

Transportation Revenue Forecast Council

June 2013 Transportation Economic and Revenue Forecasts

Volume I: Summary

Washington Transportation Economic and Revenue Forecast June 2013 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

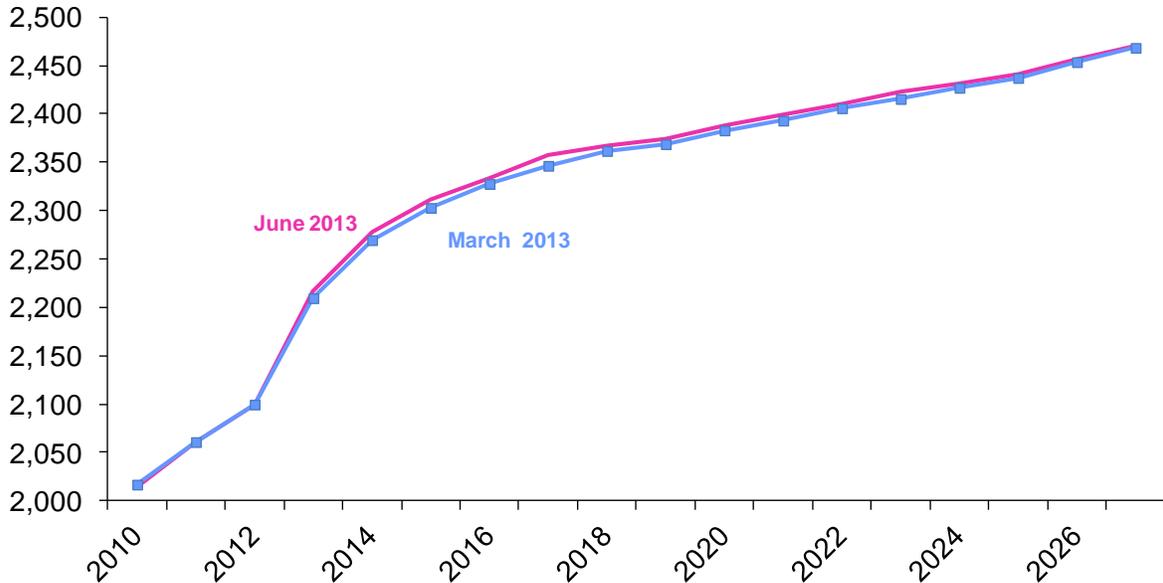
Here are key conclusions from the June 2013 transportation revenue forecast.

- June 2013 transportation forecast of revenues: \$4.317 billion for the current biennium which represents an increase of 6.0% over the prior 2009-11 biennium of \$4.074 billion.
- Overall transportation revenue is up 0.2% forecast to forecast in the current biennium (\$7 million) with the largest share of the increase in June in the current biennium being higher vehicle licenses, permits and fee revenue and little more ferry revenue and business related revenue.
- For the 10-year forecast horizon, total revenues are projected to be \$23.124 billion, which is up by \$60.6 million (0.3%) from March due to higher vehicle licenses, permits and fees and toll revenue due to adoption of higher toll rates.
- This June forecast incorporates the revenue impact from four bills adopted in the 2013 regular legislative session.
- New projections of real personal income and employment projections are minor revisions from the last forecast. The Washington's Economic and Revenue Forecast Council projection of non-ag. employment is slightly lower than last quarter but real personal income projection is slightly higher than March. The current forecast for average retail gas, diesel and B5 biodiesel price forecasts are close to the March's forecast but slightly lower throughout the forecast horizon for retail diesel and B5 biodiesel prices.
- The primary reason for the change in fuel taxes in the current year has been slightly higher gas tax collections combined with lower diesel tax collections than anticipated. For the current biennium, overall gasoline tax revenue was higher by \$0.9 million while diesel revenue was down \$2.62 million for an overall decline of \$1.7 million from March. In the next biennium, gas tax revenue is up by \$4.5 million while diesel tax revenue is down \$10.66 million for an overall change from March of \$6.2 million next biennium. This lower fuel tax collection trend continues throughout the forecast horizon.
- Licenses, permits and fee revenue is up by \$8 million, forecast to forecast, in the current biennium and also up \$10.3 million in the next biennium. This is due to higher passenger car and truck registrations.
- Business related revenue has come in higher than anticipated in March with revenues up \$2 million in the current biennium and up \$0.8 million in the subsequent biennium due to higher property sales.
- Base ferry revenue estimate are up minimally by \$0.7 million compared to the March forecast in the current biennium and down \$0.1 million in the next biennium. This drop reflects lower vehicle ridership caused by higher real gas prices, which brings down this forecast.
- Toll revenue forecast is up some from March projections due to the adoption of higher toll rates.

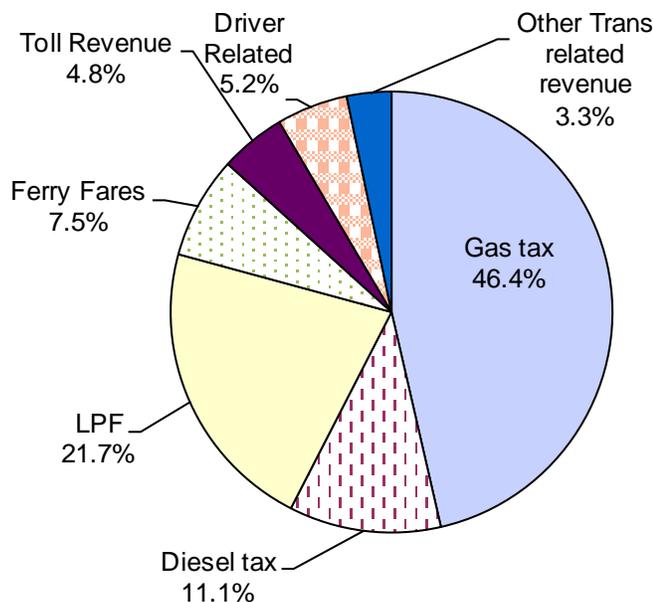
In FY 2010, transportation revenues were \$2.014 billion which was a decline of 1% over the prior fiscal year as the economy struggled from the recession. In FY 2011, transportation revenues increased slightly to \$2.06 billion or 2.3% growth year over year. In FY 2012, transportation revenues are up again minimally to \$2.09 billion or 1.7% annual increase. In FY 2013, transportation revenues are projected to be \$2.216 billion, which represents an annual increase of 5.5% and a 0.3% revision upward from the March forecast. Overall during the 10-year horizon, transportation revenues are projected to be \$23.124 billion with an average annual growth rate of 0.9% each year.

**Figure 1 Total Transportation Revenues Comparison
June 2013 vs March 2013 forecasts**

millions of dollars



**Figure 2 Revenue by Source
2011-13 biennium (\$4.317 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 2011-13 biennium, (\$4.31 billion). Gasoline fuel taxes comprise the largest share at 46.4%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 57.5% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 21.7%. The largest three revenue sources are projected to consist of 79.2% of revenues in the 2011-13 biennium. The remaining 20.8% 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
June 2013 forecast - 10 year period *millions of dollars*

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period									
<i>June 2013 • millions of dollars</i>									
	Current Biennium			2013-2015			10-Year Period		
	2011-2013					(2011-2021)			
	Forecast	Chg from	Percent	Forecast	Chg from	Percent	Forecast	Chg from	Percent
	Jun-13	Mar-13	Change	Jun-13	Mar-13	Change	Jun-13	Mar-13	Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,483.7	(1.7)	-0.1%	2,514.7	(6.2)	-0.2%	12,581.5	(37.3)	-0.3%
Licenses, Permits and Fees *	936.4	7.9	0.9%	1,006.2	10.3	1.0%	5,100.2	51.0	1.0%
Ferry Revenue †	323.5	0.7	0.2%	335.8	(0.1)	0.0%	1,727.4	(3.7)	-0.2%
Toll Revenue	207.5	(1.4)	-0.7%	286.6	8.9	3.2%	1,516.1	47.9	3.3%
Aviation Revenues ‡	6.4	(0.1)	-1.4%	6.1	(0.0)	-0.5%	31.6	(0.2)	-0.7%
Rental Car Tax	46.6	(0.1)	-0.2%	49.5	(0.2)	-0.3%	267.2	(0.7)	-0.3%
Vehicle Sales Tax	63.1	0.0	0.0%	70.8	0.1	0.1%	372.8	0.2	0.0%
Driver-Related Fees*	225.3	(0.2)	-0.1%	294.4	0.7	0.2%	1,402.6	(1.5)	-0.1%
Business/Other Revenues †*	24.6	2.0	8.6%	24.5	0.8	3.2%	124.9	5.0	4.2%
Total Revenues	4,317.2	7.1	0.2%	4,588.7	14.3	0.3%	23,124.3	60.6	0.3%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	146.8	(0.7)	-0.5%	138.0	(0.6)	-0.4%	731.3	(4.2)	-0.6%
State Uses									
Motor Vehicle Account (108)	1,060.7	4.7	0.4%	1,091.1	3.2	0.3%	5,466.5	15.5	0.3%
Transportation 2003 (Nickel) Account (550)	357.5	(0.2)	0.0%	392.2	(1.4)	-0.4%	1,938.2	(5.6)	-0.3%
Transportation 2005 Partnership Account (09H)	567.6	0.2	0.0%	576.7	(1.0)	-0.2%	2,878.9	(6.0)	-0.2%
Multimodal Account (218)	239.5	0.7	0.3%	256.8	1.7	0.7%	1,342.4	7.3	0.5%
Special Category C Account (215)	46.4	(0.0)	0.0%	47.2	(0.1)	-0.2%	235.3	(0.6)	-0.3%
Puget Sound Capital Construction Account (099)	33.8	(0.0)	0.0%	34.3	(0.1)	-0.2%	171.2	(0.5)	-0.3%
Puget Sound Ferry Operations Account (109)	374.8	0.7	0.2%	386.7	(0.1)	0.0%	1,982.7	(3.8)	-0.2%
Capital Vessel Replacement Account (18J)	6.2	(0.0)	-0.7%	7.7	0.0	0.0%	38.7	(0.0)	-0.1%
Tacoma Narrows Bridge Account (511)	107.9	(1.8)	-1.7%	136.5	8.0	6.2%	715.4	43.2	6.4%
High Occupancy Toll Lanes Account (09F) ^	2.3	(0.0)	-1.6%	2.5	(0.1)	0.0%	4.8	(0.2)	-3.1%
SR 520 Corridor Account (16J)	91.3	0.5	0.5%	140.3	1.0	0.7%	762.1	4.8	0.6%
SR 520 Corridor Civil Penalties Account (17P)	6.0	0.0	0.0%	7.4	0.0	0.0%	33.8	0.0	0.0%
Aeronautics Account (039)	6.4	(0.1)	-1.4%	6.1	(0.0)	-0.5%	31.6	(0.2)	-0.7%
State Patrol Highway Account (081)	331.5	2.0	0.6%	347.6	3.2	0.9%	1,781.4	14.6	0.8%
Highway/Motorcycle Safety Accts. (106 & 082)	192.9	(0.0)	0.0%	258.4	0.9	0.3%	1,221.9	(0.7)	-0.1%
School Zone Safety Account (780)	1.6	0.1	4.8%	1.6	0.1	4.8%	8.2	0.4	4.8%
Other accounts (201, 06T, 09T, 09E, 216, 07C)	16.1	0.1	0.3%	16.5	0.1	0.9%	83.9	0.6	0.7%
Ignition Interlock Devices Revolving Acct 14V	2.5	(0.1)	-3.3%	3.6	0.0	0.0%	16.9	(0.1)	-0.5%
Total for State Use	3,445.0	6.6	0.2%	3,713.2	15.4	0.4%	18,714.0	68.8	0.4%
Local Uses									
Cities	178.0	(0.1)	0.0%	181.0	(0.4)	-0.2%	902.6	(2.4)	-0.3%
Counties	293.2	1.4	0.5%	298.1	0.4	0.1%	1,487.7	1.8	0.1%
Transportation Improvement Board (112 & 144)	190.2	(0.1)	0.0%	193.4	(0.4)	-0.2%	964.4	(2.6)	-0.3%
County Road Administration Board (102 & 186)	64.0	(0.0)	0.0%	65.0	(0.1)	-0.2%	324.3	(0.9)	-0.3%
Total for Local Use	725.4	1.2	0.2%	737.5	(0.5)	-0.1%	3,678.9	(4.1)	-0.1%
Total Distribution of Revenue	4,317.2	7.1	0.2%	4,588.7	14.3	0.3%	23,124.3	60.6	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 Legislature.

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

As Figure 3 indicates, in the current biennium, June transportation revenues are projected at \$4.317 billion. This forecast is slightly up from the last forecast by \$7.1 million or 0.2% from March. The increase in the June revenue forecast over the last forecast is primarily due to vehicle licenses, permits and fee revenue are above expectations. In the next biennium, total transportation revenues are anticipated to be \$4.589 billion which is a biennium to biennium increase of 6.3% and up from last quarter's projections by \$14 million or 0.3%. The primary source of the increase in revenue next biennium is higher licenses, permits and fee revenue at \$10.3 million above March's projections which was greater than the decline in motor vehicle fuel tax revenue of \$6.2 million over March. Toll revenue was also up from the last forecast by \$8.9 million due to a higher adopted toll rate. Driver related and business related fee revenue were also up by \$0.7 and \$0.8 million respectively from March in next biennium. Rental car taxes and ferry

revenue also down from the last forecast by \$0.2 million and \$0.1 million respectively in the next biennium. Over the 10-year forecast horizon (2012-2021), the revenue forecast for June 2013 is \$23.124 billion which is up \$60.6 million or 0.3% from the March forecast.

Note that this June forecast incorporates the adoption of four bills passed during the 2013 legislature during their regular session. The four bills are summarized in the Appendix in Figure 46. The bills include the following: a new fee for billboard advertisement (SSB 5761), changes to the commercial driver license requirements (SHB 1752), charge for records of ownership at the request of a business (SHB 5182) and the extension of the SR167 HOT lanes pilot program until the end of FY 2015 (SSB 5024).

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, US sales of light vehicles and Washington driver in-migration.

**Figure 4 Annual Percentage Change (%) in Select Economic Variables
June 2013 forecast**

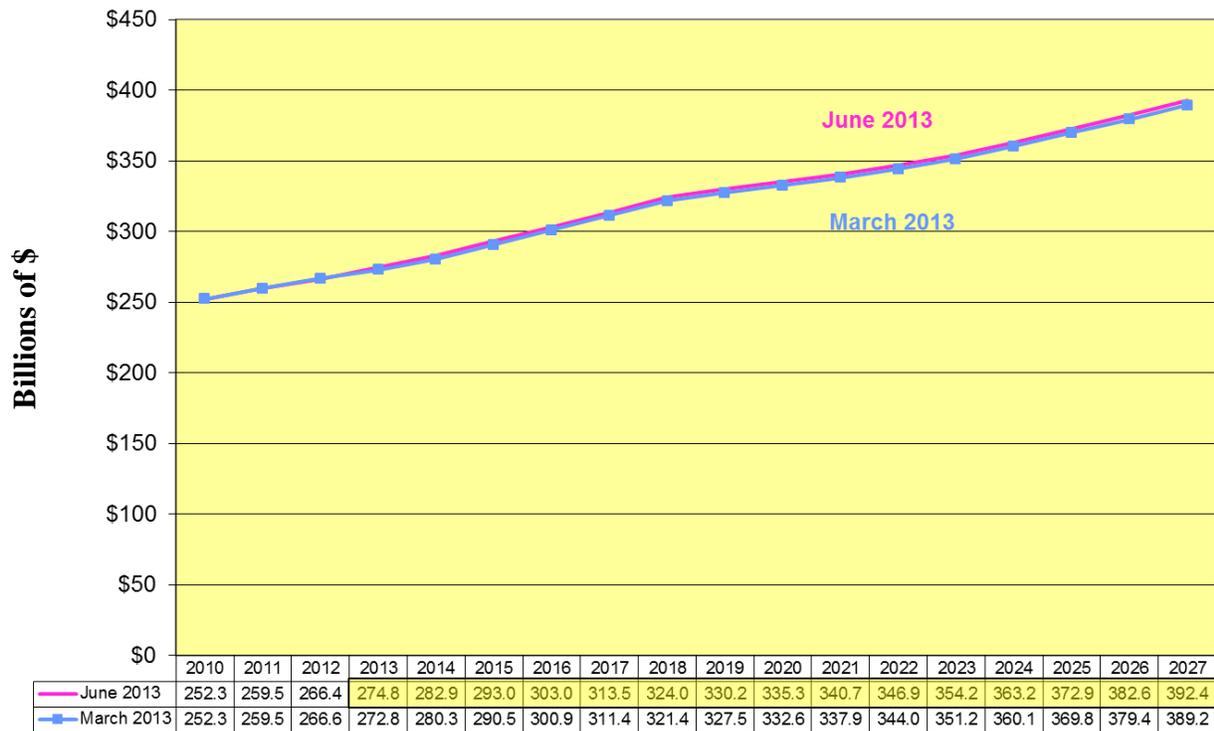
Fiscal Year	WA Personal Income	Annual Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Driver In-Migration
2010	-3.4	1.0	1.3	3.0	-0.5	7.3	-1.0
2011	2.9	1.0	1.9	17.8	0.3	14.2	19.9
2012	2.7	1.0	2.3	13.7	1.0	14.7	-9.8
2013	3.1	1.1	1.3	0.8	1.1	7.5	-0.2
2014	2.9	1.2	1.3	-10.4	1.0	3.0	-2.0
2015	3.6	1.2	1.6	-2.6	1.6	6.3	-2.0
2016	3.4	1.2	1.5	1.6	1.8	6.8	-1.2
2017	3.4	1.2	1.5	2.4	1.9	3.6	-1.1
2018	3.4	1.2	1.5	2.5	1.8	2.8	-0.7
2019	1.9	1.1	1.7	2.5	1.8	2.8	-0.5
2020	1.6	1.1	1.8	2.2	1.8	2.3	-0.2
2021	1.6	1.1	1.8	1.8	1.9	2.8	-0.1
2022	1.8	1.1	1.8	1.5	1.9	2.1	0.02
2023	2.1	1.1	1.8	1.4	2.0	0.9	0.06
2024	2.5	1.0	1.9	1.4	2.0	1.4	-0.06
2025	2.7	1.1	1.8	1.7	2.1	1.2	-0.04
2026	2.6	1.0	1.8	1.6	2.1	1.5	-0.02
2027	2.6	1.0	1.8	1.6	2.1	1.6	-0.01

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management, May 2013 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices

WA Personal Income

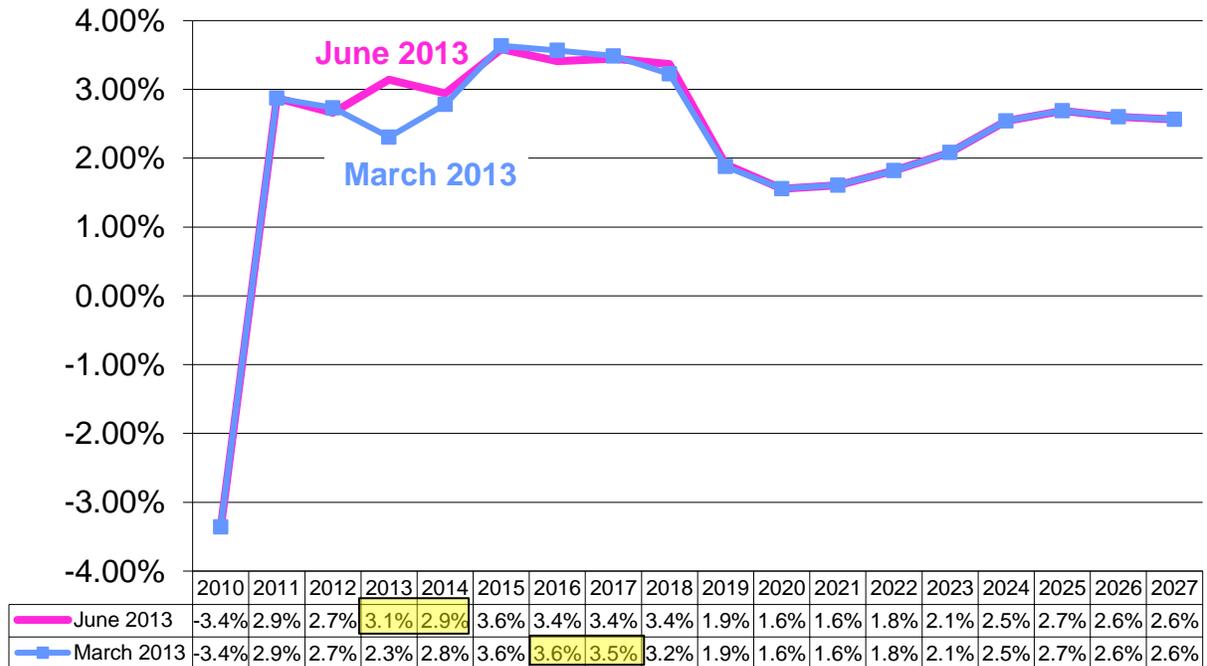
The forecast of Washington real personal income is projected by the Washington Economic and Revenue Forecast Council (ERFC), based on the May Global Insight forecast, May Blue Chip average US GDP growth rates, NYMEX fuel prices and other forecasted economic variables in the near term., through FY 2017. Washington real personal income in FY 2012 averaged \$266.47 billion which was an increase of 2.6% year over year. For FY 2013, the new ERFC projections have a higher growth rate at 3.1% versus

Figure 5 Comparison of Quarterly Washington Real Personal Income June 2013 vs March 2013



Source: Washington Economic and Revenue Forecast Council (May 2013 economic variables) and 2013 OFM long-term personal income forecast

Figure 6 Forecast Comparison of Annual Growth Rates for Washington Real Personal Income June 2013 vs March 2013



Source: Washington Economic and Revenue Forecast Council (May 2013 economic variables) and 2013 OFM long-term real personal income growth rates

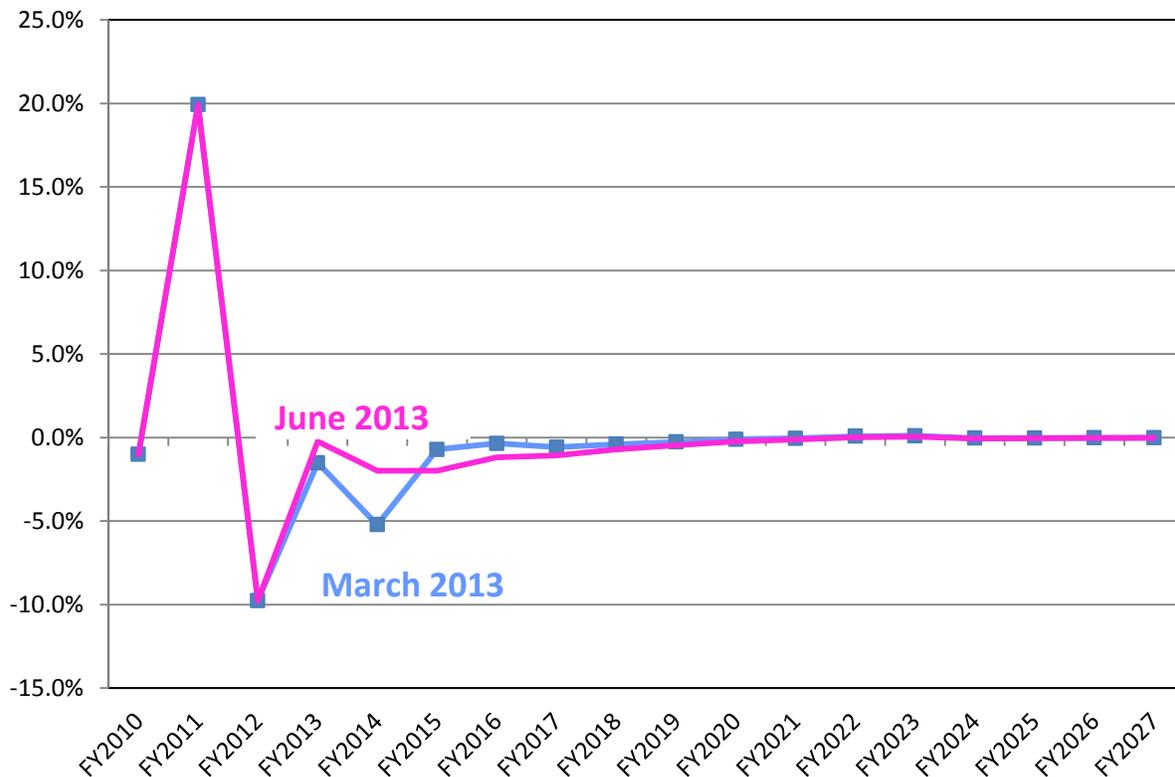
2.3% in March's projection. In FY 2013, Washington real personal income is projected at \$274.8 billion versus \$272.8 billion in the March forecast. For FY 2014 the annual growth rate is projected at 2.9% as opposed to 2.8% in March. FY 2015 annual growth rate is the same as last forecast at 3.6%. In FY 2016 through FY 2018, the annual growth rate is lower in June at 3.4% each year instead of 3.6%, 3.5% and 3.2% projected respectively in March. The end result is that personal income projections are up some in June, more in the near-term than the long-term. The extended projections of Washington personal income are the same as in March due to having the same OFM's 2013 long-term personal income projections. In FY 2019, the annual growth rate is approximately 1.9% and it falls further to 1.6% in FY 2020-2021. Then personal income growth rates rise again to 2.1% and then to 2.6% by the end of the forecast horizon.

