Transportation Revenue Forecast Council

November 2012 Transportation Economic and Revenue Forecasts

Volume I: Summary

Washington Transportation
Economic and Revenue Forecast
November 2012 Forecast

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Preface

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

Transportation Forecast Summary

Forecast Overview

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

- November 2012 transportation forecast of revenues: $4.315 billion for the current biennium which represents an increase of 5.9% over the prior 2009-11 biennium of $4.074 billion.
- Overall transportation revenue is up 0.2% forecast to forecast in the current biennium ($8 million) with the largest share of the increase in November in the current biennium being higher motor fuel taxes and toll revenue.
- For the 10-year forecast horizon, total revenues are projected to be $23.161 billion, which is lower by $60 million (0.3%) from September due to lower ferry revenue commuter ridership projections and ferry revenue collections, licenses, permits and fees and driver related revenue being down more than anticipated in September.
- New projections of real personal income are down slightly where new employment projections are up minimally from the last forecast. Washington Office of Financial Management revised projections of population which pushed up the population forecast. The current forecast for average retail gas, diesel and wholesale diesel price forecasts are lower than the September forecast.
- The primary reason for the change in fuel taxes in the current year has been higher gas and slightly lower diesel tax collections than anticipated. Economic variables affecting gas consumption in November are up slightly for population in 2012 and fuel efficiency in the long-term has fallen slightly. Gas prices have fallen since the last forecast throughout the forecast horizon. For the current biennium, overall gasoline and diesel revenue are up $7.9 million from the September forecast and this trend continues throughout the forecast horizon.
- Vehicle sales tax revenue and rental car tax are up minimally in the current biennium and rental car projections fall below the last forecast in subsequent years.
- Base ferry revenue estimate is down in the next and future biennium by $8.2 million and is down from last forecast throughout the forecast horizon due to ferry commuter ridership model revisions this quarter.
- Toll revenue is estimated at $208.7 million in the current biennium and this November forecast is higher by $6.8 million from previous forecast. The SR 520 toll revenue forecast has been revised substantially from previous forecasts due to model updates and new economic variables from a year ago.

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 increased slightly to $2.06 billion or 2.3% growth over FY 2010. In FY 2012, transportation revenues are up again minimally to $2.09 billion or 1.7% annual increase. In FY 2013, transportation revenues are projected to be $2.216 billion, which represents an annual increase of 5.6% and a 0.1% revision from the September forecast. Overall during the 10-year horizon, transportation revenues are projected to be $23.16 billion with an average growth rate of 1.2% each year.

Figure 1 Total Transportation Revenues Comparison
November vs September 2012 forecasts
millions of dollars

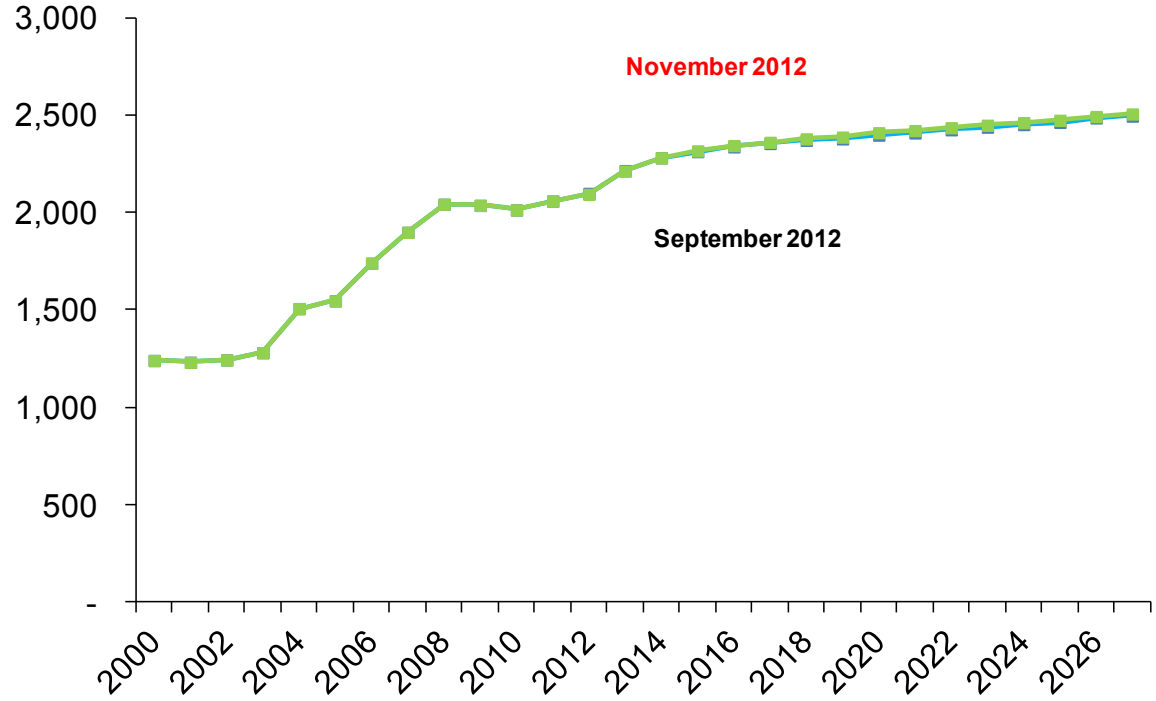
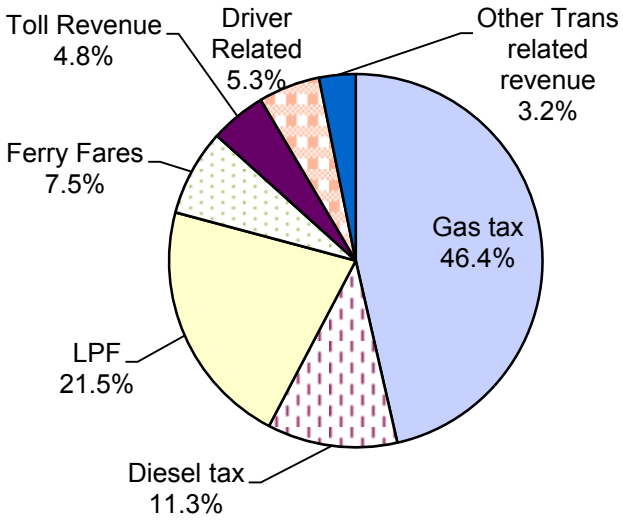


Figure 2 Revenue by Source
2011-13 biennium ($4.315 billion)



Washington's transportation revenues come from numerous taxes, fees, permits, tolls, and other revenues. Revenues forecasted each quarter include the sources contained in Figure 2. This pie graph reveals the anticipated share of each state revenue source to the total transportation revenues for 2011-13 biennium, ($4.315 billion). Gasoline fuel taxes comprise the largest share at 46.4%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 57.7% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 21.5%. The largest three revenue sources are projected to consist of 79% of revenues in the 2011-13 biennium. The remaining 21% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

As Figure 3 indicates, in the current biennium, November transportation revenues are projected at $4.32 billion. This forecast is slightly above the last forecast by $8 million or 0.2% from September. The increase in the November revenue forecast over the last forecast is primarily due to fuel tax collections exceeding expectations. In the next biennium, total transportation revenues are anticipated to be $4.595 billion which is a biennium to biennium decrease of$6.5 million and 0.1% from the September forecast. The primary source of the decline in revenue next biennium is ferry revenue with a decline of $8.2 million over September. Driver related fee revenue was also down by $3.1 million in next biennium. Motor fuel taxes overall are up $7.9 million in the next biennium.

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

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

	Current Biennium 2011-2013			2013-2015			10-Year Period (2011-2021)		
	Forecast Nov-12	Chg from Sep-12	Percent Change	Forecast Nov-12	Chg from Sep-12	Percent Change	Forecast Nov-12	Chg from Sep-12	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,490.0	2.8	0.1%	2,538.3	7.9	0.3%	12,699.8	22.0	0.2%
Licenses, Permits and Fees *	926.5	0.6	0.1%	990.1	(1.6)	-0.2%	5,019.8	(14.7)	-0.3%
Ferry Revenue†	323.5	(0.7)	-0.2%	336.6	(8.2)	-2.4%	1,740.8	(56.2)	-3.1%
Toll Revenue	208.7	6.8	3.4%	275.2	(1.7)	-0.6%	1,465.5	2.7	0.2%
Aviation Revenues ‡	6.7	0.0	0.3%	6.6	0.0	0.5%	32.9	0.1	0.4%
Rental Car Tax	48.2	0.0	0.0%	51.3	0.0	0.0%	273.0	(0.2)	-0.1%
Vehicle Sales Tax	61.7	0.0	0.0%	68.3	0.1	0.2%	367.3	0.7	0.2%
Driver-Related Fees*	230.3	(1.6)	-0.7%	307.7	(3.1)	-1.0%	1,456.0	(14.4)	-1.0%
Business/Other Revenues ‡*	19.9	0.0	0.2%	20.9	0.0	0.1%	105.8	(0.0)	0.0%
Total Revenues	**4,315.4**	**8.0**	**0.2%**	**4,595.0**	**(6.5)**	**-0.1%**	**23,160.9**	**(59.9)**	**-0.3%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**146.3**	**(0.0)**	**0.0%**	**139.5**	**0.0**	**0.0%**	**737.6**	**(0.0)**	0.0%
State Uses									
Motor Vehicle Account (108)	1,058.1	1.4	0.1%	1,088.5	0.9	0.1%	5,457.1	(3.9)	-0.1%
Transportation 2003 (Nickel) Account (550)	358.1	0.4	0.1%	394.7	1.2	0.3%	1,948.5	2.4	0.1%
Transportation 2005 Partnership Account (09H)	567.8	0.7	0.1%	580.7	1.8	0.3%	2,898.9	4.6	0.2%
Multimodal Account (218)	238.7	0.3	0.1%	254.9	0.7	0.3%	1,336.1	2.4	0.2%
Special Category C Account (215)	46.5	0.1	0.1%	47.6	0.2	0.3%	237.5	0.4	0.2%
Puget Sound Capital Construction Account (099)	33.8	0.0	0.1%	34.7	0.1	0.3%	172.8	0.3	0.2%
Puget Sound Ferry Operations Account (109)	375.1	(0.6)	-0.2%	388.3	(7.9)	-2.0%	2,000.9	(54.4)	-2.6%
Capital Vessel Replacement Account (18J)	6.3	(0.0)	0.0%	7.7	(0.2)	0.0%	39.0	(1.5)	0.0%
Tacoma Narrows Bridge Account (511)	109.7	2.1	1.9%	128.5	0.3	0.3%	672.2	4.2	0.6%
High Occupancy Toll Lanes Account (09F)^	2.2	0.2	7.9%	0.0	0.0	0.0%	2.2	0.2	7.9%
SR 520 Corridor Account (16J)	90.8	4.2	0.0%	139.3	(2.0)	-1.4%	757.3	(2.1)	-0.3%
SR 520 Corridor Civil Penalties Account (17P)	6.0	0.4	0.0%	7.4	0.0	0.0%	33.8	0.4	1.1%
Aeronautics Account (039)	6.7	0.0	0.3%	6.6	0.0	0.5%	32.9	0.1	0.4%
State Patrol Highway Account (081)	328.6	(0.5)	-0.2%	344.4	(2.3)	-0.7%	1,764.4	(11.4)	-0.6%
Highway/Motorcycle Safety Accts. (106 & 082)	197.0	(1.3)	-0.7%	269.6	(1.8)	-0.7%	1,266.1	(8.7)	-0.7%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.0	(0.0)	0.0%	16.4	(0.0)	-0.1%	83.3	(0.1)	-0.1%
Ignition Interlock Devices Revolving Acct 14V	2.6	0.0	1.6%	3.6	0.1	2.2%	16.9	0.4	2.1%
Total for State Use	**3,444.2**	**7.3**	**0.2%**	**3,712.9**	**(9.0)**	**-0.2%**	**18,720.2**	**(66.7)**	**-0.4%**
Local Uses									
Cities	178.4	0.2	0.1%	182.7	0.6	0.3%	910.8	1.7	0.2%
Counties	292.0	0.3	0.1%	299.2	1.0	0.3%	1,491.9	2.7	0.2%
Transportation Improvement Board (112 & 144)	190.6	0.2	0.1%	195.2	0.7	0.3%	973.2	1.8	0.2%
County Road Administration Board (102 & 186)	64.1	0.1	0.1%	65.6	0.2	0.3%	327.2	0.6	0.2%
Total for Local Use	**725.0**	**0.8**	**0.1%**	**742.6**	**2.5**	**0.3%**	**3,703.1**	**6.8**	**0.2%**
Total Distribution of Revenue	**4,315.4**	**8.0**	**0.2%**	**4,595.0**	**(6.5)**	**-0.1%**	**23,160.9**	**(59.9)**	**-0.3%**

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

Over the 10-year forecast horizon (2012-2021), the revenue forecast for November 2012 is $23.161 billion which is down $59.9 million or 0.3% from the September forecast.

Figure 4 reveals the forecast to baseline comparison. The major difference between the baseline February 2012 forecast and the current November 2012 is the inclusion of 2012 legislative changes which increased and added several transportation fees. In the current biennium, total transportation revenues are up $51.4 million and in the 2013-15 biennium, transportation revenues are up $153 million from the baseline February 2012 forecast. Over the 10 year forecast horizon, revenues are up $488.5 million from the baseline forecast.

Figure 4 Forecast to Baseline (February 2012 Forecast) Comparison of All Transportation Revenues November 2012 forecast - 10 year period *millions of dollars*

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

Novemeber 2012 • millions of dollars

	Current Biennium 2011-2013			2013-2015			10-Year Period (2011-2021)		
	Forecast Nov-12	Chg from Baseline ¥	Percent Change	Forecast Nov-12	Chg from Baseline ¥	Percent Change	Forecast Nov-12	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,490.0	(29.5)	-1.2%	2,538.3	(38.5)	-1.5%	12,699.8	(279.7)	-2.2%
Licenses, Permits and Fees	926.5	24.8	2.7%	990.1	62.6	6.8%	5,019.8	253.1	5.3%
Ferry Revenue†	323.5	2.6	0.8%	336.6	(1.1)	-0.3%	1,740.8	(33.4)	-1.9%
Toll Revenue §	208.7	22.4	12.0%	275.2	25.6	10.2%	1,465.5	136.8	10.3%
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Rental Car Tax	48.2	0.1	0.3%	51.3	0.0	0.1%	273.0	(0.3)	-0.1%
Vehicle Sales Tax	61.7	0.7	1.2%	68.3	0.1	0.1%	367.3	(5.4)	-1.5%
Driver-Related Fees	230.3	27.0	13.3%	307.7	101.1	48.9%	1,456.0	402.7	38.2%
Business/Other Revenues ±	19.9	2.4	13.5%	20.9	2.6	14.2%	105.8	12.5	13.5%
Total Revenues	**4,315.4**	**51.4**	**1.2%**	**4,595.0**	**153.0**	**3.4%**	**23,160.9**	**488.5**	**2.2%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**146.3**	**(5.6)**	**-3.7%**	**139.5**	**(4.4)**	**-3.1%**	737.6	**(28.7)**	**-3.7%**
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Other accounts (201, 06T, 097, 09E, 216, 07C)	16.0	(0.1)	-0.7%	16.4	(0.1)	-0.7%	83.3	(0.4)	-0.5%
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Local Uses									
Cities	178.4	(1.7)	-1.0%	182.7	(2.6)	-1.4%	910.8	(19.2)	-2.1%
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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.

Figure 5 Annual Percentage Change (%) in Select Economic Variables
November 2012 forecast

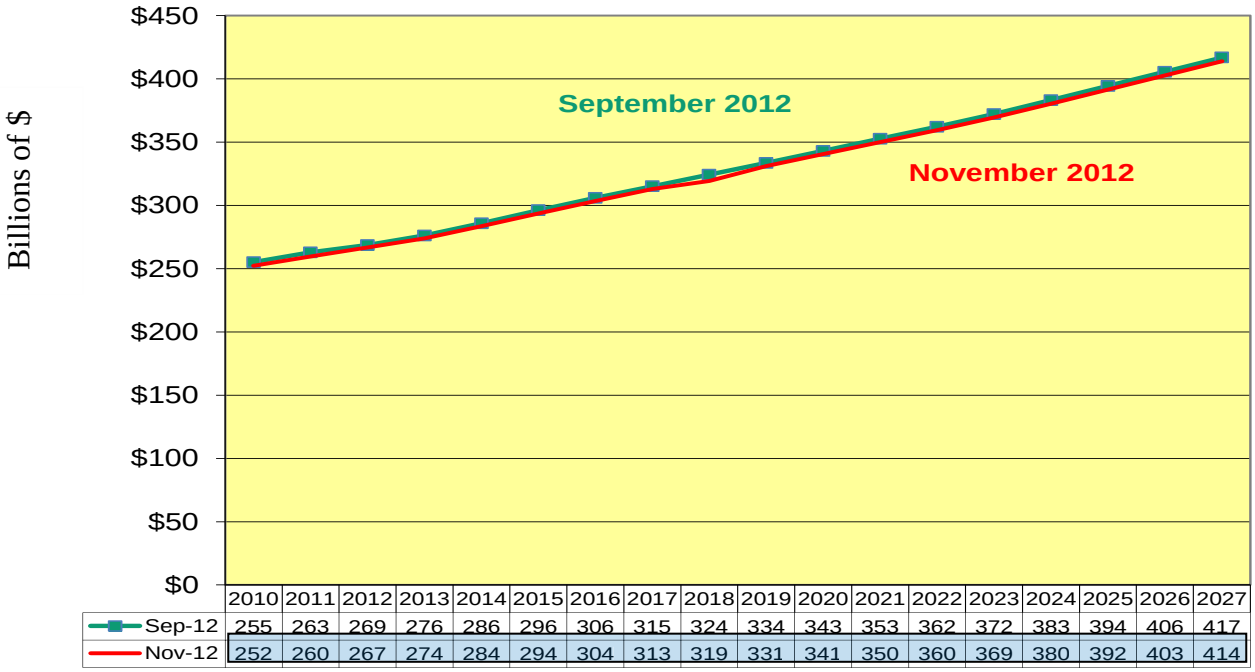
Fiscal Year	WA Personal Income	Annual Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Driver In-Migration
2010	-3.4	1.0	1.3	3.0	0.1	9.9	-1.0
2011	2.9	1.0	1.9	17.8	0.4	10.1	19.9
2012	2.8	1.0	2.3	13.7	0.8	13.9	-9.8
2013	2.7	1.0	1.5	-0.9	0.9	6.6	-0.8
2014	3.5	1.1	1.5	-4.9	1.1	5.3	-4.6
2015	3.6	1.2	1.7	-2.5	1.3	7.3	-0.4
2016	3.4	1.2	1.7	-2.0	1.5	7.7	-0.7
2017	3.1	1.2	1.7	-1.2	1.6	6.1	-0.7
2018	2.1	1.2	1.6	2.0	1.7	3.6	-0.5
2019	3.7	1.1	1.7	4.5	1.7	2.6	-0.3
2020	2.8	1.1	1.8	2.4	1.8	3.4	-0.2
2021	2.8	1.1	1.8	2.2	1.9	1.8	-0.1
2022	2.7	1.0	1.9	1.9	1.9	0.3	-0.2
2023	2.8	1.0	1.9	2.2	1.9	0.3	-0.05
2024	3.0	1.0	1.8	2.1	2.2	2.0	-0.03
2025	2.9	1.1	1.8	1.4	2.2	3.1	0.20
2026	2.9	1.0	1.8	1.5	2.2	2.6	-0.02
2027	2.8	1.0	1.8	1.5	2.2	2.8	-0.01

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

WA Personal Income

The forecast of Washington real personal income is projected by the Washington Economic and Revenue Forecast Council (ERFC), based on the October Global Insight forecast, October Blue Chip average US GDP growth rates, NYMEX fuel prices and other forecasted economic variables in the near term., through FY 2017. Washington real personal income in FY 2012 averaged $266.75 billion which was an increase of 2.8% year over year. For FY 2013, the new ERFC projections have a slightly lower growth rate at 2.7% versus 2.8% in September's projection. In FY 2013, Washington real personal income is projected at $274 billion versus $276 billion in the September forecast. For FY 2014 and FY 2015 annual growth rates of 3.5% and 3.6% respectively are projected which is the same as last quarter's forecast for those years. Personal income projections for FY 2014 and 2015 are $284 billion and $294 billion respectively. The extended projections of the Washington personal income level are slightly higher than last quarter's long term projections for FY 2016 and FY 2017. The annual growth rates for Washington's real personal income is 3.4% and 3.1% respectively as compared to 3.3% and 3.1% in September's projections.

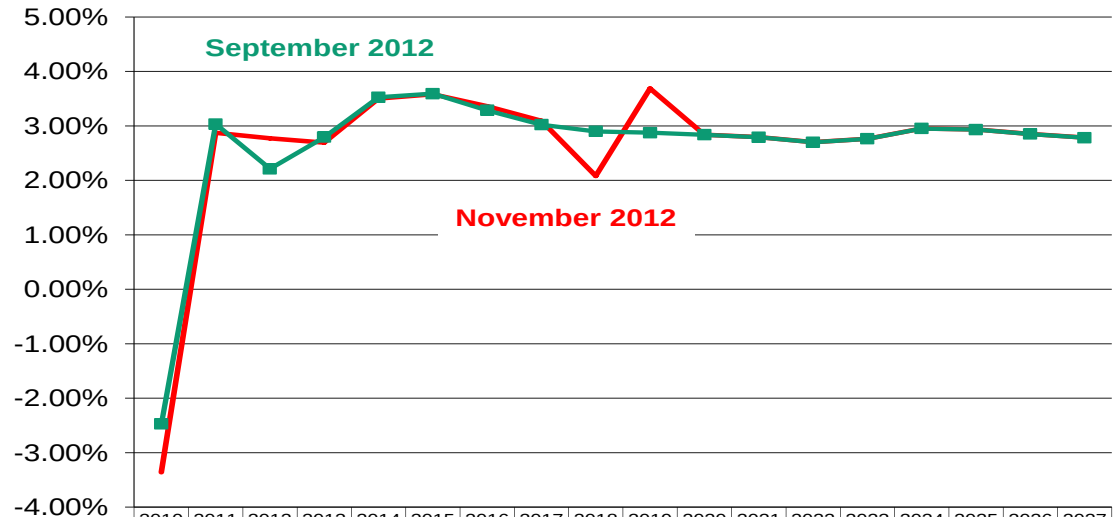
Figure 6 Comparison of Quarterly Washington Real Personal Income November vs September 2012



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Sep-12	255	263	269	276	286	296	306	315	324	334	343	353	362	372	383	394	406	417
Nov-12	252	260	267	274	284	294	304	313	319	331	341	350	360	369	380	392	403	414

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

Figure 7 Forecast Comparison of Annual Growth Rates for Washington Real Personal Income November vs. September 2012



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Nov-12	-3.4	2.9%	2.8%	2.7%	3.5%	3.6%	3.4%	3.1%	2.1%	3.7%	2.8%	2.8%	2.7%	2.8%	3.0%	2.9%	2.9%	2.8%
Sep-12	-2.5	3.0%	2.2%	2.8%	3.5%	3.6%	3.3%	3.0%	2.9%	2.9%	2.8%	2.8%	2.7%	2.8%	3.0%	2.9%	2.9%	2.8%

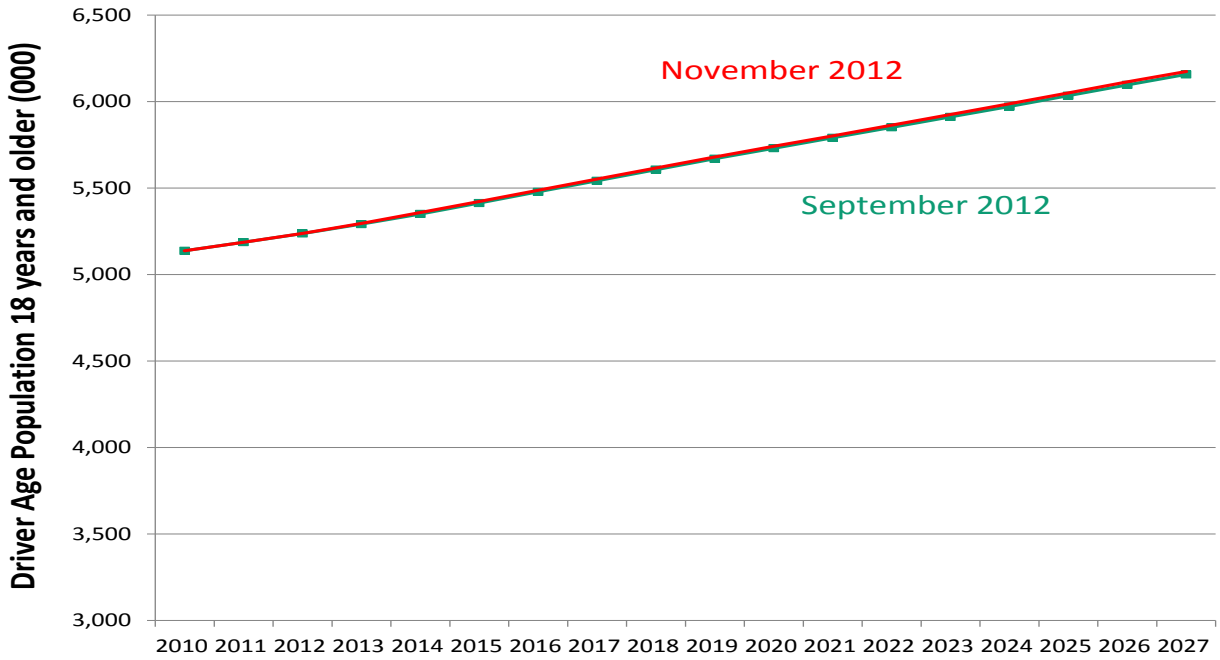
Source: Washington Economic and Revenue Forecast Council (Oct. 2012 economic variables) and 2012 OFM long-term personal income growth rates

The November 2012 forecast uses OFM's 2012 long-term personal income projections beginning in FY 2018. These long-term projections have not changed from the prior forecast. The 2012 OFM forecast of personal income growth for fiscal years 2016 thru 2020 is, on average, 2.8% and for the remaining years beyond FY 2020 the personal income growth rate also averaged 2.8%. Figure 7 reveals the change in the annual growth rates for Washington personal income which reveals that in FY 2013 and 2018 the growth rates in November were lower but other years were higher or the same growth rates. The history of Washington personal income was revised downward again which brought down the personal income levels in the current forecast compared to the September forecast as seen in Figure 6. The November 2012 Washington personal income forecast is $273 billion for the fourth quarter of 2012 which is down from the previous forecast by 0.7%.

