Transportation Revenue Forecast Council

June 2012 Transportation Economic and Revenue Forecasts

Volume I: Summary Document

Washington Transportation
Economic and Revenue Forecast
June 2012 Forecast

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Preface

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

Transportation Forecast Summary

Forecast Overview

Here are key conclusions from the June 2012 transportation revenue forecast.

- June 2012 transportation forecast of revenues: $4.32 billion for the current biennium which represents an increase of 6% over the prior 2009-11 biennium of $4.075 billion.
- Overall transportation revenue is up 1.3% forecast to forecast in the current biennium ($54.7 million) with the largest share of the change in June from license, permits, and fees and driver related revenue with new fees and new fee increases. Even though new fees are increased, motor fuel tax collections were down $23.7 million over the last forecast.
- For the 10-year forecast horizon, total revenues are projected to be $23.3 billion, which is up by $640.5 million (2.8%) from February due to new fee increases in 2012 legislative session, mixed economic projections in the near-term, and lower collections in recent months than projected for certain revenue sources.
- New June projections of near-term real personal income growth rates are up from the last forecast but mainly due to the extension of the federal tax cuts. Employment projections are essentially unchanged from the last forecast. 2012 OFM long-term personal income and employment forecasts are lower. These economic variable adjustments caused revenues to be slightly higher in the near-term and no change in growth rates in the long-term. The current forecast for average retail gas, diesel and wholesale diesel price forecasts are higher than in February throughout the forecast.
- The primary reason for the change in fuel taxes in the current year has been lower gas and diesel tax collections than anticipated. For the current biennium, gasoline and diesel revenue have been revised down from the February forecast and revenues are $2.496 billion in total. This fuel revenue forecast is lower by $23.7 million (0.9%). Motor fuel tax refunds are also down by $3.8 million in the current biennium due to smaller refunds projections than anticipated in the last forecast.
- In the current biennium, the vehicle licenses, permits, and fee forecast is $927.4 million, which is higher by $25.7 million over the last forecast. This is due to higher fees and new fee revenue from 2012 legislation. Over the 10-year forecast horizon, the vehicle licenses, permits, and fees revenue forecast is projected to be $5.08 billion, up $314 million, or 6.6%.
- Vehicle sales tax revenue and rental car tax are up slightly from the last quarter projection in the current and future biennia.
- Base ferry revenue estimate is $320 million and is slightly lower due to weaker economic variables. This forecast is slightly down from the last forecast for the current biennium by $234,000 or 0.1%.
- Toll revenue is estimated at $201 million in the current biennium. This forecast is up $14.7 million from February, reflecting higher toll rates and prepaid accounts with less pay by mail revenue.

In FY 2010, transportation revenues were $2.014 billion which was a decline of 1% over the prior fiscal year as the economy struggled from the recession. In FY 2011, transportation revenues were $2.06 billion or 2.3% growth over FY 2010. In FY 2012, transportation revenues are projected at $2.22 billion which is 2.8% higher than February's forecast. Overall during the 10-year horizon, transportation revenues are projected to be $23.3 billion with an average growth rate of 0.1% each year.

Figure 1 Total Transportation Revenues Comparison
June vs February 2012 forecasts
millions of dollars

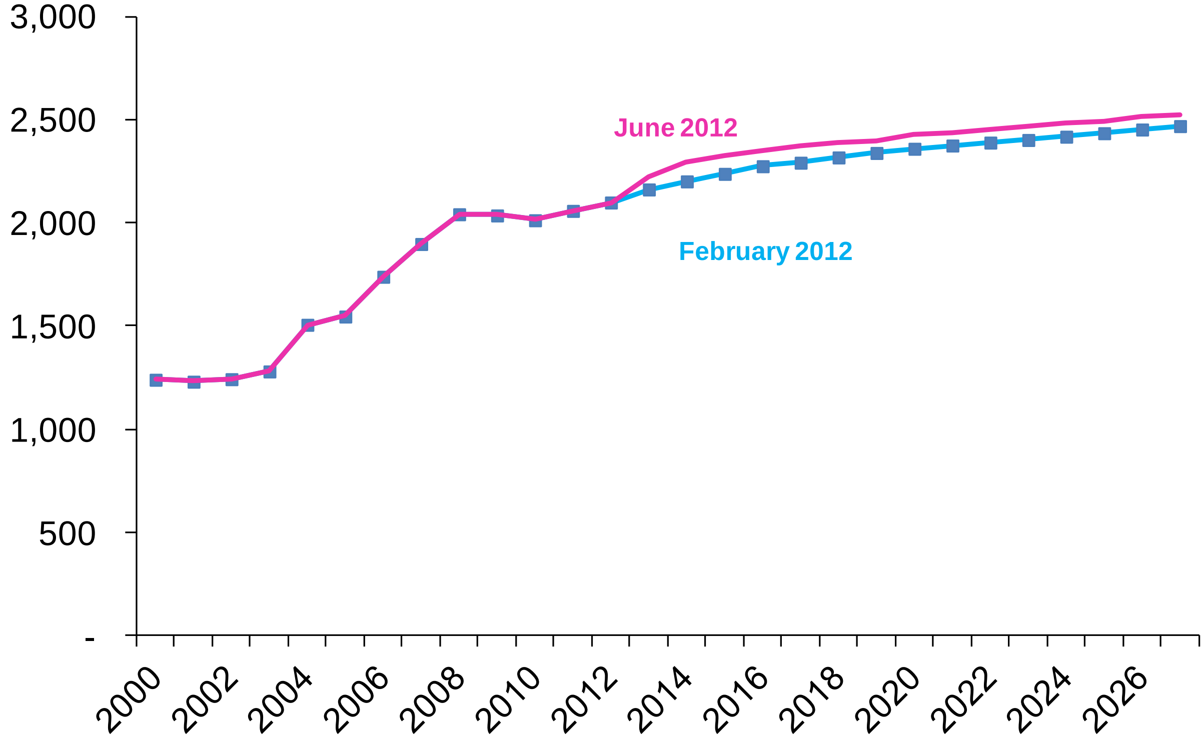
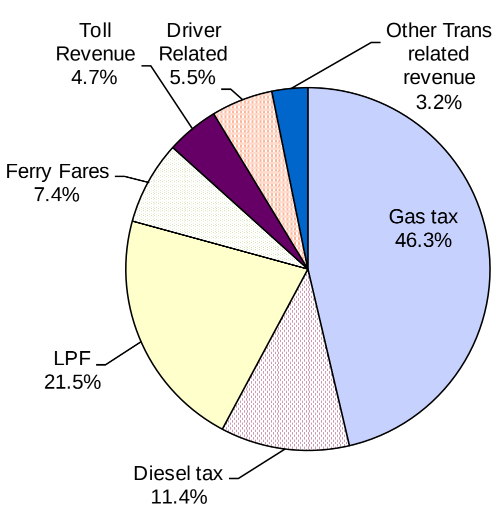


Figure 2 Revenue by Source
2011-13 biennium ($4.319 billion)



Washington's state transportation revenues come from numerous taxes, fees, permits, tolls, and other revenues. Washington's revenues forecasted each quarter include the sources contained in Figure 2. This pie graph reveals the anticipated share of each state revenue source to the total transportation revenues for 2011-13 biennium, ($4.3 billion). Gasoline fuel taxes comprise the largest share of all at 46.3%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 11.4% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 21.5%. The largest three revenue sources are projected to consist of 78% of revenues in the 2011-13 biennium. The remaining 22% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

As Figure 3 indicates, in the current biennium, June transportation revenues are projected at $4.318 billion. This forecast is slightly up from the last forecast by $54.7 million or 1.3% from February. The growth in the June revenue forecast over the last forecast is primarily due to legislation passed during the 2012 regular session. In the Appendix, Figure 39 summarizes the impact of major transportation fee bills and their various fee components. Two bills in particular, EHB 2660 and ESSB 6150, impacted transportation revenues the most. EHB 2660 brought in an additional $32.8 million in the current biennium and $91.2 million in the next biennium. ESSB 6150 is estimated to bring in $27.6 million in the current biennium and $95.3 million in the next biennium.

Figure 3 Forecast to Forecast Biennium Comparison of All Transportation Revenues
June 2012 forecast - 10 year period *millions of dollars*

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period
June 2012 • millions of dollars

	Current Biennium 2011-2013			2013-2015			10-Year Period (2011-2021)		
	Forecast Jun-12	Chg from Feb-12	Percent Change	Forecast Jun-12	Chg from Feb-12	Percent Change	Forecast Jun-12	Chg from Feb-12	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,495.8	(23.7)	-0.9%	2,543.0	(33.9)	-1.3%	12,735.0	(244.5)	-1.9%
Licenses, Permits and Fees *	927.4	25.7	2.8%	998.2	70.8	7.6%	5,081.1	314.4	6.6%
Ferry Revenue†	320.7	(0.2)	-0.1%	338.9	1.1	0.3%	1,772.9	(1.3)	-0.1%
Toll Revenue	201.0	14.7	7.9%	273.0	23.5	9.4%	1,445.3	116.7	8.8%
Aviation Revenues ‡	6.9	1.0	16.8%	6.2	0.1	1.9%	32.3	1.5	4.8%
Rental Car Tax	48.1	0.1	0.1%	51.4	0.1	0.2%	274.1	0.8	0.3%
Vehicle Sales Tax	61.6	0.7	1.1%	68.9	0.7	1.1%	374.9	2.2	0.6%
Driver-Related Fees*	236.6	33.3	16.4%	315.9	109.3	52.9%	1,492.9	439.7	41.7%
Business/Other Revenues ‡*	20.7	3.2	18.4%	20.3	2.0	10.9%	104.4	11.1	11.9%
Total Revenues	**4,318.8**	**54.7**	**1.3%**	**4,615.9**	**173.8**	**3.9%**	**23,312.9**	**640.5**	**2.8%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**148.1**	**(3.8)**	**-2.5%**	**142.6**	**(1.3)**	**-0.9%**	**754.3**	**(12.0)**	-1.6%
State Uses									
Motor Vehicle Account (108)	1,057.1	5.6	0.5%	1,091.4	16.3	1.5%	5,492.2	50.8	0.9%
Transportation 2003 (Nickel) Account (550)	358.8	12.9	3.7%	395.7	39.7	11.2%	1,957.7	167.1	9.3%
Transportation 2005 Partnership Account (09H)	567.9	(4.6)	-0.8%	581.3	(7.5)	-1.3%	2,907.6	(53.8)	-1.8%
Multimodal Account (218)	238.9	2.2	0.9%	255.9	2.8	1.1%	1,342.2	10.6	0.8%
Special Category C Account (215)	46.6	(0.4)	-0.8%	47.7	(0.6)	-1.3%	237.9	(4.6)	-1.9%
Puget Sound Capital Construction Account (099)	33.9	(0.3)	-0.8%	34.7	(0.5)	-1.3%	173.1	(3.4)	-1.9%
Puget Sound Ferry Operations Account (109)	372.4	(0.6)	-0.1%	390.6	0.5	0.1%	2,033.0	(5.5)	-0.3%
Capital Vessel Replacement Account (18J)	6.3	(0.1)	0.0%	7.9	(0.0)	0.0%	40.1	(0.3)	0.0%
Tacoma Narrows Bridge Account (511)	106.8	12.0	12.7%	126.2	23.5	22.8%	657.9	114.0	21.0%
High Occupancy Toll Lanes Account (09F)^	2.0	0.4	26.2%	0.0	0.0	0.0%	2.0	0.4	26.2%
SR 520 Corridor Account (16J)	86.6	0.8	0.0%	139.5	0.0	0.0%	752.0	0.8	0.1%
SR 520 Corridor Civil Penalties Account (17P)	5.6	1.5	0.0%	7.4	0.0	0.0%	33.5	1.5	4.6%
Aeronautics Account (039)	6.9	1.0	16.8%	6.2	0.1	1.9%	32.3	1.5	4.8%
State Patrol Highway Account (081)	333.6	1.4	0.4%	351.0	7.5	2.2%	1,798.3	31.9	1.8%
Highway/Motorcycle Safety Accts. (106 & 082)	202.6	32.4	19.0%	274.7	102.1	59.1%	1,289.4	409.1	46.5%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.1	0.0	0.1%	16.5	0.0	0.1%	83.8	0.0	0.1%
Ignition Interlock Devices Revolving Acct 14V	2.6	0.2	7.9%	3.5	1.1	45.1%	16.6	4.2	34.2%
Total for State Use	**3,444.5**	**64.5**	**1.9%**	**3,730.0**	**185.0**	**5.2%**	**18,849.5**	**724.2**	**4.0%**
Local Uses									
Cities	178.6	(1.5)	-0.8%	182.8	(2.4)	-1.3%	912.3	(17.7)	-1.9%
Counties	292.5	(2.5)	-0.8%	299.4	(4.0)	-1.3%	1,494.4	(28.8)	-1.9%
Transportation Improvement Board (112 & 144)	190.9	(1.6)	-0.8%	195.3	(2.6)	-1.3%	974.7	(18.9)	-1.9%
County Road Administration Board (102 & 186)	64.2	(0.5)	-0.8%	65.7	(0.9)	-1.3%	327.7	(6.4)	-1.9%
Total for Local Use	**726.2**	**(6.0)**	**-0.8%**	**743.2**	**(9.9)**	**-1.3%**	**3,709.1**	**(71.8)**	**-1.9%**
Total Distribution of Revenue	**4,318.8**	**54.7**	**1.3%**	**4,615.9**	**173.8**	**3.9%**	**23,312.9**	**640.5**	**2.8%**

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

Motor fuel taxes declined by $23.7 million but the license, permits, and fee revenue grew by $25.7 million. Driver related fee revenue also increased by $33.3 million from last forecast due to new fee increases. In the next biennium, the same trends occur: gas taxes are down $34 million from February while all other revenue sources gained revenue over the last forecast. Overall, the revenue is $4.615 billion. Over the 10-year forecast horizon (2011-2021), the revenue forecast for June 2012 is $23.3 billion which is higher by $640.5 million or 2.8% from the February forecast. Without legislative changes, the June forecast would have been down forecast to forecast due weaker economic variable projections and monthly actuals coming in lower than projected. See the Appendix for 16 year forecast period tables.

February 2012 is the forecast used to set the last 2012 supplemental budget, therefore it is the baseline forecast. As a result, the forecast to baseline comparison is the same as the forecast to forecast comparison reflected in Figure 3.

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
The forecast of Washington real personal income is projected by the Washington Economic and Revenue Forecast Council (ERFC), based on the May Global Insight forecast, May Blue Chip average US GDP growth rates, NYMEX fuel prices and other forecasted economic variables in the near term. The June 2012 Washington personal income projections from ERFC are up slightly in FY 2012 at 1.5% than 1.1% in February mainly due to the extension of the federal payroll tax cuts. For 2012, current real personal income projection is an increase to $266.8 billion versus $265 billion in the February. For FY 2013, the same trend is apparent with the new ERFC projections being higher at 3.0% versus February's projection of 1.8% annual growth in FY 2013. In FY 2013, Washington real personal income is projected at $275 billion versus $270 billion in the February forecast. Then the June 2012 Washington personal income projections from ERFC for FY 2014 and FY 2015 have annual growth rates of 3.2% and 3.1% respectively as opposed to 3.5% and 3.6%% in February. The new ERFC projections of the Washington personal income level are higher for FY 2014 and FY 2015 at $283.5 billion and $292.4 billion versus $279.5 billion and $289.4 billion. Even though the growth rates for 2014 and 2015 are lower for personal income, the total amount of Washington personal income projected is still slightly higher.

The June 2012 forecast uses OFM's 2012 long-term personal income projections. These long-term projections have not changed from the prior forecast. The 2012 OFM forecast of personal income growth for fiscal years 2016 thru 2020 is, on average, 2.8% and for the remaining years beyond FY 2020 the personal income growth rate also averaged 2.8%. Figure 6 reveals the change in the annual growth rates for Washington personal income from 2010 through 2027. As the graph reveals, in the long-term this new forecast has higher projections from FY 2016 and beyond throughout the entire forecast horizon. Figure 5 illustrates the current short-term quarterly projections of Washington real personal income. The June 2012 Washington personal income forecast is $268.6 billion for the second quarter of 2012 which is up from the previous forecast by 1.2%.

WA Population
In the June 2012 forecast, the population projections will be the same as last quarter. OFM released their 2011 long-term statewide population forecast before the November forecast since OFM releases the long-term population forecast once a year in November. For FY 2011, the driver age statewide population forecast was 5.373 million which represented a 0.85% annual growth. The current driver age population is projected to be 5.42 million with an annual growth rate for FY 2012 of 0.9% annually. The current projection for population growth rate in FY 2013 is up year over year to 2.1%. In fiscal years 2014 - 2027, the 2011 population forecast growth rates are slowly declining from 1.2% to 0.95%.

WA Driver In-Migration
In 2010, Washington's new drivers in the state declined year over year by 1%, Figure 8. In FY 2011, the actual increase of in-migration of drivers was 19.9%. In FY 2012, the June 2012 forecast of Washington driver in-migration is projected to decline 11.6% and this is a larger decline than predicted in the February forecast of 8.4%. In FY 2013, the June 2012 forecast annual decline is deeper at -1.8% versus -1.6% in February forecast. The trend reverses in FY 2014 because the current forecast for in-migration of drivers is -0.8% and this is a smaller decline than projected in February at -1.9%. This change in the near-term is due to in-drivers not coming in as expected recently. This is a very minor change from the previous forecast.

U.S. Inflation
The U.S. inflation rate forecast is from Global Insight's May 2012 projection of the implicit price deflator (IPDC), (Figure 9). In 2012, the U.S. inflation rate as measured by the change in the IPDC is 2.4% which is slightly higher than the February forecast of 2.3%. In FY 2013, inflation is projected lower than last quarter at 1.4% as opposed to 1.9% in the last forecast. In FY 2014, the inflation forecast is projected to be 1.7% which is slightly lower than projected in February at 2.0%. Then in FY 2015, the current forecast shows an annual increase in inflation of 2.1% which is again slightly lower than the prior forecast at 2.4%; in FY 2016, the current forecast is down to 2.1% as opposed to 2.5% in the last forecast. For the remainder of the forecast horizon, the inflation rates are between 1.6% and 2.0% which is real similar to last forecast.

Figure 4 Annual Percentage Change (%) in Select Economic Variables
June 2012 forecast

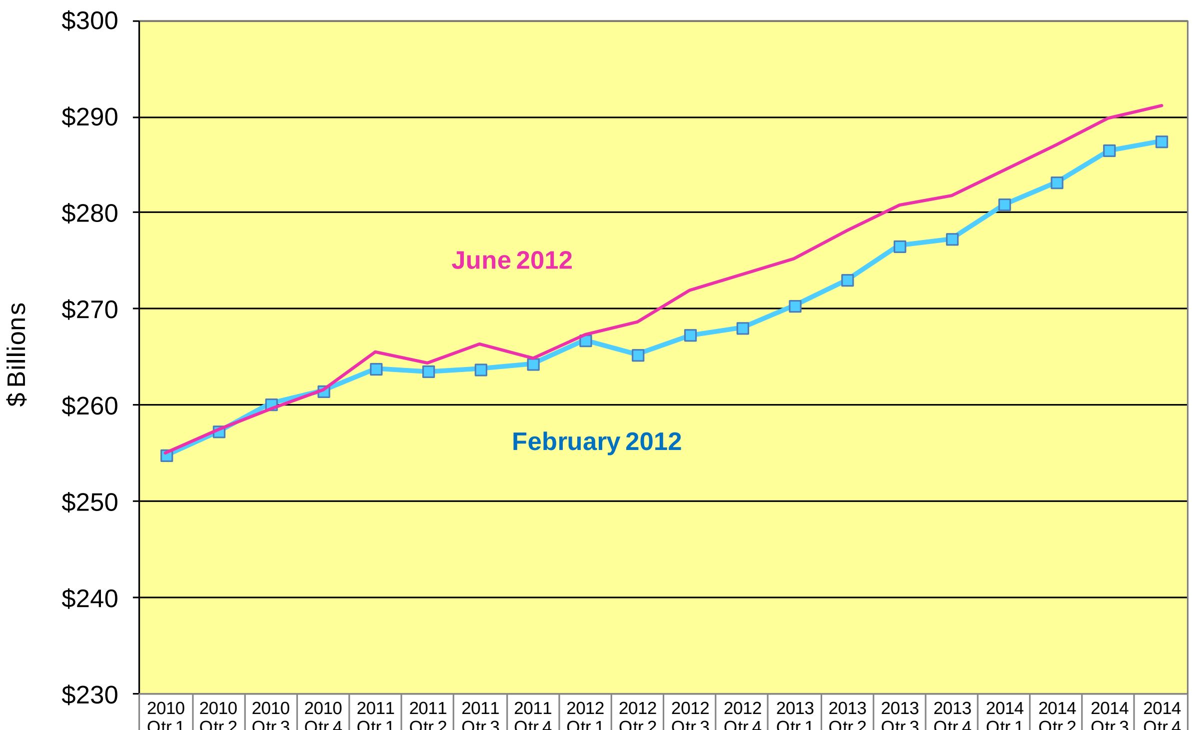
Fiscal Year	WA Personal Income	Annual Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	WA non-farm Employ -ment	Nominal Consumer Sales on New Vehicles	WA Driver In-Migration
2010	-2.5	1.0	1.3	3.2	0.1	-3.9	10.0	-1.0
2011	3.0	1.0	1.8	17.8	0.4	0.6	10.5	19.9
2012	1.5	1.0	2.4	14.4	0.8	1.6	15.1	-11.6
2013	3.0	1.0	1.4	4.2	0.9	1.8	5.0	-1.8
2014	3.2	1.1	1.7	-2.2	1.1	1.9	3.9	-0.8
2015	3.1	1.2	2.1	-1.7	1.3	1.8	7.3	-0.6
2016	2.8	1.2	2.1	-0.7	1.5	1.5	8.1	-0.9
2017	2.6	1.2	1.8	-1.0	1.6	1.3	5.0	-0.8
2018	2.8	1.2	1.7	-3.8	1.7	1.1	1.1	-0.6
2019	2.9	1.1	1.7	-2.0	1.7	0.9	0.5	-0.4
2020	2.8	1.1	1.6	-3.7	1.8	0.9	3.8	-0.2
2021	2.8	1.1	1.7	-0.7	1.9	1.0	3.3	-0.4
2022	2.7	1.0	2.0	5.8	1.9	0.8	1.3	-0.4
2023	2.8	1.0	1.9	1.6	2.2	0.7	1.2	-0.04
2024	3.0	1.0	1.9	3.5	2.2	0.8	1.4	-0.03
2025	2.9	1.1	1.9	3.3	2.2	0.9	2.4	0.23
2026	2.9	1.0	1.9	3.2	2.2	1.0	2.0	-0.01
2027	2.8	1.0	1.9	3.2	2.2	1.1	2.5	-0.01

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management, May 2012 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices

U.S. Petroleum Products Price Index
The May 2012 Global Insight forecast for U.S. petroleum products price index has increased in the current fiscal year since the last forecast, (see Figure 10). The annual year over year change in this fuel price index was 18% for FY 2011. In FY 2012, the growth rate in the US fuel price index is projected to be 14.4%, more than 4 percentage points higher than the February prediction. In fiscal years 2013 and 2014, the forecast of the index is projected to be much lower in FY 2013 at 4.2% and then the year-over-year growth turns negative from FY 2014-2021. This is a similar trend with prior forecasts but now we anticipate negative annual growth one year sooner than in February forecast. This represents the anticipated increase in supply of oil which will drive down the price of petroleum products in the next few years. The annual percentage change in the oil price index turns positive beginning FY 2022 throughout the rest of the forecast horizon. By FY 2026, the price index annual growth is 3.2%.

