

# **Transportation Revenue Forecast Council**

## **November 2009 Transportation Economic and Revenue Forecasts**

### **Volume I: Summary Document**

# Washington Transportation Economic and Revenue Forecast November 2009 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 and the Office of Forecast Council, produces forecasts. The revenue forecasts agreed upon by the Transportation Revenue Forecast Council members become the official estimated revenues under RCW 43.88.020 21.

## Transportation Forecast Summary

### Forecast Overview

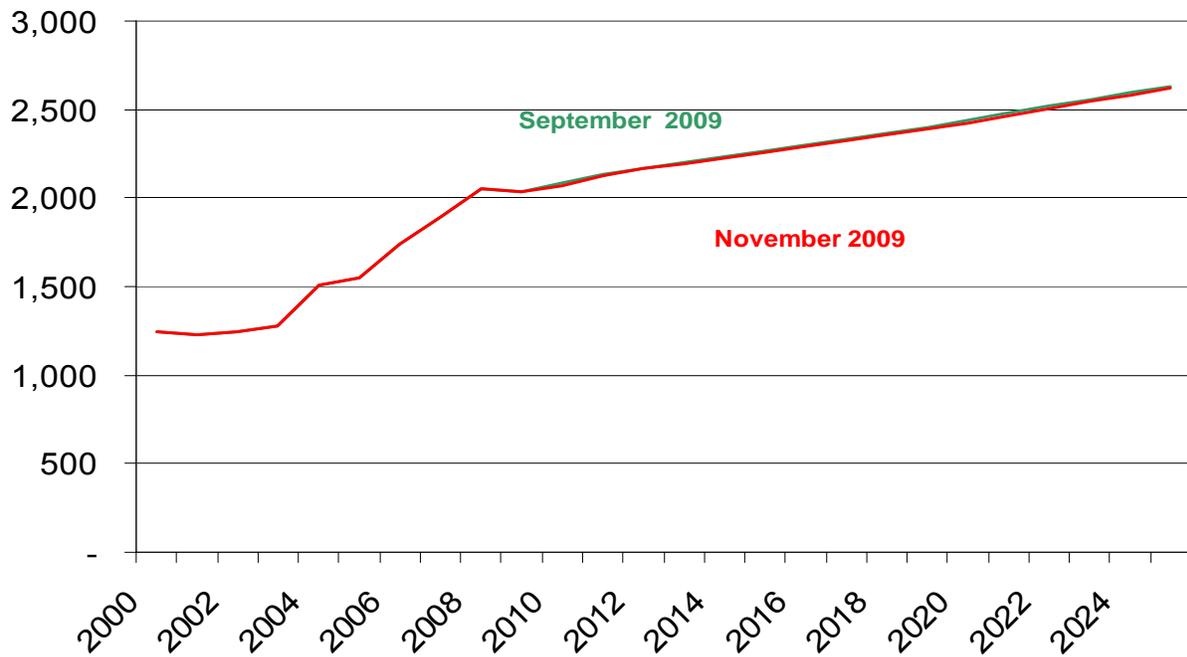
Here are key conclusions from the November 2009 transportation revenue forecast.

- November 2009 transportation forecast of revenues: \$4.2 billion for the current biennium which represents an increase of nearly 3% over the prior 2007-09 biennium. This increase in transportation revenue represents Washington's recovery from the recent recession.
- Overall transportation revenue is down in the current biennium (\$28 million) with the major revenues sources (gasoline and diesel tax and licenses, permits and fees) causing the majority of the decline. Overview the entire 16-year forecast horizon, transportation revenues are down \$173 million.
- The November forecast is a slight reduction in revenues from the prior forecast for all years until FY 2027. The current fiscal year showed the largest decline in revenue at 1% of total transportation revenues and then the percent reduction in revenue from the prior forecast declines.
- New population estimates for the state caused some of the decline in future revenue as well as higher fuel prices and inflation. The state of the economy is showing mixed economic signals with slightly higher Washington personal income due to rebasing but lower personal income growth rates and unemployment not declining and fuel prices being higher.
- The primary driver in the loss in fuel taxes in the near term has been the decline in gasoline consumption as tax collections have come in below projections and fuel prices are up. Diesel fuel consumption has also declined due to collections in recent months have fallen short of projections and personal income growth rates declining slightly.
- In the 2009-11 biennium, the vehicle licenses, permits and fee forecast has declined from the last forecast due to lower consumer confidence in spending and changes to model coefficients from rebased economic data. In subsequent biennium, the vehicle licenses, permits and fees revenue forecast is down slightly due to lower population projections.
- Ferry revenue is down \$5.9 million in the current biennium from the prior forecast and up slightly in the 2011-13 biennium. Over the entire 16-year forecast horizon, ferry revenue is down \$8.6 million over the September forecast.

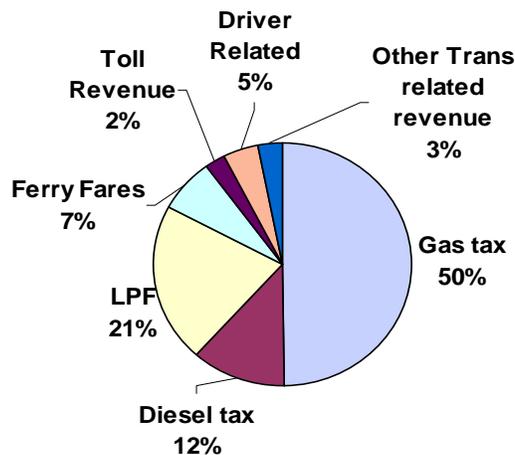
In FY 2010, transportation revenues are projected to be \$2.07 billion which is a 1.5% increase over the prior fiscal year as the economy begins to recover from the recession. Higher gas prices as well as higher inflation projections have dropped the future biennia gas tax projections. The difference between the

November 2009 and the prior forecast is largest in the current fiscal year and decreases slowly to less than 1% difference in all subsequent fiscal years. In the current biennium, transportation revenues are down \$28 million or -0.7% of \$4.2 billion projection for total transportation revenues. Over the entire 16-year forecast horizon, the transportation revenue forecast for November is down \$173 million or -0.5% over the September forecast.

**Figure 1 Total Transportation Revenues Comparison**  
**November 2009 forecast vs. September 2009 forecast**  
*millions of dollars*



**Figure 2 Revenue by Source**  
**November 2009 forecast for 2009-11 biennium**



Washington's state transportation revenues come from numerous taxes, fees, permits, tolls, other revenues. Washington's transportation revenues forecasted each quarter includes the revenue sources contained in Figure 2. This pie graph reveals the share of each state revenue source to the total transportation revenues forecasted (\$4.2 billion) in November 2009 for the 2009-11 biennium. Gasoline fuel taxes comprise the share of all transportation revenue at 50% of all transportation revenue in the 2009-11 biennium. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 62% of all transportation revenues. Licenses, permits and fee revenues comprise the second largest share at 21% of all transportation revenues in the 2009-11 biennium. The largest three revenue sources (gasoline and diesel fuel taxes and licenses, permits and fees) are projected to consist of 83% of state transportation revenues in the 2009-11 biennium. The remaining 17% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

**Figure 3 Forecast to Forecast Biennium Comparison of All Transportation Revenues**  
**November 2009 forecast - millions of dollars**