WA Population

In the November 2012 forecast, the population projections incorporate the preliminary 2012 forecast which is a change from the last quarter. OFM released a new long-term statewide population forecast each November once a year. The driver age population is 5.238 million with an annual growth rate for FY 2012 of 1.0%. The current projection for population growth rate in FY 2013 is up slightly year over year to 1.1% instead of 1.04% in last year's projection. In fiscal years 2014 and 2015, the annual population growth rate is 1.19 and 1.2% respectively which is slightly higher than last year at 1.1 and 1.19% growth rate respectively. In fiscal year 2016 and beyond, the 2012 population forecast growth rates are slowly declining from 1.18% to 0.99% by FY 2027.

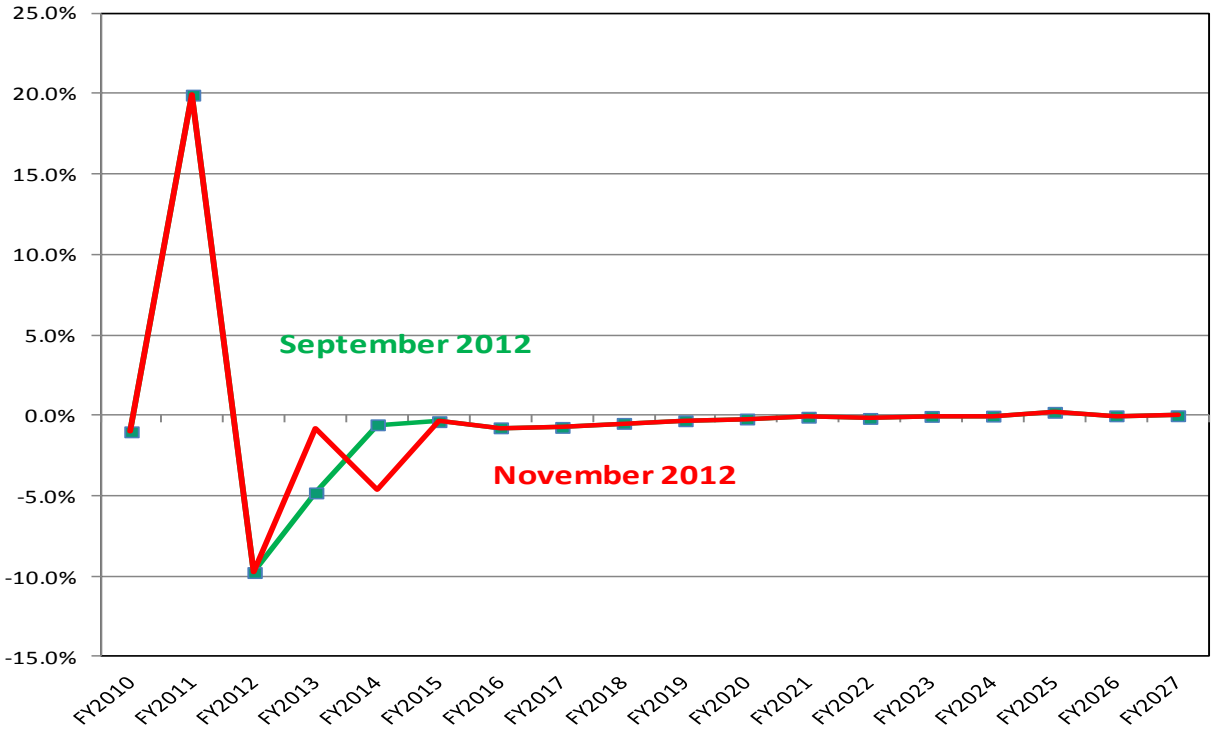
Figure 8 Forecast Comparison of Annual Growth Rates for Driver Age Population (18 Years and Older) – November vs September 2012



WA Driver In-Migration

The Washington in-driver forecast is used by the Department of Licensing for a number of driver related fee forecasts. In FY 2012, Washington driver in-migration was 146,482 and this was a decline of 9.8% from the prior year. In FY 2013, the November 2012 forecast of in drivers has been raised 4% from the September forecast so total in-drivers is anticipated to be 145,333 which is an annual decline of -0.8%. In subsequent years, the November forecast is nearly identical to the September forecast. FY 2014 has an annual -4.6% decline year over year. In the remaining years of the forecast horizon, the trend in in-drivers is a small negative year over year decline. This is a very minor change from the previous forecast.

Figure 9 Forecast Comparison of Annual Growth Rates for Driver In Population – November vs September 2012

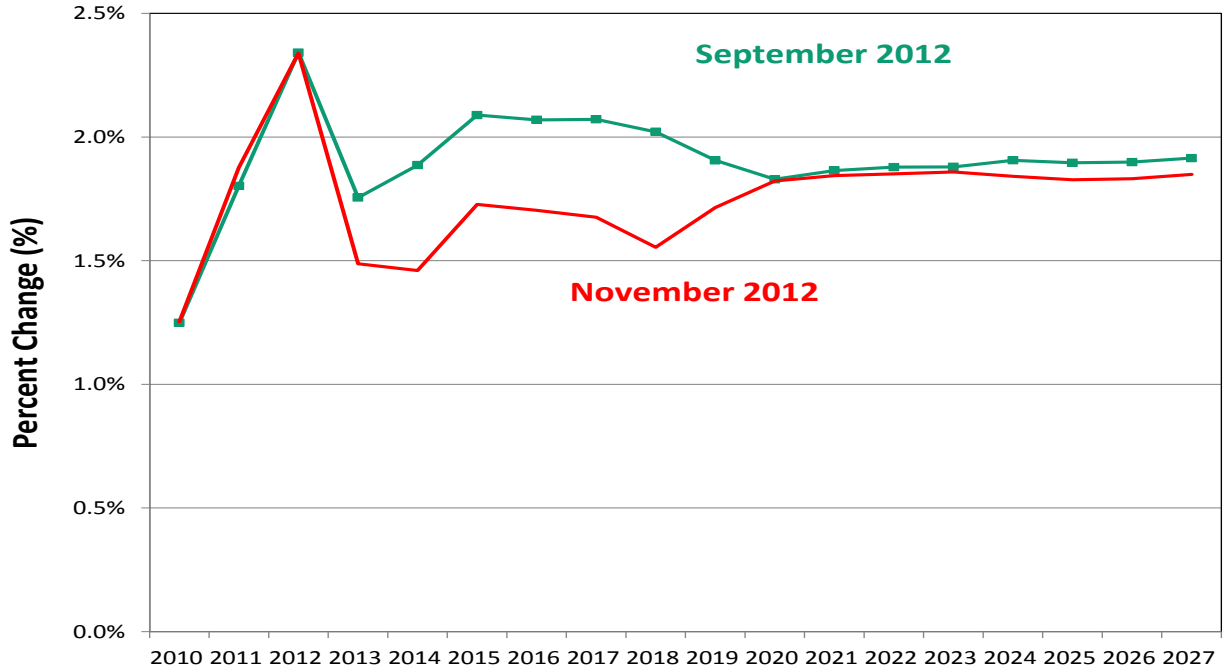


Source: Washington Office of Financial Management

U.S. Inflation

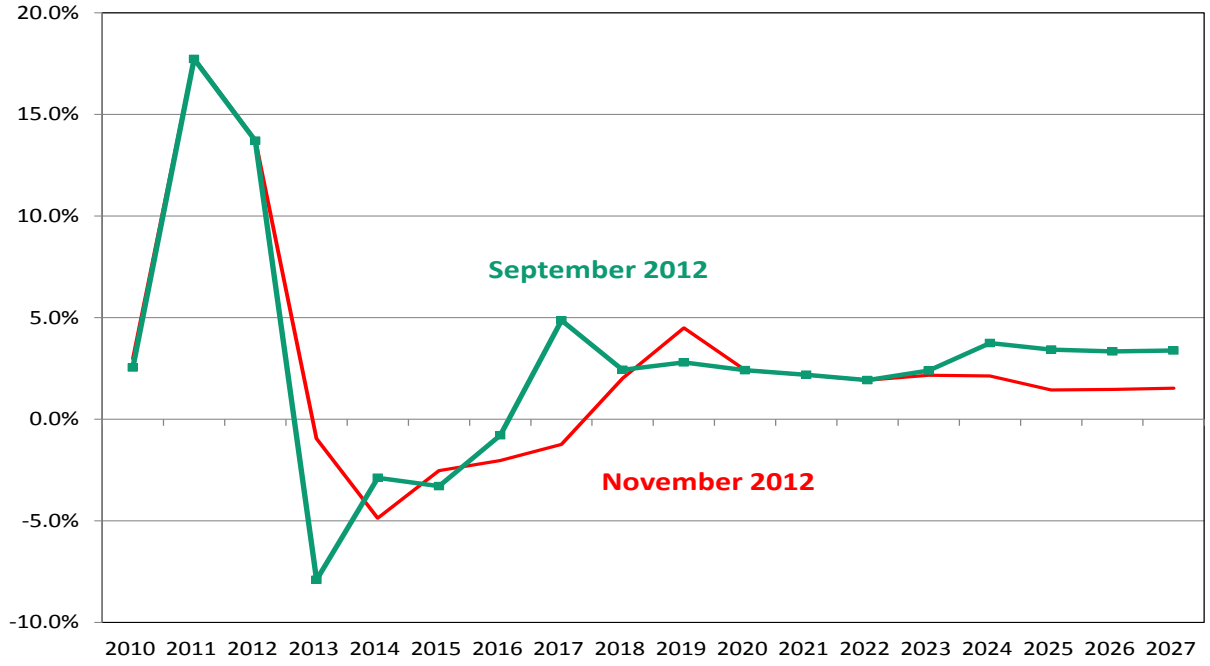
The U.S. inflation rate forecast is from Global Insight's October 2012 projection of the implicit price deflator (IPDC), (Figure 10). In 2012, the U.S. inflation rate as measured by the change in the IPDC was 2.3% which was slightly higher than the previous year at 1.9%. In FY 2013, inflation is projected to be 1.5%, lower than in FY 2012 and lower than the September forecast at 1.8%. In FY 2014, the inflation forecast is projected to be the same as the prior year at 1.5% and lower than the September forecast at 1.9%. Then in FY 2015, the current forecast shows an annual increase in inflation of 1.7% as opposed to 2.1% last quarter; in FY 2016 and 2017, the current forecast is also projecting inflation at 1.7% which is lower than the 2.1% projected in the prior forecast. For the remainder of the forecast horizon, the inflation rates are between 1.6% and 1.9% which is slightly lower than the last forecast.

Figure 10 Inflation Forecast Comparison – Annual Percent Change in U.S. Implicit Price Deflator for Personal Consumption November vs September 2012



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

Figure 11 Global Insight Oil/Gas Price Index Forecasts: Growth Rate Comparison November vs. September 2012



Source: October 2012 Global Insight forecast

U.S. Petroleum Products Price Index
The annual year over year change in the U.S. petroleum products price index was 18% for FY 2011 .In FY 2012, the price index decreased year over year by 13.7%. In this October Global Insight forecast of the U.S. petroleum products price index, the index in FY 2013 is projected to decline 0.9% as opposed to an annual decline of 7.9% anticipated in September. Even though the current year oil price index is higher, the following year's growth rate is lower. In FY 2014, the US fuel price index is projected to decline by 4.9%, more than 2 percentage points bigger decline than the September prediction. In fiscal year 2015, the forecast of the index is projected to be less negative than anticipated in September at -2.5% as opposed to -3.3%. This current forecast projects continued decline in the oil price index through FY 2017 but then the forecast projects positive growth in the index in the future. In the prior forecast, the price index was anticipated to fall year-over-year from FY 2013-2016.

U.S. Fuel Efficiency (MPG)
U.S. Fuel Efficiency variable for the November 2012 forecast as well as several prior quarterly forecasts have incorporated the 2011 Obama administration fuel efficiency standards for passenger cars and light trucks in model year 2017 and beyond. The on-highway fleet fuel efficiency variable in 2012 was 20.46 miles per gallon for the entire US fleet of light vehicles. In the current fiscal year, the November 2012 fuel efficiency for the US fleet is 20.65 miles per gallon which is consistent with last forecast. In September and prior forecasts. The vehicle on-highway fuel efficiency has been projected to grow to 26.50 miles per gallon by FY 2027 and this is a minor revision downward (0.3%) in the long-term from the last forecast. In prior forecasts, the long-term on-highway fuel efficiency was expected to grow to 26.59 miles per gallon. Recently, President Obama outlined a change to the fuel efficiency standards which would require even higher standards in the future. Those recent changes have not been incorporated into this November forecast.

WA Total Non-Farm Employment, Employment in the Trade, Transportation and Utilities and Retail Trade Sectors
This November forecast is a slight revision downward in employment from the September forecast. The recovery in Washington's economy did pick up in FY 2012 with non-agricultural employment growing 1.6% and employment in trade transportation and utilities sectors growing at 2.4% and Washington retail employment growing at 2.2%. In FY 2013, this November forecast predicts year over year growth in non-ag. employment to be slightly higher at 2% instead of 1.9% last quarter. In FY 2014 and 2015, the non-ag. employment forecast has been brought up again to 2% and 2.1% which is nearly identical to the September forecast of 2.1% each year. This revision reflects a slightly lower outlook on the employment recovery in the next three years than predicted last quarter. In FY 2016 and 2017, the November growth rates for non-ag. employment is anticipated to be 1.9% and 1.6% which is nearly identical to the last forecast. OFM's long-term employment forecast outlook anticipated growth rates of 1.5% and 1.3% respectively in those years. The economic growth in Washington employment in subsequent years is based on OFM's long-term employment projections and the growth rate slows in outer years. Beginning in FY 2018, Washington employment is forecasted to grow at less than 1%, 0.9%, and all remaining years of the November forecast horizon have an annual growth rate of roughly 1% which is the same long-term projections used in September.

Washington's employment in the trade, transportation and utilities sectors follows similar trends with the overall non-farm employment trends. In FY 2012, this industry grew by 2.4% year over year. In the current fiscal year, the trade, transportation and utilities sector employment is anticipated to grow at 2.4% rather than 2.5% anticipated in September. Employment in the trade, transportation and utilities sectors is projected to grow faster than overall non-ag. employment. In FY 2014, this industry employment is anticipated to grow by 1.4% year over year as opposed to 1.8% predicted in September. In FY 2015, growth rates in this employment sector are also expected to drop to 1.1% which is lower than anticipated in September at 1.4%. Then in FY 2016 and beyond, Washington employment growth rates in the trade, transportation and utilities sectors are anticipated to be 0.5% on average with the 2012 OFM long-term forecast. The OFM long-term annual growth rates have not changed since the last forecast.

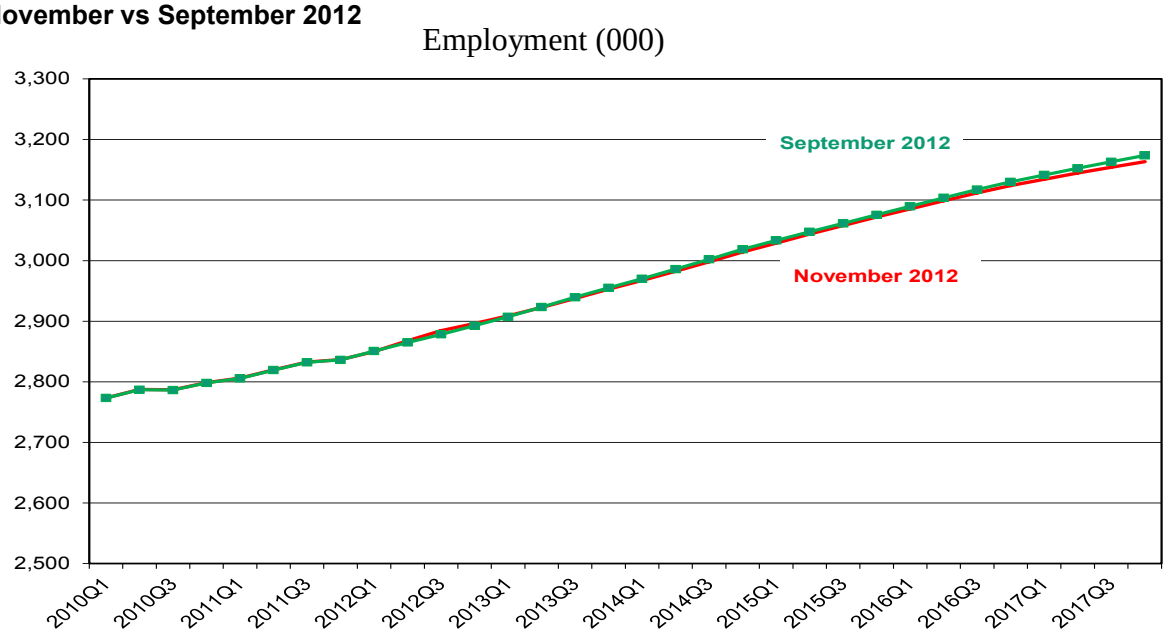
Washington's employment in retail trade sector follows similar trends as employment in the trade, transportation and utilities industries. This retail employment sector grew by 2.2% year over year in FY

2012. In the current fiscal year, the retail trade employment is anticipated to grow by 2.1% rather than 1.73% anticipated in September. In FY 2014, the current projections of retail employment is 0.8% which is lower than the September projection of 1.35%.The same is true in FY 2015 as the employment grow projection is 0.5% as opposed to 0.9% in September.

Figure 12 Annual Growth Rates (%) Washington Employment Forecasts: November 2012

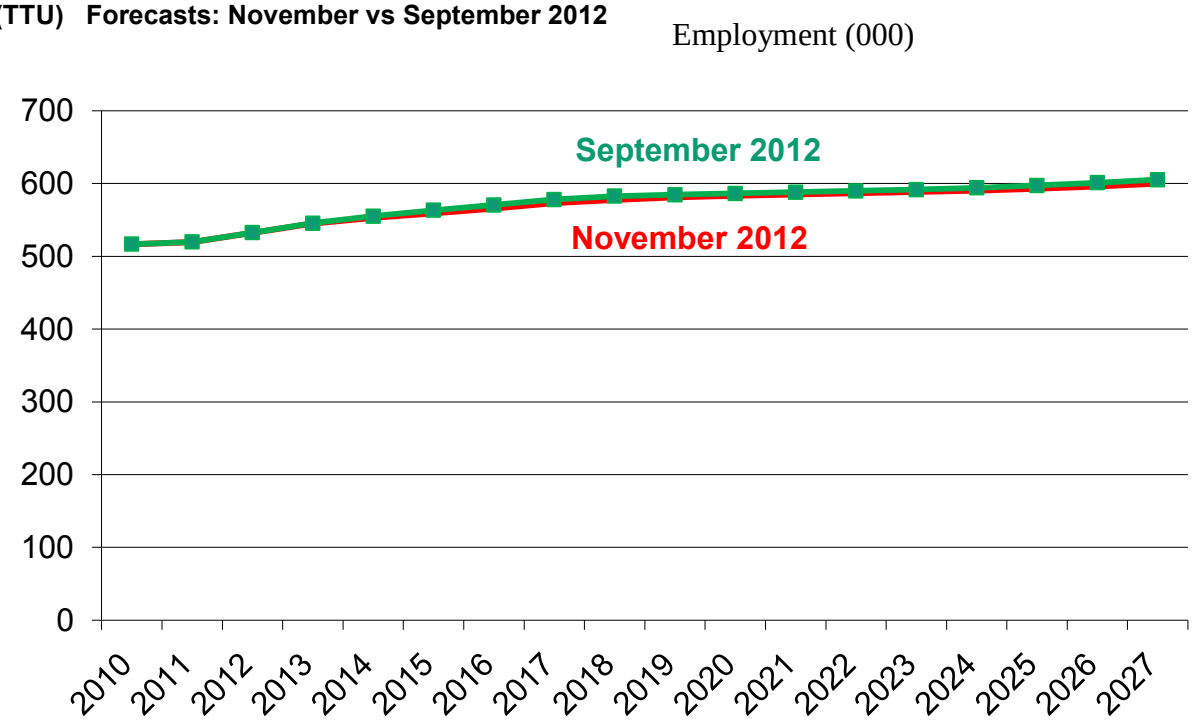
Fiscal Year	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2010	-3.9	-4.0	-3.3
2011	0.6	0.6	0.8
2012	1.6	2.4	2.2
2013	2.0	2.4	2.1
2014	2.0	1.4	0.8
2015	2.1	1.1	0.5
2016	1.9	1.2	0.6
2017	1.6	1.3	0.9
2018	1.2	0.8	0.3
2019	1.0	0.6	0.3
2020	0.9	0.4	0.5
2021	0.9	0.3	0.6
2022	0.9	0.3	0.7
2023	0.8	0.3	0.8
2024	0.8	0.3	0.9
2025	0.9	0.4	0.9
2026	0.9	0.5	0.8
2027	1.0	0.6	0.8

Figure 13 Washington Nonfarm Payroll Employment Forecasts: November vs September 2012



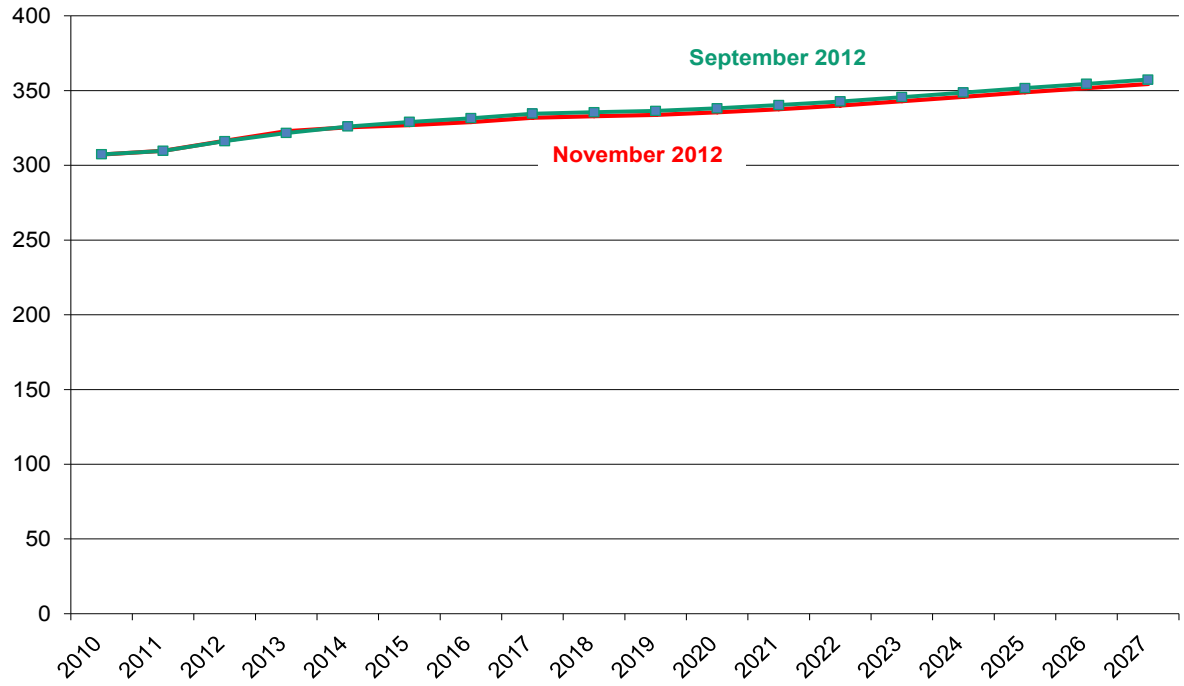
Source: October 2012 ERFC and OFM/ESD long-term Washington non-ag. employment forecast

Figure 14 Washington Nonfarm Payroll Employment – Trade, Transportation and Utilities Sectors (TTU) Forecasts: November vs September 2012



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

Figure 15 Washington Nonfarm Payroll Employment – Retail Trade Sector Forecasts: November vs September 2012



Source: October 2012 ERFC and OFM/ESD long-term Washington retail trade employment forecast

U.S. Consumer Spending on New Motor Vehicles
Consumer spending on new motor vehicles throughout the U.S. has been recovering with a 10% growth year over year in FY 2010 and 2011. In FY 2012, the recovery for light vehicle sales picked up even more with an annual growth rate of 14%. In fiscal years 2013 and 2014, consumer spending on new vehicles is anticipated to grow slower at 6.6% and 5.3% respectively which is higher than 5.7% and 3.4% in September's projections for those years. By FY 2015 and 2016, consumer spending is projected to grow faster again with annual growth rates of 7.3 and 7.7% respectively which is also more optimistic than September's forecasted annual growth rates of 6.6% and 6.1% respectively.

