



# 2024 Fund Estimate Final Assumptions

Presented to the  
California Transportation Commission

# 2024 Fund Estimate Assumptions

- Approval Needed for FE Assumptions
  - Government Code, Section 14524 (d) & 14524 (c)
- Direct Impact on State Transportation Improvement Program (STIP) & State Highway Operation and Protection Program (SHOPP) Programming Capacity
- Potential Impact of May Revision & Final Budget Act
- Federal Transportation Act

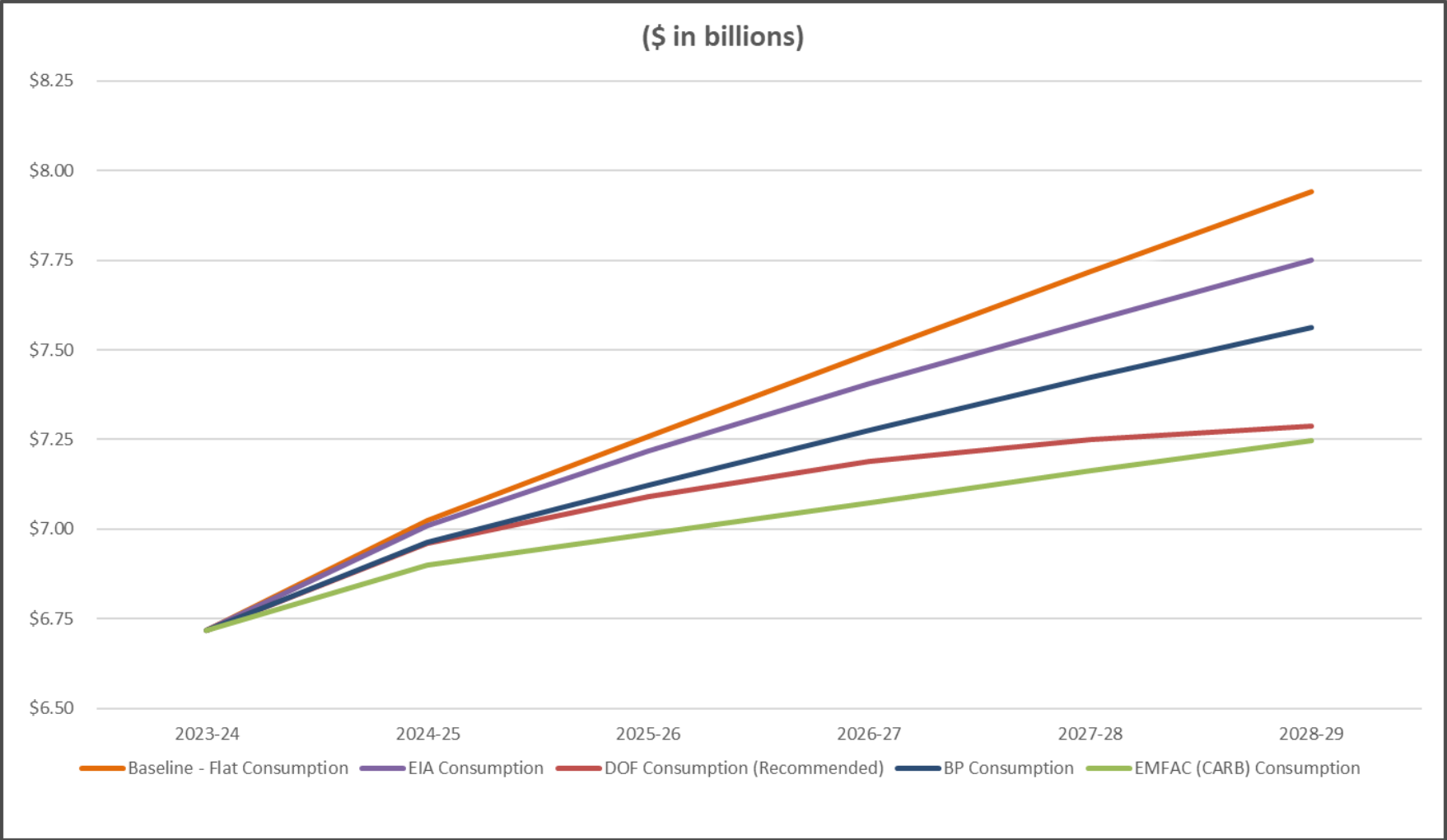
# Prior Fund Estimate Accuracy

- Fund Estimate accuracy has consistently been impacted by changes to law or policy.
- Examples:
  - 2022 FE – The Infrastructure Investment and Jobs Act increased federal funding
    - An increase of approximately \$1.6 billion to \$2 billion annually over the 5-year act.
  - 2020 FE – The 2020 state stay-at-home order issued to slow the spread of the COVID-19 virus resulted in sharp reductions in gasoline consumption and revenue.
    - A decrease of about \$781 million in gasoline revenues in fiscal year 2020-21.
  - 2018 FE – Senate Bill 1 increased gasoline and diesel taxes which adjust for inflation annually.
    - An increase of approximately \$828 million in new STIP program capacity.
- Benefit of adopting the Fund Estimate every two years

