

Transportation Revenue Forecast Council

February 2010 Transportation Economic and Revenue Forecasts

Volume I: Summary Document

Washington Transportation Economic and Revenue Forecast February 2010 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 and the Office of Forecast Council, produces forecasts. The revenue forecasts agreed upon by the Transportation Revenue Forecast Council members become the official estimated revenues under RCW 43.88.020 21.

Transportation Forecast Summary

Forecast Overview

Here are key conclusions from the February 2010 transportation revenue forecast.

- February 2010 transportation forecast of revenues: \$4.129 billion for the current biennium which represents an increase of 1.2% over the prior 2007-09 biennium. This increase in transportation revenue represents Washington's recovery from the recent recession but some revenues are recovering slower than others.
- Overall transportation revenue is down 1.6% in the current biennium (\$64.9 million) with the largest share of the decline being a decline in motor fuel tax collections at \$60 million. All other revenues sources were also down in the current biennium except for the sales tax revenue from vehicle sales. For the entire 16-year forecast horizon, transportation revenues are up slightly 0.08% or \$551 million from the November forecast.
- Total transportation revenue is down 3.9% in the current biennium (\$167.6 million) from the budget baseline (March 2009) forecast. Over the entire 16-year forecast horizon, transportation revenues are down 1.45% or \$551 from the baseline.
- The February forecast shows a decline in revenues from the prior forecast for all years until FY 2019. For future fiscal years, overall transportation revenues are growing slightly over the prior forecast. The current fiscal year showed a decline of -1.1% and the largest decline in revenue is seen in FY 2011 at -1.8% of total transportation revenues over the prior forecast.
- New personal income estimates for the state caused some of the increase in future revenue as well as lower fuel prices in the long-term. The state of the economy is showing improved economic signals but some economic drivers are not improving as quickly as anticipated.
- The primary driver in the loss in fuel taxes in the current year has been the decline in gas and diesel consumption as tax collections have come in below forecast by 5.5% in recent months.
- In the 2009-11 biennium, the vehicle licenses, permits and fee forecast has declined by -0.24% from the last forecast due to lower registrations than anticipated in the last forecast. In subsequent biennium, the vehicle licenses, permits and fees revenue forecast is up slightly due to higher personal income projections over last forecast.
- Ferry revenue is down \$1.57 million (-0.24%) in the current biennium from the prior forecast and down \$4 million in the 2011-13 biennium. Over the entire 16-year forecast horizon, ferry revenue is up \$74.2 million over the November 2009 forecast.
- Toll revenue is down slightly \$0.42 million in the current biennium over the prior forecast. No major changes were made to the outer year toll revenue forecast from the last forecast.

In FY 2010, transportation revenues are projected to be \$2.044 billion which is a -1.1% decrease over the prior fiscal year as the economy begins to recover from the recession. Lower gas prices as well as higher personal income projections have increased future biennia fuel tax projections.

Figure 1 Total Transportation Revenues Comparison
February 2010 forecast vs. November 2009 forecast
millions of dollars

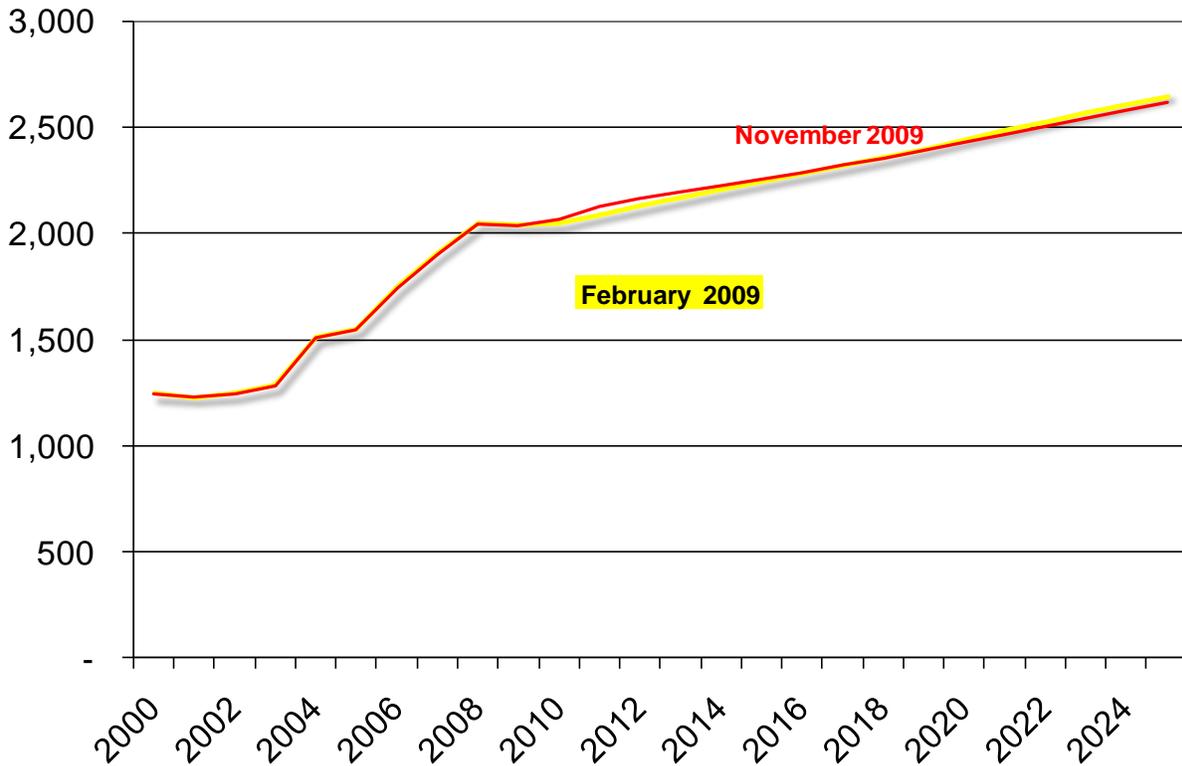
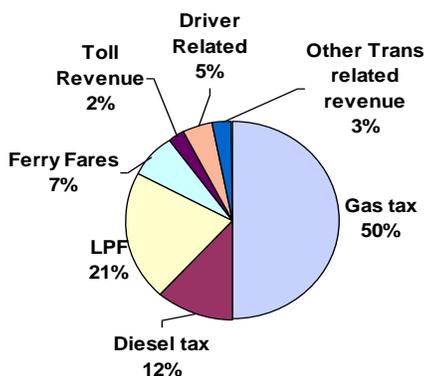


Figure 2 Revenue by Source
February 2010 forecast for 2009-11 biennium



Washington's state transportation revenues come from numerous taxes, fees, permits, tolls, other revenues. Washington's transportation revenues forecasted each quarter include the revenue sources contained in Figure 2. This pie graph reveals the share of each state revenue source to the total transportation revenues forecasted (\$4.13 billion) in February 2010 for the 2009-11 biennium. Gasoline

fuel taxes comprise the share of all transportation revenue at 50% of all transportation revenue in the 2009-11 biennium. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 62% of all transportation revenues. Licenses, permits and fee revenues comprise the second largest share at 21% of all transportation revenues in the 2009-11 biennium. The largest three revenue sources (gasoline and diesel fuel taxes and licenses, permits and fees) are projected to consist of 83% of state transportation revenues in the 2009-11 biennium. The remaining 17% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

As Figure 3 indicates, in the current biennium, transportation revenues are down \$65 million or -1.7% of \$4.129 billion projected of total transportation revenues in November. The largest decline in revenues has been due to lower fuel taxes at \$60 million or 92% of the decline. Over the entire 16-year forecast horizon (2011-2027), the transportation revenue forecast for February 2010 is up slightly 0.08% or \$80 million over the November 2009 forecast.

**Figure 3 Forecast to Forecast Biennium Comparison of All Transportation Revenues
February 2010 forecast - millions of dollars**

Forecast to Forecast Comparison for Transportation Revenues and Distributions									
February 2010 - millions of dollars									
	Current Biennium 2009-2011			2011-2013			16-Year Period (2011-2027)		
	Forecast Feb-10	Chg from Nov-09	Percent Change	Forecast Feb-10	Chg from Nov-09	Percent Change	Forecast Feb-10	Chg from Nov-09	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,527.47	(59.96)	-2.32%	2,597.83	(67.01)	-2.51%	23,449.15	(46.06)	-0.20%
Licenses, Permits and Fees	882.88	(2.15)	-0.24%	924.84	2.84	0.31%	8,198.70	16.88	0.21%
Ferry Revenue†	300.81	(1.57)	-0.52%	322.69	(4.14)	-1.27%	2,943.63	74.20	2.59%
Toll Revenue ^	98.78	(0.42)	-0.43%	105.30	(0.00)	0.00%	941.17	(0.59)	-0.06%
Aviation Revenues	4.87	(0.09)	-1.84%	5.00	(0.06)	-1.20%	43.26	0.65	1.52%
Rental Car Tax	43.80	(0.26)	-0.58%	48.67	(0.08)	-0.17%	552.91	3.22	0.59%
Vehicle Sales Tax	58.32	0.08	0.13%	69.50	0.52	0.76%	734.29	6.33	0.87%
Driver-Related Fees	195.79	(0.50)	-0.26%	200.31	(3.26)	-1.60%	1,748.02	(24.24)	-1.37%
Business/Other Revenues	16.48	0.00	0.00%	14.68	0.00	0.02%	115.66	0.02	0.02%
Total Revenues	4,129.21	(64.88)	-1.55%	4,288.81	(71.19)	-1.63%	38,726.78	30.43	0.08%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	120.69	(2.19)	-1.78%	129.64	(3.25)	-2.45%	1,228.32	(7.93)	-0.64%
State Uses									
Motor Vehicle Account (108)	1,061.76	(19.10)	-1.77%	1,094.79	(15.83)	-1.43%	9,763.08	(4.51)	-0.05%
Transportation 2003 (Nickel) Account (550)	350.04	(7.44)	-2.08%	360.39	(8.70)	-2.36%	3,234.09	(5.89)	-0.18%
Transportation 2005 Partnership Account (09H)	581.40	(12.58)	-2.12%	596.53	(14.74)	-2.41%	5,366.25	(9.45)	-0.18%
Multimodal Account (218)	225.97	(0.64)	-0.28%	248.23	1.05	0.43%	2,444.22	14.00	0.58%
Special Category C Account (215)	47.74	(1.10)	-2.25%	48.93	(1.30)	-2.58%	440.44	(0.83)	-0.19%
Puget Sound Capital Construction Account (099)	34.73	(0.80)	-2.25%	35.60	(0.94)	-2.58%	320.46	(0.61)	-0.19%
Puget Sound Ferry Operations Account (109)	359.55	(2.61)	-0.72%	383.22	(5.28)	-1.36%	3,489.49	73.43	2.15%
Tacoma Narrows Bridge Account (511)*	97.34	(0.49)	-0.50%	104.29	(0.07)	-0.07%	940.16	(0.66)	-0.07%
High Occupancy Toll Lanes Account (09F)*	1.441	0.062	4.53%	1.01	0.068	7.22%	1.01	0.068	7.22%
Aeronautics Account (039)	4.87	(0.09)	-1.84%	5.00	(0.06)	-1.20%	43.26	0.65	1.52%
State Patrol Highway Account (081)	318.06	(1.11)	-0.35%	333.41	0.81	0.24%	2,973.50	1.63	0.05%
Highway/Motorcycle Safety Accts. (106 & 082)	163.62	0.12	0.07%	166.70	(2.96)	-1.75%	1,459.48	(18.35)	-1.24%
Other accounts (201, 06T, 097, 09E, 216, 07C)	15.90	(0.01)	-0.09%	16.28	0.04	0.24%	139.05	0.24	0.17%
Ignition Interlock Devices Revolving Acct 14V	1.77	0.13	8.13%	1.69	0.12	7.55%	13.51	0.95	7.55%
Total for State Use	3,264.19	(45.64)	-1.38%	3,396.07	(47.80)	-1.39%	30,628.02	49.72	0.16%
Local Uses									
Cities	183.08	(4.21)	-2.25%	187.64	(4.98)	-2.58%	1,689.13	(3.20)	-0.19%
Counties	299.86	(6.84)	-2.23%	307.56	(8.06)	-2.55%	2,769.19	(5.02)	-0.18%
Transportation Improvement Board (112 & 144)	195.62	(4.49)	-2.25%	200.49	(5.32)	-2.58%	1,804.82	(3.42)	-0.19%
County Road Administration Board (102 & 186)	65.77	(1.51)	-2.25%	67.41	(1.79)	-2.58%	606.83	(1.15)	-0.19%
Total for Local Use	744.33	(17.05)	-2.24%	763.10	(20.14)	-2.57%	6,869.97	(12.78)	-0.19%
Total Distribution of Revenue	4,129.21	(64.88)	-1.55%	4,288.81	(71.19)	-1.63%	38,726.31	29.96	0.08%

+ *Fares plus non-farebox revenue*

^ *2007-09 is the first biennium to include Tacoma Narrows Bridge toll revenue; November 2008 was the first forecast to include HOT Lanes toll revenue; March 2009 is the first forecast to include revenue from transponder sales, violation fines and fees*

Figure 4 compares the February 2010 forecast to the baseline March 2009 forecast. In the current biennium, transportation revenues are down \$167.6 million or -3.9% of total transportation revenues projected in the baseline March 2009 forecast. Over the entire 16-year forecast horizon, the transportation revenue forecast for February 2010 is down \$551 million or -1.45% over the baseline forecast in March 2009.

