

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT

January 2024

Summary

Commonwealth Transportation Fund (CTF) revenues declined by 2.1 percent in January, driven by motor fuels tax collections.

Motor Fuels Tax

Motor fuels taxes fell by 3.5 percent in January.

The Brent crude oil spot price increased in January, averaging \$80 per barrel (b) because of heightened uncertainty about global oil shipments as attacks to vessels in the Red Sea intensified. Although we expect crude oil prices will rise into the mid-\$80/b range in the coming months, we expect downward price pressures will emerge in 2Q24 as global oil inventories generally increase through the rest of our forecast. However, ongoing risks of supply disruptions in the Middle East create the potential for crude oil prices to be higher than our forecast.

Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 4.3 percent.

As 2023 ended, the U.S. auto industry wrapped up its most successful year since the onset of the pandemic. Throughout the year, new light-vehicle sales averaged 15.5 million SAAR, representing a 12.3 percent increase from 2022. The sales figures from last year underscore a significant rebound in the U.S. auto industry from the pandemic's nadir when a severe shortage of new vehicles and a surge in their prices plunged the industry into crisis. Remarkably, last year marked the first time that the SAAR of new light-truck sales exceeded the 2019 average, suggesting that a significant portion of the new-vehicle sales market has already returned to pre-pandemic levels. Conversely, seasonally adjusted auto sales continue to trail their 2019 average.

The past year also spotlighted the robust consumer demand for new vehicles. Despite higher interest rate hikes and elevated transaction prices, new-vehicle demand has remained largely stable. In the face of rising inflation, consumers set a record for spending on new vehicles in 2023, surpassing their previous record from 2022. A resilient U.S. economy and labor market have been instrumental in sustaining consumer demand for new vehicles.

However, challenges remain on the horizon. Throughout 2023, light new-vehicle sales in SAAR remained below the assumed market equilibrium of 17 million, likely due to persistently high not seasonally adjusted average transaction prices. While new-vehicle affordability continues to improve, average transaction prices have yet to see a significant decrease. Furthermore, declining used-vehicle values are leaving consumers with less equity from their trade-ins. A lower SAAR equilibrium in the auto industry suggests that some demand may be going unmet, as a segment of potential buyers remains hesitant to purchase a new vehicle at current prices.

State Retail Sales Tax

The transportation portion of the state retail sales tax fell by 8.9 percent in January.

Motor Vehicle Licenses

Motor vehicle registration fee collections declined by 15.0 percent in January.

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	January			Year-To-Date			% Annual Growth Required By Estimate
			FY 2024	FY 2023	% Change	FY 2024	FY 2023	% Change	
Motor Fuel Taxes	\$1,538,200	19.51	\$128,410	\$133,067	(3.5)	\$885,607	\$859,995	3.0	4.5
Insurance Premiums Tax	217,791	2.76	0	9	(100.0)	217,791	202,496	7.6	7.6
Motor Vehicle Sales and Use Tax	1,234,400	15.66	109,350	104,879	4.3	747,051	732,394	2.0	(2.2)
State Sales and Use Tax	1,372,100	17.40	128,465	140,944	(8.9)	822,717	872,253	(5.7)	(3.1)
Motor Vehicle License Fees	225,600	2.86	18,993	22,341	(15.0)	126,650	117,746	7.6	14.8
Highway Use Fee	61,800	0.78	5,972	5,608	6.5	39,334	35,190	11.8	5.8
International Registration Plan	114,100	1.45	9,164	11,675	(21.5)	61,309	58,187	5.4	(0.9)
Recordation Tax	52,500	0.67	3,433	2,851	20.4	27,858	31,975	(12.9)	(0.3)
Interest Earnings	14,200	0.18	12,044	3,697	225.8	24,073	5,539	334.6	(33.0)
Misc. Taxes, Fees, and Revenues	18,600	0.24	1,483	1,299	14.2	10,985	11,301	(2.8)	(6.0)
Total State Taxes and Fees	<u>\$4,849,291</u>	<u>61.51</u>	<u>\$417,314</u>	<u>\$426,370</u>	<u>(2.1)</u>	<u>\$2,963,375</u>	<u>\$2,927,076</u>	<u>1.2</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	January			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	\$128,410	\$133,067	(3.5)	\$885,607	\$859,995	3.0	4.5
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	1,234,400	15.66	109,350	104,879	4.3	747,051	732,394	2.0	(2.2)
State Sales and Use Tax	1,372,100	17.40	128,465	140,944	(8.9)	822,717	872,253	(5.7)	(3.1)
Motor Vehicle License Fees	225,600	2.86	18,993	22,341	(15.0)	126,650	117,746	7.6	14.8
Highway Use Fee	61,800	0.78	5,972	5,608	6.5	39,334	35,190	11.8	5.8
International Registration Plan	114,100	1.45	9,164	11,675	(21.5)	61,309	58,187	5.4	(0.9)
Insurance Premiums Tax	217,791	2.76	0	9	(100.0)	217,791	202,496	7.6	7.6
Recordation Tax	52,500	0.67	3,433	2,851	20.4	27,858	31,975	(12.9)	(0.3)
Total Commonwealth Transportation Fund	\$4,816,491	61.09	\$403,787	\$421,374	(4.2)	\$2,928,317	\$2,910,236	0.6	0.8
HIGHWAY MAINTENANCE AND OPERATING FUND									
Misc. Taxes, Fees, and Revenues	\$18,600	0.24	\$1,483	\$1,299	14.2	\$10,985	\$11,301	(2.8)	(6.0)
Other Miscellaneous Revenues	271,103	3.44	4,971	52,026	(90.4)	341,013	555,181	(38.6)	(53.2)
Federal Grants and Contracts	0	0.00	5,319	3,421	55.5	20,918	14,108	48.3	(100.0)
Transfer (to) / from Transportation Trust Fund	363,025	4.60	0	0	-	182,000	30,000	506.7	419.0
Total Highway Maintenance and Operating Fund	\$652,728	8.28	\$11,773	\$56,746	(79.3)	\$554,916	\$610,590	(9.1)	(6.0)
TRANSPORTATION TRUST FUND									
Interest Earnings	\$14,200	0.18	\$12,044	\$3,697	225.8	\$24,073	\$5,539	334.6	(33.0)
Federal Grants and Contracts	1,577,002	20.00	77,894	33,241	134.3	884,478	1,157,821	(23.6)	6.0
Receipts from Cities/Counties	784,754	9.95	9,500	31,776	(70.1)	317,469	197,498	60.7	69.0
Toll Revenues	82,294	1.05	2,954	12,549	(76.5)	33,311	29,981	11.1	40.4
Miscellaneous Revenues	319,225	4.05	8,286	4,738	74.9	182,030	187,399	(2.9)	19.0
Transfer (to) / from Highway Maintenance and Operating Fund	(363,025)	(4.60)	0	0	-	(182,000)	(30,000)	(506.7)	(419.0)
Total Transportation Trust Fund	\$2,414,450	30.63	\$110,678	\$86,001	28.7	\$1,259,361	\$1,548,238	(18.7)	8.2
TOTAL COMMONWEALTH TRANSPORTATION FUND, HIGHWAY MAINTENANCE AND OPERATING FUND, AND TRANSPORTATION TRUST FUND									
	\$7,883,669	100.00	\$526,238	\$564,121	(6.7)	\$4,742,594	\$5,069,064	(6.4)	2.4

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