

OREGON DEPARTMENT OF TRANSPORTATION

SUMMARY OF TRANSPORTATION ECONOMIC AND REVENUE FORECASTS

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Financial & Economics Analysis

FOREWORD

This summary report presents a selection of Other Funds Revenue forecasts for the Oregon Department of Transportation. It is published twice a year to assist in financial planning and the formulation of transportation budgets and to support other decision-making activities. The forecast is consistent with the Department of Administrative Services' *Oregon Economic & Revenue Forecast (Vol. XXIX, #2, May, 2009)* and the associated baseline macroeconomic forecast from *IHS Global Insight Inc. (GII)*.

This document is also available online at:

<http://www.oregon.gov/ODOT/CS/EA/reports.shtml> and scroll down to "Transportation Revenue Forecasts."

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EXECUTIVE SUMMARY

There are encouraging signs starting to emerge that may signal that the severity of the current economic contraction is softening. Going forward, however, the consensus seems to be largely one of cautious optimism that the turn around to recovery will commence in the second half of this year, and, equally as important, maintain positive momentum in the post-turn-around period.

In the macroeconomic backdrop used for this forecast, weak job markets nationwide are expected to endure for another 4 to 5 quarters through the fall of 2010. Having been in decline since December 2007, this will mark one of the most severe recessions in the post-war period.

Oregon's economy tends to swing somewhat more than the national economy in both downturns and upturns. Thus, our job losses are now expected to be far more than proportional to those incurred nationally. However, in the recovery phase, our job markets are also somewhat more resilient. Unless net-migration into the state is materially affected by the current economic malaise, these patterns are expected to be preserved.

Presumably with the effective and continued implementation of economic stimulus initiatives and judicious monetary policies/coordination, the state's economic and job growth should get back on track in the 2011 timeframe. Job levels that surpass the state's prior peak in late 2007 won't, very unfortunately, be seen most likely until mid-2013; roughly a six-year economic trough.

As we would expect, a sharp economic downturn in jobs and real personal incomes would not bode well for the outlook for

transportation revenues, all else equal. However, with the passage of HB 2001 (The Jobs and Transportation Act of 2009, "JTA"), all else is hardly equal. The broad-based transportation package contains a number of very significant highway revenue enhancements.

For those Highway Fund revenues that are closely associated with the pace of economic activity (fuel and weight-mile taxes largely), the impacts are pronounced compared to the prior forecast in December 2008:

- Motor fuels usage taxes are now higher in the FY11 - FY15 period by \$45 to \$104 million annually, compared to our December 2008 forecast.
- Weight-mile user taxes are higher over the same span by \$27 to \$77 million annually.

These gains represent both the effects of JTA and the changing economic backdrop in the state economic forecast.

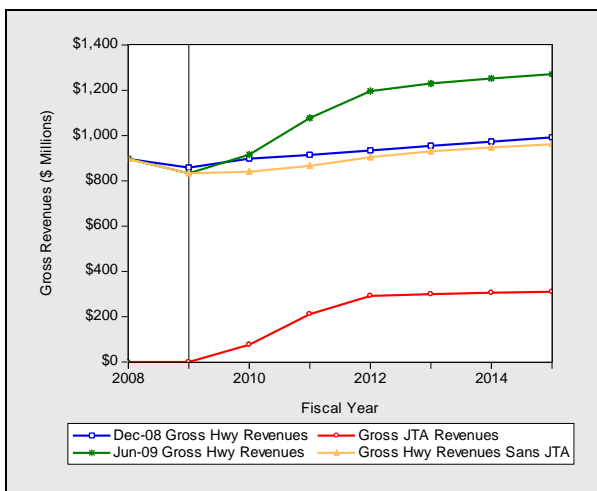
For fee revenues not tied as closely to the usage rates on the highway and roads system, the revenue impacts are also significant:

- DMV yearly revenues respond similarly to the effects of JTA, although somewhat sooner than user tax revenue enhancements, given the earlier phase-in of light vehicle fee changes. DMV gross revenues are now \$52 to \$104 million per year more than our prior forecast over the FY10 – FY15 period

Figure ES-1 offers a concise means of getting some sense of the revenue impacts overall with the updated economic assumptions and

the JTA legislation. It captures some of the broad composites in our present forecast, along with a comparison to our recent forecast (“Dec-08 Gross Hwy Revenues”). In addition it shows how aggregate gross revenues compare to revenues without JTA (“Gross Hwy revenues sans JTA”). Finally, it isolates the gross revenue enhancements aggregated across all sources in the line labeled “Gross JTA Revenues.”

Figure ES-1: Gross Revenue Forecast Comparisons



NATIONAL ECONOMIC OUTLOOK

Insofar as particular aspects of macroeconomic events affect the usage and capacity demands placed on the State Highway Network, highlights of developments since the last forecast are sketched out below.

The worst of the contraction in the U.S. economy, if not nearly globally, appears to be behind us. Headline events underlying the near hysteria from the fall of 2008 into early 2009 are not as prevalent. The magnitude of job losses has been slowing recently, and the rate of contraction in real GDP has been diminishing considerably. In many dimensions, this recession is one of the most severe in the post-WW II period spanning the last six decades. Nevertheless, the economy confronts a bumpy – if not rough – road toward getting back on a firm, full employment growth path from here.

Ordinarily, there is a tendency to associate a sharp decline in the economy with a strong, snap-back recovery. However, there are a number of stumbling blocks to realizing such a sanguine recovery path. Instead, the expected rebound under base case assumptions is for a slow rebound that mimics more of a “U” shape, rather than a much hoped for “V.” In the former, economic growth stays below potential for a while further until late 2010 or early 2011. Employment gains lag even more, as firms meet growing product and service demands with more hours for existing employees, increasing capacity utilization, and strong productivity growth.

The major hurdles that we are facing in the recovery include:

- Housing may be stabilizing from its free-fall the past 3 years, nevertheless

it will be slow to regain much vitality for a number of years.

- Household balance sheets (both on an overall net worth basis, as well as on a debt service to disposable income basis) are in need of considerable repair in the aggregate.
- Employment and personal income gains in the aggregate will be fragile for another year or more.
- With increased household saving from balance sheet de-leveraging and slower than customary growth in personal incomes, personal consumption spending is likely to be sub-par for a similarly protracted span. This will be exacerbated substantially by an inability of households to use their home equity as an ATM machine, as was the case for sustaining consumer spending in the 2001 downturn.
- Capital spending, while seemingly encouraging of late, may be less robust than usual unless capacity utilization rates rise significantly, or export drivers gain material traction.
- While we are a considerable ways away from the punishing oil prices from the summer of 2008, prices have more than doubled recently from the low of \$33 per barrel in December of 2008. Since prices act like a lump sum tax on households’ budgets when they stray significantly from market fundamentals, consumer discretionary spending might be constrained, as well.

- Finally, there is the potential for policy mistakes – either at the federal fiscal level, at the monetary policy level, or both – could pose very problematic headwinds to a smooth recovery to full employment growth. A “double dip,” or a W-shaped recovery path could be used to characterize this outcome.

The baseline or reference case for the macroeconomic outlook is for real growth in GDP to not get up to potential on a sustained basis until the last quarter of 2010 and on into early 2011. Job growth is similarly slow to recover; needing until 2011:1 to reveal a strong growth trajectory. Personal income, on an inflation adjusted basis, is slow to reflect healthy strides until well into 2011, as well.

Table 1 summarizes several national economic indicators. The transportation revenue forecast is consistent with Department of Administrative Services’ *May/June 2008 Oregon Economic & Revenue Forecast* and the associated baseline macroeconomic forecast from *Global Insight Inc.* (GII). Further discussion of the national economic outlook is relegated to an appendix for the interested reader. In addition, a detailed treatment of the national and state economic outlooks is available at the web site of the Office of Economic Analysis, <http://www.oea.das.state.or.us>

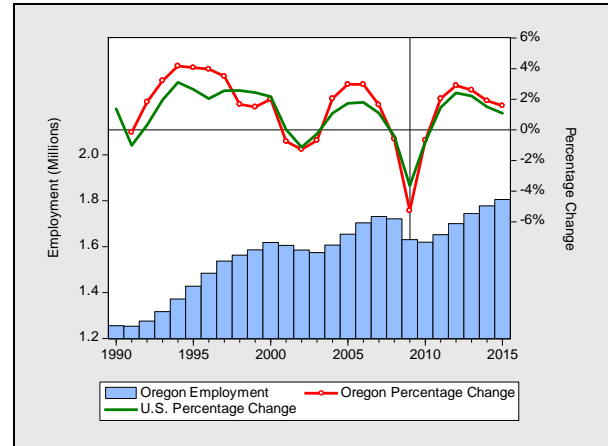
OREGON ECONOMIC OUTLOOK

Our current recession, beginning in the first quarter of 2008, is continuing unabated. First quarter of 2009 job losses showed an 8.2 annualized drop, and is the largest quarterly decline since the second quarter of 1980. **Total Non-Farm Employment** peaked in the fourth quarter of 2007 at 1,738,000 and has fallen to 1,659,000 through the first quarter of 2009, a loss of 79,000 jobs. Employment losses are expected to continue through the first quarter of 2010, reaching a low of 1,612,000. Beyond the first quarter of 2010, growth is expected pick up and average 2.1 percent at an annual rate through the fourth quarter of 2015.

Historically, average employment growth in Oregon is stronger than in the U.S. The exceptions usually occur during recessionary conditions, where Oregon's particular industry mix can lead to greater employment declines compared to the U.S. as a whole. While both the U.S. and Oregon have experienced negative growth in total employment during 2008, Oregon is expected to shed relatively more jobs throughout the recession than the U.S. as a whole. On an annualized basis Oregon is expected to average a decline of 3.3 percent in Total Non-Farm Employment, while the nation is expected to average an annualized decline of 2.4 percent. However, Oregon's employment growth is expected to outpace the national average throughout the remainder of the forecast period. Where Oregon's employment is expected to grow at an annual rate of 2.1 percent, U.S. employment is expected to grow at 1.6 percent during the same period.

A more detailed look at specific Oregon industry growth can help shed light on where the strengths and weaknesses currently reside, and what the outlook is for these sectors.

Figure 1: Oregon and U.S. Employment Trends



Oregon's **manufacturing** sector continues to shrink, with a sharp decline of 21.5 percent (annual rate) during the first quarter of 2009. **Durable goods** manufacturing, representing over 70 percent of all manufacturing in Oregon, also declined rapidly at a rate of 25.7 percent through the first quarter. No Durable goods sector was spared as all posted double digit first quarter losses. **Metals & Machinery**, which was the lone bright spot in our last forecast, declined at a rate of 31.1 percent. Employment in **Computers & Electronics** declined the least at 13.6 percent, mild compared to the 34.5 percent drop in **Transportation Equipment** employment, and the 33.5 percent drop in **Wood Products**. **Non-durable manufacturing**, led by the state's food manufacturing sector, experienced significant employment losses as well in the first quarter of 2009, although not of the same magnitude, decreasing 10.3 percent. **Food Manufacturing** posted an employment increase, at 3.4 percent. Going forward, job levels for the state's manufacturing sector as a whole are expected to continue declining but at a decelerated rate through the first half of 2010 when the sector is expected to rebound. Strong growth is

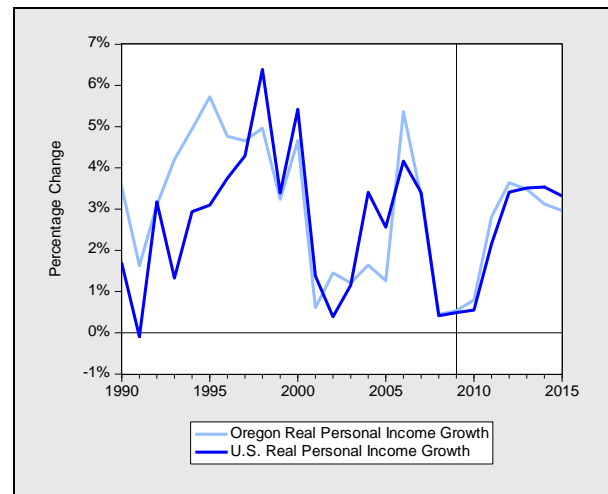
expected from the first quarter of 2011 through the first quarter of 2012. Growth is expected to level off through the remainder of the forecast period. Average annual growth of 3.0 percent is anticipated for the period covering the second half of 2010 through 2015.

