

COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT September 2021

Summary

Commonwealth Transportation Fund (CTF) revenues increased by 10.4 percent in September. 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 17.4 percent in September.

U.S. regular gasoline retail prices averaged \$3.18 per gallon (gal) in September, up 2 cents/gal from August and almost \$1/gal higher than in September 2020. Recent gasoline price increases reflect increasing crude oil prices outweighing falling gasoline wholesale margins. We forecast that retail gasoline prices will average \$3.21/gal in October before falling to \$3.05/gal in December.

Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 14.2 percent.

New-vehicle sales started moving in the right direction, but there is a long way to go. A shortage of new vehicles, caused primarily by the inability to source electronic semiconductor chips, continues to limit the ability of dealerships to sufficiently meet demand. The lack of available new vehicles has had a number of consequences beyond limiting the number of monthly unit sales. For instance, the shortage can also be blamed on raising used-vehicle prices, lowering available inventories, decreasing auto production, decreasing new-vehicle incentives, raising new-vehicle transaction prices, pushing more people into trucks/SUVs, increasing work at U.S. auto repair shops, and increasing the age of the average vehicle.

The average age of a vehicle in the U.S. has increased to more than 12 years old for the first time. The trend of an increasing age of the vehicle has been happening for many years as vehicle quality has consistently increased over time, increasing the vehicle's lifespan. However, the trend kicked into overdrive as the pandemic sent prices for new and used vehicles skyward.

The extreme rise in prices drove people to repair shops to maintain the value in their vehicles. The amount spent in 2020 on automotive repairs more than doubled from 2019

to 2020. Moreover, the amount spent on repairs per mile traveled was 2.5 times larger. This trend is expected to continue this year as vehicle prices continue to rise. If your vehicle is worth more or if you have to pay more for a replacement, the market incentives push people toward repair rather than purchasing a newer car.

State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 15.9 percent in September.

Motor Vehicle Licenses

Motor vehicle registration fee collections declined by 8.4 percent in September.

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	September			Year-To-Date			% Annual Growth Required By Estimate
			FY 2022	FY 2021	% Change	FY 2022	FY 2021	% Change	
Motor Fuel Taxes	\$1,287,700	18.69	\$112,914	\$96,173	17.4	\$276,227	\$207,156	33.3	25.3
Insurance Premiums Tax	180,657	2.62	132,889	128,367	3.5	152,788	144,565	5.7	(0.4)
Motor Vehicle Sales and Use Tax	939,200	13.63	108,036	94,624	14.2	337,870	277,308	21.8	(18.0)
State Sales and Use Tax	1,214,700	17.63	114,386	98,659	15.9	294,888	262,928	12.2	(3.9)
Motor Vehicle License Fees	202,900	2.95	22,048	24,078	(8.4)	58,483	68,684	(14.9)	(16.1)
Highway Use Fee	46,600	0.68	4,518	3,727	21.2	14,173	11,428	24.0	9.2
International Registration Plan	73,900	1.07	7,447	8,945	(16.7)	20,895	18,158	15.1	(39.1)
Recordation Tax	57,000	0.83	7,426	6,991	6.2	22,328	20,436	9.3	(31.9)
Interest Earnings	12,531	0.18	9	24	(62.5)	50	57	(12.3)	111.0
Misc. Taxes, Fees, and Revenues	17,300	0.25	1,848	1,863	(0.8)	4,924	4,732	4.1	(12.6)
Total State Taxes and Fees	<u>\$4,032,488</u>	<u>58.53</u>	<u>\$511,521</u>	<u>\$463,451</u>	<u>10.4</u>	<u>\$1,182,626</u>	<u>\$1,015,452</u>	<u>16.5</u>	<u>(2.4)</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	September			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)	\$1,287,700	18.69	\$112,914	\$96,173	17.4	\$276,227	\$207,156	33.3	25.3
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	939,200	13.63	108,036	94,624	14.2	337,870	277,308	21.8	(18.0)
State Sales and Use Tax	1,214,700	17.63	114,386	98,659	15.9	294,888	262,928	12.2	(3.9)
Motor Vehicle License Fees	202,900	2.95	22,048	24,078	(8.4)	58,483	68,684	(14.9)	(16.1)
Highway Use Fee	46,600	0.68	4,518	3,727	21.2	14,173	11,428	24.0	9.2
International Registration Plan	73,900	1.07	7,447	8,945	(16.7)	20,895	18,158	15.1	(39.1)
Insurance Premiums Tax	180,657	2.62	132,889	128,367	3.5	152,788	144,565	5.7	(0.4)
Recordation Tax	57,000	0.83	7,426	6,991	6.2	22,328	20,436	9.3	(31.9)
Total Commonwealth Transportation Fund	\$4,002,657	58.10	\$509,664	\$461,564	10.4	\$1,177,652	\$1,010,663	16.5	(2.6)
HIGHWAY MAINTENANCE AND OPERATING FUND									
Misc. Taxes, Fees, and Revenues	\$17,300	0.25	\$1,848	\$1,863	(0.8)	\$4,924	\$4,732	4.1	(12.6)
Other Miscellaneous Revenues	388,187	5.63	18,538	153,587	(87.9)	154,412	239,294	(35.5)	18.4
Federal Grants and Contracts	0	0.00	775	2,407	(67.8)	1,864	5,784	(67.8)	(100.0)
Transfer (to) / from Transportation Trust Fund	108,704	1.58	0	0	-	0	0	-	(30.8)
Total Highway Maintenance and Operating Fund	\$514,191	7.46	\$21,161	\$157,857	(86.6)	\$161,200	\$249,810	(35.5)	(1.2)
TRANSPORTATION TRUST FUND									
Interest Earnings	\$12,531	0.18	\$9	\$24	(62.5)	\$50	\$57	(12.3)	111.0
Federal Grants and Contracts	1,279,944	18.58	270,319	271,427	(0.4)	527,397	463,575	13.8	29.5
Receipts from Cities/Counties	833,369	12.10	65,520	23,783	175.5	155,893	74,996	107.9	(11.4)
Toll Revenues	70,354	1.02	2,058	1,466	40.4	5,820	3,959	47.0	171.3
Miscellaneous Revenues	285,256	4.14	162,070	56,321	187.8	241,245	110,117	119.1	4.9
Transfer (to) / from Highway Maintenance and Operating Fund	(108,704)	(1.58)	0	0	-	0	0	-	30.8
Total Transportation Trust Fund	\$2,372,750	34.44	\$499,976	\$353,021	41.6	\$930,405	\$652,704	42.5	14.3
TOTAL COMMONWEALTH TRANSPORTATION FUND, HIGHWAY MAINTENANCE AND OPERATING FUND, AND TRANSPORTATION TRUST FUND									
	\$6,889,598	100.00	\$1,030,801	\$972,442	6.0	\$2,269,257	\$1,913,177	18.6	2.8

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