Transportation Revenue Forecast Council

September 2010 Transportation Economic and Revenue Forecasts

Adopted on 9-16-2010

Volume I: Summary Document

Washington Transportation
Economic and Revenue Forecast
September 2010 Forecast

Summary Report (Volume I)

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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 and the Office of Forecast Council, produces 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 September 2010 transportation revenue forecast.

- September 2010 transportation forecast of revenues: $4.055 billion for the current biennium which represents a decrease of 0.6% over the prior 2007-09 biennium. This decrease in transportation revenue represents Washington's weak recovery from the recent recession as revenues are recovering slower than anticipated.
- Overall transportation revenue is down 0.2% in the current biennium ($7.4 million) with the largest share of the reduction being loss in license, permits and fee revenue. Other revenue sources like diesel tax collections and vehicle sales taxes are also down in the current biennium. A few other revenue sources like toll, aviation, rental car and driver related fees were up in the current biennium. In the upcoming 2011-13 biennium, total transportation revenues are down $37.1 million. For the entire 16-year forecast horizon, total revenues are down 1% or $381 million from the June forecast.
- The September forecast shows a decline in revenues from the prior forecast for all years in the forecast horizon. The current fiscal year projections show a decline of 0.4% from FY 2010 and the largest decline in revenue from the prior forecast is seen in subsequent years after FY 2021 when the change is -1.2%.
- New projections of near-term real personal income and employment growth rates are lower in September than the prior forecast. This change caused some transportation revenues to be lower in the near-term and throughout the forecast horizon. Gas price forecasts are nearly no change from the prior forecast and diesel prices are down throughout the forecast than the prior projections. The state of the economy is still struggling to recover from the recession with some economic indicators only showing minor improvements.
- The primary reason for the loss in fuel taxes in the current year has been the decline in diesel consumption as Washington personal income forecasts were revised downward. For FY 2011, gasoline consumption is not changed from June forecast but diesel consumption is anticipated to fall $2 million or 0.6% from the prior forecast.
- In the 2009-11 biennium, the vehicle licenses, permits and fee forecast has declined by 0.5% from the last forecast due to lower Washington personal income projections from the last forecast. In subsequent biennia, the vehicle licenses, permits and fees revenue forecast is also down due to lower real personal income growth rates in the near-term.
- Total ferry revenue is down $0.4 million (0.1%) in the current biennium from the prior forecast and 1.5% or $4.9 million in the 2011-13 biennium. Over the entire 16-year forecast horizon, ferry revenue is down $12.7 million (0.4%) over the June 2010 forecast.
- Toll revenue is up 1.5% or $1.4 million in the current biennium over the prior forecast. Over the entire 16 year forecast horizon, toll revenue is nearly unchanged with a total change of $0.3 million.

In FY 2010, transportation revenues were $2.014 billion which is a decline of 1% over the prior fiscal year as the economy struggles from the recession. In FY 2011, transportation revenues are projected to be $2.042 billion or 1.4% over FY 2010. This is a slight reduction in total transportation revenue of 0.4% from the June forecast. Current lower personal income and employment projections have reduced future biennia tax projections by up to 1% thru FY 2021 and then the reduction from the prior forecast is 1.2% for the remaining fiscal years of the forecast horizon. Overall during the entire 16-year forecast horizon, transportation revenues are projected to grow on average 1.6% each year.

Figure 1 Total Transportation Revenues Comparison
September vs. June 2010 forecast
millions of dollars

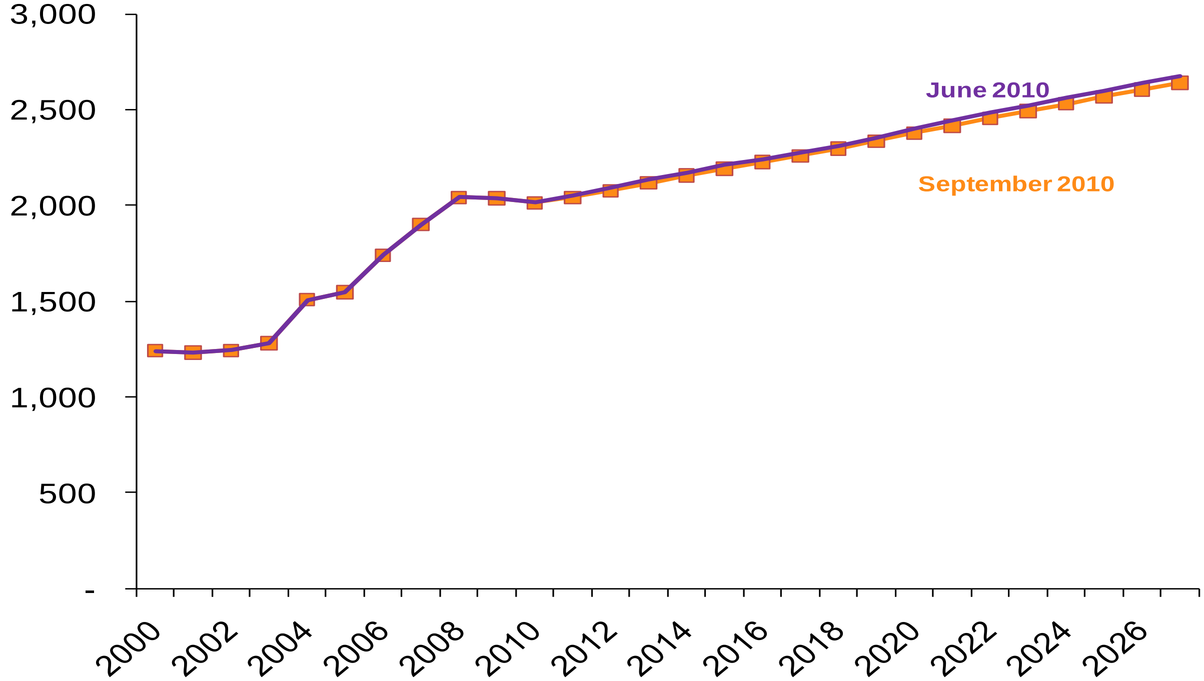
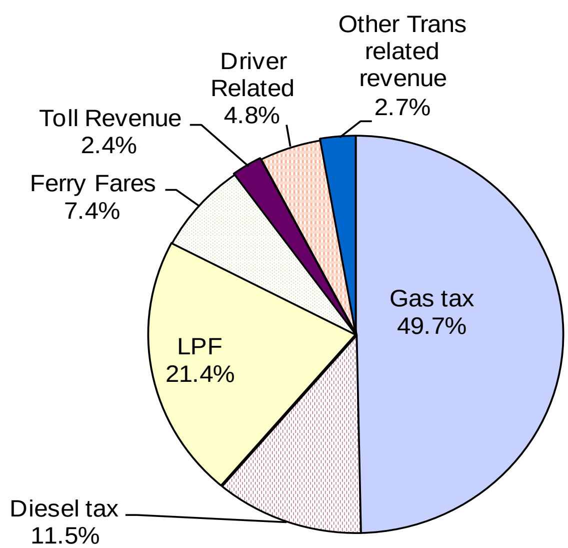


Figure 2 Revenue by Source
September 2010 forecast for 2009-11 biennium ($4.06 billion)



Washington's state transportation revenues come from numerous taxes, fees, permits, tolls, other revenues. Washington's transportation revenues forecasted each quarter include the revenue sources contained in Figure 2. This pie graph reveals the share of each state revenue source to the total transportation revenues forecasted ($4.06 billion) in September 2010 for the 2009-11 biennium. Gasoline fuel taxes comprise the share of all transportation revenue at 49.7% of all transportation revenue in the 2009-11 biennium. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 61.2% of all transportation revenues. Licenses, permits and fee revenues comprise the second largest share at 21.4% of all transportation revenues in the 2009-11 biennium. The largest three revenue sources (gasoline and diesel fuel taxes and licenses, permits and fees) are projected to consist of 82.6% of state transportation revenues in the 2009-11 biennium. The remaining 17.4% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

As Figure 3 indicates, in the current biennium, transportation revenues are down $7.4 million or 0.2% of $4.066 billion projected of total transportation revenues in September since the last forecast. The largest decline in revenues has been due to lower licenses, permits and fee revenue at $4.3 million or 60% of the decline. Over the entire 16-year forecast horizon (2011-2027), the transportation revenue forecast for September 2010 is down $381.2 million or 1% from the June 2010 forecast.

Figure 3 Forecast to Forecast Biennium Comparison of All Transportation Revenues
September 2010 forecast **-** *millions of dollars*

Forecast to Forecast Comparison for Transportation Revenues and Distributions
September 2010• *millions of dollars*

	Current Biennium 2009-2011			2011-2013			16-Year Period (2011-2027)		
	Forecast Sep-10	Chg from Jun-10	Percent Change	Forecast Sep-10	Chg from Jun-10	Percent Change	Forecast Sep-10	Chg from Jun-10	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,482.7	(2.3)	-0.1%	2,537.7	(16.6)	-0.6%	22,857.7	(180.3)	-0.8%
Licenses, Permits and Fees	870.1	(4.3)	-0.5%	909.8	(10.8)	-1.2%	8,063.9	(91.0)	-1.1%
Ferry Revenue†	299.6	(0.4)	-0.1%	311.4	(4.9)	-1.5%	2,849.1	(12.7)	-0.4%
Toll Revenue	96.0	1.2	1.3%	104.3	0.5	0.5%	947.7	0.3	0.0%
Aviation Revenues ‡	5.7	0.2	4.1%	6.0	0.0	0.7%	54.7	0.3	0.6%
Rental Car Tax	43.3	0.1	0.3%	47.4	(0.3)	-0.7%	501.2	(39.5)	-7.3%
Vehicle Sales Tax	53.8	(2.9)	-5.1%	61.0	(5.4)	-8.1%	666.1	(54.6)	-7.6%
Driver-Related Fees	196.6	1.0	0.5%	200.3	0.6	0.3%	1,715.1	(0.8)	0.0%
Business/Other Revenues ‡	7.4	0.0	0.7%	13.1	(0.4)	-2.7%	97.2	(3.0)	-3.0%
Total Revenues	**4,055.1**	**(7.4)**	**-0.2%**	**4,191.0**	**(37.1)**	**-0.9%**	**37,752.7**	**(381.2)**	**-1.0%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	118.2	0.9	0.8%	126.2	0.1	0.1%	1,177.3	(6.3)	-0.5%
State Uses									
Motor Vehicle Account (108)	1,030.2	(4.0)	-0.4%	1,070.0	(8.2)	-0.8%	9,533.2	(72.8)	-0.8%
Transportation 2003 (Nickel) Account (550)	345.5	0.2	0.1%	352.9	(2.3)	-0.6%	3,159.9	(23.4)	-0.7%
Transportation 2005 Partnership Account (09H)	571.7	(0.5)	-0.1%	582.9	(4.0)	-0.7%	5,236.5	(40.8)	-0.8%
Multimodal Account (218)	220.8	(3.1)	-1.4%	237.6	(7.7)	-3.1%	2,314.6	(111.7)	-4.6%
Special Category C Account (215)	46.9	(0.0)	-0.1%	47.8	(0.3)	-0.7%	429.7	(3.5)	-0.8%
Puget Sound Capital Construction Account (099)	34.2	(0.0)	-0.1%	34.8	(0.2)	-0.7%	312.6	(2.5)	-0.8%
Puget Sound Ferry Operations Account (109)	357.4	(0.6)	-0.2%	370.6	(5.4)	-1.4%	3,382.7	(17.8)	-0.5%
Tacoma Narrows Bridge Account (511)*	94.9	1.2	1.2%	103.8	0.5	0.5%	947.2	0.3	0.0%
High Occupancy Toll Lanes Account (09F)*	1.1	0.0	3.9%	0.5	0.0	0.3%	0.5	0.0	0.3%
Aeronautics Account (039)	5.7	0.2	4.1%	6.0	0.0	0.7%	54.7	0.3	0.6%
State Patrol Highway Account (081)	314.3	(2.1)	-0.7%	327.4	(5.5)	-1.7%	2,922.3	(44.1)	-1.5%
Highway/Motorcycle Safety Accts. (106 & 082)	164.3	1.2	0.7%	167.8	1.3	0.8%	1,434.1	4.0	0.3%
Other accounts (201, 06T, 097, 09E, 216, 07C)	15.8	(0.1)	-0.5%	16.2	(0.2)	-1.0%	138.1	(1.4)	-1.0%
Ignition Interlock Deviuces Revolving Acct 14V	2.2	0.1	5.3%	1.4	0.1	7.2%	11.6	0.8	7.2%
Total for State Use	**3,205.1**	**(7.5)**	**-0.2%**	**3,319.5**	**(31.8)**	**-1.0%**	**29,877.5**	**(312.6)**	**-1.0%**
Local Uses									
Cities	180.1	(0.2)	-0.1%	183.3	(1.3)	-0.7%	1,647.8	(13.4)	-0.8%
Counties	294.8	(0.3)	-0.1%	300.2	(2.2)	-0.7%	2,697.0	(28.6)	-1.1%
Transportation Improvement Board (112 & 144)	192.4	(0.2)	-0.1%	195.9	(1.4)	-0.7%	1,760.6	(14.3)	-0.8%
County Road Administration Board (102 & 186)	64.7	(0.1)	-0.1%	65.9	(0.5)	-0.7%	592.0	(6.1)	-1.0%
Total for Local Use	**731.9**	**(0.8)**	**-0.1%**	**745.2**	**(5.3)**	**-0.7%**	**6,697.4**	**(62.4)**	**-0.9%**
Total Distribution of Revenue	**4,055.1**	**(7.4)**	**-0.2%**	**4,191.0**	**(37.1)**	**-0.9%**	**37,752.2**	**(381.2)**	**-1.0%**

+ Fares plus non-farebox revenue
^ 2007–09 is the first biennium to include Tacoma Narrows Bridge toll revenue; November 2008 was the first forecast to include HOT Lanes toll revenue; March 2009 is the first forecast to include revenue from transponder sales, violation fines and fees; ± Aviation Revenues and Business / Other Revenues net of amount transferred to General Fund

Figure 4 Forecast to Baseline (February 2010) Biennium Comparison of All Transportation Revenues - September 2010 forecast - *millions of dollars*

Forecast to Baseline Comparison for Transportation Revenues and Distributions

September 2010 • *millions of dollars*

	Current Biennium 2009-2011			2011-2013			16-Year Period (2011-2027)		
	Forecast Sep-10	Chg from Baseline *	Percent Change	Forecast Sep-10	Chg from Baseline *	Percent Change	Forecast Sep-10	Chg from Baseline *	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,482.7	(44.8)	-1.8%	2,537.7	(60.1)	-2.3%	22,857.7	(591.4)	-2.5%
Licenses, Permits and Fees	870.1	(12.8)	-1.5%	909.8	(15.1)	-1.6%	8,063.9	(134.8)	-1.6%
Ferry Revenue†	299.6	(1.2)	-0.4%	311.4	(11.3)	-3.5%	2,849.1	(94.5)	-3.2%
Toll Revenue	96.0	(2.8)	-2.8%	104.3	(1.0)	-1.0%	947.7	6.7	0.7%
Aviation Revenues ±	5.7	0.8	15.1%	6.0	1.0	19.6%	54.7	11.4	26.4%
Rental Car Tax	43.3	(0.5)	-1.2%	47.4	(1.3)	-2.6%	501.2	(51.7)	-9.4%
Vehicle Sales Tax	53.8	(4.5)	-7.7%	61.0	(8.5)	-12.2%	666.1	(68.2)	-9.3%
Driver-Related Fees	196.6	0.8	0.4%	200.3	0.0	0.0%	1,715.1	(32.9)	-1.9%
Business/Other Revenues ±	7.4	(9.1)	-55.3%	13.1	(1.6)	-10.9%	97.2	(18.5)	-16.0%
Total Revenues	**4,055.1**	**(74.2)**	**-1.8%**	**4,191.0**	**(97.8)**	**-2.3%**	**37,752.7**	**(974.0)**	**-2.5%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	118.2	(2.5)	-2.1%	126.2	(3.4)	-2.6%	1,177.3	(50.8)	-4.1%
State Uses									
Motor Vehicle Account (108)	1,030.2	(31.5)	-3.0%	1,070.0	(24.8)	-2.3%	9,533.2	(230.1)	-2.4%
Transportation 2003 (Nickel) Account (550)	345.5	(4.5)	-1.3%	352.9	(7.5)	-2.1%	3,159.9	(74.2)	-2.3%
Transportation 2005 Partnership Account (09H)	571.7	(9.7)	-1.7%	582.9	(13.6)	-2.3%	5,236.5	(129.7)	-2.4%
Multimodal Account (218)	220.8	(5.1)	-2.3%	237.6	(10.7)	-4.3%	2,314.6	(129.6)	-5.3%
Special Category C Account (215)	46.9	(0.8)	-1.6%	47.8	(1.1)	-2.3%	429.7	(10.8)	-2.4%
Puget Sound Capital Construction Account (099)	34.2	(0.6)	-1.6%	34.8	(0.8)	-2.3%	312.6	(7.8)	-2.4%
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Tacoma Narrows Bridge Account (511)*	94.9	(2.5)	-2.6%	103.8	(0.5)	-0.5%	947.2	7.2	0.8%
High Occupancy Toll Lanes Account (09F)*	1.1	(0.3)	-22.5%	0.5	(0.5)	-51.8%	0.5	(0.5)	-51.8%
Aeronautics Account (039)	5.7	0.8	15.1%	6.0	1.0	19.6%	54.7	11.4	26.4%
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Ignition Interlock Device Revolving Acct 14V	2.2	0.4	100.0%	1.4	(0.2)	100.0%	11.6	(1.9)	100.0%
Total for State Use	**3,205.1**	**(59.2)**	**-1.8%**	**3,319.5**	**(76.5)**	**-2.3%**	**29,877.5**	**(750.6)**	**-2.5%**
Local Uses									
Cities	180.1	(3.0)	-1.6%	183.3	(4.3)	-2.3%	1,647.8	(41.4)	-2.4%
Counties	294.8	(5.1)	-1.7%	300.2	(7.4)	-2.4%	2,697.0	(72.2)	-2.6%
Transportation Improvement Board (112 & 144)	192.4	(3.2)	-1.6%	195.9	(4.6)	-2.3%	1,760.6	(44.2)	-2.4%
County Road Administration Board (102 & 186)	64.7	(1.1)	-1.6%	65.9	(1.6)	-2.3%	592.0	(14.9)	-2.4%
Total for Local Use	**731.9**	**(12.4)**	**-1.7%**	**745.2**	**(17.9)**	**-2.3%**	**6,697.4**	**(172.6)**	**-2.5%**
Total Distribution of Revenue	**4,055.1**	**(74.2)**	**-1.8%**	**4,191.0**	**(97.8)**	**-2.3%**	**37,752.2**	**(974.0)**	**-2.5%**

+ Fares plus non-farebox revenue

^ 2007–09 is the first biennium to include Tacoma Narrows Bridge toll revenue; November 2008 was the first forecast to include HOT Lanes toll revenue; March 2009 is the first forecast to include revenue from transponder sales, violation fines and fees; ± Aviation Revenues and Business / Other Revenues net of amount transferred to General Fund

Figure 4 reveals the change in forecasts since the baseline supplement 2010 budget forecast in February 2010. In the current biennium, transportation revenues are down $74.2 million or 1.8% from the February baseline forecast. The September forecast is down $974 million or 2.5% from the February 2010 forecast over the entire 16 year forecast horizon. Motor fuel tax collections are down the most over the 16 year horizon at $591.4 million. Some revenues, aviation and tolls, are up over the forecast horizon from the February forecast.

