



Declining Transportation Revenues: The Updated 2016 STIP Fund Estimate

Senate Transportation and Housing Committee

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**Will Kempton, Executive Director
California Transportation Commission**

California's Current Transportation Funding Situation



Improvements to our transportation system have not kept pace with demand.

Challenges:

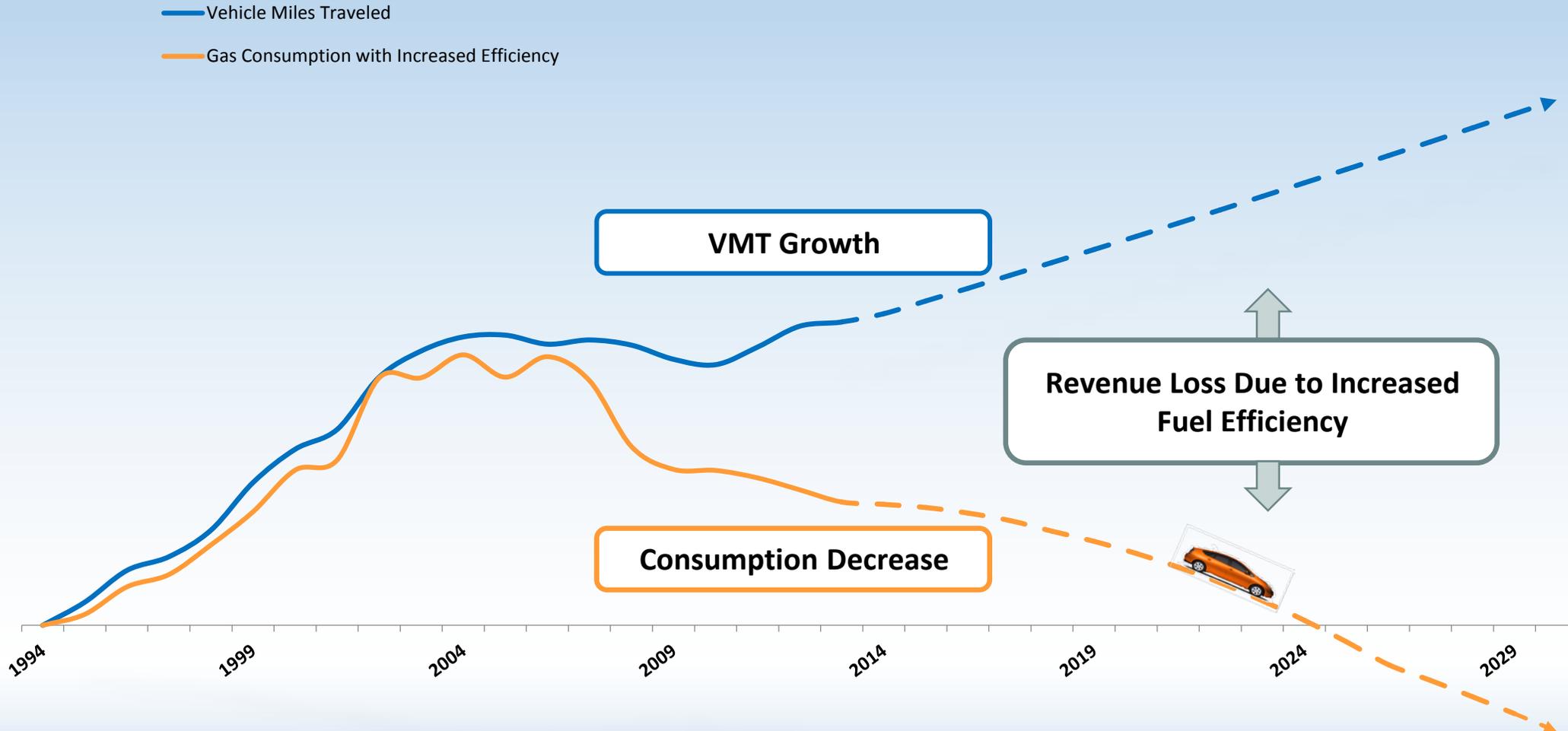
- Declining gas tax revenue and purchasing power due to vehicle efficiency and inflation
- Increased costs due to deferred maintenance
- Diversion of existing state transportation revenues for non-transportation purposes

History of the Base Gasoline Excise Tax Rate



Source: Board of Equalization. Escalation based on California State Highway Construction Cost Index and Consumer Price Index

Crisis Grows As Vehicle Fuel Efficiency Accelerates Revenue Loss



In this conceptual chart, Vehicle Miles Traveled and Fuel Consumption have been indexed to the same starting point in 1994 to enable comparison of the relative change of the two metrics over time

