

## COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT July 2022

### Summary

Commonwealth Transportation Fund (CTF) revenues 40.7 percent in July, driven by the timing of receipts in motor fuels tax collections and the termination of the accelerated sales tax program.

### Motor Fuels Tax

Motor fuels taxes increased by 100.9 percent in July due to a part of June's receipts being pushed into July.

The August *Short-Term Energy Outlook* (STEO) is subject to heightened uncertainty resulting from Russia's full-scale invasion of Ukraine, how sanctions affect Russia's oil production, the production decisions of OPEC+, the rate at which U.S. oil and natural gas production rises, and other contributing factors. Less robust economic activity in our forecast could result in lower-than-forecast energy consumption.

### Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections declined by 6.1 percent.

U.S. new-vehicle sales continue to struggle. Despite the SAAR moving upward for two consecutive months, new-vehicle sales remain well below market equilibrium. Sales of new vehicles remain constrained by an inability to secure new inventory. Inventory has been hamstrung by a lack of global production as a result of supply-chain disruptions. Until production returns, new-vehicle sales will continue to languish.

Production constraints were originally centered around a limited supply of electronic semiconductor chips and more recently have been hampered by COVID-19 shutdowns and the Russian invasion of Ukraine. The zero-COVID policies enforced by the Chinese Communist Party caused lockdowns across the Shanghai region, closing in residents and shutting down industries. These lockdowns slowed down the expected revival of auto manufacturing in Asia. New-vehicle production in Japan was 47% below 2019 production levels as of the May reading.

German production was also slowed in the spring months. The Russian invasion shut

down some auto parts makers located in Western Ukraine that are integrated with German manufacturers. German supply chains have improved from the spring. June production is less than 20% below 2019 levels, compared with the approximately 40% reduction experienced in March and April.

Slowly increasing global production has come at a time when chip suppliers are showing increases in available supply. South Korea reports semiconductor inventory supply is up more than 50% year over year. Increased supplies can be attributed to lower demand for goods such as laptops and smartphones compared with earlier in the pandemic. However, these reports can be a bit misleading for the auto industry. The higher-end chips that go into smartphones and laptops are a newer technology compared with the majority of chips used in cars and trucks. For these older-technology semiconductor chips there has been improvement, but supply continues to be constrained.

### State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 63.0 percent in July due to the end of the accelerated sales tax program.

### Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 112.1 percent in July.

