Transportation Revenue Forecast Council

September 2015 Transportation Economic and Revenue Forecasts

Volume I: Summary

Washington Transportation
Economic and Revenue Forecast
September 2015 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.

September 2015 Transportation Forecast Overview

Forecast Overview

Here are key conclusions from the September 2015 transportation revenue forecast.

- September 2015 transportation forecast of revenues: $5.675 billion for the current biennium which represents an increase of 21.5% over the prior 2013-15 biennium of $4.67 billion. The September forecast is the first quarterly forecast to include the 2015 transportation revenue package in 2ESSB 5987.
- Overall transportation revenue has an upward revision forecast to forecast in the current biennium (up $782 million) with the largest share of the increase in fuel taxes being higher by $625 million due to the passage of the 2015 transportation revenue package. Next biennium, the transportation revenues are up even more as both fuel taxes and license, permits and fee revenues are up from the adoption of the new transportation revenue package. Next biennium, overall transportation revenues will be $6.18 billion which is up $1.17 billion or 23% over the last forecast with $870 million of the increase being due to increased fuel tax revenue and $277 million of the increase due to higher vehicle licenses permits and fee revenue.
- For the 10-year forecast horizon, total revenues are projected to be $30.89 billion, which is up by $5.63 billion (22%) from June due primarily to higher fuel tax revenue, licenses permits and fee revenue and certain driver license fees from the 2015 transportation revenue package. Ferry revenue is also up due to the Transportation Commission adopting higher ferry fares.
- New projections of real personal income and employment projections are minor revisions upward from the last forecast in terms of growth rates. Inflation is also down due to lower fuel prices since the last forecast. The current forecast for average annual retail gas and diesel price forecasts are higher than June's forecast all throughout the forecast horizon due primarily to higher future fuel tax rates since the last forecast. The current B5 biodiesel prices for ferries are lower than the last forecast and the baseline March forecast.
- The primary reason for the change in fuel tax revenue has been an increase in tax rates and higher fuel tax collections. Gas taxes have been $6 million higher in the last three months compared to forecast. In addition, real gas prices are down from last quarter's projections and employment forecasts are up a little. The current gas tax forecast is up $504.7 million in the current biennium due to the increase in the fuel tax rates but also due to favorable economic conditions. Diesel taxes have been coming in close to forecast recently. The tax rate increases raised the forecast by $120 million in the current biennium and $173 million next biennium. Fuel tax revenue is up $4.165 billion or 31% from June's forecast over next 10 years.
- Licenses, permits and fee (LPF) revenue are up forecast to forecast by $134 million, in the current biennium due to passage of the new 2015 transportation revenue package which increased passenger weight fees, passenger car and light truck fees and introduced a freight project fee on heavy duty trucks. In the next biennium, the revenues are also anticipated to be up by $277 million forecast to forecast. Over the 10 year forecast period, LPF revenue is up $1.33 billion (23%) over last forecast with the largest share of the increase being higher passenger vehicle weight fee which contributed to 66% of LPF increase.
- September's ferry forecast is up over the prior projections due to the Transportation Commission adoption of ferry fare rate increases and higher recent ridership than anticipated in the June forecast.

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 fiscal year 2015, transportation revenues were $2.394 billion which represented a 4.5% year–over-year growth and 0.68% adjustment upward from the June forecast. Overall during the 10-year horizon, transportation revenues are projected to be $30.892 billion and $5.63 billion or 22% more than projections in June with an average annual growth rate of 3% each year.

Figure 1 Total Transportation Revenues Comparison
September vs. June vs. March 2015 forecasts
millions of dollars

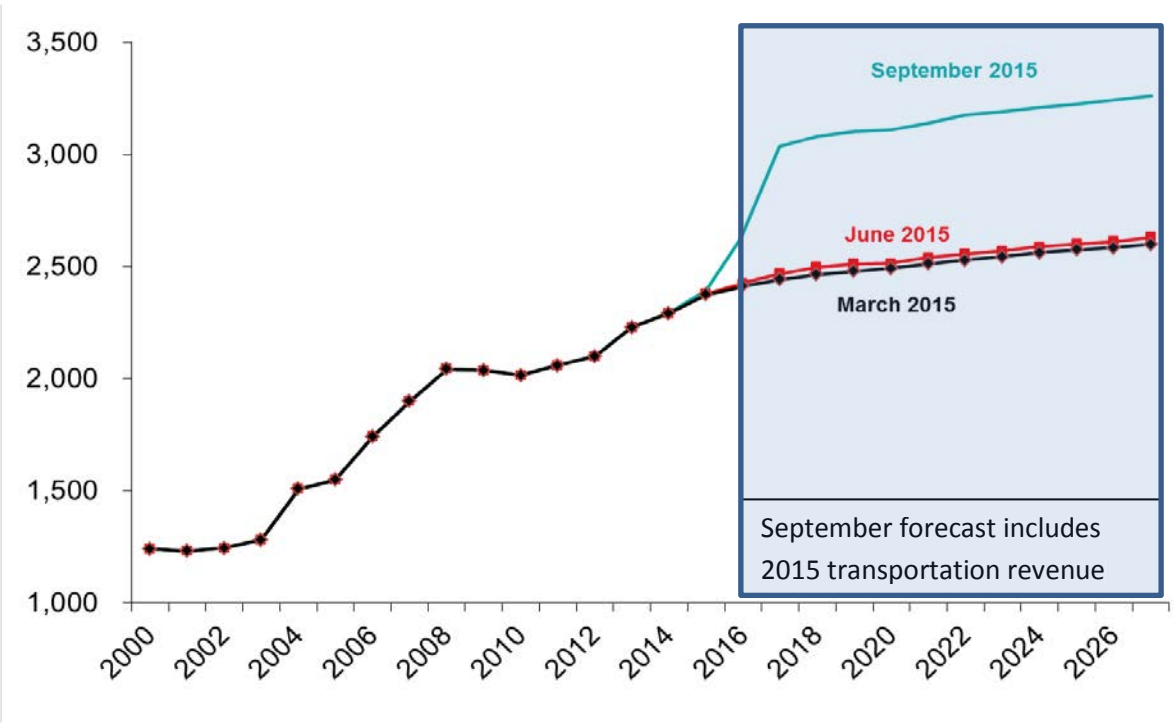
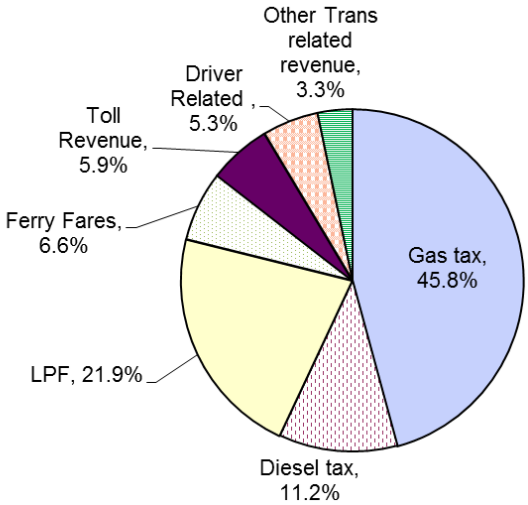


Figure 2 Revenue by Source
2015-17 biennium ($5.675 billion)



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 2015-17 biennium, ($5.675 billion). Gasoline fuel taxes comprise the largest share at 45.8%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 57.0% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 22%. The largest three revenue sources are projected to consist of 79% of revenues in the 2015-17 biennium. The remaining 21% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

Figure 3 Forecast to Forecast Biennium Comparison of All Transportation Revenues September 2015 forecast - 10 year period

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

September 2015• millions of dollars

	Current Biennium 2015-2017			2017-2019			10-Year Period (2015-2025)		
	Forecast Sep-15	Chg from Jun-15	Percent Change	Forecast Sep-15	Chg from Jun-15	Percent Change	Forecast Sep-15	Chg from Jun-15	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,233.93	624.68	23.94%	3,521.64	870.17	32.82%	17,514.32	4,165.15	31.20%
Licenses, Permits and Fees	1,241.82	133.56	12.05%	1,427.27	276.77	24.06%	7,264.60	1,507.95	26.19%
Ferry Revenue†	376.42	11.69	3.20%	386.39	12.95	3.47%	1,967.12	68.14	3.59%
Toll Revenue §	334.89	0.00	0.00%	358.43	0.00	0.00%	1,852.74	0.00	0.00%
Aviation Revenues ‡	6.98	0.80	12.98%	7.16	0.84	13.33%	36.00	4.13	12.97%
Rental Car Tax	61.33	0.68	1.12%	63.99	0.62	0.98%	331.72	2.96	0.90%
Vehicle Sales Tax	86.94	1.89	2.22%	91.52	1.86	2.07%	474.88	9.05	1.94%
Driver-Related Fees	300.50	6.11	2.08%	293.58	8.31	2.91%	1,479.09	36.75	2.55%
Business/Other Revenues ‡	31.71	2.44	8.32%	30.42	1.36	4.68%	146.30	7.99	5.78%
Total Revenues	**5,674.51**	**781.85**	**15.98%**	**6,180.41**	**1,172.88**	**23.42%**	**31,066.77**	**5,802.13**	**22.97%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**181.04**	**37.08**	**25.76%**	**204.85**	**55.63**	**37.28%**	**1,036.50**	**269.91**	35.21%
State Uses									
Motor Vehicle Account (108)	1,230.68	74.65	6.46%	1,256.51	64.52	5.41%	6,295.40	374.64	6.33%
Transportation 2003 (Nickel) Account (550)	409.88	4.79	1.18%	418.92	7.64	1.86%	2,108.16	38.03	1.84%
Transportation 2005 Partnership Account (09H)	606.39	8.14	1.36%	621.85	14.80	2.44%	3,129.86	76.94	2.52%
Connecting Washington Account (20H)	532.23	532.23	100.00%	794.06	794.06	100.00%	3,746.18	3,746.18	100.00%
Multimodal Account (218)	378.89	89.00	30.70%	486.32	182.75	60.20%	2,588.37	1,025.31	65.60%
Special Category C Account (215)	49.19	0.28	0.57%	50.05	0.36	0.73%	251.75	1.98	0.79%
Puget Sound Capital Construction Account (099)	35.79	0.20	0.57%	36.41	0.27	0.73%	183.17	1.44	0.79%
Puget Sound Ferry Operations Account (109)	430.73	13.46	3.23%	442.45	15.47	3.62%	2,248.90	81.06	3.74%
Capital Vessel Replacement Account (18J)	41.89	(0.89)	-2.08%	36.66	(0.16)	-0.44%	188.34	(2.01)	-1.06%
Tacoma Narrows Bridge Account (511)	166.38	0.00	0.00%	178.09	0.00	0.00%	905.37	0.00	0.00%
High Occupancy Toll Lanes Account (09F)^	3.68	0.00	0.00%	0.00	0.00	0.00%	3.68	0.00	0.00%
SR 520 Corridor Account (16J)	154.29	0.00	0.00%	169.39	0.00	0.00%	887.80	0.00	0.00%
SR 520 Corridor Civil Penalties Account (17P)	10.54	0.00	0.00%	10.95	0.00	0.00%	55.90	0.00	0.00%
Aeronautics Account (039)	6.98	0.80	12.98%	7.16	0.84	13.33%	36.00	4.13	12.97%
State Patrol Highway Account (081)	377.79	12.03	3.29%	401.83	22.95	6.06%	2,041.36	118.24	6.15%
Highway/Motorcycle Safety Accts. (106 & 082)	264.69	5.94	2.30%	257.38	8.37	3.36%	1,295.58	36.81	2.92%
School Zone Safety Account (780)	1.16	0.37	47.09%	1.17	0.38	48.22%	5.85	1.90	47.99%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.98	(0.01)	-0.06%	17.38	(0.01)	-0.07%	88.37	(0.06)	-0.07%
Ignition Interlock Devices Revolving Acct 14V	6.59	0.17	2.65%	6.37	(0.06)	-0.90%	32.06	(0.06)	-0.19%
Multiuse Roadway Safety Account Collections-571	0.09	0.01	14.84%	0.10	0.01	5.32%	0.52	0.01	2.94%
Total for State Use	**4,724.75**	**741.17**	**18.61%**	**5,192.95**	**1,112.18**	**27.25%**	**26,092.10**	**5,504.53**	**26.74%**
Local Uses									
Cities	188.64	1.07	0.57%	191.93	1.40	0.73%	965.47	7.60	0.79%
Counties	310.68	0.94	0.30%	316.42	1.54	0.49%	1,592.68	8.66	0.55%
Transportation Improvement Board (112 & 144)	201.59	1.17	0.58%	205.19	1.56	0.77%	1,032.38	8.41	0.82%
County Road Administration Board (102 & 186)	67.80	0.42	0.62%	69.07	0.57	0.83%	347.63	3.02	0.88%
Total for Local Use	**768.71**	**3.60**	**0.47%**	**782.61**	**5.06**	**0.65%**	**3,938.17**	**27.69**	**0.71%**
Total Distribution of Revenue	**5,674.51**	**781.85**	**15.98%**	**6,180.41**	**1,172.88**	**23.42%**	**31,066.77**	**5,802.13**	**22.97%**

† Ferry Fares plus non-farebox revenue
‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund in the June forecast.
§ 167 HOT lanes is a pilot program that is currently scheduled to sunset June 30, 2017

As Figure 3 indicates, in the current biennium, September's transportation revenues are projected at $5.675 billion. This forecast is up significantly in the current biennium by $781.9 million or 16% from the last forecast. In the current biennium, the September forecast includes elements of the 2015 transportation revenue package with higher fuel tax rates. As a result, fuel tax collections are up the most by $624.7 million or 24%

higher than the June forecast. Licenses, permits and fees are also up from the last forecast by $134 million or 13%. Certain licenses, permits and fees were also raised in the 2015 Transportation Revenue Package. Next biennium's transportation revenues are anticipated to grow to $6.18 billion and rise above the last forecast by $1.17 billion or 23%. The rise in transportation revenue for this September forecast is due again to higher fuel tax collections and licenses, permits and fee revenue from the new transportation revenue package. Aviation revenue was also increased due to having legislation which changed the distribution of the aircraft excise tax to going completing to the aeronautics account. Fuel taxes are up by $870.2 million; licenses, permits and fee revenue are up by $277 million, ferry revenue is up $68 million from the last forecast next biennium. Over the 10-year forecast horizon (2015-2025), the revenue forecast for September is $30.89 billion which is up $5.63 billion or 22% from the June forecast.

Since the March 2015 forecast was the baseline forecast on which the 2015-17 biennium budget was based, the current forecast to March 2015, baseline, comparison table is reported below in Figure 4. The September forecast is above the March baseline forecast by $821.8 million, 17%, in the current biennium. In next biennium, the September forecast is above the March forecast by $1.24 billion or 26%. Over the next 10 years, the current forecast is anticipated to be $30.89 billion which is $5,95 billion or 24%.

Figure 4 Forecast to Baseline Biennium Comparison of All Transportation Revenues September 2015 forecast - 10 year period

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

September 2015• millions of dollars

	Current Biennium 2015-2017			2017-2019			10-Year Period (2015-2025)		
	Forecast Sep-15	Chg from Baseline ¥	Percent Change	Forecast Sep-15	Chg from Baseline ¥	Percent Change	Forecast Sep-15	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,233.93	641.80	24.76%	3,521.64	894.88	34.07%	17,514.32	4,309.19	32.63%
Licenses, Permits and Fees	1,241.82	132.42	11.94%	1,427.27	295.31	26.09%	7,264.60	1,538.28	26.86%
Ferry Revenue†	376.42	11.71	3.21%	386.39	12.14	3.24%	1,967.12	69.82	3.68%
Toll Revenue §	334.89	19.51	6.19%	358.43	22.16	6.59%	1,852.74	122.88	7.10%
Aviation Revenues ‡	6.98	0.84	13.62%	7.16	0.88	14.01%	36.00	4.39	13.88%
Rental Car Tax	61.33	0.64	1.06%	63.99	0.66	1.05%	331.72	5.66	1.74%
Vehicle Sales Tax	86.94	1.48	1.73%	91.52	1.70	1.89%	474.88	12.42	2.69%
Driver-Related Fees	300.50	11.04	3.82%	293.58	10.20	3.60%	1,479.09	58.20	4.10%
Business/Other Revenues ±	31.71	2.37	8.08%	30.42	1.29	4.44%	146.30	7.97	5.76%
Total Revenues	**5,674.51**	**821.82**	**16.94%**	**6,180.41**	**1,239.23**	**25.08%**	**31,066.77**	**6,128.80**	**24.58%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**181.04**	**37.38**	**26.02%**	**204.85**	**56.09**	**37.70%**	**1,036.50**	**276.37**	**36.36%**
State Uses									
Motor Vehicle Account (108)	1,230.68	84.28	7.35%	1,256.51	94.71	8.15%	6,295.40	459.18	7.87%
Transportation 2003 (Nickel) Account (550)	409.88	7.19	1.78%	418.92	10.96	2.69%	2,108.16	57.75	2.82%
Transportation 2005 Partnership Account (09H)	606.39	11.67	1.96%	621.85	19.90	3.31%	3,129.86	106.78	3.53%
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Multimodal Account (218)	378.89	86.95	29.78%	486.32	180.82	59.19%	2,588.37	1,026.21	65.69%
Special Category C Account (215)	49.19	0.60	1.22%	50.05	0.85	1.72%	251.75	4.69	1.90%
Puget Sound Capital Construction Account (099)	35.79	0.43	1.23%	36.41	0.62	1.72%	183.17	3.41	1.90%
Puget Sound Ferry Operations Account (109)	430.73	13.60	3.26%	442.45	15.00	3.51%	2,248.90	84.52	3.91%
Capital Vessel Replacement Account (18J)	41.89	(2.97)	-6.63%	36.66	(1.60)	-4.19%	188.34	(8.08)	-4.11%
Tacoma Narrows Bridge Account (511)	166.38	15.84	10.52%	178.09	22.16	14.21%	905.37	110.41	13.89%
High Occupancy Toll Lanes Account (09F)	3.68	3.68	0.00%	0.00	0.00	0.00%	3.68	3.68	100.00%
SR 520 Corridor Account (16J)	154.29	0.00	0.00%	169.39	0.00	0.00%	887.80	8.53	0.97%
SR 520 Corridor Civil Penalties Account (17P)	10.54	0.00	0.00%	10.95	0.00	0.00%	55.90	0.26	0.46%
Aeronautics Account (039)	6.98	0.84	13.62%	7.16	0.88	14.01%	36.00	4.39	13.88%
State Patrol Highway Account (081)	377.79	10.26	2.79%	401.83	21.82	5.74%	2,041.36	115.11	5.98%
Highway/Motorcycle Safety Accts. (106 & 082)	264.69	11.03	4.35%	257.38	10.42	4.22%	1,295.58	58.68	4.74%
School Zone Safety Account (780)	1.16	0.29	32.52%	1.17	0.29	33.53%	5.85	1.46	33.33%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.98	(0.19)	-1.12%	17.38	(0.25)	-1.42%	88.37	(0.78)	-0.87%
Ignition Interlock Device Revolving Acct 14V	6.59	0.27	4.31%	6.37	0.05	0.76%	32.06	0.46	1.47%
Multiuse Roadway Safety Account Collections-571	0.04	(0.00)	-4.54%	0.09	0.01	9.51%	0.46	0.01	2.58%
Total for State Use	**4,724.75**	**775.99**	**19.65%**	**5,192.95**	**1,170.69**	**29.11%**	**26,092.10**	**5,782.86**	**28.47%**
Local Uses									
Cities	188.64	2.28	1.22%	191.93	3.25	1.72%	965.47	17.99	1.90%
Counties	310.68	2.86	0.93%	316.42	4.47	1.43%	1,592.68	25.44	1.62%
Transportation Improvement Board (112 & 144)	201.59	2.47	1.24%	205.19	3.52	1.75%	1,032.38	19.45	1.92%
County Road Administration Board (102 & 186)	67.80	0.85	1.27%	69.07	1.22	1.79%	347.63	6.69	1.96%
Total for Local Use	**768.71**	**8.45**	**1.11%**	**782.61**	**12.46**	**1.62%**	**3,938.17**	**69.57**	**1.80%**
Total Distribution of Revenue	**5,674.51**	**821.82**	**16.94%**	**6,180.41**	**1,239.23**	**25.08%**	**31,066.77**	**6,128.80**	**24.58%**

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 2015 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	1.8	18.2	1.4	11.8
2012	3.8	1.0	2.4	13.9	1.1	13.7
2013	3.5	1.1	1.5	0.5	1.0	9.2
2014	2.0	1.3	1.4	-2.4	1.3	4.6
2015	4.9	1.4	0.8	-17.6	1.6	6.6
2016	4.2	1.4	0.8	-16.5	1.8	5.6
2017	3.7	1.3	1.4	3.6	1.9	5.0
2018	3.9	1.3	1.7	11.5	1.8	6.6
2019	3.5	1.1	1.8	10.1	1.8	4.2
2020	2.2	1.0	1.8	2.1	1.9	0.8
2021	2.1	1.0	1.9	-1.2	1.9	1.9
2022	2.7	1.0	2.1	6.2	1.9	1.5
2023	2.8	1.0	2.2	9.7	1.9	1.1
2024	2.8	1.0	2.2	8.6	2.0	1.7
2025	2.8	1.0	2.1	5.6	2.1	2.2
2026	2.9	1.0	2.1	3.1	2.1	2.8
2027	2.9	1.0	1.9	1.7	2.1	3.8

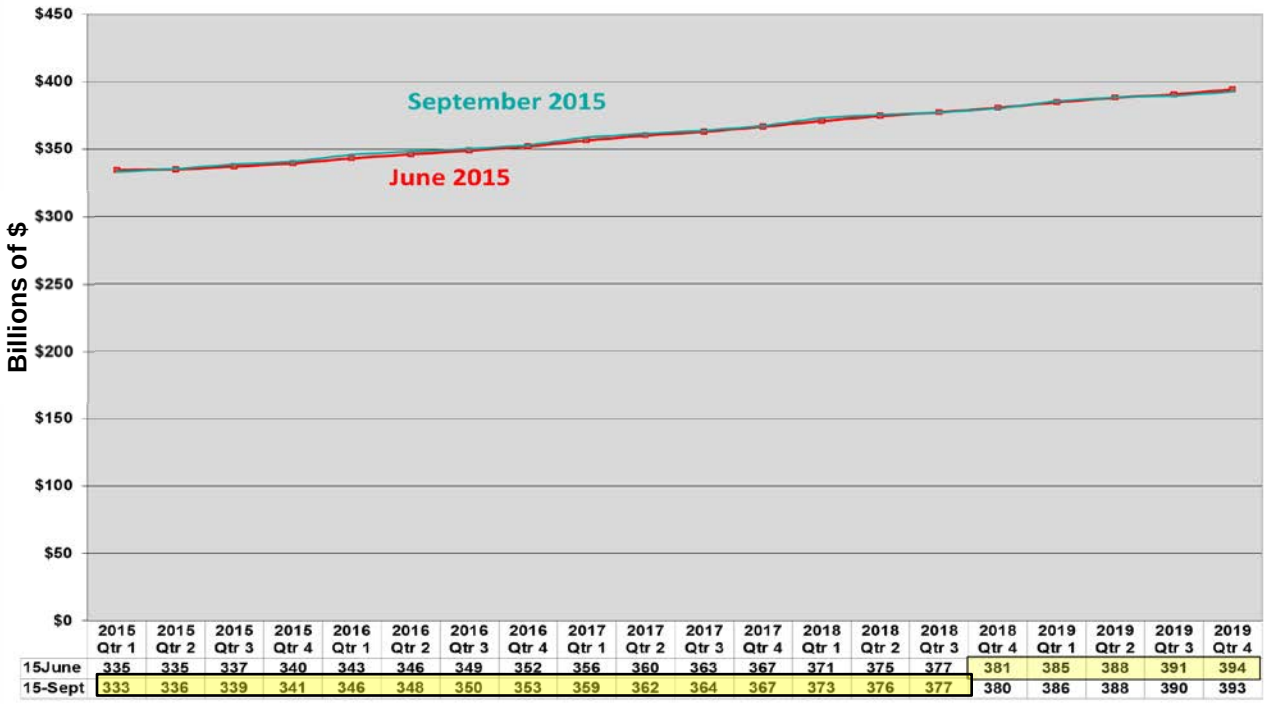
Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management, August 2015 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices

WA Personal Income

The forecast of Washington real personal income is projected by the Washington Economic and Revenue Forecast Council (ERFC) based on the August 2015 Global Insight forecast, August 2015 Blue Chip average US GDP growth rates, NYMEX fuel prices, and other forecasted economic variables in the near term through CY 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 $308.3 billion, with a year-over-year growth rate of 3.5%. For FY 2014, Washington real personal income was $314.4 billion which was a 2% growth annually. For FY 2015, real personal income came in at $329.7 billion which was a 4.9% growth from 2014. This September forecast has personal income at $343.5 billion with an annual growth rate at 4.2% for FY 2016 which is a revision upward of 0.8% from the last forecast. This September 2015 forecast predicts Washington real personal income to be slightly higher than the last forecast in the near-term through the third quarter of 2018, see Figure 6. In the second quarter of 2015, real personal income was $336 billion which is close to the $335 billion projected last forecast. In the third quarter of 2015, real personal income is anticipated to rise to $339 billion which is slightly higher than $337 billion predicted last quarter. Next fiscal year, Washington's personal income growth rate is anticipated to be 3.7% which is down slightly from 3.8% growth anticipated in the June forecast. The average growth rate in fiscal years 2016-2019 is 3.8% which is the same average 4-year growth as anticipated last quarter. In FY 2020, Washington real person income is anticipated to be $391.5 billion with an annual growth rate of 2.2% which is lower growth rate than predicted in June at 2.6%. The annual growth

rate in real personal income in fiscal year 2021 is anticipated to be 2.1% which is nearly the same as last quarter at 2.2% growth. In FY 2023-2027, OFM's 2015 long-term forecast of real personal income annual growth has not changed from June. The growth rate is anticipated to be between 2.7% and 2.9% see Figure 7.

Figure 6 Comparison of Quarterly Washington Real Personal Income September vs. June 2015



	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
15June	335	335	337	340	343	346	349	352	356	360	363	367	371	375	377	381	385	388	391	394
15-Sept	333	336	339	341	346	348	350	353	359	362	364	367	373	376	377	380	386	388	390	393

Source: Washington Economic and Revenue Forecast Council (August 2015 economic variables) and 2015 OFM long-term personal income forecast

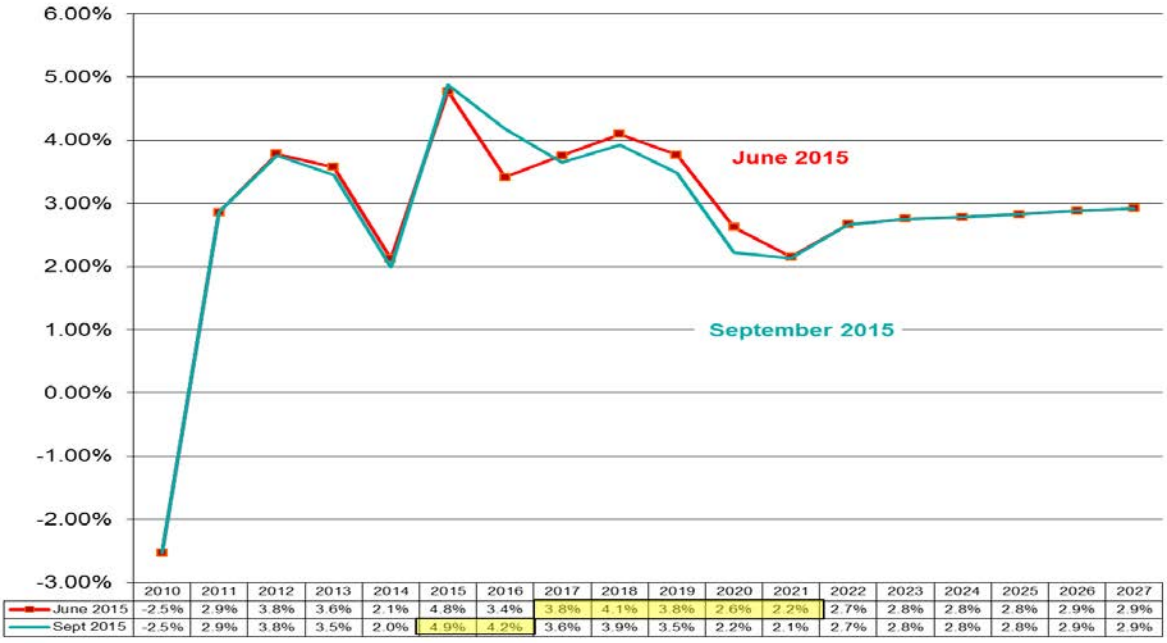
WA Population

The September 2015 forecast includes the final 2014 OFM population projections which was the same forecast as the June 2015 forecast assumptions.

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 1.4% 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% in FY 2016 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%.

The driver in-migration forecast is the only component of the population forecast which has changed in this September forecast. This latest forecast has stronger growth predicted for the Washington driver in-migration forecast. In FY 2015, the driver in-migration was 180,729 which was 0.6% higher than anticipated in June. In FY 2016, the driver in-migration is forecasted at 165,000, 3.2% above the June forecast. This same trend of the September forecast being 3.2% above the last forecast continues throughout the forecast horizon, see Figure 8.