Economic Variables Forecast

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

WA Personal Income

In both fiscal years 2009 and 2010, Washington's real personal income came in lower than the prior year. In FY 2010, the annual growth rate in real personal income was -1%. The September 2010 forecast of Washington personal income is forecasted by the Washington Economic and Revenue Forecast Council (ERFC), based on the August Global Insight forecast, August Blue Chip average US GDP growth rates, NYMEX fuel prices and other forecasted economic variables in the near term. In the current forecast, the annual percent change in Washington personal income is 2.4% for FY 2011 versus the last forecast at 4%. This forecast is a revision downward in Washington real personal income by 42%. This revision reflects a less optimistic view of the economic recovery for Washington State in 2011. For FY 2012, the current forecast increases from FY 2011 by 3.2% versus the June 2010 forecast which projected a 4% growth. In FY 2013, the current forecast of Washington real personal income is unchanged from the June forecast of 4.1%. The September 2010 forecast uses the OFM 2010 long-term personal income projections which did not change from the June forecast. The 2010 OFM forecast of personal income growth for fiscal years 2015 thru 2020 is 3.1% and for the remaining years beyond FY 2020 the personal income growth rate is 2.9%. Figure 5 illustrates that the current year's projection of Washington real personal income is below the June forecast and FY 2012 also has lower annual growth rate than past forecast. In FY 2013, the growth rate is nearly unchanged from the June forecast. For the remaining fiscal years of the forecast horizon, the current growth rates of Washington personal income are the same as prior forecasts due to OFM's long-term income growth remaining unchanged.

On a quarterly basis, the September 2010 Washington personal income forecast is $261 billion for the third quarter of 2010 which is below the previous forecast of $263 billion. The fourth quarter personal income level is projected to be below the last forecast. Beginning in first quarter of 2011, the current forecast for Washington personal income is below the June forecast for much of the horizon until 2015, when growth rates become similar to the last forecast for Washington personal income.

WA Population

In November 2009, OFM released their 2009 long-term statewide population forecast. These estimates have not been revised since the last forecast. In FY 2011, the statewide population forecast is 1.3% annual growth and 1.4% in both FY 2012 and FY 2013. In fiscal year 2014, the population forecast growth declines slightly to 1.3%. The population growth rate declines slightly to 1.2% in FY 2015-2019. Beginning in FY 2020, the current population estimates are 1.1% for four years and it declines to 1% by 2024 for the remainder of the forecast horizon.

WA Driver In-Migration

In 2010, Washington's new drivers in the state declined year over year by 1%. In FY 2011, the in-migration of drivers is projected to increase to 12.2% as opposed to 5.5% in the June forecast due to the higher in-driver counts in the past and current fiscal year. By FY 2012, the September 2010 forecast of Washington driver in-migration is projected to be -1.4% as opposed to 2.8% in the June forecast due to optimistic prior forecasts.

Figure 6 compares the September 2010 and June 2010 forecasts of Washington state driver in-migration population up to FY 2020. The September 2010 driver in-migration forecast is slightly higher than the last forecast in the near-term but lower than the last forecast beginning in FY 2012 and beyond.

U.S. Inflation

The U.S. inflation rate forecast is from Global Insight's August 2010 projection. The current forecast of U.S. inflation rate as measured by the implicit price deflator (IPD) is slightly below the June forecast FY 2012 throughout the forecast horizon. For FY 2011, the inflation rate is 1.5%, identical to the prior forecast. In FY 2012, the inflation rate is up to1.4% which is lower than the last forecast at 1.7%. In FY 2013, the inflation forecast grew slowly to 1.7% as opposed to the previously forecast 1.9%. Then beginning in FY 2014, the current forecast for inflation grows to 1.9%; in the last forecast the inflation was projected at 2.1%. For the remainder of the forecast horizon, the inflation rates, projected in the current forecast, remain at 2% until FY 2020 and then falls slightly to1.9% and stays near 1.9% for the remainder of the forecast horizon. This long-term trend is very similar to the prior forecast.

U.S. Oil and Gas Price Index

The September 2010 Global Insight forecast for U.S. oil and gasoline price index has risen in the short term since the last forecast, see Figure 9. Most of this increase is due to a BEA upward revision in July of this price index for calendar years 2009 and all subsequent years. This recent price data reveals that the fuel price index has grown 4% between the second and third quarter of 2010. In contrast, the prior forecast projected a decrease of 2% between the second and third quarters of 2010. The annual year over year change in this fuel price index was 3.3% for FY 2010. In FY 2011, the growth in the US fuel price index is projected at 4.7% which represents a 12% increase from the last forecast of 4.2%. In FY 2012, the growth rate in the US fuel price index is 8.3% which is a 15.3% decrease over the 9.8% projection in the June forecast. This reveals that fuel prices are currently projected to accelerate a little less rapidly in the near-term than anticipated in the last forecast but we are still starting with higher fuel prices than anticipated in the June forecast, see Figure 9. In the long-term, the current forecast of the oil price index growth rates is very nearly identical to the last forecast. The oil price index begins to fall starting in FY 2017 and go negative by FY 2020 and remain negative for four years and then rise slightly to a high of 1.9% annually.

U.S. Fuel Efficiency (MPG)

U.S. Fuel Efficiency variable for the September forecast has changed only slightly from the June 2010 forecast beginning in FY 2021. A correction was made for an error in extending the fuel efficiency variable in June so the minor difference does not reflect a revision in the Global Insight forecast just a correction of a past mistake. The fuel efficiency variable estimate in 2011 is assumed to be 21 miles per gallon for the entire Washington fleet of light vehicle. The vehicle fuel efficiency will grow to 29 miles per gallon by 2025, representing 38% growth over that time period.

Figure 5 Annual Percentage Change (%) in Select Economic Variables
September 2010 forecast

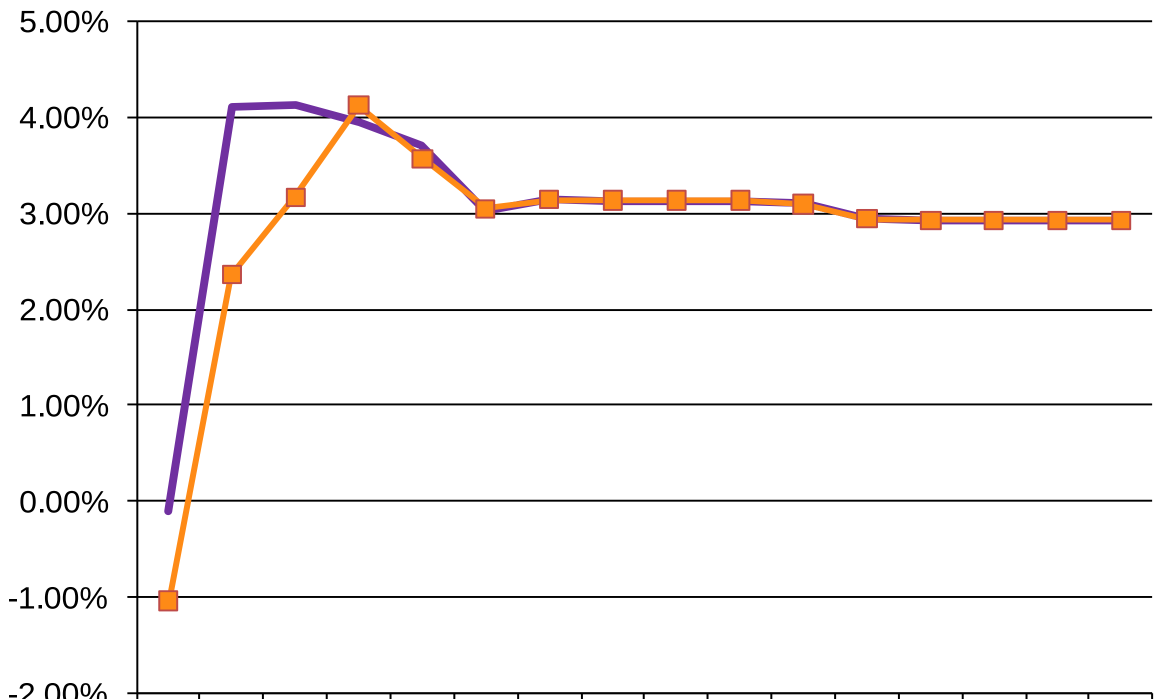
Fiscal Year	WA Personal Income	Annual Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	WA Employ -ment	Nominal Consumer Sales on New Vehicles	WA Driver In-Migration
2008	3.4	1.2	3.3	19.3	0.1	2.2	-25.9	-13.8
2009	-0.01	1.0	1.5	-16.9	0.7	-2.0	-7.1	-0.7
2010	-1.0	1.1	1.3	3.3	1.1	-3.9	13.5	-1.0
2011	2.4	1.4	1.3	4.7	1.6	0.3	20.0	12.2
2012	3.2	1.3	1.4	8.3	1.9	2.3	13.8	-1.4
2013	4.1	1.3	1.7	3.8	2.2	3.2	-1.3	-2.4
2014	3.6	1.3	1.9	2.6	2.4	2.5	0.6	-1.4
2015	3.0	1.2	2.0	2.6	2.6	1.7	15.4	-1.1
2016	3.1	1.2	2.0	2.9	2.6	1.4	6.3	-0.5
2017	3.1	1.2	2.0	2.0	2.6	1.2	-3.5	-0.8
2018	3.1	1.2	2.0	1.4	2.5	1.0	-2.9	-0.9
2019	3.1	1.2	2.0	0.4	2.4	0.9	1.3	-0.7
2020	3.1	1.1	1.9	-0.8	2.4	0.9	3.5	-0.5
2021	2.9	1.1	1.9	-0.6	2.4	0.8	6.0	-0.3
2022	2.9	1.1	1.8	-0.1	2.2	0.9	5.3	-0.2
2023	2.9	1.1	1.9	-0.4	2.0	0.9	3.5	-0.2
2024	2.9	1.0	1.9	0.7	1.9	0.9	3.2	-0.1
2025	2.9	1.0	1.9	1.9	1.8	0.9	3.0	-0.1
2026	2.9	1.0	1.9	1.9	1.6	0.9	2.5	-0.1
2027	2.9	1.0	1.9	1.9	1.5	0.9	3.1	0.0

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management, August 2010 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices

WA Total Non-Farm Employment
Washington total non-farm employment declined 3.9% year over year in FY 2010. In this September forecast, Washington employment is projected to increase 0.3% in FY 2011. This is a revision downward from the June forecast. The recovery in the economy is expected to continue in FY 2012 and FY 2013 with year over year growth rates in employment of 2.3% and 3.2% respectively. The economic growth in Washington employment slows in subsequent years. In FY 2014, Washington employment is forecasted to grow at 2.5%; in FY 2015, employment is expected to grow at 1.7%; in FY 2016, employment is projected to grow at 1.4% and in FY 2017, employment is projected to grow by 1.2%. This current employment forecast is less optimistic than the last forecast and pushes out the economy recovery and anticipates a slightly weaker recovery. In all subsequent years, Washington employment is projected to be between 0.8% and 1%.

U.S. Consumer Spending on New Motor Vehicles
Consumer spending on new motor vehicles throughout the U.S. has declined significantly in recent years, -7% in FY 2009 and increased 13.5% in FY 2010. The big recovery in auto sales is projected to occur in FY 2011. Current projections are for consumer spending on new motor vehicles to increase by 20% which is nearly identical to the last forecast growth rate of 19%. In FY 2012, the recovery for light vehicle sales continues with a 13.8% growth rate, which is a slightly lower growth rate than projected last forecast at 14.3%. Overall, this forecast is a little more pessimistic about new motor vehicle sales in the short and long-term than the prior forecast.

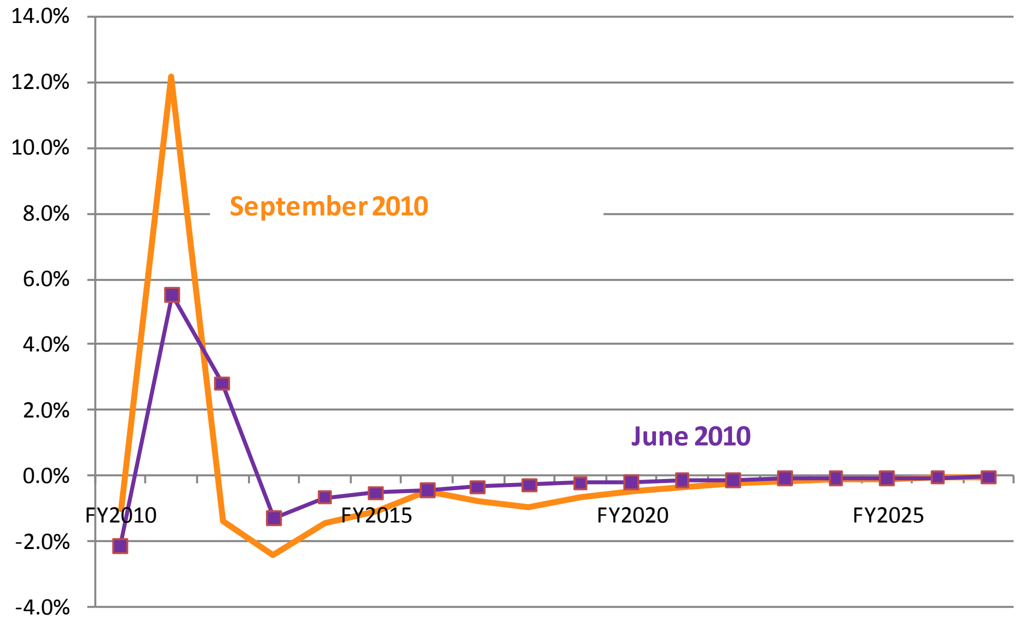
Figure 6 Comparison of Annual Growth Rates for Washington Real Personal Income September vs. June 2010 forecast
billions of dollars



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Jun-10	-0.1%	4.1%	4.1%	4.0%	3.7%	3.0%	3.1%	3.1%	3.1%	3.1%	3.1%	2.9%	2.9%	2.9%	2.9%	2.9%
10-Sep	-1.0%	2.4%	3.2%	4.1%	3.6%	3.0%	3.1%	3.1%	3.1%	3.1%	3.1%	2.9%	2.9%	2.9%	2.9%	2.9%

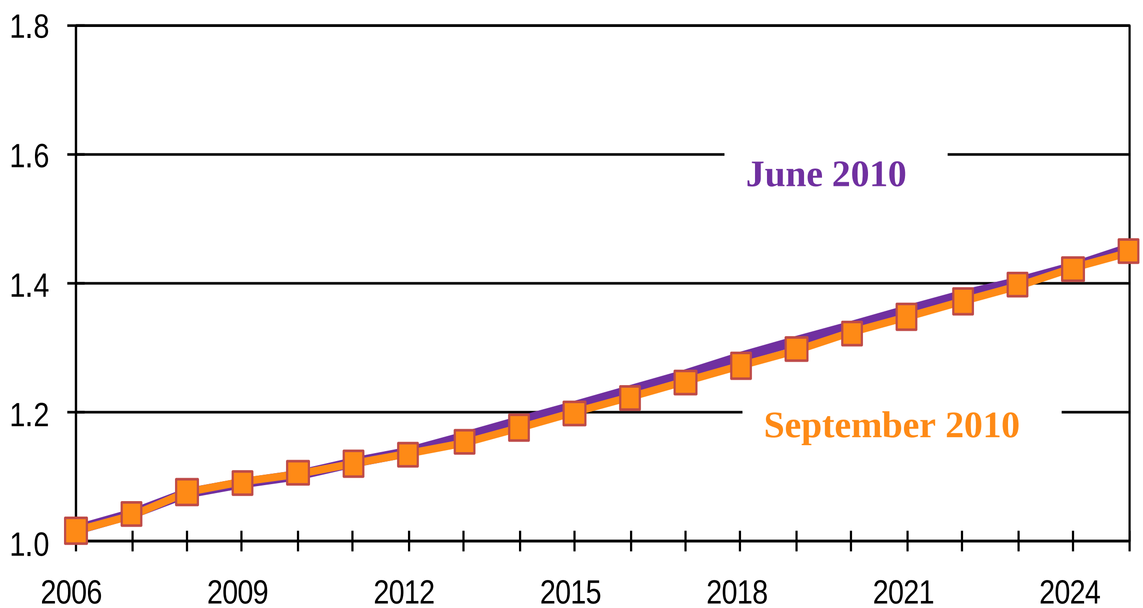
Source: Washington Economic and Revenue Forecast Council and OFM

Figure 7 Comparison of Annual Growth Rates for In–Driver Population Forecast – Age 18 and Over September vs. June 2010 forecast



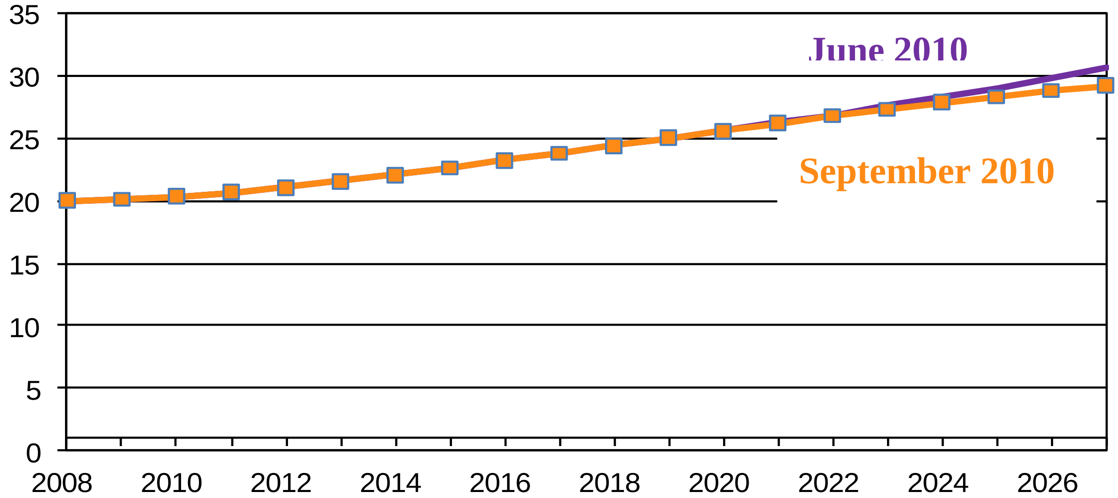
Source: Washington Office of Financial Management