Forecast to Forecast Comparison for Transportation Revenues and Distributions									
November 2009 • millions of dollars									
	Current Biennium			2011-2013			16-Year Period		
	2009-2011			2011-2013			(2009-2025)		
	Forecast	Chg from	Percent	Forecast	Chg from	Percent	Forecast	Chg from	Percent
	Nov-09	Sep-09	Change	Nov-09	Sep-09	Change	Nov-09	Sep-09	Change
<b>Sources of Transportation Revenue</b>									
Motor Vehicle Fuel Tax Collections	2,587.43	(18.55)	-0.71%	2,664.84	(7.35)	-0.27%	22,829.06	(78.57)	-0.34%
Licenses, Permits and Fees	885.03	(4.05)	-0.46%	922.00	(4.57)	-0.49%	7,942.91	(67.59)	-0.84%
Ferry Revenue† Δ	302.38	(5.85)	-1.90%	326.82	0.22	0.07%	2,790.99	(8.56)	-0.31%
Toll Revenue ^	99.21	1.76	1.81%	105.30	0.45	0.43%	912.75	4.94	0.54%
Aviation Revenues	4.96	(0.00)	-0.07%	5.06	(0.01)	-0.14%	41.92	(0.05)	-0.11%
Rental Car Tax	44.06	(0.49)	-1.10%	48.75	(1.33)	-2.65%	505.37	(12.65)	-2.44%
Vehicle Sales Tax	58.25	0.49	0.85%	68.98	(0.78)	-1.12%	676.65	(4.61)	-0.68%
Driver-Related Fees	194.58	(1.48)	-0.76%	201.93	(0.54)	-0.27%	1,715.36	(6.18)	-0.36%
Business/Other Revenues	16.48	(0.00)	0.00%	14.68	(0.02)	-0.15%	118.47	(0.17)	-0.14%
<b>Total Revenues</b>	<b>4,192.38</b>	<b>(28.18)</b>	<b>-0.67%</b>	<b>4,358.36</b>	<b>(13.92)</b>	<b>-0.32%</b>	<b>37,533.49</b>	<b>(173.45)</b>	<b>-0.46%</b>
<b>Distribution of Revenue</b>									
Motor Fuel Tax Refunds and Transfers	122.88	(1.26)	-1.02%	132.89	0.80	0.61%	1,180.05	4.11	0.35%
<b>State Uses</b>									
Motor Vehicle Account (108)	1,080.85	(5.92)	-0.54%	1,110.62	(2.95)	-0.27%	9,506.55	(40.20)	-0.42%
Transportation 2003 (Nickel) Account (550)	357.47	(2.29)	-0.64%	369.09	(1.04)	-0.28%	3,151.48	(12.16)	-0.38%
Transportation 2005 Partnership Account (09H)	593.98	(4.03)	-0.67%	611.27	(1.95)	-0.32%	5,227.59	(20.64)	-0.39%
Multimodal Account (218)	226.61	(0.87)	-0.38%	247.18	(3.21)	-1.28%	2,300.24	(31.35)	-1.34%
Special Category C Account (215)	48.83	(0.34)	-0.70%	50.23	(0.17)	-0.33%	429.18	(1.66)	-0.39%
Puget Sound Capital Construction Account (099)	35.53	(0.25)	-0.70%	36.54	(0.12)	-0.33%	312.27	(1.21)	-0.39%
Puget Sound Ferry Operations Account (109)	362.16	(6.63)	-1.80%	388.49	(0.45)	-0.12%	3,321.58	(15.08)	-0.45%
Tacoma Narrows Bridge Account (511)*	97.83	1.79	1.86%	104.36	0.50	0.49%	910.43	5.02	0.55%
High Occupancy Toll Lanes Account (09F)*	1.378	(0.029)	-2.05%	0.94	(0.051)	-5.18%	2.32	(0.080)	-3.34%
Aeronautics Account (039)	4.96	(0.00)	-0.07%	5.06	(0.01)	-0.14%	41.92	(0.05)	-0.11%
State Patrol Highway Account (081)	319.17	(1.94)	-0.60%	332.60	(2.30)	-0.69%	2,879.86	(29.91)	-1.03%
Highway/Motorcycle Safety Accts. (106 & 082)	163.43	(0.98)	-0.60%	169.59	(0.28)	-0.17%	1,440.46	(3.01)	-0.21%
Other accounts (201, 06T, 097, 09E, 216, 07C)	15.91	(0.06)	-0.38%	16.25	(0.06)	-0.39%	136.24	(0.86)	-0.63%
<b>Total for State Use</b>	<b>3,308.11</b>	<b>(21.56)</b>	<b>-0.65%</b>	<b>3,442.23</b>	<b>(12.10)</b>	<b>-0.35%</b>	<b>29,660.14</b>	<b>(151.19)</b>	<b>-0.51%</b>
<b>Local Uses</b>									
Cities	187.28	(1.31)	-0.70%	192.62	(0.64)	-0.33%	1,645.95	(6.38)	-0.39%
Counties	306.70	(2.16)	-0.70%	315.62	(1.07)	-0.34%	2,697.35	(10.87)	-0.40%
Transportation Improvement Board (112 & 144)	200.11	(1.40)	-0.70%	205.81	(0.68)	-0.33%	1,758.68	(6.82)	-0.39%
County Road Administration Board (102 & 186)	67.28	(0.47)	-0.70%	69.20	(0.23)	-0.33%	591.32	(2.29)	-0.39%
<b>Total for Local Use</b>	<b>761.38</b>	<b>(5.35)</b>	<b>-0.70%</b>	<b>783.25</b>	<b>(2.62)</b>	<b>-0.33%</b>	<b>6,693.30</b>	<b>(26.36)</b>	<b>-0.39%</b>
<b>Total Distribution of Revenue</b>	<b>4,192.38</b>	<b>(28.18)</b>	<b>-0.67%</b>	<b>4,358.36</b>	<b>(13.92)</b>	<b>-0.32%</b>	<b>37,533.49</b>	<b>(173.45)</b>	<b>-0.46%</b>

**Figure 4 November 2009 Forecast Biennium Comparison with Baseline Forecast (March 2009) of All Transportation Revenues - millions of dollars**

Current Forecast and Legislative Baseline Comparison for Transportation Revenues									
November 2009 • millions of dollars									
	Current Biennium			2011-13			16-Year Period		
	2009-11			2011-13			(2009-2025)		
	November	Chg	Percent	November	Chg	Percent	November	Chg	Percent
	2009 forecast	from	Change	2009 forecast	from	Change	2009 forecast	from	Change
		Baseline*	from		Baseline*	from		Baseline*	from
		Baseline	Baseline		Baseline	Baseline		Baseline	Baseline
<b>Sources of Revenue</b>									
Motor Vehicle Fuel Taxes	2,587.43	(70.01)	-2.6%	2,664.84	(60.37)	-2.22%	22,829.06	(341.94)	-1.5%
Licenses, Permits and Fees	885.03	(12.43)	-1.4%	922.00	(12.33)	-1.32%	7,942.91	(127.69)	-1.6%
Ferry Revenue† Δ	302.38	(4.64)	-1.5%	326.82	(1.48)	-0.45%	2,790.99	49.66	1.8%
Toll Revenue ^	99.21	(13.40)	-11.9%	105.30	(0.02)	-0.02%	912.75	(11.08)	-1.2%
Aviation Revenues	4.96	(1.01)	-16.9%	5.06	(1.02)	-16.72%	41.92	(8.29)	-16.5%
Rental Car Tax	44.06	1.88	4.4%	48.75	(0.59)	-1.19%	505.37	(14.15)	-2.7%
Vehicle Sales Tax	58.25	(6.59)	-10.2%	68.98	(6.14)	-8.18%	676.65	(40.55)	-5.7%
Driver-Related Fees	194.58	(1.73)	-0.9%	201.93	4.09	2.07%	1,715.36	18.62	1.1%
Business/Other Revenues	16.48	3.46	26.6%	14.68	1.30	9.70%	118.47	5.44	4.8%
<b>Total Revenues</b>	<b>4,192.38</b>	<b>(104.45)</b>	<b>-2.4%</b>	<b>4,358.36</b>	<b>(76.55)</b>	<b>-1.7%</b>	<b>37,533.49</b>	<b>(469.98)</b>	<b>-1.2%</b>

+ Fares plus non-farebox revenue

2007-09 is the first biennium to include Tacoma Narrows Bridge toll revenue; November 2008 was the first forecast to include HOT Lanes toll revenue; March 2009 is the first forecast to include revenue from transponder sales, violation fines and fees

\* 09LEG - Conference final 4/22/09

^ TNB toll revenue history was rebased to exclude future toll rate increase; Δ Ferry revenue history was rebased to represent new no fare increase baseline

## 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, oil price index, fuel efficiency, US sales of light vehicles and Washington driver in-migration.

### *WA Personal Income*

In the November 2009 forecast, based on the **November** Global Insight forecast, the Economic and Revenue Forecast Council. In the current forecast, the annual percent change in Washington personal income is -0.5% for FY 2010 versus the last forecast at 3.1%. For FY 2011, the current forecast increases from FY 2010 at 3.4% versus the September forecast which projects a 3.5% growth. In the near-term, this current forecast of Washington personal income is less optimistic on the economy than previous forecasts. On a quarterly basis, the November 2009 Washington personal income forecast is \$252.9 billion which is a slight increase for the third quarter from the previous forecast of \$252.3 billion but the series was rebased. This pattern of the November 2009 Washington personal income being slightly above the September forecast is consistent throughout the forecast horizon but it is due to rebasing the series and the growth rates are slightly lower. In the long-term the November 2009 forecast of Washington personal income annual growth rates are based on the June 2009 OFM long-term forecast for income so the growth rates did not change from the prior forecast. The current OFM long-term growth rates are as follows: fiscal years 2013-2014 - 3%; fiscal years, 2015-2019 - 3.4%; fiscal years 2020 and beyond - 3.1%.

### *WA Population*

In November, OFM released their preliminary 2009 long-term statewide population forecast. The revised population estimates for FY 2010 and beyond are down every year over the forecast horizon. Figure 8 shows the annual comparison between the November and September forecasts of Washington state population. In FY 2010, the current population forecast is 1.1% growth versus 1.6% growth projected last year. In FY 2011, the current population growth is 1.1% versus 1.6% in the last forecast. Beginning in FY 2015, the current population estimates are 1.5% lower than last year's estimates and continue at that level throughout the remainder of the forecast horizon.

### *U.S. Inflation*

The U.S. inflation rate forecast is from Global Insight's November 2009 projection. The U.S. inflation rate as measured by the implicit price deflator (IPD) is slightly higher in the near and long term. For FY 2010, the inflation rate is 1.2% versus 0.5% in the last forecast. For FY 2011, the inflation rate is 1.9% which is slightly higher than 1.6% in the last forecast. For the remainder of the forecast horizon, the inflation rates projected in November are very similar to September's forecast.

### *U.S. Oil and Gas Price Index*

The November 2009 Global Insight forecast for U.S. oil and gasoline price index is higher than the prior forecast in the near term for fiscal years 2009-11. The annual fiscal year to fiscal year change in this fuel price index is -1.6% versus -2% for FY 2010 which represents higher anticipated fuel prices than in the September forecast which had a decline in fuel prices of -17% year over year for FY 2009. In FY 2011, the growth in the US fuel price index is 5.3% which is a drop from the last forecast of 9.9%. This reveals that in the near term, fuel prices are not projected to drop as far and rebound as fast as anticipated in the last forecast. In FY 2012, the change in the US fuel price index is 8.5% which is 29% below the 12% projection in the September forecast. This indicates that once the economic recession is over, fuel prices are not projected to rise as fast as anticipated in the last forecast. In subsequent years after FY 2012 until FY2022, the November growth rates in the US fuel price index are below the growth rates in the September forecast which reveals that the current projections for future increases in fuel prices will not be as rapid over the remainder of the forecast horizon.

### *U.S. Fuel Efficiency (MPG)*

U.S. Fuel Efficiency variable for November has changed slightly out in the long-term from the September 2009 variable. This is due to Global Insight's change in modeling the Obama administration's new fuel efficiency standards. Global Insight's fuel efficiency variable represents the higher fuel efficiency standards directed by the Obama administration. The new fuel efficiency variable begins to deviate from the September forecast after 2013.

### U.S. Sales of Light Vehicles

Sales of light vehicles throughout the U.S. have declined significantly, 22% for FY 2009. In 2010, sales of light vehicles are projected to begin to recover as the fiscal year growth between 2009 and 2010 is projected at 9.5%. The big recovery is projected to occur in FY 2011 with a 22.8% increase year over year. In FY 2012, the recovery for light vehicle sales continues with a 12.9% growth rate.

