

February 2010 Transportation Revenue Forecast

Paula J. Hammond, P.E.
Secretary

David L. Dye, P.E.
Deputy Secretary

Steve Reinmuth
Chief of Staff

Doug Vaughn
Director
Budget & Financial Analysis

Lizbeth Martin-Mahar
Assistant Director
Economic Analysis

Washington State Transportation Commission
March 16, 2010



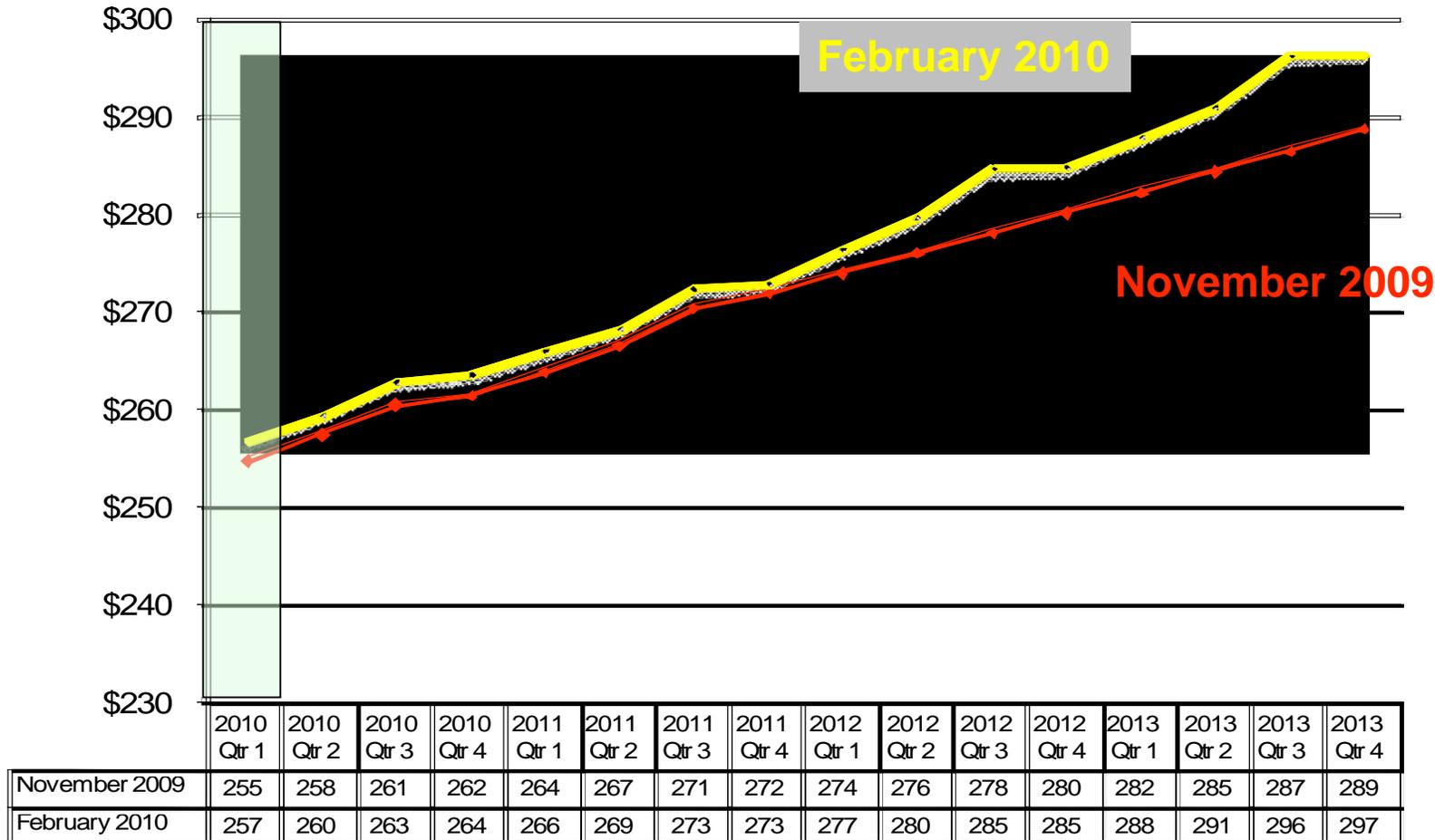
Washington State
Department of Transportation

Key Economic Variables Have Changed Since the November 2009 Forecast

Economic Variables	Short-term Change from November forecast
Washington Personal Income	
Inflation	
Fuel Prices	
Fuel Efficiency	
Population	
Unemployment Rate	

