Transportation Revenue Forecast Council

June 2014 Transportation Economic and Revenue Forecasts

Volume I: Summary

Washington Transportation
Economic and Revenue Forecast
June 2014 Forecast

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Preface

Washington law mandates the preparation and adoption of economic and revenue forecasts. The organizations primarily responsible for revenue forecasts are the Economic and Revenue Forecast Council and the Office of Financial Management. The Office of Financial Management has the statutory responsibility to prepare and adopt those forecasts not made by the Economic and Revenue Forecast Council (RCW 43.88.020). The Office of Financial Management carries out its forecast responsibilities for transportation revenues through the Transportation Revenue Forecast Council. Each quarter, technical staff of the Department of Licensing, Department of Transportation, Washington State Patrol and the Office of Forecast Council produce forecasts. The revenue forecasts agreed upon by the Transportation Revenue Forecast Council members become the official estimated revenues under RCW 43.88.020 21.

Transportation Forecast Summary

Forecast Overview

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

- June 2014 transportation forecast of revenues: $4.63 billion for the current biennium which represents an increase of 6.9% over the prior 2011-13 biennium of $4.33 billion.
- Overall transportation revenue is up forecast to forecast in the current biennium ($12.1 million) with the largest share of the increase in June being due to higher licenses, permits and fee revenue due to new 2014 legislation incorporated into this June forecast as well as higher truck passenger car license fees. Other revenues that are also up from the last forecast are ferry fares revenue, vehicle sales tax, rental car tax, business related revenues and fuel tax beginning next biennium.
- For the 10-year forecast horizon, total revenues are projected to be $24.14 billion, which is up by $305.9 million (1.3%) from February due to higher fuel tax revenue, licenses, permits and fees, rental car, new vehicle sales tax, business related and ferry fares revenue.
- New projections of real personal income are higher and employment projections also have a minor revision upward from the last forecast in terms of growth rates. Inflation is also up throughout the forecast horizon from the last forecast. The current forecast for average annual retail gas and diesel price forecasts are higher than February's forecast all throughout the forecast horizon. The current B5 biodiesel prices for ferries are up a little from the last forecast.
- The primary reason for the change in fuel tax revenue in the current year has been higher gas and diesel tax collections than anticipated. Gas consumption grew by 1.5% annually in FY 2014 which was much higher than prior years' growth. This growth positively impacted the overall fuel tax revenue projections and it is nearly no change from February in the current biennium and up $8.8 million in the next biennium. This current fuel tax revenue forecast is up the most in the long-term. In the projection over the next ten years, fuel taxes are anticipated to be $12,832.6 million and $131.6 million or 1% higher than in February.
- Licenses, permits and fee revenue are up $9.5 million, in the current biennium due to implementing new 2014 legislation and strong passenger car and truck fee revenue collections. In the next biennium, the revenues are up even more by $46.1 million and the change from the last forecast grows over the forecast horizon. Over the 10 year forecast period, revenue is up $161.8 million over last forecast.
- The baseline ferry revenue estimates are up by $1.5 million compared to February in the current biennium. This forecast to forecast increase in total ferry revenue declines over time. Ferry revenue is up $4.2 million (0.23%) over the 10-year forecast horizon.
- Rental car tax revenue is up slightly by $0.96 million, 1.8% in the current biennium and over the 10 year forecast horizon, those revenues are up $3.2 million.
- Business related revenue is up in the current biennium by nearly $2 million due to higher property sales.

In FY 2010, transportation revenues were $2.014 billion which was a decline of 1% over the prior fiscal year as the economy struggled from the recession. In FY 2011, transportation revenues increased slightly to $2.06 billion or 2.3% growth year over year. In FY 2012, transportation revenues were also up minimally to $2.10 billion or 1.9% annual increase. In FY 2013, transportation revenues were $2.23 billion, which represents an annual increase of 6%. In the current fiscal year, transportation revenues are estimated at $2.29 billion which is 2.8% year–over-year growth and 0.28% adjustment upward from the February forecast. Overall during the 10-year horizon, transportation revenues are projected to be $24.136 billion with an average annual growth rate of 0.9% each year.

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

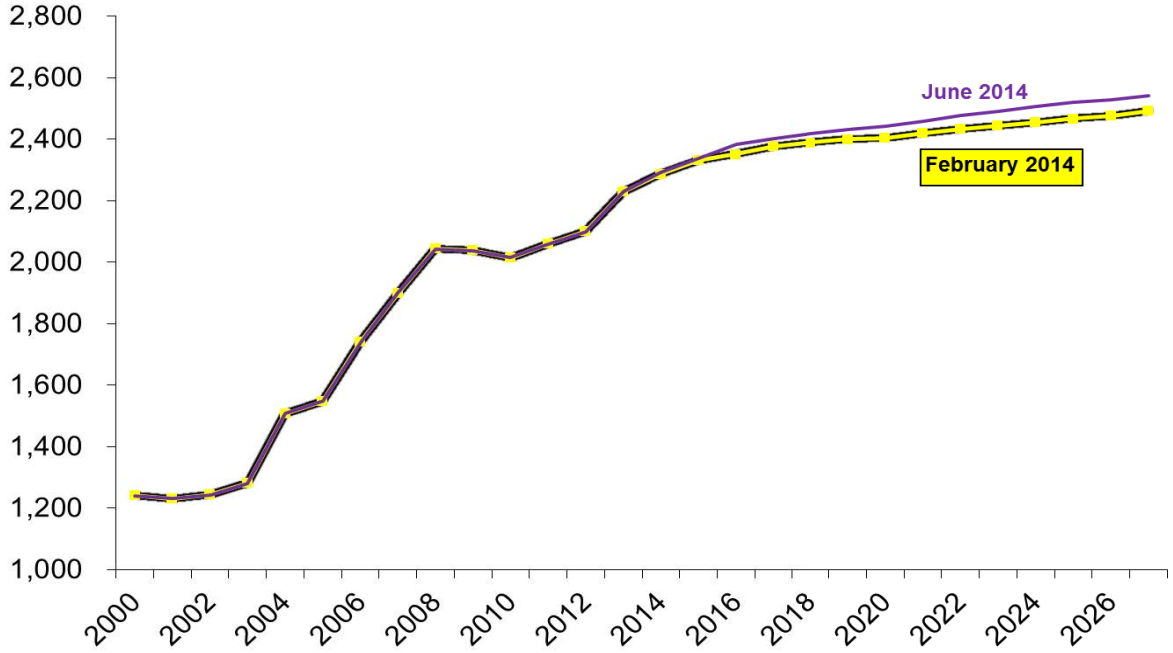
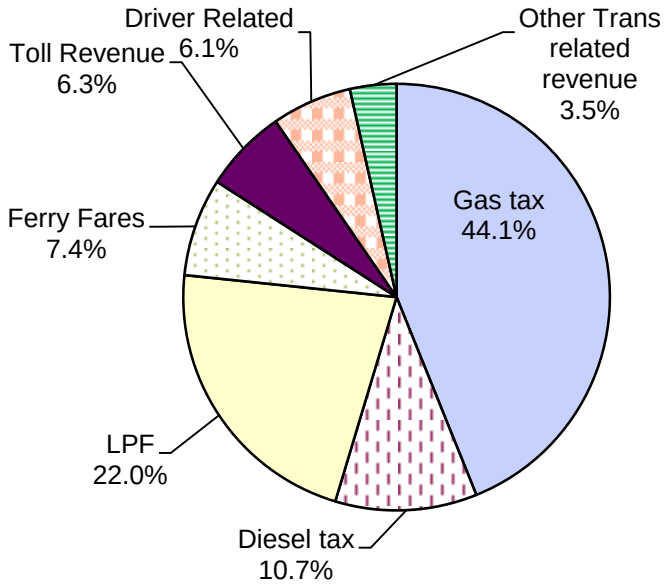


Figure 2 Revenue by Source
2013-15 biennium ($4.630 billion)



Washington's transportation revenues come from numerous taxes, fees, permits, tolls, and other revenues. Revenues forecasted each quarter include the sources contained in Figure 2. This pie graph reveals the anticipated share of each state revenue source to the total transportation revenues for the 2013-15 biennium, ($4.630 billion). Gasoline fuel taxes comprise the largest share at 44.1%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 54.8% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 22%. The largest three revenue sources are projected to consist of 76.8% of revenues in the 2013-15 biennium. The remaining 23.2% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

Figure 3 Forecast to Forecast Biennium Comparison of All Transportation Revenues
June 2014 forecast - 10 year period *millions of dollars*

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

	Current Biennium 2013-2015			2015-2017			10-Year Period (2013-2023)		
	Forecast Jun-14	Chg from Feb-14	Percent Change	Forecast Jun-14	Chg from Feb-14	Percent Change	Forecast Jun-14	Chg from Feb-14	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,530.3	(0.9)	0.0%	2,554.7	9.9	0.4%	12,833.8	132.8	1.0%
Licenses, Permits and Fees *	1,018.9	9.5	0.9%	1,078.6	46.1	4.5%	5,441.1	161.8	3.1%
Ferry Revenue†	344.3	1.5	0.4%	357.0	1.1	0.3%	1,823.2	4.2	0.2%
Toll Revenue §	292.6	0.0	0.0%	331.4	0.0	0.0%	1,733.2	0.0	0.0%
Aviation Revenues ‡	6.0	0.1	0.9%	6.3	0.1	1.1%	31.6	0.4	1.3%
Rental Car Tax	53.8	1.0	1.8%	56.4	0.7	1.2%	295.7	3.2	1.1%
Vehicle Sales Tax	74.3	0.1	0.2%	79.0	(0.1)	-0.1%	412.0	0.2	0.1%
Driver-Related Fees*	281.4	(1.4)	-0.5%	297.1	1.4	0.5%	1,434.3	0.3	0.0%
Business/Other Revenues ‡*	28.8	2.2	8.4%	25.6	0.2	0.8%	132.8	3.1	2.4%
Total Revenues	**4,630.4**	**12.1**	**0.3%**	**4,786.0**	**59.3**	**1.3%**	**24,137.7**	**305.9**	**1.3%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**137.2**	**(1.3)**	**-1.0%**	**143.6**	**(0.3)**	**-0.2%**	**736.1**	**(2.5)**	-0.3%
State Uses									
Motor Vehicle Account (108)	1,104.0	0.2	0.0%	1,122.1	10.9	1.0%	5,645.0	58.2	1.0%
Transportation 2003 (Nickel) Account (550)	393.4	(0.8)	-0.2%	396.1	(0.4)	-0.1%	1,992.1	8.9	0.5%
Transportation 2005 Partnership Account (09H)	581.2	0.1	0.0%	585.0	2.1	0.4%	2,936.3	29.8	1.0%
Multimodal Account (218)	263.9	1.2	0.5%	275.6	(0.0)	0.0%	1,433.7	2.2	0.2%
Special Category C Account (215)	47.6	0.0	0.0%	47.9	0.2	0.4%	240.2	2.6	1.1%
Puget Sound Capital Construction Account (099)	34.6	0.0	0.0%	34.8	0.1	0.4%	174.8	1.9	1.1%
Puget Sound Ferry Operations Account (109)	395.5	1.6	0.4%	408.5	1.3	0.3%	2,082.3	6.9	0.3%
Capital Vessel Replacement Account (18J)	17.8	10.2	135.4%	46.9	39.0	0.0%	182.6	142.1	349.9%
Tacoma Narrows Bridge Account (511)	138.4	0.0	0.0%	153.1	0.0	0.0%	795.7	0.0	0.0%
High Occupancy Toll Lanes Account (09F)^	2.7	0.0	0.0%	0.0	0.0	0.0%	2.7	0.0	0.0%
SR 520 Corridor Account (16J)	133.2	0.0	0.0%	160.0	0.0	0.0%	843.3	0.0	0.0%
SR 520 Corridor Civil Penalties Account (17P)	18.3	0.0	0.0%	18.3	0.0	0.0%	91.6	0.0	0.0%
Aeronautics Account (039)	6.0	0.1	0.9%	6.3	0.1	1.1%	31.6	0.4	1.3%
State Patrol Highway Account (081)	344.9	2.3	0.7%	356.5	2.6	0.7%	1,827.9	14.2	0.8%
Highway/Motorcycle Safety Accts. (106 & 082)	246.5	(1.7)	-0.7%	261.4	1.0	0.4%	1,253.0	(1.8)	-0.1%
School Zone Safety Account (780)	1.1	(0.0)	-3.7%	1.2	0.0	0.0%	5.8	(0.0)	-0.7%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.4	0.1	0.5%	16.8	0.1	0.7%	85.9	0.8	0.9%
Ignition Interlock Devices Revolving Acct 14V	3.9	0.1	1.9%	3.9	0.1	2.9%	19.6	0.5	2.7%
Multiuse Roadway Safety Account Collections-571	0.1	(0.1)	0.0%	0.1	(0.1)	0.0%	0.5	(0.4)	0.0%
Total for State Use	**3,749.5**	**13.3**	**0.4%**	**3,894.4**	**57.0**	**1.5%**	**19,644.1**	**266.6**	**1.4%**
Local Uses									
Cities	182.5	0.0	0.0%	183.5	0.7	0.4%	921.3	10.1	1.1%
Counties	300.6	0.1	0.0%	302.5	1.1	0.4%	1,519.9	16.7	1.1%
Transportation Improvement Board (112 & 144)	195.0	0.0	0.0%	196.1	0.7	0.4%	984.8	11.1	1.1%
County Road Administration Board (102 & 186)	65.6	0.0	0.0%	65.9	0.2	0.4%	331.4	4.0	1.2%
Total for Local Use	**743.7**	**0.1**	**0.0%**	**748.1**	**2.7**	**0.4%**	**3,757.5**	**41.9**	**1.1%**
Total Distribution of Revenue	**4,630.4**	**12.1**	**0.3%**	**4,786.0**	**59.3**	**1.3%**	**24,137.7**	**305.9**	**1.3%**

† Ferry Fares plus non-farebox revenue
‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund.
* These transportation revenues had new fees or higher fees adoption by the 2012, 2013 and 2014 Legislatures.
§ 167 HOT lanes is a pilot program due to sunset June 30, 2015

As Figure 3 indicates, in the current biennium, June's transportation revenues are projected at $4.630 billion. This forecast is up 0.3% from the last forecast by $12.1 million from February. The rise in the June revenue forecast over the last forecast is due to higher license, permits and fee revenue, ferry revenue, rental car taxes and business related revenue. A few revenue sources are down in the current biennium: fuel tax and driver related forecasts. June's projections in the current biennium show higher projections of licenses, permits and fee collections by $9.5 million and the incorporation of new 2014 legislation; rental car taxes by $1 million; ferry revenue is up by $1.5 million. In the next biennium, transportation revenues are up even more by $59.3 million or 1.3%. Next biennium, all revenue sources are either up or no change from the last forecast except for vehicle sales taxes which are down minimally 0.1% from the last forecast. Next biennium, motor fuel taxes are up $9.9 million and licenses permits and fee revenue is up $46.1 million due to the incorporation of 2014 legislation. See the Appendix Figure 54 for more details on the two primary pieces of 2014 legislation which impacted licenses, permits and fee revenue. Over the 10-year forecast horizon (2014-2023), the revenue forecast for June 2014 is $24.136 billion which is up $304.78 million or 1.3% from the February forecast, see Figure 3.

Economic Variables Forecast

Several economic variables are used in forecasting Washington's transportation revenues each quarter. Key economic variables include the following: Washington personal income, population, inflation, employment, oil price index, fuel efficiency, and US sales of new light vehicles.