Figure 4 February 2010 Forecast Biennium Comparison with Baseline Forecast (March 2009) of All Transportation Revenues - millions of dollars

Forecast to Baseline Comparison for Transportation Revenues and Distributions									
February 2010 - millions of dollars									
	Current Biennium 2009-2011			2011-2013			16-Year Period (2009-2025)		
	Forecast Feb-10	Chg from Baseline *	Percent Change	Forecast Feb-10	Chg from Baseline *	Percent Change	Forecast Feb-10	Chg from Baseline *	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,527.47	(129.97)	-4.89%	2,597.83	(127.38)	-4.67%	22,681.02	(489.98)	-2.11%
Licenses, Permits and Fees	882.88	(14.57)	-1.62%	924.84	(9.49)	-1.02%	7,956.76	(113.85)	-1.41%
Ferry Revenue† Δ	300.81	(6.21)	-2.02%	322.69	(5.62)	-1.71%	2,843.73	102.40	3.74%
Toll Revenue ^	98.78	(13.82)	-12.27%	105.30	(0.03)	-0.02%	911.83	(12.01)	-1.30%
Aviation Revenues	4.87	(1.10)	-18.42%	5.00	(1.08)	-17.72%	42.27	(7.94)	-15.81%
Rental Car Tax	43.80	1.62	3.84%	48.67	(0.67)	-1.36%	507.93	(11.59)	-2.23%
Vehicle Sales Tax	58.32	(6.51)	-10.04%	69.50	(5.62)	-7.48%	681.80	(35.39)	-4.94%
Driver-Related Fees	195.79	(0.52)	-0.26%	200.31	2.47	1.25%	1,708.59	11.85	0.70%
Business/Other Revenues	16.48	3.46	26.63%	14.68	1.30	9.72%	118.50	5.47	4.84%
Total Revenues	4,129.21	(167.62)	-3.90%	4,288.81	(146.10)	-3.29%	37,452.43	(551.04)	-1.45%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	120.69	(8.49)	-6.57%	129.64	(5.92)	-4.37%	1,169.34	(30.83)	-2.57%
State Uses									
Motor Vehicle Account (108)	1,061.76	(35.38)	-3.23%	1,094.79	(34.65)	-3.07%	9,473.66	(99.35)	-1.04%
Transportation 2003 (Nickel) Account (550)	350.04	(16.89)	-4.60%	360.39	(16.78)	-4.45%	3,132.21	(76.08)	-2.37%
Transportation 2005 Partnership Account (09H)	581.40	(28.21)	-4.63%	596.53	(28.61)	-4.58%	5,195.53	(131.93)	-2.48%
Multimodal Account (218)	225.97	(5.45)	-2.36%	248.23	(5.92)	-2.33%	2,311.60	(50.02)	-2.12%
Special Category C Account (215)	47.74	(2.41)	-4.81%	48.93	(2.46)	-4.79%	426.37	(11.03)	-2.52%
Puget Sound Capital Construction Account (099)	34.73	(1.75)	-4.81%	35.60	(1.79)	-4.79%	310.22	(8.02)	-2.52%
Puget Sound Ferry Operations Account (109)	359.55	(9.09)	-2.47%	383.22	(8.51)	-2.17%	3,372.12	86.24	2.62%
Tacoma Narrows Bridge Account (511)*	97.34	(13.83)	-12.44%	104.29	(0.04)	-0.04%	909.38	(12.03)	-1.31%
High Occupancy Toll Lanes Account (09F)*	1.441	0.013	0.91%	1.009	0.015	1.50%	2.45	0.028	1.15%
Aeronautics Account (039)	4.87	(1.10)	-18.42%	5.00	(1.08)	-17.72%	42.27	(7.94)	-15.81%
State Patrol Highway Account (081)	318.06	(7.74)	-2.38%	333.41	(4.84)	-1.43%	2,881.47	(55.11)	-1.88%
Highway/Motorcycle Safety Accts. (106 & 082)	163.62	(1.40)	-0.85%	166.70	1.15	0.69%	1,426.06	4.08	0.29%
Other accounts (201, 06T, 09T, 09E, 216, 07C)	15.90	(0.02)	-0.12%	16.28	0.04	0.23%	136.45	(0.16)	-0.11%
Ignition Interlock Device Revolving Acct 14V	1.77	1.77	100.00%	1.69	1.69	100.00%	13.60	13.60	100.00%
Total for State Use	3,264.19	(121.50)	-3.59%	3,396.07	(101.78)	-2.91%	29,633.38	(347.73)	-1.16%
Local Uses									
Cities	183.08	(9.25)	-4.81%	187.64	(9.45)	-4.79%	1,635.15	(42.30)	-2.52%
Counties	299.86	(15.17)	-4.82%	307.56	(15.46)	-4.79%	2,679.98	(69.79)	-2.54%
Transportation Improvement Board (112 & 144)	195.62	(9.88)	-4.81%	200.49	(10.10)	-4.79%	1,747.14	(45.19)	-2.52%
County Road Administration Board (102 & 186)	65.77	(3.32)	-4.81%	67.41	(3.39)	-4.79%	587.44	(15.20)	-2.52%
Total for Local Use	744.33	(37.63)	-4.81%	763.10	(38.40)	-4.79%	6,649.71	(172.48)	-2.53%
Total Distribution of Revenue	4,129.21	(167.62)	-3.90%	4,288.81	(146.10)	-3.29%	37,452.43	(551.04)	-1.45%

+ *Fares plus non-farebox revenue ; Δ Ferry revenue was rebased to exclude future fare rate increases.*

^ *2007-09 is the first biennium to include Tacoma Narrows Bridge toll revenue; November 2008 was the first forecast to include HOT Lanes toll revenue; March 2009 is the first forecast to include revenue from transponder sales, violation fines and fees.*

* *09LEG - Conference final 4/22/09*

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, oil price index, fuel efficiency, US sales of light vehicles and Washington driver in-migration.

WA Personal Income

For fiscal year 2009, Washington's personal income came in lower than the prior year by -1%. The February 2010 forecast of Washington personal income is forecasted by the Washington Economic and Revenue Forecast Council (ERFC), based on the **January 2010** Global Insight forecast, January Blue Chip average US GDP growth rates, NYMEX fuel prices and other forecasted economic variables. In the current forecast, the annual percent change in Washington personal income is 0.1% for FY 2010 versus the last forecast at -0.5%. This forecast sets the current year projection of Washington personal income at nearly no change from last year with only a very slight increase projected. For FY 2011, the current forecast increases from FY 2010 at 3.6% versus the November 2009 forecast which projects a 3.4% growth. In the near-term, this current forecast of Washington personal income is more optimistic on the economy than previous forecasts. This February 2010 forecast is the first one in which ERFC is projecting economic variables, like Washington personal income, for fiscal years 2013 and 2014. The new ERFC forecast for fiscal year 2013 and 2014 is 4.3% and 3.8% respectively which is above OFM's long-term personal income growth rate for that same time period of 3%. The current OFM long-term growth rates for the remaining years are as follows: fiscal years, 2015-2019 - 3.4%; fiscal years 2020 and beyond - 3.1%.

On a quarterly basis, the February 2010 Washington personal income forecast is \$256.8 billion for the first quarter of 2010 which is an increase of 0.8% from the previous forecast of \$254.8 billion. This pattern of the ERFC February 2010 Washington personal income being above the November 2009 forecast and OFM's 2009 long-term personal income forecast is consistent throughout the forecast horizon. In fiscal years beyond 2014, the February 2010 forecast of Washington personal income annual growth rates are based on the June 2009 OFM long-term forecast for income so the long growth rates did not change from the prior forecast.

WA Population

In November 2009, OFM released their 2009 long-term statewide population forecast. These estimates have not been revised since the last forecast. In FY 2010, the statewide population forecast is 1.1% annual growth and 1.4% in FY 2011. In fiscal years 2012-2014, the population forecast growth rate is 1.3% and it declines to 1.2% in FY 2015-2019. Beginning in FY 2020, the current population estimates are 1.1% for four years and it declines to 1% by 2024 for the remainder of the forecast horizon.

WA Driver In-Migration

Washington's projected growth of new drivers in the state is -6.6% for FY 2010 which represents a bigger decline than the last forecast at -6.2%. In FY 2011, the in-migration of driver is projected to rise by 3.5% as opposed to 3.4% in November. In subsequent years, the February 2010 forecast of Washington driver in-migration is projected to be nearly the same as the November forecast growth rates.

Figure 8 compares the February 2010 and November 2009 forecasts of Washington state driver in-migration population up to FY 2020. The February 2010 driver in-migration forecast is slightly below the last forecast in the near-term over the last forecast and nearly identical in the long-term.

U.S. Inflation

The U.S. inflation rate forecast is from Global Insight's January 2010 projection. The current forecast of U.S. inflation rate as measured by the implicit price deflator (IPD) is down slightly or has no change from the last forecast. For FY 2010, the inflation rate is 1.1% versus 1.2% in the last forecast. In FY 2011, the inflation rate is 1.5% versus 1.8% in the last forecast. In FY 2012, the inflation rate is up slightly to 1.8% versus 1.7% in the last forecast. For the remainder of the forecast horizon, the inflation rates projected in current forecast are lower but pretty similar to November's forecast with the exception being fiscal years 2016-2018, in which the February 2010 forecast is slightly higher at 2% inflation rate versus 1.8% and 1.9%.

U.S. Oil and Gas Price Index

The February 2010 Global Insight forecast for U.S. oil and gasoline price index is lower by 2% in the last quarter of 2009 and 0.4% in the first quarter of 2010 than the prior forecast in the near term. The annual fiscal year to fiscal year change in this fuel price index is 0.6% versus -1.6% for FY 2010 which represents slightly higher fuel prices in the current year than anticipated in the November. In FY 2011, the growth in the US fuel price index is 3.2% which represents a slower growth rate than in the last forecast of 5.3%. This reveals that in the current biennium, fuel prices are not projected to increase as fast or as far as anticipated in the last forecast. In FY 2012, the growth rate in the US fuel price index is 8.3% which is a 0.2% drop from the 8.5% projection in the November forecast. This indicates that once the economic recession is over, fuel prices are not projected to rise as rapidly as anticipated in the last forecast.

U.S. Fuel Efficiency (MPG)

U.S. Fuel Efficiency variable for the February forecast has not changed from the November 2009 variable. This is because Global Insight has already incorporated the Obama administration's new fuel efficiency standards. The fuel efficiency variable estimates that in 2010, the fuel efficiency is 20.4 miles per gallon and it will grow to 29 miles per gallon by 2025, representing 42% growth over that time period.

U.S. Consumer Spending on New Motor Vehicles

Consumer spending on new motor vehicles throughout the U.S. has declined significantly in recent years, 21% in FY 2008 and 11% in FY 2009. In 2010, Global Insight's current projection of sales of light vehicles has improved since the last forecast to an annual growth rate of 4.3% versus -2.9% rate projected in the November forecast. The big recovery in auto sales is projected to occur in FY 2011. It is now projected that consumer spending on new motor vehicles will improve to 19.8% growth versus 18.1% in the last forecast. In FY 2012, the recovery for light vehicle sales continues with a 5.5% growth rate, which is a

smaller growth rate than projected last forecast at 13.8%. Overall, this forecast is more optimistic about new motor vehicle sales in the short-term than the prior forecast.

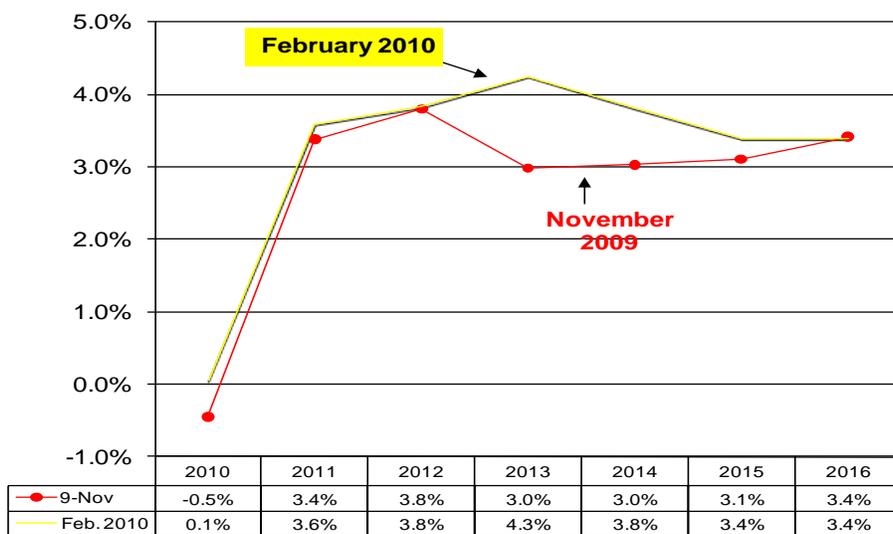
**Figure 5 Annual Percentage Change (%) in Select Economic Variables
February 2010 forecast**