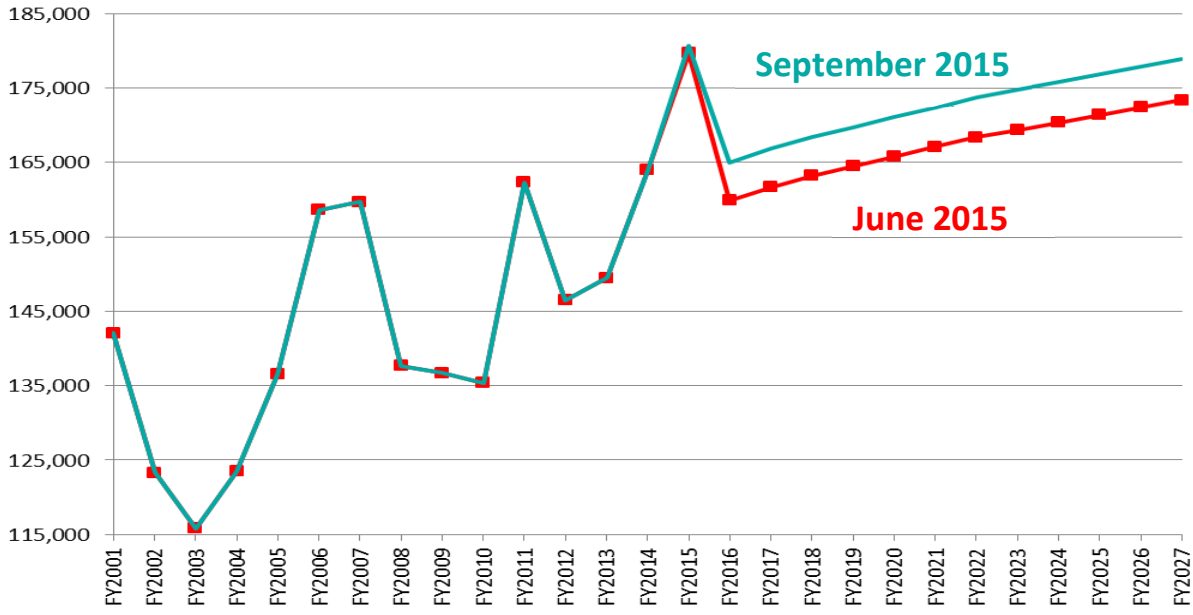
Figure 7 Forecast Comparison of Annual Growth Rates for Washington Real Personal Income September vs. June 2015



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
June 2015	-2.5%	2.9%	3.8%	3.6%	2.1%	4.8%	3.4%	3.8%	4.1%	3.8%	2.6%	2.2%	2.7%	2.8%	2.8%	2.8%	2.9%	2.9%
Sept 2015	-2.5%	2.9%	3.8%	3.5%	2.0%	4.9%	4.2%	3.6%	3.9%	3.5%	2.2%	2.1%	2.7%	2.8%	2.8%	2.8%	2.9%	2.9%

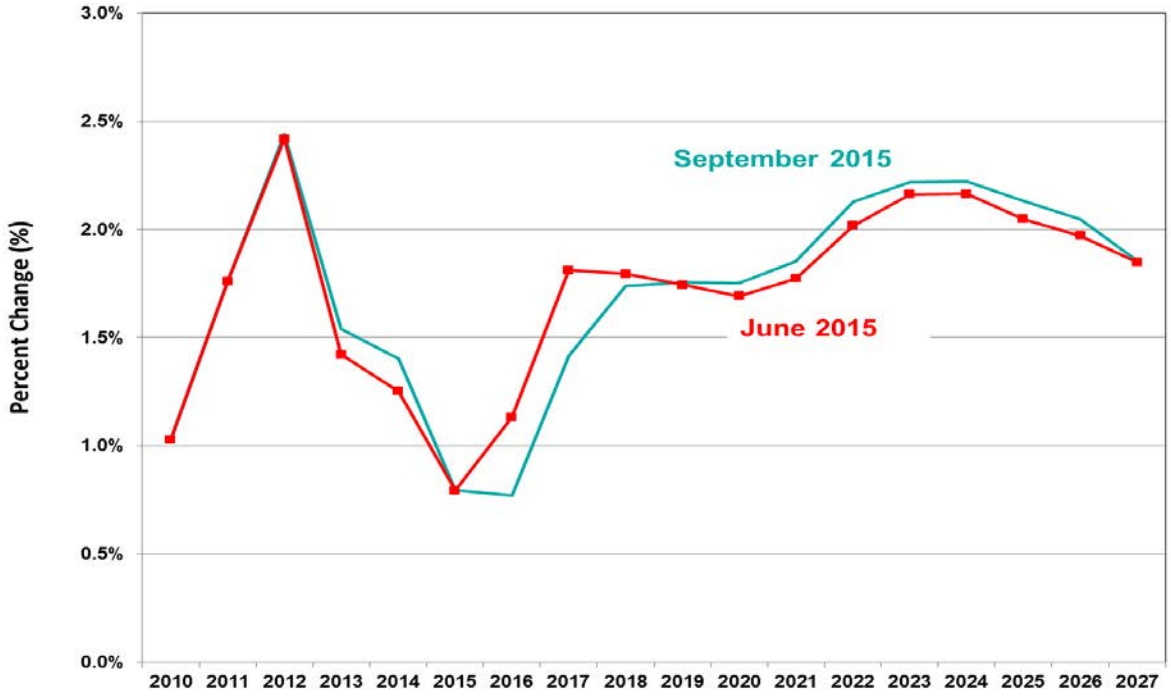
Source: Washington Economic and Revenue Forecast Council (August 2015 economic variables) and 2015 OFM long-term personal income forecast

Figure 8 Forecast Comparison of Driver In Migration: September vs. June 2015



Source: Department of Licensing September 2015 forecast

Figure 9 Inflation Forecast Comparison – Annual Percent Change in U.S. Implicit Price Deflator for Personal Consumption September vs. June 2015

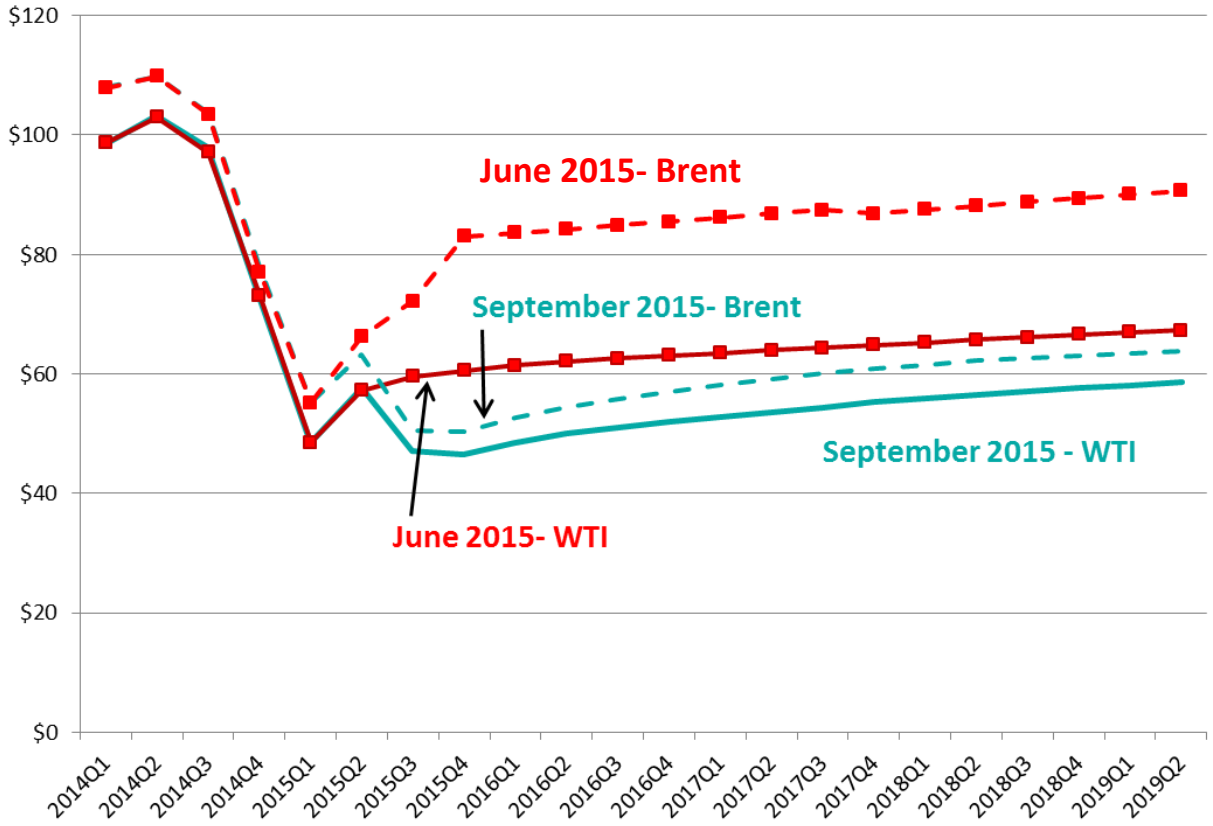


Source: Washington Economic and Revenue Forecast Council and August 2015 Global Insight forecast

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 August 2015 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 2.4%. In FY 2013, inflation grew slower at 1.5% annually. In FY 2014, the inflation rate was nearly the same at 1.4%. In FY 2015, the inflation rate was 0.8% which is the same as that projected in June. In the current fiscal year, the September forecast shows an annual increase in inflation of 0.8%, which is nearly the same as last quarter's forecast. In FY 2017, the annual growth rate for inflation is anticipated to increase to 1.4% which is still below the June forecast for that year at 1.8%. In FY 2018, the current forecast of 1.7% annual growth in inflation is nearly the same as last quarter at 1.8%. For the remainder of the forecast horizon after FY 2018, the current inflation rates are slightly above the June forecasted inflation rates (see Figure 9).

Figure 10 NYMEX WTI and Brent Crude Oil Price Comparison and Price Spread Since January 2014

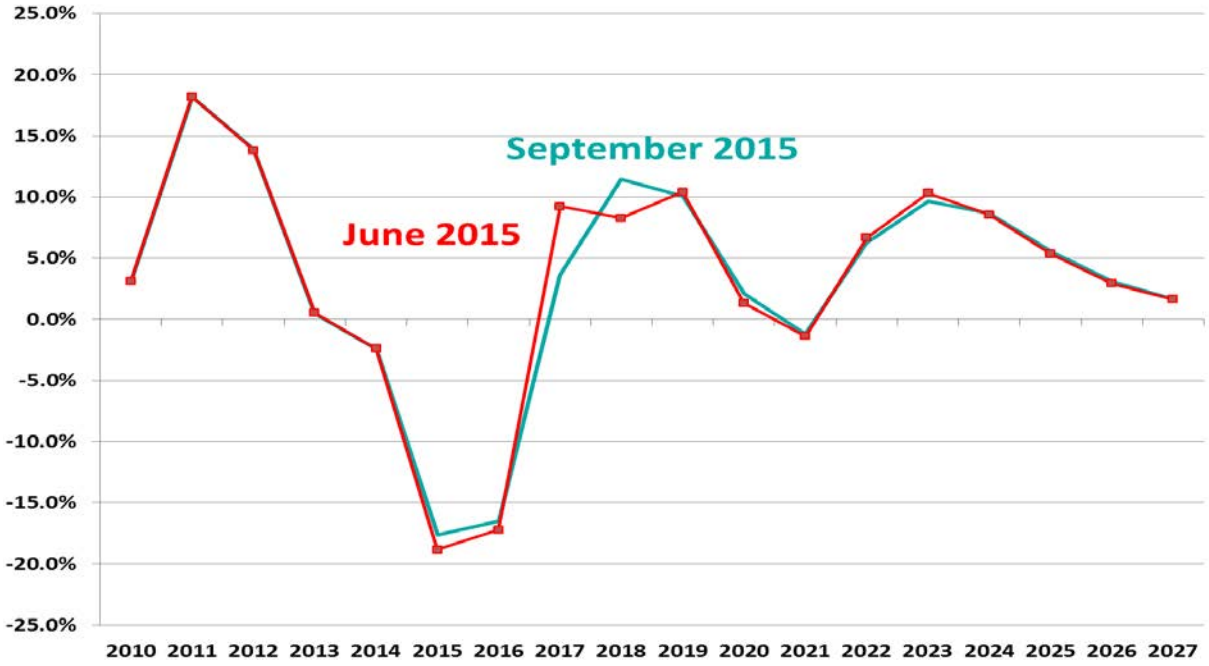


Source: June and September 2015 NYMEX future prices – WTI and Brent crude oil prices

Crude Oil NYMEX Futures Prices

The September and June 2015 U.S. crude oil NYMEX futures prices for both Brent and West Texas Intermediate (WTI) and the price spread are revealed in Figure 10. The 2015 third quarter futures prices decreased in this current September 2015 forecast for both Brent and WTI compared to the last forecast, all throughout the future period. In recent months, Brent and WTI futures prices have gotten a lot closer together reflecting the actual WTI and Brent crude oil prices both dropping significantly in the second and third quarters of 2015. This trend continues in the fourth quarter of 2015 as well as all throughout the forecast horizon. In the current fiscal year, Brent future prices are anticipated to be $52 per barrel while WTI crude oil price is anticipated to be around $48 per barrel. Right now the difference between Brent and WTI prices is minimal at $4 per barrel. Over time, the difference between the two crude oil price futures grows a little so by the last quarter of fiscal year 2019, the Brent and WTI futures prices are at $63 and $58 per barrel respectively for a difference of $5 per barrel. The two crude oil price projections follow the same price trend with the lowest price being in the fourth quarter of 2015 in this September forecast.

Figure 11 Global Insight Oil/Gas Price Index Forecasts: Growth Rate Comparison September vs. June 2015



Source: August 2015 Global Insight forecast

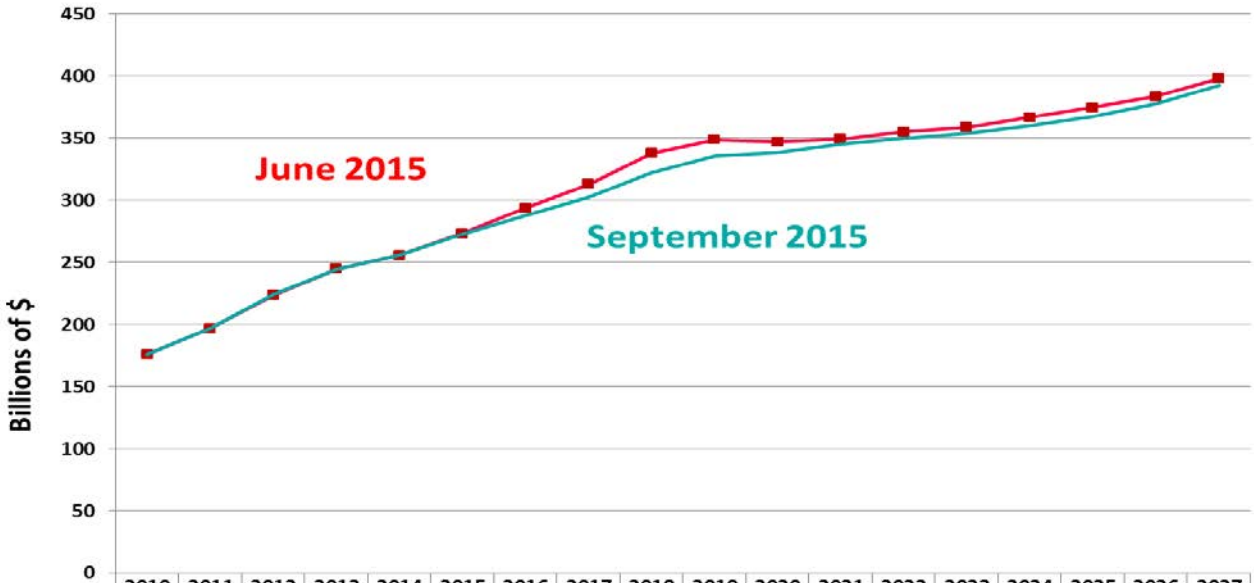
U.S. Petroleum Products Price Index

The annual year over year change in the U.S. petroleum products price index was 18% for FY 2011. In FY 2012, the price index grew by 13.8%, year-over-year. In FY 2013 the annual growth for the U.S. petroleum products price index was 0.5%. In FY 2014, the US petroleum price index declined by 2.4%. In FY 2015, this index declined significantly year over year by 17.6% which is a slightly smaller decline than anticipated in June with -18.8%. In FY 2016, the petroleum products price index is also predicted to fall annually by 16.5% which is slightly smaller decline than projected in June at 17%. In FY 2017, the petroleum products price index is predicted to rise by 3.6% as opposed to 9.2% anticipated in June. From FY 2018 and throughout the rest of the forecast horizon, the petroleum products price index growth rates are expected to be positive except for FY 2021 which projected at -1.2%. In FY 2018 and 2019, the annual growth rate in the price index is expected to be 11.5% and 10% respectively. From FY 2021, the annual growth rate grows again to 9.7% in FY 2023 and then it gradually slows to 1.7% annual growth 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 September 2015 forecast is unchanged from the June 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 FY 2015, the US on-highway fleet fuel efficiency variable was 21.1 miles per gallon. In the current fiscal year, the September 2015 fuel efficiency projection for the US fleet is 21.5 miles per gallon, which is an annual increase of 1.8%. Next year, the US fleet average fuel efficiency is anticipated to be 21.9 miles per gallon which is a 1.8% annual growth. 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 26.54 miles per gallon, which represents approx. 2% annual growth rate.

Figure 12 Global Insight Annual US Consumer Spending on Motor Vehicles September vs. June 2015



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
15-June	176	197	223	245	256	273	294	313	338	349	347	349	355	359	367	375	384	398
15-Sept	176	197	224	244	256	273	288	302	322	336	339	345	350	354	360	368	378	392

Source: August 2015 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 9.2%. In fiscal year 2014, consumer spending on new vehicles grew year over year by 4.6%. In fiscal year 2015, consumer spending on new vehicles grew at 6.6% instead of 6.9%, which is lower than last quarter's projection. In general, this September 2015 forecast is predicting slightly lower levels of consumer spending on new motor vehicles than in June in the current fiscal year and throughout the forecast horizon. This current forecast has the highest growth rate of 6.6% in FY 2018 instead of 8% predicted for that same year in June. After the highest annual growth rate in FY 2018, the annual growth rates of consumer sales on new vehicles are anticipated to slow in FY 2019 to 4.2% and then decrease again to 0.8% in FY 2020. In years after FY 2020, the annual growth rates averages 2% in the remaining years.

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

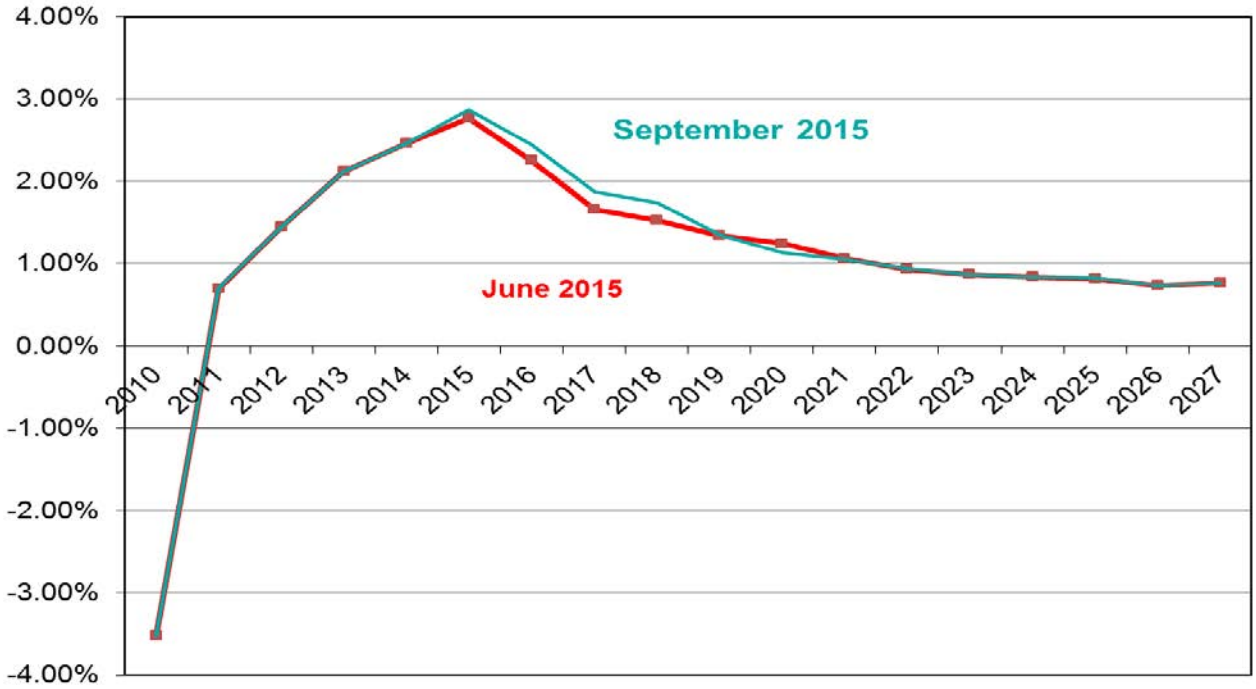
This September forecast has only minor upward revisions in the levels of Washington employment from the June forecast. The recovery in Washington's economy picked up in FY 2012 with non-agricultural employment growing by 1.5%; employment in the trade, transportation, and utilities sectors growing at 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 fiscal year 2015, the annual growth rate for non-ag. employment was 2.9% as opposed to 2.8% growth expected in the last forecast. In the current fiscal year, the annual growth in non-ag. employment is anticipated to be 2.5%. In fiscal years FY 2017-2026, the annual growth rates for non-ag. employment falls every year from 1.9% to 0.7% 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 2015 long-term employment projections, which has not been revised since the last forecast (see Figure 14).

Figure 13 Annual Growth Rates (%) Washington Employment Forecasts September 2015

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	1.5	2.0	1.8
2013	2.1	2.4	2.8
2014	2.5	3.2	3.7
2015	2.9	3.6	3.6
2016	2.5	3.1	3.6
2017	1.9	1.1	0.6
2018	1.7	1.0	0.4
2019	1.4	0.6	0.0
2020	1.2	0.3	0.0
2021	1.1	0.4	0.5
2022	0.9	0.4	0.4
2023	0.9	0.3	0.2
2024	0.8	0.3	0.2
2025	0.8	0.4	0.4
2026	0.7	0.4	0.5
2027	0.8	0.6	0.6

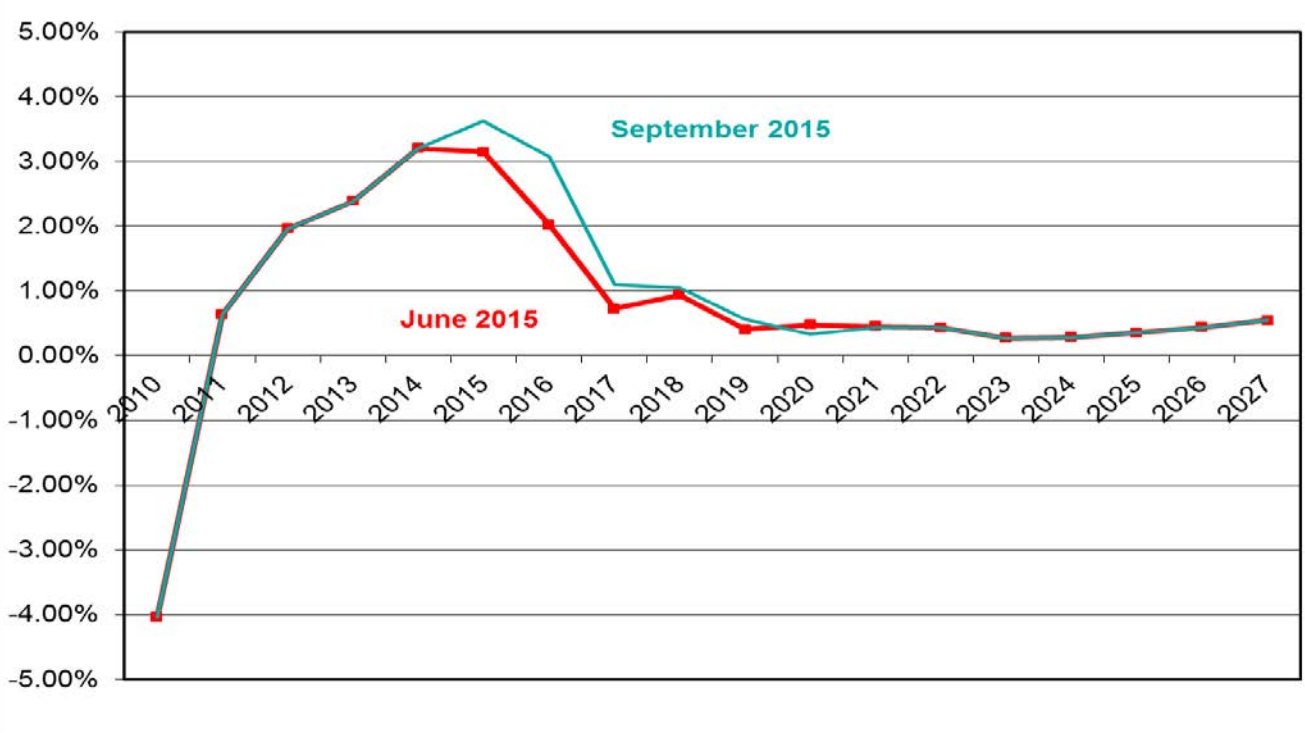
Washington's employment in the trade, transportation, and utilities (TTU) sectors follows similar trends as the overall non-farm employment trends. In FY 2012, this industry grew by 2% year-over-year. In FY 2013, the trade, transportation, and utilities employment sector grew slightly faster at 2.4%. In FY 2014, employment in the trade, transportation, and utilities sector grew by 3.2%, which is faster growth than non-ag. employment growth at 2.5%. In FY 2015, this industry's employment grew by 3.6% which is slightly higher than the 3.2% anticipated in June. In FY 2016, the growth rate in this employment sector is lower than the last projection at a year over year growth of 3.1% as opposed to 2.0% in June. Then in FY 2017, Washington employment growth rates in the trade, transportation, and utilities sectors is anticipated to grow at 1.1%, higher than 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 2020, which is nearly the same as anticipated in June. In subsequent years after FY 2019, the TTU employment growth rates are dependent on the 2015 OFM long-term forecast which has not changed from the last forecast. The 2015 OFM long-term annual growth rates are projected to be 0.3% for FY 2020 and 0.4%for FY 2021 and 2022 each year. The annual growth rate falls a little to 0.3% in FY 2023 and 2024. In fiscal years 2025 - 2027, annual growth rates rise to 0.4% and then to 0.55% which is same as last projections (see Figure 15).

Figure 14 Washington Nonfarm Payroll Employment Forecasts of Annual Growth Rates September vs. June 2015



Source: August 2015 ERFC and OFM/ESD 2015 long-term Washington non-ag. employment forecast

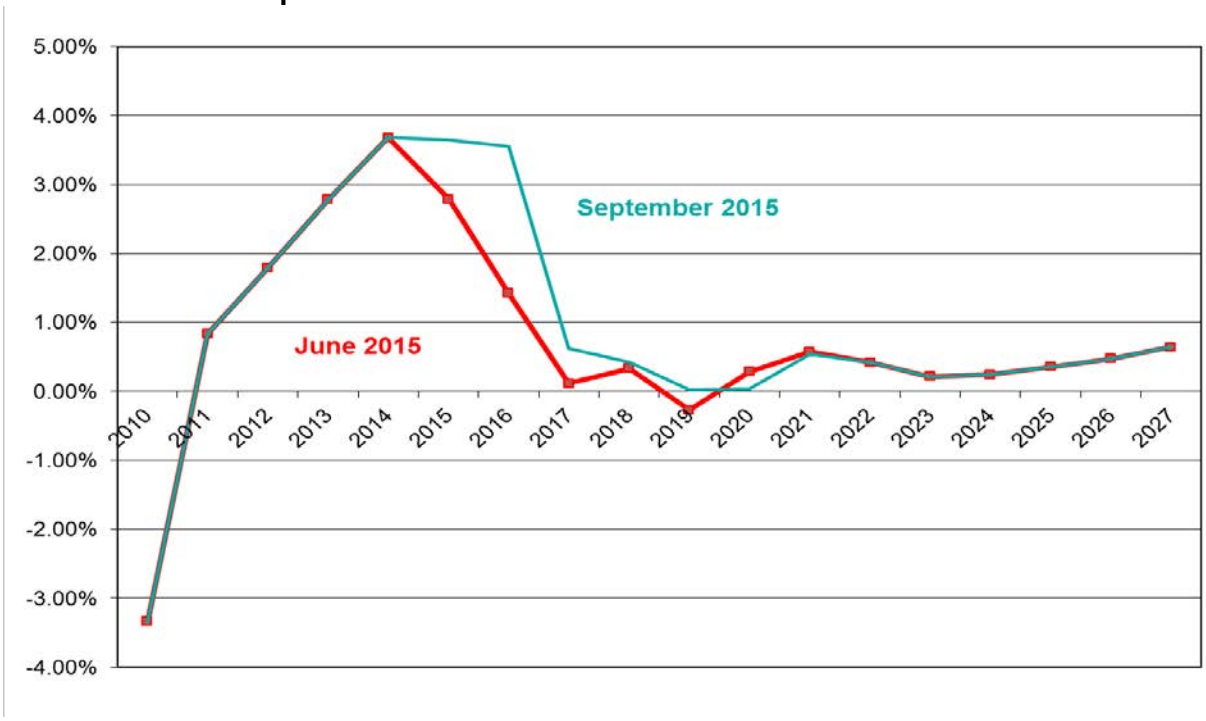
Figure 15 Washington Nonfarm Payroll Employment – Trade, Transportation and Utilities Sectors (TTU) Forecasts of Annual Growth Rates September vs. June 2015



Source: August 2015 ERFC and OFM/ESD 2015 long-term Washington TTU 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 than other sectors. 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 2.8%. In FY 2014, retail employment growth was 3.7%. In FY 2015, the current retail employment ended up higher at 3.6% annual growth compared to 2.8% growth anticipated in June. In FY 2016, the retail employment annual growth forecast is about the same at 3.6% which is higher than the 1.4% projected in June. In FY 2017, the annual growth rate is predicted to be small at 0.6% which is slightly higher than 0.12% anticipated in the June forecast. In FY 2018 and 2019, the annual growth is anticipated to remain low at 0.4% and 0%. This current forecasted growth rates are higher than last forecast at 0.3% and -0.3% respectively for those same years. In FY 2020 and beyond, the retail employment projections are based on OFM's 2015 employment projections, which have not changed from last quarter. The new long-term annual growth rate averages 0.4% (see Figure 16).

Figure 16 Washington Nonfarm Payroll Employment – Retail Trade Sector Forecasts of Annual Growth Rates September vs. June 2015



Source: August 2015 ERFC and OFM/ESD 2015 long-term Washington retail trade employment forecast

Motor Fuel Price Forecast

Washington's transportation revenues are affected by fuel prices. In particular, gasoline tax collections are negatively related to the price of gasoline and the Washington State Department of Transportation budget is heavily impacted by changes in fuel prices. Therefore, projections of fuel prices are made quarterly to assist in the near and long-term budgeting process for WSDOT. The fuel price forecast includes the following fuel price projections: U.S. West Texas Intermediate crude oil (WTI) and Washington retail prices of gasoline, diesel, and biodiesel (B5 and B99).