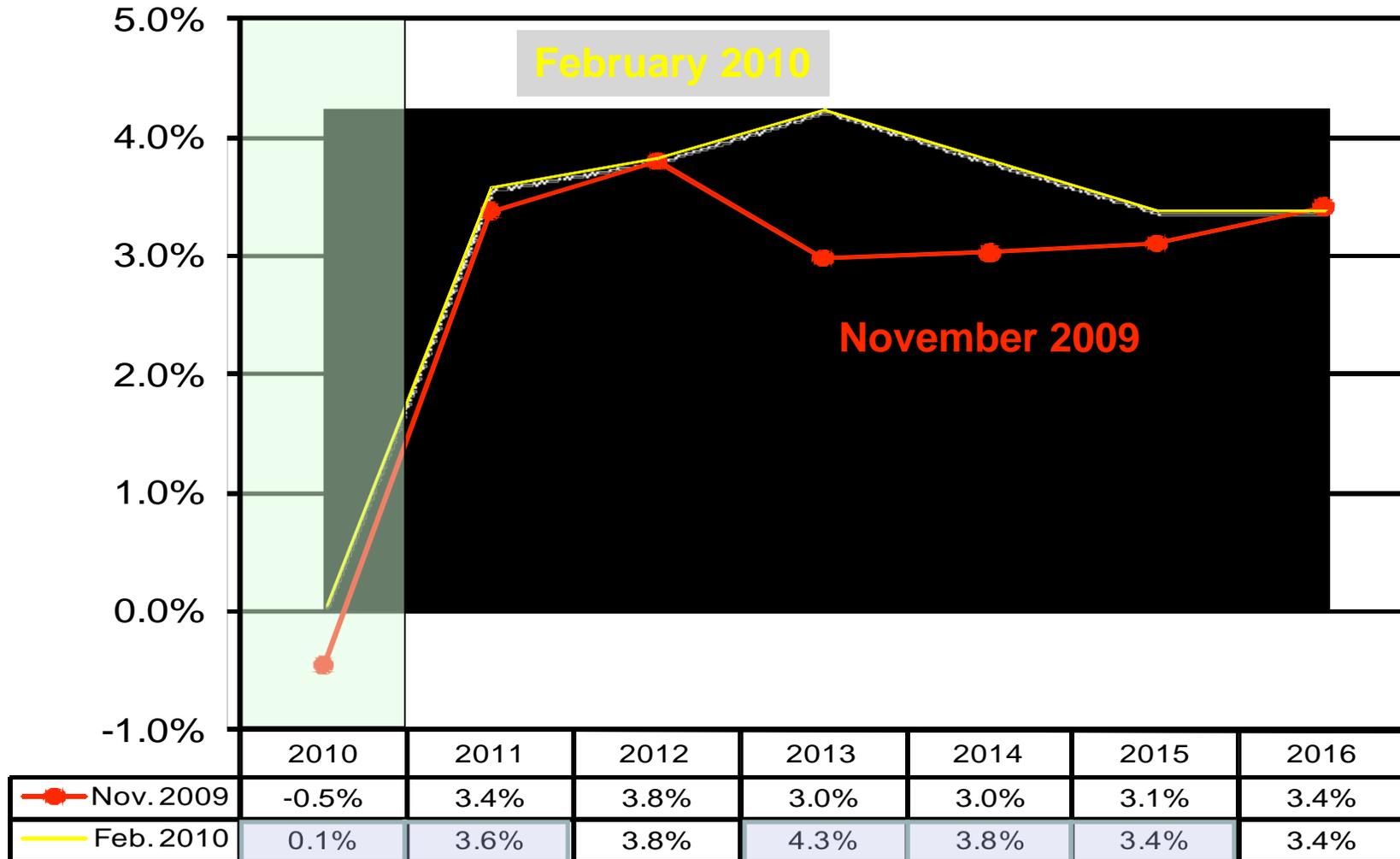
Comparison of Washington Qtr Real Personal Income for February vs. November

