

# COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT

## August 2024

### Summary

Commonwealth Transportation Fund (CTF) revenues fell by 4.6 percent in August, driven by declines in motor fuels and motor vehicle sales tax collections.

### Motor Fuels Tax

Motor fuels taxes decreased by 9.1 percent in August.

Despite a drop in the Brent crude oil spot price to \$73 per barrel (b) on September 6, we expect ongoing withdrawals from global oil inventories will push prices back above \$80/b this month. More oil will be taken out of inventories in the fourth quarter of 2024 (4Q24) than previously expected because OPEC+ announced that they will delay production increases until December. Those increases had been set to start in October. Although market concerns over economic and oil demand growth, particularly in China, have increased, causing oil prices to fall, OPEC+ production cuts mean less oil is being produced globally than is being consumed. The Brent crude oil spot price is expected to average \$82/b in 4Q24 and average \$84/b in 2025.

### Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections declined by 6.8 percent in August.

After an atypical summer, during which auto retail sales were impacted by a cyberattack on CDK Global, August offers a clearer view, free from such anomalies. New-vehicle sales declined measurably, reaching the second lowest point of the year. This decrease occurred even though Labor Day weekend, a holiday that usually falls in September and often boosts sales, started in August this year. This suggests that, were it not for the holiday's unusual timing, monthly auto retail sales might have been even lower in August. Taking a wider look, U.S. new-vehicle sales have averaged 15.5 million SAAR during the first eight months of this year. This figure is slightly above that from the same period last year but nearly 1.5 million SAAR below the presumed market equilibrium that existed before the pandemic.

Since the spring of last year, new-vehicle sales in the U.S. have fluctuated between 15 million and 16 million SAAR, with the industry finding it challenging to consistently exceed the 16 million SAAR mark. This difficulty is largely attributed to affordability issues surrounding the purchase of new vehicles today. While not seasonally adjusted average

transaction prices have decreased this year, the rate of this reduction has been gradual. In July, there was a modest year-over-year decline of 0.2%, a pace that has slowed compared with the first quarter of the year. Furthermore, average transaction prices remain only about 3.1% below their peak in December 2022, a situation that's not surprising considering the higher costs of production in the auto industry, from labor to the technological components of vehicles. Additionally, high interest rates present another challenge, increasing the financing costs for new vehicles. These elevated costs are affecting consumer demand, sidelining potential buyers who might have considered purchasing a new vehicle if the costs were more manageable.

Consumer stress is even present among those who have purchased a new vehicle. Auto loan delinquency rates through midsummer have been uncomfortably high, although this is occurring against a backdrop of slow improvement. Consumer auto delinquencies have continued their unprecedented rise over the past three months. The total percentage of outstanding auto balances more than 30 days past due increased 10% from a year earlier in July. Delinquency rates have risen on a year-over-year basis for the past 34 months, marking the longest such stretch since 2006 to 2009. Total delinquencies stand at 3.7% of all balances, the highest July rate for delinquent loans since 2009. Recognizing the essential role that vehicles play in their daily lives, consumers are persevering in purchasing new, albeit expensive, vehicles despite financial challenges. Dealerships are playing a supportive role in this scenario by offering enticing incentives on new vehicles, with today's discounts being significantly larger than those in recent years, though this strategy is also affecting dealership profits. As the latest 2025 models start arriving at dealerships, it's expected that dealerships will continue to propose attractive deals to clear out older inventory. Additionally, a tightening supply of used vehicles will likely serve as a further motivator for consumers to explore newer vehicle models in the months ahead.

### State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 2.4 percent in August.

### Motor Vehicle Licenses

Motor vehicle registration fee collections were down 26.9 percent in August.

**Commonwealth of Virginia/Department of Accounts**  
**Commonwealth Transportation Fund**  
**Summary Statement of Selected Revenue Estimates & Collections**  
**For the Fiscal Years 2024 and 2025**  
(Dollars in Thousands)

Revenue	FY 2025 Estimate	As a % of Total Fund	August			Year-To-Date			% Annual Growth Required By Estimate
			FY 2025	FY 2024	% Change	FY 2025	FY 2024	% Change	
<b>Motor Fuel Taxes</b>	\$1,591,400	19.14	\$115,638	\$127,145	(9.1)	\$259,554	\$233,480	11.2	6.2
<b>Insurance Premiums Tax</b>	228,661	2.75	18,443	11,864	55.5	44,739	26,516	68.7	5.0
<b>Motor Vehicle Sales and Use Tax</b>	1,248,400	15.02	113,302	121,517	(6.8)	243,884	232,567	4.9	(0.6)
<b>State Sales and Use Tax</b>	1,392,200	16.74	115,770	113,060	2.4	237,708	230,335	3.2	1.1
<b>Motor Vehicle License Fees</b>	219,500	2.64	14,581	19,936	(26.9)	42,787	41,860	2.2	3.2
<b>Highway Use Fee</b>	65,400	0.79	5,897	6,246	(5.6)	14,425	12,127	18.9	(7.9)
<b>International Registration Plan</b>	119,600	1.44	2,917	6,301	(53.7)	19,142	20,575	(7.0)	5.1
<b>Recordation Tax</b>	55,900	0.67	5,001	4,744	5.4	10,211	9,118	12.0	9.9
<b>Interest Earnings</b>	14,200	0.17	114	39	192.3	169	39	333.3	(73.8)
<b>Misc. Taxes, Fees, and Revenues</b>	18,600	0.22	2,078	1,708	21.7	3,962	3,194	24.0	(13.8)
<b>Total State Taxes and Fees</b>	<u>\$4,953,861</u>	<u>59.58</u>	<u>\$393,741</u>	<u>\$412,560</u>	<u>(4.6)</u>	<u>\$876,581</u>	<u>\$809,811</u>	<u>8.2</u>	<u>1.7</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 2024 and 2025  
(Dollars in Thousands)**