The September 2015 forecast for crude oil prices is lower than the last forecast in the current fiscal year and in the outer years throughout the forecast horizon from June. The same is true for the current retail gas and diesel price forecasts as they are also down from the June forecast in the current fiscal year and in the near- and long-term. Annual adjusted ferry B5 biodiesel prices are down from the June forecast for most of the forecast horizon.

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 2016), 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 2016, the fuel price projections are based on September's Global Insight national gas price forecast for Washington's gas price forecast and the producer price index (PPI) projections for refined petroleum products for the retail diesel and biodiesel price forecasts.

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

U.S. crude oil price trend

U.S. prices of West Texas Intermediate Crude (WTI) oil averaged $95 per barrel in FY 2012. In fiscal year 2013, crude oil prices averaged $92.16 per barrel. In FY 2014, WTI crude oil prices came in at $101.3 per barrel. The crude oil prices ended FY 2015 with an average WTI price forecast of $69.3 per barrel. In this current forecast, like prior forecasts, WTI crude oil prices are expected to remain low in FY 2016 but this forecast of the annual WTI price is anticipated to decline much further to an average of $49 per barrel as opposed to $59 per barrel projected in June. Beginning in FY 2017, WTI crude oil prices are projected to rise back up to $60.1 per barrel which is nearly the same forecast for FY 2017 as predicted in June. In this current forecast, WTI does not exceed $100 per barrel until FY 2022 when it hits $100.9 per barrel. Then the forecast grows rapidly over the remainder of the forecast horizon. By FY 2027, the WTI price forecast is projected at $148 per barrel in this September forecast which is much higher than the maximum crude oil price of $127 per barrel predicted in June by the end of the forecast horizon. Note that this September forecast prediction in the long-term is very similar to the March 2015 forecast by the end of the biennium with WTI crude oil price forecast of $152 per barrel.

Washington retail gasoline price trend

September's Washington retail gasoline prices are projected to be lower than the June retail gas price forecast in the near-term but higher in the long-term. This current forecast is nearly the same as the March 2015 baseline price forecast in FY 2016 but higher than the March forecast for the remainder of the forecast horizon, 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 decreased 15% year-over-year to $3.07 per gallon. In FY 2016, this current forecast anticipates prices to decrease again to $2.72 per gallon, which is 5.9% lower than expected last quarter. The September forecast of retail gas prices remains low in FY 2017 at $2.94 per gallon which is $0.13 per gallon less than last forecast. In FY 2018, retail gas prices are anticipated to rise to $3.34 per gallon which is still slightly higher than the June forecast of $3.26 per gallon. The current projection of retail gas prices continue to rise each year until FY 2020 and FY 2021 where the price plateaus at an average of $3.84 per gallon. In all

remaining years of the forecast horizon, the retail gas price continues to grow. The rise in gas prices hits more than $4 per gallon in FY 2022 which is the same year as the last forecast.

Please note that this September 2015 forecast is the first forecast in which we are incorporating the higher fuel tax rates from the 2015 transportation revenue package passed by the Legislature. This law change increased gas and diesel tax rates by 7 cents per gallon in FY 2016 and another 4.9 cents per gallon beginning in FY 2017. This raises the fuel tax rate by 11.9 cents per gallon beginning FY 2017.

Washington retail diesel price trend

This September forecast of retail diesel prices is lower than the last forecast in the current fiscal year but higher than the last two forecasts for all remaining years of the forecast horizon, see Figure 18. This is the same trend seen in retail gasoline prices. Washington's retail price of diesel was an average $4.20 per gallon in FY 2012. This was 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 FY 2015, the September retail diesel price was $3.43 per gallon and 14.5% decline year over year. This current forecast for FY 2016 is $3.06 per gallon which is lower than the last forecasted price of $3.14 per gallon. In FY 2017, retail diesel prices are expected to rise to $3.49 per gallon as opposed to $3.25 in the June forecast. For the rest of the forecast horizon, retail diesel prices are projected to rise each year except for a two year period of plateau in prices at $5 per gallon between fiscal years 2020-2021. By FY 2027, the current projection of retail diesel prices is well above the June and March retail diesel price forecasts at $7.49 per gallon as opposed to $6.06 per gallon and $6.15 per gallon in June and March forecasts respectively.

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 FY 2015, the retail gas and diesel price differential was $0.35 per gallon which is nearly the same differential as last forecast. Most recently in the third quarter of 2015, the retail diesel price differential is only minimal at 5 cents, on average higher than retail gas prices. After the current quarter, the price differential between gas and diesel is projected to grow. In FY 2016 and 2017, the price differential grows to $0.34 and $0.55 per gallon respectively. Beginning in FY 2018, the price differential is projected to grow from $0.82 per gallon to $2.19 per gallon by the end of the forecast horizon.

Please note that this September 2015 forecast is the first forecast in which we are incorporating the higher fuel tax rates from the 2015 transportation revenue package passed by the Legislature. This law change increased gas and diesel tax rates by 7 cents per gallon in FY 2016 and another 4.9 cents per gallon beginning in FY 2017. This increases the fuel tax rate by 11.9 cents per gallon beginning FY 2017.

Figure 17 Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular September, June and March 2015

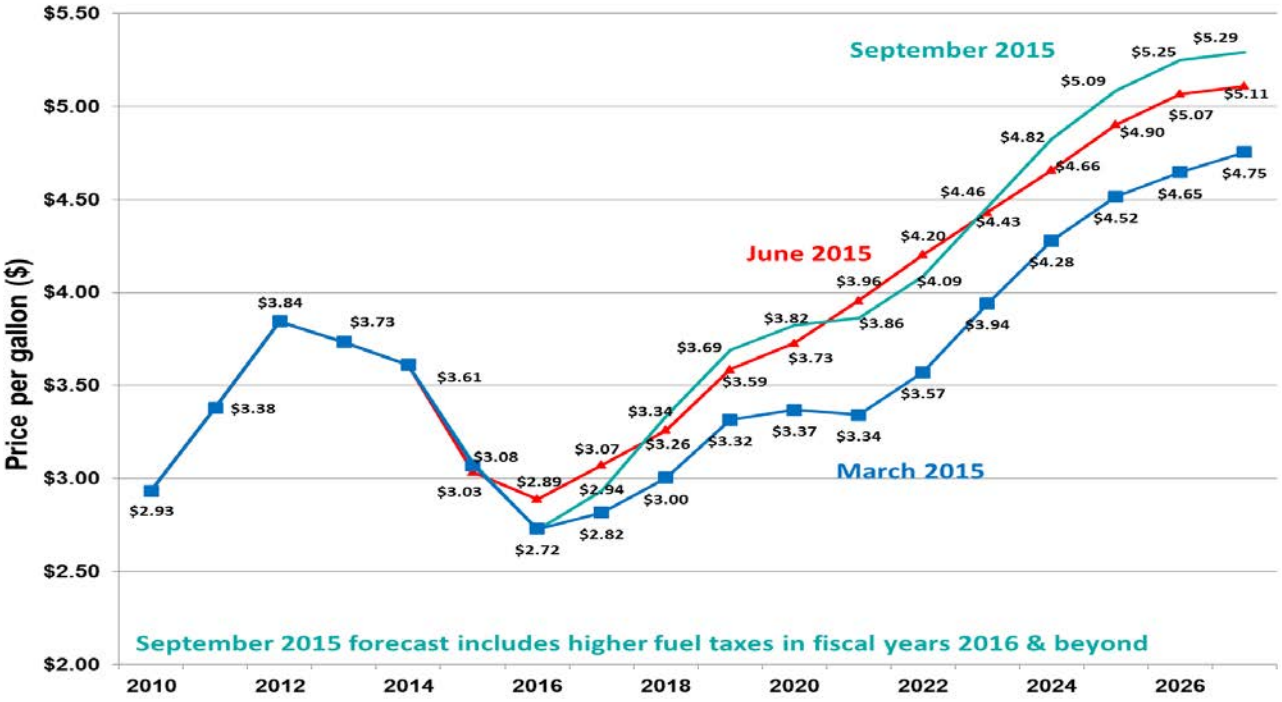


Figure 18 Forecast of UNADJUSTED Washington Retail Diesel Prices September, June and March 2015

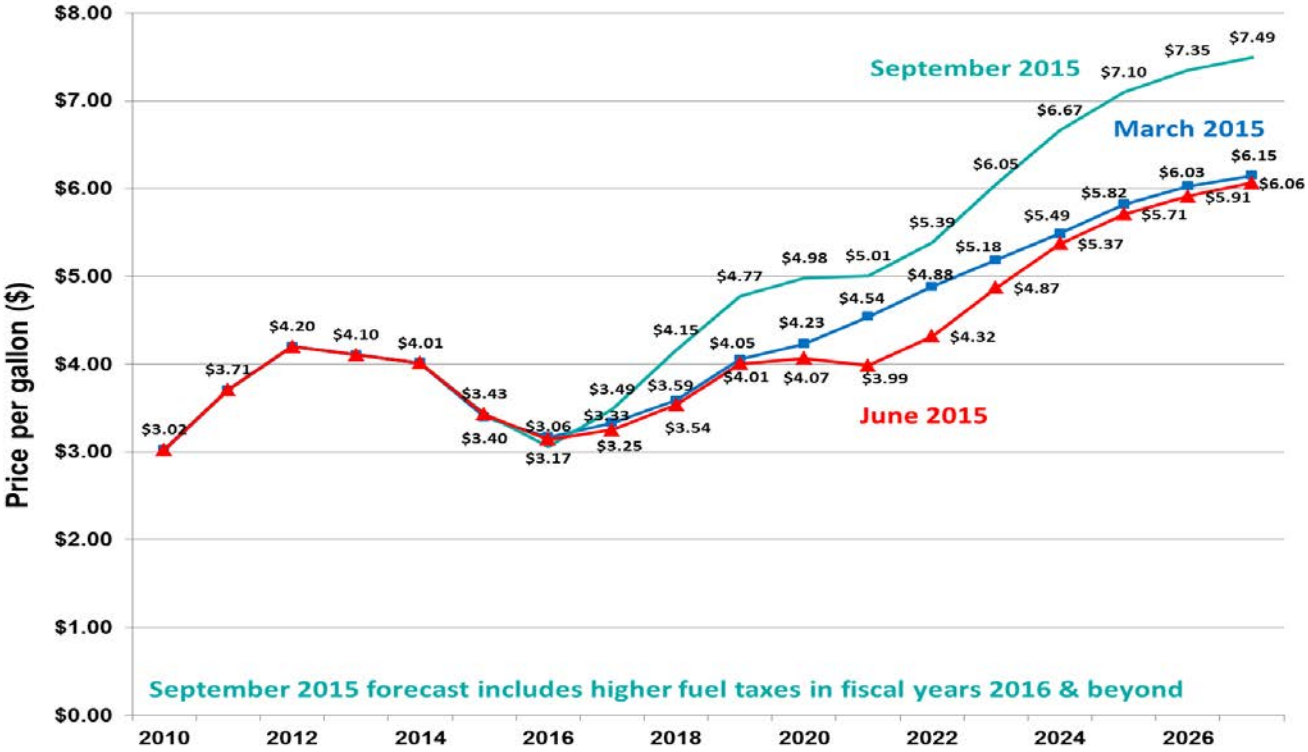


Figure 19 Near-term UNADJUSTED BASELINE Quarterly Fuel Prices: September 2015

Fiscal Year Quarter	Crude Oil Price ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)
2014: Q3	97.78	3.86	4.04
2014: Q4	73.16	3.11	3.68
2015: Q1	48.54	2.42	2.93
2015: Q2	57.85	2.94	3.08
FY 2015	**69.33**	**3.08**	**3.43**
2015: Q3	45.59	2.97	3.02
2015: Q4	45.00	2.46	2.95
2016: Q1	49.00	2.53	3.07
2016: Q2	54.33	2.93	3.20
FY 2016	**48.48**	**2.72**	**3.06**
2016: Q3	56.33	2.91	3.26
2016: Q4	54.33	2.65	3.28
2017: Q1	60.30	2.85	3.50
2017: Q2	69.33	3.33	3.90
FY 2017	**60.08**	**2.94**	**3.49**
2017: Q3	72.97	3.33	4.05
2017: Q4	71.71	3.07	3.96
2018: Q1	74.96	3.30	4.21
2018: Q2	79.73	3.64	4.40
FY 2018	**74.84**	**3.34**	**4.15**
2018: Q3	83.73	3.64	4.56
2018: Q4	87.18	3.48	4.71
2019: Q1	90.16	3.66	4.85
2019: Q2	92.40	3.98	4.95
FY 2019	**88.37**	**3.69**	**4.77**

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

In this September 2015 forecast, the West Texas Intermediate (WTI) crude oil price forecasts for FY 2016 differed by approximately 16% with prices ranging from $44 to $51.2 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 $49.4 per barrel for FY 2016. The baseline crude oil price forecast was a little less than 2% above the 5 entity average crude oil price forecast. WSDOT's baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term through calendar year 2016 and then use the growth rates from Global Insight forecasts for subsequent years. The forecast for WTI crude oil in FY 2017 ranged from $52.4 per barrel by NYMEX to $65.9 per barrel by Consensus Economics with the average being $58.86 per barrel. The baseline crude oil price forecast for FY 2017 was 2% above the 5 entity average of $58.88 per barrel. The average forecast for WTI crude oil in FY 2018 ranged from $55.6 per barrel by NYMEX to $71.4 per barrel by Consensus Economics with the average being $67.7 per barrel. The baseline crude oil price forecast is anticipated to be above the 5 entity average by 9.5%. The average forecast for WTI crude oil in FY 2019 ranged from $57.9 per barrel by NYMEX to $80.1 per barrel by Global Insight with the average being $75.3 per barrel. The baseline crude oil price forecast for FY 2019 is anticipated to be above the 5 entity average by 14.7%. Figure 20 reveals the WSDOT baseline WTI price forecast compared to the other entity crude oil price forecasts.

Figure 20 Near-term Annual WTI Crude Oil Price Forecasts – 5 Different Forecast Comparisons: September 2015 *Dollars per barrel*

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	5 Entity Avg	% Diff Lowest	% Diff Highest	% Diff Average
2016	$48.48	$47.55	$44.00	$51.23	$55.92	$49.44	-9.23%	15.35%	1.97%
2017	$60.08	$52.40	$55.28	$60.62	$65.93	$58.86	-12.78%	9.75%	-2.02%
2018	$74.84	$55.62	$67.87	$68.80	$71.43	$67.71	-25.68%	-4.56%	-9.52%
2019	$88.37	$57.93	$80.13	$74.51	$75.34	$75.26	-34.45%	-9.32%	-14.84%

Figure 21 Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes: September 2015 *Dollars per gallon*

Fiscal Year Quarter	Adjusted WA Retail Gasoline Price ($/gal)	Adjusted WA Retail Diesel Price ($/gal)	Adjusted B5 Biodiesel Price ($/gal)	Unadjusted B99 Biodiesel price
2014Q3	3.86	4.04	3.14	4.20
2014Q4	3.11	3.68	2.56	3.95
2015Q1	2.42	2.93	2.01	3.87
2015Q2	2.94	3.08	2.26	3.89
FY2015	**3.08**	**3.43**	**2.49**	**3.98**
2015Q3	2.97	3.02	1.84	3.68
2015Q4	2.51	3.01	1.81	3.52
2016Q1	2.58	3.13	1.98	3.67
2016Q2	2.98	3.26	2.14	3.83
FY2016	**2.76**	**3.10**	**1.94**	**3.67**
2016Q3	2.85	3.20	2.12	3.90
2016Q4	2.59	3.22	2.15	3.92
2017Q1	2.79	3.43	2.24	4.18
2017Q2	3.27	3.82	2.32	4.66
FY2017	**2.88**	**3.42**	**2.21**	**4.17**
2017Q3	3.02	3.66	2.22	4.84
2017Q4	2.78	3.58	2.17	4.73
2018Q1	2.99	3.81	2.31	5.03
2018Q2	3.29	3.98	2.41	5.26
FY2018	**3.02**	**3.76**	**2.28**	**4.96**
2018Q3	3.10	3.89	2.35	5.45
2018Q4	2.96	4.02	2.43	5.63
2019Q1	3.12	4.13	2.50	5.79
2019Q2	3.39	4.22	2.55	5.91
FY2019	**3.14**	**4.06**	**2.46**	**5.70**

WSDOT applies the five forecast entity average adjustment to the baseline September 2015 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 2015-17 biennium budgets for gas, diesel and biodiesel fuel purchases for fiscal years 2016 through 2019. The latest adjusted forecast requires a 1.97% increase in the baseline fuel prices for retail gas, diesel and B5 biodiesel prices for the remaining months of FY 2016 and 2% decrease for FY 2017. In FY 2018 baseline fuel prices are adjusted downward by 9.5% and in FY 2019 the baseline forecast was adjusted downward by 14.8%. By the end of the next biennium, this is one of the largest adjustments of a quarterly baseline fuel price forecast reflecting diverging opinions about the future growth in WTI crude oil prices. 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

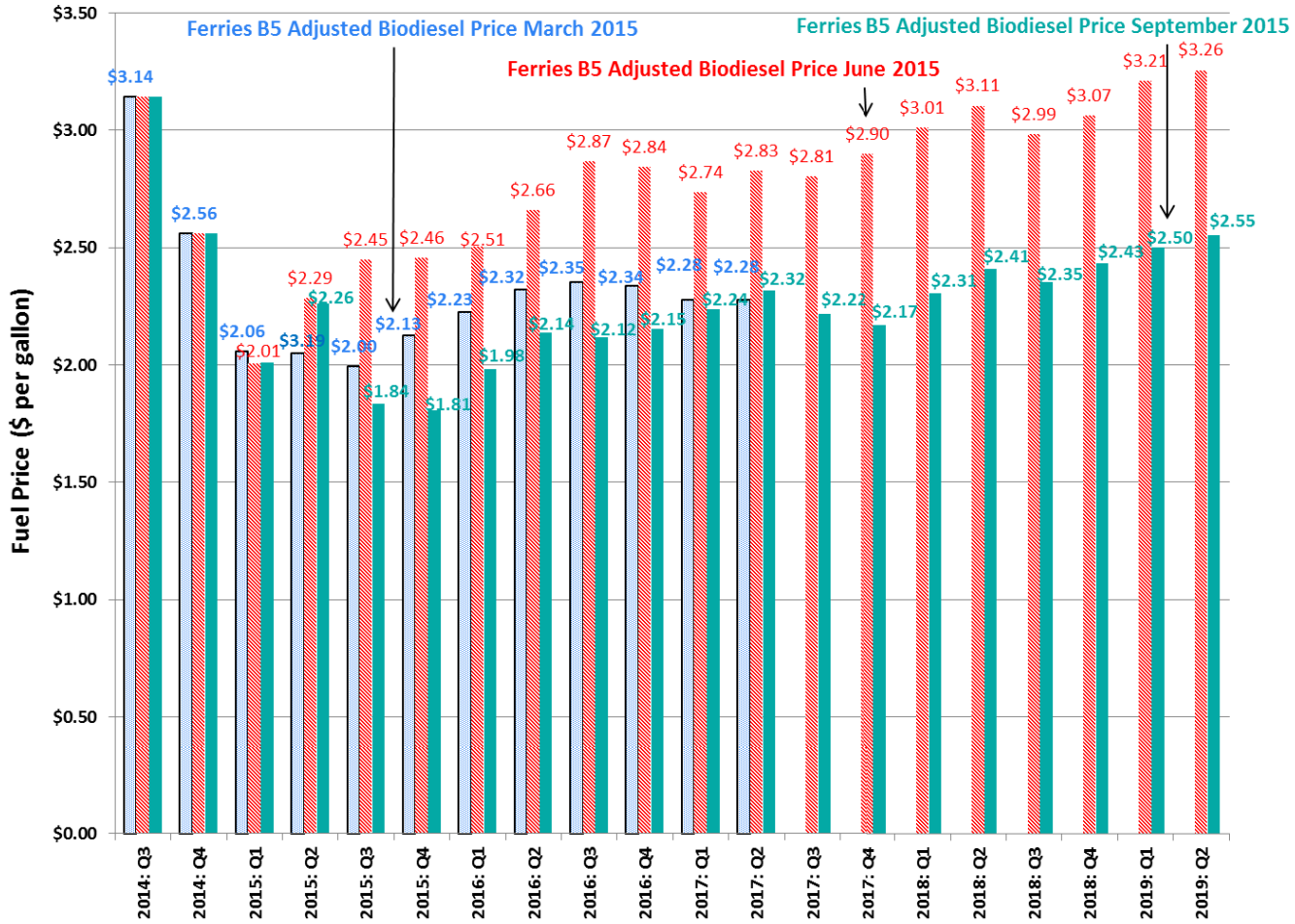
The trend in Washington's ferry (WSF) B5 biodiesel price is similar to retail diesel price. The reported B5 biodiesel price includes the markup costs ferries must pay, delivery fees, and various taxes, including sales taxes. Washington state ferries began receiving a sales tax exemption on their biodiesel 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 $3.53 per gallon in FY 2012. In FY 2013, the B5 biodiesel price declined a little 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 was even lower at $2.49 per gallon, which is 21% lower than the last projection in June. In FY 2016-17, the current forecast of adjusted B5 prices is projected to drop even further and remain low and be lower than last forecast in those years with projections of $1.94 and $2.21 per gallon respectively as opposed to $2.52 and $2.82 per gallon projected last quarter

The September adjusted B5 biodiesel price forecast is much lower than last quarter's forecast. In the first and second quarters of 2015, the B5 biodiesel prices were $2.01 per gallon and $2.26 per gallon. In the third quarter of 2015, B5 prices on average have fallen each month with an average of $1.84 per gallon and they are anticipated to fall further in the fourth quarter of 2015 to an average of $1.81 per gallon. Figure 22 provides a chart comparing the quarterly B5 biodiesel price projections, current, last and March forecasts. For the most part, this new forecast is much lower than the June forecast but also lower than the baseline March 2015 forecast as well.

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. In FY 2015, the average annual B99 price declined to $3.98 per gallon which is a 16% reduction year over year. In FY 2016, the B99 forecast predicts a slight decrease to $3.67 per gallon which is lower than the June forecast of $3.73 per gallon. Beginning in FY 2017, B99 prices are anticipated to rise quickly to $4.17 per gallon and continue that rise to $5.70 per gallon by FY 2019.

Figure 22 Quarterly Ferries B5 Biodiesel Prices Used for Budgeting the 2015-17 and 2017-19 Biennia September vs. June vs. March 2015 Forecast Comparison



Motor Vehicle Fuel Tax Forecast

Motor vehicle tax collections for gasoline and diesel consumption during the three months spanning June 2015 to August 2015 totaled $344.6 million or $6.249 million (1.8%) more than the $338.3 million forecasted in June 2015. For twelve months between September 2014 through August 2015, the variance in actual fuel tax collections totaled a positive $16.1 million (1.7%) compared to forecasted revenues.

From June 2015 to August 2015 gasoline tax collections totaled $277.6 million or 2.2% ($6.1 million) higher than forecasted in June:

- June 2015 collections totaled $90.81 million, $1.96 million more than forecasted;
- July 2015 collections totaled $91.96 million, $3.41 million higher than forecasted:
- August 2015 collections totaled $94.85 million, $0.72 million higher than forecasted; and

From June 2015 to August 2015 diesel tax collections totaled $66.94 million or 0.2% ($0.16 million) higher than forecasted in June:

- June 2015 collections equaled $21.65 million, $0.05 million more than forecasted;
- July 2015 collections totaled $22.51 million, $0.485 million more than forecasted;
- August 2015 collections equaled $22.79 million, $0.373 million less than forecasted;

Gross motor vehicle fuel tax revenue projections equal $2.549 billion for the 2013-15 biennium, 2.5% or $60.97 million more than actual revenues from the 2011-13 biennium. Gross motor vehicle fuel tax revenues for the current biennium are projected to grow by $624.682 million or 23.94% more than forecasted in June. The overall increase in motor vehicle fuel tax revenue for the 10-year period ending in the 2023-25 biennium totals $3.34 billion or 24% above the June revenue forecast. The primary reasons for higher fuel tax revenues compared to the June forecast include:

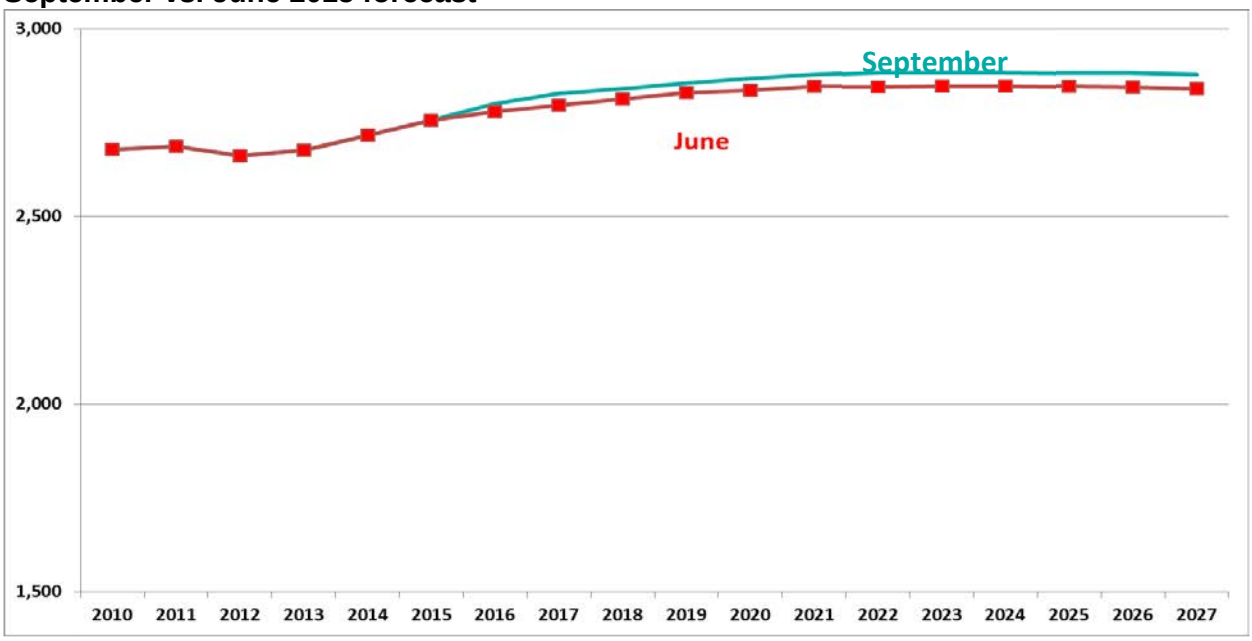
- Adoption of the 2015 transportation revenue package which included increases in motor vehicle fuel tax rates by 7 cents in August 2015 and another 4.9 cents in July 2016 for a total tax rate of 49.4 cents for the remainder of the forecast horizon
- Higher near-term tax collections in FY 2016 for gasoline
- Higher growth rates in employment in total non-agricultural payroll employment and non-agricultural payroll employment in trade, transportation, and utilities

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 1.5% increase over FY 2013. In FY 2015 gasoline consumption repeated the same 1.5% growth rate over FY 2014. Figure 23 shows the forecast to forecast comparison of projected gasoline consumption. In FY 2016, gasoline consumption is anticipated to grow to 2,800 million gallons or a 1.6% increase over FY 2015 and 0.8% higher than projected in June. Gasoline consumption has grown by 1.5 in 2 consecutive years but now is projected to grow by 1.6% the 3rd year in a row. Throughout the remainder of the forecast horizon (2017 to 2027), gasoline consumption is anticipated to grow an average 1% higher than forecasted in June. The annual growth for gasoline is positive with a long-term average annual growth rate of 0.2% in this September 2015 forecast. See Figure 23 for a comparison graph of the September and June gasoline consumption forecasts**.**

In the 2013-2015 biennium, gasoline tax revenue totals $2.054 billion, an increase of $1.96 million or 0.10% since the June 2015 forecast due to higher monthly gas tax collections. By the 2015-17 biennium, gasoline tax revenue increases to $2.598 billion, up by $504.687 million or 24.11% from the June 2015 forecast due to the higher fuel tax rate adopted by the Legislature. Gross gasoline tax revenue projections are up $3.34 billion or 24% from the June 2015 forecast for the 10-year forecast horizon.

Figure 23 Gasoline Motor Fuel Consumption Forecast Comparison
September vs. June 2015 forecast



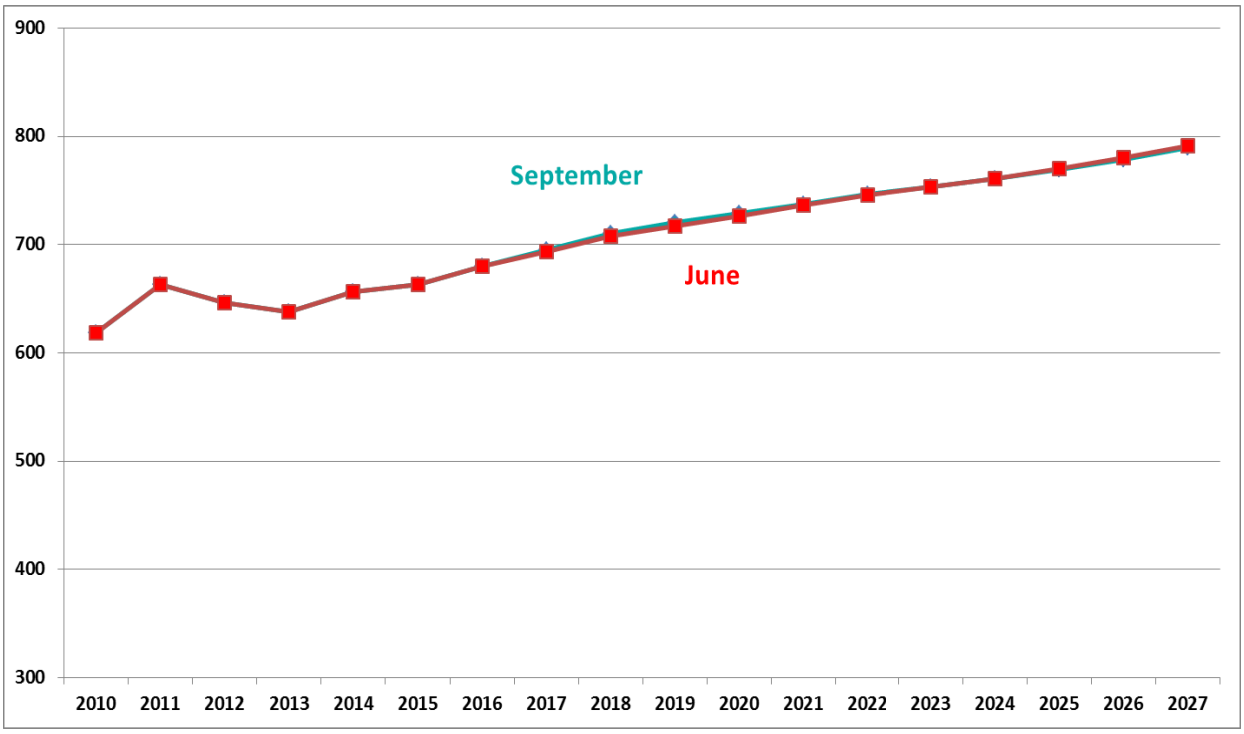
Trends in diesel consumption and tax revenue

- In FY 2013, consumption equaled 638 million gallons, a 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.
- In FY 2015, consumption grew to 663 gallons, an increase of 1.0% over FY 2014 gallons
- Figure 24 shows the forecast to forecast comparison of projected diesel consumption.

