

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT March 2011

Summary

Commonwealth Transportation Fund (CTF) revenues increased by 5.9 percent in March, due to surging motor vehicle sales tax collections and strong retail sales tax collections. Year-to-date, transportation fund revenues are up 3.9 percent, slightly ahead of the official growth rate of 3.0 percent. Adjusted for the accelerated sales tax program (AST), year-to-date CTF revenues are up 5.6 percent.

Motor Fuels Tax

March collections declined by 0.4 percent. On a year-to-date basis, collections are up 2.5 percent.

West Texas Intermediate (WTI) crude oil spot prices averaged \$89 per barrel in February and \$103 per barrel in March. The WTI price has continued to rise in recent days, reaching \$112 on April 8. Crude oil prices are currently at their highest level since 2008.

The rise in crude oil prices is reflected in higher petroleum product prices. The retail price of regular-grade motor gasoline is expected to average \$3.86 per gallon during this summer's driving season (the period between April 1 and September 30), up from \$2.76 per gallon last summer. The annual average regular retail gasoline price will increase from \$2.78 per gallon in 2010 to \$3.70 per gallon in 2011 and to \$3.80 per gallon in 2012. Current market prices of futures and options contracts for gasoline suggest a 33-percent probability that the national monthly average retail price for regular gasoline could exceed \$4.00 per gallon during July 2011.

Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 18.2 percent in March, the seventeenth consecutive month of growth in this source. Annual collections in this source are up 15.3 percent. Notwithstanding the double-digit annual growth, fiscal year 2011 collections through March are still below fiscal year 2002 levels at a comparative point in the fiscal year.

The motor vehicle industry has enjoyed steadily stronger sales for the past year. The industry has benefited from a gradually improving economy, better access to auto loans and leases, the launch of many new and redesigned vehicles, and the release of pent-up demand. Sales are expected to continue climbing this year, although the risks to sales

are rising as a result of higher gasoline prices and supply disruptions. However, higher gasoline prices will have more of an impact in shifting buying preferences to more fuel-efficient vehicles than in preventing sales altogether. Automakers, particularly U.S. automakers, are better positioned now than they were in 2008 to rise to the challenge of higher gasoline prices.

State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 11.1 percent in March. Adjusted for the AST program, year-to-date sales tax collections have increased by 3.0 percent.

Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 0.6 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 2010 and 2011
(Dollars in Thousands)**

Revenue	FY 2011 Estimate	As a % of Total Fund	March			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	\$62,844	\$63,074	(0.4)	\$571,741	\$557,660	2.5	3.1
Priority Transportation Fund (PTF)	150,300	4.45	2,000	2,000	0.0	144,327	143,102	0.9	0.8
Motor Vehicle Sales and Use Tax	506,500	15.00	50,393	42,634	18.2	391,961	340,096	15.3	6.9
State Sales and Use Tax	480,800	14.24	37,113	33,391	11.1	348,023	364,615	(4.6)	(2.0)
Motor Vehicle License Fees	234,800	6.95	24,134	24,001	0.6	175,599	166,646	5.4	2.0
International Registration Plan	61,300	1.82	10,792	11,565	(6.7)	45,903	44,013	4.3	2.6
Recordation Tax	32,200	0.95	2,720	2,612	4.1	25,785	25,923	(0.5)	(8.5)
Interest Earnings	38,600	1.14	22	107	(79.4)	9,255	6,402	44.6	68.1
Misc. Taxes, Fees, and Revenues	12,700	0.38	1,330	1,264	5.2	9,718	9,258	5.0	(0.4)
Total State Taxes and Fees	\$2,372,700	70.26	\$191,348	\$180,648	5.9	\$1,722,312	\$1,657,715	3.9	3.0

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	March			Year-To-Date			% Annual Growth Required By Est
			FY 2011	FY 2010	% Change	FY 2011	FY 2010	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$739,800	21.90	\$51,992	\$54,686	(4.9)	\$490,353	\$479,662	2.2	3.5
Motor Vehicle Sales and Use Tax	309,800	9.17	31,523	26,559	18.7	238,380	206,465	15.5	7.0
Motor Vehicle License Fees	213,700	6.33	21,970	21,848	0.6	159,955	151,600	5.5	2.0
International Registration Plan	61,300	1.82	10,792	11,565	(6.7)	45,903	44,013	4.3	2.6
Recordation Tax (1 cent)	10,700	0.32	907	871	4.1	8,595	8,641	(0.5)	(8.8)
Misc. Taxes, Fees, and Revenues	12,700	0.38	1,330	1,264	5.2	9,718	9,258	5.0	(0.4)
Total State Taxes and Fees	\$1,348,000	39.92	\$118,514	\$116,793	1.5	\$952,904	\$899,639	5.9	3.8
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$1,904	\$1,358	40.2	\$15,324	\$15,229	0.6	(100.0)
Miscellaneous Revenues	16,191	0.48	1,441	(180)	900.6	8,080	11,833	(31.7)	12.3
Transfer (to) / from Transportation Trust Fund	510,998	15.13	100,000	100,000	0.0	266,940	300,000	(11.0)	0.7
Total Highway Maintenance and Operating Fund	\$1,875,189	55.53	\$221,859	\$217,971	1.8	\$1,243,248	\$1,226,701	1.3	1.9
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$115,700	3.43	\$10,852	\$8,388	29.4	\$81,388	\$77,998	4.3	0.6
PTF Motor Fuels	20,000	0.59	2,000	2,000	0.0	14,000	14,000	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	18,870	16,075	17.4	153,581	133,631	14.9	6.8
State Sales and Use Tax	480,800	14.24	37,113	33,391	11.1	348,023	364,615	(4.6)	(2.0)
Motor Vehicle License Fees	21,100	0.62	2,164	2,153	0.5	15,644	15,046	4.0	1.8
Recordation Tax (2 cents)	21,500	0.63	1,813	1,741	4.1	17,190	17,282	(0.5)	(8.3)
Interest Earnings	38,600	1.14	22	107	(79.4)	9,255	6,402	44.6	68.1
Total State Taxes and Fees	\$1,024,700	30.34	\$72,834	\$63,855	14.1	\$769,408	\$758,076	1.5	1.8
Other Revenues:									
Federal Grants and Contracts	\$881,334	26.09	\$63,374	\$67,422	(6.0)	\$655,681	\$630,593	4.0	6.9
Receipts from Cities/Counties	59,007	1.75	456	3,427	(86.7)	34,498	38,757	(11.0)	28.0
Toll Revenues (Includes Route 28)	30,035	0.89	808	1,799	(55.1)	10,934	26,139	(58.2)	(32.4)
Miscellaneous Revenues	17,862	0.53	3,512	1,163	202.0	52,495	22,226	136.2	(39.7)
Total Other Revenues	\$988,238	29.26	\$68,150	\$73,811	(7.7)	\$753,608	\$717,715	5.0	4.7
Transfer (to) / from Highway Maintenance and Operating Fund	(\$510,998)	(15.13)	(\$100,000)	(\$100,000)	0.0	(\$266,940)	(\$300,000)	11.0	(0.7)
Total Transportation Trust Fund	\$1,501,940	44.47	\$40,984	\$37,666	8.8	\$1,256,076	\$1,175,791	6.8	4.1
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND									
	\$3,377,129	100.00	\$262,843	\$255,637	2.8	\$2,499,324	\$2,402,492	4.0	2.9

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