

## COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT February 2021

### Summary

Commonwealth Transportation Fund (CTF) revenues increased by 7.6 percent in February mainly due to solid growth in retail and motor vehicle sales tax, and motor fuels tax collections.

### Motor Fuels Tax

Motor fuels taxes grew by 8.0 percent in February due to the July 1 increase in the motor fuels tax.

The OPEC+ extension of existing supply cuts through April added significantly to near-term upward oil price pressures. Following the meeting, the Brent crude oil spot price settled at \$67/b on March 4, up 4 percent from the day before. EIA expects Brent prices will average between \$65-\$70/b during March and April, more than \$10/b above EIA's expectation last month. EIA continues to expect downward crude oil price pressures will emerge in the coming months as the oil market becomes more balanced. Brent crude oil prices in the forecast average \$58/b in the second half of 2021.

### Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 6.2 percent in February.

New light-vehicle sales came in well above expectations in January. The U.S. auto market continues to outperform the economy in general. For instance, real consumer spending for all goods fell by 1.4 percent from November to December. At the same time, spending on motor vehicles and parts rose by 3 percent, the most of any category. New-vehicle sales continue to be a large part of this spending equation with seasonally adjusted annualized sales in January reaching above 16.6 million for the first time in 11 months.

The equilibrium rate for new-vehicle sales during periods of stable growth and full employment showed itself to be in the 17 million range over the five years leading up to 2020. A SAAR of 16.6 million gives the impression that new auto sales have made almost a full recovery from the depths of the COVID-19 recession. Still, the January numbers are a bit inflated by the COVID-19 relief package that extended unemployment benefits and sent out checks at the end of December. Additionally, federally owned

mortgages and student loans have also been deferred, making the prospect of paying an auto loan seem less daunting.

Nevertheless, the numbers are not an aberration. Since September, new light-vehicle sales have averaged a 16.2 million SAAR. New-vehicle purchases are supported by a highly liquid credit market. Despite the recession, auto lending is up 3.5 percent year over year. Available credit allows buyers to upgrade to new vehicles. Something quite pervasive over the past 10 months as many continue to avoid trains, planes and shared automobiles.

This avoidance has also kept used-vehicle prices high. Used-vehicle prices remain up over 15 percent in January compared to levels in 2020. The inflated used-vehicle prices in turn push buyers toward the new market. As substitute goods, when used-vehicle prices rise, new-vehicle demand increases. This story has played out in showrooms across the country as new-vehicle supply came back in August and September following the spring production shutdown.

### State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 8.1 percent in February.

### Motor Vehicle Licenses

Motor vehicle registration fee collections declined by 10.9 percent in February.

**Commonwealth of Virginia/Department of Accounts**  
**Commonwealth Transportation Fund**  
**Summary Statement of Selected Revenue Estimates & Collections**  
**For the Fiscal Years 2020 and 2021**  
**(Dollars in Thousands)**

Revenue	FY 2021 Estimate	As a % of Total Fund	February			Year-To-Date			% Annual Growth Required By Estimate
			FY 2021	FY 2020	% Change	FY 2021	FY 2020	% Change	
Motor Fuel Taxes	\$1,020,400	14.67	\$82,019	\$75,942	8.0	\$641,029	\$598,515	7.1	17.8
Insurance Premiums Tax (a)	181,382	2.61	0	0	-	181,382	183,558	(1.2)	(1.2)
Motor Vehicle Sales and Use Tax	967,100	13.90	82,392	77,611	6.2	714,033	711,413	0.4	(2.6)
State Sales and Use Tax	1,180,000	16.97	91,782	84,908	8.1	779,366	727,990	7.1	5.0
Motor Vehicle License Fees	209,700	3.02	19,068	21,400	(10.9)	148,709	178,963	(16.9)	(22.9)
Highway Use Fee (b)	38,000	0.55	2,878	0	-	26,926	0	-	-
International Registration Plan	71,000	1.02	9,671	10,114	(4.4)	61,368	46,635	31.6	0.8
Recordation Tax	67,100	0.97	5,601	3,753	49.2	53,615	38,484	39.3	12.5
Interest Earnings	10,100	0.14	1,412	57	#	4,162	10,370	(59.9)	(47.6)
Misc. Taxes, Fees, and Revenues	17,300	0.25	1,457	1,658	(12.1)	12,115	11,441	5.9	(4.5)
<b>Total State Taxes and Fees</b>	<b>\$3,762,082</b>	<b>54.10</b>	<b>\$296,280</b>	<b>\$275,443</b>	<b>7.6</b>	<b>\$2,622,705</b>	<b>\$2,507,369</b>	<b>4.6</b>	<b>4.3</b>

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

(a) This line has been renamed from "Priority Transportation Fund (PTF)" to "Insurance Premiums Tax."

(b) This line item was effective July 1, 2020. Since there were no collections for this line item during Fiscal Year 2020, the Monthly and Year-To-Date % Change columns do not provide comparable data.

