Transportation Revenue Forecast Council

September 2011 Transportation Economic and Revenue Forecasts

Volume I: Summary Document

Washington Transportation
Economic and Revenue Forecast
September 2011 Forecast

Summary Report (Volume I)

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Preface

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

Transportation Forecast Summary

Forecast Overview

Here are key conclusions from the September 2011 transportation revenue forecast.

- September 2011 transportation forecast of revenues: $4.26 billion for the current biennium which represents an increase of 4.6% over the prior 2009-11 biennium of $4.075 billion.
- Overall transportation revenue is down 1.3% in the current biennium ($57.2 million) with the largest share of the change being the impact of incorporating the planned start date for toll collection on SR 520 and motor vehicle fuel tax collections. Most other revenue sources are also down in the current biennium except for aviation and ferry revenue.
- For the 10-year forecast horizon, total revenues are down 1.0% or $235 million from June due to weaker economic variables and lower collections in recent months for certain revenue sources.
- New August projections of near-term real personal income are down from the last forecast and non-farm employment growth rates are also down as well from the prior forecast. These economic variable adjustments caused transportation revenues to be lower in the near-term and throughout the forecast horizon. In the current fiscal year, on average retail gas and diesel price forecasts are down from the prior forecast. Wholesale diesel prices are down as well from prior projections for the entire forecast horizon.
- The primary reason for the change in fuel taxes in the current year has been the lower than anticipated diesel tax collections since the last forecast. For the current biennium, gasoline and diesel consumption have been revised downward from the June forecast and revenues are $2.521 billion in total: $1,988.5 million for gas tax collections and $532.2 million for diesel tax collections. This forecast is lower by $11 million (-0.55%) for gas tax collections and $10.1 million (-1.9%) for diesel tax collections from the prior forecast.
- In the current biennium, the vehicle licenses, permits and fee forecast is $905 million which is down by $6 million or 0.7% from the last forecast due to lower truck fee rate assumptions in this forecast. Over the 10-year forecast horizon, the vehicle licenses, permits and fees revenue forecast are projected to be down $38.9 million or 0.8%.
- Baseline total ferry revenue is up to $322.5 million due to higher ferry fares and ferry structure changes enacted in recent months. This forecast is higher than in June projections for the 2011-13 biennium by $15 million or 4.9%. Over the 10-year forecast horizon, ferry revenue is also up $82.6 million or 4.8% over the prior forecast.
- Toll revenue is estimated at $186.2 million in the current biennium assuming a revised SR 520 start date and this change reduced the estimated toll revenue by $40.9 million in the current biennium from June projections, which had assumed a full biennium of toll collections. Over the 10-year forecast period, toll revenue is down by $70 million or 5% from prior projections.

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 September forecast projects a 1.9% annual increase to $2.099 million in total transportation revenue which is 2.1% decline from the June forecast. Overall during the 10-year forecast horizon, transportation revenues are projected to grow on average 1% each year.

Figure 1 Total Transportation Revenues Comparison
September vs June 2011 forecasts
millions of dollars

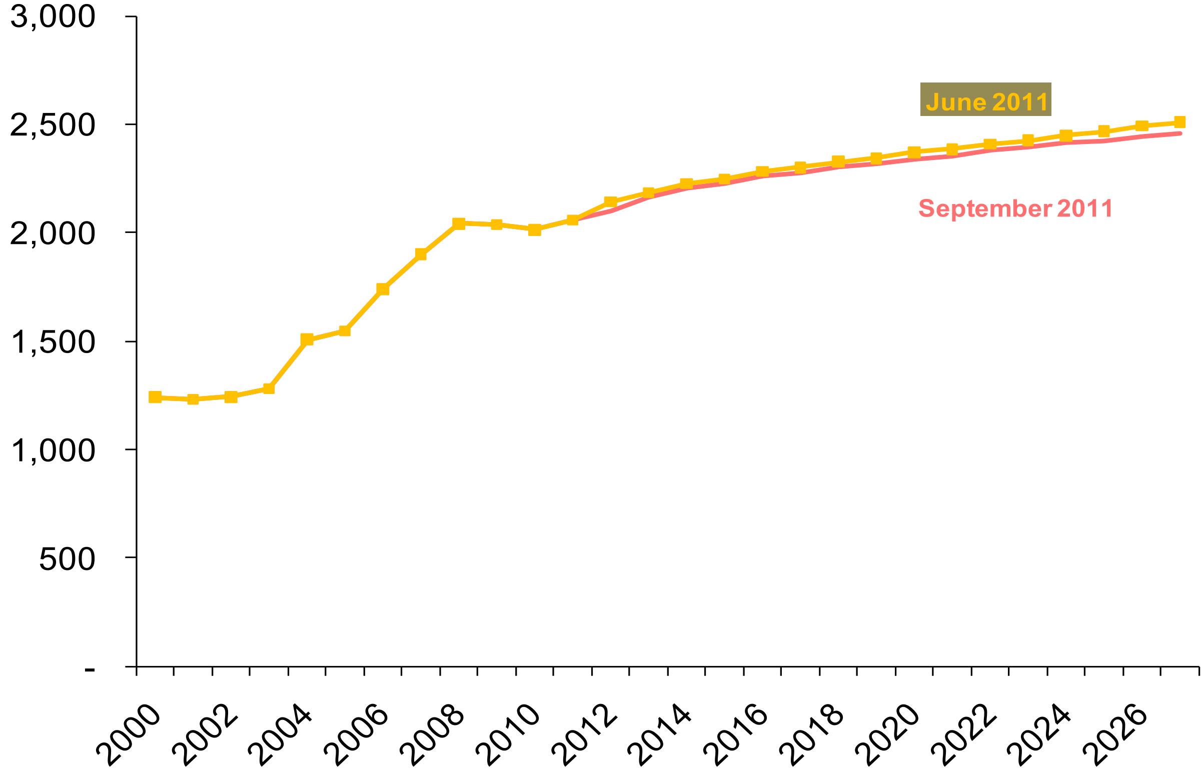
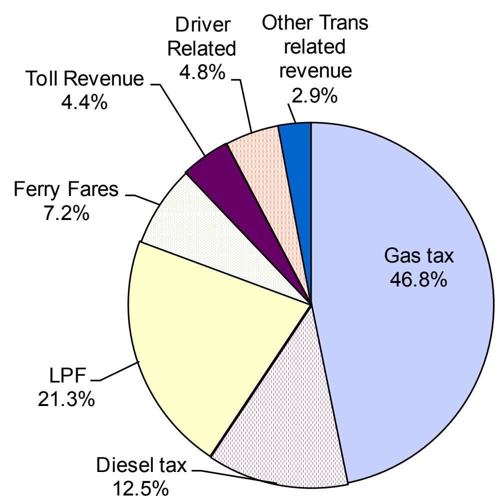


Figure 2 Revenue by Source
2011-13 biennium ($4.263 billion)



Washington's state transportation revenues come from numerous taxes, fees, permits, tolls, other revenues. Washington's transportation revenues forecasted each quarter include the revenue sources contained in Figure 2. This pie graph reveals the anticipated share of each state revenue source to the total transportation revenues for 2011-13 biennium, ($4.263 billion) in September 2011. Gasoline fuel taxes comprise the largest share of all transportation revenue at 46.8% of all transportation revenue in the 2011-13 biennium. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 59.3% of all transportation revenues. Licenses, permits and fee revenues comprise the second largest share at 21.3% 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 80.6% of state transportation revenues in the 2011-13 biennium. The remaining 19.4% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

As Figure 3 indicates, in the current biennium, September transportation revenues are projected at $4.262.8 billion and this forecast is down from the last forecast by $57 million or 1.3% from June. The largest decline in revenues has been in toll revenue by $40.9 million and the second largest decline is in motor vehicle fuel taxes at $21 million. Over the entire 10-year forecast horizon (2011-2023), the

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

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

	2009-2011			Current Biennium 2011-2013			10-Year Period (2011-2021)		
	Forecast Sep-11	Chg from Jun-11	Percent Change	Forecast Sep-11	Chg from Jun-11	Percent Change	Forecast Sep-11	Chg from Jun-11	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,489.2	(3.1)	-0.1%	2,520.7	(21.1)	-0.8%	12,833.8	(184.8)	-1.4%
Licenses, Permits and Fees	872.9	2.6	0.3%	905.3	(6.4)	-0.7%	4,795.0	(38.9)	-0.8%
Ferry Revenue†	300.7	0.4	0.1%	322.5	15.0	4.9%	1,787.5	82.6	4.8%
Toll Revenue §	93.6	(0.3)	-0.3%	186.2	(40.9)	-18.0%	1,328.4	(70.0)	-5.0%
Aviation Revenues ‡	5.2	0.3	7.1%	5.9	0.0	0.6%	31.0	0.6	2.0%
Rental Car Tax	44.5	0.1	0.2%	48.8	(0.2)	-0.4%	281.9	(4.1)	-1.4%
Vehicle Sales Tax	54.4	0.1	0.1%	58.9	(2.4)	-3.9%	364.6	(17.6)	-4.6%
Driver-Related Fees	201.1	0.4	0.2%	204.3	(1.2)	-0.6%	1,061.5	(4.2)	-0.4%
Business/Other Revenues ‡	11.3	0.2	1.6%	10.4	0.3	2.8%	57.6	1.5	2.6%
Total Revenues	**4,072.9**	**0.6**	**0.0%**	**4,263.0**	**(56.9)**	**-1.3%**	**22,541.3**	**(235.0)**	**-1.0%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**119.2**	**2.3**	**2.0%**	**129.9**	**0.8**	**0.6%**	**722.3**	**0.8**	**0.1%**
State Uses									
Motor Vehicle Account (108)	1,036.4	(2.7)	-0.3%	1,057.1	(7.9)	-0.7%	5,424.0	(72.3)	-1.3%
Transportation 2003 (Nickel) Account (550)	346.3	(0.4)	-0.1%	349.5	(4.0)	-1.1%	1,781.4	(27.1)	-1.5%
Transportation 2005 Partnership Account (09H)	574.5	(0.2)	0.0%	577.9	(6.1)	-1.0%	2,940.7	(46.3)	-1.6%
Multimodal Account (218)	223.5	1.2	0.5%	237.1	(2.8)	-1.2%	1,335.0	(22.2)	-1.6%
Special Category C Account (215)	47.1	(0.0)	-0.1%	47.4	(0.5)	-1.0%	240.5	(3.7)	-1.5%
Puget Sound Capital Construction Account (099)	34.3	(0.0)	-0.1%	34.5	(0.3)	-1.0%	175.0	(2.7)	-1.5%
Puget Sound Ferry Operations Account (109)	358.6	0.3	0.1%	375.1	8.2	2.2%	2,050.7	38.6	1.9%
Capital Vessel Replacement Account (18J)	0.0	0.0	0.0%	6.3	6.3	100.0%	40.0	40.0	100.0%
Tacoma Narrows Bridge Account (511)	92.3	(0.3)	-0.4%	93.1	(6.8)	-6.8%	540.2	(12.7)	-2.3%
High Occupancy Toll Lanes Account (09F)*	1.3	0.1	5.3%	1.4	0.1	8.8%	1.4	0.1	8.8%
SR 520 Corridor Account (16J)	0.0	0.0	0.0%	88.0	(32.7)	-27.1%	757.6	(55.8)	-6.9%
SR 520 Corridor Civil Penalties Account (17P)	0.0	0.0	0.0%	3.8	(1.5)	-28.8%	28.1	(1.5)	-5.2%
Aeronautics Account (039)	5.8	0.3	6.3%	5.9	0.0	0.6%	31.0	0.6	2.0%
State Patrol Highway Account (081)	312.7	0.1	0.0%	327.4	(1.5)	-0.5%	1,740.7	(10.3)	-0.6%
Highway/Motorcycle Safety Accts. (106 & 082)	168.1	0.5	0.3%	170.0	(2.1)	-1.2%	882.3	(9.1)	-1.0%
Other accounts (201, 06T, 097, 09E, 216, 07C)	15.9	0.0	0.3%	16.3	0.0	0.0%	84.1	(0.3)	-0.3%
Ignition Interlock Devices Revolving Acct 14V	2.6	0.1	2.2%	2.9	1.2	69.3%	15.2	6.7	77.9%
Total for State Use	**3,219.3**	**(1.0)**	**0.0%**	**3,393.8**	**(50.3)**	**-1.5%**	**18,067.9**	**(178.1)**	**-1.0%**
Local Uses									
Cities	180.8	(0.2)	-0.1%	181.9	(1.8)	-1.0%	922.3	(14.2)	-1.5%
Counties	296.0	(0.3)	-0.1%	297.9	(3.0)	-1.0%	1,510.9	(23.1)	-1.5%
Transportation Improvement Board (112 & 144)	193.2	(0.2)	-0.1%	194.3	(1.9)	-1.0%	985.5	(15.2)	-1.5%
County Road Administration Board (102 & 186)	65.0	(0.1)	-0.1%	65.3	(0.7)	-1.0%	331.4	(5.1)	-1.5%
Total for Local Use	**735.0**	**(0.7)**	**-0.1%**	**739.4**	**(7.4)**	**-1.0%**	**3,750.1**	**(57.7)**	**-1.5%**
Total Distribution of Revenue	**4,073.5**	**0.6**	**0.0%**	**4,263.0**	**(56.9)**	**-1.3%**	**22,540.3**	**(235.0)**	**-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

transportation revenue forecast for September 2011 is $22.54 billion down $235 million or 1% from the June 2011 forecast due primarily to weaker economic variables and delay in starting toll collection on SR 520. See the Appendix for 16 year forecast period tables.

Figure 4 indicates the forecast to forecast comparison for the next ten year outlook. In the current biennium, September's forecast is up $75 million from March with the inclusion of the SR 520 toll revenue forecast but down $17 million without the new SR 520 toll revenue forecast. Between 2011-2021, the transportation revenue forecast for September 2011 is $22.54 billion which is up $ 647 million or 3% 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 $140 million or 0.6% from the March baseline forecast.

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

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

	2009-2011			Current Biennium 2011-2013			10-Year Period (2011-2021)		
	Forecast Sep-11	Chg from Baseline ¥	Percent Change	Forecast Sep-11	Chg from Baseline ¥	Percent Change	Forecast Sep-11	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,489.2	9.3	0.4%	2,520.7	(10.7)	-0.4%	12,833.8	(129.8)	-1.0%
Licenses, Permits and Fees	872.9	(1.0)	-0.1%	905.3	(9.7)	-1.1%	4,795.0	(51.5)	-1.1%
Ferry Revenue†	300.7	0.2	0.1%	322.5	9.8	3.1%	1,787.5	64.2	3.7%
Toll Revenue §	93.6	(0.3)	-0.3%	186.2	85.9	85.6%	1,328.4	774.9	140.0%
Aviation Revenues ±	5.2	0.4	7.2%	5.9	0.0	0.8%	31.0	0.7	2.2%
Rental Car Tax	44.5	0.4	0.9%	48.8	0.3	0.7%	281.9	(3.3)	-1.2%
Vehicle Sales Tax	54.4	0.4	0.7%	58.9	(1.6)	-2.6%	364.6	(13.5)	-3.6%
Driver-Related Fees	201.1	1.2	0.6%	204.3	0.2	0.1%	1,061.5	3.0	0.3%
Business/Other Revenues ±	11.3	0.3	2.4%	10.4	0.4	3.9%	57.6	2.1	3.7%
Total Revenues	**4,072.9**	**10.9**	**0.3%**	**4,263.0**	**74.7**	**1.8%**	**22,541.3**	**646.7**	**3.0%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**119.2**	**4.1**	**3.6%**	**129.9**	**1.9**	**1.5%**	**722.3**	**6.6**	**0.9%**
State Uses									
Motor Vehicle Account (108)	1,035.8	1.1	0.1%	1,057.1	(7.2)	-0.7%	5,424.0	(65.3)	-1.2%
Transportation 2003 (Nickel) Account (550)	346.3	0.3	0.1%	349.5	(3.0)	-0.8%	1,781.4	(21.1)	-1.2%
Transportation 2005 Partnership Account (09H)	574.5	1.2	0.2%	577.9	(4.2)	-0.7%	2,940.7	(36.5)	-1.2%
Multimodal Account (218)	223.5	1.8	0.8%	237.1	(1.8)	-0.8%	1,335.0	(18.7)	-1.4%
Special Category C Account (215)	47.1	0.2	0.3%	47.4	(0.3)	-0.6%	240.5	(2.7)	-1.1%
Puget Sound Capital Construction Account (099)	34.3	0.1	0.3%	34.5	(0.2)	-0.6%	175.0	(2.0)	-1.1%
Puget Sound Ferry Operations Account (109)	358.6	0.3	0.1%	375.1	3.1	0.8%	2,050.7	21.0	1.0%
Capital Vessel Replacement Account (18J)	0.0	0.0	0.0%	6.3	6.3	100.0%	40.0	40.0	100.0%
Tacoma Narrows Bridge Account (511)	92.3	(0.3)	-0.4%	93.1	(6.8)	-6.8%	540.2	(12.7)	-2.3%
High Occupancy Toll Lanes Account (09F)*	1.3	0.1	5.3%	1.4	0.9	166.1%	1.4	0.9	166.1%
SR 520 Corridor Account (16J)	0.0	0.0	0.0%	88.0	88.0	100.0%	757.6	757.6	100.0%
SR 520 Corridor Civil Penalities Account (17P)	0.0	0.0	0.0%	3.8	3.8	100.0%	29.1	29.1	100.0%
Aeronautics Account (039)	5.8	0.4	6.5%	5.9	0.0	0.8%	31.0	0.7	2.2%
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Other accounts (201, 06T, 097, 09E, 216, 07C)	15.9	0.0	0.1%	16.3	(0.0)	-0.1%	84.1	(0.4)	-0.5%
Ignition Interlock Device Revolving Acct 14V	2.6	0.2	6.8%	2.9	1.2	75.0%	15.2	6.9	83.9%
Total for State Use	**3,218.7**	**4.3**	**0.1%**	**3,393.8**	**77.1**	**2.3%**	**18,068.9**	**682.2**	**3.9%**
Local Uses									
Cities	180.8	0.6	0.3%	181.9	(1.1)	-0.6%	922.3	(10.4)	-1.1%
Counties	296.0	1.0	0.3%	297.9	(1.7)	-0.6%	1,510.9	(16.8)	-1.1%
Transportation Improvement Board (112 & 144)	193.2	0.6	0.3%	194.3	(1.1)	-0.6%	985.5	(11.1)	-1.1%
County Road Administration Board (102 & 186)	65.0	0.2	0.3%	65.3	(0.4)	-0.6%	331.4	(3.7)	-1.1%
Total for Local Use	**735.0**	**2.4**	0.3%	**739.4**	**(4.3)**	**-0.6%**	**3,750.1**	**(42.0)**	**-1.1%**
Total Distribution of Revenue	**4,072.9**	**10.8**	**0.3%**	**4,263.0**	**74.7**	**1.8%**	**22,541.3**	**646.7**	**3.0%**
Total Distribution of Revenue less SR 520 revenue ¤	**4,072.9**	**10.8**	**0.3%**	**4,171.2**	**(17.1)**	**-0.4%**	**21,754.5**	**(140.1)**	**-0.6%**

† 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 August Global Insight forecast, August Blue Chip average US GDP growth rates, NYMEX fuel prices and other forecasted economic variables in the near term. The September 2011 forecast of Washington personal income had major revisions to the entire history of Washington real personal income as well as new projections. The history of this variable was revised downward due to large revisions to US personal income from the national income and products accounts and estimation of Washington's share of the revised US personal income. The September 2011 history of Washington personal income is lower throughout and the forecast is lower as well due to weaker 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 $264 billion versus $268 billion in the June forecast due to actual economic variables for Washington not meeting expectations in recent months and national personal income being revised lower since the last forecast thus lowering the Washington real personal income overall.

In fiscal year 2010, Washington's real personal income was revised downward this forecast to $256.4 billion which was lower by 1.8% from June and the annual growth rate for FY 2010 is now reduced to -2.2%. On a quarterly basis, the September 2011 Washington personal income forecast is $270.8 billion for the second quarter of 2011 which is nearly the same as the previous forecast. In FY 2011, the annual growth rate in real personal income is up only slightly to 2.9% from 2.7% even though overall personal income has been revised down. The annual growth rate projected for FY 2012 is 1.9%, significantly lower than 2.7% in the last forecast and 3.2% in the March forecast. In FY 2013, the current forecast of Washington real personal income has been lowered to 2.6% as opposed to 3.4% in the June forecast and 3.5% in March. The September 2011 forecast uses OFM's 2011 long-term personal income projections which haven't changed from the June 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 of the forecast horizon after FY 2014, the current growth rates of Washington personal income are the same as last forecast since the long-term income growth rates haven't changed.