Billions of Dollars



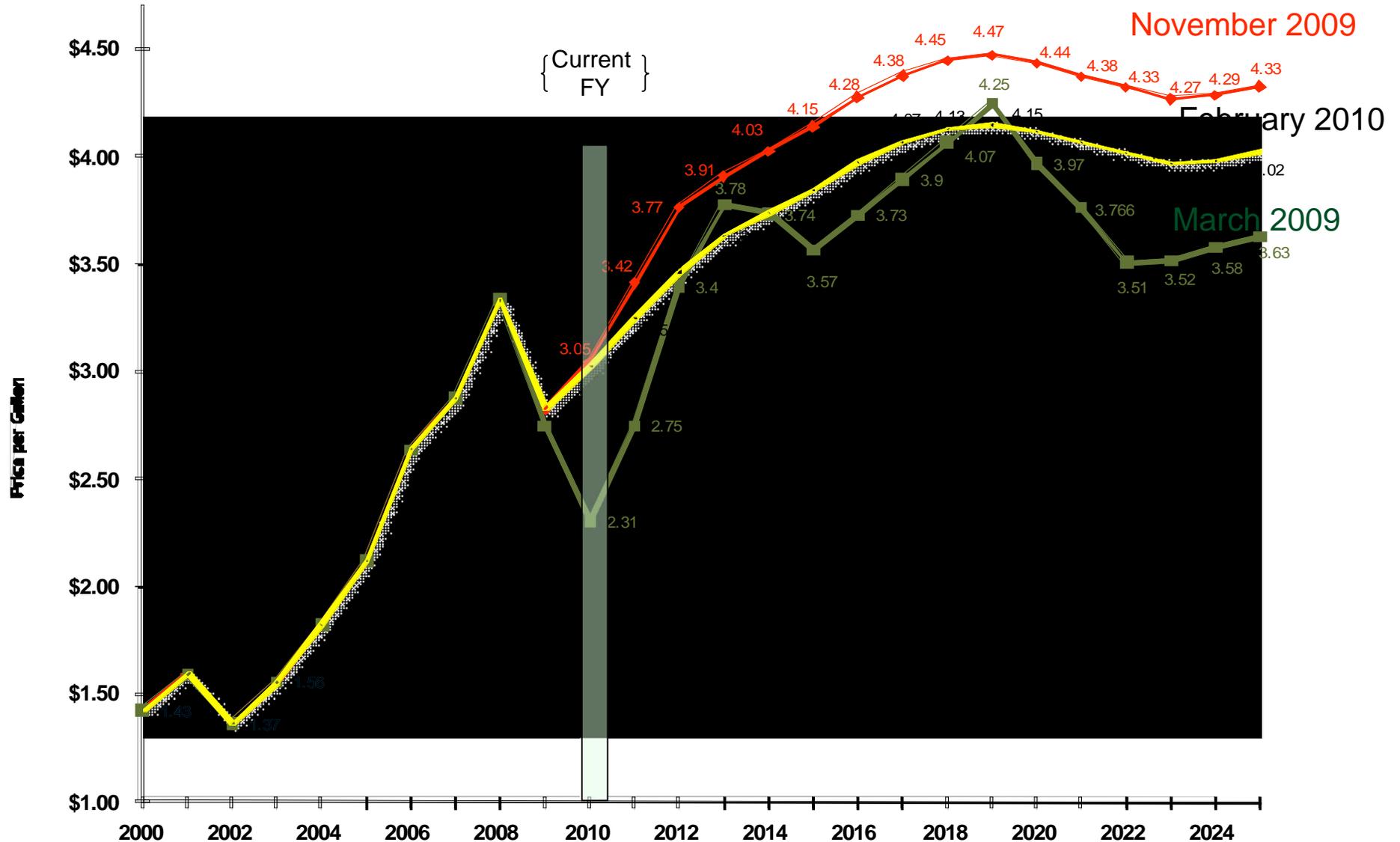
February Forecast: Based on January GI variables with adjustments for average Blue Chip US GDP growth rates and NYMEX future fuel prices; ERFC extended their real personal income forecast out through Q4 of 2013