Fiscal Year	WA Personal Income	Annual Population	U.S. General Prices (IPD)	U.S. Oil & Gas Price Index	U.S. Fuel Efficiency (MPG)	Nominal Consumer Sales on New Motor Vehicles	WA Driver In-Migration
2008	3.6	1.2	3.3	20.8	0.7	-20.9	-13.8
2009	-1.0	1.0	1.1	-17.1	1.1	-10.7	-0.7
2010	0.1	1.1	1.1	0.6	1.6	4.3	-6.6
2011	3.6	1.4	1.5	3.2	1.9	19.8	3.5
2012	3.8	1.3	1.8	8.3	2.2	5.5	3.7
2013	4.3	1.3	1.9	3.6	2.4	-3.7	-0.5
2014	3.8	1.3	1.6	2.8	2.6	3.9	-0.1
2015	3.4	1.2	1.5	2.7	2.6	18.8	-0.04
2016	3.4	1.2	2.0	3.1	2.6	5.2	-0.03
2017	3.4	1.2	2.0	2.2	2.5	-4.6	-0.03
2018	3.4	1.2	2.0	1.5	2.4	-5.6	-0.02
2019	3.4	1.2	1.9	0.5	2.4	-1.9	-0.02
2020	3.1	1.1	1.8	-0.7	2.4	3.1	-0.01
2021	3.1	1.1	1.7	-1.2	2.5	3.2	-0.01
2022	3.1	1.1	1.7	-0.8	2.6	3.4	-0.01
2023	3.1	1.1	1.6	-0.6	2.6	2.5	-0.01
2024	3.1	1.0	1.7	0.6	2.6	1.5	-0.01
2025	3.1	1.0	1.7	1.8	2.6	1.4	-0.01
2026	3.1	1.0	1.7	1.8	2.6	1.0	-0.004
2027	3.1	1.0	1.8	1.7	2.6	1.4	-0.003

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management, January and February 2010 Global Insight forecast

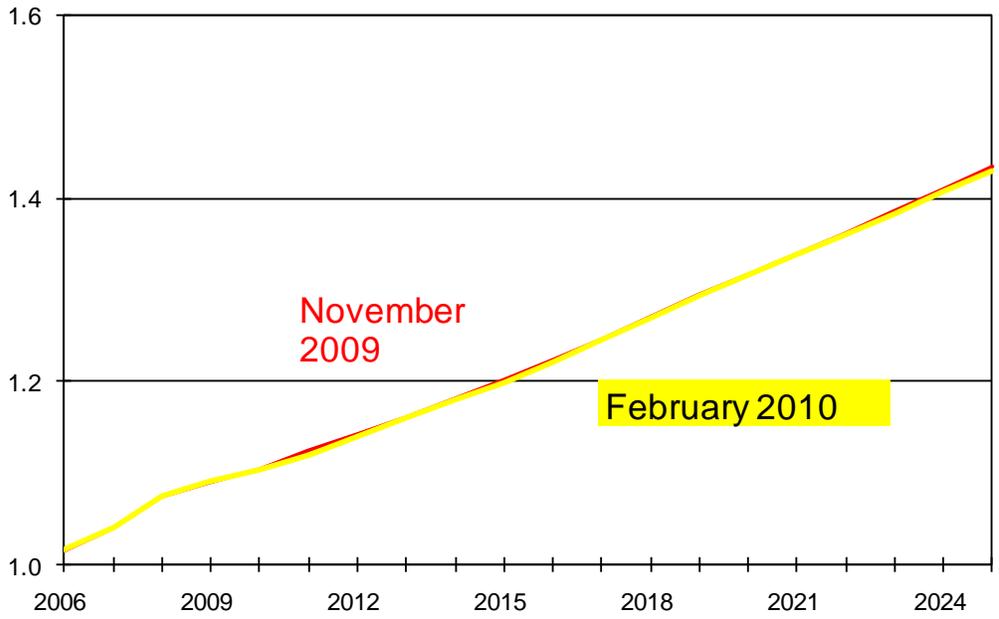
**Figure 6 Comparison of Annual Growth Rates for Washington Real Personal Income
February 2010 vs. November 2009 forecast**

billions of dollars



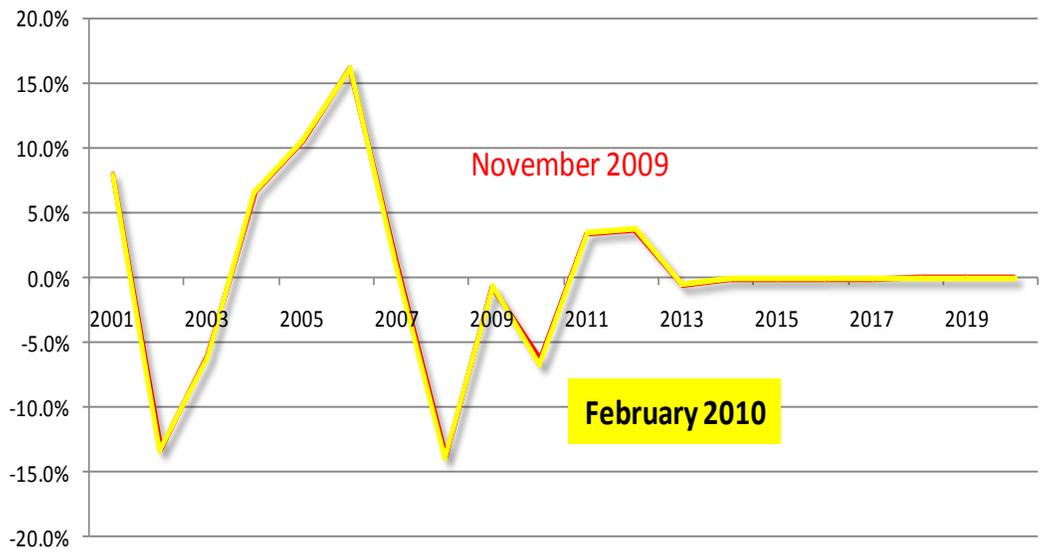
Source: Washington Economic and Revenue Forecast Council

Figure 7 Inflation Comparison – U.S. Implicit Price Deflator for Personal Consumption
February 2010 forecast vs. November 2009 forecast
base year 2005 = 1.00 for both forecasts



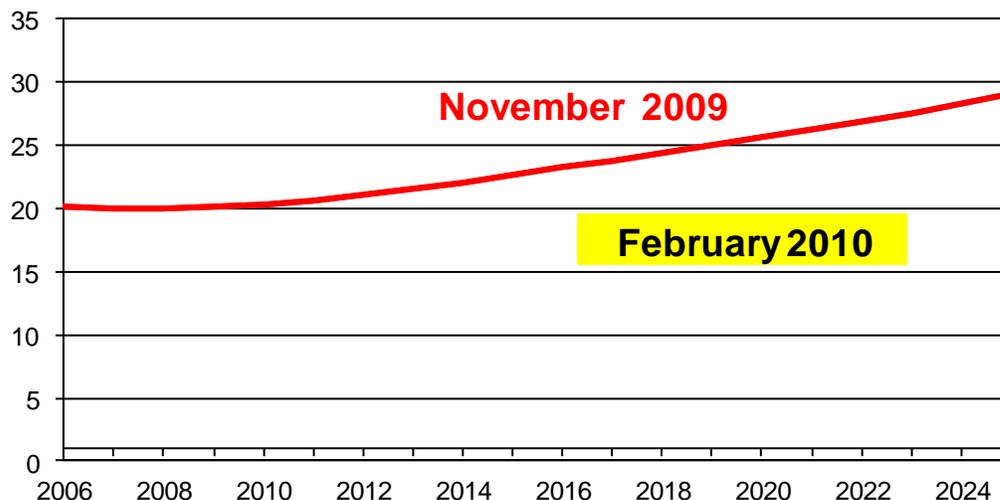
Source: Washington Economic and Revenue Forecast Council and January 2010 Global Insight forecast

Figure 8 Comparison of Annual Growth Rates for In-Driver Population Forecast – Age 18 and Over
February 2010 forecast vs. November 2009 forecast



Source: Washington Office of Financial Management

Figure 9 U.S. Light Duty Vehicle Fleet Efficiency Comparison
February 2010 forecast vs. November 2009 forecast
miles per gallon



Source: January 2010 Global Insight 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. In addition, the Washington State Department of Transportation budget is heavily impacted by changes in fuel prices. Therefore, projections of fuel prices are made quarterly to assist in the near and long-term budgeting process for WSDOT. The price forecast includes the following fuel price projections: U.S. West Texas crude oil, Washington retail prices of gasoline, diesel and biodiesel and wholesale prices of diesel and biodiesel without taxes.

The February 2010 fuel price forecasts are down from the November 2009 forecast throughout the forecast horizon.

Source of data for forecast

For the Washington retail price of gasoline, the actual fuel prices are collected from the Energy Information Administration (EIA) survey of retail prices for all grades of gasoline in the state. For the retail price of diesel, the actual prices are collected from AAA's weekly publication of retail prices for diesel in Washington. The actual wholesale diesel prices are reported by the Washington State Ferries. In the short term, the fuel price forecasts are based on the Energy Information Agency (EIA) projections. In the long-term beyond calendar year 2011, the fuel price projections are based on Global Insight's oil and fuel prices and the producer price index (PPI) for petroleum products projections from February 2010 forecast. The wholesale price of diesel is forecasted in the long-term based on Global Insights February 2010 forecast of PPI for refined petroleum products.

U.S. crude oil price trend

U.S. crude oil prices of West Texas Intermediate Crude (WTI) are currently projected to be nearly the same in FY 2010 as the estimate in November at an average of \$75 per barrel. Recent projections of crude oil prices have been reasonably accurate so no change in the forecast in the current fiscal year is warranted. The projection for fiscal year 2011 is \$81 per barrel and this represents an 8% increase in crude oil prices over fiscal year 2010. In the long-term, crude oil prices are expected to hit over \$100 per barrel beginning in FY 2018, which is the same year as the prior forecast. Crude oil prices are projected to decline from the \$100 per barrel in FY 2020, same as the prior forecast. The long-term forecast for crude oil prices is between \$96 and \$101 from fiscal year 2016 and the remainder of the forecast horizon.

Washington retail price of gasoline trend

Washington retail price of gasoline is projected to be down minimally over the prior forecast for the current fiscal year. In recent months, projections of retail gas prices have been reasonably accurate. Retail gas prices in Washington are now projected at \$3.03 per gallon versus \$3.05 per gallon in

November on average in Washington for FY 2010. In FY 2011 retail gasoline prices in Washington are projected to be \$3.25 per gallon, which is 5% lower than November's gas price forecast. In the long-term, gasoline prices are expected to be down from the November projections throughout the remainder of the forecast horizon. In the last forecast, Washington's retail gasoline prices were projected to hit \$4 per gallon beginning in FY 2014, but this lower current forecast projects retail gas prices to reach \$4 per gallon, three years later, in FY 2017. This February 2010 Washington retail gas price is projected to hit a peak price of \$4.18 in FY 2026 which is 6.5% lower than the highest price in the last forecast of \$4.47 in FY 2019.

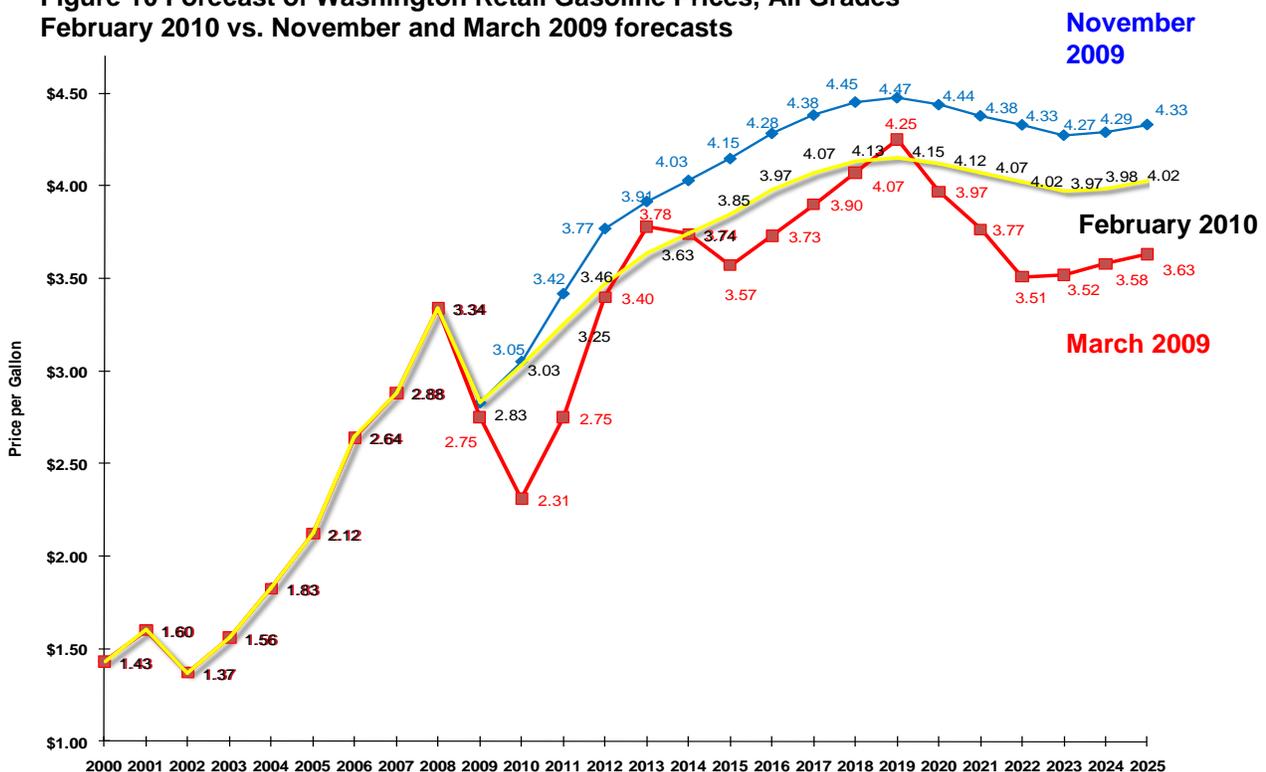
Washington retail price of diesel trend

Washington's retail price of diesel is projected to average \$3.00 in FY 2010 which is 2.2% lower than projected in the last forecast. The price differential between retail gas and diesel has been declining and in this forecast, retail diesel prices are projected to be below retail gas prices by 3 cents in FY 2010. In FY 2011, on average, retail diesel price is projected at \$3.24 and there is only a minimal 1 cent price differential between retail gas and diesel prices. Over time, the differential between retail gas and diesel is expected to grow to as much as 13 cents by FY 2013. Then the differential begins to slowly decline again.