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, biodiesel and ferries prices of diesel and biodiesel with markup and taxes.

The November 2012 forecast for crude oil prices is down from the last forecast. In addition, the current retail gas and diesel and ferry diesel price forecasts are also down from the September forecast in the near-term and throughout the forecast horizon. The November ferries diesel prices are below both the last quarterly forecast as well as the February forecast until FY 2019 when the current forecast rises above the February 2012 forecast. Retail and ferry diesel prices are lower in FY 2012 and 2013 from the last forecast. In FY 2013, ferry diesel prices are anticipated to rise to $3.43 per gallon as opposed to $3.75 per gallon from last forecast. Gas prices are predicted to decline from the September forecast by 2% in FY 2013 to $3.73 per gallon.

Source of data for forecast
For the Washington retail price of gasoline, the actual fuel prices are collected from the Energy Information Administration (EIA) survey of retail prices for all grades of gasoline in the state. For the retail price of diesel, the actual prices are collected from AAA's weekly publication of retail prices for diesel in Washington. The actual ferry diesel prices are reported by the Washington State Ferries (WSF). In the short term (thorough calendar year 2013), the fuel price forecasts are based on the Energy Information Agency (EIA) monthly projections. In the long-term beyond calendar year 2013, the fuel price projections are based on September's Global Insight's national gas price forecast for Washington's gas price forecast and the producer price index (PPI) for refined petroleum products projections for the various diesel price forecasts.

U.S. crude oil price trend
U.S. crude oil prices of West Texas Intermediate Crude (WTI) were $95 per barrel on average in FY 2012. In fiscal year 2013, crude oil prices are expected to average $88.8 per barrel which is 4% lower than last quarter's projection and 7% below last year's average. The weaker crude oil prices in the near-term are due to less concern over worldwide supply restrictions and expanded oil production beyond prior expectations. Quarterly crude oil prices are expected to be below $100 per barrel until the fourth quarter of 2019. WTI annual average crude oil prices do not hit more than $100 per barrel until FY 2021. In FY 2014, annual WTI crude oil prices are projected to be about the same as in FY 2013 at $88.8 per barrel. This November crude oil price forecast dips in FY 2015 and 2016 to $83 and $82 per barrel and then rises again throughout the remainder of the forecast horizon. By the end of the forecast horizon, WTI crude oil prices are anticipated to be $118.9 per barrel.

Washington retail gasoline price trend
November's Washington retail gasoline prices are projected to be lower than the September forecast throughout the forecast horizon. In recent months, retail gas prices have come in under the September forecast. This November forecast follows a similar trend to the September forecast but with lower prices

throughout the forecast. Prior forecasts had Washington retail gas price projections prices rising above $4 per gallon but this November and September forecasts do not have any future annual average retail gas prices above $4 per gallon throughout the forecast horizon. On a quarterly basis, this current forecast does have gas prices rising to $3.96 per gallon by the second quarter of 2014 and $3.91 per gallon by the second quarter of 2015 but prices falls back below $4 per gallon in subsequent quarters.

In FY 2013, Washington average retail gas price was to $3.73 per gallon which is a slight revision downward from $3.81 per gallon in the September forecast. In FY 2014, Washington average retail gas price is currently projected to decrease year over year by $0.09 to $3.64 per gallon which is 2% lower than the average price of $3.73 per gallon forecasted in September. In FY 2015, Washington retail gas prices are expected to decline further year over year to $3.54 per gallon as opposed to $3.63 per gallon projected in September. This November forecast of retail gas prices is quite close to September yet February's gas price projections are slightly higher in the near-term but then falls below the November gas price forecast after FY 2016.

Washington retail diesel price trend

Washington's retail price of diesel was on average $3.02 in FY 2010 and it increased 23% to $3.71 per gallon in FY 2011. In FY 2012, the average diesel price was $4.20 per gallon or 13% higher than the prior year. In FY 2013, the current forecast projects retail diesel price to fall 4% year over year to $4.03 per gallon and this current projection is lower than in September at $4.12 per gallon. The price differential between retail gas and diesel was just 9 cents on average in FY 2010 and it grew to 33 cents on average in FY 2011. In FY 2012, the retail gas and diesel price differential grew to 36 cents per gallon. Over time, the price differential between retail gas and diesel is expected to fall and by FY 2016, retail diesel prices are expected to be below retail gas prices and remain below gas prices for a year. In FY 2017, retail diesel are projected to exceed gas prices again but by only 3 cents. Then the diesel- gas price differential is expected to grow rapidly to $1.07 per gallon by FY 2027.

Figure 16 Forecast of Washington Retail Gasoline Prices, Regular: November vs September vs February 2012 forecasts

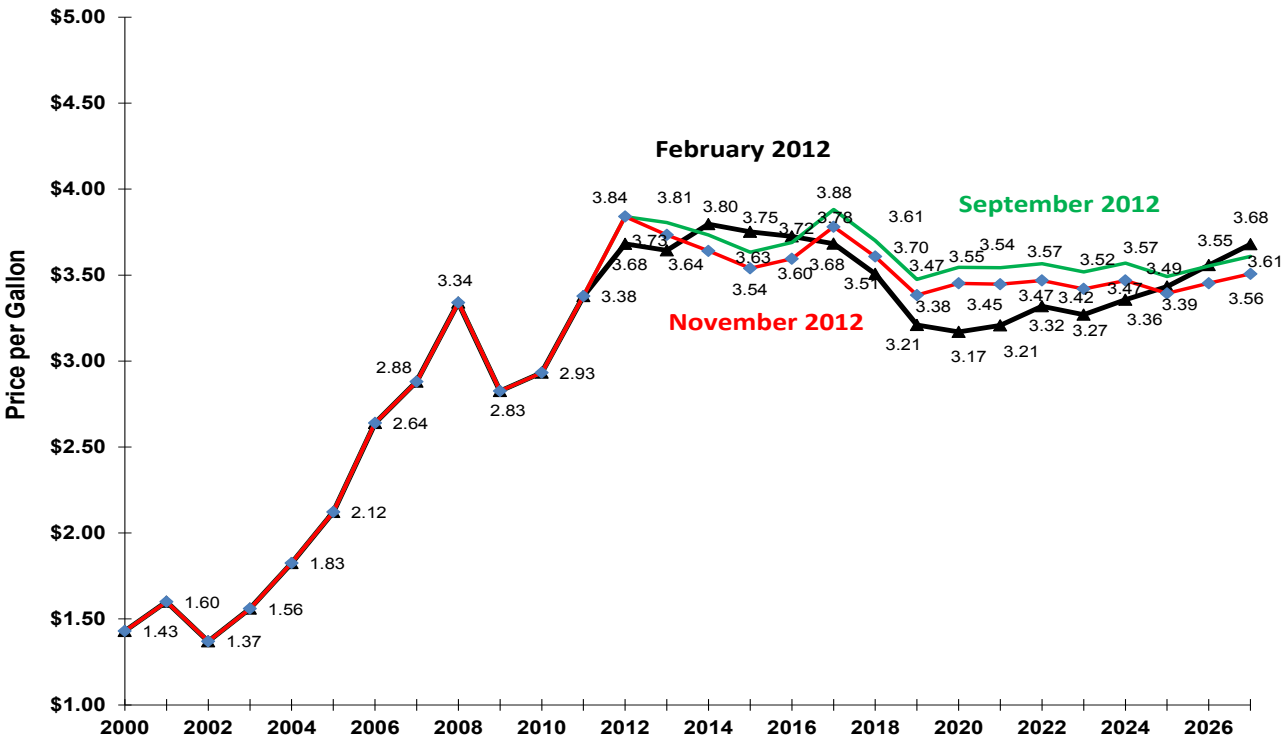


Figure 17 Washington Ferries Non-Hedged Diesel Prices: November vs. September vs. February 2012 forecasts

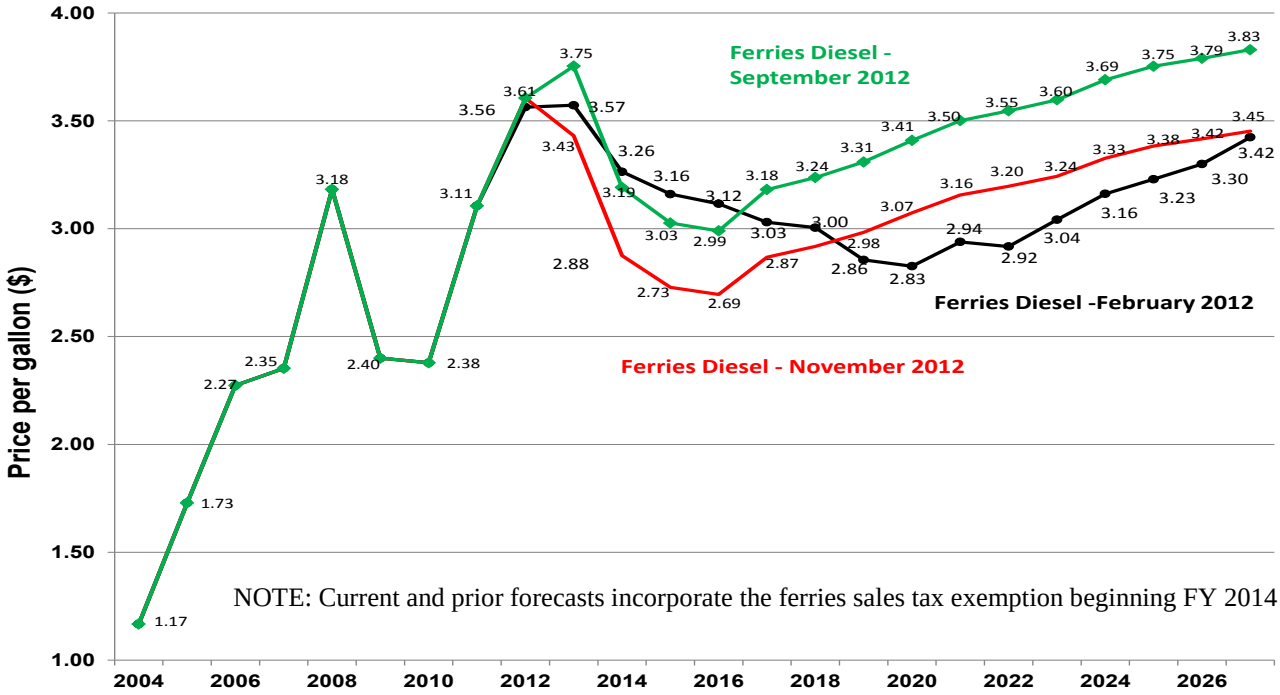


Figure 18 Near-term Quarterly Fuel Prices: November 2012 forecast

Fiscal Year Quarter	Crude Oil Price ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)	Ferry Diesel Price ($/gal)	OPIS B99 Biodiesel Price without taxes ($/gal)	B5 Biodiesel Price with taxes($/gal)
2011: Q3	89.72	3.83	4.11	3.53	4.92	3.48
2011: Q4	93.99	3.66	4.13	3.56	4.84	3.44
2012: Q1	102.88	3.72	4.22	3.80	5.22	3.73
2012: Q2	93.42	4.15	4.34	3.54	4.84	3.47
FY 2012	95.00	3.84	4.20	3.61	4.95	3.53
2012: Q3	92.24	3.86	4.13	3.69	5.37	3.65
2012: Q4	89.50	3.76	4.08	3.42	5.83	3.53
2013: Q1	87.33	3.59	3.94	3.30	5.62	3.40
2013: Q2	86.00	3.72	3.97	3.32	5.67	3.43
FY 2013	88.77	3.73	4.03	3.43	5.62	3.50
2013: Q3	88.83	3.67	3.93	2.96	5.61	3.27
2013: Q4	91.00	3.48	3.82	2.88	5.45	3.18
2014: Q1	88.05	3.55	3.78	2.85	5.40	3.15
2014: Q2	86.32	3.86	3.73	2.81	5.33	3.11
FY 2014	88.55	3.64	3.82	2.88	5.45	3.18
2014: Q3	84.85	3.55	3.69	2.78	5.26	3.08
2014: Q4	83.82	3.35	3.64	2.74	5.19	3.04
2015: Q1	83.94	3.45	3.64	2.74	5.20	3.04
2015: Q2	79.79	3.81	3.52	2.65	5.02	2.94
FY 2015	83.10	3.54	3.62	2.73	5.17	3.03

Figure 19 Near- and Long-term Annual Fuel Price: November 2012 forecast

Fiscal Year	Crude Oil Price ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)	Ferry Diesel Price ($/gal)	OPIS B99 Biodiesel Price without taxes ($/gal)	B5 Biodiesel Price with taxes($/gal)
2010	75.20	2.93	3.02	2.38		
2011	89.24	3.38	3.71	3.11		
2012	95.00	3.84	4.20	3.61	4.95	3.53
2013	88.77	3.73	4.03	3.43	5.62	3.50
2014	88.55	3.64	3.82	2.88	5.45	3.18
2015	83.10	3.54	3.62	2.73	5.17	3.03
2016	81.85	3.60	3.58	2.69	5.08	3.01
2017	88.44	3.78	3.81	2.87	5.37	3.21
2018	91.89	3.61	3.87	2.92	5.43	3.29
2019	96.07	3.38	3.96	2.98	5.52	3.38
2020	99.70	3.45	4.08	3.07	5.66	3.51
2021	103.10	3.45	4.19	3.16	5.78	3.64
2022	106.13	3.47	4.24	3.20	5.82	3.72
2023	109.59	3.42	4.31	3.24	5.87	3.79
2024	112.49	3.47	4.42	3.33	5.99	3.92
2025	114.61	3.39	4.49	3.38	6.06	4.00
2026	116.77	3.45	4.54	3.42	6.09	4.05
2027	118.86	3.51	4.58	3.45	6.12	4.11

Washington ferries diesel fuel price trend

The trend in Washington's ferry price of diesel is similar to the trend of the retail diesel price. WSF diesel price used in this forecast, is the non-hedged diesel price paid by WSF and it includes the markup costs ferries must pay, delivery fees and various taxes including sales taxes. Washington state ferries will begin receiving a sales tax exemption on their fuel purchases beginning July 1, 2013 and this has been incorporated into the baseline non-hedged diesel price forecast. The ferries non-hedged diesel price on average was $2.38 per gallon in FY 2010. In FY 2011, the diesel price rose to $3.11 per gallon. Ferries non-hedged diesel prices are projected to increase further to $3.61 per gallon in FY 2012 and $3.43 per gallon in FY 2013 which are both lower projections than in September which averaged $3.61 and $3.75 per gallon. The new November forecast is lower than previous forecasts through FY 2018 and then the November forecast of WSF diesel prices rises above the February price projections and is above those projections for the remainder of the forecast horizon. In the near-term, the November forecast is well below the both prior forecasts. Future ferry diesel price projections fall as low as $2.69 per gallon by FY 2016 which is lower than projections in September when the ferry diesel price was anticipated to decline to as low as $2.99 per gallon in FY 2020.

Biodiesel price trends

The forecasts of biodiesel prices include two different biodiesel prices: B99 without the renewable identification number (RIN) and B5. WSF currently purchases the majority of their biodiesel as B5 blended biodiesel. WSDOT purchases B99 biodiesel without RIN for our vehicle fleet needs. Washington General Administration Department (GA) publishes B99 biodiesel price without RIN in Tacoma and this represents the B99 prices paid by other state entities' purchases of biodiesel. The B5 price of biodiesel are based on Washington State ferries reported purchase price of biodiesel with the markup, delivery and other tax costs included. The base of the price forecast for the B99 price without RIN for non-WSF purchases is the OPIS base price without markup, delivery and tax costs reported on the GA web site.

To begin the ferries B5 biodiesel forecast, the forecast incorporates the latest WSF reported purchase prices. The latest monthly OPIS B99 biodiesel price without RIN, markup, delivery and tax costs in Tacoma reported by OPIS on the GA web site begins this B99 price forecast. The biodiesel price forecasts are based on the retail diesel price forecast future growth with adjustments made to eventually have a regular diesel and biodiesel price differential of roughly 13% which is an average price differential seen over the last 4 years. Ferries B5 annual average price for FY 2012, was $3.53 per gallon. In FY 2013, biodiesel prices are projected to decline slightly to $3.50 per gallon which is lower than the $3.71 per gallon predicted last quarter.

The B99 biodiesel price forecasts used for non-WSF purchases have the opposite trend from B5 prices. In FY 2012, the actual B99 price without RIN and markup averaged $4.95 per gallon. For FY 2013, November's OPIS B99 base biodiesel price forecast rose some to $5.62 per gallon versus $4.86 per gallon in the last forecast. For FY 2014, the OPIS B99 price forecast falls year–over-year by 3% to $5.45 per gallon. In the next two years, the average annual OPIS base B99 price is expected to decline further to $5.17 per gallon and $5.08 per gallon respectively. Then after FY 2016, B99 biodiesel prices are expected to rise throughout the remainder of the forecast horizon.

Comparison of several current U.S. crude oil price forecasts
In November 2012, the West Texas Intermediate (WTI) crude oil price forecasts for FY 2012 differed minimally by approximately -0.11% on average; $95 - $98 per barrel. The five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics and Moody's Economy.com, had forecasts with crude oil price forecasts which averaged $95.62 per barrel for FY 2012. WSDOT baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term thru calendar year 2013 and then uses the growth rates from Global Insight forecasts for subsequent years for the baseline fuel price projections. The projected price forecasts for crude oil in FY 2013, ranged from $87.8 per barrel by NYMEX to $101 per barrel by Consensus Economics with the average being $91.6 per barrel. The average forecast for WTI crude oil in FY 2014, ranged from $88.1 per barrel by NYMEX to $107 per barrel by Economy.com with the average being $96 per barrel. The average forecast for WTI crude oil in FY 2015, ranged from $83.1 per barrel by Global Insight to $113 per barrel by Economy.com with the average being $95 per barrel. Figure 20 reveals that NYMEX future oil prices were the lowest price estimate in FY 2014 with Global Insight being the lowest price forecast in FY 2015. Projections by Consensus Economics for FY 2013 and Economy.com projections were the highest for FY 2014 and 2015.

Figure 20 Near-term Annual Crude Oil Price Forecasts – 5 Different Forecast Comparisons: November 2012 forecast
Dollars per barrel

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	5 Entity Avg	% Diff Lowest	% Diff Highest	% Diff Average
2013	$88.77	$87.79	$87.37	$93.35	$100.90	$91.64	-1.57%	13.67%	3.23%
2014	$88.55	$88.06	$88.58	$106.71	$106.50	$95.68	0.04%	20.51%	8.05%
2015	$83.10	$87.06	$83.10	$113.08	$107.20	$94.71	0.00%	36.08%	13.97%

WSDOT applies the five forecast entity average adjustment to the baseline September 2012 retail gasoline, diesel and wholesale diesel prices. These fuel prices listed in Figure 20 will be used to estimate the future costs to the agency's budget for gas and diesel fuel for fiscal years 2013-2015. The latest forecast is down from the September's adjusted forecast. The November 2012 forecast for FY 2013 adjusted gas prices is $3.82 per gallon which is a decrease from the prior forecast of $0.08 per gallon and adjusted retail diesel prices are projected at $4.13 per gallon or 2 percent lower than the last forecast and WSF diesel prices are anticipated to average $3.51 per gallon or 8.74% lower than the last forecast.

Figure 21 Near-term Average Adjusted Quarterly Fuel Prices Used for Budgeting Purposes: November 2012 forecast and Percent Change from Prior Forecast

Fiscal Year Quarter	Adjusted WA Retail Gasoline Price ($/gal)	Adjusted WA Retail Diesel Price ($/gal)	Adjusted Ferry Diesel Price ($/gal)	% Chg Prior Forecast Retail Gas Price	% Chg Prior Forecast Retail Diesel Price	% Chg Prior Forecast Ferry Diesel Price
2012: Q3	3.86	4.13	3.69	-2.59%	-3.61%	-5.39%
2012: Q4	3.88	4.21	3.53	-1.69%	-2.42%	-10.46%
2013: Q1	3.71	4.07	3.40	-2.42%	-1.68%	-9.78%
2013: Q2	3.84	4.10	3.43	-1.37%	-1.23%	-9.36%
FY 2013	**3.82**	**4.13**	**3.51**	**-2.02%**	**-2.25%**	**-8.74%**
2013: Q3	3.97	4.25	3.20	-2.60%	-2.43%	-10.47%
2013: Q4	3.76	4.13	3.11	-3.17%	-2.31%	-10.36%
2014: Q1	3.84	4.09	3.08	-3.17%	-2.31%	-10.36%
2014: Q2	4.17	4.03	3.04	-3.11%	-2.30%	-10.34%
FY 2014	**3.93**	**4.12**	**3.11**	**-3.01%**	**-2.34%**	**-10.38%**
2014: Q3	4.05	4.20	3.16	-6.85%	-6.18%	-13.91%
2014: Q4	3.82	4.15	3.12	-7.01%	-6.18%	-13.91%
2015: Q1	3.93	4.15	3.13	-7.00%	-6.18%	-13.91%
2015: Q2	4.34	4.01	3.02	-6.96%	-6.18%	-13.91%
FY 2015	**4.03**	**4.13**	**3.11**	**-6.95%**	**-6.18%**	**-13.91%**

In FY 2014, retail gas prices are estimated to be $3.93 per gallon or 3% lower than in September; retail diesel prices are also projected down from last quarter at $4.12 per gallon or 2.3% lower than the last forecast and ferries diesel prices are estimated to be $3.11 per gallon or 10.4% lower than the prior forecast projection. The fuel price forecasts for FY 2015 are down from September projections. Ferry diesel prices are down the most at 13.9% below September projections.

