Transportation Revenue Forecast Council

November 2011 Transportation Economic and Revenue Forecasts

Volume I: Summary Document

Washington Transportation
Economic and Revenue Forecast
November 2011 Forecast

Summary Report (Volume I)

Forecast Tables (Volume II)

Forecast Confidence Intervals and Related Data (Volume III)

Alternative Forecast Scenarios (Volume IV)

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 2011 transportation revenue forecast.

- November 2011 transportation forecast of revenues: $4.245 billion for the current biennium which represents an increase of 4.2% over the prior 2009-11 biennium of $4.075 billion.
- Overall transportation revenue is down 0.4% forecast to forecast in the current biennium ($17 million) with the largest share of the change being lower motor fuel tax collection and licenses, permits and fees. All revenue sources are slightly down or no change in the current biennium.
- For the 10-year forecast horizon, total revenues are projected to be $22.48 billion which is lower by 0.3% or $58.5 million from September due to weaker economic variables and lower collections in recent months for certain revenue sources.
- New October projections of near-term real personal income are down from the last forecast and non-farm employment growth rates are also down some from prior projections. 2011 population estimates were updated this forecast causing population projections to be down. These economic variable adjustments caused transportation revenues to be lower in the near-term and throughout the forecast horizon. In the current fiscal year and near-term, on average retail gas and diesel and wholesale diesel price forecasts are up from the September forecast. In the long-term, fuel prices are down from prior forecasts.
- The primary reason for the change in fuel taxes in the current year has been the lower than anticipated diesel tax collections and higher gas prices have brought the fuel consumption forecast down from September. For the current biennium, gasoline and diesel consumption have been revised down from the September forecast and revenues are $2.51 billion in total: $1,986 million for gas tax collections and $527.7 million for diesel tax collections. This forecast is down by $1.8 million (-0.09%) for gas tax collections and $4.5 million (-0.85%) for diesel tax collections from the prior forecast.
- In the current biennium, the vehicle licenses, permits and fee forecast is $900 million which is down by $4.8 million or 0.5% from the last forecast due to lower real personal income and population projections in this forecast. Over the 10-year forecast horizon, the vehicle licenses, permits and fees revenue forecast are projected to be down $42.5 million or 0.9%.
- Baseline total ferry revenue is projected at $319.4 million and is down due to weaker economic variables. This forecast is down over the September projections for the 2011-13 biennium by $3.1 million or 1%. Over the 10-year forecast horizon, ferry revenue is also down by $19.5 million or 1% over the prior forecast.
- Toll revenue is estimated at $185 million in the current biennium and this lower forecast is due to weaker economic variables for TNB which decreased toll revenue by $1.3 million from September.

In FY 2010, transportation revenues were $2.014 billion which was a decline of 1% over the prior fiscal year as the economy struggled from the recession. In FY 2011, transportation revenues were $2.06 billion or 2.3% growth over FY 2010. In FY 2012, this November forecast projects $2.09 billion at 1.7% annual increase in total transportation revenue which is 0.23% decline from the September forecast. Overall during the 10-year horizon, transportation revenues are projected to grow on average 1.4% each year.

Figure 1 Total Transportation Revenues Comparison
November vs September and March 2011 forecasts
millions of dollars

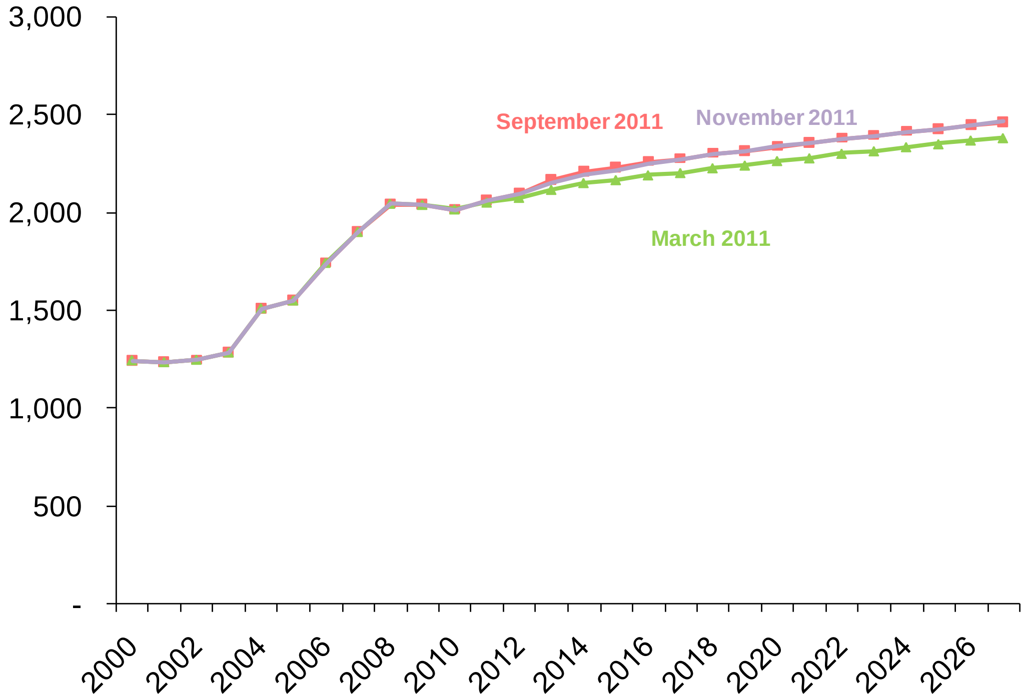
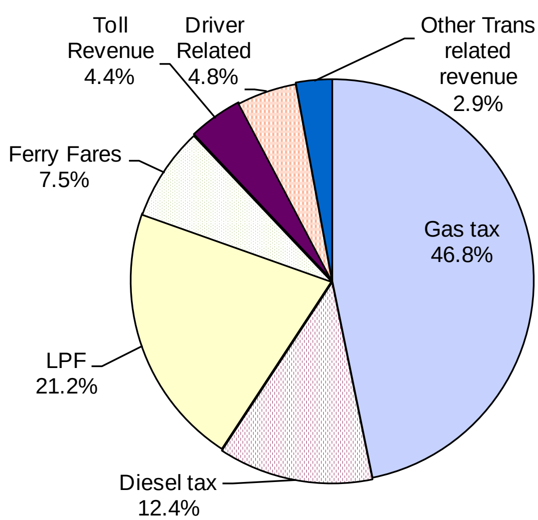


Figure 2 Revenue by Source
2011-13 biennium ($4.27 billion)



Washington's state transportation revenues come from numerous taxes, fees, permits, tolls, other revenues. Washington's revenues forecasted each quarter include the sources contained in Figure 2. This pie graph reveals the anticipated share of each state revenue source to the total transportation revenues for 2011-13 biennium, ($4.27 billion). Gasoline fuel taxes comprise the largest share of all transportation revenue at 46.8% of all revenue in the 2011-13 biennium. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 12.4% of all transportation revenues. Licenses, permits and fee revenues comprise the second largest share at 21% of all transportation revenues in the 2011-13 biennium. The largest three revenue sources (gasoline and diesel fuel taxes and licenses, permits and fees) are projected to consist of 80.4% of revenues in the 2011-13 biennium. The remaining 19.6% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

As Figure 3 indicates, in the current biennium, November transportation revenues are projected at $4.24 billion and this forecast is slightly down from the last forecast by -$17 million or 0.4% from September. The largest reduction in revenues has been in motor fuel taxes by $6.3 million and the second largest decline is in licenses, permits and fees at $4.8 million. Over the 10-year forecast horizon (2011-2023), the revenue forecast for November 2011 is $22.48 billion down $58 million or 0.3% from the September

Figure 3 Forecast to Forecast Biennium Comparison of All Transportation Revenues
November 2011 forecast - 10 year period *millions of dollars*

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period
November 2011• *millions of dollars*

	Current Biennium 2011-2013			2013-2015			10-Year Period (2011-2021)		
	Forecast Nov-11	Chg from Sep-11	Percent Change	Forecast Nov-11	Chg from Sep-11	Percent Change	Forecast Nov-11	Chg from Sep-11	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,514.3	(6.3)	-0.3%	2,560.2	(3.0)	-0.1%	12,879.7	45.8	0.4%
Licenses, Permits and Fees	900.4	(4.8)	-0.5%	926.9	(7.1)	-0.8%	4,752.5	(42.5)	-0.9%
Ferry Revenue†	319.4	(3.1)	-1.0%	335.6	(5.9)	-1.7%	1,768.0	(19.5)	-1.1%
Toll Revenue §	184.9	(1.3)	-0.7%	245.3	(4.5)	-1.8%	1,306.0	(22.4)	-1.7%
Aviation Revenues ‡	5.9	(0.0)	-0.2%	6.1	(0.0)	-0.2%	30.9	(0.0)	-0.2%
Rental Car Tax	48.4	(0.4)	-0.9%	51.6	(1.1)	-2.1%	273.7	(8.2)	-2.9%
Vehicle Sales Tax	58.4	(0.5)	-0.8%	65.5	(1.3)	-1.9%	358.7	(5.9)	-1.6%
Driver-Related Fees	203.6	(0.7)	-0.3%	207.4	(0.8)	-0.4%	1,056.7	(4.8)	-0.4%
Business/Other Revenues ‡	10.3	(0.2)	-1.5%	11.0	(0.2)	-1.6%	56.6	(1.0)	-1.8%
Total Revenues	**4,245.7**	**(17.3)**	**-0.4%**	**4,409.7**	**(23.9)**	**-0.5%**	**22,482.8**	**(58.5)**	**-0.3%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**139.4**	**9.5**	**7.3%**	**144.6**	**15.2**	**11.8%**	**756.7**	**34.4**	4.8%
State Uses									
Motor Vehicle Account (108)	1,051.6	(5.6)	-0.5%	1,071.1	(6.5)	-0.6%	5,415.2	(8.8)	-0.2%
Transportation 2003 (Nickel) Account (550)	347.2	(2.2)	-0.6%	354.4	(2.8)	-0.8%	1,781.6	0.2	0.0%
Transportation 2005 Partnership Account (09H)	574.2	(3.7)	-0.6%	585.2	(4.5)	-0.8%	2,941.4	0.7	0.0%
Multimodal Account (218)	234.8	(2.3)	-1.0%	249.5	(4.1)	-1.6%	1,311.5	(23.5)	-1.8%
Special Category C Account (215)	47.1	(0.3)	-0.7%	48.0	(0.4)	-0.8%	240.7	0.2	0.1%
Puget Sound Capital Construction Account (099)	34.3	(0.2)	-0.7%	34.9	(0.3)	-0.8%	175.1	0.2	0.1%
Puget Sound Ferry Operations Account (109)	371.6	(3.5)	-0.9%	387.6	(6.4)	-1.6%	2,030.2	(20.5)	-1.0%
Capital Vessel Replacement Account (18J)	6.4	0.1	0.0%	7.8	0.0	0.0%	40.3	0.3	0.0%
Tacoma Narrows Bridge Account (511)	91.6	(1.4)	-1.5%	98.0	(4.5)	-4.4%	517.8	(22.5)	-4.2%
High Occupancy Toll Lanes Account (09F)*	1.5	0.1	5.9%	0.0	0.0	0.0%	1.5	0.1	5.9%
SR 520 Corridor Account (16J)	88.0	0.0	0.0%	140.5	0.0	0.0%	757.6	0.0	0.0%
SR 520 Corridor Civil Penalities Account (17P)	3.8	(0.0)	0.0%	6.8	0.0	0.0%	29.1	(0.0)	0.0%
Aeronautics Account (039)	5.9	(0.0)	-0.2%	6.1	(0.0)	-0.2%	30.9	(0.0)	-0.2%
State Patrol Highway Account (081)	325.1	(2.3)	-0.7%	334.7	(3.4)	-1.0%	1,721.5	(19.2)	-1.1%
Highway/Motorcycle Safety Accts. (106 & 082)	169.7	(0.4)	-0.2%	172.8	(0.3)	-0.2%	880.2	(2.1)	-0.2%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.1	(0.1)	-0.7%	16.4	(0.1)	-0.8%	83.3	(0.8)	-0.9%
Ignition Interlock Deviuces Revolving Acct 14V	2.9	(0.0)	-0.6%	2.9	(0.0)	-1.1%	15.0	(0.2)	-1.3%
Total for State Use	**3,371.9**	**(21.9)**	**-0.6%**	**3,516.9**	**(33.3)**	**-0.9%**	**17,973.0**	**(95.9)**	**-0.5%**
Local Uses									
Cities	180.7	(1.2)	-0.7%	184.0	(1.4)	-0.8%	923.2	0.8	0.1%
Counties	295.8	(2.0)	-0.7%	301.4	(2.4)	-0.8%	1,511.9	1.0	0.1%
Transportation Improvement Board (112 & 144)	193.0	(1.3)	-0.7%	196.6	(1.5)	-0.8%	986.4	0.9	0.1%
County Road Administration Board (102 & 186)	64.9	(0.4)	-0.7%	66.1	(0.5)	-0.8%	331.7	0.3	0.1%
Total for Local Use	**734.5**	**(4.9)**	**-0.7%**	**748.1**	**(5.8)**	**-0.8%**	**3,753.1**	**3.0**	**0.1%**
Total Distribution of Revenue	**4,245.7**	**(17.3)**	**-0.4%**	**4,409.7**	**(23.9)**	**-0.5%**	**22,482.8**	**(58.5)**	**-0.3%**

† Ferry Fares plus non-farebox and capital surcharge revenue
‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund.
§ SR 520 tolls for forecasting purposes begins January 1, 2012; SR 167 Hot Lanes will expire at the end of 2011-13 biennium

2011 forecast due primarily to weaker economic variables and lower actual than projected. This reduction loss would have been larger if motor fuel taxes hadn't been higher by $45.8 million than the last in the 10-year horizon. See the Appendix for 16 year forecast period tables.

Figure 4 indicates the forecast to baseline comparison for the next ten year outlook. In the current biennium, November's forecast is up by $57.4 million from March forecast with the inclusion of the SR 520 toll revenue forecast but the current forecast is down by $34 million without the new SR 520 toll revenue forecast from March. The 10-year transportation revenue forecast for November 2011 is $22.48 billion which is up $ 588 million or 2.7% from the March 2011 forecast due primarily to the inclusion of the SR520 toll revenue forecast in June. Without the SR 520 toll revenue, this current forecast would be down $198.5 million or -0.9% from the March baseline forecast.

Figure 4 Forecast to Baseline Biennium Comparison of All Transportation Revenues November 2011 forecast - 10 year period *millions of dollars*

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

November 2011 • millions of dollars

	Current Biennium 2011-2013			2013-2015			10-Year Period (2011-2021)		
	Forecast Nov-11	Chg from Baseline ¥	Percent Change	Forecast Nov-11	Chg from Baseline ¥	Percent Change	Forecast Nov-11	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,514.3	(17.0)	-0.7%	2,560.2	(23.3)	-0.9%	12,879.7	(84.0)	-0.6%
Licenses, Permits and Fees	900.4	(14.5)	-1.6%	926.9	(17.8)	-1.9%	4,752.5	(94.0)	-1.9%
Ferry Revenue†	319.4	6.7	2.2%	335.6	5.0	1.5%	1,768.0	44.7	2.6%
Toll Revenue §	184.9	84.6	84.3%	245.3	137.7	127.9%	1,306.0	752.5	136.0%
Aviation Revenues ±	5.9	0.0	0.6%	6.1	0.1	1.7%	30.9	0.6	2.0%
Rental Car Tax	48.4	(0.1)	-0.2%	51.6	(1.5)	-2.9%	273.7	(11.5)	-4.0%
Vehicle Sales Tax	58.4	(2.0)	-3.4%	65.5	(3.6)	-5.2%	358.7	(19.4)	-5.1%
Driver-Related Fees	203.6	(0.5)	-0.2%	207.4	(0.9)	-0.5%	1,056.7	(1.7)	-0.2%
Business/Other Revenues ±	10.3	0.2	2.4%	11.0	0.2	2.0%	56.6	1.0	1.9%
Total Revenues	**4,245.7**	**57.4**	**1.4%**	**4,409.7**	**95.8**	**2.2%**	**22,482.8**	**588.2**	**2.7%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**139.4**	**11.4**	**8.9%**	**144.6**	**5.1**	**3.6%**	756.7	**41.0**	**5.7%**
State Uses									
Motor Vehicle Account (108)	1,051.6	(12.8)	-1.2%	1,071.1	(14.8)	-1.4%	5,415.2	(74.1)	-1.3%
Transportation 2003 (Nickel) Account (550)	347.2	(5.2)	-1.5%	354.4	(5.1)	-1.4%	1,781.6	(20.9)	-1.2%
Transportation 2005 Partnership Account (09H)	574.2	(7.9)	-1.4%	585.2	(7.9)	-1.3%	2,941.4	(35.9)	-1.2%
Multimodal Account (218)	234.8	(4.1)	-1.7%	249.5	(7.2)	-2.8%	1,311.5	(42.2)	-3.1%
Special Category C Account (215)	47.1	(0.6)	-1.2%	48.0	(0.6)	-1.2%	240.7	(2.5)	-1.0%
Puget Sound Capital Construction Account (099)	34.3	(0.4)	-1.2%	34.9	(0.4)	-1.2%	175.1	(1.8)	-1.0%
Puget Sound Ferry Operations Account (109)	371.6	(0.4)	-0.1%	387.6	(3.6)	-0.9%	2,030.2	0.6	0.0%
Capital Vessel Replacement Account (18J)	6.4	6.4	0.0%	7.8	7.8	100.0%	40.3	40.3	0.0%
Tacoma Narrows Bridge Account (511)	91.6	(8.2)	-8.2%	98.0	(9.6)	-8.9%	517.8	(35.2)	-6.4%
High Occupancy Toll Lanes Account (09F)*	1.5	1.0	181.7%	0.0	0.0	0.0%	1.5	1.0	181.7%
SR 520 Corridor Account (16J)	88.0	88.0	0.0%	140.5	140.5	100.0%	757.6	757.6	100.0%
SR 520 Corridor Civil Penalities Account (17P)	3.8	3.8	0.0%	6.8	6.8	100.0%	29.1	29.1	100.0%
Aeronautics Account (039)	5.9	0.0	0.6%	6.1	0.1	1.7%	30.9	0.6	2.0%
State Patrol Highway Account (081)	325.1	(4.2)	-1.3%	334.7	(5.9)	-1.7%	1,721.5	(30.8)	-1.8%
Highway/Motorcycle Safety Accts. (106 & 082)	169.7	(1.2)	-0.7%	172.8	(1.6)	-0.9%	880.2	(5.2)	-0.6%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.1	(0.1)	-0.9%	16.4	(0.2)	-1.2%	83.3	(1.2)	-1.4%
Ignition Interlock Device Revolving Acct 14V	2.9	1.2	74.0%	2.9	1.3	77.5%	15.0	6.7	81.6%
Total for State Use	**3,371.9**	**55.2**	**1.7%**	**3,516.9**	**99.6**	**2.9%**	**17,973.0**	**586.2**	**3.4%**
Local Uses									
Cities	180.7	(2.3)	-1.2%	184.0	(2.2)	-1.2%	923.2	(9.6)	-1.0%
Counties	295.8	(3.7)	-1.2%	301.4	(3.6)	-1.2%	1,511.9	(15.8)	-1.0%
Transportation Improvement Board (112 & 144)	193.0	(2.4)	-1.2%	196.6	(2.3)	-1.2%	986.4	(10.2)	-1.0%
County Road Administration Board (102 & 186)	64.9	(0.8)	-1.2%	66.1	(0.8)	-1.2%	331.7	(3.4)	-1.0%
Total for Local Use	**734.5**	**(9.2)**	**-1.2%**	**748.1**	**(8.9)**	**-1.2%**	**3,753.1**	**(39.0)**	**-1.0%**
Total Distribution of Revenue	**4,245.7**	**57.4**	**1.4%**	**4,409.7**	**95.8**	**2.2%**	**22,482.8**	**588.2**	**2.7%**
Total Distribution of Revenue less SR 520 revenue ¤	**4,153.9**	**(34.4)**	**-0.8%**	**4,262.4**	**(51.5)**	**-1.2%**	**21,696.0**	**(198.5)**	**-0.9%**

† Ferry Fares plus non-farebox and capital surcharge revenue
‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund.
§ SR 520 tolls for forecasting purposes begins January 1, 2012; SR 167 Hot Lanes will expire at the end of 2011-13 biennium
¤ Excludes SR 520 Bridge Revenues
¥ Baseline Forecast is the March 2011 forecast

Economic Variables Forecast

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

WA Personal Income

The forecast of Washington real personal income is projected by the Washington Economic and Revenue Forecast Council (ERFC), based on the October Global Insight forecast, October Blue Chip average US GDP growth rates, NYMEX fuel prices and other forecasted economic variables in the near term. The November 2011 forecast of Washington personal income had major revisions to the entire history of Washington real personal income as well as new projections. Recent history of this variable was also revised downward. The November 2011 Washington personal income projections are lower throughout the forecast horizon due to weaker national economic projections and ERFC lower forecasts of personal income in 2012 and 2013. Figure 5 illustrates that the current quarterly projections of Washington real personal income for 2011 being $262.5 billion versus $263.8 billion in the September forecast due to actual economic variables for Washington not meeting expectations recently and national personal income being revised downward since the last forecast.

In fiscal year 2010, Washington's real personal income was $254.6 billion which was lower by 0.7% from September and the annual growth rate for FY 2010 is now reduced to -2.5%. On a quarterly basis, the November 2011 Washington personal income forecast is $264.7 billion for the third quarter of 2011 which is lower than the previous forecast by -0.6%. In FY 2011, the annual growth rate in real personal income is up slightly to 3.1% from 2.9% even though overall personal income has been revised down. The annual growth rate projected for FY 2012 is 1.2%, sizably lower than 1.9% in the last forecast and 2.7% in the June forecast. In FY 2013, the current forecast of Washington real personal income has been lowered to 2.4% as opposed to 2.6% in the September forecast and 3.4% in June. The November 2011 forecast uses OFM's 2011 long-term personal income projections which haven't changed from the September forecast. The 2011 OFM forecast of personal income growth for fiscal years 2015 thru 2020 is 3.2% and for the remaining years beyond FY 2020 the personal income growth rate is 3.0%. These new long-term growth rates are slightly higher in the long-term than the prior year's projections. Figure 6 reveals the change in the annual growth rates for Washington personal income. For fiscal years FY 2012-14 the current annual growth rates are lower than the past forecast. For the remaining years after FY 2014, the current growth rates of Washington personal income are the same as last forecast.

WA Population

In November 2011, OFM released the preliminary 2011 long-term statewide population forecast. OFM releases a new population forecast annually. This November forecast is the first analysis to include these preliminary 2011 population estimates. For FY 2011, the driver age statewide population forecast was 5.373 million which represented a 0.85% annual growth. The current driver age population is projected to be 5.42 million with an annual growth rate for FY 2012 of 0.9% annually instead of 1.3% in last year's forecast. Yet, the 2011 population growth rate for FY 2013 is up year over year to 2.1% as opposed to 1.4% last year. In fiscal years 2014 - 2027, the 2011 population forecast growth rates are slowly declining from 1.2% to 0.95% which is smaller than last year's projection.

