

## COMMONWEALTH TRANSPORTATION FUND REVENUE REPORT April 2021

### Summary

Commonwealth Transportation Fund (CTF) revenues increased by 44.1 percent in April, the second 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 35.2 percent in April due to the July 1 increase in the motor fuels tax.

We expect that gasoline consumption in the United States will average almost 9.0 million b/d this summer (April–September), which is 1.2 million b/d more than last summer but almost 0.6 million b/d less than summer 2019. We increased our summer gasoline consumption forecast by 0.1 million b/d from last month based on weekly data that suggested more gasoline consumption than we had previously forecast. The increase also reflects IHS Markit's increased employment forecast. For all of 2021, we forecast that U.S. gasoline consumption will average 8.7 million b/d, which is up from 2020 (8.0 million b/d) but down from 2019 (9.3 million b/d).

### Motor Vehicle Sales and Use Tax

Motor vehicle sales tax collections increased by 103.7 percent in April, mainly due to the comparison with last year's pandemic lockdown but also driven by strong growth in motor vehicle sales.

March new-auto sales blew away expectations as consumers with freshly cut stimulus checks shook the winter snow from their boots. Following a somewhat disappointing February, caused by a cold snap across the Southeast, annualized vehicle sales bounced back above 17 million units for the first time since 2019. Significant pent-up savings and continued government support through fiscal stimulus have put consumers in a buying mood. Consumer confidence, according to the Conference Board survey, rose 19% from February to March. The jump in consumer confidence goes hand-in-hand with the blow-out March jobs report where more than 900,000 new positions were created.

Helping to spur U.S. consumers and businesses is the pace of the national vaccination

campaign. As of the end of March, the share of the population 16 years or older that has received at least one dose of the vaccine is over 31%. With vaccination comes the sense that there is an end in sight to what has been one of the most trying periods in a generation. Beyond that, being able to obtain a vaccine allows people to eliminate some level of self-quarantine responsible for diminished economic activity.

Given all the positive news for the U.S. consumer it is likely the March numbers are a harbinger for where sales will go the remainder of the year. New-vehicle sales are expected to average higher than 17 million annualized units throughout the third and fourth quarters of 2021. With the weight of the pandemic lifted from the collective psyche there will be a desire to take a summer road trip in a new vehicle. Or at least drive across town to see your grandkids in style.

Driving the outlook for new-vehicle sales is considerable growth in used-vehicle prices. Used-vehicle prices came into 2021 more than 16% higher than 2020. According to the Moody's Analytics Used-Vehicle Price Index, wholesale used-vehicle prices rose by an additional 9% since the start of January. Compared to last March, when prices began their pandemic induced decline, prices are now 29% higher. To put that in perspective, if you wanted to buy a 2018 Ford F-150 for \$25,000 last year, the 2019 model this year with the same number of miles would cost more than \$32,000.

With used prices rising this far, this fast, new vehicles look to be an attractive substitute for used-vehicles purchases. MSRPs do not rise nearly as fast as used-vehicle market prices, this keeps new-vehicle transaction costs anchored outside of supply and demand mania. The main fluctuation in new-vehicle prices is the availability of incentives. Given the current appetite for cars and trucks most incentives have continued to be scarce, making vehicles a bit more expensive compared with previous years, but not nearly to the degree of the used-vehicle market.

### State Retail Sales Tax

The transportation portion of the state retail sales tax increased by 26.3 percent in April.

### Motor Vehicle Licenses

Motor vehicle registration fee collections fell by 17.1 percent in April.

**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	April			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	\$82,517	\$61,027	35.2	\$806,146	\$734,774	9.7	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	109,302	53,659	103.7	922,696	850,245	8.5	(2.6)
State Sales and Use Tax	1,180,000	17.06	116,570	92,281	26.3	982,123	900,995	9.0	5.0
Motor Vehicle License Fees	209,700	3.03	16,052	19,358	(17.1)	192,137	221,233	(13.2)	(22.9)
Highway Use Fee (b)	38,000	0.55	3,739	0	-	34,815	0	-	-
International Registration Plan	71,000	1.03	13,990	2,348	495.8	88,670	61,732	43.6	0.8
Recordation Tax	67,100	0.97	7,419	5,287	40.3	68,866	48,731	41.3	12.5
Interest Earnings	10,100	0.15	1,308	4,549	(71.2)	5,485	14,975	(63.4)	(47.6)
Misc. Taxes, Fees, and Revenues	17,300	0.25	(2,935)	3,029	(196.9)	16,354	15,928	2.7	(4.5)
<b>Total State Taxes and Fees</b>	<b>\$3,762,082</b>	<b>54.40</b>	<b>\$347,962</b>	<b>\$241,538</b>	<b>44.1</b>	<b>\$3,298,674</b>	<b>\$3,032,171</b>	<b>8.8</b>	<b>4.3</b>