Motor Vehicle Fuel Tax Forecast

The gross motor vehicle fuel tax was $2.489 billion for the 2009-11 biennium which is a slight increase of 0.1% from the 2007-09 biennium. Since the September 2012 forecast, gas tax collections came in above forecast combined for two months by $2.6 million. September and October collections were $2.6 million above forecast with the October tax collections coming in very close to projections. In September gas tax collections came in above the September forecast by $3.6 million. In October, gas tax collections came in nearly dead-on with the September forecast at $82.88 million and only -$0.2 million below forecast. For the two months combined, gas tax collections came in above forecast by $3.4 million.

For September and October, diesel tax collections came in only slightly below forecast by $0.8 million or -1.9% below expectations. In September, diesel tax collection came in at $22.17 million which was $0.6 million below forecast; October diesel collections came in at $20.7 million or nearly right on with the forecast at $0.2 million below projections. For both months combined diesel tax collections came in below forecast by less than $1 million or $0.8 million or 1.9% below projections.

Gross motor fuel tax revenue projections are $2.490 billion for the 2011-13 biennium which is 0.03% higher than in the 2009-11 biennium. Gross motor fuel tax revenues for the current biennium are projected to be approximately $2.85 million (0.11%) above the prior forecast. The overall increase in motor fuel tax revenue for the 10-year period ending in 2019-21 biennium is 0.2% or $22 million compared to the September 2012 revenue forecast. The primary reason for the increase in fuel tax revenues from the last forecast is stronger fuel tax collections in gasoline, lower gasoline prices, slightly lower fuel efficiencies, and an increase in driver age populations.

Trends in gasoline consumption and tax revenue
Gasoline consumption was 2,687 million gallons for FY 2011 which was an increase of 0.3% over the FY 2010 consumption level. For FY 2012, gasoline consumption was 2,663 million gallons which is an annual

decrease of 0.9%. In FY 2013, gasoline consumption is projected to be 2,673 million gallons which is an increase of 0.4% from FY 2012 and from the last forecast. Figure 22 shows the forecast to forecast comparison of projected gasoline gallons consumed. In FY 2014, gasoline consumption is projected to be 2,686 million gallons, 0.5% higher than the last forecast. Throughout the remainder of the forecast horizon, gas consumption is anticipated to be higher than in September due to higher actual consumption in recent months, lower gasoline prices, slightly lower fuel efficiencies, and an increase in driver age populations. The long-term average annual growth rate (FY 2013-2027) for gas consumption is -0.3% in this November 2012 forecast which is nearly the same as the last forecast.

In the current biennium, gas tax revenue is projected to be $2,003 million which is a revision upward of $4.17 million or (0.21%) from the last forecast. By the 2013-15 biennium, the gas tax revenue rises to $2,020 million and was up $11.7 million (0.59%) from the prior forecast. These biennia increases from the prior forecast slowly decline till the 2021-2023 biennium and then rise again, and by the last biennia, the change from the last forecast is a positive $4.6 million or 0.24%. In general, gas tax revenue projections are up $37 million from the September forecast for the 10-year forecast horizon. Diesel fuel tax revenue is down slightly from the last forecast. Overall, the increase in gas tax revenue over the forecast horizon is larger than the loss in diesel tax revenue.

Figure 22 Gasoline Motor Fuel Consumption Comparison: November vs. September 2012 forecast
millions of gallons

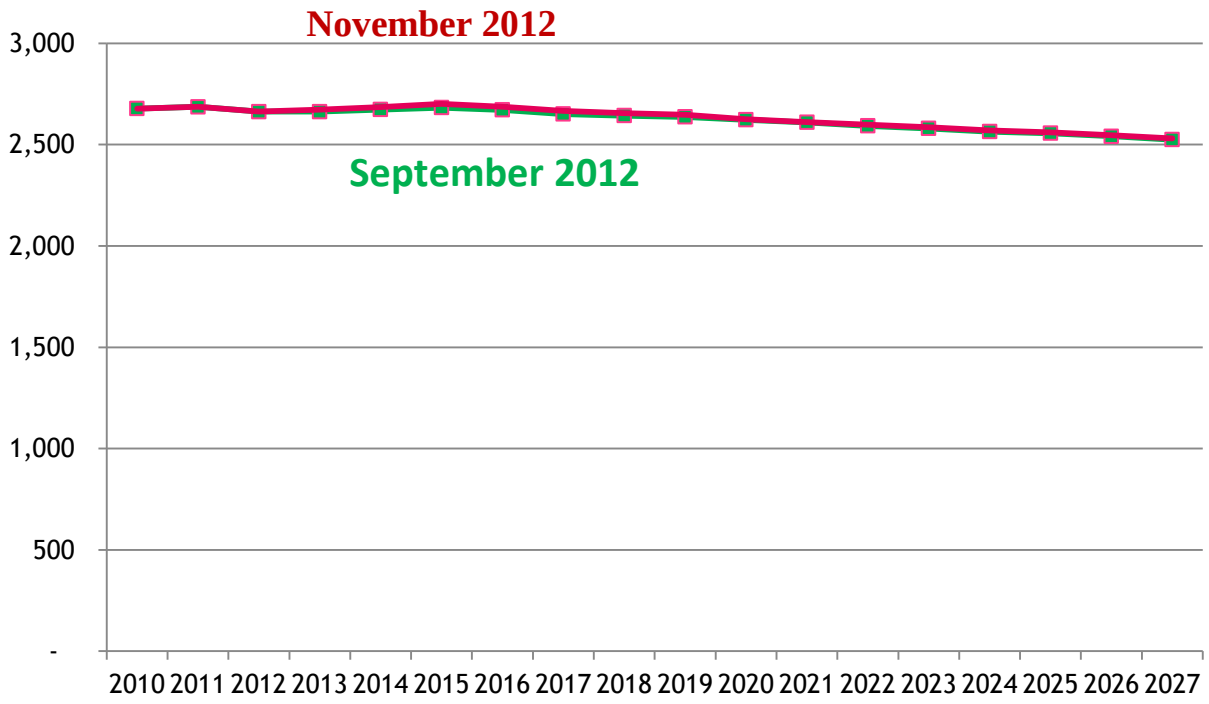
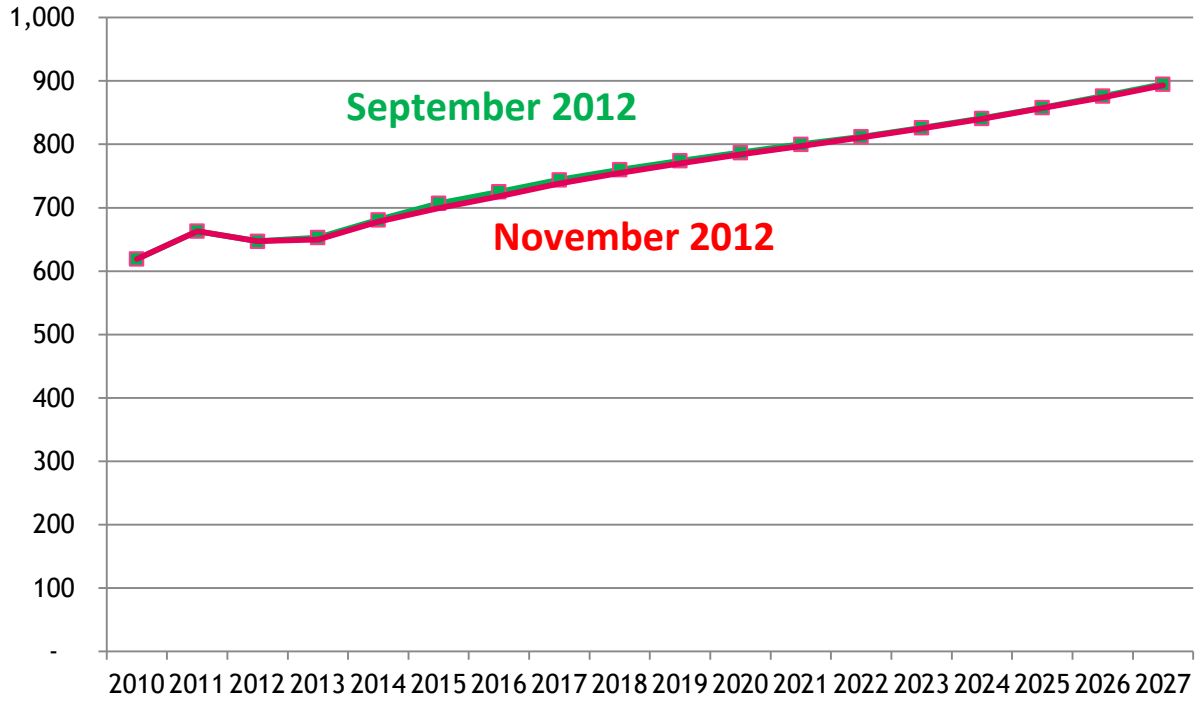


Figure 23 Diesel Fuel Consumption Forecast Comparison: November vs. September 2012
millions of gallons



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 was 647 million gallons which is a year over year decline of 2.5%. In FY 2013 and 2014, the annual growth rates of diesel consumption are projected at 0.5% and 4.4% each year respectively which is down 0.5% and 0.4% each year from September projections. This downward revision in the diesel consumption forecast is due to lower diesel tax consumption than projected in recent months. Diesel consumption is not expected to exceed its high 2008 consumption level of 777 million gallons until FY 2020. Over the forecast horizon, diesel consumption is expected to grow annually on average by approximately 1.9% which is 0.1% lower than anticipated last quarter.

Diesel tax collections are projected at $486.5 million and down $1.3 million (0.3%) over the September forecast for the current biennium. This was the result of tax collections coming in lower than projected for recent months: October and November and employment projections in trade, transportation and utilities sector being slightly lower than last quarter. Diesel tax revenue is projected to be $518 million in the 2013-15 biennium which is down by $3.8 million from the prior forecast. In the 2015-17 biennium, diesel tax revenue is expected to be up to $547 million which is down from the last forecast by $4.8 million. In the 2017-19 biennium, diesel tax revenue is expected to be $573 million which is lower than the last forecast by $3 million or 0.5%. This revenue loss from the last forecast declines slightly over time and then by the end of the forecast horizon diesel tax revenue is down $1.7 million or 0.26%. The major reasons for the diesel consumption and revenue changes in November are due mainly to continued lower actuals and the employment outlook being slightly lower than in September.

Motor fuel tax refunds
Non-highway and tribal refunds for gasoline and diesel fuel are accounted for in the motor fuel tax forecast. These refunds reduce net motor fuel tax distributions. The current biennium forecast of non-highway gas tax refunds are projected to be higher for gas taxes but lower for diesel taxes. Gas tax non-highway refunds are up by $0.02 million at the same time as diesel tax non-highway refunds are down by $0.08 million in the current biennium. These changes are due to incorporating new actuals into this November forecast and the fact that gross gas tax revenue is up over the last forecast and gross diesel tax revenue is down over the last forecast. In the future biennia, non-highway refunds are growing at the same rate as gas and diesel consumption / gross revenue. Therefore, beginning in the 2013-15 biennium, gas tax non highway refunds are projected to be up 0.058% or $58,500 and diesel tax non-highway refunds are projected to be down $0.24 million or 0.7% based on the lower special fuel tax revenue. In the 2015-17 biennium, non-highway gas tax refunds are up $57,000 or 0.57% while special fuel non-highway refunds are projected to be lower by $0.31 million (0.88%) from the last forecast. This special fuel tax non-highway refunds percentage reduction from prior forecast declines over the forecast horizon.

The 2009-11 biennium gas tribal refunds were $41 million, based on the month of distribution. In the 2011-13 biennium, gasoline tribal tax refunds are projected to be $53.3 million which is no change from the September forecast. In September, the tribal gas tax forecast was modified downward due to smaller growth in tribal refund activity than projected last quarter. Subsequent biennia projections of tribal fuel tax refunds remain the same as in September.

The special fuel tax tribal refunds were $3.9 million in the 2009-11 biennium. For the 2011-13 biennia, special fuel tribal tax refunds are projected to be $5.9 million which is the same forecast as ij September. Actual tribal fuel tax refunds have been tracking the current year forecast well.

Primary reasons for the forecast changes

- Overall, total fuel tax collections have come in above forecast for the past two months. Gas tax collections have come in above forecast by $3.4 million and diesel tax collections have come in under forecast for the past two months by $0.8 million so overall, fuel tax collections came in above the September projections by $ 2.6 million or 1.2%.
- The November retail gasoline prices are down from the last forecast which brings up the forecast throughout the forecast horizon. In the long-term fuel efficiency has been lowered slightly from the last projection which also improves the gas consumption forecast.
- Washington's real personal income growth rates in this November forecast are up from September due to historical revisions of personal income.
- Washington revised 2012 population estimates are slightly higher than last year.
- Washington's non-farm and trade, transportation and utilities employment projections have been revised slightly lower than in September.
- Overall, in the current biennium, gross fuel tax revenues are up $2.85 million (0.11%) from last forecast.
- Overall motor fuel tax refunds and transfers are down slightly (0.04%) in the current biennium and this trend continues throughout the forecast horizon.
- Tribal fuel tax refunds have not been changed from the September forecast.

Figure 24 Short-term Motor Fuel Tax Forecast – By Month of Collection: November 2012 forecast
millions of dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Gasoline Taxes	**$1,000.3**	**$1003.2**	**$2,003.5**	**$1,007.9**	**$1,012.5**	**$2,020.4**
Special Fuel Taxes	**241.4**	**245.1**	**486.5**	**255.1**	**262.9**	**521.8**
Total Fuel Revenue	**$1,241.7**	**$1,248.3**	**$2,490.0**	**$1,263.0**	**$1,275.4**	**$2,530.4**
% Change from Prior Fcst	0.0%	0.2%	**0.1%**	0.3%	0.3%	**-0.5%**

Motor Vehicle Revenue (Licenses, Permits, and Fees)

Vehicle related forecasts fall into two main categories: motor vehicle registrations and license plate related fees. This forecast has a variety of small fees but the majority of the revenue is from registration based fees. There are five main economic drivers for the vehicle licenses, permits, and fees (LPF) forecast: Washington population and net migration, Washington personal income, Washington - U.S. real income share, Washington Retail Employment, and U.S. sales of light vehicles. Washington State collected almost $873 million from vehicle licenses, permits, and fees (LPFs) in the 2009-11 biennium. This appears to be the low point for this revenue source and revenues will be picking up, biennium over biennium. The forecast for revenue from licenses, permits, and fees in the 2011-2013 biennium is projected at $926.46 million, which is $53.55 million more than the previous biennium. The majority of this increase is due to legislative-mandated increases in the Late Title Penalty Fee and the Vehicle Title Fees, and two new fees: the Electric Vehicle Renewal Fee and the Original Plate Fee.

For the November 2012 forecast for the current biennium compared to the forecast released in September, the LPF forecast is up $605,000 (0.07%) from the previous estimate of $925.85 million.

Trends in vehicle registrations
This forecast shows a U-shaped recovery from the 2009-2010 recession for cars. By 2011, passenger car registrations returned to 4.336 million and exceeded the previous high water mark established in 2008. Registrations for fiscal year 2012 finished up slightly below 2011. In FY 2012, passenger car registrations fell slightly 0.4% from 2011 to 4.32 million. The November forecast for passenger car registrations averaged annually 1.4% over the 16 year forecast horizon and this current forecast is only a very minor change from September's projections. The November 2012 forecast for passenger car registrations is down 0.28% for FY 2013 and 0.07% for 2014.

The recession was deeper and sharper for trucks. Like cars, truck registrations did recover in 2011 from the low point in 2010. Unlike cars, it will take many more years to return to the 2008 high. Truck registrations for 2012 were about 1.75% lower than 2011. In FY 2013, this November forecast projects a 0.3% decline in truck registration year over year. Then in future biennia, the November forecast assumes year to year growth rates between 0.3% to 0.8% for trucks in the out years. Trucks registrations are up 0.26% in 2013 but down 0.22% in 2014 from the last forecast. By 2015 and beyond, the truck forecast ranges less than 1% below the previous forecast.

Figure 25 Passenger Car Comparison:
November vs. September 2012 forecasts
millions of vehicles

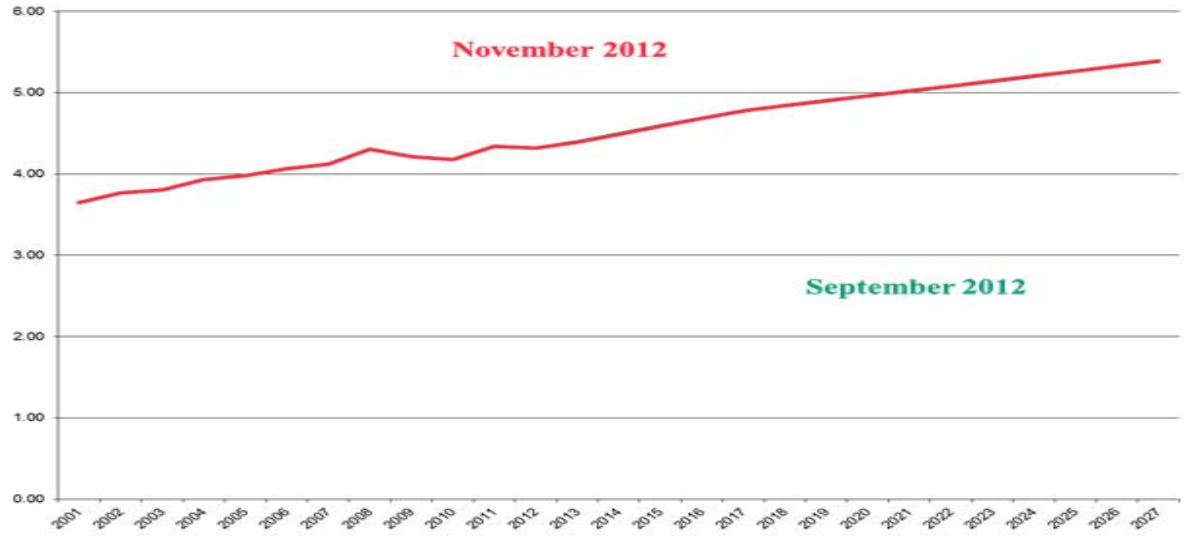


Figure 26 Truck Comparison:
November vs. September 2012 forecasts
millions of vehicles

Trends in LPF revenue

As previously stated, Washington State collected almost $873 million from vehicle licenses, permits, and fees (LPFs) in the 2009-11 biennium while the 2011-13 biennium should be about $926.46 million. The 2009-2011 biennium is the low point for this revenue source and revenues are picking up, biennium over biennium.

For the 2009-2011 biennium, vehicles paying the $30 basic fee brought in $284 million while trucks garnered $330 million. For 2011-2013, passenger cars ($30 vehicles) should bring in $293.2 million, which is unchanged from the September forecast. Trucks should earn $340 million or about $1.1 million (0.33%) more than forecasted in September. Truck fleet registrations continue to come in lower than forecast, however, is slightly higher than expected, representing a return of heavier commercial vehicles and trailers to Washington State fleets.

Passenger weight fees were $106 million for 2009-2011. In the current biennium, weight fees will be up, at $108.8 million, less than forecasted in September by $43 thousand (0.04%). Actual motor home weight fees came in at $10 million in 2009-2011. These fees will be down by $100,000 in the current biennium. The license plate replacement fees are nearly unchanged compared to the previous forecast in the 2011-2013 Biennium and throughout the forecast horizon. License plate reflectivity fees are revised slightly higher by $13.0 thousand (0.12%) for this period. The plate reflectivity fees are slightly higher than the previous forecast by $86.8 thousand (0.8%) in the 2013-2015 Biennium.

In the June forecast, there were two new forecasts added to the LPF revenues per EHB 2660: original issue plate fees effective October 1, 2012 and the $100 fee for electric vehicle registration renewals effective February 1, 2013. The original issue plate fees are forecasted at $8.75 million in the 2011-2013 Biennium and $25.4 million in the 2013-2015 Biennium. The original issue plate fee forecast is lower than the previous forecast by $377.5 thousand (-4.13%) in the 2011-2013 Biennium due to improved reporting. The electric vehicle renewal fee is forecasted at $69.2 thousand in the 2011-2013 Biennium and $278 thousand in the 2013-2015 Biennium. The electric vehicle renewal fee is unchanged from the September forecast.

Title fees are nearly unchanged when compared with the previous forecast for the 2011-13 Biennium. This forecast is slightly higher by $343.7 thousand (0.5%) in the 2013-2015 Biennium over the previous

forecast. Title fees increased from $5 to $15 per EHB 2660 effective October 1, 2012 with the $10 fee increase distributed in its entirety to the Nickel Account.

The dealer temporary permits are lower than the prior forecast in the 2011-13 Biennium by $121.0 thousand (-1.47%) due to lower than anticipated transactions in the current year. This forecast is somewhat higher than the previous forecast by $89.1 thousand (0.97%) in the 2013-2015 Biennium. The forecast of the new revenue (FY 2012) from vehicle quick titles ($50.00 each) is higher than the prior forecast in the 2011-13 Biennium by $21.7 thousand (4.2%) due to higher than anticipated transactions in the current year.

Primary reasons for the forecast changes

- Actual passenger vehicle registrations will be slightly lower in FY 2013 than previously forecasted, however the decrease is negligible. Due to lower personal income forecasts in the near term passenger vehicle registrations will continue slightly lower until 2016. Due to higher forecasted growth rates for personal income in 2017, passenger vehicle registrations will grower faster than previously forecasted. From 2018 and beyond, Washington driving age population is forecasted to be slightly higher than previously used. This creates a slightly higher forecast for passenger cars.
- Other classes of vehicles paying the $30 basic fee continue to come in low. Adjusting these forecasts lower reduces the total revenue from the $30 basic fee.
- Actual truck registrations were slightly higher in FY 2013 than predicted, although the increase is negligible. Due to a slightly lower forecast of Retail trade employment, truck registrations will be slightly below the previous forecast.
- The Economic and Revenue Forecast Council projections of Washington personal income growth rates were down in the first four years of the forecast, but increase in the last year. OFM's forecast of population which impacts the passenger car forecast beyond 2017 is up slightly.
- Overall, LPF revenues are up $604,899 compared to the last forecast in the current biennium. The basic license fee and combined license fees were essentially unchanged from the last forecast.

Figure 27 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees): November 2012 forecast

millions of dollars (totals do not add due to rounding)

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Basic $30 License Fee	**$146.7**	**$146.5**	**$293.2**	**$149.4**	**$152.7**	**$302.1**
Combined License Fee	**170.6**	**169.5**	**340.1**	**170.6**	**171.2**	**341.8**
All Other Fees	**132.9**	**160.3**	**293.2**	**171.9**	**174.3**	**346.2**
Total LPF Revenue	**$450.2**	**$476.3**	**$926.5**	**$491.9**	**$498.2**	**$990.1**
% Change from Prior Fcst	0.0	0.1%	**0.07%**	-0.06%	-0.24%	**-0.16%**

Driver Related Revenue Forecasts

The November 2012 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include vehicle filing fees, limousine licenses, fines and forfeitures, and driver school instructor license fees. These driver-related fees are deposited into the Highway Safety Fund (HSF), Motorcycle Safety Education Account (MSEA), the State Patrol Highway Account (SPHA), and Ignition Interlock Revolving Account (IIRA).

