

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT January 2022

Summary

Commonwealth Transportation Fund (CTF) revenues increased by 25.4 percent in January, driven by strong motor fuels tax collections and the timing of registration fees.

Motor Fuels Tax

Motor fuels taxes grew by 47.7 percent in January.

Brent crude oil spot prices averaged \$87 per barrel in January, a \$12/b increase from December 2021. Crude oil prices have risen steadily since mid-2020 as result of consistent draws on global oil inventories, which averaged 1.8 million barrels per day (b/d) from the third quarter of 2020 (3Q20) through the end of 2021. It is estimated that global oil inventories fell further in January—compared with our expectation of an increase in last month's STEO—and that commercial inventories in the OECD ended the month at 2.68 billion barrels, which is the lowest level since mid-2014. Oil prices have also risen as result of heightened market concerns about the possibility of oil supply disruptions, notably related to tensions regarding Ukraine, paired with receding market concerns that the Omicron variant of COVID-19 will have widespread effects on oil consumption.

Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 8.9 percent.

December closed out a tumultuous year for U.S. new-vehicle sales. Supply-chain shortages that defined industry performance for the past six months have not yet eased. Supply-chain disruptions, headlined by a shortage of electronic semiconductor chips, kept 2021 new-vehicle sales below 15 million for the second straight year. This is despite the stimulus-induced, record-breaking months of March and April. The early spring appeared to signal a takeoff in new vehicle sales and the outlook for the general economy. Nevertheless, these were the high watermarks on what turned out to be a relatively disappointing year.

Interestingly, new-vehicle sales numbers seemingly mirrored the strength and struggles of the U.S. economy for 2021. Early in the year, things were getting back on track as vehicles were selling like hotcakes, savings were high, and vaccine jabs were being given by the millions. Then the summer hit and the sunny picture began to cloud.

Available auto inventories more than halved from the start of the year because of strong consumer demand and limited production. At the same time as inventories dwindled, the first cases of the more highly contagious Delta variant started to appear on the scene. The rest of the year has disappointed both in terms of new vehicles sold and expected GDP growth.

Despite these parallels, new-vehicle sales were hit significantly harder than the larger economy. The supply-chain constraints that have held back new-vehicle supply have not eased, and there are not many alternatives for consumers beyond the already-stretched used-vehicle market. In the larger economy, consumers can choose other goods or services when the supply of something else is not available. For instance, if the local basketball game is canceled because of COVID-19, people can decide to spend their entertainment dollars at the movies.

The lack of available substitute goods for new vehicles continues to put significant pressure on used-vehicle prices. Wholesale used-vehicle prices ended the year 56 percent higher than the previous year. This rise is 15 times greater than the average annual growth rate before the pandemic. In more concrete terms, if you had a 2018 model year vehicle with 36,000 miles that you sold for \$20,000 in December 2020, the same condition/mileage 2019 version of this vehicle would have sold for more than \$31,000.

State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 7.4 percent in January.

Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 104.6 percent in January.

Commonwealth of Virginia/Department of Accounts
Commonwealth Transportation Fund
Summary Statement of Selected Revenue Estimates & Collections
For the Fiscal Years 2021 and 2022
(Dollars in Thousands)

Revenue	FY 2022 Estimate	As a % of Total Fund	January			Year-To-Date			% Annual Growth Required By Estimate
			FY 2022	FY 2021	% Change	FY 2022	FY 2021	% Change	
Motor Fuel Taxes	\$1,352,600	18.25	\$126,438	\$85,578	47.7	\$743,668	\$559,009	33.0	31.6
Insurance Premiums Tax	180,657	2.44	0	0	-	180,657	181,382	(0.4)	(0.4)
Motor Vehicle Sales and Use Tax	1,214,700	16.39	96,442	88,583	8.9	730,533	631,642	15.7	6.1
State Sales and Use Tax	1,290,200	17.41	129,454	120,556	7.4	774,038	687,584	12.6	2.1
Motor Vehicle License Fees	234,800	3.17	20,011	9,779	104.6	128,998	129,642	(0.5)	(2.9)
Highway Use Fee	52,400	0.71	4,330	3,273	32.3	30,939	24,048	28.7	22.8
International Registration Plan	124,300	1.68	14,875	3,023	392.1	61,856	51,697	19.7	2.4
Recordation Tax	81,000	1.09	6,542	5,833	12.2	49,782	48,014	3.7	(3.3)
Interest Earnings	5,700	0.08	661	1,091	(39.4)	1,420	2,750	(48.4)	(4.0)
Misc. Taxes, Fees, and Revenues	17,200	0.22	1,433	1,365	5.0	11,662	10,658	9.4	(13.1)
Total State Taxes and Fees	<u>\$4,553,557</u>	<u>61.44</u>	<u>\$400,186</u>	<u>\$319,081</u>	<u>25.4</u>	<u>\$2,713,553</u>	<u>\$2,326,426</u>	<u>16.6</u>	<u>10.2</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 2021 and 2022
(Dollars in Thousands)**

