Transportation Revenue Forecast Council

September 2014 Transportation Economic and Revenue Forecasts

Volume I: Summary

Washington Transportation
Economic and Revenue Forecast
September 2014 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 September 2014 transportation revenue forecast.

- September 2014 transportation forecast of revenues: $4.65 billion for the current biennium which represents an increase of 7.4% over the prior 2011-13 biennium of $4.33 billion.
- Overall transportation revenue is up forecast to forecast in the current biennium ($19 million) with the largest share of the increase in September being higher fuel tax revenue and truck and passenger car license fees. Other revenues that are also up from the last forecast are ferry fares revenue, vehicle sales tax, rental car tax, and business related revenues. These are the same forecasts which were up in last quarter's forecast too.
- For the 10-year forecast horizon, total revenues are projected to be $24.27 billion, which is up by $129 million (0.5%) from June due to higher fuel tax revenue, licenses, permits and fees, rental car, new vehicle sales tax, business related and ferry fares revenue.
- New projections of real personal income are higher and employment projections also have a minor revision upward from the last forecast in terms of growth rates. Inflation is also up throughout the forecast horizon from the last forecast. The current forecast for average annual retail gas and diesel price forecasts are slightly higher than June's forecast all throughout the forecast horizon. The current B5 biodiesel prices for ferries are up from the last forecast.
- The primary reason for the change in fuel tax revenue in the current year has been higher gas tax collections and diesel gallons than forecast. Gas tax collections were up $0.53 million in the last three months compared to forecast. In addition, real gas prices were down from last quarter's projections and employment forecasts are up a little. These changes positively impacted fuel tax revenue projections. This current fuel tax revenue forecast is up $5.57 million in the current biennium and $17 million next biennium. Over the next ten years, the fuel tax revenue is up $76.34 million or 0.6% from June's forecast.
- Licenses, permits and fee revenue are also up $7.1 million, in the current biennium due to strong passenger car and truck fee revenue collections. In the next biennium, the revenues are up a little less, by $4.9 million and the change from the last forecast grows until 2021-23 biennium when the forecast to forecast difference begins to declines. Over the 10 year forecast period, revenue is up $32.9 million (0.6%) over last forecast.
- The baseline ferry revenue estimates are up by $2.7 million compared to June in the current biennium. This forecast to forecast increase in total ferry revenue grows over time. Ferry revenue is up $20.9 million (1.1%) over the 10-year forecast horizon.
- Rental car tax revenue is up slightly by $0.86 million, 1.6% in the current biennium and over the 10 year forecast horizon, those revenues are up $4.42 million. Vehicle sales tax revenue is also up $0.93 million, 1.25% in the current biennium and up $10.4 million over the next 10 years.
- Business related revenue is up in the current biennium by nearly $2 million due to higher property sales.

In FY 2010, transportation revenues were $2.018 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 were also up minimally to $2.10 billion or 1.9% annual increase. In FY 2013, transportation revenues were $2.23 billion, which represents an annual increase of 6%. In fiscal year 2014, transportation revenues were $2.297 billion, which was 3% growth year over year. In the current fiscal year, transportation revenues are estimated at $2.352 billion which is 2.4% year–over-year growth and 0.6% adjustment upward from the June forecast. Overall during the 10-year horizon, transportation revenues are projected to be $24.267 billion and $129 million more than projections in June with an average annual growth rate of 1.2% each year.

Figure 1 Total Transportation Revenues Comparison
September vs. June vs. February 2014 forecasts
millions of dollars

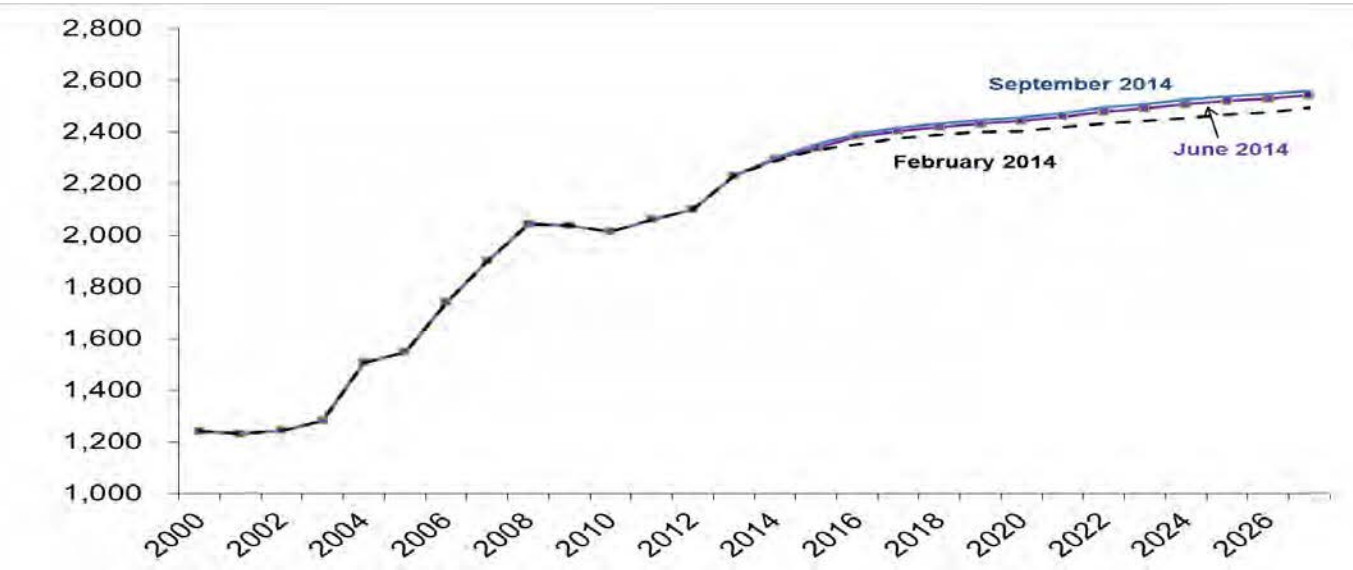
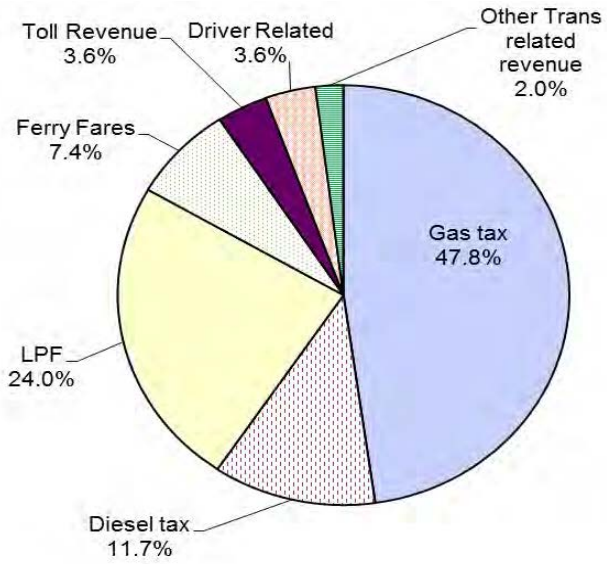


Figure 2 Revenue by Source
2013-15 biennium ($4.65 billion)



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 the 2013-15 biennium, ($4.65 billion). Gasoline fuel taxes comprise the largest share at 47.8%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 59.5% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 24%. The largest three revenue sources are projected to consist of 83.5% of revenues in the 2013-15 biennium. The remaining 16.5% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

Figure 3 Forecast to Forecast Biennium Comparison of All Transportation Revenues
September 2014 forecast - 10 year period

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period
September 2014• millions of dollars

	Current Biennium 2013-2015			2015-2017			10-Year Period (2013-2023)		
	Forecast Sep-14	Chg from Jun-14	Percent Change	Forecast Sep-14	Chg from Jun-14	Percent Change	Forecast Sep-14	Chg from Jun-14	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,535.84	5.57	0.22%	2,571.92	17.23	0.67%	12,910.11	76.34	0.59%
Licenses, Permits and Fees *	1,025.98	7.07	0.69%	1,083.57	4.93	0.46%	5,473.93	32.87	0.60%
Ferry Revenue†	347.04	2.71	0.79%	360.30	3.33	0.93%	1,844.10	20.86	1.14%
Toll Revenue §	292.58	0.00	0.00%	331.41	0.00	0.00%	1,733.18	0.00	0.00%
Aviation Revenues ‡	5.88	(0.13)	-2.20%	6.16	(0.11)	-1.77%	31.16	(0.48)	-1.51%
Rental Car Tax	54.67	0.86	1.59%	57.50	1.08	1.91%	300.03	4.35	1.47%
Vehicle Sales Tax	75.21	0.93	1.25%	80.59	1.60	2.03%	422.33	10.37	2.52%
Driver-Related Fees*	282.76	1.34	0.47%	291.19	(5.88)	-1.98%	1,417.66	(16.64)	-1.16%
Business/Other Revenues ‡*	30.91	2.16	7.50%	25.69	0.13	0.51%	135.63	2.81	2.11%
Total Revenues	**4,650.86**	**20.50**	**0.44%**	**4,808.34**	**22.31**	**0.47%**	**24,268.14**	**130.48**	**0.54%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**135.82**	**(1.35)**	**-0.98%**	**142.62**	**(0.94)**	**-0.65%**	**731.02**	**(5.10)**	-0.69%
State Uses									
Motor Vehicle Account (108)	1,111.02	7.02	0.64%	1,128.94	6.80	0.61%	5,682.23	37.26	0.66%
Transportation 2003 (Nickel) Account (550)	394.23	0.81	0.21%	398.92	2.85	0.72%	2,004.90	12.82	0.64%
Transportation 2005 Partnership Account (09H)	582.99	1.75	0.30%	589.37	4.38	0.75%	2,956.54	20.24	0.69%
Multimodal Account (218)	267.23	3.32	1.26%	279.88	4.25	1.54%	1,456.81	23.11	1.61%
Special Category C Account (215)	47.72	0.13	0.28%	48.21	0.36	0.75%	241.84	1.61	0.67%
Puget Sound Capital Construction Account (099)	34.72	0.10	0.28%	35.08	0.26	0.75%	175.96	1.17	0.67%
Puget Sound Ferry Operations Account (109)	398.46	2.98	0.75%	411.92	3.39	0.83%	2,103.73	21.47	1.03%
Capital Vessel Replacement Account (18J)	17.82	(0.00)	-0.01%	46.66	(0.20)	0.00%	182.67	0.02	0.01%
Tacoma Narrows Bridge Account (511)	138.38	0.00	0.00%	153.13	0.00	0.00%	795.68	0.00	0.00%
High Occupancy Toll Lanes Account (09F)^	2.65	0.00	0.00%	0.00	0.00	0.00%	2.65	0.00	0.00%
SR 520 Corridor Account (16J)	133.23	0.00	0.00%	159.98	0.00	0.00%	843.30	0.00	0.00%
SR 520 Corridor Civil Penalties Account (17P)	18.31	0.00	0.00%	18.31	0.00	0.00%	91.55	0.00	0.00%
Aeronautics Account (039)	5.88	(0.13)	-2.20%	6.16	(0.11)	-1.77%	31.16	(0.48)	-1.51%
State Patrol Highway Account (081)	346.62	1.77	0.51%	356.80	0.26	0.07%	1,831.72	3.80	0.21%
Highway/Motorcycle Safety Accts. (106 & 082)	248.20	1.67	0.68%	256.21	(5.15)	-1.97%	1,239.68	(13.31)	-1.06%
School Zone Safety Account (780)	1.24	0.11	9.42%	1.20	0.03	2.40%	6.04	0.22	3.77%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.43	0.01	0.07%	16.84	(0.00)	-0.01%	85.96	0.02	0.02%
Ignition Interlock Devices Revolving Acct 14V	3.82	(0.07)	-1.70%	3.93	(0.01)	-0.18%	19.53	(0.09)	-0.48%
Multiuse Roadway Safety Account Collections-571	0.05	(0.01)	-19.79%	0.09	(0.01)	-12.67%	0.45	(0.03)	-6.29%
Total for State Use	**3,768.96**	**19.47**	**0.52%**	**3,911.52**	**17.10**	**0.44%**	**19,751.96**	**107.87**	**0.55%**
Local Uses									
Cities	183.00	0.50	0.28%	184.90	1.37	0.75%	927.48	6.17	0.67%
Counties	301.80	1.16	0.39%	305.31	2.82	0.93%	1,532.69	12.74	0.84%
Transportation Improvement Board (112 & 144)	195.53	0.54	0.28%	197.57	1.46	0.75%	991.39	6.59	0.67%
County Road Administration Board (102 & 186)	65.74	0.18	0.28%	66.43	0.49	0.75%	333.60	2.21	0.67%
Total for Local Use	**746.08**	**2.38**	**0.32%**	**754.21**	**6.14**	**0.82%**	**3,785.16**	**27.71**	**0.74%**
Total Distribution of Revenue	**4,650.86**	**20.50**	**0.44%**	**4,808.34**	**22.31**	**0.47%**	**24,268.14**	**130.48**	**0.54%**

† 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 adopted by the 2012, 2013 and 2014 Legislatures.
§ 167 HOT lanes is a pilot program that is currently scheduled to sunset June 30, 2015

As Figure 3 indicates, in the current biennium, September's transportation revenues are projected at $4.65 billion. This forecast is up 0.4% from the last forecast by $19.05 million from June. The rise in the September revenue forecast over the last forecast is due to higher fuel tax collections, license, permits and fee revenue, ferry revenue, rental car and vehicle sales taxes and business related revenue. A few revenue sources are down minimally in the current biennium: aviation revenue and driver-related fees. September's projections

in the current biennium show higher projections of fuel taxes by $5.57 million; licenses, permits and fee collections by $7.1 million; ferry revenue by $2.7 million. In the next biennium, transportation revenues are up even more by $22.3 million or 0.5%. Next biennium, transportation revenues are up $22.3 million over the June forecast. Over the 10-year forecast horizon (2014-2023), the revenue forecast for September 2014 is $24.266 billion which is up $129 million or 0.53% from the June forecast, see Figure 3.

Figure 4 compares the current September forecast with the baseline forecast (February 2014) used for setting WSDOT's budget. In the current biennium, the new forecast is up from the baseline forecast by $31.1 million. The licenses, permits and fee revenue has the biggest gain from the February 2014 forecast at $16.57 million or 1.6% due to the incorporation of some new fees in this forecast which were not current law in February 2014. Next biennium, the revenue difference from the baseline forecast is $81.7 million or 1.7%. Over the next ten years, the current forecast is up $435 million over the baseline forecast primarily due to legislative changes.

Figure 4 Forecast to Baseline Biennium Comparison of All Transportation Revenues
September 2014 forecast - 10 year period

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

September 2014• millions of dollars

	Current Biennium 2013-2015			2015-2017			10-Year Period (2013-2023)		
	Forecast Sep-14	Chg from Baseline ¥	Percent Change	Forecast Sep-14	Chg from Baseline ¥	Percent Change	Forecast Sep-14	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,535.84	4.66	0.18%	2,571.92	27.12	1.07%	12,910.11	209.14	1.65%
Licenses, Permits and Fees *	1,025.98	16.57	1.64%	1,083.57	51.00	4.94%	5,473.93	194.66	3.69%
Ferry Revenue†	347.04	4.19	1.22%	360.30	4.39	1.23%	1,844.10	25.03	1.38%
Toll Revenue §	292.58	(0.00)	0.00%	331.41	0.00	0.00%	1,733.18	(0.00)	0.00%
Aviation Revenues ‡	5.88	(0.08)	-1.28%	6.16	(0.04)	-0.68%	31.16	(0.08)	-0.25%
Rental Car Tax	54.67	1.82	3.45%	57.50	1.77	3.18%	300.03	7.51	2.57%
Vehicle Sales Tax	75.21	1.07	1.44%	80.59	1.52	1.92%	422.33	10.58	2.57%
Driver-Related Fees*	282.76	(0.06)	-0.02%	291.19	(4.44)	-1.50%	1,417.66	(16.33)	-1.14%
Business/Other Revenues ±	30.91	4.38	16.49%	25.69	0.33	1.31%	135.63	5.91	4.56%
Total Revenues	**4,650.86**	**32.55**	**0.70%**	**4,808.34**	**81.66**	**1.73%**	**24,268.14**	**436.42**	**1.83%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**135.82**	**(2.67)**	**-1.93%**	**142.62**	**(1.28)**	**-0.89%**	**731.02**	**(7.64)**	**-1.03%**
State Uses									
Motor Vehicle Account (108)	1,111.02	7.23	0.65%	1,128.94	17.71	1.59%	5,682.23	95.43	1.71%
Transportation 2003 (Nickel) Account (550)	394.23	(0.02)	0.00%	398.92	2.41	0.61%	2,004.90	21.77	1.10%
Transportation 2005 Partnership Account (09H)	582.99	1.90	0.33%	589.37	6.50	1.12%	2,956.54	50.04	1.72%
Multimodal Account (218)	267.23	4.52	1.72%	279.88	4.21	1.53%	1,456.81	25.35	1.77%
Special Category C Account (215)	47.72	0.13	0.28%	48.21	0.53	1.11%	241.84	4.24	1.78%
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Tacoma Narrows Bridge Account (511)	138.38	0.00	0.00%	153.13	0.00	0.00%	795.68	0.00	0.00%
High Occupancy Toll Lanes Account (09F)*	2.65	(0.00)	0.00%	0.00	0.00	0.00%	2.65	(0.00)	100.00%
SR 520 Corridor Account (16J)	133.23	0.00	0.00%	159.98	0.00	0.00%	843.30	0.00	0.00%
SR 520 Corridor Civil Penalties Account (17P)	18.31	0.00	0.00%	18.31	0.00	0.00%	91.55	0.00	0.00%
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School Zone Safety Account (780)	1.24	0.06	5.38%	1.20	0.03	2.40%	6.04	0.18	3.00%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.43	0.09	0.54%	16.84	0.12	0.70%	85.96	0.81	0.95%
Ignition Interlock Device Revolving Acct 14V	3.82	0.01	0.16%	3.93	0.10	2.72%	19.53	0.42	2.21%
Multiuse Roadway Safety Account Collections-571	0.05	0.05	41.67%	0.05	(0.07)	-59.93%	0.39	(0.31)	-44.23%
Total for State Use	**3,768.96**	**32.74**	**0.88%**	**3,911.52**	**74.07**	**1.93%**	**19,751.96**	**374.50**	**1.93%**
Local Uses									
Cities	183.00	0.51	0.28%	184.90	2.03	1.11%	927.48	16.24	1.78%
Counties	301.80	1.24	0.41%	305.31	3.93	1.30%	1,532.69	29.42	1.96%
Transportation Improvement Board (112 & 144)	195.53	0.55	0.28%	197.57	2.18	1.11%	991.39	17.71	1.82%
County Road Administration Board (102 & 186)	65.74	0.18	0.28%	66.43	0.74	1.12%	333.60	6.19	1.89%
Total for Local Use	**746.08**	**2.48**	**0.33%**	**754.21**	**8.87**	**1.19%**	**3,785.16**	**69.56**	**1.87%**
Total Distribution of Revenue	**4,650.86**	**32.55**	**0.70%**	**4,808.34**	**81.66**	**1.73%**	**24,268.14**	**436.42**	**1.83%**

¥ Baseline is the Feb 2014 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 adopted by the 2012, 2013 and 2014 Legislatures.

§ 167 HOT lanes is a pilot program that is currently scheduled to sunset June 30, 2015

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, and US sales of new light vehicles.

Figure 5 Annual Percentage Change (%) in Select Economic Variables
September 2014 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
2010	-2.5	1.0	1.0	3.1	-0.9	10.8
2011	2.9	1.0	2.0	18.2	1.4	11.8
2012	2.7	1.0	2.9	13.8	1.1	13.5
2013	2.6	1.1	1.7	0.5	1.0	9.5
2014	2.7	1.2	1.6	-2.4	1.3	4.6
2015	3.2	1.2	1.7	-1.3	1.6	7.5
2016	4.0	1.2	1.3	-3.3	1.8	6.5
2017	4.4	1.2	1.7	-0.9	1.9	7.1
2018	4.0	1.2	1.9	1.2	1.8	5.8
2019	3.7	1.1	1.8	3.0	1.8	2.7
2020	3.4	1.1	1.8	3.6	1.9	1.7
2021	2.4	1.1	2.1	4.5	1.9	2.2
2022	2.5	1.1	2.2	4.8	1.9	2.4
2023	2.6	1.1	2.2	4.4	1.9	2.5
2024	2.7	1.0	2.3	4.5	2.0	2.3
2025	2.8	1.1	2.2	2.6	2.1	2.6
2026	2.7	1.0	2.0	1.5	2.1	3.1
2027	2.7	1.0	2.0	1.6	2.1	3.2

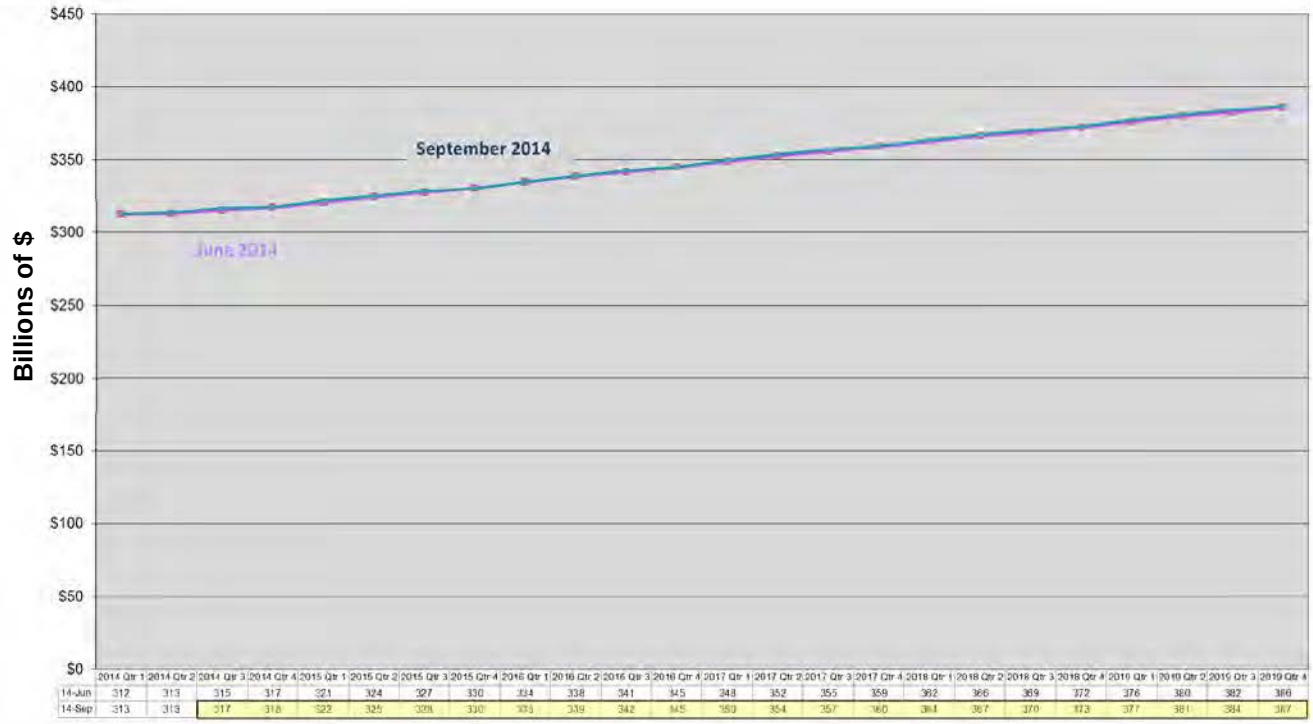
Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management, September 2014 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices

WA Personal Income

The forecast of Washington real personal income is projected by the Washington Economic and Revenue Forecast Council (ERFC) based on the September Global Insight forecast, September Blue Chip average US GDP growth rates, NYMEX fuel prices, and other forecasted economic variables in the near term through FY 2019. Washington real personal income in FY 2012 averaged $294.8 billion. This was a year-over-year increase of 2.7%. For FY 2013, Washington real personal income was $302.2 billion, with a year-over-year growth rate of 2.6%. In FY 2014, the growth in real personal income was higher at $310.4 billion and an annual growth of 2.7%. This was a lower forecast than in June at 2.9%. This September 2014 forecast predicts Washington real personal income to be slightly higher than the last forecast throughout the forecast horizon, see Figure 6. In the third quarter of 2014, real personal income is anticipated to be $317 billion which is slightly higher than $315 billion projected last quarter. In the current fiscal year, the growth rate is anticipated to be 3.2%.The average growth rate in fiscal years 2015-2018 is 3.9% which is the same average as last quarter's projections. In FY2019, Washington real personal income is anticipated to be $374.5 billion with an annual growth rate of 3.7% which is a higher growth rate than predicted in June at 3.7%. The annual growth rate in real personal income in fiscal year 2020 is 3.5% which is a combination of ERFC annual growth and OFM's 2014 long-term real personal income forecast. In FY 2021 and throughout the remainder of the forecast horizon, OFM's long-term forecast of real personal income annual growth stabilizes between 2.5% and 2.8% which is the

same as the prior forecast. Figure 7 shows the forecast to forecast change in the annual growth rates for Washington real personal income.

Figure 6 Comparison of Quarterly Washington Real Personal Income September vs. June 2014



	2014 Qtr 1	2014 Qtr 2	2014 Qtr 3	2014 Qtr 4	2015 Qtr 1	2015 Qtr 2	2015 Qtr 3	2015 Qtr 4	2016 Qtr 1	2016 Qtr 2	2016 Qtr 3	2016 Qtr 4	2017 Qtr 1	2017 Qtr 2	2017 Qtr 3	2017 Qtr 4	2018 Qtr 1	2018 Qtr 2	2018 Qtr 3	2018 Qtr 4	2019 Qtr 1	2019 Qtr 2	2019 Qtr 3	2019 Qtr 4
14-Jun	312	313	315	317	321	324	327	330	334	338	341	345	348	352	355	359	362	366	369	372	376	380	382	386
14-Sep	313	313	317	318	322	325	328	330	335	339	342	345	350	354	357	360	364	367	370	373	377	381	384	387

Source: Washington Economic and Revenue Forecast Council (September 2014 economic variables) and 2014 OFM long-term personal income forecast

WA Population

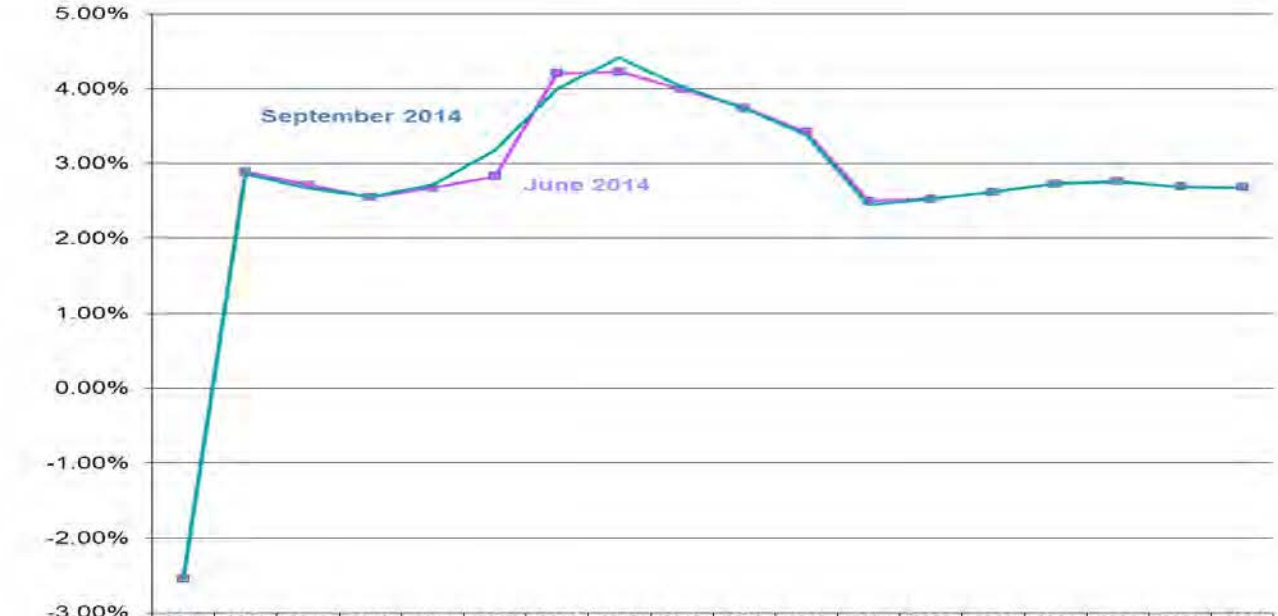
The September 2014 forecast includes the final 2013 OFM population projections which was the same forecast used in June.

