



# Discussion of the 2018 STIP Fund Estimate - Draft Assumptions

Presented to the  
California Transportation Commission

# Assumptions Background

- **Discussion of Options & Significant Issues**
  - No Commission action required at this meeting
  - Importance & consequences
  - Adopted 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.

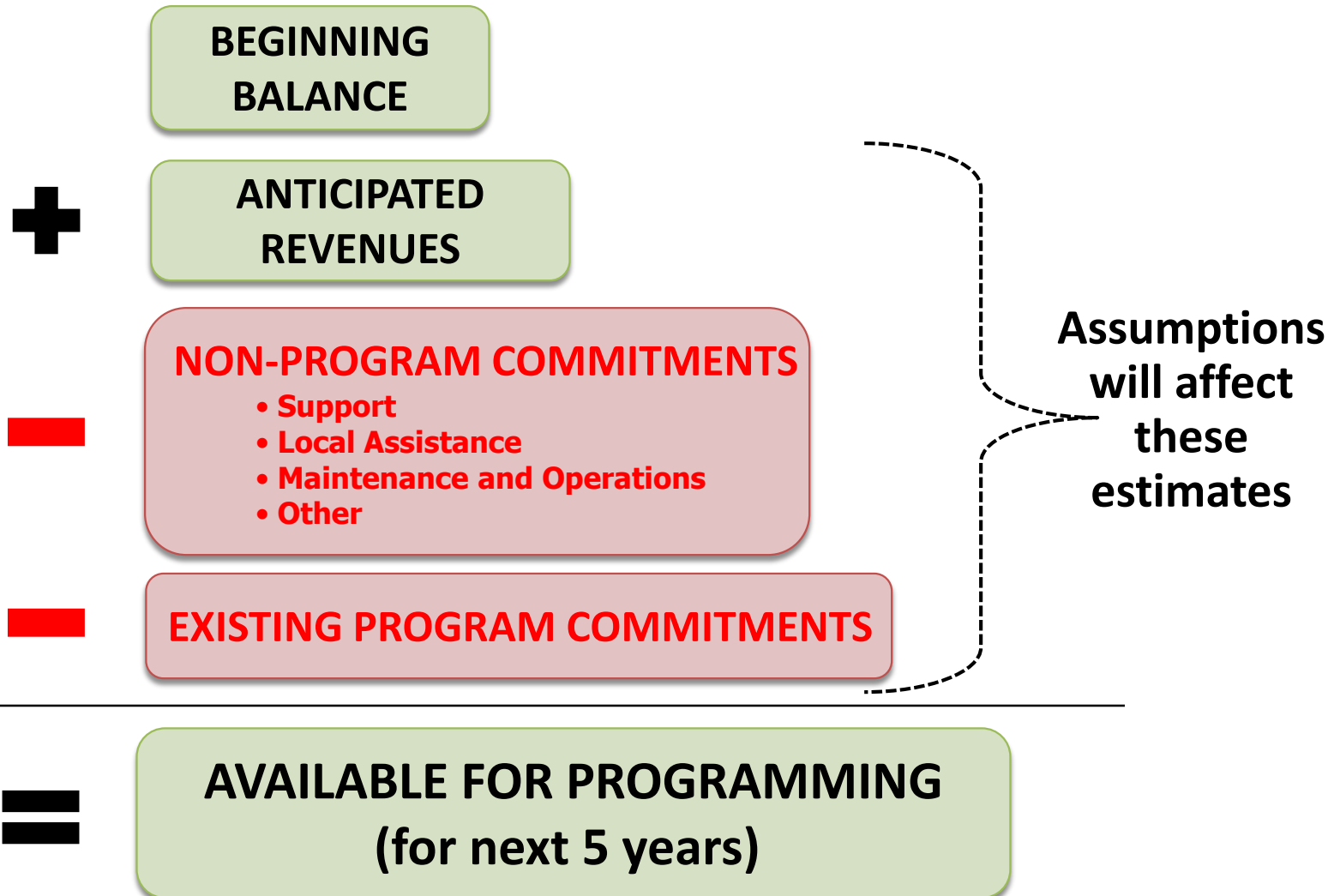
- **Section Two – Significant Issues**

- 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

- Recommendation: Alternative B (Price-Based Excise Tax Rate steadily increasing up to 18¢ by FY 2020-21)
  - ✓ State revenues for non-STIP: \$16 billion over the FE period
  - ✓ State revenues for STIP: \$2.76 billion over the FE period
- Price-based excise tax rate adjustments dramatically impact revenues available for STIP allocation

# Key Assumptions - Options

## ● Federal Revenues

- Recommendation: Alternative B (FFY 2015-16 Actual Authority plus the same Annual Inflation Adjustment used for expected FAST Act distributions)
  - ✓ \$19.1 billion over the FE period

## ● Motor Vehicle Account Transfers

- Recommendation: Alternative A (\$10 Million Transfer in Each Year of the FE Period)
  - ✓ Statute permits transfer to SHA

# Key Assumptions - Significant Issues

## ● State Transit Assistance

- Current law requires that approximately 63 percent of revenue from the sales tax on diesel be transferred to State Transit Assistance from the PTA.
  - ✓ Revenue estimates contingent upon diesel fuel price volatility

## ● Section 183.1 Revenues

- Current law requires Section 183.1 revenues be transferred to the Transportation Debt Service Fund.
  - ✓ Continuously transferred annually per Senate Bill 85

# Legislative Uncertainty

- **Changes in Law Often Affect Revenues After Adoption of the FE**
  - Assumptions and methodology cannot account for changes in law that occur subsequent to adoption of the FE.
  - Each of the last eight Fund Estimates have been impacted by legislation occurring during the development process.
  - Potential 2018 FE issues:
    - ✓ Changes in Transportation Funding at the State Level
    - ✓ Changes in Federal Funding
    - ✓ Disposition of Weight Fee Revenues



# 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 17-18	FE Assumptions approved by Commission
June 28-29	Draft FE presented to Commission
August 16-17	Final FE presented to Commission for adoption