Figure 4 Annual Percentage Change (%) in Select Economic Variables
June 2014 forecast

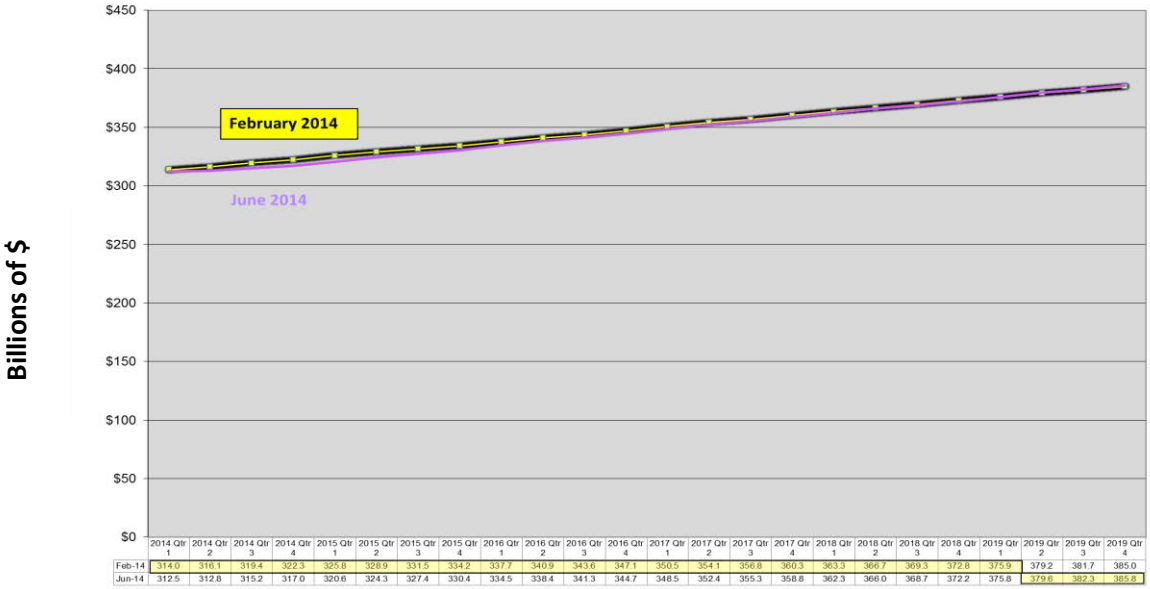
Fiscal Year	WA Personal Income	Annual Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles
2010	-2.5	1.0	1.0	3.1	-0.9	10.8
2011	2.9	1.0	1.7	17.8	1.4	11.8
2012	2.7	1.0	2.4	13.6	1.1	13.3
2013	2.6	1.1	1.4	0.5	1.0	9.3
2014	2.7	1.2	1.2	-1.4	1.3	4.7
2015	2.8	1.2	1.7	-4.7	1.6	6.5
2016	4.2	1.2	1.4	-3.0	1.8	8.0
2017	4.2	1.2	1.4	0.8	1.9	4.4
2018	4.0	1.2	1.5	1.3	1.8	3.2
2019	3.7	1.1	1.5	2.8	1.8	2.8
2020	3.4	1.1	1.5	3.6	1.9	2.9
2021	2.5	1.1	1.9	4.4	1.9	2.9
2022	2.5	1.1	1.9	4.8	1.9	3.4
2023	2.6	1.1	1.9	4.4	1.9	2.6
2024	2.7	1.0	2.0	4.5	2.0	2.5
2025	2.8	1.1	2.0	3.5	2.1	3.5
2026	2.7	1.0	1.9	3.0	2.1	2.8
2027	2.7	1.0	1.9	2.0	2.1	3.0

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

WA Personal Income

The forecast of Washington real personal income is projected by the Washington Economic and Revenue Forecast Council (ERFC) based on the June Global Insight forecast, May Blue Chip average US GDP growth rates, NYMEX fuel prices, and other forecasted economic variables in the near term through FY 2019. This June 2014 forecast has the ERFC forecast through FY 2019. Washington real personal income in FY 2012 averaged $294.8 billion. This was a year-over-year increase of 2.7%. For FY 2013, Washington real personal income was $302.4 billion, with the year-over-year growth rate of 2.6%. In FY 2014, the June forecast of growth in real personal income is lower at $310.5 billion and an annual growth of 2.7% as opposed to 2.9% in February. This June 2014 forecast predicts Washington real personal income to be slightly lower than the last forecast for most of the forecast horizon. By the second quarter of 2019, the level of real personal income in the current projections is slightly higher than previous projections, see Figure 6. This trend continues throughout the rest of the forecast horizon. The average growth rate is 3.8% in fiscal years 2015-2018 which is the same average as last quarter's projections. In FY2019, Washington real personal income is anticipated to be $374.1 billion with an annual growth rate of 3.7% which is a higher growth rate than predicted in February at 3.5%. The annual growth rate in real personal income in fiscal year 2020 is 3.4% which is a combination of ERFC annual growth and OFM's 2014 long-term real personal income forecast. In FY 2021 and throughout the remainder of the forecast horizon, OFM's long-term forecast of real personal income annual growth stabilizes between 2.5% and 2.8% which is the same as the prior forecast. Figure 6 shows the forecast to forecast change in the annual growth rates for Washington real personal income.

Figure 5 Comparison of Quarterly Washington Real Personal Income
June vs. February 2014



	2014 Qtr 1	2014 Qtr 2	2014 Qtr 3	2014 Qtr 4	2015 Qtr 1	2015 Qtr 2	2015 Qtr 3	2015 Qtr 4	2016 Qtr 1	2016 Qtr 2	2016 Qtr 3	2016 Qtr 4	2017 Qtr 1	2017 Qtr 2	2017 Qtr 3	2017 Qtr 4	2018 Qtr 1	2018 Qtr 2	2018 Qtr 3	2018 Qtr 4	2019 Qtr 1	2019 Qtr 2	2019 Qtr 3	2019 Qtr 4
Feb-14	314.0	316.1	319.4	322.3	325.8	328.9	331.5	334.2	337.7	340.9	343.6	347.1	350.5	354.1	356.8	360.3	363.3	366.7	369.3	372.8	375.9	379.2	381.7	385.0
Jun-14	312.5	312.8	315.2	317.0	320.6	324.3	327.4	330.4	334.5	338.4	341.3	344.7	348.5	352.4	355.3	358.8	362.3	366.0	368.7	372.2	375.8	379.6	382.3	385.8

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

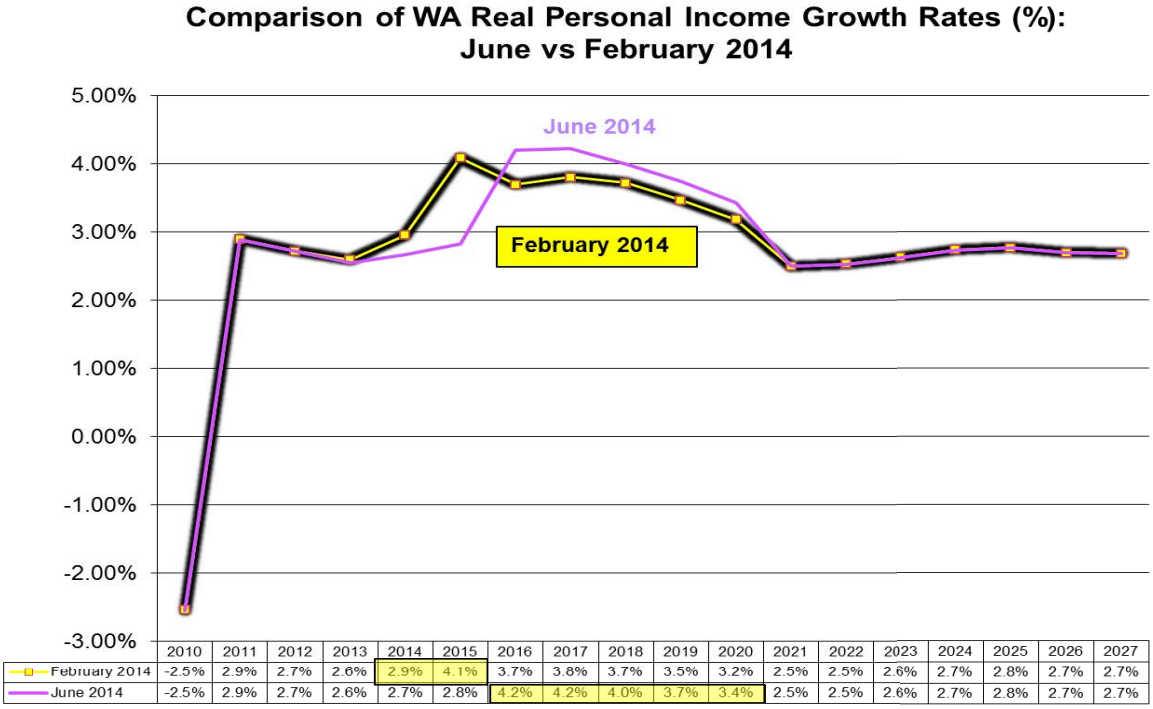
WA Population

The June 2014 forecast includes the final 2013 OFM population projections which was the same forecast used in February.

In FY 2012, the driver age population was 5.238 million with an annual growth rate of 1.0%. The driver age population increased to 5.296 million in FY 2013, representing again a 1.1% annual growth from the prior year. The current FY 2014 driver age population is anticipated to be 5.357 million, which is another year of 1.15% annual growth. In fiscal years 2015 and beyond, the annual population growth rate starts at 1.16% and

falls slowly each year so by the last year of the forecast horizon the annual growth rate is 0.99%. The average annual growth rate in population between FY 2015 and 2027 is 1.09%.

Figure 6 Forecast Comparison of Annual Growth Rates for Washington Real Personal Income June vs. February 2014



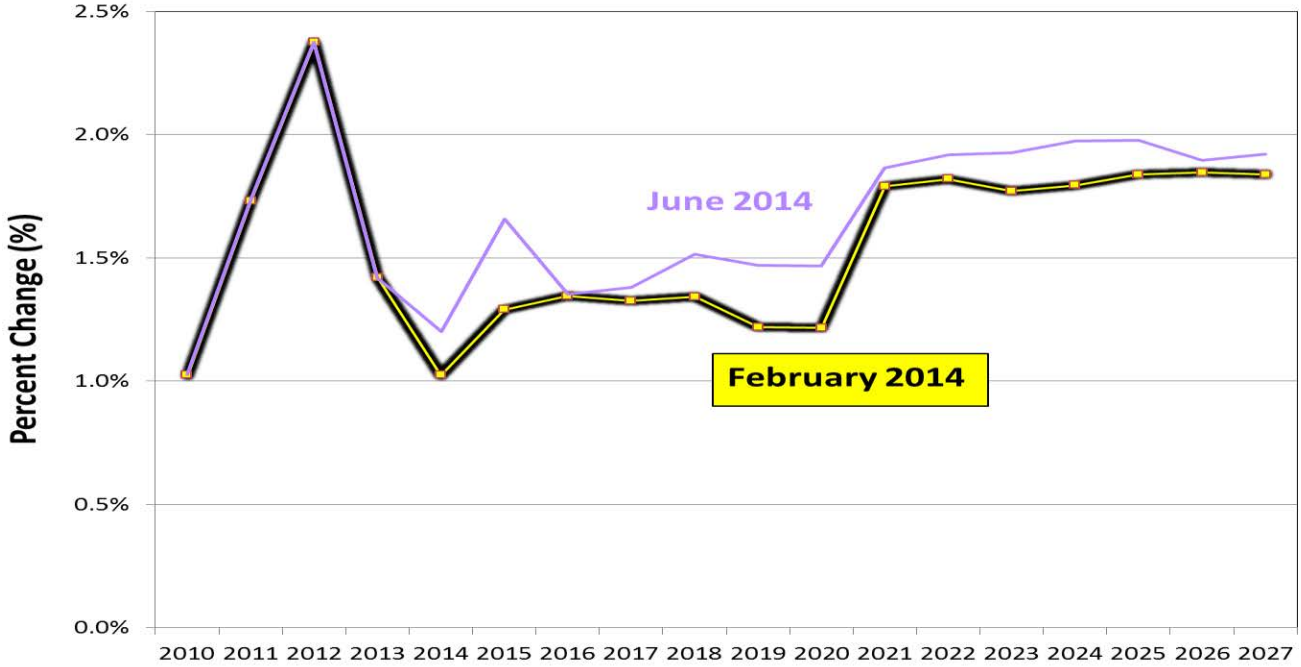
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
February 2014	-2.5%	2.9%	2.7%	2.6%	2.9%	4.1%	3.7%	3.8%	3.7%	3.5%	3.2%	2.5%	2.5%	2.6%	2.7%	2.8%	2.7%	2.7%
June 2014	-2.5%	2.9%	2.7%	2.6%	2.7%	2.8%	4.2%	4.2%	4.0%	3.7%	3.4%	2.5%	2.5%	2.6%	2.7%	2.8%	2.7%	2.7%

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

U.S. Inflation

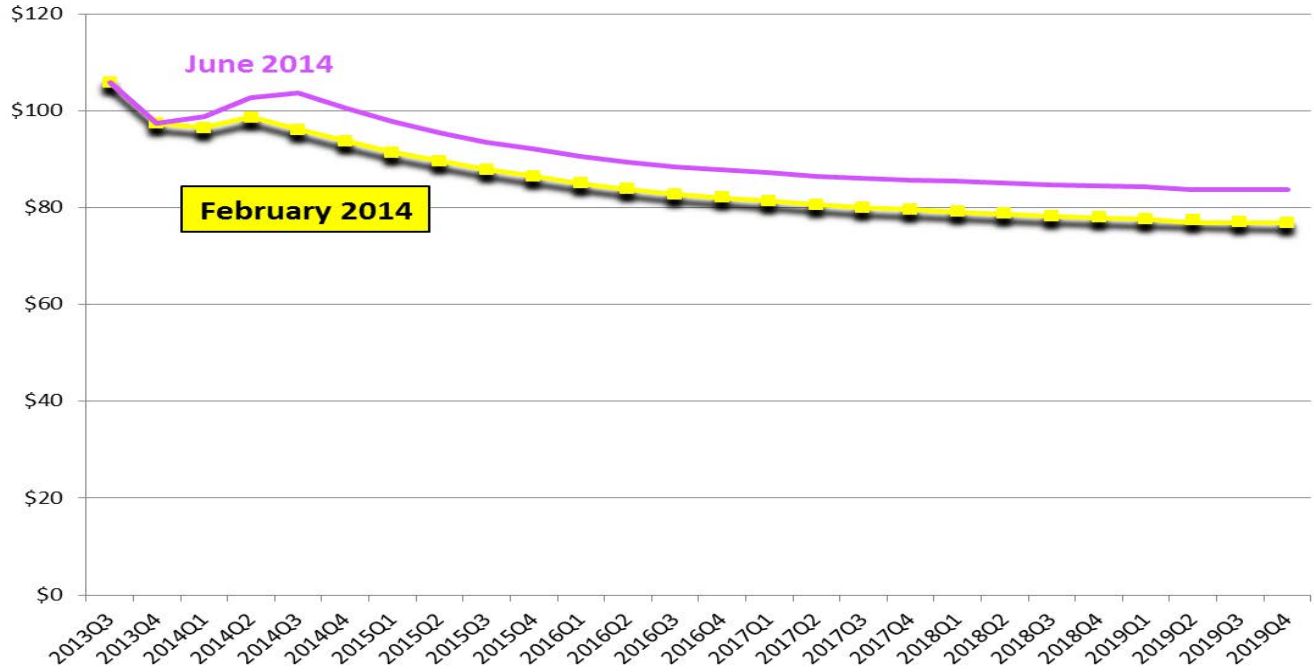
For the U.S. inflation rate forecast, we use the Economic and Revenue Forecast Council through FY 2019 and Global Insight's June 2014 projection of the implicit price deflator (IPDC) for 2020 and beyond (Figure 8). In 2012, the U.S. inflation rate, as measured by the change in the IPDC, was 2.4%. In FY 2013, inflation fell to 1.4%. In FY 2014, the inflation forecast is projected fall even further to 1.2%, but this is slightly higher than the 1% projected in February. The same higher inflation trend continues through most of the forecast horizon except for the last two fiscal years when the annual growth rates for inflation are the same. In FY 2015, the current forecast shows an annual increase in inflation of 1.66%, which is higher than last quarter's forecast at 1.3%. In FY 2016, the current forecast shows an annual increase in inflation of 1.35%, which is also slightly higher than last quarter's forecast at 1.33%. After FY 2016, the current forecast projects rising inflation to a little less than 2% by FY 2024-25. For the remainder of the forecast horizon, inflation rates gradually fall year over year to 1.92% by FY 2027 (see Figure 7). Overall, this June forecast for inflation is higher than the last forecast. Part of the reason for the higher June 2014 inflation forecast by ERFC is the higher NYMEX crude oil futures prices since the last economic forecast.

Figure 7 Inflation Forecast Comparison – Annual Percent Change in U.S. Implicit Price Deflator for Personal Consumption June vs. February 2014



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

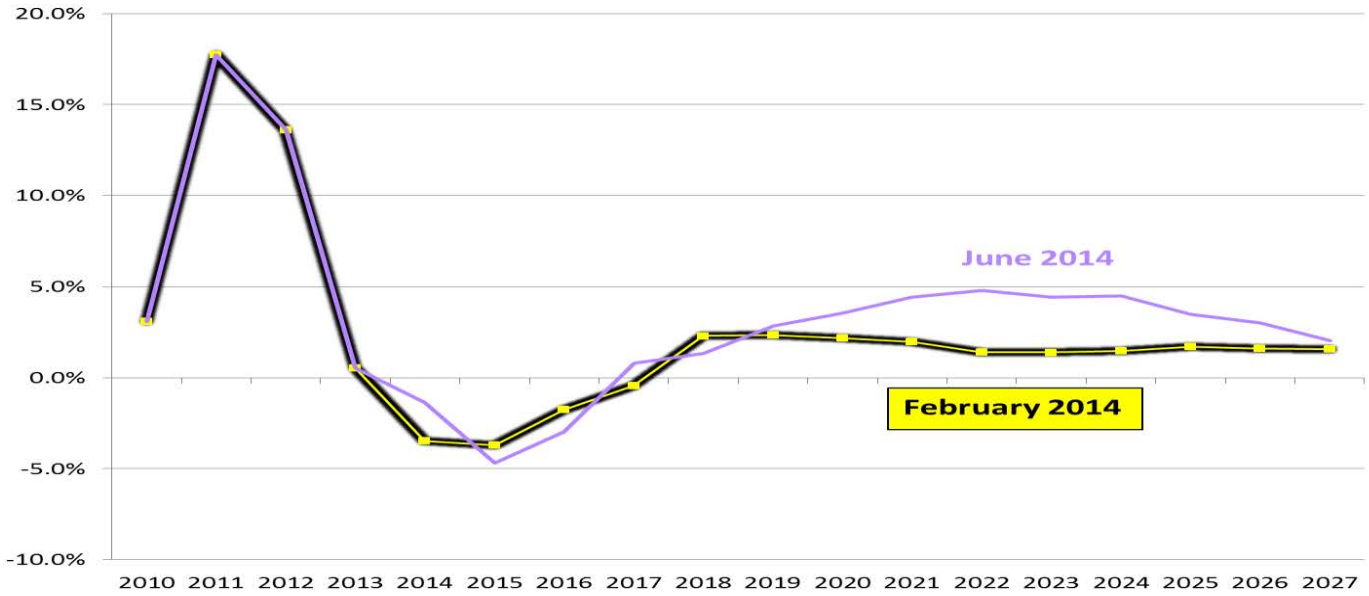
Figure 8 NYMEX Crude Oil Price Comparison: June vs. February 2014



Source: Washington Economic and Revenue Forecast Council: June and February 2014 NYMEX prices U.S. Petroleum Products Price Index

The annual year over year change in the U.S. petroleum products price index was 18% for FY 2011. In FY 2012, the price index grew by 13.6%, year-over-year. In FY 2013 the annual growth for the U.S. petroleum products price index was 0.5%. In FY 2014, the US petroleum price index is projected to decline by 1.4% which is a smaller decline than February's projection at -3.5%. In fiscal year 2015, the forecast of this index is projected to decline by 4.7% which is more pessimistic than -3.7% predicted last quarter. In FY 2016, the petroleum products price index is also predicted to fall annually by -3.0%. From FY 2017 and throughout the forecast horizon, the petroleum products price index growth rates are expected to be positive and start at an annual growth of 0.8% and rise to 4.8% by FY 2022 and the positive growth slows back down to 2% by the end of the forecast horizon (see Figure 9).