Results of Funding Crisis



- **\$57 billion** ten-year shortfall in system repairs for the existing State Highway System
- **\$78 billion** ten-year shortfall for taking care of our local streets and roads
- A similar lack of investment in rail and transit operators
- Higher costs due to deferred maintenance

Results of Funding Crisis



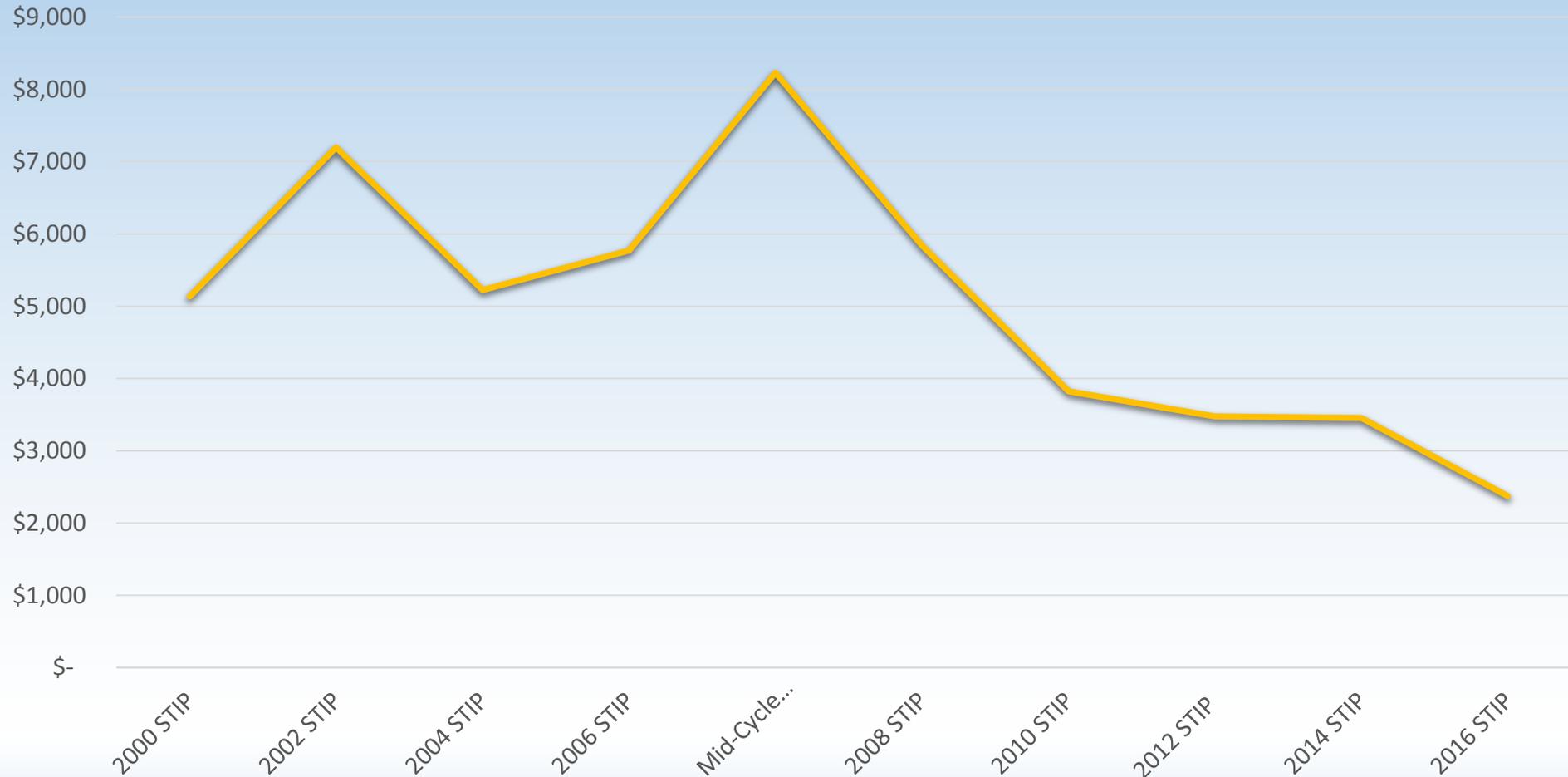
\$754 million reduction in the current State Transportation Improvement Program (STIP) – impacting our ability to provide funding for new transportation projects

What is the State Transportation Improvement Program (STIP)?

