# COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT December 2023

## Summary

Commonwealth Transportation Fund (CTF) revenues increased by 8.4 percent in December, driven by motor fuels tax collections.

## Motor Fuels Tax

Motor fuels taxes grew by 24.6 percent in December.

The U.S. average retail gasoline price is forecast to decline as gasoline inventories increase and gasoline crack spreads fall. U.S. gasoline prices are expected to average around \$3.40 per gallon (gal) in 2024 and \$3.20/gal in 2025, compared with an average of more than \$3.50/gal in 2023.

## Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections had a marginal increase of 0.4 percent.

Pent-up demand is contributing heavily to vehicle sales. Updated data suggest that American consumers continue to hold nearly two-thirds of their excess savings built since the arrival of the pandemic. In addition, a resilient labor market with above-average wage growth is instilling confidence in consumers to make large purchases. As a result, consumers are using the extra financial cushion to purchase a new vehicle, setting up a new record for consumer spending on new vehicles for the month of November.

Still, evidence this year also suggests that new-vehicle sales have largely leveled off. This means there is a ceiling to the current consumer pent-up demand for new vehicles. Despite having the extra financial cushion, most consumers buying a vehicle today are likely doing so out of necessity. This is especially true if a prospective buyer is contemplating financing a new vehicle instead of paying cash or trading in a used vehicle to lower the financing amount.

With interest rates elevated, financing a new vehicle today is particularly painful. Auto lending rates on new loans can rise as high as 8% or more, making monthly payments painful for a new buyer. In addition, new-vehicle prices will make a prospective buyer rethink a purchase. These factors are weighing on new-vehicle demand.

In a recent Federal Reserve survey, banks are reporting weaker demand for auto loans

as well. The net percentage of domestic banks reporting stronger demand for auto loans has remained negative since the second half of last year. Banks are also tightening standards on auto lending to make sure that loans are increasingly given out to those buyers with strong credit ratings to pay back their loans. It is likely that high lending rates and elevated new-vehicle prices are keeping a sizable portion of prospective buyers from purchasing a vehicle, and this could partly explain why new-vehicle sales have yet to reach their pre-pandemic equilibrium sales volume.

## State Retail Sales Tax

The transportation portion of the state retail sales tax fell by 8.3 percent in December.

## Motor Vehicle Licenses

Motor vehicle registration fee collections declined by 13.8 percent in December.

## Commonwealth of Virginia/Department of Accounts

## **Commonwealth Transportation Fund**

## **Summary Statement of Selected Revenue Estimates & Collections**

## For the Fiscal Years 2023 and 2024

% Annual

(Dollars in Thousands)