Generally, the private non-manufacturing sector has performed better in recent quarters than the manufacturing sector with growth declining by less than one percent in 2008 and is only expected to decline by 5.1 percent in 2009. During the first quarter of 2009, private **non-manufacturing** employment declined 8.0 percent. **Educational & Health Services** posed an employment gain of 2.3 percent, while the other major sectors fell. **Professional & Business Services**, declined 8.7 percent, **Trade, Transportation & Utilities**, declined 10.7 percent, **Information** declined 8.6 percent, and **Financial Activities** declined 6.4 percent. **Leisure and Hospitality**, which has been a growth sector, is also in decline, falling 9.4 percent in the first quarter of 2009. Two sectors that have been hard hit by the recession, **Natural Resources & Mining** and **Construction** are showing a continued deterioration, falling 30.1 and 24.2 percent respectively in the first quarter of 2009. Overall, the private non-manufacturing sector is expected to post positive growth in the fourth quarter of 2010, and average 2.2 percent throughout the forecast horizon covering 2011 through 2015.

Although employment growth has been negative in recent quarters, Oregon **real personal income** has demonstrated continued gains. Personal income, about 55 percent of which is derived from wages and salaries, increased 0.4 percent in 2008 and is expected to grow by 0.5 percent in 2009. As shown in Figure 2, this growth rate mirrors the U.S. real personal income growth rate of 0.4 percent in 2008 and is expected to be even with the national rate of 0.5 percent in 2009. The forecast predicts personal income growth of

0.8 percent for Oregon in 2010 and 0.6 percent for the U.S. during 2010. Beyond 2010, growth is expected to rise sharply. Oregon's growth in real personal income will initially be stronger than the nations but will fall below it in 2014 and 2015. Average growth is expected to be 3.2 percent for both Oregon and the U.S. from 2011 through 2015.

Figure 2: Oregon and U.S. Real Personal Income Growth Trends



In sum, Oregon's economy is expected to continue shrinking throughout 2009 as national and state economic conditions worsen, and to recover slowly into 2010 as credit markets thaw and the housing market corrects. Beyond 2010 moderate growth is expected as consumers begin spending again although at more subdued rates, and global expansion increases the demand for Oregon commodities and manufactured goods. However, there are some notable risks to growth. A stronger dollar could lessen demand for Oregon goods as they become more expensive overseas. Geopolitical risks could cause a spike in fuel prices followed by a decline in consumer confidence and disposable income. Credit and housing markets could remain unstable causing consumer spending to remain depressed. All of these can negatively effect growth. A summary of economic indicators for Oregon is contained in Table 2 below.

Table 1: National Economy, Percentage Change in Key Variables

			Forecast				
	CY 07	CY 08	CY 09	CY 10	CY 11	CY 12	CY 13
CONSUMER PRICE INDEX (CPI)	2.9%	3.8%	-1.4%	1.6%	2.1%	2.3%	2.3%
EMPLOYMENT	1.1%	-0.4%	-3.6%	-0.8%	1.5%	2.4%	2.2%
HOUSING STARTS	-26.0%	-32.6%	-39.0%	53.9%	48.0%	23.0%	7.5%
POPULATION	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
REAL GROSS DOMESTIC PRODUCT (GDP)	2.0%	1.1%	-3.5%	1.4%	3.5%	4.0%	3.3%
REAL PERSONAL INCOME	3.4%	0.4%	0.5%	0.6%	2.2%	3.4%	3.5%
REAL PRICE OF GASOLINE	5.4%	12.7%	-38.0%	10.1%	5.2%	10.1%	7.3%
UNIT SALES OF NEW AUTOMOBILES	-2.5%	-11.3%	-25.4%	22.2%	24.0%	12.2%	7.6%

Table 2: Oregon Economy, Percentage Change in Key Variables

			Forecast				
	CY 07	CY 08	CY 09	CY 10	CY 11	CY 12	CY 13
EMPLOYMENT--TOTAL	1.6%	-0.6%	-5.3%	-0.7%	2.0%	2.9%	2.6%
EMPLOYMENT--HIGH TECHNOLOGY MFG.	-2.9%	-4.5%	-13.7%	-4.4%	7.3%	7.4%	3.7%
EMPLOYMENT--RETAIL TRADE	1.7%	-2.0%	-6.2%	1.4%	2.0%	2.5%	3.0%
EMPLOYMENT--TRANSPORTATION	0.8%	0.1%	-7.8%	-0.1%	2.0%	3.4%	3.0%
EMPLOYMENT--WHOLESALE TRADE	1.2%	-1.1%	-6.2%	-1.2%	1.2%	4.1%	3.5%
EMPLOYMENT--WOOD PRODUCTS	-7.5%	-9.8%	-19.8%	-2.2%	6.7%	7.6%	3.4%
HOUSING STARTS	-20.5%	-41.7%	-45.3%	32.4%	52.5%	35.7%	16.4%
POPULATION	1.4%	1.2%	0.9%	1.0%	1.2%	1.3%	1.2%
PORTLAND METRO CONSUMER PRICE INDEX	2.9%	3.2%	1.0%	0.8%	1.5%	1.8%	2.0%
REAL PERSONAL INCOME	3.3%	0.4%	0.5%	0.8%	2.8%	3.6%	3.5%
TIMBER HARVEST	-12.2%	-10.5%	-14.7%	6.9%	6.7%	7.6%	3.4%

Table 3: Percentage Change in Transactions for Key Transportation Variables

			Forecast				
	CY 07	CY 08	CY 09	CY 10	CY 11	CY 12	CY 13
MOTOR VEHICLE FUELS (GALLONS)	1.3%	-3.6%	0.1%	1.9%	1.1%	1.6%	1.3%
ORIGINAL CLASS C LICENSES	-5.4%	-11.7%	-6.9%	0.7%	3.3%	3.2%	1.3%
PASSENGER VEHICLE REGISTRATIONS	0.9%	-0.8%	-0.1%	1.8%	2.0%	2.2%	1.8%
TITLE TRANSFERS	-2.7%	-10.2%	-5.0%	5.6%	1.6%	-1.0%	2.9%
TRUCKING ACTIVITY (WEIGHT-MILE)	0.7%	-6.1%	-11.0%	7.8%	5.9%	3.9%	3.2%

TRANSPORTATION TRANSACTIONS

Table 3 on page five contains highlights of annual rates of change in a number of transactions for the major transportation variables in the current forecast. A supporting narrative of the Motor Fuels, Motor Carrier, and Driver and Motor Vehicles forecasts is provided below.

Motor Fuels Usage

From almost any vantage point, the drop in the demand for transportation fuels has been unmistakable. For the first part of 2008, motor fuels sales were lower, although only modestly. In calendar year 2008, motor fuel volumes declined by 3.6 percent from 2007. The second half of the year witnessed a particularly large drop. From the peak volumes established in late 2006, usage is only off by about 5 percent for the 30-month span. The drop off in gallons by either measure is one of the most severe in the model's historical data base.

All in all, the drop off since 2007 is not quite as bad as elsewhere and nationwide. For the nation as a whole, the reports indicate declines on the order of 6 percent; or about sixty-seven percent more dramatic as what we are witnessing in Oregon so far into this business cycle.

Several factors account for this contrast and the relatively muted drop-offs in Oregon.

First, while the price hikes were sizeable during the 2005 to mid 2008 period— and on an-inflation-adjusted basis, at all time highs – we can be sure that the decline in fuels demand is not entirely due to price sensitivity.

Second, Oregon's economy routinely lags the nation overall by several quarters. Therefore, more adjustment in Oregon may be on the near horizon before reaching a bottom.

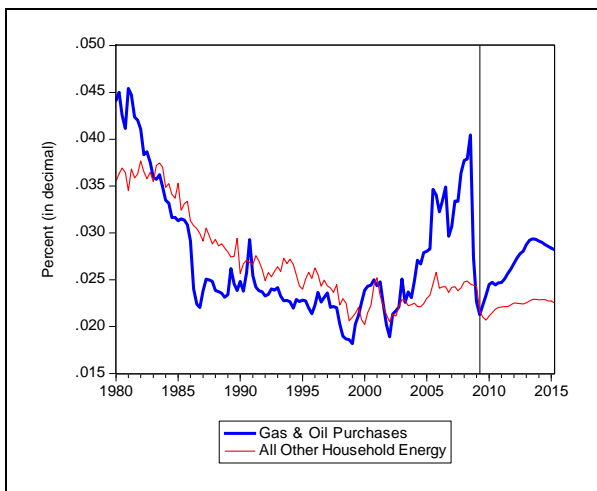
Third, the pace of economic activity in the state is a far more potent driver for usage than price effects themselves, within reasonable limits of course. Two elements surface in this regard in so far as the price elasticity is concerned. The first is that job gains disappeared statewide beginning in the spring quarter of 2008. Moreover, this is not expected to be reversed until well into mid 2010, at the soonest. Second, as developed in more detail immediately below, what may be occurring is that the gas price pressures on the state's economy are affecting transportation fuel sales in multifaceted ways. Drivers continue to make short-run adjustments in their driving and transportation mode habits, they start to make choices over the fuel efficiency of their vehicle(s), and they have to do considerable belt tightening and perhaps forego temporarily spending on activities and items that are not essential.

Figure 3 provides an idea of how higher gas prices and energy prices in general have been impacting households recently, and what the implication is for overall consumer spending which comprises roughly two-thirds of all spending on final goods and services. By the early 1980s, the share of personal disposable income directed to gas purchases rose substantially to 4.5 percent as an outgrowth of the oil embargo and Middle East conflicts (dark blue line in the figure). Other energy spending (light blue line) followed suit, but not quite as dramatically. From the mid-1980s to 2003, the expenditure share of gas has declined precipitously to levels even lower than the period leading up to the oil crisis starting in the fall of 1973. Thus, households

were, at least for the first several years of the recent run-up in gas prices, able to absorb the price increases without having to reduce usage significantly. Another element that underlies the downward trend in budget shares is the economy's increase in energy efficiency, which has significantly lowered the overall energy intensity of both business and household activities alike.

Going forward, the macroeconomic outlook is somewhat more sanguine about the hit that household budgets are likely to take: Price pressure from transportation fuels on household spending shares have diminished toward the levels experienced in the 1985 to 2003 period. This should bode well for household spending to resume at a somewhat healthier pace than otherwise, though still lackluster.