The 2013 OFM forecast of personal income growth for fiscal years 2016 thru 2020 is, on average, 2.7% and for the remaining years beyond FY 2020 the personal income growth rate also averaged 2.4%. Figure 7 reveals the change in the annual growth rates for Washington personal income which reveals that in FY 2013 and 2014 the growth rates in June are higher than in March but other outer years forecasted by the Office of Forecast Council were lower or the same growth rates. The OFM 2013 long-term forecast is the same forecast as in the March forecast.

WA Population

In the June 2013 forecast, the final 2012 OFM population projections were used which was the same projection as in the prior forecast. The driver age population is 5.238 million with an annual growth rate for FY 2012 of 1.0%. The current projection for population growth rate in FY 2013 is 1.1%. In fiscal years 2014 through 2018, the annual population growth rate is approximately 1.2% each year. By FY 2019, the annual population growth rate falls slightly to 1.1% through FY 2023 and then it declines to 1% in FY 2024 and then up again to 1.1% in FY 2025 and 1% again in the last two years of the forecast horizon.

Figure 7 Forecast Comparison of Annual Growth Rates for In-Driver Population - June vs March 2013



Source: Washington Office of Financial Management

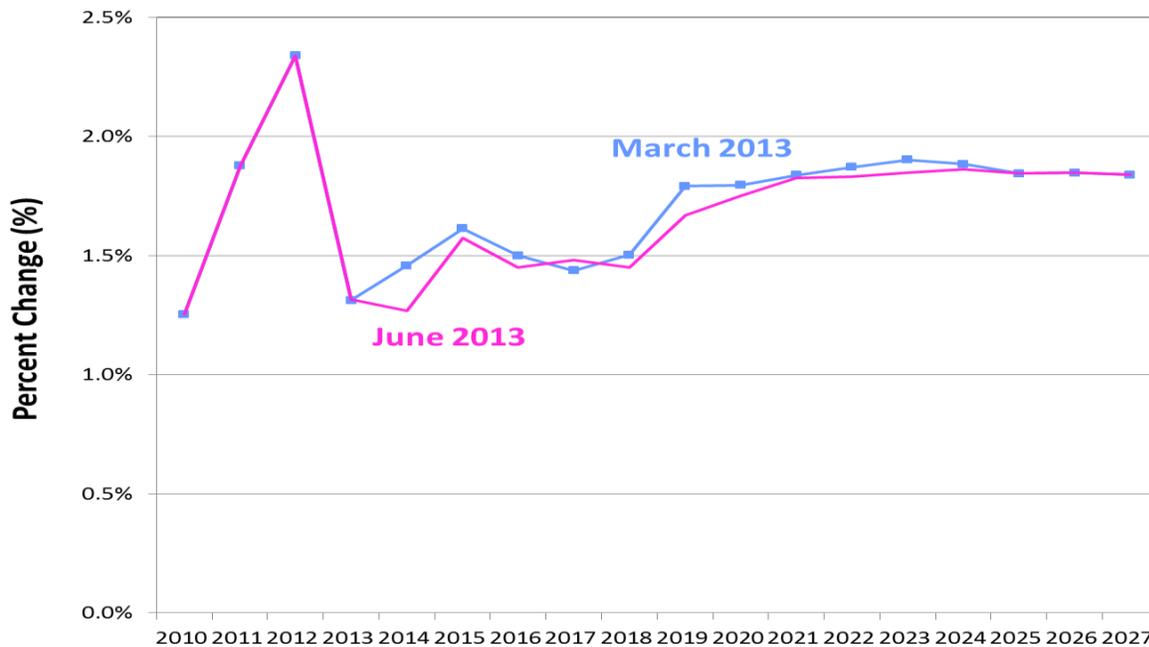
WA In-Driver Population

The Washington in-driver forecast is used by the Department of Licensing for a number of driver related fee forecasts. In FY 2012, Washington in-driver population was 146,482 and this was a decline of 9.8% from the prior year. In FY 2013, the June 2013 forecast of in drivers is lower by 0.2%, year over year, but higher than the March forecast by 1% so total in-drivers is anticipated to be 146,127. In FY 2014, the June forecast has also been brought up 5% from the last forecast to 143,214 versus 136,739 projected in March. FY 2014 has an annual decline now of -2% as opposed to -5.2% projected in March. In subsequent years, the June 2013 forecast growth rates are slightly below and over time are nearly identical to the March forecast growth rates. In all fiscal years beyond FY 2017, the trend for in-drivers is a small negative year over year decline.

U.S. Inflation

The U.S. inflation rate forecast is from Economic and Revenue Forecast Council in the near-term through FY 2017 and Global Insight’s May 2013 projection of the implicit price deflator (IPDC) in the long-term (Figure 9). In 2012, the U.S. inflation rate as measured by the change in the IPDC was 2.3% which was slightly higher than the previous year at 1.9%. In FY 2013, inflation is projected to be 1.3%, lower than in FY 2012 and the same growth as the March forecast. In FY 2014, the inflation forecast is projected to be slightly down to 1.3% versus 1.5% projected in March. Then in FY 2015, the current forecast shows an annual increase in inflation of 1.6% which is the same rate as last quarter’s forecast. The current forecast is also projecting inflation at 1.5% for the next three years which is nearly the same growth rate as in the prior forecast. For the remainder of the forecast horizon, the inflation rates are between 1.7% and 1.9% which is close to the last forecast (see Figure 9).

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



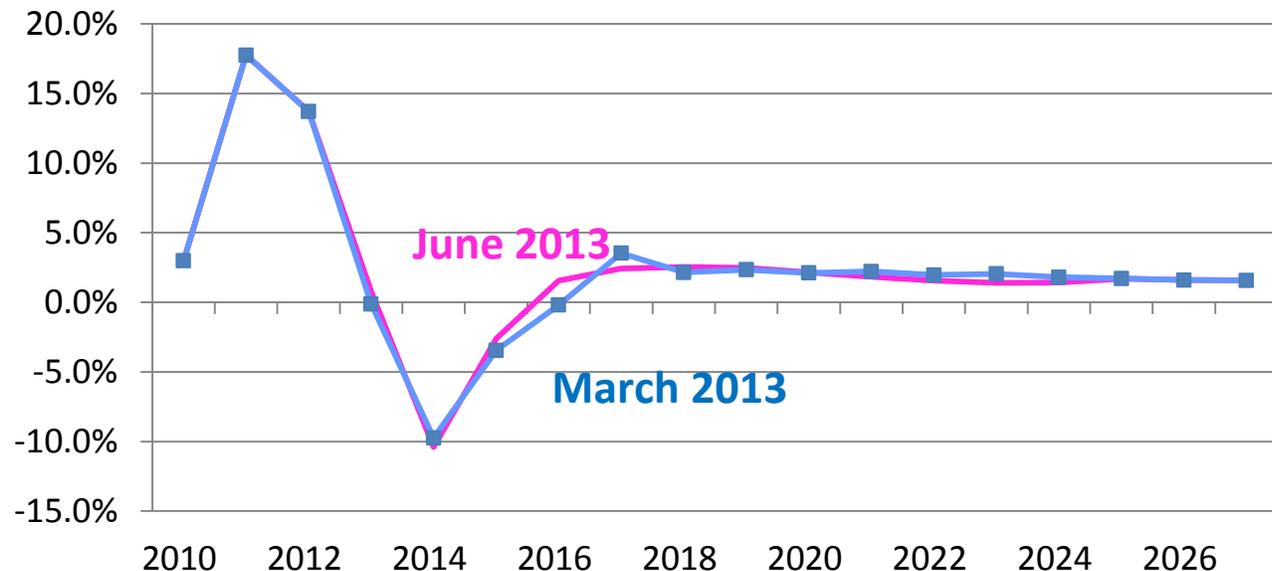
Source: Washington Economic and Revenue Forecast Council and May 2013 Global Insight forecast

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 year over year by 13.7%. In this May Global Insight forecast of the U.S. petroleum products price index, the index in FY 2013 is projected to increase annually by 0.8% as opposed to decline slightly 0.1% anticipated in March. Even though the current year oil price index is

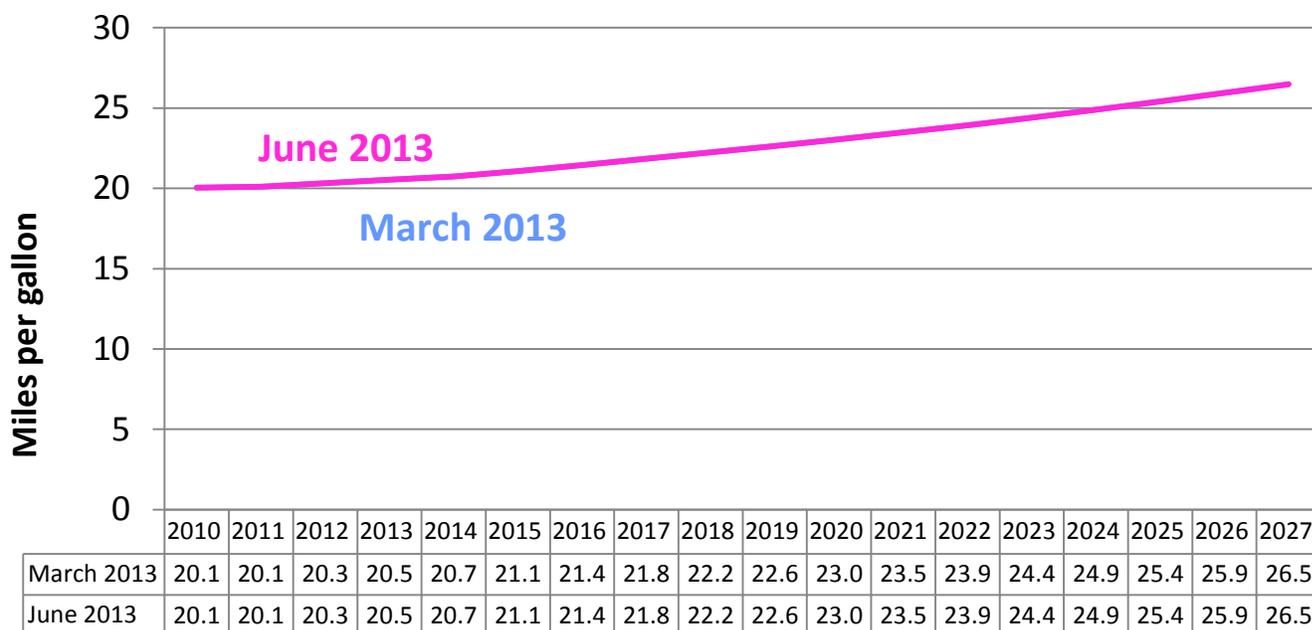
slightly higher, the following year's growth rate is lower. In FY 2014, the US fuel price index is projected to decline by 10.4% as opposed to declining 9.7% as projected in the March prediction. In fiscal year 2015, the forecast of the index is projected to be less negative than the prior year at -2.6% annual decline as opposed to -3.5% in the last forecast. In FY 2016 and beyond, this June forecast predicts positive annual growth rates for the oil price index beginning at 1.6% and growing to 2.5% by FY 2019 and then declining slightly over the remainder of the forecast horizon to 1.6% by FY 2027. This current forecast with the continual slow decline in the annual growth rates in the long-term mirrors other prior forecasts but the annual growth rates are slightly lower than last quarter (see Figure 10).

Figure 9 Global Insight Oil/Gas Price Index Forecasts: Growth Rate Comparison June 2013 vs March 2013



Source: May 2013 Global Insight forecast

Figure 10 Global Insight On-road Light Vehicle Fuel Efficiency Forecast June 2013 vs March 2013



Source: May 2013 Global Insight forecast

U.S. Fuel Efficiency (MPG)

U.S. Fuel Efficiency variable for the June 2013 forecast is the same as the March forecast which already incorporated the February 2013 short and long-term Global Insight forecast which included the effects of the 2012 Obama administration fuel efficiency standards for passenger cars and light trucks in model year 2017 and beyond. The June long-term GI forecast of US fuel efficiency is the same as predicted in February. The on-highway fleet fuel efficiency variable in 2012 was 20.46 miles per gallon for the entire US fleet of light vehicles. In the current fiscal year, the June 2013 fuel efficiency for the US fleet is 20.53 miles per gallon. 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 26.47 miles per gallon.

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

This June forecast is a slight revision downward in employment from the March forecast. The recovery in Washington's economy did pick up in FY 2012 with non-agricultural employment growing 1.5% and employment in trade transportation and utilities sectors growing at 2.0% and Washington retail employment growing at 1.8%. In FY 2013, this June forecast predicts year over year growth in non-ag. employment to be slightly higher at 2% as opposed to 1.9% last quarter. In FY 2014 and 2015, the non-ag. employment forecast has been lowered to 1.6% and 2% as opposed to 1.8% and 2.0% in the March forecast each year. This revision reflects a slightly better outlook in the current year but a slightly lower outlook on the employment recovery in the following two years than predicted last quarter. In FY 2016 and 2017, the June growth rates for non-ag. employment is anticipated to also be lower at 2% and 1.6% instead of 2.1% and 1.7% respectively in the last forecast. The economic growth in Washington non-ag. employment in subsequent years is based on OFM's long-term employment projections which has not changed from March. In the long-term, the non-ag. employment growth rate slows in outer years. Beginning in FY 2018, Washington employment is forecasted to grow slower at 1.2% as opposed to 1.3% in last quarter's forecast and slower growth of less than 1% in subsequent years, except for FY 2027, when the growth rate is 1%.

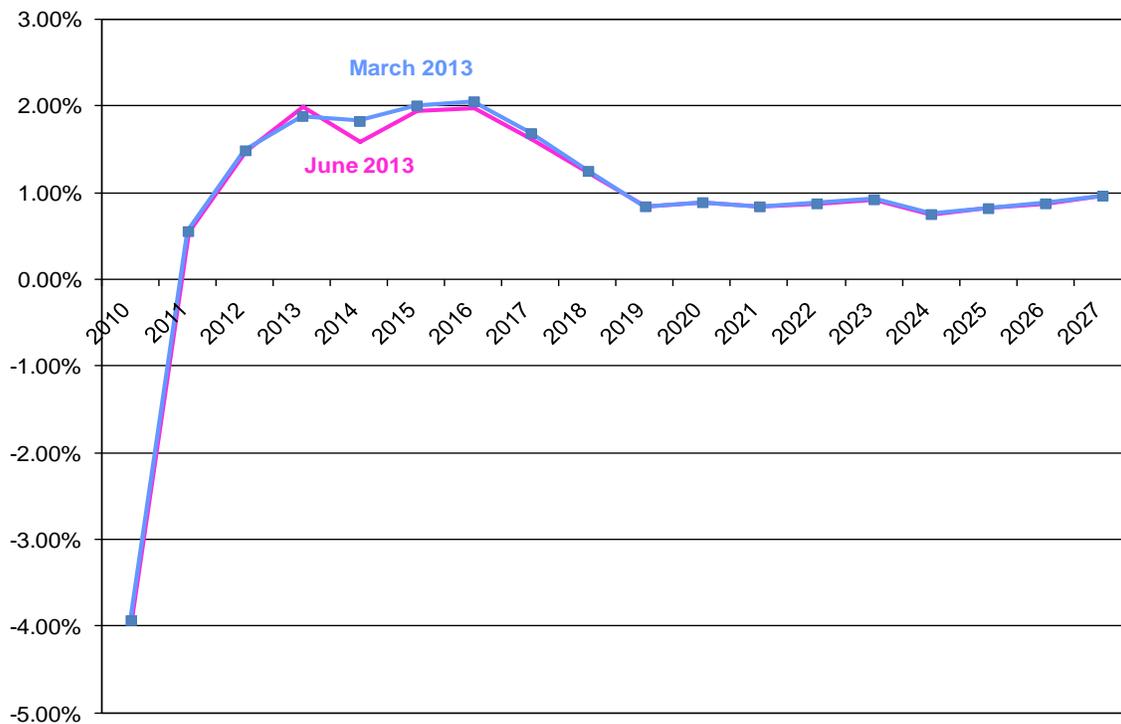
Washington's employment in the trade, transportation and utilities (TTU) sectors follows similar trends with the overall non-farm employment trends. In FY 2012, this industry grew by 2% year over year. In the current fiscal year, the trade, transportation and utilities sector employment is anticipated to grow at 2.2% instead of 2.4% anticipated in March. In the current fiscal year, employment in the trade, transportation and utilities sectors is projected to grow faster than overall non-ag. employment. In FY 2014, this industry employment is anticipated to grow by 1.3% year over year as opposed to 1.5% predicted in March. In FY 2015, growth rates in this employment sector are also expected to drop to 1.1% which is nearly the same as March's projection of 1%. Then in FY 2016 and 2017, Washington employment growth rates in the trade, transportation and utilities sectors are anticipated to be 1.4% and 1.5% each year which is higher than 1.3% anticipated each year last quarter. In FY 2018, the June forecast anticipates TTU employment grows at 1.1% as opposed to 0.9% in March. In subsequent years, the TTU employment growth rates are dependent the same 2013 OFM long-term forecast as used in March. The 2013 OFM long-term annual growth rates are projected at 0.5% as opposed to 0.4% last quarter and the annual growth rate falls further to 0.3% in FY 2020 until 2024. In FY 2025 and 2026, it rises to 0.5% and then to 0.6% in FY 2027, which are the same growth rates as in November.

Washington's employment in retail trade sector in this June forecast follows similar trends as employment in the trade, transportation and utilities industries. This retail employment sector grew by 1.8% year over year in FY 2012. In the current fiscal year, the retail trade employment is anticipated to grow more by 2.6% but this is less than the 2.8% anticipated in March. In FY 2014, the current projections of retail employment are also more pessimistic at 1.1% growth as opposed to 1.2% in March. In FY 2015 retail employment is projected to grow at the same rate as in March at 0.4%. In FY 2016 and 2017, retail employment is anticipated to grow faster at 0.8% and 1% instead of 0.7% and 0.8% respectively in March. In FY 2019 and beyond the retail employment projections are based on OFM's 2013 employment projections and these projections are nearly the same as the last quarterly forecast and the annual growth rate on average is 0.5%.