WA Driver In-Migration

In 2010, Washington's new drivers in the state declined year over year by 1%, Figure 8. In FY 2011, the actual increase of in-migration of drivers was 19.9%. In FY 2012, the November 2011 forecast of Washington driver in-migration is projected to decline -9.9% and this is a bigger decline than in the September forecast of -6.7%. In FY 2013, the November forecast annual decline is smaller at -1.6% than projected in September at -1.9%. The same trend occurs in FY 2014 because the current forecast for in-migration of drivers is -1.5% but this is about half the decline projected in September at -3%. This change in the near-term is due to lower and economic conditions. In addition, Washington state recovery being slower as compared to the rest of the US

U.S. Inflation
The U.S. inflation rate forecast is from Global Insight's October 2011 projection of the implicit price deflator (IPDC), (Figure 9). In 2011, the U.S. inflation rate as measured by the change in the IPDC is 1.8% which is slightly higher than the September forecast of 1.7%. In the near-term forecasts of inflation rates have risen slightly to 2% in FY 2012 as opposed to 1.9% in the last forecast. In FY 2013, the inflation forecast is projected to be 1.1% which is slightly less than projected in September at 1.3%. Then in FY 2014, the current forecast shows an annual increase in inflation of 1.9% which nearly matches the prior forecast at 2%; in FY 2015, the current forecast is up slightly at 2.2% which is nearly equal to 2.1% in the last forecast. For the remainder of the forecast horizon, the inflation rates, are between 1.9% and as low as 1.7% in FY 2020 and FY 2021.

U.S. Petroleum Products Price Index
The October 2011 Global Insight forecast for U.S. petroleum products price index has decreased in the current fiscal year since the last forecast, see Figure 10. The annual year over year change in this fuel price index was 18% for FY 2011. In FY 2012, the growth rate in the US fuel price index is projected to be 5% slightly lower than 8.5% in the September forecast for the petroleum products index. In fiscal years 2013 and 2014, the current forecast of the petroleum products price index growth rate is 2% each year, which is considerably lower than 3.6% and 3.2% respectively in the last forecast. In FY2015, the current forecast of the petroleum products price index growth rate rises to 3%, which is considerably higher than -0.4% in the last forecast. In the next six years, 2016-21, the annual percentage growth rates of this index are between 0% and -4% and are lower than in September. The annual percentage change in the oil

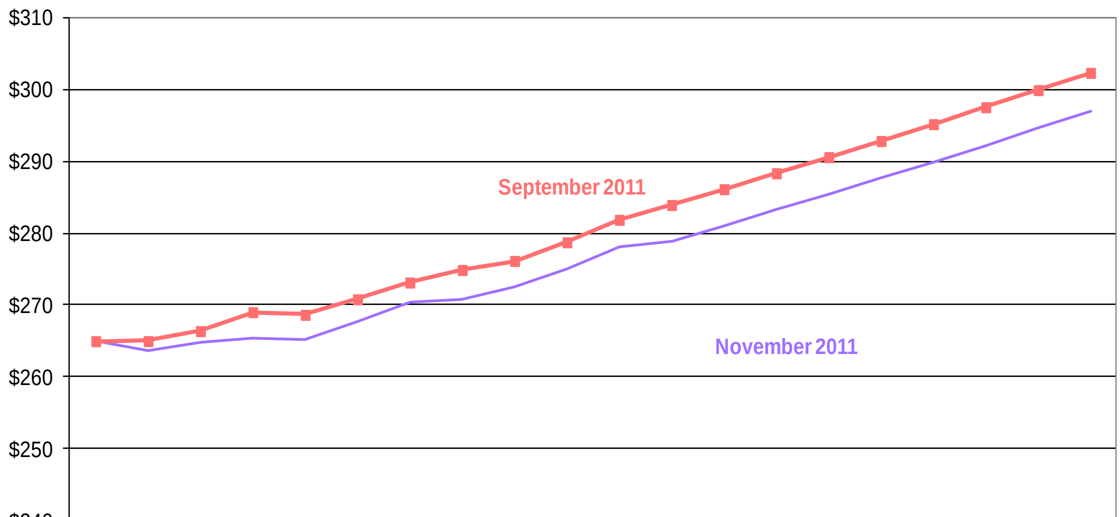
Figure 5 Annual Percentage Change (%) in Select Economic Variables
November 2011 forecast

Fiscal Year	WA Personal Income	Annual Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	WA non-farm Employ-ment	Nominal Consumer Sales on New Vehicles	WA Driver In-Migration
2010	-2.5	1.0	1.3	3.2	0.1	-4.0	10.0	-1.0
2011	3.1	1.0	1.8	17.8	0.4	0.5	10.5	19.9
2012	1.2	1.0	2.1	4.7	0.8	1.0	2.6	-9.9
2013	2.4	1.0	1.1	1.8	0.9	1.6	8.9	-1.6
2014	3.0	1.1	1.9	2.3	1.1	2.0	6.7	-1.5
2015	3.0	1.2	2.2	3.3	1.3	1.6	7.4	-1.0
2016	3.2	1.2	1.9	-0.4	1.5	1.6	13.1	-1.2
2017	3.2	1.2	1.8	-1.1	1.6	1.6	5.6	-1.0
2018	3.2	1.2	1.7	-3.9	1.7	1.6	0.01	-0.7
2019	3.2	1.1	1.8	-2.1	1.7	1.6	-0.2	-0.4
2020	3.2	1.1	1.7	-3.8	1.8	1.6	1.8	-0.3
2021	3.0	1.1	1.7	-0.7	1.9	1.5	0.3	-0.1
2022	3.0	1.0	1.8	5.2	1.9	1.1	2.8	-0.1
2023	3.0	1.0	1.7	0.3	2.2	1.1	2.9	-0.1
2024	3.0	1.0	1.8	1.2	2.2	1.1	2.7	-0.1
2025	3.0	1.1	1.8	1.4	2.2	1.1	2.5	0.2
2026	3.0	1.0	1.9	1.4	2.2	1.1	2.1	-0.03
2027	3.0	1.0	1.9	1.5	2.2	1.1	2.1	-0.02

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management, October 2011 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices price index goes negative beginning in FY 2017 but then turns positive again in the FY 2022. By FY 2026, the petroleum products price index annual growth rate reaches 1.9%.

U.S. Fuel Efficiency (MPG)
U.S. Fuel Efficiency variable for the November 2011 forecast has been modified to incorporate the new 2011 Obama administration fuel efficiency standards for passenger cars and light trucks in model year 2017 and beyond and also the modeling assumptions for the effective fuel economy rate has been changed in this latest Global Insight forecast. Overall, these changes to the fuel efficiency variable have reduced the overall fuel efficiency of the US fleet of vehicles due to the fact that the effective on-road miles per gallon was revised downward from the last projection and the difference grows over time. The on-highway fleet fuel efficiency variable in 2011 was 20.4 miles per gallon for the entire US fleet of light vehicles which is no change from the last forecast. In the current fiscal year, the September fuel efficiency for the US fleet is 20.7 miles per gallon and now it has been revised downward to 20.5 miles per gallon. In September, the vehicle on-highway fuel efficiency was projected to grow to 27.8 miles per gallon by FY 2027 but that has now been reduced to 26.6 miles per gallon. The current long-term forecast in fuel efficiency represents a 30% not 32% growth (prior forecast) between 2011 and 2027.

Figure 6 Comparison of Quarterly Washington Real Personal Income November vs September 2011
billions of dollars



	2011 Qtr 1	2011 Qtr 2	2011 Qtr 3	2011 Qtr 4	2012 Qtr 1	2012 Qtr 2	2012 Qtr 3	2012 Qtr 4	2013 Qtr 1	2013 Qtr 2	2013 Qtr 3	2013 Qtr 4	2014 Qtr 1	2014 Qtr 2	2014 Qtr 3	2014 Qtr 4	2015 Qtr 1	2015 Qtr 2	2015 Qtr 3	2015 Qtr 4
Nov-11	265	264	265	265	265	268	270	271	273	275	278	279	281	283	285	288	290	292	295	297
Sept-11	265	265	266	269	269	271	273	275	276	279	282	284	286	288	291	293	295	298	300	302

Source: Washington Economic and Revenue Forecast Council (October economic variables) and 2011 OFM long-term personal income forecast

WA Total Non-Farm Employment and Employment in the Trade, Transportation and Utilities Sectors
Washington total non-farm employment declined 4% year over year in FY 2010 and only grew 0.5% year over year in FY 2011. The recovery in the economy is expected to pick up in FY 2012 but not as fast as anticipated in September. In FY 2012 and FY 2013, this November forecast predicts year over year growth in non-ag. employment of 1% and 1.6% respectively instead of 1.4% and 2% from the September forecast. This reflects a slower than anticipated recovery in employment in the next two years. In FY 2014, the growth rate for employment is also anticipated to be 2%, slightly lower than the prior forecast of 2.3%. The economic growth in Washington employment in subsequent years is based on OFM's long-term employment projections and the growth rate slows in subsequent years. Beginning in FY 2015,

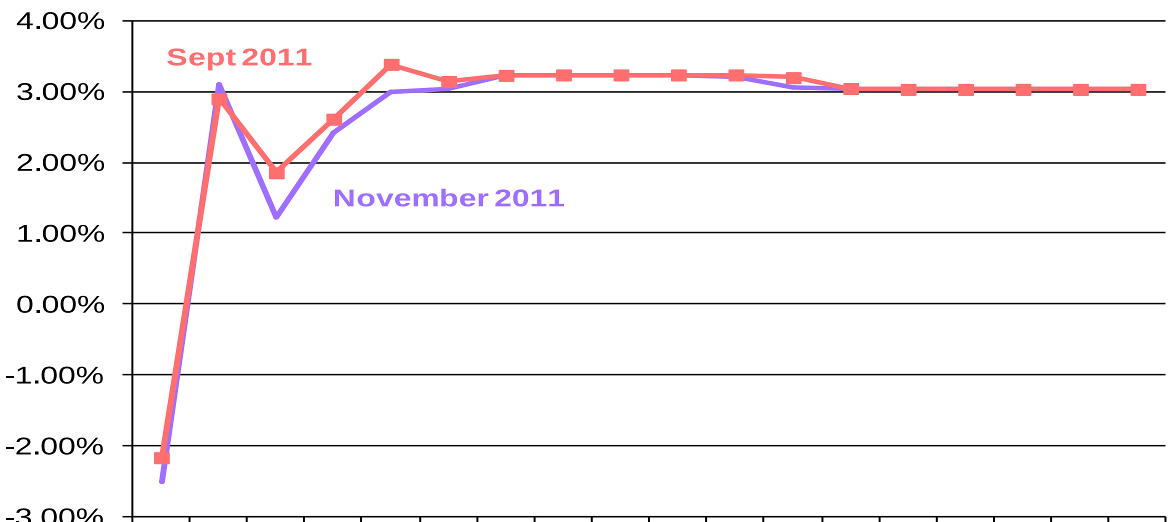
Washington employment is forecasted to grow at 1.6% which is the same as the September forecast. In subsequent years, this current forecast has the same growth rates for non-ag. employment than the last forecast due to using OFM long-term Washington non-ag. employment forecast. The projected growth rates continue to decline to as low as 1.1% by FY 2022.

Washington's employment in the trade, transportation and utilities sectors follows similar trends with the overall non-farm employment trends. In FY 2011, this industry grew by 0.9% as opposed to 1% anticipated in September. In the current fiscal year, the trade, transportation and utilities sectors are anticipated to grow slightly faster at 1.7% annually which is faster than the overall non-farm employment growth rate of 1% for that same year. In FY 2013, growth rates in this employment sector are also expected to pick up to 2.1% which is still lower than anticipated in September at 2.7%. Then, Washington employment growth rates in the trade, transportation and utilities sectors will still be positive but at a slower pace in FY 2014 to 2% and the growth rates continue to get slower to as low as 0.4% beginning in fiscal years 2017 through 2019. Then employment in the trade, transportation and utilities sector growth rates begin to grow a little faster from 0.6%-0.9%.

U.S. Consumer Spending on New Motor Vehicles

Consumer spending on new motor vehicles throughout the U.S. has declined significantly in recent years, -11% in FY 2009 and some recovery occurred with a 10% growth in FY 2010. Another year of recovery in auto sales existed in FY 2011 with 10.5% annual increase in sales. In FY 2012, the recovery for light vehicle sales continues weakly with a projected 2.6% growth rate, which is a lower projection than last forecast at 5.8%. In fiscal years 2013 and 2014, the consumer spending on new vehicles is anticipated to be up 8.9% and 6.7% respectively which is less optimistic than the last forecast in FY 2013 of 10.3% but more optimistic than the prior forecast in FY 2014 at 1.5% so in the current forecast the economic recovery is being pushed out to see more recovery in FY 2014 than previously anticipated. By FY 2015, consumer spending is projected to be higher again at 7.4% annual growth but this November forecast does not predict the big spike in consumer spending again to 11% like previously forecasted in September.

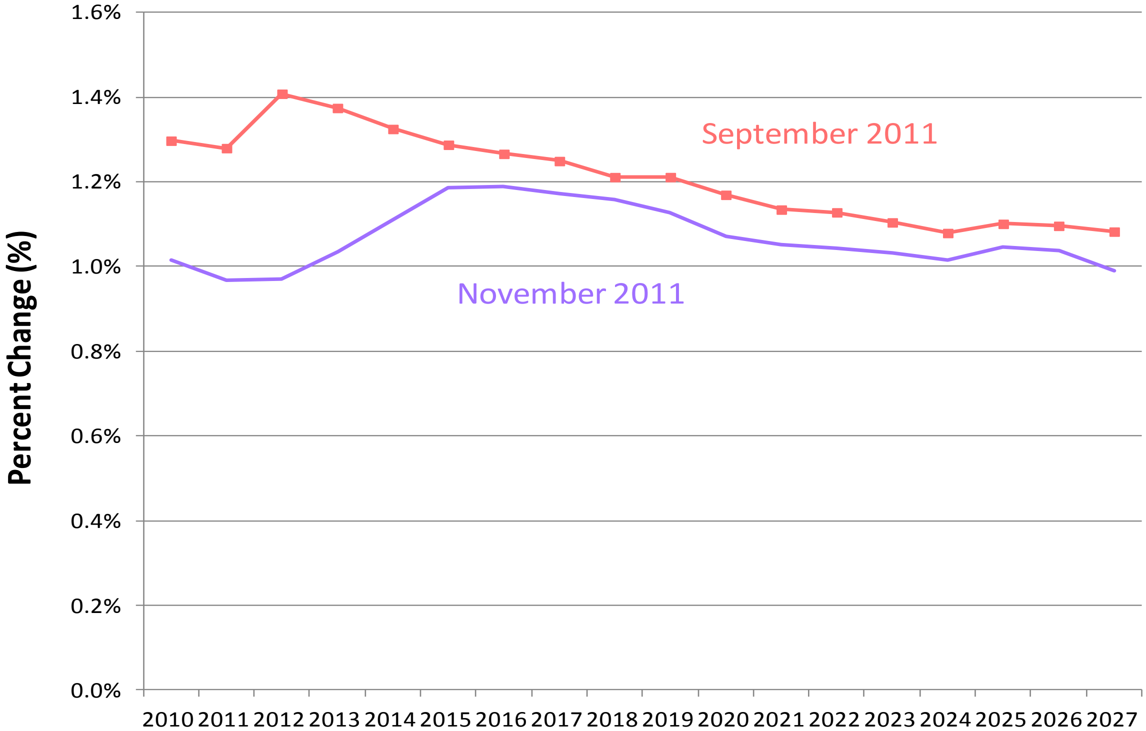
Figure 7 Forecast Comparison of Annual Growth Rates for Washington Real Personal Income November vs. September 2011



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1-Nov	-2.5	3.1%	1.2%	2.4%	3.0%	3.0%	3.2%	3.2%	3.2%	3.2%	3.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Sept-11	-2.2	2.9%	1.9%	2.6%	3.4%	3.1%	3.2%	3.2%	3.2%	3.2%	3.2%	3.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

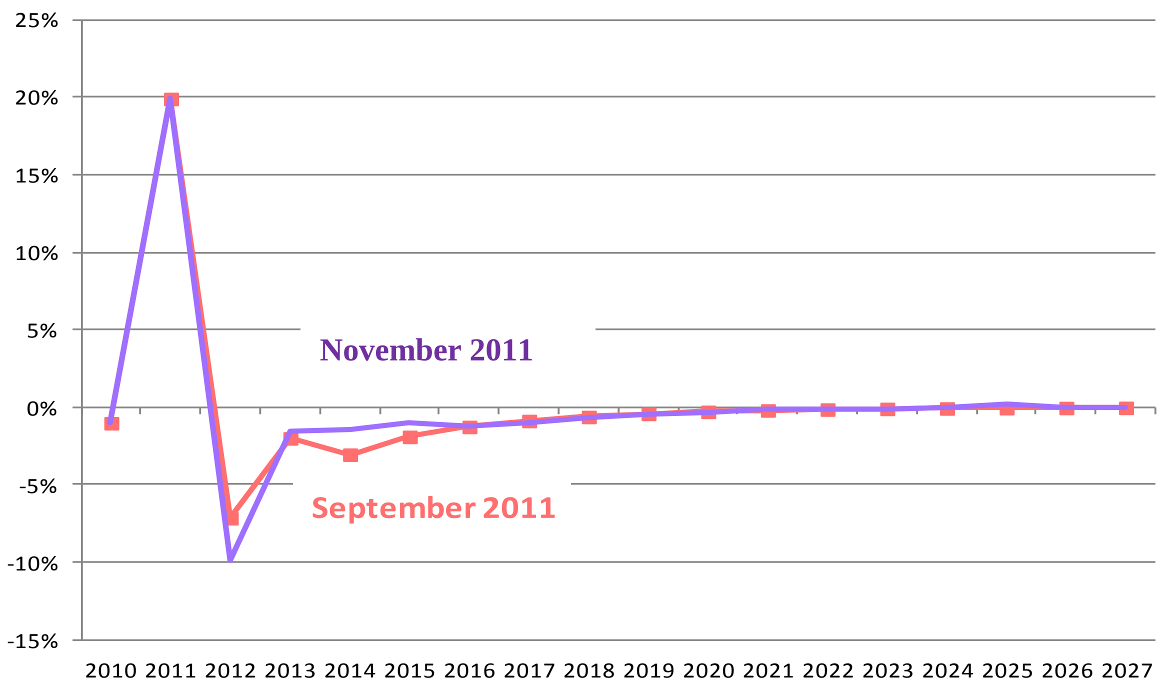
Source: Washington Economic and Revenue Forecast Council (October economic variables) and 2011 OFM long-term personal income growth rates

Figure 8 Forecast Comparison of 2010 and 2011 Annual Growth Rates for Driver Aged Population – November vs. September 2011



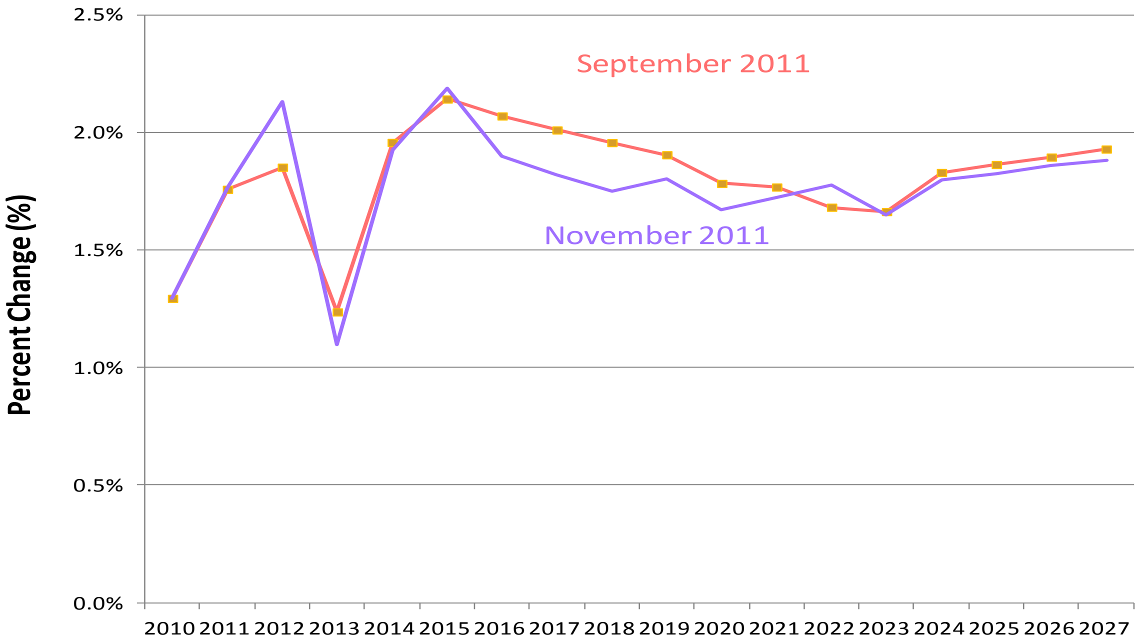
Source: Washington Office of Financial Management 2010 and preliminary 2011

Figure 9 Forecast Comparison of 2009 and 2010 Annual Growth Rates for Driver In Population – November vs. September 2011



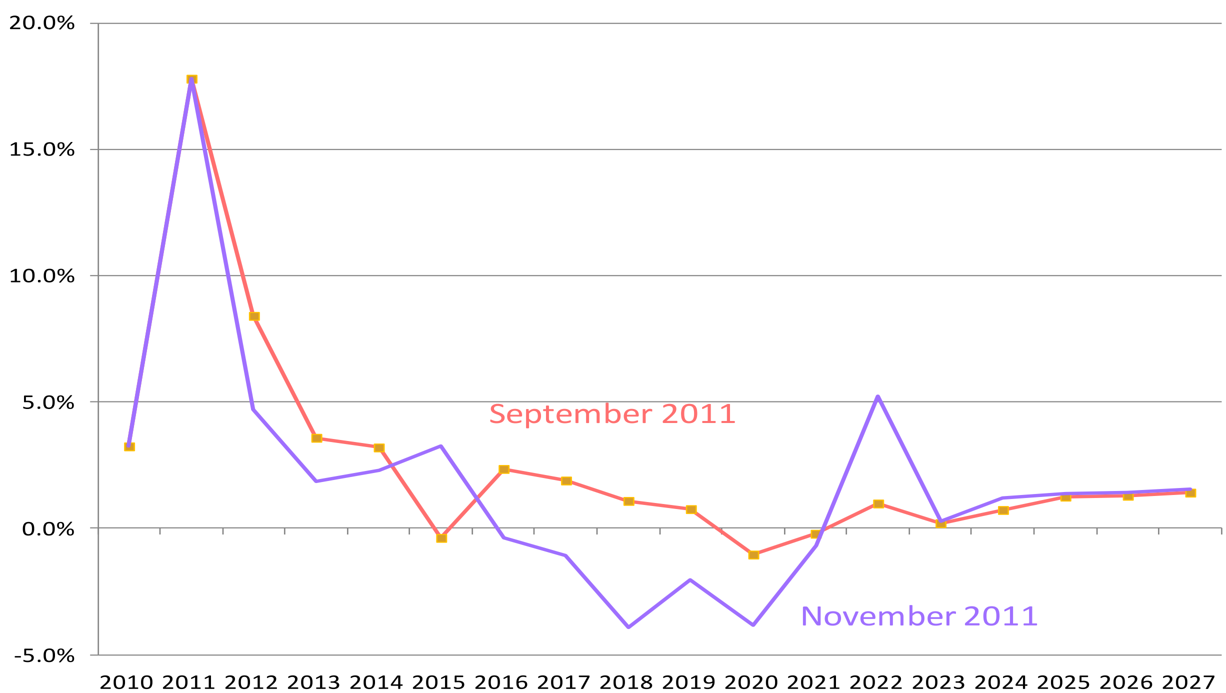
Source: Washington Office of Financial Management