Revenue	FY 2022 Estimate	As a % of Total Fund	January			Year-To-Date			% Annual Growth Required By Est
			FY 2022	FY 2021	% Change	FY 2022	FY 2021	% Change	
COMMONWEALTH TRANSPORTATION FUND									
Motor Vehicle Fuels Taxes (Includes Aviation & Road Taxes)	\$1,352,600	18.25	\$126,438	\$85,578	47.7	\$743,668	\$559,009	33.0	31.6
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	1,214,700	16.39	96,442	88,583	8.9	730,533	631,642	15.7	6.1
State Sales and Use Tax	1,290,200	17.41	129,454	120,556	7.4	774,038	687,584	12.6	2.1
Motor Vehicle License Fees	234,800	3.17	20,011	9,779	104.6	128,998	129,642	(0.5)	(2.9)
Highway Use Fee	52,400	0.71	4,330	3,273	32.3	30,939	24,048	28.7	22.8
International Registration Plan	124,300	1.68	14,875	3,023	392.1	61,856	51,697	19.7	2.4
Insurance Premiums Tax	180,657	2.44	0	0	-	180,657	181,382	(0.4)	(0.4)
Recordation Tax	81,000	1.09	6,542	5,833	12.2	49,782	48,014	3.7	(3.3)
Total Commonwealth Transportation Fund	\$4,530,657	61.14	\$398,092	\$316,625	25.7	\$2,700,471	\$2,313,018	16.8	10.3
HIGHWAY MAINTENANCE AND OPERATING FUND									
Misc. Taxes, Fees, and Revenues	\$17,200	0.22	\$1,433	\$1,365	5.0	\$11,662	\$10,658	9.4	(13.1)
Other Miscellaneous Revenues	388,187	5.24	95,435	2,485	#	394,968	307,879	28.3	18.4
Federal Grants and Contracts	0	0.00	345	2,224	(84.5)	3,815	13,007	(70.7)	(100.0)
Transfer (to) / from Transportation Trust Fund	108,704	1.47	(50,000)	0	-	(201,969)	50,000	(503.9)	(30.8)
Total Highway Maintenance and Operating Fund	\$514,091	6.93	\$47,213	\$6,074	677.3	\$208,476	\$381,544	(45.4)	(1.3)
TRANSPORTATION TRUST FUND									
Interest Earnings	\$5,700	0.08	\$661	\$1,091	(39.4)	\$1,420	\$2,750	(48.4)	(4.0)
Federal Grants and Contracts	1,279,944	17.27	107,254	38,270	180.3	996,841	727,688	37.0	29.5
Receipts from Cities/Counties	833,369	11.25	59,739	43,430	37.6	407,516	591,069	(31.1)	(11.4)
Toll Revenues	70,354	0.95	1,603	1,122	42.9	14,472	9,545	51.6	171.3
Miscellaneous Revenues	285,256	3.85	20,410	5,344	281.9	304,584	170,061	79.1	4.9
Transfer (to) / from Highway Maintenance and Operating Fund	(108,704)	(1.47)	50,000	0	-	201,969	(50,000)	503.9	30.8
Total Transportation Trust Fund	\$2,365,919	31.93	\$239,667	\$89,257	168.5	\$1,926,802	\$1,451,113	32.8	14.0
TOTAL COMMONWEALTH TRANSPORTATION FUND, HIGHWAY MAINTENANCE AND OPERATING FUND, AND TRANSPORTATION TRUST FUND									
	\$7,410,667	100.00	\$684,972	\$411,956	66.3	\$4,835,749	\$4,145,675	16.6	10.5

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