

Transportation Revenue Forecast Council

November 2013 Transportation Economic and Revenue Forecasts

Volume I: Summary

Washington Transportation Economic and Revenue Forecast November 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 November 2013 transportation revenue forecast.

- November 13 transportation forecast of revenues: \$4.61 billion for the current biennium which represents an increase of 6.5% over the prior 2011-13 biennium of \$4.33 billion.
- Overall transportation revenue is down minimally forecast to forecast in the current biennium (\$1.7 million) with the largest share of the increase in November being due to lower toll revenue, aviation revenue and driver related revenue. All other major revenue sources are up from the last forecast.
- For the 10-year forecast horizon, total revenues are projected to be \$23.76 billion, which is down by \$19.2 million (0.1%) from September due to lower licenses, permits and fees, toll revenue and driver related revenue.
- New projections of real personal income and employment projections are minor revision upward from the last forecast in terms of growth rates. The Washington's Economic and Revenue Forecast Council projection of the non-ag. employment growth rate is slightly higher initially than last quarter in FY 2014 but the remaining year's growth rates are the same as last quarter. The 2013 projection of population is slightly lower growth rates than in September. The current forecast for average annual retail gas and diesel price forecasts are close to September's forecast but slightly lower in the long-term. The current B5 biodiesel prices for ferries are only a minor modification from the last forecast.
- The primary reason for the change in fuel tax revenue in the current year has been higher gas and diesel tax collections than anticipated. For the current biennium, overall fuel tax revenue is up by \$5.5 million from September. In the projection over the next ten years, fuel taxes are anticipated to be \$12,650.9 million and \$19.8 million or 0.2% higher than in September.
- Licenses, permits and fee revenue is up minimally, by \$1.9 million, from September in the current biennium and down \$5.5 million, -0.1%, over the 10 year forecast period. This is due to both lower passenger car and trucks registrations.
- The baseline ferry revenue estimates are up by \$0.727 million compared to September in the current biennium and up minimally \$0.5 million over the 10-year forecast horizon. This is nearly a no change forecast for ferries from the last forecast.
- Toll Revenue is down \$6.5 million from prior estimates in the current biennium. The main reason for the lower toll revenue is in the SR 520 toll revenue forecast which is down \$7.1 million or 4.5% from the prior forecast in the current biennium due to the incorporation of the 2013 investment grade study. This new study revised revenue assumptions which lowered revenues due to fewer Pay By Mail customers, lower truck volume and additional weekend closures on the bridge.

In FY 2010, transportation revenues were \$2.014 billion which was a decline of 1% over the prior fiscal year as the economy struggled from the recession. In FY 2011, transportation revenues increased slightly to \$2.06 billion or 2.3% growth year over year. In FY 2012, transportation revenues are also up minimally to \$2.10 billion or 1.9% annual increase. In FY 2013, transportation revenues were \$2.23 billion, which represents an annual increase of 6%. In the current fiscal year, transportation revenues are estimated at \$2.28 billion which is 2.3% year-over-year growth and 0.1% adjustment downward from the September forecast. Overall during the 10-year horizon, transportation revenues are projected to be \$23.76 billion with an average annual growth rate of 0.8% each year.

Figure 1 Total Transportation Revenues Comparison
November vs September vs March 2013 forecasts
millions of dollars

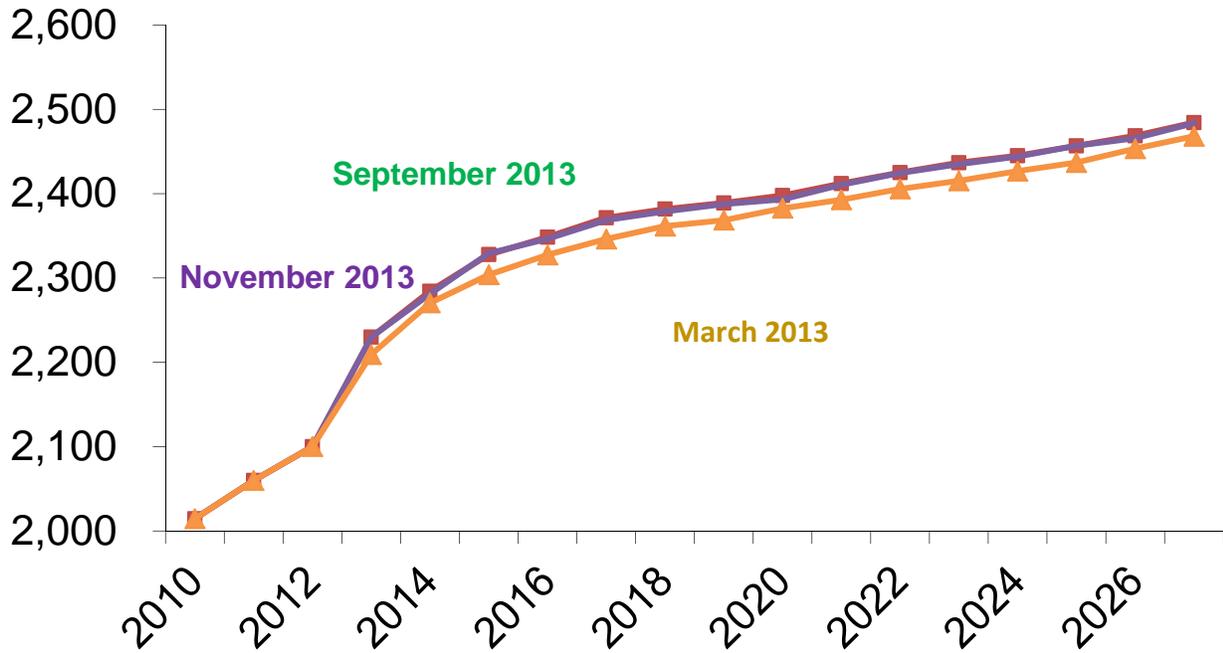
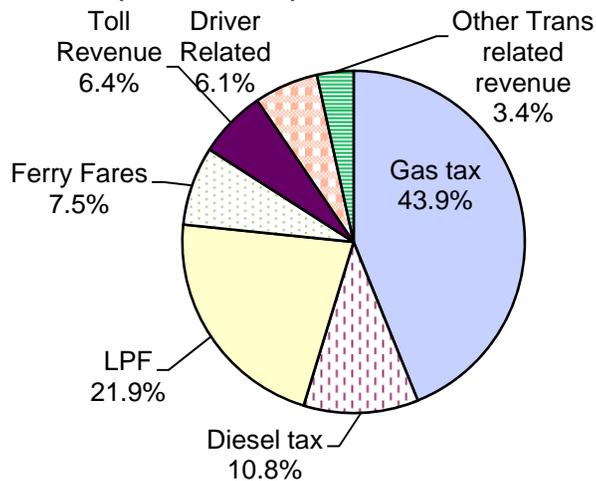


Figure 2 Revenue by Source
2013-15 biennium (\$4.610 billion)



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 2013-15 biennium, (\$4.61 billion). Gasoline fuel taxes comprise the largest share at 43.9%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 54.7% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 21.9%. The largest three revenue sources are projected to consist of 76.6% of revenues in the 2013-15 biennium. The remaining 23.4% 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
November 2013 forecast - 10 year period *millions of dollars*

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period									
November 2013* millions of dollars									
	Current Biennium			2015-2017			10-Year Period		
	Forecast Nov-13	Chg from Sep-13	Percent Change	Forecast Nov-13	Chg from Sep-13	Percent Change	Forecast Nov-13	Chg from Sep-13	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,522.7	5.5	0.2%	2,536.8	5.3	0.2%	12,650.9	19.8	0.2%
Licenses, Permits and Fees *	1,010.2	1.9	0.2%	1,031.3	(3.0)	-0.3%	5,259.0	(5.5)	-0.1%
Ferry Revenue †	343.7	0.7	0.2%	356.4	(0.4)	-0.1%	1,824.0	0.5	0.0%
Toll Revenue ‡	295.6	(6.5)	-2.2%	331.4	(5.0)	-1.5%	1,736.0	(21.4)	-1.2%
Aviation Revenues †	6.1	(0.1)	-0.8%	6.3	0.0	0.0%	31.6	(0.1)	-0.2%
Rental Car Tax	51.8	1.7	3.5%	54.9	0.8	1.5%	288.9	4.1	1.4%
Vehicle Sales Tax	74.1	0.8	1.0%	79.1	0.4	0.4%	411.7	1.3	0.3%
Driver-Related Fees*	279.3	(6.1)	-2.1%	293.1	(3.1)	-1.0%	1,420.8	(19.2)	-1.3%
Business/Other Revenues †*	27.0	0.3	1.2%	25.9	0.3	1.1%	132.6	1.3	1.0%
Total Revenues	4,610.4	(1.7)	0.0%	4,715.2	(4.7)	-0.1%	23,755.6	(19.2)	-0.1%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	141.4	5.3	3.9%	143.6	2.3	1.6%	739.8	13.8	1.9%
State Uses									
Motor Vehicle Account (108)	1,097.9	2.4	0.2%	1,105.8	0.6	0.1%	5,555.6	8.5	0.2%
Transportation 2003 (Nickel) Account (550)	392.7	(0.2)	-0.1%	395.4	(0.7)	-0.2%	1,976.1	(3.5)	-0.2%
Transportation 2005 Partnership Account (09H)	578.6	0.1	0.0%	581.1	0.7	0.1%	2,894.7	1.0	0.0%
Multimodal Account (218)	262.7	2.3	0.9%	275.5	0.5	0.2%	1,426.3	2.9	0.2%
Special Category C Account (215)	47.4	0.0	0.0%	47.5	0.1	0.1%	236.6	0.1	0.1%
Puget Sound Capital Construction Account (099)	34.5	0.0	0.0%	34.6	0.0	0.1%	172.1	0.1	0.1%
Puget Sound Ferry Operations Account (109)	394.7	0.7	0.2%	407.6	(0.4)	-0.1%	2,079.3	0.4	0.0%
Capital Vessel Replacement Account (18J)	7.7	(0.0)	0.0%	7.9	(0.0)	0.0%	40.8	0.0	0.1%
Tacoma Narrows Bridge Account (511)	141.5	0.6	0.4%	153.1	0.3	0.2%	798.7	1.5	0.2%
High Occupancy Toll Lanes Account (09F)^	2.5	0.0	0.2%	0.0	0.0	0.0%	2.5	0.0	0.2%
SR 520 Corridor Account (16J)	133.2	(7.1)	-5.0%	160.0	(5.3)	-3.2%	843.3	(22.9)	-2.6%
SR 520 Corridor Civil Penalties Account (17P)	18.3	0.0	0.0%	18.3	0.0	0.0%	91.6	0.0	0.0%
Aeronautics Account (039)	6.1	(0.1)	-0.8%	6.3	0.0	0.0%	31.6	(0.1)	-0.2%
State Patrol Highway Account (081)	344.3	(0.1)	0.0%	355.0	(1.1)	-0.3%	1,811.3	(6.3)	-0.3%
Highway/Motorcycle Safety Accts. (106 & 082)	245.1	(5.5)	-2.2%	258.3	(2.5)	-1.0%	1,243.6	(16.3)	-1.3%
School Zone Safety Account (780)	1.6	0.0	0.0%	1.6	0.0	0.0%	8.1	0.0	0.0%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.4	(0.0)	0.0%	16.8	(0.0)	-0.1%	85.2	(0.1)	-0.1%
Ignition Interlock Devices Revolving Acct 14V	3.8	0.0	0.0%	3.8	0.0	0.0%	18.8	0.0	0.0%
Multiuse Roadway Safety Account Collections-571	0.1	(0.0)	0.0%	0.2	0.0	0.0%	0.9	(0.0)	0.0%
Total for State Use	3,729.0	(6.9)	-0.2%	3,828.5	(7.9)	-0.2%	19,316.2	(34.7)	-0.2%
Local Uses									
Cities	181.6	0.0	0.0%	182.3	0.2	0.1%	907.3	0.5	0.1%
Counties	299.1	(0.0)	0.0%	300.5	0.4	0.1%	1,496.8	0.6	0.0%
Transportation Improvement Board (112 & 144)	194.1	0.0	0.0%	194.8	0.3	0.1%	969.5	0.5	0.1%
County Road Administration Board (102 & 186)	65.3	0.0	0.0%	65.5	0.1	0.1%	326.0	0.2	0.1%
Total for Local Use	740.0	(0.0)	0.0%	743.0	1.0	0.1%	3,699.6	1.8	0.0%
Total Distribution of Revenue	4,610.4	(1.6)	0.0%	4,715.2	(4.7)	-0.1%	23,755.6	(19.1)	-0.1%

† Ferry Fares plus non-farebox revenue

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

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

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

As Figure 3 indicates, in the current biennium, November transportation revenues are projected at \$4.61 billion. This forecast is slightly down from the last forecast by \$1.7 million or less than 0.01% from September. The decline in the November revenue forecast over the last forecast is due to lower toll revenue, aviation revenue and driver related revenue. November's projections in the current biennium show higher fuel tax collections by \$5.5 million; licenses, permits and fee revenue up by \$1.9 million; ferry revenue are up by \$0.7 million; toll revenue is down by \$6.5 million due to the inclusion of the 2013 investment grade study which lowered key revenue assumptions; rental car and vehicle sales tax revenue is up by \$1.7 and \$0.8 million respectively and business related revenue is up slightly by \$0.3 million. Driver related revenue is down from the last forecast in the current biennium by \$6.1 million. Over the 10-year forecast horizon (2013-2023), the revenue forecast for November 2013 is \$23.755 billion which is down \$19.2 million or 0.1% from the September forecast.

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

Forecast to Baseline Comparison for Transportation Revenues and Distributions 10-Year Period									
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Aviation Revenues ‡	6.1	(0.1)	-1.2%	6.3	(0.0)	-0.4%	31.6	(0.2)	-0.6%
Rental Car Tax	51.8	2.1	4.2%	54.9	1.1	2.0%	288.9	4.3	1.5%
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Business/Other Revenues ±	27.0	3.3	13.7%	25.9	1.5	6.2%	132.6	9.3	7.6%
Total Revenues	4,610.4	38.6	0.8%	4,715.2	41.7	0.9%	23,755.6	183.6	0.8%
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Economic Variables Forecast

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

**Figure 5 Annual Percentage Change (%) in Select Economic Variables
November 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
2010	-2.5	1.0	1.1	3.1	-0.5	10.1
2011	2.9	1.0	1.7	17.8	0.3	14.0
2012	2.7	1.0	2.4	13.6	1.0	14.0
2013	2.4	1.1	1.3	0.5	1.1	5.4
2014	2.8	1.2	1.3	-3.4	1.0	8.5
2015	3.7	1.2	1.6	-3.0	1.6	6.1
2016	3.3	1.2	1.6	-1.1	1.8	4.6
2017	3.5	1.2	1.5	0.1	1.9	2.3
2018	3.3	1.2	1.4	2.5	1.8	2.5
2019	1.9	1.1	1.7	2.5	1.8	3.1
2020	1.6	1.1	1.8	2.3	1.8	3.2
2021	1.6	1.1	1.9	2.2	1.9	3.7
2022	1.8	1.1	1.8	1.7	1.9	2.8
2023	2.1	1.1	1.8	1.6	2.0	2.1
2024	2.5	1.0	1.8	1.7	2.0	2.6
2025	2.7	1.1	1.9	1.7	2.1	2.5
2026	2.6	1.0	1.9	1.6	2.1	2.9
2027	2.6	1.0	1.8	1.6	2.1	2.6

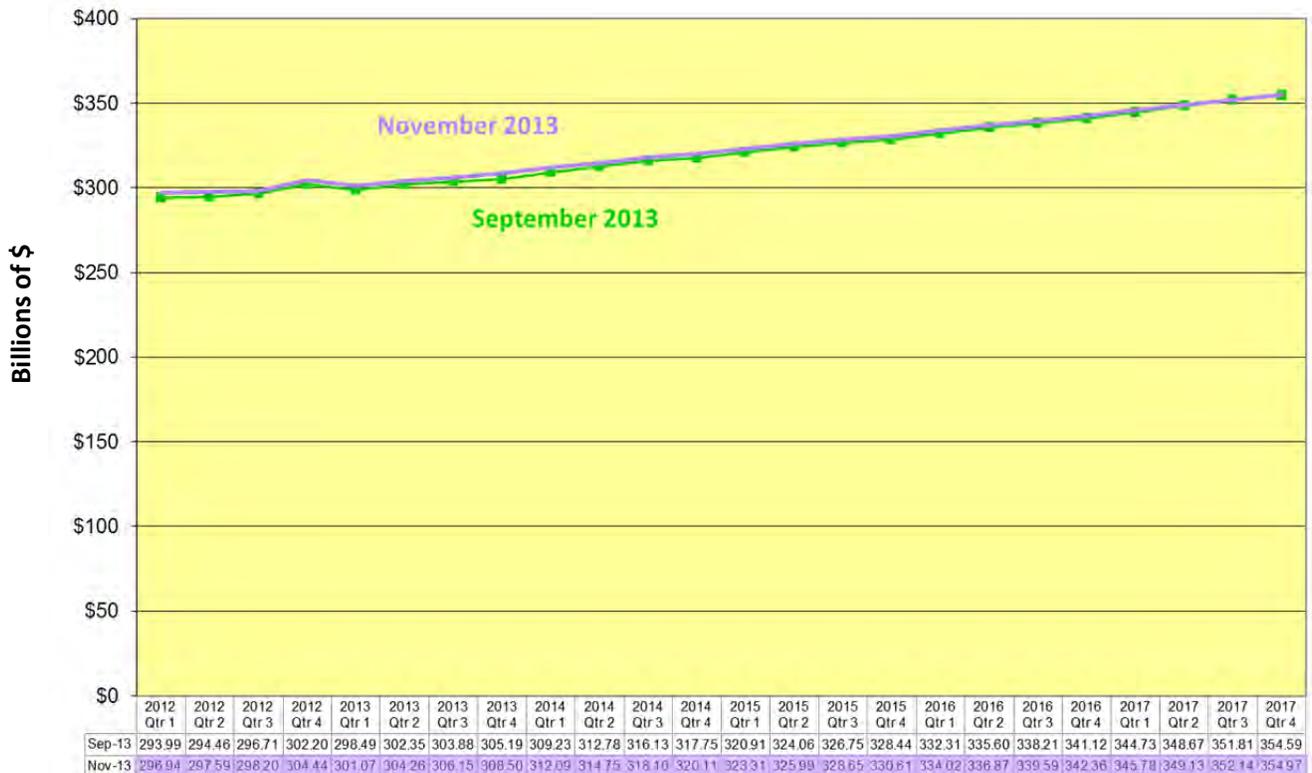
Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management, Oct. 2013 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices

WA Personal Income

The forecast of Washington real personal income is projected by the Washington Economic and Revenue Forecast Council (ERFC) based on the October Global Insight forecast, October 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 \$294.8 billion. This was a year-over-year increase of 2.7%. As Figure 6 reveals, recent revisions in Washington real personal income resulted in slightly higher real personal income levels throughout the forecast horizon from past forecast. For FY 2013, Washington real personal income had higher personal income at \$302 billion but the year-over-year growth rate was lower than prior forecasts at 2.4% instead of 3%. In FY 2014, the November growth in real personal income is higher at \$310.38 billion and an annual growth of 2.8% as opposed to 2.6% in September. In FY 2015 through FY 2018, the November forecast of real personal income levels have also been revised upward but the growth rates are lower. In FY2015, Washington real personal income is anticipated to be \$321.88 billion with an annual growth rate of 3.7% which is lower growth than predicted in September at 3.9%. The annual growth rates in real personal income in fiscal years 2016-2018, are all lower in November than in September ranging now from 3.5% down to 3.3%. In FY 2019 and beyond, the annual growth rates in Washington real personal income are

the same as in September, as they are still based on OFM's long-term personal income growth rates developed in 2013. OFM has not modified them since the last forecast. In FY 2019, the annual growth rate is 1.9% and in fiscal years 2020-21, the annual growth rates will be 1.6%. In fiscal year 2022, the annual growth rate will be 1.8%, same as in September. Personal income growth rates rise again to 2.1% and then rising further to 2.7% in FY 2025 and then 2.6% annually until the end of the forecast horizon. Figure 7 shows the forecast to forecast change in the annual growth rates for Washington personal income.