### WA Driver In-Migration

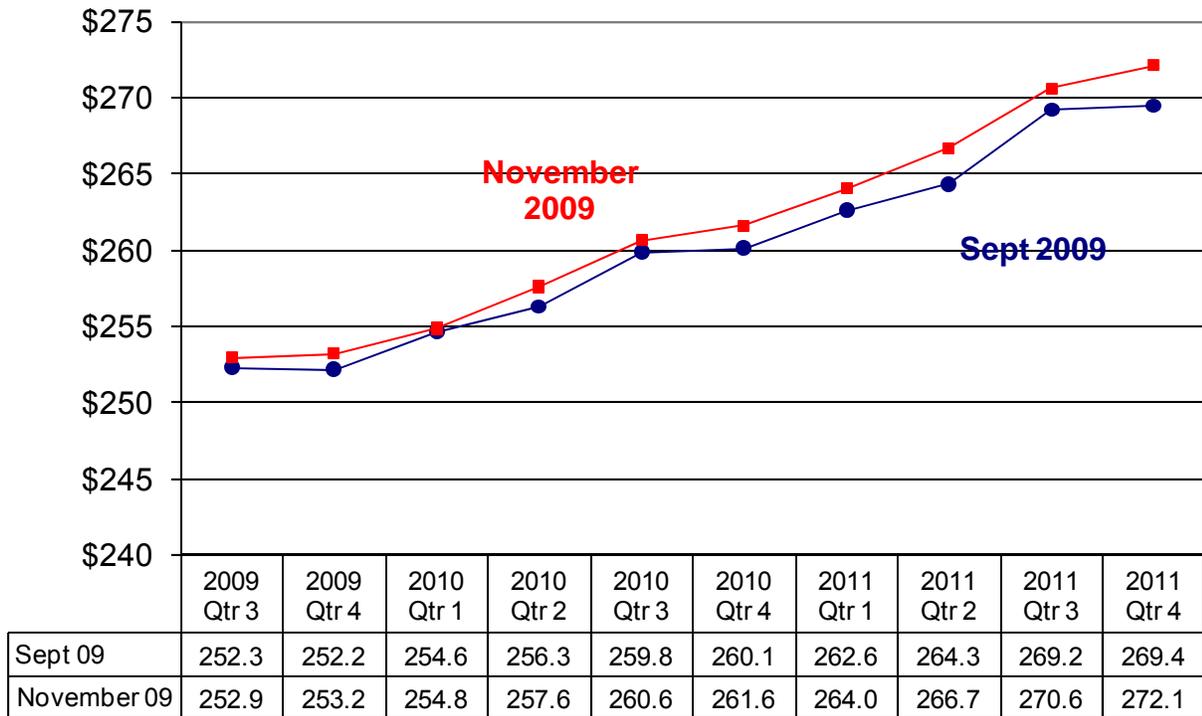
Washington's projected growth of new drivers in the state is down for FY 2010 is lower than the last forecast at -6.2% as opposed to -3.6% in the prior forecast. In FY 2011, the current growth rate is higher at 3.4% as opposed to 2.3% in September. In subsequent years, the November forecast of Washington driver in-migration is projected to be slightly higher or the same as the September forecast growth rates.

**Figure 5 Annual Percentage Change (%) in Select Economic Variables  
November 2009 forecast**

Fiscal Year	WA Personal Income	Annual Population	U.S. General Prices (IPD)	U.S. Oil & Gas Price Index	U.S. Fuel Efficiency (MPG)	U.S. Sales of Light Vehicles (CY)	WA Driver In-Migration
2008	3.6	1.2	3.3	20.8	0.7	-6.2	-13.8
2009	-1.0	1.0	1.6	-17.1	1.1	-22.2	-0.7
2010	-0.5	1.1	1.2	-1.6	1.6	9.5	-6.2
2011	3.4	1.4	1.8	5.3	1.9	22.8	3.4
2012	3.8	1.3	1.7	8.5	2.2	12.9	3.7
2013	3.0	1.3	1.6	3.6	2.4	6.3	-0.6
2014	3.0	1.3	1.7	2.7	2.6	2.8	-0.1
2015	3.1	1.2	1.8	2.7	2.6	2.2	-0.1
2016	3.4	1.2	1.8	3.1	2.6	0.2	-0.1
2017	3.4	1.2	1.9	2.2	2.5	-2.1	-0.1
2018	3.4	1.2	1.9	1.5	2.4	-1.3	-0.04
2019	3.4	1.2	1.9	0.5	2.4	1.1	-0.03
2020	3.4	1.1	1.8	-0.8	2.4	3.5	-0.03
2021	3.2	1.1	1.7	-1.2	2.5	3.0	-0.02
2022	3.1	1.1	1.7	-0.8	2.6	3.2	-0.02
2023	3.1	1.1	1.7	-0.6	2.6	2.6	-0.01
2024	3.1	1.0	1.8	0.6	2.6	2.3	-0.01
2025	3.1	1.0	1.8	1.8	2.6	2.1	-0.01

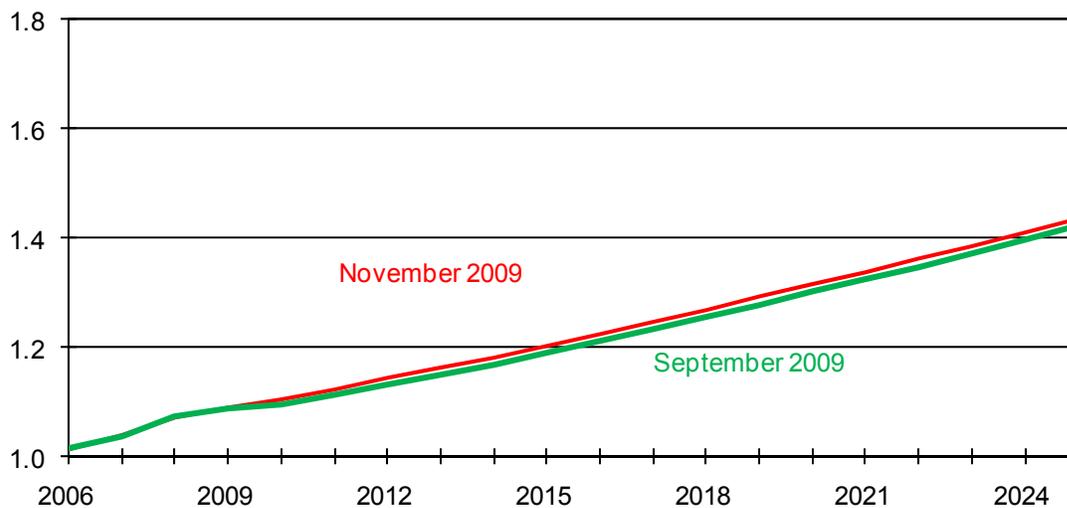
Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management and November 2009 Global Insight forecast

**Figure 6 Washington Quarterly Real Personal Income Comparison**  
**November 2009 vs. September 2009 forecast**  
*billions of dollars*



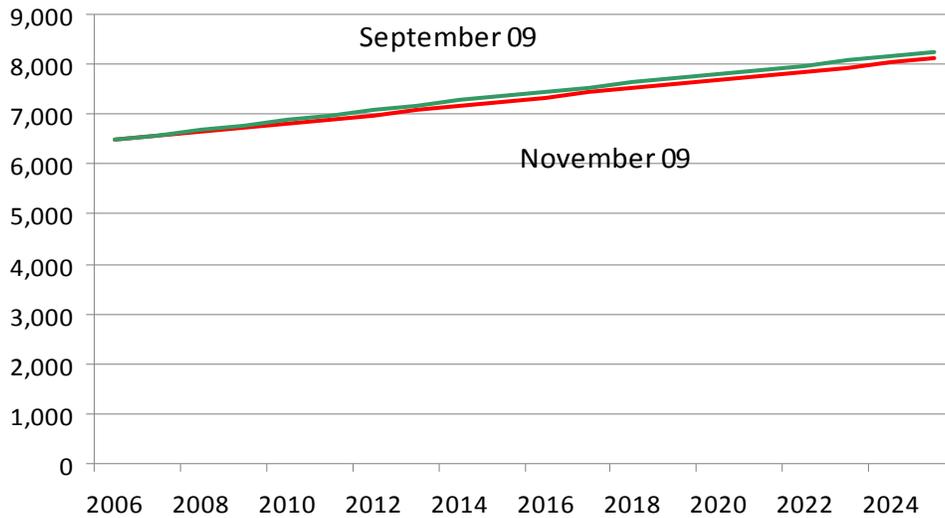
Source: Washington Economic and Revenue Forecast Council

**Figure 7 Inflation Comparison – U.S. Implicit Price Deflator for Personal Consumption**  
**November 2009 forecast vs. September 2009 forecast**  
*base year 2005 = 1.00 for both November and September 2009 forecasts*



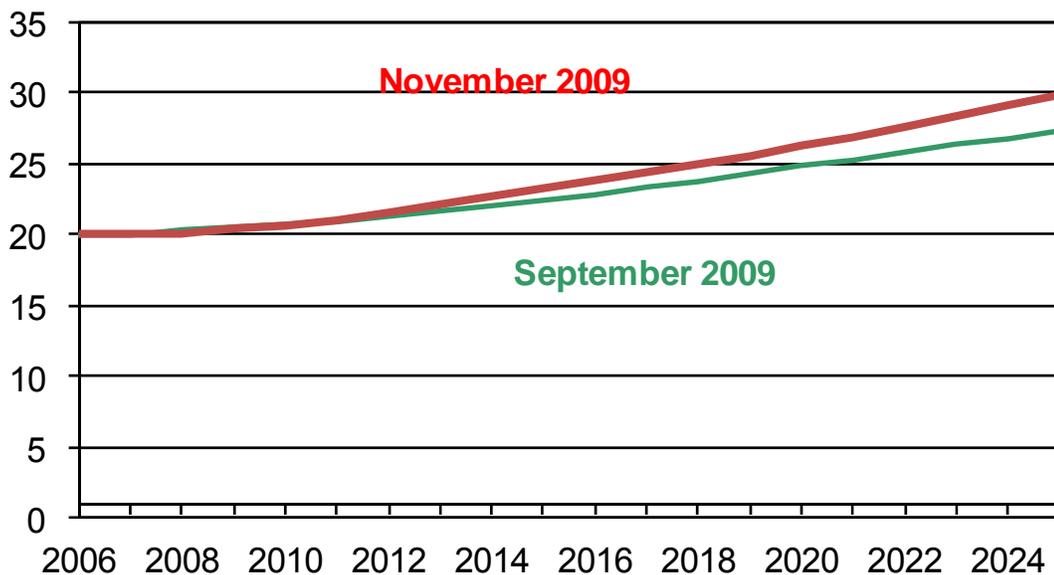
Source: Washington Economic and Revenue Forecast Council and November 2009 Global Insight forecast

**Figure 8 Population Comparison – Age 18 and Over**  
**November 2009 forecast vs. September 2009 forecast**  
*in thousands*



Source: Washington Office of Financial Management

**Figure 9 U.S. Light Duty Vehicle Fleet Efficiency Comparison**  
**November 2009 forecast vs. September 2009 forecast**  
*miles per gallon*



Source: November 2009 Global Insight forecast

## Motor Fuel Price Forecast

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

The November 2009 fuel price forecasts are up for the near term as compared to the September forecast.

