Transportation Revenue Forecast Council

November 2014 Transportation Economic and Revenue Forecasts

(Includes Draft Toll Forecast Changes

Volume I: Summary

Washington Transportation
Economic and Revenue Forecast
November 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 (Excludes Toll Revenue Changes)

Forecast Overview

Here are key conclusions from the November 2014 transportation revenue forecast.

- November 2014 transportation forecast of revenues: $4.650 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 nearly no change forecast to forecast in the current biennium (down $0.4 million) with the largest share of the increase in November being higher fuel tax revenue and truck and passenger car license fees and the only forecast being down is the toll forecast. All transportation taxes and fee revenues are up from the last forecast in the current biennium except for the toll forecast.
- For the 10-year forecast horizon, total revenues are projected to be $24.28 billion, which is up by $12.5 million (0.05%) from September due to higher fuel tax revenue, licenses, permits and fees, rental car, new vehicle sales tax and business related revenue. The biggest decline in the current forecast is the toll forecast being down $87.2 million over the 10-year forecast horizon.
- New projections of real personal income are higher and employment projections also have very minor revisions upward from the last forecast in terms of growth rates. Inflation is also down in the near-term and slightly higher until FY 2021. The current forecast for average annual retail gas and diesel price forecasts are lower than September's forecast all throughout the forecast horizon. The current B5 biodiesel prices for ferries are also down from the last forecast.
- The primary reason for the change in fuel tax revenue in the current year has been higher gas tax collections than forecasted and diesel tax collections have come in close to the last forecast. Gas tax collections were up $3.7 million in the last two months compared to forecast. In addition, real gas prices are down from last quarter's projections and employment forecasts are up a little. These changes positively impacted fuel tax revenue projections. The current diesel tax forecast is down a little $0.9 million in the current biennium and down $2.4 million next biennium. This current overall fuel tax revenue forecast is up $3.9 million in the current biennium and $11.9 million next biennium. Over the next ten years, the fuel tax revenue is up $50.96 million or 0.39% from September's forecast.
- Licenses, permits and fee revenue are also up $4.72 million, in the current biennium due to strong passenger car and truck fee revenue collections. In the next biennium, the revenues are up by $8.24 million and the change from the last forecast declines slowly until by the last biennium when the difference is $6.3 million. Over the 10 year forecast period, revenue is up $32.6 million (0.6%) over last forecast.
- The baseline ferry revenue estimates are up by $0.62 million compared to September in the current biennium but then the current forecast is below the last forecast all throughout the remainder of the forecast.
- Toll forecasts for TNB, Hot lanes and SR 520 have been updated in this November forecast. All three toll forecasts are down from the last forecast all throughout the forecast horizon. In the current biennium, combined toll revenue is down $12.8 million (4.4%) and down $16 million next biennium (4.8%).

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 $2.291 billion, which was 2.7% growth year over year. In the current fiscal year, transportation revenues are estimated at $2.36 billion which is 3% year–over-year growth and 0.3% adjustment upward from the September forecast. Overall during the 10-year horizon, transportation revenues are projected to be $24.28 billion and $12.5 million more than projections in September with an average annual growth rate of 1% each year.

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

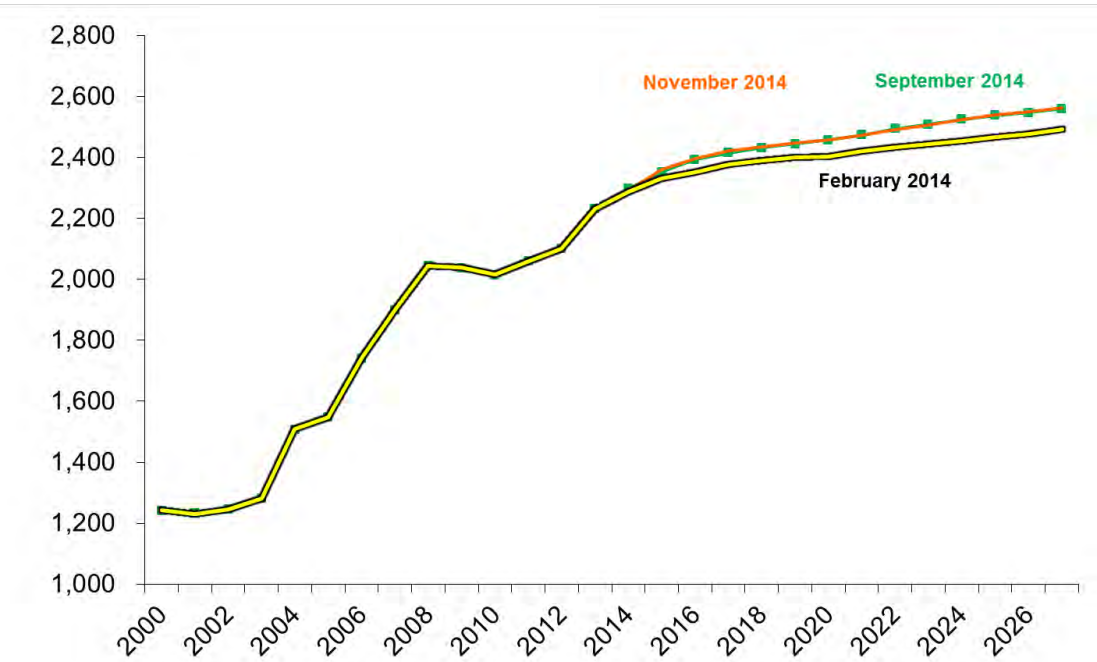
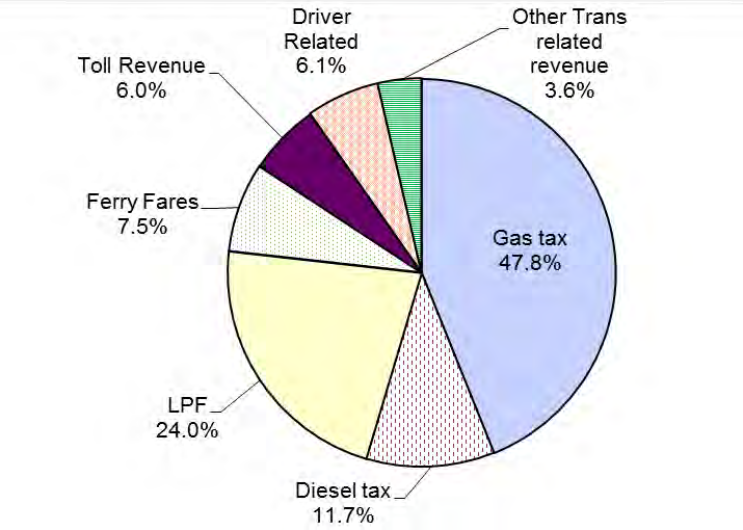


Figure 2 Revenue by Source
2013-15 biennium ($4.6505 billion)



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
November 2014 forecast - 10 year period

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

	Current Biennium 2013-2015			2015-2017			10-Year Period (2013-2023)		
	Forecast Nov-14	Chg from Sep-14	Percent Change	Forecast Nov-14	Chg from Sep-14	Percent Change	Forecast Nov-14	Chg from Sep-14	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,539.72	3.89	0.15%	2,583.80	11.88	0.46%	12,961.07	50.96	0.39%
Licenses, Permits and Fees *	1,030.70	4.72	0.46%	1,091.81	8.24	0.76%	5,506.50	32.58	0.60%
Ferry Revenue†	347.66	0.62	0.18%	359.51	(0.79)	-0.22%	1,841.62	(2.48)	-0.13%
Toll Revenue §	279.77	(12.81)	-4.38%	315.38	(16.04)	-4.84%	1,645.97	(87.21)	-5.03%
Aviation Revenues ‡	5.88	0.00	0.02%	6.16	0.00	0.06%	31.18	0.02	0.06%
Rental Car Tax	55.87	1.19	2.18%	59.61	2.11	3.66%	309.60	9.57	3.19%
Vehicle Sales Tax	76.49	1.28	1.70%	82.66	2.06	2.56%	429.54	7.20	1.71%
Driver-Related Fees*	283.46	0.70	0.25%	289.28	(1.92)	-0.66%	1,411.77	(5.89)	-0.42%
Business/Other Revenues ‡*	30.91	0.00	0.00%	29.56	3.87	15.07%	143.41	7.78	5.74%
Total Revenues	**4,650.46**	**(0.40)**	**-0.01%**	**4,817.76**	**9.43**	**0.20%**	**24,280.66**	**12.53**	**0.05%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**135.86**	**0.04**	**0.03%**	**144.17**	**1.55**	**1.09%**	**736.77**	**5.75**	0.79%
State Uses									
Motor Vehicle Account (108)	1,114.00	2.98	0.27%	1,138.52	9.58	0.85%	5,713.25	31.02	0.55%
Transportation 2003 (Nickel) Account (550)	395.08	0.85	0.21%	400.54	1.62	0.41%	2,011.71	6.81	0.34%
Transportation 2005 Partnership Account (09H)	583.90	0.90	0.15%	591.83	2.46	0.42%	2,967.33	10.79	0.36%
Multimodal Account (218)	270.40	3.17	1.19%	285.39	5.51	1.97%	1,478.96	22.15	1.52%
Special Category C Account (215)	47.79	0.07	0.15%	48.41	0.20	0.42%	242.74	0.89	0.37%
Puget Sound Capital Construction Account (099)	34.77	0.05	0.15%	35.22	0.15	0.42%	176.61	0.65	0.37%
Puget Sound Ferry Operations Account (109)	399.33	0.88	0.22%	411.58	(0.33)	-0.08%	2,103.34	(0.39)	-0.02%
Capital Vessel Replacement Account (18J)	17.81	(0.01)	-0.04%	46.79	0.13	0.28%	182.69	0.02	0.01%
Tacoma Narrows Bridge Account (511)	136.38	(2.00)	-1.45%	150.55	(2.58)	-1.68%	767.23	(28.45)	-3.58%
High Occupancy Toll Lanes Account (09F)^	2.57	(0.08)	-3.18%	0.00	0.00	0.00%	2.57	(0.08)	-3.18%
SR 520 Corridor Account (16J)	131.39	(1.84)	-1.38%	154.29	(5.68)	-3.55%	822.55	(20.75)	-2.46%
SR 520 Corridor Civil Penalties Account (17P)	9.43	(8.88)	-48.48%	10.54	(7.77)	-42.46%	53.62	(37.93)	-41.43%
Aeronautics Account (039)	5.88	0.00	0.02%	6.16	0.00	0.06%	31.18	0.02	0.06%
State Patrol Highway Account (081)	348.01	1.38	0.40%	359.62	2.82	0.79%	1,843.33	11.60	0.63%
Highway/Motorcycle Safety Accts. (106 & 082)	249.11	0.91	0.37%	254.61	(1.60)	-0.62%	1,235.26	(4.42)	-0.36%
School Zone Safety Account (780)	1.24	0.00	0.00%	1.20	0.00	0.00%	6.04	0.00	0.00%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.50	0.07	0.42%	16.97	0.14	0.82%	86.56	0.60	0.69%
Ignition Interlock Devices Revolving Acct 14V	3.83	0.01	0.33%	3.97	0.04	0.98%	19.70	0.17	0.85%
Multiuse Roadway Safety Account Collections-571	0.05	(0.00)	-5.14%	0.08	(0.00)	-5.25%	0.44	(0.01)	-2.51%
Total for State Use	**3,767.42**	**(1.54)**	**-0.04%**	**3,916.20**	**4.69**	**0.12%**	**19,744.64**	**(7.32)**	**-0.04%**
Local Uses									
Cities	183.27	0.27	0.15%	185.67	0.77	0.42%	930.91	3.43	0.37%
Counties	302.24	0.44	0.15%	306.63	1.31	0.43%	1,538.48	5.80	0.38%
Transportation Improvement Board (112 & 144)	195.83	0.29	0.15%	198.39	0.82	0.42%	995.04	3.65	0.37%
County Road Administration Board (102 & 186)	65.84	0.10	0.15%	66.71	0.28	0.41%	334.81	1.22	0.36%
Total for Local Use	**747.18**	**1.10**	**0.15%**	**757.39**	**3.18**	**0.42%**	**3,799.25**	**14.09**	**0.37%**
Total Distribution of Revenue	**4,650.46**	**(0.40)**	**-0.01%**	**4,817.76**	**9.43**	**0.20%**	**24,280.66**	**12.53**	**0.05%**

† 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, November's transportation revenues are projected at $4.65 billion. This forecast is down minimally 0.01% or $400,000 from the last forecast. In the current biennium, most all revenue sources are up from the September forecast except for the toll revenue forecast. The rise in all the non-toll revenue sources for this November forecast are higher due to higher fuel tax collections, license, permits and fee revenue, ferry revenue, rental car and vehicle sales taxes and business related revenue. In the current biennium, fuel taxes are up by $3.89 million; licenses, permits and fee collections are up by $4.72

million; rental car revenue is up by $1.2 million and vehicle sales tax revenue by $1.3 million. Even though all these revenue sources are up a little, the loss in toll revenue from the last forecast is larger at -$12.8 million in the current biennium. In the next biennium, transportation revenues are up overall by $9.43 million or 0.2%. Again the same primary revenue sources are up next biennium and the toll forecast is down forecast to forecast along with driver-related fees and ferry revenue. Over the 10-year forecast horizon (2013-2023), the revenue forecast for November is $24.28 billion which is up $12.5 million or 0.05% from the September forecast.

Figure 4 compares the current November 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 $32.2 million. The licenses, permits and fee revenue has the biggest gain from the February 2014 forecast at $21.3 million or 2% 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 much larger at $91.1 million or 1.9%. Over the next ten years, the current forecast is up $448.9 million over the baseline due to legislative changes.

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

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

November 2014• millions of dollars

	Current Biennium 2013-2015			2015-2017			10-Year Period (2013-2023)		
	Forecast Nov-14	Chg from Baseline ¥	Percent Change	Forecast Nov-14	Chg from Baseline ¥	Percent Change	Forecast Nov-14	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,539.72	8.55	0.34%	2,583.80	39.00	1.53%	12,961.07	260.10	2.05%
Licenses, Permits and Fees *	1,030.70	21.29	2.11%	1,091.81	59.24	5.74%	5,506.50	227.23	4.30%
Ferry Revenue†	347.66	4.81	1.40%	359.51	3.60	1.01%	1,841.62	22.55	1.24%
Toll Revenue §	279.77	(12.81)	-4.38%	315.38	(16.04)	-4.84%	1,645.97	(87.22)	-5.03%
Aviation Revenues ‡	5.88	(0.08)	-1.26%	6.16	(0.04)	-0.62%	31.18	(0.06)	-0.19%
Rental Car Tax	55.87	3.02	5.71%	59.61	3.88	6.96%	309.60	17.08	5.84%
Vehicle Sales Tax	76.49	2.35	3.17%	82.66	3.58	4.53%	429.54	17.78	4.32%
Driver-Related Fees*	283.46	0.64	0.23%	289.28	(6.35)	-2.15%	1,411.77	(22.22)	-1.55%
Business/Other Revenues ±	30.91	4.38	16.50%	29.56	4.20	16.58%	143.41	13.69	10.55%
Total Revenues	**4,650.46**	**32.16**	**0.70%**	**4,817.76**	**91.08**	**1.93%**	**24,280.66**	**448.94**	**1.88%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**135.86**	**(2.63)**	**-1.90%**	**144.17**	**0.28**	**0.19%**	**736.77**	**(1.89)**	**-0.26%**
State Uses									
Motor Vehicle Account (108)	1,114.00	10.21	0.92%	1,138.52	27.29	2.46%	5,713.25	126.45	2.26%
Transportation 2003 (Nickel) Account (550)	395.08	0.83	0.21%	400.54	4.03	1.02%	2,011.71	28.57	1.44%
Transportation 2005 Partnership Account (09H)	583.90	2.80	0.48%	591.83	8.96	1.54%	2,967.33	60.83	2.09%
Multimodal Account (218)	270.40	7.69	2.93%	285.39	9.72	3.52%	1,478.96	47.50	3.32%
Special Category C Account (215)	47.79	0.20	0.43%	48.41	0.73	1.53%	242.74	5.13	2.16%
Puget Sound Capital Construction Account (099)	34.77	0.15	0.43%	35.22	0.53	1.53%	176.61	3.73	2.16%
Puget Sound Ferry Operations Account (109)	399.33	5.41	1.37%	411.58	4.32	1.06%	2,103.34	27.94	1.35%
Capital Vessel Replacement Account (18J)	17.81	10.24	0.00%	46.79	38.88	491.96%	182.69	142.09	350.05%
Tacoma Narrows Bridge Account (511)	136.38	(2.00)	-1.45%	150.55	(2.58)	-1.68%	767.23	(28.45)	-3.58%
High Occupancy Toll Lanes Account (09F)*	2.57	(0.08)	0.00%	0.00	0.00	0.00%	2.57	(0.08)	100.00%
SR 520 Corridor Account (16J)	131.39	(1.84)	-1.38%	154.29	(5.68)	-3.55%	822.55	(20.75)	-2.46%
SR 520 Corridor Civil Penalties Account (17P)	9.43	(8.88)	-48.48%	10.54	(7.77)	-42.46%	53.62	(37.93)	-41.43%
Aeronautics Account (039)	5.88	(0.08)	-1.26%	6.16	(0.04)	-0.62%	31.18	(0.06)	-0.19%
State Patrol Highway Account (081)	348.01	5.47	1.60%	359.62	5.68	1.61%	1,843.33	29.61	1.63%
Highway/Motorcycle Safety Accts. (106 & 082)	249.11	0.85	0.34%	254.61	(5.75)	-2.21%	1,235.26	(19.57)	-1.56%
	1.24	0.06	5.38%	1.20	0.03	2.41%	6.04	0.18	3.00%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.50	0.16	0.96%	16.97	0.26	1.53%	86.56	1.41	1.65%
Ignition Interlock Device Revolving Acct 14V	3.83	0.02	0.49%	3.97	0.14	3.72%	19.70	0.59	3.08%
Multiuse Roadway Safety Account Collections-571	0.05	0.05	41.67%	0.05	(0.07)	-61.99%	0.38	(0.33)	-46.26%
Total for State Use	**3,767.42**	**31.20**	**0.84%**	**3,916.20**	**78.75**	**2.05%**	**19,744.64**	**367.18**	**1.89%**
Local Uses									
Cities	183.27	0.79	0.43%	185.67	2.80	1.53%	930.91	19.67	2.16%
Counties	302.24	1.68	0.56%	306.63	5.24	1.74%	1,538.48	35.21	2.34%
Transportation Improvement Board (112 & 144)	195.83	0.84	0.43%	198.39	3.00	1.53%	995.04	21.36	2.19%
County Road Administration Board (102 & 186)	65.84	0.28	0.43%	66.71	1.01	1.54%	334.81	7.40	2.26%
Total for Local Use	**747.18**	**3.58**	**0.48%**	**757.39**	**12.05**	**1.62%**	**3,799.25**	**83.65**	**2.25%**
Total Distribution of Revenue	**4,650.46**	**32.16**	**0.70%**	**4,817.76**	**91.08**	**1.93%**	**24,280.66**	**448.94**	**1.88%**

¥ 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	3.8	1.0	2.9	13.8	1.1	13.5
2013	3.6	1.1	1.7	0.5	1.0	9.5
2014	1.9	1.3	1.6	-2.4	1.3	4.5
2015	3.6	1.4	1.2	-2.9	1.6	6.1
2016	4.1	1.4	1.2	-3.6	1.8	7.6
2017	4.3	1.3	1.8	-0.2	1.9	7.2
2018	3.9	1.3	1.9	1.5	1.8	6.3
2019	3.4	1.1	2.0	3.0	1.8	2.5
2020	3.1	1.0	2.0	3.6	1.9	1.6
2021	2.4	1.0	2.2	4.5	1.9	1.3
2022	2.5	1.0	2.2	4.7	1.9	2.0
2023	2.6	1.0	2.2	4.7	1.9	2.6
2024	2.7	1.0	2.2	4.5	2.0	2.2
2025	2.8	1.0	2.2	4.1	2.1	2.9
2026	2.7	1.0	2.0	1.8	2.1	3.2
2027	2.7	1.0	2.0	1.6	2.1	3.2

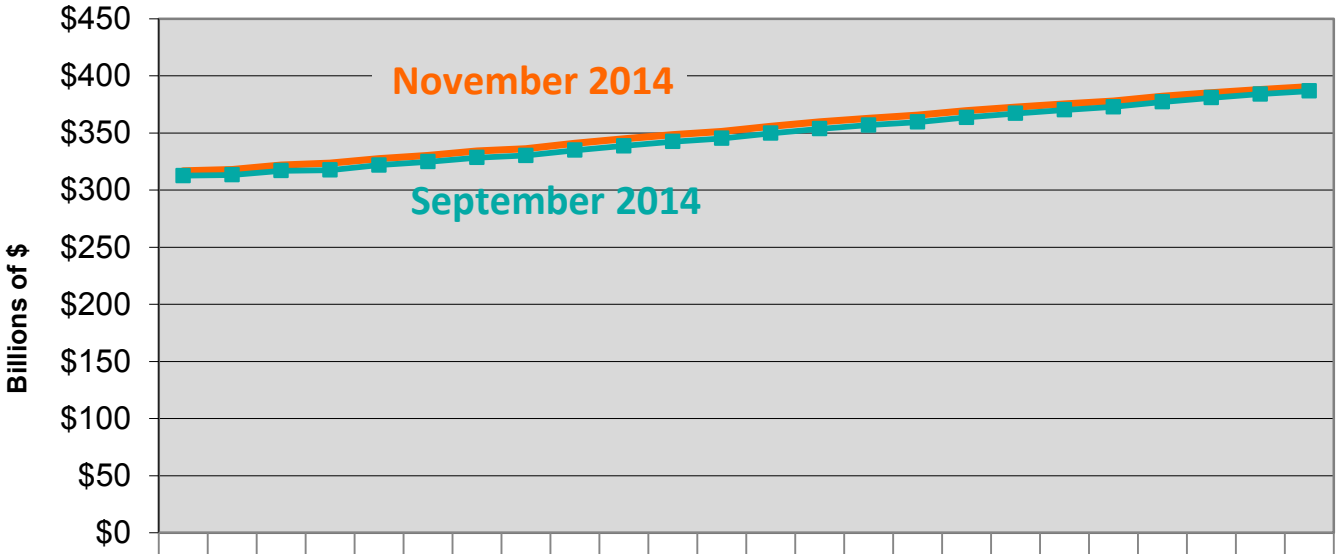
Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management, October 2014 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices

WA Personal Income

The forecast of Washington real personal income is projected by the Washington Economic and Revenue Forecast Council (ERFC) based on the October Global Insight forecast, October Blue Chip average US GDP growth rates, NYMEX fuel prices, and other forecasted economic variables in the near term through FY 2019. Washington real personal income in FY 2012 averaged $298 billion. This was a year-over-year increase of 3.8%. For FY 2013, Washington real personal income was $308.7 billion, with a year-over-year growth rate of 3.6%. In FY 2014, the growth in real personal income was higher at $314.7 billion and an annual growth of 1.9%. This was a lower growth rate than in September but the actual personal income was revised higher in FY 2014 due to the national BEA revisions being personal income up. In the current fiscal year, this November forecast has personal income at $325.9 billion and the annual growth rate at 3.6% which is a revision upward in the growth rate from the last forecast at 3.2%. This November 2014 forecast predicts Washington real personal income to be slightly higher than the last forecast throughout the forecast horizon, see Figure 6. In the fourth quarter of 2014, real personal income is anticipated to be $324 billion which is higher than $318 billion projected last forecast. In next fiscal year, the personal income growth rate is anticipated to be 4.1% which is nearly the same growth as September's forecast at 4%.The average growth rate in fiscal years 2015-2018 is 4% which is nearly the same average as last quarter's projections. In FY2019, Washington real personal income is anticipated to be $380 billion with an annual growth rate of 3.4% which is slightly lower growth rate than predicted in September at 3.7%. The annual growth rate in real personal income in fiscal year 2020 is 3.1%

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 November vs. September 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-Nov	317	318	322	324	328	330	334	336	341	345	348	351	356	360	363	366	370	373	375	378	382	385	388	390
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 (October 2014 economic variables) and 2014 OFM long-term personal income forecast

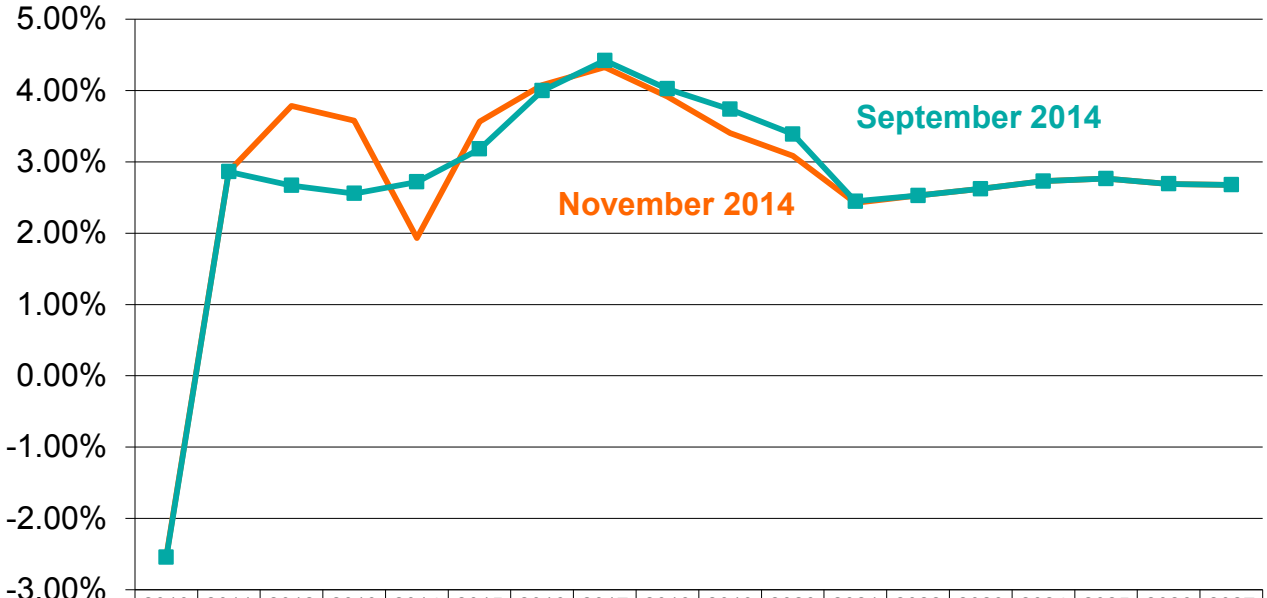
WA Population

The November 2014 forecast includes the preliminary 2014 OFM population projections which was a revision from the September forecast which used the 2013 OFM population forecast. See Figure 8 for a comparison graph.