Figure 11 Annual Growth Rates (%) Washington Employment Forecasts: June 2013

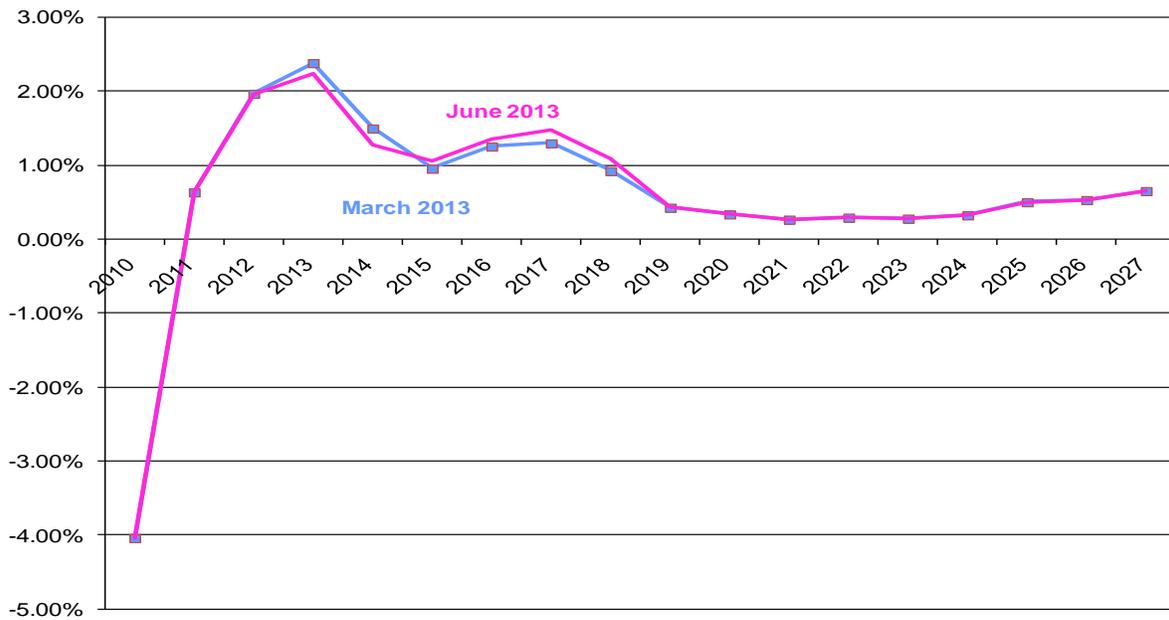
Fiscal Year	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2010	-3.9	-4.0	-3.3
2011	0.6	0.6	0.8
2012	1.5	2.0	1.8
2013	2.0	2.2	2.6
2014	1.6	1.3	1.1
2015	2.0	1.1	0.4
2016	2.0	1.4	0.8
2017	1.6	1.5	1.0
2018	1.2	1.1	0.6
2019	0.8	0.4	0.4
2020	0.9	0.3	0.3
2021	0.8	0.3	0.2
2022	0.9	0.3	0.2
2023	0.9	0.3	0.2
2024	0.8	0.3	0.3
2025	0.8	0.5	0.5
2026	0.9	0.5	0.6
2027	1.0	0.6	0.8

Figure 12 Washington Nonfarm Payroll Employment Forecasts of Annual Growth Rates: June 2013 vs March 2013



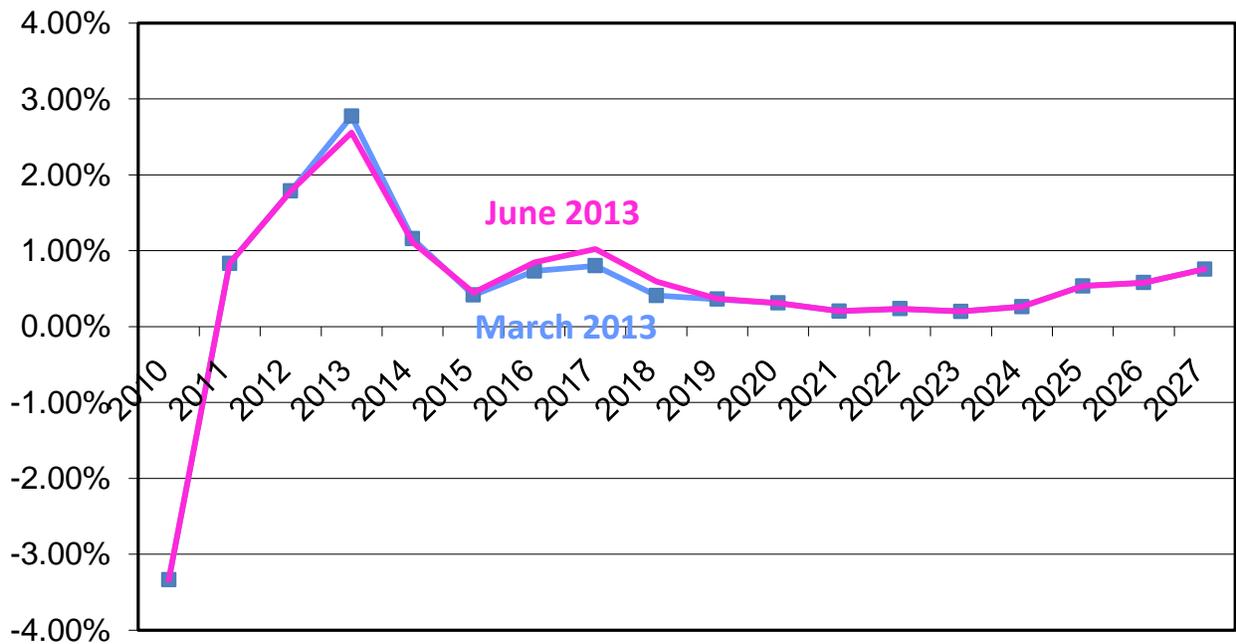
Source: May 2013 ERFC and OFM/ESD 2013 long-term Washington non-ag. employment forecast

Figure 13 Washington Nonfarm Payroll Employment – Trade, Transportation and Utilities Sectors (TTU) Forecasts of Annual Growth Rates: June vs March 2013



Source: May 2013 ERFC and OFM/ESD long-term Washington TTU employment forecast

Figure 14 Washington Nonfarm Payroll Employment – Retail Trade Sector Forecasts of Annual Growth Rates: June vs March 2013



Source: May 2013 ERFC and OFM/ESD long-term Washington retail trade employment forecast

U.S. Consumer Spending on New Motor Vehicles

Consumer spending on new motor vehicles throughout the U.S. has been recovering with a 10% growth year over year in FY 2010 and 2011. In FY 2012, the recovery for light vehicle sales picked up even more with an annual growth rate of 14.7%. In fiscal year 2013, consumer spending on new vehicles is anticipated to grow faster at 7.5% instead of 6.2% in March. In fiscal year 2014, consumer spending on new vehicles is slightly lower at 3% as opposed to 4.1% in March. By FY 2015 and 2016, consumer spending is projected to grow slower again with annual growth rates of 6.26% and 6.8% which is a little more pessimistic than last quarter with growth rates of 6.3% and 7.5% respectively. In FY 2017, the annual growth rates of consumer sales on new vehicles are anticipated to be about the same as the prior forecast at 3.6% and then the growth rates slowly decline further for the remainder of the forecast horizon. Overall, the subsequent years' growth rates after FY 2017, are less optimistic than March's forecasted annual growth rates of consumer sales on new vehicles.

Motor Fuel Price Forecast

Washington's transportation revenues are affected by fuel prices. In particular, gasoline tax collections are negatively related with the price of gasoline. In addition, 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 price forecast includes the following fuel price projections: U.S. West Texas crude oil, Washington retail prices of gasoline, diesel and biodiesel.

The June 2013 forecast for crude oil prices is up slightly from the last forecast. In addition, the current retail gas and diesel and ferry diesel price forecasts are down from the March forecast in the near-term and gas prices are higher than in March in the long-term after FY 2020. The June retail diesel prices are down from the last quarterly forecast all throughout the forecast horizon. Ferry B5 biodiesel prices are also lower than the March forecast for most all quarters except for the second quarter of 2015.

Source of data for forecast

For the Washington retail price of gasoline, the actual fuel prices are collected from the Energy Information Administration (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 2014), the fuel and biodiesel price forecasts are based on the growth in the national retail gas and price index for petroleum products respectively from the Energy Information Agency (EIA) monthly projections. In the long-term beyond calendar year 2014, the fuel price projections are based on June's Global Insight's national gas price forecast for Washington's gas price forecast and the producer price index (PPI) for refined petroleum products projections for the various diesel price forecasts.

The forecasts of biodiesel prices include two different biodiesel prices: B99 without the renewable identification number (RIN) and B5. WSF currently purchases the majority of their biodiesel as B5 blended biodiesel. WSDOT also purchases B99 biodiesel without RIN for our vehicle fleet needs. Washington General Administration Department (GA) publishes B99 biodiesel price without RIN in Tacoma and this represents the B99 prices paid by other state entities' purchases of biodiesel. 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 reported on the GA web site.

U.S. crude oil price trend

U.S. crude oil prices of West Texas Intermediate Crude (WTI) were \$95 per barrel on average in FY 2012. In fiscal year 2013, crude oil prices are expected to average \$91.93 per barrel which is nearly the same 0.9% higher than last quarter's projection and 3% below last year's average. The crude oil prices in the near-term have been relatively stable as economic conditions and worldwide oil producing regions have not seen great unrest recently. In FY 2014, WTI crude oil prices are only projected to grow to \$92.9 per barrel which is only a 1% year over year growth. This June crude oil price forecast dips a little in FY

2015 with an average WTI price of \$91.53 per barrel. After FY 2015, WTI crude oil prices are expected to rise again to \$94.12 per barrel by FY 2016 and \$97.67 per barrel in the following year. Quarterly crude oil prices are expected to be below \$100 per barrel until the fourth quarter of 2017. By the end of the forecast horizon, WTI crude oil prices are anticipated to be \$126 per barrel

Washington retail gasoline price trend

June's Washington retail gasoline prices are projected to be slightly lower than the March forecast in the near-term but significantly higher than the last forecast after FY 2018 and throughout the remainder of the forecast horizon. This current forecast follows a similar trend to the March forecast in the near-term but with slightly lower prices than the last forecast. A correction for an error was made in June beginning FY 2018 which caused the March gas price forecast to be lower than it should have been without the formula error and as a result has a much higher long-term forecast in June than in March. This June forecast has gas prices hitting \$4 per gallon by FY 2020 and the March gas price forecast did not have Washington retail gas prices reaching \$4 per gallon until after FY 2027. In FY 2013, Washington average retail gas price is anticipate to be \$3.73 per gallon which is nearly the same price projected in March at \$3.74 per gallon. In FY 2014, Washington average retail gas price is currently projected to decrease year over year by 4.6% to \$3.56 per gallon which is \$0.10 lower than the average price of \$3.66 per gallon forecasted in March. In FY 2015, Washington retail gas prices are expected to remain nearly the same as in FY 2014 at \$3.55 per gallon which is lower than the March forecast of \$3.63 per gallon. This June forecast of retail gas prices is quite close to March projections until FY 2018 when June's forecast rises as March's forecast declines due to the formula error corrected for in the June forecast.

Washington retail diesel price trend

Washington's retail price of diesel was on average \$3.02 in FY 2010 and 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 current forecast projects retail diesel price to fall \$0.10 per gallon or 2.3% year over year to \$4.10 per gallon and this current projection is lower than in March at \$4.15 per gallon. In FY 2014, the same trend is present with the current retail diesel price being \$3.95 per gallon which is a year over year reduction of 3.6% and lower than the March forecast of \$4.03 per gallon. This June forecast of retail diesel prices is consistently lower than the March forecast throughout the forecast horizon. The price differential between retail gas and diesel was just 9 cents on average in FY 2010 and it grew to 33 cents on average in FY 2011. In FY 2012 and 2013, the retail gas and diesel price differential grows to 36 and 37 cents per gallon respectively. Over time, the price differential between retail gas and diesel is expected to fall and by FY 2016, retail diesel to gas price differential is the lowest at \$0.26 per gallon and then the differential begins to grow again. By the end of the forecast horizon, the retail diesel to gas price differential is projected to be \$0.36 per gallon.

Washington ferries B5 biodiesel fuel price trend

The trend in Washington's ferry (WSF) biodiesel price is similar to the trend of the retail diesel price. WSF purchases B5 biodiesel for their vessels. This reported B5 biodiesel price includes the markup costs ferries must pay, delivery fees and various taxes including sales taxes. Washington state ferries will begin receiving a sales tax exemption on their biodiesel fuel purchases beginning July 1, 2013 and this has been incorporated into the baseline B5 biodiesel price forecast. The ferries B5 unadjusted biodiesel price on average was \$3.53 per gallon in FY 2012. In FY 2013, the B5 biodiesel price is anticipated to fall slightly to \$3.50 per gallon. Beginning in FY 2014, B5 biodiesel prices will not include the roughly 10% sales tax cost so the average annual B5 biodiesel price with markup is anticipated to fall to \$2.96 per gallon and \$2.88 per gallon by FY 2015.

B99 Biodiesel fuel price trend

The latest monthly OPIS B99 biodiesel price without RIN, markup, delivery and tax costs in Tacoma reported by OPIS on the GA web site begins this B99 price forecast. The biodiesel price forecasts are based on the retail diesel price forecast future growth with adjustments made to eventually have a regular diesel and biodiesel price differential of roughly 12% which is an average price differential seen over the last 5 years. The B99 biodiesel price forecasts used for non-WSF WSDOT purchases had an actual B99 price without RIN and markup averaged \$4.95 per gallon in FY 2012. For FY 2013, June's B99 base

biodiesel price forecast rose a little to \$4.98 per gallon which is nearly the same as in March. For FY 2014, the B99 price forecast falls year-over-year by 5.4% to \$4.71 per gallon. In FY 2015, the average annual B99 price is expected to decline further to \$4.57 per gallon and then the B99 prices start to rise to \$4.63 per gallon in FY 2016 and then continue to rise to \$4.63 per gallon in FY 2016 and then continue to rise throughout the remainder of the forecast.

Figure 15 Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular: June vs March 2013 forecasts

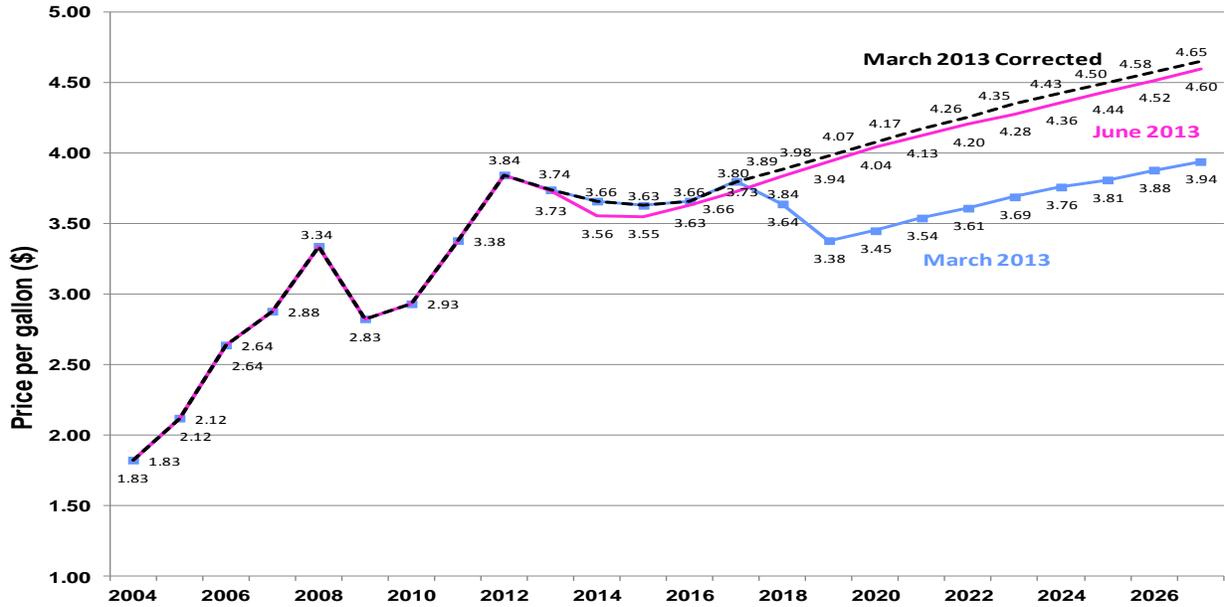
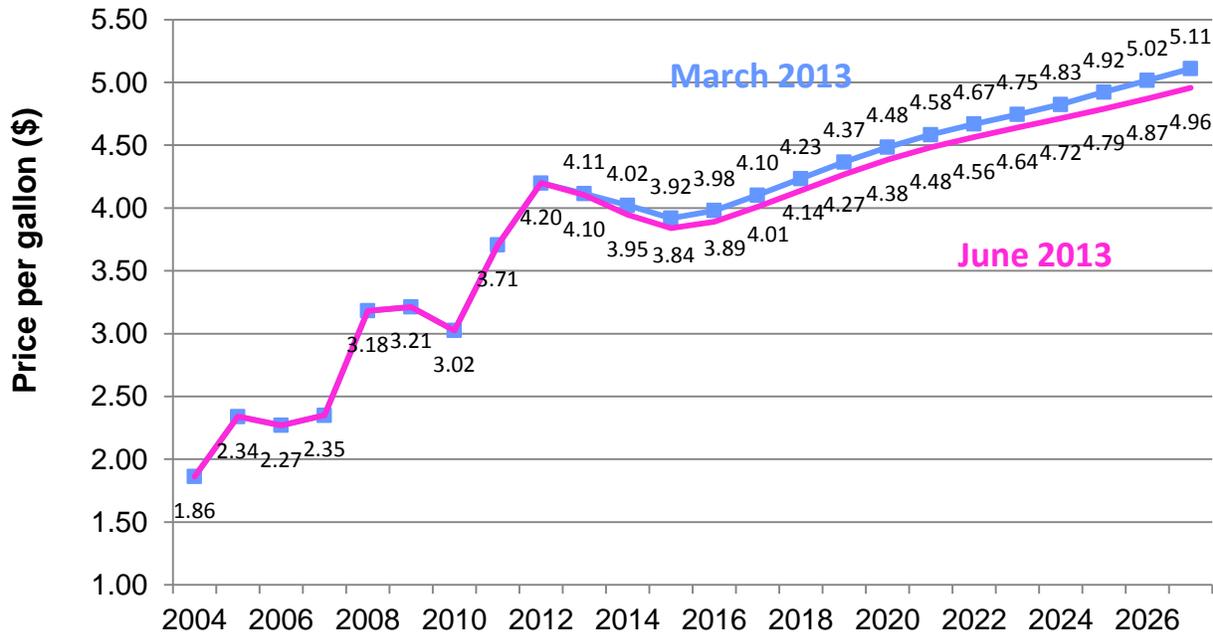


Figure 16 Forecast of UNADJUSTED Washington Retail Diesel Prices: June vs March 2013



**Figure 17 Near-term UNADJUSTED BASELINE Quarterly Fuel Prices:
June 2013 forecast**

Fiscal Year Quarter	Crude Oil Price (\$/barrel)	WA Retail Gasoline Price (\$/gal)	WA Retail Diesel Price (\$/gal)
2012: Q3	92.24	3.86	4.13
2012: Q4	87.96	3.66	4.15
2013: Q1	94.34	3.59	4.09
2013: Q2	93.18	3.82	4.05
FY 2013	91.93	3.73	4.10
2013: Q3	92.33	3.62	3.97
2013: Q4	93.17	3.48	3.91
2014: Q1	93.50	3.49	3.92
2014: Q2	92.50	3.63	3.98
FY 2014	92.88	3.56	3.95
2014: Q3	91.33	3.55	3.91
2014: Q4	90.50	3.37	3.78
2015: Q1	91.99	3.49	3.83
2015: Q2	92.29	3.79	3.83
FY 2015	91.53	3.55	3.84
2015: Q3	92.78	3.63	3.85
2015: Q4	93.44	3.44	3.87
2016: Q1	94.70	3.56	3.91
2016: Q2	95.55	3.88	3.94
FY 2016	94.12	3.63	3.89
2016: Q3	96.41	3.72	3.97
2016: Q4	97.27	3.54	4.00
2017: Q1	98.04	3.66	4.03
2017: Q2	98.96	3.99	4.06
FY 2017	97.67	3.73	4.01

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

In June 2013, the West Texas Intermediate (WTI) crude oil price forecasts for FY 2013 differed minimally by approximately 0.2% on average; \$91.8 - \$92.6 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 \$95 per barrel for FY 2014. WSDOT's baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term thru calendar year 2014 and then use the growth rates from Global Insight forecasts for subsequent years for the baseline fuel price projections. The projected price forecasts for crude oil in FY 2015, ranged from \$88.5 per barrel by NYMEX and Global Insight to \$107 per barrel by Moody's Economy.com with the average being \$94.8 per barrel. The average forecast for WTI crude oil in FY 2016, ranged from \$86.6 per barrel by NYMEX to \$112 per barrel by Moody's Economy.com with the average being \$96.9 per barrel. The average forecast for WTI crude oil in FY 2017, ranged from \$84.7 per barrel by NYMEX to \$115.6 per barrel by Economy.com with the average being \$98.9 per barrel. Figure 18 reveals that NYMEX future oil prices were the lowest price estimates in fiscal years, 2015-2017, and Global Insight being the lowest price forecast in FY 2014. Projections by Moody's Economy.com were the highest for all years.

**Figure 18 Near-term Annual Crude Oil Price Forecasts – 5 Different Forecast Comparisons:
June 2013 forecast**

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	\$92.88	\$94.43	\$91.63	\$101.13	\$94.92	\$95.00	-1.35%	8.89%	2.28%
2015	\$91.53	\$89.84	\$88.50	\$107.44	\$96.56	\$94.77	-1.84%	17.38%	3.55%
2016	\$94.12	\$86.60	\$91.00	\$112.04	\$100.83	\$96.92	-3.31%	19.04%	2.97%
2017	\$97.67	\$84.69	\$94.44	\$115.60	\$102.25	\$98.93	-3.31%	18.35%	1.29%

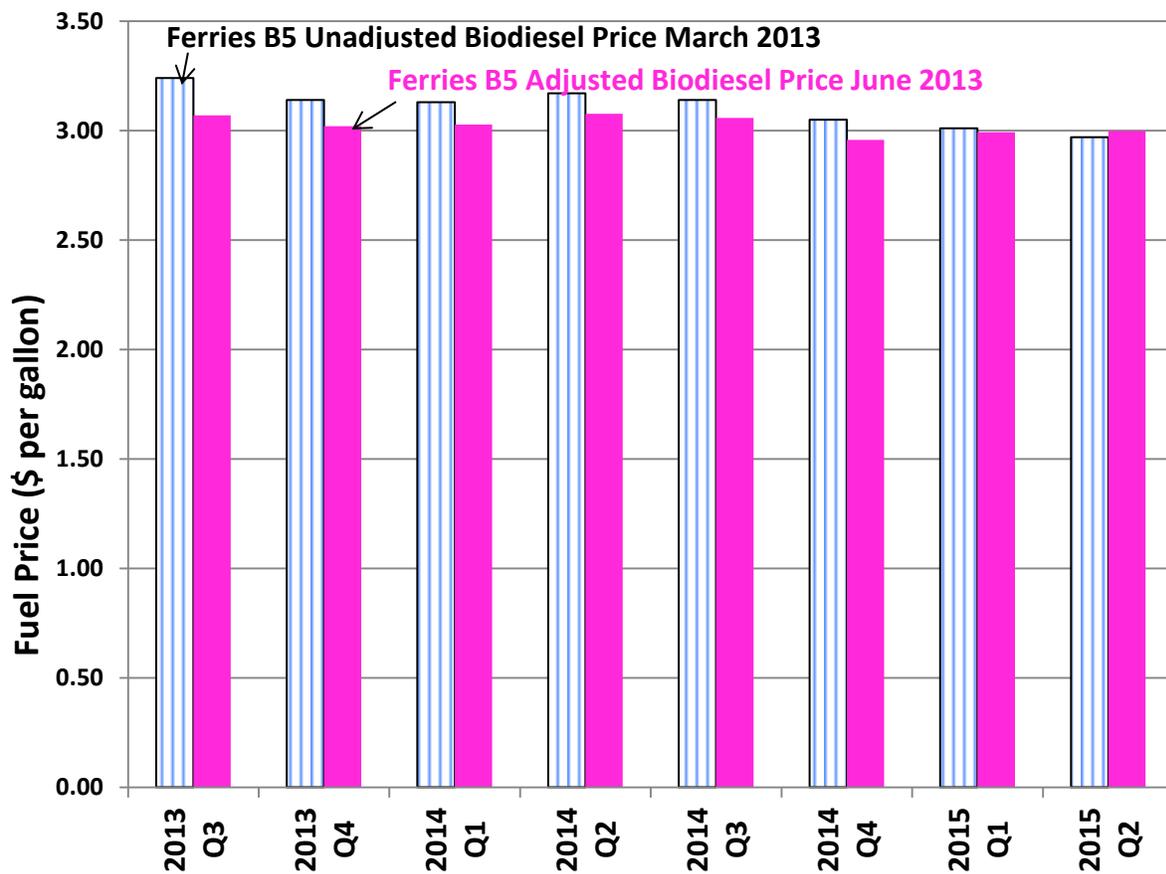
WSDOT applies the five forecast entity average adjustment to the baseline June 2013 retail gasoline, diesel and B5 biodiesel prices. The fuel prices listed in Figure 19 will be used to estimate the future costs to the agency's 2013-15 biennium budget for gas and diesel fuel for fiscal years 2014 and 2015. The latest forecast requires a 2.3% increase in the baseline fuel prices for retail gas, diesel and B5 biodiesel prices for FY 2014 and 3.6% increase for FY 2015. In the outer years, FY 2016 and 2017, the baseline prices are not adjusted as much 2.97% and 1.3% respectively each year. B99 biodiesel prices are not adjusted each year due to B99 biodiesel prices being based on different feedstock prices than crude oil prices.

Figure 19 Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes: June 2013 forecast

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	3.70	4.06	3.07	4.78
2013: Q4	3.55	4.00	3.02	4.65
2014: Q1	3.57	4.01	3.03	4.66
2014: Q2	3.72	4.07	3.08	4.74
FY 2014	3.64	4.04	3.05	4.71
2014: Q3	3.68	4.05	3.06	4.65
2014: Q4	3.49	3.92	2.96	4.50
2015: Q1	3.62	3.96	2.99	4.56
2015: Q2	3.93	3.97	3.00	4.56
FY 2015	3.68	3.98	3.00	4.57
2015: Q3	3.73	3.96	2.99	4.58
2015: Q4	3.55	3.98	3.01	4.60
2016: Q1	3.67	4.03	3.04	4.65
2016: Q2	4.00	4.05	3.06	4.69
FY 2016	3.74	4.01	3.03	4.63
2016: Q3	3.77	4.02	3.03	4.72
2016: Q4	3.59	4.05	3.06	4.75
2017: Q1	3.71	4.08	3.08	4.79
2017: Q2	4.04	4.11	3.10	4.83
FY 2017	3.78	4.06	3.07	4.77

The June adjusted B5 biodiesel prices are consistently below the quarterly March forecast except for the last quarter of the biennium when the June forecast of B5 is \$3.00 per gallon as opposed to \$2.97 per gallon in the second quarter of 2015. Overall in FY 2014, on average ferries B5 price is anticipated to average \$3.05 per gallon, excludes sales taxes, and fall only 1.6% to \$3.00 per gallon in FY 2015. Overall biodiesel prices are expected to rise only minimally over the next two years so by FY 2017 the average biodiesel price is \$3.07 per gallon, see Figure 20.