U.S. Fuel Efficiency (MPG)
U.S. Fuel Efficiency variable for the June 2012 forecast as well as several prior quarterly forecasts have incorporated the 2011 Obama administration fuel efficiency standards for passenger cars and light trucks in model year 2017 and beyond. The on-highway fleet fuel efficiency variable in 2011 was 20.3 miles per gallon for the entire US fleet of light vehicles which is no change from the last forecast. In the current fiscal year, the June 2012 fuel efficiency for the US fleet is 20.5 miles per gallon which is consistent with last forecast. In June and two prior forecasts, the vehicle on-highway fuel efficiency has been projected to grow to 26.7 miles per gallon by FY 2027 so no change in this variable.

Figure 5 Comparison of Quarterly Washington Real Personal Income
June vs February 2012 *billions of dollars*



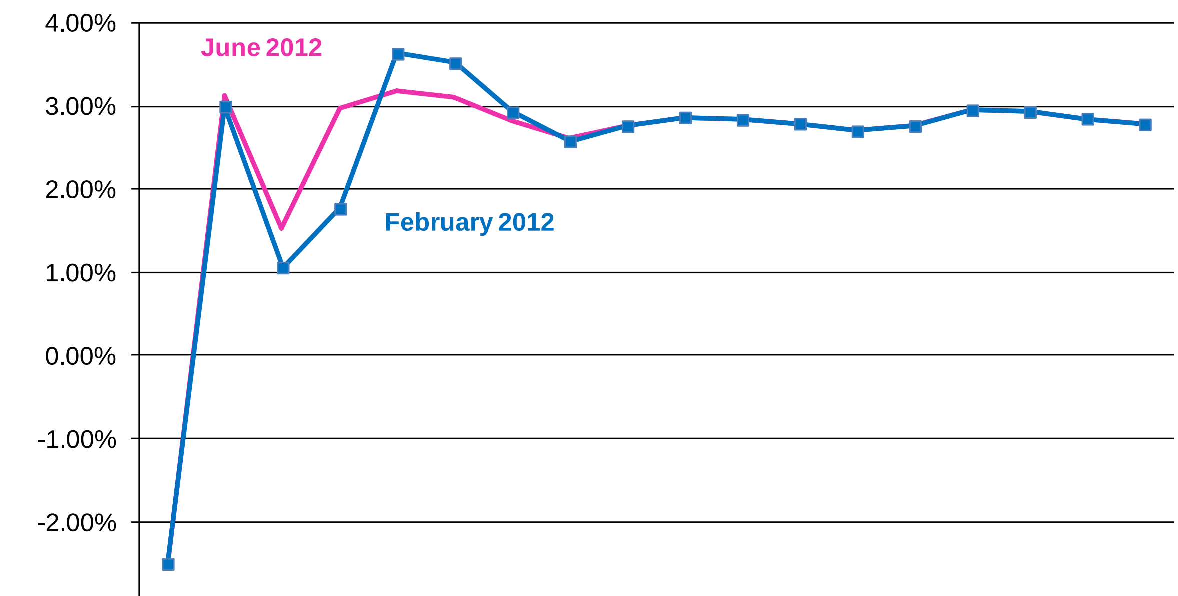
	2010 Qtr 1	2010 Qtr 2	2010 Qtr 3	2010 Qtr 4	2011 Qtr 1	2011 Qtr 2	2011 Qtr 3	2011 Qtr 4	2012 Qtr 1	2012 Qtr 2	2012 Qtr 3	2012 Qtr 4	2013 Qtr 1	2013 Qtr 2	2013 Qtr 3	2013 Qtr 4	2014 Qtr 1	2014 Qtr 2	2014 Qtr 3	2014 Qtr 4
Feb-12	255	257	260	261	264	264	264	264	267	265	267	268	270	273	277	277	281	283	287	287
Jun-12	255	258	260	262	266	264	266	265	267	269	272	274	275	278	281	282	284	287	290	291

Source: Washington Economic and Revenue Forecast Council (May 2012 economic variables) and 2012 OFM long-term personal income forecast

WA Total Non-Farm Employment and Employment in the Trade, Transportation and Utilities Sectors
Washington total non-farm employment declined 4% year over year in FY 2010 and only grew 0.6% year over year in FY 2011. The recovery in the economy is expected to pick up in FY 2012 to 1.6% which is slightly lower than projected in February at 1.7%. In FY 2013, this June forecast predicts year over year growth in non-ag. employment of 1.8% which is the same annual growth as the February forecast. This reflects no major changes anticipated in employment recovery in the next two years than predicted last quarter. In FY 2014 and 2015, the ERFC growth rates for non-ag. employment is anticipated to be 1.9% and 1.8% respectively, slightly lower than the prior forecast at 2% and 1.9%. The economic growth in Washington employment in subsequent years is based on OFM's long-term employment projections and the growth rate slows in subsequent years. Beginning in FY 2016, Washington employment is forecasted to grow at 1.5% which is slightly lower than in the February forecast average for this period at 1.8%.

Washington's employment in the trade, transportation and utilities sectors follows similar trends with the overall non-farm employment trends. In FY 2011, this industry grew by 0.6% year over year. In the current fiscal year, the trade, transportation and utilities sectors are anticipated to grow faster at 2.5% annually which is quicker than the overall non-farm employment growth rate of 1.6% for that same year. In FY 2013, growth rates in this employment sector are also expected to pick up to 1.9% which is lower than anticipated in February at 2.3%. The new ERFC projections for the trade, transportation and utilities employment sector in FY 2014 and 2015 is anticipated to be 1.4% and 0.9% respectively as opposed to 1.9% and 1.3% in February. Then in FY 2016 and beyond, Washington employment growth rates in the trade, transportation and utilities sectors are anticipated to be 0.5% on average with the new OFM long-term forecast. The OFM long-term annual growth rates have not changed since the last forecast.

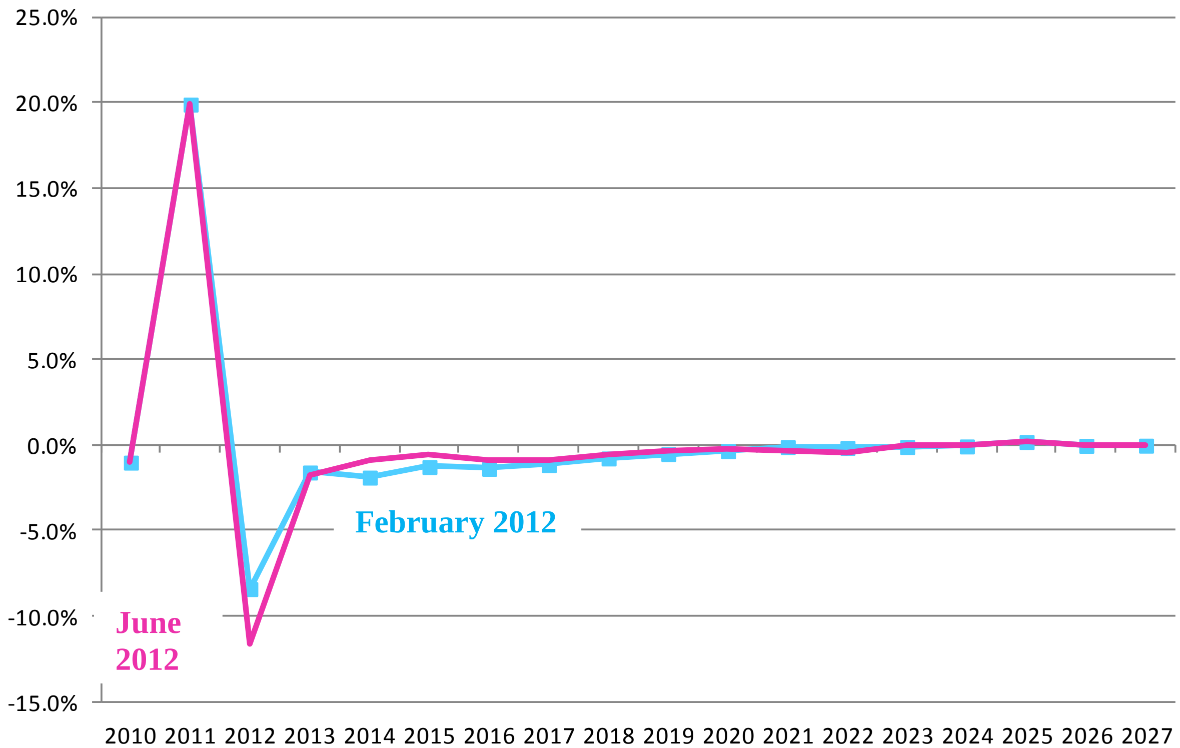
Figure 6 Forecast Comparison of Annual Growth Rates for Washington Real Personal Income June vs. February 2012



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
June 2012	-2.5%	3.1%	1.5%	3.0%	3.2%	3.1%	2.8%	2.6%	2.8%	2.9%	2.8%	2.8%	2.7%	2.8%	3.0%	2.9%	2.9%	2.8%
Feb. 2012	-2.5%	3.0%	1.1%	1.8%	3.6%	3.5%	2.9%	2.6%	2.8%	2.9%	2.8%	2.8%	2.7%	2.8%	3.0%	2.9%	2.9%	2.8%

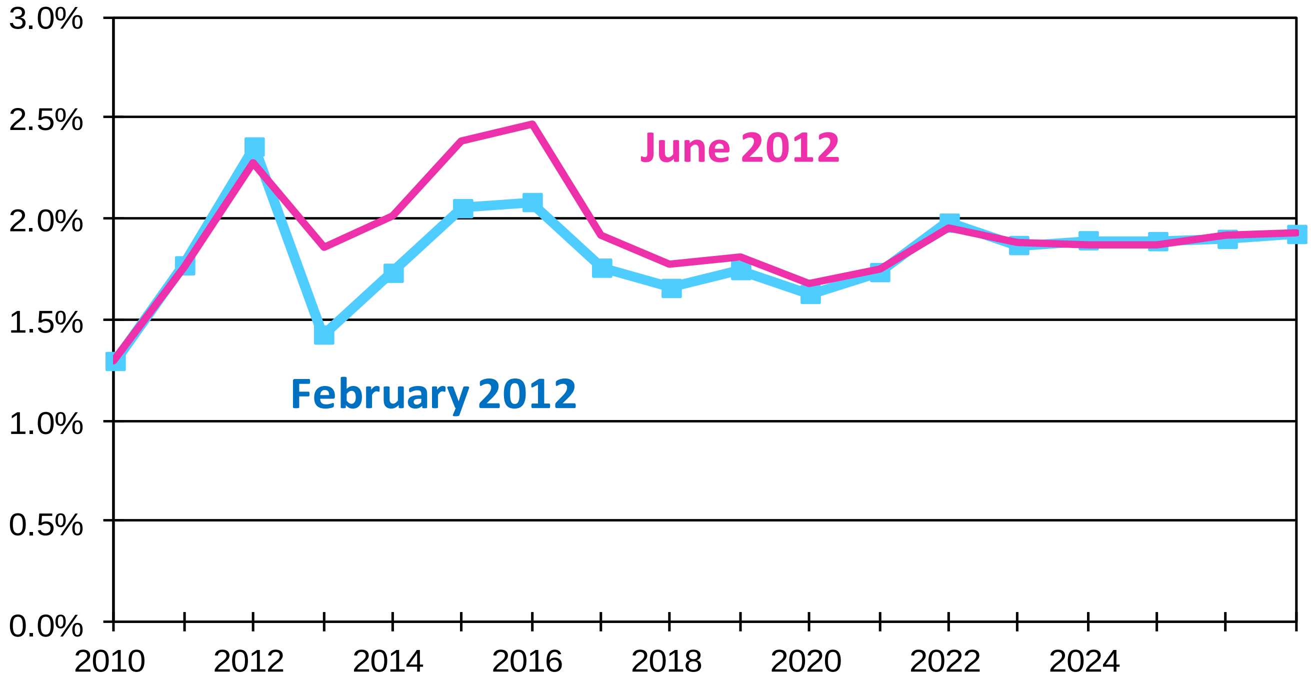
Source: Washington Economic and Revenue Forecast Council (May 2012 economic variables) and 2012 OFM long-term personal income growth rates

Figure 7 Forecast Comparison of Annual Growth Rates for Driver In Population – June vs. February 2012



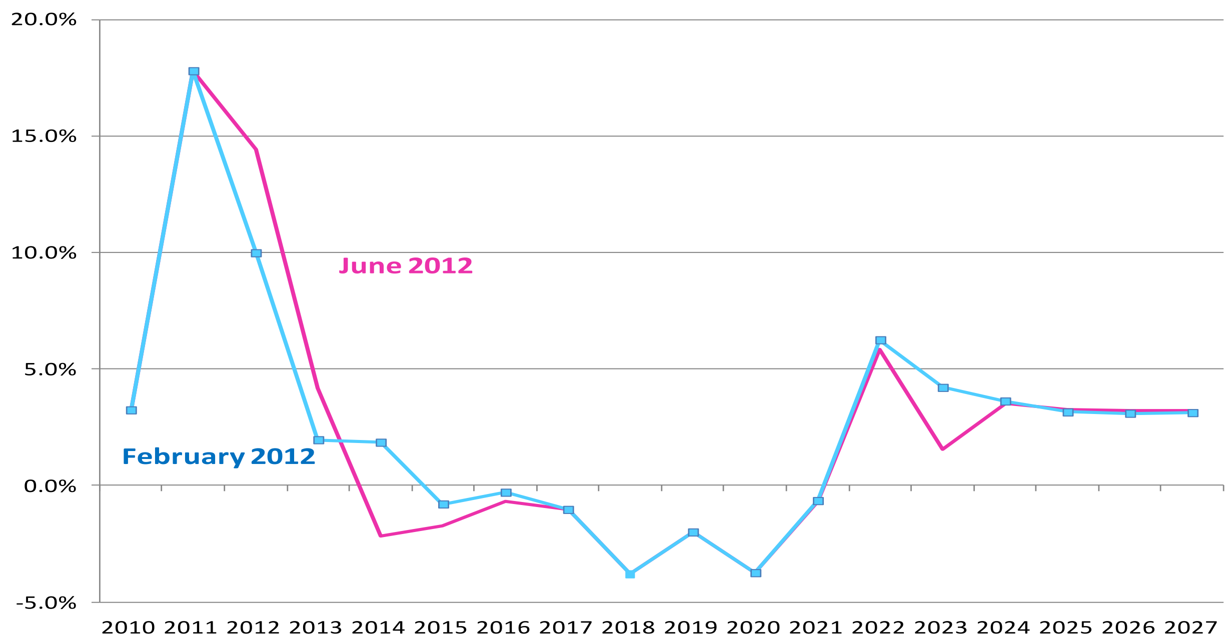
Source: Washington Office of Financial Management

Figure 8 Inflation Forecast Comparison – Annual Percent Change in U.S. Implicit Price Deflator for Personal Consumption June vs. February 2012



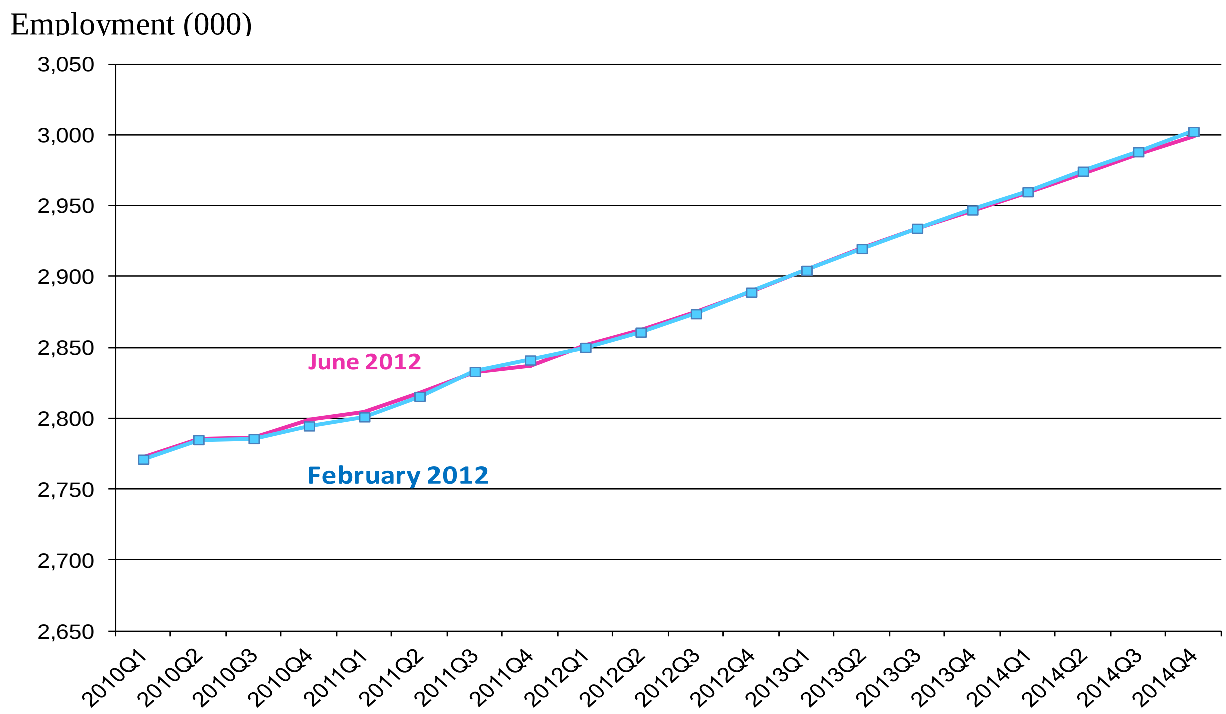
Source: Washington Economic and Revenue Forecast Council and January 2012 Global Insight forecast

Figure 9 Global Insight Oil/Gas Price Index Forecasts: Growth Rate Comparison June vs. February 2012



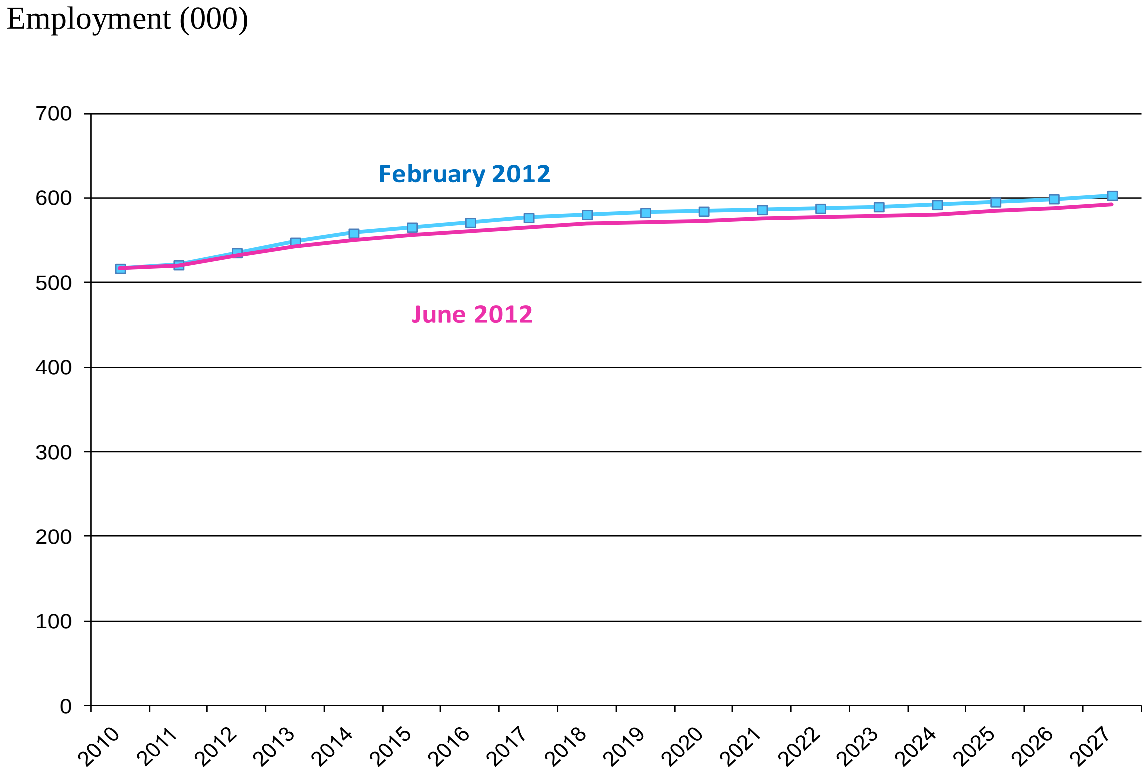
Source: May 2012 Global Insight forecast

Figure 10 Washington Nonfarm Payroll Employment Forecasts: June vs. February 2012



Source: May 2012 ERFC and OFM/ESD long-term non-ag. employment forecast

Figure 11 Washington Nonfarm Payroll Employment – Trade, Transportation and Utilities Sectors (TTU) Forecasts: June vs. February 2012



Source: May 2012 ERFC and OFM/ESD long-term Washington TTU employment forecast

U.S. Consumer Spending on New Motor Vehicles
Consumer spending on new motor vehicles throughout the U.S. has been recovering with a 10% growth year over year in FY 2010 and 10.5% annual growth in new vehicle sales in FY 2011. In FY 2012, the recovery for light vehicle sales has picked up over the past few months with a projected 15.1% growth rate, which is much higher projection than last forecast at 8.2%. In fiscal years 2013 and 2014, consumer spending on new vehicles is anticipated to grow by 5.0% and 3.9% respectively instead of 5.5% and 5.7% respectively in February so we anticipate more sales in the current year but fewer vehicle sales in the following two years than the last forecast. By FY 2015 and 2016, consumer spending is projected to grow faster again with annual growth rates of 7.3% and 8.1% which is not quite as high as anticipated last quarter at 9.8% and 11.8%.

