Transportation Revenue Forecast Council

February 2014 Transportation Economic and Revenue Forecasts

Volume I: Summary

Washington Transportation
Economic and Revenue Forecast
February 2014 Forecast

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Preface

Washington law mandates the preparation and adoption of economic and revenue forecasts. The organizations primarily responsible for revenue forecasts are the Economic and Revenue Forecast Council and the Office of Financial Management. The Office of Financial Management has the statutory responsibility to prepare and adopt those forecasts not made by the Economic and Revenue Forecast Council (RCW 43.88.020). The Office of Financial Management carries out its forecast responsibilities for transportation revenues through the Transportation Revenue Forecast Council. Each quarter, technical staff of the Department of Licensing, Department of Transportation, Washington State Patrol and the Office of Forecast Council produce forecasts. The revenue forecasts agreed upon by the Transportation Revenue Forecast Council members become the official estimated revenues under RCW 43.88.020 21.

Transportation Forecast Summary

Forecast Overview

Here are key conclusions from the February 2014 transportation revenue forecast.

- February 2014 transportation forecast of revenues: $4.618 billion for the current biennium which represents an increase of 6.6% over the prior 2011-13 biennium of $4.33 billion.
- Overall transportation revenue is up a little forecast to forecast in the current biennium ($7.9 million) with the largest share of the increase in February being due to higher fuel tax revenue. Other revenues that are also up from the last forecast are driver related and rental car tax revenues.
- For the 10-year forecast horizon, total revenues are projected to be $23.83 billion, which is up by $76.2 million (0.3%) from November due to higher fuel tax revenue, licenses, permits and fees, rental car and new vehicle sales tax and driver related revenue.
- New projections of real personal income are higher and employment projections are also minor revision upward from the last forecast in terms of growth rates. The Washington's Economic and Revenue Forecast Council projections are extended 2 more years through FY 2019 which has added higher growth rates to key economic variables than previous projections. The current forecast for average annual retail gas and diesel price forecasts are lower than November's forecast all throughout the forecast horizon. The current B5 biodiesel prices for ferries are only a minor modification from the last forecast.
- The primary reason for the change in fuel tax revenue in the current year has been higher gas and diesel tax collections than anticipated. For the current biennium, overall fuel tax revenue is up by $8.5 million from November. In the projection over the next ten years, fuel taxes are anticipated to be $12,701 million and $50.1 million or 0.4% higher than in November.
- Licenses, permits and fee revenue are down minimally -$0.8 million, in the current biennium. In the next biennium, the revenues are up a little $1.2 million but the change from the last forecast grows over the forecast horizon. Over the 10 year forecast period, revenue is up $20.3 million over last forecast.
- The baseline ferry revenue estimates are down by $0.8 million compared to November in the current biennium. This forecast to forecast decline in total ferry revenue grows over time due to new lower population forecasts and weak collections. Ferry revenue is down $4.9 million over the 10-year forecast horizon.
- Rental car tax revenue is up slightly by $1.1 million in the current biennium and over the 10 year forecast horizon, those revenues are up $3.6 million.
- Toll Revenue is essentially a no change forecast except for some adjustments to fee revenue to align the forecast with recent actual collections. In the current biennium TNB toll revenue is down $3 million from prior estimates. In future biennia, toll revenue is nearly unchanged for all tolled facilities.

In FY 2010, transportation revenues were $2.014 billion which was a decline of 1% over the prior fiscal year as the economy struggled from the recession. In FY 2011, transportation revenues increased slightly to $2.06 billion or 2.3% growth year over year. In FY 2012, transportation revenues are also up minimally to $2.10 billion or 1.9% annual increase. In FY 2013, transportation revenues were $2.23 billion, which represents an annual increase of 6%. In the current fiscal year, transportation revenues are estimated at $2.29 billion which is 2.5% year–over-year growth and 0.2% adjustment upward from the November forecast. Overall during the 10-year horizon, transportation revenues are projected to be $23.83 billion with an average annual growth rate of 0.8% each year.

Figure 1 Total Transportation Revenues Comparison
February 2014 vs. November 2013 vs. March 2013 forecasts
millions of dollars

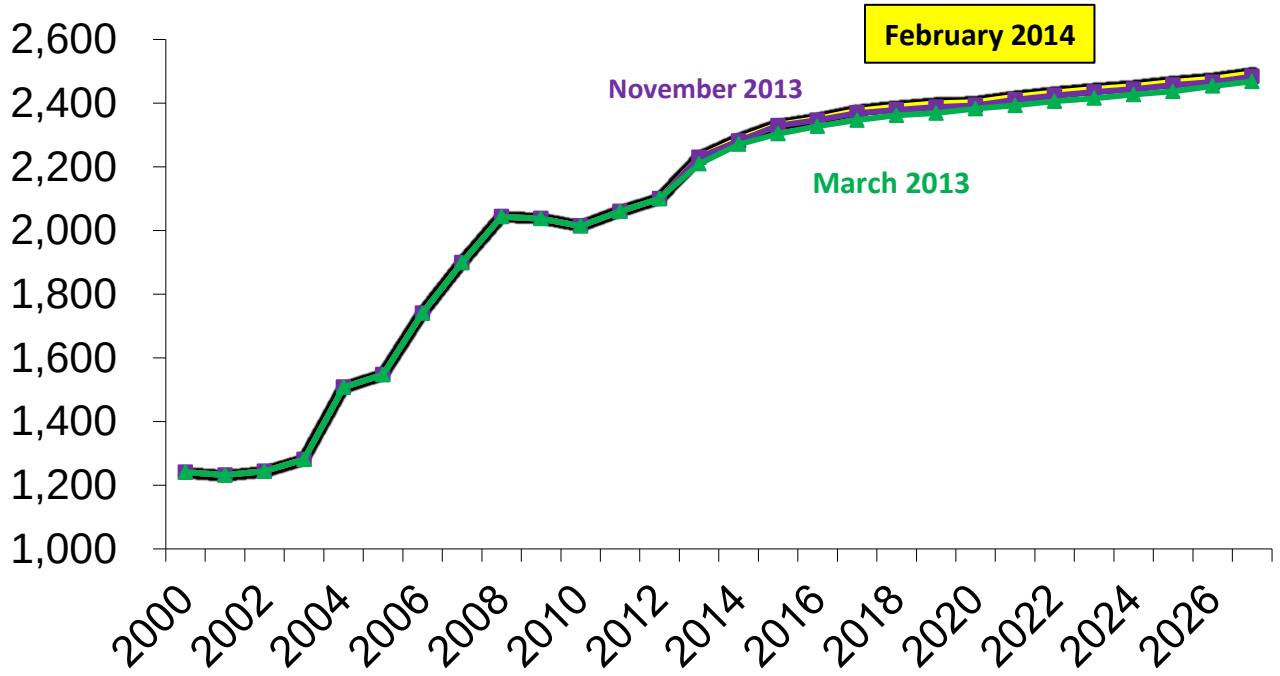
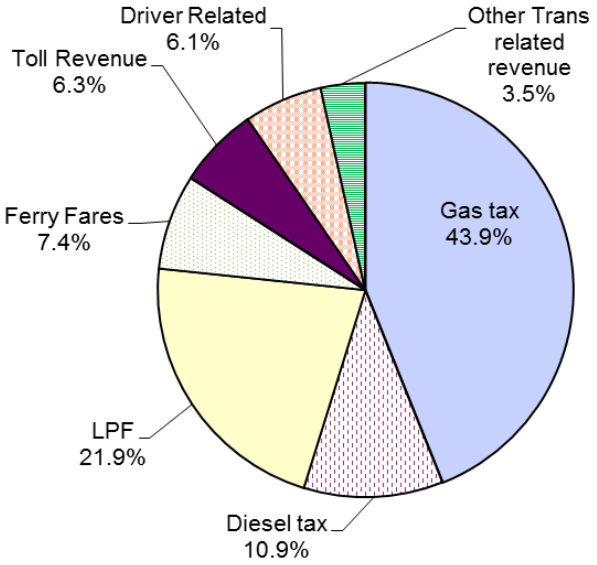


Figure 2 Revenue by Source
2013-15 biennium ($4.618 billion)



Washington's transportation revenues come from numerous taxes, fees, permits, tolls, and other revenues. Revenues forecasted each quarter include the sources contained in Figure 2. This pie graph reveals the anticipated share of each state revenue source to the total transportation revenues for the 2013-15 biennium, ($4.618 billion). Gasoline fuel taxes comprise the largest share at 43.9%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 54.8% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 21.9%. The largest three revenue sources are projected to consist of 76.7% of revenues in the 2013-15 biennium. The remaining 23.3% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

Figure 3 Forecast to Forecast Biennium Comparison of All Transportation Revenues
February 2014 forecast - 10 year period *millions of dollars*

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period
February 2014• millions of dollars

	Current Biennium 2013-2015			2015-2017			10-Year Period (2013-2023)		
	Forecast Feb-14	Chg from Nov-13	Percent Change	Forecast Feb-14	Chg from Nov-13	Percent Change	Forecast Feb-14	Chg from Nov-13	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,531.2	8.5	0.3%	2,544.8	7.9	0.3%	12,701.0	50.1	0.4%
Licenses, Permits and Fees *	1,009.4	(0.8)	-0.1%	1,032.6	1.2	0.1%	5,279.3	20.3	0.4%
Ferry Revenue†	342.8	(0.8)	-0.2%	355.9	(0.4)	-0.1%	1,819.1	(4.9)	-0.3%
Toll Revenue §	292.6	(3.0)	-1.0%	331.4	0.0	0.0%	1,733.2	(2.8)	-0.2%
Aviation Revenues ‡	6.0	(0.1)	-2.1%	6.2	(0.1)	-1.2%	31.2	(0.4)	-1.3%
Rental Car Tax	52.8	1.1	2.1%	55.7	0.9	1.6%	292.5	3.6	1.2%
Vehicle Sales Tax	74.1	(0.0)	0.0%	79.1	(0.0)	0.0%	411.8	0.1	0.0%
Driver-Related Fees*	282.8	3.5	1.3%	295.6	2.5	0.8%	1,434.0	13.2	0.9%
Business/Other Revenues ‡*	26.5	(0.5)	-1.7%	25.4	(0.6)	-2.2%	129.7	(2.9)	-2.2%
Total Revenues	**4,618.3**	**7.9**	**0.2%**	**4,726.7**	**11.5**	**0.2%**	**23,831.7**	**76.2**	**0.3%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**138.5**	**(2.9)**	**-2.1%**	**143.9**	**0.3**	**0.2%**	**738.7**	**(1.1)**	-0.2%
State Uses									
Motor Vehicle Account (108)	1,103.8	5.9	0.5%	1,111.2	5.4	0.5%	5,586.8	31.2	0.6%
Transportation 2003 (Nickel) Account (550)	394.3	1.5	0.4%	396.5	1.1	0.3%	1,983.1	7.0	0.4%
Transportation 2005 Partnership Account (09H)	581.1	2.5	0.4%	582.9	1.8	0.3%	2,906.5	11.8	0.4%
Multimodal Account (218)	262.7	0.0	0.0%	275.7	0.2	0.1%	1,431.5	5.1	0.4%
Special Category C Account (215)	47.6	0.2	0.5%	47.7	0.2	0.3%	237.6	1.0	0.4%
Puget Sound Capital Construction Account (099)	34.6	0.2	0.5%	34.7	0.1	0.3%	172.9	0.7	0.4%
Puget Sound Ferry Operations Account (109)	393.9	(0.8)	-0.2%	407.3	(0.4)	-0.1%	2,075.4	(3.9)	-0.2%
Capital Vessel Replacement Account (18J)	7.6	(0.1)	-1.2%	7.9	(0.0)	0.0%	40.6	(0.2)	-0.6%
Tacoma Narrows Bridge Account (511)	138.4	(3.1)	-2.2%	153.1	0.0	0.0%	795.7	(3.0)	-0.4%
High Occupancy Toll Lanes Account (09F)^	2.7	0.2	6.9%	0.0	0.0	0.0%	2.7	0.2	6.9%
SR 520 Corridor Account (16J)	133.2	0.0	0.0%	160.0	0.0	0.0%	843.3	0.0	0.0%
SR 520 Corridor Civil Penalties Account (17P)	18.3	0.0	0.0%	18.3	0.0	0.0%	91.6	0.0	0.0%
Aeronautics Account (039)	6.0	(0.1)	-2.1%	6.2	(0.1)	-1.2%	31.2	(0.4)	-1.3%
State Patrol Highway Account (081)	342.5	(1.8)	-0.5%	353.9	(1.0)	-0.3%	1,813.7	2.4	0.1%
Highway/Motorcycle Safety Accts. (106 & 082)	248.3	3.2	1.3%	260.4	2.1	0.8%	1,254.8	11.2	0.9%
School Zone Safety Account (780)	1.2	(0.5)	-27.9%	1.2	(0.5)	-28.0%	5.9	(2.3)	-28.0%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.3	(0.1)	-0.6%	16.7	(0.1)	-0.4%	85.2	(0.0)	0.0%
Ignition Interlock Devices Revolving Acct 14V	3.8	0.0	1.3%	3.8	0.1	1.5%	19.1	0.3	1.5%
Multiuse Roadway Safety Account Collections-571	0.1	(0.0)	0.0%	0.2	0.0	0.0%	0.9	(0.0)	0.0%
Total for State Use	**3,736.2**	**7.2**	**0.2%**	**3,837.5**	**8.9**	**0.2%**	**19,377.5**	**61.3**	**0.3%**
Local Uses									
Cities	182.5	0.9	0.5%	182.9	0.6	0.3%	911.2	3.9	0.4%
Counties	300.6	1.5	0.5%	301.4	0.9	0.3%	1,503.3	6.5	0.4%
Transportation Improvement Board (112 & 144)	195.0	0.9	0.5%	195.4	0.6	0.3%	973.7	4.2	0.4%
County Road Administration Board (102 & 186)	65.6	0.3	0.5%	65.7	0.2	0.3%	327.4	1.4	0.4%
Total for Local Use	**743.6**	**3.6**	**0.5%**	**745.3**	**2.3**	**0.3%**	**3,715.6**	**16.0**	**0.4%**
Total Distribution of Revenue	**4,618.3**	**7.9**	**0.2%**	**4,726.7**	**11.5**	**0.2%**	**23,831.7**	**76.2**	**0.3%**

† Ferry Fares plus non-farebox revenue
‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund.
* These transportation revenues had new fees or higher fees adoption by the 2012 and 2013 Legislatures.
§ 167 HOT lanes is a pilot program due to sunset June 30, 2015

As Figure 3 indicates, in the current biennium, February transportation revenues are projected at $4.618 billion. This forecast is up a little from the last forecast by $7.9 million or 0.2% from November. The rise in the February revenue forecast over the last forecast is due to higher fuel taxes, rental car taxes and driver-related fee revenue. February's projections in the current biennium show higher projections of fuel tax collections by $8.5 million; rental car taxes by $1.1 million; driver-related revenue is up by $3.5 million. Other revenues were down in the current biennium as well like toll revenue down by $3 million, licenses, permits and fee revenue down by $0.8 million and ferry revenue down by $0.8 million. In the next biennium, transportation revenues are also up by $11.5 million or 0.2%. Over the 10-year forecast horizon (2013-2023), the revenue forecast for February 2014 is $23.831 billion which is up $76.2 million or 0.3% from the November forecast, see Figure 3.

Figure 4 Forecast to Baseline (March 2013) Biennium Comparison of All Transportation Revenues
February 2014 forecast - 10 year period *millions of dollars*

Forecast to Baseline Comparison for Transportation Revenues and Distributions 10-Year Period

February 2014• millions of dollars

	Current Biennium 2013-2015			2015-2017			10-Year Period (2013-2023)		
	Forecast Feb-14	Chg from Baseline ¥	Percent Change	Forecast Feb-14	Chg from Baseline ¥	Percent Change	Forecast Feb-14	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,531.2	10.4	0.4%	2,544.8	7.6	0.3%	12,701.0	39.7	0.3%
Licenses, Permits and Fees *	1,009.4	13.5	1.4%	1,032.6	12.8	1.3%	5,279.3	80.7	1.6%
Ferry Revenue†	342.8	6.9	2.1%	355.9	7.5	2.1%	1,819.1	36.0	2.0%
Toll Revenue §	292.6	17.4	6.3%	331.4	23.7	7.7%	1,733.2	118.5	7.3%
Aviation Revenues ‡	6.0	(0.2)	-3.3%	6.2	(0.1)	-1.6%	31.2	(0.6)	-1.8%
Rental Car Tax	52.8	3.2	6.4%	55.7	1.9	3.6%	292.5	7.9	2.8%
Vehicle Sales Tax	74.1	3.4	4.8%	79.1	3.2	4.3%	411.8	16.1	4.1%
Driver-Related Fees*	282.8	(10.9)	-3.7%	295.6	(4.4)	-1.5%	1,434.0	(44.9)	-3.0%
Business/Other Revenues ±	26.5	2.8	11.8%	25.4	0.9	3.8%	129.7	6.5	5.2%
Total Revenues	**4,618.3**	**46.4**	**1.0%**	**4,726.7**	**53.1**	**1.1%**	**23,831.7**	**259.8**	**1.1%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**138.5**	**(0.1)**	**-0.1%**	**143.9**	**(1.1)**	**-0.8%**	**738.7**	**(7.8)**	**-1.0%**
State Uses									
Motor Vehicle Account (108)	1,103.8	15.9	1.5%	1,111.2	16.2	1.5%	5,586.8	80.3	1.5%
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Tacoma Narrows Bridge Account (511)	138.4	9.9	7.7%	153.1	16.6	12.2%	795.7	76.2	10.6%
High Occupancy Toll Lanes Account (09F)*	2.7	2.7	100.0%	0.0	0.0	0.0%	2.7	2.7	100.0%
SR 520 Corridor Account (16J)	133.2	(6.1)	-4.3%	160.0	(4.1)	-2.5%	843.3	(17.6)	-2.0%
SR 520 Corridor Civil Penalties Account (17P)	18.3	10.9	148.4%	18.3	11.2	156.8%	91.6	57.3	167.2%
Aeronautics Account (039)	6.0	(0.2)	-3.3%	6.2	(0.1)	-1.6%	31.2	(0.6)	-1.8%
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Multiuse Roadway Safety Account Collections-571	0.0	0.0	0.0%	0.1	0.1	0.0%	1.3	0.7	114.1%
Total for State Use	**3,736.2**	**41.0**	**1.1%**	**3,837.5**	**50.4**	**1.3%**	**19,377.5**	**245.4**	**1.3%**
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County Road Administration Board (102 & 186)	65.6	0.4	0.6%	65.7	0.2	0.4%	327.4	1.5	0.5%
Total for Local Use	**743.6**	**5.6**	**0.8%**	**745.3**	**3.8**	**0.5%**	**3,715.6**	**22.1**	**0.6%**
Total Distribution of Revenue	**4,618.3**	**46.4**	**1.0%**	**4,726.7**	**53.1**	**1.1%**	**23,831.7**	**259.8**	**1.1%**

¥ Baseline is the March 2013 forecast.
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‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund.
* These transportation revenues had new fees or higher fees adoption by the 2012 and 2013 Legislatures.
§ 167 HOT lanes is a pilot program due to sunset June 30, 2015

The February 2014 forecast is also higher than the budget baseline forecast in March 2013, see Figure 4. In the current biennium, transportation revenues are up $46.4 million or 1% from March. In the next biennium, revenues are up $53.1 million or 1.1%. This trend continues throughout the 10-year forecast horizon with $259.8 million more in revenue than predicted in March 2013. The reason for the higher revenue is due to legislative changes which have added transportation revenue as well as higher ferry fare and toll rate increases enacted by the Washington State Transportation Commission.

Economic Variables Forecast

Several economic variables are used in forecasting Washington's transportation revenues each quarter. Key economic variables include the following: Washington personal income, population, inflation, employment, oil price index, fuel efficiency, and US sales of new light vehicles.

Figure 5 Annual Percentage Change (%) in Select Economic Variables
February 2014 forecast

Fiscal Year	WA Personal Income	Annual Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles
2010	-2.5	1.0	1.0	3.1	-0.9	10.8
2011	2.9	1.0	1.7	17.8	1.4	11.8
2012	2.7	1.0	2.4	13.6	1.1	13.3
2013	2.6	1.1	1.4	0.5	1.0	9.3
2014	2.9	1.2	1.0	-3.5	1.3	5.1
2015	4.1	1.2	1.3	-3.7	1.6	7.9
2016	3.7	1.2	1.4	-1.8	1.8	5.9
2017	3.8	1.2	1.3	-0.5	1.9	3.7
2018	3.7	1.2	1.3	2.3	1.8	2.8
2019	3.5	1.1	1.2	2.3	1.8	3.7
2020	3.2	1.1	1.2	2.2	1.9	2.9
2021	2.5	1.1	1.8	2.0	1.9	2.3
2022	2.5	1.1	1.8	1.4	1.9	2.6
2023	2.6	1.1	1.8	1.4	1.9	1.8
2024	2.7	1.0	1.8	1.5	2.0	1.9
2025	2.8	1.1	1.8	1.7	2.1	2.3
2026	2.7	1.0	1.9	1.6	2.1	2.7
2027	2.7	1.0	1.8	1.6	2.1	2.9

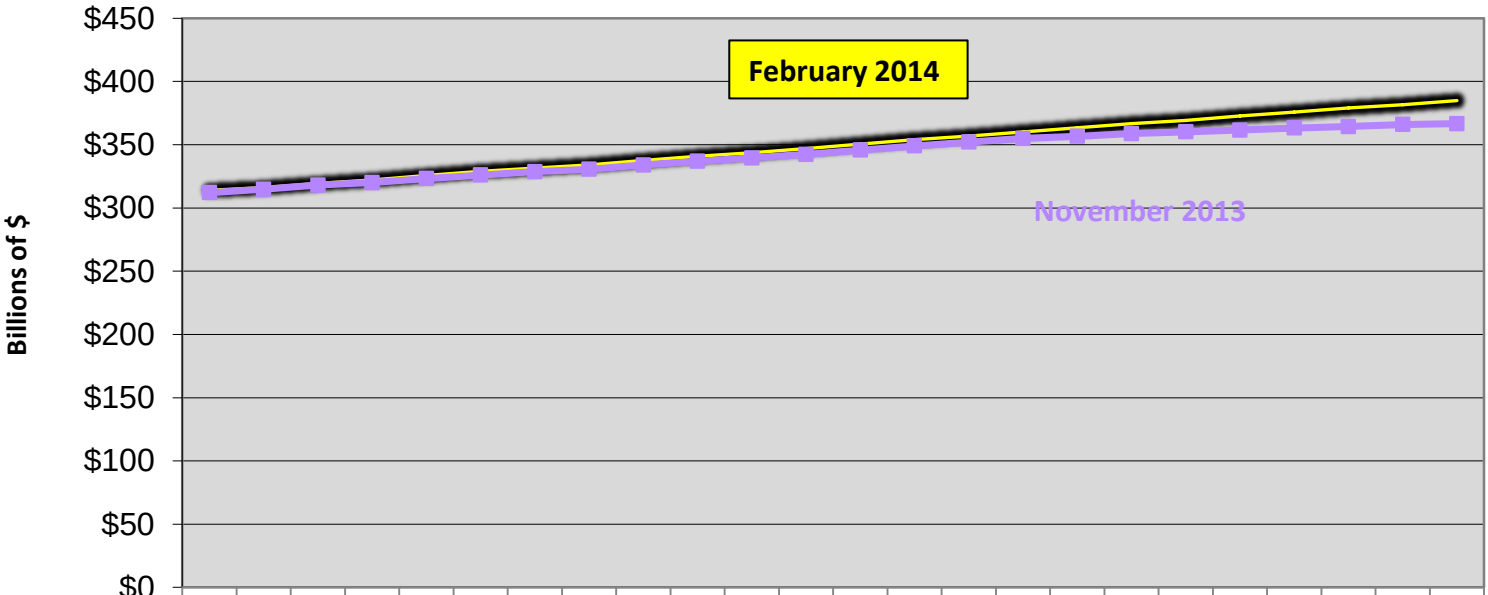
Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management, January. 2014 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices

WA Personal Income

The forecast of Washington real personal income is projected by the Washington Economic and Revenue Forecast Council (ERFC) based on the January Global Insight forecast, January Blue Chip average US GDP growth rates, NYMEX fuel prices, and other forecasted economic variables in the near term through FY 2019. This February 2014 forecast has the ERFC forecast extended out two more years, FY 2018 and 2019. Washington real personal income in FY 2012 averaged $294.8 billion. This was a year-over-year increase of 2.7%. This February 2014 forecast predicts Washington real personal income to be slightly higher in the near-term from the last forecast and larger growth in real personal income in the long-term. For FY 2013, Washington

real personal income was $302.5 billion, up $7 billion from the last forecast and the year-over-year growth rate was also up slightly to 2.6% from 2.4% anticipated in November. In FY 2014, the February growth in real personal income is higher at $311.4 billion and an annual growth of 2.9% as opposed to 2.8% in November. In FY 2015 through FY 2018, the February forecast of real personal income levels have also been revised upward and the growth rates now start at 4.1% in FY 2015 and then drop a little over the next three years to an average of 3.75%. In FY2019, Washington real personal income is anticipated to be $374 billion with an annual growth rate of 3.5% which is higher growth than predicted in November at 1.9% which was OFM's 2013 long-term real personal income forecast which is more conservative than ERFC forecast for that same year. The annual growth rate in real personal income in fiscal year 2020 is 3.2% which is a combination of ERFC annual growth and OFM's 2014 long-term real personal income forecast. In FY 2021 and throughout the remainder of the forecast horizon, OFM's long-term forecast of real personal income annual growth hovers between 2.5% and 2.8% which is higher than last year's long-term forecast by a minor amount. Figure 7 shows the forecast to forecast change in the annual growth rates for Washington real personal income.

Figure 6 Comparison of Quarterly Washington Real Personal Income
February 2014 vs. November 2013



	2014 Qtr 1	2014 Qtr 2	2014 Qtr 3	2014 Qtr 4	2015 Qtr 1	2015 Qtr 2	2015 Qtr 3	2015 Qtr 4	2016 Qtr 1	2016 Qtr 2	2016 Qtr 3	2016 Qtr 4	2017 Qtr 1	2017 Qtr 2	2017 Qtr 3	2017 Qtr 4	2018 Qtr 1	2018 Qtr 2	2018 Qtr 3	2018 Qtr 4	2019 Qtr 1	2019 Qtr 2	2019 Qtr 3	2019 Qtr 4
Feb-14	314.	316.	319.	322.	325.	328.	331.	334.	337.	340.	343.	347.	350.	354.	356.	360.	363.	366.	369.	372.	375.	379.	381.	385.
Nov-13	312.	314.	318.	320.	323.	325.	328.	330.	334.	336.	339.	342.	345.	349.	352.	354.	356.	358.	360.	361.	363.	364.	366.	366.

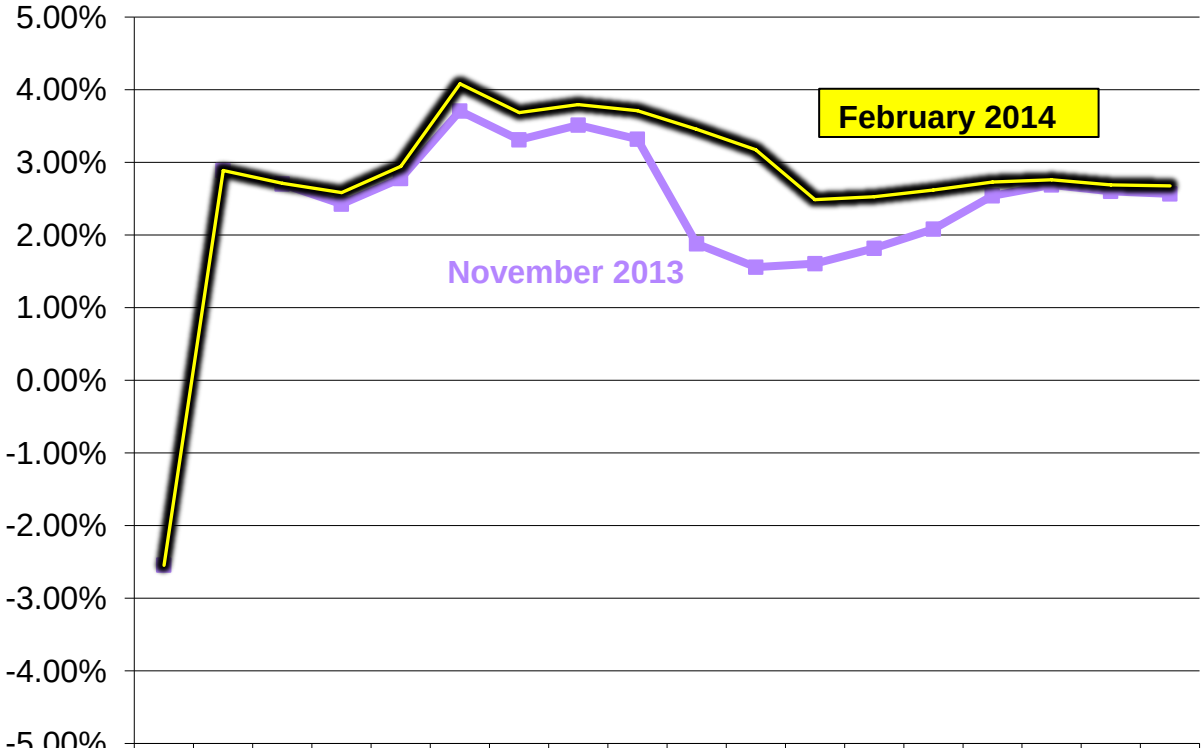
Source: Washington Economic and Revenue Forecast Council (January 2014 economic variables) and 2014OFM long-term personal income forecast

WA Population

The February 2014 forecast includes the final 2013 OFM population projections. There were only very minor changes in OFM's final long-term population forecast from the preliminary forecast used in the November 2013 forecast.

In FY 2012, the driver age population was 5.238 million with an annual growth rate of 1.0%. The driver age population increased to 5.296 million in FY 2013, representing again a 1.1% annual growth from the prior year. The current FY 2014 driver age population is anticipated to be 5.357 million, which is another year of 1.15% annual growth. In fiscal years 2015 and beyond, the annual population growth rate starts at 1.16% and falls slowly each year so by the last year of the forecast horizon the annual growth rate is 0.99%.

