Transportation Revenue Forecast Council

June 2015 Transportation Economic and Revenue Forecasts

Volume I: Summary

Washington Transportation
Economic and Revenue Forecast
June 2015 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 2015 transportation revenue forecast.

- June 2015 transportation forecast of revenues: $4.669 billion for the current biennium which represents an increase of 7.8% over the prior 2011-13 biennium of $4.33 billion.

- Overall transportation revenue has an upward revision forecast to forecast in the current biennium (up $3.1 million) with the largest share of the increase in fuel taxes being higher by $3.4 million and driver related revenue being up $2 million over the last forecast. Next biennium, the Tacoma Narrows bridge (TNB) toll revenue forecast is also up due to the Transportation Commission adoption of higher toll rates for TNB. Next biennium, overall revenues will be $4.893 billion which is up $40 million over the last forecast with $19.5 million of the increase being due to increased TNB toll rates and revenue.

- For the 10-year forecast horizon, revenues are projected to be $24.746 billion, which is up by $213 million (0.9%) from March due to higher fuel tax revenue, toll revenue and driver related fees.

- New projections of real personal income and employment projections are minor revisions downward from the last forecast in terms of growth rates. Inflation is also down, due to lower fuel prices since the last forecast. The current forecast for average annual retail gas and diesel price forecasts are lower than March's forecast all throughout the forecast horizon. The current B5 biodiesel prices for ferries are up from the last forecast.

- The primary reason for the change in fuel tax revenue in the current year has been higher gas tax collections than forecasted and diesel tax collections have come in lower than the last forecast. Gas tax collections have been up in total by $3.4 million in the last three months compared to forecast. In addition, real gas prices are down from last quarter's projections and employment forecasts are down minimally. The June gas tax forecast is up $4.8 million in the current biennium and up $17.6 million next biennium. Diesel tax collections have been down $0.81 million over the past three months. As a result, the diesel fuel tax revenue forecast has been reduced by $1.4 million in the current biennium and down $0.5 million next biennium. The fuel tax revenue forecast is up $3.4 million in the current biennium and $17.1 million next biennium. Over the next ten years, the fuel tax revenue is up $104.6 million or 0.8% from March's forecast.

- Licenses, permits and fee (LPF) revenue are down a little forecast to forecast by $3 million, in the current biennium due to weaker passenger car and truck fee revenue collections. In the next biennium, the revenues are also down by $1.1 million. Over the 10 year forecast period, LPF revenue is up $10.2 million (0.18%) over last forecast. The June LPF forecast has been impacted by the inclusion of the 2015 legislation, SHB 1480, which adds a new intermittent-use trailer fee which is forecasted to bring in additional registration fee, primarily in the 2017-19 biennium.

- June toll forecasts for TNB were adjusted upward due to the adoption of higher toll rates by the Washington State Transportation Commission. The SR 520 toll forecast has not changed since the November 2014 forecast. The SR 167 HOT lanes traffic and revenue forecasts have been adjusted due to the 2 year extension of the HOT lanes forecast out through FY 2017. June's total toll forecast has been re revised upward next biennium by $19.5 million from the last forecast and over the 10 year forecast horizon, toll revenue has been raised by $87.1 million over the prior projections.

In FY 2010, transportation revenues were $2.018 billion which was a decline of 1% over the prior fiscal year as the economy struggled from the recession. In FY 2011, transportation revenues increased slightly to $2.06 billion or 2.3% growth year over year. In FY 2012, transportation revenues were also up minimally to $2.10 billion or 1.9% annual increase. In FY 2013, transportation revenues were $2.23 billion, which represents an annual increase of 6%. In fiscal year 2014, transportation revenues were $2.291 billion, which was 2.7% growth year over year. In the current fiscal year, transportation revenues are estimated at $2.38 billion which is 3.8% year–over-year growth and 0.13% adjustment upward from the March forecast. Overall during the 10-year horizon, transportation revenues are projected to be $24.745 billion and $213 million more than projections in March with an average annual growth rate of 1.1% each year.

Figure 1 Total Transportation Revenues Comparison
June vs. March 2015 forecasts
millions of dollars

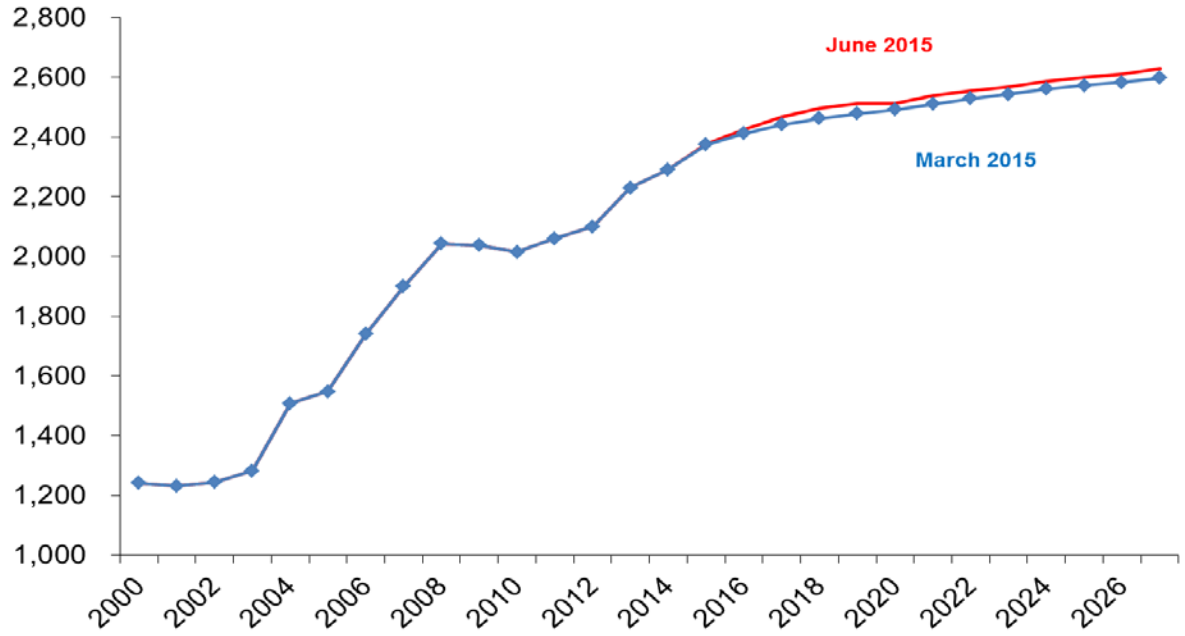
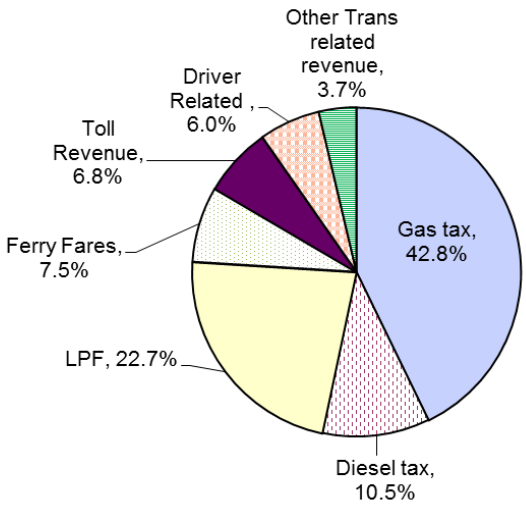


Figure 2 Revenue by Source
2015-17 biennium ($4.893 billion)



Washington's transportation revenues come from numerous taxes, fees, permits, tolls, and other revenues. Revenues forecasted each quarter include the sources contained in Figure 2. This pie graph reveals the anticipated share of each state revenue source to the total transportation revenues for the 2015-17 biennium, ($4.893 billion). Gasoline fuel taxes comprise the largest share at 43%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 53.3% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 23%. The largest three revenue sources are projected to consist of 76.3% of revenues in the 2015-17 biennium. The remaining 23.7% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

Figure 3 Forecast to Forecast Biennium Comparison of All Transportation Revenues
June 2015 forecast - 10 year period

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

June 2015• millions of dollars

	Current Biennium						10-Year Period		
	2013-2015			2015-2017			(2013-2023)		
	Forecast Jun-15	Chg from Mar-15	Percent Change	Forecast Jun-15	Chg from Mar-15	Percent Change	Forecast Jun-15	Chg from Mar-15	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,546.81	3.39	0.13%	2,609.25	17.12	0.66%	13,186.06	104.55	0.80%
Licenses, Permits and Fees *	1,035.54	(3.16)	-0.30%	1,108.26	(1.14)	-0.10%	5,607.61	10.22	0.18%
Ferry Revenue†	349.93	0.39	0.11%	364.73	0.02	0.01%	1,855.66	(2.68)	-0.14%
Toll Revenue §	280.53	0.77	0.27%	334.89	19.51	6.19%	1,733.10	87.13	5.29%
Aviation Revenues ‡	5.88	0.02	0.28%	6.17	0.04	0.57%	31.23	0.17	0.54%
Rental Car Tax	56.09	(0.05)	-0.09%	60.65	(0.04)	-0.06%	314.31	0.23	0.07%
Vehicle Sales Tax	77.41	0.27	0.35%	85.05	(0.41)	-0.48%	442.80	0.08	0.02%
Driver-Related Fees*	286.60	2.02	0.71%	294.39	4.93	1.70%	1,433.57	14.32	1.01%
Business/Other Revenues ‡*	30.27	(0.53)	-1.73%	29.27	(0.06)	-0.22%	141.60	(0.80)	-0.56%
Total Revenues	**4,669.07**	**3.11**	**0.07%**	**4,892.67**	**39.98**	**0.82%**	**24,745.93**	**213.23**	**0.87%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**137.74**	**(0.21)**	**-0.15%**	**143.96**	**0.30**	**0.21%**	**742.23**	**1.44**	0.19%
State Uses									
Motor Vehicle Account (108)	1,117.31	(1.41)	-0.13%	1,156.03	9.63	0.84%	5,838.55	62.44	1.08%
Transportation 2003 (Nickel) Account (550)	395.84	0.47	0.12%	405.09	2.39	0.59%	2,045.74	14.01	0.69%
Transportation 2005 Partnership Account (09H)	584.91	0.61	0.10%	598.26	3.53	0.59%	3,019.58	21.89	0.73%
Multimodal Account (218)	272.24	(0.33)	-0.12%	289.89	(2.05)	-0.70%	1,502.97	(7.14)	-0.47%
Special Category C Account (215)	47.85	0.06	0.12%	48.91	0.32	0.65%	247.05	2.02	0.82%
Puget Sound Capital Construction Account (099)	34.82	0.04	0.12%	35.59	0.23	0.65%	179.75	1.47	0.82%
Puget Sound Ferry Operations Account (109)	401.88	0.44	0.11%	417.27	0.15	0.04%	2,121.98	(1.43)	-0.07%
Capital Vessel Replacement Account (18J)	16.74	(0.76)	-4.33%	42.78	(2.08)	-4.65%	169.44	(6.46)	-3.67%
Tacoma Narrows Bridge Account (511)	136.74	0.36	0.26%	166.38	15.84	10.52%	850.28	83.05	10.82%
High Occupancy Toll Lanes Account (09F)^	2.98	0.41	15.90%	3.68	3.68	0.00%	6.65	4.09	159.05%
SR 520 Corridor Account (16J)	131.39	0.00	0.00%	154.29	0.00	0.00%	822.55	0.00	0.00%
SR 520 Corridor Civil Penalties Account (17P)	9.43	0.00	0.00%	10.54	0.00	0.00%	53.62	0.00	0.00%
Aeronautics Account (039)	5.88	0.02	0.28%	6.17	0.04	0.57%	31.23	0.17	0.54%
State Patrol Highway Account (081)	350.90	0.52	0.15%	365.76	(1.76)	-0.48%	1,873.79	(7.50)	-0.40%
Highway/Motorcycle Safety Accts. (106 & 082)	252.64	2.14	0.86%	258.75	5.09	2.01%	1,253.68	15.10	1.22%
School Zone Safety Account (780)	1.03	(0.04)	-4.04%	0.79	(0.09)	-9.91%	4.20	(0.39)	-8.53%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.52	(0.04)	-0.27%	16.99	(0.18)	-1.06%	86.66	(0.84)	-0.96%
Ignition Interlock Devices Revolving Acct 14V	4.20	0.03	0.66%	6.42	0.10	1.62%	29.90	0.45	1.52%
Multiuse Roadway Safety Account Collections-571	0.04	(0.00)	-8.19%	0.08	(0.00)	-4.64%	0.44	(0.01)	-2.25%
Total for State Use	**3,783.30**	**2.51**	**0.07%**	**3,983.59**	**34.82**	**0.88%**	**20,137.61**	**180.92**	**0.91%**
Local Uses									
Cities	183.52	0.22	0.12%	187.57	1.22	0.65%	947.45	7.74	0.82%
Counties	302.47	0.28	0.09%	309.74	1.91	0.62%	1,565.35	12.24	0.79%
Transportation Improvement Board (112 & 144)	196.09	0.23	0.12%	200.42	1.30	0.65%	1,012.63	8.19	0.82%
County Road Administration Board (102 & 186)	65.93	0.08	0.12%	67.39	0.43	0.65%	340.67	2.70	0.80%
Total for Local Use	**748.02**	**0.81**	**0.11%**	**765.11**	**4.86**	**0.64%**	**3,866.10**	**30.87**	**0.80%**
Total Distribution of Revenue	**4,669.07**	**3.11**	**0.07%**	**4,892.67**	**39.98**	**0.82%**	**24,745.93**	**213.23**	**0.87%**

† 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 adopted by the 2012, 2013, 2014 and 2015 Legislatures.
§ 167 HOT lanes is a pilot program that is currently scheduled to sunset June 30, 2017

As Figure 3 indicates, in the current biennium, June's transportation revenues are projected at $4.669 billion. This forecast is up very minimally in the current biennium by $3.1 million or 0.07% from the last forecast. In the current biennium, the majority of the revenue sources are up from the March forecast except for licenses, permits and fees, rental car taxes and business related revenue. Next biennium's transportation revenues are anticipated to grow to $4.893 billion and rise above the last forecast by $40 million or 0.8%. The rise in transportation revenue sources for this June forecast are due to higher fuel tax collections, toll revenue for Tacoma Narrows bridge and driver related revenue. Fuel taxes are up by $17.1 million; toll revenue is up by $19.5 million and driver related fees are up by $4.93 million next biennium. In the next biennium, transportation revenues like licenses permits and fee revenues are down by $1.1 million and other revenue sources are down or up minimally from the last forecast. Over the 10-year forecast horizon (2013-2023), the revenue forecast for June is $24.746 billion which is up $213 million or 0.9% from the March forecast.

Since the March 2015 forecast is the forecast on which the 2015-17 biennium budget was based on, the forecast to baseline comparison table is not reported this quarter because it is the same as 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, and US sales of new light vehicles.

Figure 4 Annual Percentage Change (%) in Select Economic Variables
June 2015 forecast

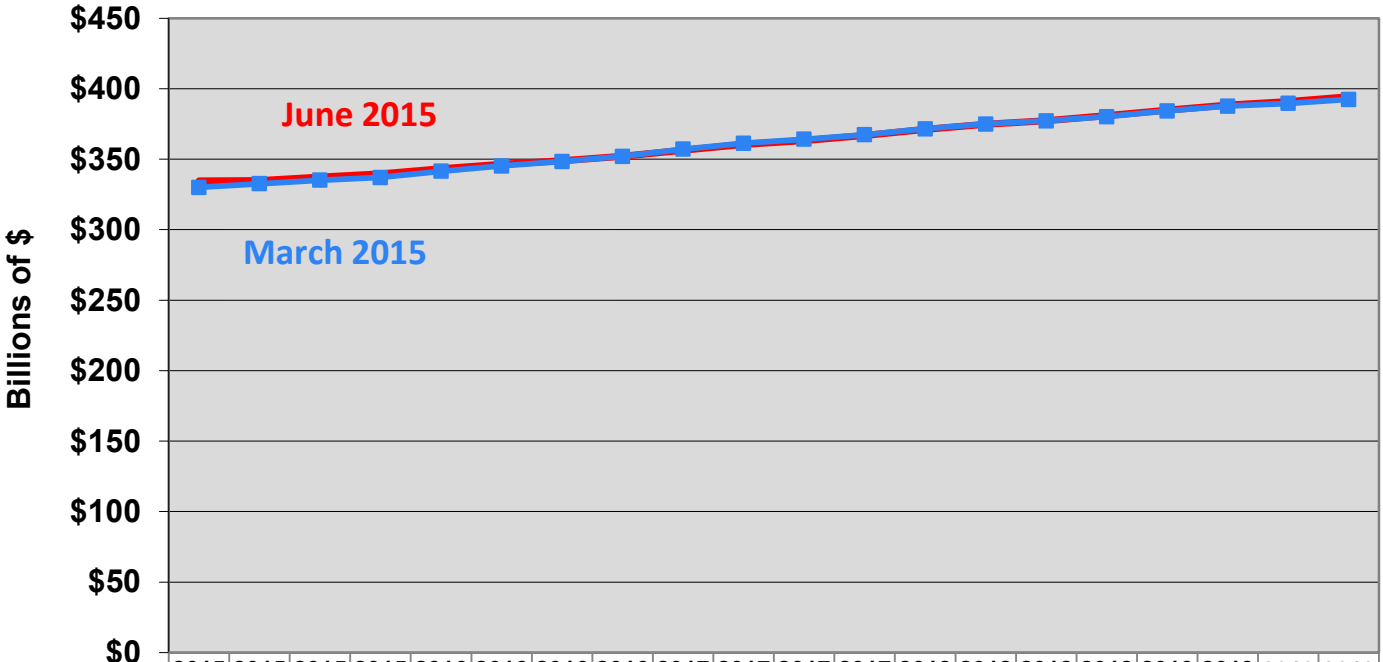
Fiscal Year	WA Personal Income	Annual Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles
2010	-2.5	1.0	1.0	3.1	-0.9	10.8
2011	2.9	1.0	1.8	18.2	1.4	11.8
2012	3.8	1.0	2.4	13.8	1.1	13.5
2013	3.6	1.1	1.4	0.5	1.0	9.4
2014	2.1	1.3	1.3	-2.4	1.3	4.5
2015	4.8	1.4	0.8	-18.8	1.6	6.9
2016	3.4	1.4	1.1	-17.2	1.8	7.4
2017	3.8	1.3	1.8	9.2	1.9	6.5
2018	4.1	1.3	1.8	8.3	1.8	8.0
2019	3.8	1.1	1.7	10.4	1.8	3.1
2020	2.6	1.0	1.7	1.3	1.9	-0.4
2021	2.2	1.0	1.8	-1.4	1.9	0.7
2022	2.7	1.0	2.0	6.7	1.9	1.6
2023	2.8	1.0	2.2	10.3	1.9	1.1
2024	2.8	1.0	2.2	8.6	2.0	2.1
2025	2.8	1.0	2.1	5.4	2.1	2.2
2026	2.9	1.0	2.0	2.9	2.1	2.4
2027	2.9	1.0	1.9	1.7	2.1	3.8

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management, May 2015 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices

WA Personal Income

The forecast of Washington real personal income is projected by the Washington Economic and Revenue Forecast Council (ERFC) based on the May 2015 Global Insight forecast, May 2015 Blue Chip average US GDP growth rates, NYMEX fuel prices, and other forecasted economic variables in the near term through CY 2019. Washington real personal income in FY 2012 averaged $298 billion. This was a year-over-year increase of 3.8%. For FY 2013, Washington real personal income was $308.7 billion, with a year-over-year growth rate of 3.6%. In FY 2014, real personal income was $315 billion with an annual growth of 2.1%. In the current fiscal year, this June forecast has personal income at $330 billion and the annual growth rate at 4.8% which is a revision upward of 0.9% from the last forecast. This June 2015 forecast predicts Washington real personal income to be slightly higher than the last forecast in the near-term and in the long-term horizon, see Figure 5. In the first quarter of 2015, real personal income was $335 billion which is higher than $330 billion projected last forecast. In the second quarter of 2015, real personal income is anticipated to remain the same at $335 billion which is still slightly higher than the $333 billion anticipated in March. Next fiscal year, Washington's personal income growth rate is anticipated to be 3.4% which is down slightly from 3.9% growth anticipated in the March forecast. The average growth rate in fiscal years 2015-2018 is 4.0% which is slightly lower than the four year average of 4.1% anticipated in last quarter. In FY 2019, Washington real person income is anticipated to be $383 billion with an annual growth rate of 3.8% which is higher growth rate than predicted in March at 3.5%. The annual growth rate in real personal income in fiscal year 2020 is anticipated to be 2.6% which is a combination of ERFC annual growth and OFM's 2015 long-term real personal income forecast which is higher than the 2% growth predicted in March. In FY 2022-2027, OFM's 2015 long-term forecast of real personal income annual growth have not changed from March. The growth rate is anticipated to be between 2.7% and 2.9% see Figure 6.

Figure 5 Comparison of Quarterly Washington Real Personal Income June vs. March 2015



	2015 Qtr 1	2015 Qtr 2	2015 Qtr 3	2015 Qtr 4	2016 Qtr 1	2016 Qtr 2	2016 Qtr 3	2016 Qtr 4	2017 Qtr 1	2017 Qtr 2	2017 Qtr 3	2017 Qtr 4	2018 Qtr 1	2018 Qtr 2	2018 Qtr 3	2018 Qtr 4	2019 Qtr 1	2019 Qtr 2	2019 Qtr 3	2019 Qtr 4
15June	335	335	337	340	343	346	349	352	356	360	363	367	371	375	377	381	385	388	391	394
15-Mar	330	333	335	337	341	345	348	352	357	361	364	367	372	375	377	380	384	388	390	392

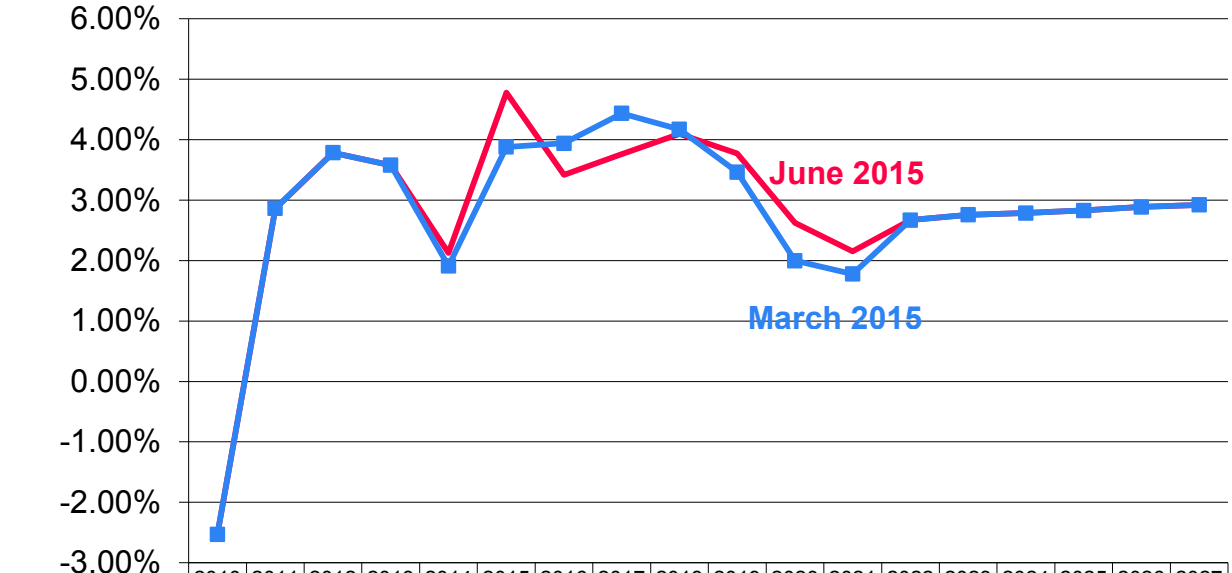
Source: Washington Economic and Revenue Forecast Council (May 2015 economic variables) and 2015 OFM long-term personal income forecast

WA Population

The June 2015 forecast includes the final 2014 OFM population projections which was the same forecast as the March 2015 forecast assumptions.

In FY 2012, the driver age population was 5.238 million with an annual growth rate of 1.0%. The driver age population increased to 5.297 million in FY 2013, representing a 1.1% annual growth from the prior year. The FY 2014 driver age population is 5.367 million, which is 1.3% annual growth. In fiscal year 2015, the population forecast is 5.442 million with an annual growth of 1.4%. In subsequent years, the annual population growth rate starts at 1.4% and falls slowly each year so by the last year of the forecast horizon the annual growth rate is 0.99%. The average annual growth rate in population between FY 2015 and 2027 is 1.12%.

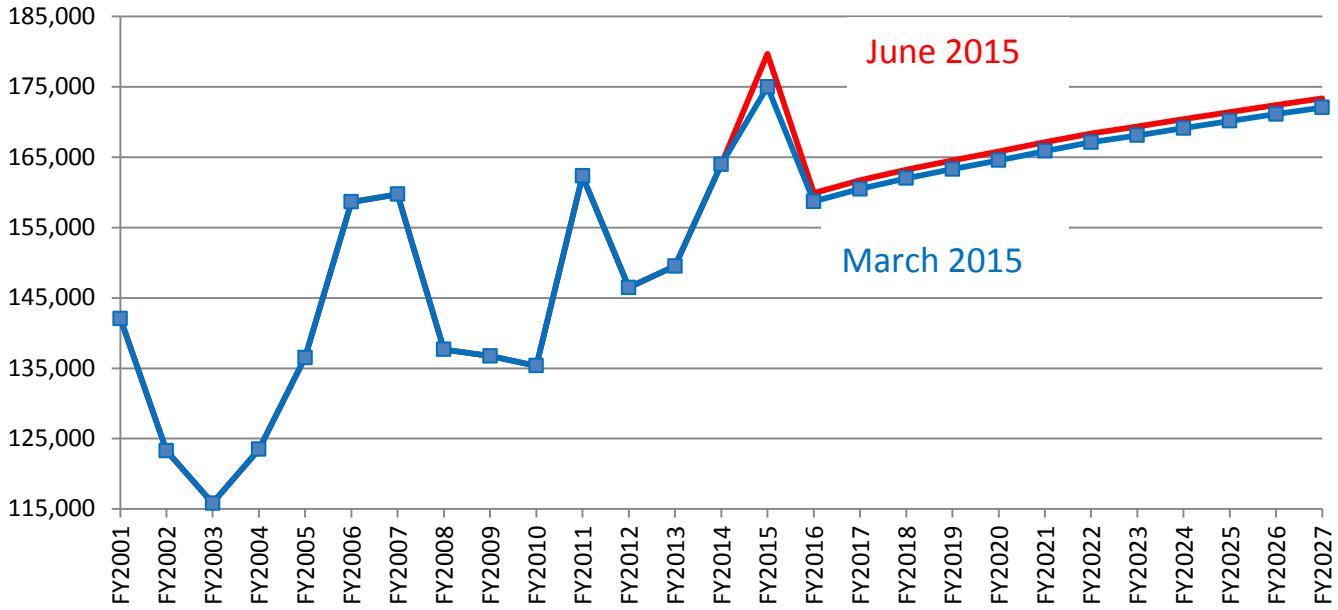
Figure 6 Forecast Comparison of Annual Growth Rates for Washington Real Personal Income June vs. March 2015



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Jun-15	-2.5%	2.9%	3.8%	3.6%	2.1%	4.8%	3.4%	3.8%	4.1%	3.8%	2.6%	2.2%	2.7%	2.8%	2.8%	2.8%	2.9%	2.9%
March 2015	-2.5%	2.9%	3.8%	3.6%	1.9%	3.9%	3.9%	4.4%	4.2%	3.5%	2.0%	1.8%	2.7%	2.8%	2.8%	2.8%	2.9%	2.9%

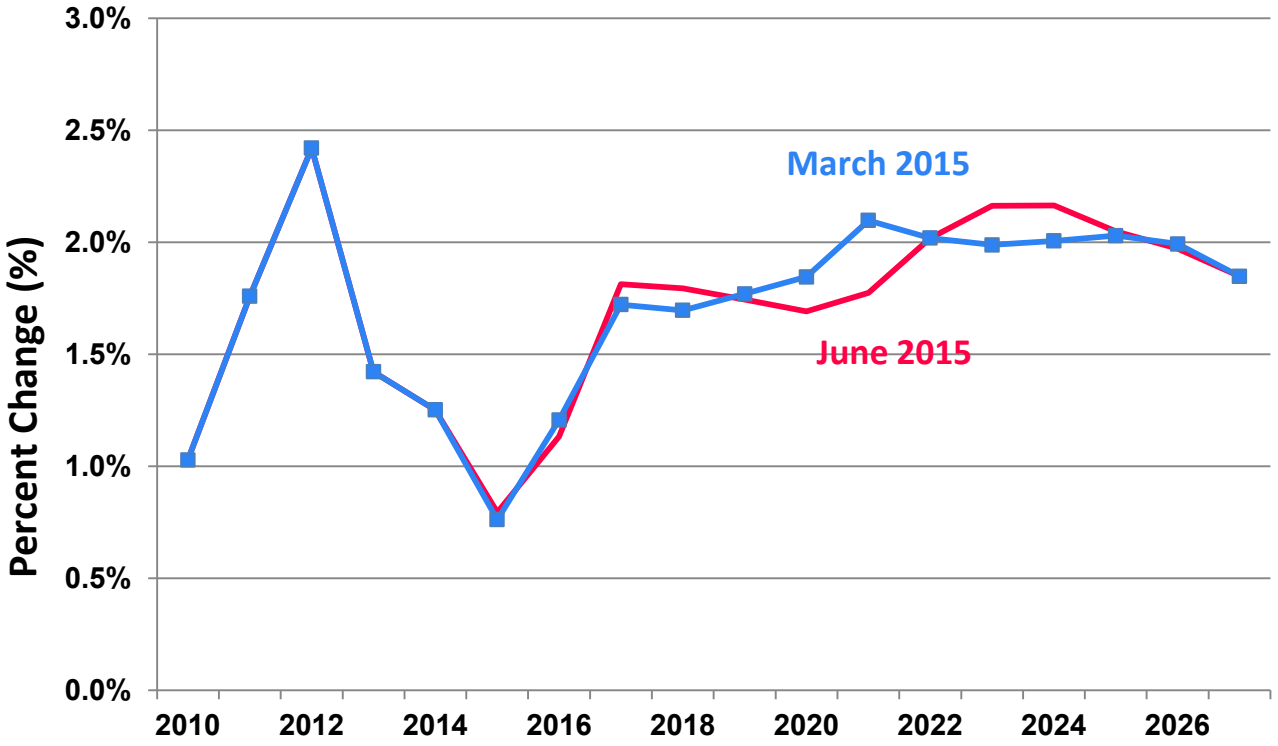
Source: Washington Economic and Revenue Forecast Council (May 2015 economic variables) and 2015 OFM long-term personal income forecast