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

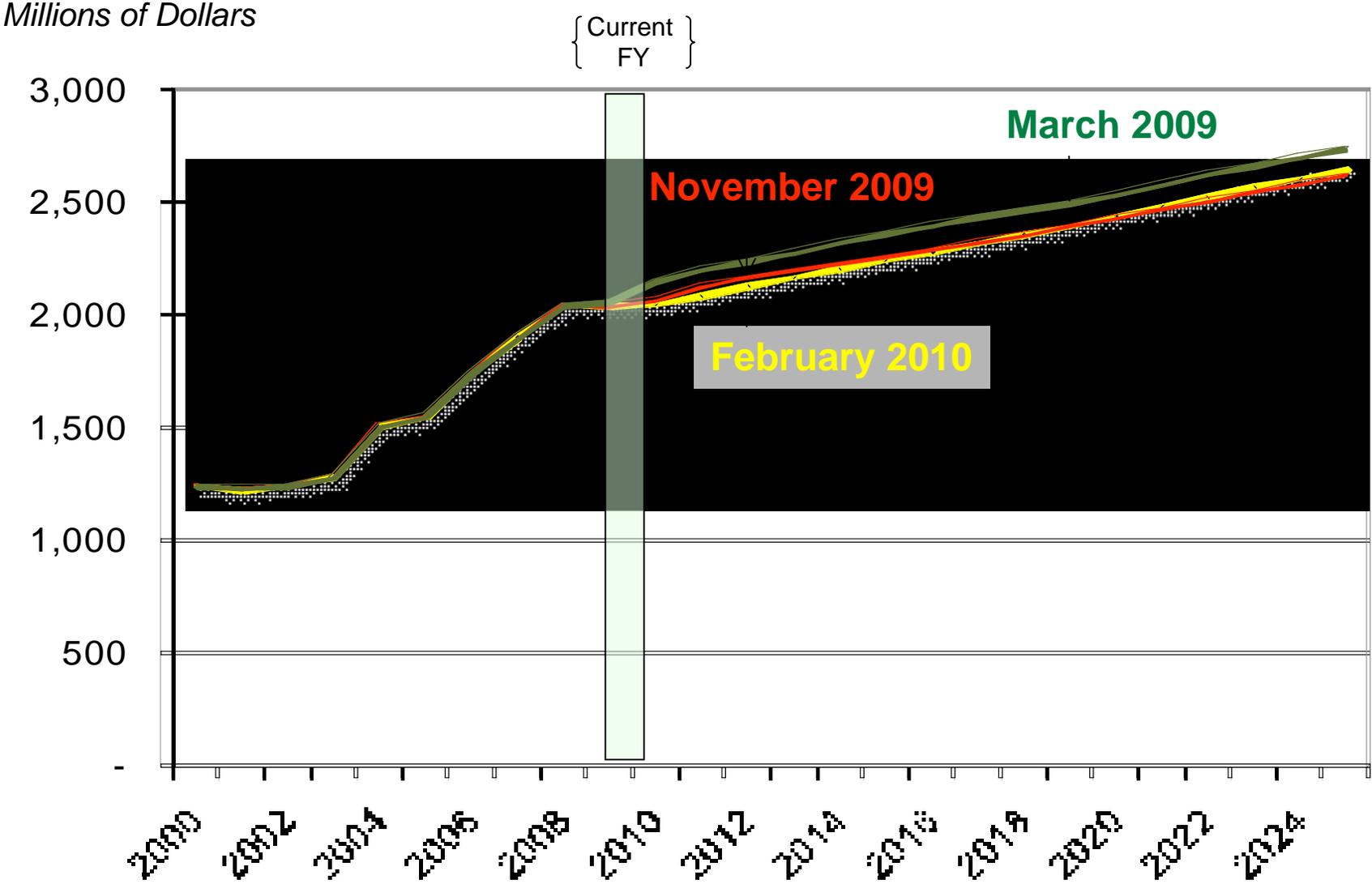


NOTE: Highlighted growth rates for Feb. 2010 forecast reflect the impact of ERFC growth rates versus OFM's 2009 long-term real personal income growth rates

Forecast of Washington Gasoline Prices, All Grades; February 2010 vs. November and March 2009



Overall February 2010 Transportation Revenue Projections are Down From the November & March Forecasts



February 2010 Revenue Projections are Down From the November 2009 Forecast

February 2010 Forecast to Forecast Comparison of Transportation Revenues (Millions of Dollars)									
Revenue Sources	Current Biennium						16-Year Period		
	2009-11			2011-13			(2011-2027)		
	Forecast	from	Percent	Forecast	from	Percent	Forecast	from	Percent
	Feb10	Nov 09	Change	Feb 10	Nov 09	Change	Feb 10	Nov 09	Change
Motor Vehicle Fuel Taxes	2,527	(60)	(2.3%)	2,598	(67)	(2.5%)	23,449	(46)	(0.2%)
Licenses, Permits and Fees	883	(2)	(0.2%)	925	3	0.3%	8,199	17	0.2%
All Other Sources	720	(5)	(0.7%)	771	(3)	(0.4%)	6,761	(26)	(0.4%)
Total Revenues	4,129	(65)	(1.5%)	4,289	(71)	(1.6%)	38,727	30	0.1%

Source: Figure 3 page I-5 of the February 2010 Transportation Forecast Volume I: Summary Document