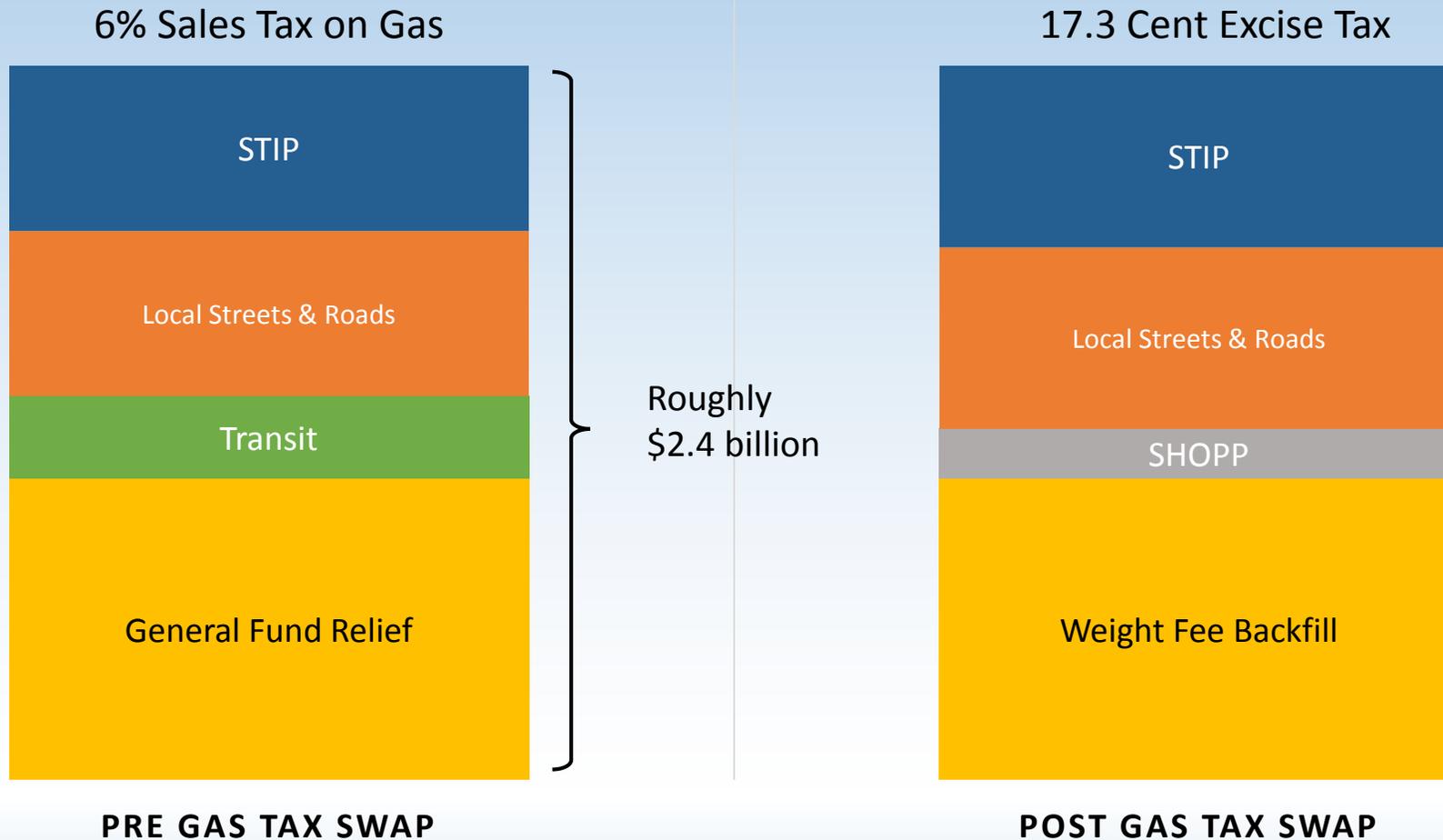


- Five-year plan adopted biennially
 - State highway, intercity rail, and regional highway and transit improvements
- Constrained by available resources (price based excise tax)
- County shares based on north/south split, population & state highway miles
- Projects must be nominated by Counties or Caltrans
 - 75% Counties / 25% Caltrans
- Includes new capital projects