Motor Fuel Price Forecast

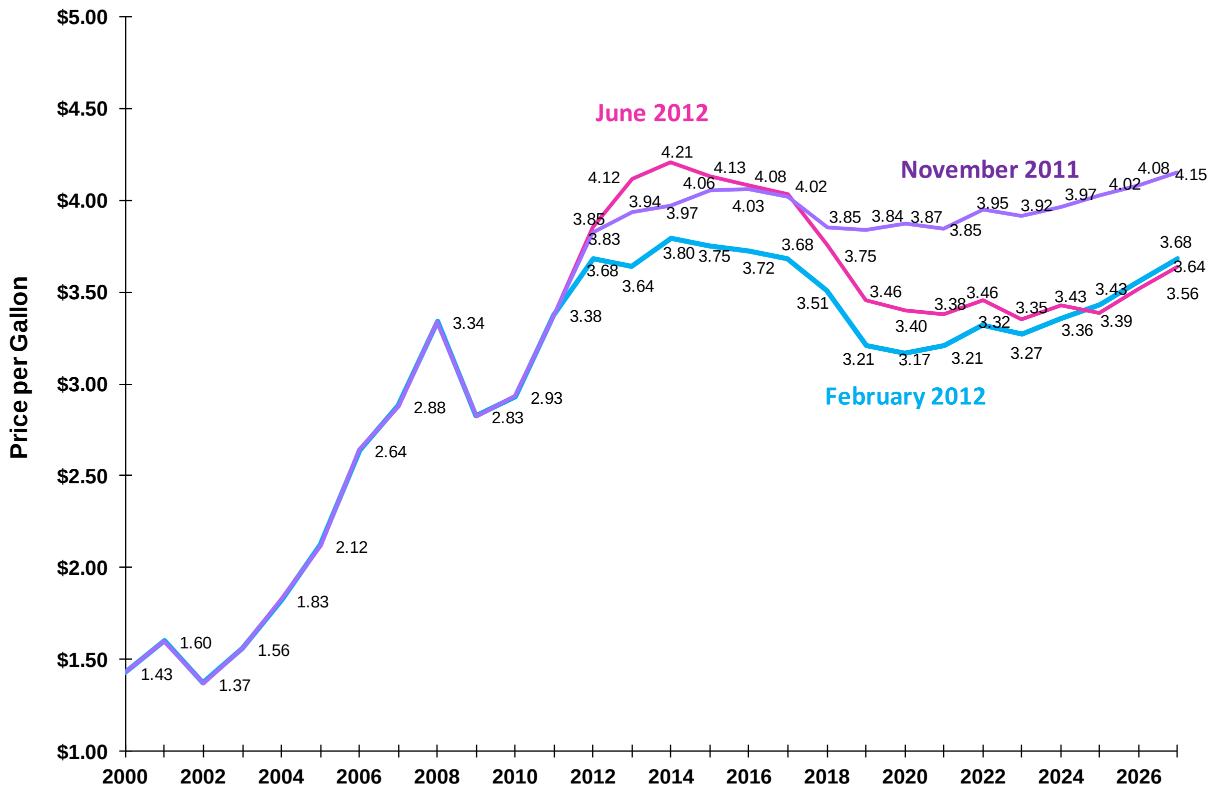
Washington's transportation revenues are affected by fuel prices. In particular, gasoline tax collections are negatively related with the price of gasoline. In addition, the Washington State Department of Transportation budget is heavily impacted by changes in fuel prices. Therefore, projections of fuel prices are made quarterly to assist in the near and long-term budgeting process for WSDOT. The price forecast includes the following fuel price projections: U.S. West Texas crude oil, Washington retail prices of gasoline, diesel and biodiesel and wholesale prices of diesel and biodiesel with and without taxes.

The June 2012 forecast for crude oil prices is up from the last forecast. In addition, the current retail gas and diesel and ferry diesel price forecasts are also up from the February forecast throughout the forecast horizon. Retail and ferry diesel prices are up the most in the current fiscal year from the last forecast. In FY 2013, ferry diesel prices also rise from FY 2012 but then they start to fall in 2014 due to having a sales tax exemption become law.

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 ferry diesel prices are reported by the Washington State Ferries. In the short term (thorough calendar year 2013), the fuel price forecasts are based on the Energy Information Agency (EIA) projections. In the long-term beyond calendar year 2013, the fuel price projections are based on June's Global Insight's national gas price forecast for Washington's gas price forecast and the producer price index (PPI) for refined petroleum products projections for the various diesel price forecasts.

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. Crude oil prices on average in fiscal year 2011 rose to $89.24 per barrel representing a 19% increase in crude oil prices over fiscal year 2010. In fiscal year 2012, crude oil prices are expected to average $97.55 per barrel which is 9.3% higher than last year's average. Quarterly crude oil prices are expected to hit the $100 per barrel mark beginning first quarter of 2012 which is same time as last quarter's prediction. Starting in FY 2013, annual WTI crude oil prices are projected to be slightly above $104 per barrel and continue at $101 and $102 per barrel on average annually for two more years. Beginning between FY 2016-2022 crude oil prices fall slightly below $100 per barrel for seven years. Beginning in FY 2023, crude oil prices rise again above $100 per barrel and remain there for the remainder of the forecast horizon. The weaker crude oil prices in the near-term are due to less concern over worldwide supply restrictions and weaker US and world economic recovery.

Figure 12 Forecast of Washington Retail Gasoline Prices, Regular
June vs February 2012 vs. November 2011 forecasts



Washington retail gasoline price trend
Washington retail price of gasoline is projected to be higher than the February forecast throughout the forecast horizon. In recent months, projections of retail gas prices have understated recent increases in

late February and March 2012. In April and May, gas prices remained high in Washington. In prior forecasts, Washington retail gas price projections have prices rising to $4.00 per gallon by FY 2014 or FY 2016 but recently Washington hit more than $4 per gallon gas on average in the second quarter of 2012. As a result, FY 2013 had an annual retail gas price of $4.12 per gallon and gas prices remain above $4 per gallon throughout the next five years. In addition, the current price forecast falls significantly like the prior estimates. This price dip is due to anticipated increases in crude oil and gasoline supplies.

Washington retail gas prices on average were $2.93 per gallon in FY 2010 and they rose to $3.38 per gallon in FY 2011. In FY 2012, Washington average retail gas price is currently projected to rise again to $3.85 per gallon or roughly 14% and this current projection is higher than the average price of $3.63 per gallon forecasted in February. In FY 2013, Washington average retail gas price is currently projected to increase year over year by $0.27 to $4.12 per gallon which is 13% higher than the average price of $3.64 per gallon forecasted in February. Throughout the forecast horizon, the June forecast is always higher than the February forecast and is higher than the November forecast in the near-term until FY 2017.

Washington retail diesel price trend

Washington's retail price of diesel was on average $3.02 in FY 2010 and it increased 23% to $3.71 per gallon in FY 2011. In FY 2012, the June 2012 forecast for diesel prices is anticipated to be $4.23 per gallon or 4% higher than $4.06 per gallon anticipated in the last forecast. In FY 2013, the current forecast projects retail diesel prices increasing further to $4.36 per gallon, an increase of 3% year over year, and higher than in February at $3.99 per gallon. The price differential between retail gas and diesel was just 9 cents on average in FY 2010 and it grew to 33 cents on average in FY 2011. In FY 2012, the retail gas and diesel price differential is anticipated to grow more to 38 cents per gallon. Over time, the price differential between retail gas and diesel is expected to continue to grow until by FY 2024 when the retail gas and diesel price differential is anticipated to be more than $1 per gallon.

Figure 13 Washington Ferries Non-Hedged Diesel Prices, June vs. February 2012 vs. November 2011 forecasts

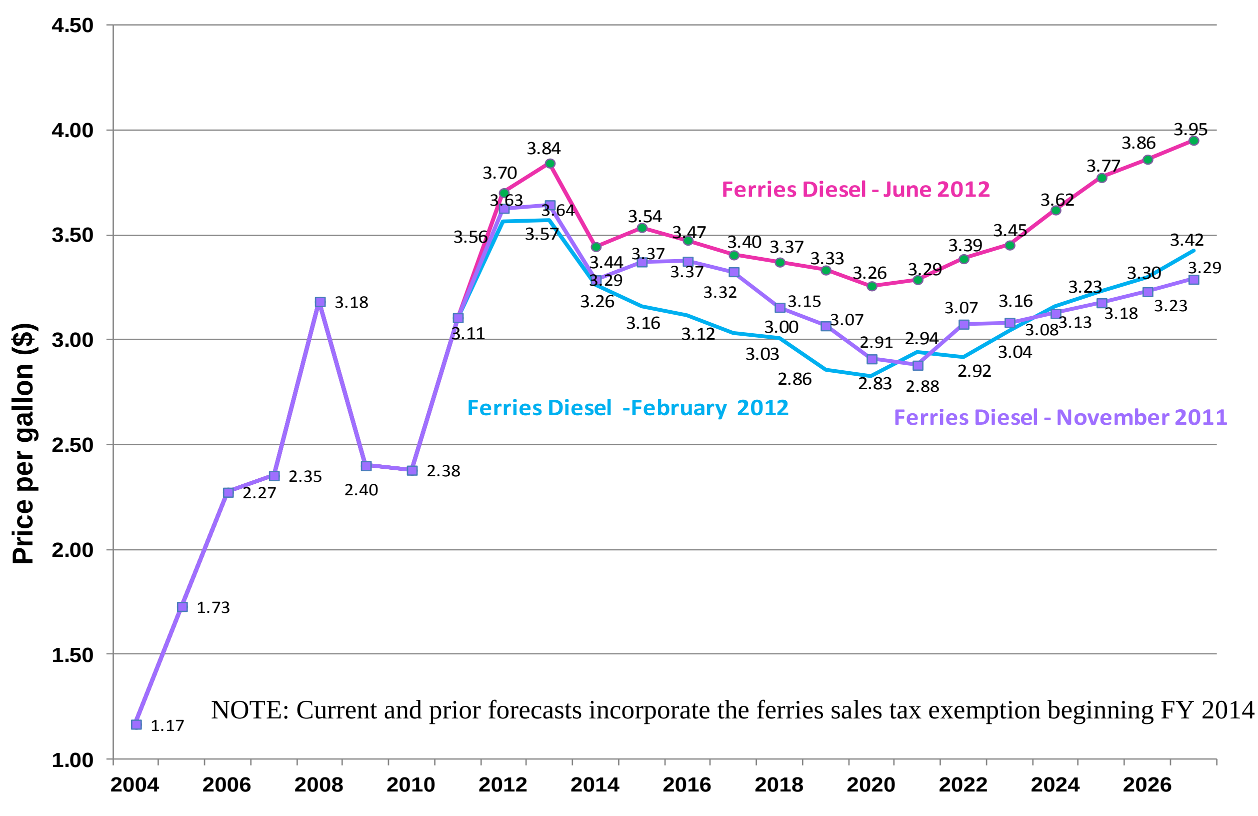


Figure 14 Near-term Quarterly Fuel Prices
June 2012 forecast

Fiscal Year Quarter	Crude Oil Price ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)	Ferry Diesel Price ($/gal)	Ferry B99 Biodiesel Price with taxes ($/gal)	OPIS B99 Biodiesel Price without taxes ($/gal)	B5 Biodiesel Price with taxes($/gal)
2011: Q3	89.72	3.83	4.11	3.53	5.67	4.92	3.48
2011: Q4	93.99	3.66	4.13	3.56	5.42	4.84	3.44
2012: Q1	102.88	3.72	4.22	3.80	5.74	5.22	3.73
2012: Q2	103.60	4.19	4.45	3.92	5.98	4.75	3.94
FY 2012	97.55	3.85	4.23	3.70	5.70	4.93	3.65
2012: Q3	105.00	4.18	4.43	3.90	5.95	4.72	3.92
2012: Q4	105.00	4.05	4.34	3.83	5.83	4.63	3.84
2013: Q1	104.00	4.05	4.31	3.80	5.79	4.59	3.81
2013: Q2	103.00	4.18	4.36	3.84	5.86	4.65	3.86
FY 2013	104.25	4.12	4.36	3.84	5.86	4.65	3.86
2013: Q3	104.00	4.18	4.35	3.45	5.38	4.63	3.58
2013: Q4	104.00	4.01	4.23	3.35	5.23	4.51	3.49
2014: Q1	98.43	4.13	4.34	3.45	5.38	4.63	3.58
2014: Q2	100.67	4.51	4.45	3.53	5.51	4.75	3.67
FY 2014	101.78	4.21	4.34	3.44	5.38	4.63	3.58
2014: Q3	102.20	4.17	4.51	3.58	5.55	4.81	3.73
2014: Q4	101.82	3.93	4.46	3.54	5.49	4.76	3.69
2015: Q1	100.90	4.02	4.44	3.52	5.47	4.73	3.67
2015: Q2	99.65	4.41	4.42	3.51	5.44	4.71	3.66
FY 2015	101.14	4.13	4.46	3.54	5.49	4.75	3.69

Figure 15 Near- and Long-term Annual Fuel Price
June 2012 forecast

Fiscal Year	Crude Oil Price ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)	Ferry Diesel Price ($/gal)	Ferry B99 Biodiesel Price with taxes ($/gal)	OPIS B99 Biodiesel Price without taxes ($/gal)	B5 Biodiesel Price with taxes($/gal)
2010	75.20	2.93	3.02	2.38			
2011	89.24	3.38	3.71	3.11			
2012	97.55	3.85	4.23	3.70	5.70	4.93	3.65
2013	104.25	4.12	4.36	3.84	5.86	4.65	3.86
2014	101.78	4.21	4.34	3.44	5.38	4.63	3.58
2015	101.14	4.13	4.46	3.54	5.49	4.75	3.69
2016	98.91	4.08	4.38	3.47	5.37	5.30	3.64
2017	96.21	4.03	4.29	3.40	5.24	5.16	3.59
2018	94.06	3.75	4.25	3.37	5.16	5.09	3.59
2019	91.70	3.46	4.20	3.33	5.08	5.00	3.59
2020	89.05	3.40	4.11	3.26	4.94	4.87	3.55
2021	90.20	3.38	4.15	3.29	4.96	4.89	3.63
2022	96.47	3.46	4.27	3.39	5.09	5.01	3.80
2023	101.67	3.35	4.35	3.45	5.16	5.09	3.93
2024	107.66	3.43	4.56	3.62	5.38	5.30	4.13
2025	113.40	3.39	4.76	3.77	5.58	5.50	4.32
2026	119.19	3.52	4.87	3.86	5.68	5.60	4.43
2027	125.09	3.64	4.98	3.95	5.78	5.70	4.55

Washington ferries diesel fuel price trend

The trend in Washington's ferry price of diesel is similar to the trend of the retail price of diesel. Washington's ferry price of diesel, reported in this forecast, is the non-hedged diesel price paid by Washington State Ferries and it includes the markup costs ferries must pay, delivery fees and various taxes including sales taxes. Washington state ferries will be receiving a sales tax exemption on their fuel purchases beginning July 1, 2013 and this has been incorporated into the baseline non-hedged diesel price forecast. The ferries non-hedged diesel price on average was $2.38 per gallon in FY 2010. In FY 2011, the diesel price rose to $3.11 per gallon. Ferries non-hedged diesel prices are projected to increase further to $3.70 per gallon in FY 2012 and $3.84 per gallon in FY 2013 which are both higher projections than in February which averaged $3.56 and $3.57 per gallon. The new June forecast is higher than previous forecasts throughout the forecast horizon. In the near-term, the June forecast is well above the February and November price forecasts but by FY 2014, all forecasts start to fall and they get closer with less variation. Beginning in FY 2014, all forecasts of ferry diesel prices are lower by 10% due to not paying sales taxes on fuel purchases. Future ferry diesel price projections fall as low as $3.26 per gallon by FY 2020 but this is substantially higher than projections in February when the ferry diesel price was anticipated to decline to as low as $2.83 per gallon.

Biodiesel price trends

The forecasts of biodiesel prices include three different biodiesel prices: B99 with the renewable identification number (RIN), B99 without the RIN and B5. Washington state ferries (WSF) currently purchase the majority of their biodiesel as B5 blended biodiesel. WSF also makes some purchases of B99 biodiesel with RIN in Seattle in order to meet biodiesel requirements for the hedged diesel purchases. Washington General Administration Department (GA) publishes B99 biodiesel price without RIN in Tacoma and this represents the B99 prices paid by other non-WSF entities' purchases of biodiesel. As a result of WSDOT purchasing two different prices of B99 biodiesel, this report includes two biodiesel forecasts for B99 with and without RIN. Finally, B5 biodiesel prices are forecasted for WSF since the majority of their biodiesel purchases are of this biodiesel blend. The prices of biodiesel, ferries B99 with RIN and B5, are based on Washington State ferries reported purchase price of biodiesel with the markup, delivery and other tax costs included. The base of the price forecast for the B99 price without RIN for non-WSF purchases is the OPIS base price without markup, delivery and tax costs reported on the GA web site.

To begin the ferries B99 and B5 biodiesel forecast, the forecast incorporates the latest WSF report purchase prices. The latest monthly OPIS B99 biodiesel price without RIN, markup, delivery and tax costs in Tacoma reported by OPIS on the GA web site begins this B99 price forecast. The biodiesel price forecasts are based on the retail diesel price forecast future growth with adjustments made to eventually have a regular diesel and biodiesel price differential of roughly 14% which is an average price differential seen over les 4 years. This June forecast of ferries B99 price for FY 2012, has risen 5% to $5.70 per gallon versus $5.44 per gallon last quarter. Current B5 price projections have also increased 7% to $3.65 per gallon from $3.42 per gallon last forecast. In FY 2013, biodiesel prices are also projected to continue to rise to $5.86 per gallon (3% annual growth) which is higher growth than predicted last quarter at $5.36 per gallon. The same is true for B5 prices in FY 2013 as the current forecast price is $3.86 per gallon (6% annual growth) versus $3.38 per gallon last forecast. The B99 biodiesel price forecasts used for non-WSF purchases have different trends from the ferries B99 biodiesel price forecasts. For FY 2012, June's OPIS B99 base biodiesel price forecast is $4.93 per gallon versus $4.96 per gallon in the last forecast. The OPIS B99 base biodiesel price has not changed significantly in the last few months. For FY 2013, the OPIS B99 price forecast falls year–over-year by 5.7% to $4.65 per gallon. In the following year, the average annual OPIS base B99 price is expected to be nearly the same as the previous year at $4.63 per gallon. Then beginning in FY 2015, the B99 biodiesel price forecast begins to rise and remains at or above $4.75 per gallon throughout the remainder of the forecast horizon.

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

In June 2012, the West Texas Intermediate (WTI) crude oil price forecasts for FY 2012 differed minimally by approximately -0.11% on average; $95.1 - $103.4 per barrel. The five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics and Moody's Economy.com, had forecasts with crude oil price forecasts which averaged $97.44 per barrel for FY 2012. WSDOT baseline fuel price forecasts uses the Energy Information Administration (EIA) forecasts in the near-term thru calendar year 2013 and then uses the growth rates from Global Insight forecasts for subsequent years for the baseline fuel price projections. The projected price forecasts for crude oil in FY 2013, ranged from $83.1 per barrel from Global Insight to $104 per barrel by WSDOT and the average being $94.4 per barrel. The average forecast for WTI crude oil in FY 2014, ranged from $87 per barrel by NYMEX to $108.9 per barrel by Consensus Economics with the average being $100.2 per barrel. Figure 17 reveals that NYMEX oil prices were the lowest future price estimates or most conservative in FY 2014 and FY 2015. Projections by Consensus Economics were the highest for FY 2014 and 2015 which could be explained by the fact that their survey occurred in mid-April 2012 and the other forecasts are based on June 2012 estimates.

Figure 16 Near-term Annual Crude Oil Price Forecasts – 5 Different Forecast Comparisons June 2012 forecast

Dollars per barrel

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	5 Entity Avg	% Diff Lowest	% Diff Highest	% Diff Average
2012	$97.55	$95.17	$95.07	$95.99	$103.40	$97.44	-2.54%	6.00%	-0.11%
2013	$104.25	$85.76	$83.10	$96.01	$102.90	$94.40	-20.29%	0.00%	-9.44%
2014	$101.78	$86.91	$95.45	$108.19	$108.86	$100.24	-14.60%	6.96%	-1.51%
2015	$101.14	$86.13	$110.17	$106.71	$109.71	$102.77	-14.85%	8.47%	1.61%

WSDOT applies the five forecast entity average adjustment to the baseline June 2012 retail gasoline, diesel and wholesale diesel prices. These fuel prices listed in Figure 18 will be used to estimate the future costs to the agency's budget for gas and diesel fuel for fiscal years 2013-2015. The latest forecast is up substantially from the February adjusted forecast. The June 2012 forecast for FY 2013 adjusted gas prices is $4.10 per gallon which is an increase from the prior forecast of nearly 11% and adjusted retail

Figure 17 Near-term Average Adjusted Quarterly Fuel Prices Used for Budgeting Purposes June 2012 forecast and Percent Change from Prior Forecast

Fiscal Year Quarter	Adjusted WA Retail Gasoline Price ($/gal)	Adjusted WA Retail Diesel Price ($/gal)	Adjusted Ferry Diesel Price ($/gal)	% Chg Prior Forecast Retail Gas Price	% Chg Prior Forecast Retail Diesel Price	% Chg Prior Forecast Ferry Diesel Price
2011: Q3	3.83	4.11	3.53	0.00%	0.00%	0.00%
2011: Q4	3.66	4.13	3.56	0.79%	2.92%	-0.92%
2012: Q1	3.72	4.22	3.80	5.30%	6.36%	6.81%
2012: Q2	4.19	4.45	3.92	14.62%	11.71%	9.91%
FY 2012	**3.85**	**4.23**	**3.70**	**4.92%**	**4.44%**	**4.19%**
2012: Q3	4.17	4.41	3.89	10.72%	8.06%	6.36%
2012: Q4	4.03	4.32	3.81	10.98%	7.82%	6.12%
2013: Q1	4.03	4.29	3.78	11.07%	7.14%	5.45%
2013: Q2	4.16	4.34	3.83	9.88%	5.34%	3.68%
FY 2013	**4.10**	**4.34**	**3.83**	**10.65%**	**7.08%**	**5.39%**
2013: Q3	4.23	4.39	3.49	10.27%	6.05%	4.38%
2013: Q4	4.06	4.27	3.39	8.31%	3.58%	1.95%
2014: Q1	4.17	4.39	3.48	12.49%	6.81%	5.12%
2014: Q2	4.56	4.50	3.57	10.04%	10.32%	8.58%
FY 2014	**4.25**	**4.39**	**3.48**	**10.27%**	**6.68%**	**4.99%**
2014: Q3	4.23	4.58	3.63	19.13%	28.88%	2.21%
2014: Q4	3.99	4.54	3.60	18.07%	34.16%	6.39%
2015: Q1	4.09	4.51	3.58	21.84%	34.51%	6.67%
2015: Q2	4.48	4.49	3.56	18.94%	19.30%	-5.39%
FY 2015	**4.20**	**4.53**	**3.59**	**14.36%**	**11.90%**	**1.13%**

diesel prices are projected at $4.34 per gallon or 7% higher than the last forecast and ferries diesel prices are anticipated to average $3.83 per gallon or 5% higher than anticipated in February. In FY 2014, retail gas prices are estimated to be $4.25 per gallon or more than 10% higher than in February; retail diesel prices are projected at $4.39 per gallon or nearly 7% higher than the last forecast and ferries diesel prices are estimated to be $3.48 per gallon or 5% higher than the prior forecast projection. The fuel price forecasts for FY 2015 are similar to FY 2014 except for retail gas prices are slightly lower year over year to an average of $4.20 per gallon; retail diesel prices are rise annually to $4.53 per gallon and ferry diesel prices also rise year over year to $3.59 per gallon.