Figure 3: Household Budget Shares, 1980 – 2015

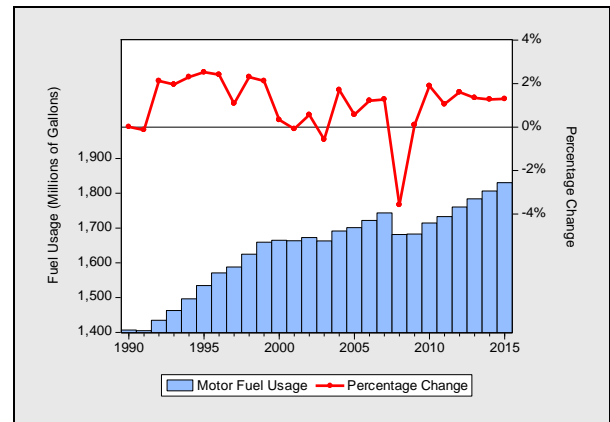


With the extreme and partly unforeseen volatility in the markets for petroleum products, along with a job creation slowdown in Oregon during much of 2008, our forecasting model for motor fuels usage has tended to systematically miss consumption rates on the up side. Relative errors are about 3 percent off target; some 2 times our customary level of forecast precision. With a bottom in sales appearing more evident,

recent precision estimates have started to improve. However, factors such as HB 2210 implementation (discussed in more detail below) still make the fuels forecast more than challenging as we emerge from this very difficult economic environment.

Figure 4 presents the outlook through CY15 for motor fuels sales, along with historical consumption back to CY90. For calendar year 2009 we are forecasting only a very slight increase in gallons consumed, reflected in the figure with sales staying a flat level from 2008. This is largely an outgrowth of the baseline state and macro economic forecasts. There is job contraction expected for Oregon (5.3 percent) in 2009, and there is some rebound in the price for crude oil and petroleum products, particularly in inflation-adjusted terms. A prop to our forecast for sales in 2009, and especially in the years beyond 2008, stems from recent legislation relating to reformulated gasoline, discussed in more detail below under the heading “Effects of HB 2210.”

Figure 4: Motor Fuel Consumption



In the fall of 2007, Congress passed and the President signed new energy legislation as an outgrowth of somewhat unfavorable developments in global oil markets and concerns with climate change. One component of the legislation deals with the fuel efficiency of light passenger vehicles. The law requires car and light truck makers to

improve the miles per gallon (mpg) of vehicles under the CAFE standards to 35 miles per gallon by the year 2020. This was subsequently accelerated to 2017 with more recent federal legislation. This is considerably beyond the horizon of our present forecast, and will be for several more years; its effects are not captured in our fuel demand forecasts. (It will be, however, part of our long-range projections. These are done on an as-needed basis and routinely go out 20-25 years into the future to help the Agency gauge the long-term prospects for fuels tax revenues.)

Effects of House Bill 2001

The 2009 Oregon Legislature passed a very broad-based, multi-modal transportation funding package, *The Jobs and Transportation Act 2009*. A wide array of vehicle fees, both for light passenger vehicles as well as for heavy trucks, were raised. In addition, use taxes from motor fuel usage and weight-mile taxes for heavy trucks in weight classes above 26,000 pounds are to be raised. The revenue impacts of HB 2001 are more appropriately discussed in fuller detail in the section “Highway Fund Revenue Forecast” below.

Nevertheless, there probably needs to be some recognition here of the probable impacts of the gasoline tax and use fuel (diesel) tax increase targeted to occur no later than January 2011. State motor fuels taxes are slated to increase from 24 cents/gallon to 30 cents at that time. All else equal, a hike in the fuel tax will manifest itself as a price increase at the retail pump. Since fuel demand is a derived demand – use stems from enabling activities that consumers like or need to do, not from actual consumption – the price sensitivity of fuel demand is quite low in the short-run (“inelastic”). A fuel tax is, however, a permanent increase to retail prices, whereas retail prices can fluctuate up

or down depending largely on variations in the price of crude oil and from changes in margins at the refining stage. Consumer perceptions regarding the permanency of price changes and tax increase may differ.

These distinctions may suggest that the sensitivity to a price increase stemming from a fuel tax increase may be somewhat more potent than that due to price changes based on market-based fundamentals. There is some empirical evidence that supports this thesis, although the effect is not enough to move the degree of responsiveness out of the “inelastic” classification.

Based on these studies, coupled with the econometric estimates embodied in our forecasting equation, we gauge the likely impact from a six-cent tax increase per gallon to be quite muted. Based on present price levels as a basis for comparison, the effect is probably about a one-half of one percent reduction in fuel usage. This represents about 10 million gallons annually, compared to total usage of nearly 1.8 billion gallons. This is well within the statistical precision of the forecast model, and no special allowance for the tax change affecting usage is justified at the present time.

Effects of House Bill 2210

In the 2007 Regular Session, the Oregon Legislature passed House Bill 2210, the *Biofuels Bill*. Several sections of the bill pertain to the required use of ethanol as a blend with gasoline in lieu of using methyl tertiary butyl ether (“MTBE”) to make reformulated gasoline that burns cleaner and mitigates ozone and carbon emissions. The Department of Agriculture promulgated administrative rules (O.A.R. 603-027) to implement the legislation in the fall of 2007. The mandate to distributors and retailers to implement the blending of ethanol spanned three phases across the state. For the nine counties in the northwestern part of the state,

blends with 10 percent ethanol (E10) needed to be in place no later than January 15, 2008. The nine counties in the southwestern part of the state were to meet the blending requirements in mid-April. Finally, the remaining 18 counties, largely in the regions east of the Cascades, were to have the blends in place no later than September 16, 2008. As of this report, full implementation statewide has now been in place for three months.

Eschewing a comprehensive discussion of the pros and cons of using ethanol to oxygenate gasoline, it is well known that ethanol-blended gas is less fuel efficient than MTBE blended gas. There is considerable debate over the actual extent of lower gas mileage that drivers are likely to experience, however.

Lower fuel efficiency by the light vehicle fleet will partly manifest itself in more gallons being consumed and somewhat larger gas tax revenues.¹ While some estimates are for as much as a 10 percent loss in efficiency, most indications are for a probable range of 2 to 5 percent losses. (On a pure BTU basis, E10 is roughly 3.8 percent lower than MTBE-blended gasoline by our calculations.) Coupled with this uncertainty over the lower mpg likely to result from E10, the staggered implementation of the bill's requirements makes an assessment of the likely effect of this new law on the State Highway Fund somewhat problematic at best.

A statistical analysis would be of considerable utility in this regard, but the necessary data will not be available until well into calendar year 2009. Even then, the findings may lack statistical significance and may not be definitive. In the meantime, some simulated alternative scenarios will have to suffice to provide some bounds for the probable

¹ There are no material or similar considerations, however, applying to the impacts of the bill in promoting biodiesel blends in use fuels, which is predominately diesel fuel.

outcome of HB 2210 implementation. A range of fuel efficiency losses of 2 to 10 percent was examined, overlaid with the staggered phased-in implementation. The scenario adopted for this forecast rests on the most reasonable assumption that there will be, on net, a 2 percent decline in fuel efficiency with the new blend. In the event that fuel efficiency losses are greater than this baseline scenario, the positive revenue impact on the State Highway Fund will be understated. As such, the forecast will turn out to be conservative and, in essence, serve as a lower bound for the motor fuels revenue prospects, all else equal.

Summary Outlook for Fuels Tax Revenues

Against these backdrops of the economy and recent changes in legislation, the outlook is for consumption to grow at a somewhat steady annual average rate of 1.4 percent once the dip in 2008-2010 is behind us. This is about one percentage point lower than the prior forecast given the slower job and personal income growth projections for Oregon compared to prior assumptions. A large part of this rebound stems from the impacts from HB 2210 on passenger vehicle fuel efficiency.

Motor Carrier

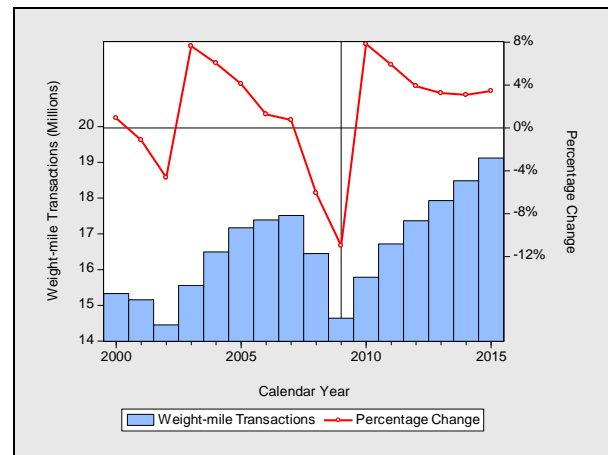
Trucking activity and the freight industry affect the amount of revenue available to the State Highway Fund through the weight-mile tax, heavy vehicle registration fees, and other Motor Carrier fees. Changes in economic conditions within Oregon and the nation as a whole influence each of these revenue sources. With the economy continuing to fall from the December 2008 forecast, coupled with minimal expectations for growth over the next several quarters, the forecast of Motor Carrier revenues reflects a similarly sharp decline and slow growth in the near term.

The **weight-mile tax** is the largest source of trucking-related revenue. This highway use tax applies to trucks with a gross weight over 26,000 pounds. Generally, the tax paid by a motor carrier varies with the weight of the vehicle, the number of miles traveled, and the axle configuration. Certain qualifying motor carriers, such as those transporting logs, wood chips, sand and gravel, may pay the highway use tax based on a flat monthly fee. The weight-mile revenue and transaction totals discussed in this report include this “flat-fee” revenue as well as revenues from a small number of trip-related fees.

An estimate of weight-mile “transactions” provides the basis for the current forecast of weight-mile revenues. This methodology, also used for prior forecasts, constructs a measure of weight-mile transactions by normalizing revenue by the tax rate paid by the typical heavy vehicle. The forecasting model incorporates several employment measures, as well as real fuel prices to estimate weight-mile transactions.

As Figure 5 illustrates, the number of weight-mile transactions grew strongly between CY03 and CY05, averaging about 5.9 percent annual growth. Following these years of strong growth, CY06 and CY07 were much milder, averaging only about 1.0 percent. As we entered the recession in CY08 growth quickly became negative, at 6.1 percent for the year. With the economy bottoming out in CY09, growth is expected to reach a decline of 11.0 percent. The drop in consumer spending followed by the decline in Oregon durable goods manufacturing and construction employment are the big drivers behind the large declines in growth. The forecast anticipates a return to strong positive growth in weight-mile transactions in CY10 and CY11 as the national economy recovers and Oregon employment begins to rebound. Beyond 2011 growth is expected to be a bit more tepid averaging 3.4 percent from CY12 through CY15.

Figure 5: Weight-Mile Transactions



Other sources of heavy vehicle revenues to the State Highway Fund include **heavy vehicle registrations, permits and passes, Road Use Assessment Fees (RUAFF)**, and other fees paid by motor carriers. The current forecast methodology involves estimating the revenues of each of the largest components separately. Discussion of these revenue forecasts appears in the Highway Fund Revenue Forecast section below.

Driver and Motor Vehicles

The Driver and Motor Vehicles Division (DMV) is responsible for administration of driver and motor vehicle related activities. Revenues collected from the fees charged for the various DMV activities flow to the State Highway Fund, the Transportation Operating Fund, the Transportation Safety Account, the Elderly and Disabled Special Transportation Fund, and apportionments to cities and counties statewide for road repair, maintenance and construction.