Figure 7 Forecast Comparison of Annual Growth Rates for Washington Real Personal Income February 2014 vs. November 2013



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
November 2013	-2.5%	2.9%	2.7%	2.4%	2.8%	3.7%	3.3%	3.5%	3.3%	1.9%	1.6%	1.6%	1.8%	2.1%	2.5%	2.7%	2.6%	2.6%
February 2014	-2.5%	2.9%	2.7%	2.6%	2.9%	4.1%	3.7%	3.8%	3.7%	3.5%	3.2%	2.5%	2.5%	2.6%	2.7%	2.8%	2.7%	2.7%

Source: Washington Economic and Revenue Forecast Council (January 2014 economic variables) and 2014 long-term personal income forecast

U.S. Inflation

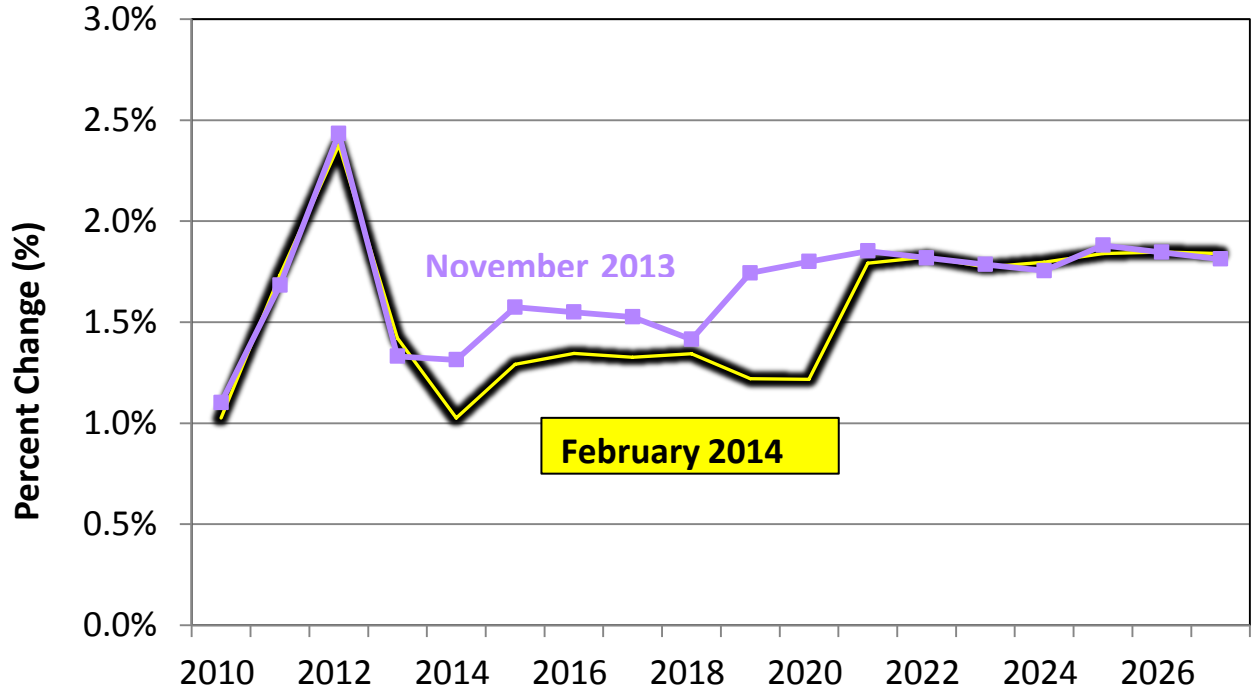
For the U.S. inflation rate forecast, we use the Economic and Revenue Forecast Council through FY 2019 and Global Insight's January 2014 projection of the implicit price deflator (IPDC) for 2020 and beyond (Figure 8). In 2012, the U.S. inflation rate, as measured by the change in the IPDC, was 2.4%. In FY 2013, inflation fell to 1.4%. In FY 2014, the inflation forecast is projected fall even further to 1.0%, lower than 1.3% projected in November. The same lower inflation trend continues during the period when ERFC provides the inflation forecast, through FY 2019. In FY 2015, the current forecast shows an annual increase in inflation of 1.3%, which is slightly lower than last quarter's forecast at 1.6%. The current forecast is also projecting low inflation rates at around 1.3% and falling to 1.2% in FY 2020. After FY 2020, inflation predictions are higher at an annual average rate of 1.8%. (see Figure 8). Part of the reason for the lower February 2014 inflation rate forecast by ERFC is the low NYMEX crude oil futures prices since the last economic forecast. Since ERFC extended their forecast out two more years, the NYMEX - WTI crude oil prices continued to fall in FY 2018 and 2019 to $80 per barrel by the fourth quarter of 2019 (see Figure 9).

U.S. Petroleum Products Price Index

The annual year over year change in the U.S. petroleum products price index was 18% for FY 2011. In FY 2012, the price index grew by 13.6%, year-over-year. In FY 2013 the annual growth for the U.S. petroleum products price index was 0.5%. In FY 2014, the US petroleum price index is projected to decline by 3.5% which is nearly the same projection as in November. In fiscal year 2015, the forecast of the index is also projected to decline by 3.7% which is more pessimistic than -3% predicted last quarter. In FY 2016 and 2017 the petroleum

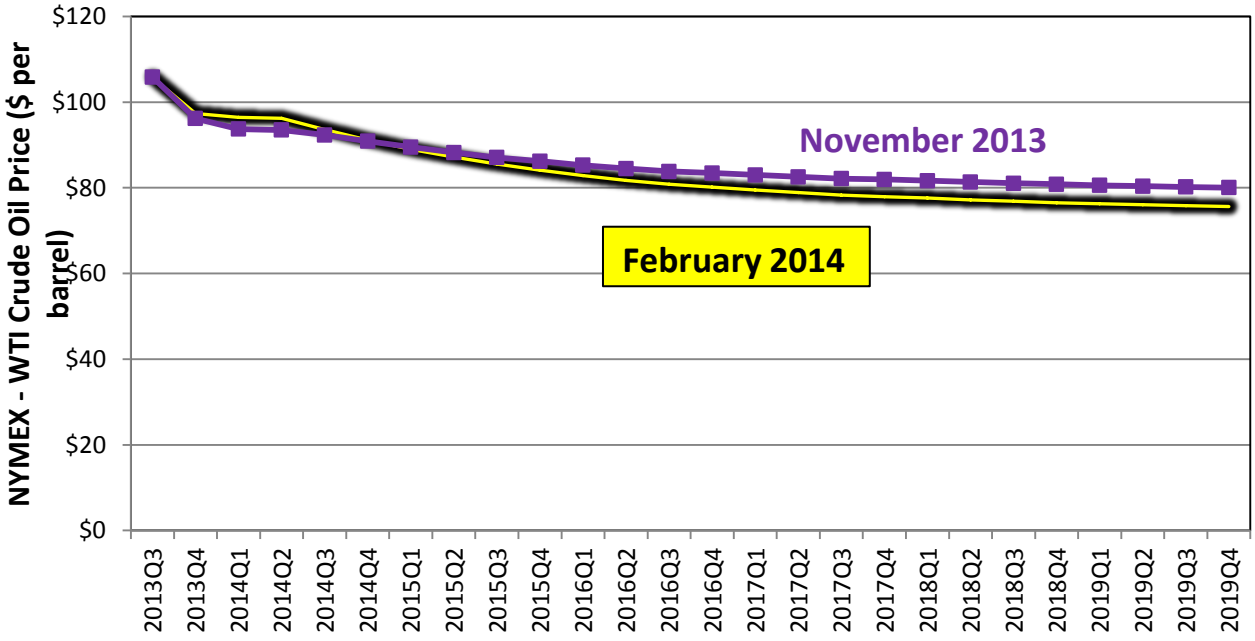
products price index is also predicted to fall annually by -1.8% and then -0.5%. In fiscal years thereafter, this February and the previous forecast predict positive annual growth rates for the oil price index beginning at 2.3% in FY 2018 and 2019. Then the price index growth rates decline over the remainder of the forecast horizon to 1.6% by FY 2027 (see Figure 10).

Figure 8 Inflation Forecast Comparison – Annual Percent Change in U.S. Implicit Price Deflator for Personal Consumption
February 2014 vs. November 2013



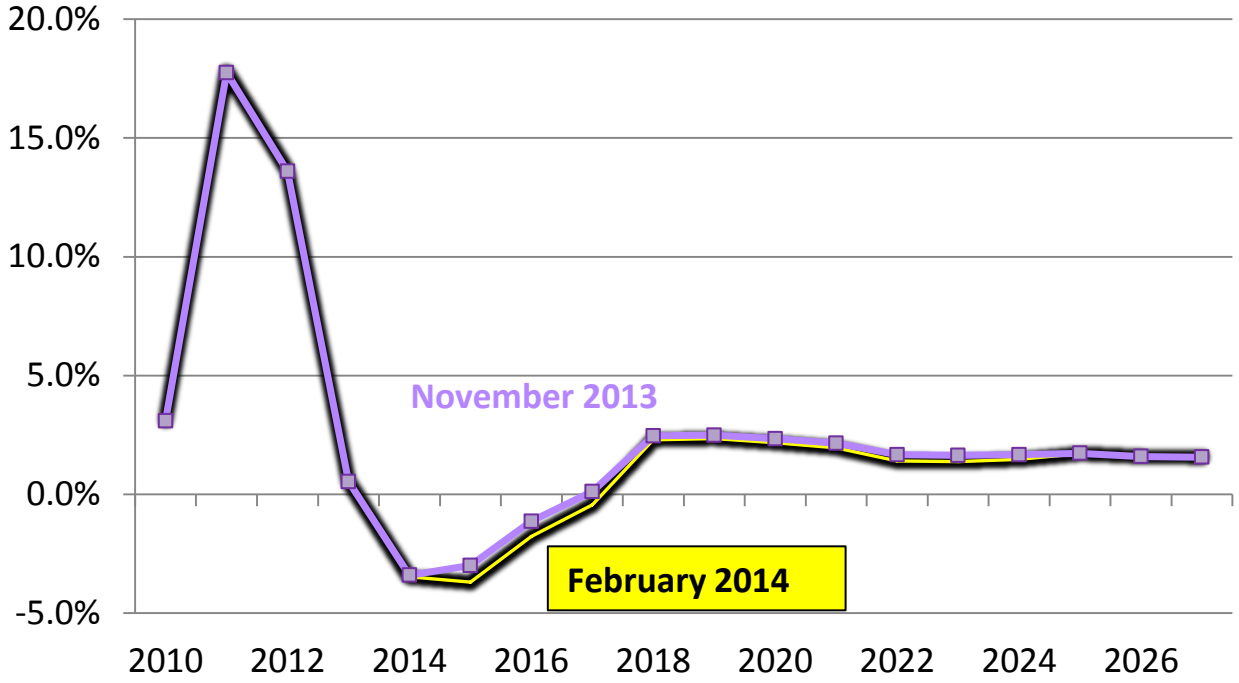
Source: Washington Economic and Revenue Forecast Council and January. 2014 *Global Insight forecast*

Figure 9 NYMEX Crude Oil Price Comparison: February 2014 vs. November 2013



Source: Washington Economic and Revenue Forecast Council: January 2014 and November 2013 NYMEX prices

Figure 10 Global Insight Oil/Gas Price Index Forecasts: Growth Rate Comparison February 2014 vs. November 2013



Source: January 2014 Global Insight forecast

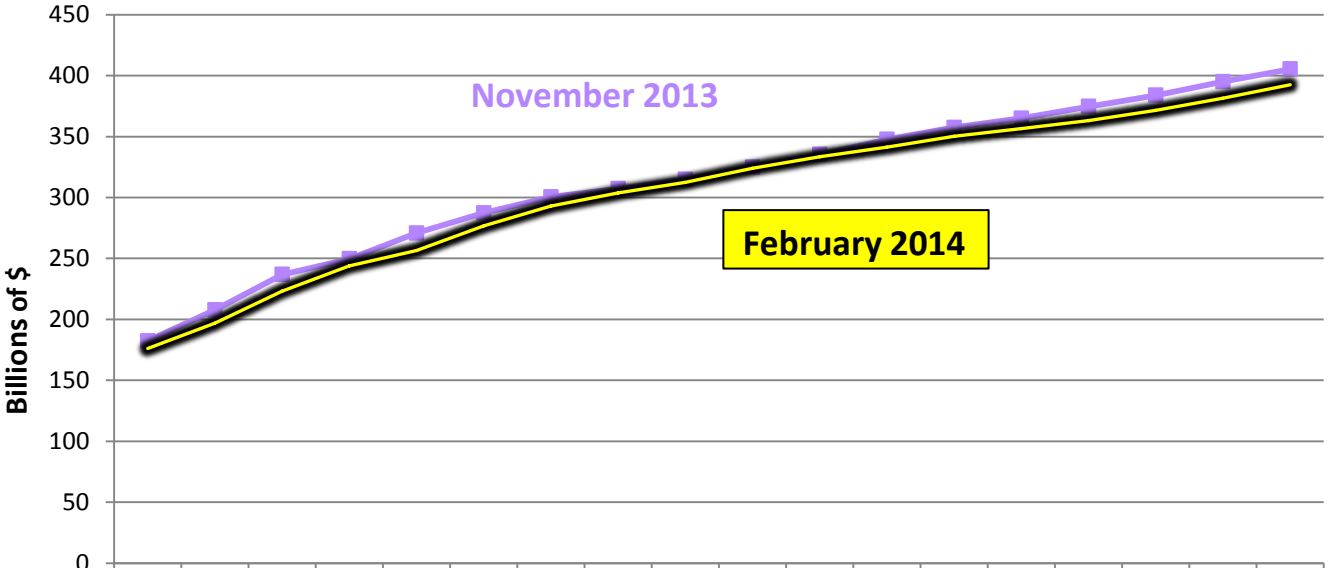
U.S. Fuel Efficiency (MPG)

The U.S. on-road fuel efficiency variable for the February 2014 forecast is nearly unchanged from the November forecast. Previous forecasts incorporated the effects of the 2012 Obama administration fuel efficiency standards for passenger cars and light trucks in model years 2017 and beyond. The on-highway fleet fuel efficiency variable in 2012 and 2013 was 20.3 and 20.5 miles per gallon respectively for the entire US fleet of light vehicles. In the current fiscal year, the February 2014 fuel efficiency projection for the US fleet is 20.79 miles per gallon, which is an annual increase of 1.3% which is slightly higher than 1% growth anticipated last quarter. The fuel efficiency of the US fleet grows over time and by the end of the forecast horizon the on-highway vehicle fuel efficiency is projected to increase to 26.54 miles per gallon as opposed to 26.5 miles per gallon predicted in November.

U.S. Consumer Spending on New Motor Vehicles

Consumer spending on new motor vehicles throughout the U.S. has been recovering with 10.8% and 11.8% year-over-year growth in FY 2010 and 2011 respectively. In FY 2012, the recovery for light vehicle sales picked up even more with an annual growth rate of 13.3%. In fiscal year 2013, consumer spending on new vehicles grew year over year by 9.3% instead of 5.4% predicted in November. In general, this February 2014 forecast is predicting slightly lower levels of consumer spending on new motor vehicles than in November. In fiscal year 2014, consumer spending on new vehicles is expected to be growing at 5.2%, as opposed to 8.5% in November. By FY 2015 and 2016, consumer spending is projected to pick up again with annual growth rates of 7.9% and 5.9%, which has mixed resulted compared to last quarter's growth rates of 6.1% and 4.6% respectively. In FY 2017, the annual growth rates of consumer sales on new vehicles are anticipated to be slightly higher than the prior forecast of 3.7% as opposed to 2.3%. Beginning FY 2019, the growth rates slowly decline further for the remainder of the forecast horizon.

Figure 11 Global Insight Annual US Consumer Spending on Motor Vehicles ($ billions) Comparison February 2014 vs. November 2013



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
13-Nov	182.3	207.8	236.8	249.7	270.8	287.3	300.4	307.2	315.0	324.8	335.3	347.6	357.5	365.1	374.7	383.9	395.0	405.4
14-Feb	176.0	196.9	223.1	243.9	256.5	276.7	293.0	303.8	312.3	323.8	333.4	341.2	350.2	356.5	363.1	371.3	381.4	392.5

Source: January 2014 Global Insight forecast

WA Total Non-Farm Employment, Employment in the Trade, Transportation and Utilities and Retail Trade Sectors

This February forecast has only minor upward revisions in the levels of Washington employment from the November forecast. The recovery in Washington's economy picked up in FY 2012 with non-agricultural employment growing by 1.5%; employment in the trade, transportation, and utilities sectors growing at 2.0%; and Washington retail employment growing at 1.8%. In FY 2013, year-over-year growth in non-ag. employment was 2.1%. In the current fiscal year, the projection of the non-ag. employment annual growth rate rose a little to 2.2% annual growth versus 1.9% in November. In the following year, the annual growth rate for non-ag. employment remains nearly the same as the prior forecast at 1.9% annual growth in FY 2015. In fiscal years FY 2016-2021, the annual growth rates for non-ag. employment falls every year from 1.9% to 0.8% which is the same trend as the last forecast. The economic growth in Washington's non-ag. employment in subsequent years beyond FY 2019 is based on OFM's 2014 long-term employment projections, which are very close to growth rates in the November forecast (see Figure 13).

Washington's employment in the trade, transportation, and utilities (TTU) sectors follows similar trends as the overall non-farm employment trends. In FY 2012, this industry grew by 2% year-over-year. In FY 2013, the trade, transportation, and utilities employment sector grew by 2.5%. In the current fiscal year, employment in the trade, transportation, and utilities sector is projected to grow at 2.8%, which is slightly faster than overall non-ag. employment growth of 2.2% and more optimistic than the last quarterly forecast. In FY 2015, this industry's employment is anticipated to slow in growth to 1.2% year-over-year, which is the same growth predicted in November. In FY 2016, the growth rate in this employment sector is also expected to grow annually at about the same rate1.3%. Then in FY 2017, Washington employment growth rates in the trade, transportation, and utilities sectors is anticipated to rise to 1.5% instead of 1.2% anticipated in November. Then employment in the trade, transportation, and utilities sector growth rate starts to fall slightly to a rate of 0.3% by FY 2023, which is nearly the same as anticipated in November. In subsequent years after FY 2019, the TTU employment growth rates are dependent on the updated 2014 OFM long-term forecast. The 2014 OFM long-term annual growth rates are projected to be 0.3% in FY 2020 and 0.36% in FY 2021 and 2022. The annual

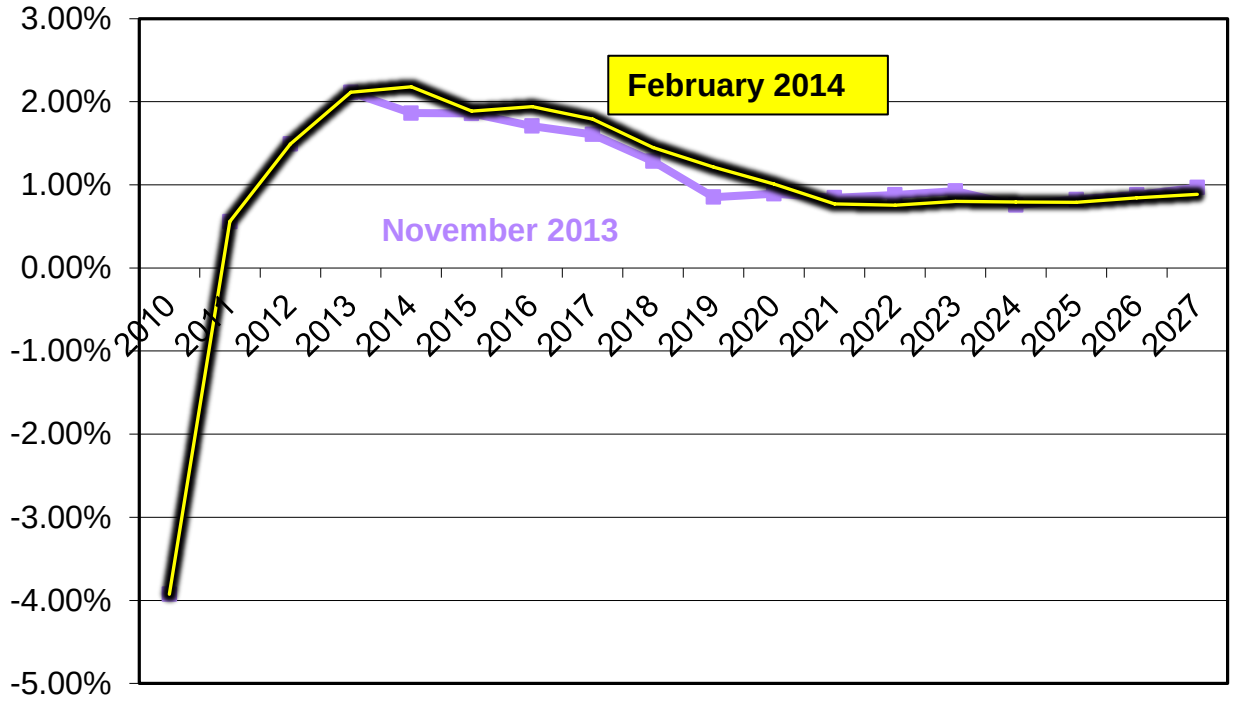
growth rate falls a little to 0.3% in FY 2023 and rises again to 0.34% in FY 2024. In FY 2025 - 2027, annual growth rates rise from 0.6% to 0.67% (see Figure 14).

Figure 12 Annual Growth Rates (%) Washington Employment Forecasts February 2014

Fiscal Year	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2010	-3.9	-4.0	-3.3
2011	0.6	0.6	0.8
2012	1.5	2.0	1.8
2013	2.1	2.5	2.9
2014	2.2	2.8	3.0
2015	1.9	1.2	0.7
2016	1.9	1.3	0.8
2017	1.8	1.5	1.0
2018	1.5	1.0	0.4
2019	1.2	0.6	0.1
2020	1.0	0.3	0.04
2021	0.8	0.4	0.3
2022	0.8	0.4	0.4
2023	0.8	0.3	0.3
2024	0.8	0.3	0.3
2025	0.8	0.6	0.7
2026	0.8	0.6	0.7
2027	0.9	0.7	0.8

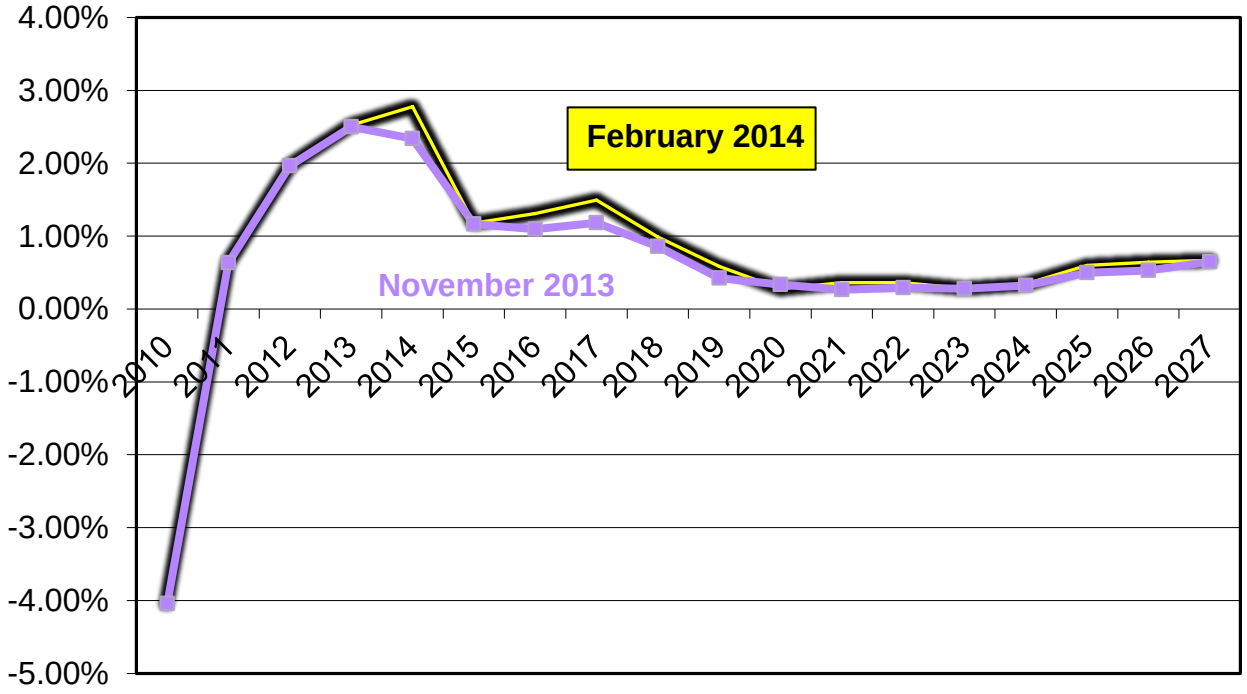
Washington's employment in the retail trade sector in this forecast also follows similar trends as employment in the non-agricultural and trade, transportation, and utilities industries; however, projections are more optimistic in the near-term for this industry sector. The retail employment sector grew by 1.8% year-over-year in FY 2012. In FY 2013, the retail trade employment grew even more by 2.9%. In the current fiscal year, the projection of retail employment growth is higher at 3.0% as opposed to 2.7% annual growth in November. In FY 2015 retail employment is projected to grow slowly at 0.7% growth as opposed to 0.8% anticipated in November. In FY 2016, retail employment is anticipated to grow about the same at 0.75% but this is higher than the 0.5% projected in November. In FY 2017, the annual growth rate is anticipated to be 1% which is higher than the 0.6% in the November forecast. In FY 2018, the annual growth rate slows to 0.37%. In FY 2020 and beyond, the retail employment projections are based on OFM's 2014 employment projections. These projections are up a little from the last quarterly forecast. The annual growth rate averages 0.44% as opposed to 0.4% average growth in the last forecast (see Figure 15).

Figure 13 Washington Nonfarm Payroll Employment Forecasts of Annual Growth Rates February 2014 vs. November 2013



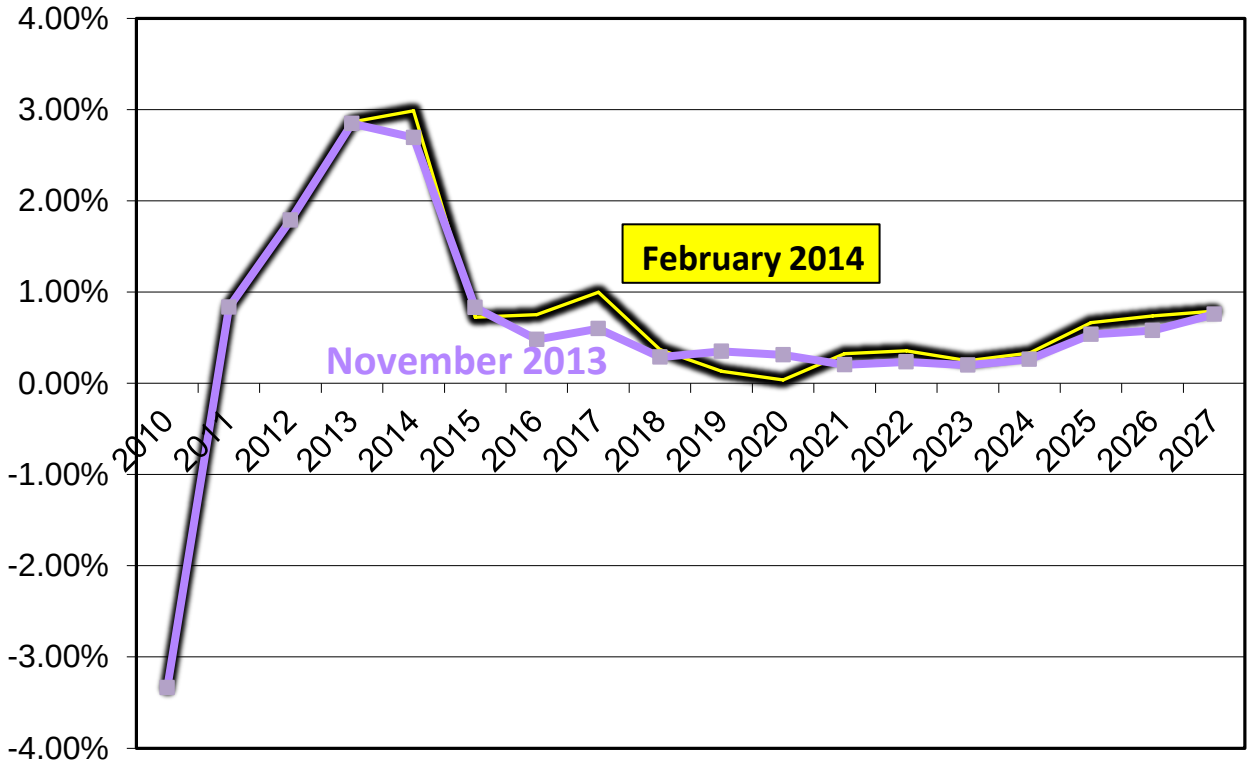
Source: January. 2014 ERFC and OFM/ESD 2014 long-term Washington non-ag. employment forecast

Figure 14 Washington Nonfarm Payroll Employment – Trade, Transportation and Utilities Sectors (TTU) Forecasts of Annual Growth Rates February 2014 vs. November 2013



Source: January 2014 ERFC and OFM/ESD long-term Washington TTU employment forecast

Figure 15 Washington Nonfarm Payroll Employment – Retail Trade Sector Forecasts of Annual Growth Rates February 2014 vs. November 2013



Source: January 2014 ERFC and OFM/ESD long-term Washington retail trade employment forecast

Motor Fuel Price Forecast

Washington's transportation revenues are affected by fuel prices. In particular, gasoline tax collections are negatively related to the price of gasoline and the Washington State Department of Transportation budget is heavily impacted by changes in fuel prices. Therefore, projections of fuel prices are made quarterly to assist in the near and long-term budgeting process for WSDOT. The fuel price forecast includes the following fuel price projections: U.S. West Texas crude oil and Washington retail prices of gasoline, diesel, and biodiesel (B5 and B99).

The February 2014 forecast for crude oil prices is slightly lower than the last forecast in the current fiscal year and down in the extended forecast from November. The same is true for the current retail gas and diesel price forecasts as they are down from the November forecast in both the near- and long-term. Annual adjusted ferry B5 biodiesel prices are nearly the same as the November forecast.

