



# 2022 Fund Estimate Draft Assumptions

Presented to the  
California Transportation Commission

# Assumptions Background

- **Discussion of Options & Significant Issues**
  - No Commission action required at this meeting
  - Establishes revenue levels during the Fund Estimate (FE) period
  - Subsequent legislation & budgetary changes could impact final assumptions
  - Authority to postpone adoption

# Components of the Draft Assumptions

- **Section One - Options**
  - Outlines the major revenue-based assumptions, offering alternatives for the Commission's review and input/recommendation
- **Section Two – Significant Issues**
  - Details assumptions which may impact capacity over the FE period if the current law changes
- **Section Three – Assumptions**
  - Provides a list of individual assumptions that impact the FE

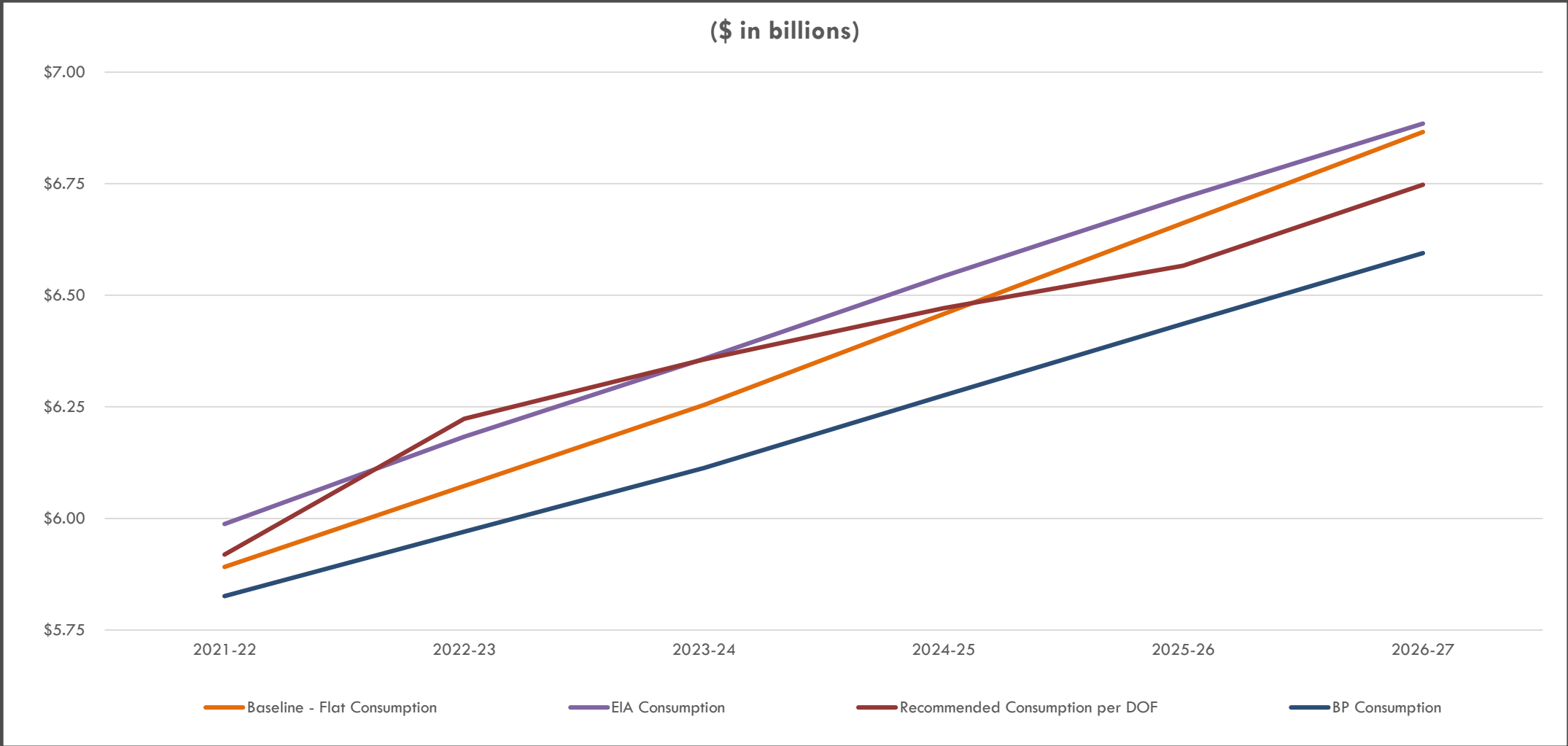
# Cash Flow Methodology



# Key Assumptions - Options

- **Economy's Impact on Revenues (Fuel Consumption Projections)**
  - Projections derived from numerous sources
  - Reflect gross revenue from base and incremental excise taxes over the FE period
    - Alternative A: Zero-Growth Baseline = \$32.3 billion
    - Alternative B: Energy Information Administration = \$32.7 billion
    - Alternative C: Department of Finance = \$32.4 billion
    - Alternative D: British Petroleum (BP) = \$31.4 billion
- **Caltrans Recommends Alternative C (Department of Finance Projections)**
  - Specific to California
  - Analyzes fuel types individually

# Projected Gross Revenue Collection



# Key Assumptions - Options

- **Federal Revenues**

- Alternative A = \$17.7 billion in Obligation Authority (OA)
- Alternative B = \$19.1 billion in OA
- Alternative C = \$20.2 billion in OA

- **Caltrans Recommends Alternative C**

- Escalated annually using the federal apportionments inflation rate during the entire FAST Act (2.7%)

# Key Assumptions - Significant Issues

- **State Transit Assistance**

- Approximately 73 percent of revenues from sales tax on diesel are transferred to State Transit Assistance or State Rail Assistance
  - Revenue estimates contingent upon diesel fuel price volatility

- **Section 183.1 Revenues**

- Law requires Section 183.1 revenues be transferred to the Transportation Debt Service Fund

- **Senate Bill 1 and Senate Bill 132**

- Senate Bill 132 commits SHA and PTA resources for specific projects



# Legislative Uncertainty

- **Changes in Law Often Affect Revenues After Adoption of the Fund Estimate**
  - Assumptions and methodology cannot account for changes in law that occur subsequent to adoption of the FE
  - Each of the last ten Fund Estimates have been impacted by legislation occurring during the development process
  - Potential 2022 FE issues:
    - Disposition of Transportation Funding at the State Level
    - Changes in Federal Funding

# Next Steps

- **Work with Commission Staff**
  - Incorporate feedback and finalize assumptions
- **Final Assumptions Approved During the May Commission Meeting**
- **Remaining Timeline:**

<b>Date</b>	<b>Objective</b>
May 12	FE Assumptions approval by Commission
June 23	Draft FE presented to Commission
August 18	Final FE adoption by Commission

# Questions

