

## COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT March 2014

### Summary

Commonwealth Transportation Fund (CTF) revenues increased by 8.2 percent in March. On a year-to-date basis, collections are up 12.5 percent. Adjusting for the impacts of HB2313 (2013), annual collections are up 2.2 percent.

### Motor Fuels Tax

Motor fuel taxes fell by 25.1 percent in March and are down 21.2 percent for the fiscal year.

On April 21, the U.S. average retail price for regular gasoline was \$3.68 per gallon (gal), an increase of 39 cents/gal since the 2014 low in early February. This recent retail price increase is mostly the result of an increase in crack spreads (the difference between the price of wholesale gasoline and the price of crude oil) attributable to typical seasonal factors such as refinery maintenance and higher travel-related demand as the driving season begins. In 2014, the average crack spread during the first four months of the year has been close to the five-year average. However, the 2014 seasonal increase has been modestly steeper than normal, which partially stems from lower-than-normal crack spreads in January and February. Retail gasoline prices are expected to continue to rise into May and then begin to ease as refinery runs peak, adding supply to the market.

### Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 29.7 percent in March and are up 31.3 percent for the year. Adjusting for the July 1 increase in the motor vehicle sales tax rate and excluding the rental taxes, motor vehicle sales tax collections fell by 3.4 percent this month and are down 3.8 percent annually.

The weather again depressed new-vehicle sales in February. The many snowy days and frigid weather, which kept the snow on the ground, caused many consumers to delay purchases. In addition to weaker retail sales, fleet sales were also weak in February, for a second straight month. Weather also disrupted fleet deliveries.

As evidence of the impact of weather, sales did begin to improve during the second half of February. As a result, given the growing pent-up demand for vehicles of the past few months combined with the longer-term pent-up demand from the recession, consumer spending on new vehicles is expected to strengthen appreciably, to better than 16 million.

The weak sales combined with strong production at the end of 2013 have resulted in an unwelcome buildup in inventory, although the weather did reduce some of the building plans in recent months. Manufacturers, particularly Ford and GM, have accordingly cranked up sales inducements. This, along with the thaw, should help improve spring sales. The buildup in unwanted inventory is expected to be short-lived.

### State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 58.9 percent in March, due to the 0.3 percent increase in the state retail sales tax and the increased amount of general fund sales tax collections being deposited into the Highway Maintenance Fund as stipulated by HB2313 (2013). Adjusting for HB2313, sales tax collections were up 0.1 percent for the month and are up 0.2 percent for the year.

### Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 4.9 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 2013 and 2014**  
**(Dollars in Thousands)**

Revenue	FY 2014 Estimate	As a % of Total Fund	March			Year-To-Date			% Annual Growth Required By Estimate
			FY 2014	FY 2013	% Change	FY 2014	FY 2013	% Change	
Motor Fuel Taxes (b)	\$607,500	15.24	\$49,638	\$66,275	(25.1)	\$452,680	\$574,140	(21.2)	(27.8)
Priority Transportation Fund (PTF) (b)	130,800	3.28	0	0	-	130,769	130,064	0.5	0.6
Motor Vehicle Sales and Use Tax	859,200	21.55	68,397	52,732	29.7	597,069	454,877	31.3	38.0
State Sales and Use Tax (a)	837,800	21.01	62,054	39,051	58.9	596,978	383,527	55.7	60.8
Motor Vehicle License Fees	250,700	6.29	22,745	21,688	4.9	179,517	177,711	1.0	2.1
International Registration Plan	62,300	1.56	7,282	12,795	(43.1)	43,182	47,292	(8.7)	0.9
Recordation Tax	45,500	1.15	2,749	4,117	(33.2)	27,699	33,588	(17.5)	(1.8)
Interest Earnings	13,100	0.33	72	0	-	3,650	4,733	(22.9)	41.1
Misc. Taxes, Fees, and Revenues	16,100	0.40	1,462	1,425	2.6	12,509	10,502	19.1	8.7
<b>Total State Taxes and Fees</b>	<b>\$2,823,000</b>	<b>70.81</b>	<b>\$214,399</b>	<b>\$198,083</b>	<b>8.2</b>	<b>\$2,044,053</b>	<b>\$1,816,434</b>	<b>12.5</b>	<b>13.2</b>

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

(a) New revenue streams for State Sales and Use Tax are included in the Fiscal Year 2014 Highway Maintenance and Operating Fund Revenue Forecast. As there were no collections for state sales and use tax recorded in the Highway Maintenance and Operating Fund during Fiscal Year 2013, a comparison between Fiscal Years 2013 and 2014 may not be appropriate. Refer to the "State Sales and Use Tax" line item on page 5 for the detailed information pertaining to the "State Sales and Use Tax" line item.