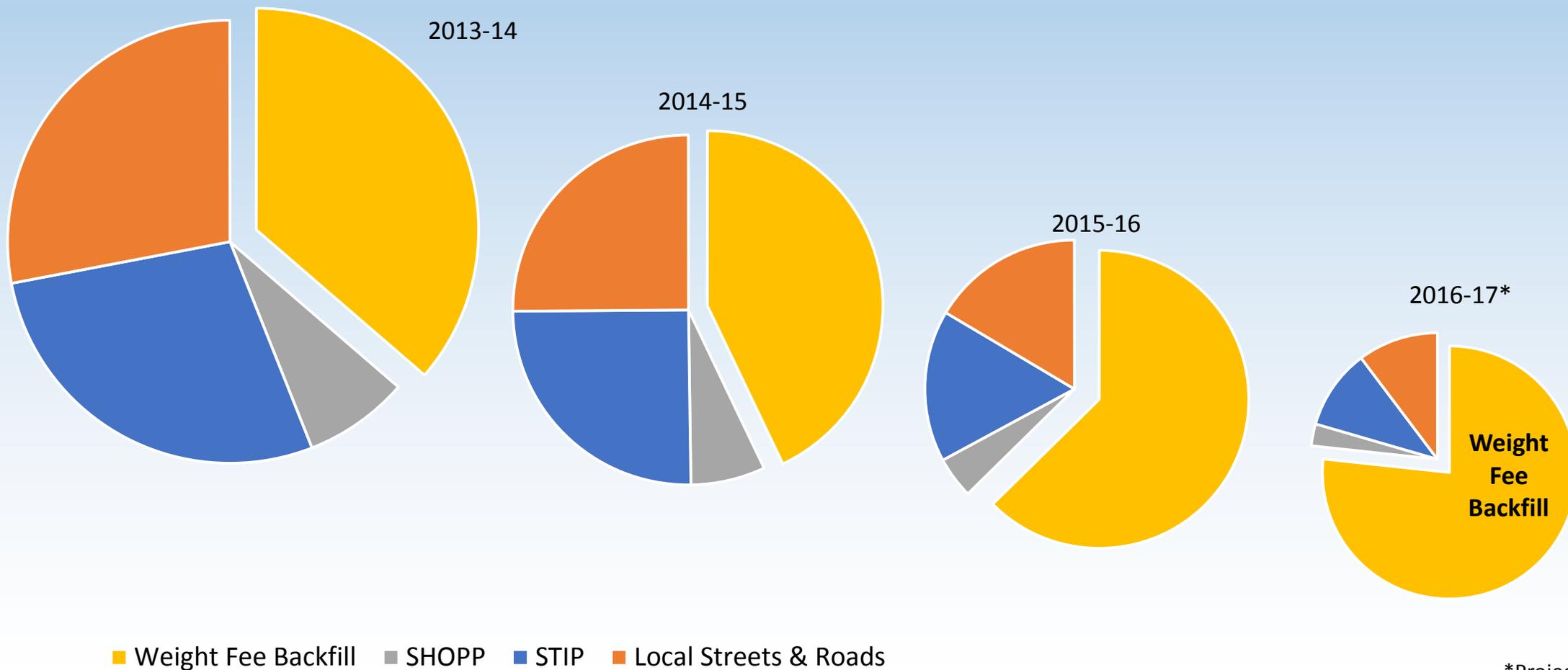
Historic STIP Programming Levels



Gas Tax Swap Worked Well in 2010-11

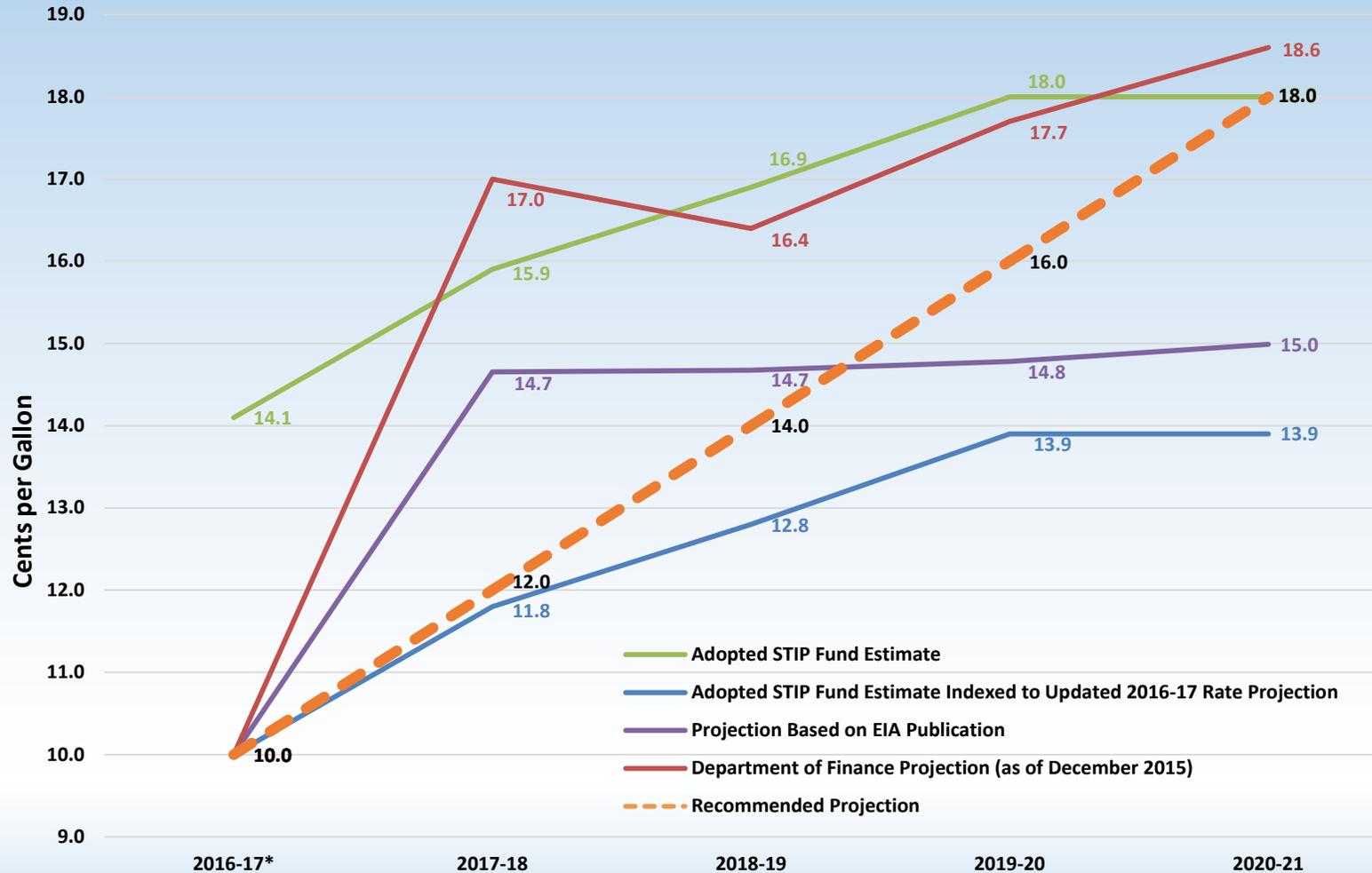