WA Population

In November 2010, OFM released the 2010 long-term statewide population forecast. These population estimates were first incorporated into the November 2010 forecast. For FY 2011, the statewide population forecast is 1.3% annual growth. The current population growth rate for FY 2012 is forecasted to be 1.3% annually. Yet, the 2010 population growth rate for FY 2013 is up year over year to 1.4%. In fiscal years 2014 - 2024, the 2010 population forecast growth rates are slowly declining from 1.3% to 1.1%. The statewide population forecast used in September has not changed since November 2010.

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% as opposed to 20.2% projected in the June forecast. In FY 2012, the September 2011 forecast of Washington driver in-migration is projected to decline -6.7% and this is a larger decline than in the June forecast of -3.4%. In FY 2013, the September forecast annual decline is smaller at -1.9% than projected in June at -3.3% This change is due to lower economic conditions in Washington state as opposed to the rest of the US and slightly higher projections in the next fiscal year relative to the US.

U.S. Inflation
The U.S. inflation rate forecast is from Global Insight's August 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 1.7% which is nearly the same as the June forecast of 1.6%.In the near-term forecasts of inflation rates have fallen slightly due to lower fuel prices but the core elements of inflation have remained fairly constant. In FY 2012, the inflation rate is also down to 1.9% as opposed to 2.1% in the last forecast. In FY 2013, the inflation forecast is projected to decline by 1.3% which is nearly the same as in June at 1.4%. Then in FY 2014, the current forecast shows an annual increase in inflation to 2% which nearly matches the prior forecast at 1.9%; in FY 2015, the current forecast is up slightly at 2.1% which is nearly identical to 2.2% in the last forecast. For the remainder of the forecast horizon, the inflation rates, are between 2% and as low as 1.7% in FY 2022 and FY 2023.

U.S. Petroleum Products Price Index
The August 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 17.8% for FY 2011. In FY 2012, the growth rate in the US fuel price index is projected to be 8.4% slightly lower than 10.9% in the June forecast for the petroleum products index. In FY2013, the current forecast of the petroleum products price index growth rate is 3.6%, nearly the same as 3.7% in the last forecast. In the next four years, 2014-21, the annual percentage growth rates of this index are higher than in June. The annual percentage change in the oil price index goes negative in FY 2020 but then turns positive again in the FY 2022. By FY 2027, the petroleum products price index annual growth rate reaches 1.4%.

Figure 5 Annual Percentage Change (%) in Select Economic Variables
September 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	-2.2	1.3	1.3	3.2	0.6	-4.0	7.5	-1.0
2011	2.9	1.3	1.7	17.8	0.9	0.5	14.9	19.9
2012	1.9	1.4	1.9	8.4	1.3	1.4	5.8	-6.7
2013	2.6	1.4	1.3	3.6	1.4	2.0	10.3	-1.9
2014	3.4	1.3	2.0	3.2	1.5	2.3	1.5	-3.0
2015	3.1	1.3	2.1	-0.4	1.6	1.7	11.3	-1.9
2016	3.2	1.3	2.1	2.4	1.7	1.6	9.9	-1.3
2017	3.2	1.3	2.0	1.9	1.9	1.6	1.9	-0.9
2018	3.2	1.2	2.0	1.1	2.0	1.6	-0.9	-0.7
2019	3.2	1.2	1.9	0.8	2.0	1.6	1.5	-0.5
2020	3.2	1.2	1.8	-1.0	2.1	1.6	1.9	-0.3
2021	3.2	1.1	1.8	-0.2	2.2	1.5	1.8	-0.2
2022	3.0	1.1	1.7	1.0	2.3	1.1	2.0	-0.2
2023	3.0	1.1	1.7	0.2	2.2	1.1	2.9	-0.1
2024	3.0	1.1	1.8	0.7	2.2	1.1	1.9	-0.1
2025	3.0	1.1	1.9	1.3	2.2	1.1	2.2	-0.1
2026	3.0	1.1	1.9	1.3	2.2	1.1	1.8	-0.04
2027	3.0	1.1	1.9	1.4	2.2	1.1	1.8	-0.03

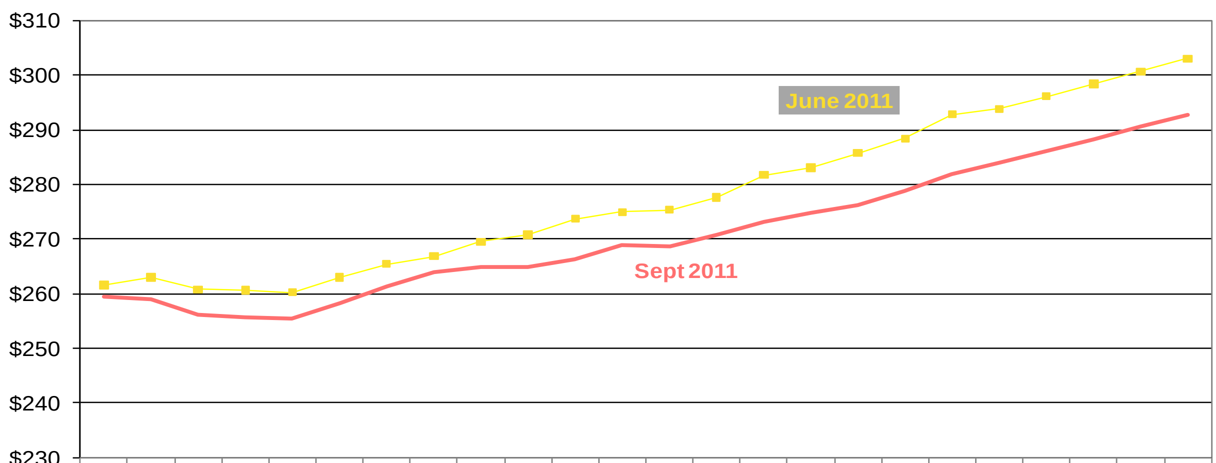
Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management, August 2011 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices

U.S. Fuel Efficiency (MPG)
U.S. Fuel Efficiency variable for the September 2011 forecast has remained the same as the June 2011 forecast by Global Insight. 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 fuel efficiency for the US fleet is 20.7 miles per gallon. The vehicle fuel efficiency is projected to grow to 27.8 miles per gallon by FY 2027. The long-term forecast in fuel efficiency represents 32% growth between 2011 and 2027.

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 June. In FY 2012 and FY 2013, this September forecast predicts year over year growth in non-ag. employment of 1.4% and 2% respectively instead of 1.8% and 2.4% from the June 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 2.3%, nearly the same as the prior forecast of 2.4%. 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. In FY 2015, Washington employment is forecasted to grow at 1.7% which is the same as the June 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 1% as opposed to 0.9% anticipated in June. In the current fiscal year, the trade, transportation and utilities sectors are anticipated to grow slightly faster at 2% annually which is faster than the overall non-farm employment. In FY 2013, growth rates in this employment sector are also expected to pick up to 2.7% and then fall slightly again in FY 2014 to 1.9% which are slightly down from the last forecast at 2.0%.

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



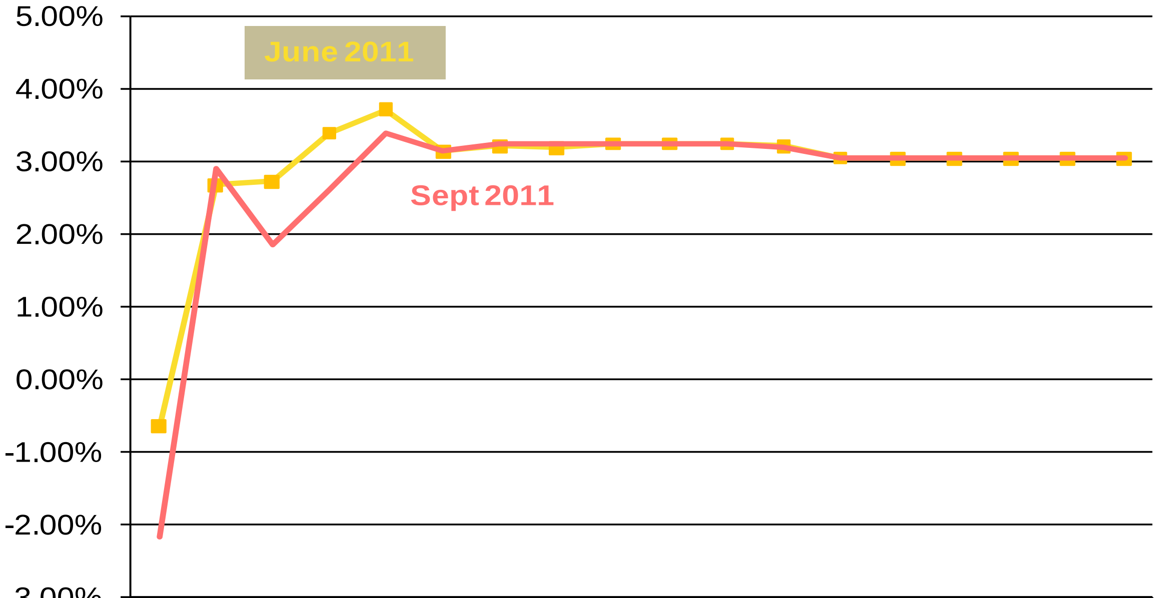
	2009 Qtr 1	2009 Qtr 2	2009 Qtr 3	2009 Qtr 4	2010 Qtr 1	2010 Qtr 2	2010 Qtr 3	2010 Qtr 4	2011 Qtr 1	2011 Qtr 2	2011 Qtr 3	2011 Qtr 4
Jun-11	262	263	261	261	260	263	265	267	270	271	274	275
Sept-11	260	259	256	256	255	258	261	264	265	265	266	269

	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
Jun-11	275	278	282	283	286	288	293	294	296	298	301	303
Sept-11	269	270.8	273	275	276	279	282	284	286	288	291	293

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

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 has been made with a 7% growth in FY 2010. The big recovery in auto sales occurred in FY 2011 with 14.8% annual increase in sales. In FY 2012, the recovery for light vehicle sales continues with a projected 6.9% growth rate, which is a lower projection than last forecast at 8.5%. In fiscal years 2013 and 2014, the consumer spending on new vehicles is anticipated to be up 5.8% and 4.6% respectively which is more optimistic than the last forecast of 5% and 3.7% so the recovery in the economy is being pushed out in this current forecast. By FY 2015, consumer spending is projected to spike again annually to 13% as opposed to 14% anticipated in June.

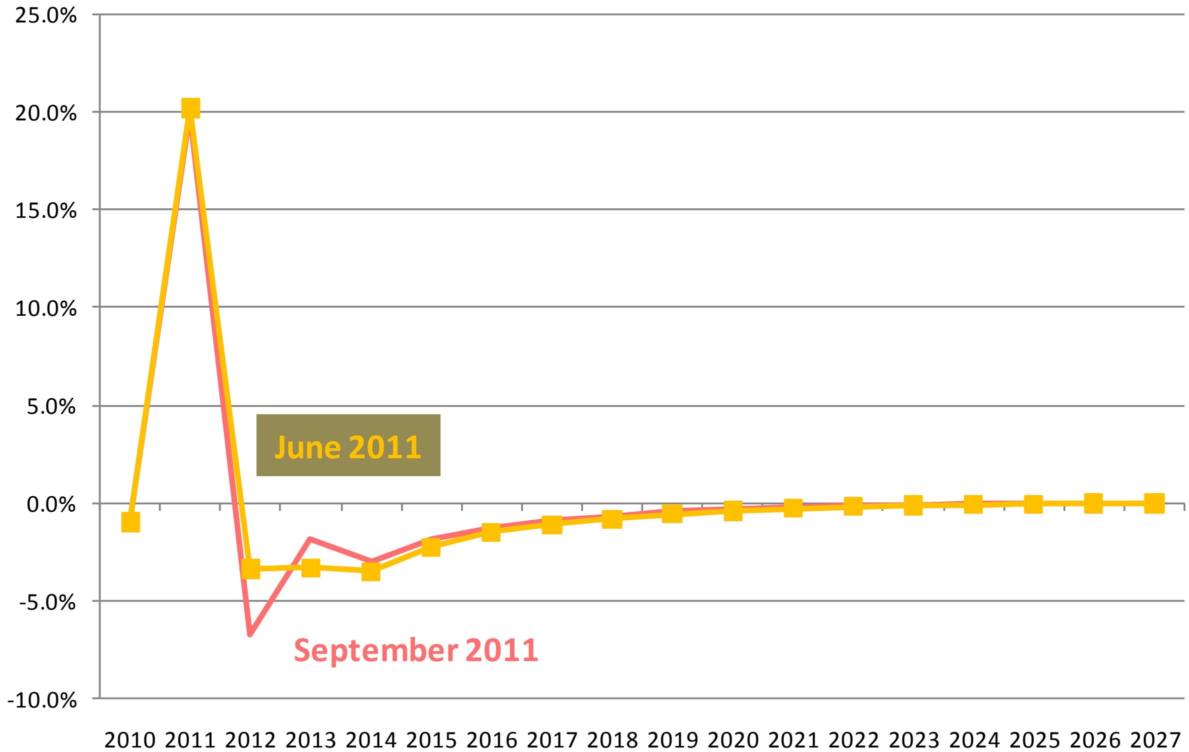
Figure 7 Forecast Comparison of Annual Growth Rates for Washington Real Personal Income September vs. June 2011



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
1-Jun	-0.7	2.7%	2.7%	3.4%	3.7%	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%
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%

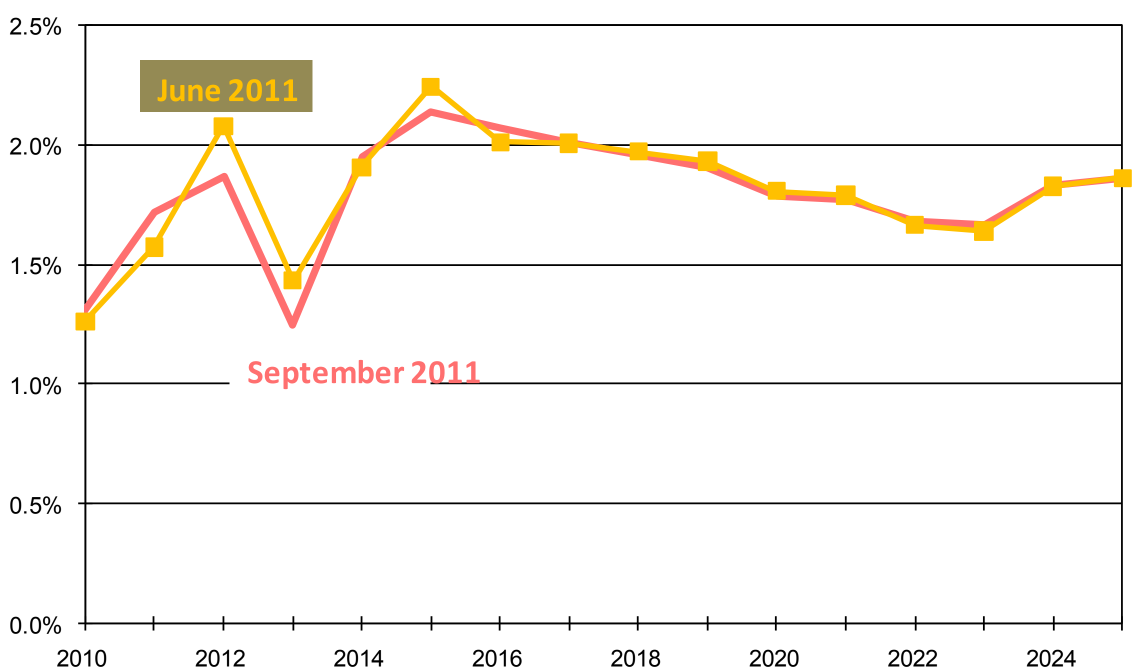
Source: Washington Economic and Revenue Forecast Council (August economic variables) and 2011 OFM long-term personal income growth rates

Figure 8 Forecast Comparison of 2009 and 2010 Annual Growth Rates for Driver In Population – September vs. June 2011



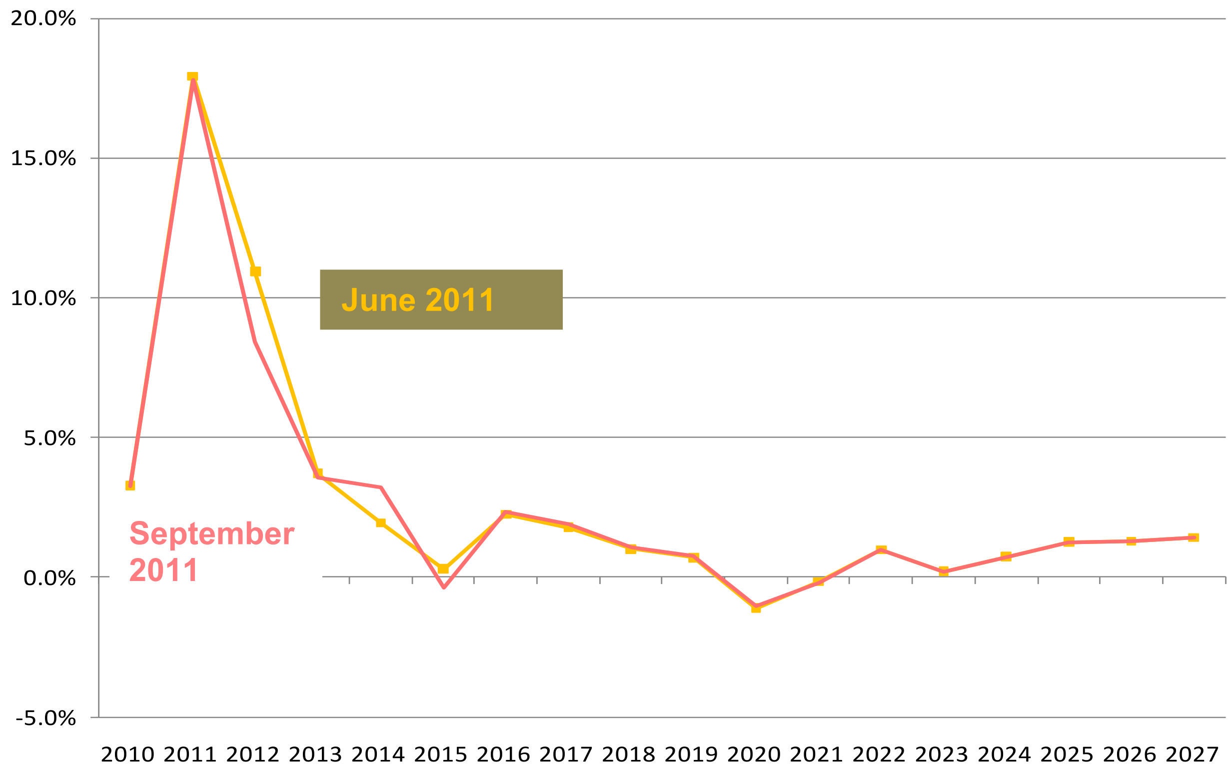
Source: Washington Office of Financial Management

Figure 9 Inflation Forecast Comparison – Annual Percent Change in U.S. Implicit Price Deflator for Personal Consumption September vs. June 2011



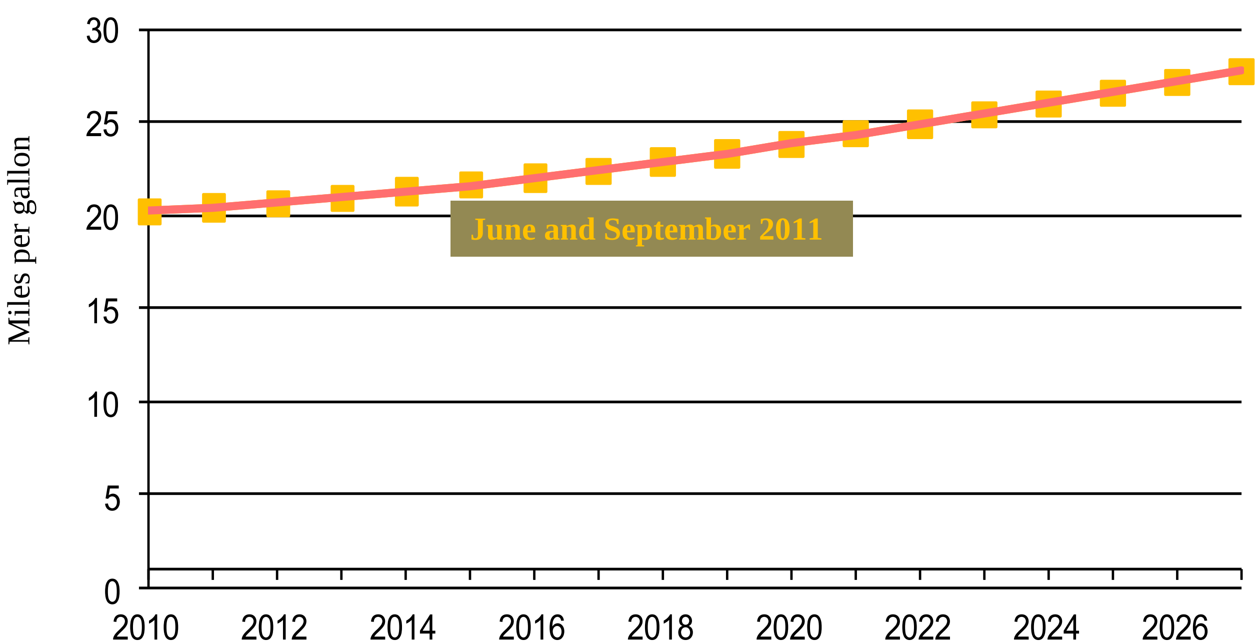
Source: Washington Economic and Revenue Forecast Council and August 2011 Global Insight forecast