Source of data for the forecast

For the Washington retail price of gasoline, actual fuel prices are collected from the Energy Information Administration's (EIA) survey of retail prices for regular gasoline in the state. For the retail price of diesel, the actual prices are collected from AAA's weekly publication of retail prices for diesel in Washington. The actual ferry B5 biodiesel prices are reported by the Washington State Ferries (WSF). In the short term (thorough calendar year 2015), the retail gas price forecasts are based on the growth in the national retail gas. The diesel and biodiesel diesel prices grow off the growth in national diesel prices from the Energy Information Agency (EIA) monthly projections. Beyond calendar year 2015, the fuel price projections are based on February's Global Insight national gas price forecast for Washington's gas price forecast and the producer price index (PPI) projections for refined petroleum products for the retail diesel and biodiesel price forecasts.

The forecasts of biodiesel prices include two different biodiesel prices: B5 and B99 without the renewable identification number (RIN). WSF currently purchases biodiesel as B5 blended biodiesel. WSDOT also purchases B99 biodiesel without RIN for our vehicle fleet needs. OPIS provides WSDOT with the latest fuel prices including B5 and B99 biodiesel prices without RIN in Tacoma. This represents the B99 prices paid by other state entities' purchases of biodiesel in Tacoma. The B5 price of biodiesel is based on Washington State ferries' reported purchase price of biodiesel with the markup, delivery, and other tax costs included. The base of the price forecast for the B99 price without RIN for non-WSF purchases is the OPIS base price without markup, delivery, and tax costs.

U.S. crude oil price trend

U.S. prices of West Texas Intermediate Crude (WTI) oil averaged $95 per barrel in FY 2012. In fiscal year 2013, crude oil prices averaged $92.16 per barrel. The crude oil price forecast for fourth quarter 2013 is a little higher now at $97.34 versus $96.68 per barrel predicted three months ago. In the future, this February crude oil price forecast is lower than in November. In FY 2014, WTI crude oil prices are projected to be nearly the same at $97.9 per barrel compared to $98.38 per barrel in November. This represents a 6.3% year over year growth. This February crude oil price forecast begins to decline in FY 2015 with an average WTI price of $90.9 per barrel forecast as opposed to the $93.05 per barrel predicted three months ago. In this current forecast, WTI crude oil prices are expected to remain low at an average of $88.63 and $88.67 per barrel in FY 2016 and 2017 respectively. This is a similar trend to last quarter's price forecast which had crude oil prices slowly declining to $90.7 and $90 per barrel respectively in those same years.

Washington retail gasoline price trend

February's Washington retail gasoline prices are projected to be lower than the November retail gas price forecast all throughout the forecast. This February forecast has annual average gas prices hitting $4 per gallon by FY 2025 which is three years later than the November gas price forecast. In FY 2013, the Washington average retail gas price was $3.73 per gallon. In FY 2014, the Washington average retail gas price is currently projected to be $3.51 per gallon as opposed to $3.58 per gallon In November. This represents a year-over-year decline of 5.9%. This FY2014 price of $3.51 per gallon is a decrease of 1.9% from the November forecast. In FY 2015, the Washington retail gas price is expected to decline slightly year-over-year slightly to $3.35 per gallon, $0.22 lower than anticipated in the November forecast. In FY 2016, this current forecast anticipates gas prices to increase a little year-over-year to an average of $3.38 per gallon, which is lower than $3.55 per gallon expected last quarter The February forecast of retail gas prices is lower than the November forecast for the remainder of the forecast horizon.

Washington retail diesel price trend

This February forecast of retail diesel prices is consistently lower than the November forecast beginning in FY 2015 and throughout the forecast horizon. Washington's retail price of diesel was an average $3.02 per gallon in FY 2010. It increased 23% to $3.71 per gallon in FY 2011. In FY 2012, the average diesel price was $4.20 per gallon, or 13% higher than the prior year. In FY 2013, the retail diesel price dropped slightly to $4.10 per gallon. In FY 2014, the current forecast of retail diesel price is $3.99 per gallon, a year over year decline of 2.7% and this is slightly higher than the November projection of $3.97 per gallon. In FY 2015, the February 2014 retail diesel price forecast is projected to be lower at $3.77 per gallon as opposed to the November forecasted price of $3.85 per gallon. The same trend continues in future years with the current retail diesel price being lower than the November forecast by 11 cents per gallon in FY 2016 and 16 cents per gallon in FY 2017.

The price differential between retail gas and diesel was just 9 cents on average in FY 2010 and it grew to 33 cents in FY 2011. In FY 2012 and 2013, the retail gas and diesel price differential grows to 35 cents and 37 cents per gallon respectively. In FY 2014, the price differential continues to grow to 48 cents and then begins to fall to 42 cents in 2015. After FY 2015, the price differential continues to fall until FY 2018 when it begins to increase again over time. By the last fiscal year, the diesel to gas price differential is projected to be 52 cents per gallon.

Figure 16 Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular
February 2014 vs. November vs. March 2013

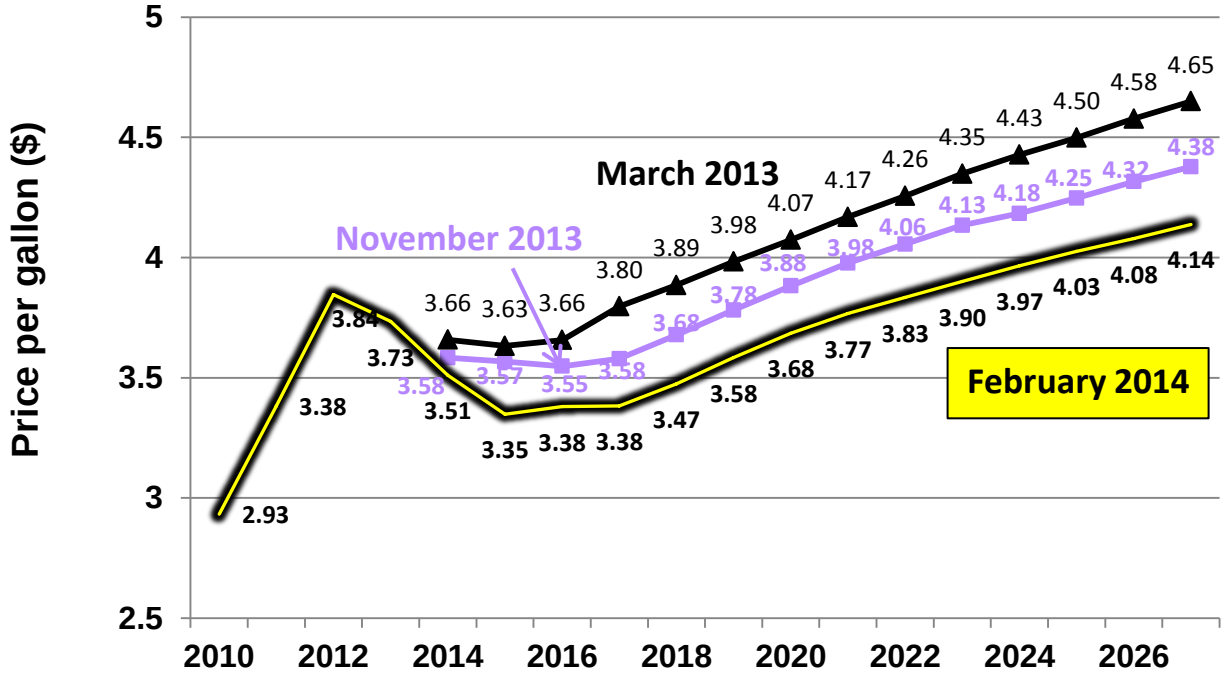
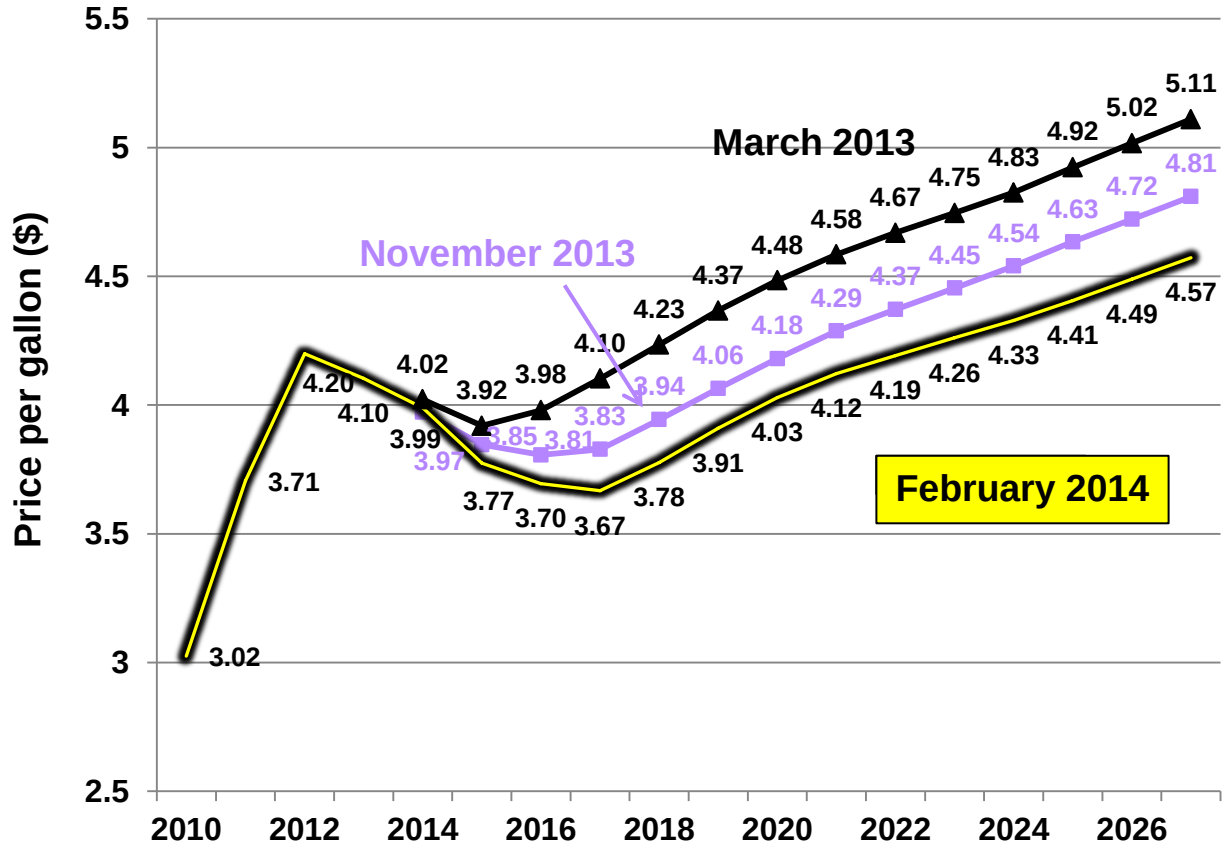


Figure 17 Forecast of UNADJUSTED Washington Retail Diesel Prices
February 2014 vs. November vs. March 2013



Washington ferries B5 biodiesel fuel price trend

The trend in Washington's ferry (WSF) B5 biodiesel price is similar to retail diesel price. The reported B5 biodiesel price includes the markup costs ferries must pay, delivery fees, and various taxes, including sales taxes. Washington state ferries began receiving a sales tax exemption on their biodiesel fuel purchases on July 1, 2013 and this has been incorporated into the baseline B5 biodiesel price forecast. The ferries B5 unadjusted biodiesel price averaged $3.53 per gallon in FY 2012. In FY 2013, the **adjusted** B5 biodiesel price remained nearly the same at $3.51 per gallon. Beginning in FY 2014, B5 biodiesel prices will not include the roughly 10% sales tax cost so the February forecast of the average annual B5 biodiesel price with markup is anticipated to fall to $3.15 per gallon which is nearly the same projection as in the November projection. In FY 2015, the B5 biodiesel price is anticipated to be $3.11 per gallon which is lower than the $3.18 per gallon projected in November. In FY 2016-17, the current forecast of adjusted B5 prices is lower but fairly flat with projections of $3.07 and $3.04 per gallon respectively as opposed to $3.20 and $3.25 per gallon last quarter

B99 Biodiesel fuel price trend

The latest monthly OPIS B99 biodiesel price without RIN, markup, delivery and tax costs in Tacoma begins this B99 price forecast. The biodiesel price forecasts are based on the retail diesel price future growth with adjustments made to eventually have a regular diesel and biodiesel price differential of roughly 12%, which is the average price differential seen over the last 5 years. The B99 biodiesel price forecasts used for non-WSF WSDOT purchases had an actual B99 markup averaging $4.95 per gallon in FY 2012. For FY 2013, B99 base biodiesel price forecast rose a little to $4.98 per gallon. For FY 2014, the February B99 price forecast projects a decline year-over-year by 1.8% to $4.89 per gallon, which is higher than the last forecast by $0.03 per gallon. In FY 2015, the average annual B99 price is expected to decline further to $4.65 per gallon and then decline even further to $4.55 per gallon in FY 2016. The current B99 price forecast stays low for another year at an average of $4.52 per gallon. These current prices are lower than the last quarter's forecast throughout the forecast horizon.

Figure 18 Near-term UNADJUSTED BASELINE Quarterly Fuel Prices: February 2014

Fiscal Year Quarter	Crude Oil Price ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)
2013: Q3	105.84	3.79	4.03
2013: Q4	97.34	3.38	3.99
2014: Q1	94.54	3.35	3.97
2014: Q2	94.00	3.52	3.96
FY 2014	**97.93**	**3.51**	**3.99**
2014: Q3	94.33	3.46	3.81
2014: Q4	90.00	3.24	3.78
2015: Q1	89.33	3.27	3.74
2015: Q2	90.00	3.43	3.76
FY 2015	**90.92**	**3.35**	**3.77**
2015: Q3	91.00	3.39	3.72
2015: Q4	88.00	3.20	3.68
2016: Q1	87.69	3.35	3.71
2016: Q2	87.83	3.57	3.67
FY 2016	**88.63**	**3.38**	**3.70**
2016: Q3	87.95	3.38	3.64
2016: Q4	88.07	3.21	3.67
2017: Q1	88.84	3.33	3.66
2017: Q2	89.83	3.60	3.69
FY 2017	**88.67**	**3.38**	**3.67**

Comparison of several current U.S. crude oil price forecasts

In February 2014, the West Texas Intermediate (WTI) crude oil price forecasts for FY 2014 differed by an approximate average of 1.7%, or $98 - $103 per barrel. The five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics, and Moody's Economy.com had forecasts with crude oil price forecasts which averaged $99.3 per barrel for FY 2014. WSDOT's baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term through calendar year 2014 and then use the growth rates from Global Insight forecasts for subsequent years. The projected price forecasts for crude oil in FY 2015 ranged from $90.9 per barrel by WSDOT to $108.3 per barrel by Moody's Economy.com with the average being $95.8 per barrel. The forecast for WTI crude oil in FY 2016 ranged from $85.8 per barrel by NYMEX to $113.42 per barrel by Moody's Economy.com with the average being $94.04 per barrel. The average forecast for WTI crude oil in FY 2017 ranged from $81.7 per barrel by NYMEX to $116 per barrel by Economy.com with the average being $94 per barrel. Figure 19 reveals that NYMEX future oil prices were the lowest price estimates in fiscal years, 2015-2017. Projections by Moody's Economy.com were the highest for all years.

Figure 19 Near-term Annual Crude Oil Price Forecasts – 5 Different Forecast Comparisons: February 2014
Dollars per barrel

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy. com	Consensus Economics	5 Entity Avg	% Diff Lowest	% Diff Highest	% Diff Average
2014	$97.93	$99.56	$99.34	$100.76	$98.80	$99.28	0.89%	2.89%	1.38%
2015	$90.92	$92.70	$92.39	$108.29	$94.71	$95.80	1.96%	19.11%	5.37%
2016	$88.63	$85.79	$87.67	$113.42	$94.69	$94.04	-3.20%	27.97%	6.11%
2017	$88.67	$81.71	$88.10	$115.99	$95.55	$94.00	-7.85%	30.80%	6.01%

Figure 20 Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes February 2014
($ per gallon)

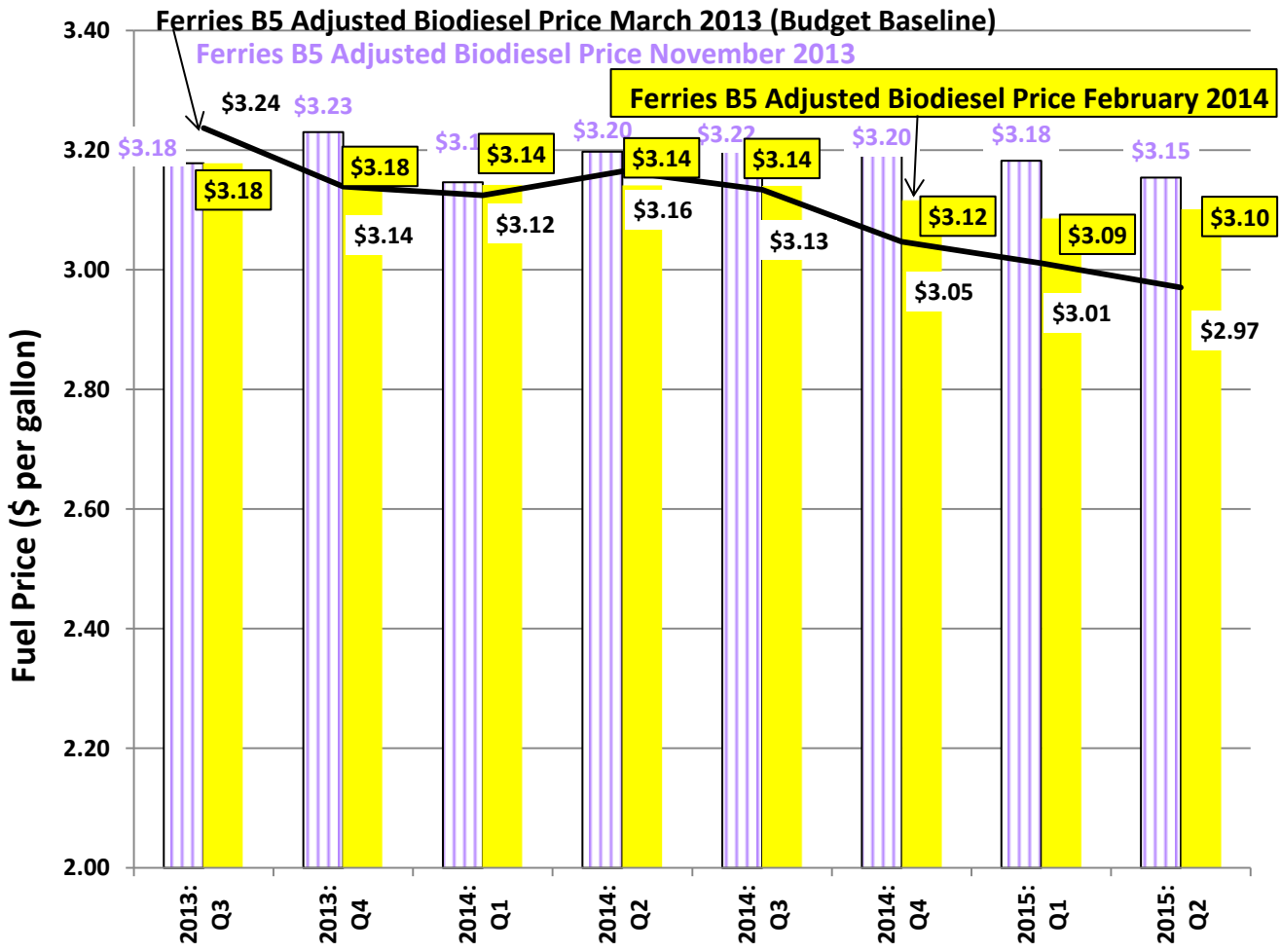
Fiscal Year Quarter	Adjusted WA Retail Gasoline Price ($/gal)	Adjusted WA Retail Diesel Price ($/gal)	Adjusted B5 Biodiesel Price ($/gal)	Unadjusted B99 Biodiesel price
2013: Q3	3.79	4.03	3.18	4.93
2013: Q4	3.38	3.99	3.13	4.77
2014: Q1	3.40	4.03	3.14	4.98
2014: Q2	3.56	4.02	3.14	4.88
FY 2014	**3.53**	**4.02**	**3.15**	**4.89**
2014: Q3	3.64	4.01	3.14	4.69
2014: Q4	3.41	3.98	3.12	4.66
2015: Q1	3.45	3.94	3.09	4.61
2015: Q2	3.61	3.96	3.10	4.64
FY 2015	**3.53**	**3.98**	**3.11**	**4.65**
2015: Q3	3.60	3.95	3.09	4.58
2015: Q4	3.40	3.90	3.05	4.53
2016: Q1	3.56	3.94	3.08	4.58
2016: Q2	3.79	3.89	3.05	4.52
FY 2016	**3.59**	**3.92**	**3.07**	**4.55**
2016: Q3	3.58	3.86	3.02	4.49
2016: Q4	3.40	3.89	3.04	4.52
2017: Q1	3.53	3.88	3.04	4.52
2017: Q2	3.82	3.92	3.06	4.55
FY 2017	**3.59**	**3.89**	**3.04**	**4.52**

WSDOT applies the five forecast entity average adjustment to the baseline February 2014 retail gasoline, diesel, and B5 biodiesel prices. The fuel prices listed in Figure 20 will be used to estimate the future

costs to the agency's 2013-15 biennium budget for gas and diesel fuel for fiscal years 2014 and 2015. The latest adjusted forecast requires a 1.38% increase in the baseline fuel prices for retail gas, diesel and B5 biodiesel prices for FY 2014 and 5.37% increase for FY 2015. In the outer years, FY 2016 baseline fuel prices are adjusted more by roughly 6.1%. In FY 2017, the baseline B5 fuel prices were adjusted by 6.0%. B99 biodiesel prices are not adjusted each year due to B99 biodiesel prices being based on different feedstock prices rather than crude oil prices.

The February adjusted B5 biodiesel prices are slightly lower than the last quarterly forecast. In the fourth quarter of 2013, the current B5 biodiesel price was slightly above the March 2013 forecast (used for budgeting purposes). This is also true of the last four quarters in the current biennium. Overall in FY 2014, ferries' B5 price is anticipated to average $3.15 per gallon, excluding sales taxes, and decline a little in FY 2015 to $3.11 per gallon and decline further in the next two years to $3.07 and $3.04 per gallon by FY 2016 and 2017 respectively.

Figure 21 Quarterly Ferries B5 Biodiesel Prices Used for Budgeting the 2013-15 Biennium February 2014 vs. November 2013 vs. March 2013 (Baseline) Forecast Comparison



Motor Vehicle Fuel Tax Forecast

Total fuel tax collections in December 2013 and in January and February 2014 were $3.4 million or 1.1% above the November 2013 forecast.

For November and December 2013 and January 2014, gasoline tax collections came in above November's projections by $2.1 million or 0.8%.

- November gas tax collections came in at $86.9 million, $1.4 million more than the November forecast.
- December gas tax collections came in at $81.0 million, $0.8 million higher than the November forecast.
- January gas tax collections came in at $82.3 million, $0.1 million less than the November forecast.

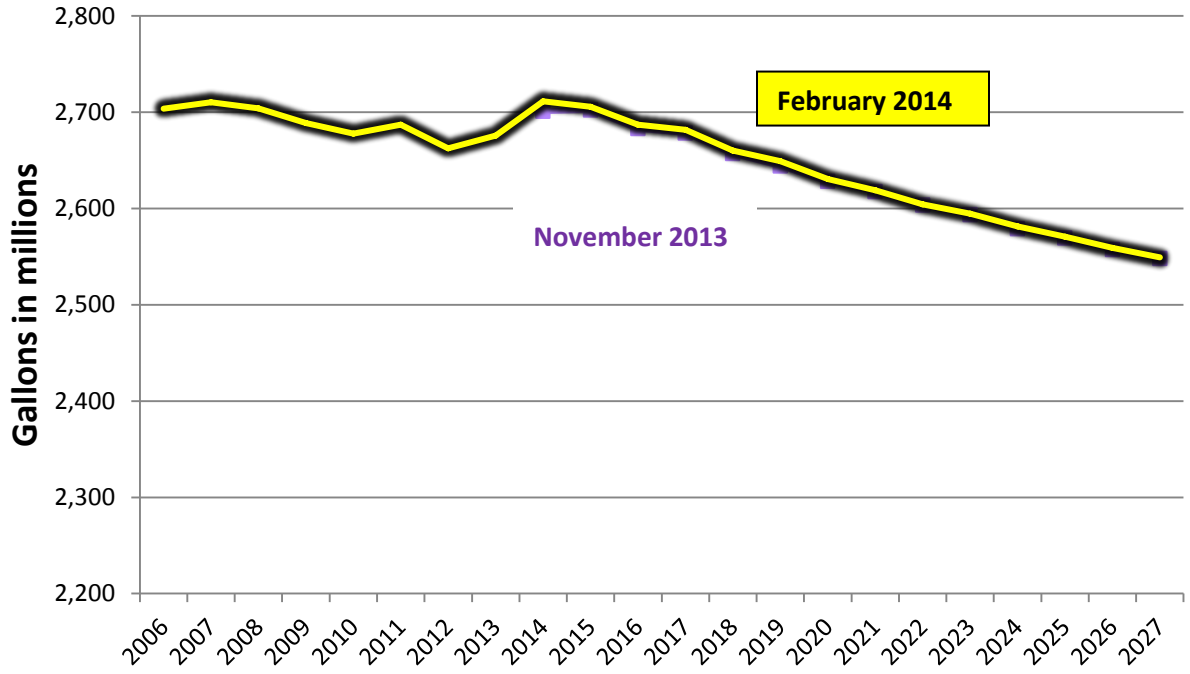
For November and December 2013 and January 2014, diesel tax collections came in above forecast by 1.4 million or 2.2% above expectations.

- November diesel collections came in at $22.2 million or $1.1 million below November projections.
- December diesel collections came in at $20.3 million or $1.4 million above November projections.
- January diesel collections came in at $19.1 million or $1.0 million above November projections.

Gross motor fuel tax revenue projections are $2.531 billion for the 2013-15 biennium which is 1.7% or 43.3 million more than the 2011-13 biennium. Gross motor fuel tax revenues for the current biennium are projected to be $8.5 million or 0.34% more than the prior forecast. The overall increase in motor fuel tax revenue for the 10-year period ending in 2021-23 biennium is $58.0 million or 0.38% above the November 2013 revenue forecast. The primary reasons for the change in fuel tax revenues from the last forecast are higher near-term tax collections in gasoline and diesel, higher non-agricultural employment and lower gasoline prices for forecasting gasoline, and higher employment in the trade, transportation, and utilities sectors for forecasting diesel consumption.

Trends in gasoline consumption and tax revenue

Figure 22 Gasoline Motor Fuel Consumption Forecast Comparison
February 2014 vs. November 2013 forecast

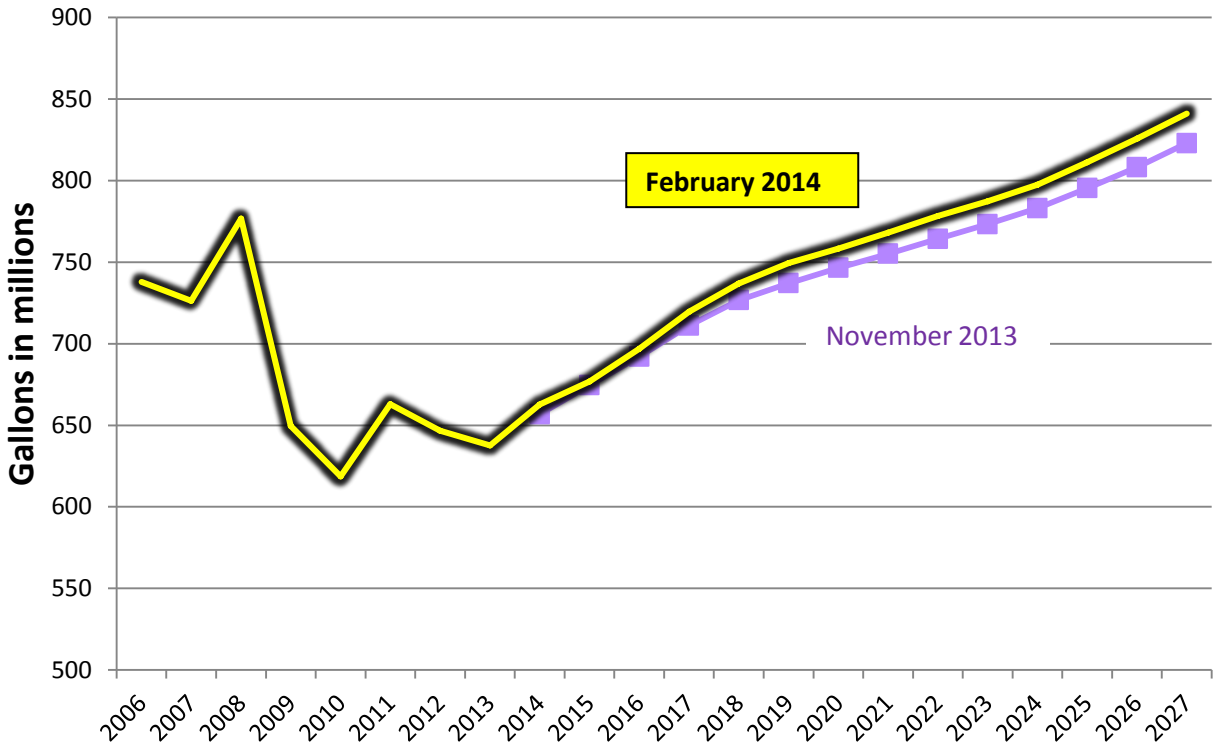


For FY 2012, gasoline consumption was 2,663 million gallons which was an annual decrease of 0.9% over FY 2011. In FY 2013, gasoline consumption was 2,676 million gallons which was an increase of 0.5% from FY 2012. Figure 22 shows the forecast to forecast comparison of projected gasoline gallons consumed. In FY 2014, gasoline consumption is projected to be 2,711 million gallons, 0.4% more than last forecasted. Throughout the remainder of the forecast horizon (2015 to 2027), gas consumption is anticipated to grow on average 0.1% more than in the November forecast. Gas consumption is growing very slowly with a long-term average annual growth rate (FY 2015-2027) of -0.47% in this February 2014 forecast.