Figure 6 Comparison of Quarterly Washington Real Personal Income November vs September 2013

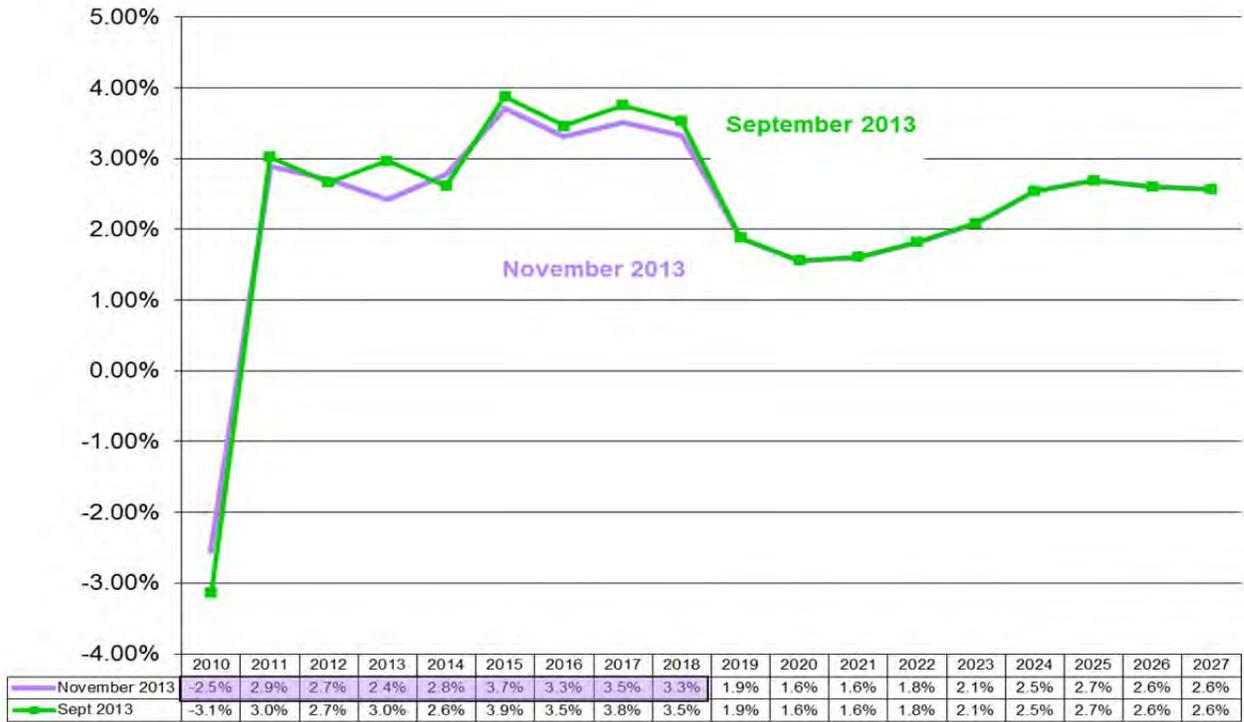


Source: Washington Economic and Revenue Forecast Council (October 2013 economic variables) and 2013 OFM long-term personal income forecast

WA Population

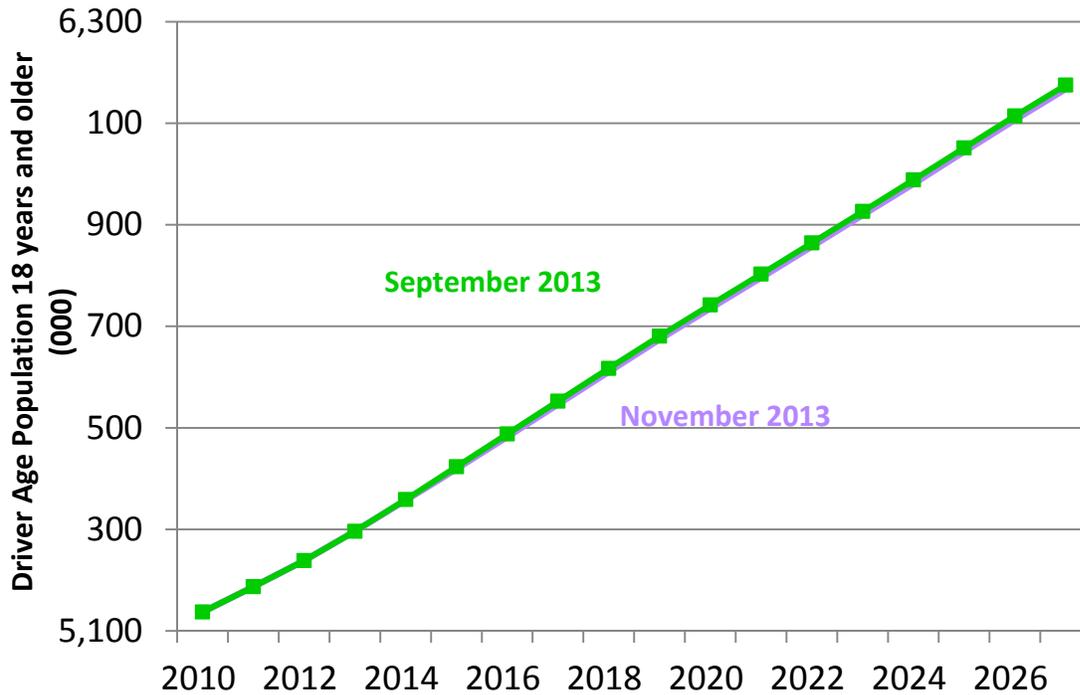
The November 2013 forecast includes the preliminary 2013 OFM population projections. This is a change from the past four quarterly forecasts in which the 2012 OFM population projections were used. The driver age population was 5.238 million with an annual growth rate of 1.0% for FY 2012. The actual driver age population was 5.296 million in FY 2013 as opposed to 5.295 million anticipated in last year's projection. The FY 2013 annual population growth rate is 1.1%. In fiscal years 2014 through 2019, the

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



Source: Washington Economic and Revenue Forecast Council (October 2013 economic variables) and 2013

Figure 8 Washington Statewide Population Forecast Comparison – Annual Percent Change in Statewide Population November vs September 2013 Forecasts

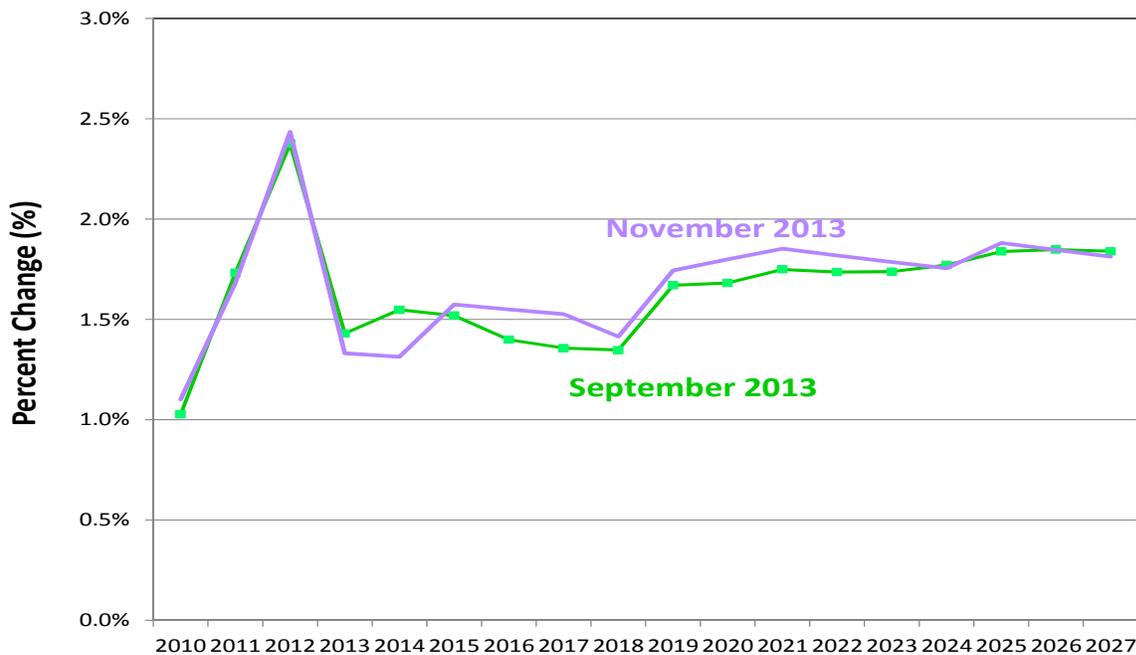


annual population growth rate is between 1.17% and 1.13% per year as opposed to 1.2% each year in the last projections. Beginning in FY 2017 and throughout the remainder of the forecast horizon, the annual population growth rate falls slightly from 1.17% to 0.99% by FY 2027. Overall, this 2013 OFM long-term population forecast is a very minor revision downward from last year's forecast.

U.S. Inflation

For the U.S. inflation rate forecast, we use the Economic and Revenue Forecast Council through FY 2017 and Global Insight's October 2013 projection of the implicit price deflator (IPDC) for 2018 and beyond (Figure 9). In 2012, the U.S. inflation rate, as measured by the change in the IPDC, was 2.4%. In FY 2013, inflation was 1.3%. In FY 2014, the inflation forecast is projected to be 1.3%, slightly lower than 1.5% projected in September. Then in FY 2015, the current forecast shows an annual increase in inflation of 1.57%, which is minimally higher than last quarter's forecast at 1.5%. The current forecast is also projecting inflation at a little more than 1.5% for fiscal years 2016-17 and 1.4% in FY 2018. These growth rates are slightly higher than the 1.4% assumed in September. For the remainder of the forecast horizon, the inflation rates are between 1.7% and 1.88%, which is close to the last forecast (see Figure 9).

Figure 9 Inflation Forecast Comparison – Annual Percent Change in U.S. Implicit Price Deflator for Personal Consumption November vs September 2013



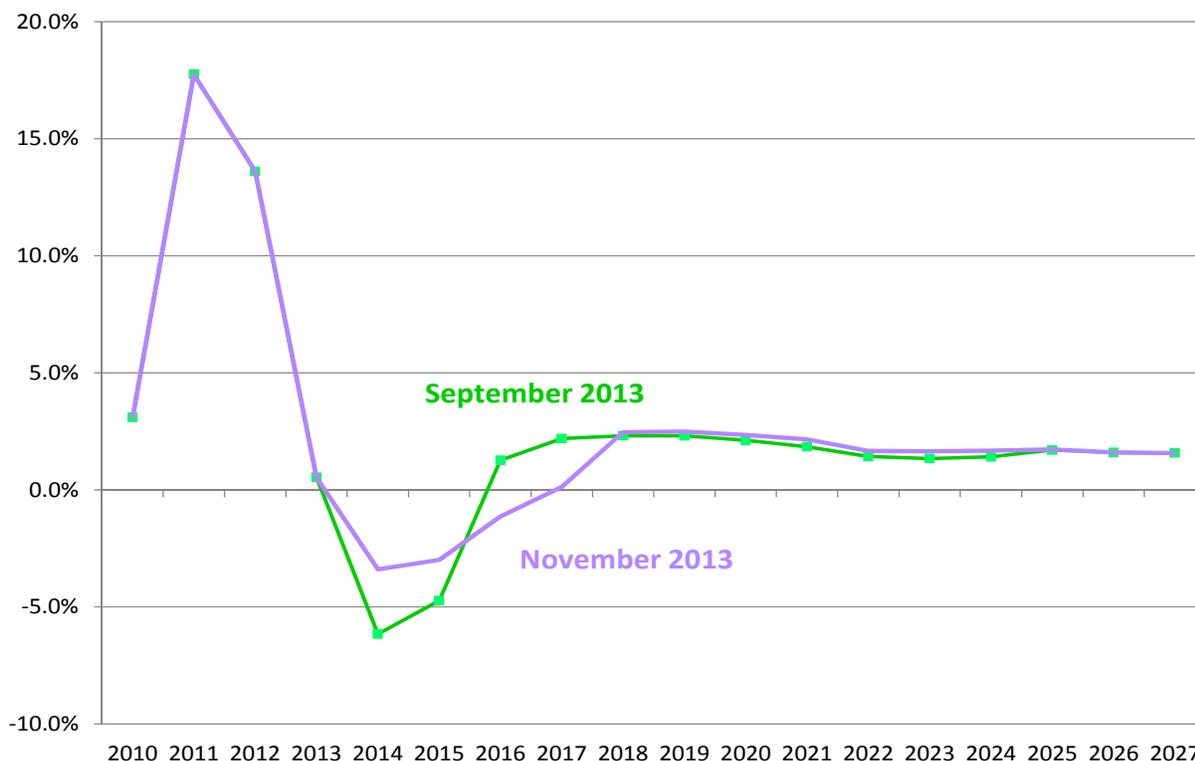
Source: Washington Economic and Revenue Forecast Council and Oct. 2013 Global Insight forecast

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 by 13.6%, year-over-year. In FY 2013 the annual growth for the U.S. petroleum products price index was 0.5%. In FY 2014, the US petroleum price index is projected to decline by 3.4% which is a smaller decline than 6.2% predicted in September. In fiscal year 2015, the forecast of the index is also projected to decline by 3% which is again less pessimistic than a -4.7% predicted last quarter. In FY 2016 the petroleum products price index is also predicted to fall annually by 1.1%. In fiscal years thereafter, this November and the previous forecast predict positive annual growth rates for the oil price index beginning at 0.1% 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 November forecast shows a

slightly more optimistic fuel price growth in the next two years and little change from the previous forecast in the long-term (see Figure 10).

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



Source: October 2013 Global Insight forecast

U.S. Fuel Efficiency (MPG)

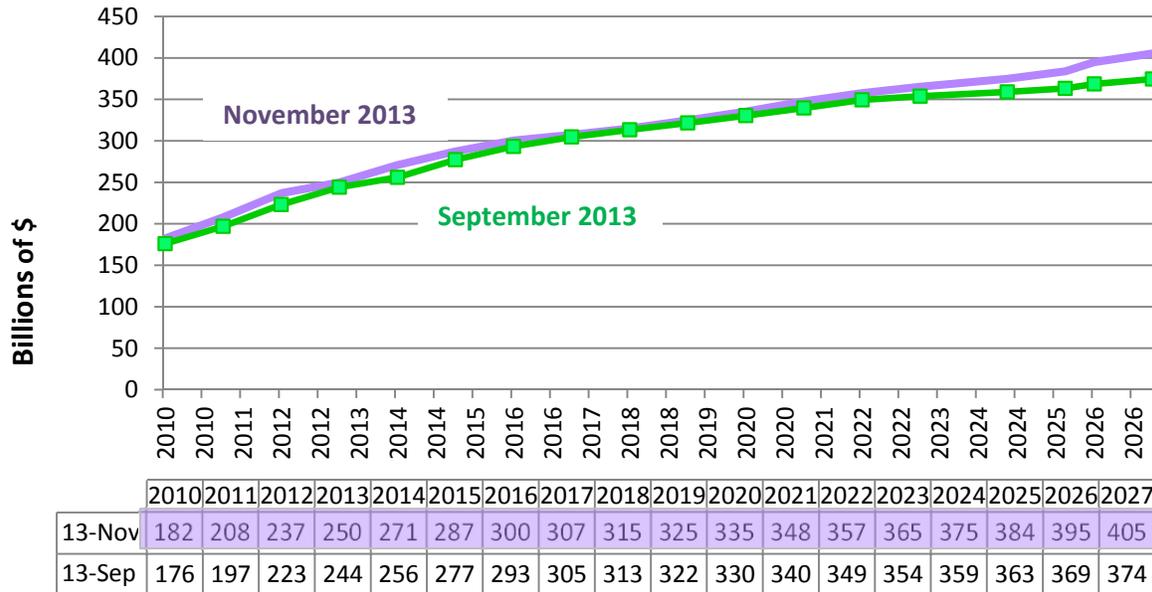
The U.S. on-road fuel efficiency variable for the November 2013 forecast is unchanged from the September forecast. Previous forecasts incorporated the February 2013 short and long-term Global Insight forecast, which included the effects of the 2012 Obama administration fuel efficiency standards for passenger cars and light trucks in model year 2017 and beyond. The on-highway fleet fuel efficiency variable in 2012 and 2013 was 20.3 and 20.5 miles per gallon respectively for the entire US fleet of light vehicles. In the current fiscal year, the November 2013 fuel efficiency projection for the US fleet is 20.7 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 26.5 miles per gallon.

U.S. Consumer Spending on New Motor Vehicles

Consumer spending on new motor vehicles throughout the U.S. has been recovering with 10.8% and 11.8% year-over-year growth in FY 2010 and 2011 respectively. In FY 2012, the recovery for light vehicle sales picked up even more with an annual growth rate of 13.3%. In fiscal year 2013, consumer spending on new vehicles grew year over year at 5.4% instead of 7.5% predicted in September. In general, this November 2013 forecast is predicting higher levels of consumer spending on new motor vehicles than in September. In fiscal year 2014, consumer spending on new vehicles is expected to be higher, at 8.5%, as opposed to 5% in June. By FY 2015 and 2016, consumer spending is projected to pick up again with annual growth rates of 6.1% and 4.6%, which is a little more pessimistic than last

quarter with growth rates of 6.3% and 6.8% 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 a 2.2% as opposed to 3.5%. Then the growth rates slowly decline further for the remainder of the forecast horizon. Overall, the subsequent years' growth rates after FY 2017 are more optimistic than September's forecasted annual growth rates of consumer spending on new vehicles.

**Figure 11 Global Insight Annual US Consumer Spending on Motor Vehicles (\$ billions)
Comparison November vs September 2013 Forecasts**



Source: October 2013 Global Insight forecast and November 2013 long-term Global Insight forecast

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

This November forecast has only minor upward revisions in the levels of Washington employment from the September forecast. The recovery in Washington's economy picked up in FY 2012 with non-agricultural employment growing by 1.5%; employment in the trade, transportation, and utilities sectors growing at 2.0%; and Washington retail employment growing at 1.8%. In FY 2013, year-over-year growth in non-ag. employment was 2.1%. In the current fiscal year, the projection of the non-ag. employment annual growth rate remains nearly the same as last quarter at 1.9% as opposed to 1.8%. In the following year, the annual growth rate for non-ag. employment remains the same as in FY 2014 at 1.9%. In fiscal years FY 2016-2021, the annual growth rates for non-ag. employment falls every year from 1.7% to 0.8% which is the same trend as the last forecast in the September. The economic growth in Washington non-ag. employment in subsequent years beyond FY 2018 is based on OFM's long-term employment projections, which have not changed from September. Essentially this November forecast of non-ag. employment is only a minor upward revision in fiscal years 2014 and 2015 with all other years' growth rates remaining the same.

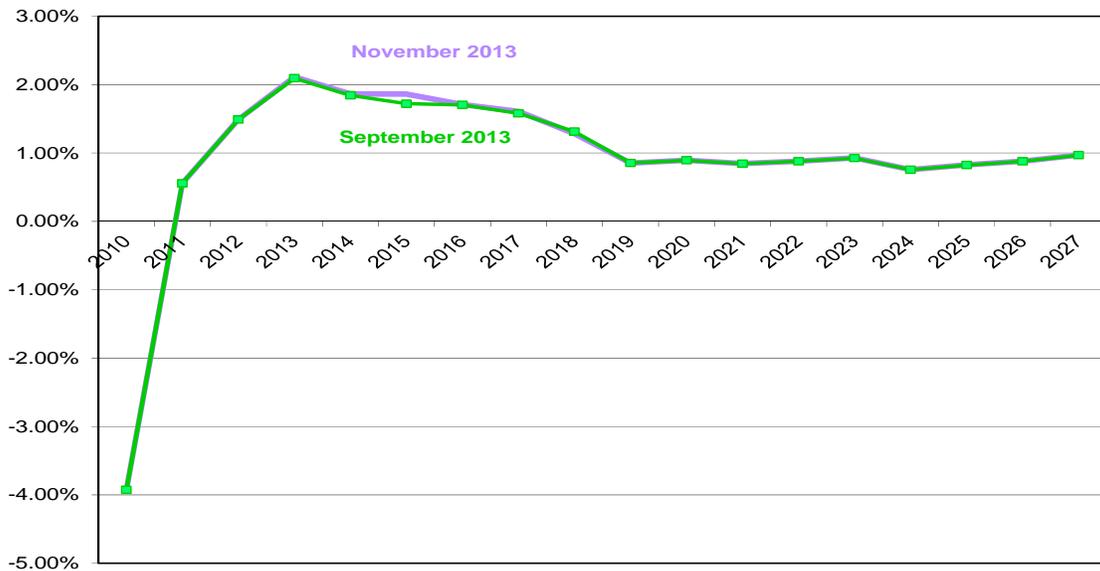
Washington's employment in the trade, transportation, and utilities (TTU) sectors follows similar trends as the overall non-farm employment trends. In FY 2012, this industry grew by 2% year-over-year. In FY 2013, the trade, transportation, and utilities employment sector grew by 2.5%. In the current fiscal year, employment in the trade, transportation, and utilities sector is projected to grow at 2.3%, which is slightly faster than overall non-ag. employment growth of 1.9%. In FY 2015, this industry's employment is anticipated to grow by 1.2% year-over-year, which is the same growth predicted in September. In FY 2016, growth rates in this employment sector are also expected to drop to 1.1% which is nearly the same as September's projection. Then in FY 2017, Washington employment growth rates in the trade, transportation, and utilities sectors is anticipated to rise to 1.2% which is slightly lower than in September

at 1.3%. Then employment in the trade, transportation, and utilities sector growth rate falls slightly again back to 0.9% in FY 2018, which is the slightly lower than anticipated in September at 1.1%. In subsequent years, the TTU employment growth rates are dependent on the same 2013 OFM long-term forecast used in September. The 2013 OFM long-term annual growth rates are projected to be 0.5% in FY 2019. The annual growth rate falls further to 0.3% in FY 2020 until 2024. In FY 2025 and 2026, it rises back to 0.5% and then to 0.6% in FY 2027, which are the same growth rates as in September.

Figure 12 Annual Growth Rates (%) Washington Employment Forecasts: November 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	2.1	2.5	2.8
2014	1.9	2.3	2.7
2015	1.9	1.2	0.8
2016	1.7	1.1	0.5
2017	1.6	1.2	0.6
2018	1.3	0.9	0.3
2019	0.9	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 13 Washington Nonfarm Payroll Employment Forecasts of Annual Growth Rates: November vs September 2013



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

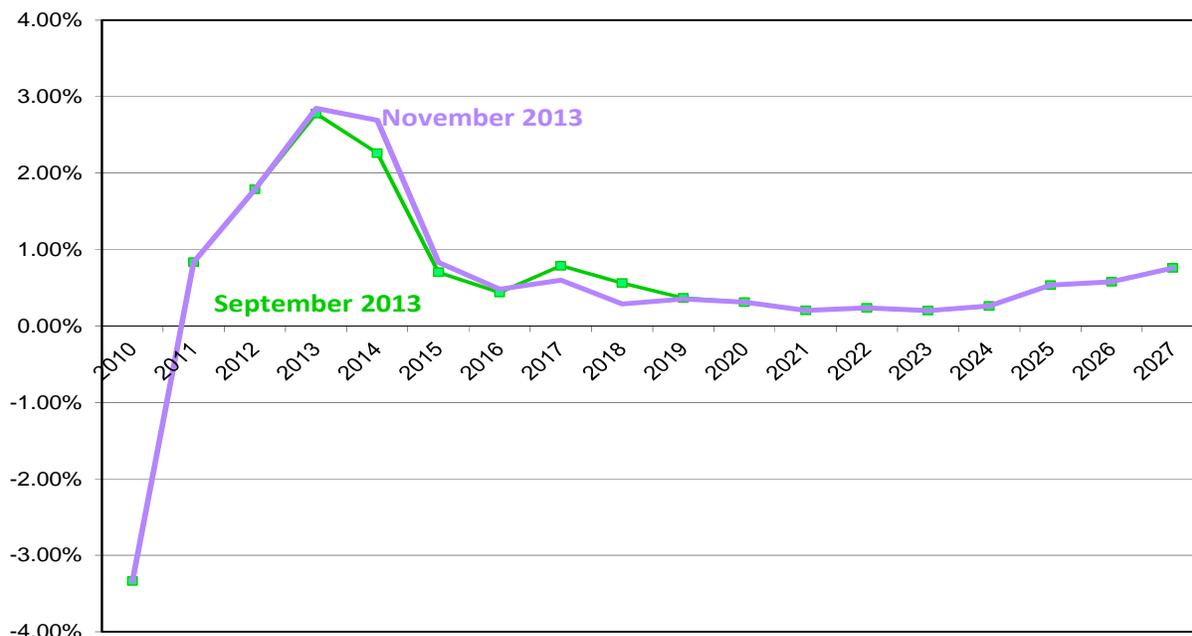
Figure 14 Washington Nonfarm Payroll Employment – Trade, Transportation and Utilities Sectors (TTU) Forecasts of Annual Growth Rates: November vs September 2013



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

Washington’s employment in the retail trade sector in this forecast also follows similar trends as employment in the non-agricultural and trade, transportation, and utilities industries; however, projections are more optimistic for this industry sector. The retail employment sector grew by 1.8% year-over-year in FY 2012. In FY 2013, the retail trade employment grew even more by 2.8%. In the current fiscal year, the projection of retail employment growth is higher at 2.7% compared to 2.3% annual growth in September. In FY 2015 retail employment is projected to grow slightly stronger than the last forecast at 0.8% growth as opposed to 0.7% anticipated in September. In FY 2016, retail employment is anticipated to grow slower at 0.5% but this is slightly higher than 0.4% projected in September. In FY 2017, the annual growth rate is 0.6% with the September forecast having a 0.8% annual growth. In FY 2018, the annual growth rate is lower than previously anticipated with an annual growth of 0.3% compared to 0.6% in September. In FY 2019 and beyond, the retail employment projections are based on OFM’s 2013 employment projections. These projections are the same as the last quarterly forecast. The annual growth rate averages 0.4%.

Figure 15 Washington Nonfarm Payroll Employment – Retail Trade Sector Forecasts of Annual Growth Rates: November vs September 2013



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

Motor Fuel Price Forecast

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

The November 2013 forecast for crude oil prices is nearly the same as the last forecast in the current fiscal year and down slightly in the extended forecast from September. The same is true for the current retail gas and diesel price forecasts as they are slightly down or nearly the same as the September forecast in both the near- and long-term. Annual adjusted ferry B5 biodiesel prices are nearly the same as the September forecast.