### *Source of data for forecast*

For the Washington retail price of gasoline, the actual fuel prices are collected from the Energy Information Administration (EIA) survey of retail prices for all grades of gasoline in the state. For the retail price of diesel, the actual prices are collected from AAA's weekly publication of retail prices for diesel in Washington. The actual wholesale diesel prices are reported by the Washington State Ferries. In the short term, the fuel price forecasts are based on the Energy Information Agency (EIA) projections. In the long-term beyond 2010, the fuel price projections are based on Global Insight's oil and fuel price and producer price index (PPI) for petroleum products projections from June 2009 forecast. The wholesale price of diesel is forecasted in the long-term based on Global Insights June 2009 forecast of PPI for refined petroleum products.

### *U.S. crude oil price trend*

U.S. crude oil prices of West Texas Intermediate Crude (WTI) are projected to be up slightly in FY 2010 to an average of \$75 per barrel versus \$70 per barrel estimate in September. Due to the higher fuel prices in recent months, oil prices are projected to remain fairly constant throughout fiscal year 2010. The projection for fiscal year 2011 is a 3% increase in crude oil prices over fiscal year 2010. In the long-term, crude oil prices are expected to hit over \$100 per barrel beginning in FY 2018, which is consistent with the prior forecast. Crude oil prices are not expected to stay as high above the \$100 per barrel as in the prior forecast. The long-term forecast for crude oil prices is between \$96 and \$101 from fiscal year 2016 and the remainder of the forecast horizon.

### *Washington retail price of gasoline trend*

Washington retail price of gasoline is projected to be up 5% over the prior forecast for FY 2010. Retail gas prices in Washington are projected at an average of \$3.05 per gallon versus \$2.90 per gallon in September for FY 2010. In FY 2011 retail gasoline prices in Washington are projected to be \$3.42 per gallon, which is 7% higher than September's gas price forecast. In the long-term, gasoline prices are expected to be above the September projections until FY 2018. After FY 2018, the current gas price forecast is projected to be below the September fuel price forecast. Washington retail gasoline prices are projected to hit \$4 per gallon or more by FY 2014, three years sooner than under the September forecast. This September 2009 Washington retail gas price is projected to hit a peak price of \$4.47 in FY 2019 which is 7% higher than the highest price in the last forecast of \$4.17 in FY 2019.

### *Washington retail price of diesel trend*

Washington's retail price of diesel is projected to average \$3.07 in FY 2010 which is 6% higher than projected in the last forecast. The price differential between retail gas and diesel has been declining and in this forecast, retail diesel prices are projected to be either slightly above in the near term and slightly below retail gas prices afterwards until FY 2014. In FY2011, on average, retail diesel price is projected at \$3.37 and there is only a minimal nickel price differential between retail gas and diesel prices.

### *Washington wholesale price of WSF diesel fuel trend*

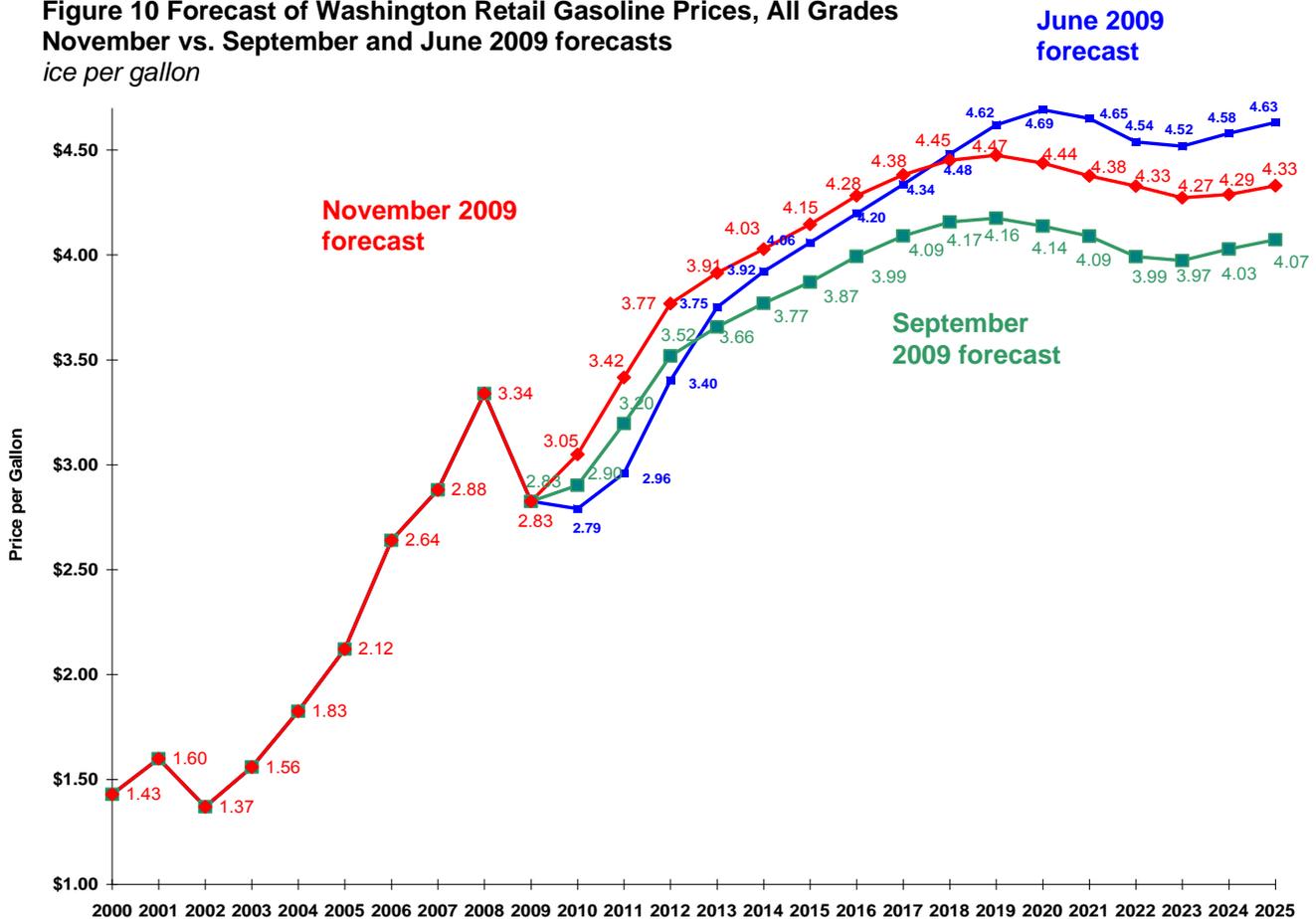
The trend in Washington's wholesale price of diesel is similar to the trend of the retail price of diesel. Washington's wholesale price of diesel, excluding fuel taxes, which is a forecast to estimate the diesel cost to Washington State Ferries has also increased 9.8% to \$2.36 per gallon for FY 2010 as opposed to \$2.15 per gallon in September. In FY 2011, the wholesale price of diesel is expected to increase to \$2.58 per gallon which is 11% higher than projected in September.

### *Biodiesel price trend*

The forecast of the retail price of biodiesel is based on surveys found in the EIA Clean Cities Alternative Fuel Price Reports, [www.eere.energy.gov/afdc/price\\_report.html](http://www.eere.energy.gov/afdc/price_report.html). These reports are conducted quarterly

and include West regional biodiesel prices. The Washington biodiesel price forecast is for B99/B100. This forecast is based on the West regional prices adjusted to include Washington's retail prices with and without federal and state taxes. According to the latest survey in July 2009, the West biodiesel price was more than 19% above the West coast regular diesel price. In examining the price differential between biodiesel and regular diesel over a longer time period, an average price differential of 12.5% was determined. This percentage was used as the long-term price differential between the WA retail diesel prices versus biodiesel prices in Washington.

