

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT October 2006

Summary

Revenue collections increased by 9.2 percent in October. Most of the monthly increase was attributable to strong growth in retail and motor vehicle sales tax collections and interest earnings. On a year-to-date basis, growth is up 4.3 percent. However, adjusting for the end of the Accelerated Sales Tax program, growth is only up 0.5 percent.

Motor Fuels Tax (including PTF Fuels Tax Revenue)

Motor Fuels Tax collections declined by 2.6 percent in October. Annual collections through the first four months of fiscal year 2007 are down 4.7 percent.

The U.S. average retail price for regular gasoline fell to its lowest price this year, with prices decreasing 1.8 cents to 220.0 cents per gallon as of November 6. Prices are 17.6 cents per gallon lower than at this time last year. The recent announcement of plans for a 1.2 million barrels per day (bbl/d) cut in oil production by the Organization of Petroleum Exporting Countries (OPEC) has not yet made much of an impact on world oil prices, as the market awaits evidence of substantial compliance. Recent spot prices for West Texas Intermediate (WTI) crude oil are the lowest since February 2005. Demand for petroleum should grow as the winter heating season ramps up. With some reduction in OPEC oil production, the price of WTI crude oil is projected to rise over the next several months. The price of WTI crude oil is projected to average around \$66 per barrel in 2006 and \$65 per barrel in 2007.

Motor Vehicle Sales and Use Tax

Collections in this source increased by 11.4 percent in October but are down 3.0 percent for the year. October marks the first month of positive growth in this source in fiscal year 2007.

Despite the solid beginning of the fourth quarter, sales are expected to be weak this quarter. Consumer fundamentals are shifting. Demand for vehicles is spent up, employment growth is weakening, the weakening housing market is removing the ability to finance purchases from home equity, and debt service burdens are at record highs.

State Retail Sales Tax

The transportation portion of the State Retail Sales Tax increased by 16.4 percent in October. Collections in this source are up 27.6 percent in fiscal year 2007. However, adjusting for the end of the Accelerated Sales Tax program, growth is up 6.9 percent.

Motor Vehicle Licenses

Collections of \$14.1 million this month were slightly higher than the \$13.3 million collected last October. Motor vehicle license receipts are up 0.7 percent for the year.

Commonwealth of Virginia/Department of Accounts
Highway Maintenance and Operating Fund and Transportation Trust Fund Revenues
Summary Statement of Revenue Estimates & Collections
For the Fiscal Years 2006 and 2007
(Dollars in Thousands)

Revenue	FY 2007 Estimate	As a % of Total Fund	October			Year-To-Date			% Annual Growth Required By Estimate
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change	
Motor Fuel Taxes	\$869,900	22.09	\$76,732	\$78,754	(2.6)	\$228,387	\$239,735	(4.7)	(0.1)
Priority Transportation Fund	20,000	0.51	2,000	2,000	0.0	4,000	4,000	0.0	0.0
Motor Vehicle Sales and Use Tax	652,600	16.57	53,438	47,979	11.4	218,661	225,333	(3.0)	3.8
State Sales and Use Tax	520,400	13.21	43,297	37,190	16.4	172,873	135,451	27.6	9.3
Motor Vehicle License Fees	170,700	4.33	14,052	13,330	5.4	59,085	58,668	0.7	0.8
International Registration Plan	60,800	1.55	2,542	1,853	37.2	14,363	9,445	52.1	0.4
Interest Earnings	25,300	0.64	12,088	7,134	69.4	12,203	7,152	70.6	(34.5)
Misc. Taxes, Fees, and Revenues	23,300	0.59	3,489	1,835	90.1	10,349	10,291	0.6	(27.2)
Total State Taxes and Fees	\$2,343,000	59.49	\$207,638	\$190,075	9.2	\$719,921	\$690,075	4.3	2.1

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 2006 and 2007
(Dollars in Thousands)**

Revenue	FY 2007 Estimate	As a % of Total Fund	October			Year-To-Date			% Annual Growth Required By Est
			FY 2007	FY 2006	% Change	FY 2007	FY 2006	% Change	
HIGHWAY MAINTENANCE AND OPERATING FUND:									
Motor Fuel Taxes (Includes Road Tax)	\$746,400	18.95	\$67,883	\$72,730	(6.7)	\$198,402	\$210,069	(5.6)	(0.7)
Motor Vehicle Sales and Use Tax	404,100	10.26	32,755	31,607	3.6	136,002	145,223	(6.3)	3.6
Motor Vehicle License Fees	149,200	3.79	12,178	11,879	2.5	51,577	51,543	0.1	0.6
International Registration Plan	60,800	1.55	2,542	1,853	37.2	14,363	9,445	52.1	0.4
Misc. Taxes, Fees, and Revenues	23,300	0.59	3,489	1,835	90.1	10,349	10,291	0.6	(27.2)
Total State Taxes and Fees	\$1,383,800	35.14	\$118,847	\$119,904	(0.9)	\$410,693	\$426,571	(3.7)	0.1
Other Revenues:									
Federal Grants and Contracts	\$0	0.00	\$2,575	\$4,721	(45.5)	\$8,542	\$14,800	(42.3)	(100.0)
Transfer (to) / from Transportation Trust Fund	286,303	7.27	(14,060)	0	-	185,940	186,199	(0.1)	53.8
Total Highway Maintenance and Operating Fund	\$1,670,103	42.41	\$107,362	\$124,625	(13.9)	\$605,175	\$627,570	(3.6)	4.0
TRANSPORTATION TRUST FUND:									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$123,500	3.14	\$8,849	\$6,024	46.9	\$29,985	\$29,666	1.1	4.3
Priority Transportation Fund	20,000	0.51	2,000	2,000	0.0	4,000	4,000	0.0	0.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	248,500	6.31	20,683	16,372	26.3	82,659	80,110	3.2	4.2
State Sales and Use Tax	520,400	13.21	43,297	37,190	16.4	172,873	135,451	27.6	9.3
Motor Vehicle License Fees	21,500	0.54	1,874	1,451	29.2	7,508	7,125	5.4	2.1
Interest Earnings	25,300	0.64	12,088	7,134	69.4	12,203	7,152	70.6	(34.5)
Total State Taxes and Fees	\$959,200	24.35	\$88,791	\$70,171	26.5	\$309,228	\$263,504	17.4	5.1
Other Revenues:									
Federal Grants and Contracts	\$1,354,852	34.40	\$55,031	\$36,001	52.9	\$230,510	\$188,504	22.3	181.8
Receipts from Cities/Counties	125,272	3.18	8,839	3,305	167.4	18,511	15,467	19.7	156.5
Toll Revenues (Includes Route 28)	96,447	2.45	9,553	15,462	(38.2)	32,883	36,825	(10.7)	(15.0)
Miscellaneous Revenues	18,717	0.48	1,157	1,058	9.4	3,225	5,623	(42.6)	(15.0)
Total Other Revenues	\$1,595,288	40.51	\$74,580	\$55,826	33.6	\$285,129	\$246,419	15.7	139.9
Transfer (to) / from Highway Maintenance and Operating Fund	(\$286,303)	(7.27)	\$14,060	\$0	-	(\$185,940)	(\$186,199)	0.1	(53.8)
Total Transportation Trust Fund	\$2,268,185	57.59	\$177,431	\$125,997	40.8	\$408,417	\$323,724	26.2	63.0
TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND	\$3,938,288	100.00	\$284,793	\$250,622	13.6	\$1,013,592	\$951,294	6.5	31.3

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