

## COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT August 2023

### Summary

Commonwealth Transportation Fund (CTF) revenues increased by 1.4 percent in August.

### Motor Fuels Tax

Motor fuels taxes grew by 5.8 percent in August.

The Brent crude oil price is expected to average \$93 per barrel (b) during 4Q23, up from \$86/b in August. A decline in global oil inventories in the coming months supports the Brent price in our forecast. The price eases to an average of \$87/b by the second half of 2024 because we expect global oil inventories to rise during that period.

### Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 8.9 percent.

Thousands of United Auto Workers went on strike against all the Big Three automakers — General Motors, Ford and Stellantis, the parent company of Jeep and Chrysler — for the first time in history.

With negotiations for new contracts unsuccessful so far, the UAW staged walkouts early Friday at three plants in Michigan, Ohio and Missouri.

U.S. light vehicle sales have improved considerably so far in 2023. During the first seven months of this year, new light vehicle sales averaged 15.5 million SAAR – 13.1 percent higher from the average vehicle sales during the same time last year. But while sales volume is noticeably higher, they remain below the pre-pandemic levels.

Higher vehicle sales are attributable to two key factors: pent-up consumer demand and increased vehicle inventory levels. There is little doubt that despite elevated interest rates consumer demand for new vehicles has largely remained intact since last year. In fact, new vehicle sales have trended up since the second half of 2022 at the same time the Federal Reserve was also engaged in swift monetary tightening to fight inflation. Robust vehicle sales compared with last year indicate that consumer pent-up demand has not dried up just yet.

New light vehicle sales will be largely flat in the second half of this year before picking up

pace again in 2024. Rising vehicle production will continue to satiate pent-up consumer demand for new vehicles in the near term. However, higher interest rates will ensure that new-vehicle sales remain below their long-term equilibrium until 2025 at the earliest. The baseline also assumes a relatively healthy labor market, which will keep up consumer demand for new vehicles. Steadily rising inventory levels will bring new-vehicle supply closer to its current demand, thereby slowing growth average transaction prices. There are considerable downside risks, however. Should elevated interest rates lead the U.S. economy into recession later this year, labor market conditions will deteriorate and new-vehicle sales will face considerable downward pressure.

### State Retail Sales Tax

The transportation portion of the state retail sales tax fell by 7.4 percent in August.

### Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 31.1 percent in August.

**Commonwealth of Virginia/Department of Accounts**  
**Commonwealth Transportation Fund**  
**Summary Statement of Selected Revenue Estimates & Collections**  
**For the Fiscal Years 2023 and 2024**  
(Dollars in Thousands)

Revenue	FY 2024 Estimate	As a % of Total Fund	August			Year-To-Date			% Annual Growth Required By Estimate
			FY 2024	FY 2023	% Change	FY 2024	FY 2023	% Change	
<b>Motor Fuel Taxes</b>	\$1,452,200	18.83	\$127,145	\$120,194	5.8	\$233,480	\$243,565	(4.1)	(1.4)
<b>Insurance Premiums Tax</b>	217,791	2.82	11,864	10,904	8.8	26,516	24,322	9.0	7.6
<b>Motor Vehicle Sales and Use Tax</b>	1,163,000	15.08	121,517	111,537	8.9	232,567	220,195	5.6	(7.9)
<b>State Sales and Use Tax</b>	1,313,900	17.05	113,060	122,079	(7.4)	230,335	230,491	(0.1)	(7.3)
<b>Motor Vehicle License Fees</b>	240,300	3.12	19,936	15,212	31.1	41,860	40,647	3.0	22.3
<b>Highway Use Fee</b>	62,700	0.81	6,246	6,183	1.0	12,127	11,988	1.2	7.3
<b>International Registration Plan</b>	122,600	1.59	6,301	13,097	(51.9)	20,575	17,721	16.1	6.5
<b>Recordation Tax</b>	81,000	1.05	4,744	5,934	(20.1)	9,118	12,054	(24.4)	53.9
<b>Interest Earnings</b>	5,700	0.07	39	0	-	39	0	-	(73.1)
<b>Misc. Taxes, Fees, and Revenues</b>	17,200	0.22	1,708	1,755	(2.7)	3,194	3,182	0.4	(13.1)
<b>Total State Taxes and Fees</b>	<u>\$4,676,391</u>	<u>60.64</u>	<u>\$412,560</u>	<u>\$406,895</u>	<u>1.4</u>	<u>\$809,811</u>	<u>\$804,165</u>	<u>0.7</u>	<u>(2.9)</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 2023 and 2024  
(Dollars in Thousands)**

