

## COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT May 2016

### Summary

Commonwealth Transportation Fund (CTF) revenues increased by 6.2 percent in May, mainly due to strong motor fuels and motor vehicle sales tax collections. Year-to-date growth stands at 8.2 percent.

### Motor Fuels Tax

Motor fuels tax collections increased by 12.3 percent this month. Year-to-date collections are up 25.4 percent.

During the May-through-September summer driving season of 2016, U.S. regular gasoline retail prices are forecast to average \$2.21/gallon (gal), 42 cents/gal lower than last summer. U.S. regular gasoline retail prices are forecast to average \$2.08/gal in 2016 and \$2.24/gal in 2017.

### Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 9.8 in May, and are up 8.0 percent for the year.

U.S. consumer spending is off to a decent but unspectacular start this quarter. Vehicle sales rose from 16.6 million annualized units in March to 17.4 million in May. This reverses most of the decline in March, when sales were hurt by an early Easter. Sales are running slightly ahead of their first quarter average of 17.3 million annualized units.

Though the increase in sales was generally in line with our expectations, the mix differed. Light-truck sales exceeded 10 million annualized units for the third time in the past four months, and there is no evidence that rising gasoline prices have hurt yet. The improving housing market is likely providing an offset. Auto sales edged higher in May. Even with the rebound in vehicle sales, risks to our forecast for real spending to rise 3.3% at an annual rate remain weighted to the downside, as there could be some lingering effects from the turmoil in financial markets earlier this year.

Consumer fundamentals continue to improve, which will support sales, but the current sales pace is likely not sustainable. We expect vehicle sales to ease once pent-up demand is satisfied, because a pace above 17 million units exceeds the approximately

16.5 million units consistent with underlying fundamentals, which include the size of the driving population, income and wealth.

#### State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 1.3 percent in May.

#### Motor Vehicle Licenses

Motor vehicle registration fee collections declined by 8.2 percent in May.

**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 2015 and 2016**  
**(Dollars in Thousands)**

| Revenue                            | FY 2016<br>Estimate | As a %<br>of Total<br>Fund | May              |                  |             | Year-To-Date       |                    |             | % Annual<br>Growth<br>Required<br>By Estimate |
|------------------------------------|---------------------|----------------------------|------------------|------------------|-------------|--------------------|--------------------|-------------|---|
|                                    |                     |                            | FY 2016          | FY 2015          | %<br>Change | FY 2016            | FY 2015            | %<br>Change |   |
| Motor Fuel Taxes                   | \$883,500           | 19.21                      | \$75,810         | \$67,482         | 12.3        | \$725,520          | \$578,360          | 25.4        | 22.3  |
| Priority Transportation Fund (PTF) | 150,346             | 3.27                       | 0                | 0                | -           | 150,346            | 150,397            | 0.0         | 0.0   |
| Motor Vehicle Sales and Use Tax    | 931,700             | 20.26                      | 80,773           | 73,557           | 9.8         | 868,023            | 803,462            | 8.0         | 4.6   |
| State Sales and Use Tax            | 1,006,200           | 21.88                      | 81,469           | 80,410           | 1.3         | 854,958            | 852,491            | 0.3         | 1.1   |
| Motor Vehicle License Fees         | 244,400             | 5.31                       | 20,877           | 22,739           | (8.2)       | 228,564            | 220,786            | 3.5         | (0.3)   |
| International Registration Plan    | 66,400              | 1.44                       | 5,191            | 4,999            | 3.8         | 61,755             | 60,011             | 2.9         | 0.6   |
| Recordation Tax                    | 44,600              | 0.96                       | 4,550            | 3,935            | 15.6        | 39,837             | 37,338             | 6.7         | 6.2   |
| Interest Earnings                  | 13,600              | 0.30                       | 36               | 11               | 227.3       | 2,842              | 5,970              | (52.4)      | 80.5  |
| Misc. Taxes, Fees, and Revenues    | 17,000              | 0.37                       | 1,608            | 1,363            | 18.0        | 16,620             | 16,748             | (0.8)       | (7.2)   |
| <b>Total State Taxes and Fees</b>  | <b>\$3,357,746</b>  | <b>73.00</b>               | <b>\$270,314</b> | <b>\$254,496</b> | <b>6.2</b>  | <b>\$2,948,465</b> | <b>\$2,725,563</b> | <b>8.2</b>  | <b>7.0</b>                                    |