Figure 9 Global Insight Oil/Gas Price Index Forecasts: Growth Rate Comparison June vs. February 2014



Source: June 2014 Global Insight forecast

U.S. Fuel Efficiency (MPG)

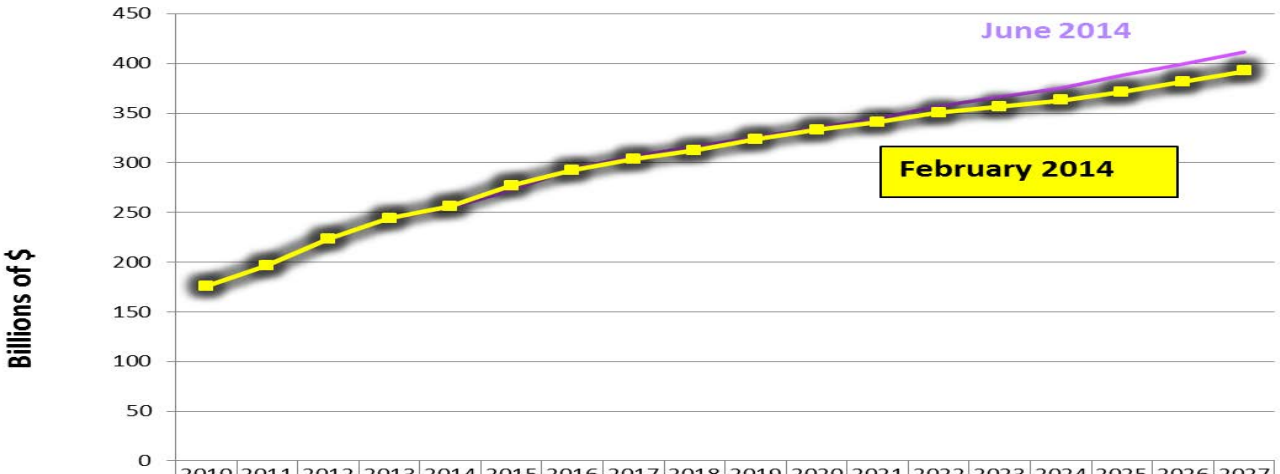
The U.S. on-road fuel efficiency variable for the June 2014 forecast is nearly unchanged from the February forecast. Previous forecasts incorporated the effects of the 2012 Obama administration fuel efficiency standards for passenger cars and light trucks in model years 2017 and beyond. The on-highway fleet fuel efficiency variable in 2012 and 2013 was 20.3 and 20.5 miles per gallon respectively for the entire US fleet of light vehicles. In the current fiscal year, the June 2014 fuel efficiency projection for the US fleet is 20.79 miles per gallon, which is an annual increase of 1.3% which is the same as anticipated last quarter. The fuel efficiency of the US fleet grows over time and by the end of the forecast horizon the on-highway vehicle fuel efficiency is projected to increase to 26.534 miles per gallon as opposed to 26.540 miles per gallon predicted in February. This latest forecast is a minor change upward in the US fuel efficiency from the prior forecast.

U.S. Consumer Spending on New Motor Vehicles

Consumer spending on new motor vehicles throughout the U.S. has been recovering with 10.8% and 11.8% year-over-year growth in FY 2010 and 2011 respectively. In FY 2012, the recovery for light vehicle sales picked up even more with an annual growth rate of 13.3%. In fiscal year 2013, consumer spending on new vehicles grew year over year by 9.3% instead of 5.4% predicted in February. In general, this June 2014 forecast is predicting slightly lower levels of consumer spending on new motor vehicles than in February for the first two years and then the level of consumer spending is projected higher than the last forecast. In fiscal year 2014,

consumer spending on new vehicles is expected to be growing at 4.7%, as opposed to 5.2% in February. In fiscal year 2015, consumer spending on new vehicles is expected to be growing even faster at 6.5%, yet this is lower than February's predicted growth rate of 7.9%. This current forecast has the high growth rate of 8% in FY 2016 instead of being in FY 2015 like last quarter. This current forecast has pushed out the high annual growth rate originally in FY 2015 in the prior forecast to 2016 in this forecast. After the highest annual growth rate of 8% is predicted in FY 2016, the annual growth rates of consumer sales on new vehicles are anticipated to decline at a faster pace than the prior forecast. In FY 2017, the annual growth rate of 4.4% is slightly higher than last quarter's projection at 3.7%. In FY 2018, the annual growth rates are lower at 3.23% and the growth rates continue to decline. The annual growth rates in remaining years stabilize around 2.8% except for FY 2025 which is projected to have an annual growth rate of 3.5%.

Figure 10 Global Insight Annual US Consumer Spending on Motor Vehicles ($ billions) Comparison June vs. February 2014



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
14-June	176	196	223	243	255	271	293	306	316	325	335	344	356	366	375	388	399	411
14-Feb	176	196	223	243	256	276	293	303	312	323	333	341	350	356	363	371	381	392

Source: June 2014 Global Insight forecast

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

This June forecast has only minor upward revisions in the levels of Washington employment from the February forecast. The recovery in Washington's economy picked up in FY 2012 with non-agricultural employment growing by 1.4%; employment in the trade, transportation, and utilities sectors growing at 2.0%; and Washington retail employment growing at 1.8%. In FY 2013, year-over-year growth in non-ag. employment continued to grow at 2.1%. In the current fiscal year, the projection of the non-ag. employment annual growth rose a little to 2.4% growth versus 2.2% estimated in February. In the following year, the annual growth rate for non-ag. employment rose from the prior forecast to 2.1% as opposed to at 1.9% annual growth in FY 2015. In fiscal years FY 2016-2022, the annual growth rates for non-ag. employment falls every year from 1.9% to 0.75% which is the same trend as the last forecast. The economic growth in Washington's non-ag. employment, in subsequent years beyond FY 2019, is based on OFM's 2014 long-term employment projections, which are the same growth rates as in the February forecast (see Figure 12).

Washington's employment in the trade, transportation, and utilities (TTU) sectors follows similar trends as the overall non-farm employment trends. In FY 2012, this industry grew by 2% year-over-year. In FY 2013, the trade, transportation, and utilities employment sector grew slightly faster at 2.4%. In the current fiscal year, employment in the trade, transportation, and utilities sector is projected to grow at 2.9%, which is a little faster growth than non-ag. employment growth at 2.4% and slightly more optimistic than the last quarterly forecast. In FY 2015, this industry's employment is anticipated to continue growth at 1.9% as opposed to 1.2% year-over-

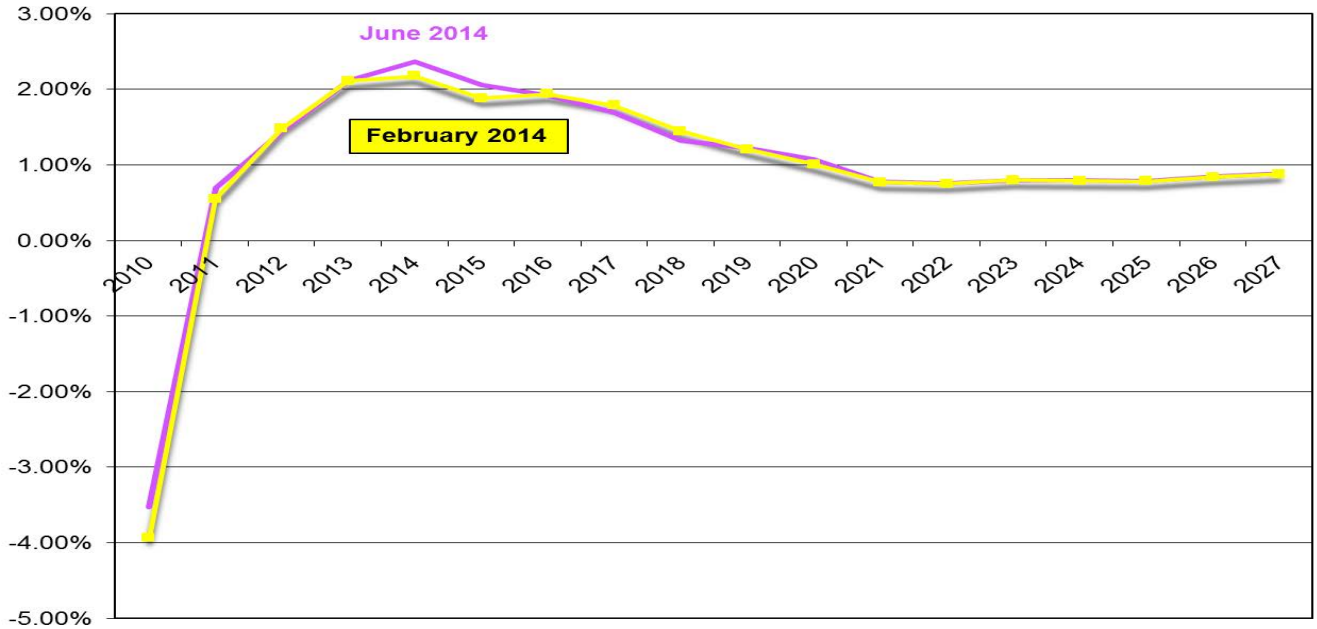
year expected in February. In FY 2016, the growth rate in this employment sector is lower than the last projection at a year over year growth of 0.9% as opposed to 1.3%. Then in FY 2017, Washington employment growth rates in the trade, transportation, and utilities sectors is anticipated to rise to 0.9% instead of 1.5% anticipated in February. Then employment in the trade, transportation, and utilities sector growth rate steadily slows annually to a rate of 0.3% by FY 2023, which is nearly the same as anticipated in February. In subsequent years after FY 2019, the TTU employment growth rates are dependent on the updated 2014 OFM long-term forecast which has not changed from the last forecast. The 2014 OFM long-term annual growth rates are projected to be 0.3% in FY 2020 and 0.36% in FY 2021 and 2022. The annual growth rate falls a little to 0.3% in FY 2023 and rises again to 0.34% in FY 2024. In FY 2025 - 2027, annual growth rates rise from 0.6% to 0.67% (see Figure 13).

Figure 11 Annual Growth Rates (%) Washington Employment Forecasts June 2014

Fiscal Year	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2010	-3.5	-4.0	-3.3
2011	0.7	0.6	0.8
2012	1.4	2.0	1.8
2013	2.1	2.4	2.7
2014	2.4	2.9	3.2
2015	2.1	1.9	2.0
2016	1.9	0.9	0.2
2017	1.7	0.9	0.2
2018	1.3	0.8	0.2
2019	1.2	0.6	0.01
2020	1.1	0.3	0.06
2021	0.8	0.4	0.3
2022	0.8	0.4	0.4
2023	0.8	0.3	0.3
2024	0.8	0.3	0.3
2025	0.8	0.6	0.7
2026	0.8	0.6	0.7
2027	0.9	0.7	0.8

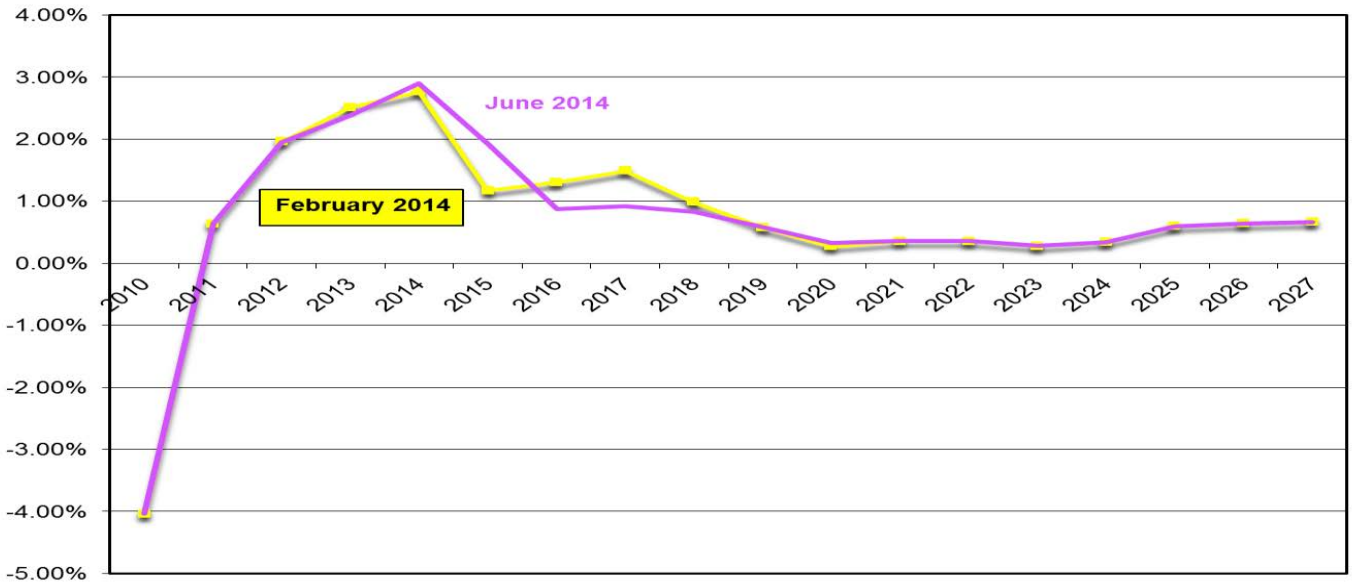
Washington's employment in the retail trade sector in this forecast also follows similar trends as employment in the non-agricultural and trade, transportation, and utilities industries; however, projections are more optimistic in the near-term for this industry sector. The retail employment sector grew by 1.8% year-over-year in FY 2012. In FY 2013, the retail trade employment grew even more by 2.7%. In the current fiscal year, the projection of retail employment growth is higher at 3.2% as opposed to 3.0% annual growth in February. In FY 2015, the current retail employment projection has been raised to a year over year growth of 2% as opposed to 0.7% growth anticipated in February. In FY 2016, the retail employment annual growth forecast has been lowered to 0.19% versus 0.75% projected in February. In FY 2017, the annual growth rate has also been lowered from the last forecast to 0.18% as opposed to1% in the February forecast. In FY 2018 and 2019, the annual growth remains low at 0.15% and 0.01% which is lower than the last quarter's growth of 0.37% and 0.13%. In FY 2020 and beyond, the retail employment projections are based on OFM's 2014 employment projections, which is the same as last quarter. The annual growth rate averages 0.44% (see Figure 14).

Figure 12 Washington Nonfarm Payroll Employment Forecasts of Annual Growth Rates June vs. February 2014



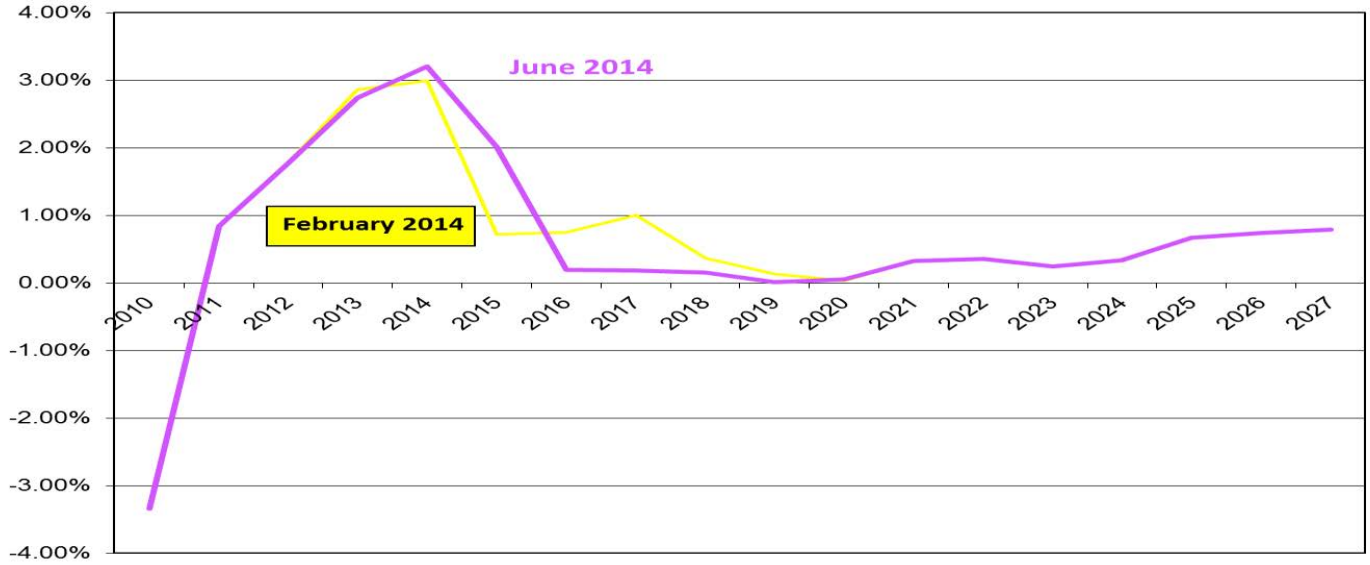
Source: June 2014 ERFC and OFM/ESD 2014 long-term Washington non-ag. employment forecast

Figure 13 Washington Nonfarm Payroll Employment – Trade, Transportation and Utilities Sectors (TTU) Forecasts of Annual Growth Rates June vs. February 2014



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

Figure 14 Washington Nonfarm Payroll Employment – Retail Trade Sector Forecasts of Annual Growth Rates June vs. February 2014



Source: June 2014 ERFC and OFM/ESD long-term Washington retail trade employment forecast

Motor Fuel Price Forecast

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

The June 2014 forecast for crude oil prices is higher than the last forecast in the current fiscal year and all throughout the forecast horizon from February. The same is true for the current retail gas and diesel price forecasts as they are up from the February forecast in both the near- and long-term. Annual adjusted ferry B5 biodiesel prices are also up from the February forecast.