Figure 7 Forecast Comparison of Driver In Migration: June vs. March 2015



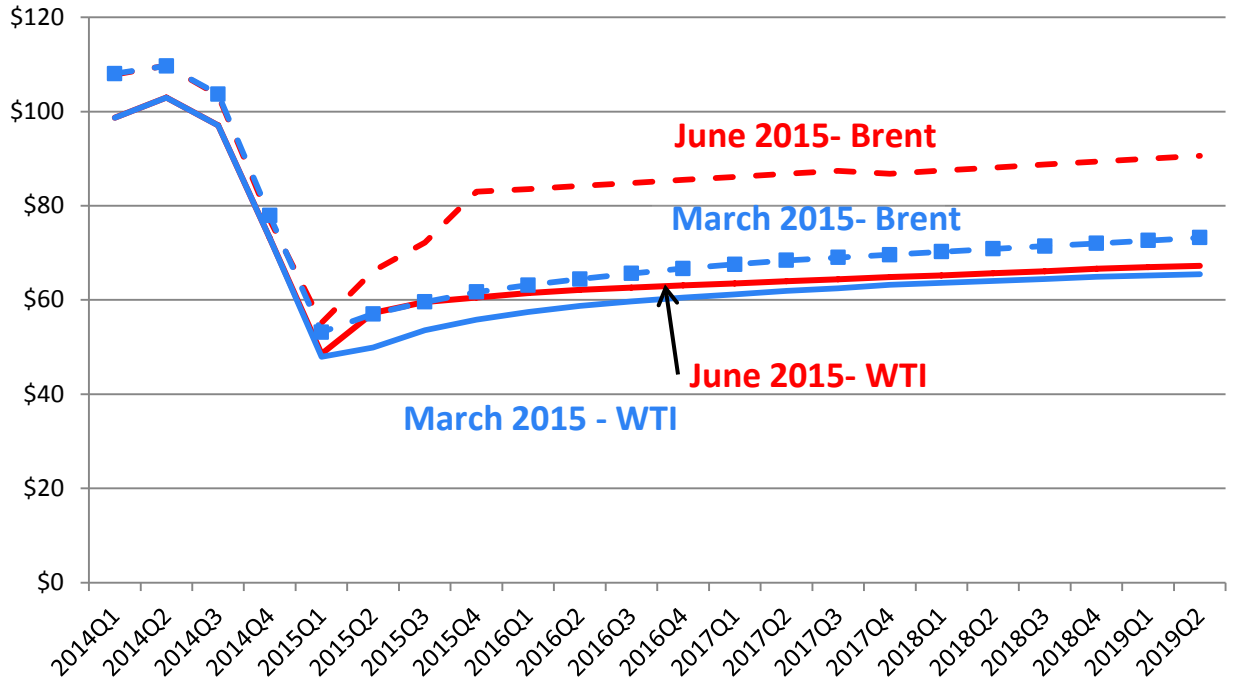
Source: Department of Licensing June 2015 forecast

Figure 8 Inflation Forecast Comparison – Annual Percent Change in U.S. Implicit Price Deflator for Personal Consumption June vs. March 2015



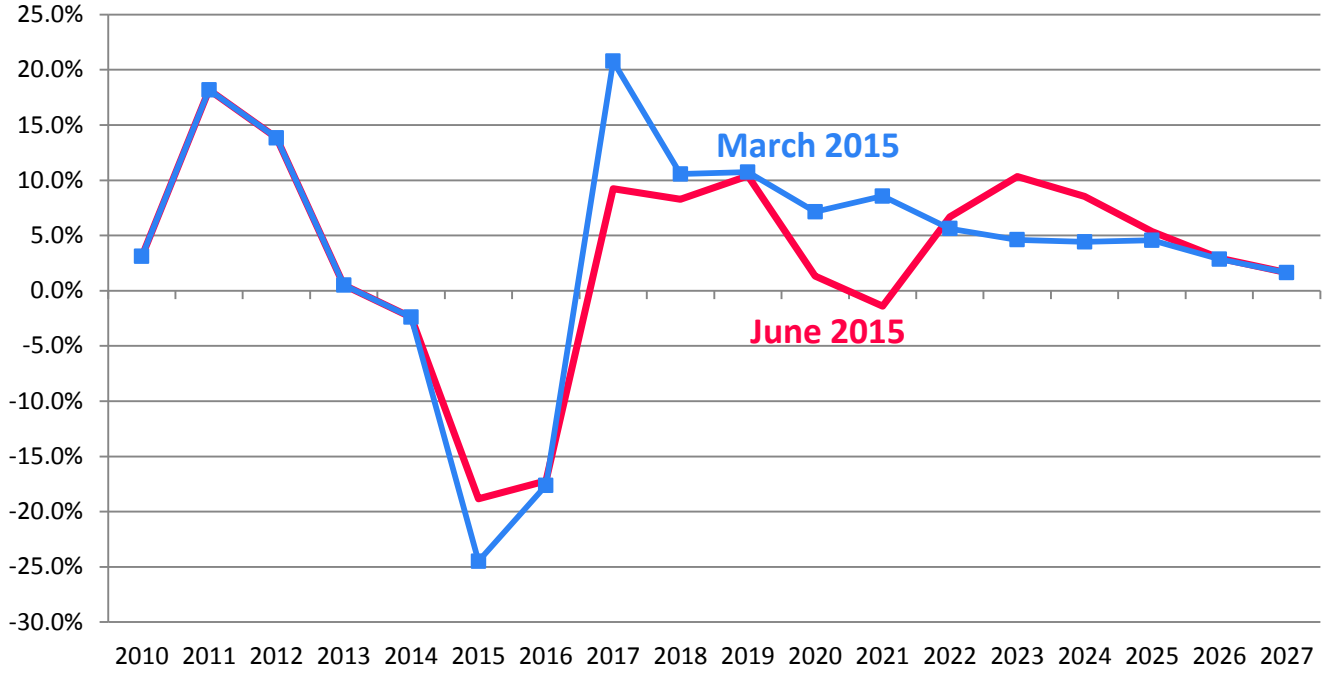
Source: Washington Economic and Revenue Forecast Council and May 2015 Global Insight forecast

Figure 9 NYMEX WTI and Brent Crude Oil Price Comparison and Price Spread Since January 2014



Source: June and March 2015 NYMEX future prices – WTI and Brent crude oil prices

Figure 10 Global Insight Oil/Gas Price Index Forecasts: Growth Rate Comparison June vs. March 2015



Source: May 2015 Global Insight forecast

U.S. Inflation

For the U.S. inflation rate forecast, we use the Economic and Revenue Forecast Council through FY 2019 and Global Insight's May 2015 projection of the implicit price deflator (IPDC) for 2020 and beyond (Figure 8). In 2012, the U.S. inflation rate, as measured by the change in the IPDC, was 2.9%. In FY 2013, inflation fell to 1.7%. In FY 2014, the inflation forecast fell slightly to 1.25%. In FY 2015, the current forecast shows an annual increase in inflation of 0.8% which is the same as that projected last quarter in March. The drop in inflation in the current fiscal year is due to much lower oil prices than anticipated last quarter. In FY 2016, the current forecast shows an annual increase in inflation of 1.1%, which is nearly the same as last quarter's forecast. After FY 2016, the current forecast projects rising inflation to 2.2% by FY 2023, which is slightly higher than March's forecast. For the remainder of the forecast horizon, inflation rates remain the same or gradually fall year over year to 1.85% by FY 2027 (see Figure 8).

Crude Oil NYMEX Futures Prices

The June and March 2015 U.S. crude oil NYMEX futures prices for both Brent and West Texas Intermediate (WTI) and the price spread are revealed in Figure 9. The 2015 second quarter futures prices were increased in this current June 2015 future prices for both Brent and WTI compared to the last forecast, all throughout the future period. In recent months, Brent and WTI futures prices have gotten closer reflecting the actual WTI and Brent crude oil prices getting closer as both crude oil prices dropped significantly in the first quarter of 2015. This trend has stopped in this June forecast as Brent prices are anticipated to be stronger and by the further quarter of 2015, Brent future prices are anticipated to be over $80 per barrel while WTI crude oil price is anticipated to be around $60 per barrel. Right now the difference between Brent and WTI prices is minimal at $9 per barrel. Over time, the difference between the two crude oil price futures grows so by the first quarter of 2016, the Brent and WTI futures prices are at $83.5 and $61.5 per barrel respectively, for a difference of $22 per barrel. The reason for the disparity in WTI and Brent crude oil prices in the future is because the June futures prices for WTI are showing little growth where the futures prices for Brent has a little more growth in the near-term futures prices.

U.S. Petroleum Products Price Index

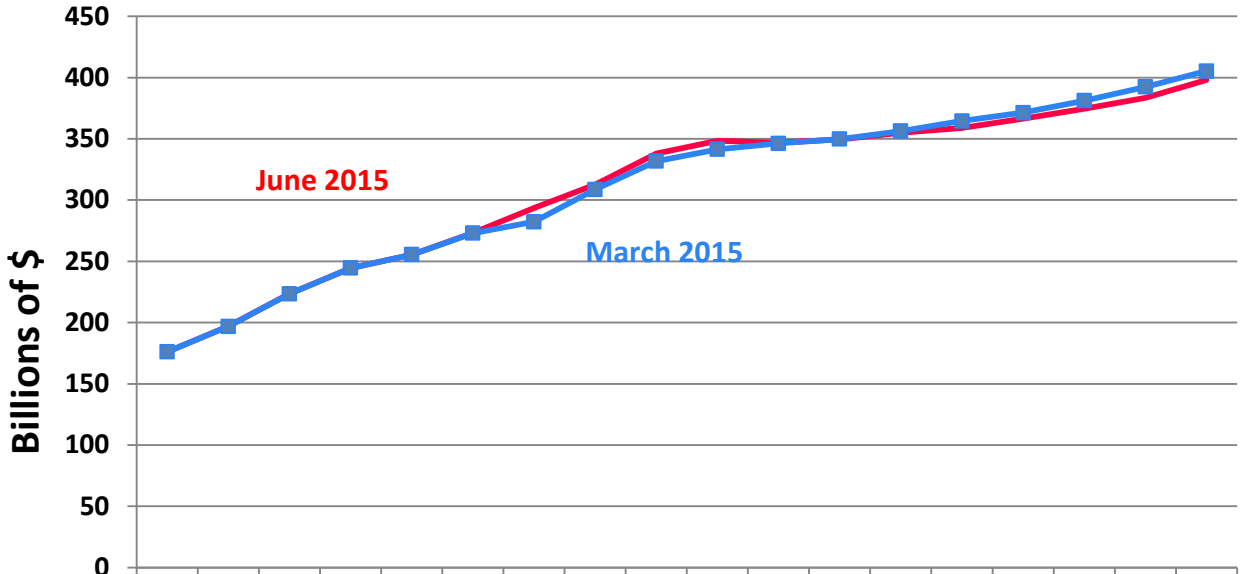
The annual year over year change in the U.S. petroleum products price index was 18% for FY 2011. In FY 2012, the price index grew by 13.8%, year-over-year. In FY 2013 the annual growth for the U.S. petroleum products price index was 0.5%. In FY 2014, the US petroleum price index declined by 2.4%. In FY 2015, the June forecast of this index is projected to decline significantly by 18.8% which is a slightly smaller decline than anticipated in March with -25.5%. In FY 2016, the petroleum products price index is also predicted to fall annually by 17.2% which is nearly the same decline as projected in March. In FY 2017, the petroleum products price index is predicted to rise by 9.2% as opposed to 21% anticipated in March. From FY 2018 and throughout the rest of the forecast horizon, the petroleum products price index growth rates are expected to be positive except for FY 2021 which projected at -1.4%. In FY 2018 and 2019, the annual growth rate in the price index is expected to be 8% and 10.4% respectively. From FY 2021, the annual growth rate grows again to 10.33% in FY 2023 and then it gradually slows from 10% annual growth. By FY 2027, the oil price index annual growth is predicted at 1.6% (see Figure 10).

U.S. Fuel Efficiency (MPG)

The U.S. on-road fuel efficiency variable for the June 2015 forecast is unchanged from the March forecast. Previous forecasts have incorporated the effects of the 2012 Obama administration fuel efficiency standards for passenger cars and light trucks in model years 2017 and beyond. The US on-highway fleet fuel efficiency variable in 2013 and 2014 was 20.5 and 20.8 miles per gallon respectively for the entire US fleet of light vehicles. In the current fiscal year, the June 2014 fuel efficiency projection for the US fleet is 21.1 miles per gallon, which is an annual increase of 1.6% which is the same projection as last quarter. The fuel efficiency of the US fleet grows slowly over time and by the end of the forecast

horizon the US on-highway vehicle fuel efficiency is projected to increase to 26.54 miles per gallon, which represents approx. 2% annual growth rate.

Figure 11 Global Insight Annual US Consumer Spending on Motor Vehicles June vs. March 2015



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
15-June	176	197	223	245	256	273	294	313	338	349	347	349	355	359	367	375	384	398
15-Mar	176	197	223	245	256	273	282	309	332	342	346	350	356	365	371	381	392	405

Source: May 2015 Global Insight forecast

U.S. Consumer Spending on New Motor Vehicles

Consumer spending on new motor vehicles throughout the U.S. has been recovering with 10.8% and 11.8% year-over-year growth in FY 2010 and 2011 respectively. In FY 2012, the recovery for light vehicle sales picked up even more with an annual growth rate of 13.5%. In fiscal year 2013, consumer spending on new vehicles grew year over year by 9.5%. In fiscal year 2014, consumer spending on new vehicles grew year over year by 4.5%. In fiscal year 2015, consumer spending on new vehicles is expected to grow at 6.0% instead of 7.5%, which is lower than last quarter's projection. In general, this March 2015 forecast is predicting slightly lower levels of consumer spending on new motor vehicles than in November in the current fiscal year and in 2019 and 2020. Then beginning in fiscal year 2021 and throughout the rest of the forecast horizon, the new March forecast is slightly lower than the previous forecasted growth rates. This current forecast has the highest growth rate of 9.4% in FY 2017 instead of 2016 as predicted in last quarter's forecast. After the highest annual growth rate in FY 2017, the annual growth rates of consumer sales on new vehicles are anticipated to decline in FY 2018 to 7.5% and then increase again to 2.9% in FY 2019. In years after FY 2019, the annual growth rates falls further and the annual growth rates in remaining years stabilize, averaging 2.2%, which is slightly lower than last quarter's average of 2.4% over the same time period.

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

This June forecast has only minor downward revisions in the levels of Washington employment from the March forecast. The recovery in Washington's economy picked up in FY 2012 with non-agricultural employment growing by 1.4%; employment in the trade, transportation, and utilities sectors growing at 2.0%; and Washington retail employment growing at 1.8%. In FY 2013, year-over-year growth in non-ag. employment continued to grow at 2.1%. In fiscal year 2014, the non-ag. employment rate

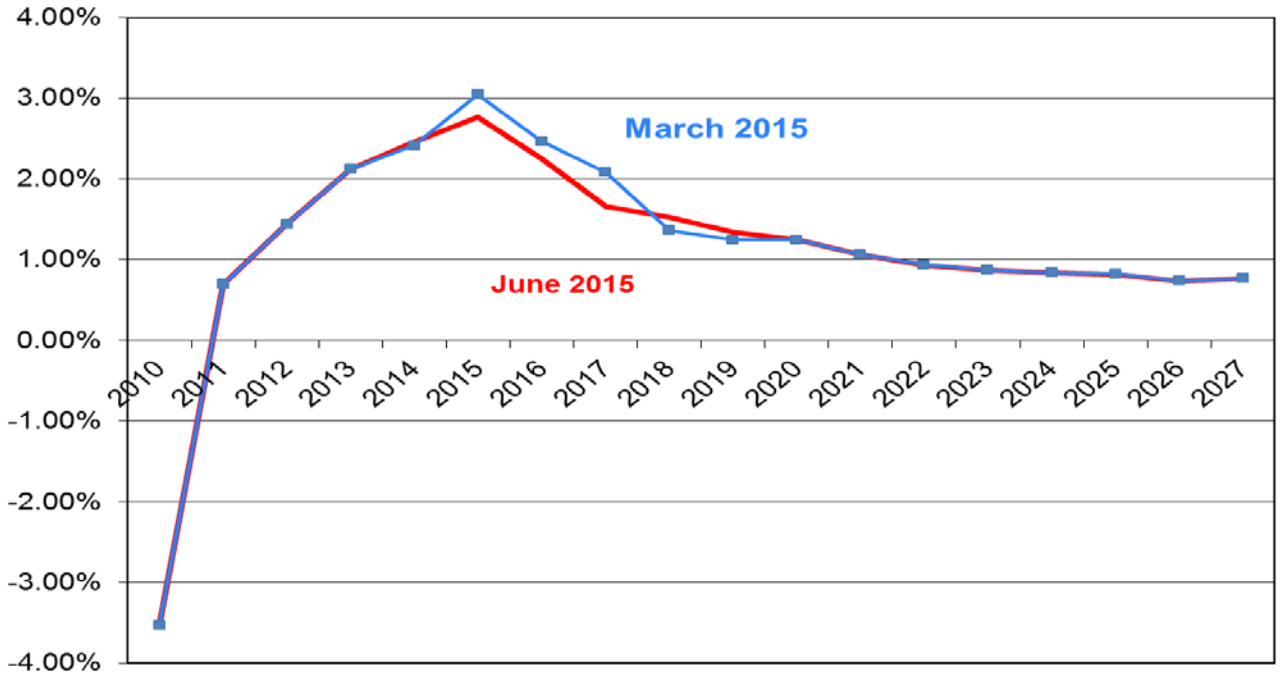
annual growth rose a little to 2.5%. In the current fiscal year, the annual growth rate for non-ag. employment is 2.8% as opposed to 3% growth expected in the last forecast. In fiscal years FY 2016-2022, the annual growth rates for non-ag. employment falls every year from 2.8% to 0.7% which is the same trend as the last forecast. The economic growth in Washington's non-ag. employment, in subsequent years beyond FY 2019, is based on OFM's 2015 long-term employment projections, which has not been revised since the last forecast (see Figure 13).

Figure 12 Annual Growth Rates (%) Washington Employment Forecasts June 2015

Fiscal Year	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2010	-3.5	-4.0	-3.3
2011	0.7	0.6	0.8
2012	1.4	2.0	1.8
2013	2.1	2.4	2.8
2014	2.5	3.2	3.7
2015	2.8	3.2	2.8
2016	2.3	2.0	1.4
2017	1.7	0.7	0.1
2018	1.5	0.9	0.3
2019	1.4	0.4	-0.3
2020	1.3	0.5	0.3
2021	1.1	0.5	0.6
2022	0.9	0.4	0.4
2023	0.9	0.3	0.2
2024	0.8	0.3	0.2
2025	0.8	0.4	0.4
2026	0.7	0.4	0.5
2027	0.8	0.6	0.6

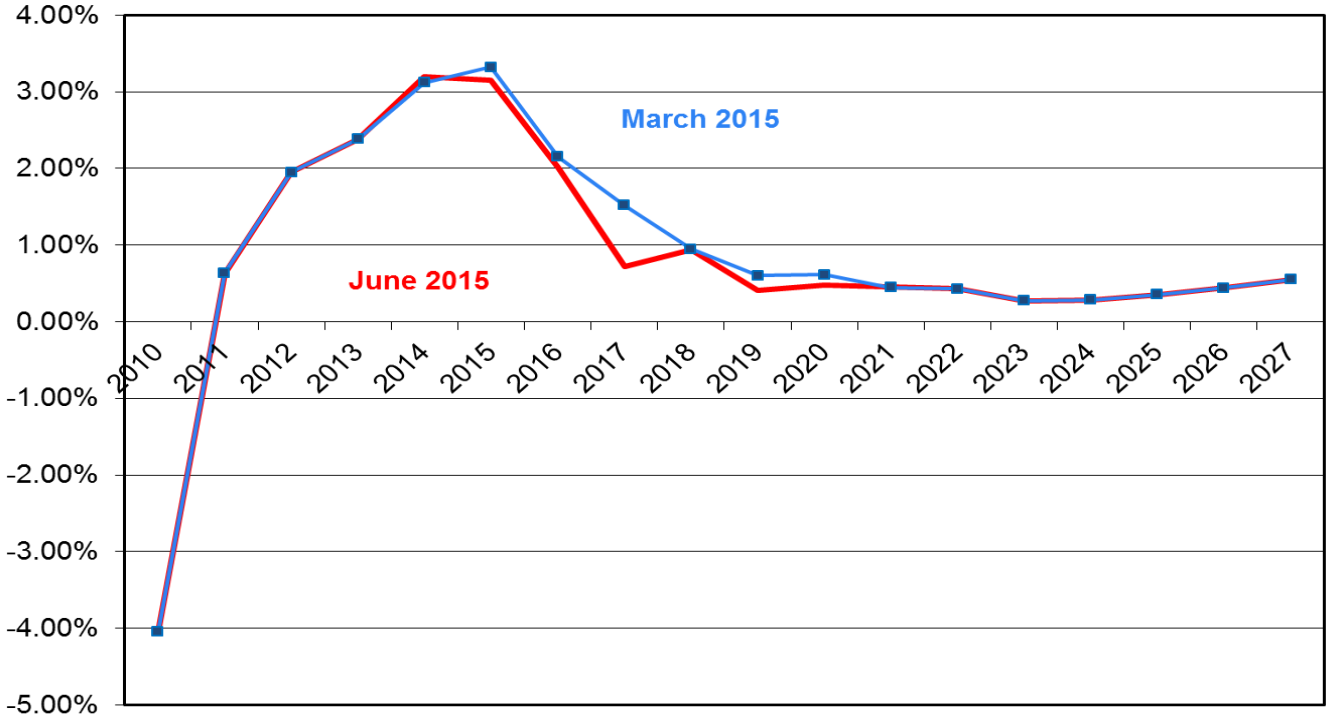
Washington's employment in the trade, transportation, and utilities (TTU) sectors follows similar trends as the overall non-farm employment trends. In FY 2012, this industry grew by 2% year-over-year. In FY 2013, the trade, transportation, and utilities employment sector grew slightly faster at 2.4%. In FY 2014, employment in the trade, transportation, and utilities sector grew by 3.2%, which is faster growth than non-ag. employment growth at 2.5%. In FY 2015, this industry's employment is anticipated to continue growing at 3.2% which is nearly the same as expected in March. In FY 2016, the growth rate in this employment sector is lower than the last projection at a year over year growth of 2.0% as opposed to 2.2% in March. Then in FY 2017, Washington employment growth rates in the trade, transportation, and utilities sectors is anticipated to grow at 0.7% lower than last quarter's forecast. Then employment in the trade, transportation, and utilities sector growth rate steadily slows annually to a rate of 0.3% by FY 2023, which is nearly the same as anticipated in March. In subsequent years after FY 2019, the TTU employment growth rates are dependent on the 2015 OFM long-term forecast which has not changed from the last forecast. The 2015 OFM long-term annual growth rates are projected to be 0.5% for FY 2020 and 0.45% and 0.43% for FY 2021 and 2022. The annual growth rate falls a little to 0.3% in FY 2023 and 2024. In fiscal years 2025 - 2027, annual growth rates rise to 0.4% and then to 0.55% which is same as last projections (see Figure 14).

Figure 13 Washington Nonfarm Payroll Employment Forecasts of Annual Growth Rates June vs. March 2015



Source: May 2015 ERFC and OFM/ESD 2015 long-term Washington non-ag. employment forecast

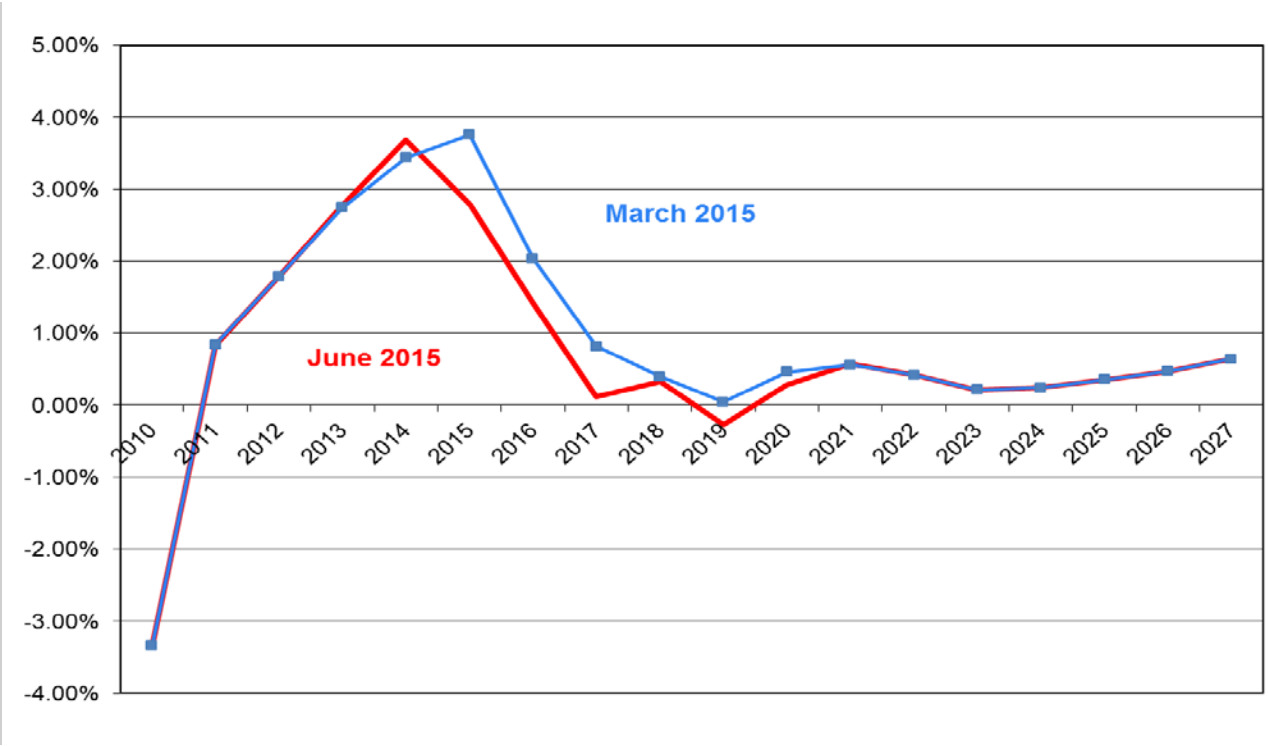
Figure 14 Washington Nonfarm Payroll Employment – Trade, Transportation and Utilities Sectors (TTU) Forecasts of Annual Growth Rates June vs. March 2015



Source: May 2015 ERFC and OFM/ESD 2015 long-term Washington TTU employment forecast

Washington's employment in the retail trade sector in this forecast also follows similar trends as employment in the non-agricultural and trade, transportation, and utilities industries; however, projections are more optimistic in the near-term and minor changes to the long-term outlook for this industry sector. The retail employment sector grew by 1.8% year-over-year in FY 2012. In FY 2013, the retail trade employment grew even more by 2.8%. In FY 2014, retail employment growth was 3.7%. In FY 2015, the current retail employment projection has been lowered to a year over year growth of 2.8% as opposed to 3.8% anticipated in March. In FY 2016, the retail employment annual growth forecast is lower at 1.4% compared to 2% projected in March. In FY 2017, the annual growth rate is predicted to be small at 0.12% as opposed to 0.8% anticipated in the March forecast. In FY 2018 and 2019, the annual growth is anticipated to remain low at 0.3% and then -0.3% and this current forecasted growth rates are lower than last forecast at 0.4% and 0% respectively. In FY 2020 and beyond, the retail employment projections are based on OFM's 2015 employment projections, which have not changed from last quarter. The new long-term annual growth rate averages 0.4% (see Figure 16).

Figure 15 Washington Nonfarm Payroll Employment – Retail Trade Sector Forecasts of Annual Growth Rates June 2015 vs. March 2015



Source: May 2015 ERFC and OFM/ESD 2015 long-term Washington retail trade employment forecast

Motor Fuel Price Forecast

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

The June 2015 forecast for crude oil prices is higher than the last forecast in the current fiscal year but lower than the last forecast in the outer years and all throughout the forecast horizon from March. The same is true for the current retail gas and diesel price forecasts as they are also up in the current fiscal year but down from the March forecast after the current fiscal year in both the near- and long-term. Annual adjusted ferry B5 biodiesel prices are up from the March forecast all years.

Source of data for the forecast

For the Washington retail price of gasoline, actual fuel prices are collected from the Energy Information Administration's (EIA) survey of retail prices for regular gasoline in the state. For the retail price of diesel, the actual prices are collected from AAA's weekly publication of retail prices for diesel in Washington. The actual ferry B5 biodiesel prices are reported by the Washington State Ferries (WSF). In the short term (thorough calendar year 2015), the retail gas price forecasts are based on the growth in the national retail gas price forecast by EIA. The diesel and biodiesel diesel prices are projected based on the growth in national diesel prices from the Energy Information Agency (EIA) monthly projections. Beyond calendar year 2016, the fuel price projections are based on June's Global Insight national gas price forecast for Washington's gas price forecast and the producer price index (PPI) projections for refined petroleum products for the retail diesel and biodiesel price forecasts.

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

U.S. crude oil price trend

U.S. prices of West Texas Intermediate Crude (WTI) oil averaged $95 per barrel in FY 2012. In fiscal year 2013, crude oil prices averaged $92.16 per barrel. In FY 2014, WTI crude oil prices came in at $101.3 per barrel. In the last quarter of calendar year 2014, the crude oil price forecast finished lower at $73.2 per barrel. In the future, this June crude oil price forecast is lower than in March. This June crude oil price forecast declines in FY 2015 with an average WTI price forecast of $69.2 per barrel forecast as opposed to the $66.5 per barrel predicted four months ago. In this current forecast, like prior forecasts, WTI crude oil prices are expected to remain low in FY 2016 and in this forecast WTI prices are anticipated to decline slightly further to $59.1 per barrel instead of an average of $62.9 per barrel projected in March. Beginning in FY 2017, WTI crude oil prices are projected to rise a little to $62.5 per barrel as opposed to $70.2 per barrel in the last forecast. In this current forecast, WTI does not exceed $100 per barrel until FY 2024 when it hits $111 per barrel. Then the forecast grows over the course of the forecast horizon. By FY 2027, the WTI price forecast is projected at $127 per barrel in this June forecast which is much lower than the maximum crude oil price of $152 per barrel predicted in March by the end of the forecast horizon.

