

# September 2011 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**  
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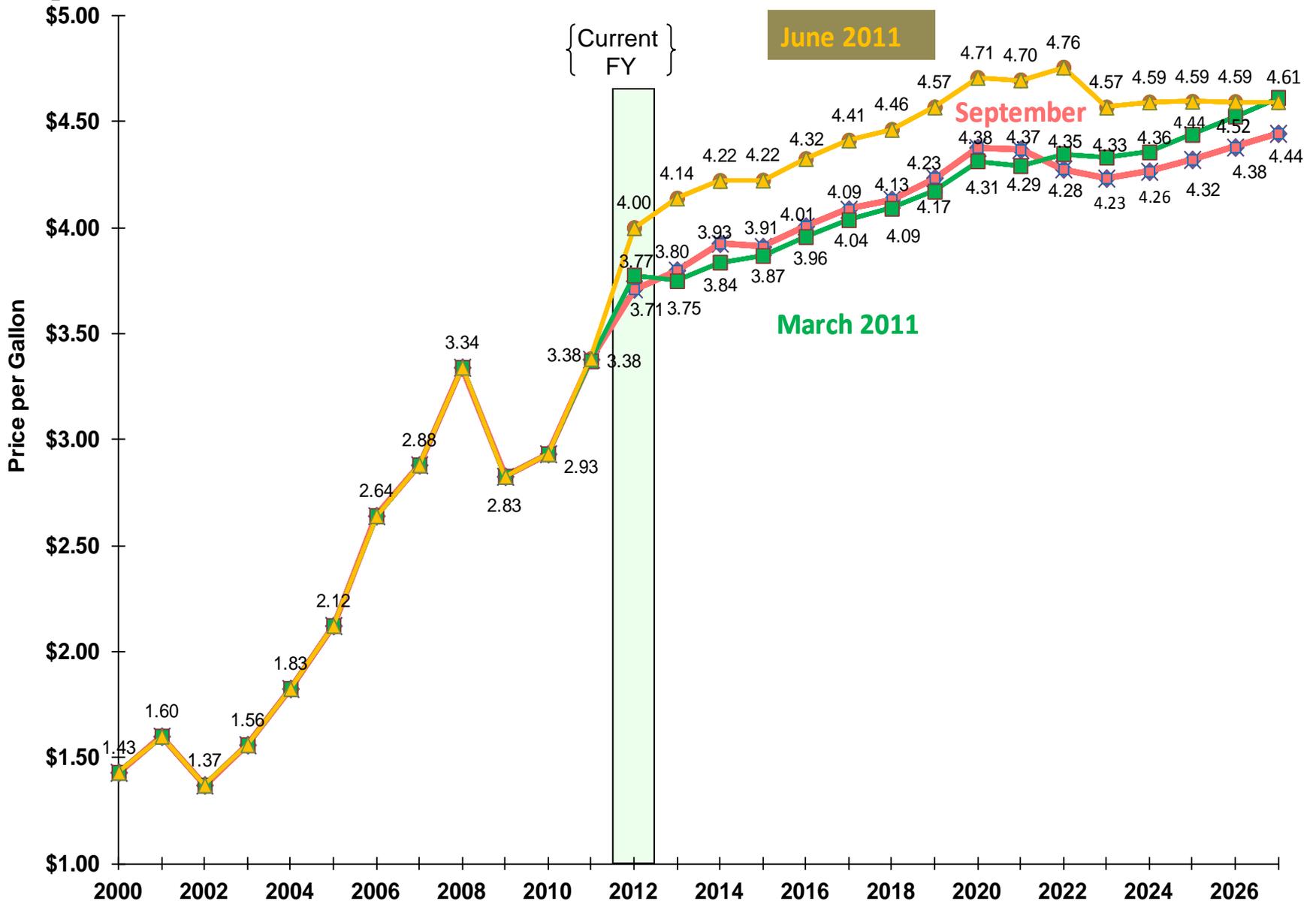