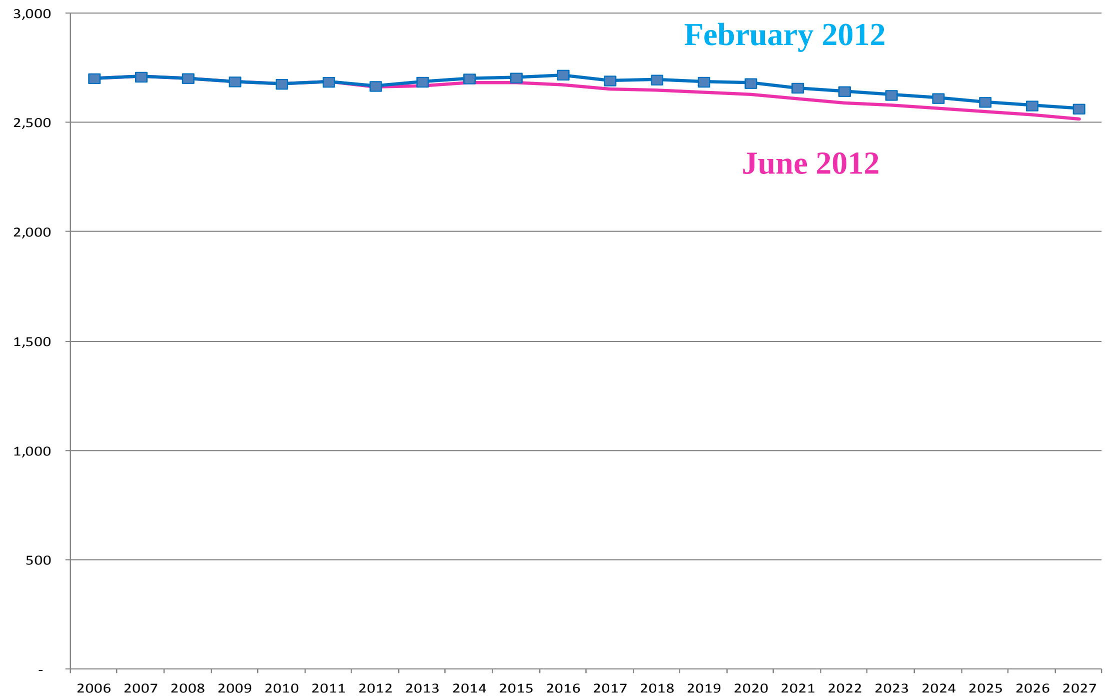
Motor Vehicle Fuel Tax Forecast

The gross motor vehicle fuel tax was $2.489 billion for the 2009-11 biennium which is a slight increase of 0.1% from the 2007-09 biennium. Since the February 2012 forecast, gas tax collections came below forecast combined for four months by $2.1 million. February collections were $8.7 million below forecast mainly due fuel consumption allocation errors corrected in the subsequent month so the March gas tax collection total was $6.6 million above the forecast. In April and May, gas tax collections were very close to actuals; April gas tax collections came in $400,000 above forecast and in May gas tax collections came in $400,000 below forecast so the net impact for those two months was no change from the February forecast. For February and March, diesel tax collections came in above forecast by $3.9 million and then below forecast by $5.6 million respectively which corresponded to February's diesel tax consumption reported having misallocated gas consumption and this was corrected in March, lowering diesel tax collections. Then in April diesel tax collections were again below forecast by $1.6 million and down even further below forecast in May by $5.3 million. For the four months combined, diesel tax collections were below forecast by $8.6 million or 5.5%. All motor fuel tax collections came in below forecast by $10.7 million or 1.7% for the past four months combined.

Total motor fuel tax revenue projections are $2.496 billion which is 0.28% higher than in the 2009-11 biennium. Gross motor fuel tax revenues for the 2011–13 biennium are projected to be approximately $23.71 million (0.9%) below the prior forecast. The overall decrease in motor fuel tax revenue for the 10-year period ending in 2019-21 biennium is 1.1% or $244.5 million compared to the February 2012 revenue forecast. The primary reason for the decrease in fuel tax revenues from the last forecast is weaker fuel tax collections and higher fuel price projections in the near and long-term.

Trends in gasoline consumption and tax revenue
Gasoline consumption was 2,678 million gallons for FY 2010 which was a decrease of 0.4% over the FY 2009 consumption level. For FY 2011, gasoline consumption was 2,687 million gallons which is an annual increase of 0.3%. In FY 2012, gasoline consumption is projected to be 2,663 million gallons which

Figure 18 Gasoline Motor Fuel Consumption Comparison
June vs. February 2012 forecast
millions of gallons

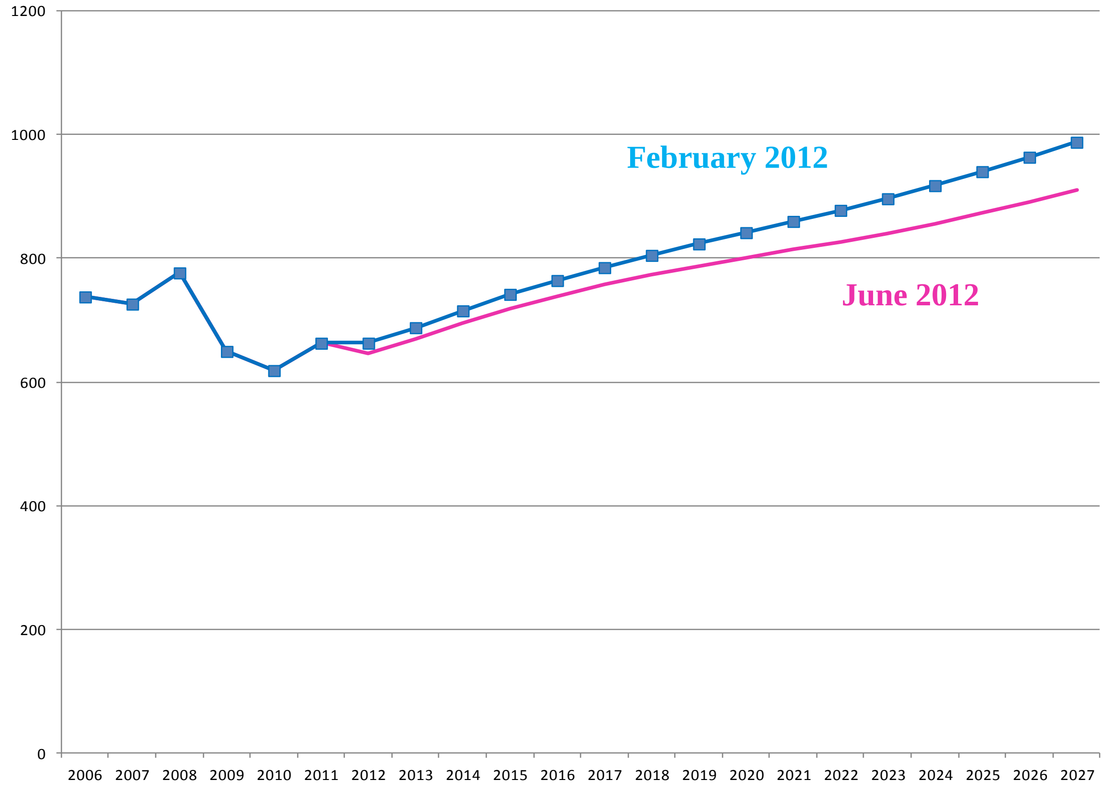


corresponds to a year over year decline of 0.9%, which is a more negative growth rate than the February forecast by 0.2%. Figure 19 shows the forecast to forecast comparison of projected gasoline gallons consumed. In FY 2013, gasoline consumption is projected to be 2,668 million gallons, 0.7% lower than the last forecast. Throughout the remainder of the forecast horizon, gas consumption is anticipated to be lower than in February due to lower actual consumption in recent months and key economic variables like gas prices being higher thus dampening growth to gas consumption in the near-term and long-term. The year over year percentage change in gasoline consumption in the June 2012 forecast has the same flat trend with the slight decline beginning FY 2015 and continuing throughout the rest of the forecast horizon. The long-term average annual growth rate (FY 2012-2027) for gas consumption is -0.4% in this June 2012 forecast as opposed to -0.3% average annual growth estimated in the February forecast. The overall trend in this forecast is a slightly down over the previous forecast.

In the current biennium, gas tax revenue is projected to be $2,001 million which is a revision downward of $9.87 million or (0.5%) from the last forecast. By the 2013-15 biennium, the gas tax revenue rises slightly to $2,011 million and was down $17.85 million (0.9%) from the prior forecast. This biennia decrease from the prior forecast continues to grow to as much as 2% or $39.1 million by the 2019-21 biennium. After that, the decrease over the last forecast declines slightly to 1.8% by the last biennia. Overall, the gas tax revenue forecast is down approximately $135.6 million over the February forecast for the 10 year forecast horizon and $243.5 million over the 16 year forecast period beginning in FY 2012 and ending in FY 2027. Diesel fuel tax revenue is down by more than gas tax revenue and therefore, the June 2012 10-year forecast for all motor fuel taxes is down $244.5 million (1.1%) from the February forecast and $497.8 million (1.35%) over the 16-year forecast horizon.

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 also a 4.8% decrease over

Figure 19 Diesel Fuel Consumption Forecast Comparison
June vs. February 2012
millions of gallons



the prior year diesel consumption level. In FY 2011, diesel consumption was 663 million gallons which is a year over year increase of 7.2%. In FY 2012, diesel consumption is projected to be 647 million gallons which is a year over year decline of 2.5% from FY 2011 and this is a downward revision of 2.5% from the February forecast of 663 million gallons. In FY 2013 and 2014, the annual growth rates of diesel consumption are projected at 3.5% and 4% each year respectively which is down 2.7% each year from February projections. This downward revision in the diesel consumption forecast is due to lower diesel tax collections than projected in recent months and slightly lower employment in the trade, transportation and utilities industries. Diesel consumption is not expected to exceed its high 2008 consumption level of 777 million gallons until FY 2019. Over the forecast horizon, diesel consumption is expected to grow annually on average by approximately 2.0% which is 0.5% lower than anticipated last quarter.

Diesel tax collections are projected at $494 million and down $13.8 million (2.7%) over the February forecast for the 2011-13 biennium. This was the result of tax collections coming in lower than projected for recent months: February through May. Diesel tax revenue is projected to be $532 million in the 2013-15 biennium which is down by $16.0 million over the prior forecast. In the 2015-17 biennium, diesel tax revenue is expected to be $562 million which is down from the last forecast by $20.4 million. In the 2017-19 biennium, diesel tax revenue is expected to be $586.4 million which is lower than the last forecast by $25.7 million or 4.2%. This revenue loss from the last forecast continues to grow over the remainder of the forecast horizon so by the last biennium, diesel tax revenue is down $56.3 million or 7.7%. The major reasons for the diesel consumption and revenue changes in June are due mainly to continued lower actuals and economic variable projections for Washington personal income and Washington trade, transportation and utilities sector employment off-setting each other but they do so off of a much lower starting point after the current fiscal year. In the long-term, the personal income and trade transportation and utilities employment growth rate projections have not changed from the February forecast causing diesel tax revenue projections to continue to fall relative to the last forecast throughout the forecast horizon.

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 biennium forecast of non-highway gas tax refunds are projected to be higher for gas taxes but lower for diesel taxes. Gas tax non-highway refunds are up by $1.19 million at the same time as diesel tax non-highway refunds are down by $1.7 million in the current biennium. Last forecast included a significant increase in diesel non-highway refunds due to one time increases from new fuel exporter activity. This June forecast has added new actual non-highway refunds which lowered last quarter's projections for the current fiscal year.

For several quarterly forecasts, WSDOT has raised the projections on diesel non-highway refunds. In November for the 2011-13 biennium, the special fuel tax non-highway refunds were forecasted at $41.4 million which was an upward revision of $9.6 million or 30% from the prior forecast. Again in February, the special fuel tax non-highway refunds were increased by 25% or $10.3 million due to large exporter activity. This June forecast is an adjustment downward from past upward revisions to this forecast. Non-highway special fuel refunds are anticipated to be nearly $50 million in 2011-13 biennium, 3% below last quarter's projections.

Beyond the current biennium, gasoline and diesel non-highway refunds grow at the same rate gross gasoline and diesel. Therefore, beginning in the 2013-15 biennium, gas tax non highway refunds are projected to be down 0.8% or $85,300 and diesel tax non-highway refunds are projected to be down $1.03 million or 2.9% based on the lower special fuel tax revenue. In the 2015-17 biennium, non-highway gas tax refunds are down $157,100 or 1.5% while special fuel non-highway refunds are projected to be lower by $1.32 million (3.5%) from the last forecast. This reduction percentage of the special fuel tax non-highway refunds from the last forecast grows over the forecast horizon.

The 2009-11 biennium gas tribal refunds were $41 million based on month of distribution. In the 2011-13 biennium, gasoline tribal tax refunds are projected at $53.1 million which is a slight (5%) modification downward ($3 million) from the February forecast. In February, the tribal gas tax forecast was modified upward due to larger tribal refund activity than projected and this current downward revision may be partially compensating for last quarter's revisions. Subsequent biennia projections remain the same as the prior forecasts as the current biennia is not out of line with projections and WSDOT will be adjusting the long-term outlook for tribal refunds again in September after there is a complete year for FY 2012 for tribal refunds.

The special fuel tax tribal refunds were $3.9 million in the 2009-11 biennium. For the 2011-13 biennia, special fuel tribal tax refunds are projected to be $6.36 million which is slightly lower than $6.4 million projected for the biennium in February. This is due to having lower actual refunds than projected in the last four months.

Primary reasons for the forecast changes

- Overall, total fuel tax collections have come in below forecast for the past four months. Gas tax collections have come in below forecast by $2.1 million and diesel tax collections have come in under forecast for the past four months by $8.6 million so overall, fuel tax collections came in below the February projections by $ 10.7 million or 1.7%.
- In the near-term, the June retail gasoline prices are up substantially from the last forecast which brings up the forecast in the near-term and in the long-term, the current fuel prices are also higher and this results in slower fuel consumption. Fuel efficiency did not change from the last projection.
- Washington's real personal income growth rates in this June forecast are up mainly due to Congress extending the payroll tax cut in the near-term but by FY 2014 and 2015 the personal income growth rates are lower. In the long-term, OFM's projection of real personal income has not changed.
- Washington's non-farm and trade, transportation and utilities employment projections have been slightly lower in the near-term and after FY 2015, the long term growth rates for non-farm and trade, transportation and utilities employment projections have not changed from the last forecast.

- Overall, in the current biennium, gross fuel tax revenues are down $23.7 million (0.9%) but net fuel tax revenues are down $20 million as overall motor fuel tax refunds are less than projected. In the 2013-15 biennium, gross fuel tax revenue is down $33.85 million (1.31%) and net fuel taxes are down by $32.6 million and gross revenue is down throughout the remainder of the forecast horizon.
- Future non-highway gas tax refunds are up $1.2 million but special fuel tax non-highway refunds are down $1.7 million. Tribal gas and diesel tax refunds are both down this current biennium by $3.1 million. All fuel tax refunds and transfers are down $3.8 million from the last forecast in the current biennium.

Figure 20 Short-term Motor Fuel Tax Forecast – By Month of Collection
June 2012 forecast
millions of dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Gasoline Taxes	**$1,000.5**	**$1,001.0**	**$2,001.5**	**$1,005.7**	**$1,005.3**	**$2,011.0**
Special Fuel Taxes	**242.6**	**251.8**	**494.4**	**261.7**	**270.3**	**532.0**
Total Fuel Revenue	**$1,243.1**	**$1,252.8**	**$2,495.9**	**$1,267.4**	**$1,275.6**	**$2,543.0**
% Change from Prior Fcst	-0.7%	-1.1%	**-0.9%**	-1.2%	-1.4%	**-1.3%**

Motor Vehicle Revenue (Licenses, Permits, and Fees)

Vehicle related forecasts fall into two main categories: motor vehicle registrations and license plate related fees. This forecast has a variety of other small fees but the majority of the revenue is from registration based fees. There are four main economic drivers for the vehicle licenses, permits and fees (LPFs) forecast: Washington population and net migration, Washington personal income, Washington - U.S. real income share and U.S. sales of light vehicles. Washington State collected almost $873 million from vehicle licenses, permits, and fees (LPFs) in the 2009-11 biennium. This appears to be the low point for this revenue source and revenues will be picking up, biennium over biennium. In addition, the June 2012 forecast has the inclusion of new LPF revenue: the Electric Vehicle Renewal Fee, the Original Plate Fee, and an increase of the Late Title Penalty fee from legislation passed during the 2012 regular session. The forecast for revenue from licenses, permits, and fees in the 2011-2013 biennium is projected at $927.4 million, which is $25.7 million more than the previous biennium. The majority of this increase is due to the new fees previously mentioned. Without these fees, the June LPF forecast would have been down slightly from the previous forecast.

For June compared to February, the June LPF forecast is up $25.7 million (2.85%) from the February estimate of $901.7 million.

Trends in vehicle registrations
This forecast, as well as the previous six forecasts, assumes a U-shaped recovery from the 2009-2010 recession for cars. By 2011, passenger car registrations returned to and exceeded the previous high water mark established in 2008. Registrations for 2012 are coming in at about the same level as 2011. The recession was deeper and sharper for trucks. Like cars, truck registrations did recover in 2011 from the low point in 2010. Unlike cars, it will take trucks two to three more years to return to the 2008 high. Truck registrations for 2012 should be about 0.7 percent lower than 2011. In the current biennium and beyond, the June 2012 forecast assumes year to year growth rates for 2012 of just 0.33% for passenger cars and for trucks at -0.7%. The June 2012 forecast for passenger car registrations is down 0.33% for FY 2013 and is up 0.41% from the last forecast for FY 2014. Trucks registrations are down 1.21% in 2012, 1.02% in 2013, and 1.21% in 2014 from the last forecast. By 2015 and beyond, the truck forecast is about 1.4% lower than in the previous forecast. In FYs 2016 and beyond vehicle forecasts reflect the shift from using personal income growth to population growth rates. In FY2016 and beyond, the forecast growth rates mirror Washington population growth from the prior forecast.

Figure 21 Passenger Car Comparison
June vs. February 2012 forecasts
millions of vehicles

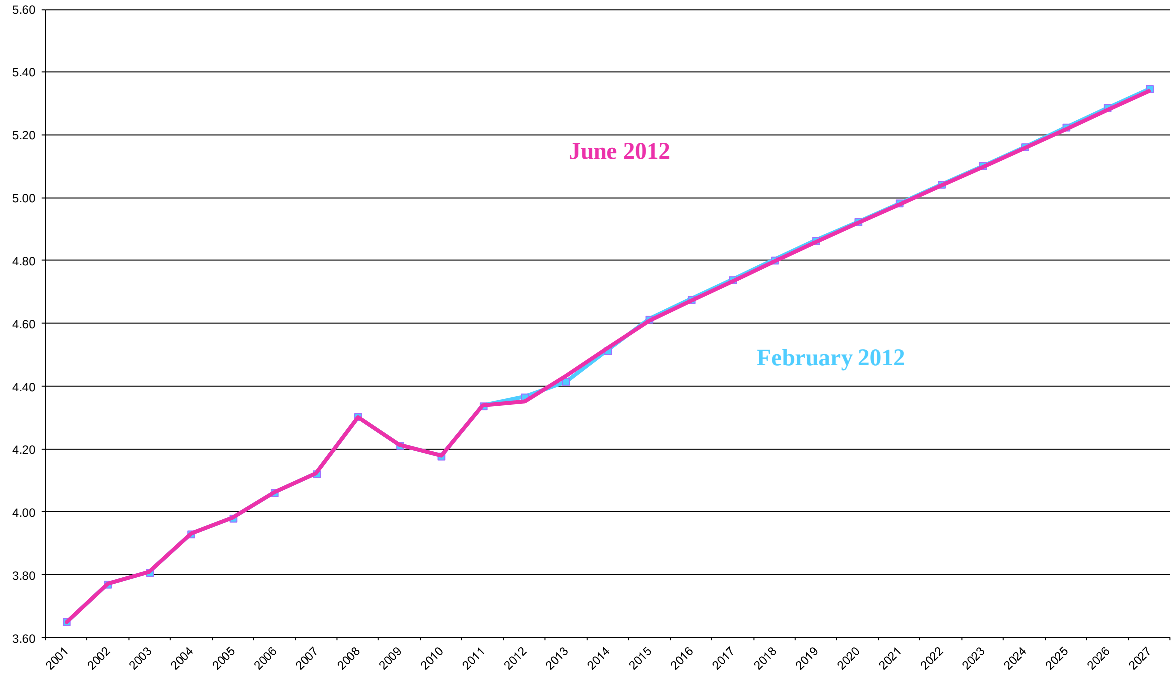
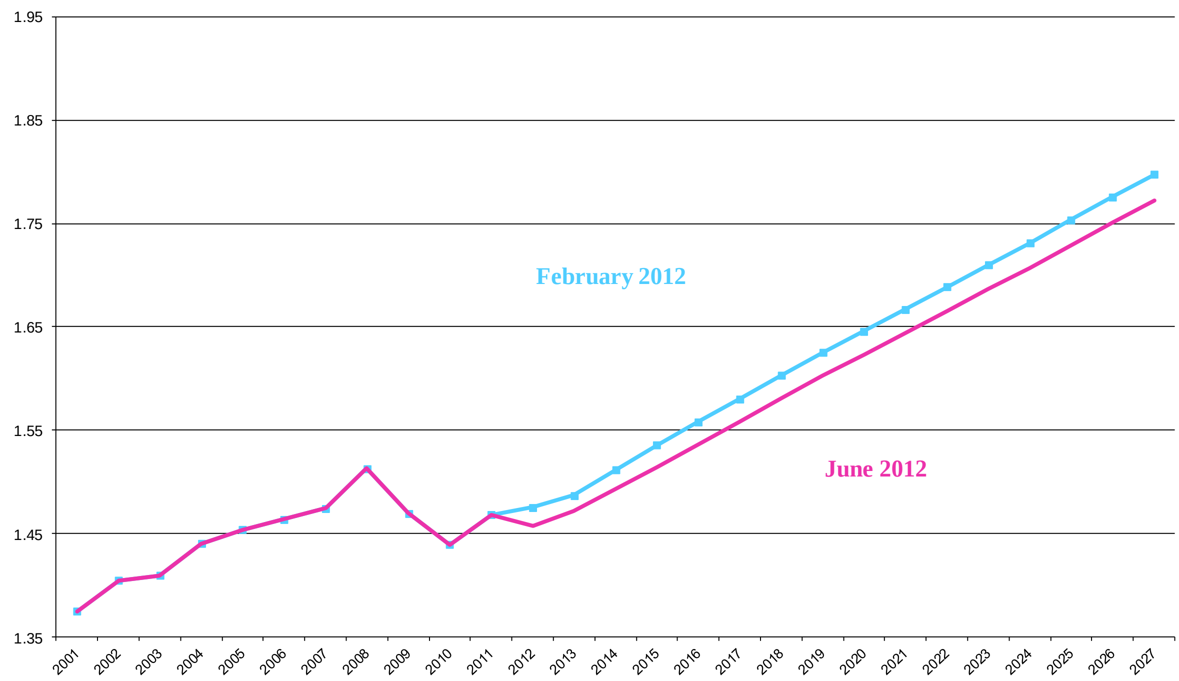


Figure 22 Truck Comparison
June vs. February 2012 forecasts
millions of vehicles



Trends in LPF revenue
As previously stated, Washington State collected almost $873 million from vehicle licenses, permits, and fees (LPFs) in the 2009-11 biennium while the 2011-13 biennium should be about $927.4 million. The 2009-2011 biennium appears to be the low point for this revenue source and revenues will pick up, biennium over biennium.

For the 2009-2011 biennium, vehicles paying the $30 basic fees brought in $284 million while trucks garnered $330 million. For 2011-2013, passenger cars ($30 vehicles) should bring in $294 million, which is $668 thousand (0.23%) less than we forecasted in February. Trucks should earn $338 million or about $554 million (0.16%) more than forecasted in February. These changes in forecasted revenues to date are due to actual revenue being lower than previously forecasted in some categories of passenger vehicles. The story for trucks is different. While the truck fleet registrations were lower, revenue came in slightly higher than expected, representing a return of heavier commercial vehicles to Washington State fleets and on Washington highways.

Passenger weight fees were $106 million for 2009-2011. In the next biennium, weight fees will be up, at $109 million, more than forecasted in February by $140 thousand (0.13%). Actual motor home weight fees came in at $10 million in 2009-2011. These fees will be down by $100,000 in the next biennium. The June forecast for motor home weight fees is up from the February forecast by $140,000 (0.13%).

