

## COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT December 2022

### Summary

Commonwealth Transportation Fund (CTF) revenues increased by 4.7 percent in December

### Motor Fuels Tax

Motor fuels taxes declined by 0.6 percent in December.

Limited growth in global demand for gasoline combined with increased gasoline production will cause gasoline inventories to rise in the United States. Annual average U.S. gasoline consumption increased by 0.3 million barrels per day (b/d) in 2022. A decrease in gasoline consumption in 2023 of 0.3 million b/d compared with 2022 is estimated, and gasoline consumption is expected to remain similar to 2023 in 2024. Additional refinery capacity that came online in late 2022, combined with additional capacity expansions expected to come online in 2023, will also contribute to rising supplies of both gasoline and diesel fuel internationally, further contributing to lower prices globally in 2023 and 2024.

Annual U.S. consumption of gasoline is expected to remain less than in 2019 (9.3 million b/d) through the end of 2024. However, it is estimated that people drove more in the United States during 2022 than during 2019, before the pandemic. We forecast this trend of increased travel will continue in the United States during 2023 and 2024, but increased *vehicle fleet fuel economy* will offset the increase in fleet vehicle miles traveled. Vehicle fleet fuel economy is the number of fleet vehicle miles traveled, including hybrid or hybrid-electric vehicles, divided by all gasoline consumption, also reported in miles per gallon.

### Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 0.2 percent.

U.S. new-vehicle sales remain depressed. In December, sales of total light vehicles landed at 13.3 million SAAR, a drop of 6.3 percent from November and a second consecutive monthly decline in the previous quarter. Still, light-vehicle retail sales performed better in the fourth quarter, averaging 14.2 million SAAR compared with the first three quarters of the previous year. Overall, 2022 ended on a disappointing note with light-vehicle sales for the year well below the pre-pandemic levels.

In good news, the production of new vehicles is gradually rising after more than two years of logistical challenges. In November, production of light autos and trucks in the U.S. grew by 9.3 percent year over year. This marks a sharp contrast to November 2021, when production declined by 13.2 percent from the prior year. Overall, in the first 11 months of 2022, auto and light-truck production in the U.S. grew by nearly 11 percent compared with the same period in 2021. Steadily rising vehicle production owes largely to recovering supply lines in the global auto industry. While a lack of semiconductor chips and spare parts continues to persist, the shortage is not as pronounced as it was during 2021 and early 2022. This is enabling automakers such as Toyota, which reached a new record in its global vehicle output in November, to ramp up production.

While production is trending up, supply is still a far cry from the numbers witnessed during the pre-pandemic era. Auto and light-truck production in the U.S. during the first 11 months of 2022 was 7.4 percent short during the same period in 2019. Other important auto-producing countries such as Germany are even further behind. Whereas German new-vehicle production in the first 11 months of 2022 increased by 12 percent year over year, it is still down by 28 percent compared with the same period in 2019. As a result, despite improvement, new-vehicle supply remains below demand.

The imbalance between supply and demand is one of the reasons why not seasonally adjusted average transaction prices continue to rise, albeit at a slower pace than in the first half of 2022. In November, not seasonally adjusted average transaction prices grew at 4.4 percent year over year. This was the third consecutive month in which average transaction prices grew in single digits in 2022, which can be attributed, in part, to improving production and inventory levels. Meanwhile, rising interest rates are moderating consumer demand for new vehicles, making them more costly for prospective buyers.

### State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 7.2 percent in December.

### Motor Vehicle Licenses

Motor vehicle registration fee collections declined by 4.2 percent in December.