**Washington State**  
**Department of Transportation**

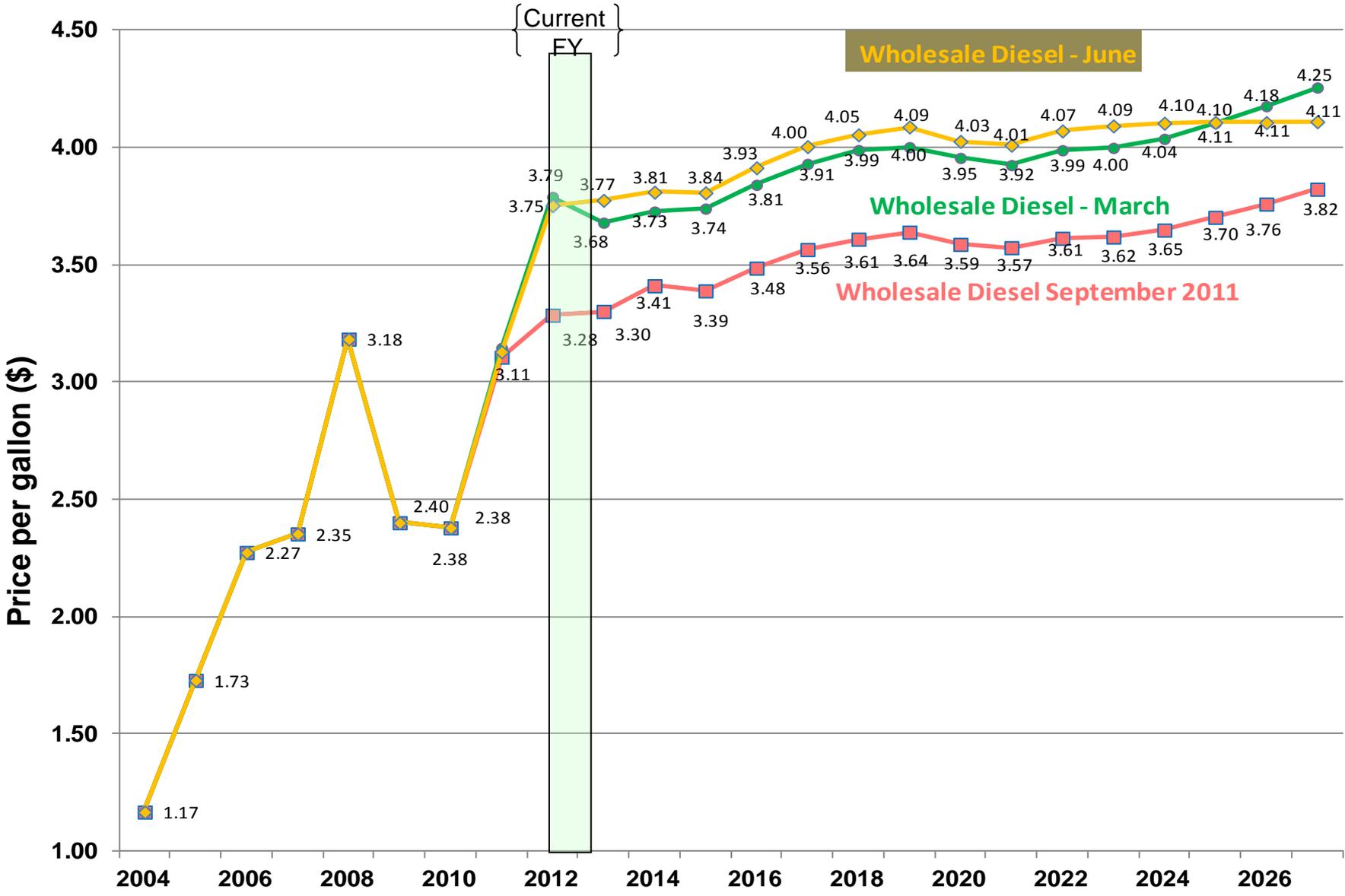
# Key Economic Variables Came in Weaker Since the June 2011 Forecast

Economic Variables	Change from June forecast	
Washington Real Personal Income	Short-term (growth rates) 	Long-term (growth rates) 
Inflation	Down (due to lower fuel prices) 	Down slightly 
Fuel Prices	Gas: short and long term 	Diesel: short and long-term 
Fuel Efficiency	No change 	
Population	Growth rates are No change 	
Employment	Growth rates are Down in near-term 	Long –term (growth rates) 