The license plate replacement fees are revised slightly lower than the previous forecast by $96.4 thousand (-0.31%) in the 2011-2013 Biennium. License plate reflectivity fees are revised higher by $139.3 thousand (1.3%) for this period. The plate reflectivity and replacement fees are slightly higher than the previous forecast by $107.2 thousand (0.3%) in the 2013-2015 Biennium. This slight increase is due to non-economic reasons in that the fee for motorcycle replacement plates increased per EHB 2660 from $2 per plate to $4 per plate effective October 1, 2012. The forecast-to-forecast changes reflect this non-economic change through much of the forecast horizon.

There are two new forecasts included in the LPF revenues per EHB 2660: original issue plate fees effective October 1, 2012 and the $100 fee for electric vehicle registration renewals effective February 1, 2013. The original issue plate fees are forecasted at $9.1 million in the 2011-2013 Biennium and $26.2 million in the 2013-2015 Biennium. The electric vehicle renewal fee is forecasted at $28.5 thousand in the 2011-2013 Biennium and $116.2 thousand in the 2013-2015 Biennium.

Title fees are significantly higher in the 2011-13 Biennium by $15.4 million (74.3%) due to the fee increase from $5 to $15 included in EHB 2660 effective October 1, 2012. The fee distribution for $5 of the increased title fee is the same as prior to the fee increase: original title transaction fees distributed to the Multimodal Account and other title transaction fees distributed to the Nickel Account. However, the $10 fee increase is distributed in its entirety to the Nickel Account. The resulting change in the forecast and revenue distribution to the Multimodal Account is an economic one with an increase of $145.5 thousand (2.5%). The resulting change in the forecast and revenue distribution to the Nickel Account is predominantly a non-economic change related to the fee increase for an increase of $15.25 million (104.6%).

The dealer temporary permits are lower than the prior forecast in the 2011-13 Biennium by $337 thousand (-3.78%) due to lower than anticipated transactions in recent months. This forecast is down by $160 thousand (-1.64%) in the 2013-2015 Biennium over the previous forecast.

The forecast of the new revenue (FY 2012) from vehicle quick titles ($50.00 each) is higher than the prior forecast in the 2011-13 Biennium by $47.8 thousand (10.55%) due to higher than anticipated transactions.

Primary reasons for the forecast changes

- Actual passenger vehicle registrations and truck registrations are lower in FY 2012 due to lower personal income.

- The Economic and Revenue Forecast Council projections of Washington personal income growth rates were down in the first two years of the forecast, but increase in the second two years. OFM's forecast of population which impacts the passenger car and truck registration forecasts beyond 2016 is unchanged.
- There were new revenue streams included this forecast. The Late Title Penalty Fee, Title Fee increased and two new fees, the Electric Vehicle Renewal Fee and Original Plate Fee were added.
- Overall, LPF revenues are up $25.7compared to the last forecast for the current biennium due to new legislation. The basic license fee and combined license fees were essentially unchanged from the last forecast.

Figure 23 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees)
June 2012 forecast
millions of dollars (totals do not add due to rounding)

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Basic $30 License Fee	**$145.4**	**$148.1**	**$293.5**	**$151.0**	**$153.9**	**$304.9**
Combined License Fee	**170.5**	**167.9**	**338.4**	**170.4**	**172.8**	**343.2**
All Other Fees	**133.2**	**162.3**	**295.5**	**173.9**	**176.2**	**350.1**
Total LPF Revenue	**$449.1**	**$478.3**	**$927.4**	**$495.3**	**$502.9**	**$998.2**
% Change from Prior Fcst	-0.09%	5.8%	2.85%	7.72%	7.55%	7.63%

Driver Related Revenue Forecasts

The June 2012 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, limousine licenses, fines and forfeitures, and driver school instructor license fees. These driver-related fees are deposited into the Highway Safety Fund (HSF), Motorcycle Safety Education Account (MSEA), the State Patrol Highway Account (SPHA), and Ignition Interlock Revolving Account (IIRA).

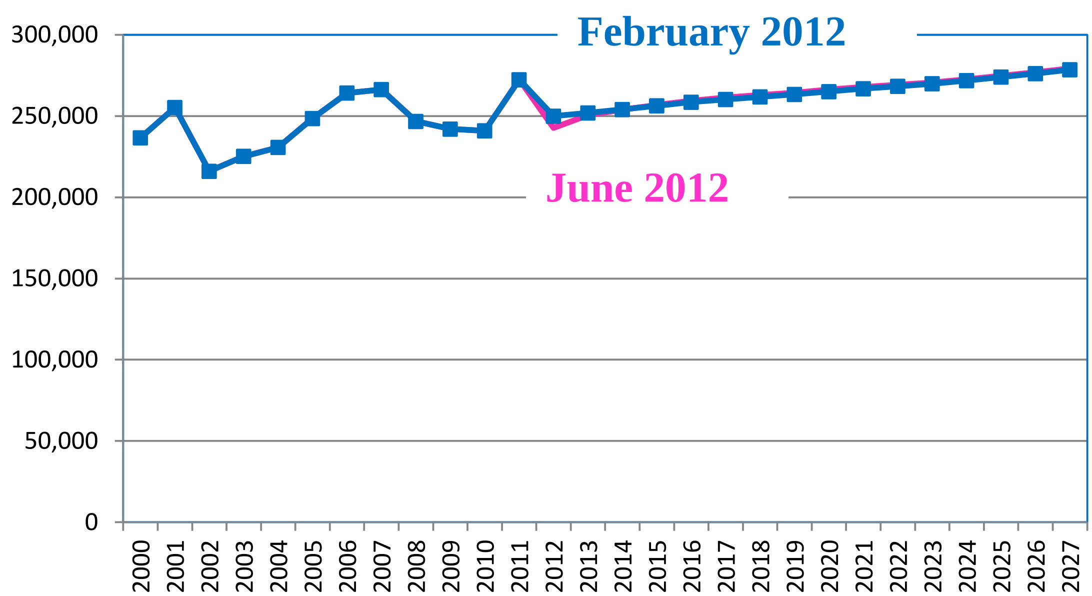
The June 2012 forecasts reflect multiple fee increases effective October 2012. All driver-related revenue is projected to be $236.6 million for the 2011-2013 Biennium, about $33 million (+16%) higher from the prior forecast. In the 2013-2015 Biennium, the June forecast of driver related revenue is $315.9 million, an increase of about $109 million (+53%) from the prior forecast.

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

Trends in Driver's Licenses and Abstracts of Driver Records

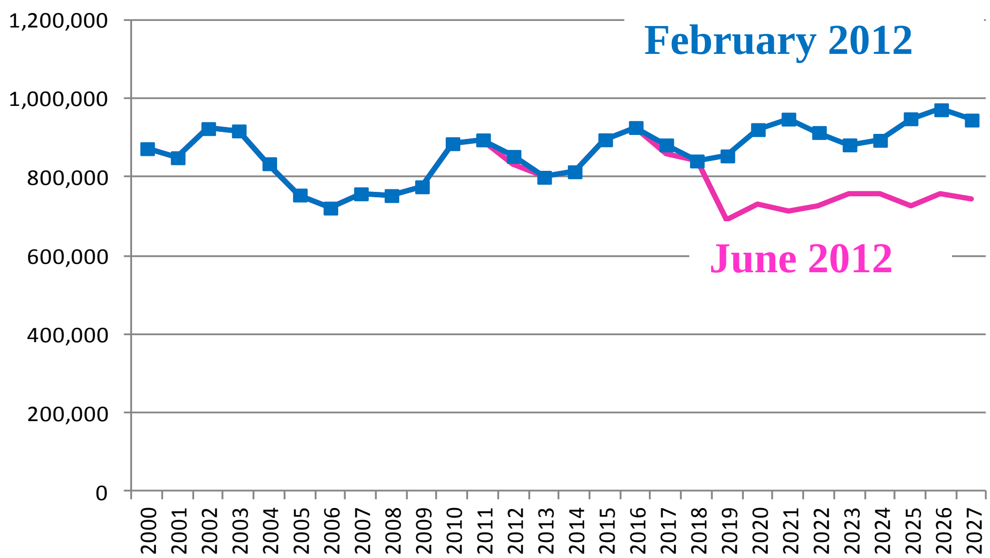
Original driver license issuances for the current biennium are revised down by -1.7% reflecting OFM's downward revision to driver-in migration forecast and lower than anticipated actual activity through May. Future biennia are essentially unchanged, averaging a 0.3% increase.

Figure 24 Driver License Originals June vs. February 2012



The Driver license renewal forecast for the current biennium is revised down by about -1.2% incorporating actual activity through May. Starting FY14, driver licenses will move to a six-year renewal cycle. During implementation years from FY14 through 2018, most driver license will renew for six-years. However, some of the renewals will be selected for "license extensions" of less than six years so that these drivers will renew their licenses in FY 2019 for the full six year term. This implementation scheme is necessary to ensure FY19 does not become a workload or revenue void. The result of this implementation scheme is displayed in Figure 25. By 2019, the renewal volume will average about 20% lower throughout the forecast. Renewals/extensions between FY14 through FY18 include variable lengths; therefore one is advised not to directly multiply the counts by the standard licensing fee to get to revenue estimates.

Figure 25 Driver License Renewals June vs. February 2012



Sales of Abstracts of Driver Record (ADR): This forecast is revised down -1.9% for FY12 due to lower than expected sales volume since the prior forecast. Volumes in future years are expected to be about 3.5% lower incorporating a 2% drop due to ADR fee increase ($10 to $13) starting October 2012. However, with the increase fee, there will be twenty-five percent more revenue throughout the forecast horizon. See Figure 26 for transaction forecast to forecast change and Figure 27 for revenue change.

Figure 26 Sales of ADR June vs. February 2012

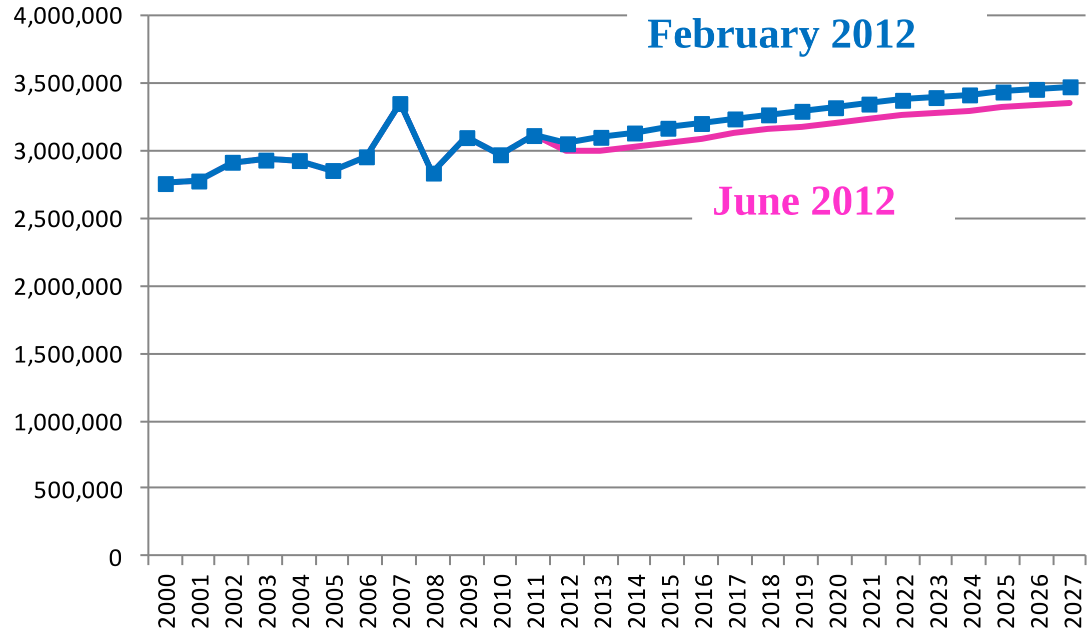
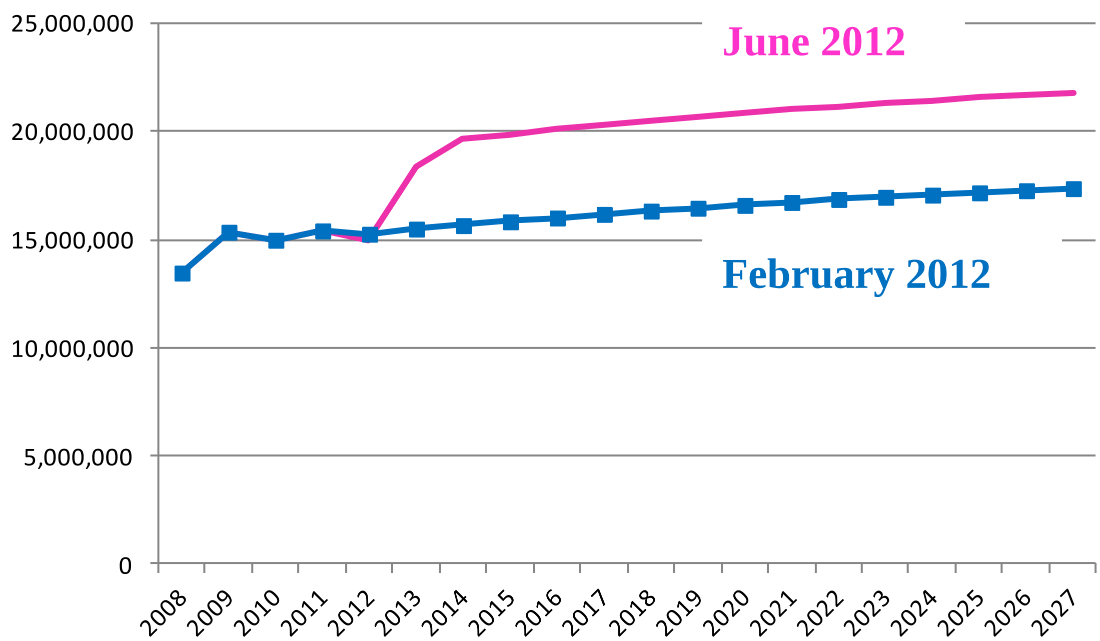


Figure 27 ADR Revenue for SPHA, June 2012 v. February 2012



Trends in Driver Related Revenue

Highway Safety Fund

Total Highway Safety Fund revenue for the current biennium is projected to be $196 million, about $30 million higher (+18%) than the prior forecast. This increase is due entirely to fee increases effective October 2012 (partial year fee increase). Revenue for the FY2013-15 biennium is projected to be $267.4 million, up $99.6 million (+59%) from prior forecast.

Roughly 77% of the Highway Safety Fund (HSF) revenue comes from driver license fees. The 2011-2013 Biennium revenue is projected to be $155 million, up about $27 million (+21%) due to fee increases. Driver fee related revenue for FY2013-15 biennium is projected to be $219.8 million, up about $91 million (+70%) from February forecast.

The June projection for the abstract of driver records fee revenue is about -1% lower for FY12 due to lower than expected collections in recent months. However, with the ADR fee increase effective October 2012, the current biennium will end up with $2.8 million (8.5%) more revenue to almost $36 million. Future biennia will see about a 25% increase in revenue. This revenue projection incorporates an expected 2% drop of ADR sales volume due to the fee increase.

A few other Highway Safety Fund revenue streams (selected motor vehicle filing fees, limousine license fees, driving school, fines and forfeitures, and misc. revenue) make up a over $2 million a year. The June forecast projects a revision upward by about $303.7 thousand (+6.5%) for FY2011-13, and up about 8% in the FY2013-15 biennium. This revision is primarily the result of higher than expected revenue in fines and forfeitures.

State Patrol Highway Account

FY2012 is revised downward by -1.9% due to lower than expected collections since February forecast. However, with the ADR fee increasing from $10 to $13 starting October 2012, the State Patrol Highway Account will receive $6.5 (up from $5.00) for each sale of an Abstract of Driver Record (ADR). The fee increase will bring about $2.5 million (+8.2%) additional revenue to $33.2 million for the current biennium and about $8 million plus (+25%) additional revenue for future biennia. This forecast assumes a 2% drop in ADR volumes due to the fee increase.

Motorcycle Safety Education Account Trends

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

- motorcycle license endorsements
- motorcycle instruction permits
- motorcycle examination fees.

The Motorcycle Safety Education Account's revenue for FY 2012 is increased $49,000 based upon transactions since December. FY 2013 drops slightly ($3,000) due to the lower in migration forecast. The revenue increase in the out years is the result of the cycle effect (the fees remain the same on a per year basis).

Ignition Interlock Device Revolving Account

The Ignition Interlock Device Revolving Account revenue is projected to be about $2.5 million for the current biennium, up about $188 thousand (8%) from prior forecast. Future biennia are projected to be up by about $1 million each (or about +45%), due to legislation 2SHB2443 which is expected to result in more individuals subject to the Ignition Interlock Device fee payments. This is a relatively new revenue stream with insufficient observations to develop econometric models. The forecast is based on observed average to date with population growth in the out years.

Primary reasons for the forecast changes
Almost all of the revenue changes in this section are attributable to legislation impacts. A summary of driver-related fee changes is attached (later).

Figure 28 Short-term Driver Related Revenue Forecasts June 2012
(millions of dollars)

Driver Related Revenue	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Total Highway Safety Fund	**$82.8**	**$113.4**	**$196.2**	**$133.8**	**$133.7**	**$267.5**
Drivers License Fees	64.0	91.2	155.2	110.1	109.8	219.9
Copies of Record Fees	16.3	19.7	36.0	21.0	21.3	42.3
Other smaller misc. Fees	2.5	2.6	5.0	2.7	2.7	5.3
Total Motorcycle Safety Education Account	**2.3**	**2.3**	**4.6**	**2.8**	**2.6**	**5.4**
Total State Patrol Account	**15.0**	**18.3**	**33.3**	**19.7**	**19.9**	**39.5**
Total Ignition Interlock Device Revolving Account	**1.1**	**1.4**	**2.6**	**1.8**	**1.8**	**3.5**
Total Driver Related Revenue	**$101.1**	**$135.4**	**$236.6**	**$158.0**	**$157.9**	**$315.9**
Percent change from prior forecast	-0.6%	33.4%	16.4%	54.0%	51.9%	52.9%

Other Transportation Related Revenue Forecast

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

Vehicle Sales and Use Tax
The consumer spending on new US light vehicles was $157 billion in FY 2009 and this represented a decline of 28% from the FY 2008 sales level. In FY 2010, consumer spending on new US light vehicles grew to $175 billion which represented an 11.5% annual growth. In FY 2011, consumer spending on light vehicles is up 10.5% from FY 2010. In FY 2012, the growth in the US spending on light vehicle sales is projected to be $222 billion; an increase of 5.1% year over year and this is an increase of 6.7% from the prior forecast. In FY 2013, the growth in the US spending on light vehicle sales is projected to be $231 billion; an increase of 3.9% year over year and this is a increase of 7.9% from the prior forecast.

The actual vehicle sales and use tax collections in the 2007–09 biennium was $62.7 million, and the sales and use tax collections in the 2009-11 biennium declined to $54.4 million. In the 2011-13 biennium, the sales and use tax collections are projected to increase to $61.6 million which is a 1.1% increase of $0.7 million from the past forecast. Actual tax collections have come in $0.24 million higher than forecast and economic variables have strengthened. In the 2013-15 biennium, the sales and use tax collections are projected to rise to $68.9 million which is a 1.1% increase of $0.7 million from the past forecast. Revenues after the 2013-15 biennia increased by approximately 0.5% initially and it moderated to a 0.1% increase from the February forecast by the 2025-27 biennium.

Rental Car Sales Tax
The forecast for rental car sales was $46.97 million for the 2007-09 biennium and it decreased to $44.5 million in the 2009-11 biennium. In the 2011-13 biennium, the rental car tax is projected to be $48.1 million which is a increase of $0.06 million or 0.1% from the February forecast. Actuals since the last forecast have been above projections by $0.02 million. In the 2013-15 biennium, revenues are projected to be $51.4 million which is a 0.2% revision of $0.12 million from the prior forecast. The primary reason for

the change in the forecast is due to stronger economic variables. Changes to economic variables related to this forecast were stronger, although the much of the improvement occurred in the current quarter.

Business and Other Revenue

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

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

Motor Vehicle Account business and other revenue tax collections for the 2009-11 biennium was $12.6 million. Each biennium this revenue category has a unique set of properties available to be sold, making biennium to biennium comparisons difficult. The June 2011-13 biennium forecast is projected to be $11.7 million, a upward revision of 12% or $1.28 million from the prior forecast due to recent sales of property being higher than last projected. The majority of the change in June's DOT business related revenue is due to higher sales of property at nearly $1 million in the current biennium. Other revenue are down in the current and future biennia due to actual coming in below projections. The 2013-15 biennium total business related revenues are projected to be up slightly by1.7% or $186,100 from the February forecast.

State Patrol Highway Account miscellaneous revenue consists of ACCESS fees (fees charged for usage of our statewide law enforcement telecommunications system), Breathalyzer Test fines, DUI Cost Reimbursement, and Terminal Safety Inspection fees. Highway Safety Fund revenue now consists of certification and calibration fees charged to ignition interlock manufacturers, technicians, providers, and persons required to install an ignition interlock device in all vehicles owned or operated by that person (per 2SHB 2443). This revenue source is new to the forecast and is estimated based on data provided in WSP's fiscal note for 2SHB 2443. Revenue collections are expected to begin August 1, 2012.

The June 2011-13 biennium WSP business related revenue forecast is $9.04 million, up 27% or $1.9 million from prior estimates due to the inclusion of the Ignition Interlock Vendors fee. The forecast for Breath Test fines is down about 2.2%, primarily due to a decrease in assessment of the fine by the courts. The 2011-13 biennium State Patrol Highway Account revenues are projected to be up 1.31% or $93,000 from prior estimates. The primary reason for the change is the increase in ACCESS revenue.

Aeronautics Taxes and Fees

The aeronautics tax forecast includes excise, registrations and fuel taxes as well as transfers. The aeronautics tax collections were $5.7 million in the 2007-09 biennium. In the 2009-11 biennium, the aeronautics tax collections were $5.8 million and the revenue is projected to increase in the current biennium to $5.9 million which is a minor downward revision of $46,900 from February. In the 2011-13 biennium, the aircraft registrations, excise and dealers' taxes are a small portion of the total aeronautics revenue at $832,800 which is $84,300 more than the last forecast. This is due to incorporating new actual which were less than forecasted. Ten percent of the excise tax goes to the aeronautics account and the rest goes to the state general fund. The aeronautics transfer from the motor vehicle fund is also part of this forecast and is projected to be $561,700 which is an downward revision of $2,600 or 0.46% from the prior forecast for the current biennium. In the 2013-15 biennium, the aeronautics transfer from the motor vehicle fund is down minimally by 0.85% and growing over the forecast horizon to 1.8% from the last forecast. The aviation fuel tax is the largest component of this aeronautics tax forecast.

Aviation Fuel Tax

The aviation fuel tax forecast is higher ($933,500 or 18.35%) than the February forecast. This forecast was updated with the FAA 2012 General Aviation Fuel Consumption forecast, which is slightly lower than the 2011 forecast. However, the WA-to-US share of fuel has been recalculated and is slightly higher than the previous forecast share. Revenues to date for FY 2011-13 are substantially higher than anticipated and FY 2012 has been adjusted higher. Although, FY 2013 is forecasted to be only slightly higher than the previous forecast with the forecast model treating FY 2012 as an anomaly. The forecast continues to be slightly higher than the previous forecast throughout the forecast horizon.

