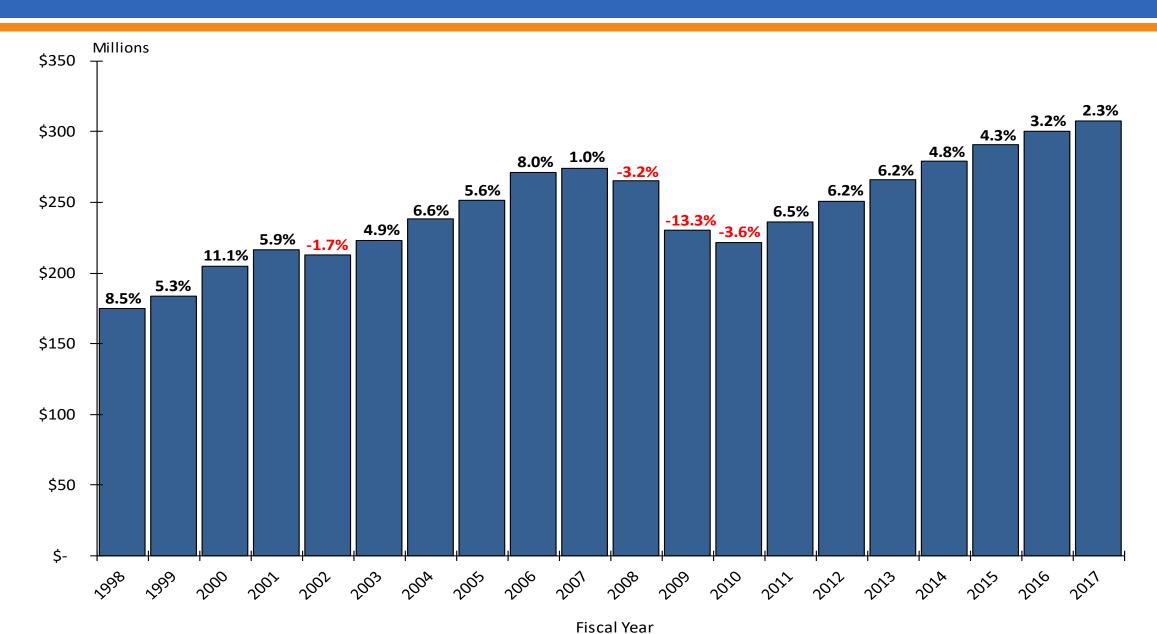
# Measure M2 Sales Tax Forecast



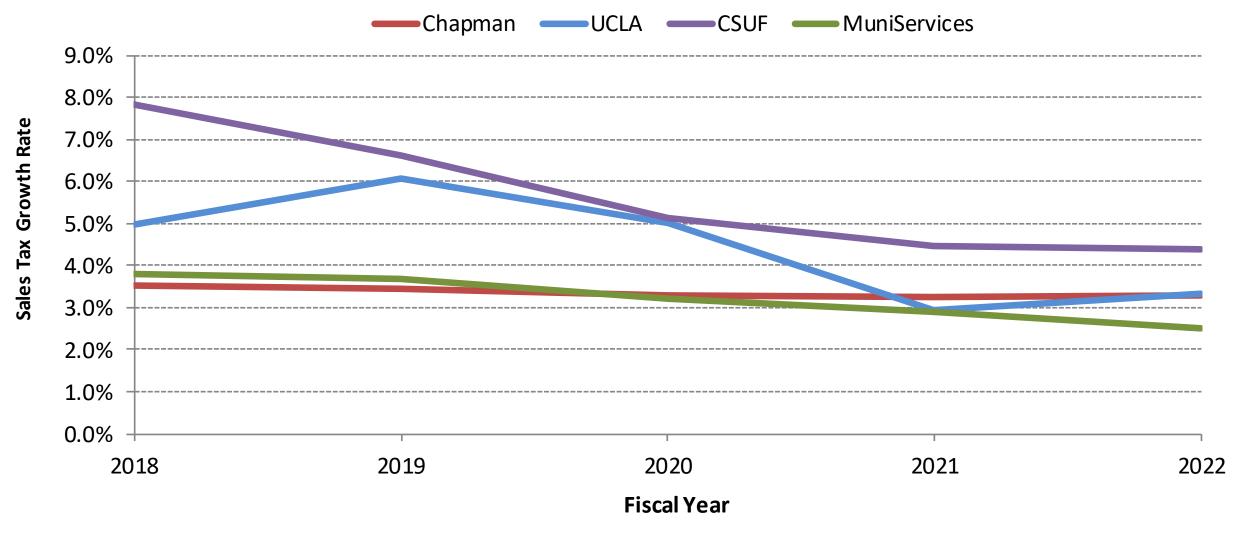
# Background

- Sales tax forecasting methodology changed in March 2016
- Methodology uses MuniServices, LLC forecast for the first five years and