



2018 STIP Fund Estimate Final Assumptions

Presented to the
California Transportation Commission

2018 Fund Estimate Assumptions

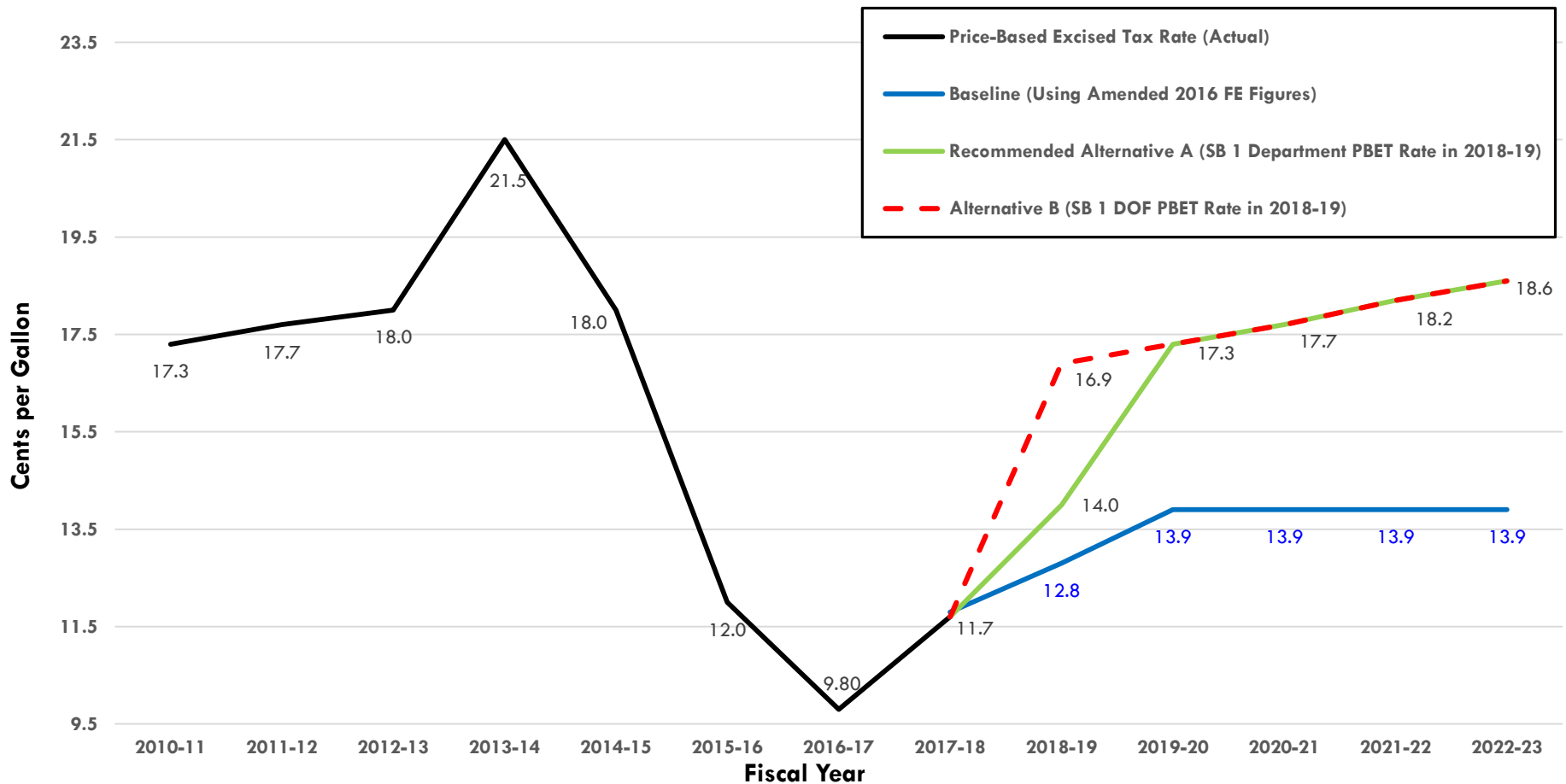
- **Approval Needed for FE Assumptions**
 - Government Code, Section 14524 (d) & 14524 (c)
 - **Direct Impact on STIP/SHOPP Program Capacity**
 - **Senate Bill (SB) 1 Revenue**
 - **May Revision & Final Budget Act**
 - **Federal Act Status**
 - **Legislative Changes**

Section One: Options

- **Impact on Revenues of SB 1 & Economic Growth**
 - Update: Assumptions reflect the excise tax rate fixed by SB 1 effective FY 2019-20.
 - Update: Alternatives have been narrowed down to two options with slight differences between the two.
 - The deciding factor between the two is the election of what price-base excise tax (PBET) rate to use for 2018-19?
 - Department recommended rate of 14¢
 - DOF forecasted rate of 16.9¢
 - **Department recommends Alternative A:**
 - Total Non-STIP = \$16.1 billion over the FE period.
 - Total STIP = \$2.9 billion over the FE period.