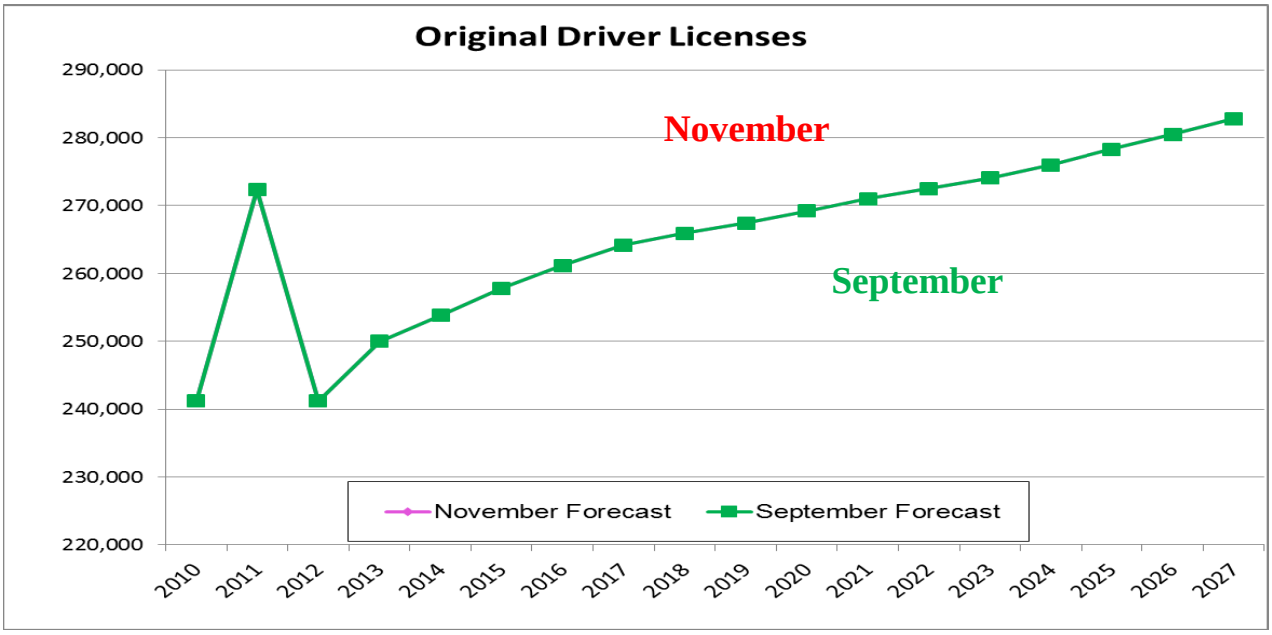
All driver-related revenue is projected to be $230.3 million for the 2011-2013 Biennium, about -1.7 million (-.7%) lower from the prior forecast. In the 2013-2015 Biennium, the November forecast of driver related revenue is $307.7 million, a reduction of about $3.1 million (-1.0%) from the prior forecast.

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

Trends in Driver's Licenses and Abstracts of Driver Records

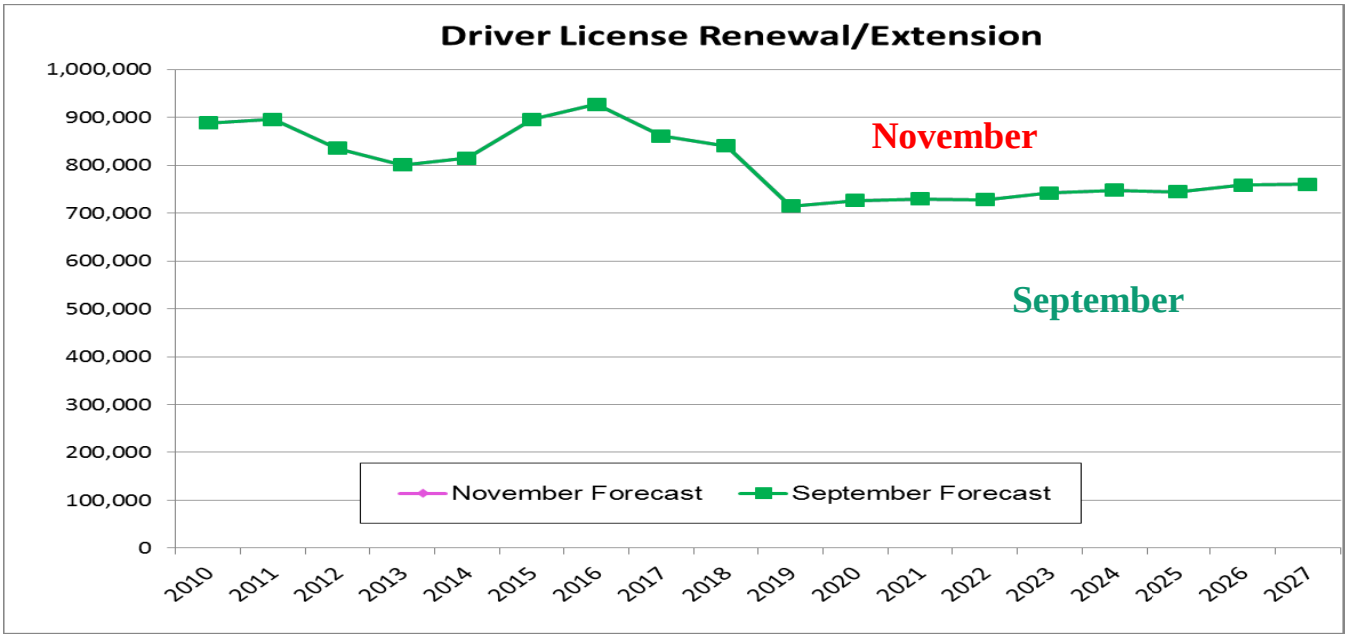
There are no changes to the annual counts of this forecast as the major input variables of the forecast model (non-agricultural employment and the driver-in migration) remain the same from September forecast. There was a significant uptick in the driver license renewal activities in September which was 30% above September forecast and 19% above the same month last year. As reported in the media, some drivers rushed in September to early renew their licenses to avoid scheduled fee increase in October. On the flip side, October renewals were 12% lower than expected and 20% lower compared to prior October (Figure 29). While this kind of behavior does impact revenue, primarily for the current fiscal year, it is not expected to impact the annual renewal transaction volume. Therefore, the license renewal transaction forecast is unchanged from September forecast.

Figure 28 Driver License Originals: November vs. September 2012



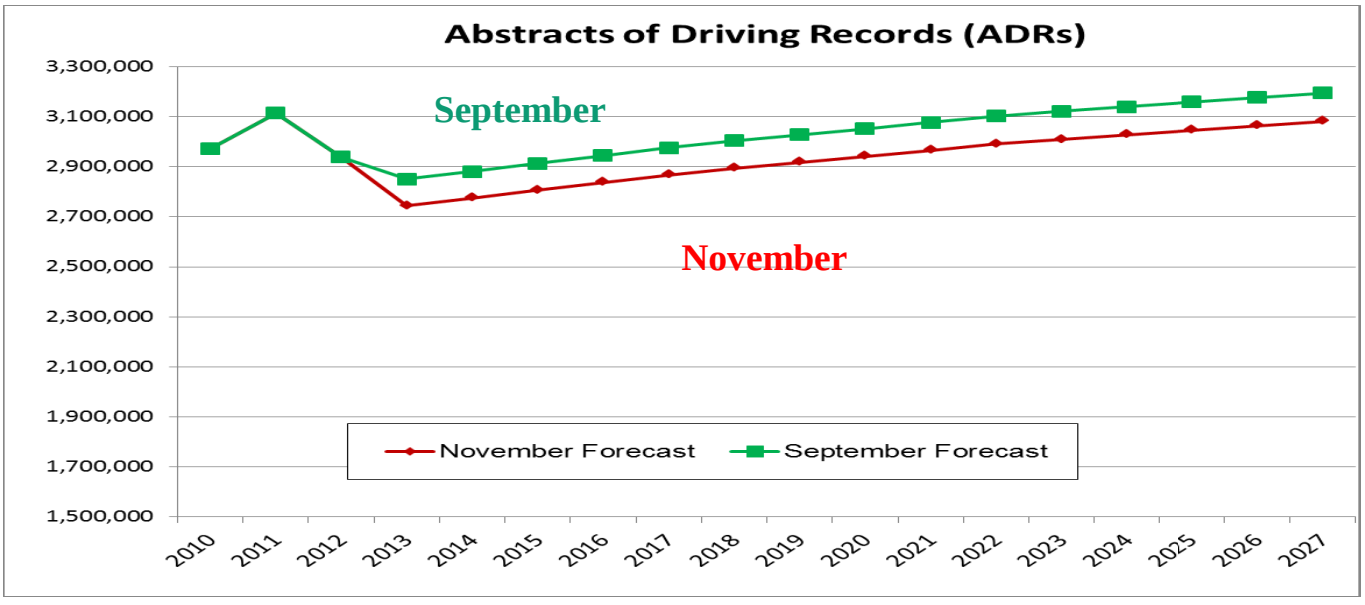
Again, starting FY14, driver licenses will move to a six-year renewal cycle. During implementation years from FY14 through 2018, most driver license will renew for six-years. However, some of the renewals will be selected for "license extensions" of less than six years such that they will come in FY19 to renew their licenses for the full six year term. This implementation scheme is necessary to ensure FY19 does not become a workload or revenue void. The result of this implementation scheme is displayed in Figure 29. By 2019, the renewal volume will average about 20% lower throughout the forecast horizon. It is important to note that renewals/extensions between FY14 through FY18 include variable lengths; therefore one is advised not to directly multiply the counts by the standard licensing fee to get to revenue estimates. The differences between the November and September forecasts reflect some further workload smoothing in the current forecast.

Figure 29 Driver License Renewals: November vs. September 2012



Following a forecast downward revision in September, sales volume continued to come in lower than expected and lower year over year. As a matter of fact, September and October sales volumes were the lowest September and October in the last seven years. The November forecast is therefore revised down by -3.7% in sales volumes throughout the forecast horizon. One possible reason for the significant drop in ADR sales is that there may be some process change disruptions in major data brokers transitioning from batch process to on-line process when making ADR purchases. At this point, we are not sure if the observed reduction in sales is temporary due to process change disruptions, or permanent due to other reasons.

Figure 30 Sales of ADR September vs. June 2012



Trends in Driver Related Revenue

Highway Safety Fund

Total Highway Safety Fund revenue for the current biennium is projected to be $191.9 million, about $1.2 million lower (-1.6%) than the prior forecast. For the FY13-15 biennium, total Highway Safety Fund revenue is projected to be $262.4 million, about $1.6 million lower (-.6%) than the September forecast. This reduction is due largely to ADR sales drop discussed earlier, lower than expected driver exam activities, and some early renewals to avoid fee increases.

Roughly 77% of the Highway Safety Fund (HSF) revenue comes from driver license fees. The 2011-2013 Biennium revenue is projected to be $152.9 million, down about $765 thousand (-.5%) from prior forecast. Driver fee related revenue for FY13-15 biennium is projected to be $218.5 million, little changed from September forecast.

Revenue from the sales of abstract of driver records is revised down about $474,100 (-1.3%) for the current biennium and down about $1.58 million (-3.9%) for the next. This reduction reflects lower than expected actual collections in both ADR sales and in driver monitoring activities.

A few other Highway Safety Fund revenue streams (selected motor vehicle filing fees, limousine license fees, driving school license fees, fines and forfeitures, and misc. revenue) make up about $2.6 million a year. The November forecast is about .5% higher for the current biennium as well as the next.

State Patrol Highway Account

With the ADR fee increasing from $10 to $13 starting October 2012, the State Patrol Highway Account receives $6.50 (up from $5.00) for each sale of an Abstract of Driver Record (ADR). However, ADR sales volumes have been lower than expected in recent months, resulting in lower sales projection by about $373,000 (-1.2%) for the current biennium and about $1.4 million (-3.7%) for the outer biennia.

Motorcycle Safety Education Account Trends

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

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

The November forecast of Motorcycle Safety Education Account's revenue shows a drop of about $74,000 (-1.7%) for the current biennium and about $156,000 (-2.8%) for the next. Much of the forecast change reflects expected impact of the privatization of knowledge and skills testing, which started August 2012.

Ignition Interlock Device Revolving Account

The Ignition Interlock Device Revolving Account revenue is projected to be about $2.6 million for the current biennium, up about $40,000 (1.6%) from prior forecast. Outer biennia are also about 2% higher than prior forecast. This is a relatively new revenue stream with insufficient observations to develop sophisticated models. The forecast is based on observed average to date.

Primary reasons for the forecast changes

Primary reasons for the change in driver related revenue are:

- Drops in ADR sales to commercial data brokers;

- Lower than expected driver exams during transitional period (from DOL to private driving schools; and
- One time driver license early renewals to avoid fee increase.

Figure 31 Short-term Driver Related Revenue Forecasts: November 2012
millions of dollars

Driver Related Revenue	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Total Highway Safety Fund	**$82.8**	**$109.1**	**$191.9**	**$130.9**	**$131.5**	**$262.4**
Drivers License Fees	64.3	88.6	152.9	109.0	109.4	218.5
Copies of Record Fees	16.1	17.9	34.0	19.3	19.5	38.7
Other smaller misc. Fees	2.4	2.6	5.1	2.6	2.6	5.3
Total Motorcycle Safety Education Account	**2.2**	**2.2**	**4.4**	**2.7**	**2.6**	**5.3**
Total State Patrol Account	**14.8**	**16.7**	**31.5**	**18.0**	**18.2**	**36.3**
Total Ignition Interlock Device Revolving Account	**1.2**	**1.5**	**2.6**	**1.8**	**1.8**	**3.6**
Total Driver Related Revenue	**$100.9**	**$129.4**	**$230.3**	**$153.5**	**$154.2**	**$307.7**
Percent change from prior forecast	0.0%	-1.2%	-0.7%	-1.0%	-1.0%	-1.0%

Other Transportation Related Revenue Forecast

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

Vehicle Sales and Use Tax
The consumer spending on new US light vehicles was $157 billion in FY 2009 and this represented a decline of 28% from the FY 2008 sales level. In FY 2010, consumer spending on new US light vehicles grew to $175 billion which represented an 11.5% annual growth. In FY 2011, consumer spending on light vehicles grew 10.5% from FY 2010. In FY 2012, US spending on light vehicle sales grew 14% to $218 billion. In FY 2013, the growth in the US spending on light vehicle sales is projected to be $232 billion; an increase of 6.1% year over year and this is a slight revision upward from the prior forecast of 1.1%. In FY 2014, the growth in the US spending on light vehicle sales is projected to be $243 billion; an increase of 5% year over year and this is an increase of 1.5% 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 declined to $54.4 million. In the 2011-13 biennium, the sales and use tax collections are projected to increase to $61.6 million which is a very minor modification upward from the past forecast. Actual tax collections have come in $0.312 million higher than September's forecast with national projections of new and used car sales being up in the near-term and down from September in fiscal years 2015-2017. In the 2013-15 biennium, the sales and use tax collections are projected to rise to $68.3 million which is a 0.2% increase of $0.15 million from the past forecast. Revenues after the 2013-15 biennia are rising but the differences from the last forecast is declining over time.

Rental Car Sales Tax
The forecast for rental car sales was $46.97 million for the 2007-09 biennium and it decreased to $44.5 million in the 2009-11 biennium. In the 2011-13 biennium, the rental car tax is projected to be $48.16 million which is essentially unchanged from the September forecast. Actuals since the last forecast have been below projections by $0.168 million. In the 2013-15 biennium, revenues are projected to be $51.3 million which is a 0.02% revision upward from the prior forecast. The primary reason for the change in the

forecast is due to weaker personal income. By the 2015-17 biennium, the current rental car sales tax is down from the prior forecast by $0.024 million from September. Over the 10-year forecast horizon, the rental car tax is down $0.9 million.

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

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

Motor Vehicle Account business and other revenue tax collections for the 2009-11 biennium was $12.6 million. Each biennium this revenue category has a unique set of properties available to be sold, making biennium to biennium comparisons difficult. The November 2011-13 biennium forecast is projected to be $11.9 million, which is no change from the prior forecast. The November 2011-13 biennium forecast is projected to be $11.9 million, no change from the prior forecast. The 2013-15 biennium total business related revenues are projected to be down slightly by 0.18% or $22,000 from the September forecast. This change is due primarily to changes in inflation and population projections.

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

The November 2011-13 Biennium WSP business related revenue forecast is $7.9 million, up 0.45% or $36,000 from prior estimates due to slight adjustments to Breath Test Fines and DUI Cost Reimbursement. The forecast for WSP ACCESS revenue has been adjusted slightly for changes in population. There is no change to the forecast for Highway Safety Account revenue or revenue from Terminal Safety Inspection fees.

Aeronautics Taxes and Fees
The aeronautics tax forecast includes excise, registrations and fuel taxes as well as transfers. The aviation fuel tax is the largest component of the aeronautics tax forecast. The aeronautics tax collections were $5.7 million in the 2007-09 biennium. In the 2009-11 biennium, the aeronautics tax collections were $5.8 million and the revenue is projected to increase in the current biennium to $6.6 million which is a minor upward revision of $18,980 from September. In the 2011-13 biennium, the aircraft registrations, excise and dealers' taxes which are a small portion of the total aeronautics revenue at $853,050 are up from the last forecast. Ten percent of the excise tax goes to the aeronautics account and the rest goes to the state general fund. The aeronautics transfer from the motor vehicle fund is also part of this forecast and is projected to be $562,300 which is nearly the same (+$1,100) from the prior forecast for the current biennium. In the 2013-15 biennium, the aeronautics transfer from the motor vehicle fund is projected to be $565,700, up minimally by 0.6% from the last forecast and this increase continues through most of the forecast horizon.

Aviation Fuel Tax
The aviation fuel tax forecast is unchanged from the September forecast with the 2011-13 Biennium forecasted at $5.8 million and the 2013-2015 Biennium forecasted at $5.7 million.

Primary reasons for the forecast changes

- Vehicle sales and use tax revenue are up slightly in the current biennium by nearly $22 thousand due to higher actual collections. In subsequent years, the forecast is up very slightly from September.
- Rental car tax revenue is up by $20 thousand in the current biennium due to higher collections in recent months than anticipated. In subsequent biennia after 2013-15 biennium, the rental car tax revenue is down from September minimally.
- WSDOT Business and other miscellaneous revenue is $11.7 million in the current biennium and it has not changed in the current biennium from the prior forecast. The future biennia estimates overall have been revised downward from the last forecast due to changes in population and inflation.
- WSP Business and other miscellaneous revenue November forecast has been revised upward slightly in the current biennium by $0.036 million from September due to a slight adjustments to Breath Test Fines and DUI Cost Reimbursement. This November forecast of the ignition interlock vendors fee revenue has not been changed in this forecast from last quarter.
- Aircraft fuel tax revenue has not been revised in this November forecast from September.
- Aircraft registrations and excise taxes have been revised upward due to the inclusion of new actual registrations since the September forecast.
- In the current biennium, total other transportation related revenue is projected to be $136.9 million and up slightly 0.07% or $0.1 million from the last forecast.
- In the 2013-15 biennium, the revenues are projected to be $147.6 million and this forecast is a very minor revision upward of $211,400 from the September forecast. In future biennia beyond 2013-15 biennia, business related revenues are also up by a diminishing amount each biennia so by the last biennia, total aircraft revenue is down by 0.1%.

Figure 32 Short-term Other Transportation Related Revenue: November 2012 forecast

millions of dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Rental Car Sales Tax	$23.6	$24.5	**$48.1**	$25.3	$26.1	**$51.4**
Vehicle Sales & Use Tax	30.0	31.6	**61.6**	33.3	34.9	**68.2**
DOT Business/Other Rev	6.7	5.2	**11.9**	6.0	6.0	**12.0**
WSP Business/Other Rev	3.8	4.1	**7.9**	4.7	4.2	**8.9**
Aeronautics Taxes/Fees	3.4	3.3	**6.7**	3.3	3.3	**6.6**
Total Other Transportation Related Revenue	$67.5	$68.7	**$136.2**	$72.6	$74.5	**$147.1**
% Change from Prior Fcst	-0.4%	-0.3%	**-0.4%**	0.0%	-0.1%	**-0.07%**

Ferry Ridership and Revenue

Ferry Fare Ridership and Revenue Forecasting Process

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

- Passenger full-fares
- Passenger frequent user discounted (commuter) fares
- Passenger other discounted fares (e.g., senior fare, youth fare)
- Auto / driver full-fares
- Auto / driver frequent user discounted (commuter) fares

- Other vehicle / driver discounted (senior/disabled and motorcycle) fares
- Oversize vehicle / driver (over 22 feet in length) fares

The November Baseline Forecast incorporates actual ridership counts through October 2012 and actual revenue collections through September 2012. In addition, the November forecast includes the previously adopted 3.0% fare increase on May 1, 2012, and the 2.5% fare increase on October 1, 2011, which also coincided with lower fares for small vehicles under 14 feet in length, fare revisions to oversize vehicle fares to offset the loss of revenue on small vehicles, and a $0.25 capital program surcharge per fare sold.[1] However, the November Baseline Forecast scenario documented herein excludes any future fare increases beyond May 2012.

The November Baseline Forecast reflects some refinements made to the passenger and vehicle/driver commuter fare ridership models to better capture the unique trends in commuter ridership. As previously noted, 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. Cumulative fare increases of over 120% for commuter passengers and more than 90% for vehicle commuters since FY 2000 account for much of the trend.[2] A change in commuter multi-ride fare media in 2007 effectively limits the severability of the fare media, and has thus reduced the number and types of customers that can take advantage of the discounted "commuter" fares. Both of these factors were accounted for in the previous commuter fare ridership models.

At the same time, the populations of Vashon, Whidbey, and Bainbridge Islands, the remainder of Kitsap County, and San Juan County are all aging. As a result, the retirement age (65+) shares of the total populations of these ferry-served communities are growing while the working age shares are shrinking, and the forecasts for working age population levels are nearly flat. Telecommuting in the region has also become more prevalent in the past decade. These demographic factors have also contributed to the declining trend in passenger and vehicle/driver commuter ridership over the past decade, and are expected to continue exerting influence on future projections of commuter ridership.

The above demographic changes also represent a departure from the state-wide economic and demographic forecast variables used in the previous commuter fare ridership models for preparing ferry commuter ridership projections. Because statewide demographic trends have become increasingly less correlated with ferry-served community trends, a process was undertaken to refine the existing models using available regional data. The newly refined passenger and vehicle commuter fare ridership models now include historical and forecast values for working age population indexes. The working age population forecasts for the three counties that comprise the majority of the ferry-served communities have been geographically weighted by the passenger and vehicle commuter fare ridership levels on each route to yield separate passenger and vehicle commuter population indexes for the two models. The results of these refinements are lower commuter fare ridership forecasts that are more in line with projected working age population trends in the ferry-served communities.

Trends in Passenger Fare Ferry Ridership

FY 2010 passenger ferry ridership reached 12,453,226, or 1.0% less than in FY 2009. Actual passenger ridership for FY 2011 was 12,242,320, or 1.7% lower than FY 2010, and includes a database correction prior to which foot passengers on the Mukilteo-Clinton route were double-counted. FY 2012 passenger ridership came in at 12,236,081, or 0.1% lower than the previous year. In FY 2013, ferry passenger ridership is expected to be 12,334,000, a 0.7% decrease from the prior forecast, and a year-over-year increase of 0.8%.

[1] The $0.25 capital program surcharge per fare sold was authorized in ESSB 5742 and approved by the Washington State Transportation Commission in August 2011

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

For the rest of the forecast horizon, the passenger ridership projections range from 1.5% lower in FY 2014 to 6.4% lower by FY 2027 compared to September, due largely to the revised passenger commuter fare forecast model. Lower projections for real personal income and inflation (which yield higher real fares) also contribute to the lower passenger ridership projections.

Trends in Vehicle/Driver Fare Ferry Ridership

Vehicle/ driver ridership was 10,134,311 in FY 2010, or 2.2% higher than in FY 2009. This increase for FY 2010 comes despite the dampening effects of the October 2009 2.5% fare increase. Actual vehicle/driver ridership for FY 2011 came in at 9,968,973, 1.6% lower than in FY 2010. For FY 2012, vehicle/driver ridership was 9,983,059, 0.1% higher than the previous year. For FY 2013, ferry vehicle/driver ridership is projected to be 10,077,000, or 0.2% lower than the September forecast, which also represents a predicted year-over-year increase of 0.9% from FY 2012.

For the rest of the forecast horizon, the vehicle/driver ridership projections range from 2.4% lower in FY 2014 to 6.5% lower by FY 2020, and then diminishing to 3.7% lower by FY 2027, compared to September. As with passengers, a large part of the decrease is attributable to the revised commuter vehicle forecast model. Lower projections for employment, real personal income, and inflation (which yields higher real fares), combined with generally higher forecasted real gas prices through FY 2024, also contribute to the decrease in the vehicle/driver ridership projections relative to September.