DMV activities are affected by various economic and demographic variables and provide a reflection of some very broad undercurrents in the state. The impacts of changes in population, employment, migration, and economic production are readily evident in many of the DMV data

series. In general DMV activities are more strongly affected by demographic changes rather than by economic changes, and so they are somewhat more immune to cyclical swings typical with economic variables. However, in our current economic recession, as both jobs are shed and population growth slows, there is a consistent decline across almost all DMV transactions.

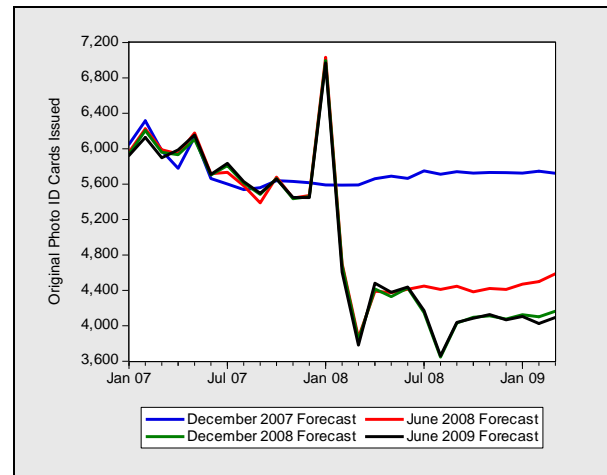
Due to the stabilizing effect of demographics on DMV activities, legislative changes are easily noticeable in the different DMV series. The most recent and readily apparent change is the temporary rule implemented on February 4, 2008 and subsequent passage of SB 1080². The temporary rule requires applicants that desire to obtain, renew, or replace a driver license, permit, or ID Card to provide proof of identity along with a valid Social Security Number. If an individual does not have a verifiable SSN, certain other documents can be used instead. SB 1080 adds a legal presence requirement to the rule, keeping the SSN and identity requirements intact. Prior to implementation of the temporary rule, individuals could obtain a driver license, permit, or ID Card easier as the documentation requirements were much less strict.

In the month prior to the temporary rule taking effect, issuance and renewal rates of driver licenses and ID Cards were higher than normal. Since that time, issuance and renewal rates have dropped as individuals who would have been eligible to receive a license or ID Card are no longer able to do so. With implementation in July 2008 of the increased requirements as part of SB 1080, ID Card demand has fallen even further. Figure 6 compares the December 2007, June 2008 and December 2008 forecasts, to the current

² SB 1080 passed in the 2008 Special Session requires proof of legal presence in the U.S. along with a Social Security number or proof of ineligibility for a Social Security number. The law becomes effective July 1, 2008.

forecast through March 2009 for issuance of a photo ID Card. The values are seasonally adjusted, removing the typical ups and downs that are common in the DMV data series over each year. Notice that in January of 2008 there is a big spike in issuances followed by a rapid drop. This reflects the rush to obtain an ID Card prior to the temporary rule taking effect and the subsequent drop once the rule was in place. In July of 2008 there is another drop in issuance corresponding to implementation of SB 1080. With no further changes since then, the current forecast is very similar to the December 2008 forecast through March of 2009. The combined result of the temporary rule and implementation of SB 1080 has led to a 30 percent decline in ID Card issuances, a significant impact.

Figure 6: Original ID Card Transactions



The other legislative change that can affect an individual's choice to use a DMV service is the price. Two recent pieces of legislation have significantly increased the fees for most DMV transactions, the OTIA III legislation passed during the 2003 session, and the JTA³ legislation passed in the 2009 session. How the fee increases affect Oregonians' willingness to pay for the same activities is an important consideration for predicting

³ HB 2001, referred to as the Jobs and Transportation Act (JTA) passed in the 2009 session. See page 14 for a more detailed discussion of this Act.

demand under these and future fee increases. With four years of data since implementation of the OTIA III fee increases, a surprising result is the persistent impact the fee increases have had on demand for DMV services. We expected demand to be reduced for a few quarters after implementation of the fee increases, and then once individuals became accustomed to the new fees they would adjust their budgets to accommodate the increased fees and demand would adjust upwards. While this has been true for some transactions, others have shown a significant decrease related to the fee increases beyond the first several quarters. In some cases, the fee increases have had a lasting impact on transactions. This effect is seen most notably in some of the title transactions and commercial licenses. It may well be, for instance, that some individuals have had secondary vehicles or commercial licenses that were not being used, and therefore they decided it is not worth paying the increased fee for something that they are unlikely to need in the near future. It is yet to be seen what impact the JTA legislation will have on demand, but likely it will be similar to the OTIA III legislation, where larger drops in demand occur when the percent changes in fees are the greatest, or where the fees represent a larger share of the value of the vehicle.

Overall, demographic and economic changes, combined with legislative impacts, explain most of the variation in total DMV transactions over time. Total DMV transactions increased in FY08 and are expected to decline sharply in FY09. For the remainder of the forecast horizon transactions are expected to grow at an average rate of 1.5 percent. However, as the JTA is implemented this will undoubtedly affect the DMV transactions forecast and resulting revenues.

HIGHWAY FUND REVENUE FORECAST

Since the prior forecast, the economic backdrop underlying travel demands and freight movement in the state have deteriorated further. As a result, the revenue shortfalls have been commensurate with this deterioration, and broad-based across all three major revenue sources, as well. DMV vehicle and driver fee revenues, which are driven largely by demographic changes, are showing a sharp drop in FY09, as a result of the pull back on consumer purchases of vehicles and a drop in net migration. Motor Carrier and Motor Fuels revenues are traditionally far more sensitive to slow downs in the national and state economies. The forecast of Motor Carrier revenues is reduced significantly in FY09 and FY10 as the demand for trucking activity continues to slide. The outlook for Motor Fuels revenues is similar but not as deviant from the prior forecast. In lieu of any changes in fees and user tax rates, the comparison with the prior outlook would reveal some further deterioration.

However, HB 2001 from the 2009 Regular Legislative Session trumps such comparisons, inasmuch as it represents the largest transportation finance package ever for the state. The far reaching legislation, which goes beyond just highway funding elements, helps the state and our local government stakeholder continue the effort and initiatives at meeting the state's transportation infrastructure needs.

Differences between the current and prior forecast can originate from four primary sources. First, the forecast incorporates updated data on transportation transactions used for the purpose of estimating the parameters of equations contained in the forecast model. Second, it integrates the most recent revisions to the state economic outlook. Third, the forecast takes into account changes

in the national macroeconomic outlook that affect transportation revenues, but may not be directly captured in the state forecast. And fourth, incorporating the effective implementation of new funding legislation such as the HB 2001 can account for differences, as well.

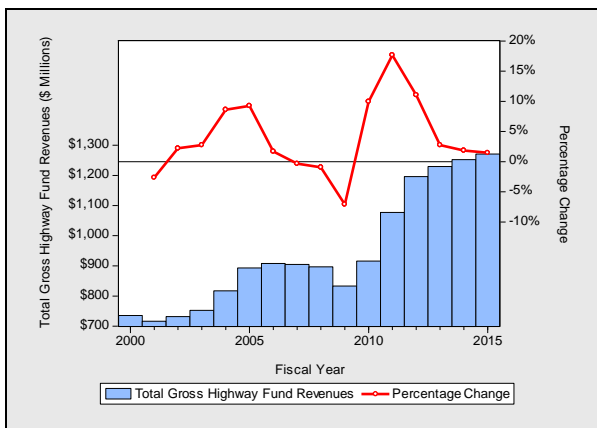
Figure 7 shows the recent behavior of gross revenues in the current forecast out to 2015. The forecasts for the past five years have reflected the incremental revenue impacts of OTIA III (House Bill 2041) and other legislative initiatives passed in the 2003 Regular Legislative Session. Most of the implementation of this legislation commenced in January 2004, and the effects were fully registered at the start of FY05, as reflected by the comparatively pronounced jump in revenues shown in the figure. FY04 through FY08 reflect the robust economic conditions of that period complemented with the revenue enhancement of OTIA III. Beyond FY09, the large increases in revenues for FY10 through FY12 reflect the phased implementation of the HB 2001. The final few years of the forecast converge more toward the economic and demographic trends of the state.

The current outlook forecasts that gross revenues will be lower than the prior forecast in FY09 and greater in the remaining forecast years. In FY09 revenues are expected to be \$25.2 million less than reported in the December 2008 forecast. In FY10 as the DMV and heavy vehicle registration revenues from the HB 2001 are accounted for, revenues are expected to grow by \$18 million over the previous forecast. In FY11 as the weight-mile and motor fuel tax HB 2001 user tax increments are included, revenues are expected to grow \$163.3 million over the prior forecast. By FY12 the revenue generating sections of HB 2001 are

completely implemented and total revenues are expected to be \$262.2 million above the prior forecast. Beyond FY12 growth is expected to slow, approaching the growth rates of the prior forecast.

In connection with summary Table 7 at the end of the report (on page 24), a graph is provided which summarizes the composite effect of HB 2001, while “controlling” for the differences in economic assumptions. This is labeled as Figure 14 in the related discussion and shows what the new revenue forecast would have been under the same economic backdrop with and without the new, significant piece of legislation.

Figure 7: Total Gross Highway Fund Revenues



This boost in nominal revenue growth is much needed due to the expected rate of cost escalation for construction and maintenance activities confronting the Agency’s Highway Programs. Prior to passage of the JTA, the spending power of the State Highway Fund to support Maintenance, Preservation, and Modernization Programs has been eroding as costs increase quicker than revenues.

Compared to the previous forecast, revenues available for apportionment after collection, administration, and program costs (“Net Revenues,” before OTIA and JTA related set-aside and pledged revenues) are lower in the FY09-FY10 period, 3.2 percent and 5.7

percent respectively. Revenues are expected to then grow by 1.0 percent over the prior forecast in FY10 as some JTA state revenues are added, and then increase over the remainder of the forecast at an average rate of 7.3 percent as the state portion of the JTA revenues are fully included.

Jobs and Transportation Act, 2009

During the 2009 legislative session, HB 2001 (also known as the Jobs and Transportation Act, “JTA”) was signed into law. This was the most comprehensive piece of Transportation legislation to be passed since the OTIA III legislation (House Bill 2041) was enacted during the 2003 Session. The JTA contains 71 sections covering many different areas of transportation. Most germane to the revenue forecast are the sections relating to fee and user tax increases. These increases provide extra funding for the state highway system and local roads, along with servicing the debt on bond issuances to fund major statewide projects that are outlined in Section 64 of the bill. A brief summary of the fee and user tax increases are highlighted below.

- Section 42 increases fees for light vehicle and salvage titles. Light vehicle title fees will increase from \$55 to \$77, and salvage titles from \$17 to \$27.
- Section 43 increases selected light vehicle registration fees, including passenger vehicles, increasing its fee for each year of registration from \$27 to \$43.
- Section 43a increases most heavy vehicle registration fees; for example trucks and buses were both increased 103.7 percent.

- Section 44 increases the plate manufacturing fees by \$10 for one plate and \$20 for a pair of plates.
- Section 44a increases trip permit fees for most trip permit types. The majority of light vehicle trip permits were increased by \$10, and heavy vehicle trip permits were increased by \$22.
- Section 45 doubles the custom plate fee, currently set \$25 per year of registration.
- Sections 46 and 47 increase the fees for ID Cards.
- Sections 48 and 49 increase the motor fuels tax by six cents, raising the tax to 30 cents per gallon.
- Sections 51, 52, and 53 increase the road user assessment fee, weight-mile tax, and flat fee taxes by 24.5 percent.