**Figure 10 Forecast of Washington Retail Gasoline Prices, All Grades**  
**November vs. September and June 2009 forecasts**  
*ice per gallon*



**Figure 11 Near-term Quarterly Fuel Prices**  
**November 2009 forecast**

Fiscal Year Quarter	Crude Oil Price (\$/barrel)	WA Retail Gasoline Price (\$/gal)	WA Retail Diesel Price (\$/gal)	Ex-tax Wholesale Diesel Price (\$/gal)	Biodiesel Price with tax (\$/gal)	Biodiesel Price Ex tax (\$/gal)
2009: Q3	68.31	2.89	2.83	2.17	3.33	2.77
2009: Q4	77.41	3.00	3.07	2.35	3.55	2.99
2010: Q1	76.50	3.09	3.16	2.42	3.65	3.09
2010: Q2	77.00	3.22	3.24	2.49	3.73	3.17
<b>FY 2010</b>	<b>74.80</b>	<b>3.05</b>	<b>3.07</b>	<b>2.36</b>	<b>3.57</b>	<b>3.01</b>
2010: Q3	78.67	3.27	3.29	2.52	3.78	3.22
2010: Q4	80.33	3.21	3.29	2.52	3.75	3.19
2011: Q1	73.00	3.23	3.39	2.60	3.87	3.31
2011: Q2	76.00	3.95	3.50	2.69	3.97	3.41
<b>FY 2011</b>	<b>77.00</b>	<b>3.42</b>	<b>3.37</b>	<b>2.58</b>	<b>3.84</b>	<b>3.28</b>

**Figure 12 Near- and Long-term Annual Fuel Price  
November 2009 forecast**

<b>Fiscal Year</b>	<b>Crude Oil Prices (\$/barrel)</b>	<b>WA Retail Gasoline Price (\$/gal)</b>	<b>WA Retail Diesel Price (\$/gal)</b>	<b>Ex-tax Wholesale Diesel Price (\$/gal)</b>	<b>Biodiesel Price with tax (\$/gal)</b>	<b>Biodiesel Price Ex tax (\$/gal)</b>
2008	97.03	3.34	3.76	2.90	3.80	3.24
2009	69.69	2.83	3.21	2.40	4.30	3.74
2010	74.80	3.05	3.07	2.36	3.57	3.01
2011	77.00	3.42	3.37	2.58	3.84	3.28
2012	81.00	3.77	3.69	2.83	4.16	3.61
2013	85.16	3.91	3.85	2.95	4.30	3.74
2014	88.62	4.03	3.99	3.06	4.45	3.89
2015	92.17	4.15	4.13	3.16	4.60	4.04
2016	96.30	4.28	4.29	3.29	4.78	4.22
2017	99.20	4.38	4.41	3.38	4.91	4.35
2018	101.08	4.45	4.49	3.44	5.00	4.44
2019	101.45	4.47	4.51	3.46	5.03	4.47
2020	99.91	4.44	4.46	3.42	4.97	4.41
2021	97.91	4.38	4.38	3.36	4.85	4.29
2022	96.45	4.33	4.33	3.32	4.79	4.23
2023	95.32	4.27	4.29	3.29	4.71	4.15
2024	95.82	4.29	4.32	3.31	4.74	4.18
2025	98.00	4.33	4.42	3.39	4.84	4.29

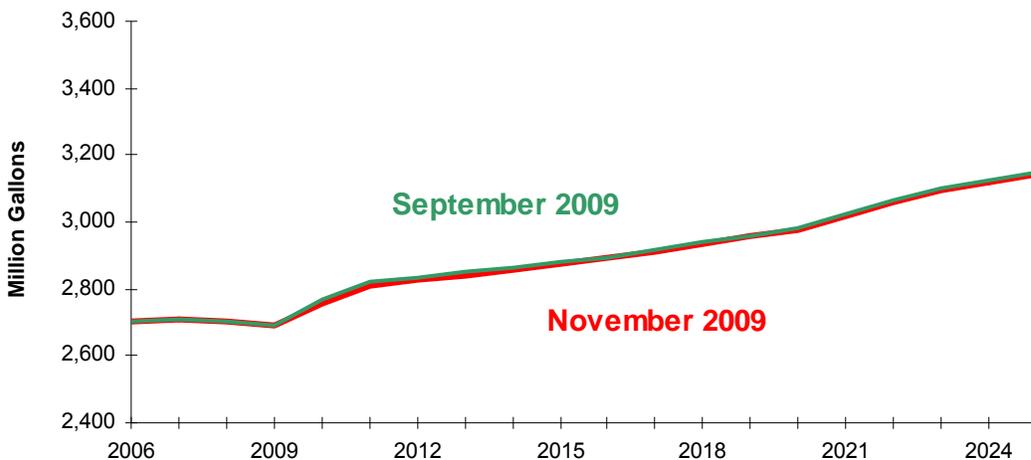
## Motor Vehicle Fuel Tax Forecast

The 2007-09 biennium gross motor vehicle tax collections are \$2.49 billion, which is a 12% increase over the 2005-07 biennium. Since the September 2009 forecast, diesel fuel tax collections came in under forecast for the 2009-11 biennium by \$3.9 million and gasoline tax collections came in under forecast by \$7.4 million. Overall, the 2009-11 biennium actual gross motor vehicle fuel tax collections were 0.1% below the September forecast. The November 2009 gross motor vehicle fuel tax projection for the 2009-11 biennium is \$2.6 billion which is an increase of 4.4% from the 2007-09 biennium. The November motor fuel tax forecast is projected to be below the September forecast by \$15.1 million (-0.6%) in the current biennium. Motor fuel tax revenues for the 2011–13 biennium are projected to be approximately \$2.66 billion, which is less than the prior forecast by 0.3% or approximately \$7.3 million. The overall reduction in motor fuel tax revenue for the 16-year period ending in 2023-25 biennium is down \$64 million when compared to the September 2009 revenue forecast.

### *Gasoline consumption and tax revenue*

The year over year growth between 2008 and 2009 of gasoline consumption has been -0.6%. The November forecast for gasoline consumption is 2,759 million gallons for FY 2010 which is a 2.6% increase over the FY 2009 consumption level. The November gasoline consumption level for FY 2010 has been reduced 0.3% over the September gasoline consumption projection. In FY 2011, gasoline consumption is projected to be 1.9% higher than in FY 2010, which is a 0.3% reduction from the September forecast. Figure 13 shows the forecast to forecast comparison of projected gallons consumed. The year over year percentage change in gasoline consumption between the November and September forecasts is the same for all years except our current fiscal year. In FY 2011, gasoline consumption is projected to increase 1.9% over the prior year. For fiscal years, FY 2012-2025, the annual percentage change in gas consumption will range from 0.5% to 1.4% which represents the historical average growth rates for gasoline consumption seen in the state.

**Figure 13 Gasoline Motor Fuel Consumption Comparison**  
**November 2009 forecast vs. September 2009 forecast**  
*millions of gallons*

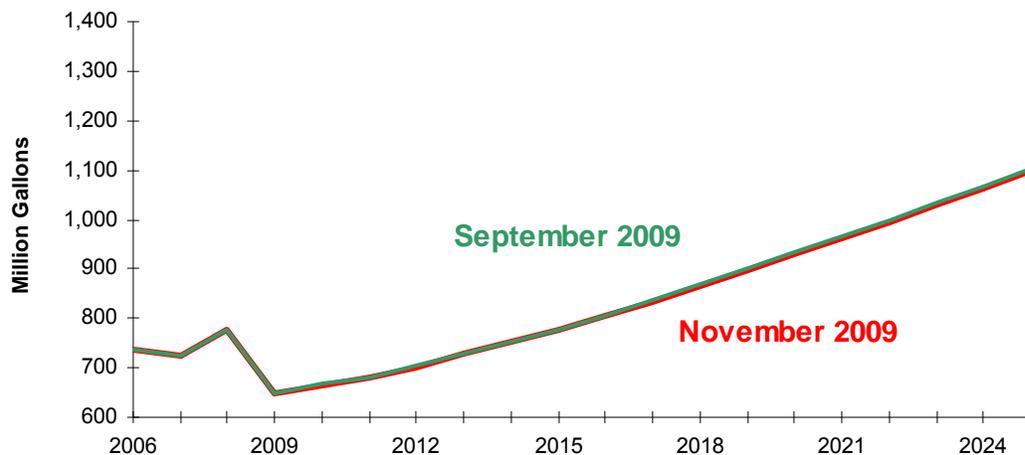


Gasoline tax revenue collections were \$1.975 billion for 2007-09 biennium and are projected to fall \$18.6 million or 0.7% for the 2009-11 biennium over the prior forecast. This forecasted drop in gas tax collections is due to higher projections of fuel prices and slightly lower tax collections than projected. In September, tax collection reports for gasoline refunds were unusually low for non-highway refunds and tribal refunds combined. This brought the forecast up for FY 2010. In addition, there is a new tribal agreement with the Colville tribe to a 75% / 25% split which is anticipated to increase future tribal refunds for that tribe by 20%. The forecast for tribal refunds is up in the later part of FY 2010 and the remainder of the forecast period.

### *Diesel consumption and tax revenue*

The fiscal year 2009 diesel consumption was 650 million gallons which corresponds to a year over year decline between 2008 and 2009 of -16.4%. The November forecast for diesel consumption is 666 million gallons for FY 2010 which is a 2.5% increase over the FY 2009 consumption level. The November diesel consumption level for FY 2010 has been reduced by 0.2% over the September diesel consumption projection. In FY 2011, diesel consumption is projected at 1.9% increase over FY 2010. This growth rate for FY 2010 is a 0.3% reduction from the September forecast. Generally, in fiscal years beyond FY 2011, the outer year growth rates for diesel consumption are projected to be very close to the prior forecast. Due to slightly higher Washington personal income, the growth rate for FY 2013 was increased 0.2 percentage points to 3.6% annual growth rate in diesel consumption.

**Figure 14 Diesel Motor Fuel Consumption Comparison**  
**November 2009 forecast vs. September 2009 forecast**  
*millions of gallons*



Diesel tax collections are down \$3.9 million (0.8%) over the September forecast for the 2009-11 biennium for total tax collections of \$502.7 million. This was the result of tax collections coming in less than forecast for the months of September and October. In September, diesel tax collections came in below forecast by \$2.8 million and the October actual gross diesel tax collections were closer to forecast at 1.1 million below projections. In addition, there was a one month large decline in special fuel tax refunds which caused an increase in special fuel revenue between the November and September forecasts. The November forecast has an unusually low month of non-highway refunds over the projections of approximately \$2 million in revenue each month for diesel non-highway refunds. Diesel tax revenue is projected to be \$502.7 million in the current biennium which is a decrease of \$5 million or 1% over the prior forecast. In the outer biennium, there is less of a decline from the last forecast of approximately \$1.2 million or -0.21% per biennium of gross diesel tax collections beginning in the 2011-13 biennium and the loss increases to \$4.8 million by the last biennium 2025-27.

### *Primary reasons for the forecast changes*

- Higher retail fuel prices are projected in FY 2010 and throughout the forecast horizon over the September forecast. The higher fuel prices are expected to dampen gasoline tax collections more than anticipated in prior forecast. The fuel price index divided by the implicit price deflator is projected to decline for most of the forecast horizon due to the increase in the growth of inflation relative to the increase in the overall fuel price index.
- Washington real personal income growth and inflation in this November forecast have increased slightly from the September forecast.
- End result is slightly lower gasoline tax and diesel tax projections due to the higher fuel prices and lower than anticipated fuel tax collections over the past two months.
- Future fuel tax reduction in the 2009-11 biennium is primarily due to a decline in gasoline tax revenue. In the 2011-13 biennium, gasoline and diesel tax projections are each down, approximately \$6 million for gasoline tax collections and a little more than \$1.2 million for diesel tax collections.