Economic Recovery and Impact on Revenues (Graphic Display)

Price-Based Excise Tax Rate (Historic Actual, Baseline, and Alternatives)



Section One: Options (continued)

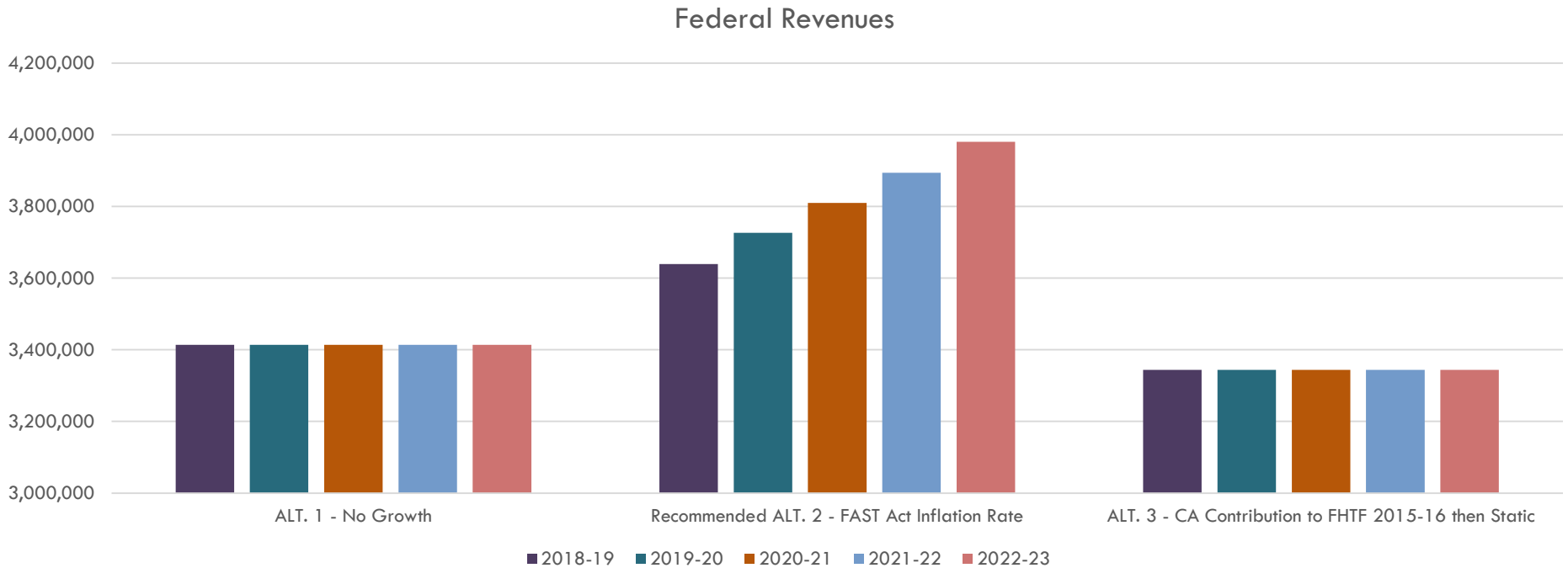
● Federal Revenues

- Update: No substantive change from draft.
- **Department recommends Alternative B:**
 - Base-year Obligation Authority (OA) is equal to 2015-16 actual OA of \$3.4 billion, escalated 2.2% annually beginning in 2016-17.
 - The OA escalation rate of 2.2% comes from FHWA estimates.
 - An estimated \$19.1 billion in OA over the entire FE period.

● Motor Vehicle Account (MVA) Transfers

- No change from draft.
- **Department recommends Alternative A:**
 - Assume the Controller will transfer \$10 million from the MVA to the SHA over the FE period.

Federal Revenues (Graphic Display)



Section Two: Significant Issues

● Changes:

- Update: SB 1 – Road Repair and Accountability Act of 2017
 - It is estimated that the Road Maintenance and Rehabilitation Account (RMRA) will create \$8 billion over five years in added resources after specified allocations.
- Update: SB 132 – An Act to Amend the Budget Act of 2016
- Statute requires that the FE be based on current state and federal guidelines for estimating revenues.
 - SB 1 & SB 132 were enacted April 28th, 2017.
- The Department will inform Commission staff of budgetary actions that change assumptions and present those changes during the upcoming Commission meetings as needed.

Section Three: Minor Assumptions

● State Highway Account

- Updated: (SHA 14) – Per SB 1, the SHA will now get \$225 million of the \$706 million Pre-Proposition 42 Loan Repayments rather than \$127 million as was expected.
- Added: (SHA 32) – Per SB 1, the Department added an assumption to account for an additional \$100 million in annual resources to ATP from the RMRA.

● Public Transportation Account

- Updated: (PTA 6B) – The Division of Rail and Mass Transportation has provided an updated value for PTA 6B which is now \$142 million.

Next Steps

- **Draft FE presented to Commission in June 2017**
 - Any updates to assumptions will be discussed.

- **Final FE scheduled for August 2017 meeting**
 - Adoption may be delayed up to 90 days by the Commission.