Not all of these fee increases are to be implemented immediately. Sections 43, 44, 44a, 45, 46, and 47, covering the DMV fee increases are to implemented on October 1, 2009. The heavy vehicle registration fee increases in section 43a become effective on January 1, 2010. The increases to the road user assessment fee, weight-mile tax, and flat fees take effect October 1, 2010. Lastly, barring two consecutive quarters of total non-farm employment growth of at least 2 percent, the motor fuels tax increase will be implemented on January 1, 2011.

Highway Fund Forecast

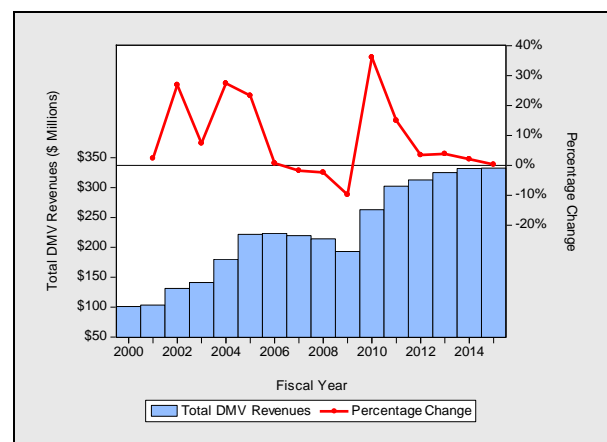
Highway Fund revenues consist of four main sources: vehicle taxes, driver fees, weight-mile taxes, and fuel taxes. Fuel taxes constitute the largest single source of revenue at forecast levels of approximately \$410 to

\$560 million per year once the JTA increase is fully instituted. These taxes are levied on motor fuels used in passenger vehicles and light-to-medium trucks that are not subject to the weight-mile tax. The weight-mile tax is levied on heavy trucks on a per mile basis, but is graduated in proportion to the weight of the truck. For very large truck configurations, there is a tax schedule that is based on gross weight and number of axles. Weight-mile taxes are the second largest source of revenue at forecast levels of \$207 to \$321 million a year once full JTA implementation occurs. Licensing, vehicle registrations, and titles make up the third largest source of Highway Fund revenue with gross annual forecast revenues ranging from \$263 to just under \$333 million when the JTA has been fully implemented.

DMV Revenues

Total DMV revenues are contained in row 4 of Table 4 and in Figure 8. These revenues are expected to grow sharply through FY11 as the JTA legislation takes full effect, and then grow moderately through FY13, slow in FY14 and slide to almost no growth in FY15.

Figure 8: Total DMV Revenues



Rows 6 through 9 and 11 through 13 enumerate the costs associated with administration of DMV and transfers of the DMV revenues out of the Highway Fund to

support JTA and OTIA projects or other statutory purposes. Starting in FY08 there is a significant increase in collection costs as shown in row 6. The major source of the change is the expected increase in costs related to the Federal Real ID Act and Senate Bill 640, which was passed in 2005 and became effective July 1, 2008. Senate Bill 640 authorizes the Department to increase fees on certain transaction types by up to \$3 to cover the cost of implementing the legislation. Beginning in July of 2008, fees for selected transactions were increased as part of SB 1080, increasing revenue by about \$1.5 million in FY09.

Net DMV revenues, as represented in row 10, decline in FY08 and FY09, and increase rapidly in FY10 and FY11 as the JTA revenues are added. They then grow at a more moderate pace through the remainder of the forecast period. The exception is FY13, as revenues increase at a quicker pace than costs under existing fee levels.

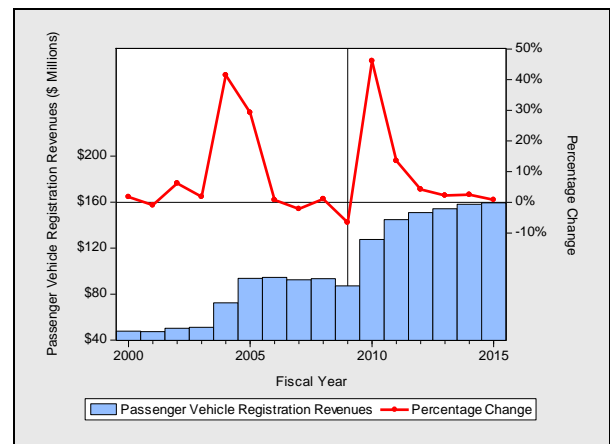
Row 5 summarizes the change in gross revenues from the previous forecast. Changes in the way we account for the OTIA III revenues due to passage of the JTA have led to a diminution of the OTIA III transfer revenues and subsequent increase in net revenues. Gross revenues are lower in FY09 and then show large increases in the remaining forecast years due to the implementation of the JTA. However, if we remove the increase in revenues due to the JTA, and if we were to adjust for the change in the OTIA III revenues, there would be a sharp decrease in FY09 and FY10, a smaller decrease in FY11 and FY12, followed by little or no change in the remaining forecast years. The primary source for this decrease is the continued deterioration of the economy, particularly the decline in vehicle sales over what was expected in the prior forecast.

Continued refinements in the estimating equations have increased the overall accuracy

of our DMV forecasts, both individually and collectively. However, currently with so much uncertainty in the economy, the big declines in employment, and the push back in the recovery, the forecast errors are somewhat more pronounced than in previous forecasts.

The DMV revenue forecast is grouped into three major categories reflecting the primary revenue sources: vehicle registrations, driver licenses, and vehicle titles. Vehicle registrations make up the dominant portion of DMV revenues, led significantly by **passenger vehicle registrations**, which alone account for 80 percent of vehicle registration revenues and 40 percent of total DMV revenues. Total registration revenues, as reported in row 1 of Table 4, totaled \$112.9 million in FY08, an increase of 1.2 percent over FY07. FY09 revenues are expected to be \$105.3 million, a decrease of 6.7 percent over FY08. Beyond FY08, growth is expected dramatically increase in FY10 and FY11 as the JTA revenues are added, but then average 2.1 percent throughout the forecast period once the JTA revenues are fully realized.

Figure 9: Passenger Vehicle Registration Revenues



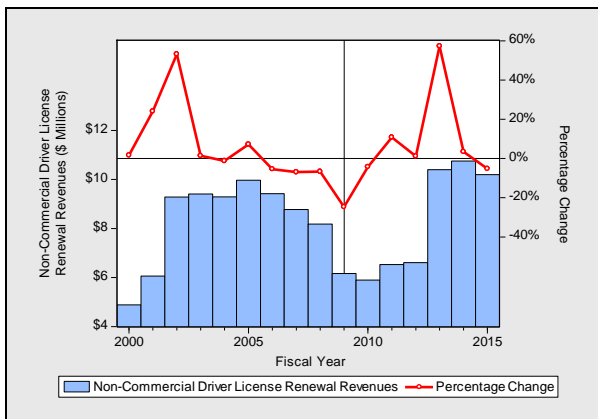
Driver licenses include commercial and non-commercial licenses, permits, and related tests. Revenues, as shown in row 2, totaled \$32.2 million in FY08, a decrease of 3.9 percent over FY07. The FY09 revenues are

expected to be \$28.0 million, a 12.8 percent decrease over FY08. Revenue growth in the forecast period is expected to be positive beyond FY09 until FY15, with an average annual growth rate of 4.4 percent for FY09 through FY15. The shift from a four- to eight-year renewal cycle for commercial and non-commercial licenses, along with SB 1080, largely accounts for the negative growth exhibited during the FY07-FY09 period. The large increase in FY13 is the result of the legislation that affects the duration of the driver license renewal cycle. That transition to the longer cycle was completed in October of last year.

What remains to be seen is the long-term effect that SB 1080 will have on driver licenses and ID Cards. With each additional forecast we will have more data and be able to refine our forecast estimates.

Another factor weighing on the accuracy of the forecast is the non-commercial driver license renewal rate. Licenses that were issued/renewed in October of 2000 or later were issued/renewed for an eight year period. These licenses began to come up for renewal in October of 2008. What the renewal rate would be, was and still is an important consideration. Currently the renewal rate is about 67 percent, higher than our original expectation of 63 percent.

Figure 10: Non-Commercial Driver License Renewal Revenues



Vehicle titles include a variety of title transactions. These span new light and heavy vehicle purchases, vehicles that are new to Oregon due to in-migration, and used vehicle transactions, as well as salvage titles and all other DMV transactions not elsewhere included. The largest component of the titles section is title transfers, accounting for over 50 percent of revenues in this group. Vehicle title revenues, as shown in row 3 of Table 4, for FY08 are \$69.1 million, a 7.2 percent decrease from FY07. FY09 revenues are expected to be \$59.8 million, a 13.5 percent decrease over FY08. Revenue growth is expected to rise sharply in FY10 and FY11 as the JTA revenues are added. Beyond FY10 revenue growth is expected to average 2.4 percent per year through the forecast period. The large declines in growth for the FY07-FY09 period are due to high fuel prices in FY07 and FY08 and then the downturn in the economy. The expected 13.5 percent decline in growth for FY09 is directly tied to vehicle sales. As consumers tighten their belts, they purchase less new and used vehicles, choosing to keep their existing vehicles longer. This results in fewer title transactions as is shown in figure 11 below.

Figure 11: Vehicle Title Transfer Revenues

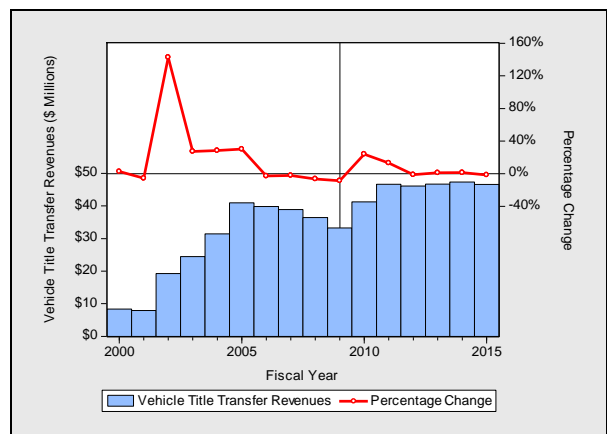


Table 4: Highway Fund Revenue Collected by DMV (Millions of Dollars)