Figure 8 Inflation Comparison – U.S. Implicit Price Deflator for Personal Consumption September vs. June 2010 forecast
base year 2005 = 1.00 for both forecasts



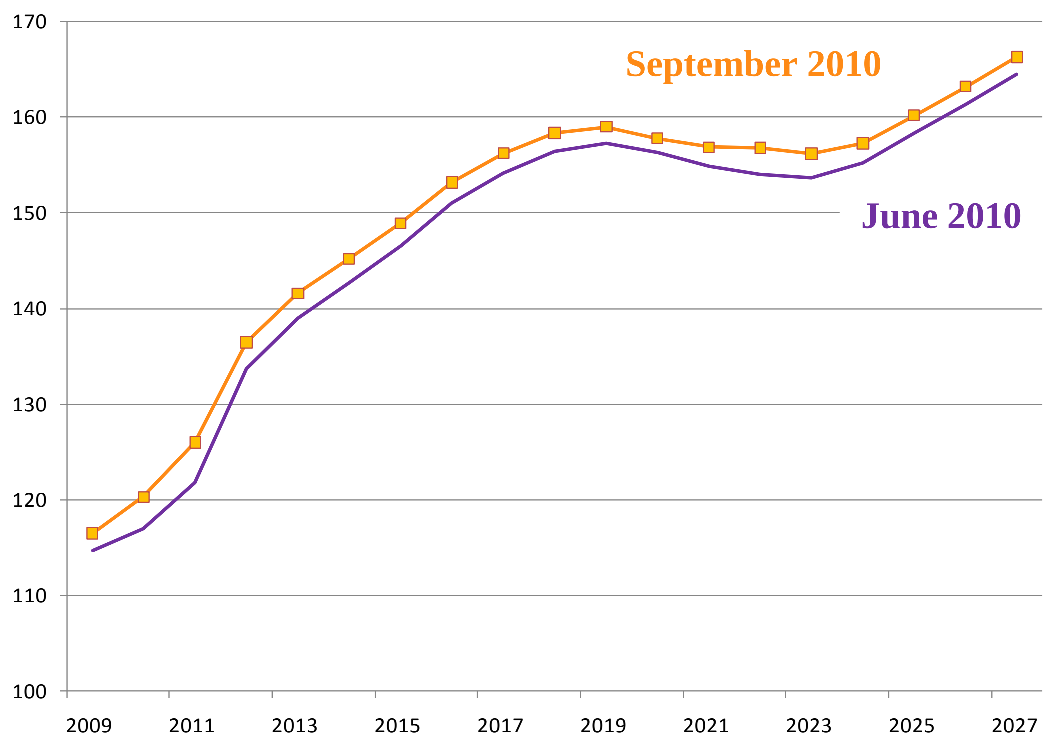
Source: Washington Economic and Revenue Forecast Council and August 2010 Global Insight forecast

Figure 9 U.S. Light Duty Vehicle Fleet Efficiency Comparison
September vs. June 2010 forecast
miles per gallon



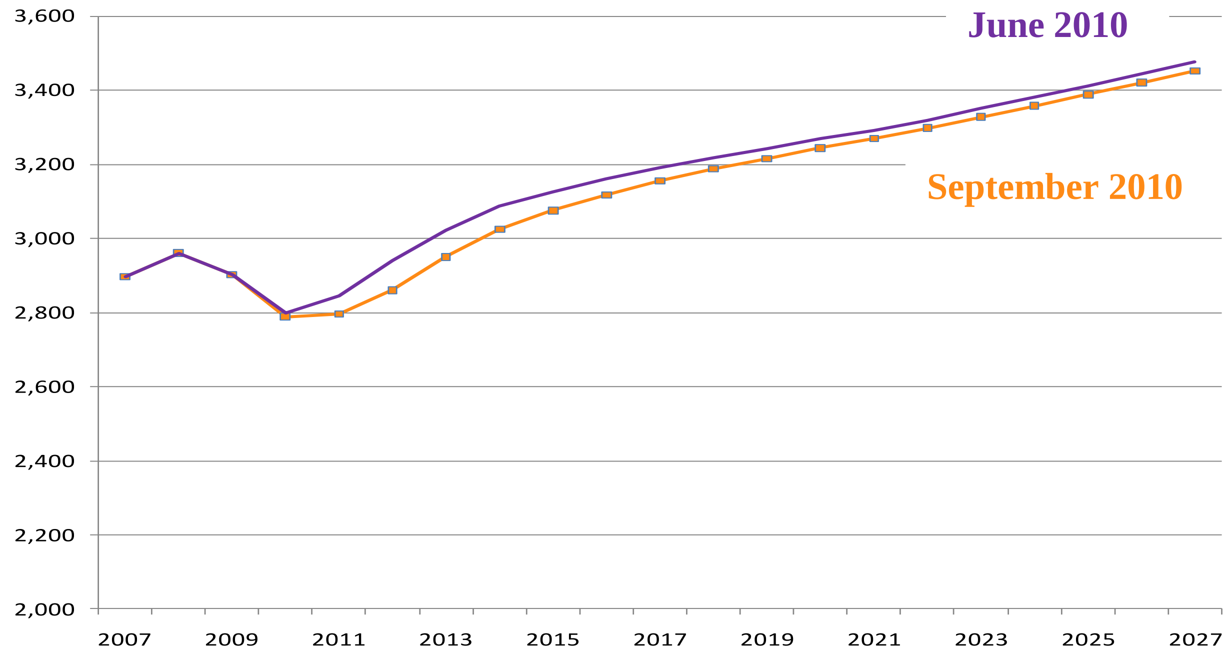
Source: August 2010 Global Insight forecast

Figure 10 Global Insight Oil/Gas Price Index
September vs. June 2010 forecast



Source: September 2010 Global Insight forecast

Figure 11 Washington Nonfarm Payroll Employment
September vs. June 2010 forecast



Source: September ERFC and Global Insight national 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. In addition, the Washington State Department of Transportation budget is heavily impacted by changes in fuel prices. Therefore, projections of fuel prices are made quarterly to assist in the near and long-term budgeting process for WSDOT. The price forecast includes the following fuel price projections: U.S. West Texas crude oil, Washington retail prices of gasoline, diesel and biodiesel and wholesale prices of diesel and biodiesel without taxes.

The September 2010 diesel price forecasts are slightly down from the June 2010 forecast throughout most of the forecast horizon. Gas price forecast in September is very close to the June forecast.

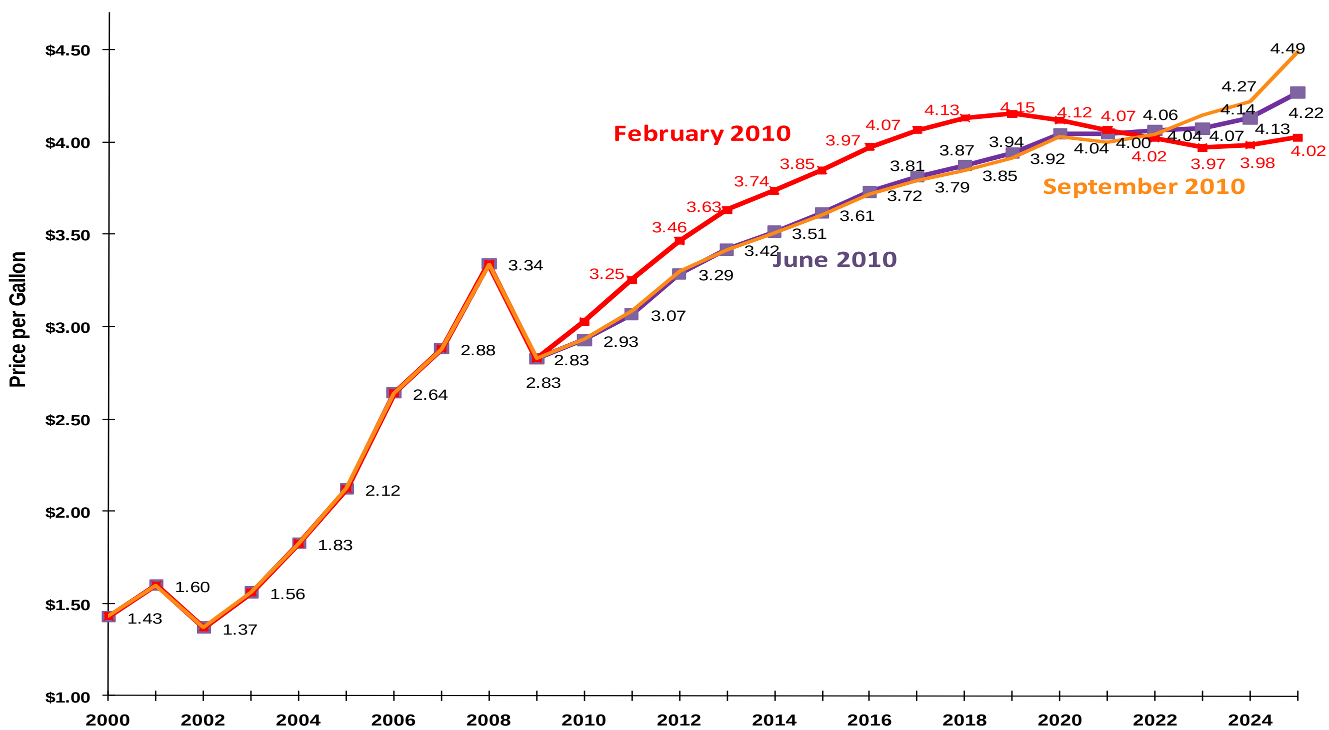
Source of data for forecast

For the Washington retail price of gasoline, the actual fuel prices are collected from the Energy Information Administration (EIA) survey of retail prices for all grades of 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 wholesale diesel prices are reported by the Washington State Ferries. In the short term, the fuel price forecasts are based on the Energy Information Agency (EIA) projections. In the long-term beyond calendar year 2011, the fuel price projections are based on Global Insight's oil and fuel prices and the producer price index (PPI) for petroleum products projections from September 2010 forecast.

U.S. crude oil price trend

U.S. crude oil prices of West Texas Intermediate Crude (WTI) were $75.2 per barrel on average in FY 2010. The projection for fiscal year 2011 is $78 per barrel which is slightly lower than the $80 per barrel projected in the last forecast. This represents a 3.7% increase in crude oil prices over fiscal year 2010. In the long-term, crude oil prices are expected to hit over $100 per barrel beginning in FY 2016, which is the same year as in the last forecast. Crude oil prices are not projected to drop below $100 per barrel throughout the forecast horizon. The long-term forecast for crude oil prices grows to a high point of $110 per barrel in FY 2027.

Figure 12 Forecast of Washington Retail Gasoline Prices, All Grades September. June vs. February 2010 forecasts

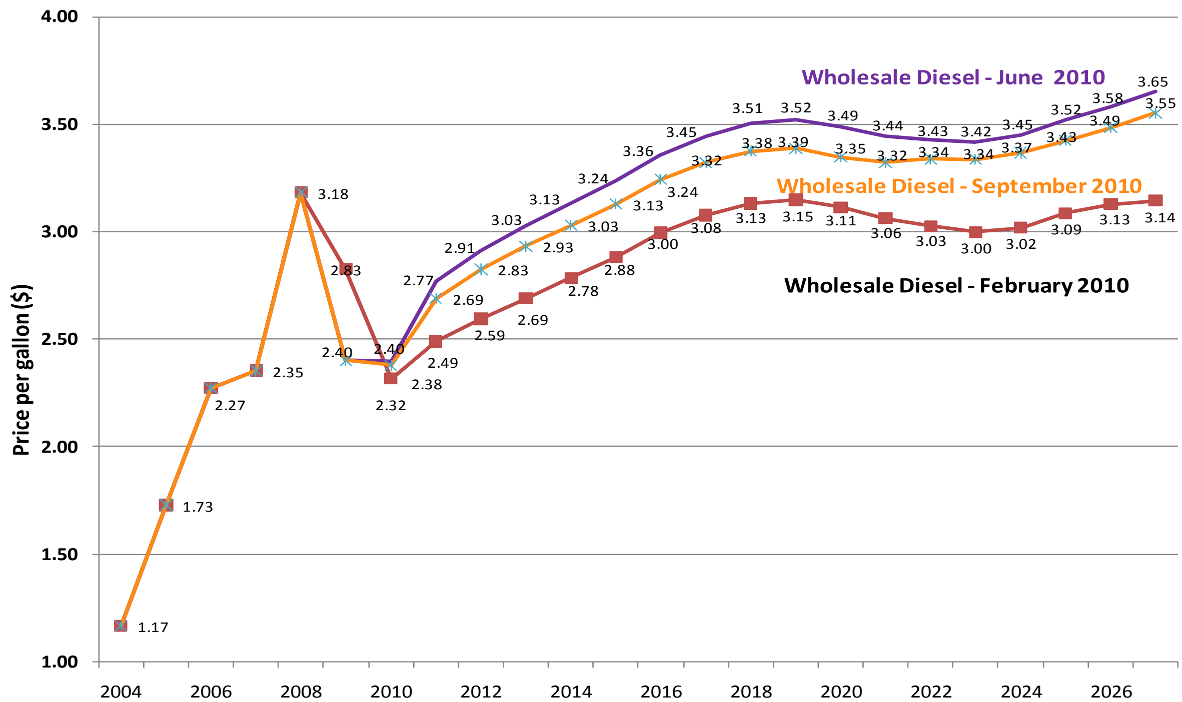


Washington retail price of gasoline trend
Washington retail price of gasoline is projected to be down slightly over the prior forecast for the current fiscal year. In recent months, projections of retail gas prices have been reasonably accurate. Retail gas price in Washington in FY 2010 was $2.93 per gallon on average. In FY 2011, Washington retail gas price is currently projected to be down minimally to $3.09 per gallon as opposed to $3.07 per gallon forecasted in June. In subsequent years through FY 2021 reveal nearly no difference between the June and September retail gasoline prices in Washington. The June and September 2010 project retail gas price to reach $4.00/gallon by FY 2020. In the long-term, gasoline prices are expected to be above the June projections in years FY 2022 and beyond.

This September 2010 Washington retail gas price is projected to hit a higher peak price of $4.49 in FY 2026 which is 27 cents or 7% higher than the highest price in the last forecast of $4.22 in FY 2026.

Washington retail price of diesel trend
Washington's retail price of diesel was on average $3.02 in FY 2010 The September forecast for all diesel prices is lower than the June forecast throughout the forecast horizon which is a contrast to the trend in retail gas prices this forecast cycle which shows nearly no change in prices from the last forecast. The primary reason for the price decline is the excess amount of inventories built up due to the slow recovery in the economy. In FY 2011, the retail price of diesel is estimated to be $3.38 per gallon as opposed to $3.43 per gallon in the last forecast. The price differential between retail gas and diesel was just 9 cents on average in FY 2010. In FY 2011, the price differential between retail gas and diesel grows to 29 cents. This price differential has declined slightly from a 36 cent price differential projected between retail gas and diesel prices in the June forecast. Over time, the differential between retail gas and diesel is expected to continue to grow to as much as 40 cents by FY 2018. Then the price differential begins to slowly decline again.

Figure 13 Forecast of Washington Wholesale Diesel Prices, September, June vs. February 2010 forecasts



Washington wholesale price of WSF diesel fuel trend

The trend in Washington's wholesale price of diesel is similar to the trend of the retail price of diesel as seen in the following Figure 12. Washington's wholesale price of diesel, excluding fuel taxes, which is a forecast to estimate the diesel cost to Washington State Ferries was on average $2.38 per gallon for FY 2010 as opposed to $2.40 per gallon in June. In FY 2011, the wholesale price of diesel is expected to

Figure 14 Near-term Quarterly Fuel Prices
September 2010 forecast

Fiscal Year Quarter	Crude Oil Price ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)	Ex-tax Wholesale Diesel Price ($/gal)	Biodiesel Price with tax ($/gal)	Biodiesel Price Ex tax ($/gal)
2009: Q3	68.31	2.90	2.83	2.17	3.73	3.11
2009: Q4	76.06	2.86	2.92	2.30	3.92	3.30
2010: Q1	78.64	2.92	3.05	2.41	3.82	3.20
2010: Q2	77.79	3.05	3.30	2.63	4.10	3.48
FY 2010	75.20	2.93	3.02	2.38	3.89	3.27
2010: Q3	76.04	3.02	3.27	2.60	4.29	3.67
2010: Q4	77.00	2.98	3.32	2.64	4.29	3.67
2011: Q1	79.33	3.08	3.41	2.71	4.34	3.73
2011: Q2	81.67	3.27	3.53	2.81	4.42	3.80
FY 2011	78.51	3.09	3.38	2.69	4.34	3.72
2011: Q3	83.00	3.30	3.55	2.82	4.37	3.75
2011: Q4	84.00	3.14	3.50	2.78	4.23	3.61
2012: Q1	87.66	3.16	3.57	2.84	4.25	3.63
2012: Q2	88.66	3.60	3.60	2.86	4.21	3.59
FY 2012	85.83	3.30	3.55	2.83	4.26	3.64

Figure 15 Near- and Long-term Annual Fuel Price
September 2010 forecast

Fiscal Year	Crude Oil Prices ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)	Ex-tax Wholesale Diesel Price ($/gal)	Biodiesel Price with tax ($/gal)	Biodiesel Price Ex tax ($/gal)
2008	97.03	3.34	3.76	2.90	3.80	3.18
2009	69.69	2.83	3.21	2.40	4.68	4.06
2010	75.20	2.93	3.02	2.38	3.89	3.27
2011	78.51	3.09	3.38	2.69	4.34	3.72
2012	85.83	3.30	3.55	2.83	4.26	3.64
2013	91.16	3.42	3.69	2.93	4.30	3.68
2014	94.62	3.51	3.81	3.03	4.44	3.82
2015	98.17	3.61	3.94	3.13	4.59	3.97
2016	102.30	3.72	4.08	3.24	4.76	4.14
2017	105.20	3.79	4.18	3.32	4.87	4.25
2018	107.08	3.85	4.25	3.38	4.95	4.33
2019	107.46	3.92	4.26	3.39	4.97	4.35
2020	105.92	4.03	4.21	3.35	4.91	4.29
2021	104.56	4.00	4.18	3.32	4.87	4.25
2022	104.18	4.04	4.20	3.34	4.90	4.28
2023	103.29	4.14	4.20	3.34	4.89	4.27
2024	103.78	4.22	4.24	3.37	4.94	4.32
2025	105.74	4.49	4.31	3.43	5.02	4.40
2026	107.77	4.72	4.39	3.49	5.11	4.49
2027	109.84	4.81	4.47	3.55	5.21	4.59

increase to $2.69 per gallon as opposed to $2.77 per gallon which was projected in June. Wholesale diesel prices are anticipated to grow some to $2.83 per gallon on average in FY 2012 as opposed to $2.91 per gallon forecasted in June.