Figure 10 Global Insight Oil/Gas Price Index Forecasts: Growth Rate Comparison September vs. June 2011



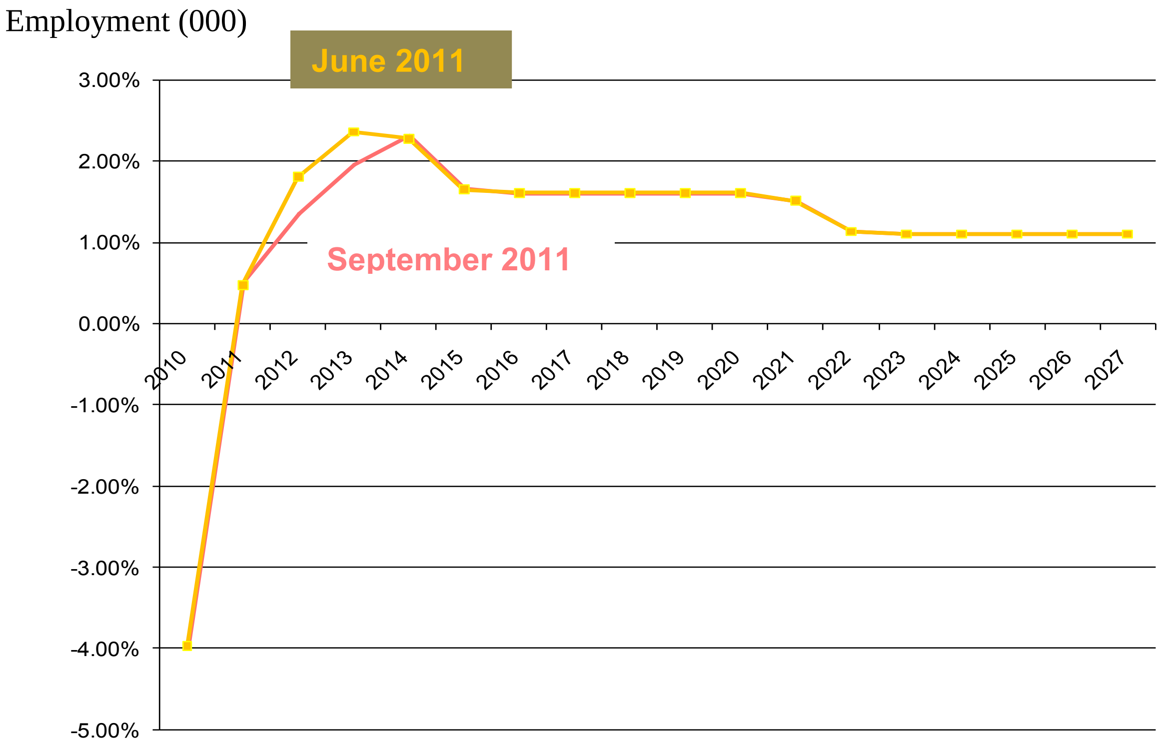
Source: August 2011 Global Insight forecast

Figure 11 US Average Fuel Efficiency: September vs. June 2011



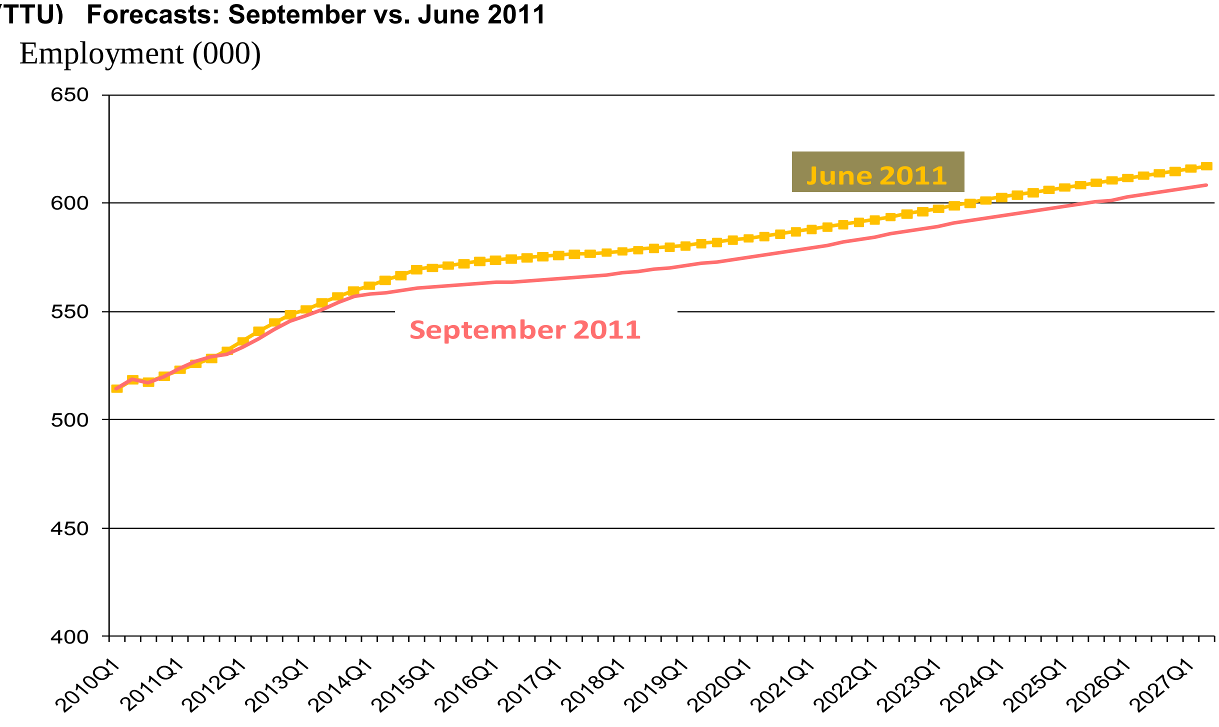
Source: August 2011 Global Insight US average fuel efficiency

Figure 12 Washington Nonfarm Payroll Employment Forecasts: September vs. June 2011



Source: August 2011 ERFC and Global Insight national employment forecast

Figure 13 Washington Nonfarm Payroll Employment – Trade, Transportation and Utilities Sectors (TTU) Forecasts: September vs. June 2011



Source: August 2011 ERFC and Global Insight national employment forecast

Motor Fuel Price Forecast

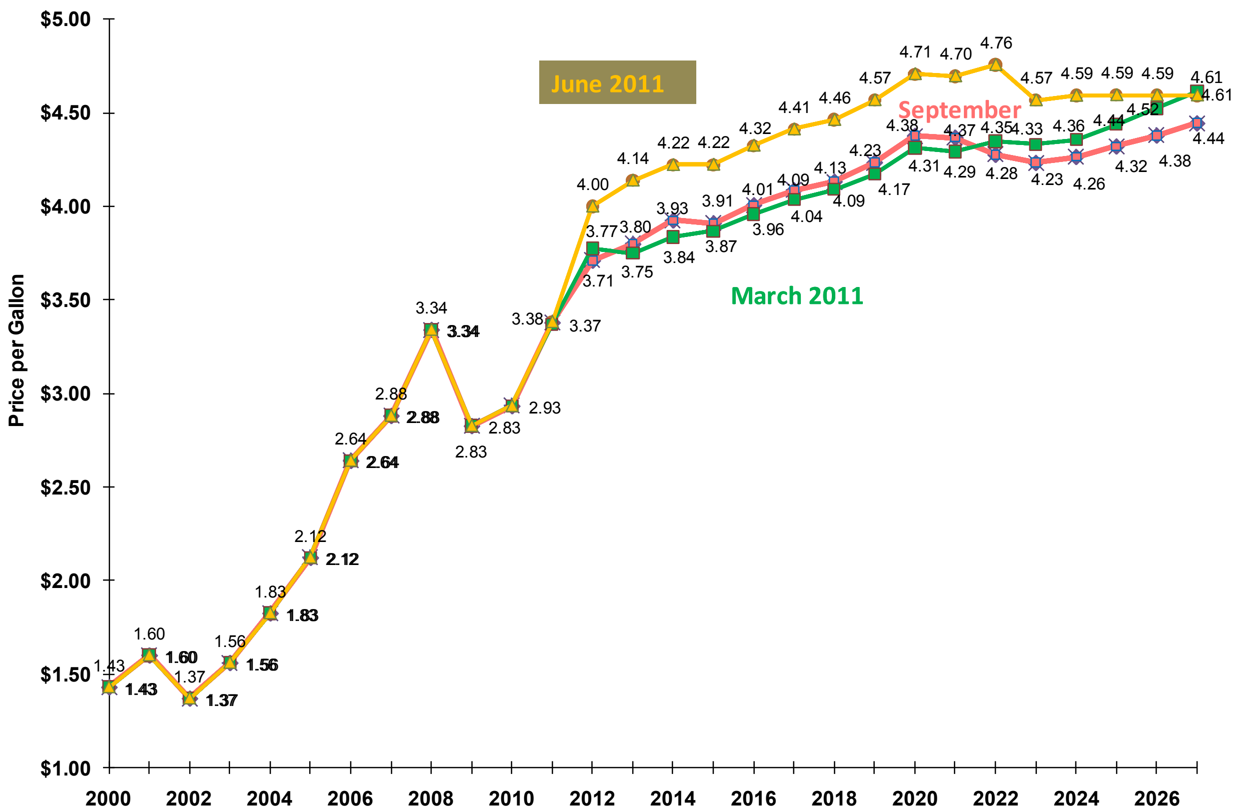
Washington’s transportation revenues are affected by fuel prices. In particular, gasoline tax collections are negatively related with the price of gasoline. In addition, the Washington State Department of Transportation budget is heavily impacted by changes in fuel prices. Therefore, projections of fuel 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 September 2011 gas and diesel price forecasts are down from the June forecast throughout the forecast horizon. These fuel price forecasts are nearly the same as the March 2011 baseline forecast for most years of the gas tax forecast and down significantly for wholesale diesel prices through the forecast horizon. This current forecast reflects the lower future demand for gas and diesel in the near-term. This new annual forecast for gasoline hits $4.00 per gallon four years later in FY 2016.

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 September 2011 forecast.

Figure 14 Forecast of Washington Retail Gasoline Prices, All Grades
September vs. June vs. March 2011 forecasts



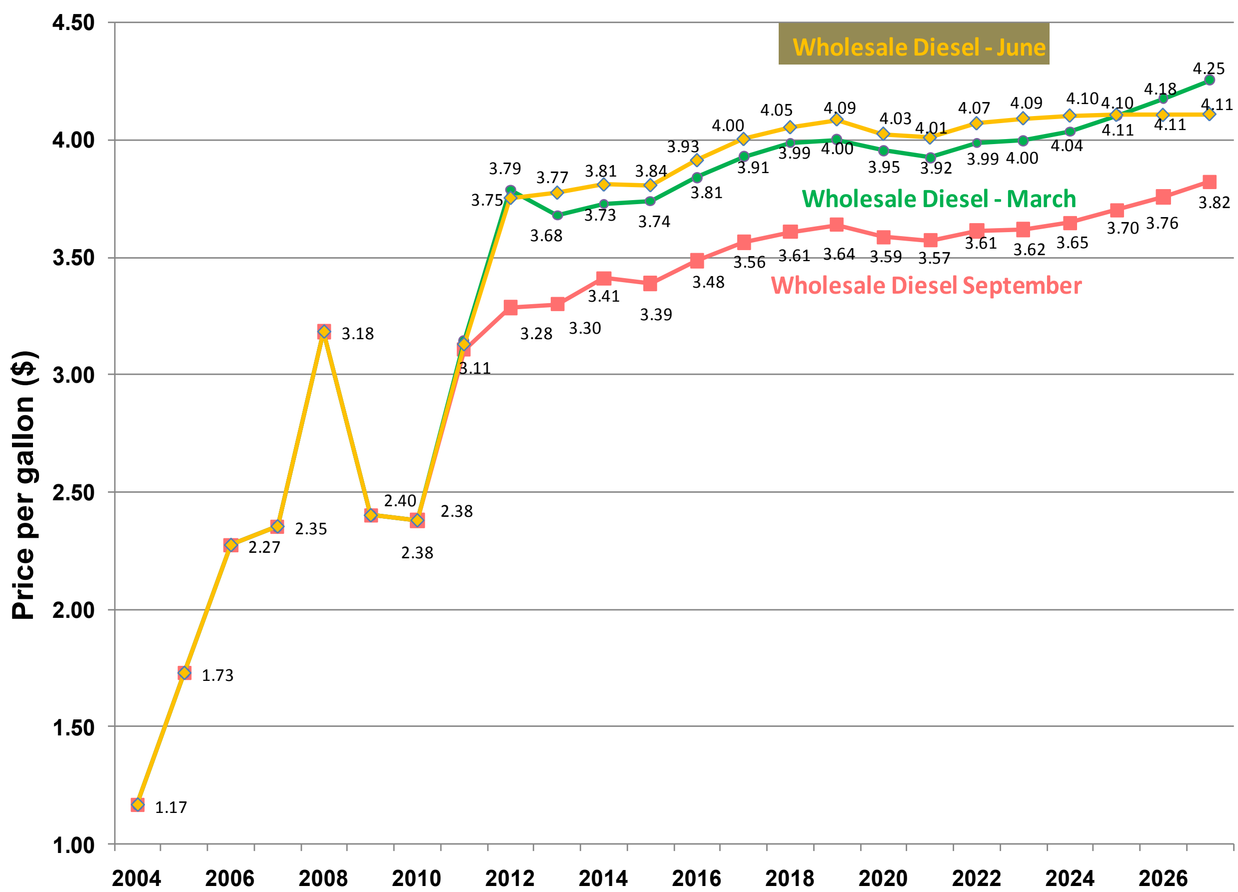
U.S. crude oil price trend

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 which is the slightly lower than the projection in June. This represents a 19% increase in crude oil prices over fiscal year 2010. In the long-term, quarterly crude oil prices are expected to hit the $100 per barrel mark beginning first quarter of 2013. Starting in FY 2013, annual WTI crude oil prices are projected to be right around $100 per barrel. Crude oil prices grow throughout the forecast horizon to as high as $126 per barrel by FY 2027, which is slightly lower than anticipated in June.

Washington retail price of gasoline trend

Washington retail price of gasoline is projected to be lower than the June forecast throughout the forecast and nearly the same as the March 2011 forecast. In recent months, projections of retail gas prices have overstated recent increases. 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 by roughly 10% to $3.71 per gallon which is lower than the average price of $4.00 per gallon forecasted in June. In FY 2013, Washington average retail gas price is currently projected to rise $0.09 to $3.80 per gallon which is 8% lower than the average price of $4.14 per gallon forecasted in June. In subsequent years, the September forecast is always lower than the June forecast and for years 2014-2021, the September forecast is only minimally higher than the March forecast. Then for the remainder of the forecast horizon, this current forecast is slightly below the March forecasted fuel prices. The September forecast retail gas prices reach $4.00/gallon by second quarter of 2013 which is later than previously anticipated by two years. This new Washington gas price forecast is projected to hit a high of $4.44 per gallon in FY 2027 which is 6.7% below the June projected highest price of $4.76 per gallon in FY 2023.

Figure 15 Washington Wholesale Diesel Prices, September vs. June 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 $4.08 per gallon or 6% lower than $4.36 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 remain at a little more than 30 cents per gallon until FY 2020. Then gas prices are expected to rise while diesel prices fall causing the gas to diesel price differential to fall initially then rise again to as high as 33 cents per gallon.

Washington wholesale price of WSF diesel fuel trend

The trend in Washington's wholesale price of diesel is similar to the trend of the retail price of diesel as seen in the following Figure 15. Washington's wholesale price of diesel, excluding fuel taxes, 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 which was only slightly lower than projected in June. Wholesale diesel prices are projected to increase further to $3.28 per gallon in FY 2012 and $3.30 per gallon in FY 2013 but this is not as fast as anticipated in June with average prices of $3.75 and $3.77 per gallon respectively. In the long-term, the September forecast of wholesale diesel prices continues to be significantly below both the June and March forecasts.

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 B99/B100. According to the latest survey in July 2011, the West biodiesel price B99/B100 was 4% 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 B99/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 September biodiesel price forecast is higher than in June with the current estimate being $6.07 per gallon versus $5.60 per gallon from the June forecast for FY 2012. In FY 2013, the B100 biodiesel price is expected to remain high at $5.94 per gallon. This projection is consistent with the Center for Rural Development (CARD) at Iowa State University which also predicts biodiesel prices to remain flat for the next year.

Figure 16 Near-term Quarterly Fuel Prices
September 2011 forecast

Fiscal Year Quarter	Crude Oil Price ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)	Ex-tax Wholesale Diesel Price ($/gal)	Biodiesel Price with tax ($/gal)	Biodiesel Price Ex tax ($/gal)
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	90.88	3.79	4.11	3.36	6.18	5.56
2011: Q4	91.00	3.65	4.05	3.25	6.07	5.45
2012: Q1	93.00	3.65	4.04	3.24	6.00	5.38
2012: Q2	94.00	3.75	4.12	3.30	6.01	5.39
FY 2012	92.22	3.71	4.08	3.28	6.07	5.45
2012: Q3	95.00	3.75	4.12	3.30	5.99	5.38
2012: Q4	96.00	3.65	4.09	3.27	5.91	5.29
2013: Q1	103.49	3.65	4.11	3.29	5.90	5.28
2013: Q2	105.39	4.14	4.16	3.34	5.95	5.33
FY 2013	99.97	3.80	4.12	3.30	5.94	5.32

Figure 17 Near- and Long-term Annual Fuel Price
September 2011 forecast

Fiscal Year	Crude Oil Prices ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)	Ex-tax Wholesale Diesel Price ($/gal)	Biodiesel Price with tax ($/gal)	Biodiesel Price Ex tax ($/gal)
2008	97.03	3.34	3.76	2.90	3.80	3.18
2009	69.69	2.83	3.21	2.40	4.68	4.06
2010	75.20	2.93	3.02	2.38	3.99	3.37
2011	89.24	3.38	3.71	3.11	5.32	4.70
2012	92.22	3.71	4.08	3.28	6.07	5.45
2013	99.97	3.80	4.12	3.30	5.94	5.32
2014	109.42	3.93	4.25	3.41	5.95	5.33
2015	112.94	3.91	4.23	3.39	5.88	5.26
2016	117.39	4.01	4.35	3.48	5.88	5.26
2017	120.28	4.09	4.45	3.56	5.93	5.32
2018	121.83	4.13	4.50	3.61	5.95	5.33
2019	122.82	4.23	4.54	3.64	5.94	5.32
2020	120.61	4.38	4.47	3.59	5.84	5.22
2021	119.93	4.37	4.46	3.57	5.76	5.14
2022	121.23	4.28	4.51	3.61	5.77	5.16
2023	120.37	4.23	4.51	3.62	5.78	5.16
2024	120.64	4.26	4.55	3.65	5.83	5.21
2025	122.36	4.32	4.62	3.70	5.89	5.27
2026	124.14	4.38	4.69	3.76	5.94	5.32
2027	125.97	4.44	4.77	3.82	5.98	5.36

Comparison of several current U.S. crude oil price forecasts
In September 2011, the West Texas Intermediate (WTI) crude oil price forecasts for FY 2012 differ by some approximately 3.3% on average; $92 - $102 per barrel. The five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics and Moodys Economy.com, had forecasts with crude oil price forecasts which averaged $95 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 $100 per barrel from WSDOT to $103 per barrel by Consensus Economics and the average being $102 per barrel. The average forecast for WTI crude oil in FY 2014, ranged from $103.5 per barrel by Economy.com and Consensus Economics to $109 per barrel from WSDOT, NYMEX and Global Insight with the average being $107.1 per barrel. Figure 18 reveals that projections by Consensus Economics were the highest predictions for crude oil prices among the forecasting entities in years 2012 and 2013.

