# Transportation Revenue Forecast Council

## March 2013 Transportation Economic and Revenue Forecasts

## Volume I: Summary

# Washington Transportation
# Economic and Revenue Forecast
# March 2013 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 March 2013 transportation revenue forecast.

- March 2013 transportation forecast of revenues: $4.31 billion for the current biennium which represents an increase of 5.7% over the prior 2009-11 biennium of $4.074 billion.
- Overall transportation revenue is down 0.2% forecast to forecast in the current biennium ($8 million) with the largest share of the decrease in March in the current biennium being lower motor fuel taxes, rental car and driver related revenue.
- For the 10-year forecast horizon, total revenues are projected to be $23.06 billion, which is down by $113.6 million (0.5%) from November due to lower tax collections in certain taxes/fees and more pessimistic economic variable outlook.
- New projections of real personal income and employment projections are down in the near-term and long-term from the last forecast. Washington's Office of Financial Management final population projections included in the November forecast were essentially not changed from the final population projections. OFM's 2013 long-term projections of personal income and employment are included in the March forecast which are lower than 2012 OFM long-term projections. The current forecast for average retail gas, diesel and wholesale diesel price forecasts are quite close to the November forecast but slightly higher in the near-term and higher in FY 2020 and beyond.
- The primary reason for the change in fuel taxes in the current year has been lower diesel tax collections than anticipated. Economic variables affecting gas consumption in this March forecast are higher gas prices in the long-term and lower non-agricultural employment. Diesel consumption is affected by lower Washington personal income and employment in the trade, transportation and utilities industries. For the current biennium, overall gasoline and diesel revenue are down $4.5 million from the November forecast and down $17.5 million next biennium. This lower fuel tax collection trend continues throughout the forecast horizon.
- Licenses, permits and fee revenue is up slightly by $2 million, forecast to forecast, in the current biennium and also up $5.9 million in the next biennium. This is due higher truck revenue forecast.
- Vehicle sales tax revenue is up from November by $1.5 million but the rental car tax is down $1.4 million in the current biennium. In next biennium, the same trend continues with the vehicle sales tax revenue being up $2.5 million and rental car revenue is down $1.7 million the last forecast in the next biennium.
- Base ferry revenue estimate is down $0.8 million in the current biennium and $0,7 million in the next biennium. Ferries forecast incorporates new lower county level population forecast and lower actual.s
- Toll revenue forecast is essentially the same as in November.

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 year over year. 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 $2.21 billion, which represents an annual increase of 5.2% and a -0.3% revision from the November forecast. Overall during the 10-year horizon, transportation revenues are projected to be $23.06 billion with an average annual growth rate of 3% each year.

**Figure 1 Total Transportation Revenues Comparison**
**March 2013 vs November 2012 forecasts**
*millions of dollars*

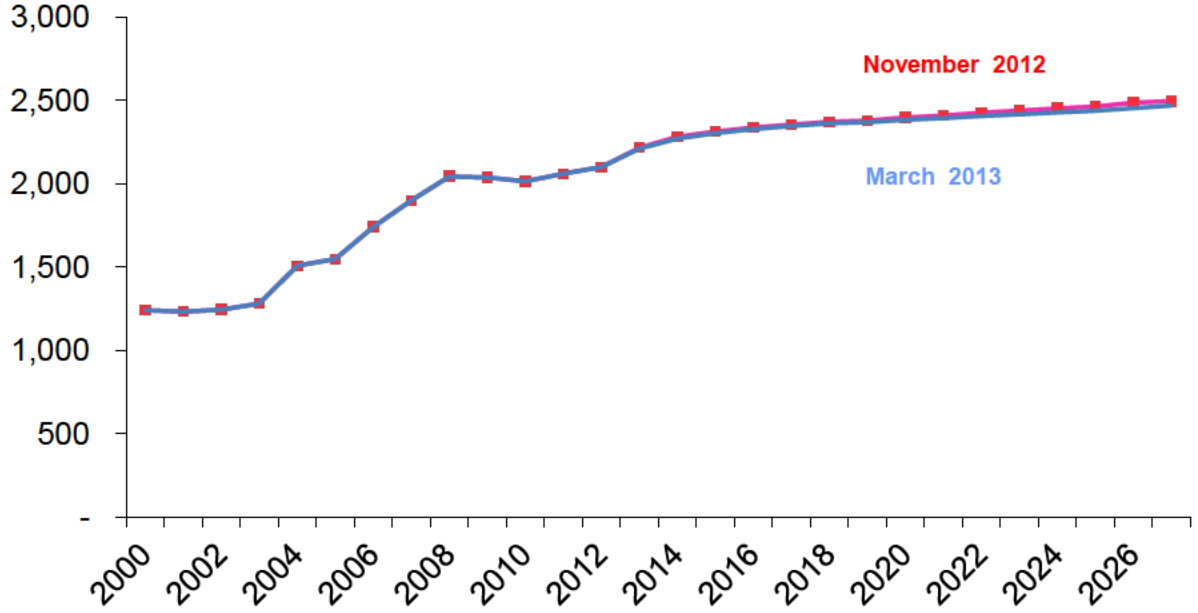
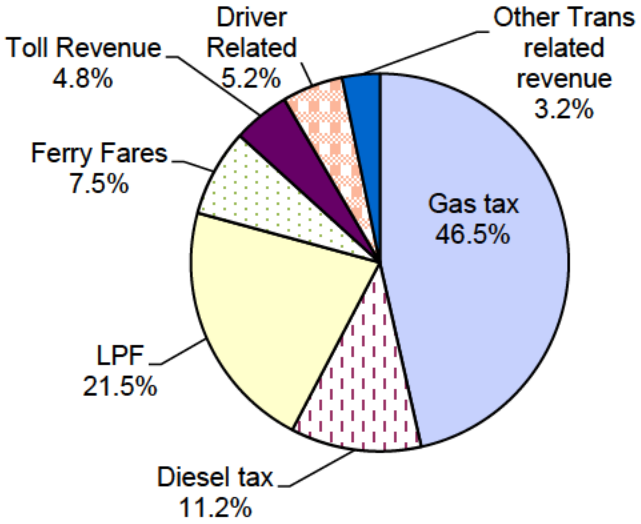



**Figure 2 Revenue by Source**
**2011-13 biennium ($4.31 billion)**




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, ($4.31 billion). Gasoline fuel taxes comprise the largest share at 46.5%. 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, March transportation revenues are projected at $4.31 billion. This forecast is slightly down from the last forecast by $8.1 million or 0.2% from November. The decrease in the March revenue forecast over the last forecast is primarily due to driver related fees and motor fuel taxes being below expectations. In the next biennium, total transportation revenues are anticipated to be $4.57 billion which is a biennium to biennium increase of 6% but down from last quarter's projections by $26 million or 0.6%. The primary source of the decline in revenue next biennium is lower motor vehicle fuel tax revenue with a decline of $17.5 million over November. Driver related fee revenue was also down by $13.9 million or 4.5% from November in next biennium. Rental car taxes and ferry revenue are also down from the last forecast by $1.7 million and $0.7 million respectively in the next biennium. Over the 10-year forecast horizon (2012-2021), the revenue forecast for March 2013 is $23.06 billion which is down $113.6 million or 0.5% from the November forecast.

**Figure 3 Forecast to Forecast Biennium Comparison of All Transportation Revenues**
**March 2013 forecast - 10 year period** *millions of dollars*

**Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period**
*March 2013 • millions of dollars*

| | Current Biennium 2011-2013 | | | 2013-2015 | | | 10-Year Period (2011-2021) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Forecast Mar-13 | Chg from Nov-12 | Percent Change | Forecast Mar-13 | Chg from Nov-12 | Percent Change | Forecast Mar-13 | Chg from Nov-12 | Percent Change |
| **Sources of Transportation Revenue** | | | | | | | | | |
| Motor Vehicle Fuel Tax Collections | 2,485.4 | (4.5) | -0.2% | 2,520.8 | (17.5) | -0.7% | 12,618.8 | (81.1) | -0.6% |
| Licenses, Permits and Fees * | 928.6 | 2.1 | 0.2% | 996.0 | 5.9 | 0.6% | 5,049.3 | 29.5 | 0.6% |
| Ferry Revenue† | 322.7 | (0.8) | -0.2% | 335.9 | (0.7) | -0.2% | 1,731.1 | (9.7) | -0.6% |
| Toll Revenue | 208.9 | 0.1 | 0.1% | 275.2 | 0.0 | 0.0% | 1,465.6 | 0.1 | 0.0% |
| Aviation Revenues ‡ | 6.5 | (0.2) | -2.8% | 6.2 | (0.4) | -6.3% | 31.8 | (1.1) | -3.4% |
| Rental Car Tax | 46.7 | (1.4) | -3.0% | 49.7 | (1.7) | -3.2% | 267.9 | (5.2) | -1.9% |
| Vehicle Sales Tax | 63.1 | 1.5 | 2.4% | 70.7 | 2.5 | 3.6% | 372.6 | 5.4 | 1.5% |
| Driver-Related Fees* | 225.5 | (4.8) | -2.1% | 293.7 | (13.9) | -4.5% | 1,404.2 | (51.8) | -3.6% |
| Business/Other Revenues ‡* | 22.6 | 0.0 | 0.2% | 23.7 | 0.1 | 0.2% | 119.9 | 0.2 | 0.2% |
| **Total Revenues** | **4,310.1** | **(8.1)** | **-0.2%** | **4,571.9** | **(25.9)** | **-0.6%** | **23,061.1** | **(113.6)** | **-0.5%** |
| **Distribution of Revenue** | | | | | | | | | |
| Motor Fuel Tax Refunds and Transfers | **147.6** | **1.3** | **0.9%** | **138.6** | **(0.9)** | **-0.6%** | **735.5** | **(2.1)** | -0.3% |
| **State Uses** | | | | | | | | | |
| Motor Vehicle Account (108) | 1,055.9 | (2.1) | -0.2% | 1,087.9 | (0.6) | -0.1% | 5,451.0 | (6.1) | -0.1% |
| Transportation 2003 (Nickel) Account (550) | 357.7 | (0.4) | -0.1% | 393.5 | (1.1) | -0.3% | 1,943.8 | (4.7) | -0.2% |
| Transportation 2005 Partnership Account (09H) | 567.4 | (0.5) | -0.1% | 577.7 | (3.0) | -0.5% | 2,884.9 | (14.0) | -0.5% |
| Multimodal Account (218) | 238.8 | 0.0 | 0.0% | 255.1 | 0.3 | 0.1% | 1,335.2 | (1.0) | -0.1% |
| Special Category C Account (215) | 46.4 | (0.1) | -0.1% | 47.3 | (0.3) | -0.7% | 236.0 | (1.5) | -0.6% |
| Puget Sound Capital Construction Account (099) | 33.8 | (0.0) | -0.1% | 34.4 | (0.2) | -0.7% | 171.7 | (1.1) | -0.6% |
| Puget Sound Ferry Operations Account (109) | 374.1 | (1.0) | -0.3% | 386.8 | (1.6) | -0.4% | 1,986.5 | (14.4) | -0.7% |
| Capital Vessel Replacement Account (18J) | 6.2 | (0.1) | 0.0% | 7.7 | (0.0) | 0.0% | 38.7 | (0.3) | 0.0% |
| Tacoma Narrows Bridge Account (511) | 109.7 | 0.0 | 0.0% | 128.5 | 0.0 | 0.0% | 672.2 | 0.0 | 0.0% |
| High Occupancy Toll Lanes Account (09F)^ | 2.3 | 0.1 | 5.6% | 0.0 | 0.0 | 0.0% | 2.3 | 0.1 | 5.6% |
| SR 520 Corridor Account (16J) | 90.8 | 0.0 | 0.0% | 139.3 | 0.0 | 0.0% | 757.3 | 0.0 | 0.0% |
| SR 520 Corridor Civil Penalties Account (17P) | 6.0 | 0.0 | 0.0% | 7.4 | 0.0 | 0.0% | 33.8 | 0.0 | 0.0% |
| Aeronautics Account (039) | 6.5 | (0.2) | -2.8% | 6.2 | (0.4) | -6.3% | 31.8 | (1.1) | -3.4% |
| State Patrol Highway Account (081) | 329.5 | (0.2) | -0.1% | 344.4 | (1.2) | -0.3% | 1,766.8 | (3.6) | -0.2% |
| Highway/Motorcycle Safety Accts. (106 & 082) | 193.0 | (4.0) | -2.1% | 257.5 | (12.1) | -4.5% | 1,222.6 | (43.6) | -3.4% |
| School Zone Safety Account (780) | 1.6 | 0.0 | 0.0% | 1.6 | 0.0 | 0.0% | 7.8 | 0.0 | 0.0% |
| Other accounts (201, 06T, 097, 09E, 216, 07C) | 16.0 | 0.0 | 0.0% | 16.3 | (0.0) | -0.1% | 83.3 | (0.0) | 0.0% |
| Ignition Interlock Devices Revolving Acct 14V | 2.6 | 0.0 | 0.0% | 3.6 | 0.0 | 0.0% | 16.9 | 0.0 | 0.0% |
| **Total for State Use** | **3,438.4** | **(8.5)** | **-0.2%** | **3,695.2** | **(20.4)** | **-0.5%** | **18,642.6** | **(91.4)** | **-0.5%** |
| **Local Uses** | | | | | | | | | |
| Cities | 178.1 | (0.2) | -0.1% | 181.4 | (1.3) | -0.7% | 905.0 | (5.8) | -0.6% |
| Counties | 291.8 | (0.2) | -0.1% | 297.6 | (1.5) | -0.5% | 1,485.9 | (6.0) | -0.4% |
| Transportation Improvement Board (112 & 144) | 190.3 | (0.3) | -0.1% | 193.8 | (1.4) | -0.7% | 967.0 | (6.2) | -0.6% |
| County Road Administration Board (102 & 186) | 64.0 | (0.1) | -0.1% | 65.2 | (0.5) | -0.7% | 325.1 | (2.1) | -0.6% |
| **Total for Local Use** | **724.2** | **(0.8)** | **-0.1%** | **738.0** | **(4.6)** | **-0.6%** | **3,683.0** | **(20.1)** | **-0.5%** |
| **Total Distribution of Revenue** | **4,310.1** | **(8.1)** | **-0.2%** | **4,571.9** | **(25.9)** | **-0.6%** | **23,061.1** | **(113.6)** | **-0.5%** |

† 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 June 30, 2013

Figure 4 reveals the forecast to baseline comparison. The major difference between the baseline February 2012 forecast and the current March 2013 is the inclusion of 2012 legislative changes which increased and added several transportation fees. In the current biennium, total transportation revenues are $4.31 million and up $46 million from November's forecast. In the 2013-15 biennium, transportation revenues are up to $4.57 billion and up $130 million from the baseline February 2012 forecast. Over the 10 year forecast horizon, revenues are up $372.8 million or 1.6% from the baseline forecast.

**Figure 4 Forecast to Baseline (February 2012 Forecast) Comparison of All Transportation Revenues March 2013 forecast - 10 year period** *millions of dollars*

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

*March 2013 • millions of dollars*

| | Current Biennium 2011-2013 | | | 2013-2015 | | | 10-Year Period (2011-2021) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Forecast Mar-13 | Chg from Baseline ¥ | Percent Change | Forecast Mar-13 | Chg from Baseline ¥ | Percent Change | Forecast Mar-13 | Chg from Baseline ¥ | Percent Change |
| **Sources of Transportation Revenue** | | | | | | | | | |
| Motor Vehicle Fuel Tax Collections | 2,485.4 | (34.1) | -1.4% | 2,520.8 | (56.0) | -2.2% | 12,618.8 | (360.8) | -2.8% |
| Licenses, Permits and Fees | 928.6 | 26.9 | 3.0% | 996.0 | 68.5 | 7.4% | 5,049.3 | 282.6 | 5.9% |
| Ferry Revenue† | 322.7 | 1.8 | 0.6% | 335.9 | (1.8) | -0.5% | 1,731.1 | (43.1) | -2.4% |
| Toll Revenue § | 208.9 | 22.6 | 12.1% | 275.2 | 25.6 | 10.2% | 1,465.6 | 136.9 | 10.3% |
| Aviation Revenues ‡ | 6.5 | 0.6 | 10.4% | 6.2 | 0.1 | 1.3% | 31.8 | 1.0 | 3.2% |
| Rental Car Tax | 46.7 | (1.3) | -2.7% | 49.7 | (1.6) | -3.2% | 267.9 | (5.4) | -2.0% |
| Vehicle Sales Tax | 63.1 | 2.2 | 3.6% | 70.7 | 2.5 | 3.7% | 372.6 | (0.0) | 0.0% |
| Driver-Related Fees | 225.5 | 22.2 | 10.9% | 293.7 | 87.2 | 42.2% | 1,404.2 | 350.9 | 33.3% |
| Business/Other Revenues ± | 22.6 | 5.1 | 29.2% | 23.7 | 5.4 | 29.5% | 119.9 | 26.6 | 28.5% |
| **Total Revenues** | **4,310.1** | **46.0** | **1.1%** | **4,571.9** | **129.9** | **2.9%** | **23,061.1** | **388.7** | **1.7%** |
| **Distribution of Revenue** | | | | | | | | | |
| Motor Fuel Tax Refunds and Transfers | **147.6** | **(4.3)** | **-2.8%** | **138.6** | **(5.3)** | **-3.7%** | **735.5** | **(30.8)** | **-4.0%** |
| **State Uses** | | | | | | | | | |
| Motor Vehicle Account (108) | 1,055.9 | 4.4 | 0.4% | 1,087.9 | 12.8 | 1.2% | 5,451.0 | 9.6 | 0.2% |
| Transportation 2003 (Nickel) Account (550) | 357.7 | 11.8 | 3.4% | 393.5 | 37.6 | 10.6% | 1,943.8 | 153.2 | 8.6% |
| Transportation 2005 Partnership Account (09H) | 567.4 | (5.1) | -0.9% | 577.7 | (11.1) | -1.9% | 2,884.9 | (76.6) | -2.6% |
| Multimodal Account (218) | 238.8 | 2.1 | 0.9% | 255.1 | 2.0 | 0.8% | 1,335.2 | 3.5 | 0.3% |
| Special Category C Account (215) | 46.4 | (0.5) | -1.1% | 47.3 | (1.0) | -2.1% | 236.0 | (6.5) | -2.7% |
| Puget Sound Capital Construction Account (099) | 33.8 | (0.4) | -1.1% | 34.4 | (0.7) | -2.1% | 171.7 | (4.7) | -2.7% |
| Puget Sound Ferry Operations Account (109) | 374.1 | 1.2 | 0.3% | 386.8 | (3.3) | -0.8% | 1,986.5 | (51.9) | -2.5% |
| Capital Vessel Replacement Account (18J) | 6.2 | (0.1) | 0.0% | 7.7 | (0.2) | 100.0% | 38.7 | (1.7) | 0.0% |
| Tacoma Narrows Bridge Account (511) | 109.7 | 15.0 | 15.8% | 128.5 | 25.7 | 25.1% | 672.2 | 128.3 | 23.6% |
| High Occupancy Toll Lanes Account (09F)* | 2.3 | 0.8 | 47.5% | 0.0 | 0.0 | 0.0% | 2.3 | 0.8 | 47.5% |
| SR 520 Corridor Account (16J) | 90.8 | 5.0 | 0.0% | 139.3 | (0.2) | 100.0% | 757.3 | 6.1 | 100.0% |
| SR 520 Corridor Civil Penalties Account (17P) | 6.0 | 1.8 | 0.0% | 7.4 | 0.0 | 100.0% | 33.8 | 1.8 | 100.0% |
| Aeronautics Account (039) | 6.5 | 0.6 | 10.4% | 6.2 | 0.1 | 1.3% | 31.8 | 1.0 | 3.2% |
| State Patrol Highway Account (081) | 329.5 | (2.6) | -0.8% | 344.4 | 0.9 | 0.3% | 1,766.8 | 0.3 | 0.0% |
| Highway/Motorcycle Safety Accts. (106 & 082) | 193.0 | 22.8 | 13.4% | 257.5 | 84.9 | 49.2% | 1,222.6 | 342.3 | 38.9% |
| School Zone Safety Account (780) | 1.6 | 1.6 | 0.0% | 1.6 | 1.6 | 0.0% | 12.5 | 12.5 | 0.0% |
| Other accounts (201, 06T, 097, 09E, 216, 07C) | 16.0 | (0.1) | -0.7% | 16.3 | (0.1) | -0.8% | 83.3 | (0.4) | -0.5% |
| Ignition Interlock Device Revolving Acct 14V | 2.6 | 0.2 | 9.9% | 3.6 | 1.2 | 48.3% | 16.9 | 4.6 | 37.1% |
| **Total for State Use** | **3,438.4** | **58.3** | **1.7%** | **3,695.2** | **150.2** | **4.2%** | **18,647.3** | **522.1** | **2.9%** |
| **Local Uses** | | | | | | | | | |
| Cities | 178.1 | (2.0) | -1.1% | 181.4 | (3.8) | -2.1% | 905.0 | (25.0) | -2.7% |
| Counties | 291.8 | (3.2) | -1.1% | 297.6 | (5.8) | -1.9% | 1,485.9 | (37.3) | -2.4% |
| Transportation Improvement Board (112 & 144) | 190.3 | (2.1) | -1.1% | 193.8 | (4.1) | -2.1% | 967.0 | (26.7) | -2.7% |
| County Road Administration Board (102 & 186) | 64.0 | (0.7) | -1.1% | 65.2 | (1.4) | -2.1% | 325.1 | (9.0) | -2.7% |
| **Total for Local Use** | **724.2** | **(8.0)** | **-1.1%** | **738.0** | **(15.1)** | **-2.0%** | **3,683.0** | **(97.9)** | **-2.6%** |
| **Total Distribution of Revenue** | **4,310.1** | **46.0** | **1.1%** | **4,571.9** | **129.9** | **2.9%** | **23,065.8** | **393.4** | **1.7%** |

¥ 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

## 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**
**March 2013 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 | -0.5 | 9.9 | -1.0 |
| 2011 | 2.9 | 1.0 | 1.9 | 17.8 | 0.3 | 10.1 | 19.9 |
| 2012 | 2.7 | 1.0 | 2.3 | 13.7 | 1.0 | 14.7 | -9.8 |
| 2013 | 2.3 | 1.1 | 1.3 | -0.1 | 1.1 | 6.2 | -1.5 |
| 2014 | 2.8 | 1.2 | 1.5 | -9.7 | 1.0 | 4.1 | -5.2 |
| 2015 | 3.6 | 1.2 | 1.6 | -3.5 | 1.6 | 6.3 | -0.7 |
| 2016 | 3.6 | 1.2 | 1.5 | -0.2 | 1.8 | 7.5 | -0.4 |
| 2017 | 3.5 | 1.2 | 1.4 | 3.5 | 1.9 | 3.6 | -0.6 |
| 2018 | 3.2 | 1.2 | 1.5 | 2.2 | 1.8 | 2.9 | -0.4 |
| 2019 | 1.9 | 1.1 | 1.8 | 2.3 | 1.8 | 2.7 | -0.3 |
| 2020 | 1.6 | 1.1 | 1.8 | 2.1 | 1.8 | 2.2 | -0.1 |
| 2021 | 1.6 | 1.1 | 1.8 | 2.2 | 1.9 | 2.9 | -0.04 |
| 2022 | 1.8 | 1.1 | 1.9 | 2.0 | 1.9 | 2.4 | 0.08 |
| 2023 | 2.1 | 1.1 | 1.9 | 2.0 | 2.0 | 1.5 | 0.10 |
| 2024 | 2.5 | 1.0 | 1.9 | 1.8 | 2.0 | 1.4 | -0.04 |
| 2025 | 2.7 | 1.1 | 1.8 | 1.7 | 2.1 | 1.2 | -0.03 |
| 2026 | 2.6 | 1.0 | 1.8 | 1.6 | 2.1 | 1.5 | -0.02 |
| 2027 | 2.6 | 1.0 | 1.8 | 1.6 | 2.0 | 1.6 | -0.01 |

