

## COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT February 2023

### Summary

Commonwealth Transportation Fund (CTF) revenues increased by 9.3 percent in February

### Motor Fuels Tax

Motor fuels taxes declined by 2.9 percent in February.

The previous forecast of oil production in Russia included a steep decline in the coming months resulting from the EU's ban on seaborne petroleum products from Russia that began February 5. Russia recently announced a crude oil production cut of 0.5 million b/d for March, and EIA expect declines to be more than that, with Russia's production falling by 0.7 million b/d in March. Despite the declines in March, recent petroleum exports from Russia have outpaced expectations, and EIA has revised their oil production forecast for Russia upwards by 0.4 million b/d in 2023. Overall, EIA expects global oil and liquid fuels production will average 101.5 million b/d in 2023, up 1.6 million b/d from 2022.

### Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 29.6 percent.

The new year got off to a good start for new-vehicle sales. Following a poor showing late last fall, sales of new vehicles jumped by nearly 18 percent in a single month—the highest percentage increase in a year. Further, a SAAR of 15.7 million vehicles is the highest monthly figure since April 2021. The strong January sales figure is also 13.2 percent higher than the average SAAR in the second half of 2022. A key reason for higher new-vehicle sales can be attributed in large part to improving car production globally.

Production of new vehicles is continually moving in the right direction. In 2022, production of light autos and trucks in the U.S. averaged 9.8 million vehicles—an increase of more than 10 percent from 2021. In December itself, production rose by 9.4 percent year over year. Zooming into the monthly data from 2022 shows that production of light autos and trucks in the U.S. showed a consistent improvement in the second half of last year, where four out of the six months registered production levels of more than 10 million vehicles at an annual rate—a marked improvement from 2021.

Whereas higher production levels are allowing deliveries of more vehicles to dealerships, they are having a positive impact on inventories as well. In the U.S., seasonally adjusted inventory has trended up since July 2022. This is consistent with rising car production in the second half of last year. In December, the seasonally adjusted inventory of domestic autos landed at 118.5 million—the highest figure since August 2021. In December, seasonally adjusted inventory grew at its fastest pace in four months. Higher vehicle inventories will play a key role in ensuring a better equilibrium between the supply and demand of new vehicles. As the supply side gradually catches up to consumer demand, new-vehicle transaction prices are likely to slow down further. Still, it will take a while before car manufacturers will be able to ramp up production to pre-pandemic levels. Despite improvement, U.S. light auto and truck production remains below its 2019 average by 7.5 percent. In Europe, production is even further behind. In 2022, German car production rose to 3.4 million units. While this is an improvement from 2021, production is still down by 26 percent from the 2019 levels. As a result, new-vehicle supply remains below the current demand.

### State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 0.9 percent in February.

### Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 62.4 percent in February.

**Commonwealth of Virginia/Department of Accounts**  
**Commonwealth Transportation Fund**  
**Summary Statement of Selected Revenue Estimates & Collections**  
**For the Fiscal Years 2022 and 2023**  
(Dollars in Thousands)

Revenue	FY 2023 Estimate	As a % of Total Fund	February			Year-To-Date			% Annual Growth Required By Estimate
			FY 2023	FY 2022	% Change	FY 2023	FY 2022	% Change	
<b>Motor Fuel Taxes</b>	\$1,481,100	17.45	\$100,931	\$103,948	(2.9)	\$960,925	\$847,616	13.4	15.0
<b>Insurance Premiums Tax</b>	202,496	2.39	0	0	-	202,496	180,657	12.1	12.1
<b>Motor Vehicle Sales and Use Tax</b>	1,194,100	14.07	94,538	72,943	29.6	826,931	803,476	2.9	(4.4)
<b>State Sales and Use Tax</b>	1,433,100	16.88	99,721	98,806	0.9	971,974	872,842	11.4	4.7
<b>Motor Vehicle License Fees</b>	200,700	2.36	20,386	12,555	62.4	138,132	141,553	(2.4)	(13.1)
<b>Highway Use Fee</b>	61,300	0.72	4,501	4,026	11.8	39,691	34,965	13.5	13.9
<b>International Registration Plan</b>	119,200	1.40	7,869	5,719	37.6	66,056	67,576	(2.2)	0.4
<b>Recordation Tax</b>	61,700	0.72	2,841	4,462	(36.3)	34,816	54,244	(35.8)	(24.4)
<b>Interest Earnings</b>	3,200	0.04	30	6	400.0	5,569	1,426	290.5	88.0
<b>Misc. Taxes, Fees, and Revenues</b>	17,600	0.21	1,639	1,842	(11.0)	12,940	13,504	(4.2)	(17.2)
<b>Total State Taxes and Fees</b>	<u>\$4,774,496</u>	<u>56.24</u>	<u>\$332,456</u>	<u>\$304,307</u>	<u>9.3</u>	<u>\$3,259,530</u>	<u>\$3,017,859</u>	<u>8.0</u>	<u>3.9</u>

