

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT May 2008

Summary

Revenue collections increased by 3.8 percent in May, and on a year-to-date basis, growth is 4.1 percent, ahead of the 4.0 percent annual target. Most of the annual gain in the Commonwealth Transportation Fund is attributable to the \$10 increase in the registration fee. Adjusting for this rate increase, year-to-date growth would be 0.7 percent.

With one month remaining in the fiscal year, collections are tracking to post a small shortfall in fiscal year 2008. Growth in June would need to be 3.8 percent to attain the annual forecast; however, given the weakness in motor vehicle sales, it is unlikely that the forecast will be met.

Motor Fuels Tax (including PTF Fuels Tax Revenue)

Motor Fuels Tax collections declined by 0.6 percent in May. Annual collections through the first eleven months of fiscal year 2008 are up 2.1 percent.

The Energy Information Administration projects that the retail price of regular-grade motor gasoline, which averaged \$2.81 per gallon in 2007, will average \$3.78 per gallon this year, up more than 25 cents from the May 2008 forecast. Gasoline prices are expected to continue to rise from \$3.98 per gallon on June 2 to a monthly average price peak of \$4.15 per gallon in August. In 2009, regular-grade gasoline retail prices are projected to average \$3.92 per gallon, 48 cents higher than projected in the May 2008 forecast.

Diesel fuel retail prices in 2008 and 2009 are projected to average \$4.32 per gallon, up from \$2.88 per gallon last year. This reflects strength in diesel demand, particularly in emerging markets, that has significantly increased the margins between diesel prices and crude oil costs from those of last year.

Motor Vehicle Sales and Use Tax

Collections in this source dropped by 23.7 percent in May, the largest monthly decline since February 1991. On a year-to-date basis, collections are down 7.4 percent. Fiscal year 2008's collections are shaping up to be the worst annual performance since fiscal year 1991.

In Virginia, new vehicle sales are tracking to end the year at a level not seen since fiscal year 1999. In May, new vehicle sales fell by 27 percent and are down 10.7 percent for the year. The May decline of 7.0 percent in the average price of a new vehicle suggests that the composition of new car sales is changing as a result of high gasoline prices.

State Retail Sales Tax

The transportation portion of retail sales tax increased by 18.1 percent in May. Collections in this source are up 2.1 percent in fiscal year 2008.

Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 62.7 percent in May. Collections of \$20.6 million include \$6.3 million attributable to the motor vehicle license fee increase. Adjusting for the registration fee increase, this month's collections were up 13.4 percent from last 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 2007 and 2008
(Dollars in Thousands)

Revenue	FY 2008 Estimate	As a % of Total Fund	May			Year-To-Date			% Annual Growth Required By Estimate
			FY 2008	FY 2007	% Change	FY 2008	FY 2007	% Change	
Motor Fuel Taxes	\$894,000	24.02	\$70,015	\$70,414	(0.6)	\$728,850	\$713,563	2.1	4.0
Priority Transportation Fund	20,000	0.54	2,000	2,000	0.0	18,000	18,000	0.0	0.0
Motor Vehicle Sales and Use Tax	599,900	16.11	43,623	57,209	(23.7)	521,607	563,571	(7.4)	(4.5)
State Sales and Use Tax	517,800	13.91	42,586	36,061	18.1	480,872	470,871	2.1	0.1
Motor Vehicle License Fees	253,100	6.81	20,625	12,674	62.7	220,762	153,259	44.0	49.4
International Registration Plan	64,500	1.73	11,382	4,949	130.0	68,031	49,669	37.0	19.5
Interest Earnings	43,500	1.17	33	60	(45.0)	49,198	38,703	27.1	(19.4)
Misc. Taxes, Fees, and Revenues	15,800	0.42	1,196	1,035	15.6	13,788	11,156	23.6	28.1
Total State Taxes and Fees	<u>\$2,408,600</u>	<u>64.71</u>	<u>\$191,460</u>	<u>\$184,402</u>	<u>3.8</u>	<u>\$2,101,108</u>	<u>\$2,018,792</u>	<u>4.1</u>	<u>4.0</u>

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 2007 and 2008
(Dollars in Thousands)

Revenue	FY 2008 Estimate	As a % of Total Fund	May			Year-To-Date			% Annual Growth Required By Est
			FY 2008	FY 2007	% Change	FY 2008	FY 2007	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$770,300	20.70	\$61,285	\$58,491	4.8	\$626,357	\$613,749	2.1	3.9
Motor Vehicle Sales and Use Tax	369,400	9.92	26,826	36,238	(26.0)	323,077	349,607	(7.6)	(5.3)
Motor Vehicle License Fees	231,700	6.23	18,757	11,171	67.9	201,314	133,861	50.4	56.4
International Registration Plan	64,500	1.73	11,382	4,949	130.0	68,031	49,669	37.0	19.5
Misc. Taxes, Fees, and Revenues	15,800	0.42	1,196	1,035	15.6	13,788	11,156	23.6	28.1
Total State Taxes and Fees	\$1,451,700	39.00	\$119,446	\$111,884	6.8	\$1,232,567	\$1,158,042	6.4	7.9
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$1,699	\$4,604	(63.1)	\$27,486	\$27,330	0.6	(100.0)
Miscellaneous Revenues	16,937	0.46	1,979	1,375	43.9	15,415	15,806	(2.5)	0.1
Transfer (to) / from Transportation Trust Fund	260,570	7.00	0	0	-	265,543	231,205	14.9	12.7
Total Highway Maintenance and Operating Fund	\$1,729,207	46.46	\$123,124	\$117,863	4.5	\$1,541,011	\$1,432,383	7.6	6.4
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$123,700	3.32	\$8,730	\$11,923	(26.8)	\$102,493	\$99,814	2.7	4.8
Priority Transportation Fund	20,000	0.54	2,000	2,000	0.0	18,000	18,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	230,500	6.19	16,797	20,971	(19.9)	198,530	213,964	(7.2)	(3.4)
State Sales and Use Tax	517,800	13.91	42,586	36,061	18.1	480,872	470,871	2.1	0.1
Motor Vehicle License Fees	21,400	0.58	1,868	1,503	24.3	19,448	19,398	0.3	0.7
Interest Earnings	43,500	1.17	33	60	(45.0)	49,198	38,703	27.1	(19.4)
Total State Taxes and Fees	\$956,900	25.71	\$72,014	\$72,518	(0.7)	\$868,541	\$860,750	0.9	(1.3)
Other Revenues:									
Federal Grants and Contracts	\$1,101,708	29.60	\$95,631	\$53,967	77.2	\$767,230	\$559,162	37.2	78.1
Receipts from Cities/Counties	78,428	2.11	2,616	1,827	43.2	40,790	41,667	(2.1)	86.4
Toll Revenues (Includes Route 28)	100,598	2.70	20,273	9,685	109.3	122,564	96,750	26.7	(3.0)
Miscellaneous Revenues	15,758	0.42	1,841	3,052	(39.7)	13,935	19,853	(29.8)	(26.9)
Total Other Revenues	\$1,296,492	34.83	\$120,361	\$68,531	75.6	\$944,519	\$717,432	31.7	65.0
Transfer (to) / from Highway Maintenance and Operating Fund	(\$260,570)	(7.00)	\$0	\$0	-	(\$265,543)	(\$231,205)	(14.9)	(12.7)
Total Transportation Trust Fund	\$1,992,822	53.54	\$192,375	\$141,049	36.4	\$1,547,517	\$1,346,977	14.9	30.8
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,722,029	100.00	\$315,499	\$258,912	21.9	\$3,088,528	\$2,779,360	11.1	18.2

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