

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT September 2023

Summary

Commonwealth Transportation Fund (CTF) revenues increased by 4.2 percent in September.

Motor Fuels Tax

Motor fuels taxes grew by 19.2 percent in September.

U.S. gasoline consumption forecast was revised downward because the U.S. Census Bureau revised its population estimates for the United States to include fewer people of working age and more people of retirement age, who tend to drive less. The revised population estimates have also resulted in a downward revision of our vehicle miles traveled (VMT) forecast, which directly affects motor gasoline consumption. U.S. gasoline consumption is anticipated to average 8.9 million b/d in 2023 and 8.7 million b/d in 2024. The 2024 forecast is down by 0.2 million b/d from the August forecast.

Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections fell by 2.5 percent.

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 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 in average transaction prices. There are considerable downside risks, however. A strike by the UAW could hurt U.S. vehicle production and raise prices at a time when automakers are getting closer to bringing production to 2019 levels. Further, elevated interest rates present another downside risk. Should high 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 6.3 percent in September.

Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 68.8 percent in September.

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	September			Year-To-Date			% Annual Growth Required By Estimate
			FY 2024	FY 2023	% Change	FY 2024	FY 2023	% Change	
Motor Fuel Taxes	\$1,572,700	20.12	\$138,090	\$115,888	19.2	\$371,571	\$359,453	3.4	6.8
Insurance Premiums Tax	217,791	2.79	143,131	142,830	0.2	169,647	167,152	1.5	7.6
Motor Vehicle Sales and Use Tax	1,130,100	14.46	106,928	109,689	(2.5)	339,495	329,884	2.9	(10.5)
State Sales and Use Tax	1,388,200	17.76	116,794	124,710	(6.3)	347,128	355,200	(2.3)	(2.0)
Motor Vehicle License Fees	218,400	2.79	15,552	9,212	68.8	57,412	49,859	15.1	11.1
Highway Use Fee	64,400	0.82	5,046	4,768	5.8	17,172	16,756	2.5	10.2
International Registration Plan	118,200	1.51	6,883	2,937	134.4	27,458	20,658	32.9	2.7
Recordation Tax	52,400	0.67	3,821	4,720	(19.0)	12,939	16,774	(22.9)	(0.5)
Interest Earnings	3,200	0.04	71	14	407.1	110	14	685.7	(84.9)
Misc. Taxes, Fees, and Revenues	17,600	0.23	1,814	1,855	(2.2)	5,008	5,036	(0.6)	(11.1)
Total State Taxes and Fees	<u>\$4,782,991</u>	<u>61.19</u>	<u>\$538,130</u>	<u>\$516,623</u>	<u>4.2</u>	<u>\$1,347,940</u>	<u>\$1,320,786</u>	<u>2.1</u>	<u>(0.7)</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	September			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)	\$1,572,700	20.12	\$138,090	\$115,888	19.2	\$371,571	\$359,453	3.4	6.8
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	1,130,100	14.46	106,928	109,689	(2.5)	339,495	329,884	2.9	(10.5)
State Sales and Use Tax	1,388,200	17.76	116,794	124,710	(6.3)	347,128	355,200	(2.3)	(2.0)
Motor Vehicle License Fees	218,400	2.79	15,552	9,212	68.8	57,412	49,859	15.1	11.1
Highway Use Fee	64,400	0.82	5,046	4,768	5.8	17,172	16,756	2.5	10.2
International Registration Plan	118,200	1.51	6,883	2,937	134.4	27,458	20,658	32.9	2.7
Insurance Premiums Tax	217,791	2.79	143,131	142,830	0.2	169,647	167,152	1.5	7.6
Recordation Tax	52,400	0.67	3,821	4,720	(19.0)	12,939	16,774	(22.9)	(0.5)
Total Commonwealth Transportation Fund	\$4,762,191	60.92	\$536,245	\$514,754	4.2	\$1,342,822	\$1,315,736	2.1	(0.3)
HIGHWAY MAINTENANCE AND OPERATING FUND									
Misc. Taxes, Fees, and Revenues	\$17,600	0.23	\$1,814	\$1,855	(2.2)	\$5,008	\$5,036	(0.6)	(11.1)
Other Miscellaneous Revenues	271,103	3.47	55,544	124,416	(55.4)	262,469	469,838	(44.1)	(53.2)
Federal Grants and Contracts	0	0.00	1,207	1,319	(8.5)	8,179	5,123	59.7	(100.0)
Transfer (to) / from Transportation Trust Fund	363,025	4.64	91,000	0	-	91,000	0	-	419.0
Total Highway Maintenance and Operating Fund	\$651,728	8.34	\$149,565	\$127,590	17.2	\$366,656	\$479,997	(23.6)	(6.1)
TRANSPORTATION TRUST FUND									
Interest Earnings	\$3,200	0.04	\$71	\$14	407.1	\$110	\$14	685.7	(84.9)
Federal Grants and Contracts	1,577,002	20.17	197,989	290,815	(31.9)	599,507	811,041	(26.1)	6.0
Receipts from Cities/Counties	784,754	10.04	39,804	23,684	68.1	150,945	125,570	20.2	69.0
Toll Revenues	82,294	1.05	4,207	3,119	34.9	11,101	7,876	40.9	40.4
Miscellaneous Revenues	319,225	4.08	63,397	52,967	19.7	153,569	109,621	40.1	19.0
Transfer (to) / from Highway Maintenance and Operating Fund	(363,025)	(4.64)	(91,000)	0	-	(91,000)	0	-	(419.0)
Total Transportation Trust Fund	\$2,403,450	30.74	\$214,468	\$370,599	(42.1)	\$824,232	\$1,054,122	(21.8)	7.7
TOTAL COMMONWEALTH TRANSPORTATION FUND, HIGHWAY MAINTENANCE AND OPERATING FUND, AND TRANSPORTATION TRUST FUND									
	\$7,817,369	100.00	\$900,278	\$1,012,943	(11.1)	\$2,533,710	\$2,849,855	(11.1)	1.5

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