In FY 2012, the driver age population was 5.238 million with an annual growth rate of 1.0%. The driver age population increased to 5.296 million in FY 2013, representing again a 1.1% annual growth from the prior year. The current FY 2014 driver age population is 5.357 million, which is another year of 1.15% annual growth. In fiscal years 2015 and beyond, the annual population growth rate starts at 1.16% and falls slowly each year so by the last year of the forecast horizon the annual growth rate is 0.99%. The average annual growth rate in population between FY 2015 and 2027 is 1.09%.

U.S. Inflation

For the U.S. inflation rate forecast, we use the Economic and Revenue Forecast Council through FY 2019 and Global Insight's September 2014 projection of the implicit price deflator (IPDC) for 2020 and beyond (Figure 8). In 2012, the U.S. inflation rate, as measured by the change in the IPDC, was 2.9%. In FY 2013, inflation fell to 1.7%. In FY 2014, the inflation forecast fell slightly to 1.6%, but this is higher than the 1.2% projected in June. In FY 2015, the current forecast shows an annual increase in inflation of 1.7%, the same as last quarter's forecast. In FY 2016, the current forecast shows an annual increase in inflation of 1.3%, which is slightly lower than last quarter's forecast at 1.4%. After FY 2016, the current forecast projects rising inflation to 2.2% by FY 2022. For the remainder of the forecast horizon, inflation rates remain the same or gradually fall year over year to 2% by FY 2027 (see Figure 8).

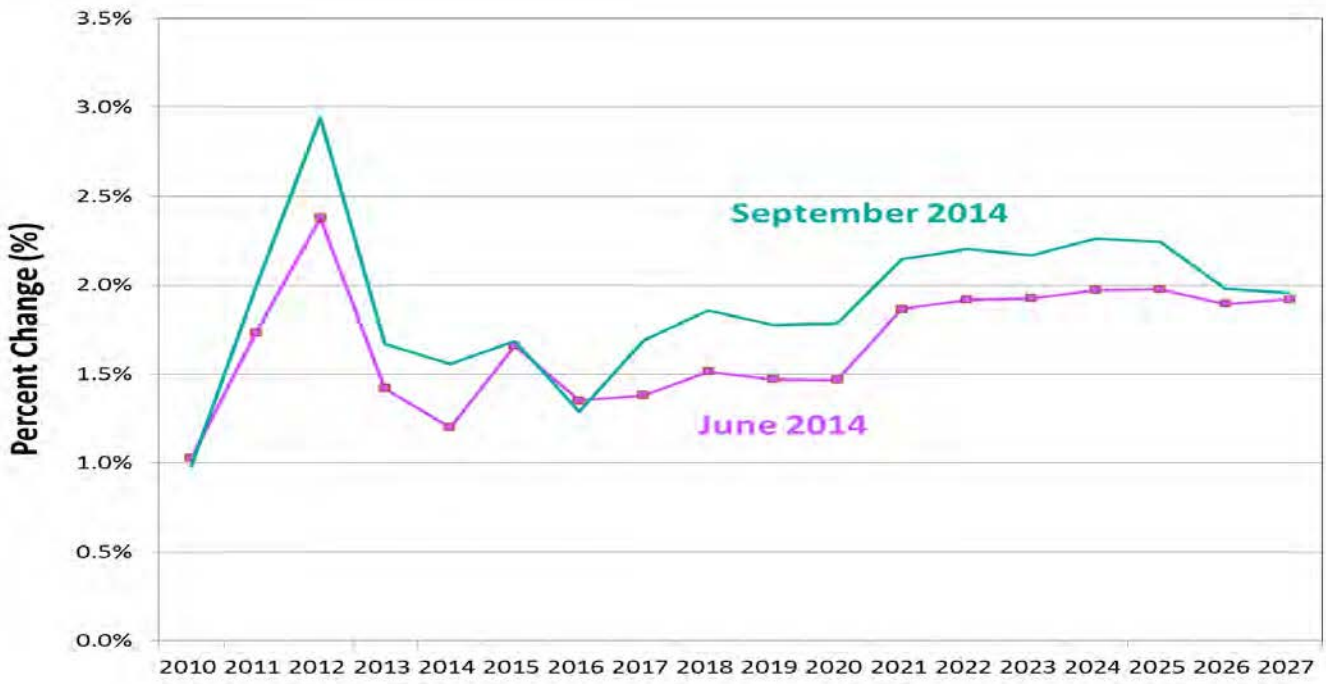
Figure 7 Forecast Comparison of Annual Growth Rates for Washington Real Personal Income September vs. June 2014



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
June 2014	-2.5%	2.9%	2.7%	2.6%	2.7%	2.8%	4.2%	4.2%	4.0%	3.7%	3.4%	2.5%	2.5%	2.6%	2.7%	2.8%	2.7%	2.7%
Sept 2014	-2.5%	2.9%	2.7%	2.6%	2.7%	3.2%	4.0%	4.4%	4.0%	3.7%	3.4%	2.4%	2.5%	2.6%	2.7%	2.8%	2.7%	2.7%

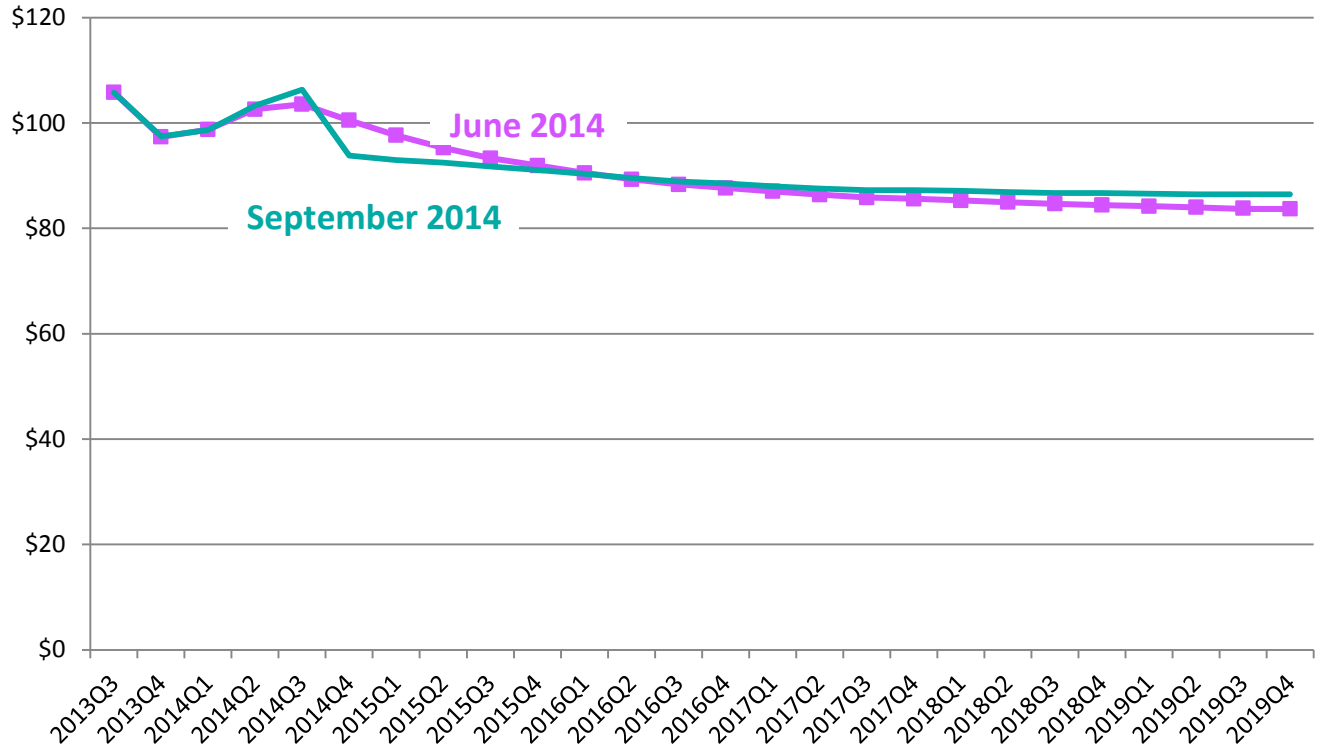
Source: Washington Economic and Revenue Forecast Council (September 2014 economic variables) and 2014 long-term personal income forecast

Figure 8 Inflation Forecast Comparison – Annual Percent Change in U.S. Implicit Price Deflator for Personal Consumption September vs. June 2014



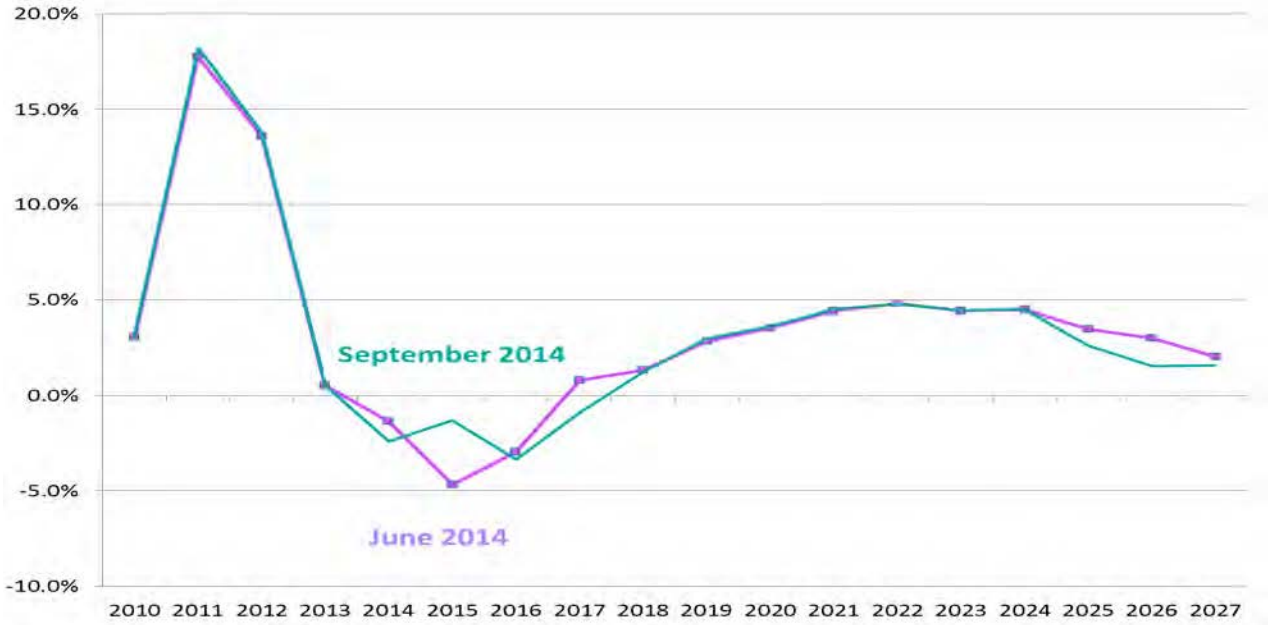
Source: Washington Economic and Revenue Forecast Council and September 2014 Global Insight forecast

Figure 9 NYMEX Crude Oil Price Comparison: September vs. June 2014



Source: Washington Economic and Revenue Forecast Council: September and June 2014 NYMEX prices

Figure 10 Global Insight Oil/Gas Price Index Forecasts: Growth Rate Comparison September vs. June 2014



Source: September 2014 Global Insight forecast

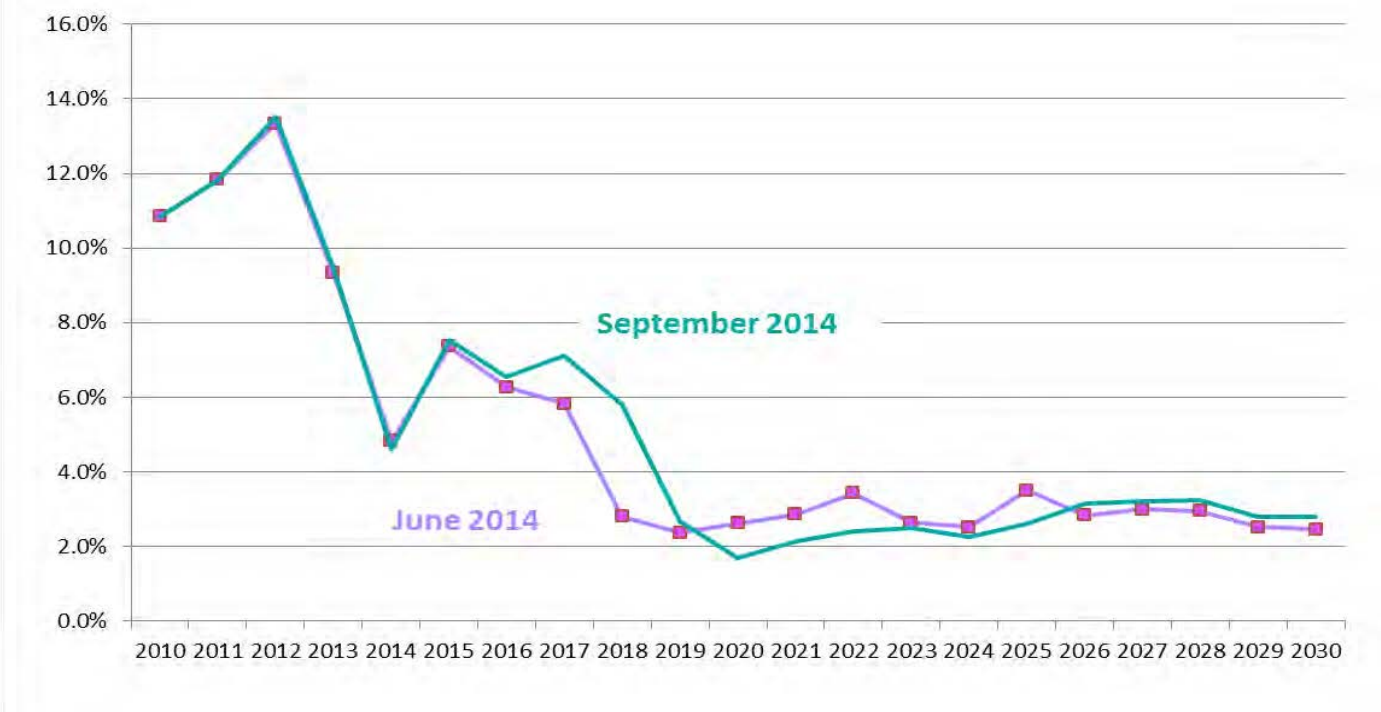
U.S. Petroleum Products Price Index

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 by 13.8%, year-over-year. In FY 2013 the annual growth for the U.S. petroleum products price index was 0.5%. In FY 2014, the US petroleum price index declined by 2.4% which is a larger decline than June's projection of -1.4%. In fiscal year 2015, the forecast of this index is projected to decline by 1.3% which is more optimistic than -4.7% predicted last quarter. In FY 2016, the petroleum products price index is also predicted to fall annually by -3.3% which is slightly larger than 2.9% projected last quarter. In FY 2017, the petroleum products price index is predicted to fall for another year annually by -0.9% which is below the 0.8% in last quarter's projection. From FY 2018 and throughout the forecast horizon, the petroleum products price index growth rates are expected to be positive and start at an annual growth of 1.2% and rise to 4.8% by FY 2022 and the positive growth slows back down to 1.6% by the end of the forecast horizon (see Figure 10).

U.S. Fuel Efficiency (MPG)

The U.S. on-road fuel efficiency variable for the September 2014 forecast is unchanged from the June forecast. Previous forecasts incorporated the effects of the 2012 Obama administration fuel efficiency standards for passenger cars and light trucks in model years 2017 and beyond. The US on-highway fleet fuel efficiency variable in 2013 and 2014 was 20.5 and 20.8 miles per gallon respectively for the entire US fleet of light vehicles. In the current fiscal year, the September 2014 fuel efficiency projection for the US fleet is 21.1 miles per gallon, which is an annual increase of 1.6% which is the same projection as last quarter. The fuel efficiency of the US fleet grows slowly over time and by the end of the forecast horizon the US on-highway vehicle fuel efficiency is projected to increase to 26.53 miles per gallon, which represents approx. 2% annual growth rate.

Figure 11 Global Insight Annual US Consumer Spending on Motor Vehicles September vs. June 2014



Source: September 2014 Global Insight forecast

U.S. Consumer Spending on New Motor Vehicles

Consumer spending on new motor vehicles throughout the U.S. has been recovering with 10.8% and 11.8% year-over-year growth in FY 2010 and 2011 respectively. In FY 2012, the recovery for light vehicle sales picked up even more with an annual growth rate of 13.5%. In fiscal year 2013, consumer spending on new vehicles grew year over year by 9.5%. In fiscal year 2014, consumer spending on new vehicles grew year over year by 4.6% instead of 4.8% predicted last quarter. In fiscal year 2015, consumer spending on new vehicles is expected to grow at 7.5%, which is slightly higher than 7.4% predicted in the last quarter's projection. In general, this September 2014 forecast is predicting slightly higher levels of consumer spending on new motor vehicles than in June throughout the forecast horizon. Growth rates in consumer spending is projected to be higher through fiscal year 2019 and then the growth rates in this September forecast grow slower in fiscal years 2020 – 2025. Then in the last two years of the forecast horizon, the growth in consumer spending is projected to be higher than the last forecast. This current forecast has the highest growth rate of 7.5% in FY 2015 instead of 7.4% predicted as the highest annual growth rate in FY 2015 in the last quarter's forecast. After the highest annual growth rate of 7.5% is predicted in FY 2015, the annual growth rates of consumer sales on new vehicles are anticipated to decline in FY 2016 to 6.5% and then increase again to 7.1% in FY 2017. In years after FY 2017, the annual growth rates start to decline. The annual growth rates in remaining years stabilize, averaging 2.85%, which is nearly the same as last quarter's average of 2.8% over the same time period.

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

This September forecast has only minor upward revisions in the levels of Washington employment from the June forecast. The recovery in Washington's economy picked up in FY 2012 with non-agricultural employment growing by 1.4%; employment in the trade, transportation, and utilities sectors growing at 2.0%; and Washington retail employment growing at 1.8%. In FY 2013, year-over-year growth in non-ag. employment continued to grow at 2.1%. In fiscal year 2014, the non-ag. employment rate annual growth rose a little to 2.5% growth versus 2.4% estimated in June. In the current fiscal year, the annual growth rate for non-ag. employment is also 2.3% as opposed to 2.1% growth expected in the last forecast. In fiscal years FY 2016-2022, the annual growth rates for non-ag. employment falls every year from 2% to 0.75% which is the same trend as the last forecast. The economic growth in Washington's non-ag. employment, in subsequent years beyond FY 2019, is based on OFM's 2014 long-term employment projections, which are the same growth rates as in the June forecast (see Figure 13).

Washington's employment in the trade, transportation, and utilities (TTU) sectors follows similar trends as the overall non-farm employment trends. In FY 2012, this industry grew by 2% year-over-year. In FY 2013, the trade, transportation, and utilities employment sector grew slightly faster at 2.4%. In FY 2014, employment in the trade, transportation, and utilities sector was 3.2%, which is faster growth than non-ag. employment growth at 2.5% and slightly lower than the last quarterly forecast. In FY 2015, this industry's employment is anticipated to continue growth at 2.5% as opposed to 1.9% year-over-year expected in June. In FY 2016, the growth rate in this employment sector is higher than the last projection at a year over year growth of 1.3% as opposed to 0.9%. Then in FY 2017, Washington employment growth rates in the trade, transportation, and utilities sectors is anticipated to grow at 1% instead of 0.9% anticipated in June. Then employment in the trade, transportation, and utilities sector growth rate steadily slows annually to a rate of 0.3% by FY 2023, which is nearly the same as anticipated in June. In subsequent years after FY 2019, the TTU employment growth rates are dependent on the updated 2014 OFM long-term forecast which has not changed from the last forecast. The 2014 OFM long-term annual growth rates are projected to be 0.3% in FY 2020 and 0.36% in FY 2021 and 2022. The annual growth rate falls a little to 0.3% in FY 2023 and rises again to 0.34% in FY 2024. In FY 2025 - 2027, annual growth rates rise from 0.6% to 0.67% (see Figure 14).

Washington's employment in the retail trade sector in this forecast also follows similar trends as employment in the non-agricultural and trade, transportation, and utilities industries; however, projections are more optimistic in the near-term for this industry sector. The retail employment sector grew by 1.8% year-over-year in FY 2012. In FY 2013, the retail trade employment grew even more by 2.7%. In FY 2014, retail employment growth was 3.5% as opposed to 3.2% annual growth projected in June. In FY 2015, the current retail employment projection has been raised to a year over year growth of 2.4% as opposed to 2.0% growth

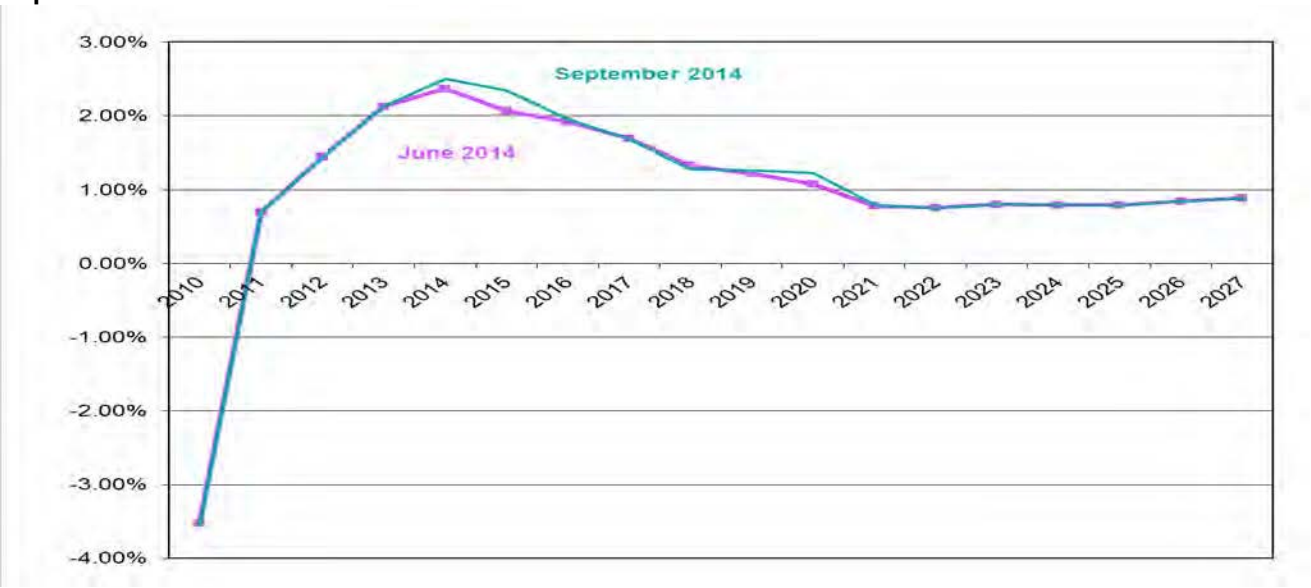
anticipated in June. In FY 2016, the retail employment annual growth forecast is 0.63% versus 0.2% projected in June. In FY 2017, the annual growth rate is predicted to be 0.27% as opposed to 0.15% in the June forecast. In

Figure 12 Annual Growth Rates (%) Washington Employment Forecasts September 2014

Fiscal Year	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2010	-3.5	-4.0	-3.3
2011	0.7	0.6	0.8
2012	1.4	2.0	1.8
2013	2.1	2.4	2.7
2014	2.5	3.2	3.5
2015	2.3	2.5	2.4
2016	2.0	1.3	0.6
2017	1.7	1.0	0.3
2018	1.3	0.7	-0.04
2019	1.3	0.6	0.01
2020	1.2	0.5	0.2
2021	0.8	0.4	0.4
2022	0.8	0.4	0.4
2023	0.8	0.3	0.3
2024	0.8	0.3	0.3
2025	0.8	0.6	0.7
2026	0.8	0.6	0.7
2027	0.9	0.7	0.8

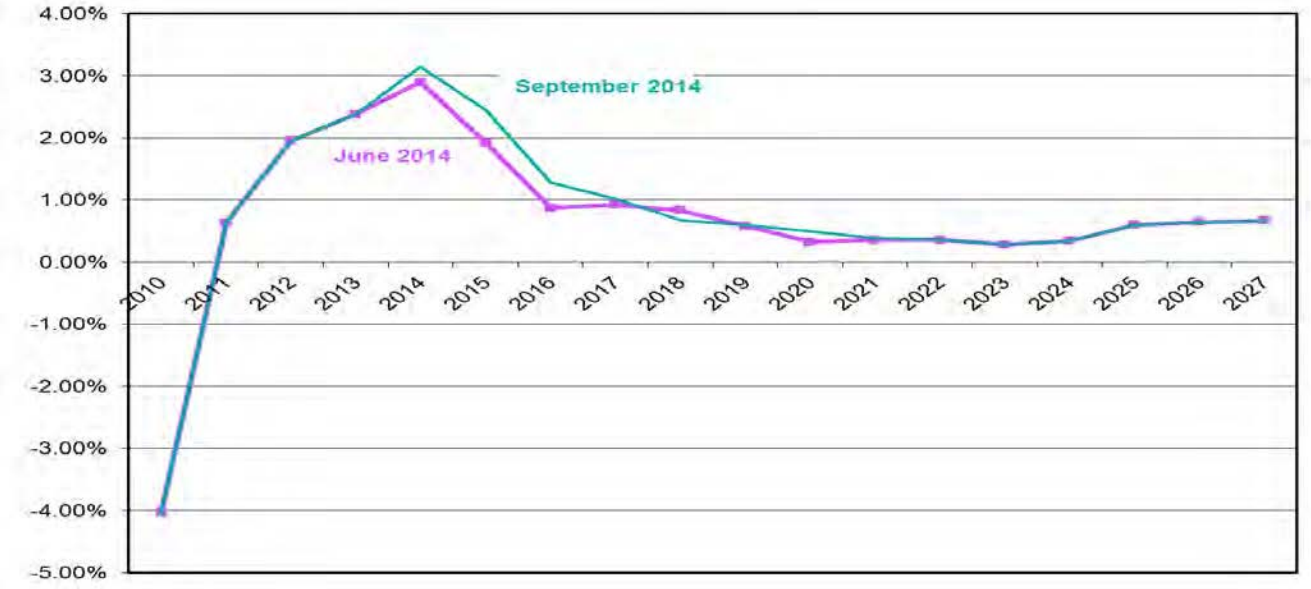
FY 2018 and 2019, the annual growth remains low at -0.04% and 0.01% which is nearly the same as last quarter's growth of 0.15% and 0.01%. In FY 2020 and beyond, the retail employment projections are based on OFM's 2014 employment projections, which is the same as last quarter. The annual growth rate averages 0.45% (see Figure 15).

Figure 13 Washington Nonfarm Payroll Employment Forecasts of Annual Growth Rates September vs. June 2014



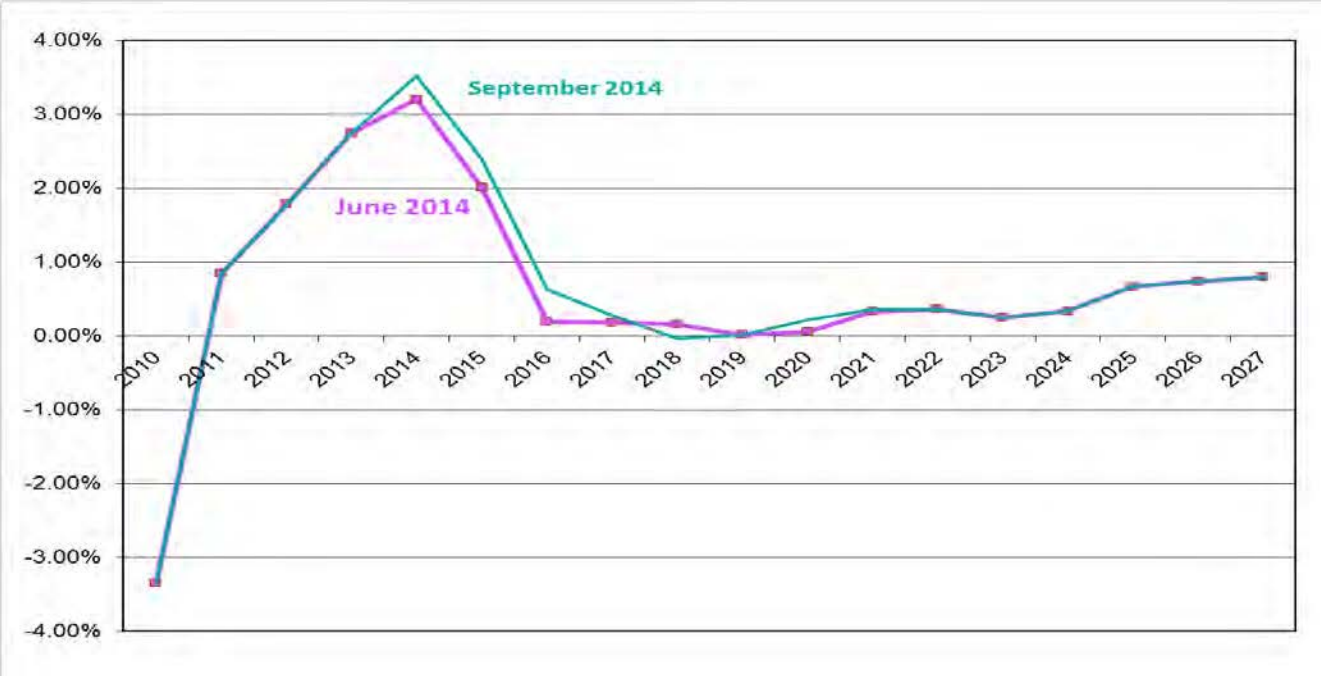
Source: September 2014 ERFC and OFM/ESD 2014 long-term Washington non-ag. employment forecast

Figure 14 Washington Nonfarm Payroll Employment – Trade, Transportation and Utilities Sectors (TTU) Forecasts of Annual Growth Rates September vs. June 2014



Source: September 2014 ERFC and OFM/ESD long-term Washington TTU employment forecast

Figure 15 Washington Nonfarm Payroll Employment – Retail Trade Sector Forecasts of Annual Growth Rates September vs. June 2014



Source: September 2014 ERFC and OFM/ESD long-term Washington retail trade employment forecast

Motor Fuel Price Forecast

Washington's transportation revenues are affected by fuel prices. In particular, gasoline tax collections are negatively related to the price of gasoline and 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 fuel price forecast includes the following fuel price projections: U.S. West Texas Intermediate crude oil (WTI) and Washington retail prices of gasoline, diesel, and biodiesel (B5 and B99).