Biodiesel price trend
The forecast of the retail price of biodiesel is based on surveys found in the EIA Clean Cities Alternative Fuel Price Reports, www.eere.energy.gov/afdc/price_report.html as well as OPIS biodiesel prices for Tacoma, Washington. The EIA reports are conducted quarterly and include West regional biodiesel prices. The Washington biodiesel price forecast is for B99/B100. According to the latest survey in April 2010, the West biodiesel price B99/B100 was more than 6% above the reported West coast regular diesel price. In examining the price differential between biodiesel and regular diesel over a longer time period, an average price differential of 17% was determined. This percentage was used as the long-term price differential between the WA retail diesel prices versus biodiesel prices in Washington. To begin the new B99/B100 biodiesel forecast, the forecast incorporates actual Washington state biodiesel prices (Tacoma, Washington) reported by OPIS for Washington state General Administration. This September biodiesel price forecast is very close to the June forecast with this current estimate only being 1 cent higher at $4.34 per gallon for FY 2011. In FY 2012, the B100 biodiesel price is expected to decline slightly to $4.26 per gallon.

Comparison of several current U.S. crude oil price forecasts
In September 2010, the West Texas Intermediate (WTI) crude oil price forecasts for FY 2011 differ by approximately 9% with price forecasts ranging from $75 to $83 per barrel. The five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics and Economy.com, had forecasts for WTI crude oil price for FY 2011 which averaged $80 per barrel. WSDOT uses the Energy Information Administration (EIA) forecasts in the near-term thru calendar year 2011 and then it uses the growth rates from Global Insight forecasts for subsequent years. The projected price forecasts for crude oil in FY 2012, ranged from $80 by NYMEX future prices to $89.2 per barrel from Economy.com with the average being $86 per barrel. The average forecast for crude oil in FY 2013, ranged from $82 by NYMEX future prices to $93 per barrel from Global Insight with the average being $88.8 per barrel. Figure 15 reveals

that future NYMEX crude oil prices for years 2010-13 are consistently the lowest estimate of future crude oil prices than the other four forecasting entities. Economy.com forecasts were typically the highest price forecasts each year except for FY 2013 when Global Insight has the highest crude oil price projection at $93.02 per barrel.

Figure 16 Near-term Annual Crude Oil Price Forecasts – 5 Different Forecast Comparison September 2010 forecast

Dollars per barrel

Fiscal Year	WSDOT (EIA)	NYMEX	Global Insight	Economy. com	Consensus Economics	5 Entity Average	% Difference Lowest	% Difference Highest	% Difference Average
2010	$75.20	$74.87	$76.93	$75.20	$75.20	$75.48	-0.44%	2.30%	0.5%
2011	$78.51	$75.98	$82.58	$82.93	$80.49	$80.10	-3.22%	5.63%	1.9%
2012	$85.83	$80.37	$89.16	$89.25	$85.49	$86.02	-6.36%	3.98%	0.4%
2013	$91.16	$82.45	$93.02	$89.04	$88.13	$88.76	-9.55%	2.04%	-2.5%

For budgeting purposes, WSDOT is applying the five forecast entity average adjustment to its baseline September retail gasoline and diesel prices and wholesale diesel prices. These fuel prices listed in Figure 16 below will be used in WSDOT's 2011 Supplemental and the 2011-13 Biennium budget to estimate the future cost to the agency of gas and diesel fuel.

Figure 17 Near-term Average Adjusted Quarterly Fuel Prices Used for Budgeting Purposes September 2010 forecast

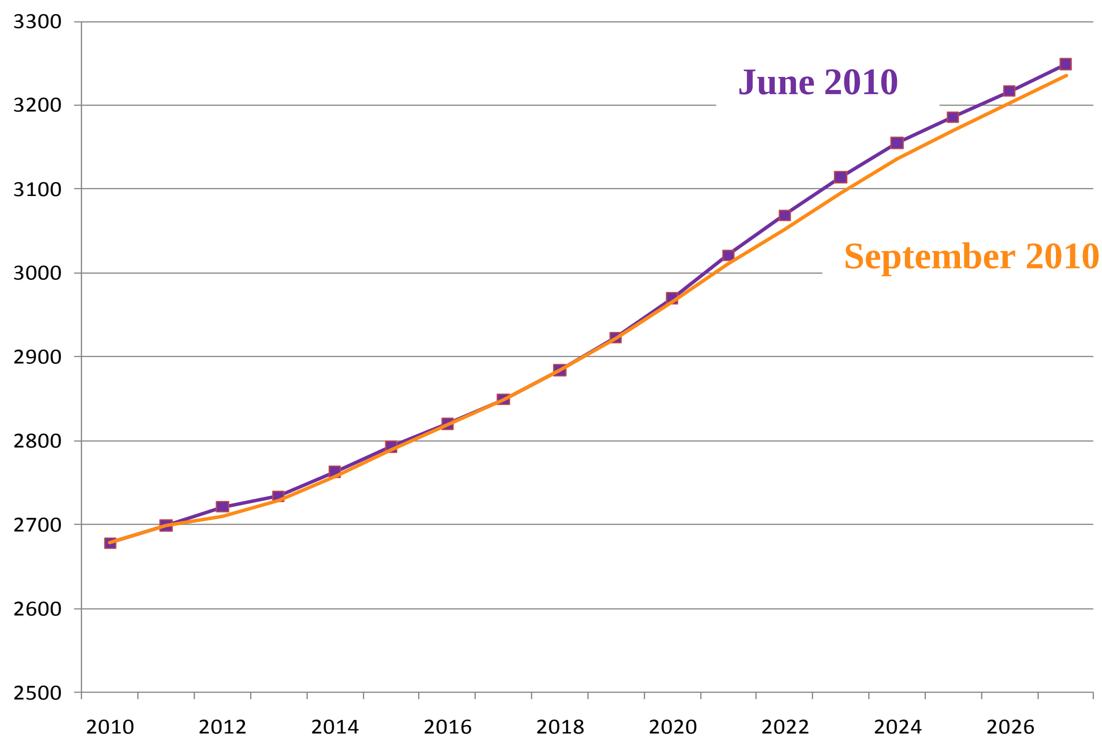
Fiscal Year Quarter	Adjusted WA Retail Gasoline Price ($/gal)	Adjusted WA Retail Diesel Price ($/gal)	Adjusted Ex-tax Wholesale Diesel Price ($/gal)
2010: Q3	3.08	3.34	2.65
2010: Q4	3.04	3.39	2.69
2011: Q1	3.14	3.48	2.76
2011: Q2	3.34	3.60	2.86
FY 2011	3.15	3.45	2.74
2011: Q3	3.30	3.55	2.82
2011: Q4	3.15	3.51	2.79
2012: Q1	3.17	3.58	2.84
2012: Q2	3.61	3.61	2.87
FY 2012	3.31	3.56	2.83
2012: Q3	3.32	3.54	2.81
2012: Q4	3.20	3.58	2.84
2013: Q1	3.18	3.61	2.87
2013: Q2	3.62	3.64	2.90
FY 2013	3.33	3.59	2.86

Motor Vehicle Fuel Tax Forecast

The September 2010 gross motor vehicle fuel tax projection for the 2009-11 biennium is $2.48 billion which is a slight decrease of 0.4% from the 2007-09 biennium. Since the June 2010 forecast, diesel fuel tax collections came in under forecast for June, July and August by $1 million and gasoline tax collections came in above forecast by $1 million. Overall, the actual gross motor vehicle fuel tax collections came in dead on with the June forecast for the past three months. Total motor fuel tax revenue projections are down $2.3 million from the prior forecast in the current biennium. Motor fuel tax revenues for the 2011–13 biennium are projected to be approximately $2.54 billion, which is less than the prior forecast by 0.7% or approximately $16.6 million. The overall reduction in motor fuel tax revenue for the 16-year period ending in 2025-27 biennium is down $180.3 million when compared to the June 2010 revenue forecast.

Trends in gasoline consumption and tax revenue
Gasoline consumption was 2,678 million gallons for FY 2010 which was a -0.4% increase over the FY 2009 consumption level. The September gasoline consumption level for FY 2011 is projected to grow 0.8% over FY 2010 which is exactly the same projection as in June. In FY 2012, gasoline consumption is projected to be 0.4% higher than in FY 2011, which is a 0.4% reduction from the June forecast. Figure 15 shows the forecast to forecast comparison of projected gasoline gallons consumed.

Figure 18 Gasoline Motor Fuel Consumption Comparison
September vs. June 2010 forecast
millions of gallons

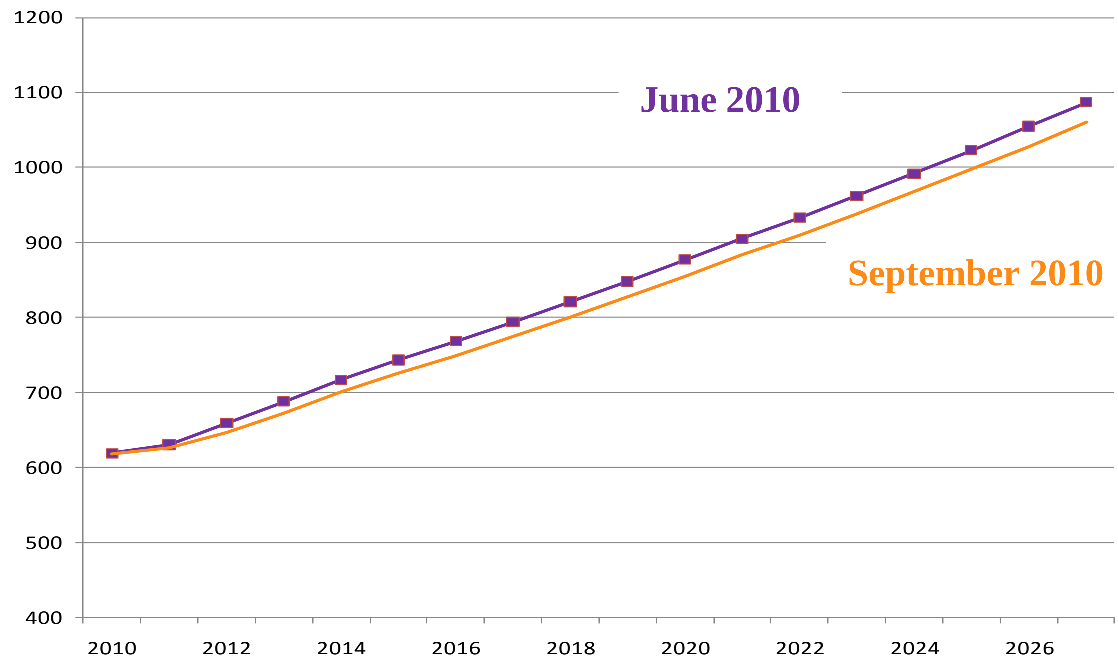


In FY 2013, gasoline consumption is projected to also increase gradually 0.7% over the prior year. The year over year percentage change in gasoline consumption in the September 2010 forecast gradually rises to as high as 1.5% by FY 2020 and then falls again to 1% by FY 2026 and remains at 1%. These current annual grow rates for gasoline consumption are similar to the growth rates from the previous forecast with slight revisions downward in the near-term. Overall, the forecast is down by approximately half a percent over the June forecast beginning in FY 2022 thru 2024 and then the difference between forecasts falls a little to 0.4% by FY 2027.

Trends in diesel consumption and tax revenue
Fiscal year 2009 diesel consumption was 650 million gallons which represented a year over year decline of 16.4%. In FY 2010, diesel consumption was 619 million gallons which was a 4.8% decrease over the FY 2009 consumption level. The September projection of diesel consumption in FY 2011 is 626 million gallons which is a reduction of 0.6% over the June diesel consumption projection. In FY 2012, diesel consumption is projected to rise 3.2% increase over FY 2011, which is a 2% reduction from the prior forecast. In FY 2013 and 2014, the annual growth rates increased to 4.2% and 4.1% which was 2% lower than the last forecast due to lower personal income growth in the near-term with this forecast. The growth rates in the long-term have declined 2.5% below the June forecast due to no other changes to the OFM long-term growth rates in subsequent years. Diesel consumption is not expected to return to the high 2008 consumption level of 777 million gallons until FY 2018.

Diesel tax collections are down $1.9 million (0.4%) over the June forecast for the 2009-11 biennium for total tax collections of $467.8 million. This was the result of tax collections coming in less than forecast for the months of June-August. Combined for the three months, diesel tax collections came in below forecast by $1 million. Diesel tax revenue is projected to be $496.5 million in the 2011-13 biennium which is a decrease of $10.8 million or 2.1% below the prior forecast. In the 2013-15 biennium, diesel tax revenue is expected to be $536.2 million which is below the last forecast by $13 million as well. In the outer biennia, the decline in revenue is consistently 2.5% lower than the June forecast due to having lower personal income in the near-term and no change in the OFM long-term personal income. The difference between the current and June forecasts grows to as high as $16.6 million by the 2019-2021 biennium which is a 2.5% decline.

Figure 19 Diesel Motor Fuel Consumption Comparison
September vs. June 2010 forecast
millions of gallons



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. The current forecast of non-highway gas

funds are projected to be $10.2 million which is down slightly $326,000 or 3.1% over the last forecast and $38.6 million for special fuel which is down $2 million or 5% from the prior forecast in the 2009-11 biennium. Beyond the current biennium, non-highway refunds are expected to be down slightly for gas non-highway refunds and down significantly for special fuel refunds. Special fuel non-highway refunds are down due to lower actual claims in recent months than projected and the outer year forecast was lowered to reflect the lower 2010 actual level of non-highway special fuel tax refunds. The forecast to forecast reduction in non-highway special fuel refunds grows over time to a high of $12.8 million in the 2025-2027 biennia.

In recent months, tax collection reports for gasoline and special fuel tax tribal refunds have come in above forecast. One reason for this result is that estimating the recent changes in the tribal compact agreements is difficult since that is no history yet of actual tribal refunds from those tribes once the compact type has changed. The current forecast for gas tribal refunds in the 2009-11 biennium is projected to be $39.3 million which is a $3 million increase over the last forecast due to incorporating a higher forecast due to actual refunds in FY 2010 being higher than anticipated. In addition, in the August 2010 fuel tax distribution, there was an unusually high month of tribal gas tax refunds reported due to certain tribes reporting several prior months of gas tax refunds in that month. The higher actuals in FY 2010 increased the starting point for forecasting refunds in FY 2011 as well as having an unusually high month of actual tribal refunds already in FY 2011, so the annual increase in gas tribal refunds is projected to be 15% between FY 2010 and 2011. In subsequent biennium, gasoline tribal tax refunds are projected to be more than 14% higher or $5 million per biennium higher than the previous projections. The special fuel tax tribal refunds are forecasted at $3.39 million in the 2009-11 biennium which is an increase of 0.3% or approximately $8,800 over the last forecast. In subsequent biennia, special fuel tribal tax refunds are projected to be down slightly by less than 0.4% per biennia due to lower diesel consumed forecasted than in the June forecast.

Primary reasons for the forecast changes

- Total fuel tax collections have come in nearly at forecast for the past three months. Gas tax collections have even come in above forecast by $1 million and diesel tax collections came in under forecast by $1 million so overall, fuel tax collections have come in on forecast.
- The petroleum products price index used in the gasoline consumption forecast model has been adjusted upward by BEA so the index is slightly higher overall than projected in the June forecast. Throughout the forecast horizon, the oil price index is 2% higher than last projected but the growth rates in this index have not changed much since the June forecast. The slightly higher fuel price index reduces gasoline tax collections in the subsequent biennium. The fuel price index divided by the implicit price deflator is projected to increase for most of the forecast horizon due to the nearly no change in the growth of inflation and slightly higher fuel prices over the last forecast.
- Washington's real personal income growth rates in this September forecast are lower in the current fiscal year and near term until FY 2013 from the June forecast projections due to changes in the Office of Forecast Council estimates. OFM's 2010 long-term personal income projections have not been changed since the last forecast. The reduced Washington personal income projection, in the near-term, lowers diesel consumption projections.
- End result in the current forecast is lower diesel tax projections in the current biennium and lower diesel and gasoline tax projections in the near and long-term due to lower Washington personal income growth and higher fuel prices.
- Future fuel tax reduction in the 2009-11 biennium is down $2.3 million from the last forecast, primarily due to a slight decline in diesel tax collections and lower growth rate for Washington personal income. In the 2011-13 biennium, gasoline and diesel tax projections are each down, approximately $5.8 million for gasoline tax collections and more than $10.8 million for diesel tax collections.

Figure 20 Short-term Motor Fuel Tax Forecast – By Month of Collection
September 2010 forecast
millions of dollars

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Gasoline Taxes	**$1,001.4**	**$1,013.4**	**$2,014.8**	**$1,016.9**	**$1,024.4**	**$2,041.3**
Special Fuel Taxes	**232.4**	**235.4**	**467.8**	**243.1**	**253.3**	**496.4**
Total Fuel Revenue	**$1,233.8**	**$1,248.8**	**$2,482.6**	**$1,260.0**	**$1,277.7**	**$2,537.7**
% Change from Prior Fcst	-0.1%	-0.1%	**-0.1%**	-0.7%	-0.6%	**-0.7%**

Motor Vehicle Revenue (Licenses, Permits, and Fees)

The 2007-09 biennium licenses, permits, and fees (LPF) collections were $896 million which is higher than the current projections for total LPF revenue in the 2009-11 biennium, which is $870 million. The forecast for Motor Vehicle Revenue from licenses, permits, and fees is down from the June estimate of $874 million. The September 2010 estimate for 2009-11 is down $4.3 million (0.5%) from the prior forecast. In the upcoming 2011-13 biennium, revenue projections are down $10.8 million (1.2%) from the prior forecast. The primary reason for the lower forecast is revised lower Washington real personal income and slower growth for personal income than projected in the last forecast.

Trends in vehicle registrations
This forecast, as well as the previous four forecasts, assumes a U shaped recovery from the current recession for cars. The recession is deeper and sharper for trucks, and the recovery has been slowed creating a U shaped recovery as well. In the current biennium and beyond, the September forecast assumes year to year growth rates for 2011 which are flat at 1.5% for passenger cars and for trucks at 1.3%. In FY 2012 and 2013, vehicle forecasts reflect the slower growth of personal income, than in the last forecast. In 2014 and beyond, the forecast growth rates mirror Washington population growth. The long-term population growth rates have not changed from the last forecast. The September 2010 forecast for passenger car and truck registrations is down 1.4% for FY 2011 and is 1.9% below last forecast in FY 2012.

