

## COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT September 2008

### Summary

Commonwealth Transportation Fund (CTF) revenues increased by 45.1 percent in September and are up 13.9 percent year-to-date. September's growth can be attributed to the revenue from the insurance premiums tax. Adjusting for the new revenue streams resulting from House Bill 3202 (2007), base CTF collections were down 6.7 percent for the month and are down 7.4 percent through the first quarter of fiscal year 2009.

### Motor Fuels Tax

Motor fuels tax collections declined by 6.5 percent this September and are down 1.5 percent through the first three months of the year.

Strong global demand and low surplus production capacity contributed to the run-up to record crude oil prices in July. The current slowdown in economic growth is contributing to the recent decline in oil demand and the sharp decline in prices since July. Nonetheless, oil markets are expected to remain relatively tight because of sluggish production growth. Absent a major worldwide economic downturn that significantly affects global demand, West Texas Intermediate (WTI) crude oil prices are projected to average about \$112 per barrel in both 2008 and 2009.

Regular grade gasoline prices are projected to average \$3.56 per gallon in both 2008 and 2009, following movements in projected crude oil prices. Because of the continued weakness in motor gasoline consumption, the difference between the price of gasoline and the cost of crude is expected to remain low throughout the forecast interval. Although oil prices are expected to be up slightly on average next year, the on-highway diesel fuel retail prices are projected to average \$3.91 per gallon in 2009, down from a projected \$4.01 per gallon in 2008.

### Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections fell by 13.4 percent in September, the fifth consecutive double-digit monthly decline. Year-to-date, collections are down 15.7 percent. The year-to-date decline in motor vehicle sales tax is significantly worse than that seen during the fiscal year 1991 recession.

Nationally, overall sales for the month were only about 965,671 vehicles, compared with some 1.3 million vehicles sold in September 2007. In September, the seasonally adjusted

selling rate -- the industry's most important interpreter of the sales picture -- fell to an abysmal 12.8 million units compared with a rate of 16.5 million last year. The problem in September was as simple and overwhelming as it was profound: Too many potential customers sat home, especially late in the month -- transfixed by news coverage of the spectacular cratering of the credit and stock markets and anxious for resolution of the national financial crisis through Congressional action. In addition, many others who may have been motivated to purchase a vehicle were frozen out by the evaporation of personal credit stemming from the same crisis.

### State Retail Sales Tax

The transportation portion of the state retail sales tax fell by 2.1 percent in September.

### Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 8.8 percent in September due to an additional business day this September compared to 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 2008 and 2009**  
(Dollars in Thousands)

Revenue	FY 2009 Estimate	As a % of Total Fund	September			Year-To-Date			% Annual Growth Required By Estimate
			FY 2009	FY 2008	% Change	FY 2009	FY 2008	% Change	
Motor Fuel Taxes	\$902,000	23.56	\$73,235	\$78,336	(6.5)	\$155,818	\$158,243	(1.5)	4.5
Priority Transportation Fund (PTF) (a)	159,500	4.17	100,082	2,000	#	107,764	2,000	#	-
Motor Vehicle Sales and Use Tax	609,300	15.92	44,183	50,995	(13.4)	133,832	158,846	(15.7)	6.3
State Sales and Use Tax	540,100	14.11	42,592	43,493	(2.1)	132,403	133,835	(1.1)	2.9
Motor Vehicle License Fees	258,200	6.75	20,639	18,967	8.8	64,156	62,606	2.5	6.6
International Registration Plan	66,600	1.74	2,648	2,478	6.9	10,946	23,470	(53.4)	(10.1)
Recordation Tax (b)	45,900	1.20	2,293	0	-	9,593	0	-	-
Interest Earnings	37,200	0.97	19	62	(69.4)	67	115	(41.7)	(40.1)
Misc. Taxes, Fees, and Revenues	15,800	0.41	1,177	1,309	(10.1)	3,421	3,549	(3.6)	6.0
<b>Total State Taxes and Fees</b>	<b>\$2,634,600</b>	<b>68.83</b>	<b>\$286,868</b>	<b>\$197,640</b>	<b>45.1</b>	<b>\$618,000</b>	<b>\$542,664</b>	<b>13.9</b>	<b>11.0</b>

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

(a) A new revenue stream, Insurance Premiums Tax, is included in the Fiscal Year 2009 Transportation Trust Fund Revenue Forecast. As there were no collections for insurance premiums tax recorded in the Transportation Trust Fund during Fiscal Year 2008, a comparison of the total "Priority Transportation Fund (PTF)" between Fiscal Years 2008 and 2009 may not be appropriate. Refer to the "PTF Motor Fuels" and "PTF Insurance Premiums Tax" line items on page 5 for the detailed information pertaining to the "Priority Transportation Trust Fund (PTF)" line item.

(b) New revenue streams for Recordation Tax are included in the Fiscal Year 2009 Highway Maintenance and Operating Fund and the Transportation Trust Fund Revenue Estimates, respectively. As there were no collections for recordation taxes recorded in these funds during Fiscal Year 2008, a comparison between Fiscal Years 2008 and 2009 may not be appropriate. Refer to the "Recordation Tax (1 cent)" and "Recordation Tax (2 cents)" line items on page 5 for the detailed information pertaining to the "Recordation Tax" line item.