# Forecast **Down** for Washington Gasoline Prices; September vs. June vs. March 2011

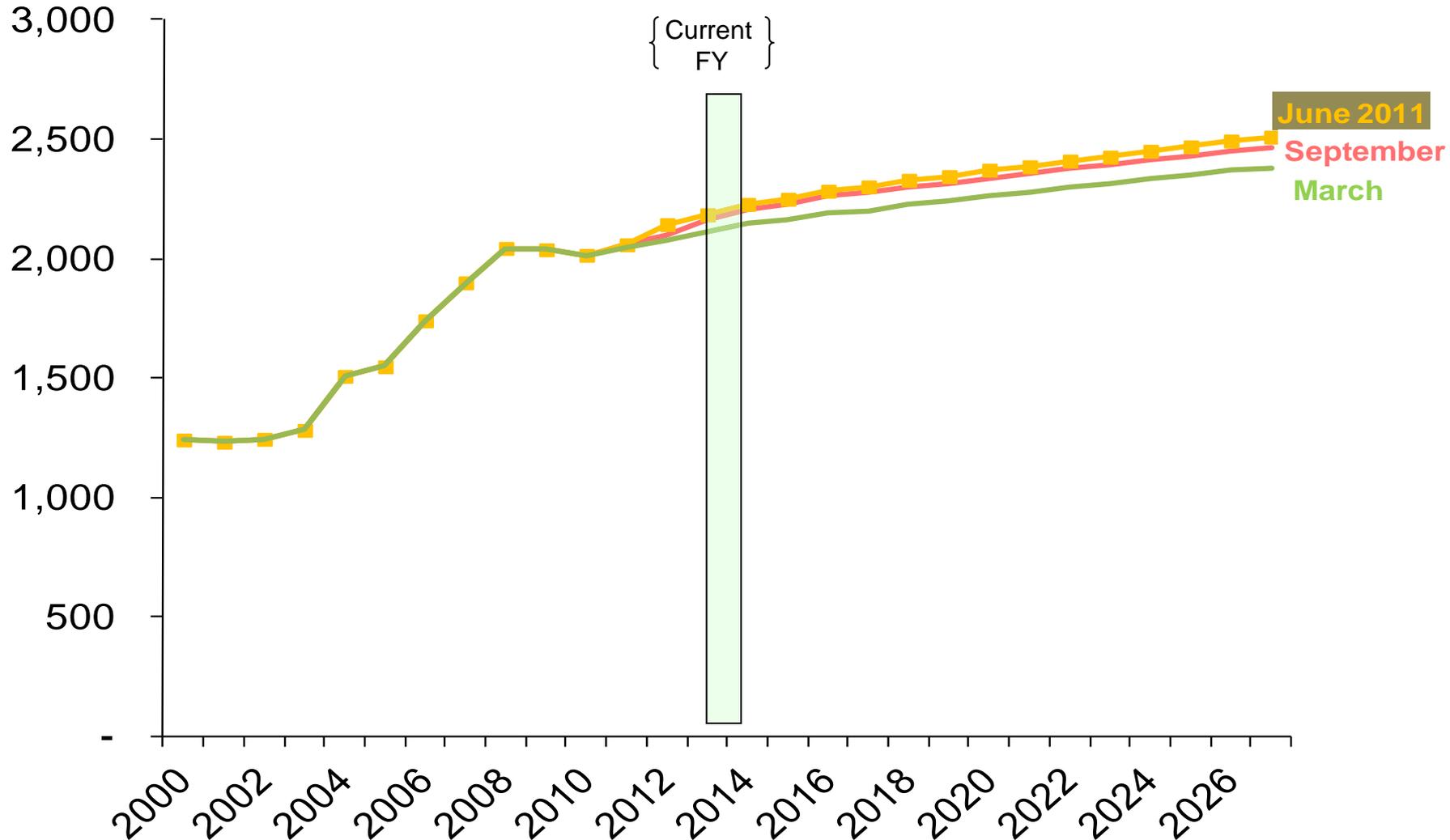


# Forecast **Down** for Washington Wholesale Diesel Prices; September vs. June vs. March 2011



# September 2011 Transportation Revenue Projections are From the Last Forecast

Millions of Dollars



# September 2011 Revenue Projections are **Down** from June: Forecast to Forecast

## September 2011 Forecast to Forecast Comparison of Transportation Revenues (Millions of Dollars)

Revenue Sources	Last Biennium			Current Biennium			10-Year Period		
	2009-11			2011-13			(2011-2021)		
	Forecast Sept 11	Chg from June11	Percent Change	Forecast Sept 11	Chg from June11	Percent Change	Forecast Sept 11	Chg from June11	Percent Change
Motor Vehicle Fuel Taxes	2,489	(3.1)	(0.1%)	2,521	(21.1)	(0.8%)	12,834	(184.8)	(1.4%)
Licenses, Permits and Fees	873	2.6	0.3%	905	(6.4)	(0.7%)	4,795	(38.9)	(0.8%)
All Other Sources	711	1.1	0.2%	837	(29.4)	(3.5%)	4,912	(11.3)	(0.2%)
<b>Total Revenues</b>	<b>4,073</b>	<b>0.6</b>	<b>0.0%</b>	<b>4,263</b>	<b>(56.9)</b>	<b>(1.3%)</b>	22,541	(235)	(1.0%)

Source: Figure 3 page 5 of the September 2011 Transportation Forecast Volume I: Summary Document

- September 2011 revenue forecast:
  - Projected 2011-13 biennium transportation revenue of \$4.26 billion is a 4.6% increase from 2009-11 biennium revenue.
  - The 2009-11 biennium is up slightly \$0.6 million over the June forecast.
    - Higher LPF collections in recent months raised revenue forecast.