**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	December			Year-To-Date			% Annual Growth Required By Estimate
			FY 2023	FY 2022	% Change	FY 2023	FY 2022	% Change	
<b>Motor Fuel Taxes</b>	\$1,481,100	17.45	\$112,663	\$113,287	(0.6)	\$726,928	\$617,230	17.8	15.0
<b>Insurance Premiums Tax</b>	202,496	2.39	21,936	13,055	68.0	202,486	180,657	12.1	12.1
<b>Motor Vehicle Sales and Use Tax</b>	1,194,100	14.07	97,215	96,977	0.2	627,515	634,091	(1.0)	(4.4)
<b>State Sales and Use Tax</b>	1,433,100	16.88	126,969	118,484	7.2	731,309	644,583	13.5	4.7
<b>Motor Vehicle License Fees</b>	200,700	2.36	18,600	19,419	(4.2)	95,405	108,987	(12.5)	(13.1)
<b>Highway Use Fee</b>	61,300	0.72	3,984	3,961	0.6	29,582	26,610	11.2	13.9
<b>International Registration Plan</b>	119,200	1.40	9,192	4,449	106.6	46,512	46,982	(1.0)	0.4
<b>Recordation Tax</b>	61,700	0.72	3,936	7,589	(48.1)	29,124	43,240	(32.6)	(24.4)
<b>Interest Earnings</b>	3,200	0.04	10	6	66.7	1,842	759	142.7	88.0
<b>Misc. Taxes, Fees, and Revenues</b>	17,600	0.21	1,455	1,066	36.5	10,002	10,229	(2.2)	(17.2)
<b>Total State Taxes and Fees</b>	<u>\$4,774,496</u>	<u>56.24</u>	<u>\$395,960</u>	<u>\$378,293</u>	<u>4.7</u>	<u>\$2,500,705</u>	<u>\$2,313,368</u>	<u>8.1</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	December			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)	\$1,481,100	17.45	\$112,663	\$113,287	(0.6)	\$726,928	\$617,230	17.8	15.0
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	1,194,100	14.07	97,215	96,977	0.2	627,515	634,091	(1.0)	(4.4)
State Sales and Use Tax	1,433,100	16.88	126,969	118,484	7.2	731,309	644,583	13.5	4.7
Motor Vehicle License Fees	200,700	2.36	18,600	19,419	(4.2)	95,405	108,987	(12.5)	(13.1)
Highway Use Fee	61,300	0.72	3,984	3,961	0.6	29,582	26,610	11.2	13.9
International Registration Plan	119,200	1.40	9,192	4,449	106.6	46,512	46,982	(1.0)	0.4
Insurance Premiums Tax	202,496	2.39	21,936	13,055	68.0	202,486	180,657	12.1	12.1
Recordation Tax	61,700	0.72	3,936	7,589	(48.1)	29,124	43,240	(32.6)	(24.4)
<b>Total Commonwealth Transportation Fund</b>	<b>\$4,753,696</b>	<b>55.99</b>	<b>\$394,495</b>	<b>\$377,221</b>	<b>4.6</b>	<b>\$2,488,861</b>	<b>\$2,302,380</b>	<b>8.1</b>	<b>4.0</b>
<b>HIGHWAY MAINTENANCE AND OPERATING FUND</b>									
Misc. Taxes, Fees, and Revenues	\$17,600	0.21	\$1,455	\$1,066	36.5	\$10,002	\$10,229	(2.2)	(17.2)
Other Miscellaneous Revenues	553,272	6.51	2,016	2,053	(1.8)	503,155	299,533	68.0	29.7
Federal Grants and Contracts	0	0.00	972	346	180.9	10,687	3,470	208.0	(100.0)
Transfer (to) / from Transportation Trust Fund	63,329	0.75	30,000	0	-	30,000	(151,969)	119.7	127.0
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$634,201</b>	<b>7.47</b>	<b>\$34,443</b>	<b>\$3,465</b>	<b>894.0</b>	<b>\$553,844</b>	<b>\$161,263</b>	<b>243.4</b>	<b>178.5</b>
<b>TRANSPORTATION TRUST FUND</b>									
Interest Earnings	\$3,200	0.04	\$10	\$6	66.7	\$1,842	\$759	142.7	88.0
Federal Grants and Contracts	1,746,997	20.58	59,486	82,258	(27.7)	1,124,581	889,588	26.4	35.7
Receipts from Cities/Counties	1,002,622	11.81	16,031	50,750	(68.4)	165,722	347,778	(52.3)	49.1
Toll Revenues	73,840	0.87	3,066	2,227	37.7	17,432	12,869	35.5	107.2
Miscellaneous Revenues	338,311	3.99	1,315	3,002	(56.2)	182,660	284,173	(35.7)	(16.8)
Transfer (to) / from Highway Maintenance and Operating Fund	(63,329)	(0.75)	(30,000)	0	-	(30,000)	151,969	(119.7)	(127.0)
<b>Total Transportation Trust Fund</b>	<b>\$3,101,641</b>	<b>36.54</b>	<b>\$49,908</b>	<b>\$138,243</b>	<b>(63.9)</b>	<b>\$1,462,237</b>	<b>\$1,687,136</b>	<b>(13.3)</b>	<b>17.6</b>
<b>TOTAL COMMONWEALTH TRANSPORTATION FUND, HIGHWAY MAINTENANCE AND OPERATING FUND, AND TRANSPORTATION TRUST FUND</b>									
	<b>\$8,489,538</b>	<b>100.00</b>	<b>\$478,846</b>	<b>\$518,929</b>	<b>(7.7)</b>	<b>\$4,504,942</b>	<b>\$4,150,779</b>	<b>8.5</b>	<b>14.2</b>

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