



Discussion of the 2016 STIP Fund Estimate - Draft Assumptions

Presented to the
California Transportation Commission

March 26, 2015

Assumptions Background

- **Discussion of Options & Significant Issues**
 - No Commission action required at this meeting
 - Importance & consequences
 - Adopted legislation & budgetary changes will impact 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.

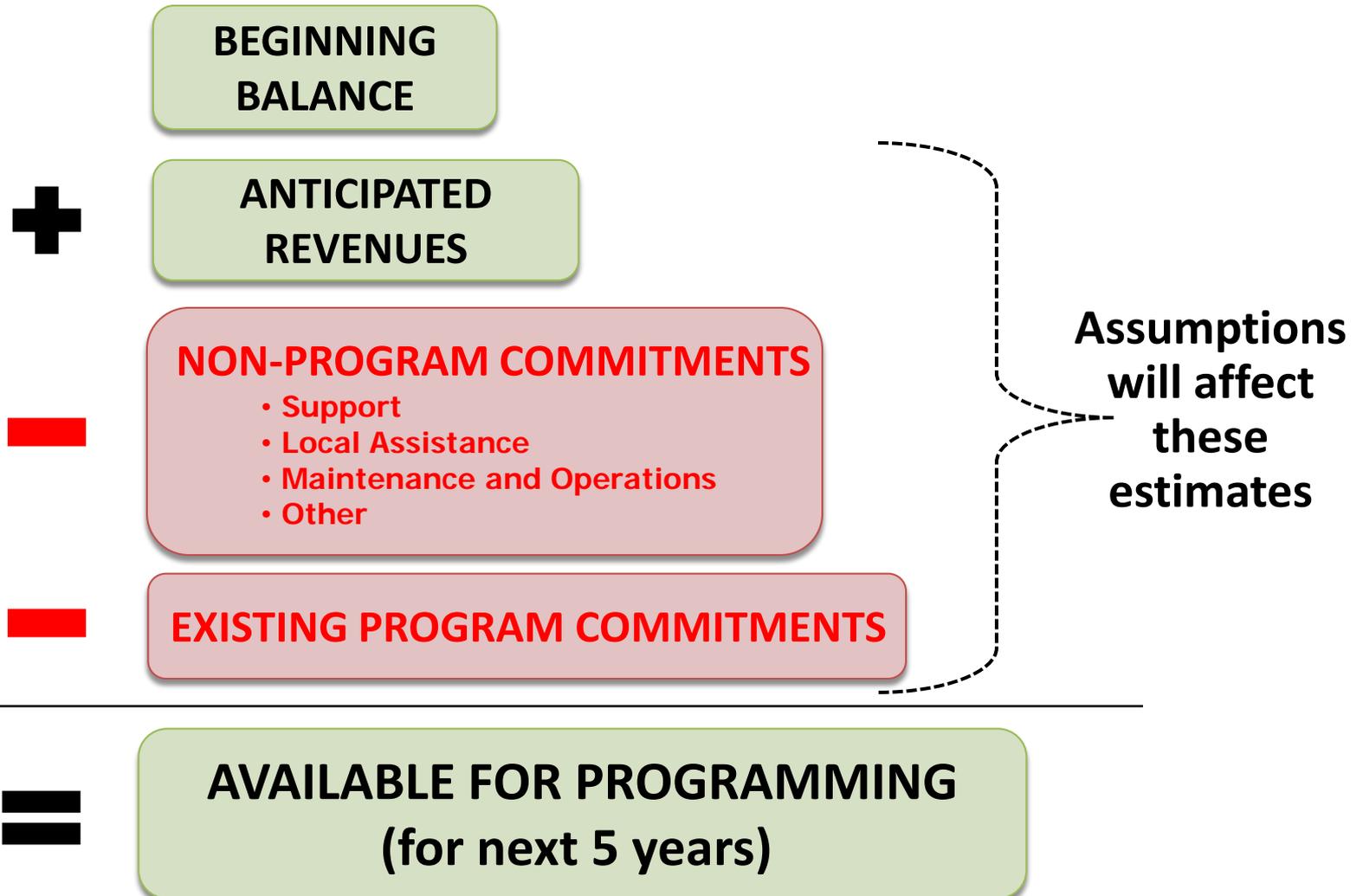
- **Section Two – Significant Issues**

- Details assumptions which may impact capacity over the FE period in the event that a change in law occurs.

- **Section Three – Assumptions**

- Describes individual assumptions, as guided by legislation, which impact the FE.

Cash Flow Methodology



Key Assumptions - Options

● Economy's Impact on Revenues

■ Recommendation: Alternative C (Price-Based Excise Tax Rate to 18¢ Prior to the End of FE Period)

- ✓ State revenues for non-STIP: \$15.7 billion over the FE period
 - Approximate 7 percent increase compared to Baseline
- ✓ State revenues for STIP: \$2.9 billion over the FE period
 - Approximate 71 percent increase compared to Baseline

■ Price-based excise tax rate adjustments dramatically impact revenues available for STIP allocation

Key Assumptions - Options

- **Federal Revenues**

- **Recommendation: Alternative B (FFY 2013-14 Authority plus Annual Inflation Adjustment)**
 - ✓ \$17.4 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

● Transportation Loan Repayments

- Repayments categorized as being “derived from weight fees” are required to be immediately transferred to the TDSF from the SHA.
- Outstanding debt has decreased since adoption of the 2014 FE due to accelerated repayment of GF loans.
 - ✓ Public Transportation Account (PTA) resources will be impacted by the timing of repayments
- The FE is required to display the repayment of outstanding loans according to statute.
 - ✓ Budget action has delayed repayment in the past
 - ✓ FE will incorporate loan repayments included in law

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 to 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 seven Fund Estimates have been impacted by legislation occurring during the development process.
 - Potential 2016 FE issues:
 - ✓ New Federal Act
 - ✓ Changes in Transportation Funding at the State Level
 - ✓ 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 27-28	FE Assumptions approved by Commission
June 24-25	Draft of FE presented to Commission
August 26-27	Final FE presented to Commission for adoption