

Revenue Update

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Special Tax Obligation Bonds

- The State is currently in the process of issuing Special Tax Obligation (STO) revenue bonds. The STO bonds provide the resources necessary to fund the state's portion of ongoing capital related Transportation projects and are paid back from the revenues of the Special Transportation Fund. Some of the features include:
 - 20 Year maturity
 - Fixed Rate
 - Two times revenue coverage for debt service (See next slide)
 - Debt Service Reserve Requirement
 - Level Debt Service Amortization

- This sale will include funds for the first year of Let's Go CT!

Revenue Changes

- Major changes to oil price projections led to large changes in both Motor Fuels Tax and Oil Companies Tax revenue estimates.
- Lower fuel prices, but greater consumption

Net Change in Revenue Adjustments (in Millions)

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Motor Fuels Tax | \$ 12.8 | \$ 12.1 | \$ 15.0 | \$ 16.5 | \$ 16.5 | \$ 16.4 | \$ 16.3 | \$ 16.3 | \$ 16.2 | \$ 16.1 |
| Oil Companies | <u>(32.0)</u> | <u>(31.8)</u> | <u>(27.0)</u> | <u>(43.8)</u> | <u>(51.4)</u> | <u>(57.8)</u> | <u>(64.7)</u> | <u>(72.1)</u> | <u>(80.0)</u> | <u>(88.5)</u> |
| Total | \$ (19.2) | \$ (19.7) | \$ (12.0) | \$ (27.3) | \$ (34.9) | \$ (41.4) | \$ (48.4) | \$ (55.8) | \$ (63.8) | \$ (72.4) |

Forecast Impact

- Changing the expenditure, interest rate and oil price assumptions will lead to an increase in the cumulative deficit by \$820 million over the next 10 years (FY 2025).
- Adds a layer of conservatism to the forecast which is typical when the state issues STO bonds.

Special Transportation Fund
Let's Go CT - 10 Year Forecast
(in millions)

| Revenues | <u>FY 2016</u> | <u>FY 2017</u> | <u>FY 2018</u> | <u>FY 2019</u> | <u>FY 2020</u> | <u>FY 2021</u> | <u>FY 2022</u> | <u>FY 2023</u> | <u>FY 2024</u> | <u>FY 2025</u> |
|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1.Total Revenue | \$ 1,448.9 | \$ 1,577.2 | \$ 1,708.1 | \$ 1,741.7 | \$ 1,766.7 | \$ 1,794.9 | \$ 1,823.7 | \$ 1,853.7 | \$ 1,884.8 | \$ 1,917.0 |
| Expenditures | | | | | | | | | | |
| 2.Debt Service | \$ 502.0 | \$ 563.0 | \$ 625.3 | \$ 690.1 | \$ 757.7 | \$ 913.7 | \$ 1,027.2 | \$ 1,181.5 | \$ 1,389.0 | \$ 1,637.3 |
| 3.Agency Expenditures | <u>914.1</u> | <u>933.1</u> | <u>971.0</u> | <u>1,034.8</u> | <u>1,092.5</u> | <u>1,140.4</u> | <u>1,184.3</u> | <u>1,235.1</u> | <u>1,288.1</u> | <u>1,405.6</u> |
| 4.Total Expenditures | \$ 1,416.1 | \$ 1,496.1 | \$ 1,596.3 | \$ 1,724.9 | \$ 1,850.2 | \$ 2,054.1 | \$ 2,211.5 | \$ 2,416.6 | \$ 2,677.1 | \$ 3,042.8 |
| 5.Surplus/(Deficit) | \$ 32.8 | \$ 81.1 | \$ 111.8 | \$ 16.8 | \$ (83.4) | \$ (259.2) | \$ (387.8) | \$ (562.9) | \$ (792.3) | \$ (1,125.8) |
| Running Balance | | | | | | | | | | |
| 6.Cumulative Excess | \$ 242.3 | \$ 323.3 | \$ 435.1 | \$ 451.9 | \$ 368.5 | \$ 109.2 | \$ (278.5) | \$ (841.4) | \$ (1,633.7) | \$ (2,759.5) |