Over the forecast horizon from 2016-2027, diesel consumption will grow annually 1.36% on average, lower than June's 1.63% average annual growth. Overall, on average from FY 2016-2027, forecasted consumption of diesel is down from the last forecast on average 0.26%.

Diesel tax revenue totaled $494.811 million in the 2013-15 biennium, $0.046 million more than the $494.764 million projected from June's forecast. In the 2015-17 biennium, diesel tax revenues are projected at $636.130 million, an increase of 23.25% or $119.995 million greater than the June forecast due to the adoption of higher fuel tax rates by the Legislature. In the 2017-19 biennium, diesel tax revenue increases to $707.544 million, $172.650 million or 32.28% more than June's $534.89 million. Gross diesel tax revenue projections are up by $829.3 million or 24.37% from the June 2015 forecast for the 10-year forecast horizon.

Figure 24 Diesel Fuel Consumption Forecast Comparison: September vs. June 2015



Motor fuel tax refunds

Non-highway and tribal refunds of gasoline and diesel fuel are accounted for 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 projected to total $23.539 million and diesel tax non-highway refunds to total $33.331 million. For gasoline non-highway refunds, this September forecast is projecting a 40.7% increase in non-highway refunds due to higher gasoline taxes refunds and a higher refund rate on gross gasoline gallons due to the 2015 transportation revenue package. Non-highway diesel tax refunds are projected to increase a smaller

7.8% because of lower non-highway diesel tax refunds offset by the higher refund rate on diesel gasoline of gross diesel gallons due to the passage of the 2015 transportation revenue package.

This September forecast includes the effects of a new annual forecast for tribal refund gallons and higher fuel tax rates applied to forecasted gallons. Final tribal fuel tax refunds for FY 2015 total $29.875 million for gasoline and $13.025 million for diesel. The long-term tribal fuel tax refund growth rates were based on an examination of fiscal year 2015 refunds by tribe and size of refunds by station. Gasoline tax tribal refund gallons are projected to grow by 1.5% per annum while diesel refund gallons are anticipated to grow by 6.6% per annum. At this time the September forecast, like the June and prior forecasts, assumes no Yakama tribe tribal fuel tax refunds in the baseline forecast.

Primary reasons for the change in the September 2015 forecast gallons and revenues

- Gas tax revenue collections for the past three months totaled $6.1 million or 2.2% above projected collections from the June 2015 forecast. For the past three months diesel tax collections have been slightly higher than forecasted by $0.16 million. Combined, all fuel tax collections were $6.25 million (1.81%) higher than the last forecast.
- Higher than expected gas consumption actuals in 2015 provided higher growth for the gasoline consumption and revenue forecasts. With the Legislature's adoption of higher fuel tax rates of 7 cents in August 2015 and 4.9 cents in July 2016 increased revenues substantially in the future. Higher projections for total non-agricultural payroll employment and lower gas prices also increased consumption and revenues for fuel taxes.
- Diesel tax revenues are up in September compared to June because of higher consumption actuals than expected and the higher fuel tax rates adopted by the Legislature. The same higher tax rates which apply to gasoline also apply to diesel. Higher employment projections for trade, transportation and utilities payroll employment in Washington throughout the remainder of the forecast horizon contributed to higher consumption and revenues than the June forecast.
- Overall, in the current biennium, gross fuel tax revenues increase by $624.68 million or (23.94%) 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 are expected to grow by 31% or $4.165 billion when compared to June's forecast due to the Legislature's actions to raise fuel tax rates by a total 11.9 cents per gallon by FY 2017.

Figure 25 Short-term Motor Fuel Tax Forecast – By Month of Collection
September 2015
millions of dollars

	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
Gasoline Taxes	**$1,211.7**	**$1,386.1**	**$2,597.8**	**$1,403.3**	**$1,410.8**	**$2,814.1**
Special Fuel Taxes	**293.9**	**342.2**	**636.1**	**351.3**	**356.2**	**707.5**
Total Fuel Revenue	**1,505.6**	**1,728.3**	**3,233.9**	**1,754.7**	**1,767.0**	**3,521.6**
% Change from Prior Forecast	15.99%	31.81%	**23.94%**	32.80%	32.84%	**32.88%**

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 $1.042 billion from vehicle licenses, permits, and fees (LPFs) in the 2013-15 biennium. The forecast for the current biennium, 2015-2017, is $1.24 billion, an increase of $200 million over the 2013-15 biennium. In the September 2015 LPF forecast, compared to the forecast released in June for the current biennium, LPF revenue is up $133.5 million, or 12% from the previous estimate of $1.108 billion.

Trends in vehicle registrations

Fiscal year 2015 ended with 4,707,600 passenger cars registering. This was just a half a percent over the June forecast of 4,683,900. The passenger car forecast for 2016 is up from the June forecast by almost 1%. In June we forecasted 4,784,700 vehicles for 2016, because of higher predicted personal income, we are now forecasting 4,831,900 passenger cars will register in fiscal year 2016. From 2016 through 2019, the annual growth rate ranges from almost 2.64% in the current year to 2.2% by 2019. After 2020, the year-over-year growth rate is just under 1.2%. The forecast to forecast change is up almost 1% in the near term and drops to 0.65% in 2019 through the forecast horizon.

Trucks ended fiscal year 2015 with registrations coming in slightly below predictions. Over 1,489,300 trucks registered; however we forecasted that 1,492,700 would register. The truck forecast for fiscal year 2016 is up just slightly, 0.08% from the last forecast. We predicted 1,512,100 trucks for 2016, but based on the Economic and Revenue Forecast Council's estimation of retail employment, we have revised our forecast to 1,513,300 trucks. Future year projections are up as well, forecast to forecast, about 0.65%.

Trends in LPF revenue

As previously stated, Washington State collected over $1.042 bllion from vehicle licenses, permits, and fees (LPFs) in the 2013-2015 biennium. For that period, passenger vehicles ($30 vehicles) brought in $310 million, while trucks brought in $361 million. In the current 2015-2017 biennium, revenue from $30 vehicles is expected to be $326 million, $3 million more than the forecast in June. Truck revenue is anticipated to bring in $400 million, $32 million more than the previous forecast. While the increase in passenger vehicle revenue is due to the expected increase in new registrations, the majority of new truck revenue is due to the Legislature increasing fees on small trucks. The legislature also levied a new Freight Project Fee on large trucks, which will earn $10.5 million in new revenue for the current biennium. The legislature also increased the passenger weight fee, which will generate $87.5 million in the current biennium. In the next biennium, licenses, permits and fee revenue is higher than the last forecast by $xxx million due to new fees.

The title fee forecast is tracking close and is only 0.1% higher for FY2013-15. This forecast is up for FY2015-17 by $533,000 (or 0.8%) and continues about 0.6% higher throughout the forecast horizon reflecting revisions to both the original and other title transactions forecasts.

The vehicle original Issue plate forecast has been updated with actuals for the individual components (passenger car, truck, motorcycle, trailer, personalized, and specialty plates). This forecast is higher on average by 2.0% (FY2015-27) and has a similar pattern as original titles and Light Vehicle Sales forecast (Global Insight).

Figure 26 Passenger Car Registrations Comparison
September 2015 vs. June 2015
millions of vehicles

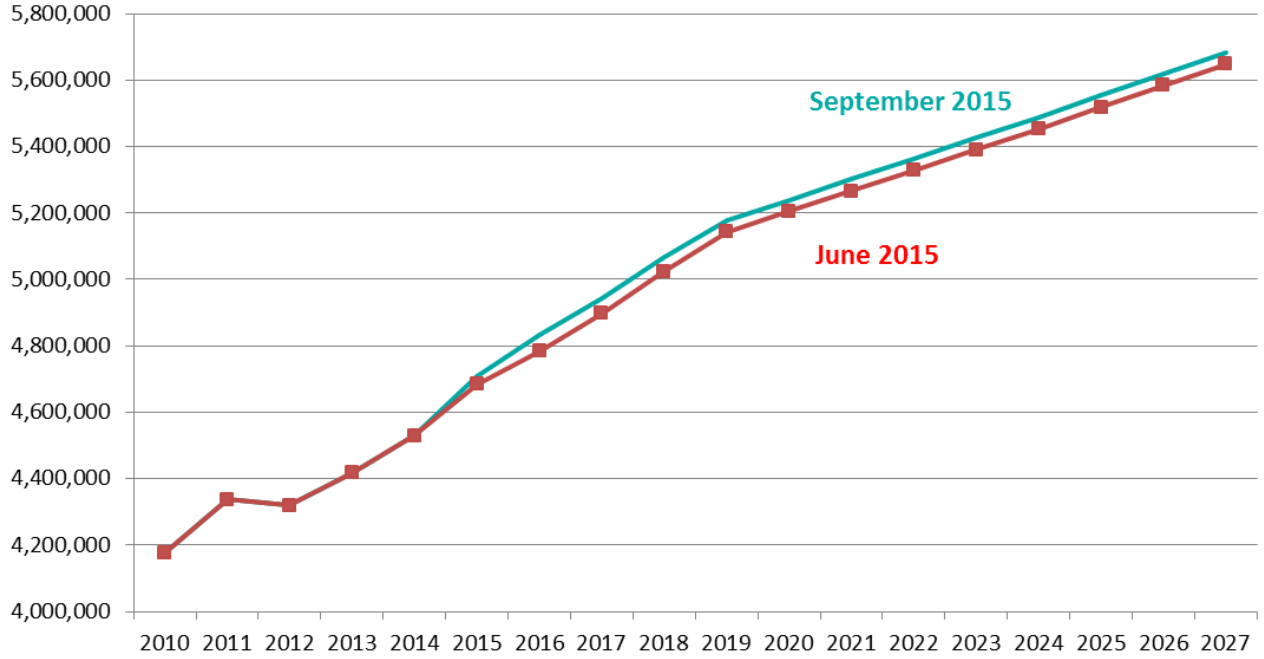
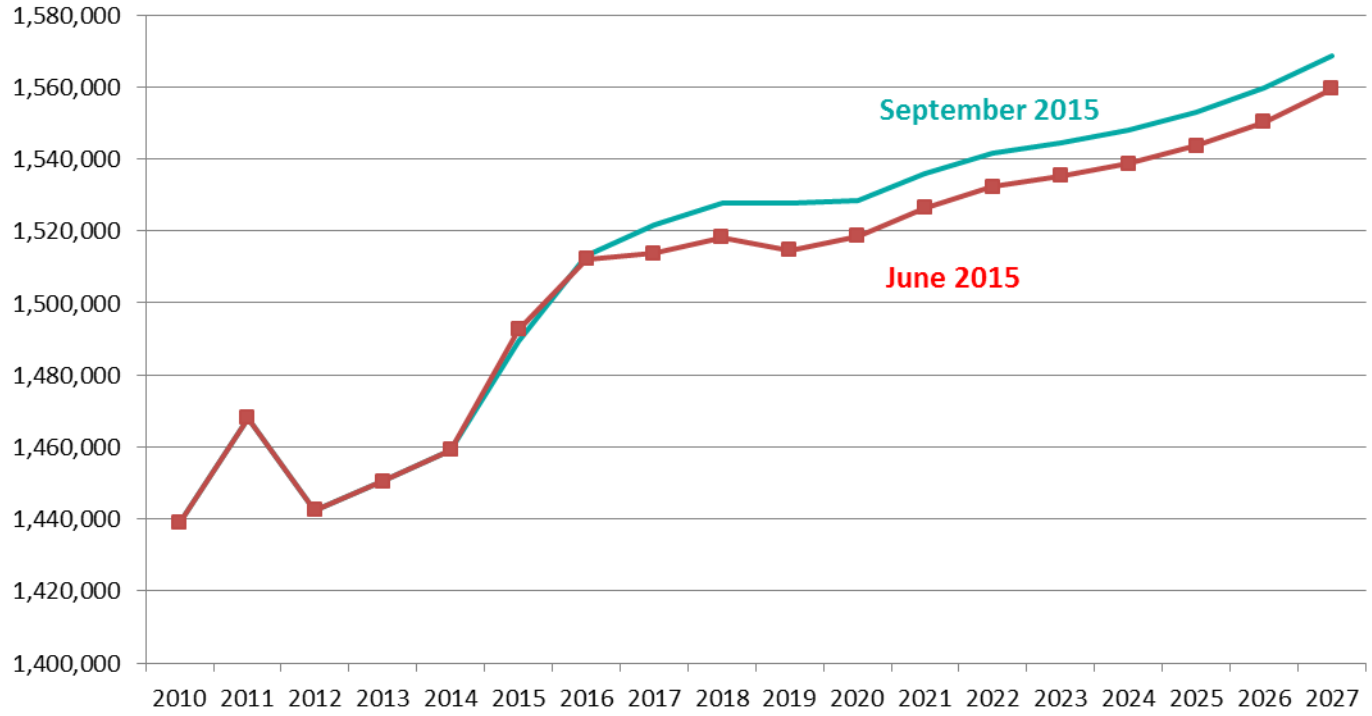


Figure 27 Truck Registrations Comparison
September 2015 vs. June 2015
millions of vehicles



The dealer temporary permits' year-to-date actual is significantly higher than expected. We believe this is due primarily to the impact of the new law effective January 2015 that requires plate replacement when vehicles change hands, resulting in more demand for dealer temporary permits. This forecast is revised up by about $715,000 (or 13%) for FY15 and up by an average of $440,000 (or 8.3%) per year throughout the forecast horizon.

The license plate replacement forecast is lower by -$897,300 or -2.8% for FY2013-15. The forecast change is due to the data correction for "voluntary" plate replacement in the near-term. The change of ownership forecast is slightly lower for FY2015 by -$49,800, but unchanged in the outer years. The plate replacement forecast is lower for FY2015-17 by -$1.05 million or -3.1% due to the data correction. Beginning FY2017-19 biennium, this forecast is slightly higher by $120,540 or 0.35% continuing slightly higher throughout the forecast horizon.

Quick Titles continue to grow. This forecast incorporates the higher year-to-date actual as well as updating the GI light vehicle projections, resulting in about 8.7% forecast to forecast change throughout the forecast horizon.

Ferry Services Fee is a relatively new forecast with title service fees ($12) and registration service fees ($5) imposed by E2SHB 1129 (2014) effective January 1, 2015. This forecast is revised lower due to a quicker than expected shift of title and registration transactions to subagents during the current fiscal year. The total Ferry Service fees are forecasted at $9.2 million FY 2013-15 with title service fees ($12) at $3.16 million and registration service fees ($5) at $6.04 million. On average, the total Ferry Service fees are forecasted at $29.7 million per biennium (FY2015-27) with title service fees ($12) at $13.2 million and registration service fees ($5) at $16.47 million.

Wheeled All-Terrain Vehicle forecast is a new forecast as a result of ESHB 1632 – Legislative Session 2013. The on-road WATV fee is distributed to the new Multiuse Roadway Safety Account (571) and is forecasted at $42,560 in the FY2013-15 biennium and $82,200 in the FY2015-17 biennium. This forecast is lower for FY2013-15 by -8.3% based on WATV registrations through May 2015. The forecast is lower for FY2015-17 (-$4,028 or -4.7%) and continues a little lower until FY2020 and then is unchanged for the rest of the forecast horizon.

SHB 1480 (session 2015) creates the new Intermittent-use class of trailers with a lifetime registration for a fee of $187.50, effective January 1, 2017. In addition, Travel Trailers 30 years old or older will be eligible for collector vehicle plates, which are also lifetime registrations for a fee of $30 each. Currently, the September forecast for the intermittent-use trailer revenue is based on the 2015 fiscal note. The fiscal note assumed an average of $10.8 million per biennium (FY2015-27) in additional revenue from the intermittent-use trailer registrations. Prior to implementation, DOL will conduct an in-depth analysis of currently registered trailers (travel trailers, other trailers, and personal trailers) to identify trailers that would be eligible for an intermittent-use registration as well as those eligible for the collector vehicle plates.

Primary reasons for the forecast changes

- Forecasted passenger vehicle registrations for FY 2016 are up from the previous forecast
- Future year passenger car forecasts are up from the previous forecast,
- Forecasted truck registrations are up from the previous forecast.
- Overall, LPF revenues are up $133.6 million in the current biennium compared to the last forecast. Most of this increase is due to new legislation.
- In the next biennium, LPF revenues are up $276 million from the last forecast.
- The new 2015 legislation on intermittent trailers brings in additional revenue into this forecast, in particular in the 2017-19 biennium which causes LPF revenue to be higher than June's projections by $18.54 million .

Figure 28 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees) September 2015
millions of dollars (totals do not add due to rounding)

	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
Basic $30 License Fee	$151.8	$158.1	$309.9	$161.4	$164.6	$326.0
Combined License Fee	176.6	184.6	361.1	181.1	219.0	400.1
All Other Fees	176.7	1934.6	371.4	206.4	311.1	515.7
Total LPF Revenue	**$505.1**	**$537.3**	**$1,042.4**	**$547.1**	**$694.7**	**$1,241.8**
% Change from Prior Fct	0.00	1.3	**0.67**	-0.2	24.1	**12.05**

Driver Related Revenue Forecasts

The September 2015 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 FY 2015-17 biennium is forecast at $300.5 million, about $6.1 million (or +2.1%) higher than the prior forecast. Revenue for FY 2017-19 biennium is projected to be $293.6 million, about $8.3 million (+2.9%) higher 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

Original Driver Licenses

The original driver license forecast is driven by ERFC's non-agricultural employment, OFM population 16-18, and drivers coming from out of WA. FY15 closed 5.4% higher than the prior year in the first time driver license issuances. With continued strength in driver-in migration, this forecast is about 1.5% higher throughout the forecast horizon (Figure 29).

Renewal Driver Licenses

Driver renewals ended FY13-15 close to expectation. The forecast is unchanged in the near term, but outer years echo higher originals as well as some adjustment to extension numbers to smooth workload (Figure 30) in the field.

Figure 29 Driver License Originals September vs. June 2015

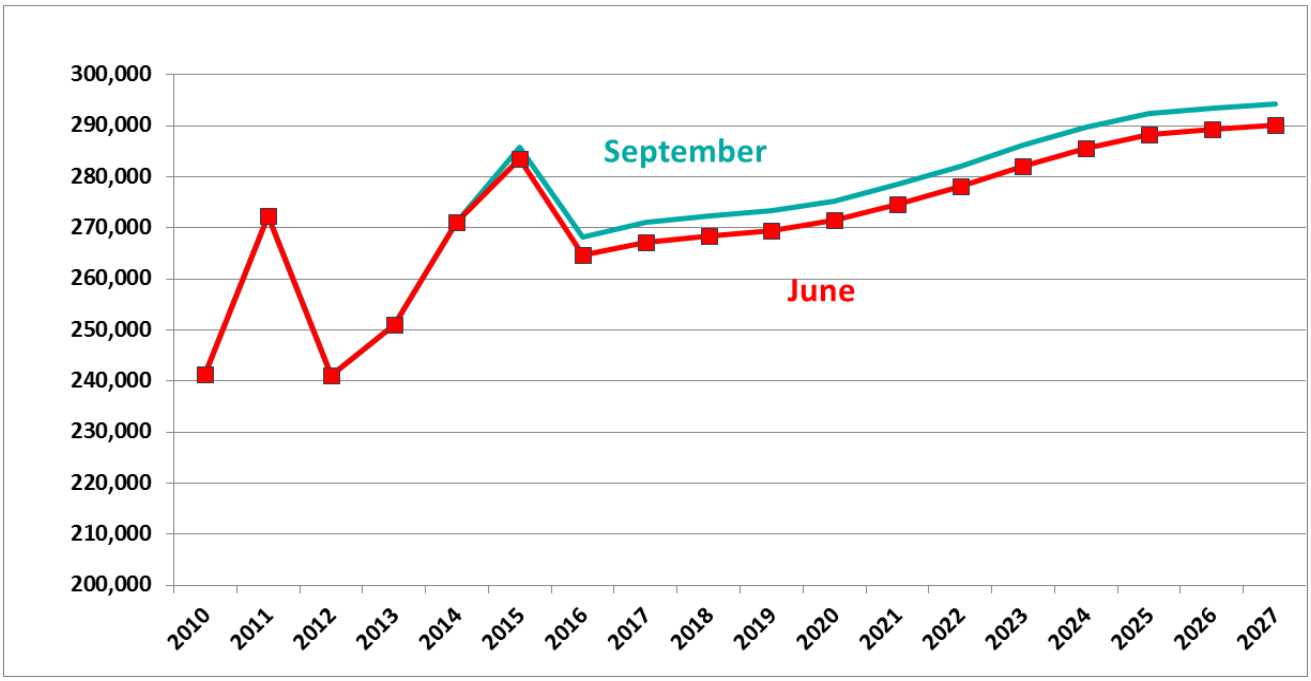
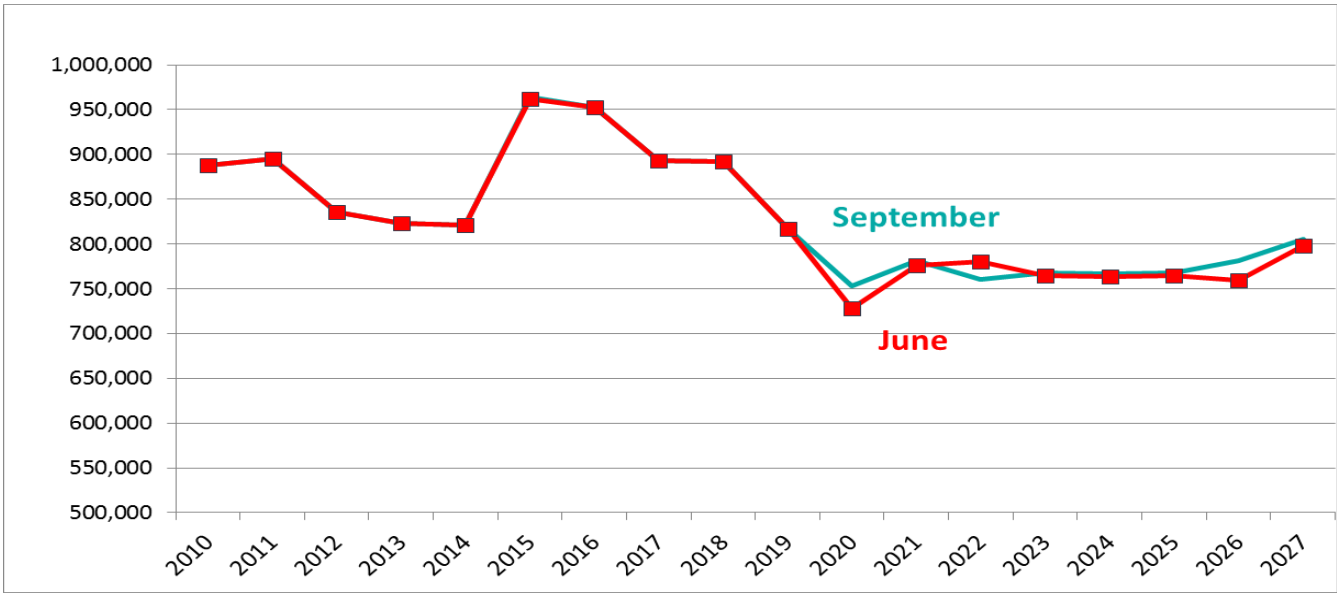


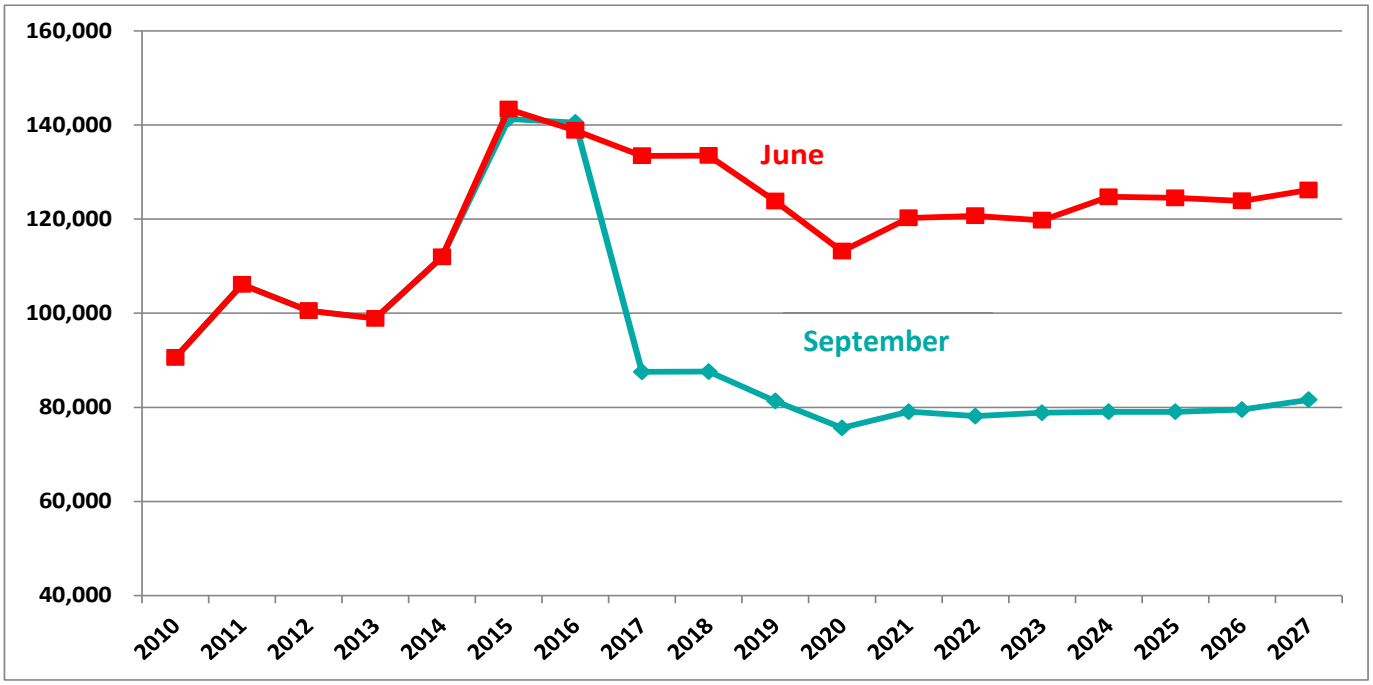
Figure 30 Driver License Renewals and Extension September vs. June 2015



Enhanced Driver Licenses (EDL/EID)

EDL/EID issuances have come in close to expectation since June with 0.3% variance. However, due to a tripling fee authorized by the 2015 legislation, the participation rate is reduced by about 35%, starting FY2017 when the higher fee takes effect. Therefore, revenue increase averages about 95% a year rather than tripling.

Figure 31 Enhanced Driver Licenses/ IDs September vs. June 2015



Abstracts of Driver Records (ADR)

This September forecast of ADR is tracking close, with FY15 closed .2% higher. This forecast is left unchanged.

Trends in Driver Related Revenue

Highway Safety Fund

Total Highway Safety Fund (HSF) revenue for the FY15-17 is projected to be $257.8 million, about $5.9 million (+2.4%) higher. For the FY17-19 biennium this fund is projected to be $250.5 million, about $8.4 million (or +3.5%) higher than the prior forecast. These revisions are due primarily due to CDL and EDL/EID fee increases, with stronger driver-in-migration helping as well.

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 tracking close since the last forecast but still has downside risks. While FY13-15 ended close to expectation with only .2% variance. This forecast is left unchanged from prior forecast. FY15-17 is projected to be $31.2 million and FY17-19 is projected to be $31.9 million.

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.

Starting June, the MC original endorsements were forecasted using a log-log regression of total MC registrations and real gasoline prices. The renewal forecast methodology also took into consideration variable length initial endorsements. The 5-Year (rolling 12-month sum) survivor rate was updated to be 78.8%. While FY13-15 closed higher than expected, the September forecast is unchanged from June to allow more monthly data to evaluate the new methodology. FY15-17 is expected at $4.82 million and FY17-19 is expected at $4.85 million.

Ignition Interlock Device Revolving Account

This revenue stream ended FY13-15 slightly higher (+158,000 or 3.7%). The FY15-17 is expected to be $6.6 million (up 2.6%) from prior forecast, with updated actual through August. Revenue in the outer biennia is expected at similar levels.

Figure 32 Short-term Driver Related Revenue Forecasts September 2015 Forecast
(Millions of dollars)

Driver Related Revenue	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
Total Highway Safety Fund	**$129.9**	**$128.0**	**$257.8**	**$126.9**	**$123.5**	**$250.5**
Drivers License Fees	109.2	107.1	216.2	105.8	102.3	208.2
Copies of Record Fees	17.7	17.9	35.6	18.1	18.2	36.3
Other smaller misc. Fees	3.0	3.0	6.0	3.0	3.0	6.0
Total Motorcycle Safety Education Account	**2.4**	**2.4**	**4.8**	**2.4**	**2.4**	**4.8**
Total State Patrol Account	**15.5**	**15.7**	**31.3**	**15.9**	**16.0**	**31.9**
Total Ignition Interlock Device Revolving Account	**3.4**	**3.2**	**6.6**	**3.2**	**3.2**	**6.4**
Total Driver Related Revenue	**$151.2**	**$149.3**	**$300.5**	**$148.4**	**$145.2**	**$293.6**
Level change from prior forecast	$1.9	$4.2	$6.1	$4.2	$4.1	$8.3
Percent change from prior forecast	1.3%	2.9%	2.1%	2.9%	2.9%	2.9%

Primary reasons for the forecast changes

Primary reasons for the change in driver related revenue are:

- Fee increase in CDL;
- Fee increase in EDL-EID while reduction in participation (35% reduction in transaction, along with 300% increase in fee, result in about 95% increase in revenue);
- Continued strength in driver-in-migration, resulting in more driver learning permits, driver exams, as well as first time driver license issuances.