Revenue	FY 2024 Estimate	As a % of Total Fund	August			Year-To-Date			% Annual Growth Required By Est
			FY 2024	FY 2023	% Change	FY 2024	FY 2023	% Change	
<b>COMMONWEALTH TRANSPORTATION FUND</b>									
Motor Vehicle Fuels Taxes (Includes Aviation & Road Taxes)	\$1,452,200	18.83	\$127,145	\$120,194	5.8	\$233,480	\$243,565	(4.1)	(1.4)
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	1,163,000	15.08	121,517	111,537	8.9	232,567	220,195	5.6	(7.9)
State Sales and Use Tax	1,313,900	17.05	113,060	122,079	(7.4)	230,335	230,491	(0.1)	(7.3)
Motor Vehicle License Fees	240,300	3.12	19,936	15,212	31.1	41,860	40,647	3.0	22.3
Highway Use Fee	62,700	0.81	6,246	6,183	1.0	12,127	11,988	1.2	7.3
International Registration Plan	122,600	1.59	6,301	13,097	(51.9)	20,575	17,721	16.1	6.5
Insurance Premiums Tax	217,791	2.82	11,864	10,904	8.8	26,516	24,322	9.0	7.6
Recordation Tax	81,000	1.05	4,744	5,934	(20.1)	9,118	12,054	(24.4)	53.9
<b>Total Commonwealth Transportation Fund</b>	<b>\$4,653,491</b>	<b>60.35</b>	<b>\$410,813</b>	<b>\$405,140</b>	<b>1.4</b>	<b>\$806,578</b>	<b>\$800,983</b>	<b>0.7</b>	<b>(2.6)</b>
<b>HIGHWAY MAINTENANCE AND OPERATING FUND</b>									
Misc. Taxes, Fees, and Revenues	\$17,200	0.22	\$1,708	\$1,755	(2.7)	\$3,194	\$3,182	0.4	(13.1)
Other Miscellaneous Revenues	271,103	3.52	98,046	343,161	(71.4)	206,925	345,423	(40.1)	(53.2)
Federal Grants and Contracts	0	0.00	4,343	3,293	31.9	6,972	3,805	83.2	(100.0)
Transfer (to) / from Transportation Trust Fund	363,025	4.71	0	0	-	0	0	-	419.0
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$651,328</b>	<b>8.45</b>	<b>\$104,097</b>	<b>\$348,209</b>	<b>(70.1)</b>	<b>\$217,091</b>	<b>\$352,410</b>	<b>(38.4)</b>	<b>(6.2)</b>
<b>TRANSPORTATION TRUST FUND</b>									
Interest Earnings	\$5,700	0.07	\$39	\$0	-	\$39	\$0	-	(73.1)
Federal Grants and Contracts	1,577,002	20.45	230,145	470,489	(51.1)	401,518	520,226	(22.8)	6.0
Receipts from Cities/Counties	784,754	10.18	58,617	62,427	(6.1)	111,141	101,887	9.1	69.0
Toll Revenues	82,294	1.07	3,742	2,582	44.9	6,895	4,756	45.0	40.4
Miscellaneous Revenues	319,225	4.14	73,120	39,095	87.0	90,172	56,654	59.2	19.0
Transfer (to) / from Highway Maintenance and Operating Fund	(363,025)	(4.71)	0	0	-	0	0	-	(419.0)
<b>Total Transportation Trust Fund</b>	<b>\$2,405,950</b>	<b>31.20</b>	<b>\$365,663</b>	<b>\$574,593</b>	<b>(36.4)</b>	<b>\$609,765</b>	<b>\$683,523</b>	<b>(10.8)</b>	<b>7.9</b>
<b>TOTAL COMMONWEALTH TRANSPORTATION FUND, HIGHWAY MAINTENANCE AND OPERATING FUND, AND TRANSPORTATION TRUST FUND</b>									
	<b>\$7,710,769</b>	<b>100.00</b>	<b>\$880,573</b>	<b>\$1,327,942</b>	<b>(33.7)</b>	<b>\$1,633,434</b>	<b>\$1,836,916</b>	<b>(11.1)</b>	<b>0.1</b>

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