In the current biennium, gas tax revenue is projected to be $2,028.5 billion which is an increase of $5.2 million or 0.26% since the November 2013 forecast. By the 2015-17 biennium, gas tax revenue decreases to $2012.4 billion, up by $2.8 million or 0.14% from the November forecast. Gross gas tax revenue projections are up $16.3 million or 0.14% from the November forecast for the 10-year forecast horizon.

Trends in diesel consumption and tax revenue

Figure 23 Diesel Fuel Consumption Forecast Comparison:
February 2014 vs. November 2013



- In FY 2011, diesel consumption was up to 663 million gallons which was a year-over-year increase of 7.2%.
- In FY 2012, diesel consumption was down again to 647 million gallons which was a year-over-year decline of 2.5%
- In FY 2013, diesel consumption was down again to 638 million gallons which was a year-over-decline of 1.4%

In FY 2014, diesel consumption is projected to rise to 663 million gallons, increasing by a 3.9% growth rate which is 0.9% more than November's forecasted annual growth of 3.0%. Over the forecast horizon from FY 2015-2027, diesel consumption is expected to grow annually on average by approximately 1.85% which is higher than November's 1.75% average growth.

Diesel tax revenue is projected to be $502.4 million in the 2013-15 biennium which is $3.2 million more than the $499.2 million from the prior forecast. In the 2015-17 biennium, diesel tax revenue is expected to be $532.4 million which is 0.97% or $5.1 million more than the November forecast. In the 2017-19 biennium, diesel tax revenue is expected to be $558.0 million which is $8.5 million or 1.54% more than the last forecast of $549.5 million. The revenue change from the November forecast increases over time and by the end of the forecast horizon in the 2025-2027 biennium diesel tax revenue is higher by $13.3 million or 2.18%. The major reason for the long-term increase in diesel consumption and revenue in February are due to higher collections in the near-term and higher projections of employment for trade, transportation, and utilities from FY2015-FY2027.

Motor fuel tax refunds

Non-highway and tribal refunds for gasoline and diesel fuel are accounted for in the motor fuel tax forecast. These refunds reduce net motor fuel tax distributions. In the current biennium gasoline tax non-highway refunds are up 0.28% or $0.04 million while diesel tax non-highway refunds are down 4% or $1.3 million. The decline in diesel tax non-tax refunds are due to lower refunds through the first eight months in FY2014.

Gasoline tax tribal refunds are also down by $1.5 million in FY2014 which is due to actual tribal refunds coming in less than projected. Diesel tax tribal refunds are unchanged in this February 2014 forecast. Long-term projections for tribal refunds for both gasoline and diesel will be updated in the September 2014 forecast after we have a complete accounting of tribal fuel tax refunds and tribal station counts for FY2014.

Primary reasons for the forecast changes

- Total fuel tax collections have come in above forecast for the past three months. Gas tax collections have come in higher than forecast by $2.1 million and diesel tax collections have come in higher than forecast for the past three months by $1.4 million. Overall, fuel tax collections came in above the November projections by $3.4 million or 1.1%.
- The February gasoline consumption forecast is driven by a projected year-over-year growth rate of 1.3% in FY 2014. Lower retail gasoline prices and higher non-ag employment growth rates also contribute to stronger growth rates
- Higher diesel tax collections for FY2014 led to an increase in diesel consumption and revenue throughout the forecast horizon. Trade, transportation and utilities employment are also slightly higher throughout the forecast horizon raising the diesel consumption forecast.
- Overall, in the current biennium, gross fuel tax revenues are up $8.5 million (0.34%) from the last forecast.
- Motor fuel tax refunds and transfers are down $2.9 million (-2.1%) in the current biennium and up $0.25 million (0.18%) in the 2015-2017 biennium and up an average of 0.37% throughout the forecast.
- Tribal gas tax refunds are down by $1.5 million in the current biennium because of lower actuals in the current fiscal year.

Figure 24 Short-term Motor Fuel Tax Forecast – By Month of Collection
February 2014
millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Gasoline Taxes	**$1,014.7**	**$1,014.0**	**$2,028.7**	**$1,007.4**	**$1,005.0**	**$2,012.4**
Special Fuel Taxes	**247.7**	**254.7**	**502.4**	**262.0**	**270.4**	**532.4**
Total Fuel Revenue	**$1,262.5**	**$1,268.7**	**$2,531.2**	**$1,269.4**	**$1,275.4**	**$2,544.8**
% Δ from Prior Forecast	0.47%	0.20%	**0.34%**	0.27%	0.36%	**0.31%**

Motor Vehicle Revenue (Licenses, Permits, and Fees)

Background

Vehicle related forecasts fall into two main categories: motor vehicle registrations and license plate-related fees. This forecast has a variety of small fees but the majority of the revenue is from registration-based fees. There are five main economic drivers for the vehicle licenses, permits, and fees (LPF) forecast: Washington population and net migration, Washington real personal income, Washington - U.S. real income share, Washington Retail Employment, and U.S. sales of light vehicles.

Washington State collected over $938 million from vehicle licenses, permits, and fees (LPFs) in the 2011-13 biennium. The forecast for the current biennium is $1.009 billion, an increase of $71.2 million over the 2011-13 biennium. In the February 2014 LPF forecast for the current biennium compared to the forecast released in November, LPF revenue is down $803 thousand, or 0.08% from the previous estimate of $1.01 billion.

Trends in vehicle registrations

For the current fiscal year, 2014, we reduced the estimate of passenger car registrations from the previous forecast, because actual vehicle registrations have been below forecast. In 2014, we expect passenger cars to come in 1.2% lower than we forecasted in November. For 2015, the passenger car forecast is 0.99% lower than November. By 2018, however, due to strong projected real personal income growth rates, passenger car registrations will be higher than the November forecast. While the forecast is lower, we still expect passenger car registrations to grow each year. The fleet of passenger cars should grow 1.4% in 2014 over 2013. From 2015 through 2019, the annual growth rate should be around 2.25% each year. After 2020, the year-over-year growth rate is just over 1% towards the end of the forecast horizon.

The Great Recession was deep and sharp for trucks. Truck registrations did recover in 2011 from the low point in 2010; however, trucks did a double-dip recession, returning to near the 2010 low in 2012. Truck registrations are coming below November's expectations. For 2014 and 2015, we are expecting trucks to be about 2% less than we predicted in November. In the out years, the forecast to forecast change rages from 1.7 to 1.2 below the previous forecast. Even though the forecast for trucks is lower in this forecast, we still expect modest year-over-year growth in trucks, ranging from 0.5 to 0.9%.

Trends in LPF revenue

As previously stated, Washington State collected over $938 million from vehicle licenses, permits, and fees (LPFs) in the 2011-13 biennium. For 2011-2013, passenger vehicles ($30 vehicles) brought in $297 million, while trucks brought in $346 million. In the current biennium, revenue from $30 vehicles is expected to be in $302.4 million, $3.0 million less than the forecast in November. Trucks will earn the State $349.3 million, $439 thousand less than the previous forecast.

Passenger weight fees were $110 million for the 2011-13 biennium. For the current biennium, these fees should garner $112.4 million, or $1.2 million less than expected in the previous forecast. Motor home weight fees came in at $9.9 million in 2011-2013. These fees are expected to be $9.7 million in the current biennium.

Figure 25 Passenger Car Comparison
February 2014 vs. November 2013
millions of vehicles

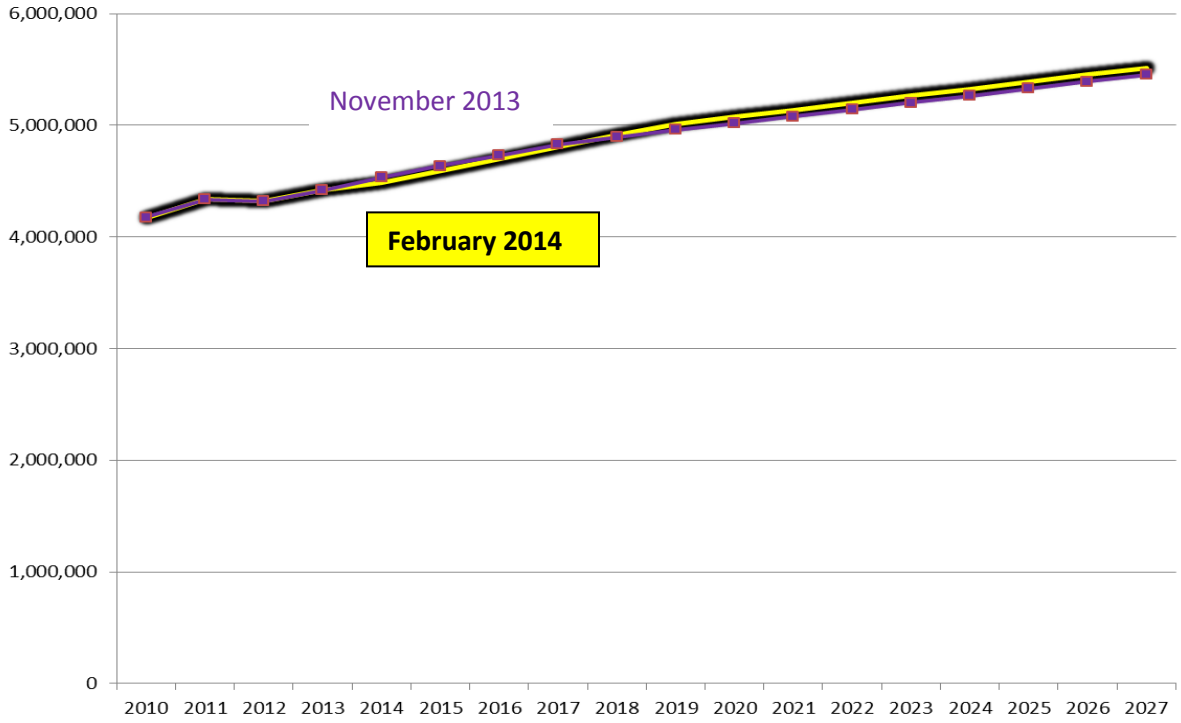
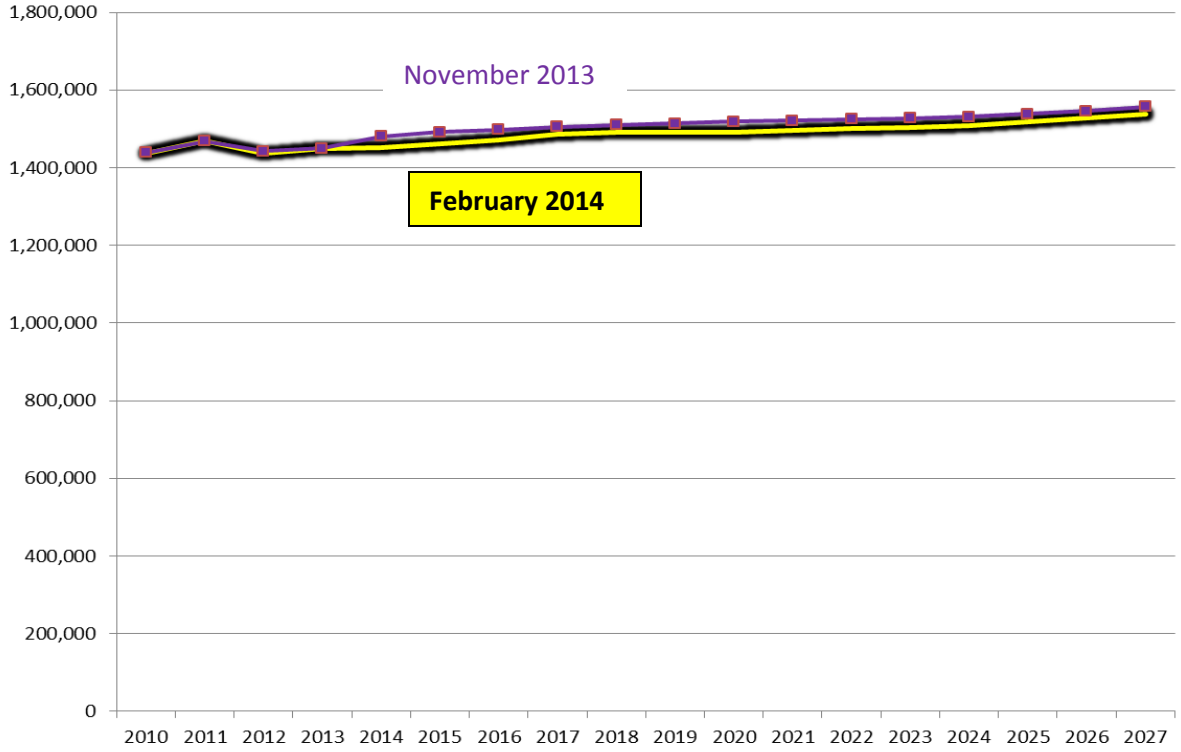


Figure 26 Truck Comparison
February 2014 vs. November 2013
millions of vehicles



Trends in LPF revenue

The license plate replacement fee revenue is revised higher by $2.55 million (8.1%) in the FY2013-15 biennium reflecting an updated plate survival rate, which is higher than assumed in prior forecasts. FY2015-17 sees a similar increase. This forecast continues the upward revision in the outer biennia with diminished forecast to forecast changes. Revenue for license plate reflectivity fees is also revised higher by $727,000 (6.3%) in the FY2013-15 biennium and higher by $580,100 (5.4%) in the FY2015-17 biennium.

The plate number retention fee forecast is once again revised higher by $209,100 (11.9%) in the FY2013-15 biennium and higher by $203,800 (14.2%) in the next. This increase continues throughout the forecast horizon reflecting changes in the plate replacement forecast mentioned above as well as updated higher retention rates. Plate number retentions for FY 2014 to date represent 5.2% of the total number of plates replaced. The increase in plate number retentions is very likely due to the increased numbers of specialty and personalized plates scheduled for replacement.

The original issue plate fees revenue (new fee of $10 per plate effective October 2012) is revised slightly higher in the FY2013-15 biennium by $450,700 (1.8%) and higher in the FY2015-17 biennium by $285,100 (1.1%). Of note is that the more than 6,500 original specialty plates sold during January 2014 have bumped up the forecast in the near term and these particular plates account for 37% of the forecast increase in the current fiscal year.

The electric vehicle renewal fees ($100 each effective February 2013) are estimated at $835,300 in the FY2013-15 biennium ($534,800 or 177.9% higher) and $1.35 million in the FY2015-17 biennium ($1.0 million or 289.6% higher). This forecast change reflects better than expected actual revenue to date as well as a much higher electric vehicle forecast by the Energy Information Administration (EIA). The upward revision is particularly pronounced in the near term.

Title fee revenue forecast is tracking fairly well and is minimally increased by $115,000 (0.18%) in the current biennium and by $27,800 (0.04%) in the next biennium.

Quick title revenue continues to come in higher than expected as more counties are issuing them. Currently 19 counties are issuing quick titles, including King, Pierce, Snohomish, and Spokane, representing almost 80% of the total statewide registration activity. Revenue for the current biennium is projected to be $1.44 million, up by about $133,450 (10.2%). Similar upward revisions are projected throughout the forecast horizon.

The dealer temporary permit forecast uses Global Insight LV sales. This forecast is tracking close, and is essentially unchanged.

The Wheeled All-Terrain Vehicle (WATV) forecast per ESHB 1632 is a new forecast. The WATVs can obtain an on-road permit with payment of a $12 fee along with a declaration that the WATV has equipment and/or modifications making it suitable for on-road use. The on-road WATV fee is distributed to the new Multiuse Roadway Safety Account (571). Due to implementation delays, this forecast is revised down at $120,400 (-14.2%) in the FY2013-15 biennium and is unchanged for future biennia.

Primary reasons for the forecast changes

- Actual passenger vehicle registrations for FY 2014 are down from the previous forecast.
- Future year passenger forecasts are down slightly from the previous forecast in the near term, but increase over the previous forecast in the out years.
    - This is due to lower actual registrations in 2014 combined with higher growth of personal income

- Actual truck registrations for FY 2014 are down from the previous forecast.
    - Pro-rate vehicles are up, bringing revenue in line with the previous forecast
- Overall, LPF revenues are down $803 thousand in the current biennium compared to the last forecast. In the next biennium, LPF revenues are up $1.2 million from the last forecast due primarily to plate replacement activity and increased projections of electric vehicles. Overall, the February LPF revenue forecast is a minor modification of the November forecast.

Figure 27 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees)
February 2014
millions of dollars (totals do not add due to rounding)

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Basic $30 License Fee	**$149.4**	**$153.0**	**$302.4**	**$156.2**	**$159.7**	**$315.9**
Combined License Fee	**174.1**	**175.2**	**349.3**	**176.4**	**178.0**	**354.4**
All Other Fees	**176.8**	**180.9**	**357.7**	**180.2**	**182.1**	**362.3**
Total LPF Revenue	**$500.3**	**$509.1**	**$1009.4**	**$512.8**	**$519.8**	**$1032.6**
% Change from Prior Fcst	-0.04	-0.12	**-0.08%**	0.04	0.21	**0.12%**

Driver Related Revenue Forecasts

The February 2014 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees (including commercial driver licenses, enhanced driver licenses, and temporary restricted licenses), ID card fees, driver exam application fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include vehicle filing fees, limousine licenses, fines and forfeitures, and driver school instructor license fees. These driver-related fees are deposited into the Highway Safety Fund (HSF), Motorcycle Safety Education Account (MSEA), the State Patrol Highway Account (SPHA), and Ignition Interlock Revolving Account (IIRA).

All driver-related revenue is projected to be $282.8 million for the current biennium, about $3.5 million (+1.3%) higher from the prior forecast. In the FY2015-17 biennium, the February forecast of driver related revenue is $295.6 million, an increase of about $2.5 million (+.8%) from the prior forecast.

It is important to note that many of the driver related revenue streams follow a five-year renewal cycle until FY2015 when it becomes a six-year cycle. Caution is advised in year over year comparisons.

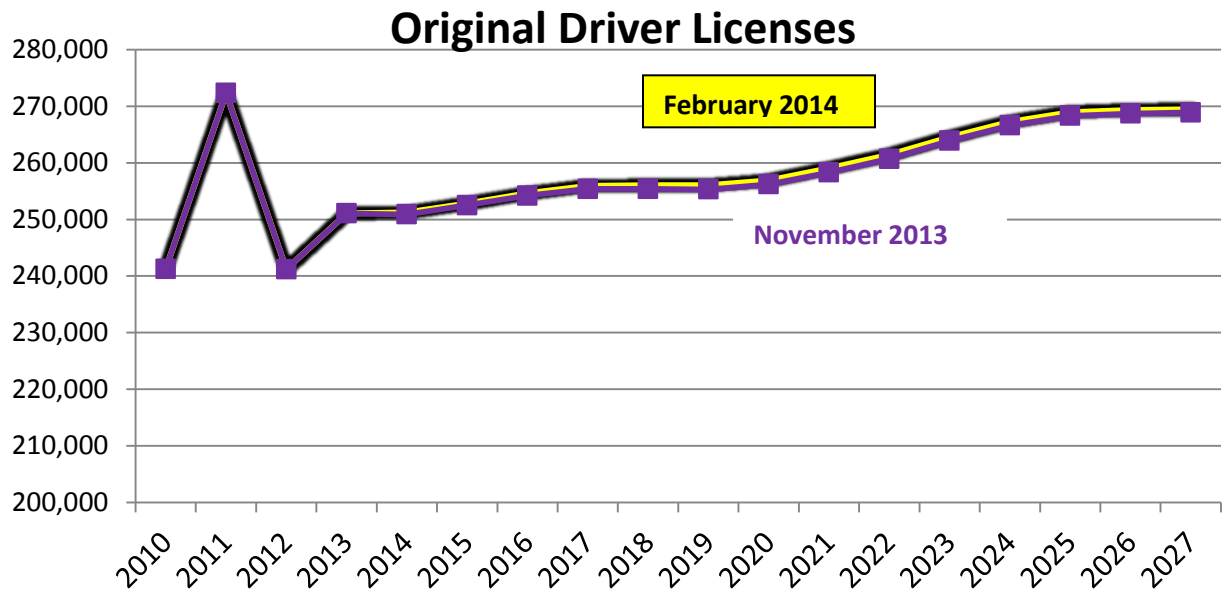
Trends in Driver's Licenses, ID Cars, Exams, and Abstracts of Driver Records

The display of revenue under 106-254 (Highway Safety Fund) includes regular driver licenses, ID cards, CDL, Permits and EDL/EID revenue, duplicates, reissue fees, hearings, photo-only documents, temporary restricted licenses, and the remaining misc. driver fees (including for-hire permits 106-254-006, processing fee 106-254-09, probation license 106-254-24 and 106-254-25).

Originals

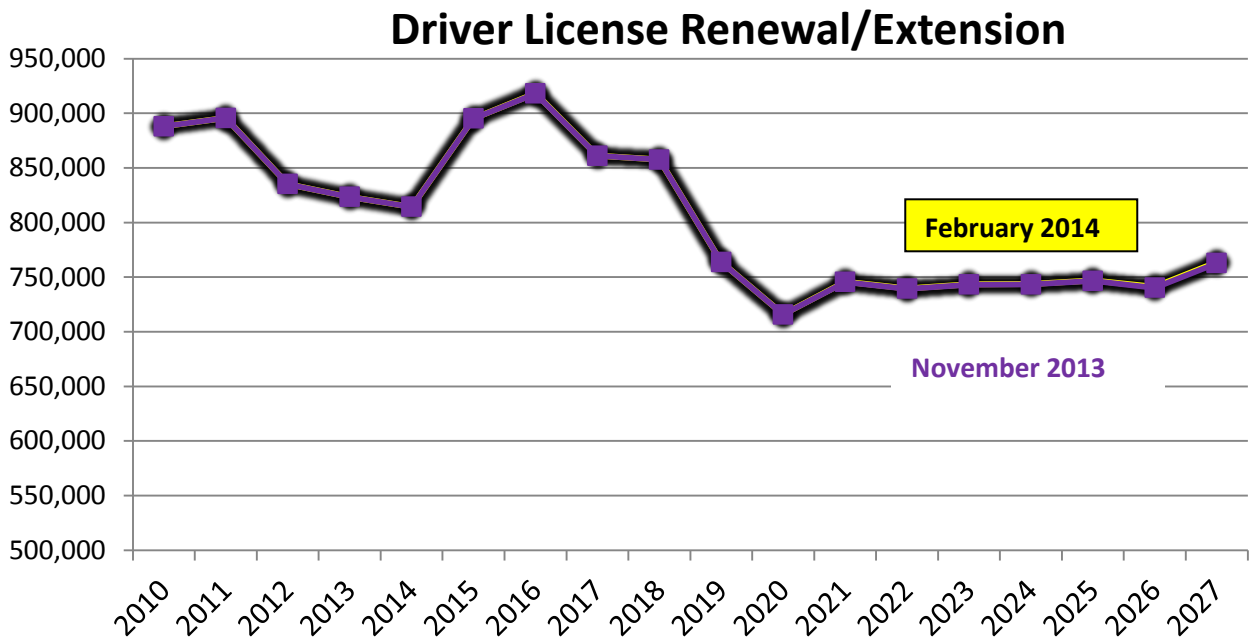
The forecast is driven by ERFC's non-agricultural employment, OFM population 16-18, and drivers coming from out of WA. This forecast sees a slight uptick (+.1) with non-farm employment outlook and better driver-in migration in recent months (Figure 28).

Figure 28 Driver License Originals: February vs. November 2013



Renewals

Figure 29 Driver License Renewals: February vs. November 2013



Driver renewal forecast is tracking well and is essentially unchanged other than incorporating the latest 6-year license implementation schedule as discussed in the assumptions document. This changed schedule as well as adjustments to smooth out the renewal volume result in some cosmetic changes in the renewal pattern (Figure 29).

Driver Instruction Permits and Exam Application Fees

After a significant downward revision (-13.6%) in November, related to the transition of DOL exams/tests to private driving schools, this forecast is performing reasonably well, with minor adjustment (-1%) given actual transactions to date.

Driver exam activities have come in slightly better than expected and this forecast for FY14 is 2% higher and the outer years are essentially unchanged.

ID Card

First time ID issuances are coming in better than expected in the last few months. This forecast shows an upward revision of about 5% throughout the forecast horizon. There continues to be a shift from full fee paying ID cards (particularly for renewals) to public assistance ID cards where DOL only collects $5.00 fee for the latter instead of the full $45.00 fee effective October 2012. Therefore, revenue from ID cards sees a smaller forecast to forecast change.

Duplicate licenses and ID cards are raised from prior forecasts. This comes as DOL has been issuing on-line address changes for duplicates, resulting in higher rate of overall duplicates. This higher rate is expected to stay, thus a +7% forecast to forecast increase in duplicate transactions throughout the forecast horizon.

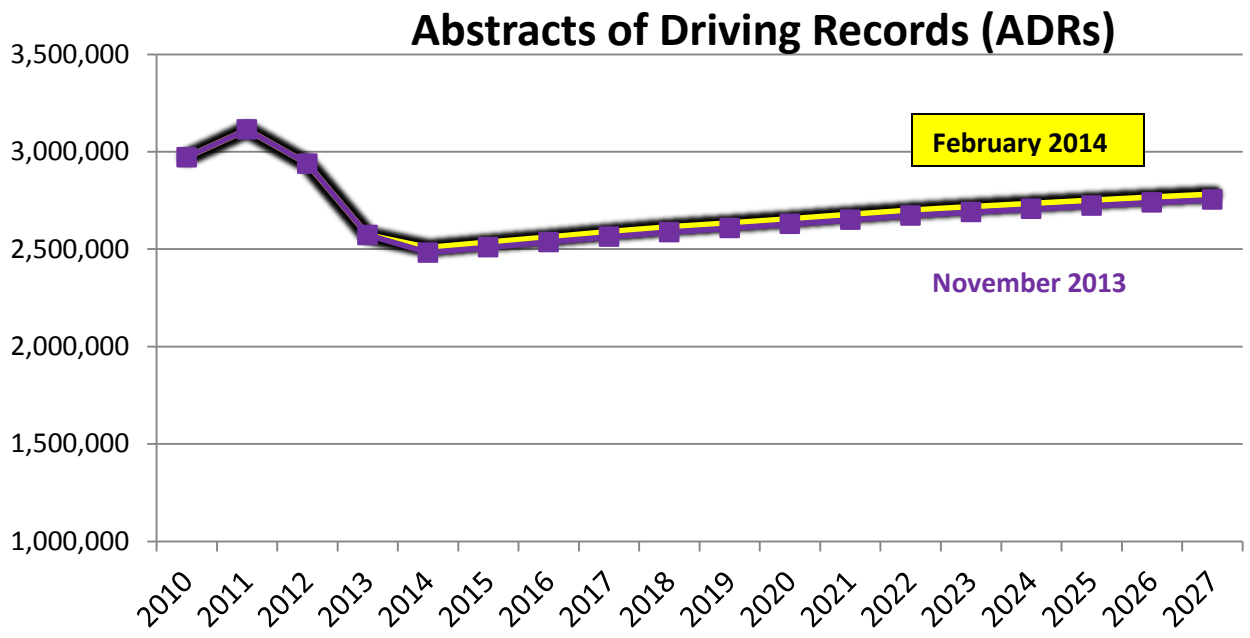
DUI Administrative Hearings

The hearings forecast is revised down in the February forecast as the number of hearings has been on the decline for some time. We believe this decline has to do with the availability of Ignition Interlock devices (IID) which is showing a steady upward trend. Having the IID allows the driver to continue to drive without going through administrative hearings for a fee of $375 (increased from $200 to since October 2012).

Abstracts of Driver Record (ADR)

After 29 consecutive months of year-over-year drop in ADR requests, December and January started to show positive changes. This may suggest that the turning point is finally here. The February forecast has a slight upward revision of about 1.0% throughout the forecast horizon.

Figure 30 Sales of ADR
February 2014 vs. November 2013



Trends in Driver Related Revenue

Highway Safety Fund

Total Highway Safety Fund (HSF) revenue for the current biennium is projected to be $241.8 million, up about $3.2 million (+1.3%) from the prior forecast. For the FY15-17 biennium, total Highway Safety Fund revenue is projected to be $253.6 million, about $2.1 million (+.8%) higher than the prior forecast. The upward forecast revision comes primarily from increased forecasts in duplicates, reissues, and ADR requests.

A few other Highway Safety Fund revenue streams (selected motor vehicle filing fees, limousine license fees, driving school license fees, fines and forfeitures, and misc. revenue) make up about $3 million a year. The February forecast for the current biennium is at $5.96 million, about $110,000 (+1.9%) higher than prior forecast.

State Patrol Highway Account

With the ADR fee increasing from $10 to $13 starting October 2012, the State Patrol Highway Account receives $6.50 (up from $5.00) for each sale of an Abstract of Driver Record (ADR). The February forecast has a slight upward revision, with total revenue for the current biennium expected to be $32.8 million, up about $328,000 (+1%). Similar upward revision is projected in the outer biennia as well.

Motorcycle Safety Education Account Trends

The Motorcycle Safety Education Account receives revenue from the following sources:

- motorcycle license original and renewal endorsements
- motorcycle instruction permits
- motorcycle endorsement application fees.

Revenue for this fund is projected to be $4.4 million for the current biennium (-1.0%) and $4.8 million for the next (+1.5%). In the mix are a small upward revision to original endorsements and a minor downward revision to renewal endorsements, based on actual data to date.

Ignition Interlock Device Revolving Account

The Ignition Interlock Device Revolving Account revenue is tracking close to expectations and is expected to bring in about $3.8 million each biennium, up a little (+1.3%) from prior forecast.

Primary reasons for the forecast changes

Primary reasons for the change in driver related revenue are:

- Field operational changes resulting in higher issuances of duplicate licenses and IDs (especially from on-line address changes);
- Improved outlook for ADR requests.