  - Beginning in 2011-13 biennium, transportation revenue forecast is down \$57 million over last forecast.
    - \$29 million decrease as a result of the recognition of a revised start date for SR 520 toll revenue forecast (now consistent with Wilbur Smith Traffic & Revenue Study that supports the bond sale)
  - For the 10 year period from the June forecast:
    - Down \$235 million (1%) with 79% of the loss due to lower motor fuel tax forecasts due to lower diesel tax collections and weaker economic outlook

# September 2011 Revenue Projections are **Up** from March: Forecast to Baseline

**September 2011 Forecast to Forecast Comparison of Transportation Revenues (Millions of Dollars)**

Revenue Sources	Last Biennium 2009-11			Current Biennium 2011-13			10-Year Period (2011-2021)		
	Forecast Sept 11	Chg from March11	Percent Change	Forecast Sept 11	Chg from March11	Percent Change	Forecast Sept 11	Chg from March11	Percent Change
	Motor Vehicle Fuel Taxes	2,492	9.3	0.4%	2,521	(10.7)	(0.4%)	12,834	(129.8)
Licenses, Permits and Fees	873	(1.0)	(0.1%)	905	(9.7)	(1.1%)	4,795	(51.5)	(1.1%)
All Other Sources	710	2.6	0.4%	837	95.1	14.4%	4,912	828.0	16.9%
<b>Total Revenues</b>	<b>4,073</b>	<b>10.9</b>	<b>0.3%</b>	<b>4,263</b>	<b>74.7</b>	<b>1.8%</b>	22,541	646.7	3.0%
<b>Total Revenues less SR520 toll revenue</b>	<b>4,073</b>	<b>10.9</b>	<b>0.3%</b>	<b>4,171</b>	<b>(17.1)</b>	<b>(0.4%)</b>	21,755	(140)	(0.6%)

Source: Figure 3 page 5 of the September 2011 Transportation Forecast Volume I: Summary Document