Source of data for the forecast

For the Washington retail price of gasoline, actual fuel prices are collected from the Energy Information Administration's (EIA) survey of retail prices for regular gasoline in the state. For the retail price of diesel, the actual prices are collected from AAA's weekly publication of retail prices for diesel in Washington. The actual ferry B5 biodiesel prices are reported by the Washington State Ferries (WSF). In the short term (thorough calendar year 2015), the retail gas price forecasts are based on the growth in the national retail gas price forecast by EIA. The diesel and biodiesel diesel prices grow off the growth in national diesel prices from the Energy Information Agency (EIA) monthly projections. Beyond calendar year 2015, the fuel price projections are based on June's Global Insight national gas price forecast for Washington's gas price forecast and the producer price index (PPI) projections for refined petroleum products for the retail diesel and biodiesel price forecasts.

The forecasts of biodiesel prices include two different biodiesel prices: B5 and B99 without the renewable identification number (RIN). WSF currently purchases biodiesel as B5 blended biodiesel. WSDOT also purchases B99 biodiesel without RIN for our vehicle fleet needs. WSDOT receives OPIS fuel prices with the latest prices for B5 and B99 biodiesel prices without RIN in Tacoma. The B99 prices represent those paid by

other state entities' purchases of biodiesel in Tacoma. The B5 biodiesel price is based on Washington State ferries' reported purchase price of biodiesel with the markup, delivery, and other tax costs included. The base of the price forecast for the B99 price without RIN for non-WSF purchases is the OPIS base price without markup, delivery, and tax costs.

U.S. crude oil price trend

U.S. prices of West Texas Intermediate Crude (WTI) oil averaged $95 per barrel in FY 2012. In fiscal year 2013, crude oil prices averaged $92.16 per barrel. The crude oil price forecast for second quarter 2014 is higher now at $102.08 versus $94.00 per barrel predicted three months ago. In the future, this June crude oil price forecast is higher than in February and is closer to the November 2013 forecast. In FY 2014, WTI crude oil prices are projected to be higher at $101 per barrel compared to $97.93 per barrel in February. This represents a 9.6% year over year growth. This June crude oil price forecast declines in FY 2015 with an average WTI price of $94.5 per barrel forecast as opposed to the $90.9 per barrel predicted three months ago. In this current forecast, like prior forecasts, WTI crude oil prices are expected to remain low in FY 2016 at an average of $93.1 per barrel. Beginning in FY 2017, WTI crude oil prices are projected to rise to above $100 per barrel and grow over the course of the forecast horizon. By FY 2027, the WTI price forecast is $150 per barrel. In the last forecast, the annual WTI crude oil price forecast did not hit more than $100 per barrel until FY 2021. The February 2014 WTI price forecast reached a maximum price of $114.7 per barrel in FY 2027 which is much lower than our current projection of $150 per barrel by the end of the forecast horizon. This current forecast is based on a new Global Insight long-term price forecast which anticipates higher crude oil prices in the long-term due to expectations about domestic crude oil supply not being as abundant as last quarter's projections as well as the opening of export markets for US crude oil expanding the worldwide demand for WTI in the long-term.

Washington retail gasoline price trend

June's Washington retail gasoline prices are projected to be higher than the February retail gas price forecast all throughout the forecast, see Figure 15. This June forecast has annual average gas prices hitting $4 per gallon by FY 2020 which is five years sooner than the February retail gas price forecast. In FY 2013, the Washington average retail gas price was $3.73 per gallon. In FY 2014, the Washington average retail gas price is currently projected to be $3.61 per gallon as opposed to $3.51 per gallon in February. This represents a year-over-year decline of 3.2%. This FY2014 gas price of $3.61 per gallon is an increase of 2.8% from the February forecast and very close to the November forecasted price of $3.58 per gallon. In FY 2015, the Washington retail gas price is expected to increase year-over-year to $3.67 per gallon, $0.32 higher than anticipated in the February forecast. In FY 2016, this current forecast anticipates gas prices to remain the same at $3.67 per gallon, which is 8.5% higher than $3.38 per gallon expected last quarter The June forecast of retail gas prices is higher than the February forecast and projections top $4 per gallon sooner in FY 2020 as opposed to FY 2025 in the February forecast.

Washington retail diesel price trend

This June forecast of retail diesel prices is consistently higher than the February forecast every year, see Figure 16. Washington's retail price of diesel was an average $3.02 per gallon in FY 2010. It increased 23% to $3.71 per gallon in FY 2011. In FY 2012, the average diesel price was $4.20 per gallon, or 13% higher than the prior year. In FY 2013, the retail diesel price dropped slightly to $4.10 per gallon. In FY 2014, the current forecast of retail diesel price is $4.01 per gallon, a year over year decline of 2.2% and this is nearly the same as the February projection of $3.99 per gallon. In FY 2015, the June 2014 retail diesel price forecast is projected to be lower at $3.93 per gallon as opposed to the February forecasted price of $3.77 per gallon. The same trend continues in future years with the current retail diesel price being higher than the February forecast by 22 cents per gallon in FY 2016; 31 cents per gallon in FY 2017 and 27 cents per gallon in FY 2018. By the end of the forecast horizon, the current forecast of retail diesel prices is $1.2 per gallon (26%) higher than the forecast in February.

The price differential between retail gas and diesel was just 9 cents on average in FY 2010 and it grew to 33 cents in FY 2011. In FY 2012 and 2013, the retail gas and diesel price differential grows to 35 cents and 37 cents per gallon respectively. In FY 2014, the price differential continues to grow to 40 cents and then begins

to fall to 26 cents in 2015. After FY 2015, the price differential continues to fall until FY 2018 when it begins to increase again. By the last fiscal year, the diesel to gas price differential is projected to be 58 cents per gallon.

Figure 15 Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular June vs. February 2014

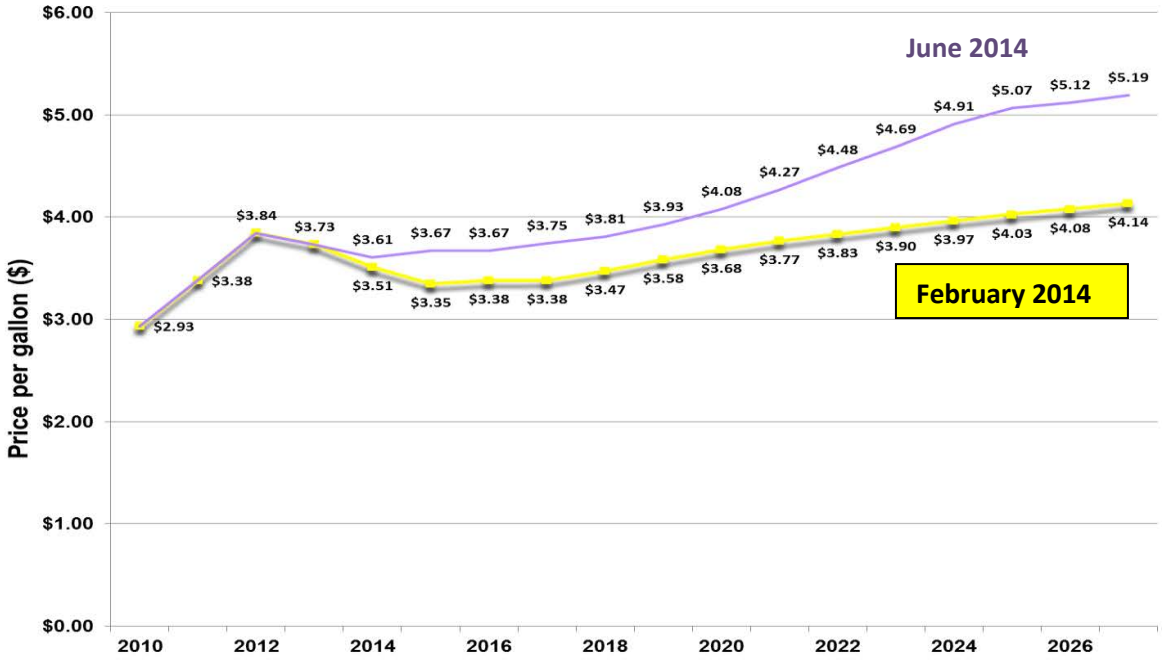
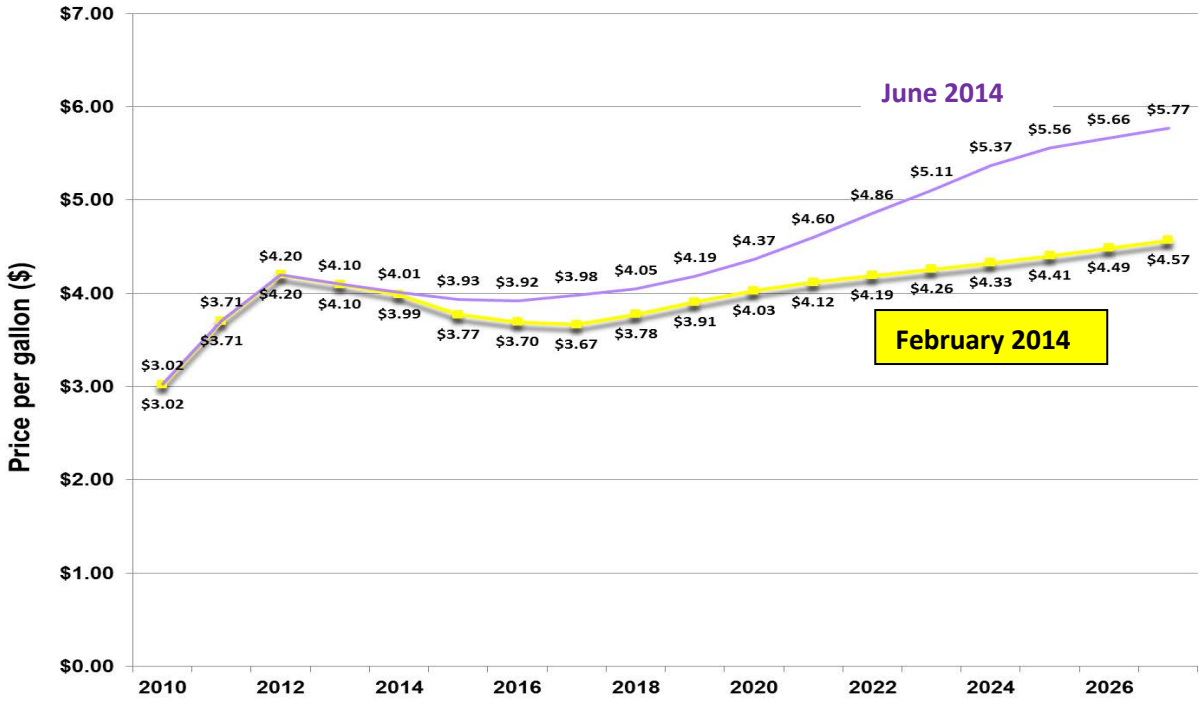


Figure 16 Forecast of UNADJUSTED Washington Retail Diesel Prices June vs. February 2014



Washington ferries B5 biodiesel fuel price trend

The trend in Washington's ferry (WSF) B5 biodiesel price is similar to retail diesel price. The reported B5 biodiesel price includes the markup costs ferries must pay, delivery fees, and various taxes, including sales taxes. Washington state ferries began receiving a sales tax exemption on their biodiesel fuel purchases on July 1, 2013 and this has been incorporated into the baseline B5 biodiesel price forecast. The ferries B5 unadjusted biodiesel price averaged $3.53 per gallon in FY 2012. In FY 2013, the adjusted B5 biodiesel price remained nearly the same at $3.51 per gallon. Beginning in FY 2014, B5 biodiesel prices will not include the roughly 10% sales tax cost so the June forecast of the average annual B5 biodiesel price with markup is anticipated to fall to $3.15 per gallon which is the same projection as the February projection. In FY 2015, the B5 biodiesel price is anticipated to be $3.19 per gallon which is higher than the $3.11 per gallon projected in February. In FY 2016-17, the current forecast of adjusted B5 prices is higher than last forecast in FY 2016 with projections of $3.16 and $3.04 per gallon respectively as opposed to $3.07 and $3.04 per gallon last quarter

B99 Biodiesel fuel price trend

The latest monthly OPIS B99 biodiesel price without RIN, markup, delivery and tax costs in Tacoma begins this B99 price forecast. The biodiesel price forecasts are based on the retail diesel price future growth with adjustments made to eventually have a regular diesel and biodiesel price differential of roughly 12%, which is the average price differential seen over the last 5 years. The B99 biodiesel price forecasts used for non-WSF WSDOT purchases had an actual B99 markup averaging $4.95 per gallon in FY 2012. For FY 2013, B99 base biodiesel price forecast rose a little to $4.98 per gallon. For FY 2014, the June B99 price forecast projects a decline year-over-year by 4.8% to $4.74 per gallon, which is lower than the last forecast by $0.15 per gallon. The B99 current forecast is lower than the last quarter's forecast throughout the forecast horizon. Since January 2014 through June, monthly B99 biodiesel prices have fallen significantly every month. The decline in B99 monthly biodiesel prices has gone from $5.14 per gallon in January 2014 to $4.30 per gallon in June, a 16.3% decline in less than 6 months. In FY 2015, the average annual B99 price is expected to decline further to $4.25 per gallon and then decline a little further to $4.23 per gallon in FY 2016 and then the B99 price rises to $4.30 per gallon in FY 2017.

Figure 17 Near-term UNADJUSTED BASELINE Quarterly Fuel Prices: June 2014

Fiscal Year Quarter	Crude Oil Price ($/barrel)	WA Retail Gasoline Price ($/gal)	WA Retail Diesel Price ($/gal)
2013: Q3	105.84	3.79	4.03
2013: Q4	97.34	3.38	3.99
2014: Q1	98.75	3.41	3.99
2014: Q2	102.08	3.85	4.03
FY 2014	**101.00**	**3.61**	**4.01**
2014: Q3	99.50	3.81	3.97
2014: Q4	94.33	3.57	3.95
2015: Q1	92.00	3.55	3.89
2015: Q2	92.00	3.75	3.92
FY 2015	**94.46**	**3.67**	**3.93**
2015: Q3	90.67	3.68	3.89
2015: Q4	89.00	3.47	3.88
2016: Q1	94.80	3.66	3.95
2016: Q2	97.85	3.87	3.94
FY 2016	**93.08**	**3.67**	**3.92**
2016: Q3	99.87	3.79	3.94
2016: Q4	100.86	3.57	4.00
2017: Q1	101.04	3.70	3.98
2017: Q2	101.59	3.92	3.99
FY 2017	**100.84**	**3.75**	**3.98**

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

In June 2014, the West Texas Intermediate (WTI) crude oil price forecasts for FY 2014 differed by approximately 1.6%, or $99.8 - $101.4 per barrel. The five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics, and Moody's Economy.com had forecasts with crude oil price forecasts which averaged $100.9 per barrel for FY 2014. WSDOT's baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term through calendar year 2015 and then use the growth rates from Global Insight forecasts for subsequent years. The projected price forecasts for crude oil in FY 2015 ranged from $94.5 per barrel by WSDOT to $108.2 per barrel by Moody's Economy.com with the average being $98.6 per barrel. The forecast for WTI crude oil in FY 2016 ranged from $89.8 per barrel by Global Insight to $113.42 per barrel by Moody's Economy.com with the average being $96.59 per barrel. The average forecast for WTI crude oil in FY 2017 ranged from $87.4 per barrel by NYMEX to $116 per barrel by Economy.com with the average being $99 per barrel. Figure 19 reveals that the WSDOT baseline WTI price forecast was the lowest price estimates in fiscal years, 2014 -2015. Global Insight and NYMEX futures prices were the lowest price estimates in FY 2016 and 2017 respectively. Projections by Moody's Economy.com were the highest of all projections for every year.