Source of data for the forecast

For the Washington retail price of gasoline, actual fuel prices are collected from the Energy Information Administration's (EIA) survey of retail prices for regular gasoline in the state. For the retail price of diesel, the actual prices are collected from AAA's weekly publication of retail prices for diesel in Washington. The actual ferry B5 biodiesel prices are reported by the Washington State Ferries (WSF). In the short term (through calendar year 2014), the retail gas price forecasts are based on the growth in the national retail gas. The diesel and biodiesel diesel prices grow off the growth in national diesel prices from the Energy Information Agency (EIA) monthly projections. Beyond calendar year 2014, the fuel price projections are based on September's Global Insight national gas price forecast for Washington's gas price forecast and the producer price index (PPI) projections for refined petroleum products for the retail diesel and biodiesel price forecasts.

The forecasts of biodiesel prices include two different biodiesel prices: B5 and B99 without the renewable identification number (RIN). WSF currently purchases biodiesel as B5 blended biodiesel. WSDOT also purchases B99 biodiesel without RIN for our vehicle fleet needs. OPIS provides WSDOT with the latest fuel prices including B5. Washington's Department of Enterprise Services (DES) provides WSDOT with the latest B99 biodiesel prices without RIN in Tacoma. 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 by DES.

U.S. crude oil price trend

U.S. prices of West Texas Intermediate Crude (WTI) oil averaged \$95 per barrel in FY 2012. In fiscal year 2013, crude oil prices averaged \$92.16 per barrel. The crude oil price forecast for third quarter 2013 is a little higher now at \$105.84 versus \$105.41 per barrel predicted two months ago. In the future, this November crude oil price forecast is nearly the same as in September. In FY 2014, WTI crude oil prices are projected to be \$98.38 per barrel, which is a 6.8% year over year growth and lower projection than in September. This November crude oil price forecast dips a little in FY 2015 with an average WTI price of \$93.05 per barrel. This is close to the same average price as in September. In this current forecast, crude oil prices are expected to remain low at an average of \$90.68 and \$90.02 per barrel in FY 2016 and 2017 respectively. This is a change from last quarter's price forecast which had crude oil prices beginning to slowly rise to \$92 and \$95 per barrel respectively in fiscal years' 2016 and 2017.

Washington retail gasoline price trend

November's Washington retail gasoline prices are projected to be nearly the same or slightly higher than the September forecast in the next few months.. This current forecast follows a similar trend to the September forecast in the near-term, but with slightly higher prices than the last forecast. This forecast has annual average gas prices hitting \$4 per gallon by FY 2022, which is the same year as the September gas price forecast. In FY 2013, the Washington average retail gas price was \$3.73 per gallon. In FY 2014, the Washington average retail gas price is currently projected to be \$3.58 per gallon as opposed to \$3.60 per gallon in September. This represents a year-over-year decline of 4%. This FY2014 price of \$3.58 per gallon is a decrease of 0.6% from the September forecast. In FY 2015, the Washington retail gas price is expected to decline slightly year-over-year slightly to \$3.57 per gallon, \$0.05 higher than anticipated in the September forecast. In FY 2016, this current forecast anticipates gas prices to decline a little further year-over-year to an average of \$3.55 per gallon, which is slightly higher than \$3.50 per gallon expected last quarter. The November forecast of retail gas prices is slightly lower than the September beginning in FY 2023.

Washington retail diesel price trend

Washington's retail price of diesel was an average \$3.02 in FY 2010. It increased 23% to \$3.71 per gallon in FY 2011. In FY 2012, the average diesel price was \$4.20 per gallon, or 13% higher than the prior year. In FY 2013, the retail diesel price dropped slightly to \$4.10 per gallon. In FY 2014, the same trend is present; with a current forecast of retail diesel price at \$3.97 per gallon, a year over year decline of 3.2% and nearly the same as the September forecast. This November forecast of retail diesel prices is consistently lower than the September forecast beginning FY 2017 and throughout the remainder of 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 in FY 2011. In FY 2012 and 2013, the retail gas and diesel price differential grows to 35 cents and 37 cents per gallon respectively. Over time, the price differential between retail gas and diesel is expected to fall and then grow again. By the last fiscal year, the diesel to gas price differential is projected to be 43 cents per gallon.

Figure 16 Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular: November vs September vs March 2013 forecasts

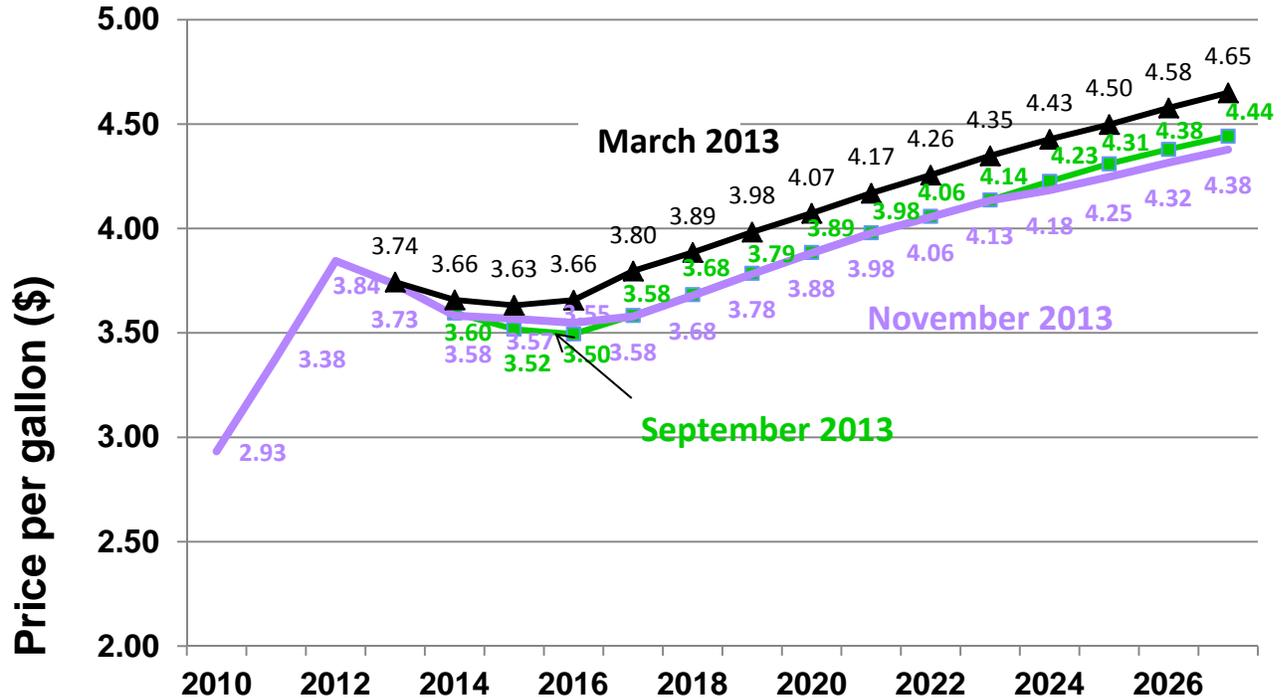
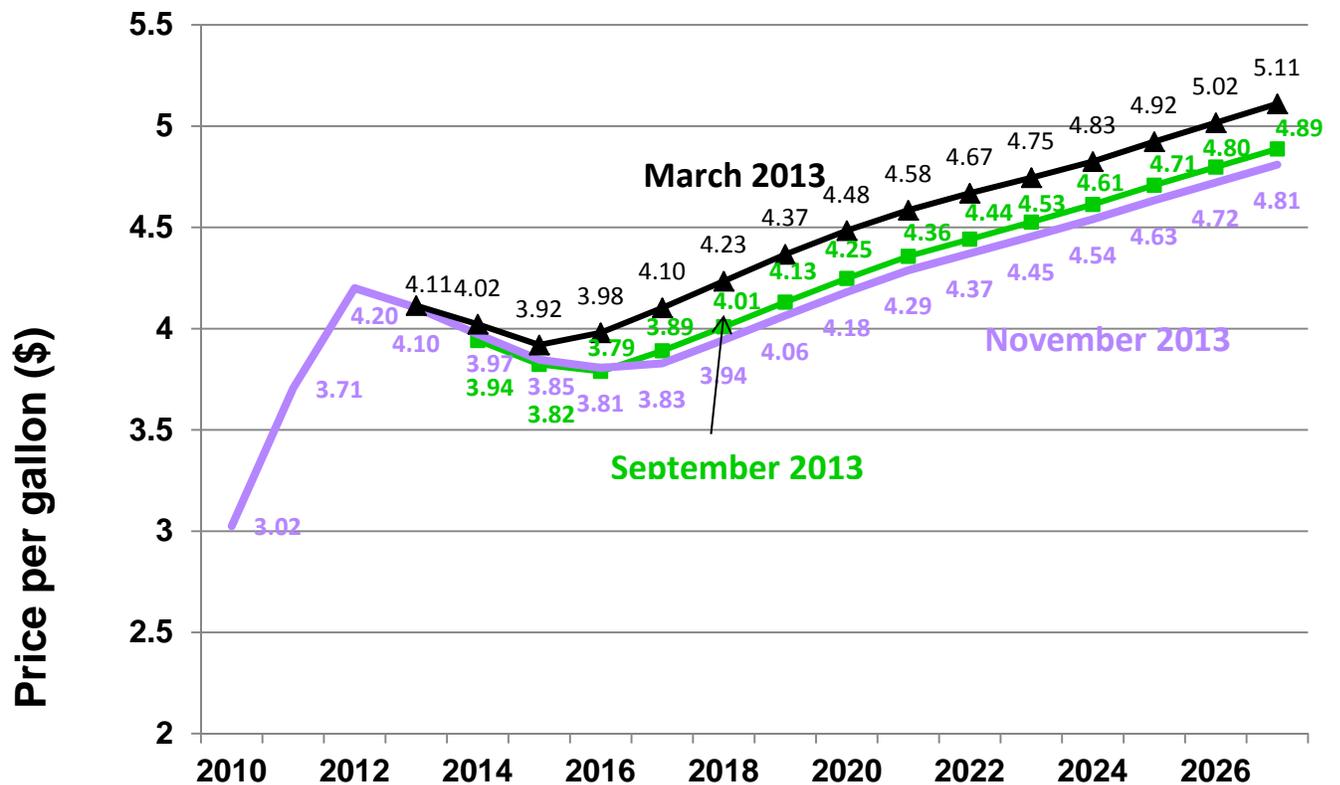


Figure 17 Forecast of UNADJUSTED Washington Retail Diesel Prices: November vs September vs March 2013



Washington ferries B5 biodiesel fuel price trend

The trend in Washington's ferry (WSF) B5 biodiesel price is similar to retail diesel price. The reported B5 biodiesel price includes the markup costs ferries must pay, delivery fees, and various taxes, including sales taxes. Washington state ferries began receiving a sales tax exemption on their biodiesel fuel purchases on July 1, 2013 and this has been incorporated into the baseline B5 biodiesel price forecast. The ferries B5 unadjusted biodiesel price averaged \$3.53 per gallon in FY 2012. In FY 2013, the **adjusted** B5 biodiesel price fell slightly to \$3.51 per gallon. Beginning in FY 2014, B5 biodiesel prices will not include the roughly 10% sales tax cost so the November forecast of the average annual B5 biodiesel price with markup is anticipated to fall to \$3.18 per gallon which is slightly higher than the September projection of \$3.17 per gallon. In FY 2015, the B5 biodiesel price is anticipated to be the same at \$3.18 versus \$3.13 per gallon projected in September. In FY 2016-17, the current forecast of adjusted B5 prices is fairly flat with projections of \$3.20 and \$3.25 per gallon respectively as opposed to \$3.13 and \$3.15 per gallon last quarter

B99 Biodiesel fuel price trend

The latest monthly OPIS B99 biodiesel price without RIN, markup, delivery and tax costs in Tacoma reported on the GA web site begins this B99 price forecast. The biodiesel price forecasts are based on the retail diesel price future growth with adjustments made to eventually have a regular diesel and biodiesel price differential of roughly 12%, which is the average price differential seen over the last 5 years. The B99 biodiesel price forecasts used for non-WSF WSDOT purchases had an actual B99 markup averaging \$4.95 per gallon in FY 2012. For FY 2013, B99 base biodiesel price forecast rose a little to \$4.98 per gallon. For FY 2014, the B99 price forecast in November declines year-over-year by 2.4% to \$4.86 per gallon, which is nearly the same price forecast as in September. In FY 2015, the average annual B99 price is expected to decline further to \$4.70 per gallon and then decline even further to \$4.65 per gallon in FY 2016. The B99 prices stay low for another year at an average of \$4.68 per gallon before starting to rise again in FY 2017. The current projection for FY 2017 is lower than the last forecast by \$0.07 per gallon.

In November 2013, the West Texas Intermediate (WTI) crude oil price forecasts for FY 2014 differed by an approximate average of 5.9%, or \$97.3 - \$103 per barrel. The five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics, and Moody's Economy.com had forecasts with crude oil price forecasts which averaged \$99.83 per barrel for FY 2014. WSDOT's baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term through calendar year 2014 and then use the growth rates from Global Insight forecasts for subsequent years. The projected price forecasts for crude oil in FY 2015 ranged from \$90.24 per barrel by NYMEX to \$109.04 per barrel by Moody's Economy.com with the average being \$97.09 per barrel. The forecast for WTI crude oil in FY 2016 ranged from \$85.76 per barrel by NYMEX to \$113.42 per barrel by Moody's Economy.com with the average being \$96 per barrel. The average forecast for WTI crude oil in FY 2017 ranged from \$83.20 per barrel by NYMEX to \$115.99 per barrel by Economy.com with the average being \$96.45 per barrel. Figure 19 reveals that NYMEX future oil prices were the lowest price estimates in all fiscal years, 2014-2017. Projections by Moody's Economy.com were the highest for all years.

**Figure 18 Near-term UNADJUSTED BASELINE Quarterly Fuel Prices:
November 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	94.10	3.81	4.05
FY 2013	92.16	3.73	4.10
2013: Q3	105.84	3.79	4.03
2013: Q4	96.68	3.39	4.00
2014: Q1	95.67	3.47	3.90
2014: Q2	95.33	3.67	3.96
FY 2014	98.38	3.58	3.97
2014: Q3	95.67	3.60	3.88
2014: Q4	93.33	3.37	3.86
2015: Q1	92.26	3.51	3.83
2015: Q2	90.94	3.79	3.81
FY 2015	93.05	3.57	3.85
2015: Q3	90.53	3.54	3.81
2015: Q4	91.63	3.33	3.78
2016: Q1	90.87	3.52	3.82
2016: Q2	89.67	3.80	3.81
FY 2016	90.68	3.55	3.81
2016: Q3	88.87	3.55	3.79
2016: Q4	89.65	3.37	3.82
2017: Q1	90.31	3.54	3.83
2017: Q2	91.25	3.86	3.87
FY 2017	90.02	3.58	3.83

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

**Figure 19 Near-term Annual Crude Oil Price Forecasts – 5 Different Forecast Comparisons:
November 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	\$98.38	\$97.31	\$102.20	\$103.01	\$99.27	\$99.83	0.91%	4.70%	1.48%
2015	\$93.05	\$90.24	\$97.38	\$109.04	\$95.74	\$97.09	-3.02%	17.18%	4.34%
2016	\$90.68	\$85.76	\$95.36	\$113.42	\$95.95	\$96.23	-5.43%	25.08%	6.13%
2017	\$90.02	\$83.20	\$94.67	\$115.99	\$98.35	\$96.45	-7.58%	28.84%	7.14%

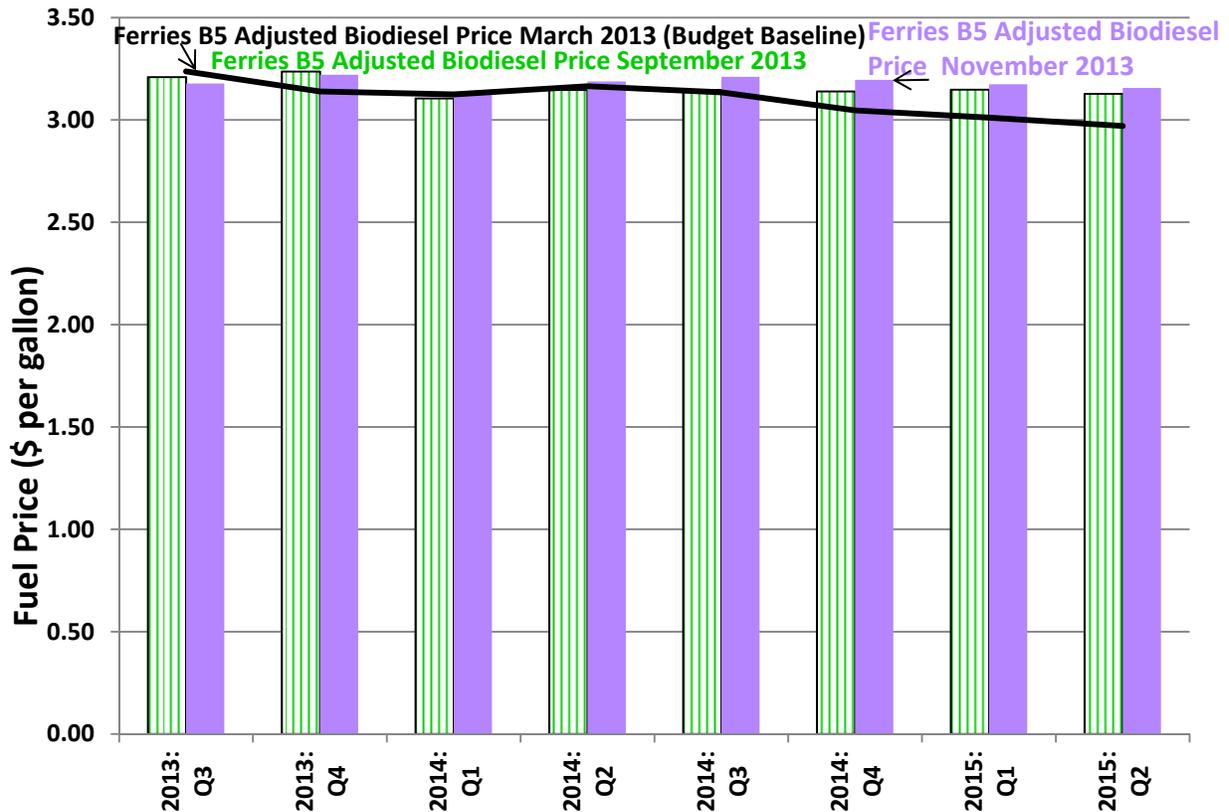
Figure 20 Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes: November 2013 forecast (\$ per gallon)

Fiscal Year Quarter	Adjusted WA Retail Gasoline Price (\$/gal)	Adjusted WA Retail Diesel Price (\$/gal)	Adjusted B5 Biodiesel Price (\$/gal)	Unadjusted B99 Biodiesel price
2013: Q3	3.79	4.03	3.18	4.93
2013: Q4	3.44	4.06	3.22	4.89
2014: Q1	3.52	3.95	3.14	4.76
2014: Q2	3.73	4.02	3.19	4.84
FY 2014	3.62	4.02	3.18	4.86
2014: Q3	3.76	4.05	3.21	4.74
2014: Q4	3.52	4.03	3.20	4.72
2015: Q1	3.66	4.00	3.17	4.69
2015: Q2	3.95	3.98	3.16	4.66
FY 2015	3.72	4.01	3.18	4.70
2015: Q3	3.76	4.04	3.21	4.66
2015: Q4	3.54	4.02	3.19	4.63
2016: Q1	3.73	4.06	3.22	4.67
2016: Q2	4.03	4.04	3.21	4.66
FY 2016	3.77	4.04	3.20	4.65
2016: Q3	3.80	4.06	3.22	4.64
2016: Q4	3.62	4.09	3.25	4.67
2017: Q1	3.79	4.11	3.26	4.68
2017: Q2	4.13	4.14	3.29	4.73
FY 2017	3.83	4.10	3.25	4.68

WSDOT applies the five forecast entity average adjustment to the baseline November 2013 retail gasoline, diesel, and B5 biodiesel prices. The fuel prices listed in Figure 20 will be used to estimate the future costs to the agency's 2013-15 biennium budget for gas and diesel fuel for fiscal years 2014 and 2015. The latest adjusted forecast requires a 1.48% increase in the baseline fuel prices for retail gas, diesel and B5 biodiesel prices for FY 2014 and 4.34% increase for FY 2015. In the outer years, FY 2016 baseline fuel prices are adjusted more by roughly 6.1%. In FY 2017, the baseline B5 fuel prices were adjusted by 7.1%. B99 biodiesel prices are not adjusted each year due to B99 biodiesel prices being based on different feedstock prices rather than crude oil prices.

The November adjusted B5 biodiesel prices are nearly the same as the quarterly September forecast. In the fourth quarter of 2013, the current B5 biodiesel price was slightly above the March 2013 forecast (used for budgeting purposes). This is also true of the last four quarters in the current biennium. Overall in FY 2014, ferries' B5 price is anticipated to average \$3.18 per gallon, excluding sales taxes, and remains the same in FY 2015. Overall B5 biodiesel prices are expected to be flat and change only minimally over the next two years, so by FY 2017 the average B5 biodiesel price is slightly higher at \$3.25 per gallon which is above last quarter when the anticipated B5 adjusted price was \$3.14 per gallon.

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



Motor Vehicle Fuel Tax Forecast

Total fuel tax collections in September 2013 and October 2013 were \$3.6 million or 1.7% above the September 2013 forecast.

For September 2013 and October 2013, gasoline tax collections came in above September's projections by \$1.4 million or 0.8%.

- September gas tax collections came in at \$105.5 million, \$14.1 million more than the September forecast.
- October gas tax collections came in at \$70.8 million, \$12.7 million lower than the September forecast.
- A licensed fuel distributor mistakenly overpaid the Department of Licensing by \$13.4 million for September taxes and was subsequently refunded for the same amount in October taxes.

For September 2013 and October 2013, diesel tax collections came in above forecast by 2.1 million or 5% above expectations.

- September diesel collections came in at \$23.1 million or \$1.4 million above September projections.
- October diesel collections came in at \$22.1 million or \$0.7 million above September projections.