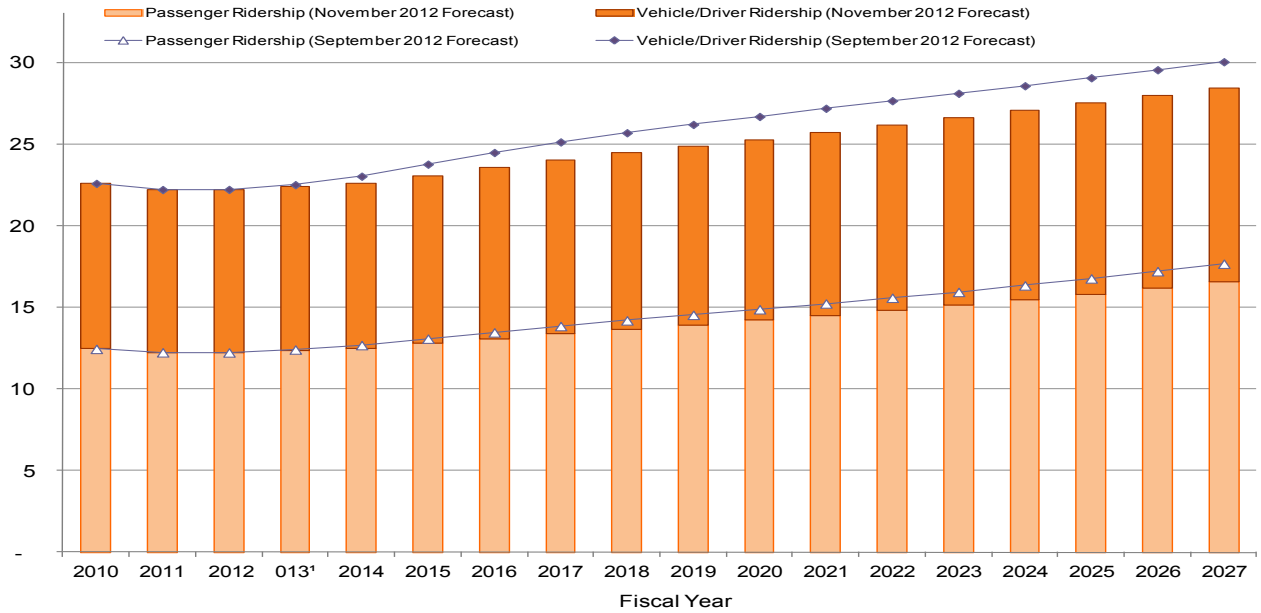
Vessel capacity constraints, in combination with some dampening in real gas prices at the end of the forecast horizon, account for the diminishing difference between the November and September forecasts beyond FY 2020.

Overall Trends in Ferry Ridership

Total ferry ridership in FY 2010 and FY 2011 was 22,587,537 and 22,211,293 respectively, with the FY 2011 value representing a year-over-year decrease of 1.7%. In FY 2012, total ridership was 22,219,140, which represents less than one-half of one percent annual growth from FY 2011. For FY 2013, total ridership is projected at 22,411,000, or 0.4% lower than anticipated in September. For the rest of the forecast horizon, projected overall ridership ranges starts out 1.9% lower in FY 2014 and levels off to nearly 5.5% lower by FY 2020 for the rest of the forecast horizon, relative to the September values.

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

Figure 33 Comparison of Ferry Passenger and Vehicle Ridership: November and September 2012 Baseline Forecasts
Millions of Riders



¹ FY 2013 ridership includes actual values through October 2012.

Trends in Ferry Revenue

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

The current forecasts for the various measures of employment, real personal income, and inflation have all been revised downward for the entire forecast period. Lower inflation has the effect of raising the real fares paid. Real gas prices are generally projected to be higher through FY 2024, and then somewhat lower thereafter. The revised projections for these variables, in combination with the revised passenger and vehicle commuter fare models that now produce more conservative projections, have led to lower revenue projections relative to September.

Fare revenue plus capital surcharge revenue for FY 2013, both of which includes three months of actual collections, are collectively 0.4% lower than projected in September.

In the 2011-2013 biennium, farebox collections under the Baseline Forecast are projected to be 0.2% or $0.7 million lower than projected in September for a total of $316.8 million. Of this total, $310.5 million represents regular fare revenues and $6.3 million represents the capital surcharge receipts. Compared to September, the current Baseline Forecast for revenue is anticipated to range from 2.4% lower for the 2013-2015 biennium to 4.5% lower for the 2019-2021 biennium, and then down to 2.9% lower by the 2025-2027 biennium.

Ferry Capital Surcharge Revenue

The ferry capital surcharge of $0.25 per fare sold enacted in ESSB 5742 that was adopted by the Washington State Transportation Commission is included in the Baseline Forecast. With nine months of collections in FY 2012, the ferry capital surcharge generated incremental revenue for capital projects of

$2.5 million. For FY 2013, the first full year of collections, the ferry capital surcharge is anticipated to bring in $3.8 million. Future values increase with growth in ridership.

Ferry Miscellaneous Revenue

WSF's miscellaneous revenue forecasts are based on the November 2012 ridership projections and capture the most recent actual revenue for FY 2013, including revenue that has been generated by the visual paging project. The projections for both vessel non-farebox revenue (galley, duty free, and wi-fi) and terminal non-farebox revenue (vending, shoreside restaurants and concessions, parking lots and advertising) have been revised downward compared to September for the entire forecast horizon starting in FY 2014, and tracking with the lowered ridership forecasts.

Primary Reasons for the Forecast Changes

- The November forecast implementation of refined models for passenger and commuter fare ridership that account for the relatively stagnant growth in the working age populations of ferry-served communities has led to lower ridership forecasts relative to September.
- Lower projections for employment, real personal income, and inflation, combined with generally higher real gas prices, also contribute to the lower overall ridership projections through the forecast horizon.
- For miscellaneous revenues, lower ridership forecasts revise the numbers downward starting in FY 2014.

Figure 34 Short-term Ferry Revenue: November 2012 Baseline Forecast
Millions of Dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Farebox Revenue	$152.54	$157.97	$310.51	$159.27	$162.42	$321.69
Capital Surcharge Revenue	2.55	3.75	6.30	3.83	3.91	7.74
Misc. Ferry Revenue	3.21	3.51	6.72	3.56	3.66	7.22
Total Ferry Revenue	**$158.30**	**$165.23**	**$323.53**	**$166.66**	**$169.98**	**$336.64**
% Change from Prior Forecast	0.2%	-0.4%	-0.2%	-1.9%	-2.9%	-2.4%

Toll Revenue

In the toll revenue baseline forecast, at Tacoma Narrows Bridge, new toll rates began on July 1st, 2012 and are $ 5.00 for cash and $ 4.00 for electronic toll collection (ETC) for 2-axle vehicles. Photo tolling began on December 2, 2011. Due to the costs associated with different types of toll payments users who do not use account-based transaction and pay by mail (PBM) pay an additional $1.00 per transaction for the TNB. The PBM toll rate at the TNB facility is $6.00 per transaction per 2-axle.

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

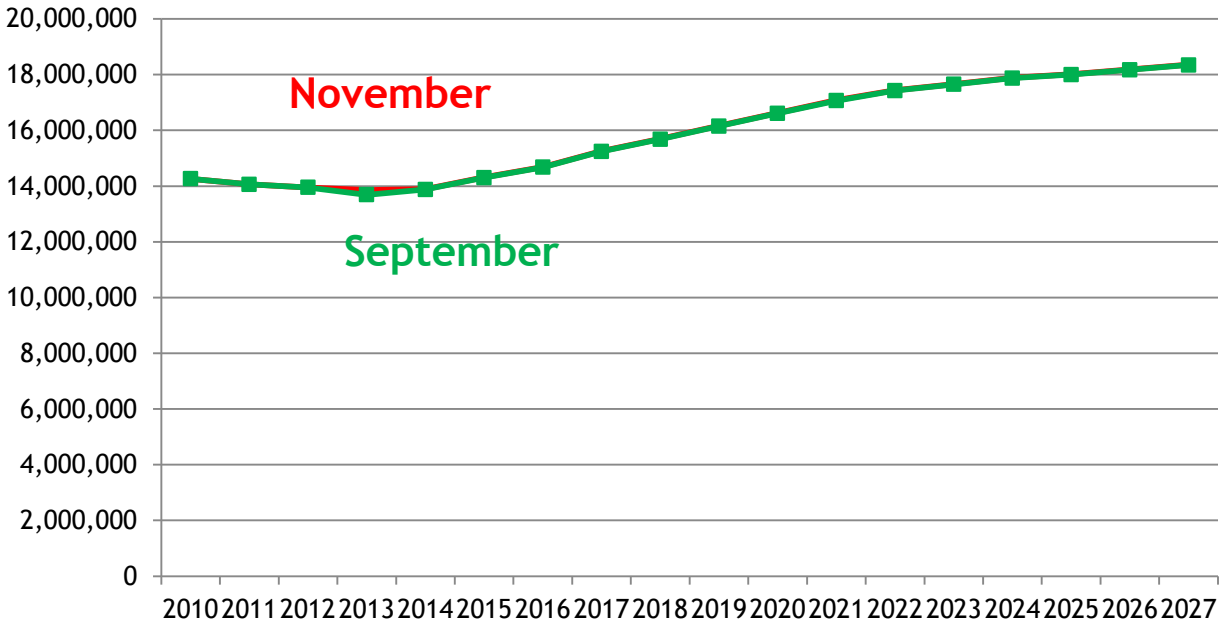
SR 520 Bridge November revenue forecast reflects revised investment grade study to the 2011 investment grade study that was completed in 2011. Maximum toll rates for two-axle vehicles using *GoodToGo Pass* for peak period weekday rates are $3.59 each way. Maximum peak weekend rate is $2.26 each way. Customers who do not use an account based transaction pay an additional $1.54 per transaction. Trucks pay by the axle. The forecast assumes a 2.5% annual increase in toll rates through

FY 2016 and a one-time 15% toll rate increase in FY 2017. Finally, the forecast assumes no further increases in tolls in the remainder of the forecast horizon.

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

Sales for FY2009 through FY2012 include revenues from the sales of transponders and disabling shields. In FY 2013 and beyond, transponder growth is based on annual traffic growth. In the current forecast, the projection for administration fees reflects the actual distributions of fees among SR520 Bridge, 167 HOT lanes and TNB.

Figure 35 Comparison of TNB Traffic Volume: November and September 2012 Forecasts



Trends in Tacoma Narrows Bridge traffic and toll revenue
The TNB average daily traffic grew minimally in FY 2009 by 0.2% to 13.91 million from FY 2008. In FY 2010, the TNB traffic volume was 14.26 million which represents a year over year increase in traffic volume of 2.5%. In FY 2011, the TNB traffic volume was 14.06 million which is a year over year decrease of 1.4%. In FY 2012, the TNB traffic volume was 13.95 million, which was a year over year decrease of 0.8%. In FY 2013, the TNB traffic volume is anticipated to be 13.86 million which is a year over year decrease of 0.7%, and this represents an upward revision of 1.2% from the prior forecast. The forecast for FY 2014 predicts a 0.2% annual growth in TNB traffic volume and this forecast is slightly higher than the assumption made in the last forecast in September by 0.1%. For all remaining years in the forecast horizon, the traffic volume forecast for TNB is a minor revision upward from the September projections by approximately 0.1% per year. The forecast assumes a declining annual growth rate from FY 2019 throughout the remainder of the forecast horizon.

TNB toll revenue for the 2007-09 biennium was $73.1 million. The 2009-11 biennium toll revenue increased to $89.4 million which is a 22% increase over the prior biennium. In the 2011-13 biennium, this November 2012 forecast of toll revenue is projected at $105.3 million with $6 million of that forecast being due to PBM and $99.3 million due to prepaid and cash toll revenue. Overall, total TNB toll revenue is up minimally $0.1 million over the last forecast. The 2011-13 biennium PBM forecast is revised up by $0.28 million from the September forecast due to higher number of anticipated PBM transaction. In the 2013-2015 biennium, the projected toll revenue is $125.6 million, which is $0.31 million or 0.25% higher than the September forecast. This minor increase in total toll revenue increases slightly over the forecast horizon so by the end of the forecast, the TNB total toll revenue change from the last forecast is $1.91 million or 1.2% above the September projections.

Beginning in 2012, violations phased out and are replaced by civil penalties. Fines and fees violations revenue for the 2007-09 biennium was $1.06 million of which $1.01 million was violations revenue. In the 2009-11 biennium fees remained flat, and violation revenue was $1.08 million. In the November forecast of violations revenue for 2011-13 biennium is up by $22,000 or 16.82% from the September forecast. The change is due to unexpected backlog of remaining violations at the Pierce County Court. The fee revenue projection for TNB is up from the last forecast. In this November forecast, the TNB fee revenue is projected to be $541,890 for the 2011-13 biennium which is $13,887 increase from the September forecast. The reason for the higher fee revenue in the current biennium is the increase in late fees and higher NSF check and Statement/transaction fees. Future fee revenue is also up in all subsequent biennia.

Civil penalty revenue is a function of the pay by mail transaction estimate. The lag between civil penalty and PBM collection is 90-120 days. The 2011-13 biennium current civil penalties estimate is up slightly $0.06 million or 5.6% from the September forecast due to an increase in the civil penalty revenue in FY2012. In the 2013-15 biennium, civil penalties revenue is anticipated to bring in $1.43 million and this revenue is anticipated to grow to $1.8 million by the end of 2025-27 biennium. The civil penalty forecast is the same as the last forecast in September.

Total revenue from all transponders and shield sales was $1.4 million in the 2007-09 biennium and $1.27 million in the 2009-2011 biennium. TNB transponders sales forecast in the current biennium is $0.71 million and this current projection is $8,000 more than projected in September due to an increase in the first quarter of FY2013 transponder demand. Starting in the 2013-15 biennium through 2025-2027 the transponder sales projection is the same as the prior forecast..

Trends in SR 167 High Occupancy Toll Lanes Traffic and Revenue
The traffic volume on the SR 167 HOT lanes was 386,000 vehicles in FY 2009. Traffic volume in FY 2010 increased to 510,969 which represents 31.5% growth year over year from FY 2009. In FY 2011, traffic volume was 640,115 vehicles which is 25.3% higher than in FY 2010. Legislation in 2011 extended the 167 HOT lanes pilot program to the end of FY 2013. The traffic volume for FY 2012 was 841,154, 31% annual growth which is 3.5% higher than in September. Traffic volume is estimated to grow to 907,000 by the end of FY 2013, this is an 2.7& upward revision of the September traffic volume forecast. The increase in traffic volume is due to more congestion and higher demand of HOT lanes.

Revenue from HOT lanes' tolls, sales and fees in FY 2009 was $471,256 and HOT lanes total revenue in FY 2010 was $527,292 which represents a 12% increase annually. For the 2009-2011 biennium, HOT lanes total revenue is $1.25 million, and the total revenue is projected at $2.22 million in the FY 2011-2013 biennium, which is an increase of 7.88% or $0.16 million from the September forecast**.**

In 2011-2013 biennium, the current revenue forecast of transponder and shield sales on SR 167 is $61K, which is an increase of 21.83% from the September forecast. Sales of transponder shields will be phased down in FY 2013. Fees revenue is $6.4K in the current biennium which is up from the September forecast. The November fees revenue is a forecast based on incorporating actual revenue from the quarterly statement.

Trends in SR 520 Bridge Toll Lanes Traffic and Revenue

The SR 520 bridge tolling commenced on December 29, 2011.

The November gross toll revenue forecast for the 11-13 biennium is 1.21% higher than projected in the previous forecast. The November 2012 traffic and toll revenue forecast is based on the August 2012 update to Wilbur Smith Associates' (WSA) *SR 520 Bridge Investment Grade Traffic and Revenue Study dated August 29, 2011.* The forecast update was based on actual experience during the first six months of tolling SR 520, as well as on a revised economic forecast provided by Community Attributes (CAI).

Actual FY 2012 traffic out-performed original projections. On a daily basis, average weekday traffic was 12% above original projections, and weekend daily traffic was 36% over projections. Additionally, in the original August 2011 investment grade forecast, it was assumed that toll traffic and revenue would ramp up during the first two fiscal years of operations, and that over time, the share of prepaid or Good to Go transactions would slowly increase from 72% to a maximum of 87%. Instead, more than 80% of trips were Good to Go trips during the first six months of tolling. This unusually high prepaid account penetration rate suggested that the corridor is more stable than originally assumed, so the new forecast assumes 80% of FY 2013 trips will be prepaid / Good to Go, increasing ultimately to a maximum of 89%. However, gross revenues will be lower with the revised payment distribution, since Good to Go customers pay less than Pay by Mail customers without a prepaid account. The November forecast incorporates the FY 2012 experience.

There were approximately 10 million trips taken in the first six months of operations in FY 2012. The number of trips is anticipated to increase to 19.7 million and 21.4 million in FY 2013 and FY2014, respectively. After construction of the bridge is finished in FY 2017, the expected traffic volume is projected to remain flat for one year due to a one-time significant toll rate increase. Starting FY 2018 through 2027, average traffic volume growth is expected to range between 3.5% and 0.7% per year.

Adjusted gross toll revenue from six months of tolling SR 520 during FY2012 was $26.1 million. In the November forecast, adjusted gross 520 toll revenue is expected to be $83.7 million for the 2011-2013 biennium,. In the 2013-15 biennium, SR 520 adjusted gross toll revenue is projected to rise to $133.9 million and in the next biennium, SR 520 toll revenue is anticipated to be $158.4 million. By the last biennia of the forecast horizon, SR 520 toll revenue is anticipated to be $203.6 million.

Trends in Total Toll Revenue
Total revenue (toll, fines and fees and transponder/shields sales) was $76.9 million in the 2007-09 biennium and increased to $93.2 million in the 2009-11 biennium. Starting in the 2011-13 biennium and beyond, this November forecast of total toll revenue is $208.7 million which is an increase by $6.8 million or 3.36% to the September forecast. The total revenue is projected to increase to $275 million and $307.7 million in FY 2013-15 and FY2015-17, respectively.

Primary reasons for the forecast changes

- TNB traffic volume was slightly higher than September projection but essentially was tracking the forecast well. TNB toll revenue forecast is $0.1 million higher in the 2011-2013 biennium than it was anticipated in the September forecast**.**
- TNB total revenue increased over the last forecast by $2.07 million or 1.92% in 2011-2013 biennium and $0.33 million or 0.26% in 2013-2015 biennium. By the end of the FY 2025-2027 biennium, the projected change from the September forecast for TNB total revenue is $1.93 million.
- SR167HOT lane transactions and average toll rate increased due to higher demand in recent months.
- SR 167 HOT lane revenue forecast in 2011-2013 biennium is $2.22 million, which is a 7.88% increase from the September forecast. The higher toll revenue is due to the increase in traffic volume and average toll rate.

- The SR 520 Bridge tolling facility in FY2012 traffic outperformed the original expectations. Over 80% of trips were Good To Go trips during the first six months of operations, suggesting that the corridor is more stable than originally presumed.
- At the SR520 the number of trips is anticipated to increase to 19.7 million and 21.4 million in FY2013 and FY2014, respectively
- The SR 520 adjusted gross revenue for the first six month was $26.1 million. The adjusted gross revenue is anticipated to increase to $203.6 million by the end of FY2025-2027 biennium.

Figure 36 Short-term Toll Facility Revenue: November 2012 forecast
millions of dollars

	FY 2012	FY 2013	2011-13 Biennium	FY 2014	FY 2015	2013-15 Biennium
Tacoma Narrows Bridge						
Total Toll Revenue	$44.10	$61.20	$105.30	$61.80	$63.70	$125.50
Transponder Sales	0.35	0.35	0.70	0.36	0.36	0.72
Violations	0.13	0.02	0.15	0.00	0.00	0.00
Civil Penalties	0.47	0.70	1.17	0.71	0.73	1.44
Fees	0.17	0.36	0.54	0.37	0.39	0.76
SR 167 HOT Lane						
Toll Revenue	0.98	1.05	2.03			
Transponder Sales	0.02	0.04	0.06			
Fees	0.00	0.00	0.01			
SR 520 Bridge						
Total Toll Revenue	26.10	57.64	83.74	64.36	69.49	133.85
Transponder Sales	1.32	1.33	2.65	1.00	1.00	2.00
Civil Penalties	2.34	3.61	5.95	3.72	3.65	7.37
Fees	0.91	1.61	2.52	1.69	1.73	3.42
Total Toll Facility Revenue						
Total	$76.89	$127.92	$204.82	$134.01	$141.05	$275.06
% Change from Prior Fct	1.84%	1.13%	1.39%	0.46%	-0.32%	0.06%

Federal Funds Revenue

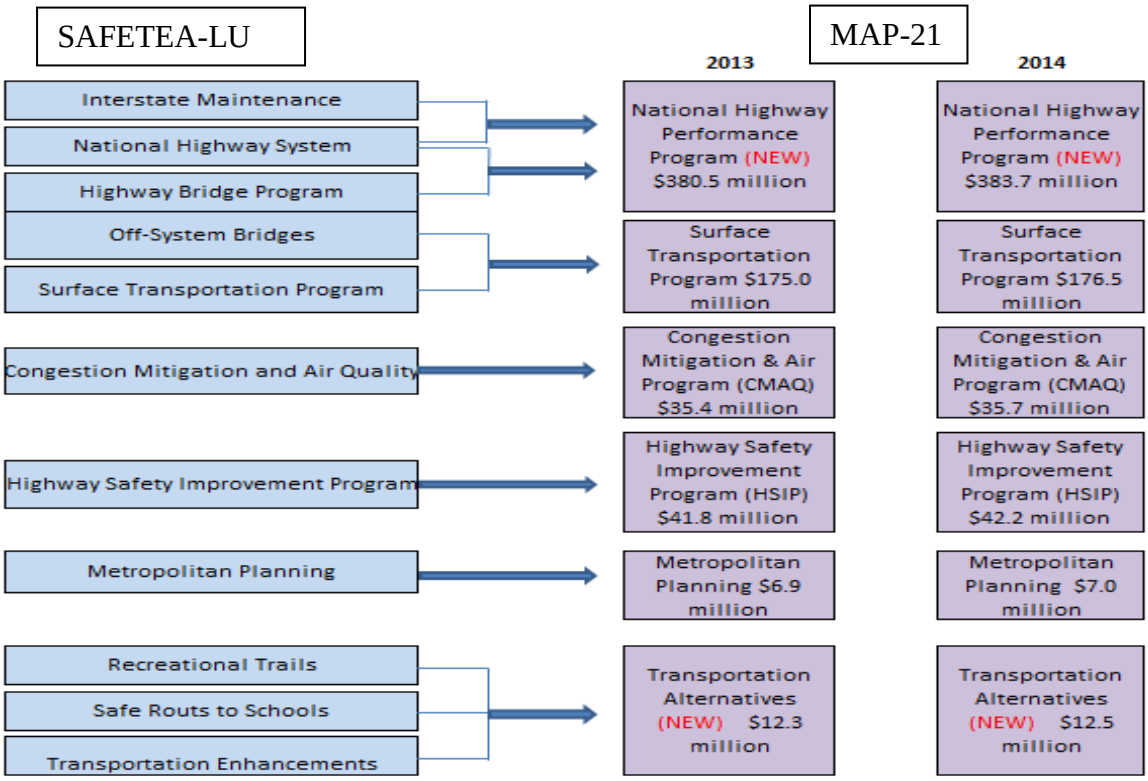
After state funds, the largest source of transportation revenue is federal funds. The Federal Funds forecast contains the formula funds distributed by the Federal Highway Administration (FHWA) to Washington State Department of Transportation for highway purposes. Federal funds reported in this forecast are based on federal fiscal year (FFY) which begins on October 1. The November 2012 federal forecast is based on the Moving Ahead for Progress in the 21st Century Act (MAP_21).

On July 6, 2012, President Obama signed into law, P.L. 112-141, the Moving Ahead for Progress in the 21st Century (MAP-21). This new law reauthorizes the federal surface transportation policy and program at the Congressional Budget Office's baseline level equal to current funding levels (FFY 2012) plus inflation which equals $105 billion for two years (FFY 2013 and 2014).