Figure 18 Near-term Annual Crude Oil Price Forecasts – 5 Different Forecast Comparisons: June 2014

Dollars per barrel

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy. com	Consensus Economics	5 Entity Avg	% Diff Lowest	% Diff Highest	% Diff Average
2014	$101.00	$101.13	$101.14	$101.37	$99.78	$100.88	-1.21%	0.36%	-0.12%
2015	$94.46	$99.25	$94.48	$108.18	$96.66	$98.60	5.07%	14.52%	4.39%
2016	$93.08	$91.26	$89.77	$113.35	$95.48	$96.59	-1.95%	21.78%	3.77%
2017	$100.84	$87.35	$97.80	$115.99	$94.51	$99.30	-13.38%	15.02%	-1.53%

Figure 19 Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes June 2014

Dollars per gallon

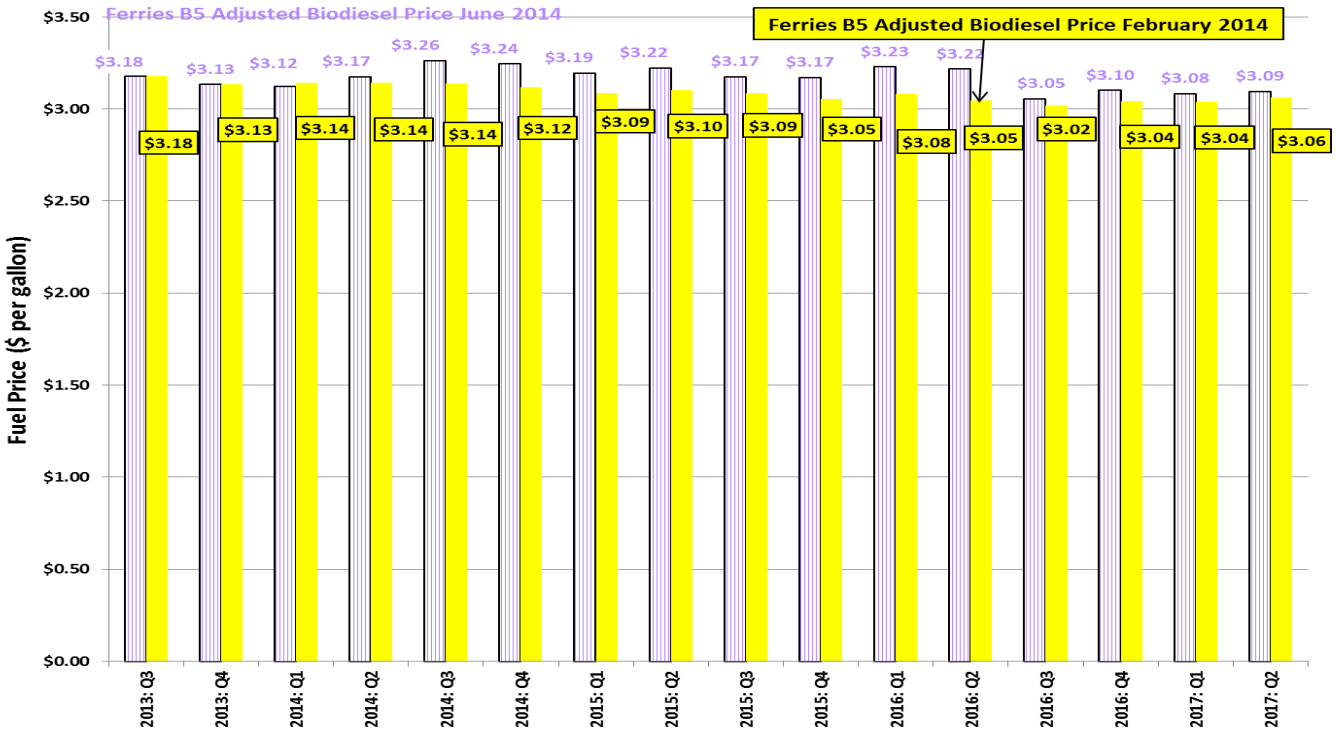
Fiscal Year Quarter	Adjusted WA Retail Gasoline Price ($/gal)	Adjusted WA Retail Diesel Price ($/gal)	Adjusted B5 Biodiesel Price ($/gal)	Unadjusted B99 Biodiesel price
2013: Q3	3.79	4.03	3.18	4.93
2013: Q4	3.38	3.99	3.13	4.77
2014: Q1	3.41	3.99	3.12	4.89
2014: Q2	3.85	4.03	3.17	4.35
FY 2014	**3.61**	**4.01**	**3.15**	**4.74**
2014: Q3	3.98	4.15	3.26	4.29
2014: Q4	3.73	4.12	3.24	4.27
2015: Q1	3.71	4.06	3.19	4.20
2015: Q2	3.91	4.10	3.22	4.24
FY 2015	**3.83**	**4.11**	**3.23**	**4.25**
2015: Q3	3.82	4.04	3.17	4.20
2015: Q4	3.60	4.03	3.17	4.20
2016: Q1	3.80	4.10	3.23	4.27
2016: Q2	4.01	4.09	3.22	4.26
FY 2016	**3.81**	**4.06**	**3.20**	**4.23**
2016: Q3	3.73	3.88	3.05	4.26
2016: Q4	3.52	3.94	3.10	4.33
2017: Q1	3.64	3.92	3.08	4.30
2017: Q2	3.86	3.93	3.09	4.32
FY 2017	**3.69**	**3.92**	**3.08**	**4.30**

WSDOT applies the five forecast entity average adjustment to the baseline June 2014 retail gasoline, diesel, and B5 biodiesel prices. The fuel prices listed in Figure 20 will be used to estimate the future costs to the

agency's 2013-15 biennium budget for gas and diesel fuel for fiscal years 2014 and 2015. The latest adjusted forecast requires a -0.12% decrease in the baseline fuel prices for retail gas, diesel and B5 biodiesel prices for the remaining months of FY 2014 and 4.4% increase for FY 2015. In the outer years, FY 2016 baseline fuel prices are adjusted by roughly 3.77%. In FY 2017, the baseline fuel prices were adjusted by -1.53%. B99 biodiesel prices are not adjusted each year due to B99 biodiesel prices being based on different feedstock prices rather than crude oil prices.

The June adjusted B5 biodiesel price forecast is slightly higher than the last quarterly forecast. In the second quarter of 2014, the current B5 biodiesel price of $3.17 per gallon was 3 cents higher than the February 2014 estimate (used for budgeting purposes). Beginning in the third quarter of 2014, the current B5 adjusted biodiesel price is above the last forecasted B5 price every quarter throughout the forecast horizon. Overall in FY 2014, ferries' B5 biodiesel price is anticipated to average $3.15 per gallon, excluding sales taxes, and increase in FY 2015 to $3.23 per gallon which is 3.8% higher than the last projection of $3.11 per gallon. The B5 price forecast is expected to decline again a little to $3.20 per gallon in FY 2016 but this current projection is above last forecast of $3.07 per gallon. Finally, in FY 2017, the adjusted B5 current forecast projects the average price to fall further to $3.08 per gallon which is slightly higher than last quarter's forecast for that fiscal year. Figure 20 provides a chart comparing the quarterly B5 biodiesel price projections, current and last, for the 2013-15 biennium and next biennium.

Figure 20 Quarterly Ferries B5 Biodiesel Prices Used for Budgeting the 2013-15 and 2015-17 Biennia June vs. February 2014 (Baseline) Forecast Comparison



Motor Vehicle Fuel Tax Forecast

Motor vehicle tax collections for gasoline and diesel consumption the four months spanning February through May 2014 totaled $0.4 million or 0.1% less than forecasted in the February 2014.

From February to May **gasoline** tax collections totaled $1.9 million or 0.6% above February's forecast:

- May collections amounted to $85.2 million, $2.7 million higher than forecasted;
- April collections totaled $84.3 million, $0.5 million higher than forecasted;
- March collections amounted $73.2 million, $2.4 million less than forecasted and;
- February collections equaled $79.8 million, $1.1 million higher than forecasted.

From February to May **diesel** tax collections totaled $2.3 million or 2.9% less than February's forecast:

- May collections equaled $18.3 million, $0.2 million lower than forecasted;
- April collections amounted to $17.1 million, $0.1 million higher than forecasted;
- March collections totaled $19.6 million, $0.6 million less than forecasted and;
- February collections equaled $21.1 million, $1.6 million less than forecasted.

Gross motor vehicle fuel tax revenue projections are $2.530 billion for the 2013-15 biennium, 1.7% or $42.4 million more than actual revenues from the 2011-13 biennium. Gross motor vehicle fuel tax revenues for the current biennium are projected to be $0.9 million or 0.04% less than February's forecast. The overall increase in motor vehicle fuel tax revenue for the 10-year period ending in the 2021-23 biennium totaled $132.8 million or 1% above the February revenue forecast. The primary reasons for higher fuel tax revenues from the last forecast in the 2015-17 biennium and later biennia include:

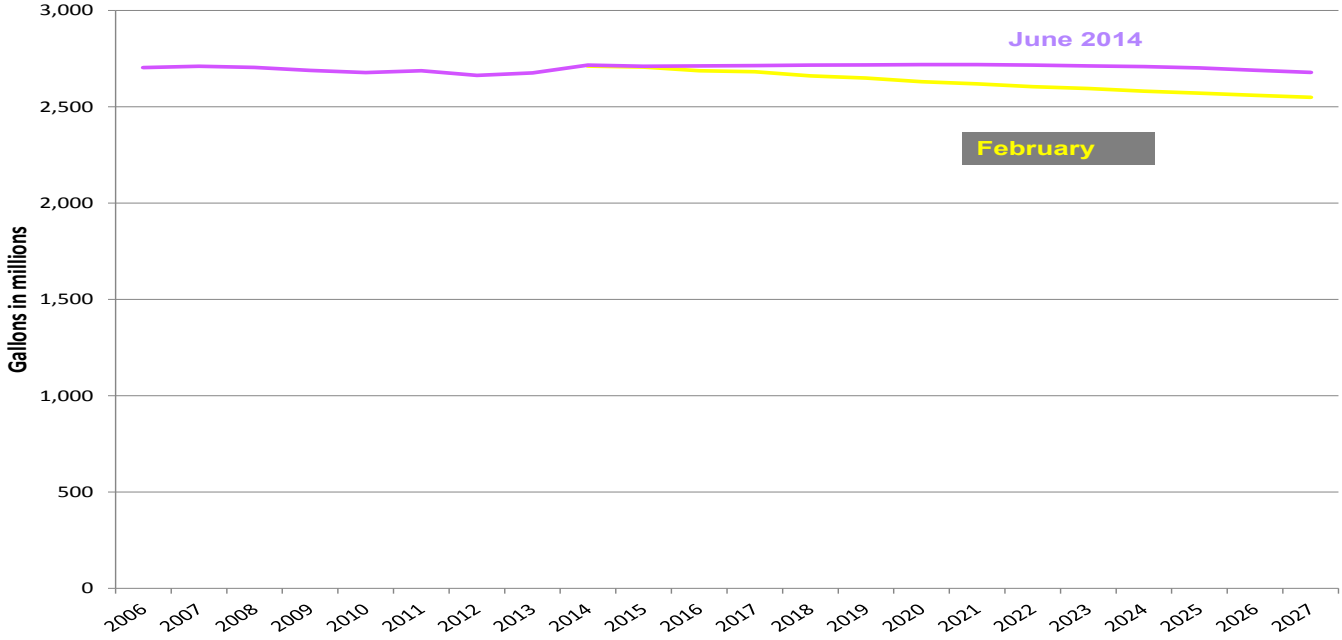
- Higher near-term tax collections in FY2014 for gasoline;
- Higher non-agricultural employment levels and growth;
- A revision of the annual long-term gasoline model to a first difference equation on both gasoline and the independent variables of Washington non-ag employment and the composite variable of the Washington real price of regular gasoline multiplied by the national on-road fuel efficiency of the light-duty vehicle fleet.

Trends in gasoline consumption and tax revenue

In FY 2013, gasoline consumption totaled 2,676 million gallons, a 0.5% increase from FY 2012. In FY 2014 gasoline consumption grew to 2,716 million gallons, a 1.52% increase over FY 2013. A positive growth in gasoline consumption of this positive magnitude had not been recorded since 1999 when an annual growth rate of 1.53% was measured. Figure 21 shows the forecast to forecast comparison of projected gasoline gallons consumed. Throughout the remainder of the forecast horizon (2015 to 2027), gasoline consumption is anticipated to grow an average 3.3% more than forecasted in February. Still, the annual growth for gasoline is nearly flat with a long-term average annual growth rate of -0.10% in this June forecast.

In the current biennium, gasoline tax revenue is projected at $2,032.6 billion, an increase of $3.9 million or 0.19% since the February forecast. By the 2015-17 biennium, gasoline tax revenue increases to $2,035.7 billion, up by $23.3 million or 1.16% from the February forecast. Gross gasoline tax revenue projections are up $233 million or 2.3% from the February forecast for the 10-year forecast horizon.

Figure 21 Gasoline Motor Fuel Consumption Forecast Comparison
June vs. February 2014 forecast



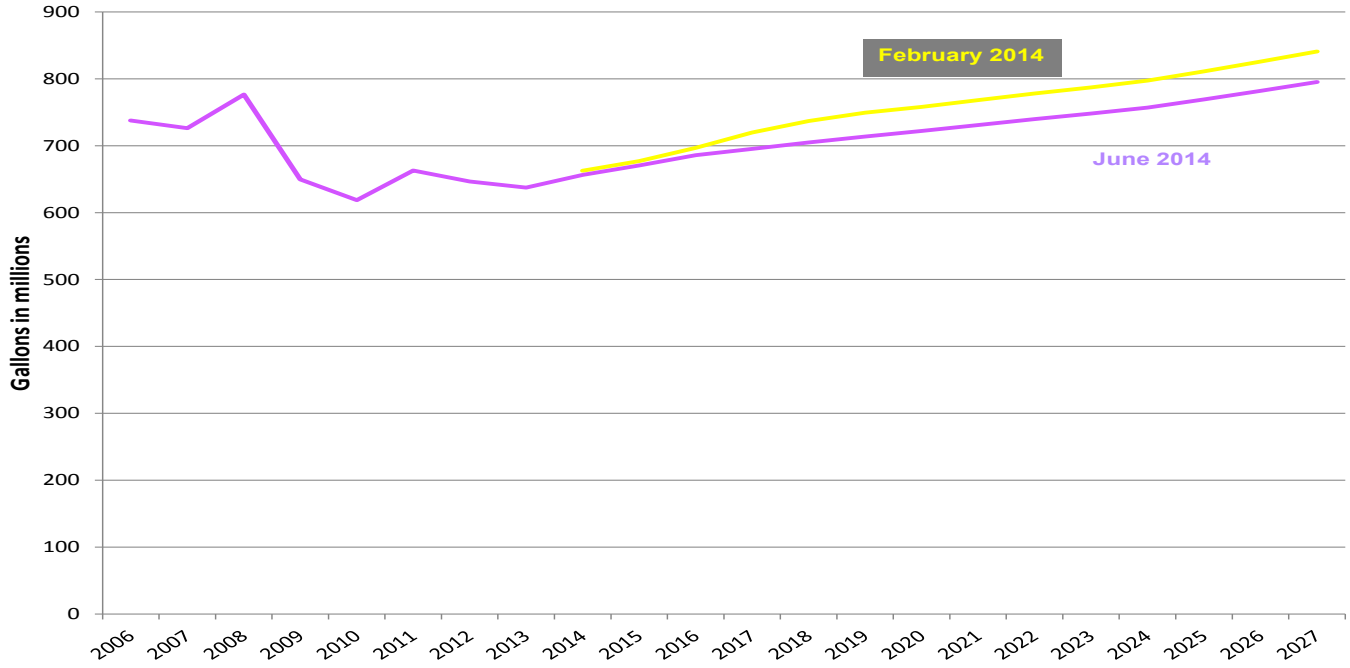
Trends in diesel consumption and tax revenue

- In FY 2011, diesel consumption totaled 663 million gallons, an increase of 7.2% over FY 2010 gallons.
- In FY 2012, diesel consumption amounted to 647 million gallons, a decline of 2.5% from FY 2011 gallons.
- In FY 2013, diesel consumption equaled 638 million gallons, a further decline of 1.4% from FY 2012 gallons.
- In FY 2014, diesel consumption totaled 656 million gallons, an increase of 3.0% over consumption in FY 2013 gallons and the highest positive growth since FY 2011.

Over the forecast horizon from 2015-2027, diesel consumption will grow annually 1.49% on average, lower than February's 1.83% average annual growth. Overall, on average from FY 2015-2027, forecasted consumption falls below the last forecast by 4.3%.

Diesel tax revenue is projected to be $497.6 million in the 2013-15 biennium, $4.8 million less than $502.4 million from the prior forecast. In the 2015-17 biennium, diesel tax revenue projections of $519.0 million decline 2.52%, $13.4 million less than the February forecast. In the 2017-19 biennium, diesel tax revenue drops to $532.6 million, $25.4 million or 4.55% less than February's $557.9 million. The forecasted difference in revenue from the February forecast increases over time and by the 2025-2027 biennium the difference totals $33.6 million or 5.4% below February's forecast. The major reason for the long-term decrease in diesel consumption and revenue compared to February's forecast include lower collections in the near-term and lower projections of Washington's employment for trade, transportation, and utilities from FY2017-FY2027.

Figure 22 Diesel Fuel Consumption Forecast Comparison: June vs. February 2014



Motor fuel tax refunds

Non-highway and tribal refunds for gasoline and diesel fuel are accounted in the motor vehicle fuel tax forecast. These refunds reduce net motor fuel tax distributions. In the current biennium gasoline tax non-highway refunds are down 5.2% or $0.79 million while diesel tax non-highway refunds are down 2.5% or $0.78 million as well.