Figure 31 Short-term Driver Related Revenue Forecasts
February 2014
millions of dollars

Driver Related Revenue	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Total Highway Safety Fund	**$115.7**	**$126.1**	**$241.8**	**$128.3**	**$125.2**	**$253.6**
Drivers License Fees	94.6	104.2	198.9	106.2	102.9	209.1
Copies of Record Fees	18.1	18.9	37.0	19.1	19.3	38.4
Other smaller misc. Fees	3.0	3.0	6.0	3.0	3.0	6.1
Total Motorcycle Safety Education Account	**2.1**	**2.4**	**4.4**	**2.4**	**2.4**	**4.8**
Total State Patrol Account	**16.3**	**16.5**	**32.8**	**16.7**	**16.8**	**33.5**
Total Ignition Interlock Device Revolving Account	**1.9**	**1.9**	**3.8**	**1.9**	**1.9**	**3.8**
Total Driver Related Revenue	**$136.0**	**$146.8**	**$282.8**	**$149.3**	**$146.3**	**$295.6**
Percent change from prior forecast	1.8%	0.8%	1.3%	0.8%	0.9%	0.8%

Other Transportation Related Revenue Forecast

This category of transportation related revenue forecasts consist of four primary components: vehicle sales and use taxes, rental car sales taxes, business and other revenue and aeronautics revenue.

Vehicle Sales and Use Tax

Total spending on new US light vehicles was $272 billion in FY 2009 and this represented a decline of 33% from the FY 2008 sales level. In FY 2010, spending on new US light vehicles grew to $301 billion which represented a 10.9% annual growth. In FY 2011, spending on light vehicles grew 16% from FY 2010. In FY 2012, US spending on light vehicle sales also grew 13.7% to $402 billion. In FY 2013, US spending on light vehicle sales was $448 billion; an increase of 11% year over year. In FY 2014, the growth in the US spending on light vehicles is projected to be $481 billion; an increase of 7.4% year over year and unchanged from the prior forecast. In FY 2015, the growth in US spending on light vehicles is projected to be $504 billion; an annual increase of 4.8% and down 0.6% from the November forecast.

The actual vehicle sales and use tax collections in the 2007–09 biennium was $62.7 million, and the sales and use tax collections in the 2009-11 biennium declined to $54.4 million. In the 2011-13 biennium, the sales and use tax collections were $46.7 million. In the current biennium, sales and use taxes are projected at $74.14 million which is down 0.01% from past forecast. Actual tax collections in FY 2014 have come in above forecast by just $24,000. In the 2015-17 biennium, the sales and use tax collections are projected to be $79.08 million which is 0.02% lower or $0.016 million less than the past forecast. Revenues in the 2017-19 and 2019-21 biennia are up minimally from the last forecast by 0.01% and 0.03% respectively. For the remainder of the forecast horizon beyond FY 2021, sales and use taxes are essentially unchanged from the November forecast. The reason for the essentially unchanged forecast is that actual data have come in on target and the economic variables have only changed minimally.

Rental Car Sales Tax

The forecast for rental car sales was $46.97 million for the 2007-09 biennium and it decreased to $44.5 million in the 2009-11 biennium. In the 2011-13 biennium, the rental car tax came in at $46.7 million. In the current biennium, rental car sales tax is anticipated to be $52.85 million and up $1.07 million or 2.1% from the November forecast. Actuals since the last forecast have been higher than projected. In the 2015-17 biennium, revenues are projected to be $55.73 million which is an increase of 1.6% from the prior forecast. The primary reason for the change in the forecast is due to higher actuals since the November forecast. The change from the prior forecast decreases over time so by the last biennium of the February forecast of rental car sales tax is $0.12 million higher, a 0.18% increase from the November forecast. Over the 10-year forecast horizon, the rental car tax is anticipated to bring in $292.5 million which is an upward revision of $3.6 million from November's projection.

Business and Other Revenue

The business and other revenue category includes the following revenue sources:

- Sales of property
- WSP and DOT services and publications and documents
- Filing fees and legal services
- Property management
- Other revenues

Each biennium this revenue category has a unique set of properties available to be sold, making biennium to biennium comparisons difficult. DOT Business related revenue came in at $14.2 million in the 2011-13 biennium. The 2013-15 biennium total DOT business related revenues are projected to be $14.41 million which is down 0.7% from the November forecast. The reason for the decline is due to property management and other revenues coming in lower than anticipated in the current fiscal year. WSP publications and documents are coming in above last projections. In the next biennium, business related revenues are anticipated to be

$13.19 million and down $204,000 from the last forecast. The next biennium minor revenue adjustments are due to incorporating new forecasts for inflation and population which had only minor revisions.

The School zone fine for the Washington Traffic Safety Commission was first added to the September 2013 forecast. The fee is assessed for traffic violations in school zones and the revenue from the fee is deposited into the School Zone Safety Account. The revenue from this fine varies greatly from month to month. In FY 2012, the revenue for fines assessed in school zones was $0.9 million and $0.7 million was collected in FY13, for a biennial total of $1.6 million. In the 2013-15 biennium, the revenue from school zone fines is also anticipated to be $1.173 million, which is a revision downward of $454,700 or 28% due to actuals coming in below expectations which are lower than $1.628 million received in the 2011-13 biennium and the last forecast. This same 28% reduction was continued for these fines throughout the forecast horizon.

Washington State Patrol (WSP) Highway Account miscellaneous revenue consists of ACCESS fees (fees charged for usage of our statewide law enforcement telecommunications system), Breathalyzer Test fines, DUI Cost Reimbursement, and Terminal Safety Inspection fees. Revenue for Commercial Vehicle Penalties and Communication Tower Site Leases was added to the forecast in March 2013.

Highway Safety Account revenue consists of certification and calibration fees charged to ignition interlock manufacturers, technicians, providers, and persons required to install an ignition interlock device in all vehicles owned or operated by that person. This revenue source was incorporated into the forecast first in June 2012. Revenue estimates have been updated using the past year's actuals.

The February 2014 WSP business related revenue forecast is $10.9 million, 0.84% or up $0.091 million from prior estimates primarily due to actual revenue from Breath Test Fines being higher than forecasted. All revenue has been updated for actuals to date. The March 2013 forecast had two new additional fees added to the WSP forecast: Commercial Vehicle Penalties and Communication Tower Site Leases. In the current biennium, these new fee revenues are projected at $432,000 and $683,000 respectively. The terminal safety inspection fee revenue is forecasted at $2.7 million. The same trend continues in the next biennium with the total fee revenue estimated at $11.0 million for the 2015-17 Biennium.

Aeronautics Taxes and Fees

The aeronautics tax forecast includes excise, registrations and fuel taxes as well as transfers. The aviation fuel tax is the largest component of the aeronautics tax forecast. The aeronautics tax collections were $5.7 million in the 2007-09 biennium. In the 2009-11 biennium, the aeronautics account tax collections were $5.8 million and the revenue was $6.37 million in the 2011-13 biennium. In the 2013-15 biennium, the aeronautics account revenue is anticipated to be $5.96 million, down $128,220 from the November forecast. Lower aviation fuel is the reason for the decline from the last forecast. Aviation fuel is lower for FY 2013-15 by -$129,700 (-2.25%) due to lower than anticipated aviation fuel tax revenue in the current fiscal year. In addition, this forecast has been updated with the OFM long-term manufacturing employment forecast resulting in a somewhat lower forecast throughout the rest of the forecast horizon. In the next biennium, aviation fuel taxes are expected to be $5.303 million and 1.44% lower than last projection.

In the 2011-13 biennium, the aircraft registrations, excise and dealers' taxes, which are a small portion of the total aeronautics revenue, were $1.43 million. In the current biennium, the aircraft registrations, excise and dealers' taxes are anticipated to be $1.52 million which is the same as last forecast. The motor vehicle fuel tax transfer of $568,781 is up $1,481 from November due to slightly higher motor vehicle fuel tax projections in the current biennium. . In the 2015-17 biennium, the aeronautics transfer from the motor vehicle fund is projected to be $563,714, which is up $814 from the last forecast. This transfer of motor vehicle fuel taxes declines slowly throughout the forecast horizon. Aircraft excise taxes are anticipated to be $697,500 which is no change from the last forecast. In the next biennium, aircraft excise tax increases slightly to $710,300, which is also the same as last quarter's forecast. Ten percent of the excise tax goes to the aeronautics account and the rest goes to the state general fund

Aviation Fuel Tax

Aviation fuel taxes came in at $5.5 million in the 2011-13 biennium. In the current biennium, aviation fuel taxes are projected at $5.06 million which is down $129,700 or 2.5% lower than last quarter's projections due to actuals coming in lower than projected. In the 2015-17 biennium, aviation fuel taxes are projected at $5.30 million which is down $77,600 from the last quarter projection. In all future biennia, the aviation fuel tax is also down slightly from the November forecast.

Primary reasons for the forecast changes

- Vehicle sales and use tax revenue are down slightly in the current biennium by $9,200 from the last forecast due to actuals coming in close to actuals and slightly lower economic variables. In subsequent years, the forecast is down minimally from the last forecast.
- Rental car tax revenue is up $1.07 million, 2%, in the current biennium due to higher collections in recent months than anticipated. In subsequent biennia after 2013-15 biennium, the change in the rental car tax revenue from the last forecast declines over time.
- WSDOT Business and other miscellaneous revenue is $14.4 million in the current biennium which is down slightly by $101,800 from the prior forecast. The decline is due to lower property management and other revenues in the current fiscal year. The future biennia estimates overall have been revised down slightly to reflect new population and inflation annual estimates.
- School Zone fines' forecast this February has been reduced substantially, 28%, due to collections not coming in like last year and as expected. The new forecast is $1.17 million in the current biennium versus $1.63 projected in the last forecast.
- Aircraft fuel tax revenue has been revised down by $129,700 or 2.5% in the current biennium and all subsequent biennia are the lower than the last forecast.
- In the current biennium, total other transportation related revenue is projected to be $160.1 million and $0.47 million above the last forecast. The biggest increase was the rise in rental car sales tax of $1.07 million.
- In the 2015-17 biennium, total business related revenues are projected to be $167.0 million and this forecast is an upward revision of $0.2 million or 0.12% from November. In future biennia beyond 2015-17 biennium, business related revenues are increasing beyond the last forecast but by a smaller amount.

Figure 32 Short-term Other Transportation Related Revenue
February 2014
millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Rental Car Sales Tax	$26.2	$26.6	**$52.8**	$27.5	$28.3	**$56.8**
Vehicle Sales & Use Tax	36.5	37.6	**74.1**	38.9	40.1	**79.0**
DOT Business/Other Rev	7.2	7.2	**14.4**	6.6	6.6	**13.2**
WSP Business/Other Rev	5.2	5.7	**10.9**	5.3	5.7	**11.0**
WA Traffic Safety Comm.	0.6	0.6	**1.2**	0.6	0.6	**1.2**
Aeronautics Taxes/Fees	3.2	3.3	**6.5**	3.4	3.4	**6.8**
Total Other Transportation Related Revenue	$79.0	$81.1	**$160.1**	$82.3	$84.7	**$167.0**
% Change from Prior Fcst	0.0%	0.2%	**0.3%**	0.4%	0.2%	**0.3%**

Ferry Ridership and Revenue

Ferry Fare Ridership and Revenue Forecasting Process

For the February Forecast, the fare revenue and ridership forecasts for Washington State Ferries are completed in four stages applying to seven fare categories. The seven fare categories are:

- Passenger full-fares
- Passenger frequent user discounted (commuter) fares
- Passenger other discounted fares (e.g., senior fare, youth fare)
- Auto / driver full-fares
- Auto / driver frequent user discounted (commuter) fares
- Other vehicle / driver discounted (senior/disabled and motorcycle) fares
- Oversize vehicle / driver (over 22 feet in length) fares

The February Baseline Forecast incorporates actual ridership counts through December 2013 and actual revenue collections through January 2014. Between October and December 2013 monthly ridership was 0.6% lower than projected in the November 2013 forecast while total system fare-box and capital surcharge revenue was 0.5% lower. The February Baseline Forecast includes the tariff changes adopted by the Washington State Transportation Commission. These include a 2.0% increase for passengers and a 3.0% increase for vehicles on October 1, 2013, and a 2.0% increase for passengers and a 2.5% increase for vehicles on May 1, 2014. The tariff revisions also include a reduction to youth fares, resulting in a discount rate of 50%, which brings it into alignment with the senior citizen discount. The February Baseline Forecast scenario excludes any future fare revisions beyond May 1, 2014.

The February 2014 ridership demand forecasts reflect the latest updated demographic and economic variable forecasts provided by the State and others. Forecasts for employment have been revised slightly upward over the forecast horizon, which tends to increase the ridership forecasts. Real gasoline prices have been revised slightly downward for February contributing to higher vehicle ridership projections. Inflation projections have been revised lower through the forecast horizon, with larger revisions moving out in time. Lower inflation causes real fares to be increasingly higher, which puts downward pressure on the ridership projections, generally offsetting the modest upward effects from the aforementioned factors.

The February Baseline and Alternative forecasts incorporate updated projections for the working age population indices used to forecast commuter passenger and commuter vehicle ridership. The population indices are derived from data for Kitsap, San Juan, and Island counties by age group, weighted based on ridership levels for routes associated to the specific counties. Based on the new working age population projections the indices have been revised lower through the rest of 2014, after which they increase slightly. The revised population index and other underlying changes to the socio-economic forecast had a minimal impact on ridership since the November 2013 forecast update.

Trends in Passenger Fare Ferry Ridership

FY 2010 passenger ferry ridership reached 12,453,226, or 1.0% less than in FY 2009. Actual passenger ridership for FY 2011 was 12,242,320, or 1.7% lower than FY 2010, and includes a database correction prior to which foot passengers on the Mukilteo-Clinton route were double-counted. FY 2012 passenger ridership came in at 12,236,081, or 0.1% lower than the previous year. FY 2013 passenger ridership came in at 12,350,126, or 0.9% higher than the previous year.

In FY 2014, ferry passenger ridership is expected to be 12,360,000, or a -0.7% decrease from the prior forecast, and a year-over-year increase of 0.1%. For FY 2015, passenger ridership is expected to be 12,489,000, a -1.6% decrease from the prior forecast, and a year-over-year increase of 1.0%

For the rest of the forecast horizon, the passenger ridership projections range from about -1.6% lower than November in FY 2016 to -1.9% lower in FY 2027.

Trends in Vehicle/Driver Fare Ferry Ridership

Vehicle/ driver ridership was 10,134,311 in FY 2010, or 2.2% higher than in FY 2009. In FY 2011, vehicle/driver ridership came in at 9,968,973, 1.6% lower than in FY 2010. For FY 2012, vehicle/driver ridership was 9,983,059, 0.1% higher than the previous year. For FY 2013, vehicle/driver ridership came in at 10,045,043, which represents a predicted year-over-year increase of 0.6% from FY 2013.

In FY 2014, ferry vehicle/driver ridership is expected to be 10,149,000, a -0.4% decrease from the prior forecast, and a year-over-year increase of 1.0%. For FY 2015, vehicle/driver ridership is expected to be 10,186,000, a 0.2% increase from the prior forecast, and a year-over-year increase of 0.4%.

For the rest of the forecast horizon, the vehicle/driver ridership projections range from -0.2% lower in FY 2022 to 1.0% higher in FY 2017.

Overall Trends in Ferry Ridership

Total ferry ridership in FY 2010 and FY 2011 was 22,587,537 and 22,211,293 respectively, with the FY 2011 value representing a year-over-year decrease of 1.7%. In FY 2012, total ridership was 22,219,140, which represents less than one-tenth of one percent annual growth from FY 2011. For FY 2013, total ridership came in at 22,395,169, for a year-over-year increase of 0.8%.

In FY 2014, total ferry ridership is expected to be 22,509,000, a -0.6% decrease from the prior forecast, and a year-over-year increase of 0.5%. For FY 2015, total ridership is expected to be 22,675,000, a -0.8% decrease from the prior forecast, and a year-over-year increase of 0.7%.

For the rest of the forecast horizon, projected overall ridership ranges from -0.5% lower in FY 2017 to -1.2% lower in FY 2027.

Figure 33 illustrates the trends and changes from the prior forecast for passengers, vehicles/drivers and total ferry ridership over the forecast horizon.

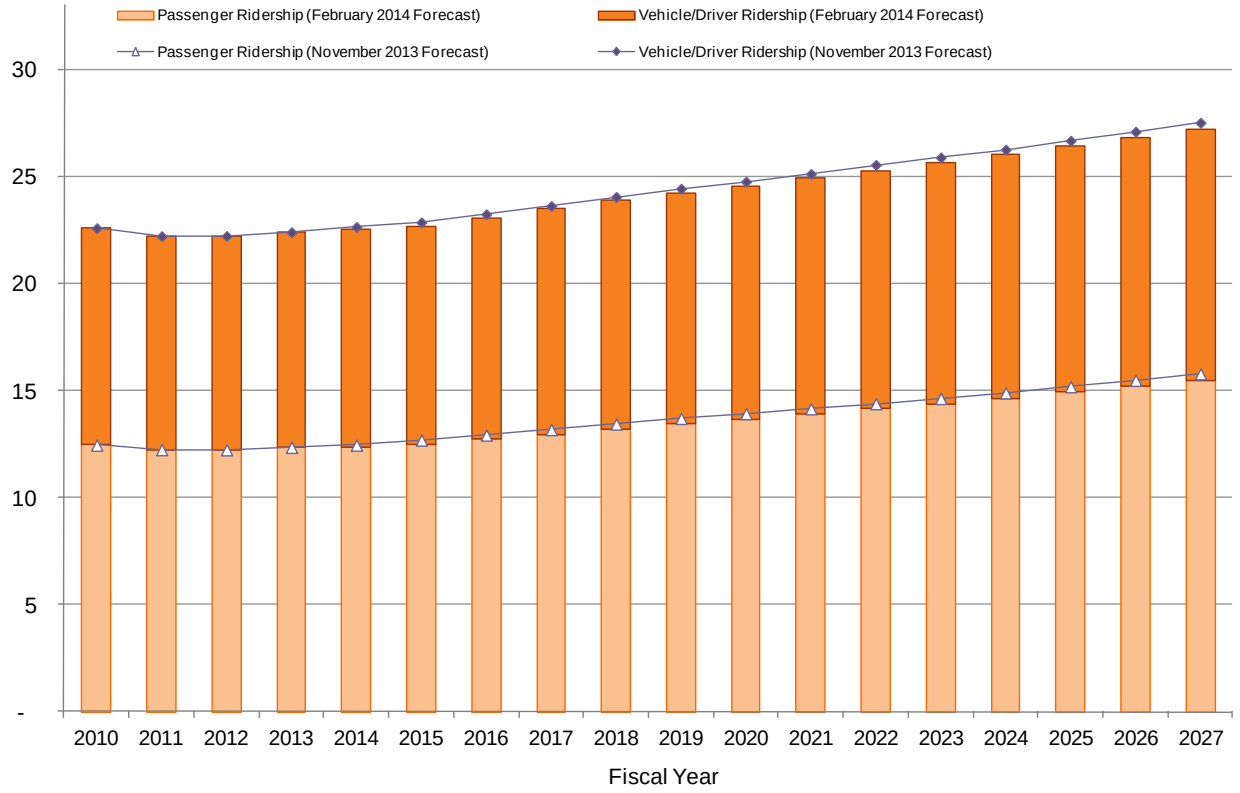
Trends in Ferry Revenue

The February 2014 ferry revenue projections for the Baseline Forecast include the projected effects of the aforementioned October 2013 and May 2014 tariff revisions plus the reduction in youth fares. In the 2007-09 biennium, ferry farebox and miscellaneous revenues totaled $300 million, with fare revenue comprising $292.9 million of that amount. For the 2009-11 biennium, total fare and miscellaneous revenues increased by less than 0.5% over the previous biennium to $300.7 million, with farebox revenue representing $294.5 million of the total. For the 2011-13 biennium, total fare and miscellaneous revenues came in at $324.1 million, which is 7.8% over the previous biennium. Of this amount, farebox revenue represented $317.1 million.

Fare revenue plus capital surcharge revenue projected for the 2013-15 biennium, both of which include actual collections through January 2014, total $335.3 million, or -0.2% lowers than their November forecast values. Of this total, $327.7 million represents regular fare revenues, a decrease of -$0.6 million, or -0.2%. The remaining $7.6 million represent the capital surcharge receipts, which are -1.2% lower than their November forecast value.

Compared to November, the current Baseline Forecast for fare revenue is anticipated to range from -0.1% lower in the 2015-17 biennium to -0.6% lower in the 2025-27 biennium.

Figure 33 Comparison of Ferry Passenger and Vehicle Ridership
February 2014 and November 2013 Baseline
Millions of Riders



[1] FY 2014 ridership includes actual values through December 2013.

Ferry Capital Surcharge Revenue

The ferry capital surcharge of $0.25 per fare sold was implemented in October 2011 and is included in the baseline Forecast as noted above.

Ferry Miscellaneous Revenue

WSF's miscellaneous revenue forecasts are based on vendor projections, traffic and revenue projections, as well as the implicit price deflator (IPD) inflation index.

- The 2013-15 and the 2015-2017 biennia reflect a decrease in miscellaneous revenues compared with November due to the unanticipated departure of McDonalds located at Seattle Terminal.
- Beyond Fiscal Year 2019, all concessions were previously assumed to eliminate from the Seattle Terminal due to major demolition and re-construction of the terminal.

Primary Reasons for the Forecast Changes

- Passenger ferry ridership is down somewhat over the forecast horizon. This is generally due to a lower inflation forecast resulting in higher real fares over time, combined with minor refinements to the commuter fare model to capture ongoing demographic trends that continue to limit growth in commuter travel.
- Vehicle/driver ridership is mostly slightly higher over the forecast horizon. Higher projections for employment and lower projections for real gas prices tend to more than offset the effect of higher real fares due to lower inflation projections.
- The February Baseline Forecast for ferry fare revenues is marginally lower over the forecast horizon, compared with the November Forecast. Despite its higher fares, the slight increase in vehicle/driver ridership is not sufficient to outweigh the decrease in the passenger ridership forecasts.

Figure 34 Short-term Ferry Revenue
February 2014 Baseline
Millions of Dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Farebox Revenue	$162.04	$165.69	$327.73	$168.57	$171.55	$340.12
Capital Surcharge Revenue	3.72	3.85	7.57	3.92	3.99	7.90
Misc. Ferry Revenue	3.77	3.78	7.55	3.89	4.00	7.89
Total Ferry Revenue	**$169.53**	**$173.32**	**$342.85**	**$176.38**	**$179.54**	**$355.91**
% Change from Prior Forecast	-0.1%	-0.4%	-0.2%	-0.3%	0.0%	-0.1%

Toll Revenue

The Tacoma Narrows Bridge (TNB) revenue forecast reflects actual toll collections through 2013 and toll revenue data through November 2013. In 2013 two consecutive toll rate increases were adopted by the Washington Transportation Commission. The first toll rate increase began on July 1, 2013. The toll rates for 2-axle vehicles will be $4.25, $5.25 and $6.25 for GoodToGo (GTG), cash and Pay by Mail (PBM), respectively. The second toll rate increase will take place on July 1, 2014; the toll rates for 2-axle vehicles will increase to $4.50 for GTG, $5.50 for cash and $6.50 for PBM. Trucks pay by axle.

The SR 167 HOT lanes pilot program revenue forecast reflects actual toll collections starting in May 2008 through November 2013. In 2013 legislative action (SSB 5024), SR 167 HOT lanes pilot program was extended to end of fiscal year 2015. Toll rates are set to maximize traffic flow while managing demands to maintain acceptable operating speed on the HOT lanes.

The current forecast for SR 520 is based on the Washington State Transportation Commission's adopted 2.5% annual toll-rate increase as of July 1, 2013. In addition, the Commission implemented nickel-rounding for all toll rates (weekday and weekend). In FY 2017, weekday toll rates are assumed to increase by 15% on average. Beyond FY 2017, no further rate increases have been assumed. In the current fiscal year, two-axle vehicles traveling on weekdays pay peak tolls of $3.70 for GTG and $5.25 for PBM, respectively. During weekends the peak GTG and PBM toll rates are $2.30 and $3.90, respectively. Vehicles with more than two axles incur an additional toll.

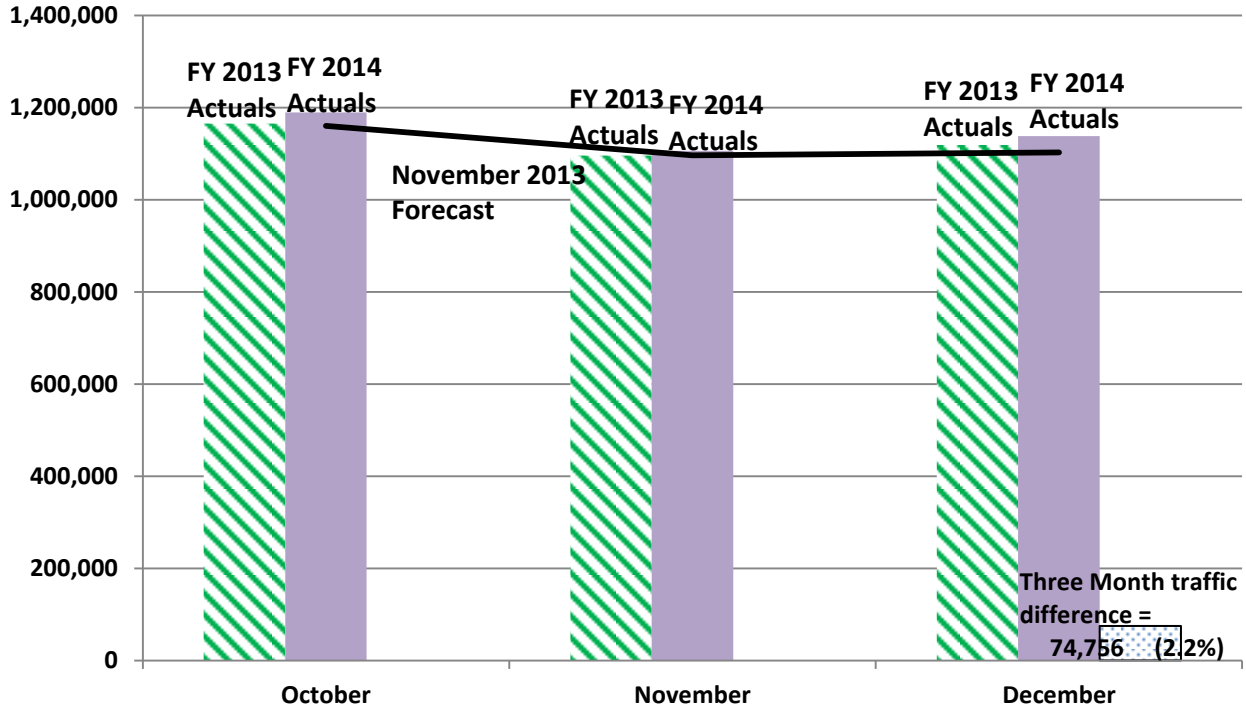
The Pay By Plate (PBP) toll rate will be the GTG rate plus a $0.25 fee. PBM customers who open a short-term account in order to pay prior to receiving a toll bill will receive a $0.50 discount off of the PBM rate. Legislative action in 2011 created the PBM payment method in which tolls may be paid after using a toll facility with the customer identified for receiving a toll bill by mail via a photo of their license plate. The same legislative action introduced alternative toll enforcement, the Civil Penalty process administered by WSDOT. Failure to pay a toll detected through the photo toll system after 80 days and two invoices will set in motion the civil penalty

process by issuing a Notice of Civil Penalty (NOCP). The civil penalty is $40 plus the original toll amount. The customer is liable for a civil penalty of $40 per toll transaction, plus the original toll amount per transaction, and a $5 rebilling fee per invoice. Transponder sales for FY2009 through FY2013 include actual revenues from the sales of transponders and disabling shields. In FY 2014 and beyond, transponder sales are assumed to grow by 2.5% per year.

Trends in Tacoma Narrows Bridge traffic and toll revenue

The TNB average daily traffic grew minimally in FY 2009 by 0.2% to 13.91 million from FY 2008. In FY 2010, the TNB traffic volume was 14.26 million which represents a year over year increase in traffic volume of 2.5%. Since 2010, TNB traffic volume has been falling. In FY 2011, the TNB traffic volume was 14.06 million, a year over year decrease of 1.4%. In FY 2012, the TNB traffic volume was 13.95 million, a year over year decrease of 0.02%. In FY 2013, the TNB traffic volume was 13.83 million which is a year over year decline of 1.7%. The TNB traffic volume forecast for the remainder of the forecast horizon is the same as the last forecast as monthly actuals are tracking the forecast. Figure 35 reveals that during the months of October through December 2013, actual TNB traffic volume came in at or slightly above the November forecast and overall for the three months combined, traffic came in 2.2% higher than projected. Traffic volume in FY 2014 is anticipated to be 13.85 million which is an annual decline of 0.1% and in FY 2015, TNB traffic volume is anticipated to grow year over year by 1.1% to 14.0 million. In FY 2016 and 2017, the TNB traffic volume is expected to grow by 2.9% and 4.1% respectively. Then the annual growth rate in TNB traffic declines to 2.3% and 2.4% in fiscal years 2018 and 2019, respectively. In FY 2020, the annual growth rate in TNB traffic grows to 2.9%, but then it falls to below 2% for the next three years and then the annual growth rate falls below 1% the remaining four years of the forecast horizon.