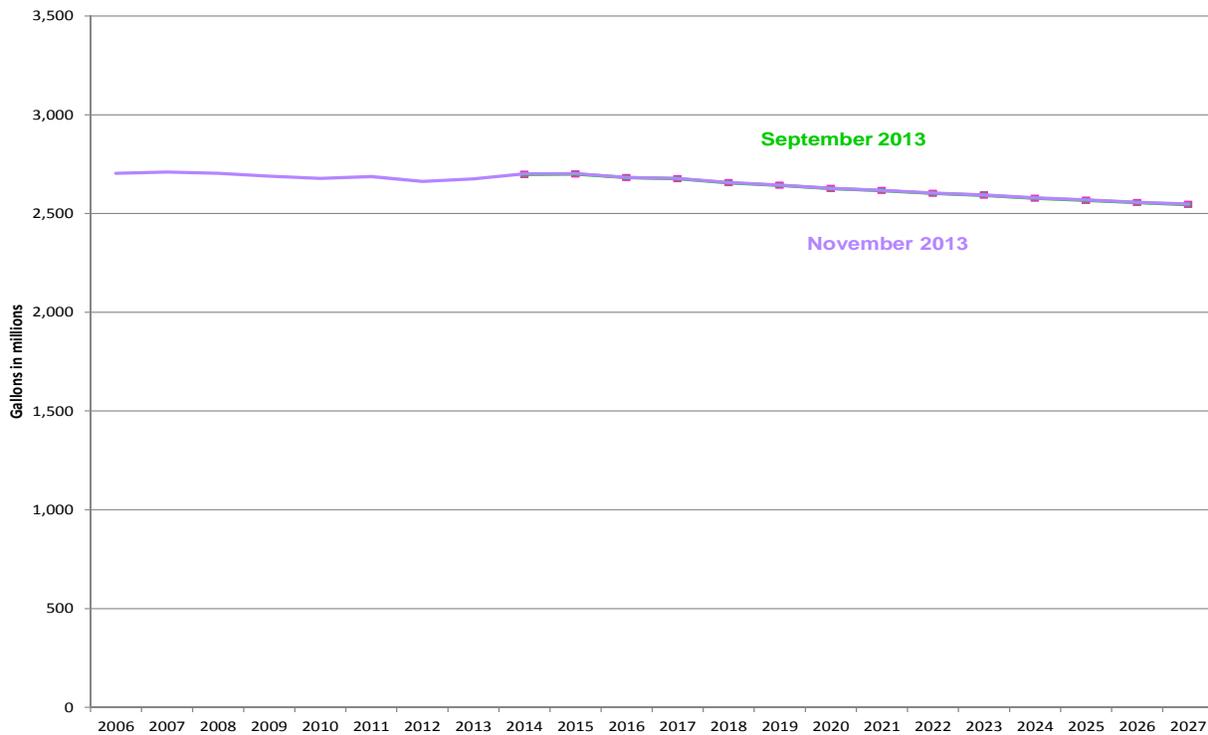
Gross motor fuel tax revenue projections are \$2.523 billion for the 2013-15 biennium which is 1.4% or 34.8 million more than the 2011-13 biennium. Gross motor fuel tax revenues for the current biennium are projected to be \$5.5 million or 0.22% more than the prior forecast. The overall increase in

motor fuel tax revenue for the 10-year period ending in 2021-23 biennium is 0.16% or \$19.81 million above the September 2013 revenue forecast. The primary reasons for the change in fuel tax revenues from the last forecast are higher near-term tax collections in gasoline and diesel, slightly higher non-agricultural employment for forecasting gasoline, and slightly higher employment in the trade, transportation, and utilities sectors for forecasting diesel.

Trends in gasoline consumption and tax revenue

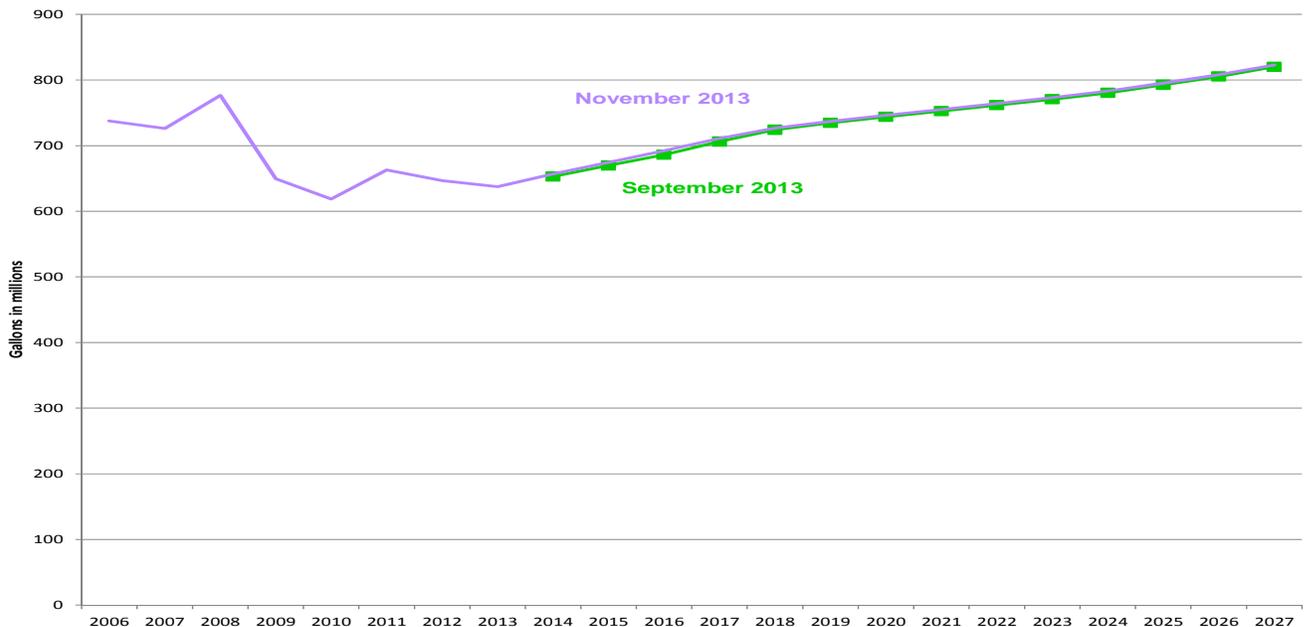
For FY 2012, gasoline consumption was 2,663 million gallons which was an annual decrease of 0.9% over FY 2011. In FY 2013, gasoline consumption was 2,676 million gallons which was an increase of 0.5% from FY 2012. Figure 22 shows the forecast to forecast comparison of projected gasoline gallons consumed. In FY 2014, gasoline consumption is projected to be 2,701 million gallons, 0.1% more than the last forecasted. Throughout the remainder of the forecast horizon, gas consumption is anticipated to grow on average 0.07% more than in the September forecast. Gas consumption is growing very slowly with a long-term average annual growth rate (FY 2014-2027) for gas consumption of -0.35% in this November 2013 forecast which is greater than the -0.36% growth rate from the last forecast.

Figure 22 Gasoline Motor Fuel Consumption Forecast Comparison: November 2013 vs. September 2013 forecast



In the current biennium, gas tax revenue is projected to be \$2,023.5 billion which is an increase of \$2.1 million or 0.11% since the September 2013 forecast. By the 2015-17 biennium, gas tax revenue decreases to \$2,009.6 billion, up by \$1.3 million or 0.07% from the September forecast. These biennia upward changes from the September forecast remain steady throughout the forecast horizon. Gross gas tax revenue projections are up \$6.89 million from the September forecast for a 10-year forecast horizon.

Figure 23 Diesel Fuel Consumption Forecast Comparison: November 2013 vs. September 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 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 be 657 million gallons which is an annual rise of 3.0% which is 0.6% more than September’s forecasted annual growth of 2.4%. Diesel consumption is not expected to exceed its high 2008 consumption level of 777 million gallons until FY 2024. Over the forecast horizon through FY 2027, diesel consumption is expected to grow annually on average by approximately 1.84% which is higher than September’s average growth projections of 1.81 %.

Diesel tax revenue is projected to be \$499.2 million in the 2013-15 biennium which is 3.3 million more than the \$499.2 million from the prior forecast. In the 2015-17 biennium, diesel tax revenue is expected to be \$527.3 million which is 0.76% or \$4 million more than the September forecast. In the 2017-19 biennium, diesel tax revenue is expected to be \$549.5 million which is \$1.8 million or 0.34% more than the last forecast of \$547.6 million. The revenue change from the September forecast remains nearly the same over time and by the end of the forecast horizon in the 2025-2027 biennium diesel tax revenue is higher by \$2.1 million or 0.34%. The major reason for the long-term increase in diesel consumption and revenue in November are due mainly to higher collections in the remainder of FY 2014 and higher projections of employment for trade, transportation, and utilities from FY2015-FY2017. This is a very minor revision upward in the November forecast from last quarter.

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. Gasoline tax non-highway refunds are up by \$5.1 million while diesel tax non-highway refunds are up by \$0.2 million in the current biennium. Monthly non-highway gasoline tax refunds are coming in much stronger than forecasted in FY2014 resulting in a projected \$3.3 million annual increase in refunds. Future annual gasoline non-highway refunds from FY2015-27 were also increased. In the future biennia, the assumption for gasoline non-highway refunds as a percent of gasoline consumption was increased to 0.6% of gasoline consumption, up from 0.5% assumed in September. In the 2015-17 biennium, gas tax non-highway refunds are projected to be 20.1% or \$2 million higher than in September and diesel tax non-highway refunds are projected to be \$0.3 million or 0.8% higher based on the higher diesel fuel tax revenue projections in November. In the 2017-19 biennium, non-highway gas tax refunds are also up \$2 million or 20.1% while diesel fuel non-highway refunds are projected to be up by \$0.12 million or 0.34% from the last forecast.

Tribal refund forecasts are updated each year in the September forecast after we have another complete year of tribal fuel tax refunds. Tribal refunds are unchanged in this November forecast.

Primary reasons for the forecast changes

- Total fuel tax collections have come in above forecast for the past two months. Gas tax collections have come in higher than forecast by \$1.4 million and diesel tax collections have come in higher than forecast for the past two months by \$2.1 million. Overall, fuel tax collections came in above the September projections by \$3.6 million or 1.6%.
- The November gasoline consumption forecast is driven by a strong annual growth rate 0.5% in FY 2013 and a projected year-over-year growth rate of 0.9% in FY 2014 which sets a higher baseline for the annual gasoline model and leads to higher growth rates throughout the forecast horizon. Slightly lower retail gasoline prices in the long-term also contribute to stronger growth rates.
- Higher actual tax collections and subsequent projection for FY2014 led to an increase in diesel consumption and revenue throughout the forecast horizon.
- Washington's non-farm projections have been revised up slightly from September. Trade, transportation and utilities employment are also slightly higher throughout the forecast horizon raising the fuel consumption forecasts.
- Overall, in the current biennium, gross fuel tax revenues are up \$5.5 million (0.22%) from the last forecast.
- Overall motor fuel tax refunds and transfers are up \$5.3 million (3.89%) in the current biennium and up \$2.3 million (1.6%) in the 2015-2017 biennium and up similarly throughout the forecast horizon as non-highway gas tax refunds are projected higher than in September.
- Tribal gas tax refunds are unchanged in the November forecast.

**Figure 24 Short-term Motor Fuel Tax Forecast – By Month of Collection:
November 2013 forecast**

millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Gasoline Taxes	\$1,010.8	\$1,012.7	\$2,023.5	\$1,005.9	\$1,003.7	\$2,009.6
Special Fuel Taxes	245.7	253.5	499.2	260.1	267.1	527.3
Total Fuel Revenue	\$1,256.5	\$1,266.2	\$2,522.7	\$1,266.0	\$1,270.8	\$2,536.8
% Δ from Prior Forecast	0.22%	0.22%	0.22%	0.21%	0.21%	0.21%

Motor Vehicle Revenue (Licenses, Permits, and Fees)

Background

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

Washington State collected over \$938 million from vehicle licenses, permits, and fees (LPFs) in the 2011-13 biennium. The forecast for the current 2013-2015 biennium is \$1.01 billion, an increase of \$72 million over the 2011-13 biennium. In the November 2013 LPF forecast for the current biennium compared to the forecast released in September, LPF revenue is up \$1.9 million, or 0.19% from the previous estimate of \$1.008 billion.

Trends in vehicle registrations

For the current fiscal year, 2014, there is no change in passenger car registrations from the previous forecast. Vehicle registrations have come in as forecasted. For the rest of the 16 year forecast horizon, the forecast to forecast change is down 0.12% for 2015, down 0.23% for 2016, and down around 0.39% each year through 2027. Annual passenger car growth averages 1.52% each year. The 2014 growth rate is 2.67%, but the rate declines each year with a low of just over 1% towards the end of the forecast horizon.

The Great Recession was deep and sharp for trucks. Truck registrations did recover in 2011 from the low point in 2010; however, trucks did a double-dip recession, returning to near the 2010 low in 2012. Trucks are up, but again it will take a few more years to return to the 2008 high. Like cars, truck registrations are coming in as predicted in the September forecast, so there is no change to expected truck registrations in 2014. For 2015, trucks are expected to be up 0.11% from the September forecast and up 0.14% in 2016. For 2017 to the end of the forecast horizon, the November forecast is slightly lower than the previous forecast. The November forecast is down 0.03% for 2017. The forecast to forecast change drops by 0.33% in the out years. For the future, the November forecast assumes year to year growth rates between 0.18% and 0.75% for trucks.

Trends in LPF revenue

As previously stated, Washington State collected over \$938 million from vehicle licenses, permits, and fees (LPFs) in the 2011-13 biennium. For 2011-2013, passenger vehicles (\$30 vehicles) brought in \$297 million, while trucks brought in \$346 million. In the current biennium, revenue from \$30 vehicles is expected to be in \$305 million, \$500 thousand less than the forecast in September. Even though passenger cars are expected to come in as predicted, motorcycles will come in much lower than predicted. The reduction in \$30 fee revenue is primarily due to revenue from motorcycles. Trucks will earn the State \$350 million, \$845 thousand more than the previous forecast.

Passenger weight fees were \$110 million for the 2011-13 biennium. For the current biennium, these fees should garner \$113.6 million, or \$185 thousand less than expected in the previous forecast. Motor home weight fees came in at \$9.9 million in 2011-2013. These fees are expected to be the same in the current biennium.

Figure 25 Passenger Car Comparison:
November vs September 2013 Forecasts
millions of vehicles

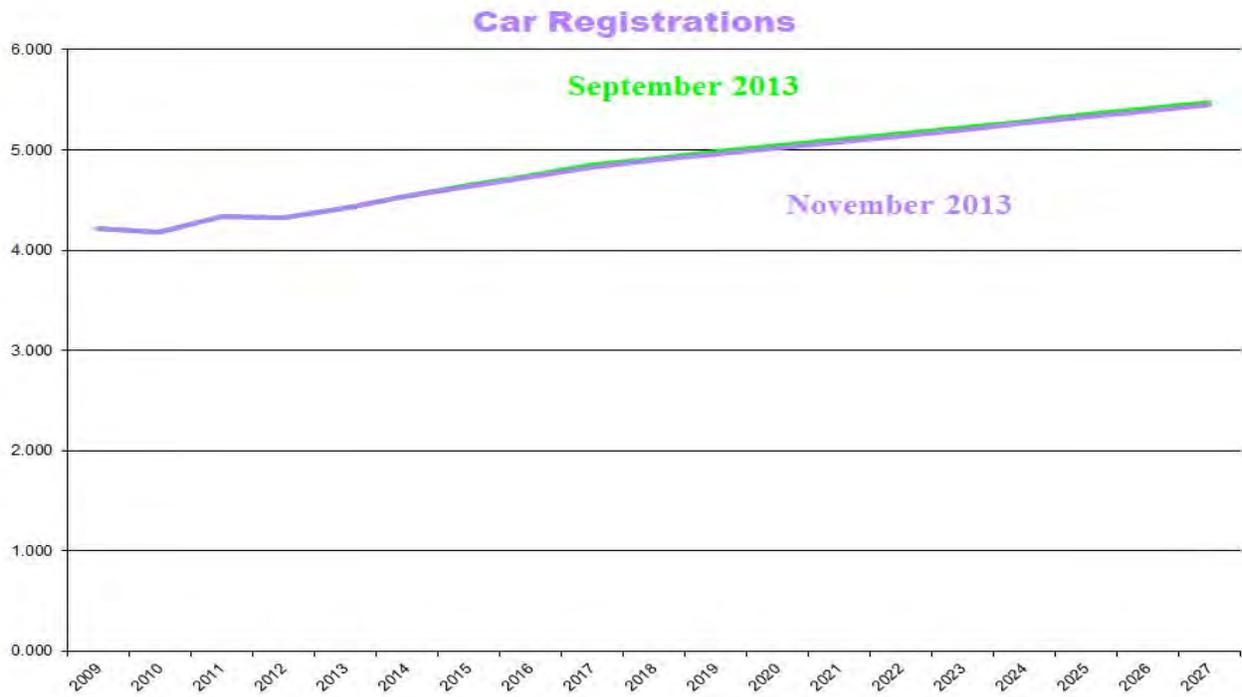
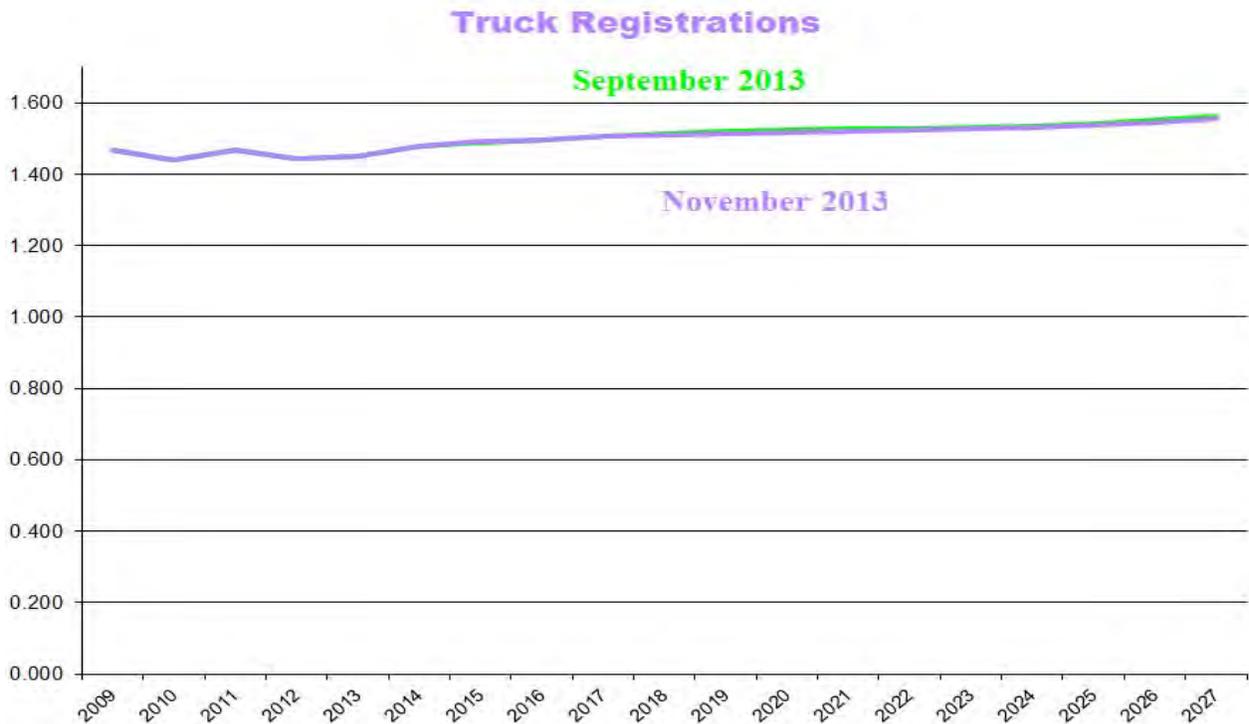


Figure 26 Truck Comparison:
November 2013 vs September 2013 forecasts
millions of vehicles



Trends in LPF revenue

The license plate replacement fee revenue is revised higher by \$1.48 million (4.95%) in the 2013-2015 Biennium due to the change in forecast methodology from a calendar year to a fiscal year basis. Previously, this forecast was on a calendar year basis due to reporting constraints. This forecast continues somewhat higher throughout the forecast horizon due to updated plate survival rates based on fiscal year projections. Revenue for license plate reflectivity fees is also revised higher by \$180,900 (1.6%) in the FY2013-15 Biennium and slightly lower -\$85,400 (-0.78%) in the FY2015-17 Biennium.

The plate number retention fee forecast is revised higher by \$128,800 (7.66%) in the FY 2013-15 Biennium and higher by \$70,700 (5.17%) in the next. This increase continues throughout the forecast horizon reflecting changes in the plate replacement forecast as well as updated retention rates. Plate number retentions for CY 2013 to date represent 5.2% of the total number of plates replaced. The increase in plate number retentions is very likely due to the increased numbers of specialty and personalized plates scheduled for replacement.

The original issue plate fees (new fee of \$10 per plate effective October 2012) are slightly higher in the FY2013-15 Biennium by \$29,900 (0.12%) from the prior forecast but lower in the FY2015-17 Biennium by \$399,500 (-1.55%). This original issue plate fees forecast continues lower throughout the forecast horizon and reflects methodology refinement where the individual components (passenger car, truck, motorcycle, trailer, personalized, and specialty plates) are forecast, resulting in a lower total original plate forecast.

The electric vehicle renewal fees (\$100 each effective February 2013) are estimated at \$305,500 in the 2013-2015 Biennium (\$38,900 or 14.8% higher) and \$347,400 in the 2015-2017 Biennium (\$48,900 or 16.4% higher), reflecting better than expected actual revenue to date.

Title fees are slightly lower by \$383,300 (-0.6%) in the current biennium when compared with the prior forecast and it is lower by \$1.39 million (-2.0%) in the 2015-2017 Biennium. Similar reductions are projected through FY2021. The reduction follows the lower forecast of original issue 2-Standard Background plates (passenger car and truck plates).

Quick title revenue continues to come in higher than expected as more counties are issuing them. Currently 18 counties are issuing quick titles, including King, Pierce, Snohomish, and Spokane, representing almost 80% of the total statewide registration activity. Revenue for the current biennium is projected to be \$1.3 million, up by about \$143,000 (12.4%). Similar upward revisions are projected throughout the forecast horizon.

The dealer temporary permits are higher than the prior forecast in the 2013-15 Biennium by \$281,100 (2.94%) with higher than anticipated actual transactions for current fiscal year. This forecast is \$40,400 (0.41%) slightly higher in the 2015-2017 Biennium. Forecasts in the outer biennia are minimally lower reflecting a small downward revision in the US light vehicle sales forecast.

The Wheeled All-Terrain Vehicle (WATV) forecast per ESHB 1632 is a new forecast. The WATVs can obtain an on-road permit with payment of a \$12 fee along with a declaration that the WATV has equipment and/or modifications making it suitable for on-road use. The on-road WATV fee is distributed to the new Multiuse Roadway Safety Account (571) and is forecasted at \$140,400 in the FY2013-15 Biennium and \$190,900 in the FY 2015-17 Biennium

Primary reasons for the forecast changes

- Actual passenger vehicle registrations for FY 2014 will not change from the previous forecast.
 - Actual registrations are on track
- Future year passenger forecasts are down slightly from the previous forecast.
 - This is due to the lower forecasted growth rates for personal income and population
- Actual truck registrations are the same in FY 2014 as predicted in September
- Overall, LPF revenues are up \$1.9 million in the current biennium compared to the last forecast. In the next biennium, LPF revenues are down \$3 million from the last forecast due primarily to passenger car registrations being down. Overall, this November LPF revenue forecast is a minor modification of the September forecast.

**Figure 27 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees):
November 2013 forecast**

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

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Basic \$30 License Fee	\$151.1	\$154.4	\$305.5	\$157.4	\$160.6	\$318.0
Combined License Fee	174.2	175.5	349.7	176.3	177.2	353.5
All Other Fees	175.2	179.8	355.0	178.9	180.9	359.8
Total LPF Revenue	\$500.5	509.7	\$1,010.2	\$512.6	\$518.7	\$1,031.3
% Change from Prior Fcst	0.01	0.37	0.19	-0.23	-0.35	-0.29

Driver Related Revenue Forecasts

The November 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 \$279.3 million for the current biennium, about \$6.1 million (-2.1%) lower from the prior forecast. In the 2015-2017 Biennium, the November forecast of driver related revenue is \$293.1 million, a reduction of about \$3.1 million (-1.0%) from the prior forecast.