Tribal refunds for gasoline declined $0.28 million or 0.5% in the current biennium. Actual tribal refunds amounted to less than projected in February. Tribal refunds for diesel increased $0.41 million or 5.1% in the current biennium. Long-term projections for tribal refunds for both gasoline and diesel remain unchanged from February's forecast and will be updated in September's forecast after completing an accounting of tribal fuel tax refunds and current tribal station sizes and counts.

Primary reasons for the forecast changes

- Fuel tax collections for the past four months totaled $0.4 million or 0.1% below projected collections from February's forecast. Gasoline tax collections totaled higher than forecasted by $1.9 million. For the past four months diesel tax collections amounted to less than forecasted by $2.9 million.
- A year-over-year growth rate of 1.5% for gasoline consumption in FY 2014 anchored higher growth rates for the gasoline forecast. An important revision to the long-term gasoline model and higher Washington non-agricultural employment contributed to higher growth rates.
- Lower diesel tax collections in FY2014 led to a decrease in diesel consumption and revenue throughout the forecast horizon. Lower employment projections for trade, transportation and utilities employment in Washington in FY 2016 and throughout the forecast horizon also lowered the diesel consumption forecast.
- Overall, in the current biennium, gross fuel tax revenues decline slightly by $0.91 million or (0.04%) from the last forecast but increase from the prior forecast in all remaining biennia. Over the 10-year forecast period, fuel tax collections grow by 1% or $131.6 million when compared to February's forecast.
- Motor fuel tax refunds and transfers drop by $1.32 million (0.95%) in the current biennium and $0.34 million (0.23%) in the 2015-2017 biennium and an average of 0.08% throughout the forecast when to February's forecast.

- Tribal gasoline tax refunds declined by $0.28 million in the current biennium (2013-2015) because of lower actuals in FY 2014. Tribal diesel tax refunds increased by $0.41 million in the 2013-2015 biennium because of higher actuals in the current fiscal year.

Figure 23 Short-term Motor Fuel Tax Forecast – By Month of Collection
June 2014
millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Gasoline Taxes	**$1,017.5**	**$1,015.1**	**$2,032.6**	**$1,017.0**	**$1,018.7**	**$2,035.7**
Special Fuel Taxes	**246.1**	**251.5**	**497.6**	**257.9**	**261.1**	**519.0**
Total Fuel Revenue	**$1,263.7**	**$1,266.6**	**$2,530.2**	**$1,274.9**	**$1,279.8**	**$2,554.7**
% Δ from Prior Forecast	0.10%	- 0.17%	**- 0.04%**	0.43%	0.35%	**0.39%**

Motor Vehicle Revenue (Licenses, Permits, and Fees)

Background

Vehicle related forecasts fall into two main categories: motor vehicle registrations and license plate-related fees. This forecast has a variety of small fees but the majority of the revenue is from registration-based fees. There are five main economic drivers for the vehicle licenses, permits, and fees (LPF) forecast: Washington population and net migration, Washington real personal income, Washington - U.S. real income share, Washington Retail Employment, and U.S. sales of light vehicles.

Washington State collected over $938 million from vehicle licenses, permits, and fees (LPFs) in the 2011-13 biennium. The forecast for the current biennium is $1.018 billion, an increase of $80 million over the 2011-13 biennium. In the June 2014 LPF forecast for compared to the forecast released in February for the current biennium, LPF revenue is up $9.5 million, or 0.94% from the previous estimate of $1.009 billion.

Trends in vehicle registrations

For the current fiscal year, 2014, we increased the estimate of passenger car registrations from the previous forecast, because actual vehicle registrations have been slightly above forecast. In 2014, we expect passenger cars to come in 0.9% higher than we forecasted in February. For 2015, the passenger car forecast is 0.1% higher than February. The fleet of passenger cars should grow 2.3% in 2014 over 2013. From 2015 through 2019, the annual growth rate should be around 2.4% each year. After 2020, the year-over-year growth rate is just over 1.1% towards the end of the forecast horizon.

The Great Recession was deep and sharp for trucks. Truck registrations did recover in 2011 from the low point in 2010; however, trucks did a double-dip recession, returning to near the 2010 low in 2012. Truck registrations are coming in above February's expectations. For 2014 and 2015, we are expecting trucks to be about 0.3% more than we predicted in February. In the out years, the forecast to forecast change rages from 0.3 to 1% above the previous forecast.

Trends in LPF revenue

As previously stated, Washington State collected over $938 million from vehicle licenses, permits, and fees (LPFs) in the 2011-13 biennium. For 2011-2013, passenger vehicles ($30 vehicles) brought in $297 million, while trucks brought in $346 million. In the current biennium, revenue from $30 vehicles is expected to be in $304 million, $2 million more than the forecast in February. Trucks will earn the State $350 million, $900 thousand more than the previous forecast.

Passenger weight fees were $110 million for the 2011-13 biennium. For the current biennium, these fees should garner $112.8 million, or $388 thousand more than expected in the previous forecast. Motor home weight fees came in at $9.9 million in 2011-2013. These fees are expected to be $9.9 million in the current biennium.

Figure 24 Passenger Car Comparison
June 2014 vs. February 2014
millions of vehicles

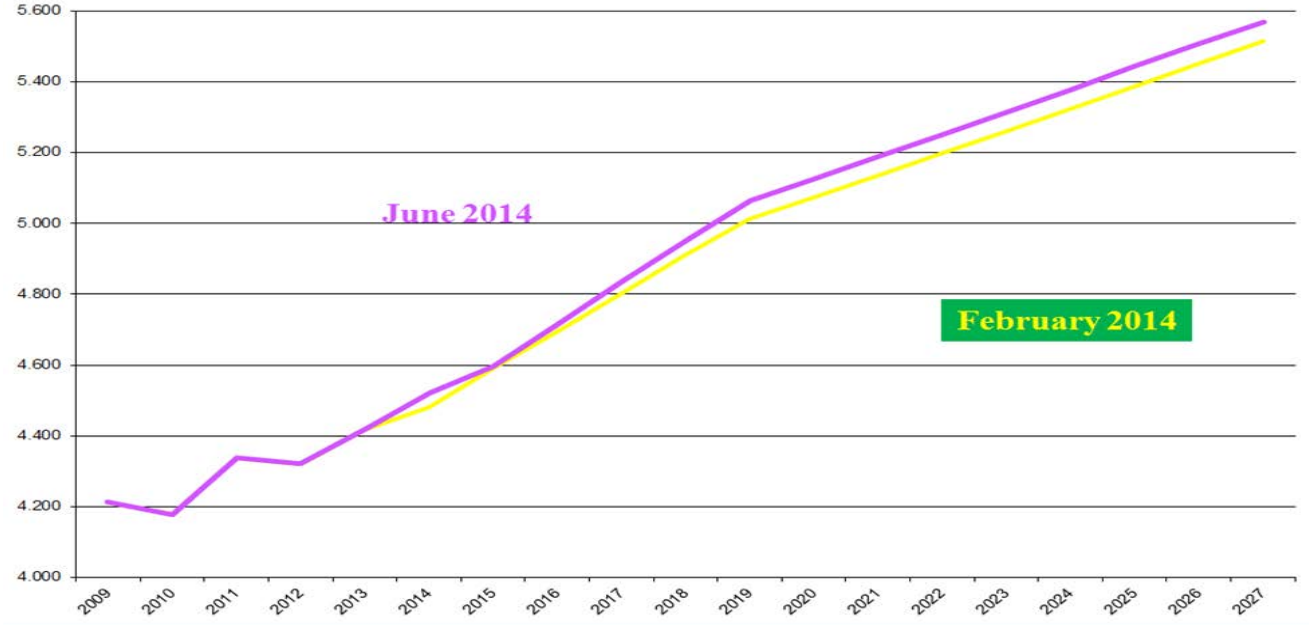
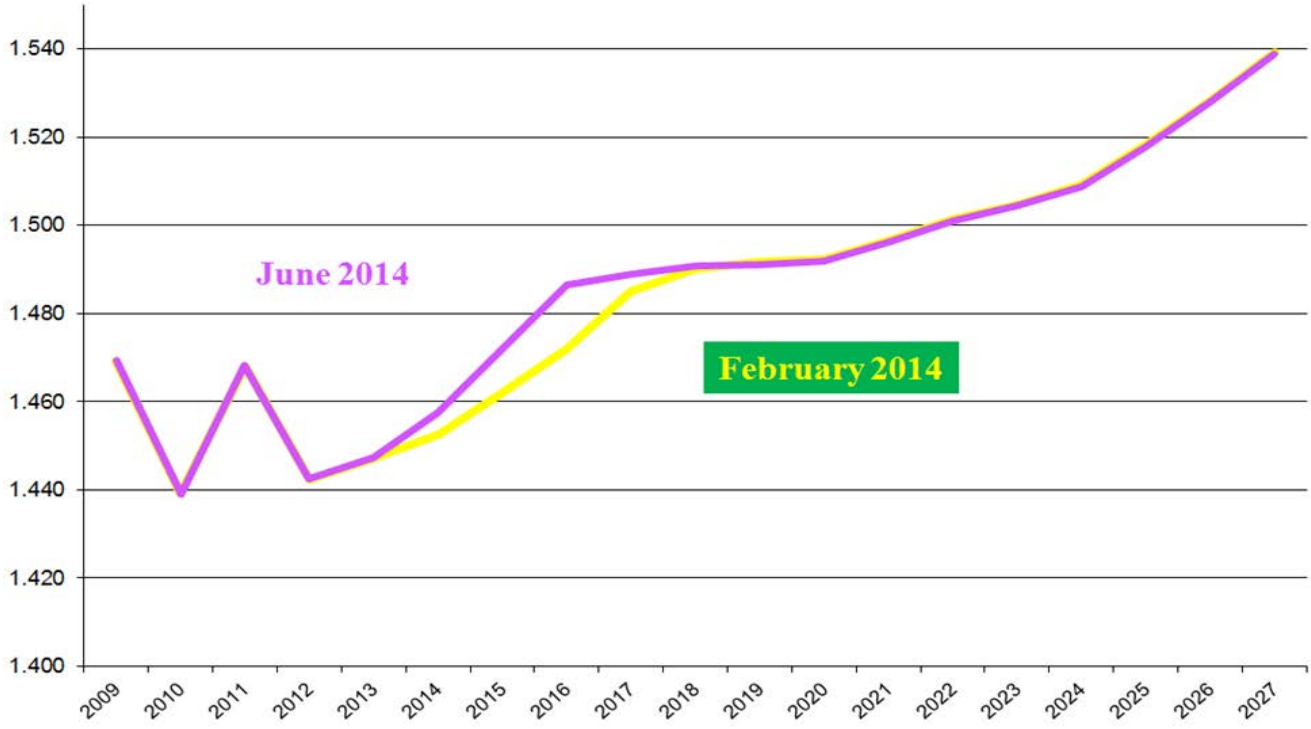
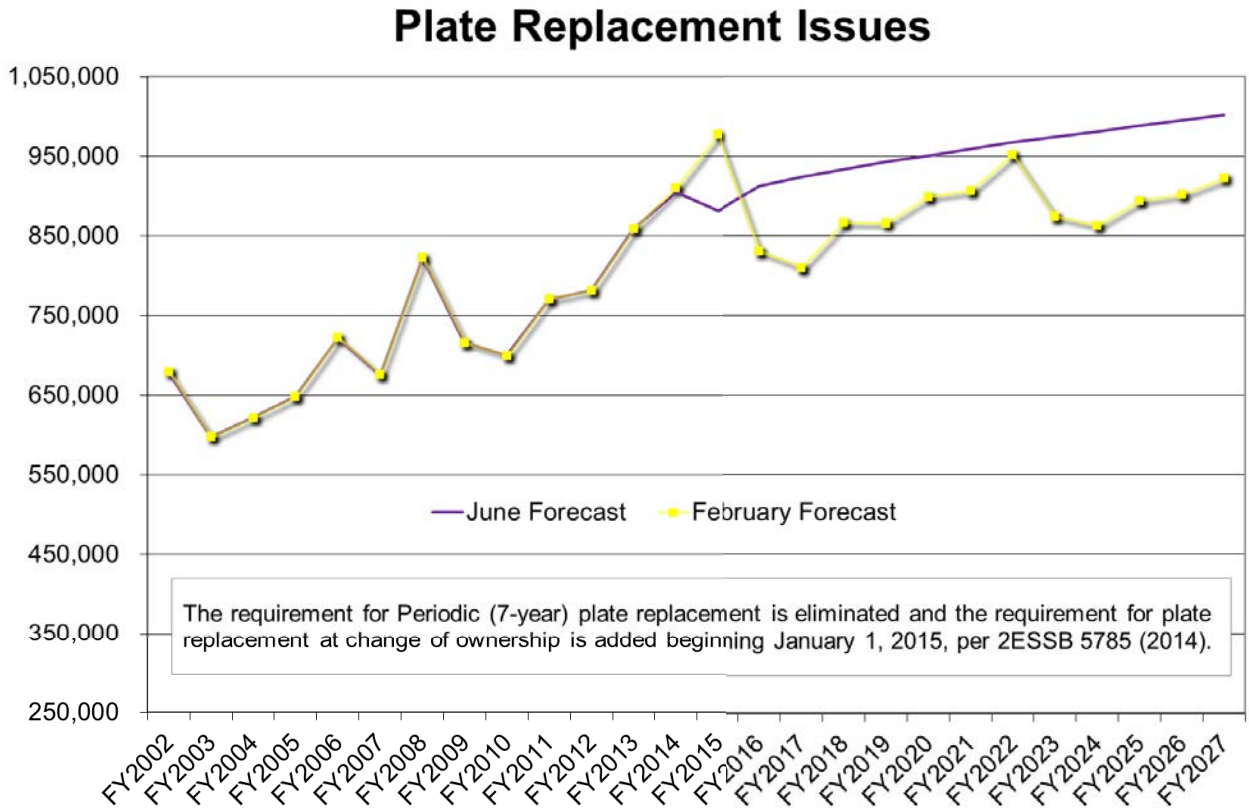


Figure 25 Truck Comparison
June 2014 vs. February 2014
millions of vehicles



License Plate Replacement forecast is significantly lower for FY2013-15 (-$1.6 million or -4.7%) primarily due to legislative changes associated with 2ESSB 5785 Plate Replacement (2014). The previous forecast anticipated a high volume of periodic plate replacements for the months of January and February 2015. This high volume was attributed to a periodic replacement notification error during FY 2007, which caused a nearly twofold increase to periodic plate replacements for January and February FY 2008. Since the elimination of periodic plate replacement is effective January 1, 2015, the periodic replacements for January and February FY 2015 will no longer occur resulting in a much lower forecast for FY 2015. That said, this forecast is significantly higher for FY2015-17 ($4.2 million or 14.25%) because in any given year there are generally more vehicles changing hands than would be subject to the 7-year plate replacement requirements. For similar reasons, License Plate Reflectivity forecast is significantly lower for FY2013-15 -$487,300 or -3.99% and significantly higher for FY2015-17 ($740,500 or 6.5%).

Figure 26 Plate Replacement Issues
June 2014 vs. February 2014



The Plate Number Retention Fees are significantly lower for FY2013-15 (-$591,000 or -30.1%) due to legislative changes associated with 2ESSB 5785 (2014). Plate number retention fees are projected significantly lower FY2015-17 ($1.46 million or 89.05%) due to these same legislative changes and continue lower throughout the forecast horizon.

The Original Issue Plate Forecast is a relatively new forecast with fees imposed as of October 1, 2012. This forecast is lower for FY2013-15 (-$275,200 or -1.09%) and continues somewhat lower throughout the forecast horizon.

The Title Fee forecast is lower for FY2013-15 (-$1.75 million or -2.87%). The title fee forecast continues lower throughout the forecast horizon reflecting downward revisions to both the original and other title transactions forecasts.

The Quick Titles June forecast has a minimal increase over the prior forecast with current biennium revenue estimated to be $1.44 million (+.2%). As of early June, 23 county auditors offer these transactions and the revenue forecast will be adjusted as more auditors offer this service. The higher base in FY2014 results in a slightly higher forecast for the outer years even though there was virtually no change between the Global Insight Light Vehicle Sales forecast.

The electric vehicle renewal fees ($100 each effective February 2013) have been revised up and are now estimated at $1.08 million in the FY2013-15 biennium ($244,000 or 29% higher) and $1.96 million in the FY2015-17 biennium ($.6 million or 45% higher). This forecast change reflects annualized FY2014 given the latest actuals to date as well as resetting the base for future years' forecast. The long-term forecast is set off of the Energy Information Administration (EIA) national electric vehicle forecast.

The dealer temporary permit forecast uses Global Insight LV sales. This forecast is tracking close, and is essentially unchanged.

Wheeled All-Terrain Vehicle forecast is a new forecast as a result of ESHB 1632 – Legislative Session 2013. The WATVs off road registration fee of $18 is the same as the registration fee for ORVs with the same distribution to the NOVA Account (268). However, the WATVs can obtain an on-road permit with payment of a $12 fee along with a declaration that the WATV has equipment and/or modifications making it suitable for on-road use. The on-road WATV fee is distributed to the new Multiuse Roadway Safety Account (571) and is forecasted at $60,240 in the FY2013-15 biennium and $102,600 in the FY2015-17 biennium. This forecast has been revised lower for FY2013-15 by about 50% based on WATV registrations through May 2014. The forecast is revised lower throughout the rest of the forecast horizon by about 46% due to significantly lower than anticipated registrations for these vehicles.

