



## Transportation Finance Issues

### How are transportation revenues forecast?

---

#### Forecasting for motor fuel taxes and vehicle registration fees

- An “econometric” model, consisting of historical data and economic variables, is used to forecast motor fuel consumption and vehicle registrations.
- Motor fuel taxes and vehicle registration fees represent about 87% of all the state transportation revenue collected.

#### Forecast model for motor fuel tax revenue

- Projected motor fuel tax revenues are the product of two things:
  - projected gasoline and diesel fuel consumption
  - current motor fuel tax rate
- Gasoline consumption is derived from Wisconsin disposable income, an index price of various vehicle-related petroleum products, the number of registered automobiles, the index of consumer sentiment and average light vehicle fuel efficiency (MPG).
- Diesel fuel consumption is derived from the index of total industrial production.

#### Forecast model for vehicle registration fee revenue

- Registration fee revenues include those for automobiles and trucks. Auto and truck registration revenues are a product of:
  - registration fees for automobiles and light trucks
  - 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 Wisconsin disposable income, total industrial production, the Wisconsin unemployment rate, Wisconsin construction employment and the index of consumer sentiment.