




COMMITTEE TRANSMITTAL

October 14, 2024

To: Members of the Board of Directors

From: Andrea West, Clerk of the Board 

Subject: 2024 Measure M2 Sales Tax Forecast

Finance and Administration Committee Meeting of September 25, 2024

Present: Directors Federico, Harper, Hennessey, Klopfenstein, and
Nguyen

Absent: Director Sarmiento

Committee Vote

No action was taken on this item.

Staff Recommendation(s)

Receive and file as an information item.



September 25, 2024

To: Finance and Administration Committee
From: Darrell E. Johnson, Chief Executive Officer
Subject: 2024 Measure M2 Sales Tax Forecast

A handwritten signature in blue ink, appearing to read "Darrell E. Johnson", is written over the "From:" line of the header.

Overview

The Orange County Transportation Authority contracts with MuniServices, LLC and three universities to forecast Measure M2 taxable sales. MuniServices, LLC and the three universities have each provided updated forecasts and staff have incorporated the new information into the annual update for the long-range forecast of Measure M2 taxable sales.

Recommendation

Receive and file as an information item.

Background

On March 28, 2016, the Orange County Transportation Authority (OCTA) Board of Directors (Board) directed staff to forecast the total Measure M2 (M2) taxable sales by utilizing MuniServices, LLC (MuniServices) forecasted taxable sales growth rates for the first five years of the forecast period, and average growth rates based on forecasted taxable sales from three universities: Chapman University (Chapman), California State University, Fullerton (CSUF), and University of California, Los Angeles (UCLA), for the remaining years of M2.

OCTA received the final M2 sales tax payment for fiscal year (FY) 2023-24 in August 2024 and has prepared the 2024 M2 sales tax forecast.

Discussion

Total gross M2 sales tax receipts for FY 2023-24 are \$431.4 million, which decreased by 1.8 percent compared to the prior FY. The 2024 M2 sales tax forecast was completed incorporating the final sales tax receipts for FY 2023-24 and the updated sales tax forecasts provided by MuniServices, CSUF, Chapman, and UCLA. The new forecast projects sales tax available to support

the M2 program to be \$14 billion over the 30-year period. This represents a year-over-year decrease of \$0.8 billion in forecasted sales tax when compared to last year's forecast of \$14.8 billion.

The MuniServices forecast includes the five-year period from FY 2024-25 through FY 2028-29. The average annual sales tax growth rate over that period based on the MuniServices forecast is 2.7 percent. The three-university average annual growth rate for the remaining years (FY 2029-30 through FY 2040-41) is 3.3 percent and the average annual growth rate over the entire forecast period is 3.2 percent.

Staff will continue to monitor the short- and long-term impacts of several variables on M2 sales tax revenues. These variables include inflation, interest rates, and Orange County's population growth. Staff will also determine the impacts of the updated M2 sales tax forecast to M2 programs and projects and return to the Board in November 2024 with an updated Next 10 Delivery Plan.

Summary

OCTA has finalized sales tax receipts for FY 2023-24 and completed the 2024 M2 sales tax forecast based on updated sales tax forecasts from MuniServices, CSUF, Chapman, and UCLA. It is anticipated that the total sales tax available to support the M2 program will be \$14 billion. This represents a year-over-year decrease of \$0.8 billion in sales tax when compared to last year's forecast of \$14.8 billion. Staff will determine the impacts of the forecast to M2 programs and projects and return to the Board in November 2024 with an updated Next 10 Delivery Plan.

Attachment

- A. Orange County Transportation Authority M2 Sales Tax Revenue Forecast – 2024

Prepared by:



Sam Kaur
Department Manager,
Revenue Administration
(714) 560-5889

Approved by:



Andrew Oftelie
Chief Financial Officer,
Finance and Administration
(714) 560-5649



Orange County Transportation Authority
M2 Sales Tax Revenue Forecast - 2024
In Nominal Dollars

