

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT May 2010

Summary

Commonwealth Transportation Fund revenues increased by 9.3 percent in May mainly due to the timing of the interest earnings distribution. Year-to-date collections are down 0.9 percent, well ahead of the forecast of a 3.0 percent decline.

Motor Fuels Tax

Motor fuels tax collections declined by 1.4 percent this month and are down 2.0 percent on a year-to-date basis, close to the 1.8 percent decline required in the official forecast.

Significant disruptions to energy supply due to the Deepwater Horizon oil spill are not expected. The current relatively high level of on-shore crude oil and product stocks and the availability of the Strategic Petroleum Reserve can buffer the impact of any short-term crude oil supply disruptions. To date, however, there has been no impact on energy transportation and only very small impacts on production.

Regular-grade motor gasoline retail prices is expected to average \$2.79 per gallon during this summer's driving season (the period between April 1 and September 30), up from \$2.44 per gallon last summer. On-highway diesel fuel retail prices, which averaged \$2.46 per gallon in 2009, average \$2.96 per gallon in 2010 and \$3.11 in 2011 in this forecast.

Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 16.9 percent in May, the third consecutive double-digit monthly increase. Annual growth is up 6.7 percent, well ahead of the forecast of a 5.0 percent decline.

However, to illustrate the depth to which vehicle sales fell in the 2008-2009 recession, year-to-date new car sales are now at the fiscal year 1993 level and used car sales are at the fiscal year 1996 level

Vehicle sales are slowly rebounding from the plunge that began in the beginning of 2008. The decline in vehicle sales has roughly tracked the decline in payroll employment. Payroll employment is slowly turning around, as are vehicle sales. However, there has been only a slight improvement in sales since the fall. Having decreased from 16 million

units (SAAR) at the beginning of 2008 to a low close to 9 million units (SAAR) in the first half of 2009, sales are now trending at just about 11 million units.

Constrained access to credit, still-uncertain job prospects, and weak income trends are weighing on households' willingness and ability to commit to such a substantial purchase as a new vehicle. However, generous incentives have bolstered sales in recent months. Toyota increased incentives to support sales following the incidents and subsequent publicity about defects in its vehicles. Other manufacturers followed suit. Thus, affordability has increased during the past two months, spurring some of the sales. However, these inducements are likely moving up some purchases. The labor market remains too weak for a more convincing return to a normal pace of sales. Sales are not expected to rebound in earnest until next year.

State Retail Sales Tax

The TTF portion of the state retail sales tax increased by 5.2 percent in May. The decline of 2.2 percent in year-to-date collections is well ahead of the official forecast of a 4.2 percent decline.

Motor Vehicle Licenses

Motor vehicle registration fee collections fell by 15.1 percent in May, mainly due to the state furlough day which will push some transactions into June.

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 2009 and 2010
(Dollars in Thousands)

Revenue	FY 2010 Estimate	As a % of Total Fund	May			Year-To-Date			% Annual Growth Required By Estimate
			FY 2010	FY 2009	% Change	FY 2010	FY 2009	% Change	
Motor Fuel Taxes	\$824,000	25.21	\$72,192	\$73,232	(1.4)	\$688,402	\$702,346	(2.0)	(1.8)
Priority Transportation Fund (PTF)	149,100	4.56	2,000	2,000	0.0	147,102	150,286	(2.1)	(2.1)
Motor Vehicle Sales and Use Tax	420,100	12.86	40,113	34,310	16.9	425,580	398,985	6.7	(5.0)
State Sales and Use Tax	478,300	14.64	41,812	39,727	5.2	449,467	459,466	(2.2)	(4.2)
Motor Vehicle License Fees	239,900	7.34	17,820	20,993	(15.1)	206,717	218,455	(5.4)	(0.7)
International Registration Plan	58,600	1.79	5,815	4,674	24.4	52,919	49,409	7.1	(0.4)
Recordation Tax	33,500	1.02	2,853	3,056	(6.6)	31,413	31,999	(1.8)	(6.2)
Interest Earnings	23,900	0.73	11,743	104	#	18,172	26,723	(32.0)	(13.9)
Misc. Taxes, Fees, and Revenues	12,700	0.39	1,062	694	53.0	11,566	11,434	1.2	(1.8)
Total State Taxes and Fees	\$2,240,100	68.54	\$195,410	\$178,790	9.3	\$2,031,338	\$2,049,103	(0.9)	(3.0)