Washington retail gasoline price trend

June's Washington retail gasoline prices are projected to be lower than the March retail gas price forecast all throughout the forecast horizon except for the current fiscal year. This current forecast is also lower than the February 2014 baseline price forecast in FY 2015-2018 but then for the remainder of the forecast horizon the current price forecast for retail gas grows faster and higher than the February 2014 forecast, see Figure 16. In FY 2013, the Washington average retail gas price was $3.73 per gallon. In FY 2014, the Washington average retail gas price was $3.61 per gallon. This represents a year-over-year decline of 3.2%. In FY 2015, the Washington retail gas price is expected to decrease 15% year-over-year to $3.07 per gallon, $0.04 higher than anticipated in the March forecast. In FY 2016, this current forecast anticipates prices to decrease again to $2.73 per gallon, which is 5.5% lower than expected last quarter The June forecast of retail gas prices remains low in FY 2017 at $2.82 per gallon which is $0.25 per gallon less than last forecast. In FY 2018, retail gas prices are anticipated to rise to $3.00 per gallon which is still sizably lower than the March forecast. The current projection of retail gas prices have a period of plateau in fiscal years 2019-2021 which did not exist in prior forecasts. The rise in gas prices hits more than $4 per gallon in FY 2024 which is two years later than the last forecast. Part of the reason for the delay in the fuel price increase is due to this new plateau period in the current forecast. By the end of the forecast horizon, retail gas prices are anticipated to reach $4.76 per gallon in this June forecast.

Washington retail diesel price trend

This June forecast of retail diesel prices is lower than the last forecast throughout the forecast horizon, except for the current fiscal year, see Figure 17. This is the same trend seen in retail gasoline prices. After the current fiscal year, the March retail diesel price follows the last forecast. The same price trend is seen as in November 2014 until FY 2020 and then the annual growth rates in March become faster than last quarter so the March retail diesel price forecast catches up with November projections of retail diesel prices. Washington's retail price of diesel was an average $3.02 per gallon in FY 2010. It increased 23% to $3.71 per gallon in FY 2011. In FY 2012, the average diesel price was $4.20 per gallon, or 13% higher than the prior year. In FY 2013, the retail diesel price dropped slightly to $4.10 per gallon. In FY 2014, the retail diesel price was $4.01 per gallon, a year over year decline of 2.2%. In the current fiscal year, the June retail diesel price forecast is projected to be 14.5% lower year over year at $3.43 per gallon. This current forecast for FY 2015 is close to the last forecasted price of $3.40 per gallon. In FY 2016, retail diesel prices are expected to fall further to $3.14 per gallon as opposed to $3.17 in the March forecast. For the rest of the forecast horizon, retail diesel prices are projected to rise each year except for a three year period of plateau in prices between fiscal years 2019-2021. By FY 2027, the current projection of retail diesel prices is nearly the same as in March with retail diesel prices expected to be $6.06 per gallon in the current forecast and $6.15 per gallon in March's forecast.

The price differential between retail gas and diesel was 9 cents on average in FY 2010 and it grew to 40 cents by FY 2014. In the current fiscal year, the retail gas and diesel price differential is projected to drop a little to $0.36 per gallon which is nearly the same differential as last forecast. After the current fiscal year, the price differential between gas and diesel is projected to grow. In FY 2016 and 2017, the price differential grows to $0.41 per gallon $0.43 per gallon respectively. Beginning in FY 2018, the price differential is projected to grow from $0.54 per gallon to $1.305 per gallon by the end of the forecast horizon.

Figure 16 Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular June and March 2015

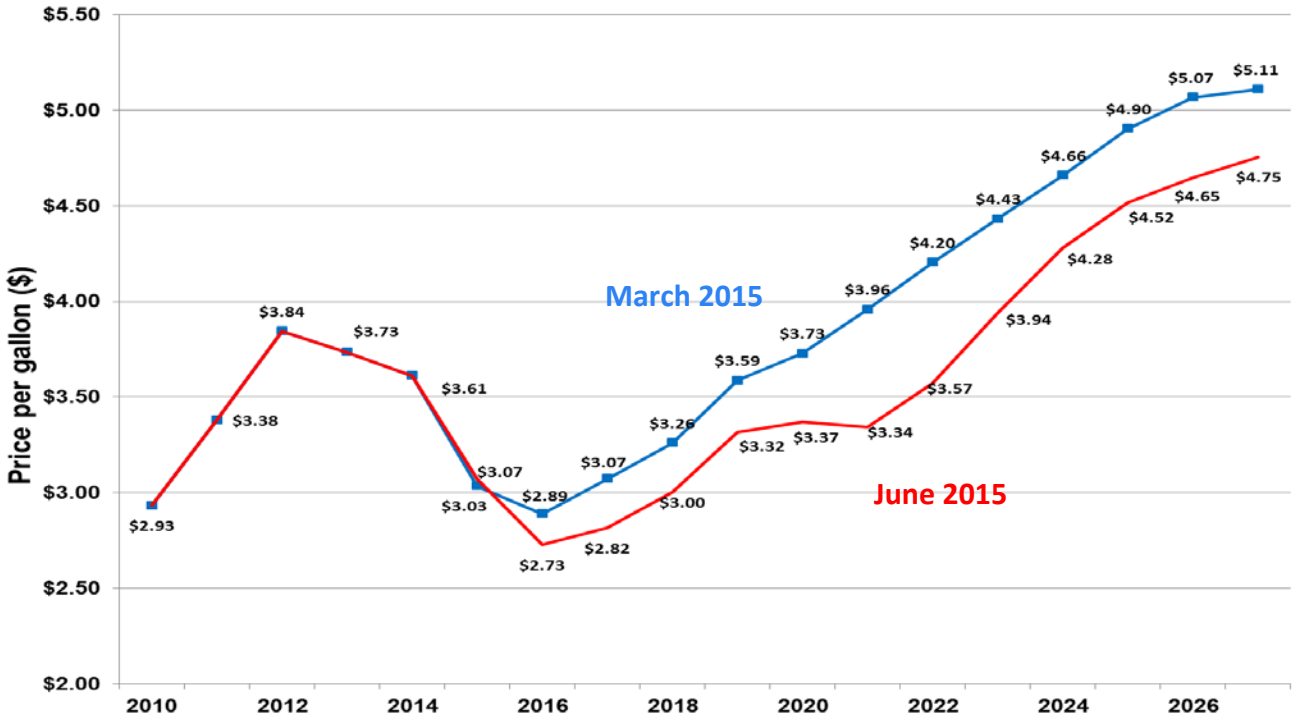


Figure 17 Forecast of UNADJUSTED Washington Retail Diesel Prices June and March 2015

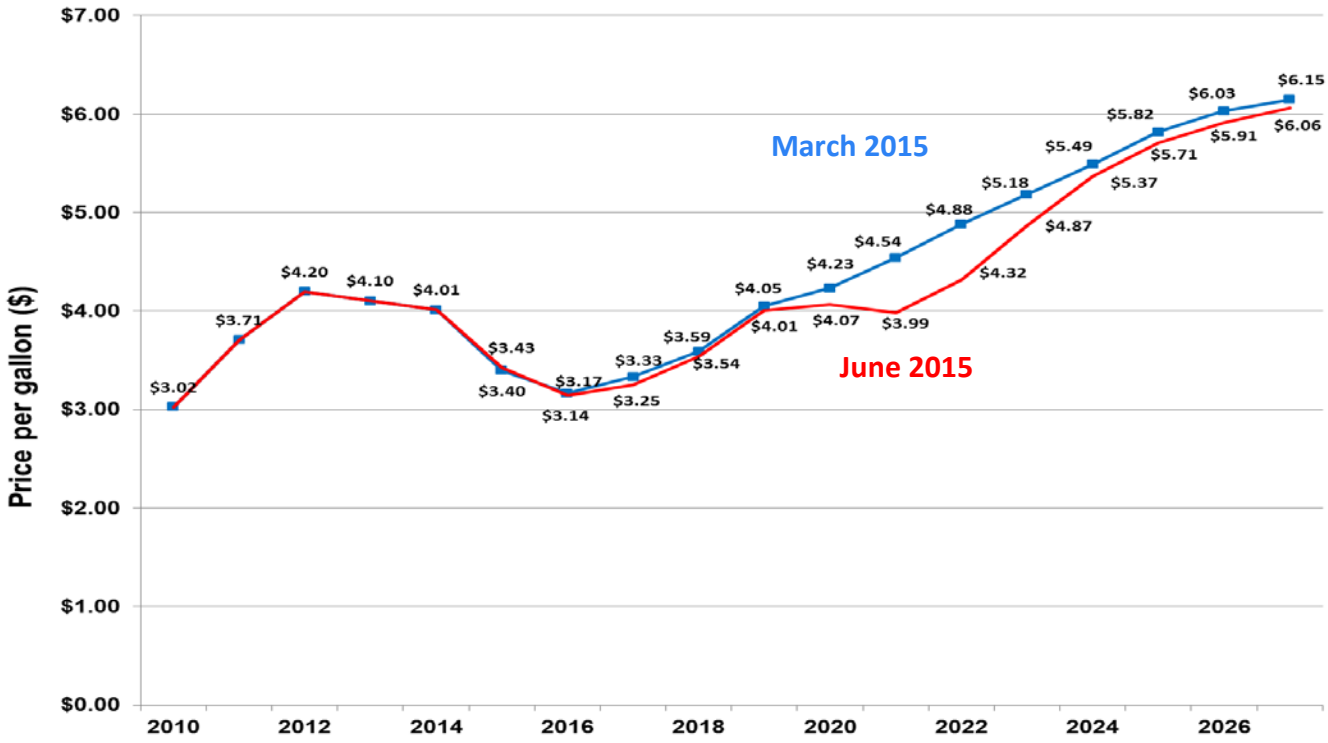


Figure 18 Near-term UNADJUSTED BASELINE Quarterly Fuel Prices: June 2015

Fiscal Year Quarter	Crude Oil Price ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)
2014: Q3	97.78	3.86	4.04
2014: Q4	73.16	3.11	3.68
2015: Q1	47.93	2.43	2.95
2015: Q2	57.23	2.89	3.05
FY 2015	**69.18**	**3.07**	**3.43**
2015: Q3	58.33	2.77	3.08
2015: Q4	57.00	2.57	3.09
2016: Q1	58.67	2.63	3.13
2016: Q2	62.33	2.94	3.27
FY 2016	**59.08**	**2.73**	**3.14**
2016: Q3	65.00	2.94	3.32
2016: Q4	62.00	2.67	3.27
2017: Q1	59.87	2.70	3.15
2017: Q2	63.08	2.96	3.26
FY 2017	**62.49**	**2.82**	**3.25**
2017: Q3	66.16	2.94	3.35
2017: Q4	69.13	2.80	3.47
2018: Q1	72.01	3.00	3.60
2018: Q2	74.73	3.28	3.71
FY 2018	**70.51**	**3.00**	**3.54**
2018: Q3	77.31	3.25	3.82
2018: Q4	79.76	3.09	3.92
2019: Q1	84.07	3.33	4.11
2019: Q2	85.45	3.59	4.17
FY 2019	**81.65**	**3.32**	**4.01**

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

In June 2015, the West Texas Intermediate (WTI) crude oil price forecasts for FY 2015 differed by approximately 1.4%, or $63.48 - $70.6 per barrel. The five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics, and Moody's Economy.com had forecasts with WTI crude oil price forecasts which averaged $67.4 per barrel for FY 2015. WSDOT's baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term through calendar year 2016 and then use the growth rates from Global Insight forecasts for subsequent years. The projected price forecasts for crude oil in FY 2015 ranged from $63.5 per barrel by Global Insight to $70.6 per barrel by Consensus Economics with the average being $67.4 per barrel. The forecast for WTI crude oil in FY 2016 ranged from $50.6 per barrel by Global Insight to $75 per barrel by Moody's Economy.com with the average being $62.3 per barrel. The average forecast for WTI crude oil in FY 2017 ranged from $60.8 per barrel by NYMEX to $81.6 per barrel by Economy.com with the average being $70.5 per barrel. Figure 20 reveals that the WSDOT baseline WTI price forecast had the smallest price differential, at -1%, in fiscal year 2016.

Figure 19 Near-term Annual WTI Crude Oil Price Forecasts – 5 Different Forecast Comparisons: June 2015 *Dollars per barrel*

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	5 Entity Avg	% Diff Lowest	% Diff Highest	% Diff Average
2015	$69.18	$69.00	$68.88	$69.40	$67.71	$68.83	-0.43%	-2.13%	-0.50%
2016	$59.08	$60.90	$52.96	$73.36	$60.21	$61.30	-10.36%	24.17%	3.76%
2017	$62.49	$63.28	$64.82	$80.25	$70.42	$68.25	0.00%	28.42%	9.22%
2018	$70.51	$65.03	$75.68	$82.90	$76.35	$74.09	-7.77%	17.57%	5.08%
2019	$81.65	$66.71	$87.63	$85.48	$79.33	$80.16	-18.29%	7.33%	-1.82%

Figure 20 Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes: June 2015 *Dollars per gallon*

Fiscal Year Quarter	Adjusted WA Retail Gasoline Price ($/gal)	Adjusted WA Retail Diesel Price ($/gal)	Adjusted B5 Biodiesel Price ($/gal)	Unadjusted B99 Biodiesel price
2014Q3	3.86	4.04	3.14	4.20
2014Q4	3.11	3.68	2.56	3.95
2015Q1	2.42	2.93	2.01	3.87
2015Q2	2.89	3.05	2.29	3.90
FY2015	**3.07**	**3.43**	**2.50**	**3.98**
2015Q3	2.87	3.20	2.45	3.71
2015Q4	2.67	3.20	2.46	3.65
2016Q1	2.73	3.25	2.51	3.70
2016Q2	3.05	3.40	2.66	3.87
FY2016	**2.83**	**3.26**	**2.52**	**3.73**
2016Q3	3.21	3.63	2.87	3.93
2016Q4	2.91	3.57	2.84	3.87
2017Q1	2.95	3.44	2.74	3.72
2017Q2	3.23	3.56	2.83	3.85
FY2017	**3.08**	**3.55**	**2.82**	**3.84**
2017Q3	3.09	3.52	2.81	3.97
2017Q4	2.95	3.65	2.90	4.10
2018Q1	3.15	3.79	3.01	4.26
2018Q2	3.44	3.90	3.11	4.39
FY2018	**3.16**	**3.72**	**2.96**	**4.18**
2018Q3	3.19	3.75	2.99	4.52
2018Q4	3.03	3.85	3.07	4.64
2019Q1	3.27	4.04	3.21	4.86
2019Q2	3.53	4.09	3.26	4.93
FY2019	**3.26**	**3.93**	**3.13**	**4.74**

WSDOT applies the five forecast entity average adjustment to the baseline March 2015 retail gasoline, diesel, and B5 biodiesel prices. The fuel prices listed in Figure 21 will be used to estimate the future costs to WSDOT agency's 2013-15 and 2015-17 biennium budgets for gas, diesel and biodiesel fuel purchases for fiscal years 2015 through 2017. The latest adjusted forecast requires a 1.4% increase in the baseline fuel prices for retail gas, diesel and B5 biodiesel prices for the remaining months of FY 2015 and -1% decrease for FY 2016. In FY 2017 baseline fuel prices are adjusted upward by 0.4%. This is one of the smallest adjustments of a quarterly baseline fuel price forecast reflecting similar opinions about the future growth in WTI crude oil prices. B99 biodiesel prices are not adjusted each year due to B99 biodiesel prices being based on different feedstock prices rather than crude oil prices.

Washington ferries B5 biodiesel fuel price trend

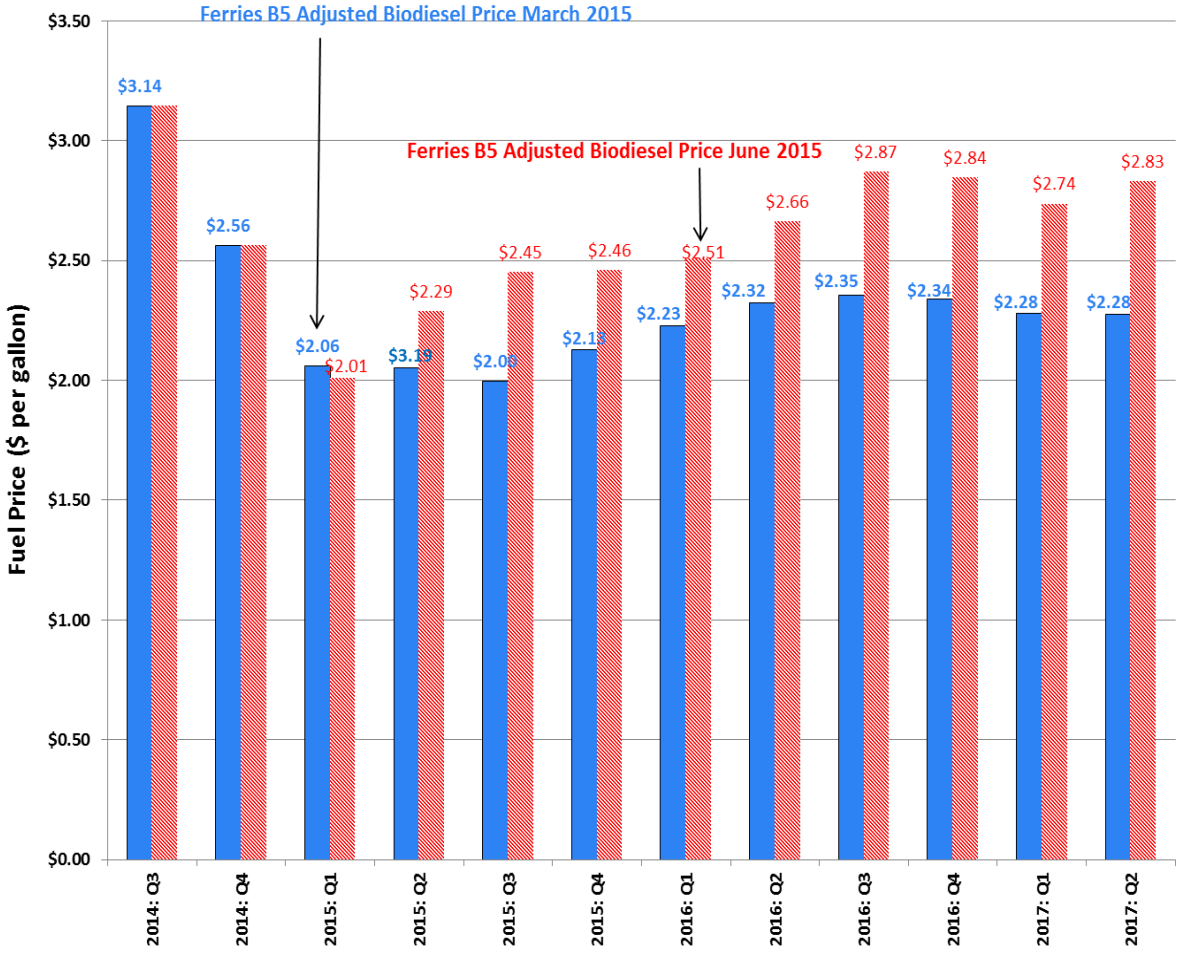
The trend in Washington's ferry (WSF) B5 biodiesel price is similar to retail diesel price. The reported B5 biodiesel price includes the markup costs ferries must pay, delivery fees, and various taxes, including sales taxes. Washington state ferries began receiving a sales tax exemption on their biodiesel fuel purchases on July 1, 2013 and this has been incorporated into the baseline B5 biodiesel price forecast. The ferries B5 unadjusted biodiesel price averaged $3.53 per gallon in FY 2012. In FY 2013, the B5 biodiesel price declined a little to $3.51 per gallon. In FY 2014, B5 biodiesel prices did not include the roughly 10% sales tax cost so the average annual B5 biodiesel price with markup fell to $3.15 per gallon. In FY 2015, the adjusted B5 biodiesel price is anticipated to be even lower at $2.45 per gallon, lower than the $2.80 per gallon projected in November. In FY 2016-17, the current forecast of adjusted B5 prices is projected to remain low and be lower than last forecast in FY 2016 and 2017 with projections of $2.17 and $2.31 per gallon respectively as opposed to $2.80 and $2.75 per gallon last quarter

The March adjusted B5 biodiesel price forecast is much lower than last quarter's forecast. In the fourth quarter of 2014 and first quarter of 2015, the B5 biodiesel prices were $2.56 per gallon and $2.06 per gallon respectively as opposed to $2.77 per gallon and $2.64 per gallon in the November forecast. The fourth quarter of 2014 and first quarter of 2015 actual prices came in lower than the November 2014 forecast and well below the February 2014 forecast (used for budgeting purposes). Figure 22 provides a chart comparing the quarterly B5 biodiesel price projections, current, last and February forecasts, for the 2013-15 and next biennium. The chart reveals that this March forecast of B5 prices is a substantial drop in prices from not only the February 2014 B5 adjusted price forecast but also the November 2014 adjusted B5 price forecast.

B99 Biodiesel fuel price trend

The latest monthly OPIS B99 biodiesel price without RIN, markup, delivery and tax costs in Tacoma begins this B99 price forecast. The biodiesel price forecasts are based on the retail diesel price future growth with adjustments made to eventually have a regular diesel and biodiesel price differential of roughly 12%, which is the average price differential seen over the last 5 years. The B99 biodiesel price forecasts used for non-WSF WSDOT purchases had an actual B99 markup averaging $4.95 per gallon in FY 2012. For FY 2013, B99 biodiesel actual price rose a little to $4.98 per gallon. In FY 2014, the B99 price declined year-over-year by 4.8% to $4.74 per gallon. Opposite to the trends of the other fuel price forecasts, the B99 March forecast is higher than last quarter's forecast throughout the forecast horizon. In FY 2015, the average annual B99 price is expected to decline some to $4.01 per gallon but this is a higher price projection than in November at $3.86 per gallon. In FY 2016, the B99 forecast predicts a slight increase to $4.26 per gallon which is opposed to the November forecast which had B99 biodiesel price falling further to $3.71 per gallon. Finally in FY 2017, B99 is expected to increase some to $4.49 per gallon which is 19% higher than the last forecast at $3.78 per gallon.

Figure 21 Quarterly Ferries B5 Biodiesel Prices Used for Budgeting the 2013-15 and 2015-17 Biennia June vs. March 2015 Forecast Comparison



Motor Vehicle Fuel Tax Forecast

Motor vehicle tax collections for gasoline and diesel consumption during the three months spanning March 2015 to May 2015 totaled $309.8 million or $3.388 million (1.1%) more than the $306.4 million forecasted in March 2015. For twelve months between June 2014 through May 2015, the variance in actual fuel tax collections totaled a positive $6.86 million (0.57%) compared to forecasted revenues.

From March 2015 to May 2015 **gasoline** tax collections totaled $250.61 million or 1.7% ($4.2 million) higher than forecasted in March:

- March 2015 collections tallied $78.72 million, $2.36 million more than forecasted;
- April 2015 collections tallied $87.62 million, $2.76 million higher than forecasted:
- May 2015 collections totaled $84.27 million, $0.43 million less than forecasted; and

From March 2015 to May 2015 **diesel** tax collections totaled $59.18 million or 1.4% ($0.81 million) lower than March 2015 forecast:

- March 2015 collections equaled $18.16 million, $1.78 million less than forecasted;
- April 2015 collections totaled $19.69 million, $0.484 million more than forecasted;
- May 2015 collections equaled $21.33 million, $0.481 million more than forecasted;

Gross motor vehicle fuel tax revenue projections equal $2.547 billion for the 2013-15 biennium, 2.4% or $58.95 million more than actual revenues from the 2011-13 biennium. Gross motor vehicle fuel tax revenues for the current biennium are projected to be $3.4 million or 0.13% more than forecasted in March. The overall increase in motor vehicle fuel tax revenue for the 10-year period ending in the 2021-23 biennium totals $104.55 million or 0.8% above the March revenue forecast. The primary reasons for **higher** fuel tax revenues compared to the March forecast include:

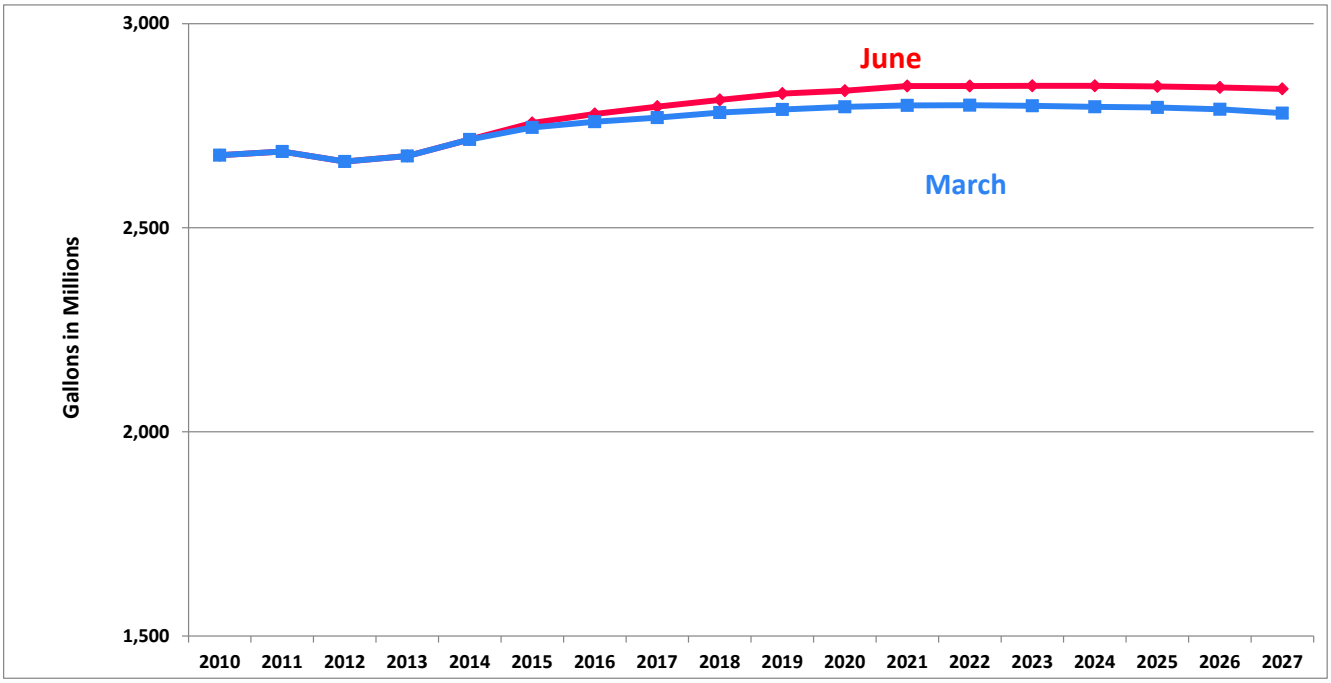
- Higher near-term tax collections in FY2015 for gasoline
- Lower gasoline prices throughout the forecast horizon

Trends in gasoline consumption and tax revenue

In FY 2013, gasoline consumption totaled 2,676 million gallons, a 0.5% increase from FY 2012. In FY 2014 gasoline consumption grew to 2,716 million gallons, a 1.5% increase over FY 2013. Figure 22 shows the forecast to forecast comparison of projected gasoline consumption. In FY2015, gasoline consumption grew to 2,757 million gallons or a 1.5% increase over the prior year and 0.4% higher than the last forecast. Gasoline consumption now has grown by 1.5% in two consecutive years. Throughout the remainder of the forecast horizon (2015 to 2027), gasoline consumption is anticipated to grow an average 1.4% higher than forecasted in March. The annual growth for gasoline is positive with a long-term average annual growth rate of 0.248% in this June 2015 forecast. See Figure 22 for a comparison graph of the June and March gasoline consumption forecasts.

In the current biennium, gasoline tax revenue totals $2.052 billion, an increase of $4.8 million or 0.23% since the March 2015 forecast. By the 2015-17 biennium, gasoline tax revenue increases to $2.093 billion, up by $17.63 million or 0.85% from the March 2015 forecast. Gross gasoline tax revenue projections are up $117.706 million or 1.13% from the March 2015 forecast for the 10-year forecast horizon.

Figure 22 Gasoline Motor Fuel Consumption Forecast Comparison
June vs. March 2015 forecast



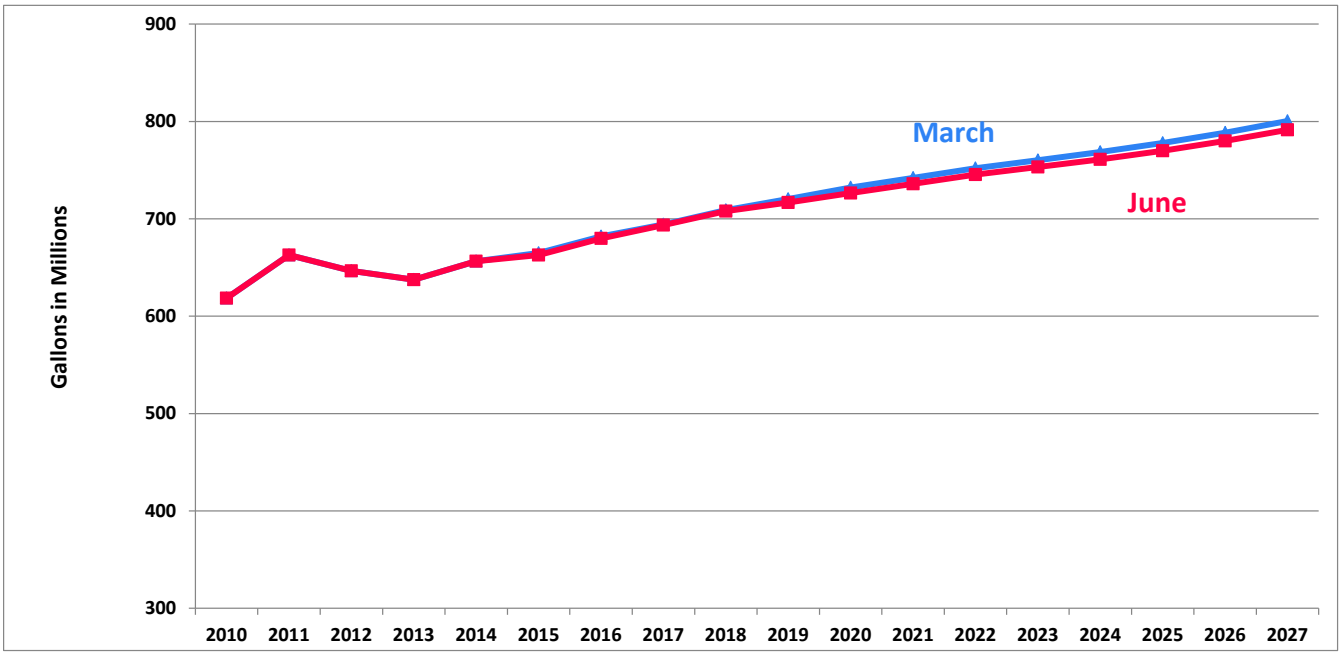
Trends in diesel consumption and tax revenue

- In FY 2013, diesel consumption equaled 638 million gallons, a decline of 1.4% from FY 2012 gallons.
- In FY 2014, diesel consumption totaled 656 million gallons, an increase of 3.0% over consumption in FY 2013 gallons and the highest positive growth since FY 2011.
- Figure 23 shows the forecast to forecast comparison of projected diesel consumption.