The September 2014 forecast for crude oil prices is higher than the last forecast in the current fiscal year and all throughout the forecast horizon from June. The same is true for the current retail gas and diesel price forecasts as they are also up from the June forecast in both the near- and long-term. Annual adjusted ferry B5 biodiesel prices are also up from the June forecast.

Source of data for the forecast

For the Washington retail price of gasoline, actual fuel prices are collected from the Energy Information Administration's (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 B5 biodiesel prices are reported by the Washington State Ferries (WSF). In the short term (thorough calendar year 2015), the retail gas price forecasts are based on the growth in the national retail gas price forecast by EIA. The diesel and biodiesel diesel prices are projected based on the growth in national diesel prices from the Energy Information Agency (EIA) monthly projections. Beyond calendar year 2015, the fuel price projections are based on September's Global Insight national gas price forecast for Washington's gas price forecast and the producer price index (PPI) projections for refined petroleum products for the retail diesel and biodiesel price forecasts.

The forecasts of biodiesel prices include two different biodiesel prices: B5 and B99 without the renewable identification number (RIN). WSF currently purchases biodiesel as B5 blended biodiesel. WSDOT also purchases B99 biodiesel without RIN for our vehicle fleet needs. WSDOT receives OPIS fuel prices with the latest prices for B5 and B99 biodiesel prices without RIN in Tacoma. The B99 prices represent those paid by other state entities' purchases of biodiesel in Tacoma. The B5 biodiesel price is based on Washington State ferries' reported purchase price of biodiesel with the markup, delivery, and other tax costs included. The base for the price forecast for the B99 price without RIN for non-WSF purchases is the OPIS base price without markup, delivery, and tax costs.

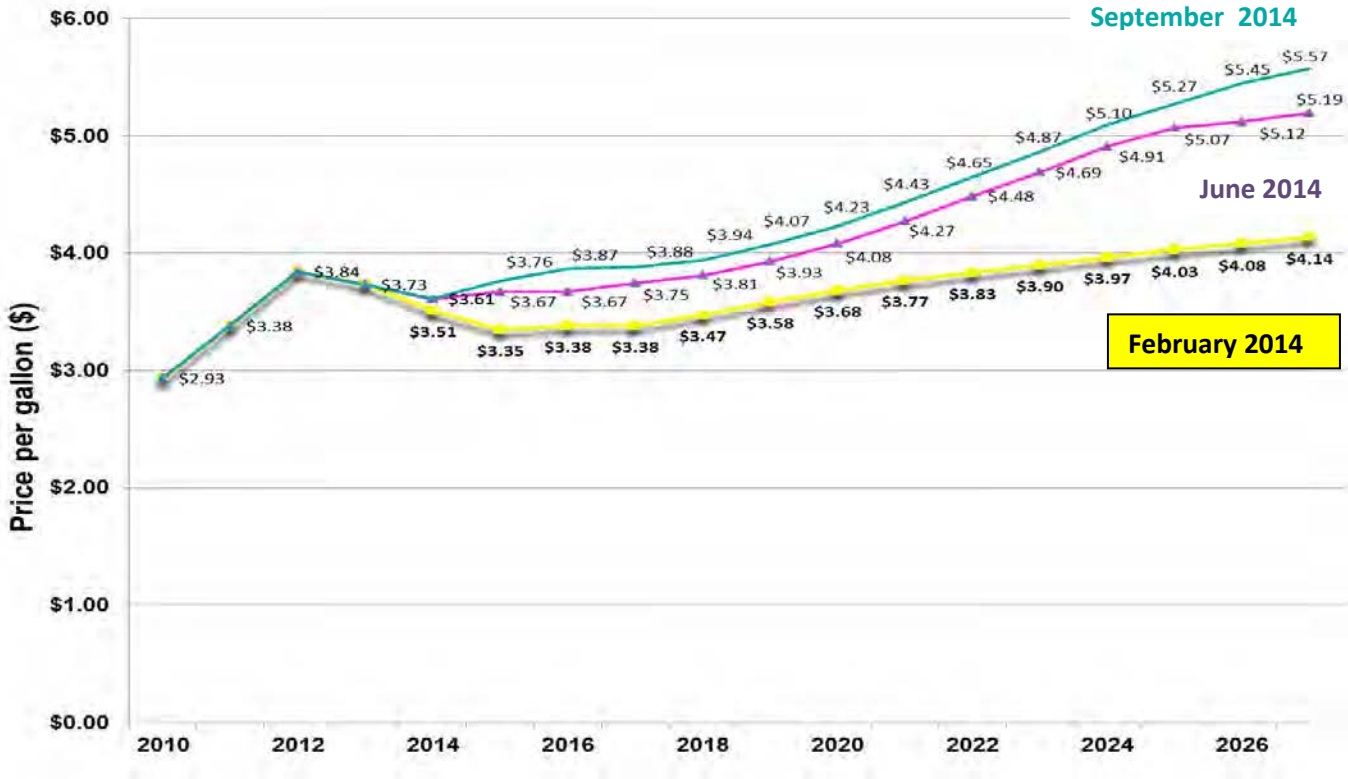
U.S. crude oil price trend

U.S. prices of West Texas Intermediate Crude (WTI) oil averaged $95 per barrel in FY 2012. In fiscal year 2013, crude oil prices averaged $92.16 per barrel. The crude oil price forecast for second quarter 2014 finished higher at $103.35 versus $102.08 per barrel predicted three months ago. In the future, this September crude oil price forecast is higher than in June. In FY 2014, WTI crude oil prices came in higher at $101.3 per barrel compared to $101 per barrel predicted in June. This represents a 9.9% year over year growth. This September crude oil price forecast declines in FY 2015 with an average WTI price forecast of $94.7 per barrel forecast as opposed to the $94.5 per barrel predicted three months ago. In this current forecast, like prior forecasts, WTI crude oil prices are expected to remain low in FY 2016 at an average of $99.3 per barrel. Beginning in FY 2017, WTI crude oil prices are projected to rise to above $100 per barrel and grow over the course of the forecast horizon. By FY 2027, the WTI price forecast is $160 per barrel. The June 2014 WTI price forecast reached a maximum price of $150 per barrel in FY 2027 which is $10 per gallon lower than our current projection by the end of the forecast horizon. This current forecast incorporates a long-term forecast which has expectations about domestic crude oil supply not being as abundant as well as the opening of export markets for US crude oil expanding the worldwide demand for WTI in the long-term.

Washington retail gasoline price trend

September's Washington retail gasoline prices are projected to be higher than the June retail gas price forecast all throughout the forecast, see Figure 16. In FY 2013, the Washington average retail gas price was $3.73 per gallon. In FY 2014, the Washington average retail gas price was $3.61 per gallon. This represents a year-over-year decline of 3.2%. In FY 2015, the Washington retail gas price is expected to increase year-over-year to $3.76 per gallon, $0.09 higher than anticipated in the June forecast. In FY 2016, this current forecast anticipates gas prices to increase slightly to $3.87 per gallon, which is 5.4% higher than $3.67 per gallon expected last quarter The September forecast of retail gas prices is higher than the June forecast and projections top $4 per gallon one year sooner in FY 2019 as opposed to FY 2020 in the June forecast.

Figure 16 Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular February, June and September 2014



Washington retail diesel price trend

This September forecast of retail diesel prices is consistently higher than the June forecast every year also, see Figure 17. Washington's retail price of diesel was an average $3.02 per gallon in FY 2010. 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 retail diesel price dropped slightly to $4.10 per gallon. In FY 2014, the retail diesel price was $4.01 per gallon, a year over year decline of 2.2%. In the current fiscal year, the September retail diesel price forecast is projected to be higher at $4.08 per gallon as opposed to the June forecasted price of $3.93 per gallon. The same trend continues in future years with the current retail diesel price being higher than the June forecast by 27 cents per gallon in FY 2016; 20 cents per gallon in FY 2017 and 19 cents per gallon in FY 2018. By the end of the forecast horizon, the current forecast of retail diesel price is $6.18 per gallon and $0.41 per gallon higher than the forecast in June.

The price differential between retail gas and diesel was 9 cents on average in FY 2010 and it grew to 40 cents by FY 2014. In the current fiscal year, the retail gas and diesel price differential is projected to fall slightly

to $0.31 per gallon. In FY 2016, the price differential remains nearly the same at $0.32 and in 2017 and 2018 the price differential is projected to remain nearly the same at $0.30 per gallon respectively each year. After FY 2018, the price differential starts to rise again and by the last fiscal year, the diesel to gas price differential is projected to be $0.61 per gallon.

Figure 17 Forecast of UNADJUSTED Washington Retail Diesel Prices February, June and September 2014

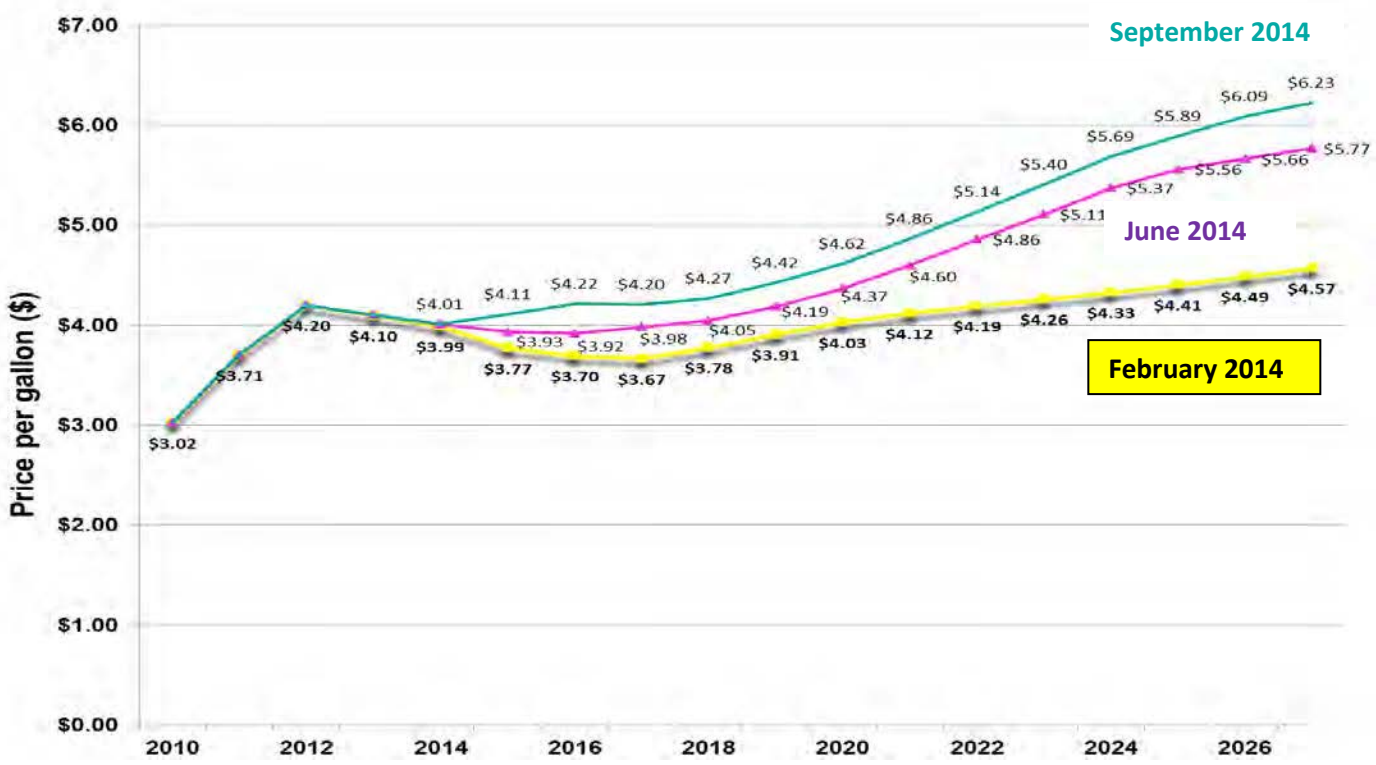


Figure 18 Near-term UNADJUSTED BASELINE Quarterly Fuel Prices: September 2014

Fiscal Year Quarter	Crude Oil Price ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)
2013: Q3	105.84	3.79	4.03
2013: Q4	97.34	3.38	3.99
2014: Q1	98.75	3.41	3.99
2014: Q2	103.35	3.87	4.03
FY 2014	**101.32**	**3.61**	**4.01**
2014: Q3	98.04	3.86	4.05
2014: Q4	93.00	3.61	4.08
2015: Q1	93.00	3.67	4.12
2015: Q2	94.67	3.92	4.19
FY 2015	**94.68**	**3.76**	**4.11**
2015: Q3	97.00	3.87	4.16
2015: Q4	94.00	3.64	4.15
2016: Q1	101.36	3.88	4.29
2016: Q2	104.96	4.08	4.26
FY 2016	**98.33**	**3.87**	**4.22**
2016: Q3	105.99	3.92	4.20
2016: Q4	106.21	3.71	4.23
2017: Q1	105.32	3.82	4.18
2017: Q2	105.90	4.06	4.21
FY 2017	**105.86**	**3.88**	**4.20**

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

In September 2014, the West Texas Intermediate (WTI) crude oil price forecasts for FY 2015 differed by approximately 2.3%, or $92.5 - $103.97 per barrel. The five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics, and Moody's Economy.com had forecasts with WTI crude oil price forecasts which averaged $96.8 per barrel for FY 2015. WSDOT's baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term through calendar year 2015 and then use the growth rates from Global Insight forecasts for subsequent years. The projected price forecasts for crude oil in FY 2015 ranged from $92.5 per barrel by Global Insight to $103.9 per barrel by Moody's Economy.com with the average being $96.8 per barrel. The forecast for WTI crude oil in FY 2016 ranged from $90.7 per barrel by NYMEX to $112.3 per barrel by Moody's Economy.com with the average being $98.1 per barrel. The average forecast for WTI crude oil in FY 2017 ranged from $88.3 per barrel by NYMEX to $116 per barrel by Economy.com with the average being $100.9 per barrel. Figure 19 reveals that the WSDOT baseline WTI price forecast had the lowest price differential, at -1.26%, in fiscal year 2016. Global Insight forecast of WTI in FY 2015 had the lowest price forecast while NYMEX futures prices were the lowest WTI crude oil price estimates in FY 2016 and 2017. Projections by Moody's Economy.com were the highest of all projections every year.

Figure 19 Near-term Annual Crude Oil Price Forecasts – 5 Different Forecast Comparisons: September 2014

Dollars per barrel

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	5 Entity Avg	% Diff Lowest	% Diff Highest	% Diff Average
2015	$94.68	$94.16	$92.50	$103.97	$98.73	$96.81	-0.55%	9.82%	2.25%
2016	$99.33	$90.69	$91.59	$112.27	$96.53	$98.08	-8.70%	13.03%	-1.26%
2017	$105.86	$88.26	$98.49	$115.78	$95.97	$100.87	-16.63%	9.38%	-4.71%

Figure 20 Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes: September 2014

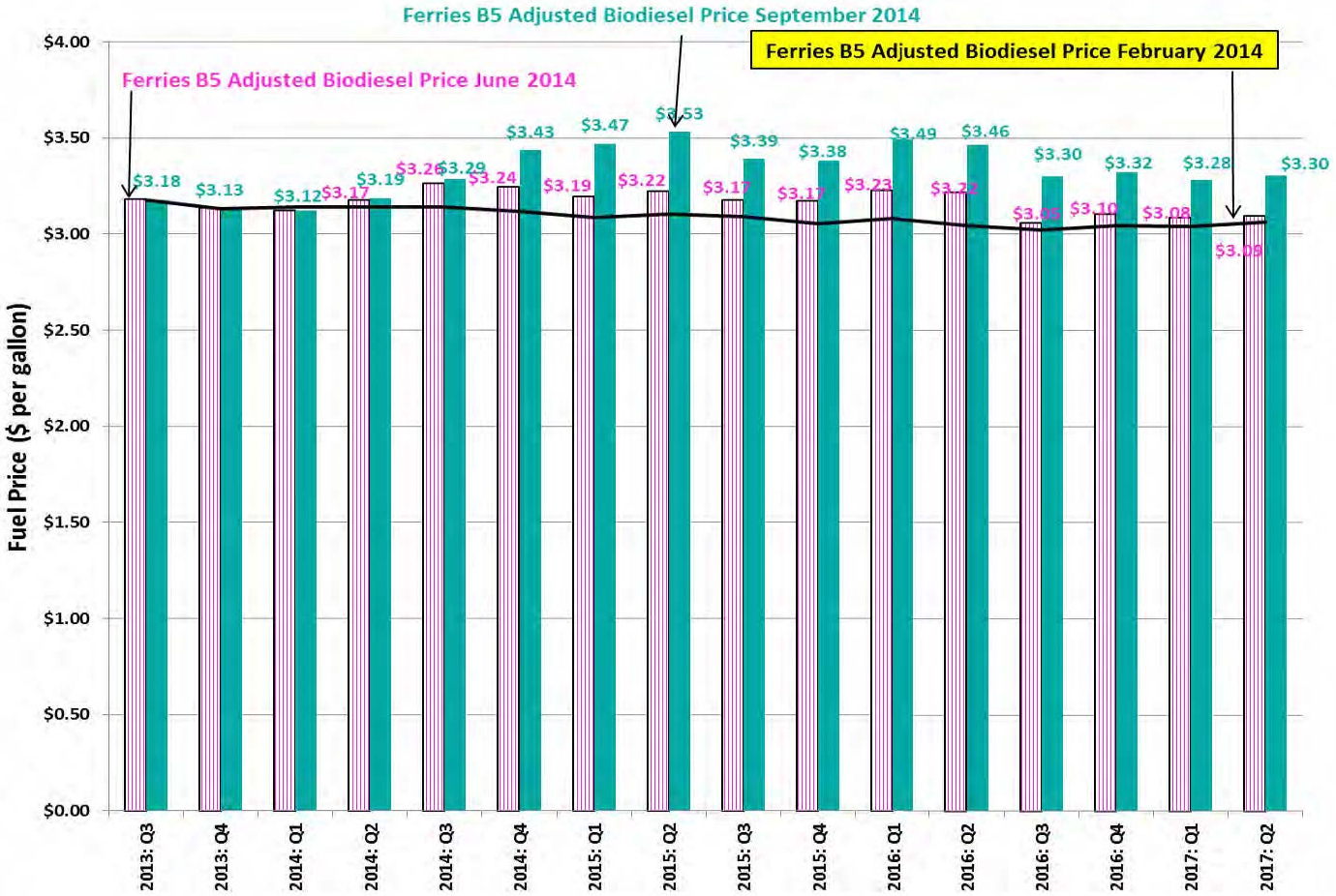
Fiscal Year Quarter	Adjusted WA Retail Gasoline Price ($/gal)	Adjusted WA Retail Diesel Price ($/gal)	Adjusted B5 Biodiesel Price ($/gal)	Unadjusted B99 Biodiesel price
2013: Q3	3.79	4.03	3.18	4.93
2013: Q4	3.38	3.99	3.13	4.77
2014: Q1	3.41	3.99	3.12	4.89
2014: Q2	3.87	4.03	3.19	4.35
FY 2014	**3.61**	**4.01**	**3.15**	**4.74**
2014: Q3	3.95	4.13	3.24	4.34
2014: Q4	3.69	4.14	3.28	4.35
2015: Q1	3.75	4.18	3.32	4.40
2015: Q2	4.01	4.26	3.38	4.47
FY 2015	**3.85**	**4.18**	**3.30**	**4.39**
2015: Q3	3.82	4.08	3.24	4.45
2015: Q4	3.60	4.08	3.23	4.44
2016: Q1	3.84	4.21	3.34	4.58
2016: Q2	4.03	4.18	3.31	4.55
FY 2016	**3.82**	**4.14**	**3.28**	**4.50**
2016: Q3	3.74	3.98	3.16	4.49
2016: Q4	3.54	4.00	3.18	4.52
2017: Q1	3.64	3.95	3.14	4.46
2017: Q2	3.87	3.98	3.16	4.49
FY 2017	**3.70**	**3.98**	**3.16**	**4.49**

WSDOT applies the five forecast entity average adjustment to the baseline September 2014 retail gasoline, diesel, and B5 biodiesel prices. The fuel prices listed in Figure 20 will be used to estimate the future costs to WSDOT agency's 2013-15 and 2015-17 biennium budgets for gas, diesel and biodiesel fuel purchases for fiscal years 2015 through 2017. The latest adjusted forecast requires a 2.25% increase in the baseline fuel prices for retail gas, diesel and B5 biodiesel prices for the remaining months of FY 2015 and -1.26% decrease for FY 2016. In FY 2017 baseline fuel prices are adjusted downward by 4.7%. B99 biodiesel prices are not adjusted each year due to B99 biodiesel prices being based on different feedstock prices rather than crude oil prices.

Washington ferries B5 biodiesel fuel price trend

The trend in Washington's ferry (WSF) B5 biodiesel price is similar to retail diesel price. The reported B5 biodiesel price includes the markup costs ferries must pay, delivery fees, and various taxes, including sales taxes. Washington state ferries began receiving a sales tax exemption on their biodiesel fuel purchases on July 1, 2013 and this has been incorporated into the baseline B5 biodiesel price forecast. The ferries B5 unadjusted biodiesel price averaged $3.61 per gallon in FY 2012. In FY 2013, the B5 biodiesel price declined some to $3.51 per gallon. In FY 2014, B5 biodiesel prices did not include the roughly 10% sales tax cost so the average annual B5 biodiesel price with markup fell to $3.15 per gallon which is the same projection as June. In FY 2015, the adjusted B5 biodiesel price is anticipated to be higher at $3.43 per gallon, higher than the $3.23 per gallon projected in June. In FY 2016-17, the current forecast of adjusted B5 prices is higher than last forecast in FY 2016 with projections of $3.43 and $3.30 per gallon respectively as opposed to $3.20 and $3.08 per gallon last quarter

Figure 21 Quarterly Ferries B5 Biodiesel Prices Used for Budgeting the 2013-15 and 2015-17 Biennia February (Baseline) vs. June vs. September 2014 Forecast Comparison



The September adjusted B5 biodiesel price forecast is higher than the last quarterly forecast. In the third quarter of 2014, the current B5 biodiesel price of $3.29 per gallon is 3 cents higher than the June 2014 estimate and 15 cents higher than the February 2014 forecast (used for budgeting purposes). Beginning in the fourth quarter of 2014, the current B5 adjusted biodiesel price is $3.43 per gallon, above the last forecasted B5 price by $0.19 per gallon and well above the February 2014 forecast too. Figure 21 provides a chart comparing the quarterly B5 biodiesel price projections, current, last and February forecasts, for the 2013-15 and next biennium.

B99 Biodiesel fuel price trend

The latest monthly OPIS B99 biodiesel price without RIN, markup, delivery and tax costs in Tacoma begins this B99 price forecast. The biodiesel price forecasts are based on the retail diesel price future growth with adjustments made to eventually have a regular diesel and biodiesel price differential of roughly 12%, which is the average price differential seen over the last 5 years. The B99 biodiesel price forecasts used for non-WSF WSDOT purchases had an actual B99 markup averaging $4.95 per gallon in FY 2012. For FY 2013, B99 biodiesel actual price rose a little to $4.98 per gallon. In FY 2014, the B99 price declined year-over-year by 4.8% to $4.74 per gallon. The B99 current forecast is higher than the last quarter's forecast throughout the forecast horizon. In FY 2015, the average annual B99 price is expected to decline further to $4.42 per gallon as opposed to $4.25 per gallon predicted in June. In FY 2016, the B99 forecast predicts a rise to $4.53 per gallon and then a stay at that level of $4.52 per gallon in FY 2017, which is $0.22 per gallon higher than in June at $4.30 per gallon.

Motor Vehicle Fuel Tax Forecast

Motor vehicle tax collections for gasoline and diesel consumption the three months spanning June through August 2014 totaled $330.467 million or $191,800 (0.058%) less than the $330.657 million forecasted in June 2014. This is forecast-to-forecast variance is the lowest since September 2010.

From June to August **gasoline** tax collections totaled $266.633 million or 0.2% ($0.53 million) higher than June's forecast:

- June collections amounted to $87.24 million, $0.94 million lower than forecasted;
- July collections amounted $86.99 million, $0.68 million higher than forecasted and;
- August collections equaled $92.40 million, $0.79 million higher than forecasted.

From June to August **diesel** tax collections totaled $63.83 million or 1.1% (-$0.71 million) less than June's forecast:

- June collections equaled $21.18 million, $0.32 million less than forecasted;
- July collections totaled $20.43 million, $0.21 million less than forecasted and;
- August collections equaled $22.22 million, $0.19 million less than forecasted.

Gross motor vehicle fuel tax revenue projections are $2.536 billion for the 2013-15 biennium, 1.9% or $47.98 million more than actual revenues from the 2011-13 biennium. Gross motor vehicle fuel tax revenues for the current biennium are projected to be $5.57 million or 0.22% more than June's forecast. The overall increase in motor vehicle fuel tax revenue for the 10-year period ending in the 2021-23 biennium totaled $76.34 million or 0.59% above the June revenue forecast. The primary reasons for higher fuel tax revenues from the last forecast in the 2015-17 biennium and later biennia include:

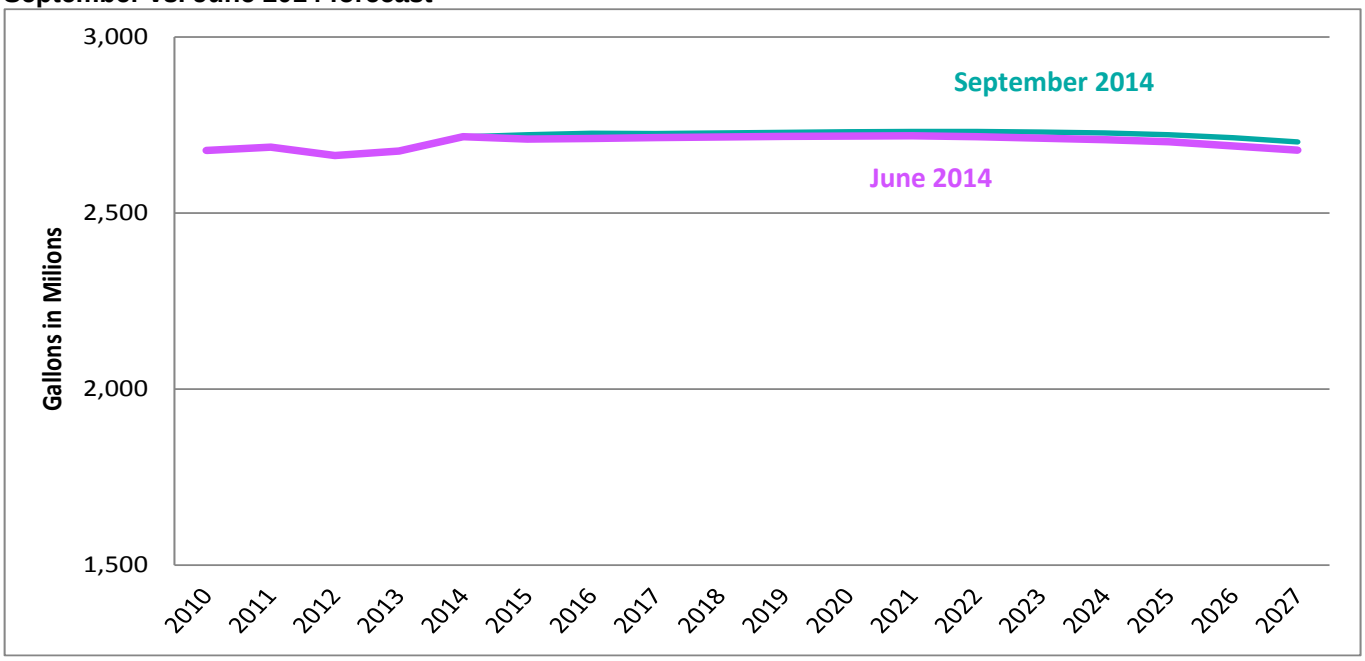
- Higher near-term tax collections in FY2015 for gasoline
- Higher non-agricultural employment levels and growth
- Minimal change in real gas process since the last forecast

Trends in gasoline consumption and tax revenue

In FY 2013, gasoline consumption totaled 2,676 million gallons, a 0.5% increase from FY 2012. In FY 2014 gasoline consumption grew to 2,716 million gallons, a 1.52% increase over FY 2013. A positive growth in gasoline consumption of this positive magnitude had not been recorded since 1999 when an annual growth rate of 1.53% was measured. Figure 22 shows the forecast to forecast comparison of projected gasoline gallons consumed. Throughout the remainder of the forecast horizon (2015 to 2027), gasoline consumption is anticipated to grow an average 0.035% more than forecasted in June. The annual growth for gasoline is nearly flat with a long-term average annual growth rate of -0.06% in this September forecast.