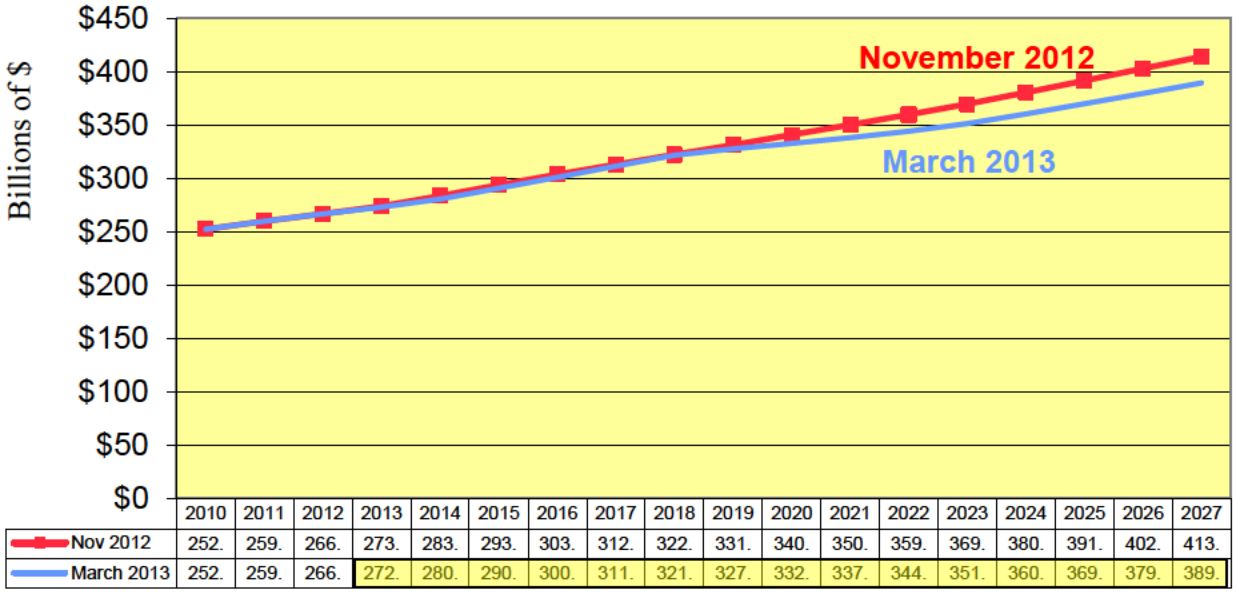
*Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management, Feb. 2013 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices*

*WA Personal Income*

The forecast of Washington real personal income is projected by the Washington Economic and Revenue Forecast Council (ERFC), based on the February Global Insight forecast, February 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 lower growth rate at 2.3% versus 2.7% in November's projection. In FY 2013, Washington real personal income is projected at $272.8 billion versus $274 billion in the November forecast. For FY 2014 the annual growth rate is projected at 2.8% as opposed to 3.5% in November. FY 2015 annual growth rate is the same as last forecast at 3.6%. Personal income projections are down in the near-term due to prior forecasts assuming a continuation of the 2% federal payroll tax cut that expired on January 1, 2013. That assumption change caused personal income growth rates to decline in the current and next fiscal year. The extended projections of Washington personal income are lower than last forecast due to the incorporation of OFM's 2013 long-term personal income projections. In FY 2018, Washington's personal income growth rate begins to

decline to 3.2% and then by FY 2019, the annual growth rate is approximately 1.9% and it falls further to 1.6% in FY 2020-2021. Then personal income growth rates rise again to 2.1% and then to 2.6% by the end of the forecast horizon.

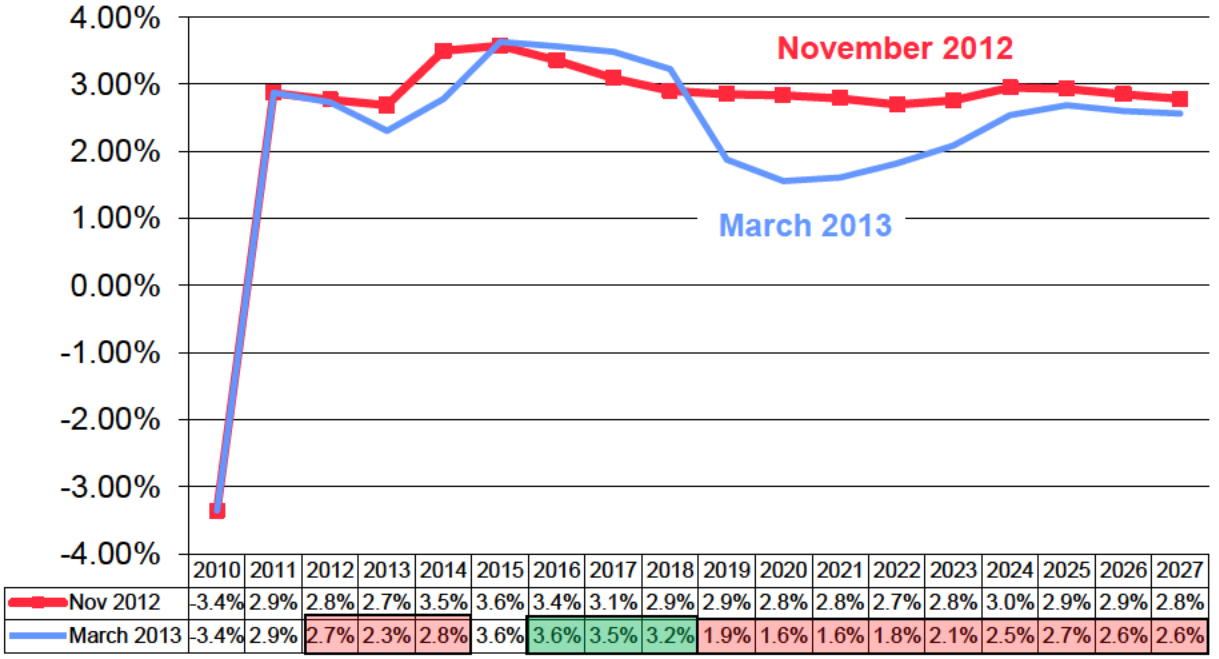
**Figure 6 Comparison of Quarterly Washington Real Personal Income March 2013 vs November 2012**




| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nov 2012 | 252. | 259. | 266. | 273. | 283. | 293. | 303. | 312. | 322. | 331. | 340. | 350. | 359. | 369. | 380. | 391. | 402. | 413. |
| March 2013 | 252. | 259. | 266. | 272. | 280. | 290. | 300. | 311. | 321. | 327. | 332. | 337. | 344. | 351. | 360. | 369. | 379. | 389. |

*Source: Washington Economic and Revenue Forecast Council (Feb 2013 economic variables) and 2013 OFM long-term personal income forecast*

**Figure 7 Forecast Comparison of Annual Growth Rates for Washington Real Personal Income March 2013 vs November 2012**




| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Nov 2012 | -3.4% | 2.9% | 2.8% | 2.7% | 3.5% | 3.6% | 3.4% | 3.1% | 2.9% | 2.9% | 2.8% | 2.8% | 2.7% | 2.8% | 3.0% | 2.9% | 2.9% | 2.8% |
| March 2013 | -3.4% | 2.9% | 2.7% | 2.3% | 2.8% | 3.6% | 3.6% | 3.5% | 3.2% | 1.9% | 1.6% | 1.6% | 1.8% | 2.1% | 2.5% | 2.7% | 2.6% | 2.6% |

*Source: Washington Economic and Revenue Forecast Council (Feb. 2013 economic variables) and 2013 OFM long-term real personal income growth rates*

The 2013OFM forecast of personal income growth for fiscal years 2016 thru 2020 is, on average, 2.34% and for the remaining years beyond FY 2020 the personal income growth rate also averaged 2.3% instead of 2.8% projected last year. Figure 7 reveals the change in the annual growth rates for Washington personal income which reveals that in FY 2012 and 2014 the growth rates in March were lower than in November but other years forecasted by the Office of Forecast Council were higher or the same growth rates. Then when the new OFM 2013 long-term forecast is effective, personal income annual growth rates are significantly lower and fall to a low of 1.6% by FY 2020.

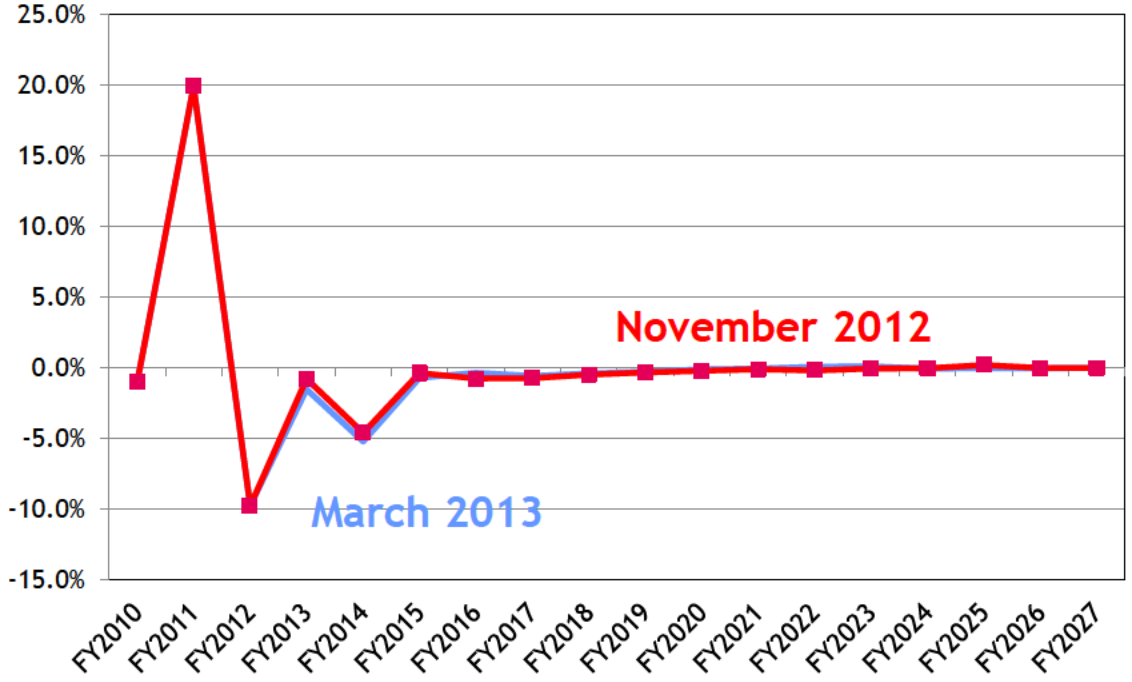
*WA Population*

In the March 2013 forecast, the final 2012 OFM population projections are incorporated into the forecast. There was very little change between the preliminary 2012 population forecast used in the November forecast and this final version. 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 1.1%. In fiscal years 2014 through 2018, the annual population growth rate is approximately 1.2% each year. By FY 2019, the annual population growth rate falls slightly to 1.1% through FY 2023 and then it declines slightly to 1% in FY 2024 and then back up again to 1.1% in FY 2025 and 1% again in the last two years of the forecast horizon.

*WA In-Driver Population*

The Washington in-driver forecast is used by the Department of Licensing for a number of driver related fee forecasts. In FY 2012, Washington in-driver population was 146,482 and this was a decline of 9.8% from the prior year. In FY 2013, the March 2013 forecast of in drivers has declined 0.7% from the November forecast of -0.8% so total in-drivers is anticipated to be 144,262 which is an annual decline of -1.5%. In subsequent years, the March 2013 forecast is nearly identical to the November forecast. FY 2014 has an annual -5.2% decline year over year. In the remaining years of the forecast horizon, the trend for in-drivers is a small negative year over year decline. This March forecast is a very minor change from the previous forecast.

**Figure 8 Forecast Comparison of Annual Growth Rates for In-Driver Population – March 2013 vs November 2012**

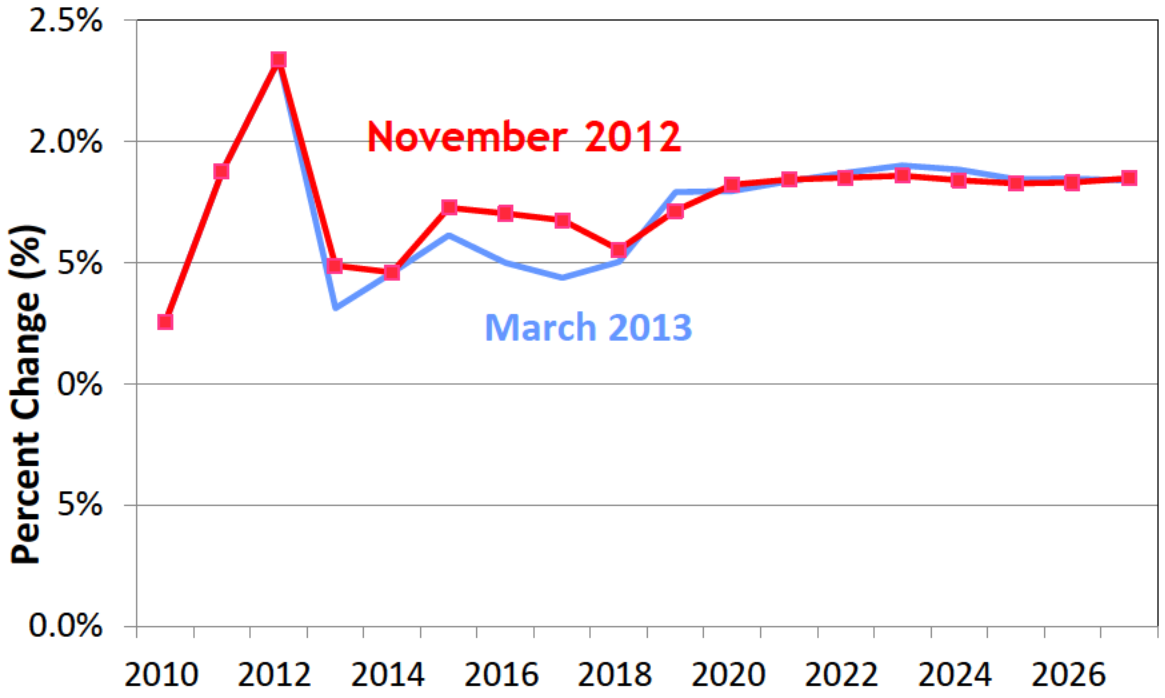



Source: Washington Office of Financial Management

*U.S. Inflation*

The U.S. inflation rate forecast is from Economic and Revenue Forecast Council in the near-term through FY 2017 and Global Insight's February 2012 projection of the implicit price deflator (IPDC) in the long-term (Figure 9). 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 1.3%, lower than in FY 2012 and lower than the November forecast at 1.5%. In FY 2014, the inflation forecast is projected to be slightly up at 1.5% which is the same annual rate as projected in November. Then in FY 2015, the current forecast shows an annual increase in inflation of 1.6% as opposed to 1.7% last quarter; in FY 2016 - 2018, the current forecast is also projecting inflation at 1.5%, 1.4% and 1.5% respectively which is lower than the 1.7%, 1.7% and 1.6% respectively projected in the prior forecast. For the remainder of the forecast horizon, the inflation rates are between 1.8% and 1.9% which is the same as the November forecast.

**Figure 9 Inflation Forecast Comparison – Annual Percent Change in U.S. Implicit Price Deflator for Personal Consumption March 2013 vs November 2012**

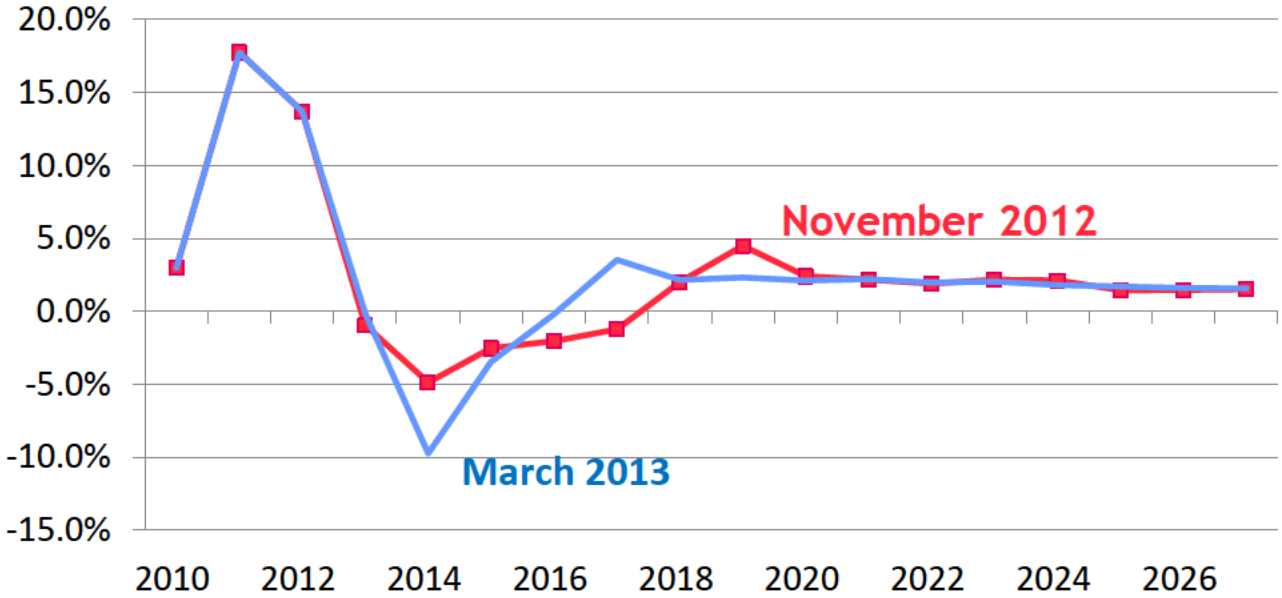



*Source: Washington Economic and Revenue Forecast Council* and February 2013 *Global Insight forecast*

*U.S. Petroleum Products Price Index*

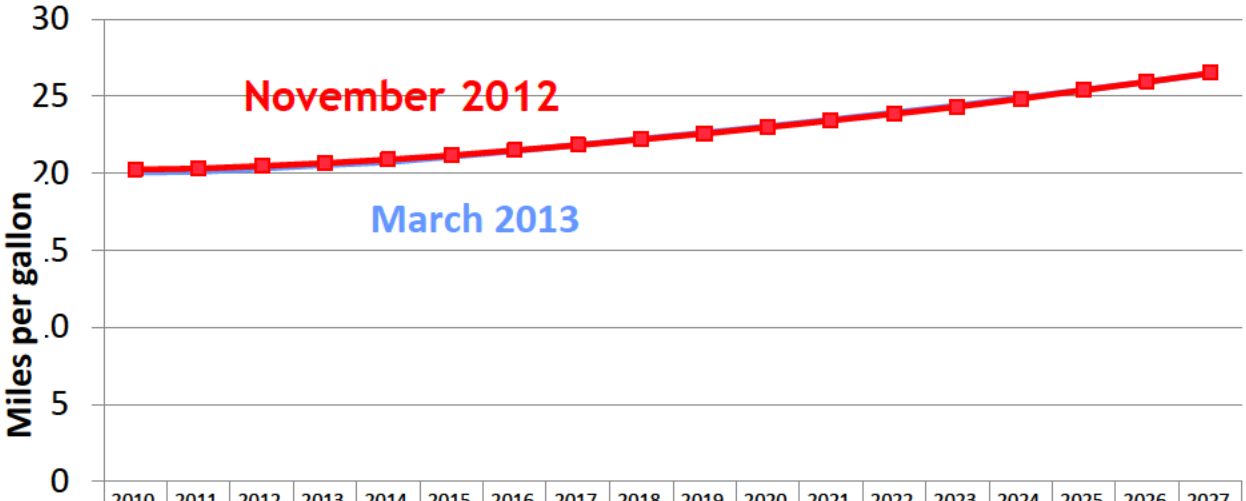
The annual year over year change in the U.S. petroleum products price index was 18% for FY 2011 .In FY 2012, the price index grew year over year by 13.7%. In this February Global Insight forecast of the U.S. petroleum products price index, the index in FY 2013 is projected to decline slightly 0.1% as opposed to an annual decline of 0.9% anticipated in November. Even though the current year oil price index is slightly higher, the following year's growth rate is lower. In FY 2014, the US fuel price index is projected to decline by 9.7%, nearly 5 percentage points bigger decline than the November prediction at -4.9%. In fiscal year 2015, the forecast of the index is projected to be less negative than the prior year but a bigger decline than anticipated in November at -3.5% as opposed to -2.5%. This current forecast projects continued decline in the oil price index through FY 2016 instead of FY 2017 as anticipated in November (see Figure 10). After FY 2016, the forecast projects positive growth in the oil products price index for the remainder of the forecast horizon.

**Figure 10 Global Insight Oil/Gas Price Index Forecasts: Growth Rate Comparison March 2013 vs. November 2012**




Source: February 2013 Global Insight forecast

**Figure 11 Global Insight On-road Light Vehicle Fuel Efficiency Forecast March 2013 vs. November 2012**




| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| March13 | 20.05 | 20.10 | 20.31 | 20.52 | 20.72 | 21.06 | 21.45 | 21.85 | 22.24 | 22.63 | 23.04 | 23.48 | 23.93 | 24.40 | 24.89 | 25.40 | 25.93 | 26.47 |
| Nov 2012 | 20.23 | 20.31 | 20.46 | 20.65 | 20.88 | 21.16 | 21.48 | 21.83 | 22.19 | 22.57 | 22.98 | 23.42 | 23.85 | 24.30 | 24.83 | 25.39 | 25.94 | 26.50 |

Source: February 2013 Global Insight forecast

*U.S. Fuel Efficiency (MPG)*

U.S. Fuel Efficiency variable for the March 2013 forecast incorporates the new February 2013 short and long-term Global Insight forecast which includes the effects of the 2012 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 March 2013 fuel efficiency for the US fleet is slightly lower at 20.53 miles per gallon as opposed to 20.65 miles per gallon which was in the last forecast. This new 2013 fuel efficiency update adds in the new actual on-road fuel efficiency of the US fleet which was nor as high as Global Insight projected. In the near-term, the new on-road fuel efficiency is slightly lower in the near-term but slightly higher in the long-term (FY 2018-2025) due to the higher government standards. By the end of the forecast horizon, the new March vehicle on-highway fuel efficiency has projected fuel efficiency of 26.47 miles per gallon as opposed to 26.50 miles per gallon in prior forecasts. This March 2013 forecast of on-road fuel efficiency is a very minor revision from prior forecast but it does now incorporate the higher fuel efficiency standards proposed by the Obama administration in the summer of 2012.

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

This March forecast is a slight revision downward in employment from the November forecast. The recovery in Washington's economy did pick up in FY 2012 with non-agricultural employment growing 1.5% and employment in trade transportation and utilities sectors growing at 2.0% and Washington retail employment growing at 1.8%. In FY 2013, this March forecast predicts year over year growth in non-ag. employment to be slightly lower at 1.9% instead of 2.0% last quarter. In FY 2014 and 2015, the non-ag. employment forecast has been lowered also to 1.8% and 2.0% which is slightly lower than the 2% and 2.1% in the November forecast 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 March growth rates for non-ag. employment is anticipated to be higher at 2.1% and 1.7% instead of 1.9% and 1.6% respectively in the last forecast. The economic growth in Washington non-ag. 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 slower at 1.3% as opposed to 1.2% in last quarter's forecast and slower growth of less than 1% in subsequent years, except for FY 2027, when the growth rate is 1%.The remaining years of the current forecast look real similar to November's forecast except for being slightly lower.