Figure 10 Inflation Forecast Comparison – Annual Percent Change in U.S. Implicit Price Deflator for Personal Consumption November vs. September 2011



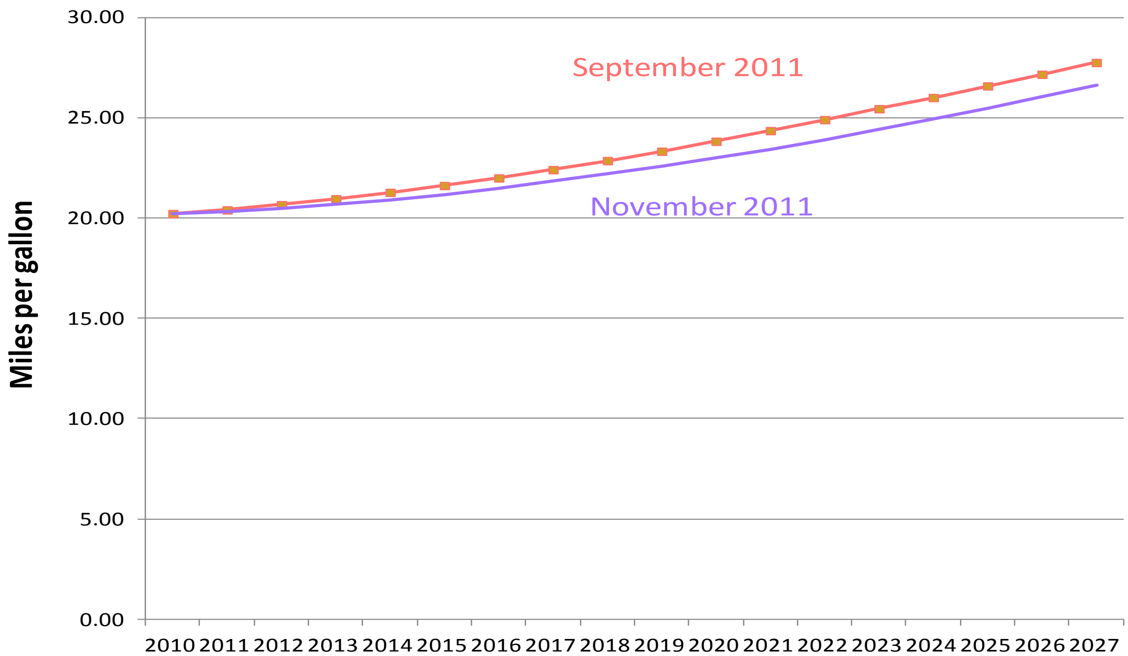
Source: Washington Economic and Revenue Forecast Council and October 2011 Global Insight forecast

Figure 11 Global Insight Oil/Gas Price Index Forecasts: Growth Rate Comparison November vs. September 2011



Source: October 2011 Global Insight forecast

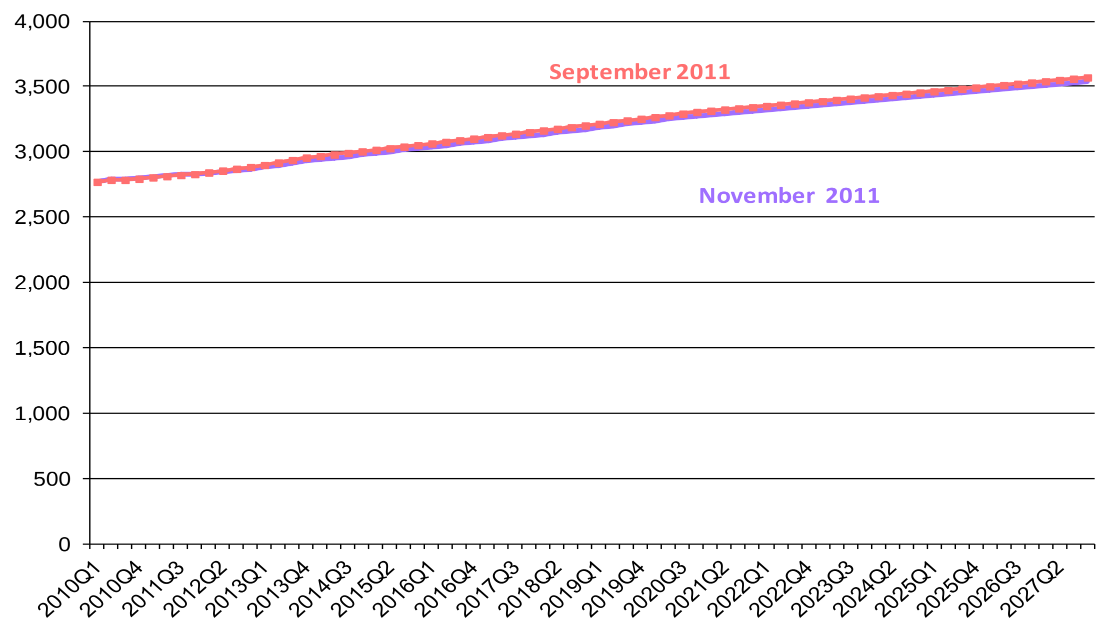
Figure 12 US Average Fuel Efficiency: November vs. September 2011



Source: October 2011 GIobal Insight US average fuel efficiency

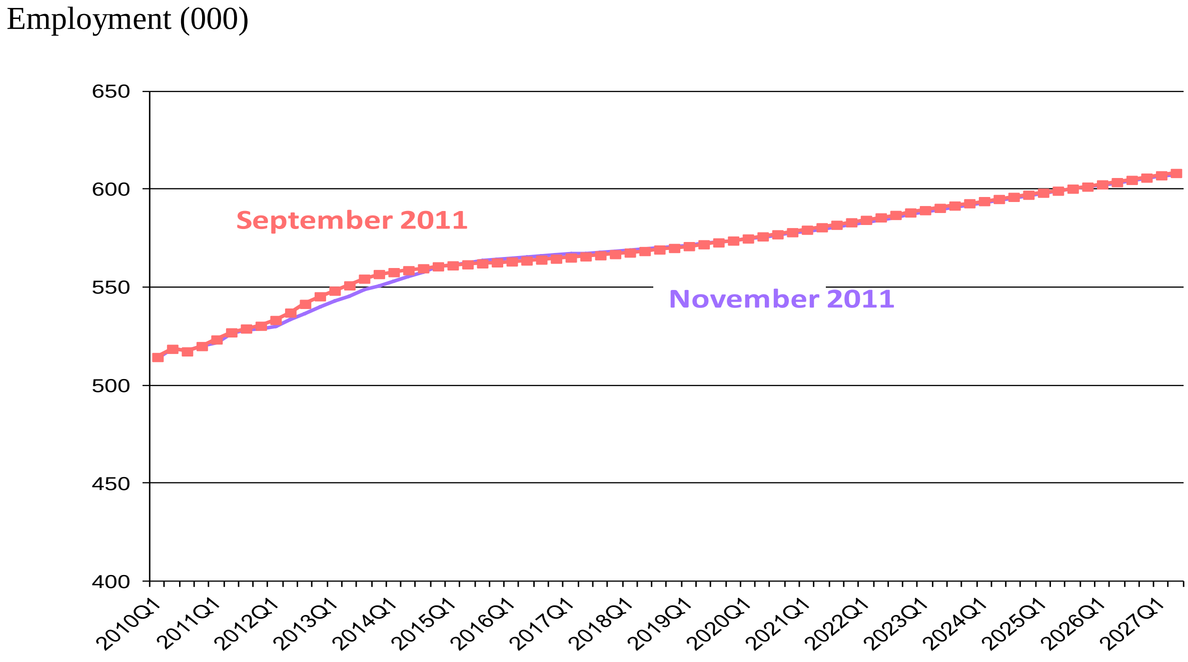
Figure 13 Washington Nonfarm Payroll Employment Forecasts: November vs. September 2011

Employment (000)



Source: October 2011 ERFC and OFM/ESD long-term non-ag. employment forecast

Figure 14 Washington Nonfarm Payroll Employment – Trade, Transportation and Utilities Sectors (TTU)   Forecasts: November vs. September 2011



Source: October 2011 ERFC and OFM/ESD long-term Washington TTU employment forecast

Motor Fuel Price Forecast

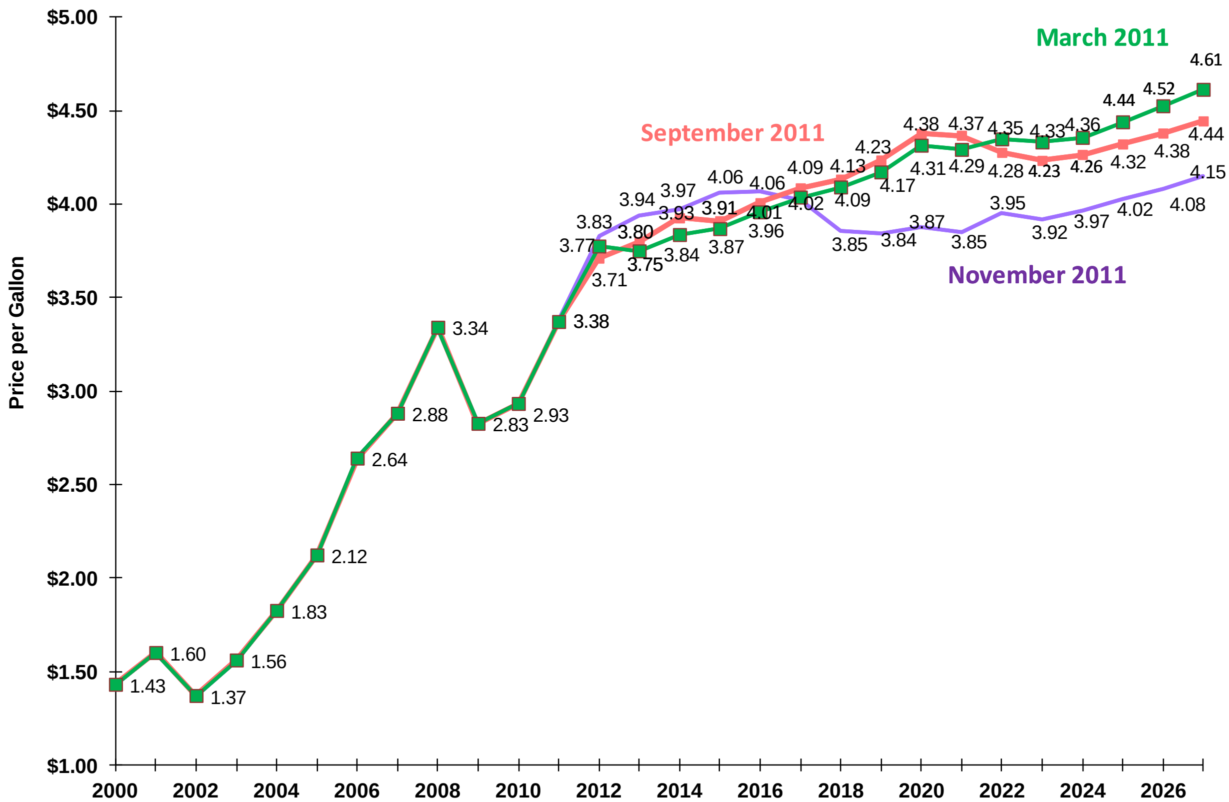
Washington's transportation revenues are affected by fuel prices. In particular, gasoline tax collections are negatively related with the price of gasoline. In addition, the Washington State Department of Transportation budget is heavily impacted by changes in fuel prices. Therefore, projections of fuel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

The November 2011 forecast for crude oil prices is down from the last forecast. In addition, the current gas and diesel price forecasts are up from the September forecast in the near-term through FY 2017 and then the price forecast outlook starts to decline from March and September projections.

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 (thorough calendar year 2012), the fuel price forecasts are based on the Energy Information Agency (EIA) projections. In the long-term beyond calendar year 2012, the fuel price projections are based on Global Insight's national gas price forecast for the Washington gas price forecast and the producer price index (PPI) for refined petroleum products projections for the various diesel price forecasts from November 2011 forecast.

Figure 15 Forecast of Washington Retail Gasoline Prices, Regular
November vs. September vs. March 2011 forecasts



U.S. crude oil price trend

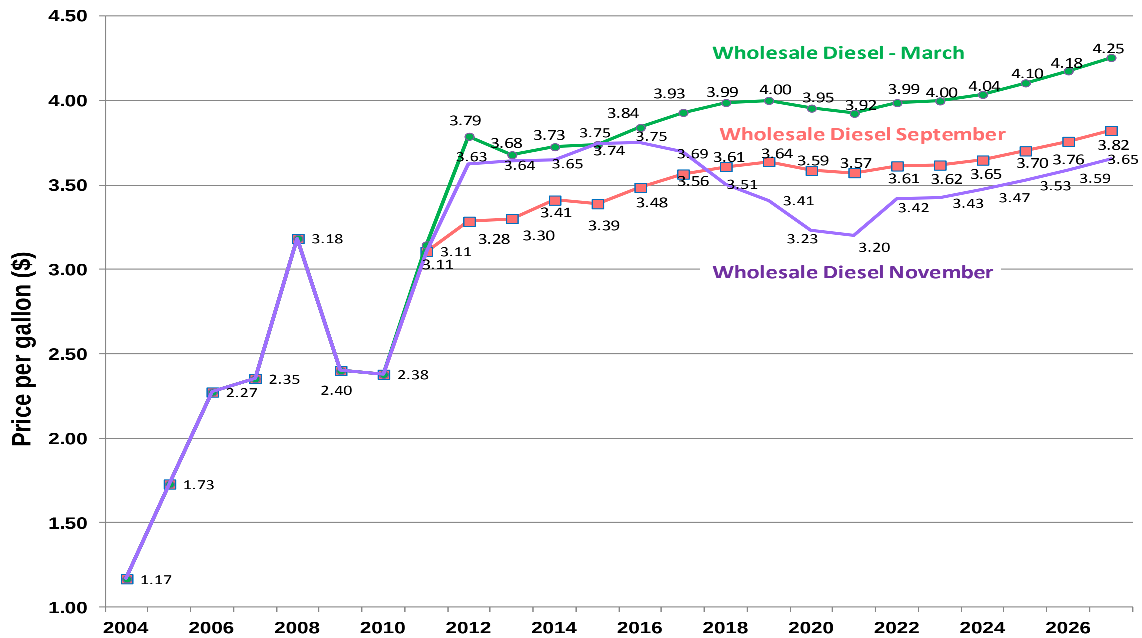
U.S. crude oil prices of West Texas Intermediate Crude (WTI) were $75.2 per barrel on average in FY 2010. Crude oil prices on average in fiscal year 2011 rose to $89.24 per barrel representing a 19% increase in crude oil prices over fiscal year 2010. In fiscal year 2012, crude oil prices are expected to average $90.12 per barrel which is 1% higher than last year's average price. In the long-term, quarterly crude oil prices are expected to hit the $100 per barrel mark beginning first quarter of 2013 which is the same time as predicted in the September forecast. Starting in FY 2013, annual WTI crude oil prices are projected to be slightly above $100 per barrel and continue between $100 and $112 per barrel until FY 2019 when crude oil prices fall slightly below $100 per barrel. Beginning in FY 2024, crude oil prices rise again above $100 per barrel and remain there for the remainder of the forecast horizon. The slight drop in crude oil prices in this forecast versus prior forecasts is the addition of assumptions about new oil supplies from shale reserves which is projected to have a dampening price impact.

Washington retail price of gasoline trend

Washington retail price of gasoline is projected to be higher in the near-term than the September forecast and then eventually the price forecast falls below the prior forecasts. In recent months, projections of retail gas prices have understated recent increases. In prior forecasts, Washington retail gas price has not been projected to fall below $4.00 per gallon in the future but this current forecast has prices declining below $4.00 per gallon beginning in FY 2018 and prices do not reach $4.00 per gallon again until FY 2025. This current forecast reflects the increased supply of oil predicted in the long-term but also recognizes that gas prices have been higher than prior projections in recent months so near-term projections are raised.

Washington retail gas prices on average were $2.93 per gallon in FY 2010 and they rose to $3.38 per gallon in FY 2011. In FY 2012, Washington average retail gas price is currently projected to rise again to $3.83 per gallon or roughly 13% and this current projection is higher than the average price of $3.71 per gallon forecasted in September. In FY 2013, Washington average retail gas price is currently projected to raise $0.11 to $3.94 per gallon which is 3.7% higher than the average price of $3.80 per gallon forecasted in September. After FY 2017, in subsequent years, the November forecast is always lower than the September and March forecasts as shown in Figure 15.

Figure 16 Washington Wholesale Diesel Prices, November, September vs. March 2011 forecasts



Washington retail price of diesel trend

Washington's retail price of diesel was on average $3.02 in FY 2010 and it increased 23% to $3.71 per gallon in FY 2011. In FY 2012, the September forecast for diesel prices is anticipated to be $4.10 per gallon or 0.5% higher than $4.08 per gallon anticipated in the last forecast. The price differential between retail gas and diesel was just 9 cents on average in FY 2010 but it grew to 33 cents on average in FY 2011. Over time, the price differential between retail gas and diesel is expected to diminish until by FY 2020 when gas prices are expected to be higher than retail diesel prices. This retail gas and diesel price differential is expected to continue but decline over time. By FY 2019, gas prices are expected to be higher than retail diesel prices and this differential continues for the remainder of the forecast horizon.

Washington wholesale price of WSF diesel fuel trend

The trend in Washington's wholesale price of diesel is similar to the trend of the retail price of diesel as seen in Figure 16. Washington's wholesale price of diesel is the diesel cost to Washington State Ferries, and on average it was $2.38 per gallon in FY 2010. In FY 2011, the wholesale price of diesel rose to $3.11 per gallon. Wholesale diesel prices are projected to increase further to $3.63 per gallon in FY 2012 and $3.64 per gallon in FY 2013 which are both higher projections than in September. Even though these current projections are above the September forecast, they are now close to the March 2011 fuel price forecast in the near-term. In the long-term, the November forecast of wholesale diesel prices falls well below previous forecasts. Future wholesale diesel price projections fall as low as $3.20 per gallon by FY 2021.

Biodiesel price trend

The forecast of the retail price of biodiesel is based on surveys found in the quarterly EIA Clean Cities Alternative Fuel Price Reports, as well as OPIS biodiesel prices for Tacoma, Washington. The Washington biodiesel price forecast is for B100. According to the latest survey in October 2011, the West biodiesel price B100 was 3% less than the reported West coast regular diesel price. In examining the price differential between biodiesel and regular diesel over a longer time period, an average retail diesel and gas price differential of roughly 15% was determined. To begin the B100 biodiesel forecast, the forecast incorporates actual Washington state biodiesel prices (Tacoma, Washington) reported by OPIS for Washington state General Administration. The actual biodiesel B100 prices have been significantly higher and remained higher for the past few months. This November biodiesel price forecast is higher than in September with the current estimate FY 2012 being $6.18 versus $6.07 per gallon from the September forecast. In FY 2013, the B100 biodiesel price is expected to remain high at $5.96 per gallon.

Figure 17 Near-term Quarterly Fuel Prices
November 2011 forecast

Fiscal Year Quarter	Crude Oil Price ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)	Wholesale Diesel Price ($/gal)	Biodiesel Price with tax ($/gal)	Biodiesel Price Ex tax ($/gal)
2010: Q3	76.12	3.05	3.24	2.59	4.83	4.21
2010: Q4	85.10	3.10	3.48	2.85	5.23	4.61
2011: Q1	93.50	3.44	3.78	3.29	5.37	4.75
2011: Q2	102.23	3.93	4.32	3.70	5.84	5.22
FY 2011	89.24	3.38	3.71	3.11	5.32	4.70
2011: Q3	89.72	3.83	4.11	3.50	6.22	5.60
2011: Q4	89.77	3.80	4.14	3.71	6.32	5.70
2012: Q1	90.00	3.77	4.03	3.62	6.09	5.47
2012: Q2	91.00	3.90	4.10	3.68	6.09	5.47
FY 2012	90.12	3.83	4.10	3.63	6.18	5.56
2012: Q3	91.50	3.89	4.07	3.65	6.03	5.41
2012: Q4	92.00	3.76	4.00	3.58	5.88	5.26
2013: Q1	109.25	3.81	4.09	3.66	5.97	5.35
2013: Q2	110.21	4.29	4.11	3.68	5.96	5.35
FY 2013	100.74	3.94	4.07	3.64	5.96	5.34

Figure 18 Near- and Long-term Annual Fuel Price
November 2011 forecast

Fiscal Year	Crude Oil Prices ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)	Wholesale Diesel Price ($/gal)	Biodiesel Price with tax ($/gal)	Biodiesel Price Ex tax ($/gal)
2008	97.03	3.34	3.76	2.90	3.80	3.18
2009	69.69	2.83	3.21	2.40	4.68	4.06
2010	75.20	2.93	3.02	2.38	3.99	3.37
2011	89.24	3.38	3.71	3.11	5.32	4.70
2012	90.12	3.83	4.10	3.63	6.18	5.56
2013	100.74	3.94	4.07	3.64	5.96	5.34
2014	103.70	3.97	4.07	3.65	5.79	5.17
2015	110.17	4.06	4.18	3.75	5.92	5.30
2016	112.14	4.06	4.18	3.75	5.75	5.13
2017	110.08	4.02	4.12	3.69	5.59	4.97
2018	103.42	3.85	3.91	3.51	5.25	4.63
2019	99.86	3.84	3.80	3.41	5.05	4.43
2020	93.69	3.87	3.61	3.23	4.78	4.16
2021	92.47	3.85	3.57	3.20	4.73	4.11
2022	99.79	3.95	3.81	3.42	5.00	4.38
2023	99.22	3.92	3.82	3.43	5.01	4.40
2024	100.05	3.97	3.88	3.47	5.08	4.47
2025	101.61	4.02	3.94	3.53	5.14	4.52
2026	103.22	4.08	4.00	3.59	5.19	4.57
2027	104.88	4.15	4.08	3.65	5.20	4.58

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

In November 2011, the West Texas Intermediate (WTI) crude oil price forecasts for FY 2012 differed minimally by approximately 1.3% on average; $89.6 - $94.5 per barrel. The five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics and Moody's Economy.com, had forecasts with crude oil price forecasts which averaged $91 per barrel for FY 2012. WSDOT uses the Energy Information Administration (EIA) forecasts in the near-term thru calendar year 2012 and then uses the growth rates from Global Insight forecasts for subsequent years for the baseline fuel price projections. The projected price forecasts for crude oil in FY 2013, ranged from $93 per barrel from NYMEX to $104 per barrel by Global Insight and the average being $99 per barrel. The average forecast for WTI crude oil in FY 2014, ranged from $92 per barrel by NYMEX to $103.7 per barrel by Global Insight with the average being $101 per barrel. Figure 19 reveals that NYMEX oil prices were by far consistently the lowest prices or most conservative estimates and projections by Global Insight were the highest for FY 2013 and 2014 where Economy.com had the highest price forecast for FY 2012.

