

## COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT March 2009

### Summary

Commonwealth Transportation Fund (CTF) revenues dropped by 3.6 percent in March and are down 1.1 percent year-to-date, slightly ahead of the annual forecast of a 1.5 percent decline. However, adjusting for the new revenue streams resulting from House Bill 3202 (2007), base CTF collections are down 10.3 percent through March.

### Motor Fuels Tax

Motor fuels tax collections fell by 8.7 percent in March and are down 4.9 percent on an annual basis. Motor fuels tax collections are tracking towards the largest annual decline over the last twenty years, far surpassing the 1.3 percent declines in fiscal years 1991 and 2007.

Total U.S. consumption of liquid fuels in 2008 declined by 6.1 percent, from that of 2007. The major factors contributing to the fall in consumption were a rapid rise in retail prices to record levels during the first half of 2008 and a deteriorating economy in the second half of the year. Total liquid fuels consumption for 2009 is projected to fall by a further 2.2 percent, because of a continued weak economy. The economic recovery is projected to boost total liquid fuels consumption in 2010 by 1.4 percent, with all of the major fuels registering consumption increases.

The increase in consumption provided by the dramatic fall in petroleum prices from last year is being offset by the weak economy. These counter-balancing forces are expected to be prominent features of the summer driving season, defined as the period from April 1 to September 30. Regular-grade gasoline retail prices, which averaged \$3.81 per gallon last summer, are projected to average \$2.23 per gallon during the current driving season. The monthly average gasoline price is expected to peak at about \$2.30 per gallon late this summer. Diesel fuel prices, which averaged \$4.37 per gallon last summer, are projected to average \$2.27 this summer. However, because short-term prices can be quite volatile, weekly prices will be higher (or lower) than the monthly average.

### Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections fell by 16.6 percent in March, the eleventh consecutive double-digit monthly decline. However, March motor vehicle sales tax collections represent the lowest monthly decline since September 2008. Year-to-date, collections

are down 23.3 percent. The year-to-date decline in motor vehicle sales tax is significantly worse than that seen during the fiscal year 1991 recession.

Vehicle sales perked up slightly in March thanks to stepped up sales inducements during the last week of the month. Edmunds.com calculates that domestic automakers offered incentives worth an average \$3,169 in March. This was up 30% from a year ago and 5.7% higher than in February. Automakers are offering more 0% financing, discounts and rebates. Sales are being constrained by the still-difficult access to credit, the weak labor market, dwindling wealth, and rock-bottom consumer confidence. Although sales remain extremely weak, the slight rebound suggests that sales may have reached a trough.

Access to credit is easing somewhat. For example, GMAC will resume lending to subprime borrowers, and such enhancements as suspensions in car payments in the event of job loss offered by Hyundai and now Ford and GM as well as government stimulus to spur vehicle sales with cash for trading in cars older than eight years old will help provide some impetus.

#### State Retail Sales Tax

The transportation portion of the state retail sales tax fell by 5.7 percent in March. Year-to-date sales tax collections are down 3.7 percent.

#### Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 6.1 percent in March.

**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 2008 and 2009**  
(Dollars in Thousands)

Revenue	FY 2009 Estimate	As a % of Total Fund	March			Year-To-Date			% Annual Growth Required By Estimate
			FY 2009	FY 2008	% Change	FY 2009	FY 2008	% Change	
Motor Fuel Taxes	\$842,300	23.84	\$64,358	\$70,502	(8.7)	\$565,684	\$594,633	(4.9)	(2.4)
Priority Transportation Fund (PTF) (a)	152,300	4.31	2,000	2,000	0.0	146,286	14,000	944.9	-
Motor Vehicle Sales and Use Tax	460,300	13.03	36,488	43,726	(16.6)	329,260	429,254	(23.3)	(19.7)
State Sales and Use Tax	514,500	14.56	35,456	37,602	(5.7)	379,891	394,288	(3.7)	(2.0)
Motor Vehicle License Fees	239,200	6.78	23,475	22,121	6.1	175,091	178,480	(1.9)	(1.2)
International Registration Plan	51,400	1.46	14,922	10,455	42.7	42,039	55,104	(23.7)	(30.7)
Recordation Tax (b)	35,400	1.00	3,121	0	-	25,720	0	-	-
Interest Earnings	30,700	0.87	48	114	(57.9)	19,160	34,005	(43.7)	(50.6)
Misc. Taxes, Fees, and Revenues	13,200	0.37	1,254	1,331	(5.8)	9,735	11,433	(14.9)	(11.4)
<b>Total State Taxes and Fees</b>	<b>\$2,339,300</b>	<b>66.22</b>	<b>\$181,122</b>	<b>\$187,851</b>	<b>(3.6)</b>	<b>\$1,692,866</b>	<b>\$1,711,197</b>	<b>(1.1)</b>	<b>(1.5)</b>

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

(a) A new revenue stream, Insurance Premiums Tax, is included in the Fiscal Year 2009 Transportation Trust Fund Revenue Forecast. As there were no collections for insurance premiums tax recorded in the Transportation Trust Fund during Fiscal Year 2008, a comparison of the total "Priority Transportation Fund (PTF)" between Fiscal Years 2008 and 2009 may not be appropriate. Refer to the "PTF Motor Fuels" and "PTF Insurance Premiums Tax" line items on page 5 for the detailed information pertaining to the "Priority Transportation Trust Fund (PTF)" line item.

(b) New revenue streams for Recordation Tax are included in the Fiscal Year 2009 Highway Maintenance and Operating Fund and the Transportation Trust Fund Revenue Estimates, respectively. As there were no collections for recordation taxes recorded in these funds during Fiscal Year 2008, a comparison between Fiscal Years 2008 and 2009 may not be appropriate. Refer to the "Recordation Tax (1 cent)" and "Recordation Tax (2 cents)" line items on page 5 for the detailed information pertaining to the "Recordation Tax" line item.