Ferry Services Fee is a new forecast with title service fees ($12) and registration service fees ($5) imposed by E2SHB 1129 (2014) effective January 1, 2015 with revenue deposited into the Capital Vessel Replacement Account (18J). The total Ferry Service fees are forecasted at $10.27 million FY2013-15 with title service fees ($12) at $3.96 million and registration service fees ($5) at $6.3 million. On average, total new service fees are forecasted at $32.5 million per biennium (FY2015-27) with title service fees at $16 million and registration service fees at $16.5 million.

Primary reasons for the forecast changes

- Actual passenger vehicle registrations for FY 2015 are almost the same as the previous forecast.
- Future year passenger forecasts are up from the previous forecast,
- Actual truck registrations for FY 2014 are up from the previous forecast.
- 2014 legislation increased LPF revenues: The new ferry service fees in E2SHB 1129 bring an additional $10.27 million in the current biennium and $38.9 million in the next biennium. The license plate replacement bill, 2ESSB 5785, will increase the 2013-15 biennium by $3.4 million and $27.2 million in the next biennium.
- Overall, LPF revenues are up $9.5 million in the current biennium compared to the last forecast. In the next biennium, LPF revenues are up $45 million from the last forecast due to legislative changes creating a new fee.

Figure 27 Short-term Motor Vehicle Related Revenue (Licenses, Permits and Fees)
June 2014
millions of dollars (totals do not add due to rounding)

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Basic $30 License Fee	**$151.0**	**$153.5**	**$304.5**	**$157.1**	**$160.9**	**$318.0**
Combined License Fee	174.2	176.0	350.2	177.7	178.0	355.7
All Other Fees	175.8	188.4	364.2	202.0	203.0	405.0
Total LPF Revenue	**$501.0**	**$517.9**	**$1,018.9**	**$536.8**	**$541.9**	**$1,078.7**
% Change from Prior Fct	0.14%	1.73%	**0.94%**	4.68%	4.25%	**4.46%**

Driver Related Revenue Forecasts

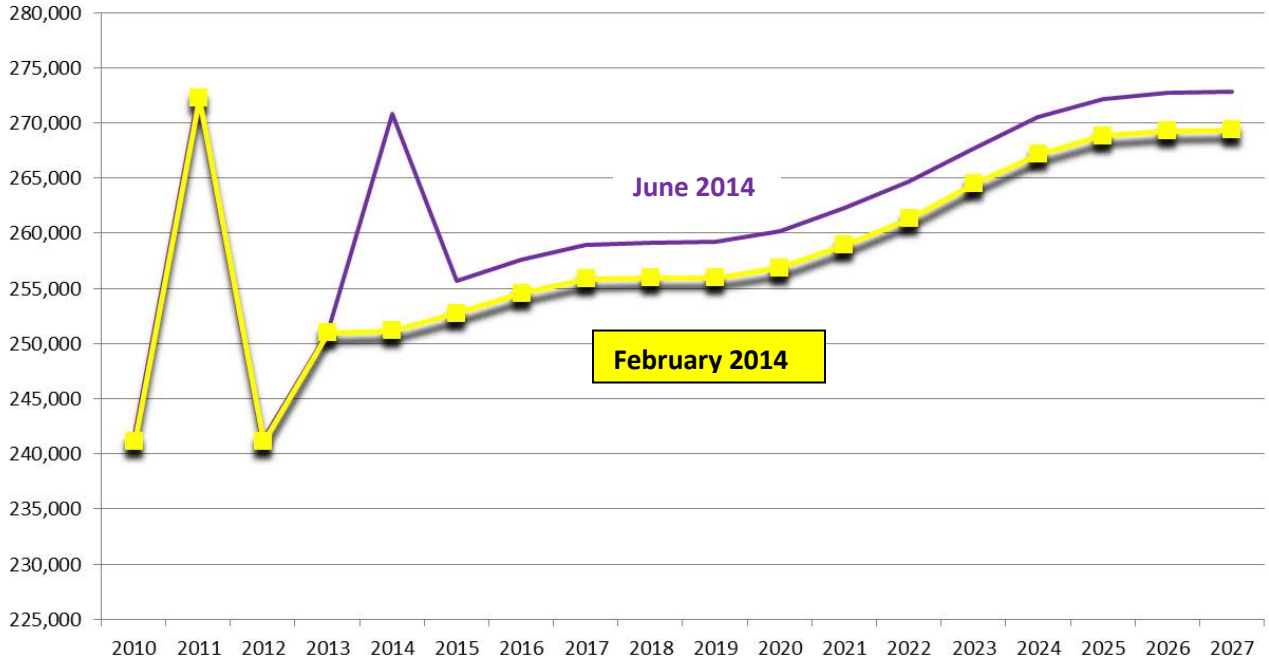
The June 2014 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees (including commercial driver licenses, enhanced driver licenses, and temporary restricted licenses), ID card fees, driver exam application fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include vehicle filing fees, limousine licenses, fines and forfeitures, and driver school instructor license fees. These driver-related fees are deposited into the Highway Safety Fund (HSF), Motorcycle Safety Education Account (MSEA), the State Patrol Highway Account (SPHA), and Ignition Interlock Revolving Account (IIRA).

All driver-related revenue is projected to be $281.4 million for the current biennium, about $1.4 million (-.5%) lower from the prior forecast. In the FY2015-17 biennium, the June forecast of driver related revenue is $297.1 million, an increase of about $1.4 million (+.5%) from the prior forecast.

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

Trends in Driver's Licenses, ID Cars, Exams, and Abstracts of Driver Records

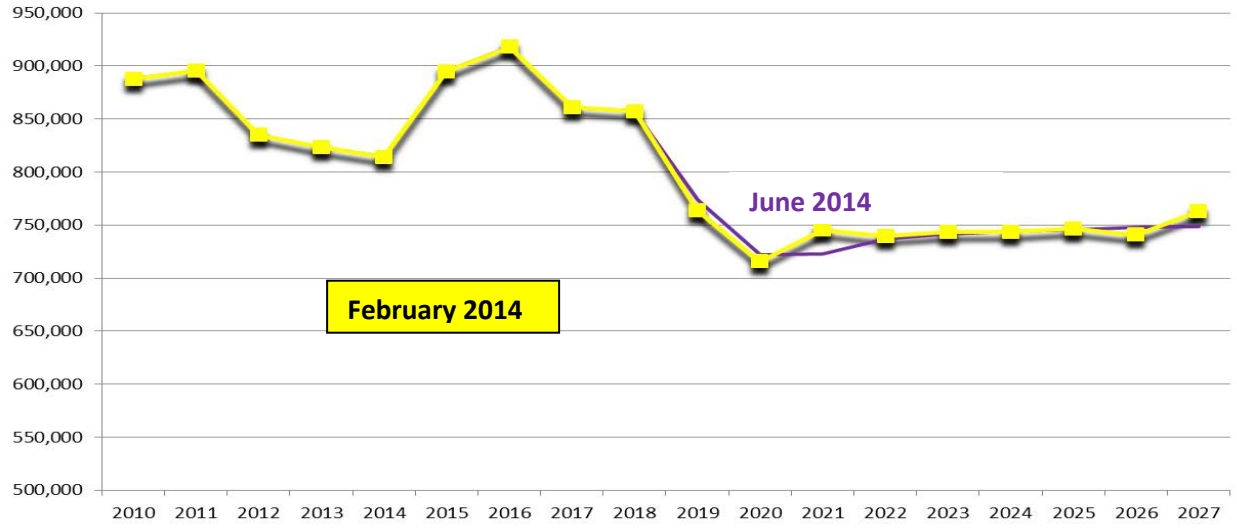
Figure 27 Driver License Originals: June vs. February 2014



Originals

The forecast is driven by ERFC's non-agricultural employment, OFM population 16-18, and drivers coming from out of WA. This forecast sees a significant upward revision to FY14 up 19,600 (+7.8%) from the strong driver-in migration in recent months. Additionally, some on-line transactions since July 2013 unknown to us in the prior forecasts are included this time. Future years see an average forecast-to-forecast increase of about 1.2% (Figure 27).

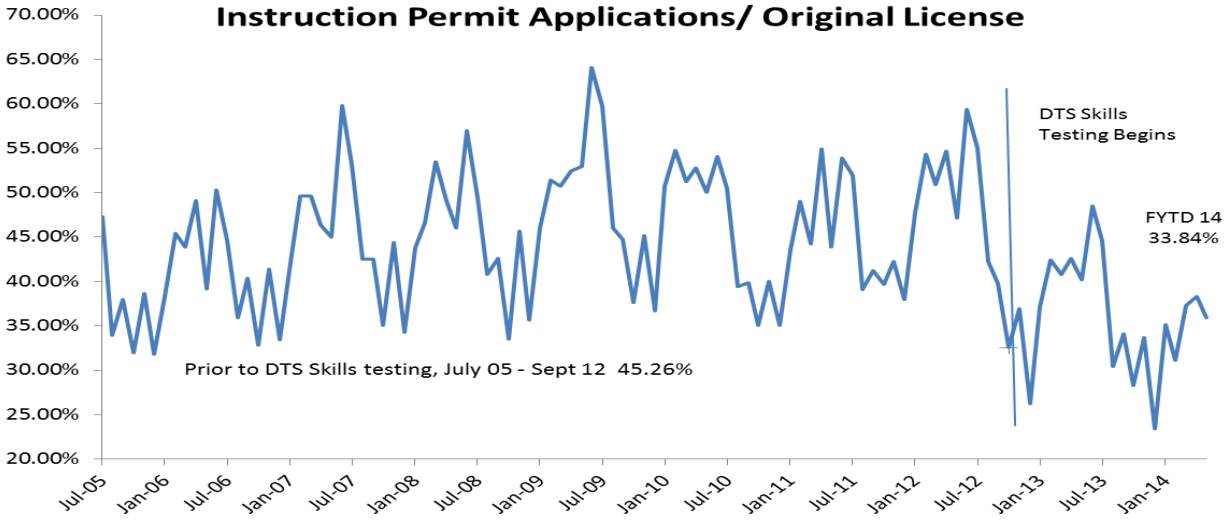
Figure 28 Driver License Renewals: June vs. February 2014



Renewals

Driver renewal forecast is tracking well and is essentially unchanged other than incorporating the latest 6-year license implementation schedule as discussed in the assumptions document. This changed schedule as well as adjustments to smooth out the renewal volume result in some cosmetic changes in the renewal pattern (Figure 28).

Figure 29 Instruction Permits over Original Driver Licenses



Driver Instruction Permits and Exam Application Fees

After a significant downward revision (-13.6%) in November, related to the transition of DOL exams/tests to private driving schools, this forecast is updated with data through May with a lower average ratio of permits over original licenses (Figure 29 below), resulting in an average of -8% reduction each year from the prior forecast.

Driver Exam Applications. Driver exam activities have come in slightly better than expected and FY14 is slightly higher but the outer years are about 1% lower with updated lower ratio of exams over driver originals (from 1.04 to 1.02).

ID Card

Public Assistance (PA Ids) continue to grow at the expense of full fee paying ID cards ($5.00 each vs. $45 currently and $54 starting October 2014). PA IDs have grown from 0.4% of IDs in FY 2008-2012, to 3.5% in FY13 and 13.3% in FY14. With that in mind, the June forecast sees an average of -1% reduction throughout the forecast horizon.

Duplicate licenses and ID cards are tracking close after a 7% increase in February as DOL has been issuing on-line address changes for duplicates, resulting in higher rate of overall duplicates. The fractional downward revision in the June forecast reflects lower full fee paying ID renewals.

License Reissues include reinstatement for non-DUI offenses and DUI reinstatements. With the passage of E2SSB 6284 (2012 session) the forecast was reduced significantly anticipating that license suspensions would not occur for FTA if the infraction was a nonmoving violation as defined by DOL, WSP and OAC. It was subsequently decided that this law would have little such impact so the adjustment is removed in June, resulting in about 14%-15% increase throughout the forecast horizon.

DUI Administrative Hearings

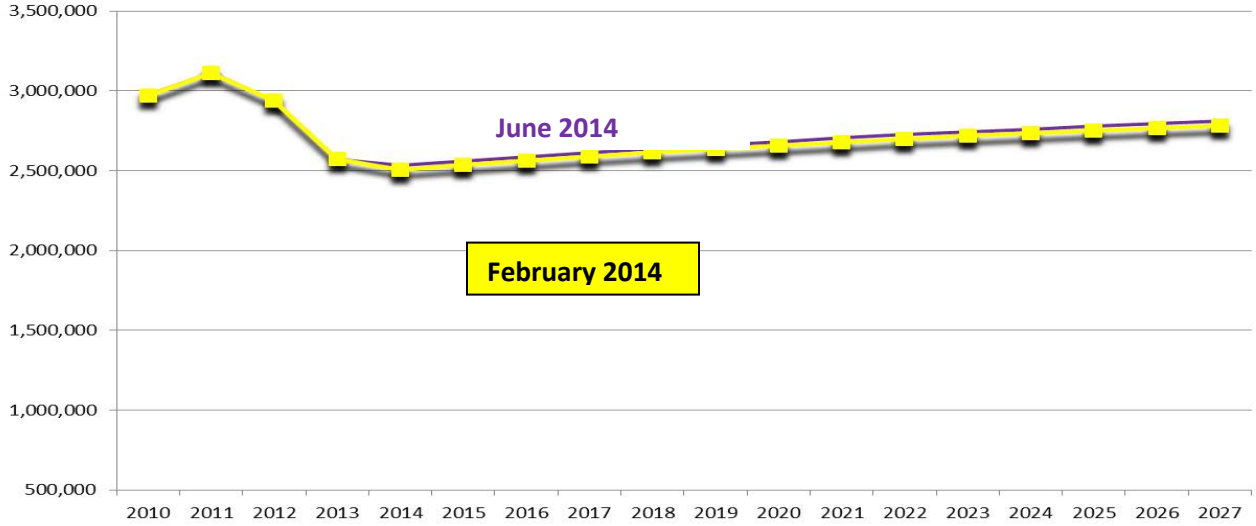
This forecast is revised down by about 5% in the June as the number of hearings has been on the decline for some time. We believe this decline has to do with the availability of Ignition Interlock devices (IID) which is showing a steady upward trend. Having the IID allows the driver to continue to drive without going through administrative hearings for a fee of $375 (increased from $200 to since October 2012).

Enhanced Driver Licenses/IDs (EDL/EID)

With prorated fees for originals taking effect since February 2014, we are observing a pretty consistent pattern in that the majority of first time EDL/EID issuances are for less than the full-six year term. This new knowledge leads to a downward revision to the revenue stream by an average of 12% per year in the near term, even though transactions are expected to be about 2% higher than the February forecast.

Abstracts of Driver Record (ADR)

Figure 30 Sales of ADR
June vs. February 2014



This forecast is tracking close and June has a slight upward revision of about 1.0% throughout the forecast horizon.

Trends in Driver Related Revenue

Highway Safety Fund

Total Highway Safety Fund (HSF) revenue for the current biennium is projected to be $240.2 million, down about $1.6 million (-.7%) from the prior forecast. This downward revision is due primarily to an accounting correction ($-1.1 million). For the FY15-17 biennium, total Highway Safety Fund revenue is projected to be $254.7 million, about $1.1 million (+.4%) higher than the prior forecast. The upward forecast revision comes primarily from increased forecasts in reissues and somewhat higher original driver licenses.

A few other Highway Safety Fund revenue streams (selected motor vehicle filing fees, limousine license fees, driving school license fees, fines and forfeitures, and misc. revenue) make up about $3 million a year. The June forecast for the current biennium is at $6.01 million, about $95,000 (+1.6%) higher than the prior forecast.

State Patrol Highway Account

With the ADR fee increasing from $10 to $13 starting October 2012, the State Patrol Highway Account receives $6.50 (up from $5.00) for each sale of an Abstract of Driver Record (ADR). The June forecast has a slight upward revision, with total revenue for the current biennium expected to be $33.1 million, up about $327,000 (+1%). Similar upward revision is projected in the outer biennia as well.

Motorcycle Safety Education Account Trends

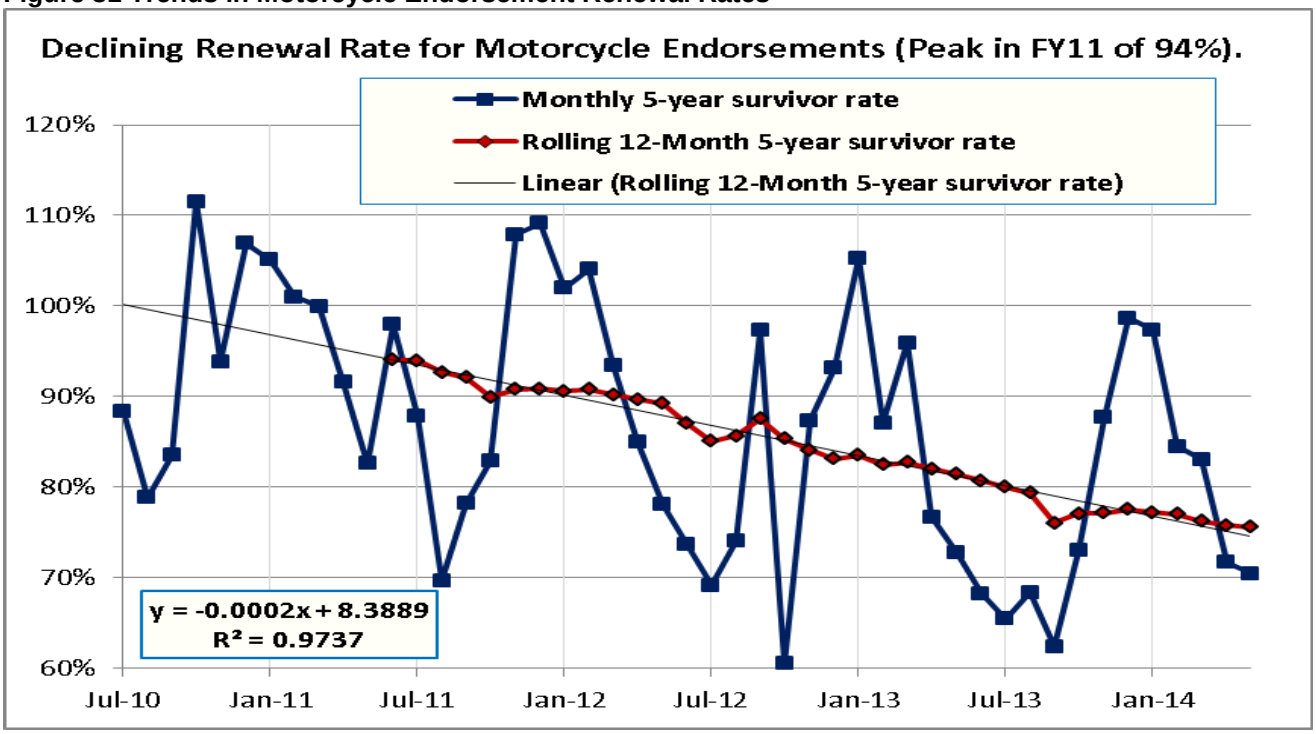
The Motorcycle Safety Education Account receives revenue from the following sources:

- motorcycle license original and renewal endorsements
- motorcycle instruction permits

- motorcycle endorsement application fees.