In FY2015, diesel consumption grew to 663 million gallons or 1.0% increase over the prior year but 0.3% lower than the last forecast. Over the forecast horizon from 2015-2027, diesel consumption will grow annually 1.49% on average, lower than March's 1.56% average annual growth. Overall, on average from FY 2015-2027, forecasted consumption of diesel is down from the last forecast on average 0.07%.

Diesel tax revenue totals $494.764 million in the 2013-15 biennium, $1.378 million less than the $496.764 million projected from March's forecast. In the 2015-17 biennium, diesel tax revenues are projected at $516.135 million, a decrease of 0.10% or $0.509 million lower than the March forecast. In the 2017-19 biennium, diesel tax revenue decreases to $534.894 million, $1.873 million or 0.35% less than March's $536.766 million. The reason for the short-term decrease in diesel consumption and revenue compared to March's forecast is lower total actuals in FY2015. The longer-term decrease in revenues and consumption are due to lower levels in trade, transportation and utilities employment.

Figure 23 Diesel Fuel Consumption Forecast Comparison: June vs. March 2015



Motor fuel tax refunds

Non-highway and tribal refunds of gasoline and diesel fuel are accounted for in the motor vehicle fuel tax forecast. These refunds simply reduce net motor fuel tax distributions. In the current biennium, gasoline tax non-highway refunds for all 24 months of the biennium total $17.94 million and diesel tax non-highway refunds total $27.051 million. For gasoline non-highway refunds, this June forecast is projecting slightly higher non-highway refunds in the future due to slightly higher fuel taxes projected overall. On the other hand, non-highway diesel tax refunds have come in under forecast so non-highway diesel tax refunds are projected to be lower in this June forecast than last forecast.

This June forecast includes actual monthly tribal fuel tax refunds for the all 12 months of FY2015. Final refunds for the fiscal year total $22.494 million compared to $22.663 million forecasted in March. The long-term tribal refund growth rates were based on an examination of fiscal year 2014 refunds by tribe and size of refunds by station. This analysis was performed in the September 2014 forecast and will be revised in the September 2015 forecast. At this time the June forecast, like the March forecast assumes no Yakama tribe tribal fuel tax refunds in the baseline forecast and is a no change forecast from last quarter in the future for tribal fuel tax refunds.

Primary reasons for the change in the June 2015 forecast gallons and revenues

- Gas tax revenue collections for the past three months totaled $4.2 million or 1.7% above projected collections from the March 2015 forecast. For the past three months diesel tax collections have been lower than forecasted by $0.48 million. Combined, all fuel tax collections were $3.388 million (1.1%) higher than the last forecast.
- Higher than expected gas consumption actuals in 2015 provided higher growth rates for the gasoline consumption and revenue forecasts. Also, lower forecasted gasoline prices throughout the forecast horizon increased projected revenues.
- Diesel tax revenues are down in June compared to March because of lower consumption actuals than expected in FY2015 which lowers consumption and revenues through the 2015-17 biennium. Lower employment projections for trade, transportation and utilities employment in

Washington throughout the remainder of the forecast horizon pushed revenues lower from the March forecast.

- Overall, in the current biennium, gross fuel tax revenues increase $3.39 million or (0.13%) from the last forecast and increase from the prior forecast in all remaining biennia as well. Over the 10-year forecast period, fuel tax collections grow by 0.80% or $104.547 million when compared to March's forecast.

Figure 24 Short-term Motor Fuel Tax Forecast – By Month of Collection
June 2015
millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Gasoline Taxes	**$1,016.6**	**$1,035.5**	**$2.052.0**	**$1,042.5**	**$1,050.6**	**$2,075.5**
Special Fuel Taxes	**245.8**	**248.9**	**494.8**	**255.5**	**260.6**	**516.6**
Total Fuel Revenue	**1,262.4**	**1,284.4**	**2,546.8**	**1,298.1**	**1,311.2**	**2,592.1**
% Change from Prior Forecast	0.0%	0.26%	**0.13%**	0.51%	0.81%	**0.66%**

Motor Vehicle Revenue (Licenses, Permits, and Fees)

Background

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

Washington State collected over $938 million from vehicle licenses, permits, and fees (LPFs) in the 2011-13 biennium. The forecast for the current biennium is $1.036 billion, an increase of $97 million over the 2011-13 biennium. In the June 2015 LPF forecast, compared to the forecast released in March for the current biennium, LPF revenue is down $3.15 million, or 0.3% from the previous estimate of $1.039 billion.

Trends in vehicle registrations

The passenger car forecast for 2015 is down from the March forecast. From 2015 through 2019, the annual growth rate ranges from almost 3.5% in the current year to 2.6% by 2019. After 2020, the year-over-year growth rate is just under 1.2%. The forecast to forecast change is down about 0.3% in the near term and drops 0.75% in 2019.

The truck forecast for the current fiscal year is down 0.5% from the last forecast. Future year projections are down as well forecast to forecast between 0.1% and the decline from the last forecast grows over time until FY 202, when the June forecast is 1% below the last forecast. After FY 2020, the truck registration projection is down from the last forecast by a declining percentage.

For 2015, overall truck registration projection is at 2.3% growth rate over 2014, while the out years will see about half a percent year-over-year growth in the truck fleet.

Trends in LPF revenue

As previously stated, Washington State collected over $938 million from vehicle licenses, permits, and fees (LPFs) in the 2011-13 biennium. For 2011-2013, passenger vehicles ($30 vehicles) brought in $297 million, while trucks brought in $346 million. In the current biennium, revenue from $30 vehicles is

expected to be $308.5 million, $1.4 million less than the forecast in March. Truck revenue is anticipated to bring in $357.9 million, $263 thousand less than the previous forecast. In the next biennium, licenses, permits and fee revenue is lower than the last forecast by $1.1 million and by the last biennium, 2025-27, the revenue is up by $159 thousand over the last forecast. Overall, licenses, permits, and fee revenue is lower than the last forecast in the current and future biennia, except for the 2017-19 biennium and the last biennium. In the 2017-19 biennium, the impact of 2015 legislation on intermittent use trailers brings in additional revenue so total licenses, permits and fee revenue is higher than the last forecast by $18.64 million or 1.87%.

Figure 25 Passenger Car Comparison
June 2015 vs. March 2014
millions of vehicles

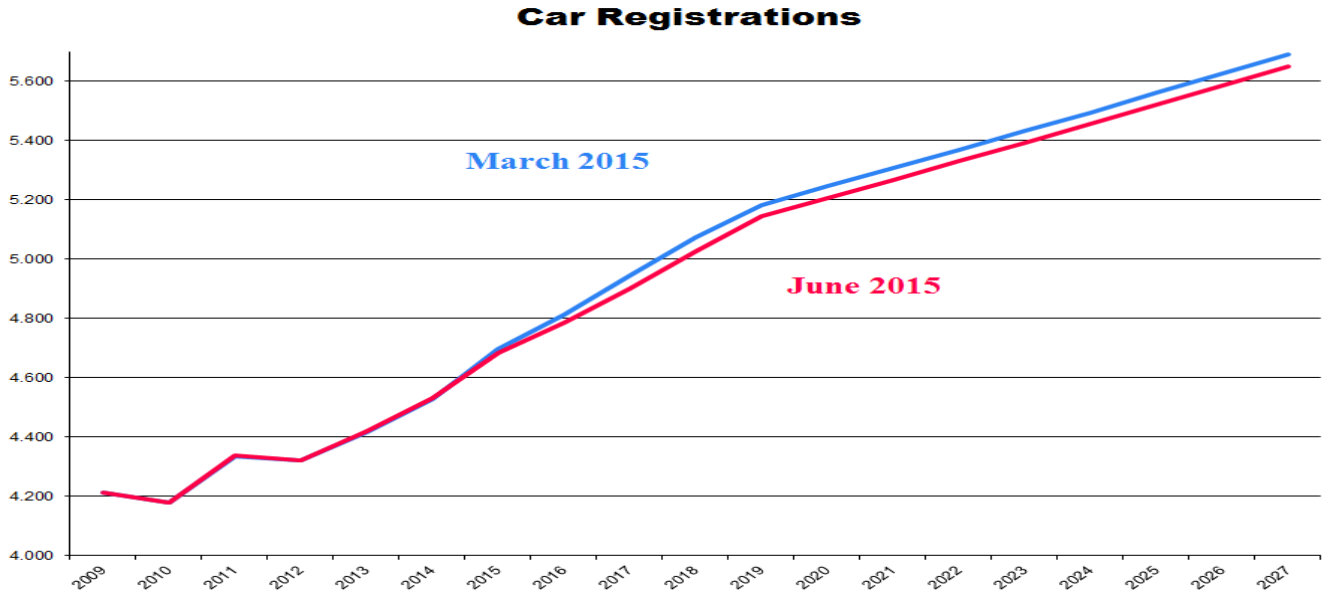
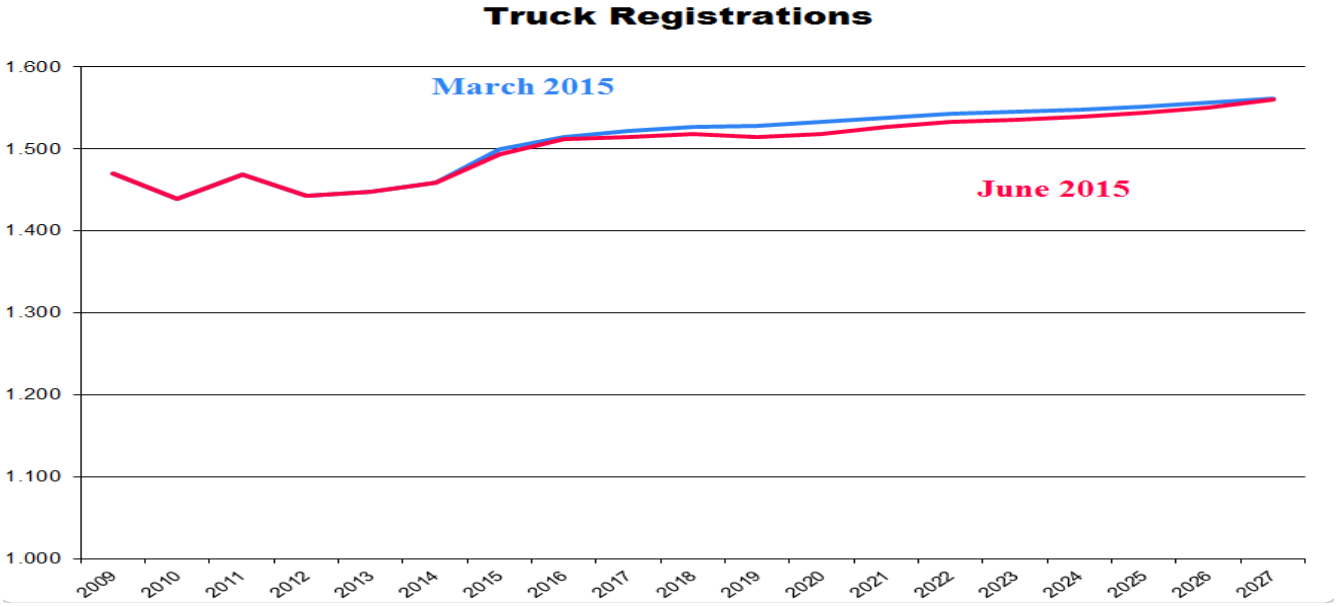


Figure 26 Truck Comparison
June 2015 vs. March 2014
millions of vehicles



The title fee forecast is tracking close and is only .1% higher for FY2013-15. This forecast is up for FY2015-17 by $533,000 (or .8%) and continues about .6% higher throughout the forecast horizon reflecting revisions to both the original and other title transactions forecasts.

The vehicle original Issue plate forecast has been updated with actuals for the individual components (passenger car, truck, motorcycle, trailer, personalized, and specialty plates). This forecast is higher on average by 2.0% (FY2015-27) and has a similar pattern as original titles and Light Vehicle Sales forecast (Global Insight).

The dealer temporary permits' year-to-date actual is significantly higher than expected. We believe this is due primarily to the impact of the new law effective January 2015 that requires plate replacement when vehicles change hands, resulting in more demand for dealer temporary permits. This forecast is revised up by about $715,000 (or 13%) for FY15 and up by an average of $440,000 (or 8.3%) per year throughout the forecast horizon.

The license plate replacement forecast is lower by -$897,300 or -2.8% for FY2013-15. The forecast change is due to the data correction for "voluntary" plate replacement in the near-term. The change of ownership forecast is slightly lower for FY2015 by -$49,800, but unchanged in the outer years. The plate replacement forecast is lower for FY2015-17 by -$1.05 million or -3.1% due to the data correction. Beginning FY2017-19 biennium, this forecast is slightly higher by $120,540 or 0.35% continuing slightly higher throughout the forecast horizon.

Quick Titles continue to grow. This forecast incorporates the higher year-to-date actual as well as updating the GI light vehicle projections, resulting in about 8.7% forecast to forecast change throughout the forecast horizon.

Ferry Services Fee is a relatively new forecast with title service fees ($12) and registration service fees ($5) imposed by E2SHB 1129 (2014) effective January 1, 2015. This forecast is revised lower due to a quicker than expected shift of title and registration transactions to subagents during the current fiscal year. The total Ferry Service fees are forecasted at $9.2 million FY 2013-15 with title service fees ($12) at $3.16 million and registration service fees ($5) at $6.04 million. On average, the total Ferry Service fees are forecasted at $29.7 million per biennium (FY2015-27) with title service fees ($12) at $13.2 million and registration service fees ($5) at $16.47 million.

Wheeled All-Terrain Vehicle forecast is a new forecast as a result of ESHB 1632 – Legislative Session 2013. The on-road WATV fee is distributed to the new Multiuse Roadway Safety Account (571) and is forecasted at $42,560 in the FY2013-15 biennium and $82,200 in the FY2015-17 biennium. This forecast is lower for FY2013-15 by -8.3% based on WATV registrations through May 2015. The forecast is lower for FY2015-17 (-$4,028 or -4.7%) and continues a little lower until FY2020 and then is unchanged for the rest of the forecast horizon.

SHB 1480 (session 2015) creates the new Intermittent-use class of trailers with a lifetime registration for a fee of $187.50, effective January 1, 2017. In addition, Travel Trailers 30 years old or older will be eligible for collector vehicle plates, which are also lifetime registrations for a fee of $30 each. Currently, the June forecast for the intermittent-use trailer revenue is based on the 2015 fiscal note. The fiscal note assumed an average of $10.8 million per biennium (FY2015-27) in additional revenue from the intermittent-use trailer registrations. Prior to implementation, DOL will conduct an in-depth analysis of currently registered trailers (travel trailers, other trailers, and personal trailers) to identify trailers that would be eligible for an intermittent-use registration as well as those eligible for the collector vehicle plates.

Primary reasons for the forecast changes

- Forecasted passenger vehicle registrations for FY 2015 are down from the previous forecast and this drives small losses in basic license fee revenue from the March projections.
- Future year passenger car forecasts are down from the previous forecast,

- Forecasted truck registrations are down from the previous forecast.
- Overall, LPF revenues are down $3.2 million in the current biennium compared to the last forecast.
- In the next biennium, LPF revenues are down $1.1 million from the last forecast.
- The new 2015 legislation on intermittent trailers brings in additional revenue into this forecast, in particular in the 2017-19 biennium which causes LPF revenue to be higher than March's projections by $18.54 million .

Figure 27 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees)
June 2015
millions of dollars (totals do not add due to rounding)

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Basic $30 License Fee	$151.8	$158.1	$309.9	$161.7	$165.9	$327.6
Combined License Fee	176.6	181.6	358.2	183.4	184.2	367.6
All Other Fees	176.7	193.9	370.6	206.4	207.8	414.2
Total LPF Revenue	**$505.1**	**$533.6**	**$1,038.7**	**$551.5**	**$557.9**	**$1,109.4**
% Change from Prior Fct	0.00	1.52	**0.78**	1.53	1.71	**1.61**

Driver Related Revenue Forecasts

The June 2015 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees (including commercial driver licenses, enhanced driver licenses, and temporary restricted licenses), ID card fees, driver exam application fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include vehicle filing fees, limousine licenses, fines and forfeitures, and driver school instructor license fees. These driver-related fees are deposited into the Highway Safety Fund (HSF), Motorcycle Safety Education Account (MSEA), the State Patrol Highway Account (SPHA), and Ignition Interlock Revolving Account (IIRA).

All driver-related revenue for FY13-15 biennium is forecast at $286.6 million, about $2.0 million (or +.7%) higher than the prior forecast. Revenue for FY15-17 biennium is projected to be $294.4 million, about $4.9 million (+1.7%) higher from the prior forecast.

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

Trends in Licenses, ID Cards, Exams, and Abstracts of Driver Records

Originals

The forecast is driven by ERFC's non-agricultural employment, OFM population 16-18, and drivers coming from out of WA. First time driver license issuances for FY15 is expected to close 3% higher than the prior forecast and about .5% higher throughout the forecast horizon (Figure 28).

Renewals

The renewal rate has been updated, which is higher than what was used in prior forecasts (83% vs 80%). This update results in an upward revision of 7.5% for FY15 and an average of 3.3% throughout the forecast horizon (Figure 29)

Figure 28 Driver License Originals June vs. March 2015

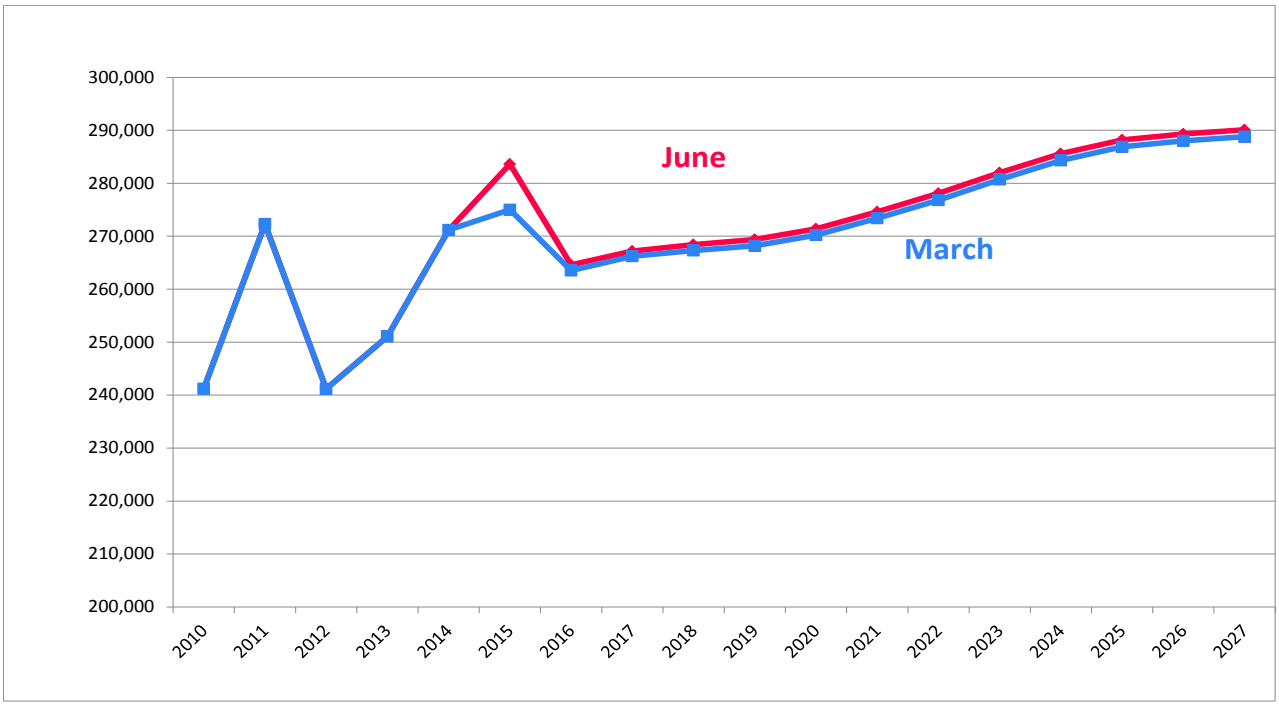
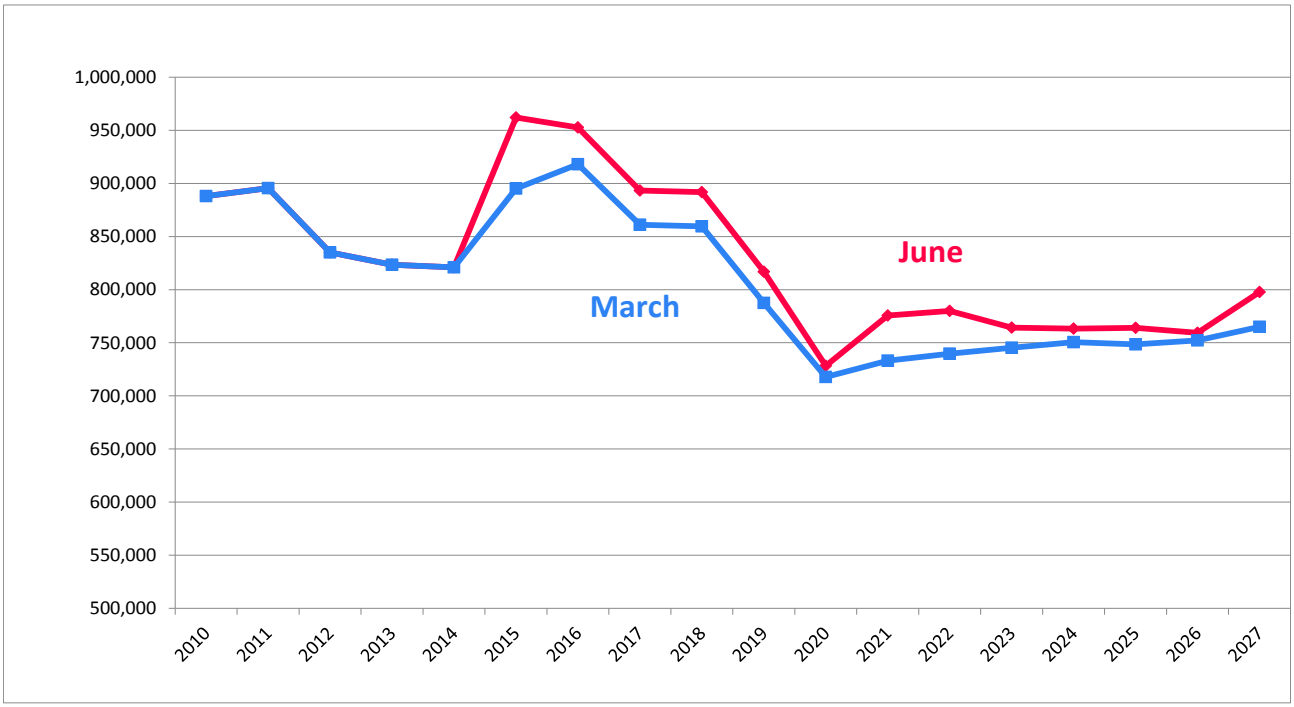


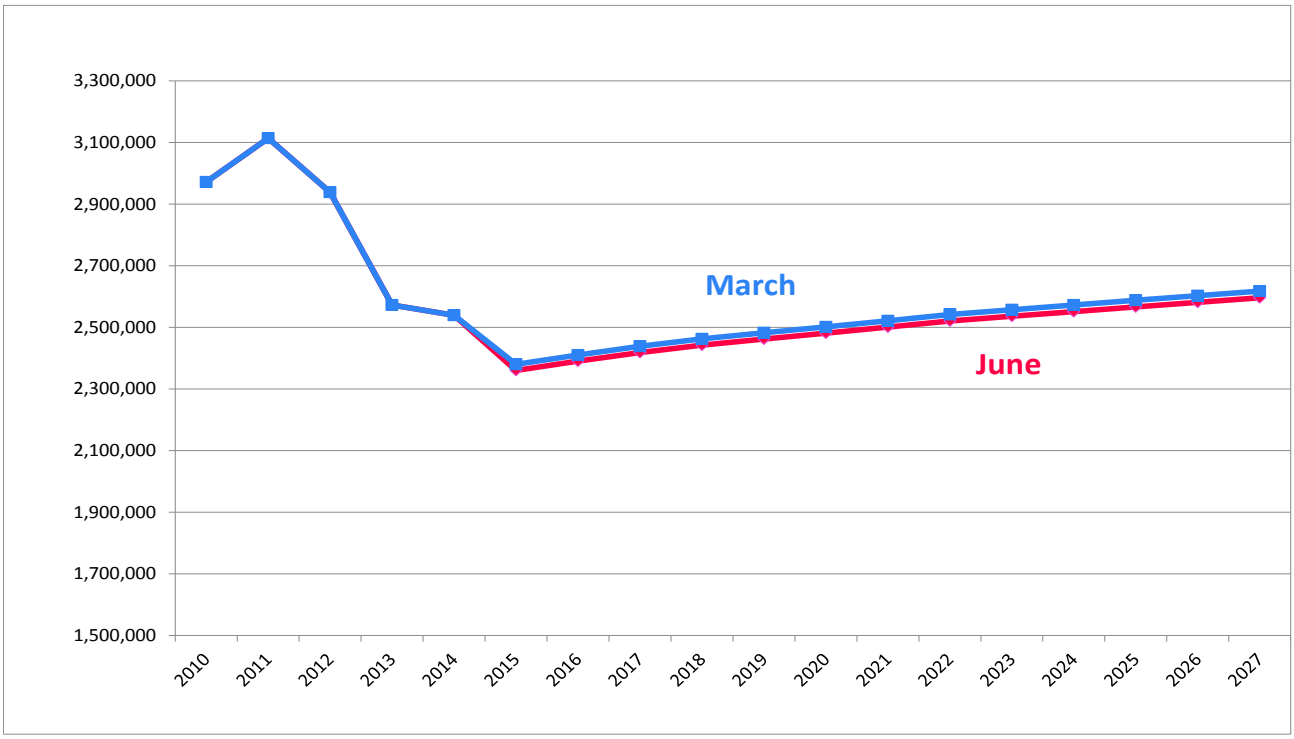
Figure 29 Driver License Renewals and Extension June vs. March 2015



Abstracts of Driver Records (ADR)

This forecast is tracking slightly lower. It is adjusted down by about -.8% throughout the forecast horizon. See Figure 30.

Figure 30 Sales of ADR, June vs. March 2015



Enhanced Driver Licenses/IDs (EDL/EID)

EDL/EID issuances have come in stronger than expected. There are several explanations. 1) strong driver-in migration from out of the state; 2) high volume issuances five years ago in the months around the 2010 Vancouver Winter Olympics are renewing, 3) Participation rate is up from 8.8% to 10%. The June forecast of EDL/EDI issuances is revised up an average of 5% for FY15 and FY16, and about 10% in the out years.

Trends in Driver Related Revenue

<u>Highway Safety Fund</u>

Total Highway Safety Fund (HSF) revenue for the FY13-15 biennium is projected to be $246.2 million, about $1.9 million (+.8%) higher. For the FY15-17 biennium this fund is projected to be $251.9 million, about $4.9 million (or +2.0%) higher than the prior forecast. These revisions are due primarily to strong in-migration as well as an updated higher driver license renewal rate.

State Patrol Highway Account

The State Patrol Highway Account receives $6.50 for each sale of an Abstract of Driver Record (ADR). This revenue stream is still declining slowly. Following prior forecast's -3.7% reduction, the forecast is tracking closer but slightly down again by an average of -.8% a year throughout the forecast horizon. Total revenue for the current biennium is expected to be $31.8 million, (-$152,800 or -.5%). Revenue for the FY15-17 biennium is projected to be about $31.2 million (- $260,600 or -.8%). Similar downward revision is projected in the outer biennia as well.

Motorcycle Safety Education Account Trends

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

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

MC original endorsements are now forecasted using a log-log regression of total MC registrations and real gasoline prices. The renewal forecast methodology has improved to take into consideration variable length initial endorsements. The result is a much more complicated model, but a more accurate depiction of reality compared to the simpler prior model. The 5-Year (rolling 12-month sum) survivor rate is 78.8%. The combined effect is an upward revision of $201,000 (up 4.8%) for the current biennium and $157,700 (up 3.4%) for the next. Outer biennia revenue is up by an average of 9.5%.

Ignition Interlock Device Revolving Account

This forecast is tracking well, and only slightly higher than prior forecast, with updated actual through May. Revenue is expected to be $4.2 million for the current biennium (+.6%) and $6.4 million (+1.6%) for the next.

Primary reasons for the forecast changes

Primary reasons for the change in driver related revenue are:

- Continued strength in driver-in-migration, resulting in more driver learning permits, driver exams, as well as first time driver license issuances;
- Updated driver renewal rate suggesting higher than previously assumed renewal rate (83% vs. 80%);
- Updated EDL/EID participation rate resulting in more optimistic outlook in participation (10% vs. 8.8%).

Figure 31 Short-term Driver Related Revenue Forecasts
June 2015
millions of dollars

Driver Related Revenue	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Total Highway Safety Fund	$117.8	$128.4	$246.2	$128.2	$123.7	$251.9
Driver License Fees	96.9	108.0	204.8	107.5	102.9	210.4
Copies of Record Fees	17.9	17.5	35.5	17.7	17.8	35.5
Other smaller misc. Fees	3.0	2.9	5.9	3.0	3.0	5.9
Total Motorcycle Safety Education Account	2.0	2.3	4.3	2.4	2.4	4.8
Total State Patrol Account	16.5	15.3	31.9	15.5	15.7	31.3
Total Ignition Interlock Device Revolving Account	1.8	2.4	4.2	3.2	3.2	6.4
Total Driver Related Revenue	$138.2	$148.4	$286.6	$149.3	$145.0	$294.4
Percent change from prior forecast	0.0%	1.4%	0.7%	2.5%	0.9%	1.7%

Other Transportation Related Revenue Forecast

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

Vehicle Sales and Use Tax

Total spending on new US light vehicles was $272 billion in FY 2009 and this represented a decline of 33% from the FY 2008 sales level. In FY 2010, spending on new US light vehicles grew to $301 billion which represented a 10.9% annual growth. In FY 2011, spending on light vehicles grew 16% from FY 2010. In FY 2012, US spending on light vehicle sales also grew 13.7% to $402 billion. In FY 2013, US spending on light vehicle sales was $448 billion; an increase of 11% year over year. In FY 2014, US spending on light vehicles was $480 billion; an increase of 7.2% year over year. In FY 2015, US spending on light vehicles is projected to be $518 billion; an annual increase of 7.9% and down 0.6% from the March forecast. The FY 2016 forecast for US spending on new motor vehicles is expected to be $545 million or 5.3% annual increase which is down 2.6% from March. In FY 2017, US spending on new motor vehicles is projected to be $577 million and this is 1.8% lower than last quarter. From FY 2018 through FY 2027, the new forecast is up from the last forecast by 1.1% to 1.4%.