Figure 19 Near-term Annual Crude Oil Price Forecasts – 5 Different Forecast Comparisons November 2011 forecast

Dollars per barrel

Fiscal Year	WSDOT (EIA)	NYMEX	Global Insight	Economy.com	Consensus Economics	5 Entity Avg	% Diff Lowest	% Diff Highest	% Diff Average
2012	$90.12	$92.34	$89.58	$94.45	$89.94	$91.29	-0.61%	4.80%	1.29%
2013	$100.74	$93.02	$104.02	$101.82	$97.26	$99.37	-7.67%	3.26%	-1.36%
2014	$103.70	$92.21	$103.70	$103.47	$101.80	$100.98	-11.08%	0.00%	-2.63%

WSDOT applies the five forecast entity average adjustment to the baseline November 2011 retail gasoline, diesel and wholesale diesel prices. These fuel prices listed in Figure 20 will be used to estimate the future costs to the agency's budget for gas and diesel fuel. The November FY 2012 forecast for adjusted gas prices is $3.86 per gallon which is an increase from the prior forecast of 1% and retail diesel prices are projected at $4.14 per gallon or 1.8% lower than the last forecast at $4.21 per gallon and wholesale diesel prices are anticipated to average $3.66 per gallon or 7.9% more than anticipated in September. In FY 2013, retail gas prices are estimated to be $3.88 per gallon or nearly no change from September; retail diesel prices are projected at $4 per gallon or -4.6% lower than the last forecast at $4.20 per gallon and wholesale diesel prices are estimated to be $3.59 per gallon or 6.6% higher than the prior forecast projection of $3.37 per gallon.

Figure 20 Near-term Average Adjusted Quarterly Fuel Prices Used for Budgeting Purposes November 2011 forecast and Percent Change from Prior Forecast

Fiscal Year Quarter	Adjusted WA Retail Gasoline Price ($/gal)	Adjusted WA Retail Diesel Price ($/gal)	Adjusted Wholesale Diesel Price ($/gal)	% Chg Prior Forecast Retail Gas Price	% Chg Prior Forecast Retail Diesel Price	% Chg Prior Forecast Wholesale Diesel Price
2011: Q3	3.83	4.11	3.50	-2.29%	-3.15%	1.08%
2011: Q4	3.85	4.19	3.76	2.27%	0.28%	12.11%
2012: Q1	3.82	4.09	3.66	1.46%	-2.07%	9.48%
2012: Q2	3.95	4.16	3.73	1.95%	-2.27%	9.25%
FY 2012	**3.86**	**4.14**	**3.66**	**0.83%**	**-1.81%**	**7.93%**
2012: Q3	3.84	4.02	3.60	0.13%	-4.48%	6.78%
2012: Q4	3.71	3.94	3.53	-0.55%	-5.48%	5.66%
2013: Q1	3.76	4.03	3.61	0.77%	-3.85%	7.49%
2013: Q2	4.23	4.05	3.63	0.06%	-4.66%	6.58%
FY 2013	**3.88**	**4.01**	**3.59**	**0.10%**	**-4.62%**	**6.63%**

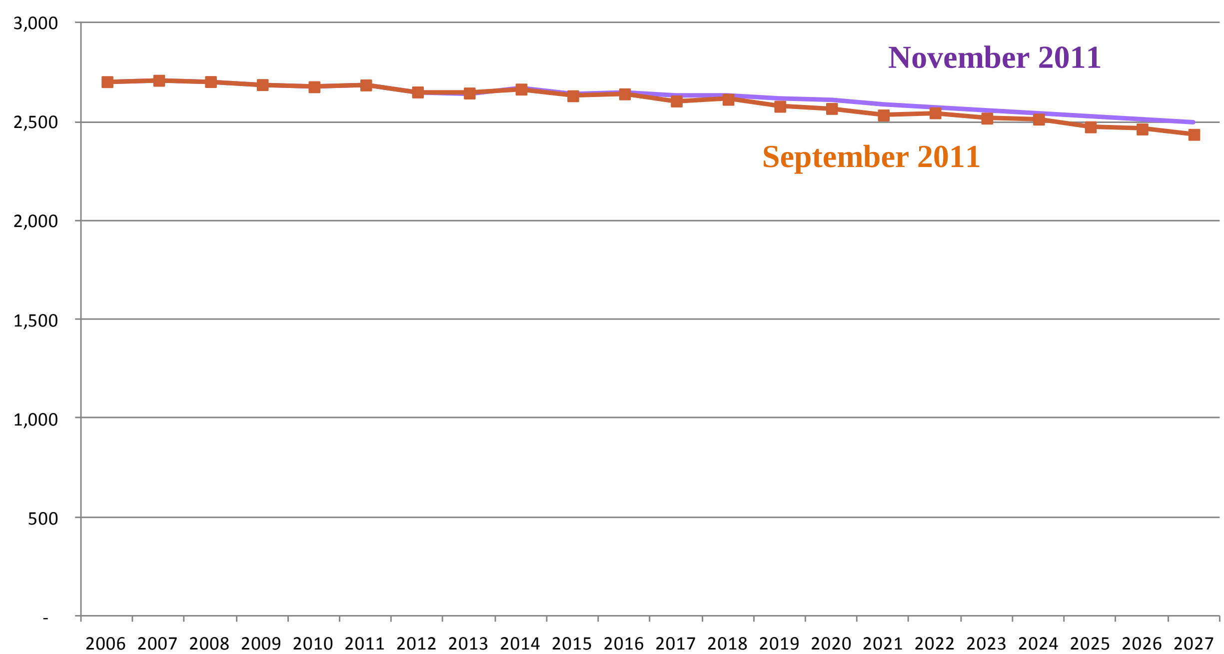
Motor Vehicle Fuel Tax Forecast

The November 2011 gross motor vehicle fuel tax was $2.489 billion for the 2009-11 biennium which is a slight increase of 0.1% from the 2007-09 biennium. Since the September 2011 forecast, gas tax collections came in above forecast in September by $2 million and in October collections were $1.2 million ahead of projections as well so collectively for both months: gas tax collections were above last quarter's projections by $3.3 million or1.9% for those two months. Diesel tax collections came in under the last forecast for both months. September diesel tax collections were down $0.5 million and October tax collections were also down by $1.3 million. Overall for both months combined, the actual diesel fuel tax collections came in below forecast by $1.8 million or -3.9% of monthly projections. All motor fuel tax collections came in $1.5 million or 0.7% above forecast for the past two months combined.

Total motor fuel tax revenue projections are $2.514 billion which is 1% higher than in the 2009-11 biennium. Gross motor fuel tax revenues for the 2011–13 biennium are projected to be approximately $2.514 billion or $6.3 million below (0.25%) from the prior forecast. The overall increase in motor fuel tax revenue for the 10-year period ending in 2019-21 biennium is 0.4% or $45.8 million compared to the September 2011 revenue forecast. The primary reason for the minor increase in fuel tax revenues from the last forecast is lower fuel prices and fuel efficiency which grows gas consumption projections.

Trends in gasoline consumption and tax revenue
Gasoline consumption was 2,678 million gallons for FY 2010 which was a decrease of 0.4% over the FY 2009 consumption level. For FY 2011, gasoline consumption was 2,687 million gallons which is an annual increase of 0.3%. In FY 2012, gasoline consumption is projected to be down 1.3% from consumption in FY 2011, which is no change in the growth rate from the September forecast. Figure 21 shows the forecast to forecast comparison of projected gasoline gallons consumed. In FY 2013, gasoline consumption is projected to be slightly down, -0.2%, from the last forecast. Throughout the remainder of the forecast horizon, gas consumption is anticipated to be up in November than in September due to forecasts of key economic variables like fuel efficiency and fuel prices being lower thus adding growth to gas consumption in the long-term. The year over year percentage change in gasoline consumption in the

Figure 21 Gasoline Motor Fuel Consumption Comparison
November vs. September forecast
millions of gallons



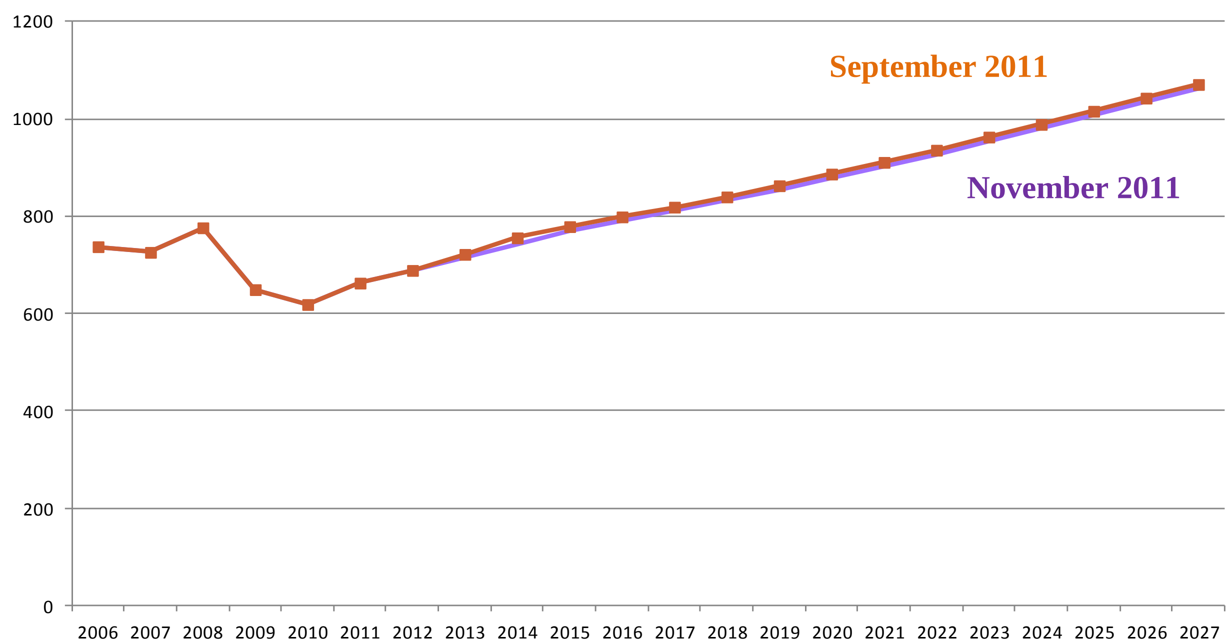
November 2011 forecast has the same shape as the previous forecasts, but a somewhat smoother, gradual decline. The overall trend in this forecast is a slightly smaller gradual decline than in previous forecasts.

In the current biennium, gas tax revenue is projected to be $1,987 million which is a slight revision downward of $1.82 million or (0.09%) from the last forecast. By the 2013-15 biennium, the gas tax revenue rises slightly to $1,992 million and was up $5.75 million (0.3%) from the prior forecast. This biennia increase from the prior forecast continues to grow to as much as 2.25% or $41.3 million by the 2025-27 biennium. Overall, the fuel tax revenue forecast is up approximately $ 45.8 million or 0.4% over the September forecast for the 10 year forecast horizon and $ 120 million over the 16 year forecast period beginning in FY 2012 and ending in FY 2027. The primary reason for the higher projections in fuel tax collections is due to lower fuel prices in the long-term and fuel efficiency.

Trends in diesel consumption and tax revenue

Fiscal year 2009 diesel consumption was 650 million gallons which represented a year over year decline of 16.4%. In FY 2010, diesel consumption was 619 million gallons which was also a 4.8% decrease over the prior year diesel consumption level. In FY 2011, diesel consumption was 663 million gallons which is a year over year increase of 7.2%. In FY 2012, diesel consumption is projected to be 687 million which is an annual year over year increase of 3.6% and 0.3% revision downward from the September forecast of 689 million. In FY 2013 and 2014, the annual growth rates of diesel consumption are projected at 4% each year which is down 1.1% and 1.9% from September projections. This downward revision in the diesel consumption forecast is due to lower diesel tax collections than projected in recent months and weaker forecasts of key economic variables. Diesel consumption is not expected to exceed its high 2008 consumption level of 777 million gallons until FY 2016. Over the forecast horizon, diesel consumption is expected to grow annually on average by approximately 2.9%.

Figure 22 Diesel Fuel Consumption Forecast Comparison
November vs. September 2011



Diesel tax collections are projected at $527.7 million and down $4.5 million (0.9%) over the September forecast for the 2011-13 biennium. This was the result of tax collections coming in lower than projected for the past two months: September and October. Diesel tax revenue is projected to be $568.5 million in the 2013-15 biennium which is lower by $8.8 million over the prior forecast. In the 2015-17 biennium, diesel tax revenue is expected to be $603 million which is less than the last forecast by $5 million. In the 2017-19 biennium, diesel tax revenue is expected to be $634.8 million which is lower than the last forecast by $5.4 million or 0.9%. In the subsequent biennia, the decrease in diesel tax collections from the prior forecast increases to as high as $7 million or -1% from the prior forecast in 2021-23 biennium. By the 2025-27 biennium, diesel tax collections are projected to be below the September forecast by $6.9 million or 0.9%. The major reasons for the diesel consumption and revenue changes in November are due to lower actuals and weaker projections for Washington personal income and Washington trade, transportation and utilities sector employment in the long term.

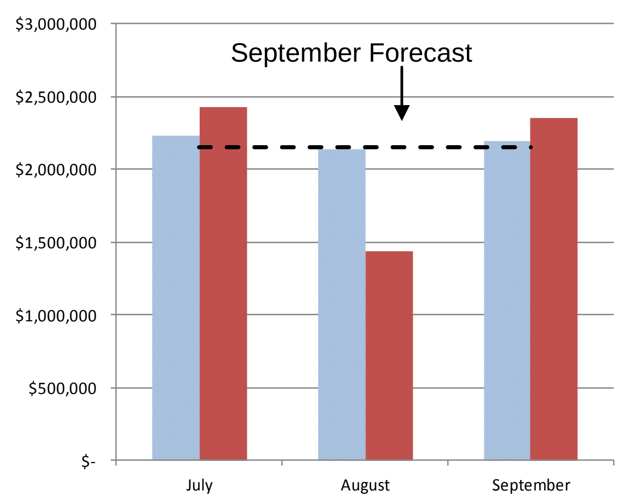
Motor fuel tax refunds

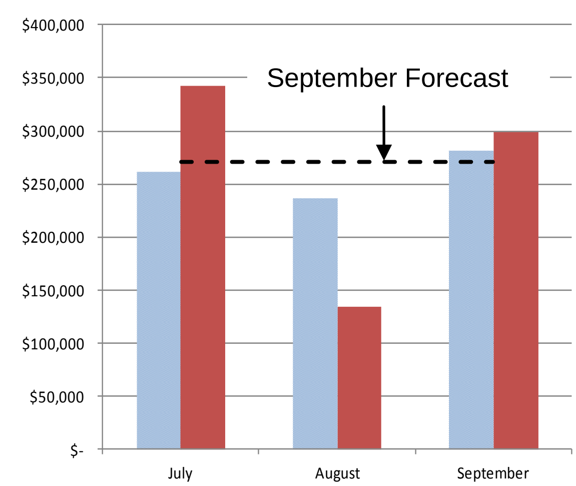
Non-highway and tribal refunds for gasoline and diesel fuel are accounted for in the motor fuel tax forecast. These refunds reduce net motor fuel tax distributions. The current biennium forecast of non-highway gas funds are projected to be $9.9 million which is only a small modification from the September forecast by $9,900. The special fuel tax non-highway refunds are forecasted to be $41.4 million which is a upward revision of $9.6 million or 30% from the prior forecast in the 2011-13 biennium. The reason for the upward revision in non-highway diesel refunds is due to having a large month of refunds in September due to a large refund amount of exported fuel which is also captured in this refund amount. Beyond the current biennium, gasoline non-highway refunds are expected to be down at the same rate as the gross gas tax revenue. In the 2013-15 biennium, non highway refunds are projected to be $36.8 million and up $15 million from the prior forecast due to an error in the September forecast. In the 2015-17 biennium, the special fuel non-highway refunds are also projected to be up $39 million and up $2.7 million (7%) from the last forecast. This same percent change continues for the remainder of the forecast.

The 2009-11 biennium gas tribal refunds were $41 million which was based on month of distribution. In the 2011-13 biennium, gasoline tribal tax refunds are projected at $53.8 million which is the same as the September forecast. Subsequent biennia projections are also up year over year but at the same as the prior forecast because the tribal fuel tax refunds are tracking well with forecasts. The special fuel tax tribal refunds were $3.9 million in the 2009-11 biennium. For the 2011-13 biennia, special fuel tribal tax refunds are projected to be $6.8 million which is the same forecast as in September. Figure 23 reveals the monthly tribal fuel tax refunds since the beginning of FY 2012 as compared to last year's monthly refunds and the monthly forecast in September. This figure reveals that the monthly actual tribal refunds have been tracking the September forecast well.

Figure 23 Gas and Diesel Tribal Fuel Tax Refunds ($) Monthly for FY 2011 & 2012 With September Monthly Forecast for FY 2012

Monthly Gas Tribal Refunds (July – September 2011) Monthly Diesel Tribal Refunds (July – September)





Blue striped bar is 2011 actuals; Red solid bar is 2010 actuals

Primary reasons for the forecast changes

- Total fuel tax collections have come in close to forecast for the past two months. Gas tax collections have come in above forecast by$ 3.3 million but diesel tax collections have come under forecast for the past two months by $ 1.8 million so overall, fuel tax collections came in above the September projections by $ 1.5 million.
- In the near-term, the November retail gasoline prices are up from the last forecast which brings down the forecast in the near-term but in the long-term, the current fuel prices are lower and this is expansionary of fuel consumption. Fuel efficiency is also lower than the last projection which also encourages higher gas consumption in the future.
- Washington's real personal income growth rates in this November forecast are down from the September 2011 forecast projections due to changes in the Office of Forecast Council and national income revisions downward. The lower Washington personal income projection reduced the diesel consumption projections.
- Washington's non-farm and trade, transportation and utilities employment projections have been reduced in the near-term the most and after FY 2015, the change in the trade, transportation and utilities employment projections are only slightly lower than the last forecast. This change brings down the diesel consumption projections from prior projections.
- Overall, in the current biennium, fuel tax revenues are down $6 million or -0.24% and down $3.4 million (-0.13%) in the next biennium and the motor vehicle fuel tax revenue diminishes and by the next biennium, gross fuel tax revenue is up $7.4 million over the last forecast.
- Future fuel tax tribal refund projections have not been changed since the forecast in September. Diesel non-highway refunds have been revised upward to reflect higher refunds than projected in September.

Figure 24 Short-term Motor Fuel Tax Forecast – By Month of Collection
November 2011 forecast
millions of dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Gasoline Taxes	**$995.6**	**$991.2**	**$1,986.8**	**$1,000.6**	**$991.0**	**$1,991.6**
Special Fuel Taxes	**259.1**	**268.6**	**527.7**	**279.2**	**289.3**	**568.5**
Total Fuel Revenue	**$1,254.7**	**$1,259.8**	**$2,514.5**	**$1,279.8**	**$1,280.3**	**$2,560.1**
% Change from Prior Fcst	-0.09%	-0.40%	**-0.25%**	-0.24%	0.0%	**-0.12%**

Motor Vehicle Revenue (Licenses, Permits, and Fees)

Vehicle related forecasts fall into two main categories: motor vehicle registrations and license plate related fees. This forecast has a variety of small fees but the majority of the revenue is from registration based fees. There are four main economic drivers for the vehicle licenses, permits and fees (LPFs) forecast: Washington population and net migration, Washington personal income, Washington - U.S. real income share and U.S. sales of light vehicles. Washington State collected almost $873 million from vehicle licenses, permits, and fees (LPFs) in the 2009-11 biennium. This appears to be the low point for this revenue source and revenues will be picking up, biennium over biennium. The forecast for revenue from licenses, permits, and fees in the 2011-2013 biennium is projected at $900 million, which is substantially higher than the previous biennium.

The forecast to forecast comparison is a different story. In the November forecast, LPFs are down $4.8 (-0.53%) from the September estimate of $905 million. There are several reasons for these changes. Actual vehicle registrations are down over the forecast horizon due to lower forecasted personal income in the short run and lower population and population growth in the long run. Decreased vehicle registrations are the major reasons for decreased revenue

Trends in vehicle registrations

This forecast, as well as the previous six forecasts, assumes a U-shaped recovery from the 2009-2010 recession for cars. By 2011, passenger car registrations returned to and exceeded the previous high water mark established in 2008. However, registrations for 2012 are still lagging, so registrations will be flat from 2011 to 2012. The recession was deeper and sharper for trucks; however, like cars, truck registrations did recover in 2011 from the low point in 2010. Unlike cars, it will take trucks two to three more years to return to the 2008 high. Truck registrations for 2012 should be just slightly higher than 2011. In the current biennium and beyond, the November 2011 forecast assumes year to year growth rates for 2012 of 0.77% for passenger cars and for trucks at 0.56%. In FY 2013 and 2014, vehicle forecasts reflect the lower growth of personal income and population forecasts than projected in the last forecast. The November 2011 forecast for passenger car and truck registrations is down 0.65% for FY 2013 and is down 0.87% from the last forecast for FY 2014. In 2014 and beyond, the forecast growth rates mirror Washington population growth which is lower than the prior forecast.