In the current biennium, gasoline tax revenue is projected at $2,037.56 billion, an increase of $4.92 million or 0.24% since the June forecast. By the 2015-17 biennium, gasoline tax revenue increases to $2,045.47 billion, up by $9.763 million or 0.48% from the June forecast. Gross gasoline tax revenue projections are up $44 million or 0.44% from the June forecast for the 10-year forecast horizon.

Figure 22 Gasoline Motor Fuel Consumption Forecast Comparison
September vs. June 2014 forecast



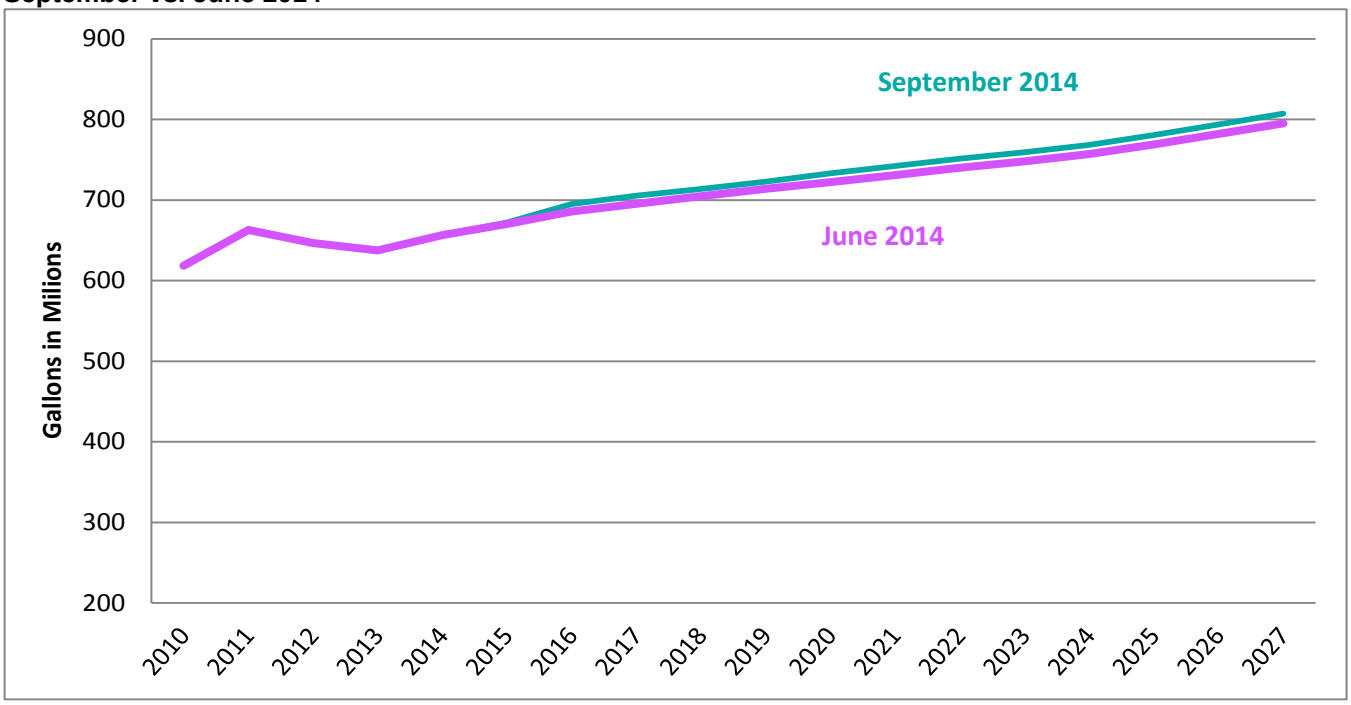
Trends in diesel consumption and tax revenue

- In FY 2011, diesel consumption totaled 663 million gallons, an increase of 7.2% over FY 2010 gallons.
- In FY 2012, diesel consumption amounted to 647 million gallons, a decline of 2.5% from FY 2011 gallons.
- In FY 2013, diesel consumption equaled 638 million gallons, a further decline of 1.4% from FY 2012 gallons.
- In FY 2014, diesel consumption totaled 656 million gallons, an increase of 3.0% over consumption in FY 2013 gallons and the highest positive growth since FY 2011.

Over the forecast horizon from 2015-2027, diesel consumption will grow annually 1.54% on average, higher than June's 1.43% average annual growth. Overall, on average from FY 2015-2027, forecasted consumption of diesel is up from the last forecast by roughly 1.5%.

Diesel tax revenue is projected to be $498.3 million in the 2013-15 biennium, $0.65 million less than the $497.6 million from the prior forecast. In the 2015-17 biennium, diesel tax revenue projections of $526.45 million increase 1.44%, $7.47 million more than the June forecast. In the 2017-19 biennium, diesel tax revenue rises to $539.27 million, $6.7 million or 1.3% more than June's $532.6 million. The forecasted difference in diesel revenue from the June forecast increases over time and by the 2025-2027 biennium the difference totals $8.8 million or 1.5% above June's forecast. The major reason for the long-term increase in diesel consumption and revenue compared to June's forecast include higher gallons in the near-term and higher projections of Washington's employment for trade, transportation, and utilities from FY2017-FY2027.

Figure 23 Diesel Fuel Consumption Forecast Comparison: September vs. June 2014



Motor fuel tax refunds

Non-highway and tribal refunds for gasoline and diesel fuel are for accounted in the motor vehicle fuel tax forecast. These refunds reduce net motor fuel tax distributions. In the current biennium gasoline tax non-highway refunds are up 0.19% or $27,600 while diesel tax non-highway refunds are up 0.13% or $39,800.

This September forecast had an annual update of the long-term tribal fuel tax refunds growth rates based on an examination of fiscal year 2014 tribal refund by state and size of refunds by station. Tribal refunds for gasoline declined $1.91 million or -3.42% in the current biennium compared to the June 2014 projections. Tribal refunds for diesel increased $0.45 million or 5.3% in the current biennium. The forecast to forecast difference in the gas tax tribal refund forecast grows over time so by the last biennium (2025-27) gas tax tribal refunds are reduced from June's projection by $5.1 million or 7%. The difference in diesel tax tribal refunds also grow over time so by the last biennium, the diesel tax tribal refund forecast is brought up from the June forecast by $4.4 million or 38.8%.At the time of this September forecast, the Yakima tribe tribal refunds were not included in the baseline forecast for tribal refunds.

Primary reasons for the September 2014 forecast gallons and revenues

- Gas tax collections for the past three months totaled $0.53 million or 0.2% above projected collections from the June forecast. For the past three months diesel tax collections have been lower than forecasted by $0.72 million. Combined, all fuel tax collection have come in right on track with the June forecast.
- Higher than expected gas consumption actuals in 2015 drive higher growth rates for the gasoline consumption and revenue forecast. The higher Washington non-agricultural employment contributed to higher growth rates and very little change in real gas prices.
- Diesel tax collections are up due to higher consumption actuals than expected and higher employment projections for trade, transportation and utilities employment in Washington throughout the forecast horizon increase the diesel consumption forecast.
- Overall, in the current biennium, gross fuel tax revenues increase $5.57 million or (0.22%) from the last forecast and increase from the prior forecast in all remaining biennia. Over the 10-year forecast period, fuel tax collections grow by 0.59% or $76.3 million when compared to June's forecast.

- Motor fuel tax non-highway refunds are up slightly from June throughout the forecast horizon.
- Long-term growth rates for tribal fuel tax refunds were modified this forecast. Tribal gasoline tax refunds declined by $1.9 million in the current biennium (2013-2015) because of lower actuals and an assumed average growth of refunds per station than previously forecasted. Tribal diesel tax refund forecast has been raised from June by $0.45 million in the 2013-2015 biennium and this difference grows per biennium over the forecast horizon.

Figure 24 Short-term Motor Fuel Tax Forecast – By Month of Collection
September 2014
millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Gasoline Taxes	**$1,016.6**	**$1,021.0**	**$2,037.6**	**$1,022.4**	**$1,023.1**	**$2,045.5**
Special Fuel Taxes	**245.8**	**252.5**	**498.3**	**261.4**	**265.1**	**526.5**
Total Fuel Revenue	**$1,262.4**	**$1,273.5**	**$2,535.9**	**$1,283.8**	**$1,288.2**	**$2,572.0**
% Change from Prior Forecast	-0.10%	0.54%	**0.23%**	0.70%	0.66%	**0.68%**

Motor Vehicle Revenue (Licenses, Permits, and Fees)

Background

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 real personal income, Washington - U.S. real income share, Washington Retail Employment, and U.S. sales of light vehicles.

Washington State collected over $938 million from vehicle licenses, permits, and fees (LPFs) in the 2011-13 biennium. The forecast for the current biennium is $1.025 billion, an increase of $87.8 million over the 2011-13 biennium. In the September 2014 LPF forecast compared to the forecast released in June for the current biennium, LPF revenue is up $7.1 million, or 0.69% from the previous estimate of $1.019 billion.

Trends in vehicle registrations

For the current fiscal year, 2015, the passenger car forecast is unchanged from June. Registrations in the last month of Fiscal 2014 were inordinately high, while registrations in the first two months of Fiscal 2015 were inordinately low. If you were to combine the three months, we would be right on target. From 2015 through 2019, the annual growth rate should be around 2.4% each year. After 2020, the year-over-year growth rate is just over 1.1 to 1.2% towards the end of the forecast horizon.

We saw a similar trend with trucks. Truck registrations were much higher than expected in the last month of Fiscal 2014, but lower in the first two months of 2015. Combined, the three months are on target. For 2015 throughout the forecast horizon, we are looking for about 0.2% year-over-year growth in the truck fleet. The forecast to forecast change rages from 0.1 to 1% below the previous forecast.

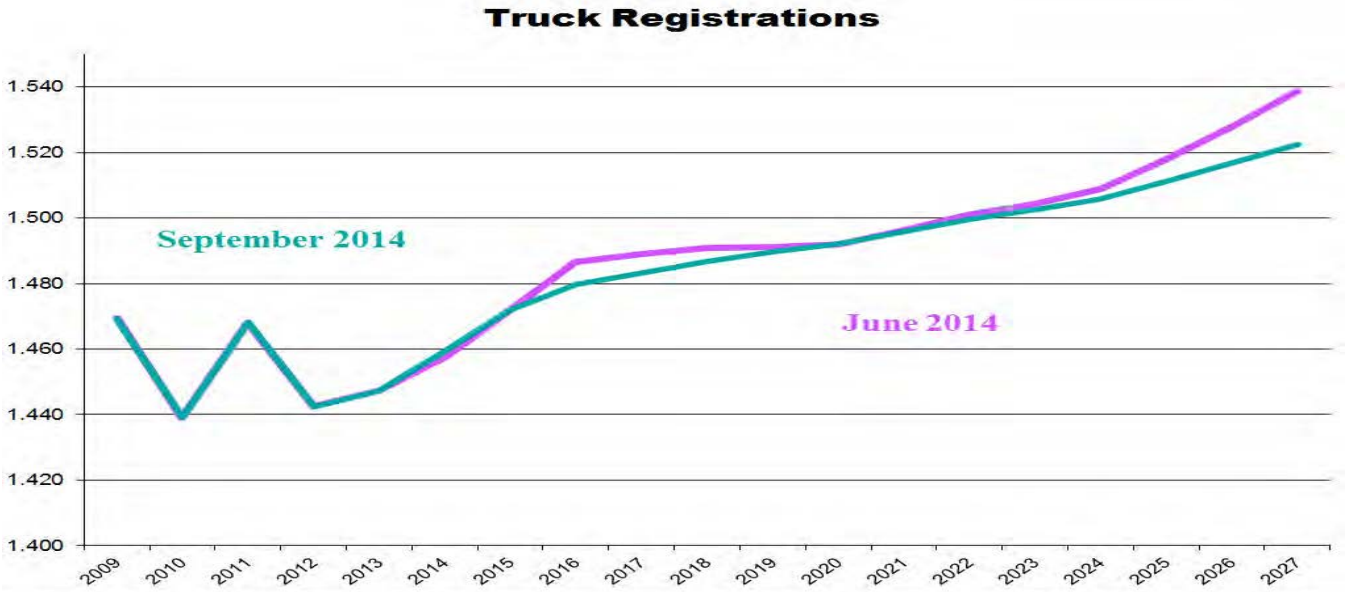
Trends in LPF revenue

As previously stated, Washington State collected over $938 million from vehicle licenses, permits, and fees (LPFs) in the 2011-13 biennium. For 2011-2013, passenger vehicles ($30 vehicles) brought in $297 million, while trucks brought in $346 million. In the current biennium, revenue from $30 vehicles is expected to be in $305 million, $830 thousand more than the forecast in June. Trucks will earn the State $354 million, $4.5 million more than the previous forecast. Most of the difference in passenger car revenue is due to higher revenues

collected than were forecasted in June. The increase in truck revenue is due to the annual re-estimation of forecasted truck weights used in the forecast and higher revenue received from commercial out-of-state trucks. While Washington has not experienced a large growth in the number of trucks, commercial truck owners are shifting to higher declared gross weights for their vehicles due to improving commerce. This results in higher revenue for the State.

Figure 25 Passenger Car Comparison
September 2014 vs. June 2014
millions of vehicles

Figure 26 Truck Comparison
September 2014 vs. June 2014
millions of vehicles



Passenger weight fees were $110 million for the 2011-13 biennium. For the current biennium, these fees should garner $114.3 million, or $1.6 million more than expected in the previous forecast. Because of the economic recovery, the passenger car fleet is shifting to heavier vehicles, which increases the weight fee revenue. Motor home weight fees came in at $9.9 million in 2011-2013. These fees are expected to be $9.9 million in the current biennium.

The license plate replacement forecast is minimally changed with $490,500 (-1.5%) reduction for the current biennium and about -.5% in the out years. Beginning January 1, 2015, the requirement for Change of Owner plate replacement becomes effective per 2ESSB 5785 (2014). Change of Owner plate replacement forecast is based on historical title transfer transactions for selected vehicle use classes and grows by population ages 16-75. The forecast of plate replacement issues for FY2015 reflects the final 6 months of periodic plate replacement and the first 6 months of change of owner plate replacement. Due to the legislative change regarding plate replacement requirements, this forecast no longer depicts a cyclical pattern resulting from the implementation of periodic (7-year) plate replacements.

The title fee forecast is slightly higher for FY2013-15 ($427,880 or 0.7%). The title fee forecast is higher for FY2015-17 by $410,100 or .6% and continues higher throughout the forecast horizon reflecting revisions to both the original and other title transactions forecasts. *The $10 fee increase was effective October 1, 2012.

The quick title revenue for the current biennium is estimated to be $1.5 million, about 4.4% higher than prior forecast. As of August 2014, 28 counties offer these transactions. The higher base in FY2014 results in a higher forecast for the outer years (between 6% to 9% upward revision).

The wheeled all-terrain vehicle (WATV) forecast is a new forecast as a result of ESHB 1632 – Legislative Session 2013. The WATVs off road registration of $18 is the same as the registration fee for ORVs with the same distribution to the NOVA Account (268). However, the WATVs can obtain an on-road permit with payment of a $12 fee along with a declaration that the WATV has equipment and/or modifications making it suitable for on-road use. The on-road WATV fee is distributed to the new Multiuse Roadway Safety Account (571) and is forecasted at $48,320 in the FY 2013-15 biennium and $89,640 in the FY2015-17 biennium. This forecast has been revised lower for FY 2013-15 by about 19.8% based on WATV registrations through August 2014. The forecast is revised lower for FY 2015-17 by 12.6% and the forecast is slightly lower throughout the forecast horizon due to lower than anticipated registrations for these vehicles.

The ferry services fee is a new forecast with title service fees ($12) and registration service fees ($5) imposed by E2SHB 1129 (2014) effective January 1, 2015 with the revenue deposited into the Capital Vessel Replacement Account (18J). The total Ferry Service fees are forecast for the FY2013-15 biennium at $10.26 million which is slightly lower (-$16,000 or -0.16%) than the June forecast. On average, total new ferry service fees are forecasted at $32.5 million per biennium (FY2015-27) with title service fees at $16 million and registration service fees at $16.5 million.

Primary reasons for the forecast changes

- Forecasted passenger vehicle registrations for FY 2015 are unchanged from the previous forecast.
- Future year passenger forecasts vary only slightly from the previous forecast,
- Forecasted truck registrations are down slightly from the previous forecast.
- Revenue differences are primarily due to higher actual collections from FY 2014 and higher weight distributions expected in trucks and passenger cars.
- 2014 legislation increased LPF revenues: The new ferry service fees in E2SHB 1129 bring an additional $10.27 million in the current biennium and $38.9 million in the next biennium. The license plate replacement bill, 2ESSB 5785, will increase the 2013-15 biennium by $3.4 million and $27.2 million in the next biennium.
- Overall, LPF revenues are up $7.1 million in the current biennium compared to the last forecast. In the next biennium, LPF revenues are up $4.9 million from the last forecast due to re-estimation of truck and passenger car weights.

Figure 27 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees)
September 2014
millions of dollars (totals do not add due to rounding)

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Basic $30 License Fee	$151.8	$153.5	$305.3	$157.1	$161.0	$318.1
Combined License Fee	176.6	178.2	354.8	179.1	179.5	358.6
All Other Fees	176.7	189.2	365.9	202.9	204.0	406.9
Total LPF Revenue	**$505.1**	**$520.9**	**$1,026.0**	**$539.1**	**$544.5**	**$1,083.6**
% Change from Prior Fct	0.82	0.58	**0.69**	0.43	0.46	**0.46**

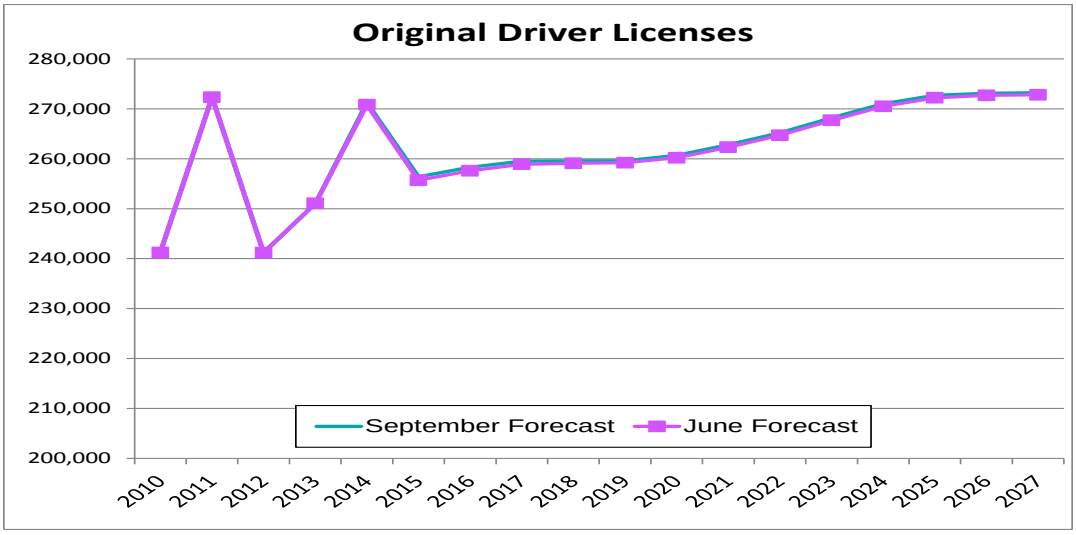
Driver Related Revenue Forecasts

The September 2014 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees (including commercial driver licenses, enhanced driver licenses, and temporary restricted 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 for FY13-15 biennium is forecasted at $282.6 million, about $1.3 million (or 0.5%) more than the prior forecast. Revenue for FY15-17 is projected to be $291.2 million, about $5.9 million (-2.0%) lower from the prior forecast.

It is important to note that many of the driver related revenue streams follow a five-year renewal cycle until FY2015 when it becomes a six-year cycle. Caution is advised in year over year comparisons.

Trends in Licenses, ID Cards, Exams, and Abstracts of Driver Records

Originals
Figure 28 Driver License Originals September vs June 2014

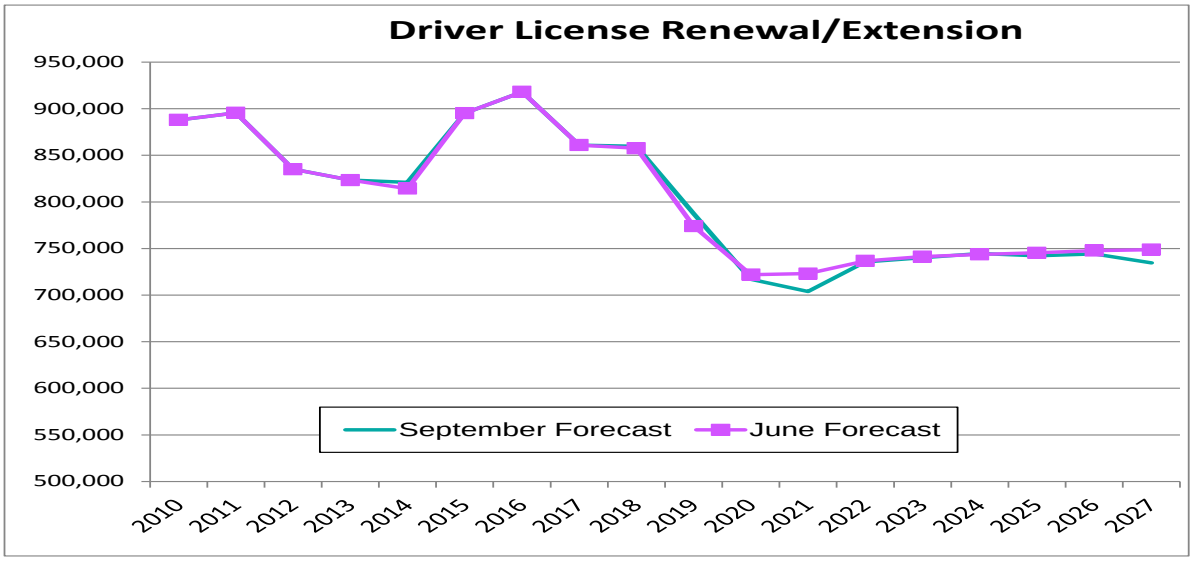


The original driver licenses' forecast is driven by ERFC's non-agricultural employment, OFM population 16-18, and drivers coming from out of WA. FY14 ended very close to expectation. Future years see a minimal upward revision of about .2% (Figure 28).

Renewals

The driver license renewals forecast is essentially unchanged other than incorporating the latest 6-year license implementation schedule as discussed in the assumptions document. This changed schedule as well as adjustments to smooth out the volume result in some cosmetic changes in the renewal pattern (Figure 29).

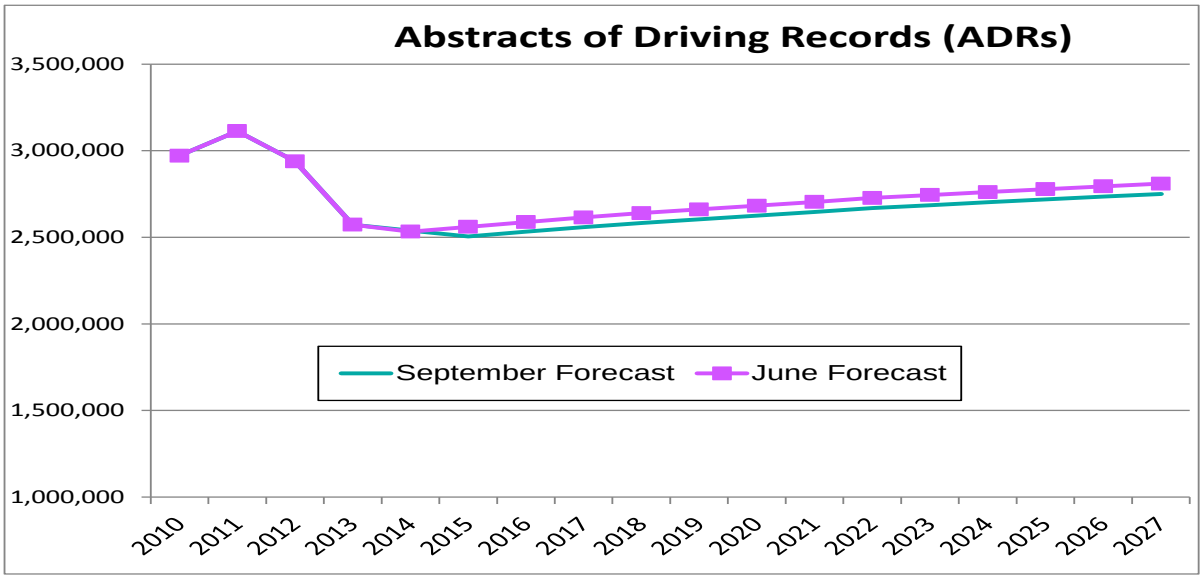
Figure 29 Driver License Renewals and Extension September vs June 2014



Abstracts of Driver Records (ADR)

The abstracts of driver record (ADR), as expected, FY14 ended as the lowest year since 2007. The first couple of months for FY15 have come in as new historical lows. The outlook is revised down by about 2% throughout the forecast horizon.

Figure 30 Sales of ADR, September vs June 2014



DUI Administrative Hearings

The DUI administrative hearings continue to come in lower than expected even as we have been reducing it in recent forecasts. We believe this decline has to do with the availability of Ignition Interlock devices (IID) which is showing a steady upward trend. Having the IID allows the driver to continue to drive without going through administrative hearings for a fee of $375 (increased from $200 to since October 2012). The September forecast is further reduced by about 3.3% throughout the forecast horizon.

Enhanced Driver Licenses/IDs

The enhanced driver licenses/IDs (EDL/EID) forecast has an updated participation rate (defined as EDL/EID as a share of all Driver License and ID card issuances) of 8.9% vs 8.4%. The higher participation rate translates to an average of 5.3% increase in yearly transactions.

Identicards

The public assistance identicards (PA IDs) continue to grow at the expense of full fee paying ID cards ($5.00 each vs. $54 starting August 2014). With ID fee increase in FY13, PA IDs saw an eight fold increase (from a historical average of 600+ a year to 6000+. FY14 saw an additional four-fold increase to 24,200. The September forecast for the full fee paying ID cards is reduced significantly through FY17 (average -12%) and by about -5% in the outer years.

Trends in Driver Related Revenue

Highway Safety Fund

Total Highway Safety Fund (HSF) revenue for the FY13-15 biennium is projected to be $241.8 million, about $1.6 million (+.7%) higher than June forecast. For the FY15-17 biennium this fund is projected to be $249.5 million, about $5.2 million (or -2%) lower than the prior forecast. The downward for FY15-17 comes primarily from an adjustment of driver license extensions to smooth out 6-year implementation workload, a reduction in full-fee paying ID cards and commercial requests for ADRs3

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 $3 million a year. The September forecast for the current biennium is at $6.01 million, about $37,000 (-.6%) lower than the prior 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). With FY14 closed having the lowest volume since 2007, and the last couple of months showing new historical lows, the September forecast is revised down throughout the forecast horizon, with total revenue for the current biennium expected to be $32.8 million, down about $272,000 (-0.82%). Revenue for the next biennium is revised down by $715,000 (-2.1%) at $33.1 million. Similar downward revision is projected in the outer biennia as well.