the three university forecasts for the remaining years
  - MuniServices, LLC forecasts for fiscal years 2018 2022
  - Three universities forecasts for fiscal years 2023 2041

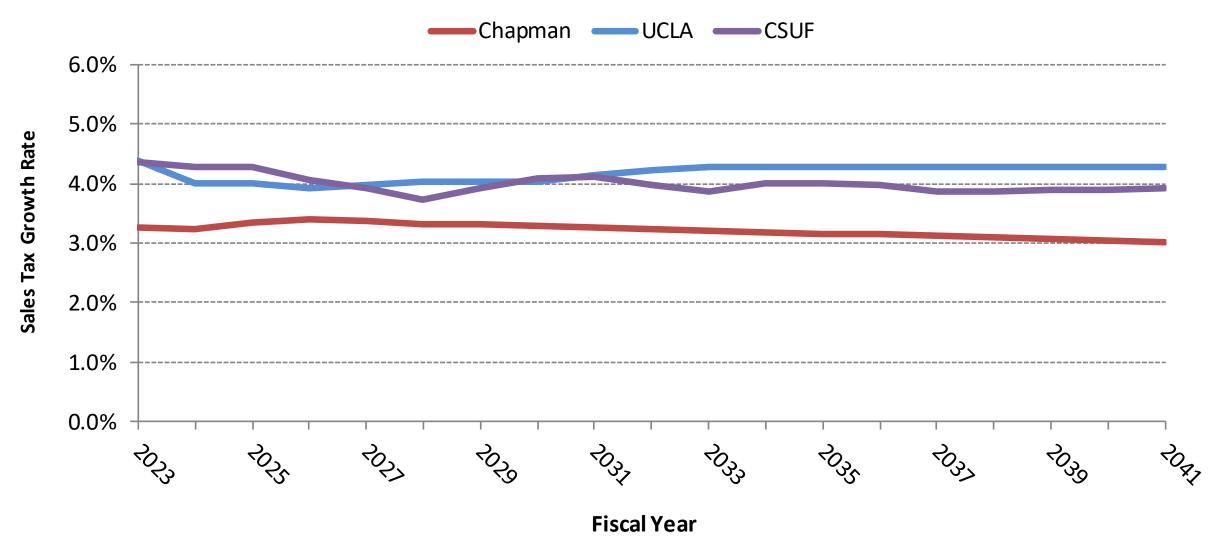
#### Historical Measure M Sales Tax Revenues