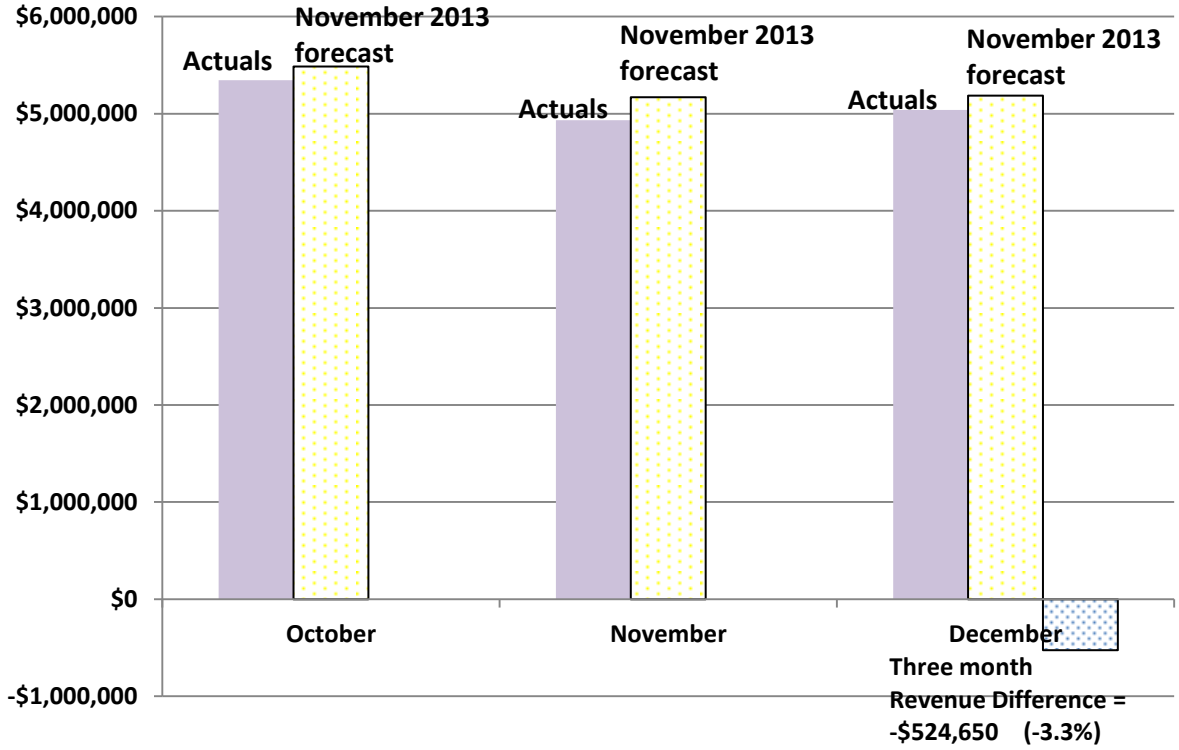
Figure 35 Comparison of TNB Recent Traffic Volume
October-December 2013 Actuals vs. November 2013 Forecast



The difference between the gross toll revenue potential and the Good To Go plate fees with the adjusted gross toll revenue is the toll revenue not recognized and unpaid toll revenue. TNB adjusted gross toll revenue for the 2007-09 biennium was $73.1 million. The 2009-11 biennium adjusted toll revenue increased to $89.8 million which is a 23% increase over the prior biennium. In the 2011-13 biennium, TNB adjusted gross toll revenue was $102.8 million, 14% increase over the last biennium. In the 2013-15 biennium, TNB gross revenue potential is the same as the last forecast at $134.6 million and the adjusted toll revenue total is estimated at

$133.51 million. The actuals overall for the past three months have come in under forecast by 3.3% or -$0.52 million, see Figure 36. Good To Go and pay by mail revenue have been coming in under forecast by -$0.64 million while Cash collections have been coming in above forecast by $0.12 million for the last three months. Next biennium, TNB adjusted gross toll revenue is anticipated to be $145.1 million, which is no change from the last quarterly forecast. In the future, pay by mail is anticipated to grow faster than Good To Go payments and cash. In the current biennium, the gross toll revenue not recognized was estimated at $1.522 million. In the future, the TNB gross toll revenue not recognized is projected as 15% of the pay by mail revenue annually.

Figure 36 Comparison of TNB Recent Revenue
October-December 2013 Actuals vs. November 2013 Forecast



Beginning in 2012, violations were replaced by civil penalties. Fines and fees violations revenue for the 2007-09 biennium was $1.06 million of which $1.01 million was violations revenue. In the 2009-11 biennium fees remained flat, and violation revenue was $1.08 million. In the 2011-13 biennium, violations revenue was $0.15 million. In FY 2014, violations revenue is anticipated to be $6,000.

TNB Good To Go and short-term (CIP) discounts are up in recent months which has raised the forecast for FY 2014 and the outer year forecasts. In the current biennium, Good To Go! Pay By Plate fees less short-term account discounts are anticipated to be $0.46 million, which is higher by $13,000 or 0.01% from the November forecast. These fees grow at the same rate as traffic volume.

The TNB late payment, non-sufficient funds fees, statement fees and transaction fees came in at $0.47 million for the 2011-13 biennium. In the current biennium, the fee revenue is anticipated to be $0.84 million, which is slightly higher than $0.78 million anticipated in the last forecast due to higher actual collections than expected last quarter. In this February forecast, these fees are grown off the change in traffic volume in the future. Future fee revenue in the next biennium is projected at $0.88 million, which is up $63,000 from the November forecast.

Actual miscellaneous revenues from interest, liquidated damages and other miscellaneous revenue items such as real estate rent are included in miscellaneous revenue. In FY2013, miscellaneous revenue was $0.51 million and the 2011-13 biennium had $2.25 million in miscellaneous revenue. In the current biennium, it is anticipated that liquidated damages will continue, but at a lower rate. Total miscellaneous revenue is anticipated to be $0.69 million, which is higher by $8,000 from the November forecast. In the 2015-17 biennium, miscellaneous revenue is lower at $0.27 million as liquidated damages are declining. In the remainder of the forecast horizon, the forecast includes just a small amount of interest from property.

Civil penalty revenue is a function of the pay by mail transaction estimate. TNB civil penalty revenue in FY 2013 was $3.83 million, which includes both cash and receivables. For the 2011-13 biennium, civil penalty revenue was $4.31 million, which included both cash and receivables. In the current biennium, civil penalty revenue has been coming in much lower than last year due to large accounting adjustments resulting in year to date revenue for FY 2014 of -$1.8 million. As a result, the FY 2014 projection for civil penalties has been revised downward to $0.22 million from $2.9 million anticipated at the beginning of the fiscal year. Overall, the civil penalty projection is lower by $3.3 million in the current biennium. TNB civil penalty revenue is anticipated to grow minimally annually in the future

Total revenue from all transponders and shield sales was $1.4 million in the 2007-09 biennium and $1.27 million in the 2009-2011 biennium. In the 2011-13 biennium, TNB transponder sales revenue was $0.66 million. Transponder sales revenue in FY 2013 was $0,31 million for TNB. This February forecast is up from the last quarter's forecast. It is anticipated that TNB transponder sales will decline slightly in FY 2014 and then grow by the rate of growth of the traffic volume. In the current biennium, transponder sales are anticipated to be $0.73 million, which is 10.8% higher than in November. This is due to actuals in FY 2014 coming in above projections. In the 2015-17 biennium, TNB transponder sales revenue is anticipated to be $0.78 million, an increase of 10.8% from the last forecast.

Total adjusted gross TNB revenue including all fines and fees was $110.6 million in the 2011-13 biennium. In the current biennium, total adjusted gross TNB revenue is anticipated to be $138.4 million, which is $3.1 million or 2.2% less than the last forecast. In the next biennium, TNB adjusted gross total TNB revenue is projected at $153.1 million, which is 0.02% higher than the last forecast.

Trends in SR 167 High Occupancy Toll Lanes Traffic and Revenue

The traffic volume on the SR 167 HOT lanes was 386,000 vehicles in FY 2009. Traffic volume in FY 2010 increased to 510,969 which represented a 31.5% growth year over year from FY 2009. In FY 2011, traffic volume was 640,115 vehicles which were 25.3% higher than in FY 2010. Legislation in 2011 and 2013 extended the 167 HOT lanes pilot program to the end of FY 2015. In FY 2012 the traffic volume increased by 31% to 841,154 and the following year, FY 2013, traffic volume increased by 22.5% to 1.033 million. In the current fiscal year, TNB traffic volume is expected to increase by 6.4% to 1.099 million by the end of FY 2014. Traffic for SR 167 is up 4.8% from November in FY 2014.The February traffic volume projection for FY 2015 is 1.12 million which is also up 3.8% from the last forecast.

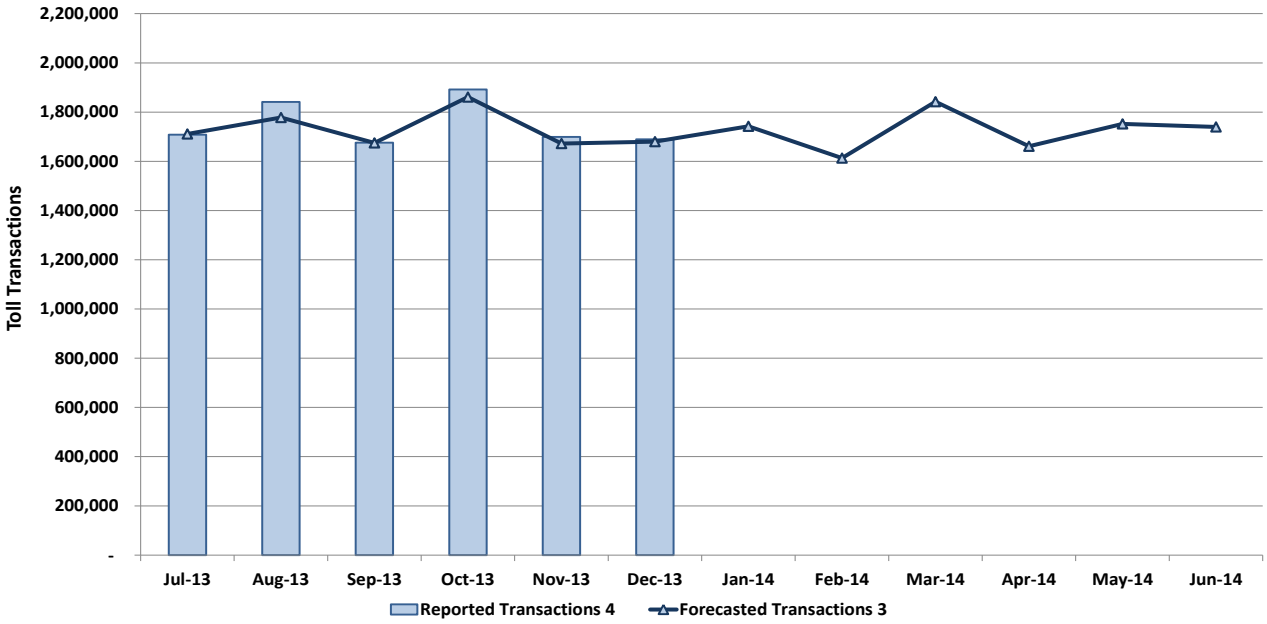
Revenue from HOT lanes' tolls, sales and fees in FY 2009 was $0.47 million and HOT lanes total revenue in FY 2010 was $0.53 million, which represents a 12% increase annually. For the 2009-2011 biennium, HOT lanes total revenue was $1.25 million. In FY 2011-13, the toll revenue was $2.12 million and total revenue was $2.32 million. In the FY 2013-2015 biennium toll revenue is projected to grow to $2.57 million an increase of $0.17 million over the November forecast. Under current law, the program ends June 30, 2015.

In the 2011-2013 biennium, transponder and shield sales on SR 167 was $58,801. In the 2013-2015 biennium transponder revenue is anticipated to be $71,000, same as last quarter. Fees revenue in the February forecast includes all actuals for FY 2013 and revenue through December 2013 and only includes statement fee revenue. In the 2011-13 biennium, fee revenue was $6,026 and it is anticipated to be slightly higher at $8,000 in the current biennium. This is a revision upward from the last forecast of $6,000. Miscellaneous revenue was $0.13 million in the 2011-13 biennium. In the current biennium, miscellaneous revenue is anticipated to be slightly lower at $6,000 than the last forecast of $10,000 due to actuals coming in below projections.

Trends in SR 520 Bridge Toll Lanes Traffic and Revenue

Tolling on the SR 520 bridge commenced on December 29, 2011. FY 2012 and FY 2013 represent start-up years in which the amount listed under Toll Revenue Not Recognized & Unpaid Toll Revenue are higher than current projections going forward. This is due to several reasons, including delays in processing some toll bills (unbilled and deferred revenue), a toll bill quality assurance program that held back the delivery of NOCP notices on some transactions, and includes amounts that may yet be collected. In the forecast years, the line Toll Revenue Not Recognized & Unpaid Toll Revenue is limited to amounts not collected within 80 days of travel, and tolls later recovered through the NOCP process are listed in the line titled Recovered Toll Revenue.

Figure 37 Comparison of SR520 Recent Traffic Volume
July-December 2013 Actuals vs. November 2013 Forecast



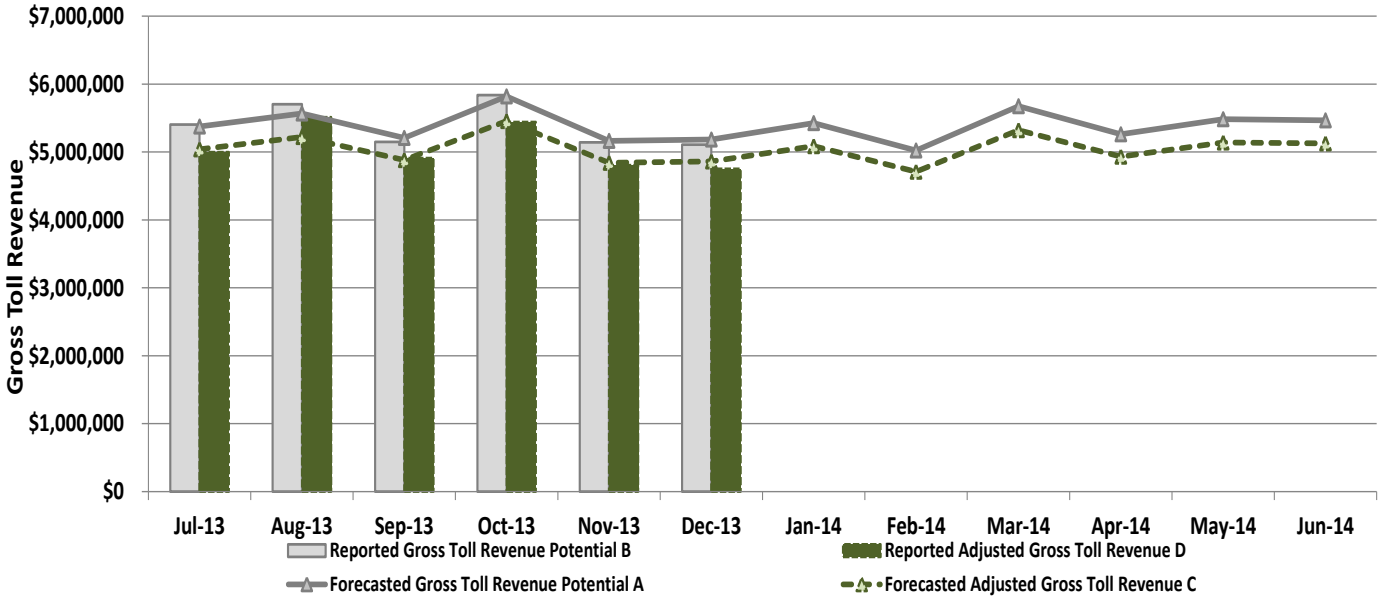
TOLL TRANSACTIONS	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Fiscal Year To Date	Annual Total
Forecasted Closure Days [1]	2.0	2.0	2.0	0.7	0.7	0.7	0.3	0.3	0.3	3.0	3.0	3.0	8.0	18.0
Reported Closure Days [2]	2.0	-	1.2	-	-	-							3.2	
Forecasted Transactions [3]	1,711,000	1,778,000	1,675,000	1,861,000	1,672,000	1,680,000	1,742,000	1,613,000	1,842,000	1,661,000	1,752,000	1,740,000	10,377,000	20,727,000
Reported Transactions [4]	1,708,484	1,841,483	1,675,903	1,891,692	1,699,102	1,689,620							10,506,284	
Variance From Forecast	(2,516)	63,483	903	30,692	27,102	9,620							129,284	
Variance - % Change	(0.1%)	3.6%	0.1%	1.6%	1.6%	0.6%							1.2%	

1. Planned weekend construction related closures are preliminary scheduled by WSDOT – uniformly distributed over each quarter
2. Actual weekend construction related closures as observed during the month
3. Values based on CDM Smith October 2013 forecast
4. Reported values are based on total monthly transactions adjusted for non-revenue and duplicate transactions. Values may be subject to change with final audit reports

This February forecast is based on the October 2013 SR 520 Investment Grade Traffic and Revenue projections. The November and February 2014 forecasts include actual traffic and revenue for FY 2013 as well as two monthly reports for traffic in the first two months of FY 2014. There were 9.5 million trips taken in the first six months of operations in FY 2012. In FY 2013 total traffic was 20.2 million, which was the first full year of operation of tolls. This FY 2013 traffic volume hasn't changed since the November forecast. In FY 2013, Good To Go! account usage was 81% of total toll trips. The February SR 520 traffic forecast is the same as the November forecast throughout the forecast horizon. The number of toll trips is anticipated to increase to 20.8 million, 22.4 million and 24.2 million in FY 2014 (includes preliminary actual traffic data for July and August), FY 2015 and FY 2016 respectively. After an assumed weekday rate increase of approximately 15% percent in FY

2017, the expected toll traffic volume is projected to remain nearly flat for one year. From FY 2018 through 2027, average traffic is expected to grow but at a declining rate from 4.2% annually to 1.3% by FY 2025 and throughout the remainder of the forecast horizon. See Figure 37 for the recent changes in the traffic volume. As the chart reveals, SR 520 actual traffic volume has been tracking the November forecast quite well.

Figure 38 Comparison of SR520 Gross Toll Revenue Potential July-December 2013 Actuals vs. November 2013 Forecast

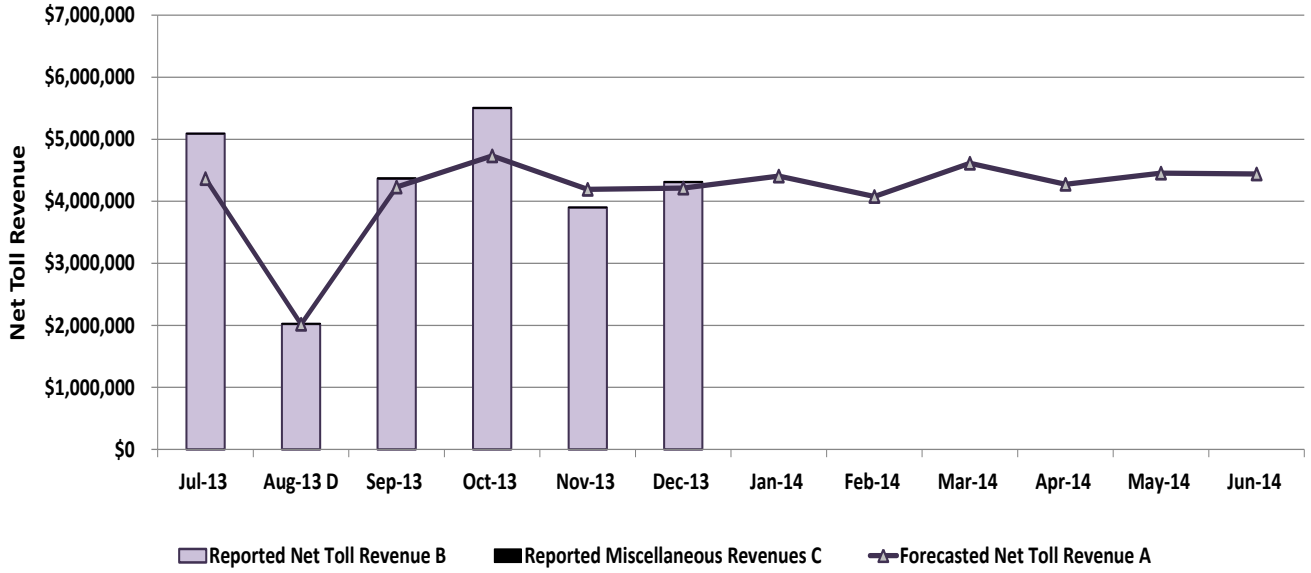


GROSS TOLL REVENUE	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Fiscal Year To Date	Annual Total
Forecasted Closure Days[1]	2.0	2.0	2.0	0.7	0.7	0.7	0.3	0.3	0.3	3.0	3.0	3.0	8.0	18.0
Reported Closure Days[2]	2.0	-	1.2	-	-	-							3.2	
Forecasted Potential[A]	$5,375,000	$5,568,000	$5,209,000	$5,820,000	$5,163,000	$5,185,000	$5,427,000	$5,024,000	$5,676,000	$5,260,000	$5,482,000	$5,467,000	$32,320,000	$64,656,000
Reported Potential[B]	$5,403,386	$5,703,900	$5,149,164	$5,836,834	$5,143,835	$5,109,875							$32,346,994	
Variance From Forecast	$28,386	$135,900	($59,836)	$16,834	($19,165)	($75,125)							$26,994	
Variance - % Change	0.5%	2.4%	(1.1%)	0.3%	(0.4%)	(1.4%)							0.1%	
Forecasted Adjusted[C]	$5,039,000	$5,220,000	$4,883,000	$5,456,000	$4,840,000	$4,861,000	$5,087,000	$4,709,000	$5,322,000	$4,931,000	$5,139,000	$5,126,000	$30,299,000	$60,613,000
Reported Adjusted[D]	$4,996,403	$5,513,532	$4,911,760	$5,440,469	$4,807,019	$4,752,848							$30,422,032	
Variance From Forecast	($42,597)	$293,532	$28,760	($15,531)	($32,981)	($108,152)							$123,032	
Variance - % Change	(0.8%)	5.6%	0.6%	(0.3%)	(0.7%)	(2.2%)							0.4%	

1. Planned weekend construction related closures as preliminary scheduled by WSDOT – uniformly distributed over each quarter
2. Actual weekend construction related closures as observed during the month
3. Values based on CDM Smith October 2013 Forecast, reflects potential revenue If the correct toll were collected from every vehicle, before fee and discount adjustments
4. Reported gross toll revenue potential values coincide with CDM Smith gross toll revenue forecasts. Values exclude duplicate transactions and toll revenue associated to non-revenue adjustments are incorporated to reflect the toll rate the customer intended to pay, consistent with the values provided in the forecast
5. Values based on Parsons Brinkerhoff October 2013 Forecast. Adjusted gross toll revenue equals the gross toll revenue potential after the following forecast adjustment:
   a) $0.50 sort-term account discount for non-account customers who self-initiate payments without receiving a bill
   b) $025 per transaction fee charged for pre-paid Good To Go pay by plate transactions
   c) Revenue not recognized; associated with unreadable license plates, or when a vehicle owner with a readable license plate cannot be identified
   d) Unpaid toll revenue; associated with non-payment of toll bills within 80 days and two invoices
6. Reported adjusted gross toll revenue is calculated using adjustments as referenced in footnote C above, and correspond to “tolling revenue” values provided in WSDOT financial statement

Figures 38 and 39 illustrate the recent monthly changes in the actual SR 520 gross revenue potential and net toll revenue compared to the November forecast.

Figure 39 Comparison of SR520 Recent Net Toll Revenue
July-December 2013 Actuals vs. November 2013 Forecast



NET TOLL REVENUE	Jul-13	Aug-13 D	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Fiscal Year To Date	Annual Total
Forecasted Net Revenue [A]	$4,367,000	$2,016,000	$4,231,000	$4,731,000	$4,192,000	$4,212,000	$4,408,000	$4,078,000	$4,614,000	$4,273,000	$4,454,000	$4,441,000	$23,749,000	$50,017,000
Reported Net Revenue [B]	$5,091,813	$2,023,170	$4,365,138	$5,504,263	$3,898,883	$4,310,140							$25,193,407	
Variance From Forecast	$724,813	$7,170	$134,138	$773,263	($293,118)	$98,140							$1,444,407	
Variance - % Change	16.6%	0.4%	3.2%	16.3%	(7.0%)	2.3%							6.1%	
Miscellaneous Revenues [C]	$54	$6,458	$11,645	$1,910	$474	$4,862							$25,404	

1. Values based on Parsons Brinkerhoff October 2013 Forecast. Monthly amounts are prior to adjustments for payment of deferred sales tax, debt service, periodic facility repair & replacement costs, and periodic toll equipment and customer service center repair & replacement costs. Miscellaneous pledge revenue values are not forecasted.
2. Reported net toll revenue values are prior to adjustments for payment of deferred sales tax, debt service, periodic facility repair & replacement costs and periodic toll equipment and customer service center repair & replacement costs. Miscellaneous pledge revenue values are excluded and provided separately.
3. Miscellaneous revenues are pledged and included the following; sale of right of way excess, recovery of prior biennium expenditures, cash over & short amounts, liquidated damages, interest earned in state route 520 corridor account, cost of investment activities, and Washington State Treasurer deposit interest.
4. Annual insurance premium incurred in both the forecasted and reported O&M costs used to calculate monthly net revenue.

Total gross toll revenue potential for the 2011-13 biennium was $89.36 million. It is anticipated that the gross toll revenue potential for SR 520 is going to increase to $136.16 million in the 2013-15 biennium, which is no change from the last forecast. In the 2015-17 biennium, gross toll revenue potential is anticipated to be $164.1 million. Throughout the remainder of the forecast horizon, the SR 520 gross toll revenue potential is the same as the last forecast. As the Figure 38 reveals, SR 520 gross toll revenue potential came in $26,994 in total above forecast for the past 6 months.

After accounting for Pay By Plate fees, short term account discounts, free trip incentives and revenue leakage, Adjusted Gross Toll revenue from six months of tolling SR 520 during FY 2012 was $26.1 million and $55.44 million during the first full year of tolling in FY 2013. Adjusted toll revenue was $81.5 million for the 2011-2013 biennium. In the current biennium, SR 520 Adjusted Gross Toll revenue is anticipated to be $127.8 million. In recent months, the adjusted gross toll revenue for SR 520 in the current fiscal year has actuals coming in close to the November forecast.

In the 2015-17 biennium, Adjusted Gross Toll revenue is anticipated to be $154.3 million, which corresponds to a 21% increase from the prior biennium. Throughout the remainder of the forecast horizon, gross toll revenue potential and adjusted gross toll revenue is growing over time but there is no change between the February and November forecasts.

Actual transponder revenues in FY 2012 and 2013 exceeded costs and net revenue was reported as Net Toll Revenue Pledged for Debt Service. Actual transponder revenue for SR 520 was $1.79 million in the 2011-13 biennium. In the current biennium, transponder sales are anticipated to be lower at $0.98 million.

Net Toll Revenue Pledged for Debt Service was $68.24 million in the 2011-13 biennium and is anticipated to grow to $105.98 million in the current biennium. So far in FY 2014, net toll revenue has been exceeding the projections, see Figure 39. For the first 6 months combined, actual net toll revenue came in $1.44 million above the November forecast. In the next biennium, net toll revenue is projected to be $125.86 million. The difference between the adjusted gross toll revenue and fees and the net toll revenue pledged for debt service is the operations and maintenance expenditures. Operations and maintenance (O&M) expenditures include credit card fees, facility O&M costs, toll collection O&M costs, bridge insurance premiums, and transponder inventory costs. The net effect of transponder component changes results in February 2014 O&M cost projections for the 2013-15 biennium which total $27.25 million. For the 2015-17 biennium, O&M costs are anticipated to be $34.12 million. O&M cost increases thereafter narrow and eventually trend toward cost savings by the end of the forecast horizon.

Trends in Total Adjusted Toll Revenue

In the 2007-09 biennium the Total Toll Revenue and Fees from tolled facilities (TNB and SR 167) was $76.9 million and increased to $93.2 million in the 2009-11 biennium. In 2011-13 the SR 520 toll facility was added to the forecast, increasing the Total Toll Revenue and Fees in 2011-13 through the forecast horizon. The Total Toll Revenue and Fees collected in 2011-13 was $213.4 million for the three tolled facilities.

In FY 2013-15 and FY 2015-17 the Total Toll Revenue and Fees is projected to be $292.58 million and $331.41 million, respectively. The February forecast projects Total Toll Revenue and Fees for 2013-15 to decrease by $3.0 million or 1%, primarily due to lower TNB civil penalty revenue from lower actual collections in fiscal year 2014. The February forecast projects total toll revenue and fees for 2015-17 to increase by $0.035 million or 0.01%, primarily due to higher TNB fee revenue than last expected. Over the next 10 years of the forecast horizon, total Toll Revenue and Fees decrease by $2.8 million or 0.2% over the November forecast due to lower TNB revenues.

Primary reasons for the forecast changes:

- TNB February forecast is no change for the toll revenue forecast from November. There were adjustments made in the fees and civil penalty revenue to reflect the most recent 3 months of actual collection experience. The biggest change was a current biennium revision in the TNB civil penalties revenue forecast of $3 million.
- SR 167 HOT lanes February 2014 toll revenue projections were up 7% in the current biennium due to collections coming in above forecast.
- The 2013 SR 520 Investment Grade Study remains the basis for the February forecast which is no change from the previous forecast. The latest actuals for gross potential, adjusted gross and net toll revenue and traffic have tracked the November forecast quite well.
- The February total toll revenue forecast has only been lowered by $2.8 million or -0.2% from the November forecast over the 10 year period.