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 5.297 million in FY 2013, representing a 1.1% annual growth from the prior year. The FY 2014 driver age population is 5.367 million, which is 1.3% annual growth. In fiscal year 2015, the population forecast is 5.442 million with an annual growth of 1.4%. In subsequent years, the annual population growth rate starts at 1.4% 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 1.12% which is only a minor revision upward from the 2013 OFM population forecast.

Driver net in migration has also been rising annually since FY 2012 when it was 146,482. In FY 2013, driver in-migration rose 2% to 149,521 and in FY 2014, it rose 9.7% year-over-year to $163,995, which is the highest annual net in-migration total since we began tracking this statistic in 1983.

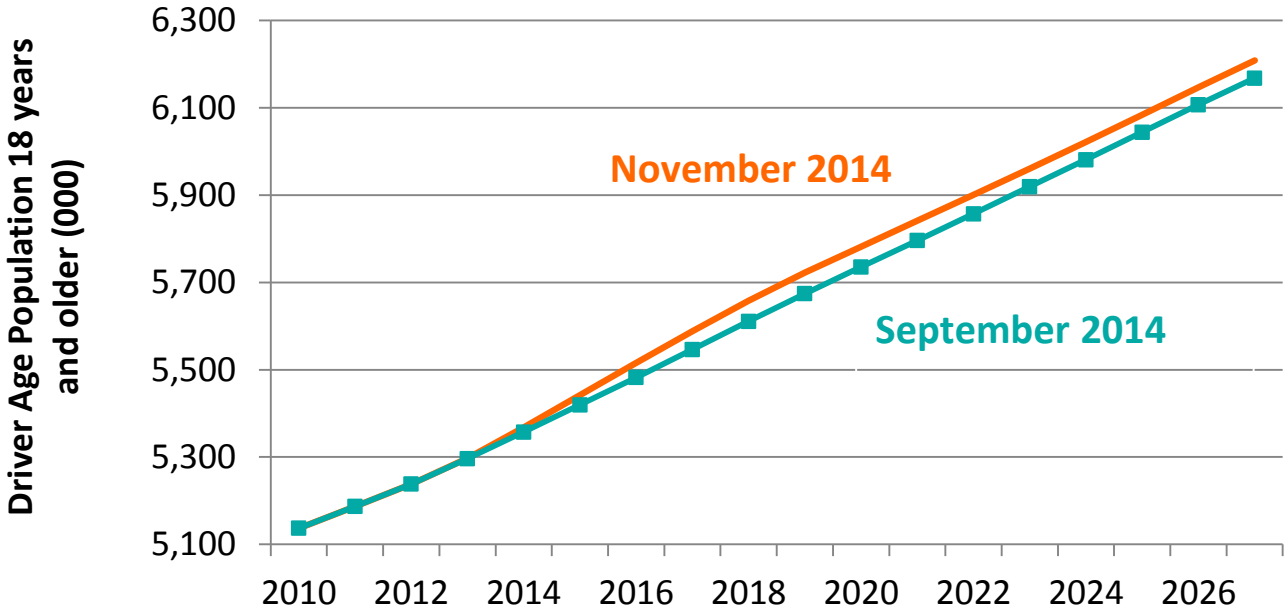
Figure 7 Forecast Comparison of Annual Growth Rates for Washington Real Personal Income November vs. September 2014



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Nov 2014	-2.5%	2.9%	3.8%	3.6%	1.9%	3.6%	4.1%	4.3%	3.9%	3.4%	3.1%	2.4%	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%

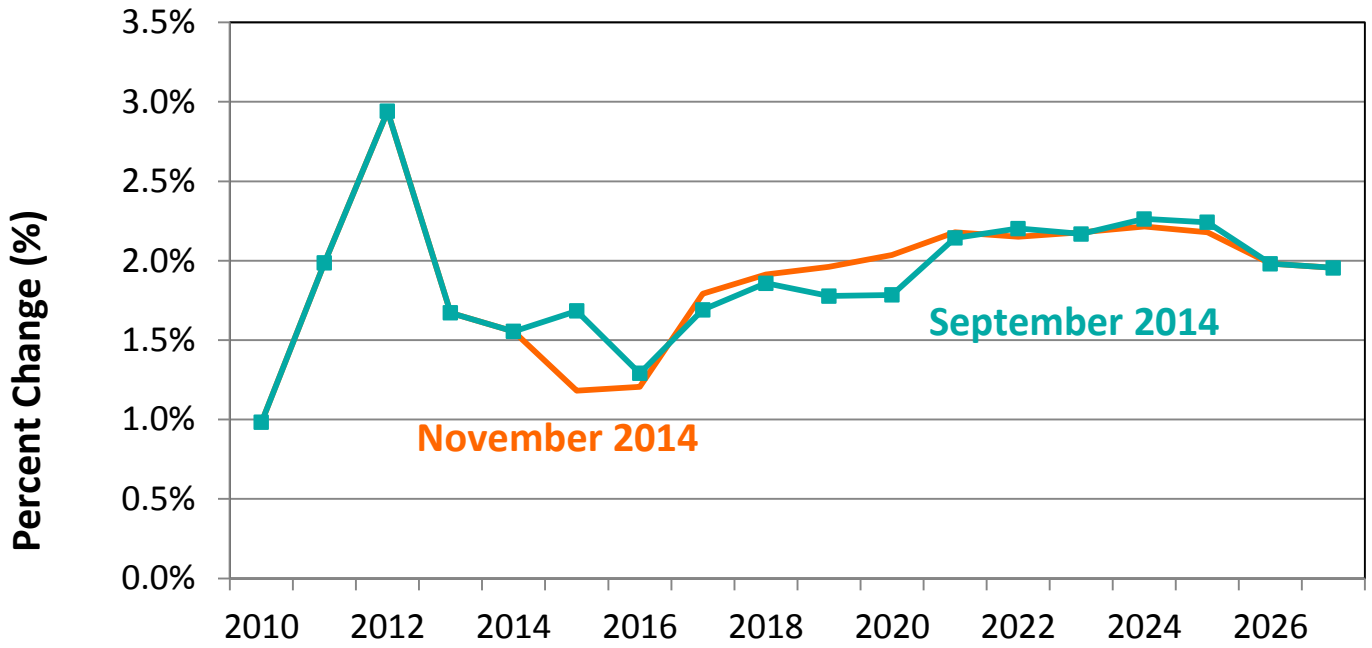
Source: Washington Economic and Revenue Forecast Council (October 2014 economic variables) and 2014 long-term personal income forecast

Figure 8 Washington Driver Age Population Forecast Comparison 2014 Preliminary Forecast vs. 2013 OFM Forecast



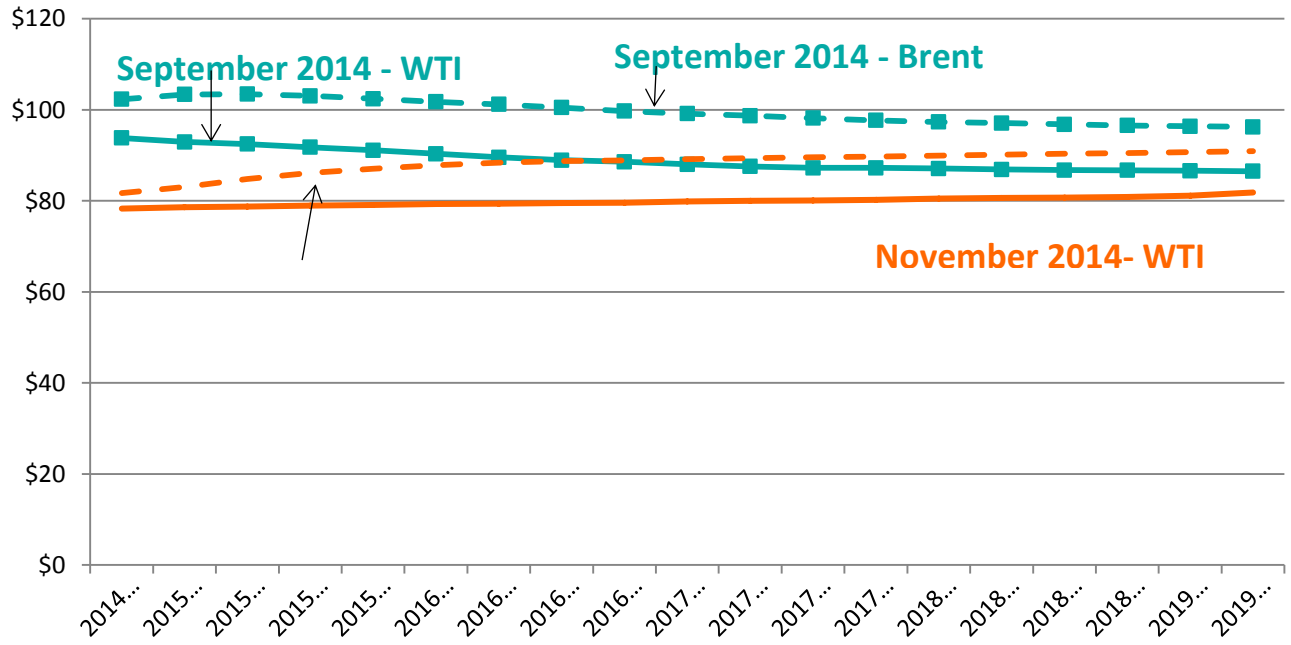
Source: Washington Office of Financial Management 2013 and 2014 Preliminary Washington Population Forecasts

Figure 9 Inflation Forecast Comparison – Annual Percent Change in U.S. Implicit Price Deflator for Personal Consumption November vs. September 2014



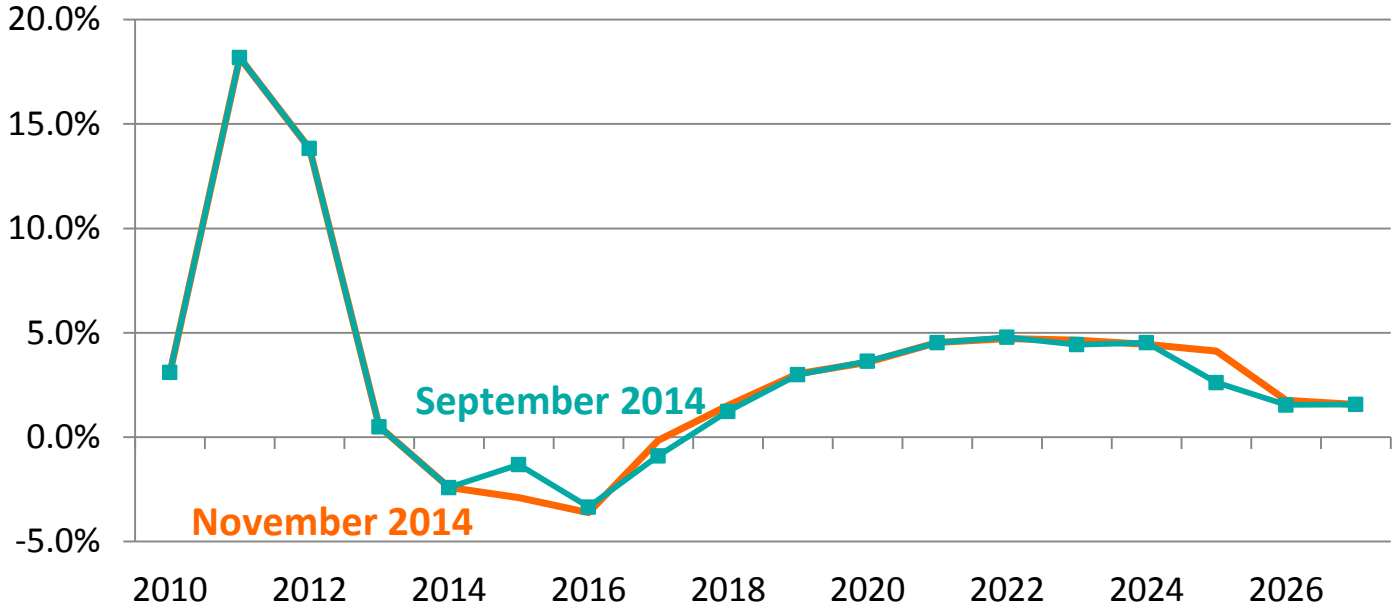
Source: Washington Economic and Revenue Forecast Council and October 2014 Global Insight forecast

Figure 10 NYMEX WTI and Brent Crude Oil Price Comparison and Price Spread Since January 2008



Source: September and November NYMEX future prices – WTI and Brent crude oil prices

Figure 11 Global Insight Oil/Gas Price Index Forecasts: Growth Rate Comparison November vs. September 2014



Source: October 2014 Global Insight forecast

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 October 2014 projection of the implicit price deflator (IPDC) for 2020 and beyond (Figure 9). 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%. In FY 2015, the current forecast shows an annual increase in inflation of 1.2%, which is a sharp revision downward from the 1.7% projected in September. In FY 2016, the current forecast shows an annual increase in inflation of 1.2%, which is slightly lower than last quarter's forecast at 1.3%. 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 9).

Crude Oil NYMEX Futures Prices

The September and November U.S. crude oil NYMEX futures prices for both BRENT and West Texas Intermediate (WTI) and the price spread are revealed in Figure 10. Last quarter's futures prices were higher than the current November 2014 future prices for both Brent and WTI, all throughout the future period. In recent months, Brent and WTI futures prices have gotten closer reflecting the actual WTI and Brent crude oil prices getting closer. In the fourth quarter of 2014, the Brent and WTI future prices are at $82 and $78 per barrel respectively, only $4 per barrel difference in futures prices. Over time, the difference between the two crude oil price futures grows so by the second quarter of 2019, the Brent and WTI futures prices are at $90.9 and $80.7 per barrel respectively, for a difference of $10.2 per barrel. The reason for the disparity in WTI and Brent crude oil prices in the future is because the November futures prices for WTI is essentially flat where the futures prices for Brent has a little growth in the near-term future and then it flattens.

U.S. Petroleum Products Price Index

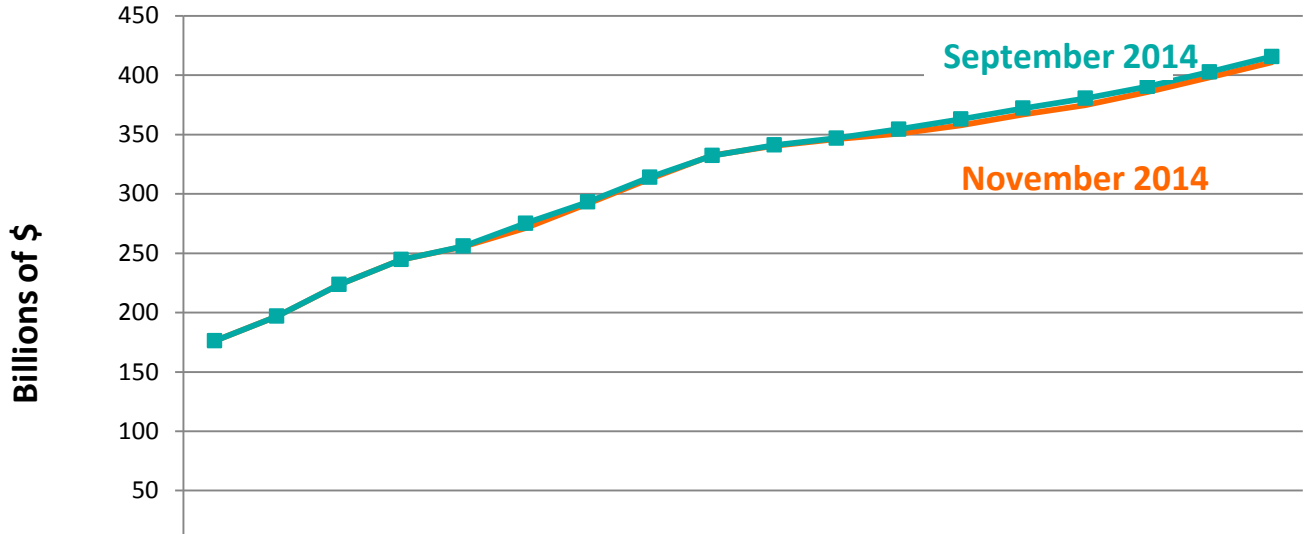
The annual year over year change in the U.S. petroleum products price index was 18% for FY 2011. In FY 2012, the price index grew by 13.8%, year-over-year. In FY 2013 the annual growth for the U.S. petroleum products price index was 0.5%. In FY 2014, the US petroleum price index declined by 2.4%. In FY 2015, the forecast of this index is projected to decline by 2.9% which is a larger decline than the -1.3% predicted last

quarter. In FY 2016, the petroleum products price index is also predicted to fall annually by -3.6% which is slightly larger than 3.3% projected last quarter. In FY 2017, the petroleum products price index is predicted to fall for another year annually by -0.15% which is above the decline of 0.9% 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 1.5% and rise to 4.7% by FY 2022 and the positive growth slows back down to 1.6% by the end of the forecast horizon (see Figure 11).

U.S. Fuel Efficiency (MPG)

The U.S. on-road fuel efficiency variable for the November 2014 forecast is unchanged from the September forecast. Previous forecasts have 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 November 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 12 Global Insight Annual US Consumer Spending on Motor Vehicles November vs. September 2014



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
14-Nov	176.	196.	223.	244.	255.	271.	291.	312.	332.	340.	346.	350.	357.	366.	374.	385.	398.	410.
14-Sep	176.	196.	223.	244.	255.	275.	293.	314.	332.	341.	346.	354.	362.	372.	380.	390.	402.	415.

Source: November 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 4.5%. In fiscal year 2015, consumer spending on new vehicles is expected to grow at 6.0% instead of

7.5%, which is lower than last quarter's projection. In general, this November 2014 forecast is predicting slightly lower levels of consumer spending on new motor vehicles than in September in fiscal years 2015 through 2017. Then beginning in fiscal year 2019 and throughout the rest of the forecast horizon, the new November forecast is slightly lower than the previous forecasted growth rates. This current forecast has the highest growth rate of 7.5% in FY 2016 instead of 2015 as predicted in last quarter's forecast. After the highest annual growth rate of 7.5% is predicted in FY 2016, the annual growth rates of consumer sales on new vehicles are anticipated to decline in FY 2017 to 7.2% and then increase again to 6.3% in FY 2018. In years after FY 2018, the annual growth rates falls further and the annual growth rates in remaining years stabilize, averaging 2.4%, which is slightly lower than last quarter's average of 2.5% over the same time period.

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

This November forecast has only minor upward revisions in the levels of Washington employment from the September 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%. In the current fiscal year, the annual growth rate for non-ag. employment is also 2.5% as opposed to 2.3% 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 14).

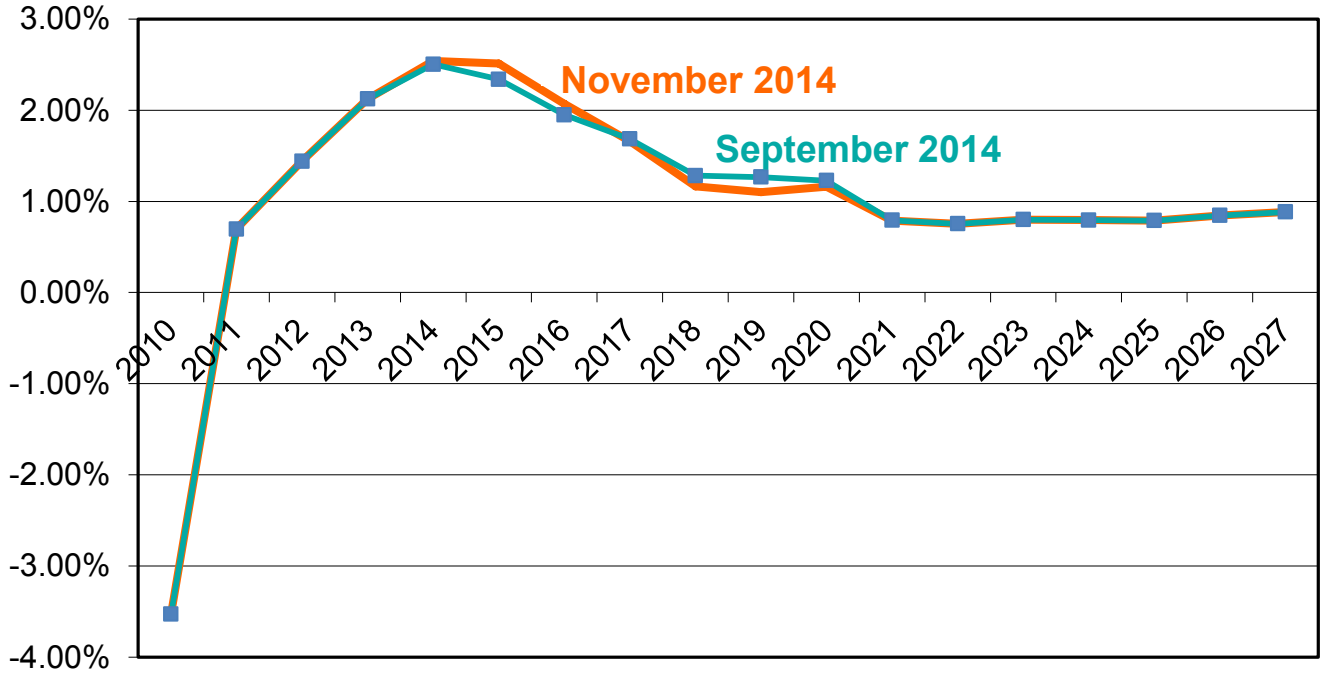
Figure 13 Annual Growth Rates (%) Washington Employment Forecasts November 2014

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	2.5	2.7	2.9
2016	2.1	1.4	0.8
2017	1.7	1.0	0.2
2018	1.2	0.7	0.0
2019	1.1	0.5	-0.1
2020	1.2	0.5	0.3
2021	0.8	0.4	0.4
2022	0.8	0.4	0.4
2023	0.8	0.3	0.2
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

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%. In FY 2015, this industry's employment is anticipated to continue growing at 2.7% as opposed to 2.5% year-over-year expected in September. In FY 2016, the growth rate in this employment sector is higher than the last projection at a year over year growth of 1.4% as opposed to 1.3% in September. Then in FY 2017,

Washington employment growth rates in the trade, transportation, and utilities sectors is anticipated to grow at 1% same as last quarter's forecast. 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 the same as anticipated in September. 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 15).

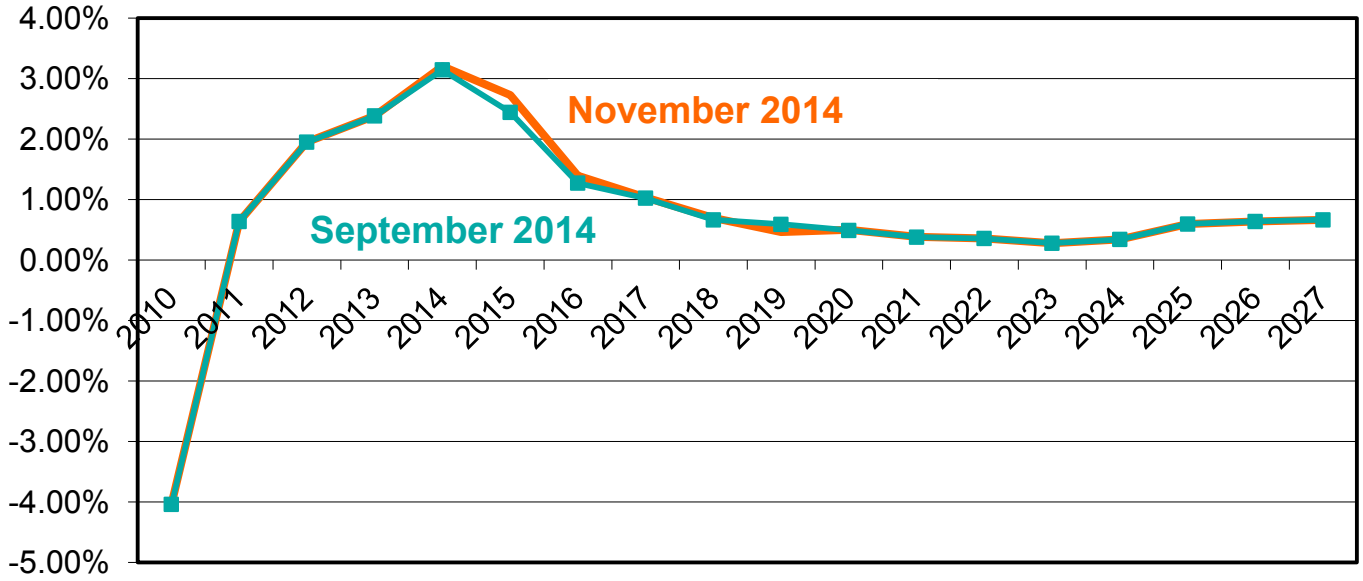
Figure 14 Washington Nonfarm Payroll Employment Forecasts of Annual Growth Rates November vs. September 2014



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

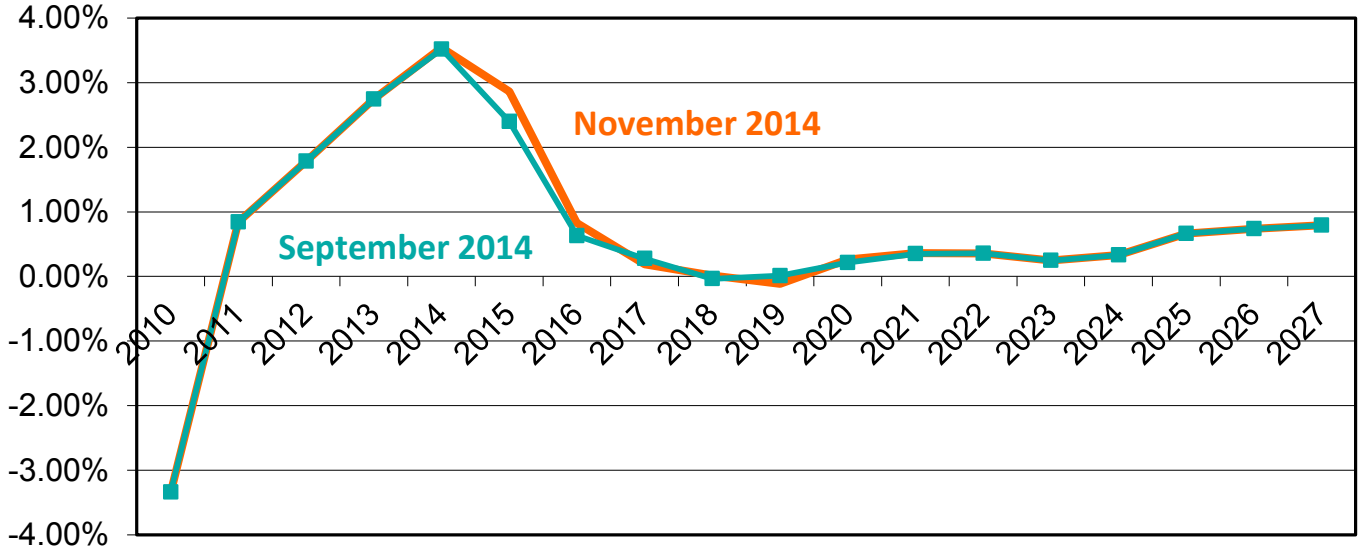
Washington's employment in the retail trade sector in this forecast also follows similar trends as employment in the non-agricultural and trade, transportation, and utilities industries; however, projections are more optimistic in the near-term for this industry sector. The retail employment sector grew 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%. In FY 2015, the current retail employment projection has been raised to a year over year growth of 2.9% as opposed to 2.5% growth anticipated in September. In FY 2016, the retail employment annual growth forecast is 0.8% versus 0.6% projected in September. In FY 2017, the annual growth rate is predicted to be 0.2% as opposed to 0.27% in the September forecast. In FY 2018 and 2019, the annual growth remains low at 0.0% and -0.1% which is nearly the same as last quarter's growth of -0.04% 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 0.5% (see Figure 16).