Figure 18 Near-term Annual Crude Oil Price Forecasts – 5 Different Forecast Comparisons
September 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	$92.22	$92.55	$93.45	$96.35	$101.80	$95.45	0.00%	10.39%	3.31%
2013	$99.97	$102.47	$102.47	$102.55	$103.00	$102.09	0.00%	3.03%	2.13%
2014	$109.42	$109.42	$109.42	$103.50	$103.50	$107.05	-5.41%	0.00%	-2.16%

WSDOT applies the five forecast entity average adjustment to the baseline September 2011 retail gasoline, diesel and wholesale diesel prices. These fuel prices listed in Figure 19 will be used to estimate the future costs to the agency's budget for gas and diesel fuel. The September FY 2012 forecast for adjusted gas prices is $3.83 per gallon which is a reduction from the prior forecast of 0.7% and retail diesel prices are projected at $4.21 per gallon or nearly no change from the last forecast and wholesale diesel prices are anticipated to average $3.39 per gallon or 6% less than anticipated in June. In FY 2013, retail gas prices are estimated to be $3.88 per gallon or 3% reduction from June; retail diesel prices are projected at $4.20 per gallon or 1% reduction from last forecast and wholesale diesel prices are estimated to be $3.37 per gallon or 7.8% lower than the prior forecast projections.

Figure 19 Near-term Average Adjusted Quarterly Fuel Prices Used for Budgeting Purposes September 2011 forecast and Percent Change from Prior Forecast

Fiscal Year Quarter	Adjusted WA Retail Gasoline Price ($/gal)	Adjusted WA Retail Diesel Price ($/gal)	Adjusted Ex-tax Wholesale Diesel Price ($/gal)	% Chg Prior Forecast Retail Gas Price	% Chg Prior Forecast Retail Diesel Price	% Chg Prior Forecast Wholesale Diesel Price
2011: Q3	3.92	4.24	3.47	1.56%	0.77%	-4.24%
2011: Q4	3.77	4.18	3.35	-1.66%	0.30%	-6.61%
2012: Q1	3.77	4.17	3.35	-2.17%	-0.64%	-7.34%
2012: Q2	3.88	4.25	3.41	-0.57%	-0.15%	-6.84%
FY 2012	**3.83**	**4.21**	**3.39**	**-0.71%**	**0.07%**	**-6.26%**
2012: Q3	3.83	4.20	3.37	-1.75%	-1.53%	-8.16%
2012: Q4	3.73	4.17	3.34	-3.68%	-1.38%	-7.87%
2013: Q1	3.73	4.19	3.36	-3.69%	-1.12%	-7.92%
2013: Q2	4.23	4.25	3.41	-3.45%	-0.46%	-7.16%
FY 2013	**3.88**	**4.20**	**3.37**	**-3.15%**	**-1.12%**	**-7.78%**

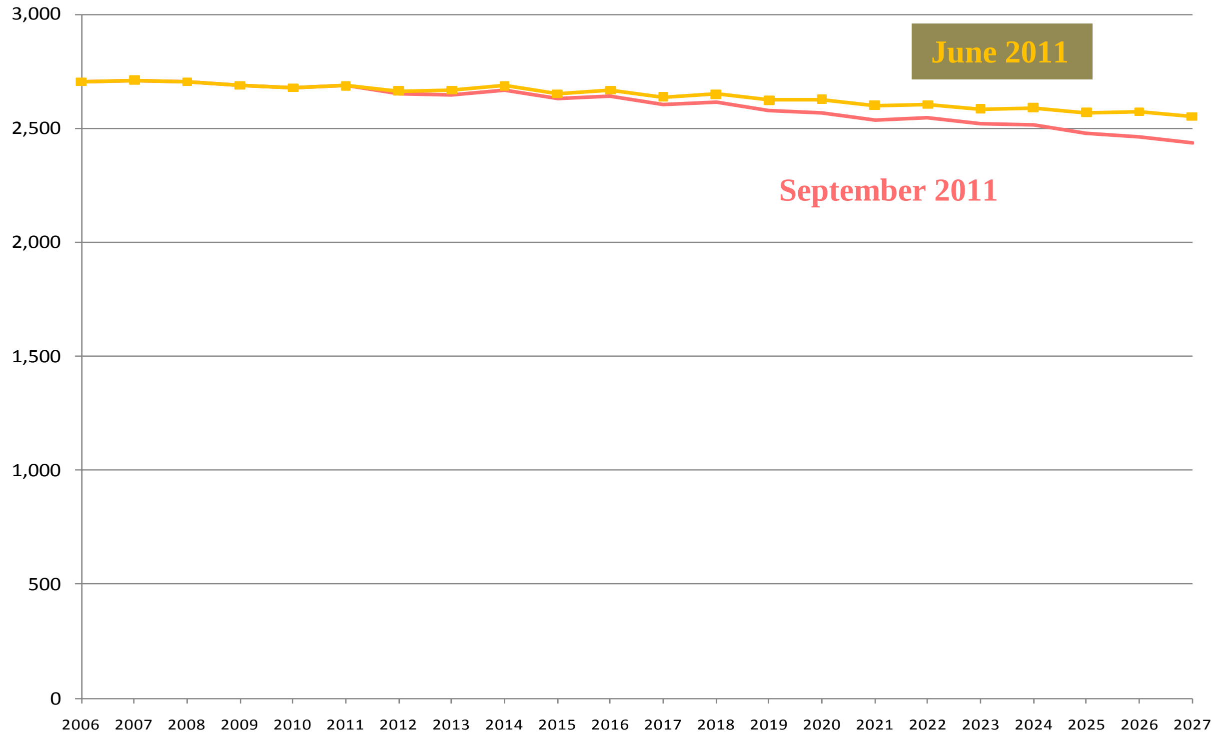
Motor Vehicle Fuel Tax Forecast

The September 2011 gross motor vehicle fuel tax projection for the 2009-11 biennium is $2.492 billion which is a slight increase of 0.1% from the 2007-09 biennium. Since the June 2011 forecast, gas tax collections came in slightly under forecast in June but collections were nearly identical to the forecast in July and August so collectively for three months: gas tax collections were down by $1.6 million or 0.6%. Opposite to gas tax collections, diesel tax collections came in under the last forecast all three months. June diesel tax collections were down $1.2 million; July collections were also down by $1.3 million; August diesel tax collections were down even more at $2.5 million; and the three month combined total for diesel was down $5.1 million over forecast. Overall for all months combined, the actual gross motor vehicle fuel tax collections came in below forecast by $6.6 million or 2% of those monthly projections. Total motor fuel tax revenue projections are $2.489 billion which is down $3 million in the 2009-11 biennium. Gross motor fuel tax revenues for the 2011–13 biennium are projected to be approximately $2.521 billion, which is 0.8% down from the prior forecast by $21.1 million. The overall decrease in motor fuel tax revenue for the 10-year period ending in 2019-21 biennium is 7.4% or $184.8 million when compared to the June 2011 revenue forecast. The primary reason for the significant decrease in revenues from the last forecast is lower actuals for diesel consumption in the last few months and weaker economic variables.

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, the September 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 0.4% below the June forecast of -0.9% annual growth. Figure 20 shows the forecast to forecast comparison of projected gasoline gallons consumed. Throughout the forecast horizon, gas consumption is anticipated to be less in September than in June due to weaker forecasts of key economic variables and adding new lower actual consumption levels into the annual forecast model has contributed to the growing decline in gas consumption in the long-term.

Figure 20 Gasoline Motor Fuel Consumption Comparison
September vs. June 2011 forecast
millions of gallons



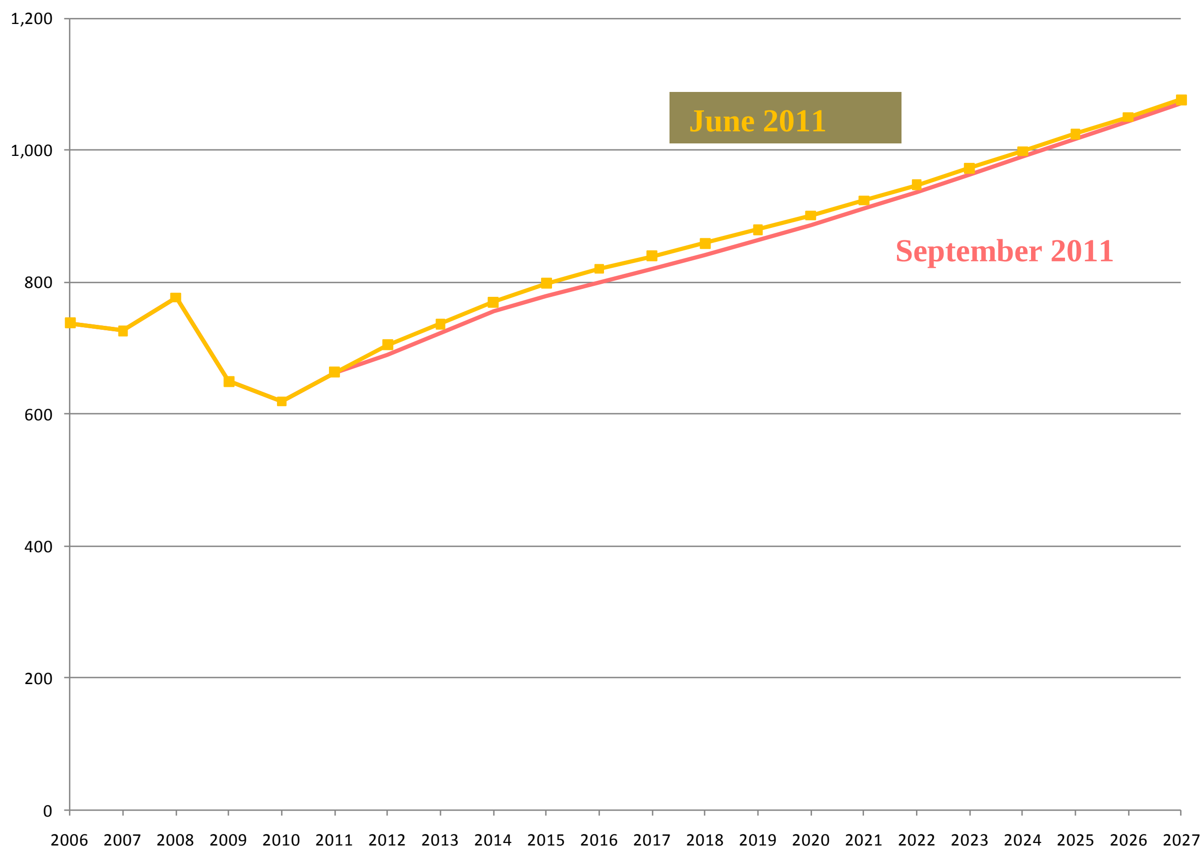
In FY 2013, gasoline consumption is projected to be down by 0.2% over the prior year which is a revision downward of 0.8% from the prior forecast. The year over year percentage change in gasoline consumption in the September 2011 forecast has the same shape as the previous two forecasts which looks like small stair steps with a slow decline. The overall trend in this forecast is a slight revision downward in the overall gradual decline. The biggest projected year over year increase is in fiscal year 2014 at 0.7% and the largest annual decrease is in FY 2025 at 1.5%. These current annual grow rates for gasoline consumption are slower than the growth rates from the June forecast by as much as 4.4% by FY 2027 and as little as 0.4% in the current fiscal year.

In the current biennium, gas tax revenue is down $10.9 million (0.6%) from the last forecast. By the 2013-15 biennium, the gas tax revenue decline grows to $14.9 million from the prior forecast. This biennia decline from the prior forecast continues to grow to as much as 4.4% by the 2025-27 biennium and results in a reduction of $84.1 million. Overall, the fuel tax revenue forecast is down approximately $184.8 million or 1.4% over the June forecast for the 10 year forecast horizon and $400 million over the 16 year forecast period beginning in FY 2012 and ending in FY 2027. The primary reason for the decline in fuel tax collections is due to lower actual diesel collections than anticipated in FY 2011 and lower near-term employment projections.

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 689 million which is a 2% revision downward from the June forecast of 704 million. In FY 2013 and 2014, the annual growth rates of diesel consumption are projected at 4.7% each year which is nearly the same growth rates as in June but overall it is a nearly 2% lower adjustment from June. 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 2015.Over the long-term, diesel consumption is expected to grow annually by approximately 2.6%.

Figure 21 Diesel Fuel Consumption Forecast Comparison September vs. June 2011



Diesel tax collections are down $10.1 million (1.9%) over the June forecast for the 2011-13 biennium for total diesel tax collections of $532.2 million. This was the result of tax collections coming in lower than projected for three months: June through August, by $5 million. Diesel tax revenue is projected to be $577.3 million in the 2013-15 biennium which is a decrease of $12 million over the prior forecast. In the 2015-17 biennium, diesel tax revenue is expected to be $608.2 million which is lower than the last forecast by $15.1 million. In the 2017-19 biennium, diesel tax revenue is expected to be $640.2 million which is lower than the last forecast by $12.8 million or 2%. In the subsequent biennia, the decrease in diesel tax collections from the prior forecast declines. By the 2025-27 biennium, diesel tax collections are projected to be below the June forecast by $4.6 million or 0.6%. The major reasons for the diesel consumption and revenue changes in September are due to lower actuals and weaker projections for Washington personal income and Washington trade, transportation and utilities sector employment in the long term.

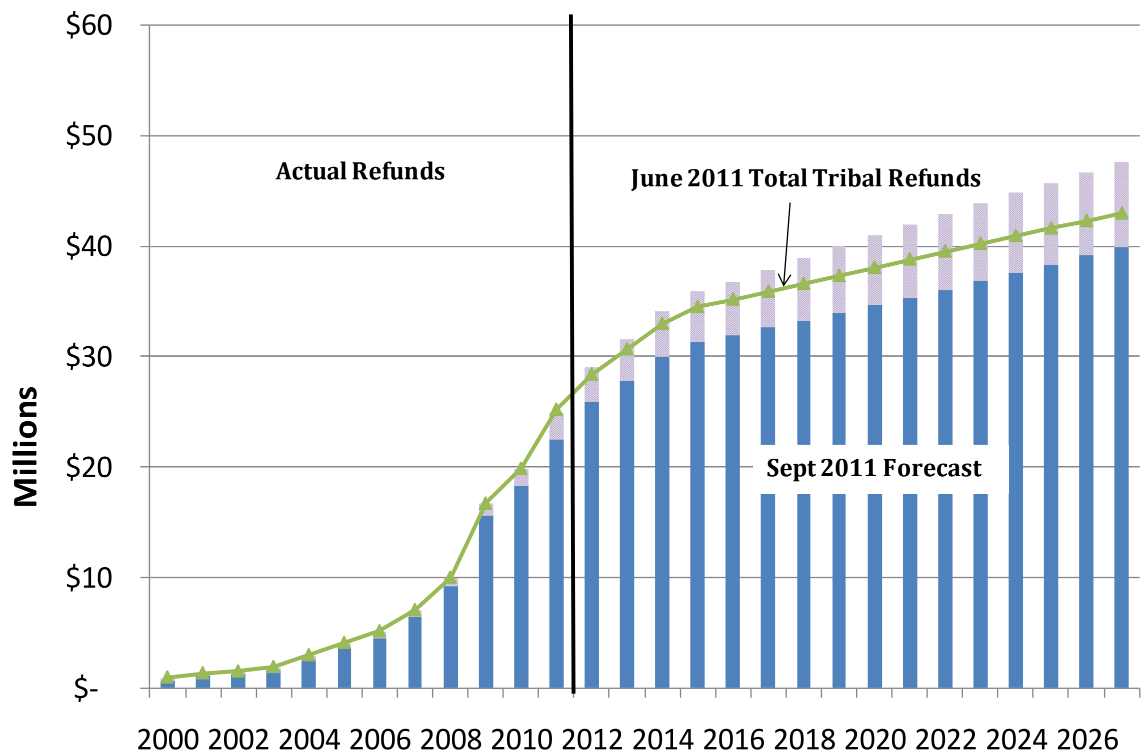
Motor fuel tax refunds

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 June forecast by $61,000. The special fuel tax non-highway refunds are forecasted to be $31.8 million which is a decrease of $0.6 million or 1.9% from the prior forecast in the 2011-13 biennium. The reason for the reduction in non-highway gas and diesel refunds is due to the reduction in gross gas and diesel consumption. Beyond the current biennium, gasoline non-highway refunds are expected to be down at the same rate as the gross gas tax revenue. Special fuel non-highway refunds are also projected to be down at the same rate as gross diesel tax revenue.

The 2009-11 biennium gas tribal refunds were $41 million which was $0.2 million below the last forecast. In the 2011-13 biennium, gasoline tribal tax refunds are projected at $53.8 million which is a $1.47 million increase from June. Subsequent biennia projections are also up year over year and from the last forecast because the tribal fuel tax refund forecasts have been modified to include a base growth rate in existing stations' refunds and the addition of new tribal fueling stations. The tribal fuel tax refund future growth rates were modified this forecast by including the most recent annual percentage change in tribal refunds. The special fuel tax tribal refunds came in at $3.9 million in the 2009-11 biennium which is nearly the same as estimated in June. For the 2011-13 biennia, special fuel tribal tax refunds are projected to be $6.8 million which is up by $95,000 or 1.4% from the June projection.

Figure 22 reveals the growth in tribal fuel tax refunds since 2000 along with the September and June 2011 forecast for tribal refunds. The chart reveals that gasoline and diesel tribal fuel tax refunds have increased year over year since 2000 when total fuel tax tribal refunds were less than $1 million. Between FY 2010 and 2011, gas and diesel tax tribal refunds have increased 25% to more than $25 million. In fiscal year 2012, tribal fuel tax refunds are projected to grow by 16% and the annual growth rate begins to gradually decline to 2% by FY 2016 and remains at 2% growth rate for the remainder of the forecast horizon for tribal refunds.

Figure 22 Gas and Diesel Tribal Fuel Tax Refunds ($) Since 2000 With September 2011 Forecast



Bottom blue bar: gas tribal refunds (Sept 2011)
Purple striped upper box: special fuel tribal refunds (Sept. 2011)

Primary reasons for the forecast changes

- Total fuel tax collections have come in below forecast for the past three months. Gas tax collections have come in below forecast by$1.6 million but diesel tax collections have come under forecast for the last three months by $5 million so overall, fuel tax collections came in under the June projections by $6.6 million.
- Throughout the forecast horizon, the September gasoline prices are lower than the last forecast which mitigates a little the negative impact from other economic variables.
- Washington's real personal income growth rates in this September forecast are down from the June 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 throughout the forecast horizon which brings down both the gas and diesel consumption projections but the lower gas prices has mitigated some of losses for gas consumption.
- Overall, in the current biennium, fuel tax revenues are down $21.1 million or 0.8% and down $26.9 million (1%) in the next biennium and the motor vehicle fuel tax revenue loss grows over the forecast horizon.
- Future fuel tax tribal refunds are up a little in the current fiscal year and future biennia due to adding new actuals to the forecast in September.

Figure 23 Short-term Motor Fuel Tax Forecast – By Month of Collection
June 2011 forecast
millions of dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Gasoline Taxes	**$995.6**	**$992.9**	**$1,988.5**	**$998.6**	**$987.3**	**$1,985.9**
Special Fuel Taxes	**260.3**	**271.9**	**532.2**	**284.3**	**292.9**	**577.2**
Total Fuel Revenue	**$1,255.9**	**$1,264.8**	**$2,520.7**	**$1,282.9**	**$1,280.2**	**$2,563.1**
% Change from Prior Fcst	-0.6%	-1%	**-0.8%**	-1.0%	-1.1%	**-1.0%**

Motor Vehicle Revenue (Licenses, Permits, and Fees)

The 2007-09 biennium licenses, permits, and fees (LPF) collections were $896 million, which is higher than $873 million in the 2009-11 biennium. The forecast for revenue from licenses, permits, and fees is down $6.4 (0.7%) from the June estimate of $912 million for the 2011-13 biennium. There are several reasons for these changes. In the short-term actual registrations are up over the forecast. However, in the long-term registrations will dip below the previous forecast. The major reason for decreased revenue is that after examining truck registration trends, the average realized rate paid for each truck was about $2.00 per truck to high. Reducing that rate by $2.00 per truck equates to a reduction of $3 million per year and $6 million per biennium. Otherwise, this would have been a no-change forecast.

Trends in vehicle registrations
This forecast, as well as the previous six forecasts, assumes a U-shaped recovery from the current recession for cars. The recession was deeper and sharper for trucks. While the recovery has slowed, the truck recession is still V-shaped. Actual car and truck registrations for 2011 were up slightly over the last forecast. In the current biennium and beyond, the September 2011 forecast assumes year to year growth rates for 2012 of 1.16% for passenger cars and for trucks at 0.84%. In FY 2013 and 2014, vehicle forecasts reflect the lower growth of personal income, than in the last forecast. term. In 2014 and beyond, the forecast growth rates mirror Washington population growth which has not changed from the prior forecast. The September 2011 forecast for passenger car and truck registrations is up 0.25% for FY 2012 and is down 0.17% from last forecast for FY 2013.