Figure 25 Passenger Car Comparison
November vs. September 2011 forecast
millions of vehicles

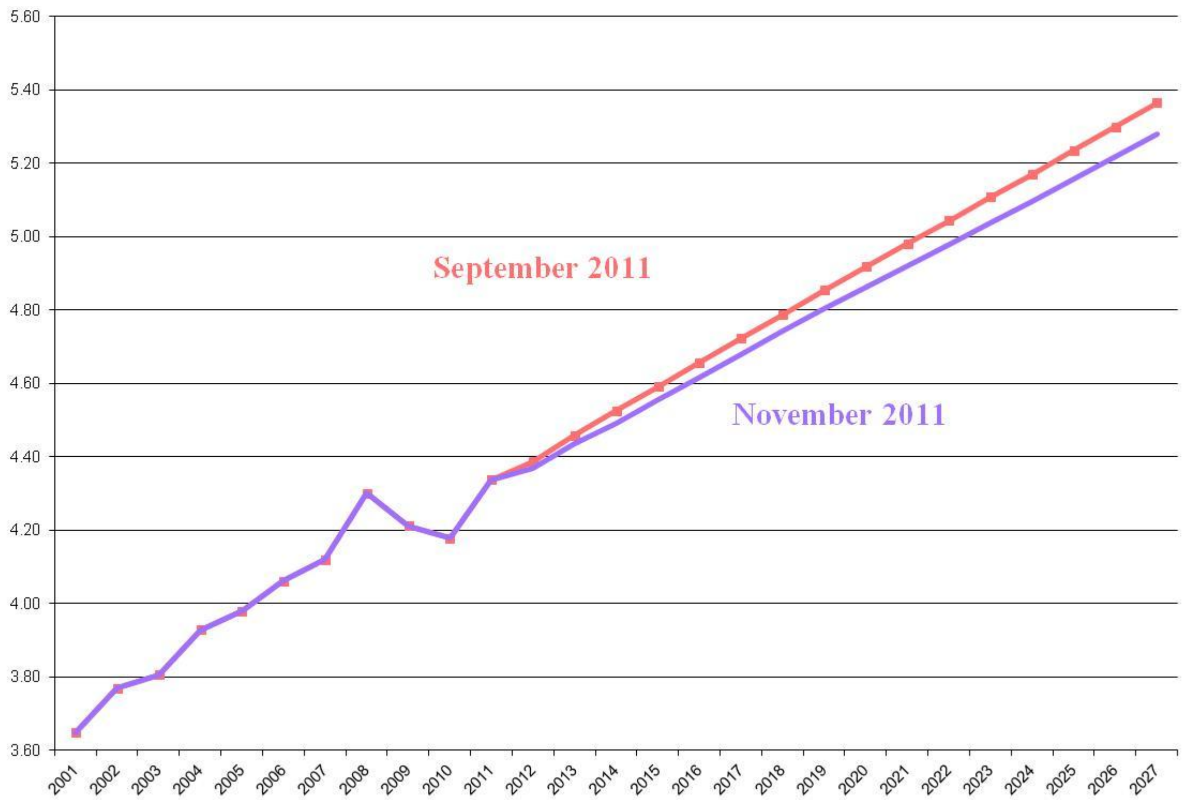
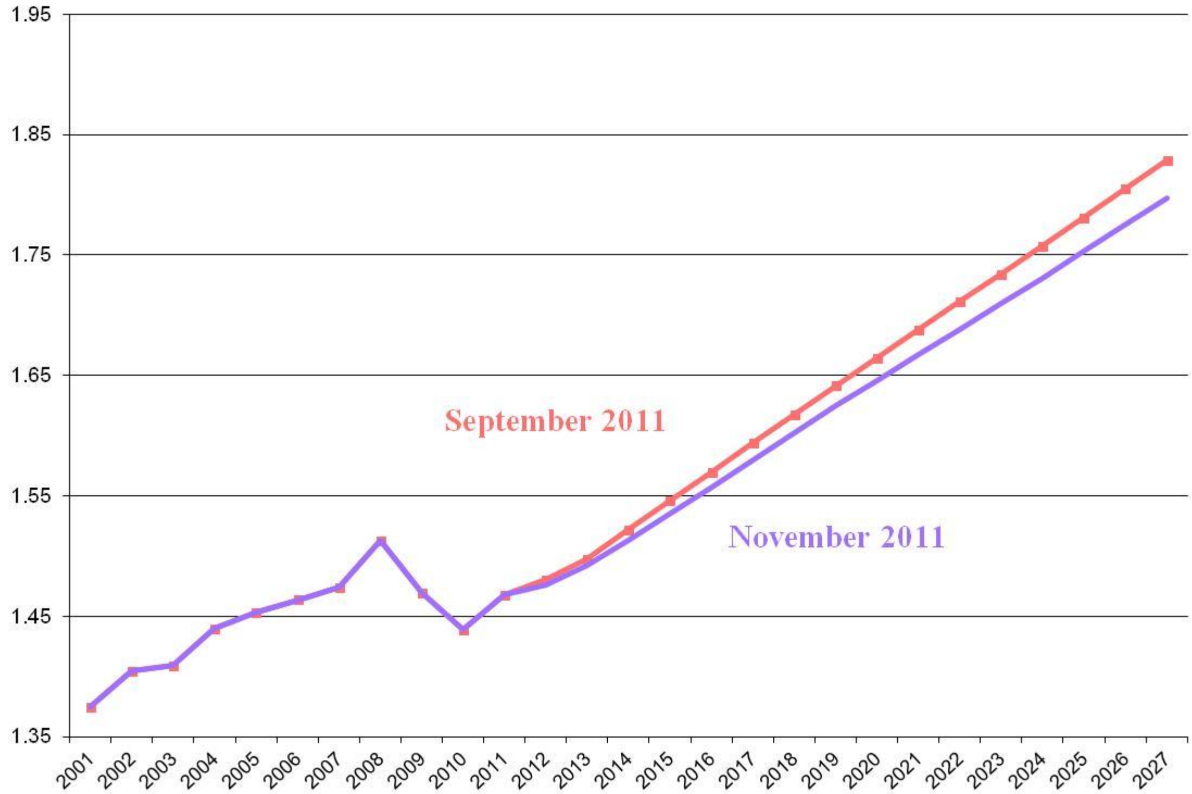


Figure 26 Truck Comparison
November vs. September 2011 forecast
millions of vehicles



Trends in LPF revenue
As previously stated, Washington State collected almost $873 million from vehicle licenses, permits, and fees (LPFs) in the 2009-11 biennium while the 2011-13 biennium should be about $900 million. The 2009-2011 biennium appears to be the low point for this revenue source and revenues will pick up, biennium over biennium.

For the 2009-2011 biennium, vehicles paying the $30 basic fees brought in $284 million while trucks garnered $330 million. For 2011-2013, passenger cars ($30 vehicles) should bring in $294 million, which is $2.2 million (0.75%) less than we forecasted in September. Trucks should earn $336 million or about $1.2 million (0.37%) less than forecasted in September. These decreases in forecasted revenue are due to lower personal income and population projections which, in turn, lowered LPF revenue forecasts throughout the forecast horizon.

Passenger weight fees were $106 million for 2009-2011. In the next biennium, weight fees will be higher, at $109 million, but are still lower than forecasted in September by $650,000 (0.59%). Actual motor home weight fees came in at $10 million in 2009-2011. These fees will decrease slightly to $9.7 million in the next biennium. The November forecast for motor home weight fees are down half a million dollars (5.22%). These vehicles are mostly recreational and discretionary. Until motor home owners feel much more confident about the economy, these vehicles will continue to remain stagnant.

The license plate replacement fees were $26.3 million in the 2009-2011 biennium and are expected to grow 12.5% to $29.6 million in the 2011-13 biennium. The license plate replacement fees are nearly unchanged from September. However, beginning in FY 2019 and throughout the forecast horizon, this current forecast is lower than previous due to lower original plate issue forecast in the near-term. The plate reflectivity fees are also down slightly from the previous forecast by $108,600 (1%) in the 2011-2013

Biennium. Title fees were $19 million in the 2009-11 Biennium and are projected to be $21 million in the 2011-13 biennium which is less than the last forecast by $234,100 (1%). The dealer temporary permits are estimated to be $8.9 million which is down from the prior forecast in the 2011-13 Biennium by $180,400 (2%). In the next biennium, these vehicle sales related revenues are related to the combination of a projected lower Washington – U.S. Real Income Share and weaker light vehicle sales projection both in the near term.

There is a new revenue stream starting FY 2012 from vehicle quick titles ($50.00 each, per SHB 1046). The vehicle quick title forecast is up slightly over the previous forecast by $870 (0.19%) in the 2011-2013 biennium due to the higher actual than previously projected.

Primary reasons for the forecast changes

- Actual passenger vehicle registrations and truck registrations are down in FY 2012 due to lower personal income and income growth rates.
- The Economic and Revenue Forecast Council projections of Washington personal income growth rates were lower in near-term as well as OFM's new lower projections of population which decreased the passenger car and truck registration forecasts beyond 2013.
- Overall, LPF revenues are down compared to the last forecast. There were a few LPF revenues which were slightly higher but not enough to surpass the decline in other revenues.

Figure 27 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees)
November 2011 forecast
millions of dollars (totals do not add due to rounding)

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Basic $30 License Fee	$145.7	$148.0	$293.7	$149.9	$152.1	$302.0
Combined License Fee	167.3	169.2	336.5	$171.5	$174.0	345.5
All Other Fees	133.1	137.1	270.2	139.1	140.3	279.4
Total LPF Revenue	$446.1	$454.3	$900.4	$460.5	$466.4	$926.9
% Change from Prior Fcst	(-0.51%)	(-0.57%)	**(-0.53%)**	(-0.73%)	(-0.79%)	**(-0.76%)**

Driver Related Revenue Forecasts

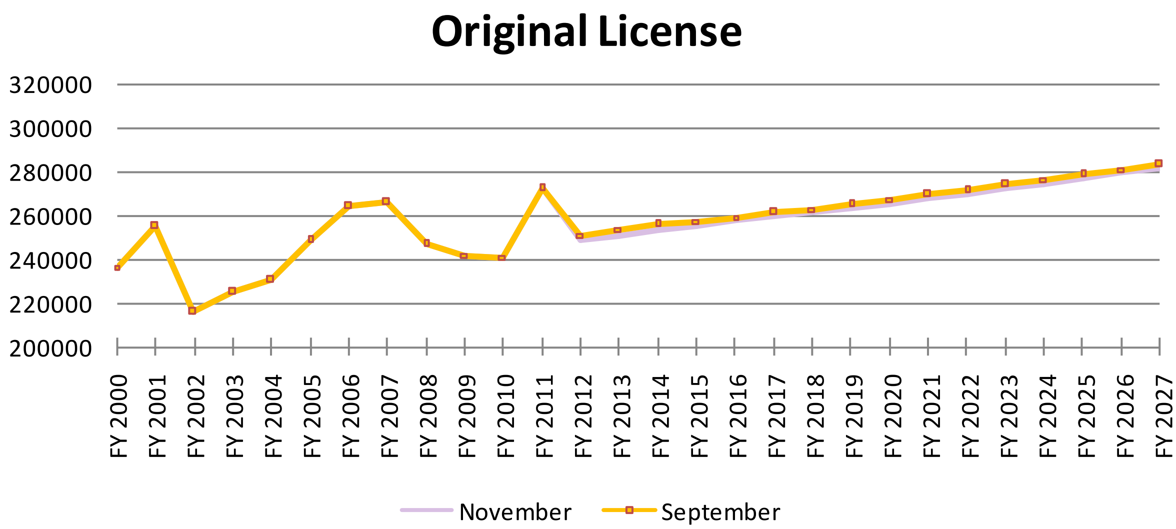
The November 2011 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include vehicle filing fees, fines and forfeitures, and driver school instructor license fees. These driver-related fees are deposited into the Highway Safety Fund (HSF), Motorcycle Safety Education Account (MSEA), the State Patrol Highway Account (SPHA), and Ignition Interlock Revolving Account (IIRA). All driver-related revenue is projected to be $203.6 million for the 2011-2013 Biennium, about **$697 thousand (-.3%) less from the prior forecast**. In the 2013-2015 Biennium, the November 2011 forecast of driver related revenue is $207.4 million, **a drop of $777 thousand (-.4%) from the prior forecast**.

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

Trends in Driver's Licenses and Abstracts of Driver Records

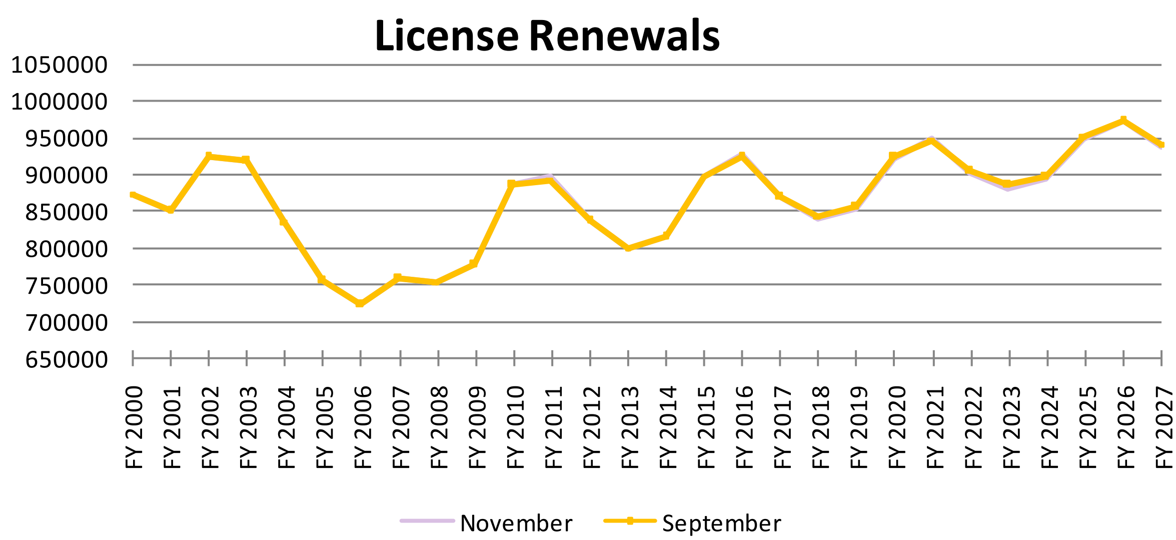
Original driver license issuances for the FY11-13 biennium are expected to be about -1% lower than the prior forecast, due to a downward revision in OFM's driver-in forecast and ERFC's near term non-farm employment forecast. An average of about -.7% per year downward revision is projected throughout future biennia.

Figure 28 Driver License Originals November 2011 vs. September 2011



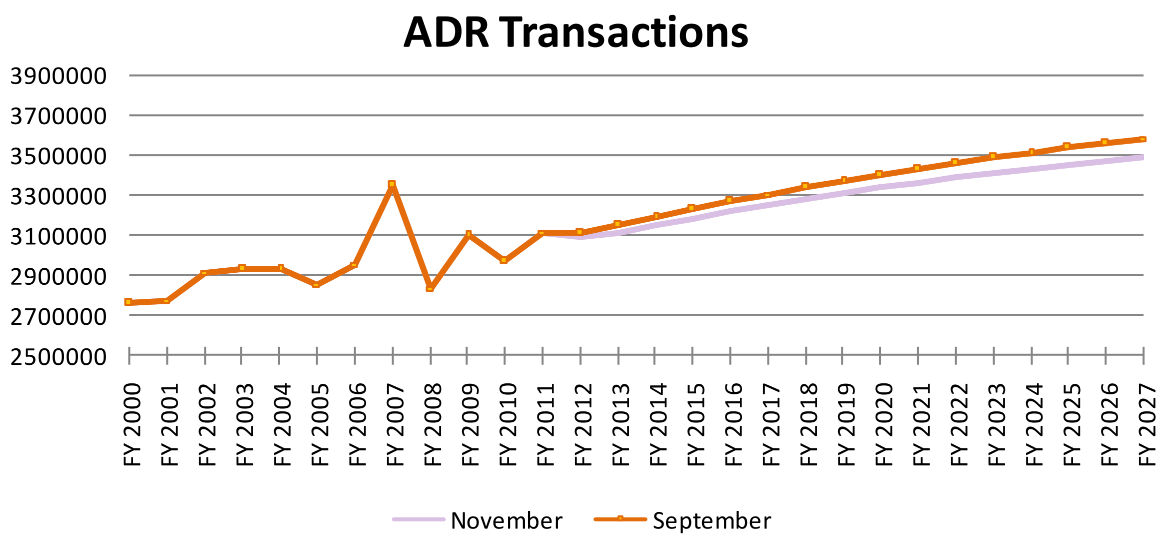
The **Driver license renewal** for FY11 is revised .4% higher due to a reporting error. This revision is reflected five years out with diminished impact. Otherwise, the renewal forecast has no change until FY18 with an average of about -0.2% downward revision throughout the forecast horizon due to the downward revision to driver originals discussed in previous section.

Figure 29 Driver License Originals November vs. September 2011



Sales of **Abstracts of Driver Record (ADR):** This forecast is revised down by -0.9% for the current biennium and -1.4% for the next as a result of the lower driving age population (age 16-75) forecast. The downward revision is greater in the out years, reaching -2.5% in FY2027.

Figure 30 Sales of ADR November vs. September 2011



Trends in Driver Related Revenue

Highway Safety Fund

Total Highway Safety Fund revenue is projected to be $165.2 million, about $379 thousand lower (-.2%) than the September forecast.

Roughly 77% of the Highway Safety Fund (HSF) revenue comes from **driver license fees**. The 2011-2013 Biennium revenue is $127.4 million, up slightly by about $8 thousand. FY13-15 is projected to be $129.3 million, up by about $257 thousand (.2%). The increase is not due to economic factors. Rather it is the result of improved transaction reporting concerning ODL/IIL licenses. Without the additional transaction counts, the forecast would have been about $339 thousand (-.5%) less than prior forecast, following OFM's lower driver-in migration and ERFC's employment projections.

November projection for the **abstract of driver records fee** revenue is $33.5 million for the current biennium, about $319 thousand lower (-.9%) than prior forecast; it is $34.2 million for the FY13-15 biennium, about $483 thousand (-1.3%) lower than prior forecast. The out years see more of a downward revision consistent with the November driving age (16-74) population forecast change.

A few other Highway Safety Fund revenue streams (motor vehicle related fees, driving school, fines and forfeitures, and misc. revenue) make up a little over $2 million a year. The November forecast projects a revision downward by about $69 thousand (-1.6%) for FY2011-13, and about -1% in the out years. This revision is primarily the result of lower overall original driver licensing volume as seen in Table C1.

State Patrol Highway Account

The State Patrol Highway Account receives $5 for each sale of an Abstract of Driver Record (ADR). This forecast is revised downward between -1% to -2% per year throughout forecast horizon due to population forecast change. FY11-13 revenue is projected to be about $31.0 million, a reduction of about $295 thousand (-.9%) from September. Revenue for FY13-15 is projected to be about $31.6 million, a drop of about $447 thousand (-1.4%) from September.

Motorcycle Safety Education Account Trends

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

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

This forecast is tracking close, but the out years are slightly lowered (by an average of -.2%) with lower anticipation for new-to-Washington drivers.

Ignition Interlock Device Revolving Account

The Ignition Interlock Device Revolving Account revenue is projected to be about $2.9 million for the current biennium, down $18 thousand (-.6%) from prior forecast. Future biennia are also lowered between -1% to -2% following a lower population forecast.

Primary reasons for the forecast changes

The downward revision for driver related revenue is attributable primarily to:

- lower population and driver-in forecasts from OFM; and
- lower employment outlook from ERFC.

Figure 31 Short-term Driver Related Revenue Forecasts
November 2011 forecast
(millions of dollars)

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Total Highway Safety Fund	**$82.7**	**$82.5**	**$165.2**	**$83.4**	**$84.6**	**$168.0**
Drivers License Fees	63.9	63.5	127.4	64.1	65.2	129.3
Copies of Record Fees	16.7	16.8	33.5	17.0	17.2	34.2
Other smaller misc. Fees	2.2	2.2	4.4	2.3	2.3	4.6
Total Motorcycle Safety Education Account	**$2.1**	**$2.3**	**$4.4**	**$2.5**	**$2.4**	**$4.9**
Total State Patrol Account	**$15.4**	**$15.6**	**$31.0**	**$15.7**	**$15.9**	**$31.7**
Total Ignition Interlock Device Revolving Account	**$1.4**	**$1.5**	**$2.9**	**$1.5**	**$1.5**	**$2.9**
Total Driver Related Revenue	**$101.7**	**$101.9**	**$203.6**	**$103.1**	**$104.4**	**$207.4**
Percent change from prior	-0.2%	-0.5%	-0.3%	-0.4%	-0.3%	-0.4%

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 consumer spending on new US light vehicles was $157 billion in FY 2009 and this represented a decline of 28% from the FY 2008 sales level. In FY 2010, consumer spending on new US light vehicles grew to $175 billion which represented an 11.5% annual growth. In FY 2011, consumer spending on light vehicles is up 10.9% from FY 2010. In FY 2012, the growth in the US spending on light vehicle sales is projected to be $211 billion; an increase of 8.6% year over year and this is a upward revision of 3.1% from the prior forecast.

The actual vehicle sales and use tax collections in the 2007–09 biennium was $62.7 million, and the sales and use tax collections in the 2009-11 biennium decreased to $54.4 million. In the 2011-13 biennium, the sales and use tax collections are projected to grow to $58.4 million which is a -0.8% revision downward by $452,400 from the past forecast. Actual tax collections have come in higher than forecast but economic variables have weakened. In the 2013-15 biennium, the sales and use tax collections are projected to grow to $65.5 million which is a -1.9% revision down by $1.27 million from the past forecast. Revenues after the 2013-15 biennia fall by approximately 2% initially and it declines to a little less than 1% decline from the September forecast by the 2025-27 biennium. The primary reason for the change in this forecast is due to lower economic variables, in particular revised population forecast being down and mitigating this decline in the outer years is that new motor vehicle spending was slightly up in the long-term. This is reflected in the “shape” of the forecast revision for November.

Rental Car Sales Tax
The forecast for rental car sales was $46.97 million for the 2007-09 biennium and it decreased to $44.5 million in the 2009-11 biennium. In the 2011-13 biennium, the rental car tax is projected to be $48.4 million which is a decline of $448,600 or 0.9% from the September forecast. Actuals since the last forecast have been above projections. In the 2013-15 biennium, revenues are projected to be $51.6 million which is a downward revision of $1.1 million from the prior biennium’s forecast. The primary reason for the change in this forecast is due to weaker economic variables and in particular the lower Washington state population 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

Motor Vehicle Account business and other revenue tax collections for the 2009-11 biennium was $12.5 million. The November 2011-13 biennium forecast is $10.3 million, down 1.46% or $152 thousand from the prior forecast due to lower than projected actual revenues from DOT publications and documents. The 2013-15 biennium total business related revenues are projected to be down by 1.6% or $180.6 thousand from the September forecast. Lower population projections have lowered future business related revenue estimates in this forecast over September.

Aeronautics Taxes and Fees
The aeronautics tax forecast includes both excise and fuel taxes as well as transfers. The aeronautics tax collections were $5.7 million in the 2007-09 biennium. In the 2009-11 biennium, the aircraft registrations, excise and dealers’ taxes were $6.3 million. In the 2011-13 biennium, the aircraft registrations, excise and dealers’ taxes are projected to be $6.5 million, down $1 million from the last

forecast. Ten percent of the excise tax goes to the aeronautics account and the rest goes to the state general fund. The aeronautics transfer from the motor vehicle fund is also part of this forecast and is projected to be $555,700 which is down $500 from the prior forecast for the current biennium. In subsequent biennia, the aeronautics transfer from the motor vehicle fund is $557,900 up by $1,600 or approx. 0.3% from the last forecast. The aviation fuel tax is the largest component of this aeronautics tax forecast.

The aviation fuel tax collections for the 2009-2011 biennium were $5 million. The November projection for aviation fuel tax is $5.1 million in the 2011-2013 biennium which is a no change from the previous forecast. The revenues for FY 2011 were adjusted to reflect a requested $1.9 million refund applied against FY 2011 revenues. However, revenues for FY 2011-13 are substantially higher than anticipated, but it is suspected that at least some portion of this revenue will have refunds requested. Therefore, this forecast was left unchanged from the previous forecast. Hopefully, more information about this will become available in time for the next forecast in February 2012.

Primary reasons for the forecast changes

- Vehicle sales and use tax revenue are down in the current biennium by $0.5 million due to lower economic variables in particular Washington population forecast.
- Rental car revenue is down also by $0.4 million in the current biennium and the decline grows slowly in the future biennia by as much as 2.9% in the last biennium due to lower projections of the population.
- Business and other miscellaneous revenue is $10.3 million in the current biennium and it has been revised downward by $0.2 from September due to lower actual collections in publications and documents. Future biennia estimates have been revised lower to reflect weaker population forecasts.
- Aircraft fuel tax revenue is not changed from the last forecast in the current and future biennia. Actuals have been coming in above September projections but some of this higher revenue may be refunded in the future. Aircraft registrations are down slightly with lower actuals and projections in the future due to weaker population growth. As a result, aircraft registration fees of the aeronautics taxes/fee forecast are down from the September forecast and the aircraft excise tax is also down in the long-term.
- In the current biennium, total other transportation related revenue is projected to be $123.5 million and down slightly 0.86% or $1.1 million from the last forecast.
- In the 2013-15 biennium, the revenues are projected to be $135 million and this forecast is a slight revision downward of $2.6 million from the September forecast. In future biennia beyond 2013-15, business related revenues are down by approximately 2% from the prior forecast.