Figure 21 Passenger Car Comparison
September vs. June 2010 forecast
millions of vehicles

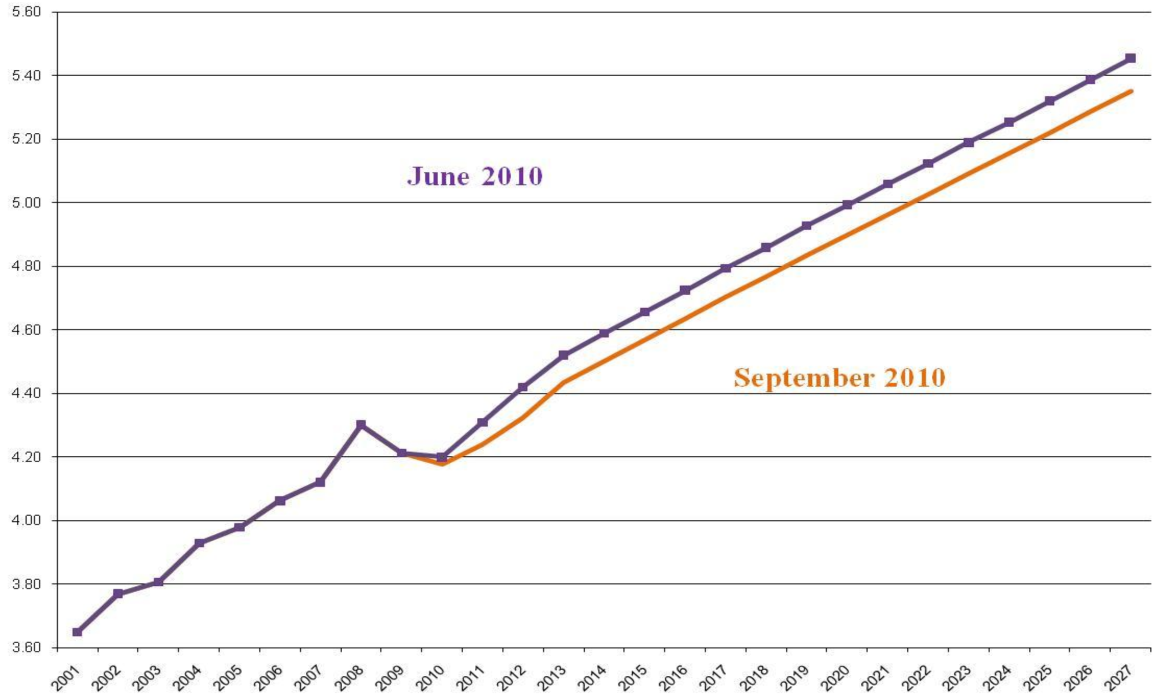
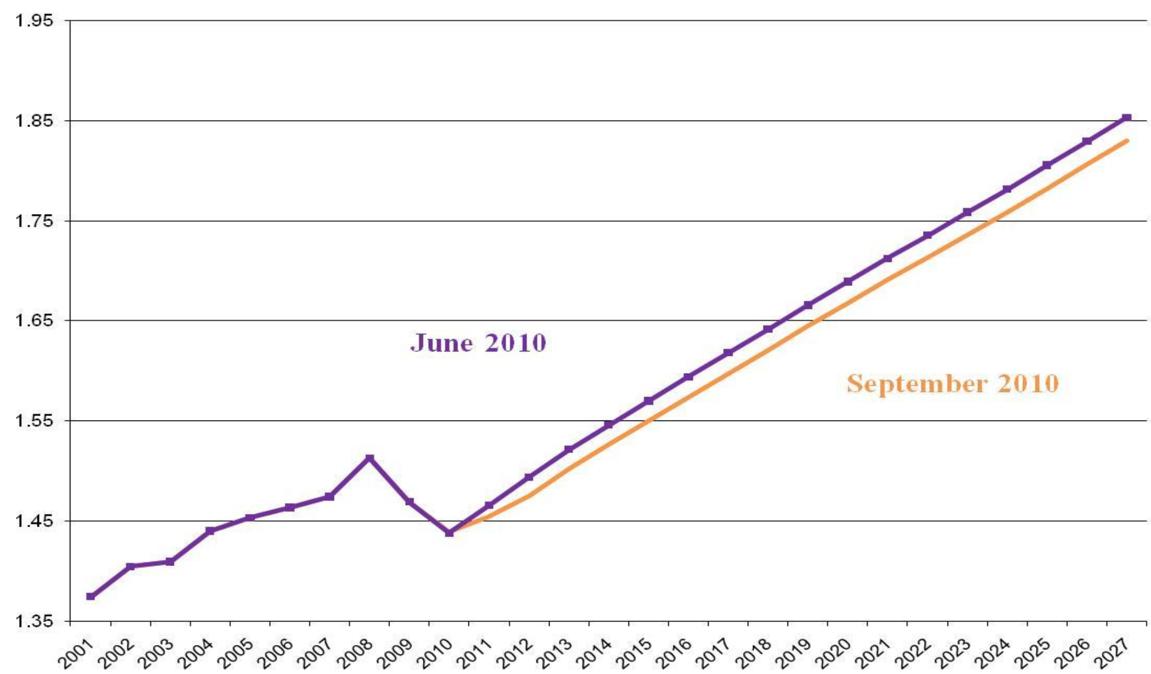


Figure 22 Truck Comparison
September vs. June 2010 forecast
millions of vehicles



Trends in LPF revenue

The LPF 2007-09 biennium revenues came in at $896 million which is above the September 2010 projection for the 2009-11 biennium at $870 million. The current 2009-11 biennium LPF forecast has been decreased for vehicles paying the $30 basic fee by $3.4 million (1.2%) but increased for combined license fee vehicles (trucks) by $0.39 million (0.12%) from the last forecast. The increase in truck revenue is due to actual registrations coming in slightly ahead of 2010's forecast and realized rates being higher than we forecasted. Total LPF revenues are down $4.3 million for the current biennium. LPF revenues are down by $10.8 million in the 2011-13 biennium, decreasing from $10.5 to $12.5 million in the outer biennia of the forecast horizon. In the early years of the forecast, revenue growth is governed by lower personal income and slower growth rates predicted in 2012 and 2013.

Passenger vehicle registration revenue is down in the out-biennia by $6 to $7 million (2%) from the prior forecast horizon due to lower rates of personal income growth incorporated in the short-term. Combined license fee (CLF) vehicle revenues are down $2 million (0.5%) throughout the forecast also due to lower income projections in this current forecast.

Passenger and motor home weight fees are down from the prior forecast. These changes are related to lower passenger car and motor home registrations.

License plate reflectivity and license plate replacement fees are up by $303.7 thousand (0.86%) in the 2009-11 biennium over the previous forecast. Although, these plate related forecasts are down slightly ($53 thousand or -0.53%) in the 2011-13 biennium over the previous forecast. The forecast still anticipates a rebound of light vehicle sales in the near term (FY 2011-15). However, the forecast-to-forecast changes for FY 2012-16 are related to the slightly lowered expectations of light vehicle sales during the rebound and a lower Washington – U.S. Real Income Share.

In addition, title fees and dealer temporary permits are down slightly over the prior forecast. These vehicle sales related revenues are down by $61 thousand (-0.27%) in the 2011-13 biennium over the previous forecast. These changes are related to the projected lower Washington – U.S. Real Income Share and light vehicle sales in the near term.

Trip permit and admin fee surcharges and vehicle inspection fees will be lower due to lower truck forecasted registrations in the current biennium.

Primary reasons for the forecast changes

- Actual passenger vehicle registrations were down slightly and truck registrations were up slightly over previous projections leading to revisions in tax revenues. The slight increase in truck registrations for 2010 has little positive impact on the forecast.
- The Economic and Revenue Forecast Council projection of Washington personal income is lower, which decreases the passenger car and truck registration forecasts in the near term. The Forecast Council also projects slower growth of personal income While this causes a decrease in basic license fee forecasted registrations and pushes the recovery of vehicle registrations out one year for cars and two years for trucks.

Figure 23 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees) September 2010 forecast

millions of dollars

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Basic $30 License Fee	**$139.4**	**$141.7**	**$281.1**	**$144.4**	**$148.0**	**$292.4**
Combined License Fee	**164.8**	**167.1**	**331.9**	**170.4**	**173.5**	**343.9**
All Other Fees	**126.4**	**130.7**	**257.1**	**134.7**	**138.8**	**273.5**
Total LPF Revenue	**$430.6**	**$439.5**	**$870.1**	**$449.5**	**$460.3**	**$909.8**
% Change from Prior Fcst	-0.1%	-0.9%	**-0.5%**	-1.2%	-1.1%	**-1.2%**

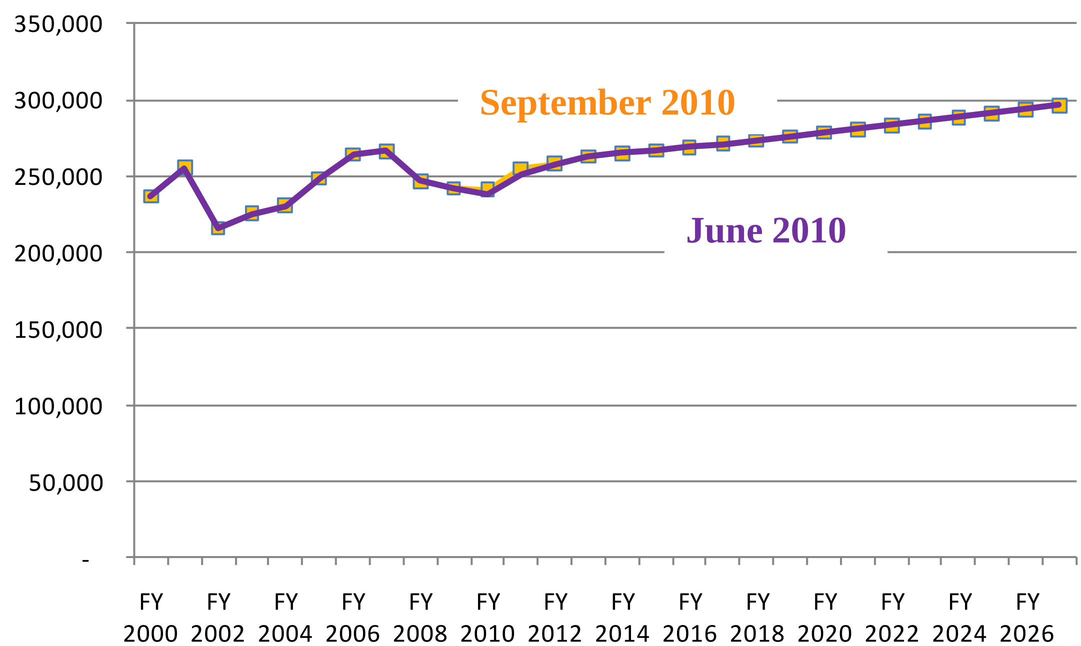
Driver Related Revenue Forecasts

The September 2010 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include vehicle filing fees, 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 (ILRA). All driver-related revenue totaled $196.6 million in the 2009-11 Biennium, up $980,000 from the prior forecast. In the 2011-13 Biennium, the September 2010 forecast of driver related revenue is $200.4 million - an increase of 550,000 from the prior forecast.

It is important to note that most of the driver related revenue streams follow a five-year renewal cycle. Therefore, caution is advised in year over year comparisons.

Trends in Driver's Licenses and Abstracts of Driver Records

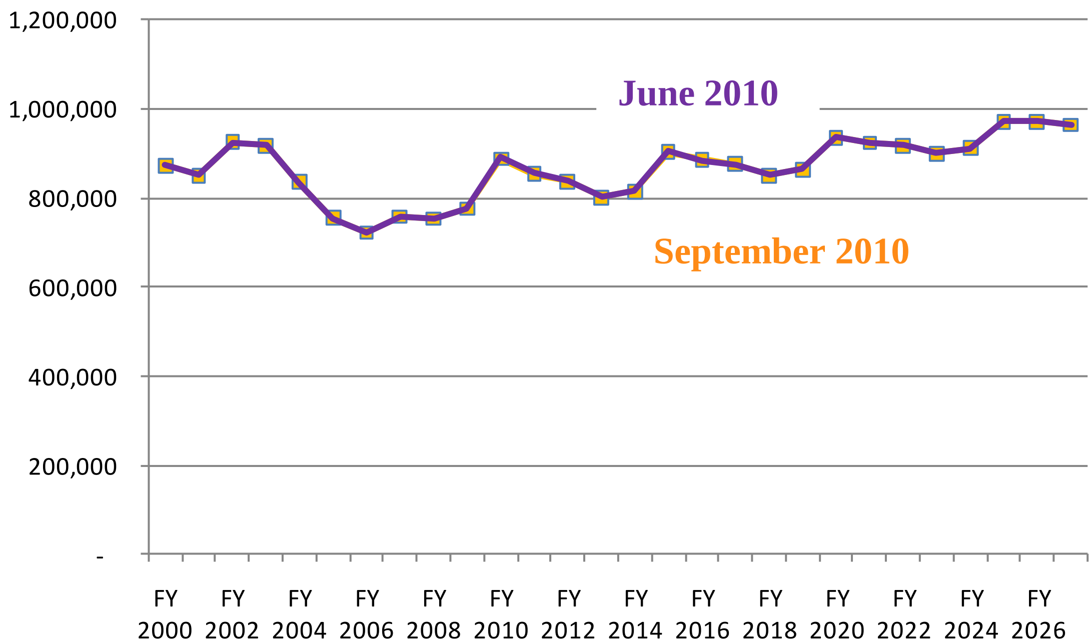
Figure 24 Driver License Originals September 2010 v. June 2010



Forecast of **original driver licenses** was revised upwards for Fiscal Year 2011 based on actual revenue received through August and slightly higher OFM forecast of drivers moving into Washington in the near term. Fiscal Year 2010 was 1.5% higher than June forecast and the current fiscal year is revised 1.6% higher. Projections for the out years remain unchanged.

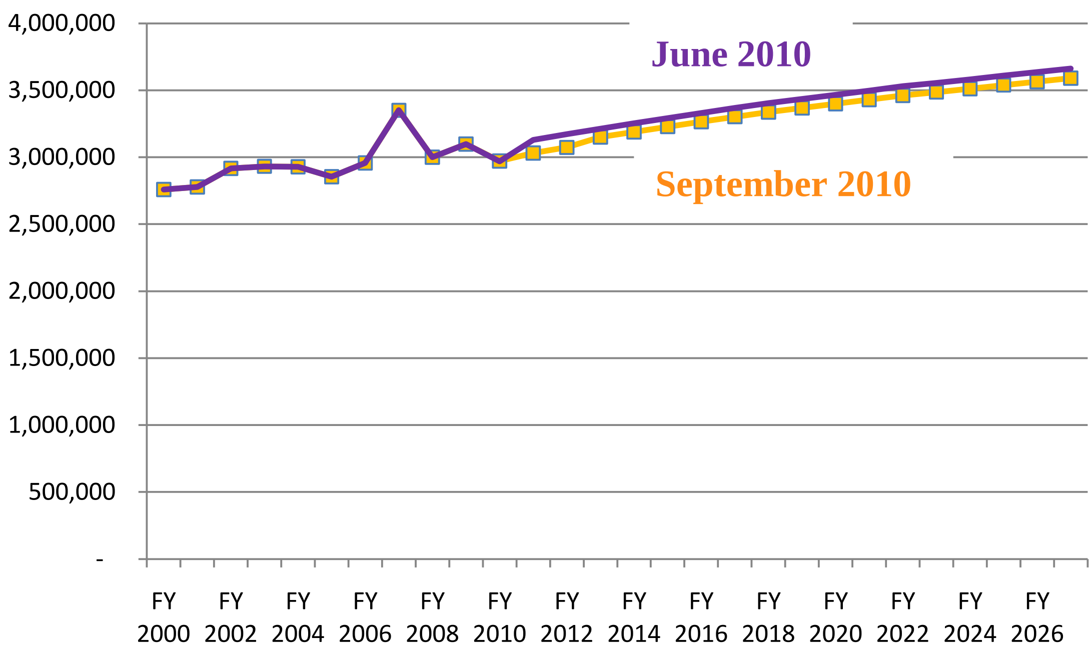
While Fiscal Year 2010 **driver license renewal** volume ended 14% higher than Fiscal Year 2009, due primarily to cycle effect and lower driver mobility during recession, it is 0.5% lower than the June forecast. Actual revenue received since the June forecast are lower than expected, resulting in Fiscal Year 2011 estimates to be 0.3% (or -2,333) lower. The out years remain unchanged other than the cycle effect.

Figure 25 Driver License Renewals September 2010 v. June 2010



Sales of **Abstracts of Driver Record (ADR)** have come in below forecast during the last couple of months. The September forecast projects 3.1% lower ADR sales for Fiscal Year 2011 and Fiscal Year 2012, and 1.9 % lower throughout the forecast horizon.

Figure 26 ADR Sales September 2010 v. June 2010



Trends in Driver Related Revenue

Highway Safety Fund

The largest source of revenue in the Highway Safety Fund is driver license fees. Fiscal Year 2010 closed $992,000 (1.6%) higher than the June forecast. Fiscal Year 2011 is revised upwards by $1 million (1.6%) due primarily to higher original issuances, increased examinations and reinstatements. Originals also impact several smaller revenue streams (such as instruction permits, duplicates, and photo only) which use moving averages to drive the forecasts. Overall, driver license fee revenue sees about 1% forecast to forecast increase throughout the forecast horizon.

Revenue from the copies of records fee is 0.8% lower (-$139,000) for Fiscal Year 2010 and projections for Fiscal Year 2011 and Fiscal Year 2012 are 4 % lower (about -$660,000 respectively). While future years are still expected to grow by population growth, forecast to forecast revision is about 2% lower from Fiscal Year 2013 and onward.

A few other Highway Safety Fund revenue streams (motor vehicle filing fees, driving school, fines and forfeitures, and misc. revenue) make up a little over $2 million a year. While Fiscal Year 2010 ended a little higher than June forecast, due to higher filing fees and driving school receipts, the September forecast projects a slight revision downward largely due to reductions in fines and forfeitures.

State Patrol Highway Account

The State Patrol Highway Account receives $5 of each sale of ADR. In the 2009-2011 Biennium, the SPHA account is projected to receive $30.1 million, which is a slight decrease (-1.1% or -$341,000) over the prior forecast. While future biennia are still expected to grow by population growth, this forecast projects about a -2% downward (between -$600,000 to -$800,000) forecast to forecast revision.

Motorcycle Safety Education Account Trends

The Motorcycle Safety Education Account (MSEA) receives revenue from the following sources: motorcycle license endorsements, motorcycle instruction permits and motorcycle examination fees. Revenue in the Motorcycle Safety Education account for the 2009-2011 Biennium is down by about -$70,600 (-1.7%) over the last forecast. The reason for the change was due to lower than expected activity in June, which lowered Fiscal Year 2010 -$40,300 (-1.91%). Lower than expected activity continued in July and August, resulting in a -$30,300 (-1.5%) revision to Fiscal Year 2011 projection. There were no revisions to Fiscal Years 2012 – 2014, but the changes in Fiscal Year 2010 and 2011 are echoed in the remaining years of the forecast.

Ignition Interlock Device Revolving Account

The Ignition Interlock Device Revolving Account is revised upwards for Fiscal Years 2010 and 2011. The forecast estimates future monthly revenue as the average of collections since April of 2009. The monthly average has gone up from $84,273 in May to $88,297 in July, resulting in the higher forecast to forecast revision.