- The revenue forecast adopted in February reflects a lower economic outlook in the near-term than the previous forecast:
 - continued decline in fuel tax collections and a flat real personal income growth for FY2010 is lowering the forecast in the near-term
 - higher fuel prices and personal income in the long-term help improve the long-term forecast of revenues
- Current projections show the following changes in total revenue:
 - down \$65 million (1.5%) for the 2009-11 biennium
 - down \$71 million (1.6%) in the 2011-13 biennium
 - up \$30 million 0.1% for the 16 year period from the November forecast

February 2010 Revenue Projections are Down From the March 2009 (Baseline) Forecast

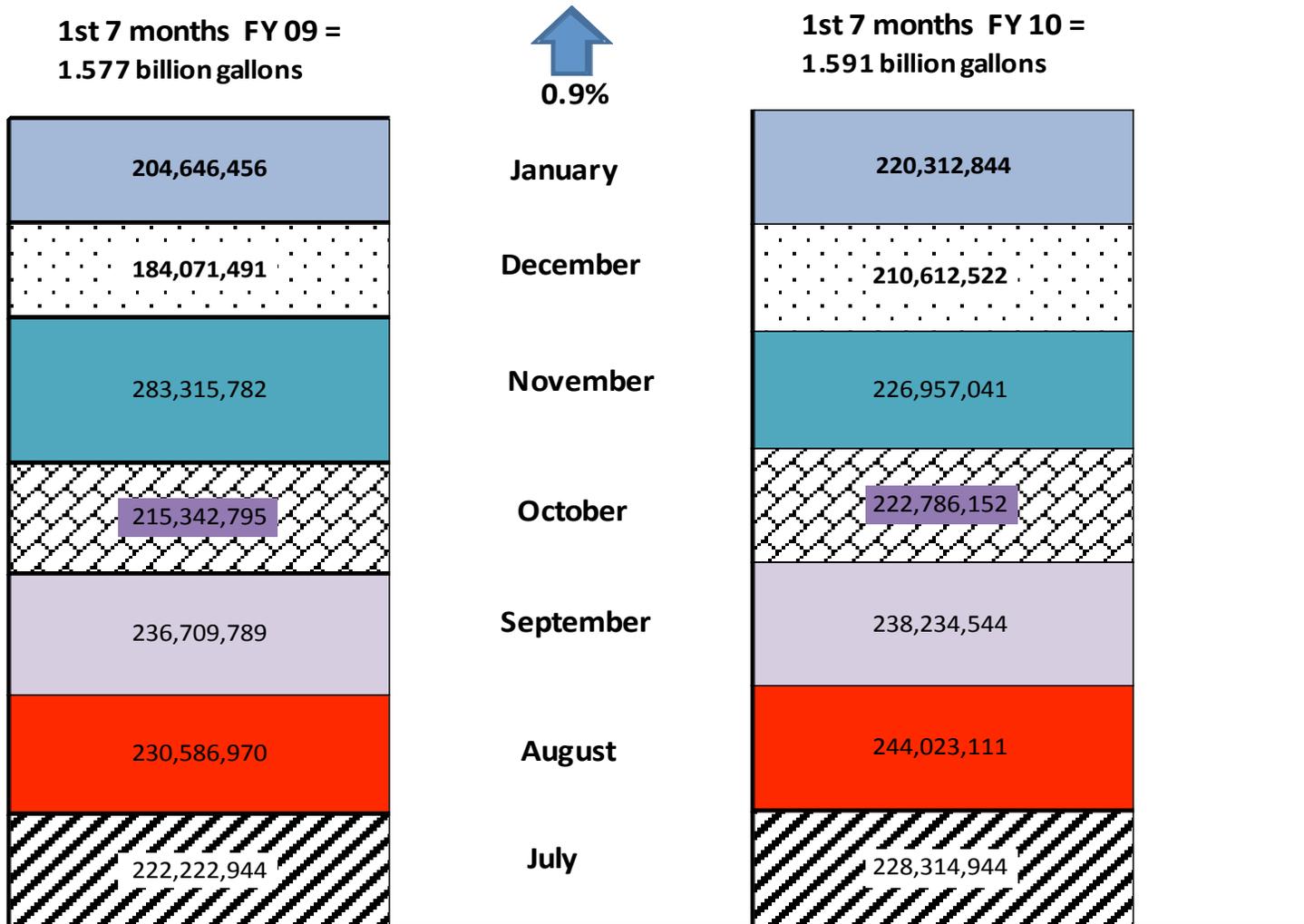
February 2010 Forecast to Baseline Comparison of Transportation Revenues (Millions of Dollars)									
Revenue Sources	Current Biennium						16-Year Period		
	2009-11			2011-13			(2009-2025)		
	Forecast	from	Percent	Forecast	from	Percent	Forecast	from	Percent
	Feb10	Baseline	Change	Feb 10	Baseline	Change	Feb 10	Baseline	Change
Motor Vehicle Fuel Taxes	2,527	(130)	(4.9%)	2,598	(127)	(4.7%)	22,681	(490)	(2.1%)
Licenses, Permits and Fees	883	(15)	(1.6%)	925	(9)	(1.0%)	7,957	(114)	(1.4%)
All Other Sources	719	(23)	(3.1%)	766	(10)	(1.3%)	6,814	53	0.8%
Total Revenues	4,129	(168)	(3.9%)	4,289	(146)	(3.3%)	37,452	(551)	(1.5%)

