

# COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT

## April 2024

### Summary

Commonwealth Transportation Fund (CTF) revenues grew by 7.8 percent in April, driven by motor fuels tax collections and interest earnings.

### Motor Fuels Tax

Motor fuels taxes increased by 6.3 percent in April.

U.S. retail gasoline prices are forecast to average about \$3.60 per gallon (gal) in 2024, an increase of about 10 cents/gal from the March forecast and a slight increase from the average price in 2023. This increase is driven by rising wholesale gasoline prices as well as higher crude oil prices. The wholesale gasoline price is estimated to average more than \$2.70/gal in 2024, also 10 cents/gal more than in 2023. The higher forecast wholesale gasoline prices compared with the March forecast reflects our expectation of more gasoline exports and lower gasoline inventories, leading to an increase in the 2024 annual average crack spread for gasoline relative to last month's forecast.

### Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections grew by 4.9 percent.

After experiencing a dip at the beginning of the year, U.S. new light-vehicle sales have found stable ground. Over the past three months, sales have averaged 15.7 million SAAR, marking a modest 1.1% increase from last year's average and a significant 14.1% rise compared with 2022. The demand for new vehicles among consumers remains strong, undeterred by the recent increase in lending rates. This resilience in the market can largely be attributed to the strength of the labor market in recent years. Unemployment has consistently stayed below 4% for more than two years, marking the longest period of such low joblessness since the 1960s. This sustained low unemployment rate signals that the economy is operating at full employment. Additionally, robust wage growth has played a significant role in supporting new-vehicle sales, as it helps consumers to partly mitigate the effects of higher lending rates when financing their vehicle purchases.

The resurgence in new-vehicle production has been a key factor in sustaining sales momentum. In March, U.S. vehicle production reached 11.3 million units in SAAR, marking a 5.6% increase from the previous month and a significant 16.3% rise from the

same period last year, making it the highest production level since July 2020. Since the start of 2023, U.S. new-vehicle production has averaged 10.5 million SAAR, aligning with the 2019 average. This uptick in production has led to a sharp increase in inventory levels; in March, seasonally adjusted new-vehicle inventory levels were nearly 91% higher than the previous year. Moreover, the inventory-to-sales ratio has exceeded 1 for the seventh consecutive month as of March, indicating that supply is currently outstripping demand for new vehicles. This rebound in production demonstrates automakers' concerted efforts to normalize production's post-pandemic challenges.

Additionally, higher inventory levels have prompted dealerships to offer more substantial discounts on new vehicles. During the pandemic, when vehicle supply was significantly constrained, discounts were scarce as dealerships saw little need to offer substantial incentives. Vehicles often sold before even reaching the dealership lots. However, the dynamics have now shifted in favor of the consumer, with new vehicles spending more time on lots due to increased supply. To draw in customers, dealerships have ramped up incentives, with new-vehicle incentives in the early part of the year increasing nearly 92% compared with the same period last year. Furthermore, vehicle affordability is on the rise; in March, not seasonally adjusted average transaction prices saw a 1.6% decrease, continuing a nine-month trend of year-over-year declines.

### State Retail Sales Tax

The transportation portion of the state retail sales tax declined by 1.2 percent in April.

### Motor Vehicle Licenses

Motor vehicle registration fee collections increased by 54.5 percent in April.