		Chapman		UCLA		CSUF		MuniServices		Board-Approved Forecast	
Fiscal Year	Actual Growth	Gross Sales Tax	Growth Rate	Gross Sales Tax	Growth Rate	Gross Sales Tax	Growth Rate	Gross Sales Tax	Growth Rate	Gross Sales Tax	Blended Growth Rate
Actuals	2011 *	61,756,868	-	61,756,868	-	61,756,868	-	61,756,868	-	61,756,868	-
	2012	250,892,931	-	250,892,931	-	250,892,931	-	250,892,931	-	250,892,931	-
	2013	266,384,076	-	266,384,076	-	266,384,076	-	266,384,076	-	266,384,076	-
	2014	279,599,946	-	279,599,946	-	279,599,946	-	279,599,946	-	279,599,946	-
	2015	291,615,675	-	291,615,675	-	291,615,675	-	291,615,675	-	291,615,675	-
	2016	300,944,523	-	300,944,523	-	300,944,523	-	300,944,523	-	300,944,523	-
	2017	308,768,664	-	308,768,664	-	308,768,664	-	308,768,664	-	308,768,664	-
	2018	321,480,529	-	321,480,529	-	321,480,529	-	321,480,529	-	321,480,529	-
	2019	332,358,188	-	332,358,188	-	332,358,188	-	332,358,188	-	332,358,188	-
	2020	317,963,821	-	317,963,821	-	317,963,821	-	317,963,821	-	317,963,821	-
	2021	345,345,181	-	345,345,181	-	345,345,181	-	345,345,181	-	345,345,181	-
	2022	424,896,566	-	424,896,566	-	424,896,566	-	424,896,566	-	424,896,566	-
	2023	439,123,114	-	439,123,114	-	439,123,114	-	439,123,114	-	439,123,114	-
2024	431,412,458	-	431,412,458	-	431,412,458	-	431,412,458	-	431,412,458	-	
Short-Term	2025	441,874,587	2.4%	444,527,306	3.0%	442,017,892	2.5%	443,747,029	2.9%	443,747,029	2.9%
	2026	458,738,242	3.8%	461,775,880	3.9%	455,164,808	3.0%	457,067,995	3.0%	457,067,995	3.0%
	2027	475,544,266	3.7%	480,010,511	3.9%	469,535,206	3.2%	470,080,316	2.8%	470,080,316	2.8%
	2028	492,711,341	3.6%	501,427,659	4.5%	485,322,734	3.4%	482,305,531	2.6%	482,305,531	2.6%
	2029	510,130,156	3.5%	523,230,369	4.3%	501,965,639	3.4%	493,757,374	2.4%	493,757,374	2.4%
Long-Term	2030	528,245,635	3.6%	544,861,886	4.1%	518,245,787	3.2%			511,744,382	3.6%
	2031	546,986,461	3.5%	566,421,592	4.0%	533,560,918	3.0%			529,586,942	3.5%
	2032	566,367,146	3.5%	588,309,021	3.9%	549,097,922	2.9%			547,803,460	3.4%
	2033	586,562,581	3.6%	610,613,923	3.8%	565,520,603	3.0%			566,699,010	3.4%
	2034	607,248,249	3.5%	632,923,602	3.7%	582,738,917	3.0%			586,013,856	3.4%
	2035	628,984,659	3.6%	655,552,044	3.6%	599,858,959	2.9%			605,728,487	3.4%
	2036	651,394,540	3.6%	678,807,591	3.5%	616,937,260	2.8%			625,833,411	3.3%
	2037	674,761,100	3.6%	702,764,187	3.5%	633,982,402	2.8%			646,442,609	3.3%
	2038	698,691,366	3.5%	727,522,716	3.5%	650,652,996	2.6%			667,342,110	3.2%
	2039	723,541,022	3.6%	752,882,117	3.5%	667,046,403	2.5%			688,612,195	3.2%
	2040	749,428,255	3.6%	778,349,321	3.4%	683,584,802	2.5%			710,280,133	3.1%
2041 *	582,153,326	3.6%	602,877,985	3.3%	524,894,590	2.4%			549,096,764	3.1%	
Total		\$ 14,295,905,469	3.5%	\$ 14,625,400,251	3.7%	\$ 13,852,670,378	2.9%			\$ 13,954,684,143	3.2%

* Fiscal year 2011 includes sales tax receipts for one quarter and fiscal year 2041 represents forecasted sales tax receipts for three quarters.