Figure 24 Passenger Car Comparison
September vs. June 2011 forecast
millions of vehicles

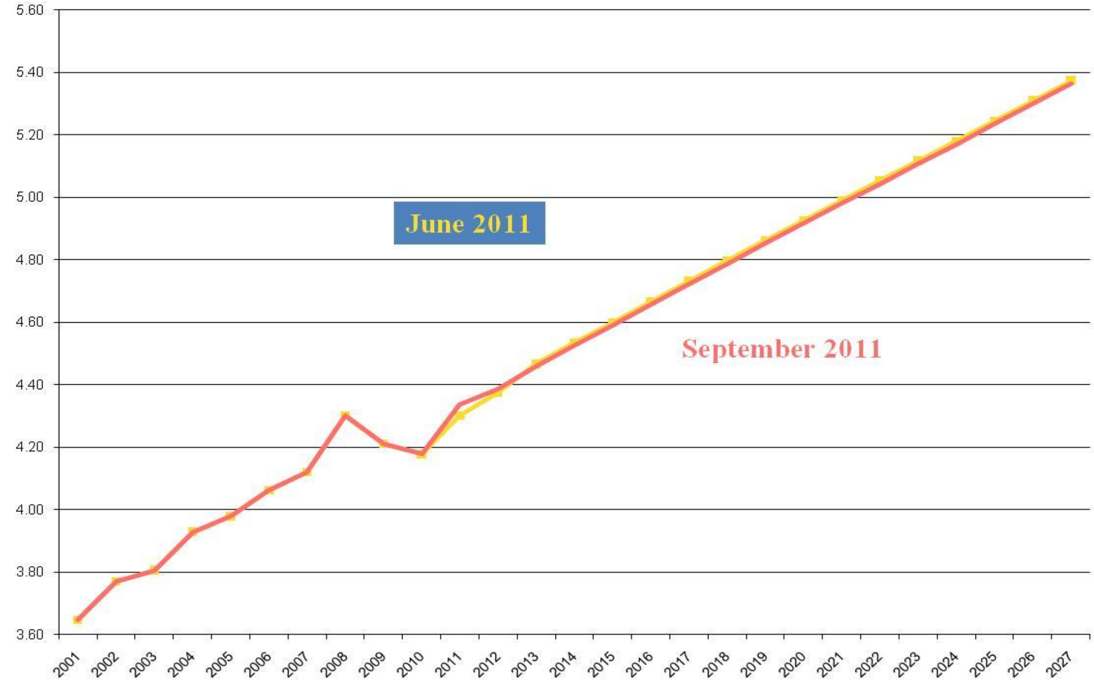
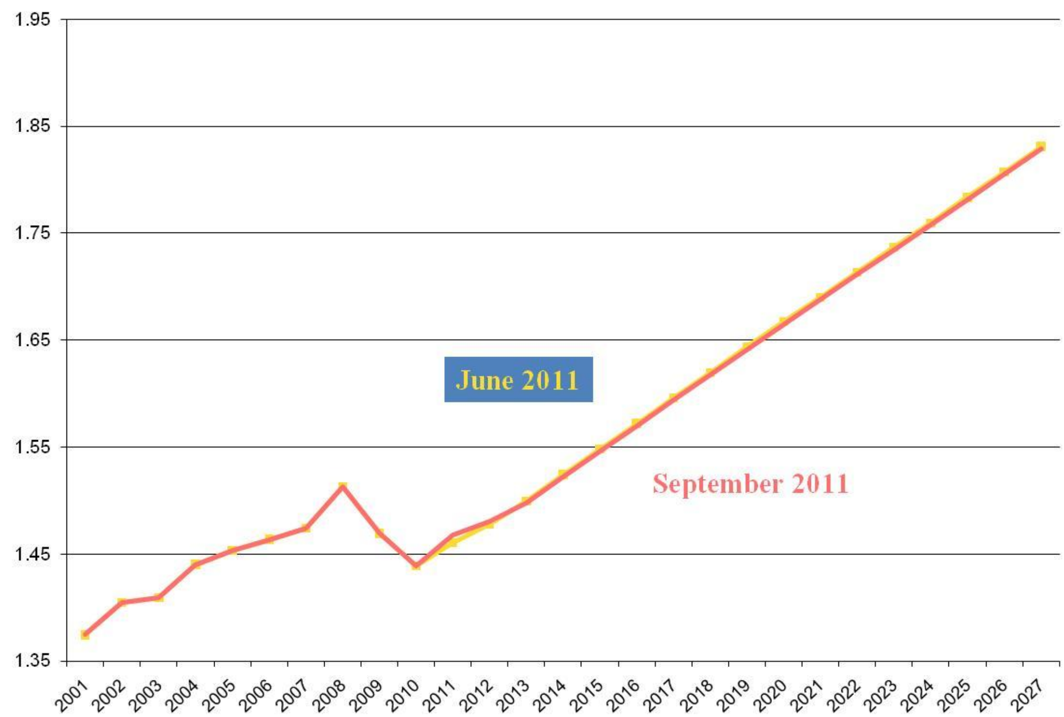


Figure 25 Truck Comparison
September vs. June 2011 forecast
millions of vehicles



Trends in LPF revenue
The LPF 2007-09 biennium revenues came in at $896 million, which is above the September 2011 projection for the 2009-11 biennium of $873 million. The current 2009-11 biennium LPF revenue is complete. Vehicles paying the $30 basic fee finished the biennium $620,000 (0.22%) over forecast. Trucks were $400,000 (0.12%) over the last forecast. This slight increase in revenue is due to actual registrations coming in just a little better than expected in the previous forecast. Total LPF revenues are projected to be down $6.4 million (0.7%) for the current biennium and down $6 to $10 million in the outer biennia of the forecast horizon.

For the 2011-2013 biennium, vehicles paying the $30 basic fees are still expected to bring in slightly more revenue ($757,000, or 0.26%) than forecasted in June, however, by the 2017-2019 biennia, the forecast to forecast change will be negative. Truck revenue is a much different story. While truck registrations are expected to come in slightly higher in 2012 than we forecasted last time and slightly lower in 2013 and subsequent years, revenue will come in lower by about $3 to $4 million each year ($6 to $8 million each biennium or 1.95%) than in the last forecast. This decrease in revenue is because we reexamined the average realized rate each truck pays and reduced that rate by about $2 per truck throughout the forecast horizon.

Passenger weight fees were $1 million above the prior forecast (0.96%) for 2009-2011, reflecting higher passenger vehicle actual registrations. In the next biennium, weight fees will also increase, but not quite as much and eventually will be lower than the previous forecast. Actual motor home weight fees came in $50,000 higher in 2009-2011 than forecast, and will increase slightly in the next biennium, following the same pattern as passenger cars.

License plate reflectivity fees are revised slightly lower than the previous forecast by $5.4 thousand (0.06%). The license plate replacement fees are revised lower than the previous forecast by $155.8 thousand (0.6%) in the 2009-2011 Biennium. The plate reflectivity and replacement fees are lower than the previous forecast by $310.1 thousand (0.8%) in the 2011-2013 Biennium. The forecast still anticipates a rebound of light vehicle sales in the near term. The forecast-to-forecast changes for Fiscal Years 2012-2016 reflect that expectation, just lower than the previous forecast.

Title fees are lower in the 2009-11 Biennium by $277.7 thousand (1.4%) and title fee distributions have been updated with current revenue. The resulting change in the forecast and updated distribution to the Multimodal Account was a decrease of $195.1 thousand (3.51%) and to the Nickel Account a decrease of $89 thousand (0.7%). The dealer temporary permits are slightly higher than the prior forecast in the 2009-11 Biennium by $49.2 thousand (0.6%). Although, these vehicle sales related revenues are down by $363.2 thousand (3.8%) in the 2011-2013 Biennium over the previous forecast. These changes are related to the combination of a projected lower Washington – U.S. Real Income Share with a slightly lower light vehicle sales projection in the near term.

There is a new revenue stream starting FY12 from vehicle quick titles ($50.00 each, per SHB 1046). The vehicle quick title forecast is lower than the previous forecast by $9.9 thousand (2.2%) in the 2011-2013 biennium due to the lower light vehicle sales projection in the near term.

Primary reasons for the forecast changes

- Actual passenger vehicle registrations and truck registrations were higher leading in 2011 to minor revisions tax revenues for 2011.
- The Economic and Revenue Forecast Council projections of Washington personal income growth rates were lower in near-term 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 26 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees) September 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	**146.8**	**149.2**	**295.9**	**151.5**	**153.7**	**305.2**
Combined License Fee	**167.9**	**169.9**	**337.7**	**172.6**	**175.3**	**348.0**
All Other Fees	**133.7**	**144.1**	**271.7**	**139.8**	**141.1**	**280.8**
Total LPF Revenue	**448.4**	**456.9**	**905.3**	**463.9**	**470.1**	**934.0**
% Change from Prior Fcst	-0.5%	-0.3%	**-0.70%**	-0.8%	-0.8%	**-0.86%**

Driver Related Revenue Forecasts

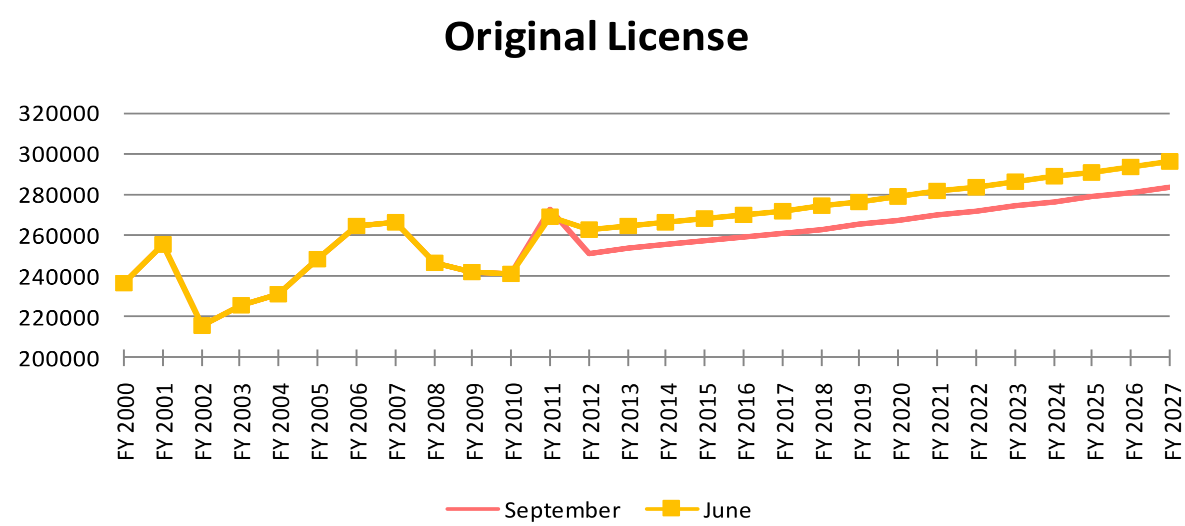
The September 2011 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include vehicle filing fees, 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 collected totals $201.1 million in the 2009-2011 Biennium, **up $440 thousand (0.2%) from the prior forecast**. In the 2011-2013 biennium, the September 2011 forecast of driver related revenue is $204.3 million, **a drop of $1.2 million (-0.6%) 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

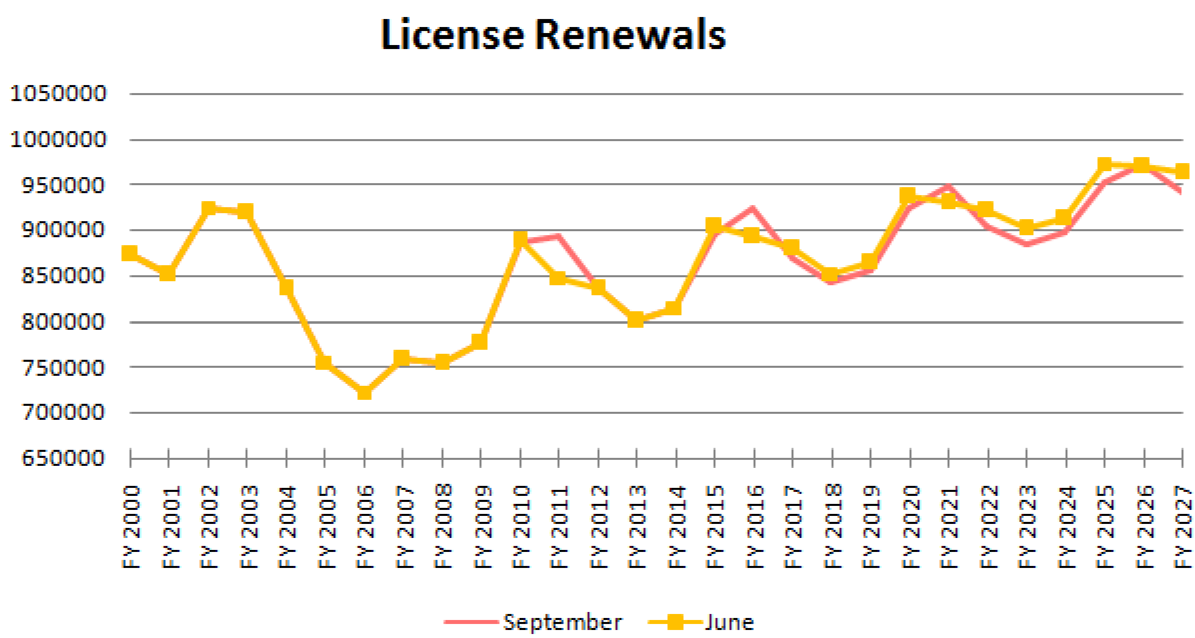
Original driver license issuances ended FY11 1.3% higher than the prior forecast. However, due to a downward revision in OFM's driver-in forecast and non-farm employment forecast, in addition to a -3% downward adjustment to FY11 originals to remove what we believe would be in-eligible for driver licenses under the tighter residency requirements implemented late last year, original driver licenses for FY11-13 is projected to be 4.2% lower than prior forecast. Similar revision is seen throughout the forecast horizon.

Figure 27 Driver License Originals September 2011 vs. June 2011



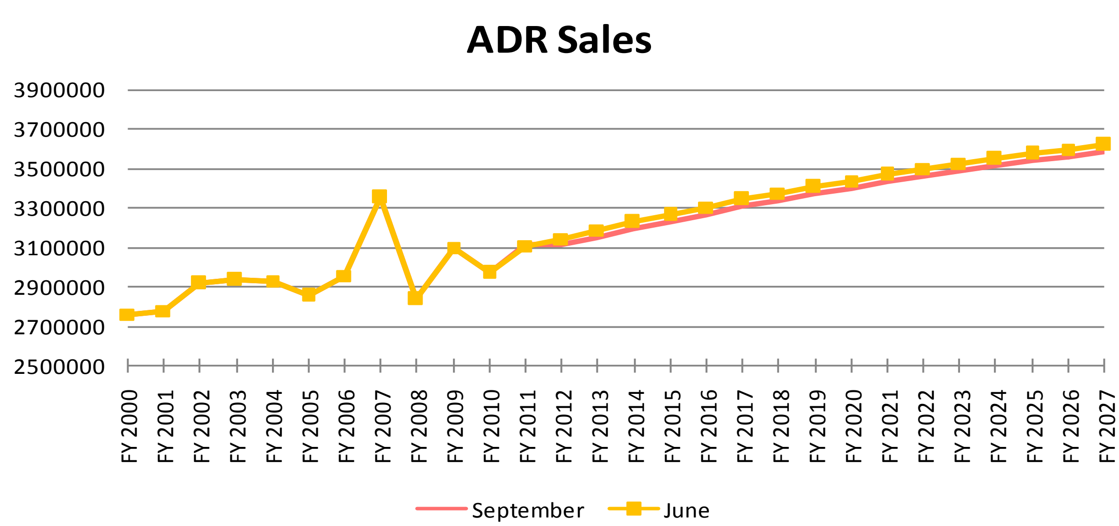
The **Driver license renewal**s ended FY11 5.3% higher than June forecast. All of this change is due to discovery of a data error in prior forecasts. The small FY10 revision is also due to that data error correction. The FY11 data revision is seen every fifth year out with diminished impact. Otherwise, the renewal forecast is no change through FY16. From FY17 onward, this forecast is revised down by about -1% throughout the forecast horizon due to downward revisions to driver originals discussed in previous section.

Figure 28 Driver License Originals September 2011 vs. June 2011



Sales of **Abstracts of Driver Record (ADR):** This forecast is on target with the closed biennium. However, revenue collections in the last couple of months have come in lower than expected. Considering the more pessimistic economic and population outlook, this forecast is revised down by about -1%.

Figure 29 Sales of ADR September 2011 vs. June 2011



Trends in Driver Related Revenue

Highway Safety Fund

Total Highway Safety Fund revenue closed about $299 thousand or .2% higher at $163.6 million for the FY09-11 biennium. The next biennium is projected to be $165.6 million, about -$2.1 million or -1.3% lower than June forecast.

Roughly 77% of the Highway Safety Fund (HSF) revenue comes from **driver license fees**. FY09-11 biennium collections of driver license fee revenues closed at $126.8 million, about $404 thousand (0.3 %) higher than the prior forecast. The 2011-2013 Biennium revenue is revised downward by about $2 million, or -1.5%, primarily due to lower expectations of driver original issuances, following OFM and revisions to driver-in migration and ERFC revision to employment. Similar downward revision is continued throughout the forecast horizon.

Revenue from the **abstract of driver records fee** ended FY09-11 $105 thousand (-0.3%) lower than forecasted in June. Considering the deteriorating economic outlook since then, this forecast is reset at about -0.6% below June forecast while still growing year by year with population growth.

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 September forecast projects a revision upward by about 2% for FY2011-13, and about 4% in the out years. This revision is primarily due to the addition of limousine license fees (per SSB 5502) and higher than expected penalty assessments.

State Patrol Highway Account

The State Patrol Highway Account receives $5 for each sale of an Abstract of Driver Record (ADR). This revenue stream ended FY09-FY11 as expected at about $30.5 million. Although still growing by population growth, this forecast is revised downward by about -1% throughout forecast horizon due to deteriorating economic outlook. FY11-13 revenue is projected to be about $31.3 million, a reduction of about -$334 thousand from June.

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.

Revenue in the Motorcycle Safety Education account for Fiscal Year 2011 ended higher than expectation by about $94 thousand (2.2%). This forecast is somewhat higher through FY17, and lower from FY18 on following lower expectations in driver original issuances discussed earlier.

Ignition Interlock Device Revolving Account

The Ignition Interlock Device Revolving Account ended FY11 2.2% higher (about $56 thousand) than expected. This forecast was conservative on purpose as we anticipated some policy impact that would lower the revenue. With almost eight months since the policy change, we have not observed any significant policy impact. Therefore, this forecast methodology is revised to assume current level of revenue will continue throughout the forecast horizon. FY11-13 is projected to be about $2.9 million, and this revenue stream will grow with population growth.

Primary reasons for the forecast changes
The downward revision for original drive license issuances is attributable to:

- a more pessimistic forecast in ERFC employment outlook and OFM driver-in migration; and
- a downward adjustment of FY10 and FY11 history in the model to remove those who would be in-eligible for their driver licenses under the tighter residency requirements implemented late last year.

Figure 30 Short-term Driver Related Revenue Forecasts
September 2011 forecast
(millions of dollars)

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Total Highway Safety Fund	**$82.8**	**$82.8**	**$165.6**	**$83.6**	**$83.6**	**$167.2**
Drivers License Fees	$63.8	$63.6	$127.4	$64.0	$64.0	$128.1
Copies of Record Fees	$16.8	$17.0	$33.8	$17.2	$17.2	$34.4
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**	**$2.5**	**$4.9**
Total State Patrol Account	**$15.6**	**$15.8**	**$31.3**	**$16.0**	**$16.0**	**$31.9**
Total Ignition Interlock Device Revolving Account	**$1.4**	**$1.5**	**$2.9**	**$1.5**	**$1.5**	**$3.0**
Total Driver Related Revenue	**$101.9**	**$102.3**	**$204.3**	**$103.5**	**$103.5**	**$207.0**
Percent change from prior	-0.7%	-0.4%	-0.6%	-0.4%	-1.8%	-1.1%

Other Transportation Related Revenue Forecast

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

Vehicle Sales and Use Tax
The forecast of consumer spending on new US light vehicles is $157 billion for FY 2009 and this represents a decline of 28% from the FY 2008 sales level. In FY 2010, consumer spending on new US light vehicles grew to $175 billion which represented a 11.5% annual growth. In FY 2011, consumer spending on light vehicles is up 10.5% from FY 2010. Spending is up from the prior forecast 0.2%. In FY 2012, the growth in the US spending on light vehicle sales is projected to be $204 billion, an increase of 5.8% and this is a downward revision of 5.5% from the prior forecast.