Washington's employment in the trade, transportation and utilities (TTU) sectors follows similar trends with the overall non-farm employment trends. In FY 2012, this industry grew by 2% year over year, which was a downward revision from November's growth rate of 2.4%. In the current fiscal year, the trade, transportation and utilities sector employment is anticipated to grow at 2.4%, same as anticipated in November. In the current fiscal year, 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 1.5% year over year as opposed to 1.4% predicted in November. In FY 2015, growth rates in this employment sector are also expected to drop to 1% as opposed to 1.1% anticipated in November. Then in FY 2016 and 2017, Washington employment growth rates in the trade, transportation and utilities sectors are anticipated to be 1.3% each year which is nearly the same as anticipated last quarter. In FY 2018, the March forecast anticipates TTU employment grows at 0.9% as opposed to 0.8% in November. In subsequent years, the TTU employment growth rates are dependent on the new 2013 OFM long-term forecast. The 2013 OFM long-term annual growth rates are slightly lower than last year so in FY 2019, the employment growth is projected at 0.4% as opposed to 0.6% last quarter and the annual growth rate falls further to 0.3% in FY 2020 until 2024.In FY 2025 and 2026, it rises to 0.5% and then to 0.6% in FY 2027, which are the same growth rates as in November.

**Figure 12 Annual Growth Rates (%) Washington Employment Forecasts: March 2013**

| 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 | 1.5 | 2.0 | 1.8 |
| 2013 | 1.9 | 2.4 | 2.8 |
| 2014 | 1.8 | 1.5 | 1.2 |
| 2015 | 2.0 | 1.0 | 0.4 |
| 2016 | 2.1 | 1.3 | 0.7 |
| 2017 | 1.7 | 1.3 | 0.8 |
| 2018 | 1.3 | 0.9 | 0.4 |
| 2019 | 0.8 | 0.4 | 0.4 |
| 2020 | 0.9 | 0.3 | 0.3 |
| 2021 | 0.8 | 0.3 | 0.2 |
| 2022 | 0.9 | 0.3 | 0.2 |
| 2023 | 0.9 | 0.3 | 0.2 |
| 2024 | 0.8 | 0.3 | 0.3 |
| 2025 | 0.8 | 0.5 | 0.5 |
| 2026 | 0.9 | 0.5 | 0.6 |
| 2027 | 1.0 | 0.6 | 0.8 |

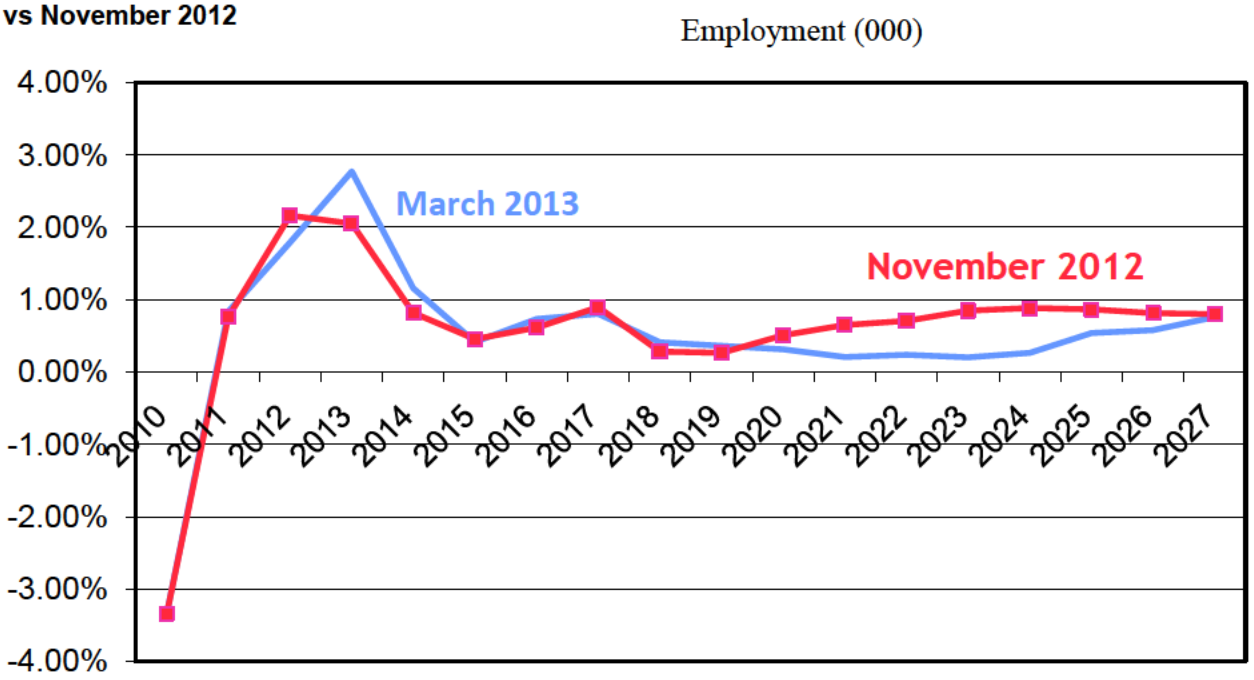
**Figure 13 Washington Nonfarm Payroll Employment Forecast of Annual Growth Rates: March 2013 vs November 2012**

Source: February 2013 ERFC and OFM/ESD 2013 long-term Washington non-ag. employment forecast

**Figure 14 Washington Nonfarm Payroll Employment – Trade, Transportation and Utilities Sectors (TTU) Forecasts: March 2013 vs November 2012**

Source: February 2013 ERFC and OFM/ESD long-term Washington TTU employment forecast

**Figure 15 Washington Nonfarm Payroll Employment – Retail Trade Sector Forecasts: March 2013 vs November 2012**




Source: February 2013 ERFC and OFM/ESD long-term Washington retail trade employment forecast

Washington's employment in retail trade sector in this March forecast follows similar trends as employment in the trade, transportation and utilities industries. This retail employment sector grew by 1.8% year over year in FY 2012, revised downward from 2.2% in November. In the current fiscal year, the retail trade employment is anticipated to grow more by 2.8% rather than 2.1% anticipated in November. In FY 2014, the current projections of retail employment are also more optimistic at 1.2% growth as opposed to 0.8% in November. In FY 2015 retail employment is projected to grow slower at 0.4% as opposed to 0.5% in November. In FY 2016 and 2017, retail employment is anticipated to grow faster at 0.7% and 0.8% respectively and by FY 2018, retail employment growth will decline to 0.4% as opposed to 0.3% in November. In FY 2019 and beyond the retail employment projections are based on OFM's 2013 employment projections and these projections have been revised downward since the last quarterly forecast and the annual growth rate does not exceed 0.6% except for the last year of the forecast horizon.

*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 14.7%. In fiscal years 2013 and 2014, consumer spending on new vehicles is anticipated to grow slower at 6.2% and 4.1% respectively which is lower than 6.6% and 5.3% in November's projections for those years. By FY 2015 and 2016, consumer spending is projected to grow faster again with annual growth rates of 6.3 and 7.5% which is a little more pessimistic than last quarter with growth rates of 7.3 and 7.7% respectively. In FY 2017, the annual growth rates of consumer sales on new vehicles are anticipated to drop to 3.6% as opposed to 6.1% anticipated in November and then the growth rates slowly decline further for the remainder of the forecast horizon. Overall, the subsequent years' growth rates after FY 2017, are less optimistic than November's forecasted annual growth rates of consumer sales on new vehicles.

## 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 March 2013 forecast for crude oil prices is up slightly from the last forecast. In addition, the current retail gas and diesel and ferry diesel price forecasts are also up a little from the November forecast in the near-term and up more in the long-term after FY 2020. The March ferries diesel prices are above the last quarterly forecast but below the February forecast until FY 2017 when the current forecast rises above the February 2012 forecast. Retail and ferry diesel prices are higher in FY 2013 and 2014 from the last forecast. In FY 2013, ferry diesel prices are anticipated to rise to $3.60 per gallon as opposed to $3.43_ per gallon from last forecast. Gas prices are predicted to decline minimally from the November forecast by 0.27% in FY 2013 to $3.74 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 regular gasoline in the state. For the retail price of diesel, the actual prices are collected from AAA's weekly publication of retail prices for diesel in Washington. The actual ferry diesel prices are reported by the Washington State Ferries (WSF). In the short term (thorough calendar year 2014), the fuel price forecasts are based on the Energy Information Agency (EIA) monthly projections. In the long-term beyond calendar year 2014, the fuel price projections are based on March'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 $91.10 per barrel which is 2.7% higher

than last quarter's projection and 4% below last year's average. The stronger crude oil prices in the near-term are due to higher economic conditions and expanded oil production beyond prior expectations. Quarterly crude oil prices are expected to be below $100 per barrel until the second quarter of 2018. WTI annual average crude oil prices do not hit more than $100 per barrel until FY 2019. In FY 2014, annual WTI crude oil prices are projected to be about the same as in FY 2013 at $92 per barrel. This March crude oil price forecast dips a little in FY 2015 and 2016 to $90 and $89.6 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 $126 per barrel.

*Washington retail gasoline price trend*

March's Washington retail gasoline prices are projected to be slightly higher than the November forecast throughout the forecast horizon. This current forecast follows a similar trend to the November forecast in the near-term but with slightly higher prices throughout the forecast. Prior forecasts had Washington retail gas price projections prices rising above $4 per gallon but this March and November prior forecasts do not have the future annual average retail gas prices above $4 per gallon until FY 2028. On a quarterly basis, this current forecast does have gas prices rising to $4.04 per gallon by the second quarter of 2024 and then in each subsequent year 2025 - 2027 second quarter, prices rose again above $4 per gallon to $4.12, $4.18 and $4.24 per gallon respectively. After each second quarter run up in retail gas prices, they fall again to below $4 per gallon.

In FY 2013, Washington average retail gas price was to $3.74 per gallon which is a $0.01 revision upward from $3.73 per gallon in the November forecast. In FY 2014, Washington average retail gas price is currently projected to decrease year over year by $0.08 to $3.66 per gallon which is 0.5% higher than the average price of $3.64 per gallon forecasted in November. In FY 2015, Washington retail gas prices are expected to decline a little further year over year to $3.63 per gallon as opposed to declining to $3.54 per gallon projected in November. This March forecast of retail gas prices is quite close to November projections until FY 2021 when March's retail gas projections start exceeding November and February's projections.

*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 $0.05 per gallon or 1% year over year to $4.15 per gallon and this current projection is lower than in November at $4.03 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 to gas price differential is the lowest at $0.18 per gallon and then the differential begins to grow again. By the end of the forecast horizon, the retail diesel to gas price differential is projected to be $1.15 per gallon.

*Washington ferries diesel fuel price trend*

The trend in Washington's ferry price (WSF) 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 $3.60 per gallon in FY 2013. FY 2013 ferry diesel price is a 5% revision upward from the November forecasted price of $3.43 per gallon. The new March forecast is higher than the November forecast throughout the forecast horizon. The March forecast of WSF diesel prices is below the February price projections until FY 2018 when the March forecast projections of ferry diesel prices are above February 2012 projections for the remainder of the forecast horizon.

**Figure 16 Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular: March 2013 vs November vs February 2012 forecasts**

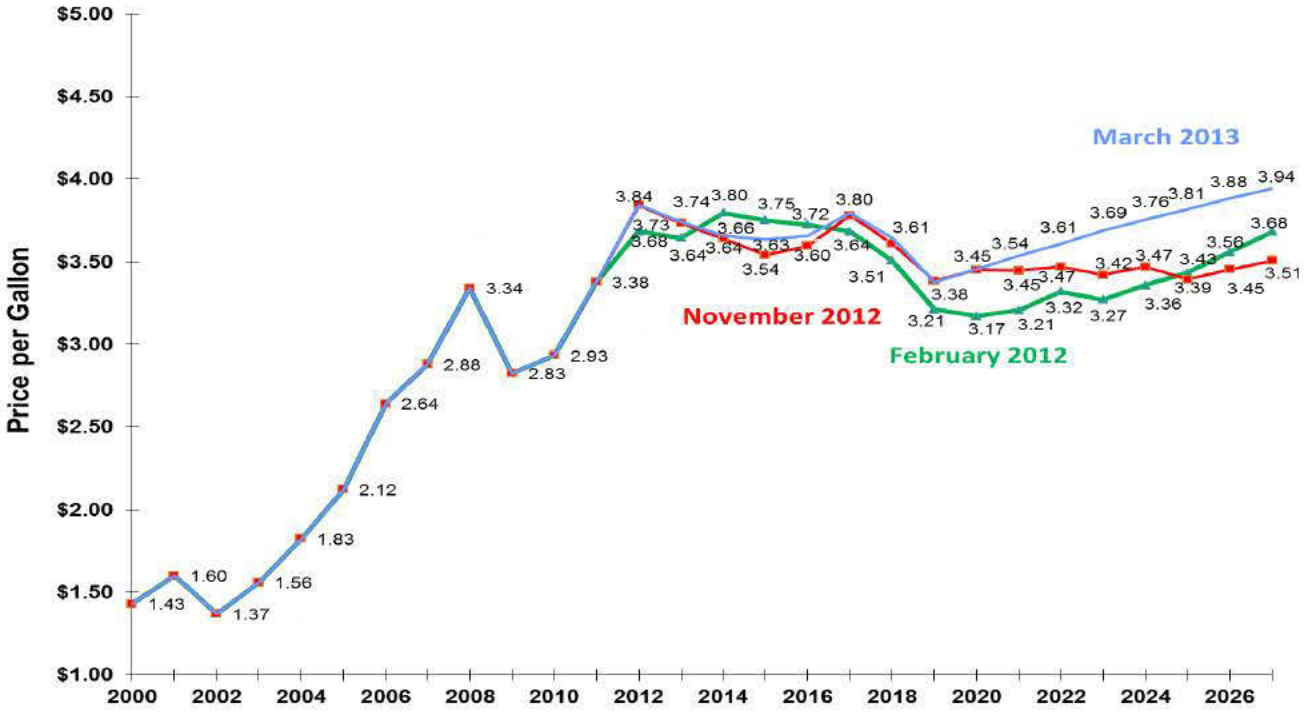



**Figure 17 UNADJUSTED Washington Ferries Non-Hedged Diesel Prices: March 2013 vs. November vs. February 2012 forecasts**

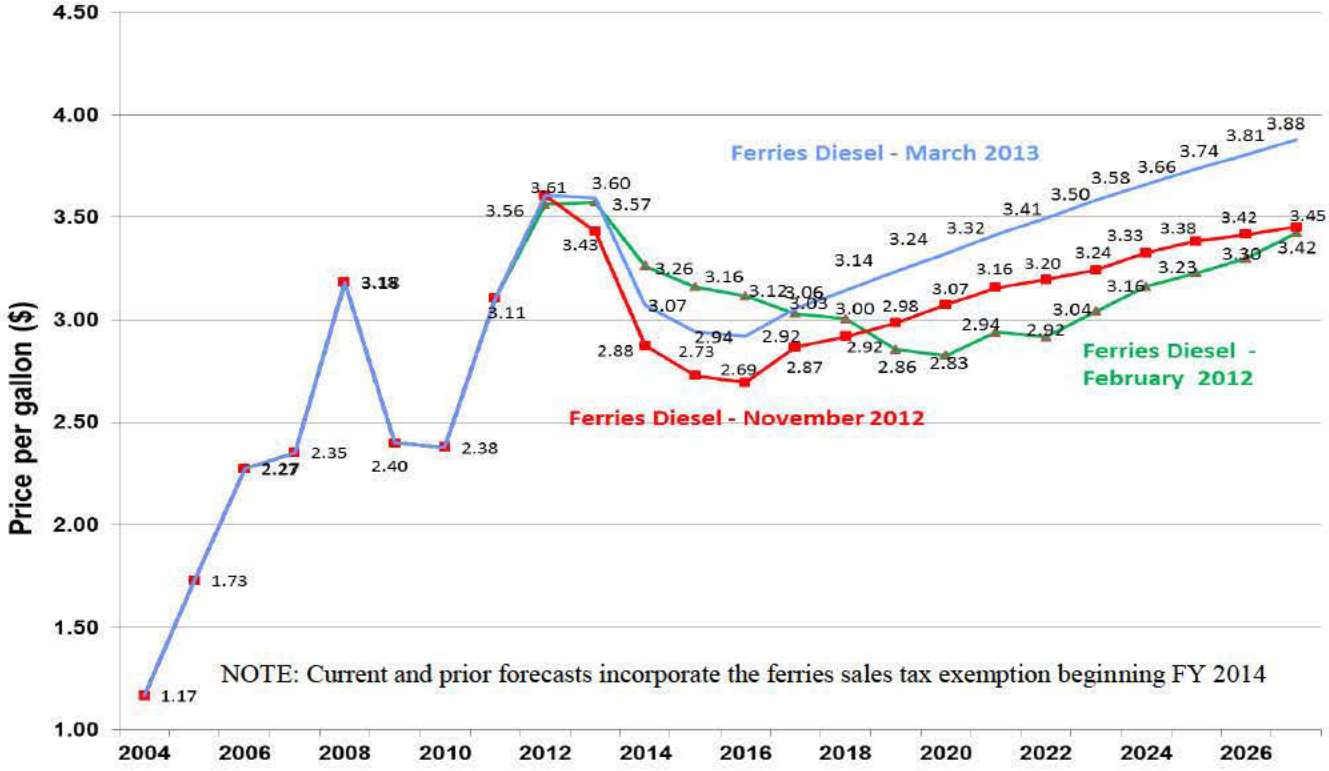


**Figure 18 Near-term UNADJUSTED Quarterly Fuel Prices: March 2013 forecast**

| Fiscal Year Quarter | Crude Oil Price ($/barrel) | WA Retail Gasoline Price ($/gal) | WA Retail Diesel Price ($/gal) | Ferry Diesel Price ($/gal) | Ferry B99 Biodiesel Price with taxes/markup ($/gal) | OPIS B99 Biodiesel Price without taxes ($/gal) | B5 Biodiesel Price with taxes/markup ($/gal) |
|---|---|---|---|---|---|---|---|
| 2011: Q3 | 89.72 | 3.83 | 4.11 | 3.53 | 5.67 | 4.92 | 3.48 |
| 2011: Q4 | 93.99 | 3.69 | 4.13 | 3.56 | 5.42 | 4.84 | 3.44 |
| 2012: Q1 | 102.88 | 3.72 | 4.22 | 3.80 | 5.74 | 5.22 | 3.73 |
| 2012: Q2 | 93.42 | 4.14 | 4.34 | 3.54 | 5.90 | 4.84 | 3.47 |
| **FY 2012** | 95.00 | 3.84 | 4.20 | 3.61 | 5.68 | 4.95 | 3.53 |
| 2012: Q3 | 92.24 | 3.86 | 4.13 | 3.69 | 5.30 | 5.05 | 3.65 |
| 2012: Q4 | 87.96 | 3.66 | 4.15 | 3.57 | 5.33 | 5.03 | 3.51 |
| 2013: Q1 | 94.02 | 3.60 | 4.10 | 3.56 | 5.01 | 4.95 | 3.57 |
| 2013: Q2 | 90.33 | 3.85 | 4.22 | 3.57 | 4.81 | 4.91 | 3.68 |
| **FY 2013** | 91.14 | 3.74 | 4.15 | 3.60 | 5.11 | 4.99 | 3.60 |
| 2013: Q3 | 91.33 | 3.79 | 4.12 | 3.14 | 4.93 | 4.81 | 3.43 |
| 2013: Q4 | 92.00 | 3.60 | 4.00 | 3.05 | 4.79 | 4.66 | 3.33 |
| 2014: Q1 | 92.67 | 3.57 | 3.98 | 3.03 | 4.76 | 4.64 | 3.31 |
| 2014: Q2 | 92.00 | 3.68 | 4.03 | 3.07 | 4.82 | 4.70 | 3.35 |
| **FY 2014** | 92.00 | 3.66 | 4.03 | 3.07 | 4.82 | 4.70 | 3.36 |
| 2014: Q3 | 92.00 | 3.63 | 3.98 | 3.03 | 4.73 | 4.64 | 3.32 |
| 2014: Q4 | 92.00 | 3.48 | 3.87 | 2.95 | 4.60 | 4.51 | 3.23 |
| 2015: Q1 | 89.49 | 3.55 | 3.82 | 2.91 | 4.55 | 4.46 | 3.19 |
| 2015: Q2 | 87.92 | 3.87 | 3.77 | 2.87 | 4.48 | 4.40 | 3.15 |
| **FY 2015** | 90.35 | 3.63 | 3.86 | 2.94 | 4.59 | 4.50 | 3.22 |

**Figure 19 Near- and Long-term Annual UNADJUSTED Fuel Prices: March 2013 forecast**

| Fiscal Year | Crude Oil Price ($/barrel) | WA Retail Gasoline Price ($/gal) | WA Retail Diesel Price ($/gal) | Ferry Diesel Price ($/gal) | Ferry B99 Biodiesel Price with taxes/markup ($/gal) | OPIS B99 Biodiesel Price without taxes ($/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 | 5.68 | 4.95 | 3.53 |
| 2013 | 91.14 | 3.74 | 4.15 | 3.60 | 5.11 | 4.99 | 3.60 |
| 2014 | 92.00 | 3.66 | 4.03 | 3.07 | 4.82 | 4.70 | 3.36 |
| 2015 | 90.35 | 3.63 | 3.86 | 2.94 | 4.59 | 4.50 | 3.22 |
| 2016 | 89.63 | 3.66 | 3.84 | 2.92 | 4.54 | 4.45 | 3.22 |
| 2017 | 94.93 | 3.80 | 4.01 | 3.06 | 4.74 | 4.64 | 3.39 |
| 2018 | 98.49 | 3.64 | 4.12 | 3.14 | 4.86 | 4.75 | 3.50 |
| 2019 | 102.20 | 3.38 | 4.25 | 3.24 | 4.99 | 4.87 | 3.62 |
| 2020 | 105.40 | 3.45 | 4.36 | 3.32 | 5.10 | 4.98 | 3.75 |
| 2021 | 108.82 | 3.54 | 4.48 | 3.41 | 5.23 | 5.10 | 3.88 |
| 2022 | 111.93 | 3.61 | 4.59 | 3.50 | 5.45 | 5.20 | 4.01 |
| 2023 | 115.23 | 3.69 | 4.70 | 3.58 | 5.56 | 5.31 | 4.14 |
| 2024 | 118.14 | 3.76 | 4.81 | 3.66 | 5.68 | 5.41 | 4.26 |
| 2025 | 120.95 | 3.81 | 4.90 | 3.74 | 5.79 | 5.52 | 4.36 |
| 2026 | 123.77 | 3.88 | 5.00 | 3.81 | 5.89 | 5.63 | 4.46 |
| 2027 | 125.98 | 3.94 | 5.09 | 3.88 | 6.00 | 5.73 | 4.56 |

*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. WSF also makes some purchases of B99 biodiesel with RIN in Seattle to meet biodiesel requirements for hedged diesel purchases. WSDOT also 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. As a result of WSDOT purchasing two different prices of B99 biodiesel, this report includes two biodiesel forecasts for B99 with and without RIN. 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 B99 and B5 biodiesel forecasts, 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 12% which is an average price differential seen over the last 5 years. Ferries B5 annual average price for FY 2012, was $3.53 per gallon. In FY 2013, biodiesel prices are projected to increase slightly to $3.60 per gallon which is higher than the $3.50 per gallon predicted last quarter. This March B99 biodiesel price with RIN, markup and taxes used by WSF was $5.68 per gallon in FY 2012 and is projected to decline 10% to $5.11 per gallon in FY 2013.