On January 1, 2011 SHB 2742 becomes effective and has a major impact upon the revenue stream. Currently, those on deferred prosecution for a DUI are required by statute to obtain an ignition interlock license (IIL) and have the device installed on their vehicle for 24 months (on average). The passed legislation repeals the mandate. The legislation will allow those with a DUI not related to alcohol, or those with a previous conviction for vehicle assault or vehicle homicide, to also apply for the IIL. The number of new IIL eligible individuals is estimated to be 80% of those on deferred prosecution and most of them will only need the device for three (3) months. As a result, the new population only generates 16% of the revenue of the deferred prosecution population. The effect of the loss of the deferred prosecution population will stabilize in December 2012, two years after the legislation takes effect.

Primary reasons for the forecast changes

- The upward revision to Highway Safety Fund Revenue is the result of 1) increases in original driver license issuances in recent months and 2) incorporating OFM's most recent forecast of drivers moving into Washington.
- The downward revision to State Patrol Highway Account (ADR sales) is due to lower than expected collections in recent months.

Figure 27 Short-term Driver Related Revenue Forecasts
September 2010 forecast
(millions of dollars)

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Total Highway Safety Fund	**$79.2**	**$81.0**	**$160.2**	**$81.7**	**$81.7**	**$163.4**
Drivers License Fees	$61.3	$62.9	$124.3	$63.4	$63.1	$126.5
Copies of Record Fees	$15.8	$16.0	$31.8	$16.2	$16.6	$32.8
Other smaller misc. Fees	$2.1	$2.1	$4.2	$2.1	$2.1	$4.1
Total Motorcycle Safety Education Account	**$2.1**	**$2.0**	**$4.1**	**$2.1**	**$2.3**	**$4.3**
Total State Patrol Account	**$15.0**	**$15.2**	**$30.1**	**$15.4**	**$15.8**	**$31.1**
Total Ignition Interlock Device Revolving Account	**$1.2**	**$1.0**	**$2.2**	**$0.7**	**$0.7**	**$1.4**
Total Driver Related Revenue	**$97.5**	**$99.1**	**$196.6**	**$99.9**	**$100.5**	**$200.4**
Percent change from prior	-1.1%	0.1%	**0.5%**	0.0%	-0.6%	**0.3%**

Other Transportation Related Revenue Forecast

The 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

The forecast of consumer spending on new US light vehicles is $157 billion for FY 2009 and this represents a decline of 28% from the FY 2008 sales level. In FY 2010, consumer spending on new US light vehicles grew to $175.4 billion which represents a 12% annual growth. In FY 2011, the growth in consumer spending on light vehicles is projected to be up 12% which is down from the prior forecast, 6%. In FY 2012, the growth in the US light vehicle sales is projected to increase by 21% which is a decrease of 3% 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 is projected to decrease to $53.8 million by 14%, over the prior biennium. The September 2010 forecast has decreased by $2.9 million from the June forecast for the 2009-11 biennium. In the 2011-13 biennium, the sales and use tax collections are projected to be down by $5.4 million or 8% over the past forecast. Revenues for the remaining biennia are also down from the prior forecast but by a increasing percentage so by the last biennia, the decline in revenue in the September forecast is down $10.5 million or 10% from the last forecast. The primary reason for the change in the forecast is due to a weaker economic recovery in the near term and a reevaluation of the longer term trend.

Rental Car Sales Tax

The forecast for rental car sales was $46.97 million for the 2007-09 biennium and the revenue source is expected to decrease 7.8% to $43.3 million in the 2009-11 biennium. This September 2010 forecast for the 2009-11 biennium projects an increase of 0.3% or $121,000 over the June forecast. In the 2011-13 biennium, the rental car tax is projected to be $47.4 million which is a decrease of $0.3 million or 0.7%. In the 2013-15 biennium, revenues are projected to be $52.7 million and $0.82 million down from the prior biennium's forecast. The primary reason for the change in this forecast is due to higher actuals to date, a weaker economic recovery in the near term, and a reevaluation of the longer term trend.

Business and Other Revenue

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

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

Motor Vehicle Account business and other revenue tax collections for the 2007-09 biennium was $14.5 million. The business related revenue in the 2009-11 biennium is projected to be $8.6 million which represents a decline of 40% or $6 million from the prior biennium due to lower anticipated sales of property in the current biennium.

The September 2010 Motor Vehicle Account Business and other revenue tax collections for the 2009-11 biennium are currently projected to be $8.63 million, a 0.33% increase from the previous forecast. This change is due primarily to other revenues coming in higher than projected by $96,000 or 43% above June forecast projections. In the 2011-13 biennium, total business related revenues are down $360,200 or 2.7% from the prior forecast. This reduction is mainly due to a reduction in the sale of property estimates due to the inclusion of recent foreclosure actuals in the current forecast which reduced the future projections for the sale of property. Other business revenue, except other revenues, are down due to the examination of the latest actuals in 2010 and using those actuals as the 2011 forecast which lowered the starting point for the future years' forecast based on inflation factors from 2011. Other revenues are up each biennium by 42% over the June forecast projections. In subsequent biennia, total business related revenues are down by approximately 3%.

Aeronautics Taxes and Fees

The aeronautics tax forecast includes both excise and fuel taxes as well as transfers. The aeronautics tax collections were $5.7 million in the 2007-09 biennium. In this September 2010 forecast, the aircraft registrations, excise and dealers' taxes are essentially not changed from the prior forecast. In the 2009-11 biennium, the aircraft registrations, excise and dealers' taxes are forecasted to be $716,300. 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 up $100 from the prior forecast. The aviation fuel tax is the largest component of this aeronautics tax forecast.

The current aviation fuel tax forecast for 2009-11 biennium is higher than the prior forecast by $225,887 or 4.8%. In the 2011-13 biennium, the forecast of aviation fuel tax is higher than the prior forecast by $42,400 or 0.83% and continues to be somewhat higher throughout the forecast horizon. These changes are related to the revenues for FY 2010 which came in 8.2% (or $192,747) higher than was forecast in June 2010 and support the forecast methodology change effective with June 2010 forecast. The current forecast for taxable Aviation Fuel does show an overall decrease for FY 2011 when compared with FY 2010 because the new forecast model treats the increase for FY 2010 as an anomaly.

Primary reasons for the forecast changes

- Vehicle sales and use tax revenue are down in the current biennium and all subsequent biennia due to lower growth in consumer spending on light vehicles and weaker economic outlook and a reevaluation of the long-term forecast.
- Rental car revenue is up slightly in the current biennium due to higher actuals than anticipated in June but in the subsequent biennia revenues are down due to weaker forecasts of economic variables and a reexamination of the long-term growth of this revenue source.
- Business and other miscellaneous revenue is up $28,200 in the current biennium due to other revenues coming in higher than anticipated in June. In future biennia, business related revenues are down approximately 3% from the prior forecast due to incorporating new actual and foreclosed properties into the forecast.
- Aircraft fuel tax revenue is up 4.8% or $225,887 in the current biennium from the prior forecast due to actuals coming in better than expected. In subsequent biennia, aircraft fuel tax is up slightly less than 1% from the prior forecast. Other revenue components of the aeronautics taxes/fee forecast did not change from the prior forecast.

Figure 28 Short-term Other Transportation Related Revenue
September 2010 forecast
millions of dollars

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Rental Car Sales Tax	**$21.5**	**$21.8**	**$43.3**	**$23.0**	**$24.4**	**$47.4**
Vehicle Sales & Use Tax	**26.9**	**27.2**	**54.1**	**29.4**	**31.6**	**61.0**
Business/Other Rev	**4.1**	**4.6**	**8.7**	**6.5**	**6.5**	**13.0**
Aeronautics Taxes/Fees	**3.2**	**3.0**	**6.2**	**3.2**	**3.3**	**6.5**
Total Other Transportation Related Revenue	**$55.7**	**$56.6**	**$112.3**	**$62.1**	**$65.8**	**$127.9**
% Change from Prior Fcst	0.2%	-3.9%	**-1.9%**	-4.5%	-4.5%	**-4.5%**

Ferry Revenue

Ferry Fare Ridership and Revenue Forecasting Process

The fare revenue and ridership forecasts for Washington State Ferries are completed in four stages applying to six fare categories. The six fare categories are:

- Passenger full-fares
- Passenger discounted (commuter) fares
- Passenger other discounted fares (e.g., senior fare, youth fare)
- Vehicle / driver full-fares
- Vehicle / driver discounted (commuter) fares
- Oversize vehicle / driver fares

The September 2010 forecast includes actual revenue collections through August 2010 and ridership counts through July 2010. In addition, they also reflect:

- Reduced Port Townsend-Keystone service in the 2009/11 biennium; and
- Reduced Mukilteo-Clinton service due to terminal construction closures during three weekends in the late winter / early spring of 2011.

Trends in Passenger Fare Ferry Ridership

FY 2009 passenger ferry ridership reached 12,572,707 which was a decline of 2.5% from the FY 2008 ridership level. Similarly, FY 2010 passenger ferry ridership was 12,453,226, or 1.0% less than in FY 2009. In addition to the general recessionary economic conditions that have flattened ridership growth, the October 2009 2.5% fare increase contributed to the 1.0% decline in FY 2010 passenger ridership relative to FY 2009. The last six months of actual passenger ridership counts in FY 2010 were right on target with the February 2010 forecast for that period.

For FY 2011, ferry passenger ridership is expected to be 12,604,300 under the Baseline Forecast (Scenario #1), which assumes no fare increases. This is about 0.9% lower than the prior forecast, and represents a year-over-year increase of 1.2%. In FY 2012, ferry passenger ridership is expected to be 13,071,300, a decrease from the prior forecast of 1.2%, and which represents annual growth of 3.7%. For the remainder of the forecast horizon, the passenger ridership projections are lower than the prior forecast by 0.9% initially in FY 2013, but eventually turn around to become as much as 1.8% higher by FY 2027.

The long term increase in the September passenger ridership forecast relative to June is largely attributable to a minor change in the specification of the forecast model used to project the largest passenger ridership fare category, full-fare passengers. Real personal income is a key determinant of the full-fare passenger category. For the September Forecast, historical real personal income data from the first quarter of 2007 through the present was revised and this affected the “fit” of the passenger full-fare model. Alternative model specifications were tested and a revised model specification was implemented. The new specification showed an improvement in the overall statistical fit and appeared to perform slightly better at backcasting recent history and provided a short term forecast more in line with recent trends. A result of this specification change is a higher growth rate for passenger full fare ridership, which leads to a marginal increase in the long term projection (beyond FY 2020) for overall passenger ridership, despite an economic outlook that has undergone a somewhat pessimistic revision.

Trends in Vehicle/Driver Fare Ferry Ridership

Vehicle/driver ridership was 9,904,800 in FY 2009, which was a decline of 4.7% from the FY 2008 level. Subsequently, vehicle/driver ridership was 10,134,311 in FY 2010, or 2.3% higher than in FY 2009. This increase for FY 2010 comes despite the dampening effects of the October 2009 2.5% fare increase, and exceeded recent expectations. For the last six months of FY 2010, vehicle/driver ridership counts came in 3.1% higher than predicted in February, bringing the total vehicle ridership for FY 2010 1.5% higher than February’s projection.

For FY 2011, vehicle/driver ridership is anticipated to be 10,047,300 under the Baseline Forecast (Scenario #1), which assumes no fare increases. This is about 0.9% less than the prior forecast, and also represents a year-over-year decrease of 0.9%. Downward movement in the economic variables used to forecast vehicle/driver ridership essentially more than offset the recent upward trend observed for the latter part of FY 2010.

In FY 2012, the current Baseline Forecast for vehicle/driver ridership is revised to be 10,379,000, a 1.9% reduction from the June forecast, and which represents a year-over-year increase of 3.3% from FY 2011. For the remainder of the forecast horizon, the vehicle/driver ridership projections are lower than anticipated in June by 2.0% initially in FY 2013, with the difference tapering off to approach zero by the end of the forecast period.

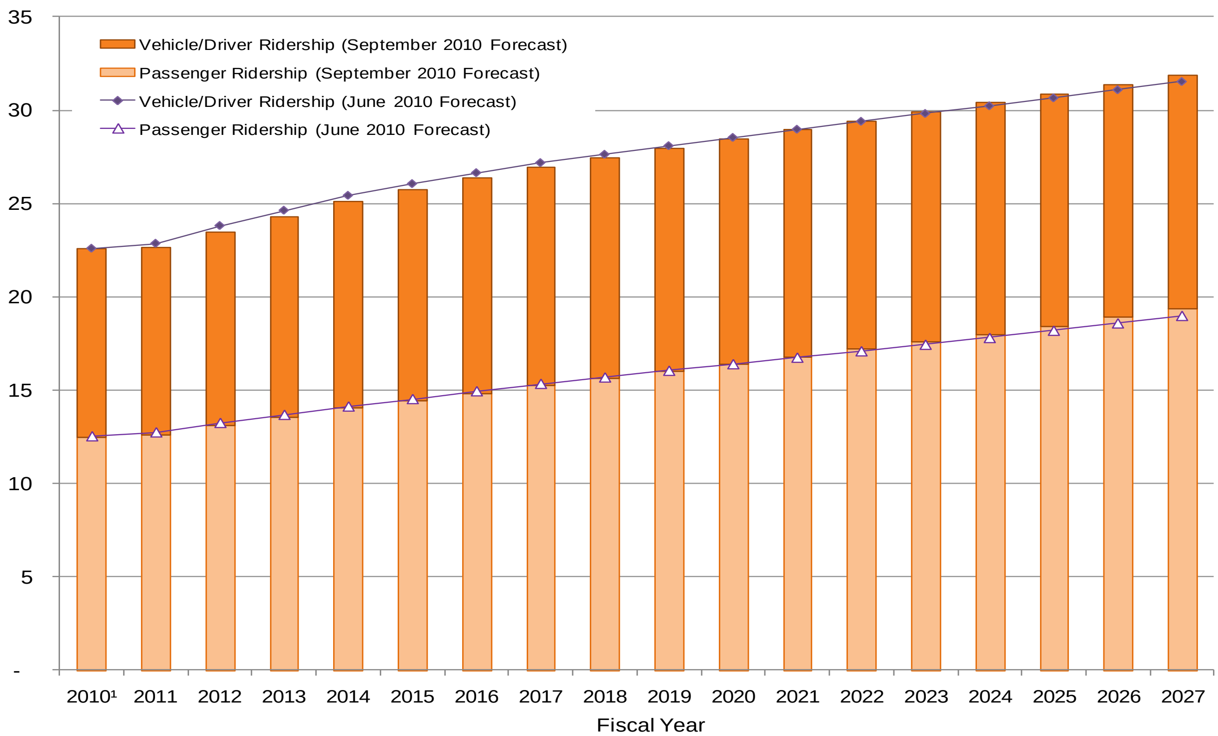
Overall Trends in Ferry Ridership

Total ferry ridership finished off FY 2010 at 22,587,537 or virtually unchanged from the June forecast. Under the Baseline Forecast (Scenario #1), this makes the projection for the 2009-11 biennium about 0.5% lower than anticipated in June. For the rest of the forecast horizon, projected ridership ranges from -1.5% lower in FY 2012 to 1.1% higher in FY 2027 relative to the June projections. The growth in ridership in the out years is driven by the aforementioned higher passenger ridership forecast, which more than offsets a slightly lower vehicle forecast for September relative to June. Note that these results are consistent with higher projections for real gas prices, which may at times be accompanied by a shift to passenger modes.

In addition, a predicted forecast reduction in vehicle/driver ridership is often mitigated by latent demand for routes and times of year where vehicle ridership is capacity-constrained. For example, the September Baseline Forecast of unconstrained ridership demand for vehicles/drivers in FY 2027 is 15,229,000, or 1.3% less than in June. However, absent any fare increases or service improvements, there is only vessel space to serve 12,525,000. As such, most of the decrease in projected demand is absorbed by potential vehicle trips that wouldn't have been served, and the effective decrease in the capacity-constrained vehicle forecast relative to June is only 0.1% by FY 2027.

Figure 29 illustrates the trends and changes from the prior forecast for passengers, vehicles/drivers and total ferry ridership over the forecast horizon.

Figure 29 Comparison of Ferry Passenger and Vehicle Ridership: September and June 2010 Baseline Forecasts
Millions of Riders



[1] Values for FY 2010 represent actual data

Trends in Ferry Revenue

The September 2010 ferry revenue projections for the Baseline Forecast (Scenario #1) assume no changes to the current fares. In the 2007-09 biennium, ferry farebox and miscellaneous revenue was $300 million, with fare revenue comprising $292.9 million of that total. For the 2009-11 biennium, total fare revenue is anticipated to decrease by 0.1% over previous biennium to $299.6 million, with fare revenue unchanged in representing $292.9 million of the total. The current biennium projection of $299.6 million is $0.4 million or 0.1% lower compared to June. Actual farebox revenue for the months of June, July and August 2010 came in above the June forecast by approximately $625,000. This kept the overall farebox revenue change for the 2009-11 biennium slightly positive for the baseline (no fare increase) scenario by $101,000.

In the 2011-13 biennium, revenues under the Baseline Forecast are projected to decrease by 1.5% or $4.9 million to a total of $311.4 million, of which $303.7 million represent fare revenues. The decline is due to the changes in the economic forecast variables, including lower real personal income, lower employment levels, and higher real gas prices. The current Baseline Forecast for revenue in 2013-15, 2015-17, 2017-19 and 2019-21 biennia is anticipated to be lower than for the previous forecast. Beginning with the 2021-23 biennium, revenues are expected to be slightly higher than projected in June.

The current forecast for miscellaneous ferry revenue is projected to be in the range of 10 to 11% lower throughout the forecast horizon. A key component of decreased projection is a lower expectation for terminal advertising based on recent actual experience, though lower expectations for the sale of surplus vessel parts and food service revenue (both vending and terminal) also contribute to the revisions.

Primary reasons for the forecast changes

- The primary reasons for the change in fare ridership and revenue in the current biennium — as well as throughout the forecast period — were lower real personal income, lower employment projections, higher real gas prices and lower inflation, relative to June.
- Note that the lower inflation projection results in somewhat higher real ferry fares at their current posted levels, which in turn causes some demand reduction over time.
- Actual toll revenue came in above forecast in recent months, resulting in the September toll revenue forecast for the current biennium to be above the June forecast by $101,545.
- A minor specification change to the forecasting model for passenger full-fare ridership contributed to an uptick in the longer term passenger ridership forecast.
- Ferry miscellaneous revenue has been revised downward by 10 to 11% from the last forecast due to recent lower than predicted actual experience.