The actual vehicle sales and use tax collections in the 2007–09 biennium was $62.7 million, and the sales and use tax collections in the 2009-11 biennium decreased to $54.4 million which is a 13% decrease from the prior biennium. This September 2011 forecast for 2009-11 biennium was revised upward slightly by 0.1% from the June forecast. This is due to actual collections coming in above forecast. In the 2011-13 biennium, the sales and use tax collections are projected to grow to $58.9 million which is a 3.9% revision downward by $2.4 million from the past forecast. In the 2013-15 biennium, the sales and use tax collections are projected to grow to $66.8 million which is a 4.7% revision downward by $3.3 million from the past forecast. Revenues after the 2013-15 biennia fall by approximately 4.7% from the June forecast dropping projections by as much as $4.8 million by the 2025-27 biennium. The primary reason for the change in this forecast is due to lower actuals in recent months than anticipated and a lower national forecast of consumer spending on motor vehicles.

Rental Car Sales Tax
The forecast for rental car sales was $46.97 million for the 2007-09 biennium and it declined to $44.5 million in the 2009-11 biennium. This September 2011 forecast for the 2009-11 biennium is nearly identical to the June forecast with a 0.1% difference of $69,436. This increase in revenue is due to actual collections coming in above forecast. In the 2011-13 biennium, the rental car tax is projected to be $48.8 million which is a reduction of $0.18 million or 0.4% from the June forecast. In the 2013-15 biennium, revenues are projected to be $52.6 million which is a downward revision of $0.6 million from the prior biennium's forecast. The primary reason for the change in this forecast is due to lower actuals in recent months, and a downward revision in the forecast of personal income and a higher unemployment rate forecast in the future.

Business and Other Revenue
The business and other revenue category includes the following revenue sources:

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

Motor Vehicle Account business and other revenue tax collections for the 2007-09 biennium was $14.5 million. The business related revenue in the 2009-11 biennium is $12.5 million which represents a 1% revision upward of $172,100 from the prior biennium. The September 2009-11 biennium forecast increased slightly from the prior forecast due to a slightly higher sales of property and property management revenue in recent months and the incorporation of higher fee rates adopted by the Legislature in 2011. The 2011-13 biennium total business related revenues are projected to be up by 2.75% or $279,200 from the prior forecast.

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, which was nearly identical to the June forecast except for aviation fuel taxes which are $345,887 higher than anticipated. 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 $564,400 which is $200 higher than in the prior forecast for the current biennium. In subsequent biennia, the aeronautics transfer from the motor vehicle fund is lower by approx. 1% from the last forecast due to lower motor fuel consumption projections. The aviation fuel tax is the largest component of this aeronautics tax forecast.

The current aviation fuel tax forecast for the 2009-2011 Biennium is higher than the June forecast by $345.9 thousand (7.4%). The revenue for FY 2011 have been adjusted to reflect a requested $1.9 million refund related to fuel export applied against FY 2011 revenues. The aviation fuel tax forecast is higher than the previous forecast in the 2011-2013 Biennium by $41.4 thousand (0.8%) and continues to be somewhat higher throughout the forecast horizon. The change in the forecast for subsequent Biennia reflects the updated revenue for FY 2011 in the forecast model

Primary reasons for the forecast changes

- Vehicle sales and use tax revenue are down in the current biennium by $2.4 million due to lower collections in recent months and due to weaker national forecast of consumer spending on light vehicles.
- Rental car revenue is also down $0.18 million in the current biennium and down more than 1% in future biennia due to lower projections of the unemployment rates.
- Business and other miscellaneous revenue is $10.4 million in the current biennium and it has been revised up by $279,200 from June due to legislatively adopted fee increases which were incorporated into this forecast in the current and outer biennia.

- In the 2013-15 biennium, the revenues are projected to be $11.2 million and this forecast is a slight revision upward of $283,400 from the June forecast. In future biennia beyond 2013-15, business related revenues are up by approx. 2.5% from the prior forecast.
- Aircraft fuel tax revenue is up from the last forecast in the current and future biennia due to actual coming in above June projections. Other revenue components of the aeronautics taxes/fee forecast are not changed from the June forecast.

Figure 31 Short-term Other Transportation Related Revenue
September 2011 forecast
millions of dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Rental Car Sales Tax	**$23.9**	**$24.9**	**$48.8**	**$25.8**	**$26.8**	**$52.6**
Vehicle Sales & Use Tax	**28.5**	**30.4**	**58.9**	**32.4**	**34.4**	**66.8**
Business/Other Rev	**5.2**	**5.2**	**10.4**	**5.6**	**5.6**	**11.2**
Aeronautics Taxes/Fees	**3.2**	**3.3**	**6.5**	**3.3**	**3.3**	**6.6**
Total Other Transportation Related Revenue	**$60.8**	**$63.8**	**$124.6**	**$67.0**	**$70.0**	**$137.0**
% Change from Prior Fcst	-1.6%	2.0%	-1.8%	-2.5%	-2.5%	-2.5%

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
- Oversize vehicle / driver fares

The September 2011 forecast includes actual ridership counts through July 2011 and revenue collections through August 2011. In addition to the 2.5% fare increase implemented on January 1, 2011, the September 2011 forecast incorporates the recent fare policy actions adopted by the Washington State Transportation Commission. These include 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. The Baseline Forecast scenario excludes any subsequent future fare increases beyond May 2012. In addition, the Baseline Forecast 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.

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

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

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. WSF anticipates making some additional refinements to the forecasting process over the next few forecast quarters to reflect unique regional patterns. Journey to work information from the 2010 US Census has recently become available, and the analysis of this data may eventually be used to inform or adjust the commuter fare ridership forecasts.

Trends in Passenger Fare Ferry Ridership

FY 2009 passenger ferry ridership reached 12,572,707 which was a decline of 2.5% from the FY 2008 ridership level. Similarly, FY 2010 passenger ferry ridership was 12,453,226, or 1.0% less than in FY 2009. In addition to the general recessionary economic conditions that have flattened ridership growth, the October 2009 2.5% fare increase contributed to the 1.0% decline in FY 2010 passenger ridership relative to FY 2009. Actual passenger ridership for FY 2011 came in at 12,369,167, 0.7% higher than anticipated in the June projections. This represents a year-over-year decrease of 0.7%.

For FY 2012, ferry passenger ridership is expected to be 12,272,000 under the Baseline Forecast, which is 1.9% lower than projected in June and represents an annual decrease of 0.8%. In FY 2013, ferry passenger ridership is expected to be 12,334,000, a 4.7% decrease from the prior forecast, and which represents annual growth of 0.5%. At least half of the predicted decline in ridership for the 2011-2013 biennium relative to the June forecast is due to the two fare increases and the addition of the capital surcharge that were not part of the Baseline Forecast in June.

For the remainder of the forecast horizon, the passenger ridership projections range from 5.4% lower in FY 2014 to 6.6% lower by FY 2027, compared with the prior forecast.

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, 0.4% higher than forecasted in June, though 1.6% lower than in FY 2010.

For FY 2012, vehicle/driver ridership is anticipated to be 9,885,000 under the Baseline Forecast. This is about 0.5% lower than the prior forecast, and also represents a year-over-year decline of 0.8%. In FY 2013, the current Baseline Forecast for vehicle/driver ridership is revised to 9,871,000, or 3.5% below the June forecast, and represents a year-over-year decrease of 0.1% from FY 2012. As with passenger ridership, the decrease in vehicle ridership forecasted for the 2011-2013 biennium relative to June is due to the two fare increases and capital surcharge that were not part of the Baseline Forecast in June.

For the remainder of the forecast horizon, the vehicle/driver ridership projections range from 3.9% lower in FY 2014 to 0.8% higher by FY 2027, compared with the prior forecast.

Overall Trends in Ferry Ridership

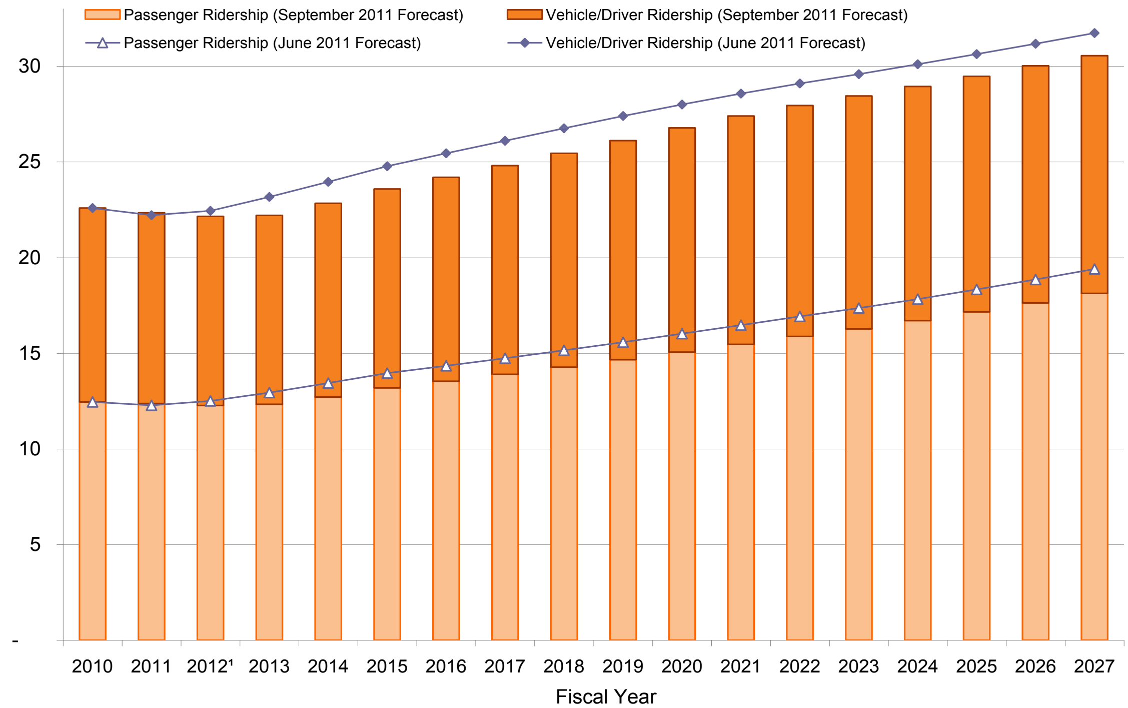
Total ferry ridership in FY 2010 and FY 2011 was 22,587,537 and 22,338,000 respectively, which represents a year-over-year decrease of 1.1%. Under the Baseline Forecast, the projections for FY 2012 and FY 2013 are 22,157,000 and 22,205,000, or 1.3% and 4.2% lower, respectively, than anticipated in

June. For the rest of the forecast horizon, projected overall ridership ranges from 4.7% lower in FY 2014 to 3.7% lower by FY 2027, relative to the June values.

The latest monthly actual ridership for July 2011 came in at 2,478,123, or 1.0% higher than June's forecast

Figure 32 illustrates the trends and changes from the prior forecast for passengers, vehicles/drivers and total ferry ridership over the forecast horizon.

Figure 32 Comparison of Ferry Passenger and Vehicle Ridership: September and June 2011 Baseline Forecasts
Millions of Riders



Trends in Ferry Revenue

The September 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.

Employment and real personal income forecasts are lower than in June, which contribute to the lower ridership projections dampening future growth in fare revenue. Lower real gas prices mitigate some of the effect of lower employment and personal income on vehicle ridership relative to June 2011. Even though September ridership is trending lower than June throughout the forecast horizon, the newly adopted fare increases and capital surcharge in the September Baseline Forecast has a net positive impact on projected ferry revenues.

Collectively, actual fare revenues for July and August FY 2012 are ahead of the June projections by about $0.7 million or nearly 2%. With the October 2011 and May 2012 fare increases, the fiscal year as a whole is expected to come in 4.1% higher than anticipated in the prior forecast.

In the 2011-2013 biennium, revenues under the Baseline Forecast are projected to be 4.8% or $14.3 million higher than projected in June for a total of $315.5 million. Of this total, $309.2 million represents fare revenues, which are 2.7% higher than in June, and $6.3 million represents the capital surcharge receipts. The current Baseline Forecast for revenue in the 2013-2015 and subsequent biennia is anticipated to range from 4.3% to 6.4% higher than in June, due primarily to the fare changes. Absent the adopted fare increases, fare revenue would be several percentage points lower due to lower forecasts for real personal income and employment.

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 $3.7 million in FY 2013 in additional revenue for capital projects. 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. Revenues from on-board vessel galley service have come in higher than previously forecasted, such that the forecast has been revised up by about 18% for the 2011-2013 biennium. Revenues from advertising and other sources attributed to the terminals rather than the vessels are projected to be nearly 7% higher than previously forecasted. Collectively, the forecast for miscellaneous revenues has been revised upwards by 10.2% for the current biennium. Overall, the increases in WSF's miscellaneous revenue forecasts range from 9.8% to 11.6% upward over the forecast horizon

Primary Reasons for the Forecast Changes

- One key reason for the change in September'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 employment and real personal income forecasts throughout the forecast horizon.
- Another key reason are the aforementioned two fare increases plus the ferry capital surcharge, all of which will be implemented during FY 2012.
- The two most recent months of ferry fare revenue history have collectively come in nearly 2% higher than forecasted in June, which has contributed to the 4.8% increase in the September forecast for the current biennium.
- Ferry miscellaneous revenue projections reflect increases in actual collections for both onboard galley revenues and advertising revenues (accounted for at the terminals).

Figure 33 Short-term Ferry Revenue
September 2011 Baseline Forecast
Millions of Dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Farebox Revenue	152.06	157.15	309.21	160.93	165.22	326.16
Capital Surcharge Revenue	2.58	3.73	6.31	3.83	3.95	7.79
Misc. Ferry Revenue	3.44	3.56	7.00	3.44	3.56	7.00
Total Ferry Revenue	**158.07**	**164.44**	**322.52**	**168.20**	**172.74**	**340.94**
% Change from Prior Forecast	2.4%	3.8%	3.1%	3.3%	3.3%	3.3%

Toll Revenue

FY 2011 total toll revenue was $44,730,027million which is a decrease of $622,911 or 1.4% 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 June 2011. Per 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 September 2010 to reflect the actual usage of these lanes as well as more recent local demographics.

SR 520 Bridge revenue forecast serves as a preliminary estimate due to the uncertainty surrounding the actual beginning of tolling on the bridge. It reflects the toll traffic and revenue projections of the SR *520 Bridge Investment Grade Traffic and Revenue Study*. Toll rates are set to maximize traffic flow vary 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. These are the current toll rates approved by the Commission. This September 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 September 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.

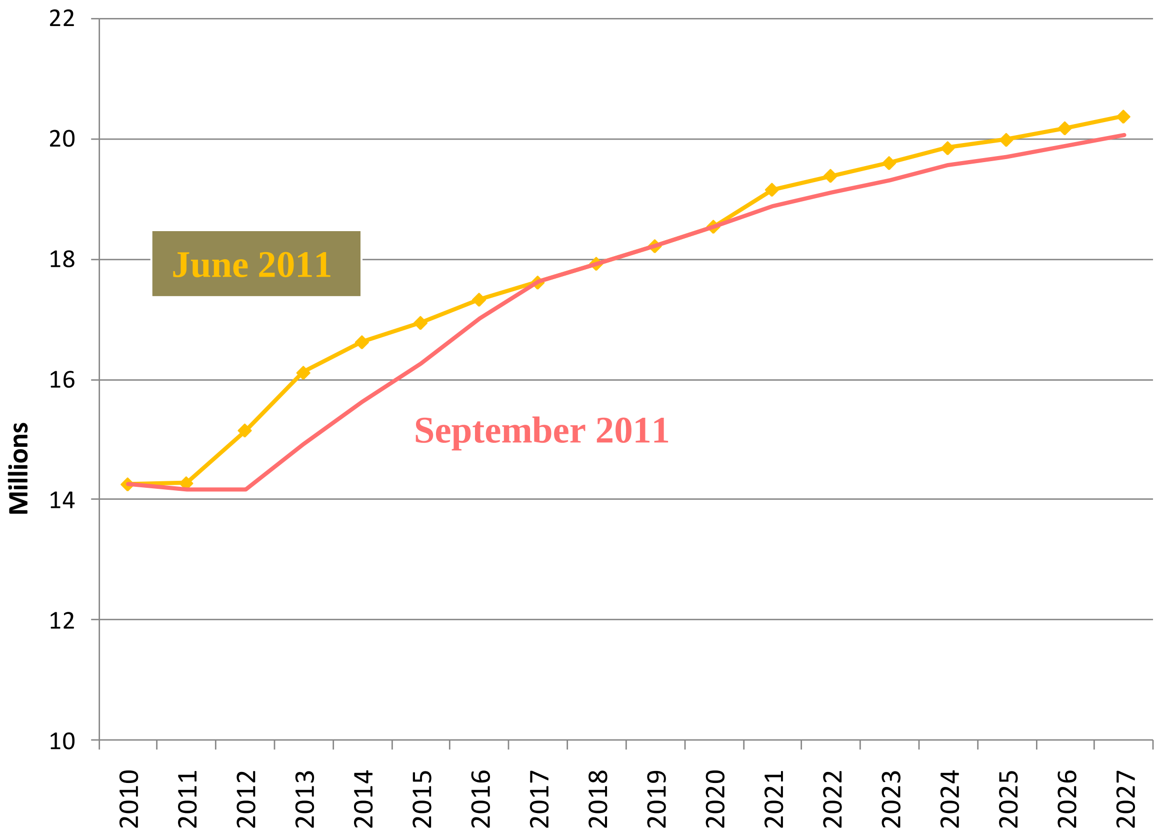
In February 2011, electronic toll processing migrated to a new vendor. The new vendor supplied the toll traffic and revenue reports for the February through June FY2011 months have been limited to summary level,

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 is 14.17 million which is a year over year decrease of 0.7 % and a -0.8% change from the June forecast.

TNB toll revenue for the 2007-09 biennium was $73.1 million. In the September forecast the 2009-11 biennium toll revenue was $89.8 million which is 0.47% lower than the June forecast. In the 2011-13 biennium, this September 2011 forecast of toll revenue is projected at $90.26 million with $6.8 million or 6.98% decrease from the prior forecast. Future biennia revenue forecasts are all lower than the June forecast, except in 2017-2019 biennium when June and September revenue forecasts are the same.

Figure 34 Comparison of TNB Traffic Volume:
September and June 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. The 2009-11 biennium violation fees was $1.08 million, which is a 4.41% decrease from the prior forecast.

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. Civil penalty revenue is 20.8% lower than the June forecast. Beginning in the 2013-15 biennium, civil penalties revenue is anticipated to bring in $2.99 million per biennium and grow over time to $3.6 million by the 2025-27 biennium. For the TNB civil penalties forecast for 2013-15 and all subsequent biennia, the current forecast is the same as the prior forecast.

The September forecast for administrative fees revenue is the same as in the 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 and these sales are 14.91% higher than in the June forecast. Starting in the 2011-13 biennium through 2025-2027 the sales are reduced to reflect the reduction in transponder cost.

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 are 25.3%higher than the FY 2010 traffic volume and 4.9% change over the past forecast. Legislation in 2011 extended the 167 HOT lanes pilot program to the end of FY

2013. The current forecast for FY 2012 is 640,000 which is a revision from 629,000 for the September forecast. Traffic volume is estimated to increase to 662,000 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 $1.39 million in the FY 2011-2013 biennium, which is an increase of 8.79% from the June forecast.

In 2011-2013 biennium, the current revenue forecast of transponder and shield sales on SR 167 increased from $22,400 in the June forecast to $70,513. This increase is due to the record sales of transponders and the reallocation of transponder sales revenue. Sales of transponder shields will discontinue. FY 2012 and beyond transponder growth is based on annual traffic growth. In the 2011-2013 biennium the fees are unchanged compared to June forecast.

Trends in SR 520 Bridge Toll Lanes Traffic and Revenue
This September 2011 forecast for SR520 bridge reflects a deferred start date for tolls from the June forecast. The following traffic and toll revenue forecast is based on Wilbur Smith Associates *Investment Grade Analysis dated on August 24, 2011.* This September forecast assumes that the tolling of the existing bridge will commence 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 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 around 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 FY 2012; it increases to $3.31 million in FY 2013 and it peaks at $3.41 million in FY 2014. The $2.8 million dollar variance between FY 2012 and FY 2013 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 FY 2014 through 2027, civil penalty revenues expected to decrease to $2.7 million per year.

In the September forecast, fee revenue in FY2012 is $0.65 million and it increases to $1.65 million by FY2027.

Total collected toll revenue is projected to exceed $173.8 million in 2011-13, and it will increase to $233.2 million and $265.5 million in FY 2013-15 and FY 2015-2017 biennia. The expected total toll revenue is $327.6 million by the end of FY 2026-2027 biennium.