Primary reasons for the forecast changes

- Vehicle sales and use tax revenue are up in the current biennium by $0.7 million due to higher actual and stronger economic variables.
- Rental car revenue is up by $0.06 million in the current biennium, moderating throughout the forecast.
- WSDOT Business and other miscellaneous revenue is $11.7 million in the current biennium and it has been revised upward by 20% by $957,200 from February due to new sales of property beyond the amount projected last quarter. Future biennia estimates have been only minimally revised upward from the last forecast.
- WSP Business and other miscellaneous revenue June forecast has been revised upward by $1.94 million due to a new ignition interlock vendors fee being implemented. This revenue forecast consists of 5 main fees which are deposited into the WSP account totaling $9.0 million in the 2011-13 biennium. These fees are expected to remain at around $9 million per biennium throughout the forecast horizon.
- Aircraft fuel tax revenue has been revised upward by $0.9 million from the last forecast in the current biennia. Actuals have been coming in above last projections.
- Aircraft registrations and excise taxes are up with the new actuals coming in above the last projections in the current fiscal year. As a result, aircraft registration fees and excise taxes going into the aeronautics account are up from the February forecast and this continues throughout the forecast horizon.
- In the current biennium, total other transportation related revenue is projected to be $137.9 million and up slightly 3.7% or $5 million from the last forecast.
- In the 2013-15 biennium, the revenues are projected to be $147.4 million and this forecast is a slight revision upward of $3 million from the February forecast. In future biennia beyond 2013-15 biennia, business related revenues are up by approximately 1.7% from the prior forecast. The change from the last forecast declines throughout the forecast horizon.

Figure 29 Short-term Other Transportation Related Revenue
June 2012 forecast
millions of dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Rental Car Sales Tax	$23.6	$24.5	**$48.1**	$25.3	$26.1	**$51.4**
Vehicle Sales & Use Tax	29.9	31.7	**61.6**	33.5	35.4	**68.9**
DOT Business/Other Rev	6.7	5.0	**11.7**	5.7	5.7	**11.4**
WSP Business/Other Rev	4.6	4.5	**9.1**	4.5	4.4	**8.9**
Aeronautics Taxes/Fees	4.1	3.3	**7.4**	3.3	3.4	**6.7**
Total Other Transportation Related Revenue	$68.9	$69.0	**$137.9**	$72.3	$75.0	**$147.3**
% Change from Prior Fcst	5.8%	1.9%	**3.8%**	2.3%	1.9%	**2.1%**

Ferry Ridership and Revenue

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

- Passenger full-fares
- Passenger frequent user discounted (commuter) fares

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

The June 2012 forecast differs from previous forecasts in that the vehicle fare categories have been revised. Previous forecasts included six fare categories, with other discounted and oversize vehicles lumped together in one fare category. For June, oversize vehicles and other discounted vehicles have been segregated into separate fare categories. Because these two vehicle classes have exhibited different trends and growth rates over time, separate forecasts are anticipated to improve the overall forecasting accuracy.

The June forecast includes actual ridership counts and revenue collections through May 2012, and incorporates the effects of a 3.0% increase on May 1, 2012. Also included are the previously adopted 2.5% increase on October 1, 2011; new, lower fares for small vehicles under 14 feet in length; fare revisions to oversize vehicle fares to offset the loss of revenue on small vehicles; and the $0.25 capital program surcharge per fare sold as authorized in ESSB 5742 and approved by the Washington State Transportation Commission last August. Finally, the June Baseline Forecast scenario documented herein excludes any subsequent future fare increases beyond May 2012.

Passenger and vehicle/driver “frequent user” or commuter fare ridership, for which fares are pre-sold as a multi-ride discount, have been steadily declining since FY 2000 for a variety of reasons. Commuter passenger fares have increased by over 120% and vehicle/driver commuter fares have increased over 90% since FY 2000.[1] After accounting for inflation, the passenger and vehicle/driver commuter fare increases amount to nearly 75% and 50%, respectively, in real terms. At the same time, employment opportunities on the Kitsap Peninsula have increased while the populations of Vashon, Bainbridge, and south/central Whidbey Islands have aged, shifting a greater share of the islands’ populations to retirement age. Telecommuting in the region has also become more prevalent in the past decade. A change in commuter fare media in 2007 has also affected the types of customers that use the discounted fares. All of these factors have contributed to the declining trend in passenger and vehicle/driver commuter ridership over the past decade. Over time, the forecast models eventually adapt to changing regional trends which are not reflected in the state-wide economic and demographic input projections.

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. Actual passenger ridership for FY 2011 has been revised downward to 12,242,320 (1.0% lower) to reflect a database correction prior to which foot passengers on the Mukilteo-Clinton route were double-counted. For FY 2012, the baseline ferry passenger ridership forecast is projected to be 12,225,000, which is 3.1% lower than February projection. The majority of this change represents the aforementioned foot passenger ridership correction, with the remainder attributable to the severe winter weather in January 2012. This represents an annual decrease of 0.1% over FY 2011 levels. In FY 2013, ferry passenger ridership is expected to be 12,428,000, a 0.3% increase from the prior forecast, and which represents a year-over-year increase of 1.7%.

Compared with the prior forecast for the rest of the horizon, the passenger ridership projections are 0.2% higher in FY 2014, 1.3% lower in FY 2015, increasing to 1.9% lower by FY 2017, before settling down to 1.2% lower by FY 2027.

Higher real personal income drives the modest increase in passenger fare ridership for FY 2013 and FY 2014. However, lower forecasts for employment, inflation (which increases real fares), and higher

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

forecast for real gas prices more than offset the positive effects of higher real personal over the rest of the forecast horizon.

Trends in Vehicle/Driver Fare Ferry Ridership

Vehicle/driver ridership was 9,904,766 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. Actual vehicle/driver ridership for FY 2011 came in at 9,968,973, 1.6% lower than in FY 2010. For FY 2012, the baseline vehicle/driver ridership forecast is anticipated to be 9,976,000, which is 0.2% lower than the prior forecast, and represents a year-over-year increase of 0.1%. In FY 2013, the current Baseline Forecast for vehicle/driver ridership is revised to 9,878,000, or 0.7% lower than the February forecast, which also represents a year-over-year decline of 1.0% from FY 2012.

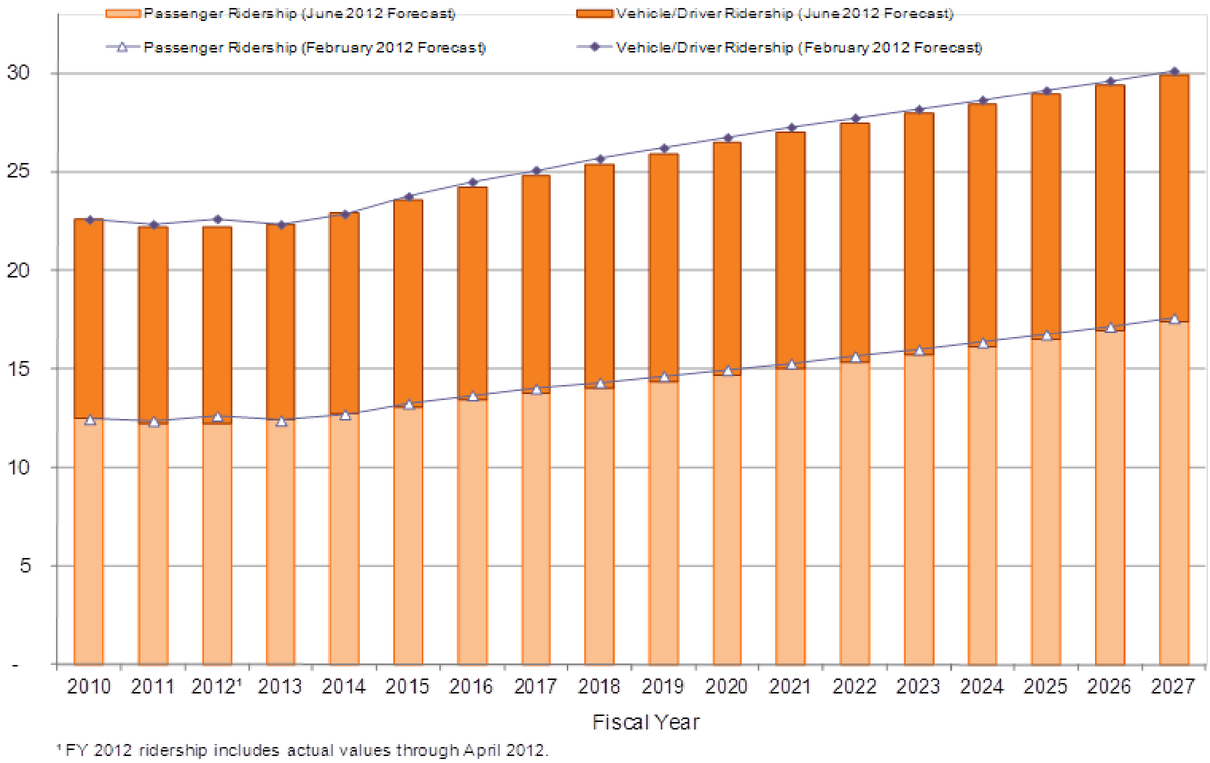
Higher gas prices and the severe winter weather in January 2012 account for the lower vehicle/driver ridership in FY 2012 compared with the February forecast. From FY 2014 through FY 2021, higher real personal income projections are offset by more negative projections for employment, real gas prices and real fares, and the vehicle/driver ridership forecasts range from unchanged to slightly lower. Beyond FY 2021, lower real gas prices cause the vehicle/driver ridership projections to be marginally higher than projected in February.

Overall Trends in Ferry Ridership

Total ferry ridership in FY 2010 and FY 2011 was 22,587,537 and 22,211,000 respectively, which represents a year-over-year decrease of 1.7%. Under the Baseline Forecast, the projections for FY 2012 and FY 2013 are 22,201,000 and 22,306,000, respectively, or 1.9% and 0.1% lower than anticipated in February. For the rest of the forecast horizon, projected overall ridership ranges from 0.1% higher in FY 2014 to 1.3% lower in FY 2018, compared to the February values.

Figure 30 illustrates the trends and changes from the prior forecast for passengers, vehicles/drivers and total ferry ridership over the forecast horizon.

Figure 30 Comparison of Ferry Passenger and Vehicle Ridership: June and February 2012 Baseline Forecasts
Millions of Riders



Trends in Ferry Revenue

The June 2012 ferry revenue projections for the Baseline Forecast include the projected effects of the 3.0% fare increase on May 1, 2012 and the other aforementioned tariff revisions. In the 2007-09 biennium, ferry farebox and miscellaneous revenues totaled $300 million, with fare revenue comprising $292.9 million of that amount. For the 2009-11 biennium, total fare and miscellaneous revenues increased by less than 0.5% over the previous biennium to $300.7 million, with fare revenue representing $294.5 million of the total.

The current forecast for non-agricultural employment has been revised slightly upward through FY 2013, and then downward thereafter, compared to the prior February forecast. The forecast for trade, transportation, and utilities employment has also been revised downward for the entire forecast period. Inflation is also projected to be lower, which as the effect of raising real fares. Real gas prices are projected to be higher through FY 2022, and then slightly lower thereafter. The combination of these variables tends to dampen the June revenue and ridership forecasts relative to February, though higher real personal income has an offsetting impact in the near term.

Fare revenue plus capital surcharge revenue for FY 2012, which includes 11 months of actual collections, is 0.1% higher than projected in February with six months of actual collections.

In the 2011-2013 biennium, farebox collections under the Baseline Forecast are projected to be 0.1% lower or $0.2 million lower than projected in February for a total of $314.2 million. Of this total, nearly $308.0 million represent fare revenues and $6.3 million represent the capital surcharge receipts. Compared to February, the current Baseline Forecast for revenue is anticipated to range from 0.3% higher for the 2013-2015 biennium to 0.6% lower for the 2025-2027 biennium.

Ferry Capital Surcharge Revenue

The ferry capital surcharge of $0.25 per fare sold enacted in ESSB 5742 was adopted by the Washington State Transportation Commission is included in the Baseline Forecast. The ferry capital surcharge is anticipated to generate incremental revenue for capital projects of $2.5 million in FY 2012 ($0.08 million lower) and $3.8 million in FY 2013 (essentially unchanged). The ferry capital surcharge is anticipated to increase over time with growth in ridership.

Ferry Miscellaneous Revenue

WSF's miscellaneous revenue forecasts are based on the February 2012 ridership projections and capture the most recent actual revenue for FY 2012. The projections for both vessel non-farebox revenue (galley, duty free, and wi-fi) and terminal non-farebox revenue (vending, shoreside restaurants and concessions, parking lots and advertising) are essentially unchanged for the 2011-2013 biennium. Beyond the current biennium, vessel non-fare and terminal revenues are collectively projected to range from 0.1% to 1.0% lower than February, due to a reduction in the inflation forecast.

Primary Reasons for the Forecast Changes

- Employment projections have been revised lower beyond FY 2014, while real gasoline prices have been revised higher through FY 2022, after which they return to or slightly below February levels. In addition, slightly lower inflation cause real fare levels to be marginally higher. Collectively, these factors contribute to the lower ridership forecast trend for June.
- However, the forecast for real personal income has been revised higher for June, with the greatest differences occurring in FY 2013 and 2014 prior to the employment forecast dipping below February levels. As a result, the higher real personal income generally offsets the other downward factors, resulting ridership forecasts for FY 2013 and 2014 that are essentially unchanged from their February levels.
- The effects of lower ridership projections on revenue are slightly less in percentage terms. This is due to the disproportionate distribution of ridership forecast decreases occurring to passenger fare ridership, which have lower fares than vehicle/driver ridership. In addition, the modifications to the vehicle fare categories creating two new ones from one former category also contribute slightly to these revenue effects.
- For miscellaneous revenues, lower inflation over the forecast horizon results in slightly lower collections. In addition, one of the shore-side vendors had a $2,000 reduction in costs.

Figure 31 Short-term Ferry Revenue
June 2012 Baseline Forecast
Millions of Dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Farebox Revenue	$152.39	$155.56	$307.95	$159.75	$164.31	$324.06
Capital Surcharge Revenue	2.51	3.77	6.28	3.87	3.98	7.85
Misc. Ferry Revenue	3.13	3.30	6.44	3.4	3.55	6.95
Total Ferry Revenue	**$158.04**	**$162.63**	**$320.67**	**$167.03**	**$171.84**	**$338.86**
% Change from Prior Forecast	0.1%	-0.2%	-0.1%	0.4%	0.2%	0.3%

Toll Revenue

FY 2011 Tacoma Narrows Bridge (TNB) total toll revenue was $44,048,899 which is a decrease of $622,911 or 2.9% from the prior fiscal year of $45,352,938 million.

In the toll revenue baseline forecast, at Tacoma Narrows Bridge, new toll rate increases adopted by the Transportation Commission on May 21st 2012 are included in the June baseline forecast. New toll rates will begin on July 1st, 2012 and are $ 5.00 for cash and $ 4.00 for electronic toll collection (ETC**)** for 2-axle vehicles**. P**hoto tolling began on December 2, 2011. Due to the costs associated with different types of toll payments users who do not use account-based transaction and pay by mail (PBM) will pay an additional $1.00 per transaction for the TNB. The PBM toll rate at the TNB facility will be $6.00 per transaction per 2-axle. The existing toll rates for FY 2009 – FY 2012 are $2.75/ETC per 2-axle vehicle $4.00/cash per 2-axle vehicle and $5.50/PBM per 2-axle.

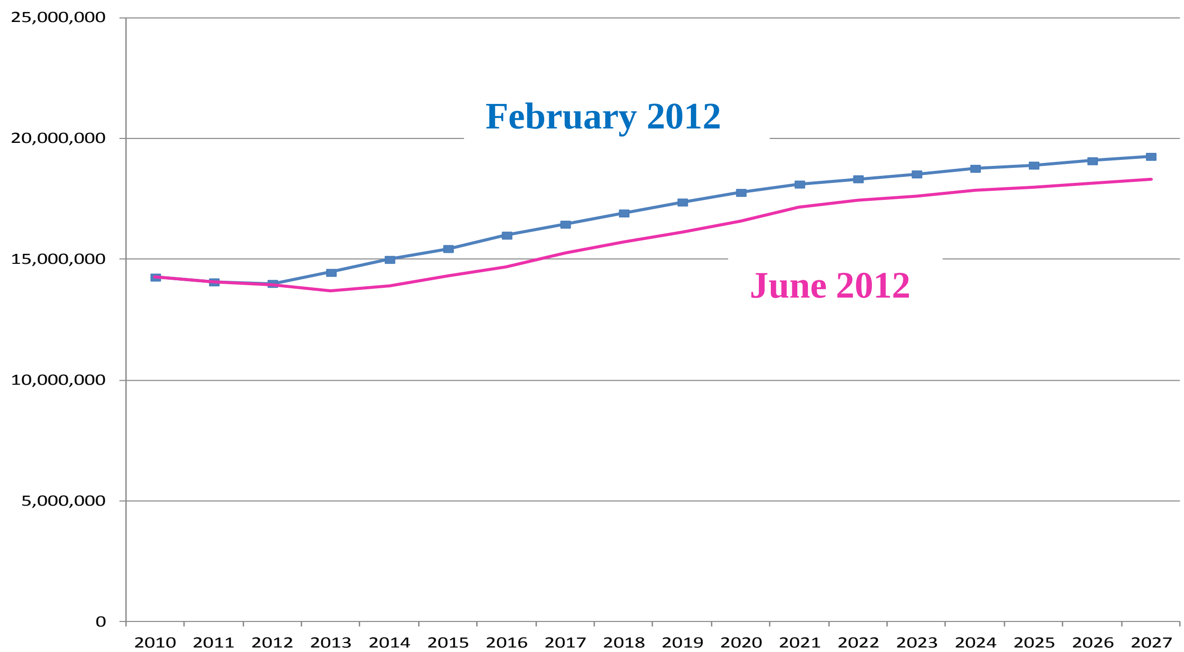
The SR 167 HOT lanes pilot program revenue forecast reflects actual toll collections starting in May 2008. In 2011 legislative action, SR 167 HOT lanes pilot program was extended to June 30, 2013. Toll rates are set to maximize traffic flow while managing demands to maintain acceptable operating speed on the HOT lanes. The traffic projection model for HOT lanes was last modified in November 2010.

SR 520 Bridge February revenue forecast reflects toll rates approved by the Transportation Commission and set to maximize traffic flow varying by time of the day, day of week and vehicle type. Maximum toll rates for two-axle vehicles using *GoodToGo Pass* for peak period weekday rates are $3.50 each way. Maximum peak weekend rate is $2.20 each way. Customers who do not use an account based transaction will pay an additional $1.50 per transaction. Trucks will pay by the axle. This June 2012 forecast, like previous forecasts, also includes a 2.5% annual increase in toll rates through FY 2016. Then the forecast assumes a one- time 15% toll rate increase in FY 2017. Finally, the forecast assumes no further increases in tolls in the remainder of the forecast horizon.

By legislative action in 2011, tolls may be paid after using a toll facility via a photo toll that identifies a vehicle by its license plate. The same legislative action introduced alternative toll enforcement, the Civil Penalty process administered by WSDOT. Failure to pay a toll detected through the photo toll system will set in motion the civil penalty process by issuing a Notice of Civil Penalty (NOCP). The civil penalty is $40 plus the original toll amount. The fines and fees revenue projections include violation penalties (for TNB only) and Customer Service Center administration fees.

Sales for FY2009 through FY2012 include revenues from the sales of transponders and disabling shields. In FY 2013 and beyond, transponder growth is based on annual traffic growth. In the current forecast, the projection for administration fees at TNB reflects the actual distributions of fees between 167 HOT lanes and TNB.

Figure 32 Comparison of TNB Traffic Volume:
June and February 2012 Forecasts



Trends in Tacoma Narrows Bridge traffic and toll revenue

The TNB average daily traffic grew minimally in FY 2009 by 0.2% to 13.91 million from FY 2008. In FY 2010, the TNB traffic volume was 14.26 million which represents a year over year increase in traffic volume of 2.5%. In FY 2011, the TNB traffic volume was 14.06 million which is a year over year decrease of 1.4%. In FY 2012, the TNB traffic volume is anticipated to be 13,92 million, which is a year over year decrease of 1.0%, which is lower than the prior forecast by 0.6%. This is due to actual traffic counts coming in lower than anticipated over the past few months. In FY 2013, the TNB traffic volume is anticipated to be 13.68 million which is a year over year decrease of 1.7%, and this represents a 5.4% decrease from the prior forecast. This revision downward in the forecast is mainly due to the higher toll rates recently adopted and scheduled to begin in FY 2013. The forecast for FY 2014 predicts a 1.5% annual growth in TNB traffic volume and this is lower than the assumption made in the last forecast in February by 7.4%. For fiscal years 2014 through 2027, the traffic volume forecast for TNB is lower than the February projections by approximately 7% until FY 2021 when the forecast to forecast change drops to 5%. The forecast assumes a diminishing impact of the recent toll rate increase over time thus the change from last quarter's forecast decreases over the forecast horizon.

TNB toll revenue for the 2007-09 biennium was $73.1 million. The 2009-11 biennium toll revenue increased to $89.4 million which is a 22% increase over the prior biennium. In the 2011-13 biennium, this June 2012 forecast of toll revenue is projected at $104.16 million with $3.8 million of that forecast being due to PBM and $100.4 million due to prepaid and cash toll revenue. Overall, total TNB toll revenue is up $12.5 million over the last forecast. The 2011-13 biennium PBM forecast is revised down by $1.27 million from the February forecast due to a decrease in actual PBM revenue and a new assumption about the percentage of customers using PBM. Due to the lowering of the participation ratio of the customers using PBM, there is a corresponding increase in prepaid and cash customers in the current biennium of $13.8 million or 15.93%. In the 2011-2013 biennium, the June 2012 TNB toll revenue forecast is an increase 13.66% from the prior forecast. In the 2013-2015 biennium, the projected toll revenue is $123.3 million, which is $25.5 million or 26.07% higher than the February forecast. As a result of the toll rate increase, future TNB biennia revenue forecasts are up approximately 27% from the February forecast. Beginning in 2012, violations will be phased out and replaced by civil penalties. Fines and fees violations revenue for the 2007-09 biennium was $1.06 million of which $1.01 million was violations revenue. In the 2009-11 biennium fees remained flat, and violation revenue was $1.08 million. In the June forecast violations revenue is lower by $36,000 or 15.19% from the February forecast. The change is due to lower backlog of violations processed at Pierce County Court. June 2012 forecast of violations revenue is based on the last quarter statements and booked revenues.

Civil penalty revenue is a function of the pay by mail transaction estimate. The lag between civil penalty and PBM collection is 90-120 days. The 2011-13 biennium current civil penalties estimate is down $0.14 million or 12.72% from the February forecast due to the decrease of the pay by mail forecast. In the 2013-15 biennium, civil penalties revenue is anticipated to bring in $1.39 million per biennium and grow to $2.09 million by the end of 2025-27 biennium. The TNB civil penalties forecast is a decrease from the February forecast of approximately $1 million in all subsequent biennia.

In the February forecast, fee revenue was projected at $1.05 million. The new June forecast for toll fees decreased by 27.73% to $0.76 million. This decline continues throughout the forecast horizon.

Total revenue from all transponders and shield sales was $1.4 million in the 2007-09 biennium and $1.27 million in the 2009-2011 biennium. TNB transponders sales forecast in the current biennium is based on the quarterly statement and it is projected at $0.70 million which is a 2.38% decline from the last forecast. This change is due to selling less transponders than anticipated. Starting in the 2013-15 biennium through 2025-2027 the transponder sales is lower than anticipated in February. The growth of transponder revenue is based on traffic volume.