Figure 30 Short-term Ferry Revenue
September 2010 Baseline Forecast
Millions of dollars

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Farebox Revenue	**$ 147.01**	**$145.88**	**$292.89**	**$149.49**	**$154.25**	**$ 303.74**
Misc. Ferry Revenue	**$ 3.13**	**$ 3.61**	**$ 6.74**	**$ 3.75**	**$ 3.90**	**$ 7.66**
Total Ferry Revenue	**$ 150.14**	**$149.49**	**$299.63**	**$153.25**	**$158.15**	**$ 311.39**
% Change from Prior Forecast	**0%**	**-0.3%**	**-0.1%**	**-1.5%**	**-1.6%**	**-1.5%**

Toll Revenue

FY 2010 total revenue was $47.21 million which is an increase of 2.8% from the prior fiscal year of $45.9 million.

In the toll revenue baseline forecast, at Tacoma Narrows Bridge, no new future toll rate increases are included so toll rates are assumed to remain at $4.00 for cash and $2.75 for electronic toll collection (ETC). Toll collection for the Tacoma Narrows Bridge began on July 16, 2007. From July 16, 2007 to September 30, 2008, the tolls were $1.75/ETC per 2-axle vehicle and $3.00/cash per 2-axle vehicle with per axle proportional tolls for multi-axle vehicles. Discounted rates apply for multi-axle vehicles with ETC. Toll rates for FY09 and all future fiscal years are $2.75/ETC per 2-axle vehicle and $4.00/cash per 2-axle vehicle.

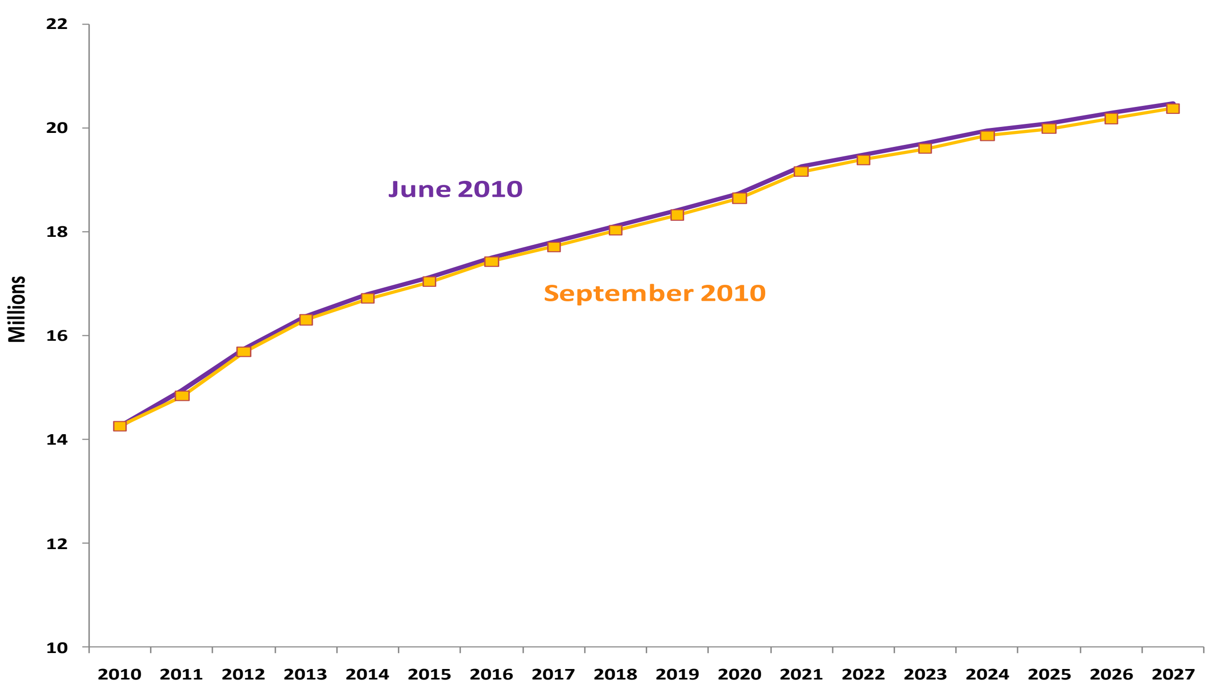
The SR 167 HOT lanes revenue forecast reflects actual toll collections starting May 2008 through August 2010. SR 167 HOT lanes are a pilot program and are due to expire at the end of April 2012. Toll rates are set to maximize traffic flow while managing demands to maintain acceptable operating speed on the HOT lanes. In the June 2010 forecast, the traffic projection model for HOT lanes has been modified to reflect the actual usage of these lanes as well as more recent local demographics. The previous June transactions and toll revenues reflected the growth in toll paying traffic from the traffic and toll revenue analysis conducted in 2005, 2007 and 2010. The September traffic and revenue estimates are unchanged, except they incorporate the actual traffic and revenue in 2010.

The fines and fees revenue projections include violation penalties (for TNB only) and Customer Service Center administration fees. Legislation passed in 2010, ESSB 6499, impacts the way violation fees can be collected. The new legislation allows tolls to be paid after using a toll facility via a photo toll that identifies a vehicle by its license plate. Failure to pay a toll detected through a photo toll system is a civil penalty to be issued by DOT with a fine of $40, plus the original toll amount and associated fees.

Sales include revenues from the sales of transformers and disabling shields. FY 2011 and beyond growth is based on annual traffic growth. In the September, the forecast for TNB administration fees increase to reflect the redistribution of fees between 167 HOT lanes and TNB. All administrative fees remain flat.

Trends in Tacoma Narrows Bridge traffic and toll revenue
The Tacoma Narrows Bridge (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 is an increase over the FY 2009 traffic volume year over year by 2.5%. In FY 2011, the TNB traffic volume is projected to be 14.84 million which is a year over year growth rate of 4.1 %. In fiscal years 2013 through 2027, the TNB traffic volume is approximately 0.5% lower than the June forecast. The main contributing factor to the half a percent difference between the June and September forecasts is that the actual traffic volume came in under forecast during the past months and the monthly forecasting process was extended to 2020 to improve the accuracy of the forecast.

Figure 31 Comparison of TNB Traffic Volume: September 2010 and June 2010 Forecasts



TNB toll revenue for the 2007-09 biennium was $73.1 million and the 2009-11 biennium forecast is projected to be $92.24 million which is an increase of $19.14 million or 26.2% over the last biennium. In the 2011-13 biennium, this September 2010 forecast of toll revenue is projected at $100.14 million which is an increase of $0.54 million or 0.53% from the June forecast. All future biennia until 2015-17 represent a minor increase in the revenue forecast from the June forecast. Starting in the 2015-17 biennium through the 2025-2027 biennium, the September forecast is slightly lower than the June forecast.

The 2010 law change in ESSB 6499 impacts the current forecast for violation fees and adds a new civil penalty fee. Fines and fees violations revenue for the 2007-09 biennium was $1.06 million of which $1.01 million is violations revenue. The current biennium forecast for violation fees is $0.96 million which is an increase from the prior forecast by $0.04 million. In the current fiscal year, actual violation fees are up from June projections. Since the violation process is phasing out, it is projected that in FY 2011, violations revenue will only be 62.4% of the violations revenue collected in FY 2010. Beginning in the 2011-13 biennium, the violations revenue is anticipated to be $0 as civil penalty revenue is projected to be collected. The TNB civil penalties revenue is projected to begin partially in fiscal year 2011 and is anticipated to be $0.15 million in that year. The first complete year of civil penalties revenue will be in fiscal year 2012 and the revenue is projected to be $0.74 million, which is the same as the June forecast. Beginning in 2011-13 biennium, civil penalties revenue is anticipated to bring in approximately $ 2.01 million per biennium and grow over time to $3 million per biennium. In the outer biennia, this projected increase in civil penalties revenue is greater than the estimated loss in violations revenue projected in prior forecasts.

The September forecast for administrative fees is projected at $0.21 million per biennium over the entire forecast horizon and this is 1.64% higher than the prior forecast.

Sales revenue of transponders and shield sales was $1.4 million in the 2007-09 biennium and these sales are projected to decrease to $1.28 million in the 2009-11 biennium. This represents an increase of 0.57% from the prior forecast. In the 2011-13 biennium, sales revenue of transponders and shield sales is forecasted to increase to $1.41 million which is an increase from the prior forecast by 0.51%.

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 was 510,969 which represents 32% growth year over year from FY 2009. In FY 2012, traffic volume is projected to be 473,000 which is 15.7% lower than FY 2011 traffic volume and a no change from the past forecast.

Revenue from HOT lanes' tolls, sales and fees in FY 2009 was $471,256 and HOT lanes total revenue in FY 2010 was $527,293 which represents a 12% increase year over year. For the current biennium, HOT lanes total revenue is projected at $1.12 million in the 2009-11 biennium. Toll revenue from HOT lanes is projected at $0.95 million in the current biennium which is an increase of $0.04 million or 3.86 % from the June forecast. In addition, HOT lane transponder and shield sales increased to $0.13 million which is an increase of 8.92% from the prior forecast. Fees were adjusted in the September forecast compared to June forecast to reflect actual collections over time. Fees declined by 84.2% in the September forecast.

Trends in Total Toll Revenue

Total revenue (toll, fines and fees and transponder revenue) was $76.9 million in the 2007-09 biennium and is projected to increase to $96.0 million in the 2009-11 biennium which is an increase of $1.2 million over the prior forecast. The main reason for the increase in toll revenue is because of a change in the assumption in the near-term of the ETC/cash revenue split to better reflect the actual split seen over the past year. This change in the ETC/cash split resulted in more people paying higher toll rates and therefore toll revenue increases each biennia until the 2015-17 biennium. In the 2011-13 biennium, the total revenue is projected to be $104.3 million which is an increase of $0.54 million or 0.53 % from the June forecast. The 2013-15 biennium has total revenue increasing by $0.26 million or 0.24% from the June forecast. Beginning in the 2015-17 biennia, total revenue declined from the prior forecast due to lower toll traffic volume and toll revenue projections.

Primary reasons for the forecast changes

- In the September forecast for TNB, the key economic variables remained the same. The September forecast was adjusted to better represent the actual ETC/Cash revenue ratio. These traffic volume and revenue adjustments become necessary in order to introduce the Pay-by-Mail forecast in the future.
- Overall TNB toll revenue forecast is up $1.3 million or 1.4% in the current biennium over the prior forecast due to changes in the assumptions regarding the ETC/Cash split. The revenue increase declines in the 2011-13 and 2013-15 biennium and by the 2015-17 biennium and future biennia, toll revenue is lower than the June projections.
- TNB miscellaneous revenues increased from the last forecast due to the increase in sales revenue and the adjustment in fees.
- HOT lanes traffic and revenue estimates have been changed to reflect the latest actual in the current year and FY 2012 has no change in the forecast.

Figure 32 Short-term Toll Facility Revenue
September 2010 forecast
millions of dollars

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Tacoma Narrows Bridge						
Toll Revenue	**$ 45.35**	**$ 46.89**	**$ 92.24**	**$ 49.14**	**$ 51.00**	**$ 100.14**
Fines and Fees	**$ 0.70**	**$ 0.48**	**$ 1.18**	**$ 0.11**	**$ 0.11**	**$ 0.22**
Civil Penalty Fines	**$ 0.00**	**$ 0.15**	**$ 0.15**	**$ 0.74**	**$ 1.27**	**$ 2.01**
Sales	**$ 0.63**	**$ 0.65**	**$ 1.28**	**$ 0.69**	**$ 0.72**	**$ 1.41**
SR 167 HOT Lane						
Toll Revenue	**$ 0.45**	**$ 0.50**	**$ 0.95**	**$ 0.41**	**-**	**$ 0.41**
Fines and Fees	**$ 0.00**	**$ 0.00**	**$ 0.00**	**$ 0.00**	**-**	**$ 0.00**
Sales	**$ 0.08**	**$ 0.08**	**$ 0.16**	**$ 0.07**	**-**	**$ 0.07**
Total Toll Facility Revenue						
Total	**$ 47.21**	**$ 48.75**	**$ 95.96**	**$ 51.16**	**$53.10**	**$ 104.26**
% Change from Prior Fcst	1.5%	0.95%	**1.22%**	0.55%	0.51%	**0.53%**

Federal Funds

After state funds, the largest source of transportation revenue is federal funds. The Federal Funds forecast contains the programmatic funds distributed by the Federal Highway Administration (FHWA). Federal funds reported in this forecast are based on federal fiscal year (FFY) which begins on October 1.

Federal apportionment is the funds distributed to states for obligation in an appropriation account. The distribution makes amounts available on the basis of specified time periods, programs, activities, projects, objects, or combinations thereof. 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 33 describes the amount of federal apportionment and obligation authority to Washington State since 1998 with the inclusion of the September 2010 forecast of federal funds through FY 2020. This time period includes the Transportation Equity Act for the 21st Century (TEA-21) which was enacted on June 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, 2009, a mandatory rescission was imposed of which $148 million was Washington State's portion. Since 2009, the SAFETEA-LU federal program has been extended through continuing resolutions and in 2010 the 2009 rescission was restored adding back $148 million to Washington. Since the last forecast in June, Congress imposed a 2010 rescission of which Washington share was $38 million.

Figure 33 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars): Federal Fiscal Years 1998-2020 with the September 2010 Forecast

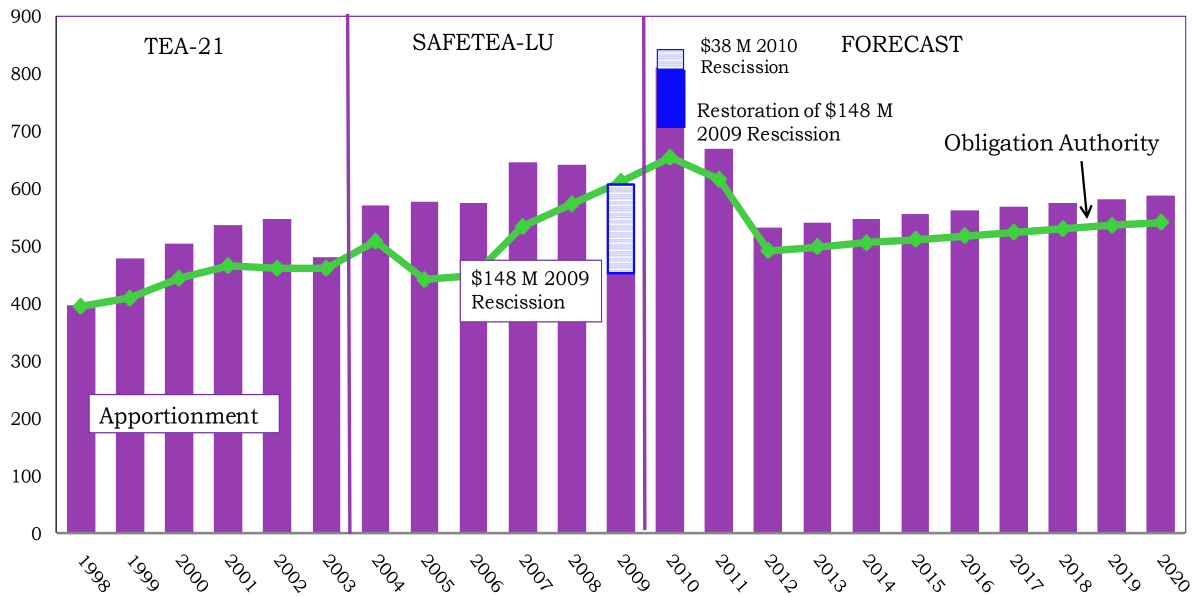
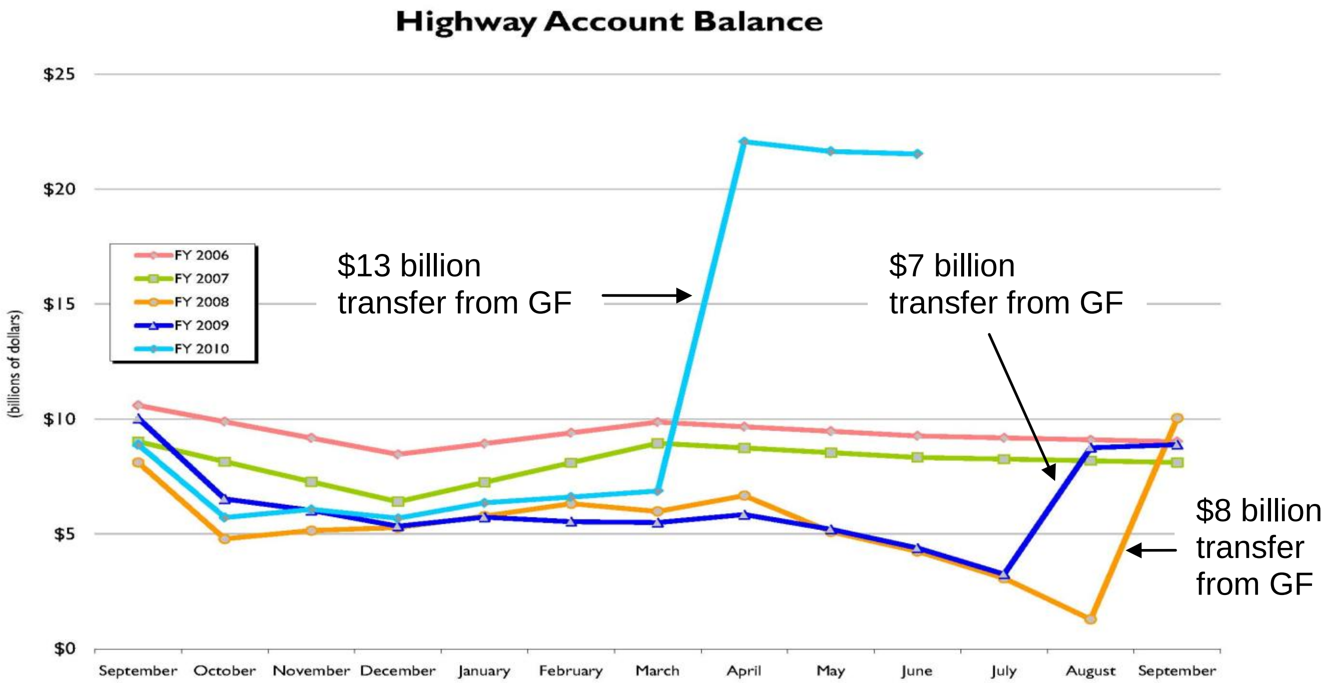


Figure 34 Monthly Federal Highway Trust Fund Account Balance (billions of dollars): 2006-2010



Ending balance for FY 2008 includes $8.017 billion transferred from the General Fund in September 2008 pursuant to Public Law 110-318.
Ending balance for FY 2009 includes $7 billion transferred from the General Fund in August pursuant to Public Law 111-46.

The federal Highway Account within the Highway Trust Fund (HTF) is the principal means for funding federal highway programs. Estimated outlays from the Highway Account under SAFETEA-LU exceeded estimated receipts for federal fiscal years 2005-2009. Furthermore, actual account receipts were lower than had been estimates and the account balance dropped more rapidly than anticipated, approaching zero in August 2008. Congress subsequently approved legislation in September 2008 to appropriate $8 billion from the General Fund of the Treasury to replenish the highway account. Again in 2009, Congress also transferred $7 billion and $13 billion in 2010 from the General Fund of the Treasury to the HTF in order to pay for obligated transportation projects.