MAP-21 continues to provide the majority of Federal-aid highway funds to the states through core programs. Since 2004, SAFETEA-LU and continuation of this former federal transportation Act distributed federal funds through seven core programs: Interstate Maintenance, National Highway Systems, Highway

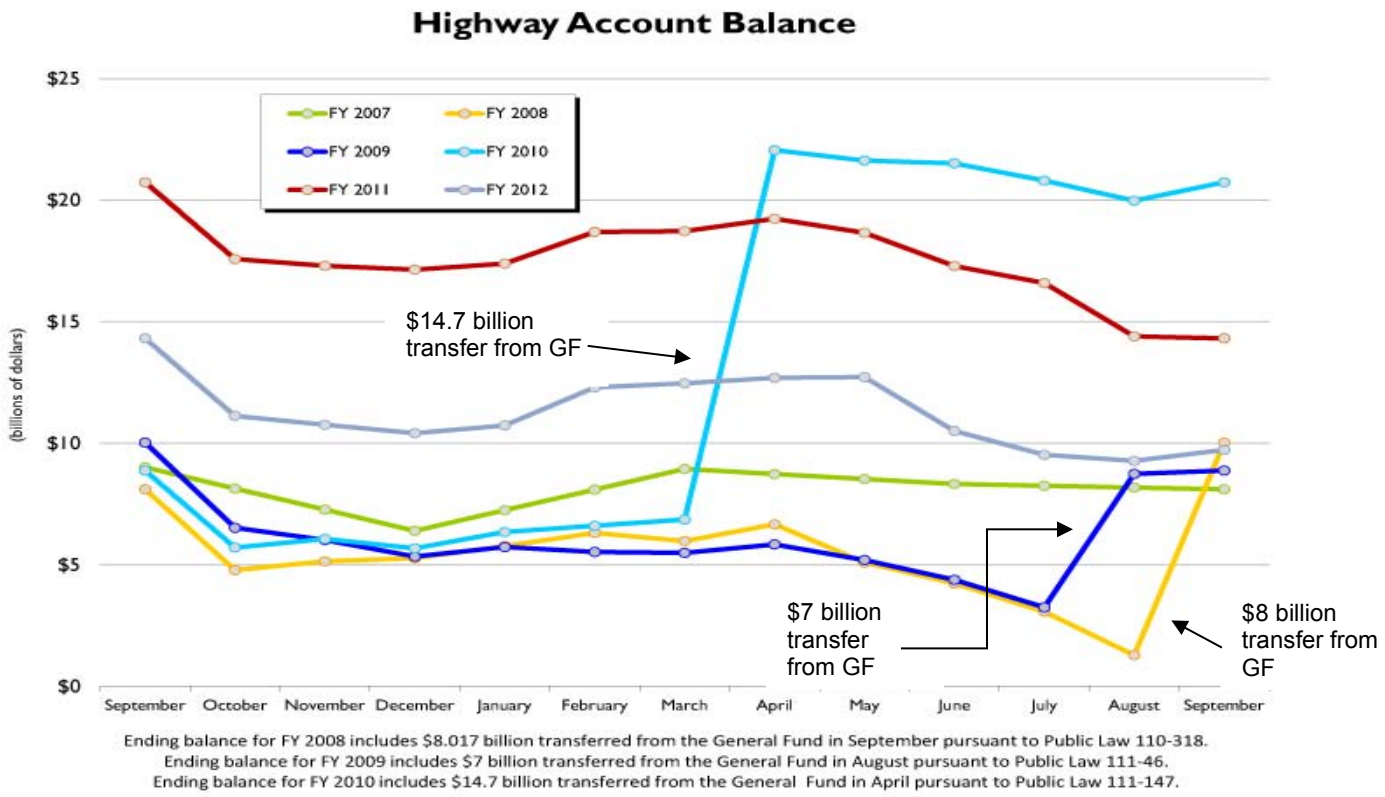
Bridge, Off-System Bridges, Surface Transportation, Congestion Mitigation and Air Quality and Highway Safety Improvement programs. SAFETEA-LU had other programs which were not formula driven distributions. In this new federal Act, the core highway programs have been reduced from seven to five. The MAP-21 core programs are the following: National Highway Performance, Surface Transportation, Congestion Mitigation & Air Quality, Highway Safety Improvement and Metropolitan Planning. MAP-21 has authorized another program, Transportation Alternatives, which is a set-aside program from each state's apportionment level. Figure 34 illustrates the consolidated MAP-21 highway program structure and the crosswalk between the SAFETEA-LU program structure and the new MAP-21 structure. Although MAP-21 achieves dramatic policy and programmatic changes, reform of the way highway programs are funded still remains a challenge for the future.

Figure 37 MAP-21 Consolidated Highway Program Structure



Funding for most of these MAP-21 programs comes from the Highway Trust Fund (HTF). The HTF is comprised of the Highway Account, which funds highway and intermodal programs, and the Mass Transit Account. Federal motor fuel taxes represent 77% of the future revenue going into the HTF for FFY 2013-14. In the next two years, additional funds are provided to maintain solvency of the HTF – $18.8 billion in transfers from the General Fund and from the Leaking Underground Storage Tank Trust Fund (a separate trust fund set up for certain environmental cleanup purposes, which is financed with a small portion of motor fuel taxes). Revenue raisers for the federal General Fund are included that will offset the transfers from the General Fund to the HTF. The recently passed MAP-21 Act only temporarily solves the HTF deficit problem but the long-term insolvency of the HTF still remains. The Congressional Budget Office currently projects the HTF's Highway and Transit Accounts will face new deficits starting in FFY2015. Figure 38 illustrates the monthly highway account balance for federal fiscal years 2007 – 2012.

Figure 38 Monthly Federal Highway Trust Fund Account Balance (billions of dollars): 2006-2012



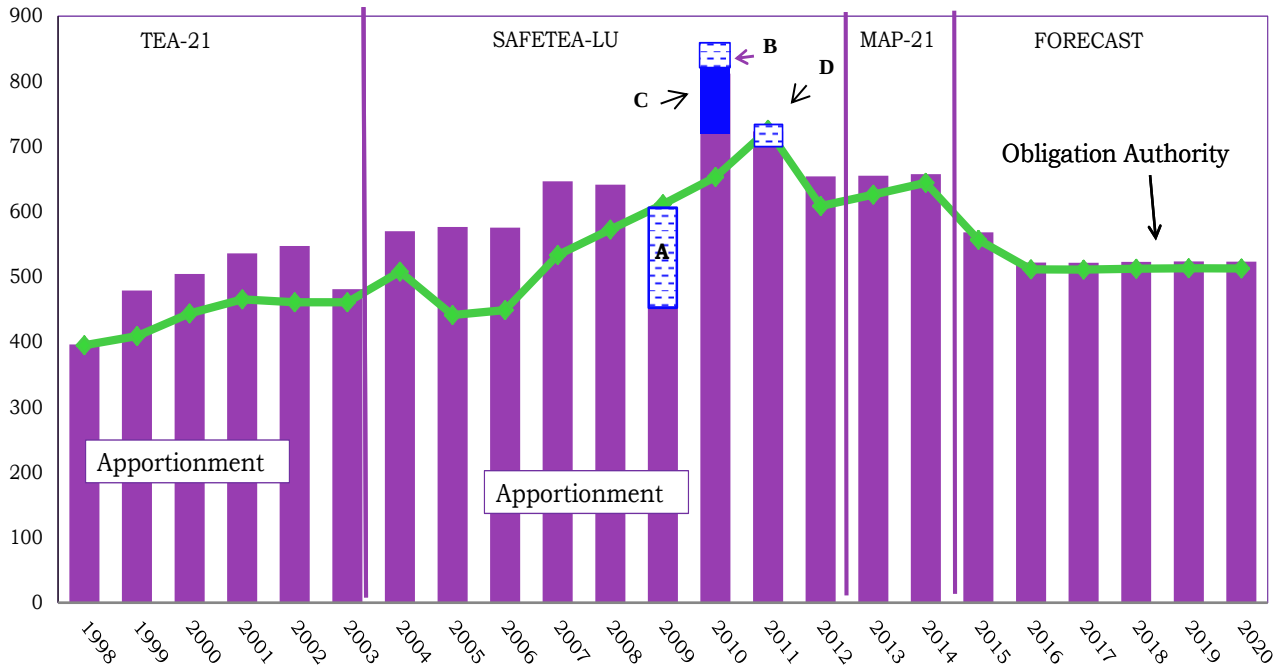
MAP-21 authorizes federal apportionment to fund the five core formula programs. Federal apportionment is the funds distributed to states for obligation in an appropriation account. MAP-21 requires FHWA to divide the total federal apportionment among the states using an allocation process specified in law. The federal apportionment is then distributed between the state's core programs using formula calculation set in MAP-21.

MAP-21 establishes an annual obligation authority of $39.699 billion for FY 2013 and $40.256 billion for FY 2014 for the purpose of limiting highway spending each year. Obligation authority is a limitation placed on Federal-aid highway and highway safety construction program obligations to act as a ceiling on the obligation of 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 39 describes the amount of federal apportionment and obligation authority to Washington State since 1998 with the inclusion of the November 2012 forecast of federal funds through FY 2020. This fifteen year historical period includes multiple federal transportation acts. First, the Transportation Equity Act for the 21st Century (TEA-21) was enacted on November 9, 1998 for a 6-year period thru 2003. As the graph reveals, in the last year of TEA-21, Washington's federal apportionment was lower than the previous four years due to a mandatory rescission of more than 30% in 2003. The next federal transportation package passed was the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). In that original SAFETEA-LU legislation, the program was due to end in 2009. In the final year of SAFETEA-LU, a mandatory rescission was imposed. Washington State's portion of this rescission was $148 million. For the next three years, the SAFETEA-LU federal program was extended through multiple continuing resolutions. In 2010, the 2009 rescission was restored adding back $148 million to Washington. Since that restoration of the 2009 rescission, Congress imposed a 2010

rescission of which Washington share was $37.5 million and a 2011 rescission of which Washington share was $44.0 million. Finally in July 2012, the Moving Ahead for Progress in the 21st Century (MAP-21) was enacted. MAP 21 funding levels are represented in FFY 2013 and 2014. MAP-21 funding levels are the basis for setting this long-term federal funds forecast of apportionment and obligation authority.

Figure 39 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) - Federal Fiscal Years 1998-2020 with the November 2012 Forecast



A - $148 Million 2009 Rescission
B- $38 Million 2010 Rescission
C- Restoration of $148 Million 2009 Rescission in 2010
D - $44 Million 2011 Rescission

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

Washington's Federal Apportionment Forecast

The baseline November 2012 apportionment forecast for FFY 2013 and FFY2014 is based on MAP-21, H.R. 4348. Notice 4510.759 dated October 1, 2012 which sets apportionment levels for FFY2013 at $655 million dollars. The forecast for 2014 is based on the Summary of Estimated FFY 2014 Apportionments under the Conference Report for MAP-21 found on the FHWA web site. This funding level will be updated once a federal notice for FFY 2014 is released.

The baseline November 2012 federal apportionment forecast will assume that after MAP-21 expires on September 30, 2014, that the amount available for distribution to the states would be limited to what is projected in the HTF. The current Congressional Budget Office (CBO) forecasts the HTF to go negative in FFY 2015. In order to keep the HTF from going negative, a reduction in federal expenditures and federal apportionment of 14% would be needed in FFY 2015 and another 8% reduction in the following year for a two-year difference of 21% beginning in FFY 2016 and beyond. After FFY 2016, Washington's federal funding level will grow at the same rate as our state motor fuel consumption.

Figure 40 Washington Apportionment of FHWA Programs 2013 – 2014 MAP-21

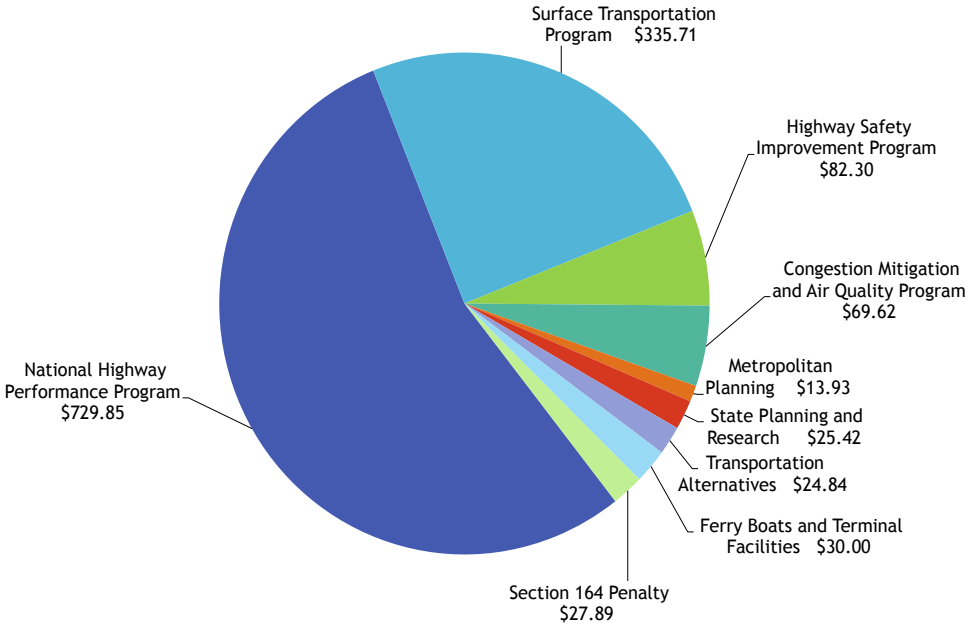
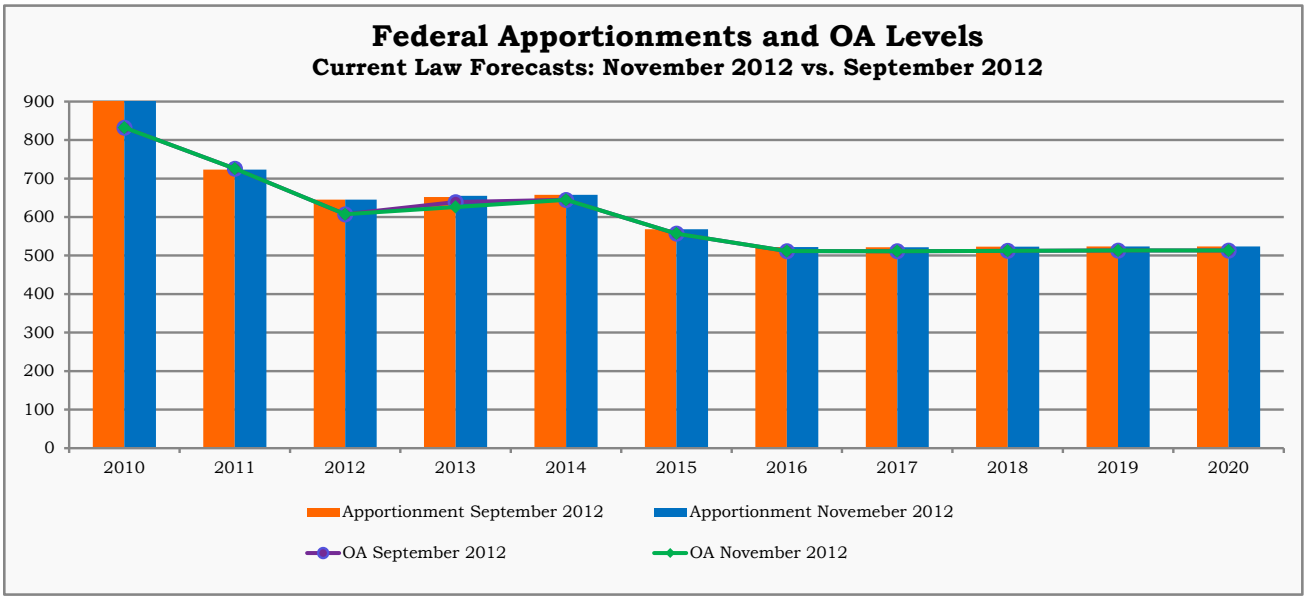


Figure 41 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars): November vs. September 2012 Forecast Comparison Federal Fiscal Years 2010-20



source: FHWA apportionment and obligation authority notices and TRFC November 2012 federal funds forecast

The MAP-21 Steering Committee and the Governor have reviewed the split of Federal Funds between the State and Local programs and they have agreed to maintain the current overall distribution split for the next two years. Figure 42 outlines the minor revisions in individual program distributions. These agreed upon revisions to the program distributions are reflected in the November 2012 federal forecast.

Figure 42 Results from Washington State Map-21 Steering Committee Distribution Decisions

MAP-21 Program	State Split	Local Split
National Highway Performance Program (NHPP)	94%	6%
Surface Transportation Program (STP)	29%	71%
Highway Safety Improvement Program (HSIP)		
Highway Safety component of HSIP	30%	70%
Rail Crossing Safety component of (HSIP)	100%	0%
Congestion Mitigation and Air Quality (CMAQ)	0%	100%
Metropolitan Planning (MPO)	0%	100%
Statewide Planning and Research (SPR)	100%	0%
Transportation Alternatives (TA)		
Recreational Trails component of TA	100%	0%
Population Distribution component of TA	0%	100%
Any Program Distribution component of TA	0%	100%

Civil Penalties in Federal Forecast

In this November forecast as well as in the prior five forecasts, the apportionment level for Washington also includes an annual reduction due to civil penalties being imposed beginning in FFY 2010. The penalty is referred to as the "Minimum Penalties for Repeat Offenders for Driving While Intoxicated or Driving under the Influence" (23 USC, Section 164). In the current forecast, the civil penalties are shown as a 2.5% reduction in the National Highway Performance Program (MHPP) and the Surface Transportation Program (STP) as outlined in MAP-21. FHWA transfers this highway funding amount to the state's Section 402 Safety Program. The program is administered by the Washington State Traffic Safety Commission for use for alcohol-impaired driving countermeasures, for enforcement of impaired or intoxicated driving laws, or for hazard elimination activities, at Washington's option. The Washington State Traffic Safety Commission has agreed to return the funding to the Washington State Department of Transportation in the form of Hazard Elimination grants. Due to this agreement, in this November forecast, in addition to the civil penalty being reduced from the highway programs, it also includes the redistribution of the civil penalty federal revenue back to WSDOT. This is a new line added to our federal funds forecast that was not in prior quarterly forecasts.

Washington's Obligation Authority (OA) Forecast

The baseline obligation authority forecast for FFY 2013 is based on Notice 4520-221, dated October 3, 2012 which issues OA at 2012 levels for 178 days of FFY2013 and the remaining 187 days of FFY2013 at 98% of apportionment. All other years in the forecast horizon is set at 98% of apportionment which is consistent with the OA ratio set in Section 1101 and 1102 of H.R 4348 in MAP-21 legislation. This percentage is slightly higher than the percentage of apportionment assumed under SAFETEA-LU of 90%. Obligation Authority for FFY2013 in the November 2012 forecast is $626.0 million which is an increase of 3.1% over FFY2012 and 2.0% decrease from the September forecast. Obligation Authority for FFY2014 is $644.4 million in the November 2012 forecast which is an increase of 2.9% over FFY2013.

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

MAP-21 creates a new Ferry Boats and Ferry Terminal Facilities formula program. MAP-21 turns the current competitive Ferry Boat Discretionary Program into a $67 million a year nationwide formula program. This new program guarantees public ferry systems a particular amount of annual federal ferry funding for the length of the 2 year bill. The formula is based on 20% passenger count, 45% on vehicles and 35% on route miles. FHWA has incomplete ferry data so ferry systems will not know how much apportionment they will receive or how it will be distributed until official MAP-21 distribution notices are produced.

Recent Changes in Federal Forecast

- The November 2012 federal apportionment forecast for FFY2013 and FFY2014 reflects the passage of the new surface transportation act, MAP-21, H.R. 4248.
- The November 2012 federal appropriations forecast for FFY 2013 and FFY 2014 is $655.0 million and $657.6 million respectively for the two year period.
- The obligation authority forecast for FFY 2013 is based on Notice 4520-221, dated October 3, 2012 which issues OA at 2012 levels for 178 days of FFY2013 and the remaining 187 days of FFY2013 at 98% of apportionment. All other years in the forecast horizon is set at 98% of apportionment which is consistent with the OA ratio set in Section 1101 and 1102 of H.R 4348 in MAP-21 legislation
- This November forecast includes the new program structure from MAP-21 and distributions between state and local programs are assumed to be the same as under SAFETEA-LU.
- This November forecast includes the newly agreed upon Map-21 Steering Committee program splits between the State and Local programs.
- The redistribution of federal funds to WSDOT for civil penalties imposed is now being captured in this federal funds forecast.
- The new Ferry Boat and Terminal Program distribution are still being calculated at the national level. This forecast assumes $15 million in 2013 and 2014.

Figure 43 Washington's portion of Federal Highway Funds by Federal Fiscal Year: November 2012 forecast
Millions of dollars

	FFY 2012*	FFY 2013	FFY 2014	FF 2015	FY 2016
WA Statewide Apportionment of FHWA Programs	**715.2**	**655.0**	**657.6**	**568.3**	**522.0**
% Change from Prior Fcst	10.8%	0.5%	0.0%	0.0%	0.0%
Obligation Authority	**696.1**	**626.0**	**644.4**	**556.9**	**511.6**
% Change from Prior Fcst	14.4%	-2.0%	0.0%	0.0%	0.0%

***** FFY 2012 has been updated with actual federal distributions including non-formula program funds

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Driver Related Revenue Forecasts

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Federal Funds Forecast

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Local Revenue Forecast

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Appendix

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

Figure 44 Forecast to Forecast Biennium Comparison of All Transportation Revenues
November 2012 forecast - 16 year period

millions of dollars

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

Novemer 2012• millions of dollars

	Current Biennium 2011-2013			2013-2015			16-Year Period (2011-2027)		
	Forecast Nov-12	Chg from Sep-12	Percent Change	Forecast Nov-12	Chg from Sep-12	Percent Change	Forecast Nov-12	Chg from Sep-12	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,490.0	2.8	0.1%	2,538.3	7.9	0.3%	20,384.8	30.9	0.2%
Licenses, Permits and Fees *	926.5	0.6	0.1%	990.1	(1.6)	-0.2%	8,323.3	(29.3)	-0.4%
Ferry Revenue†	323.5	(0.7)	-0.2%	336.6	(8.2)	-2.4%	2,909.2	(99.9)	-3.3%
Toll Revenue	209.1	7.2	3.5%	275.9	0.9	0.3%	2,573.1	11.6	0.5%
Aviation Revenues ‡	6.7	0.0	0.3%	6.6	0.0	0.5%	52.8	0.2	0.5%
Rental Car Tax	48.2	0.0	0.0%	51.3	0.0	0.0%	474.4	(1.0)	-0.2%
Vehicle Sales Tax	61.7	0.0	0.0%	68.3	0.1	0.2%	635.7	1.4	0.2%
Driver-Related Fees*	230.3	(1.6)	-0.7%	307.7	(3.1)	-1.0%	2,397.9	(24.3)	-1.0%
Business/Other Revenues‡*	19.9	0.0	0.2%	20.9	0.0	0.1%	175.2	(0.2)	-0.1%
Total Revenues	**4,315.8**	**8.4**	**0.2%**	**4,595.7**	**(3.9)**	**-0.1%**	**37,926.5**	**(110.6)**	**-0.3%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**146.3**	**(0.0)**	**0.0%**	**139.5**	**0.0**	**0.0%**	**1,232.6**	**0.2**	**0.0%**
State Uses									
Motor Vehicle Account (108)	1,058.1	1.4	0.1%	1,088.5	0.9	0.1%	8,842.8	(11.2)	-0.1%
Transportation 2003 (Nickel) Account (550)	358.1	0.4	0.1%	394.7	1.2	0.3%	3,148.4	2.9	0.1%
Transportation 2005 Partnership Account (09H)	567.8	0.7	0.1%	580.7	1.8	0.3%	4,647.0	6.1	0.1%
Multimodal Account (218)	238.7	0.3	0.1%	254.9	0.7	0.3%	2,269.5	3.4	0.1%
Special Category C Account (215)	46.5	0.1	0.1%	47.6	0.2	0.3%	380.1	0.6	0.2%
Puget Sound Capital Construction Account (099)	33.8	0.0	0.1%	34.7	0.1	0.3%	276.6	0.4	0.2%
Puget Sound Ferry Operations Account (109)	375.1	(0.6)	-0.2%	388.3	(7.9)	-2.0%	3,327.1	(96.7)	-2.8%
Capital Vessel Replacement Account (18J)	6.3	(0.0)	0.0%	7.7	(0.2)	100.0%	66.4	(2.9)	100.0%
Tacoma Narrows Bridge Account (511)	109.7	2.1	1.9%	128.5	0.3	0.3%	1,148.4	10.0	0.9%
High Occupancy Toll Lanes Account (09F)^	2.2	0.2	7.9%	0.0	0.0	0.0%	2.2	0.2	7.9%
SR 520 Corridor Account (16J)	91.2	4.6	0.0%	140.0	0.6	0.4%	1,369.9	1.1	0.1%
SR 520 Corridor Civil Penalties Account (17P)	6.0	0.4	0.0%	7.4	0.0	0.0%	52.5	0.4	0.7%
Aeronautics Account (039)	6.7	0.0	0.3%	6.6	0.0	0.5%	52.8	0.2	0.5%
State Patrol Highway Account (081)	328.6	(0.5)	-0.2%	344.4	(2.3)	-0.7%	2,931.8	(20.6)	-0.7%
Highway/Motorcycle Safety Accts. (106 & 082)	197.0	(1.3)	-0.7%	269.6	(1.8)	-0.7%	2,084.4	(14.5)	-0.7%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.0	(0.0)	0.0%	16.4	(0.0)	-0.1%	136.7	(0.1)	-0.1%
Ignition Interlock Devices Revolving Acct 14V	2.6	0.0	1.6%	3.6	0.1	2.2%	27.7	0.6	2.2%
Total for State Use	**3,444.5**	**7.6**	**0.2%**	**3,713.6**	**(6.4)**	**-0.2%**	**30,764.7**	**(120.2)**	**-0.4%**
Local Uses									
Cities	178.4	0.2	0.1%	182.7	0.6	0.3%	1,457.8	2.3	0.2%
Counties	292.0	0.3	0.1%	299.2	1.0	0.3%	2,388.6	3.8	0.2%
Transportation Improvement Board (112 & 144)	190.6	0.2	0.1%	195.2	0.7	0.3%	1,558.3	2.5	0.2%
County Road Administration Board (102 & 253)	64.1	0.1	0.1%	65.6	0.2	0.3%	524.5	0.8	0.2%
Total for Local Use	**725.0**	**0.8**	**0.1%**	**742.6**	**2.5**	**0.3%**	**5,929.2**	**9.5**	**0.2%**
Total Distribution of Revenue	**4,315.8**	**8.4**	**0.2%**	**4,595.7**	**(3.9)**	**-0.1%**	**37,926.5**	**(110.6)**	**-0.3%**