Figure 20 Quarterly Ferries B5 Biodiesel Prices Used for Budgeting the 2013-15 Biennium: June versus March 2013 (Baseline) Forecast Comparison



Motor Vehicle Fuel Tax Forecast

Total fuel tax collections from March 2013 through May 2013 were \$1.7 million below the March forecast.

For March 2013 through May 2013, gasoline tax collections came in above March’s projections by \$0.7 million or 0.3%.

- March gas tax collections came in at \$74.6 million, \$0.96 million below the March 2013 forecast.
- April gas tax collections came in at \$83.6 million, \$0.38 million above the March forecast.
- May gas tax collections came in above the March forecast at \$83.4 million and \$1.26 million above the last forecast. Overall, gas tax collections came in above forecast by \$0.6 million

For March 2013 through May 2013, diesel tax collections came in below forecast by \$2.3 million or 3.9% below expectations. Collections for every month were below the March forecast projections:

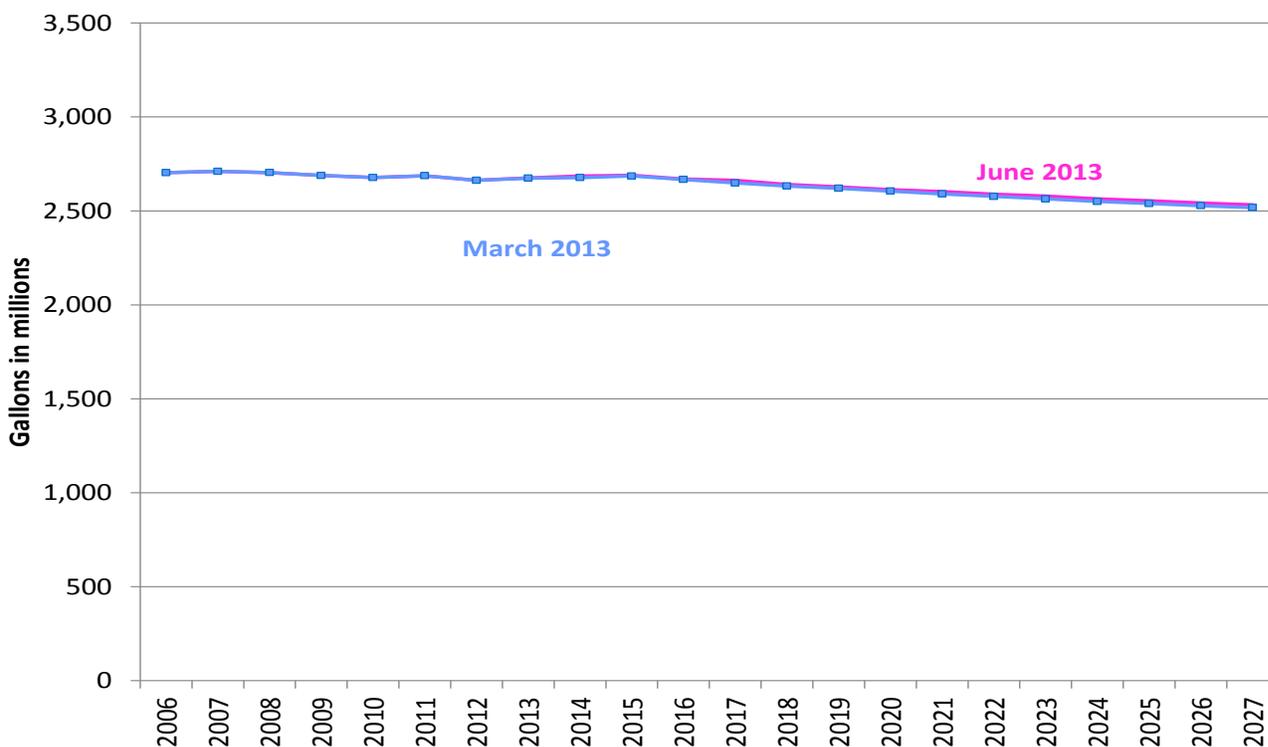
- In March, diesel tax collections came in at \$17.4 million which was \$0.5 million below forecast.
- April diesel collections came in at \$19.2 million or \$0.63 million below projections.
- May diesel collections came in at \$19.8 million, \$1.12 million below projections. Overall, diesel tax collections continue to come in under forecast

Gross motor fuel tax revenue projections are \$2.484 billion for the 2011-13 biennium which is 0.1% less than the 2009-11 biennium. Gross motor fuel tax revenues for the current biennium are projected to be \$1.7 million or 0.07% less than the prior forecast. The overall decrease in motor fuel tax revenue for the 10-year period ending in 2019-21 biennium is 0.31% or \$46.3 million below the March 2013 revenue forecast. The primary reason for the decrease in fuel tax revenues from the last forecast is higher gasoline prices offsetting higher near-term tax collections in gasoline and continuing lower near-term tax collections in diesel.

Trends in gasoline consumption and tax revenue

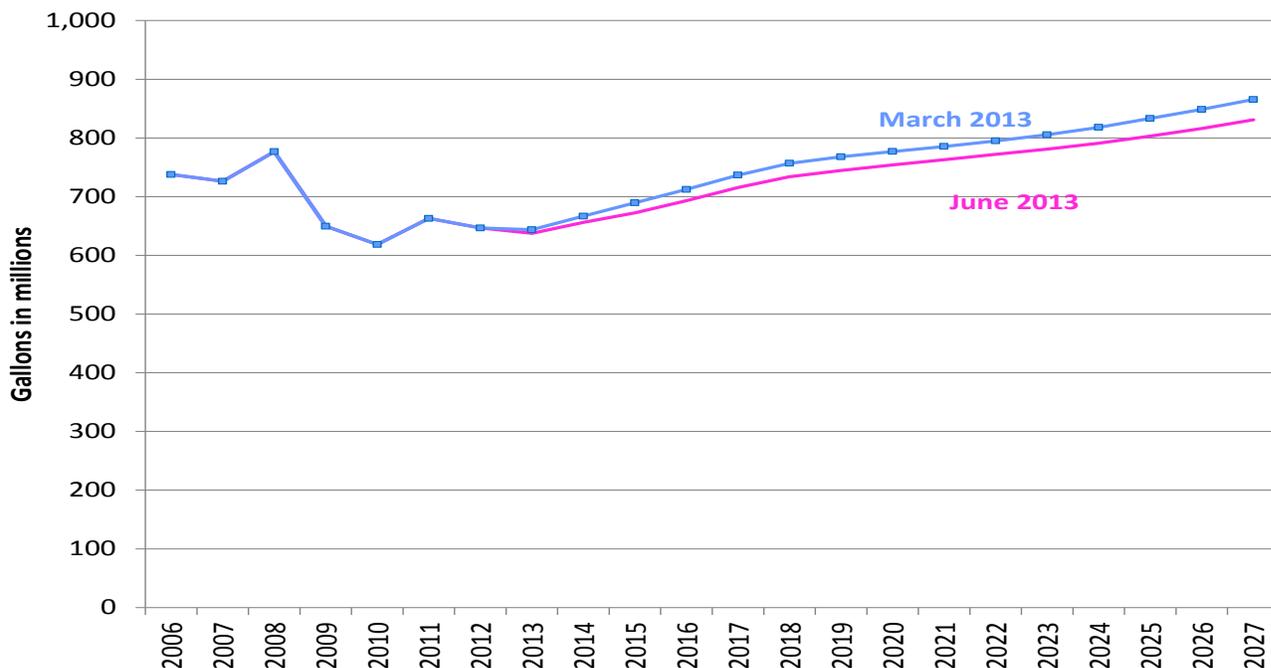
Gasoline consumption was 2,687 million gallons for FY 2011 which was an increase of 0.3% over the FY 2010 consumption level. For FY 2012, gasoline consumption was 2,663 million gallons which is an annual decrease of 0.9%. In FY 2013, gasoline consumption was 2,676 million gallons which is an increase of 0.5% from FY 2012 and an increase of 0.1% from the last forecast. Figure 21 shows the forecast to forecast comparison of projected gasoline gallons consumed. In FY 2014, gasoline consumption is projected to be 2,685 million gallons, 0.3% more than the last forecast. Throughout the remainder of the forecast horizon, gas consumption is anticipated to be on average 0.4% higher than in the March forecast, primarily due to the 0.5% annual growth in gasoline consumption for FY2013. The long-term average annual growth rate (FY 2014-2027) for gas consumption is -0.39% in this June 2013 forecast which is greater than the -0.43% growth rate from the last forecast.

Figure 21 Gasoline Motor Fuel Consumption Forecast Comparison: June 2013 vs. March 2013 forecast



In the current biennium, gas tax revenue is projected to be \$2,003.5 million which is a revision up of \$0.9 million or 0.05% since the March 2013 forecast. By the 2013-15 biennium, gas tax revenue rises to \$2,015.3 million, up by \$4.5 million or 0.22% from the March forecast. These biennia changes from the March forecast steadily increase to \$11.2 million through 2023-25 and 2025-27 biennium. Gas tax revenue projections are up \$34.8 million from the March forecast for the 10-year forecast horizon

**Figure 22 Diesel Fuel Consumption Forecast Comparison:
June 2013 vs. March 2013**



Trends in diesel consumption and tax revenue

History of consumption and tax revenue for diesel shows major declines since the peak of consumption of 777 million gallons in fiscal year 2008.

- In FY 2010, diesel consumption declined from the prior year to 619 million gallons which was a 4.8% decrease over 2009.
- 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 by 2.9% which is lower than last quarter’s forecasted annual growth of 3.6%. This downward revision in the diesel consumption forecast is due to lower diesel tax consumption than projected throughout FY 2013. Diesel consumption is not expected to exceed its high 2008 consumption level of 777 million gallons until FY 2023. Over the forecast horizon, diesel consumption is expected to grow annually on average by approximately 1.9% which is lower than last projections of 2.1%.

Diesel tax revenue is projected to be \$499.4 million in the 2013-15 biennium which is down by \$10.7 million from the prior forecast. In the 2015-17 biennium, diesel tax revenue is expected to be \$529.5 million which is down from the March forecast by \$15.3 million. In the 2017-19 biennium, diesel tax revenue is expected to be \$555.2 million which is lower than the last forecast by \$17.2 million or 3.0%. The revenue loss from the March forecast increases over time and by the end of the forecast horizon in the 2025-2027 diesel tax revenue is down \$25.2 million or 3.9%. The major reason for the long-term decline in diesel consumption and revenue in June are due mainly to lower collections and the 2013 starting point for this forecast.

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. Gas tax non-highway refunds are up by \$0.31 million while diesel tax non-highway refunds are down by \$0.34 million in the current biennium. These changes are due to incorporating all actuals for FY 2013 into this June forecast. In the future biennia, non-highway refunds are changing at the same rate as gas and diesel consumption / gross revenue. Therefore, beginning in the 2013-15 biennium, gas tax non-highway refunds are projected to be 0.2% higher or \$23,500 and diesel tax non-highway refunds are projected to be down \$0.68 million or 2.0% based on the lower diesel fuel tax revenue. In the 2015-17 biennium, non-highway gas tax refunds are up \$30,400 or 0.3% while diesel fuel non-highway refunds are projected to be down by \$0.98 million or 2.8% from the last forecast. Diesel fuel tax non-highway refunds in this June 2013 forecast compared to the March 2013 forecast decrease substantially over the forecast horizon as the growth of special fuel tax revenues decline.

The 2009-11 biennium gas tribal refunds were \$40.88 million, based on the month of distribution. Actuals for all months in the 2011-13 biennium show gasoline tribal tax refunds totaling \$51.55 million compared to the March forecast of \$52.53 million. Subsequent biennia projections of tribal fuel tax refunds remain the same as in prior forecasts since September 2012.

The special fuel tax tribal refunds were \$3.95 million in the 2009-11 biennium. For the 2011-13 biennia, special fuel tribal tax refunds total \$6.22 million which is \$0.15 million lower than March's forecast because of lower actual tribal diesel tax refunds since the last forecast.

Primary reasons for the forecast changes

- Overall, total fuel tax collections have come in below forecast for the past three months. Gas tax collections have come in higher than forecast by \$0.9 million and diesel tax collections have come in below forecast for the past three months by \$2.6 million. Overall, fuel tax collections came in below the March projections by \$1.7 million or 0.07%.
- The June gasoline consumption forecast is driven by a strong annual growth rate 0.5% in FY 2013 which sets a higher baseline for the annual gasoline model and leads higher growth rates throughout the forecast horizon. Higher retail gasoline prices in the June forecast do buffer the growth rates somewhat.
- A negative annual growth rate of 1.4% for diesel in FY2013 led to a reduction in diesel consumption throughout the forecast horizon.
- Washington's non-farm projections have been revised down slightly from March. Trade, transportation and utilities employment are slightly lower through 2015 and slightly higher after 2016.
- Overall, in the current biennium, gross fuel tax revenues are down \$1.7 million (0.07%) from the last forecast.
- Overall motor fuel tax refunds and transfers are down slightly (0.48%) in the current biennium and this trend continues downward throughout the forecast horizon as fuel tax revenues are projected lower than in March.
- Tribal gas tax refunds are down but diesel tribal tax refunds are up in the current biennium compared to the March forecast.

**Figure 23 Short-term Motor Fuel Tax Forecast – By Month of Collection:
June 2013 forecast**

millions of dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Gasoline Taxes	\$1,000.3	\$1003.2	\$2,003.5	\$1,007.2	\$1,008.1	\$2,015.3
Special Fuel Taxes	241.4	238.9	480.2	246.5	252.9	499.4
Total Fuel Revenue	\$1,241.7	\$1,242.1	\$2,483.7	\$1,253.7	\$1,260.9	\$2,514.7
% Δ from Prior Forecast	0.0%	-0.1%	-0.7%	-0.1%	-0.4%	-0.24%

Motor Vehicle Revenue (Licenses, Permits, and Fees)

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 personal income, Washington - U.S. real income share, Washington Retail Employment, and U.S. sales of light vehicles. Washington State collected almost \$873 million from vehicle licenses, permits, and fees (LPFs) in the 2009-11 biennium. This appears to be the low point for this revenue source and revenues will be picking up, biennium over biennium. The forecast for revenue from licenses, permits, and fees in the 2011-2013 biennium is projected to be \$936 million, which is \$63 million more than the previous biennium. The majority of this increase is due to legislative-mandated increases in the Late Title Penalty Fee, the Vehicle Title Fees, and two new fees: the Electric Vehicle Renewal Fee and the Original Plate Fee.

In the June 2013 LPF forecast for the current biennium compared to the forecast released in March, LPF revenue is up \$7.9 million (0.85%) from the previous estimate of \$928.6 million.

Trends in vehicle registrations

There was a U-shaped recovery from the 2009-2010 recession for cars. By 2011, passenger car registrations returned to 4.336 million and exceeded the previous high water mark established in 2008. Registrations for fiscal year 2012 finished slightly below 2011 falling slightly (0.4%) from 2011 to 4.32 million. While passenger car registrations are up in the current year, the June forecast for passenger car registrations shows an increase over the previous forecast for the rest of the 16 year forecast horizon. Averaging 1.6%, this is a minor change from March's projections. The June 2013 forecast for passenger car registrations is up 1.1% for FY 2013 and 1.2% for 2014 from the last forecast.

The recession was deeper and sharper for trucks. Like cars, truck registrations did recover in 2011 from the low point in 2010. Unlike cars, trucks did a double-dip recession returning to near the 2010 low in 2012. Trucks are up, but again it will take a few more years to return to the 2008 high. Truck registrations for 2012 were about 1.75% lower than 2011. For FY 2013, the June forecast projects a 1.2% year over year increase in truck registrations. In future biennia, the June forecast assumes year to year growth rates between 0.2% to 1.2% for trucks. Truck registrations are up 1.2% in 2013 and 1.0% in 2014 from the last forecast. The forecast-to-forecast increase is close to 0.3% each year.

Trends in LPF revenue

As previously stated, Washington State collected almost \$873 million from vehicle licenses, permits, and fees (LPFs) in the 2009-11 biennium while the 2011-13 biennium should be about \$936 million. The 2009-2011 biennium is the low point for this revenue source and revenues are picking up, biennium over biennium.

For the 2009-2011 biennium, vehicles paying the \$30 basic fee brought in \$284 million while trucks garnered \$330 million. For 2011-2013, passenger vehicles (\$30 vehicles) should bring in \$295 million, which is higher than the March forecast. Trucks should earn \$346 million or about \$3.4 million (0.98%) higher than forecasted in March. Truck fleet registrations continue to come in higher than forecast, bringing more revenue. This reflects a national trend of higher growth in commercial trucking.

Passenger weight fees were \$106 million for 2009-2011. In the current biennium, weight fees are projected at \$109.5 million, a slight increase from the March forecast. Motor home weight fees came in at \$10 million in 2009-2011. These fees will be \$9.9 in the current biennium slightly lower than the previous biennium.

While not strictly a vehicle license fee, the Legislature approved a new fee for outdoor advertising that should bring the Motor Vehicle Fund an additional \$235,000 each year beginning in FY 2015.

Figure 24 Passenger Car Comparison:
June 2013 vs March 2013 forecasts
millions of vehicles

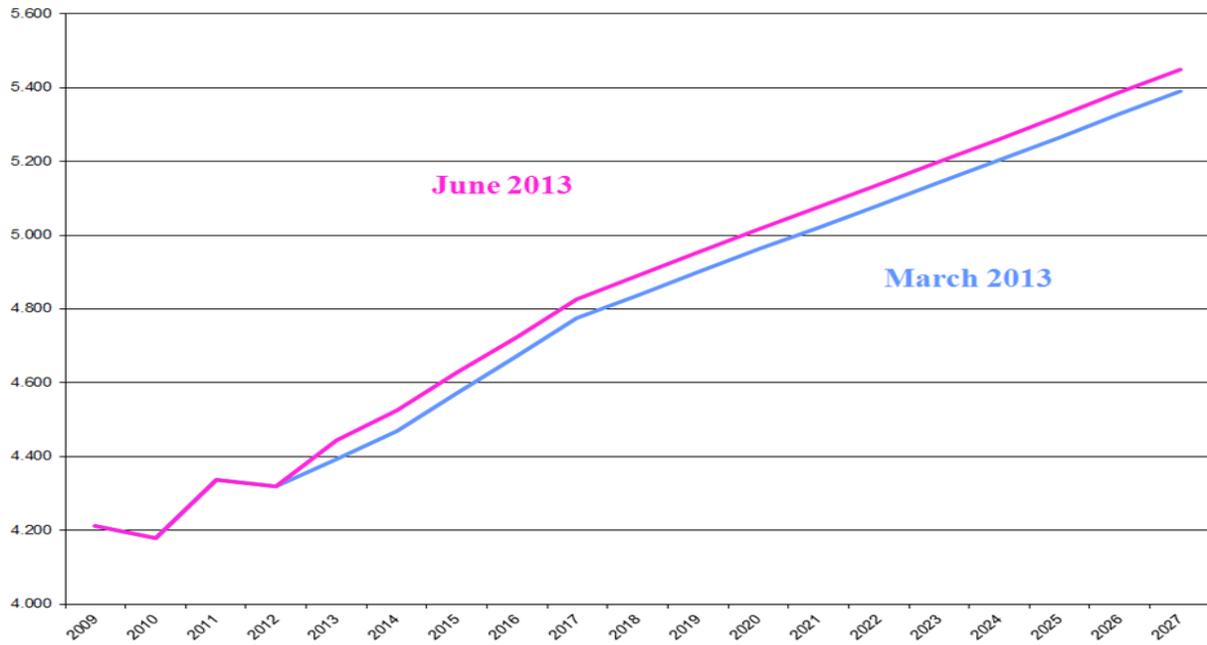
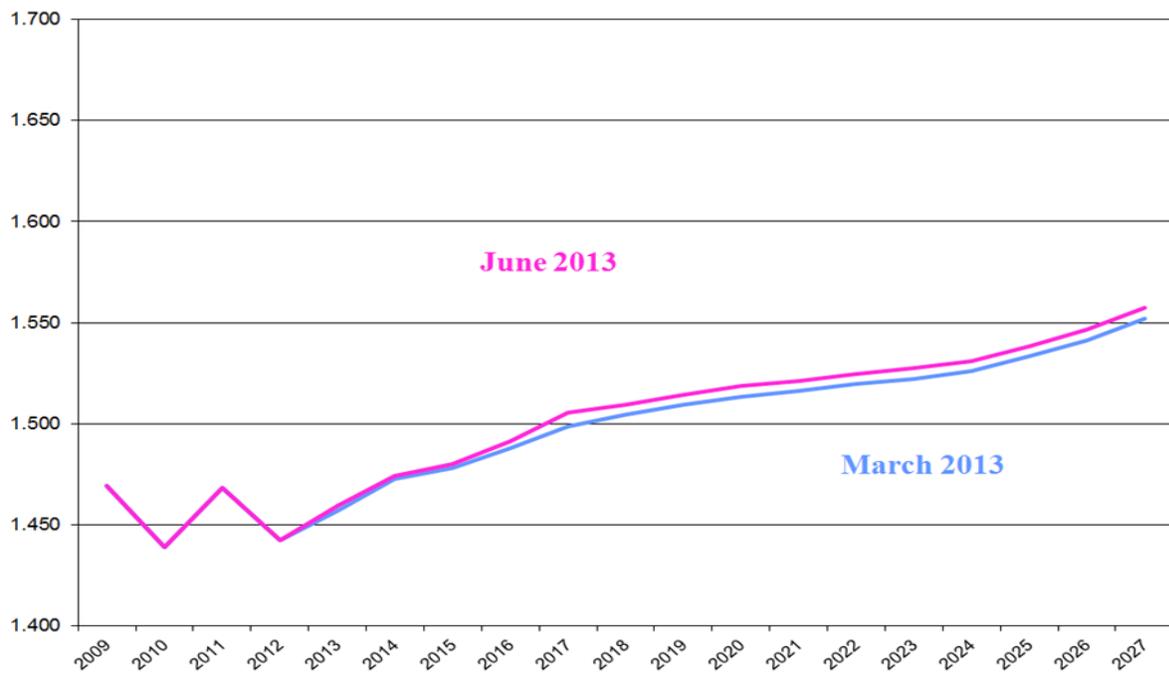


Figure 25 Truck Comparison:
June 2013 vs March 2013 forecasts
millions of vehicles



Trends in LPF revenue

The license plate replacement fee revenue is revised higher by \$742.0 thousand (2.6%) in the 2011-2013 Biennium given higher than expected actual revenue to date. This forecast continues higher in the near term due to annual updates of attrition rates, which are lower. Revenue for license plate reflectivity fees is revised higher by \$139.4 thousand (1.3%) in the FY2011-13 Biennium. The plate number retention fees are also forecasted higher than the previous forecast for the current biennium by about \$68.1 thousand (4.9%). It is believed that this increase in plate number retentions is tied to the renewal of a series of specialty plates that were first rolled out around seven years ago.

