

Memorandum

To: CHAIR AND COMMISSIONERS
CALIFORNIA TRANSPORTATION COMMISSION

CTC Meeting: May 17-18, 2017

Reference No: 4.17- ***REPLACEMENT ITEM***
Action Item

From: NORMA ORTEGA
Chief Financial Officer

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Division of Budgets

Subject: **2018 STATE TRANSPORTATION IMPROVEMENT PROGRAM FUND ESTIMATE FINAL ASSUMPTIONS AMENDED BOOK ITEM DUE TO PASSAGE OF SENATE BILL (SB) 1**

ISSUE:

Should the California Transportation Commission (Commission) approve the assumptions for the 2018 State Transportation Improvement Program (STIP) Fund Estimate and the 2018 Aeronautics Account Fund Estimate?

RECOMMENDATION:

The California Department of Transportation (Department) recommends the Commission approve the assumptions for the 2018 STIP Fund Estimate and the 2018 Aeronautics Account Fund Estimate.

BACKGROUND:

At the May 17-18, 2017 Commission meeting, the Department will be requesting the Commission to approve one Alternative from each the following assumptions located in Section One of the attached document:

- The Economy's Impact on Revenues (PBET Rate)
- Federal Revenues
- Motor Vehicle Account Transfers

Once the Commission approves the assumptions for the 2018 Fund Estimates, the Department plans to present the two Draft 2018 Fund Estimates at the June 2017 meeting, and the final versions of both Fund Estimates for adoption at the August 2017 meeting.

At the March 2017 Commission meeting, the Department presented the 2018 STIP Fund Estimate Draft Assumptions and requested the Commission consider "Alternatives" included as part of the assumptions in Section One. The Department has met with Commission staff to discuss final changes to the assumptions. Adjustments have been made to all three sections of the Draft Assumptions presented at the March 2017 meeting. Most of the changes are the result of the passage of Senate Bill (SB) 1, the Road Repair and Accountability Act of 2017. SB 1 was enacted on April 28, 2017.

SB 1 will increase the Price Based Excise Tax rate to 17.3 cents per gallon in fiscal year 2019-20 with an adjustment for inflation beginning in 2020-21. The details of these changes begin on Page 3 of the attachment. The Economy's Impact on Revenues in Section One of the Final Assumptions addresses a new set of alternatives since the March 2017 meeting. SB 1 has required the Department to update forecasted revenues.

Statute requires that the Fund Estimate be based on current state and federal guidelines for estimating revenues. Should any legislative action require the Department to update the assumptions between now and subsequent presentations, the Department will inform the Commission staff and present the changes during the upcoming Commission meetings.

The assumptions for the 2018 STIP Fund Estimate provide the basis for forecasting available capacity for the 2018 STIP and the 2018 State Highway Operation and Protection Program, while the assumptions for the 2018 Aeronautics Account Fund Estimate determine available capacity for the Aeronautics Account. The 2018 STIP Fund Estimate Final Assumptions are attached including updates for SB 1.

Attachment