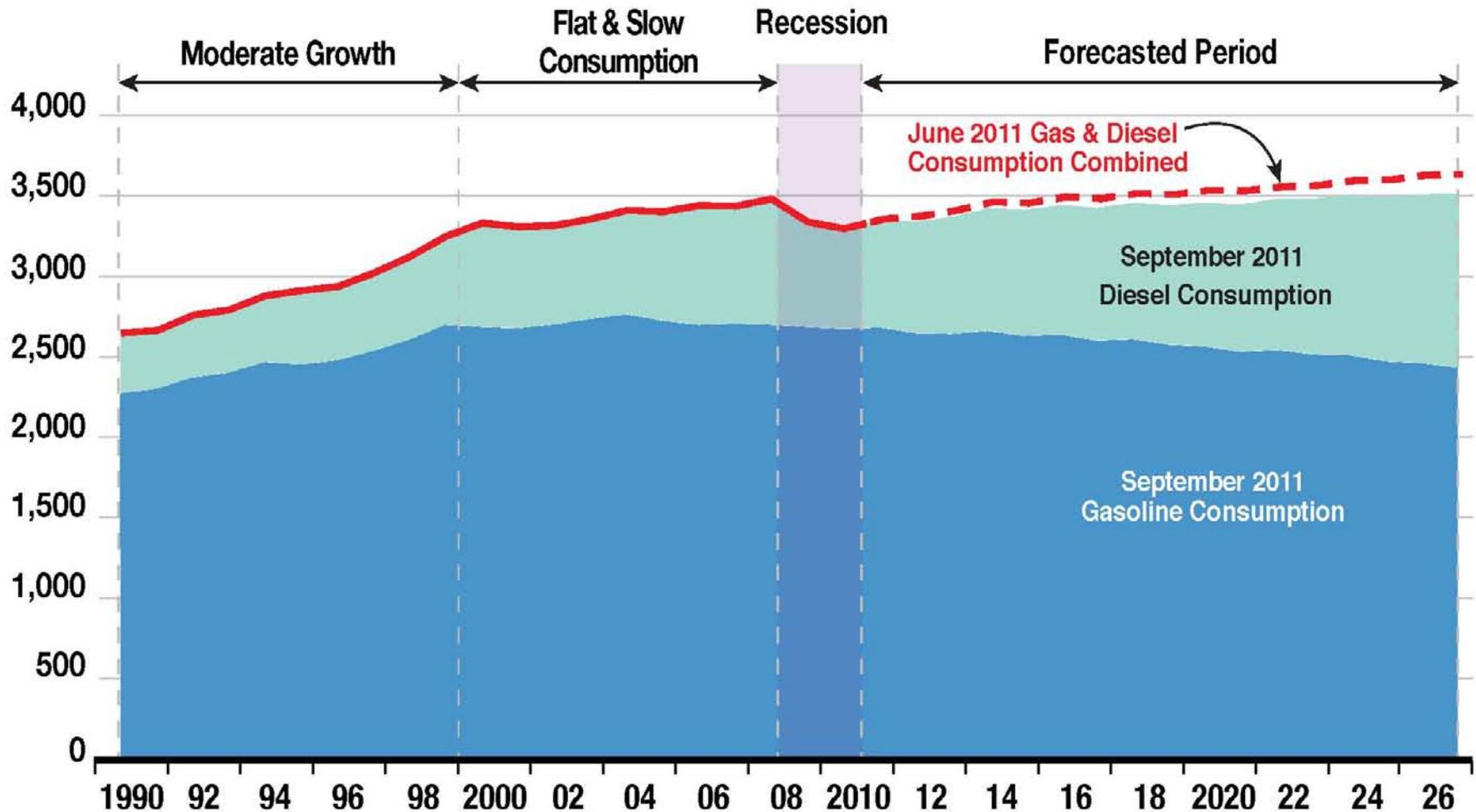
- **September 2011 revenue forecast:**

- The 2009-11 biennium is up \$11 million, 0.3%, over the March forecast.
  - Higher diesel tax collections since March raised overall motor fuel revenue forecast in recent months.
- In the 2011-13 biennium, transportation revenue forecasts have been increased by \$75 million compared to March due to the inclusion of the SR 520 toll forecast
  - Excluding the new toll revenue forecast, transportation revenues are down \$17 million from March due to the weaker economic variables and lower fuel tax collections than anticipated.
- For the 10 year period since the March forecast:
  - Down \$140 million (0.6%) without the SR 520 toll revenue forecast