Source: Figure 4 page I-6 of the February 2010 Transportation Forecast Volume I: Summary Document

NOTE: 16-year time period is not the same as in slide 7 (Figure 3)

- The revenue forecast adopted in February 2010 reflects a lower economic outlook than the baseline March 2009 forecast:
 - due to continued decline in fuel tax collections and lower current growth rates of Washington population
 - higher fuel prices than expected in the March 2009 forecast
- Current projections show the following changes in total revenue:
 - down \$168 million (3.9%) for the 2009-11 biennium
 - down \$146 million (3.3%) in the 2011-13 biennium
 - down \$551 million (1.5%) for the 16 year period from the November forecast

Comparison Gasoline Consumption (gallons): First 7 months FY2009- FY2010

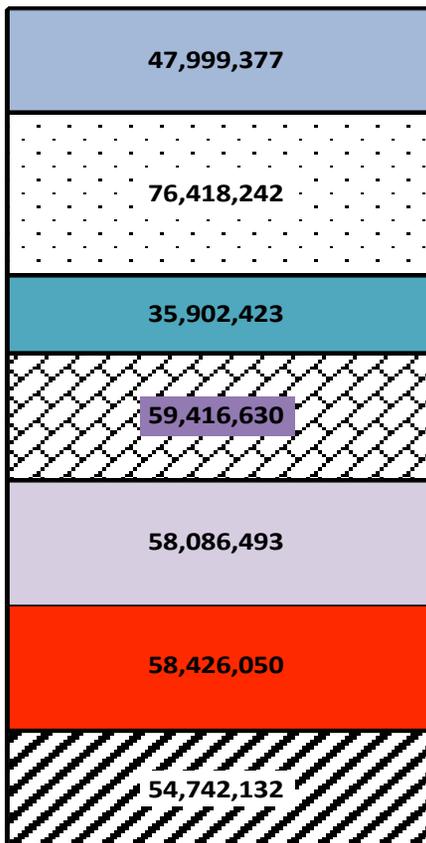


1st 7 months FY 2009 - Gas

1st 7 months FY 2010 - Gas

Comparison Diesel Consumption (gallons) : First 7 months FY2009- FY2010

1st 7 months FY 09 =
390 million gallons



1st 7 months FY 2009 - Diesel



-4.1%

January

December

November

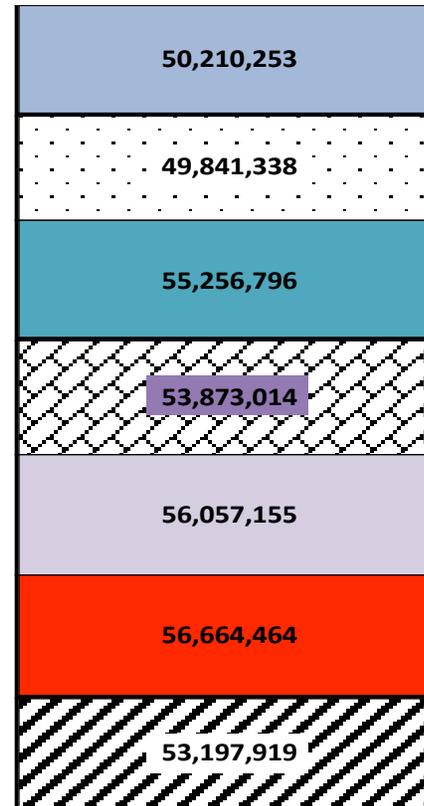
October

September

August

July

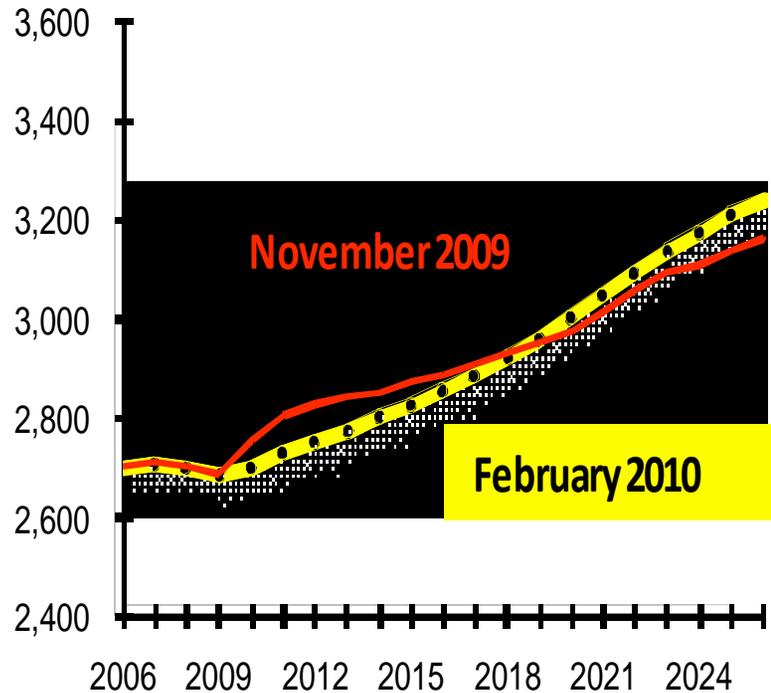
1st 7 months FY 10 =
375 million gallons



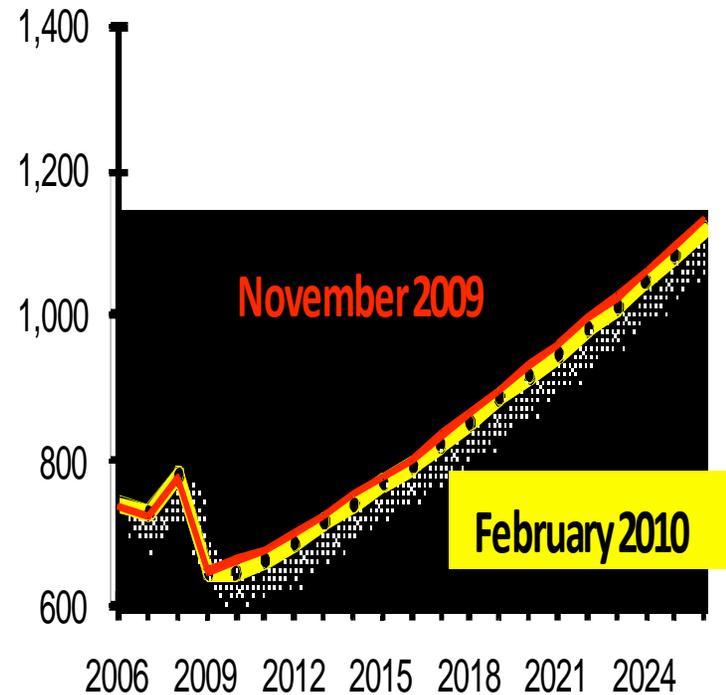
1st 7 months FY 2010 - Diesel

Gasoline and Diesel Fuel Consumption Comparison, February 2010 and November 2009 Forecasts

Gasoline Motor Fuel Consumption Comparison: February 2010 vs. November 2009 forecast (millions of gallons)