There are two new forecasts included in the LPF revenues per EHB 2660: original issue plate fees effective October 1, 2012 and the \$100 fee for electric vehicle registration renewals effective February 1, 2013. The original issue plate fees are lower in the FY2011-13 Biennium by \$232.8 thousand (-2.7%) from the prior forecast due to lower actual revenue collections year to date as well as improved reporting. Original issue plate revenue is estimated to be \$8.35 million in the 2011-2013 Biennium and \$24.7 million in the 2013-2015 Biennium. The electric vehicle renewal fees are estimated to be \$70.0 thousand in the 2011-2013 Biennium (about \$3,200 or 4.8% higher) and \$261.6 thousand in the 2013-2015 Biennium, unchanged from prior forecast.

Title fees are slightly higher by \$28.4 thousand (0.8%) when compared with the previous forecast for the 2011-13 Biennium and it is lower by \$807.1 thousand (-1.2%) in the 2013-2015 Biennium. Title fees increased from \$5 to \$15 per EHB 2660 effective October 1, 2012 with the \$10 increase distributed in its entirety to the Nickel Account.

The dealer temporary permits are higher than the prior forecast in the 2011-13 Biennium by \$227.1 thousand (2.8%) with higher than anticipated transactions year to date. This forecast is \$150.2 thousand (1.6%) higher in the 2013-2015 Biennium.

The forecast of the new revenue (effective January 2012) from vehicle quick titles (\$50.00 each) is higher than the prior forecast in the 2011-13 Biennium by \$123.5 thousand (20.3%) due to better than expected transactions in the current year and higher level transactions are expected throughout the forecast horizon.

Primary reasons for the forecast changes

- Actual passenger vehicle registrations will be higher in FY 2013 and future year forecasts are greater than the previous forecast.
- Actual truck registrations are up in FY 2013 and additional revenue is coming in from more commercial truck registrations than predicted.
- Overall, LPF revenues are up \$7.9 million compared to the last forecast in the current biennium. In the next biennium, LPF revenues are up \$10.3 million. The basic license fee and combined license fees were essentially up slightly throughout the June forecast since the last forecast.

Figure 26 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees): June 2013 forecast

millions of dollars (totals do not add due to rounding)

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Basic \$30 License Fee	\$146.7	\$148.2	\$294.9	\$150.6	\$153.9	\$304.5
Combined License Fee	170.6	175.2	345.8	173.9	174.6	348.5
All Other Fees	132.9	162.9	295.9	175.2	178.1	353.3
Total LPF Revenue	\$450.2	\$486.3	\$936.5	\$499.7	\$506.6	1,006.3
% Change from Prior Fcst	0.0%	1.7%	0.85%	1.0%	1.1%	1.03%

Driver Related Revenue Forecasts

The June 2013 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 \$225.3 million for the 2011-2013 Biennium, about 0.2 million (-.1%) lower from the prior forecast. In the 2013-2015 Biennium, the June forecast of driver related revenue is \$294.4 million, an increase of about \$0.7 million (.2%) from the prior forecast.

It is important to note that many of the driver related revenue streams follow a five-year renewal cycle until FY2014 when it becomes a six-year cycle. Caution is advised in year over year comparisons.

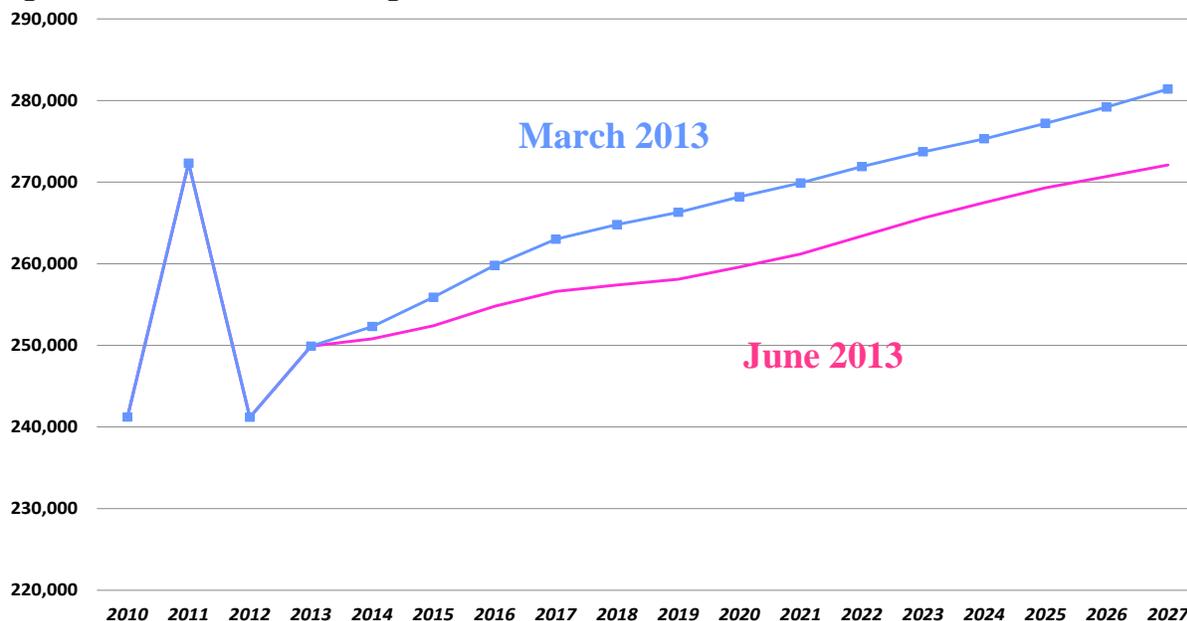
Trends in Driver's Licenses, ID Cars, Exams, and Abstracts of Driver Records

Beginning with this forecast, the display of revenue under 106-254 (Highway Safety Fund) includes more details. In addition to regular driver licenses, ID cards, CDL, Permits and EDL/EID revenue, revenue estimates are provided for 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 has been driven by OFM's driver-in migration, and ERFC's non-agricultural employment forecasts. In June forecast, OFM's population aged 16-18 is included in the model to conceptually account for first time drivers from within the state. While the driver-in forecast is revised higher, the employment variable is revised slightly lower. Combing with the population age 16-18 variable, the forecast for original driver licenses has a gradual downward revision starting from about -0.6% in FY2014 to about -3% beyond 2018.

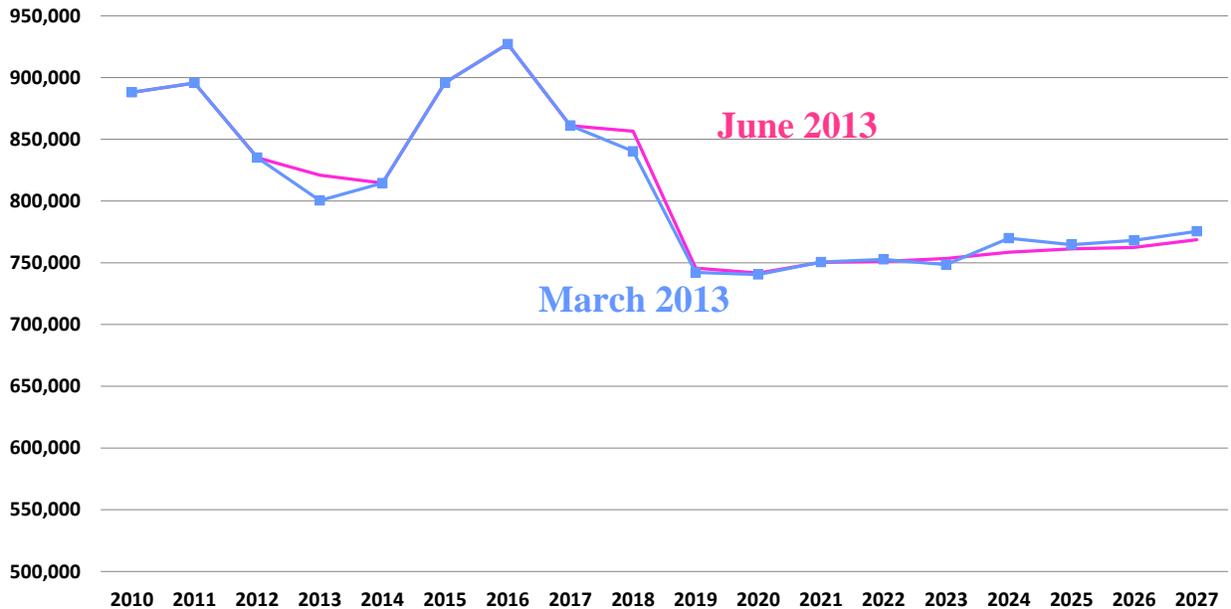
Figure 27 Driver License Originals: June 2013 vs March 2013



Renewals

Although still lower than the prior year, the driver license renewals have come in higher than expected since March forecast, and June forecast has a 2.6% revision up for FY13 and little change for the out years other than the echo of the higher FY13 and lower original issuance forecast in the out years.

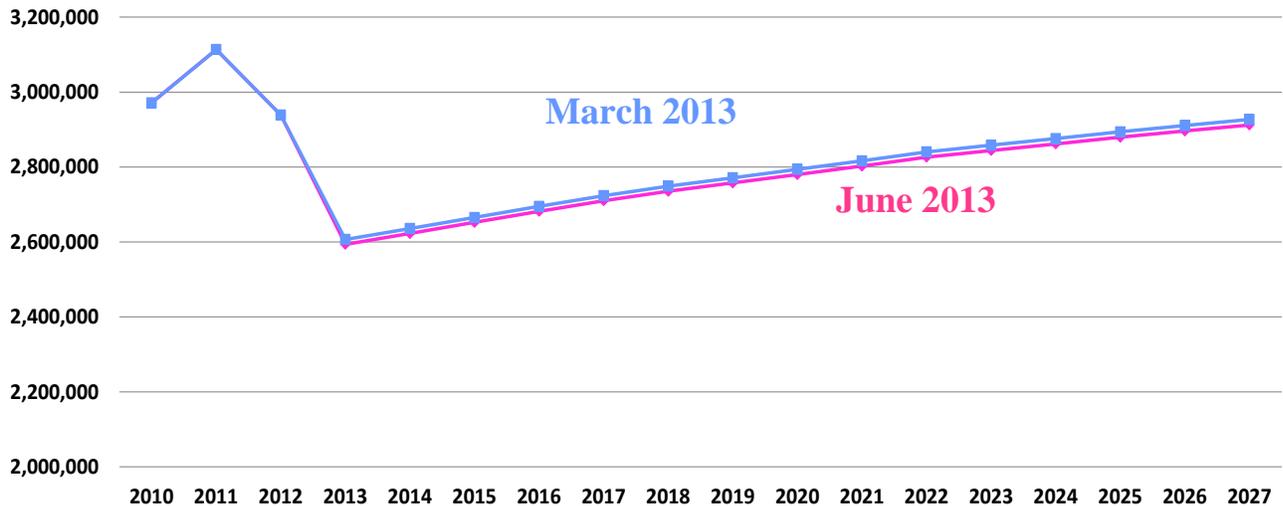
Figure 28 Driver License Renewals: June 2013 vs March 2013



Abstracts of Driver Record (ADR)

Sales of ADR sales volume continues to come in lower than expected and lower year over year. After several downward revisions of the forecasts in recent couple of years, the June forecast finally suggests that the sales volume may have just hit the bottom. Compared to March, the June forecast is essentially unchanged, with just under -.5% downward revisions throughout the forecast horizon.

Figure 29 Sales of ADR June 2013 vs March 2013



Enhanced Driver License (EDL) and Enhanced ID (EID)

In 2008 Washington became the first state in the nation to issue enhanced driver license/ID cards which is compliant with federal REAL ID requirements. These documents are valid for border crossing on land and sea as well as for domestic flights. To date DOL has issued a total of more than 410,000 such documents, with the earliest issuances starting to renew this year.

The EDL/EID issuances peaked in 2010 with Vancouver Winter Olympics and have since leveled off, with total issuances lower by -5% in FY12 from prior year and about another -2% in FY13. Anticipating that some of the Olympic game goers would not renew their enhanced documents, the June forecast revised FY15 and FY16 total issuances by close to 6,000 each year (or a little over -5%). The rest of the forecast horizon is expected to have a smaller (averages about -1.6% per year) reduction reflecting changes in the regular driver license and ID card forecast revisions.

ID Card

The ID card first time issuances of ID cards continue to drop since the fee increased (from \$25 to \$45) in October 2012. At the same time, there has been a significant increase in public assistance ID card recipients paying only a fraction (\$5.00 rather than \$45.00) of the fee. From FY 2008 – 20012, public assistance (PA) identicards were 0.7% of original identicards issued; since the fee increase in October, they are averaging 8.3% of originals. [PA Identicards are issued at cost of production (RCW 46.20.117 (1)(c)).] Following March's significant downward revision of this forecast, the June forecast of ID cards is further revised down by close to -2% for the next biennium.

Driver Exam Application Fee

DOL is in the implementation phase of moving driver exams and tests outside DOL offices to contracted driving schools (starting August 2012). Data to date show a drop in the historical ratio of exam applications to first-time driver license issuances (from prior five year average ratio of 1.6 to 1.23 year to date). With higher exam fees for the test takers, and driving schools' incentive to have their test takers passing the test on the first try, it is reasonable to expect higher passing rate in future driving tests/exams. The downward revision in examination and permit revenue continues in the June forecast, with skill and knowledge testing transitioning from DOL field offices to private driver training schools.

Trends in Driver Related Revenue

Highway Safety Fund

Total Highway Safety Fund revenue for the current biennium is projected to be \$188.1 million, essentially unchanged from the prior forecast. For the FY13-15 biennium, total Highway Safety Fund revenue is projected to be \$251.5 million, about \$926 thousand (.4%) higher than the March forecast. This slight increase in total revenue is due to inclusion of expected revenue from 2013 passed legislation SSB 5182. The new \$2.00 fee for the Disclosure of Vehicle Owner Information, effective January 2014, is expected to generate about \$1.3 million per year. Without this new fee revenue, the Highway Safety Fund total would be a little less than the prior forecast due primarily to downward revisions to driver exams, permits, and ID cards.

Approximately 80% of the Highway Safety Fund (HSF fund 106) revenue comes from driver license related fees, including driver exams/tests and ID cards (those items sum to 106-254). The 2011-2013 Biennium revenue is projected to be \$149.9 million, up by about \$109 thousand (.07%) from prior forecast, due to better than expected duplicates and reissues. Driver fee related revenue for FY13-15 biennium is projected to be \$207.5 million, down about \$1 million (-.5%) from March forecast, due to further downward revisions of driver exams, permits, and ID cards.

Revenue from the sales of abstract of driver records is revised slightly down by about \$158,000 (-.5%) for the current biennium and up about \$1.8 million (+4.9%) for the next. This reduction in current biennium reflects lower than expected actual collections in ADR sales and the increase in the next biennium is due to inclusion of new revenue from the new 2.00 fee for vehicle owner records.

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 \$2.5 million a year. The June forecast for the current biennium is at \$5.2 million, about 1.4% 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 June forecast has a very small downward revision. Total revenue for the current biennium is expected to be \$30.6 million, down about \$105,000 (-.3%) from prior forecast. Revenue for FY13-15 is expected to be \$34.3 million, down about \$170,000 (-.5%). Similar downward revision is projected in the outer biennia as well.

Motorcycle Safety Education Account Trends

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

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

Revenue for the Motorcycle Safety Education Account is projected to be about \$4.1 million for the current biennium, reflecting a downward revision of about \$43,000 (-1.0%) from the prior forecast. Revenue for the FY13-15 biennium is expected to be about \$5.0 million, a downward revision of about \$51,000 (-1.0%) from the prior forecast. These lower near-term forecasts reflect expectations of continued below normal volumes while transitioning to private school skills exams. Even with the downward revision, the revenue growth for the FY13-15 biennium is strong due to transitioning to the 6-year renewal cycle. FY17 and beyond revenue is lower than the March forecast due to a higher expected attrition rate for renewals.

Ignition Interlock Device Revolving Account

The Ignition Interlock Device Revolving Account revenue is projected to be about \$2.5 million for the current biennium, reflecting a downward revision of about \$87,000 (-3.3%) from the March forecast. Revenue for the FY13-15 biennium is expected to be about \$3.6 million, unchanged from the prior forecast. This is a relatively new revenue stream with insufficient observations to develop sophisticated models. The monthly IID billing average for April and May are at a level that approximately equals the constant monthly revenue forecast for future fiscal years. This supports a no-change forecast for future fiscal years.

Primary reasons for the forecast changes

Primary reasons for the change in driver related revenue are:

- Lower observed ratio of exam application to driver license issuances suggesting lower driver test re-take rate with the transition from DOL testing to private school testing;
- Reduction in full-fee-paying ID cards following the recent fee increase as more recipients seek DSHS subsidized ID card payments;
- Lower expectations of first time driver issuances in the outer years of the forecast horizon, and
- Inclusion of past legislation impacts.

Figure 30 Short-term Driver Related Revenue Forecasts: June 2013

millions of dollars

Driver Related Revenue	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Total Highway Safety Fund	\$82.8	\$105.2	\$188.1	\$124.5	\$127.1	\$251.5
Drivers License Fees	64.3	85.6	149.9	102.9	104.6	207.5
Copies of Record Fees	16.1	16.8	32.9	18.8	19.7	38.5
Other smaller misc. Fees	2.4	2.8	5.2	2.7	2.8	5.5
Total Motorcycle Safety Education Account	2.2	2.0	4.1	2.5	2.5	5.0
Total State Patrol Account	14.8	15.8	30.6	17.0	17.2	34.3
Total Ignition Interlock Device Revolving Account	1.2	1.4	2.5	1.8	1.8	3.6
Total Driver Related Revenue	\$100.9	\$124.4	\$225.3	\$145.8	\$148.6	\$294.4
Percent change from prior forecast	0.0%	-0.2%	-0.1%	0.3%	0.2%	0.2%

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 14% from FY 2010. In FY 2012, US spending on light vehicle sales also grew 14% to \$394 billion. In FY 2013, the growth in the US spending on light vehicle sales is projected to be \$444 billion; an increase of 12.7% year over year and this is a slight revision upward from the prior forecast of 1.8%. In FY 2014, the growth in the US spending on light vehicle sales is projected to be \$ 459 billion; an increase of 3.4% year over year and up 2% from the prior 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 are projected to increase to \$63.135 million which is up slightly from past forecast. Actual tax collections have come in \$0.043 million higher than March’s forecast with national projections of new and used car sales being up in the near-term and higher from March in fiscal years 2015-2019. In the 2013-15 biennium, the sales and use tax collections are projected to increase to \$70.834 million which is 0.1% higher or \$0.104 million above the past forecast. Revenues after the 2013-15 biennia are higher but the differences from the last forecast turn negative starting in fiscal year 2019.

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 is projected to be \$46.633 million which is down 0.2% from the March forecast. Actuals since the last forecast have been lower than projections by \$.089 million. In the 2013-15 biennium, revenues are projected to be \$49.526 million which is a 0.3% revision down from the prior forecast. The primary reason for the change in the forecast is due to lower actuals since the March forecast. By the 2015-17 biennium, the current rental car sales tax is down from the prior forecast by \$0.036 million from March. Over the 10-year forecast horizon, the rental car tax is down \$0.763 million.

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

Motor Vehicle Account business and other revenue tax collections for the 2009-11 biennium was \$12.6 million. Each biennium this revenue category has a unique set of properties available to be sold, making biennium to biennium comparisons difficult. The June 2011-13 biennium forecast is projected to be \$13.3 million, which is \$1.4 million higher than the March forecast. The 2013-15 biennium total business related revenues are projected to be up slightly by 2.4% or \$0.3 million from the March forecast.

The School zone fine for the Washington Traffic Safety Commission was first added to the March 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 projected in FY13, for a biennial total of \$1.6 million. In the 2013-15 biennium, the revenue from school zone fines is anticipated to be \$1.64 million similar to the 2011-13 biennium.

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.

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 and subsequent forecasts are estimated based on data provided in WSP's fiscal note for 2SHB 2443, adjusted for revenue collections beginning in October 1, 2012.

The June 2011-13 Biennium WSP business related revenue forecast is \$9.62 million, 4.94% or \$0.452 million up from prior estimates primarily due to the increase in revenue from Breath Test Fines and Terminal Safety Inspection Fees. Revenue for ACCESS fees 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 \$571,000 and \$543,000 respectively. The terminal safety inspection fee is up 9% from the last forecast by \$0.233 million in the current biennium. The same trend continues in the next biennia with the fee revenue increasing by \$0.233 million per biennia.

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 is projected to be \$6.4 million in the current biennium. This increase is a minor upward revision of \$0.091 million from March. In the 2011-13 biennium, the aircraft registrations, excise and dealers' taxes which are a small portion of the total aeronautics revenue are estimated at \$1.423 million, the same as in March. Ten percent of the excise tax goes to the aeronautics account and the rest goes to the state general fund. The aeronautics transfer from the motor vehicle fund is also part of this forecast and is projected to be \$562,500 which is nearly the same as in March for the current biennium. In the 2013-15 biennium, the aeronautics transfer from the motor vehicle fund is projected to be \$564,400 by 0.23% from the last forecast. This transfer grows throughout the forecast horizon.

Aviation Fuel Tax

Aviation fuel taxes are forecasted at \$5.5 million in the 2011-13 Biennium and \$5.25 million in the 2013-2015 Biennium. The forecast is lower in the 2011-13 Biennium by \$92.1 thousand (-1.64%) than the previous forecast with lower actual revenue collections year to date. This forecast continues to be slightly lower throughout the forecast horizon.

Primary reasons for the forecast changes

- Vehicle sales and use tax revenue is up in the current biennium by nearly \$0.1 million due to higher actual. In subsequent years, the forecast is \$70.8 million and up \$0.1 million than March until fiscal year 2020 when it turns negative from the last forecast.
- Rental car tax revenue is down by 0.9 million in the current biennium due to lower collections in recent months than anticipated. In subsequent biennia after 2013-15 biennium, the rental car tax revenue is larger from March minimally.
- WSDOT Business and other miscellaneous revenue is \$ 12.2 million in the current biennium which is up slightly from the prior forecast. The future biennia estimates overall have been revised up from the last forecast for filing fees and legal services, property management and other revenues due to changes in inflation.
- School Zone fines are higher in this June forecast and are anticipated to generated \$ 1.6 million in the current biennium and \$ 1.6 million annually thereafter.
- WSP Business and other miscellaneous revenue June forecast has only minor upward revisions for actuals in the current biennium by \$ 0.4 million from March.
- Aircraft fuel tax revenue has been revised down by \$ 31,400 in the current biennium and all subsequent biennia are lower reflecting lower actual collections than anticipated in March.
- Aircraft registrations and excise taxes have increased slightly from the March forecast.
- In the current biennium, total other transportation related revenue is projected to be \$151.6 million and \$0.694 million above the last forecast.
- In the 2013-15 biennium, the revenues are projected to be \$161.7 million and this forecast is a upward revision of \$0.8 million from March. In future biennia beyond 2013-15 biennia, business related revenues are increasing by a diminishing amount each biennia so by 2017-19 biennia total transportation related revenue forecasts.

