



FY 2010 Revenue Update
Reta R. Busher, VDOT CFO
September 17, 2009

Revenue Forecast Update

- **The U.S. Economy deteriorated more than was anticipated in Fiscal Year 2009**
- **Similar to the nation, the Virginia economy shed more jobs than was expected**
- **The depression in housing continued to adversely affect Virginia's economic performance**
- **The Governor ordered the Secretary of Finance in mid-June to conduct a reforecast of revenues**
- **The August 2009 interim revenue forecast is based on the updated economic outlook for Virginia as approved by the Governor's Advisory Board of Economists (GABE) and the Governor's Advisory Council on Revenue Estimates (GACRE)**

Transportation Revenues

- **The dedicated state transportation revenues have been greatly impacted by the economy**
- **The estimate for the FY 2010 Motor Fuels Tax, the largest state transportation revenue source, is only slightly above FY 2003 receipts**
 - **Gasoline consumption is down largely due to high unemployment rates and reduced consumer spending**
 - **Most diesel fuel is purchased by motor carriers which respond to the general economy more than passenger traffic**
- **The second largest state revenue dedicated to transportation is a portion of the Retail Sales and Use Tax. Also impacted by reduced consumer spending, the FY 2010 forecast is comparable to FY 2006 collections.**

Transportation Revenues

- **Motor Vehicle Sales and Use Tax has also declined as car sales slowed. The FY 2010 forecast represents a 39% decline from the peak in FY 2005**
- **Due to the depression in housing, the transportation share of the Recordation Tax for FY 2010 has dropped 57% from the original estimate for FY 2009 in May 2007**
 - Revenue dedicated to transportation by HB 3202
 - 2 cents dedicated to transit operations; 1 cent to the HMOF
- **The FY 2010 estimate for the Rental Tax, 75% of which is dedicated to the Rail Fund, is less than the amount collected in FY 2006**

August 2009 Revenue Update

Changes to the Commonwealth Transportation Fund June Standard Forecast (\$ millions) Fiscal Years 2010 - 2015							
<u>Source</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<i>Fiscal Years</i> <u>2013</u>	<u>2014</u>	<u>2015</u>	<u>6-yr Total</u>
Motor Fuels Tax	(23.6)	(12.7)	(2.8)	(6.4)	(8.6)	(16.4)	(70.5)
Motor Vehicle Sales Tax	(83.7)	(86.0)	(72.9)	(59.9)	(42.6)	(35.0)	(380.1)
Retail Sales Tax	(50.6)	(66.4)	(69.3)	(67.7)	(62.5)	(62.6)	(379.1)
All Other	2.0	(7.9)	(10.1)	(9.7)	(9.1)	(18.7)	(53.5)
Total Highway Maintenance Fund	(66.7)	(59.6)	(41.6)	(35.6)	(26.1)	(28.4)	(258.0)
Total Transportation Trust Fund	(89.2)	(113.4)	(113.5)	(108.1)	(96.7)	(104.3)	(625.2)
Total Commonwealth Transportation Fund*	(155.9)	(173.0)	(155.1)	(143.7)	(122.8)	(132.7)	(883.2)

*Total state taxes and fees

Transportation Forecast Revenue Reductions (Six Year Estimates)

Previous forecast reductions in transportation revenues

Spring 2008	\$1.1 billion
February 2009	\$2.6 billion
August 2009	<u>\$0.9 billion</u>
	\$4.6 billion

February 2009 Reductions

- **\$2 billion in highway construction projects cancelled**
- **Eliminate all state and federal funds flowing through primary, secondary and urban formulas**
- **Reduce maintenance growth to 3%, including local maintenance payments**
- **Maintain federal match**
- **Maintain transit/rail capital (HB3202 bonds)**
- **11% reduction in transit operating and capital funding for 2009 (non-bond funded)**

Potential Agency Reductions August 2009 Forecast

The impact to each agency:

DRPT	\$105 million
VDOT	\$743 million
VPA	\$ 22 million
DOAV	<u>\$ 13 million</u>
	\$883 million

Commonwealth Transportation Fund

Revised June FY 2010- 2015 Forecast (Preliminary)

(amounts in millions)

	2010	2011	2012	2013	2014	2015	Total
State Transportation Revenues							
HMO	\$1,260.3	\$1,289.5	\$1,325.3	\$1,366.7	\$1,401.0	\$1,428.0	\$8,070.8
TTF net interest	795.4	805.5	838.1	881.4	928.1	966.9	5,215.4
PTF (From TTF)	149.1	148.2	154.0	162.1	170.5	170.5	954.4
Local and Other Revenues	<u>367.5</u>	<u>271.7</u>	<u>242.0</u>	<u>224.4</u>	<u>221.1</u>	<u>218.7</u>	<u>1,545.4</u>
Total	<u>2,572.3</u>	<u>2,514.9</u>	<u>2,559.4</u>	<u>2,634.6</u>	<u>2,720.7</u>	<u>2,784.1</u>	<u>15,786.0</u>
Original FY 2010 Revenues	2,728.2	2,687.9	2,714.5	2,778.3	2,843.5	2,916.8	16,669.2
Difference	(155.9)	(173.0)	(155.1)	(143.7)	(122.8)	(132.7)	(883.2)
Federal Revenues	919.8	901.7	907.7	913.8	919.8	925.9	5,488.8
Federal Contingency/Reserve	<u>(85.2)</u>	<u>(85.7)</u>	<u>(86.2)</u>	<u>(86.8)</u>	<u>(87.3)</u>	<u>(87.8)</u>	<u>(519.0)</u>
Total Revenues (Net Federal Contingency/Reserve)	<u>3,406.9</u>	<u>3,330.9</u>	<u>3,380.9</u>	<u>3,461.5</u>	<u>3,553.3</u>	<u>3,622.2</u>	<u>20,755.7</u>
Other Financing Sources							
Capital Improvement Bonds	<u>206.1</u>	<u>240.8</u>	<u>212.4</u>	<u>207.8</u>	<u>208.3</u>	<u>146.6</u>	<u>1,222.1</u>
Total Revenues and Other Financing Sources	<u>\$3,613.0</u>	<u>\$3,571.7</u>	<u>\$3,593.3</u>	<u>\$3,669.4</u>	<u>\$3,761.6</u>	<u>\$3,768.9</u>	<u>\$21,977.8</u>
Original FY 2010 Revenues	\$3,768.9	\$3,744.7	\$3,748.4	\$3,813.1	\$3,884.4	\$3,901.6	\$22,861.0
Difference	(\$155.9)	(\$173.0)	(\$155.1)	(\$143.7)	(\$122.8)	(\$132.7)	(\$883.2)



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