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

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Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Statement of Revenue Estimates & Collections
For the Fiscal Years 2009 and 2010
(Dollars in Thousands)

Revenue	FY 2010 Estimate	As a % of Total Fund	May			Year-To-Date			% Annual Growth Required By Est
			FY 2010	FY 2009	% Change	FY 2010	FY 2009	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$710,800	21.75	\$63,306	\$61,481	3.0	\$592,157	\$603,093	(1.8)	(1.6)
Motor Vehicle Sales and Use Tax	253,200	7.75	24,934	20,890	19.4	259,859	242,892	7.0	(6.1)
Motor Vehicle License Fees	218,700	6.69	16,171	19,142	(15.5)	188,051	198,904	(5.5)	(0.6)
International Registration Plan	58,600	1.79	5,815	4,674	24.4	52,919	49,409	7.1	(0.4)
Recordation Tax (1 cent)	11,200	0.34	951	1,019	(6.7)	10,471	10,666	(1.8)	(5.9)
Misc. Taxes, Fees, and Revenues	12,700	0.39	1,062	694	53.0	11,566	11,434	1.2	(1.8)
Total State Taxes and Fees	\$1,265,200	38.71	\$112,239	\$107,900	4.0	\$1,115,023	\$1,116,398	(0.1)	(2.4)
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$1,587	\$601	164.1	\$17,261	\$17,086	1.0	(100.0)
Miscellaneous Revenues	15,698	0.48	381	549	(30.6)	13,738	12,950	6.1	13.4
Transfer (to) / from Transportation Trust Fund	500,188	15.31	50,000	0	-	350,000	364,831	(4.1)	37.1
Total Highway Maintenance and Operating Fund	\$1,781,086	54.50	\$164,207	\$109,050	50.6	\$1,496,022	\$1,511,265	(1.0)	5.1
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$113,200	3.46	\$8,886	\$11,751	(24.4)	\$96,245	\$99,253	(3.0)	(3.1)
PTF Motor Fuels	20,000	0.61	2,000	2,000	0.0	18,000	18,000	0.0	0.0
PTF Insurance Premiums Tax	129,100	3.95	0	0	-	129,102	132,286	(2.4)	(2.4)
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	166,900	5.11	15,179	13,420	13.1	165,721	156,093	6.2	(3.3)
State Sales and Use Tax	478,300	14.64	41,812	39,727	5.2	449,467	459,466	(2.2)	(4.2)
Motor Vehicle License Fees	21,200	0.65	1,649	1,851	(10.9)	18,666	19,551	(4.5)	(1.9)
Recordation Tax (2 cents)	22,300	0.68	1,902	2,037	(6.6)	20,942	21,333	(1.8)	(6.3)
Interest Earnings	23,900	0.73	11,743	104	#	18,172	26,723	(32.0)	(13.9)
Total State Taxes and Fees	\$974,900	29.83	\$83,171	\$70,890	17.3	\$916,315	\$932,705	(1.8)	(3.9)
Other Revenues:									
Federal Grants and Contracts	\$844,434	25.84	\$42,563	\$86,484	(50.8)	\$737,611	\$751,926	(1.9)	7.0
Receipts from Cities/Counties	96,900	2.97	303	1,347	(77.5)	43,813	43,020	1.8	107.0
Toll Revenues (Includes Route 28)	52,309	1.60	10,120	3,299	206.8	43,413	70,130	(38.1)	(32.9)
Miscellaneous Revenues	18,542	0.57	1,792	1,305	37.3	25,607	15,760	62.5	1.2
Total Other Revenues	\$1,012,185	30.98	\$54,778	\$92,435	(40.7)	\$850,444	\$880,836	(3.5)	8.6
Transfer (to) / from Highway Maintenance and Operating Fund	(\$500,188)	(15.31)	(\$50,000)	\$0	-	(\$350,000)	(\$364,831)	4.1	(37.1)
Total Transportation Trust Fund	\$1,486,897	45.50	\$87,949	\$163,325	(46.2)	\$1,416,759	\$1,448,710	(2.2)	(6.0)
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,267,983	100.00	\$252,156	\$272,375	(7.4)	\$2,912,781	\$2,959,975	(1.6)	(0.3)

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