**Figure 31 Short-term Other Transportation Related Revenue:
June 2013 forecast**

millions of dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Rental Car Sales Tax	\$23.7	\$23.0	\$46.6	\$24.2	\$25.3	\$49.5
Vehicle Sales & Use Tax	30.0	33.1	63.1	34.7	36.1	70.8
DOT Business/Other Rev	6.7	6.7	13.4	6.1	6.1	12.2
WSP Business/Other Rev	4.5	5.2	9.7	5.3	5.4	10.7
WA Traffic Safety Comm.	0.9	0.7	1.6	0.8	0.8	1.6
Aeronautics Taxes/Fees	3.6	3.3	6.9	3.3	3.4	6.7
Total Other Transportation Related Revenue	\$69.4	\$71.9	\$141.3	\$74.5	\$77.1	\$151.6
% Change from Prior Fcst	0.04%	2.8%	1.6%	0.06%	0.9%	0.8%

Ferry Ridership and Revenue

Ferry Fare Ridership and Revenue Forecasting Process

For the June 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 June Baseline Forecast incorporates actual ridership counts revenue collections through May 2013. The most recent tariff changes reflected in the June Baseline Forecast include the previously adopted 3.0% fare increase on May 1, 2012, and the 2.5% fare increase on October 1, 2011, which also coincided with lower fares for small vehicles under 14 feet in length, fare revisions to oversize vehicle fares to offset the loss of revenue on small vehicles, and a \$0.25 capital program surcharge per fare sold.¹ The June Baseline Forecast scenario excludes any future fare increases.

The June Baseline Forecast continues with the application of the refinements made in November to the passenger and vehicle/driver commuter fare ridership models. The new models better capture the unique trends in commuter ridership by incorporating working age population index forecasts for the three counties that comprise the majority of the ferry-served communities.

Both passenger and vehicle/driver “frequent user” or commuter fare ridership, for which fares are pre-sold as a multi-ride discount, have been steadily declining since FY 2000 for a variety of reasons. Cumulative fare increases of over 120% for commuter passengers and more than 90% for vehicle commuters since FY 2000 account for much of the trend.² A change in commuter multi-ride fare media in 2007 effectively limits the severability of the fare media, and has thus reduced the number and types of customers that can take advantage of the discounted “commuter” fares.

At the same time, the populations of Vashon, Whidbey, and Bainbridge Islands, the remainder of Kitsap County, and San Juan County are all aging. As a result, the retirement age (65+) shares of the total populations of these ferry-served communities are growing while the working age shares are shrinking, and the forecasts for working age population levels are nearly flat. Telecommuting in the region has also become more prevalent in the past decade. These demographic factors have also contributed to the declining trend in passenger and vehicle/driver commuter ridership over the past decade, and are expected to continue exerting influence on future projections of commuter ridership.

Trends in Passenger 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. In FY 2013, ferry passenger

¹ The \$0.25 capital program surcharge per fare sold was authorized in ESSB 5742 and approved by the Washington State Transportation Commission in August 2011

² Based on the central sound frequent user discounted fare for Seattle-Bremerton, Seattle-Bainbridge, and Edmonds-Kingston.

ridership is expected to be 12,335,000, a 0.4% increase from the prior forecast, and a year-over-year increase of 0.8%. This increase in the June passenger ridership forecast is due to actuals coming in above the March forecast for the past four months by 0.3% or 9,705 passengers.

For the rest of the forecast horizon, the passenger ridership projections range from 1.4% higher than March in FY 2014, dropping to 0.7% higher in FY 2015, and then tapering off to 0.2% higher FY 2027, due primarily to a slight upward revision in the forecast for real personal income.

Trends in Vehicle/Driver Ferry Ridership

Vehicle/driver ridership was 10,134,311 in FY 2010, or 2.2% higher than in FY 2009. This increase for FY 2010 comes despite the dampening effects of the October 2009 2.5% fare increase. Actual vehicle/driver ridership for FY 2011 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, ferry vehicle/driver ridership is projected to be 10,030,000, or 0.2% higher than the March forecast, which also represents a predicted year-over-year increase of 0.5% from FY 2012. This higher June vehicle/driver ridership forecast in FY 2013 is based on seeing 0.2% higher actual driver/vehicle ridership in the last four months than the March forecast.

For the rest of the forecast horizon, the vehicle/driver ridership projections range from 0.2% higher in FY 2014, to essentially unchanged in FY 2015 and FY 2027, to marginally lower (0.3% or less) from FY 2016 through FY 2026, compared to March. The two key factors behind these trends are higher real gas prices beyond FY 2014 and unchanged to slightly lower employment projections relative to the prior forecast.

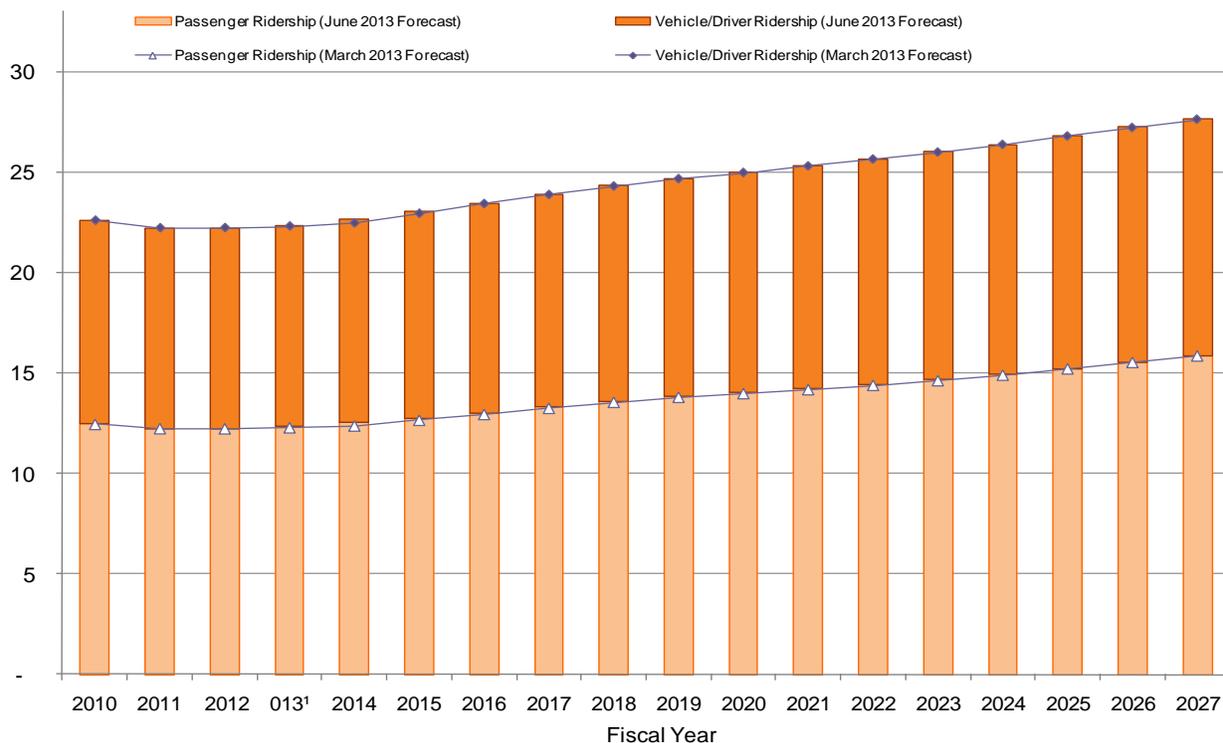
Overall Trends in Overall Ferry Ridership

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-half of one percent annual growth from FY 2011. For FY 2013, total ridership is projected at 22,365,000, or 0.3% higher than anticipated in March with 11 months of actual ridership data included. Note that the FY 2013 ridership counts reflect unplanned service disruptions and capacity reductions on the Seattle-Bremerton and Fauntleroy-Vashon-Southworth routes during the month of December 2012.

For the rest of the forecast horizon, projected overall ridership starts out 0.9% higher in FY 2014, and quickly tapering off to 0.1% higher over the rest of the forecast horizon, relative to the March values.

Figure 32 illustrates the trends and changes from the prior forecast for passengers, vehicles/drivers and total ferry ridership over the forecast horizon.

Figure 32 Comparison of Ferry Passenger and Vehicle Ridership: June 2013 and March 2013 Baseline Forecasts *Millions of Riders*



¹ FY 2013 ridership includes actual values through May 2013.

Trends in Ferry Revenue

The June 2013 ferry revenue projections for the Baseline Forecast include the projected effects of the aforementioned tariff revisions. 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 fare revenue representing \$294.5 million of the total.

The overall impact of the revised projections for the forecast models' input variables is a marginally lower revenue forecast trend relative to March beyond FY 2014. The revenue projections are slightly lower despite the overall ridership being higher. This is due the revenue impact of the small decreases in projected vehicle/driver ridership more than offset the revenue impacts of the small increases in passenger fare ridership, since the vehicle/driver fares are significantly higher than the passenger fares beyond FY 2014.

Fare revenue plus capital surcharge revenue for FY 2013, both of which includes eleven months of actual collections, are collectively 0.5% higher than projected in March, due to better than expected revenue this spring.

For the 2011-2013 biennium, farebox collections under the Baseline Forecast are projected to be 0.3% or \$0.9 million higher than projected in March for a total of \$316.7 million. Of this total, more than \$310.5 million represents regular fare revenues and nearly \$6.2 million represents the capital surcharge receipts. Compared to March, the current Baseline Forecast for revenue is anticipated to range from 0.1% higher for the 2013-2015 biennium (with the increase all coming in FY 2014), to no more than 0.3% lower than March for the 2019-2021 and 2021-2023 biennia.

Ferry Capital Surcharge Revenue

The ferry capital surcharge of \$0.25 per fare sold enacted in ESSB 5742 that was adopted by the Washington State Transportation Commission is included in the Baseline Forecast. With nine months of collections in FY 2012, the ferry capital surcharge generated incremental revenue for capital projects of \$2.5 million. For FY 2013, the first full year of collections, the ferry capital surcharge is anticipated to bring in \$3.6 million. Future values increase with growth in ridership.

Ferry Miscellaneous Revenue

WSF's miscellaneous revenue forecasts are based on vendor projections, traffic and revenue projections, as well as CPI inflation adjustments. Once the June 2013 ridership forecasts are developed, the miscellaneous revenue forecasts were updated to include actual revenues through April, and future growth trends were aligned to the new ridership forecasts and expected inflation.

- The FY2013 changes in the non-fare revenue projections compared to March are due to less actual revenues received in nearly all contracted concessions and services fiscal year-to-date. The one exception is WIFI revenue; however, at \$51,700 per year, its impact is minor. The impacts of lower actual revenues in the current fiscal year carry over to subsequent biennia in the forecast.
- The 2013-15 biennium reduced revenue projections are primarily within the "Other Non-Fare Revenue (Terminal)" category. Advertising is reported under this category even though it occurs on vessels as well as in the terminals. The advertising revenue projection was reduced for FY 2013 based upon actual revenues to-date, and this reduction is carried forward into the forecasts for subsequent biennia. After factoring this adjustment, the miscellaneous revenue forecast trend generally tracks with the ridership forecast trend.
- It should be noted that reductions to projected inflation (CPI) also have a downward influence on the non-fare revenue projections.

Primary Reasons for the Forecast Changes

- Higher real personal income offsets the higher real fares due to lower inflation, contributing to the higher passenger fare ridership and fare revenue projections.
- Higher projections for real gas prices, unchanged to lower employment projections, and lower inflation (higher real fares) dampen the vehicle/driver fare ridership and revenue projections over the forecast horizon.
- For miscellaneous revenues, the forecasts reflect lower actuals than projections for nearly all revenue components, which when combined with lower inflation (CPI) projections and only marginal changes in projected ridership, leads to lower non-fare revenue forecasts.

**Figure 33 Short-term Ferry Revenue
June 2013 Baseline Forecast**

Millions of Dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Farebox Revenue	\$152.54	\$158.02	\$310.56	\$158.78	\$161.88	\$320.65
Capital Surcharge Revenue	2.55	3.63	6.18	3.83	3.90	7.73
Misc. Ferry Revenue	3.21	3.51	6.72	3.68	3.79	7.47
Total Ferry Revenue	\$158.30	\$165.16	\$323.45	\$166.29	\$169.56	\$335.85
% Change from Prior Forecast	0%	0.4%	0.2%	0.1%	-0.2%	0.0%

Toll Revenue

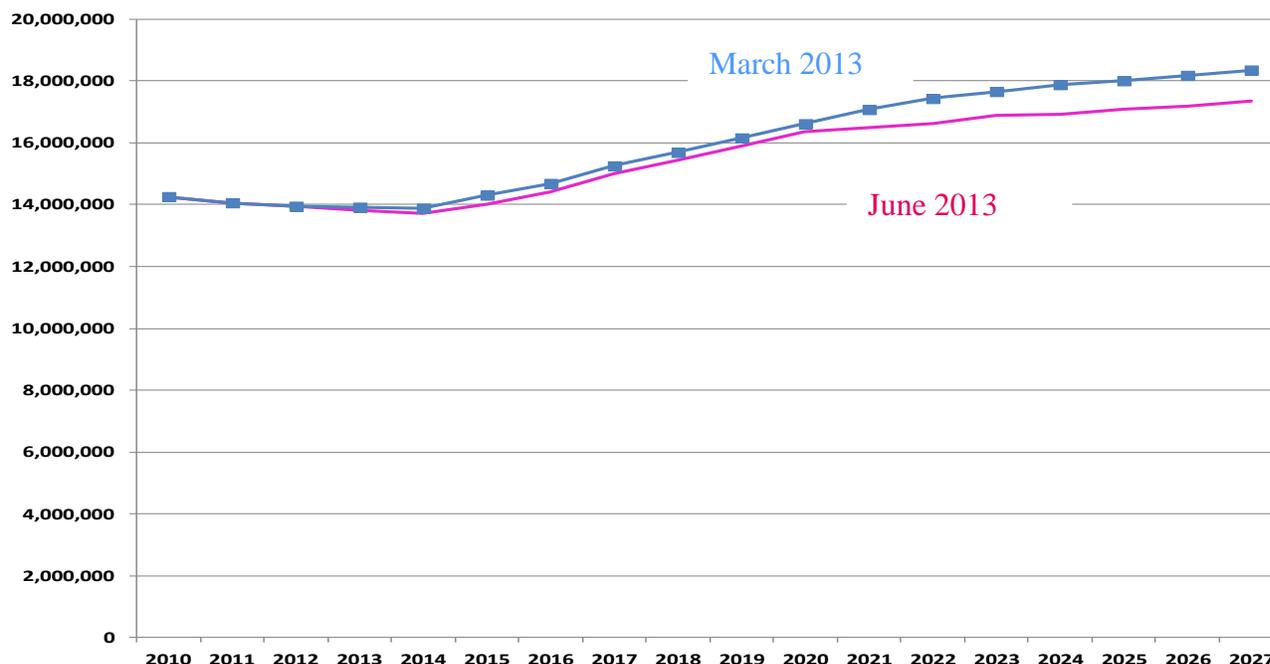
The Tacoma Narrows Bridge (TNB) revenue forecast reflects actual toll collections through April 2013. In 2013 two consecutive toll rate increases were adopted by the Washington Transportation Commission. The first toll rate increase will begin on July 1, 2013. The toll rates for 2-axle vehicles will 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 April 2013. In 2013 legislative action (SSB 5024), SR 167 HOT lanes pilot program was extended to June 30, 2015. Toll rates are set to maximize traffic flow while managing demands to maintain acceptable operating speed on the HOT lanes.

Washington State Transportation Commission adopted a 2.5 percent toll-rate increase for the SR 520 Bridge. As of July 1, 2013, for weekdays for 2-axle vehicles, the peak SR520 Bridge GTG and PBM toll rates will be \$3.70 and \$5.25, respectively. During weekends the peak GTG and PBM toll rates will decrease to \$2.30 and \$3.90. Trucks pay by the axle. SR 520 Bridge June revenue forecast reflects revised investment grade study to the 2011 investment grade study. The forecast assumes a 2.5% annual increase in toll rates through FY 2016 and a one-time 15% toll rate increase in FY 2017. Finally, the forecast assumes no further increases in tolls in the remainder of the forecast horizon.

Pay By Plate (PBP) toll rate will be the GTG rate plus \$0.25 fee and short term accounts will be \$0.50 less than the PBM rate per transaction. By legislative action in 2011, tolls may be paid after using a toll facility via a photo toll that identifies a vehicle by its 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 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 fines and fees revenue projections include civil penalties (for TNB only) and Customer Service Center administration fees. Transponder sales for FY2009 through FY2012 include revenues from the sales of transponders and disabling shields. In FY 2013 and beyond, transponder growth is based on annual traffic growth. In the current forecast, the projection for administration fees reflects the actual distributions of fees among SR520 Bridge, 167 HOT lanes and TNB.

**Figure 34 Comparison of TNB Traffic Volume:
June 2013 vs March 2013 Forecasts**



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%. 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 0.8%. In FY 2013, the TNB traffic volume is anticipated to be 13.83 million, year over year decrease of 0.9% and a decrease of 0.7% from the March forecast. The forecast for FY 2014 predicts an annual decline of 0.9% in TNB traffic volume which is a decrease of 1.3% from the last forecast. In FY 2015, TNB traffic volume is anticipated to grow year over year by 2% which is a 2% reduction from the March forecast. The primary reason for the lower TNB traffic volume in the near-term from the last forecast is the higher toll rates adopted recently by the Washington Transportation Commission. The annual traffic volume growth rates grow each year until FY 2017 when the forecast has the highest annual growth rate of 4.1% and then the annual growth rates begin to decline and the growth rates range from 3% down to 0.2%. This June forecast of TNB traffic is lower than the March forecast all throughout the forecast horizon. The forecast assumes a forecast to forecast decrease between 0.7% and 1.7% between 2013 and 2020 and 3.4% to 5.5% decline between 2021 and 2027.

TNB toll revenue for the 2007-09 biennium was \$73.1 million. The 2009-11 biennium toll revenue increased to \$91.9 million which is a 26% increase over the prior biennium. In the 2011-13 biennium, this June 2013 forecast of toll revenue is projected at \$103.1 million with \$5.91 million of that forecast being due to PBM and \$97.17 million due to prepaid and cash toll revenue. The decrease in the TNB toll revenue is \$2.23 million or 2.1% for the current biennium. The difference between the March and June toll revenue is mainly due to accounting adjustments that recognize billing allowances and deferred revenue for the current biennium. Overall, in the FY2011-2013 biennium, total TNB revenue is \$107.9 which is \$1.85 million or 1.7% lower than the March forecast. In the 2013-2015 biennium, the projected toll revenue is \$133.1 million, which represents a 5.98% increase from the March forecast. The increase reflects the toll rate increase starting July 1st 2013. Overall, in the FY2013-2015 biennium, the projected TNB revenue is \$136.5 million, which represents 6.2% increase or \$7.9 million relative to the March

forecast. This increase includes the two consecutive year increases in the TNB toll rate adopted in April by the Washington Transportation Commission. This same trend continues throughout the forecast horizon. The expected total revenue by 2025-2027 biennium is \$172.7 million, which is 7.7% or \$12.3 million higher than the March forecast.

Beginning in 2012, violations phased out and are 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 June 2013 forecast for 2011-13 biennium violations revenue is \$0.15 million, down by \$3,000, or 1.96% from the March forecast. The TNB fee revenue has increased by \$61,000 to \$0.60 million for the 2011-13 biennium. The change is due to an increase in the collection of reprocessing fees. Future fee revenue in the 2013-2015 biennium is projected to increase to \$0.81 million which is an increase of \$55,000 or 7.26% from the March forecast. The projected long term revenue incorporates accounting adjustments to recognize billing allowances and deferred revenue. Actual revenues from interest, liquidated damages and other miscellaneous revenue items such as real estate rent are included in miscellaneous revenue in FY2013. In subsequent years miscellaneous revenues include fixed revenue from liquidated damages and real estate.

Civil penalty revenue is a function of the pay by mail transaction estimate. The lag between civil penalty and PBM collection is 90-120 days. Civil penalty revenue is no change from previous forecasts since September 2012 forecast. This June forecast did not have a change in the civil penalties projections.

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. TNB transponders sales forecast in the current biennium decreased to \$0.66 million and this current projection is 6.65% or \$47,000 lower than the March forecast. Starting in the 2013-15 biennium through 2025-2027 the transponder sales projection decreases to \$0.6 million and \$0.7 million and this is approximately 13% - 14% lower than the March FY2013 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 was 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 it is expected to increase to 1.03 million by the end of FY 2013. This is a minor -1.6% revision from the March traffic volume forecast. SR 167 HOT lanes traffic volume is anticipated to grow 1.6% year over year to 1.046 million in FY 2014 and the traffic volume continues to grow another 3.2% to 1.079 million by FY 2015.

Revenue from HOT lanes' tolls, sales and fees in FY 2009 was \$471,256 and HOT lanes total revenue in FY 2010 was \$527,292 which represents a 12% increase annually. For the 2009-2011 biennium, HOT lanes total revenue was \$1.25 million. In FY 2011-13 the projected toll revenue is \$2.11 million which is a decrease of \$40,000 or 1.86% from the March forecast. In the FY 2013-2015 biennium toll revenue is projected to grow to \$2.375 million a decrease of 4.5% from the March alternative forecast.

In 2011-2013 biennium, the current revenue forecast of transponder and shield sales on SR 167 is \$57,000, which is the same as the March forecast. In the FY 2013-2015 biennium transponder revenue is anticipated to be \$67,000. Fees revenue is the same as in the March forecast for the current and next biennium. Miscellaneous revenue is anticipated to be \$135,391 in the current biennium and \$16,000 in the 2013-15 biennium. For the SR167 HOT lanes, the total revenue is \$2.31 million in FY2011-2013, it is lower by \$37,000 than the March forecast due to lower toll revenue and traffic volume. In FY2013-15 the total revenue is \$2.47 million, which is 4.5% lower than in the March alternative forecast.

Trends in SR 520 Bridge Toll Lanes Traffic and Revenue

The SR 520 bridge tolling commenced on December 29, 2011.

The June gross and adjusted toll revenue forecast has been updated with forecast values for the Washington State Transportation Commission's latest adopted toll schedule for the corridor. The June 2013 traffic and toll revenue forecast is based on the same economic variables as those used in the March forecast, which were based on the August 2012 update to CDM Smith's *SR 520 Bridge Investment Grade Traffic and Revenue Study dated August 29, 2011*. The forecast update, provided in March, was based on actual experience during the first six months of tolling SR 520, as well as on a revised economic forecast provided by Community Attributes (CAI).

Actual FY 2012 traffic out-performed original projections. In FY 2012, on a daily basis, average weekday traffic was 12% above original projections, and weekend daily traffic was 36% over projections. Due to the high number of Good To Go accounts in the first six months of 2012, the March and June forecasts assume 80% of FY 2013 trips will be prepaid / Good To Go, increasing ultimately to a maximum of 89%.

There were approximately 10 million trips taken in the first six months of operations in FY 2012. The number of trips is anticipated to increase to 20.4 million and 21.4 million in FY 2013 and FY 2014, respectively. After construction of the bridge is finished in FY 2017, the expected traffic volume is projected to remain flat for one year due to a one-time significant toll rate increase. Starting FY 2018 through 2027, average traffic volume growth is expected to grow annually between 3.5% and fall to as low as 1.5%. The June SR 520 traffic volume is higher than the March forecast by 1.7% in fiscal year 2013. In fiscal years 2014 through 2016, the June SR520 traffic volume was adjusted upward slightly by 0.1% and 0.2% over the March forecast. In all remaining years of the forecast, the June forecast matches the March forecast in traffic volume.