Revenue	FY 2025 Estimate	As a % of Total Fund	August			Year-To-Date			% Annual Growth Required By Est
			FY 2025	FY 2024	% Change	FY 2025	FY 2024	% Change	
<b>COMMONWEALTH TRANSPORTATION FUND</b>									
Motor Vehicle Fuels Taxes (Includes Aviation & Road Taxes)	\$1,591,400	19.14	\$115,638	\$127,145	(9.1)	\$259,554	\$233,480	11.2	6.2
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	1,248,400	15.02	113,302	121,517	(6.8)	243,884	232,567	4.9	(0.6)
State Sales and Use Tax	1,392,200	16.74	115,770	113,060	2.4	237,708	230,335	3.2	1.1
Motor Vehicle License Fees	219,500	2.64	14,581	19,936	(26.9)	42,787	41,860	2.2	3.2
Highway Use Fee	65,400	0.79	5,897	6,246	(5.6)	14,425	12,127	18.9	(7.9)
International Registration Plan	119,600	1.44	2,917	6,301	(53.7)	19,142	20,575	(7.0)	5.1
Insurance Premiums Tax	228,661	2.75	18,443	11,864	55.5	44,739	26,516	68.7	5.0
Recordation Tax	55,900	0.67	5,001	4,744	5.4	10,211	9,118	12.0	9.9
<b>Total Commonwealth Transportation Fund</b>	<b>\$4,921,061</b>	<b>59.19</b>	<b>\$391,549</b>	<b>\$410,813</b>	<b>(4.7)</b>	<b>\$872,450</b>	<b>\$806,578</b>	<b>8.2</b>	<b>2.6</b>
<b>HIGHWAY MAINTENANCE AND OPERATING FUND</b>									
Misc. Taxes, Fees, and Revenues	\$18,600	0.22	\$2,078	\$1,708	21.7	\$3,962	\$3,194	24.0	(13.8)
Other Miscellaneous Revenues	30,132	0.37	117,271	98,046	19.6	119,563	206,925	(42.2)	(92.0)
Federal Grants and Contracts	0	0.00	6,132	4,343	41.2	10,476	6,972	50.3	(100.0)
Transfer (to) / from Transportation Trust Fund	509,882	6.13	0	0	-	0	0	-	49.8
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$558,614</b>	<b>6.72</b>	<b>\$125,481</b>	<b>\$104,097</b>	<b>20.5</b>	<b>\$134,001</b>	<b>\$217,091</b>	<b>(38.3)</b>	<b>(28.3)</b>
<b>TRANSPORTATION TRUST FUND</b>									
Interest Earnings	\$14,200	0.17	\$114	\$39	192.3	\$169	\$39	333.3	(73.8)
Federal Grants and Contracts	1,743,227	20.97	157,983	230,145	(31.4)	225,605	401,518	(43.8)	38.9
Receipts from Cities/Counties	1,466,358	17.64	58,724	58,617	0.2	90,963	111,141	(18.2)	126.7
Toll Revenues	116,696	1.39	4,507	3,742	20.4	8,777	6,895	27.3	73.3
Miscellaneous Revenues	4,058	0.05	36,348	73,120	(50.3)	44,974	90,172	(50.1)	(98.5)
Transfer (to) / from Highway Maintenance and Operating Fund	(509,882)	(6.13)	0	0	-	0	0	-	(49.8)
<b>Total Transportation Trust Fund</b>	<b>\$2,834,657</b>	<b>34.09</b>	<b>\$257,676</b>	<b>\$365,663</b>	<b>(29.5)</b>	<b>\$370,488</b>	<b>\$609,765</b>	<b>(39.2)</b>	<b>44.5</b>
<b>TOTAL COMMONWEALTH TRANSPORTATION FUND, HIGHWAY MAINTENANCE AND OPERATING FUND, AND TRANSPORTATION TRUST FUND</b>									
	<b>\$8,314,332</b>	<b>100.00</b>	<b>\$774,706</b>	<b>\$880,573</b>	<b>(12.0)</b>	<b>\$1,376,939</b>	<b>\$1,633,434</b>	<b>(15.7)</b>	<b>10.3</b>

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