Washington wholesale price of WSF diesel fuel trend

The trend in Washington's wholesale price of diesel is similar to the trend of the retail price of diesel. Washington's wholesale price of diesel, excluding fuel taxes, which is a forecast to estimate the diesel cost to Washington State Ferries has also declined by 1.7 % to \$2.32 per gallon for FY 2010 as opposed to \$2.36 per gallon in November. In FY 2011, the wholesale price of diesel is expected to increase to \$2.49 per gallon which is 3.5% higher than projected in November.

**Figure 10 Forecast of Washington Retail Gasoline Prices, All Grades
February 2010 vs. November and March 2009 forecasts**



**Figure 11 Near-term Quarterly Fuel Prices
February 2010 forecast**

Fiscal Year Quarter	Crude Oil Price (\$/barrel)	WA Retail Gasoline Price (\$/gal)	WA Retail Diesel Price (\$/gal)	Ex-tax Wholesale Diesel Price (\$/gal)	Biodiesel Price with tax (\$/gal)	Biodiesel Price Ex tax (\$/gal)
2009: Q3	68.31	2.89	2.83	2.17	3.73	3.11
2009: Q4	76.06	2.94	2.92	2.30	3.92	3.30
2010: Q1	77.00	3.04	3.04	2.33	3.87	3.25
2010: Q2	80.00	3.24	3.20	2.46	3.90	3.28
FY 2010	75.34	3.03	3.00	2.32	3.85	3.24
2010: Q3	81.00	3.30	3.23	2.48	3.80	3.18
2010: Q4	81.33	3.16	3.17	2.43	3.61	2.99
2011: Q1	82.00	3.20	3.22	2.47	3.60	2.98
2011: Q2	83.00	3.35	3.34	2.57	3.74	3.13
FY 2011	81.83	3.25	3.24	2.49	3.69	3.07
2011: Q3	84.00	3.41	3.37	2.59	3.78	3.16
2011: Q4	85.00	3.29	3.34	2.57	3.74	3.12
2012: Q1	81.67	3.25	3.38	2.60	3.78	3.16
2012: Q2	82.66	3.90	3.41	2.62	3.82	3.20
FY 2012	83.33	3.46	3.38	2.59	3.78	3.16

**Figure 12 Near- and Long-term Annual Fuel Price
February 2010 forecast**

Fiscal Year	Crude Oil Prices (\$/barrel)	WA Retail Gasoline Price (\$/gal)	WA Retail Diesel Price (\$/gal)	Ex-tax Wholesale Diesel Price (\$/gal)	Biodiesel Price with tax (\$/gal)	Biodiesel Price Ex tax (\$/gal)
2008	97.03	3.34	3.76	2.90	3.80	3.18
2009	69.69	2.83	3.21	2.40	4.68	4.06
2010	75.34	3.03	3.00	2.32	3.85	3.24
2011	81.83	3.25	3.24	2.49	3.69	3.07
2012	81.00	3.46	3.38	2.59	3.78	3.16
2013	85.16	3.63	3.50	2.69	3.92	3.30
2014	88.62	3.74	3.62	2.78	4.06	3.44
2015	92.17	3.85	3.75	2.88	4.20	3.58
2016	96.30	3.97	3.90	3.00	4.36	3.74
2017	99.20	4.07	4.00	3.08	4.48	3.86
2018	101.08	4.13	4.08	3.13	4.56	3.94
2019	101.46	4.15	4.10	3.15	4.58	3.97
2020	99.96	4.12	4.05	3.11	4.53	3.92
2021	98.26	4.07	3.98	3.06	4.46	3.84
2022	97.11	4.04	3.94	3.03	4.41	3.79
2023	96.26	4.01	3.90	3.00	4.37	3.75
2024	96.89	4.04	3.93	3.02	4.40	3.78
2025	99.03	4.11	4.01	3.09	4.49	3.87
2026	99.03	4.30	4.07	3.13	4.56	3.94
2027	99.03	3.96	4.09	3.14	4.58	3.96

Biodiesel price trend

The forecast of the retail price of biodiesel is based on surveys found in the EIA Clean Cities Alternative Fuel Price Reports, www.eere.energy.gov/afdc/price_report.html as well as OPIS biodiesel prices for Tacoma, Washington. The EIA reports are conducted quarterly and include West regional biodiesel prices. The Washington biodiesel price forecast is for B99/B100. According to the latest survey in October 2009, the West biodiesel price B99/B100 was more than 12% above the reported West coast regular diesel price. In examining the price differential between biodiesel and regular diesel over a longer time period, an average price differential of 12% was determined. This percentage was used as the long-term

price differential between the WA retail diesel prices versus biodiesel prices in Washington. To begin the new B99/B100 biodiesel forecast, the forecast incorporates actual Washington state biodiesel prices (Tacoma, Washington) reported by OPIS for Washington state General Administration.

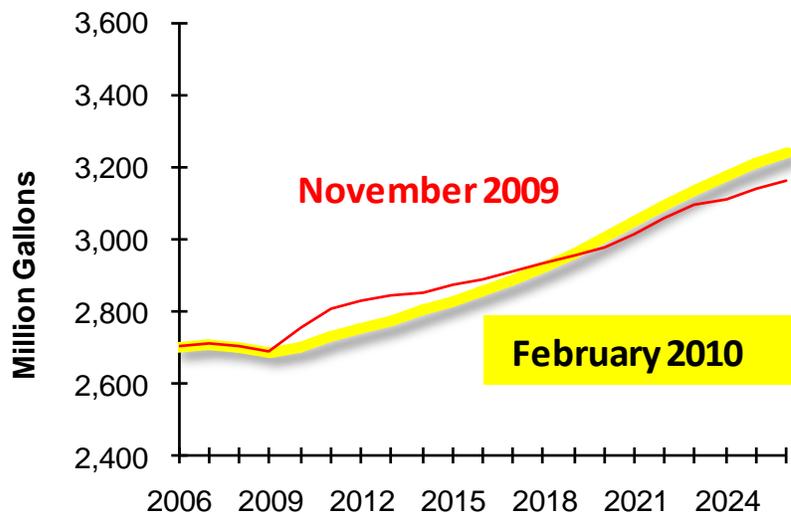
Motor Vehicle Fuel Tax Forecast

The February 2010 gross motor vehicle fuel tax projection for the 2009-11 biennium is \$2.527 billion which is an increase of 1.6% from the 2007-09 biennium. Since the November 2009 forecast, diesel fuel tax collections came in under forecast for the current fiscal year by \$5.0 million and gasoline tax collections came in under forecast by \$12 million. Overall, the 2009-11 biennium actual gross motor vehicle fuel tax collections came in 5.5% below the November forecast. Motor fuel tax revenue projections are down \$59.9 million from the prior forecast in the current biennium. Motor fuel tax revenues for the 2011–13 biennium are projected to be approximately \$2.597 billion, which is less than the prior forecast by 2.5% or approximately \$67 million. The overall reduction in motor fuel tax revenue for the 16-year period ending in 2025-27 biennium is down \$46 million when compared to the November 2009 revenue forecast.

Trends in gasoline consumption and tax revenue

The February 2010 forecast for gasoline consumption is 2,702 million gallons for FY 2010 which is a 0.5% increase over the FY 2009 consumption level. The February gasoline consumption level for FY 2010 has been reduced 2% over the November gasoline consumption projection. In FY 2011, gasoline consumption is projected to be 1% higher than in FY 2010, which is a 2.9% reduction from the November forecast. Figure 13 shows the forecast to forecast comparison of projected gallons consumed. The year over year percentage change in gasoline consumption between the February 2010 and November 2009 forecasts is between 2-3% until FY 2014. Beginning FY 2015, the difference from the prior forecast declines until by FY 2019, the February 2010 forecast is slightly above the November forecast. Then the difference grows until by FY 2027 the February 2010 forecast is above the last forecast by 2.6%. In FY 2011, gasoline consumption is projected to increase 0.8% over the prior year. For fiscal years, FY 2012-2025, the annual percentage change in gas consumption will range from 0.8% to 1.5% which represents the long-term historical average for growth rates of gasoline consumption seen in the state.

Figure 13 Gasoline Motor Fuel Consumption Comparison
November 2009 forecast vs. September 2009 forecast
millions of gallons



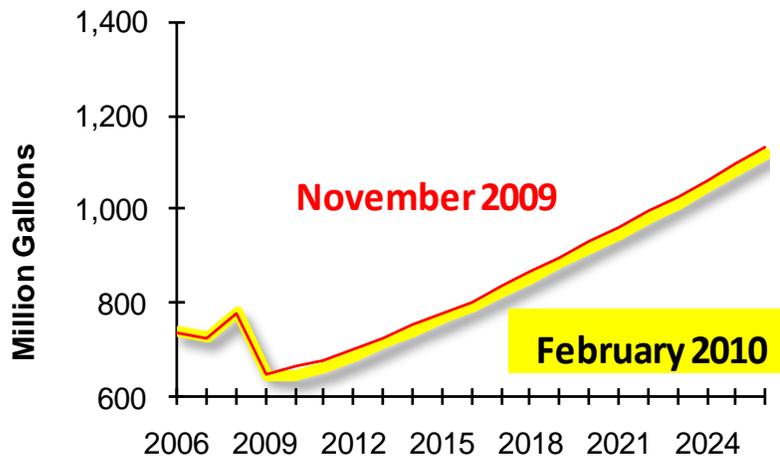
Gasoline tax revenue collections were \$1.975 billion for 2007-09 biennium and are projected to fall \$to be \$2.527 billion in the 2009-11 biennium. This current forecast is projecting a decline of \$59.96 million or 2.3% over the prior forecast. This forecasted drop in gas tax collections is due to continuing weak economy as displayed in the lower fuel tax collections than projected in November.

Trends in diesel consumption and tax revenue

The fiscal year 2009 diesel consumption was 650 million gallons which corresponds to a year over year decline of -16.4%. The February 2010 forecast for diesel consumption is 643 million gallons for FY 2010 which is a 1% decrease over the FY 2009 consumption level. The February diesel consumption level for FY 2010 has been reduced by 3.4% over the November diesel consumption projection. In FY 2011, diesel consumption is projected at 2.6% increase over FY 2010, which is a 2.8% reduction from the prior forecast. In the near term (FY 2012-2014), the annual growth rates have increased slightly from the last forecast due to higher personal income growth in this forecast. Generally, in fiscal years beyond FY 2014, the outer year annual growth rates for diesel consumption are projected to be between 3.3% - 3.7%.

**Figure 14 Diesel Motor Fuel Consumption Comparison
February 2010 forecast vs. November 2009 forecast**

millions of gallons



Diesel tax collections are down \$11.8 million (2.4%) over the November forecast for the 2009-11 biennium for total tax collections of \$490.9 million. This was the result of tax collections coming in less than forecast for the months of November-January. In November, diesel tax collections came in below forecast by \$1.7 million; December actual gross diesel tax collections came in at \$3.2 million below projections; January diesel tax collections came in at \$0.1 million below forecast. Diesel tax revenue is projected to be \$525.05 million in the 2011-13 biennium which is a decrease of \$12.7 million or 2.35% over the prior forecast. In the outer biennia, there is less of a decline from the last forecast of approximately \$8.6 million or -1.5% per biennium of gross diesel tax collections beginning in the 2013-15 biennium and the loss increases to \$15.2 million by the last biennium 2025-27.

Motor fuel tax refunds

Non-highway refunds for gasoline and diesel fuel are accounted for in the motor fuel tax forecast. These refunds reduce net motor fuel tax distributions. The current forecast of non-highway refunds are projected to be down \$1.6 million over the last forecast for gasoline and \$0.7 million for special fuel in the 2009-11 biennium. Beyond the current biennium, non-highway refunds are expected to be down at the most \$3.8 million from the last forecast for each biennia. This reduction reflects recent years' actual non-highway refunds in the projections of motor vehicle fuel consumed.

In recent months, tax collection reports for gasoline tribal refunds have come in above forecast. This is a result of recent changes in tribal compact agreements. The current forecast for tribal refunds is projected to be up over the last forecast in the later part of FY 2010 and the remainder of the forecast period. Gasoline tribal tax refunds are up \$0.6 million over the last forecast in the current biennium. In the next biennium, gasoline tribal tax refunds are up \$1 million over the prior forecast.

Primary reasons for the forecast changes

- Motor fuel tax collections have come in under forecast for the past three months by an average of 5.5% over these three months.
- Retail fuel prices are projected to be down in FY 2010 and throughout the forecast horizon over the November forecast. The reduced fuel prices are expected to help increase gasoline tax collections more than anticipated in prior forecast in the long-term. The fuel price index divided by the implicit price deflator is projected to decline for most of the forecast horizon due to the nearly no change in the growth of inflation over the last forecast relative to the growth in the overall fuel price index since the last forecast.
- Washington's real personal income growth rates in this February forecast have increased slightly in the current fiscal year and in the near term until FY 2013 from the November forecast projections.
- End result is lower gasoline and diesel tax projections in the current biennium and slightly higher growth rates in the long-term due to lower tax collections in recent months and fuel prices and higher Washington real personal income than anticipated.
- Future fuel tax reduction in the 2009-11 biennium is \$59.9 million, primarily due to a decline in tax collections and lower projections in the near term. In the 2011-13 biennium, gasoline and diesel tax projections are each down, approximately \$54 million for gasoline tax collections and a little more than \$12.6 million for diesel tax collections.