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

In FY 2010, total spending on new US light vehicles grew to $305 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 was $519 billion; an annual increase of 8.0% and up 0.3% from the June forecast. The FY 2016 forecast for US spending on new motor vehicles is expected to be $554 million or 6.7% annual increase which is up 1.7% from June. In FY 2017, US spending on new motor vehicles is projected to be $583 million and this is 1.0% higher than the previous forecast. From FY 2018 through FY 2027, the new forecast is down from the last forecast by 0.7% to 1.7%.

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 $63.3 million. In the 2013-15 biennium, the sales and use tax collections were $77.5 million. Actual tax collections in FY 2015 came in at $40.5 million, which was very close to the last forecast at $40.484 million. In the last three months, sales and use tax collections came in above forecast: sales taxes were higher by $477,400 although use taxes were down by $9,000. In the current biennium, sales and use taxes are projected at $86.9 million which is up 2.2% from past forecast. In the 2017-19 biennium, the sales and use tax collections are projected to be $91.5 million which is also up 2% from the last forecast. In the 2019-21 biennium, the forecast of sales and use taxes are also up forecast to forecast by nearly 2% at $95.4 million. Over the 10 year forecast period, vehicle sales and use taxes are anticipated to be higher than the last forecast by $9 million or approximately 2%. Since the June forecast, the forecast for U.S. new cars sales is stronger in the near term and then slightly weaker in the outer years. This, along with the higher actuals and very strong growth to date are the primary reasons for the forecast change.

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 2013-15 biennium, rental car sales tax was $56.0 million and down $41,000 or 0.07% from the June forecast. Actuals since the last forecast have been higher than projected: up $297,000 (3.3%). In the 2015-17 biennium, revenues are projected to be $61.33 million which is an increase of 1% from the prior forecast. The primary reason for the change in the forecast is due to higher actuals since the June forecast. The change from the prior forecast decreases slightly over time and by the 2025-27 biennium, the change from the last forecast is just 0.8% or 556,000. Over the 10-year forecast horizon, the rental car tax is anticipated to bring in approximately $3.0 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 the sale of property revenue category has a unique set of properties available to be sold, making biennium to biennium comparisons difficult. Revenue from sale of property for 2013-15 biennium was $12.19 million, which was an increase of $1.2 million or 11.3% over the June forecast. The 2013-15 biennium total DOT business related revenues were $19.05 million which was up by $1.28 million from the June forecast. Projections for the 2015-17 biennium sale of property is anticipated to be $12 million or $2 million more than the previous forecast. All business related revenues in the 2015-17 biennium are anticipated to be $18.86 million, which is up $1.9 million or 11% over the last forecast. In fiscal years beyond 2017, the sale of property forecast has not been changed from the last forecast. The WSDOT other business related fees have only minor changes in the current and future biennia. The outer biennia change in the forecast reflects minor revenue adjustments which are due to incorporating new forecasts for inflation.

The School zone fine for the Washington Traffic Safety Commission was first added to the September 2013 forecast. The fee is assessed for traffic violations in school zones and the revenue from the fee is deposited into the School Zone Safety Account. The revenue from this fine varies greatly from month to month. In 2011-13, the revenue for fines assessed in school zones was $1.6 million. In the 2013-15 biennium, the revenue from school zone fines was $1.23 million, which was up 18.9% from the last forecast but also down biennia to biennia by 23%. In the next biennium, the forecast for the school zone fines are anticipated to be $1.16 million which is up by 47% from the last forecast due to correcting for a mistake in the June forecast. The forecast is up a corresponding percentage each biennium throughout the future.

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 September 2013.

Highway Safety Account revenue consists of certification and calibration fees charged to ignition interlock manufacturers, technicians, providers, and persons required to install an ignition interlock device in all vehicles owned or operated by that person. This revenue source was incorporated into the forecast first in September 2012. Revenue estimates have been updated using the past year's actuals.

The September 2015 WSP business related revenue forecast for the current biennium is $11.5 million, which is nearly the same as the previous quarter. All revenue has been updated for actuals through June 30, 2015 which raised the 2013-15 biennium total to $12.02 million which was $556,367 higher than the June forecast. In September 2013, the WSP added two new fees; the Commercial Vehicle Penalties and Communication Tower Site Leases. In the current biennium, these-revenues are projected at $600,000 and $748,900 respectively, which is a no change forecast for the commercial vehicle penalties and a minor revision upward for the communication tower leases from the June forecast. The terminal safety inspection fee revenue is forecasted at $2.7 million, which is no change from the last forecast. The same trend continues in the next biennium with the total fee revenue estimated at $11.6 million for the 2017-19 biennium. The forecast remains nearly the same each biennia thereafter with the last biennium forecast for WSP business related revenue with a slight rise to $11.9 million by the last biennium of the forecast horizon.

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 was $5.877 million, which is slightly lower than last forecast at $5.881 million projected. Aviation excise, dealers licenses and registration fees are unchanged from the last quarter's projections. Since the June forecast, the Legislature adopt SSB 6057 which changed the distribution of the aircraft excise tax from being ninety percent to the general fund and ten percent to the aeronautics account to all being distributed to the aeronautics account. Even though the aircraft excise tax forecast in September did not change from June, the distributions of the excise tax did change which added additional revenue to the aeronautics account. The only change in the aviation related forecast is the motor vehicle fuel tax transfer which is $133,100 higher in the current biennia than last forecast due to higher fuel consumption and tax projections in September.

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 2013-15 biennium, the aircraft registrations, excise and dealers' taxes as well as the fuel tax transfer were $1.5 million, which was nearly the same as the last forecast. The motor vehicle fuel tax transfer of $574,696 was nearly a no change from June. In the 2015-17 biennium, the aeronautics transfer from the motor vehicle fund is projected to be $718,600 which is up $133,100 from the last forecast due to the adoption of higher fuel tax rates. The difference in the transfer of motor vehicle fuel taxes rises in the next biennium to $195,200 or 33% increase from the last forecast. In future biennia, the motor vehicle transfer is up 33% from the last forecast due to higher fuel tax rates. This trend is consistent with the fuel tax forecast in September. In the current biennium, aircraft excise taxes are anticipated to be $698,300 and in the next biennium, aircraft excise tax increase slightly to $705,900. This September forecast for aircraft excise tax is the same as last forecast but the distributions of this tax has changed since the last forecast due to the adoption of new legislation (SSB 6057). In the past, ten percent of the excise tax went to the aeronautics account and the rest went to the state general fund but now all of the excise tax goes to the aeronautics account. This legislative change has boosted the aeronautics account revenue by $668,190 in the current biennium and by $647,000 next biennium. With both the higher gas tax transfer amount and the new legislative change to the distribution of the aircraft excise tax, the aeronautics account revenue is going up by approximately 13% or $801,290 in the current biennium and by $842,200 in the next biennium.

Aviation Fuel Tax

Aviation fuel taxes came in at $5.5 million in the 2011-13 biennium. In the FY 2013-15 biennium aviation fuel taxes were $5 million, which was nearly no change from the last forecast. The aviation fuel tax forecast in September is nearly a no change from last quarter's forecast as it is tracking well. In the current biennium aviation fuel taxes are anticipated to be $5.3 million, which is up slightly $39,700 or 0.8% from the June forecast. In the next biennium, aviation fuel taxes are anticipated to be $5.4million or $11,700 above the June forecast..

Studded Snow Tire Fee

Studded Snow Tire fees are new in this September forecast as they were part of the 2015 Transportation Revenue package (2ESSB 5987). This fee is collected by the Department of Revenue (DOR) from the sellers of studded snow tires at the time of purchase of new studded tires. This fee is $5 per tire that contains studs. This fee revenue is distributed to the Motor Vehicle fund. The September forecast for this Studded Snow Tire fee is based on the DOR fiscal note for the bill. The initial estimates assume the studded tire fee begins in FY 2017 but only for a partial year so for the first year, the studded tire fee is only expected to generate $203,000 but in years 2018 and beyond the studded tire fee is expected to produce approximately $0.5 million per year.

Primary reasons for the forecast changes

- Vehicle sales and use tax revenue is up slightly by $1.9 million or 2% in the current biennium since the last forecast due to updated actual collections and higher national forecast of US spending on light vehicles. In the next biennia and future biennia, new vehicle sales tax revenue is also up from the last forecast. US spending on new motor vehicles is up in FY 2016 and 2017 from the last forecast but down

from the June forecast in the remaining years of the forecast horizon which slows the growth in the vehicle sales tax forecast in the outer years.

- Rental car tax revenue is up $0.68 million, 1%, in the current biennium due to higher collections in recent months than anticipated and stronger economic variables. In next biennium, the change in the rental car tax revenue is also up minimally from June. In all future biennia, the rental car forecast is up from the June forecast minimally.
- WSDOT Business and other miscellaneous revenue is revised upward by $1.9 million from June in the current biennium as actual sales of property came in higher than forecasted in FY 2015. The forecast is down only slightly 0.2% from June in the 2017-19 biennium due to inflation adjustments. Future biennia forecasts are also down slightly from the last forecast due to inflation.
- The school zone fines forecast was increased in the 2013-15 biennium due to FY 2015 fee revenue coming in higher than anticipated. In the current biennium, school zone fines are higher by $372,500 or 47% due to correcting for a mistake in the June forecast. A similar corresponding upward adjustment is made in each biennium thereafter.
- WSP business related revenue is up slightly by $556,367 in September from the June forecast in the 2013-15 biennium due to higher commercial vehicle penalties and breathalyzer test fines in FY 2015 than expected. In the current biennium, the WSP business related revenue has only a minor change in their forecast of access fees and communication tower leases. In future years, the change from the last forecast is also only minor.
- The changes in the aeronautics account is a significant in September due to legislative changes which allows 100% of the aircraft excise tax to be distributed into the aeronautics account and the motor vehicle tax transfer is higher due to higher fuel tax rates in the future.
- In the current biennium, total business related revenues are projected at $187 million, which is up by $5.2 million or 2.9% from the last forecast.
- In the next biennium, total business related revenues are projected at $193.1 million, which is $4 million or 2% higher than the last forecast. The majority of the increase is due to higher vehicle sales and use tax revenue, the addition of the studded tire fee, rental car sales tax being higher and school zone fines being higher than last forecast.

Figure 33 Short-term Other Transportation Related Revenue
September 2015
millions of dollars

	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
Rental Car Sales Tax	$30.3	$31.0	**$61.3**	$31.7	$32.3	**$64.0**
Vehicle Sales & Use Tax	42.8	44.1	**86.9**	45.3	46.3	**91.6**
Studded Tire Fee		0.2	**0.2**	0.5	0.5	**1.0**
DOT Business/Other Rev	9.5	9.4	**18.9**	8.3	8.3	**16.6**
WSP Business/Other Rev	5.7	5.7	**11.4**	5.8	5.8	**11.6**
WA Traffic Safety Comm.	0.6	0.6	**1.2**	0.6	0.6	**1.2**
Aeronautics Taxes/Fees	3.4	3.5	**6.9**	3.6	3.6	**7.2**
Total Other Transportation Related Revenue	$92.4	$94.6	**$187.0**	$95.7	$97.4	**$193.1**
% Change from Prior Fcst	2.7%	2.8%	**2.8%**	2.1%	2.1%	**2.1%**

Ferry Ridership and Revenue

Ferry Fare Ridership and Revenue Forecasting Process

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

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

The September 2015 Baseline Forecast incorporates actual ridership counts and fare revenue collections through August 2015. The Washington State Transportation Commission adopted new ferry tariffs on August 4, 2015 that have been incorporated into the September Baseline Forecast. These include the following fare changes:

- A 1% passenger fare increase and a 2.5% vehicle/driver fare increase, rounded to the nearest nickel, on October 1, 2015 (FY 2016)
- A second 1% passenger fare increase and a 2.5% vehicle/driver fare increase, rounded to the nearest nickel, on May 1, 2016 (FY 2016)
- The elimination of the overheight fare surcharge applicable to vehicles under 22' in length and over 7'6" high, effective October 1, 2015

The September Baseline Forecast scenario excludes any future fare revisions beyond the May 1, 2016 increase, resulting in declining real fares over time as the result of general price inflation.

The September 2015 ridership demand forecasts reflect the latest updated demographic and economic variable forecasts provided by the State and commercial sources. Overall, the September ridership forecasts range from 0.8% higher in FY 2016, essentially unchanged in FY 2017, and then 0.4-0.5% lower over the rest of the forecast horizon, compared to June. Forecasts for all measures of employment have been revised upward over the forecast horizon, with an upward impact on the ridership forecasts. The forecast for real personal income has been revised slightly higher through FY 2018 and slightly lower thereafter, contributing to parallel impacts in the ridership forecast trends.

Real gasoline prices reflect a mix of quarterly revisions that are mostly higher in FY 2016 and lower in FY 2017, followed by primarily minor increases through FY 2022 and generally immaterial revisions thereafter, relative to June. Compared with the markedly lower real gas price projections over most of the June forecast horizon, the September revisions are relatively minor. Changes in real gas prices tend to have an inverse effect on the vehicle ridership forecasts.

Projections for the working age population indices used to forecast commuter passenger and commuter vehicle ridership. These population indices, which are derived from data for Kitsap, San Juan, and Island counties by age group and weighted based on ridership levels for routes associated with the specific counties, were last updated in March 2015 and are not scheduled for another update until February 2016.

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 came in at 13,270,874, a 1.1% increase from the prior forecast, and a year-over-year increase of 4.5%. For FY 2016, passenger ridership is expected to be 13,291,000, a 1.0% increase from the prior forecast and a year-over-year increase of 0.2%. Over the rest of the forecast horizon, the passenger ridership projections range from 0.4% higher in FY 2017 to 0.3% lower by FY 2020 and thereafter, compared to the June Forecast.

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 came in at 10,387,368, a 0.8% increase from the prior forecast, and a year-over-year increase of 2.3%. For FY 2016, vehicle/driver ridership is expected to be 10,697,000, a 0.5% increase from the prior forecast and a year-over-year increase of 3.0%. Over the rest of the forecast horizon, the vehicle/driver ridership projections range from 0.6% lower in FY 2017 to 1.0% lower in FY 2018 to 0.5% lower in FY 2027, compared to the June Forecast.

Overall Trends in Ferry Ridership

Total ferry ridership in FY 2010 and FY 2011 was 22,587,537 and 22,211,293 respectively, with the FY 2011 value representing a year-over-year decrease of 1.7%. In FY 2012, total ridership was 22,219,140, which represents less than one-tenth of one percent annual growth from FY 2011. For FY 2013, total ridership came in at 22,395,169, for a year-over-year increase of 0.8%.

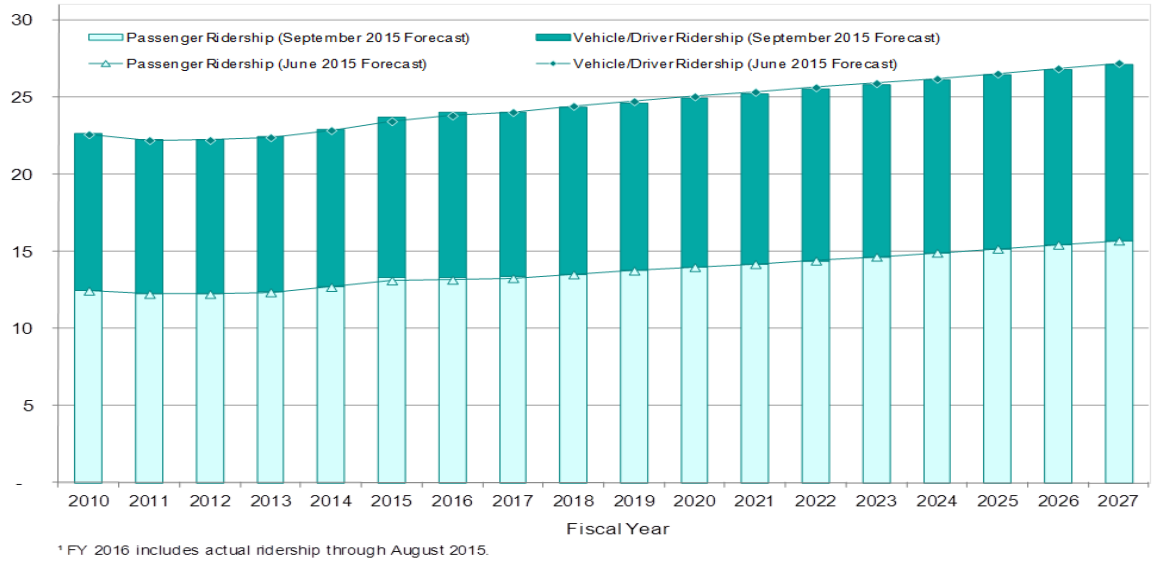
Total ridership for the month of June 2015 came in 5.4% higher than projected, bringing FY 2015 in 1.0% ahead of the June forecast projection.

For FY 2016, total ridership in July came in 0.9% ahead of the previous forecast, while August was down by 1.6%. The latter's decrease is likely the result of inclement weather at the end of August and the fact that August did not include any part of the Labor Day holiday weekend for the first time since 2011. These results, combined with the updated September forecast, point toward an overall ridership projection for FY 2016 that is 0.8% higher than in the prior forecast, with a year-to-year increase of 1.4%.

For the rest of the forecast horizon, projected overall ridership ranges from essentially unchanged in FY 2017 to 0.5% lower in the midterm to 0.4% lower in FY 2027, compared to the June 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 September and June 2015 Baseline *Millions of Riders*



Trends in Ferry Revenue

The September 2015 ferry revenue projections for the Baseline Forecast include the projected effects of the aforementioned tariff revisions adopted by the Commission on August 4, 2015. 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.

Total fare and miscellaneous revenues for the 2013-15 biennium came in at $350.9 million, an increase of 8.3% over the previous biennium, and 0.3% ahead of forecast. Farebox revenue comprised $343.4 million of this total, divided as nearly $335.9 million in base fares and nearly $7.6 million in capital surcharge collections.

Total fare and miscellaneous revenues forecasted for the 2015-17 biennium amount to $376.4 million, or 3.2% more than forecasted in June prior to the Commission's tariff changes. Of this amount, farebox revenue comprises $368.3 million, also up 3.2%, and is divided as $360.3 million in base fares (up 3.2%) plus $8.0 million in capital surcharge collections (up 0.3%).

Compared to September, the current Baseline Forecast for fare revenue is anticipated to range from 3.6% higher for the 2015-17 biennium to 3.8% higher for the 2025-27 biennium.

Ferry Capital Surcharge Revenue

The ferry capital surcharge of $0.25 per fare sold was implemented in October 2011 and is included in the Baseline Forecast as noted above. For FY 2016, the September forecast for capital surcharge revenue is $4.0 million, which is $0.02 million or 0.6% more than the June projection.

Ferry Miscellaneous Revenue

WSF's FY 2015 miscellaneous revenue data as well as projections from concession and services vendors form the basis for the future miscellaneous revenue forecasts.

The miscellaneous forecasts have been modified based on revised ridership projections, the most recent revenue collections, Operations Manager estimates and projections by vendors. In general, vessel non-fare revenues are down slightly from June, primarily driven by a reduction in duty free revenue, package freight and flat galley sales. Among the other non-fare revenues, terminal concessions are up systemwide, except for Anacortes, and advertising is up systemwide. Parking revenues are up in Anacortes but down elsewhere.

These changes ripple through the out years of the forecast – the increase in terminal miscellaneous more than offsets the reduction from the vessel side, for an overall increase throughout the forecast horizon.

Primary Reasons for the Forecast Changes

- Total forecasted ferry riders for the September Baseline Forecast are up in FY 2016 as a result of recent ridership trends and a stronger economy reflected in higher employment forecasts, but then fall slightly below the June Forecast thereafter as the two additional fare increases adopted by the Commission take effect.
- Ferry fare revenues for the September Baseline Forecast are up 2.5% in FY 2016 and between 3.6% and 3.9% thereafter as a result of the two additional fare increases.
- Miscellaneous revenue forecasts are generally modestly higher (3.3-5.0%) except for in FY 2018, where the previous forecast for that year was higher than the prevailing trend, resulting in a 4.9% decrease for September. By type, vessel non-fare revenues are lower and other non-fare (terminal) revenues are higher.

Figure 35 Short-term Ferry Revenue September 2015 Baseline

	FY 2016	FY 2017	15-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
Farebox Revenue	177.89	182.43	360.32	184.46	185.97	370.43
Capital Surcharge Revenue	4.00	4.01	8.02	4.06	4.10	8.16
Misc. Ferry Revenue	3.97	4.12	8.09	3.85	3.96	7.80
Total Ferry Revenue	**185.86**	**190.56**	**376.42**	**192.37**	**194.02**	**386.39**
% Change from Prior Forecast	3.4%	3.6%	3.2%	3.4%	3.6%	3.5%

Toll Revenue

Tacoma Narrows Bridge (TNB), SR 167 HOT lanes and SR 520 toll Traffic and Revenue forecast for September 2015 has not changed from the June forecast except for the addition of estimated actuals for fiscal year 2015. SR 520 Bridge Toll Traffic and Revenue forecast has been unchanged since November 2014.

The Tacoma Narrows Bridge (TNB) revenue forecast reflects estimated actual toll collections through June 2015. In 2013 two consecutive toll rate increases were adopted by the Washington Transportation Commission (the Commission). The first toll rate increase began on July 1, 2013. The toll rates for 2-axle vehicles were $4.25, $5.25 and $6.25 for *Good To Go!* (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.

In May 2015, another two consecutive toll rate increases were adopted by the Commission. Toll rates was increased by $0.50 to $5.00/GTG, $6.00/cash, and $7.00/PBM per 2-axle vehicle began on July 1, 2015. Another $0.50 will be increased to the toll rates began on July 1, 2016, setting the toll rates at $5.50/GTG, $6.50/cash, and $7.50/PBM per 2-axle vehicle. Multi-axle vehicle toll rates will be increased proportionally. From FY 2018 to FY 2030, the adopted toll rates for FY 2017 are assumed to not change for GTG, cash and PBM.

The SR 167 HOT lanes pilot program revenue forecast reflects actual toll collections starting in May 2008 through June 2015. In 2015 legislative action (2ESHB 1299), SR 167 HOT lanes pilot program was extended to the end of fiscal year 2017. 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, 2015. 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 toll rate increases have been assumed. In the current fiscal year, two-axle vehicles traveling on weekdays pay peak tolls of $3.90 for GTG and $5.55 for PBM, respectively. During weekends the peak GTG and PBM toll rates are $2.40 and $4.10, 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 and associated fees. 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.

In 2015, legislature passed SSB 5481, tolling customer service reform. The bill asks WSDOT to waive or reduce customers' civil penalties and associated fees under certain circumstances. It may motivate people to pay back tolls to get the penalties and fees reduced. It also requires WSDOT to allow car dealers to sell transponders. This bill could result in reductions to the civil penalty revenue, increases in recovered toll revenue from the Civil Penalty process, and increases in transponder sales revenue. The revenue impact amount is indeterminate at this time. We will collect actual data in FY 2016 which will lead to revisions in future iterations of the forecast.

Transponder sales for FY2009 through FY2015 include actual revenues from the sales of transponders and disabling shields.

Trends in Tacoma Narrows Bridge traffic and toll revenue

Traffic

The TNB annual 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%. TNB traffic volume in FY 2015 was 14.39 million which represents an annual growth of 3.1%. This was consistent with our last forecast by 0.2%.

Stantec developed a new TNB trendline forecast model beginning 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 (PSRC local economic forecast of population and employment) 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.

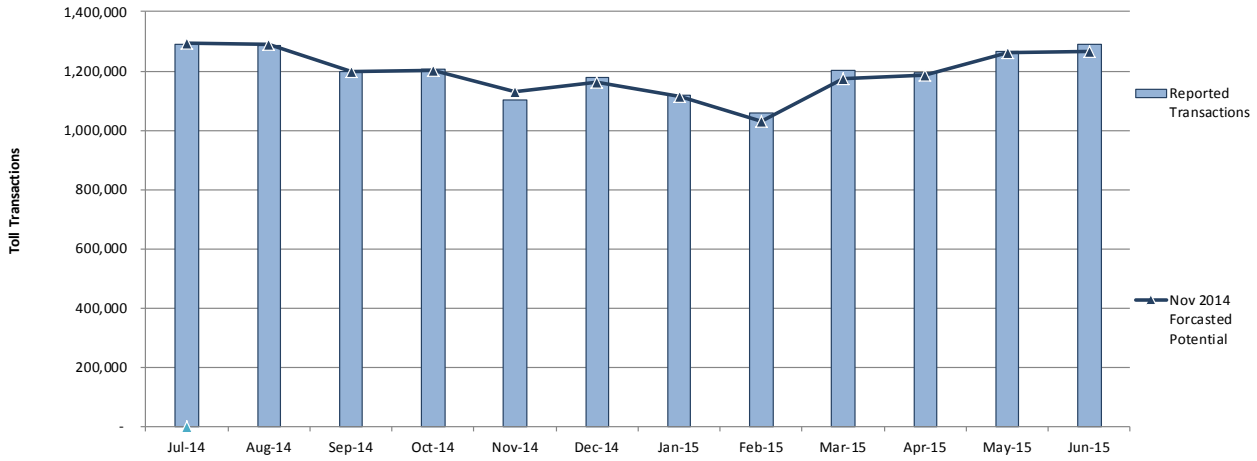
In FY 2016 and 2017 (toll rates will be increased by $0.50 each year, respectively), the TNB traffic volume is expected to grow by 0.5% and 0.8% respectively. Then the annual growth rate in TNB traffic is expected to be 1.5% in fiscal years 2018 and 2019. Starting from FY 2020, the annual growth rate in TNB traffic 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 three years of the forecast horizon. 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.

Since this September 2015 TNB traffic and revenue forecast incorporates the new higher toll rates for TNB in FY 2016 and beyond, there is no difference from the June forecast of traffic in the current and future years. There is only a minor difference from the June forecast in FY 2015 due to incorporating the latest known actuals into the September forecast tables. Beginning in FY 2016, the TNB traffic forecast in June is 14.456 million which the same as the previous forecast. In FY 2017, the TNB traffic forecast is 14.578 million, which is an annual increase of 0.8%.

Since the November 2014 forecast, TNB monthly traffic has been coming in close to actuals for FY 2015. Traffic came in above forecast by 0.7% for the entire fiscal year 2015. See Figure 36.

Figure 36 FY 2015 TNB Monthly Reported Transactions Compared to November 2014 Forecast

TRAFFIC	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Annual Total
Forecasted Potential [1]	1,292,065	1,288,064	1,199,060	1,201,060	1,129,056	1,161,058	1,115,056	1,029,051	1,172,059	1,185,059	1,260,063	1,264,063	**14,295,714**
Reported Transactions [2]	1,290,551	1,286,525	1,198,257	1,204,577	1,101,928	1,177,708	1,119,391	1,059,563	1,203,585	1,192,597	1,264,065	1,291,316	**14,390,063**
Variance from Forecast	(1,514)	(1,539)	(803)	3,517	(27,128)	16,650	4,335	30,512	31,526	7,538	4,002	27,253	**94,349**
Variance - % change	(0.1%)	(0.1%)	(0.1%)	0.3%	(2.4%)	1.4%	0.4%	3.0%	2.7%	0.6%	0.3%	2.2%	**0.7%**



Notes:
1 The data is based upon the TRFC November 2014 Forecast.
2 The reported traffic is based on the TNB lane collection system data adjusted for duplicate and non-revenue transactions.

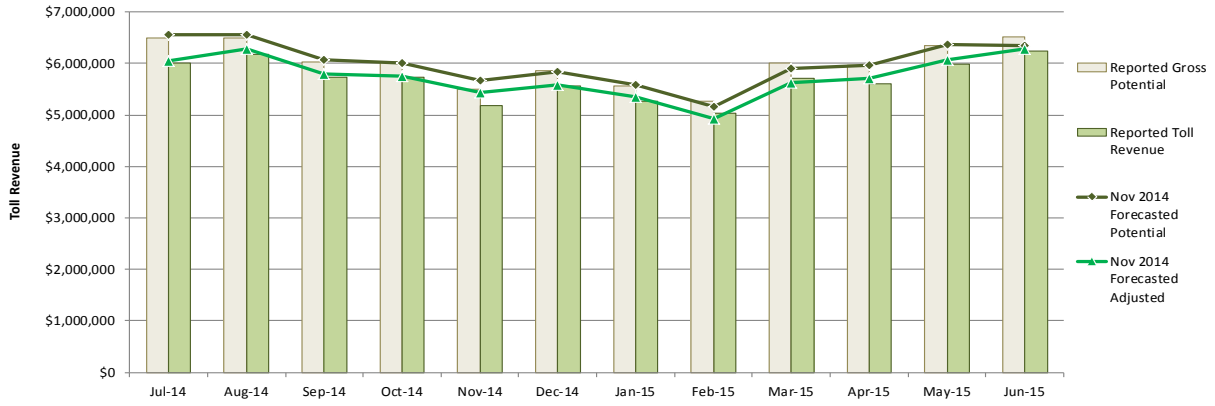
Gross Potential and Adjusted TNB Toll Revenue

The gross toll revenue potential is the amount of revenue WSDOT should receive given the varying toll rates by payment type and type of vehicle and the number of transactions in those categories, assuming all the transactions been paid. The gross toll revenue potential in fiscal year 2014 was $66.65 million and $72.04 million for fiscal year 2015. This 2015 gross toll revenue potential consisted of an estimated $39.07 million in *Good To Go!* with Transponders revenue, $9.86 million in other payment types like *Good To Go!* Pay by Plate, Pay By Mail and Short Term Accounts and $17.73 million in Cash in fiscal year 2014. In FY 2015, the gross toll revenue potential was $72.04 million which is 8.1% annual growth with 41.04 million in *Good To Go!* with Transponders revenue, $11.70 million in other payment types like *Good To Go!* Pay by Plate, Pay By Mail and Short Term Accounts and $19.30 million in Cash. In FY 2016, the TNB gross revenue potential is anticipated to be $80.32 million, which assumes $0.50 toll rate increase and an annual growth of 11.5%. In FY 2017, the TNB gross revenue potential is anticipated to be $88.58 million, assuming another $0.50 toll rate increase and an annual growth of 10.3% for gross revenue. In FY 2018 and beyond, the annual growth in gross revenue potential slows from 1.6% to 1.2% and then declines further to 1% by the end of the forecast horizon.