Motorcycle Safety Education Account Trends

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

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

Motorcycle endorsements are highly dependent on the real price of gasoline and the increase in the September forecast for gasoline prices has increased the forecast of endorsement transactions. Revenue for this fund is projected to be $4.3 million for the current biennium (up $51,000 or +1.2%) and $4.7 million for the next biennium (up $20,000 or 0.4%).

Ignition Interlock Device Revolving Account

The Ignition Interlock Device Revolving Account revenue is tracking close and is expected to be about $3.8-$3.9 million each biennium.

Primary reasons for the forecast changes

Primary reasons for the change in driver related revenue are:

- Adjustment of driver license extensions to smooth out 6-year implementation workload
- Quadrupling growth in public assistance ID demand at the expense of full fee paying IDs d in FY14
- New historical lows in monthly ADR sales in recent months

Figure 31 Short-term Driver Related Revenue Forecasts
September 2014
millions of dollars

Driver Related Revenue	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Total Highway Safety Fund	**$117.8**	**$124.0**	**$241.8**	**$125.9**	**$123.6**	**$249.5**
Drivers License Fees	95.3	102.3	197.7	104.0	101.5	205.4
Copies of Record Fees	18.0	18.7	36.7	18.9	19.1	38.0
Other smaller misc. Fees	3.1	3.0	6.0	3.0	3.0	6.1
Total Motorcycle Safety Education Account	**2.0**	**2.3**	**4.3**	**2.4**	**2.3**	**4.7**
Total State Patrol Account	**16.5**	**16.3**	**32.8**	**16.5**	**16.6**	**33.1**
Total Ignition Interlock Device Revolving Account	**1.8**	**2.0**	**3.8**	**2.0**	**2.0**	**3.9**
Total Driver Related Revenue	**$138.2**	**$144.6**	**$282.6**	**$146.7**	**$144.5**	**$291.2**
Percent change from prior forecast	0.1%	-0.2%	0.0%	-2.3%	-1.7%	-2.0%

Other Transportation Related Revenue Forecast

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

Vehicle Sales and Use Tax

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 16% from FY 2010. In FY 2012, US spending on light vehicle sales also grew 13.7% to $402 billion. In FY 2013, US spending on light vehicle sales was $448 billion; an increase of 11% year over year. In FY 2014, US spending on light vehicles is was $480 billion; an increase of 7.2% year over year. In FY 2015, US spending on light vehicles is projected to be $522 billion; an annual increase of 8.8% and up 2% from the June 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 were $46.7 million. In the current biennium, sales and use taxes are projected at $75.21 million which is up 1.25% from past forecast. Actual tax collections in FY 2014 came in at $36.93 million. In the last three months, sales and use tax collections came in above forecast: sales taxes were higher by $490,000 and use taxes were up by $25,000. In the 2015-17 biennium, the sales and use tax collections are projected to be $80.59 million which is 2% or $1.6 million more than the past forecast. Revenues in the 2017-19 biennium are up nearly 3% and revenues from the 2019-21 biennium are also up from the last forecast by 3%. The reason for the slightly higher forecast is the forecast for economic variables like US consumer spending on light duty vehicles have improved slightly and the most recent actuals bringing up the current forecast.

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 came in at $46.7 million. In the current biennium, rental car sales tax is anticipated to be $53.81 million and up $965,000 or 1.8% from the June forecast. Actuals since the last forecast have been higher than projected: up $513,000 (6.3%). In the 2015-17 biennium, revenues are projected to be $57.5 million which is an increase of 1.9% from the prior forecast. The primary reason for the change in the forecast is due to higher actuals and forecasts of key economic variables have not changed much since the June forecast. The change from the prior forecast decreases over time so by the last biennium of the June forecast of rental car sales tax is $362,000, a 0.5% increase from the June forecast. Over the 10-year forecast horizon, the rental car tax is anticipated to bring in $4.35 million more than the last forecast.

Business and Other Revenue

The business and other revenue category includes the following revenue sources:

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

Each biennium this revenue category has a unique set of properties available to be sold, making biennium to biennium comparisons difficult. DOT Business related revenue came in at $14.2 million in the 2011-13 biennium. The 2013-15 biennium total DOT business related revenues are projected to be $18.3 million which is up 11.9% from the June forecast. The increase is due to an increase in property sales. Projections for the 2015-17 business related revenues are anticipated to be $13.1 million, no change from the previous forecast. The outer biennia reflects minor revenue adjustments which are due to incorporating new forecasts for inflation.

The School zone fine for the Washington Traffic Safety Commission was first added to the September 2013 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 and $0.7 million was collected in FY13, for a biennial total of $1.6 million. In the 2013-15 biennium, the revenue from school zone fines is anticipated to be $1.2 million, which is a slight increase from the June forecast..

State Patrol 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. Revenue for Commercial Vehicle Penalties and Communication Tower Site Leases was added to the forecast in March 2013.

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 September 2012. Revenue estimates have been updated using the past year's actuals.

The September 2014 WSP business related revenue forecast is $11.4 million, up .91% or $0.103 million from prior estimates primarily due to actual revenue from Breath Test Fines, DUI Cost Reimbursement and Communication Tower Leases being higher than forecasted. All revenue has been updated for actuals to date. The March 2013 forecast had two new additional fees added to the WSP forecast: Commercial Vehicle Penalties and Communication Tower Site Leases. In the current biennium, these new fee revenues are projected at $564,984 and $756,409 respectively. The terminal safety inspection fee revenue is forecasted at $2.6 million. The same trend continues in the next biennium with the total fee revenue estimated at $11.4 million for the 2015-17 Biennium.

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 was $6.4 million in the 2011-13 biennium. In the 2013-15 biennium, the aeronautics account revenue is anticipated to be $5.88 million, down $0.13 million from the June forecast. Lower aviation fuel and registration fees are the reasons for the decrease from the last forecast. Aviation fuel is lower for FY 2013-15 by -$89,333 (1.75%) due to both the FAA General Aviation Fuel Consumption forecast and OFM long-term manufacturing employment forecast are down from the last projections.

In the 2011-13 biennium, the aircraft registrations, excise and dealers' taxes, which are a small portion of the total aeronautics revenue, were $1.43 million. In the current biennium, the aircraft registrations, excise and dealers' taxes are anticipated to be $1.48 million which is slightly down from the last forecast. This decline is due to a reduction in aircraft registration fees of $44,665 or 18%. The reason for the aircraft registration forecast being down is due to truing up FY 2014 revenue actuals to the revenue accounting reports. The motor vehicle fuel tax transfer of $571,058 is up $1,358 from June due to slightly higher motor vehicle fuel tax projections in the current biennium. In the 2015-17 biennium, the aeronautics transfer from the motor vehicle fund is projected to be $572,443, which is up $2,643 from the last forecast. The difference in the transfer of motor vehicle fuel taxes rises throughout the forecast horizon so by the last biennium the motor vehicle transfer is up $4,980 from the last forecast. This trend is consistent with the fuel tax forecast. In the current biennium, aircraft excise taxes are anticipated to be $400,559 which is up a little $3,059 (0.44%) from the last forecast. In the next biennium, aircraft excise tax increases slightly to $708,100, which is down a little from $710,300 in last quarter's forecast. This minor reduction is due to incorporating a revised growth rate to adjust for an error in the June 2014 forecast. Ten percent of the excise tax goes to the aeronautics account and the rest goes to the state general fund. This September forecast does not change the aircraft dealers licenses all throughout the forecast horizon even though new actuals for 2014 were added in.

Aviation Fuel Tax

Aviation fuel taxes came in at $5.5 million in the 2011-13 biennium. This current biennium aviation fuel taxes are projected to be $5.03 million, which is $89,333 lower than last quarter. The Aviation Fuel Tax forecast is revised lower from both lower FAA General Aviation Fuel Consumption forecast and OFM long-term manufacturing employment forecast are down from their respective previous annual forecasts. The inclusion of FY2014 taxable aviation fuel in the forecast model predicts a slightly lower forecast throughout the forecast horizon.

Primary reasons for the forecast changes

- Vehicle sales and use tax revenue is up slightly in the current biennium since the last forecast due to updated actual collections and economic variable forecasts being up as well. Total sales and use tax revenue is up by $515,000 from the last forecast. In subsequent years, the forecast is up minimally from the last forecast also due to higher economic variables.
- Rental car tax revenue is up $0.86 million, 1.5%, in the current biennium due to higher collections in recent months ($513,000) more than anticipated. In subsequent biennia after 2013-15 biennium, the change in the rental car tax revenue from the last forecast declines over time.
- WSDOT Business and other miscellaneous revenue is up by $1.95 million in the current biennium due to an unexpected property sale which increased revenue and projections by nearly $2 million (20%).

The future biennia estimates the current forecast is the same as the prior forecast with some minor modifications for new inflation annual estimates.

- School Zone fines' forecast this September has been increased by $106,476 (9.4%) from the last forecast. Collections have been coming in higher in recent months. The new forecast is $1.24 million in the current biennium versus $1.13 projected in the last forecast.
- Aircraft fuel tax revenue has been revised downward by $89,333 or 1.75% in the current biennium and all subsequent biennia are the lower than the last forecast as well.
- In the current biennium, total business related revenues are projected at $167.3 million which is up 2% or $3.81 million from the last forecast. The biggest rise in the current biennium was the sale of property at nearly $2 million.
- In the 2015-17 biennium, total business related revenues are projected to be $170.6 million and this is an upward revision of $2.7 million or 1.6% from June. In the 2017-19 biennium, the current business related revenue forecast is up $3.45 million or nearly 2% from the June forecast. In future biennia beyond 2015-17 biennium, business related revenues are increasing and the rise from the last forecast is roughly $3.5 million each biennia.

Figure 32 Short-term Other Transportation Related Revenue
September 2014
millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Rental Car Sales Tax	$26.8	$27.8	**$54.6**	$28.4	$29.1	**$57.5**
Vehicle Sales & Use Tax	36.9	38.3	**75.2**	39.6	41.0	**80.6**
DOT Business/Other Rev	8.9	9.4	**18.3**	6.5	6.5	**13.0**
WSP Business/Other Rev	5.8	5.7	**11.4**	5.7	5.7	**11.4**
WA Traffic Safety Comm.	0.6	0.6	**1.2**	0.6	0.6	**1.2**
Aeronautics Taxes/Fees	3.2	3.3	**6.5**	3.4	3.4	**6.8**
Total Other Transportation Related Revenue	$82.2	$85.1	**$167.2**	$84.2	$86.3	**$170.5**
% Change from Prior Fcst	0.4%	4.3%	**2.3%**	1.5%	1.5%	**1.5%**

Ferry Ridership and Revenue

Ferry Fare Ridership and Revenue Forecasting Process

For the September 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 September Baseline Forecast incorporates actual ridership counts through August 2014 and revenue collections through July 2014. The September Baseline Forecast includes the tariff changes adopted by the Washington State Transportation Commission. These include a 2.0% increase for passengers and a 3.0% increase for vehicles on October 1, 2013, and a 2.0% increase for passengers and a 2.5% increase for vehicles on May 1, 2014. The October 2013 tariff revisions also included a reduction to youth fares, resulting in

a discount rate of 50%, which brings it into alignment with the senior citizen discount. The September Baseline Forecast scenario excludes any future fare revisions beyond the May 1, 2014 increase.

The September 2014 ridership demand forecasts reflect the latest updated demographic and economic variable forecasts provided by the State and other sources. Forecasts for all employment measures have been revised upward over the forecast horizon through FY 2027. This tends to lift the ridership forecasts relative to their previous levels. The forecasts for real personal income and general inflation have both been revised slightly higher, the latter resulting in slightly lower future real fares than in June. These marginal increases also contribute a bit of upward pressure on the ridership projections. Real gasoline prices are slightly higher in FY 2015-16, and then revert back to essentially unchanged through FY 2025, before decreasing in the last two years of the forecast horizon. Higher real gas prices in the near term contribute to lower vehicle/driver ridership forecasts, with the opposite effect in the last two years of the horizon, FY 2026-27.

In addition, actual ridership data continues to show a shift from commuter fare to other discounted passenger ridership, the continuing result of an October 2013 reduction in the youth fare that incentivizes single youth ticket usage over multi-trip commuter discounted fare media for frequent users ages 6-18.

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. FY 2013 passenger ridership came in at 12,350,126, or 0.9% higher than the previous year. FY 2014 closed out with passenger ridership of 12,696,933, or 2.0% higher than the previous year.

For FY 2015, passenger ridership is expected to be 12,802,000, a 1.2% increase from the prior forecast, and a year-over-year increase of 0.8%

For the rest of the forecast horizon, the passenger ridership projections are consistently 0.6% to 0.7% higher than forecasted in June.

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. In FY 2011, vehicle/driver ridership 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, vehicle/driver ridership came in at 10,045,043, which represents a predicted year-over-year increase of 0.6% from FY 2013. FY 2014 closed out with ferry vehicle/driver ridership of 10,154,842, a 0.2% increase from the prior forecast, and a year-over-year increase of 1.1%.

For FY 2015, vehicle/driver ridership is expected to be 10,293,000, a 0.8% increase from the prior forecast, and a year-over-year increase of 1.4%.

For the rest of the forecast horizon, the vehicle/driver ridership projections range from -0.1% lower in FY 2016 to 0.4% higher in FY 2027.

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-tenth of one percent annual growth from FY 2011. For FY 2013, total ridership came in at 22,395,169, for a year-over-year increase of 0.8%.

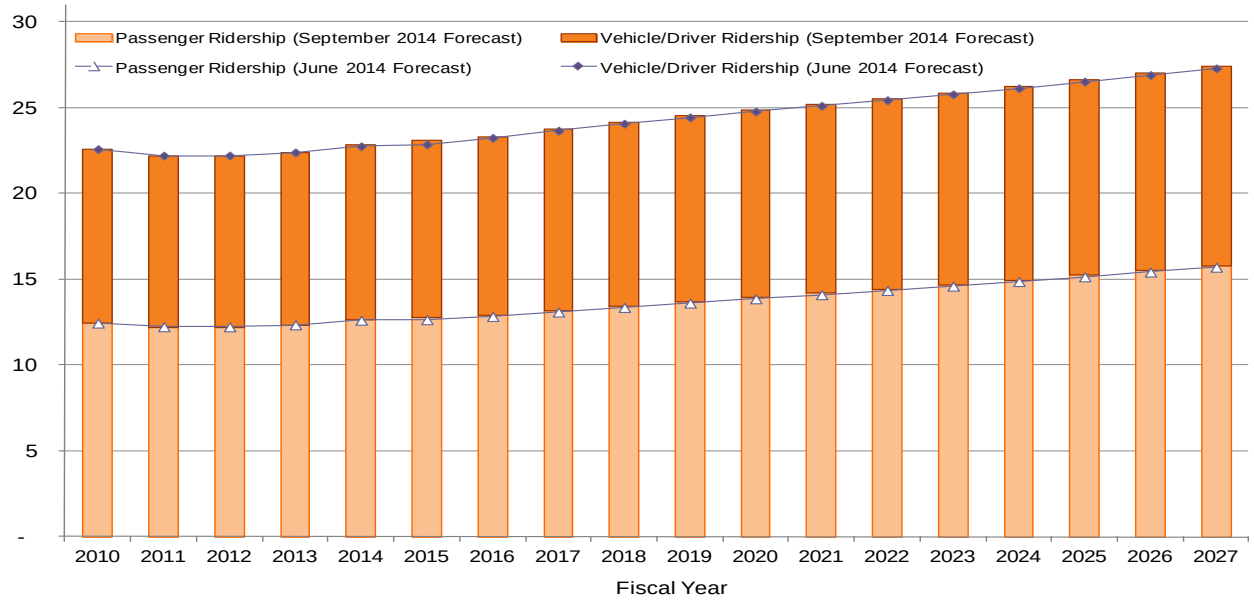
Total ridership for the month of June 2014 came in 4.7% higher than projected, lifting actual FY 2014 ridership 0.4% above the previous level projected in the June forecast to 22,851,775, a year-over-year increase of 2.0%.

For FY 2015, total ridership is expected to be 23,095,000, a 1.0% increase from the prior forecast, and a year-over-year increase of 1.1%.

For the rest of the forecast horizon, projected overall ridership ranges from 0.3% higher in FY 2016 to 0.5% higher in FY 2027.

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

Figure 33 Comparison of Ferry Passenger and Vehicle Ridership
September and June 2014 Baseline
Millions of Riders



[1] FY 2015 ridership includes actual values through August 2014.

Trends in Ferry Revenue

The September 2014 ferry revenue projections for the Baseline Forecast include the projected effects of the aforementioned October 2013 and May 2014 tariff revisions plus the reduction in youth fares. 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 farebox revenue representing $294.5 million of the total. For the 2011-13 biennium, total fare and miscellaneous revenues came in at $324.1 million, which is 7.8% more than the previous biennium. Of this amount, farebox revenue represented $317.1 million.

Fare revenue plus capital surcharge revenue projected for the 2013-15 biennium, both of which include actual collections through July 2014, total $339.8 million, or 0.8% higher than their June forecast values. Of this total, nearly $332.3 million represents regular fare revenues, an increase of $2.6 million, or 0.8%. The remaining nearly $7.6 million represent the capital surcharge receipts, which are 0.2% higher than the June forecast value.

Compared to June, the current Baseline Forecast for fare revenue is anticipated to range from 1.0% higher in the 2015-17 biennium to 2.0% higher by the 2025-27 biennium.

Ferry Capital Surcharge Revenue

The ferry capital surcharge of $0.25 per fare sold was implemented in October 2011 and is included in the Baseline Forecast as noted above. Since its inception, monthly collections of the capital surcharge have tended to come in below both forecast values and backcast calculations from historical ridership. For FY 2015, the September forecast for capital surcharge revenue is $3.90 million, which is $17,000 or 0.4% more than the June projection, compared with a 1.2% increase in base fare revenue. Several potential reasons have been offered for this, including a lag between the purchase and advantageous use monthly transit passes in which some users may be able to travel more frequently than the level assumed in the purchase price of the pass, diluting the amount of surcharge revenue collected per counted passenger rider. At this time, no adjustments have been made to reduce the capital surcharge forecast. Surcharge collections will continue to be monitored and compared with calculated values and possibility of revisions will be considered for the November Forecast.

Ferry Miscellaneous Revenue

WSF's miscellaneous revenue forecasts are based on FY 2014 actual revenues received after fiscal year end. Fiscal Year 2015 revenue data is primarily from concession and services vendor projections, while only a small number of contracted service projections were developed by Operations Managers based on past fiscal year performance and to avoid overestimating projections.

Miscellaneous revenues increased in the current biennium due to vessel non-fare revenue associated with the FY 2014 Reservations No Show Fee. This relatively new source of revenue for WSF caused the actual vessel non-fare revenue for FY 2014 to exceed previous forecasts, and this trend is carried forward into FY 2015 and subsequent forecast years. Beyond the current biennium, the forecast for other non-fare revenue associated with terminals has been revised downward to due to the closure of the Seattle terminal vendors with kiosks in the holding areas. These kiosks have been closed due to waterfront seawall reconstruction work in downtown Seattle.

Primary Reasons for the Forecast Changes

- Passenger and vehicle/driver ferry ridership are up over the forecast horizon. This is primarily due to upward revisions in the employment forecasts, and to a lesser extent, recent historical ridership higher than previously forecasted, slightly lower real fares, and slightly higher real personal income.
- Ferry fare revenues for the September Baseline Forecast are also higher over the forecast horizon. The percentage increase in revenues tends to exceed the increase in ridership due to a shift away from relatively lower commuter fares to higher full fare categories.
- The FY 2014 implementation of a Reservations No Show Fee has raised the vessel non-fare revenue forecast while the closure of Seattle terminal kiosk vendors has decreased other non-fare revenue associated with terminals.

Figure 34 Short-term Ferry Revenue September 2014 Baseline
Millions of Dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Farebox Revenue	163.78	168.50	332.27	171.00	173.94	344.94
Capital Surcharge Revenue	3.66	3.90	7.56	3.95	4.02	7.97
Misc. Ferry Revenue	3.63	3.58	7.21	3.64	3.75	7.39
Total Ferry Revenue	**171.07**	**175.97**	**347.04**	**178.59**	**181.71**	**360.30**
% Change from Prior Forecast	0.4%	1.2%	0.8%	0.9%	1.0%	0.9%

Toll Revenue

The Tacoma Narrows Bridge (TNB) revenue forecast reflects actual toll collections through 2013 and toll revenue data through September 2013. In 2013 two consecutive toll rate increases were adopted by the Washington Transportation Commission. The first toll rate increase began on July 1, 2013. The toll rates for 2-axle vehicles will be $4.25, $5.25 and $6.25 for GoodToGo (GTG), cash and Pay by Mail (PBM), respectively. The second toll rate increase took place on July 1, 2014; the toll rates for 2-axle vehicles increased to $4.50 for GTG, $5.50 for cash and $6.50 for PBM. Trucks pay by axle.

The SR 167 HOT lanes pilot program revenue forecast reflects actual toll collections starting in May 2008 through September 2013. In 2013 legislative action (SSB 5024), SR 167 HOT lanes pilot program was extended to end of fiscal year 2015. Toll rates are set to maximize traffic flow while managing demands to maintain acceptable operating speed on the HOT lanes.

The current forecast for SR 520 is based on the Washington State Transportation Commission's adopted 2.5% annual toll-rate increase as of July 1, 2013. In addition, the Commission implemented nickel-rounding for all toll rates (weekday and weekend). In FY 2017, weekday toll rates are assumed to increase by 15% on average. Beyond FY 2017, no further rate increases have been assumed. In the current fiscal year, two-axle vehicles traveling on weekdays pay peak tolls of $3.80 for GTG and $5.40 for PBM, respectively. During weekends the peak GTG and PBM toll rates are $2.35 and $4.00, respectively. Vehicles with more than two axles incur an additional toll.

The Pay By Plate (PBP) toll rate will be the GTG rate plus a $0.25 fee. PBM customers who open a short-term account in order to pay prior to receiving a toll bill will receive a $0.50 discount off of the PBM rate. Legislative action in 2011 created the PBM payment method in which tolls may be paid after using a toll facility with the customer identified for receiving a toll bill by mail via a photo of their 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 after 80 days and two invoices 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 customer is liable for a civil penalty of $40 per toll transaction, plus the original toll amount per transaction, and a $5 rebilling fee per invoice. Transponder sales for FY2009 through FY2013 include actual revenues from the sales of transponders and disabling shields. In FY 2014 and beyond, transponder sales are assumed to grow by 2.5% per year.

Trends in Tacoma Narrows Bridge traffic and toll revenue

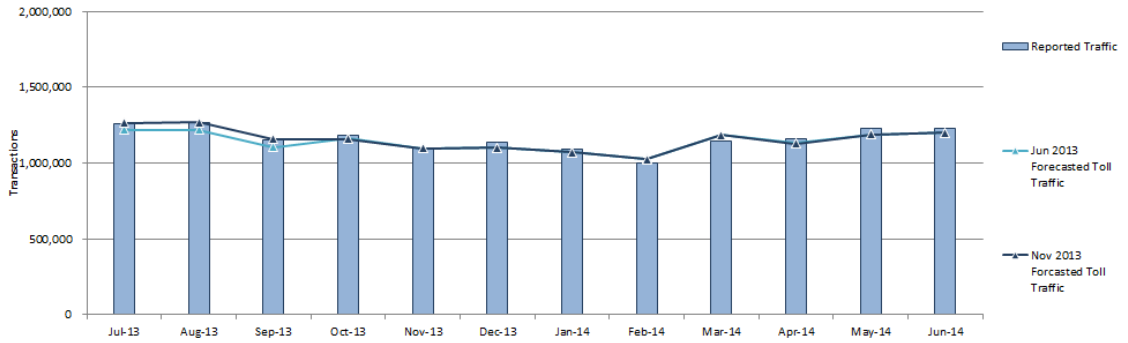
Traffic

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%. Since 2010, TNB traffic volume has been falling. In FY 2011, the TNB traffic volume was 14.06 million, a year over year decrease of 1.4%. In FY 2012, the TNB traffic volume was 14.07 million, a year over year

decrease of 0.02%. In FY 2013, the TNB traffic volume was 13.85 million which represents a year over year decline of 1.5%. .TNB traffic volume in FY 2014 was 13.96 million which represents an annual growth of 0.8%. The TNB traffic volume forecast in September is the same as in June 2014 and November 2013 forecast. Figure 35 reveals the monthly traffic including small deductions for unreadable traffic for fiscal year 2014. Actual TNB traffic volume has been coming in at or slightly above the past forecasts and overall for most months. Combined for all months in FY 2014, traffic came in 1.9% higher or 259,533 transactions higher than projected. In FY 2015, TNB traffic volume is anticipated to grow year over year minimally to 14.0 million. In FY 2016 and 2017, the TNB

Figure 35 Comparison of TNB Monthly Traffic Volume FY 2014: Actuals vs. June/November 2013 Forecasts

TRAFFIC	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	YTD	Annual Total
Forecasted Potential (June 2013) [1]	1,219,595	1,219,982	1,106,024	*1,160,315*	*1,096,539*	*1,102,517*	*1,071,570*	*1,027,349*	*1,183,660*	*1,130,000*	*1,187,680*	*1,201,338*	13,706,629	13,706,629
Forecasted Potential (November 2013) [2]	1,265,753	1,270,356	1,157,809	1,159,468	1,095,798	1,101,712	1,070,787	1,026,599	1,182,795	1,129,174	1,186,813	1,200,460	13,847,524	13,847,524
Reported Transactions [3,A]	1,261,915	1,266,670	1,153,860	1,186,000	1,102,564	1,134,245	1,092,010	999,868	1,146,554	1,157,650	1,229,418	1,227,986	13,958,740	13,958,740
Variance from Forecast Potential [4]	42,320	46,688	47,836	26,532	6,766	32,533	21,223	(26,731)	(36,241)	28,476	42,605	27,526	259,533	259,533
Variance - % change	3.5%	3.8%	4.3%	2.3%	0.6%	3.0%	2.0%	-2.6%	-3.1%	2.5%	3.6%	2.3%	1.9%	1.9%



Notes:

1 Data is based upon the TRFC June 2013 Forecast without non-revenue transaction adjustment. The remaining months of the forecast, italicized and gray highlight are for information purposes.

2 The data is based upon the TRFC November 2013 Forecast adjusted for non-revenue transactions. The first three months of the November Forecast were updated to reflect actual transactions prior to removal of duplicate and non-revenue transactions. The first three months are presented in italics and gray highlighting for informational purposes only and are not used to calculate the variance.

3 The reported traffic is based on the TNB lane collection system data adjusted for duplicate and non-revenue transactions.

4 The variance is a comparison between reported transactions and the June 2013 forecast for the first three months and the November 2013 forecast for the remaining nine months.

A **Backlogged Financial Reconciliations** - On February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). During the transition, the ETCC system encountered problems in the accuracy and timeliness of recording revenue and other accounting transactions. WSDOT and ETCC have investigated and corrected accounting records for known discrepancies. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

traffic volume is expected to grow by 2.9% and 4.1% respectively. Then the annual growth rate in TNB traffic declines to 2.3% and 2.4% in fiscal years 2018 and 2019, respectively. In FY 2020, the annual growth rate in TNB traffic grows a little more to 2.9%, but then it falls to below 2% for the next three years and then the TNB traffic annual growth rate falls below 1% for the remaining four years of the forecast horizon.

Gross Potential and Adjusted TNB Toll Revenue

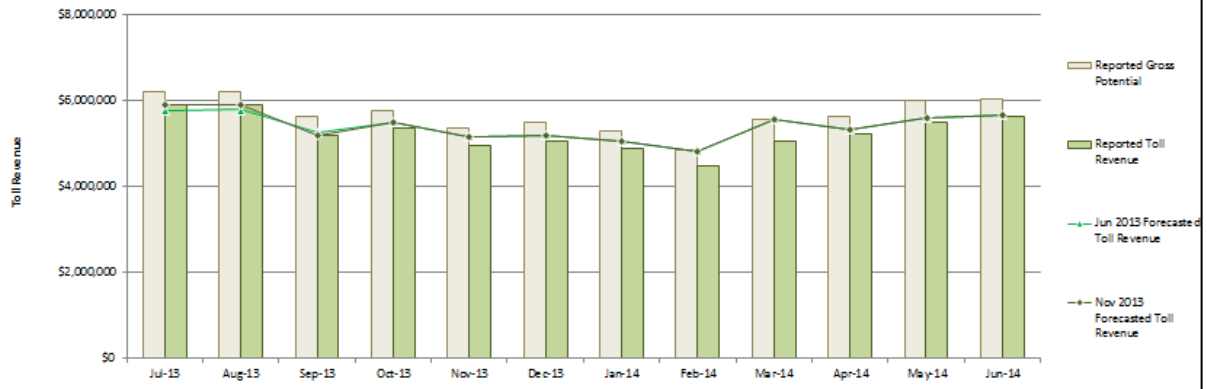
The gross toll revenue potential is the amount of revenue WSDOT expects to receive given the varying toll rates by payment type and type of vehicle and the number of transactions in those categories. The gross revenue potential in the current fiscal year, 2014, was $68.032 million. Overall, in fiscal year 2014, TNB gross revenue potential is higher than projections by $3.38 million or 5.2%.