Commonwealth of Virginia/Department of Accounts  
Commonwealth Transportation Fund  
Statement of Revenue Estimates & Collections  
For the Fiscal Years 2020 and 2021  
(Dollars in Thousands)

Revenue	FY 2021 Estimate	As a % of Total Fund	February			Year-To-Date			% Annual Growth Required By Est
			FY 2021	FY 2020	% Change	FY 2021	FY 2020	% Change	
<b>COMMONWEALTH TRANSPORTATION FUND (a)</b>									
Motor Vehicle Fuels Taxes (Includes Aviation & Road Taxes)	\$1,020,400	14.67	\$82,019	\$75,942	8.0	\$641,029	\$598,515	7.1	17.8
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	967,100	13.90	82,392	77,611	6.2	714,033	711,413	0.4	(2.6)
State Sales and Use Tax	1,180,000	16.97	91,782	84,908	8.1	779,366	727,990	7.1	5.0
Motor Vehicle License Fees	209,700	3.02	19,068	21,400	(10.9)	148,709	178,963	(16.9)	(22.9)
Highway Use Fee (b)	38,000	0.55	2,878	0	-	26,926	0	-	-
International Registration Plan	71,000	1.02	9,671	10,114	(4.4)	61,368	46,635	31.6	0.8
Insurance Premiums Tax (c)	181,382	2.61	0	0	-	181,382	183,558	(1.2)	(1.2)
Recordation Tax	67,100	0.97	5,601	3,753	49.2	53,615	38,484	39.3	12.5
<b>Total Commonwealth Transportation Fund</b>	<b>\$3,734,682</b>	<b>53.71</b>	<b>\$293,411</b>	<b>\$273,728</b>	<b>7.2</b>	<b>\$2,606,428</b>	<b>\$2,485,558</b>	<b>4.9</b>	<b>4.6</b>
<b>HIGHWAY MAINTENANCE AND OPERATING FUND</b>									
Misc. Taxes, Fees, and Revenues	\$17,300	0.25	\$1,457	\$1,658	(12.1)	\$12,115	\$11,441	5.9	(4.5)
Other Miscellaneous Revenues (c)	319,665	4.60	4,744	6,963	(31.9)	312,622	376,283	(16.9)	(20.0)
Federal Grants and Contracts	0	0.00	1,238	1,622	(23.7)	14,245	19,022	(25.1)	(100.0)
Transfer (to) / from Transportation Trust Fund	157,134	2.26	0	0	-	50,000	110,864	(54.9)	41.7
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$494,099</b>	<b>7.11</b>	<b>\$7,439</b>	<b>\$10,243</b>	<b>(27.4)</b>	<b>\$388,982</b>	<b>\$517,610</b>	<b>(24.9)</b>	<b>(11.3)</b>
<b>TRANSPORTATION TRUST FUND</b>									
Interest Earnings	\$10,100	0.14	\$1,412	\$57	#	\$4,162	\$10,370	(59.9)	(47.6)
Federal Grants and Contracts	1,153,281	16.59	37,800	36,491	3.6	765,488	894,148	(14.4)	2.1
Receipts from Cities/Counties	1,473,970	21.20	83,557	30,460	174.3	674,626	260,437	159.0	303.5
Toll Revenues	68,633	0.99	1,113	2,691	(58.6)	10,658	23,867	(55.3)	82.5
Miscellaneous Revenues	175,000	2.52	2,948	9,511	(69.0)	173,009	227,053	(23.8)	(47.8)
Transfer (to) / from Highway Maintenance and Operating Fund	(157,134)	(2.26)	0	0	-	(50,000)	(110,864)	54.9	(41.7)
<b>Total Transportation Trust Fund</b>	<b>\$2,723,850</b>	<b>39.18</b>	<b>\$126,830</b>	<b>\$79,210</b>	<b>60.1</b>	<b>\$1,577,943</b>	<b>\$1,305,011</b>	<b>20.9</b>	<b>53.4</b>
<b>TOTAL COMMONWEALTH TRANSPORTATION FUND, HIGHWAY MAINTENANCE AND OPERATING FUND, AND TRANSPORTATION TRUST FUND</b>									
	<b>\$6,952,631</b>	<b>100.00</b>	<b>\$427,680</b>	<b>\$363,181</b>	<b>17.8</b>	<b>\$4,573,353</b>	<b>\$4,308,179</b>	<b>6.2</b>	<b>17.8</b>

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

(a) Significant structural changes in the treatment of major revenue sources were made in Chapters 1230 and 1275, 2020 Virginia Acts of Assembly. Effective July 1, 2020, these revenues are deposited to the Commonwealth Transportation Fund. In order to provide comparable data, the amounts previously reported in the Highway Maintenance and Operating Fund and the Transportation Trust Fund have been reclassified to the Commonwealth Transportation Fund in the FY 2020 monthly and year-to-date amounts.

(b) This line item was effective July 1, 2020. Since there were no collections for this line item during Fiscal Year 2020, the Monthly and Year-To-Date % Change columns do not provide comparable data.

(c) These lines have been renamed from "Priority Transportation Fund (PTF)" and "Miscellaneous Revenues" to "Insurance Premiums Tax" and "Other Miscellaneous Revenues," respectively.