Figure 15 Short-term Motor Fuel Tax Forecast – By Month of Collection
February 2010 forecast

millions of dollars

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Gasoline Taxes	\$1,012.5	\$1,024.1	\$2,036.6	\$1,032.3	\$1,040.4	\$2,072.8
Special Fuel Taxes	242.6	248.2	490.8	257.3	267.8	525.0
Total Fuel Revenue	\$1,255.1	\$1,272.3	\$2,527.4	\$1,289.6	\$1,308.2	\$2,597.8
% Change from Prior Fcst	%	%	-2.3%	%	%	-2.5%

Motor Vehicle Revenue (Licenses, Permits and Fees)

The 2007-09 biennium licenses, permits and fees (LPF) collections were \$896 million which is higher than the current projections for total LPF revenue in the 2009-11 biennium at \$883 million. The forecast for Motor Vehicle Revenue from licenses, permits, and fees is down from the November estimate of \$885 million. The February 2010 estimate for 2009-11 is down \$2.1 million (-0.24%) from the prior forecast. In the upcoming 2011-13 biennium, revenue projections are up \$2.8 million (0.34%) from the prior forecast. The primary reasons for the slightly lower forecast is that actual passenger and truck registrations are coming in slightly lower than forecast in the last forecast. Keep in mind that the difference between this forecast and the last forecast are quite small: this forecast calls for only 2,000 passenger cars less than November's forecast and less than 1,000 fewer trucks.

Trends in vehicle registrations

In the current biennium and beyond, this forecast assumes year to year growth rates for 2010 which are essentially flat at -0.34% for passenger cars and -0.23% for trucks. This forecast, as well as the previous two forecasts, assumes a U shaped recovery from the current recession. In FY 2011, the growth in passenger vehicles is forecasted at 2.26% and truck growth is forecasted to be 1.69%. In FY 2012 and 2013, vehicle forecasts reflect the growth of personal income, while in 2014 and beyond, the forecast growth rates mirror population growth. The long-term population growth rates have not changed from the last forecast. The February 2010 forecast for passenger car and truck registrations is down less than 0.05% for FY 2010 and is 0.1% above the last forecast for FY 2011.

Figure 16 Passenger Car Comparison
February 2010 forecast vs. November 2009 forecast
millions of vehicles

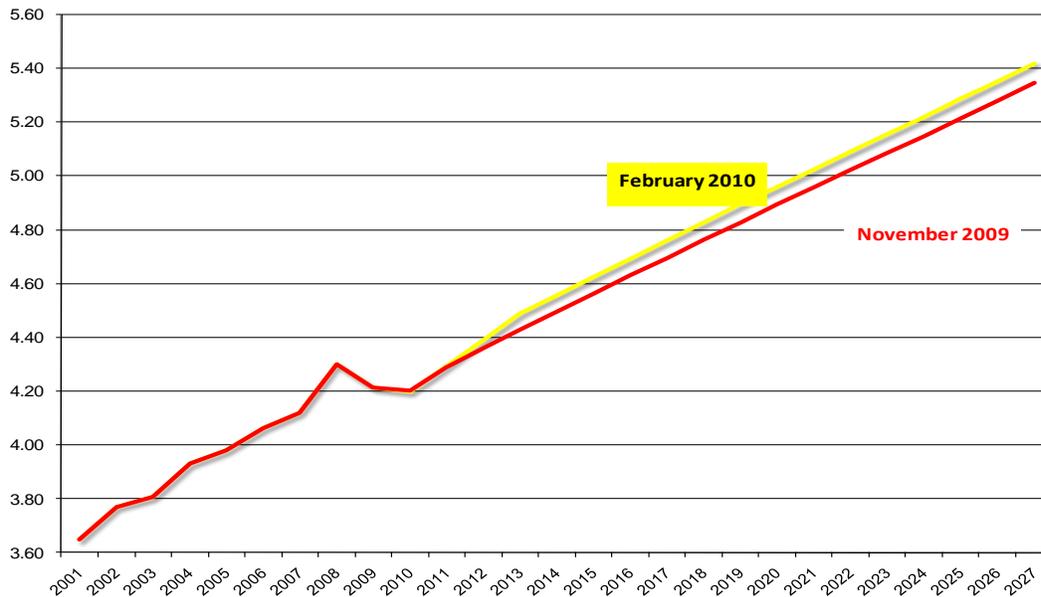
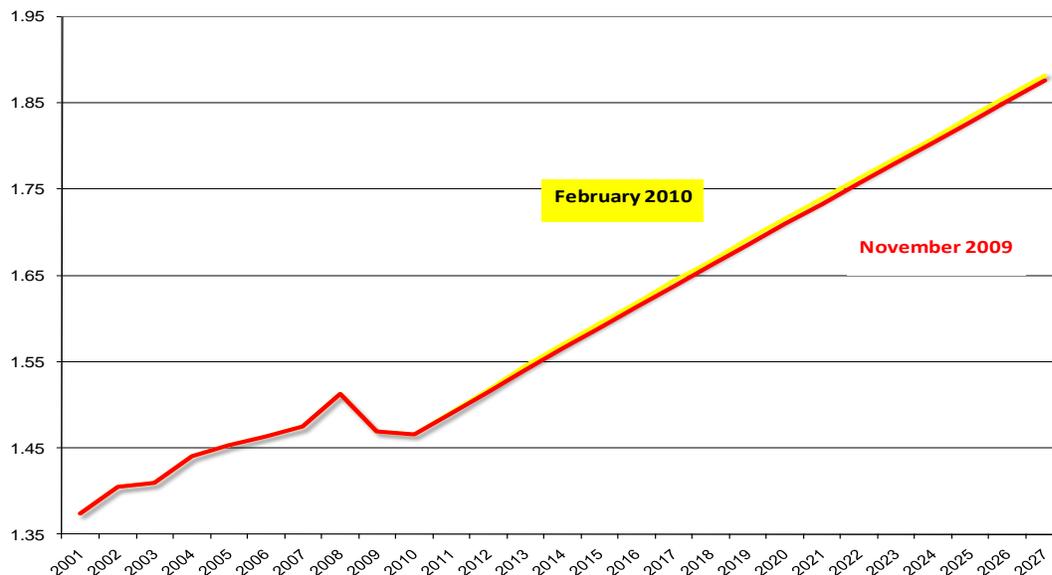


Figure 17 Truck Comparison
February 2010 forecast vs. November 2009 forecast
millions of vehicles



Trends in LPF revenue

The LPF 2007-09 biennium revenues came in at \$896 million which is slightly above the February 2010 projection for the 2009-11 biennium at \$883 million. The current 2009-11 biennium LPF forecast has been decreased for vehicles paying the \$30 basic fee by almost \$237 thousand (-0.08%) and decreased for combined license fee vehicles (trucks) by \$868 thousand (-0.25%) from the last forecast. Total LPF revenues are down \$2.1 million for the current biennium. LPF revenues are up by \$2.8 million in the 2011-13 biennium, growing by \$1 to \$2 million in the outer biennia of the forecast horizon. In the early years of the forecast, revenue growth is governed by higher personal income predicted in 2013 and 2014.

Passenger vehicle registration revenue is up in the out-biennia by \$1 to \$2 million (1.0%) over the prior forecast due to higher rates of personal income growth incorporated in the short-term. Combined license

fee (CLF) vehicle revenues take a little longer to increase. Trucks continue down in the next biennium by \$250 thousand, break even in the 2013-2015, and then increase over the previous forecast by about \$30,000 in each biennium.

Passenger Vehicle Weight Fees and Vehicle Inspection fees are the only other item that will have significant growth over the previous forecast. These changes are related to higher passenger car registrations.

The Plate Reflectivity and Plate Replacement February 2010 revenue projection for the 2009-11 biennium is \$35 million, which is 9.8% below the 2007-09 biennium revenues of \$38.9 million. The current 2009-11 biennium forecast has decreased for plate reflectivity fees by \$187 thousand (-1.91%) and decreased for plate replacement fees by \$162 thousand (-0.63%). These plate related revenues are up by \$470 thousand (1.18%) in the 2011-13 biennium over the previous forecast. These changes are related to lower motor vehicle registrations and the recessionary economy.

Primary reasons for the forecast changes

- Actual vehicle registrations were down slightly over previous projections leading to revisions in tax revenues.
- The Economic and Revenue Forecast Council projection of Washington personal income is higher, which increases the passenger car and truck registration forecasts in the near term which increases the revenue forecast.
- The passenger vehicle weight fees are up in conjunction with the increased passenger car \$30 basic registrations.

**Figure 18 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees)
February 2010 forecast**
millions of dollars

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Basic \$30 License Fee	\$140.7	\$143.8	\$284.5	\$147.8	\$150.9	\$298.7
Combined License Fee	168.5	171.3	339.8	174.4	177.5	351.9
All Other Fees	126.9	131.7	258.6	135.1	139.2	274.2
Total LPF Revenue	\$436.1	\$446.8	\$882.9	\$457.3	\$467.6	\$924.8
% Change from Prior Fcst			-0.24%			0.3%

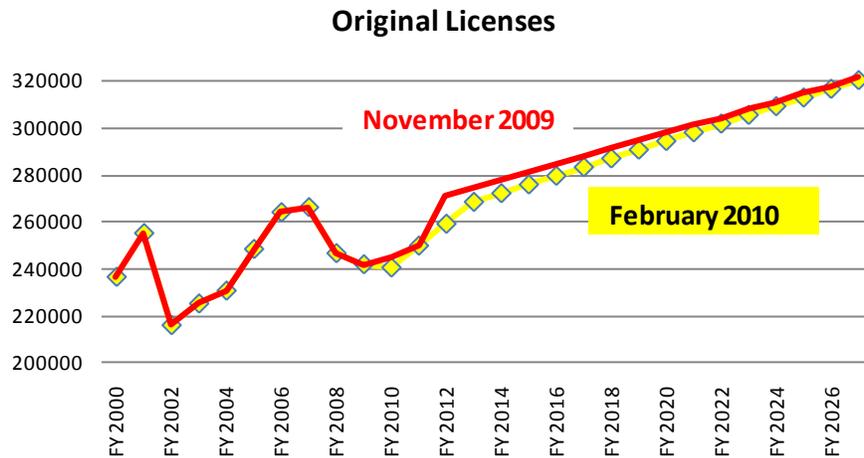
Driver Related Revenue Forecasts

The February 2010 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include vehicle filing fees, 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 (ILRA). All driver-related revenue totaled \$195.8 million in the FY2009-11 biennium, an \$8.9 million (4.8%) increase from FY07-09 but -0.26% from prior forecast. In the FY2011-13 biennium, the February 2010 forecast of driver related revenue is \$200.3 million, an increase of 2.3% from prior biennium but -1.6% from prior forecast.

It is important to note that most of the driver related revenue streams follow a five-year renewal cycle. Therefore, caution is advised in year over year comparisons.

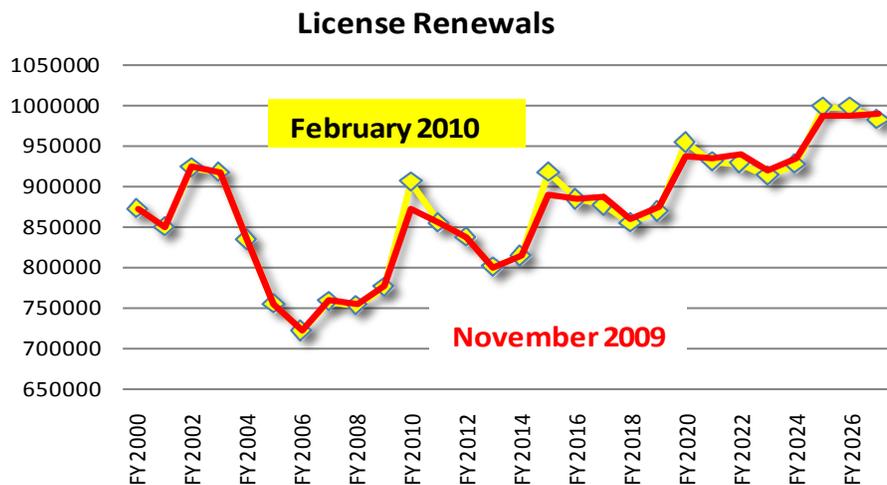
Trends in Driver's Licenses and Abstracts of Driver Records

Figure 19 Driver License Originals Feb.2010 v. November 2009



Forecast of **original driver licenses** for FY10 is revised lower by -1.7% from prior forecast due to less than expected actual revenue in recent months. FY10 is projected to end -0.6% lower than FY09. FY11-FY13 is projected to grow above 3% each year, and return to a more gradual growth of 1+% from FY14 forward. A major change in this forecast is a -4.5% forecast to forecast revision for FY12 as we expect a more gradual return to pre-recession levels.