# Washington state gas and diesel consumption since 1990

## With September and June 2011 forecasts

Gallons in millions

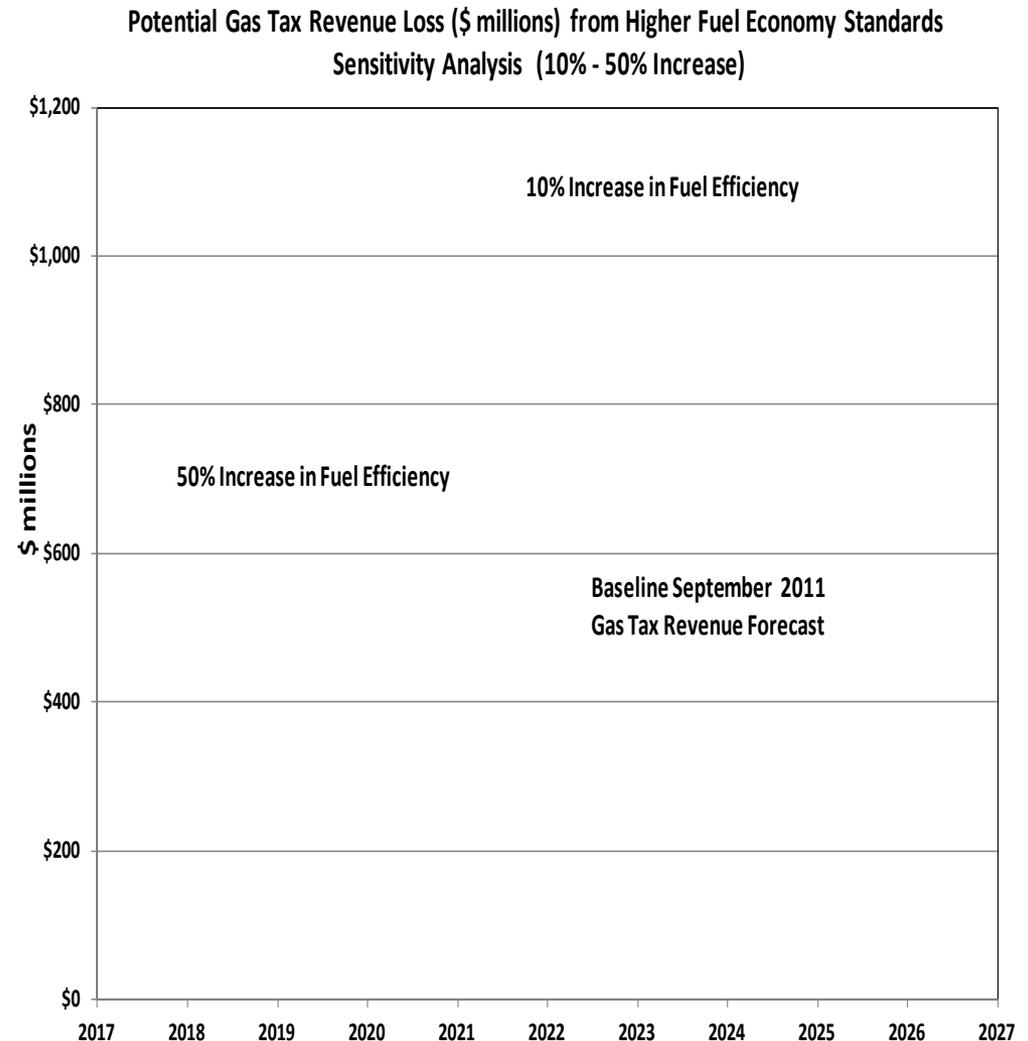


# September 2011 Forecast of Fuel Taxes

- Current projections for total motor vehicle fuel taxes are  in the near-term and long-term
- **Actual fuel consumption came in under forecast (3 months June-Aug):**
  - Gasoline tax collections: under forecast by \$1.6 million
  - Diesel fuel tax collections: under forecast by \$5.1 million
  - Total fuel tax collections: under \$6.6 million (2%) from June forecast
- **In the 2009-11 biennium:**
  - Gas tax revenue was \$2 billion which was **down** by \$1.86 million from the last forecast
  - Diesel tax revenue was \$482 million which was **down** by \$1.2 million from June
- **2011-13 biennium and beyond:**
  - Gas Tax Revenue: 
    - Lower 2011-13 biennium projections of \$10.9 million (0.55%) than anticipated in June
    - The loss in gas tax revenue from the last forecast over the 10-year forecast horizon totaled \$125 million
  - Diesel Tax Revenue: 
    - Lower 2011-13 biennium projections of \$10.1 million (1.87%) than anticipated in June
    - The loss in diesel tax revenue grows over the 10-year forecast horizon for a total change of \$60 million from the June forecast