Figure 32 Short-term Other Transportation Related Revenue
November 2011 forecast
millions of dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Rental Car Sales Tax	$23.81	$24.58	**$48.39**	$25.37	$26.18	**$51.55**
Vehicle Sales & Use Tax	28.35	30.06	**58.41**	31.83	33.69	**65.53**
Business/Other Rev	5.13	5.13	**10.27**	5.52	5.52	**11.04**
Aeronautics Taxes/Fees	3.18	3.28	**6.46**	3.33	3.34	**6.67**
Total Other Transportation Related Revenue	$60.48	$63.05	**$123.53**	$66.05	$68.73	**$134.79**
% Change from Prior Fcst	-0.03%	-0.86%	**-0.86%**	-1.42%	-1.81%	**-1.86%**

Ferry Ridership and Revenue

Ferry Fare Ridership and Revenue Forecasting Process

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

- Passenger full-fares
- Passenger discounted (commuter) fares
- Passenger other discounted fares (e.g., senior fare, youth fare)
- Vehicle / driver full-fares
- Vehicle / driver discounted (commuter) fares
- Vehicle / driver other (oversize and miscellaneous discounted) fares

The November 2011 forecast includes actual ridership counts through September 2011 and revenue collections through September 2011. Like the September forecast, the November 2011 Forecast incorporates a 2.5% increase on October 1, 2011; a 3.0% increase on May 1, 2012; new, lower fares for small vehicles under 14 feet in length; and fare revisions to other vehicle fares to offset the loss of revenue on small vehicles. Similarly, the November Forecast also includes the new $0.25 capital program surcharge per fare sold as authorized in ESSB 5742 and approved by the Washington State Transportation Commission on August 24, 2011. Finally, the November Baseline Forecast scenario documented herein excludes any subsequent future fare increases beyond May 2012.

Passenger and vehicle/driver "frequent user" or commuter fare ridership, for which fares are pre-sold as a multi-ride discount, have been steadily declining since FY 2000 for a variety of reasons. Commuter passenger fares have increased nearly 120% and vehicle/driver commuter fares have increased over 80% since FY 2000.[1] After accounting for inflation, the passenger and vehicle/driver commuter fare increases amount to nearly 75% and 50%, respectively, in real terms. At the same time, employment opportunities on the Kitsap Peninsula have increased while the populations of Vashon, Bainbridge, and south/central Whidbey Islands have aged, shifting a greater share of the islands' populations to retirement age. Telecommuting in the region has also become more prevalent in the past decade. A change in commuter fare media in 2007 has also affected the types of customers that use the discounted fares. All of these factors have contributed to the declining trend in passenger and vehicle/driver commuter ridership over the past decade. Over time, the forecast models eventually adapt to changing regional trends which are not reflected in the state-wide economic and demographic input projections.

Trends in Passenger Fare Ferry Ridership

FY 2009 passenger ferry ridership reached 12,572,707, which was a decline of 2.5% from the FY 2008 ridership level. Similarly, FY 2010 passenger ferry ridership was 12,453,226, or 1.0% less than in FY 2009. Actual passenger ridership for FY 2011 came in at 12,369,167, 0.7% lower than in the previous year. For FY 2012, the baseline ferry passenger ridership forecast is expected to be 12,380,000, which is 0.9% higher than projected in September and represents an annual increase of about 0.1%. In FY 2013, ferry passenger ridership is expected to be 12,254,000, a 0.6% decrease from the prior forecast, and which represents a year-over-year decline of -1.0%.

The reason for the change in passenger ridership for the 2011-2013 biennium relative to the September forecast is due to several factors. Actual passenger ridership for August and September came in 3.3% higher than expected, which helps to boost FY 2012. However, downward revisions to the forecasts for population, employment, and real personal income are pulling down the passenger ridership projections for the 2011-2013 biennium.

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

Compared with the prior forecast for the rest of the horizon, the passenger ridership projections are -0.8% lower in FY 2014 and -0.6% lower by FY 2027, with the difference dropping to -0.3% in a few intermediate years.

Trends in Vehicle/Driver Fare Ferry Ridership

Vehicle/driver ridership was 9,904,766 in FY 2009, which was a decline of 4.7% from the FY 2008 level. Subsequently, vehicle/driver ridership was 10,134,311 in FY 2010, or 2.3% higher than in FY 2009. This increase for FY 2010 comes despite the dampening effects of the October 2009 2.5% fare increase. Actual vehicle/driver ridership for FY 2011 came in at 9,968,632, 1.6% lower than in FY 2010. For FY 2012, the baseline vehicle/driver ridership forecast is anticipated to be 9,945,000, which is 0.6% higher than the prior forecast, though it represents a year-over-year decline of -0.2%. In FY 2013, the current Baseline Forecast for vehicle/driver ridership is revised to 9,909,000, or 0.4% higher than the September forecast, though it represents a year-over-year decrease of -0.4% from FY 2012. While the vehicle/driver ridership is negatively influenced by downward revisions to population, employment, and real personal income, lower real gas prices combined with 3.0% higher than predicted vehicle/driver ridership for August and September are sufficient to yield a small increase for the 2011-2013 biennium, relative to September.

For the remainder of the forecast horizon, the vehicle/driver ridership projections range from -0.3% lower in FY 2015 to 2.2% higher by FY 2027, compared with the prior forecast. The higher projections in the out years are attributable to some minor revisions in the vessel capacity assignment model to better account for the additional capacity provided by planned new 144-car ferries, the first of which would come online in FY 2015.

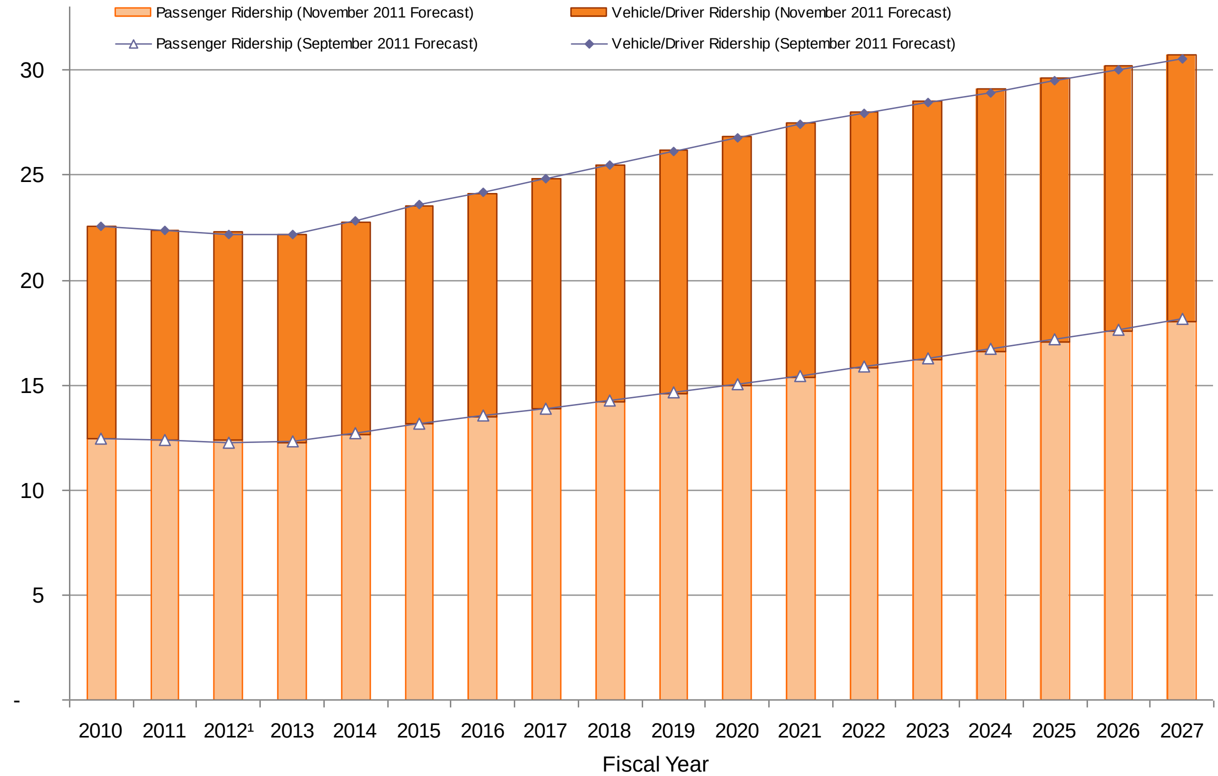
Overall Trends in Ferry Ridership

Total ferry ridership in FY 2010 and FY 2011 was 22,587,537 and 22,338,000 respectively, which represents a year-over-year decrease of 1.1%. Under the Baseline Forecast, the projections for FY 2012 and FY 2013 are 22,325,000 and 22,163,000, or 0.8% higher and 0.2% lower, respectively, than anticipated in September. For the rest of the forecast horizon, projected overall ridership ranges from -0.4% lower in FY 2014 to 0.6% higher by FY 2027, relative to the September values.

The latest actual ridership for August and September 2011 combined came in at 4,562,000, or 3.2% higher than projected in September.

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: November and September 2011 Baseline Forecasts
Millions of Riders



[1] FY 2012 ridership include actual values through September 2011.

Trends in Ferry Revenue

The November 2011 ferry revenue projections for the Baseline Forecast include the projected effects of the aforementioned October 1, 2011 2.5% fare increase and $0.25 capital fare surcharge, plus a second increase of 3.0% on May 1, 2012. In the 2007-09 biennium, ferry farebox and miscellaneous revenues totaled $300 million, with fare revenue comprising $292.9 million of that amount. For the 2009-11 biennium, total fare and miscellaneous revenues increased by less than 0.5% over the previous biennium to $300.7 million, with fare revenue representing $294.5 million of the total.

Population, employment, and real personal income forecasts are lower than in September, which contribute to the lower ridership projections through the 2015-2017 biennium, and the slight dampening in future growth in fare revenue over the forecast horizon. Lower real gas prices mitigate some of the effects of the lower economic projections for regular and commuter fare autos. However, lower forecasts for population and building permit activity cause a decrease in the higher fare, “vehicle other” ridership category. The resulting decline in “vehicle other” ridership more than offsets the revenue gains caused by lower real gas prices in the two other vehicle fare categories.

Finally, the November Forecast corrected a September revenue calculation for the “vehicle other” category, which had inadvertently allocated too many vehicles to the Anacortes-San Juan Islands route. Because this route has the highest fares in the system, the corrected distribution of “vehicle other” ridership among the other routes lowered the projected fare revenues without a change in ridership levels.

Collectively, actual fare revenues for August and September are higher than the September projections by about $0.57 million or 1.8%. However, the other factors noted above, including declines in higher fare ridership that offset other ridership increases cause FY 2012 revenue to be -0.4% lower than projected in September.

In the 2011-2013 biennium, farebox collections under the Baseline Forecast are projected to be -0.9% or $2.9 million lower than projected in September for a total of $312.6 million. Of this total, $306.2 million represent fare revenues and $6.4 million represent the capital surcharge receipts. The current Baseline Forecast for revenue in the 2013-2015 and subsequent biennia is anticipated to range from -1.7% to -0.1% lower than in September.

Ferry Capital Surcharge Revenue

The ferry capital surcharge of $0.25 per fare sold enacted in ESSB5742 was adopted by the Washington State Transportation Commission, and as a result, is now included in the Baseline Forecast. The ferry capital surcharge is anticipated to generate $2.6 million in FY 2012 and $3.8 million in FY 2013 in additional revenue for capital projects which is essentially the same as the previous forecast. The ferry capital surcharge is anticipated to increase over time with growth in ridership.

Ferry Miscellaneous Revenue

WSF's miscellaneous revenue forecast captures the most recent patterns of actual data. Although no changes were predicted by the vendors, WSF did update the miscellaneous forecasts with November ridership and fare revenue forecasts, for the first time since June. Collectively, the forecast for miscellaneous revenues has been revised down by 2.1% for the current biennium. Overall, the changes in WSF's miscellaneous revenue forecasts range from -3.3% to -4.7% downward over the forecast horizon

Primary Reasons for the Forecast Changes

- One key reason for the change in November's Baseline Forecast for ferry ridership and fare revenue in the current biennium — as well as throughout the forecast period — can be linked to the lower population, population, and real personal income forecasts throughout the forecast horizon.
- The two most recent months of ferry fare revenue history have collectively come in nearly 1.8% higher than forecasted in September, which has mitigated the downward economic projections' dampening impact on revenue to -0.9% for the current biennium.

  Ferry miscellaneous revenue projections reflect the drop in the ridership and fare revenue forecasts since the June forecast — accounting for the cumulative impact of two consecutive downward forecasts

Figure 34 Short-term Ferry Revenue
November 2011 Baseline Forecast
Millions of Dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Farebox Revenue	$151.43	$154.80	$306.23	$158.25	$162.31	$320.56
Capital Surcharge Revenue	2.61	3.76	6.36	3.85	3.97	7.82
Misc. Ferry Revenue	3.43	3.42	6.85	3.54	3.68	7.22
Total Ferry Revenue	**$157.47**	**$161.98**	**$319.45**	**$165.63**	**$169.96**	**$335.59**
% Change from Prior Forecast	-0.4%	-1.5%	-1.0%	-1.7%	-1.8%	-1.7%

Toll Revenue

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

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

The SR 167 HOT lanes revenue forecast reflects actual toll collections starting May 2008 through September 2011. Per 2011 legislative action SR 167 HOT lanes pilot program was extended beyond the previous term to June 30, 2013. Toll rates are set to maximize traffic flow while managing demands to maintain acceptable operating speed on the HOT lanes. The traffic projection model for HOT lanes was modified in November 2010 to reflect the actual usage of these lanes as well as more recent local demographics.

SR 520 Bridge November revenue forecast reflects toll rates approved by the Transportation Commission beginning January 2012 and set to maximize traffic flow varying by time of the day, day of week and vehicle type. Maximum toll rates for two-axle vehicles using *GoodToGo Pass* for peak period weekday rates are $3.50 each way. Maximum peak weekend rate is $2.20 each way. Trucks will pay by axle. This November forecast also includes a 2.5% annual increase in toll rates through FY 2016. Then the forecast assumes a one- time 15% toll rate increase in FY 2017. Finally, the forecast assumes no further increases in tolls in the remainder of the forecast horizon.

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

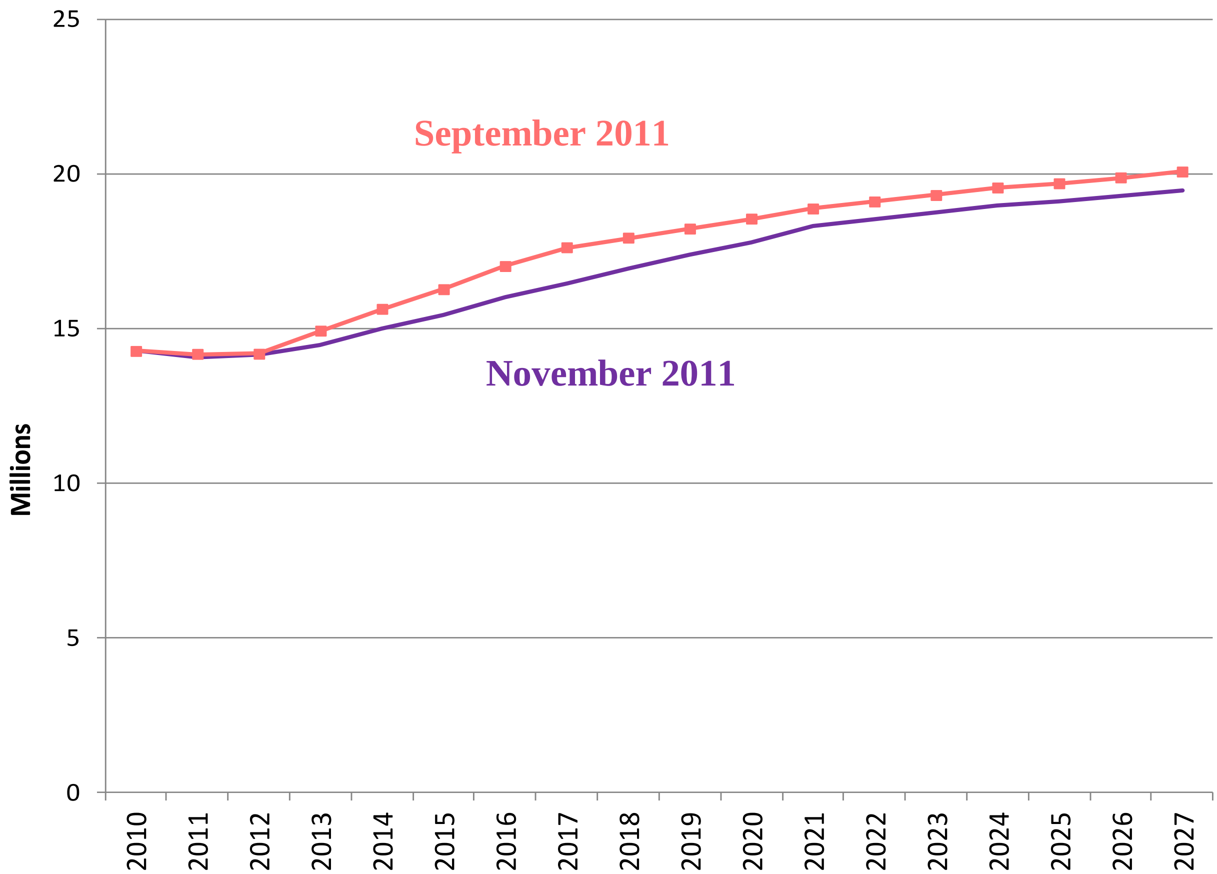
Sales for FY2009 through FY2011 include revenues from the sales of transponders and disabling shields. In FY 2012 and beyond, transponder growth is based on annual traffic growth. In the November 2011 forecast, the forecast for administration fees at TNB reflects the September and November 2010 redistribution of fees between 167 HOT lanes and TNB. All future projections of administrative fees remain flat.

In February 2011, electronic toll processing migrated to a new vendor. The new vendor supplied toll traffic and revenue reports for February through September FY2011 months have been limited to summary level,

Trends in Tacoma Narrows Bridge traffic and toll revenue
The Tacoma Narrows Bridge (TNB) average daily traffic grew minimally in FY 2009 by 0.2% to 13.91 million from FY 2008. In FY 2010, the TNB traffic volume was 14.26 million which represents a year over year increase in traffic volume of 2.5%. In FY 2011, the TNB traffic volume was 14.06 million which is a year over year decrease of 1.4 %. In FY 2012, the TNB traffic volume is anticipated to be 14.15 million which is a year over year increase of 0.6%, which is lower than the prior forecast by 0.1%. In FY 2013, the TNB traffic volume is anticipated to be 14.5 million which is a year over year increase of 2.2%, which is lower than the prior forecast by 3.1%. Near term years' growth rate in traffic volume is around 3% which is lower than the September projections.

TNB toll revenue for the 2007-09 biennium was $73.1 million. The 2009-11 biennium toll revenue increased to $89.4 million which is a 22% increase over the prior biennium. In the 2011-13 biennium, this November 2011 forecast of toll revenue is projected at $88.8 million with $1.4 million or 1.56% decrease from the prior forecast. In the 2013-2015 biennium the projected toll revenue is $94.1 million, which is $4.5 million or 4.53% lower than the September forecast. Future biennia revenue forecasts are all lower than the September forecast due to weaker economic variables.

Figure 35 Comparison of TNB Traffic Volume: November and September 2011 Forecasts



Beginning in 2012, violations will be phased out and replaced by civil penalties. Fines and fees violations revenue for the 2007-09 biennium was $1.06 million of which $1.01 million was violations revenue. In the 2009-11 biennium fees remained flat, and violation revenue was $1.08 million. This November forecast for violations revenue is the same as in September. In the 2011-13 biennium, when TNB civil penalty revenue collection starts, the violations revenue anticipated to be $0.34 million and the civil penalties revenue is projected to be $1.59 million. Beginning in the 2013-15 biennium, civil penalties revenue is anticipated to bring in $3.0 million per biennium and grow over time to $3.6 million by the 2025-27 biennium. For the TNB civil penalties forecast for current and all subsequent biennia, the November forecast is the same as prior forecast.

The November forecast for administrative fee revenue is the same as in prior forecast.

Total revenue from all transponders and shield sales was $1.4 million in the 2007-09 biennium, and $1.27 million in the 2009-2011 biennium. TNB transponders and shield sales in the current biennium is projected at $661,000 which is no change from the last forecast. Starting in the 2013-15 biennium through 2025-2027 the transponder sales growth is traffic volume based. Since the TNB traffic volume has been revised downward in this current forecast, so has the future transponder sales growth. This results in a revenue reduction of $33,000 in the 2013-15 biennium and decline slightly over the forecast horizon to a reduction of $28,000 by the 2025-27 biennium.

Trends in SR 167 High Occupancy Toll Lanes Traffic and Revenue
The traffic volume on the SR 167 HOT lanes was 386,000 vehicles in FY 2009. Traffic volume in FY 2010 increased to 510,969 which represents 31.5% growth year over year from FY 2009. In FY 2011, traffic volume was 640,115 vehicles which is higher than the FY 2010 traffic by 25.3%. Legislation in 2011 extended the 167 HOT lanes pilot program to the end of FY 2013. The current forecast for FY 2012 is 661,000 representing a 3.3% increase from 640,000 projected in the September forecast. Traffic volume is estimated to increase to 684,000 by the end of FY 2013.

Revenue from HOT lanes' tolls, sales and fees in FY 2009 was $471,256 and HOT lanes total revenue in FY 2010 was $527,292 which represents a 12% increase annually. For the 2009-2011 biennium, HOT lanes total revenue is $1.25 million, total revenue is projected at $1.475 million in the FY 2011-2013 biennium, which is an increase of 5.88% from the September forecast.

In 2011-2013 biennium, the current revenue forecast of transponder and shield sales on SR 167 remains the same as in the September forecast. Sales of transponder shields will be phased down in FY 2012 and 2013. The current transponder/shield sales projection has not been changed since the last forecast. In the November forecast. Fee revenue is $1,400 in the current biennium which is the same as in the September forecast.

Trends in SR 520 Bridge Toll Lanes Traffic and Revenue
The November forecast is a no change to the September forecast. The September 2011 forecast for SR520 bridge reflected a deferred start date for tolls from the June forecast.

The traffic and toll revenue forecast is based on Wilbur Smith Associates *Investment Grade Analysis dated on August 24, 2011.* The November forecast assumes that the tolling of the existing bridge commences on January 1, 2012 as opposed to the beginning of FY 2012.

It is assumed that toll traffic and revenue will ramp up during the first two years of operations. At the SR 520 Bridge tolling facility the expected average daily traffic is 8.66 million in FY 2012. It will increase to 18.97 million and 20.97 million in FY 2013 and FY2014, respectively. After construction of the bridge is finished in FY 2017, the expected traffic volume is projected to fall by 1.4% due to a one-time significant toll rate increase. Starting FY 2018 through 2027 average traffic volume growth is expected to be 3%.

Toll revenue from the SR 520 Bridge tolling facility is expected to be $25.39 million in FY 2012 and it is expected to increase to $64.23 million by 2014 and further increase to $70.33 million by 2015 and exceed $82 million by 2017. These revenue growth assumptions are based on not only increases in traffic volume but also toll rate increases over this time period. The FY2017 revenue projection is based on a 15% hike in toll rates. There are no planned toll rate increases after FY2017. Toll revenue will be close to $100 million by FY 2024 and grow roughly 3% per year for the remainder of the forecast horizon.
Estimated transponder sales are $3.33 million in the 2011-2013 biennium, expected to decrease to $2.25 million in the 2013-2015 biennium and level off around $3.00 million through the forecast horizon.