Figure 15 Washington Nonfarm Payroll Employment – Trade, Transportation and Utilities Sectors (TTU) Forecasts of Annual Growth Rates November vs. September 2014



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

Figure 16 Washington Nonfarm Payroll Employment – Retail Trade Sector Forecasts of Annual Growth Rates November vs. September 2014



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

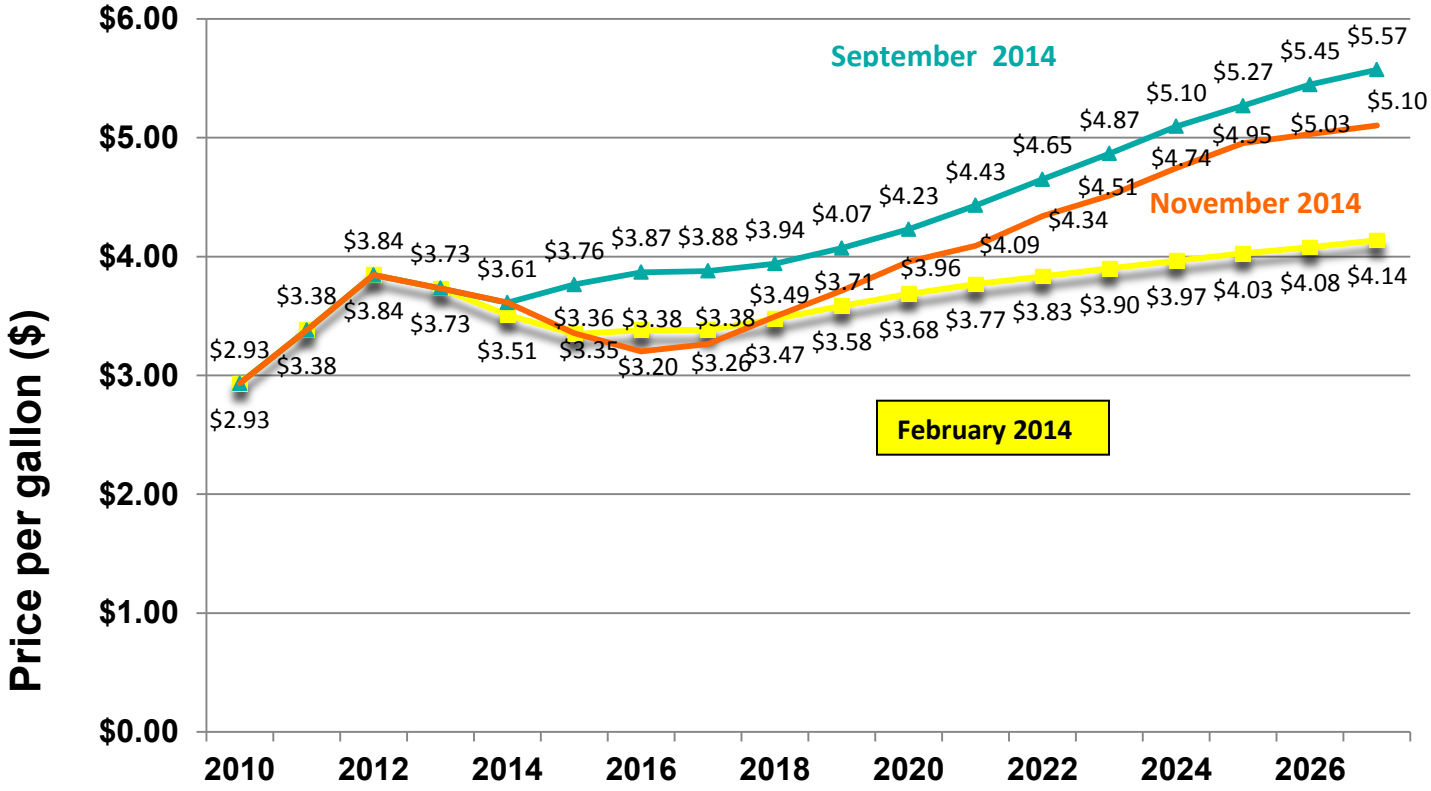
U.S. crude oil price trend

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 third quarter 2014 finished lower at $97.8 per barrel. In the future, this November crude oil price forecast is lower than in September. In FY 2014, WTI crude oil prices came in at $101.3 per barrel. This November crude oil price forecast declines in FY 2015 with an average WTI price forecast of $82.8 per barrel forecast as opposed to the $94.7 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 and in this forecast WTI prices are anticipated to decline further to $77.8 per barrel instead of an average of $93.2 per barrel projected in September. Beginning in FY 2017, WTI crude oil prices are projected to rise back to $85 per barrel in this forecast will is much less than September's forecast which had WTI average price to rising to $105.9 per barrel. In this current forecast, WTI does not exceed $100 per barrel until FY 2019 when it hits $102 per barrel. Then the forecast grows over the course of the forecast horizon. By FY 2027, the WTI price forecast is projected at $151 per barrel. The September 2014 WTI price forecast reached a maximum price of $160 per barrel in FY 2027 which is $9 per gallon higher than our current projection by the end of the forecast horizon.

Washington retail gasoline price trend

November's Washington retail gasoline prices are projected to be lower than the September retail gas price forecast all throughout the forecast horizon. This current forecast is also lower than the February 2014 baseline price forecast in FY 2015-2018 but then for the remainder of the forecast horizon the current price forecast for retail gas grows faster and higher than the February 2014 forecast, see Figure 17. 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 decrease year-over-year to $3.35 per gallon, $0.41 lower than anticipated in the September forecast. In FY 2016, this current forecast anticipates prices to decrease again to $3.20 per gallon, which is 21% lower than $3.87 per gallon expected last quarter The November forecast of retail gas prices remains low in FY 2017 at $3.27 per gallon. In FY 2018, retail gas prices are anticipated to rise to $3.49 per gallon which is still sizably lower than the September forecast. The rise in gas prices hits more than $4 per gallon in FY 2021 which is two years later than the last forecast. By the end of the forecast horizon, retail gas prices are anticipated to reach $5.10 per gallon in this November forecast.

Figure 17 Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular February, September and November 2014

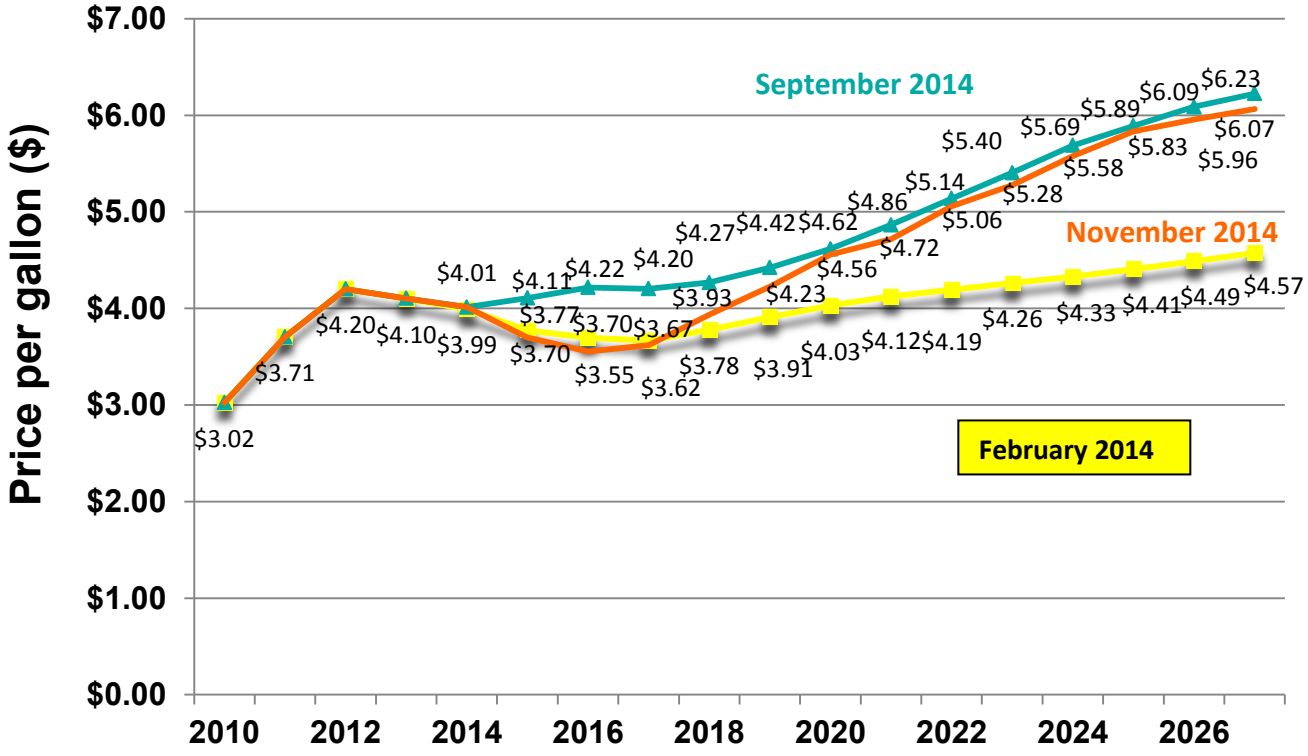


Washington retail diesel price trend

This November forecast of retail diesel prices is lower than the last forecast throughout the forecast horizon, see Figure 18. It is nearly the same forecast as in February 2014 until FY 2017 and then it takes off with higher growth rates in the future than the February 2014 projections. 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 November retail diesel price forecast is projected to be 10% lower at $3.70 per gallon as opposed to the September forecasted price of $4.11 per gallon. In FY 2016, retail diesel prices are expected to fall further to $3.55 per gallon and then they start to rise again. The current projection of

retail diesel prices stay below the September forecast throughout the forecast horizon. By FY 2020, the current projection of retail diesel prices is nearly the same as in September. After that, the two quarterly forecasts of diesel prices are very similar. By the end of the forecast horizon, the current forecast of retail diesel price is $6.07 per gallon and $0.16 per gallon lower than the forecast in September.

Figure 18 Forecast of UNADJUSTED Washington Retail Diesel Prices February, September and November 2014



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 drop a little to $0.35 per gallon. In FY 2016 and 2017, the price differential remains nearly the same at $0.35 per gallon. Beginning in FY 2018, the price differential is projected to grow from $0.43 per gallon to $0.97 per gallon by the end of the forecast horizon.

Figure 19 Near-term UNADJUSTED BASELINE Quarterly Fuel Prices: November 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	97.78	3.85	4.04
2014: Q4	80.13	3.21	3.70
2015: Q1	77.00	3.10	3.52
2015: Q2	76.33	3.27	3.54
FY 2015	**82.81**	**3.36**	**3.70**
2015: Q3	78.33	3.25	3.55
2015: Q4	79.33	3.09	3.61
2016: Q1	73.67	3.17	3.54
2016: Q2	79.75	3.29	3.51
FY 2016	**77.77**	**3.20**	**3.55**
2016: Q3	84.86	3.24	3.55
2016: Q4	83.03	3.08	3.57
2017: Q1	82.85	3.21	3.58
2017: Q2	89.06	3.52	3.79
FY 2017	**84.95**	**3.26**	**3.62**

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

In November 2014, the West Texas Intermediate (WTI) crude oil price forecasts for FY 2015 differed by approximately 3.5%, or $82.5 - $90.4 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 $85.7 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 $82.5 per barrel by Global Insight to $90.4 per barrel by Consensus Economics with the average being $85.7 per barrel. The forecast for WTI crude oil in FY 2016 ranged from $77.1 per barrel by Global Insight to $98 per barrel by Moody's Economy.com with the average being $84.6 per barrel. The average forecast for WTI crude oil in FY 2017 ranged from $79.3 per barrel by NYMEX to $105 per barrel by Economy.com with the average being $89.1 per barrel. Figure 20 reveals that the WSDOT baseline WTI price forecast had the lowest price differential, at 3.5%, in fiscal year 2015.

Figure 20 Near-term Annual WTI Crude Oil Price Forecasts – 5 Different Forecast Comparisons: November 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	$82.81	$82.73	$82.52	$90.17	$90.37	$85.72	-0.35%	9.13%	3.51%
2016	$77.77	$78.65	$77.14	$98.00	$91.29	$84.57	-0.82%	26.01%	8.74%
2017	$84.95	$79.31	$82.97	$105.23	$93.02	$89.10	-6.64%	23.87%	4.88%

Figure 21 Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes: November 2014

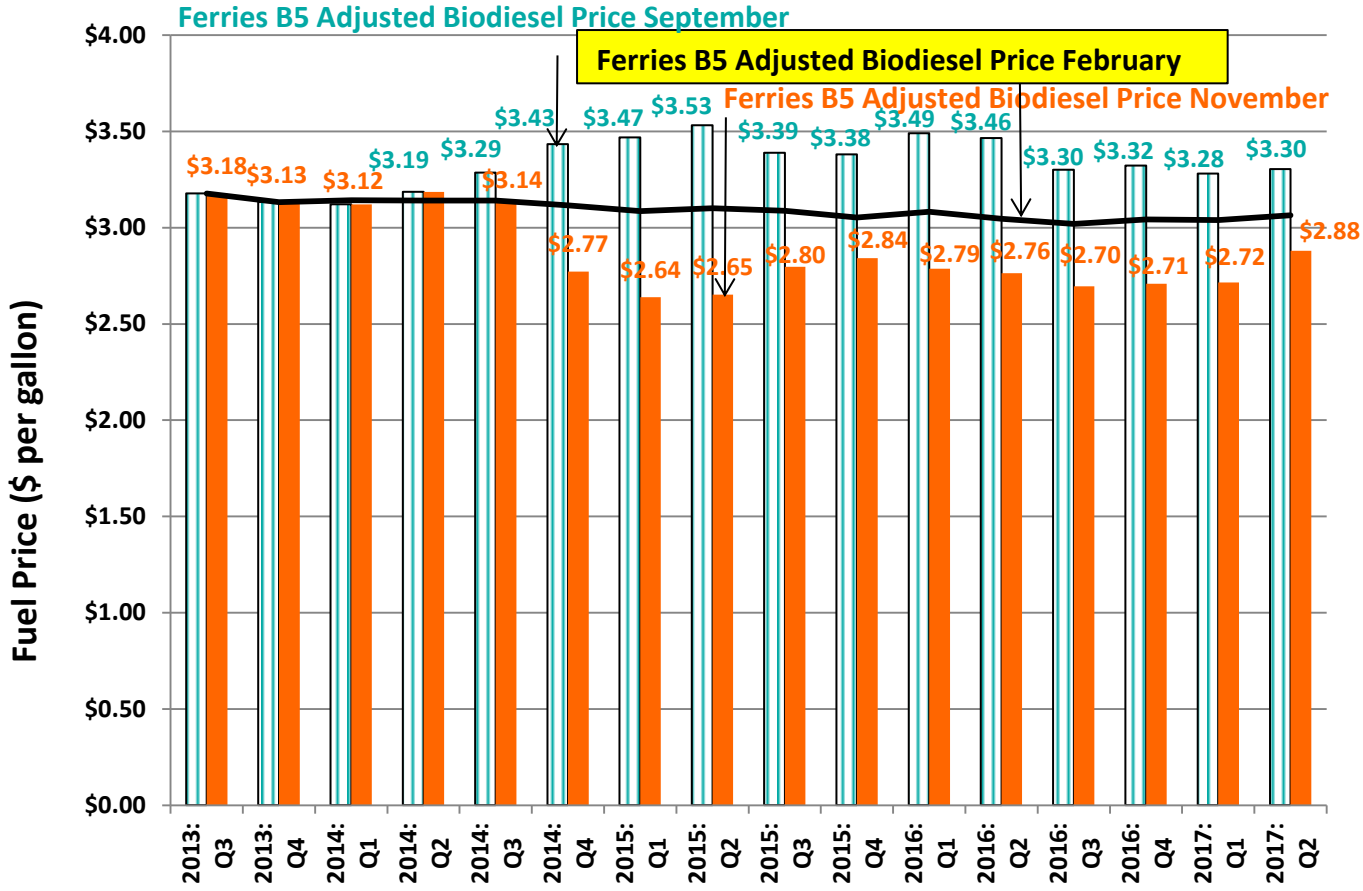
Fiscal Year Quarter	Adjusted WA Retail Gasoline Price ($/gal)	Adjusted WA Retail Diesel Price ($/gal)	Adjusted B5 Biodiesel Price ($/gal)	Unadjusted B99 Biodiesel price
2013: Q3	3.79	4.03	3.18	4.93
2013: Q4	3.38	3.99	3.13	4.77
2014: Q1	3.41	3.99	3.12	4.89
2014: Q2	3.87	4.03	3.19	4.35
FY 2014	**3.61**	**4.01**	**3.15**	**4.74**
2014: Q3	3.85	4.04	3.14	4.20
2014: Q4	3.32	3.83	2.77	3.86
2015: Q1	3.20	3.64	2.64	3.68
2015: Q2	3.38	3.66	2.65	3.70
FY 2015	**3.44**	**3.79**	**2.80**	**3.86**
2015: Q3	3.54	3.86	2.80	3.71
2015: Q4	3.36	3.93	2.84	3.77
2016: Q1	3.45	3.85	2.79	3.70
2016: Q2	3.58	3.82	2.76	3.67
FY 2016	**3.48**	**3.86**	**2.80**	**3.71**
2016: Q3	3.40	3.72	2.70	3.71
2016: Q4	3.23	3.74	2.71	3.73
2017: Q1	3.37	3.75	2.72	3.73
2017: Q2	3.70	3.98	2.88	3.96
FY 2017	**3.42**	**3.80**	**2.75**	**3.78**

WSDOT applies the five forecast entity average adjustment to the baseline November 2014 retail gasoline, diesel, and B5 biodiesel prices. The fuel prices listed in Figure 21 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 3.5% increase in the baseline fuel prices for retail gas, diesel and B5 biodiesel prices for the remaining months of FY 2015 and 8.7% increase for FY 2016. In FY 2017 baseline fuel prices are adjusted upward by 4.9%. 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. In FY 2015, the adjusted B5 biodiesel price is anticipated to be even lower at $2.80 per gallon, lower than the $3.43 per gallon projected in September. In FY 2016-17, the current forecast of adjusted B5 prices is projected to remain low and be lower than last forecast in FY 2016 with projections of $2.80 and $2.75 per gallon respectively as opposed to $3.43 and $3.30 per gallon last quarter

Figure 22 Quarterly Ferries B5 Biodiesel Prices Used for Budgeting the 2013-15 and 2015-17 Biennia February (Baseline) vs. September vs. November 2014 Forecast Comparison



The November adjusted B5 biodiesel price forecast is much lower than the last quarterly forecast. In the third and fourth quarter of 2014, the current B5 biodiesel price of $3.14 per gallon and $2.77 per gallon respectively as opposed to $3.29 per gallon and $3.43 per gallon in the September forecast. The third quarter actual prices are nearly identical to the February 2014 forecast. The fourth quarter 2014 forecast for B5 prices is well below the February forecast (used for budgeting purposes). Figure 22 provides a chart comparing the quarterly B5 biodiesel price projections, current, last and February forecasts, for the 2013-15 and next biennium. The chart reveals that this November forecast of B5 prices is a substantial drop in prices from not only the September 2014 forecast but also the February baseline price forecast.

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 lower than the last quarter's forecast throughout the forecast horizon. In FY 2015, the average annual B99 price is expected to decline further to $3.86 per gallon as opposed to $4.42 per gallon predicted in September. In FY 2016, the B99 forecast predicts further decline to $3.71 per gallon and then a stay at that level of $3.78 per gallon in FY 2017, which is 16% decline from the September forecast at $4.52 per gallon.

Motor Vehicle Fuel Tax Forecast

Motor vehicle tax collections for gasoline and diesel consumption the two months spanning September to October 2014 totaled $225.181 million or $3.439 million (1.55%) more than the $221.743 million forecasted in September 2014. For the five months from June through October 2014 the variance in actual collections totaled a positive $3.247 million (0.59%) compared to forecasted revenues,

From September to October **gasoline** tax collections totaled $180.584 million or 2.08% ($3.68 million) higher than forecasted in September:

- September collections tallied $94.26 million, $1.85 million higher than forecasted;
- October collections tallied $86.33 million, $1.83 million higher than forecasted,

From September to October **diesel** tax collections totaled $44.598 million or -0.54% (-$0.24 million) lower than forecasted in September:

- September collections equaled $22.77 million, $0.079 million more than forecasted;
- October collections totaled $21.83 million, $0.32 million less than forecasted.

Gross motor vehicle fuel tax revenue projections are $2.540 billion for the 2013-15 biennium, 2.1% or $51.87 million more than actual revenues from the 2011-13 biennium. Gross motor vehicle fuel tax revenues for the current biennium are projected to be $3.89 million or 0.15% more than forecasted in September. The overall increase in motor vehicle fuel tax revenue for the 10-year period ending in the 2021-23 biennium totals $50.96 million or 0.39% above the September revenue forecast. The primary reasons for higher fuel tax revenues compared to the September forecast include:

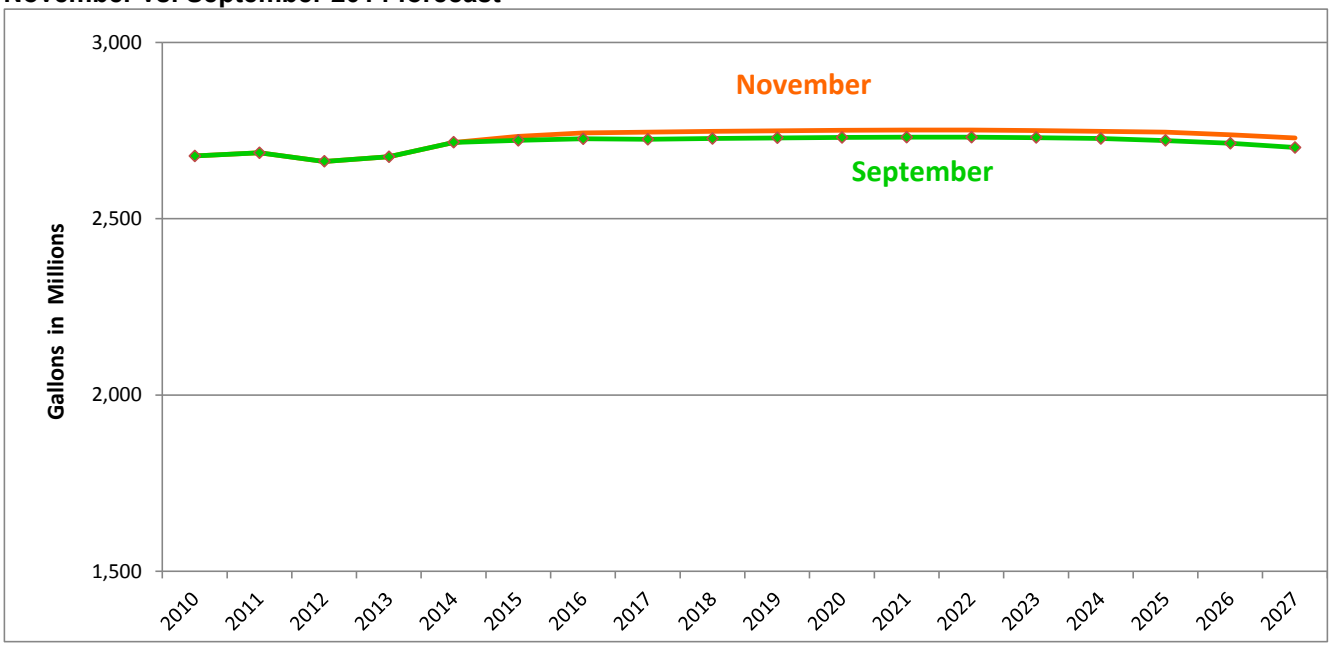
- Higher near-term tax collections in FY2015 for gasoline
- Lower gasoline prices throughout the forecast horizon

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. Figure 23 shows the forecast to forecast comparison of projected gasoline consumption. Throughout the remainder of the forecast horizon (2015 to 2027), gasoline consumption is anticipated to grow an average 0.8% higher than forecasted in September. The annual growth for gasoline is nearly flat with a long-term average annual growth rate of -0.014% in this November forecast.