This gross revenue potential consists of an estimated $39.08 million in Good To Go revenue, $11.22 million in other payment types like Pay By Mail and Pay by Plate and $17.73 million in Cash in fiscal year 2014. Figure 36 reveals the difference between the monthly forecasted gross revenue potential actuals from TCS-AVI

reports and the June and November 2013 forecasts for FY 2014. The results reveal that Cash revenue has been coming in at or above the monthly forecast and Pay By Mail and Pay By Plate gross revenue potential has also been coming in above the monthly forecast during FY 2014. On the flip side, the Good To Go gross revenue potential is coming in significantly under the forecast.

Figure 36 Difference in TNB Monthly Actuals Gross Revenue Potential and Adjusted Revenue in FY 2014 vs. June and November 2013 Forecasts

REVENUE	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	YTD	Annual Total
Forecasted Potential (June 2013) [1]	$5,761,481	$5,782,760	$5,245,243	*$5,486,190*	*$5,170,281*	*$5,187,713*	*$5,038,525*	*$4,829,483*	*$5,564,334*	*$5,311,342*	*$5,608,488*	*$5,663,761*	$64,650,201	$64,650,201
Forecasted Potential (November 2013) [2]	$5,912,885	$5,903,521	$5,196,745	$5,486,190	$5,170,281	$5,187,713	$5,038,525	$4,829,483	$5,564,334	$5,311,342	$5,608,488	$5,663,761	$64,873,868	$64,873,868
Forecasted Gross Potential [3]	$5,761,481	$5,782,760	$5,245,243	$5,486,190	$5,170,281	$5,187,713	$5,038,525	$4,829,483	$5,564,334	$5,311,342	$5,608,488	$5,663,761	$64,650,201	$64,650,201
Reported Gross Potential [4]	$6,199,939	$6,217,158	$5,641,852	$5,774,586	$5,351,803	$5,484,547	$5,277,092	$4,833,151	$5,567,799	$5,638,620	$6,014,404	$6,031,119	$68,032,070	$68,032,070
Variance from Forecasted Gross	$438,458	$434,398	$396,609	$288,396	$181,522	$296,834	$238,567	$3,668	$3,465	$326,678	$405,916	$367,358	$3,381,869	$3,381,869
Variance - % Change	7.6%	7.5%	7.6%	5.3%	3.5%	5.7%	4.7%	0.1%	0.1%	6.1%	7.2%	6.5%	5.2%	5.2%
Forecasted Adjusted [5]	$5,706,032	$5,727,106	$5,194,762	$5,440,366	$5,127,036	$5,144,382	$4,936,440	$4,789,144	$5,517,857	$5,267,573	$5,561,642	$5,616,454	$64,088,854	$64,088,854
Reported Revenue A,B	$5,912,885	$5,903,521	$5,196,746	$5,359,304	$4,949,524	$5,051,726	$4,883,638	$4,480,655	$5,060,912	$5,210,842	$5,509,016	$5,620,226	$63,138,995	$63,138,995
Variance From Adjusted Forecast [6]	$206,853	$176,415	$1,983	($81,061)	($177,512)	($92,656)	($112,802)	($308,489)	($456,945)	($56,731)	($52,627)	$3,773	($949,859)	($949,859)
Variance - % Change	3.6%	3.1%	0.0%	(1.5%)	(3.5%)	(1.8%)	(2.3%)	(6.4%)	(8.3%)	(1.1%)	(0.9%)	0.1%	(1.5%)	(1.5%)



Notes:

1 Data is based upon the TRFC June 2013 Forecast without non-revenue transaction adjustment. The remaining months of the forecast, italicized and gray highlight are for information purposes.

2 The data is based upon the TRFC November 2013 Forecast adjusted for non-revenue transactions. The first three months of the November Forecast were updated to reflect actual transactions prior to removal of duplicate and non-revenue transactions. The first three months are presented in italics and gray highlighting for informational purposes only and are not used to calculate the variance.

3 The forecasted gross potential data comes from the June 2013 monthly forecasted potential revenue for July through September and the November 2013 monthly forecasted potential revenue for October through June.

4 Reported gross potential data comes from the TCS/AVI report and WSDOT's accounting system.

5 The Forecasted Adjusted Gross Toll Revenue reflects adjustments for Pay By Plate Fees, less Short-term Account Discounts and Toll Revenue Not Recognized. June 2013 TRFC is used for July, August and September; November 2013 TRFC for remaining months.

6 The variance is a comparison between reported revenue and the June 2013 forecast for the first three months and the November 2013 forecast for the remaining nine months.

A **Backlogged Financial Reconciliations** - On February 13, 2011, WSDOT transitioned tolling customer service center operations to a new vendor - Electronic Transaction Consultants Corporation (ETCC). During the transition, the ETCC system encountered problems in the accuracy and timeliness of recording revenue and other accounting transactions. WSDOT and ETCC have investigated and corrected accounting records for known discrepancies. At this time, ETCC has not completed key reconciliations which ensure timely and accurate processing of financial transactions and accurate system reporting. Upon completion of these reconciliations, any discrepancies identified will be addressed and necessary correcting adjustments will be made.

B **Reports in the Subsidiary Accounting System for Tolling** - After the close of the fiscal year, WSDOT determined, through independent audits, that the tolling subsidiary accounting system for WSDOT, which is managed by a contracted service organization, contained weaknesses in internal control requiring revision to existing procedures and protocols. The results of the audit findings provide concern to WSDOT, and we will take appropriate actions to remediate the issues. WSDOT will aggressively pursue actions by our contracted service provider to remediate deficiencies identified through these independent audits, as we are committed to the highest standard of transactional and financial accountability for the citizens of Washington State.

The difference between the gross toll revenue potential and the adjusted toll revenue is the toll revenue not recognized, unpaid toll revenue, Pay By Plate $0.25 fee with CIP discounts. TNB adjusted gross toll revenue for the 2007-09 biennium was $73.1 million. The 2009-11 biennium adjusted toll revenue increased to $89.8 million which is a 23% increase over the prior biennium. In the 2011-13 biennium, TNB adjusted gross toll revenue was $102.8 million, 14% increase over the last biennium. In the 2013-15 biennium, TNB adjusted revenue forecast is anticipated to be $64.365 million which includes revenue not recognized, unpaid toll revenue, Pay By Plate $0.25 fee with CIP discounts. This adjusted revenue forecast for TNB in September has not changed from June or November 2013. The monthly actuals coming in fiscal year 2014 have come in under

forecast by 1.5% or nearly $1 million, see Figure 36. The reason why the actual adjusted toll revenue is down at the same time as the gross revenue potential is up is because the unrecognized and unpaid toll revenue is really higher than projected. This is because Pay By Mail revenue is not coming in as anticipated.

Beginning in 2012, violations were 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 2011-13 biennium, violations revenue was $0.15 million. In FY 2014, violations revenue came in totaling $8,894. This was above the forecasted amount of $6,000.

In FY 2014, TNB Good To Go and short-term (CIP) discounts came in at $212,503 which was just a little under the forecast of $227,000. In the current biennium, Good To Go! Pay By Plate fees less short-term account discounts are anticipated to be $0.46 million, which is the same projection as prior forecasts. These fees grow in the future at the same rate as traffic volume.

The TNB late payment, non-sufficient funds fees, statement fees and transaction fees came in at $0.47 million for the 2011-13 biennium. In the current biennium, the fee revenue is anticipated to be $0.84 million. In fiscal year 2014, fee revenue came in at $0.36 million which is a little the current biennium forecast of $0.84 million. In this current forecast, these fees are grown off the change in traffic volume in the future. Future fee revenue in the next biennium is projected at $0.88 million.

Actual miscellaneous revenues from interest, liquidated damages and other miscellaneous revenue items such as real estate rent are included in miscellaneous revenue. In FY2013, miscellaneous revenue was $0.51 million and the 2011-13 biennium had $2.25 million in miscellaneous revenue. In fiscal year 2014, miscellaneous revenues were $334,801, which is sizably lower than the previous fiscal year. In the current biennium, it is anticipated that liquidated damages will continue, but at a lower rate. Total miscellaneous revenue is anticipated to be $0.69 million. In the 2015-17 biennium, miscellaneous revenue is lower at $0.27 million as liquidated damages are declining. In the remainder of the forecast horizon, the forecast includes just a small amount of interest from property.

Civil penalty revenue is a function of the pay by mail transaction estimate. TNB civil penalty revenue in FY 2013 was $3.83 million, which includes both cash and receivables. For the 2011-13 biennium, civil penalty revenue was $4.31 million, which included both cash and receivables. Then TNB civil penalty revenue for FY 2014 came in much lower at -$0.65 million which was even lower than the forecast of $218,000 which included both cash and receivables. Civil penalty revenue has been coming so low due to large accounting adjustments resulting in year to date revenue. The current biennium projection for civil penalties is $2.62 million. TNB civil penalty revenue is anticipated to be $2.4 million in FY 2015 and $3 million in FY 2016. After FY 2016, the growth in this revenue is minimally annually throughout the remainder of the forecast horizon.

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. In the 2011-13 biennium, TNB transponder sales revenue was $0.66 million. Transponder sales revenue in FY 2013 was $0.307 million and $0.306 million in FY 2014 for TNB. This September forecast is the same for transponder revenue as the last quarter's forecast. It is anticipated that TNB transponder sales will increase in FY 2015 to $0.369 million and then rise by the rate of growth of the traffic volume. In the current biennium, transponder sales are anticipated to be $0.73 million. In the 2015-17 biennium, TNB transponder sales revenue is anticipated to be $0.78 million.

Total adjusted gross TNB revenue including all fines and fees was $110.6 million in the 2011-13 biennium. In the current biennium, total adjusted gross TNB revenue is anticipated to be $138.4 million. In the next biennium, TNB adjusted gross total TNB revenue is projected at $153.1 million.

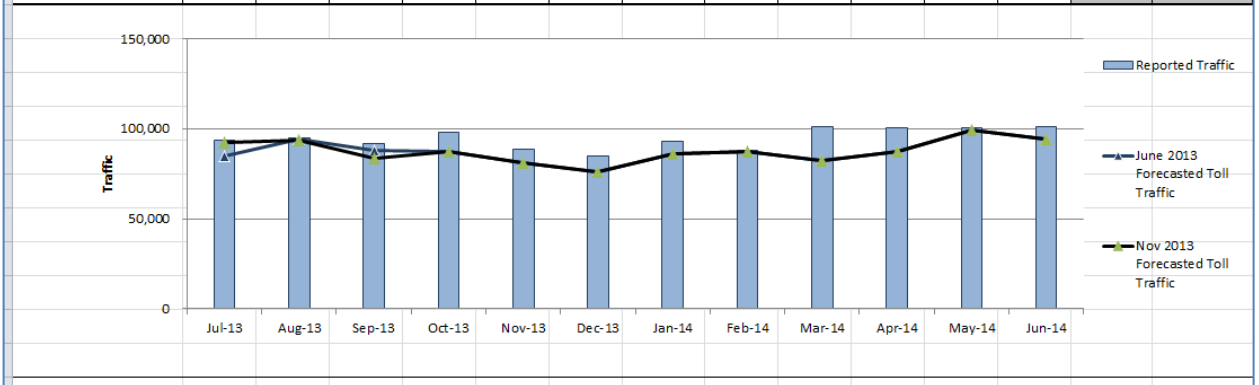
Trends in SR 167 High Occupancy Toll Lanes Traffic and Revenue

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 represented a 31.5% growth year over year from FY 2009. In FY 2011, traffic

volume was 640,115 vehicles which were 25.3% higher than in FY 2010. Legislation in 2011 and 2013 extended the 167 HOT lanes pilot program to the end of FY 2015. In FY 2012 the traffic volume increased by 31% to 841,154 and the following year, FY 2013, traffic volume increased by 22.5% to 1.033 million. In FY 2014, the HOT lanes traffic volume increased to 1.135 million which was a 9.9% annual growth. The FY 2015 traffic volume is projected to be 1.12 million which is slightly lower than FY 2014 traffic volume.

Figure 37 Comparison of SR 167 HOT Lanes Monthly Traffic Volume FY 2014: Actuals vs. June/November 2013 Forecasts

TRAFFIC	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	YTD	Annual Total
Forecasted Potential (June 2013) [1]	85,000	94,000	88,000	*87,000*	*81,000*	*76,000*	*86,000*	*87,000*	*82,000*	*87,000*	*99,000*	*94,000*	1,046,000	1,046,000
Forecasted Potential (November 2013) [2]	92,236	93,678	83,821	87,000	81,000	76,000	86,000	87,000	82,000	87,000	99,000	94,000	1,048,735	1,048,735
Reported Transactions [1,3]	93,393	95,039	91,899	97,666	88,245	84,843	92,950	87,614	100,982	100,607	100,459	100,912	1,134,609	1,134,609
Variance from Forecast Potential [4]	8,393	1,039	3,899	10,666	7,245	8,843	6,950	614	18,982	13,607	1,459	6,912	88,609	88,609
Variance - % change	9.9%	1.1%	4.4%	12.3%	8.9%	11.6%	8.1%	0.7%	23.1%	15.6%	1.5%	7.4%	8.5%	8.5%



Notes:

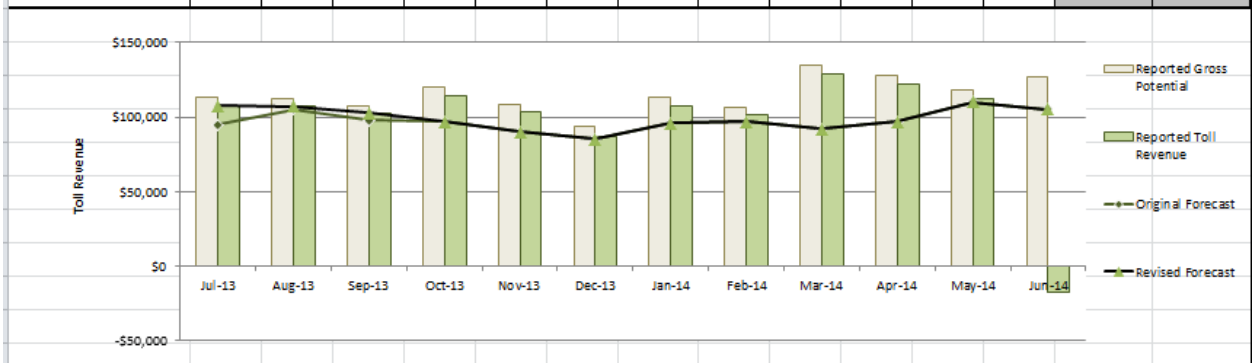
1. Data is based upon the TRFC June 2013 Forecast. The remaining months of the forecast, italicized and gray highlight are for information purposes.
2. The data is based upon the TRFC November 2013 Forecast. The first three months of the November Forecast were updated to reflect actual transactions prior to removal of duplicate and non-revenue transactions. The first three months are presented in italics and gray highlighting for informational purposes only and are not used to calculate the variance.
3. The reported traffic is based on the SR 167 HOT Lanes lane collection system data adjusted for duplicate and non-revenue transactions.
4. The variance is a comparison between reported transactions and the June 2013 forecast.

Revenue from HOT lanes' tolls, sales and fees in FY 2009 was $0.47 million and HOT lanes total revenue in FY 2010 was $0.53 million, which represents a 12% increase annually. In FY 2011, HOT lanes revenue increased to $0.72 million; $1.13 million in FY 2012; $1.19 million in FY 2013 and $1.22 million in FY 2014. HOT lanes toll revenue has been growly strongly. In FY 2011-13, the toll revenue was $2.12 million and total revenue was $2.32 million. In the FY 2013-2015 biennium toll revenue is projected to grow to $2.57 million an increase of $0.17 million or 21% biennium to biennium. Under current law, the program ends September 30, 2015. Note that in the last month of FY 2014, there was a large accounting adjustment downward of HOT lanes revenue to reflect revenue in accounts that may not be paying the toll, see Figure 38.

In the 2011-2013 biennium, transponder and shield sales on SR 167 was $58,801. In the 2013-2015 biennium transponder revenue is anticipated to be $71,000, same as last quarter. In fiscal year 2014, HOT lanes transponder revenue was $37,771. Fees revenue in the September forecast includes all actuals for FY 2013 ($3,595) and revenue through October 2013 and only includes statement fee revenue. In fiscal year 2014, fee revenue came in at $3,847. In the 2011-13 biennium, fee revenue was $6,026 and it is anticipated to be slightly higher at $8,000 in the current biennium. Miscellaneous revenue was $0.13 million in the 2011-13 biennium. In the current biennium, miscellaneous revenue is anticipated to be $6,000 and in fiscal year 2014, liquidated damages were $5,651 and HOT lanes interest was $1,917 so the total miscellaneous revenue of $7,568 for FY 2014 has already exceeded the biennial forecast total and will be revised up in November.

Figure 38 Difference in SR 167 HOT Lanes Monthly Gross Revenue Potential and Net Adjusted Revenue in FY 2014 Actuals vs. June and November 2013 Forecasts

REVENUE	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	YTD	Annual Total
Forecasted Potential (June 2013) [1]	$95,000	$105,000	$98,000	$97,000	$90,000	$85,000	$96,000	$97,000	$92,000	$97,000	$110,000	$105,000	$1,167,000	$1,167,000
Forecasted Potential (November 2013) [2]	$107,692	$107,205	$102,668	$97,000	$90,000	$85,000	$96,000	$97,000	$92,000	$97,000	$110,000	$105,000	$1,186,565	$1,186,565
Forecasted Gross Potential [3]	$95,000	$105,000	$98,000	$97,000	$90,000	$85,000	$96,000	$97,000	$92,000	$97,000	$110,000	$105,000	$1,167,000	$1,167,000
Reported Gross Potential [4]	$112,928	$112,456	$107,221	$119,578	$108,546	$93,602	$113,196	$106,559	$134,750	$128,312	$118,188	$126,734	$1,382,067	$1,382,067
Variance from Forecasted Gross	$17,928	$7,456	$9,221	$22,578	$18,546	$8,602	$17,196	$9,559	$42,750	$31,312	$8,188	$21,734	$215,067	$215,067
Variance - % Change	18.9%	7.1%	9.4%	23.3%	20.6%	10.1%	17.9%	9.9%	46.5%	32.3%	7.4%	20.7%	18.4%	18.4%
Reported Revenue [5,6]	$107,692	$107,205	$102,274	$114,173	$103,244	$86,876	$107,731	$101,368	$128,654	$122,169	$112,266	($17,317)	$1,176,334	$1,176,334
Variance From Forecast [7]	$12,692	$2,205	$4,274	$17,173	$13,244	$1,876	$11,731	$4,368	$36,654	$25,169	$2,266	($122,317)	$9,334	$9,334
Variance - % Change	13.4%	2.1%	4.4%	17.7%	14.7%	2.2%	12.2%	4.5%	39.8%	25.9%	2.1%	(116.5%)	0.8%	0.8%



Notes:

1. Data is based upon the TRFC June 2013 Forecast. The remaining months of the forecast, italicized and gray highlight are for information purposes.
2. The data is based upon the TRFC November 2013 Forecast. The first three months of the November Forecast were updated to reflect actual transactions prior to removal of duplicate and non-revenue transactions. The first three months are presented in italics and gray highlighting for informational purposes only and are not used to calculate the variance.
3. The forecasted gross potential data comes from the June 2013 monthly forecasted potential revenue for July through September and the November 2013 monthly forecasted potential revenue for October through June.
4. Reported gross potential data comes from the TCS/AVI report.
5. Reported revenue data comes from WSDOT's accounting system.
6. Reported revenue for the month of June includes a year end Accounting adjust to Allowance for Doubtful Accounts of $137,907 for the HOT Lanes customer negative accounts receivable transactions dating back to 2008. A similar adjustment will made quarterly moving forward.
7. The variance is a comparison between reported transactions and the June 2013 forecast.

Trends in SR 520 Bridge Toll Lanes Traffic and Revenue

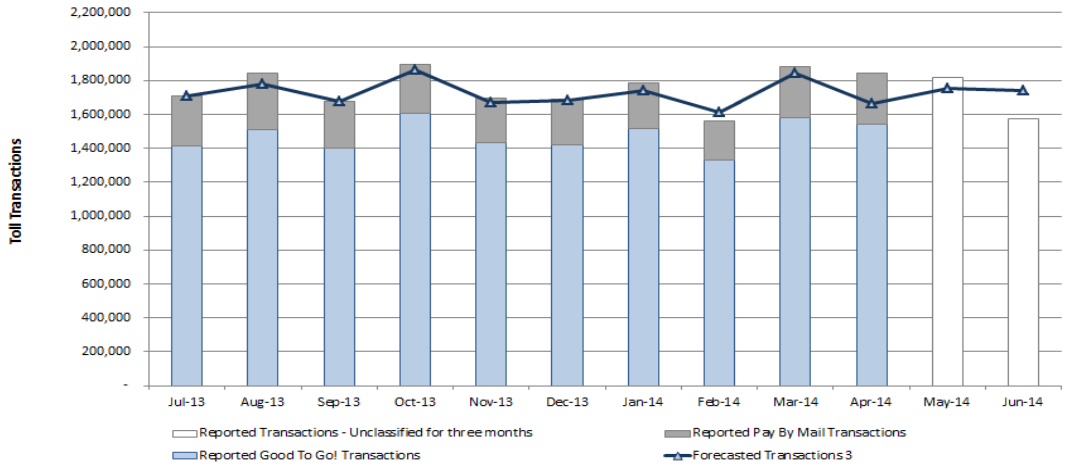
Tolling on the SR 520 bridge commenced on December 29, 2011. FY 2012 and FY 2013 represent start-up years in which the amount listed under Toll Revenue Not Recognized & Unpaid Toll Revenue are higher than current projections going forward. This is due to several reasons, including delays in processing some toll bills (unbilled and deferred revenue), a toll bill quality assurance program that held back the delivery of NOCP notices on some transactions, and includes amounts that may yet be collected. In the forecast years, the line Toll Revenue Not Recognized & Unpaid Toll Revenue is limited to amounts not collected within 80 days of travel, and tolls later recovered through the NOCP process are listed in the line titled Recovered Toll Revenue.

This September forecast like the last three quarterly forecasts is based on the October 2013 SR 520 Investment Grade Traffic and Revenue projections. The September 2014 forecasts include actual traffic and revenue for FY 2013 as well as two monthly reports for traffic in the first two months of FY 2014. There were 9.5 million trips taken in the first six months of operations in FY 2012. In FY 2013 total traffic was 20.2 million, which was the first full year of operation of tolls. In FY 2013, Good To Go! account usage was 81% of total toll trips and the rest were Pay By Mail/Pay By Plate. The September SR 520 traffic forecast is the same as the last three forecasts throughout the forecast horizon. The number of toll trips is anticipated to increase to 20.8 million, 22.4 million and 24.2 million in FY 2014 (includes preliminary actual traffic data for July and August), FY

Figure 39 Comparison of SR520 Monthly Traffic Volume
In FY 2014 Actuals vs. November 2013 Forecast

SR 520 Forecasted and Reported Toll Traffic - Fiscal Year 2014
Updated 09/16/2014

TOLL TRANSACTIONS	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Fiscal Year To Date	Annual Total
Forecasted Closure Days [1]	2.0	2.0	2.0	0.7	0.7	0.7	0.3	0.3	0.3	3.0	3.0	3.0	18.0	18.0
Reported Closure Days [2]	2.0	-	1.2	-	-	-	-	2.0	-	-	1.6	7.0	13.8	13.8
Forecasted Transactions [3]	1,711,000	1,778,000	1,675,000	1,861,000	1,672,000	1,680,000	1,742,000	1,613,000	1,842,000	1,661,000	1,752,000	1,740,000	20,727,000	20,727,000
Reported Transactions [4]	1,708,484	1,841,483	1,675,903	1,891,692	1,699,102	1,689,620	1,783,339	1,560,143	1,881,338	1,843,688	1,816,335	1,572,216	20,963,343	20,963,343
Variance From Forecast	(2,516)	63,483	903	30,692	27,102	9,620	41,339	(52,857)	39,338	182,688	64,335	(167,784)	236,343	236,343
Variance - % Change	(0.1%)	3.6%	0.1%	1.6%	1.6%	0.6%	2.4%	(3.3%)	2.1%	11.0%	3.7%	(9.6%)	1.1%	1.1%
Reported Good To Go!	82.9%	82.2%	83.7%	84.8%	84.4%	83.9%	85.2%	85.2%	84.2%	83.5%	-	-	83.98%	
Reported Pay By Mail	17.1%	17.8%	16.3%	15.2%	15.6%	16.1%	14.8%	14.8%	15.8%	16.5%	-	-	16.02%	



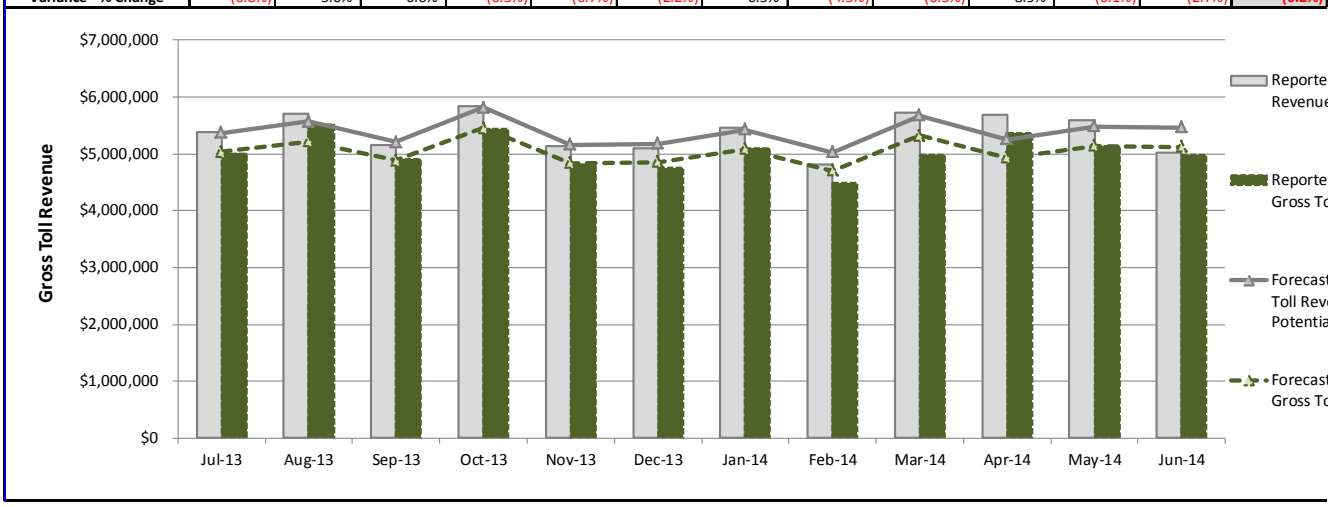
Notes:
1 Planned weekend construction related closures as preliminarily scheduled by WSDOT - uniformly distributed over each quarter.
2 Actual weekend construction related closures as observed during the month.
3 Values based on CDM Smith October 2013 Forecast.
4 Reported values are based on total monthly transactions adjusted for non-revenue and duplicate transactions. Values may be subject to change with final audited reports.

2015 and FY 2016 respectively. This corresponds to an annual traffic growth of approximately 8% in 2015 and 2016. After an assumed weekday rate increase of approximately 15% percent in FY 2017, the expected toll traffic volume is projected to remain nearly flat for one year. From FY 2018 through 2027, average traffic is expected to grow at a declining rate from 4.2% annually to 1.3% by FY 2025 and throughout the remainder of the forecast horizon. See Figure 39 for the recent changes in the traffic volume in FY 2014. As the chart, Figure 39, reveals, SR 520 actual traffic volume has been tracking the forecast quite well except for June 2014 when traffic was down 9.6% below forecast due to more bridge closures that month than anticipated in the forecast. Overall, SR 520 traffic is up 236,343 transactions or 1% above the forecast. The number of closures actually experienced in FY 2014 is less than projected by 5 days. Therefore, at the beginning of fiscal year 2015, more bridge closures may be experienced in the summer months than anticipated in the forecast which may lower traffic below the forecast for those first few months.

Figure 40 illustrates the recent monthly changes in the actual SR 520 gross revenue potential and net toll revenue compared to the forecast. The gross revenue potential is tracking the forecast well through fiscal year 2014 except for the last month in June 2014. Overall, gross revenue potential came in at $64.63 for FY 2014 which was $23,723 (0.01%) below forecast. As we discussed with the traffic volume, the month of June gross revenue potential was down sizable due to additional bridge closures than anticipated. Total gross toll revenue potential for the 2011-13 biennium was $89.36 million. It is anticipated that the gross toll revenue potential for SR 520 is going to increase to $136.16 million in the 2013-15 biennium, which is no change from the last forecast. In the 2015-17 biennium, gross toll revenue potential is anticipated to be $164.1 million. Throughout the forecast horizon, the SR 520 gross toll revenue potential is the same as the last forecast.