The expected civil penalty revenue is $0.51 million in FY2012; it increases to $3.31 million in FY2013 and it peaks at $3.41 million in FY2014. The $2.8 million dollar variance between FY2012 and FY2013 civil penalty revenues is due to an estimated 120 days lag to accommodate the civil penalty process and collect recovered toll revenues, fees and civil penalty. Starting FY2014 through 2027, civil penalty revenues expected to decrease to $2.7 million per year. In November, fee revenue in FY2012 is $0.65 million and it increases to $1.65 million by FY2027.

Trends in Total Toll Revenue
Total revenue (toll, fines and fees and transponder/shields sales) was $76.9 million in the 2007-09 biennium and increased to $93.2 million in the 2009-11 biennium. Starting in the 2011-13 biennium and beyond, this November forecast of total toll revenue of $184.9 million has been a decrease by $1.3 million or 0.71%. The TNB actual traffic volume is also less than anticipated in the prior forecast. Following the startup of the 520 bridge tolling facility, the total revenue is projected to increase to $245.3 million and $275.4 million in FY 2013-15 and FY 2015-2017 biennia. Over the forecast horizon, total toll revenue is expected to exceed $340 million by the FY 2026-2027 biennium.

Primary reasons for the forecast changes

- The weak economic variables has decreased the TNB traffic and toll revenue forecast in this forecast from September and HOT lanes is higher by $82,000 from the September forecast.
- Current TNB near term revenue decreased over the September forecast by $1.4 million or 0.51% in 2011-2013 biennium and $4.5 million or 4.38% in 2013-2015 biennium. All future biennia are reduced in traffic volume and revenue throughout the remainder of the forecast horizon.
- HOT lane revenue forecast in 2011-2013 biennium is $1.47 million, which is a 5.88% increase from the September forecast. This increase is due to increase in traffic.
- The SR 520 toll forecast for November is a no change from the last forecast due to lack of data.

Figure 36 Short-term Toll Facility Revenue
November 2011 forecast
millions of dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Tacoma Narrows Bridge						
Toll Revenue	**43.9**	**44.9**	**88.8**	**46.4**	**47.7**	**94.1**
Transponder Sales	.3	.4	.7	.3	.4	.7
Violations	.3	0	.3	0	0	0
Civil Penalties	.3	1.3	1.6	1.5	1.5	3.0
Fees	.1	.1	**.2**	**.1**	**.1**	**.2**
SR 167 HOT Lane						
Toll Revenue	**.7**	**.7**	**1.4**	**0**	**0**	**0**
Transponder Sales	**.0**	**.0**	**.0**	**0**	**0**	**0**
Fees	**.0**	**.0**	**.0**	**0**	**0**	**0**
SR 520 Bridge						
Toll Revenue	**25.4**	**56.8**	**82.2**	**64.3**	**70.3**	**134.6**
Transponder Sales	**2.0**	**1.3**	**3.3**	**1.1**	**1.2**	**2.3**
Civil Penalty	**.5**	**3.3**	**3.8**	**3.4**	**3.4**	**6.8**
Fees	**.6**	**1.8**	**2.4**	**1.8**	**1.9**	**3.7**
Total Toll Facility Revenue						
Total	**74.3**	**110.6**	**184.9**	**119.0**	**126.3**	**245.3**
% Change from Prior Fcst	0%	-1.18%	**-0.71%**	-1.56%	-2.00%	**-1.80%**

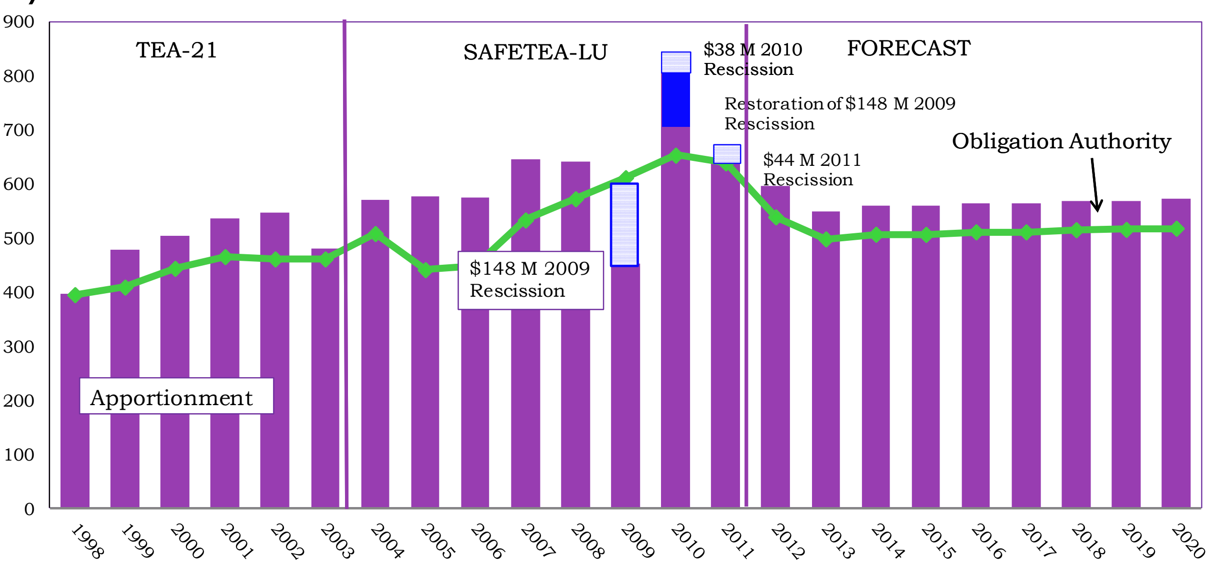
Federal Funds

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

Federal apportionment is the funds distributed to states for obligation in an appropriation account. The distribution makes amounts available on the basis of specified time periods, programs, activities, projects, objects, or combinations thereof. Obligation authority is a limitation placed on Federal-aid highway and highway safety construction program obligations to act as a ceiling on the obligation of contract authority that can be made within a specified time period. These limits are imposed in order to control the highway program spending in response to economic and budgetary conditions.

Figure 37 describes the amount of federal apportionment and obligation authority to Washington State since 1998 with the inclusion of the September 2011 forecast of federal funds through FY 2020. This time period includes the Transportation Equity Act for the 21st Century (TEA-21) which was enacted on June 9, 1998 for a 6-year period thru 2003. As the graph reveals, in the last year of TEA-21, Washington's federal apportionment was lower than the previous four years due to a mandatory rescission of more than 30% in 2003. The next federal transportation package passed was the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). In that original SAFETEA-LU legislation, the program was due to end in 2009. In the final year of SAFETEA-LU, 2009, a mandatory rescission was imposed of which $148 million was Washington State's portion. Since 2009, the SAFETEA-LU federal program has been extended through continuing resolutions and in 2010; the 2009 rescission was restored adding back $148 million to Washington. Since that restoration of the 2009 rescission, Congress imposed a 2010 rescission of which Washington share was $38 million. The federal funds estimates included multiple continuing resolutions including HR 662 passed by Congress on March 4, 2011 which extended SAFETEA-LU until September 30, 2011 and continuing resolution H.J. Resolution 44 passed by Congress on March 2, 2011 which kept federal funding for FFY2011 at $687 million for Washington state. The federal funds forecast for FFY 2012 is based on HR 2887, public law 112-30 passed by Congress on September 16, 2011 extending SAFTEA-LU until March 31, 2012.

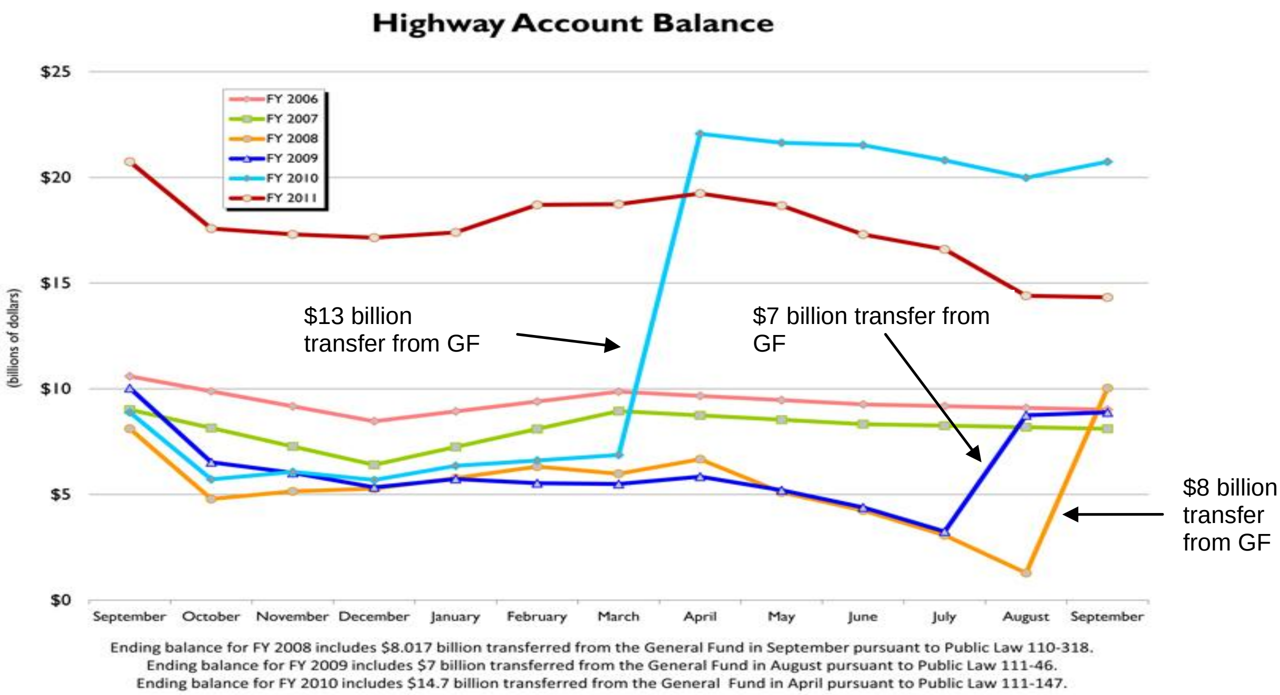
Figure 37 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) - Federal Fiscal Years 1998-2020 with the November 2011 Forecast



Source: FHWA apportionment and obligation authority notices and TRFC November 2011 federal funds forecast

The federal Highway Account within the Highway Trust Fund (HTF) is the principal means for funding federal highway programs. Estimated outlays from the Highway Account under SAFETEA-LU exceeded estimated receipts for federal fiscal years 2005-2011. Furthermore, actual account receipts were lower than had been estimated and the account balance dropped more rapidly than anticipated, approaching zero in August 2008. Congress subsequently approved legislation in September 2008 to appropriate $8 billion from the General Fund of the Treasury to replenish the highway account. Again in 2009, Congress also transferred $7 billion and $14.7 billion ($13 billion to the highway account and $1.7 to the mass transit account) in 2010 from the General Fund of the Treasury to the HTF in order to pay for obligated transportation projects.

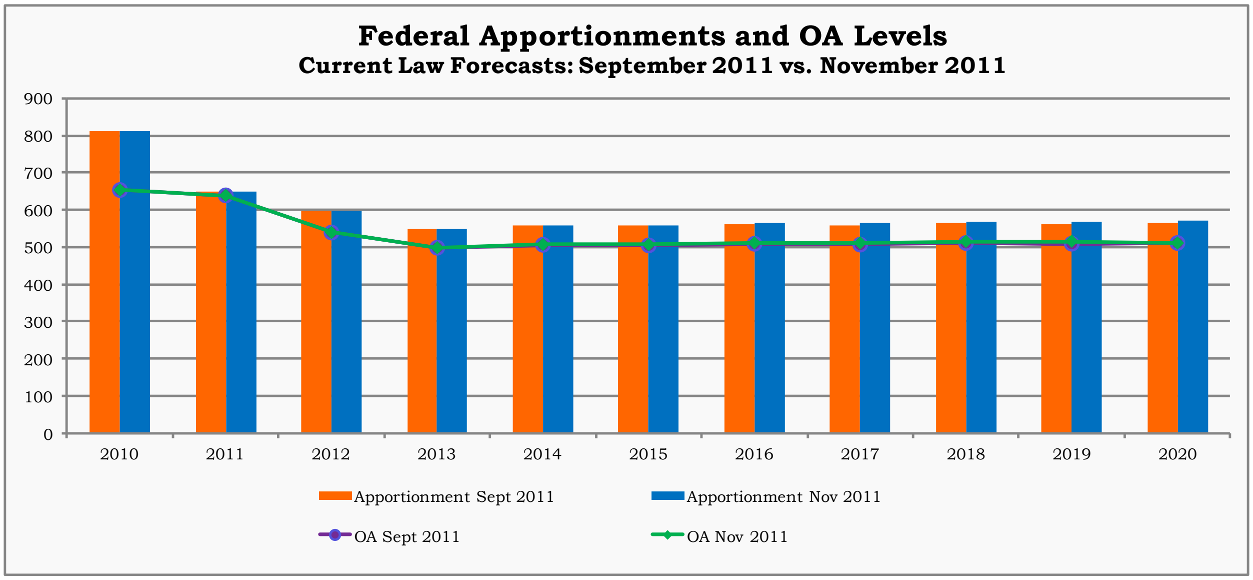
Figure 38 Monthly Federal Highway Trust Fund Account Balance (billions of dollars): 2006-2011



Washington's Federal Apportionment Forecast

The November 2011 forecast for Washington's apportionment of Federal Highway Trust Fund receipts includes the 2005 through 2011 Federal Highway Administration funding as the basis of the future federal funds, updated with Federal Highway Administration notices as they are received. For FFY2010, the federal funding level included the restoration of the 2009 rescission amount of $148 million and a new rescission based on notice N4510.729 dated August 10, 2010. The total nationwide rescission was $2.2 billion; Washington's share was $37.5 million. The FFY 2010 federal funding also included a one-time general fund distribution of $11.9 million (notice N4510.719 dated February 12, 2010) to the Federal Highway Trust Fund. Total WA federal apportionment was $812 million for FFY 2010. The federal apportionment for FFY 2011 was based on HR 1473, Public Law 112-10 which continues federal funding for FFY 2011 at $648 million including a rescission of unobligated balances of $2.5 billion nationally of which our Washington state portion if $44 million. In FFY 2012, the November 2011 federal forecast is $596.3 million based partially on a continuing resolution per HR 2887, public law 112-30 dated September 16, 2011 which extends SAFTEA-LU for 6 months. In addition, this forecast has a 20% reduction for the last 6 months of FFY 2012. The November forecast for FFY 2012 is the same as in September. The apportionment forecast for FFY 2013 also assumes a 20% reduction from FFY 2012, pre-rescission level, due to the uncertain nature of the funding in the Highway Trust Fund and again this is consistent the last forecast and past methodology. Starting in FFY 2014, this forecast assumes year over year growth rates which mirror Washington State November 2011 TRFC fuel consumption forecast growth rates over the forecast horizon. In this November forecast as well as in the prior five forecasts, the apportionment level for Washington also includes an annual reduction due to civil penalties being imposed beginning in FFY 2010. In the current forecast, the civil penalties are shown as an equal reduction to the programs Interstate Maintenance (IM), National Highway System (NHS) and Surface Transportation Program (STP) which is a change from the last forecast.

Figure 39 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars): November vs. September 2011 Forecast Comparison Federal Fiscal Years 2010-20



Source: FHWA apportionment and obligation authority notices and TRFC November 2011 federal funds forecast

Washington's Obligation Authority Forecast

Obligation authority for FFY 2011 is from the Notice N4520-208 dated May 5, 2011 and was $638 million. Obligation authority then falls in FFY 2012 to $539 million which is 15.6% lower than FFY2011 due to inclusion of notice N4520.210. Obligation authority for FFY2012 is calculated at 88.6% of apportionment for 49 days and 90% of apportionment for 316 days which is based on the current obligation authority continuing resolution which goes through November 18, 2011. The obligation authority forecast for FFY 2013 and beyond is set at 90% of apportionment forecasted for each year, which is consistent with the average obligation authority to apportionment ratio throughout SAFETEA-LU.

Allocations of Post SAFETEA-LU Funds

The forecasts of the transportation structure for FFY 2011 through 2027 are projected to remain the same as under the SAFETEA-LU program until a new Surface Transportation Package is passed. State and local splits of SAFETEA-LU program funds rely on agreements reached with the Legislature, Governor's office, and other interested parties. The state and local splits were updated in the September 2010 forecast to better reflect current program structure and programming requests but have not been revised since that forecast. Earmarked high priority projects and discretionary authorizations reflect the projects listed in the SAFETEA-LU transportation authorization bill and other subsequent legislation.

Civil Penalties in Federal Forecast

Federal law requires states to impose specific penalties in the case of repeat DUI offenders and if that requirement is not met, penalties can be imposed. In 2010, Washington passed legislation (HB 2742) which allowed the state to use ignition interlocks for repeat DUI offenders and gives judges' the discretion to impose a home alcohol sanction. Washington's new law is more flexible than the federal government allows so beginning in FFY 2010 federal penalties are now being imposed. The cost to Washington State DOT is $11 - $12 million per year in lower federal funding. Washington is one of 13 states which receive this penalty. In the November 2011 forecast this $11 million penalty is shown as a reduction to the Interstate Maintenance program, the National Highway Systems program and the Surface Transportation Program equally which is a change from prior forecasts.

Recent Changes in Federal Forecast

- The November 2011 federal apportionment forecast for FFY 2011 was $691 million and $596.3 million for FFY 2012 which is the same as September's forecast.
- The latest legislation, HR 2887, public law 112-30 dated September 16, 2011, has been incorporated into this forecast as well as the September forecast but no new long-term federal transportation funding legislation has been adopted to change assumptions in the forecast.
- The November 2011 Federal Appropriations forecast for FFY 2013 has increased by less than 0.1% or $.052 million from September's forecast due to changes in fuel consumption growth rates which drive federal revenue growth. Essentially, this forecast is a no change forecast from September.
- The projected 20% decline in federal revenue is carried forward for the last 6 months of FFY 2012 and FFY 2013. This is consistent with September forecast.

Figure 40 Washington's portion of Federal Highway Funds by Federal Fiscal Year November 2011 forecast
Millions of dollars

	FFY 2012	FFY 2013	FF 2014	FY 2015
WA Statewide Apportionment of FHWA Programs	**596.3**	**549.8**	**559.4**	**559.1**
% Change from Prior Fcst	0.0%	0.0%	0.2%	0.4%
Obligation Authority	**539.1**	**498.3**	**506.9**	**506.7**
% Change from Prior Fcst	0.0%	0.0%	0.1%	0.4%

Forecast Contacts

Washington State Department of Transportation unless otherwise noted

Economic Variables and Fuel Price Forecast

Lizbeth Martin-Mahar, 360-705-7942 martinli@wsdot.wa.gov
Fanny N. Roberts, 360-705-7991 robertsf@wsdot.wa.gov

Motor Fuel Tax Revenue Forecast

Fanny N. Roberts, 360-705-7991 robertsf@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

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

Aeronautics Revenue

Fanny N. Roberts, 360-705-7991 robertsf@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

Judith Kallo, 206-464-1208, kalloj@wsdot.wa.gov

Federal Funds Forecast

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

Local Revenue Forecast

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

Appendix

Graphs and Tables Related to the November 2011 Forecast
Including distribution of revenues to the major accounts

Figure 41 Forecast to Forecast Biennium Comparison of All Transportation Revenues
November 2011 forecast - 16 year period *millions of dollars*

Forecast to Forecast Comparison for Transportation Revenues and Distributions 16-Year Period
November 2011• millions of dollars

	Current Biennium 2011-2013			2013-2015			16-Year Period (2011-2027)		
	Forecast Nov-11	Chg from Sep-11	Percent Change	Forecast Nov-11	Chg from Sep-11	Percent Change	Forecast Nov-11	Chg from Sep-11	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,514.3	(6.3)	-0.3%	2,560.2	(3.0)	-0.1%	20,820.4	119.9	0.6%
Licenses, Permits and Fees	900.4	(4.8)	-0.5%	926.9	(7.1)	-0.8%	7,906.3	(90.2)	-1.1%
Ferry Revenue†	319.4	(3.1)	-1.0%	335.6	(5.9)	-1.7%	2,998.5	(23.8)	-0.8%
Toll Revenue §	184.9	(1.3)	-0.7%	245.3	(4.5)	-1.8%	2,297.1	(32.6)	-1.4%
Aviation Revenues ‡	5.9	(0.0)	-0.2%	6.1	(0.0)	-0.2%	50.0	(0.1)	-0.1%
Rental Car Tax	48.4	(0.4)	-0.9%	51.6	(1.1)	-2.1%	477.3	(16.3)	-3.3%
Vehicle Sales Tax	58.4	(0.5)	-0.8%	65.5	(1.3)	-1.9%	628.7	(8.9)	-1.4%
Driver-Related Fees	203.6	(0.7)	-0.3%	207.4	(0.8)	-0.4%	1,727.2	(10.0)	-0.6%
Business/Other Revenues ¥	10.3	(0.2)	-1.5%	11.0	(0.2)	-1.6%	95.7	(1.8)	-1.9%
Total Revenues	**4,245.7**	**(17.3)**	**-0.4%**	**4,409.7**	**(23.9)**	**-0.5%**	**37,001.2**	**(63.9)**	**-0.2%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**139.4**	**9.5**	**7.3%**	**144.6**	**15.2**	**11.8%**	**1,283.2**	**45.9**	**3.7%**
State Uses									
Motor Vehicle Account (108)	1,051.6	(5.6)	-0.5%	1,071.1	(6.5)	-0.6%	8,830.7	(7.3)	-0.1%
Transportation 2003 (Nickel) Account (550)	347.2	(2.2)	-0.6%	354.4	(2.8)	-0.8%	2,877.6	7.3	0.3%
Transportation 2005 Partnership Account (09H)	574.2	(3.7)	-0.6%	585.2	(4.5)	-0.8%	4,751.4	12.4	0.3%
Multimodal Account (218)	234.8	(2.3)	-1.0%	249.5	(4.1)	-1.6%	2,235.5	(43.2)	-1.9%
Special Category C Account (215)	47.1	(0.3)	-0.7%	48.0	(0.4)	-0.8%	387.8	1.4	0.4%
Puget Sound Capital Construction Account (099)	34.3	(0.2)	-0.7%	34.9	(0.3)	-0.8%	282.2	1.1	0.4%
Puget Sound Ferry Operations Account (109)	371.6	(3.5)	-0.9%	387.6	(6.4)	-1.6%	3,421.6	(24.8)	-0.7%
Capital Vessel Replacement Account (18J)	6.4	0.1	0.0%	7.8	0.0	100.0%	69.6	0.5	100.0%
Tacoma Narrows Bridge Account (511)	91.6	(1.4)	-1.5%	98.0	(4.5)	-4.4%	872.1	(32.7)	-3.6%
High Occupancy Toll Lanes Account (09F)*	1.5	0.1	5.9%	0.0	0.0	0.0%	1.5	0.1	5.9%
SR 520 Corridor Account (16J)	88.0	0.0	0.0%	140.5	0.0	0.0%	1,377.5	0.0	0.0%
SR 520 Corridor Civil Penalities Account (17P)	3.8	(0.0)	0.0%	6.8	0.0	0.0%	46.0	(0.0)	0.0%
Aeronautics Account (039)	5.9	(0.0)	-0.2%	6.1	(0.0)	-0.2%	50.0	(0.1)	-0.1%
State Patrol Highway Account (081)	325.1	(2.3)	-0.7%	334.7	(3.4)	-1.0%	2,867.9	(39.7)	-1.4%
Highway/Motorcycle Safety Accts. (106 & 082)	169.7	(0.4)	-0.2%	172.8	(0.3)	-0.2%	1,437.7	(4.7)	-0.3%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.1	(0.1)	-0.7%	16.4	(0.1)	-0.8%	136.5	(1.6)	-1.2%
Ignition Interlock Deviuces Revolving Acct 14V	2.9	(0.0)	-0.6%	2.9	(0.0)	-1.1%	24.8	(0.4)	-1.5%
Total for State Use	**3,371.9**	**(21.9)**	**-0.6%**	**3,516.9**	**(33.3)**	**-0.9%**	**29,670.5**	**(131.6)**	**-0.4%**
Local Uses									
Cities	180.7	(1.2)	-0.7%	184.0	(1.4)	-0.8%	1,487.4	5.5	0.4%
Counties	295.8	(2.0)	-0.7%	301.4	(2.4)	-0.8%	2,436.4	8.4	0.3%
Transportation Improvement Board (112 & 144)	193.0	(1.3)	-0.7%	196.6	(1.5)	-0.8%	1,589.3	5.9	0.4%
County Road Administration Board (102 & 186)	64.9	(0.4)	-0.7%	66.1	(0.5)	-0.8%	534.4	2.0	0.4%
Total for Local Use	**734.5**	**(4.9)**	**-0.7%**	**748.1**	**(5.8)**	**-0.8%**	**6,047.5**	**21.8**	**0.4%**
Total Distribution of Revenue	**4,245.7**	**(17.3)**	**-0.4%**	**4,409.7**	**(23.9)**	**-0.5%**	**37,001.2**	**(63.9)**	**-0.2%**