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	As a %		December		•	Year-To-Date		Growth
FY 2024	of Total			%			%	Required
Estimate	Fund	FY 2024	FY 2023	Change	FY 2024	FY 2023	Change	By Estimate
\$1,538,200	19.51	\$140,322	\$112,663	24.6	\$757,197	\$726,928	4.2	4.5
217,791	2.76	33,008	21,936	50.5	217,791	202,486	7.6	7.6
1,234,400	15.66	97,649	97,215	0.4	637,701	627,515	1.6	(2.2)
1,372,100	17.40	116,485	126,969	(8.3)	694,253	731,309	(5.1)	(3.1)
225,600	2.86	16,039	18,600	(13.8)	107,657	95,405	12.8	14.8
61,800	0.78	5,040	3,984	26.5	33,362	29,582	12.8	5.8
114,100	1.45	14,879	9,192	61.9	52,145	46,512	12.1	(0.9)
52,500	0.67	4,262	3,936	8.3	24,424	29,124	(16.1)	(0.3)
14,200	0.18	58	10	480.0	12,029	1,842	553.0	(33.0)
18,600	0.24	1,499	1,455	3.0	9,502	10,002	(5.0)	(6.0)
\$4,849,291	61.51	\$429,241	\$395,960	8.4	\$2,546,061	\$2,500,705	1.8	0.7
	\$1,538,200 217,791 1,234,400 1,372,100 225,600 61,800 114,100 52,500 14,200 18,600	FY 2024         of Total Fund           \$1,538,200         19.51           217,791         2.76           1,234,400         15.66           1,372,100         17.40           225,600         2.86           61,800         0.78           114,100         1.45           52,500         0.67           14,200         0.18           18,600         0.24	FY 2024 Estimate         of Total Fund         FY 2024           \$1,538,200         19.51         \$140,322           217,791         2.76         33,008           1,234,400         15.66         97,649           1,372,100         17.40         116,485           225,600         2.86         16,039           61,800         0.78         5,040           114,100         1.45         14,879           52,500         0.67         4,262           14,200         0.18         58           18,600         0.24         1,499	FY 2024         of Total Estimate         Fund         FY 2024         FY 2023           \$1,538,200         19.51         \$140,322         \$112,663           217,791         2.76         33,008         21,936           1,234,400         15.66         97,649         97,215           1,372,100         17.40         116,485         126,969           225,600         2.86         16,039         18,600           61,800         0.78         5,040         3,984           114,100         1.45         14,879         9,192           52,500         0.67         4,262         3,936           14,200         0.18         58         10           18,600         0.24         1,499         1,455	FY 2024 Estimate         of Total Fund         FY 2024         FY 2023         % Change           \$1,538,200         19.51         \$140,322         \$112,663         24.6           217,791         2.76         33,008         21,936         50.5           1,234,400         15.66         97,649         97,215         0.4           1,372,100         17.40         116,485         126,969         (8.3)           225,600         2.86         16,039         18,600         (13.8)           61,800         0.78         5,040         3,984         26.5           114,100         1.45         14,879         9,192         61.9           52,500         0.67         4,262         3,936         8.3           14,200         0.18         58         10         480.0           18,600         0.24         1,499         1,455         3.0	FY 2024 Estimate         Fund Fund         FY 2024         FY 2023         Change Change         FY 2024           \$1,538,200         19.51         \$140,322         \$112,663         24.6         \$757,197           217,791         2.76         33,008         21,936         50.5         217,791           1,234,400         15.66         97,649         97,215         0.4         637,701           1,372,100         17.40         116,485         126,969         (8.3)         694,253           225,600         2.86         16,039         18,600         (13.8)         107,657           61,800         0.78         5,040         3,984         26.5         33,362           114,100         1.45         14,879         9,192         61.9         52,145           52,500         0.67         4,262         3,936         8.3         24,424           14,200         0.18         58         10         480.0         12,029           18,600         0.24         1,499         1,455         3.0         9,502	FY 2024 Estimate         of Total Fund         FY 2024         FY 2023         Change Change         FY 2024         FY 2023           \$1,538,200         19.51         \$140,322         \$112,663         24.6         \$757,197         \$726,928           217,791         2.76         33,008         21,936         50.5         217,791         202,486           1,234,400         15.66         97,649         97,215         0.4         637,701         627,515           1,372,100         17.40         116,485         126,969         (8.3)         694,253         731,309           225,600         2.86         16,039         18,600         (13.8)         107,657         95,405           61,800         0.78         5,040         3,984         26.5         33,362         29,582           114,100         1.45         14,879         9,192         61.9         52,145         46,512           52,500         0.67         4,262         3,936         8.3         24,424         29,124           14,200         0.18         58         10         480.0         12,029         1,842           18,600         0.24         1,499         1,455         3.0         9,502         10,0	FY 2024 Estimate         of Total Fund         FY 2024         FY 2023         Change         FY 2024         FY 2023         Change           \$1,538,200         19.51         \$140,322         \$112,663         24.6         \$757,197         \$726,928         4.2           217,791         2.76         33,008         21,936         50.5         217,791         202,486         7.6           1,234,400         15.66         97,649         97,215         0.4         637,701         627,515         1.6           1,372,100         17.40         116,485         126,969         (8.3)         694,253         731,309         (5.1)           225,600         2.86         16,039         18,600         (13.8)         107,657         95,405         12.8           61,800         0.78         5,040         3,984         26.5         33,362         29,582         12.8           114,100         1.45         14,879         9,192         61.9         52,145         46,512         12.1           52,500         0.67         4,262         3,936         8.3         24,424         29,124         (16.1)           14,200         0.18         58         10         480.0         12,029

<sup>#</sup> 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)