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. 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 was $131.4 million, which was a slight revision down from the June forecast by 0.1%. This adjusted revenue forecast for TNB for fiscal year 2015 was $68.23 million. In the 2015-17 biennium, the adjusted toll revenue is anticipated to be $161.50 million which is a 22.9% growth biennia to biennia. In the 2017-19 biennium, the adjusted toll revenue is projected to be $173.09 million, which is a 7.2% growth. In the 2019-21 biennium, the adjusted toll revenue is expected to be $177.45 million or 2.5% biennia to biennia. Future biennia growth is anticipated to be less than 2.5%.

Figure 37 FY 2015 TNB Gross Potential and Adjusted Toll Revenue Compared to November 2014 Forecast vs. Actuals

REVENUE	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Annual Total
Forecasted Potential (November 2014) [1]	$6,562,452	$6,559,450	$6,066,419	$6,016,420	$5,674,395	$5,846,406	$5,584,390	$5,160,360	$5,891,410	$5,965,415	$6,356,440	$6,336,442	**$72,019,999**
Reported Gross Potential [2]	$6,496,847	$6,489,230	$6,020,851	$6,018,004	$5,508,964	$5,848,662	$5,567,189	$5,271,343	$6,001,788	$5,958,320	$6,356,283	$6,505,275	**$72,042,756**
Variance From Forecasted Gross Potential	($65,605)	($70,220)	($45,568)	$1,584	($165,431)	$2,256	($17,201)	$110,983	$110,378	($7,095)	($157)	$168,833	**$22,757**
Variance - % Change	(1.0%)	(1.1%)	(0.8%)	0.0%	(2.9%)	0.0%	(0.3%)	2.2%	1.9%	(0.1%)	(0.0%)	2.7%	**0.0%**
Forecasted Adjusted [3]	$6,048,115	$6,274,193	$5,802,603	$5,754,778	$5,427,627	$5,592,158	$5,341,537	$4,935,947	$5,635,205	$5,705,992	$6,080,012	$6,289,833	**$68,888,000**
Reported Toll Revenue	$6,013,436	$6,169,873	$5,728,594	$5,733,372	$5,179,488	$5,561,499	$5,275,579	$5,026,473	$5,714,713	$5,599,617	$5,991,120	$6,233,043	**$68,226,807**
Variance From Adjusted Forecast	($34,679)	($104,321)	($74,009)	($21,407)	($248,139)	($30,659)	($65,957)	$90,526	$79,508	($106,375)	($88,892)	($56,790)	**($661,193)**
Variance - % Change	(0.6%)	(1.7%)	(1.3%)	(0.4%)	(4.6%)	(0.5%)	(1.2%)	1.8%	1.4%	(1.9%)	(1.5%)	(0.9%)	(1.0%)



Notes:

1 The data is based upon the TRFC November 2014 Forecast.

2 The Reported Gross Potential data comes from the TCS/AVI report, ICRS/VPS report, and WSDOT's accounting system and is subject to change pending fiscal period

3 The Forecasted Adjusted Gross Toll Revenue reflects adjustments for Pay By Plate Fees, less Short-term Account Discounts and Toll Revenue Not Recognized, and the extended year-end accounting window.

Figure 37 reveals monthly TNB gross potential and adjusted revenue forecasts for FY 2015 versus the reported actuals. For gross revenue potential, fiscal year 2015 has seen actuals come in close to the November 2014 forecast (0.0%). The same is true for the adjusted TNB toll revenue which has also come in slightly below the November 2014 forecast (1.0%) during the entire FY 2015.

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. In FY 2015, violations revenue was $9,662.

In FY 2014, TNB *Good To Go!* and short-term (CIP) discounts came in at $212,503. In FY 2015, TNB *Good To Go!* and short-term (CIP) discounts came in at $266,462. In the 2013-15 biennium, *Good To Go!* Pay By Plate fees less short-term account discounts were $478,965 million, which was 3.6% above the last forecast. In the current biennium, *Good To Go!* Pay By Plate fees less short-term account discounts are anticipated to be $0.50 million. 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 fiscal year 2014, fee revenue came in at $0.34 million. In FY 2015, these fees were $0.49 million. These fees are grown off the change in Pay By Mail traffic volume in the future. In the current biennium, the fee revenue is anticipated to be $0.71 million. Future fee revenue in the next biennium is projected at $0.75 million.

Actual miscellaneous revenues from interest, liquidated damages and other miscellaneous revenue items such as real estate rent are included in miscellaneous revenue. In FY2013, miscellaneous revenue was $0.51 million and the 2011-13 biennium had $2.25 million in miscellaneous revenue. In fiscal year 2014, miscellaneous revenues were $371,376. In fiscal year 2015, miscellaneous revenues was $0.23 million. In the 2013-15 biennium had $0.6 million in miscellaneous revenue which was above the last forecast by 14% mainly because the last forecast did not have a fiscal year 2015 ,miscellaneous revenue estimate.

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. In FY 2015, civil penalty revenue came in at $3.16 million, which was lower than the last forecast by $735,200. Civil penalty revenue has had large accounting adjustments at the end of the fiscal year resulting in lower revenue by the end of the fiscal year. For current and future biennium, this forecast estimates TNB civil penalty revenue based on the historical trend of penalty cash collection data. The current biennium projection for civil penalties is $3.66 million. Civil penalty is anticipated to be $1.78 million in FY 2016 and $1.88 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. Transponder revenue came in at $0.336 million in FY 2015. 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 $0.51 million.

Total adjusted gross TNB revenue including all fines and fees was $110.6 million in the 2011-13 biennium. In the 2013-15 biennium, total adjusted gross TNB revenue was $136.0 million. In the current biennium, TNB adjusted gross total TNB revenue is projected at $166.4 million

Trends in SR 167 High Occupancy Toll Lanes Traffic and Revenue

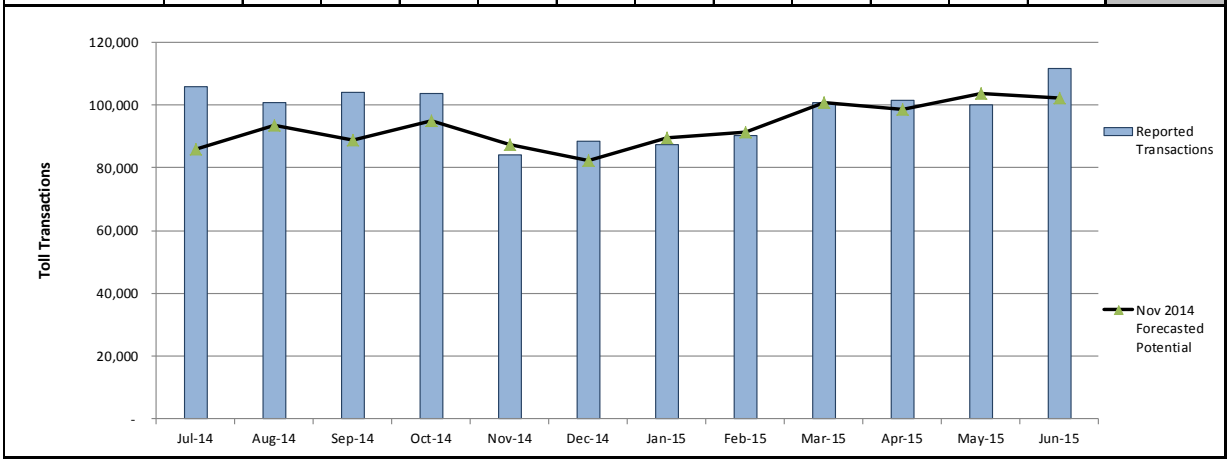
The traffic volume on the SR 167 HOT lanes was 386,000 vehicles in FY 2009. Traffic volume in FY 2010 increased to 510,969 which represented a 31.5% growth year over year from FY 2009. In FY 2011, traffic volume was 640,115 vehicles which were 25.3% higher than in FY 2010. Legislation in 2015 extended the 167 HOT lanes pilot program to the end of FY 2017. 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 was 1.179 million. Since the November 2014 forecast, SR 167 traffic has come above the forecast, on average 3.9% above forecast for FY 2015, see Figure 38.

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 was $2.85 million an increase of $0.72 million or 34% biennium to biennium. Under current law, the program ends September 30, 2017.

In the 2011-2013 biennium, transponder and shield sales on SR 167 was $58,801. In the 2013-2015 biennium transponder revenue was $77,770, which was up slightly from the last forecast. In fiscal year 2014 and 2015, HOT lanes transponder revenue was $37,770 and $43,257. Fees revenue includes only statement fee revenue and it included actuals through FY 2015. In FY 2013, fee revenue was $3,595 and in fiscal year 2014, fee revenue came in at $3,730 and in fiscal year 2015, revenue came in at $3,608. 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. Miscellaneous revenue was $0.13 million in the 2011-13 biennium. In 2013-15 biennium, miscellaneous revenue was $30,018, which was a revision upward of $11,654 from the last forecast due to higher fiscal year 2015 fee revenue. In fiscal year 2014, liquidated damages were $5,651 and HOT lanes interest was $163 so the total miscellaneous revenue was $5,865. In fiscal year 2015, liquidated damages were $13,276 and HOT lanes other miscellaneous revenue was $10,877 (interest, cash over and short, etc.) so the total miscellaneous revenue was $ 24,153.

Figure 38 FY 2015 SR 167 Reported Toll Transactions Compared to November 2014 Forecast

Toll Transactions	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Annual Total
Forecasted Transactions (November 2014) [1]	86,102	93,519	89,004	94,834	87,541	82,295	89,600	91,275	100,924	98,690	103,863	102,353	**1,120,000**
Reported Transactions [2]	105,903	100,807	104,191	103,812	84,003	88,628	87,292	90,137	100,672	101,673	99,955	111,565	**1,178,638**
Variance from Forecast [3]	19,801	7,288	15,187	8,978	(3,538)	6,333	(2,308)	(1,138)	(252)	2,983	(3,908)	9,212	**58,638**
Variance - % change	23.0%	7.8%	17.1%	9.5%	(4.0%)	7.7%	(2.6%)	(1.2%)	(0.2%)	3.0%	(3.8%)	9.0%	**5.2%**



Notes:

1 Data is based upon the TRFC November 2014 Forecast.

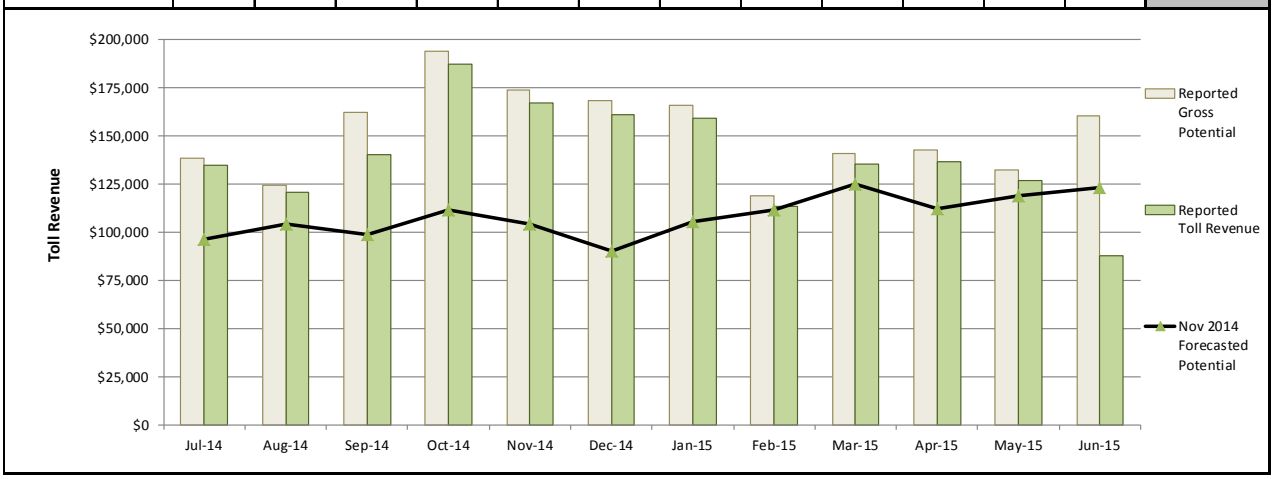
2 The Reported Transactions is based on the SR 167 HOT Lanes lane collection system data adjusted for duplicate and non-revenue transactions.

3 The variance is a comparison between reported transactions and the November 2014 forecast.

Figure 38 reveals the monthly toll transaction forecast for the November 2014 forecast versus the actual reported transactions for SR 167 HOT lanes. The table and chart reveal that actual transactions have come in consistently over forecast for most months through June 2015. Figure 39 shows the monthly gross revenue potential from the November 2014 forecasts compared to the actual reported revenue. This table also indicates that revenues are coming in well above forecast for SR 167 HOT lanes through June 2015.

Figure 39 FY 2015 SR 167 Reported Toll Revenue Compared to 2014 Forecast

REVENUE	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Annual Total
Forecasted Gross Potential (November 2014) [1]	$96,334	$104,474	$98,904	$111,533	$104,376	$90,136	$105,578	$111,830	$124,954	$112,408	$118,590	$122,883	**$1,302,000**
Reported Gross Potential [2]	$138,686	$124,567	$162,100	$193,722	$173,563	$168,532	$165,772	$118,884	$140,556	$142,526	$132,581	$160,157	**$1,821,644**
Variance From Forecasted Gross Potential	$42,352	$20,093	$63,195	$82,190	$69,187	$78,396	$60,194	$7,053	$15,602	$30,118	$13,991	$37,274	**$519,644**
Variance - % Change	44.0%	19.2%	63.9%	73.7%	66.3%	87.0%	57.0%	6.3%	12.5%	26.8%	11.8%	30.3%	**39.9%**
Reported Toll Revenue [3, 4]	$134,773	$120,844	$140,317	$187,255	$166,947	$161,085	$159,421	$113,273	$135,080	$136,518	$126,802	$87,724	**$1,670,037**
Variance From Forecasted Gross Potential [5]	$38,440	$16,370	$41,413	$75,722	$62,570	$70,949	$53,843	$1,443	$10,126	$24,109	$8,212	($35,158)	**$368,037**
Variance - % Change	39.9%	15.7%	41.9%	67.9%	59.9%	78.7%	51.0%	1.3%	8.1%	21.4%	6.9%	(28.6%)	**28.3%**



Notes:

1 Data is based upon the TRFC November 2014 Forecast.

2 Reported Gross Potential data comes from the TCS/AVI report.

3 Reported Toll Revenue corresponds to "tolling revenue" values reported in WSDOT financial statements.

4 Reported revenue for the month of June includes a year end accounting adjust of $64,983.71 for the HOT Lanes customer negative accounts receivable transactions from Q2 to Q4 in FY 2015. A similar adjustment will made quarterly moving forward.

5 The variance is a comparison between the Reported Revenue and the Forecasted Gross Potential.

Trends in SR 520 Bridge Toll Lanes Traffic and Revenue

Traffic

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 current 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

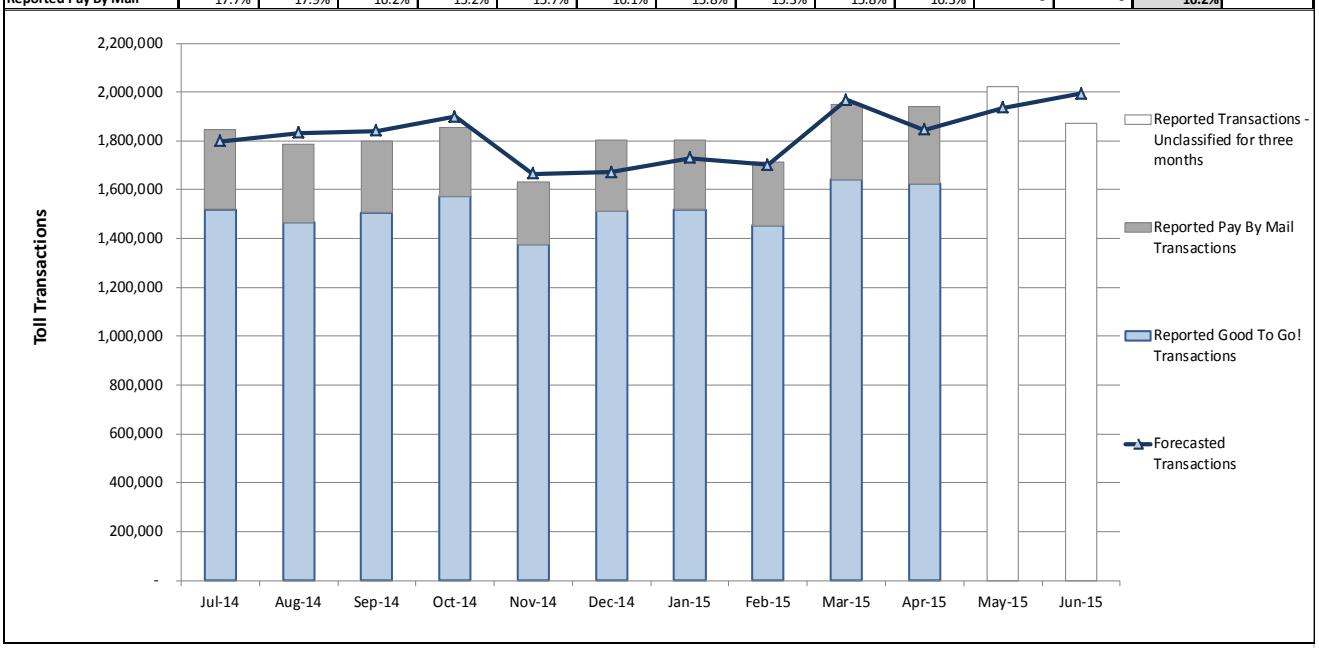
as office occupancy rates and housing unit absorption trends. The analysis followed methods similar to those used in the prior economic forecast in 2013. .

This forecast is based on November 2014 SR 520 Investment Grade Traffic and Revenue projections. The November forecast includes actual traffic and revenue for FY 2014. The September 2015 forecasts include actual traffic and revenue for FY 2015.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 Plate and Pay By Mail. In FY 2015, total toll traffic was 22.0 million trips, which was 0.5% above the last forecast. In the current forecast, the number of toll trips is anticipated to increase to 23.2 million for FY 2016. This corresponds to an annual traffic growth rate of approximately 5.3% 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.

As shown on Figure 40, SR 520 actual traffic volume has been tracking the November forecast quite well in FY 2015. Over the past year, overall traffic has come in above forecast by 137,770 or 0.6% above the November forecast. In December 2014, the traffic came in well above forecast by 130,401 transactions or 7.9% above forecast which was the biggest variance of FY 2015; this variance was partially due to the fact the forecasted closures days didn't occur.

Figure 40 Comparison of SR 520 Monthly Traffic Volume – November 2014 Forecast vs. Reported Performance

TOLL TRANSACTIONS	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Fiscal Year To Date	Annual Total
Forecasted Closure Days [1]	2.0	2.0	1.0	2.0	2.0	3.5	2.0	0.5	-	0.5	-	-	**15.5**	**15.5**
Reported Closure Days	2.0	2.0	1.1	2.0	2.0	-	-	-	1.0	-	-	3.0	**13.1**	**13.1**
Forecasted Transactions [2]	1,799,000	1,833,000	1,840,000	1,899,000	1,666,000	1,672,000	1,729,000	1,701,000	1,968,000	1,845,000	1,936,000	1,994,000	**21,882,000**	**21,882,000**
Reported Transactions [3]	1,845,510	1,785,013	1,796,980	1,853,706	1,632,066	1,804,291	1,804,665	1,714,604	1,949,255	1,940,953	2,021,484	1,871,243	**22,019,770**	**22,019,770**
Variance From Forecast	46,510	(47,987)	(43,020)	(45,294)	(33,934)	132,291	75,665	13,604	(18,745)	95,953	85,484	(122,757)	**137,770**	**137,770**
Variance - % Change	2.6%	(2.6%)	(2.3%)	(2.4%)	(2.0%)	7.9%	4.4%	0.8%	(1.0%)	5.2%	4.4%	(6.2%)	**0.6%**	**0.6%**
Reported Good To Go!	82.3%	82.1%	83.8%	84.8%	84.3%	83.9%	84.2%	84.7%	84.2%	83.7%	-	-	**83.8%**	
Reported Pay By Mail	17.7%	17.9%	16.2%	15.2%	15.7%	16.1%	15.8%	15.3%	15.8%	16.3%	-	-	**16.2%**	



Notes: **1** Forecasted weekend construction related closures as provided by the SR 520 Project Office.

2 Values based on the November 2014 Forecast.

3 Reported transactions adjusted for non-revenue transactions. Values may be subject to change to align with year-end reports.

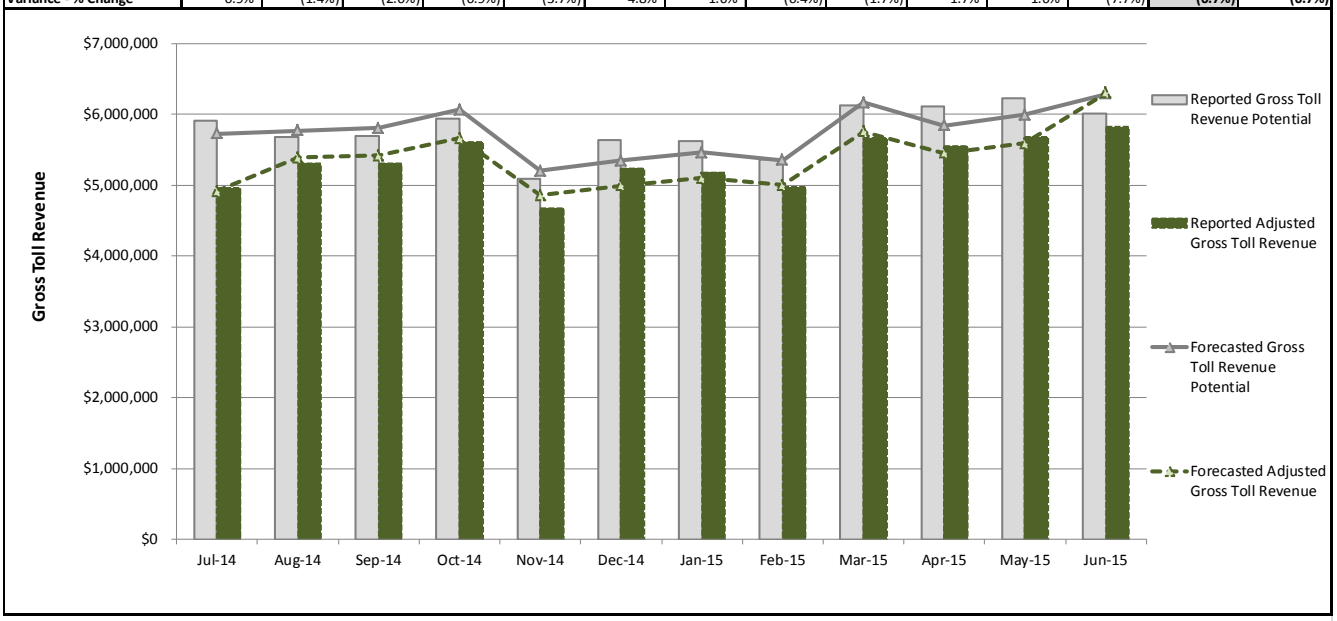
Gross Potential and Adjusted SR 520 Toll Revenue

SR 520 gross toll revenue potential was $61.3 million in FY 2013 and it grew 5.4% to $64.59 million in FY 2014. In FY 2015, gross toll revenue potential was $69.38 million, representing a 7.4% annual growth. The mix of SR 520 revenue by payment method estimates 78.1% *Good To Go!* Revenue and 21.9% Pay By Mail and Pay By Plate in FY 2015. The Pay By Mail and Pay By Plate revenue was $15.17 million. The gross toll revenue potential for SR 520 was $134.0 million for the 2013-15 biennium. In the 2015-17 biennium, gross toll revenue potential is anticipated to be $158.6 million which is 18.4% biennia to biennia growth rate.

Figure 41 reveals how the gross toll revenue potential has been coming in compared to actuals for FY 2015. Like with traffic, the gross revenue potential for SR 520 has been coming in close to forecast. In December 2014 is the one month in which the gross revenue potential came in significantly over the forecast by 5.3%. Overall gross revenue potential has been tracking the November forecast within 0.6%.

Figure 41 Comparison of SR 520 Monthly Gross Toll Revenue Potential and Adjusted Revenue – November 2014 Forecast vs. Reported Performance

GROSS TOLL REVENUE	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Fiscal Year To Date	Annual Total
Forecasted Closure Days[1]	2.0	2.0	1.0	2.0	2.0	3.5	2.0	0.5	-	0.5	-	-	**15.5**	**15.5**
Reported Closure Days	2.0	2.0	1.1	2.0	2.0	-	-	-	1.0	-	-	3.0	**13.1**	**13.1**
Forecasted Potential[2]	$5,725,000	$5,769,000	$5,802,000	$6,063,000	$5,199,000	$5,346,000	$5,459,000	$5,354,000	$6,165,000	$5,838,000	$5,990,000	$6,285,000	**$68,995,000**	**$68,995,000**
Reported Potential[3]	$5,911,195	$5,682,554	$5,695,356	$5,937,936	$5,084,915	$5,630,420	$5,624,088	$5,361,470	$6,123,337	$6,103,275	$6,218,715	$6,009,948	**$69,383,209**	**$69,383,209**
Variance From Forecast	$186,195	($86,446)	($106,644)	($125,064)	($114,085)	$284,420	$165,088	$7,470	($41,663)	$265,275	$228,715	($275,052)	**$388,209**	**$388,209**
Variance - % Change	3.3%	(1.5%)	(1.8%)	(2.1%)	(2.2%)	5.3%	3.0%	0.1%	(0.7%)	4.5%	3.8%	(4.4%)	**0.6%**	**0.6%**
Forecasted Adjusted[4]	$4,915,314	$5,387,000	$5,417,000	$5,661,000	$4,854,000	$4,992,000	$5,098,000	$4,999,000	$5,756,000	$5,451,000	$5,592,000	$6,300,686	**$64,423,000**	**$64,423,000**
Reported Adjusted[5]	$4,961,388	$5,308,963	$5,308,762	$5,607,737	$4,674,862	$5,233,513	$5,177,943	$4,980,278	$5,658,593	$5,542,042	$5,679,581	$5,816,566	**$63,950,228**	**$63,950,228**
Variance From Forecast	$46,074	($78,037)	($108,238)	($53,263)	($179,138)	$241,513	$79,943	($18,722)	($97,407)	$91,042	$87,581	($484,120)	**($472,772)**	**($472,772)**
Variance - % Change	0.9%	(1.4%)	(2.0%)	(0.9%)	(3.7%)	4.8%	1.6%	(0.4%)	(1.7%)	1.7%	1.6%	(7.7%)	**(0.7%)**	**(0.7%)**



Notes:
1 Forecasted weekend construction related closures as provided by the SR 520 Project Office.
2 Values based on the November 2014 Forecast.
3 Reported gross toll revenue potential values exclude toll revenue associated with duplicate transactions and non-revenue transactions and are comparable to forecast values.
4 Values based on the November 2014 Forecast. The forecasted adjusted gross toll revenue equals the gross toll revenue potential minus the adjustments.
5 Reported adjusted gross toll revenue corresponds to "tolling revenue" values reported in WSDOT annual financial statements. Values may change to align with year-end reports.

One of the main differences between gross toll revenue potential and adjusted gross toll revenue is accounting for toll revenue not recognized. In FY 2012, the six month period had $1.74 million in revenue leakage. In FY 2013 and 2014, SR 520 revenue not recognized was $6.53 million and $4.95 million respectively. Revenue leakage was $6.46 million for FY 2015. 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 which is between $5.75 million and growing to $6.8 million per year by 2027.

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 2013-2015 biennium, SR 520 Adjusted Gross Toll Revenue was $124.4 million. In the 2015-17 biennium, Adjusted Gross Toll revenue is anticipated to be $148.2 million. Throughout the remainder of the forecast horizon (through FY 2027), gross toll revenue potential and adjusted toll revenue are growing over time. This growth is due to both growth in traffic as well as annual toll rate increases embedded in the current law forecast. This SR 520 forecast assumes a 2.5% annual toll rate increase and a larger toll rate increase in FY 2017 when bridge construction is anticipated to be finished. .

Figure 41 also reveals that the adjusted toll revenue has come in slightly under forecast for FY 2015 by $484,120 or 0.7% under 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 2013-15 biennium, transponder sales was $1.05 million. Transponder revenue for the 2015-17 biennium is anticipated to be $953,000. 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.

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 8.8% above the prior year. In FY 2015, net toll revenue came at $54.90 million, which is 7.4% annual growth. In the next biennium, net toll revenue is projected to be $121.43 million, which is a 14.5% increase over the current biennium. 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. For the 2015-17 biennium, O&M costs are anticipated to be $32.86 million. They decrease thereafter to 2.2% lower by FY 2027.

For FY 2015, net toll revenue for SR 520 has tracked the November forecast very well, see Figure 42. The variance from the last forecast has been $716,824 or 1.3% with the June 2015 variance being the largest with actual reported revenue coming in 17% below forecast (due to a pledged toll revenue transfer amount well below the forecast).