Washington's Federal Apportionment Forecast

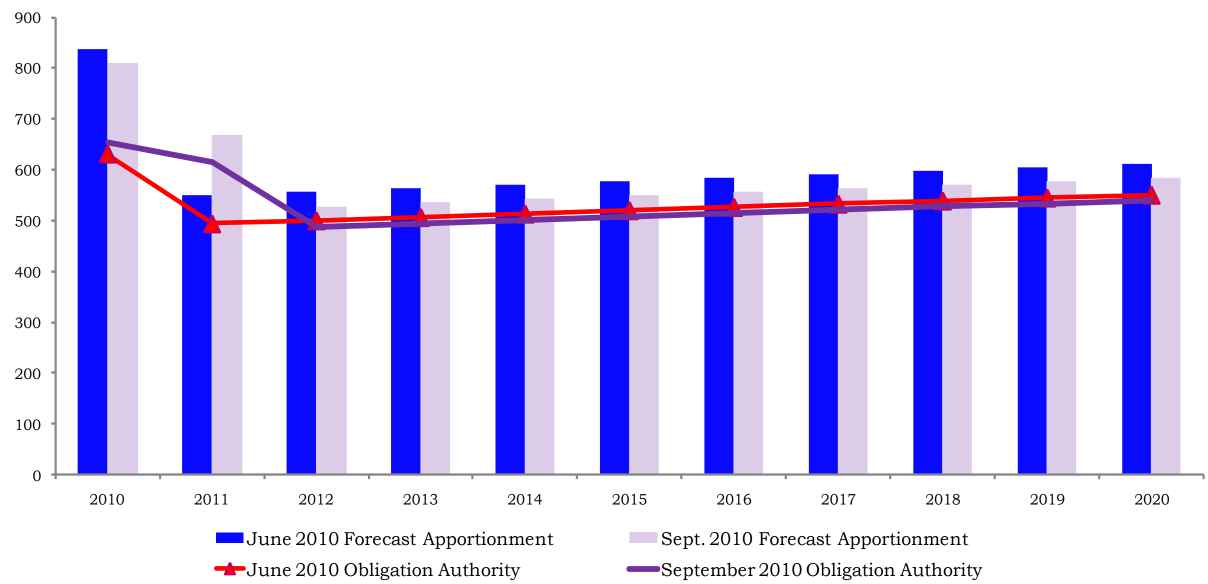
The September 2010 forecast for Washington's apportionment of Federal Highway Trust Fund receipts includes the Federal Highway Administration for 2005 through 2009 form the basis of the federal funds forecast, updated with Federal Highway Administration notices as they are received. September's apportionment forecast for FFY 2010 is based on the current continuing resolution notice N4510.723, dated April 20, 2010. The federal funding level for FFY 2010 includes the restoration of the 2009 rescission amount of $148 million and a new rescission. The September total federal apportionment is $812 million for FFY 2010 which is (3.1%) lower than projected in the June forecast at $837 million. The September forecast includes a new rescission of unobligated apportionment balances (notice N4510.729 dated August 10, 2010) which was not included in the June forecast. The total nationwide rescission was $2.2 billion, Washington's share being $37.5 million. In addition, the September forecast for FFY 2010 also includes a one-time general fund distribution of $11.9 million (notice N4510.719 dated February 12, 2010) which was not in the June forecast.

The apportionment forecast for FFY 2011 is based the Presidents funding proposal for 2011 dated February 3, 2010. September's FFY 2011 forecast is $670 million which is 22% above the June 2010 forecast of $549 million. This forecast change was made due to the introduction of three different FFY 2011 funding proposals which are all higher than the pre-rescission 2010 funding level. The President's proposal was the most conservative of the three proposals. The apportionment forecast for FFY 2012 assumes a 20% reduction from FFY 2011 due to the uncertain nature of the funding in the Highway Trust Fund. This is the same methodology adopted in prior forecasts. The apportionment forecast for FFY 2013 assumes a year over year growth rate of 1.5% and then annually the growth rates decline to 1% over the course of the forecast horizon. In this September forecast as well as in the June forecast, the apportionment level for Washington also includes an annual $11 million reduction due to civil penalties being imposed beginning in FFY 2010.

Washington's Obligation Authority Forecast

The obligation authority forecast for FFY 2010 is based on notice N4520.205, dated April 30, 2010. The current OA forecast is $22 million higher for FFY 2010 since the June forecast. This is due to $12 million being added from the general fund distribution and $10 million higher due to formula correction since the last forecast. The obligation authority forecast for FFY 2011 and beyond is set at 90% of apportionment forecasted for each year, which is consistent with the average obligation authority to apportionment ratio throughout SAFETEA-LU. The OA level in FFY 2011 is higher than in June due to the higher apportionment level for FFY 2011 in the September forecast. In subsequent years, the current OA level did not change much from the previous forecast.

Figure 35 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars): June vs. September 2010 Forecast Comparison Federal Fiscal Years 2010-20



Allocations of SAFETEA-LU Funds

The forecasts of the transportation structure for FFY 2010 through 2027 are projected to remain the same as under the SAFETEA-LU program until a new Surface Transportation Package is passed. State and local splits of SAFETEA-LU program funds rely on agreements reached with the Legislature, Governor's office, and other interested parties. The state and local splits have been updated since the June forecast to reflect current program structure and programming requests. The splits that were changed are The Highway Safety Improvement program split being changed from 50% state; 50% local in June to 30% state 70 % local in September and the CORE program distribution changed to 66% state; 34% local in

September. Earmarked high priority projects and discretionary authorizations reflect the projects listed in the SAFETEA-LU transportation authorization bill and other subsequent legislation.

Civil Penalties in Federal Forecast
Federal law requires states to impose specific penalties in the case of repeat DUI offenders and if that requirement is not met, penalties can be imposed. In 2010, Washington passed legislation (HB 2742) which allowed the state to use ignition interlocks for repeat DUI offenders and gives judges' the discretion to impose a home alcohol sanction. Washington's new law is more flexible than the federal government allows so beginning in FFY 2010 federal penalties are now being imposed. The cost to Washington State DOT is $11 million per year in lower federal funding. Washington is one of 13 states which receive this penalty. In the June 2010 forecast this $11 million penalty was shown as a reduction to the Interstate Maintenance program, in the September 2010 forecast the $11 million penalty is being shown below the program level distribution because the state / local spilt of the penalty is still under discussion.

Recent Changes in Federal Forecast

- The September forecast has new revenue for FFY 2010. An additional $11.987 million is being forecasted which is Washington's portion of a new federal general fund distribution for highway purposes.
- The September 2010 forecast also includes a $2.2 billion rescission of unobligated balances per notice N4510.729 dated August 13, 2010. Washington's share of this rescission is $37.5 million in FFY 2010. The rescission was applied to programs with apportionment balances that did not have projects ready to obligate this federal fiscal year.
- The apportionment forecast for FFY 2011 has been increased to reflect the Presidents funding proposal released in February 2010. This proposal funds FFY 2011 at a level 0.62% higher than the pre-rescission FFY2010.
- State and local splits for certain programs were revised since the last forecast.

Figure 36 Washington's portion of Federal Highway Funds by Federal Fiscal Year September 2010 forecast
Millions of dollars

	FFY 2010	FFY 2011	FF 2012	FY 2013
WA Statewide Apportionment of FHWA Programs	**$811.6**	**$669.7**	**$532.8**	**$540.4**
% Change from Prior Fcst	-3.1%	18.0%	-4.1%	-4.0%
Obligation Authority	**$652.5**	**$603.8**	**$480.6**	**$487.3**
% Change from Prior Fcst	3.4%	18.1%	-4.1%	-4.0%

Forecast Contacts

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Economic Variables and Fuel Price Forecast

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Motor Fuel Tax Revenue Forecast

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Motor Vehicle Licenses, Permits & Fees Revenue Forecast

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Driver Related Revenue Forecasts

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Federal Funds Forecast

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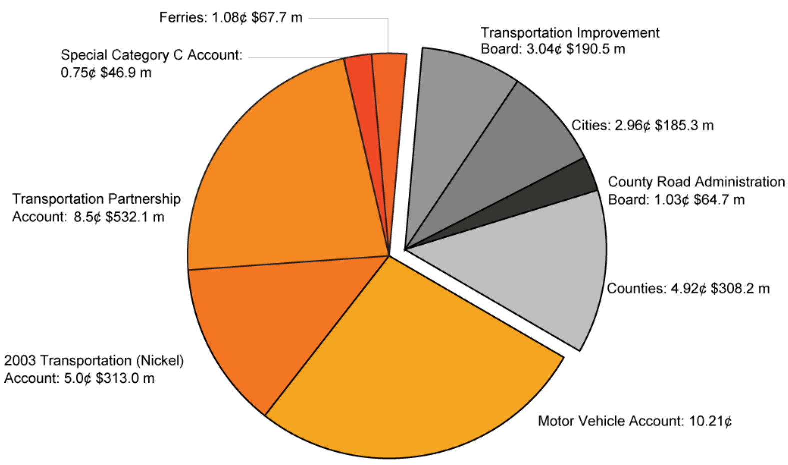
Appendix

Graphs and Tables Related to the September 2010 Forecast
Including distribution of revenues to the major accounts

Motor Fuel Tax Revenue for Distribution

The pie chart below shows the statutory distribution of funds to the various jurisdictions based on the September 2010 fuel tax revenue forecast for the 2009-2011biennium.

Figure 37 Fuel Tax Revenue for Statutory Distribution
2009–11 • $2,347.42 million

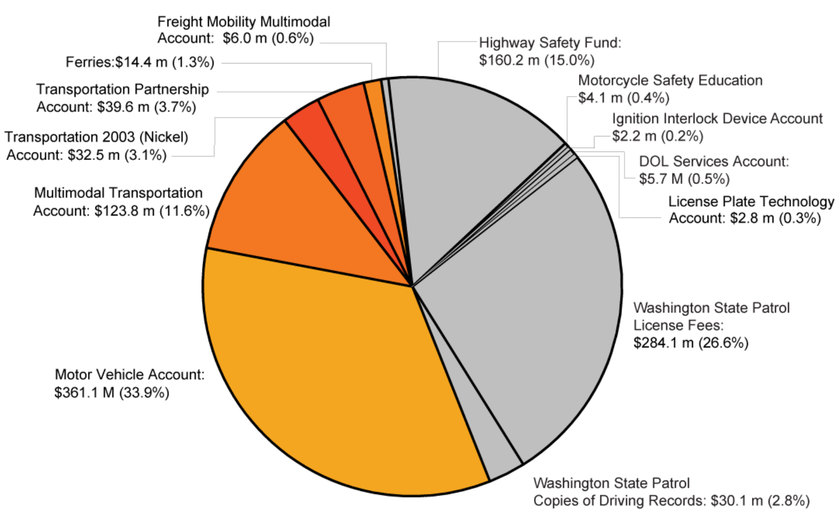


Fuel Tax Revenue Distribution based on the September 2010 Transportation Revenue Forecast
Components may not add due to rounding

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 September 2010 Licenses, Permits and Fees revenue forecast for the 2009-2011biennium.

Figure 38 License Permits and Fees Revenue for Distribution (Both Motor Vehicle & Driver Related) 2009–11 $1,066.7 million



LPF and Driver Related Revenue Distribution based on the September 2010 Transportation Revenue Forecast
Components may not add due to rounding

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 39 Motor Vehicle Account Revenue *dollars in millions*	2009-11		2011-13		16-Year Period (2011-2027)	
	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	2,482.7	(2.3)	2,537.7	(16.6)	22,857.7	567.2
Licenses, Permits, & Fees	359.9	(2.6)	377.9	(3.5)	3,329.6	(30.3)
Business-Related Revenue	7.4	0.0	13.1	(0.4)	97.2	(3.0)
Total	**2,849.9**	**(4.9)**	**2,928.7**	**(20.4)**	**26,284.5**	**533.9**
Distribution						
Refunds-Regular	118.2	0.9	126.2	0.1	1,177.3	(6.3)
Fuel Tax Distributions for Local Uses[1]	731.9	(0.8)	745.2	(5.3)	6,697.4	(62.4)
Fuel Tax Distributions for State Uses[2]	969.6	(1.0)	987.2	(7.0)	8,876.6	(72.2)
Total	**1,819.7**	**(0.9)**	**1,858.7**	**(12.2)**	**16,751.3**	**(140.9)**
Net Revenue	**1,030.2**	**(4.0)**	**1,070.0**	**(8.2)**	**9,533.2**	**674.7**

Transportation 2003 (Nickel) Account Revenue Forecast

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

Figure 40 Transportation 2003 (Nickel) Account *dollars in millions*	2009-11		2011-13		16-Year Period (2011-2027)	
	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10
Revenue						
5¢ Gas Tax	313.0	(0.3)	318.7	(2.2)	2,864.3	(23.3)
Licenses, Permits and Fees	32.5	0.5	34.2	(0.0)	295.6	(0.1)
Total	**345.5**	**0.2**	**352.9**	**(2.3)**	**3,159.9**	**(23.4)**

Transportation Partnership Account Revenue Forecast

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

Figure 41 Transportation Partnership Account *dollars in millions*	2009-11		2011-13		16-Year Period (2011-2027)	
	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10
Revenue						
5¢ Gas Tax	532.1	(0.5)	541.7	(3.8)	4,869.4	(39.6)
Licenses, Permits and Fees	39.6	0.0	41.2	(0.1)	367.1	(1.2)
Total	**571.7**	**(0.5)**	**582.9**	**(4.0)**	**5,236.5**	**(40.8)**

Washington State Ferry Accounts Revenue Forecast

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

Figure 42 Washington State Ferries Accounts *dollars in millions*	2009-11		2011-13		16-Year Period (2011-2027)	
	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	292.9	0.1	303.7	(4.1)	2,769.5	(3.1)
Concessions & Other Revenue	6.7	(0.5)	7.7	(0.8)	79.7	(9.6)
Fuel Tax	43.4	(0.0)	44.3	(0.3)	400.1	(3.3)
Licenses, Permits and Fees	14.4	(0.1)	14.9	(0.2)	133.4	(1.9)
Subtotal	**357.4**	**(0.6)**	**370.6**	**(5.4)**	**3,382.7**	**(17.8)**
Puget Sound Cap. Const. Acct. (099) Fuel Tax	34.2	(0.0)	34.8	(0.2)	312.6	(2.5)
Total	**391.6**	**(0.6)**	**405.4**	**(5.7)**	**3,695.3**	**(20.4)**

Multimodal Transportation Account Revenue Forecast

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

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

Figure 43 Multimodal Account *dollars in millions*	2009-11		2011-13		16-Year Period (2011-2027)	
	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10
Revenue						
Licenses, Permits and Fees	123.8	(0.3)	129.1	(2.0)	1,147.3	(17.7)
Rental Car Tax	43.3	0.1	47.4	(0.3)	501.2	(39.5)
Vehicle Sales Tax	53.8	(2.9)	61.0	(5.4)	666.1	(54.6)
Total	**220.8**	**(3.1)**	**237.6**	**(7.7)**	**2,314.6**	**(111.7)**

Aeronautics Account Revenue Forecast

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

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

Figure 44 Aeronautics Account *dollars in thousands*	2009-11		2011-13		16-Year Period (2011-2027)	
	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10
Revenue						
Aircraft Dealer License Fees	8.1	0.0	8.1	0.0	64.8	8.1
Aircraft Excise Tax	52.7	0.0	54.9	0.0	397.4	0.0
Aircraft Fuel Tax	4,934.7	225.9	5,160.5	42.4	46,995.7	305.6
Aeronautics Transfer (from MV Fund)	565.4	0.1	571.1	(1.7)	5,705.5	(6.8)
Aircraft Registrations	180.9	0.0	183.5	0.0	1,532.4	0.0
Total	**5,741.8**	**226.0**	**5,978.1**	**40.7**	**54,695.8**	**306.9**

Toll Revenue Forecast

Currently there are two tolled corridors in Washington, The Tacoma Narrows Bridge and State Route 167 HOT Lanes which has variable tolling rates. Toll collections, transponder sales, violations, and fines and fees are deposited into either the Tacoma Narrows Bridge Account, or the HOT Lanes Operations Account. The SR-167 HOT Lanes is a pilot project, currently set to end in May 2012.

Figure 45 Tolling Accounts *dollars in millions*	2009-11		2011-13		16-Year Period (2011-2027)	
	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10
Revenue						
Tacoma Narrows Bridge Account						
Toll Revenues	92.2	1.1	100.1	0.5	907.2	0.2
Transponder Sales	1.3	0.0	1.4	0.0	13.0	0.1
Violations	1.0	0.0	0.0	0.0	0.0	0.0
Civil Penalties	0.2	0.0	2.0	0.0	25.3	0.0
Fees	0.2	0.0	0.2	0.0	1.7	0.1
Subtotal Tacoma Narrows Bridge	**94.9**	**1.2**	**103.8**	**0.5**	**947.2**	**0.3**
HOT Lanes Operations Account						
Toll Revenues	1.0	0.0	0.4	0.0	n/a	n/a
Transponder Sales	0.2	0.0	0.1	0.0	n/a	n/a
Fees	0.0	(0.0)	0.0	(0.0)	n/a	n/a
Subtotal HOT Lanes Operations	1.1	0.0	0.5	0.0	n/a	n/a
Total Tolling Revenues	**96.0**	**1.2**	**104.3**	**0.5**	**947.2**	**0.3**

^ HOT Lanes pilot program expires at the end of April 2012

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. These accounts are supported primarily from driver licensing related revenue. Forecasts include estimates of the following revenue sources.

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

Figure 46 Highway Safety/Motorcycle Safety/WSP *dollars in millions*	2009-11		Current Biennium 2011-13		16-Year Period (2011-2027)	
	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10	Forecast Sep 10	Chg from Jun 10
Revenue						
Highway Safety						
Driver License Fees	124.3	2.0	126.4	2.5	1,074.6	13.0
Copies of Records	31.8	(0.8)	32.8	(1.1)	284.4	(8.6)
Motor Vehicle Filing Fees	0.0	0.0	0.0	0.0	0.0	0.0
Other and Miscellaneous	4.2	(0.0)	4.1	(0.0)	35.0	(0.3)
Subtotal	**160.2**	**1.2**	**163.4**	**1.3**	**1,393.9**	**4.1**
Motorcycle Safety Permits/Endorsements	4.1	(0.1)	4.4	0.0	40.2	(0.1)
State Patrol Copies of Records (ADR) / LPF	314.3	(2.1)	327.4	(5.5)	2,922.3	(44.1)
Subtotal	**318.3**	**(2.1)**	**331.7**	**(5.5)**	**2,962.4**	**(44.1)**
Total	**478.5**	**(1.0)**	**495.1**	**(4.2)**	**4,356.3**	**(40.1)**