# 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 2015 and 2016  
(Dollars in Thousands)

| Revenue  | FY 2016 Estimate   | As a % of Total Fund | May              |                  |             | Year-To-Date       |                    |               | % Annual Growth Required By Est |
|--|--------------------|----------------------|------------------|------------------|-------------|--------------------|--------------------|---------------|---------------------------------|
|  |                    |                      | FY 2016          | FY 2015          | % Change    | FY 2016            | FY 2015            | % Change      |                                 |
| <b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>                               |                    |                      |                  |                  |             |                    |                    |               |                                 |
| Motor Fuel Taxes (Includes Road Tax)   | \$705,900          | 15.35                | \$62,812         | \$53,449         | 17.5        | \$581,710          | \$457,580          | 27.1          | 22.9                            |
| Motor Vehicle Sales and Use Tax  | 669,000            | 14.55                | 57,632           | 52,459           | 9.9         | 627,135            | 575,412            | 9.0           | 4.8                             |
| State Sales and Use Tax  | 280,100            | 6.09                 | 22,631           | 22,321           | 1.4         | 236,443            | 238,153            | (0.7)         | 0.8                             |
| Motor Vehicle License Fees   | 222,700            | 4.84                 | 19,029           | 20,861           | (8.8)       | 208,933            | 201,160            | 3.9           | (0.3)                           |
| International Registration Plan  | 66,400             | 1.44                 | 5,191            | 4,999            | 3.8         | 61,755             | 60,011             | 2.9           | 0.6                             |
| Recordation Tax (1 cent)   | 14,900             | 0.32                 | 1,517            | 1,312            | 15.6        | 13,279             | 12,446             | 6.7           | 6.4                             |
| Misc. Taxes, Fees, and Revenues  | 17,000             | 0.37                 | 1,608            | 1,363            | 18.0        | 16,620             | 16,748             | (0.8)         | (7.2)                           |
| <b>Total State Taxes and Fees</b>  | <b>\$1,976,000</b> | <b>42.96</b>         | <b>\$170,420</b> | <b>\$156,764</b> | <b>8.7</b>  | <b>\$1,745,875</b> | <b>\$1,561,510</b> | <b>11.8</b>   | <b>9.0</b>                      |
| <b>Other Revenues:</b>   |                    |                      |                  |                  |             |                    |                    |               |                                 |
| Federal Grants and Contracts   | \$0                | 0.00                 | \$3,849          | \$1,949          | 97.5        | \$35,614           | \$26,933           | 32.2          | (100.0)                         |
| Miscellaneous Revenues   | 14,595             | 0.32                 | 2,332            | 1,552            | 50.3        | 22,747             | 26,739             | (14.9)        | (50.0)                          |
| Transfer (to) / from Transportation Trust Fund                               | 122,489            | 2.66                 | 0                | 0                | -           | 46,700             | 80,000             | (41.6)        | (25.6)                          |
| <b>Total Highway Maintenance and Operating Fund</b>                          | <b>\$2,113,084</b> | <b>45.94</b>         | <b>\$176,601</b> | <b>\$160,265</b> | <b>10.2</b> | <b>\$1,850,936</b> | <b>\$1,695,182</b> | <b>9.2</b>    | <b>3.7</b>                      |
| <b>TRANSPORTATION TRUST FUND:</b>  |                    |                      |                  |                  |             |                    |                    |               |                                 |
| Motor Fuel Taxes (Includes Aviation & Road Taxes)                            | \$177,600          | 3.86                 | \$12,998         | \$14,033         | (7.4)       | \$143,810          | \$120,780          | 19.1          | 20.0                            |
| PTF Insurance Premiums Tax   | 150,346            | 3.27                 | 0                | 0                | -           | 150,346            | 150,397            | 0.0           | 0.0                             |
| Motor Vehicle Sales and Use Tax (Includes Rental Tax)                        | 262,700            | 5.71                 | 23,141           | 21,098           | 9.7         | 240,888            | 228,050            | 5.6           | 4.3                             |
| State Sales and Use Tax  | 726,100            | 15.79                | 58,838           | 58,089           | 1.3         | 618,515            | 614,338            | 0.7           | 1.3                             |
| Motor Vehicle License Fees   | 21,700             | 0.47                 | 1,848            | 1,878            | (1.6)       | 19,631             | 19,626             | 0.0           | (0.4)                           |
| Recordation Tax (2 cents)  | 29,700             | 0.64                 | 3,033            | 2,623            | 15.6        | 26,558             | 24,892             | 6.7           | 6.1                             |
| Interest Earnings  | 13,600             | 0.30                 | 36               | 11               | 227.3       | 2,842              | 5,970              | (52.4)        | 80.5                            |
| <b>Total State Taxes and Fees</b>  | <b>\$1,381,746</b> | <b>30.04</b>         | <b>\$99,894</b>  | <b>\$97,732</b>  | <b>2.2</b>  | <b>\$1,202,590</b> | <b>\$1,164,053</b> | <b>3.3</b>    | <b>4.3</b>                      |
| <b>Other Revenues:</b>   |                    |                      |                  |                  |             |                    |                    |               |                                 |
| Federal Grants and Contracts   | \$968,328          | 21.05                | \$50,260         | \$54,448         | (7.7)       | \$1,082,377        | \$1,203,859        | (10.1)        | (23.9)                          |
| Receipts from Cities/Counties  | 237,187            | 5.15                 | 24,420           | 2,983            | 718.6       | 95,877             | 116,133            | (17.4)        | 79.4                            |
| Toll Revenues (Includes Route 28)  | 16,045             | 0.35                 | 994              | 875              | 13.6        | 17,614             | 17,090             | 3.1           | (12.1)                          |
| Miscellaneous Revenues   | 5,832              | 0.13                 | 3,434            | 1,965            | 74.8        | 25,008             | 24,220             | 3.3           | (79.4)                          |
| <b>Total Other Revenues</b>  | <b>\$1,227,392</b> | <b>26.68</b>         | <b>\$79,108</b>  | <b>\$60,271</b>  | <b>31.3</b> | <b>\$1,220,876</b> | <b>\$1,361,302</b> | <b>(10.3)</b> | <b>(15.4)</b>                   |
| Transfer (to) / from Highway Maintenance and Operating Fund                  | (\$122,489)        | (2.66)               | \$0              | \$0              | -           | (\$46,700)         | (\$80,000)         | 41.6          | 25.6                            |
| <b>Total Transportation Trust Fund</b>                                       | <b>\$2,486,649</b> | <b>54.06</b>         | <b>\$179,002</b> | <b>\$158,003</b> | <b>13.3</b> | <b>\$2,376,766</b> | <b>\$2,445,355</b> | <b>(2.8)</b>  | <b>(4.8)</b>                    |
| <b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b> |                    |                      |                  |                  |             |                    |                    |               |                                 |
|  | <b>\$4,599,733</b> | <b>100.00</b>        | <b>\$355,603</b> | <b>\$318,268</b> | <b>11.7</b> | <b>\$4,227,702</b> | <b>\$4,140,537</b> | <b>2.1</b>    | <b>(1.0)</b>                    |

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