Figure 40 Short-term Toll Facility Revenue
February 2014
millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Tacoma Narrows Bridge						
Adj Toll Revenue & Fees	$64.37	$69.70	**$134.07**	$71.09	$73.97	**$145.06**
Transponder Sales	0.36	0.37	**0.73**	0.38	0.40	**0.78**
Violations	0.00	0.00	0.00	0.00	0.00	0.00
Civil Penalties	0.22	2.40	**2.62**	3.00	3.12	**6.12**
Misc. Revenue	0.84	0.49	**1.33**	0.57	0.59	**1.16**
SR 167 HOT Lane						
Toll Revenue	$1.27	$1.30	**$2.57**			
Transponder Sales	0.035	0.036	**0.071**			
Fees & Misc Rev.	0.007	0.008	**.016**			
SR 520 Bridge						
Adj Gross Toll Revenue	$60.86	$66.96	**$127.82**	$73.87	$80.39	**$154.25**
Other Fees	2.13	2.28	**4.41**	2.40	2.30	**4.70**
Misc. Pledge Revenue	0.01	0.00	**0.01**	0.00	0.00	**0.00**
Transponder Sales	0.50	0.48	**0.98**	0.50	0.51	**1.01**
Civil Pnlty & Misc Rev.	9.16	9.16	**18.31**	9.16	9.16	**18.32**
Total Toll Facility Revenue						
Total Toll Revenue & Fees	$139.76	$152.83	**$292.59**	$160.97	$170.44	**$331.41**
% Change from Prior Fct			**-1.0%**			**-0.012%**

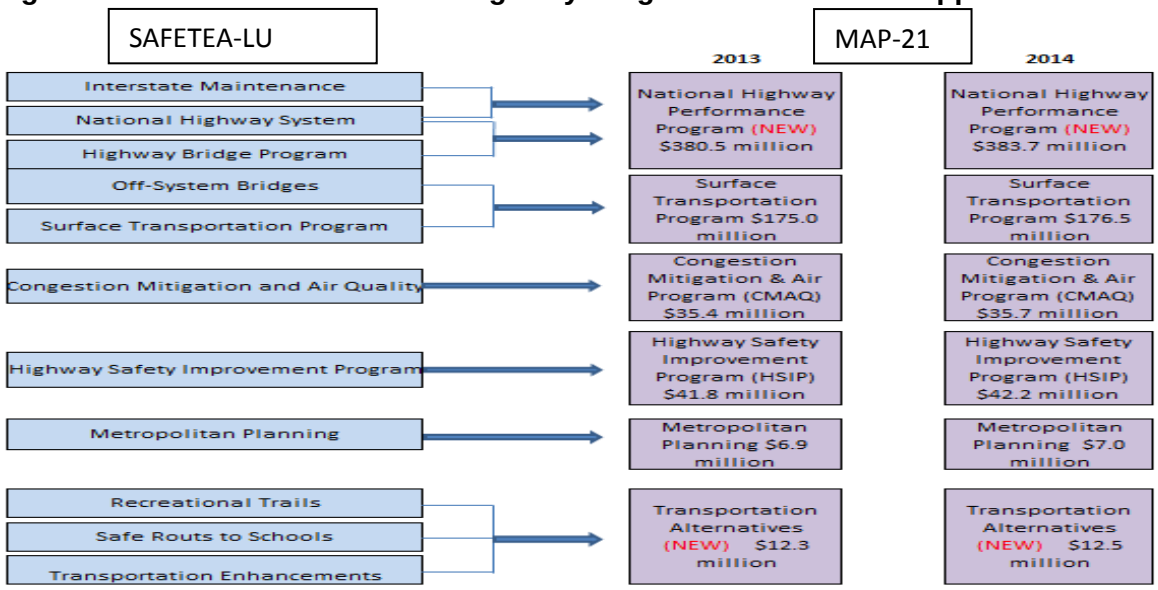
Federal Funds Revenue

After state funds, the largest source of transportation revenue is federal funds. The Federal Funds forecast contains the formula funds distributed by the Federal Highway Administration (FHWA) to Washington State Department of Transportation for highway purposes. Federal funds reported in this forecast are based on federal fiscal year (FFY) which begins on October 1. The March 2013 and subsequent federal forecasts are based on the Moving Ahead for Progress in the 21st Century Act (MAP-21).

On July 6, 2012, President Obama signed into law, P.L. 112-141, the Moving Ahead for Progress in the 21st Century (MAP-21). This new law reauthorizes the federal surface transportation policy and program at the Congressional Budget Office's baseline level equal to current funding levels (FFY 2012) plus inflation which equals $105 billion for two years (FFY 2013 and 2014).

MAP-21 continues to provide the majority of Federal-aid highway funds to the states through core programs. Since 2004, SAFETEA-LU and continuation of this former federal transportation Act distributed federal funds through seven core programs: Interstate Maintenance, National Highway Systems, Highway Bridge, Off-System Bridges, Surface Transportation, Congestion Mitigation and Air Quality and Highway Safety Improvement programs. SAFETEA-LU had other programs which were not formula driven distributions. In this 2012 federal Act, the core highway programs have been reduced from seven to five. The MAP-21 core programs are the following: National Highway Performance, Surface Transportation, Congestion Mitigation & Air Quality, Highway Safety Improvement and Metropolitan Planning. MAP-21 has authorized another program, Transportation Alternatives, which is a set-aside program from each state's apportionment level. Figure 36 illustrates the consolidated MAP-21 highway program structure and the crosswalk between the SAFETEA-LU program structure and the new MAP-21 structure. Although MAP-21 achieves dramatic policy and programmatic changes, reform of the way highway programs are funded still remains a challenge for the future.

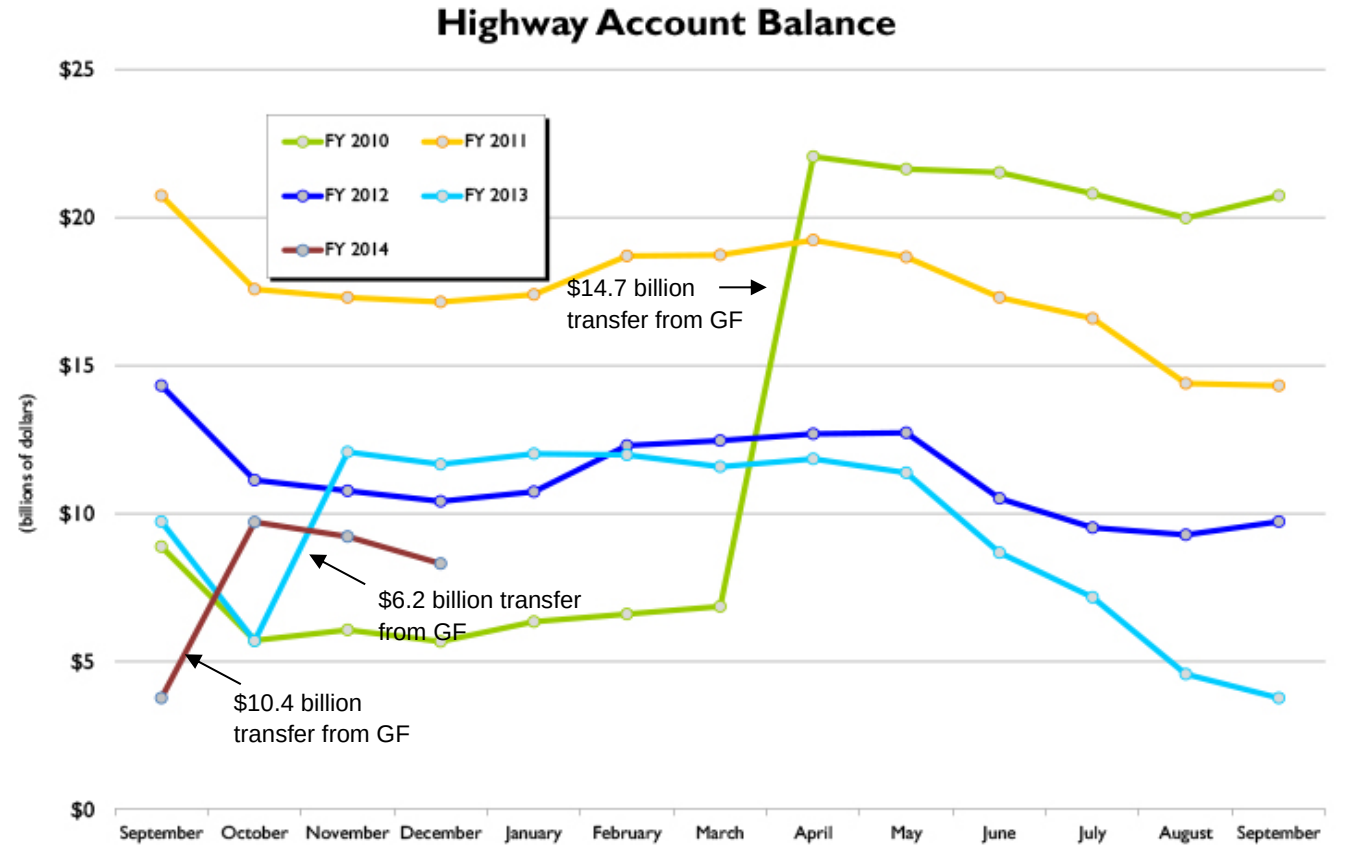
Figure 41 MAP-21 Consolidated Highway Program Structure and Apportionment Amounts



Funding for these MAP-21 programs comes from the Highway Trust Fund (HTF). The HTF is a transportation fund which receives money from a federal fuel tax of 18.3 cents per gallon on gasoline and 24.4 cents per gallon of diesel fuel and related excise taxes. The HTF currently has three accounts, the Highway Account which funds road construction, a smaller Mass Transit Account which supports mass transit and also a

Leaking Underground Storage Tank Fund. The Highway Account of the HTF was established in 1956 to finance the United States Interstate highway System and certain other roads. The Highway Account of the HTF has struggled for years to remain solvent, ever since federal transportation spending started exceeding the dedicated taxes used to pay for it. Since FFY 2008, Congress has transferred $41 billion into the HTF to keep it afloat, with another $12.6 billion authorized for FFY 2014. The Highway Account of the HTF began FFY 2014 with approximately $1.6 billion in cash. The surface transportation program continues to outlay at a greater pace than receipts are coming in. As a result, the cash balance has dropped by nearly $3.4 billion since the start of the FFY2014. As of the last week of December 2013, the Highway Account of the HTF had a cash balance of about $8.5 billion. The Congressional Budget Office (CBO) projected on February 4, 2014 that the HTF's highway account will become insolvent in early FFY 2015. The CBO's insolvency projection assumed that Congress will not increase transportation spending beyond inflation-adjusted 2012 levels.

Figure 42 Monthly Federal Highway Trust Fund Account Balance 2010-2013
billions of dollars



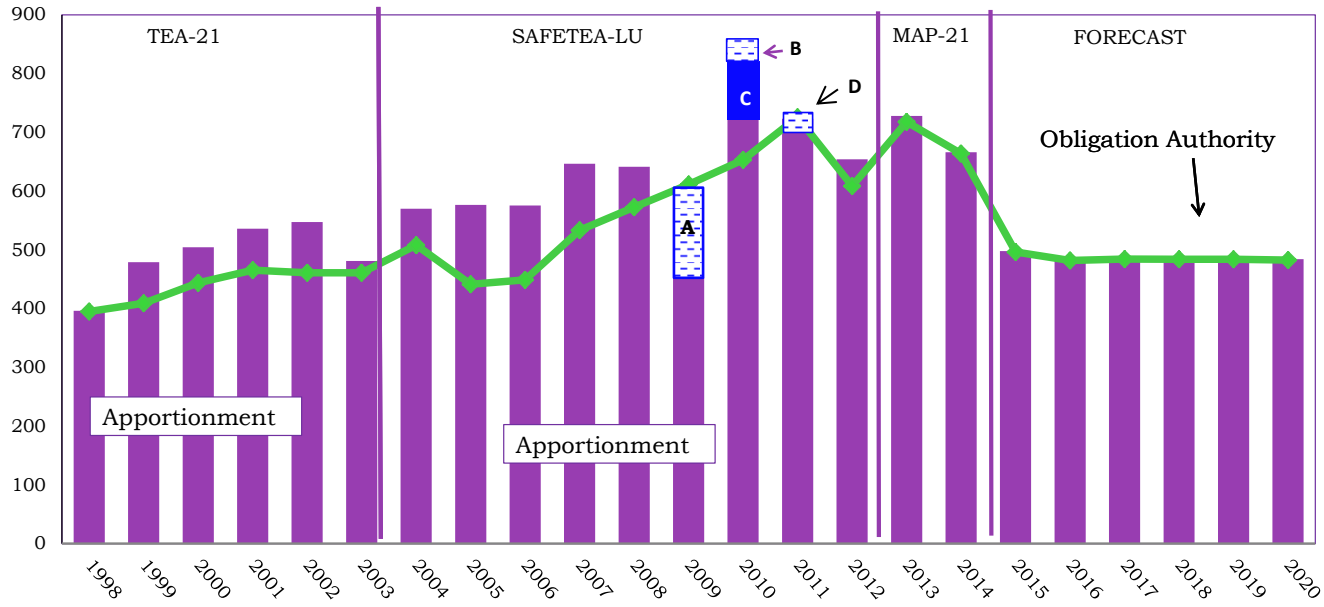
Ending balance for FY 2010 includes $14.7 billion transferred from the General Fund in April pursuant to Public Law 111-147.
Ending balance for FY 2012 includes $2.4 billion transferred from the Leaking Underground Storage Tank Trust Fund in August pursuant to Public Law 112-141
Ending balance for FY 2013 includes $6.2 billion transferred from the General Fund in November pursuant to Public Law 112-141. of which $316.2 million was sequestered in August.
Ending balance for FY 2014 includes $10.4 billion tranferred from the GF in October pursuant to Public Law 112-121 less sequester of $748.8 million

MAP-21 authorizes federal apportionment to fund the five core formula programs. Federal apportionment is the funds distributed to states for obligation in an appropriation account. MAP-21 sets

apportionment levels at $40.4 billion for FFY 2013 and $41.0 billion for FFY 2014. MAP-21 requires FHWA to divide the total federal apportionment among the states using an allocation process specified in law. The federal apportionment is then distributed between the state's core programs using formula calculation set in MAP-21.

MAP-21 establishes an annual obligation authority of $39.699 billion for FY 2013 and $40.256 billion for FY 2014 for the purpose of limiting highway spending each year. Obligation authority is a limitation placed on Federal-aid highway and highway safety construction program obligations to act as a ceiling on the obligation of apportionment that can be made within a specified time period. These limits are imposed in order to control the highway program spending in response to economic and budgetary conditions

Figure 43 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) - Federal Fiscal Years 1998-2020 with the February 2014 Forecast



A - $148 Million 2009 Rescission
B- $38 Million 2010 Rescission
C- Restoration of $148 Million 2009 Rescission in 2010
D - $44 Million 2011 Rescission
Source: FHWA apportionment and obligation authority notices and TRFC February 2014 federal funds forecast

Figure 43 describes the amount of federal apportionment and obligation authority to Washington State since 1998 with the inclusion of the February 2014 forecast of federal funds through FY 2020. This twenty-two year historical period includes multiple federal transportation acts. First, the Transportation Equity Act for the 21st Century (TEA-21) was enacted on November 9, 1998 for a 6-year period thru 2003. As the graph reveals, in the last year of TEA-21, Washington's federal apportionment was lower than the previous four years due to a mandatory rescission of more than 30% in 2003. The next federal transportation package passed was the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). In that original SAFETEA-LU legislation, the program was due to end in 2009. In the final year of SAFETEA-LU, a mandatory rescission was imposed. Washington State's portion of this rescission was $148 million. For the next three years, the SAFETEA-LU federal program was extended through multiple continuing resolutions. In 2010, the 2009 rescission was restored adding back $148 million to Washington. Since that restoration of the 2009

rescission, Congress imposed a 2010 rescission of which Washington share was $37.5 million and a 2011 rescission of which Washington share was $44.0 million. Finally in July 2012, the Moving Ahead for Progress in the 21st Century (MAP-21) was enacted. MAP 21 funding levels are represented in FFY 2013 and 2014. MAP-21 funding levels are the basis for setting this long-term federal funds forecast of apportionment and obligation authority. Throughout SAFETEA-LU, both apportionment and obligation authority (OA) fluctuate greatly. While the obligation authority to apportionment ratio varied from year to year in this period it averaged 98% which is the same OA to apportionment ratio we are forecasting in MAP-21 and the out years.

The baseline February 2014 apportionment forecast shows actual apportionment distributions from FHWA for FFY 2013 totaling $728.1 million dollars. This includes all the discretionary and allocated programs apportionment of $62.12 million. It also includes $1.37 million more in the surface transportation program but $0.57 million less in the national highway performance program due to the penalty reallocation. History indicates that Washington received 1.7% of national apportionment each year so that is our assumed percentage in future years for this February forecast. Washington's apportionment forecast for 2014 is $666.1 million based on FHWA Notice N4510.772 dated January 31, 2014. There is no change in total apportionment between the February 2014 and the November 2013 forecast for FFY 2014.

Long-term Apportionment Forecast (Post MAP-21):

The baseline February 2014 federal apportionment forecast will assume that after MAP-21 expires on November 30, 2014, that the amount available for distribution to the states would be limited to what is projected in the HTF. The current February 4, 2014 forecast from the Congressional Budget Office (CBO) for the HTF predicts the fund going negative in early FFY 2015. In order to keep the HTF from going negative, a 25.2% reduction in federal expenditures and Washington's federal apportionment level in FFY 2015 would need to be made and another 2.9% reduction in FFY 2016 for a two-year reduction total of 28.1%. Our November forecast two year reduction percentage was 25% and this new assumption is higher than the prior forecasts. After FFY 2016, Washington's federal funding level will grow at the same rates as our state motor fuel consumption which is the same methodology as applied in prior forecasts.

Figure 44 Washington Apportionment of FHWA Programs MAP-21 2013 – 2014

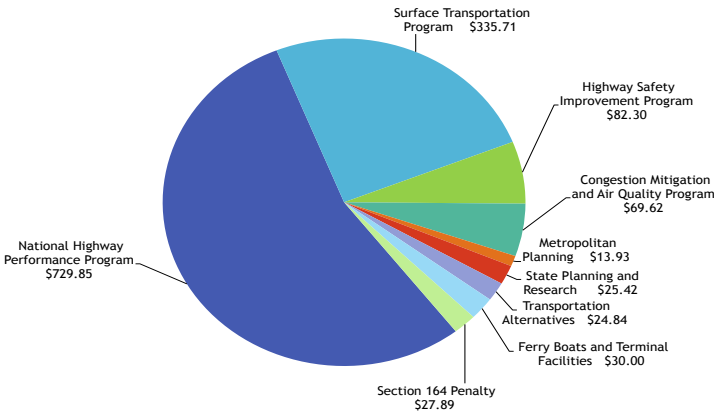
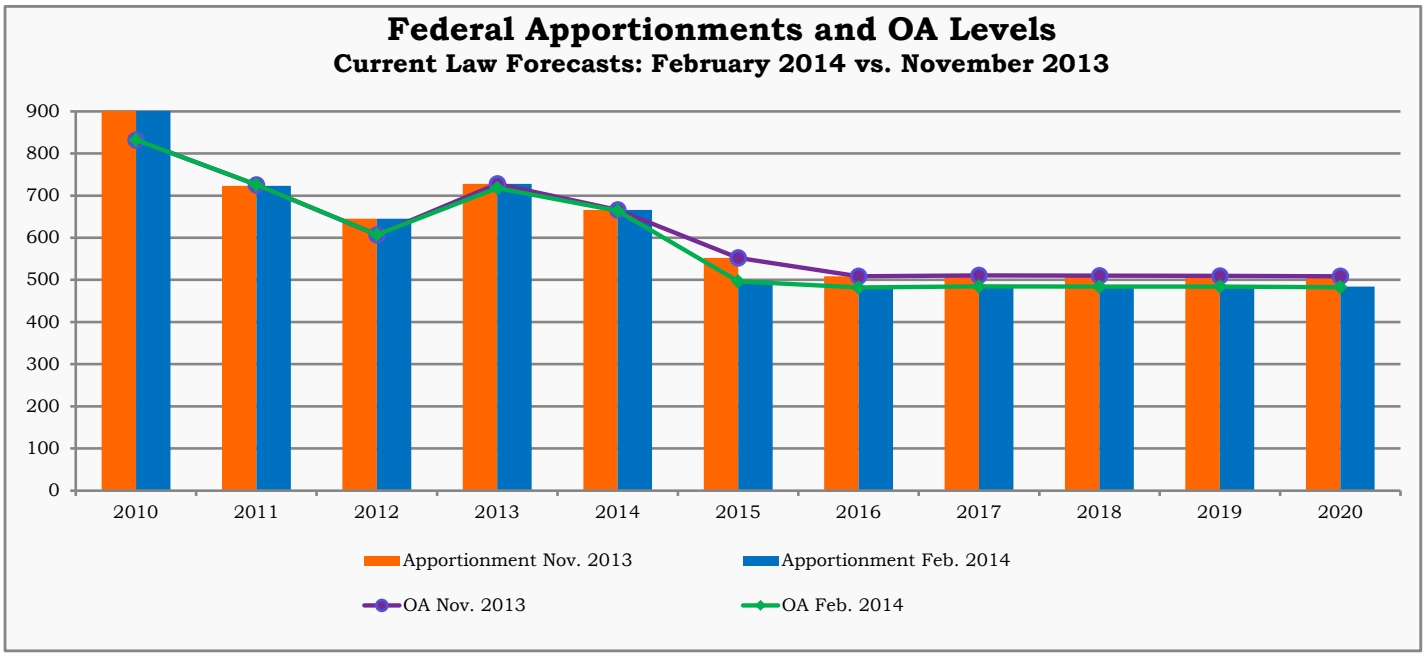


Figure 45 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) February 2014 vs. November 2013



Source: FHWA apportionment and obligation authority notices and TRFC February and November 2013 federal funds forecast

The Washington MAP-21 Steering Committee reviewed the split of Federal Funds between the State and Local programs in October 2012. Figure 44 outlines the minor revisions in individual program distributions. These agreed upon revisions to the program distributions are reflected in the February 2014 federal forecast which has not been modified since first incorporated into the February 2012 forecast.

Figure 46 Results from Washington State Map-21 Steering Committee Distribution Decisions

MAP-21 Program	State Split	Local Split
National Highway Performance Program (NHPP)	94%	6%
Surface Transportation Program (STP)	27%	73%
Highway Safety Improvement Program (HSIP)		
Highway Safety component of HSIP	30%	70%
Rail Crossing Safety component of (HSIP)	100%	0%
Congestion Mitigation and Air Quality (CMAQ)	0%	100%
Metropolitan Planning (MPO)	0%	100%
Statewide Planning and Research (SPR)	100%	0%
Transportation Alternatives (TA)		
Recreational Trails component of TA	100%	0%
Population Distribution component of TA	0%	100%
Any Program Distribution component of TA	0%	100%

Civil Penalties in Federal Forecast

In this February forecast, as well as in the prior six forecasts, the apportionment level for Washington also includes an annual reduction due to civil penalties being imposed beginning in FFY 2010. The penalty is referred to as the "Minimum Penalties for Repeat Offenders for Driving While Intoxicated or Driving under the Influence" (23 USC, Section 164). In the current forecast, the civil penalties are shown as a 2.5% reduction in the National Highway Performance Program (MHPP) and the Surface Transportation Program (STP) as outlined in MAP-21. FHWA transfers this highway funding amount to the state's Section 402 Safety Program. The program is administered by the Washington State Traffic Safety Commission for alcohol-impaired driving countermeasures, for enforcement of impaired or intoxicated driving laws, or for hazard elimination activities, at Washington's option. The Washington State Traffic Safety Commission has agreed to return the funding to the Washington State Department of Transportation in the form of Hazard Elimination grants. Due to this agreement, the federal funds forecast have the civil penalties being redistributed back to the state portion of federal funds. In this February forecast there was an adjustment in how the penalty takedown was allocation between The National Highway Performance Program and the Surface Transportation Program. Previously the penalty takedown was split between the two programs and now in this February forecast it is being taken out of the National Highway Performance Program 100%.

Washington's Obligation Authority (OA) Forecast

The February 2014 baseline obligation authority forecast for FFY 2013 has been reconciled to match actual Obligation Authority distributions from FHWA totaling $717.9 million dollars. Washington received 1.6% of national Formula OA in the latest notice. After examining past years' Washington OA compared to the national OA totals, it was found that once all OA, including unallocated programs and redistributed OA are accounted for, WSDOT's total OA is slightly higher than 1.6%. All other years in the forecast horizon have Washington OA also set at 98% of apportionment which is consistent with the OA ratio set in Section 1101 and 1102 of H.R 4348 in MAP-21 legislation. This percentage is slightly higher than the percentage of apportionment assumed under SAFETEA-LU of 90% but the same OA to apportionment percentage assumed since the March 2013 forecast

The current Obligation Authority for FFY2014 is $664.1 million which is the same as the last forecast. Obligation Authority for federal fiscal years beyond 2014 is set based on 98% of apportionment each year which is consistent with the OA ratio set in Section 1101 and 1102 of H.R 4348 in MAP-21 legislation and our prior forecast assumptions.

Washington's Ferry Boat and Terminal Program in MAP-21

MAP-21 creates a Ferry Boat and Ferry Terminal Facilities formula program. MAP-21 turns the current competitive Ferry Boat Discretionary Program into a $67 million a year nationwide formula program. This new program guarantees public ferry systems a particular amount of annual federal ferry funding for the length of the 2 year bill. The formula is based on 20% passenger count, 45% on vehicles and 35% on route miles. Washington ferry boat federal apportionment was adjusted in this February forecast to $11.4 million, decrease of $3.1 million or 20.9% in FFY 2013 due to actual ferry boat distribution received by FHWA. As a result, the FFY 2014 ferry boat federal funding is $11.8 million or 1.4% lower than last projected.

Recent Changes in Federal Forecast

- The February 2014 federal apportionment forecast for FFY2013 and FFY2014 reflects the passage of the new surface transportation act, MAP-21, H.R. 4248. It also includes the new program structure from MAP-21 and distributions between state and local programs are the agreed upon State and Local program splits by the Map-21 Steering Committee program in October 2012.
- The federal appropriation forecast for FFY 2013 was $728.1 million which includes the incorporation of the discretionary and allocated program funds of $62.12 million.
- This current FFY 2014 federal apportionment forecast is $666.1 million which is the same as the last forecast which reflects a FHWA notice N4510.772 dated 1/31/2014 for FFY 2014.
- The obligation authority for FFY2013 was $717.9 million which is same as the last forecast which includes discretionary and allocated programs as well as formula programs.
- The obligation authority for FFY 2014 in the February forecast is the same as the last forecast at $664.1 million.
- The current February 2014 forecast by the Congressional Budget Office (CBO) for the HTF predicts the fund going negative in early FFY 2015 and in order to keep the HTF from going negative, a two-year reduction total of 28.1% is necessary and has been assumed in this baseline February forecast.

Figure 47 Washington's portion of Federal Highway Funds by Federal Fiscal Year February 2014
Millions of dollars

	FFY 2014	FF 2015	FY 2016	FY 2017
WA Statewide Apportionment of FHWA Programs	**666.1**	**497.9**	**483.5**	**486.0**
% Change from Prior Fcst	-0.0%	-9.8%	-4.9%	-4.8%
Obligation Authority	**664.1**	**496.4**	**482.0**	**484.5**
% Change from Prior Fcst	-0.0%	-9.8%	-4.9%	-4.8%

Forecast Contacts

Washington State Department of Transportation unless otherwise noted

Economic Variables and Fuel Price Forecast

Brian Calkins, 360-705-7991 brian.calkins@wsdot.wa.gov

Motor Fuel Tax Revenue Forecast

Brian Calkins, 360-705-7991 brian.calkins@wsdot.wa.gov

Motor Vehicle Licenses, Permits & Fees Revenue Forecast

Thomas L. R. Smith, 360-705-7941 smithtm@wsdot.wa.gov

Alice Vogel, Washington State Department of Licensing, 360-902-3986 avogel@dol.wa.gov

Driver Related Revenue Forecasts

Alice Vogel, Washington State Department of Licensing, 360-902-3986 avogel@dol.wa.gov

Robert A. Plue, Washington State Department of Licensing, 360-902-3643 rplue@dol.wa.gov

Jean Du, Washington State Department of Licensing, 360-902-3641 jdu@dol.wa.gov

Reinhold Groepler, Ph.D., Washington State Department of Licensing, 360-902-3704, rgroepler@dol.wa.gov

Other Transportation Related Revenue Forecast

Vehicle Sales & Rental Car Tax

Lance Carey, Washington State Economic and Revenue Forecast Council, 360-570-6104 lancec@dor.wa.gov

Business and Other Revenue

Claudia Lindahl, 360-705-7502 lindahc@wsdot.wa.gov
Heidi Thomsen, (360) 596-4046 Heidi.Thomsen@wsp.wa.gov

Aeronautics Revenue

Brian Calkins, 360-705-7991 calkinb@wsdot.wa.gov

Alice Vogel, Washington State Department of Licensing, 360-902-3986 avogel@dol.wa.gov

Washington State Ferries Ridership and Revenue Forecast

Ray Deardorf, 206-515-3491 deardorf@wsdot.wa.gov

Toll Operations Traffic and Revenue

Lizbeth Martin-Mahar, 360-705-7942, martinli@wsdot.wa.gov

Federal Funds Forecast

Kasi Reeves, 360-705-7935 reevesk@wsdot.wa.gov

Appendix

Graphs and Tables Related to the February 2014 Forecast

Including distribution of revenues to the major accounts

Figure 48 Forecast to Forecast Biennium Comparison of All Transportation Revenues
February 2014 forecast - 16 year period

millions of dollars

Forecast to Forecast Comparison for Transportation Revenues and Distributions 16-Year Period

