

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT March 2023

Summary

Commonwealth Transportation Fund (CTF) revenues fell by 4.8 percent in March

Motor Fuels Tax

Motor fuels taxes increased by 17.9 percent in March.

The Energy Information Administration forecasts that retail gasoline prices will peak between \$3.50 per gallon (gal) and \$3.60/gal in June and average about \$3.50/gal throughout the summer season (April through September).

Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections fell by 12.7 percent.

Following a strong start to the year, new-vehicle sales cooled in February. The SAAR of new-vehicle sales came in 14.9 million, down by less than 1 million from January. Improving inventory levels are allowing increased sales of new vehicles to consumers, but at the same time, inventory levels remain below the pre-pandemic average. While not seasonally adjusted average transaction prices remain near the record high, the demand for new vehicles remains steady.

While slowing growth in not seasonally adjusted average transaction prices is good news, the American consumer is still overwhelmed with near record-high prices. In January, monthly car payments were nearly 15 percent higher compared with a year earlier. Monthly loan payments have continued to grow in double digits for more than a year and interest rate hikes by the Fed are a big culprit. This is adding an enormous financial burden on households in an already high inflationary environment, particularly on those consumers for whom a car is a necessity rather a choice.

The Moody's Analytics baseline assumes an improvement in vehicle production this year. As supply chains heal and automakers around the world continue to increase production, there will be a better equilibrium between the supply of new vehicles and consumer demand. This will keep growth in not seasonally average transaction prices in check in the near future. On the other hand, monetary tightening by the Fed will make it increasingly difficult to finance new vehicles, thus curbing consumer demand and allowing manufacturers to catch up with demand faster. The baseline forecast also

assumes a relatively healthy U.S. labor market and moderating inflation, which should lead to a SAAR of 15.1 million vehicles in 2023. If the process of monetary tightening leads to a crash landing of the U.S. economy, sales of new vehicles will take a big hit. This may push automakers to reduce production levels amid tanking consumer demand, thereby reversing the important gains by the auto industry from 2022.

State Retail Sales Tax

The transportation portion of the state retail sales tax declined by 6.0 percent in March.

Motor Vehicle Licenses

Motor vehicle registration fee collections dropped by 62.6 percent in March.

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	March			Year-To-Date			% Annual Growth Required By Estimate
			FY 2023	FY 2022	% Change	FY 2023	FY 2022	% Change	
Motor Fuel Taxes	\$1,481,100	17.45	\$133,702	\$113,387	17.9	\$1,094,628	\$961,003	13.9	15.0
Insurance Premiums Tax	202,496	2.39	0	0	-	202,496	180,657	12.1	12.1
Motor Vehicle Sales and Use Tax	1,194,100	14.07	112,795	129,232	(12.7)	939,726	932,708	0.8	(4.4)
State Sales and Use Tax	1,433,100	16.88	96,861	103,067	(6.0)	1,068,835	975,909	9.5	4.7
Motor Vehicle License Fees	200,700	2.36	9,661	25,856	(62.6)	147,794	167,409	(11.7)	(13.1)
Highway Use Fee	61,300	0.72	2,547	5,271	(51.7)	42,238	40,236	5.0	13.9
International Registration Plan	119,200	1.40	18,208	13,574	34.1	84,264	81,149	3.8	0.4
Recordation Tax	61,700	0.72	4,116	6,323	(34.9)	38,932	60,567	(35.7)	(24.4)
Interest Earnings	3,200	0.04	34	5	580.0	5,602	1,431	291.5	88.0
Misc. Taxes, Fees, and Revenues	17,600	0.21	1,898	2,112	(10.1)	14,838	15,616	(5.0)	(17.2)
Total State Taxes and Fees	<u>\$4,774,496</u>	<u>56.24</u>	<u>\$379,822</u>	<u>\$398,827</u>	<u>(4.8)</u>	<u>\$3,639,353</u>	<u>\$3,416,685</u>	<u>6.5</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	March			Year-To-Date			% Annual Growth Required By Est
			FY 2023	FY 2022	% Change	FY 2023	FY 2022	% Change	
COMMONWEALTH TRANSPORTATION FUND									
Motor Vehicle Fuels Taxes (Includes Aviation & Road Taxes)	\$1,481,100	17.45	\$133,702	\$113,387	17.9	\$1,094,628	\$961,003	13.9	15.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	1,194,100	14.07	112,795	129,232	(12.7)	939,726	932,708	0.8	(4.4)
State Sales and Use Tax	1,433,100	16.88	96,861	103,067	(6.0)	1,068,835	975,909	9.5	4.7
Motor Vehicle License Fees	200,700	2.36	9,661	25,856	(62.6)	147,794	167,409	(11.7)	(13.1)
Highway Use Fee	61,300	0.72	2,547	5,271	(51.7)	42,238	40,236	5.0	13.9
International Registration Plan	119,200	1.40	18,208	13,574	34.1	84,264	81,149	3.8	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	4,116	6,323	(34.9)	38,932	60,567	(35.7)	(24.4)
Total Commonwealth Transportation Fund	\$4,753,696	55.99	\$377,890	\$396,710	(4.7)	\$3,618,913	\$3,399,638	6.4	4.0
HIGHWAY MAINTENANCE AND OPERATING FUND									
Misc. Taxes, Fees, and Revenues	\$17,600	0.21	\$1,898	\$2,112	(10.1)	\$14,838	\$15,616	(5.0)	(17.2)
Other Miscellaneous Revenues	553,272	6.51	5,645	5,222	8.1	563,639	417,301	35.1	29.7
Federal Grants and Contracts	0	0.00	1,790	971	84.3	19,039	6,287	202.8	(100.0)
Transfer (to) / from Transportation Trust Fund	63,329	0.75	15,000	0	-	45,000	(201,969)	122.3	127.0
Total Highway Maintenance and Operating Fund	\$634,201	7.47	\$24,333	\$8,305	193.0	\$642,516	\$237,235	170.8	178.5
TRANSPORTATION TRUST FUND									
Interest Earnings	\$3,200	0.04	\$34	\$5	580.0	\$5,602	\$1,431	291.5	88.0
Federal Grants and Contracts	1,746,997	20.58	98,175	125,847	(22.0)	1,285,327	1,150,621	11.7	35.7
Receipts from Cities/Counties	1,002,622	11.81	39,471	33,253	18.7	288,940	516,288	(44.0)	49.1
Toll Revenues	73,840	0.87	4,058	2,587	56.9	37,303	18,963	96.7	107.2
Miscellaneous Revenues	338,311	3.99	2,994	8,743	(65.8)	193,448	364,401	(46.9)	(16.8)
Transfer (to) / from Highway Maintenance and Operating Fund	(63,329)	(0.75)	(15,000)	0	-	(45,000)	201,969	(122.3)	(127.0)
Total Transportation Trust Fund	\$3,101,641	36.54	\$129,732	\$170,435	(23.9)	\$1,765,620	\$2,253,673	(21.7)	17.6
TOTAL COMMONWEALTH TRANSPORTATION FUND, HIGHWAY MAINTENANCE AND OPERATING FUND, AND TRANSPORTATION TRUST FUND									
	\$8,489,538	100.00	\$531,955	\$575,450	(7.6)	\$6,027,049	\$5,890,546	2.3	14.2

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