(b) Certain Fiscal Year 2013 monthly and year-to-date amounts have been reclassified. Refer to (b) 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 2013 and 2014  
(Dollars in Thousands)

Revenue	FY 2014 Estimate	As a % of Total Fund	March			Year-To-Date			% Annual Growth Required By Est
			FY 2014	FY 2013	% Change	FY 2014	FY 2013	% Change	
<b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>									
Motor Fuel Taxes (Includes Road Tax)	\$485,100	12.17	\$37,741	\$52,347	(27.9)	\$360,229	\$481,051	(25.1)	(31.3)
Motor Vehicle Sales and Use Tax	611,700	15.34	48,940	33,034	48.2	423,356	281,606	50.3	57.9
State Sales and Use Tax (a)	199,500	5.00	14,588	0	-	137,358	0	-	-
Motor Vehicle License Fees	228,800	5.74	20,786	19,731	5.3	163,940	161,958	1.2	2.2
International Registration Plan	62,300	1.56	7,282	12,795	(43.1)	43,182	47,292	(8.7)	0.9
Recordation Tax (1 cent)	15,000	0.39	916	1,372	(33.2)	9,242	11,196	(17.5)	(2.9)
Misc. Taxes, Fees, and Revenues	16,100	0.40	1,462	1,425	2.6	12,509	10,502	19.1	8.7
<b>Total State Taxes and Fees</b>	<b>\$1,618,500</b>	<b>40.60</b>	<b>\$131,715</b>	<b>\$120,704</b>	<b>9.1</b>	<b>\$1,149,816</b>	<b>\$993,605</b>	<b>15.7</b>	<b>14.8</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$0	0.00	\$2,120	\$2,091	1.4	\$21,167	\$18,276	15.8	(100.0)
Miscellaneous Revenues	18,658	0.47	1,342	1,336	0.4	13,556	12,194	11.2	11.5
Transfer (to) / from Transportation Trust Fund	313,942	7.87	95,000	75,000	26.7	285,000	245,000	16.3	(10.4)
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$1,951,100</b>	<b>48.94</b>	<b>\$230,177</b>	<b>\$199,131</b>	<b>15.6</b>	<b>\$1,469,539</b>	<b>\$1,269,075</b>	<b>15.8</b>	<b>8.3</b>
<b>TRANSPORTATION TRUST FUND:</b>									
Motor Fuel Taxes (Includes Aviation & Road Taxes) (b)	\$122,400	3.07	\$11,897	\$13,928	(14.6)	\$92,451	\$93,089	(0.7)	(9.5)
PTF Insurance Premiums Tax	130,800	3.28	0	0	-	130,769	130,064	0.5	0.6
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	247,500	6.21	19,457	19,698	(1.2)	173,713	173,271	0.3	5.2
State Sales and Use Tax	638,300	16.01	47,466	39,051	21.5	459,620	383,527	19.8	22.5
Motor Vehicle License Fees	21,900	0.55	1,959	1,957	0.1	15,577	15,753	(1.1)	1.1
Recordation Tax (2 cents)	30,500	0.76	1,833	2,745	(33.2)	18,457	22,392	(17.6)	(1.3)
Interest Earnings	13,100	0.33	72	0	-	3,650	4,733	(22.9)	41.1
<b>Total State Taxes and Fees</b>	<b>\$1,204,500</b>	<b>30.21</b>	<b>\$82,684</b>	<b>\$77,379</b>	<b>6.9</b>	<b>\$894,237</b>	<b>\$822,829</b>	<b>8.7</b>	<b>11.2</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$929,928	23.33	\$89,123	\$82,785	7.7	\$995,878	\$1,063,702	(6.4)	(28.8)
Receipts from Cities/Counties	178,614	4.48	3,057	(2,622)	216.6	58,005	44,327	30.9	208.5
Toll Revenues (Includes Route 28)	16,768	0.42	886	860	3.0	8,644	8,348	3.5	(5.0)
Miscellaneous Revenues	19,854	0.49	4,480	2,461	82.0	19,795	40,736	(51.4)	(57.6)
<b>Total Other Revenues</b>	<b>\$1,145,164</b>	<b>28.72</b>	<b>\$97,546</b>	<b>\$83,484</b>	<b>16.8</b>	<b>\$1,082,322</b>	<b>\$1,157,113</b>	<b>(6.5)</b>	<b>(19.9)</b>
<b>Transfer (to) / from Highway Maintenance and Operating Fund</b>									
Maintenance and Operating Fund	(\$313,942)	(7.87)	(\$95,000)	(\$75,000)	(26.7)	(\$285,000)	(\$245,000)	(16.3)	10.4
<b>Total Transportation Trust Fund</b>	<b>\$2,035,722</b>	<b>51.06</b>	<b>\$85,230</b>	<b>\$85,863</b>	<b>(0.7)</b>	<b>\$1,691,559</b>	<b>\$1,734,942</b>	<b>(2.5)</b>	<b>(5.8)</b>
<b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b>									
	<b>\$3,986,822</b>	<b>100.00</b>	<b>\$315,407</b>	<b>\$284,994</b>	<b>10.7</b>	<b>\$3,161,098</b>	<b>\$3,004,017</b>	<b>5.2</b>	<b>0.6</b>

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

(a) This line item was added to the Fiscal Year 2014 Revenue Forecast. Since there were no collections for this line item during Fiscal Year 2013, the Monthly and Year-To-Date % Change columns do not provide comparable data.

(b) The "PTF Motor Fuels" line item was removed from the Transportation Trust Fund Revenue Forecast. The amount previously reported in "PTF Motor Fuels" was reclassified to "Motor Fuel Taxes (Includes Aviation & Roads Taxes)." In order to provide comparable data, the Fiscal Year 2013 monthly and year-to-date amounts were likewise reclassified.