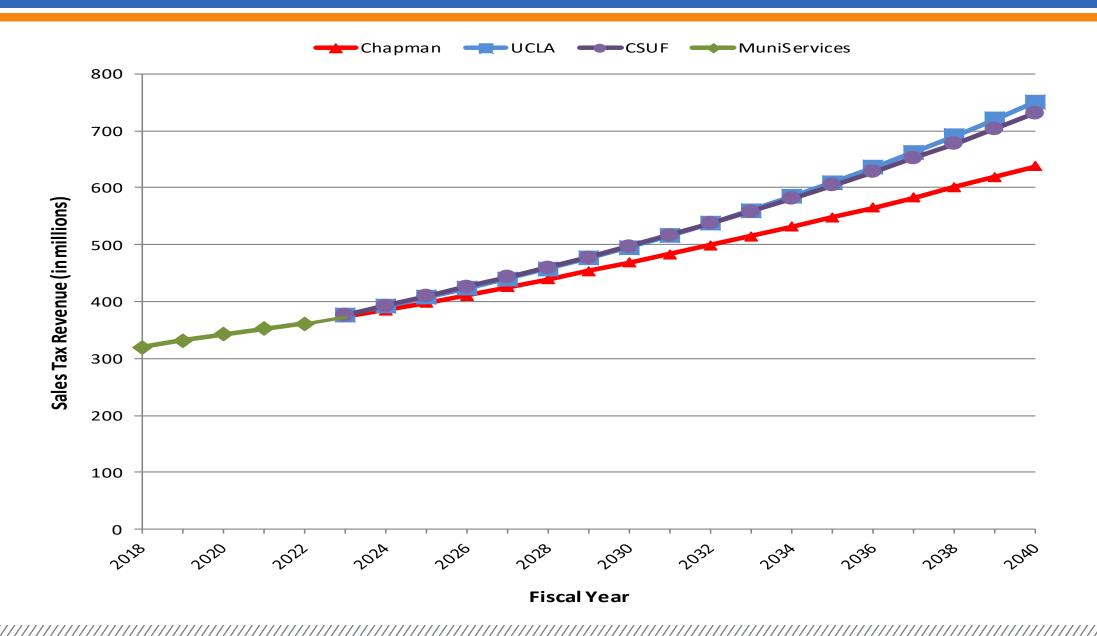
#### Short Term Growth Rate Forecasts



## Long Term Growth Rate Forecasts



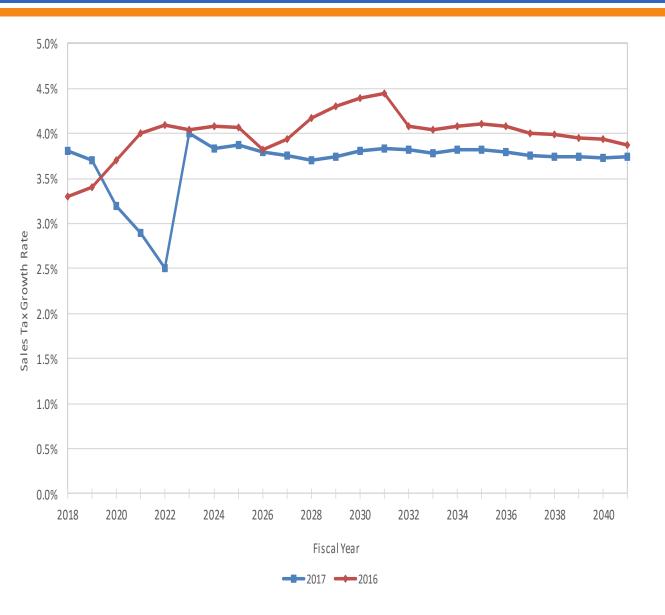
#### Annual M2 Sales Tax Revenue Forecast



# Results of Updated Forecasts

- Sales tax for the M2 Program is forecasted to be \$13.5 billion
  - Sales tax receipts from April 1, 2011 through March 31, 2017 total \$1.7 billion
- Represents a decrease of \$700 million compared to last year's forecasts of \$14.2 billion
- The primary drivers are lower growth rates in both the short and long term periods
  - MuniServices average annual short term growth rate decreased by 0.4 percent
  - Each of the three universities decreased their long term forecasted growth rates

### Forecast Comparison – 2017 vs 2016



- Reasons for lower forecast
- Short-term
  - Lower growth in general retail as online sales grow
  - Growth in new auto sales to taper off
  - New construction to slow
- Long-term
  - Lower inflation
  - Lower population growth
  - Lower migration

## Next Steps

- Incorporate forecast into OCTA's planning documents
  - Next 10 Plan
  - Comprehensive Business Plan
  - Long Range Transportation Plan

Determine impacts of forecast to M2 programs and projects

 Return to the Board with options to address the decrease in projected sales tax revenue