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 2008 and 2009  
(Dollars in Thousands)

Revenue	FY 2009 Estimate	As a % of Total Fund	March			Year-To-Date			% Annual Growth Required By Est
			FY 2009	FY 2008	% Change	FY 2009	FY 2008	% Change	
<b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>									
Motor Fuel Taxes (Includes Road Tax)	\$725,300	20.53	\$55,923	\$59,446	(5.9)	\$486,428	\$509,171	(4.5)	(2.1)
Motor Vehicle Sales and Use Tax	277,900	7.87	22,070	27,116	(18.6)	200,318	266,035	(24.7)	(21.7)
Motor Vehicle License Fees	218,500	6.19	21,381	20,157	6.1	159,372	162,874	(2.2)	(1.0)
International Registration Plan	51,400	1.46	14,922	10,455	42.7	42,039	55,104	(23.7)	(30.7)
Recordation Tax (1 cent) (a)	11,800	0.33	1,040	0	-	8,573	0	-	-
Misc. Taxes, Fees, and Revenues	13,200	0.37	1,254	1,331	(5.8)	9,735	11,433	(14.9)	(11.4)
<b>Total State Taxes and Fees</b>	<b>\$1,298,100</b>	<b>36.75</b>	<b>\$116,590</b>	<b>\$118,505</b>	<b>(1.6)</b>	<b>\$906,465</b>	<b>\$1,004,617</b>	<b>(9.8)</b>	<b>(7.6)</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$0	0.00	\$1,614	\$2,476	(34.8)	\$15,385	\$24,074	(36.1)	(100.0)
Miscellaneous Revenues	19,605	0.55	819	1,133	(27.7)	11,989	12,221	(1.9)	16.3
Transfer (to) / from Transportation Trust Fund	384,970	10.90	19,831	0	-	364,831	265,543	37.4	45.0
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$1,702,675</b>	<b>48.20</b>	<b>\$138,854</b>	<b>\$122,114</b>	<b>13.7</b>	<b>\$1,298,670</b>	<b>\$1,306,455</b>	<b>(0.6)</b>	<b>(0.8)</b>
<b>TRANSPORTATION TRUST FUND:</b>									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$117,000	3.31	\$8,435	\$11,056	(23.7)	\$79,256	\$85,462	(7.3)	(4.4)
PTF Motor Fuels	20,000	0.57	2,000	2,000	0.0	14,000	14,000	0.0	0.0
PTF Insurance Premiums Tax (a)	132,300	3.74	0	0	-	132,286	0	-	-
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	182,400	5.16	14,418	16,610	(13.2)	128,942	163,219	(21.0)	(16.3)
State Sales and Use Tax	514,500	14.56	35,456	37,602	(5.7)	379,891	394,288	(3.7)	(2.0)
Motor Vehicle License Fees	20,700	0.59	2,094	1,964	6.6	15,719	15,606	0.7	(3.0)
Recordation Tax (2 cents) (a)	23,600	0.67	2,081	0	-	17,147	0	-	-
Interest Earnings	30,700	0.87	48	114	(57.9)	19,160	34,005	(43.7)	(50.6)
<b>Total State Taxes and Fees</b>	<b>\$1,041,200</b>	<b>29.47</b>	<b>\$64,532</b>	<b>\$69,346</b>	<b>(6.9)</b>	<b>\$786,401</b>	<b>\$706,580</b>	<b>11.3</b>	<b>7.5</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$938,474	26.57	\$35,052	\$63,844	(45.1)	\$614,894	\$601,797	2.2	9.7
Receipts from Cities/Counties	97,299	2.76	8,565	1,168	633.3	39,270	33,494	17.2	114.4
Toll Revenues (Includes Route 28) (b)	106,041	3.00	1,687	11,716	(85.6)	55,974	89,346	(37.4)	(18.3)
Miscellaneous Revenues	31,806	0.90	2,435	951	156.0	12,007	11,455	4.8	115.1
<b>Total Other Revenues</b>	<b>\$1,173,620</b>	<b>33.23</b>	<b>\$47,739</b>	<b>\$77,679</b>	<b>(38.5)</b>	<b>\$722,145</b>	<b>\$736,092</b>	<b>(1.9)</b>	<b>12.2</b>
Transfer (to) / from Highway Maintenance and Operating Fund	(\$384,970)	(10.90)	(\$19,831)	\$0	-	(\$364,831)	(\$265,543)	(37.4)	(45.0)
<b>Total Transportation Trust Fund</b>	<b>\$1,829,850</b>	<b>51.80</b>	<b>\$92,440</b>	<b>\$147,025</b>	<b>(37.1)</b>	<b>\$1,143,715</b>	<b>\$1,177,129</b>	<b>(2.8)</b>	<b>4.6</b>
<b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b>	<b>\$3,532,525</b>	<b>100.00</b>	<b>\$231,294</b>	<b>\$269,139</b>	<b>(14.1)</b>	<b>\$2,442,385</b>	<b>\$2,483,584</b>	<b>(1.7)</b>	<b>2.0</b>

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

(a) These line items were added to the Fiscal Year 2009 Revenue Forecast. Since there were no collections for these line items during Fiscal Year 2008, the Monthly and Year-To-Date % Change columns do not provide comparable data.

(b) The Dulles Toll Road was transferred to the Metropolitan Washington Airport Authority effective November 1, 2008. No toll revenues will be recorded for the Dulles Toll Road after November 1, 2008.