*Motor fuel tax refunds*

Non-highway refunds for gasoline and diesel fuel are accounted for in the motor fuel tax forecast. These refunds reduce net motor fuel tax distributions. There was one month of unexpected lower non-highway refund of special fuel in the 2009-11 biennium. Beyond the current biennium, non-highway refunds are expected to be slightly down to reflect the small decline in the projections of motor vehicle fuel consumed.

**Figure 15 Short-term Motor Fuel Tax Forecast – By Month of Collection**

**November 2009 forecast**

*millions of dollars*

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Gasoline Taxes	\$1,030.0	\$1,054.7	\$2,084.7	\$1,060.9	\$1,066.2	\$2,127.1
Special Fuel Taxes	247.5	255.3	502.8	264.2	273.5	537.7
Total Fuel Revenue	\$1,277.5	\$1,310.0	\$2,587.5	\$1,325.1	\$1,339.7	\$2,664.8
% Change from Prior Fcst	-0.9%	- 0.3%	-0.6%	-0.3%	- 0.3%	-0.3%

**Motor Vehicle Revenue (Licenses, Permits and Fees)**

The 2007-09 biennium licenses, permits and fees (LPF) collections were \$896 million which is above the current projections for total LPF in the 2009-11 biennium at \$885 million. This forecast for Motor Vehicle Revenue from licenses, permits, and fees is down from the September estimate by \$889 million. The November estimate for 2009-11 is a reduction of \$4.0 million (0.5%) from the prior forecast. In the upcoming 2011-13 biennium, revenue projections are down \$4.6 million (0.5%) from the prior forecast. The primary reasons for the slightly lower forecast is passenger and truck registrations are predicted to be below the September forecast.

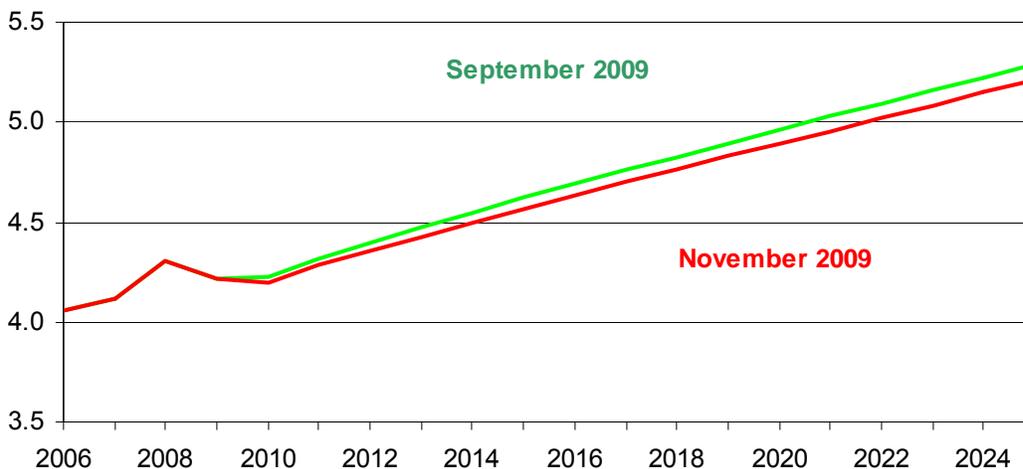
*Trends in vehicle registrations*

Car and truck growth from 2008 to 2009 is -2.1% for cars and -2.9% for trucks. In the current biennium and beyond, this forecast assumes year to year growth rates for 2010 which are essentially flat at -0.3% for passenger cars and -0.2% for trucks. This forecast, as well as the last one, assumes a U shaped recovery from the current recession. In FY 2011, the growth in passenger vehicles is forecasted at 2.1% and truck growth is forecasted to be 1.6%. In FY 2012 and beyond, the forecast growth rates mirror population growth. The population growth rates have been revised downward in this current forecast. The November 2009 forecast for passenger car and truck registrations is approximately 0.7% and 0.6% below the last forecast for FY 2010, respectively.

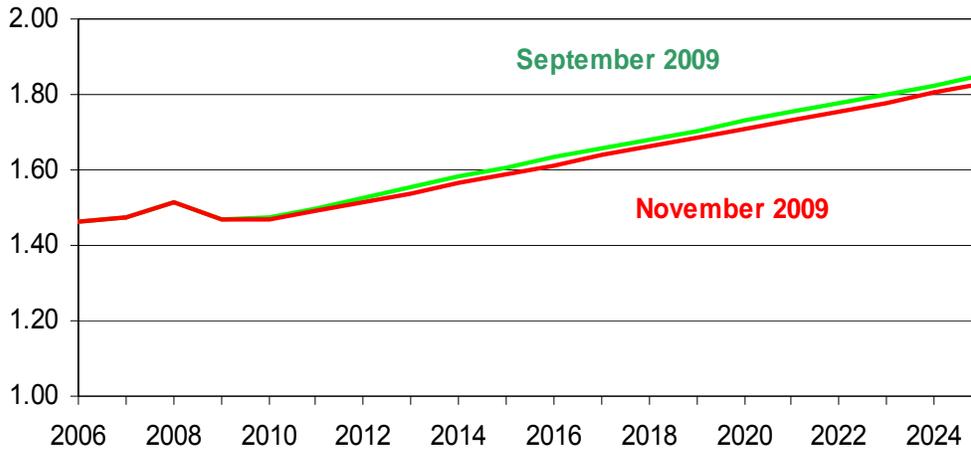
**Figure 16 Passenger Car Comparison**

**November 2009 forecast vs. September 2009 forecast**

*millions of vehicles*



**Figure 17 Truck Comparison**  
**November 2009 forecast vs. September 2009 forecast**  
*millions of vehicles*



*Trends in LPF revenue*

The LPF 2007-09 biennium revenues came in at \$896 million which is slightly above the November projection for the 2009-11 biennium at \$885 million. The current 2009-11 biennium LPF forecast has been lowered for vehicles paying the \$30 basic fee by \$2 million (0.7%) and for combined license fee vehicles (trucks) by \$360,800 from the last forecast. Total LPF revenues are down \$4 million for the current biennium with the basic \$30 passenger license fees and passenger vehicle weight fees being the two largest drivers of the decline in revenue from the prior forecast. LPF revenues are also down by \$4.6 million in the 2011-13 biennium, growing to more than \$13 million by the 2025-27 biennium. The primary reason why the LPF revenue decline grows over time is that the new population estimates are lower than last year's estimates. The population grows at a decreasing rate each biennium until it is 1.5% lower each year from the prior forecast.

Passenger vehicle registration revenue is down every biennium, including the current biennium, by more than \$2 million (<1%) each biennium over the prior forecast. This decline grows to \$6 million by the last biennium (2025-2027) due to the lower population estimates which drive the long-term growth of this revenue source. Combined license fee (CLF) vehicle revenues are down each biennium by a smaller amount, more than \$360,000 in the current biennium and growing to more than \$3 million in the last biennium.

Other LPF revenues are down as well in the November forecast when compared to the September forecast for the current biennium: passenger vehicle weight fees (-\$873,300), Vehicle inspection fees (-\$736,300), special permit fees (-\$66,700) and safety inspection fees (-\$47,700).

There are a couple LPF revenues which are projected to grow faster in the current biennium than in the last forecast by more than \$40,000: personal trailers (\$288,100) and multimodal filing fees (\$40,300).

*Primary reasons for the forecast changes*

- Washington's Office of Financial Management revised the population growth estimates downward which lowered the outer year revenue estimates beginning in FY 2012
- The Economic and Revenue Forecast Council projections of Washington personal income is slightly higher but the history was revised which altered the regression model coefficients and lowered the passenger car and truck registration forecasts in the near term which lowered the forecast.
- The passenger vehicle weight fees are down in conjunction with the lower passenger car \$30 basic registrations.
- Vehicle inspection fees are down as well, consistent with the decline in truck registrations.

**Figure 18 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees)**  
**November 2009 forecast**  
*millions of dollars*

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Basic \$30 License Fee	\$140.8	\$143.9	\$284.7	\$146.4	\$148.9	\$295.3
Combined License Fee	169.0	171.7	340.7	174.7	177.5	352.2
All Other Fees	127.6	132.0	259.6	135.5	139.0	274.5
Total LPF Revenue	\$437.4	\$447.6	\$885.0	\$456.6	\$465.4	\$922.0
% Change from Prior Fcst			-0.5%			-0.5%

## Driver Related Revenue Forecasts

The November 2009 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: drivers license fees, motorcycle operator fees, copies of records, motor vehicle filing fees, fines and forfeitures, drivers license schools and other miscellaneous fees. These fees are deposited into the highway safety fund account, motorcycle safety education fund and the state patrol account. In the November forecast, total driver related revenue totaled \$186.6 million in the 2007-09 biennium. In the 2009-11 biennium, the November forecast of driver related revenue is \$194.7 million, down \$1.4 million or .766% from the September forecast. The current 2009-11 biennium forecast corresponds to 4.3% increase in total driver related revenue over the prior year.

### *Driver's Licenses and Revenue Trends*

Original driver licenses have fallen by 1.9% between fiscal year 2008 and 2009. This November forecast projects a 1% year over year growth in FY 2010 which is 0.7% below the last forecast. In FY 2011, original driver licenses are projected to grow at 2.3% from FY 2010 projected level. In FY 2012, original driver licenses are forecasted to grow at 8.5% over FY 2011. From FY 2011 and beyond, this November 2009 forecast of growth rates of the original driver licenses are up slightly above the last forecast. The forecast of original driver licenses are driven by the most recent forecast of driver in migration from OFM.

FY 2009 driver license renewals grew 22.4% year over year. The projections for FY 2010 driver license renewals are 873,650 which is an increase of 13% from FY 2009, which represents a decline of 0.7% from the September forecast. In FY 2011, driver license renewals are projected to decline by 2.1% year over year. This current FY 2011 forecast of driver license renewals is a no change forecast from September.

