

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT

May 2021

Summary

Commonwealth Transportation Fund (CTF) revenues increased by 55.4 percent in May, the largest monthly increase in the last thirty years. Much of this growth can be attributed to comparisons with last year's economic shutdown due to the pandemic.

Motor Fuels Tax

Motor fuels taxes grew by 46.9 percent in May due to the July 1 increase in the motor fuels tax.

For the 2021 April–September summer driving season, we forecast U.S. regular gasoline retail prices will average \$2.92 per gallon (gal), up from an average of \$2.07/gal last summer. The higher forecast gasoline prices reflect higher crude oil prices and higher wholesale gasoline margins. Wholesale gasoline margins have risen as a result of relatively low inventories and rising gasoline demand. Margins also temporarily widened because of outages on the Colonial Pipeline. These developments caused U.S. average regular gasoline retail prices to reach a monthly average of \$2.99/gal in May, peaking at \$3.03/gal on May 17, which were the highest monthly and weekly prices since 2014. We expect that prices will average \$3.03/gal in June before falling to \$2.76/gal by September. The drop in forecast retail gasoline prices reflects our forecast that gasoline margins will fall this summer in response to rising refinery utilization. For all of 2021, we expect U.S. regular gasoline retail prices to average \$2.77/gal and gasoline retail prices for all grades to average \$2.87/gal. Higher prices and more gasoline consumption would result in the average U.S. household spending about \$570 (38%) more on motor fuel in 2021 compared with 2020.

Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 75.5 percent in May, mainly due to the comparison with last year's pandemic lockdown but also driven by strong growth in motor vehicle sales.

Boom goes the dynamite! New-vehicle sales have exploded across the U.S. for the second month in a row. A resurgent U.S. consumer is quickly making up for lost time with new-vehicle sales reaching record heights in April. It is amazing what a difference a year

makes. At this point in 2020 dealerships across the country were in limited operations or under forced closures, a darker time could not be imagined. Now, just 12 months after this recessionary low, new-vehicle sales were able to reach an all-time April high.

The incredible story of the U.S. auto sales recovery is being driven by a bonanza of consumer demand. Despite the number of miles being traveled remaining more than 10% below pre-pandemic levels, drivers want to upgrade their ride. The increased demand is being buoyed by a glut of extra cash. Consumers have an estimated \$2 trillion in excess savings thanks to reduced spending on services and deficit-financed government checks. Some of this wealth is making its way into the auto market.

Consumers looking to drive something different this summer may have originally made their way to the used-vehicle market. However, sticker shock for used vehicles will cause buyers to see what a comparable new vehicle is going for. According to the Moody's Analytics Used-Vehicle Price Index, prices are up 25% since the end of last year and 43% since the month before the pandemic. The 43% growth marks an all-time high for any 14-month period in more than two decades of records, substantially topping the previous high of 24%. In year-over-year terms, price growth is more than 70% higher than last April. However, the market was not functioning properly due to COVID-19-related shutdowns.

Used-vehicle prices moved quickly higher in March and April as supply chain issues made themselves more apparent. More specifically, a shortage of semiconductor chips used in modern autos has caused many manufacturing plants to shut down or slow production. Understanding that there would be a lack of inventory available over the next few months, purchasers have found themselves bidding higher and higher to secure product for the top-selling months.

State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 36.0 percent in May.

Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 14.0 percent in May.

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	May			Year-To-Date			% Annual Growth Required By Estimate
			FY 2021	FY 2020	% Change	FY 2021	FY 2020	% Change	
Motor Fuel Taxes	\$1,020,400	14.76	\$87,278	\$59,405	46.9	\$893,424	\$794,179	12.5	17.8
Insurance Premiums Tax (a)	181,382	2.62	0	0	-	181,382	183,558	(1.2)	(1.2)
Motor Vehicle Sales and Use Tax	967,100	13.98	105,697	60,217	75.5	1,028,394	910,462	13.0	(2.6)
State Sales and Use Tax	1,180,000	17.06	112,484	82,679	36.0	1,094,608	983,675	11.3	5.0
Motor Vehicle License Fees	209,700	3.03	22,518	19,747	14.0	214,655	240,979	(10.9)	(22.9)
Highway Use Fee (b)	38,000	0.55	3,482	0	-	38,298	0	-	-
International Registration Plan	71,000	1.03	16,449	1,529	975.8	105,119	63,261	66.2	0.8
Recordation Tax	67,100	0.97	7,028	4,931	42.5	75,894	53,662	41.4	12.5
Interest Earnings	10,100	0.15	15	59	(74.6)	5,499	15,034	(63.4)	(47.6)
Misc. Taxes, Fees, and Revenues	17,300	0.25	1,686	899	87.5	18,040	16,827	7.2	(4.5)
Total State Taxes and Fees	\$3,762,082	54.40	\$356,637	\$229,466	55.4	\$3,655,313	\$3,261,637	12.1	4.3