The B99 biodiesel price forecasts used for non-WSF purchases have a similar trend to B5 prices. In FY 2012, the actual B99 price without RIN and markup averaged $4.95 per gallon. For FY 2013, March's OPIS B99 base biodiesel price forecast rose a little to $4.99 per gallon versus $5.62 per gallon in the last forecast. For FY 2014, the OPIS B99 price forecast falls year–over-year by 5.8% to $4.70 per gallon. In the next two years, the average annual OPIS base B99 price is expected to decline further to $4.50 per gallon and $4.45 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 March 2013, the West Texas Intermediate (WTI) crude oil price forecasts for FY 2013 differed minimally by approximately 1.27% on average; $91 - $93.7 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 per barrel for FY 2012. WSDOT's baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term thru calendar year 2014 and then use 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 $91 per barrel by NYMEX to $93.7per barrel by Global Insight with the average being $92.3 per barrel. The average forecast for WTI crude oil in FY 2014, ranged from $91.8 per barrel by NYMEX to $102.4 per barrel by Economy.com with the average being $95l. The average forecast for WTI crude oil in FY 2015, ranged from $86.2 per barrel by Global Insight to $107.7 per barrel by Economy.com with the average being $94.4 per barrel. Figure 20 reveals that NYMEX future oil prices were the lowest price estimates in FY 2013 and 2014 with Global Insight being the lowest oil price forecast in FY 2015. Projections by Consensus Economics for FY 2013 and Economy.com for FY 2014 and 2015 were the highest.

**Figure 20 Near-term Annual Crude Oil Price Forecasts – 5 Different Forecast Comparisons: March 2013 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 | $91.14 | $91.11 | $93.69 | $92.03 | $93.50 | $92.29 | -0.03% | 2.80% | 1.27% |
| 2014 | $92.00 | $91.81 | $91.82 | $102.40 | $97.29 | $95.06 | -0.21% | 11.30% | 3.33% |
| 2015 | $90.35 | $88.44 | $86.23 | $107.70 | $99.04 | $94.35 | -4.57% | 19.20% | 4.43% |

WSDOT applies the five forecast entity average adjustment to the baseline March 2013 retail gasoline, diesel and wholesale diesel prices. The fuel prices listed in Figure 21 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 November's adjusted forecast for retail gas prices but up for retail diesel and ferry diesel prices. The March 2013 forecast for FY 2013 adjusted gas prices is $3.77 per gallon which is a 1.47% decrease from the prior forecast and adjusted retail diesel prices are projected at $4.17 per gallon or 1.2 percent higher than the last forecast and WSF diesel prices are anticipated to average $3.62 per gallon or 3% higher than the last forecast.

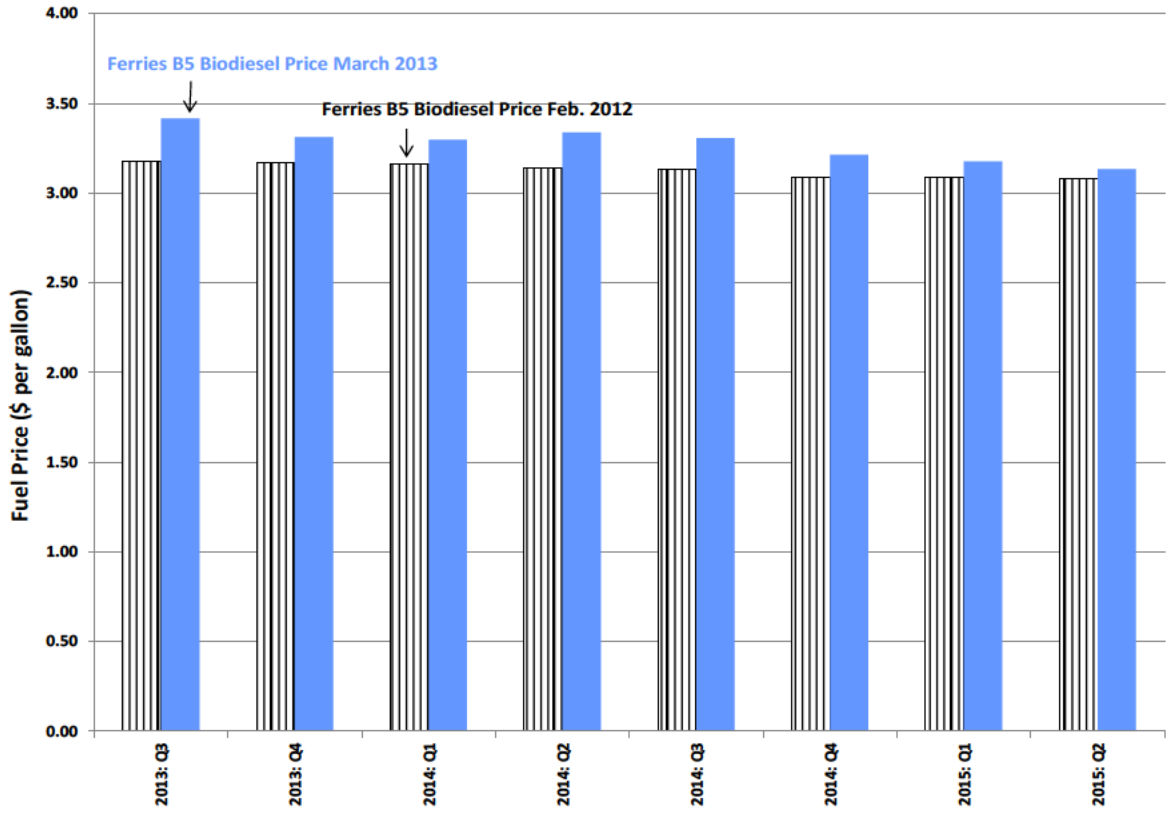
**Figure 21 Near-term Average Adjusted Quarterly Fuel Prices Used for Budgeting Purposes: March 2013 forecast and Percent Change from Prior Forecast**

| 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 | 0% | 0% | 0% |
| 2012: Q4 | 3.66 | 4.15 | 3.57 | -5.66% | -1.50% | 1.23% |
| 2013: Q1 | 3.65 | 4.16 | 3.60 | -1.70% | 2.11% | 5.90% |
| 2013: Q2 | 3.90 | 4.27 | 3.61 | 1.53% | 4.13% | 5.34% |
| **FY 2013** | **3.77** | **4.17** | **3.62** | **-1.47%** | **1.16%** | **3.04%** |
| 2013: Q3 | 3.92 | 4.26 | 3.25 | -1.38% | 0.26% | 1.42% |
| 2013: Q4 | 3.72 | 4.13 | 3.15 | -1.08% | 0.05% | 1.20% |
| 2014: Q1 | 3.69 | 4.11 | 3.13 | -3.96% | 0.56% | 1.71% |
| 2014: Q2 | 3.80 | 4.17 | 3.17 | -8.93% | 3.36% | 4.37% |
| **FY 2014** | **3.78** | **4.17** | **3.17** | **-3.94%** | **1.04%** | **2.16%** |
| 2014: Q3 | 3.79 | 4.16 | 3.17 | -6.38% | -1.04% | 0.19% |
| 2014: Q4 | 3.63 | 4.04 | 3.08 | -4.88% | -2.64% | -1.35% |
| 2015: Q1 | 3.71 | 3.99 | 3.04 | -5.65% | -3.78% | -2.83% |
| 2015: Q2 | 4.04 | 3.94 | 3.00 | -6.92% | -1.77% | -0.65% |
| **FY 2015** | **3.79** | **4.03** | **3.07** | **-5.99%** | **-2.31%** | **-1.16%** |

In FY 2014, retail gas prices are estimated to be $3.78 per gallon or 4% lower than in November; retail diesel prices are projected slightly higher than last quarter at $4.17 per gallon or 1% higher than the last forecast and ferries diesel prices are estimated to be $3.17 per gallon or 2.2% higher than the prior forecast projection. The fuel price forecasts for FY 2015 are all down from November's projections. Adjusted gas prices are projected to be $3.79 per gallon or 6% below last forecast and adjusted retail diesel prices are supposed to be $4.03 per gallon or 2.3% below last forecast and ferry diesel prices are projected at $3.07 per gallon and down 1% from November projections.

In addition to these adjusted prices above used for setting WSDOT fuel budget, the WSF's 2013-15 biennium budget is based on the baseline forecast for B5 biodiesel fuel prices. As Figure 22 reveals, the March 2013 forecast of B5 prices are slightly higher than in the baseline February 2012 forecast. This means, the ferries 2013-15 biennium budget will be based on higher prices than previously anticipated a year ago.

**Figure 22 Near-term Quarterly Ferries B5 Biodiesel Prices Used for Budgeting Purposes: March 2013 versus February 2012 (Baseline) Forecast Comparison**




## 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. Total fuel tax collections from November 2012 through February 2013 were $3.1 million below forecast.

For November 2012 through February 2013, **gasoline** tax collections came in right at the forecast, below November's projections by $0.1 million or 0.04%.

- November gas tax collections came in at $85.5 million, only $0.02 million below the November forecast.
- December gas tax collections came in at $80.6 million, $0.6 million above the November forecast.
- January gas tax collections came in below the November forecast at $79.6 million and $2.9 million below the last forecast.
- February gas tax collections came in at $80.2 million and $2.2 million above forecast.

For November 2012 through February 2013, **diesel** tax collections came in below forecast by $2.9 million or 3.6% below expectations. Collections for every month were below the November forecast projections:

- In November, diesel tax collections came in at $21.9 million which was $0.2 million below forecast.
- December diesel collections came in at $19.0 million or $1.8 million below projections.
- January diesel collections came in at $18.2 million, $0.2 million below projections.
- February diesel collections came in at $18.4 million, $0.7 million below projections.

Gross motor fuel tax revenue projections are $2.485 billion for the 2011-13 biennium which is 0.15% less than in the 2009-11 biennium. Gross motor fuel tax revenues for the current biennium are projected to be $4.55 million (0.18%) below the prior forecast. The overall decrease in motor fuel tax revenue for the 10-year period ending in 2019-21 biennium is 0.64% or $97.79 million compared to the November 2012 revenue forecast. The primary reason for the decrease in fuel tax revenues from the last forecast is higher gasoline prices, lower near-term tax collections in diesel, and lower projections in Washington real personal income.

*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 2,674 million gallons which is an increase of 0.4% from FY 2012 and an increase of 0.03% from the last forecast. Figure 23 shows the forecast to forecast comparison of projected gasoline gallons consumed. In FY 2014, gasoline consumption is projected to be 2,677 million gallons, -0.3% less than the last forecast. Throughout the remainder of the forecast horizon, gas consumption is anticipated to be on average 0.7% lower than in November, primarily due to higher gasoline prices. The long-term average annual growth rate (FY 2013-2027) for gas consumption is -0.43% in this March 2013 forecast which is less than the -0.39% growth rate from the last forecast.

**Figure 23 Gasoline Motor Fuel Consumption Forecast Comparison: March 2013 vs. November 2012 forecast**

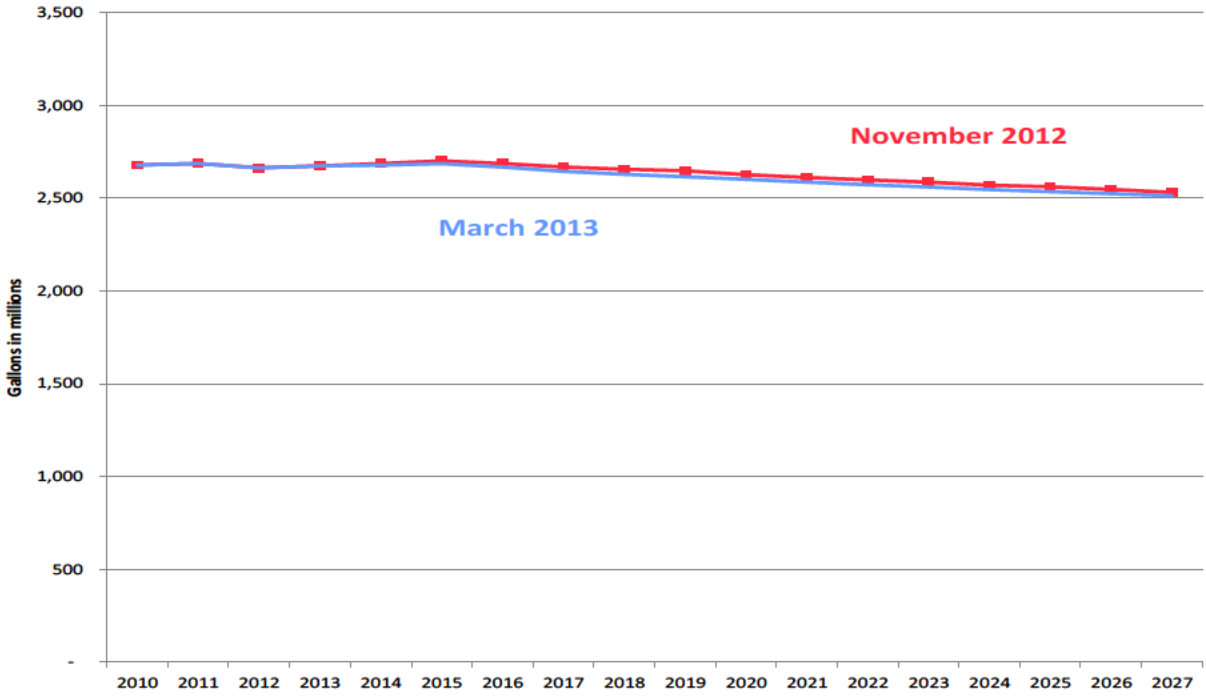
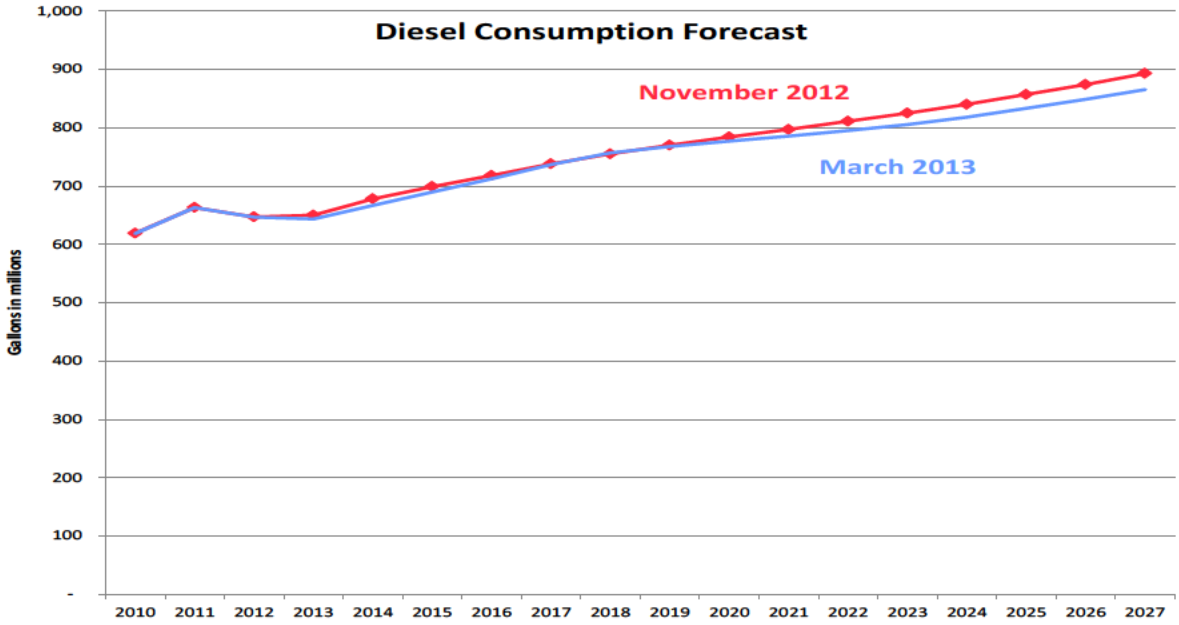


**Figure 24 Diesel Fuel Consumption Forecast Comparison: March 2013 vs. November 2012**




In the current biennium, gas tax revenue is projected to be $2,002.6 million which is a revision downward of $0.8 million or (0.04%) since the November 2012 forecast. By the 2013-15 biennium, the gas tax revenue rises to $2,011.8 million, down by $9.6 million (0.47%) from the November forecast. These biennia changes from the November forecast steadily decline to $18.6 million in 2017-19, just under $16 million through 2023-25 and then decrease by $11.6 million in 2025-27. In total, gas tax revenue projections are down $72.8 million from the November forecast for the 10-year forecast horizon.

*Trends in diesel consumption and tax revenue*

History of consumption and tax revenue for diesel shows major declines since the peak of consumption in fiscal year 2008.

- Fiscal year 2008 diesel consumption was 777 million gallons.
- Fiscal year 2009 diesel consumption was 650 million gallons, which represented a year-over-year decline of 16.4%.
- In FY 2010, diesel consumption declined again to 619 million gallons which was a 4.8% decrease over 2009.
- In FY 2011, diesel consumption was up to 663 million gallons which was a year-over-year increase of 7.2%.
- In FY 2012, diesel consumption was down again to 647 million gallons which was a year-over-year decline of 2.5%

In the current fiscal year, the annual growth rate of diesel consumption is projected at -0.5%, compared to a 0.5% rate in the November 2012 forecast. In FY 2014, diesel consumption is projected to rise by 3.6% which is slightly lower than last quarter's forecast of 4.4%. This downward revision in the diesel consumption forecast is due to lower diesel tax consumption than projected in recent months and lower projections of Washington real personal income. 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 2.14% which is 0.16% lower than anticipated last quarter at 2.29%.

Diesel tax collections are projected at $482.9 million and down $3.7 million (0.76%) over the November forecast for the current biennium. This was the result of tax collections coming in lower than projected in recent months from November 2012 through February 2013 and Washington personal income being slightly lower than November's forecast. Diesel tax revenue is projected to be $510 million in the 2013-15 biennium which is down by $7.9 million from the prior forecast. In the 2015-17 biennium, diesel tax revenue is expected to be $544.8 million which is down from the November forecast by $2.7 million. In the 2017-19 biennium, diesel tax revenue is expected to be $572.5 million which is lower than the last forecast by only $0.7 million or 0.12%. The revenue loss from the November forecast increases over time and by the end of the forecast horizon in the 2025-2027 diesel tax revenue is down $19.9 million or 3%. The major reasons for the long-term decline in diesel consumption and revenue in March are due mainly to lower collections and the starting point for this forecast and much lower projections in Washington real personal income.

*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 is projected to be higher for both gas taxes and diesel taxes. Gas tax non-highway refunds are up by $0.486 million while diesel tax non-highway refunds are up by $1.277 million in the current biennium. These changes are due to incorporating new actuals into this March forecast. In the future biennia, non-highway refunds are changing 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 down 0.46% or $46,400 and diesel tax non-highway refunds are projected to be down $0.524 million or 1.56% based on the lower diesel fuel tax revenue. In the 2015-17 biennium, non-highway gas tax refunds are down $69,500 or 0.69% while diesel fuel non-highway refunds are projected to be down by $187,700 (0.53%) from the last forecast. Diesel fuel tax non-highway refunds from the March 2013 forecast compared to November 2012 forecast increases substantially over the forecast horizon as the growth of special fuel tax revenues drop.

The 2009-11 biennium gas tribal refunds were $40.88 million, based on the month of distribution. In the 2011-13 biennium, gasoline tribal tax refunds are projected to be $52.53 million which is down from the November forecast. In March, the tribal gas tax forecast was modified downward by $0.8 million due to lower growth in tribal refund activity than last November. Subsequent biennia projections of tribal fuel tax refunds remain the same as in November and September 2012.

The special fuel tax tribal refunds were $3.95 million in the 2009-11 biennium. For the 2011-13 biennia, special fuel tribal tax refunds are projected to be $6.37 million which is up from November's forecast. Actual tribal diesel tax refunds have been tracking higher than the November 2012 forecast.

The forecast for the General Fund transfer was decreased to accurately reflect the formula used by Revenue Accounting of the Department of Licensing (DOL). DOL subsequently requests the state treasurer to remit use tax to the General Fund as required by RCW 82.12.0256(3)(c) for unclaimed refunds for Aeronautics use.

Updated forecasts for Capron Act refunds to San Juan and Island counties and Capron Act Redistributions to the Puget Sound Ferry Operations Account led to lower projections. Actual Capron Act distributions in FY2012 serve as a base for the forecast. Future Capron distributions are adjusted to the population estimates for San Juan and Island counties as published by OFM in the 2012 Growth Management Act county projections, medium series.

*Primary reasons for the forecast changes*

- Overall, total fuel tax collections have come in below forecast for the past four months. Gas tax collections have come in right on the forecast within $0.1 million and diesel tax collections have come in below forecast for the past four months by $2.9 million. Overall, fuel tax collections came in below the November projections by $3.1 million or 0.8%.

- The March retail gasoline prices are up from the last forecast which brings down the forecast. In the long-term, fuel efficiency has increased slightly from the last projection which is a small negative drag on the gas consumption forecast.
- Washington's real personal income growth rates in this March forecast are down from November in the near-term due to incorporating the elimination of the federal payroll tax cut in future personal income. In the longer term Washington real personal income growth is brought down by lower growth rates in US real personal income and US corporate earnings.
- Washington final 2012 population estimates are nearly the same as the preliminary forecast used in the November 2012 forecast.
- Washington's non-farm and trade, transportation and utilities employment projections have been revised slightly lower than in November.
- Overall, in the current biennium, gross fuel tax revenues are down $4.55 million (0.2%) from the last forecast.
- Overall motor fuel tax refunds and transfers are up slightly (0.88%) in the current biennium but this trend reverses downward throughout the forecast horizon as fuel tax revenues are projected lower than in November.
- Tribal gas tax refunds are down but diesel tribal tax refunds are up in the current biennium compared to the November forecast.

**Figure 25 Short-term Motor Fuel Tax Forecast – By Month of Collection: March 2013 forecast**
*millions of dollars*

| | FY 2012 | FY 2013 | 2011-13 Biennium | FY 2014 | FY 2015 | 2013-15 Biennium |
|---|---|---|---|---|---|---|
| Gasoline Taxes | **$1,000.3** | **$1002.3** | **$2,002.6** | **$1,004.2** | **$1,006.6** | **$2,010.8** |
| Special Fuel Taxes | **241.4** | **$241.5** | **$482.9** | **$250.7** | **$259.3** | **$510.0** |
| Total Fuel Revenue | **$1,241.7** | **$1,243.8** | **$2,485.4** | **$1,254.9** | **$1,265.9** | **$2,520.8** |
| % Δ from Prior Forecast | 0.0% | -0.4% | **-0.2%** | -0.6% | -0.7% | **-0.7%** |

## 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 $928.6 million, which is $55.7 million more than the previous biennium. The majority of this increase is due to legislative-mandated increases in the Late Title Penalty Fee, the Vehicle Title Fees, and two new fees: the Electric Vehicle Renewal Fee and the Original Plate Fee.

For the March 2013 forecast for the current biennium compared to the forecast released in November, the LPF forecast is up $2.1 million (0.23%) from the previous estimate of $926.5 million.

