



## Transportation Finance Issues: How are transportation revenues forecast?

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### Forecasting for gas taxes and vehicle registration fees

- An “econometric” model, consisting of historical data and economic variables, is used to forecast gas consumption and vehicle registrations on a quarterly basis.
- Gas taxes and vehicle registration fees represent about 93% of all the state transportation revenue collected.

### Forecast model for gas tax revenue

- Projected gas tax revenues are the product of two things:
  - projected gasoline and diesel fuel consumption
  - current and forecast gas tax rate
- Gasoline consumption is derived from the number of registered autos, a forecast of vehicle miles traveled (VMT) per auto, disposable income, the index of Consumer Sentiment, and the price of gasoline.
- Diesel fuel consumption is based on the index of industrial production.

### Forecast model for registration fee revenue

- Registration fee revenues include those for automobiles and trucks. Auto and truck registration revenues are a product of:
  - flat registration fee for automobiles
  - average registration fees for heavy trucks
  - projected number of autos and trucks registered
- Projected auto and truck registrations are based on several factors that include the real price of vehicles, real disposable income, the unemployment rate and the Index of Consumer Sentiment.