February 2014• millions of dollars

	Current Biennium 2013-2015			2015-2017			16-Year Period (2011-2027)		
	Forecast Feb-14	Chg from Nov-13	Percent Change	Forecast Feb-14	Chg from Nov-13	Percent Change	Forecast Feb-14	Chg from Nov-13	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,531.2	8.5	0.3%	2,544.8	7.9	0.3%	20,265.1	77.5	0.4%
Licenses, Permits and Fees *	1,009.4	(0.8)	-0.1%	1,032.6	1.2	0.1%	8,467.5	31.5	0.4%
Ferry Revenue†	342.8	(0.8)	-0.2%	355.9	(0.4)	-0.1%	2,932.2	(9.1)	-0.3%
Toll Revenue §	292.6	(3.0)	-1.0%	331.4	0.0	0.0%	2,746.9	(2.8)	-0.1%
Aviation Revenues ‡	6.0	(0.1)	-2.1%	6.2	(0.1)	-1.2%	50.5	(0.5)	-1.0%
Rental Car Tax	52.8	1.1	2.1%	55.7	0.9	1.6%	475.1	3.9	0.8%
Vehicle Sales Tax	74.1	(0.0)	0.0%	79.1	(0.0)	0.0%	663.0	(0.0)	0.0%
Driver-Related Fees*	282.8	3.5	1.3%	295.6	2.5	0.8%	2,241.8	18.2	0.8%
Business/Other Revenues‡*	26.5	(0.5)	-1.7%	25.4	(0.6)	-2.2%	208.9	(4.2)	-2.0%
Total Revenues	**4,618.3**	**7.9**	**0.2%**	**4,726.7**	**11.5**	**0.2%**	**38,051.1**	**114.5**	**0.3%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**138.5**	**(2.9)**	**-2.1%**	**143.9**	**0.3**	**0.2%**	**1,209.5**	**0.2**	**0.0%**
State Uses									
Motor Vehicle Account (108)	1,103.8	5.9	0.5%	1,111.2	5.4	0.5%	8,927.6	43.5	0.5%
Transportation 2003 (Nickel) Account (550)	394.3	1.5	0.4%	396.5	1.1	0.3%	3,137.1	10.7	0.3%
Transportation 2005 Partnership Account (09H)	581.1	2.5	0.4%	582.9	1.8	0.3%	4,630.6	18.2	0.4%
Multimodal Account (218)	262.7	0.0	0.0%	275.7	0.2	0.1%	2,313.4	7.2	0.3%
Special Category C Account (215)	47.6	0.2	0.5%	47.7	0.2	0.3%	378.3	1.5	0.4%
Puget Sound Capital Construction Account (099)	34.6	0.2	0.5%	34.7	0.1	0.3%	275.2	1.1	0.4%
Puget Sound Ferry Operations Account (109)	393.9	(0.8)	-0.2%	407.3	(0.4)	-0.1%	3,341.9	(7.3)	-0.2%
Capital Vessel Replacement Account (18J)	7.6	(0.1)	-1.2%	7.9	(0.0)	-0.2%	64.7	(0.4)	-0.6%
Tacoma Narrows Bridge Account (511)	138.4	(3.1)	-2.2%	153.1	0.0	0.0%	1,260.4	(2.9)	-0.2%
High Occupancy Toll Lanes Account (09F)^	2.7	0.2	6.9%	0.0	0.0	0.0%	5.0	0.2	3.6%
SR 520 Corridor Account (16J)	133.2	0.0	0.0%	160.0	0.0	0.0%	1,341.8	0.0	0.0%
SR 520 Corridor Civil Penalties Account (17P)	18.3	0.0	0.0%	18.3	0.0	0.0%	139.7	0.0	0.0%
Aeronautics Account (039)	6.0	(0.1)	-2.1%	6.2	(0.1)	-1.2%	50.5	(0.5)	-1.0%
State Patrol Highway Account (081)	342.5	(1.8)	-0.5%	353.9	(1.0)	-0.3%	2,926.1	5.7	0.2%
Highway/Motorcycle Safety Accts. (106 & 082)	248.3	3.2	1.3%	260.4	2.1	0.8%	1,955.5	15.4	0.8%
School Zone Safety Account (780)	1.2	(0.5)	-27.9%	1.2	(0.5)	-28.0%	9.8	(3.2)	-24.5%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.3	(0.1)	-0.6%	16.7	(0.1)	-0.4%	137.3	0.1	0.1%
Ignition Interlock Devices Revolving Acct 14V	3.8	0.0	1.3%	3.8	0.1	1.5%	29.3	0.4	1.4%
Multiuse Roadway Safety Account Collections-571	0.1	(0.0)	0.0%	0.2	0.0	0.0%	1.3	(0.0)	0.0%
Total for State Use	**3,736.2**	**7.2**	**0.2%**	**3,837.5**	**8.9**	**0.2%**	**30,924.1**	**89.8**	**0.3%**
Local Uses									
Cities	182.5	0.9	0.5%	182.9	0.6	0.3%	1,450.8	5.9	0.4%
Counties	300.6	1.5	0.5%	301.4	0.9	0.3%	2,394.7	9.8	0.4%
Transportation Improvement Board (112 & 144)	195.0	0.9	0.5%	195.4	0.6	0.3%	1,550.5	6.5	0.4%
County Road Administration Board (102 & 253)	65.6	0.3	0.5%	65.7	0.2	0.3%	521.5	2.3	0.5%
Total for Local Use	**743.6**	**3.6**	**0.5%**	**745.3**	**2.3**	**0.3%**	**5,917.4**	**24.6**	**0.4%**
Total Distribution of Revenue	**4,618.3**	**7.9**	**0.2%**	**4,726.7**	**11.5**	**0.2%**	**38,051.1**	**114.5**	**0.3%**

† Ferry Fares plus non-farebox revenue

‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund

* These transportation revenues had new fees or higher fees adoption by the 2012 and 2013 Legislatures

§ 167 HOT lanes is a pilot program due to sunset June 30, 2015

Figure 49 Forecast to Baseline Biennium Comparison of All Transportation Revenues
February 2014 forecast - 16 year period
millions of dollars

Forecast to Baseline Comparison for Transportation Revenues and Distributions 16-Year Period

February 2014• millions of dollars

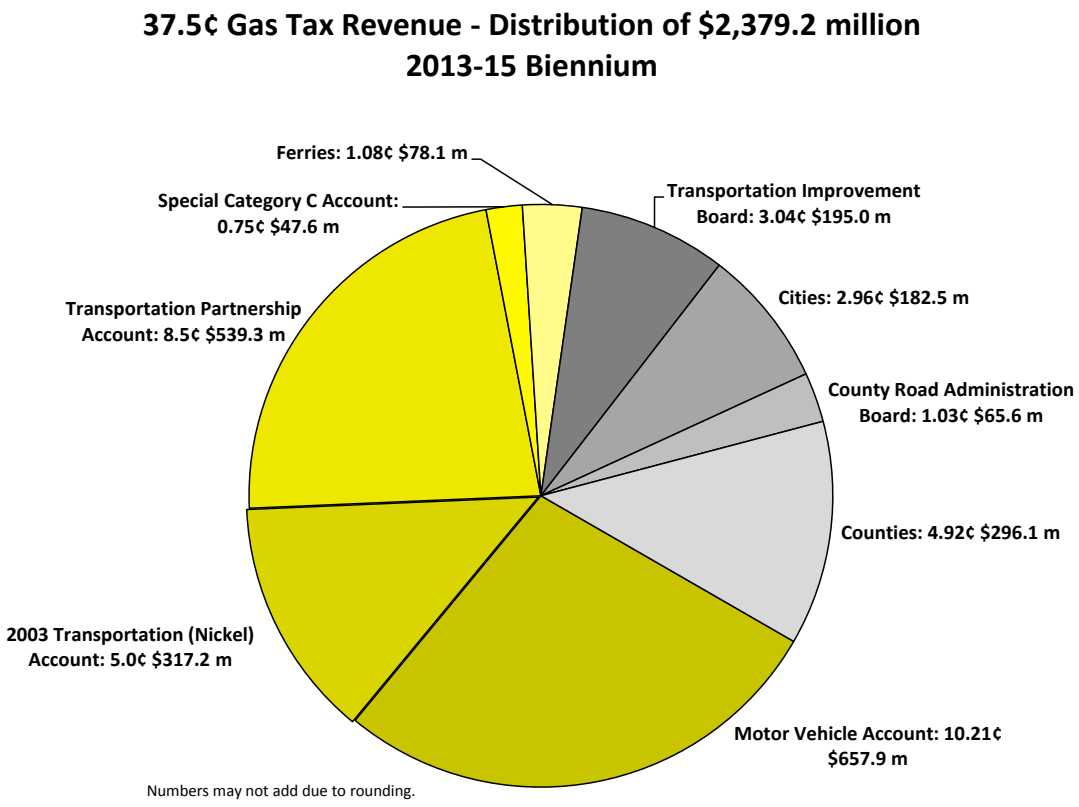
	2013-2015			Current Biennium 2015-2017			16-Year Period (2011-2027)		
	Forecast Feb-14	Chg from Baseline ¥	Percent Change	Forecast Feb-14	Chg from Baseline ¥	Percent Change	Forecast Feb-14	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,531.2	10.4	0.4%	2,544.8	7.6	0.3%	17,777.3	52.6	0.3%
Licenses, Permits and Fees *	1,009.4	13.5	1.4%	1,032.6	12.8	1.3%	7,529.3	116.9	1.6%
Ferry Revenue†	342.8	6.9	2.1%	355.9	7.5	2.1%	2,608.1	50.2	2.0%
Toll Revenue §	292.6	17.4	6.3%	331.4	23.7	7.7%	2,533.5	174.9	7.4%
Aviation Revenues ‡	6.0	(0.2)	-3.3%	6.2	(0.1)	-1.6%	44.1	(0.8)	-1.7%
Rental Car Tax	52.8	3.2	6.4%	55.7	1.9	3.6%	428.4	7.4	1.8%
Vehicle Sales Tax	74.1	3.4	4.8%	79.1	3.2	4.3%	599.7	22.5	3.9%
Driver-Related Fees*	282.8	(10.9)	-3.7%	295.6	(4.4)	-1.5%	2,016.4	(68.8)	-3.3%
Business/Other Revenues ±	26.5	2.8	11.8%	25.4	0.9	3.8%	183.5	8.2	4.7%
Total Revenues	**4,618.3**	**46.4**	**1.0%**	**4,726.7**	**53.1**	**1.1%**	**33,720.3**	**363.1**	**1.1%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**138.5**	**(0.1)**	**-0.1%**	143.9	**(1.1)**	**-0.8%**	**1,062.7**	**(14.9)**	**-1.4%**
State Uses									
Motor Vehicle Account (108)	1,103.8	15.9	1.5%	1,111.2	16.2	1.5%	7,858.6	110.6	1.4%
Transportation 2003 (Nickel) Account (550)	394.3	0.7	0.2%	396.5	(0.7)	-0.2%	2,780.2	2.9	0.1%
Transportation 2005 Partnership Account (09H)	581.1	3.4	0.6%	582.9	2.3	0.4%	4,063.2	18.3	0.5%
Multimodal Account (218)	262.7	7.6	3.0%	275.7	6.2	2.3%	2,073.1	46.6	2.3%
Special Category C Account (215)	47.6	0.3	0.6%	47.7	0.2	0.4%	331.9	1.5	0.5%
Puget Sound Capital Construction Account (099)	34.6	0.2	0.6%	34.7	0.1	0.4%	241.5	1.1	0.5%
Puget Sound Ferry Operations Account (109)	393.9	7.1	1.8%	407.3	7.7	1.9%	2,966.5	52.6	1.8%
Capital Vessel Replacement Account (18J)	7.6	(0.1)	-1.7%	7.9	(0.1)	-1.3%	58.5	(0.8)	-1.4%
Tacoma Narrows Bridge Account (511)	138.4	9.9	7.7%	153.1	16.6	12.2%	1,149.8	111.1	10.7%
High Occupancy Toll Lanes Account (09F)*	2.7	2.7	0.0%	0.0	0.0	0.0%	2.7	2.7	100.0%
SR 520 Corridor Account (16J)	133.2	(6.1)	-4.3%	160.0	(4.1)	-2.5%	1,252.8	(20.4)	-1.6%
SR 520 Corridor Civil Penalties Account (17P)	18.3	10.9	148.4%	18.3	11.2	156.8%	128.2	81.6	175.2%
Aeronautics Account (039)	6.0	(0.2)	-3.3%	6.2	(0.1)	-1.6%	44.1	(0.8)	-1.7%
State Patrol Highway Account (081)	342.5	(1.9)	-0.5%	353.9	(2.1)	-0.6%	2,596.5	(3.4)	-0.1%
Highway/Motorcycle Safety Accts. (106 & 082)	248.3	(9.2)	-3.6%	260.4	(2.7)	-1.0%	1,762.0	(56.5)	-3.1%
School Zone Safety Account (780)	1.2	(0.4)	-25.0%	1.2	(0.4)	-25.1%	8.2	(2.8)	-25.1%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.3	0.0	0.0%	16.7	(0.0)	0.0%	121.3	0.6	0.5%
Ignition Interlock Device Revolving Acct 14V	3.8	0.2	6.5%	3.8	0.2	6.7%	26.8	1.7	6.6%
Multiuse Roadway Safety Account Collections-571	0.0	0.0	0.0%	0.1	0.1	0.0%	1.1	1.1	0.0%
Total for State Use	**3,736.2**	**41.0**	**1.1%**	**3,837.5**	**50.4**	**1.3%**	**27,465.8**	**346.4**	**1.3%**
Local Uses									
Cities	182.5	1.1	0.6%	182.9	0.7	0.4%	1,272.8	5.7	0.5%
Counties	300.6	2.9	1.0%	301.4	2.2	0.7%	2,101.3	17.2	0.8%
Transportation Improvement Board (112 & 144)	195.0	1.2	0.6%	195.4	0.7	0.4%	1,360.2	6.3	0.5%
County Road Administration Board (102 & 186)	65.6	0.4	0.6%	65.7	0.2	0.4%	457.5	2.3	0.5%
Total for Local Use	**743.6**	**5.6**	**0.8%**	**745.3**	**3.8**	**0.5%**	**5,191.9**	**31.5**	**0.6%**
Total Distribution of Revenue	**4,618.3**	**46.4**	**1.0%**	**4,726.7**	**53.1**	**1.1%**	**33,720.3**	**363.1**	**1.1%**

† Ferry Fares plus non-farebox revenue
‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund
* These transportation revenues had new fees or higher fees adoption by the 2012 and 2013 Legislatures
§ 167 HOT lanes is a pilot program due to sunset June 30, 2015

Motor Fuel Tax Revenue for Distribution

The pie chart below shows the statutory distribution of funds to the various jurisdictions based on the February 2014 fuel tax revenue forecast for the 2013-2015 biennium.

Figure 50 Fuel Tax Revenue for Statutory Distribution

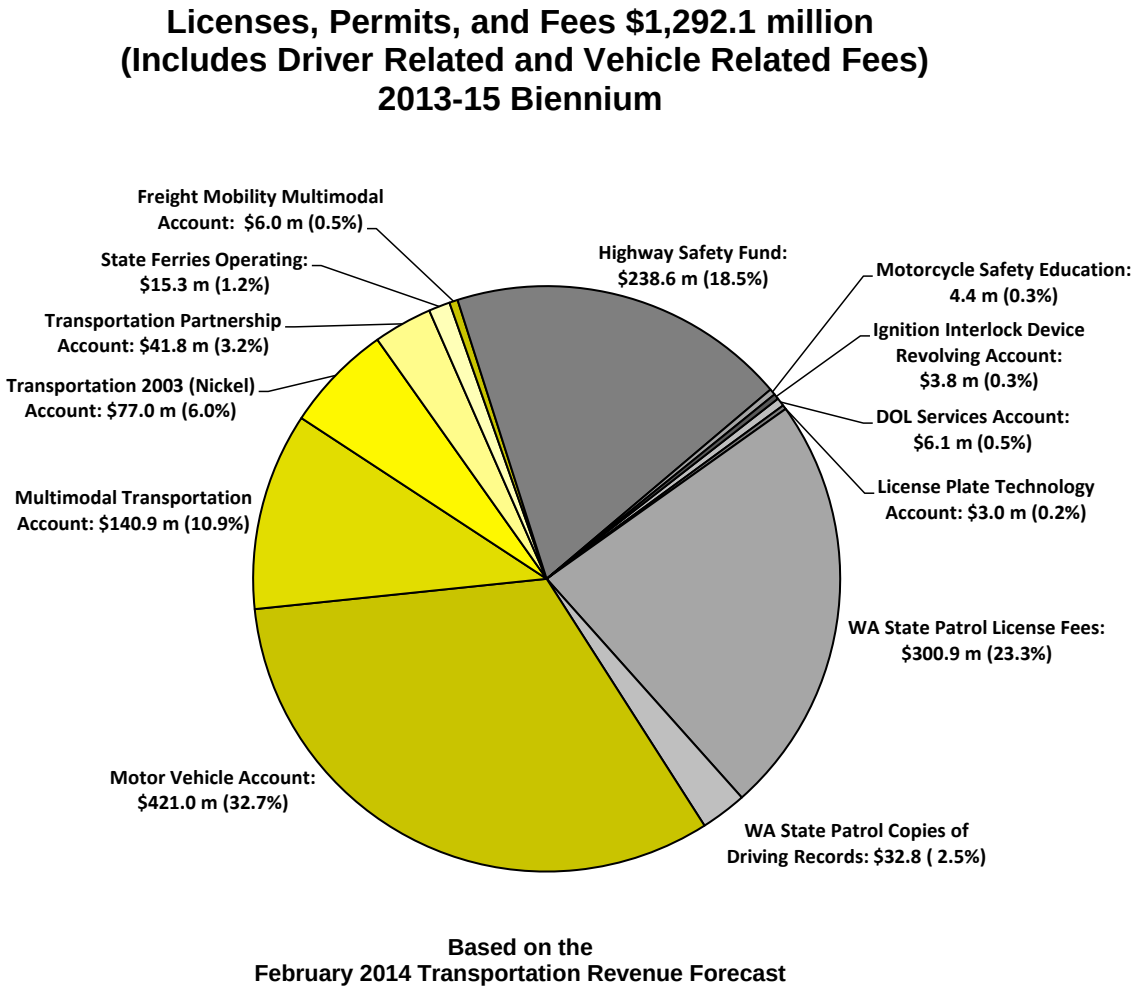


Gas Tax Revenue Distribution is Based on the February 2014 Transportation Revenue Forecast

Licenses, Permits, and Fees Revenue for Distribution (Both Motor Vehicle and Driver Related)

The pie chart below shows the statutory distribution of funds to the various jurisdictions based on the February 2014 Licenses, Permits and Fees revenue forecast for the 2013-2015 biennium.

Figure 51 License Permits and Fees Revenue for Distribution (Both Motor Vehicle & Driver Related)



Impact to Transportation Accounts

Figure 52 Motor Vehicle Account Revenue February 2014 Forecast

Many of the forecasted revenues are deposited into the Motor Vehicle Account—the largest transportation account. Initially all fuel tax revenues and all business-related revenues are deposited into this account. Net revenues that remain after statutory distributions are subject to 18th Amendment restrictions.

Motor Vehicle Account Revenue *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Feb 14	Chg from Nov 13	Forecast Feb 14	Chg from Nov 13	Forecast Feb 14	Chg from Nov 13
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	2,531.2	8.5	2,544.8	7.9	12,701.0	50.1
Licenses, Permits, & Fees	422.5	2.7	426.7	3.4	2,175.2	17.8
Business-Related Revenue	14.4	(0.1)	13.2	(0.2)	68.6	(1.0)
Total	**2,968.1**	**11.0**	**2,984.6**	**11.1**	**14,944.7**	**66.8**
Distribution						
Refunds-Regular	138.5	(2.9)	143.9	0.3	738.7	(1.1)
Fuel Tax Distributions for Local Uses[1]	743.6	3.6	745.3	2.3	3,715.6	16.0
Fuel Tax Distributions for State Uses[2]	982.2	4.5	984.2	3.1	4,903.8	20.8
Total	**1,864.3**	**5.1**	**1,873.4**	**5.7**	**9,358.0**	**35.7**
Net Revenue	**1,103.8**	**5.9**	**1,111.2**	**5.4**	**5,586.7**	**31.1**

Miscellaneous revenue does not include ending cash balances carried forward from the prior biennium.
[1]These amounts include distributions to Cities and Counties and to State Agencies that expend funds for the benefit of local jurisdictions, i.e. the Transportation Improvement Board and the County Road Administration Board.
[2] These amounts include distributions to the Nickel, Transportation Partnership, WSF and Special Category C accounts.

Figure 53 Transportation 2003 (Nickel) Account Revenue Forecast

In 2003, the legislature established the Transportation 2003 (Nickel) Account in the state treasury to be the repository of the "nickel" fuel tax increase, and increases in various vehicle licenses, permits, and fees. Since fuel tax receipts are deposited into this account, uses are restricted to highway purposes in accordance with the 18th Amendment to the Washington State Constitution. The "Nickel" Account was established to provide funding for a specific list of highway and ferry projects. The majority of the projects are bond financed and by 2015 the revenues in this account will be almost fully leveraged for debt service.

Transportation 2003 (Nickel) Account *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Feb 14	Chg from Nov 13	Forecast Feb 14	Chg from Nov 13	Forecast Feb 14	Chg from Nov 13
Revenue						
5¢ Gas Tax	317.2	1.5	317.9	1.0	1,584.0	6.8
Licenses, Permits and Fees	77.0	0.0	78.6	0.1	399.1	0.3
Total	**394.3**	**1.5**	**396.5**	**1.1**	**1,983.1**	**7.0**

Figure 54 Transportation Partnership Account Revenue Forecast

In 2005, the legislature established the Transportation Partnership Account in the state treasury to be the repository of the state portion of the new 9.5¢ fuel tax increases that took effect between July 1, 2005, and July 1, 2008. The tax revenues support bond sales for specific highway projects adopted by the legislature. Like fuel tax receipts in the Nickel and Motor Vehicle accounts, these funds are protected by the 18th Amendment to the State Constitution and can be used only for highway purposes.

Transportation Partnership Account *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Feb 14	Chg from Nov 13	Forecast Feb 14	Chg from Nov 13	Forecast Feb 14	Chg from Nov 13
Revenue						
5¢ Gas Tax	526.1	0.0	539.3	2.5	2,692.9	11.5
Licenses, Permits and Fees	41.3	0.0	41.8	(0.1)	213.6	0.3
Total	**567.4**	**0.0**	**581.1**	**2.5**	**2,906.5**	**11.8**

Figure 55 Washington State Ferry Accounts Revenue Forecast

Revenues deposited into the ferry accounts are used for operating costs and capital construction projects. Since Washington State Ferries are considered part of the Washington highway system, funds that are restricted to highway use can be deposited into ferry accounts.

Washington State Ferries Accounts *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Feb 14	Chg from Nov 13	Forecast Feb 14	Chg from Nov 13	Forecast Feb 14	Chg from Nov 13
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	335.3	(0.7)	348.0	(0.3)	1,778.6	(4.9)
Concessions & Other Revenue	7.5	(0.1)	7.9	(0.1)	40.4	(0.0)
Fuel Tax	43.5	0.1	43.5	0.1	216.4	0.8
Licenses, Permits and Fees	15.2	(0.1)	15.7	(0.1)	80.5	0.1
Subtotal	**401.5**	**(0.9)**	**415.2**	**(0.4)**	**2,116.0**	**(4.1)**
Capital Vessel Replacement Account (18J)	7.6	(0.1)	(0.0)	(0.0)	40.6	(0.2)
Total	**7.6**	**(0.0)**	**43.5**	**0.1**	**257.0**	**0.5**
Puget Sound Cap. Const. Acct. (099) Fuel Tax	34.6	0.2	34.7	0.1	172.9	0.7
Total	**436.1**	**(0.7)**	**449.9**	**(0.3)**	**2,288.9**	**(3.4)**

Figure 56 Multimodal Transportation Account Revenue Forecast

Revenues deposited into the Multimodal Transportation Account are not subject to 18th Amendment restrictions and may be used for both highway and non-highway purposes. Tax revenues deposited in the Multimodal Account are from the rental car tax (5.9 percent), sales tax on new and used vehicles (0.3 percent), $2.00 of a $3.00 vehicle registration filing fee, vehicle weight fees imposed in 2005 legislation, and other miscellaneous filing fees. Only those motor vehicle filing fees collected by the Department of Licensing and not by county subagents are deposited in the Multimodal Account.

The Office of the Forecast Council prepares the state rental car tax forecast and the vehicle sales tax forecast. The rental car forecast methodology is based on the assumption that the level of vehicle rental is tied to the overall level of economic activity in Washington. An econometric model is used to estimate future rental car tax receipts based upon the forecast of Washington state personal income prepared by the Office of the Forecast Council as well as past seasonal variations in receipts. The sales tax forecast is also prepared by the Office of the Forecast Council and is based upon an econometric model relating to vehicle sales in Washington.

Multimodal Account	**2011-13**		**2013-15**		**10-Year Period (2013-2023)**	
dollars in millions	**Forecast Feb 14**	**Chg from Nov 13**	**Forecast Feb 14**	**Chg from Nov 13**	**Forecast Feb 14**	**Chg from Nov 13**
Revenue						
Licenses, Permits and Fees	130.2	0.0	135.7	(1.0)	727.2	1.5
Rental Car Tax	46.7	0.0	52.8	1.1	292.5	3.6
Vehicle Sales Tax	63.3	0.0	74.1	(0.0)	411.8	0.1
Total	**240.2**	**0.0**	**262.7**	**0.0**	**1,431.5**	**5.1**

Figure 57 Aeronautics Account Revenue Forecast

Revenues deposited into the Aeronautics Account consist of aircraft fuel tax, aircraft excise tax, aircraft dealer license fees, and the aircraft excise tax. Forecasts of aviation revenues are prepared by the Department of Transportation and the Department of Licensing.

The most significant component of the Aeronautics Account is the aircraft fuel tax forecast. This forecast is a function of three factors: the tax rate, the gallons of fuel delivered, and the gallons of fuel refunded. Aviation fuel consumption is projected based primarily on the annual FAA's general aviation fuel consumption forecast.

Aeronautics Account	**2013-15**		**2015-17**		**10-Year Period (2013-2023)**	
dollars in thousands	**Forecast Feb 14**	**Chg from Nov 13**	**Forecast Feb 14**	**Chg from Nov 13**	**Forecast Feb 14**	**Chg from Nov 13**
Revenue						
Aircraft Dealer License Fees	6.9	0.0	6.9	0.0	34.5	0.0
Aircraft Excise Tax	697.5	0.0	710.3	0.0	3,615.5	0.0
Aircraft Fuel Tax	5,061.5	(129.7)	5,303.7	(77.6)	26,781.5	(401.4)
Aeronautics Transfer (from MV Fund)	568.8	1.5	563.7	0.8	2,787.1	3.9
Aircraft Registrations	249.7	0.0	252.5	0.0	1,276.5	0.0
Total	**6,584.4**	**(128.2)**	**6,837.1**	**(76.8)**	**34,495.1**	**(397.5)**

Figure 58 Toll Revenue Forecast

Currently there are three tolled corridors in Washington, The Tacoma Narrows Bridge, SR 520 Bridge and State Route 167 HOT Lanes which has variable tolling rates. Toll collections, transponder sales, violations, and fines and fees are deposited into the Tacoma Narrows Bridge, 520 Bridge or the HOT Lanes Operations Account. The SR-167 HOT Lanes is a pilot project, currently set to end in June 30, 2015.

Tolling Accounts	**2013-15**		**2015-17**		**10-Year Period (2013-2023)**	
dollars in millions	**Forecast Feb 14**	**Chg from Nov 13**	**Forecast Feb 14**	**Chg from Nov 13**	**Forecast Feb 14**	**Chg from Nov 13**
Revenue						
Tacoma Narrows Bridge Account						
Toll Revenues and Fees	134.3	0.1	145.9	0.1	1,099.5	0.6
Transponder Sales/ Shield Sales	0.7	0.1	0.8	0.1	6.0	0.6
Violations	0.0	(0.0)	0.0	0.0	0.0	0.0
Civil Penalties	2.6	(3.3)	6.1	(0.1)	43.3	(4.1)
Misc. Revenues	0.7	0.0	0.3	0.0	0.0	0.0
Subtotal Tacoma Narrows Bridge	**138.4**	**(3.2)**	**153.1**	**0.0**	**1,148.8**	**(2.9)**
HOT Lanes Operations Account ^						
Toll Revenues	2.6	0.2	0.0	0.0	2.6	0.2
Transponder Sales/ Shield Sales	0.1	0.0	0.0	0.0	0.1	0.0
Fees	0.0	0.0	0.0	0.0	0.0	0.0
Misc. Revenues	0.0	(0.0)	0.0	0.0	0.0	(0.0)
Subtotal HOT Lanes Operations	**2.7**	**0.2**	**0.0**	**0.0**	**2.7**	**0.2**
SR 520 Bridge						
Toll Revenues and Fees	132.2	0.0	159.0	0.0	1,250.8	0.0
Transponder Sales/ Shield Sales	1.0	0.0	1.0	0.0	7.8	0.0
Civil Penalties	18.3	0.0	18.3	0.0	128.2	0.0
Misc. Revenues	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal SR 520 Bridge	**151.5**	**0.0**	**178.3**	**0.0**	**1,386.8**	**0.0**
Total Tolling Revenues	**292.6**	**(3.0)**	**331.4**	**0.0**	**2,538.3**	**(2.8)**

Figure 59 Washington State Patrol, Highway Safety & Motorcycle Safety Education Accounts Revenue Forecast

Forecasts of revenues for the Washington State Patrol (WSP), Highway Safety Account and the Motorcycle Safety Education Account are prepared by the Department of Licensing and the Washington State Patrol. These accounts are supported primarily from driver licensing related revenue. Forecasts include estimates of the following revenue sources.

Highway Safety/Motorcycle Safety/WSP *dollars in millions*	Current Biennium 2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Feb 14	Chg from Nov 13	Forecast Feb 14	Chg from Nov 13	Forecast Feb 14	Chg from Nov 13
Revenue						
Highway Safety						
Driver License Fees	198.9	2.8	209.1	1.6	996.6	8.6
Copies of Records	37.0	0.3	38.4	0.4	194.3	1.8
Other and Miscellaneous	6.0	(0.1)	6.1	0.1	30.8	0.6
Subtotal	**241.8**	**3.0**	**253.6**	**2.0**	**1,221.8**	**11.0**
Motorcycle Safety Permits/Endorsements	4.4	(0.0)	4.8	0.1	22.9	0.3
State Patrol Copies of Records / LPF/Business Related	342.5	(1.8)	353.9	(1.0)	1,813.7	2.4
Subtotal	**347.0**	**(1.8)**	**358.7**	**(1.0)**	**1,836.6**	**2.7**
Total	**588.8**	**1.1**	**612.3**	**1.1**	**3,058.3**	**13.7**

- Revenues derived from interest on contracts
- Commercial driver training
- Driver's license fees
- Business Related Revenues for WSP
- Copies of records
- Motorcycle permits and endorsements
- Motor vehicle filing fees

Figure 60 School Zone Safety Account Revenue Forecast

Revenues for this account come from fines for speeding violations in school zones. This account serves as a repository for fines assessed against persons speeding in school/playground speed zones. Funds in this account are available for use by community organizations to improve safety near school zones.

School Zone Safety Account *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Feb 14	Chg from Nov 13	Forecast Feb 14	Chg from Nov 13	Forecast Feb 14	Chg from Nov 13
Revenue						
School Zone Fines	1.2	(0.5)	1.2	(0.5)	5.9	(2.3)
Total	**1.2**	**(0.5)**	**1.2**	**(0.5)**	**5.9**	**(2.3)**

Figure 61 Multiuse Road Safety Account Revenue Forecast

This is a new Multiuse Roadway Safety Account established through 2013 legislation (ESHB 1632). Revenues for this account come from vehicle license fees. The law established a new on-road declaration for wheeled all-terrain vehicles to be used on-road with a new $12 fee going to the Multiuse Roadway Safety Account. Expenditures may be used only for grants administered by DOT to: counties to perform safety engineering analysis of mixed vehicle use on any road within a county, local governments to provide funding for signs, the state patrol or local law enforcement for purposes of defraying the costs of enforcement of this act, and law enforcement to investigate accidents involving wheeled all-terrain vehicles.

Multiuse Roadway Safety Account Collections *dollars in millions*	**2013-15**		**2015-17**		**10-Year Period (2013-2023)**	
	Forecast Feb 14	**Chg from Nov 13**	**Forecast Feb 14**	**Chg from Nov 13**	**Forecast Feb 14**	**Chg from Nov 13**
Revenue						
License Permit and Fees	0.1	(0.0)	0.2	0.0	0.9	(0.0)