

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT

March 2007

Summary

Revenue collections fell in March, declining by 1.8 percent, driven by slowing retail sales tax and international registration fees collections. On a year-to-date basis, growth is up 2.0 percent, ahead of the forecast of 0.5 percent growth.

Motor Fuels Tax (excluding PTF Fuels Tax Revenue)

Motor Fuels Tax collections increased by 5.8 percent in March. Annual collections through the first nine months of fiscal year 2007 are down 1.2 percent, slightly behind the 1.0 percent decrease expected in the official forecast.

Gasoline prices were up again for the week of April 2, 2007, increasing 9.5 cents to 280.2 cents per gallon. This is the tenth consecutive week of increases; prices are now 11.9 cents per gallon higher than at this time last year. Retail diesel prices also increased this week, rising 5.0 cents to 284.0 cents per gallon. Prices are now 18.6 cents per gallon higher than at this time last year. With the U.S. average retail price for regular gasoline now above \$2.80 per gallon, some analysts and reporters have a new question on their minds: what level of prices would cause Americans to change their driving habits? Recent data suggest that average prices in the neighborhood of \$3 per gallon might lead to such adjustments. But, even taking account of the change in fuel composition, recent data suggest that gasoline demand, however measured, is quite inelastic, meaning that it takes a large increase in prices to significantly affect demand.

Motor Vehicle Sales and Use Tax

Vehicle sales tax collections increased by 0.9 percent in March. Growth in this source is down 2.7 percent for the year, slightly lagging the official estimate of a 1.7 percent decline.

Nationally, vehicle sales weakened slightly in March, to 16.3 million seasonally adjusted on an annualized basis, as U.S. manufacturers continued to shun sales to rental fleets in favor of higher margin dealer sales and as higher gasoline prices took a bite out of light truck sales. The expectation of continued weaker sales is predicated on several factors: continued erosion in consumer credit conditions, tighter lending standards, forward buying of previous years, continuation of the shift by U.S. makers away from reliance on fleet sales and the expectation of higher gasoline prices through the summer.

State Retail Sales Tax

The transportation portion of retail sales tax declined by 2.8 percent in March. Collections in this source are up 11.0 percent in fiscal year 2007.

Motor Vehicle Licenses

Motor Vehicle Registrations increased by 6.1 percent in March. Collections of \$17.0 million were slightly higher than the \$16.1 million collected last March. Motor vehicle license receipts are up 1.9 percent for the year.

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	March			Year-To-Date			% Annual Growth Required By Estimate
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	Change	
Motor Fuel Taxes	\$861,600	22.46	\$67,516	\$63,793	5.8	\$578,911	\$585,716	(1.2)	(1.0)
Priority Transportation Fund	20,000	0.52	2,000	2,000	0.0	14,000	14,000	0.0	0.0
Motor Vehicle Sales and Use Tax	618,300	16.12	55,675	55,205	0.9	455,947	468,580	(2.7)	(1.7)
State Sales and Use Tax	508,700	13.26	37,259	38,346	(2.8)	388,200	349,636	11.0	6.8
Motor Vehicle License Fees	170,400	4.44	17,033	16,053	6.1	125,551	123,192	1.9	0.6
International Registration Plan	62,400	1.63	11,523	19,026	(39.4)	41,336	40,752	1.4	3.0
Interest Earnings	33,800	0.88	36	16	125.0	24,632	14,247	72.9	(12.5)
Misc. Taxes, Fees, and Revenues (a)	12,700	0.33	1,224	1,429	(14.3)	9,170	8,733	5.0	5.9
Total State Taxes and Fees (a)	\$2,287,900	59.64	\$192,266	\$195,868	(1.8)	\$1,637,747	\$1,604,856	2.0	0.5

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	March			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	19.38	\$56,632	\$53,203	6.4	\$499,212	\$506,927	(1.5)	(1.2)
Motor Vehicle Sales and Use Tax	381,900	9.95	34,794	34,553	0.7	282,238	290,165	(2.7)	(2.1)
Motor Vehicle License Fees	149,200	3.89	14,906	14,033	6.2	109,594	107,863	1.6	0.6
International Registration Plan	62,400	1.63	11,523	19,026	(39.4)	41,336	40,752	1.4	3.0
Misc. Taxes, Fees, and Revenues (a)	12,700	0.33	1,224	1,429	(14.3)	9,170	8,733	5.0	5.9
Total State Taxes and Fees	\$1,349,500	35.18	\$119,079	\$122,244	(2.6)	\$941,550	\$954,440	(1.4)	(1.0)
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$1,807	\$4,332	(58.3)	\$19,414	\$26,119	(25.7)	(100.0)
Miscellaneous Revenues (a)	10,600	0.27	1,175	1,447	(18.8)	13,295	18,396	(27.7)	(50.8)
Transfer (to) / from Transportation Trust Fund	286,303	7.46	0	0	-	231,205	186,199	24.2	53.8
Total Highway Maintenance and Operating Fund	\$1,646,403	42.91	\$122,061	\$128,023	(4.7)	\$1,205,464	\$1,185,154	1.7	2.4
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$118,300	3.08	\$10,884	\$10,590	2.8	\$79,699	\$78,789	1.2	(0.1)
Priority Transportation Fund	20,000	0.52	2,000	2,000	0.0	14,000	14,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	236,400	6.17	20,881	20,652	1.1	173,709	178,415	(2.6)	(0.9)
State Sales and Use Tax	508,700	13.26	37,259	38,346	(2.8)	388,200	349,636	11.0	6.8
Motor Vehicle License Fees	21,200	0.55	2,127	2,020	5.3	15,957	15,329	4.1	0.6
Interest Earnings	33,800	0.88	36	16	125.0	24,632	14,247	72.9	(12.5)
Total State Taxes and Fees	\$938,400	24.46	\$73,187	\$73,624	(0.6)	\$696,197	\$650,416	7.0	2.8
Other Revenues:									
Federal Grants and Contracts	\$1,354,852	35.32	\$43,741	\$20,454	113.9	\$464,491	\$336,003	38.2	181.8
Receipts from Cities/Counties (a)	69,303	1.81	3,059	3,632	(15.8)	37,500	34,908	7.4	46.4
Toll Revenues (Includes Route 28)	96,447	2.51	5,471	8,434	(35.1)	72,667	82,053	(11.4)	(15.0)
Miscellaneous Revenues	17,391	0.45	1,026	1,732	(40.8)	15,433	12,773	20.8	(21.0)
Total Other Revenues	\$1,537,993	40.09	\$53,297	\$34,252	55.6	\$590,091	\$465,737	26.7	131.8
Transfer (to) / from Highway Maintenance and Operating Fund	(\$286,303)	(7.46)	\$0	\$0	-	(\$231,205)	(\$186,199)	(24.2)	(53.8)
Total Transportation Trust Fund	\$2,190,090	57.09	\$126,484	\$107,876	17.2	\$1,055,083	\$929,954	13.5	57.5
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	\$3,836,493	100.00	\$248,545	\$235,899	5.4	\$2,260,547	\$2,115,108	6.9	27.9

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.