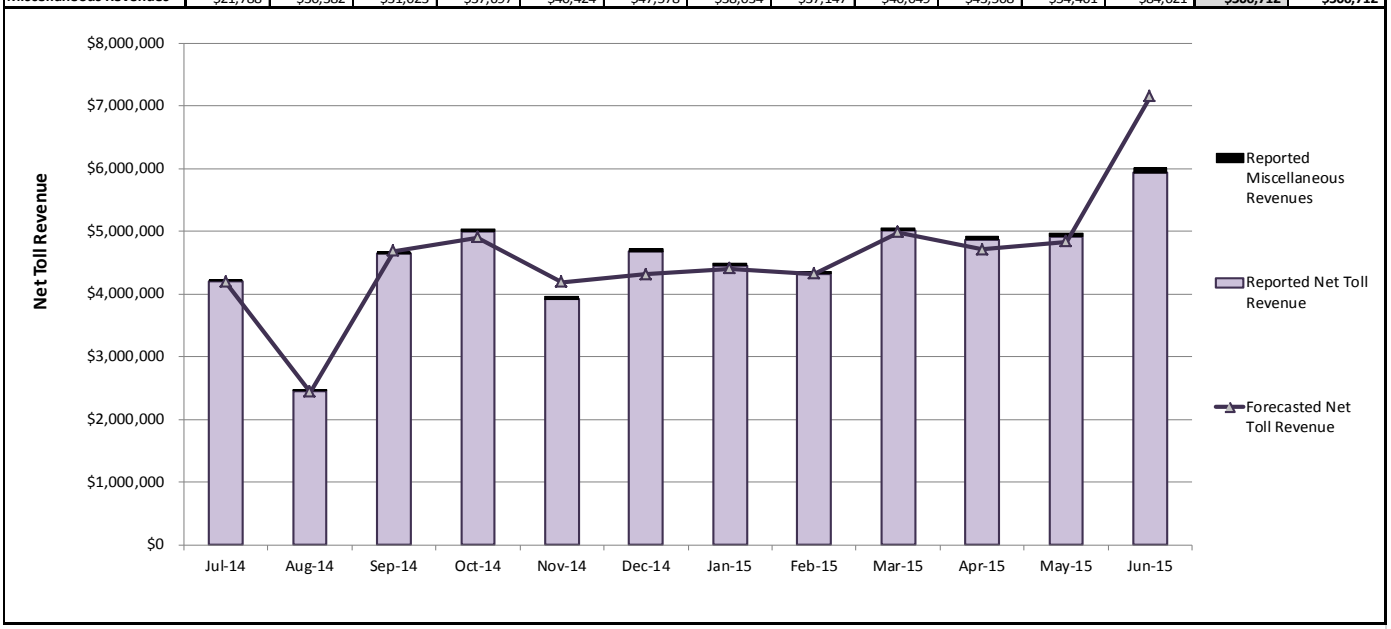
Miscellaneous pledged revenue, primarily consisting of contractual damages and interest earnings, was $2.23 million for the 2011-13 biennium and amounted to $0.21 million in FY 2014. Due to the unanticipated continuation of contractual damages and uncertainty in project account balances to calculate interest earnings, miscellaneous pledged revenue and other miscellaneous non-pledged revenue are not provided in the forecast. As a result, when fiscal year 2015 miscellaneous revenue was added into this September forecast at $506,712, this caused the 2013-15 biennium miscellaneous pledged revenue total to increase to $713,727, an increase of more than 200% since no revenue was forecasted in FY 2015. Civil penalty revenues were $11.5 million in the 2011-13 biennium and $13.4 million in the 2013-15 biennium, which also came in higher than projected by $3.96 million or 42%.

For the September 2015 forecast, forecast values for civil penalty revenue are 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 $10.5 million.

Figure 42 Comparison of SR520 Monthly Net Toll Revenue– November 2014 Forecast vs. Reported Performance

NET TOLL REVENUE	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Fiscal Year To Date	Annual Total
Forecasted Net Revenue [1]	$4,191,314	$2,436,000	$4,684,000	$4,897,000	$4,191,000	$4,312,000	$4,406,000	$4,318,000	$4,980,000	$4,713,000	$4,836,000	$7,150,686	**$55,115,000**	**$55,115,000**
Reported Net Revenue [2]	$4,208,250	$2,450,240	$4,643,353	$4,997,512	$3,916,151	$4,676,330	$4,456,872	$4,321,300	$5,011,490	$4,869,570	$4,913,881	$5,933,227	**$54,398,176**	**$54,398,176**
Variance From Forecast	$16,936	$14,240	($40,647)	$100,512	($274,849)	$364,330	$50,872	$3,300	$31,490	$156,570	$77,881	($1,217,459)	**($716,824)**	**($716,824)**
Variance - % Change	0.4%	0.6%	(0.9%)	2.1%	(6.6%)	8.4%	1.2%	0.1%	0.6%	3.3%	1.6%	(17.0%)	**(1.3%)**	**(1.3%)**
Miscellaneous Revenues [3]	$21,788	$30,382	$31,023	$37,697	$40,424	$47,578	$38,034	$37,147	$40,049	$43,508	$54,461	$84,621	**$506,712**	**$506,712**



Notes:

1 Values based on the November 2014 Forecast. Miscellaneous pledged revenue is not forecasted.

2 Reported net toll revenue prior to adjustments for payment of deferred sales tax, debt service, periodic facility repair & replacement costs and periodic toll equipment and customer service center repair & replacement costs. Miscellaneous pledged revenue values are excluded and provided separately. Values may be subject to change to align with year-end reports.

3 Miscellaneous revenues are pledged and include the following; sale of right of way excess, cash over & short amounts, liquidated damages, interest earned, and cost of investment activities. Values may be subject to change to align with year-end reports.

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 was $213.4 million for the three tolled facilities in 2011-13 and $283.1 million in 2013-15. In FY 2013-15 and FY 2015-17 the Total Toll Revenue and Fees is projected to be $334.9 million and $358.4 million, respectively. Over the next 10 years of the forecast horizon, total Toll Revenue and Fees are anticipated to be $1.85 billion.

Figure 43 Short-term Toll Facility Revenue - September 2015
millions of dollars

	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
Tacoma Narrows Bridge						
Adj Gross Toll Revenue	$76.84	$84.67	**$161.50**	$85.93	$87.16	**$173.09**
Transponder Sales	0.24	0.27	**0.51**	0.18	0.18	**0.36**
Violations	0.00	0.00	**0.00**	0.00	0.00	**0.00**
Other Fees	0.35	0.36	**0.71**	0.37	0.38	**0.75**
Civil Penalties	1.78	1.88	**3.66**	1.93	1.96	**3.90**
Misc. Revenue	0.00	0.00	**0.0**	0.00	0.00	**0.00**
SR 167 HOT Lane						
Toll Revenue	$1.75	$1.83	**$3.59**			
Transponder Sales	0.041	0.042	**0.083**			
Fees & Misc Rev.	0.004	0.004	**0.008**			
SR 520 Bridge						
Adj Gross Toll Revenue	$69.45	$78.79	**$148.24**	$80.38	$82.99	**$163.37**
Other Fees	2.49	2.61	**5.10**	2.66	2.70	**5.37**
Misc. Pledge Revenue	0.00	0.00	**0.00**	0.00	0.00	**0.00**
Transponder Sales	0.50	0.45	**0.95**	0.32	0.34	**0.66**
Civil Pnlty & Misc Rev.	5.17	5.37	**10.54**	5.44	5.51	**10.95**
Total Toll Facility Revenue						
Total Toll Revenue & Fees	$158.61	$176.28	**$334.89**	$177.22	$181.21	**$358.43**
% Change from Prior Fct	0%	0%	**0%**	0%	0%	**0%**

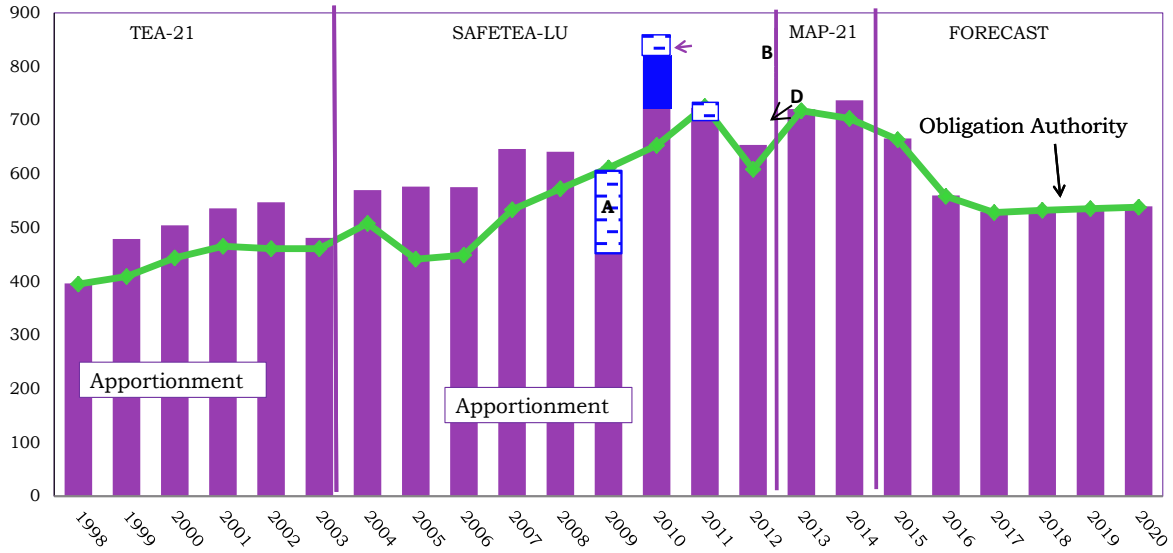
Federal Funds Revenue

Federal Funding History

After state funds, the largest source of transportation revenue is federal funds. The Federal Funds forecast contains the formula funds distributed by the Federal Highway Administration (FHWA) to Washington State Department of Transportation for highway purposes. Federal funds reported in this forecast are based on federal fiscal year (FFY) which begins on October 1. The June 2013 and subsequent federal forecasts are based on the Moving Ahead for Progress in the 21st Century Act (MAP-21).

Figure 44 describes the amount of federal apportionment and obligation authority to Washington State since 1998 with the inclusion of the September 2015 forecast of federal funds through FY 2020. This seventeen 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 44 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) - Federal Fiscal Years 1998-2020 with the September 2015 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 2015 federal funds forecast

MAP-21

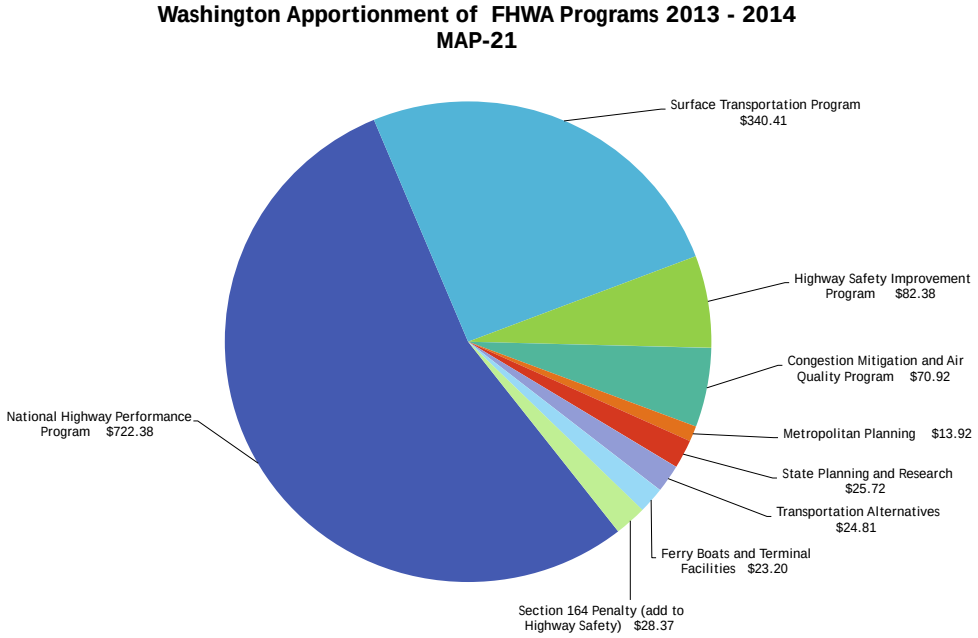
On July 6, 2012, President Obama signed into law, P.L. 112-141, the Moving Ahead for Progress in the 21st Century (MAP-21). This new law reauthorizes the federal surface transportation policy and program at the Congressional Budget Office's baseline level equal to current funding levels (FFY 2012) plus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

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 45)

Figure 45 Washington Apportionment of FHWA Programs MAP-21 2013 – 2014



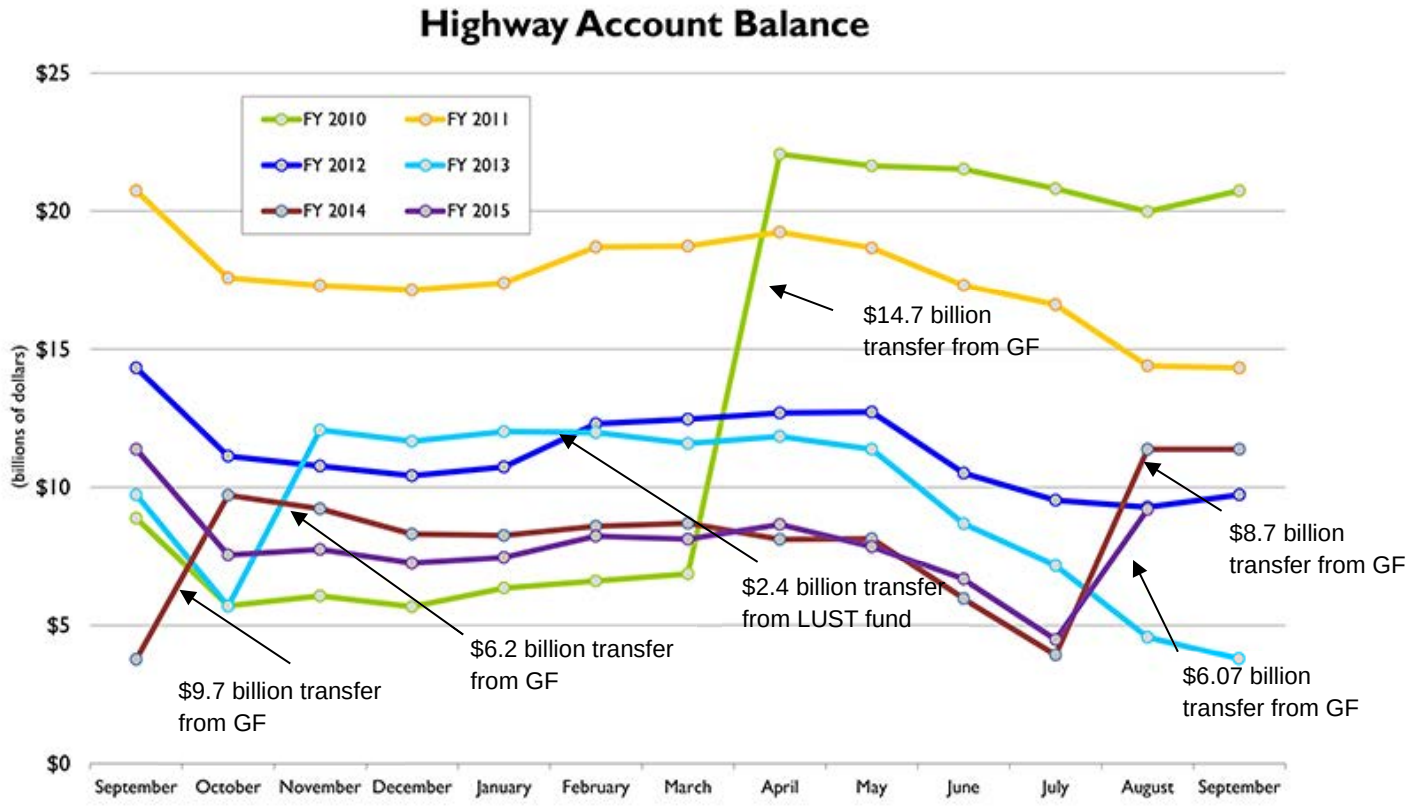
Highway Trust Fund

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.

The HTF has been suffering from insolvency issues for the past five years. From FFY 2010 - 2015, Congress has transferred from the federal General Fund and the Leaking Underground Storage Tank fund $47.5 billion into the HTF Highway Account to keep it afloat. (Figure 46)

The September 2015 federal funds forecast includes a new $6.1 billion transfer from the General Fund that was not assumed in the June forecast. This transfer now allows the HTF funding is solvent through FFY 2016 and reduction in federal expenditures to states due to insufficient funds in the HTF does not begin until October 2016, the start of FFY 2017.

Figure 46 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 transferred from the GF in October pursuant to P.L. 112-121 less sequester of $748.8 million. Also includes $7.765 billion transferred from the GF and $1 billion transferred from the LUST Trust Fund in August pursuant to P.L. 113-159.
For FY 2015, includes $6.068 billion transferred from the GF in August pursuant to P.L. 114-41.

Continuing Resolution

On July 31, 2015, President Obama signed H.R. 3236, the Transportation and Veterans Health Care Choice Improvement Act of 2015. This bill extends the authorizations of the federal surface transportation programs through October 29, 2015 funding these programs at the level authorized for federal fiscal year 2014. This bill will extend the general expenditure authority for the Highway Trust Fund (HFT) by transferring $6.068 billion from the General Fund to the HTF's Highway Account in August 2015.

Based on information from the Department of Transportation (DOT), Congressional Budget Office (CBO) estimates that implementing H.R. 3236 will not cause the balances in the Highway Trust Fund to fall below the minimum cash balances needed by DOT to meet obligations presented to the trust through the end of FFY 2016.

Federal Funding – Short-term Forecast

The baseline September 2015 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 June forecast.

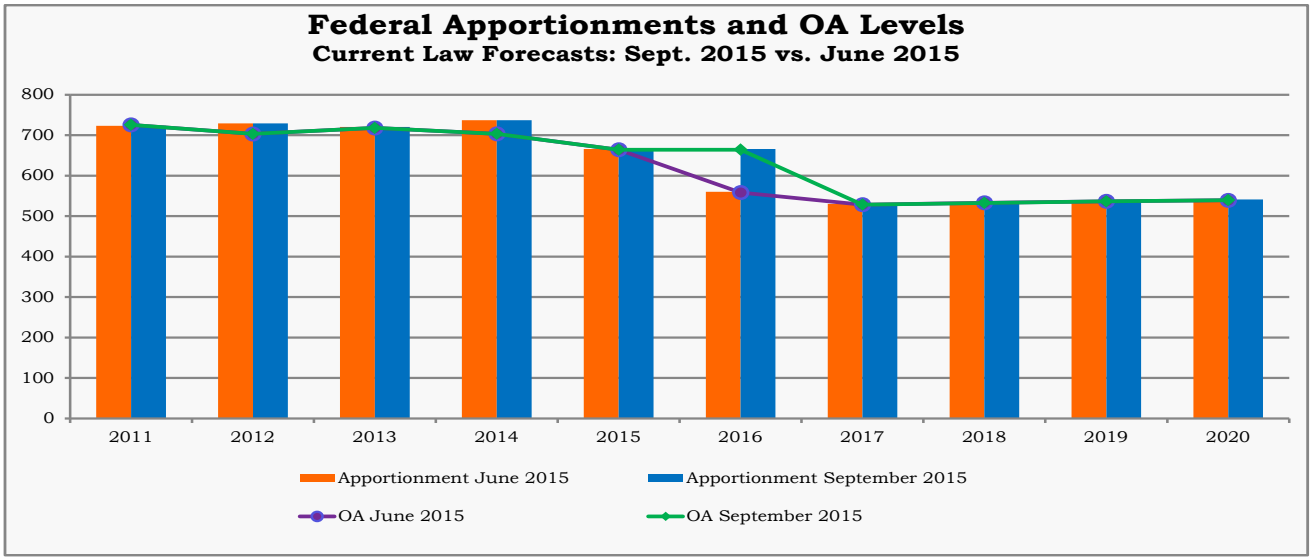
On July 31, 2015, President Obama signed H.R. 3236, the Transportation and Veterans Health Care Choice Improvement Act of 2015 authorized federal apportionment to fund the five MAP-21 core formula programs through October 29, 2015. Federal apportionment is the funds distributed to states for obligation in an appropriation account. MAP-21 requires FHWA to divide the total federal apportionment among the states using an allocation process specified in law. The federal apportionment is then distributed between the state's core programs using formula calculation set in MAP-21

The Sept 2015 baseline forecast for FFY 2015 is driven by Notice N4510.788 dated August 14, 2015. Notice N4510.788 transmits apportionment to the states at FFY 2014 levels for the period of October 1, 2014 through September 30, 2015. The Sept baseline forecast for FFY 2015 is also driven by Notice N4510.789 dated August 14, 2014. Notice N4510.789 transmits exempt NHPP apportionment to the states for the period of October 1, 2014 through September 30, 2015. FFY 2015 has WA apportionment at 666.1 million which is no change from the last forecast.

Long-term Apportionment Forecast

The Sept 2015 baseline forecast for FFY 2016 is based on Notice N4510.791 dated August 14, 2015. Notice N4510.791 transmits apportionment to the states at FFY 2014 levels for the period of October 1, 2015 through October 29, 2015 (29 days). We will annualize Notice N4510.791 to forecast all of FFY 2016 which sets WA federal apportionment at 666.1 million, same as FFY 2015. This September forecast for FFY 2016 is higher than the June forecast by 19%. The baseline forecast for FFY 2017 will use the March 2015 Congressional Budget Office (CBO) forecast of the HTF modified to include the $6.068 billion general fund transfer in October 2015. This modified CBO forecast predicts the fund going negative in mid FFY 2016. In order to keep the HTF from going negative, a 20.44% reduction in federal expenditures and Washington's federal apportionment level is expected to occur in FFY 2017. In order to determine this reduction we calculate how much the FHWA would need to reduce national outlays from the HTF in order to keep the highway fund balance positive This new assumption of a 20.44% reduction is lower than prior forecasts two year reduction total of 26.1% due to the infusion of general fund money into the HTF. After FFY 2017, Washington's federal funding level will grow at the same rates as our state fuel consumption which is the same methodology as applied in prior forecasts.

Figure 47 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) September vs. June 2015 Forecasts



Source: FHWA apportionment and obligation authority notices and TRFC June and Sept. 2015 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 48 outlines the state and local splits for individual program distributions. These agreed upon splits to the program distributions are reflected in the June 2015 federal forecast which has not been modified since they were first incorporated into the September 2012 forecast.

Figure 48 Results from Washington State Map-21 Steering Committee Distribution Decisions – 2012

MAP-21 Program	State Split	Local Split
National Highway Performance Program (NHPP)	94%	6%
Surface Transportation Program (STP)	27%	73%
Highway Safety Improvement Program (HSIP)		
Highway Safety component of HSIP	30%	70%
Rail Crossing Safety component of (HSIP)	100%	0%
Congestion Mitigation and Air Quality (CMAQ)	0%	100%
Metropolitan Planning (MPO)	0%	100%
Statewide Planning and Research (SPR)	100%	0%
Transportation Alternatives (TA)		
Recreational Trails component of TA	100%	0%
Population Distribution component of TA	0%	100%
Any Program Distribution component of TA	0%	100%

Civil Penalties in Federal Forecast

In this September forecast, as well as in the prior eight 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

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 FFY 2013 and 2014 federal funds have been reconciled to match actual Obligation Authority distributions from FHWA totaling $717.9 million and $703.3 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 FFY2015 664.1 million which is 0.1% above the last forecast. Obligation Authority for federal fiscal years beyond 2015 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 June 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

- This current FFY 2015 federal apportionment forecast is $666.1 million which is same as than the past forecast.
- The obligation authority for FFY 2015 in the September forecast is $664.1 million, same as the last forecast.
- The current March 2015 forecast of the HTF by the Congressional Budget Office (CBO) with the $6.1 billion dollar General Fund transfer added in predicts the fund going below the $4 billion required balance in late FFY 2016 and in order to keep the HTF from going below the required fund balance, a one-year reduction total of 20.44% is necessary in FFY 2017.
- This current FFY 2016 federal apportionment forecast is $666.1 million which is the same as the previous forecast.
- The obligation authority for FFY 2016 in the September 2015 forecast is $664.1 million which is the same as FFY 2015 and higher than the June forecast by $18.9 million.
- The increase in federal funds from the last forecast grows minimally throughout the forecast horizon.

Figure 49 Washington's portion of Federal Highway Funds by Federal Fiscal Year September 2015
Millions of dollars

	FF 2016	FY 2017	FY 2018	FY 2019	FY 2020
WA Statewide Apportionment of FHWA Programs	**666.1**	**529.9**	**534.2**	**537.9**	**541.0**
% Change from Prior Fcst	18.9%	-0.0%	-0.1%	-0.1	0.0%
Obligation Authority	**664.1**	**528.3**	**532.5**	**536.3**	**539.4**
% Change from Prior Fcst	18.9%	0.0%	-0.1%	-0.1%	0.0%

Forecast Contacts

Washington State Department of Transportation unless otherwise noted

Economic Variables and Fuel Price Forecast

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Motor Fuel Tax Revenue Forecast

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Motor Vehicle Licenses, Permits & Fees Revenue Forecast

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Driver Related Revenue Forecasts

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Other Transportation Related Revenue Forecast

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Washington State Ferries Ridership and Revenue Forecast

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Toll Operations Traffic and Revenue

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Federal Funds Forecast

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Appendix

Graphs and Tables Related to the September 2015 Forecast

Including distribution of revenues to the major accounts

Figure 50 Forecast to Forecast Biennium Comparison of All Transportation Revenues
September 2015 forecast - 16 year period

millions of dollars

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

September 2015• millions of dollars

	Current Biennium 2015-2017			2017-2019			16-Year Period (2011-2027)		
	Forecast Sep-15	Chg from Jun-15	Percent Change	Forecast Sep-15	Chg from Jun-15	Percent Change	Forecast Sep-15	Chg from Jun-15	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,233.93	624.68	23.94%	3,521.64	870.17	32.82%	26,170.51	5,065.37	24.00%
Licenses, Permits and Fees	1,241.82	133.56	12.05%	1,427.27	276.77	24.06%	10,900.99	1,964.76	21.99%
Ferry Revenue†	376.42	11.69	3.20%	386.39	12.95	3.47%	3,058.13	84.36	2.84%
Toll Revenue §	334.89	0.00	0.00%	358.43	0.00	0.00%	2,759.95	2.52	0.09%
Aviation Revenues ‡	6.98	0.80	12.98%	7.16	0.84	13.33%	55.64	4.97	9.81%
Rental Car Tax	61.33	0.68	1.12%	63.99	0.62	0.98%	507.82	3.47	0.69%
Vehicle Sales Tax	86.94	1.89	2.22%	91.52	1.86	2.07%	720.95	10.74	1.51%
Driver-Related Fees	300.50	6.11	2.08%	293.58	8.31	2.91%	2,294.14	48.13	2.14%
Business/Other Revenues‡	31.71	2.44	8.32%	30.42	1.36	4.68%	232.73	11.46	5.18%
Total Revenues	**5,674.51**	**781.85**	**15.98%**	**6,180.41**	**1,172.88**	**23.42%**	**46,700.85**	**7,195.78**	**18.21%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**181.04**	**37.08**	**25.76%**	**204.85**	**55.63**	**37.28%**	**1,550.52**	**332.77**	**27.33%**
State Uses									
Motor Vehicle Account (108)	1,230.68	74.65	6.46%	1,256.51	64.52	5.41%	9,782.96	467.10	5.01%
Transportation 2003 (Nickel) Account (550)	409.88	4.79	1.18%	418.92	7.64	1.86%	3,293.18	47.87	1.47%
Transportation 2005 Partnership Account (09H)	606.39	8.14	1.36%	621.85	14.80	2.44%	4,921.99	96.62	2.00%
Connecting Washington Account (20H)	532.23	532.23	100.00%	794.06	794.06	100.00%	4,557.49	4,557.49	100.00%
Multimodal Account (218)	378.89	89.00	30.70%	486.32	182.75	60.20%	3,766.64	1,349.65	55.84%
Special Category C Account (215)	49.19	0.28	0.57%	50.05	0.36	0.73%	397.16	2.42	0.61%
Puget Sound Capital Construction Account (099)	35.79	0.20	0.57%	36.41	0.27	0.73%	288.97	1.76	0.61%
Puget Sound Ferry Operations Account (109)	430.73	13.46	3.23%	442.45	15.47	3.62%	3,501.07	100.53	2.96%
Capital Vessel Replacement Account (18J)	41.89	(0.89)	-2.08%	36.66	(0.16)	-0.44%	249.26	(2.46)	-0.98%
Tacoma Narrows Bridge Account (511)	166.38	0.00	0.00%	178.09	0.00	0.00%	1,347.04	(0.77)	-0.06%
High Occupancy Toll Lanes Account (09F)^	3.68	0.00	0.00%	0.00	0.00	0.00%	8.96	(0.01)	-0.14%
SR 520 Corridor Account (16J)	154.29	0.00	0.00%	169.39	0.00	0.00%	1,311.19	(0.66)	-0.05%
SR 520 Corridor Civil Penalties Account (17P)	10.54	0.00	0.00%	10.95	0.00	0.00%	92.76	3.96	4.46%
Aeronautics Account (039)	6.98	0.80	12.98%	7.16	0.84	13.33%	55.64	4.97	9.81%
State Patrol Highway Account (081)	377.79	12.03	3.29%	401.83	22.95	6.06%	3,162.00	150.08	4.98%
Highway/Motorcycle Safety Accts. (106 & 082)	264.69	5.94	2.30%	257.38	8.37	3.36%	2,006.80	48.20	2.46%
School Zone Safety Account (780)	1.16	0.37	47.09%	1.17	0.38	48.22%	9.88	2.47	33.40%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.98	(0.01)	-0.06%	17.38	(0.01)	-0.07%	139.46	(0.08)	-0.06%
Ignition Interlock Devices Revolving Acct 14V	6.59	0.17	2.65%	6.37	(0.06)	-0.90%	45.31	0.04	0.09%
Multiuse Roadway Safety Account Collections-571	0.09	0.01	14.84%	0.10	0.01	5.32%	0.68	0.01	2.26%
Total for State Use	**4,724.75**	**741.17**	**18.61%**	**5,192.95**	**1,112.18**	**27.25%**	**38,937.75**	**6,829.20**	**21.27%**
Cities	188.64	1.07	0.57%	191.93	1.40	0.73%	1,523.13	9.27	0.61%
Counties	310.68	0.94	0.30%	316.42	1.54	0.49%	2,512.53	10.58	0.42%
Transportation Improvement Board (112 & 144)	201.59	1.17	0.58%	205.19	1.56	0.77%	1,628.58	10.28	0.64%
County Road Administration Board (102 & 253)	67.80	0.42	0.62%	69.07	0.57	0.83%	548.33	3.70	0.68%
Total for Local Use	**768.71**	**3.60**	**0.47%**	**782.61**	**5.06**	**0.65%**	**6,212.58**	**33.83**	**0.55%**
Total Distribution of Revenue	**5,674.51**	**781.85**	**15.98%**	**6,180.4**	**1,172.88**	**23.42%**	**46,700.85**	**7,195.78**	**18.21%**