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 2008 and 2009  
(Dollars in Thousands)

Revenue	FY 2009 Estimate	As a % of Total Fund	September			Year-To-Date			% Annual Growth Required By Est
			FY 2009	FY 2008	% Change	FY 2009	FY 2008	% Change	
<b>HIGHWAY MAINTENANCE AND OPERATING FUND:</b>									
Motor Fuel Taxes (Includes Road Tax)	\$777,800	20.32	\$64,542	\$64,022	0.8	\$135,054	\$133,767	1.0	5.0
Motor Vehicle Sales and Use Tax	374,500	9.78	26,995	32,949	(18.1)	81,557	99,055	(17.7)	5.5
Motor Vehicle License Fees	236,300	6.18	18,706	17,364	7.7	58,378	57,429	1.7	7.0
International Registration Plan	66,600	1.74	2,648	2,478	6.9	10,946	23,470	(53.4)	(10.1)
Recordation Tax (1 cent) (a)	15,300	0.40	764	0	-	3,198	0	-	-
Misc. Taxes, Fees, and Revenues	15,800	0.41	1,177	1,309	(10.1)	3,421	3,549	(3.6)	6.0
<b>Total State Taxes and Fees</b>	<b>\$1,486,300</b>	<b>38.83</b>	<b>\$114,832</b>	<b>\$118,122</b>	<b>(2.8)</b>	<b>\$292,554</b>	<b>\$317,270</b>	<b>(7.8)</b>	<b>5.7</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$0	0.00	\$1,227	\$758	61.9	\$7,315	\$3,899	87.6	(100.0)
Miscellaneous Revenues	19,605	0.51	1,665	937	77.7	4,593	3,747	22.6	16.3
Transfer (to) / from Transportation Trust Fund	384,970	10.06	120,000	100,000	20.0	220,000	200,000	10.0	45.0
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$1,890,875</b>	<b>49.40</b>	<b>\$237,724</b>	<b>\$219,817</b>	<b>8.1</b>	<b>\$524,462</b>	<b>\$524,916</b>	<b>(0.1)</b>	<b>10.2</b>
<b>TRANSPORTATION TRUST FUND:</b>									
Motor Fuel Taxes (Includes Aviation & Road Taxes)	\$124,200	3.24	\$8,693	\$14,314	(39.3)	\$20,764	\$24,476	(15.2)	1.5
PTF Motor Fuels	20,000	0.52	0	2,000	(100.0)	2,000	2,000	0.0	0.0
PTF Insurance Premiums Tax (a)	139,500	3.65	100,082	0	-	105,764	0	-	-
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	234,800	6.14	17,188	18,046	(4.8)	52,275	59,791	(12.6)	7.7
State Sales and Use Tax	540,100	14.11	42,592	43,493	(2.1)	132,403	133,835	(1.1)	2.9
Motor Vehicle License Fees	21,900	0.57	1,933	1,603	20.6	5,778	5,177	11.6	2.6
Recordation Tax (2 cents) (a)	30,600	0.80	1,529	0	-	6,395	0	-	-
Interest Earnings	37,200	0.97	19	62	(69.4)	67	115	(41.7)	(40.1)
<b>Total State Taxes and Fees</b>	<b>\$1,148,300</b>	<b>30.00</b>	<b>\$172,036</b>	<b>\$79,518</b>	<b>116.3</b>	<b>\$325,446</b>	<b>\$225,394</b>	<b>44.4</b>	<b>18.5</b>
<b>Other Revenues:</b>									
Federal Grants and Contracts	\$938,474	24.52	\$63,834	\$62,337	2.4	\$210,481	\$231,446	(9.1)	9.7
Receipts from Cities/Counties	97,299	2.54	(11,135)	6,712	(265.9)	9,896	22,746	(56.5)	114.4
Toll Revenues (Includes Route 28)	106,041	2.77	6,391	11,127	(42.6)	19,073	27,776	(31.3)	(18.3)
Miscellaneous Revenues	31,806	0.83	516	667	(22.6)	3,995	3,265	22.4	115.1
<b>Total Other Revenues</b>	<b>\$1,173,620</b>	<b>30.66</b>	<b>\$59,606</b>	<b>\$80,843</b>	<b>(26.3)</b>	<b>\$243,445</b>	<b>\$285,233</b>	<b>(14.7)</b>	<b>12.2</b>
Transfer (to) / from Highway Maintenance and Operating Fund	(\$384,970)	(10.06)	(\$120,000)	(\$100,000)	(20.0)	(\$220,000)	(\$200,000)	(10.0)	(45.0)
<b>Total Transportation Trust Fund</b>	<b>\$1,936,950</b>	<b>50.60</b>	<b>\$111,642</b>	<b>\$60,361</b>	<b>85.0</b>	<b>\$348,891</b>	<b>\$310,627</b>	<b>12.3</b>	<b>10.8</b>
<b>TOTAL HIGHWAY MAINTENANCE AND OPERATING AND TRANSPORTATION TRUST FUND</b>									
	<b>\$3,827,825</b>	<b>100.00</b>	<b>\$349,366</b>	<b>\$280,178</b>	<b>24.7</b>	<b>\$873,353</b>	<b>\$835,543</b>	<b>4.5</b>	<b>10.5</b>

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

(a) These line items were added to the Fiscal Year 2009 Revenue Forecast. Since there were no collections for these line items during Fiscal Year 2008, the Monthly and Year-To-Date % Change columns do not provide comparable data.