# Forecast of On-Road Fuel Efficiency

- Gas consumption model includes on-road average fuel economy
  - Forecasts by Global Insight
  - Already have growth in on-road avg. fuel efficiency
- Obama administration released new fuel economy standards for passenger cars and light trucks in July 2011 – not yet in forecast
  - New standards apply to model years 2017-2025
- Impact from higher standards should only effect long-term forecast for fuel consumption
  - Sensitivity analysis was performed on fuel efficiency variable
- Anticipate new CAFÉ standards being incorporated into the Nov. 2011 or Feb. 2012 forecast

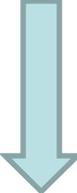


# September 2011 Forecast of Licenses, Permits and Fees and Toll Revenues are both **Down** Slightly From June

## Licenses, Permits and Fee Revenue

- Total projection for vehicle related licenses, permits and fee revenue is \$905 million in current biennium - **down** in current and future biennia:
  -  \$6.4 million, (0.7%) in the current 2011-13 biennium
  -  \$38.9 million, (0.8%) for the 10 year period from the June forecast
- Reason for the decrease in LPF revenue
  - Truck revenues in recent months have not met projections so revised combined truck tax rate down to reflect lowered realized truck tax rates
  - Lower real personal income growth rates decreased the forecast in the near –term

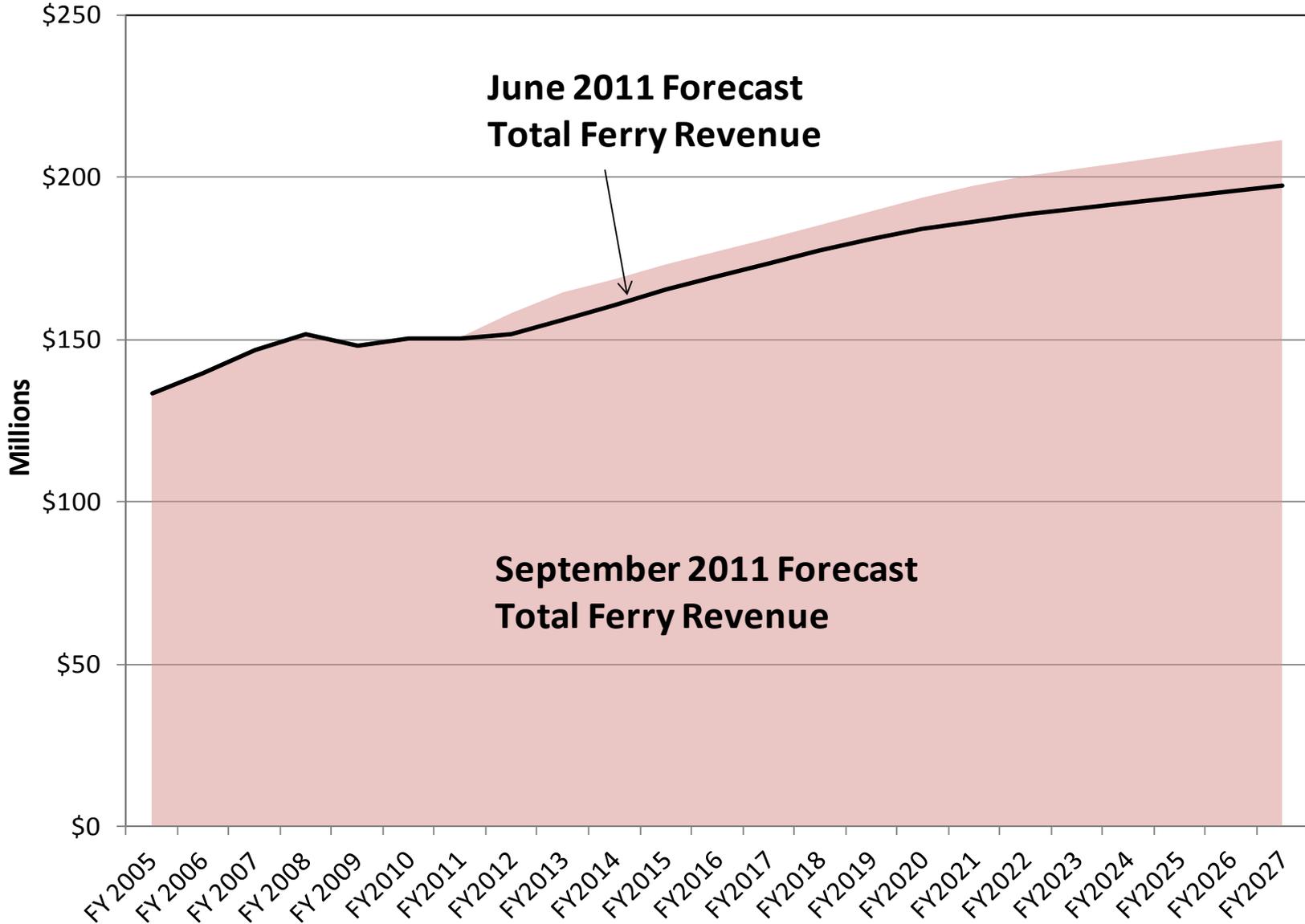
## Toll Revenue

- Total toll revenue and other sales and fee revenue is projected to be \$186.2 million in 2011-13 biennium:
  -  \$40.8 million, (18%) in the current biennium
    - \$ 6.8 million decline in TNB revenue
    - \$34.2 million decline in SR 520 revenue due to recognition of revised toll start date
  -  \$70 million, (1.1%) for the 10 year period from the June forecast
- Reason for the decrease in toll revenues
  - Actual TNB traffic counts came in lower in recent months than prior projections
  - TNB toll forecast incorporates lower economic outlook in near-term

# September Ferry Fare Revenues Are **Up** Due to Approved Higher Fares Since Last Forecast

- Ferry Fares Changes adopted by Commission Since June