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)

		As a %	May			Year-To-Date			% Annual
Revenue	FY 2021	of Total			%			%	Growth
	Estimate	Fund	FY 2021	FY 2020	Change	FY 2021	FY 2020	Change	Required
									By Est
COMMONWEALTH TRANSPORTATION FUND (a)									
Motor Vehicle Fuels Taxes									
(Includes Aviation & Road Taxes)	\$1,020,400	14.76	\$87,278	\$59,405	46.9	\$893,424	\$794,179	12.5	17.8
Motor Vehicle Sales and Use Tax									
(Includes Rental Tax)	967,100	13.98	105,697	60,217	75.5	1,028,394	910,462	13.0	(2.6)
State Sales and Use Tax	1,180,000	17.06	112,484	82,679	36.0	1,094,608	983,675	11.3	5.0
Motor Vehicle License Fees	209,700	3.03	22,518	19,747	14.0	214,655	240,979	(10.9)	(22.9)
Highway Use Fee (b)	38,000	0.55	3,482	0	-	38,298	0	-	-
International Registration Plan	71,000	1.03	16,449	1,529	975.8	105,119	63,261	66.2	0.8
Insurance Premiums Tax (c)	181,382	2.62	0	0	-	181,382	183,558	(1.2)	(1.2)
Recordation Tax	67,100	0.97	7,028	4,931	42.5	75,894	53,662	41.4	12.5
Total Commonwealth Transportation Fund	\$3,734,682	54.00	\$354,936	\$228,508	55.3	\$3,631,774	\$3,229,776	12.4	4.6
HIGHWAY MAINTENANCE AND OPERATING FUND									
Misc. Taxes, Fees, and Revenues	\$17,300	0.25	\$1,686	\$899	87.5	\$18,040	\$16,827	7.2	(4.5)
Other Miscellaneous Revenues (c)	319,665	4.62	1,244	4,860	(74.4)	325,065	393,437	(17.4)	(20.0)
Federal Grants and Contracts	0	0.00	476	2,087	(77.2)	15,385	25,970	(40.8)	(100.0)
Transfer (to) / from Transportation Trust Fund	157,134	2.27	0	0	-	50,000	110,864	(54.9)	41.7
Total Highway Maintenance and Operating Fund	\$494,099	7.14	\$3,406	\$7,846	(56.6)	\$408,490	\$547,098	(25.3)	(11.3)
TRANSPORTATION TRUST FUND									
Interest Earnings	\$10,100	0.15	\$15	\$59	(74.6)	\$5,499	\$15,034	(63.4)	(47.6)
Federal Grants and Contracts	1,153,281	16.68	39,889	38,679	3.1	950,619	1,077,891	(11.8)	2.1
Receipts from Cities/Counties	1,473,970	21.31	64,239	15,440	316.1	836,269	332,773	151.3	303.5
Toll Revenues	31,833	0.46	1,610	835	92.8	23,862	36,306	(34.3)	(15.3)
Miscellaneous Revenues	175,000	2.53	42,104	18,741	124.7	228,618	260,314	(12.2)	(47.8)
Transfer (to) / from Highway Maintenance and Operating Fund	(157,134)	(2.27)	0	0	-	(50,000)	(110,864)	54.9	(41.7)
Total Transportation Trust Fund	\$2,687,050	38.86	\$147,857	\$73,754	100.5	\$1,994,867	\$1,611,454	23.8	51.3
TOTAL COMMONWEALTH TRANSPORTATION FUND, HIGHWAY MAINTENANCE AND OPERATING FUND, AND TRANSPORTATION TRUST FUND									
	\$6,915,831	100.00	\$506,199	\$310,108	63.2	\$6,035,131	\$5,388,328	12.0	17.2

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.