In the current biennium, gasoline tax revenue is projected to $2.042 billion, an increase of $4.8 million or 0.24% since the September forecast. By the 2015-17 biennium, gasoline tax revenue increases to $2.06 billion, up by $14.3 million or 0.70% from the September forecast. Gross gasoline tax revenue projections are up $64.62 million or 0.63% from the September forecast for the 10-year forecast horizon.

Figure 23 Gasoline Motor Fuel Consumption Forecast Comparison
November vs. September 2014 forecast



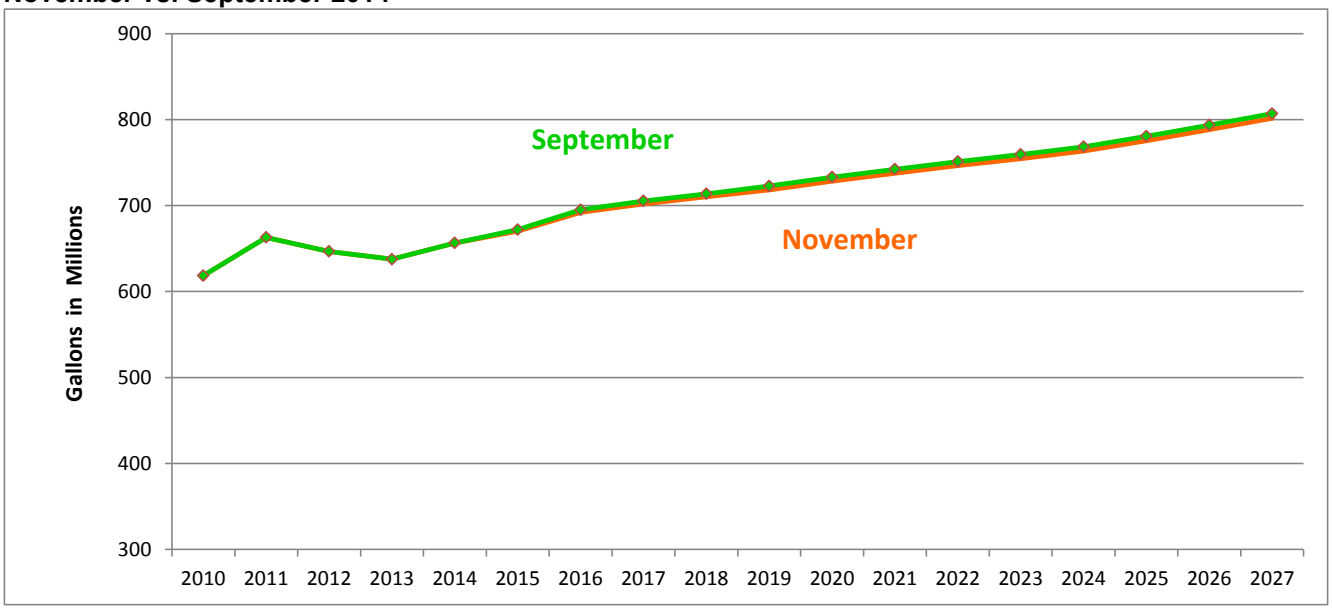
Trends in diesel consumption and tax revenue

- 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 1.50% on average, lower than September's 1.54% average annual growth. Overall, on average from FY 2015-2027, forecasted consumption of diesel is down from the last forecast on average 0.6%.

Diesel tax revenue is projected to be $497.4 million in the 2013-15 biennium, $0.915 million less than the $498.28 million from the prior forecast. In the 2015-17 biennium, diesel tax revenue projections of $524.025 million, a decrease of 0.46% or $2.42 million lower than the September forecast. In the 2017-19 biennium, diesel tax revenue declines to $536.23 million, $3.04 million or 0.56% less than September's $539.27 million. The major reason for the long-term decrease in diesel consumption and revenue compared to September's forecast is lower total actuals in FY2015 and trade, transportation and utilities employment revisions which carry through the entire forecast horizon.

Figure 24 Diesel Fuel Consumption Forecast Comparison: November vs. September 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 simply reduce net motor fuel tax distributions. In the current biennium, gasoline tax non-highway refunds are up $2.1 million or 14.34% while diesel tax non-highway refunds are down 12.9% or $3.93 million. Non-highway refunds for gasoline as the percentage of gross gallons of gasoline increased to 0.8% throughout the forecast horizon based on FY2014 actuals. Non-highway diesel refunds are coming in lower in the first 5 months of FY2015 leading to an adjustment of the of the refund rate downward to 5% in FY2015. The non-highway refund rate for the remainder of the FY2016-2027 forecast horizon is unchanged at 6.5% of gross diesel so the decline in diesel non-highway tax refunds is lower after the current biennium.

This November forecast includes revised tribal fuel tax refunds in the current fiscal year given the actual tribal refunds coming in to date. The long-term tribal refund growth rates are based on an examination of fiscal year 2014 tribal refund by state and size of refunds by station and this analysis was performed last forecast and we have not revised the outer year growth rates for tribal refunds in this November forecast. Because of higher actuals in the first 5 months of FY2015 tribal refunds for gasoline were increased $1.875 million or 3.48% in the current biennium compared to September 2014 projections. Diesel tribal tax refunds in the current fiscal year have been tracking the forecast well so they were not changed in this forecast. Tribal refunds for gasoline and diesel remain unchanged in the 2015-2017 biennium and beyond in forecast horizon. At this time the November forecast, like the September forecast assumes no Yakama tribe tribal fuel tax refunds in the baseline forecast.

Primary reasons for the November 2014 forecast gallons and revenues

- Gas tax revenue collections for the past two months totaled $3.89 million or 2.08% above projected collections from the September forecast. For the past two months diesel tax collections have been lower than forecasted by $0.24 million. Combined, all fuel tax collection were $3.439 million (1.55%) higher than the last forecast.
- Higher than expected gas consumption actuals in 2015 and lower gasoline prices throughout the forecast horizon provided higher growth rates for the gasoline consumption and revenue forecasts. Washington non-agricultural employment is mostly unchanged compared to the September forecast.
- Diesel tax revenue forecasts are down in November compared to last quarter because of lower consumption actuals than expected in FY2015 leading to lower consumption and revenues throughout the forecast horizon. Employment projections for trade, transportation and utilities employment in Washington throughout the forecast horizon remain relatively unchanged from the September forecast.

- Overall, in the current biennium, gross fuel tax revenues increase $3.89 million or (0.15%) from the last forecast and increase from the prior forecast in all remaining biennia as well. Over the 10-year forecast period, fuel tax collections grow by 0.39% or $50.96 million when compared to September's forecast.

Figure 25 Short-term Motor Fuel Tax Forecast – By Month of Collection
November 2014
millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Gasoline Taxes	**$1,016.6**	**$1,025.8**	**$2,042.4**	**$1,028.9**	**$1,030.8**	**$2,059.8**
Special Fuel Taxes	**245.8**	**251.5**	**497.3**	**260.2**	**263.8**	**524.0**
Total Fuel Revenue	**$1,262.4**	**$1,277.3**	**$2,539.7**	**$1,289.1**	**$1,294.7**	**$2,583.8**
% Change from Prior Forecast	0.0%	0.31%	**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 $1.031 billion, an increase of $93 million over the 2011-13 biennium. In the November 2014 LPF forecast compared to the forecast released in September for the current biennium, LPF revenue is up $4.8 million, or 0.46% from the previous estimate of $1.025 billion.

Trends in vehicle registrations

For the current fiscal year, 2015, the passenger car forecast is up from September. While registrations started slow in the first two months of the fiscal year, registrations rebounded. 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 under 1.2%. The forecast to forecast change is about 0.7% to 0.8% in the near term and drops to 0.6% in 2019, dropping to 0.45% by 2027.

We saw a similar trend with trucks. Truck registrations started 2015 slowly, however, registrations have been strong in the most recent months. For 2015, we are looking at a 1.3% growth rate over 2014, while the out years will see about 0.3% year-over-year growth in the truck fleet. The forecast to forecast change rages from 0.2to0.4% above 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 $307 million, $1.8 million more than the forecast in September. Trucks will earn the State $355 million, $786 thousand more than the previous forecast. The difference in $30 revenue from the previous forecast reflects strong registrations in all categories of $30 vehicles. The increase in truck revenue is due higher registrations of trucks, and possibly some higher weight vehicles.

Figure 26 Passenger Car Comparison
November 2014 vs. September 2014
millions of vehicles

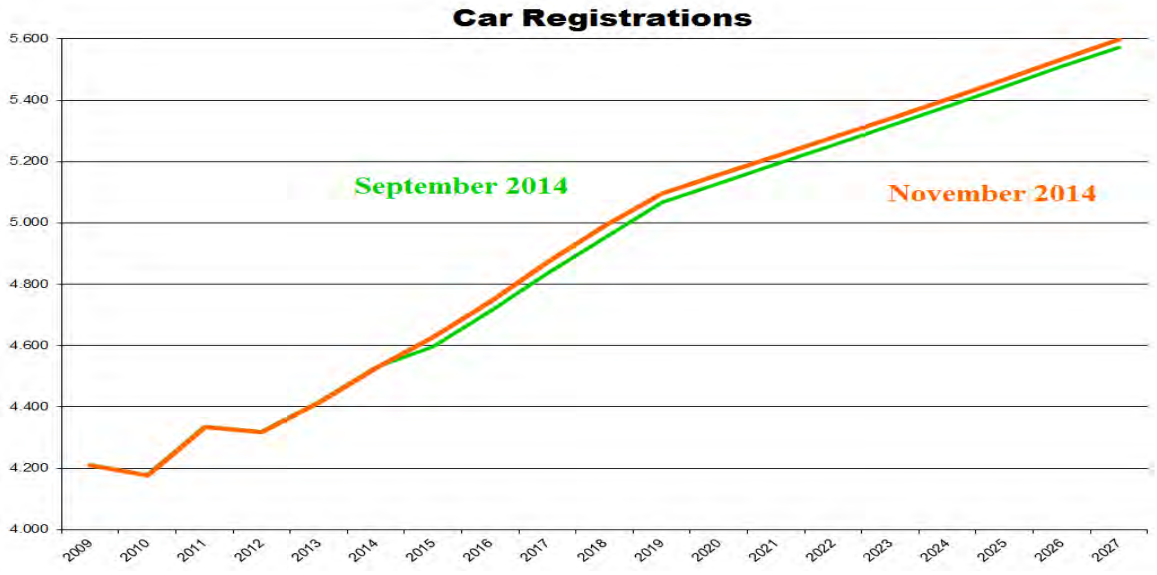
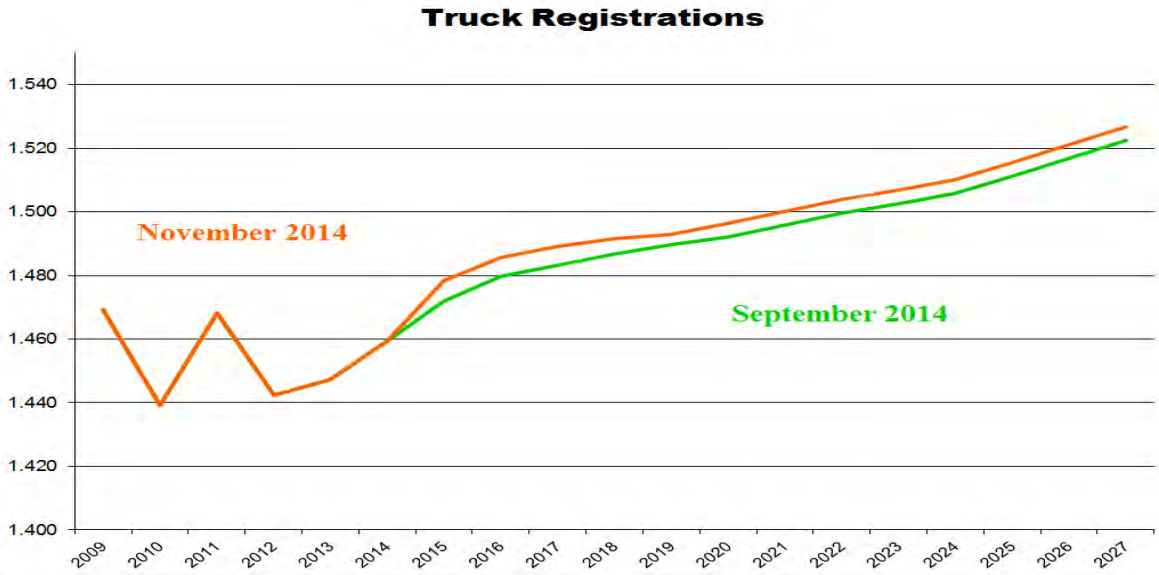


Figure 27 Truck Comparison
November 2014 vs. September 2014
millions of vehicles



The title fee forecast is projected to be about $64 million FY2013-15, about $429,000 or 0.7% higher than prior forecast. It is also higher for FY2015-17 by $273,600 or .4% and continues higher throughout the forecast horizon reflecting revisions to both the original and other title transactions forecasts. The forecast revision is due to better than expected vehicle sales.

The original issue plate forecast is a relatively new forecast with fees imposed as of October 1, 2012. Better than expected vehicle sales result in more first-time plate issuances in recent months. This forecast for FY2013-15 is $25.4 million, about $285,000 (+1.1%) higher. It is slightly higher for FY2015-17 by $194,000 (+.7%).

The license plate replacement forecast is projected to be $32.1 million for the current biennium, up minimally by $168,500 (+.5%); it is also about .3% higher 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 Wheeled All-Terrain Vehicle 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 $45,800 in the FY2013-15 biennium and $84,900 in the FY2015-17 biennium. This forecast has been revised lower for FY2013-15 by about -5% based on WATV registrations through October 2014. The forecast is revised lower for FY 2015-17 by -5.2%.

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 $10.34 million, up about $76,000 (+.75%) than the prior forecast. On average, total new ferry service fees are forecasted at $32.6 million per biennium (FY2015-27) with title service fees at $15.9 million and registration service fees at $16.7 million.

Primary reasons for the forecast changes

- Forecasted passenger vehicle registrations for FY 2015 are up slightly from the previous forecast.
- Future year passenger forecasts are up only slightly from the previous forecast,
- Forecasted truck registrations are up slightly from the previous forecast.
- Overall, LPF revenues are up $4.8 million in the current biennium compared to the last forecast. In the next biennium, LPF revenues are up $8.2 million from the last forecast.t due to re-estimation of truck and passenger car weights.

Figure 28 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees)
November 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	$155.3	$307.1	$159.0	$163.0	$322.0
Combined License Fee	176.6	178.9	355.5	179.8	180.3	360.1
All Other Fees	176.7	191.4	368.1	204.5	205.2	409.7
Total LPF Revenue	**$505.1**	**$525.6**	**$1,030.7**	**$543.3**	**$548.5**	**$1,091.8**
% Change from Prior Fct	0.00	0.90	**0.46**	0.78	0.73	**0.76**

Driver Related Revenue Forecasts

The November 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 forecast at $283.5 million, about $0.7 million (or +.2%) higher than the prior forecast. Revenue for FY15-17 is projected to be $289.3 million, about $1.9 million (-.7%) lower from the prior forecast.

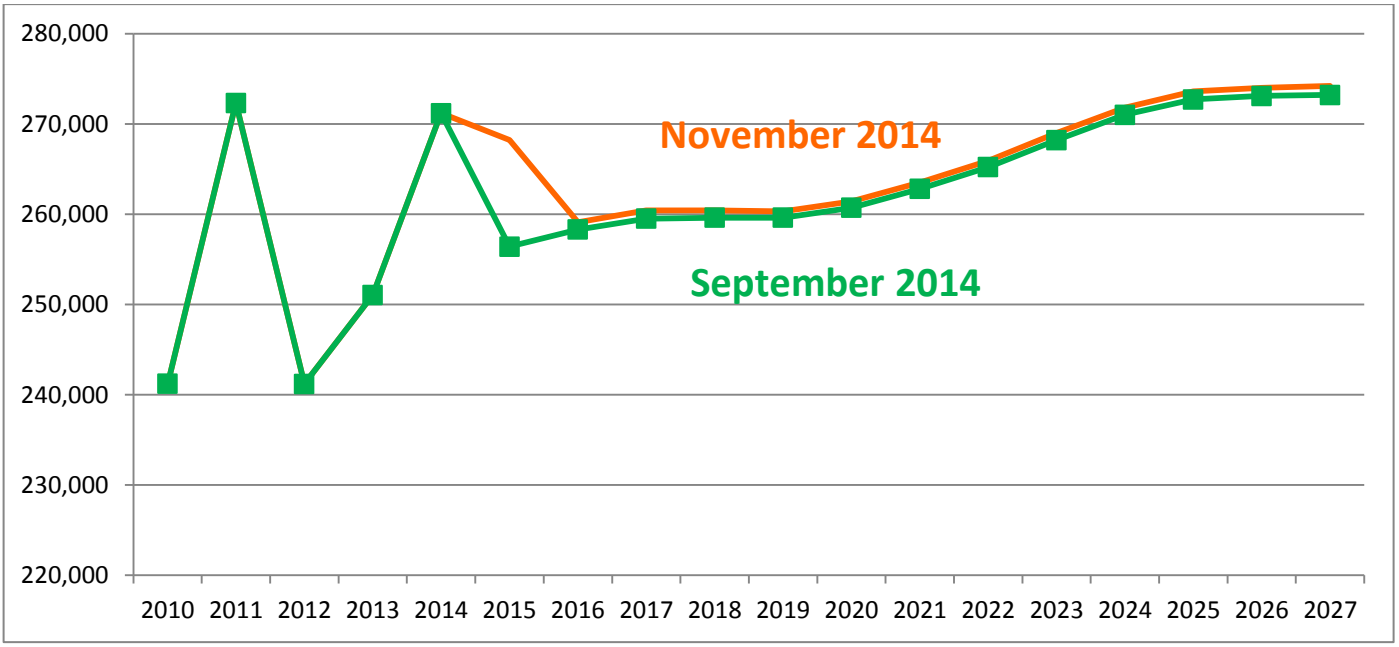
It is important to note that many of the driver related revenue streams follow a five-year renewal cycle until FY2015 when it becomes a six-year cycle. Caution is advised in year over year comparisons.

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

Originals

The forecast is driven by ERFC's non-agricultural employment, OFM population 16-18, and drivers coming from out of WA. With a strong driver in-migration, the forecast is raised 4.6% for FY15 and .3% throughout the forecast horizon (Figure 29). A similar pattern holds for Driver Examinations and Learning Permits.

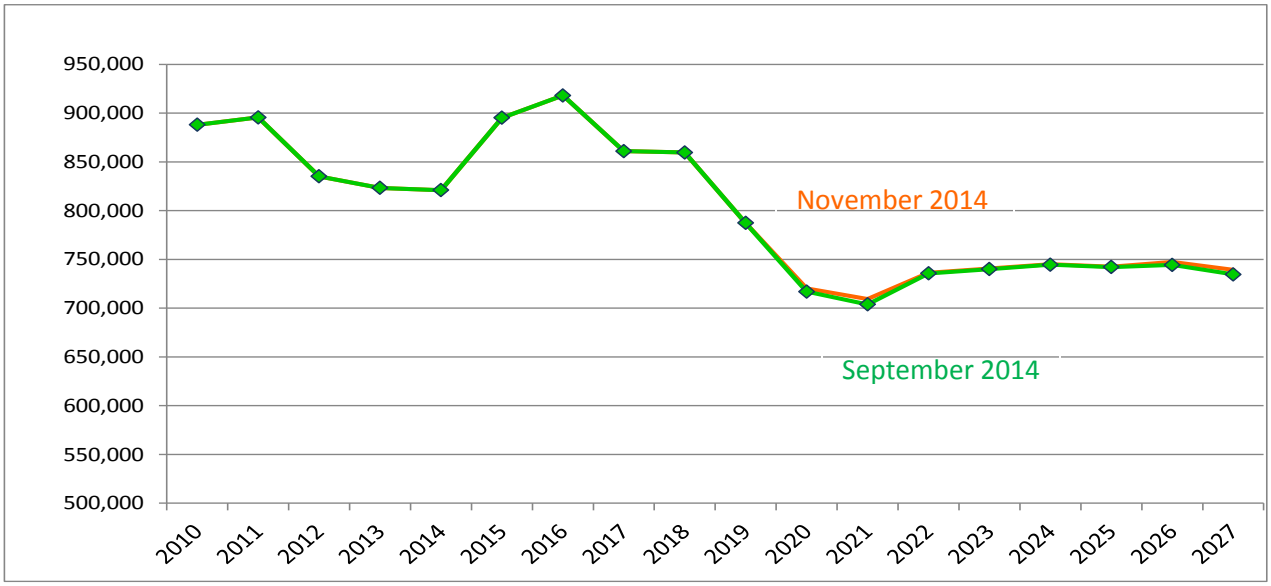
Figure 29 Driver License Originals November vs September 2014



Renewals

The Driver license renewals forecast is unchanged until FY2020 when currently higher originals will result in slightly higher renewals six years out (Figure 30).

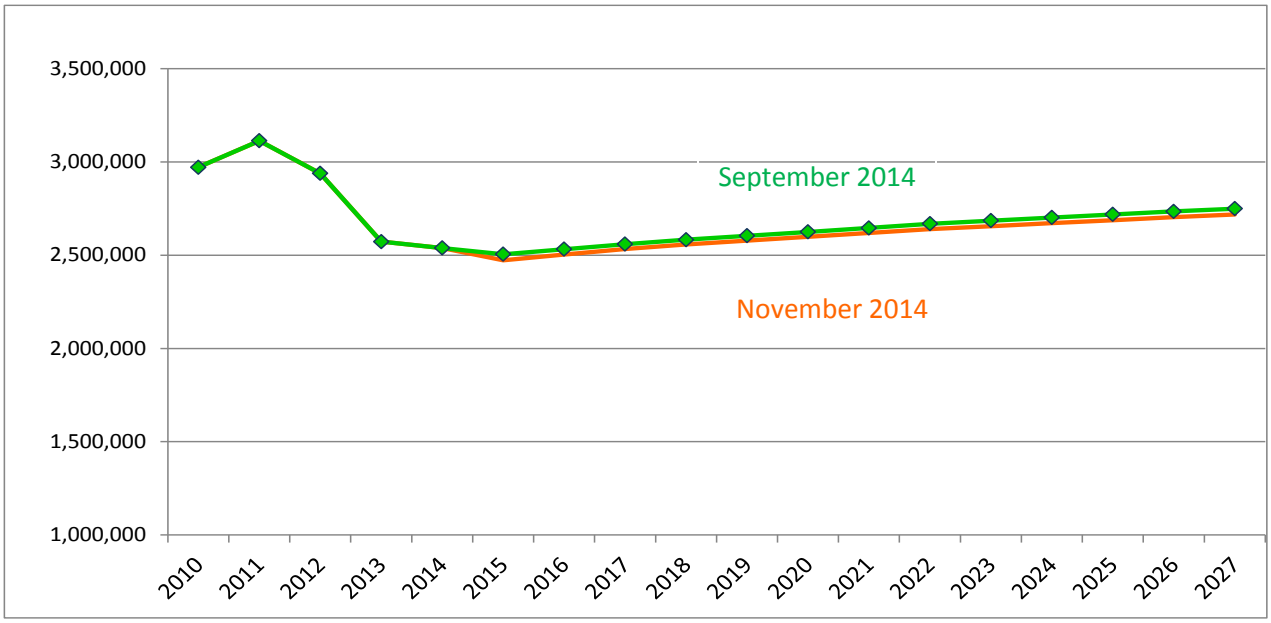
Figure 30 Driver License Renewals and Extension November vs September 2014



Abstracts of Driver Records (ADR)

Abstracts of Driver Record (ADR). FY15 year to date ADR sales have come in with new historical lows. The outlook is revised down by about -1% throughout the forecast horizon.

Figure 31 Sales of ADR, November vs September 2014



Identicards

Public Assistance ID Cards (PA IDs) continue to grow at the expense of full fee paying ID cards ($5.00 each vs. $54 starting August 2014). When the ID fee increased in FY13, PA IDs saw an eight fold increase (from a historical average of 600+ a year to 6000+). After a four-fold increase to 24,200 in FY14, we continue to see increases year to date. As a result, the full fee paying ID cards are reduced by about 1.5% throughout the forecast horizon.

DUI Administrative Hearings

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 slow but 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 November forecast is further reduced by about 8% throughout the forecast horizon.

Trends in Driver Related Revenue

Highway Safety Fund

Total Highway Safety Fund (HSF) revenue for the FY13-15 biennium is projected to be $242.7 million, about +$0.8 million (+.2%) higher than the prior forecast. For the FY15-17 biennium this fund is projected to be $247.9 million, about -$1.6 million (or -.7%) lower than the prior forecast, due primarily to downward revisions in the new vehicle record fee revenue and driver-related hearings revenue.