# 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)

Revenue	FY 2021 Estimate	As a % of Total Fund	April			Year-To-Date			% Annual Growth Required By Est
			FY 2021	FY 2020	% Change	FY 2021	FY 2020	% Change	
<b>COMMONWEALTH TRANSPORTATION FUND (a)</b>									
Motor Vehicle Fuels Taxes (Includes Aviation & Road Taxes)	\$1,020,400	14.76	\$82,517	\$61,027	35.2	\$806,146	\$734,774	9.7	17.8
Motor Vehicle Sales and Use Tax (Includes Rental Tax)	967,100	13.98	109,302	53,659	103.7	922,696	850,245	8.5	(2.6)
State Sales and Use Tax	1,180,000	17.06	116,570	92,281	26.3	982,123	900,995	9.0	5.0
Motor Vehicle License Fees	209,700	3.03	16,052	19,358	(17.1)	192,137	221,233	(13.2)	(22.9)
Highway Use Fee (b)	38,000	0.55	3,739	0	-	34,815	0	-	-
International Registration Plan	71,000	1.03	13,990	2,348	495.8	88,670	61,732	43.6	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	7,419	5,287	40.3	68,866	48,731	41.3	12.5
<b>Total Commonwealth Transportation Fund</b>	<b>\$3,734,682</b>	<b>54.00</b>	<b>\$349,589</b>	<b>\$233,960</b>	<b>49.4</b>	<b>\$3,276,835</b>	<b>\$3,001,268</b>	<b>9.2</b>	<b>4.6</b>
<b>HIGHWAY MAINTENANCE AND OPERATING FUND</b>									
Misc. Taxes, Fees, and Revenues	\$17,300	0.25	(\$2,935)	\$3,029	(196.9)	\$16,354	\$15,928	2.7	(4.5)
Other Miscellaneous Revenues (c)	319,665	4.62	4,015	7,646	(47.5)	323,821	388,578	(16.7)	(20.0)
Federal Grants and Contracts	0	0.00	578	1,697	(65.9)	14,909	23,883	(37.6)	(100.0)
Transfer (to) / from Transportation Trust Fund	157,134	2.27	0	0	-	50,000	110,864	(54.9)	41.7
<b>Total Highway Maintenance and Operating Fund</b>	<b>\$494,099</b>	<b>7.14</b>	<b>\$1,658</b>	<b>\$12,372</b>	<b>(86.6)</b>	<b>\$405,084</b>	<b>\$539,253</b>	<b>(24.9)</b>	<b>(11.3)</b>
<b>TRANSPORTATION TRUST FUND</b>									
Interest Earnings	\$10,100	0.15	\$1,308	\$4,549	(71.2)	\$5,485	\$14,975	(63.4)	(47.6)
Federal Grants and Contracts	1,153,281	16.68	35,069	50,148	(30.1)	910,731	1,039,212	(12.4)	2.1
Receipts from Cities/Counties	1,473,970	21.31	55,576	17,406	219.3	772,030	317,333	143.3	303.5
Toll Revenues	31,833	0.46	9,956	9,189	8.3	22,253	35,471	(37.3)	(15.3)
Miscellaneous Revenues	175,000	2.53	8,807	5,072	73.6	186,514	241,574	(22.8)	(47.8)
Transfer (to) / from Highway Maintenance and Operating Fund	(157,134)	(2.27)	0	0	-	(50,000)	(110,864)	54.9	(41.7)
<b>Total Transportation Trust Fund</b>	<b>\$2,687,050</b>	<b>38.86</b>	<b>\$110,716</b>	<b>\$86,364</b>	<b>28.2</b>	<b>\$1,847,013</b>	<b>\$1,537,701</b>	<b>20.1</b>	<b>51.3</b>
<b>TOTAL COMMONWEALTH TRANSPORTATION FUND, HIGHWAY MAINTENANCE AND OPERATING FUND, AND TRANSPORTATION TRUST FUND</b>									
	<b>\$6,915,831</b>	<b>100.00</b>	<b>\$461,963</b>	<b>\$332,696</b>	<b>38.9</b>	<b>\$5,528,932</b>	<b>\$5,078,222</b>	<b>8.9</b>	<b>17.2</b>

# 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.