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

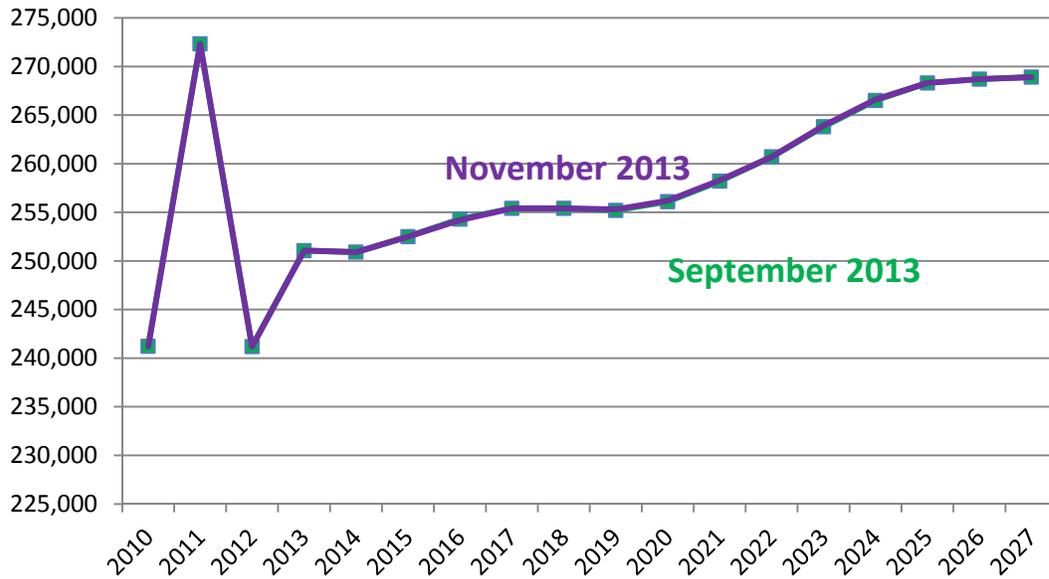
Trends in Driver’s Licenses, ID Cars, Exams, and Abstracts of Driver Records

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

Originals

The original drivers' license forecast is driven by ERFC's non-agricultural employment, OFM population 16-18, and drivers coming from out of WA. This forecast is essentially unchanged from September with little change in population and employment input variables (Figure 28).

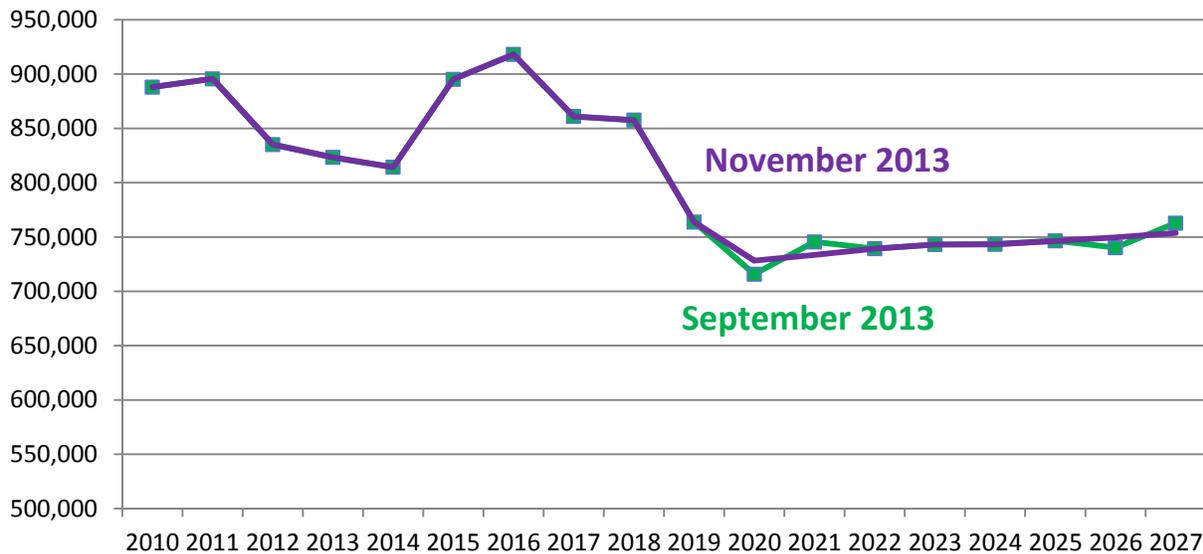
Figure 28 Driver License Originals: November vs September 2013



Renewals

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

Figure 29 Driver License Renewals: November vs September 2013



Driver Instruction Permits and Exam Application Fees

There is a significant downward revision in driver instruction permits in the November forecast. The revision is called for as actual permit issuances since November 2012 have come in consistently lower. The reduced instruction permit level coincides with the transition of most driver exams/tests from DOL offices to private driver training schools. We believe the reduction is primarily in the permit reissuances because with the significant private DTS costs, permit holders have an incentive to pass all required tests within the time frame under the instruction permit. With this understanding, the permit issuance level is reduced 13.6% throughout the forecast horizon.

After a significant downward revision in September forecast, also related the transition of DOL exam/tests to private driving schools, driver exam activities have come in as expected and this forecast is essentially unchanged.

ID Card

There continues to be a shift from full fee paying ID cards to public assistance ID cards where DOL only collects \$5.00 fee for the latter instead of the full \$45.00 fee effective October 2012. Before the fee increase, public assistance ID cards averaged 0.7% of original ID cards issued. Since the fee increase, they have averaged around 17% to date. [Public assistance ID cards are issued at cost of production (RCW 46.20.117 (1)(c)).] Therefore, the November forecast of full fee ID original (at \$45 each) is reduced by an average of 5,100 per year throughout the forecast horizon, with a corresponding increase in the \$5.00 Public Assistance ID cards.

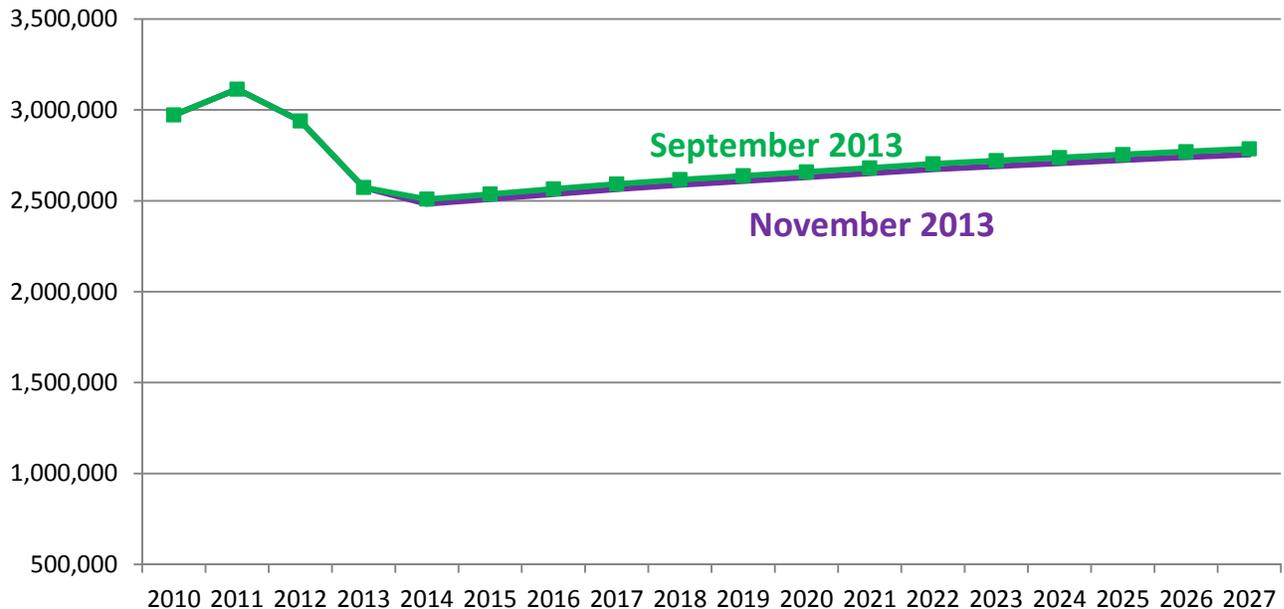
DUI Administrative Hearings

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

Abstracts of Driver Record (ADR)

Following a 4% reduction in the prior forecast, the November forecast has another 1.1% reduction throughout the forecast horizon, making FY 14 the lowest year since FY2007 while keeping a moderate growth from FY14 forward, following the growth of driving age population (ages 16-75).

Figure 30 Sales of ADR November vs September 2013



Trends in Driver Related Revenue

Highway Safety Fund

Total Highway Safety Fund (HSF) revenue for the current biennium is projected to be \$238.6 million, down about \$5.4 million (-2.2%) from the prior forecast. About half of the reduction is a correction to September forecast for FY14 where the delay in 6-year regular driver license renewal impact was not fully incorporated. The rest of the November HSF revenue reduction is due primarily to an additional month delay for regular driver license renewals and six-month delay for Commercial Driver License (CDL) and ID card renewals. For the FY15-17 biennium, total Highway Safety Fund revenue is projected to be \$251.5 million, about \$2.3 million (-0.9%) lower than the November forecast, due primarily to downward revisions to instruction permits (-\$936,300), ID card revenue (-\$494,000) as public assistance ID cards increased, hearings (-\$421,800), and ADR sales (-\$323,800).

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 \$2.9 million a year. The November forecast for the current biennium is at \$5.8 million, about \$26,000 (+.5%) 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 November forecast has a small downward revision. Total revenue for the current biennium is expected to be \$32.4 million, down about \$342,800 (-1.1%). Similar downward revision is projected in the outer biennia as well.

Motorcycle Safety Education Account Trends

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

- motorcycle license original and renewal endorsements
- motorcycle instruction permits

- motorcycle endorsement application fees.

Revenue for the Motorcycle Safety Education Account is projected to be about \$4.5 million for the current biennium, reflecting a downward revision of about \$297,000 (-6.2%) from the prior forecast, due primarily to an update to the endorsement renewal rate, which is about 4.3% lower than assumed in the prior forecasts. Original endorsement is also lower in the near term using the new simultaneous equation model, having gas price as an input. It is not surprising that as gas prices drops, so do motor cycle endorsements. The downward revision is more pronounced in the outer biennia.

Ignition Interlock Device Revolving Account

The Ignition Interlock Device Revolving Account revenue is tracking as expected and is unchanged from prior forecast.

Primary reasons for the forecast changes

Primary reasons for the change in driver related revenue are:

- Delayed 6-year driver license/ID/CDL implementation;
- Lower observed level of driver instruction permit issuances following transition to private driving school tests;
- Lower DUI administrative hearings revenue; and
- Further reduction in the ADR sales outlook tied to driver monitoring practice.

Figure 31 Short-term Driver Related Revenue Forecasts: November 2013

millions of dollars

Driver Related Revenue	FY 2013	FY 2014	2013-15 Biennium	FY 2015	FY 2016	2015-17 Biennium
Total Highway Safety Fund	\$113.5	\$125.1	\$238.6	\$127.3	\$124.2	\$251.5
Drivers License Fees	92.6	103.5	196.1	105.4	102.1	207.5
Copies of Record Fees	17.9	18.7	36.6	18.9	19.1	38.0
Other smaller misc. Fees	3.0	2.9	5.9	3.0	3.0	6.0
Total Motorcycle Safety Education Account	2.1	2.3	4.5	2.4	2.5	4.7
Total State Patrol Account	16.1	16.3	32.4	16.5	17.2	33.1
Total Ignition Interlock Device Revolving Account	1.9	1.9	3.8	1.9	1.8	3.8
Total Driver Related Revenue	\$133.6	\$145.7	\$279.3	\$148.1	\$145.1	\$293.1
Percent change from prior forecast	-3.5%	-0.8%	-2.1%	-1.0%	-1.0%	-1.0%

Other Transportation Related Revenue Forecast

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

Vehicle Sales and Use Tax

Total spending on new US light vehicles was \$272 billion in FY 2009 and this represented a decline of 33% from the FY 2008 sales level. In FY 2010, spending on new US light vehicles grew to \$301 billion which represented a 10.9% annual growth. In FY 2011, spending on light vehicles grew 16% from FY 2010. In FY 2012, US spending on light vehicle sales also grew 13.7% to \$402 billion. In FY 2013, US spending on light vehicle sales is \$448 billion; an increase of 11% year over year and this is a slight revision upward of 0.1% from the prior forecast. In FY 2014, the growth in the US spending on light vehicle sales is projected to be \$481 billion; an increase of 7.5% year over year and up 1% 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 were \$46.7 million. In the current biennium, sales and use taxes are projected at \$74.2 million which is up 1% from past forecast. Actual tax collections in FY 2014 have come in above forecast. In the 2015-17 biennium, the sales and use tax collections are projected to be \$79.09 million which is 0.5% higher or \$0.35 million above the past forecast. Revenues in the 2017-19 and 2019-21 biennia are also up minimally from the last forecast by 0.07% and 0.1% respectively. For the remainder of the forecast horizon beyond FY 2021, sales and use taxes are down slightly from the September forecast. The reason for this is due to a refitting of the econometric model. The coefficients relating U.S. spending on new motor vehicles to tax revenue generated by sales of new vehicles in Washington have been re-estimated and result in lower projected growth in the future. Revenues are up due to higher actuals and the projections of US Spending on New Motor Vehicles being higher initially by roughly 1%.

Rental Car Sales Tax

The forecast for rental car sales was \$46.97 million for the 2007-09 biennium and it decreased to \$44.5 million in the 2009-11 biennium. In the 2011-13 biennium, the rental car tax came in at \$46.7 million. In the current biennium, rental car sales tax is anticipated to be \$51.78 million and up \$1.74 million or 3.5% from the September forecast. Actuals since the last forecast have been higher than projected. In the 2015-17 biennium, revenues are projected to be \$54.86 million which is an increase of 1.5% revision from the prior forecast. The primary reason for the change in the forecast is due to higher actuals since the September forecast. The change from the prior forecast decreases over time so by the last biennium of the November forecast of rental car sales tax is \$0.11 million, a 0.17% decline from the September forecast. Over the 10-year forecast horizon, the rental car tax is anticipated to bring in \$288.9 million which is an upward revision of \$4.05 million from September's projection.

Business and Other Revenue

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

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

Each biennium this revenue category has a unique set of properties available to be sold, making biennium to biennium comparisons difficult. DOT Business related revenue came in at \$14.2 million in the 2011-13 biennium. The 2013-15 biennium total DOT business related revenues are projected to be

\$14.52 million which is the same forecast as in September. In the next biennium, business related revenues are anticipated to be \$13.39 million and down \$5,000 from the last forecast. The next biennium minor revenue adjustments are due to incorporating new forecasts for inflation and population which had only minor revisions. Further biennia are also only down minimally from the September projections in the next biennium.

The School zone fine for the Washington Traffic Safety Commission was first added to the September 2013 forecast. The fee is assessed for traffic violations in school zones and the revenue from the fee is deposited into the School Zone Safety Account. The revenue from this fine varies greatly from month to month. In FY 2012, the revenue for fines assessed in school zones was \$0.9 million and \$0.7 million was collected in FY13, for a biennial total of \$1.6 million. In the 2013-15 biennium, the revenue from school zone fines is also anticipated to be \$1.628 million, the same as the 2011-13 biennium and the last forecast.

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. Revenue estimates have been updated using the past year's actuals.

The November 2013-15 Biennium WSP business related revenue forecast is \$10.8 million, 2.93% or up \$0.309 million from prior estimates primarily due to actual revenue from Breath Test Fines and Ignition Interlock Vendor Fees being higher than forecasted. All revenue has been updated for actuals to date. The March 2013 forecast had two new additional fees added to the WSP forecast: Commercial Vehicle Penalties and Communication Tower Site Leases. In the current biennium, these new fee revenues are projected at \$432,000 and \$683,000 respectively. The terminal safety inspection fee revenue is forecasted at \$2.7 million. The same trend continues in the next biennium with the total fee revenue estimated at \$10.9 million for the 2015-17 Biennium.

Aeronautics Taxes and Fees

The aeronautics tax forecast includes excise, registrations and fuel taxes as well as transfers. The aviation fuel tax is the largest component of the aeronautics tax forecast. The aeronautics tax collections were \$5.7 million in the 2007-09 biennium. In the 2009-11 biennium, the aeronautics account tax collections were \$5.8 million and the revenue was \$6.37 million in the 2011-13 biennium. In the 2013-15 biennium, the aeronautics account revenue is anticipated to be \$6.08 million, down minimally \$51,600 from the September forecast. Aviation fuel is nearly unchanged, but slightly lower for FY 2013-15 - \$52,100 (-1%) due lower than anticipated aviation fuel tax revenue in the current fiscal year. The forecast is unchanged throughout the rest of the forecast horizon.

In the 2011-13 biennium, the aircraft registrations, excise and dealers' taxes, which are a small portion of the total aeronautics revenue, were \$1.43 million. In the current biennium, the aircraft registrations, excise and dealers' taxes are anticipated to be \$1.52 million which is down \$51,100 from September due to lower projections of the aviation fuel tax transfer. This transfer is anticipated to be down slightly due to lower projections of aviation fuel prices than last quarter. Aircraft excise taxes are anticipated to be \$697,500 which is no change from the last forecast. In the next biennium, aircraft excise tax increases slightly to \$710,300, which is also the same as last quarter's forecast. Ten percent of the excise tax goes to the aeronautics account and the rest goes to the state general fund. The aeronautics transfer from the motor vehicle fund is also part of this forecast and is projected to be \$567,300 which is up slightly \$500 from September for the current biennium due to higher projections of gross fuel taxes. In the 2015-17 biennium, the aeronautics transfer from the motor vehicle fund is projected to be \$562,900,

which is up \$300 from the last forecast. This transfer of motor vehicle fuel taxes declines slowly throughout the forecast horizon.

Aviation Fuel Tax

Aviation fuel taxes came in at \$5.5 million in the 2011-13 biennium. In the current biennium, aviation fuel taxes are projected at \$5.19 million which is down \$52,100 or 1% lower than last quarter's projections. In the 2015-17 biennium, aviation fuel taxes are projected at \$5.38 million which is no change from the last quarter projection. In all future biennia, the aviation fuel tax is unchanged from the September forecast.

Primary reasons for the forecast changes

- Vehicle sales and use tax revenue is up in the current biennium by more than \$760,000 from the last forecast due to higher actuals. In subsequent years, the forecast is also up minimally from the last forecast.
- Rental car tax revenue is up \$1.74 million in the current biennium due to higher collections in recent months than anticipated. In subsequent biennia after 2013-15 biennium, the change in the rental car tax revenue from the last forecast declines over time.
- WSDOT Business and other miscellaneous revenue is \$ 14.5 million in the current biennium which is the same as the prior forecast. The future biennia estimates overall have been revised down slightly to reflect new population and inflation annual estimates.
- School Zone fines' forecast this November has not been changed.
- Aircraft fuel tax revenue has been revised down minimally by \$52,100 in the current biennium and all subsequent biennia are the same as the last forecast.
- In the current biennium, total other transportation related revenue is projected to be \$159.6 million and \$2.76 million above the last forecast. The biggest increase was the rise in rental car sales tax of \$1.74 million.
- In the 2015-17 biennium, total business related revenues are projected to be \$166.8 million and this forecast is an upward revision of \$1.4 million or 0.9% from September. In future biennia beyond 2015-17 biennium, business related revenues are increasing beyond the last forecast but by a smaller amount.

**Figure 32 Short-term Other Transportation Related Revenue:
November 2013 forecast**
millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Rental Car Sales Tax	\$25.7	\$26.1	\$51.8	\$27.0	\$27.8	\$54.8
Vehicle Sales & Use Tax	36.5	37.7	74.2	38.9	40.1	79.0
DOT Business/Other Rev	7.2	7.3	14.5	6.7	6.7	13.4
WSP Business/Other Rev	5.2	5.6	10.6	5.2	5.6	10.8
WA Traffic Safety Comm.	0.8	0.8	1.6	0.8	0.8	1.6
Aeronautics Taxes/Fees	3.3	3.4	6.7	3.4	3.5	6.9
Total Other Transportation Related Revenue	\$78.7	\$80.9	\$159.6	\$82.0	\$84.5	\$166.5
% Change from Prior Fcst	0.0%	1.3%	0.5%	3.6%	3.5%	3.6%

Ferry Ridership and Revenue

Ferry Fare Ridership and Revenue Forecasting Process

For the November 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 November Baseline Forecast incorporates actual ridership counts and revenue collections through September 2013. The November Baseline Forecast includes the recent tariff changes adopted by the Washington State Transportation Commission. These include a 2.0% increase for passengers and a 3.0% increase for vehicles on October 1, 2013, and a 2.0% increase for passengers and a 2.5% increase for vehicles on May 1, 2014. The recently adopted tariff revisions also include a reduction to youth fares, resulting in a discount rate of 50%, which brings it into alignment with the senior citizen discount. The November Baseline Forecast scenario excludes any future fare revisions beyond May 1, 2014.

For the November Forecast, the historical values for real personal income have been revised primarily upward back to 2001. This has the impact of slightly altering the fit of the ferry ridership forecasting models, making it difficult to separate changes in the forecasts due to this effect from changes in the forecast variables over the forecast period.

Trends in Passenger Fare Ferry Ridership

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

In FY 2014, ferry passenger ridership is expected to be 12,453,000, or less than a -0.1% decrease from the prior forecast, and a year-over-year increase of 0.8%. For FY 2015, passenger ridership is expected to be 12,692,000, a -0.1% decrease from the prior forecast, and a year-over-year increase of 1.9%

For the rest of the forecast horizon, the passenger ridership projections range from -0.1% lower than September in FY 2015-17 to 0.4% higher in FY 2026-27.

Trends in Vehicle/Driver Fare Ferry Ridership

Vehicle/ driver ridership was 10,134,311 in FY 2010, or 2.2% higher than in FY 2009. In FY 2011, vehicle/driver ridership came in at 9,968,973, 1.6% lower than in FY 2010. For FY 2012, vehicle/driver ridership was 9,983,059, 0.1% higher than the previous year. For FY 2013, vehicle/driver

ridership came in at 10,045,043, which represents a predicted year-over-year increase of 0.6% from FY 2013.

In FY 2014, ferry vehicle/driver ridership is expected to be 10,190,000, a 0.8% increase from the prior forecast, and a year-over-year increase of 1.4%. For FY 2015, vehicle/driver ridership is expected to be 10,166,000, a less than 0.1% increase from the prior forecast, and a year-over-year decrease of -0.2%.

For the rest of the forecast horizon, the vehicle/driver ridership projections range from -0.3% lower in FY 2017 to 0.4% higher in FY 2022.

Overall Trends in Ferry Ridership

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

In FY 2014, total ferry ridership is expected to be 22,643,000, a 0.3% increase from the prior forecast, and a year-over-year increase of 1.1%. For FY 2015, total ridership is expected to be 22,858,000, a less than -0.1% decrease from the prior forecast, and a year-over-year increase of 0.9%.

For the rest of the forecast horizon, projected overall ridership ranges from -0.2% lower in FY 2017 to 0.3 higher in both FY 2022 and 2027.