State Patrol Highway Account

The State Patrol Highway Account receives $6.50 for each sale of an Abstract of Driver Record (ADR). This revenue stream is still declining slowly. Following prior forecast's 2% reduction, the November forecast is revised down again by about -1% a year throughout the forecast horizon, with total revenue for the current biennium expected to be $32.6 million, down about $217,000 (-.7%). Revenue for the next biennium is revised to $32.7 million, down about $358,000 (-1.08%). 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 stronger for FY15 due to better than expected actual to date. However, the drop in the November gasoline price forecast reduces the expected endorsement transactions in the out years. Revenue for this fund is projected to be $4.32 million for the current biennium (up $24,000 or +.6%) and $4.66 million for the next biennium (down about $18,000 or -.4%).
Ignition Interlock Device Revolving Account

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:

- Better than expected driver-in migration, resulting in more driver learning permits, driver exams, as well as first time driver license issuances;
- Continuing growth in public assistance ID demand at the expense of full fee paying IDs;
- Significantly lower than expected inquiries for vehicle owner information, a new revenue stream effective February 2014.

Figure 32 Short-term Driver Related Revenue Forecasts
November 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	**$117.80**	**$125.80**	**$242.70**	**$125.10**	**$122.80**	**$247.90**
Drivers License Fees	96.9	104.8	200.8	103.9	101.4	205.2
Copies of Record Fees	17.9	18	35.9	18.3	18.5	36.7
Other smaller misc. Fees	3	3	6	3	3	6
Total Motorcycle Safety Education Account	**2**	**2.3**	**4.3**	**2.4**	**2.3**	**4.7**
Total State Patrol Account	**16.5**	**16.1**	**32.6**	**16.3**	**16.5**	**32.7**
Total Ignition Interlock Device Revolving Account	**1.8**	**2**	**3.8**	**2**	**2**	**4**
Total Driver Related Revenue	**$138.20**	**$146.20**	**$283.50**	**$145.70**	**$143.60**	**$289.30**
Percent change from prior forecast	0.00%	1.10%	0.20%	-0.70%	-0.60%	-0.70%

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 was $480 billion; an increase of 7.2% year over year. In FY 2015, US spending on light vehicles is projected to be $526 billion; an annual increase of 9.5% and up 0.6% from the September forecast. The FY 2016 forecast for US spending on new motor vehicles is $554 million or 5.4% annual increase which is up 1.2% from September. In FY 2017, the new forecast is up 0.5% from the last forecast but all remaining years' growth rate projections for new vehicle sales are down from the last 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 $76.49 million which is up 1.7% 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

$417,000 and use taxes were up by $99,000. In the 2015-17 biennium, the sales and use tax collections are projected to be $82.66 million which is 2.6% or $2.1 million more than the past forecast. Revenues in the 2017-19 biennium are up 1.6% and revenues from the 2019-21 biennium are also up from the last forecast by 1.4%. The primary reason for the higher forecast is the most recent actuals have come in higher than previously forecasted.

Rental Car Sales Tax

The rental car sales tax collections were $44.5 and $46.7 million in the 2009-11 and 2011-13 biennia. In the current biennium, rental car sales tax is anticipated to be $55.87 million and up $1.2 million or 2.2% from the September forecast. Actuals since the last forecast have been higher than projected: up $967,000 (15.5%). In the 2015-17 biennium, revenues are projected to be $59.6 million which is an increase of 3.7% from the prior forecast. The primary reason for the change in the forecast is due to higher actuals since the September forecast. The change from the prior forecast decreases slightly over time so by the last biennium of the current forecast of rental car sales tax is $2.0 million higher, a 2.9% increase from the September forecast. Over the 10-year forecast horizon, the rental car tax is anticipated to bring in $9.6 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. The 2013-15 biennium total DOT business related revenues are projected to be $18.3 million which is no change from the increase shown in the September forecast. Projections for the 2015-17 business related revenues are anticipated to be $16.9 million, up from the previous forecast. These changes are primarily due to increased estimates in property sales provided by the real estate services office. The outer biennia reflects minor revenue adjustments which are due to incorporating new forecasts for inflation and population.

The School zone fine for the Washington Traffic Safety Commission was first added to the November 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 no change forecast from the September 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 November 2012. Revenue estimates have been updated using the past year's actuals.

The November 2014 WSP business related revenue forecast for the current biennium is $11.4 million, which is nearly the same as the prior quarter estimates. In WSP Access fees had a minor change this forecast due to incorporating the latest OFM population forecast. All revenue has been updated for actuals to date. In March 2013, the WSP added two new fees; the 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. The forecast remains nearly the same each biennia thereafter with the last biennium forecast for WSP business related revenue at $11.8 million.

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, which is nearly not changed from the September forecast. Aviation fuel, excise, dealers licenses and registration fees are unchanged from last quarter's projections. The only change in the aviation related forecast is the motor vehicle fuel tax transfer which is $1,260 higher in the current biennia than last forecast due to higher fuel tax projections in November.

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. The motor vehicle fuel tax transfer of $572,317 is up $1,260 from September 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 $576,400, which is up $3,957 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 $5,420 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 and in the next biennium, aircraft excise tax increase slightly to $708,100. Ten percent of the excise tax goes to the aeronautics account and the rest goes to the state general fund.

Aviation Fuel Tax

Aviation fuel taxes came in at $5.5 million in the 2011-13 biennium. The aviation fuel tax forecast in November is also unchanged from last quarter. The FY 2013-15 forecast for aviation fuel tax is $5.03 million and the forecast grows slightly over the forecast horizon.

Primary reasons for the forecast changes

- Vehicle sales and use tax revenue is up in the current biennium since the last forecast due to updated actual collections. Total sales and use tax revenue is up by $1.28 million or 1.7% from the last forecast. In subsequent years, the forecast is up from the last forecast.
- Rental car tax revenue is also up $1.19 million, 2.2%, in the current biennium due to higher collections in recent months ($967,000) more than anticipated. In subsequent biennia after 2013-15 biennium, the change in the rental car tax revenue is also higher by roughly 3% each biennia from last quarter projections.
- WSDOT Business and other miscellaneous revenue is up minimally in the current biennium but up nearly 30% or $3.87 million beginning in the 2015-17 biennium. Future biennia forecasts are up significantly as well from the last forecast due to including the impact of having new DOT staff market new property sales and therefore this forecast anticipates more property sales and revenue in the future.
- WSP business related revenue is nearly unchanged from the last forecast with only a $200 increase in the DUI cost reimbursement fee in the current biennium. Next biennium and future biennia have an increase in the WSP Access fee revenue of $5,200 in the 2015-17 biennium.
- School Zone fines' forecast is nearly a no change forecast from September
- The only change in the aeronautics account is a small increase in the motor vehicle fund transfer to the aeronautics account due to fuel taxes being higher than last quarter.

- In the current biennium, total business related revenues are projected at $169.8 million, which is up $2.5 million or 1.5% from the last forecast.
- In the next biennium, total business related revenues are projected at $178.6 million, which is $8 million or 4.7% higher than last forecast. The majority of the increase is due to increased DOT property sales revenue due to having additional staff to sell properties.

Figure 33 Short-term Other Transportation Related Revenue
November 2014
millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Rental Car Sales Tax	$26.8	$29.0	**$55.8**	$29.5	$30.1	**$59.6**
Vehicle Sales & Use Tax	36.9	39.6	**76.5**	40.8	41.9	**82.7**
DOT Business/Other Rev	8.9	9.4	**18.3**	8.5	8.5	**17.0**
WSP Business/Other Rev	5.8	5.7	**11.5**	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	$87.6	**$169.8**	$88.4	$90.2	**$178.6**
% Change from Prior Fcst	0.3%	7.4%	**3.9%**	6.5%	6.1%	**6.3%**

Ferry Ridership and Revenue

Ferry Fare Ridership and Revenue Forecasting Process

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

- Passenger full-fares
- Passenger frequent user discounted (commuter) fares
- Passenger other discounted fares (e.g., senior fare, youth fare)
- Auto / driver full-fares
- Auto / driver frequent user discounted (commuter) fares
- Other vehicle / driver discounted (senior/disabled and motorcycle) fares
- Oversize vehicle / driver (over 22 feet in length) fares

The November Baseline Forecast incorporates actual ridership counts through October 2014 and revenue collections through September 2014. The November 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 November Baseline Forecast scenario excludes any future fare revisions beyond the May 1, 2014 increase.

The November 2014 ridership demand forecasts reflect the latest updated demographic and economic variable forecasts provided by the State and commercial sources. Overall, the November ridership forecasts range from unchanged in FY 2015 to 0.3% lower in FY 2027, compared to September. Population forecasts have been revised slightly higher, lifting ridership forecasts. The forecast for real personal income has been revised slightly higher through FY 2027. However, similar revisions to the recent history for real personal income diminish any upward effect this would've otherwise had on forecasted ridership. Forecasts for

employment have been revised from essentially unchanged to slightly lower over the forecast horizon. This tends to minimally decrease the ridership forecasts relative to their previous levels. The inflation projections have been revised marginally lower through FY 2018 and marginally higher from FY 2020 forward. This causes real fares to be marginally higher through FY 2019, slightly lowering projected ridership, and marginally lowers thereafter, slightly increasing ridership. Real gasoline prices have been revised slightly lower through FY 2024, and slightly thereafter. Lower real gas prices over the next 10 years help to offset other downward forces on the vehicle/driver ridership forecasts.

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 12,696,936, or 2.8% higher than the previous year.

For FY 2015, passenger ridership is expected to be 12,792,000, a 0.1% decrease from the prior forecast, and a year-over-year increase of 0.7%

For the rest of the forecast horizon, the passenger ridership projections are consistently 0.4% to 0.7% lower than forecasted in September.

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 finished with vehicle/driver ridership of 10,154,905, a year-over-year increase of 1.1%.

For FY 2015, vehicle/driver ridership is expected to be 10,301,000, a 0.1% 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 unchanged to 0.3% higher.

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%.

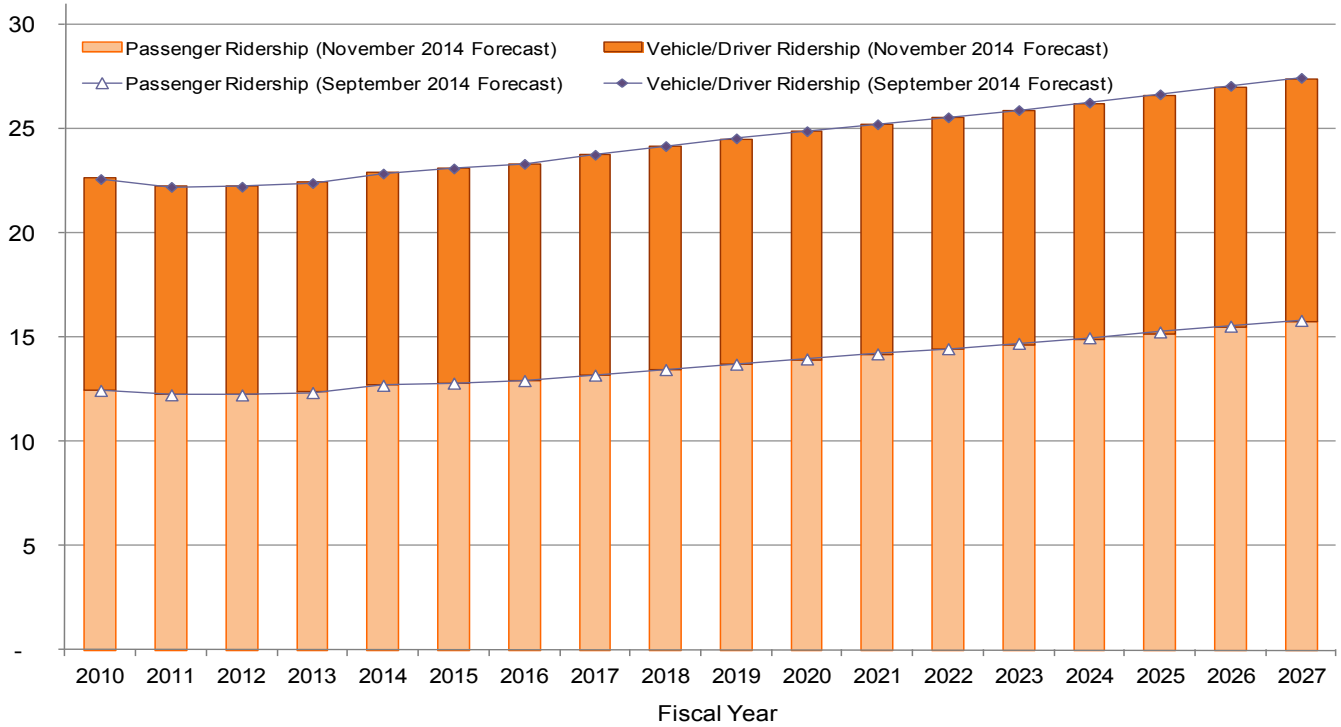
Total ridership for the months of September and October 2014 came in 0.9% and 0.2% higher, respectively, than projected; however, the overall ridership forecast for FY 2015 is essentially unchanged from the September forecast, thereby maintaining a year-over-year increase of 1.1%.

For the rest of the forecast horizon, projected overall ridership ranges from 0.1% lower in FY 2017 to 0.3% lower in FY 2027, compared to the September forecast.

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

Figure 34 Comparison of Ferry Passenger and Vehicle Ridership November and September 2014 Baseline

Millions of Riders



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

Trends in Ferry Revenue

The November 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 September 2014, total $340.3 million, or 0.2% higher than their September forecast values. Of this total, nearly $332.9 million represents regular fare revenues, an increase of $0.6 million, or 0.2%. The remaining nearly $7.5 million represent the capital surcharge receipts, which are 1.1% lower than projected in September.

Compared to September, the current Baseline Forecast for fare revenue is anticipated to average about 0.3% lower over the forecast horizon.

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. After further research into this, it was determined that the equivalent capital surcharge for a small share of ferry pass users that opted to use their monthly passenger pass on an ORCA regional fare card was getting accounted as

regular fare revenue rather than capital surcharge revenue. This will be rectified going forward, and when combined with a refined forecast of the redemption rate on ferry pass usage, will result in a closer match between actual and forecasted capital surcharge revenue.

For FY 2015, the November forecast for capital surcharge revenue is $3.81 million, which is $84,000 or 2.2% less than the September projection, compared with a 0.3% increase in base fare revenue. The downward adjustment to capital surcharge revenue reflects the aforementioned refinement to assumptions regarding redeemed ferry pass usage.

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. There were no updates to concession revenue for the November forecast.

While WSF's November miscellaneous forecasts were largely unchanged from September, the revenue in this category in September was understated due to a formula error. Revenue comparisons between September and November therefore show an increase.

Primary Reasons for the Forecast Changes

- Total ferry ridership is down slightly over the forecast horizon, driven by a decrease in ferry passengers. This is primarily due to slightly lower employment forecasts, combined with slightly higher real fares in the near term, and the continued effects of an aging population base among ferry served communities. .
- Ferry fare revenues for the November Baseline Forecast are also slightly lower over the forecast horizon. The percentage decreases in revenue slightly exceed those of ridership. This is primarily due to a small relative shift from higher, regular and oversize vehicle fares to lower commuter and other discounted vehicle fares, relative to the September forecast.
- Miscellaneous revenue forecasts for November show an increase from September. This is due to a formula error in September's forecast. The actual difference between the forecasts was minimal.

Figure 35 Short-term Ferry Revenue November 2014 Baseline

Millions of Dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Farebox Revenue	163.78	169.09	332.87	170.45	173.58	344.03
Capital Surcharge Revenue	3.66	3.81	7.47	3.89	3.96	7.85
Misc. Ferry Revenue	3.63	3.69	7.32	3.76	3.88	7.64
Total Ferry Revenue	**171.07**	**176.59**	**347.66**	**178.09**	**181.42**	**359.51**
% Change from Prior Forecast		0.4%	0.2%	-0.3%	-0.2%	-0.2%

Toll Revenue

The Tacoma Narrows Bridge (TNB) revenue forecast reflects actual toll collections through FY 2014 and toll revenue data through FY 2014. 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.

Trends in Tacoma Narrows Bridge traffic and toll revenue

Traffic

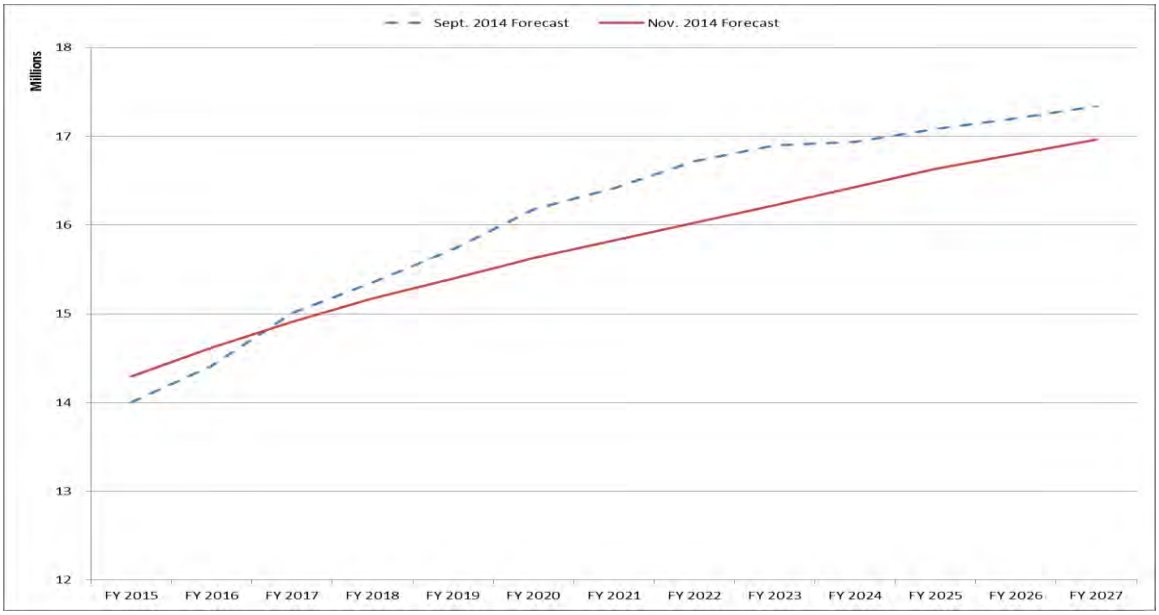
Stantec developed a new TNB trendline forecast model beginning this November 2014 forecast. Beginning with FY 2014 as a base year, a trendline forecast was created utilizing a spreadsheet model segregated by payment type and vehicle class as outlined above. Long term growth rates were developed through review of the socio-economic forecasts (state TRFC population and employment forecasts, PSRC local economic forecast of population and employment, ESD local employment forecast and OFM population forecast) and trends in payment types over the past few years were analyzed to determine the percentage of Good To Go! Pass, manual and image-based toll transactions.

This model assumed traffic over the next five years will roughly mirror transportation analysis zones (TAZ)-areas' population and employment growth at 1.9 percent, before decreasing to 1.25 percent from 2020 to 2025 and 1.0 percent from 2026 to 2030.

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%. Between 2010 and 2013, TNB traffic volume had 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 0.9% and 0.8% higher or 110,692 transactions higher than last projected. In FY 2015, TNB traffic volume is

anticipated to grow year over year by 2.4% to 14.3 million, which was 2.1% higher than the last forecast. In FY 2016 and 2017, the TNB traffic volume is expected to grow by 2.3% and 2.0% respectively. Then the annual growth rate in TNB traffic declines to 1.7% and 1.5% in fiscal years 2018 and 2019, respectively. In FY 2020, the annual growth rate in TNB traffic maintains at 1.5%, but then it oscillates between 1.2% and 1.3% for the next five years and then the TNB traffic annual growth rate falls to 1% for the remaining two years of the forecast horizon, see Figure 36.

Figure 36 Comparison of TNB Traffic Volume November 2014 vs September 2014 Forecast:



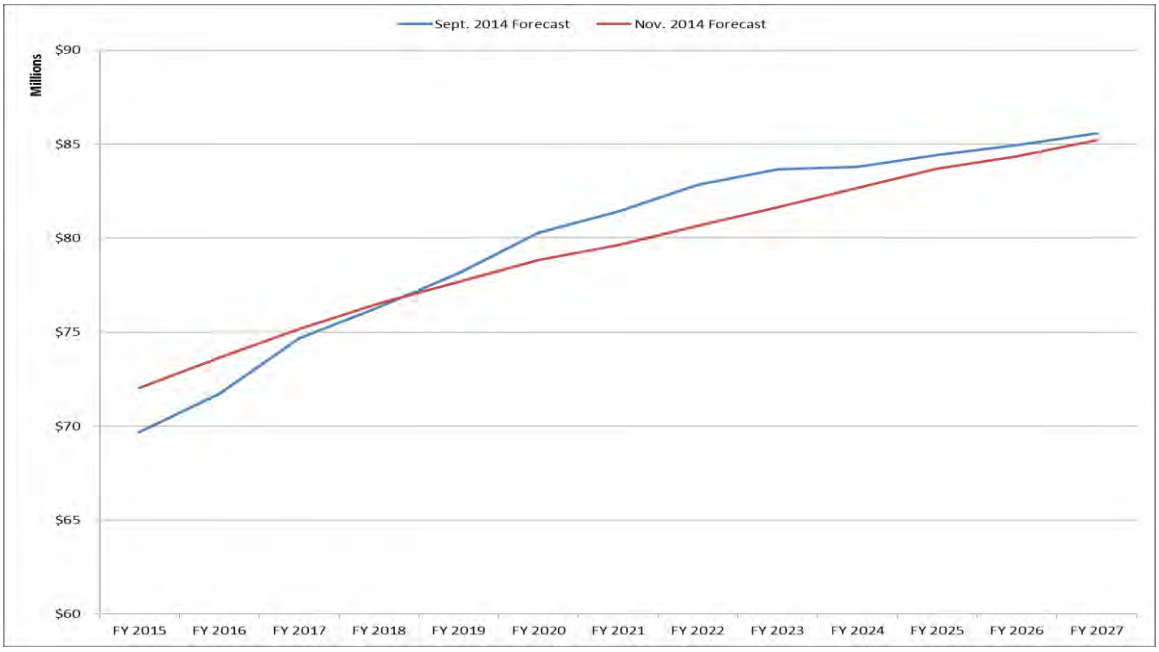
Year-by-year adjustments were made to reflect a dampening of growth over time. Barring an unforeseen economic event (e.g. another recession), it is assumed these long-term growth rates will remain consistent. Short term adjustments will be made based on ongoing review of transaction and revenue data and assumptions regarding payment type splits and vehicle class data will be adjusted accordingly.

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 toll revenue potential in fiscal year 2014 was $66.65 million, this was $1,780,000 higher than projections by 2.7%. This gross toll revenue potential consisted of an estimated $39.07 million in *Good To Go!* revenue, $9.86 million in other payment types like Pay by Plate, Pay By Mail and Short Term Accounts and $17.73 million in Cash in fiscal year 2014. Figure 37 reveals the change in the gross revenue potential between the new November 2014 forecast and the prior forecast. The forecast changes reveal that gross revenue potential is coming in at or above the forecast in the current and next biennium. By the 2017-19 biennium, the TNB gross toll revenue potential falls below the last forecast due to lower traffic projections in this current forecast. The biggest difference is in the 2021-23 biennium when the current gross toll revenue potential is below the last projections by $4.2 million or 2.5%. In this November 2014 forecast, the gross toll revenue potential for FY 2015 is $72.02 million and is 3.33% higher than the prior forecast. The change is due to the percentage of traffic using the Pay By Mail and Cash payment methods being higher than the prior forecast and *Good To Go!* revenue being lowered as a portion of total revenue. In FY 2016, the gross toll revenue for TNB is $73.66 million and is 2.69% higher than the prior forecast and it has changed due to similar shifts in payment methods as forecasted for FY 2015. In FY 2017, the gross toll revenue is $75.18 million and is 0.68% higher than the last forecast due to the shift from *Good To Go!* payment methods to Cash or Pay By Plate and Pay By Mail. This current forecast has

lowered *Good To Go!* Gross toll revenue potential throughout the forecast horizon and projected more gross toll revenue potential in Pay By Mail and Pay By Plate and Cash all throughout the forecast horizon.

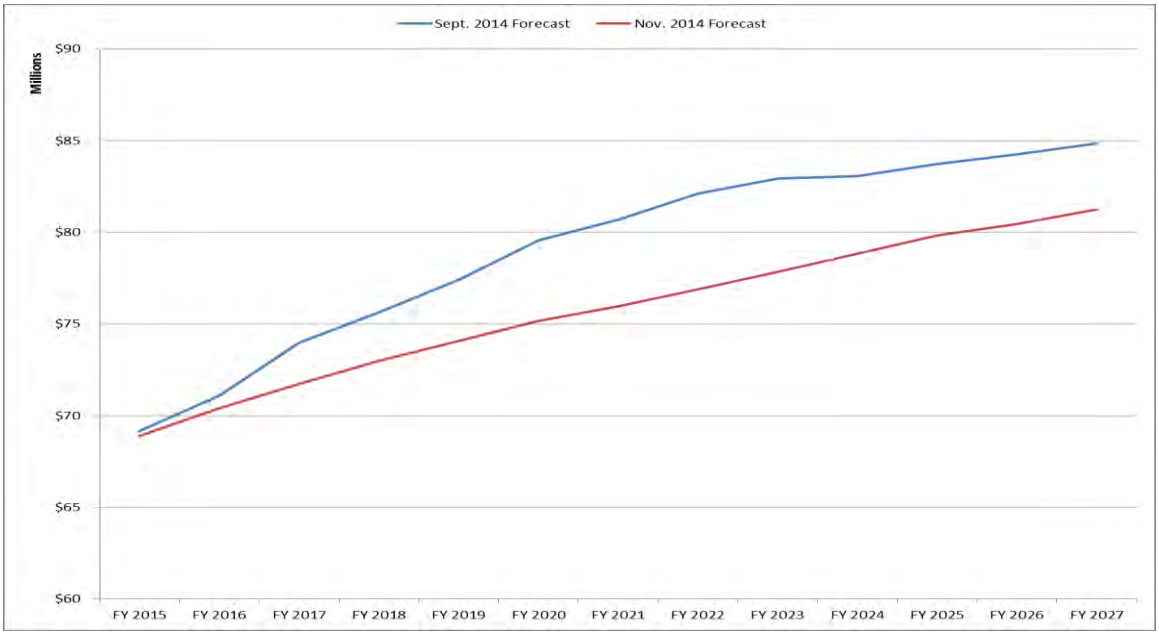
Figure 37 Comparison of TNB Gross Toll Revenue Potential for November 2014 and September 2014 – By Payment Type



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 $0.50 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 $132.03 million, which is 1.1% percent lower than last forecast due to the increases in revenue not recognized and unpaid toll revenue being larger than the increases in gross toll revenue. This adjusted revenue forecast for TNB for the current fiscal year is $68.89 million or 0.4% less than the last forecast due to the changes in gross toll revenue and revenue not recognized or unpaid being closer in magnitude, see Figure 38. Next biennium, the adjusted toll revenue is $142.14 million and is 2.0% less than the prior forecast due to the increases in revenue not recognized and unpaid toll revenue. For the remaining forecast years, the current TNB adjusted toll revenue is lower than the last forecast due to the increases in revenue not recognized and unpaid toll revenue.