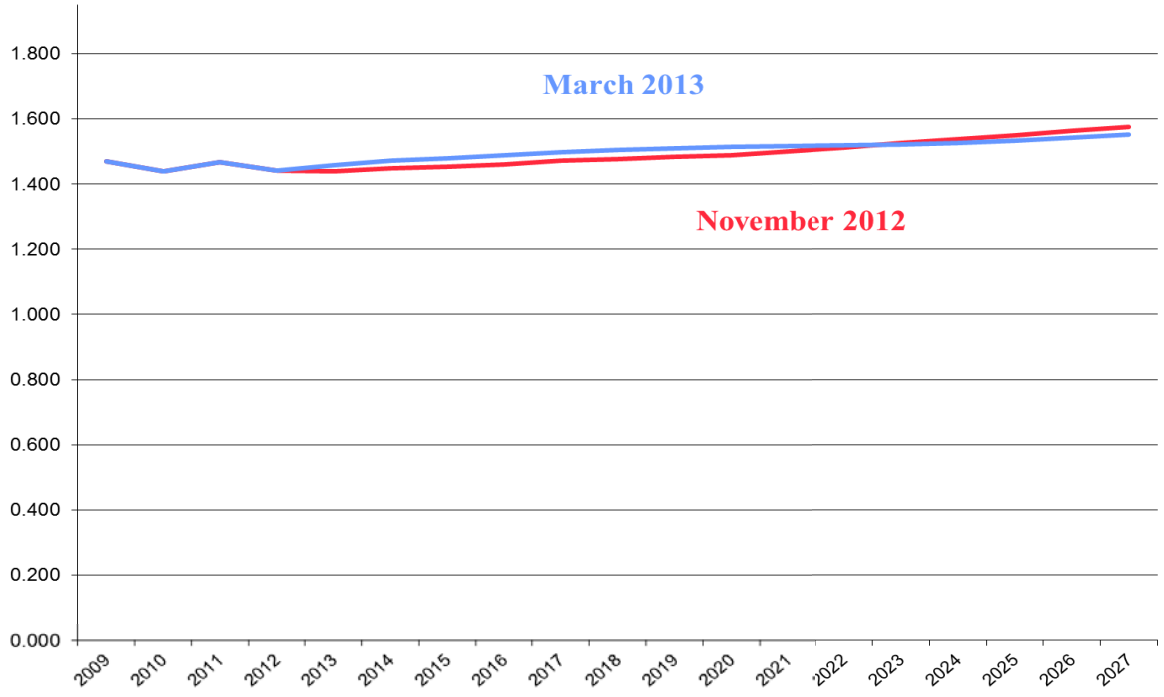
*Trends in vehicle registrations*
This forecast shows a U-shaped recovery from the 2009-2010 recession for cars. By 2011, passenger car registrations returned to 4.336 million and exceeded the previous high water mark established in 2008.

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. While passenger car registrations are up slightly in the current year, the March forecast for passenger car registrations shows a slight decline from the previous forecast over the rest of the 16 year forecast horizon. Averaging -0.09%, this is a very minor change from November's projections. The March 2013 forecast for passenger car registrations is up 0.02% for FY 2013 and down 0.42% 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. For FY 2013, the March forecast projects a 1% increase year over year growth in truck registrations. Then in future biennia, the March forecast assumes year to year growth rates between 0.4% to 0.7% for trucks in the out years. Trucks registrations are up 1.3% in 2013 and 1.7% in 2014 from the last forecast. The forecast to forecast increase is close to 2% each year, but drops off in 2022 and by 2023, the current forecast is lower than Novembers, growing to a 1.5% decrease by 2027.

**Figure 26 Passenger Car Comparison:**
**March 2013 vs November 2012 forecasts**
*millions of vehicles*

**Figure 27 Truck Comparison:**
**March 2013 vs November 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 $928.6 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 November forecast. Trucks should earn $342.5 million or about $2.3 million (0.7%) more than forecasted in November. Truck fleet registrations continue to come in higher than forecast, and bringing more revenue. This reflects a national trend of increased growth in commercial trucking.

Passenger weight fees were $106 million for 2009-2011. In the current biennium, weight fees are projected at $108.8 million unchanged from the November forecast. Motor home weight fees came in at $10 million in 2009-2011. These fees will be $9.8 in the current biennium, also unchanged.

The license plate replacement fees are nearly unchanged compared to the previous forecast in the 2011-2013 Biennium and throughout the forecast horizon. Revenue for license plate reflectivity fees is revised slightly lower by $37.5 thousand (0.35%) in the FY2011-13 Biennium. On a positive note, plate number retention fees are forecasted higher than prior forecast for the current biennium by about $92.0 thousand (7.4%). It is believed that this increase is tied to the renewal of a series of specialty plates that were first rolled out seven years ago.

There are two new forecasts included in 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 somewhat lower in the FY2011-13 Biennium by $162.5 thousand

(1.86%) than the previous forecast due to improved reporting. Original issue plate revenue is estimated at 8.6 million in the 2011-2013 Biennium and $24.9 million in the 2013-2015 Biennium. The electric vehicle renewal fees are estimated at $66.8 thousand in the 2011-2013 Biennium and $261.6 thousand in the 2013-2015 Biennium. The electric vehicle renewal fees are forecast lower (FY 2011-13 -$2,400 or -3.5%) than the previous forecast due to the revision in the Energy Information Administration's forecast of Light Duty Vehicle Stock By Technology Type (Annual Energy Outlook – 2013 early release).

Title fees are lower by -$399.7 thousand (-1.5%) when compared with the previous forecast for the 2011-13 Biennium. This forecast is slightly higher by $444.8 thousand (0.7%) 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 slightly higher than the prior forecast in the 2011-13 Biennium by $55.9 thousand (0.7%) due to higher than anticipated transactions in the current year. This forecast is somewhat higher than the previous forecast by $30.5 thousand (0.33%) 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 $68.7 thousand (11.3%) due to higher than anticipated transactions in the current year.

*Primary reasons for the forecast changes*

- Actual passenger vehicle registrations will be unchanged in FY 2013 from the previous forecast.
- Actual truck registrations were up in FY 2013 and additional revenue is coming in from more commercial truck registrations than predicted. Due to higher predicted retail trade growth rates in the short term and lower growth rates in the out years, truck registrations and revenue will follow accordingly.
- Overall, LPF revenues are up $2.1 million 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 28 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees): March 2013 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** | **146.6** | **293.3** | **148.9** | **152.1** | **301.0** |
| Combined License Fee | **170.6** | **171.8** | **342.4** | **173.7** | **174.3** | **348.0** |
| All Other Fees | **132.9** | **160.0** | **292.9** | **172.3** | **174.7** | **347.0** |
| Total LPF Revenue | **$450.2** | **478.4** | **928.6** | **494.9** | **501.1** | **996.0** |
| % Change from Prior Fcst | 0.0 | 0.4% | **0.2%** | 0.6% | 0.6% | **0.6%** |

## Driver Related Revenue Forecasts

The **March 2013** forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees (including commercial driver licenses and enhanced driver licenses), ID card fees, driver exam application fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include vehicle filing fees, limousine licenses, fines and forfeitures, and driver school instructor license fees. These driver-related fees are deposited into the Highway Safety Fund (HSF), Motorcycle Safety Education Account (MSEA), the State Patrol Highway Account (SPHA), and Ignition Interlock Revolving Account (IIRA).
All driver-related revenue is projected to be $225.5 million for the 2011-2013 Biennium, about -4.8

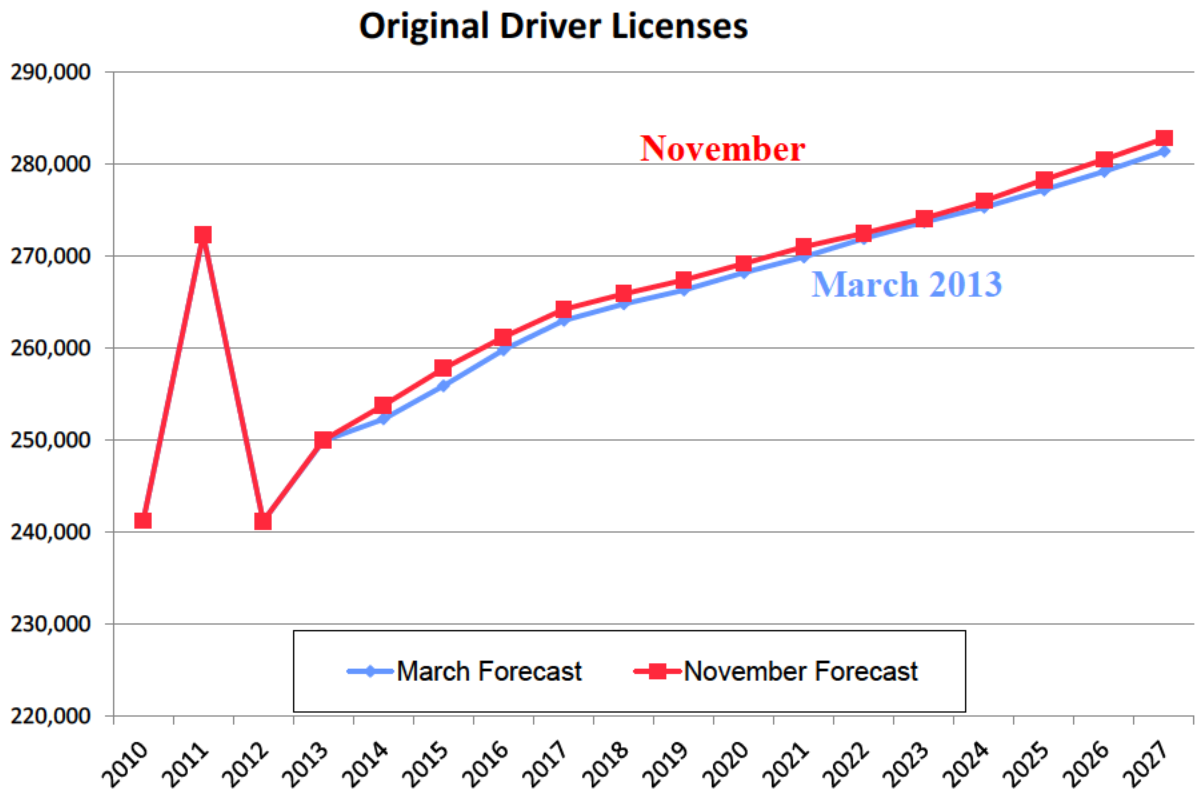
million (-2.1%) lower from the prior forecast. In the 2013-2015 Biennium, the March forecast of driver related revenue is $293.7 million, a reduction of about $13.9 million (-4.5%) from the prior forecast. The March forecast changes are primarily due to policy and/or operational changes to be discussed in relevant sections of this summary.

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, ID Cars, Exams, and Abstracts of Driver Records***

*Originals*
The originals forecast is driven by OFM's driver-in migration and ERFC's non-agricultural employment forecasts. The driver-in forecast is revised lower by a little over -1% in the near term and the employment is revised by about -0.3%. The forecast for original driver licenses has a slight downward revision of -0.6% for the next biennium and about -0.5% in future biennia compared to November forecast.

**Figure 29 Driver License Originals: March 2013 vs. November 2012**




*Renewals*
There is no change in the driver license renewal forecast until 2019 when we begin to see renewal of the new 6-year driver licenses to be issued starting September 2013 (this reflects a two month delay in implementation). Driver license renewals from 2019 onward are expected to be higher than prior forecast by an average of 2.4% each year. Some of this change is due to expected implementation delay that necessitates revision to the extension transactions (issuances of driver licenses for less than six years) to smooth out the workload during the implementation years. It is important to note that

renewals/extensions between FY14 and 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 result of this implementation scheme is displayed in Figure 30.

**Figure 30 Driver License Renewals: March 2013 vs November 2012**

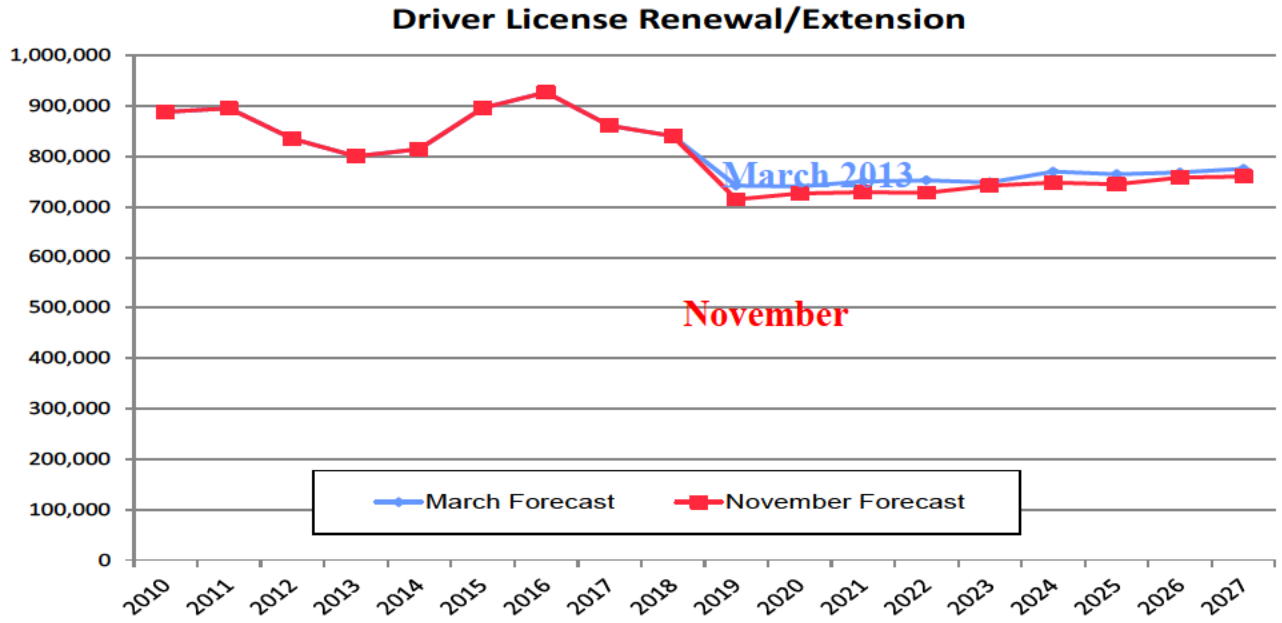
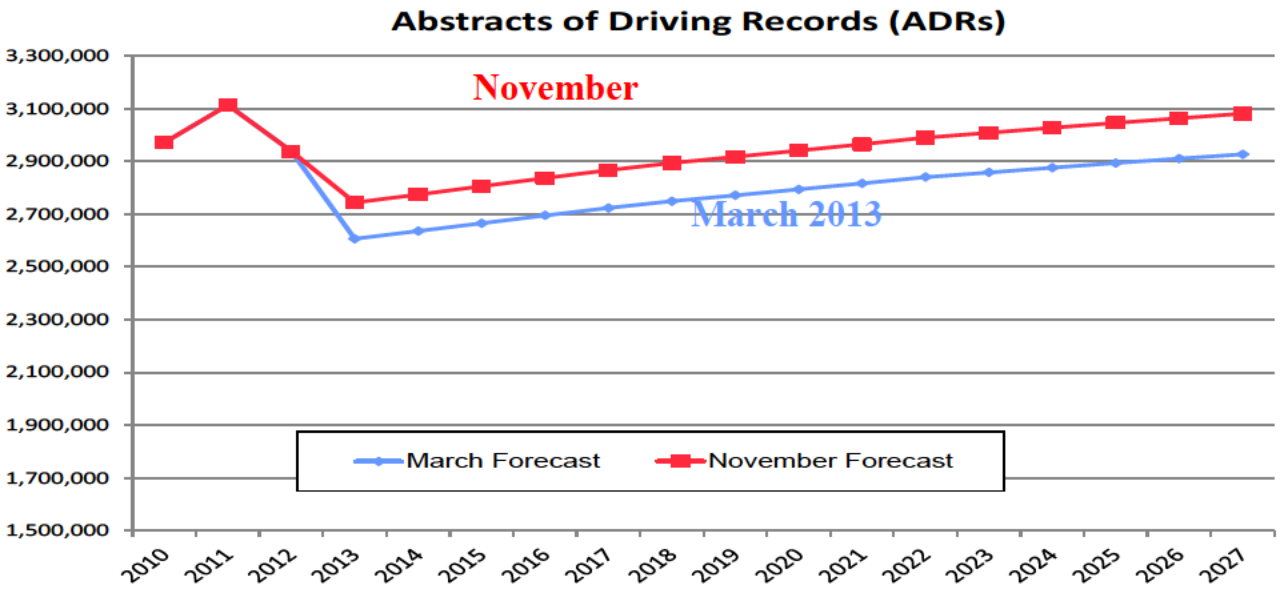



**Figure 31 Sales of ADR March 2013 vs. November 2012**



*Enhanced Driver License (EDL) and Enhanced ID (EID)*
In 2008 Washington became the first state in the nation to issue enhanced driver license/ID cards which is compliant with federal REAL ID requirements. These documents are valid for border crossing on land and sea as well as for domestic flights. To date DOL has issued a total of more than 390,000 such documents, with the earliest issuances starting to renew this year.

The EDL/EID issuances peaked in 2010 with Vancouver Winter Olympics and have since leveled off to about 100,000 a year. In FY12, EDL/EID issuances averaged 7.9% of total driver license and issuances and this rate is assumed in this forecast throughout the forecast horizon. The March forecast is slightly lower through FY18 by about -1.5% due to changes in the regular driver license and ID card forecast revisions. EDL/EID forecast for the years beyond FY19 is unchanged.

*ID Card*
This is the first time issuances of ID cards dropped since the fee increased (from $25 to $45) in October 2012. At the same time, there has been a significant increase in public assistance ID card recipients paying only a fraction ($5.00 rather than $45.00) of the fee. The year-to-date public assistance ID issuances have reached 10% of the total original ID issuances. The March forecast assumes this higher rate of public assistance ID will stay and makes a -10% reduction in the full-paying ID transactions throughout the forecast horizon. ID renewals are also revised lower by -6.7% this biennium and about -10% in future biennia.

*Driver Exam Application Fee*
DOL is in the implementation phase of moving driver exams and tests outside DOL offices to contracted driving schools (starting August 2012). Data to date show a drop in the historical ratio of exam applications to first-time driver license issuances (from prior five year average ratio of 1.6 to 1.23 year to date). With higher exam fees for the test takers, and driving schools' incentive to have their test takers passing the test on the first try, it is reasonable to expect higher passing rate in future driving tests/exams. As fewer test-takers are expected to pay the exam fee more than once, the March forecast is adjusted downward by about 21% throughout the forecast horizon.

*Abstracts of Driver Record (ADR)*
Sales of ADR **s**ales volume continues to come in lower than expected and lower year over year. As a matter of fact, for each month of this fiscal year, sales volumes have been the lowest compared with the corresponding months in the previous five years (see figure C-3). The March forecast is revised down by -5% throughout the forecast horizon. One likely reason for the significant drop in ADR sales is the transition from batch purchase requests (once a month) to on-line purchase requests (as needed). This transition seems to be an efficiency gain for the major data brokers.

## *Trends in Driver Related Revenue*

<u>Highway Safety Fund</u>

Total Highway Safety Fund revenue for the current biennium is projected to be $188.1 million, about $3.9 million lower (-2.0%) than the prior forecast. For the FY13-15 biennium, total Highway Safety Fund revenue is projected to be $250.6 million, about $11.9 million lower (-4.5%) than the November forecast.

Approximately 80% of the Highway Safety Fund (HSF) revenue comes from driver license related fees, including driver exams/tests and ID cards. The 2011-2013 Biennium revenue is projected to be $149.8 million, down about $3.0 million (-2.0%) from prior forecast. Driver fee related revenue for FY13-15 biennium is projected to be $208.6 million, down about $9.8 million (-4.5%) from November forecast. Most of the reduction in revenue is due to downward revision in expected driver exams/tests (-$6.2 million for FY13-15) and ID card issuances (about $-2.2 million for FY13-15) discussed earlier. Another $1.6 million reduction is attributable to delayed implementation of 6-year driver licenses in FY14.

Revenue from the sales of abstract of driver records is revised down by about $925,000 (-2.7%) for the current biennium and down about $2.1 million (-5.3%) 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 $2.5 million a year. The March forecast for the current biennium is at $5.1 million, about 1.8% higher than November forecast.

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). Total revenue for the current biennium is expected to be $30.7 million, down about $773,000 (-2.5%) from prior forecast. Revenue for FY13-15 is expected to be $34.5 million, down about $1.8 million (-5.0%). Similar downward revision is seen in the outer biennia as well.

*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.

Revenue for the Motorcycle Safety Education Account is projected to be about $4.2 million for the current biennium, reflecting a downward revision of about $170,000 (-3.9%) from prior forecast. Revenue for the FY13-15 biennium is expected to be about $5.1 million, a downward revision of about $269,000 (-5.0%) from prior forecast. Much of the forecast change results from lower observed ratio of original motorcycle endorsement over total driver license issuances.

*Ignition Interlock Device Revolving Account*
The Ignition Interlock Device Revolving Account revenue projection is unchanged from November forecast. Revenue is projected to be about $2.6 million for the current biennium, and about $3.6 million for the next. 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:

- Lower observed ratio of exam application to driver license issuances suggesting lower driver test re-take rate with the transition from DOL testing to private school testing;
- Reduction in full fee paying ID cards following the fee increase as more recipients seek DSHS subsidized ID card payments, and
- Continuing drop in ADR sales to commercial data brokers.

**Figure 32 Short-term Driver Related Revenue Forecasts: March 2013**
*millions of dollars*

| Driver Related Revenue | FY 2012 | FY 2013 | 2011-13 Biennium | FY 2014 | FY 2015 | 2013-15 Biennium |
|---|---|---|---|---|---|---|
| Total Highway Safety Fund | **$82.9** | **$105.1** | **$188.1** | **$123.9** | **$126.7** | **$250.6** |
| Drivers License Fees | 64.3 | 85.5 | 149.8 | 103.0 | 105.6 | 208.6 |
| Copies of Record Fees | 16.1 | 17.0 | 33.1 | 18.2 | 18.4 | 36.7 |
| Other smaller misc. Fees | 2.5 | 2.6 | 5.1 | 2.6 | 2.7 | 5.3 |
| Total Motorcycle Safety Education Account | **2.2** | **2.0** | **4.2** | **2.6** | **2.5** | **5.1** |
| Total State Patrol Account | **14.8** | **15.9** | **30.7** | **17.1** | **17.3** | **34.5** |
| Total Ignition Interlock Device Revolving Account | **1.2** | **1.5** | **2.6** | **1.8** | **1.8** | **3.6** |
| Total Driver Related Revenue | **$101.0** | **$124.5** | **$225.5** | **$145.4** | **$148.3** | **$293.7** |
| Percent change from prior forecast | 0.1% | -3.8% | -2.1% | -5.3% | -3.8% | -4.5% |

## Other Transportation Related Revenue Forecast

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

*Vehicle Sales and Use Tax*
Total spending on new US light vehicles was $272 billion in FY 2009 and this represented a decline of 33% from the FY 2008 sales level. In FY 2010, spending on new US light vehicles grew to $301 billion which represented a 10.9% annual growth. In FY 2011, spending on light vehicles grew 14% from FY 2010. In FY 2012, US spending on light vehicle sales grew 14% to $394 billion. In FY 2013, the growth in the US spending on light vehicle sales is projected to be $436 billion; an increase of 11% year over year and this is a slight revision up from the prior forecast of 9%. In FY 2014, the growth in the US spending on light vehicle sales is projected to be $449billion; an increase of 3% year over year and unchanged 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 $63.1 million which is an upward modification from the past forecast. Actual tax collections have come in $1.2 million _higher than November's forecast with national projections of new and used car sales being higher in the near-term and down from November in fiscal years 2015-2019. In the 2013-15 biennium, the sales and use tax collections are projected to rise to $70.7 million which is 3.6% higher or $2.5 million above the past forecast. Revenues after the 2013-15 biennia are rising but the differences from the last forecast turn negative starting in fiscal year 2019.

*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 $46.7 million which is down from the November forecast by 3%. Actuals since the last forecast have been less than projections by $1.1 million. In the 2013-15 biennium, revenues are projected to be $49.7 million which is a 3.2% revision down from the prior forecast. The primary reason for the change in the forecast is due to lower actuals since the November forecast. By the 2015-17 biennium, the current rental car sales tax is down from the prior forecast by $0.8 million from November. Over the 10-year forecast horizon, the rental car tax is down $5.4 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 March 2011-13 biennium forecast is projected to be $11.9 million, which is no change from the prior forecast. The 2013-15 biennium total business related revenues are projected to be down slightly by 0.04% or $4,400 from the November forecast for changes to the filing fees and legal service fees, property management and other revenue fees. This change is due primarily to changes in inflation projections.

