



# **CLRP 2017 Financial Forecast**

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# CLRP Financial Forecast Development

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## The Base:

- Prior Years – FY1981 – FY2016
  - Historical Revenues
  - Historical Expenditures
- Current Six-Year Plan
  - FY2017 – FY2022 Consolidated Transportation Plan
  - Transportation Trust Fund Financial Plan

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## Assumptions

- State Funds:
  - Historical Average Annual Growth Rate – 5.3%
  - State will maintain same level of effort it has in the past
  - Methodology accepted by the federal agencies for this exercise
- Federal Funds:
  - MTA and SHA perform analysis of
    - Federal revenues received historically
    - Projections of future federal policy initiatives
  - Average Annual Growth Rate – 3.0%

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## Assumptions (cont.)

- Operating Expenditures:
  - Forecasts of Consumer Price Index-U
  - CPI-U is generally accepted measure of inflation
  - Add 2% for operating costs for new capital projects
- System Preservation Costs:
  - Use historical records to determine split between preservation and expansion projects
  - Projects in CTP divided into preservation and expansion
  - Average Annual Growth Rate – 2.0%, not to exceed 70% of total program

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## Assumptions (cont.)

- Capital Expansion:
  - Total program less operating and system preservation costs
  - Expansion costs are split between surface and non-surface
    - Surface: SHA, MTA, MARC, WMATA
    - Non-surface: MPA, MAA, MVA, TSO
  - Data is analyzed and evaluated to produce estimates of
    - Maryland surface expansion for various time periods
    - Regional breakdown

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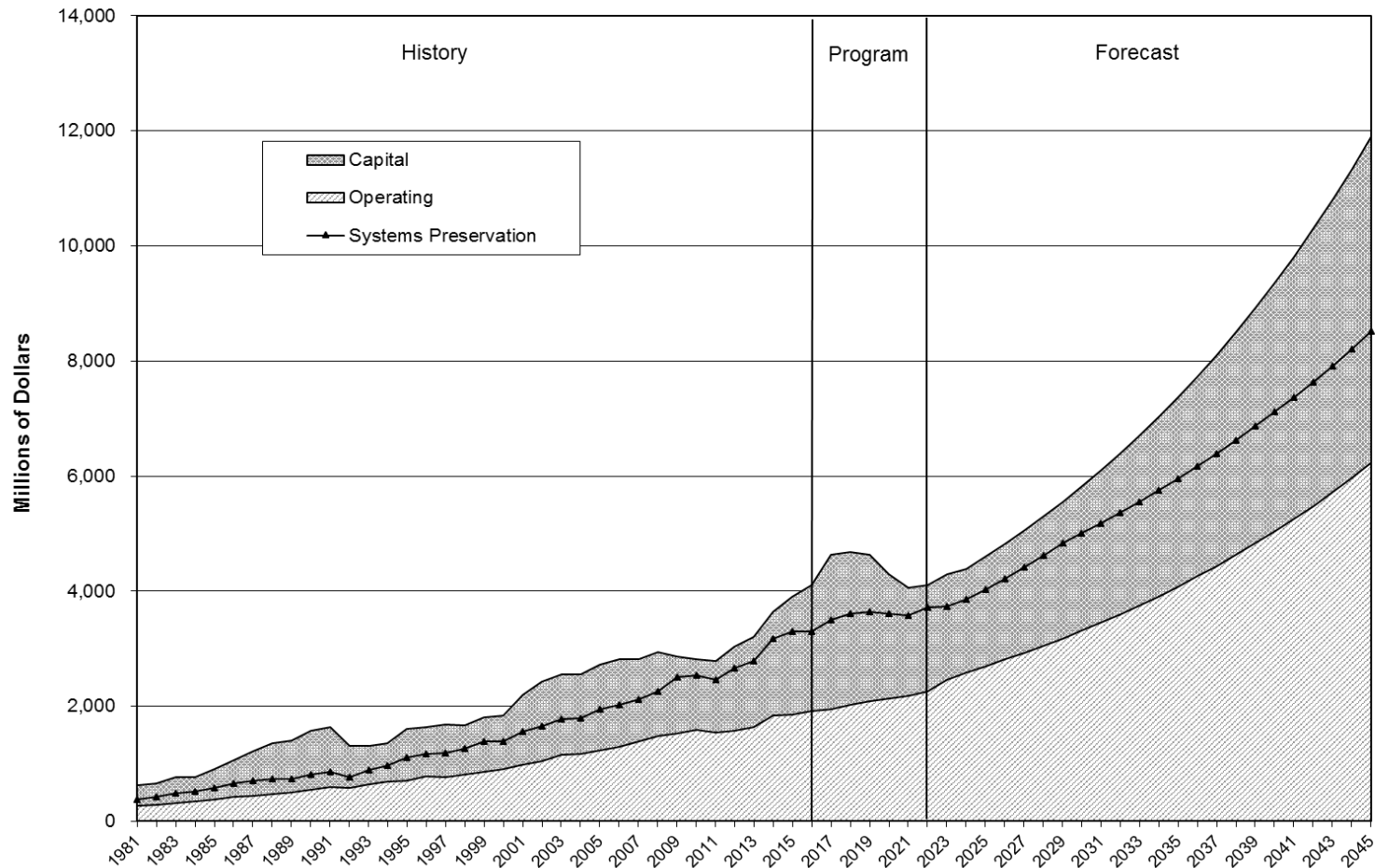
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## Baltimore Region – Expenditures Included:

- MTA (excluding LOTS and non-Baltimore region Park and Ride)
- ½ of MARC
- Portion of SHA pertaining to
  - Anne Arundel County
  - Baltimore County
  - Carroll County
  - Harford County
  - Howard County
  - Queen Anne's County (Portion)

# CLRP Financial Forecast Development

MDOT Operating & Capital Expenditures - Statewide  
History, Program & Forecast



# Why Statewide Total is Less

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## Key Assumption of Prior Plan

- Transportation Infrastructure Investment Act of 2013
  - Called for increases in motor fuel tax rate based on percentage growth in CPI-U
  - Required sales and use tax equivalent rate added to motor fuel tax rate
  - Estimated to add \$4.4B over six years for transportation, when combined with other components of the law
- Revenue estimates based on DLS Fiscal and Policy Note



# Why Statewide Total is Less

## Motor Fuel Tax – Cents Per Gallon Rate & Estimated Revenue (2013 DLS Fiscal and Policy Note)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
CPG Rates:				
Base Excise Tax	23.5	23.5	23.5	23.5
CPI Indexing	0.5	1.0	1.6	2.2
Sales & Use Equivalent	<u>3.3</u>	<u>7.7</u>	<u>13.6</u>	<u>18.0</u>
Total	27.3	31.5	38.7	43.7
Estimated Revenue	\$116M	\$188M	\$474M	\$609M