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. This November forecast set the revenue not recognized revenue at 18.54% of Pay By Mail transactions and unpaid toll revenue at 36.66% of Pay By Mail transactions which was an upward revision from the last assumption of 15% of Pay By Mail transactions.

Figure 38 Comparison of TNB Adjusted Toll Revenue for November 2014 and September 2014



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 the current fiscal year, violations revenue is anticipated to be nothing.

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 $0.44 million, which is 5.1% less than 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 $0.64 million, which is down 24% from the last forecast. In fiscal year 2014, fee revenue came in at $0.34 million. In this current forecast, these fees are anticipated to be $0.30 million for FY 2015 and this is a 22.8% decrease from the last forecast. In the future, these fees are grown off the change in Pay By Mail traffic volume in the future. Future fee revenue in the next biennium is projected at $0.65 million, down 27%.

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 $371,376. In fiscal year 2014, miscellaneous revenues were $371,376, which is down 11% from the last forecast. In fiscal year 2015, the prior forecast had miscellaneous revenues projected at $272,000 but this forecast the revenue is anticipated to be $0. This miscellaneous revenue source will certainly be higher $0 but it is difficult to predict

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 included both cash and receivables. Civil penalty revenue has had large accounting adjustments resulting negative in year to date revenue. In fiscal year 2015, civil penalty revenue is anticipated to be $3.43 million, a 42.8% increase from $2.4 million predicted last forecast. The

current biennium projection for civil penalties is $2.78 million, versus $2.6 million in the last forecast which is a 6.1% increase. TNB civil penalty revenue is anticipated to be $3.57 million in FY 2016 and $3.79 million in FY 2017. After FY 2017, the growth in this revenue is in line with the growth of Pay By Mail transactions 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 November forecast anticipates $0.25 million in transponder revenue in FY 2015 and this is a 32% decrease from $0.37 million from the last forecast. The reason for the change is due to a large number of the transponder sales being directly associated with the startup of new facilities and their costs and revenue allocated as such. Then in outer years, the forecasted sales will be allocated to the new facilities as well, decreasing TNB's portion. In the current biennium, TNB transponder sales are anticipated to be $0.54 million. In the 2015-17 biennium, TNB transponder sales revenue is anticipated to be $0.40 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 $136.4 million, which is 1.5% less than the last forecast due to the increase in toll revenue not recognized and unpaid toll revenue. In the next biennium, TNB adjusted gross total TNB revenue is projected at $150.5 million, which is 1.7% less than the last forecast due to the increase in toll revenue not recognized and unpaid toll revenue. The TNB current forecast is consistently lower than the last forecast all throughout the forecast horizon.

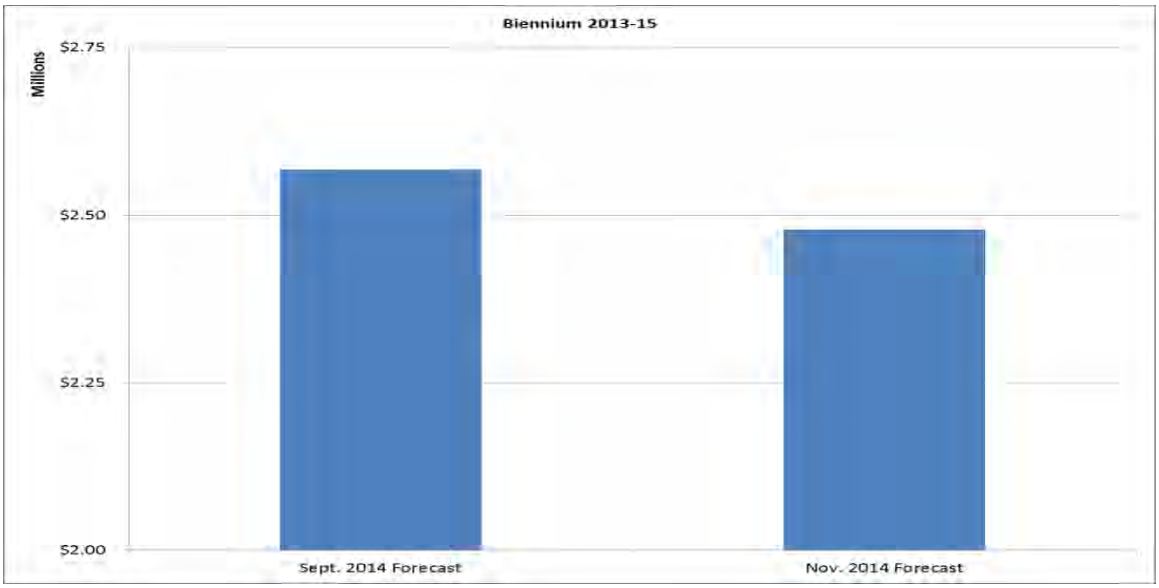
Trends in SR 167 High Occupancy Toll Lanes Traffic and Revenue

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 in the November 2014 forecast which is no change from the last 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 $2.48 million a decrease of $0.09 million or 3.5% 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 which lowered the current biennium forecast for HOT lanes, see Figure 39.

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 $73,770. In fiscal year 2014, HOT lanes transponder revenue was $37,771 and the biennium total is up by $2,770 over the last forecast. Fees revenue, includes only statement fee revenue, and has actuals through FY 2014. In FY 2013, fee revenue was $3,595 and in fiscal year 2014, fee revenue came in at $3,730. In the 2011-13 biennium, fee revenue was $6,026 and it is anticipated to be slightly higher at $7,730 in the current biennium which is 3% lower. This November 2014 forecast has no change in FY 2015 fee revenue from the last forecast. Miscellaneous revenue was $0.13 million in the 2011-13 biennium. In the current biennium, miscellaneous revenue is anticipated to be $8,865, which is a 47.8% increase from the last forecast. In fiscal year 2014, liquidated damages were $5,651 and HOT lanes interest was $163 so the total miscellaneous revenue was $5,865.

Figure 39 Comparison of SR 167 HOT Lanes Revenue for November 2014 and September 2014



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 cumulatively higher than what is anticipated in going forward. This is due to several reasons, including removal of non-revenue vehicle transactions, 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 inclusion of 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.

The November 2014 forecast is based on independent economic forecasts of population and employment. These forecasts were updated in August 2014 to reflect current economic conditions, updated regional forecasts, projected development in Seattle and Eastside King County communities, and current market conditions, such as office occupancy rates and housing unit absorption trends. The analysis followed methods similar to those used in the prior economic forecast used for the October 2013 (September 2014 TRFC) forecast.

Overall, when compared to the prior economic forecast, the population forecasts were adjusted upwards for King County and downwards for the region as a whole. However, the overall population growth rates remain essentially the same for the region and increase slightly for King County. Within King County, the total population forecast among the four major cities along the SR 520 corridor (Seattle, Kirkland, Bellevue and Redmond) has been adjusted upwards along with forecasted higher growth rates, primarily driven by more growth expected in Seattle and to a lesser extent in Bellevue.

For employment, King County performs about the same as expected in the prior forecast (slightly better in the short term and slightly worse in the long term), and the region jobs were adjusted upwards particularly in the short term. Regional growth rates are lower, while King County growth rates are only slightly lower. On a subarea basis, Seattle and Kirkland are now expected to have more total employment in the short term, Bellevue a little worse, and Redmond about the same. Growth rates are expected to be stronger in the four cities near term, with Seattle and Redmond leading the group. Longer term growth rates are slightly better for the four cities and slightly worse for the other parts of King County. The additional growth in Seattle results from

more forecast jobs assigned to the Seattle CBD due to increased project development pipeline, especially in the Denny Triangle and SLU, e.g., Amazon.

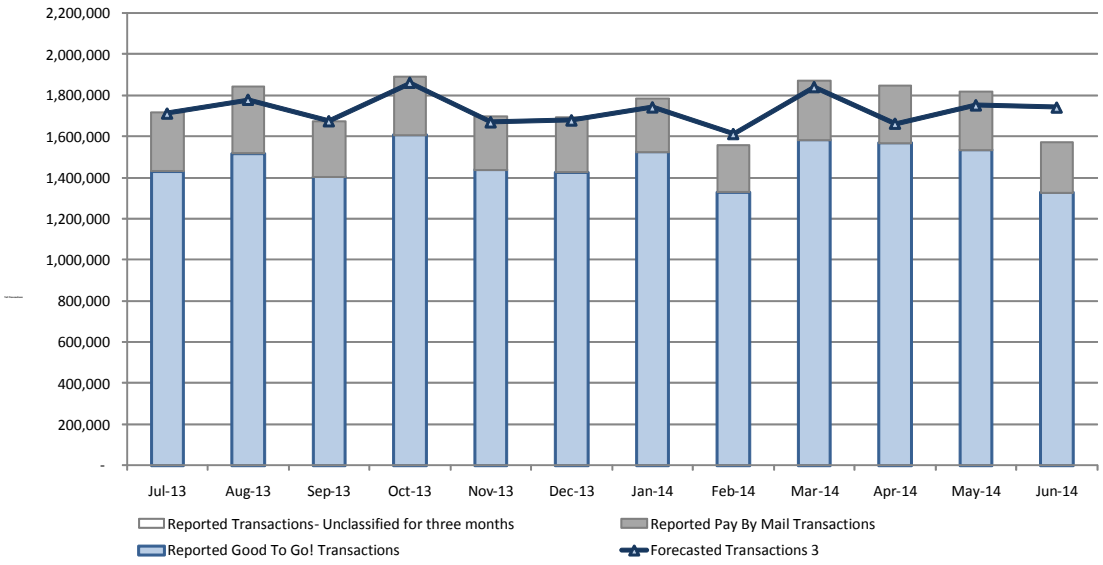
As shown on Figure 40, SR 520 actual traffic volume has been tracking the past forecast quite well in FY 2014, with the exceptions of April 2014 and June 2014. In April 2014, traffic was 11% above forecast mainly due to the forecast anticipating three days of bridge closures that did not actually occurred. In June 2014, there were 7 days of actual closures compared to 3 days in the forecast, resulting in traffic being 10% lower than forecasted for that month. Overall, SR 520 traffic in FY 2014 was 21.0 million transactions or about 230,000 transactions (1.1%) above the past forecast.

Figure 40 Comparison of SR520 Monthly Traffic Volume – October 2013 Forecast (September 2014 TRFC) vs. Reported Performance

SR 520 Forecasted and Reported Toll Traffic - Fiscal Year 2014

Updated 12/01/2014

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	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**
Reported Closure Days[2]	2.0	-	1.2	-	-	-	-	2.0	-	-	1.6	7.0	**13.8**
Forecasted Transactions[3]	1,712,000	1,779,000	1,675,000	1,861,000	1,670,000	1,679,000	1,742,000	1,613,000	1,840,000	1,663,000	1,752,000	1,741,000	**20,727,000**
Reported Transactions[4]	1,714,340	1,843,593	1,672,627	1,891,073	1,698,416	1,692,471	1,782,226	1,555,759	1,871,405	1,848,497	1,816,370	1,572,796	**20,959,574**
Variance From Forecast	2,340	64,593	(2,373)	30,073	28,416	13,471	40,226	(57,241)	31,405	185,497	64,370	(168,204)	**232,574**
Variance - % Change	0.1%	3.6%	(0.1%)	1.6%	1.7%	0.8%	2.3%	(3.5%)	1.7%	11.2%	3.7%	(9.7%)	**1.1%**
Reported Good To Go!	83.5%	82.3%	83.9%	85.0%	84.6%	84.2%	85.5%	85.4%	84.6%	84.9%	84.5%	84.4%	**84.4%**
Reported Pay By Mail	16.5%	17.7%	16.1%	15.0%	15.4%	15.8%	14.5%	14.6%	15.4%	15.1%	15.5%	15.6%	**15.6%**



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.

This November forecast is based on a new set of November 2014 SR 520 Investment Grade Traffic and Revenue projections. The November 2014 forecasts include actual traffic and revenue for FY 2014. There were 9.6 million toll trips taken in FY 2012 from the opening day of December 29, 2011 through June 30, 2012. In FY 2013, total toll traffic was 20.2 million trips and in FY 2014, toll traffic was 21.0 million. In FY 2014, *Good To Go!*

account usage was 84% of total toll trips and the rest were Pay By Mail. In the new forecast, the number of toll trips is anticipated to increase to 21.9 million in FY 2015 and 23.2 million for FY 2016. This corresponds to an annual traffic growth rate of approximately 4.4% in 2015 and 5.9% in 2016. After an assumed weekday rate increase of approximately 15% in FY 2017, the expected toll traffic volume growth rate is projected to slow down to about 4.3% for one year. From FY 2018 through 2027, average traffic is expected to grow at a variable but declining rate from approximately 3% to 4% annually to 1.6% by FY 2027. Throughout the remainder of the forecast horizon, the growth rate declines to well below 1% annually.

Figure 41 Comparison of SR520 Annual Traffic Volume – November 2014 Forecast vs. October 2013 (September 2014 TRFC) Forecast

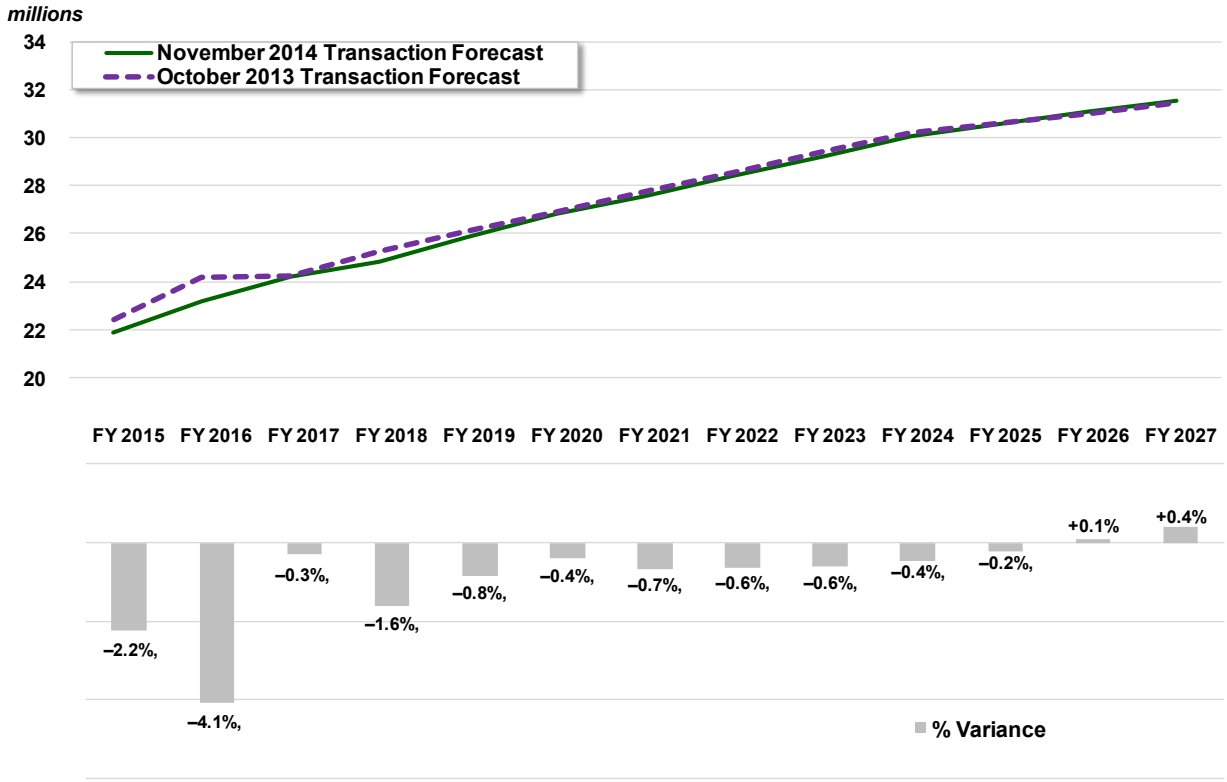


Figure 41 shows how the November 2014 forecast of traffic compares to the prior forecast. The new forecast of traffic is down by 2.2% in FY 2015 and 4.1% in FY 2016 compared to the past forecast. Between FY 2017 and FY 2025, the new forecast shows a traffic decrease varying between 0.2% and 1.6%. Starting in FY 2026, the new forecast shows a traffic increase, of 0.1%, and 0.4% in FY 2027.

Many factors were considered in revising the forecast and contribute to changes from the previous forecast. The primary drivers of change are: the readjustment of short-term forecasts based on recent toll performance results, including lower weekend traffic and lower than expected average daily growth; increased number of planned closures particularly in FY 2015 and FY 2016; lower near term gas price forecast; and revised economic forecast showing more growth in the four major cities along the corridor. Other factors also contribute to changes although they have a lower overall effect: lower proportion of trucks; higher share of account-based transactions; and revised annualization method.

Figure 42 Comparison of SR520 Annual Gross Toll Revenue Potential for November 2014 Forecast vs. October 2013 (September 2014 TRFC) Forecast

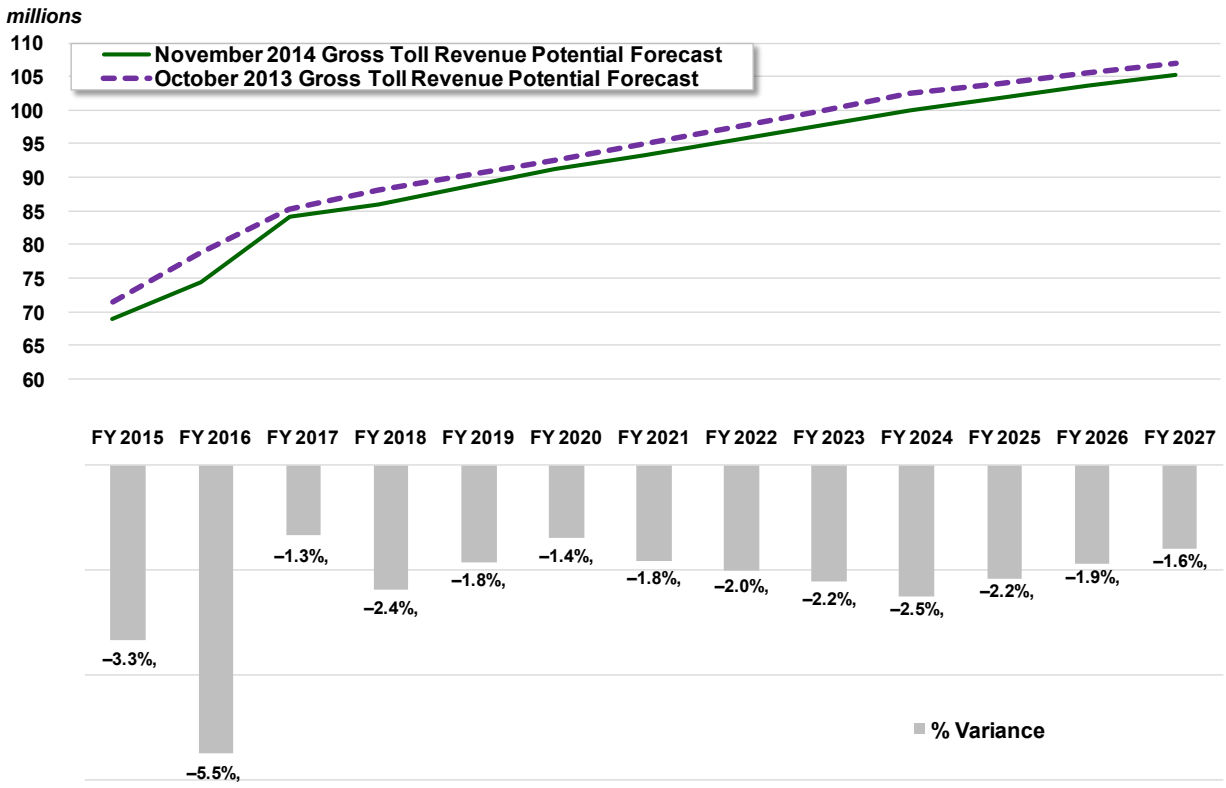


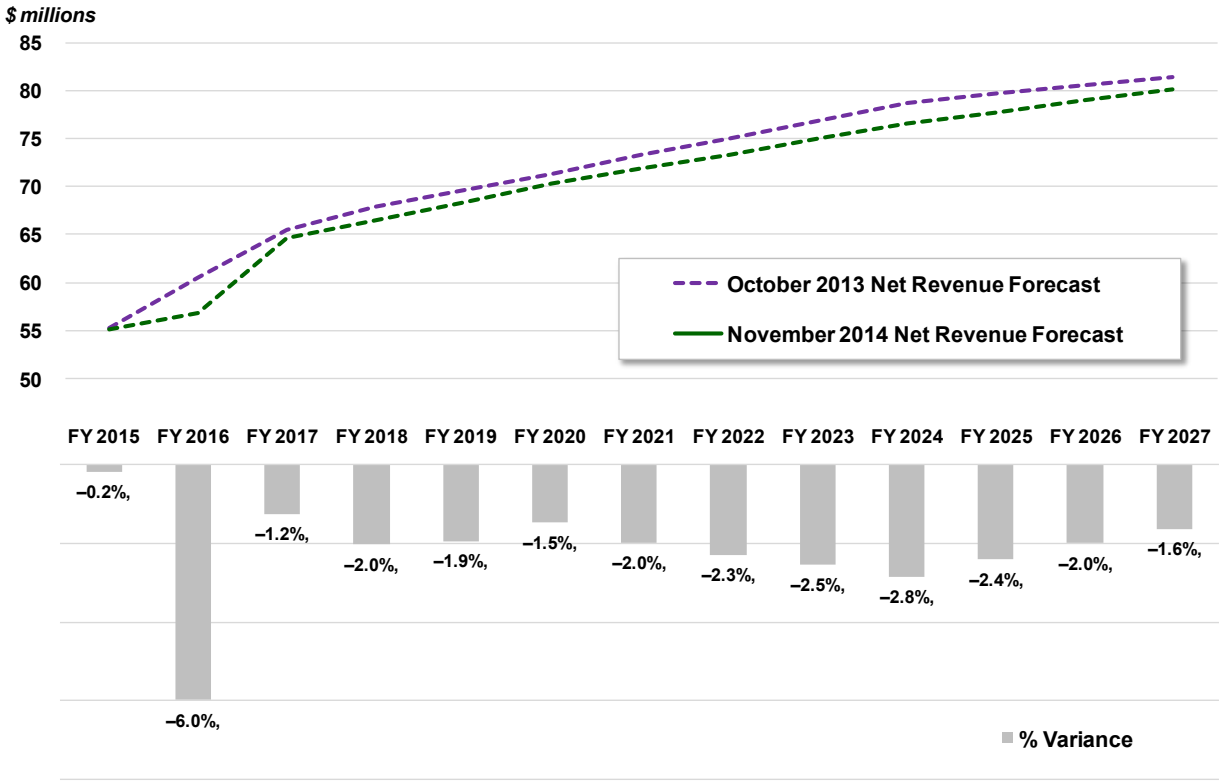
Figure 42 illustrates the recent forecast changes to the SR 520 gross toll revenue potential compared to the last forecast. In FY 2015, the new November forecast for gross toll revenue potential is $69.0 million, which is $2.4 million below the last forecast. The mix of SR 520 revenue by payment method has been modified so this November forecast anticipates 78.7% *Good To Go!* revenue in FY 2015, which is 2.9% higher than the last forecast for the current fiscal year. The Pay By Mail forecast has been revised from $17.28 million in the last forecast to $14.73 million in the new forecast. It is anticipated that the gross toll revenue potential for SR 520 is going to decrease to $133.6 million for the 2013-15 biennium, which is $2.4 million down from the last forecast. In the 2015-17 biennium, gross toll revenue potential is anticipated to be $158.6 million, which is $ 5.5 million down from the last forecast. Throughout the FY 2015-27 forecast horizon, the SR 520 gross toll revenue potential is generally down by about 2% from the last forecast.

After accounting for Pay By Plate fees, short term account discounts, free trip incentives and revenue leakage, Adjusted Gross Toll Revenue from tolling SR 520 during six months of FY 2012 was $26.1 million and $55.44 million in FY 2013. Adjusted gross 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 $124.9 million, which is a decrease of $2.9 million from the last forecast. In the 2015-17 biennium, Adjusted Gross Toll revenue is anticipated to be $148.2 million, which corresponds to a 19% increase from the prior biennium and a 3.9% decrease from the last forecast. Throughout the remainder of the forecast horizon (through FY 2027), gross toll revenue potential and adjusted toll revenue are growing over time but the new forecast ranges from less than 2% to nearly 4% lower from the last forecast. The new forecast includes a higher share of *Good To Go!* transactions and a higher utilization of Pay by Plate by *Good To Go!* customers, which results in higher toll payment-related fees.