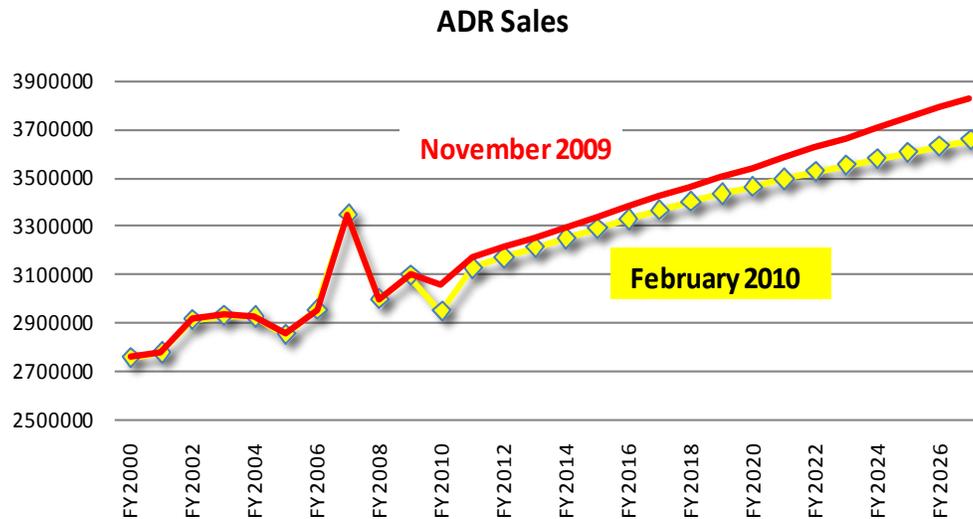
Figure 20 Driver License Renewals Feb.2010 v. November 2009



FY 2010 **driver license renewal** volume is 3.8% higher than anticipated in prior forecast. Other than the echoing effect (in a five year cycle), the remaining years are little changed from prior forecast.

Sales of **Abstracts of Driver Record (ADR)** have come in lower than expected since November 09 forecast. FY 2010 is revised -3.6% lower from prior forecast, which represents a -4.8% drop from FY09. However, FY12 is projected to grow 6% in part due to anticipated recovery in auto sales. The forecast to forecast change from FY12 and beyond is the result of applying a more conservative population growth rate (aged 16-75 vs. 16+), especially in the more distant years.

Figure 21 Sales of Abstract of Driver Records (ADR) Feb.2010 v. November 2009



Trends in Driver Related Revenue

Highway Safety Fund

The largest source of revenue in the Highway Safety Fund is driver license fees. This February projection of driver license fees for the FY2009-11 biennium is up \$0.97 million (0.8%) from the November forecast. For the 2011-13 biennium, driver license fee revenue is projected to be down by -\$2.3 million (-1.8%) over the November forecast. The primary reason for the revenue change is due to higher than expected renewals in FY10 (during recession, people tend to stay put, resulting in higher renewals and fewer originals) but a more gradual return to pre-recession levels in original driver license issuances.

Revenue from the copies of record fee is projected to be \$32.5 million in the current biennium, down -\$0.7 million (-2.1%) from the November forecast. In the FY2011-13 biennium, it is projected to be \$33.9 million, a year over year growth of 5%, but -\$0.4 million or -1.3% lower than the prior forecast. In subsequent biennia, the copies of record fees are projected to be about -1.5% in near term up to -4% in outer years from the November forecast. The primary reason for the change in out years is due to applying a slower population (aged 16-75) growth rate, compared to November's growth rate for population age 16+.

Other changes in the February projections of the Highway Safety Fund revenue are due to lower than expected misc. revenue collections: less filing fee volume following closure of Highway Licensing Building office, lower penalty fees, and lower driving school instructor license issuances.

State Patrol Highway Account

The State Patrol Highway Account receives \$5 of each sale of ADR. In the FY09-11 biennium, the SPHA account is projected to receive \$30 million, which is a decrease of -\$0.75 million (-2.4%) over the prior forecast. In the 2011-13 biennium, revenue is projected to be \$31.9 million, a 5% year over year growth but a reduction of -\$0.4 million (-1.3%) over the November forecast. The SPHA receives about \$2 million less per biennium than Highway Safety Fund (HSF) as HSF also gets program operation related fees such as driver record monitoring fee.

Motorcycle Safety Education Account Trends

The Motorcycle Safety Education Account (MSEA) receives revenue from the following sources: motorcycle license endorsements, motorcycle instruction permits and motorcycle examination fees. The

motorcycle safety education account revenue for the current biennium is revised higher by \$81,000 (2%) from November forecast due to higher than expected renewals. In the FY2011-2013 biennium, this revenue is expected to be -0.9% lower than prior forecast, following a lower original driver license forecast. .

Primary reasons for the forecast changes

- Highway Safety Fund Revenue change in the current biennium is due to higher than expected driver license renewals. The change in FY11-13 is driven by a less optimistic (or more protracted) outlook for returning to pre-recession activity levels.
- State Patrol Highway revenue changed for FY10-11 by -\$0.75 million over the last forecast. The revenue change was due to lower than expected actual, likely the result of sluggish auto sales.
- Revenue in the Motorcycle Safety Education account for FY10-11 is up by \$81,000 (2.5%) over the last forecast. The reason for the change was due to higher than expected renewals.

Figure 22 Short-term Driver Related Revenue Forecasts
February 2010 forecast
(millions of dollars)

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Total Highway Safety Fund	\$ 79.4	\$ 80.1	\$ 159.5	\$ 81.0	\$ 81.3	\$ 162.3
Drivers License Fees	\$ 61.5	\$ 61.4	\$ 122.9	\$ 8.0	\$ 62.0	\$ 124.0
Copies of Record Fees	\$ 15.8	\$ 16.6	\$ 32.4	\$ 16.9	\$ 17.1	\$ 34.0
Other smaller misc. Fees	\$ 2.1	\$ 2.1	\$ 4.2	\$ 2.2	\$ 2.2	\$ 4.3
Total Motorcycle Safety Education Account	\$ 2.0	\$ 2.0	\$ 4.0	\$ 2.1	\$ 2.3	\$ 4.4
Total State Patrol Account	\$ 14.7	\$ 15.6	\$ 30.4	\$ 15.9	\$ 16.1	\$ 32.0
Total Ignition Interlock Device Revolving Account	\$ 0.9	\$ 0.8	\$ 1.8	\$ 0.8	\$ 0.8	\$ 1.7
Total Driver Related Revenue	\$ 97.2	\$ 98.6	\$ 195.8	\$ 99.9	\$ 100.5	\$ 200.3
% Change from Prior Fcst			-0.26%			-1.60%

Other Transportation Related Revenue Forecast

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

Vehicle Sales and Use Tax

The forecast of consumer spending on new US light vehicles is \$157 billion for FY 2009 and this represents a decline of 28% from the FY 2008 sales level. This February 2010 forecast of consumer spending on new US light vehicles for FY 2010 is expected to increase to \$171 billion which is a 10% annual growth. This February 2010 forecast of US spending on light vehicles has increased from the prior forecast by 7%. In FY 2011, the growth in consumer spending on light vehicles is projected to be 23% which is up from the prior forecast, of 18%. In FY 2012, the growth in the US light vehicle sales is projected to increase by 19% which is an increase from 14% in the prior forecast.

The actual vehicle sales and use tax collections in the 2007–09 biennium was \$62.7 million, and the sales and use tax collections in the 2009-11 biennium is projected to decrease to \$58.3 million by 7%, over the prior biennium. The February 2010 forecast is up by \$0.08 million above the November 2009 forecast for the 2009-11 biennium. In the 2011-13 biennium, the sales and use tax collections are projected to be up by \$0.5 million or 0.76% over the past forecast. Revenues in the remaining forecast horizon are also projected to be up by 1% each biennia.

Rental Car Sales Tax

The forecast for rental car sales was \$46.97 million for the 2007-09 biennium and the revenue source is expected to decrease to \$43.8 million in the 2009-11 biennium. This corresponds to a biennial decrease of 6.8%. This February 2010 forecast for the 2009-11 biennium projects a decrease of 0.6% or \$0.26 million over the November forecast. In the 2011-13 biennium, the rental car tax is projected to be \$48.7 million which is a decrease of \$0.08 million or 0.17% below the prior forecast. In the 2013-15 biennium, revenues are projected to be \$55.0 million and up \$0.3 million or 0.58% over the prior 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

The February 2010 Motor Vehicle Account business and other revenue tax collections are projected to be \$16.5 million in the 2009-11 biennium. This is essentially a no change forecast from the November forecast. There was a minor adjustment in the property management and other revenue due to updates in the inflation rate which is the basis for the growth in the other years for these forecasts. The DOT business related revenues are projected to be \$14.7 million in the 2011-13 biennium and \$115.7 million over the 16-year planning period.

Aeronautics Taxes and Fees

The aeronautics tax forecast includes both excise and fuel taxes. The aeronautics tax collections were \$5.7 million in the 2007-09 biennium. In this February 2010 forecast, the aircraft registrations, excise and dealers' taxes are essentially not changed from the prior forecast. The aviation fuel tax is the largest component of this aeronautics tax forecast. The projection for the aviation fuel tax collections in the 2009-11 biennium is \$4.63 million, which is 6.88% below the 2007-09 biennium collections of \$4.97 million. The current aviation fuel tax forecast for the 2009-11 biennium is lower than the prior forecast by \$91,500 or 1.94%. In the 2011-13 biennium, the forecast of aviation fuel tax collections is lower than the prior forecast by \$60,700 or 1.26%. The current forecast of aviation fuel taxes does increase over the previous forecast beginning with the 2015-17 biennium and continues to be somewhat higher than the last forecast through the forecast horizon.

Primary reasons for the forecast changes

- Vehicle sales tax revenue increased slightly in the current biennium due to higher projections of US spending on light vehicles than previously anticipated
- Rental car revenue is down in the current biennium due to lower tax collections than anticipated.
- Aeronautics revenue is down in the current biennium due to a lower forecast of aviation transfer gallons for FY 2010 and lower forecast of aviation gallons in the near term (FY 2011-13). The current forecast of motor fuel tax collections is down in FY 2010 and provides the basis for lower transfers to the aeronautics account

**Figure 23 Short-term Other Transportation Related Revenue
February 2010 forecast**

millions of dollars

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Rental Car Sales Tax	\$21.8	\$22.0	\$43.8	\$23.5	\$25.1	\$48.7
Vehicle Sales & Use Tax	27.6	30.7	58.3	33.7	35.8	69.5
Business/Other Rev	7.0	9.9	16.9	7.3	7.3	14.6
Aeronautics Taxes/Fees	2.6	2.7	5.3	2.7	2.7	5.4
Total Other Transportation Related Revenue	\$59.0	\$65.3	\$124.3	\$67.2	\$70.9	\$138.1
% Change from Prior Fcst			0.08%			0.15%

Ferry Revenue

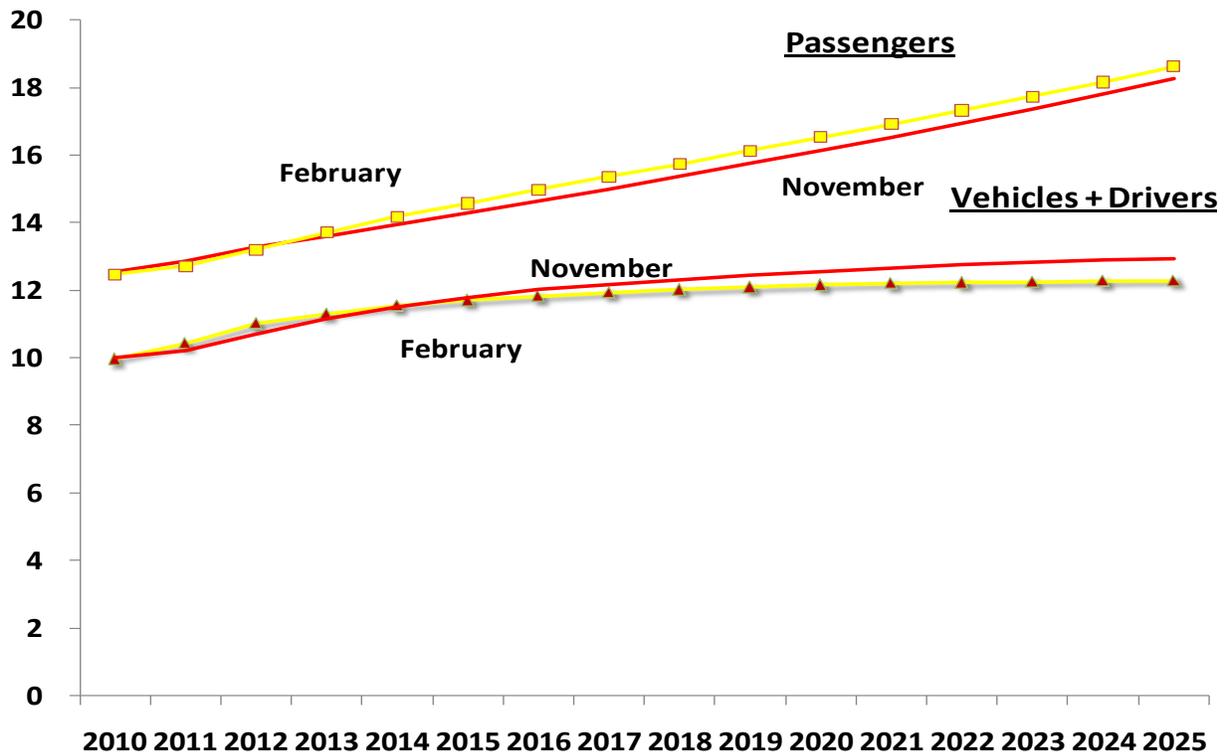
Trends in Ferry Ridership

FY 2009 passenger ferry ridership hit 12,572,700 which was a decline of 2.5% from the FY 2008 ridership level. Based on Scenario 1 which assumes no fare increases, the February 2010 Washington State Ferries passenger ridership demand forecast for FY 2010 is projected to be 12,468,900 which is a decline of 0.8% year over year. This current FY 2010 passenger ridership forecast is lower by 0.6% from the prior forecast. For FY 2011, ferry passenger ridership is expected to be higher by 2.0% year over year, which is a 1.0% decline from the prior forecast. Also in FY 2012, ferry passenger ridership is expected to be up by 3.8% but lower than the prior forecast by 0.6% year over year. For the remainder of the forecast horizon, passenger ridership is revised upward from the last forecast from 0.8% initially in FY 2013 to as much as 2.4% higher from the prior forecast.