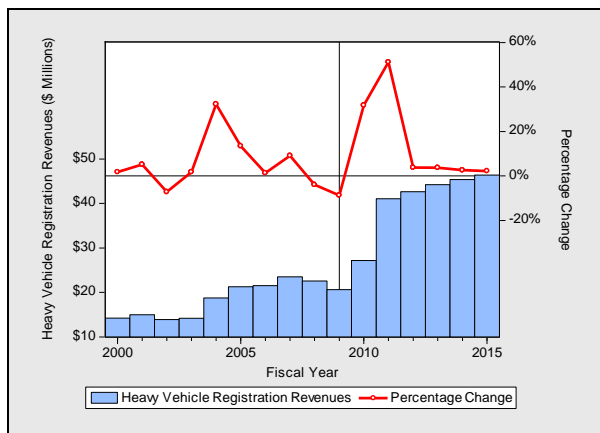
	Actual		Forecast							Forecast			
	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	BI 07-09	BI 09-11	BI 11-13	BI 13-15
1 VEHICLE REGISTRATIONS	\$111.5	\$112.9	\$105.3	\$154.0	\$178.5	\$184.9	\$189.2	\$192.9	\$194.0	\$218.2	\$332.5	\$374.0	\$386.9
2 DRIVER LICENSES & OTHER	\$33.5	\$32.2	\$28.0	\$28.7	\$29.9	\$30.5	\$34.9	\$35.8	\$35.5	\$60.2	\$58.6	\$65.4	\$71.3
3 TITLE, PLATE & OTHER	\$74.4	\$69.1	\$59.8	\$80.3	\$93.9	\$97.5	\$100.8	\$103.1	\$103.0	\$128.9	\$174.1	\$198.2	\$206.1
4 TOTAL DMV COLLECTIONS	\$219.4	\$214.2	\$193.1	\$262.9	\$302.3	\$312.8	\$324.9	\$331.7	\$332.6	\$407.3	\$565.2	\$637.7	\$664.3
5 Change from Previous Forecast			(\$10.5)	\$52.3	\$90.4	\$97.2	\$101.4	\$104.2	\$102.5	(\$10.5)	\$142.7	\$198.7	\$206.7
6 COLLECTION/ADMINISTRATION & PROGRAM COST	(\$62.8)	(\$71.7)	(\$74.7)	(\$76.3)	(\$77.8)	(\$82.6)	(\$84.2)	(\$89.3)	(\$91.1)	(\$146.4)	(\$154.2)	(\$166.8)	(\$180.5)
7 TRAFFIC SAFETY TRANSFER	(\$0.7)	(\$0.8)	(\$0.8)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$1.5)	(\$0.8)	(\$0.8)	(\$0.9)
8 DEPARTMENT OF EDUCATION TRANSFER	\$0.0	(\$0.1)	\$0.0	(\$0.1)	\$0.0	(\$0.1)	\$0.0	(\$0.1)	\$0.0	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)
9 ODOT CENTRAL SERVICES ASSESSMENT	(\$17.8)	(\$20.6)	(\$21.4)	(\$21.6)	(\$22.0)	(\$23.4)	(\$23.8)	(\$25.3)	(\$25.8)	(\$42.0)	(\$43.6)	(\$47.2)	(\$51.1)
10 NET DMV REVENUE	\$138.1	\$121.0	\$96.3	\$164.5	\$202.0	\$206.4	\$216.4	\$216.6	\$215.2	\$217.3	\$366.6	\$422.8	\$431.8
11 REVENUE SET-ASIDE TO OTIA I & II - memo	(\$6.7)	(\$7.2)	(\$6.0)	(\$6.3)	(\$6.4)	(\$6.4)	(\$6.5)	(\$6.6)	(\$6.5)	(\$13.2)	(\$12.8)	(\$12.9)	(\$13.0)
12 REVENUE PLEDGED TO OTIA III - memo	(\$74.2)	(\$73.1)	(\$65.9)	(\$67.3)	(\$70.0)	(\$72.6)	(\$74.6)	(\$76.3)	(\$76.6)	(\$139.1)	(\$137.2)	(\$147.3)	(\$152.9)
13 REVENUE DUE TO JTA (HB 2001) - memo	\$0.0	\$0.0	\$0.0	(\$68.1)	(\$100.1)	(\$103.9)	(\$106.8)	(\$108.9)	(\$109.4)	\$0.0	(\$168.2)	(\$210.7)	(\$218.3)

Motor Carrier Revenues

The Motor Carrier Transportation Division (MCTD) collects weight-mile taxes and other heavy vehicle fees. Table 5 contains the forecast revenue detail, along with projected collection/administration costs and transfers.

Row 1 contains information on the amount of weight-mile and flat fee revenues collected each fiscal year. In FY08, weight-mile and flat-fee revenues reached \$236.8 million. This represented a slight increase of 0.1 percent from FY07. As the economy worsens, revenues are expected to drop sharply in FY09 by 11.8 percent and less so in FY10 at 1.1 percent. As the JTA revenues are added, growth in FY11 and FY12 is expected to rise sharply and then average 3.3 percent in the remaining forecast years.

Figure 12: Heavy Vehicle Registration Revenues



Row 2 of Table 5 shows heavy vehicle registration fee revenues. It includes both International Registration Plan (IRP) registration fees paid by interstate carriers and Commercial registration fees paid by intrastate carriers. Together these heavy vehicle registration fees totaled \$22.6 million in FY08. Registration fees are expected to total \$20.6 million in FY09, an 8.7 percent decline. As the JTA revenues are added growth is expected to rise sharply in FY10

and FY11 and then average 3.1 percent per year through the remainder of the forecast period.

Row 3 shows the revenues from Road Use Assessment Fees (RUAF), permits, passes, and credentials such as weight receipts and cab cards. This row also includes OTIA III fee increments from the DMV heavy vehicle portion of the Local Fund. Revenues from weight receipt and commercial driver's license fee increases make up the OTIA III Local Fund fee increments. Overall, the total of these heavy vehicle revenues reached \$9.7 million in FY08. The forecast predicts a decline of 3.5 percent for FY09 and a larger decline of 14.7 percent in FY10. Positive growth in revenues is expected to return in FY11, with annual growth averaging 6.7 percent between FY11 and FY15.

Row 4 reports the total gross revenues for the Motor Carrier Division. Gross revenues are lower than the previous forecast in FY09 and FY10, and are higher over the remainder of the forecast horizon as the JTA revenues are added. Row 9 reports the revenues net of collection costs. Net revenues are expected to reach a low of \$203.7 million in FY10 as the recession concludes, then grow rapidly in FY11 and FY12 as the JTA revenues are added and the economy recovers. Beyond FY13 revenues are expected to grow at an annual rate of 3.3 percent through the remainder of the forecast period. However, the forecast is consistently lower than the December 2008 forecast. This is mostly due to a decline in the weight-mile forecast as the economy has fallen further than anticipated in the prior forecast. Collection and administration costs, as shown in rows 6 and 8, are increasing sharply in FY10 and are expected to grow slowly through the remainder of the forecast. Note that row 12 has been added to show the JTA revenues.

Table 5: Highway Fund Revenue Collected by MCTD (Millions of Dollars)

	Actual		Forecast							Forecast			
	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	BI 07-09	BI 09-11	BI 11-13	BI 13-15
1 WEIGHT-MILE TAX	\$236.6	\$236.8	\$208.9	\$206.7	\$250.6	\$291.0	\$302.1	\$311.5	\$320.7	\$445.7	\$457.3	\$593.1	\$632.2
2 IRP & COMMERCIAL VEHICLE REGISTRATIONS*	\$23.5	\$22.6	\$20.6	\$27.2	\$41.1	\$42.6	\$44.2	\$45.4	\$46.4	\$43.2	\$68.2	\$86.9	\$91.8
3 RUAF, PERMITS, PASSES & CREDENTIALS**	\$9.8	\$9.7	\$9.4	\$8.0	\$8.5	\$9.3	\$10.1	\$10.6	\$11.1	\$19.1	\$16.5	\$19.3	\$21.7
4 TOTAL MCTD COLLECTIONS	\$269.9	\$269.1	\$238.9	\$241.8	\$300.3	\$342.9	\$356.4	\$367.5	\$378.2	\$507.9	\$542.1	\$699.3	\$745.7
5 Change from Previous Forecast			(\$14.7)	(\$23.1)	\$26.9	\$61.4	\$69.2	\$73.9	\$77.1	(\$14.7)	\$3.8	\$130.6	\$151.0
6 COLLECTION/ADMINISTRATION & PROGRAM COST	(\$23.9)	(\$26.0)	(\$27.0)	(\$31.0)	(\$31.6)	(\$33.5)	(\$34.2)	(\$36.3)	(\$37.0)	(\$53.0)	(\$62.6)	(\$67.7)	(\$73.3)
7 IFTA BUDGETED EXPENDITURES***	\$1.1	\$1.1	\$1.1	\$1.1	\$1.1	\$1.2	\$1.2	\$1.3	\$1.3	\$2.2	\$2.2	\$2.3	\$2.5
8 ODOT CENTRAL SERVICES ASSESSMENT	(\$6.1)	(\$6.8)	(\$7.1)	(\$8.2)	(\$8.4)	(\$8.9)	(\$9.1)	(\$9.6)	(\$9.8)	(\$13.9)	(\$16.6)	(\$18.0)	(\$19.5)
9 NET MCTD REVENUE	\$241.0	\$237.4	\$205.8	\$203.7	\$261.4	\$301.6	\$314.3	\$322.9	\$332.6	\$443.2	\$465.0	\$615.9	\$655.5
10 REVENUE SET-ASIDE TO OTIA I & II - memo	(\$10.0)	(\$10.8)	(\$8.5)	(\$8.7)	(\$8.8)	(\$9.3)	(\$9.4)	(\$9.5)	(\$9.7)	(\$19.3)	(\$17.4)	(\$18.7)	(\$19.2)
11 REVENUE PLEDGED TO OTIA III - memo	(\$29.6)	(\$29.3)	(\$26.0)	(\$25.5)	(\$26.2)	(\$28.4)	(\$29.5)	(\$30.4)	(\$31.3)	(\$55.3)	(\$51.7)	(\$57.9)	(\$61.7)
12 REVENUE DUE TO JTA (HB 2001) - memo	\$0.0	\$0.0	\$0.0	(\$8.0)	(\$60.3)	(\$80.0)	(\$83.1)	(\$85.6)	(\$88.0)	\$0.0	(\$68.3)	(\$163.1)	(\$173.5)

*IRP: International Registration Plan.

**RUAF: Road Use Assessment Fees.

***IFTA: International Fuel Tax Agreement.

Motor Fuels Tax Revenues

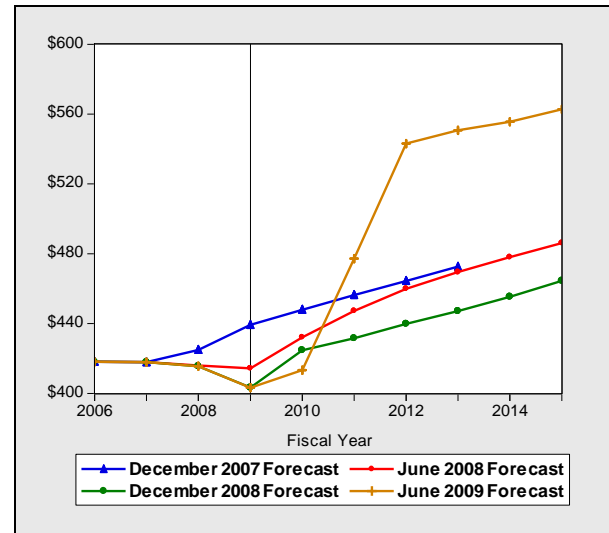
The Central Services Division–Financial Services Branch collects fuel tax revenues. Fuel tax collections are shown in Table 6. The fuel tax revenue forecasts continue to be reasonably accurate, once the forecasting model is evaluated for misses in the macroeconomic forecast. This is despite the price volatility in petroleum markets of the past four years. While actual revenues versus forecast revenues for the past several years have been typically within about plus/minus 1 percent, the disparity started to magnify somewhat with the economic and financial turbulence from late 2007 to the first half of 2009. Fortunately, the forecasts have regained better tracking performance of late, further testament hopefully that the worse of the contraction is behind us.

For the first time since 1993, there is a change in the fuels tax rate. So, unlike discussions on fuel tax revenues for the past 17 years, there is finally a distinction between gallons consumed and the revenue generated from those sales. HB 2001 has changed the forecast landscape appreciably and the fuel tax revenue outlook no longer mimics the fuel consumption forecast laid out above. Moreover, there is always the caveat that the latter was stated in terms of calendar years in order to correspond more closely with the narrative on the state and national economic backdrop, whereas the context of motor fuels revenue is in terms of fiscal years.