Revenue leakage in the SR 520 November 2014 forecast is higher than the last forecast by $781,000 in the current biennium. This is due to higher than expected leakage in FY 2014, combined with refinements in the November 2014 leakage estimates for the average revenue loss per leakage transaction. In future years, the estimate for revenue leakage for SR 520 is anticipated to range from 6% to 8% of total gross toll revenue potential compared with from 5% to 7% of total gross toll revenue potential in the last forecast, with the majority of the change due to revisions in the unpaid toll revenue projections resulting from delinquent toll bills for the November forecast.

Actual transponder sales revenues in FY 2012 and 2013 exceeded costs and net transponder revenue was included within the 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 $1.08 million, though higher the previous forecast. Transponder revenue for the 2015-17 biennium is anticipated to be $953,000 and this is a 5% decrease from the last forecast. Transponder revenue in the subsequent biennia is forecast to be down by more than 30%. These decrease are due to sharing of system-wide transponder revenue across two additional toll facilities (SR 99 and I-405) starting in FY 2018, combined with partially offsetting higher average revenue per transponder sold due to the release of new, higher-priced Flex Pass switchable transponders.

Figure 43 Comparison of SR520 Net Revenue Before R&R for November 2014 Forecast vs. October 2013 (September 2014 TRFC) Forecast



Net Toll Revenue Pledged for Debt Service was $68.24 million in the 2011-13 biennium and is anticipated to grow to $106.25 million in the current biennium. In FY 2014, net toll revenue came in at $51.14 million which was 2.2% higher than projections. In the next biennium, net toll revenue is projected to be $121.43 million, or 3.5% less than the last forecast. 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. O&M cost projections for the 2013-15 biennium total $24.72 million and this is 9.3% lower than the last forecast. The reason for the changes in the current forecast is

due to reported costs coming in lower than forecast in FY 2014 and slightly lower costs anticipated in FY 2015 as a result of lower credit card fees, fewer overall forecasted transactions, and reduced insurance premiums. For the 2015-17 biennium, O&M costs are anticipated to be $32.86 million, or 3.7% lower than the last forecast. O&M costs decrease thereafter to 2.2% lower by FY 2027.

Miscellaneous pledged revenue, primarily consisting of contractual damages and interest earnings, was $2.23 million for the 2011-13 biennium and amounted to $0.21 million in FY 2014. Due to the unanticipated continuation of contractual damages and uncertainty in project account balances to calculate interest earnings, miscellaneous pledged revenue and other miscellaneous non-pledged revenue are not provided in the forecast. Civil penalty revenues were $11.5 million in the 2011-13 biennium and $4.46 million in the FY 2014 reported values.

For the November 2014 forecast, a new forecast method was implemented for civil penalty revenues, which are not considered part of the toll revenue pledged for debt service. Forecast values for civil penalty revenue are now tied to the forecast for transactions that go unpaid after 80 days in similar manner as recovered toll revenue and late payment fees. Of the delinquent toll bill transactions unpaid after 80 days for which notices of civil penalty are mailed, tolls are assumed to be recovered for 20% of these civil penalty transactions. Civil penalty revenues are assumed to be recovered from 95% of the total civil penalty transactions from which tolls are recovered (with 5% dismissed or remaining unpaid). For each transaction in which a civil penalty is collected, it is assumed that $0.75 of every $1.00 owed will be recovered, or an average of $30 for each $40 civil penalty. In the current biennium, civil penalty revenue is anticipated to be $9.4 million, a reduction of 48.5% from the prior forecast. Through the remainder of the forecast period, the new methodology results in civil penalty revenues ranging from 35% to 42% lower than the September forecast.

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 $280.4 million and $316.8 million, respectively. The current projections are down from the last forecast by $12.2 million or 4.2% and $14.6 million or 4.4% respectively each biennium. Over the next 10 years of the forecast horizon, total Toll Revenue and Fees are anticipated to be $1.65 billion and down $79 million or 5% from the last forecast.

Primary reasons for the forecast changes:

This November 2014 toll traffic and revenue forecast is modified to reflect the 2014 investment grade study analysis.

- The latest TNB traffic actuals, for FY 2014, were incorporated into the new forecast. Traffic is up from the last forecast by 2% in FY 2015 and FY 2016 up 1.4%. After that, the current TNB traffic forecast is down from the last forecast by a growing percentage over the forecast horizon.
- The TNB gross revenue potential is above the forecast by $4 million in the current biennium, with Cash, Pay By Plate and Pay By Mail coming in above forecast but GTG revenue coming in below forecast.
- The reasons for the TNB model changes were due to traffic coming in strong and more Pay By Mail, Cash and Pay By Plate customers which pay higher toll rates and thus gross revenue potential is higher than last forecasted in the near-term.
- The TNB adjusted toll revenue was revised downward from the last forecast. In the current biennium adjusted TNB toll revenue was down $1.5 million from last forecast due to higher unrecognized revenue and unpaid toll revenue than anticipated last year.
- SR 167 HOT lanes latest traffic and revenue are coming in above projections. HOT lanes FY 2014 revenue had an accounting adjustment which brought the revenue down from the last forecast.

- The new 2014 SR 520 Investment Grade Study was incorporated into the November 2014 forecast. The following were the largest drivers of the new investment grade study over the last study of SR 520 toll revenue
    - Average weekday and average weekend traffic growth is slower than previously forecasted, having the greatest impact on lowering revenue, particularly for FY 2015 and FY 2016
    - Increased bridge closures for FY 2015 and FY 2016 has a medium impact on lowering revenue
    - Socioeconomic forecast indicating consolidation of growth in key centers has a medium impact in raising revenue, particularly long term
    - Lower forecasted gas prices, particularly early in the forecast, has a medium impact in lowering revenue by making alternative routes appear less costly.
    - Other factors, smaller in impact, include higher Good To Go! share, lower proportion of trucks, and lower overall weekend traffic compared to the prior forecast, resulting in lower revenue
    - The net revenue results, based on the new 2014 Investment Grade study, were revised to include:
        - A refined estimate for revenue leakage, with the majority of the increase in projected leakage coming from an upward adjustment to the average revenue loss per unreadable license plate, unidentified vehicle owner, and unpaid toll bill after 80 days.
        - Lower credit card fees based on actual experience
        - Inclusion of general management and administration expenses allocated to SR 520 previously funded from non-toll sources
        - Inclusion of I-405 Express Toll Lanes and SR 99 Tunnel toll transactions starting in FY 2018 for determining and allocating system-wide costs, including state costs, customer service center vendor costs, and transponders, which result in economies of scale now that these costs are allocated to five toll facilities instead of three
        - Update of roadway toll systems vendor and associated state costs to include cost items excluded from prior forecasts (additional information technology equipment and technical support, NW Region Traffic Management Center and Signal Shop services, and spare parts)
        - Lower SR 520 share of system-wide transponder costs due to allocation of costs across two additional (five total) facilities starting in FY 2018 partially offset by higher average unit costs based on the introduction of the new, higher priced Flex Pass switchable transponders required for a carpool exemption on the I-405 Express Toll Lanes
        - Revision of facility costs to include revised estimates for Eastside under lid lighting energy consumption.

Figure 43 Short-term Toll Facility Revenue
November 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	$63.48	$69.19	**$132.67**	$70.72	$72.07	**$142.79**
Transponder Sales	0.31	0.25	**0.56**	0.19	0.21	**0.40**
Violations	0.00	0.00	0.00	0.00	0.00	0.00
Civil Penalties	-0.65	3.43	**2.78**	3.57	3.79	**7.36**
Misc. Revenue	0.37	0.0	**0.37**	0.0	0.0	**0.0**
SR 167 HOT Lane						
Toll Revenue	$1.18	$1.30	**$2.48**			
Transponder Sales	0.038	0.036	**0.074**			
Fees & Misc Rev.	0.006	0.003	**.009**			
SR 520 Bridge						
Adj Gross Toll Revenue	$60.50	$64.42	**$124.92**	$69.45	$78.79	**$148.24**
Other Fees	1.92	3.25	**5.17**	2.49	2.61	**5.10**
Misc. Pledge Revenue	0.21	0.00	**0.21**	0.00	0.00	**0.00**
Transponder Sales	0.50	0.58	**1.08**	0.50	0.45	**0.95**
Civil Pnlty & Misc Rev.	4.46	4.97	**9.43**	5.17	5.37	**10.54**
Total Toll Facility Revenue						
Total Toll Revenue & Fees	$132.33	$147.44	**$279.77**	$152.09	$163.28	**$315.37**
% Change from Prior Fct	-5.3%	-3.5%	**-4.4%**	-5.5%	-4.2%	**-4.8%**

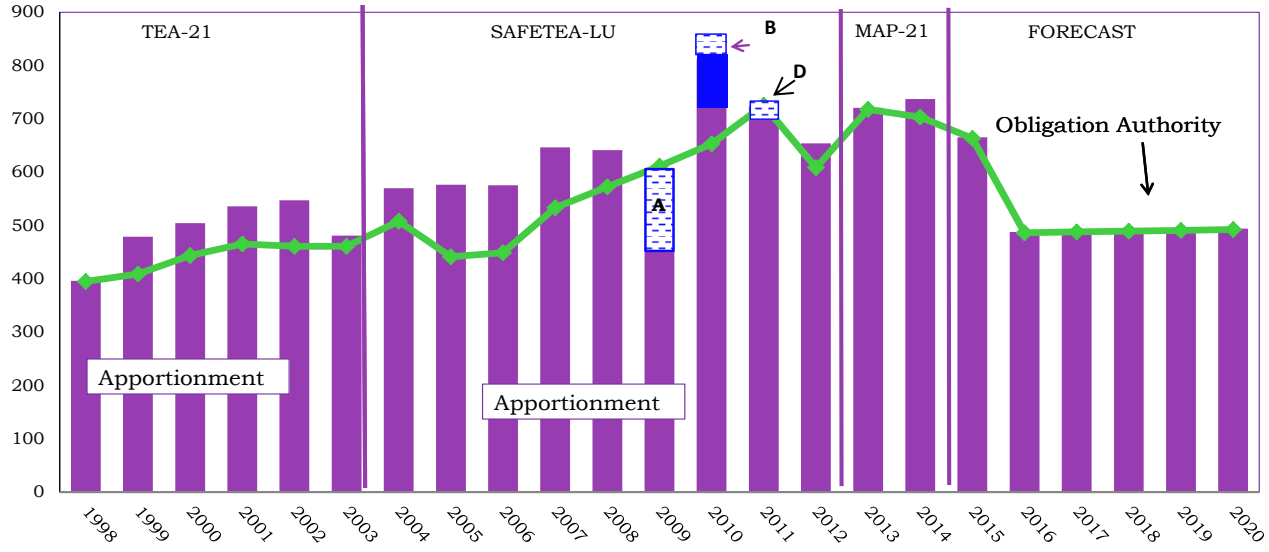
Federal Funds Revenue

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 36 describes the amount of federal apportionment and obligation authority to Washington State since 1998 with the inclusion of the November 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 36 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) - Federal Fiscal Years 1998-2020 with the November 2011 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.

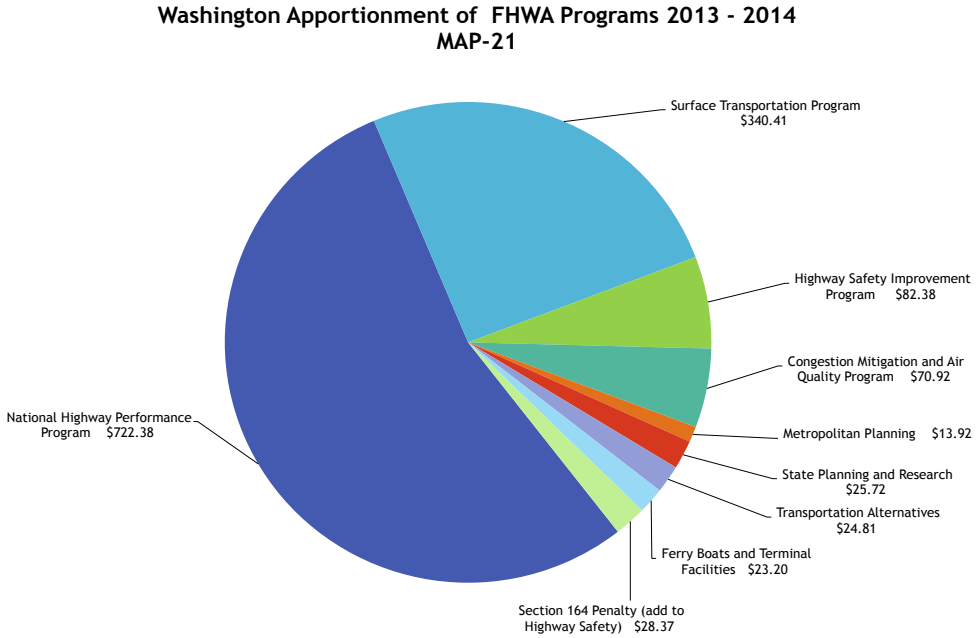
MAP-21 creates a streamlined, performance-based, and multimodal program to address the many challenges facing the U.S. transportation system. It continues to provide the majority of Federal-aid highway funds to the states through core programs. The number of funding programs is consolidated by two-thirds 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 37)

Figure 37 Washington Apportionment of FHWA Programs MAP-21 2013 – 2014

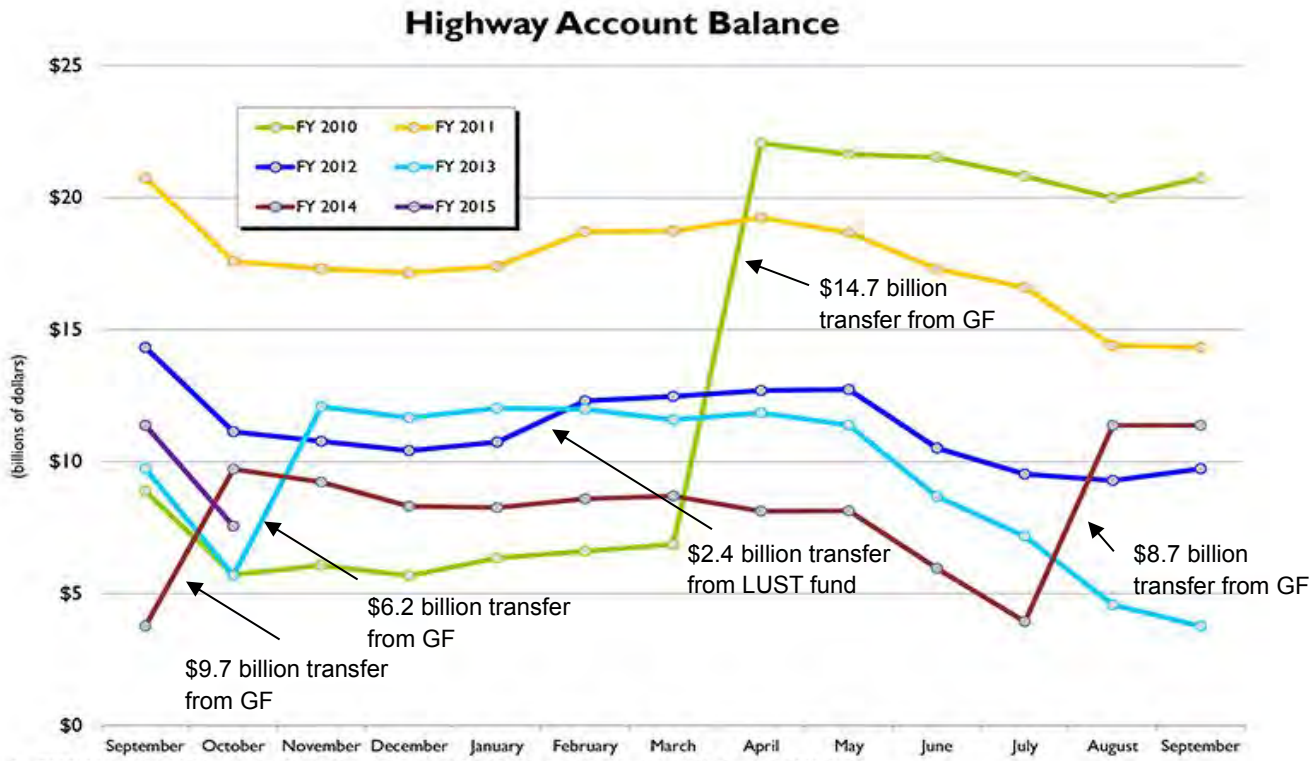


Highway Trust Fund

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 - 2015, Congress has transferred from the federal General Fund and the Leaking Underground Storage Tank fund $41.72 billion into the HTF Highway Account to keep it afloat. (Figure 38)

Figure 38 Monthly Federal Highway Trust Fund Account Balance
Federal Fiscal Years 2010-2015 *billions of dollars*



For FY 2010 includes $14.7 billion transferred from the General Fund (GF) in April pursuant to Public Law (P.L.) 111-147.
For FY 2012 includes $2.4 billion transferred from the Leaking Underground Storage Tank (LUST) Trust Fund in August pursuant to P. L. 112-141
For FY 2013 includes $6.2 billion transferred from the GF in November pursuant to P.L. 112-141, of which $316.2 million was sequestered in August.
For FY 2014 includes $10.4 billion tranferred from the GF in October pursuant to P.L. 112-121 less sequester of $748.8 million. Also includes $7.765 billion tranferred from the GF and $1 billion tranferred from the LUST Trust Fund in August pursuant to P.L. 113-159

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 November 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.

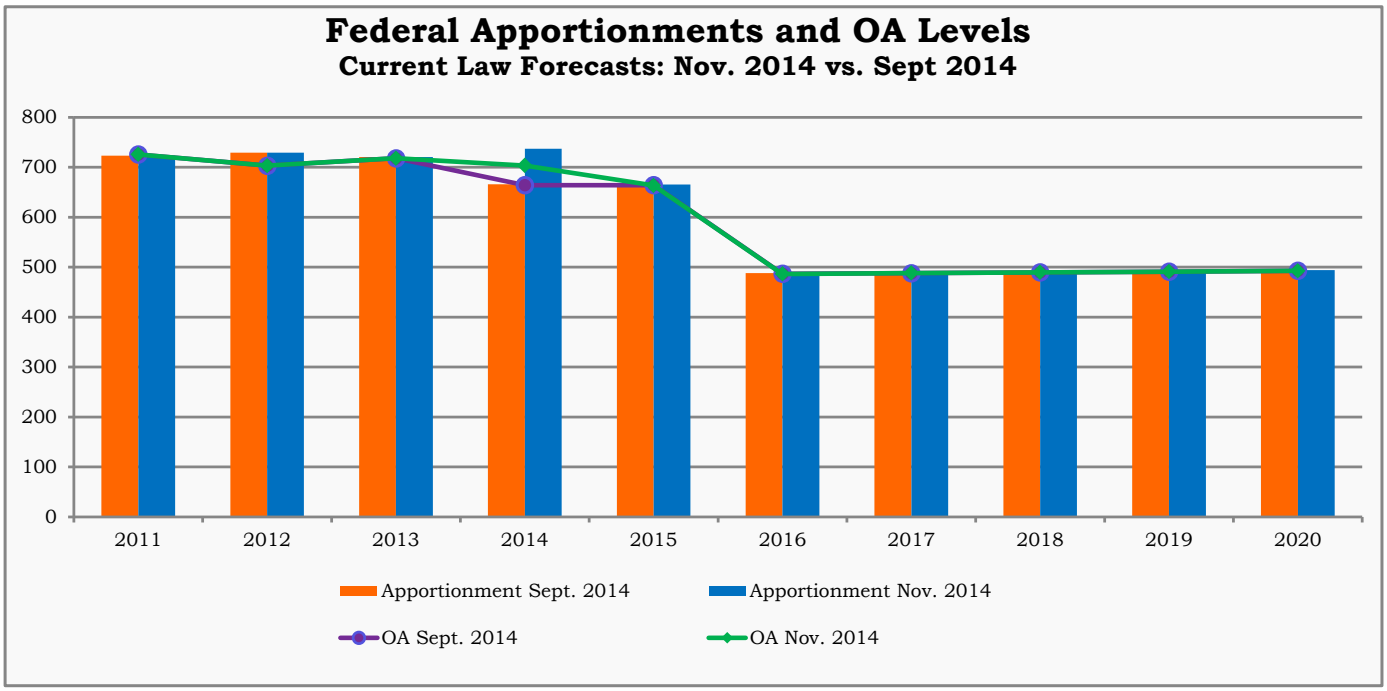
The baseline November 2014 apportionment forecast shows actual apportionment distributions from FHWA for FFY 2013 totaling $720.6 million dollars and FFY 2014 totaling $737.1 million dollars.. This includes all the discretionary and allocated programs apportionment of $62.12 million in FFY 2013 and $61.0 million in FFY 2014. History indicates that Washington received 1.7% of national apportionment each year so that is our assumed percentage in future years for this November forecast.

Long-term Apportionment Forecast

The baseline November 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. On August 8, 2014 President Obama signed the Highway and Transportation Funding Act of 2014 (H.R. 5021) into law. The bill extends programs under MAP-21 at FFY 2014 levels until May 31, 2015. The bill also transferred $10.8 billion into the Highway Trust Fund (HTF) from the general fund to keep the fund solvent through FFY 2015.

The November 2014 baseline forecast for FFY 2015 is driven by Notice N4510.778 dated October 1, 2014. Notice N4510.778 transmits apportionment to the states for the period of October 1, 2014 through May 31, 2015 (243 days). The November 2014 baseline forecast annualizes the funding levels of Notice N4510.778 for the entire FFY 2015. The November 2014 baseline forecast for FFY 2015 is also driven by Notice N4510.779 dated October 1, 2014. Notice N4510.779 transmits the funds impacted by the sequestration of exempt NHPP apportionment (sequestration order issued 3/10/2014) to the states for the period of October 1, 2014 through May 31, 2015 (243 days). The November 2014 baseline forecast annualizes the funding levels of Notice N4510.779 for the entire FFY 2015. The current August 27, 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 current assumption of a 26.7% reduction is about the same as the September forecast. 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 39 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) November vs. September 2014 Forecasts



Source: FHWA apportionment and obligation authority notices and TRFC November 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 40 outlines the state and local splits for individual program distributions. These agreed upon splits to the program distributions are reflected in the November 2014 federal forecast which has not been modified since they were first incorporated into the September 2012 forecast.

Figure 40 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 November forecast, as well as in the prior seven 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 FFY 2013 federal funds have 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 was $703.3 million which is 5.9% above 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 $3.9 million in FFY 2013 and $21.8 million in FFY 2014. Actual FFY 2013 ferry formula funds came in $7.5 million less than anticipated in the last forecast but FFY 2014 ferry formula funds came in $9.9 million more than anticipated last quarter. This November forecast, like prior forecasts, assumes the continuation of the ferry boat funding throughout the forecast horizon. The ferry formula funds are anticipated to grow at the same rate as other federal funds.

Recent Changes in Federal Forecast

- The current federal funds forecast adds in all federal funds not just formula federal funds into the forecast. This raised the federal funds apportionment forecast to $737.1 million and increases it by $71 million in FFY 2014 from September's forecast. The federal funds revenue now includes discretionary and allocated program funds and additional funds for ferry boats as well as the formula based funds.
- The current obligation authority forecast for FFY 2014 is $703.3 million which is higher by $39 million or 5.9% due to incorporating additional funds besides formula based obligation authority.
- The current November 2014 forecast of the HTF by the Congressional Budget Office (CBO) 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.
- This current FFY 2015 federal apportionment forecast is $665.6 million which is lower than past forecast by $0.54 million.

- The obligation authority for FFY 2015 in the November forecast is $663.5 million, lower than the last forecast by $0.537 million.
- This current FFY 2016 federal apportionment forecast is $487.9 million which is lower than the previous forecast by $395,000.
- The obligation authority for FFY 2016 in the September forecast is $486.4 million which is lower than the September forecast by $394,000.
- The increase in federal funds from the last forecast grows slightly throughout the forecast horizon.