A new School zone fine for the Washington Traffic Safety Commission was added to this March forecast. The fee is assessed for traffic violations in school zones and the revenue from the fee is deposited into the School Zone Safety Account. The revenue from this fine varies greatly from month to month. In FY 2012, the revenue for fines assessed in school zones was $0.9 million but so far in FY 2013, revenue from this fee has been lower. As a result, the revenue anticipated from the school zone fines for FY 2013 is $0.66 million which is lower than last year by 27%.In subsequent biennium, the revenue from school zone fines is anticipated to be $0.78 million per year.

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. New to the forecast is revenue from Commercial Vehicle Penalties and Communication Tower Site Leases.

Highway Safety Account revenue consists of certification and calibration fees charged to ignition interlock manufacturers, technicians, providers, and persons required to install an ignition interlock device in all vehicles owned or operated by that person. This revenue source was incorporated into the forecast first in June 2012 and subsequent forecasts are estimated based on data provided in WSP's fiscal note for 2SHB 2443, adjusted for revenue collections beginning in October 1, 2012.

The March 2011-13 Biennium WSP business related revenue forecast is $9.16 million, 0.5% or $0.04 million up from prior estimates due to minor changes in WSP Access fees and breathalyzer test fines. Revenue for ACCESS fees has been updated for actuals for FY2012. There are no other changes to the forecast for ACCESS fees. This March 2013 forecast has two new fees which were added to the WSP forecast: Commercial Vehicle Penalties and Communication Tower Site Leases. In the current biennium, these new fee revenues are projected at $555,845 and $592,637 respectively. There is no change to the forecast for Highway Safety Account revenue or revenue from the 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 account tax collections were $5.8 million and the revenue is projected to increase in the current biennium to $6.5 million which is a minor downward revision of $185,970 from November. In the 2011-13 biennium, the aircraft registrations, excise and dealers' taxes which are a small portion of the total aeronautics revenue are estimated at $853,000, the same as in November. 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 $562,400 which is nearly the same as in November for the current biennium. In the 2013-15 biennium, the aeronautics transfer from the motor

vehicle fund is projected to be $563,100, down minimally by 0.5% from the last forecast. This transfer decrease is from lower gas and diesel consumption this forecast and it continues in forecast horizon.

*Aviation Fuel Tax*
Aviation fuel taxes are forecasted at $5.6 million in the 2011-13 Biennium and $5.3 million in the 2013-2015 Biennium. The forecast is lower in the 2011-13 Biennium by $184 thousand (-3.16%) than the previous forecast due lower than anticipated aviation fuel tax revenue in the current fiscal year. This forecast has been updated with the FAA 2013 General Aviation Fuel Consumption forecast, which is somewhat lower than the 2012 forecast. In addition, the forecast was updated with OFM's long-term forecast of Manufacturing Employment.

*Primary reasons for the forecast changes*

- Vehicle sales and use tax revenue are higher in the current biennium by nearly $1.5 million due to higher actuals. In subsequent years, the forecast is higher than November until fiscal year 2019 when it turns negative.
- Rental car tax revenue is down by $.4 million in the current biennium due to lower collections in recent months than anticipated. In subsequent biennia after 2013-15 biennium, the rental car tax revenue is down from November minimally.
- WSDOT Business and other miscellaneous revenue is $11.9 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 for filing fees and legal services, property management and other revenues due to changes in inflation.
- School Zone fines are added to this March forecast and are anticipated to generated $0.66 million in the current biennium and $0.78 million annually thereafter.
- WSP Business and other miscellaneous revenue March forecast has only minor upward revisions for actuals in the current biennium by $0.042 million from November due to a slight adjustments to Breath Test Fines and WSP Access fees. This March forecast includes two new fees the Commercial Vehicle Penalties and Communications Tower Leases which are slightly more than $1 million per biennium.
- Aircraft fuel tax revenue has been revised downward by $184,000 in the current biennium and all subsequent biennia are down reflecting lower actual collections than anticipated in November.
- Aircraft registrations and excise taxes have not been changed from the November forecast.
- In the current biennium, total other transportation related revenue is projected to be $139 million and down slightly 0.08% or $0.1 million from the last forecast.
- In the 2013-15 biennium, the revenues are projected to be $150.8 million and this forecast is a minor revision upward of $446,000 from November. In future biennia beyond 2013-15 biennia, business related revenues are also up by a diminishing amount each biennia so by 2017-19 biennia total transportation related revenue forecasts are actually down by $624,800 (-0.37%) and that difference grows slightly through the remainder of the forecast horizon.

**Figure 33 Short-term Other Transportation Related Revenue: March 2013 forecast**
*millions of dollars*

| | FY 2012 | FY 2013 | 2011-13 Biennium | FY 2014 | FY 2015 | 2013-15 Biennium |
|---|---|---|---|---|---|---|
| Rental Car Sales Tax | $23.6 | $23.1 | **$46.7** | $24.3 | $25.4 | **$49.7** |
| Vehicle Sales & Use Tax | 30.0 | 33.1 | **63.1** | 34.7 | 36.0 | **70.7** |
| DOT Business/Other Rev | 6.7 | 5.2 | **11.9** | 6.0 | 6.0 | **12.0** |
| WSP Business/Other Rev | 4.5 | 4.7 | **9.2** | 5.1 | 5.1 | **10.2** |
| WA Traffic Safety Comm. | 0.9 | 0.7 | **1.6** | 0.8 | 0.8 | **1.6** |
| Aeronautics Taxes/Fees | 3.4 | 3.1 | **6.5** | 3.1 | 3.1 | **6.2** |
| Total Other Transportation Related Revenue | $69.1 | $69.9 | **$139.0** | $74.0 | $76.4 | **$150.4** |
| % Change from Prior Fcst | 16% | 1.7% | **2.1%** | 1.9% | 2.6% | **2.2%** |

## Ferry Ridership and Revenue

*Ferry Fare Ridership and Revenue Forecasting Process*

For the March 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 March Baseline Forecast incorporates actual ridership counts through January 2013 and actual revenue collections through February 2013. In addition, the March 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 March Baseline Forecast scenario excludes any future fare increases.

The March Baseline Forecast continues with the application of the refinements made in November to the passenger and vehicle/driver commuter fare ridership models. The new models better capture the unique trends in commuter ridership by incorporating working age population index forecasts for the three counties that comprise the majority of the ferry-served communities. For March, the population index forecasts were updated with underlying population data projections from the November 2012 forecast.

Both 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.

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.

*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 12,288,000, a 0.4% decrease from the prior forecast, and a year-over-year increase of 0.4%.

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[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 1.0% lower than November in FY 2014 to 4.3% lower by FY 2027, due largely to a downward revision in the working-age population index for ferry-served communities and a lower projection for real personal income.

*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 10,012,000, or 0.6% lower than the November forecast, which also represents a predicted year-over-year increase of 0.3% from FY 2012.

For the rest of the forecast horizon, the vehicle/driver ridership projections range from essentially unchanged in FY 2015 to 1.1% lower by FY 2027, compared to November. As with passengers, a key contributor to the decrease in forecast levels is the downward revision in the working-age population index for ferry-served communities, though for vehicles, this is partly offset by lower real gas prices in the early years of the forecast through FY 2016.

*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 22,300,000, or 0.5% lower than anticipated in November with seven months of actual ridership data included. Some of this decrease is attributable to unplanned service disruptions and capacity reductions on the Seattle-Bremerton and Fauntleroy-Vashon-Southworth routes during the month of December 2012.

For the rest of the forecast horizon, projected overall ridership starts out 0.6% lower in FY 2014 and reaches nearly 3.0% lower by FY 2027, relative to the November values.

Figure 34 illustrates the trends and changes from the prior forecast for passengers, vehicles/drivers and total ferry ridership over the forecast horizon.

**Figure 34 Comparison of Ferry Passenger and Vehicle Ridership: March 2013 and November 2012 Baseline Forecasts**
*Millions of Riders*

*Trends in Ferry Revenue*

The March 2013 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 working-age population index in ferry served communities, 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. Projections for real gasoline prices have been revised modestly lower through FY 2016, somewhat higher for FY 2017-18, and then marginally lower thereafter. The overall impact of the revised projections for these variables is a lower revenue forecast trend relative to November. However, the revenue impacts are not as great as the ridership impacts, since the decrease in the higher fare vehicle projections is smaller than that for passenger ridership.

Fare revenue plus capital surcharge revenue for FY 2013, both of which includes eight months of actual collections, are collectively 0.6% lower than projected in November. Some of the current fiscal year decline is attributable to the aforementioned, unplanned service and capacity reductions in December.

For the 2011-2013 biennium, farebox collections under the Baseline Forecast are projected to be 0.3% or $0.9 million lower than projected in November for a total of $315.9 million. Of this total, $309.7 million represents regular fare revenues and $6.2 million represents the capital surcharge receipts. Compared to November, the current Baseline Forecast for revenue is anticipated to range from 0.4% lower for the 2013-2015 biennium on up to 1.7% lower for 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 $3.7 million. Future values increase with growth in ridership.

*Ferry Miscellaneous Revenue*

WSF's miscellaneous revenue forecasts are based on the March 2013 ridership projections and capture the most recent actual revenue for FY 2013, including revenue that has been generated by the visual paging project. The changes in the projections for vessel non-farebox revenue (galley, duty free, and wi-fi) tend to be smaller than the changes terminal non-farebox revenue projections (vending, shoreside restaurants and concessions, parking lots and advertising), compared to November. Beyond the 2013-15 biennium the miscellaneous revenue forecasts generally track with the lower ridership forecasts, subject to the points noted below.

- The FY 2013 increase in terminal non-farebox revenue is due to higher than anticipated revenue from advertising. The increase in advertising revenues continues in FY2014 and 2015 as represented by the increase in terminal non-farebox revenues each fiscal year.
- In the 2015-17 biennium, terminal non-farebox revenues decrease slightly. Starting in 2016 the increase in advertising revenues is offset by the Seattle Ferry Terminal building demolition, which is expected to reduce shoreside concession revenues. All Seattle concession vendors will be removed from the building prior to reconstruction in 2016. WSF anticipates that the vendors may be able to be on site for half of the fiscal year.
- For the 2017-19 biennium through the 2025-27 biennium, the reduction at the Seattle terminal is the primary cause for the reduced terminal non-farebox revenue forecast. As there is currently no funding in the Seattle Terminal Project to replace concession structures, WSF is taking a conservative approach to determining concession revenues at this location. However, the full

impact of this is lessened due to the increases in advertising revenue, as the new Seattle Terminal will have advertising wall space.

*Primary Reasons for the Forecast Changes*

- Lower projections for the working-age population index in ferry-served communities, real personal income, and inflation collectively contribute to the lower ridership and fare revenue projections.
- Lower projections for real gas prices through FY 2016 dampen the other downward trends on the vehicle ridership forecast levels in the early years of the forecast horizon.
- For miscellaneous revenues, higher advertising revenues in the early years help to offset a general downward trend caused by lower ridership forecasts and the expected loss of concession revenues at the Seattle Terminal in 2016.

**Figure 35 Short-term Ferry Revenue**
**March 2013 Baseline Forecast**
*Millions of Dollars*

| | FY 2012 | FY 2013 | 2011-13 Biennium | FY 2014 | FY 2015 | 2013-15 Biennium |
|---|---|---|---|---|---|---|
| Farebox Revenue | $152.54 | $157.12 | $309.66 | $158.45 | $161.91 | $320.36 |
| Capital Surcharge Revenue | 2.55 | 3.68 | 6.22 | 3.81 | 3.89 | 7.70 |
| Misc. Ferry Revenue | 3.21 | 3.63 | 6.84 | 3.84 | 4.05 | 7.89 |
| **Total Ferry Revenue** | **$158.30** | **$164.43** | **$322.72** | **$166.10** | **$169.85** | **$335.95** |
| % Change from Prior Forecast | 0% | -0.5% | -0.2% | -0.3% | -0.1% | -0.2% |

## 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.

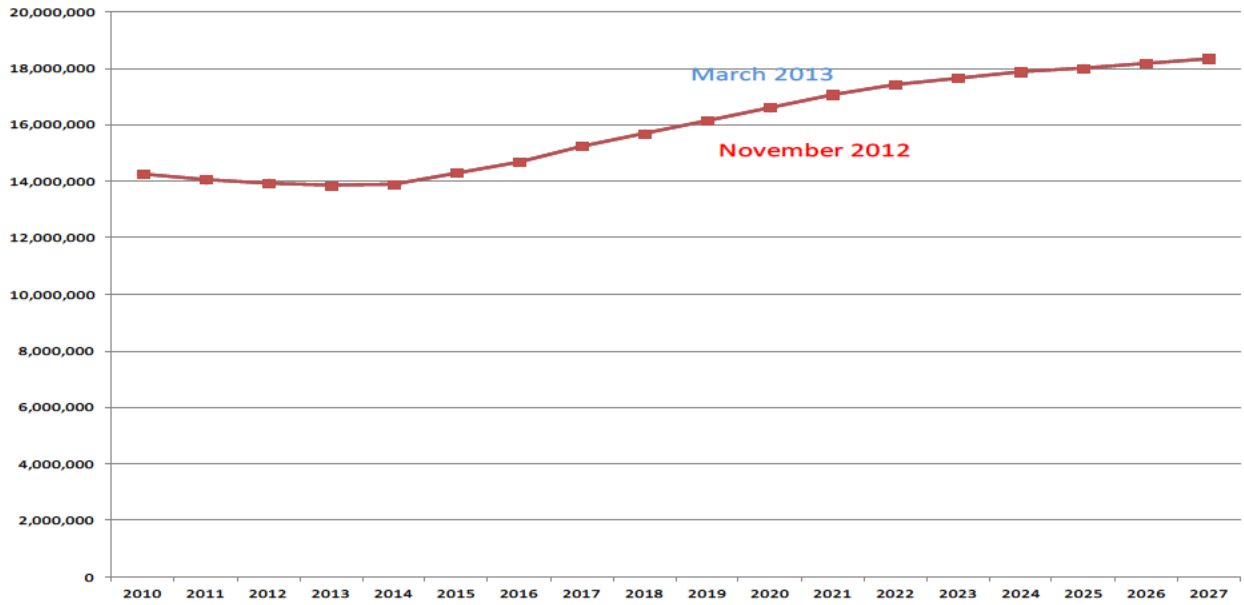
The SR 167 HOT lanes pilot program revenue forecast reflects actual toll collections starting in May 2008. In 2011 legislative action, SR 167 HOT lanes pilot program was extended to June 30, 2013. Toll rates are set to maximize traffic flow while managing demands to maintain acceptable operating speed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

SR 520 Bridge March revenue forecast reflects revised investment grade study to the 2011 investment grade study. 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 36 Comparison of TNB Traffic Volume: March 2013 and November 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 current forecast has not changed from the prior forecast. The forecast for FY 2014 predicts a 0.2% annual growth in TNB traffic volume and this forecast is the same assumption made in the last forecast. For all remaining years in the forecast horizon, the traffic volume forecast for TNB is not changed from the November projections. 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 March 2013 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$109.7 million which is the same as the last forecast for the current biennium. In the 2013-2015 biennium, the projected toll revenue is $125.6 million, which is the same as the November forecast. The remainder of the current forecast is the same as in November.

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 March forecast of violations revenue for 2011-13 biennium is 1.082 million and no change from the November forecast. The fee revenue projection for TNB has not changed from the last forecast. In this March forecast, the TNB fee revenue is projected to be $541,890 for the 2011-13 biennium. Future fee revenue has also not changed for 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 $1.17 million which is the same as in November. 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 November.

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 same as in November. 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. Traffic volume is estimated to grow to 1,047,000 by the end of FY 2013, this is an upward revision of the November traffic volume forecast by 15.4%. The increase in traffic volume is due to more congestion and higher demand for HOT lanes in recent months.

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 was $1.25 million, and the total revenue is projected at $2.345 million in the FY 2011-2013 biennium, which is an increase of 5.6% or $0.12 million from the November forecast**.**

In 2011-2013 biennium, the current revenue forecast of transponder and shield sales on SR 167 is $57K, which is a decrease of 6.5% or $4,000 from the November forecast. Sales of transponder shields will be phased down in FY 2013. Fees revenue is $6.4K in the current biennium which is the same as the November forecast.

*Trends in SR 520 Bridge Toll Lanes Traffic and Revenue*

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

The March gross and adjusted toll revenue forecast for the current and all subsequent biennia is the same as the November forecast. The March 2013 traffic and toll revenue forecast is based on the same economic variables as in November being 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 in November 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. In FY 2012, on a daily basis, average weekday traffic was 12% above original projections, and weekend daily traffic was 36% over projections. Due to the high number of Good to Go accounts in the first six months of 2012, the November and March forecasts assume 80% of FY 2013 trips will be prepaid / Good to Go, increasing ultimately to a maximum of 89%.

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 13.86 million and 13.88 million in FY 2013 and FY2014, respectively. After construction of the bridge is finished in FY 2017, the expected traffic volume is projected to fall slightly in FY 2019 and then 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 grow annually between 3% and fall to as low as 0.7%. This is the same trend in March as seen in November 2012. Adjusted gross toll revenue from six months of tolling SR 520 during FY2012 was $26.1 million. In the March forecast, adjusted gross 520 toll revenue is expected to be $83.75 million for the 2011-2013 biennium. In the 2013-15 biennium, SR 520 adjusted gross toll revenue is projected to rise to $133.85

million and in the next biennium, SR 520 adjusted toll revenue is anticipated to be $158.39 million. By the last biennia of the forecast horizon, SR 520 adjusted toll revenue is anticipated to be $203.55 million.

*Trends in Total Adjusted Toll Revenue*
Adjusted toll revenue (toll, fines and fees and transponder/shields sales) from all three tolling facilities 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, with SR 520 facility added in, this March forecast of adjusted toll revenue is $208.87 million which is minor upward revision of $124,111 or 0.06% from November due to higher HOT lanes revenue collections in recent months. The adjusted toll revenue is projected to increase to $275.15 million and $307.68 million in FY 2013-15 and FY2015-17, respectively. There is no change in the current forecast from November beginning next biennium.

*Primary reasons for the forecast changes*

- TNB traffic volume and revenue is the same as in November due to actuals coming in close to projections.
- SR167 HOT lanes transactions are up in recent months so the annual traffic volume for SR 167 is 1.047 million and this is an upward revision of 15% from the November forecast
- SR 167 HOT lane revenue forecast in 2011-2013 biennium is anticipated to be $2.346 million, which is an increase of $124,111 from the November forecast. The increase in toll revenue is due to the higher collections and traffic in recent months.
- For SR520, the March forecast is the same as in November for traffic volume and revenue.
- The SR 520 adjusted gross revenue is anticipated to be $83.75 million in the current biennium and increase to $133.85_million by the 2013-15 biennium and continue to grow for the remainder of the forecast horizon.

**Figure 37 Short-term Toll Facility Revenue:**
**March 2013 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 | 1.17 | 2.15 | | | |
| Transponder Sales | 0.35 | 0.35 | 0.70 | | | |
| 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 | $77.22 | $128.34 | $205.56 | $134.01 | $141.05 | $275.06 |
| % Change from Prior Fct | 0.4% | 0.3% | 0.3% | 0% | 0% | 0% |

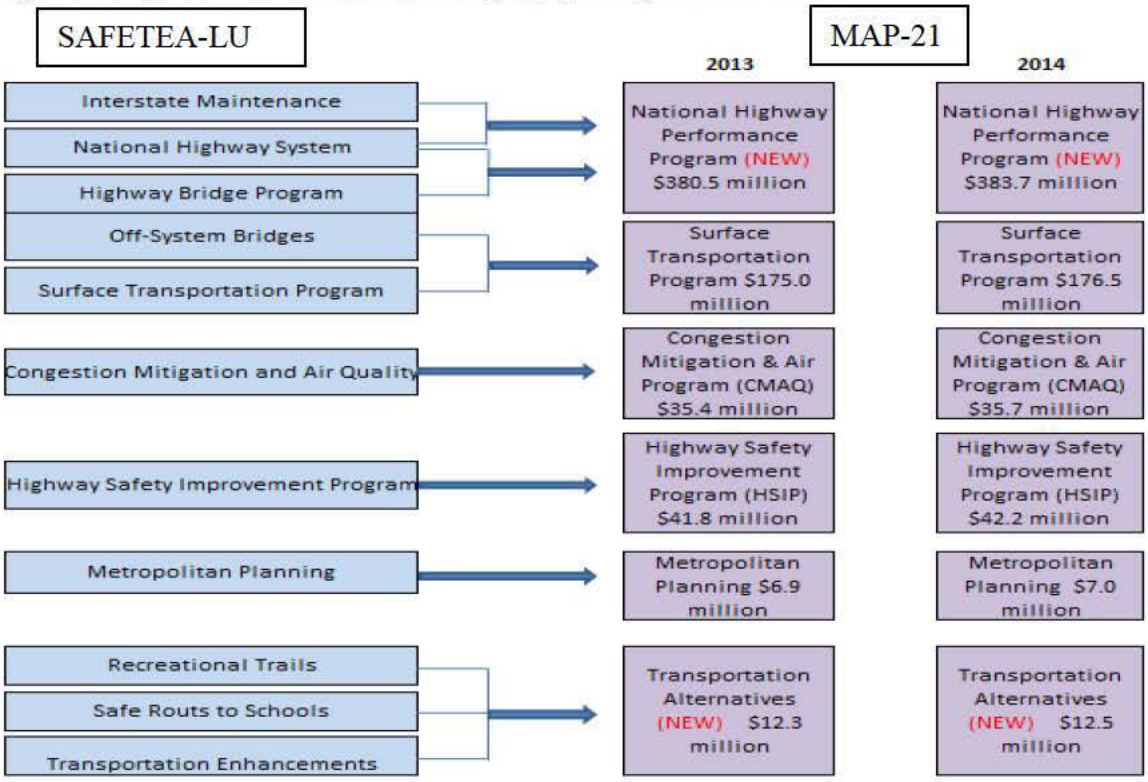
## Federal Funds Revenue

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 March 2013 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).

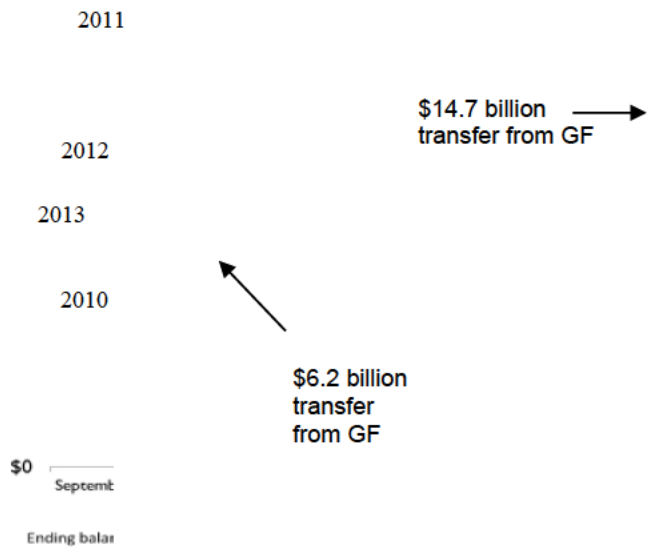
MAP-21 continues to provide the majority of Federal-aid highway funds to the states through core programs. Since 2004, SAFETEA-LU and continuation of this former federal transportation Act distributed federal funds through seven core programs: Interstate Maintenance, National Highway Systems, Highway 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 2012 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 38 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 38 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). The 2013 portion of the General Fund transfer ($6.2 billion) will be reduced by approximately $316 million (5%) due to the March 1, 2013 federal sequester. The negative impact from this sequester on the Highway Trust Fund will make the trust fund insolvent earlier in 2015 or possibly late 2014. 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 and transfer from the General Fund, 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 39 illustrates the monthly highway account balance for federal fiscal years 2010 – 2013.