Adjusted gross toll revenue from six months of tolling SR 520 during FY2012 was \$26.1 million. In the June forecast, adjusted gross 520 toll revenue is expected to be \$83.9 million for the 2011-2013 biennium. In the current biennium, the June adjusted toll revenue forecast is up by \$192,000 or 0.2% from the accounting adjustment. In the 2013-15 biennium, SR 520 adjusted gross toll revenue is projected to rise to \$134.3 million and this is up from the March forecast by \$0.416 million. In the next biennium, SR 520 adjusted toll revenue is anticipated to be \$158.9 million and also up from the March forecast by \$0.56 million or 0.36%. By the last biennia of the forecast horizon, SR 520 adjusted toll revenue is anticipated to be \$203.9 million and also up \$0.32 million over the March forecast.

Trends in Total Adjusted Toll Revenue

Adjusted total toll revenue (toll, fines and fees and transponder/shields sales) from all three tolling facilities was \$76.9 million in the 2007-09 biennium and increased to \$93.2 million in the 2009-11 biennium. Starting in the 2011-13 biennium, with SR 520 facility added in, this June forecast of adjusted toll revenue is \$207.5 million which is minor downward revision of \$1.4 million or 0.67% from March. The decrease is due to incorporating accounting adjustments. The adjusted toll revenue is projected to increase to \$286.6 million and \$320.8 million in FY 2013-15 and FY2015-17, respectively. Overall this June adjusted toll revenue is up \$11.4 million over the March forecast beginning in the 2013-15 biennium and the difference grows over the forecast horizon. By the last biennium, total toll revenue is up \$13.2 million or 4.3% from the last forecast. This additional toll revenue is due to the adopted toll rate increases in April 2013.

Primary reasons for the forecast changes

- TNB traffic volume and revenue decreases relative to the March forecast are due to lower traffic volume from higher toll rates and revenues in the current biennium are down due to accounting adjustments. Next biennium TNB toll revenue is up due to the incorporation of the newly adopted higher toll rates.
- SR167 HOT lanes transactions are down in recent months due to construction related realignment of SOV traffic. The SR 167 HOT lane revenue forecast in 2011-2013 biennium is

anticipated to be \$2.31 million, which is a decrease of \$37,000 from the March forecast. The decrease in toll revenue is due to the diversion of HOV traffic,

- For SR520, the June forecast is updated with the Washington State Transportation Commission's latest adopted toll rate schedule for the corridor.
- The SR 520 adjusted gross revenue is anticipated to be \$83.94 million in the current biennium and increase to \$134.3 million by the 2013-15 biennium and continue to grow for the remainder of the forecast horizon.

Figure 35 Short-term Toll Facility Revenue:
June 2013 forecast - *millions of dollars*

			2011-13			2013-15
	FY 2012	FY 2013	Biennium	FY 2014	FY 2015	Biennium
Tacoma Narrows Bridge						
Total Toll Revenue	\$44.10	\$58.97	\$103.07	\$64.02	\$69.06	\$133.08
Transponder Sales	0.35	0.31	0.66	0.30	0.31	0.61
Violations	0.13	0.02	0.15	0.00	0.00	0.00
Civil Penalties	0.47	0.70	1.17	0.71	0.73	1.44
Fees	0.17	0.44	0.61	0.40	0.41	0.81
Misc. Revenue	1.75	0.47	2.22	0.33	0.17	0.50
SR 167 HOT Lane						
Toll Revenue	0.98	1.13	2.10	1.17	1.21	2.38
Transponder Sales	0.03	0.03	0.05	0.03	0.03	0.06
Fees	0.00	0.00	0.01	0.00	0.00	0.01
Misc. Revenue	0.13	0.00	0.14	0.00	0.01	0.01
SR 520 Bridge						
Total Toll Revenue	26.10	57.84	83.94	64.51	69.76	134.27
Transponder Sales	1.32	1.33	2.65	1.00	1.00	2.00
Civil Penalties	2.34	3.61	5.95	3.72	3.65	7.37
Fees	0.91	1.91	2.82	1.99	2.04	4.03
Misc. Revenue	1.92	0.00	1.92	0.00	0.00	0.00
Total Toll Facility Revenue						
Total	\$80.70	\$126.77	\$207.47	\$138.19	\$148.39	\$286.58
% Change from Prior Fct	0.00%	-1.08%	-0.56%	3.08%	5.17%	4.15%

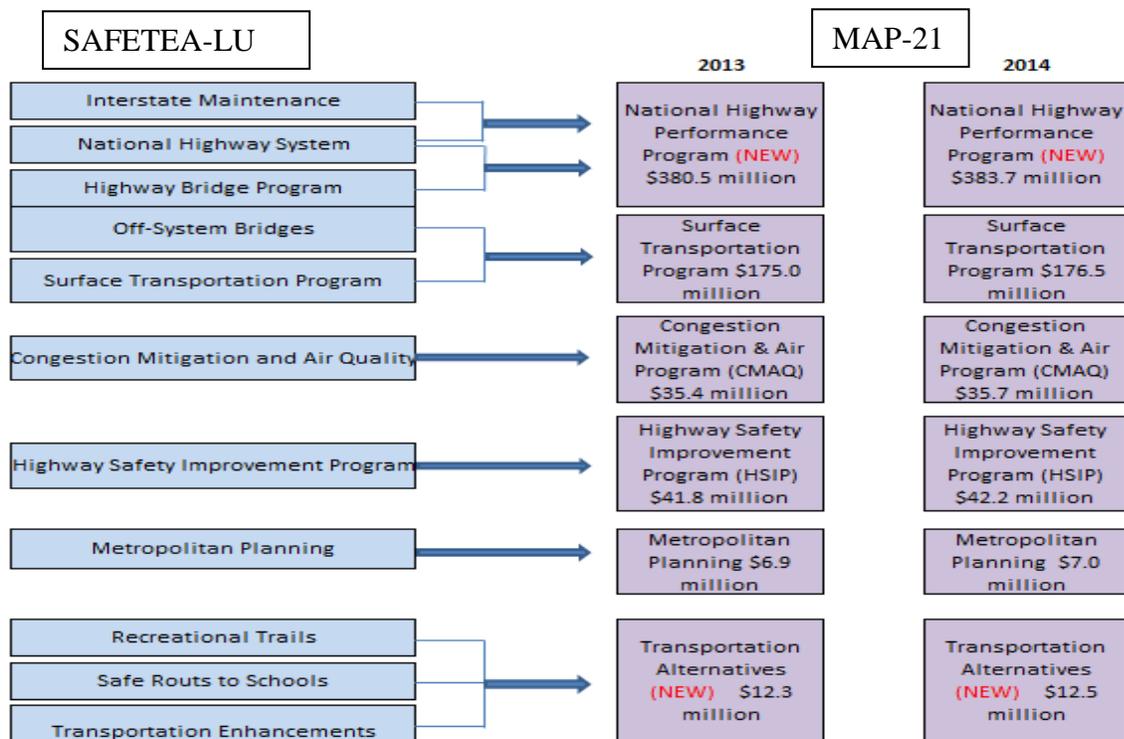
Federal Funds Revenue

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 federal forecast is 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.

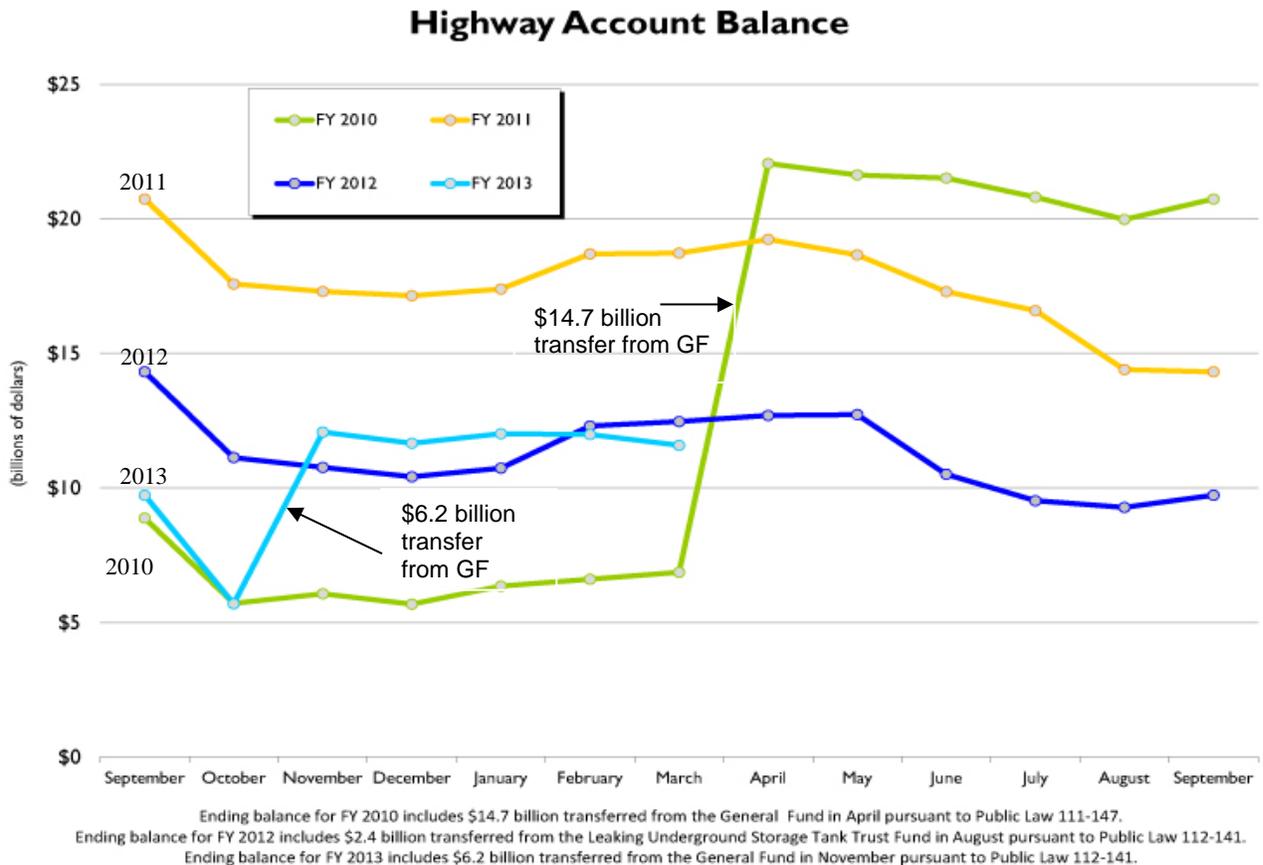
Figure 36 MAP-21 Consolidated Highway Program Structure and Apportionment Amounts



Funding for most of these MAP-21 programs comes from the Highway Trust Fund (HTF). The HTF is comprised of the Highway Account, which funds highway and intermodal programs, and the Mass Transit Account. Federal motor fuel taxes represent 77% of the future revenue going into the HTF for FFY 2013-14. In the next two years, additional funds are provided to maintain solvency of the HTF – \$18.8 billion in transfers from the General Fund and from the Leaking Underground Storage Tank Trust Fund (a separate trust fund set up for certain environmental cleanup purposes, which is financed with a small portion of motor fuel taxes). The 2013 portion of the General Fund transfer (\$6.2 billion) will be reduced by approximately \$316 million (5%) due to the March 1, 2013 federal sequester. The negative impact from this sequester on the Highway Trust Fund will make the trust fund insolvent earlier in 2015 or possibly late 2014. Revenue raisers for the federal General Fund are included that will offset the transfers from the General Fund to the HTF. The recently passed MAP-21 Act and transfer from the General Fund, only temporarily solves the HTF deficit problem but the long-term insolvency of the HTF still remains. The Congressional Budget Office currently projects the HTF's Highway and Transit Accounts will face new

deficits starting in FFY2015. Figure 37 illustrates the monthly highway account balance for federal fiscal years 2010 – 2013.

Figure 37 Monthly Federal Highway Trust Fund Account Balance (billions of dollars): 2010-2013



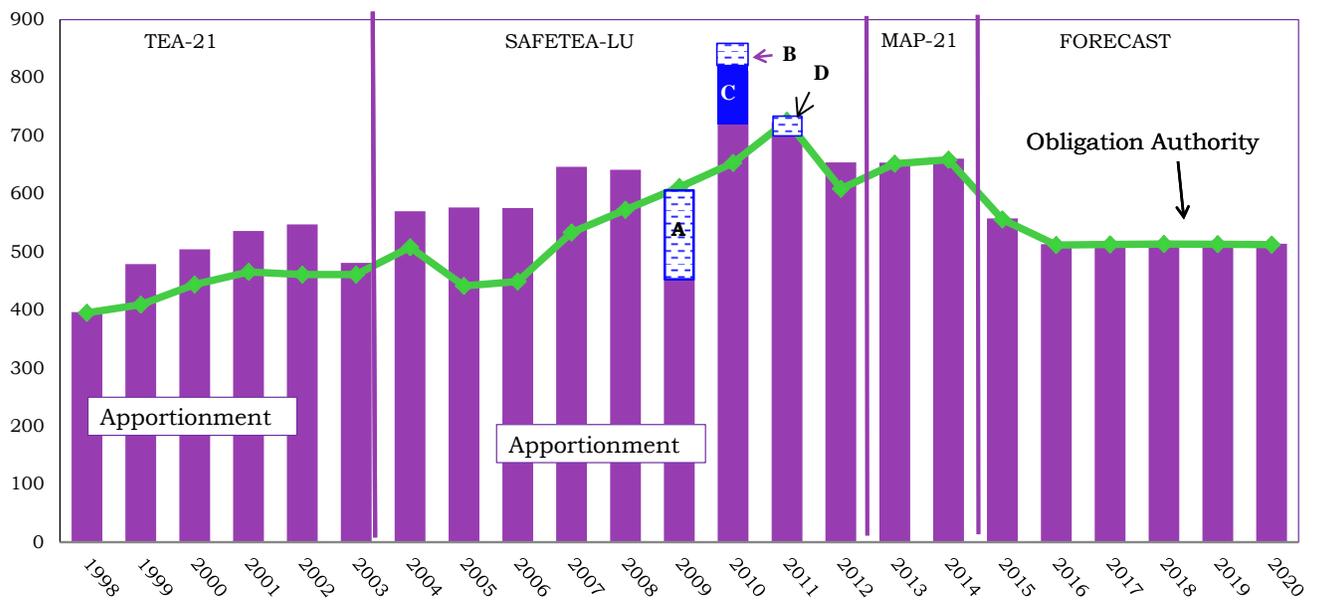
MAP-21 authorizes federal apportionment to fund the five core formula programs. Federal apportionment is the funds distributed to states for obligation in an appropriation account. MAP-21 requires FHWA to divide the total federal apportionment among the states using an allocation process specified in 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 contract authority 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 38 describes the amount of federal apportionment and obligation authority to Washington State since 1998 with the inclusion of the March 2013 forecast of federal funds through FY 2020. This fifteen 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, 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.

Figure 38 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) - Federal Fiscal Years 1998-2020 with the June 2013 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 June 2013 federal funds forecast
Washington's Federal Apportionment Forecast

The baseline June 2013 apportionment forecast for FFY 2013 is based on MAP-21, H.R. 4348 Notice 4510.763 dated April 24, 2013 which sets apportionment levels for FFY2013 at \$653.8 million dollars. Notice N4510.763 reflects an across the board rescission of 0.2% which is required by section 3004 of the Consolidated and Further Continuing Appropriations Act of 2013. History indicates that Washington received 1.7% of national apportionment each year so that is our assumed percentage in future years for this June forecast. Washington's apportionment forecast for 2014 is \$660.66 million based on 1.7% of the national MAP-21 apportionment total contained in the Summary of Estimated FFY 2014 Apportionments under the Conference Report for MAP-21 found on the FHWA web site. This is the same FFY 2014 apportionment assumptions as in the prior forecast. This FFY 2014 funding level assumption will be updated once an actual federal notice is released.

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

The baseline June 2013 federal apportionment forecast will assume that after MAP-21 expires on September 30, 2014, that the amount available for distribution to the states would be limited to what is projected in the HTF. The current May 14, 2013 forecast from the Congressional Budget Office (CBO) for the HTF predicts the fund going negative in FFY 2015. In order to keep the HTF from going negative, a 15.6% reduction in federal expenditures and Washington's federal apportionment level in FFY 2015 would need to be made and another 7.9% reduction in FFY 2016 for a two-year reduction total of 23.5%. Our current two year reduction percentage is a slight change from the March 2013 forecast which used a prior CBO forecast which required an 11.4% reduction in FFY 2015 and a 10.3% reduction in FFY 2016 for a total two-year reduction percentage of 21.7% reduction. 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 39 Washington Apportionment of FHWA Programs 2013 – 2014 MAP-21

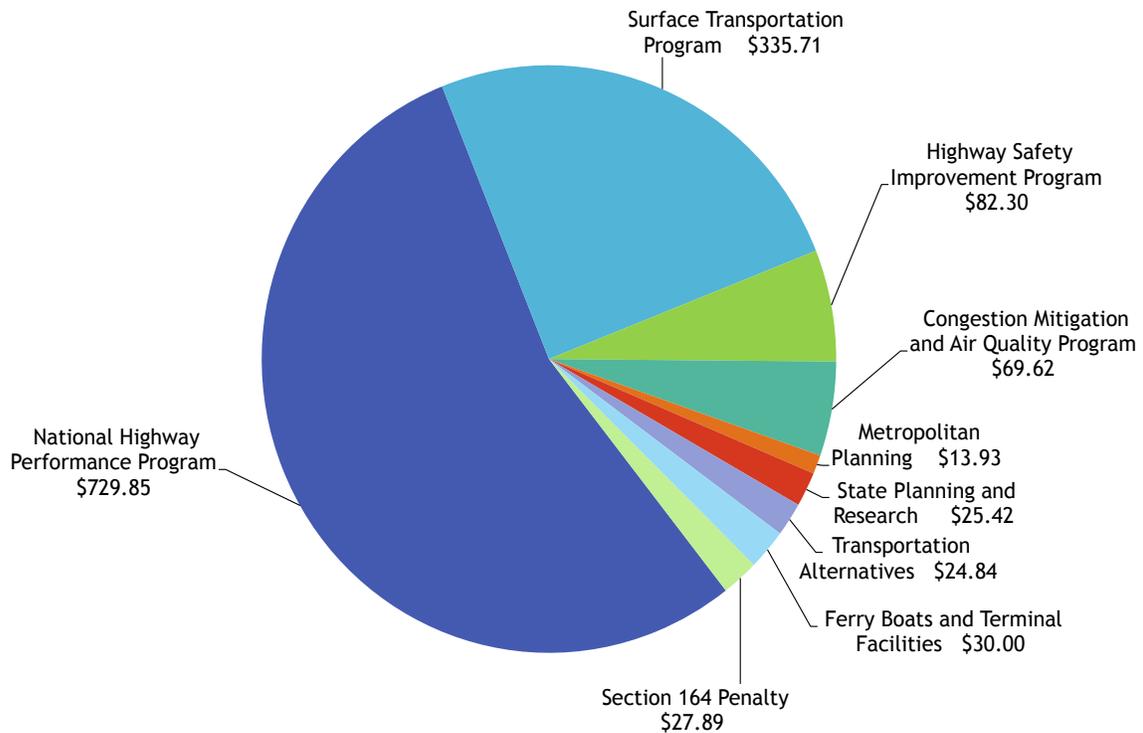
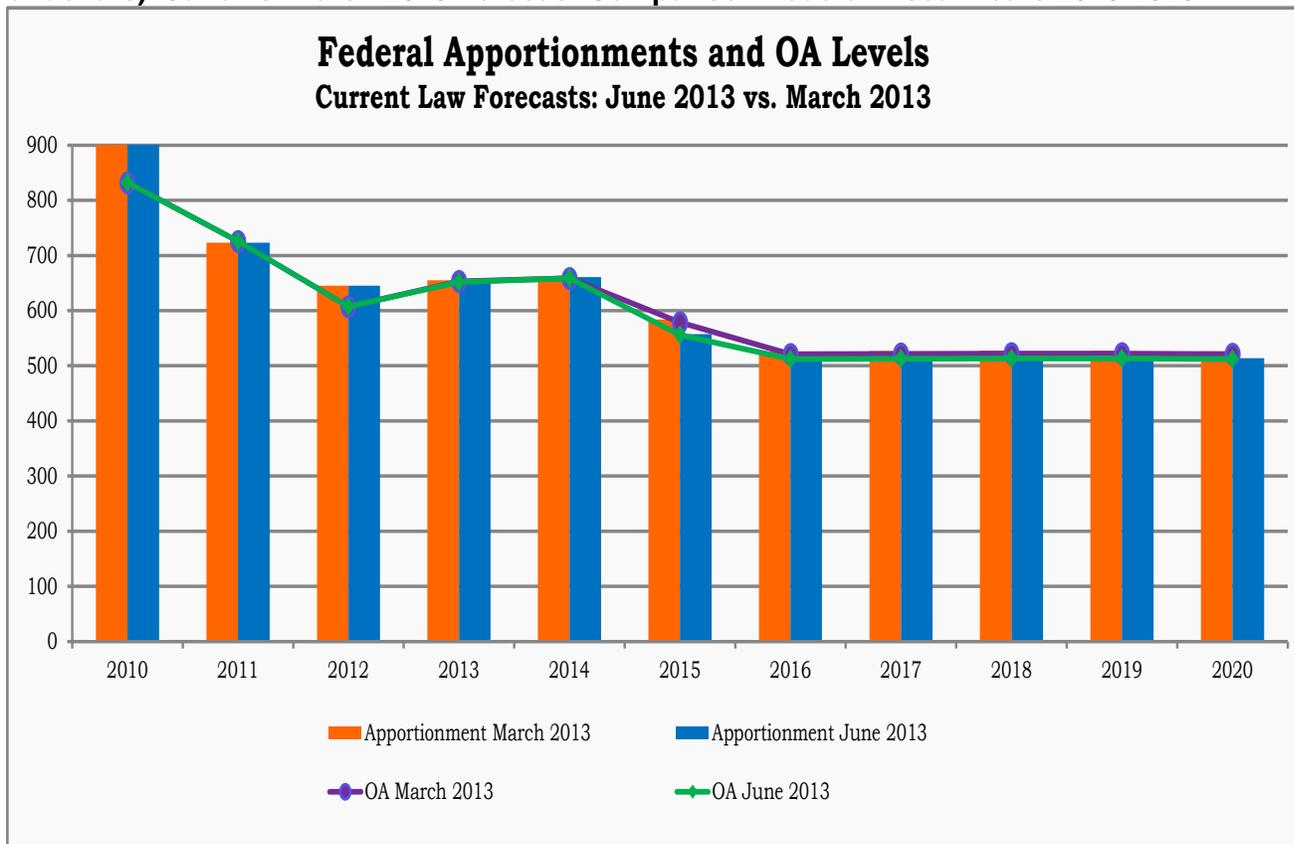


Figure 40 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars): June vs. March 2013 Forecast Comparison Federal Fiscal Years 2010-2020



Source: FHWA apportionment and obligation authority notices and TRFC June and March 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 41 outlines the minor revisions in individual program distributions. These agreed upon revisions to the program distributions are reflected in the June 2013 federal forecast which has not been modified since first incorporated into the November 2012 forecast.

Figure 41 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 June 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 use 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.

Washington's Obligation Authority (OA) Forecast

The June 2013 baseline obligation authority forecast for FFY 2013 is based on Notice 4520.222, dated April 24, 2013 which issued Formula OA for the entire FFY 2013. Notice N4520.22 reflects an across the board rescission of 0.2% which is required by section 3004 of the Consolidated and Further Continuing Appropriations Act of 2013. 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%. For FFY 2013, we assumed Washington's total OA as percentage of national OA is 1.7% and this is Washington OA set at 98% of apportionment. 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 in the March forecast

Obligation Authority for FFY2013 in the June 2013 forecast is \$651.9 million which is a decrease of \$1.3 million or 0.2% lower than the March 2013 forecast. This decrease in the 2013 OA reflects an across the board rescission of 0.2%. Obligation Authority for FFY2014 is \$658.65 million in the June 2013 forecast 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 will receive \$14.9 million in Ferry Boat and Terminal funds in FFY2013.

