

MEMORANDUM

DEPARTMENT OF TRANSPORTATION

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DATE: February 21, 2013

TO: Statewide Transportation Advisory Council

FROM: Ben Stein

SUBJECT: Revenue Projection Scenarios for the Statewide Plan

CDOT staff met with our Revenue Forecast Subcommittee monthly to develop a strategy for revenue projections for the years 2016 – 2040, for use in the upcoming Statewide Plan, as well as the 2016-2023 STIP. During that time, we first discussed the CDOT revenue model. OFMB provided the group with detailed information about the CDOT revenue model – all of the data elements, their sources, and when they were last updated. We then discussed scenarios that would give a range of projections using different factors. We decided to provide a baseline, a high and low scenario based on changing legislation, and a high and low scenario based on changing economic factors. The five scenarios were run and are detailed below.

The group agreed to review the following five revenue scenarios:

- A baseline scenario, based on current law and current assumptions:
 - Five years of SB-228 from FY16 to FY20 (Legislative Council projection);
 - MAP-21 levels of funding will be continued through federal General Fund Transfers;
 - Off-the-top transfers based on CDOT projections.
- A high and a low projection based on state and federal statutory changes:
 - Assumption of a 10 cent state of Colorado gas tax increase starting in 2016 (high)
 - Assumption of no federal or state general fund transfers, plus the HUTF off-the-top growing by the legally allowed 6% each year (low).
- A high and a low projection based on economic changes:
 - National Gross Domestic Product would increase by 0.5% per year
 - National Gross Domestic Product would decrease by 0.5% per year

CDOT OFMB revised the Revenue model to include the most current data, as well as adjusting some variables as surrogates for the federal CAFÉ standards.

Attached are summaries/comparisons of the five scenarios from 2016 (first year), 2028 (midpoint), 2040 (last year), and the total of all years. Also attached is a graph that illustrates the total of all years' summary.

As you review these scenarios, here are a few observations:

1. Between 2020 and 2021 the state general fund transfer ends (SB09-228) this causes a drop in that year of about \$160 million. This impacts all scenarios except scenario #5 (No General Fund Transfers and maximum Off-the-Top).
2. GDP growth rate changes of this magnitude do not materially impact VMT. As a result the difference in revenues due to GDP changes is, as was suspected, quite small.

3. The differences in revenues due to legal changes, increased fuel tax, or the elimination of state and federal general fund transfers make for large variances in actual revenues.
4. Between the start of the period, 2016 and 2040 total growth in the baseline revenues is 12.9% in nominal dollars for an annual average of 0.5%.

This memo is for information only and to prepare all for further discussion. If you have any questions regarding the information provided prior to the meeting next week, please feel free to call Laurie Freedle at (303) 757-9171 or email at laurie.freedle@dot.state.co.us, or to contact me at (303)757-9168 or email at ben.stein@dot.stat.co.us .