Diesel Motor Fuel Consumption Comparison: February 2010 vs. November 2009 forecast (millions of gallons)



February 2010 Forecast of Motor Vehicle Fuel Taxes Are Down From the Nov. Forecast

Fuel Taxes

- Current projections for total motor vehicle fuel taxes are  :
 - \$60 million (2.3%) for the current biennium
 - \$67 million (2.5%) in the 2011-13 biennium
 - \$46 million (0.2%) for the 16 year period from the November forecast
- Gasoline fuel consumption is the primary driver of the loss in fuel taxes:
 - Gasoline tax collections came in under forecast by \$12 million for November thru January 2010 combined (4.6% below November forecast)
 - In future: lower projections of gas prices result in higher future revenue
 - February gross gasoline tax forecast is \$2.04 billion for the current biennium
 - down \$48.1 million (2.3%) from the November forecast for the current biennium
 - down \$54.3 million (2.6%) in the 2011-13 biennium
 - Lower reduction each future biennia from the 2011-13 biennium until 2018-2021 when the current forecast is up slightly from the last forecast
- Diesel fuel tax collections have come in under forecast as well:
 - Diesel fuel consumption came in under forecast by \$5 million (8% below)
 - February gross diesel tax forecast is \$503 million for the current biennium
 - down \$11.9 million (2.4%) in the current 2009-11 biennium
 - down \$12.7 million (2.4%) in the upcoming 2011-13 biennium

