	\$78,789	\$80,150	(1.7)	1.0
Priority Transportation Fund	20,000	0.58	2,000	2,000	0.0	14,000	14,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	241,400	7.01	20,652	19,183	7.7	178,415	160,502	11.2	10.1
State Sales and Use Tax	474,900	13.79	38,346	34,475	11.2	349,636	325,149	7.5	5.6
Motor Vehicle License Fees	21,300	0.62	2,020	2,059	(1.9)	15,329	14,700	4.3	3.5
Interest Earnings	25,700	0.75	16	0	-	14,247	7,754	83.7	45.7
Total State Taxes and Fees	\$903,600	26.24	\$73,624	\$68,806	7.0	\$650,416	\$602,255	8.0	6.7
Other Revenues:									
Federal Grants and Contracts	\$1,011,300	29.36	\$20,454	\$37,641	(45.7)	\$336,003	\$321,811	4.4	121.8
Receipts from Cities/Counties	70,400	2.04	3,799	(11,431)	133.2	36,964	23,223	59.2	174.6
Toll Revenues (Includes Route 28)	88,700	2.58	8,434	11,296	(25.3)	82,053	73,836	11.1	(20.5)
Miscellaneous Revenues	20,200	0.59	1,732	(17)	#	12,773	23,034	(44.5)	(25.7)
Total Other Revenues	\$1,190,600	34.57	\$34,419	\$37,489	(8.2)	\$467,793	\$441,904	5.9	91.9
Transfer (to) / from Highway Maintenance and Operating Fund	(\$186,200)	(5.41)	\$0	\$0	-	(\$186,199)	(\$194,977)	4.5	4.5
Total Transportation Trust Fund	\$1,908,000	55.40	\$108,043	\$106,295	1.6	\$932,010	\$849,182	9.8	50.0
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	\$3,444,100	100.00	\$235,899	\$231,366	2.0	\$2,115,108	\$2,015,249	5.0	20.7

Percentage is greater than 1,000%.