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

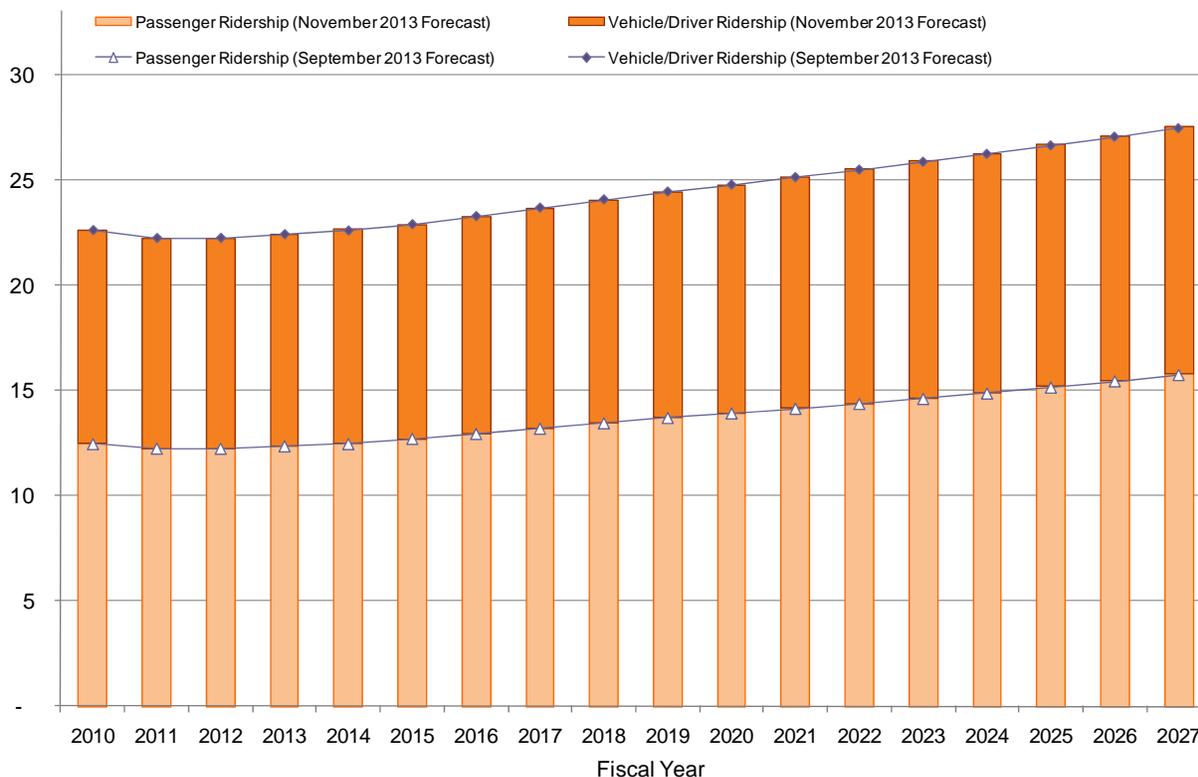
Trends in Ferry Revenue

The November 2013 ferry revenue projections for the Baseline Forecast include the projected effects of the aforementioned October 2013 and May 2014 tariff revisions plus the reduction in youth fares. In the 2007-09 biennium, ferry farebox and miscellaneous revenues totaled \$300 million, with fare revenue comprising \$292.9 million of that amount. For the 2009-11 biennium, total fare and miscellaneous revenues increased by less than 0.5% over the previous biennium to \$300.7 million, with farebox revenue representing \$294.5 million of the total. For the 2011-13 biennium, total fare and miscellaneous revenues came in at \$324.1 million, which is 7.8% over the previous biennium and 0.2% higher than projected in September. Of this amount, farebox revenue represented \$317.1 million.

Fare revenue plus capital surcharge revenue projected for the 2013-15 biennium, both of which include actual collections through September 2013, total \$336.0 million, or 0.3% higher than their September forecast values. Of this total, \$328.4 million represents regular fare revenues, an increase of \$0.8 million, or 0.3%. The remaining nearly \$7.7 million represents the capital surcharge receipts, which is essentially unchanged relative to September.

Compared to September, the current Baseline Forecast for fare revenue is anticipated to range from -0.1% lower to 0.1% higher over the forecast horizon.

**Figure 33 Comparison of Ferry Passenger and Vehicle Ridership:
November 2013 and September 2013 Baseline Forecasts**
Millions of Riders



¹ FY 2014 ridership includes actual values through September 2013.

Ferry Capital Surcharge Revenue

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

Ferry Miscellaneous Revenue

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

- The 2013-15 biennium reflects a small decrease in miscellaneous revenues compared with September due to the lower Wi-Fi projections.
- Slightly lower ridership projections through FY 2019-21 contribute to minor reductions in revenue until the 2021-23 biennium, when ridership is anticipated to increase slightly.
- From 2015-17 through 2019-21, miscellaneous revenue reductions were partially offset by the revised IPD inflation values, which are slightly higher than the September projections.

Primary Reasons for the Forecast Changes

- The November Baseline Forecast for ferry fare revenues is marginally changed over the September Forecast. Slight upward revisions to the projections for employment and real personal income are counterbalanced by slightly lower projections for population and higher gas prices, with the net effect being small upward and downward changes relative to September.

**Figure 34 Short-term Ferry Revenue
November 2013 Baseline Forecast**

Millions of Dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Farebox Revenue	\$162.07	\$166.30	\$328.37	\$168.93	\$171.49	\$340.42
Capital Surcharge Revenue	3.80	3.87	7.67	3.93	3.99	7.92
Misc. Ferry Revenue	3.80	3.85	7.65	3.96	4.06	8.02
Total Ferry Revenue	\$169.67	\$174.02	\$343.69	\$176.82	\$179.54	\$356.36
% Change from Prior Forecast	0.5%	-0.1%	0.2%	-0.1%	-0.1%	-0.1%

Toll Revenue

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

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

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

The Pay By Plate (PBP) toll rate will be the GTG rate plus a \$0.25 fee. PBM customers who open a short-term account in order to pay prior to receiving a toll bill will receive a \$0.50 discount off of the PBM rate. Legislative action in 2011 created the PBM payment method in which tolls may be paid after using a toll facility with the customer identified for receiving a toll bill by mail via a photo of their license plate. The same legislative action introduced alternative toll enforcement, the Civil Penalty process administered by WSDOT. Failure to pay a toll detected through the photo toll system after 80 days and two invoices will set in motion the civil penalty process by issuing a Notice of Civil Penalty (NOCP). The civil penalty is \$40 plus the original toll amount. The customer is liable for a civil penalty of \$40 per toll transaction, plus the original toll amount per transaction, and a \$5 rebilling fee per invoice. Transponder sales for FY2009 through FY2013 include actual revenues from the sales of transponders and disabling shields. In FY 2014 and beyond, transponder sales are assumed to grow by 2.5% per year.

Trends in Tacoma Narrows Bridge traffic and toll revenue

The TNB average daily traffic grew minimally in FY 2009 by 0.2% to 13.91 million from FY 2008. In FY 2010, the TNB traffic volume was 14.26 million which represents a year over year increase in traffic volume of 2.5%. Since 2010, TNB traffic volume has been falling. In FY 2011, the TNB traffic volume was 14.06 million, a year over year decrease of 1.4%. In FY 2012, the TNB traffic volume was 13.95 million, a year over year decrease of 0.02%. In FY 2013, the TNB traffic volume was 13,861,044 which is a year over year decline of 1.5%. The TNB traffic volume forecast for FY 2014 is 13,848,000 which is an annual decline of 0.1% and an increase of 0.7% from the last forecast. In FY 2015, TNB traffic volume is

anticipated to grow year over year by 1.1% which is no change from the September forecast. In FY 2016 and 2017, the TNB traffic volume is expected to grow by 2.9% and 4.1% respectively. There is no change from the prior forecast in all years except for FY 2023. In FY 2023, there is a downward adjustment of 0.5% in the traffic volume from the September forecast due to correcting for an error in the last forecast.

TNB gross toll revenue for the 2007-09 biennium was \$73.1 million. The 2009-11 biennium toll revenue increased to \$93.3 million which is a 28% increase over the prior biennium. In the 2011-13 biennium, TNB adjusted gross toll revenue was \$102.8 million, 10% increase over the last biennium. In addition, the gross TNB toll revenue potential in the 2011-13 biennium was \$103.75 million. In the 2013-15 biennium, this November TNB gross revenue potential is nearly the same as the last forecast at \$134.6 million and up by \$71,000 due to higher revenue actuals overall for the past two months. Good To Go revenue has been coming in under forecast and pay by mail revenue is estimated to be up more than projected and cash was up higher than projected. In addition, TNB adjusted gross toll revenue is also up by \$120,000 from the last forecast due to slightly higher Good To Go Plate fees and more toll revenue unrecognized due to having slightly higher pay by mail forecast for FY 2014. Next biennium, TNB gross revenue potential is no change from the last quarterly forecast. The one exception is the 2021-23 biennium in which the November forecast of total gross toll revenue potential is down \$0.4 million or 0.26% from the last forecast and the adjusted gross income is also down \$300,000 from the September projections. All three revenue types are all down by 0.26%.

The difference between the gross toll revenue potential and the Good To Go plate fees with the adjusted gross toll revenue is the toll revenue not recognized and unpaid toll revenue. In FY 2013, the gross toll revenue not recognized was estimated at \$1,149,895. In the February 2014, this unrecognized revenue will be verified with the unbilled toll reports. In the future, the TNB gross toll revenue not recognized is annually projected as 15% of the pay by mail revenue.

Beginning in 2012, violations will be 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 2011-13 biennium, violations revenue was \$152,321. In FY 2014, violations revenue is anticipated to be \$10,000 and then violations revenue will end.

The TNB late payment, non-sufficient funds fees, statement fees and transaction fees came in at \$468,383 for the 2011-13 biennium, which is slightly higher than analyzed in September due to the addition of \$6,822 in fee revenue. In the next biennium, the fee revenue is anticipated to be \$778,000 which is also higher by \$172,500, 28.5%, than in September due to the addition of fees and higher actuals in FY 2014 than anticipated last quarter. This November forecast it is grown off the change in traffic volume in the future. Future fee revenue in the next biennium is projected at \$821,000 which is up \$179,300 from the September forecast.

Actual revenues from interest, liquidated damages and other miscellaneous revenue items such as real estate rent are included in miscellaneous revenue. In FY2013, miscellaneous revenue was \$512,377 and the 2011-13 biennium had \$2,252,685 miscellaneous revenue. In the current biennium, it is anticipated that liquidated damages will continue but at a lower rate so total miscellaneous revenue is anticipated to be \$678,000 which is higher by \$251,000, 59%, from the September forecast. In the 2015-17 biennium, miscellaneous revenue is lower as liquidated damages are declining. In the remaining biennia of the forecast horizon, the forecast includes just a small amount of interest from property.

Civil penalty revenue is a function of the pay by mail transaction estimate. TNB civil penalty revenue in FY 2013 was \$3,826,263 which includes both cash and receivables. For the 2011-13 biennium, civil penalty revenue was \$4.310 million which included both cash and receivables. In the current biennium, civil penalty revenue is anticipated to be \$5.91 million in this November forecast, nearly the same as in September. TNB civil penalty revenue is anticipated to grow minimally annually by the same rate as the traffic volume changes and by the last biennium, civil penalty revenue is anticipated to be \$7.33 million.

Total revenue from all transponders and shield sales was \$1.4 million in the 2007-09 biennium and \$1.27 million in the 2009-2011 biennium. In the 2011-13 biennium, TNB transponder sales revenue was \$659,875. Transponder sales revenue in FY 2013 was \$307,350 for TNB. This November forecast is up from the last quarter's forecast. It is anticipated that TNB transponder sales will decline slightly in FY 2014 and then grow by the rate of growth of the traffic volume. In the current biennium, transponder sales are anticipated to be \$655,000 which is 8% higher than in September. This is due actuals in FY 2014 coming in above projections. In the 2015-17 biennium,

Total adjusted gross TNB revenue including all fines and fees was \$103.3 million in the 2011-13 biennium. In the current biennium, total adjusted gross TNB revenue is anticipated to be \$134.3 million which is \$0.29 million or 0.22% higher than the last forecast. In the next biennium, TNB adjusted gross total TNB revenue is projected at \$145.9 million which is 0.2% higher than the last forecast.

Trends in SR 167 High Occupancy Toll Lanes Traffic and Revenue

The traffic volume on the SR 167 HOT lanes was 386,000 vehicles in FY 2009. Traffic volume in FY 2010 increased to 510,969 which represented a 31.5% growth year over year from FY 2009. In FY 2011, traffic volume was 640,115 vehicles which 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 the following year, FY 2013, traffic volume increased by 22.5% to 1.033 million. In the current fiscal year, TNB traffic volume is expected to increase by 1.6% to 1.049 million by the end of FY 2014. Traffic for SR 167 is down slightly from September in FY 2014. The November traffic volume projection for FY 2015 is 1.79 million which is the same level as last forecast.

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 toll revenue was \$2.12 million. In the FY 2013-2015 biennium toll revenue is projected to grow to \$2.395 million an increase of \$7,000 over the September forecast. Under current law, the program ends after the 2013-15 biennium.

In the 2011-2013 biennium, transponder and shield sales on SR 167 was \$58,801. In the 2013-2015 biennium transponder revenue is anticipated to be \$71,000, same as last quarter. Fees revenue in the November forecast includes all actuals for FY 2013 and revenue through October 2013 and only includes statement fee revenue. In the 2011-13 biennium, fee revenue was \$6,000 and it is anticipated to remain nearly the same level in the current biennium. Miscellaneous revenue was \$133,295 in the 2011-13 biennium. In the current biennium, miscellaneous revenue is anticipated to be \$10,000 which is lower by \$4,000 from the last quarter to better align with the latest actuals in FY 2014.

SR 167 HOT lanes revenue forecast for all revenue sources totaled \$1.25 million in the 2009-11 biennium and increased in the 2011-13 biennium to \$2.32 million. In the current biennium, HOT lanes revenue is anticipated to be \$2.48 million which is up from the last forecast.

Trends in SR 520 Bridge Toll Lanes Traffic and Revenue

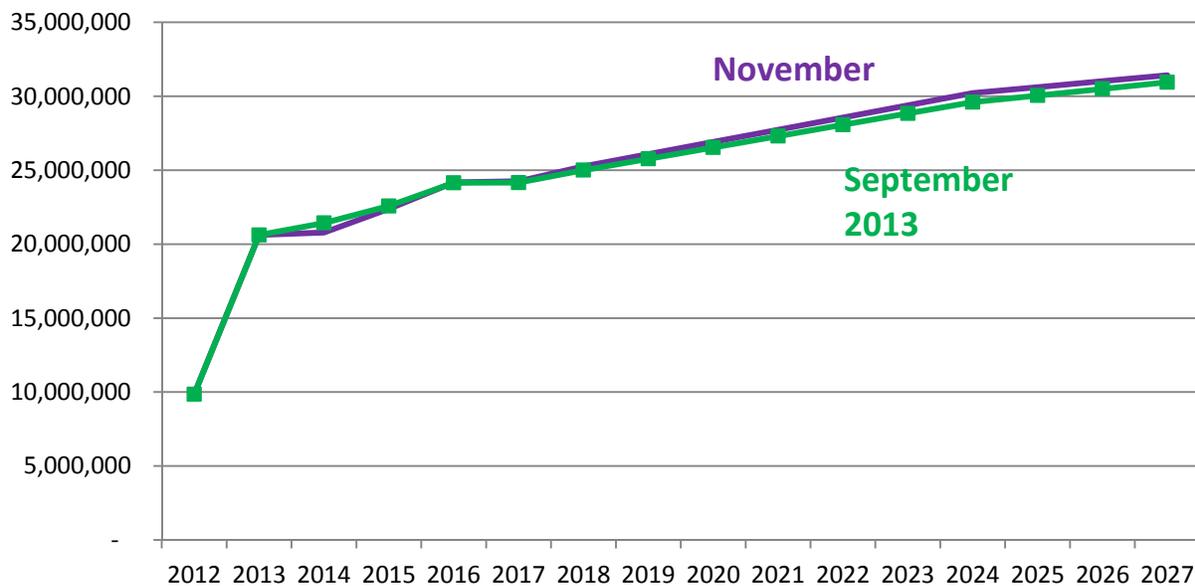
Tolling on the SR 520 bridge commenced on December 29, 2011. FY 2012 and FY 2013 represent start-up years in which the amount listed under Toll Revenue Not Recognized & Unpaid Toll Revenue are higher than current projections going forward. This is due to several reasons, including delays in mailing some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

This November forecast is based on the October 2013 SR 520 Investment Grade Traffic and Revenue projections. The September 2013 forecast was based on the September 2012 update to CDM Smith's *SR 520 Bridge Investment Grade Traffic and Revenue Study dated August 29, 2011*. However, in May 2013, CDM Smith performed a minor revision to the September 2012 forecast values to reflect the Washington State Transportation Commission's adopted tolls for FY 2014 that reflect nickel rounding from this point forward. The November forecast includes actual traffic and revenue for FY 2013 as well as for for July and August 2013 in FY 2014.

Actual FY 2013 traffic out-performed CDM Smith's August 2012 projections. In FY 2013 total traffic was 2.7% above projections. In FY 2013, Good To Go! account usage was 81% of total toll trips.

There were 9.5 million trips taken in the first six months of operations in FY 2012, and over 20.2 million trips in FY 2013, the first full fiscal year of toll operations. The number of toll trips is anticipated to increase to 20.8 million and 22.4 million in FY 2014 (includes preliminary actual traffic data for July and August) and FY 2015, respectively. After an assumed weekday rate increase of approximately 15% percent in FY 2017, the expected toll traffic volume is projected to remain nearly flat for one year. From FY 2018 through 2027, average traffic is expected to grow at annual rates between 1.3% and 4.2%. The November SR 520 traffic forecast is higher from the September forecast for FY 2016 forward.

Figure 35 Comparison of SR 520 Traffic Volume: November vs September 2013 Forecasts



Total gross toll revenue potential for the 2011-13 biennium was \$89.36 million. It is anticipated that the gross toll revenue potential for SR 520 is going to increase to \$136.16 million in the 2013-15 biennium, which is a revision downward of \$8.82 million from September. In the 2015-17 biennium, gross toll revenue potential is anticipated to be \$164.1 million, which is down from the last forecast by \$7.22 million. The lower gross toll revenue for SR 520 in the current biennium is a result of the revised underlying forecast assumptions, in particular lower proportion of truck traffic, increased number of anticipated weekend closures for construction, increased share of Good To Go! transactions, and the revised socio economic forecasts.

Throughout the remainder of the forecast horizon, the SR 520 gross toll revenue potential is down from the last forecast due to lower proportion of truck traffic and the revised socio economic forecasts.

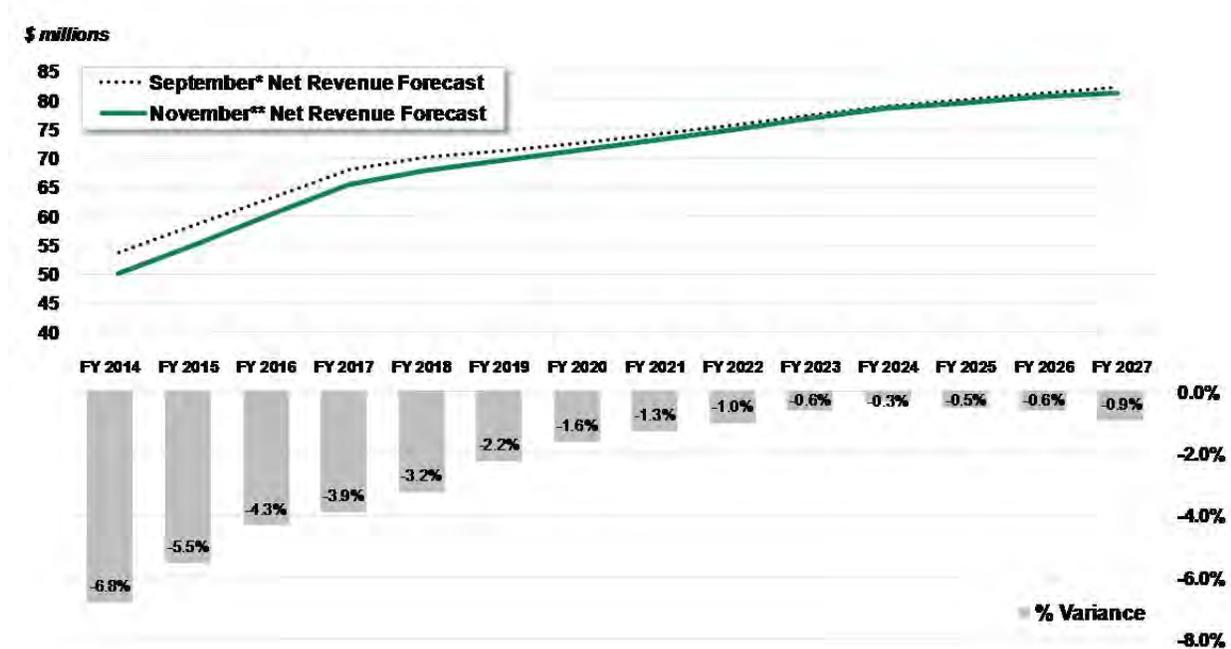
After accounting for Pay By Plate fees, short term account discounts, free trip incentives and revenue leakage, Adjusted Gross Toll revenue from six months of tolling SR 520 during FY 2012 was \$26.1 million and \$81.5 million for the 2011-2013 biennium. In the current biennium, SR 520 Adjusted Gross Toll revenue is anticipated to be \$127.8 million which is lower than last forecast by \$6.1 million. The reasons for the lower Adjusted Gross Toll revenue for SR 520 are lower forecasted gross toll revenue potential, partially offset by lower write-offs for revenue not recognized and unpaid toll revenue, which were revised based on higher percentage of GTG account-based customers and reduced rates of unpaid toll bills for non-account customers during the first 18 months of operations.

In the 2015-17 biennium, Adjusted Gross Toll revenue is anticipated to be \$154.3 million, which is down from the last forecast by \$4.3 million. The reasons for the lower Adjusted Gross Toll revenue for SR 520 are similar to the 2011-2013 biennium with lower forecasted gross toll revenue potential, partially offset by lower write-offs for revenue not recognized and unpaid toll revenue. Throughout the remainder of the forecast horizon, diminishing differences in gross toll revenue potential between the November and September forecasts and higher assumed payment rates help to reduce the difference between the November and September forecasts for Adjusted Gross Toll revenue.

Adjusted Gross Toll Revenue and Fees now factors in a new line item for Transponder Sales revenue, which was previously included in SR 520 Other Revenue. This change reflects a recent determination that transponder revenues and costs be included within the definition for Net Toll Revenue Pledged for Debt Service. Actual transponder revenues in FY 2012 and 2013 exceeded costs; therefore, actual reported Net Toll Revenue Pledged for Debt Service is now slightly higher for the 2011-13 biennium than it would have been otherwise. Transponder purchase and inventory costs have now also been included within the Operations and Maintenance Expenditures line item. For the forecast period, transponder revenues are expected to equal transponder purchase and inventory costs, so their collective inclusion in the calculation of Net Toll Revenue Pledged for Debt Service does not alter the forecast.