When PBET Revenue Decreases, Weight Fee Backfill Consumes Other Programs



*Projected

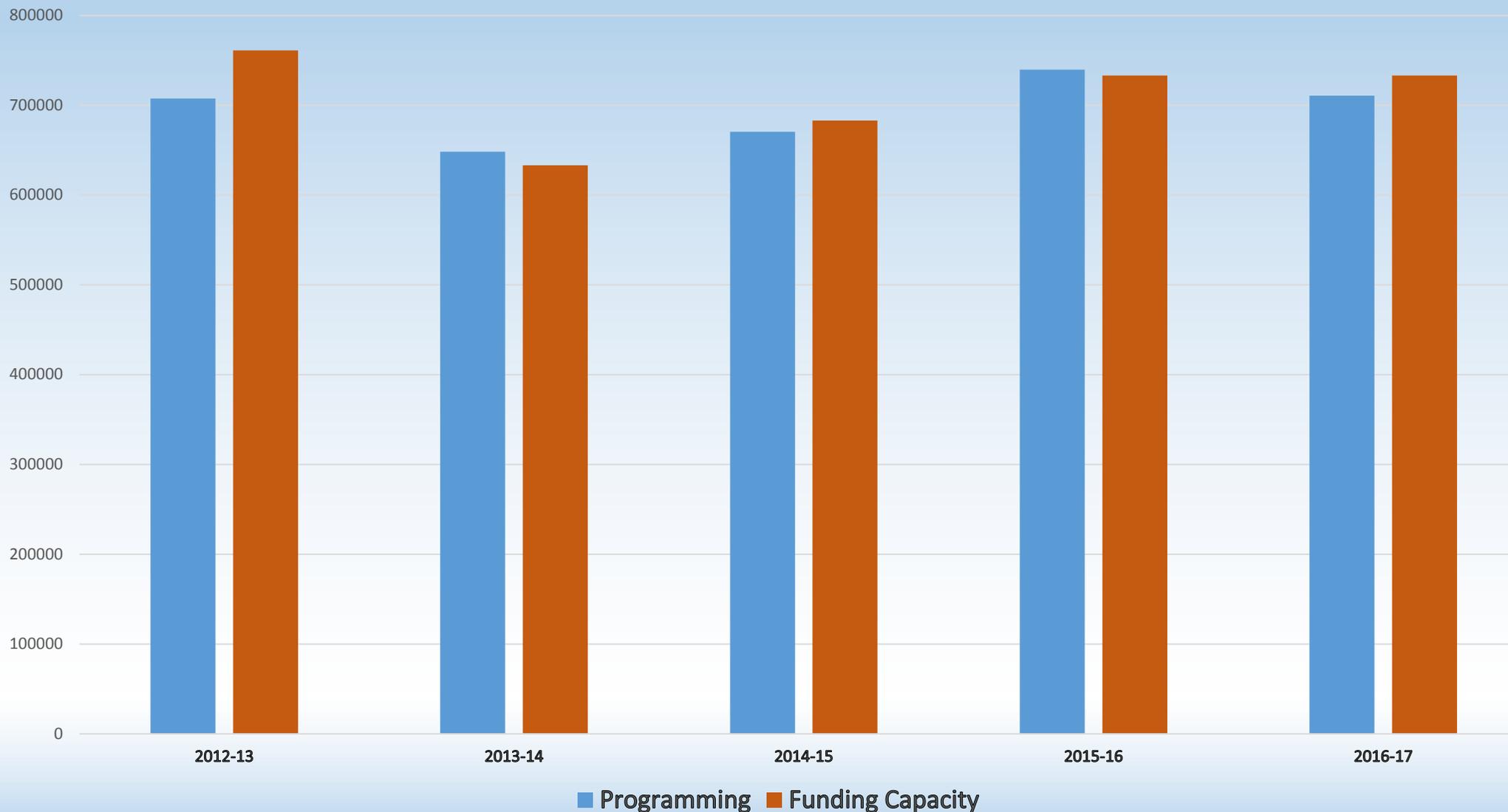
Various Five-Year Projections of Price-Based Excise Tax Rate