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 $93.6 million in the 2009-11 biennium which is a small increase from the prior forecast. Starting in the 2011-13 biennium and beyond, this September forecast of total toll revenue of $186.2 has been reduced by $40.9 million or 17.99% due to the change in SR 520 toll start date. The TNB actual traffic volume has been 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 $249.8million and $282.1

million in FY 2013-15 and FY 2015-2017 biennia. Over the forecast horizon, total toll revenue is expected to grow to over $344.0 million by the FY 2026-2027 biennium

Primary reasons for the forecast changes

- Overall TNB toll revenue forecast for the September forecast decreased from the June forecast, In February, electronic toll processing migrated to a new vendor and as a result, toll traffic volume has been reduced in the current biennium. Overall HOT lane revenue forecast in 2011-2013 biennium is $1.39 million, which is 8.8% increase from the June forecast.
- Future growth rates in TNB revenue declined from the June forecast by 0.37% or $0.34 million in the current biennium and subsequent biennium by 6.79% or $6.8 million.
- The SR 520 toll forecast for September is down from the last forecast due to deferred start date. Tolling for forecasting purpose starts on January 1, 2012. In addition, toll traffic and revenue are down due to weaker economic projections. The expected overall toll revenue on the new SR 520 tolling facility is $91.8 million in FY 2011-2013 and it will gradually increase to $221.3 million by FY 2026-2027.

Figure 35 Short-term Toll Facility Revenue
September 2011 forecast
millions of dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Tacoma Narrows Bridge						
Toll Revenue	**44.00**	**46.25**	**90.25**	**48.36**	**50.24**	**98.60**
Fines and Fees	**0.45**	**0.11**	**0.56**	**0.11**	**0.11**	**0.22**
Civil Penalty Fines	**0.32**	**1.27**	**1.59**	**1.48**	**1.51**	**2.99**
Sales	**0.32**	**0.34**	**0.66**	**0.36**	**0.37**	**0.73**
SR 167 HOT Lane						
Toll Revenue	**0.65**	**0.67**	**1.32**			
Fines and Fees	**0.00**	**0.00**	**0.00**			
Sales	**0.04**	**0.04**	**0.08**			
SR 520 Bridge						
Toll Revenue	**25.39**	**56.82**	**82.21**	**64.23**	**70.33**	**134.56**
Fines and Fees	**0.65**	**1.78**	**2.43**	**1.85**	**1.86**	**3.71**
Civil Penalty Fines	**0.51**	**3.31**	**3,82**	**3.41**	**3.34**	**6.75**
Sales	**2.00**	**1.33**	**3.33**	**1.11**	**1.14**	**2.25**
Total Toll Facility Revenue						
Total	**74.33**	**111.92**	**186.25**	**120.91**	**128.90**	**249.81**
% Change from Prior Fcst	-31.70%	-5.38%	**-17.99**	-4.81%	-3.68%	**-4.23%**

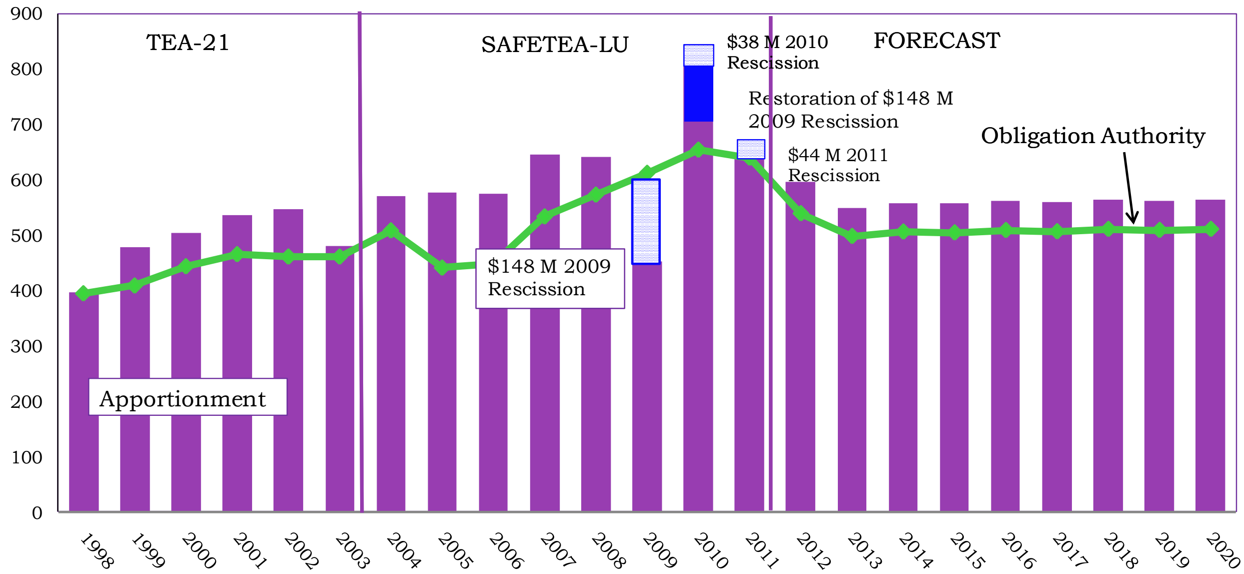
Federal Funds

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.

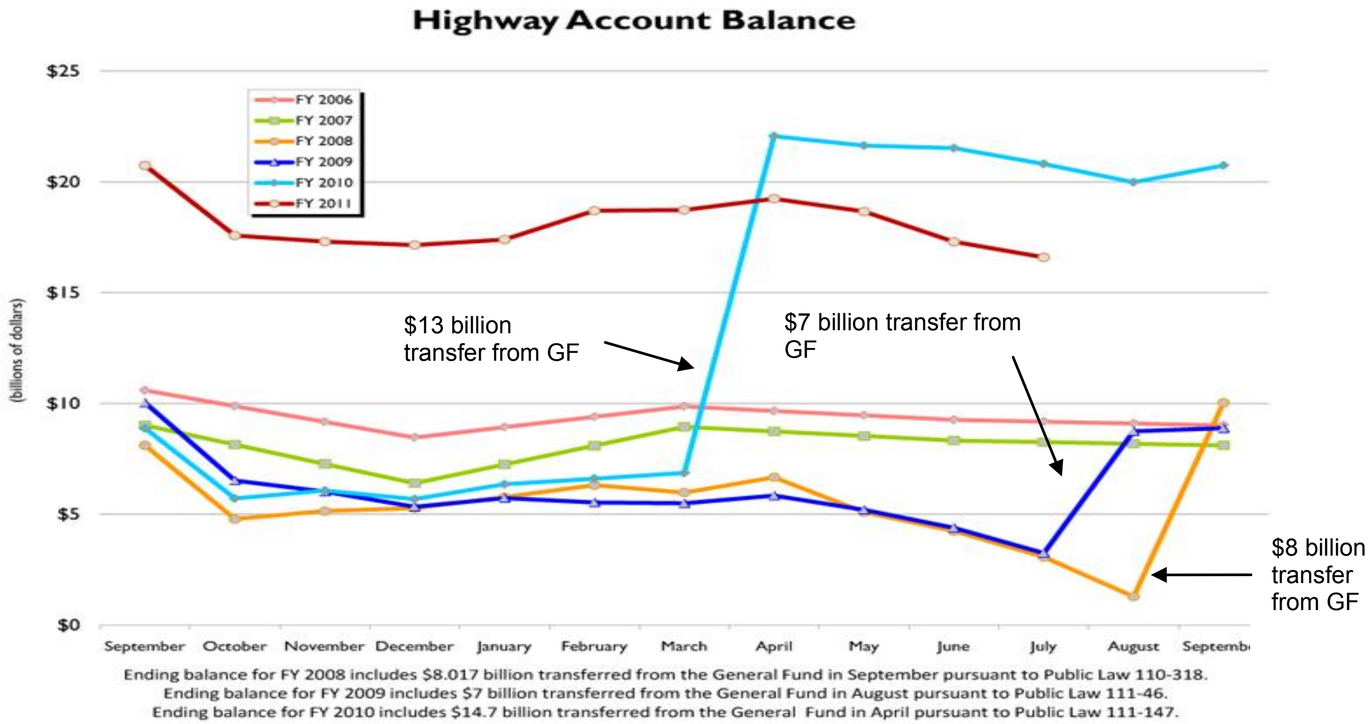
Figure 36 describes the amount of federal apportionment and obligation authority to Washington State since 1998 with the inclusion of the September 2011 forecast of federal funds through FY 2020. This time period includes the Transportation Equity Act for the 21st Century (TEA-21) which was enacted on 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 September 2011 federal funds forecast includes HR 662 passed by Congress on March 4, 2011 SAFETEA-LU until September 30, 2011 and continuing resolution H.J. Resolution 44 passed by Congress on March 2, 2011 which continues federal funding for FFY2011 at $687 million for Washington state. HR 2887, public law 112-30 passed congress on September 16, 2011 extending SAFTEA-LU until March 31, 2012.

Figure 36 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars)- Federal Fiscal Years 1998-2020 with the September 2011 Forecast



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

Figure 37 Monthly Federal Highway Trust Fund Account Balance (billions of dollars): 2006-2011



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

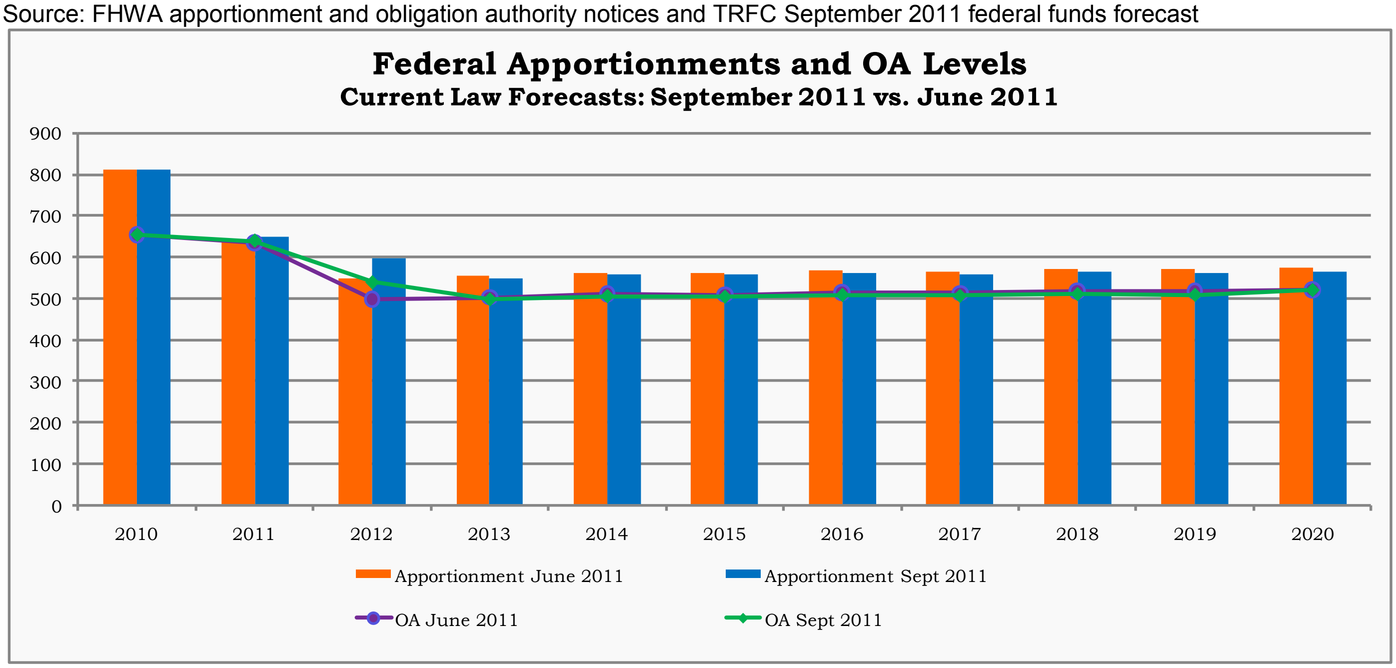
Washington's Federal Apportionment Forecast

The September 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 federal funds forecast, 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 September 2011 forecast of Washington apportionment has some changes in the forecast from prior three forecasts. The federal apportionment forecast for FFY 2011 is based on HR 1473, Public Law 112-10 which funds the federal government until September 30, 2011 and 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 September 2011 federal forecast is $596.4 million which is $47 million more than the June forecast due a new 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 which is consistent with our prior forecast methodology. The apportionment forecast for FFY 2012 is an 8.7% increase from the prior forecast and year over year; it is a reduction of 13.7%. The apportionment forecast for FFY 2013 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 with past methodology. Starting in FFY 2014, this forecast assumes year over year growth rates which mirror Washington State September 2011 TRFC fuel consumption forecast growth rates over the forecast horizon. In this September forecast as well as in the prior four 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 38 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars): September vs. June 2011 Forecast Comparison Federal Fiscal Years 2010-20

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



Washington's Obligation Authority Forecast

Obligation authority for FFY 2011 is provided by Notice N4520-208 dated May 5, 2011. The current forecast of OA in FFY 2011 is $638 million which is $5 million higher than the June forecasted value. Obligation authority then falls in FFY 2012 to $539 million which is 15.6% lower than FFY2011. 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 for 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 September 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 September 2011 federal apportionment forecast for FFY 2011 is $691 million or $5 million more than June's forecast due to more current distribution tables.
- The latest legislation, HR 2887, public law 112-30 dated September 16, 2011, has been incorporated into this forecast but no new long-term federal transportation funding legislation has been adopted to alter assumptions in the forecast.
- The September 2011 Federal Appropriations forecast for FFY 2012 has been increased by 8.7% or $47 million from June's forecast due to the inclusion of the new 6 month surface transportation extension.
- The projected 20% decline in federal revenue is carried forward for the last 6 months of FFY 2012 and FFY 2013.

Figure 39 Washington's portion of Federal Highway Funds by Federal Fiscal Year September 2011 forecast
Millions of dollars

	FFY 2012	FFY 2013	FF 2014	FY 2015
WA Statewide Apportionment of FHWA Programs	**$596.3**	**$549.8**	**$558.6**	**$556.8**
% Change from Prior Fcst	8.67%	-0.84%	-0.78%	-0.86%
Obligation Authority	**$539.1**	**$498.2**	**$506.2**	**$504.6**
% Change from Prior Fcst	8.39%	-0.83%	-0.77%	-0.86%

Forecast Contacts

Washington State Department of Transportation unless otherwise noted

Economic Variables and Fuel Price Forecast

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Motor Fuel Tax Revenue Forecast

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Motor Vehicle Licenses, Permits & Fees Revenue Forecast

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Business and Other Revenue

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Aeronautics Revenue

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Washington State Ferries Ridership and Revenue Forecast

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Toll Operations Traffic and Revenue

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Federal Funds Forecast

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Vehicle Miles Traveled Forecast

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Appendix

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

Figure 40 Forecast to Forecast Biennium Comparison of All Transportation Revenues
September 2011 forecast - 16 year period *millions of dollars*

† 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

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

	2009-2011			Current Biennium 2011-2013			16-Year Period (2011-2027)		
	Forecast Sep-11	Chg from Jun-11	Percent Change	Forecast Sep-11	Chg from Jun-11	Percent Change	Forecast Sep-11	Chg from Jun-11	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,489.2	(3.1)	-0.1%	2,520.7	(21.1)	-0.8%	20,700.5	(399.6)	-1.9%
Licenses, Permits and Fees	872.9	2.6	0.3%	905.3	(6.4)	-0.7%	7,996.5	(68.6)	-0.9%
Ferry Revenue†	300.7	0.4	0.1%	322.5	15.0	4.9%	3,022.3	159.4	5.6%
Toll Revenue §	93.6	(0.3)	-0.3%	186.2	(40.9)	-18.0%	2,329.7	(90.6)	-3.7%
Aviation Revenues ‡	5.2	0.3	7.1%	5.9	0.0	0.6%	50.1	1.0	2.1%
Rental Car Tax	44.5	0.1	0.2%	48.8	(0.2)	-0.4%	493.6	(8.3)	-1.6%
Vehicle Sales Tax	54.4	0.1	0.1%	58.9	(2.4)	-3.9%	637.6	(31.3)	-4.7%
Driver-Related Fees	201.1	0.4	0.2%	204.3	(1.2)	-0.6%	1,737.3	(8.7)	-0.5%
Business/Other Revenues ¥	11.3	0.2	1.6%	10.4	0.3	2.8%	97.5	2.4	2.6%
Total Revenues	**4,072.9**	**0.6**	**0.0%**	**4,263.0**	**(56.9)**	**-1.3%**	**37,065.1**	**(444.2)**	**-1.2%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**119.2**	**2.3**	**2.0%**	**129.9**	**0.8**	**0.6%**	**1,237.4**	**21.3**	**1.8%**
State Uses									
Motor Vehicle Account (108)	1,035.8	(2.7)	-0.3%	1,057.1	(7.9)	-0.7%	8,838.0	(154.8)	-1.7%
Transportation 2003 (Nickel) Account (550)	346.3	(0.4)	-0.1%	349.5	(4.0)	-1.1%	2,870.3	(58.1)	-2.0%
Transportation 2005 Partnership Account (09H)	574.5	(0.2)	0.0%	577.9	(6.1)	-1.0%	4,739.0	(101.9)	-2.1%
Multimodal Account (218)	223.5	1.2	0.5%	237.1	(2.8)	-1.2%	2,278.7	(41.6)	-1.8%
Special Category C Account (215)	47.1	(0.0)	-0.1%	47.4	(0.5)	-1.0%	386.4	(8.4)	-2.1%
Puget Sound Capital Construction Account (099)	34.3	(0.0)	-0.1%	34.5	(0.3)	-1.0%	281.1	(6.1)	-2.1%
Puget Sound Ferry Operations Account (109)	358.6	0.3	0.1%	375.1	8.2	2.2%	3,446.4	81.6	2.4%
Capital Vessel Replacement Account (18J)	0.0	0.0	0.0%	6.3	6.3	100.0%	69.1	69.1	100.0%
Tacoma Narrows Bridge Account (511)	92.3	(0.3)	-0.4%	93.1	(6.8)	-6.8%	904.8	(20.3)	-2.2%
High Occupancy Toll Lanes Account (09F)*	1.3	0.1	5.3%	1.4	0.1	8.8%	1.4	0.1	8.8%
SR 520 Corridor Account (16J)	0.0	0.0	0.0%	88.0	(32.7)	-27.1%	1,377.5	(68.9)	-4.8%
SR 520 Corridor Civil Penalities Account (17P)	0.0	0.0	0.0%	3.8	(1.5)	-28.8%	46.0	(1.5)	-3.3%
Aeronautics Account (039)	5.8	0.3	6.3%	5.9	0.0	0.6%	50.1	1.0	2.1%
State Patrol Highway Account (081)	312.7	0.1	0.0%	327.4	(1.5)	-0.5%	2,907.6	(18.6)	-0.6%
Highway/Motorcycle Safety Accts. (106 & 082)	168.1	0.5	0.3%	170.0	(2.1)	-1.2%	1,442.4	(17.8)	-1.2%
Other accounts (201, 06T, 097, 09E, 216, 07C)	15.9	0.0	0.3%	16.3	0.0	0.0%	138.1	(0.7)	-0.5%
Ignition Interlock Deviuces Revolving Acct 14V	2.6	0.1	2.2%	2.9	1.2	69.3%	25.2	11.5	84.1%
Total for State Use	**3,218.7**	**(1.0)**	**0.0%**	**3,393.8**	**(50.3)**	**-1.5%**	**29,802.1**	**(335.5)**	**-1.1%**
Local Uses									
Cities	180.8	(0.2)	-0.1%	181.9	(1.8)	-1.0%	1,481.9	(32.1)	-2.1%
Counties	296.0	(0.3)	-0.1%	297.9	(3.0)	-1.0%	2,428.0	(52.1)	-2.1%
Transportation Improvement Board (112 & 144)	193.2	(0.2)	-0.1%	194.3	(1.9)	-1.0%	1,583.4	(34.3)	-2.1%
County Road Administration Board (102 & 186)	65.0	(0.1)	-0.1%	65.3	(0.7)	-1.0%	532.4	(11.5)	-2.1%
Total for Local Use	**735.0**	**(0.7)**	**-0.1%**	**739.4**	**(7.4)**	**-1.0%**	**6,025.6**	**(130.0)**	**-2.1%**
Total Distribution of Revenue	**4,072.9**	**0.6**	**0.0%**	**4,263.0**	**(56.9)**	**-1.3%**	**37,065.1**	**(444.2)**	**-1.2%**

