

**Revenue Estimating Conference
Transportation Revenues
Executive Summary
December 9, 2020**

The Revenue Estimating Conference met on December 9, 2020, to consider the forecast of revenues flowing into the State Transportation Trust Fund (STTF). Including the estimates for FY 2020-21, overall revenues to the STTF during the work program period ending in FY 2025-26 were increased by \$82.3 million or about 0.3 percent.

For revenues from fuel taxes, the overall forecast was shaped by recent changes in all of the following: decreased consumption of motor fuel and other fuels (diesel, aviation and off-highway fuel) related to the effects of the Coronavirus outbreak and the associated lower economic expectations going forward; the projected fuel tax rates; technological advancements in fuel efficiency and the implementation of the Corporate Average Fuel Economy (CAFE) Standards; and aviation fuel refund activity. The projection for revenues from all types of fuel was decreased by -\$8.4 million or -0.1 percent over the entire work program. Within the total for fuel-related taxes, Highway Fuel Sales Tax and the SCETS fuel tax were both raised in the later years of the new forecast, producing a combined increase of \$42.1 million for the work program period. This increase was offset by a decrease to the Aviation Fuel Tax of -\$42.6 million, or -50.1 percent. Revenues from Fuel Use Tax and Off-Highway Sales Tax were also decreased relative to the previous forecast, while the Natural Gas Fuel Tax forecast was slightly increased. A fallout of some of the other forecast changes, the Local Option Distribution over the work program was reduced by -\$3.5 million or -1.2 percent over the prior forecast.

Finally, the forecast for the Rental Car Surcharge was decreased by -\$45.7 million, or -6.0 percent. This reduction resulted primarily from the impact to tourism caused by the ongoing Coronavirus pandemic. Over the longer run, the increased use of alternatives to rental cars such as ride sharing services, destination-provided shuttles, and increased remote work options come more into play.

The forecasts for motor vehicle license and registration-related fees were previously adopted by the Highway Safety Licenses and Fees Conference held December 4, 2020. In this work program period, receipts to the STTF from motor vehicle related licenses and fees were increased by \$139.9 million or 1.7 percent over the entire work program. Motor Vehicle Licenses are up \$41.1 million, Initial Registrations are up \$70.6 million, Title Fees are up \$33.6 million, and Motor Carrier Compliance Penalties are down by -\$1.5 million over the work program period. The related transfers to the General Revenue Fund during the 2020-21 fiscal year were increased by \$3.9 million or 11.2 percent.