



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.

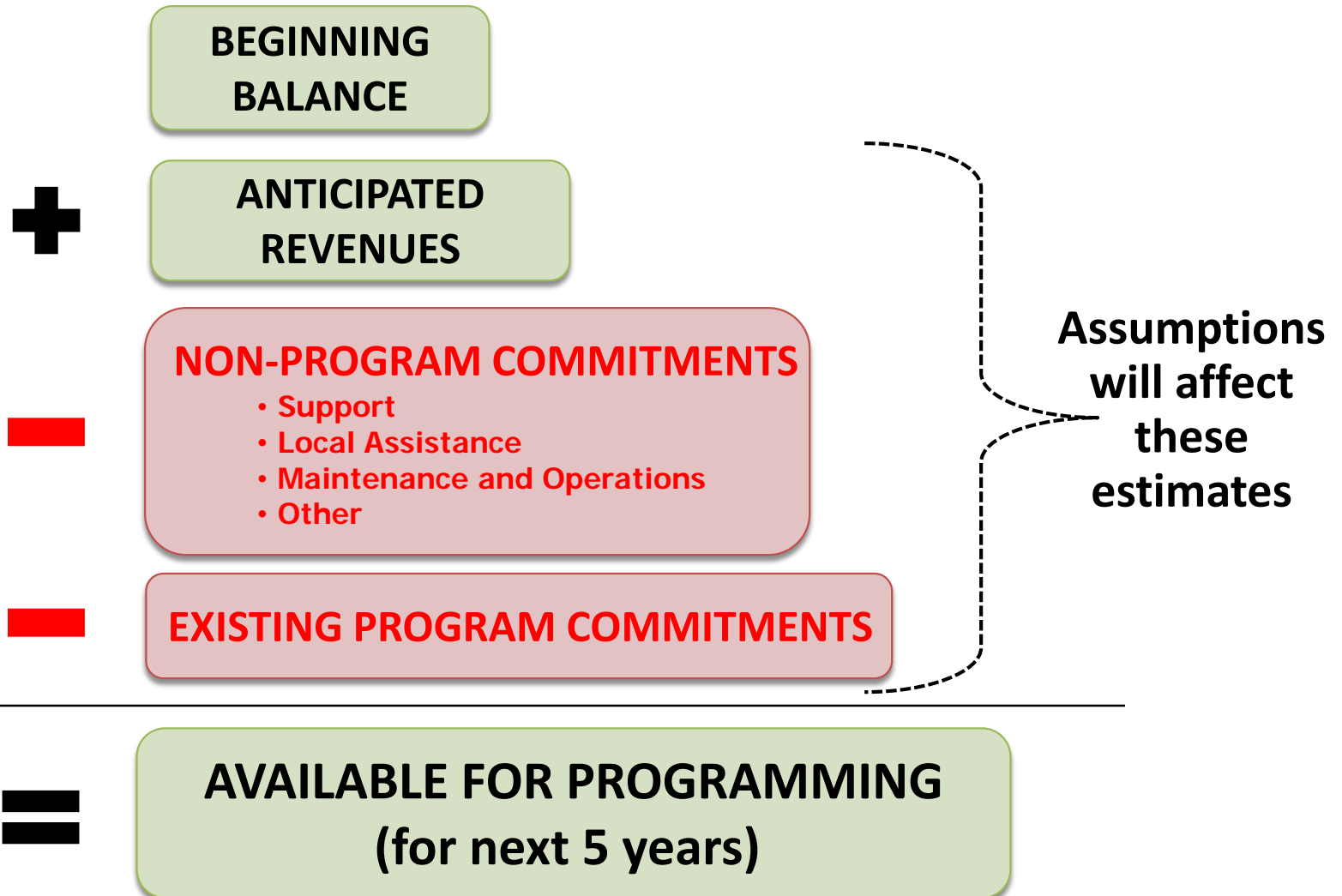
- **Section Two – Significant Issues**

- 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:**

Date	Objective
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