The total TNB revenue in the 2011-2013 biennium is 12.7% higher than in the February forecast mainly due to the toll revenue increase recently adopted and incorporated into this June forecast. TNB revenue increases slowly over the remainder of the forecast horizon.

Trends in SR 167 High Occupancy Toll Lanes Traffic and Revenue
The traffic volume on the SR 167 HOT lanes was 386,000 vehicles in FY 2009. Traffic volume in FY 2010 increased to 510,969 which represents 31.5% growth year over year from FY 2009. In FY 2011, traffic volume was 640,115 vehicles which is 25.3% higher than in FY 2010. Legislation in 2011 extended the 167 HOT lanes pilot program to the end of FY 2013. The current traffic volume forecast for FY 2012 is 813,000 representing a 7.1% increase from the 759,000 transactions projected in the February forecast. Traffic volume is estimated to grow to 842,000 by the end of FY 2013. The increase in traffic volume is due to higher actual traffic on HOT lanes in the past few months.

Revenue from HOT lanes' tolls, sales and fees in FY 2009 was $471,256 and HOT lanes total revenue in FY 2010 was $527,292 which represents a 12% increase annually. For the 2009-2011 biennium, HOT lanes total revenue is $1.25 million, and the total revenue is projected at $2.00 million in the FY 2011-2013 biennium, which is an increase of 26.23% or $0.42 million from the February forecast.

In 2011-2013 biennium, the current revenue forecast of transponder and shield sales on SR 167 is $43,000, which is an increase of 2,000 or 4.88% from the February forecast. Sales of transponder shields will be phased down in FY 2012 and 2013. Fees revenue is $4,000 in the current biennium which is the same than in the February forecast. The June fees revenue is a forecast based on incorporating actual revenue from the quarterly statement.

Trends in SR 520 Bridge Toll Lanes Traffic and Revenue
The SR 520 bridge tolling commenced on December 29, 2011.

The traffic and toll revenue forecast is based on Wilbur Smith Associates (WSA) *Investment Grade Analysis dated on August 29, 2011* and updated for the latest traffic and revenue reports. It is assumed that toll traffic and revenue will ramp up during the first two years of operations. At the SR 520 Bridge tolling facility the expected number of transactions is 10 million in FY 2012, which includes one month of estimated traffic. It is anticipated to increase to 18.97 million and 20.97 million in FY 2013 and FY2014, respectively. After construction of the bridge is finished in FY 2017, the expected traffic volume is projected to fall by 1.4% due to a one-time significant toll rate increase. Starting FY 2018 through 2027 average traffic volume growth is expected to be between 2.9% and 1.0%.

June toll revenue forecast has revisions to both the pay by mail and pre-paid cash revenues contributing to the total toll revenue due to actual and changing categorization of certain fees. Pre-paid toll revenue fees were moved from fee revenue to pre-paid toll revenue and the revenue from customer initiated discounts were moved from pre-paid revenue to PBM revenue. Total toll revenue from the SR 520 Bridge tolling facility is expected to be $25.45 million in FY 2012 which is a minor increase from the last projection of $23.8 million due to incorporating new monthly revenue reports. The revenue growth assumption in FY2012 is based on the increases in traffic volume and toll rate over the same time. In the June forecast, in the 2011-2013 biennium the total 520 toll revenue is $82.56 million or 2.72% higher than the February forecast. Actual revenue reports reveal that there are more consumers using prepaid accounts instead of pay by mail. Therefore, the current biennium has an upward revision in the prepaid toll revenue but lower pay by mail revenue. The reduction in SR 520 Prepaid Toll Revenue reflects the inclusion of Customer Initiated Discount incentives for opening Good To Go accounts. Both of these items have been included in the Investment Grade Study and subsequent financial plans but were not included in prior adopted forecasts. Beginning in the next biennium, the overall forecast to forecast change in 520 total toll revenue is $0 each biennium because the June forecast reflects a movement between fee revenue and the different types of toll revenue from the last forecast instead of changing the overall total toll revenue.

Estimated transponder sales are $2.32 million in the 2011-2013 biennium, expected to decrease to $2.32 million in the 2013-2015 biennium and increase to $3.02million through the forecast horizon. Following the 2011-2013 biennium transponder sales revenue remains the same as in the February forecast.

In the June forecast, civil penalty revenue includes the $40 penalty and the toll revenue collected through civil penalties. The expected civil penalty revenue is $1.98 million in FY2012; it increases to $3.61 million in FY2013 and peaks at $3.72 million in FY2014. The $0.11 million dollar variance between FY2012 and FY2013 civil penalty revenues is due to an estimated 120 days lag to accommodate the civil penalty process and collect recovered toll revenues, fees and civil penalty. Starting FY2014 through FY2027, civil penalty revenues are expected to decrease to $2.98 million. In the June forecast, in the 2011-2013 biennium, the civil penalty revenue is $5.59 million or $1.47 million higher than in February forecast. The civil penalty forecast is higher because it now includes the tolls recovered with the civil penalty ($40) that are included in the 520 toll revenue category.

In the June forecast, the 520 fee revenue in FY2012 is $0.79 million; it is the same as in the February forecast afterwards. In the June forecast, in the 2011-2013 biennium, the fees revenue is $1.76 million, or $0.37 million lower than in the February forecast.

In the 2011-2013 biennium, the total SR520 revenue is 2.54% higher than it was in the February forecast. Incorporating new monthly revenue has raised the forecast. After the 2011-2013 biennium, the total SR520 revenue is the same as in the February forecast.

Trends in Total Toll Revenue
Total revenue (toll, fines and fees and transponder/shields sales) was $76.9 million in the 2007-09 biennium and increased to $93.2 million in the 2009-11 biennium. Starting in the 2011-13 biennium and beyond, this June forecast of total toll revenue is $201 million which is an increase by $14.73 million or 7.91%. The total revenue is projected to increase to $273 million and $305 million in FY 2013-15 and FY 2015-2017 biennia respectively. Over the forecast horizon, total toll revenue is expected to exceed $376 million by the FY 2026-2027 biennium.

Primary reasons for the forecast changes

- The June forecast reflects the slightly lower employment in the State's economic outlook than in the prior forecast. TNB traffic volume declined because the number of transactions was reduced to reflect actual transactions, the change in PBM ramp up and the increase in toll rates. TNB toll revenue forecast is higher in the 2011-2013 biennium than it was anticipated in the February forecast because toll rates increased from the February forecast.

- Current TNB near term revenue increased over the last forecast by $12 million or 12.7% in 2011-2013 biennium and $23.5million or 22.8% in 2013-2015 biennium.
- Hot lane transactions increased due to higher traffic volume in recent months.
- HOT lane revenue forecast in 2011-2013 biennium is $2.0 million, which is a 26.2% increase from the February forecast due to the increase in trafficvolume.
- SR 520 toll traffic volume is adjusted upward in FY2012 from last quarter's projections but the remaining years are unchanged.
- The SR 520 toll forecast for June in FY2012 is an increase from the February forecast due to incorporating new revenue reports. The prepaid revenue is up but Pay by mail revenue declined due to reduction in SR 520 photo transactions.

Figure 33 Short-term Toll Facility Revenue
June 2012 forecast
millions of dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Tacoma Narrows Bridge						
Total Toll Revenue	$44.15	$60.01	$104.16	$60.79	$62.55	$123.34
Transponder Sales	0.35	0.34	0.69	0.35	0.36	0.71
Violations	0.13	0.07	0.20	0.00	0.00	0.00
Civil Penalties	0.45	0.53	0.98	0.65	0.74	1.39
Fees	0.38	0.38	0.76	0.38	0.40	0.78
SR 167 HOT Lane						
Toll Revenue	0.97	0.99	1.96			
Transponder Sales	0.02	0.02	0.04			
Fees	0.00	0.00	0.00			
SR 520 Bridge						
Total Toll Revenue	25.45	57.11	82.56	64.53	70.61	135.14
Transponder Sales	0.99	1.33	2.32	1.11	1.14	2.25
Civil Penalties	1.98	3.61	5.59	3.72	3.65	7.37
Fees	0.79	0.97	1.76	1.02	1.05	2.07
Total Toll Facility Revenue						
Total	$75.66	$125.36	$201.03	$132.55	$140.49	$273.04
% Change from Prior Fct	2.43%	11.50%	7.9%	9.59%	9.22%	9.40%

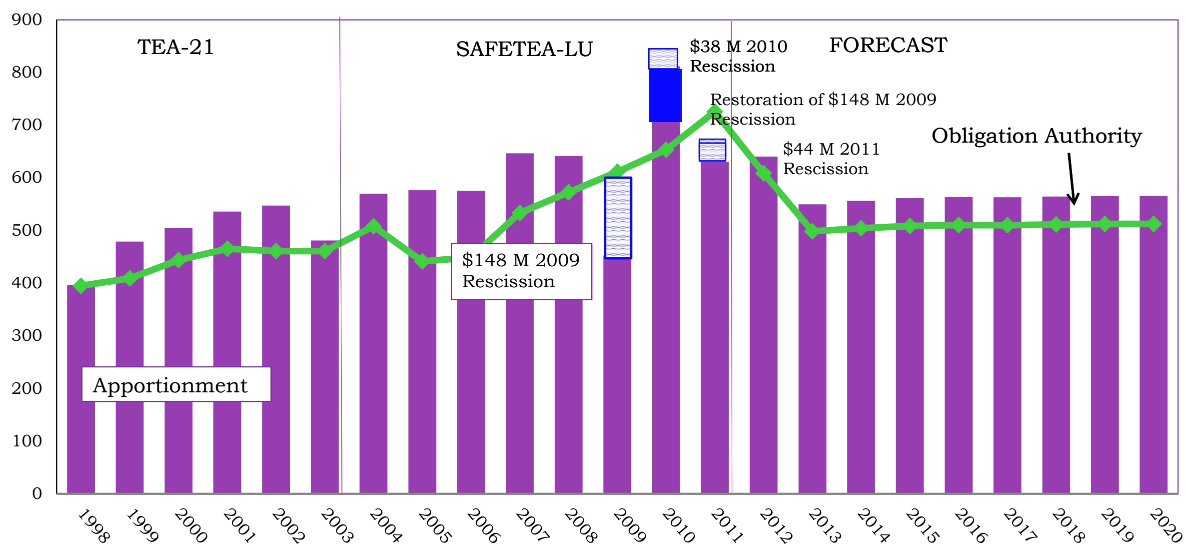
Federal Funds Revenue

After state funds, the largest source of transportation revenue is federal funds. The Federal Funds forecast contains the formula funds distributed by the Federal Highway Administration (FHWA). 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 based on 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.

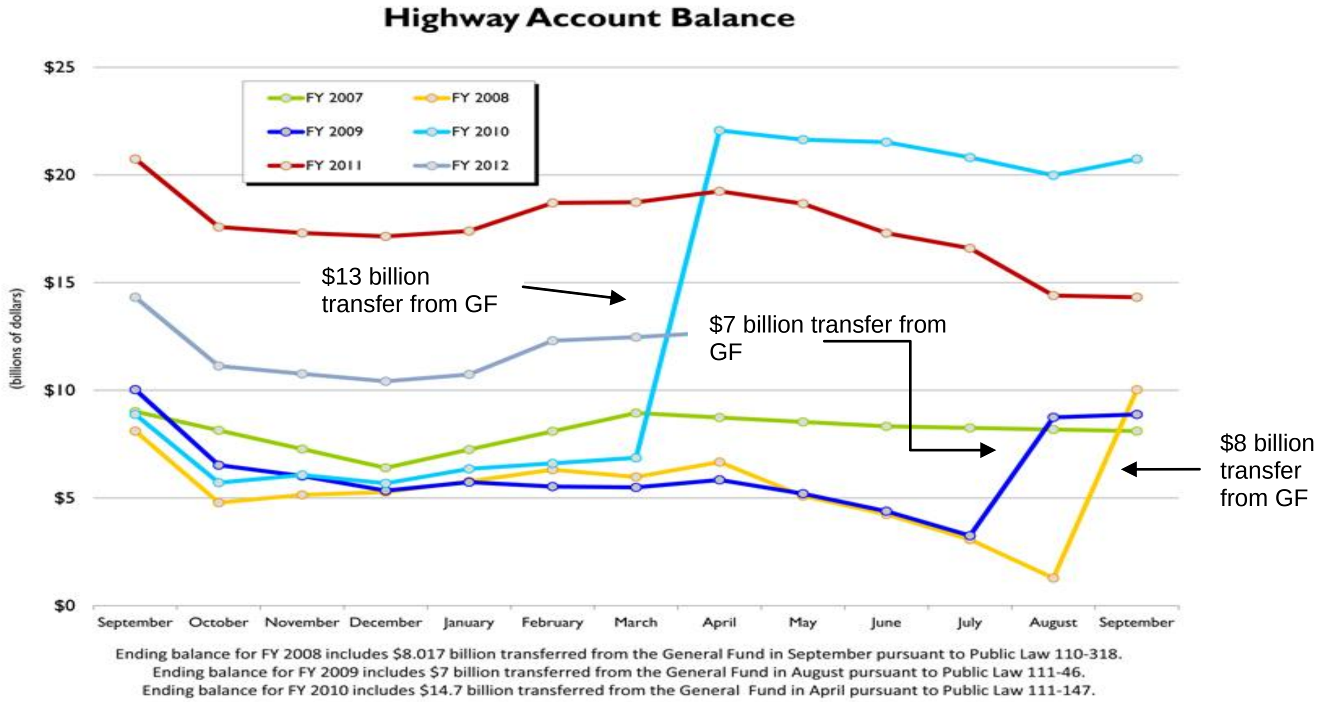
Figure 34 describes the amount of federal apportionment and obligation authority to Washington State since 1998 with the inclusion of the June 2012 forecast of federal funds through FY 2020. This time period includes the Transportation Equity Act for the 21st Century (TEA-21) which was enacted on June 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, a mandatory rescission was imposed. Washington State's portion of this rescission was $148 million. 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 that restoration of the 2009 rescission, Congress imposed a 2010 rescission of which Washington share was $37.5 million. The federal funds estimates included multiple continuing resolutions including HR 662 passed by Congress on March 4, 2011 which extended SAFETEA-LU until September 30, 2011 and continuing resolution H.J. Resolution 44 passed by Congress on March 2, 2011 which kept federal funding for FFY2011 at $687 million for Washington State. The federal funds forecast for FFY 2012 is based on HR 4281, Public Law 112-102 which extends SAFTEA-LU until June 30, 2012.

Figure 34 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) - Federal Fiscal Years 1998-2020 with the June 2012 Forecast



Source: FHWA apportionment and obligation authority notices and TRFC June 2012 federal funds forecast

Figure 35 Monthly Federal Highway Trust Fund Account Balance (billions of dollars): 2006-2012

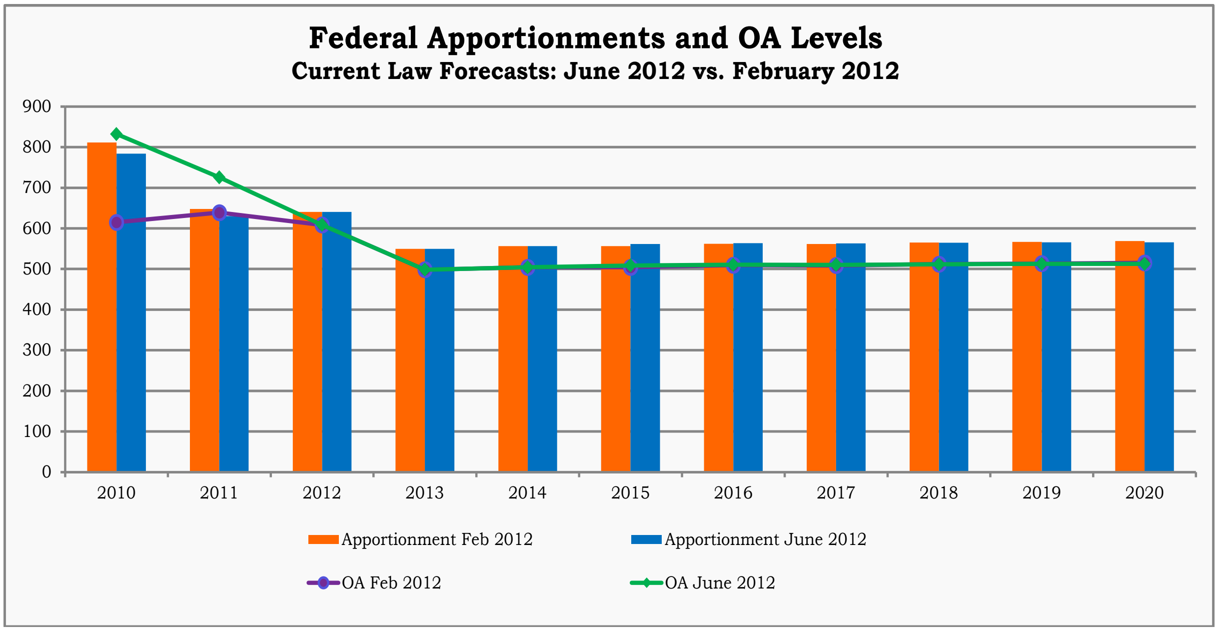


The federal Highway Account within the Highway Trust Fund (HTF) is the principal means for funding federal highway programs. Estimated outlays from the Highway Account under SAFETEA-LU exceeded estimated receipts for federal fiscal years 2005-2011. Furthermore, actual account receipts were lower than had been estimated 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 $14.7 billion ($13 billion to the highway account and $1.7 to the mass transit account) 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 June 2012 forecast for Washington's apportionment of Federal Highway Trust Fund receipts includes the 2010 through 2011 Federal Highway Administration funding as the basis of the future federal funds, updated with Federal Highway Administration notices as they are received. For FFY2010, the federal funding level included the restoration of the 2009 rescission amount of $148 million and a new rescission based on notice N4510.729 dated August 10, 2010. The total nationwide rescission was $2.2 billion; Washington's share was $37.5 million. The FFY 2010 federal funding also included a one-time general fund distribution of $11.9 million (notice N4510.719 dated February 12, 2010) to the Federal Highway Trust Fund. Total WA federal apportionment was $729 million for FFY 2010. The federal apportionment for FFY 2011 was based on HR 1473, Public Law 112-10 which continues federal funding for FFY 2011 at $630 million including a rescission of unobligated balances of $2.5 billion nationally of which Washington state's portion was $44 million. In FFY 2012, the June 2012 federal forecast is $641 million based partially on a continuing resolution per HR 4281, public law 112-102, Notice N4510.749 dated September 16, 2011 which extended SAFTEA-LU through June 30, 2012. In addition, this forecast extends funding at the same level as the first nine months of FFY 2012. The June forecast for FFY 2012 is the same as the last forecast. The apportionment forecast for FFY 2013 assumes a 20% reduction

Figure 36 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars): June vs. February 2012 Forecast Comparison Federal Fiscal Years 2010-20



Source: FHWA apportionment and obligation authority notices and TRFC June 2012 federal funds forecast

from FFY 2011, pre-rescission level, due to the uncertain nature of the funding in the Highway Trust Fund. This is consistent with past forecasts and past methodology. Starting in FFY 2014, this forecast assumes year over year growth rates which mirror Washington State June 2012 TRFC fuel consumption forecast growth rates over the forecast horizon. In this June forecast as well as in the prior five forecasts, the apportionment level for Washington also includes an annual reduction due to civil penalties being imposed beginning in FFY 2010. In the current forecast, the civil penalties are shown as an equal reduction to the programs Interstate Maintenance (IM), National Highway System (NHS) and Surface Transportation Program (STP) which is a change from the last forecast.

Washington's Obligation Authority(OA) Forecast

Obligation authority for FFY 2011 includes Formula Program OA as well as Discretionary / Allocated programs Obligation Authority distributed to Washington State totaling $639 million. Obligation authority then falls in FFY 2012 to $539 million which is 4.7% lower than FFY2011 due to inclusion of notice N4520.210. Obligation authority for FFY2012 in the June 2012 federal forecast is $608.6 million excluding the civil penalty based partially on a continuing resolution per Notice N4520.215 dated December 23, 2011 which extended obligation authority for nine months. In addition, this forecast extends funding at the same level as the first nine months of FFY 2012. The obligation authority forecast for FFY 2013 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.

Allocations of Post SAFETEA-LU Funds

The forecasts of the transportation structure for FFY 2011 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 were updated in the September 2010 forecast to better reflect current program structure and programming requests but have not been revised since that forecast. 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

The penalty is referred to as the "Minimum Penalties for Repeat Offenders for Driving While Intoxicated or Driving Under the Influence" (23 USC, Section 164). This penalty is applied to states that fail to meet the following minimum requirements:

"State must enact and enforce a law that provides that any individual convicted of a second or subsequent offense for driving under the influence or while intoxicated shall: a) have his/her driver's license suspended for at least 1 year; b) be subject to vehicle impoundment, immobilization, or ignition interlock installation; c) receive an assessment of the individual's degree of alcoholic abuse and treatment as appropriate; and d) receive at least an assignment of 30 days of community service or 5 days imprisonment for a second offense and at least an assignment of 60 days community service or 10 days imprisonment for a third or subsequent offense."

Unless a change is made in in either state or federal legislation, the penalty for not enacting or enforcing such a law will result in FHWA transferring an amount equivalent to three percent of a state's annual National Highway System, Surface Transportation Program, and Interstate Maintenance apportionments and associated obligation authority to the state's Section 402 Safety Program. The program is administered by the Washington State Traffic Safety Commission for use for alcohol-impaired driving countermeasures, for enforcement of impaired or intoxicated driving laws, or for hazard elimination activities, at Washington's option. The Washington State Traffic Safety Commission has agreed to return the funding to the Washington State Department of Transportation in the form of Hazard Elimination grants.

Recent Changes in Federal Forecast

- The June 2012 federal apportionment forecast for FFY 2011 was $691 million and $640.6 million for FFY 2012 which the same as February's forecast.
- The latest legislation, HR 4281, public law 112-10, Notice N4510.749, has been incorporated into this forecast which is consistent with the February and November forecast.
- The June 2012 Federal Appropriations forecast for FFY 2013 is $549.8 million, the same as the February 2012 forecast with a 20% reduction from FFY 2011 funding level. This is consistent with the November 2011 and prior forecasts as well.