Net Toll Revenue Pledged for Debt Service was revised for the November forecasts based on actual operating experience for FY 2012 and FY 2013 and revised forecast assumptions related to future customer service center vendor contract pricing, among other expenditure items. Operations and maintenance (O&M) expenditures include credit card fees, facility O&M costs, toll collection O&M costs, bridge insurance premiums, and transponder inventory costs. Credit card fees have been revised lower due to lower transaction processing costs and fewer transactions; facility operations and maintenance costs have been revised lower based on new forecast estimates prepared by an O&M task force; toll collection costs have been revised higher to reflect revised estimates of future vendor contract pricing; bridge insurance premiums are essentially unchanged, and transponder inventory costs have been revised lower based on recent sales data. Excluding transponder costs (which are lower but distort the comparison of O&M costs with the September forecast because they have an equally offsetting revenue amount), the net effect of component changes both up and down results in November O&M cost projections for the 2013-15 biennium that are \$0.3 million higher than in September. For the 2015-17 biennium, O&M costs excluding transponders are \$1.2 million higher than projected in September. O&M cost increases thereafter narrow and eventually trend toward cost savings by the end of the forecast horizon.

Figure 36 Comparison of Net Toll Revenue Pledged for Debt Service: November vs September 2013 Forecasts



Trends in Total Adjusted Toll Revenue

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

In FY 2013-15 and FY 2015-17 the Total Toll Revenue and Fees is projected to be \$295.55 million and \$331.38 million, respectively. The November forecast projects Total Toll Revenue and Fees for 2013-15 to decrease by \$6.5 million or 2.15%, primarily due to lower SR 520 toll revenue from lower actual revenue than anticipated, lower truck percentage than projected and additional bridge closures. The November forecast projects total toll revenue and fees for 2015-17 to decrease by \$4.98 million or 1.5%, primarily due to lower SR 520 toll revenue due to the reasons stated previously. Over the next 10 years of the forecast horizon, total Toll Revenue and Fees decrease by \$21.4 million or 1.2% over the September forecast due to a lower SR 520 forecast.

Primary reasons for the forecast changes:

- TNB November forecast is essentially a no change forecast from September except for a correction in FY 2025 from an error in the last forecast. New fee revenue was also brought into the November forecast for TNB.

- The 2013 SR 520 Investment Grade Study lowers the SR 520 current biennia and all future biennia's projections of toll revenue. This new study provides negative impacts to this November forecast in particular in the near-term.
- The 2013 SR 520 Investment Grade Study lowers the SR 520 current biennia and all future biennia's projections of toll revenue. This provides heavy negative impacts on this November forecast.
- The reasons for the lower SR 520 Gross Toll Revenue Potential was due to revised underlying forecast assumptions, in particular lower proportion of truck traffic, increased number of anticipated weekend closures for construction, increased share of Good To Go! transactions through FY 2020, and the revised socio economic forecasts
- The reasons for the lower SR 520 Adjusted Gross Toll Revenue potential was due to lower Gross Toll Revenue Potential partly offset by lower projections for revenue not recognized and unpaid toll revenue revised to reflect the most recent actual data.

Figure 37 Short-term Toll Facility Revenue:
November 2013 forecast - millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Tacoma Narrows Bridge						
Adj Toll Revenue & Fees	\$64.75	\$69.53	\$134.28	\$71.49	\$74.38	\$145.87
Transponder Sales	0.32	0.33	0.65	0.35	0.36	0.71
Violations	0.00	0.00	0.00	0.00	0.00	0.00
Civil Penalties	2.94	2.97	5.91	3.06	3.18	6.24
Misc. Revenue	0.41	0.27	0.68	0.14	0.14	0.28
SR 167 HOT Lane						
Toll Revenue	\$1.19	\$1.21	\$2.40			
Transponder Sales	0.035	0.036	0.071			
Fees & Misc Rev.	0.008	0.008	.016			
SR 520 Bridge						
Adj Gross Toll Revenue	\$60.86	\$66.96	\$127.82	\$73.87	\$80.39	\$154.25
Other Fees	0.66	0.56	1.21	0.47	0.48	0.96
Misc. Pledge Revenue	0.01	0.00	0.01	0.00	0.00	0.00
Transponder Sales	0.50	0.48	0.98	0.50	0.51	1.00
Civil Pnlty & Misc Rev.	9.16	9.16	18.31	9.16	9.16	18.31
Total Toll Facility Revenue						
Total Toll Revenue & Fees	\$142.32	\$153.23	\$295.55	\$160.95	\$170.42	\$331.37
% Change from Prior Fct			-2.2%			-1.5%

Federal Funds Revenue

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

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

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

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 39 illustrates the monthly highway account balance for federal fiscal years 2010 – 2013.

Figure 38 MAP-21 Consolidated Highway Program Structure and Apportionment Amounts

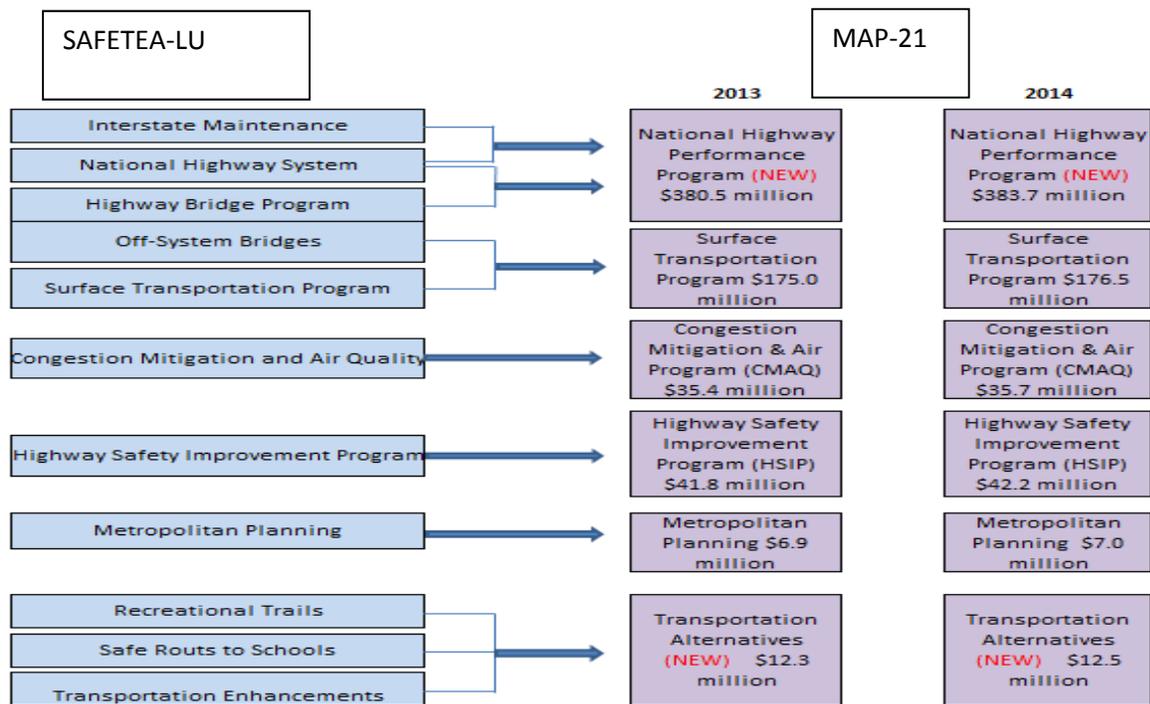
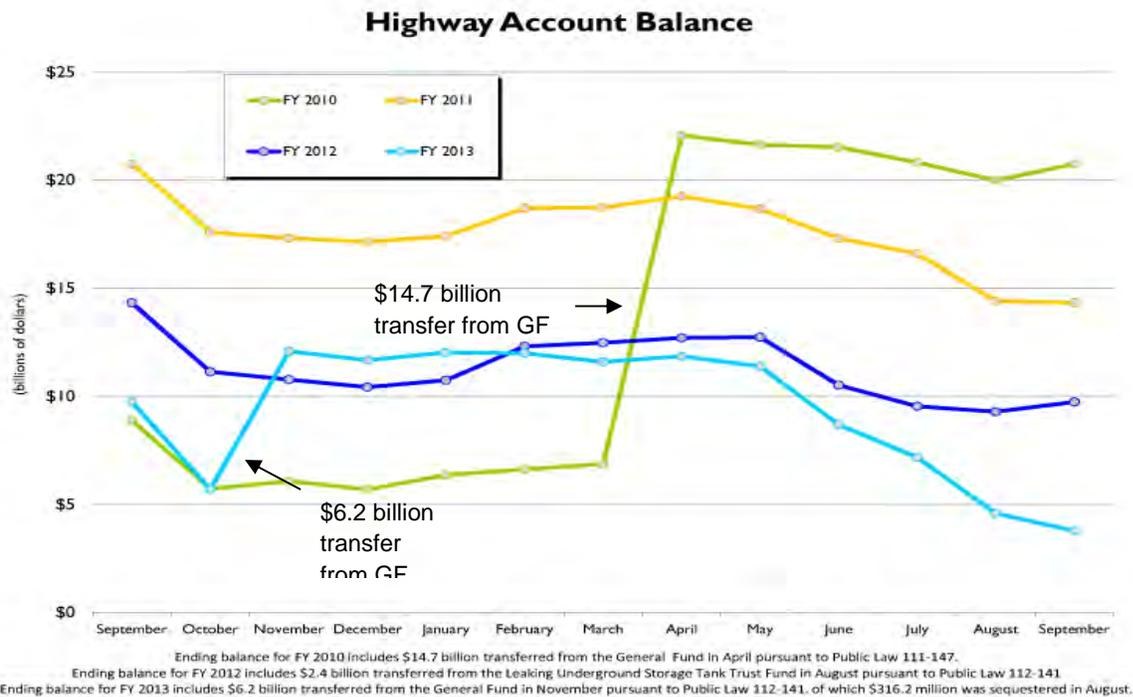


Figure 39 Monthly Federal Highway Trust Fund Account Balance (billions of dollars): 2010-2013

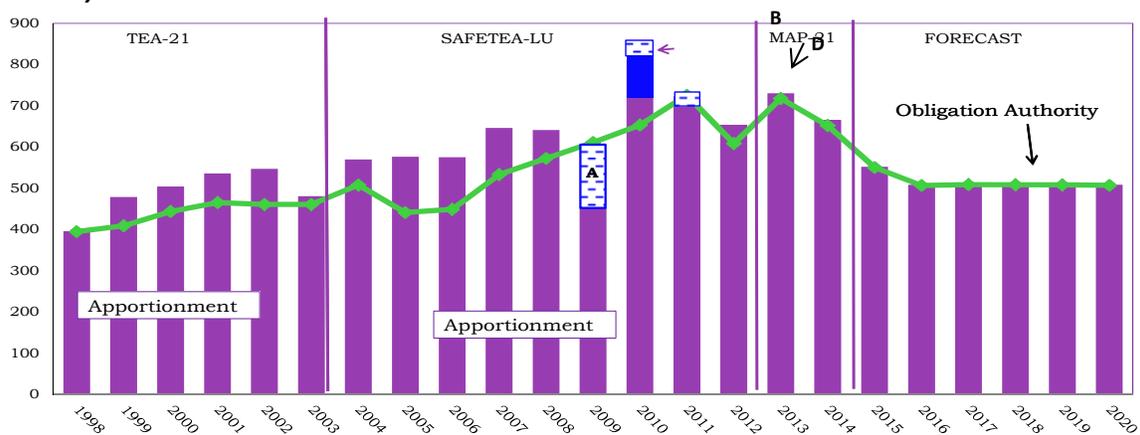


MAP-21 authorizes federal apportionment to fund the five core formula programs. Federal apportionment is the funds distributed to states for obligation in an appropriation account. MAP-21 requires FHWA to divide the total federal apportionment among the states using an allocation process specified in 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 \$39.619 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 40 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 40 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) - Federal Fiscal Years 1998-2020 with the November 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 November 2013 federal funds forecast

Washington's Federal Apportionment Forecast

The baseline November 2013 apportionment forecast for FFY 2013 has been reconciled to match actual apportionments distributions from FHWA totaling \$728.1 million dollars. This includes all the discretionary and allocated programs apportionment of \$62.12 million. It also includes \$1.37 million more in the surface transportation program but \$0.57 million less in the national highway performance program due to the penalty reallocation. History indicates that Washington received 1.7% of national apportionment each year so that is our assumed percentage in future years for this November forecast. Washington's apportionment forecast for 2014 is \$669.1 million based on FHWA Notice N4510.770 dated October 25, 2013. Last forecast, FY 2014 funding level was an estimate not based on a FHWA apportionment notice so the new notice decreased FY 2014 funding overall by \$9.4 million.

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

The baseline November 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 17.5% 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 25.4%. Our current two year reduction percentage is the same assumption made in the prior two forecasts. After FFY 2016, Washington's federal funding level will grow at the same rates as our state motor fuel consumption which is the same methodology as applied in prior forecasts.

Figure 41 Washington Apportionment of FHWA Programs 2013 – 2014 MAP-21

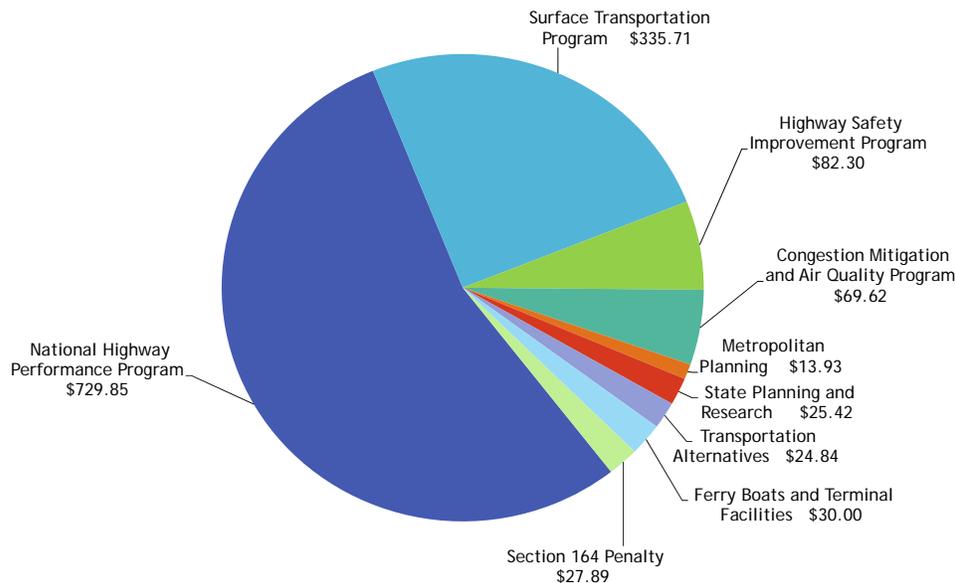
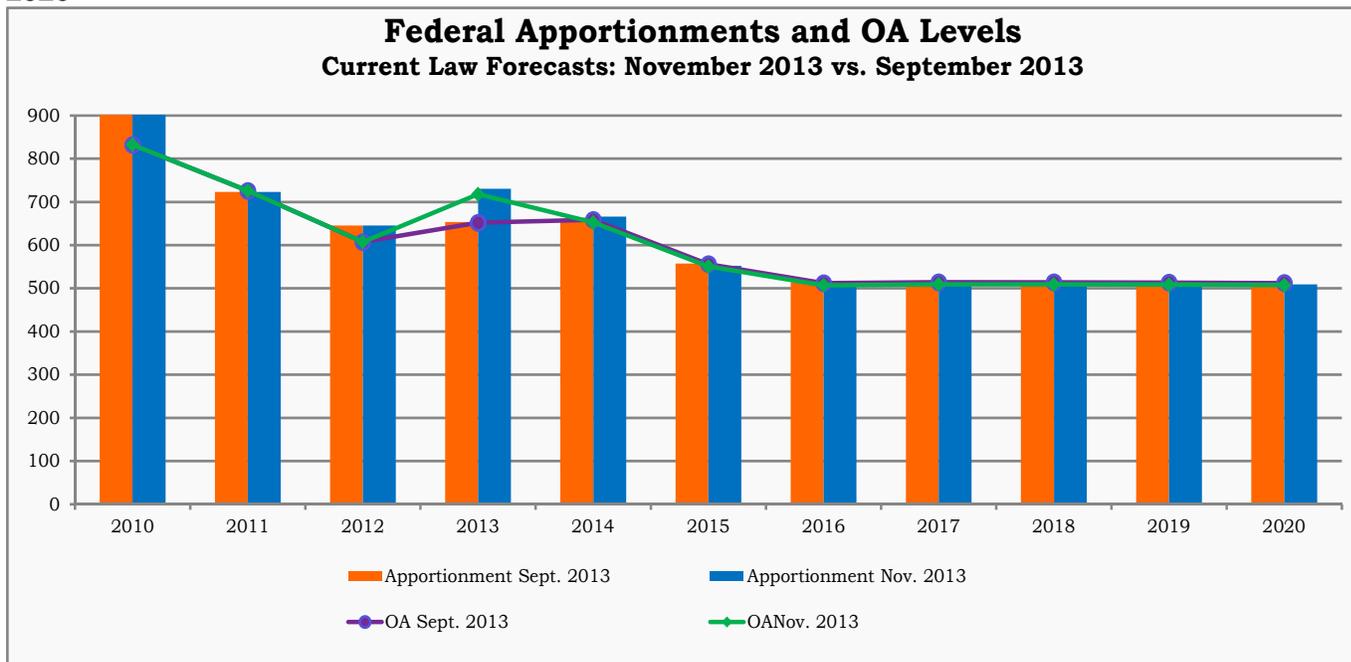


Figure 42 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars): November vs September 2013 Forecast Comparison Federal Fiscal Years 010-2020



Source: FHWA apportionment and obligation authority notices and TRFC November and September 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 43 outlines the minor revisions in individual program distributions. These agreed upon revisions to the program distributions are reflected in the November 2013 federal forecast which has not been modified since first incorporated into the November 2012 forecast.

Figure 43 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 November 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. In this November forecast there was an adjustment in how the penalty takedown was allocation between The National Highway Performance Program and the Surface Transportation Program. Previously the penalty takedown was split between the two programs and now in this November forecast it is being taken out of the National Highway Performance Program 100%.

Washington's Obligation Authority (OA) Forecast

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

Obligation Authority for FFY2013 in the November 2013 forecast is \$717.9 million which is the higher than the September 2013 forecast by \$66.0 million, 10%, which is primarily driven by adding in Emergency funds, TIGER money and other allocated programs not previously forecasted. The current Obligation Authority for FFY2014 is \$664.1 million which is \$-9.4 million lower than in the last forecast. Obligation Authority for federal fiscal years beyond 2014 is set based on 98% of apportionment each year which is consistent with the OA ratio set in Section 1101 and 1102 of H.R 4348 in MAP-21 legislation and our prior forecast assumptions.

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

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

Recent Changes in Federal Forecast

- The November 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 November 2013 federal appropriations forecast for FFY 2013 is \$728.1 million which is higher than the last forecast due to the incorporation of the discretionary and allocated program funds of \$62.12 million.
- This current FFY 2014 federal apportionment forecast is \$666.1 million which is down from the last forecast by \$9.5 million or 1.4% due to receiving a new FHWA notice for FFY 2014.
- The obligation authority for FFY2013 in the November 2013 forecast is \$717.9 million which is up 10% or \$66 million from the last forecast due to adding in discretionary and allocated programs.
- The obligation authority for FFY 2014 in the November forecast is down from the last forecast by \$9.5 million or -1.4% due to.
- 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 25% is necessary and has been assumed again in this baseline November forecast.

Figure 44 Washington’s portion of Federal Highway Funds by Federal Fiscal Year: November 2013 forecast

Millions of dollars

	FFY 2012*	FFY 2013	FFY 2014	FF 2015	FY 2016
WA Statewide Apportionment of FHWA Programs	715.2	728.1	666.1	552.2	508.6
% Change from Prior Fcst	0.00%	8.9%	-1.4%	-1.0%	-1.0%
Obligation Authority	696.1	717.9	664.1	550.6	507.1
% Change from Prior Fcst	0.00%	10.1%	-1.4%	-1.0%	-1.0%

* FFY 2012 and 2013 has actual federal distributions including non-formula program funds

Forecast Contacts

Washington State Department of Transportation unless otherwise noted

Economic Variables and Fuel Price Forecast

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

Motor Fuel Tax Revenue Forecast

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

Motor Vehicle Licenses, Permits & Fees Revenue Forecast

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

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

Driver Related Revenue Forecasts

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

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

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

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

Other Transportation Related Revenue Forecast

Vehicle Sales & Rental Car Tax

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

Business and Other Revenue

Claudia Lindahl, 360-705-7502 lindahc@wsdot.wa.gov

Heidi Thomsen, (360) 596-4046 Heidi.Thomsen@wsp.wa.gov

Aeronautics Revenue

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

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

Washington State Ferries Ridership and Revenue Forecast

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

Toll Operations Traffic and Revenue

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

Federal Funds Forecast

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

Appendix

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

Figure 45 Forecast to Forecast Biennium Comparison of All Transportation Revenues
November 2013 forecast - 16 year period
millions of dollars