# Section One: Options

- Economy's Impact on Revenues (Fuel Consumption Projections)
  - No change from draft
  - Department recommends Alternative based on Department of Finance (DOF) projections:
    - DOF has a track record for accuracy
    - Consumption forecasts are more specific to California
    - Analyzes fuel types individually
    - DOF offers an updated look at consumption around May Revise
  - Alternative represents a moderate and reliable approach to consumption over the FE period
  - Fuel consumption is projected to decline over the five-year period. However, revenues show a steady increase due to the annual inflationary adjustment on excise taxes
    - Gasoline consumption is forecasted to decline at an annual average of 2.4% over the five-year period while the excise tax rate is projected to increase by an average of 3.2%

# Projected Gross Revenue Collection Alternatives



# Section One: Options

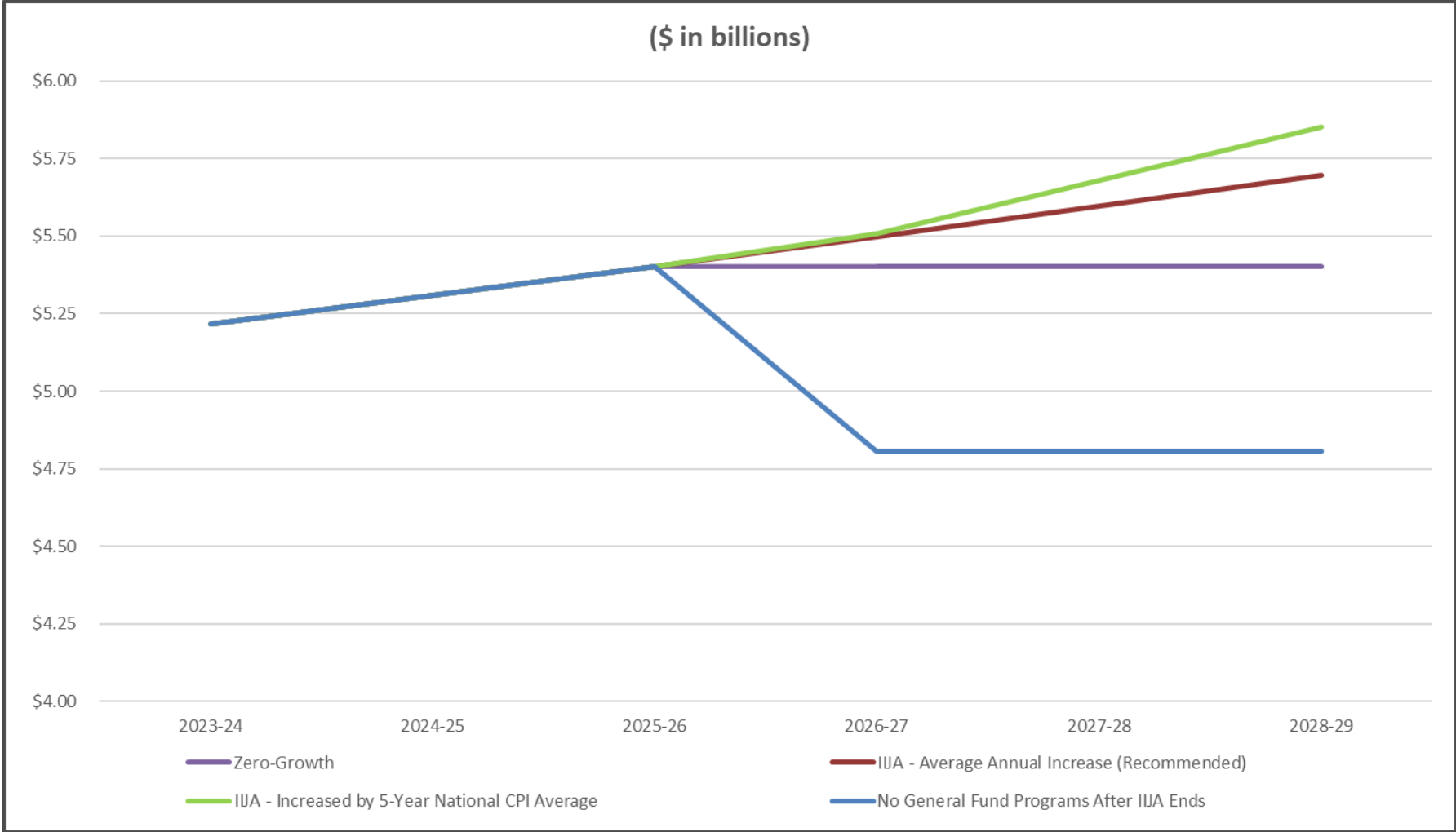
- Federal Revenues

- No change from draft

- Department recommends Alternative based on escalation rate of 1.8 percent:

- The escalation rate is based on Infrastructure Investment and Jobs Act (IIJA) funding
    - Corresponds to the average annual increase during the current Act's five year period
    - Approach is consistent with federal policy
    - Advisable if federal support for transportation appears strong

# Projected Federal Revenues Alternatives



# Aeronautics Account

## ● Revenues

- State taxes on aviation gasoline and jet fuel consumption
  - Forecasts provided by DOF
  - Fuel consumption is forecasted to decline at an annual average of 1.8% over the four-year period.
- \$2.5 million transfer from the Local Airport Loan Account in fiscal year 2023-24
- \$30 thousand in annual transfers from the PTA



# Next Steps

- Draft Fund Estimate presented to Commission in June 2023
  - Any updates to assumptions will be discussed.
- Final Fund Estimate scheduled for August 2023 meeting
  - Adoption may be delayed up to 90 days by the Commission.

# Questions