Vehicle/driver ridership was 9,904,800 in FY 2009 which was a decline of 4.7% from the FY 2008 ridership level. Based on Scenario 1 which assumes no fare increases, the current vehicle/driver ridership forecast for FY 2010 is projected to be 9,987,500, which is an increase of 0.8% year over year. This current FY 2010 vehicle driver ridership forecast is projected to be 0.2% higher than the prior forecast. In FY 2011, vehicle/driver ridership is anticipated to grow by 2.1% on an annual basis and this is lower by 2.2% from the prior forecast. In FY 2012, this February 2010 forecast for vehicle/driver ridership is revised downward from the November forecast by 2.9% and downward again in FY 2013 by 1.4%. In FY 2014, the vehicle/driver ridership is relatively flat. Over the remainder of the forecast horizon, the vehicle/driver ridership starts growing faster than anticipated in the November forecast. Total ridership is projected at 22,456,000 in the current fiscal year. This is a 0.3% decline in fiscal years 2010 and -1.5% in 2011 and -1.6% in 2012 over the prior forecast. Then in fiscal years 2014 – 2027, the forecast is projected to be up each year from the last forecast by a range of 0.9% in FY 2014 to 3.2% in FY 2027.

**Figure 24 Comparison of Ferry Passenger and Vehicle Ridership:
February 2010 and November 2009 Forecasts**

millions



Trends in Ferry Revenue

In this February 2010 ferry forecast, the baseline ferry fare forecast will be a no new fare increase scenario (Scenario 1). For the 2007-09 biennium, ferry farebox and miscellaneous revenue was \$300 million and total fare revenue is anticipated to grow 0.2% over last biennium to \$293.5 million in the 2009-11 biennium. The projected revenues for the current biennium are lower by 0.5% or \$1.57 million over the November forecast. In the 2011-13 biennium, revenues are projected to be lower by \$4.14 million compared with November due to continuing effects of the recession and lower employment. Then in all remaining biennia, this current forecast is higher than the last forecast. In the 2013-15 and 2015-17 biennia, total ferry revenue is projected to be higher by approximately \$1.77 million and \$5.54 million respectively. In the 2017-19 biennium total ferry revenue is \$366.7 million and in all subsequent biennia, total ferry revenue is higher starting at \$376.6 million and increasing to \$392.8 million by the 2025-27 biennium.

In the 2009-11 biennium and all subsequent biennia, miscellaneous ferry revenue is projected to be up by at least 13% each biennia. The current terminal revenue projection increased due primarily to higher advertising revenue than expected in November due to changes in the WSF administration of the advertising contracts and the impacts from prior advertising plans. This contributed to the terminal revenue component of the miscellaneous ferry revenue which increased by 15% in the current and future biennium over the last forecast.

The other component of the miscellaneous ferry revenue that increased was the vessel non-fare revenue by 11.2% in the current biennium over the last forecast. The reason for this increase was because of the re-opening of the galley on Port Townsend ferry route, effective at the beginning of FY 2012 and continuing through the forecast horizon.

Primary reasons for the forecast changes

- The primary reason for the change in ridership in the current biennium was due to lower employment in the near term and continuing effects of the recession and weak economy on commuter ferry ridership
- In the current biennium, ferry farebox revenue is lower by \$2.5 million than the last forecast due to the same reasons as ridership, though revenue for FY 2010 to-date is slightly ahead of the November forecast
- Ferry miscellaneous revenue is up from the last forecast due to an improved outlook for advertising revenue and the re-opening of the galley on Port Townsend ferry route
- In the current biennium, the primary causes of the change in total ferry revenue over the last forecast are the combined effects of the items noted above

**Figure 25 Short-term Ferry Revenue
February 2010 forecast**

millions of dollars

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Farebox Revenue	\$145.2	\$148.3	\$293.5	\$154.5	\$160.1	\$314.6
WSF Misc. Revenue	3.5	3.8	7.3	3.9	4.1	8.1
Total Ferry Revenue	\$148.7	\$152.1	\$300.8	\$158.4	\$164.3	\$322.7
% Change from Prior Fcst			-0.5%			-1.3%

Toll Revenue

In the February 2010 forecast, total toll revenue is projected at \$46.65 million with the biggest difference being a decrease in toll revenue projections of \$0.36 million from the last forecast. In the toll revenue baseline forecast, no new future toll rate increases are included so toll rates are assumed to remain at \$4.00 for cash and \$2.75 for electronic toll collection (ETC). Toll collection for the Tacoma Narrows Bridge began on July 16, 2007. From July 16, 2007 to June 30, 2008, the tolls were \$1.75/ETC per 2-axle vehicle and \$3.00/cash per 2-axle vehicle with per axle proportional tolls for multi-axle vehicles. Discounted rates apply for multi-axle vehicles with ETC. Toll rates for FY09 and all future fiscal years are \$2.75/ETC per 2-axle vehicle and \$4.00/cash per 2-axle vehicle.

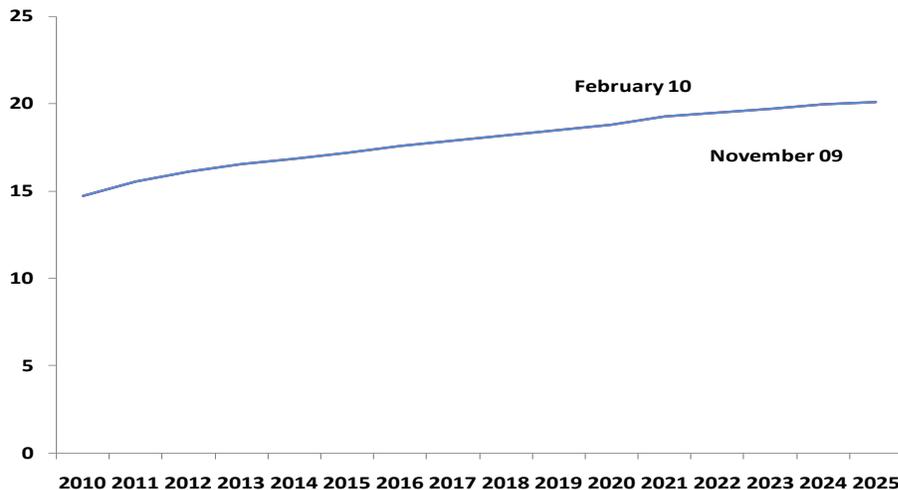
The SR 167 HOT lanes revenue forecast reflects actual toll collections starting May 2008 through December 2009. Toll rates are set to maximize traffic flow while managing demands to maintain acceptable operating speed on the HOT lanes. Toll revenue derived from the traffic forecast is based on a toll rate algorithm.

Fines and fees include violation penalties (for TNB only) and Customer Service Center administration fees. Sales include revenues from the sales of transformers and disabling shields. FY10 and beyond growth is based on annual traffic growth. Administration fees are assumed to remain flat.

Trends in Tacoma Narrows Bridge traffic and toll revenue

The Tacoma Narrows Bridge (TNB) average daily traffic grew minimally in FY 2009 by 0.2% to 13.91 million from FY 2008. In FY 2010, this February 2010 forecast of traffic volume is projected at 14.63 million which is an increase over the FY 2009 traffic volume year over year by 5.1% and this growth rate is a decrease from the prior forecast by 0.7%. In FY 2011, traffic volume is expected to increase to 15.5 million which is a year over year growth rate of 6.1% which does not represent a change from the prior forecast. Traffic growth in FY 2012 is projected to be 16.1 million which is a year over year growth rate of 3.7% and no revision to the prior forecast. In the remaining fiscal years, the TNB traffic volume remains the same as it was in the prior forecast.

Figure 26 Comparison of TNB Traffic Volume: February 2010 and November 2009 Forecasts



Total TNB toll revenue for the 2007-09 biennium was \$73.98 million and the 2009-11 biennium forecast is projected to be \$94.4 million which is an increase of \$20.42 million or 27.6% over the last biennium. In the 2011-13 biennium, this February 2010 forecast of toll revenue is projected at \$101.1 million which represents no change from the November forecast. All future biennia beyond 2011-13 represent no change in the revenue forecast from the November forecast.

Fines and fees violations revenue for the 2007-09 biennium was \$1.06 million and is projected to increase to \$1.42 million in the 2009-11 biennium which is a decrease of 0.35% over the prior forecast. In the 2011-13 biennium, violation fines and fees are projected to be \$1.55 million which is also an increase by \$0.025 million over the November forecast. Sales revenue of transponders and shield sales was \$1.4 million in the 2007-09 biennium and these sales are projected to decrease to \$1.33 million in the 2009-11 biennium. This is a decrease of \$0.10 million or 7.52% from the prior forecast. Total revenue on the Tacoma Narrows Bridge is projected to be \$97.34 million in the 2009-11 biennium which is an decrease of \$0.49 million or 0.50% over the prior forecast. In the 2011-13 biennium, total TNB revenue is projected to be \$104.3 million which is an decrease of \$0.1 million over the prior forecast.

Trends in SR 167 High Occupancy Toll Lanes Traffic and Revenue

The traffic volume on the SR 167 HOT lanes was 0.39 million vehicles in FY09. Traffic volume in FY 2010 is expected to increase to 0.51 million which represents a 30.7% growth year over year from FY 2009. The FY 2010 traffic growth rate in this current forecast is 1.2% down over the prior forecast. In FY 2011,

traffic volume is projected to be 0.69 million which corresponds to a year over year growth rate of 35.8%. This is a decline of 1% over the prior forecast. In FY12, traffic volume is projected to be 0.76 million which is 10.7% higher than FY11 traffic volume and a decrease from the past forecast by 1.1%. Revenue from HOT lanes' tolls, sales and fees in FY 2009 was \$0.51 million and total HOT lanes total revenue is projected at \$1.44 million in the 2009-11 biennium which is an increase of 4.53% from the November forecast. Toll revenue from HOT lanes is up, \$1.25 million which is an increase of 6.27% but transponder and shield sales are down, \$0.01 million which is a decrease of 6.52% from the prior forecast.

Trends in Total Toll Revenue

Total revenue (toll, fines and fees and transponder revenue) was \$76.9 million in the 2007-09 biennium and is projected to increase to \$98.8 million in the 2009-11 biennium which is a decrease of \$0.42 million over the prior forecast. In the 2011-13 biennium, the total revenue is projected to be \$105.3 million which is a decline of \$0.005 over the November forecast.

Primary reasons for the forecast changes

- The primary drivers of the total toll revenues in this current forecast are fuel price, personal income, and employment. There are minor changes in the primary drivers in the near-term that affected this current forecast.
- In the current biennium, the TNB traffic volume has been reduced slightly to reflect lower traffic volume in recent months than anticipated in the November forecast.
- In the current biennium, TNB toll revenue is down slightly from the last forecast due to lower toll collections than anticipated in the prior forecast

Figure 27 Short-term Toll Facility Revenue
February 2010 forecast
millions of dollars

	FY 2010	FY 2011	2009-11 Biennium	FY 2012	FY 2013	2011-13 Biennium
Tacoma Narrows Bridge						
Toll Revenue	\$ 46.17	\$ 48.23	\$ 94.39	\$ 49.91	\$ 51.17	\$ 101.09
Fines and Fees	\$ 0.79	\$ 0.84	\$ 1.63	\$ 0.86	\$ 0.89	\$ 1.75
Sales	\$ 0.64	\$ 0.69	\$ 1.33	\$ 0.71	\$ 0.73	\$ 1.45
SR 167 HOT Lane						
Toll Revenue	\$ 0.48	\$ 0.77	\$ 1.25	\$ 0.91	-	\$ 0.91
Fines and Fees	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	-	\$ 0.00
Sales	\$ 0.08	\$ 0.10	\$ 0.18	\$ 0.09	-	\$ 0.09
Total Toll Facility Revenue						
Total	\$ 48.32	\$ 50.63	\$ 98.95	\$ 52.49	\$ 52.78	\$ 105.27
% Change from Prior Fcst			-0.4%			0.0%

Federal Funds

The February 2010 forecast for Washington's apportionment of Federal Highway Trust Fund receipts includes the December 11, 2008, apportionment notices for federal fiscal year (FFY) 2009 and the March 25, 2009 Obligation Authority notice for federal fiscal year (FFY) 2009. The November forecast of Washington's SAFETEA-LUE rescission amount has incorporated public law 110-224 enacted in 2008 which increased the national rescission amount to \$8.705 billion and the recently passed FY09 Omnibus Budget which added a new rescission of \$54 million for Washington. Washington's portion of the \$8.705 billion rescission is \$148 million from a recently released FHWA notice dated August 31, 2009. This revised rescission amount is \$32 million less than was forecasted in prior forecasts.