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

**Commonwealth of Virginia/Department of Accounts  
Commonwealth Transportation Fund  
Statement of Revenue Estimates & Collections  
For the Fiscal Years 2022 and 2023  
(Dollars in Thousands)**

Revenue	FY 2023 Estimate	As a % of Total Fund	February			Year-To-Date			% Annual Growth Required By Est
			FY 2023	FY 2022	% Change	FY 2023	FY 2022	% Change	
<b>COMMONWEALTH TRANSPORTATION FUND</b>									
Motor Vehicle Fuels Taxes (Includes Aviation & Road Taxes)	\$1,481,100	17.45	\$100,931	\$103,948	(2.9)	\$960,925	\$847,616	13.4	15.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	1,194,100	14.07	94,538	72,943	29.6	826,931	803,476	2.9	(4.4)
State Sales and Use Tax	1,433,100	16.88	99,721	98,806	0.9	971,974	872,842	11.4	4.7
Motor Vehicle License Fees	200,700	2.36	20,386	12,555	62.4	138,132	141,553	(2.4)	(13.1)
Highway Use Fee	61,300	0.72	4,501	4,026	11.8	39,691	34,965	13.5	13.9
International Registration Plan	119,200	1.40	7,869	5,719	37.6	66,056	67,576	(2.2)	0.4
Insurance Premiums Tax	202,496	2.39	0	0	-	202,496	180,657	12.1	12.1
Recordation Tax	61,700	0.72	2,841	4,462	(36.3)	34,816	54,244	(35.8)	(24.4)
<b>Total Commonwealth Transportation Fund</b>	<b>\$4,753,696</b>	<b>55.99</b>	<b>\$330,787</b>	<b>\$302,459</b>	<b>9.4</b>	<b>\$3,241,021</b>	<b>\$3,002,929</b>	<b>7.9</b>	<b>4.0</b>
<b>HIGHWAY MAINTENANCE AND OPERATING FUND</b>									
Misc. Taxes, Fees, and Revenues	\$17,600	0.21	\$1,639	\$1,842	(11.0)	\$12,940	\$13,504	(4.2)	(17.2)
Other Miscellaneous Revenues	553,272	6.51	2,813	17,112	(83.6)	557,994	412,079	35.4	29.7
Federal Grants and Contracts	0	0.00	3,141	1,500	109.4	17,249	5,316	224.5	(100.0)
Transfer (to) / from Transportation Trust Fund	63,329	0.75	0	0	-	30,000	(201,969)	114.9	127.0
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$634,201</b>	<b>7.47</b>	<b>\$7,593</b>	<b>\$20,454</b>	<b>(62.9)</b>	<b>\$618,183</b>	<b>\$228,930</b>	<b>170.0</b>	<b>178.5</b>
<b>TRANSPORTATION TRUST FUND</b>									
Interest Earnings	\$3,200	0.04	\$30	\$6	400.0	\$5,569	\$1,426	290.5	88.0
Federal Grants and Contracts	1,746,997	20.58	29,331	27,932	5.0	1,187,153	1,024,773	15.8	35.7
Receipts from Cities/Counties	1,002,622	11.81	51,971	75,518	(31.2)	249,469	483,034	(48.4)	49.1
Toll Revenues	73,840	0.87	3,264	1,904	71.4	33,245	16,376	103.0	107.2
Miscellaneous Revenues	338,311	3.99	3,056	51,075	(94.0)	190,454	355,659	(46.5)	(16.8)
Transfer (to) / from Highway Maintenance and Operating Fund	(63,329)	(0.75)	0	0	-	(30,000)	201,969	(114.9)	(127.0)
<b>Total Transportation Trust Fund</b>	<b>\$3,101,641</b>	<b>36.54</b>	<b>\$87,652</b>	<b>\$156,435</b>	<b>(44.0)</b>	<b>\$1,635,890</b>	<b>\$2,083,237</b>	<b>(21.5)</b>	<b>17.6</b>
<b>TOTAL COMMONWEALTH TRANSPORTATION FUND, HIGHWAY MAINTENANCE AND OPERATING FUND, AND TRANSPORTATION TRUST FUND</b>									
	<b>\$8,489,538</b>	<b>100.00</b>	<b>\$426,032</b>	<b>\$479,348</b>	<b>(11.1)</b>	<b>\$5,495,094</b>	<b>\$5,315,096</b>	<b>3.4</b>	<b>14.2</b>

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