CLRP 2017 Financial Forecast

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Transportation Secretary’s Office
The Base:
  - Historical Revenues
  - Historical Expenditures
- Current Six-Year Plan
  - FY2017 – FY2022 Consolidated Transportation Plan
  - Transportation Trust Fund Financial Plan
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%
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
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
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)
Why Statewide Total is Less

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)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tr>
<td>CPG Rates:</td>
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<td>Base Excise Tax</td>
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<td>Estimated Revenue</td>
<td>$116M</td>
<td>$188M</td>
<td>$474M</td>
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Why Statewide Total is Less

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

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<td>Actual/Estimated Revenue</td>
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<td>-$299M</td>
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Why Statewide Total is Less
Why Statewide Total is Less

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