The new addition to the federal funds forecast for February for FFY 2010 is including the impacts from recent federal continuing resolutions for FFY 2010. The February federal funds forecast is based on continuing resolution notice N4510.715 dated November 13, 2009. The FFY 2010 obligation authority is based on Public Law (111-68, as amended by public law 111-88) which gives the estimated distribution of Formula Obligation Limitation based on 79-day continuing resolution. This continuing resolution extends the surface transportation programs under SAFETEA-LU through December 18, 2009. Funding

levels under this current continuing resolution are based on states' post rescission funding levels for FFY 2009. This forecast for FFY 2010 assumes that the federal government will continue this funding level to states all throughout the remaining months of FFY 2010. This FFY 2010 funding level for Washington state is 32.6% below pre-rescission levels for FFY 2009. This funding level is consistent with the assumptions made in the November 2009 forecast. This forecast of federal funds is the lowest level at any time during SAFETEA-LU. In FFY 2011 and beyond, the federal funds forecast is not changed from the September forecast. FFY 2011 and beyond funding levels are set at set at 80% of the FFY 2009 pre-rescinded level and annual grow rates of 1.5% and falling to 1%. In the forecast horizon, obligation authority is estimated at 90% of total apportionment. The program structure for FFY 2010 – FFY 2025 will remain the same as under SAFETEA-LU until a new surface transportation package is passed.

Figure 28 Washington's portion of Federal Highway Funds by Federal Fiscal Year
February 2010 forecast
millions of dollars

	FFY 2009	FFY 2010	FF 2011	FY 2012
WA Statewide Apportionment of FHWA Programs	453	439	538	545
Obligation Authority	608	606	484	490

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Motor Fuel Tax Revenue Forecast

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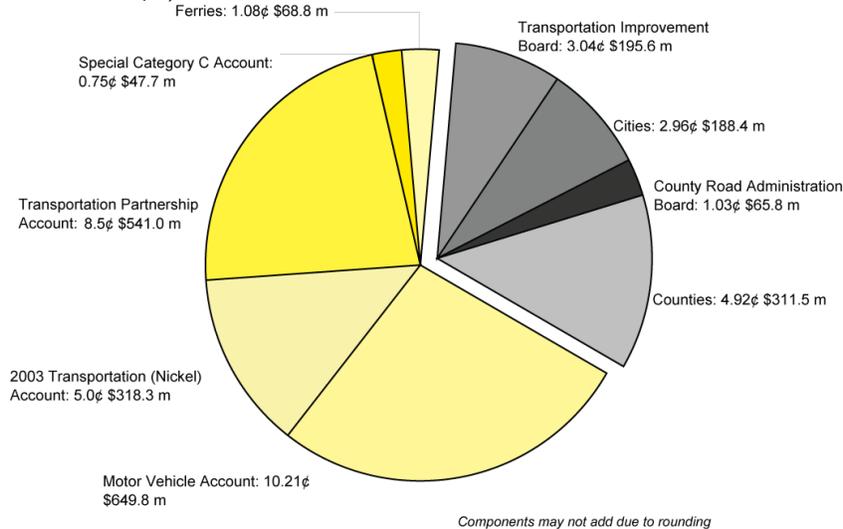
Appendix

Graphs and Tables Related to the February 2010 Forecast
Including distribution of revenues to the major accounts

Motor Fuel Tax Revenue for Distribution

The pie chart below shows the statutory distribution of funds to the various jurisdictions based on the November 2009 fuel tax revenue forecast for the 2009-2011 biennium.

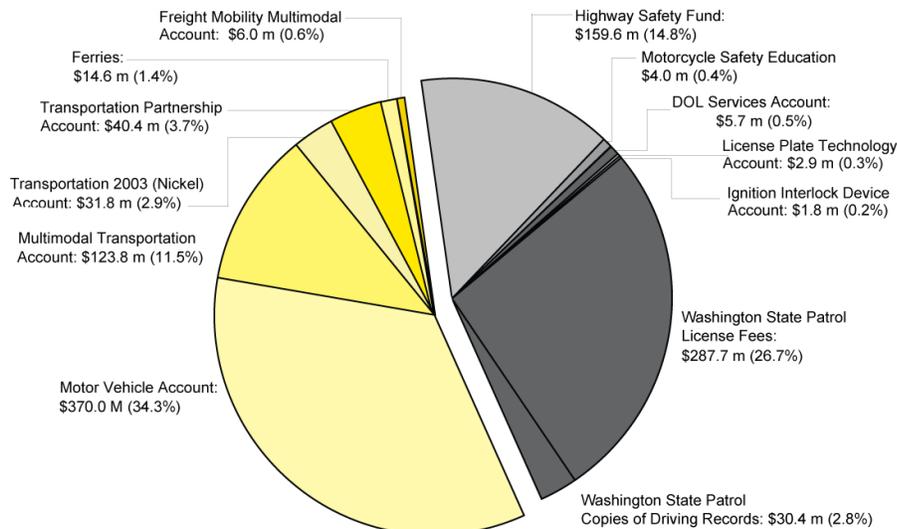
Figure 29 Fuel Tax Revenue for Statutory Distribution
2009–11 • \$2,386.9 million



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

The pie chart below shows the statutory distribution of funds to the various jurisdictions based on the November 2009 Licenses, Permits and Fees revenue forecast for the 2009-2011 biennium.

Figure 30 License Permits and Fees Revenue for Statutory Distribution
2009–11 \$1,078.7 million



Impact to Transportation Accounts

Motor Vehicle Account Revenue Forecast and Distributions

Many of the forecasted revenues are deposited into the Motor Vehicle Account—the largest transportation account. Initially all fuel tax revenues and all business-related revenues are deposited into this account. Net revenues that remain after statutory distributions are subject to 18th Amendment restrictions.

Figure 31 Motor Vehicle Account Revenue <i>dollars in millions</i>	2009-11		2011-13		16-Year Period (2011-2027)	
	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from
	Feb 10	Nov 09	Feb 10	Nov 09	Feb 10	Nov 09
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	2,527	(60.0)	2,598	(67.0)	23,449	620.1
Licenses, Permits, & Fees	369	(1.0)	386	1.0	3,396	3.6
Business-Related Revenue	16	0.0	15	0.0	116	0.0
Total	2,913	(61.0)	2,998	(66.0)	26,961	623.7
Distribution						
Refunds-Regular	121	(2.2)	130	(3.3)	1,228	(7.9)
Fuel Tax Distributions for Local Uses ¹	744	(17.1)	763	(20.1)	6,870	(12.8)
Fuel Tax Distributions for State Uses ²	986	(22.7)	1,011	(26.8)	9,099	(17.2)
Total	1,851	(41.9)	1,903	(50.2)	17,198	(37.9)
Net Revenue	1,062	(19.1)	1,095	(15.8)	9,763	661.6

Components may not add due to rounding.

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

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

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

Transportation 2003 (Nickel) Account Revenue Forecast

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

Figure 32 Transportation 2003 (Nickel) Account <i>dollars in millions</i>	2009-11		2011-13		16-Year Period (2011-2027)	
	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from
	Feb 10	Nov 09	Feb 10	Nov 09	Feb 10	Nov 09
Revenue						
5¢ Gas Tax	318	(7.3)	326	(8.7)	2,936	(5.6)
Licenses, Permits and Fees	32	(0.1)	34	(0.0)	298	(0.3)
Total	350	(7.4)	360	(8.7)	3,234	(5.9)

Components may not add due to rounding.

Transportation Partnership Account Revenue Forecast

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

Figure 33 Transportation Partnership Account <i>dollars in millions</i>	2009-11		2011-13		16-Year Period (2011-2027)	
	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from
	Feb 10	Nov 09	Feb 10	Nov 09	Feb 10	Nov 09
Revenue						
5¢ Gas Tax	541	(12.4)	555	(14.7)	4,992	(9.5)
Licenses, Permits and Fees	40	(0.1)	42	(0.0)	375	(0.0)
Total	581	(12.6)	597	(14.7)	5,366	(9.5)

Components may not add due to rounding.

Washington State Ferry Accounts Revenue Forecast

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

Figure 34 Washington State Ferries Accounts <i>dollars in millions</i>	2009-11		2011-13		16-Year Period (2011-2027)	
	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from
	Feb 10	Nov 09	Feb 10	Nov 09	Feb 10	Nov 09
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	294	(2.5)	315	(5.3)	2,859	56.8
Concessions & Other Revenue	7	0.9	8	1.2	84	17.4
Fuel Tax	44	(1.0)	45	(1.2)	410	(1.2)
Licenses, Permits and Fees	15	(0.0)	15	0.1	136	0.5
Subtotal	360	(2.6)	383	(5.3)	3,489	73.4
Puget Sound Cap. Const. Acct. (099) Fuel Tax	35	(0.8)	36	(0.9)	320	(0.6)
Total	394	(3.4)	419	(6.2)	3,810	72.8

Components may not add due to rounding.

Multimodal Transportation Account Revenue Forecast

Revenues deposited into the Multimodal Transportation Account are not subject to 18th Amendment restrictions and may be used for both highway and non-highway purposes. Tax revenues deposited in the Multimodal Account are from the rental car tax (5.9 percent), sales tax on new and used vehicles (0.3 percent), \$2.00 of a \$3.00 vehicle registration filing fee, vehicle weight fees imposed in 2005 legislation, and other miscellaneous filing fees. Only those motor vehicle filing fees collected by the Department of Licensing and not by county subagents are deposited in the Multimodal Account.

The Office of the Forecast Council prepares the state rental car tax forecast and the vehicle sales tax forecast. The rental car forecast methodology is based on the assumption that the level of vehicle rental is tied to the overall level of economic activity in Washington. An econometric model is used to estimate future rental car tax receipts based upon the forecast of Washington state personal income prepared by the Office of the Forecast Council as well as past seasonal variations in receipts. The sales tax forecast is

also prepared by the Office of the Forecast Council and is based upon an econometric model relating to vehicle sales in Washington.

Figure 35 Multimodal Account <i>dollars in millions</i>	2009-11		2011-13		16-Year Period (2011-2027)	
	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from
	Feb 10	Nov 09	Feb 10	Nov 09	Feb 10	Nov 09
Revenue						
Licenses, Permits and Fees	124	(0.5)	130	0.6	1,157	4.4
Rental Car Tax	44	(0.3)	49	(0.1)	553	3.2
Vehicle Sales Tax	58	0.1	70	0.5	734	6.3
Total	226	(0.6)	248	1.1	2,444	14.0

Components may not add due to rounding.

Aeronautics Account Revenue Forecast

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

The most significant component of the Aeronautics Account is the aircraft fuel tax forecast. This forecast is a function of three factors: the tax rate, the gallons of fuel delivered, and the gallons of fuel refunded. The net gallons delivered are based on the projected change in the total gallons of fuel forecast by the Transportation Revenue Forecast Council.

Figure 36 Aeronautics Account <i>dollars in thousands</i>	2009-11		2011-13		16-Year Period (2011-2027)	
	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from
	Feb 10	Nov 09	Feb 10	Nov 09	Feb 10	Nov 09
Revenue						
Aircraft Dealer License Fees	8	0.0	8	0.0	65	0.0
Aircraft Excise Tax	53	0.0	53	0.0	447	0.0
Aircraft Fuel Tax	4,629	(91.5)	4,751	(60.7)	41,220	649.4
Aircraft Registrations	181	0.0	184	0.0	1,532	0.0
Total	4,871	(91.5)	4,996	(60.7)	43,264	649.4

Components may not add due to rounding.

Toll Revenue Forecast

Currently there are two tolled corridors in Washington, The Tacoma Narrows Bridge and State Route 167 HOT Lanes which has variable tolling rates. Toll collections, transponder sales, violations, and fines and fees are deposited into either the Tacoma Narrows Bridge Account, or the HOT Lanes Operations Account. The SR-167 HOT Lanes is a pilot project, currently set to end in May 2012.

Figure 37 Tolling Accounts <i>dollars in millions</i>	2009-11		2011-13		16-Year Period (2011-2027)	
	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from
	Feb 10	Nov 09	Feb 10	Nov 09	Feb 10	Nov 09
Revenue						
Tacoma Narrows Bridge Account						
Toll Revenues	94	0.4	101	0.0	911	0.0
Transponder Sales	1	0.1	1	0.1	13	0.9
Violations	1	(0.0)	2	(0.0)	14	(0.2)
Fees	0	0.0	0	0.0	2	0.0
Subtotal Tacoma Narrows Bridge	97	0.5	104	0.1	940	0.7
HOT Lanes Operations Account						
Toll Revenues	1	(0.1)	1	(0.1)	n/a	n/a
Transponder Sales	0	0.0	0	(0.0)	n/a	n/a
Fees	0	0.0	0	0.0	n/a	n/a
Subtotal HOT Lanes Operations	1	(0.1)	1	(0.1)	n/a	n/a
Total Tolling Revenues	99	0.5	105	0.1	940	0.7

Components may not add due to rounding.

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

Forecasts of revenues for the Washington State Patrol (WSP), Highway Safety Account and the Motorcycle Safety Education Account are prepared by the Department of Licensing. 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
- Miscellaneous
- Copies of records
- Motorcycle permits and endorsements
- Motor vehicle filing fees

Figure 38 Highway Safety/Motorcycle Safety/WSP <i>dollars in millions</i>	2009-11		Current Biennium 2011-13		16-Year Period (2011-2027)	
	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from
	Feb 10	Nov 09	Feb 10	Nov 09	Feb 10	Nov 09
Revenue						
Highway Safety						
Driver License Fees	123	1.0	124	(2.3)	1,089	(9.3)
Copies of Records	32	(0.7)	34	(0.4)	293	(7.1)
Motor Vehicle Filing Fees	0	0.0	0	0.0	0	0.0
Other and Miscellaneous	4.3	0.2	4	(0.1)	37	(1.9)
Subtotal	160	0.5	162	(2.9)	1,419	(18.3)
Motorcycle Safety Permits/Endorsements	4	0.1	4	(0.0)	41	(0.1)
State Patrol Copies of Records (ADR) / LPF	318	(1.1)	333	0.8	2,973	1.6
Subtotal	322	(1.0)	338	0.8	3,014	1.6
Total	482	(0.5)	500	(2.2)	4,433	(16.7)

Components may not add due to rounding.