

## COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT October 2022

### Summary

Commonwealth Transportation Fund (CTF) revenues increased by 3.0 percent in October

### Motor Fuels Tax

Motor fuels taxes increased by 1.5 percent in October.

The Brent crude oil spot price in our forecast averages \$93 per barrel (b) in the fourth quarter of 2022 (4Q22) and \$95/b in 2023. Potential petroleum supply disruptions and slower-than-expected crude oil production growth could lead to higher oil prices, while the possibility of slower-than-forecast economic growth may contribute to lower prices.

### Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 0.9 percent.

Although U.S. new-vehicle sales are stuck in low gear, October showed some upward momentum. The seasonally adjusted annualized rate for U.S. vehicle sales edged up to 14.9 million in October, the highest figure since January. Whereas the global production of vehicles is recovering steadily, the global auto industry remains mired in supply-chain bottlenecks due to a shortage of semiconductor chips. Further, even as supply is gradually trending up, there are signs of weakening consumer demand for new vehicles.

U.S. consumer demand for new vehicles is exhibiting initial signs of cooling. In September, not seasonally adjusted average transaction prices for new vehicles grew at 6% from the same period last year, the slowest rate of growth since March 2021. Further, on a quarterly basis, price growth in not seasonally adjusted average transaction prices in the third quarter held steady from the prior quarter. However, transaction prices remain elevated because of the disequilibrium between vehicle supply and demand. Price appreciation for used vehicles is also trending lower, which is likely because of an increased inventory of new vehicles. Used-vehicle prices through September are down more than 10% from the peak in early 2022.

Cooling consumer demand for new vehicles should not come as a surprise. Average transaction prices for new vehicles are at an all-time high, despite the recent slowdown in the growth rate. Further, broad-based inflation has curtailed the real purchasing power of the American consumer. The swift pace of monetary tightening has also increased

lending rates for auto loans, adding to monthly car payments and making it even harder for the American consumer to be able to afford a new vehicle. Despite rising unaffordability, SAAR still grew. This is because current sales are still below the assumed market equilibrium of 17 million SAAR. Further, consumers continue to take advantage of elevated used-vehicle prices, which increases their trade-in equity value at the time of their purchase of a new vehicle. However, this does not entirely make up for the rise in new-vehicle prices.

### State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 10.2 percent in October.

### Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 0.3 percent in October.

**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	October			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	\$118,961	\$117,164	1.5	\$478,415	\$393,392	21.6	11.2
<b>Insurance Premiums Tax</b>	202,496	2.40	6,782	7,729	(12.3)	173,934	160,517	8.4	12.1
<b>Motor Vehicle Sales and Use Tax</b>	1,198,000	14.23	103,707	102,810	0.9	433,591	440,680	(1.6)	(4.1)
<b>State Sales and Use Tax</b>	1,349,200	16.03	127,011	115,294	10.2	482,212	410,182	17.6	(1.4)
<b>Motor Vehicle License Fees</b>	236,600	2.81	21,215	21,152	0.3	71,074	79,635	(10.8)	2.4
<b>Highway Use Fee</b>	59,700	0.71	4,309	4,206	2.4	21,066	18,380	14.6	11.0
<b>International Registration Plan</b>	124,200	1.47	7,412	6,988	6.1	28,069	27,883	0.7	4.6
<b>Recordation Tax</b>	81,000	0.96	4,296	7,007	(38.7)	21,071	29,335	(28.2)	(0.7)
<b>Interest Earnings</b>	5,700	0.07	1,792	684	162.0	1,806	735	145.7	234.9
<b>Misc. Taxes, Fees, and Revenues</b>	17,200	0.20	1,438	2,175	(33.9)	6,475	7,099	(8.8)	(19.1)
<b>Total State Taxes and Fees</b>	<u>\$4,705,996</u>	<u>55.88</u>	<u>\$396,923</u>	<u>\$385,209</u>	<u>3.0</u>	<u>\$1,717,713</u>	<u>\$1,567,838</u>	<u>9.6</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	October			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	\$118,961	\$117,164	1.5	\$478,415	\$393,392	21.6	11.2
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	1,198,000	14.23	103,707	102,810	0.9	433,591	440,680	(1.6)	(4.1)
State Sales and Use Tax	1,349,200	16.03	127,011	115,294	10.2	482,212	410,182	17.6	(1.4)
Motor Vehicle License Fees	236,600	2.81	21,215	21,152	0.3	71,074	79,635	(10.8)	2.4
Highway Use Fee	59,700	0.71	4,309	4,206	2.4	21,066	18,380	14.6	11.0
International Registration Plan	124,200	1.47	7,412	6,988	6.1	28,069	27,883	0.7	4.6
Insurance Premiums Tax	202,496	2.40	6,782	7,729	(12.3)	173,934	160,517	8.4	12.1
Recordation Tax	81,000	0.96	4,296	7,007	(38.7)	21,071	29,335	(28.2)	(0.7)
<b>Total Commonwealth Transportation Fund</b>	<b>\$4,683,096</b>	<b>55.61</b>	<b>\$393,693</b>	<b>\$382,350</b>	<b>3.0</b>	<b>\$1,709,432</b>	<b>\$1,560,004</b>	<b>9.6</b>	<b>2.4</b>
<b>HIGHWAY MAINTENANCE AND OPERATING FUND</b>									
Misc. Taxes, Fees, and Revenues	\$17,200	0.20	\$1,438	\$2,175	(33.9)	\$6,475	\$7,099	(8.8)	(19.1)
Other Miscellaneous Revenues	553,272	6.58	29,115	103,000	(71.7)	498,953	257,411	93.8	29.7
Federal Grants and Contracts	0	0.00	2,322	712	226.1	7,446	2,576	189.1	(100.0)
Transfer (to) / from Transportation Trust Fund	63,329	0.75	0	50,000	(100.0)	0	50,000	(100.0)	127.0
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$633,801</b>	<b>7.53</b>	<b>\$32,875</b>	<b>\$155,887</b>	<b>(78.9)</b>	<b>\$512,874</b>	<b>\$317,086</b>	<b>61.7</b>	<b>178.3</b>
<b>TRANSPORTATION TRUST FUND</b>									
Interest Earnings	\$5,700	0.07	\$1,792	\$684	162.0	\$1,806	\$735	145.7	234.9
Federal Grants and Contracts	1,746,997	20.74	148,906	191,464	(22.2)	959,948	718,862	33.5	35.7
Receipts from Cities/Counties	1,002,622	11.90	7,563	71,145	(89.4)	133,134	227,039	(41.4)	49.1
Toll Revenues	73,840	0.88	3,540	2,478	42.9	11,415	8,298	37.6	107.2
Miscellaneous Revenues	338,311	4.02	51,975	30,704	69.3	161,595	271,949	(40.6)	(16.8)
Transfer (to) / from Highway Maintenance and Operating Fund	(63,329)	(0.75)	0	(50,000)	100.0	0	(50,000)	100.0	(127.0)
<b>Total Transportation Trust Fund</b>	<b>\$3,104,141</b>	<b>36.86</b>	<b>\$213,776</b>	<b>\$246,475</b>	<b>(13.3)</b>	<b>\$1,267,898</b>	<b>\$1,176,883</b>	<b>7.7</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>\$640,344</b>	<b>\$784,712</b>	<b>(18.4)</b>	<b>\$3,490,204</b>	<b>\$3,053,973</b>	<b>14.3</b>	<b>13.2</b>

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