**Figure 39 Monthly Federal Highway Trust Fund Account Balance (billions of dollars): 2010-2013**

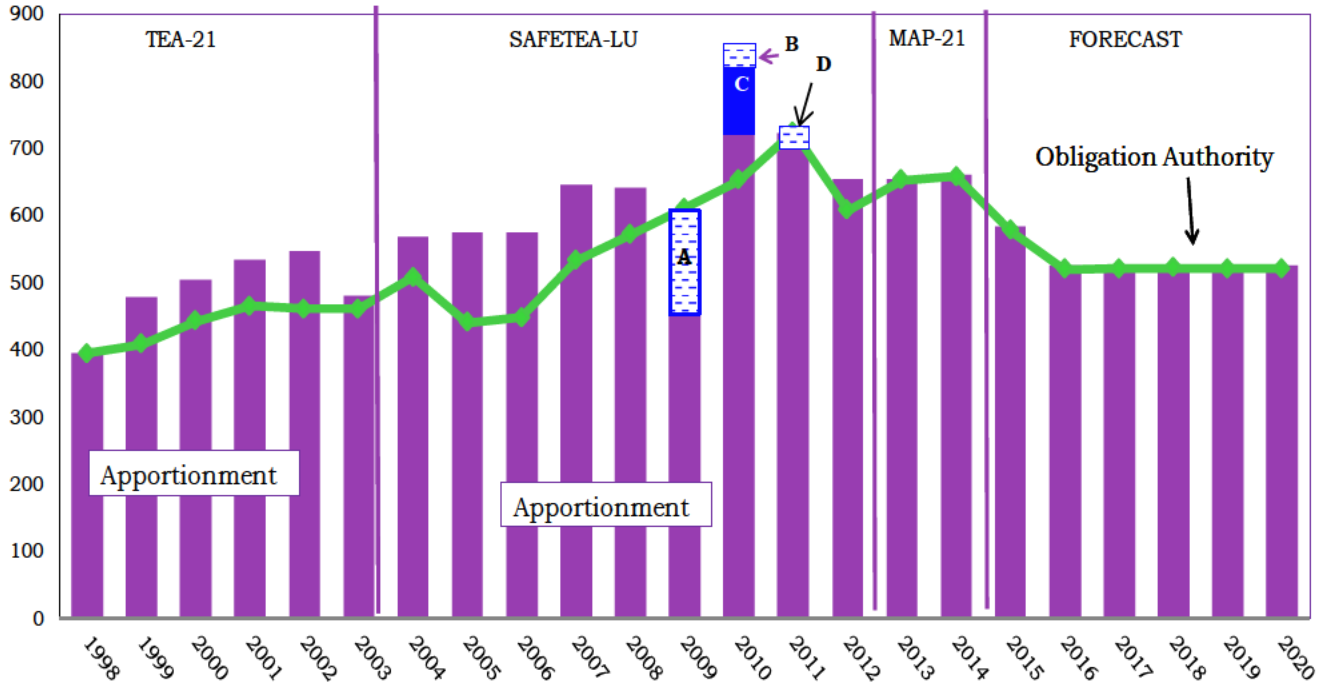



MAP-21 authorizes federal apportionment to fund the five core formula programs. Federal apportionment is the funds distributed to states for obligation in an appropriation account. MAP-21 requires FHWA to divide the total federal apportionment among the states using an allocation process specified in 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 40 describes the amount of federal apportionment and obligation authority to Washington State since 1998 with the inclusion of the March 2013 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 40 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) - Federal Fiscal Years 1998-2020 with the March 2013 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 March 2013 federal funds forecast

*Washington's Federal Apportionment Forecast*

The baseline March 2013 apportionment forecast for FFY 2013 and FFY2014 is based on MAP-21, H.R. 4348, Notice 4510.761 dated January 9, 2013 which sets apportionment levels for FFY2013 at $655.05 million dollars. The apportionment forecast for 2014 is $660.66 million based on the Summary of Estimated FFY 2014 Apportionments under the Conference Report for MAP-21 found on the FHWA web site which was updated since the November forecast. FFY 2014 apportionment level is higher than in November by $3,1 million due FHWA revised funding estimates. This upward revision sets future years at a slightly higher base throughout the forecast horizon. This funding level for FFY 2014 will be updated once a federal notice is released.

Long-term Apportionment Forecast (Post MAP-21):
The baseline March 2013 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) February 5, 2013 forecasts for the HTF predicts the fund going negative in FFY 2015. In order to keep the HTF from going negative, a 11.6% reduction in federal expenditures and Washington's federal apportionment level in FFY 2015 would need to be made and another 10.0% reduction in FFY 2016 for a two-year reduction total of 21.6%. Our current two year reduction percentage is a slight change from the November forecast which used a prior CBO forecast which required a 13.6% reduction in FFY2015 and an 8.1% reduction in FFY2016. Due to the 2013 federal sequestration, our reduction in FFY 2015 is lower by 0.2% than we would have reduced the forecast if the sequester had not occurred. After FFY 2016, Washington's federal funding level will grow at the same rates as our state motor fuel consumption which is the same methodology as applied in prior forecasts.

**Figure 41 Washington Apportionment of FHWA Programs 2013 – 2014 MAP-21**

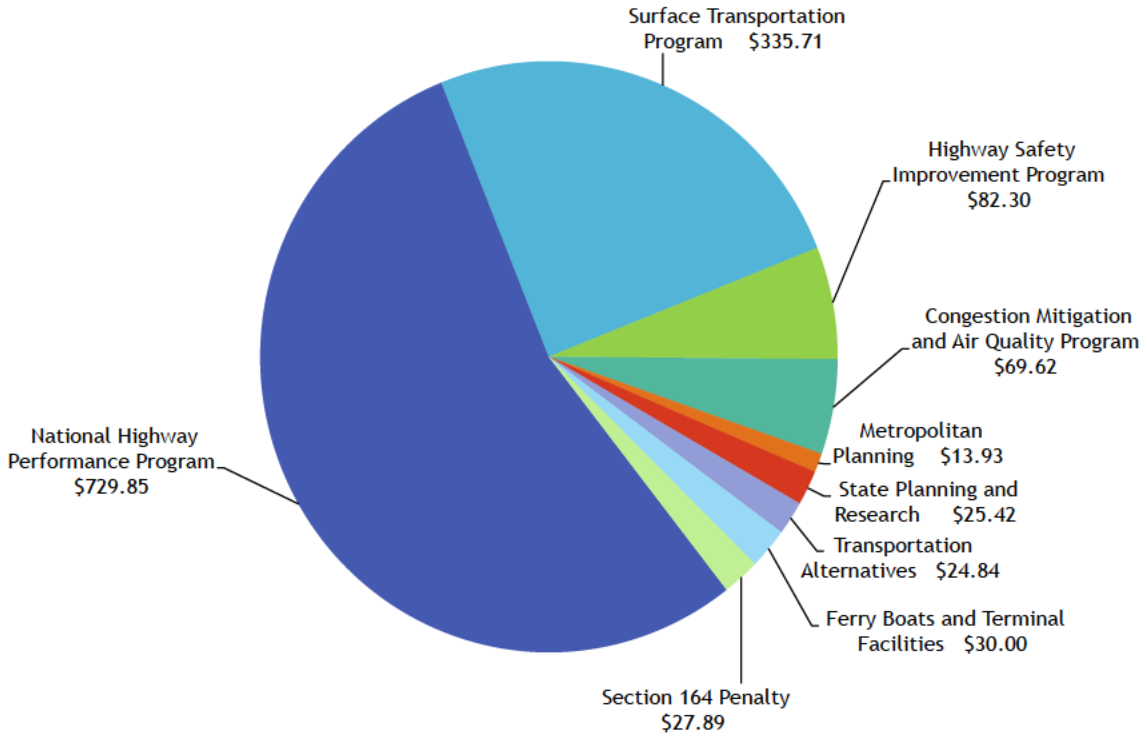
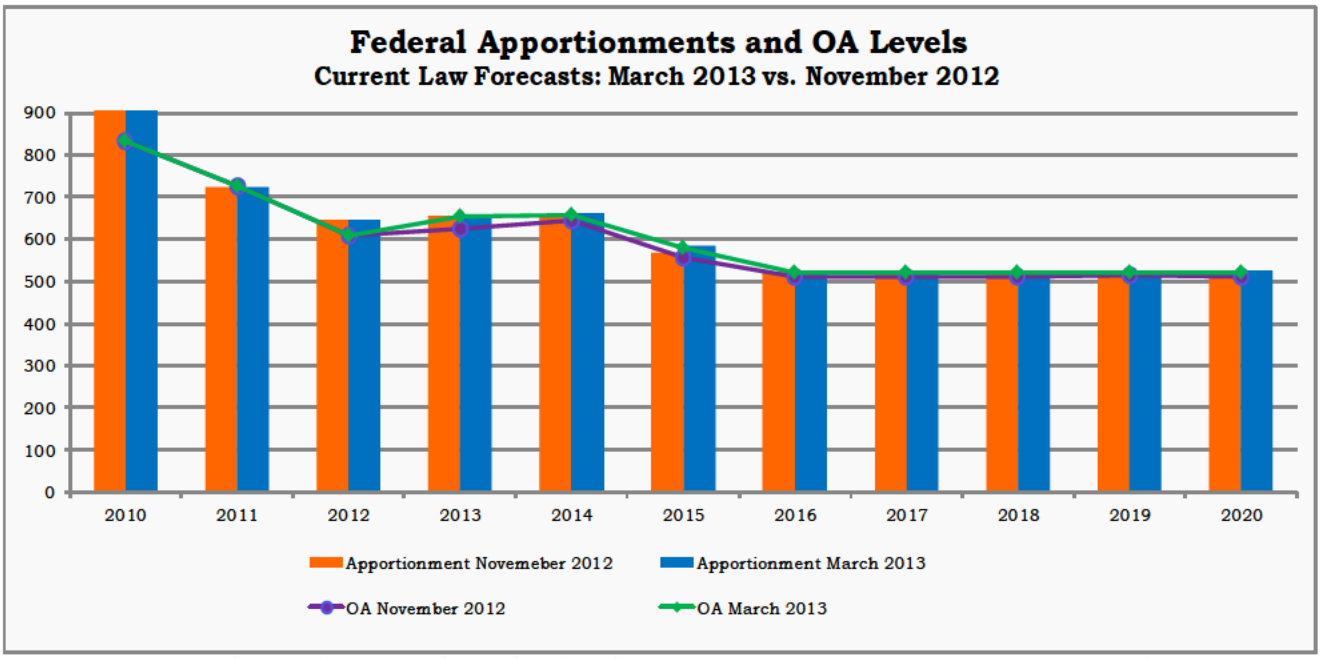


**Figure 42 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars): March 2013 vs. November 2012 Forecast Comparison Federal Fiscal Years 2010-20**




Source: FHWA apportionment and obligation authority notices and TRFC March 2013 federal funds forecast

The Washington MAP-21 Steering Committee and the Governor have reviewed the split of Federal Funds between the State and Local programs in October 2012. Figure 43 outlines the minor revisions in individual program distributions. These agreed upon revisions to the program distributions are reflected in the March 2013 federal forecast which has not been modified since the last forecast.

**Figure 43 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) | 27% | 73% |
| Highway Safety Improvement Program (HSIP) | | |
| Highway Safety component of HSIP | 30% | 70% |
| Rail Crossing Safety component of (HSIP) | 100% | 0% |
| Congestion Mitigation and Air Quality (CMAQ) | 0% | 100% |
| Metropolitan Planning (MPO) | 0% | 100% |
| Statewide Planning and Research (SPR) | 100% | 0% |
| Transportation Alternatives (TA) | | |
| Recreational Trails component of TA | 100% | 0% |
| Population Distribution component of TA | 0% | 100% |
| Any Program Distribution component of TA | 0% | 100% |

*Civil Penalties in Federal Forecast*

In this March forecast as well as in the prior six 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, the federal funds forecast has the civil penalties being redistributed back to the state portion of federal funds.

*Washington's Obligation Authority (OA) Forecast*

The March 2013 baseline obligation authority forecast for FFY 2013 is based on the Senate version of H.R. 933, a full FFY 2013 continuing resolution, which issues OA at 98% of apportionment which is consistent with MAP-21 funding level for this year. All other years in the forecast horizon are also set at 98% of apportionment which is consistent with the OA ratio set in Section 1101 and 1102 of H.R 4348 in MAP-21 legislation. This percentage is slightly higher than the percentage of apportionment assumed under SAFETEA-LU of 90% and the OA to apportionment percentage assumed in the November forecast at 95%. Obligation Authority for FFY2013 in the March 2013 forecast is $653.15 million which is an increase of $27.13 million or 4% higher than the November 2012 forecast. This increase in the 2013 OA is due to additional $11 million of OA which is accompanying an apportionment of Exempt NHPP and the higher OA level set by the Senate version of H.R. 933 continuing resolution for FFY2013. Obligation Authority for FFY2014 is $658.65 million in the March 2013 forecast which is $14.23 million or 2% higher than in November due also to the incorporation of the exempt NHPP OA and the slightly higher apportionment level in that year and the higher 98% assumption about OA to apportionment percentage. Obligation Authority for federal fiscal years beyond 2014 is set based at 98% of apportionment each year which is consistent with the OA ratio set in Section 1101 and 1102 of H.R 4348 in MAP-21 legislation and our prior forecast assumption.

*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. Washington will receive $14.9 million in Ferry Boat and Terminal funds in FFY2013.

*Recent Changes in Federal Forecast*

- The March 2013 federal apportionment forecast for FFY2013 and FFY2014 reflects the passage of the new surface transportation act, MAP-21, H.R. 4248.
- The March 2013 federal appropriations forecast for FFY 2013 and FFY 2014 is $655.0 million and $660.6 million respectively for the two year period which is $3.1 million higher than in November for FFY 2014.
- The obligation authority forecast for FFY 2013 is based on the Senate version of H.R. 933, FFY 2013 continuing resolution. All other years in the forecast horizon, OA is set at 98% of apportionment.
- This March forecast includes the new program structure from MAP-21 and distributions between state and local programs are the agreed upon State and Local programs splits by the Map-21 Steering Committee program in October 2012.
- The 2013 sequester of federal funds is incorporated into the March 2013 forecast for fiscal year 2015.
- The new Ferry Boat and Terminal Program distribution has been set by FHWA at $14.9 million in 2013 and 2014 for Washington State.

**Figure 44 Washington's portion of Federal Highway Funds by Federal Fiscal Year: March 2013 forecast**
*Millions of dollars*

| | FFY 2012* | FFY 2013 | FFY 2014 | FF 2015 | FY 2016 |
|---|---|---|---|---|---|
| **WA Statewide Apportionment of FHWA Programs** | **715.2** | **655.0** | **660.6** | **584.0** | **525.6** |
| % Change from Prior Fcst | 0% | 0% | 0.5% | 2.8% | 0.7% |
| **Obligation Authority** | **696.1** | **653.1** | **658.6** | **578.7** | **520.8** |
| % Change from Prior Fcst | 0% | 4.3% | 2.2% | 3.9% | 1.8% |

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

## Forecast Contacts

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### Economic Variables and Fuel Price Forecast

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### Motor Fuel Tax Revenue Forecast

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### Motor Vehicle Licenses, Permits & Fees Revenue Forecast

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### Driver Related Revenue Forecasts

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

### Other Transportation Related Revenue Forecast

*Vehicle Sales & Rental Car Tax*

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*Business and Other Revenue*

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*Aeronautics Revenue*

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### Washington State Ferries Ridership and Revenue Forecast

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### Toll Operations Traffic and Revenue

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### Federal Funds Forecast

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# Appendix

Graphs and Tables Related to the March 2013 Forecast
Including distribution of revenues to the major accounts

## Figure 45 Forecast to Forecast Biennium Comparison of All Transportation Revenues
## March 2013 forecast - 16 year period

*millions of dollars*

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

***March 2013• millions of dollars***

| | Current Biennium 2011-2013 | | | 2013-2015 | | | 16-Year Period (2011-2027) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Forecast Mar-13 | Chg from Nov-12 | Percent Change | Forecast Mar-13 | Chg from Nov-12 | Percent Change | Forecast Mar-13 | Chg from Nov-12 | Percent Change |
| **Sources of Transportation Revenue** | | | | | | | | | |
| Motor Vehicle Fuel Tax Collections | 2,485.4 | (4.5) | -0.2% | 2,520.8 | (17.5) | -0.7% | 20,210.1 | (174.7) | -0.9% |
| Licenses, Permits and Fees * | 928.6 | 2.1 | 0.2% | 996.0 | 5.9 | 0.6% | 8,341.0 | 17.7 | 0.2% |
| Ferry Revenue† | 322.7 | (0.8) | -0.2% | 335.9 | (0.7) | -0.2% | 2,880.6 | (28.6) | -1.0% |
| Toll Revenue | 208.9 | 0.1 | 0.1% | 275.2 | 0.0 | 0.0% | 2,567.4 | 0.1 | 0.0% |
| Aviation Revenues ‡ | 6.5 | (0.2) | -2.8% | 6.2 | (0.4) | -6.3% | 51.4 | (1.5) | -2.7% |
| Rental Car Tax | 46.7 | (1.4) | -3.0% | 49.7 | (1.7) | -3.2% | 467.7 | (6.6) | -1.4% |
| Vehicle Sales Tax | 63.1 | 1.5 | 2.4% | 70.7 | 2.5 | 3.6% | 640.4 | 4.7 | 0.7% |
| Driver-Related Fees* | 225.5 | (4.8) | -2.1% | 293.7 | (13.9) | -4.5% | 2,310.7 | (87.2) | -3.6% |
| Business/Other Revenues‡* | 22.6 | 0.0 | 0.2% | 23.7 | 0.1 | 0.2% | 197.9 | 0.3 | 0.2% |
| **Total Revenues** | **4,310.1** | **(8.1)** | **-0.2%** | **4,571.9** | **(25.9)** | **-0.6%** | **37,667.3** | **(275.8)** | **-0.7%** |
| **Distribution of Revenue** | | | | | | | | | |
| Motor Fuel Tax Refunds and Transfers | **147.6** | **1.3** | **0.9%** | **138.6** | **(0.9)** | **-0.6%** | **1,225.1** | **(7.6)** | **-0.6%** |
| **State Uses** | | | | | | | | | |
| Motor Vehicle Account (108) | 1,055.9 | (2.1) | -0.2% | 1,087.9 | (0.6) | -0.1% | 8,804.0 | (38.9) | -0.4% |
| Transportation 2003 (Nickel) Account (550) | 357.7 | (0.4) | -0.1% | 393.5 | (1.1) | -0.3% | 3,135.0 | (13.4) | -0.4% |
| Transportation 2005 Partnership Account (09H) | 567.4 | (0.5) | -0.1% | 577.7 | (3.0) | -0.5% | 4,612.2 | (34.8) | -0.7% |
| Multimodal Account (218) | 238.8 | 0.0 | 0.0% | 255.1 | 0.3 | 0.1% | 2,265.4 | (4.2) | -0.2% |
| Special Category C Account (215) | 46.4 | (0.1) | -0.1% | 47.3 | (0.3) | -0.7% | 376.8 | (3.3) | -0.9% |
| Puget Sound Capital Construction Account (099) | 33.8 | (0.0) | -0.1% | 34.4 | (0.2) | -0.7% | 274.2 | (2.4) | -0.9% |
| Puget Sound Ferry Operations Account (109) | 374.1 | (1.0) | -0.3% | 386.8 | (1.6) | -0.4% | 3,288.0 | (39.2) | -1.2% |
| Capital Vessel Replacement Account (18J) | 6.2 | (0.1) | 0.0% | 7.7 | (0.0) | 100.0% | 65.5 | (0.9) | 100.0% |
| Tacoma Narrows Bridge Account (511) | 109.7 | 0.0 | 0.0% | 128.5 | 0.0 | 0.0% | 1,148.4 | 0.0 | 0.0% |
| High Occupancy Toll Lanes Account (09F)^ | 2.3 | 0.1 | 5.6% | 0.0 | 0.0 | 0.0% | 2.3 | 0.1 | 5.6% |
| SR 520 Corridor Account (16J) | 90.8 | 0.0 | 0.0% | 139.3 | 0.0 | 0.0% | 1,364.1 | 0.0 | 0.0% |
| SR 520 Corridor Civil Penalties Account (17P) | 6.0 | 0.0 | 0.0% | 7.4 | 0.0 | 0.0% | 52.5 | 0.0 | 0.0% |
| Aeronautics Account (039) | 6.5 | (0.2) | -2.8% | 6.2 | (0.4) | -6.3% | 51.4 | (1.5) | -2.7% |
| State Patrol Highway Account (081) | 329.5 | (0.2) | -0.1% | 344.4 | (1.2) | -0.3% | 2,929.5 | (12.2) | -0.4% |
| Highway/Motorcycle Safety Accts. (106 & 082) | 193.0 | (4.0) | -2.1% | 257.5 | (12.1) | -4.5% | 2,011.5 | (73.0) | -3.5% |
| School Zone Safety Account (780) | 1.6 | 1.6 | 100.0% | 1.6 | 1.6 | 100.0% | 12.5 | 0.0 | 0.0% |
| Other accounts (201, 06T, 097, 09E, 216, 07C) | 16.0 | 0.0 | 0.0% | 16.3 | (0.0) | -0.1% | 136.7 | (0.0) | 0.0% |
| Ignition Interlock Devices Revolving Acct 14V | 2.6 | 0.0 | 0.0% | 3.6 | 0.0 | 0.0% | 27.7 | 0.0 | 0.0% |
| **Total for State Use** | **3,438.4** | **(8.5)** | **-0.2%** | **3,695.2** | **(20.4)** | **-0.5%** | **30,557.7** | **(223.5)** | **-0.7%** |
| **Local Uses** | | | | | | | | | |
| Cities | 178.1 | (0.2) | -0.1% | 181.4 | (1.3) | -0.7% | 1,445.2 | (12.6) | -0.9% |
| Counties | 291.8 | (0.2) | -0.1% | 297.6 | (1.5) | -0.5% | 2,375.9 | (12.8) | -0.5% |
| Transportation Improvement Board (112 & 144) | 190.3 | (0.3) | -0.1% | 193.8 | (1.4) | -0.7% | 1,544.2 | (14.1) | -0.9% |
| County Road Administration Board (102 & 253) | 64.0 | (0.1) | -0.1% | 65.2 | (0.5) | -0.7% | 519.2 | (5.2) | -1.0% |
| **Total for Local Use** | **724.2** | **(0.8)** | **-0.1%** | **738.0** | **(4.6)** | **-0.6%** | **5,884.5** | **(44.7)** | **-0.8%** |
| **Total Distribution of Revenue** | **4,310.1** | **(8.1)** | **-0.2%** | **4,571.9** | **(25.9)** | **-0.6%** | **37,667.3** | **(275.8)** | **-0.7%** |

† 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 46 Forecast to Baseline Biennium Comparison of All Transportation Revenues
## March 2013 forecast - 16 year period