**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	July			Year-To-Date			% Annual Growth Required By Estimate
			FY 2023	FY 2022	% Change	FY 2023	FY 2022	% Change	
<b>Motor Fuel Taxes</b>	\$1,431,900	17.00	\$123,370	\$61,416	100.9	\$123,370	\$61,416	100.9	11.2
<b>Insurance Premiums Tax</b>	202,496	2.40	13,419	7,244	85.2	13,419	7,244	85.2	12.1
<b>Motor Vehicle Sales and Use Tax</b>	1,198,000	14.23	108,658	115,688	(6.1)	108,658	115,688	(6.1)	(4.1)
<b>State Sales and Use Tax</b>	1,349,200	16.03	108,412	66,513	63.0	108,412	66,513	63.0	(1.4)
<b>Motor Vehicle License Fees</b>	236,600	2.81	25,435	11,993	112.1	25,435	11,993	112.1	2.4
<b>Highway Use Fee</b>	59,700	0.71	5,805	4,540	27.9	5,805	4,540	27.9	11.0
<b>International Registration Plan</b>	124,200	1.47	4,624	5,708	(19.0)	4,624	5,708	(19.0)	4.6
<b>Recordation Tax</b>	81,000	0.96	6,120	7,585	(19.3)	6,120	7,585	(19.3)	(0.7)
<b>Interest Earnings</b>	5,700	0.07	0	0	-	0	0	-	234.9
<b>Misc. Taxes, Fees, and Revenues</b>	17,200	0.20	1,427	1,611	(11.4)	1,427	1,611	(11.4)	(19.1)
<b>Total State Taxes and Fees</b>	<u>\$4,705,996</u>	<u>55.88</u>	<u>\$397,270</u>	<u>\$282,298</u>	<u>40.7</u>	<u>\$397,270</u>	<u>\$282,298</u>	<u>40.7</u>	<u>2.4</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	July			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)	\$1,431,900	17.00	\$123,370	\$61,416	100.9	\$123,370	\$61,416	100.9	11.2
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	1,198,000	14.23	108,658	115,688	(6.1)	108,658	115,688	(6.1)	(4.1)
State Sales and Use Tax	1,349,200	16.03	108,412	66,513	63.0	108,412	66,513	63.0	(1.4)
Motor Vehicle License Fees	236,600	2.81	25,435	11,993	112.1	25,435	11,993	112.1	2.4
Highway Use Fee	59,700	0.71	5,805	4,540	27.9	5,805	4,540	27.9	11.0
International Registration Plan	124,200	1.47	4,624	5,708	(19.0)	4,624	5,708	(19.0)	4.6
Insurance Premiums Tax	202,496	2.40	13,419	7,244	85.2	13,419	7,244	85.2	12.1
Recordation Tax	81,000	0.96	6,120	7,585	(19.3)	6,120	7,585	(19.3)	(0.7)
<b>Total Commonwealth Transportation Fund</b>	<b>\$4,683,096</b>	<b>55.61</b>	<b>\$395,843</b>	<b>\$280,687</b>	<b>41.0</b>	<b>\$395,843</b>	<b>\$280,687</b>	<b>41.0</b>	<b>2.4</b>
<b>HIGHWAY MAINTENANCE AND OPERATING FUND</b>									
Misc. Taxes, Fees, and Revenues	\$17,200	0.20	\$1,427	\$1,611	(11.4)	\$1,427	\$1,611	(11.4)	(19.1)
Other Miscellaneous Revenues	553,272	6.58	2,261	55,409	(95.9)	2,261	55,409	(95.9)	29.7
Federal Grants and Contracts	0	0.00	512	583	(12.2)	512	583	(12.2)	(100.0)
Transfer (to) / from Transportation Trust Fund	63,329	0.75	0	0	-	0	0	-	127.0
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$633,801</b>	<b>7.53</b>	<b>\$4,200</b>	<b>\$57,603</b>	<b>(92.7)</b>	<b>\$4,200</b>	<b>\$57,603</b>	<b>(92.7)</b>	<b>178.3</b>
<b>TRANSPORTATION TRUST FUND</b>									
Interest Earnings	\$5,700	0.07	\$0	\$0	-	\$0	\$0	-	234.9
Federal Grants and Contracts	1,746,997	20.74	49,737	108,811	(54.3)	49,737	108,811	(54.3)	35.7
Receipts from Cities/Counties	1,002,622	11.90	39,460	43,699	(9.7)	39,460	43,699	(9.7)	49.1
Toll Revenues	73,840	0.88	2,174	1,750	24.2	2,174	1,750	24.2	107.2
Miscellaneous Revenues	338,311	4.02	17,560	30,115	(41.7)	17,560	30,115	(41.7)	(16.8)
Transfer (to) / from Highway Maintenance and Operating Fund	(63,329)	(0.75)	0	0	-	0	0	-	(127.0)
<b>Total Transportation Trust Fund</b>	<b>\$3,104,141</b>	<b>36.86</b>	<b>\$108,931</b>	<b>\$184,375</b>	<b>(40.9)</b>	<b>\$108,931</b>	<b>\$184,375</b>	<b>(40.9)</b>	<b>17.7</b>
<b>TOTAL COMMONWEALTH TRANSPORTATION FUND, HIGHWAY MAINTENANCE AND OPERATING FUND, AND TRANSPORTATION TRUST FUND</b>									
	<b>\$8,421,038</b>	<b>100.00</b>	<b>\$508,974</b>	<b>\$522,665</b>	<b>(2.6)</b>	<b>\$508,974</b>	<b>\$522,665</b>	<b>(2.6)</b>	<b>13.2</b>

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