Figure 40 Comparison of SR520 Monthly Gross Toll Revenue Potential In FY 2014 Actuals vs. November 2013 Forecast

GROSS TOLL REVENUE	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14*	Apr-14	May-14	Jun-14	Fiscal Year To Date
Forecasted Closure Days[1]	2.0	2.0	2.0	0.7	0.7	0.7	0.3	0.3	0.3	3.0	3.0	3.0	**18.0**
Reported Closure Days[2]	2.0	-	1.2	-	-	-	-	2.0	-	-	1.6	7.0	**13.8**
Forecasted Potential[A]	$5,375,000	$5,568,000	$5,209,000	$5,820,000	$5,163,000	$5,185,000	$5,427,000	$5,024,000	$5,676,000	$5,260,000	$5,482,000	$5,467,000	**$64,656,000**
Reported Potential[B]	$5,389,327	$5,698,902	$5,148,535	$5,836,825	$5,140,281	$5,106,993	$5,458,848	$4,821,340	$5,726,176	$5,683,192	$5,598,529	$5,023,328	**$64,632,277**
Variance From Forecast	$14,327	$130,902	($60,465)	$16,825	($22,719)	($78,007)	$31,848	($202,660)	$50,176	$423,192	$116,529	($443,672)	**($23,723)**
Variance - % Change	0.3%	2.4%	(1.2%)	0.3%	(0.4%)	(1.5%)	0.6%	(4.0%)	0.9%	8.0%	2.1%	(8.1%)	**(0.0%)**
Forecasted Adjusted[C]	$5,039,000	$5,220,000	$4,883,000	$5,456,000	$4,840,000	$4,861,000	$5,087,000	$4,709,000	$5,322,000	$4,931,000	$5,139,000	$5,126,000	**$60,613,000**
Reported Adjusted[D]	$4,996,403	$5,513,532	$4,911,760	$5,440,469	$4,807,019	$4,752,848	$5,100,401	$4,498,718	$4,987,471	$5,368,907	$5,131,820	$4,986,169	**$60,495,518**
Variance From Forecast	($42,597)	$293,532	$28,760	($15,531)	($32,981)	($108,152)	$13,401	($210,282)	($334,529)	$437,907	($7,180)	($139,831)	**($117,482)**
Variance - % Change	(0.8%)	5.6%	0.6%	(0.3%)	(0.7%)	(2.2%)	0.3%	(4.5%)	(6.3%)	8.9%	(0.1%)	(2.7%)	**(0.2%)**

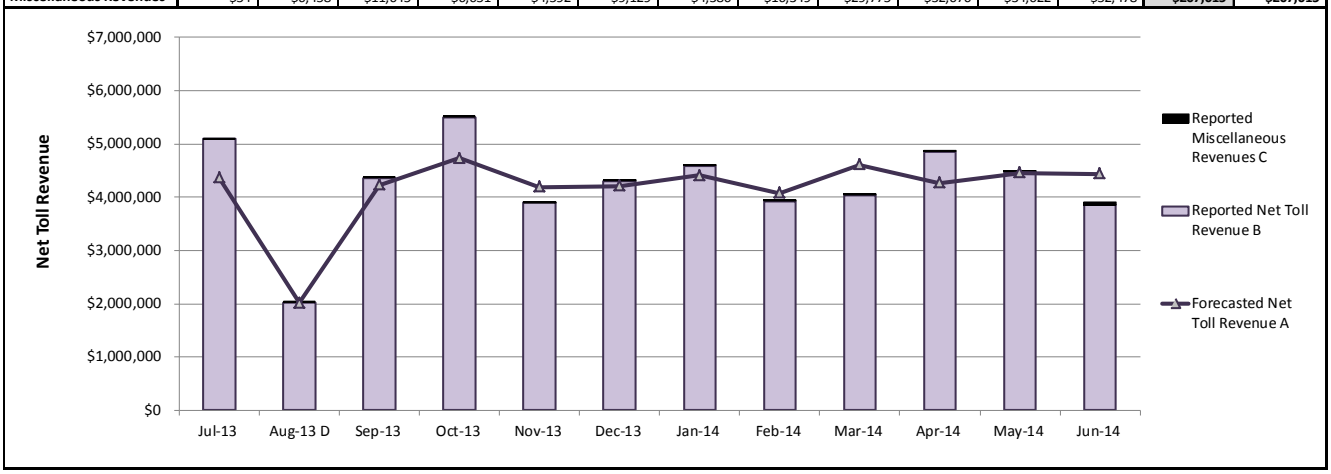


After accounting for Pay By Plate fees, short term account discounts, free trip incentives and revenue leakage, Adjusted Gross Toll revenue from six months of tolling SR 520 during FY 2012 was $26.1 million and $55.44 million during the first full year of tolling in FY 2013. Adjusted toll revenue was $81.5 million for the 2011-2013 biennium. In the current biennium, SR 520 Adjusted Gross Toll revenue is anticipated to be $127.8 million. In the 2015-17 biennium, Adjusted Gross Toll revenue is anticipated to be $154.3 million, which corresponds to a 21% increase from the prior biennium. Throughout the remainder of the forecast horizon, gross toll revenue potential and adjusted toll revenue are growing over time but there is no change in this forecast from the past three. The adjusted toll revenue for SR 520 is tracking the forecast too with a 0.2% variance or $117,482 below the forecast for adjusted toll revenue in FY 2014. Again, June was the month with the largest negative variance for SR 520 due to higher bridge closures.

Actual transponder revenues in FY 2012 and 2013 exceeded costs and net revenue was reported as Net Toll Revenue Pledged for Debt Service. Actual transponder revenue for SR 520 was $1.79 million in the 2011-13 biennium. In the current biennium, transponder sales are anticipated to be lower at $0.98 million.

Figure 41 Comparison of SR520 Monthly Net Toll Revenue
In FY 2014 Actuals vs. November 2013 Forecast

NET TOLL REVENUE	Jul-13	Aug-13 D	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Fiscal Year To Date	Annual Total
Forecasted Net Revenue [A]	$4,367,000	$2,016,000	$4,231,000	$4,731,000	$4,192,000	$4,212,000	$4,408,000	$4,078,000	$4,614,000	$4,273,000	$4,454,000	$4,441,000	**$50,017,000**	**$50,017,000**
Reported Net Revenue [B]	$5,091,813	$2,023,170	$4,365,138	$5,504,263	$3,898,883	$4,310,140	$4,592,568	$3,922,676	$4,036,219	$4,853,743	$4,475,085	$3,857,503	**$50,931,202**	**$50,931,202**
Variance From Forecast	$724,813	$7,170	$134,138	$773,263	($293,118)	$98,140	$184,568	($155,324)	($577,781)	$580,743	$21,085	($583,497)	**$914,202**	**$914,202**
Variance - % Change	16.6%	0.4%	3.2%	16.3%	(7.0%)	2.3%	4.2%	(3.8%)	(12.5%)	13.6%	0.5%	(13.1%)	**1.8%**	**1.8%**
Miscellaneous Revenues [C]	$54	$6,458	$11,645	$6,051	$4,592	$9,129	$4,386	$16,349	$29,775	$32,076	$34,022	$52,478	**$207,015**	**$207,015**



Net Toll Revenue Pledged for Debt Service was $68.24 million in the 2011-13 biennium and is anticipated to grow to $105.98 million in the current biennium. In FY 2014, net toll revenue came in at $50.93 million which was 1.8% higher than projections, see Figure 41. In the next biennium, net toll revenue is projected to be $125.86 million. The difference between the adjusted gross toll revenue and fees and the net toll revenue pledged for debt service is the operations and maintenance expenditures. Operations and maintenance (O&M) expenditures include credit card fees, facility O&M costs, toll collection O&M costs, bridge insurance premiums, and transponder inventory costs. The net effect of transponder component changes results in September 2014 O&M cost projections for the 2013-15 biennium which total $27.25 million. For the 2015-17 biennium, O&M costs are anticipated to be $34.12 million. O&M cost increases thereafter narrow and eventually trend toward cost savings by the end of the forecast horizon.

Trends in Total Adjusted Toll Revenue

In the 2007-09 biennium the Total Toll Revenue and Fees from tolled facilities (TNB and SR 167) was $76.9 million and increased to $93.2 million in the 2009-11 biennium. In 2011-13 the SR 520 toll facility was added to the forecast, increasing the Total Toll Revenue and Fees in 2011-13 through the forecast horizon. The Total Toll Revenue and Fees collected in 2011-13 was $213.4 million for the three tolled facilities.

In FY 2013-15 and FY 2015-17 the Total Toll Revenue and Fees is projected to be $292.58 million and $331.41 million, respectively. Over the next 10 years of the forecast horizon, total Toll Revenue and Fees are anticipated to be $1.733 billion.

Primary reasons for the forecast changes:

This September 2014 toll traffic and revenue forecast is the same as the prior forecast. A new toll forecast for all facilities will be made in November 2014.

- The latest TNB traffic actuals, for FY 2014, are above the September forecast by 1.9%. The TNB gross revenue potential is above the forecast by $3.3 million with Cash and Pay By Mail coming in above forecast but GTG revenue coming in below forecast.
- The TNB adjusted toll revenue latest actuals have come in below forecast by $0.95 million.
- SR 167 HOT lanes latest traffic and revenue are coming in well above projections.
- The 2013 SR 520 Investment Grade Study remains the basis for this forecast which is no change from the previous three forecasts and actuals have been tracking the current forecast except for June 2014.

Figure 42 Short-term Toll Facility Revenue
September 2014
millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Tacoma Narrows Bridge						
Adj Toll Revenue & Fees	$64.78	$69.57	**$134.35**	$71.53	$74.42	**$145.95**
Transponder Sales	0.36	0.37	**0.73**	0.38	0.40	**0.78**
Violations	0.00	0.00	0.00	0.00	0.00	0.00
Civil Penalties	0.22	2.40	**2.62**	3.00	3.12	**6.12**
Misc. Revenue	0.42	0.27	**0.69**	0.14	0.14	**0.28**
SR 167 HOT Lane						
Toll Revenue	$1.27	$1.30	**$2.57**			
Transponder Sales	0.035	0.036	**0.071**			
Fees & Misc Rev.	0.007	0.007	**.014**			
SR 520 Bridge						
Adj Gross Toll Revenue	$60.86	$66.96	**$127.82**	$73.87	$80.39	**$154.25**
Other Fees	2.13	2.28	**4.41**	2.40	2.30	**4.70**
Misc. Pledge Revenue	0.01	0.00	**0.01**	0.00	0.00	**0.00**
Transponder Sales	0.50	0.48	**0.98**	0.50	0.51	**1.01**
Civil Pnlty & Misc Rev.	9.16	9.16	**18.31**	9.16	9.16	**18.32**
Total Toll Facility Revenue						
Total Toll Revenue & Fees	$139.75	$152.83	**$292.58**	$160.97	$170.44	**$331.41**
% Change from Prior Fct			**0%**			**0%**

Federal Funds Revenue

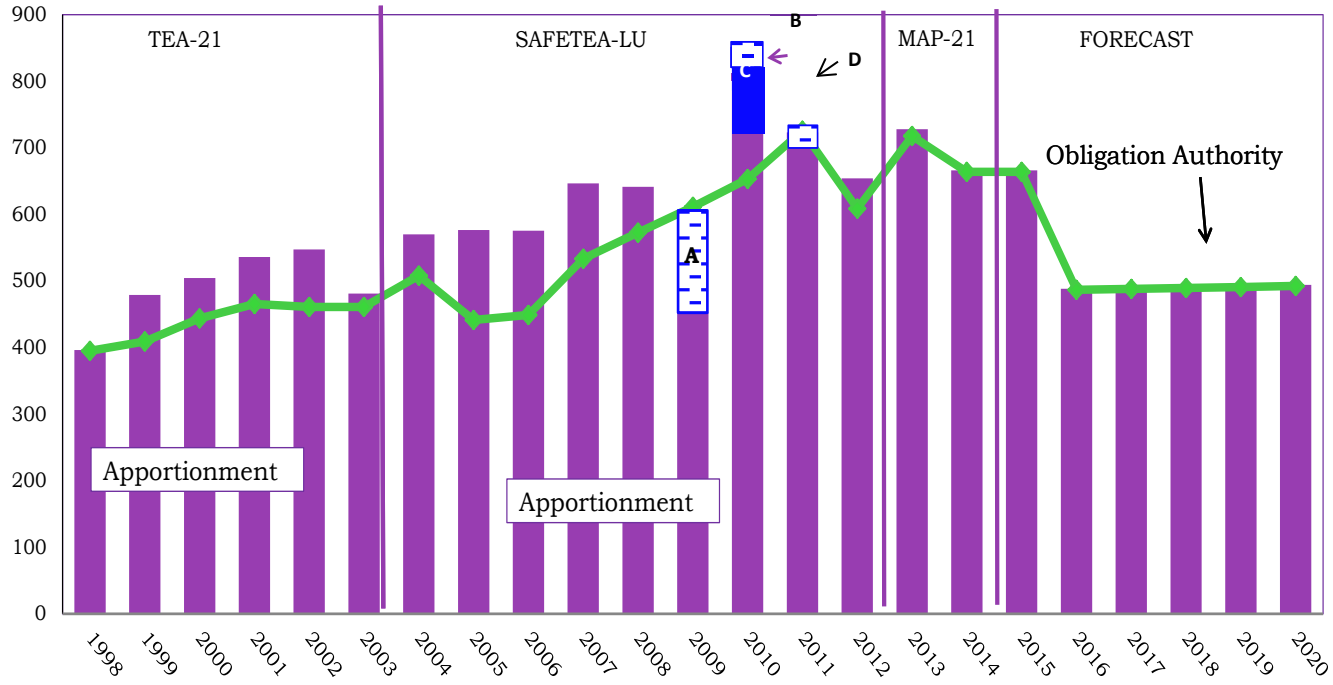
Federal Funding History

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 and subsequent federal forecasts are based on the Moving Ahead for Progress in the 21st Century Act (MAP-21).

Figure 43 describes the amount of federal apportionment and obligation authority to Washington State since 1998 with the inclusion of the September 2014 forecast of federal funds through FY 2020. This sixteen year historical period includes multiple federal transportation acts. First, the Transportation Equity Act for the

21st Century (TEA-21) was enacted on September 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, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). In that original 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.

Figure 43 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) - Federal Fiscal Years 1998-2020 with the September 2014 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 September 2014 federal funds forecast

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). This bill did not significantly alter total funding from the previous authorization (SAFETEA-LU). MAP-21 funding levels are the basis for setting this long-term federal funds forecast of apportionment and obligation authority along with the latest CBO forecast of the Highway Trust Fund. While the obligation authority to apportionment ratio varied from year to year in the past, overall it averaged 98% which is the same OA to apportionment ratio we are forecasting in MAP-21 and the out years.

MAP-21 creates a streamlined, performance-based, and multimodal program to address the many challenges facing the U.S. transportation system. It continues to provide the majority of Federal-aid highway funds to the states through core programs. The number of funding programs is consolidated by two-thirds in

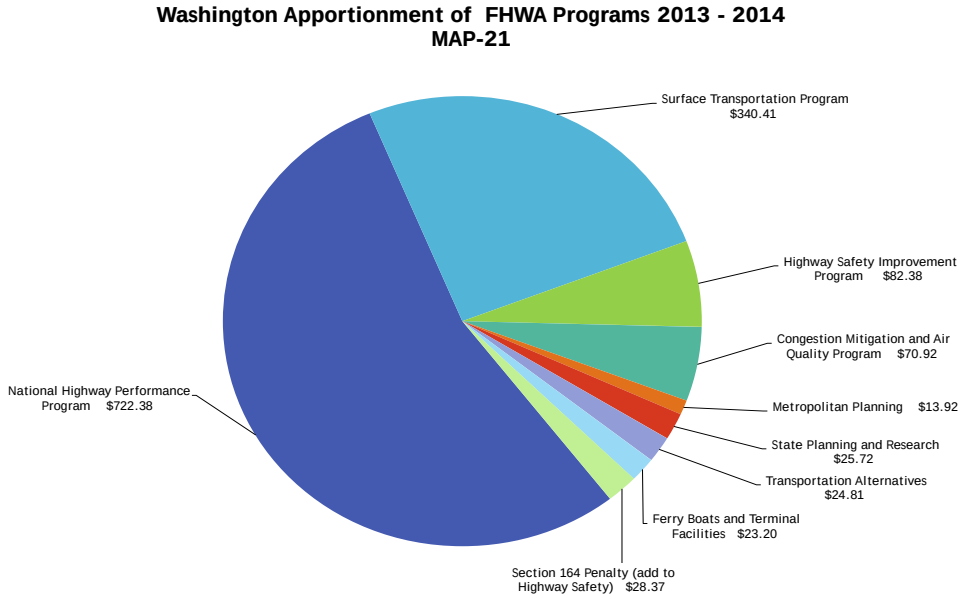
MAP-21 from the previous federal transportation Act SAFETEA_LU. MAP-21 has the following five core programs:

- National Highway Performance Program
- Transportation Mobility Program
- National Freight Network Program
- Congestion Mitigation and Air Quality Improvement
- Highway Safety Improvement

The environmental review process is reformed in MAP-21 in an effort to speed up project development. MAP-21 funding levels for bicycle and pedestrian projects are reduced and consolidated into a broader program called "Transportation Alternatives" with half of this funding going to metropolitan planning organizations and the other half going to the state. In MAP-21, mainstream tolling is now easier to implement in regards to new highways and expansion and repairs to existing ones.

Over the two year MAP-21 period, the majority of Washington's apportionment was spent on the National Highway Performance Program ($722.38 million) and the Surface Transportation Program ($340.41 million). The remaining MAP-21 programs got smaller distributions of the remaining apportionment. (Figure 44)

Figure 44 Washington Apportionment of FHWA Programs MAP-21 2013 – 2014

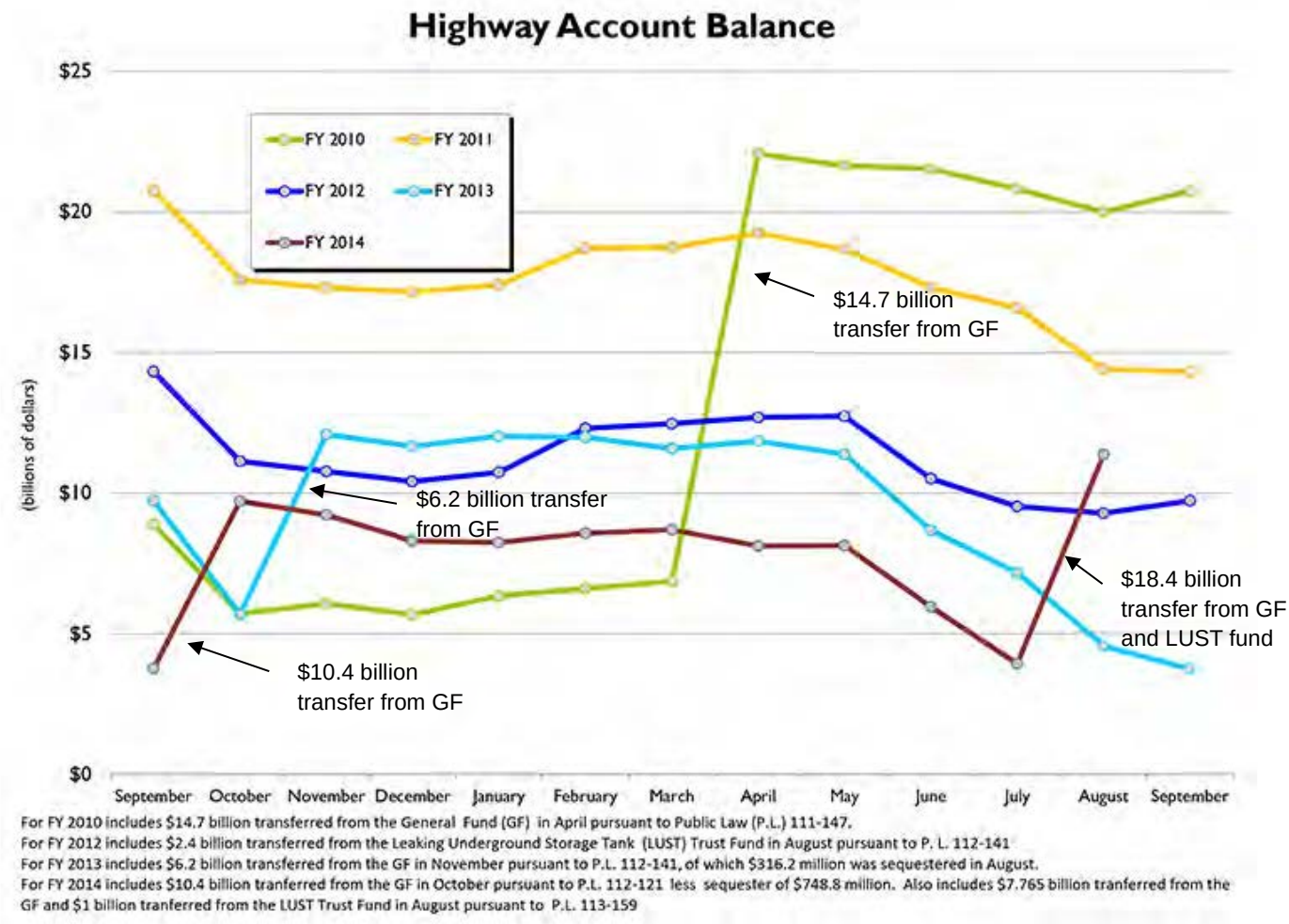


Highway Trust Fund

Funding for these MAP-21 programs comes from the Highway Trust Fund (HTF). The HTF is a federal transportation fund which receives money from the federal fuel tax of 18.3 cents per gallon on gasoline and 24.4 cents per gallon on diesel fuel and related excise taxes. The HTF currently has three accounts, the Highway Account which funds road construction, a smaller Mass Transit Account which supports mass transit and also a Leaking Underground Storage Tank Fund. The Highway Account of the HTF was established in 1956 to finance the United States Interstate highway System and certain other roads. The Highway Account of the HTF has struggled for years to remain solvent, ever since federal transportation spending started exceeding the dedicated taxes used to pay for it.

From FFY 2010 - 2014, Congress has transferred from the federal General Fund and the Leaking Underground Storage Tank fund $40.72 billion into the HTF Highway Account to keep it afloat. (Figure 45)

Figure 45 Monthly Federal Highway Trust Fund Account Balance 2010-2014 *billions of dollars*



On August 8, 2014 President Obama signed into law the Highway and Transportation Funding Act of 2014, a $10.8 billion temporary funding bill for highway and transit construction. Temporary money approved by Congress bought some time for the Highway Trust Fund, but the threat of a shortfall in 2015 remains a harsh reality according to the Congressional Budget Office. The office projects that the highway balance will fall about $2 billion short in 2015 and drop even lower without action by Congress to keep it afloat. Current law requires the trust fund to carry a minimum balance – projected at $4 billion – to make sure it can pay for transportation projects as the expenditure requests come due. Those reserve funds keep enough cash in the fund to cover the hundreds of millions of dollars that are paid out each day while waiting for receipts from fuel taxes and other user fees that are transferred into the fund twice each month. Current law prohibits the fund from going into the red even though it's been close a few times in recent years. Congress passed a bill to inject $10.8 billion into the Highway Trust Fund on August 8, 2014, with the money projected to last through May 2015. After that, the fund will tick down below the minimum $4 billion balance and head for a possible zero balance by September 2015.

The September 2014 federal funds forecast assumes the HTF funding is solvent through FFY 2015 and reduction in federal expenditures to states due to insufficient funds in the HTF does not begin until October 2015, the start of FFY 2016.

MAP-21 Federal Funding – Short-term Forecast

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 sets apportionment levels at $40.4 billion for FFY 2013 and $41.0 billion for FFY 2014. 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 also 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 apportionment 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.

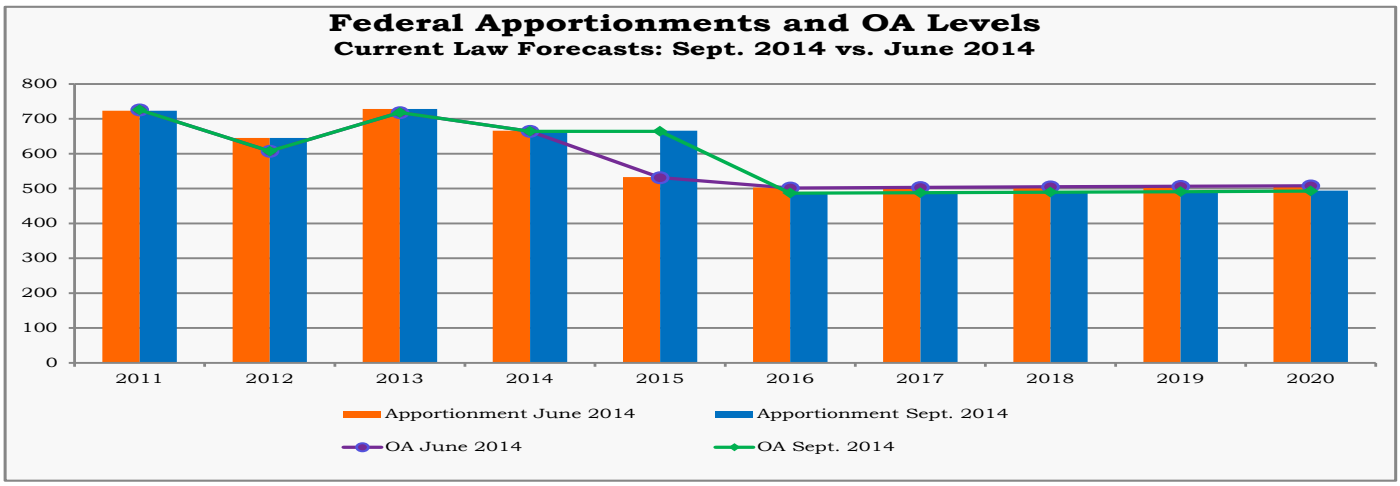
The baseline September 2014 apportionment forecast shows actual apportionment distributions from FHWA for FFY 2013 totaling $728.1 million dollars. This includes all the discretionary and allocated programs apportionment of $62.12 million. Washington's apportionment for FFY 2014 is $666.1 million based on FHWA Notice N4510.777 dated August 22, 2014. History indicates that Washington received 1.7% of national apportionment each year so that is our assumed percentage in future years for this September forecast.

Long-term Apportionment Forecast

The baseline September 2014 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 September 4, 2014 forecast from the Congressional Budget Office (CBO) for the HTF predicts the fund going negative in early FFY 2016. In order to keep the HTF from going negative, a 26.7% reduction in federal expenditures and Washington's federal apportionment level in FFY 2016 would need to be made. This new assumption of a 26.7% reduction is about the same as prior forecasts' 2 year reduction total of 25.6%. 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 46 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) September vs. June 2014 Forecasts



Source: FHWA apportionment and obligation authority notices and TRFC June and September 2014 federal funds forecast

The Washington MAP-21 Steering Committee reviewed the split of Federal Funds between the State and Local programs in October 2012. Figure 50 outlines the state and local splits for individual program distributions. These agreed upon splits to the program distributions are reflected in the September 2014 federal forecast which has not been modified since they were first incorporated into the September 2012 forecast.

Figure 47 Results from Washington State Map-21 Steering Committee Distribution Decisions – 2012

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 September 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 $14.2 million reduction in the National Highway Performance Program (MHPP). FHWA transfers this $14.2 million into the Highway Safety program.

In July of 2014, the National Highway Traffic Safety Administration (NHTSA) reviewed Washington's compliance with the requirements of 23U.S.C. section 164 and found Washington State to meet the requirements of the "Repeat Intoxicated Driver Laws" and is not subject to the Section 164 penalty beginning in FFY 2015.

Washington's Obligation Authority (OA) Forecast

The September 2014 baseline obligation authority forecast for FFY 2013 has been reconciled to match actual Obligation Authority distributions from FHWA totaling $717.9 million dollars. Washington received 1.6% of national Formula OA. After examining past years' Washington OA compared to the national OA totals, it was found that once all OA, including unallocated programs and redistributed OA are accounted for, WSDOT's total OA is slightly higher than 1.6%. All other years in the forecast horizon have Washington OA 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.

The current Obligation Authority for FFY2014 is $664.1 million which is the same as the last forecast. Obligation Authority for federal fiscal years beyond 2014 is set based on 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 assumptions.

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

MAP-21 created a Ferry Boat and Ferry Terminal Facilities formula program. MAP-21 turned the current competitive Ferry Boat Discretionary Program into a $67 million a year nationwide formula program. This new program guarantees public ferry systems a set amount of annual federal ferry funding for the length of the 2 year bill. The ferry formula is based on 20% passenger count, 45% on vehicle counts and 35% on route miles. Washington's ferry boat federal apportionment was $11.4 million in FFY 2013 and anticipated to be $11.8 million in FFY 2014. This September forecast, like in June, assumes the continuation of the ferry boat funding throughout the forecast horizon. After examining other future federal authorization legislation, WSDOT has seen a continuation of the ferry boat apportionment so we feel this assumption for continuation of this program well- grounded in future legislation. This ferry formula funding continuation adds approximately $9 million per year to the federal funds forecast throughout the forecast horizon.