The revenue from the drivers licenses fees was \$186.6 million for the 2007-09 biennium and the revenue is projected to grow to \$194.6 million in the 2009-11 biennium. This November forecast includes the addition of some smaller miscellaneous fees that also are deposited into the Highway Safety Fund. This November projection of driver license fees for the 2009-11 biennium is down \$1.5 million (0.8%) from the September forecast. Beginning in the 2011-13 biennium, drivers license fee revenue is projected to be down between a little more than \$500,000 to more than \$770,000 by the 2025-2027 biennium over the September forecast.

### *Abstracts of Driver Record and Revenue Trends*

Sale of Abstracts of Driver Record (ADR) is deposited into both the Highway Safety Fund and the State Patrol account. ADRs for FY 2009 were 3,098,417 which reflected a growth of 9.3% over FY 2008. In FY 2010, the ADRs are projected to be 3,061,340 which is a year over year increase of 1.2% over FY 2009. This forecast is 2.6% below the prior forecast. In subsequent fiscal years, the forecast for ADRs has been decreased by a little more than 1% over the prior forecast.

The corresponding revenue from the copies of record fee is down \$503,000 (1.5%) in the current biennium over the September forecast. In the 2011-13 biennium, revenue from copies of record fees is projected to be \$34.4 million and down \$261,000 or 0.8% over the prior forecast. In subsequent biennia, the copies of record fees are projected to be down approximately 1% from the September forecast.

The State Patrol Highway Account receives \$5 of the sales of ADR. In the 2007-09 biennium, the state patrol account received \$28.8 million and it is projected to receive \$31.2 million which is a year over year

increase of 8%. This November forecast for the 2009-11 biennium is a decrease of \$500,500 over the prior forecast. In the 2011-13 biennium, the state patrol account is projected to have an decrease of \$259,700 over the September forecast. The Highway Safety Fund receives about \$2.5 million more per biennium than State Patrol Account as it also gets program operation related fees such as driver record monitoring fee.

*Motor Vehicle Filing Fees Trends*

The motor vehicle filing fees are deposited into the Highway Safety fund. For the November 2009 forecast, the motor vehicle filing fees are forecasted at \$3.2 million for the 2009-11 biennium. These fees are slightly up by \$7,000 from the last forecast. Motor vehicle filing fees are projected to be \$3.3 million in the 2011-13 biennium which is an increase of \$19,200 (0.6%) over the September forecast.

*Fines & Forfeitures Trends*

The fines & forfeiture fees are deposited into the Highway Safety fund. For the November 2009 forecast, the fines & forfeiture fees are forecasted at \$0.86 million for the 2009-11 biennium. In the 2011-13 biennium, fines and forfeiture fees are expected to decline by 3.2% from the previous biennium to \$0.83 million. This decline in the 2011-13 biennium has not been changed from the prior forecast.

*Drivers License Schools Trends*

The drivers license school fees are deposited into the Highway Safety fund. For the November 2009 forecast, the drivers license school fees are forecasted at \$0.26 million for the 2009-11 biennium. This is a no change forecast. In the 2011-13 biennium, drivers license school fees are forecasted to be slightly up year over year.

*Motorcycle Safety Education Account Trends*

The Motorcycle Safety Education Account receives revenue from the following sources: motorcycle license endorsements, motorcycle instruction permits and motorcycle examination fees. The motorcycle safety education account was \$4.4 million in the 2007-09 biennium and is projected to decline year over year by 11% to \$3.96 million in the 2009-11 biennium. The revenue in this account is projected to be slightly higher by \$4,200 over the September forecast. Revenue in the 2011-2013 biennium is expected to be increase again to \$4.4 million, 11% annual increase over 2009-11 biennium. This revenue projection for the 2011-13 biennium is up \$1,000 over the prior forecast.

**Figure 19 Short-term Driver Related Revenue Forecasts**

**November 2009 forecast**

*millions of dollars*

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
<b>Total Highway Safety Fund</b>	<b>\$79.0</b>	<b>\$80.5</b>	<b>\$159.5</b>	<b>\$82.9</b>	<b>\$82.3</b>	<b>\$165.2</b>
Drivers License Fees	60.4	61.4	121.8	63.5	62.8	126.3
Copies of Record Fees	16.3	16.9	33.2	17.1	17.3	34.4
Motor Vehicle Filing Fees	1.6	1.6	3.2	1.6	1.7	3.3
Fines & Forfeitures	0.4	0.4	0.8	0.4	0.4	0.8
Drivers License Schools & Other Misc. Fees	0.2	0.2	0.3	0.2	0.2	0.3
<b>Total Motorcycle Safety Education Account</b>	<b>1.9</b>	<b>2.0</b>	<b>3.9</b>	<b>2.1</b>	<b>2.3</b>	<b>4.4</b>
<b>Total State Patrol Account</b>	<b>15.3</b>	<b>15.9</b>	<b>31.2</b>	<b>16.1</b>	<b>16.3</b>	<b>32.4</b>
<b>Total Driver Related Revenue</b>	<b>\$96.2</b>	<b>\$98.4</b>	<b>\$194.6</b>	<b>\$101.1</b>	<b>\$100.9</b>	<b>\$202.0</b>
% Change from Prior Fcst			-0.8%			-0.3%

## **Other Transportation Related Revenue Forecast**

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

### *Vehicle Sales and Use Tax*

The forecast of consumer spending on new US light vehicles is 157 billion for FY 2009 and this represents a decline of 28% from the FY 2008 sales level. This November forecast of consumer spending on new US light vehicles for FY 2010 is expected to grow to 160 billion which is a 2% annual growth. This November forecast of US light vehicles has not changed from the prior forecast. In FY 2011, the growth in consumer spending on light vehicles is projected to be 18.9% which is nearly the same as the prior forecast, only down -0.5%. In FY 2012, the growth in the US light vehicle sales is projected to increase by 13.7% which is only a slight decline of -0.5% from the prior forecast.

The actual vehicle sales and use tax collections in the 2007–09 biennium was \$62.7 million, and the sales and use tax collections in the 2009-11 biennium is projected to decrease to \$58.3 million by 7%, over the prior biennium. The November forecast is up by \$489,000 above the September forecast for the 2009-11 biennium. In the 2011-13 biennium, the sales and use tax collections are projected to be down by \$780,000 or 0.8% over the past forecast. Revenues for the remaining biennia are also down.

### *Rental Car Sales Tax*

The forecast for rental car sales was \$46.97 million for the 2007-09 biennium and the revenue source is expected to decline to \$44 million in the 2009-11 biennium. This corresponds to a year over year decline of 6.3%. This November forecast for the 2009-11 biennium projects a decline of 1% or \$489,000 over the September forecast. In the 2011-13 biennium, the rental car tax is projected to be \$48.8 million which is a decline of \$1.3 million or 2.7%. In the 2013-15 biennium, revenues are projected to be \$54.6 million and down \$1.7 million over the prior 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

The November 2009 Motor Vehicle Account business and other revenue tax collections for the 2007-09 biennium was \$14.5 million and is projected to be \$16.5 million in the 2009-11 biennium which is a growth of 14% from biennia to biennia. This is a no change from the September forecast. The DOT business related revenues are projected to decline to \$14.7 million in the 2011-13 biennium which is a small decline from the prior forecast by \$21,400. The growth rates for some of these business and other revenue fees are tied to population growth rates. In the November forecast, the population growth rates were decreased which lowered the long-term forecast for certain business and other revenue fees. Over the forecast horizon, the business and revenue fee collections are projected to decline due to lower growth rates in population but the decline does not exceed 2% of the prior forecast.

### *Aeronautics Taxes and Fees*

The aeronautics taxes and fuel tax collections were \$5.7 million in the 2007-09 biennium. This forecast includes both excise and fuel taxes. In this November forecast, the aircraft registrations, excise and dealers' taxes are essentially not changed from the prior forecast. The aviation fuel tax is the largest component of this aeronautics tax forecast. In the 2007-09 biennium, the aviation fuel tax collections were \$4.97 million and aviation fuel is projected to be to \$4.7 million in the 2009-11 biennium. The current forecast for the 2009-11 biennium is nearly the same as the prior forecast with a slight decline of \$3,600. In the 2011-13 biennium, the aviation fuel forecast has been lowered slightly to \$5.54 million which represents a decline of \$7,100 from the prior forecast.

**Figure 20 Short-term Other Transportation Related Revenue**  
**November 2009 forecast**  
*millions of dollars*

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Rental Car Sales Tax	\$22.0	\$22.1	\$44.1	\$23.5	\$25.2	\$48.7
Vehicle Sales & Use Tax	27.8	30.5	58.7	33.4	35.6	69.0
Business/Other Rev	7.4	9.0	16.4	7.3	7.3	14.6
Aeronautics Taxes/Fees	2.7	2.7	5.4	2.8	2.8	5.6
<b>Total Other Transportation Related Revenue</b>	<b>59.9</b>	<b>64.3</b>	<b>124.2</b>	<b>67.0</b>	<b>70.9</b>	<b>137.9</b>
% Change from Prior Fcst			0.0%			1.5%

## Ferry Revenue

FY 2009 passenger ferry ridership hit 12,572,700 which was a decline of 2.5% from 2008 ridership level. In FY 2010, this November 2009 Washington State Ferries passenger ridership demand forecast is projected to decrease slightly to 12,549,700 which is a drop of -0.8% year over year. This current FY 2010 passenger ridership is down slightly -0.7% from the prior forecast. For FY 2011, ferry passenger ridership is expected to be up 2.4% year over year which is a 1.3% decline from the prior forecast. For the remainder of the forecast horizon, passenger ridership is down from the last forecast between -0.4% and -1.5% from the prior forecast.