† Ferry Fares plus non-farebox revenue

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

§ 167 HOT lanes is a pilot program that is currently scheduled to sunset June 30, 2017

Figure 51 Forecast to Baseline Biennium Comparison of All Transportation Revenues September 2015 forecast - 16 year period

millions of dollars

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

September 2015• millions of dollars

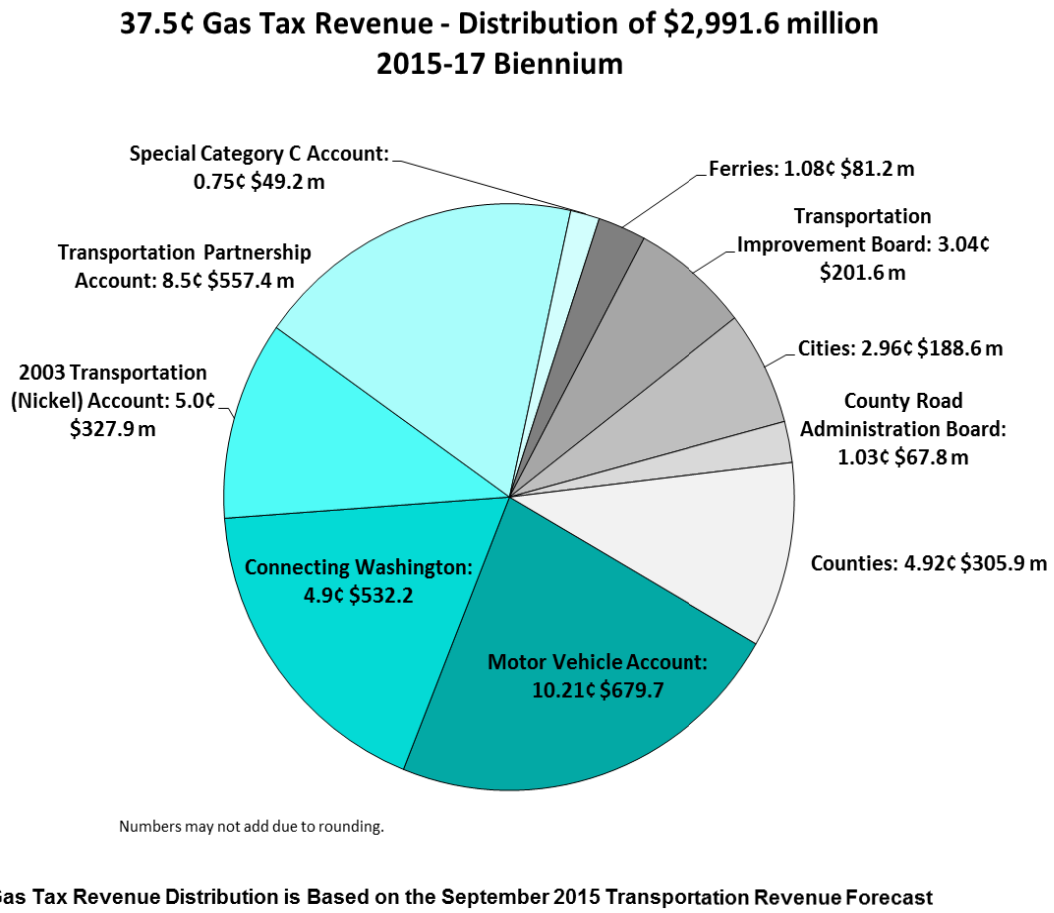
	Current Biennium 2015-2017			2017-2019			16-Year Period (2011-2027)		
	Forecast Sep-15	Chg from Baseline ¥	Percent Change	Forecast Sep-15	Chg from Baseline ¥	Percent Change	Forecast Sep-15	Chg from Baseline ¥	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,233.93	641.80	24.76%	3,521.64	894.88	34.07%	26,170.51	5,239.05	25.03%
Licenses, Permits and Fees	1,241.82	132.42	11.94%	1,427.27	295.31	26.09%	10,900.99	1,973.78	22.11%
Ferry Revenue†	376.42	11.71	3.21%	386.39	12.14	3.24%	3,058.13	76.12	2.55%
Toll Revenue §	334.89	19.51	6.19%	358.43	22.16	6.59%	2,759.95	136.86	5.22%
Aviation Revenues ‡	6.98	0.84	13.62%	7.16	0.88	14.01%	55.64	5.22	10.36%
Rental Car Tax	61.33	0.64	1.06%	63.99	0.66	1.05%	507.82	4.14	0.82%
Vehicle Sales Tax	86.94	1.48	1.73%	91.52	1.70	1.89%	720.95	11.49	1.62%
Driver-Related Fees	300.50	11.04	3.82%	293.58	10.20	3.60%	2,294.14	66.02	2.96%
Business/Other Revenues ±	31.71	2.37	8.08%	30.42	1.29	4.44%	232.73	10.50	4.73%
Total Revenues	**5,674.51**	**821.82**	**16.94%**	**6,180.41**	**1,239.23**	**25.08%**	**46,700.85**	**7,523.17**	**19.20%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	181.04	**37.38**	**26.02%**	**204.85**	**56.09**	**37.70%**	1,550.52	**335.21**	**27.58%**
State Uses									
Motor Vehicle Account (108)	1,230.68	84.28	7.35%	1,256.51	94.71	8.15%	9,782.96	558.35	6.05%
Transportation 2003 (Nickel) Account (550)	409.88	7.19	1.78%	418.92	10.96	2.69%	3,293.18	71.25	2.21%
Transportation 2005 Partnership Account (09H)	606.39	11.67	1.96%	621.85	19.90	3.31%	4,921.99	133.66	2.79%
Connecting Washington Account (20H)	532.23	532.23	100.00%	794.06	794.06	100.00%	4,557.49	4,557.49	100.00%
Multimodal Account (218)	378.89	86.95	29.78%	486.32	180.82	59.19%	3,766.64	1,340.06	55.22%
Special Category C Account (215)	49.19	0.60	1.22%	50.05	0.85	1.72%	397.16	5.79	1.48%
Puget Sound Capital Construction Account (099)	35.79	0.43	1.23%	36.41	0.62	1.72%	288.97	4.21	1.48%
Puget Sound Ferry Operations Account (109)	430.73	13.60	3.26%	442.45	15.00	3.51%	3,501.07	94.51	2.77%
Capital Vessel Replacement Account (18J)	41.89	(2.97)	-6.63%	36.66	(1.60)	-4.19%	249.26	(11.19)	-4.30%
Tacoma Narrows Bridge Account (511)	166.38	15.84	10.52%	178.09	22.16	14.21%	1,347.04	129.48	10.63%
High Occupancy Toll Lanes Account (09F)*	3.68	3.68	0.00%	0.00	0.00	0.00%	8.96	4.07	0.00%
SR 520 Corridor Account (16J)	154.29	0.00	0.00%	169.39	0.00	0.00%	1,311.19	(0.66)	-0.05%
SR 520 Corridor Civil Penalties Account (17P)	10.54	0.00	0.00%	10.95	0.00	0.00%	92.76	3.96	4.46%
Aeronautics Account (039)	6.98	0.84	13.62%	7.16	0.88	14.01%	55.64	5.22	10.36%
State Patrol Highway Account (081)	377.79	10.26	2.79%	401.83	21.82	5.74%	3,162.00	137.86	4.56%
Highway/Motorcycle Safety Accts. (106 & 082)	264.69	11.03	4.35%	257.38	10.42	4.22%	2,006.80	67.21	3.47%
School Zone Safety Account (780)	1.16	0.29	32.52%	1.17	0.29	33.53%	9.88	1.91	23.94%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.98	(0.19)	-1.12%	17.38	(0.25)	-1.42%	139.46	(1.32)	-0.94%
Ignition Interlock Device Revolving Acct 14V	6.59	0.27	4.31%	6.37	0.05	0.76%	45.31	0.70	1.56%
Multiuse Roadway Safety Account Collections-571	0.04	(0.00)	-4.54%	0.09	0.01	9.51%	0.61	0.00	0.72%
Total for State Use	**4,724.75**	**775.99**	**19.65%**	5,192.95	**1,170.69**	**29.11%**	**38,937.75**	**7,102.58**	**22.31%**
Local Uses									
Cities	188.64	2.28	1.22%	191.93	3.25	1.72%	1,523.13	22.21	1.48%
Counties	310.68	2.86	0.93%	316.42	4.47	1.43%	2,512.53	31.14	1.26%
Transportation Improvement Board (112 & 144)	201.59	2.47	1.24%	205.19	3.52	1.75%	1,628.58	23.89	1.49%
County Road Administration Board (102 & 186)	67.80	0.85	1.27%	69.07	1.22	1.79%	548.33	8.14	1.51%
Total for Local Use	**768.71**	**8.45**	**1.11%**	**782.61**	**12.46**	**1.62%**	**6,212.58**	**85.39**	**1.39%**
Total Distribution of Revenue	**5,674.51**	**821.82**	**16.94%**	**6,180.41**	**1,239.23**	**25.08%**	**46,700.85**	**7,523.17**	**19.20%**

¥ Baseline is the March 2015 forecast.
† Ferry Fares plus non-farebox revenue
‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund.
§ 167 HOT lanes is a pilot program due to sunset June 30, 2017

Motor Fuel Tax Revenue for Distribution

The pie chart below shows the statutory distribution of funds to the various jurisdictions based on the September 2015 fuel tax revenue forecast for the 2015-2017 biennium.

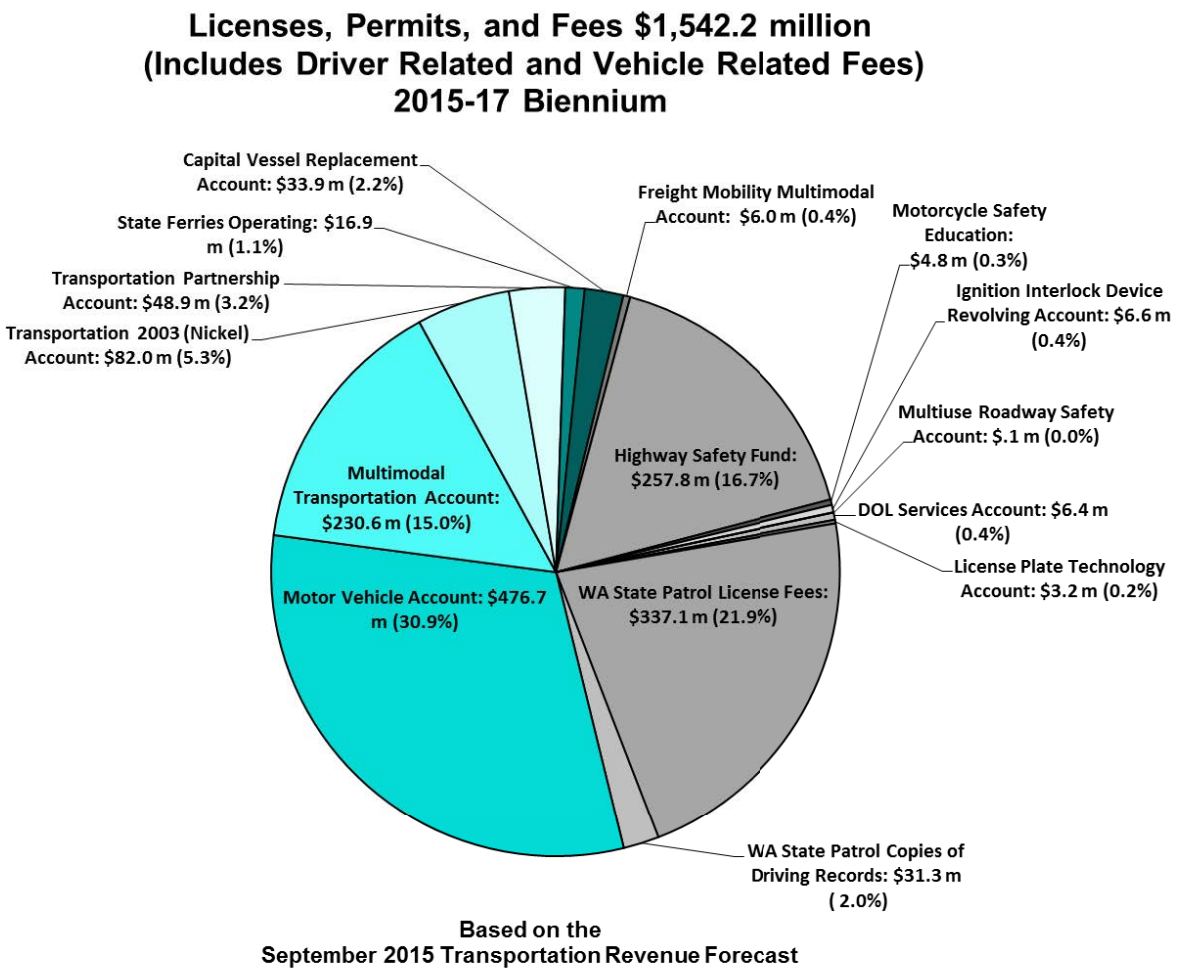
Figure 52 Fuel Tax Revenue for Statutory Distribution



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 September 2015 Licenses, Permits and Fees revenue forecast for the 2015-2017 biennium.

Figure 53 License Permits and Fees Revenue for Distribution (Both Motor Vehicle & Driver Related)



Impact to Transportation Accounts

Figure 54 Motor Vehicle Account Revenue September 2015 Forecast

Motor Vehicle Account Revenue *dollars in millions*	2015-17		2017-19		10-Year Period (2015-2025)	
	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	3,233.9	624.7	3,521.6	870.2	17,514.3	4,165.1
Licenses, Permits, & Fees	475.4	27.3	531.9	56.3	2,616.0	291.5
Business-Related Revenue	19.1	2.1	17.6	1.0	82.1	6.0
Total	**3,728.4**	**654.1**	**4,071.2**	**927.5**	**20,212.4**	**4,462.7**
Distribution						
Refunds-Regular	181.0	37.1	204.9	55.6	1,036.5	269.9
Fuel Tax Distributions for Local Uses[1]	768.7	3.6	782.6	5.1	3,938.2	27.7
Fuel Tax Distributions for State Uses[2]	1,548.0	538.8	1,827.4	802.4	8,943.9	3,791.0
Total	**2,497.8**	**579.5**	**2,814.9**	**863.1**	**13,918.5**	**4,088.6**
Transfers Out						
Transfers to Cities	5.5	5.5	11.7	11.7	(26.2)	(26.2)
Trnasfers to Counties	5.5	5.5	11.7	11.7	(26.2)	(26.2)
Total	**10.9**	**10.9**	**23.4**	**23.4**	**(52.3)**	**(52.3)**
Net Revenue	**1,230.6**	**74.6**	**1,256.3**	**64.4**	**6,293.8**	**374.1**

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. This September forecast brings in additional transfers out of the Motor Vehicle Account due to the passage of the 2015 Transportation Revenue package.

Figure 55 Transportation 2003 (Nickel) Account Revenue Forecast

Transportation 2003 (Nickel) Account *dollars in millions*	2015-17		2017-19		10-Year Period (2015-2025)	
	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15
Revenue						
5¢ Gas Tax	327.9	1.9	333.6	2.4	1,678.3	13.2
Licenses, Permits and Fees	82.0	2.9	85.3	5.2	429.9	24.8
Total	**409.9**	**4.8**	**418.9**	**7.6**	**2,108.2**	**38.0**

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 56 Transportation Partnership Account Revenue Forecast

Transportation Partnership Account *dollars in millions*	2015-17		2017-19		10-Year Period (2015-2025)	
	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15
Revenue						
5¢ Gas Tax	557.4	3.2	567.2	4.1	2,853.1	22.5
Licenses, Permits and Fees	48.9	5.0	54.7	10.7	276.7	54.5
Total	**606.4**	**8.1**	**621.8**	**14.8**	**3,129.9**	**76.9**

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 57 Washington State Ferry Accounts Revenue Forecast

Washington State Ferries Accounts *dollars in millions*	2015-17		2017-19		10-Year Period (2015-2025)	
	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	360.3	11.3	370.4	13.1	1,883.0	67.1
Concessions & Other Revenue	8.1	0.3	7.8	(0.1)	42.4	1.2
Fuel Tax	45.5	1.1	46.1	1.1	231.3	5.8
Licenses, Permits and Fees	16.9	0.7	18.1	1.4	92.2	7.0
Subtotal	**430.7**	**13.5**	**442.5**	**15.5**	**2,248.9**	**81.1**
Capital Vessel Replacement Account (18J)	**41.9**	**(0.9)**	**36.7**	**(0.0)**	**188.3**	**(2.0)**
Ferry Capital Surcharge	8.0	0.0	8.2	(0.0)	41.7	(0.1)
Title Service fee & Reg. Service fee	33.9	(0.9)	28.5	(0.1)	146.6	(1.9)
Puget Sound Cap. Const. Acct. (099) Fuel Tax	35.8	0.2	36.4	0.3	183.2	1.4
Total	**466.5**	**13.7**	**478.9**	**15.7**	**2,432.1**	**82.5**

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 58 Multimodal Transportation Account Revenue Forecast

Multimodal Account *dollars in millions*	2015-17		2017-19		10-Year Period (2015-2025)	
	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15
Revenue						
Licenses, Permits and Fees	230.6	86.4	330.8	180.3	1,781.8	1,013.3
Rental Car Tax	61.3	0.7	64.0	0.6	331.7	3.0
Vehicle Sales Tax	86.9	1.9	91.5	1.9	474.9	9.0
Transfers Out						
Transfers to Cities	6.2	6.2	13.4	13.4	59.8	59.8
Transfers to Counties	6.2	6.2	13.4	13.4	59.8	59.8
Transfer to General Fund for Sales Tax Exemption for electric and plug-in hybrid vehicles	7.4	7.4	9.3	9.3	17.1	17.1
Transfer to General Fund for B&O/PUT Tax Credits for alternative fueled commericial vehicles	8.5	8.5	12.0	12.0	35.5	35.5
Transfer to General Fund for B&O Tax Credits for businesses with a commute trip reduction program	0.0	0.0	5.5	5.5	17.9	17.9
Total Transfers Out	**12.5**	**12.5**	**26.8**	**26.8**	**119.6**	**119.6**
Total (after reduction from transfers out)	**366.4**	**76.5**	**459.5**	**156.0**	**2,468.7**	**905.7**

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. In the 2015 Transportation Revenue package, the passenger vehicle weight fees were raised which increased the forecast to forecast change in September by $839.4 million over the 10 year period. The 2015 legislation also added new transfers out of the multimodal account for cities and counties, tax credits like the sales tax exemption for electric and hybrid vehicles, business tax credits for alternative fueled commercial vehicles and B&O tax credits with commute trip reduction programs.

Figure 59 Aeronautics Account Revenue Forecast

Aeronautics Account *dollars in thousands*	2015-17		2017-19		10-Year Period (2015-2025)	
	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15
Revenue						
Aircraft Dealer License Fees	6.2	0.0	6.2	0.0	31.0	0.0
Aircraft Excise Tax	698.3	628.5	705.9	635.3	3,567.2	3,210.5
Aircraft Fuel Tax	5,314.4	39.7	5,419.6	11.7	27,288.3	(2.6)
Aeronautics Transfer (from MV Fund)	718.6	133.1	787.6	195.2	3,896.1	925.7
Aircraft Registrations	238.0	0.0	240.4	0.0	1,214.0	0.0
Total	**6,975.5**	**801.3**	**7,159.7**	**842.2**	**35,996.6**	**4,133.6**

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.

In 2015, the Legislature changed the distribution of the aircraft excise taxes from ninety percent to the general fund and ten percent to the aeronautics account to all of the excise tax being distributed to the aeronautics account. This legislative change increased the amount of excise tax going to the aeronautics account by $628,500 in the current biennium and $635,300 in the next biennium.

Figure 60Toll Revenue Forecast

Tolling Accounts *dollars in millions*	2015-17		2017-19		10-Year Period (2015-2025)	
	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15
Revenue						
Tacoma Narrows Bridge Account						
Toll Revenues and Fees	161.5	0.0	173.1	0.0	879.8	0.0
Miscellaneous Revenue (contractual damages, interest earnings)	0.0	0.0	0.0	0.0	0.0	0.0
Transponder Sales	0.5	0.0	0.4	0.0	1.9	0.0
Late payment fees plus NSF / statement fees	0.7	0.0	0.8	0.0	3.8	0.0
Violations	0.0	0.0	0.0	0.0	0.0	0.0
Civil Penalty	3.7	0.0	3.9	0.0	19.9	0.0
Subtotal Tacoma Narrows Bridge	**166.4**	**0.0**	**178.1**	**0.0**	**905.4**	**0.0**
HOT Lanes Operations Account ^						
Toll Revenues	3.6	0.0	0.0	0.0	3.6	0.0
Transponder Sales/ Shield Sales	0.1	0.0	0.0	0.0	0.1	0.0
Fees	0.0	0.0	0.0	0.0	0.0	0.0
Misc. Revenues	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal HOT Lanes Operations	**3.7**	**0.0**	**0.0**	**0.0**	**3.7**	**0.0**
SR 520 Bridge						
Toll Revenues and Fees	148.2	0.0	163.4	0.0	856.8	0.0
Misc. Pledged Reveue	0.0	0.0	0.0	0.0	0.0	0.0
Transponder Sales/ Shield Sales	1.0	0.0	0.7	0.0	3.8	0.0
Late payment fees plus NSF / statement fees	3.4	0.0	3.5	0.0	18.0	0.0
Recovered toll & fee revenue	1.7	0.0	1.8	0.0	9.2	0.0
Civil Penalties	10.5	0.0	10.9	0.0	55.9	0.0
Misc. Revenues	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal SR 520 Bridge	**164.8**	**0.0**	**180.3**	**0.0**	**943.7**	**0.0**
Total Tolling Revenues	**334.9**	**0.0**	**358.4**	**0.0**	**1,852.7**	**0.0**

^ HOT Lanes pilot program expires at the end of June 2017

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, 2017.

Figure 61 Washington State Patrol, Highway Safety & Motorcycle Safety Education Accounts Revenue Forecast

Highway Safety/Motorcycle Safety/WSP *dollars in millions*	Current Biennium 2015-17		2017-19		10-Year Period (2015-2025)	
	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15
Revenue						
Highway Safety						
Driver License Fees	216.2	5.8	208.2	8.2	1,046.8	35.9
Copies of Records	35.6	0.1	36.3	0.1	183.9	0.6
Other and Miscellaneous	6.0	(0.0)	6.0	0.1	30.4	0.3
Subtotal	**257.8**	**5.9**	**250.5**	**8.4**	**1,261.1**	**36.8**
Motorcycle Safety Permits/Endorsements	4.8	0.0	4.8	0.0	24.3	0.0
State Patrol Copies of Records / LPF/Business Related	377.8	12.0	401.8	23.0	2,041.4	118.2
Subtotal	**382.6**	**12.0**	**406.7**	**23.0**	**2,065.6**	**118.2**
Total	**640.4**	**17.9**	**657.2**	**31.3**	**3,326.7**	**155.0**

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

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

Figure 62 School Zone Safety Account Revenue Forecast

School Zone Safety Account *dollars in millions*	2015-17		2017-19		10-Year Period (2015-2025)	
	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15
Revenue						
School Zone Fines	1.2	0.4	1.2	0.4	5.9	1.9
Total	**1.2**	**0.4**	**1.2**	**0.4**	**5.9**	**1.9**

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 63 Multiuse Road Safety Account Revenue Forecast

Multiuse Roadway Safety Account Collections *dollars in millions*	2015-17		2017-19		10-Year Period (2015-2025)	
	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15
Revenue						
License Permit and Fees	0.1	0.0	0.1	0.01	0.5	0.01
Total	**0.1**	**0.01**	**0.1**	**0.01**	**0.5**	**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.

Figure 64 Connecting Washington Account Revenue Forecast

Connecting Washington Account *dollars in millions*	2015-17		2017-19		10-Year Period (2015-2025)	
	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15
Revenues						
Motor Vehicle Fuel Taxes	532.2	532.2	794.1	794.1	3,748.0	3,748.0
Total	**532.2**	**532.2**	**794.1**	**794.1**	**3,748.0**	**3,748.0**
Transfers In						
Transfers In from General Fund	-	-	-	-	83.0	83.0
Total	**-**	**-**	**-**	**-**	**83.0**	**83.0**
Net Revenue	**532.2**	**532.2**	**794.1**	**794.1**	**3,830.9**	**3,830.9**

The Connecting Washington Account was established through 2015 Transportation Revenue Package legislation (2ESSB 5987). Revenues for this motor vehicle sub-account come from a fuel tax rate increase of 11.9 cents per gallon that will be phased in over two years (FY 2016 and 2017). The source of revenue for the Connecting Washington account is motor vehicle fuel tax and transfers from the General Fund. These taxes and fees are protected by the 18th Amendment of the State Constitution and can be used only for highway-related purposes.

Figure 65 2015 Transportation Revenue Package Forecast

Transportation Revenue Bill - 2ESSB 5987 & SHB 1480 *dollars in millions*	2015-17		2017-19		10-Year Period (2015-2025)	
	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15	Forecast Sep 15	Chg from Jun 15
Revenues						
Motor Vehicle Fuel Taxes Increase (7 cents 8/1/15 & 4.9 cents 7/1/16); Handling Loss Elimination and Increase in Off-highway Refunds by 11.9 cents	532.2	532.2	794.1	794.1	3,746.2	3,746.2
Vehicles paying Weight-based Registration Fee (All Trucks)	34.9	34.9	70.6	70.6	375.8	375.8
Vehicles paying Freight Project Fee (Trucks >10,000 lbs)	10.5	10.5	21.1	21.1	95.3	95.3
Passenger Vehicle Weight Fees	87.5	87.5	181.3	181.3	1,247.7	1,247.7
Intermittent-Use Trailers ($187.50) *	7.2	-	30.0	-	58.0	-
Electric/Plug-in Vehicle Renewal Fee ($100)	0.2	0.2	0.4	0.4	1.9	1.9
Electric/Plug-in Vehicle Renewal Fee ($50)	0.6	0.6	1.4	1.4	7.2	7.2
Title Service Fee $12 (Vehicles & Vessels)	(0.5)	(0.5)	(0.6)	(0.6)	(3.2)	(3.2)
Registration Service Fee $5 (Vehicles & Vessels)	(0.4)	(0.4)	0.4	0.4	1.3	1.3
Commercial Driver's License (CDL) Fees HIGHWAY SAFETY	1.4	1.4	2.7	2.7	12.2	12.2
Enhanced Driver's License Fees (EDL/EID) HIGHWAY SAFETY	2.0	2.0	3.8	3.8	17.0	17.0
DOL Report of Sale Fees	-	-	5.2	5.2	19.5	19.5
Studded Tire Fee	0.2	0.2	1.0	1.0	4.3	4.3
Total Revenues	**675.8**	**668.5**	**1,111.3**	**1,081.4**	**5,583.3**	**5,525.2**
Distributions						
Motor Vehicle Fund (108)	33.8	27.4	82.3	55.9	337.5	286.4
Transportation 2003 Nickel Account (550)	2.4	2.4	4.8	4.8	24.7	24.7
Transportation Partnership Account (09H)	5.2	5.2	10.6	10.6	54.3	54.3
Connecting Washington Account *(NEW)*	532.2	532.2	794.1	794.1	3,746.2	3,746.2
Puget Sound Ferry Operations Account (109)	0.7	0.6	1.6	1.3	7.1	6.5
Capital Vessel Replacement Account (18J)	(0.9)	(0.9)	2.9	2.9	9.4	9.4
Multimodal Transportation Account (218)	88.1	88.1	184.0	184.0	1,086.1	1,086.1
DOL Services Account (201)	-	-	0.3	0.3	1.1	1.1
WSP Highway Account (081)	10.9	10.1	23.7	20.5	111.6	105.3
Highway Safety Fund (106)	3.4	3.4	7.1	7.1	31.3	31.3
Total Distributions	**675.8**	**668.5**	**1,111.4**	**1,081.4**	**5,409.3**	**5,351.3**
Transfers Out						
Transfers to Cities (Sunset June 2031)	(11.7)	(11.7)	(25.1)	(25.1)	(112.2)	(112.2)
Transfer from Motor Vehicle Account	(5.5)	(5.5)	(11.7)	(11.7)	(52.3)	(52.3)
Transfer from Multimodal Account	(6.2)	(6.2)	(13.4)	(13.4)	(59.8)	(59.8)
Transfers to Counties (Sunset June 2031)	(11.7)	(11.7)	(25.1)	(25.1)	(112.2)	5,375.8
Transfer from Motor Vehicle Account	(5.5)	(5.5)	(11.7)	(11.7)	(52.3)	(52.3)
Transfer from Multimodal Account	(6.2)	(6.2)	(13.4)	(13.4)	(59.8)	(59.8)
Total Transfers to Cities & Counties	**(23.4)**	**(23.4)**	**(50.2)**	**(50.2)**	**(224.3)**	**5,263.7**
Transfer from Multimodal to General Fund for Sales Tax Exemption for electric and plug-in hybrid vehicles (Sunset July, 1 2019)	(7.4)	(7.4)	(9.3)	(9.3)	(17.1)	15.9
Transfer from the Multimodal to General Fund - B&O/PUT Tax Credits for alternative fueled commercial vehicles (Sunset July 1, 2021)	(8.5)	(8.5)	(12.0)	(12.0)	(35.5)	60.0
Transfer from Multimodal to General Fund - B&O Tax Credits for businesses with a commute trip reduction programs (July 1, 2017)	-	-	(5.5)	(5.5)	(17.9)	22.0
Total Tax Credits and Cities/Counties Transfers Out	**(39.3)**	**(39.3)**	**(77.0)**	**(77.0)**	**(294.8)**	**5,361.5**
Tax Credits Total Transfers from Multimodal Account	(15.9)	(15.9)	(26.8)	(26.8)	(70.5)	97.9
Transfers In to Connecting Washington Account						
Transfers In from General Fund	-	-	-	-	83.0	83.0
Net to Connecting Washington Account	532.2	532.2	794.1	794.1	3,829.1	3,829.1
Overall Net Revenues After Transfers (In and Out)	**636.5**	**629.2**	**1,034.3**	**1,004.4**	**5,371.4**	**10,969.7**

* Intermittent-Use trailer fee impact is the gross impact from the new trailer fee not the net impact

In 2015 lawmakers passed 2SSB 5987 which was the new 2015 Transportation Revenue package. The new revenue package has a variety of fee increases with the largest tax increase being from the motor fuel tax increase. The new legislation also authorized various transfers of funds and tax credits which are also listed in the table above.