Figure 41 Washington's portion of Federal Highway Funds by Federal Fiscal Year November 2014
Millions of dollars

	FFY 2014	FF 2015	FY 2016	FY 2017
WA Statewide Apportionment of FHWA Programs	**737.1**	**665.6**	**487.9**	**489.6**
% Change from Prior Fcst	10.7%	-0.1%	-0.1%	0.0%
Obligation Authority	**703.1**	**663.5**	**486.3**	**488.1**
% Change from Prior Fcst	5.9%	-0.1%	-0.1%	0.0%

Forecast Contacts

Washington State Department of Transportation unless otherwise noted

Economic Variables and Fuel Price Forecast

Brian Calkins, 360-705-7991 brian.calkins@wsdot.wa.gov

Motor Fuel Tax Revenue Forecast

Brian Calkins, 360-705-7991 brian.calkins@wsdot.wa.gov

Motor Vehicle Licenses, Permits & Fees Revenue Forecast

Thomas L. R. Smith, 360-705-7941 smithtm@wsdot.wa.gov

Alice Vogel, Washington State Department of Licensing, 360-902-3986 avogel@dol.wa.gov

Driver Related Revenue Forecasts

Alice Vogel, Washington State Department of Licensing, 360-902-3986 avogel@dol.wa.gov

Robert A. Plue, Washington State Department of Licensing, 360-902-3643 rplue@dol.wa.gov

Jean Du, Washington State Department of Licensing, 360-902-3641 jdu@dol.wa.gov

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

Other Transportation Related Revenue Forecast

Vehicle Sales & Rental Car Tax

Lance Carey, Washington State Economic and Revenue Forecast Council, 360-570-6104 lancec@dor.wa.gov

Business and Other Revenue

Claudia Lindahl, 360-705-7502 lindahc@wsdot.wa.gov
Mary Thygesen, (360) 596-4044 Mary.Thygesen@wsp.wa.gov

Aeronautics Revenue

Brian Calkins, 360-705-7991 calkinb@wsdot.wa.gov

Alice Vogel, Washington State Department of Licensing, 360-902-3986 avogel@dol.wa.gov

Washington State Ferries Ridership and Revenue Forecast

Ray Deardorf, 206-515-3491 deardorf@wsdot.wa.gov

Toll Operations Traffic and Revenue

Ed Shumpert, WSDOT-Toll Division, 206-464-1226, shumped@wsdot.wa.gov

Federal Funds Forecast

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

Appendix

Graphs and Tables Related to the November 2014 Forecast

Including distribution of revenues to the major accounts

Figure 42 Forecast to Forecast Biennium Comparison of All Transportation Revenues
November 2014 forecast - 16 year period

millions of dollars

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

November 2014• millions of dollars

	Current Biennium 2013-2015			2015-2017			16-Year Period (2011-2027)		
	Forecast Nov-14	Chg from Sep-14	Percent Change	Forecast Nov-14	Chg from Sep-14	Percent Change	Forecast Nov-14	Chg from Sep-14	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,539.72	3.89	0.15%	2,583.80	11.88	0.46%	20,733.14	79.11	0.38%
Licenses, Permits and Fees *	1,030.70	4.72	0.46%	1,091.81	8.24	0.76%	8,792.15	44.87	0.51%
Ferry Revenue†	347.66	0.62	0.18%	359.51	(0.79)	-0.22%	2,963.76	(4.09)	-0.14%
Toll Revenue §	279.77	(12.81)	-4.38%	315.38	(16.04)	-4.84%	2,623.09	(123.78)	-4.51%
Aviation Revenues ‡	5.88	0.00	0.02%	6.16	0.00	0.06%	50.54	0.03	0.06%
Rental Car Tax	55.87	1.19	2.18%	59.61	2.11	3.66%	497.60	13.61	2.81%
Vehicle Sales Tax	76.49	1.28	1.70%	82.66	2.06	2.56%	689.69	9.78	1.44%
Driver-Related Fees*	283.46	0.70	0.25%	289.28	(1.92)	-0.66%	2,212.74	(8.85)	-0.40%
Business/Other Revenues‡*	30.91	0.00	0.00%	29.56	3.87	15.07%	223.66	7.89	3.66%
Total Revenues	**4,650.46**	**(0.40)**	**-0.01%**	**4,817.76**	**9.43**	**0.20%**	**38,786.37**	**18.56**	**0.05%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**135.86**	**0.04**	**0.03%**	**144.17**	**1.55**	**1.09%**	**1,210.16**	**8.16**	**0.68%**
State Uses									
Motor Vehicle Account (108)	1,114.00	2.98	0.27%	1,138.52	9.58	0.85%	9,127.39	42.17	0.46%
Transportation 2003 (Nickel) Account (550)	395.08	0.85	0.21%	400.54	1.62	0.41%	3,189.26	10.35	0.33%
Transportation 2005 Partnership Account (09H)	583.90	0.90	0.15%	591.83	2.46	0.42%	4,738.50	16.85	0.36%
Multimodal Account (218)	270.40	3.17	1.19%	285.39	5.51	1.97%	2,380.52	30.72	1.31%
Special Category C Account (215)	47.79	0.07	0.15%	48.41	0.20	0.42%	387.54	1.41	0.36%
Puget Sound Capital Construction Account (099)	34.77	0.05	0.15%	35.22	0.15	0.42%	281.97	1.02	0.36%
Puget Sound Ferry Operations Account (109)	399.33	0.88	0.22%	411.58	(0.33)	-0.08%	3,382.82	(0.98)	-0.03%
Capital Vessel Replacement Account (18J)	17.81	(0.01)	-0.04%	46.79	0.13	0.28%	270.22	(0.14)	-0.05%
Tacoma Narrows Bridge Account (511)	136.38	(2.00)	-1.45%	150.55	(2.58)	-1.68%	1,217.55	(42.89)	-3.40%
High Occupancy Toll Lanes Account (09F)^	2.57	(0.08)	-3.18%	0.00	0.00	0.00%	4.89	(0.08)	-1.69%
SR 520 Corridor Account (16J)	131.39	(1.84)	-1.38%	154.29	(5.68)	-3.55%	1,311.85	(29.94)	-2.23%
SR 520 Corridor Civil Penalties Account (17P)	9.43	(8.88)	-48.48%	10.54	(7.77)	-42.46%	88.80	(50.87)	-36.42%
Aeronautics Account (039)	5.88	0.00	0.02%	6.16	0.00	0.06%	50.54	0.03	0.06%
State Patrol Highway Account (081)	348.01	1.38	0.40%	359.62	2.82	0.79%	2,967.25	16.20	0.55%
Highway/Motorcycle Safety Accts. (106 & 082)	249.11	0.91	0.37%	254.61	(1.60)	-0.62%	1,930.45	(6.66)	-0.34%
School Zone Safety Account (780)	1.24	0.00	0.00%	1.20	0.00	0.00%	10.07	0.00	0.00%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.50	0.07	0.42%	16.97	0.14	0.82%	139.36	0.84	0.61%
Ignition Interlock Devices Revolving Acct 14V	3.83	0.01	0.33%	3.97	0.04	0.98%	30.15	0.24	0.81%
Multiuse Roadway Safety Account Collections-571	0.05	(0.00)	-5.14%	0.08	(0.00)	-5.25%	0.66	(0.01)	-1.62%
Total for State Use	**3,767.42**	**(1.54)**	**-0.04%**	**3,916.20**	**4.69**	**0.12%**	**31,509.14**	**(11.73)**	**-0.04%**
Local Uses									
Cities	183.27	0.27	0.15%	185.67	0.77	0.42%	1,486.23	5.39	0.36%
Counties	302.24	0.44	0.15%	306.63	1.31	0.43%	2,456.93	9.09	0.37%
Transportation Improvement Board (112 & 144)	195.83	0.29	0.15%	198.39	0.82	0.42%	1,588.99	5.73	0.36%
County Road Administration Board (102 & 253)	65.84	0.10	0.15%	66.71	0.28	0.41%	534.91	1.91	0.36%
Total for Local Use	**747.18**	**1.10**	**0.15%**	**757.39**	**3.18**	**0.42%**	**6,067.07**	**22.12**	**0.37%**
Total Distribution of Revenue	**4,650.46**	**(0.40)**	**-0.01%**	**4,817.76**	**9.43**	**0.20%**	**38,786.37**	**18.56**	**0.05%**

† 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 43 Forecast to Baseline Biennium Comparison of All Transportation Revenues November 2014 forecast - 16 year period

millions of dollars

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

November 2014• millions of dollars

	2013-2015			Current Biennium 2015-2017			16-Year Period (2011-2027)		
	Forecast Nov-14	Chg from Baseline ¥	Percent Change	Forecast Nov-14	Chg from Baseline ¥	Percent Change	Forecast Nov-14	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,539.72	8.55	0.34%	2,583.80	39.00	1.53%	20,733.14	470.43	2.32%
Licenses, Permits and Fees *	1,030.70	21.29	2.11%	1,091.81	59.24	5.74%	8,792.15	334.27	3.95%
Ferry Revenue†	347.66	4.81	1.40%	359.51	3.60	1.01%	2,963.76	32.95	1.12%
Toll Revenue §	279.77	(12.81)	-4.38%	315.38	(16.04)	-4.84%	2,623.09	(119.25)	-4.35%
Aviation Revenues ‡	5.88	(0.08)	-1.26%	6.16	(0.04)	-0.62%	50.54	(0.08)	-0.16%
Rental Car Tax	55.87	3.02	5.71%	59.61	3.88	6.96%	497.60	22.46	4.73%
Vehicle Sales Tax	76.49	2.35	3.17%	82.66	3.58	4.53%	689.69	26.85	4.05%
Driver-Related Fees*	283.46	0.64	0.23%	289.28	(6.35)	-2.15%	2,212.74	(29.19)	-1.30%
Business/Other Revenues ±	30.91	4.38	16.50%	29.56	4.20	16.58%	223.66	17.54	8.51%
Total Revenues	**4,650.46**	**32.16**	**0.70%**	**4,817.76**	**91.08**	**1.93%**	**38,786.37**	**755.97**	**1.99%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**135.86**	**(2.63)**	**-1.90%**	144.17	**0.28**	**0.19%**	1,210.16	**(0.06)**	**-0.01%**
State Uses									
Motor Vehicle Account (108)	1,114.00	10.21	0.92%	1,138.52	27.29	2.46%	9,127.39	212.86	2.39%
Transportation 2003 (Nickel) Account (550)	395.08	0.83	0.21%	400.54	4.03	1.02%	3,189.26	51.40	1.64%
Transportation 2005 Partnership Account (09H)	583.90	2.80	0.48%	591.83	8.96	1.54%	4,738.50	107.99	2.33%
Multimodal Account (218)	270.40	7.69	2.93%	285.39	9.72	3.52%	2,380.52	68.60	2.97%
Special Category C Account (215)	47.79	0.20	0.43%	48.41	0.73	1.53%	387.54	9.22	2.44%
Puget Sound Capital Construction Account (099)	34.77	0.15	0.43%	35.22	0.53	1.53%	281.97	6.70	2.44%
Puget Sound Ferry Operations Account (109)	399.33	5.41	1.37%	411.58	4.32	1.06%	3,382.82	42.20	1.26%
Capital Vessel Replacement Account (18J)	17.81	10.24	135.25%	46.79	38.88	491.96%	270.22	205.50	317.51%
Tacoma Narrows Bridge Account (511)	136.38	(2.00)	-1.45%	150.55	(2.58)	-1.68%	1,217.55	(41.99)	-3.33%
High Occupancy Toll Lanes Account (09F)*	2.57	(0.08)	-3.19%	0.00	0.00	0.00%	4.89	(0.11)	0.00%
SR 520 Corridor Account (16J)	131.39	(1.84)	-1.38%	154.29	(5.68)	-3.55%	1,311.85	(31.82)	-2.37%
SR 520 Corridor Civil Penalties Account (17P)	9.43	(8.88)	-48.48%	10.54	(7.77)	-42.46%	88.80	(45.33)	-33.79%
Aeronautics Account (039)	5.88	(0.08)	-1.26%	6.16	(0.04)	-0.62%	50.54	(0.08)	-0.16%
State Patrol Highway Account (081)	348.01	5.47	1.60%	359.62	5.68	1.61%	2,967.25	41.16	1.41%
Highway/Motorcycle Safety Accts. (106 & 082)	249.11	0.85	0.34%	254.61	(5.75)	-2.21%	1,930.45	(24.47)	-1.25%
School Zone Safety Account (780)	1.24	0.06	5.38%	1.20	0.03	2.41%	10.07	0.30	3.02%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.50	0.16	0.96%	16.97	0.26	1.53%	139.36	2.09	1.52%
Ignition Interlock Device Revolving Acct 14V	3.83	0.02	0.49%	3.97	0.14	3.72%	30.15	0.79	2.69%
Multiuse Roadway Safety Account Collections-571	0.05	0.05	41.67%	0.05	(0.07)	-61.99%	0.60	(0.52)	-46.51%
Total for State Use	**3,767.42**	**31.20**	**0.84%**	**3,916.20**	**78.75**	**2.05%**	**31,509.14**	**605.02**	**1.96%**
Local Uses									
Cities	183.27	0.79	0.43%	185.67	2.80	1.53%	1,486.23	35.34	2.44%
Counties	302.24	1.68	0.56%	306.63	5.24	1.74%	2,456.93	63.83	2.67%
Transportation Improvement Board (112 & 144)	195.83	0.84	0.43%	198.39	3.00	1.53%	1,588.99	38.45	2.48%
County Road Administration Board (102 & 186)	65.84	0.28	0.43%	66.71	1.01	1.54%	534.91	13.39	2.57%
Total for Local Use	**747.18**	**3.58**	**0.48%**	**757.39**	**12.05**	**1.62%**	**6,067.07**	**151.01**	**2.55%**
Total Distribution of Revenue	**4,650.46**	**32.16**	**0.70%**	**4,817.76**	**91.08**	**1.93%**	**38,786.37**	**755.97**	**1.99%**

¥ 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.

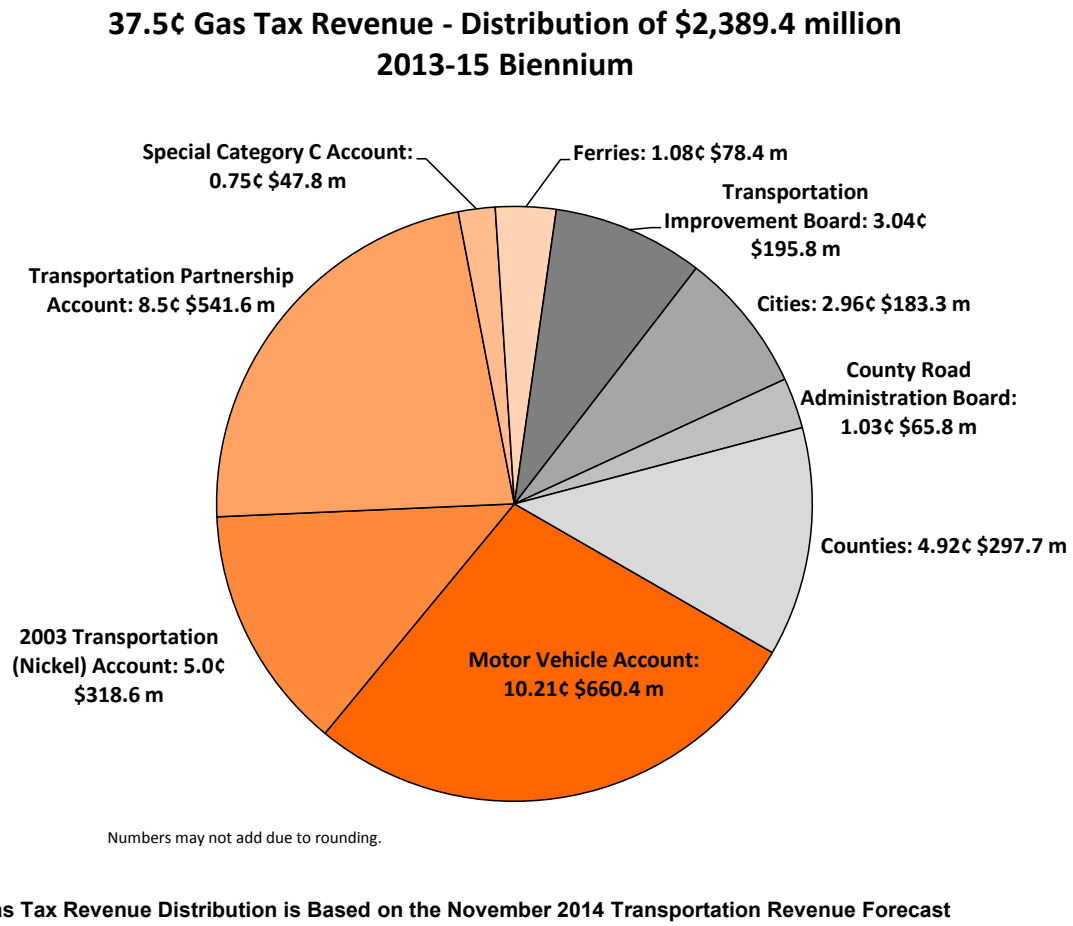
* These transportation revenues had new fees or higher fees adopted by the 2012, 2013 and 2014 Legislatures.

§ 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 November 2014 fuel tax revenue forecast for the 2013-2015 biennium.

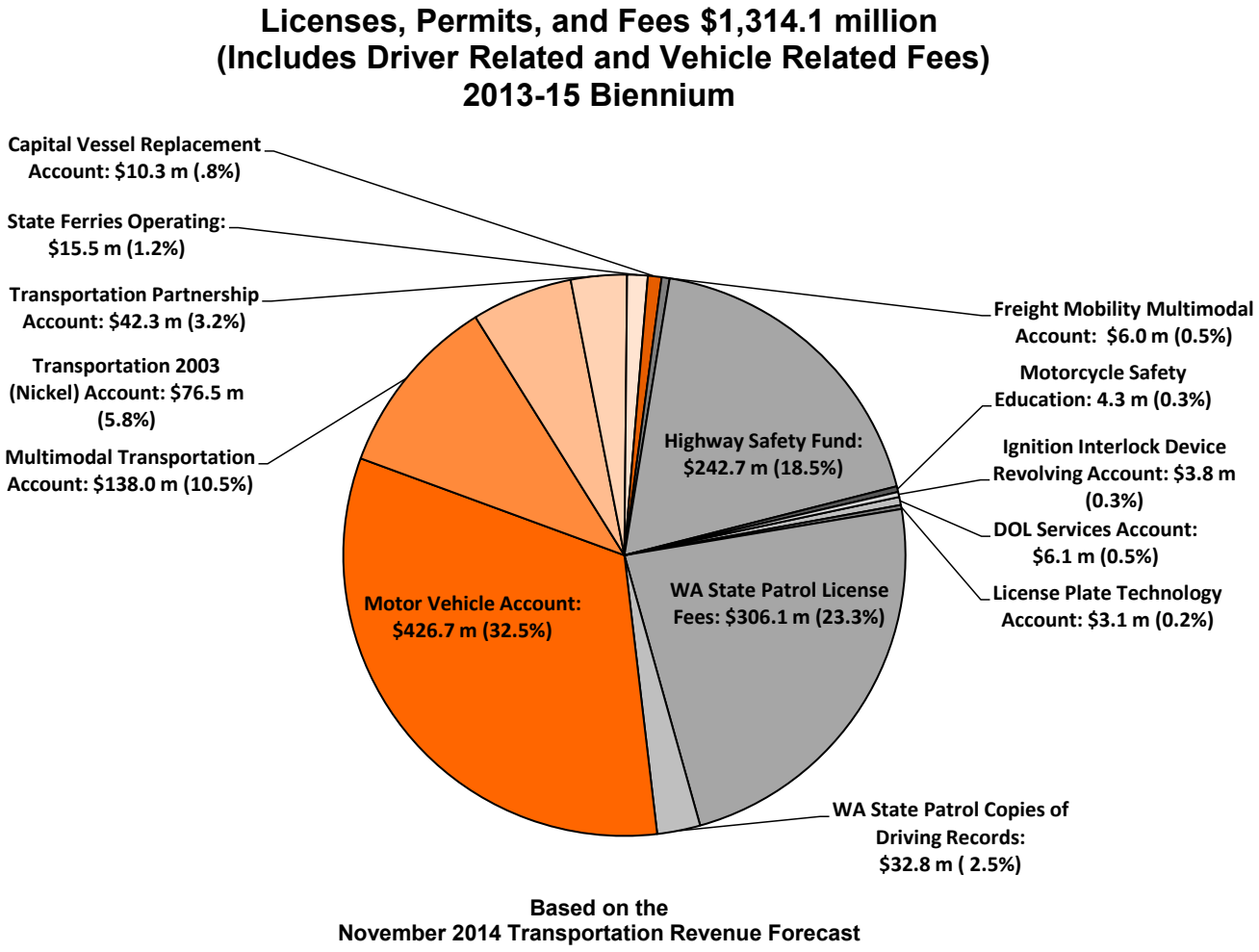
Figure 44 Fuel Tax Revenue for Statutory Distribution



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

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

Figure 45 License Permits and Fees Revenue for Distribution (Both Motor Vehicle & Driver Related)



Impact to Transportation Accounts

Figure 46 Motor Vehicle Account Revenue November 2014 Forecast

Motor Vehicle Account Revenue *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	2,539.7	3.9	2,583.8	11.9	12,961.1	51.0
Licenses, Permits, & Fees	425.4	1.7	438.3	2.7	2,216.0	10.7
Business-Related Revenue	18.3	0.0	17.0	3.9	79.8	7.7
Total	**2,983.4**	**5.6**	**3,039.0**	**18.5**	**15,256.9**	**69.4**
Distribution						
Refunds-Regular	135.9	0.0	144.2	1.6	736.8	5.8
Fuel Tax Distributions for Local Uses[1]	747.2	1.1	757.4	3.2	3,799.2	14.1
Fuel Tax Distributions for State Uses[2]	986.4	1.5	999.0	4.2	5,008.4	18.5
Total	**1,869.4**	**2.6**	**1,900.5**	**8.9**	**9,544.4**	**38.3**
Net Revenue	**1,114.0**	**3.0**	**1,138.5**	**9.6**	**5,712.5**	**31.1**

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 47 Transportation 2003 (Nickel) Account Revenue Forecast

Transportation 2003 (Nickel) Account *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14
Revenue						
5¢ Gas Tax	318.6	0.5	322.8	1.3	1,618.2	6.0
Licenses, Permits and Fees	76.5	0.4	77.8	0.3	393.5	0.8
Total	**395.1**	**0.8**	**400.5**	**1.6**	**2,011.7**	**6.8**

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 48 Transportation Partnership Account Revenue Forecast

Transportation Partnership Account *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14
Revenue						
5¢ Gas Tax	526.1	0.0	541.6	0.8	2,751.0	10.1
Licenses, Permits and Fees	41.3	0.0	42.3	0.1	216.3	0.7
Total	**567.4**	**0.0**	**583.9**	**0.9**	**2,967.3**	**10.8**

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 49 Washington State Ferry Accounts Revenue Forecast

Washington State Ferries Accounts *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	332.9	0.6	344.0	(0.9)	1,761.6	(3.2)
Concessions & Other Revenue	7.3	0.1	7.6	0.2	39.7	1.4
Fuel Tax	43.6	0.1	43.9	0.2	219.9	0.8
Licenses, Permits and Fees	15.5	0.1	16.0	0.2	82.1	0.6
Subtotal	**399.3**	**0.9**	**411.6**	**(0.3)**	**2,103.3**	**(0.4)**
Capital Vessel Replacement Account (18J)	**17.8**	**(0.0)**	**46.8**	**(0.1)**	**182.7**	**0.0**
Ferry Capital Surcharge	7.5	(0.1)	7.8	(0.1)	40.2	(0.6)
Title Service fee & Reg. Service fee	10.3	0.1	38.9	0.3	142.4	0.6
Puget Sound Cap. Const. Acct. (099) Fuel Tax	34.8	0.1	35.2	0.1	176.6	0.7
Total	**434.1**	**0.9**	**446.8**	**(0.2)**	**2,280.0**	**0.3**

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 50 Multimodal Transportation Account Revenue Forecast

Multimodal Account *dollars in millions*	2011-13		2013-15		10-Year Period (2013-2023)	
	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14
Revenue						
Licenses, Permits and Fees	130.2	0.0	138.0	0.7	739.8	5.4
Rental Car Tax	46.7	0.0	55.9	1.2	309.6	9.6
Vehicle Sales Tax	63.3	0.0	76.5	1.3	429.5	7.2
Total	**240.2**	**0.0**	**270.4**	**3.2**	**1,479.0**	**22.1**

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 51 Aeronautics Account Revenue Forecast

Aeronautics Account *dollars in thousands*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14
Revenue						
Aircraft Dealer License Fees	5.6	0.0	5.6	0.0	27.8	0.0
Aircraft Excise Tax	700.6	0.0	708.1	0.0	3,578.6	0.0
Aircraft Fuel Tax	5,028.5	0.0	5,299.4	0.0	26,864.7	0.0
Aeronautics Transfer (from MV Fund)	572.3	1.3	576.4	4.0	2,881.3	17.9
Aircraft Registrations	205.0	0.0	207.4	0.0	1,049.0	0.0
Total	**6,511.9**	**1.3**	**6,796.9**	**4.0**	**34,401.3**	**17.9**

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 52 Toll Revenue Forecast

Tolling Accounts *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14
Revenue						
Tacoma Narrows Bridge Account						
Toll Revenues and Fees	132.7	(1.7)	142.8	(3.2)	730.5	(31.1)
Transponder Sales/ Shield Sales	0.6	(0.2)	0.4	(0.4)	2.0	(2.1)
Violations	0.0	0.0	0.0	0.0	0.0	0.0
Civil Penalties	2.8	0.2	7.4	1.2	34.3	5.3
Misc. Revenues	0.4	(0.3)	0.0	(0.3)	0.4	(0.6)
Subtotal Tacoma Narrows Bridge	**136.4**	**(2.0)**	**150.5**	**(2.6)**	**767.2**	**(28.5)**
HOT Lanes Operations Account ^						
Toll Revenues	2.5	(0.1)	0.0	0.0	2.5	(0.1)
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	**2.6**	**(0.1)**	**0.0**	**0.0**	**2.6**	**(0.1)**
SR 520 Bridge						
Toll Revenues and Fees	129.9	(2.4)	153.3	(5.6)	818.0	(19.9)
Transponder Sales/ Shield Sales	1.1	0.1	1.0	(0.0)	4.1	(1.2)
Civil Penalties	9.4	(8.9)	10.5	(7.8)	53.6	(37.9)
Misc. Revenues	0.4	0.4	0.0	0.0	0.4	0.4
Subtotal SR 520 Bridge	**140.8**	**(10.7)**	**164.8**	**(13.5)**	**876.2**	**(58.7)**
Total Tolling Revenues	**279.8**	**(12.8)**	**315.4**	**(16.0)**	**1,646.0**	**(87.2)**

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 53 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 Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14
Revenue						
Highway Safety						
Driver License Fees	200.8	1.6	205.2	(0.2)	985.4	1.3
Copies of Records	35.9	(0.7)	36.7	(1.2)	187.0	(5.2)
Other and Miscellaneous	6.0	(0.0)	6.0	(0.1)	30.3	(0.4)
Subtotal	**242.7**	**0.8**	**247.9**	**(1.6)**	**1,202.8**	**(4.4)**
Motorcycle Safety Permits/Endorsements	4.3	0.0	4.7	(0.0)	22.2	(0.0)
State Patrol Copies of Records / LPF/Business Related	348.0	1.4	359.6	2.8	1,843.3	11.6
Subtotal	**352.3**	**1.4**	**364.3**	**2.8**	**1,865.6**	**11.6**
Total	**595.0**	**2.3**	**612.2**	**1.2**	**3,068.3**	**7.2**

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 54 School Zone Safety Account Revenue Forecast

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

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 55 Multiuse Road Safety Account Revenue Forecast

Multiuse Roadway Safety Account Collections *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14	Forecast Nov 14	Chg from Sep 14
Revenue						
License Permit and Fees	0.0	(0.00)	0.1	(0.00)	0.4	(0.01)
Total	**0.0**	**(0.00)**	**0.1**	**(0.00)**	**0.4**	**(0.01)**

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.