	(Dollars III Thousands)								
Revenue	FY 2024 Estimate	As a % of Total Fund	December			Year-To-Date			% Annual Growth
					%			%	Required By Est
			FY 2024	FY 2023	Change	FY 2024	FY 2023	Change	
COMMONWEALTH TRANSPORTATION FUND									
Motor Vehicle Fuels Taxes									
(Includes Aviation & Road Taxes)	\$1,538,200	19.51	\$140,322	\$112,663	24.6	\$757,197	\$726,928	4.2	4.5
Motor Vehicle Sales and Use Tax									
(Includes Rental Tax)	1,234,400	15.66	97,649	97,215	0.4	637,701	627,515	1.6	(2.2)
State Sales and Use Tax	1,372,100	17.40	116,485	126,969	(8.3)	694,253	731,309	(5.1)	(3.1)
Motor Vehicle License Fees	225,600	2.86	16,039	18,600	(13.8)	107,657	95,405	12.8	14.8
Highway Use Fee	61,800	0.78	5,040	3,984	`26.5 <sup>°</sup>	33,362	29,582	12.8	5.8
International Registration Plan	114,100	1.45	14,879	9,192	61.9	52,145	46,512	12.1	(0.9)
Insurance Premiums Tax	217,791	2.76	33,008	21,936	50.5	217,791	202,486	7.6	7.6
Recordation Tax	52,500	0.67	4,262	3,936	8.3	24,424	29,124	(16.1)	(0.3)
Total Commonwealth Transportation Fund	\$4,816,491	61.09	\$427,684	\$394,495	8.4	\$2,524,530	\$2,488,861	1.4	0.8
HIGHWAY MAINTENANCE									
AND OPERATING FUND									
Misc. Taxes, Fees, and Revenues	\$18,600	0.24	\$1,499	\$1,455	3.0	\$9,502	\$10,002	(5.0)	(6.0)
Other Miscellaneous Revenues	271.103	3.44	5,534	2,016	174.5	336,041	503,155	(33.2)	(53.2)
Federal Grants and Contracts	0	0.00	363	972	(62.7)	15,599	10,687	46.0	(100.0)
Transfer (to) / from Transportation	O	0.00	303	312	(02.1)	10,000	10,007	40.0	(100.0)
Trust Fund	363,025	4.60	91,000	30,000	203.3	182,000	30,000	506.7	419.0
Total Highway Maintenance and	303,023	4.00	91,000	30,000	200.0	102,000	30,000	300.7	413.0
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Operating Fund	\$652,728	8.28	\$98,396	\$34,443	185.7	\$543,142	\$553,844	(1.9)	(6.0)
TRANSPORTATION TRUST FUND									
Interest Earnings	\$14,200	0.18	\$58	\$10	480.0	\$12,029	\$1,842	553.0	(33.0)
Federal Grants and Contracts	1,577,002	20.00	40,982	59,486	(31.1)	806,584	1,124,581	(28.3)	` 6.0 <sup>´</sup>
Receipts from Cities/Counties	784,754	9.95	53,624	16,031	234.5	307,969	165,722	`85.8 <sup>´</sup>	69.0
Toll Revenues	82,294	1.05	3,751	3,066	22.3	30,358	17,432	74.2	40.4
Miscellaneous Revenues	319,225	4.05	3,563	1,315	171.0	173,744	182,660	(4.9)	19.0
Transfer (to) / from Highway	0.0,220		0,000	.,		,	.02,000	()	
Maintenance and Operating Fund	(363,025)	(4.60)	(91,000)	(30,000)	(203.3)	(182,000)	(30,000)	(506.7)	(419.0)
Total Transportation Trust Fund	\$2,414,450	30.63	\$10,978	\$49,908	(78.0)	\$1,148,684	\$1,462,237	(21.4)	8.2
TOTAL COMMONWEALTH TRANSPORTATION				<u></u>				<u>_</u> _	
FUND, HIGHWAY MAINTENANCE AND									
OPERATING FUND, AND TRANSPORTATION	<del></del>							<del></del>	
TRUST FUND	\$7,883,669	100.00	\$537,058	\$478,846	12.2	\$4,216,356	\$4,504,942	(6.4)	2.4

<sup>#</sup> Percentage is greater than or equal to 1,000%.