† Ferry Fares plus non-farebox and capital surcharge revenue
‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund.
§ SR 520 tolls for forecasting purposes begins January 1, 2012; SR 167 Hot Lanes will expire at the end of 2011-13 biennium

Figure 42 Forecast to Baseline Biennium Comparison of All Transportation Revenues
November 2011 forecast - 16 year period *millions of dollars*

Forecast to Baseline Comparison for Transportation Revenues and Distributions 16-Year Period
November 2011 • millions of dollars

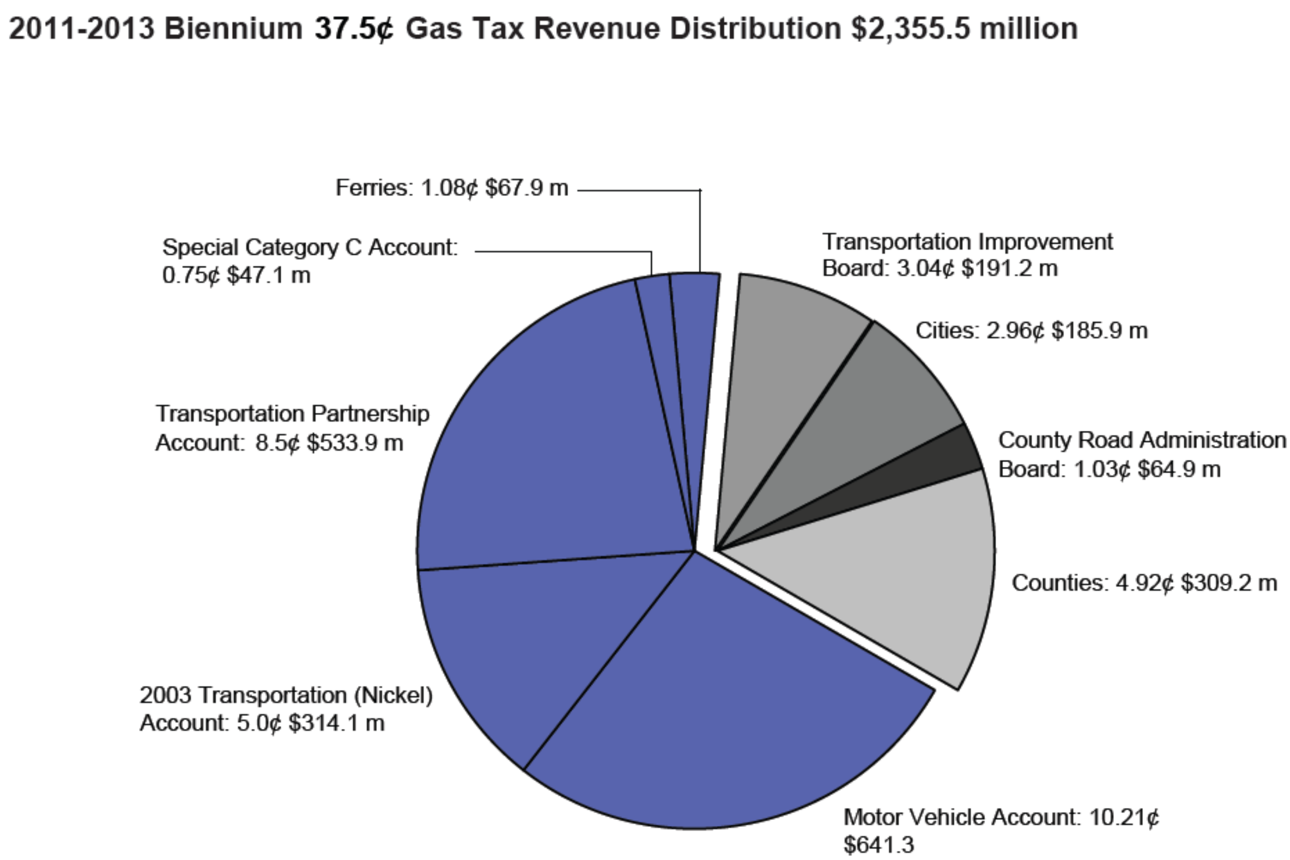
	Current Biennium 2011-2013			2013-2015			16-Year Period (2011-2027)		
	Forecast Nov-11	Chg from Jun-11	Percent Change	Forecast Nov-11	Chg from Jun-11	Percent Change	Forecast Nov-11	Chg from Sep-11	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,514.3	(17.0)	-0.7%	2,560.2	(23.3)	-0.9%	20,820.4	(174.2)	-0.8%
Licenses, Permits and Fees	900.4	(14.5)	-1.6%	926.9	(17.8)	-1.9%	7,906.3	(172.7)	-2.1%
Ferry Revenue†	319.4	6.7	2.2%	335.6	5.0	1.5%	2,998.5	106.2	3.7%
Toll Revenue §	184.9	84.6	84.3%	245.3	137.7	127.9%	2,297.1	1,371.5	148.2%
Aviation Revenues ±	5.9	0.0	0.6%	6.1	0.1	1.7%	50.0	1.0	2.1%
Rental Car Tax	48.4	(0.1)	-0.2%	51.6	(1.5)	-2.9%	477.3	(25.1)	-5.0%
Vehicle Sales Tax	58.4	(2.0)	-3.4%	65.5	(3.6)	-5.2%	628.7	(33.4)	-5.0%
Driver-Related Fees	203.6	(0.5)	-0.2%	207.4	(0.9)	-0.5%	1,727.2	(8.2)	-0.5%
Business/Other Revenues ±	10.3	0.2	2.4%	11.0	0.2	2.0%	95.7	1.5	1.6%
Total Revenues	**4,245.7**	**57.4**	**1.4%**	**4,409.7**	**95.8**	**2.2%**	**37,001.2**	**1,066.6**	**3.0%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**139.4**	**11.4**	**8.9%**	144.6	**5.1**	**3.6%**	1,283.2	**78.1**	**6.5%**
State Uses									
Motor Vehicle Account (108)	1,051.6	(12.8)	-1.2%	1,071.1	(14.8)	-1.4%	8,830.7	(141.6)	-1.6%
Transportation 2003 (Nickel) Account (550)	347.2	(5.2)	-1.5%	354.4	(5.1)	-1.4%	2,877.6	(38.9)	-1.3%
Transportation 2005 Partnership Account (09H)	574.2	(7.9)	-1.4%	585.2	(7.9)	-1.3%	4,751.4	(70.1)	-1.5%
Multimodal Account (218)	234.8	(4.1)	-1.7%	249.5	(7.2)	-2.8%	2,235.5	(80.5)	-3.5%
Special Category C Account (215)	47.1	(0.6)	-1.2%	48.0	(0.6)	-1.2%	387.8	(5.0)	-1.3%
Puget Sound Capital Construction Account (099)	34.3	(0.4)	-1.2%	34.9	(0.4)	-1.2%	282.2	(3.6)	-1.3%
Puget Sound Ferry Operations Account (109)	371.6	(0.4)	-0.1%	387.6	(3.6)	-0.9%	3,421.6	29.0	0.9%
Capital Vessel Replacement Account (18J)	6.4	6.4	0.0%	7.8	7.8	100.0%	69.6	69.6	100.0%
Tacoma Narrows Bridge Account (511)	91.6	(8.2)	-8.2%	98.0	(9.6)	-8.9%	872.1	(53.0)	-5.7%
High Occupancy Toll Lanes Account (09F)*	1.5	1.0	181.7%	0.0	0.0	0.0%	1.5	1.0	181.7%
SR 520 Corridor Account (16J)	88.0	88.0	0.0%	140.5	140.5	100.0%	1,377.5	1,377.5	100.0%
SR 520 Corridor Civil Penalities Account (17P)	3.8	3.8	0.0%	6.8	6.8	100.0%	46.0	46.0	100.0%
Aeronautics Account (039)	5.9	0.0	0.6%	6.1	0.1	1.7%	50.0	1.0	2.1%
State Patrol Highway Account (081)	325.1	(4.2)	-1.3%	334.7	(5.9)	-1.7%	2,867.9	(60.1)	-2.1%
Highway/Motorcycle Safety Accts. (106 & 082)	169.7	(1.2)	-0.7%	172.8	(1.6)	-0.9%	1,437.7	(13.4)	-0.9%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.1	(0.1)	-0.9%	16.4	(0.2)	-1.2%	136.5	(2.5)	-1.8%
Ignition Interlock Device Revolving Acct 14V	2.9	1.2	74.0%	2.9	1.3	77.5%	24.8	11.6	87.4%
Total for State Use	**3,371.9**	**55.2**	**1.7%**	**3,516.9**	**99.6**	**2.9%**	**29,670.5**	**1,067.0**	**3.7%**
Local Uses									
Cities	180.7	(2.3)	-1.2%	184.0	(2.2)	-1.2%	1,487.4	(19.2)	-1.3%
Counties	295.8	(3.7)	-1.2%	301.4	(3.6)	-1.2%	2,436.4	(31.8)	-1.3%
Transportation Improvement Board (112 & 144)	193.0	(2.4)	-1.2%	196.6	(2.3)	-1.2%	1,589.3	(20.5)	-1.3%
County Road Administration Board (102 & 186)	64.9	(0.8)	-1.2%	66.1	(0.8)	-1.2%	534.4	(6.9)	-1.3%
Total for Local Use	**734.5**	**(9.2)**	**-1.2%**	**748.1**	**(8.9)**	**-1.2%**	**6,047.5**	**(78.5)**	**-1.3%**
Total Distribution of Revenue	**4,245.7**	**57.4**	**1.4%**	**4,409.7**	**95.8**	**2.2%**	**37,001.2**	**1,066.6**	**3.0%**
Total Distribution of Revenue less SR 520 revenue ¤	**4,153.9**	**(34.4)**	**-0.8%**	**4,262.4**	**(51.5)**	**-1.2%**	**35,577.7**	**(356.9)**	**-1.0%**

† Ferry Fares plus non-farebox and capital surcharge revenue
‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund.
§ SR 520 tolls for forecasting purposes begins January 1, 2012; SR 167 Hot Lanes will expire at the end of 2011-13 biennium
¤ Excludes SR 520 Bridge Revenues
¥ Baseline Forecast is the March 2011 forecast

Motor Fuel Tax Revenue for Distribution

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

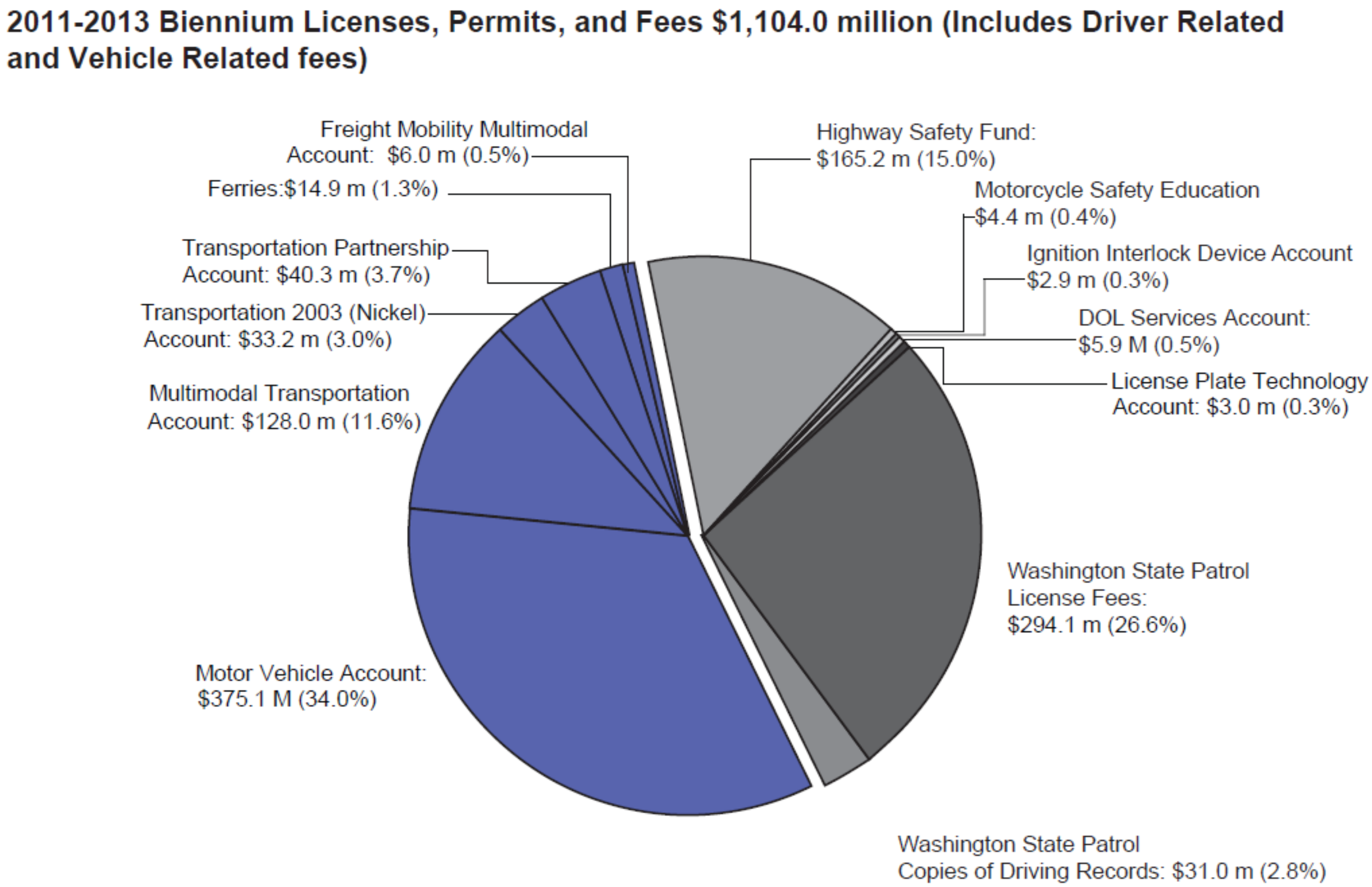
Figure 43 Fuel Tax Revenue for Statutory Distribution
2011–13 biennium - $2,355.5 million



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

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

Figure 44 License Permits and Fees Revenue for Distribution (Both Motor Vehicle & Driver Related) 2011–13 biennium - $1,104.0 million



Impact to Transportation Accounts

Motor Vehicle Account Revenue Forecast and Distributions

Many of the forecasted revenues are deposited into the Motor Vehicle Account—the largest transportation account. Initially all fuel tax revenues and all business-related revenues are deposited into this account. Net revenues that remain after statutory distributions are subject to 18th Amendment restrictions.

Figure 45 Motor Vehicle Account Revenue *dollars in millions*	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	2,514.3	(6.3)	2,560.2	(3.0)	12,994.0	68.7
Licenses, Permits, & Fees	373.8	(1.0)	383.8	(1.6)	2,010.0	(15.4)
Business-Related Revenue	10.3	(0.2)	11.0	(0.2)	59.4	(1.1)
Total	**2,898.4**	**(7.5)**	**2,955.1**	**(4.8)**	**15,063.4**	**52.1**
Distribution						
Refunds-Regular	139.4	9.5	144.6	15.2	786.8	28.4
Fuel Tax Distributions for Local Uses[1]	734.5	(4.9)	748.1	(5.8)	3,779.8	11.9
Fuel Tax Distributions for State Uses[2]	973.0	(6.5)	991.2	(7.7)	5,008.0	16.3
Total	**1,846.9**	**(1.9)**	**1,883.9**	**1.7**	**9,574.6**	**56.6**
Net Revenue	**1,051.6**	**(5.6)**	**1,071.1**	**(6.5)**	**5,488.8**	**(4.4)**

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

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

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

Transportation 2003 (Nickel) Account Revenue Forecast

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

Figure 46 Transportation 2003 (Nickel) Account *dollars in millions*	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11
Revenue						
5¢ Gas Tax	314.1	(2.1)	319.9	(2.5)	1,616.1	5.3
Licenses, Permits and Fees	33.2	(0.1)	34.5	(0.3)	181.2	(1.5)
Total	**347.2**	**(2.2)**	**354.4**	**(2.8)**	**1,797.3**	**3.8**

Transportation Partnership Account Revenue Forecast

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

Figure 47 Transportation Partnership Account *dollars in millions*	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11
Revenue						
5¢ Gas Tax	533.9	(3.5)	543.8	(4.2)	2,747.4	8.9
Licenses, Permits and Fees	40.3	(0.1)	41.4	(0.3)	219.3	(2.3)
Total	**574.2**	**(3.7)**	**585.2**	**(4.5)**	**2,966.6**	**6.7**

Washington State Ferry Accounts Revenue Forecast

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

Figure 48 Washington State Ferries Accounts *dollars in millions*	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	312.6	(2.9)	328.4	(5.6)	1,805.4	(17.2)
Concessions & Other Revenue	6.9	(0.1)	7.2	(0.3)	43.1	(2.0)
Fuel Tax	43.6	(0.3)	44.5	(0.3)	225.8	0.7
Licenses, Permits and Fees	14.9	(0.1)	15.3	(0.1)	80.9	(1.0)
Subtotal	**378.0**	**(3.5)**	**395.4**	**(6.4)**	**2,155.2**	**(19.4)**
Capital Vessel Replacement Account (18J)	6.4	0.0	7.8	0.0	40.3	0.3
Total	**6.4**	**(0.3)**	**52.3**	**(0.3)**	**266.0**	**1.0**
Puget Sound Cap. Const. Acct. (099) Fuel Tax	34.3	(0.2)	34.9	(0.3)	176.4	0.6
Total	**412.3**	**(3.7)**	**430.3**	**(6.7)**	**2,331.6**	**(18.9)**

Multimodal Transportation Account Revenue Forecast

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

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

Figure 49 Multimodal Account *dollars in millions*	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11
Revenue						
Licenses, Permits and Fees	128.0	(1.4)	132.4	(1.7)	697.7	(10.7)
Rental Car Tax	48.4	(0.4)	51.6	(1.1)	289.7	(10.3)
Vehicle Sales Tax	58.4	(0.5)	65.5	(1.3)	386.7	(6.6)
Total	**234.8**	**(2.3)**	**249.5**	**(4.1)**	**1,374.0**	**(27.5)**

Aeronautics Account Revenue Forecast

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

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

Figure 50 Aeronautics Account *dollars in thousands*	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11
Revenue						
Aircraft Dealer License Fees	8.0	0.0	8.0	0.0	40.0	0.0
Aircraft Excise Tax	59.0	0.1	59.7	0.0	305.2	(0.3)
Aircraft Fuel Tax	5,128.0	0.0	5,326.8	0.0	27,318.3	0.0
Aeronautics Transfer (from MV Fund)	555.7	(0.5)	557.9	1.6	2,748.4	28.2
Aircraft Registrations	183.1	(13.1)	185.1	(13.5)	945.5	(71.5)
Total	**5,933.8**	**(13.5)**	**6,137.5**	**(11.9)**	**31,357.4**	**(43.6)**

Toll Revenue Forecast

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

Figure 51 Tolling Accounts *dollars in millions*	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11
Revenue						
Tacoma Narrows Bridge Account						
Toll Revenues	88.8	(1.4)	94.1	(4.5)	521.9	(24.2)
Transponder Sales/ Shield Sales	0.7	0.0	0.7	(0.0)	3.9	(0.2)
Violations	0.3	0.0	0.0	0.0	0.0	0.0
Civil Penalties	1.6	0.0	3.0	0.0	16.1	0.0
Fees	0.2	0.0	0.2	0.0	1.1	0.0
Subtotal Tacoma Narrows Bridge	**91.6**	**(1.4)**	**98.0**	**(4.5)**	**543.0**	**(24.4)**
HOT Lanes Operations Account ^						
Toll Revenues	1.4	0.1	0.0	0.0	n/a	n/a
Transponder Sales/ Shield Sales	0.1	0.0	0.0	0.0	n/a	n/a
Fees	0.0	0.0	0.0	0.0	n/a	n/a
Subtotal HOT Lanes Operations	**1.5**	**0.1**	**0.0**	**0.0**	**n/a**	**n/a**
SR 520 Bridge §						
Toll Revenues	82.2	0.0	134.6	0.0	836.0	0.0
Transponder Sales/ Shield Sales	3.3	0.0	2.3	0.0	12.4	0.0
Civil Penalties	3.8	(0.0)	6.8	0.0	31.1	0.0
Fees	2.4	0.0	3.7	0.0	18.3	0.0
Subtotal SR 520 Bridge	**91.8**	**(0.0)**	**147.3**	**0.0**	**897.7**	**0.0**
Total Tolling Revenues	**184.9**	**(1.3)**	**245.3**	**(4.5)**	**1,440.7**	**(24.4)**

^ HOT Lanes pilot program expires at the end of April 201

§ June 2011 forecast is the first forecast to include SR 520 revenue

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

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

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

Figure 52 Highway Safety/Motorcycle Safety/WSP *dollars in millions*	2011-13		Current Biennium 2013-15		10-Year Period (2011-2021)	
	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11	Forecast Nov 11	Chg from Sep 11
Revenue						
Highway Safety						
Driver License Fees	127.4	0.0	129.3	0.3	667.2	0.9
Copies of Records	33.5	(0.3)	34.2	(0.5)	177.5	(3.1)
Other and Miscellaneous	4.4	0.1	4.5	(0.1)	23.6	(0.3)
Subtotal	**165.2**	**(0.2)**	**168.0**	**(0.3)**	**868.3**	**(2.5)**
Motorcycle Safety Permits/Endorsements	4.4	(0.0)	4.9	(0.0)	24.9	(0.0)
State Patrol Copies of Records (ADR) / LPF	325.1	(2.3)	334.7	(3.4)	1,769.0	(22.9)
Subtotal	**329.6**	**(2.3)**	**339.6**	**(3.4)**	**1,793.9**	**(23.0)**
Total	**494.8**	**(2.5)**	**507.6**	**(3.7)**	**2,662.2**	**(25.5)**