The actual vehicle sales and use tax collections in the 2007–09 biennium was $62.7 million, and the sales and use tax collections in the 2009-11 biennium declined to $54.4 million. In the 2011-13 biennium, the sales and use tax collections were $46.7 million. In the current biennium, sales and use taxes are projected at $77.41 million which is up 0.4% from past forecast. Actual tax collections in FY 2014 came in at $36.93 million. In the last three months, sales and use tax collections came in above forecast: sales taxes were higher by $114,200 and use taxes were up by $69,200. In the 2015-17

biennium, the sales and use tax collections are projected to be $85.05 million which down 0.5% or $0.4 million from the last forecast. Revenues in the 2017-19 biennium are down 0.2% and revenues from the 2019-21 biennium are also up from the last forecast by 0.09%. Over the 10 year forecast period, vehicle sales and use taxes are anticipated to be nearly the same as last forecast. Since the March forecast, the forecast for U.S. new cars sales is weaker in the near term and then slightly stronger in the outer years. This, along with the higher actuals to date are the primary reasons for the forecast change.

Rental Car Sales Tax

The rental car sales tax collections were $44.5 and $46.7 million in the 2009-11 and 2011-13 biennia. In the current biennium, rental car sales tax is anticipated to be $56.1 million and down $0.05 million or 0.09% from the March forecast. Actuals since the last forecast have been lower than projected: up $126,900 (1.7%). In the 2015-17 biennium, revenues are projected to be $60.65 million which is a decrease of 0.6% from the prior forecast. The primary reason for the change in the forecast is due to lower actuals since the March forecast and slightly stronger economic variables. The change from the prior forecast decreases over time and by the 2017-19 biennium, the change from the last forecast is positive and the change grows slowly over the forecast horizon. By the last biennium, the current forecast of rental car sales tax is $0.2 million higher, a 0.3% increase from the March forecast. Over the 10-year forecast horizon, the rental car tax is anticipated to bring in $0.23 million more than the last forecast.

Business and Other Revenue

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

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

Each biennium the sale of property revenue category has a unique set of properties available to be sold, making biennium to biennium comparisons difficult. Revenue from sale of property for 2013-15 is projected to be $10.95 million. The 2013-15 biennium total DOT business related revenues are projected to be $17.8 million which is down $0.48 million from the March forecast. Projections for the 2015-17 business related revenues are anticipated to be $16.9 million, which is a minor change upward of $0.03 million from the previous forecast. The outer biennia reflects minor revenue adjustments which are due to incorporating new forecasts for inflation.

The School zone fine for the Washington Traffic Safety Commission was first added to the June 2013 forecast. The fee is assessed for traffic violations in school zones and the revenue from the fee is deposited into the School Zone Safety Account. The revenue from this fine varies greatly from month to month. In 2011-13, the revenue for fines assessed in school zones was $1.6 million. In the 2013-15 biennium, the revenue from school zone fines is anticipated to be $1.03 million, which is a decline from the March forecast by 4%. In the next biennium, the forecast for the school zone fines are anticipated to be $791,000 which is 9% less than the last forecast. The forecast remains the same throughout the future.

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. Revenue for Commercial Vehicle Penalties and Communication Tower Site Leases was added to the forecast in June 2013.

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

The June 2015 WSP business related revenue forecast for the current biennium is $11.5 million, which is the same as the previous quarter. WSP Access fees had a minor change for an annual adjustment reflecting slightly lower quarterly payments for the last three quarters.. All revenue has been updated for actuals to date. In June 2013, the WSP added two new fees; the Commercial Vehicle Penalties and Communication Tower Site Leases. In the current biennium, these new fee revenues are projected at $564,984 and $756,409 respectively. The terminal safety inspection fee revenue is forecasted at $2.6 million. The same trend continues in the next biennium with the total fee revenue estimated at $11.5 million for the 2015-17 Biennium. The forecast remains nearly the same each biennia thereafter with the last biennium forecast for WSP business related revenue at $11.9 million.

Aeronautics Taxes and Fees

The aeronautics tax forecast includes excise, registrations and fuel taxes as well as transfers. The aviation fuel tax is the largest component of the aeronautics tax forecast. The aeronautics tax collections were $5.7 million in the 2007-09 biennium. In the 2009-11 biennium, the aeronautics account tax collections were $5.8 million and the revenue was $6.4 million in the 2011-13 biennium. In the 2013-15 biennium, the aeronautics account revenue is anticipated to be $5.86 million, which is slightly lower than last forecast at $5.88 million projected. Aviation excise, dealers licenses and registration fees are unchanged from last quarter's projections. The only change in the aviation related forecast besides the aircraft fuel tax is the motor vehicle fuel tax transfer which is $1,200 higher in the current biennia than last forecast due to higher fuel consumption and tax projections in June.

In the 2011-13 biennium, the aircraft registrations, excise and dealers' taxes, which are a small portion of the total aeronautics revenue, were $1.43 million. In the current biennium, the aircraft registrations, excise and dealers' taxes as well as the fuel tax transfer are anticipated to be $6.5 million. The motor vehicle fuel tax transfer of $574,717 is up $1,200 from March due to slightly higher motor vehicle fuel tax projections in the current biennium. In the 2015-17 biennium, the aeronautics transfer from the motor vehicle fund is projected to be $585,500, which is up $4,200 from the last forecast. The difference in the transfer of motor vehicle fuel taxes rises throughout the forecast horizon so by the last biennium the motor vehicle transfer is up $11,800 from the last forecast. This trend is consistent with the fuel tax forecast. In the current biennium, aircraft excise taxes are anticipated to be $695,659 and in the next biennium, aircraft excise tax increase slightly to $698,300. This is a minor change from the last forecast. Ten percent of the excise tax goes to the aeronautics account and the rest goes to the state general fund.

Aviation Fuel Tax

Aviation fuel taxes came in at $5.5 million in the 2011-13 biennium. The aviation fuel tax forecast in June is no change from last quarter's forecast as it is tracking well. Last forecast, this model was updated with both the FAA General Aviation Fuel Consumption forecast and OFM long-term manufacturing employment forecast. FY 2013-15 is forecasted at $5 million and aviation fuel taxes are anticipated to grow to $5.27 million or 5.3% increase biennia to biennia.

Primary reasons for the forecast changes

- Vehicle sales and use tax revenue is up slightly in the current biennium since the last forecast due to updated actual collections. In the next biennia and future biennia, new vehicle sales tax revenue is down from the last forecast. US spending on new motor vehicle is down from the last forecast throughout the forecast horizon which brings down the vehicle sales tax forecast.
- Rental car tax revenue is down $0.05 million, 0.09%, in the current biennium due to lower collections in recent months than anticipated. In next biennium, the change in the rental car tax revenue is also down minimally from March. In all future biennia, the rental car forecast is up from the March forecast by 0.07% and it grows to a difference of 0.3%.
- WSDOT Business and other miscellaneous revenue is revised down by $0.48 million from March in the current biennium but the forecast is up slightly 0.2% from March in the 2015-17 biennium

due to inflation. Future biennia forecasts are also up slightly as well from the last forecast due to inflation.

- The school zone fines forecast was reduced in this current biennium by $43,500 as well as all subsequent biennia by $87,000 due to collections not coming in as anticipated.
- WSP business related revenue is down slightly in June due to an changes in Access fees.
- The changes in the aeronautics account is a small increase in the aviation registration fees and transfer from the motor vehicle fund due to higher fuel tax revenue forecasts than anticipated last quarter.
- In the current biennium, total business related revenues are projected at $170.3 million, which is down $0.3 million or 0.2% from the last forecast.
- In the next biennium, total business related revenues are projected at $181.8 million, which is $0.48 million or 0.26% lower than last forecast. The majority of the increase is due to lower vehicle sales and use tax revenue.

Figure 32 Short-term Other Transportation Related Revenue
June 2015
millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Rental Car Sales Tax	$26.8	$29.3	**$56.1**	$30.0	$30.7	**$60.7**
Vehicle Sales & Use Tax	36.9	40.5	**77.4**	41.9	43.2	**85.1**
DOT Business/Other Rev	8.9	8.9	**17.8**	8.5	8.5	**17.0**
WSP Business/Other Rev	5.8	5.7	**11.5**	5.7	5.8	**11.5**
WA Traffic Safety Comm.	0.6	0.4	**1.0**	0.4	0.4	**0.8**
Aeronautics Taxes/Fees	3.2	3.3	**6.5**	3.4	3.4	**6.8**
Total Other Transportation Related Revenue	$82.2	$88.13	**$170.3**	$89.9	$92.0	**$181.9**
% Change from Prior Fcst	0.0%	-0.2%	**-0.1%**	-0.1%	-0.1%	**-0.2%**

Ferry Ridership and Revenue

Ferry Fare Ridership and Revenue Forecasting Process

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

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

The June 2015 Baseline Forecast incorporates actual ridership counts and fare revenue collections through May 2015. The June Baseline Forecast includes the tariff changes adopted by the Washington State Transportation Commission. These include a 2.0% increase for passengers and a 3.0% increase for vehicles on October 1, 2013, and a 2.0% increase for passengers and a 2.5% increase for vehicles on

May 1, 2014. The October 2013 tariff revisions also included a reduction to youth fares, resulting in a discount rate of 50%, which brings it into alignment with the senior citizen discount. The June Baseline Forecast scenario excludes any future fare revisions beyond the May 1, 2014 increase.

The June 2015 ridership demand forecasts reflect the latest updated demographic and economic variable forecasts provided by the State and commercial sources. Overall, the June ridership forecasts range from 0.6% higher in FY 2015 to 0.2% lower in FY 2027, compared to March. Forecasts for all measures of employment have been revised downward over the forecast horizon, decreasing the ridership forecasts relative to previous levels. With the exception of FY 2016-17, the forecast for real personal income has been revised slightly higher, pushing the ridership forecasts upward slightly in a similar pattern. The inflation projections are largely unchanged with only very minor revisions, and their effects on real fares, and thus the ridership forecasts, are immaterial.

Real gasoline prices have been revised higher in the short term through FY 2016, turning downward in mid FY 2017 and notably downward thereafter (4-18% lower FY 2018-27). For the majority of the forecast period, they remain markedly lower than any forecast in the past several years. This puts significant upward pressure on the vehicle ridership forecasts beyond the 2015-17 biennium. As such, the sizeable effect of lower real gas prices on the vehicle forecasts has been manually dampened over the forecast horizon to better align it with the historical response to a similar price drop in FY 2009.

Projections for the working age population indices used to forecast commuter passenger and commuter vehicle ridership. These population indices, which are derived from data for Kitsap, San Juan, and Island counties by age group and weighted based on ridership levels for routes associated with the specific counties, were last updated in March 2015 and are not scheduled for another update until February 2016.

Trends in Passenger Fare Ferry Riders hip

FY 2010 passenger ferry ridership reached 12,453,226, or 1.0% less than in FY 2009. Actual passenger ridership for FY 2011 was 12,242,320, or 1.7% lower than FY 2010, and includes a database correction prior to which foot passengers on the Mukilteo-Clinton route were double-counted. FY 2012 passenger ridership came in at 12,236,081, or 0.1% lower than the previous year. FY 2013 passenger ridership came in at 12,350,126, or 0.9% higher than the previous year. FY 2014 closed out with passenger ridership of 12,696,936, or 2.8% higher than the previous year.

For FY 2015, passenger ridership is expected to be 13,122,000, a 1.4% increase from the prior forecast, and a year-over-year increase of 3.3%. For the rest of the forecast horizon, the passenger ridership projections range from1.3% higher in FY 2016 to 0.3% higher by FY 2027, compared to the March Forecast.

Trends in Vehicle/Driver Fare Ferry Ridership

Vehicle/ driver ridership was 10,134,311 in FY 2010, or 2.2% higher than in FY 2009. In FY 2011, vehicle/driver ridership came in at 9,968,973, 1.6% lower than in FY 2010. For FY 2012, vehicle/driver ridership was 9,983,059, 0.1% higher than the previous year. For FY 2013, vehicle/driver ridership came in at 10,045,043, which represents a predicted year-over-year increase of 0.6% from FY 2013. FY 2014 finished with vehicle/driver ridership of 10,154,905, a year-over-year increase of 1.1%.

For FY 2015, vehicle/driver ridership is expected to be 10,310,000, a 0.4% decrease from the prior forecast, and a year-over-year increase of 1.5%. For the rest of the forecast horizon, the vehicle/driver ridership projections range from 0.2% higher in FY 2016 to 0.9% lower in FY 2027, compared to the March Forecast.

Overall Trends in Ferry Ridership

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

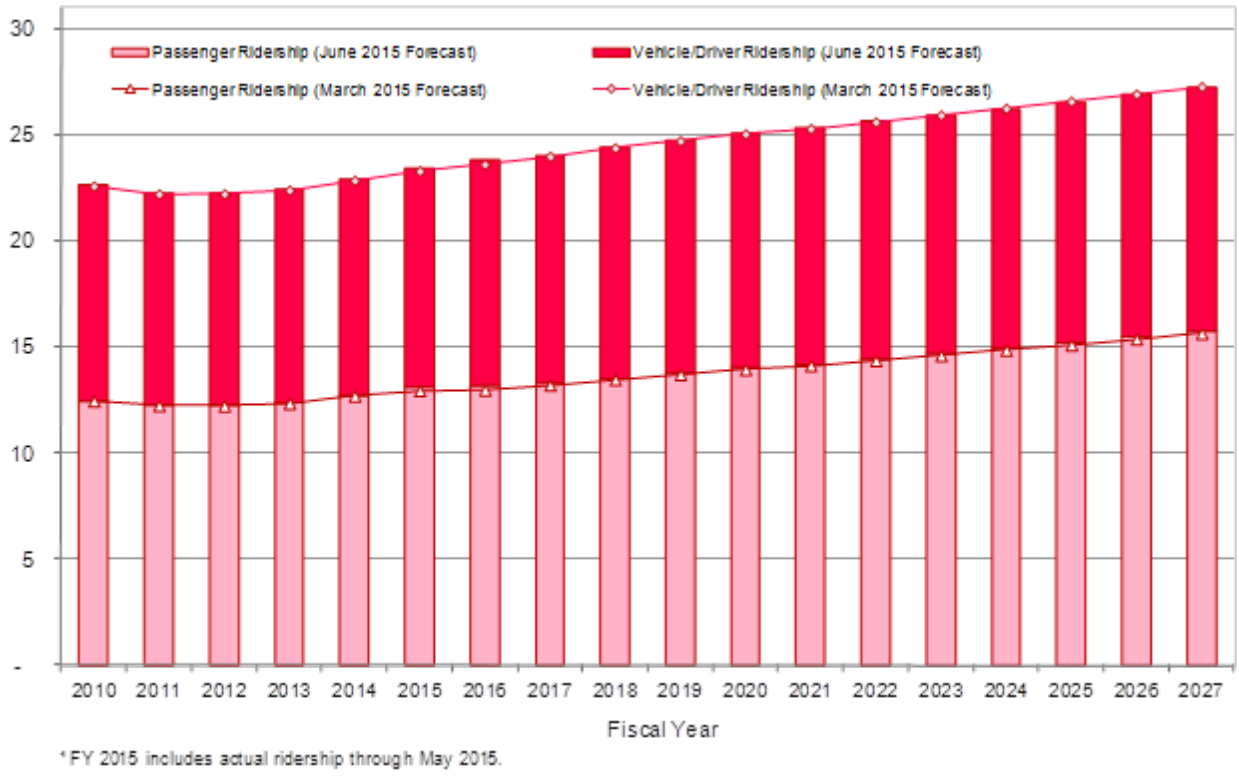
Collectively, total ridership for the months of March 2015 through May 2015 came in 2.3% higher than projected and overall ridership for FY 2015 is projected to exceed the March Forecast value by 0.6%.

For the rest of the forecast horizon, projected overall ridership ranges from 0.8% higher in FY 2016 to 0.2% lower in FY 2027, compared to the March forecast.

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

Figure 33 Comparison of Ferry Passenger and Vehicle Ridership
June 2015 and March 2015 Baseline

Millions of Riders



Trends in Ferry Revenue

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

came in at $324.1 million, which is 7.8% more than the previous biennium. Of this amount, farebox revenue represented $317.1 million.

The sum of fare and capital surcharge revenue projected for the 2013-15 biennium, which includes actual collections through May 2015, total $342.6 million, or 0.1% higher than in March. Of this total, $335.1 million represents regular fare revenues, an increase of $0.3 million, or about 0.1%. The remaining $7.5 million represents the capital surcharge receipts, which are $0.01 million or 0.2% lower than projected in March.

Compared to March, the current Baseline Forecast for fare revenue is anticipated to range from virtually unchanged for the 2015-17 biennium to 0.7% lower for the 2025-27 biennium.

Ferry Capital Surcharge Revenue

The ferry capital surcharge of $0.25 per fare sold was implemented in October 2011 and is included in the Baseline Forecast as noted above. For FY 2015, the June forecast for capital surcharge revenue is $3.87 million, which is $0.01 million or 0.3% less than the March projection, compared with a 0.1% increase in base fare revenue.

Ferry Miscellaneous Revenue

WSF's FY 2015 miscellaneous revenue data is primarily from concession and services vendor projections. A small number of concession projections were updated by Operations Managers based on current fiscal year performance through April 2015 and a portion of May revenues.

Changes in miscellaneous revenue reflect the slightly higher vessel non-fare concessions in FY 2015 and higher terminal concessions due to advertising and parking increases in recent months offsetting decreases in vending and several shoreside concessions. Going forward, vessel non-fare revenues (concessions) are reduced due to a correction for "other" revenues that previously should not have increased based on traffic or revenue increases.

Primary Reasons for the Forecast Changes

- Total forecasted ferry ridership is essentially unchanged beyond FY 2016, the result of offsetting impacts of lower employment, higher personal income, and lower real gas prices.
- Ferry fare revenues for the June Baseline Forecast are slightly lower beyond FY 2016. While overall ridership is slightly higher through FY 2022, the distribution of ridership has shifted a bit to lower fare categories relative to March, thereby lowering the Baseline Forecast for revenue slightly in all years.
- Miscellaneous revenue forecasts range from slightly higher near term to essentially unchanged by the end of the forecast horizon as a result of a combination of higher terminal revenues (primarily advertising and parking revenues) and lower vessel non-fare revenues.

Figure 34 Short-term Ferry Revenue June 2015 Baseline

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Farebox Revenue	163.78	171.29	335.07	173.54	175.45	348.99
Capital Surcharge Revenue	3.66	3.87	7.53	3.98	4.02	8.00
Misc. Ferry Revenue	3.58	3.75	7.33	3.83	3.92	7.75
Total Ferry Revenue	**171.02**	**178.91**	**349.93**	**181.34**	**183.39**	**364.73**
% Change from Prior Forecast		0.2%	0.1%	0.2%	-0.2%	0.0%

Toll Revenue

TNB Toll Traffic and Revenue forecast for June 2015 reflects the impact from the toll rate increase adopted in May 2015. It also reduces the civil penalty revenue estimates for future biennium based on the historical cash collection data.

SR 520 Bridge Toll Traffic and Revenue forecast for June 2015 is unchanged from November 2014 and March 2015.

SR 167, the pilot HOT project, is extended to June 30, 2017 by 2015 Legislative decision in 2ESHB 1299.

The revenue impact from 2015 legislative bill SSB 5481 is indeterminate at this moment; data will be collected and the findings will be incorporated in the future revenue forecast.

The Tacoma Narrows Bridge (TNB) revenue forecast reflects actual toll collections through April 2015. In 2013 two consecutive toll rate increases were adopted by the Washington Transportation Commission (the Commission). The first toll rate increase began on July 1, 2013. The toll rates for 2-axle vehicles were $4.25, $5.25 and $6.25 for *Good To Go!* (GTG), cash and Pay by Mail (PBM), respectively. The second toll rate increase took place on July 1, 2014; the toll rates for 2-axle vehicles increased to $4.50 for GTG, $5.50 for cash and $6.50 for PBM. Trucks pay by axle.

In May 2015, another two consecutive toll rate increases were adopted by the Commission. Toll rates will be increased by $0.50 to $5.00/GTG, $6.00/cash, and $7.00/PBM per 2-axle vehicle began on July 1, 2015. Another $0.50 will be increased to the toll rates began on July 1, 2016, setting the toll rates at $5.50/GTG, $6.50/cash, and $7.50/PBM per 2-axle vehicle. Multi-axle vehicle toll rates will be increased proportionally. From FY 2018 to FY 2030, the adopted toll rates for FY 2017 are assumed to not change for GTG, cash and PBM.

The SR 167 HOT lanes pilot program revenue forecast reflects actual toll collections starting in May 2008 through April 2015. In 2015 legislative action (2ESHB 1299), SR 167 HOT lanes pilot program was extended to the end of fiscal year 2017. Toll rates are set to maximize traffic flow while managing demands to maintain acceptable operating speed on the HOT lanes.

The current forecast for SR 520 is based on the Washington State Transportation Commission's adopted 2.5% annual toll-rate increase as of July 1, 2014. In addition, the Commission implemented nickel-rounding for all toll rates (weekday and weekend). In FY 2017, weekday toll rates are assumed to increase by 15% on average. Beyond FY 2017, no further rate increases have been assumed. In the current fiscal year, two-axle vehicles traveling on weekdays pay peak tolls of $3.80 for GTG and $5.40 for

PBM, respectively. During weekends the peak GTG and PBM toll rates are $2.35 and $4.00, respectively. Vehicles with more than two axles incur an additional toll.

The Pay By Plate (PBP) toll rate will be the GTG rate plus a $0.25 fee. PBM customers who open a short-term account in order to pay prior to receiving a toll bill will receive a $0.50 discount off of the PBM rate.

Legislative action in 2011 created the PBM payment method in which tolls may be paid after using a toll facility with the customer identified for receiving a toll bill by mail via a photo of their license plate. The same legislative action introduced alternative toll enforcement, the Civil Penalty process administered by WSDOT. Failure to pay a toll detected through the photo toll system after 80 days and two invoices will set in motion the civil penalty process by issuing a Notice of Civil Penalty (NOCP). The civil penalty is $40 plus the original toll amount and associated fees. The customer is liable for a civil penalty of $40 per toll transaction, plus the original toll amount per transaction, and a $5 rebilling fee per invoice.

In 2015, legislature passed SSB 5481, tolling customer service reform. The bill asks WSDOT to waive or reduce customers' civil penalties and associated fees under certain circumstances. It may motivate people to pay back tolls to get the penalties and fees reduced. It also requires WSDOT to allow car dealers to sell transponders. This bill could result in reductions to the civil penalty revenue, increases in recovered toll revenue from the Civil Penalty process, and increases in transponder sales revenue. The revenue impact amount is indeterminate at this time. We will collect actual data in FY 2016 which will lead to revisions in future iterations of the forecast.

Transponder sales for FY2009 through FY2014 include actual revenues from the sales of transponders and disabling shields.

Trends in Tacoma Narrows Bridge traffic and toll revenue

Traffic

The TNB annual 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%. Between 2010 and 2013, TNB traffic volume had been falling. In FY 2011, the TNB traffic volume was 14.06 million, a year over year decrease of 1.4%. In FY 2012, the TNB traffic volume was 14.07 million, a year over year decrease of 0.02%. In FY 2013, the TNB traffic volume was 13.85 million which represents a year over year decline of 1.5%.TNB traffic volume in FY 2014 was 13.96 million which represents an annual growth of 0.9%.

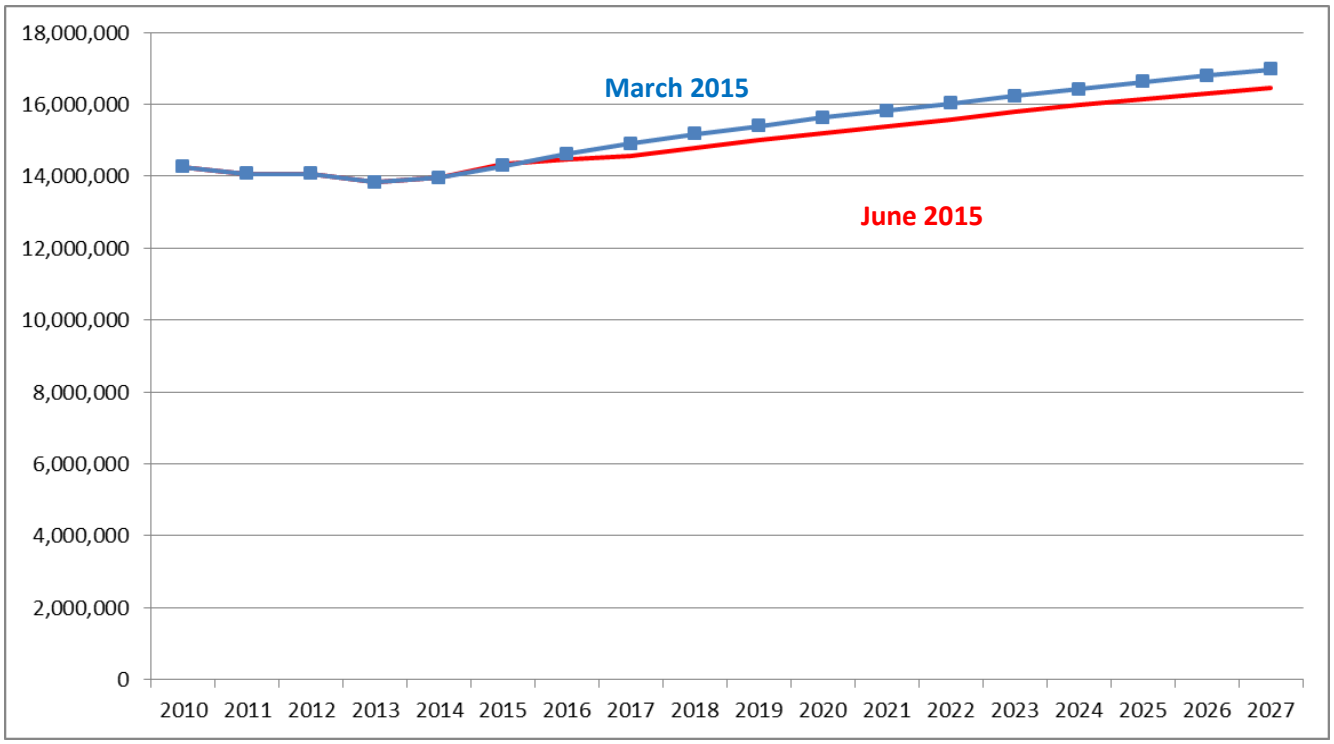
Stantec developed a new TNB trendline forecast model beginning November 2014 forecast. Beginning with FY 2014 as a base year, a trendline forecast was created utilizing a spreadsheet model segregated by payment type and vehicle class as outlined above. Long term growth rates were developed through review of the socio-economic forecasts (PSRC local economic forecast of population and employment) and trends in payment types over the past few years were analyzed to determine the percentage of *Good To Go!* Pass, manual and image-based toll transactions This model assumed traffic over the next five years will roughly mirror transportation analysis zones (TAZ)-areas' population and employment growth at 1.9 percent, before decreasing to 1.25 percent from 2020 to 2025 and 1.0 percent from 2026 to 2030.

In FY 2015, TNB traffic volume is anticipated to grow year over year by 2.9% to 14.36 million. In FY 2016 and 2017 (toll rate will be increased by $0.50 each year, respectively), the TNB traffic volume is expected to grow by 0.7% and 0.8% respectively. Then the annual growth rate in TNB traffic is expected to be 1.5% in fiscal years 2018 and 2019. Starting from FY 2020, the annual growth rate in TNB traffic oscillates between 1.2% and 1.3% for the next five years and then the TNB traffic annual growth rate falls to 1% for the remaining three years of the forecast horizon. Year-by-year adjustments were made to reflect a dampening of growth over time. Barring an unforeseen economic event (e.g. another recession),

it is assumed these long-term growth rates will remain consistent. Short term adjustments will be made based on ongoing review of transaction and revenue data and assumptions regarding payment type splits and vehicle class data will be adjusted accordingly.

Since this June 2015 TNB traffic and revenue forecast incorporates the new higher toll rates for TNB, the June forecast of traffic is lower than previous projections. Beginning in FY 2016, the TNB traffic forecast in June is 14.456 million which is 1.1% below the previous forecast. In FY 2017, the TNB traffic forecast is below the last forecast by 2.2% all due to the TNB toll rate increase. This reduction in traffic from previous projections continues throughout the forecast horizon being down at least 2.5%. See Figure 35 for a comparison chart.

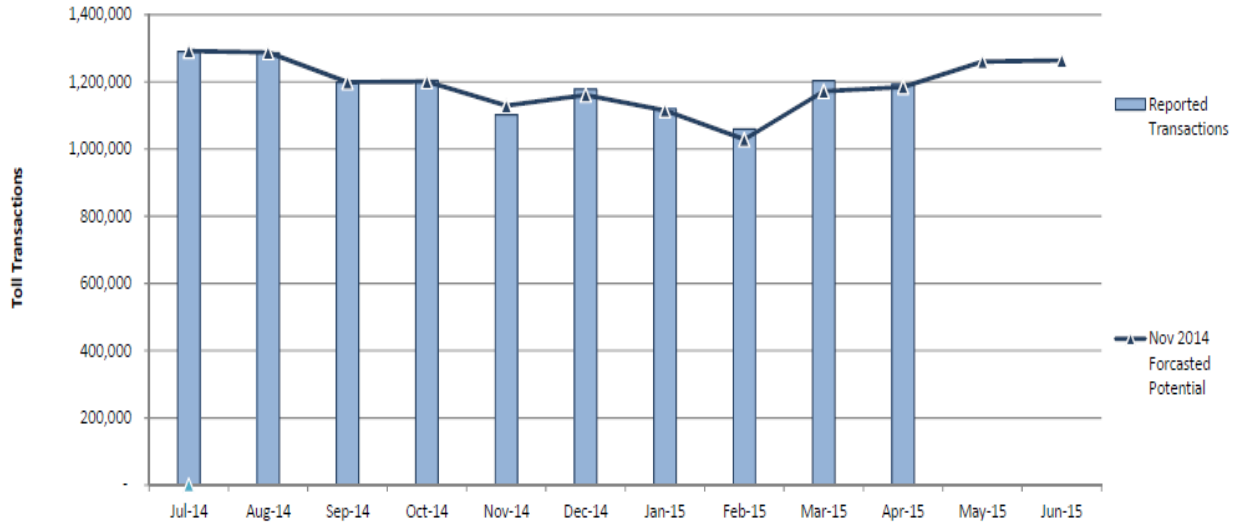
Figure 35 TNB Traffic Forecast Comparison: March vs. June 2015



Since the November 2014 forecast, TNB monthly traffic has been coming in close to actuals. Traffic came in above forecast by 0.5% for the ten months of fiscal year 2015. See Figure 36.