*Rate of 10 cents based on DOF projection (rounded to nearest cent)

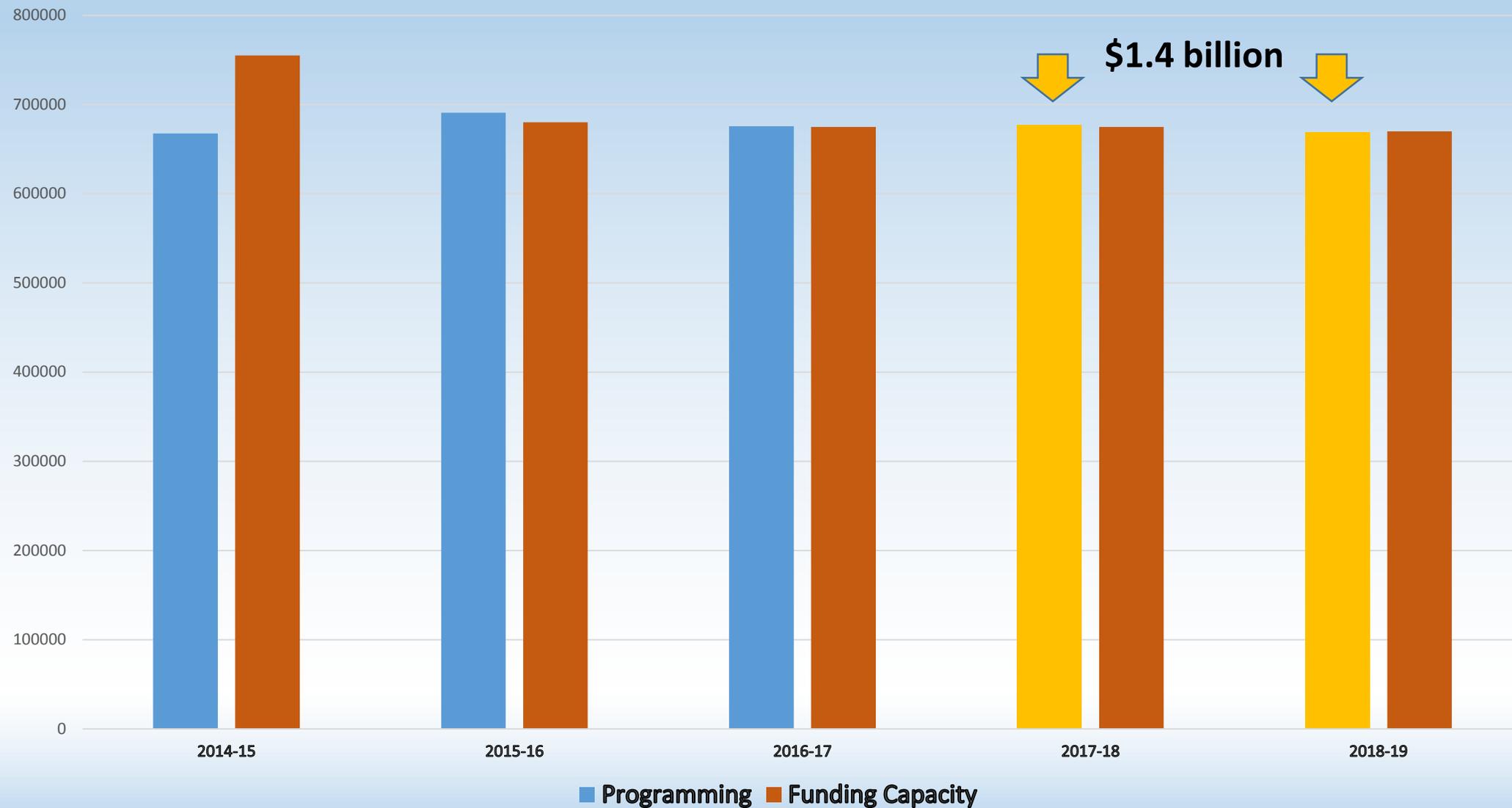
Annual Funding of 2012 STIP