Forecast to Forecast Comparison for Transportation Revenues and Distributions 16-Year Period									
November 2013• millions of dollars									
	Current Biennium			2015-2017			16-Year Period		
	2013-2015			2015-2017			(2011-2027)		
	Forecast Nov-13	Chg from Sep-13	Percent Change	Forecast Nov-13	Chg from Sep-13	Percent Change	Forecast Nov-13	Chg from Sep-13	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,522.7	5.5	0.2%	2,536.8	5.3	0.2%	20,187.6	27.3	0.1%
Licenses, Permits and Fees *	1,010.2	1.9	0.2%	1,031.3	(3.0)	-0.3%	8,436.1	(6.1)	-0.1%
Ferry Revenue†	343.7	0.7	0.2%	356.4	(0.4)	-0.1%	2,941.3	(0.2)	0.0%
Toll Revenue §	295.6	(6.5)	-2.2%	331.4	(5.0)	-1.5%	2,749.6	(25.3)	-0.9%
Aviation Revenues ‡	6.1	(0.1)	-0.8%	6.3	0.0	0.0%	51.0	(0.0)	-0.1%
Rental Car Tax	51.8	1.7	3.5%	54.9	0.8	1.5%	471.2	4.5	1.0%
Vehicle Sales Tax	74.1	0.8	1.0%	79.1	0.4	0.4%	663.1	1.0	0.1%
Driver-Related Fees*	279.3	(6.1)	-2.1%	293.1	(3.1)	-1.0%	2,223.5	(26.5)	-1.2%
Business/Other Revenues‡*	27.0	0.3	1.2%	25.9	0.3	1.1%	213.1	1.6	0.8%
Total Revenues	4,610.4	(1.7)	0.0%	4,715.2	(4.7)	-0.1%	37,936.5	(23.9)	-0.1%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	141.4	5.3	3.9%	143.6	2.3	1.6%	1,209.3	17.8	1.5%
State Uses									
Motor Vehicle Account (108)	1,097.9	2.4	0.2%	1,105.8	0.6	0.1%	8,884.1	14.4	0.2%
Transportation 2003 (Nickel) Account (550)	392.7	(0.2)	-0.1%	395.4	(0.7)	-0.2%	3,126.4	(4.3)	-0.1%
Transportation 2005 Partnership Account (09H)	578.6	0.1	0.0%	581.1	0.7	0.1%	4,612.4	1.5	0.0%
Multimodal Account (218)	262.7	2.3	0.9%	275.5	0.5	0.2%	2,306.2	2.0	0.1%
Special Category C Account (215)	47.4	0.0	0.0%	47.5	0.1	0.1%	376.8	0.2	0.1%
Puget Sound Capital Construction Account (099)	34.5	0.0	0.0%	34.6	0.0	0.1%	274.1	0.1	0.1%
Puget Sound Ferry Operations Account (109)	394.7	0.7	0.2%	407.6	(0.4)	-0.1%	3,349.2	(0.5)	0.0%
Capital Vessel Replacement Account (18J)	7.7	(0.0)	0.0%	7.9	(0.0)	-0.1%	65.0	0.1	0.1%
Tacoma Narrows Bridge Account (511)	141.5	0.6	0.4%	153.1	0.3	0.2%	1,263.4	2.4	0.2%
High Occupancy Toll Lanes Account (09F) [^]	2.5	0.0	0.2%	0.0	0.0	0.0%	4.8	0.0	0.1%
SR 520 Corridor Account (16J)	133.2	(7.1)	-5.0%	160.0	(5.3)	-3.2%	1,341.8	(27.7)	-2.0%
SR 520 Corridor Civil Penalties Account (17P)	18.3	0.0	0.0%	18.3	0.0	0.0%	139.7	0.0	0.0%
Aeronautics Account (039)	6.1	(0.1)	-0.8%	6.3	0.0	0.0%	51.0	(0.0)	-0.1%
State Patrol Highway Account (081)	344.3	(0.1)	0.0%	355.0	(1.1)	-0.3%	2,920.4	(10.0)	-0.3%
Highway/Motorcycle Safety Accts. (106 & 082)	245.1	(5.5)	-2.2%	258.3	(2.5)	-1.0%	1,940.1	(22.5)	-1.1%
School Zone Safety Account (780)	1.6	0.0	0.0%	1.6	0.0	0.0%	13.0	0.0	0.0%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.4	(0.0)	0.0%	16.8	(0.0)	-0.1%	137.2	(0.2)	-0.1%
Ignition Interlock Devices Revolving Acct 14V	3.8	0.0	0.0%	3.8	0.0	0.0%	28.9	0.0	0.0%
Multiuse Roadway Safety Account Collections-571	0.1	(0.0)	0.0%	0.2	0.0	0.0%	1.3	(0.0)	0.0%
Total for State Use	3,729.0	(6.9)	-0.2%	3,828.5	(7.9)	-0.2%	30,834.3	(44.4)	-0.1%
Local Uses									
Cities	181.6	0.0	0.0%	182.3	0.2	0.1%	1,444.9	0.7	0.1%
Counties	299.1	(0.0)	0.0%	300.5	0.4	0.1%	2,384.9	1.0	0.0%
Transportation Improvement Board (112 & 144)	194.1	0.0	0.0%	194.8	0.3	0.1%	1,543.9	0.8	0.1%
County Road Administration Board (102 & 253)	65.3	0.0	0.0%	65.5	0.1	0.1%	519.2	0.3	0.1%
Total for Local Use	740.0	(0.0)	0.0%	743.0	1.0	0.1%	5,892.9	2.8	0.0%
Total Distribution of Revenue	4,610.4	(1.6)	0.0%	4,715.2	(4.7)	-0.1%	37,936.5	(23.8)	-0.1%

† Ferry Fares plus non-farebox revenue

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

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

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

Figure 46 Forecast to Baseline Biennium Comparison of All Transportation Revenues
November 2013 forecast - 16 year period
millions of dollars

Forecast to Baseline Comparison for Transportation Revenues and Distributions 16-Year Period									
November 2013* millions of dollars									
	2013-2015			Current Biennium 2015-2017			16-Year Period (2011-2027)		
	Forecast Nov-13	Chg from Baseline ¥	Percent Change	Forecast Nov-13	Chg from Baseline ¥	Percent Change	Forecast Nov-13	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,522.7	1.9	0.1%	2,536.8	(0.4)	0.0%	17,699.8	(24.9)	-0.1%
Licenses, Permits and Fees *	1,010.2	14.3	1.4%	1,031.3	11.5	1.1%	7,497.9	85.4	1.2%
Ferry Revenue†	343.7	7.7	2.3%	356.4	7.9	2.3%	2,617.2	59.3	2.3%
Toll Revenue §	295.6	20.4	7.4%	331.4	23.7	7.7%	2,536.2	177.7	7.5%
Aviation Revenues ‡	6.1	(0.1)	-1.2%	6.3	(0.0)	-0.4%	44.6	(0.3)	-0.6%
Rental Car Tax	51.8	2.1	4.2%	54.9	1.1	2.0%	424.5	3.5	0.8%
Vehicle Sales Tax	74.1	3.4	4.8%	79.1	3.2	4.3%	599.8	22.5	3.9%
Driver-Related Fees*	279.3	(14.4)	-4.9%	293.1	(6.9)	-2.3%	1,998.2	(87.0)	-4.2%
Business/Other Revenues ‡	27.0	3.3	13.7%	25.9	1.5	6.2%	187.6	12.3	7.0%
Total Revenues	4,610.4	38.6	0.8%	4,715.2	41.7	0.9%	33,605.8	248.6	0.7%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	141.4	2.8	2.0%	143.6	(1.4)	-0.9%	1,062.4	(15.1)	-1.4%
State Uses									
Motor Vehicle Account (108)	1,097.9	10.1	0.9%	1,105.8	10.7	1.0%	7,815.1	67.1	0.9%
Transportation 2003 (Nickel) Account (550)	392.7	(0.8)	-0.2%	395.4	(1.7)	-0.4%	2,769.4	(7.8)	-0.3%
Transportation 2005 Partnership Account (09H)	578.6	0.9	0.2%	581.1	0.5	0.1%	4,045.0	0.2	0.0%
Multimodal Account (218)	262.7	7.5	3.0%	275.5	6.0	2.2%	2,065.9	39.4	1.9%
Special Category C Account (215)	47.4	0.1	0.1%	47.5	0.0	0.1%	330.3	(0.0)	0.0%
Puget Sound Capital Construction Account (099)	34.5	0.0	0.1%	34.6	0.0	0.1%	240.4	(0.0)	0.0%
Puget Sound Ferry Operations Account (109)	394.7	7.9	2.1%	407.6	8.0	2.0%	2,973.8	59.9	2.1%
Capital Vessel Replacement Account (18J)	7.7	(0.0)	-0.5%	7.9	(0.1)	-1.1%	58.9	(0.4)	-0.8%
Tacoma Narrows Bridge Account (511)	141.5	13.0	10.1%	153.1	16.6	12.2%	1,152.8	114.1	11.0%
High Occupancy Toll Lanes Account (09F)*	2.5	2.5	#DIV/0!	0.0	0.0	0.0%	2.5	2.5	100.0%
SR 520 Corridor Account (16J)	133.2	(6.1)	-4.3%	160.0	(4.1)	-2.5%	1,252.8	(20.4)	-1.6%
SR 520 Corridor Civil Penalties Account (17P)	18.3	10.9	148.4%	18.3	11.2	156.8%	128.2	81.6	175.2%
Aeronautics Account (039)	6.1	(0.1)	-1.2%	6.3	(0.0)	-0.4%	44.6	(0.3)	-0.6%
State Patrol Highway Account (081)	344.3	(0.1)	0.0%	355.0	(1.1)	-0.3%	2,590.8	(9.1)	-0.4%
Highway/Motorcycle Safety Accts. (106 & 082)	245.1	(12.4)	-4.8%	258.3	(4.8)	-1.8%	1,746.5	(72.0)	-4.0%
School Zone Safety Account (780)	1.6	0.1	4.0%	1.6	0.1	4.0%	11.4	0.4	4.0%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.4	0.1	0.6%	16.8	0.1	0.4%	121.1	0.5	0.4%
Ignition Interlock Device Revolving Acct 14V	3.8	0.2	5.1%	3.8	0.2	5.1%	26.4	1.3	5.1%
Multiuse Roadway Safety Account Collections-571	0.0	0.0	0.0%	0.1	0.1	0.0%	1.1	1.1	0.0%
Total for State Use	3,729.0	33.8	0.9%	3,828.5	41.5	1.1%	27,376.0	256.7	0.9%
Local Uses									
Cities	181.6	0.2	0.1%	182.3	0.1	0.1%	1,266.9	(0.2)	0.0%
Counties	299.1	1.4	0.5%	300.5	1.3	0.4%	2,091.5	7.4	0.4%
Transportation Improvement Board (112 & 144)	194.1	0.2	0.1%	194.8	0.1	0.1%	1,353.7	(0.2)	0.0%
County Road Administration Board (102 & 186)	65.3	0.1	0.1%	65.5	0.0	0.1%	455.2	(0.1)	0.0%
Total for Local Use	740.0	2.0	0.3%	743.0	1.5	0.2%	5,167.3	7.0	0.1%
Total Distribution of Revenue	4,610.4	38.6	0.8%	4,715.2	41.7	0.9%	33,605.8	248.6	0.7%

† Ferry Fares plus non-farebox revenue

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

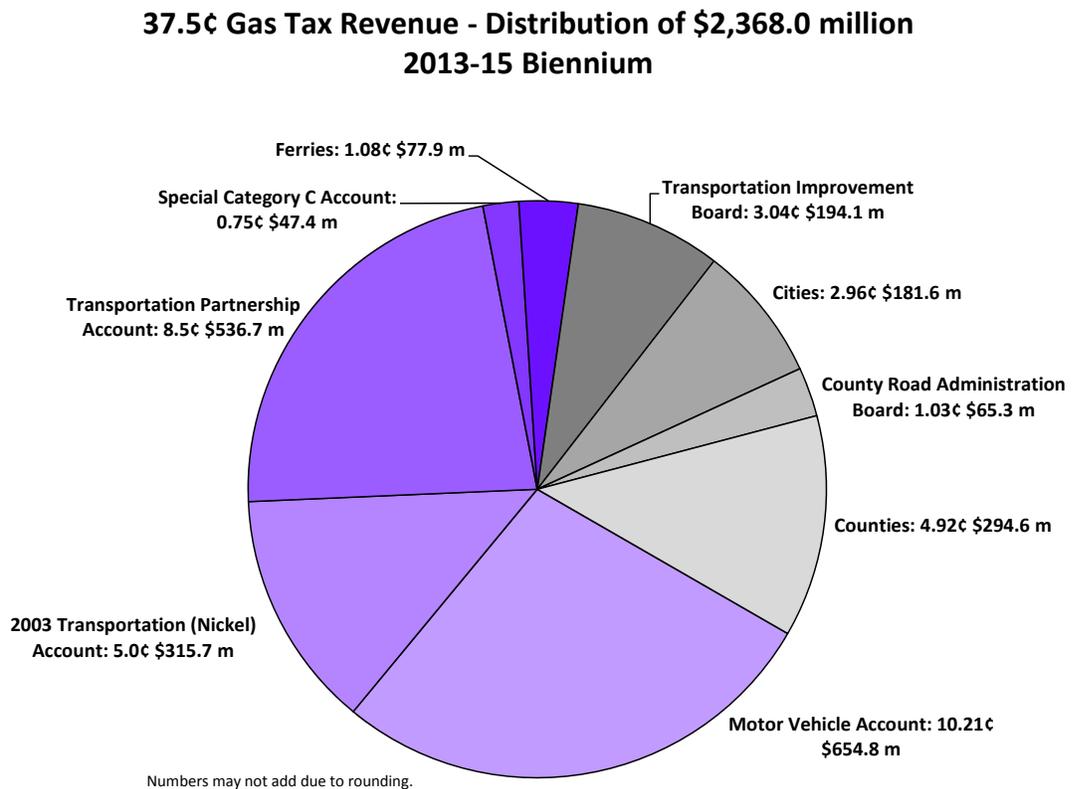
* These transportation revenues had new fees or higher fees adoption by the 2012 and 2013 Legislatures

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

Motor Fuel Tax Revenue for Distribution

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

Figure 47 Fuel Tax Revenue for Statutory Distribution
2013–15 biennium - \$2,368.0 million

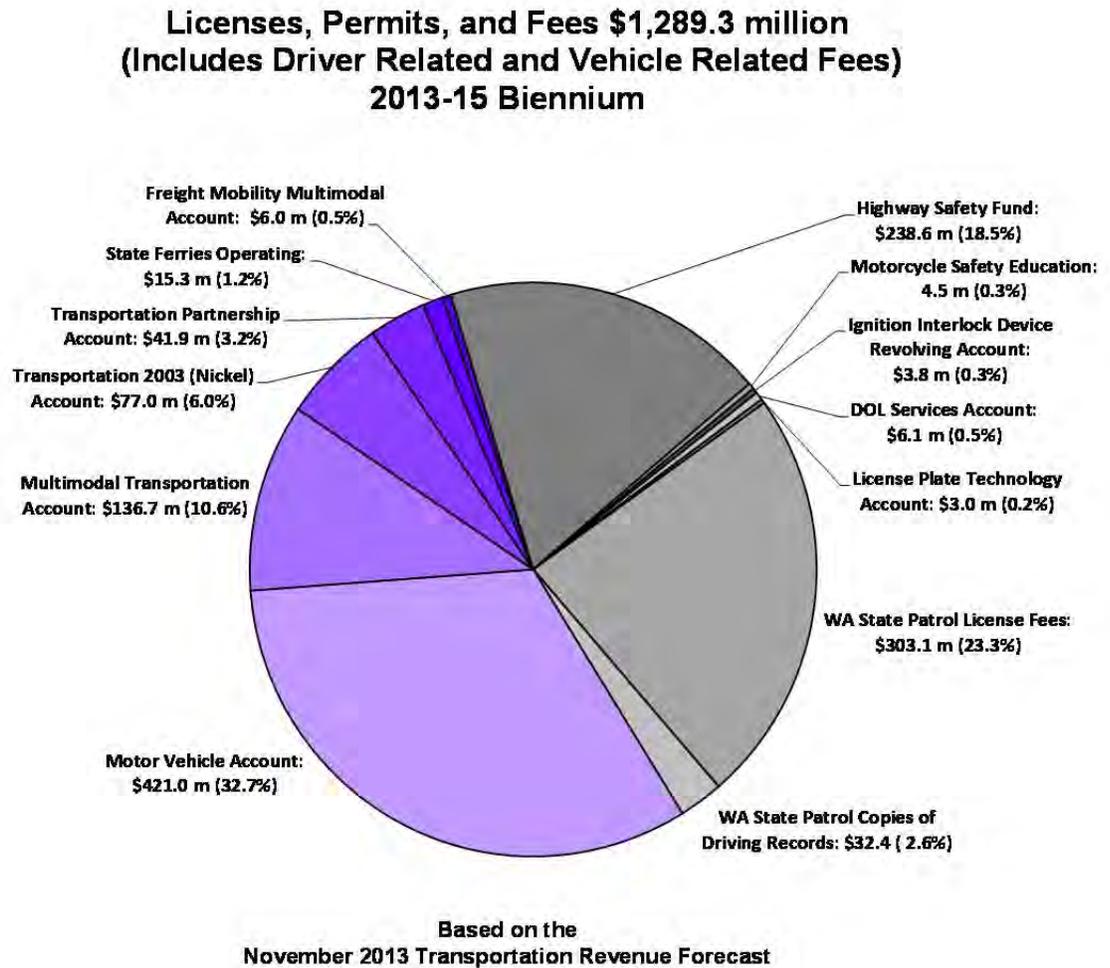


Gas Tax Revenue Distribution is Based on the November 2013 Transportation Revenue Forecast

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

The pie chart below shows the statutory distribution of funds to the various jurisdictions based on the November 2013 Licenses, Permits and Fees revenue forecast for the 2011-2013 biennium.

Figure 48 License Permits and Fees Revenue for Distribution (Both Motor Vehicle & Driver Related) 2013–15 biennium - \$1,289.3 million



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 49 Motor Vehicle Account Revenue November 2013 Forecast

Motor Vehicle Account Revenue <i>dollars in millions</i>	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	2,522.7	5.5	2,536.8	5.3	12,650.9	19.8
Licenses, Permits, & Fees	419.8	2.1	423.3	(0.2)	2,157.4	6.7
Business-Related Revenue	14.5	0.0	13.4	(0.0)	69.6	(0.0)
Total	2,957.0	7.6	2,973.5	5.1	14,877.9	26.4
Distribution						
Refunds-Regular	141.4	5.3	143.6	2.3	739.8	13.8
Fuel Tax Distributions for Local Uses ¹	740.0	(0.0)	743.0	1.0	3,699.6	1.8
Fuel Tax Distributions for State Uses ²	977.7	0.0	981.1	1.3	4,883.0	2.5
Total	1,859.1	5.3	1,867.7	4.5	9,322.3	18.0
Net Revenue	1,097.9	2.3	1,105.8	0.6	5,555.6	8.4

Components may not add due to rounding.

Miscellaneous revenue does not include ending cash balances carried forward from the prior biennium.

¹These 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.

²These amounts include distributions to the Nickel, Transportation Partnership, WSF and Special Category C accounts.

Figure 50 Transportation 2003 (Nickel) Account Revenue Forecast

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

Transportation 2003 (Nickel) Account <i>dollars in millions</i>	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13
Revenue						
5¢ Gas Tax	315.7	0.0	316.9	0.4	1,577.3	0.8
Licenses, Permits and Fees	77.0	(0.2)	78.6	(1.2)	398.8	(4.3)
Total	392.7	(0.2)	395.4	(0.7)	1,976.1	(3.5)

Figure 51 Transportation Partnership Account Revenue Forecast

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

Transportation Partnership Account <i>dollars in millions</i>	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13
Revenue						
5¢ Gas Tax	526.1	0.0	536.7	0.0	2,681.3	1.4
Licenses, Permits and Fees	41.3	0.0	41.9	0.1	213.3	(0.3)
Total	567.4	0.0	578.6	0.1	2,894.7	1.0

Figure 52 Washington State Ferry Accounts Revenue Forecast

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

Washington State Ferries Accounts <i>dollars in millions</i>	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	336.0	0.8	348.3	(0.3)	1,783.6	1.1
Concessions & Other Revenue	7.6	(0.1)	8.0	(0.1)	40.4	(0.5)
Fuel Tax	43.4	0.0	43.4	0.1	215.6	0.1
Licenses, Permits and Fees	15.3	(0.0)	15.8	(0.0)	80.5	(0.3)
Subtotal	402.4	0.7	415.5	(0.4)	2,120.1	0.4
Capital Vessel Replacement Account (18J)	7.7	(0.0)	(0.0)	(0.0)	40.8	0.0
Total	7.7	0.0	43.4	0.1	256.5	0.1
Puget Sound Cap. Const. Acct. (099) Fuel Tax	34.5	0.0	34.6	0.0	172.1	0.1
Total	436.8	0.7	450.1	(0.3)	2,292.2	0.5

Components may not add due to rounding.

Figure 53 Multimodal Transportation Account Revenue Forecast

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

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

Multimodal Account <i>dollars in millions</i>	2011-13		2013-15		10-Year Period (2013-2023)	
	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13
Revenue						
Licenses, Permits and Fees	130.2	0.0	136.7	(0.2)	725.7	(2.4)
Rental Car Tax	46.7	0.0	51.8	1.7	288.9	4.1
Vehicle Sales Tax	63.3	0.0	74.1	0.8	411.7	1.3
Total	240.2	0.0	262.7	2.3	1,426.3	2.9

Figure 54 Aeronautics Account Revenue Forecast

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

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

Aeronautics Account <i>dollars in thousands</i>	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13
Revenue						
Aircraft Dealer License Fees	6.9	0.0	6.9	0.0	34.5	0.0
Aircraft Excise Tax	697.5	0.0	710.3	0.0	3,615.5	0.0
Aircraft Fuel Tax	5,191.2	(52.1)	5,381.3	0.0	27,182.9	(52.1)
Aeronautics Transfer (from MV Fund)	567.3	0.5	562.9	0.3	2,783.2	1.7
Aircraft Registrations	249.7	0.0	252.5	0.0	1,276.5	0.0
Total	6,712.6	(51.6)	6,913.9	0.3	34,892.6	(50.4)

Figure 55 Toll Revenue Forecast

Currently there are three tolled corridors in Washington, The Tacoma Narrows Bridge, SR 520 Bridge and State Route 167 HOT Lanes which has variable tolling rates. Toll collections, transponder sales, violations, and fines and fees are deposited into the Tacoma Narrows Bridge, 520 Bridge or the HOT Lanes Operations Account. The SR-167 HOT Lanes is a pilot project, currently set to end in June 30, 2013.

Tolling Accounts <i>dollars in millions</i>	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13
Revenue						
Tacoma Narrows Bridge Account						
Toll Revenues and Fees	153.9	0.3	161.2	0.3	818.8	1.3
Transponder Sales/ Shield Sales	0.8	0.1	0.8	0.1	4.1	0.5
Violations	0.0	0.0	0.0	0.0	0.0	0.0
Civil Penalties	6.6	(0.0)	6.9	(0.1)	35.2	(0.3)
Misc. Revenues	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal Tacoma Narrows Bridge	161.3	0.3	168.9	0.3	858.1	1.4
HOT Lanes Operations Account ^						
Toll Revenues	0.0	0.0	0.0	0.0	0.0	0.0
Transponder Sales/ Shield Sales	0.0	0.0	0.0	0.0	0.0	0.0
Fees	0.0	0.0	0.0	0.0	0.0	0.0
Misc. Revenues	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal HOT Lanes Operations	0.0	0.0	0.0	0.0	0.0	0.0
SR 520 Bridge						
Toll Revenues and Fees	174.0	(4.4)	183.2	(3.6)	959.6	(15.3)
Transponder Sales/ Shield Sales	1.8	(1.1)	1.9	(1.1)	9.9	(5.8)
Civil Penalties	18.3	0.0	18.3	0.0	91.6	0.0
Misc. Revenues	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal SR 520 Bridge	194.1	(5.5)	203.4	(4.7)	1,061.1	(21.1)
Total Tolling Revenues	355.4	(5.1)	372.3	(4.4)	1,919.2	(19.7)

Figure 56 Washington State Patrol, Highway Safety & Motorcycle Safety Education Accounts Revenue Forecast

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

Highway Safety/Motorcycle Safety/WSP <i>dollars in millions</i>	Current Biennium 2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13
Revenue						
Highway Safety						
Driver License Fees	196.1	(5.2)	207.5	(2.0)	988.1	(13.7)
Copies of Records	36.6	(0.3)	38.0	(0.3)	192.5	(1.6)
Other and Miscellaneous	5.9	(0.0)	6.0	(0.0)	30.2	0.0
Subtotal	238.6	(5.5)	251.5	(2.3)	1,210.8	(15.3)
Motorcycle Safety Permits/Endorsements	4.5	(0.3)	4.7	(0.4)	22.6	(2.0)
State Patrol Copies of Records / LPF/Business Related	344.3	(0.1)	355.0	(1.1)	1,811.3	(6.3)
Subtotal	348.8	(0.4)	359.7	(1.5)	1,833.9	(8.3)
Total	587.4	(5.9)	611.2	(3.8)	3,044.7	(23.6)

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

Figure 57 School Zone Safety Account Revenue Forecast

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

School Zone Safety Account <i>dollars in millions</i>	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13
Revenue						
School Zone Fines	1.6	0.0	1.6	0.0	8.1	0.0
Total	1.6	0.0	1.6	0.0	8.1	0.0

Figure 58 Multiuse Road Safety Account Revenue Forecast

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

Multiuse Roadway Safety Account Collections <i>dollars in millions</i>	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13	Forecast Nov 13	Chg from Sep 13
	Revenue					
License Permit and Fees	0.1	(0.0)	0.2	0.0	0.9	(0.0)
Total	0.1	(0.0)	0.2	0.0	0.9	(0.0)