The current forecast shows a drop off in fuel tax revenue for FY10 from the prior forecast conducted in December 2008, albeit not as dramatically as the change from the forecasts from December 2007 and June 2008 (Figure 13). The JTA doesn't affect fuel tax revenues until mid-way through FY11; so, FY10 is lower than our prior forecast by a little more than \$11 million or 2.7 percent. This stems

from additional, downward adjustments from the updated economic assumptions.

Figure 13: Motor Fuel Tax Revenues



As reflected in the figure, there is a quantum change in projected fuel tax revenues starting in FY11 and accelerating into FY12. Revenues are over \$45 million higher than in our prior outlook as the net result of an even weaker economic backdrop, coupled with the positive revenue enhancements of JTA. In the post-FY12 period, this acceleration moderates considerably. At a “steady state rate,” gross fuel tax revenues are now slightly more than \$100 million higher on average than our prior forecast.

Collection and program administration costs stay largely invariant over the forecast horizon, so net fuel tax revenues to the State Highway Fund exhibit largely the same pattern as gross revenues.

With an average annual base of approximately \$515 million over the forecast interval out through FY15, fuels tax collections generate the single largest amount of revenue for the Highway Fund, some 45 percent before collection and program costs. Each penny of gas tax generates about \$18

million gross and \$17.2 million net per year in fuel tax revenue through this forecast horizon. The same penny of tax plus its weight-mile equivalent produces on average about \$29.2 million gross and slightly more than \$27 million net a year.

It is important to recognize the predictive capability of the foregoing “yield” results from gas taxes and weight-mile levies. They are averages and are based on a 1-cent increase only. For tax increases larger than one cent per gallon (say, for example, 5 cents or more), price elasticity effects are likely to cause a diminution in revenue yield. Moreover, as advanced in the motor fuels transaction narrative, sensitivities to permanent tax rate changes are most likely higher than for strict price changes. Direct analysis on a case by case basis is strongly suggested over applying “rules of thumb” in such instances.

Table 6: Highway Fund Revenue Collected by Financial Services Branch (Millions of Dollars)

	Actual		Forecast							Forecast			
	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	BI 07-09	BI 09-11	BI 11-13	BI 13-15
1 MOTOR FUELS TAXES	\$415.5	\$413.2	\$401.0	\$411.1	\$474.9	\$540.6	\$548.1	\$552.9	\$559.9	\$814.2	\$885.9	\$1,088.8	\$1,112.8
2 TOTAL FSB COLLECTIONS	\$415.5	\$413.2	\$401.0	\$411.1	\$474.9	\$540.6	\$548.1	\$552.9	\$559.9	\$814.2	\$885.9	\$1,088.8	\$1,112.8
3 Change from Previous Forecast			\$0.0	(\$11.2)	\$45.9	\$103.6	\$103.9	\$100.7	\$98.6	\$0.0	\$34.8	\$207.5	\$199.3
4 COLLECTION/ADMINISTRATION COST	(\$1.3)	(\$1.3)	(\$1.4)	(\$1.8)	(\$1.9)	(\$2.0)	(\$2.0)	(\$2.1)	(\$2.2)	(\$2.7)	(\$3.7)	(\$4.0)	(\$4.3)
5 ODOT CENTRAL SERVICES ASSESSMENT	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.1)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.4)	(\$0.3)	(\$0.3)	(\$0.4)
6 SNOWMOBILE TRANSFER	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.7)	(\$0.7)	(\$1.4)	(\$1.4)	(\$1.4)	(\$1.4)
7 CLASS I ATV TRANSFER	(\$2.3)	(\$2.6)	(\$2.7)	(\$2.9)	(\$3.2)	(\$3.4)	(\$3.7)	(\$4.0)	(\$4.4)	(\$5.3)	(\$6.1)	(\$7.1)	(\$8.4)
8 MARINE BOARD TRANSFER	(\$5.6)	(\$5.6)	(\$5.5)	(\$5.4)	(\$5.4)	(\$5.4)	(\$5.4)	(\$5.4)	(\$5.4)	(\$11.1)	(\$10.8)	(\$10.8)	(\$10.8)
9 CLASS II ATV TRANSFER	(\$1.2)	(\$1.3)	(\$1.4)	(\$1.1)	(\$1.2)	(\$1.3)	(\$1.3)	(\$1.4)	(\$1.5)	(\$2.7)	(\$2.3)	(\$2.6)	(\$3.0)
10 CLASS III ATV TRANSFER	(\$0.8)	(\$0.8)	(\$0.8)	(\$1.0)	(\$1.0)	(\$1.1)	(\$1.1)	(\$1.2)	(\$1.3)	(\$1.6)	(\$2.0)	(\$2.2)	(\$2.5)
11 TRANSPORTATION OPERATING FUND (TOF)	(\$4.1)	(\$4.1)	(\$4.2)	(\$4.1)	(\$4.1)	(\$4.1)	(\$4.1)	(\$4.1)	(\$4.1)	(\$8.3)	(\$8.3)	(\$8.3)	(\$8.3)
12 AVIATION TRANSFER	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.1)	(\$0.2)	(\$0.2)	(\$0.3)	(\$0.3)
13 NET FSB REVENUE	\$399.2	\$396.4	\$384.0	\$393.8	\$457.2	\$522.4	\$529.4	\$533.6	\$540.0	\$780.4	\$851.0	\$1,051.8	\$1,073.5
14 REVENUE ALLOCATION TO OTIA I & II SET-ASIDE	(\$19.1)	(\$20.9)	(\$18.3)	(\$20.3)	(\$20.4)	(\$20.0)	(\$19.7)	(\$19.5)	(\$19.5)	(\$39.2)	(\$40.7)	(\$39.7)	(\$39.0)
15 REVENUE PLEDGED TO OTIA III	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
16 REVENUE DUE TO JTA (HB 2001) - memo	\$0.0	\$0.0	\$0.0	\$0.0	(\$51.0)	(\$108.2)	(\$109.7)	(\$110.6)	(\$112.0)				

Highway Revenue Forecast Summary

Table 7 summarizes the updated revenue forecast. For tractability, it is partitioned into two panels. The portion of the table labeled “7A” contains a consolidation of the results reported in Tables 4, 5, and 6 developed for each major division of ODOT. The portion labeled “7B” shows how the net revenues available for distribution are apportioned between counties, cities, and the State Highway Fund. A separate monthly forecast of the County/City Apportionments is available under “Highway Revenue Apportionment Forecasts” at <http://www.oregon.gov/ODOT/CS/EA/reports.shtml>.

Figure 14 highlights the impact of the JTA revenues on the current forecast. Beginning in October of 2009 revenues from the increases in DMV fees start to accrue, followed by the increases in heavy vehicle registrations in January 2011, totaling \$76.1 million in FY10. In October of 2010 the increase in the weight-mile, flat fee, and road user assessment fees take effect, followed by the motor fuels tax increase in January 2011, totaling \$211.4 million in FY11. The first full year of total JTA revenues is FY12, totaling \$292.1 million. In the remaining years revenues are expected to grow at a more tepid rate in line with economic and population growth averaging 1.9 percent.

Also shown in figure 14 is a comparison of the June 2009 forecast to the December 2008 forecast with the JTA revenues removed. This apples to apples comparison shows that the current gross highway fund forecast is expected to generate a reduced amount of revenue over the prior forecast, averaging \$34.8 million less covering the period from FY10 through FY15 when the JTA revenues are removed. In particular FY10 and FY11 are expected to be considerably lower, at \$58.1 and \$48.1 million respectively. The

primary cause for the reduced revenues in FY10 and FY11 is the continued deterioration of economic conditions that drive the demand for motor fuels and trucking activity. In the remaining forecast years the timeline of the recovery has been pushed back and is expected to be milder than previously thought.

Figure 14: JTA Revenue Impact

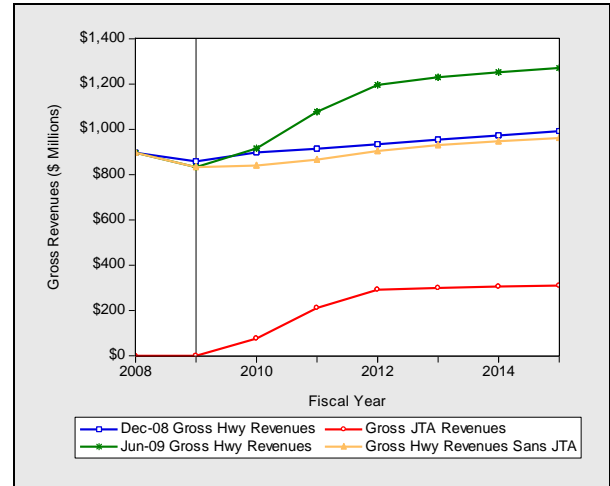


Table 7A: Highway Fund Revenue by Fiscal Year and Biennium (Millions of Dollars)