Recent Changes in Federal Forecast

- The June 2013 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 June 2013 federal appropriations forecast for FFY 2013 and FFY 2014 is \$653.8 million and \$660.6 million respectively for the two year period which is \$1.3 million lower than in March for FFY 2013. The current federal fiscal year apportionment forecast was revised downward by 0.2% due to an across the board rescission which is required by section 3004 of the Consolidated and Further Continuing Appropriations Act of 2013
- The obligation authority for FFY2013 in the June 2013 forecast is \$651.9 million which is also decreased by \$1.3 million or -0.2% from the March 2013 forecast for the same across the board rescission.

- The current May 14, 2013 forecast by the Congressional Budget Office (CBO) for the HTF predicts the fund going negative in FFY 2015 and in order to keep the HTF from going negative, a two-year reduction total of 23.5% is necessary and has been assumed in this June forecast. The last forecast only assumed a two-year reduction total of 21.7% based on prior CBO HTF estimates. This lowered the outer years of the forecast horizon beginning FFY 2015.

**Figure 42 Washington’s portion of Federal Highway Funds by Federal Fiscal Year:
June 2013 forecast**

Millions of dollars

	FFY 2012*	FFY 2013	FFY 2014	FF 2015	FY 2016
WA Statewide Apportionment of FHWA Programs	715.2	653.8	660.6	557.6	513.5
% Change from Prior Fcst	0%	-0.2%	0.0%	-4.5%	-2.3%
Obligation Authority	696.1	651.9	658.6	555.9	512.0
% Change from Prior Fcst	0%	-0.2%	0.0%	-3.9%	-1.7%

* FFY 2012 has actual federal distributions including non-formula program funds

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Motor Fuel Tax Revenue Forecast

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Appendix

Graphs and Tables Related to the June 2013 Forecast
Including distribution of revenues to the major accounts

Figure 43 Forecast to Forecast Biennium Comparison of All Transportation Revenues
June 2013 forecast - 16 year period
millions of dollars

Forecast to Forecast Comparison for Transportation Revenues and Distributions 16-Year Period									
June 2013• millions of dollars									
	Current Biennium			2013-2015			16-Year Period		
	2011-2013			2013-2015			(2011-2027)		
	Forecast Jun-13	Chg from Mar-13	Percent Change	Forecast Jun-13	Chg from Mar-13	Percent Change	Forecast Jun-13	Chg from Mar-13	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,483.7	(1.7)	-0.1%	2,514.7	(6.2)	-0.2%	20,140.8	(69.3)	-0.3%
Licenses, Permits and Fees †	936.4	7.9	0.9%	1,006.2	10.3	1.0%	8,423.1	82.1	1.0%
Ferry Revenue†	323.5	0.7	0.2%	335.8	(0.1)	0.0%	2,872.5	(8.0)	-0.3%
Toll Revenue	207.5	(1.4)	-0.7%	286.6	8.9	3.2%	2,655.6	85.6	3.3%
Aviation Revenues ‡	6.4	(0.1)	-1.4%	6.1	(0.0)	-0.5%	51.0	(0.4)	-0.7%
Rental Car Tax	46.6	(0.1)	-0.2%	49.5	(0.2)	-0.3%	465.9	(1.9)	-0.4%
Vehicle Sales Tax	63.1	0.0	0.0%	70.8	0.1	0.1%	639.9	(0.5)	-0.1%
Driver-Related Fees*	225.3	(0.2)	-0.1%	294.4	0.7	0.2%	2,303.4	(7.3)	-0.3%
Business/Other Revenues‡*	24.6	2.0	8.6%	24.5	0.8	3.2%	205.4	7.4	3.7%
Total Revenues	4,317.2	7.1	0.2%	4,588.7	14.3	0.3%	37,757.6	87.7	0.2%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	146.8	(0.7)	-0.5%	138.0	(0.6)	-0.4%	1,217.3	(7.8)	-0.6%
State Uses									
Motor Vehicle Account (108)	1,060.7	4.7	0.4%	1,091.1	3.2	0.3%	8,821.8	17.9	0.2%
Transportation 2003 (Nickel) Account (550)	357.5	(0.2)	0.0%	392.2	(1.4)	-0.4%	3,127.0	(8.0)	-0.3%
Transportation 2005 Partnership Account (09H)	567.6	0.2	0.0%	576.7	(1.0)	-0.2%	4,600.9	(11.3)	-0.2%
Multimodal Account (218)	239.5	0.7	0.3%	256.8	1.7	0.7%	2,276.0	10.7	0.5%
Special Category C Account (215)	46.4	(0.0)	0.0%	47.2	(0.1)	-0.2%	375.7	(1.2)	-0.3%
Puget Sound Capital Construction Account (099)	33.8	(0.0)	0.0%	34.3	(0.1)	-0.2%	273.3	(0.8)	-0.3%
Puget Sound Ferry Operations Account (109)	374.8	0.7	0.2%	386.7	(0.1)	0.0%	3,279.9	(8.1)	-0.2%
Capital Vessel Replacement Account (18J)	6.2	(0.0)	-0.7%	7.7	0.0	0.4%	65.5	(0.1)	-0.1%
Tacoma Narrows Bridge Account (511)	107.9	(1.8)	-1.7%	136.5	8.0	6.2%	1,226.5	78.1	6.8%
SR 520 Corridor Civil Penalties Account (17P)	6.0	0.0	0.0%	7.4	0.0	0.0%	52.5	0.0	0.0%
Aeronautics Account (039)	6.4	(0.1)	-1.4%	6.1	(0.0)	-0.5%	51.0	(0.4)	-0.7%
State Patrol Highway Account (081)	331.5	2.0	0.6%	347.6	3.2	0.9%	2,954.0	24.6	0.8%
Highway/Motorcycle Safety Accts. (106 & 082)	192.9	(0.0)	0.0%	258.4	0.9	0.3%	2,005.6	(5.9)	-0.3%
School Zone Safety Account (780)	1.6	0.1	4.8%	1.6	0.1	4.8%	13.1	0.6	4.8%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.1	0.1	0.3%	16.5	0.1	0.9%	137.8	1.1	0.8%
Ignition Interlock Devices Revolving Acct 14V	2.5	(0.1)	-3.3%	3.6	0.0	0.0%	27.6	(0.1)	-0.3%
Total for State Use	3,445.0	6.6	0.2%	3,713.2	15.4	0.4%	30,664.9	104.6	0.3%
Local Uses									
Cities	178.0	(0.1)	0.0%	181.0	(0.4)	-0.2%	1,440.7	(4.4)	-0.3%
Counties	293.2	1.4	0.5%	298.1	0.4	0.1%	2,377.6	1.7	0.1%
Transportation Improvement Board (112 & 144)	190.2	(0.1)	0.0%	193.4	(0.4)	-0.2%	1,539.5	(4.7)	-0.3%
County Road Administration Board (102 & 253)	64.0	(0.0)	0.0%	65.0	(0.1)	-0.2%	517.7	(1.6)	-0.3%
Total for Local Use	725.4	1.2	0.2%	737.5	(0.5)	-0.1%	5,875.4	(9.1)	-0.2%
Total Distribution of Revenue	4,317.2	7.1	0.2%	4,588.7	14.3	0.3%	37,757.6	87.7	0.2%

† 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 Legislature.

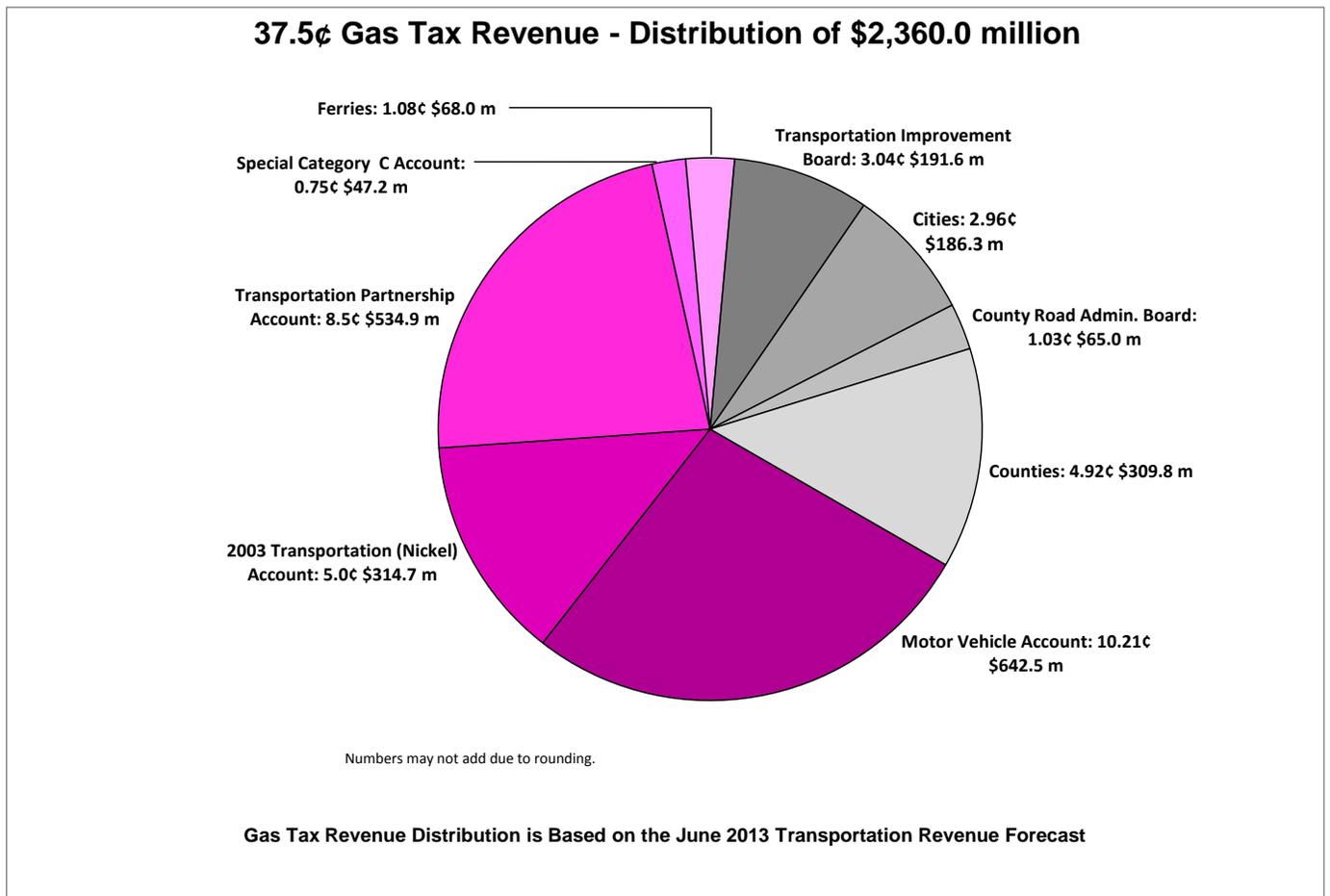
^ 167 HOT lanes is a pilot program due to sunset September 30, 2013

Motor Fuel Tax Revenue for Distribution

The pie chart below shows the statutory distribution of funds to the various jurisdictions based on the June 2013 fuel tax revenue forecast for the 2011-2013 biennium.

Figure 44 Fuel Tax Revenue for Statutory Distribution

2013–15 biennium - \$2,360.0 million



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 June 2013 Licenses, Permits and Fees revenue forecast for the 2011-2013 biennium.

Figure 45 License Permits and Fees Revenue for Distribution (Both Motor Vehicle & Driver Related) 2013–15 biennium - \$1,300.7 million

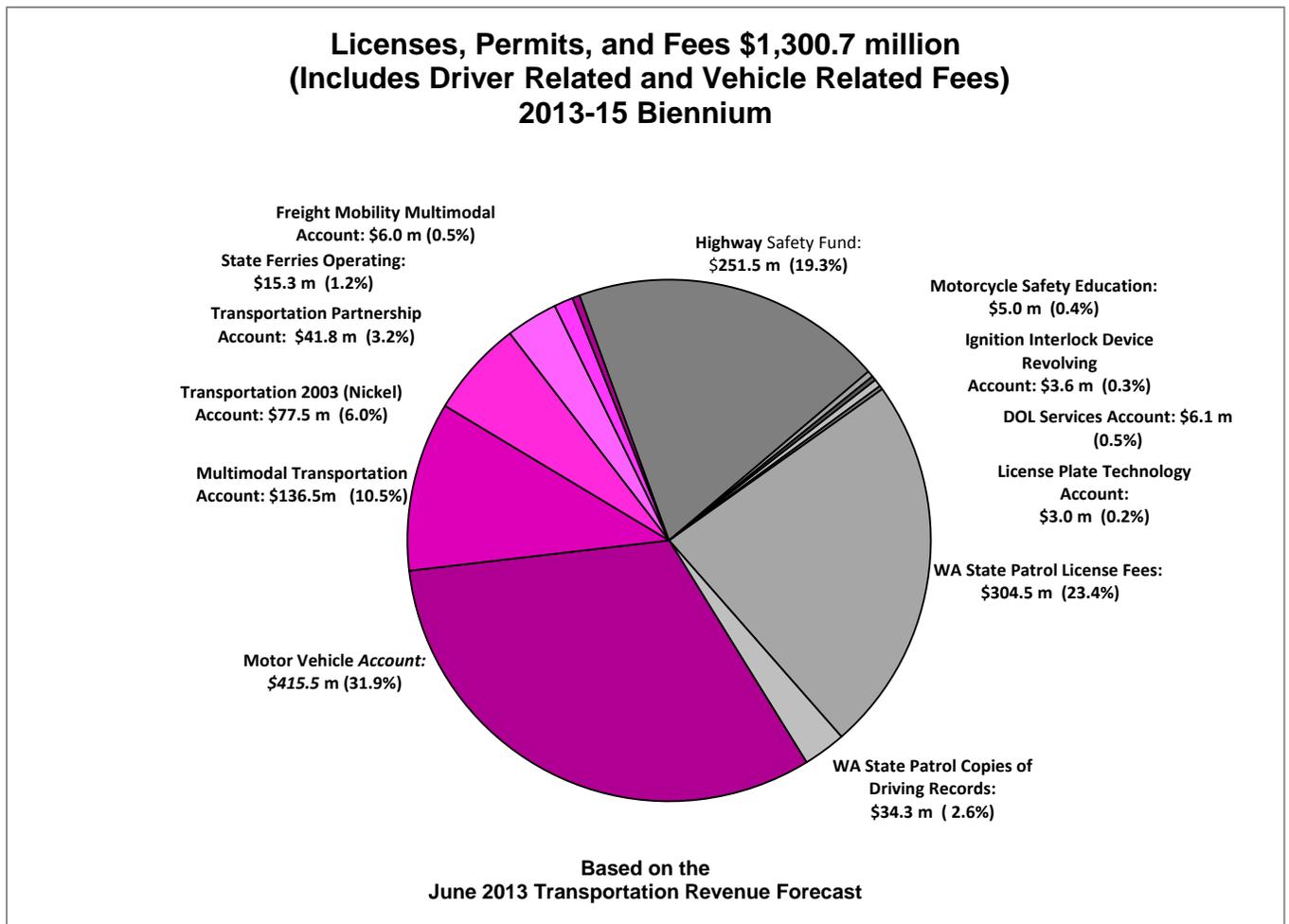


Figure 46 New Legislation for June 2013 Forecast

<i>Forecast Category</i>	<i>Legislation / Title</i>	<i>2013-15 Revenue Impact (\$millions)</i>	<i>2015-17 Revenue Impact (\$millions)</i>
SSB 5761 - Outdoor Advertising sign fees, labels, and prohibitions			
Vehicle - LPF	\$150 annual billboard fee	\$ 0.236	\$ 0.471
SHB 1752- Commercial driver license requirements			
Driver - LPF	Must wait at least 14 days after getting permit to take skills test	\$ 0.008	\$ 0.017
SHB 5182- Vehicle owner information			
Driver - LPF	\$2 fee for records of ownership returned at the request of a business	\$ 2.007	\$ 2.676
SSB 5024 - Transportation Budget Bill			
TOLLS	Extends the SR 167 hot lanes pilot program through FY 2015	\$ 2.470	\$ -

Impact to Transportation Accounts

Motor Vehicle Account Revenue Forecast and Distributions

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.

Figure 47 Motor Vehicle Account Revenue <i>dollars in millions</i>	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	2,483.7	(1.7)	2,514.7	(6.2)	12,618.1	(43.2)
Licenses, Permits, & Fees	394.3	5.0	414.2	5.9	2,132.7	29.0
Business-Related Revenue	13.3	1.4	12.2	0.3	65.2	1.5
Total	2,891.4	4.7	2,941.1	0.1	14,816.0	(12.7)
Distribution						
Refunds-Regular	146.8	(0.7)	138.0	(0.6)	742.0	(4.4)
Fuel Tax Distributions for Local Uses ¹	725.4	1.2	737.5	(0.5)	3,687.4	(6.1)
Fuel Tax Distributions for State Uses ²	958.4	(0.6)	974.4	(2.1)	4,867.2	(15.1)
Total	1,830.6	(0.1)	1,850.0	(3.2)	9,296.6	(25.6)
Net Revenue	1,060.8	4.7	1,091.1	3.2	5,519.4	12.9

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.

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.

Figure 48 Transportation 2003 (Nickel) Account <i>dollars in millions</i>	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13
Revenue						
5¢ Gas Tax	309.5	(0.1)	314.7	(0.7)	1,572.1	(4.9)
Licenses, Permits and Fees	48.1	(0.0)	77.5	(0.7)	404.4	(1.3)
Total	357.5	(0.2)	392.2	(1.4)	1,976.5	(6.2)

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.

Figure 49 Transportation Partnership Account <i>dollars in millions</i>	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13
Revenue						
5¢ Gas Tax	526.1	(0.2)	534.9	(1.1)	2,672.6	(8.3)
Licenses, Permits and Fees	41.5	0.4	41.8	0.1	213.7	0.9
Total	567.6	0.2	576.7	(1.0)	2,886.3	(7.4)

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.

Figure 50 Washington State Ferries Accounts <i>dollars in millions</i>	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	316.7	0.9	328.4	0.3	1,739.2	(3.1)
Concessions & Other Revenue	6.7	(0.1)	7.5	(0.4)	37.7	(3.1)
Fuel Tax	42.6	(0.2)	43.3	(0.1)	215.1	(0.7)
Licenses, Permits and Fees	14.8	0.1	15.3	0.1	80.9	0.7
Subtotal	380.9	0.6	394.4	(0.1)	2,072.9	(6.1)
Capital Vessel Replacement Account (18J)	6.2	0.5	7.7	0.0	38.7	(0.0)
Total	6.2	0.3	51.0	(0.1)	253.8	(0.7)
Puget Sound Cap. Const. Acct. (099) Fuel Tax	33.8	(0.0)	34.3	(0.1)	171.6	(0.5)
Total	414.7	0.6	428.8	(0.1)	2,244.5	(6.6)

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.

Figure 51 Multimodal Account <i>dollars in millions</i>	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13
Revenue						
Licenses, Permits and Fees	129.7	0.8	136.5	1.8	725.1	8.7
Rental Car Tax	46.6	(0.1)	49.5	(0.2)	283.8	(0.8)
Vehicle Sales Tax	63.1	0.0	70.8	0.1	395.7	(0.0)
Total	239.5	0.7	256.8	1.7	1,404.6	7.9

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.

Figure 52 Aeronautics Account <i>dollars in thousands</i>	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13
Revenue						
Aircraft Dealer License Fees	6.9	0.0	6.9	0.0	34.5	0.0
Aircraft Excise Tax	611.7	7.5	625.5	15.1	3,195.5	76.0
Aircraft Fuel Tax	5,537.7	(92.1)	5,250.2	(31.4)	27,277.8	(195.2)
Aeronautics Transfer (from MV Fund)	562.5	0.1	564.4	1.3	2,767.9	9.7
Aircraft Registrations	241.9	0.0	244.3	0.0	1,249.5	0.0
Total	6,960.7	(84.5)	6,691.3	(15.0)	34,525.2	(109.5)

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 September 30, 2013.

Figure 53 Tolling Accounts <i>dollars in millions</i>	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13
Revenue						
Tacoma Narrows Bridge Account						
Toll Revenues	103.1	(2.2)	133.1	7.5	697.0	42.0
Transponder Sales/ Shield Sales	0.7	(0.0)	0.6	(0.1)	3.4	(0.5)
Violations	0.1	(0.0)	0.0	0.0	0.1	(0.0)
Civil Penalties	1.2	0.0	1.4	0.0	7.5	0.0
Fees	0.6	0.1	0.8	0.1	4.2	0.3
Misc. Revenues	2.2	0.4	0.5	0.5	3.2	1.4
Subtotal Tacoma Narrows Bridge	107.9	(2.2)	136.5	7.5	712.1	41.8
HOT Lanes Operations Account						
Toll Revenues	2.1	(0.0)	2.4	(0.1)	4.5	2.4
Transponder Sales/ Shield Sales	0.1	0.0	0.1	(0.0)	0.1	2.4
Fees	0.0	0.0	0.0	(0.0)	0.0	0.1
Misc. Revenues	0.1	0.0	0.0	0.0	0.2	0.0
Subtotal HOT Lanes Operations	2.3	(0.0)	2.5	(0.1)	4.8	4.8
SR 520 Bridge						
Toll Revenues	83.9	0.2	134.3	0.4	729.7	2.1
Transponder Sales/ Shield Sales	0.0	0.0	0.0	0.0	0.0	0.0
Civil Penalties	97.3	0.5	147.7	1.0	795.9	4.8
Fees	2.8	0.3	4.0	0.6	19.3	2.8
Misc. Revenues	1.9	0.0	0.0	0.0	1.9	0.0
Subtotal SR 520 Bridge	184.0	1.0	286.0	2.0	1,544.9	9.6
Total Tolling Revenues	294.2	(1.3)	424.9	9.4	2,257.0	51.5

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.

Figure 54 Highway Safety/Motorcycle Safety/WSP <i>dollars in millions</i>	2011-13		Current Biennium 2013-15		10-Year Period (2011-2021)	
	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13
Revenue						
Highway Safety						
Driver License Fees	149.9	0.1	207.5	(1.1)	1,024.8	(14.2)
Copies of Records	32.9	(0.2)	38.5	1.8	202.4	11.8
Other and Miscellaneous	5.2	(0.1)	5.5	0.2	28.3	1.0
Subtotal	188.1	(0.1)	251.5	0.9	1,255.4	(1.4)
Motorcycle Safety Permits/Endorsements	4.1	(0.0)	5.0	(0.1)	24.9	(0.2)
State Patrol Copies of Records / LPF/Business Related	331.5	2.0	347.6	3.2	1,832.7	15.9
Subtotal	335.6	1.9	352.6	3.1	1,857.6	15.7
Total	523.7	1.8	604.1	4.1	3,113.0	14.3

- 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
- Other Miscellaneous

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.

Figure 55 School Zone Safety Account <i>dollars in millions</i>	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13	Forecast Jun 13	Chg from Mar 13
Revenue						
School Zone Fines	1.6	0.1	1.6	0.1	8.2	0.4
Total	1.6	0.1	1.6	0.1	8.2	0.4