

**Revenue Estimating Conference
Transportation Revenues
Executive Summary
August 1, 2024**

The Revenue Estimating Conference met on August 1, 2024, to consider the forecast of revenues flowing into the State Transportation Trust Fund (STTF). Revenues for the 2023-24 fiscal year came in -0.6% percent below the prior estimate, well within the range that the Conference typically associates with noise. Beginning with the estimates for FY 2024-25, overall revenues to the STTF during the work program period ending in FY 2029-30 were decreased by -\$127.4 million or about -0.4 percent. The revised estimates address the changes enacted during the 2024 Session which have now been embedded in the old and new forecasts. The most notable change involves reducing the natural gas fuel tax rate from January 1, 2026, through December 31, 2026.

For revenues from fuel taxes, the overall forecast was shaped by recent developments in all of the following: changing consumption patterns of motor fuel and other fuels (diesel, aviation and off-highway fuel); projected fuel tax rates; technological advancements in fuel efficiency; and aviation fuel refund activity. The revenue projection for all types of fuel was decreased by -\$29.7 million, which is -0.1 percent over the entire work program. Within this total, collections from the Highway Fuel Sales Tax and SCETS fuel tax were decreased by -\$89.7 million for the work program period. Further adding to the net decrease, the forecasts for Aviation fuel Tax and Natural Gas Fuel Tax were decreased by -\$10.8 million and -\$0.1 million, respectively. Moving in the opposite direction, expected collections from the Fuel Use Tax were increased by \$66.7 million while expected collections from Off-Highway Fuel tax was increased by \$4.2 million. A fallout of some of the other forecast changes, the Local Option Distribution over the work program was decreased by -\$3.1 million or approximately -1.0 percent over the prior forecast.

Finally, the forecast for the Rental Car Surcharge was increased by \$14.8 million, or 1.8 percent. The new forecast adds money to each year; however, disruptions in the car leasing market related to high interest rates, the increased use of alternatives to rental cars such as ride sharing services, destination-provided shuttles, and the greater availability of remote work options, collectively provide a dampening effect. The long-term average growth rate (year-over-year) is never achieved in the forecast.

The forecasts for motor vehicle license and registration-related fees were previously adopted by the Highway Safety Licenses and Fees Conference held July 30, 2024. In this work program period, receipts to the STTF from motor vehicle related licenses and fees were decreased by -\$109.4 million or -1.2 percent over the entire work program. Motor Vehicle Licenses are down -\$81.2 million, Initial Registrations are down -\$4.6 million, Title Fees are down -\$23.8 million, and Motor Carrier Compliance Penalties are up by \$0.2 million over the work program period.