

Question: What is the rate per mile of Vehicle Miles Traveled (VMT) charge that would need to be assessed to replace the gas tax at its current rate?

Estimation Methodology: This calculation was derived from 2 separate forecasts. The first is the consultant's forecast for gas tax revenues for the period FY 2008-2035. The gas tax forecast was completed with an econometric model and assumes that the historic trends for motor fuel consumption will continue into the future. The second forecast, the VMT forecast, is consistent with the CDOT forecast VMT on *STATE ROADS ONLY* for the period 2005-2025. The period 2026-2035 was estimated by applying the CDOT compound average annual growth rate (CAAGR) for the period 2005-2025 to the 2025 value and then extrapolated out to 2035 by assuming a consistent CAAGR throughout the forecast period. Since the best VMT data and forecast available is the CDOT data and forecast for VMT on state roads only, the rate that results from this analysis is biased high since a portion of VMT, those on non-state roads, are excluded from the analysis.

Results: Based upon the assumptions outlined above, the rate per mile charged against VMT to offset the gas tax in a revenue neutral way for FY 2007-08 is calculated to be 1.34 cents per mile. This rate remains consistent through FY 2019-20, after which it begins to slowly decline. Table 1 shows the necessary rate through the year 2035. It is important to note that in the current construct of a flat rate per mile, the VMT as a replacement for the fuel tax will, as is the case with the current fuel tax, fail to keep up with inflation.

Table 1: Rate of VMT Necessary to Replace the Fuel Tax

FY	Rate per Mile	FY	Rate per Mile
2008	1.34 Cents	2022	1.33 Cents
2009	1.34 Cents	2023	1.33 Cents
2010	1.34 Cents	2024	1.33 Cents
2011	1.34 Cents	2025	1.32 Cents
2012	1.34 Cents	2026	1.32 Cents
2013	1.34 Cents	2027	1.31 Cents
2014	1.34 Cents	2028	1.31 Cents
2015	1.34 Cents	2029	1.30 Cents
2016	1.34 Cents	2030	1.30 Cents
2017	1.34 Cents	2031	1.29 Cents
2018	1.34 Cents	2032	1.29 Cents
2019	1.34 Cents	2033	1.28 Cents
2020	1.34 Cents	2034	1.28 Cents
2021	1.33 Cents	2035	1.27 Cents

FY 07-08 Gas Tax Revenue Forecast

Gasoline	\$	465,416,756
Special Fuels	\$	126,977,407
Total FY 07-08 forecast	\$	592,394,162

VMT Forecast - State Roads Only

Calendar year 2007	43,901,250,081
Calendar year 2008	44,740,626,461
Fiscal year 2007-08	44,320,938,271

Rate necessary to replace the gas tax	\$	0.0134
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