	Actual		Forecast							Forecast			
	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	BI 07-09	BI 09-11	BI 11-13	BI 13-15
1 TOTAL MCTD COLLECTIONS	\$269.9	\$269.1	\$238.9	\$241.8	\$300.3	\$342.9	\$356.4	\$367.5	\$378.2	\$507.9	\$542.1	\$699.3	\$745.7
2 TOTAL FSB COLLECTIONS	\$415.5	\$413.2	\$401.0	\$411.1	\$474.9	\$540.6	\$548.1	\$552.9	\$559.9	\$814.2	\$885.9	\$1,088.8	\$1,112.8
3 TOTAL DMV COLLECTIONS	\$219.4	\$214.2	\$193.1	\$262.9	\$302.3	\$312.8	\$324.9	\$331.7	\$332.6	\$407.3	\$565.2	\$637.7	\$664.3
4 TOTAL GROSS HIGHWAY FUND	\$904.8	\$896.5	\$832.9	\$915.8	\$1,077.4	\$1,196.3	\$1,229.4	\$1,252.2	\$1,270.6	\$1,729.4	\$1,993.2	\$2,425.7	\$2,522.8
5 COLLECTION, PROGRAMS, & TRANSFERS (incl.obligated OTIA & JTA)	(\$266.1)	(\$283.0)	(\$271.5)	(\$343.8)	(\$452.8)	(\$526.7)	(\$538.8)	(\$555.3)	(\$563.3)	(\$554.5)	(\$796.6)	(\$1,065.5)	(\$1,118.6)
6 NET REVENUE TO HIGHWAY FUND	\$638.8	\$613.4	\$561.4	\$571.9	\$624.7	\$669.6	\$690.6	\$696.8	\$707.3	\$1,174.8	\$1,196.6	\$1,360.2	\$1,404.1
7 OTIA I & II SET ASIDE - memo	\$35.8	\$38.9	\$32.3	\$35.6	\$35.6	\$35.6	\$35.6	\$35.6	\$35.6	\$71.2	\$71.2	\$71.2	\$71.2
8 DEBT SERVICE (OTIA I & II)	(\$22.1)	(\$37.4)	(\$30.8)	(\$33.6)	(\$33.6)	(\$33.6)	(\$33.6)	(\$33.9)	(\$35.6)	(\$68.2)	(\$67.2)	(\$67.3)	(\$69.5)
9 OTIA III Dedicated Revenues - memo	\$103.7	\$102.4	\$92.0	\$92.8	\$96.2	\$101.0	\$104.2	\$106.7	\$107.9	\$194.4	\$188.9	\$205.2	\$214.6
10 DEBT SERVICE (OTIA III)	(\$44.2)	(\$56.5)	(\$67.8)	(\$69.7)	(\$71.7)	(\$74.5)	(\$76.3)	(\$77.8)	(\$72.4)	(\$124.3)	(\$141.3)	(\$150.8)	(\$150.2)
11 JTA Total Gross Revenues - memo	\$0.0	\$0.0	\$0.0	\$76.1	\$211.4	\$292.1	\$299.5	\$305.1	\$309.3	\$0.0	\$76.1	\$287.5	\$503.4
12 JTA Allocation for Long-Range Planning and TIC Transfers	\$0.0	\$0.0	\$0.0	(\$21.0)	(\$27.0)	(\$27.0)	(\$27.0)	(\$27.0)	(\$27.0)	\$0.0	(\$48.0)	(\$54.0)	(\$54.0)
13 DEBT SERVICE (JTA) - State Only	-	\$0.0	\$0.0	\$0.0	(\$1.8)	(\$21.8)	(\$23.6)	(\$43.5)	(\$45.1)	\$0.0	(\$1.8)	(\$45.5)	(\$88.6)
14 NET OTIA I & II REVENUE FOR DISTRIBUTION	\$14.0	\$1.5	\$1.5	\$2.0	\$2.0	\$2.0	\$2.0	\$1.7	(\$0.0)	\$3.0	\$4.0	\$3.9	\$1.7
15 NET OTIA III REVENUE FOR DISTRIBUTION - LOCAL	\$24.8	\$26.4	\$22.8	\$23.1	\$24.5	\$26.6	\$27.9	\$29.0	\$35.5	\$49.1	\$47.6	\$54.5	\$64.4
16 NET OTIA III REVENUE FOR DISTRIBUTION -STATE	\$34.7	\$19.6	\$1.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$21.0	\$0.0	\$0.0	\$0.0
17 NET JTA REVENUE FOR DISTRIBUTION - LOCAL	\$0.0	\$0.0	\$0.0	\$27.5	\$92.2	\$132.5	\$136.3	\$139.1	\$141.2	\$0.0	\$119.7	\$268.8	\$280.2
18 NET JTA REVENUE FOR DISTRIBUTION ABOVE D/S -STATE	\$0.0	\$0.0	\$0.0	\$13.4	\$43.1	\$42.8	\$42.8	\$24.2	\$23.8	\$0.0	\$56.6	\$85.6	\$48.0
19 TOTAL NET REVENUE FOR DISTRIBUTION	\$712.3	\$660.9	\$587.0	\$638.0	\$786.5	\$873.5	\$899.5	\$890.8	\$907.7	\$1,247.9	\$1,424.5	\$1,773.0	\$1,798.5

Table 7B: Distribution of Total Net Revenues (Millions of Dollars)

	Distribution Percentage	Actual		Forecast							Forecast				
		FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	BI 07-09	BI 09-11	BI 11-13	BI 13-15	
1	COUNTY APPORTIONMENT (ORS 366.739)	24.38%	\$152.9	\$147.8	\$135.3	\$134.5	\$139.2	\$145.1	\$149.7	\$150.8	\$153.1	\$283.1	\$273.6	\$294.8	\$304.0
2	SPECIAL COUNTY		(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)
3	2007 SESSION SB 994 (Section 15)		\$0.0	\$0.0	\$56.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$56.2	\$0.0	\$0.0	\$0.0
4	COUNTY APPORTIONMENT (OTIA I & II)	30.00%	\$4.2	\$0.5	\$0.45	\$0.6	\$0.6	\$0.6	\$0.6	\$0.5	(\$0.0)	\$0.9	\$1.2	\$1.2	\$0.5
5	COUNTY APPORTIONMENT (OTIA III)	25.48%	\$26.4	\$26.1	\$23.4	\$23.6	\$24.5	\$25.7	\$26.5	\$27.2	\$27.5	\$49.5	\$48.1	\$52.3	\$54.7
6	DEBT SERVICE (OTIA III)	84.07%	(\$16.2)	(\$14.4)	(\$13.7)	(\$13.7)	(\$13.7)	(\$13.7)	(\$13.7)	(\$13.8)	(\$8.7)	(\$28.1)	(\$27.4)	(\$27.5)	(\$22.5)
7	NET COUNTY APPORTIONMENT (OTIA III-Local)	60.00%	\$4.6	\$4.3	\$3.9	\$3.8	\$3.9	\$4.0	\$4.1	\$4.1	\$4.1	\$8.2	\$7.7	\$8.0	\$8.2
8	COUNTY APPORTIONMENT (JTA)	30.00%	\$0.0	\$0.0	\$0.0	\$16.5	\$55.3	\$79.5	\$81.8	\$83.4	\$84.7	\$0.0	\$71.8	\$161.3	\$168.1
9	NET COUNTY APPORTIONMENT		\$171.4	\$163.7	\$205.1	\$164.8	\$209.3	\$240.7	\$248.4	\$251.8	\$260.2	\$368.8	\$374.1	\$489.1	\$512.1
10	CITY APPORTIONMENT (ORS 366.739)	15.57%	\$97.7	\$94.4	\$86.4	\$85.9	\$88.9	\$92.6	\$95.6	\$96.3	\$97.8	\$180.8	\$174.8	\$188.2	\$194.1
11	SPECIAL CITY		(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)
12	CITY APPORTIONMENT (OTIA I & II)	20.00%	\$2.8	\$0.3	\$0.30	\$0.4	\$0.4	\$0.4	\$0.4	\$0.3	(\$0.0)	\$0.6	\$0.8	\$0.8	\$0.3
13	CITY APPORTIONMENT (OTIA III)	16.99%	\$17.6	\$17.4	\$15.6	\$15.8	\$16.3	\$17.2	\$17.7	\$18.1	\$18.3	\$33.0	\$32.1	\$34.9	\$36.5
14	DEBT SERVICE (OTIA III)	15.93%	(\$3.1)	(\$2.7)	(\$2.6)	(\$2.6)	(\$2.6)	(\$2.6)	(\$2.6)	(\$2.6)	(\$1.6)	(\$5.3)	(\$5.2)	(\$5.2)	(\$4.3)
15	NET CITY APPORTIONMENT (OTIA III-Local)	40.00%	\$3.0	\$2.9	\$2.6	\$2.5	\$2.6	\$2.7	\$2.7	\$2.7	\$2.7	\$5.4	\$5.1	\$5.4	\$5.5
16	CITY APPORTIONMENT (JTA)	20.00%	\$0.0	\$0.0	\$0.0	\$11.0	\$36.9	\$53.0	\$54.5	\$55.6	\$56.5	\$0.0	\$47.9	\$107.5	\$112.1
17	NET CITY APPORTIONMENT		\$117.6	\$111.7	\$101.8	\$112.5	\$142.0	\$162.8	\$167.8	\$170.1	\$173.2	\$213.5	\$254.5	\$330.6	\$343.2
16	HIGHWAY DIVISION (including small City/County)	60.05%	\$376.6	\$364.1	\$333.2	\$331.2	\$342.8	\$357.3	\$368.7	\$371.5	\$377.2	\$697.3	\$674.0	\$726.0	\$748.7
17	SPECIAL COUNTY		(\$0.3)	(\$0.3)	(\$0.3)	(\$0.3)	(\$0.3)	(\$0.3)	(\$0.3)	(\$0.3)	(\$0.3)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)
18	2007 SESSION SB 994 (Section 15)		\$0.0	\$0.0	(\$56.2)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$56.2)	\$0.0	\$0.0	\$0.0
19	SPECIAL CITY		(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)
20	HIGHWAY DIVISION: TOTAL (OTIA I & II)	50.00%	\$7.0	\$0.8	\$0.75	\$1.0	\$1.0	\$1.0	\$1.0	\$0.8	(\$0.0)	\$1.5	\$2.0	\$2.0	\$0.8
21	HIGHWAY DIVISION: TOTAL (OTIA III)	57.53%	\$59.7	\$58.9	\$52.9	\$53.4	\$55.3	\$58.1	\$59.9	\$61.4	\$62.1	\$111.8	\$108.7	\$118.1	\$123.5
22	DEBT SERVICE (OTIA III)	100.00%	(\$24.9)	(\$39.3)	(\$51.5)	(\$53.4)	(\$55.3)	(\$58.1)	(\$59.9)	(\$61.4)	(\$62.1)	(\$90.9)	(\$108.7)	(\$118.1)	(\$123.5)
23	STATE APPORTIONMENT (OTIA III)	0.00%	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
24	HIGHWAY DIVISION: NON-DEDICATED JTA REVENUES	48.75%	\$0.0	\$0.0	\$0.0	\$13.4	\$44.9	\$64.6	\$66.4	\$67.8	\$68.8	\$0.0	\$58.4	\$131.0	\$136.6
25	HIGHWAY DIVISION: DEDICATED JTA DEBT SERVICE	51.25%	-	\$0.0	\$0.0	\$14.1	\$47.2	\$67.9	\$69.8	\$71.3	\$72.3	\$0.0	\$61.4	\$137.8	\$143.6
26	DEBT SERVICE (JTA)		-	\$0.0	\$0.0	\$0.0	(\$1.8)	(\$21.8)	(\$23.6)	(\$43.5)	(\$45.1)	\$0.0	(\$1.8)	(\$45.5)	(\$88.6)
27	NET HIGHWAY DIVISION		\$417.6	\$383.7	\$278.4	\$359.0	\$433.5	\$468.3	\$481.6	\$467.2	\$472.6	\$662.0	\$792.4	\$949.9	\$939.7
28	Memo: HIGHWAY MODERNIZATION PROGRAM (included in NET HIGHWAY DIVISION)		\$59.6	\$58.7	\$54.8	\$76.7	\$93.9	\$106.5	\$108.0	\$109.7	\$111.6	\$113.5	\$170.6	\$214.5	\$221.3
29	NET COUNTY APPORTIONMENT		\$171.4	\$163.7	\$205.1	\$164.8	\$209.3	\$240.7	\$248.4	\$251.8	\$260.2	\$368.8	\$374.1	\$489.1	\$512.1
30	NET CITY APPORTIONMENT		\$117.6	\$111.7	\$101.8	\$112.5	\$142.0	\$162.8	\$167.8	\$170.1	\$173.2	\$213.5	\$254.5	\$330.6	\$343.2
31	NET HIGHWAY DIVISION		\$417.6	\$383.7	\$278.4	\$359.0	\$433.5	\$468.3	\$481.6	\$467.2	\$472.6	\$662.0	\$792.4	\$949.9	\$939.7
32	NET HIGHWAY FUNDS REVENUE		\$706.6	\$659.1	\$585.3	\$636.3	\$784.7	\$871.7	\$897.8	\$889.0	\$906.0	\$1,244.4	\$1,421.0	\$1,769.5	\$1,795.0
33	SPECIAL COUNTY/CITY TRANSFERS TO ALLOTMENT FUND		\$1.8	\$1.8	\$1.8	\$1.8	\$1.8	\$1.8	\$1.8	\$1.8	\$1.8	\$3.5	\$3.5	\$3.5	\$3.5
34	TOTAL NET REVENUES FOR DISTRIBUTION		\$708.3	\$660.9	\$587.0	\$638.0	\$786.5	\$873.5	\$899.5	\$890.8	\$907.7	\$1,247.9	\$1,424.5	\$1,773.0	\$1,798.5

Note: Row and column sums may vary slightly due to rounding.