  - 2.5% fare increase on October 1, 2011
  - 3% fare increase on May 1, 2012
  - Lower fares for small vehicles under 14 feet in length
  - Higher fares to other vehicle fares to offset the loss in revenue on small vehicles
  - Capital ferry surcharge of \$0.25
- Ferry Ridership in September is lower than in June due to several factors
  - Multiple projected fares increases as well as the capital surcharge
  - Weaker economic variables
- Ferry Farebox Revenue (2011-13 biennium: \$309.2 million)
  -  \$8 million, 2.7%, for the 2011-13 biennium
  - \$7.3 million, 2.3%, for the 2013-15 biennium
- Ferry Miscellaneous Revenue (2011-13 biennium: \$2.3 million)
  -  \$0.65 million, 10%, for the 2011-13 biennium
  - \$0.69 million, 10%, for the 2013-15 biennium
- Capital Surcharge Revenue
  - \$6.3 million in the 2011-13 biennium
  - \$7.8 million in the 2013-15 biennium

# September Total Ferry Fare Revenues Up from June Due to Higher Fares



# Other Components of Transportation Revenue Are Mixed With Some **Up** and Other **Down** From the June 2011 Forecast

- Aeronautics Revenue (2011-13 biennium: \$5.9 million)

 \$38,000, 0.6%, for the current biennium

 \$104,700, 1.7%, for the 2013-15 biennium

- Rental Car Taxes (2011-13 biennium: \$48.8 million)

 \$0.18 million (0.4%) for the current biennium

 \$0.6 million (1.1%) for the 2013-15 biennium

- Vehicle Sales Tax (2011-13 biennium: \$58.9 million)

 \$2.4 million (3.9%) for the current biennium

 \$3.3 million (4.7%) for the 2013-15 biennium

- Business/Other Revenue (2011-13 biennium: \$10.4 million)

 \$0.28 million, 2.8%, in the current biennium

 \$0.28 million, 2.6%, in the 2013-15 biennium

- Driver-Related Fees (2011-13 biennium: \$204.3 million)

 \$1.2 million (0.6%) for the current biennium

 \$1.1 million (0.5%) for the 2013-15 biennium

# Questions?

If you have questions, or want additional information on the September 2011 Revenue Forecast, please contact:

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