Figure 36 FY 2015 TNB Monthly Reported Transactions Compared to November 2014 Forecast

TRAFFIC	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD	Annual Total
Forecasted Potential [1]	*1,292,065*	*1,288,064*	*1,199,060*	1,201,060	1,129,056	1,161,058	1,115,056	1,029,051	1,172,059	1,185,059	1,260,063	1,264,063	11,771,588	14,295,714
Reported Transactions [2]	1,290,551	1,286,525	1,198,257	1,204,577	1,101,928	1,177,708	1,119,391	1,059,563	1,203,585	1,192,597		-	11,834,682	
Variance from Forecast	(1,514)	(1,539)	(803)	3,517	(27,128)	16,650	4,335	30,512	31,526	7,538		-	63,094	
Variance - % change	(0.1%)	(0.1%)	(0.1%)	0.3%	(2.4%)	1.4%	0.4%	3.0%	2.7%	0.6%	-	-	0.5%	



Notes:
1 The data is based upon the TRFC November 2014 Forecast.
2 The reported traffic is based on the TNB lane collection system data adjusted for duplicate and non-revenue transactions.

Gross Potential and Adjusted TNB Toll Revenue

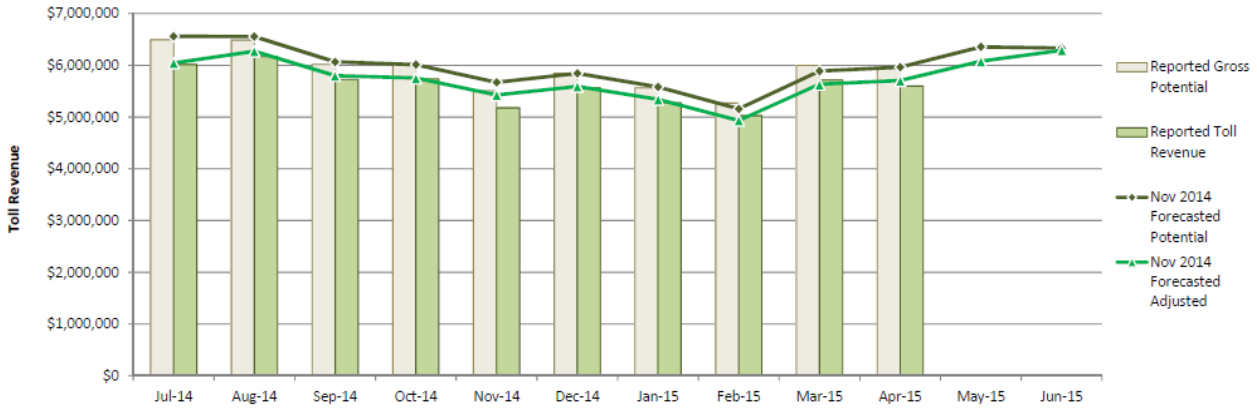
The gross toll revenue potential is the amount of revenue WSDOT should receive given the varying toll rates by payment type and type of vehicle and the number of transactions in those categories, assuming all the transactions been paid. The gross toll revenue potential in fiscal year 2014 was $66.65 million. This gross toll revenue potential consisted of an estimated $39.07 million in *Good To Go!* revenue, $9.86 million in other payment types like Pay by Plate, Pay By Mail and Short Term Accounts and $17.73 million in Cash in fiscal year 2014. In the June 2015 forecast, the gross toll revenue potential forecast for FY 2015 is $71.87 million which is 7.8% annual growth. In FY 2016, the TNB gross revenue potential is $80.32 million, which assumes $0.50 toll rate increase and an annual growth of 11.7%. In FY 2017, the TNB gross revenue potential is anticipated to be $88.58 million, assuming another $0.50 toll rate increase and an annual growth of 10.3% for gross revenue. In FY 2018 and beyond, the annual growth in gross revenue potential slows from 1.6% to 1.2% and then declines further to 1% by the end of the forecast horizon.

The difference between the gross toll revenue potential and the adjusted toll revenue is the toll revenue not recognized, unpaid toll revenue, Pay By Plate $0.25 fee with CIP $0.50 discounts. TNB adjusted gross toll revenue for the 2007-09 biennium was $73.1 million. The 2009-11 biennium adjusted toll revenue increased to $89.8 million which is a 23% increase over the prior biennium. In the 2011-13 biennium, TNB adjusted gross toll revenue was $102.8 million, 14% increase over the last biennium. In the 2013-15 biennium, TNB adjusted revenue forecast is anticipated to be $131.51 million. This adjusted revenue forecast for TNB for the current fiscal year is $68.37 million. Next biennium, the adjusted toll revenue is $161.50 million which is a 22.8% growth biennium to biennium. In the 2017-19 biennium, the adjusted toll revenue is projected to be $173.09 million, which is a 7.2% biennium growth. In the 2019-21 biennium, the adjusted toll revenue is expected to grow to $177.45 million or 2.5% biennium to biennium growth. Future biennia growth is anticipated to be a little less than 2.5%.

Figure 37 reveals monthly TNB gross potential and adjusted revenue forecasts for FY 2015 versus the reported actuals. For gross revenue potential, the first ten months of fiscal year 2015 has seen actuals come in close to the November 2014 forecast (-0.2%). The same is true for the adjusted TNB toll revenue which has also come in slightly below the November 2014 forecast (-0.8%) during the first ten months of FY 2015.

Figure 37 FY 2015 TNB Gross Potential and Adjusted Toll Revenue Compared to November 2014 Forecast vs. Actuals

REVENUE	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD	Annual Total
Forecasted Potential (November 2014) [1]	*$6,562,452*	*$6,559,450*	*$6,066,419*	$6,016,420	$5,674,395	$5,846,406	$5,584,390	$5,160,360	$5,891,410	$5,965,415	$6,356,440	$6,336,442	**$59,327,117**	**$72,019,999**
Reported Gross Potential [2]	$6,496,847	$6,489,230	$6,020,851	$6,018,004	$5,508,964	$5,848,662	$5,567,189	$5,271,343	$6,001,788	$5,958,320		-	**$59,181,199**	
Variance From Forecasted Gross Potential	($65,605)	($70,220)	($45,568)	$1,584	($165,431)	$2,256	($17,201)	$110,983	$110,378	($7,095)		-	**($145,918)**	
Variance - % Change	(1.0%)	(1.1%)	(0.8%)	0.0%	(2.9%)	0.0%	(0.3%)	2.2%	1.9%	(0.1%)	-	-	**(0.2%)**	
Forecasted Adjusted [3]	$6,048,115	$6,274,193	$5,802,603	$5,754,778	$5,427,627	$5,592,158	$5,341,537	$4,935,947	$5,635,205	$5,705,992	$6,080,012	$6,289,833	**$62,598,167**	**$68,888,000**
Reported Toll Revenue	$6,013,436	$6,169,873	$5,728,594	$5,733,372	$5,179,488	$5,561,499	$5,275,579	$5,026,473	$5,714,713	$5,599,617		-	**$56,002,644**	
Variance From Adjusted Forecast	($34,679)	($104,321)	($74,009)	($21,407)	($248,139)	($30,659)	($65,957)	$90,526	$79,508	($106,375)		-	**($515,511)**	
Variance - % Change	(0.6%)	(1.7%)	(1.3%)	(0.4%)	(4.6%)	(0.5%)	(1.2%)	1.8%	1.4%	(1.9%)	-	-	**(0.8%)**	



Notes:

1 The data is based upon the TRFC November 2014 Forecast.

2 The Reported Gross Potential data comes from the TCS/AVI report, ICRS/VPS report, and WSDOT's accounting system and is subject to change pending fiscal period closeout.

3 The Forecasted Adjusted Gross Toll Revenue reflects adjustments for Pay By Plate Fees, less Short-term Account Discounts and Toll Revenue Not Recognized, and the extended year-end accounting window.

Beginning in 2012, violations were replaced by civil penalties. Fines and fees violations revenue for the 2007-09 biennium was $1.06 million of which $1.01 million was violations revenue. In the 2009-11 biennium fees remained flat, and violation revenue was $1.08 million. In the 2011-13 biennium, violations revenue was $0.15 million. In FY 2014, violations revenue came in totaling $8,894. In the current fiscal year, violations revenue is anticipated to be around $9,000.

In FY 2014, TNB *Good To Go!* and short-term (CIP) discounts came in at $212,503. In the current biennium, *Good To Go!* Pay By Plate fees less short-term account discounts are anticipated to be $0.46 million. These fees grow in the future at the same rate as traffic volume.

The TNB late payment, non-sufficient funds fees, statement fees and transaction fees came in at $0.47 million for the 2011-13 biennium. In the current biennium, the fee revenue is anticipated to be $0.79 million. In fiscal year 2014, fee revenue came in at $0.34 million. In this current forecast, these fees are anticipated to be $0.45 million for FY 2015. In the future, these fees are grown off the change in Pay By Mail traffic volume in the future. Future fee revenue in the next biennium is projected at $0.71 million.

Actual miscellaneous revenues from interest, liquidated damages and other miscellaneous revenue items such as real estate rent are included in miscellaneous revenue. In FY2013, miscellaneous revenue was $0.51 million and the 2011-13 biennium had $2.25 million in miscellaneous revenue. In

fiscal year 2014, miscellaneous revenues were $371,376. In fiscal year 2015, miscellaneous revenues is anticipated to be $0.16 million.

Civil penalty revenue is a function of the pay by mail transaction estimate. TNB civil penalty revenue in FY 2013 was $3.83 million, which includes both cash and receivables. For the 2011-13 biennium, civil penalty revenue was $4.31 million, which included both cash and receivables. Then TNB civil penalty revenue for FY 2014 came in much lower at -$0.65 million which included both cash and receivables. In the past, civil penalty revenue has had large accounting adjustments resulting in negative total revenue. In fiscal year 2015, civil penalty revenue is anticipated to be $3.9 million. The current biennium projection for civil penalties is $3.25 million which is higher than last forecast by $0.47 million. For future biennium, this June forecast adjusts TNB civil penalty revenue estimate assumption based on the historical penalty cash collection data. Civil penalty is anticipated to be $1.78 million in FY 2016 and $1.88 million in FY 2017. After FY 2017, the growth in this revenue is in line with the growth of Pay By Mail transactions throughout the remainder of the forecast horizon. This June forecast reduced civil penalty revenue from prior projections by 50% each biennia.

Total revenue from all transponders and shield sales was $1.4 million in the 2007-09 biennium and $1.27 million in the 2009-2011 biennium. In the 2011-13 biennium, TNB transponder sales revenue was $0.66 million. Transponder sales revenue in FY 2013 was $0.307 million and $0.306 million in FY 2014 for TNB. This June forecast anticipates $0.33 million in transponder revenue in FY 2015. Then in outer years, the forecasted sales will be allocated to the new facilities as well, decreasing TNB's portion. In the current biennium, TNB transponder sales are anticipated to be $0.64 million, which is higher than the last forecast by $0.08 million. In the 2015-17 biennium, TNB transponder sales revenue is anticipated to be $0.51 million, which is also up $0.11 million from the last forecast.

Total adjusted gross TNB revenue including all fines and fees was $110.6 million in the 2011-13 biennium. In the current biennium, total adjusted gross TNB revenue is anticipated to be $136.7 million, which is higher than the last forecast by $0.357 million. In the next biennium, total adjusted gross TNB revenue is projected at $166.4 million, which is $15.84 million or 10% higher than prior projections.

Trends in SR 167 High Occupancy Toll Lanes Traffic and Revenue

The traffic volume on the SR 167 HOT lanes was 386,000 vehicles in FY 2009. Traffic volume in FY 2010 increased to 510,969 which represented a 31.5% growth year over year from FY 2009. In FY 2011, traffic volume was 640,115 vehicles which were 25.3% higher than in FY 2010. Legislation in 2011 and 2013 extended the 167 HOT lanes pilot program to the end of FY 2015. In FY 2012 the traffic volume increased by 31% to 841,154 and the following year, FY 2013, traffic volume increased by 22.5% to 1.033 million. In FY 2014, the HOT lanes traffic volume increased to 1.135 million which was a 9.9% annual growth. The FY 2015 traffic volume is projected to be 1.17 million in the current forecast. Since the November 2014 forecast, SR 167 traffic has come above the forecast, on average more than 5% above forecast, see Figure 38.

Recent legislation in 2015, ESHB 1299, extended the HOT lanes pilot program out through June 30, 2017. That legislative change was incorporated into this June forecast.

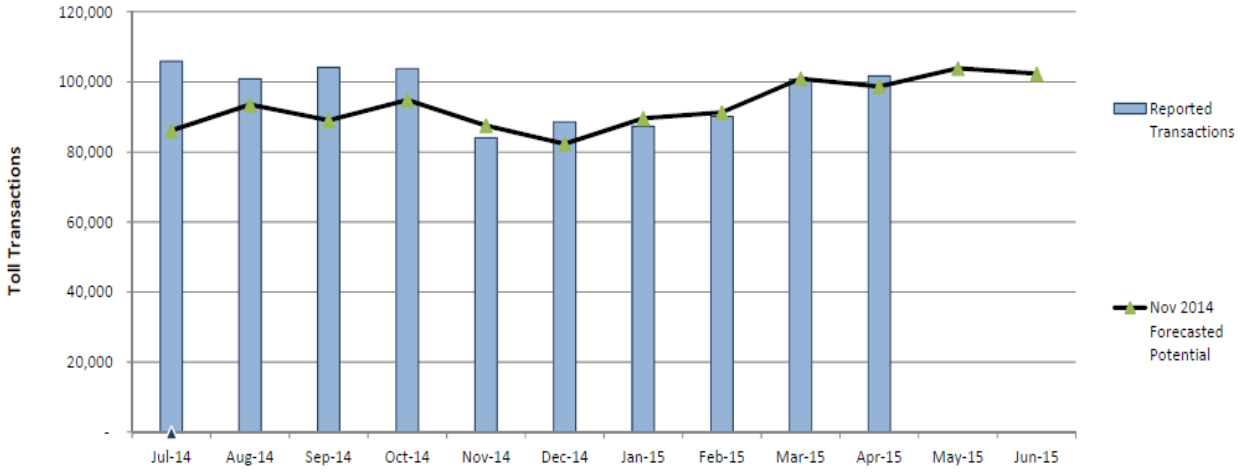
Revenue from HOT lanes' tolls, sales and fees in FY 2009 was $0.47 million and HOT lanes total revenue in FY 2010 was $0.53 million, which represents a 12% increase annually. In FY 2011, HOT lanes revenue increased to $0.72 million; $1.13 million in FY 2012; $1.19 million in FY 2013 and $1.22 million in FY 2014. HOT lanes toll revenue has been growly strongly. In FY 2011-13, the toll revenue was $2.12 million and total revenue was $2.32 million. In the FY 2013-2015 biennium toll revenue is projected to grow to $2.87 million an increase of $0.75 million or 35% biennium to biennium. Note that in the last month of FY 2014, there was a large accounting adjustment downward of HOT lanes revenue to reflect revenue in accounts that may not be paying the toll which lowered the current biennium forecast for HOT lanes. This June forecast for HOT lanes is 15% higher than the prior forecast in the current biennium. Now under current law, the program ends September 30, 2017 and therefore two more years of HOT

lanes traffic and revenue projections have been added to the June forecast. In FY 2016, HOT lanes toll and fee revenues are anticipated to be $1.797 million and the forecast is $1.88 million in FY 2017.

In the 2011-2013 biennium, transponder and shield sales on SR 167 was $58,801. In the 2013-2015 biennium transponder revenue is anticipated to be $77,770. In fiscal year 2014, HOT lanes transponder revenue was $37,771. Fees revenue, includes only statement fee revenue, and has actuals through FY 2014. In FY 2013, fee revenue was $3,595 and in fiscal year 2014, fee revenue came in at $3,730. In the 2011-13 biennium, fee revenue was $6,026 and it is anticipated to be slightly higher at $7,730 in the current biennium. Miscellaneous revenue was $0.13 million in the 2011-13 biennium. In the current biennium, miscellaneous revenue is anticipated to be $18,365. In fiscal year 2014, liquidated damages were $5,651 and HOT lanes interest was $163 so the total miscellaneous revenue was $5,865.

Figure 38 FY 2015 SR 167 Reported Toll Transactions Compared to November 2014 Forecast

Toll Transactions	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD	Annual Total
Forecasted Transactions (November 2014) [1]	86,102	93,519	89,004	94,834	87,541	82,295	89,600	91,275	100,924	98,690	103,863	102,353	913,784	1,120,000
Reported Transactions [2]	105,903	100,807	104,191	103,812	84,003	88,628	87,292	90,137	100,672	101,673	-	-	967,118	
Variance from Forecast [3]	19,801	7,288	15,187	8,978	(3,538)	6,333	(2,308)	(1,138)	(252)	2,983	-	-	53,334	
Variance - % change	23.0%	7.8%	17.1%	9.5%	(4.0%)	7.7%	(2.6%)	(1.2%)	(0.2%)	3.0%	-	-	5.8%	



Notes:

1 Data is based upon the TRFC November 2014 Forecast.

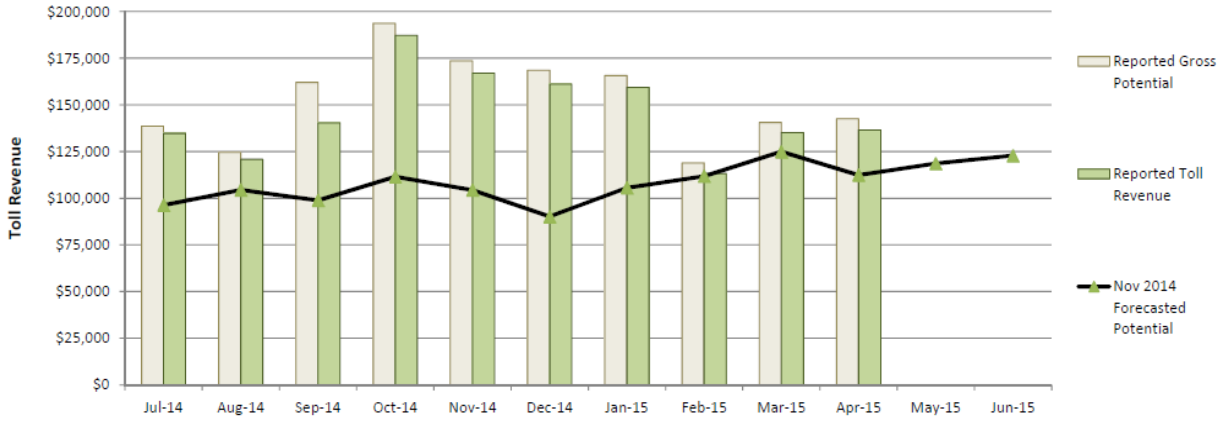
2 The Reported Transactions is based on the SR 167 HOT Lanes lane collection system data adjusted for duplicate and non-revenue transactions.

3 The variance is a comparison between reported transactions and the November 2014 forecast.

Figure 38 reveals the monthly toll transaction forecast for the November 2014 forecast versus the actual reported transactions for SR 167 HOT lanes. The table and chart reveal that actual transactions have come in consistently over forecast for most months through April 2015. Figure 39 shows the monthly gross revenue potential from the November 2014 forecasts compared to the actual reported revenue. This table also indicates that revenues are coming in well above forecast for SR 167 HOT lanes through April 2015.

Figure 39 FY 2015 SR 167 Reported Toll Revenue Compared to 2014 Forecast

REVENUE	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	YTD	Annual Total
Forecasted Gross Potential (November 2014) [1]	$96,334	$104,474	$98,904	$111,533	$104,376	$90,136	$105,578	$111,830	$124,954	$112,408	$118,590	$122,883	$1,060,528	$1,302,000
Reported Gross Potential [2]	$138,686	$124,567	$162,100	$193,722	$173,563	$168,532	$165,772	$118,884	$140,556	$142,526	-	-	$1,528,906	
Variance From Forecasted Gross Potential	$42,352	$20,093	$63,195	$82,190	$69,187	$78,396	$60,194	$7,053	$15,602	$30,118	-	-	$468,378	
Variance - % Change	44.0%	19.2%	63.9%	73.7%	66.3%	87.0%	57.0%	6.3%	12.5%	26.8%	-	-	44.2%	
Reported Toll Revenue [3]	$134,773	$120,844	$140,317	$187,255	$166,947	$161,085	$159,421	$113,273	$135,080	$136,518	-	-	$1,455,512	
Variance From Forecasted Gross Potential [4]	$38,440	$16,370	$41,413	$75,722	$62,570	$70,949	$53,843	$1,443	$10,126	$24,109	-	-	$394,984	
Variance - % Change	39.9%	15.7%	41.9%	67.9%	59.9%	78.7%	51.0%	1.3%	8.1%	21.4%	-	-	37.2%	



Notes:

1 Data is based upon the TRFC November 2014 Forecast.
2 Reported Gross Potential data comes from the TCS/AVI report.
3 Reported Toll Revenue corresponds to "tolling revenue" values reported in WSDOT financial statements.
4 The variance is a comparison between the Reported Revenue and the Forecasted Gross Potential.

Trends in SR 520 Bridge Toll Lanes Traffic and Revenue

The June 2015 SR 520 Toll Traffic and Revenue forecast did not change from the November 2014 forecast.

Traffic

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

The current forecast is based on independent economic forecasts of population and employment. These forecasts were updated in August 2014 to reflect current economic conditions, updated regional forecasts, projected development in Seattle and Eastside King County communities, and current market conditions, such as office occupancy rates and housing unit absorption trends. The analysis followed methods similar to those used in the prior economic forecast in 2013. .

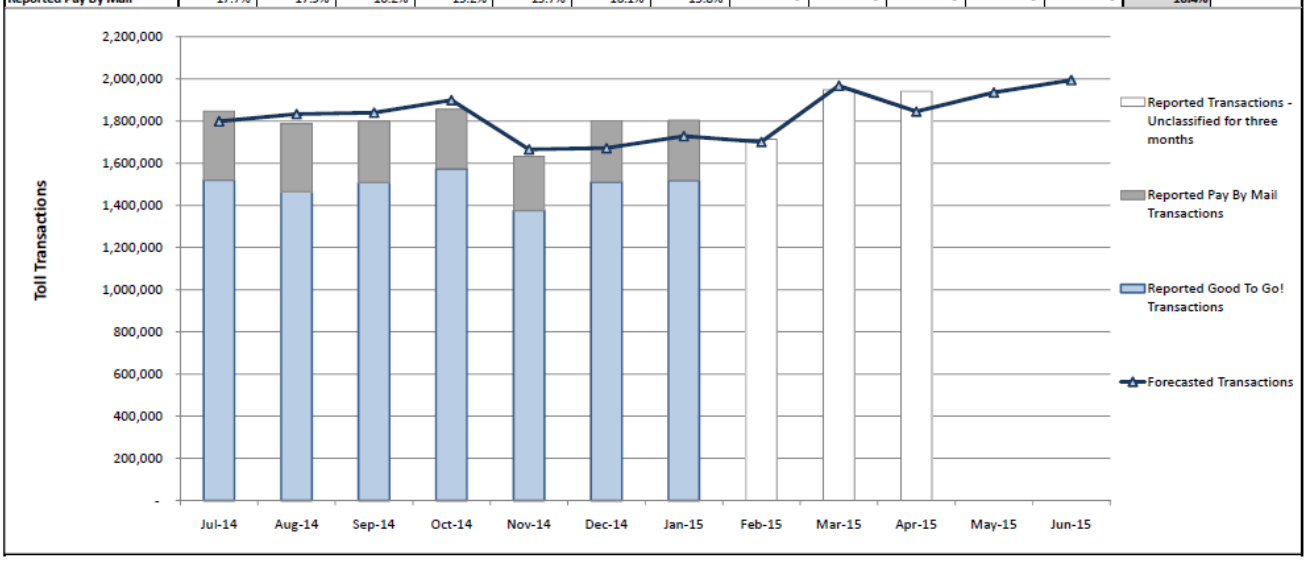
This forecast is based on November 2014 SR 520 Investment Grade Traffic and Revenue projections. The November as well as the June 2015 forecasts include actual traffic and revenue for FY

2014. There were 9.6 million toll trips taken in FY 2012 from the opening day of December 29, 2011 through June 30, 2012. In FY 2013, total toll traffic was 20.2 million trips and in FY 2014, toll traffic was 21.0 million. In FY 2014, *Good To Go!* account usage was 84% of total toll trips and the rest were Pay By Mail. In the current forecast, the number of toll trips is anticipated to increase to 21.9 million in FY 2015 and 23.2 million for FY 2016. This corresponds to an annual traffic growth rate of approximately 4.4% in 2015 and 5.9% in 2016. After an assumed weekday rate increase of approximately 15% in FY 2017, the expected toll traffic volume growth rate is projected to slow down to about 4.3% for one year. From FY 2018 through 2027, average traffic is expected to grow at a variable but declining rate from approximately 3% to 4% annually to 1.6% by FY 2027. Throughout the remainder of the forecast horizon, the growth rate declines to well below 1% annually.

As shown on Figure 40, SR 520 actual traffic volume has been tracking the November forecast quite well in FY 2015. Over the past ten months, overall traffic has come in above forecast by 183,747 or 1.0% above the November forecast. In December 2014, the traffic came in well above forecast by 130,401 transactions or 7.8% above forecast which was the biggest variance of the first ten months of FY 2015; this variance was partially due to the fact the forecasted closures days didn't occur.

Figure 40 Comparison of SR 520 Monthly Traffic Volume – November 2014 Forecast vs. Reported Performance

TOLL TRANSACTIONS	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Fiscal Year To Date	Annual Total
Forecasted Closure Days [1]	2.0	2.0	1.0	2.0	2.0	3.5	2.0	0.5	-	0.5	-	-	15.5	15.5
Reported Closure Days	2.0	2.0	1.1	2.0	2.0	-	-	-	1.0	-			10.1	
Forecasted Transactions [2]	1,799,000	1,833,000	1,840,000	1,899,000	1,666,000	1,672,000	1,729,000	1,701,000	1,968,000	1,845,000	1,936,000	1,994,000	17,952,000	21,882,000
Reported Transactions [3]	1,847,821	1,786,962	1,800,267	1,855,681	1,633,138	1,802,401	1,804,665	1,714,604	1,949,255	1,940,953			18,135,747	
Variance From Forecast	48,821	(46,038)	(39,733)	(43,319)	(32,862)	130,401	75,665	13,604	(18,745)	95,953			183,747	
Variance - % Change	2.7%	(2.5%)	(2.2%)	(2.3%)	(2.0%)	7.8%	4.4%	0.8%	(1.0%)	5.2%			1.0%	
Reported Good To Go!	82.3%	82.1%	83.8%	84.8%	84.3%	83.9%	84.2%	-	-	-	-	-	83.6%	
Reported Pay By Mail	17.7%	17.9%	16.2%	15.2%	15.7%	16.1%	15.8%	-	-	-	-	-	16.4%	



Notes: 1 Forecasted weekend construction related closures as provided by the SR 520 Project Office.

2 Values based on the November 2014 Forecast.

3 Reported transactions adjusted for non-revenue transactions. Values may be subject to change to align with year-end reports.

Gross Potential and Adjusted SR 520 Toll Revenue

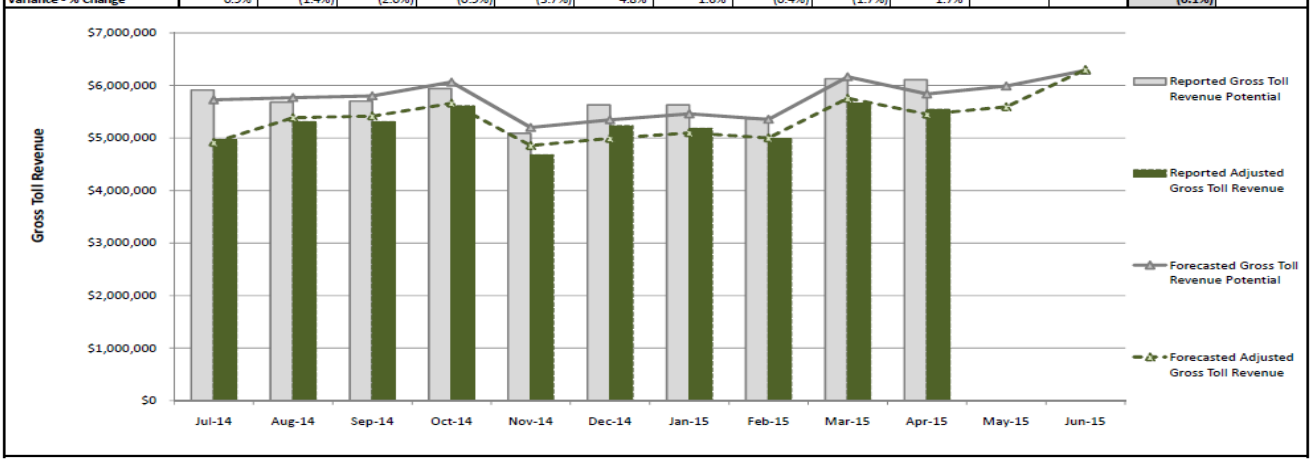
SR 520 gross toll revenue potential was $61.3 million in FY 2013 and it grew 5.4% to $64.59 million in FY 2014. In FY 2015, the November and June forecasts for gross toll revenue potential is $69.0 million, representing a 6.8% annual growth. The mix of SR 520 revenue by payment method anticipates 78.7% *Good To Go!* Revenue and 21.3% Pay By Mail and Pay By Plate in FY 2015. The Pay By Mail revenue is forecasted to be $14.73 million. It is anticipated that the gross toll revenue potential for SR 520

is going to be $133.6 million for the 2013-15 biennium. In the 2015-17 biennium, gross toll revenue potential is anticipated to be $158.6 million which is 18.7% biennia to biennia growth rate.