# Why Statewide Total is Less

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## What Happened

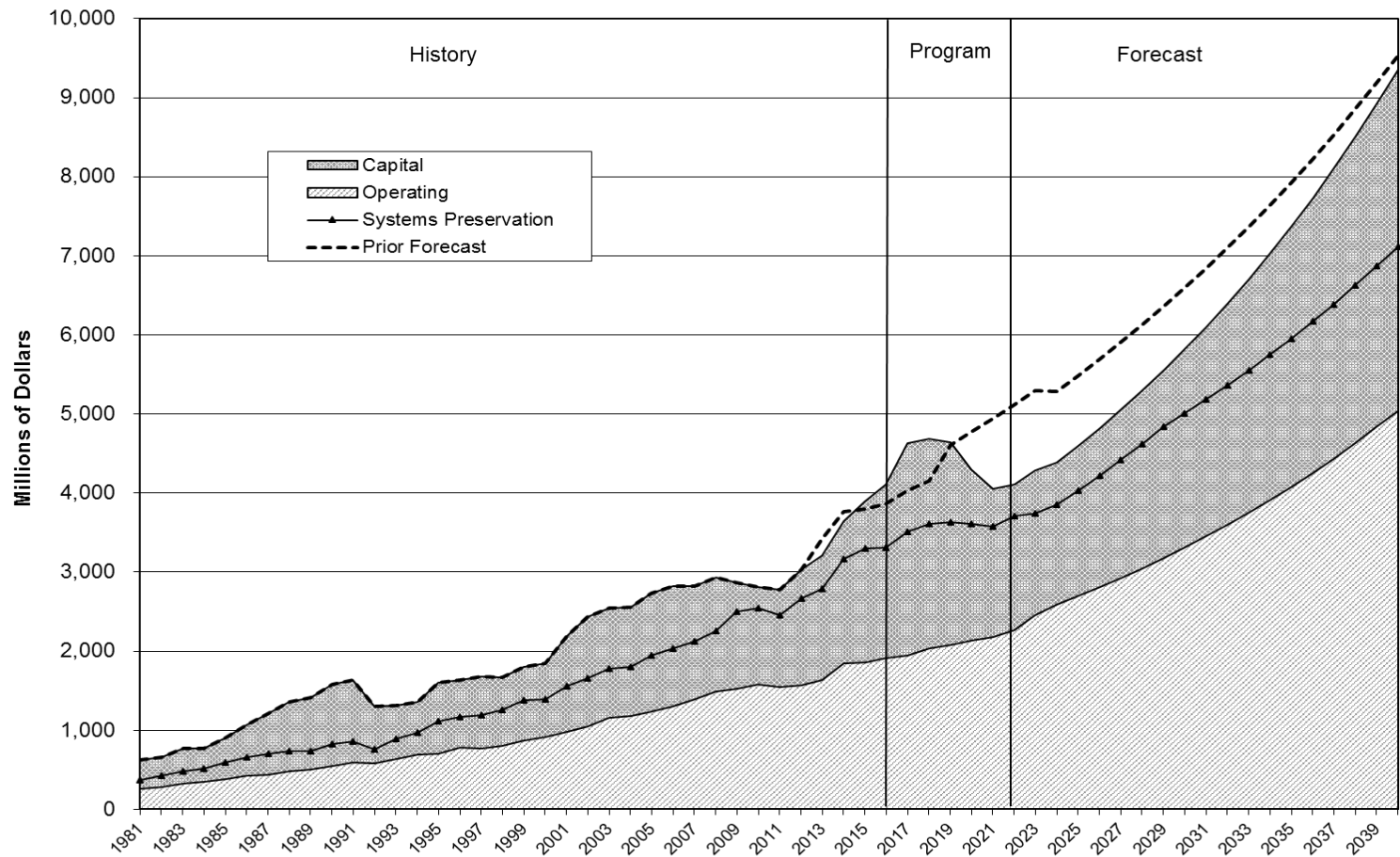
- Price of gasoline steadily declined since 2013
  - Average price per gallon (net of tax) for first rate determination: \$3.135 (7/1/13 effective date)
  - Average price per gallon (net of tax) for FY17 rate determination: \$1.752 (7/1/16 effective date)
- Lower gasoline prices have had major impact on motor fuel tax rate assumptions

# Why Statewide Total is Less

Motor Fuel Tax – Cents Per Gallon Rate & Revenue				
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
CPG Rates:				
Base Excise Tax	23.5	23.5	23.5	23.5
CPI Indexing	0.4	0.8	1.1	1.2
Sales & Use Equivalent	<u>3.1</u>	<u>6.0</u>	<u>8.0</u>	<u>8.8</u>
Total	27.0	30.3	32.6	33.5
Actual/Estimated Revenue	\$113M	\$172M	\$275M	\$310M
Diff. from Original Estimate	-\$3M	-\$16M	-\$199M	-\$299M

# Why Statewide Total is Less

MDOT Operating & Capital Expenditures - Statewide  
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# Why Statewide Total is Less

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## Other Reasons for Total Being Down

- Still “catching up” on system preservation
- Concentration of diminished resources on keeping existing assets in a state of good repair – impacted expansion/preservation split
- Implications for Baltimore Region: Less funds available for expansion projects

# Questions

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