(As of June 30, 2012)



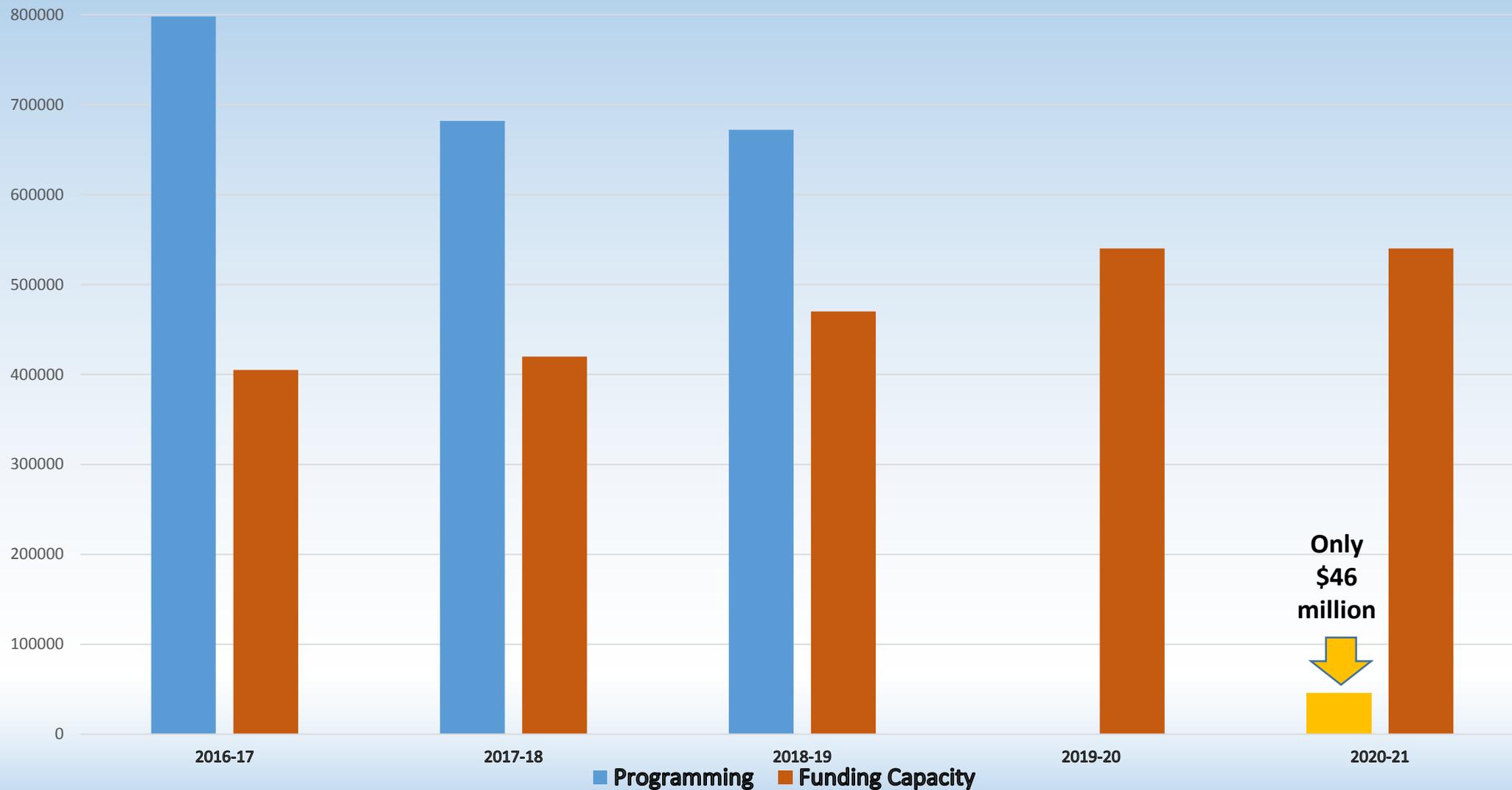
Annual Funding of 2014 STIP

(As of June 30, 2014)