Recent Changes in Federal Forecast

- The current September 2014 forecast by the Congressional Budget Office (CBO) for the HTF predicts the fund going negative in early FFY 2016 and in order to keep the HTF from going negative, a one-year reduction total of 26.7% is necessary. The results of this new CBO HTF forecast has been assumed in this baseline September forecast and it reduces FFY 2016 apportionment and OA federal funding.
- This current FFY 2015 federal apportionment forecast is $666.1 million which is higher than past forecast due to reflecting a FHWA notice N4510.777 dated 8/22/2014 for FFY 2015.
- The obligation authority for FFY 2015 in the September forecast is $664.1 million, higher than the last forecast by $132.8 million.
- This current FFY 2016 federal apportionment forecast is $488.3 million which is lower than the previous forecast by $14.7 million.
- The obligation authority for FFY 2016 in the September forecast is $486.8 million which is lower than the June forecast by $14.7 million.
- The increase in federal funds from the last forecast grows slightly throughout the forecast horizon.

Figure 48 Washington's portion of Federal Highway Funds by Federal Fiscal Year September 2014
Millions of dollars

	FFY 2014	FF 2015	FY 2016	FY 2017
WA Statewide Apportionment of FHWA Programs	**666.1**	**666.1**	**488.3**	**489.5**
% Change from Prior Fcst	-0.0%	25.0%	-2.9%	-3.0%
Obligation Authority	**664.1**	**664.1**	**486.8**	**488.0**
% Change from Prior Fcst	-0.0%	25.0%	-2.9%	-3.0%

Forecast Contacts

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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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Other Transportation Related Revenue Forecast

Vehicle Sales & Rental Car Tax

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Federal Funds Forecast

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Appendix

Graphs and Tables Related to the September 2014 Forecast

Including distribution of revenues to the major accounts

Figure 49 Forecast to Forecast Biennium Comparison of All Transportation Revenues September 2014 forecast - 16 year period

millions of dollars

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

September 2014• millions of dollars

	Current Biennium 2013-2015			2015-2017			16-Year Period (2011-2027)		
	Forecast Sep-14	Chg from Jun-14	Percent Change	Forecast Sep-14	Chg from Jun-14	Percent Change	Forecast Sep-14	Chg from Jun-14	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,535.84	5.57	0.22%	2,571.92	17.23	0.67%	20,654.03	126.14	0.61%
Licenses, Permits and Fees *	1,025.98	7.07	0.69%	1,083.57	4.93	0.46%	8,747.28	41.91	0.48%
Ferry Revenue†	347.04	2.71	0.79%	360.30	3.33	0.93%	2,967.85	34.96	1.19%
Toll Revenue §	292.58	0.00	0.00%	331.41	0.00	0.00%	2,746.87	0.00	0.00%
Aviation Revenues ‡	5.88	(0.13)	-2.20%	6.16	(0.11)	-1.77%	50.52	(0.61)	-1.19%
Rental Car Tax	54.67	0.86	1.59%	57.50	1.08	1.91%	484.00	5.16	1.08%
Vehicle Sales Tax	75.21	0.93	1.25%	80.59	1.60	2.03%	679.90	16.22	2.44%
Driver-Related Fees*	282.76	1.34	0.47%	291.19	(5.88)	-1.98%	2,221.59	(19.21)	-0.86%
Business/Other Revenues‡*	30.91	2.16	7.50%	25.69	0.13	0.51%	215.77	3.30	1.55%
Total Revenues	**4,650.86**	**20.50**	**0.44%**	**4,808.34**	**22.31**	**0.47%**	**38,767.81**	**207.89**	**0.54%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**135.82**	**(1.35)**	**-0.98%**	**142.62**	**(0.94)**	**-0.65%**	**1,202.00**	**(5.25)**	**-0.43%**
State Uses									
Motor Vehicle Account (108)	1,111.02	7.02	0.64%	1,128.94	6.80	0.61%	9,085.22	53.29	0.59%
Transportation 2003 (Nickel) Account (550)	394.23	0.81	0.21%	398.92	2.85	0.72%	3,178.91	20.21	0.64%
Transportation 2005 Partnership Account (09H)	582.99	1.75	0.30%	589.37	4.38	0.75%	4,721.65	32.05	0.68%
Multimodal Account (218)	267.23	3.32	1.26%	279.88	4.25	1.54%	2,349.80	33.34	1.44%
Special Category C Account (215)	47.72	0.13	0.28%	48.21	0.36	0.75%	386.13	2.61	0.68%
Puget Sound Capital Construction Account (099)	34.72	0.10	0.28%	35.08	0.26	0.75%	280.95	1.90	0.68%
Puget Sound Ferry Operations Account (109)	398.46	2.98	0.75%	411.92	3.39	0.83%	3,383.80	35.93	1.07%
Capital Vessel Replacement Account (18J)	17.82	(0.00)	-0.01%	46.66	(0.20)	-0.43%	270.36	0.12	0.04%
Tacoma Narrows Bridge Account (511)	138.38	0.00	0.00%	153.13	0.00	0.00%	1,260.44	0.00	0.00%
High Occupancy Toll Lanes Account (09F)^	2.65	0.00	0.00%	0.00	0.00	0.00%	4.97	0.00	0.00%
SR 520 Corridor Account (16J)	133.23	0.00	0.00%	159.98	0.00	0.00%	1,341.79	0.00	0.00%
SR 520 Corridor Civil Penalties Account (17P)	18.31	0.00	0.00%	18.31	0.00	0.00%	139.67	0.00	0.00%
Aeronautics Account (039)	5.88	(0.13)	-2.20%	6.16	(0.11)	-1.77%	50.52	(0.61)	-1.19%
State Patrol Highway Account (081)	346.62	1.77	0.51%	356.80	0.26	0.07%	2,951.05	4.05	0.14%
Highway/Motorcycle Safety Accts. (106 & 082)	248.20	1.67	0.68%	256.21	(5.15)	-1.97%	1,937.12	(14.31)	-0.73%
School Zone Safety Account (780)	1.24	0.11	9.42%	1.20	0.03	2.40%	10.07	0.28	2.81%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.43	0.01	0.07%	16.84	(0.00)	-0.01%	138.52	0.03	0.02%
Ignition Interlock Devices Revolving Acct 14V	3.82	(0.07)	-1.70%	3.93	(0.01)	-0.18%	29.91	(0.11)	-0.36%
Multiuse Roadway Safety Account Collections-571	0.05	(0.01)	-19.79%	0.09	(0.01)	0.00%	0.67	(0.03)	-4.72%
Total for State Use	**3,768.96**	**19.47**	**0.52%**	**3,911.52**	**17.10**	**0.44%**	**31,520.86**	**168.73**	**0.54%**
Local Uses									
Cities	183.00	0.50	0.28%	184.90	1.37	0.75%	1,480.84	9.99	0.68%
Counties	301.80	1.16	0.39%	305.31	2.82	0.93%	2,447.84	20.13	0.83%
Transportation Improvement Board (112 & 144)	195.53	0.54	0.28%	197.57	1.46	0.75%	1,583.26	10.66	0.68%
County Road Administration Board (102 & 253)	65.74	0.18	0.28%	66.43	0.49	0.75%	533.00	3.58	0.68%
Total for Local Use	**746.08**	**2.38**	**0.32%**	**754.21**	**6.14**	**0.82%**	**6,044.95**	**44.37**	**0.74%**
Total Distribution of Revenue	**4,650.86**	**20.50**	**0.44%**	**4,808.34**	**22.31**	**0.47%**	**38,767.81**	**207.89**	**0.54%**

† 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 adopted by the 2012, 2013 and 2014 Legislatures.

§ 167 HOT lanes is a pilot program that is currently scheduled to sunset June 30, 2015

Figure 50 Forecast to Baseline Biennium Comparison of All Transportation Revenues September 2014 forecast - 16 year period

millions of dollars

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

September 2014• millions of dollars

	2013-2015			Current Biennium 2015-2017			16-Year Period (2011-2027)		
	Forecast Sep-14	Chg from Baseline ¥	Percent Change	Forecast Sep-14	Chg from Baseline ¥	Percent Change	Forecast Sep-14	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,535.84	4.66	0.18%	2,571.92	27.12	1.07%	18,166.17	388.89	2.19%
Licenses, Permits and Fees *	1,025.98	16.57	1.64%	1,083.57	51.00	4.94%	7,809.09	279.76	3.72%
Ferry Revenue†	347.04	4.19	1.22%	360.30	4.39	1.23%	2,643.75	35.66	1.37%
Toll Revenue §	292.58	(0.00)	0.00%	331.41	0.00	0.00%	2,533.47	(0.00)	0.00%
Aviation Revenues ‡	5.88	(0.08)	-1.28%	6.16	(0.04)	-0.68%	44.15	0.02	0.04%
Rental Car Tax	54.67	1.82	3.45%	57.50	1.77	3.18%	437.29	8.87	2.07%
Vehicle Sales Tax	75.21	1.07	1.44%	80.59	1.52	1.92%	616.58	16.86	2.81%
Driver-Related Fees*	282.76	(0.06)	-0.02%	291.19	(4.44)	-1.50%	1,996.21	(20.19)	-1.00%
Business/Other Revenues ±	30.91	4.38	16.49%	25.69	0.33	1.31%	190.36	6.89	3.75%
Total Revenues	**4,650.86**	**32.55**	**0.70%**	**4,808.34**	**81.66**	**1.73%**	**34,437.06**	**716.74**	**2.13%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**135.82**	**(2.67)**	**-1.93%**	142.62	**(1.28)**	**-0.89%**	**1,055.15**	**(7.52)**	**-0.71%**
State Uses									
Motor Vehicle Account (108)	1,111.02	7.23	0.65%	1,128.94	17.71	1.59%	8,016.22	157.62	2.01%
Transportation 2003 (Nickel) Account (550)	394.23	(0.02)	0.00%	398.92	2.41	0.61%	2,822.01	41.84	1.50%
Transportation 2005 Partnership Account (09H)	582.99	1.90	0.33%	589.37	6.50	1.12%	4,154.27	91.10	2.24%
Multimodal Account (218)	267.23	4.52	1.72%	279.88	4.21	1.53%	2,109.56	36.43	1.76%
Special Category C Account (215)	47.72	0.13	0.28%	48.21	0.53	1.11%	339.71	7.83	2.36%
Puget Sound Capital Construction Account (099)	34.72	0.10	0.28%	35.08	0.39	1.11%	247.17	5.70	2.36%
Puget Sound Ferry Operations Account (109)	398.46	4.53	1.15%	411.92	4.65	1.14%	3,008.42	41.90	1.41%
Capital Vessel Replacement Account (18J)	17.82	10.25	135.34%	46.66	38.75	490.30%	264.19	205.69	351.59%
Tacoma Narrows Bridge Account (511)	138.38	0.00	0.00%	153.13	0.00	0.00%	1,149.82	0.00	0.00%
High Occupancy Toll Lanes Account (09F)*	2.65	(0.00)	-0.02%	0.00	0.00	0.00%	2.65	(0.00)	0.00%
SR 520 Corridor Account (16J)	133.23	0.00	0.00%	159.98	0.00	0.00%	1,252.83	0.00	0.00%
SR 520 Corridor Civil Penalties Account (17P)	18.31	0.00	0.00%	18.31	0.00	0.00%	128.17	0.00	0.00%
Aeronautics Account (039)	5.88	(0.08)	-1.28%	6.16	(0.04)	-0.68%	44.15	0.02	0.04%
State Patrol Highway Account (081)	346.62	4.08	1.19%	356.80	2.86	0.81%	2,621.46	24.92	0.96%
Highway/Motorcycle Safety Accts. (106 & 082)	248.20	(0.06)	-0.02%	256.21	(4.15)	-1.59%	1,743.57	(18.39)	-1.04%
School Zone Safety Account (780)	1.24	0.06	5.38%	1.20	0.03	2.40%	8.44	0.23	2.83%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.43	0.09	0.54%	16.84	0.12	0.70%	122.49	1.24	1.02%
Ignition Interlock Device Revolving Acct 14V	3.82	0.01	0.16%	3.93	0.10	2.72%	27.39	0.63	2.35%
Multiuse Roadway Safety Account Collections-571	0.05	0.05	41.67%	0.05	(0.07)	-59.93%	0.61	(0.51)	-45.29%
Total for State Use	**3,768.96**	**32.74**	**0.88%**	**3,911.52**	**74.07**	**1.93%**	**28,062.51**	**596.76**	**2.17%**
Local Uses									
Cities	183.00	0.51	0.28%	184.90	2.03	1.11%	1,302.81	30.02	2.36%
Counties	301.80	1.24	0.41%	305.31	3.93	1.30%	2,154.51	53.17	2.53%
Transportation Improvement Board (112 & 144)	195.53	0.55	0.28%	197.57	2.18	1.11%	1,393.04	32.80	2.41%
County Road Administration Board (102 & 186)	65.74	0.18	0.28%	66.43	0.74	1.12%	469.04	11.51	2.51%
Total for Local Use	**746.08**	**2.48**	**0.33%**	**754.21**	**8.87**	**1.19%**	**5,319.40**	**127.50**	**2.46%**
Total Distribution of Revenue	**4,650.86**	**32.55**	**0.70%**	**4,808.34**	**81.66**	**1.73%**	**34,437.06**	**716.74**	**2.13%**

¥ Baseline is the Feb 2014 forecast.

† Ferry Fares plus non-farebox revenue

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

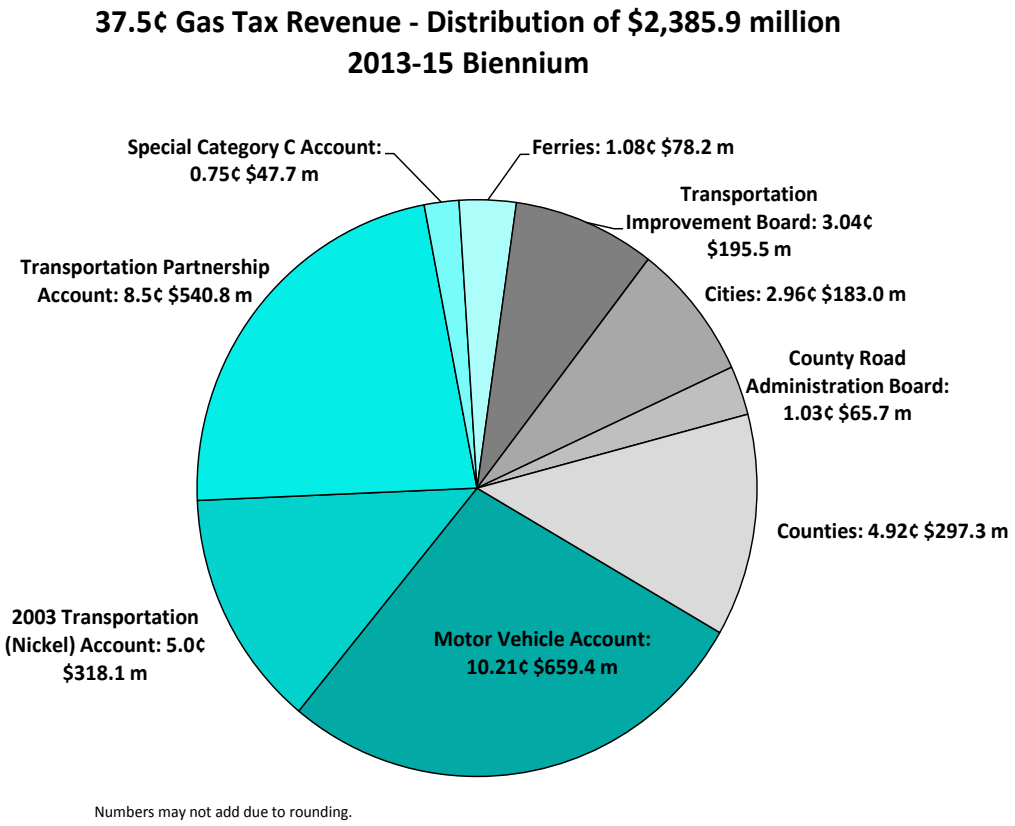
* These transportation revenues had new fees or higher fees adopted by the 2012, 2013 and 2014 Legislatures.

§ 167 HOT lanes is a pilot program that is currently scheduled to sunset June 30, 2015

Motor Fuel Tax Revenue for Distribution

The pie chart below shows the statutory distribution of funds to the various jurisdictions based on the September 2014 fuel tax revenue forecast for the 2013-2015 biennium.

Figure 51 Fuel Tax Revenue for Statutory Distribution

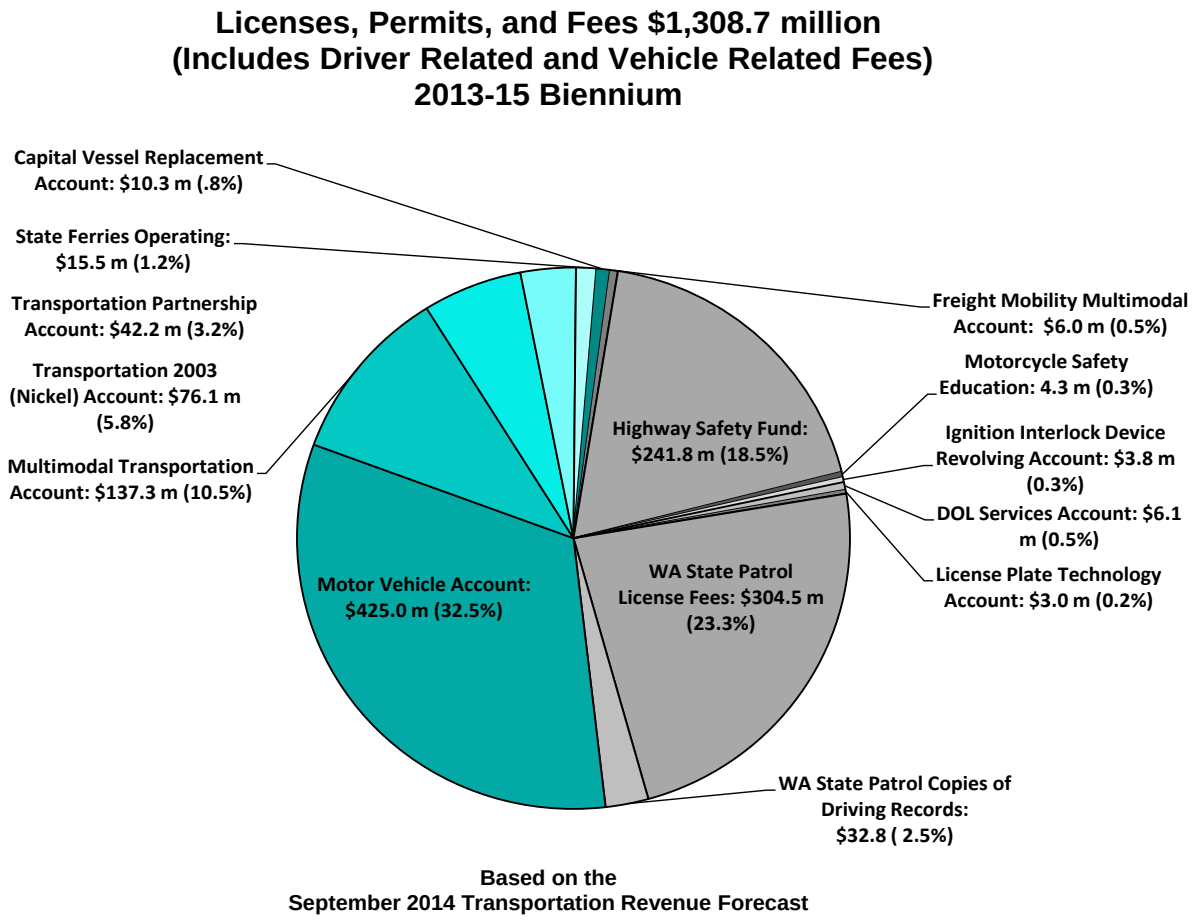


Gas Tax Revenue Distribution is Based on the September 2014 Transportation Revenue Forecast

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

The pie chart below shows the statutory distribution of funds to the various jurisdictions based on the September 2014 Licenses, Permits and Fees revenue forecast for the 2013-2015 biennium.

Figure 52 License Permits and Fees Revenue for Distribution (Both Motor Vehicle & Driver Related)



Impact to Transportation Accounts

Figure 53 Motor Vehicle Account Revenue September 2014 Forecast

Motor Vehicle Account Revenue *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	2,535.8	5.6	2,571.9	17.2	12,910.1	76.3
Licenses, Permits, & Fees	423.7	3.2	435.6	1.9	2,205.4	13.6
Business-Related Revenue	18.3	1.9	13.1	0.0	72.1	1.9
Total	**2,977.8**	**10.7**	**3,020.6**	**19.1**	**15,187.6**	**91.9**
Distribution						
Refunds-Regular	135.8	(1.4)	142.6	(0.9)	731.0	(5.1)
Fuel Tax Distributions for Local Uses[1]	746.1	2.4	754.2	6.1	3,785.2	27.7
Fuel Tax Distributions for State Uses[2]	984.9	2.7	994.8	7.1	4,989.9	32.0
Total	**1,866.8**	**3.7**	**1,891.6**	**12.3**	**9,506.1**	**54.6**
Net Revenue	**1,111.0**	**7.0**	**1,128.9**	**6.8**	**5,681.4**	**37.3**

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.

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 54 Transportation 2003 (Nickel) Account Revenue Forecast

Transportation 2003 (Nickel) Account *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14
Revenue						
5¢ Gas Tax	318.1	0.9	321.4	2.4	1,612.3	10.7
Licenses, Permits and Fees	76.1	(0.1)	77.5	0.5	392.6	2.1
Total	**394.2**	**0.8**	**398.9**	**2.9**	**2,004.9**	**12.8**

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 55 Transportation Partnership Account Revenue Forecast

Transportation Partnership Account *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14
Revenue						
5¢ Gas Tax	526.1	0.0	540.8	1.5	2,740.9	18.2
Licenses, Permits and Fees	41.3	0.0	42.2	0.3	215.7	2.0
Total	**567.4**	**0.0**	**583.0**	**1.8**	**2,956.5**	**20.2**

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 56 Washington State Ferry Accounts Revenue Forecast

Washington State Ferries Accounts *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	332.3	2.6	344.9	3.4	1,764.9	20.7
Concessions & Other Revenue	7.2	0.1	7.4	(0.1)	38.4	0.1
Fuel Tax	43.5	0.1	43.7	0.0	219.0	0.3
Licenses, Permits and Fees	15.5	0.2	15.9	0.0	81.5	0.4
Subtotal	**398.5**	**3.0**	**411.9**	**3.4**	**2,103.7**	**21.5**
Capital Vessel Replacement Account (18J)	**17.8**	**(0.0)**	**46.7**	**0.0**	**182.7**	**0.0**
Ferry Capital Surcharge	7.6	0.0	8.0	0.0	40.9	0.1
Title Service fee & Reg. Service fee	10.3	(0.0)	38.7	(0.2)	141.8	(0.1)
Puget Sound Cap. Const. Acct. (099) Fuel Tax	34.7	0.1	35.1	0.3	176.0	1.2
Total	**433.2**	**3.1**	**447.0**	**3.7**	**2,279.7**	**22.6**

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. Revenues deposited into the ferry accounts are used for operating costs and capital construction projects. The ferry operating account (109) consists of ferry fares, concession and other revenue, fuel tax allocations and licenses, permits and fee distributions. The revenues used for capital construction are different than the ferry operating account revenues. There are two revenue sources being deposited into the vessel replacement account (18J): the $0.25 ferry fare surcharge and certain title and vehicle registration service fees established in 2014 legislation E2SHB 1129.

Figure 57 Multimodal Transportation Account Revenue Forecast

Multimodal Account *dollars in millions*	2011-13		2013-15		10-Year Period (2013-2023)	
	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14
Revenue						
Licenses, Permits and Fees	130.2	0.0	137.3	1.5	734.4	8.4
Rental Car Tax	46.7	0.0	54.7	0.9	300.0	4.3
Vehicle Sales Tax	63.3	0.0	75.2	0.9	422.3	10.4
Total	**240.2**	**0.0**	**267.2**	**3.3**	**1,456.8**	**23.1**

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.

Figure 58 Aeronautics Account Revenue Forecast

Aeronautics Account *dollars in thousands*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14
Revenue						
Aircraft Dealer License Fees	5.6	0.0	5.6	0.0	27.8	0.0
Aircraft Excise Tax	700.6	3.1	708.1	(2.2)	3,578.6	(36.9)
Aircraft Fuel Tax	5,028.5	(89.3)	5,299.4	(68.5)	26,864.7	(258.3)
Aeronautics Transfer (from MV Fund)	571.1	1.4	572.4	2.6	2,863.4	12.3
Aircraft Registrations	205.0	(44.7)	207.4	(45.1)	1,049.0	(227.5)
Total	**6,510.7**	**(129.6)**	**6,792.9**	**(113.2)**	**34,383.4**	**(510.5)**

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 59 Toll Revenue Forecast

Tolling Accounts *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14
Revenue						
Tacoma Narrows Bridge Account						
Toll Revenues and Fees	134.3	0.0	145.9	0.0	1,099.5	0.0
Transponder Sales/ Shield Sales	0.7	0.0	0.8	0.0	6.0	0.0
Violations	0.0	0.0	0.0	0.0	0.0	0.0
Civil Penalties	2.6	0.0	6.1	0.0	43.3	0.0
Misc. Revenues	0.7	0.0	0.3	0.0	0.0	0.0
Subtotal Tacoma Narrows Bridge	**138.4**	**0.0**	**153.1**	**0.0**	**1,148.8**	**0.0**
HOT Lanes Operations Account ^						
Toll Revenues	2.6	0.0	0.0	0.0	2.6	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	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal HOT Lanes Operations	**2.7**	**0.0**	**0.0**	**0.0**	**2.7**	**0.0**
SR 520 Bridge						
Toll Revenues and Fees	132.2	0.0	159.0	0.0	1,250.8	0.0
Transponder Sales/ Shield Sales	1.0	0.0	1.0	0.0	7.8	0.0
Civil Penalties	18.3	0.0	18.3	0.0	128.2	0.0
Misc. Revenues	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal SR 520 Bridge	**151.5**	**0.0**	**178.3**	**0.0**	**1,386.8**	**0.0**
Total Tolling Revenues	**292.6**	**0.0**	**331.4**	**0.0**	**2,538.3**	**0.0**

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 June 30, 2015.

Figure 60 Washington State Patrol, Highway Safety & Motorcycle Safety Education Accounts Revenue Forecast

Highway Safety/Motorcycle Safety/WSP *dollars in millions*	Current Biennium 2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14
Revenue						
Highway Safety						
Driver License Fees	197.7	0.6	205.4	(4.3)	982.6	(10.9)
Copies of Records	36.7	(0.4)	38.0	(0.8)	192.3	(3.6)
Other and Miscellaneous	6.0	0.0	6.1	(0.1)	30.8	(0.4)
Subtotal	**240.4**	**0.2**	**249.5**	**(5.2)**	**1,205.7**	**(14.9)**
Motorcycle Safety Permits/Endorsements	4.3	0.1	4.7	0.0	22.3	0.1
State Patrol Copies of Records / LPF/Business Related	346.6	1.8	356.8	0.3	1,831.7	3.8
Subtotal	**350.9**	**1.8**	**361.5**	**0.3**	**1,854.0**	**3.9**
Total	**591.3**	**2.1**	**611.0**	**(4.9)**	**3,059.7**	**(11.0)**

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.

- 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

Figure 61 School Zone Safety Account Revenue Forecast

School Zone Safety Account *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14
Revenue						
School Zone Fines	1.2	0.1	1.2	0.0	6.0	0.2
Total	**1.2**	**0.1**	**1.2**	**0.0**	**6.0**	**0.2**

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 62 Multiuse Road Safety Account Revenue Forecast

Multiuse Roadway Safety Account Collections *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14	Forecast Sep 14	Chg from Jun 14
Revenue						
License Permit and Fees	0.0	(0.01)	0.1	(0.01)	0.5	(0.03)
Total	**0.0**	**(0.01)**	**0.1**	**(0.01)**	**0.5**	**(0.03)**

The Multiuse Roadway Safety Account was established through 2013 legislation (ESHB 1632). Revenues for this account come from vehicle license fees. The law established a new on-road declaration for wheeled all-terrain vehicles to be used on-road with a new $12 fee going to the Multiuse Roadway Safety Account. Expenditures may be used only for grants administered by DOT to: counties to perform safety engineering analysis of mixed vehicle use on any road within a county, local governments to provide funding for signs, the state patrol or local law enforcement for purposes of defraying the costs of enforcement of this act, and law enforcement to investigate accidents involving wheeled all-terrain vehicles.