*millions of dollars*

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

*March 2013 • millions of dollars*

| | Current Biennium 2011-2013 | | | 2013-2015 | | | 16-Year Period (2011-2027) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Forecast Mar-13 | Chg from Baseline ¥ | Percent Change | Forecast Mar-13 | Chg from Baseline ¥ | Percent Change | Forecast Mar-13 | Chg from Baseline ¥ | Percent Change |
| **Sources of Transportation Revenue** | | | | | | | | | |
| Motor Vehicle Fuel Tax Collections | 2,485.4 | (34.1) | -1.4% | 2,520.8 | (56.0) | -2.2% | 20,210.1 | (723.3) | -3.5% |
| Licenses, Permits and Fees | 928.6 | 26.9 | 3.0% | 996.0 | 68.5 | 7.4% | 8,341.0 | 404.3 | 5.1% |
| Ferry Revenue† | 322.7 | 1.8 | 0.6% | 335.9 | (1.8) | -0.5% | 2,880.6 | (108.0) | -3.6% |
| Toll Revenue § | 208.9 | 22.6 | 12.1% | 275.2 | 25.6 | 10.2% | 2,567.4 | 229.8 | 9.8% |
| Aviation Revenues ‡ | 6.5 | 0.6 | 10.4% | 6.2 | 0.1 | 1.3% | 51.4 | 1.1 | 2.3% |
| Rental Car Tax | 46.7 | (1.3) | -2.7% | 49.7 | (1.6) | -3.2% | 467.7 | (9.5) | -2.0% |
| Vehicle Sales Tax | 63.1 | 2.2 | 3.6% | 70.7 | 2.5 | 3.7% | 640.4 | (8.6) | -1.3% |
| Driver-Related Fees | 225.5 | 22.2 | 10.9% | 293.7 | 87.2 | 42.2% | 2,310.7 | 591.4 | 34.4% |
| Business/Other Revenues ± | 22.6 | 5.1 | 29.2% | 23.7 | 5.4 | 29.5% | 197.9 | 43.0 | 27.7% |
| **Total Revenues** | **4,310.1** | **46.0** | **1.1%** | **4,571.9** | **129.9** | **2.9%** | **37,667.3** | **420.2** | **1.1%** |
| **Distribution of Revenue** | | | | | | | | | |
| Motor Fuel Tax Refunds and Transfers | **147.6** | **(4.3)** | **-2.8%** | 138.6 | **(5.3)** | **-3.7%** | **1,225.1** | **(61.1)** | **-4.8%** |
| **State Uses** | | | | | | | | | |
| Motor Vehicle Account (108) | 1,055.9 | 4.4 | 0.4% | 1,087.9 | 12.8 | 1.2% | 8,804.0 | (61.5) | -0.7% |
| Transportation 2003 (Nickel) Account (550) | 357.7 | 11.8 | 3.4% | 393.5 | 37.6 | 10.6% | 3,135.0 | 247.9 | 8.6% |
| Transportation 2005 Partnership Account (09H) | 567.4 | (5.1) | -0.9% | 577.7 | (11.1) | -1.9% | 4,612.2 | (164.0) | -3.4% |
| Multimodal Account (218) | 238.8 | 2.1 | 0.9% | 255.1 | 2.0 | 0.8% | 2,265.4 | (3.0) | -0.1% |
| Special Category C Account (215) | 46.4 | (0.5) | -1.1% | 47.3 | (1.0) | -2.1% | 376.8 | (13.2) | -3.4% |
| Puget Sound Capital Construction Account (099) | 33.8 | (0.4) | -1.1% | 34.4 | (0.7) | -2.1% | 274.2 | (9.6) | -3.4% |
| Puget Sound Ferry Operations Account (109) | 374.1 | 1.2 | 0.3% | 386.8 | (3.3) | -0.8% | 3,288.0 | (127.0) | -3.7% |
| Capital Vessel Replacement Account (18J) | 6.2 | (0.1) | 0.0% | 7.7 | (0.2) | 100.0% | 65.5 | (3.7) | 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)* | 2.3 | 0.8 | 47.5% | 0.0 | 0.0 | 0.0% | 2.3 | 0.8 | 47.5% |
| SR 520 Corridor Account (16J) | 90.8 | 5.0 | 0.0% | 139.3 | (0.2) | 100.0% | 1,364.1 | (3.9) | 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) | 6.5 | 0.6 | 10.4% | 6.2 | 0.1 | 1.3% | 51.4 | 1.1 | 2.3% |
| State Patrol Highway Account (081) | 329.5 | (2.6) | -0.8% | 344.4 | 0.9 | 0.3% | 2,929.5 | (13.5) | -0.5% |
| Highway/Motorcycle Safety Accts. (106 & 082) | 193.0 | 22.8 | 13.4% | 257.5 | 253.5 | 146.8% | 2,011.5 | 575.8 | 40.1% |
| School Zone Safety Account (780) | 1.6 | 1.6 | 0.0% | 1.6 | 1.6 | 0.0% | 12.5 | 12.5 | 0.0% |
| Other accounts (201, 06T, 097, 09E, 216, 07C) | 16.0 | (0.1) | -0.7% | 16.3 | (0.1) | -0.8% | 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** | **3,438.4** | **58.3** | **1.7%** | **3,695.2** | **150.2** | **4.2%** | **30,557.7** | **678.5** | **2.3%** |
| **Local Uses** | | | | | | | | | |
| Cities | 178.1 | (2.0) | -1.1% | 181.4 | (3.8) | -2.1% | 1,445.2 | (50.6) | -3.4% |
| Counties | 291.8 | (3.2) | -1.1% | 297.6 | (5.8) | -1.9% | 2,375.9 | (74.5) | -3.0% |
| Transportation Improvement Board (112 & 144) | 190.3 | (2.1) | -1.1% | 193.8 | (4.1) | -2.1% | 1,544.2 | (54.0) | -3.4% |
| County Road Administration Board (102 & 186) | 64.0 | (0.7) | -1.1% | 65.2 | (1.4) | -2.1% | 519.2 | (18.1) | -3.4% |
| **Total for Local Use** | **724.2** | **(8.0)** | **-1.1%** | **738.0** | **(15.1)** | **-2.0%** | **5,884.5** | **(197.2)** | **-3.2%** |
| **Total Distribution of Revenue** | **4,310.1** | **46.0** | **1.1%** | **4,571.9** | **129.9** | **2.9%** | **37,667.3** | **420.2** | **1.1%** |

¥ 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.

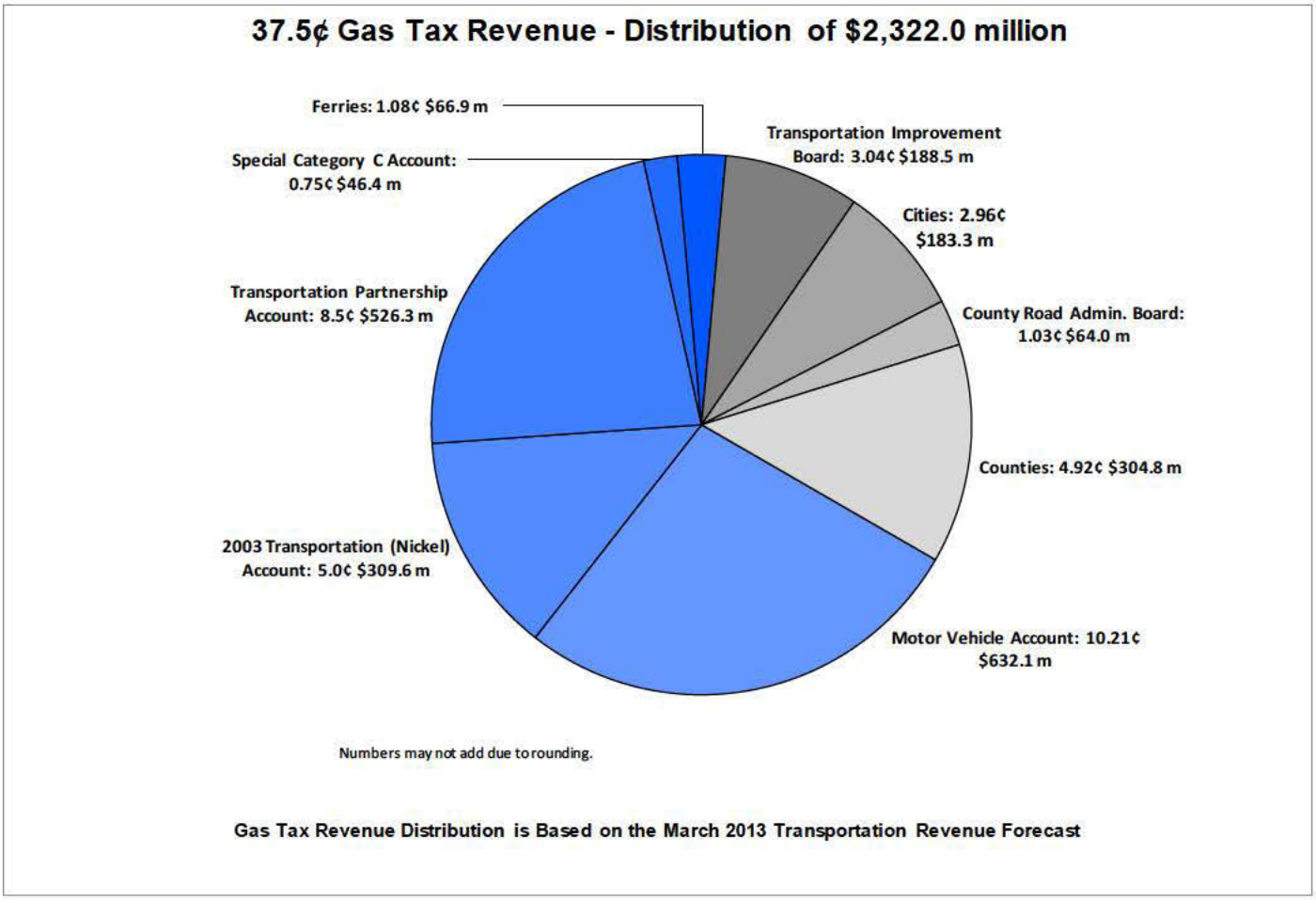
* These transportation revenues had new fees or higher fees adoption by the 2012 Legislature.

^ 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 March 2013 fuel tax revenue forecast for the 2011-2013 biennium.

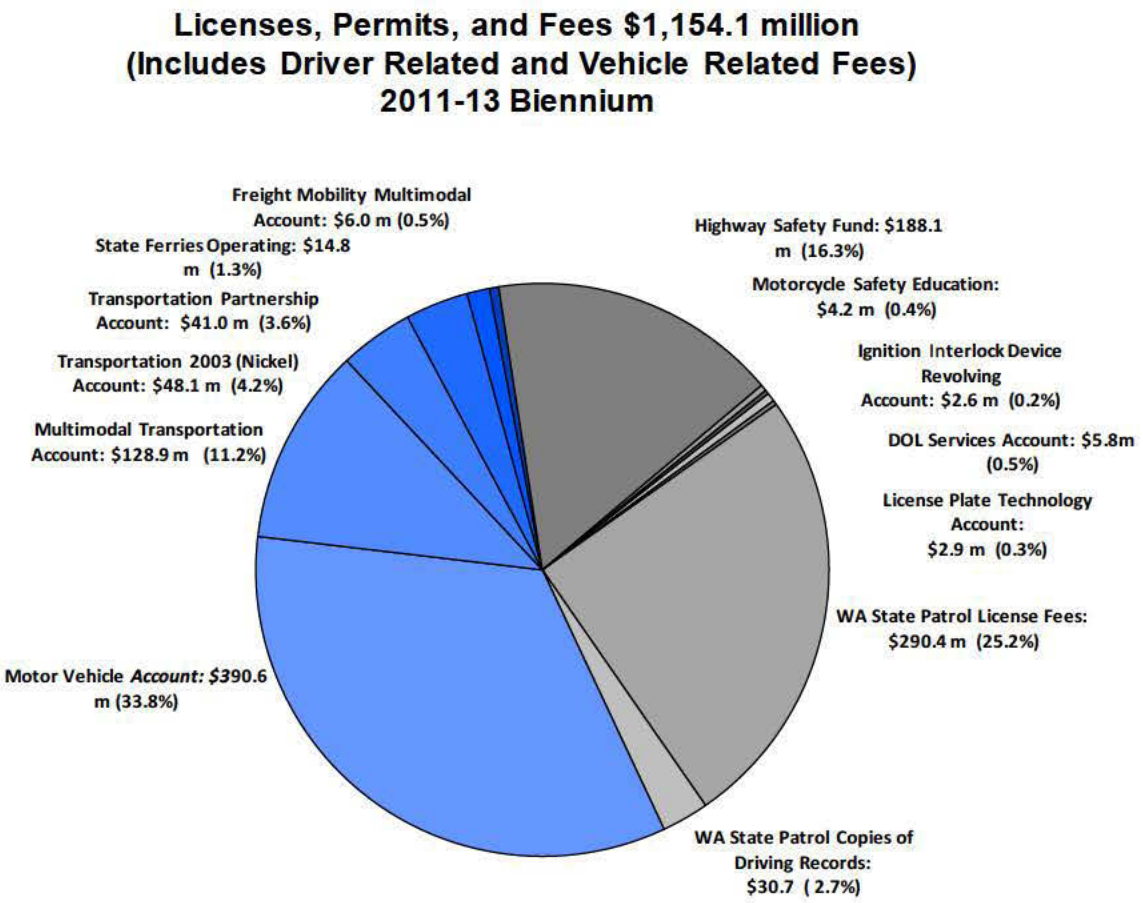
**Figure 47 Fuel Tax Revenue for Statutory Distribution**
2011–13 biennium - $2,322.0 million



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

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

**Figure 48 License Permits and Fees Revenue for Distribution (Both Motor Vehicle & Driver Related)** 2011–13 biennium - $1,154.1 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 49<br>Motor Vehicle Account Revenue<br>*dollars in millions* | 2011-13 | | 2013-15 | | 10-Year Period (2011-2021) | |
|---|---|---|---|---|---|---|
| | Forecast Mar 13 | Chg from Nov 12 | Forecast Mar 13 | Chg from Nov 12 | Forecast Mar 13 | Chg from Nov 12 |
| **Revenues** | | | | | | |
| Gross Fuel Tax Collections (Gas & Diesel) | 2,485.4 | (4.5) | 2,520.8 | (17.5) | 12,661.3 | (105.7) |
| Licenses, Permits, & Fees | 389.3 | 1.3 | 408.3 | 4.1 | 2,103.7 | 16.5 |
| Business-Related Revenue | 11.9 | 0.0 | 11.9 | (0.0) | 63.7 | (0.1) |
| **Total** | **2,886.7** | **(3.2)** | **2,941.0** | **(13.4)** | **14,828.7** | **(89.3)** |
| **Distribution** | | | | | | |
| Refunds-Regular | 147.6 | 1.3 | 138.6 | (0.9) | 746.4 | (4.9) |
| Fuel Tax Distributions for Local Uses[1] | 724.2 | (0.8) | 738.0 | (4.6) | 3,693.5 | (26.6) |
| Fuel Tax Distributions for State Uses[2] | 959.0 | (1.5) | 976.5 | (7.3) | 4,882.3 | (45.8) |
| **Total** | **1,830.7** | **(1.1)** | **1,853.2** | **(12.8)** | **9,322.2** | **(77.3)** |
| **Net Revenue** | **1,056.0** | **(2.1)** | **1,087.9** | **(0.6)** | **5,506.5** | **(12.0)** |

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 50<br>Transportation 2003 (Nickel) Account<br>*dollars in millions* | 2011-13 | | 2013-15 | | 10-Year Period (2011-2021) | |
|---|---|---|---|---|---|---|
| | Forecast Mar 13 | Chg from Nov 12 | Forecast Mar 13 | Chg from Nov 12 | Forecast Mar 13 | Chg from Nov 12 |
| **Revenue** | | | | | | |
| 5¢ Gas Tax | 309.6 | (0.4) | 315.3 | (2.2) | 1,577.0 | (13.3) |
| Licenses, Permits and Fees | 48.1 | 0.0 | 78.2 | 1.1 | 405.7 | 6.6 |
| **Total** | **357.7** | **(0.4)** | **393.5** | **(1.1)** | **1,982.7** | **(6.7)** |

## 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 51<br>Transportation Partnership Account<br>*dollars in millions* | 2011-13 | | 2013-15 | | 10-Year Period (2011-2021) | |
|---|---|---|---|---|---|---|
| | Forecast Mar 13 | Chg from Nov 12 | Forecast Mar 13 | Chg from Nov 12 | Forecast Mar 13 | Chg from Nov 12 |
| **Revenue** | | | | | | |
| 5¢ Gas Tax | 526.3 | (0.7) | 536.1 | (3.7) | 2,680.9 | (22.6) |
| Licenses, Permits and Fees | 41.0 | 0.3 | 41.7 | 0.7 | 212.7 | 2.9 |
| **Total** | **567.4** | **(0.5)** | **577.7** | **(3.0)** | **2,893.6** | **(19.7)** |

## Washington State Ferry Accounts Revenue Forecast

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

| Figure 52<br>Washington State Ferries Accounts<br>*dollars in millions* | 2011-13 | | 2013-15 | | 10-Year Period (2011-2021) | |
|---|---|---|---|---|---|---|
| | Forecast Mar 13 | Chg from Nov 12 | Forecast Mar 13 | Chg from Nov 12 | Forecast Mar 13 | Chg from Nov 12 |
| **Revenue** | | | | | | |
| **Puget Sound Ferry Op. Acct. (109)** | | | | | | |
| Ferry Fares | 315.9 | (0.9) | 328.1 | (1.4) | 1,742.3 | (13.4) |
| Concessions & Other Revenue | 6.8 | 0.1 | 7.9 | 0.7 | 40.8 | (0.7) |
| Fuel Tax | 42.8 | (0.3) | 43.3 | (0.8) | 215.8 | (6.4) |
| Licenses, Permits and Fees | 14.8 | (0.0) | 15.2 | (0.1) | 80.1 | (0.3) |
| **Subtotal** | **380.3** | **(1.1)** | **394.5** | **(1.6)** | **2,079.0** | **(20.8)** |
| **Capital Vessel Replacement Account (18J)** | 6.2 | 0.0 | 7.7 | (0.0) | 38.7 | (0.3) |
| **Total** | **6.2** | **(0.3)** | **51.0** | **(0.9)** | **254.5** | **(6.7)** |
| **Puget Sound Cap. Const. Acct. (099) Fuel Tax** | 33.8 | (0.0) | 34.4 | (0.2) | 172.1 | (1.5) |
| **Total** | **414.1** | **(1.1)** | **428.9** | **(1.8)** | **2,251.1** | **(22.3)** |

## 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 53**<br>**Multimodal Account**<br>*dollars in millions* | **2011-13** | | **2013-15** | | **10-Year Period (2011-2021)** | |
|---|---|---|---|---|---|---|
| | **Forecast Mar 13** | **Chg from Nov 12** | **Forecast Mar 13** | **Chg from Nov 12** | **Forecast Mar 13** | **Chg from Nov 12** |
| **Revenue** | | | | | | |
| Licenses, Permits and Fees | 128.9 | 0.0 | 134.7 | (0.6) | 716.4 | (1.5) |
| Rental Car Tax | 46.7 | (1.4) | 49.7 | (1.7) | 284.6 | (4.3) |
| Vehicle Sales Tax | 63.1 | 1.5 | 70.7 | 2.5 | 395.7 | 3.7 |
| **Total** | **238.8** | **0.0** | **255.1** | **0.3** | **1,396.6** | **(2.0)** |

## 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 54**<br>**Aeronautics Account**<br>*dollars in thousands* | **2011-13** | | **2013-15** | | **10-Year Period (2011-2021)** | |
|---|---|---|---|---|---|---|
| | **Forecast Mar 13** | **Chg from Nov 12** | **Forecast Mar 13** | **Chg from Nov 12** | **Forecast Mar 13** | **Chg from Nov 12** |
| **Revenue** | | | | | | |
| Aircraft Dealer License Fees | 6.9 | (0.1) | 6.9 | (0.1) | 34.5 | (0.5) |
| Aircraft Excise Tax | 604.2 | 0.0 | 610.4 | 0.0 | 3,119.5 | 0.0 |
| Aircraft Fuel Tax | 5,629.8 | (184.0) | 5,281.6 | (409.6) | 27,473.0 | (994.5) |
| Aeronautics Transfer (from MV Fund) | 560.4 | (1.9) | 563.1 | (2.6) | 2,758.2 | (20.5) |
| Aircraft Registrations | 241.9 | 0.0 | 244.3 | 0.0 | 1,249.5 | 0.0 |
| **Total** | **7,043.2** | **(186.0)** | **6,706.3** | **(412.3)** | **34,634.7** | **(1,015.5)** |

## 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 55**<br>**Tolling Accounts**<br>*dollars in millions* | **2011-13** | | **2013-15** | | **10-Year Period (2011-2021)** | |
|---|---|---|---|---|---|---|
| | **Forecast Mar 13** | **Chg from Nov 12** | **Forecast Mar 13** | **Chg from Nov 12** | **Forecast Mar 13** | **Chg from Nov 12** |
| **Revenue** | | | | | | |
| **Tacoma Narrows Bridge Account** | | | | | | |
| Toll Revenues | 105.3 | 0.0 | 125.6 | 0.0 | 655.0 | 0.0 |
| 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 | 0.0 | 1.4 | 0.0 | 7.5 | 0.0 |
| Fees | 0.5 | 0.0 | 0.8 | 0.0 | 3.9 | 0.0 |
| Misc. Revenues | 1.9 | 0.0 | 0.0 | 0.0 | 1.9 | 0.0 |
| **Subtotal Tacoma Narrows Bridge** | **109.7** | **0.0** | **128.5** | **0.0** | **670.3** | **0.0** |
| **HOT Lanes Operations Account ^** | | | | | | |
| Toll Revenues | 2.1 | 0.1 | 0.0 | 0.0 | 2.1 | 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 | 0.0 | 0.0 | 0.0 | 0.1 | 0.0 |
| **Subtotal HOT Lanes Operations** | **2.3** | **0.1** | **0.0** | **0.0** | **2.3** | **0.0** |
| **SR 520 Bridge** | | | | | | |
| Toll Revenues | 83.7 | 0.0 | 133.9 | 0.0 | 727.6 | 0.0 |
| Transponder Sales/ Shield Sales | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Civil Penalties | 96.8 | 0.0 | 146.7 | 0.0 | 791.1 | 0.0 |
| Fees | 2.5 | 0.0 | 3.4 | 0.0 | 16.5 | 0.0 |
| Misc. Revenues | 1.9 | 0.0 | 0.0 | 0.0 | 1.9 | 0.0 |
| **Subtotal SR 520 Bridge** | **183.1** | **0.0** | **283.9** | **0.0** | **1,535.3** | **0.0** |
| **Total Tolling Revenues** | **295.1** | **0.1** | **412.4** | **0.0** | **2,205.6** | **0.0** |

^ 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 56<br>Highway Safety/Motorcycle Safety/WSP<br>*dollars in millions* | 2011-13 | | Current Biennium 2013-15 | | 10-Year Period (2011-2021) | |
|---|---|---|---|---|---|---|
| | Forecast Mar 13 | Chg from Nov 12 | Forecast Mar 13 | Chg from Nov 12 | Forecast Mar 13 | Chg from Nov 12 |
| **Revenue** | | | | | | |
| **Highway Safety** | | | | | | |
| Driver License Fees | 149.8 | (3.0) | 208.6 | (9.8) | 1,039.0 | (37.0) |
| Copies of Records | 33.1 | (0.9) | 36.7 | (2.1) | 190.6 | (10.7) |
| Other and Miscellaneous | 5.1 | (0.1) | 5.3 | 0.0 | 27.2 | 0.2 |
| **Subtotal** | **188.1** | **(4.1)** | **250.6** | **(11.9)** | **1,256.8** | **(47.5)** |
| **Motorcycle Safety** Permits/Endorsements | 4.2 | (0.2) | 5.1 | (0.3) | 25.1 | (1.7) |
| **State Patrol** Copies of Records / LPF/Business Related | 329.5 | (0.2) | 344.4 | (1.2) | 1,816.8 | (5.5) |
| **Subtotal** | **333.7** | **(0.4)** | **349.5** | **(1.4)** | **1,841.9** | **(7.2)** |
| **Total** | **521.8** | **(4.5)** | **600.1** | **(13.3)** | **3,098.7** | **(54.7)** |

- 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

## School Zone Safety Account Revenue Forecast

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

| Figure 57<br>School Zone Safety Account<br>*dollars in millions* | 2011-13 | | 2013-15 | | 10-Year Period (2011-2021) | |
|---|---|---|---|---|---|---|
| | Forecast Mar 13 | Chg from Nov 12 | Forecast Mar 13 | Chg from Nov 12 | Forecast Mar 13 | Chg from Nov 12 |
| **Revenue** | | | | | | |
| School Zone Fines | 1.6 | 0.0 | 1.6 | 0.0 | 7.8 | 0.0 |
| **Total** | **1.6** | **0.0** | **1.6** | **0.0** | **7.8** | **0.0** |