Vehicle/driver ridership was 9,904,800 in FY 2009 and vehicle/driver ridership is expected to grow slightly to 9,972,200 which is 0.58% above the FY 2009 ridership level. This current vehicle/driver ridership forecast for FY 2010 is down 3% from the last forecast. In FY 2010, vehicle driver ridership is projected at 10,279,900 or (3.8%) above the prior forecast. In FY 2011, vehicle/driver ridership is anticipated to be up 4.5% on an annual basis and this is down 1.4% from the prior forecast. Beginning in 2012, this November forecast for vehicle/driver ridership is up over the September forecast between 0.7% -2% per fiscal year for the remainder of the forecast horizon. Total ridership is down in fiscal years 2010 and 2011 over the prior forecast. Then in fiscal years 2012 – 2021, the forecast is up slightly from the prior forecast. Then in FY 2023 and beyond, total ridership is projected to be below the prior forecast.

In this November 2009 ferry forecast, the baseline ferry fare forecast will be a no new fare increase scenario. For the 2007-09 biennium, ferry farebox and miscellaneous revenue was \$300 million and total fare revenue is anticipated to grow 0.8% over last biennium to \$302.4 million in the 2009-11 biennium. The projected revenues for the current biennium are down 1.9% or \$5.9 million over the September forecast. In the 2011-13 biennium, revenues are projected to be higher by \$220,000 due to higher farebox revenue. Then in the 2013-15 and 2015-17 biennia, total ferry revenue is projected to be higher by approximately \$2.5 million and \$2.1 million respectively. The primary causes of the increases in those biennia are increases in farebox revenue over the last forecast. The 2017-19 biennium total ferry revenue which is up only slightly but in all subsequent biennia, total ferry revenue is down starting at \$1.3 million and increasing to \$4.5 million by the 2025-27 biennium. In the 2009-11 biennium and all subsequent biennia, miscellaneous ferry revenue is projected to be down more than 9% each biennia. This revenue loss is due primarily to a decline in vessel non-fare revenue.

**Figure 21 Short-term Ferry Revenue**  
**November 2009 forecast**  
*millions of dollars*

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Farebox Revenue	\$144.9	\$151.1	\$296.0	\$158.0	\$161.9	\$319.9
WSF Misc. Revenue	3.1	3.3	6.4	3.4	3.5	6.9
<b>Total Ferry Revenue</b>	<b>\$148.0</b>	<b>\$154.4</b>	<b>\$302.4</b>	<b>\$161.4</b>	<b>\$165.4</b>	<b>\$326.8</b>
% Change from Prior Fcst			-1.9%			+0.1%

## **Toll Revenue**

In the November forecast, total toll revenue is projected at \$99.2 million with the biggest difference being an increase in TNB toll revenue projections of \$1.4 million from the last forecast. In this baseline forecast, no new future toll rate increases are included so toll rates are assumed to remain at \$4.00 for cash and \$2.75 for electronic toll collection (ETC).

### *Tacoma Narrows Bridge*

The November Tacoma Narrows Bridge toll revenue forecast incorporates new short-term traffic projections developed by the traffic and revenue consultant for the Tacoma Narrows Bridge. Average daily traffic grew minimally in FY 2009 by 0.2% to 13,908,449 from FY 2008. In FY 2010, this November forecast of traffic volume is projected at 14.7 million which is above the FY 2009 traffic volume year over year by 5.7% and this growth rate is above the prior forecast by 0.8%. In FY 2011, traffic volume is expected to grow to 15.5 million which is a year over year growth rate of 5.4% which is an upward revision of 0.8% from the prior forecast. Traffic growth in FY 2012 is projected to be 16.1 million which is a year over year growth rate of 3.7% and 0.3% higher than the prior forecast. In fiscal years 2013-2020, the TNB traffic volume increased 0.1% from the prior forecast. In fiscal years 2021-2027, the TNB traffic volume increased 2% from the September forecast.

Toll collection for the Tacoma Narrows Bridge began on July 16, 2007. From July 16, 2007 to June 30, 2008, the tolls were \$1.75/ETC per 2-axle vehicle and \$3.00/cash per 2-axle vehicle with per axle proportional tolls for multi-axle vehicles. Discounted rates apply for multi-axle vehicles with ETC. Toll rates for FY09 and all future fiscal years are \$2.75/ETC per 2-axle vehicle and \$4.00/cash per 2-axle vehicle.

Total TNB toll revenue for the 2007-09 biennium was \$73.98 million and the 2009-11 biennium forecast is projected to be \$94.8 million which is an increase of \$1.4 million or 1.5% over the last forecast. In the 2011-13 biennium, this November forecast of toll revenue is projected at \$101.1 million which is up slightly by \$125,732 or 0.12% from the September forecast. Higher toll revenue than anticipated as well as slightly better short-term economic forecast results in higher toll revenue projections. All future biennia beyond 2011-13 do not have a change in the revenue forecast from the September forecast.

Fines and fees violations revenue for the 2007-09 biennium was \$1.06 million and is projected to be increased to \$1.4 million in the 2009-11 biennium which is up \$251,023 or 18% above the prior forecast. In the 2011-13 biennium, violation fines and fees are projected to be \$1.5 million which is also up by \$256,865 over the September forecast. Sales revenue of transponders and shield sales was \$1.4 million in the 2007-09 biennium. Sales revenue of TNB transponders and shields are projected to increase to \$1.43 million in the 2009-11 biennium and this is an increase of \$127,526 or 9.8% from the prior forecast. Total revenue on the Tacoma Narrows bridge is projected to be \$97.8 million in the 2009-11 biennium which is an increase of \$1.8 million or 1.9% over the prior forecast. In the 2011-13 biennium, total TNB revenue is projected to be \$101.1 million which is an increase of \$504,573 over the prior forecast.

### *SR 167 High Occupancy Toll Lanes Revenue*

The traffic volume on the SR 167 HOT lanes is 386,000 in FY09. Traffic volume in FY 2010 is expected to grow to 512,000 which represents a 33% growth year over year from FY 2009. The FY 2010 traffic growth rate in this current forecast is 0.4% above the prior forecast. In FY 2011, traffic volume is projected to be 694,000 which corresponds to a year over year growth rate of 35.5%. This is an increase of 1.3% above the prior forecast. In FY 2012, traffic volume is projected to be 768,859 which is 10.8% higher than FY 2011 traffic volume and an increase from the past forecast by 1.1%. Revenue from HOT lanes' tolls, sales and fees in FY 2009 was \$513,917 and total HOT lanes total revenue is projected at \$1.38 million in the 2009-11 biennium which is down 2.05% from the September forecast. Toll revenue from HOT lanes is up \$75,000 or 6.8% but transponder and shield sales are down \$103,833 or 55% from the prior forecast. This is due to a reallocation of transponder sales from HOT lanes to TNB transponder sales.

### *Total Toll Revenue*

Total revenue (toll, fines and fees and transponder revenue) was \$76.9 million in the 2007-09 biennium and is projected to grow to \$99.2 million in the 2009-11 biennium which is an increase of \$1.8 million over the prior forecast. In the 2011-13 biennium, the total revenue is projected to be \$105.3 million which is an increase of \$453,090 above the September forecast. The primary drivers of the current forecast increase

is higher overall violations fee revenue and toll revenue and slightly higher total transponder and shield sales from the September forecast.

**Figure 22 Short-term Toll Facility Revenue**  
**November 2009 forecast**  
*millions of dollars*

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
<b>Tacoma Narrows Bridge</b>						
Toll Revenue	\$46.6	\$48.2	\$94.8	\$49.9	\$51.2	\$101.1
Fines and Fees	0.9	0.8	1.4	0.9	0.9	1.8
Sales	0.7	0.7	1.2	0.8	0.8	1.6
<b>HOT Lanes</b>						
Toll Revenue	0.5	0.7	1.2	0.9		0.9
Fines and Fees	0.0	0.0	0.0	0.0		0.0
Sales	0.09	0.09	0.18	0.08		0.08
<b>Total Toll Facility Revenue</b>						
Total	\$48.6	\$50.6	\$99.2	\$52.5	\$52.8	\$ 97.5
% Change from Prior Fcst			1.8%			0.4%

### Federal Funds

The November 2009 forecast for Washington's apportionment of Federal Highway Trust Fund receipts includes the December 11, 2008, apportionment notices for federal fiscal year (FFY) 2009 and the March 25, 2009 Obligation Authority notice for federal fiscal year (FFY) 2009. The November forecast of Washington's SAFETEA-LUE rescission amount has incorporated public law 110-224 enacted in 2008 which increased the national rescission amount to \$8.705 billion and the recently passed FY09 Omnibus Budget which added a new rescission of \$54 million for Washington. Washington's portion of the \$8.705 billion rescission is \$148 million from a recently released FHWA notice dated August 31, 2009. This revised rescission amount is \$32 million less than was forecasted in prior forecasts.

The new addition to the federal funds forecast for November for FFY 2010 is including the impacts from recent federal continuing resolutions for FFY 2010. The November federal funds forecast is based on continuing resolution notice N4510.715 dated November 13, 2009. The FFY 2010 obligation authority is based on Public Law (111-68, as amended by public law 111-88) which gives the estimated distribution of Formula Obligation Limitation based on 79-day continuing resolution. This continuing resolution extends the surface transportation programs under SAFETEA-LU through December 18, 2009. Funding levels under this current continuing resolution are based on states' post rescission funding levels for FFY 2009. This forecast for FFY 2010 assumes that the federal government will continue this funding level to states all throughout the remaining months of FFY 2010. This FFY 2010 funding level for Washington state is 32.6% below pre-rescission levels for FFY 2009. This funding level is also below the FFY2010 funding level projected in the September forecast of 20% below pre-rescission levels for FFY 2009. This forecast of federal funds is the lowest level at any time during SAFETEA-LU. In FFY 2011 and beyond, the federal funds forecast is not changed from the September forecast. FFY 2011 and beyond funding levels are set at set at 80% of the FFY 2009 pre-rescinded level and annual grow rates of 1.5% and falling to 1%. In the forecast horizon, obligation authority is estimated at 90% of total apportionment. The program structure for FFY 2010 – FFY 2025 will remain the same as under SAFETEA-LU until a new surface transportation package is passed.

**Figure 23 Washington's portion of Federal Highway Funds by Federal Fiscal Year**  
**November 2009 forecast**  
*millions of dollars*

	FFY 2009	FFY 2010	FF 2011	FY 2012
WA Statewide Apportionment of FHWA Programs	453	441	538	545
Obligation Authority	608	606	484	490

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