**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	April			Year-To-Date			% Annual Growth Required By Estimate
			FY 2024	FY 2023	% Change	FY 2024	FY 2023	% Change	
<b>Motor Fuel Taxes</b>	\$1,538,200	19.51	\$117,754	\$110,786	6.3	\$1,243,792	\$1,205,414	3.2	4.5
<b>Insurance Premiums Tax</b>	217,791	2.76	0	0	-	217,791	202,496	7.6	7.6
<b>Motor Vehicle Sales and Use Tax</b>	1,234,400	15.66	100,217	95,537	4.9	1,047,347	1,035,264	1.2	(2.2)
<b>State Sales and Use Tax</b>	1,372,100	17.40	116,026	117,409	(1.2)	1,140,688	1,186,244	(3.8)	(3.1)
<b>Motor Vehicle License Fees</b>	225,600	2.86	19,765	12,791	54.5	182,562	160,585	13.7	14.8
<b>Highway Use Fee</b>	61,800	0.78	6,757	5,117	32.1	58,075	47,355	22.6	5.8
<b>International Registration Plan</b>	114,100	1.45	5,273	5,045	4.5	91,000	89,310	1.9	(0.9)
<b>Recordation Tax</b>	52,500	0.67	4,977	3,742	33.0	40,463	42,675	(5.2)	(0.3)
<b>Interest Earnings</b>	14,200	0.18	13,556	6,787	99.7	37,750	12,389	204.7	(33.0)
<b>Misc. Taxes, Fees, and Revenues</b>	18,600	0.24	2,346	1,412	66.1	16,642	16,250	2.4	(6.0)
<b>Total State Taxes and Fees</b>	<u>\$4,849,291</u>	<u>61.51</u>	<u>\$386,671</u>	<u>\$358,626</u>	<u>7.8</u>	<u>\$4,076,110</u>	<u>\$3,997,982</u>	<u>2.0</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	April			Year-To-Date			% Annual Growth Required By Est
			FY 2024	FY 2023	% Change	FY 2024	FY 2023	% Change	
<b>COMMONWEALTH TRANSPORTATION FUND</b>									
Motor Vehicle Fuels Taxes (Includes Aviation & Road Taxes)	\$1,538,200	19.51	\$117,754	\$110,786	6.3	\$1,243,792	\$1,205,414	3.2	4.5
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	1,234,400	15.66	100,217	95,537	4.9	1,047,347	1,035,264	1.2	(2.2)
State Sales and Use Tax	1,372,100	17.40	116,026	117,409	(1.2)	1,140,688	1,186,244	(3.8)	(3.1)
Motor Vehicle License Fees	225,600	2.86	19,765	12,791	54.5	182,562	160,585	13.7	14.8
Highway Use Fee	61,800	0.78	6,757	5,117	32.1	58,075	47,355	22.6	5.8
International Registration Plan	114,100	1.45	5,273	5,045	4.5	91,000	89,310	1.9	(0.9)
Insurance Premiums Tax	217,791	2.76	0	0	-	217,791	202,496	7.6	7.6
Recordation Tax	52,500	0.67	4,977	3,742	33.0	40,463	42,675	(5.2)	(0.3)
<b>Total Commonwealth Transportation Fund</b>	<b>\$4,816,491</b>	<b>61.09</b>	<b>\$370,769</b>	<b>\$350,427</b>	<b>5.8</b>	<b>\$4,021,718</b>	<b>\$3,969,343</b>	<b>1.3</b>	<b>0.8</b>
<b>HIGHWAY MAINTENANCE AND OPERATING FUND</b>									
Misc. Taxes, Fees, and Revenues	\$18,600	0.24	\$2,346	\$1,412	66.1	\$16,642	\$16,250	2.4	(6.0)
Other Miscellaneous Revenues	271,103	3.44	11,644	5,511	111.3	358,940	569,151	(36.9)	(53.2)
Federal Grants and Contracts	0	0.00	2,759	1,470	87.7	33,645	20,509	64.0	(100.0)
Transfer (to) / from Transportation Trust Fund	363,025	4.60	0	0	-	250,399	45,000	456.4	419.0
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$652,728</b>	<b>8.28</b>	<b>\$16,749</b>	<b>\$8,393</b>	<b>99.6</b>	<b>\$659,626</b>	<b>\$650,910</b>	<b>1.3</b>	<b>(6.0)</b>
<b>TRANSPORTATION TRUST FUND</b>									
Interest Earnings	\$14,200	0.18	\$13,556	\$6,787	99.7	\$37,750	\$12,389	204.7	(33.0)
Federal Grants and Contracts	1,577,002	20.00	84,828	34,304	147.3	1,126,911	1,319,632	(14.6)	6.0
Receipts from Cities/Counties	784,754	9.95	59,232	40,561	46.0	530,835	329,501	61.1	69.0
Toll Revenues	82,294	1.05	13,539	11,891	13.9	56,906	49,193	15.7	40.4
Miscellaneous Revenues	319,225	4.05	12,757	7,607	67.7	208,460	201,056	3.7	19.0
Transfer (to) / from Highway Maintenance and Operating Fund	(363,025)	(4.60)	0	0	-	(250,399)	(45,000)	(456.4)	(419.0)
<b>Total Transportation Trust Fund</b>	<b>\$2,414,450</b>	<b>30.63</b>	<b>\$183,912</b>	<b>\$101,150</b>	<b>81.8</b>	<b>\$1,710,463</b>	<b>\$1,866,771</b>	<b>(8.4)</b>	<b>8.2</b>
<b>TOTAL COMMONWEALTH TRANSPORTATION FUND, HIGHWAY MAINTENANCE AND OPERATING FUND, AND TRANSPORTATION TRUST FUND</b>									
	<b>\$7,883,669</b>	<b>100.00</b>	<b>\$571,430</b>	<b>\$459,970</b>	<b>24.2</b>	<b>\$6,391,807</b>	<b>\$6,487,024</b>	<b>(1.5)</b>	<b>2.4</b>

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