

# ***Revenue Forecasting Policies and Assumptions for the Statewide Long Range Plan***

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This document briefly describes the Colorado Department of Transportation (CDOT)'s forecasting tools and current policies. It also outlines recommended policies and assumptions for use in Statewide Long Range Plan revenue forecast.

Most revenues are forecast using CDOT's revenue model.

The revenue model estimates the revenues from the State Highway Users Tax Fund (HUTF) and other sources, including federal funds, that are used for programs administered CDOT. The outputs of the forecasts are annual total revenues, by year, and include the sources listed below.

- Highway User Tax Fund: motor fuel tax, motor vehicle registration fees, Funding Advancement for Surface Transportation and Economic Recovery (FASTER) safety, and other
- Federal Aid: formula apportionments
- Local Match for federal highway programs where the locals fund the match
- General Fund Transfers: S.B. 09-228
- Miscellaneous Highway Revenues: Permit fees, service charges, sales, damage awards, interest earned on cash balances, , interest earnings on the state infrastructure bank
- FTA programs and their local match
- State Aviation Fund, aviation fuel taxes and the Federal Aviation Administration (FAA) Grant
- CDOT Safety Education Programs both state and federally funded
- State Bridge Enterprise, including FASTER bridge safety surcharge, interest, and Buy America Bonds credit

The model does not forecast economic conditions, changes in population, or other universal characteristics; rather, the model depends on macroeconomic and demographic forecasts as inputs from which it estimates transportation activities and the revenues that may be derived from them. The inputs, or variables, used in the model and obtained from outside sources are:

- US Gross Domestic Product, seasonally adjusted
- Colorado Gross Domestic Product. seasonally adjusted
- 1 year US Treasury Interest Rates
- Bank prime rate
- Colorado Personal Income
- Colorado wage and salary income, seasonally adjusted
- Consumer Price Index, US average, all urban consumers

- Motor Gasoline, Diesel Fuel & Jet Fuel, in gallons including taxes
- Colorado transit capacity, '000s service hours
- Lane miles of highway in Colorado, on-system, all classes
- Colorado population
- Colorado construction employment, not seasonally adjusted
- Colorado non-farm employment, not seasonally adjusted
- US non-farm employment, not seasonally adjusted
- US corporate profits before taxes seasonally adjusted annual rate
- Colorado wage and salary income seasonally adjusted annual rate
- US savings rate as % of personal disposable income, seasonally adjusted annual rate
- Natural Gas Price, \$/MMBTU Henry Hub Spot Market
- S&P 500 Index
- Consumer Confidence Index
- US Tangible Household Assets, end of period, \$ billions, not seasonally adjusted

The recent Café standards regulations will be included in the model in January, and will be used for the Statewide Long Range Plan forecasts.

High Performance Transportation Enterprise (HPTE) revenues are projected by corridor, using the best information available. Historical toll data and traffic and revenue studies will be incorporated into these estimates when possible. For corridors that are planned to be built in the future, the HPTE Director will project the planned timing of these projects, using the best information available.

We recommend that for this upcoming cycle of long range revenue projections, no new revenue sources are assumed, and only those in current law are used. We also recommend that for those existing sources, the assumptions are limited to only what the model indicates they will generate under current law and economic conditions.