† Ferry Fares plus non-farebox revenue

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

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

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

Figure 45 Forecast to Baseline Biennium Comparison of All Transportation Revenues
November 2012 forecast - 16 year period

millions of dollars

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

November 2012 • millions of dollars

	Current Biennium 2011-2013			2013-2015			16-Year Period (2011-2027)		
	Forecast Nov-12	Chg from Baseline ¥	Percent Change	Forecast Nov-12	Chg from Baseline ¥	Percent Change	Forecast Nov-12	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,490.0	(29.5)	-1.2%	2,538.3	(38.5)	-1.5%	20,384.8	(548.6)	-2.6%
Licenses, Permits and Fees	926.5	24.8	2.7%	990.1	62.6	6.8%	8,323.3	386.6	4.9%
Ferry Revenue†	323.5	2.6	0.8%	336.6	(1.1)	-0.3%	2,909.2	(79.4)	-2.7%
Toll Revenue §	209.1	22.8	12.2%	275.9	26.3	10.5%	2,573.1	235.5	10.1%
Aviation Revenues ‡	6.7	0.8	13.6%	6.6	0.5	8.1%	52.8	2.6	5.2%
Rental Car Tax	48.2	0.1	0.3%	51.3	0.0	0.1%	474.4	(2.9)	-0.6%
Vehicle Sales Tax	61.7	0.7	1.2%	68.3	0.1	0.1%	635.7	(13.3)	-2.0%
Driver-Related Fees	230.3	27.0	13.3%	307.7	101.1	48.9%	2,397.9	678.5	39.5%
Business/Other Revenues ±	19.9	2.4	13.5%	20.9	2.6	14.2%	175.2	20.3	13.1%
Total Revenues	**4,315.8**	**51.7**	**1.2%**	**4,595.7**	**153.7**	**3.5%**	**37,926.5**	**679.4**	**1.8%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**146.3**	**(5.6)**	**-3.7%**	139.5	**(4.4)**	**-3.1%**	**1,232.6**	**(53.5)**	**-4.2%**
State Uses									
Motor Vehicle Account (108)	1,058.1	6.5	0.6%	1,088.5	13.5	1.3%	8,842.8	(22.6)	-0.3%
Transportation 2003 (Nickel) Account (550)	358.1	12.2	3.5%	394.7	38.7	10.9%	3,148.4	261.3	9.1%
Transportation 2005 Partnership Account (09H)	567.8	(4.6)	-0.8%	580.7	(8.1)	-1.4%	4,647.0	(129.1)	-2.7%
Multimodal Account (218)	238.7	2.0	0.9%	254.9	1.8	0.7%	2,269.5	1.2	0.1%
Special Category C Account (215)	46.5	(0.5)	-1.0%	47.6	(0.7)	-1.4%	380.1	(9.9)	-2.5%
Puget Sound Capital Construction Account (099)	33.8	(0.3)	-1.0%	34.7	(0.5)	-1.4%	276.6	(7.2)	-2.5%
Puget Sound Ferry Operations Account (109)	375.1	2.2	0.6%	388.3	(1.7)	-0.4%	3,327.1	(87.8)	-2.6%
Capital Vessel Replacement Account (18J)	6.3	(0.1)	0.0%	7.7	(0.1)	100.0%	66.4	(2.9)	100.0%
Tacoma Narrows Bridge Account (511)	109.7	15.0	15.8%	128.5	25.7	25.1%	1,148.4	231.1	25.2%
High Occupancy Toll Lanes Account (09F)*	2.2	0.6	39.7%	0.0	0.0	0.0%	2.2	0.6	39.7%
SR 520 Corridor Account (16J)	91.2	5.4	0.0%	140.0	0.6	100.0%	1,369.9	1.9	100.0%
SR 520 Corridor Civil Penalties Account (17P)	6.0	1.8	0.0%	7.4	0.0	100.0%	52.5	1.8	100.0%
Aeronautics Account (039)	6.7	0.8	13.6%	6.6	0.5	8.1%	52.8	2.6	5.2%
State Patrol Highway Account (081)	328.6	(3.5)	-1.1%	344.4	0.9	0.3%	2,931.8	(11.1)	-0.4%
Highway/Motorcycle Safety Accts. (106 & 082)	197.0	26.8	15.8%	269.6	260.2	150.7%	2,084.4	648.8	45.2%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.0	(0.1)	-0.7%	16.4	(0.1)	-0.7%	136.7	(0.6)	-0.4%
Ignition Interlock Device Revolving Acct 14V	2.6	0.2	9.9%	3.6	1.2	48.3%	27.7	7.3	35.7%
Total for State Use	**3,444.5**	**64.5**	**1.9%**	**3,713.6**	**168.6**	**4.8%**	**30,764.7**	**885.5**	**3.0%**
Local Uses									
Cities	178.4	(1.7)	-1.0%	182.7	(2.6)	-1.4%	1,457.8	(38.0)	-2.5%
Counties	292.0	(3.0)	-1.0%	299.2	(4.2)	-1.4%	2,388.6	(61.8)	-2.5%
Transportation Improvement Board (112 & 144)	190.6	(1.9)	-1.0%	195.2	(2.8)	-1.4%	1,558.3	(39.9)	-2.5%
County Road Administration Board (102 & 186)	64.1	(0.6)	-1.0%	65.6	(0.9)	-1.4%	524.5	(12.9)	-2.4%
Total for Local Use	**725.0**	**(7.2)**	**-1.0%**	**742.6**	**(10.5)**	**-1.4%**	**5,929.2**	**(152.5)**	**-2.5%**
Total Distribution of Revenue	**4,315.8**	**51.7**	**1.2%**	**4,595.7**	**153.7**	**3.5%**	**37,926.5**	**679.4**	**1.8%**

¥ Baseline is the February 2012 forecast

† Ferry Fares plus non-farebox revenue

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

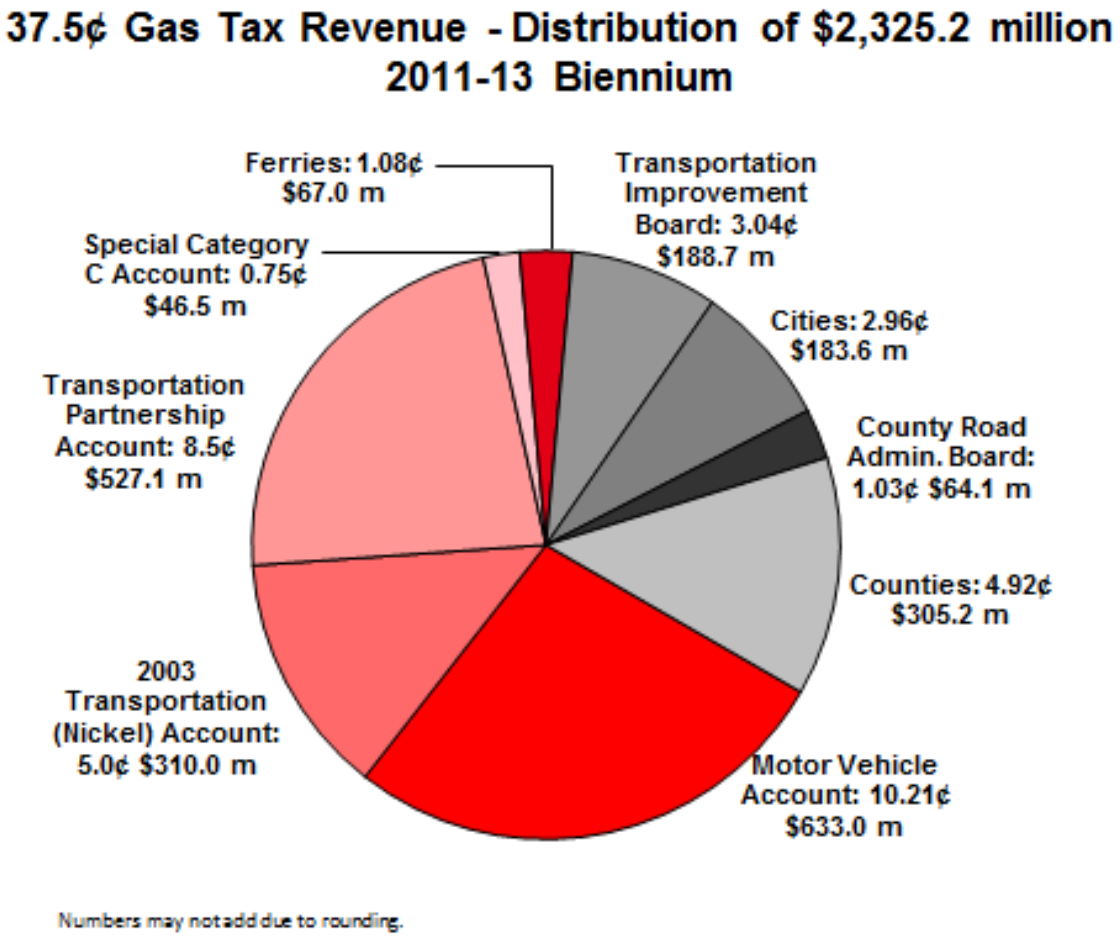
* These transportation revenues had new fees or higher fees adoption by the 2012 Legislature.

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

Motor Fuel Tax Revenue for Distribution

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

Figure 46 Fuel Tax Revenue for Statutory Distribution
2011–13 biennium - $2,325.2 million

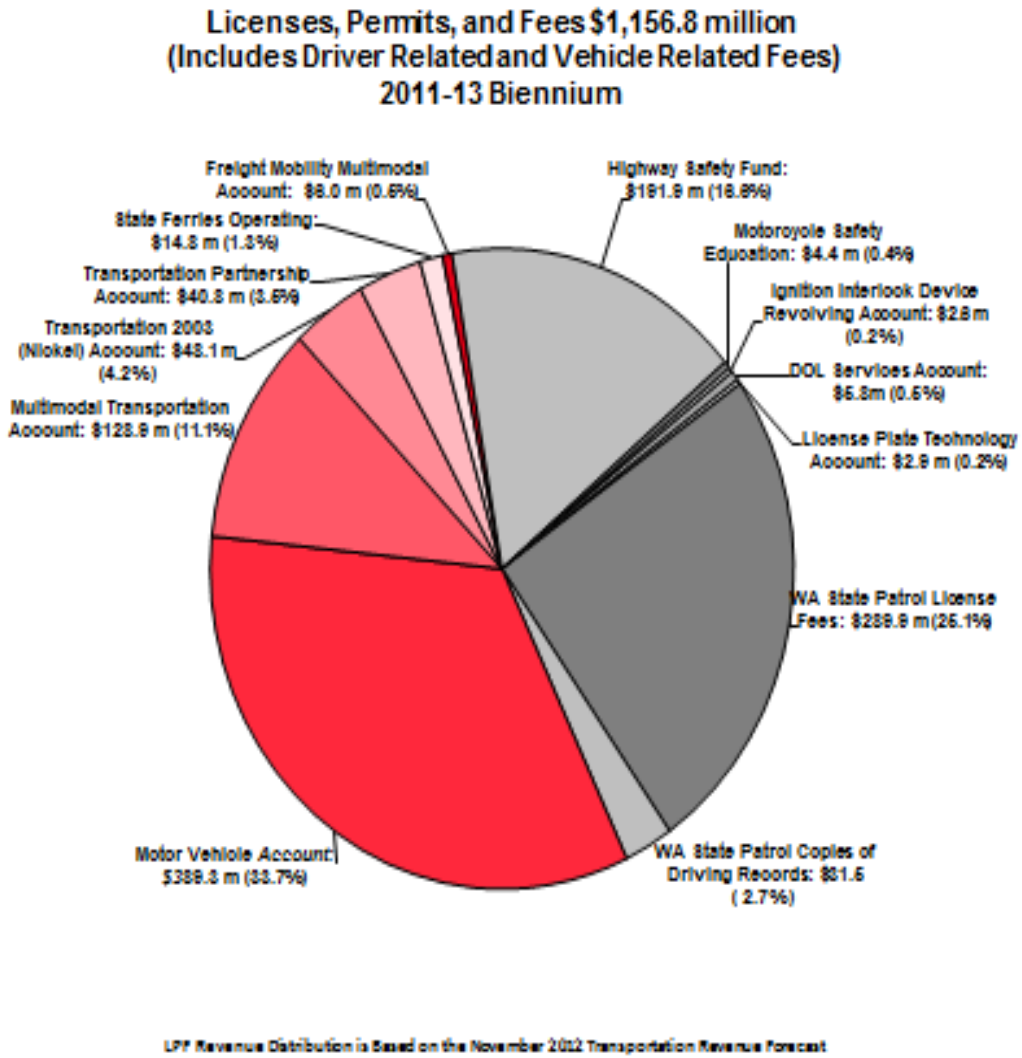


Gas Tax Revenue Distribution is Based on the November 2012 Transportation Revenue Forecast

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

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

Figure 47 License Permits and Fees Revenue for Distribution (Both Motor Vehicle & Driver Related) 2011–13 biennium - $1,156.8 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 48 Motor Vehicle Account Revenue *dollars in millions*	2011-13		2013-15		10-Year Period (2011-2021)	
	Forecast Nov 12	Chg from Sep 12	Forecast Nov 12	Chg from Sep 12	Forecast Nov 12	Chg from Sep 12
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	2,490.0	2.8	2,538.3	7.9	12,767.0	22.1
Licenses, Permits, & Fees	388.0	0.3	404.2	(1.2)	2,087.2	(13.1)
Business-Related Revenue	11.9	0.0	11.9	(0.0)	63.8	(0.3)
Total	**2,889.9**	**3.2**	**2,954.5**	**6.7**	**14,918.0**	**8.7**
Distribution						
Refunds-Regular	146.3	(0.0)	139.5	0.0	751.3	0.1
Fuel Tax Distributions for Local Uses[1]	725.0	0.8	742.6	2.5	3,720.1	6.9
Fuel Tax Distributions for State Uses[2]	960.5	1.0	983.8	3.3	4,928.1	9.2
Total	**1,831.8**	**1.8**	**1,866.0**	**5.8**	**9,399.5**	**16.1**
Net Revenue	**1,058.1**	**1.4**	**1,088.5**	**0.9**	**5,518.5**	**(7.4)**

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

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

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

Transportation 2003 (Nickel) Account Revenue Forecast

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

Figure 49 **Transportation 2003 (Nickel) Account** *dollars in millions*	**2011-13**		**2013-15**		**10-Year Period (2011-2021)**	
	Forecast Nov 12	**Chg from Sep 12**	**Forecast Nov 12**	**Chg from Sep 12**	**Forecast Nov 12**	**Chg from Sep 12**
Revenue						
5¢ Gas Tax	310.0	0.3	317.5	1.1	1,590.3	3.0
Licenses, Permits and Fees	48.1	0.1	77.1	0.1	399.1	(0.7)
Total	**358.1**	**0.4**	**394.7**	**1.2**	**1,989.4**	**2.2**

Transportation Partnership Account Revenue Forecast

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

Figure 50 **Transportation Partnership Account** *dollars in millions*	**2011-13**		**2013-15**		**10-Year Period (2011-2021)**	
	Forecast Nov 12	**Chg from Sep 12**	**Forecast Nov 12**	**Chg from Sep 12**	**Forecast Nov 12**	**Chg from Sep 12**
Revenue						
5¢ Gas Tax	527.1	0.6	539.8	1.8	2,703.5	5.0
Licenses, Permits and Fees	40.8	0.1	40.9	(0.0)	209.8	(0.7)
Total	**567.8**	**0.7**	**580.7**	**1.8**	**2,913.3**	**4.3**

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 51 **Washington State Ferries Accounts** *dollars in millions*	**2011-13**		**2013-15**		**10-Year Period (2011-2021)**	
	Forecast Nov 12	**Chg from Sep 12**	**Forecast Nov 12**	**Chg from Sep 12**	**Forecast Nov 12**	**Chg from Sep 12**
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	316.8	(0.7)	329.4	(8.2)	1,755.8	(70.7)
Concessions & Other Revenue	6.7	0.0	7.2	(0.0)	41.5	(1.5)
Fuel Tax	43.1	0.0	44.2	0.1	222.1	0.4
Licenses, Permits and Fees	14.8	0.0	15.3	(0.0)	80.4	(0.1)
Subtotal	**381.4**	**(0.6)**	**396.1**	**(8.1)**	**2,099.8**	**(71.9)**
Capital Vessel Replacement Account (18J)	6.3	4.6	7.7	(0.2)	39.0	(1.5)
Total	**6.3**	**4.6**	**51.9**	**(0.0)**	**261.1**	**(1.1)**
Puget Sound Cap. Const. Acct. (099) Fuel Tax	33.8	0.0	34.7	0.1	173.6	0.3
Total	**415.2**	**(0.6)**	**430.7**	**(8.0)**	**2,273.4**	**(71.6)**

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 52 **Multimodal Account** *dollars in millions*	**2011-13**		**2013-15**		**10-Year Period (2011-2021)**	
	Forecast Nov 12	**Chg from Sep 12**	**Forecast Nov 12**	**Chg from Sep 12**	**Forecast Nov 12**	**Chg from Sep 12**
Revenue						
Licenses, Permits and Fees	128.9	0.3	135.3	0.6	717.8	1.9
Rental Car Tax	48.2	0.0	51.3	0.0	288.9	(0.4)
Vehicle Sales Tax	61.7	0.0	68.3	0.1	391.9	1.0
Total	**238.7**	**0.3**	**254.9**	**0.7**	**1,398.7**	**2.5**

Aeronautics Account Revenue Forecast

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

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

Figure 53 **Aeronautics Account** *dollars in thousands*	**2011-13**		**2013-15**		**10-Year Period (2011-2021)**	
	Forecast Nov 12	**Chg from Sep 12**	**Forecast Nov 12**	**Chg from Sep 12**	**Forecast Nov 12**	**Chg from Sep 12**
Revenue						
Aircraft Dealer License Fees	7.0	(1.1)	7.0	(1.0)	35.0	(5.0)
Aircraft Excise Tax	604.2	2.7	610.4	2.9	3,119.5	15.0
Aircraft Fuel Tax	5,813.8	0.0	5,691.2	0.0	28,467.5	0.0
Aeronautics Transfer (from MV Fund)	562.3	1.1	565.7	3.3	2,778.7	10.4
Aircraft Registrations	241.9	18.6	244.3	28.9	1,249.5	148.5
Total	**7,229.1**	**21.4**	**7,118.6**	**34.1**	**35,650.2**	**168.9**

Toll Revenue Forecast

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

Figure 54 **Tolling Accounts** *dollars in millions*	**2011-13**		**2013-15**		**10-Year Period (2011-2021)**	
	Forecast Nov 12	**Chg from Sep 12**	**Forecast Nov 12**	**Chg from Sep 12**	**Forecast Nov 12**	**Chg from Sep 12**
Revenue						
Tacoma Narrows Bridge Account						
Toll Revenues	105.3	0.1	125.6	0.3	655.0	2.2
Transponder Sales/ Shield Sales	0.7	0.0	0.7	0.0	3.9	0.0
Violations	0.2	0.0	0.0	0.0	0.2	0.0
Civil Penalties	1.2	0.1	1.4	0.0	7.5	0.1
Fees	0.5	0.0	0.8	0.0	3.9	0.1
Misc. Revenues	1.9	1.9	0.0	0.0	1.9	1.9
Subtotal Tacoma Narrows Bridge	**109.7**	**0.2**	**128.5**	**0.3**	**670.3**	**2.4**
HOT Lanes Operations Account ^						
Toll Revenues	2.0	0.0	0.0	0.0	2.0	0.0
Transponder Sales/ Shield Sales	0.1	0.0	0.0	0.0	0.1	0.0
Fees	0.0	0.0	0.0	0.0	0.0	0.0
Misc. Revenues	0.1	0.1	0.0	0.0	0.1	0.1
Subtotal HOT Lanes Operations	**2.2**	**0.2**	**0.0**	**0.0**	**2.2**	**0.0**
SR 520 Bridge						
Toll Revenues	83.7	1.2	133.9	(1.3)	727.6	(2.2)
Transponder Sales/ Shield Sales	2.7	0.3	2.0	(0.2)	11.2	(0.8)
Civil Penalties	6.0	0.4	7.4	0.0	33.8	0.4
Fees	2.5	0.8	3.4	(0.5)	16.5	(1.0)
Misc. Revenues	1.9	1.9	0.0	0.0	1.9	1.9
Subtotal SR 520 Bridge	**94.9**	**2.6**	**146.7**	**(2.0)**	**789.2**	**(3.6)**
Total Tolling Revenues	**206.8**	**3.0**	**275.2**	**(1.7)**	**1,459.5**	**(1.2)**

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

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

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

Figure 55 **Highway Safety/Motorcycle Safety/WSP** *dollars in millions*	**2011-13**		**Current Biennium 2013-15**		**10-Year Period (2011-2021)**	
	Forecast Nov 12	**Chg from Sep 12**	**Forecast Nov 12**	**Chg from Sep 12**	**Forecast Nov 12**	**Chg from Sep 12**
Revenue						
Highway Safety						
Driver License Fees	152.9	(0.8)	218.5	(0.1)	1,076.0	(0.4)
Copies of Records	34.0	(0.5)	38.7	(1.6)	201.3	(8.2)
Other and Miscellaneous	5.1	(0.0)	5.3	0.0	27.0	(0.0)
Subtotal	**191.9**	**(1.3)**	**262.4**	**(1.6)**	**1,304.3**	**(8.6)**
Motorcycle Safety Permits/Endorsements	4.4	(0.1)	5.3	(0.2)	26.8	(0.7)
State Patrol Copies of Records / LPF/Business Related	328.6	(0.5)	344.4	(2.3)	1,816.2	(13.9)
Subtotal	**333.0**	**(0.6)**	**349.7**	**(2.5)**	**1,843.0**	**(14.7)**
Total	**524.9**	**(1.9)**	**612.2**	**(4.1)**	**3,147.3**	**(23.2)**

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