February 2010 Forecast of Licenses, Permits and Fees Are Down From the November 2009 Forecast

Licenses, Permits and Fee Revenue

- Total projection for vehicle related licenses, permits and fee revenue is \$883 million in current biennium - down in current and future biennia:
 -  \$2.1 million (0.2%) for the 2009-11 biennium
 -  \$2.8 million, 0.3% in the current 2011-13 biennium
 -  \$16.9 million, 0.2% for the 16 year period from the November forecast
- Registrations in recent months (Nov.-Jan.) came in close to prior projections:
 - Projected cars & truck registration growth: FY09 and FY10 is minimal
 - Cars: down 0.3% between FY09-10 (0.1% below the Nov. forecast)
 - Trucks: down 0.2% between FY09-10 (nearly no change from Nov. forecast)
- Reason for the decline in current biennium vehicle related LPF forecast:
 - Passenger car and truck registrations and collections have come in slightly under forecast – collections were down from the forecast for (Nov-Dec.) by \$0.73 million
 - Long-term: forecast is up in remaining biennia due to higher projections of passenger car and truck registrations from higher WA personal income growth rates from ERFC
- Other licenses, permits and fee revenue were  from the November forecast:
 - Passenger vehicle weight fees
 - Plate replacement fees
 - Plate reflectivity fees
 - Vehicle inspection fees
 - Motor home weight fees

Other Components of Transportation Revenue Are Both Up and Down From the November 2009 Forecast

- **Total Ferry Revenue** (2009-11 biennium: \$301 million)
 - ↓ \$1.6 million (0.5%) for the 2009-11 biennium
 - ↓ \$4.1 million (1.2%) in the 2011-13 biennium
- **Aeronautics Revenue** (2009-11 biennium: \$4.9 million)
 - ↓ nearly no change (-\$90,000) for the 2009-11 biennium
 - ↓ nearly no change (-\$60,000) for 2011-13 biennium
- **Rental Car Taxes** (2009-11 biennium: \$44 million)
 - ↓ \$0.26 million (0.6%) for the 2009-11 biennium
 - ↓ \$0.08 million (0.2%) for the 2011-13 biennium
- **Vehicle Sales Tax** (2009-11 biennium: \$58.3 million)
 - ↑ \$0.08 million (0.1%) for the 2009-11 biennium
 - ↑ \$0.5 million (0.8%) for the 2011-13 biennium
- **Business/Other Revenue** (2009-11 biennium: \$16.5 million)
 - ↔ no change for the current and future biennia
- **Driver-Related Fees** (2009-11 biennium: \$196 million)
 - ↓ \$0.5 million (0.3%) for the 2009-11 biennium
 - ↓ \$3.3 million (1.6%) for the 2011-13 biennium

TNB Toll Revenue is Slightly Down in Current Biennium

Toll Rates	2009	2010	2011 & beyond
ETC	\$2.75	\$2.75	\$2.75
Cash	\$4.00	\$4.00	\$4.00

- TNB traffic volume is forecasted at 14.6 million drivers in FY 2010 and 15.5 million in FY 2011 (+6.1%): -0.7% decrease in FY 2010 from the last forecast.
- HOT lanes traffic volume is forecasted at 506,000 drivers in FY 2010 and 687,000 in FY 2011 (+35.8%): -1.2% and -1.0% decrease in FY 2010 & 2011 from the last forecast.
- Total Toll Revenue (Includes HOT lanes) (2009-11 biennium: \$98.8 million)
 -  \$0.4 million for the current biennium from November forecast
 -  no change for the 2011-13 and future biennia from November forecast
- Primary reasons for the revenue decline were lower traffic projections in current biennium and lower TNB miscellaneous revenue due to decline in demand.

Questions?

If you have questions, or want additional information on the February Revenue Forecast, please contact:

Doug Vaughn, Director of Budget and Financial Analysis, at
(360) 705-7401 or VaughnD@wsdot.wa.gov