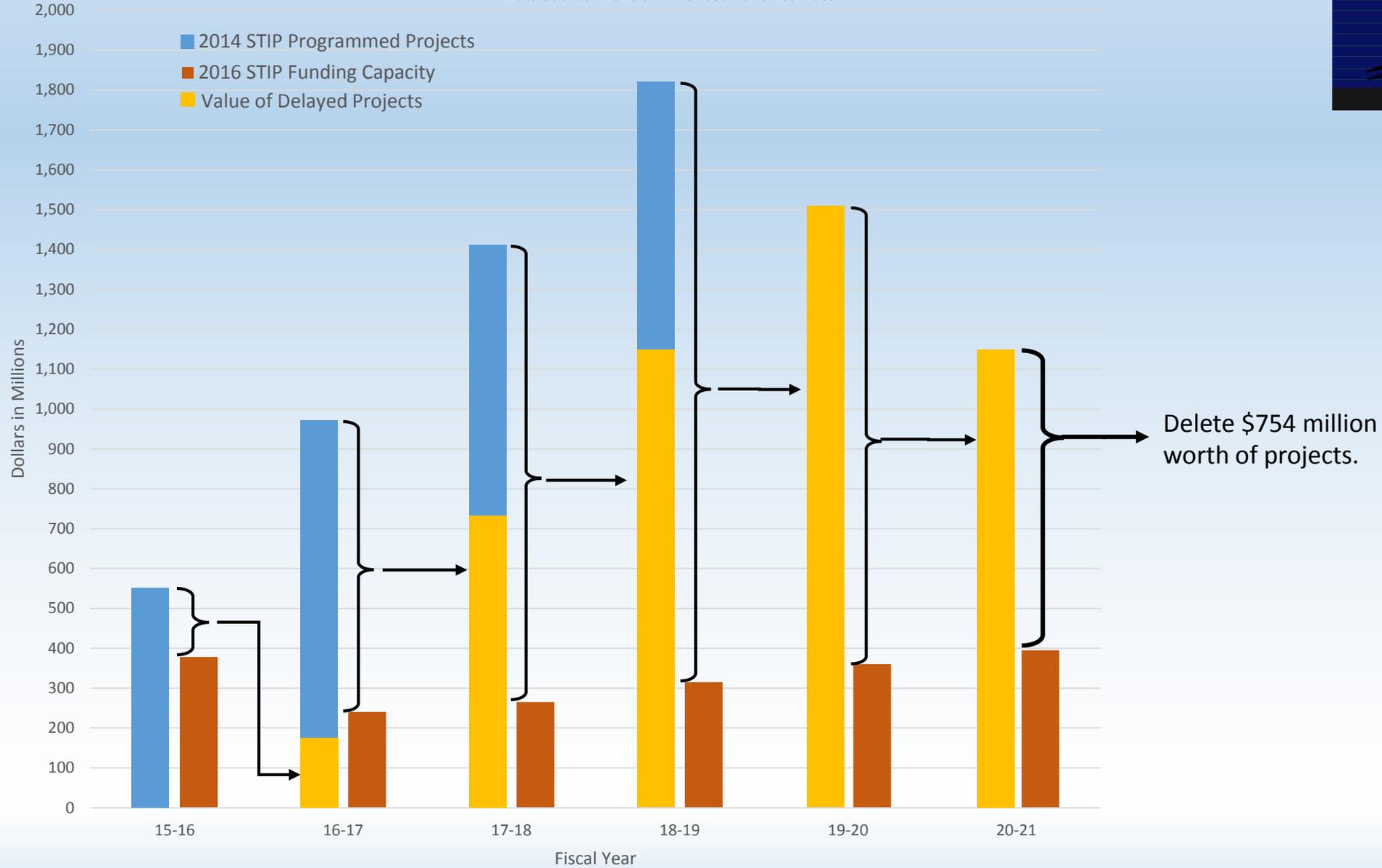
Annual Funding of 2016 STIP

(As of August, 2015)



Illustrating How a Negative STIP Looks

Data Source: 2016 STIP Revised Fund Estimate



Thank You