Figure 37 Washington's portion of Federal Highway Funds by Federal Fiscal Year June 2012 forecast

Millions of dollars

	FFY 2012	FFY 2013	FF 2014	FY 2015
WA Statewide Apportionment of FHWA Programs	**640.6**	**549.8**	**556.5**	**561.3**
% Change from Prior Fcst	0.0%	0.0%	0.0%	-0.1%
Obligation Authority	**608.6**	**498.3**	**504.3**	**508.6**
% Change from Prior Fcst	0.0%	0.0%	0.0%	-0.1%

Forecast Contacts

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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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Other Transportation Related Revenue Forecast

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Appendix

Graphs and Tables Related to the June 2012 Forecast
Including distribution of revenues to the major accounts

Figure 38 Forecast to Forecast Biennium Comparison of All Transportation Revenues
June 2012 forecast - 16 year period *millions of dollars*

Forecast to Forecast Comparison for Transportation Revenues and Distributions **16-Year Period**
June 2012• millions of dollars

	Current Biennium 2011-2013			2013-2015			16-Year Period (2011-2027)		
	Forecast Jun-12	Chg from Feb-12	Percent Change	Forecast Jun-12	Chg from Feb-12	Percent Change	Forecast Jun-12	Chg from Feb-12	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,495.8	(23.7)	-0.9%	2,543.0	(33.9)	-1.3%	20,435.6	(497.8)	-2.4%
Licenses, Permits and Fees *	927.4	25.7	2.8%	998.2	70.8	7.6%	8,476.7	540.1	6.8%
Ferry Revenue†	320.7	(0.2)	-0.1%	338.9	1.1	0.3%	2,983.7	(4.9)	-0.2%
Toll Revenue	201.0	14.7	7.9%	273.0	23.5	9.4%	2,542.2	204.6	8.8%
Aviation Revenues ‡	6.9	1.0	16.8%	6.2	0.1	1.9%	52.1	1.9	3.8%
Rental Car Tax	48.1	0.1	0.1%	51.4	0.1	0.2%	478.2	0.9	0.2%
Vehicle Sales Tax	61.6	0.7	1.1%	68.9	0.7	1.1%	651.5	2.5	0.4%
Driver-Related Fees*	236.6	33.3	16.4%	315.9	109.3	52.9%	2,455.6	736.3	42.8%
Business/Other Revenues‡*	20.7	3.2	18.4%	20.3	2.0	10.9%	172.1	17.1	11.0%
Total Revenues	**4,318.8**	**54.7**	**1.3%**	**4,615.9**	**173.8**	**3.9%**	**38,247.7**	**1,000.6**	**2.7%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**148.1**	**(3.8)**	**-2.5%**	**142.6**	**(1.3)**	**-0.9%**	**1,263.2**	**(23.0)**	**-1.8%**
State Uses									
Motor Vehicle Account (108)	1,057.1	5.6	0.5%	1,091.4	16.3	1.5%	8,931.9	66.4	0.7%
Transportation 2003 (Nickel) Account (550)	358.8	12.9	3.7%	395.7	39.7	11.2%	3,164.8	277.7	9.6%
Transportation 2005 Partnership Account (09H)	567.9	(4.6)	-0.8%	581.3	(7.5)	-1.3%	4,666.3	(109.9)	-2.3%
Multimodal Account (218)	238.9	2.2	0.9%	255.9	2.8	1.1%	2,283.5	15.1	0.7%
Special Category C Account (215)	46.6	(0.4)	-0.8%	47.7	(0.6)	-1.3%	380.6	(9.5)	-2.4%
Puget Sound Capital Construction Account (099)	33.9	(0.3)	-0.8%	34.7	(0.5)	-1.3%	276.9	(6.9)	-2.4%
Puget Sound Ferry Operations Account (109)	372.4	(0.6)	-0.1%	390.6	0.5	0.1%	3,401.4	(13.6)	-0.4%
Capital Vessel Replacement Account (18J)	6.3	(0.1)	0.0%	7.9	(0.0)	100.0%	68.8	(0.5)	100.0%
Tacoma Narrows Bridge Account (511)	106.8	12.0	12.7%	126.2	23.5	22.8%	1,119.2	201.9	22.0%
High Occupancy Toll Lanes Account (09F)^	2.0	0.4	26.2%	0.0	0.0	0.0%	2.0	0.4	26.2%
SR 520 Corridor Account (16J)	86.6	0.8	0.0%	139.5	0.0	0.0%	1,368.8	0.8	0.1%
SR 520 Corridor Civil Penalties Account (17P)	5.6	1.5	0.0%	7.4	0.0	0.0%	52.2	1.5	2.9%
Aeronautics Account (039)	6.9	1.0	16.8%	6.2	0.1	1.9%	52.1	1.9	3.8%
State Patrol Highway Account (081)	333.6	1.4	0.4%	351.0	7.5	2.2%	2,998.8	55.9	1.9%
Highway/Motorcycle Safety Accts. (106 & 082)	202.6	32.4	19.0%	274.7	102.1	59.1%	2,118.1	682.5	47.5%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.1	0.0	0.1%	16.5	0.0	0.1%	137.4	0.1	0.1%
Ignition Interlock Devices Revolving Acct 14V	2.6	0.2	7.9%	3.5	1.1	45.1%	27.1	6.7	32.8%
Total for State Use	**3,444.5**	**64.5**	**1.9%**	**3,730.0**	**185.0**	**5.2%**	**31,049.9**	**1,170.7**	**3.9%**
Local Uses									
Cities	178.6	(1.5)	-0.8%	182.8	(2.4)	-1.3%	1,459.5	(36.3)	-2.4%
Counties	292.5	(2.5)	-0.8%	299.4	(4.0)	-1.3%	2,391.5	(58.9)	-2.4%
Transportation Improvement Board (112 & 144)	190.9	(1.6)	-0.8%	195.3	(2.6)	-1.3%	1,559.5	(38.7)	-2.4%
County Road Administration Board (102 & 253)	64.2	(0.5)	-0.8%	65.7	(0.9)	-1.3%	524.4	(13.0)	-2.4%
Total for Local Use	**726.2**	**(6.0)**	**-0.8%**	**743.2**	**(9.9)**	**-1.3%**	**5,934.8**	**(147.0)**	**-2.4%**
Total Distribution of Revenue	**4,318.8**	**54.7**	**1.3%**	**4,615.9**	**173.8**	**3.9%**	**38,247.8**	**1,000.7**	**2.7%**

† Ferry Fares plus non-farebox revenue

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

* These transportation revenues had new fees or higher fees adoption by the 2012 Legislature.

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

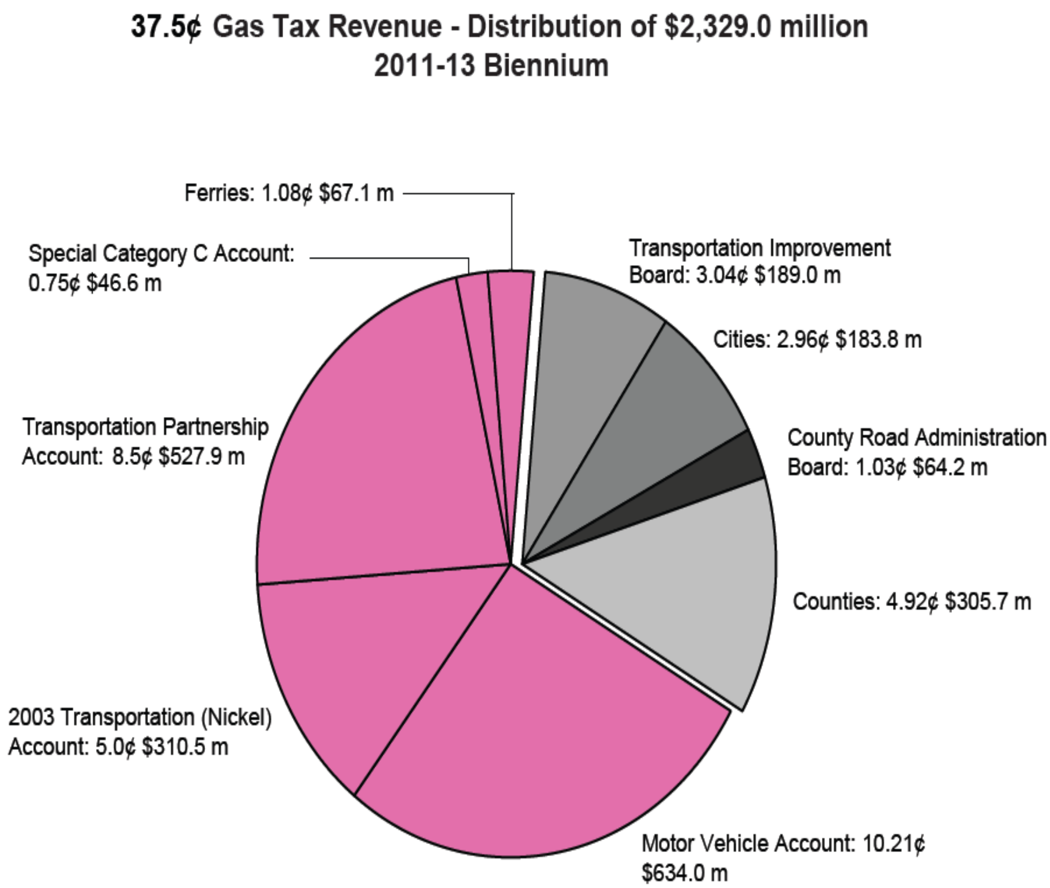
Figure 39 2012 Legislative Changes: Impact on Transportation Revenue Forecasts

Forecast Category	*Legislation / Title*	*2011-13 Revenue Impact ($ millions)*	*2013-15 Revenue Impact ($ millions)*
	EHB 2660 - Addressing Transportation Revenue: Increases or creates the following fees October 1, 2012		
LPF	Late Transfer Penalty $25 to $50	*$674,310*	*$1,661,460*
LPF	Title Fees $5 to $15	*$15,674,900*	*$44,302,900*
LPF	Original Issue Fee - 2-Plates New $20	*$8,656,450*	*$24,798,000*
LPF	Original Issue Fee - Single–Plate New $10	*$391,430*	*$1,204,900*
LPF	Original Issue Fee - MC Plates New $4	*$78,850*	*$241,840*
LPF	Replacement Plate Fee - MC Plates $2 to $4	*$41,900*	*$121,140*
LPF	Electric Vehicle Fee New $100 *February 1, 2013	*$28,500*	*$116,200*
Driver-related	Driver Abstracts ADR $10 to $13	*$6,712,900*	*$18,243,940*
LPF	Motor Vehicle Dealer Original License $750 to $975	*$175,730*	*$174,380*
LPF	Motor Vehicle Dealer License Renewal $250 to $325	*$342,600*	*$330,450*
	Total EHB 2660	***$32,777,570***	***$91,195,210***
	Difference from fiscal note for EHB 2660	***$7,520***	***($1,251,170)***
ESSB 6150- Driver's License, Permit, and Identicard System, including the Administration of a --Facial Recognition Matching System: Increases or creates the following fees October 1, 2012; July 1, 2013			
Driver-related	Instruction Permits $20-$25	*$510,040*	*$1,428,070*
Driver-related	Examinations $20-$35	*$4,413,200*	*$12,648,000*
Driver-related	Duplicate Documents $15-$20	*$852,730*	*$2,370,060*
Driver-related	DUI Hearings $200-$375	*$1,394,140*	*$3,716,100*
Driver-related	Identicards $20-$45-$54	*$3,312,850*	*$12,335,680*
Driver-related	Drivers Licenses $25-$45-$54	*$16,203,160*	*$59,435,370*
Driver-related	Commercial Drivers Licenses (CDL) Endorsement $61-$85-$102	*$872,500*	*$2,608,010*
Driver-related	Hazardous Materials (CDL) Endorsement $61-$85	*$ -*	*$238,100*
Driver-related	Motorcycle Endorsements	*$ -*	*$555,100*
	Total ESSB 6150	***$27,558,620***	***$95,334,490***
	Difference from fiscal note for ESSB 6150	***$256,373***	***($614,246)***
	2SHB 2443- Driving Under the Influence - Effective August 1, 2012		
Driver-related	Reduced Reckless Driving conviction needs Ignition Interlock License (IIL).	*Indeterminate*	*Indeterminate*
Driver-related	Monthly fee for Ignition Interlock Device (IID) tied to court jurisdiction.	*$258,690*	*$1,162,470*
Business-related	Fee schedule for ignition interlock manufacturers, technicians, providers and persons required to install an ignition interlock device in their vehicles.	*$1,842,000*	*$1,842,000*
	Total 2SHB 2443	***$2,100,690***	***$3,004,470***
	Difference from fiscal note for 2SHB 2443	***$208,300***	***($1,082,220)***
	SSB 5246- Employer Review of Abstracts of Driving Records: Effective June 7, 2012		
Driver-related	Employees' records regularly reviewed and reported.	***Indeterminate***	***Indeterminate***

Motor Fuel Tax Revenue for Distribution

The pie chart below shows the statutory distribution of funds to the various jurisdictions based on the June 2012 fuel tax revenue forecast for the 2011-2013 biennium.

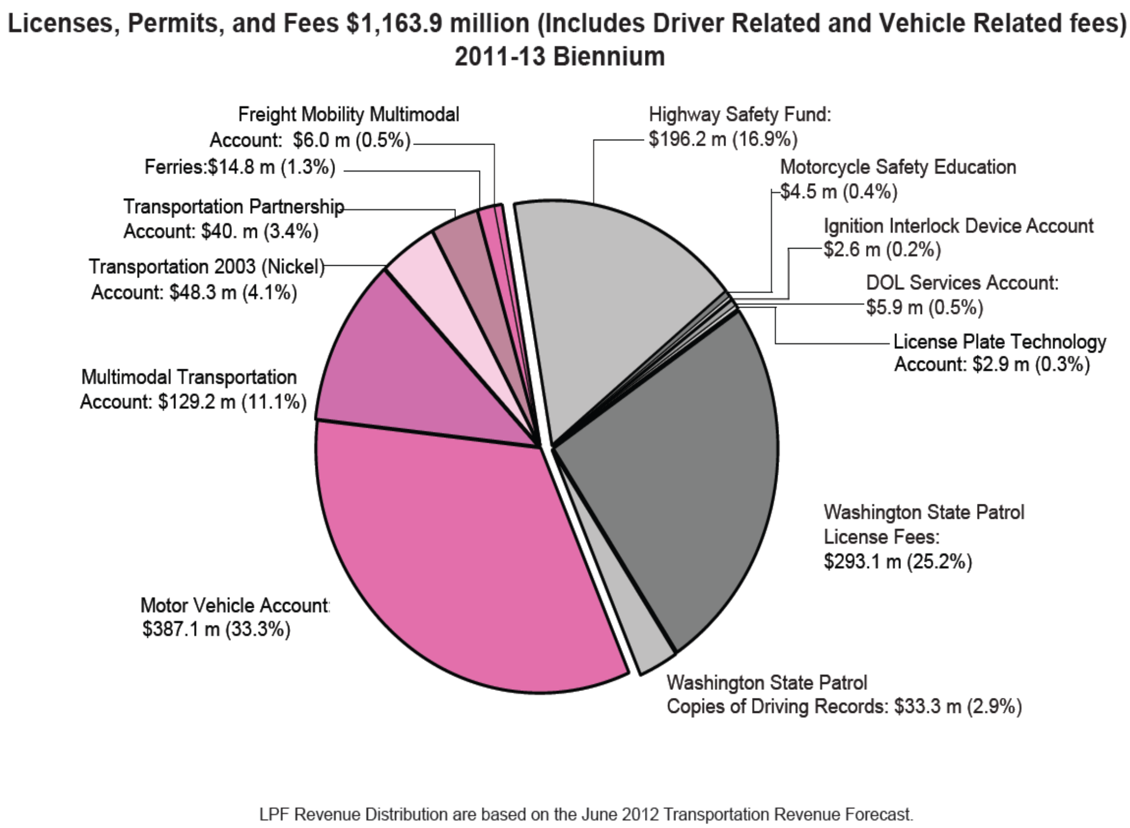
Figure 40 Fuel Tax Revenue for Statutory Distribution
2011–13 biennium - $2,329.0 million



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

The pie chart below shows the statutory distribution of funds to the various jurisdictions based on the June 2012 Licenses, Permits and Fees revenue forecast for the 2011-2013 biennium.

Figure 41 License Permits and Fees Revenue for Distribution (Both Motor Vehicle & Driver Related) 2011–13 biennium - $1,163.9 million



(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 42 Motor Vehicle Account Revenue *dollars in millions*	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Jun 12	Chg from Feb 12	Forecast Jun 12	Chg from Feb 12	Forecast Jun 12	Chg from Feb 12
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	2,495.8	(23.7)	2,543.0	(33.9)	12,803.4	(299.2)
Licenses, Permits, & Fees	385.8	10.3	407.4	25.6	2,138.4	130.3
Business-Related Revenue	11.7	1.3	11.4	0.2	61.3	0.9
Total	**2,893.3**	**(12.1)**	**2,961.8**	**(8.0)**	**15,003.1**	**(168.0)**
Distribution						
Refunds-Regular	148.1	(3.8)	142.6	(1.3)	770.8	(11.4)
Fuel Tax Distributions for Local Uses[1]	726.2	(6.0)	743.2	(9.9)	3,725.8	(89.1)
Fuel Tax Distributions for State Uses[2]	962.0	(7.8)	984.6	(13.2)	4,935.7	(118.5)
Total	**1,836.3**	**(17.6)**	**1,870.4**	**(24.4)**	**9,432.3**	**(219.1)**
Net Revenue	**1,057.0**	**5.5**	**1,091.4**	**16.3**	**5,570.8**	**51.1**

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

[1] These amounts include distributions to Cities and Counties and to State Agencies that expend funds for the benefit of local jurisdictions, i.e. the Transportation Improvement Board and the County Road Administration Board.

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

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 43 Transportation 2003 (Nickel) Account *dollars in millions*	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Jun 12	Chg from Feb 12	Forecast Jun 12	Chg from Feb 12	Forecast Jun 12	Chg from Feb 12
Revenue						
5¢ Gas Tax	310.5	(2.5)	317.8	(4.3)	1,592.8	(38.3)
Licenses, Permits and Fees	48.3	15.4	77.9	44.0	407.4	229.4
Total	**358.8**	**12.9**	**395.7**	**39.7**	**2,000.2**	**191.2**

Transportation Partnership Account Revenue Forecast

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

Figure 44 **Transportation Partnership Account** *dollars in millions*	**2011-13**		**2013-15**		**10-Year Period (2011-2021)**	
	Forecast Jun 12	**Chg from Feb 12**	**Forecast Jun 12**	**Chg from Feb 12**	**Forecast Jun 12**	**Chg from Feb 12**
Revenue						
5¢ Gas Tax	527.9	(4.3)	540.2	(7.2)	2,707.7	(65.0)
Licenses, Permits and Fees	40.0	(0.3)	41.1	(0.3)	217.7	(1.6)
Total	**567.9**	**(4.6)**	**581.3**	**(7.5)**	**2,925.5**	**(66.7)**

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 45 **Washington State Ferries Accounts** *dollars in millions*	**2011-13**		**2013-15**		**10-Year Period (2011-2021)**	
	Forecast Jun 12	**Chg from Feb 12**	**Forecast Jun 12**	**Chg from Feb 12**	**Forecast Jun 12**	**Chg from Feb 12**
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	314.2	(0.2)	331.9	1.1	1,806.5	(1.1)
Concessions & Other Revenue	6.4	0.0	7.0	(0.0)	41.3	(0.3)
Fuel Tax	43.1	(0.4)	44.2	(0.6)	222.5	(5.3)
Licenses, Permits and Fees	14.8	(0.1)	15.4	(0.0)	81.4	(0.2)
Subtotal	**378.7**	**(0.6)**	**398.5**	**0.5**	**2,151.6**	**(7.0)**
Capital Vessel Replacement Account (18J)	6.3	0.8	7.9	(0.0)	40.1	(0.3)
Total	**6.3**	**0.5**	**52.1**	**(0.6)**	**262.6**	**(5.7)**
Puget Sound Cap. Const. Acct. (099) Fuel Tax	33.9	(0.3)	34.7	(0.5)	173.8	(4.2)
Total	**412.5**	**(0.9)**	**433.1**	**0.1**	**2,325.4**	**(11.1)**

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 46 Multimodal Account	2011-13		2013-15		10-Year Period (2011-2021)	
dollars in millions	Forecast Jun 12	Chg from Feb 12	Forecast Jun 12	Chg from Feb 12	Forecast Jun 12	Chg from Feb 12
Revenue						
Licenses, Permits and Fees	129.2	1.4	135.5	1.9	714.0	7.6
Rental Car Tax	48.1	0.1	51.4	0.1	290.8	0.8
Vehicle Sales Tax	61.6	0.7	68.9	0.7	402.3	1.7
Total	**238.9**	**2.2**	**255.9**	**2.8**	**1,407.1**	**10.1**

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 47 Aeronautics Account	2011-13		2013-15		10-Year Period (2011-2021)	
dollars in thousands	Forecast Jun 12	Chg from Feb 12	Forecast Jun 12	Chg from Feb 12	Forecast Jun 12	Chg from Feb 12
Revenue						
Aircraft Dealer License Fees	8.0	0.0	8.0	0.0	40.0	0.0
Aircraft Excise Tax	601.5	31.1	607.5	30.4	3,104.5	152.8
Aircraft Fuel Tax	6,021.0	933.5	5,348.5	75.6	27,777.1	423.4
Aeronautics Transfer (from MV Fund)	561.7	(2.6)	563.1	(4.8)	2,770.2	(45.8)
Aircraft Registrations	223.3	53.2	215.4	43.3	1,101.0	220.5
Total	**7,415.5**	**1,015.2**	**6,742.5**	**144.5**	**34,792.8**	**750.9**

Toll Revenue Forecast

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

Figure 48 Tolling Accounts *dollars in millions*	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Jun 12	Chg from Feb 12	Forecast Jun 12	Chg from Feb 12	Forecast Jun 12	Chg from Feb 12
Revenue						
Tacoma Narrows Bridge Account						
Toll Revenues	104.2	12.5	123.3	25.5	641.8	124.5
Transponder Sales/ Shield Sales	0.7	(0.0)	0.7	(0.0)	3.8	(0.2)
Violations	0.2	(0.0)	0.0	0.0	0.2	(0.0)
Civil Penalties	1.0	(0.1)	1.4	(0.9)	7.9	(4.3)
Fees	0.8	(0.3)	0.8	(1.1)	4.2	(6.0)
Subtotal Tacoma Narrows Bridge	**106.8**	**12.0**	**126.2**	**23.5**	**657.9**	**114.0**
HOT Lanes Operations Account ^						
Toll Revenues	2.0	0.4	0.0	0.0	2.0	n/a
Transponder Sales/ Shield Sales	0.0	0.0	0.0	0.0	0.0	n/a
Fees	0.0	0.0	0.0	0.0	0.0	n/a
Subtotal HOT Lanes Operations	**2.0**	**0.4**	**0.0**	**0.0**	**n/a**	**n/a**
SR 520 Bridge						
Toll Revenues	82.6	2.2	135.1	1.0	729.8	5.9
Transponder Sales/ Shield Sales	2.3	(1.0)	2.3	0.0	12.0	(1.0)
Civil Penalties	5.6	1.5	7.4	0.0	33.5	1.5
Fees	1.8	(0.4)	2.1	(1.0)	10.2	(4.1)
Subtotal SR 520 Bridge	**92.2**	**2.3**	**146.8**	**0.0**	**785.5**	**2.3**
Total Tolling Revenues	**201.0**	**14.7**	**273.0**	**23.5**	**1,443.3**	**116.2**

^ HOT Lanes pilot program expires at the end of June 2013

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

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

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

Figure 49 Highway Safety/Motorcycle Safety/WSP *dollars in millions*	2011-13		Current Biennium 2013-15		10-Year Period (2011-2021)	
	Forecast Jun 12	Chg from Feb 12	Forecast Jun 12	Chg from Feb 12	Forecast Jun 12	Chg from Feb 12
Revenue						
Highway Safety						
Driver License Fees	155.1	27.3	219.9	91.0	1,079.7	414.3
Copies of Records	36.0	2.8	42.3	8.3	219.7	43.3
Other and Miscellaneous	5.0	(0.4)	5.3	0.4	27.6	1.9
Subtotal	**196.2**	**29.8**	**267.5**	**99.7**	**1,327.0**	**459.5**
Motorcycle Safety Permits/Endorsements	4.5	0.0	5.4	0.6	26.5	1.5
State Patrol Copies of Records / LPF/Business Related	333.6	1.4	351.0	7.5	1,855.2	38.4
Subtotal	**338.1**	**1.5**	**356.4**	**8.1**	**1,881.7**	**39.9**
Total	**534.3**	**31.2**	**623.8**	**107.7**	**3,208.7**	**499.4**