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

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

September 2011 • millions of dollars

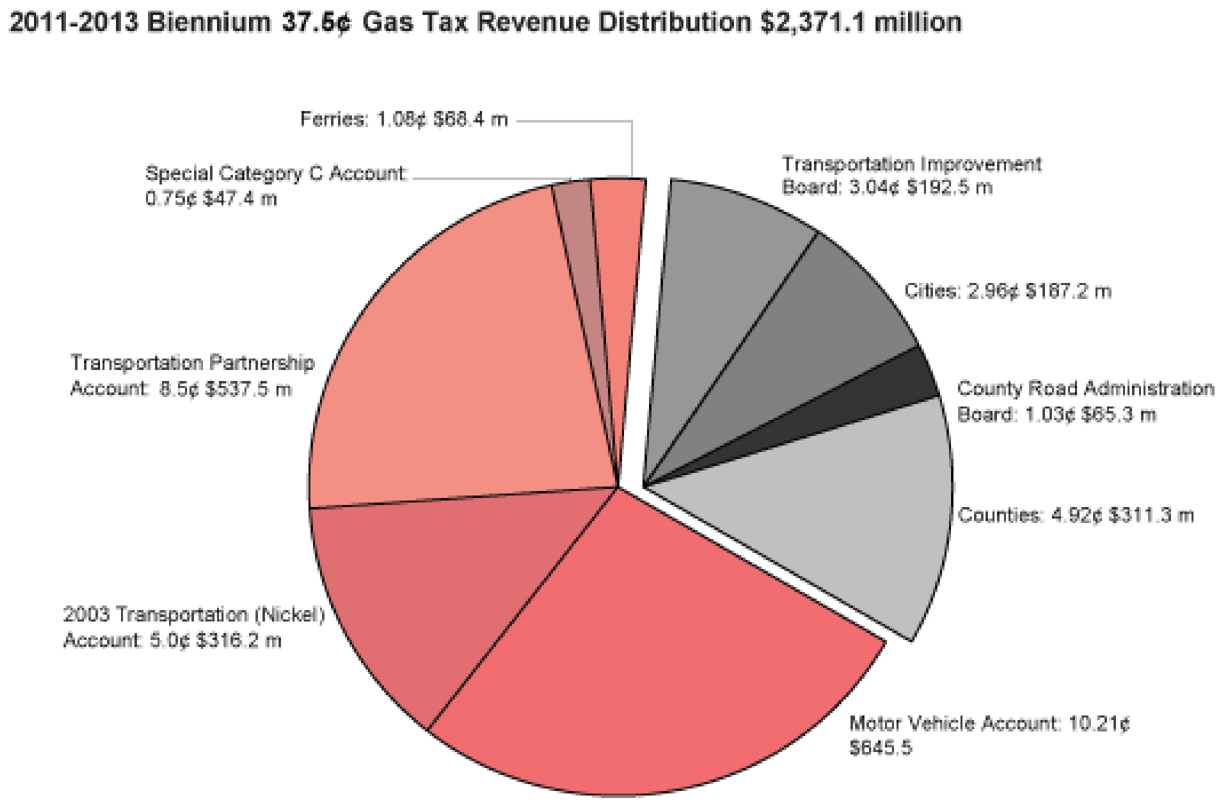
	2009-2011			Current Biennium 2011-2013			16-Year Period (2011-2027)		
	Forecast Sep-11	Chg from Baseline ¥	Percent Change	Forecast Sep-11	Chg from Baseline ¥	Percent Change	Forecast Sep-11	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,489.2	9.3	0.4%	2,520.7	(10.7)	-0.4%	20,700.5	(294.1)	-1.4%
Licenses, Permits and Fees	872.9	(1.0)	-0.1%	905.3	(9.7)	-1.1%	7,996.5	(82.5)	-1.0%
Ferry Revenue†	300.7	0.2	0.1%	322.5	9.8	3.1%	3,022.3	130.0	4.5%
Toll Revenue §	93.6	(0.3)	-0.3%	186.2	85.9	85.6%	2,329.7	1,404.1	151.7%
Aviation Revenues ±	5.2	0.4	7.2%	5.9	0.0	0.8%	50.1	1.1	2.2%
Rental Car Tax	44.5	0.4	0.9%	48.8	0.3	0.7%	493.6	(8.8)	-1.7%
Vehicle Sales Tax	54.4	0.4	0.7%	58.9	(1.6)	-2.6%	637.6	(24.5)	-3.7%
Driver-Related Fees	201.1	1.2	0.6%	204.3	0.2	0.1%	1,737.3	1.8	0.1%
Business/Other Revenues ±	11.3	0.3	2.4%	10.4	0.4	3.9%	97.5	3.4	3.6%
Total Revenues	**4,072.9**	**10.9**	**0.3%**	**4,263.0**	**74.7**	**1.8%**	**37,065.1**	**1,130.5**	**3.1%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**119.2**	**4.1**	**3.6%**	**129.9**	**1.9**	**1.5%**	**1,237.4**	**32.2**	**2.7%**
State Uses									
Motor Vehicle Account (108)	1,035.8	1.1	0.1%	1,057.1	(7.2)	-0.7%	8,838.0	(134.3)	-1.5%
Transportation 2003 (Nickel) Account (550)	346.3	0.3	0.1%	349.5	(3.0)	-0.8%	2,870.3	(46.2)	-1.6%
Transportation 2005 Partnership Account (09H)	574.5	1.2	0.2%	577.9	(4.2)	-0.7%	4,739.0	(82.5)	-1.7%
Multimodal Account (218)	223.5	1.8	0.8%	237.1	(1.8)	-0.8%	2,278.7	(37.2)	-1.6%
Special Category C Account (215)	47.1	0.2	0.3%	47.4	(0.3)	-0.6%	386.4	(6.5)	-1.6%
Puget Sound Capital Construction Account (099)	34.3	0.1	0.3%	34.5	(0.2)	-0.6%	281.1	(4.7)	-1.6%
Puget Sound Ferry Operations Account (109)	358.6	0.3	0.1%	375.1	3.1	0.8%	3,446.4	53.7	1.6%
Capital Vessel Replacement Account (18J)	0.0	0.0	0.0%	6.3	6.3	100.0%	69.1	69.1	100.0%
Tacoma Narrows Bridge Account (511)	92.3	(0.3)	-0.4%	93.1	(6.8)	-6.8%	904.8	(20.3)	-2.2%
High Occupancy Toll Lanes Account (09F)*	1.3	0.1	5.3%	1.4	0.9	166.1%	1.4	0.9	166.1%
SR 520 Corridor Account (16J)	0.0	0.0	0.0%	88.0	88.0	100.0%	1,377.5	1,377.5	100.0%
SR 520 Corridor Civil Penalities Account (17P)	0.0	0.0	0.0%	3.8	3.8	100.0%	46.0	46.0	100.0%
Aeronautics Account (039)	5.8	0.4	6.5%	5.9	0.0	0.8%	50.1	1.1	2.2%
State Patrol Highway Account (081)	312.7	(1.9)	-0.6%	327.4	(1.9)	-0.6%	2,907.6	(20.4)	-0.7%
Highway/Motorcycle Safety Accts. (106 & 082)	168.1	1.1	0.6%	170.0	(0.8)	-0.5%	1,442.4	(8.7)	-0.6%
Other accounts (201, 06T, 097, 09E, 216, 07C)	15.9	0.0	0.1%	16.3	(0.0)	-0.1%	138.1	(0.9)	-0.6%
Ignition Interlock Device Revolving Acct 14V	2.6	0.2	6.8%	2.9	1.2	75.0%	25.2	12.0	90.3%
Total for State Use	**3,218.7**	**4.3**	**0.1%**	**3,393.8**	**77.1**	**2.3%**	**29,802.1**	**1,198.6**	**4.2%**
Local Uses									
Cities	180.8	0.6	0.3%	181.9	(1.1)	-0.6%	1,481.9	(24.8)	-1.6%
Counties	296.0	1.0	0.3%	297.9	(1.7)	-0.6%	2,428.0	(40.2)	-1.6%
Transportation Improvement Board (112 & 144)	193.2	0.6	0.3%	194.3	(1.1)	-0.6%	1,583.4	(26.5)	-1.6%
County Road Administration Board (102 & 186)	65.0	0.2	0.3%	65.3	(0.4)	-0.6%	532.4	(8.9)	-1.6%
Total for Local Use	**735.0**	**2.4**	**0.3%**	**739.4**	**(4.3)**	**-0.6%**	**6,025.6**	**(100.3)**	**-1.6%**
Total Distribution of Revenue	**4,072.9**	**10.8**	**0.3%**	**4,263.0**	**74.7**	**1.8%**	**37,065.1**	**1,130.5**	**3.1%**
Total Distribution of Revenue less SR 520 revenue ¤	**4,072.9**	**10.8**	**0.3%**	**4,171.2**	**(17.1)**	**-0.4%**	**35,641.6**	**(293.0)**	**-0.8%**

† 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 September 2011 fuel tax revenue forecast for the 2011-2013 biennium.

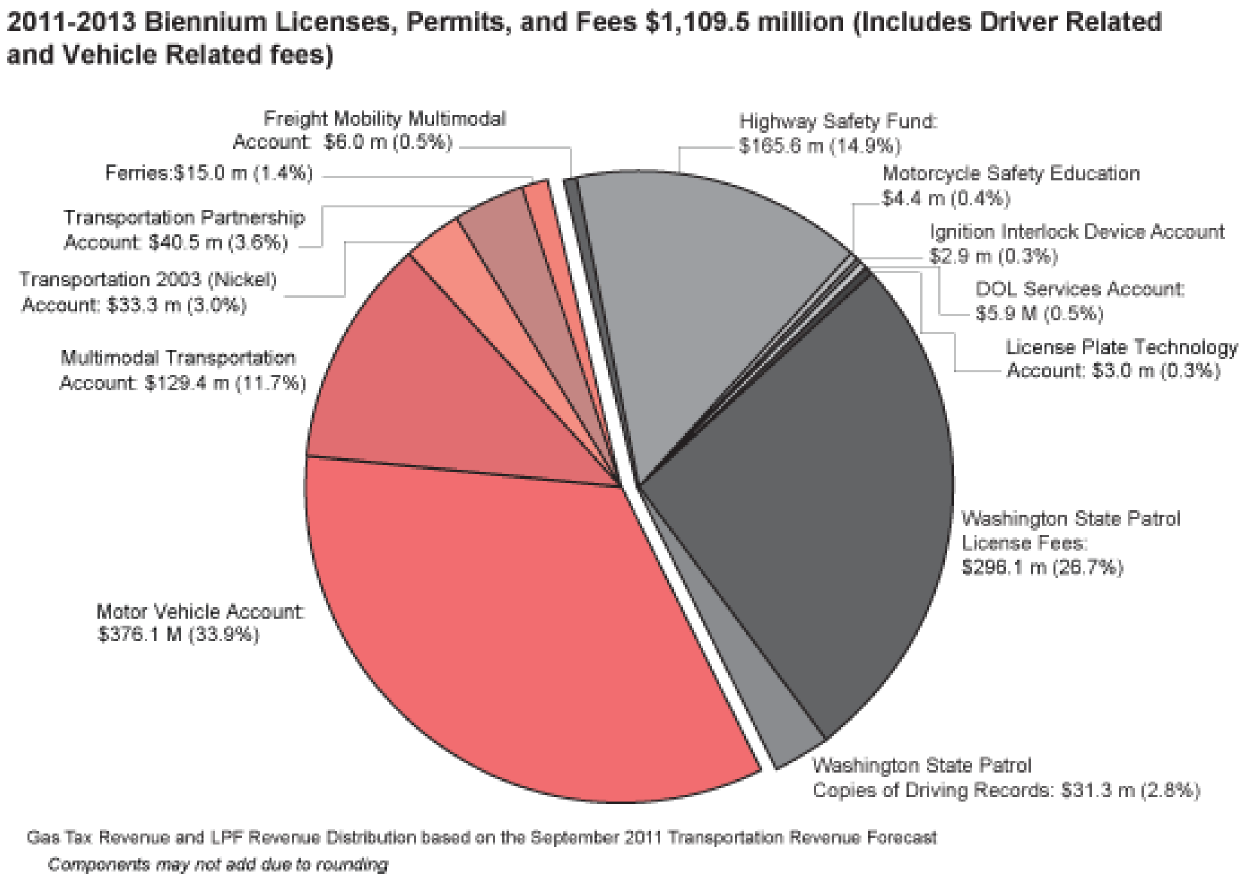
Figure 42 Fuel Tax Revenue for Statutory Distribution
2011–13 biennium - $2,371.1 million



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 September 2011 Licenses, Permits and Fees revenue forecast for the 2011-2013 biennium.

Figure 43 License Permits and Fees Revenue for Distribution (Both Motor Vehicle & Driver Related) 2011–13 biennium - $1,109.5 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 44 **Motor Vehicle Account Revenue** *dollars in millions*	**2009-11**		**2011-13**		**10-Year Period (2011-2021)**	
	Forecast Sep 11	**Chg from Jun 11**	**Forecast Sep 11**	**Chg from Jun 11**	**Forecast Sep 11**	**Chg from Jun 11**
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	2,489.2	(3.1)	2,520.7	(21.1)	12,833.8	(184.8)
Licenses, Permits, & Fees	363.7	0.9	374.8	(3.5)	1,972.9	(22.6)
Business-Related Revenue	11.3	0.2	10.4	0.3	57.6	1.5
Total	**2,864.2**	**(2.0)**	**2,905.9**	**(24.3)**	**14,864.3**	**(205.9)**
Distribution						
Refunds-Regular	119.2	2.3	129.9	0.8	722.3	0.8
Fuel Tax Distributions for Local Uses[1]	735.0	(0.7)	739.4	(7.4)	3,750.1	(57.7)
Fuel Tax Distributions for State Uses[2]	973.6	(0.9)	979.5	(9.8)	4,968.0	(76.7)
Total	**1,827.8**	**0.7**	**1,848.7**	**(16.4)**	**9,440.3**	**(133.6)**
Net Revenue	**1,036.4**	**(2.7)**	**1,057.1**	**(7.9)**	**5,424.0**	**(72.3)**

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 45 **Transportation 2003 (Nickel) Account** *dollars in millions*	**2009-11**		**2011-13**		**10-Year Period (2011-2021)**	
	Forecast Sep 11	**Chg from Jun 11**	**Forecast Sep 11**	**Chg from Jun 11**	**Forecast Sep 11**	**Chg from Jun 11**
Revenue						
5¢ Gas Tax	314.3	(0.3)	316.2	(3.2)	1,603.3	(24.8)
Licenses, Permits and Fees	32.0	(0.1)	33.3	(0.8)	178.1	(2.3)
Total	**346.3**	**(0.4)**	**349.5**	**(4.0)**	**1,781.4**	**(27.1)**

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 46 **Transportation Partnership Account** *dollars in millions*	**2009-11**		**2011-13**		**10-Year Period (2011-2021)**	
	Forecast Sep 11	**Chg from Jun 11**	**Forecast Sep 11**	**Chg from Jun 11**	**Forecast Sep 11**	**Chg from Jun 11**
Revenue						
5¢ Gas Tax	534.3	(0.5)	537.5	(5.4)	2,725.6	(42.1)
Licenses, Permits and Fees	40.2	0.4	40.5	(0.7)	215.1	(4.2)
Total	**574.5**	**(0.2)**	**577.9**	**(6.1)**	**2,940.7**	**(46.3)**

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 47 **Washington State Ferries Accounts** *dollars in millions*	**2009-11**		**2011-13**		**10-Year Period (2011-2021)**	
	Forecast Sep 11	**Chg from Jun 11**	**Forecast Sep 11**	**Chg from Jun 11**	**Forecast Sep 11**	**Chg from Jun 11**
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	294.5	0.3	315.5	14.3	1,745.9	78.6
Concessions & Other Revenue	6.2	0.1	7.0	0.6	41.6	4.0
Fuel Tax	43.6	(0.0)	43.9	(0.4)	223.6	(3.5)
Licenses, Permits and Fees	14.3	(0.0)	15.0	(0.1)	79.6	(0.5)
Subtotal	**358.6**	**0.3**	**381.4**	**14.5**	**2,090.7**	**78.6**
Capital Vessel Replacement Account (18J)	0.0	0.0	6.3	0.0	69.1	0.0
Total	**43.6**	**(0.0)**	**50.2**	**(0.4)**	**292.6**	**(3.5)**
Puget Sound Cap. Const. Acct. (099) Fuel Tax	34.3	(0.0)	34.5	(0.3)	175.0	(2.7)
Total	**392.9**	**0.3**	**415.9**	**14.1**	**2,265.6**	**75.9**

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 48 Multimodal Account *dollars in millions*	2009-11		2011-13		10-Year Period (2011-2021)	
	Forecast Sep 11	Chg from Jun 11	Forecast Sep 11	Chg from Jun 11	Forecast Sep 11	Chg from Jun 11
Revenue						
Licenses, Permits and Fees	124.5	1.1	129.4	(0.2)	688.5	(0.5)
Rental Car Tax	44.5	0.1	48.8	(0.2)	281.9	(4.1)
Vehicle Sales Tax	54.4	0.1	58.9	(2.4)	364.6	(17.6)
Total	**223.5**	**1.2**	**237.1**	**(2.8)**	**1,335.0**	**(22.2)**

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 49 Aeronautics Account *dollars in thousands*	2009-11		2011-13		10-Year Period (2011-2021)	
	Forecast Sep 11	Chg from Jun 11	Forecast Sep 11	Chg from Jun 11	Forecast Sep 11	Chg from Jun 11
Revenue						
Aircraft Dealer License Fees	8.0	0.0	8.0	0.0	40.0	0.0
Aircraft Excise Tax	55.5	0.0	58.9	(0.0)	301.8	(0.0)
Aircraft Fuel Tax	4,999.1	345.9	5,128.0	41.4	26,897.0	646.9
Aeronautics Transfer (from MV Fund)	564.4	0.2	556.2	(3.4)	2,744.6	(34.9)
Aircraft Registrations	186.9	0.0	196.2	0.0	1,005.0	0.0
Total	**5,813.8**	**346.1**	**5,947.3**	**38.0**	**30,988.4**	**612.0**

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 50 **Tolling Accounts** *dollars in millions*	**2009-11**		**2011-13**		**10-Year Period (2011-2021)**	
	Forecast Sep 11	**Chg from Jun 11**	**Forecast Sep 11**	**Chg from Jun 11**	**Forecast Sep 11**	**Chg from Jun 11**
Revenue						
Tacoma Narrows Bridge Account						
Toll Revenues ^	89.8	(0.4)	90.3	(6.8)	520.7	(13.3)
Transponder Sales/ Shield Sales	1.3	0.2	0.7	0.1	3.8	0.6
Violations	1.1	(0.0)	0.3	0.3	0.3	0.3
Civil Penalties	0.0	0.0	1.6	(0.4)	14.3	(0.4)
Fees	0.2	(0.0)	0.2	0.0	1.1	0.0
Subtotal Tacoma Narrows Bridge	**92.3**	**(0.3)**	**93.1**	**(6.8)**	**540.2**	**(12.7)**
HOT Lanes Operations Account						
Toll Revenues	1.1	0.1	1.3	0.1	n/a	n/a
Transponder Sales/ Shield Sales	0.1	0.0	0.1	0.0	n/a	n/a
Fees	0.0	0.0	0.0	0.0	n/a	n/a
Subtotal HOT Lanes Operations	**1.3**	**0.1**	**1.4**	**0.1**	**n/a**	**n/a**
SR 520 Bridge §						
Toll Revenues ^	0.0	0.0	82.2	(27.1)	727.5	(45.1)
Transponder Sales/ Shield Sales	0.0	0.0	3.3	(4.6)	13.0	(9.5)
Civil Penalties	0.0	0.0	3.8	(1.5)	29.1	(1.5)
Fees	0.0	0.0	2.4	(123.6)	17.1	(1.2)
Subtotal SR 520 Bridge	**0.0**	**0.0**	**91.8**	**(156.9)**	**786.8**	**(57.4)**
Total Tolling Revenues	**93.6**	**(0.3)**	**186.2**	**(163.5)**	**1,327.0**	**(70.1)**

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

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

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

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

Figure 51 Highway Safety/Motorcycle Safety/WSP *dollars in millions*	2009-11		Current Biennium 2011-13		10-Year Period (2011-2021)	
	Forecast Sep 11	Chg from Jun 11	Forecast Sep 11	Chg from Jun 11	Forecast Sep 11	Chg from Jun 11
Revenue						
Highway Safety						
Driver License Fees	126.8	0.5	127.4	(2.0)	657.7	(9.1)
Copies of Records	32.7	(0.1)	33.8	(0.2)	177.0	(1.1)
Other and Miscellaneous	4.2	(0.0)	4.4	0.1	23.4	0.9
Subtotal	**163.8**	**0.4**	**165.6**	**(2.1)**	**858.0**	**(9.3)**
Motorcycle Safety Permits/Endorsements	4.3	0.1	4.4	0.1	24.3	0.2
State Patrol Copies of Records (ADR) / LPF	312.7	0.1	327.4	(1.5)	1,740.7	(10.3)
Subtotal	**317.0**	**0.2**	**331.8**	**(1.4)**	**1,765.0**	**(10.1)**
Total	**480.8**	**0.6**	**497.5**	**(3.5)**	**2,623.0**	**(19.4)**