Figure 41 reveals how the gross toll revenue potential has been coming in compared to actuals during the first ten months of FY 2015. Like with traffic, the gross revenue potential for SR 520 has been coming in close to forecast. In December 2014 is the one month in which the gross revenue potential came in significantly over the forecast by 5.3%. Overall for ten months, gross revenue potential has been tracking the November forecast within 0.8%.

Figure 41 Comparison of SR 520 Monthly Gross Toll Revenue Potential and Adjusted Revenue – November 2014 Forecast vs. Reported Performance

GROSS TOLL REVENUE	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Fiscal Year To Date	Annual Total
Forecasted Closure Days[1]	2.0	2.0	1.0	2.0	2.0	3.5	2.0	0.5	-	0.5	-	-	15.5	15.5
Reported Closure Days	2.0	2.0	1.1	2.0	2.0	-	-	-	1.0	-			10.1	
Forecasted Potential[2]	$5,725,000	$5,769,000	$5,802,000	$6,063,000	$5,199,000	$5,346,000	$5,459,000	$5,354,000	$6,165,000	$5,838,000	$5,990,000	$6,285,000	$56,720,000	$68,995,000
Reported Potential[3]	$5,911,949	$5,681,322	$5,701,029	$5,940,019	$5,089,202	$5,631,332	$5,629,048	$5,366,460	$6,128,291	$6,106,479			$57,185,130	
Variance From Forecast	$186,949	($87,678)	($100,971)	($122,981)	($109,798)	$285,332	$170,048	$12,460	($36,709)	$268,479			$465,130	
Variance - % Change	3.3%	(1.5%)	(1.7%)	(2.0%)	(2.1%)	5.3%	3.1%	0.2%	(0.6%)	4.6%			0.8%	
Forecasted Adjusted[4]	$4,915,314	$5,387,000	$5,417,000	$5,661,000	$4,854,000	$4,992,000	$5,098,000	$4,999,000	$5,756,000	$5,451,000	$5,592,000	$6,300,686	$52,530,314	$64,423,000
Reported Adjusted[5]	$4,961,388	$5,308,963	$5,308,762	$5,607,737	$4,674,862	$5,233,513	$5,177,943	$4,980,278	$5,658,593	$5,542,042			$52,454,081	
Variance From Forecast	$46,074	($78,037)	($108,238)	($53,263)	($179,138)	$241,513	$79,943	($18,722)	($97,407)	$91,042			($76,233)	
Variance - % Change	0.9%	(1.4%)	(2.0%)	(0.9%)	(3.7%)	4.8%	1.6%	(0.4%)	(1.7%)	1.7%			(0.1%)	



Notes:
1 Forecasted weekend construction related closures as provided by the SR 520 Project Office.
2 Values based on the November 2014 Forecast.
3 Reported gross toll revenue potential values exclude toll revenue associated with duplicate transactions and non-revenue transactions and are comparable to forecast values.
4 Values based on the November 2014 Forecast. The forecasted adjusted gross toll revenue equals the gross toll revenue potential minus the adjustments.
5 Reported adjusted gross toll revenue corresponds to "tolling revenue" values reported in WSDOT annual financial statements. Values may change to align with year-end reports.

One of the main differences between gross toll revenue potential and adjusted gross toll revenue is accounting for toll revenue not recognized. In FY 2012, the six month period had $1.74 million in revenue leakage. In FY 2013 and 2014, SR 520 revenue not recognized was $6.53 million and $4.95 million respectively. Revenue leakage in the SR 520 November 2014 and June forecasts is anticipated to be $5.38 million for the current fiscal year. In future years, the estimate for revenue leakage for SR 520 is anticipated to range from 6% to 8% of total gross toll revenue potential which is between $5.75 million and growing to $6.8 million per year by 2027.

After accounting for Pay By Plate fees, short term account discounts, free trip incentives and revenue leakage, Adjusted Gross Toll Revenue from tolling SR 520 during six months of FY 2012 was $26.1 million and $55.44 million in FY 2013. Adjusted gross toll revenue was $81.5 million for the 2011-2013 biennium. In the current biennium, SR 520 Adjusted Gross Toll Revenue is anticipated to be $124.9 million. In the 2015-17 biennium, Adjusted Gross Toll revenue is anticipated to be $148.2 million. Throughout the remainder of the forecast horizon (through FY 2027), gross toll revenue potential and adjusted toll revenue are growing over time. This growth is due to both growth in traffic as well as annual toll rate increases embedded in the current law forecast. This SR 520 forecast assumes a 2.5% annual toll rate increase and a larger toll rate increase in FY 2017 when construction is anticipated to be finished.

Figure 41 reveals that the adjusted toll revenue has come in slightly under forecast for the first ten months of FY 2015 by $76,233 or 0.1% under forecast.

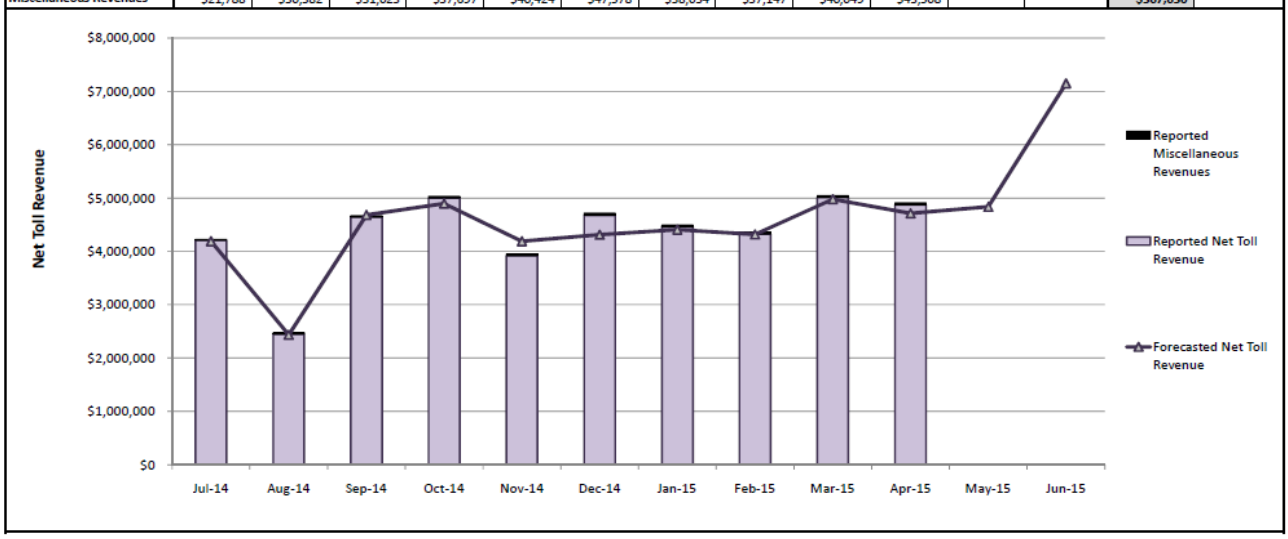
Actual transponder sales revenues in FY 2012 and 2013 exceeded costs and net transponder revenue was included within the Net Toll Revenue Pledged for Debt Service. Actual transponder revenue for SR 520 was $1.79 million in the 2011-13 biennium. In the current biennium, transponder sales are anticipated to be lower at $1.08 million. Transponder revenue for the 2015-17 biennium is anticipated to be $953,000. Transponder revenue in the subsequent biennia is forecast to be down by more than 30%. These decrease are due to sharing of system-wide transponder revenue across two additional toll facilities (SR 99 and I-405) starting in FY 2018, combined with partially offsetting higher average revenue per transponder sold due to the release of new, higher-priced Flex Pass switchable transponders.

Net Toll Revenue Pledged for Debt Service was $68.24 million in the 2011-13 biennium and is anticipated to grow to $106.25 million in the current biennium. In FY 2014, net toll revenue came in at $51.14 million which was 8.8% above the prior year. In FY 2015, net toll revenue is anticipated to be $55.12 million, which is 7.8% annual growth. In the next biennium, net toll revenue is projected to be $121.43 million, which is a 14% increase over the current biennium. The difference between the adjusted gross toll revenue and fees and the net toll revenue pledged for debt service is the operations and maintenance expenditures. Operations and maintenance (O&M) expenditures include credit card fees, facility O&M costs, toll collection O&M costs, bridge insurance premiums, and transponder inventory costs. O&M cost projections for the 2013-15 biennium total $24.72 million. For the 2015-17 biennium, O&M costs are anticipated to be $32.86 million. They decrease thereafter to 2.2% lower by FY 2027.

For the first ten months of FY 2015, net toll revenue for SR 520 has been tracking the November forecast very well, see Figure 42. The variance from the last forecast has been $367,630 or 1.0% with the December 2014 variance being the largest with actual reported revenue coming in 8.4% above forecast.

Figure 42 Comparison of SR520 Monthly Net Toll Revenue– November 2014 Forecast vs. Reported Performance

NET TOLL REVENUE	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Fiscal Year To Date	Annual Total
Forecasted Net Revenue [1]	$4,191,314	$2,436,000	$4,684,000	$4,897,000	$4,191,000	$4,312,000	$4,406,000	$4,318,000	$4,980,000	$4,713,000	$4,836,000	$7,150,686	$43,128,314	$55,115,000
Reported Net Revenue [2]	$4,208,250	$2,450,240	$4,643,353	$4,997,512	$3,916,151	$4,676,330	$4,456,872	$4,321,300	$5,011,490	$4,869,570			$43,551,067	
Variance From Forecast	$16,936	$14,240	($40,647)	$100,512	($274,849)	$364,330	$50,872	$3,300	$31,490	$156,570			$422,753	
Variance - % Change	0.4%	0.6%	(0.9%)	2.1%	(6.6%)	8.4%	1.2%	0.1%	0.6%	3.3%			1.0%	
Miscellaneous Revenues [3]	$21,788	$30,382	$31,023	$37,697	$40,424	$47,578	$38,034	$37,147	$40,049	$43,508			$367,630	



Notes:
1 Values based on the November 2014 Forecast. Miscellaneous pledged revenue is not forecasted.
2 Reported net toll revenue prior to adjustments for payment of deferred sales tax, debt service, periodic facility repair & replacement costs and periodic toll equipment and customer service center repair & replacement costs. Miscellaneous pledged revenue values are excluded and provided separately. Values may be subject to change to align with year-end reports.
3 Miscellaneous revenues are pledged and include the following; sale of right of way excess, cash over & short amounts, liquidated damages, interest earned, and cost of investment activities. Values may be subject to change to align with year-end reports.

Miscellaneous pledged revenue, primarily consisting of contractual damages and interest earnings, was $2.23 million for the 2011-13 biennium and amounted to $0.21 million in FY 2014. Due to the unanticipated continuation of contractual damages and uncertainty in project account balances to calculate interest earnings, miscellaneous pledged revenue and other miscellaneous non-pledged revenue are not provided in the forecast. Civil penalty revenues were $11.5 million in the 2011-13 biennium and $4.46 million in the FY 2014 reported values.

For the June 2015 forecast, forecast values for civil penalty revenue are tied to the forecast for transactions that go unpaid after 80 days in similar manner as recovered toll revenue and late payment fees. Of the delinquent toll bill transactions unpaid after 80 days for which notices of civil penalty are mailed, tolls are assumed to be recovered for 20% of these civil penalty transactions. Civil penalty revenues are assumed to be recovered from 95% of the total civil penalty transactions from which tolls are recovered (with 5% dismissed or remaining unpaid). For each transaction in which a civil penalty is collected, it is assumed that $0.75 of every $1.00 owed will be recovered, or an average of $30 for each $40 civil penalty. In the current biennium, civil penalty revenue is anticipated to be $9.4 million.

Trends in Total Adjusted Toll Revenue

In the 2007-09 biennium, the Total Toll Revenue and Fees from tolled facilities (TNB and SR 167) was $76.9 million and increased to $93.2 million in the 2009-11 biennium. In 2011-13 the SR 520 toll facility was added to the forecast, increasing the Total Toll Revenue and Fees in 2011-13 through the forecast horizon. The Total Toll Revenue and Fees collected in 2011-13 was $213.4 million for the three tolled facilities. In FY 2013-15 and FY 2015-17 the Total Toll Revenue and Fees is projected to be $280.4 million and $316.8 million, respectively. Over the next 10 years of the forecast horizon, total Toll Revenue and Fees are anticipated to be $1.65 billion.

Figure 43 Short-term Toll Facility Revenue - June 2015
millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Tacoma Narrows Bridge						
Adj Gross Toll Revenue	$63.14	$68.37	**$131.51**	$76.84	$84.67	**$161.50**
Transponder Sales	0.31	0.33	**0.64**	0.24	0.27	**0.51**
Violations	0.01	0.01	0.02	0.00	0.00	0.00
Other Fees	0.34	0.45	**0.79**	0.35	0.36	**0.71**
Civil Penalties	-0.65	3.90	**3.25**	1.78	1.88	**3.66**
Misc. Revenue	0.37	0.16	**0.53**	0.0	0.0	**0.0**
SR 167 HOT Lane						
Toll Revenue	$1.17	$1.70	**$2.87**	$1.75	$1.83	**$2.48**
Transponder Sales	0.04	0.04	**0.08**	0.04	0.04	**0.08**
Fees & Misc Rev.	0.01	0.02	**0.03**	0.00	0.00	**0.01**
SR 520 Bridge						
Adj Gross Toll Revenue	$60.50	$64.42	**$124.92**	$69.45	$78.79	**$148.24**
Other Fees	1.92	3.25	**5.17**	2.49	2.61	**5.10**
Misc. Pledge Revenue	0.21	0.00	**0.21**	0.00	0.00	**0.00**
Transponder Sales	0.50	0.58	**1.08**	0.50	0.45	**0.95**
Civil Pnlty & Misc Rev.	4.46	4.97	**9.43**	5.17	5.37	**10.54**
Total Toll Facility Revenue						
Total Toll Revenue & Fees	$132.33	$148.20	**$280.53**	$158.61	$176.28	**$334.89**
% Change from Prior Fct	0%	0.52%	**0.27%**	4.29%	7.96%	**6.19%**

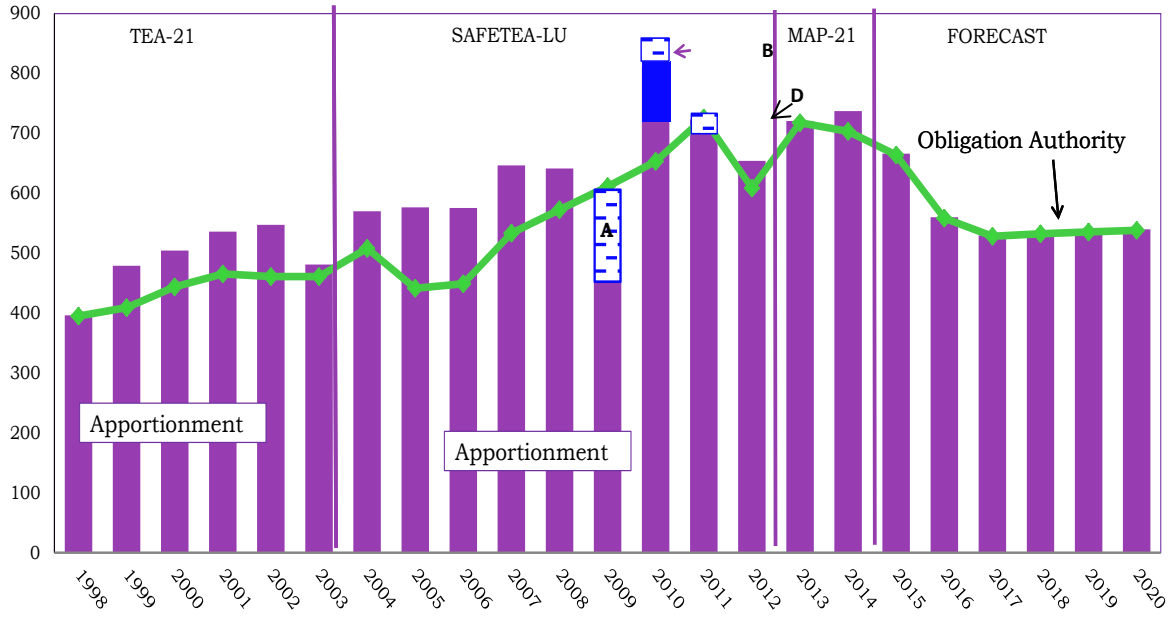
Federal Funds Revenue

Federal Funding History

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

Figure 44 describes the amount of federal apportionment and obligation authority to Washington State since 1998 with the inclusion of the June 2015 forecast of federal funds through FY 2020. This sixteen year historical period includes multiple federal transportation acts. First, the Transportation Equity Act for the 21st Century (TEA-21) was enacted on September 9, 1998 for a 6-year period thru 2003. As the graph reveals, in the last year of TEA-21, Washington's federal apportionment was lower than the previous four years due to a mandatory rescission of more than 30% in 2003. The next federal transportation package passed was the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). In that original legislation, the program was due to end in 2009. In the final year of SAFETEA-LU, a mandatory rescission was imposed. Washington State's portion of this rescission was $148 million. For the next three years, the SAFETEA-LU federal program was extended through multiple continuing resolutions. In 2010, the 2009 rescission was restored adding back $148 million to Washington. Since that restoration of the 2009 rescission, Congress imposed a 2010 rescission of which Washington share was $37.5 million and a 2011 rescission of which Washington share was $44.0 million.

Figure 44 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) - Federal Fiscal Years 1998-2020 with the June 2015 Forecast



A - $148 Million 2009 Rescission
B- $38 Million 2010 Rescission
C- Restoration of $148 Million 2009 Rescission in 2010
D - $44 Million 2011 Rescission
Source: FHWA apportionment and obligation authority notices and TRFC June 2015 federal funds forecast

MAP-21

On July 6, 2012, President Obama signed into law, P.L. 112-141, the Moving Ahead for Progress in the 21st Century (MAP-21). This new law reauthorizes the federal surface transportation policy and program at the Congressional Budget Office's baseline level equal to current funding levels (FFY 2012) plus inflation which equals $105 billion for two years (FFY 2013 and 2014). This bill did not significantly alter total funding from the previous authorization (SAFETEA-LU). MAP-21 funding levels are the basis for setting this long-term federal funds forecast of apportionment and obligation authority along with the latest CBO forecast of the Highway Trust Fund. While the obligation authority to apportionment ratio varied from year to year in the past, overall it averaged 98% which is the same OA to apportionment ratio we are forecasting in MAP-21 and the out years.

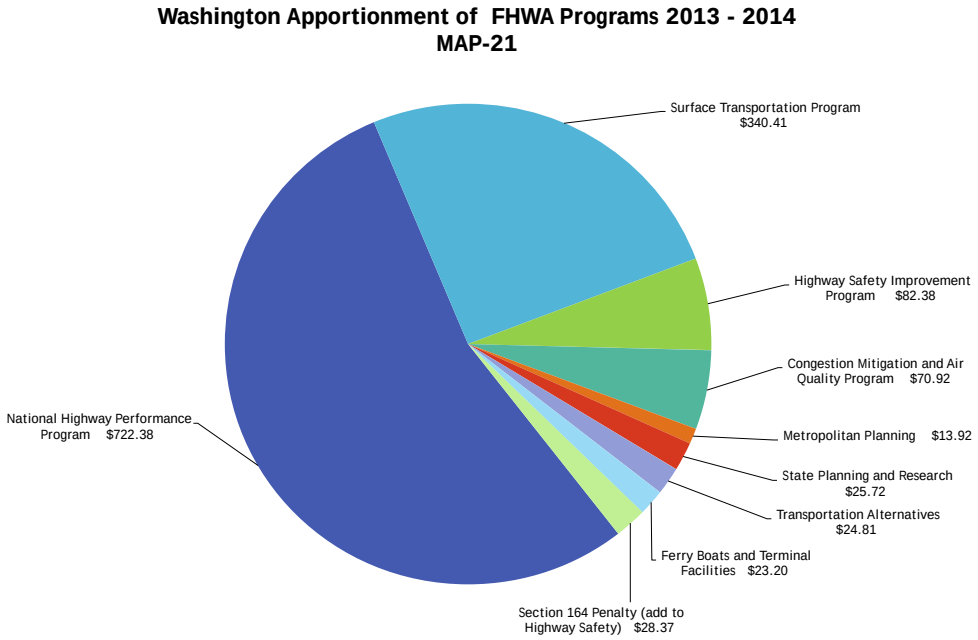
MAP-21 has the following five core programs:

- National Highway Performance Program
- Transportation Mobility Program
- National Freight Network Program
- Congestion Mitigation and Air Quality Improvement
- Highway Safety Improvement

The environmental review process was reformed in MAP-21 in an effort to speed up project development. MAP-21 funding levels for bicycle and pedestrian projects are reduced and consolidated into a broader program called "Transportation Alternatives" with half of this funding going to metropolitan planning organizations and the other half going to the state. In MAP-21, mainstream tolling is now easier to implement in regards to new highways and expansion and repairs to existing ones.

Over the two year MAP-21 period, the majority of Washington's apportionment was spent on the National Highway Performance Program ($722.38 million) and the Surface Transportation Program ($340.41 million). The remaining MAP-21 programs got smaller distributions of the remaining apportionment. (Figure 45)

Figure 45 Washington Apportionment of FHWA Programs MAP-21 2013 – 2014



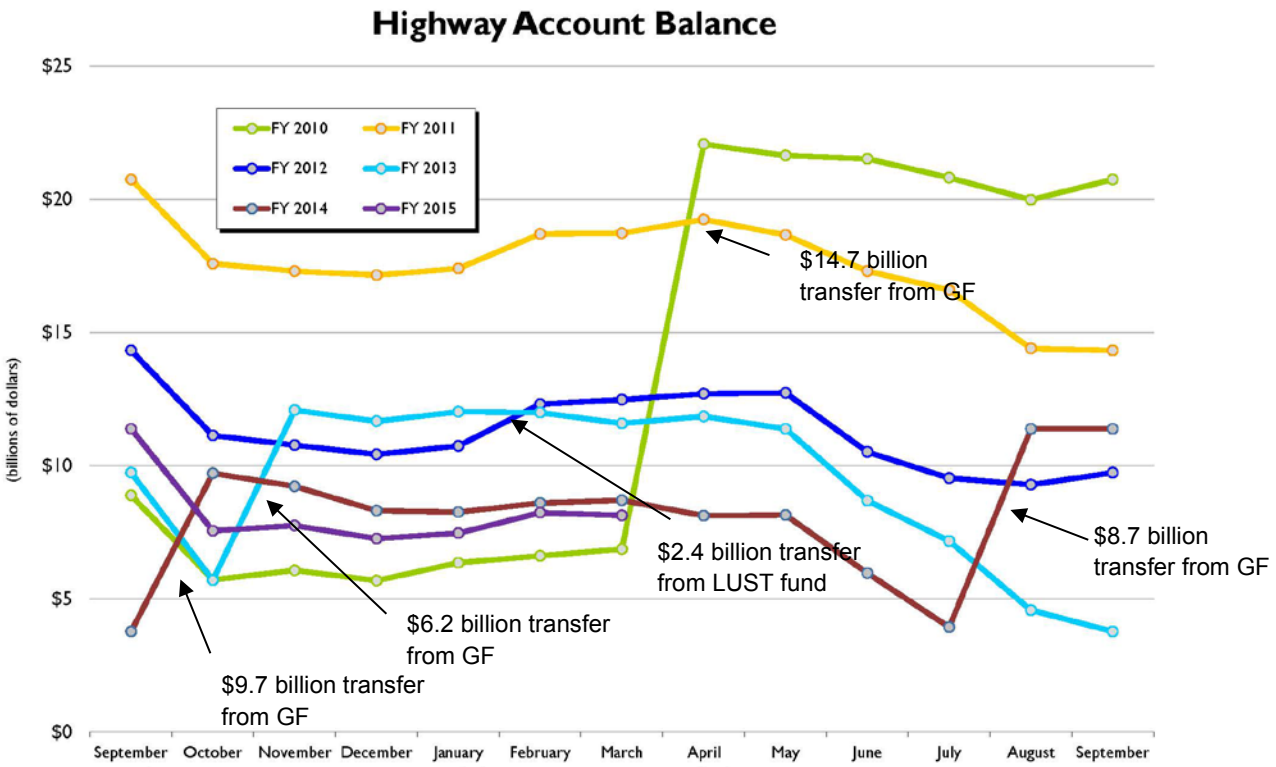
Highway Trust Fund

Funding for these MAP-21 programs comes from the Highway Trust Fund (HTF). The HTF is a federal transportation fund which receives money from the federal fuel tax of 18.3 cents per gallon on gasoline and 24.4 cents per gallon on diesel fuel and related excise taxes. The HTF currently has three accounts, the Highway Account which funds road construction, a smaller Mass Transit Account which supports mass transit and also a Leaking Underground Storage Tank Fund. The Highway Account of the HTF was established in 1956 to finance the United States Interstate highway System and certain other roads. The Highway Account of the HTF has struggled for years to remain solvent, ever since federal transportation spending started exceeding the dedicated taxes used to pay for it.

The HTF has been suffering from insolvency issues for the past five years. From FFY 2010 - 2015, Congress has transferred from the federal General Fund and the Leaking Underground Storage Tank fund $41.72 billion into the HTF Highway Account to keep it afloat. (Figure 46)

The June 2015 federal funds forecast assumes the HTF funding is solvent through FFY 2015 and reduction in federal expenditures to states due to insufficient funds in the HTF does not begin until October 2015, the start of FFY 2016.

Figure 46 Monthly Federal Highway Trust Fund Account Balance
Federal Fiscal Years 2010-2015 *billions of dollars*



For FY 2010 includes $14.7 billion transferred from the General Fund (GF) in April pursuant to Public Law (P.L.) 111-147.
For FY 2012 includes $2.4 billion transferred from the Leaking Underground Storage Tank (LUST) Trust Fund in August pursuant to P. L. 112-141
For FY 2013 includes $6.2 billion transferred from the GF in November pursuant to P.L. 112-141, of which $316.2 million was sequestered in August.
For FY 2014 includes $10.4 billion tranferred from the GF in October pursuant to P.L. 112-121 less sequester of $748.8 million. Also includes $7.765 billion tranferred from the GF and $1 billion tranferred from the LUST Trust Fund in August pursuant to P.L. 113-159

Continuing Resolution

On May 29, 2015 President Obama signed into law H.R. 2353, The Highway and Transportation Funding Act of 2015, a temporary funding bill for highway and transit construction. H.R. 2353 extends from May 31, 2015 until July 31, 2015, the authority to expend funds from the Highway Trust Fund, and extend the authorization to obligate funds for programs administered by the Federal-Aid Highway Administration, the Federal Transit Administration, the National Highway Traffic Safety Administration, and the Federal Motor Carrier Safety Administration.

Based on information from the Department of Transportation (DOT), Congressional Budget Office (CBO) estimates that implementing H.R. 2353 will not cause the balances in the Highway Trust Fund to fall below the minimum cash balances needed by DOT to meet obligations presented to the trust through the end of July, 2015

Federal Funding – Short-term Forecast

H.R. 2353, The Highway and Transportation Funding Act of 2015 authorized federal apportionment to fund the five MAP-21 core formula programs through July 31, 2015. Federal apportionment is the funds distributed to states for obligation in an appropriation account. MAP-21 requires FHWA to divide the total federal apportionment among the states using an allocation process specified in law. The federal apportionment is then distributed between the state's core programs using formula calculation set in MAP-21. H.R. 2353 transmits apportionment of $31.5 billion to the states for the first 304 days of FFY 2015.

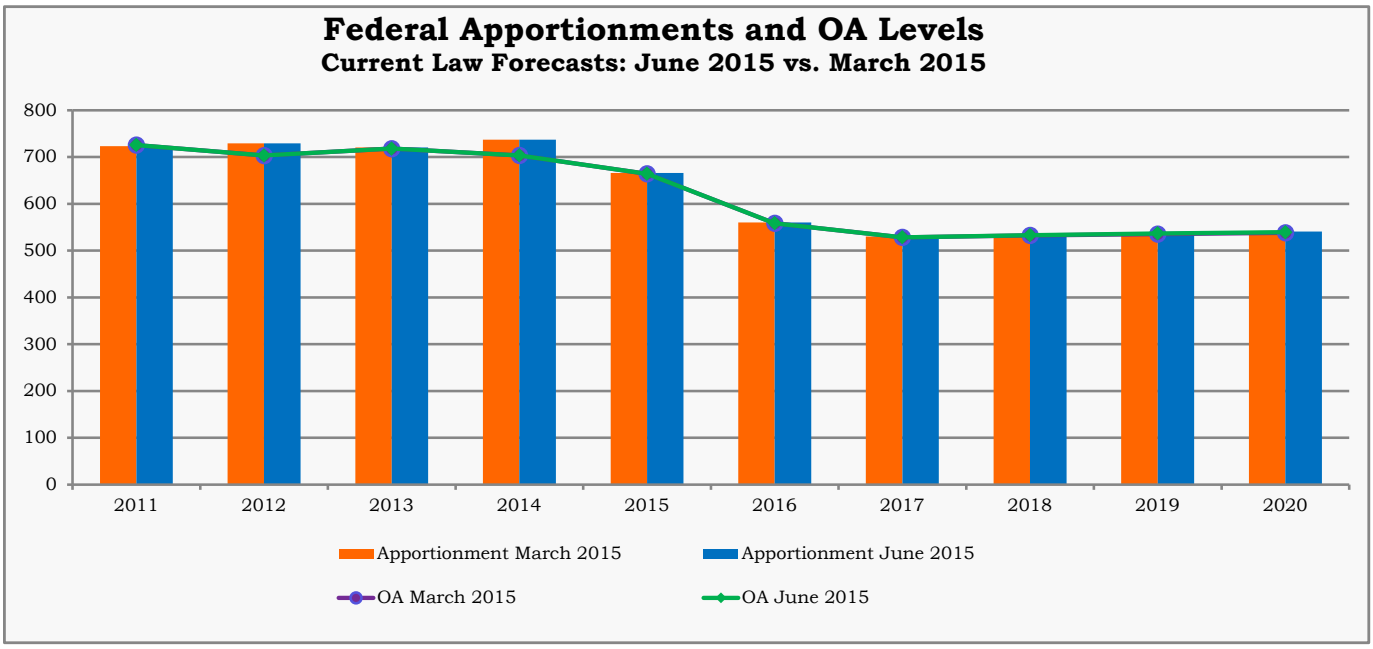
H.R. 2353 also establishes obligation authority of $33.5 billion for the first 304 days of FFY 2015 for the purpose of limiting highway spending each year. Obligation authority is a limitation placed on Federal-aid highway and highway safety construction program obligations to act as a ceiling on the obligation of apportionment that can be made within a specified time period. These limits are imposed in order to control the highway program spending in response to economic and budgetary conditions.

The baseline June 2015 apportionment forecast shows actual apportionment distributions from FHWA for FFY 2013 totaling $720.6 million dollars and FFY 2014 totaling $737.1 million dollars. This includes all the discretionary and allocated programs apportionment of $62.12 million in FFY 2013 and $61.0 million in FFY 2014. History indicates that Washington received 1.7% of national apportionment each year so that is our assumed percentage in future years for this June forecast.

Long-term Apportionment Forecast

The June 2015 baseline forecast for FFY 2015 is driven by Notice N4510.784 dated June 3, 2015. Notice N4510.784 transmits apportionment to the states for the period of October 1, 2014 through July 31, 2015 (304 days). The June 2015 baseline forecast annualizes the funding levels of Notice N4510.784 for the entire FFY 2015. The June 2015 forecast from the CBO for the HTF predicts the fund going negative in early FFY 2016 but with less of a reduction. This two year reduction of spending levels that would be required by the FHWA in order to keep the HTF solvent is 21.3% (-15.9% in FFY2016 and -5.4% in FFY2017) which is same as the reduction that was assumed in the March forecast. This reduction was determined by calculating how much the FHWA would need to reduce national outlays from the HTF in order to keep the highway fund balance positive. In order to keep the HTF from going negative, a reduction in federal outlays and Washington's federal apportionment of 15.9% in FFY2016 and 5.4% in FFY2017 will need to be made. After FFY 2017, Washington's federal funding level will grow at the same rates as our state motor fuel consumption which is the same methodology as applied in prior forecasts. This June forecast has only minor changes upward from the last forecast due to slightly higher fuel consumption growth rates.

Figure 47 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) June vs. March 2014 Forecasts



Source: FHWA apportionment and obligation authority notices and TRFC June and March 2014 federal funds forecast

The Washington MAP-21 Steering Committee reviewed the split of Federal Funds between the State and Local programs in October 2012. Figure 48 outlines the state and local splits for individual program distributions. These agreed upon splits to the program distributions are reflected in the June 2015 federal forecast which has not been modified since they were first incorporated into the September 2012 forecast.

Figure 48 Results from Washington State Map-21 Steering Committee Distribution Decisions – 2012

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

Civil Penalties in Federal Forecast

In previous forecasts, the apportionment level for Washington also includes an annual reduction due to civil penalties. This civil penalty was imposed from FFY 2010 through FFY2014. The penalty is referred to as the "Minimum Penalties for Repeat Offenders for Driving While Intoxicated or Driving under the Influence" (23 USC, Section 164).

In July of 2014, the National Highway Traffic Safety Administration (NHTSA) reviewed Washington's compliance with the requirements of 23U.S.C. section 164 and found Washington State to meet the requirements of the "Repeat Intoxicated Driver Laws" and is not subject to the Section 164 penalty beginning in FFY 2015.

Washington's Obligation Authority (OA) Forecast

The FFY 2013 and 2014 federal funds have been reconciled to match actual Obligation Authority distributions from FHWA totaling $717.9 million and $703.3 million dollars. Washington received 1.6% of national Formula OA. After examining past years' Washington OA compared to the national OA totals, it was found that once all OA, including unallocated programs and redistributed OA are accounted for, WSDOT's total OA is slightly higher than 1.6%. All other years in the forecast horizon have Washington OA also set at 98% of apportionment which is consistent with the OA ratio set in Section 1101 and 1102 of H.R 4348 in MAP-21 legislation. This June forecast has only minor changes upward from the last forecast due to slightly higher fuel consumption growth rates.

The current Obligation Authority for FFY2015 664.1 million which is 0.1% above the last forecast. Obligation Authority for federal fiscal years beyond 2015 is set based on 98% of apportionment each year which is consistent with the OA ratio set in Section 1101 and 1102 of H.R 4348 in MAP-21 legislation and our prior forecast assumptions. This June forecast has only minor changes upward from the last forecast beginning in FFY 2018.

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

MAP-21 created a Ferry Boat and Ferry Terminal Facilities formula program. MAP-21 turned the current competitive Ferry Boat Discretionary Program into a $67 million a year nationwide formula program. This new program guarantees public ferry systems a set amount of annual federal ferry funding for the length of the 2 year bill. The ferry formula is based on 20% passenger count, 45% on vehicle counts and 35% on route miles. Washington's ferry boat federal apportionment was $3.9 million in FFY 2013 and $21.8 million in FFY 2014. Actual FFY 2013 ferry formula funds came in $7.5 million less than anticipated in the last forecast but FFY 2014 ferry formula funds came in $9.9 million more than anticipated last quarter. This June forecast, like prior forecasts, assumes the continuation of the ferry boat funding throughout the forecast horizon. The ferry formula funds are anticipated to grow at the same rate as other federal funds.

Recent Changes in Federal Forecast

- This current FFY 2015 federal apportionment forecast is $666.1 million which is the same as the previous forecast.
- The obligation authority for FFY 2015 in the June forecast is $664.1 million which is no change from the prior forecast.
- The current January 2015 forecast of the HTF by the Congressional Budget Office (CBO) predicts the fund going negative in early FFY 2016 and in order to keep the HTF from going negative, a two-year reduction total of 21.3% is necessary in FFY 2016 and FFY2017 (-15.9% in FFY 2016 and -5.4% in FFY2017).

- This current FFY 2016 federal apportionment forecast is $560.2 million which is the same as the previous forecast.
- The obligation authority for FFY 2016 in the June 2015 forecast is $558.5 million which is the same as the previous forecast.
- The increase in federal funds from the last forecast grows slightly throughout the forecast horizon due to higher fuel consumption growth rates beginning in FFY 2018.

Figure 49 Washington's portion of Federal Highway Funds by Federal Fiscal Year June 2015
Millions of dollars

	FF 2015	FY 2016	FY 2017	FY 2018	FY 2019
WA Statewide Apportionment of FHWA Programs	**666.1**	**560.2**	**529.9**	**534.6**	**538.3**
% Change from Prior Fcst	0.0%	0.0%	0.0%	0.1%	0.2%
Obligation Authority	**664.1**	**558.5**	**528.3**	**533.0**	**536.7**
% Change from Prior Fcst	0.0%	0.0%	0.0%	0.1%	0.2%

Forecast Contacts

Washington State Department of Transportation unless otherwise noted

Economic Variables and Fuel Price Forecast

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

Motor Fuel Tax Revenue Forecast

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

Motor Vehicle Licenses, Permits & Fees Revenue Forecast

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

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

Driver Related Revenue Forecasts

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

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

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

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

Other Transportation Related Revenue Forecast

Vehicle Sales & Rental Car Tax

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

Business and Other Revenue

Claudia Lindahl, 360-705-7502 lindahc@wsdot.wa.gov
Mary Thygesen, (360) 596-4044 Mary.Thygesen@wsp.wa.gov

Aeronautics Revenue

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

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

Washington State Ferries Ridership and Revenue Forecast

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

Toll Operations Traffic and Revenue

Yanming Yao, WSDOT-Toll Division, 206-464-1196, YaoY@wsdot.wa.gov

Federal Funds Forecast

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

Appendix

Graphs and Tables Related to the June 2015 Forecast

Including distribution of revenues to the major accounts

Figure 50 Forecast to Forecast Biennium Comparison of All Transportation Revenues
June 2015 forecast - 16 year period

millions of dollars

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

June 2015• millions of dollars

	Current Biennium 2013-2015			2015-2017			16-Year Period (2011-2027)		
	Forecast Jun-15	Chg from Mar-15	Percent Change	Forecast Jun-15	Chg from Mar-15	Percent Change	Forecast Jun-15	Chg from Mar-15	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,546.81	3.39	0.13%	2,609.25	17.12	0.66%	21,105.13	173.68	0.83%
Licenses, Permits and Fees *	1,035.54	(3.16)	-0.30%	1,108.26	(1.14)	-0.10%	8,936.23	9.02	0.10%
Ferry Revenue†	349.93	0.39	0.11%	364.73	0.02	0.01%	2,973.77	(8.24)	-0.28%
Toll Revenue §	280.53	0.77	0.27%	334.89	19.51	6.19%	2,756.43	133.34	5.08%
Aviation Revenues ‡	5.88	0.02	0.28%	6.17	0.04	0.57%	50.67	0.25	0.50%
Rental Car Tax	56.09	(0.05)	-0.09%	60.65	(0.04)	-0.06%	504.35	0.66	0.13%
Vehicle Sales Tax	77.41	0.27	0.35%	85.05	(0.41)	-0.48%	710.20	0.74	0.10%
Driver-Related Fees*	286.60	2.02	0.71%	294.39	4.93	1.70%	2,246.01	17.89	0.80%
Business/Other Revenues‡*	30.27	(0.53)	-1.73%	29.27	(0.06)	-0.22%	221.27	(0.95)	-0.43%
Total Revenues	**4,669.07**	**3.11**	**0.07%**	**4,892.67**	**39.98**	**0.82%**	**39,504.08**	**326.40**	**0.83%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**137.74**	**(0.21)**	**-0.15%**	**143.96**	**0.30**	**0.21%**	**1,217.74**	**2.44**	**0.20%**
State Uses									
Motor Vehicle Account (108)	1,117.31	(1.41)	-0.13%	1,156.03	9.63	0.84%	9,315.86	91.25	0.99%
Transportation 2003 (Nickel) Account (550)	395.84	0.47	0.12%	405.09	2.39	0.59%	3,245.31	23.38	0.73%
Transportation 2005 Partnership Account (09H)	584.91	0.61	0.10%	598.26	3.53	0.59%	4,825.37	37.04	0.77%
Multimodal Account (218)	272.24	(0.33)	-0.12%	289.89	(2.05)	-0.70%	2,416.99	(9.59)	-0.40%
Special Category C Account (215)	47.85	0.06	0.12%	48.91	0.32	0.65%	394.74	3.37	0.86%
Puget Sound Capital Construction Account (099)	34.82	0.04	0.12%	35.59	0.23	0.65%	287.21	2.45	0.86%
Puget Sound Ferry Operations Account (109)	401.88	0.44	0.11%	417.27	0.15	0.04%	3,400.54	(6.01)	-0.18%
Capital Vessel Replacement Account (18J)	16.74	(0.76)	-4.33%	42.78	(2.08)	-4.65%	251.71	(8.73)	-3.35%
Tacoma Narrows Bridge Account (511)	136.74	0.36	0.26%	166.38	15.84	10.52%	1,346.81	129.26	10.62%
High Occupancy Toll Lanes Account (09F)^	2.98	0.41	15.90%	3.68	3.68	0.00%	8.97	4.09	83.56%
SR 520 Corridor Account (16J)	131.39	0.00	0.00%	154.29	0.00	0.00%	1,311.85	0.00	0.00%
SR 520 Corridor Civil Penalties Account (17P)	9.43	0.00	0.00%	10.54	0.00	0.00%	88.80	0.00	0.00%
Aeronautics Account (039)	5.88	0.02	0.28%	6.17	0.04	0.57%	50.67	0.25	0.50%
State Patrol Highway Account (081)	350.90	0.52	0.15%	365.76	(1.76)	-0.48%	3,011.92	(12.23)	-0.40%
Highway/Motorcycle Safety Accts. (106 & 082)	252.64	2.14	0.86%	258.75	5.09	2.01%	1,958.61	19.01	0.98%
School Zone Safety Account (780)	1.03	(0.04)	-4.04%	0.79	(0.09)	-9.91%	7.41	(0.57)	-7.09%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.52	(0.04)	-0.27%	16.99	(0.18)	-1.06%	139.54	(1.24)	-0.88%
Ignition Interlock Devices Revolving Acct 14V	4.20	0.03	0.66%	6.42	0.10	1.62%	45.27	0.66	1.47%
Multiuse Roadway Safety Account Collections-571	0.04	(0.00)	-8.19%	0.08	(0.00)	-4.64%	0.66	(0.01)	-1.50%
Total for State Use	**3,783.30**	**2.51**	**0.07%**	**3,983.59**	**34.82**	**0.88%**	**32,107.58**	**272.39**	**0.86%**
Cities	183.52	0.22	0.12%	187.57	1.22	0.65%	1,513.86	12.93	0.86%
Counties	302.47	0.28	0.09%	309.74	1.91	0.62%	2,501.96	20.57	0.83%
Transportation Improvement Board (112 & 144)	196.09	0.23	0.12%	200.42	1.30	0.65%	1,618.31	13.62	0.85%
County Road Administration Board (102 & 253)	65.93	0.08	0.12%	67.39	0.43	0.65%	544.63	4.44	0.82%
Total for Local Use	**748.02**	**0.81**	**0.11%**	**765.11**	**4.86**	**0.64%**	**6,178.76**	**51.56**	**0.84%**
Total Distribution of Revenue	**4,669.07**	**3.11**	**0.07%**	**4,892.67**	**39.98**	**0.82%**	**39,504.08**	**326.40**	**0.83%**

† 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 adopted by the 2012, 2013 and 2014 Legislatures.

§ 167 HOT lanes is a pilot program that is currently scheduled to sunset June 30, 2015

Figure 51 2015 Legislation Impacting Transportation Revenues

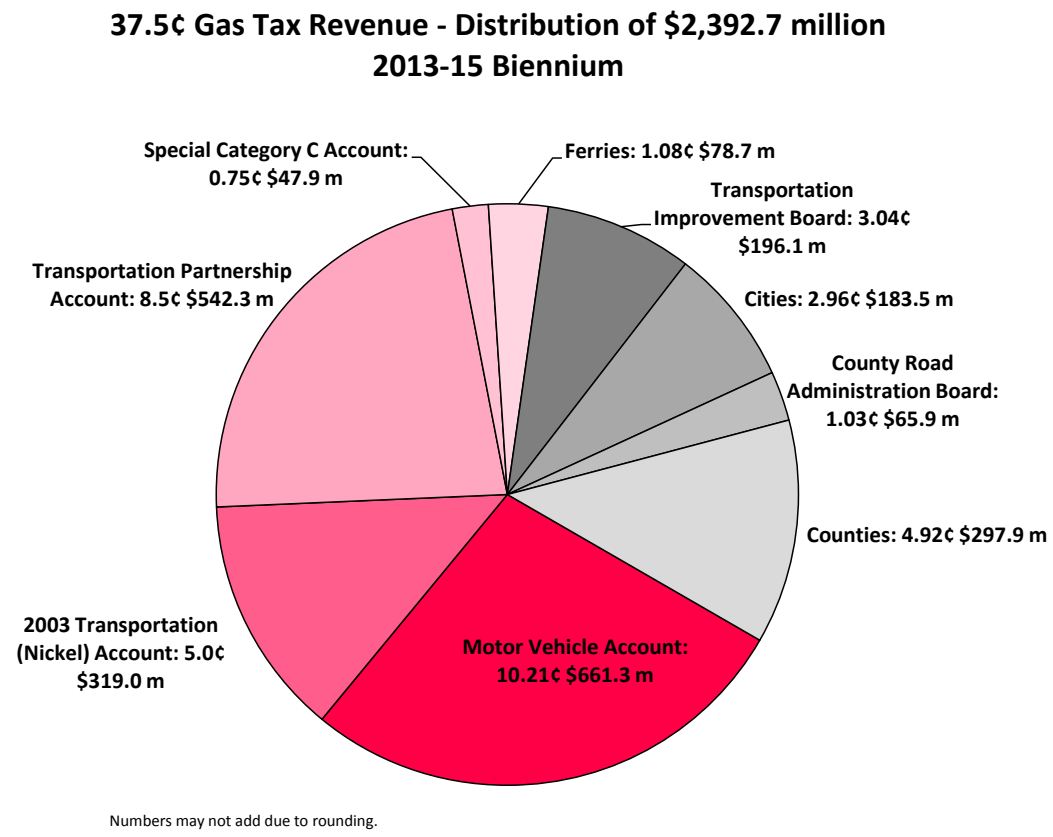
2015 Legislation and Forecast Impacts

2015 Legislation	Title	FY 2015-17 Biennium Revenue Impact	FY 2017-19 Biennium Revenue Impact	FY 2019-21 Biennium Revenue Impact	Account Information	Fee Information	Existing Fee	New Fee
SHB 1480	Intermittent-use trailer fee	$0.51	$0.59	($2.62)	State Patrol Highway	This bill creates a new one-time intermittent-use trailer license registration fee of $187.50 for trailers which are 2,000 lbs or less that is only used occasionally. This bill also allows travel trailers that are at least 30 years old to receive collector vehicle plates. Revenue from the intermittent-use trailer fee is distributed according to RCW 46.68.030 with the majority of the fee going to the Motor Vehicle Account. These revenue impact estimates assume 30% of the owners with elegible trailers will opt for the new intermittent-use trailer registration.	Personal Trailers $15 annual fee	$187.50 one-time fee
		$6.12	$24.02	$2.82	Motor Vehicle Account		Travel Trailers $30 annual fee	
		$0.03	$0.02	($0.14)	Puget Sound Ferry Operations		Other Misc. Trailers $30 annual fee	
			($0.08)	($0.18)	DOL Services			
			($0.04)	($0.09)	License Plate Technology			
		($0.02)	($0.15)	($0.19)	Nickel Account			
			($0.13)	($0.22)	RV Disposal Account			
		($0.04)	($0.32)	($0.41)	Transportation Partnership Account			
		$6.60	$23.92	($1.03)	TOTAL			
2ESHB 1299	2015-17 Transportation Budget Bill	$3.68	$0.00	$0.00	High Occupancy Toll Lanes Account	The bill extends the operation of SR 167 HOT Lanes pilot program to the end of June 2017.		
SSB 5481	Tolling customer service reform	To be determined	To be determined	To be determined		This bill allows WSDOT toll division to reduce toll penalties and fees if customers pay their toll bills. It also allows car dealers to sell transponders. The revenue impact from this bill will likely result in reduced civil penalty revenue, increases in recovered toll revenue and increases in transponder sales in the future. The revenue impact is indeterminate right now but data will be collected in FY 2016 to incorporate the future impact into the toll forecast.		

Motor Fuel Tax Revenue for Distribution

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

Figure 52 Fuel Tax Revenue for Statutory Distribution

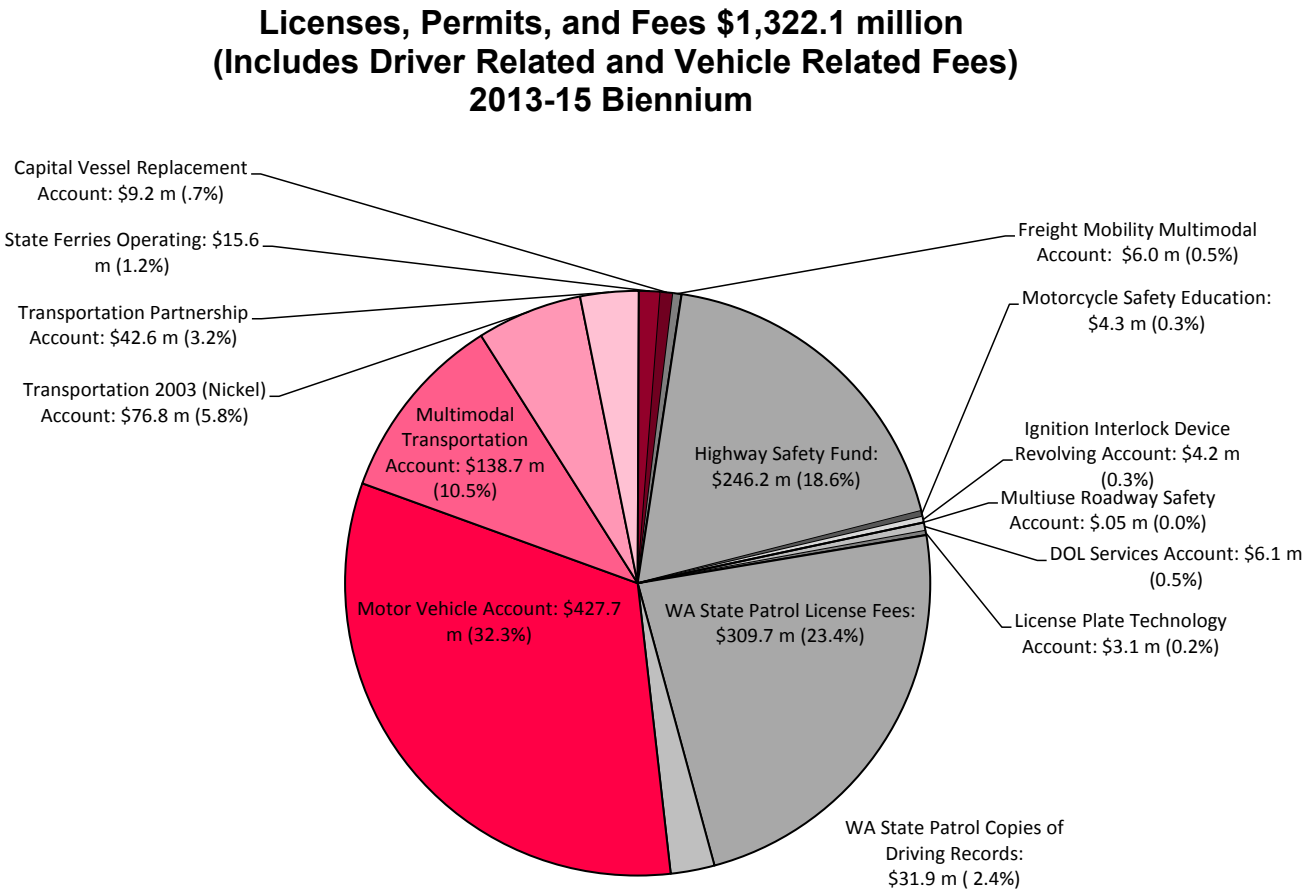


Gas Tax Revenue Distribution is Based on the June 2015 Transportation Revenue Forecast

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

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

Figure 53 License Permits and Fees Revenue for Distribution (Both Motor Vehicle & Driver Related)



Impact to Transportation Accounts

Figure 54 Motor Vehicle Account Revenue June 2014 Forecast

Motor Vehicle Account Revenue *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	2,546.8	3.4	2,609.2	17.1	13,186.1	104.5
Licenses, Permits, & Fees	426.4	(2.5)	448.1	4.2	2,278.4	32.4
Business-Related Revenue	17.8	(0.5)	17.0	0.0	79.5	(0.4)
Total	**2,991.0**	**0.4**	**3,074.3**	**21.3**	**15,543.9**	**136.6**
Distribution						
Refunds-Regular	137.7	(0.2)	144.0	0.3	742.2	1.4
Fuel Tax Distributions for Local Uses[1]	748.0	0.8	765.1	4.9	3,866.1	30.9
Fuel Tax Distributions for State Uses[2]	987.9	1.2	1,009.2	6.5	5,097.6	41.7
Total	**1,873.7**	**1.8**	**1,918.3**	**11.7**	**9,705.9**	**74.0**
Net Revenue	**1,117.3**	**(1.4)**	**1,156.0**	**9.6**	**5,838.0**	**62.6**

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.

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 55 Transportation 2003 (Nickel) Account Revenue Forecast

Transportation 2003 (Nickel) Account *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15
Revenue						
5¢ Gas Tax	319.0	0.4	326.1	2.1	1,647.0	13.5
Licenses, Permits and Fees	76.8	0.1	79.0	0.3	398.8	0.5
Total	**395.8**	**0.5**	**405.1**	**2.4**	**2,045.7**	**14.0**

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 56 Transportation Partnership Account Revenue Forecast

Transportation Partnership Account *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15
Revenue						
5¢ Gas Tax	526.1	0.0	542.3	0.6	2,799.9	22.9
Licenses, Permits and Fees	41.3	0.0	42.6	(0.0)	219.7	(1.0)
Total	**567.4**	**0.0**	**584.9**	**0.6**	**3,019.6**	**21.9**

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 57 Washington State Ferry Accounts Revenue Forecast

Washington State Ferries Accounts *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	335.1	0.3	349.0	(0.1)	1,775.5	(2.9)
Concessions & Other Revenue	7.3	0.1	7.7	0.1	39.5	0.2
Fuel Tax	43.9	0.1	44.4	0.3	224.0	1.9
Licenses, Permits and Fees	15.6	(0.1)	16.2	(0.1)	83.0	(0.6)
Subtotal	**401.9**	**0.4**	**417.3**	**0.1**	**2,122.0**	**(1.4)**
Capital Vessel Replacement Account (18J)	**16.7**	**(0.8)**	**42.8**	**0.0**	**169.4**	**(6.5)**
Ferry Capital Surcharge	7.5	(0.0)	8.0	0.0	40.7	0.0
Title Service fee & Reg. Service fee	9.2	(0.7)	34.8	(2.1)	128.8	(6.5)
Puget Sound Cap. Const. Acct. (099) Fuel Tax	34.8	0.0	35.6	0.2	179.8	1.5
Total	**436.7**	**0.5**	**452.9**	**0.4**	**2,301.7**	**0.0**

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. Revenues deposited into the ferry accounts are used for operating costs and capital construction projects. The ferry operating account (109) consists of ferry fares, concession and other revenue, fuel tax allocations and licenses, permits and fee distributions. The revenues used for capital construction are different than the ferry operating account revenues. There are two revenue sources being deposited into the vessel replacement account (18J): the $0.25 ferry fare surcharge and certain title and vehicle registration service fees established in 2014 legislation E2SHB 1129.

Figure 58 Multimodal Transportation Account Revenue Forecast

Multimodal Account *dollars in millions*	2011-13		2013-15		10-Year Period (2013-2023)	
	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15
Revenue						
Licenses, Permits and Fees	130.2	0.0	138.7	(0.6)	745.9	(7.5)
Rental Car Tax	46.7	0.0	56.1	(0.1)	314.3	0.2
Vehicle Sales Tax	63.3	0.0	77.4	0.3	442.8	0.1
Total	**240.2**	**0.0**	**272.2**	**(0.3)**	**1,503.0**	**(7.1)**

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.

Figure 59 Aeronautics Account Revenue Forecast

Aeronautics Account *dollars in thousands*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15
Revenue						
Aircraft Dealer License Fees	5.9	0.3	6.2	0.6	30.7	2.7
Aircraft Excise Tax	695.7	(4.9)	698.3	(9.8)	3,534.5	(44.1)
Aircraft Fuel Tax	5,010.6	0.0	5,274.7	0.0	26,708.4	0.0
Aeronautics Transfer (from MV Fund)	574.7	1.2	585.5	4.9	2,947.2	32.5
Aircraft Registrations	220.3	15.3	238.0	30.6	1,186.7	137.7
Total	**6,507.2**	**11.9**	**6,802.7**	**26.3**	**34,407.5**	**128.8**

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 60 Toll Revenue Forecast

Tolling Accounts *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15
Revenue						
Tacoma Narrows Bridge Account						
Toll Revenues and Fees	131.5	(0.5)	161.5	19.4	824.9	97.8
Miscellaneous Revenue (contractual damages, interest earnings)	0.5	0.2	0.0	0.0	0.5	0.2
Transponder Sales	0.6	0.1	0.5	0.1	2.2	0.1
Late payment fees plus NSF / statement fees	0.8	0.2	0.7	0.1	3.8	0.4
Violations	0.0	0.0	0.0	0.0	0.0	0.0
Civil Penalty	3.3	0.5	3.7	(3.7)	18.9	(15.4)
Subtotal Tacoma Narrows Bridge	**136.7**	**0.4**	**166.4**	**15.8**	**850.3**	**98.5**
HOT Lanes Operations Account ^						
Toll Revenues	2.9	0.4	3.6	3.6	6.5	4.0
Transponder Sales/ Shield Sales	0.1	0.0	0.1	0.1	0.2	0.1
Fees	0.0	0.0	0.0	0.0	0.0	0.0
Misc. Revenues	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal HOT Lanes Operations	**3.0**	**0.4**	**3.7**	**3.7**	**6.7**	**4.1**
SR 520 Bridge						
Toll Revenues and Fees	124.9	0.0	148.2	0.0	791.6	0.0
Misc. Pledged Reveue	0.2	0.0	0.0	0.0	0.2	
Transponder Sales/ Shield Sales	1.1	0.0	1.0	0.0	4.1	0.0
Late payment fees plus NSF / statement fees	3.1	0.0	3.4	0.0	17.4	
Recovered toll & fee revenue	1.6	0.0	1.7	0.0	8.9	
Civil Penalties	9.4	0.0	10.5	0.0	53.6	0.0
Misc. Revenues	0.4	0.0	0.0	0.0	0.4	0.0
Subtotal SR 520 Bridge	**140.8**	**0.0**	**164.8**	**0.0**	**876.2**	**0.0**
Total Tolling Revenues	**280.5**	**0.8**	**334.9**	**19.5**	**1,733.1**	**102.6**

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, 2017.

Figure 61 Washington State Patrol, Highway Safety & Motorcycle Safety Education Accounts Revenue Forecast

Highway Safety/Motorcycle Safety/WSP *dollars in millions*	Current Biennium 2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15
Revenue						
Highway Safety						
Driver License Fees	204.8	2.0	210.4	5.2	1,009.0	15.3
Copies of Records	35.5	(0.0)	35.5	(0.2)	181.1	(0.9)
Other and Miscellaneous	5.9	0.1	5.9	(0.1)	29.9	(0.7)
Subtotal	**246.2**	**2.1**	**251.9**	**4.9**	**1,220.0**	**13.8**
Motorcycle Safety Permits/Endorsements	4.3	0.2	4.8	0.2	23.4	1.3
State Patrol Copies of Records / LPF/Business Related	350.9	0.5	365.8	(1.8)	1,873.8	(7.5)
Subtotal	**355.2**	**0.7**	**370.6**	**(1.6)**	**1,897.2**	**(6.2)**
Total	**601.4**	**2.8**	**622.5**	**3.3**	**3,117.2**	**7.6**

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

Figure 62 School Zone Safety Account Revenue Forecast

School Zone Safety Account *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15	Forecast Jun 15	Chg from Mar 15
Revenue						
School Zone Fines	1.0	(0.0)	0.8	(0.1)	4.2	(0.4)
Total	**1.0**	**(0.0)**	**0.8**	**(0.1)**	**4.2**	**(0.4)**

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

Figure 63 Multiuse Road Safety Account Revenue Forecast

Multiuse Roadway Safety Account Collections	2013-15		2015-17		(2013-2023)	
	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from
dollars in millions	Jun 15	Mar 15	Jun 15	Mar 15	Jun 15	Mar 15
Revenue						
License Permit and Fees	0.0	(0.00)	0.1	(0.00)	0.4	(0.01)
Total	**0.0**	**(0.00)**	**0.1**	**(0.00)**	**0.4**	**(0.01)**

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