Revenue for this fund is projected to be $4.2 million for the current biennium (down $184,000 or -4.2%) and $4.7 million for the next (down $99,000 or -2.1%). The 5-year survival rate of renewals has declined to an estimated new low in FY14 (data through May) of 75.2% from 80.7% in FY13 (figure C-5). It is unknown how far this decline will continue or when it will level off or reverse. Due to this uncertainty, the future survival rate is forecasted at 78% (an average of the past 2 years). This is the major reason for a drop in revenues from FY14 forward. FY15 revenue is even lower than just from the effects of a lower survival rate due to three months delays in the implementation of 6-year license/endorsement renewals.

Figure 31 Trends in Motorcycle Endorsement Renewal Rates



Primary reasons for the forecast changes

Primary reasons for the change in driver related revenue are:

- An accounting adjustment for FY14;
- Strong FY14 drivers in from out of the state result in higher first time driver licenses projections throughout the forecast horizon while delayed 6-year license renewals result in lower FY15 revenue which also echoes out in FY2021 and FY2027.
- Prorated EDL and CDL endorsement fees effective February 2014 result in lower per issuance fee;
- Removing a legislative impact anticipated earlier for license reissues that did not materialize.

Figure 32 Short-term Driver Related Revenue Forecasts
June 2014
millions of dollars

Driver Related Revenue	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Total Highway Safety Fund	**$116.2**	**$124.0**	**$240.2**	**$129.0**	**$125.7**	**$254.7**
Drivers License Fees	95.1	101.9	197.1	106.6	103.1	209.7
Copies of Record Fees	18.0	19.1	37.1	19.3	19.5	38.8
Other smaller misc. Fees	3.1	3.0	6.1	3.1	3.1	6.2
Total Motorcycle Safety Education Account	**2.0**	**2.3**	**4.2**	**2.4**	**2.3**	**4.7**
Total State Patrol Account	**16.5**	**16.6**	**33.1**	**16.8**	**17.0**	**33.8**
Total Ignition Interlock Device Revolving Account	**1.9**	**2.0**	**3.9**	**2.0**	**2.0**	**3.9**
Total Driver Related Revenue	**$136.5**	**$144.9**	**$281.4**	**$150.1**	**$146.9**	**$297.1**
Percent change from prior forecast	0.4%	-1.3%	-0.5%	0.5%	0.4%	0.5%

Other Transportation Related Revenue Forecast

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

Vehicle Sales and Use Tax

Total spending on new US light vehicles was $272 billion in FY 2009 and this represented a decline of 33% from the FY 2008 sales level. In FY 2010, spending on new US light vehicles grew to $301 billion which represented a 10.9% annual growth. In FY 2011, spending on light vehicles grew 16% from FY 2010. In FY 2012, US spending on light vehicle sales also grew 13.7% to $402 billion. In FY 2013, US spending on light vehicle sales was $448 billion; an increase of 11% year over year. In FY 2014, US spending on light vehicles is projected to be $476 billion; an increase of 6.4% year over year. In FY 2015, US spending on light vehicles is projected to be $512 billion; an annual increase of 7.5% and up 1.6 % from the February forecast.

The actual vehicle sales and use tax collections in the 2007–09 biennium was $62.7 million, and the sales and use tax collections in the 2009-11 biennium declined to $54.4 million. In the 2011-13 biennium, the sales and use tax collections were $46.7 million. In the current biennium, sales and use taxes are projected at $74.28 million which is up 0.2% from past forecast. Actual tax collections in FY 2014 have come in above forecast by $182,000. In the 2015-17 biennium, the sales and use tax collections are projected to be $78.99 million which is 0.1% lower or $89,000 less than the past forecast. Revenues in the 2017-19 biennium are down 0.1% while revenues from the 2019-21 biennium are up from the last forecast by 0.1%. For the remainder of the forecast horizon beyond FY 2021, sales and use taxes are up slightly from the February forecast. The reason for the slightly higher forecast is the economic variables have improved slightly.

Rental Car Sales Tax

The forecast for rental car sales was $46.97 million for the 2007-09 biennium and it decreased to $44.5 million in the 2009-11 biennium. In the 2011-13 biennium, the rental car tax came in at $46.7 million. In the current biennium, rental car sales tax is anticipated to be $53.81 million and up $965,000 or 1.8% from the February forecast. Actuals since the last forecast have been $434,000 higher than projected. In the 2015-17 biennium, revenues are projected to be $56.4 million which is an increase of 1.2% from the prior forecast. The primary reason for the change in the forecast is due to higher actuals since the February forecast. The change from the prior forecast decreases over time so by the last biennium of the February forecast of rental car sales tax is $211,000 higher, a 0.3% increase from the February forecast. Over the 10-year forecast horizon, the rental car tax is anticipated to bring in $295.7 million which is an upward revision of $3.2 million from February's projection.

Business and Other Revenue

The business and other revenue category includes the following revenue sources:

- Sales of property
- WSP and DOT services and publications and documents
- Filing fees and legal services
- Property management
- Other revenues

Each biennium this revenue category has a unique set of properties available to be sold, making biennium to biennium comparisons difficult. DOT Business related revenue came in at $14.2 million in the 2011-13 biennium. The 2013-15 biennium total DOT business related revenues are projected to be $16.3 million which is up 13.1% from the February forecast. The increase is primarily due to a sale of property that was not originally planned to be sold. WSP publications and documents continue to come in above last projections. Projections for the 2015-17business related revenues are anticipated to be $13.19 million, no change from the previous forecast. The outer biennia reflects minor revenue adjustments which are due to incorporating new forecasts for inflation.

The School zone fine for the Washington Traffic Safety Commission was first added to the September 2013 forecast. The fee is assessed for traffic violations in school zones and the revenue from the fee is deposited into the School Zone Safety Account. The revenue from this fine varies greatly from month to month. In FY 2012, the revenue for fines assessed in school zones was $0.9 million and $0.7 million was collected in FY13, for a biennial total of $1.6 million. In the 2013-15 biennium, the revenue from school zone fines is anticipated to be $1.13 million, which is a revision downward of $43,300 or 3.69% due to actuals still coming in below expectations.

State Patrol Highway Account miscellaneous revenue consists of ACCESS fees (fees charged for usage of our statewide law enforcement telecommunications system), Breathalyzer Test fines, DUI Cost Reimbursement, and Terminal Safety Inspection fees. Revenue for Commercial Vehicle Penalties and Communication Tower Site Leases was added to the forecast in March 2013.

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

The June 2014 WSP business related revenue forecast is $11.3 million, up 3.40% or $0.372 million from prior estimates primarily due to actual revenue from Breath Test Fines and Commercial Vehicle Penalties being higher than forecasted. All revenue has been updated for actuals to date. The March 2013 forecast had two new additional fees added to the WSP forecast: Commercial Vehicle Penalties and Communication Tower Site Leases. In the current biennium, these new fee revenues are projected at $600,000 and $692,000 respectively. The terminal safety inspection fee revenue is forecasted at $2.7 million. The same trend continues in the next biennium with the total fee revenue estimated at $11.3 million for the 2015-17 Biennium.

Aeronautics Taxes and Fees

The aeronautics tax forecast includes excise, registrations and fuel taxes as well as transfers. The aviation fuel tax is the largest component of the aeronautics tax forecast. The aeronautics tax collections were $5.7 million in the 2007-09 biennium. In the 2009-11 biennium, the aeronautics account tax collections were $5.8 million and the revenue was $6.4 million in the 2011-13 biennium. In the 2013-15 biennium, the aeronautics account revenue is anticipated to be $6.01 million, up $55,870 from the February forecast. Higher aviation fuel is the reason for the increase from the last forecast. Aviation fuel is higher for FY 2013-15 by -$56,300 (1.1%) due to higher than anticipated aviation fuel tax revenue in the current fiscal year. This 1% increase forecast to forecast continues throughout the forecast horizon. In the next biennium, aviation fuel taxes are expected to be $5.37 million and 1.2% higher than last projection.

In the 2011-13 biennium, the aircraft registrations, excise and dealers' taxes, which are a small portion of the total aeronautics revenue, were $1.43 million. In the current biennium, the aircraft registrations, excise and dealers' taxes are anticipated to be $1.52 million which is nearly the same as last forecast. The motor vehicle fuel tax transfer of $569,700 is up $919 from February due to slightly higher motor vehicle fuel tax projections in the current biennium. . In the 2015-17 biennium, the aeronautics transfer from the motor vehicle fund is projected to be $569,800, which is up $6,087 from the last forecast. The difference in the transfer of motor vehicle fuel taxes rises throughout the forecast horizon so by the last biennium the motor vehicle transfer is up $27,318 from the last forecast. This trend is consistent with the fuel tax forecast In the current biennium, aircraft excise taxes are anticipated to be $697,500 which is no change from the last forecast. In the next biennium, aircraft excise tax increases slightly to $710,300, which is also the same as last quarter's forecast. Ten percent of the excise tax goes to the aeronautics account and the rest goes to the state general fund. This June forecast incorporates the latest actuals for aircraft dealers licenses and that brought down by the forecast $1,350 (-19.6%) in the current biennium and this reduction continues throughout the forecast horizon.

Aviation Fuel Tax

Aviation fuel taxes came in at $5.5 million in the 2011-13 biennium. This current biennium aviation fuel taxes are projected to be $5.12 million, which is $56,300 higher than last quarter.. The Aviation Fuel Tax forecast is tracking close to actuals and is slightly 1.1% higher for FY2013-15 and throughout the forecast horizon after incorporating the anticipated FY14 data in the model.

Primary reasons for the forecast changes

- Vehicle sales tax revenue is up while use tax revenue is down slightly in the current biennium due to updated actual collections. Total sales and use tax revenue is up by $139,000 from the last forecast as the decline from use taxes was not enough to offset the increase from sales taxes. In subsequent years, the forecast is up minimally from the last forecast due to higher economic variables.
- Rental car tax revenue is up $1.07 million, 2%, in the current biennium due to higher collections in recent months than anticipated. In subsequent biennia after 2013-15 biennium, the change in the rental car tax revenue from the last forecast declines over time.
- WSDOT Business and other miscellaneous revenue is up by 13% in the current fiscal year due to an unexpected property sale which increased revenue and projections by nearly $2 million in the current biennium from the prior forecast. The future biennia estimates overall have been revised down slightly to reflect latest actuals and new inflation annual estimates.
- School Zone fines' forecast this June has been reduced 3.7% due to collections not coming in like last year and as expected in February. The new forecast is $1.13 million in the current biennium versus $1.17 projected in the last forecast.
- Aircraft fuel tax revenue has been revised up by $56,300 or 1% in the current biennium and all subsequent biennia are the higher than the last forecast as well.

- In the current biennium, total business related revenues are projected at $163.5 million which is up 2% or $3.38 million from the last forecast. The biggest rise in the current biennium was the sale of property at nearly $2 million.
- In the 2015-17 biennium, total business related revenues are projected to be $168 million and this is an upward revision of $0.88 million or 0.52% from February. In future biennia beyond 2015-17 biennium, business related revenues are increasing beyond the last forecast but by a smaller amount each biennia.

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

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Rental Car Sales Tax	$26.7	$27.2	**$53.9**	$27.8	$28.6	**$56.4**
Vehicle Sales & Use Tax	36.5	37.6	**74.1**	38.9	40.1	**79.0**
DOT Business/Other Rev	9.2	7.2	**16.4**	6.6	6.6	**13.2**
WSP Business/Other Rev	5.7	5.6	**11.3**	5.7	5.6	**11.3**
WA Traffic Safety Comm.	0.5	0.6	**1.1**	0.6	0.6	**1.2**
Aeronautics Taxes/Fees	3.3	3.4	**6.7**	3.4	3.5	**6.9**
Total Other Transportation Related Revenue	$81.9	$81.6	**$163.5**	$83.0	$85.0	**$168.0**
% Change from Prior Fcst	3.7%	0.6%	**2.1%**	0.9%	0.4%	**0.6%**

Ferry Ridership and Revenue

Ferry Fare Ridership and Revenue Forecasting Process

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

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

The June Baseline Forecast incorporates actual ridership counts and revenue collections through May 2014. The June Baseline Forecast includes the tariff changes adopted by the Washington State Transportation Commission. These include a 2.0% increase for passengers and a 3.0% increase for vehicles on October 1, 2013, and a 2.0% increase for passengers and a 2.5% increase for vehicles on May 1, 2014. The October 2013 tariff revisions also included a reduction to youth fares, resulting in a discount rate of 50%, which brings it into alignment with the senior citizen discount. The June Baseline Forecast scenario excludes any future fare revisions beyond the May 1, 2014 increase.

The June 2014 ridership demand forecasts reflect the latest updated demographic and economic variable forecasts provided by the State and other sources. Forecasts for all employment measures have been revised slightly upward in the near term through FY 2016, with mixed impacts thereafter, depending on the

employment type. This result helps boost ridership demand, primarily through FY 2016. Real gasoline prices are mostly unchanged through FY 2019. Thereafter, they are forecasted to be increasingly and significantly higher for the remainder of the forecast horizon. Higher real gas prices contribute to lower vehicle/driver ridership projections in the latter half of the forecast period. The inflation projections have been revised higher through the forecast horizon, with larger revisions moving out in time. This causes real fares to be increasingly lower, which puts upward pressure on the ridership projections.

In addition, actual ridership data continues to show a decrease in commuter fare ridership and an increase in other discounted passenger ridership. This shift is attributed to an October 2013 reduction in youth fares, which made it more attractive for frequent passengers age 6-18 to travel under a single discounted trip fare rather than the multi-trip commuter discounted fare.

Trends in Passenger Fare Ferry Ridership

FY 2010 passenger ferry ridership reached 12,453,226, or 1.0% less than in FY 2009. Actual passenger ridership for FY 2011 was 12,242,320, or 1.7% lower than FY 2010, and includes a database correction prior to which foot passengers on the Mukilteo-Clinton route were double-counted. FY 2012 passenger ridership came in at 12,236,081, or 0.1% lower than the previous year. FY 2013 passenger ridership came in at 12,350,126, or 0.9% higher than the previous year.

In FY 2014, ferry passenger ridership is expected to be 12,620,000, or a 2.1% increase from the prior forecast, and a year-over-year increase of 2.2% and an increase of 2% from the last forecast. For FY 2015, passenger ridership is expected to be 12,651,000, a 1.3% increase from the prior forecast, and a year-over-year increase of 0.2%

For the rest of the forecast horizon, the passenger ridership projections range from 1.0% higher than February in FY 2016 to 1.5% higher in FY 2027.

Trends in Vehicle/Driver Fare Ferry Ridership

Vehicle/ driver ridership was 10,134,311 in FY 2010, or 2.2% higher than in FY 2009. In FY 2011, vehicle/driver ridership came in at 9,968,973, 1.6% lower than in FY 2010. For FY 2012, vehicle/driver ridership was 9,983,059, 0.1% higher than the previous year. For FY 2013, vehicle/driver ridership came in at 10,045,043, which represents a predicted year-over-year increase of 0.6% from FY 2013.

In FY 2014, ferry vehicle/driver ridership is expected to be 10,136,000, a -0.1% decrease from the prior forecast, and a year-over-year increase of 0.9%. For FY 2015, vehicle/driver ridership is expected to be 10,214,000, a 0.3% increase from the prior forecast, and a year-over-year increase of 0.8%.

For the rest of the forecast horizon, the vehicle/driver ridership projections range from 0.4% higher in FY 2016 to -1.1% lower in FY 2025-27.

Overall Trends in Ferry Ridership

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

In FY 2014, total ferry ridership is expected to be 22,756,000, a 1.1% increase from the prior forecast, and a year-over-year increase of 1.6%, based on 11 months of actual data for the June Forecast. For FY 2015,

total ridership is expected to be 22,865,000, a 0.8% increase from the prior forecast, and a year-over-year increase of 0.5%.

For the rest of the forecast horizon, projected overall ridership ranges from 0.9% higher in FY 2020 to 0.4% higher in FY 2027.

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

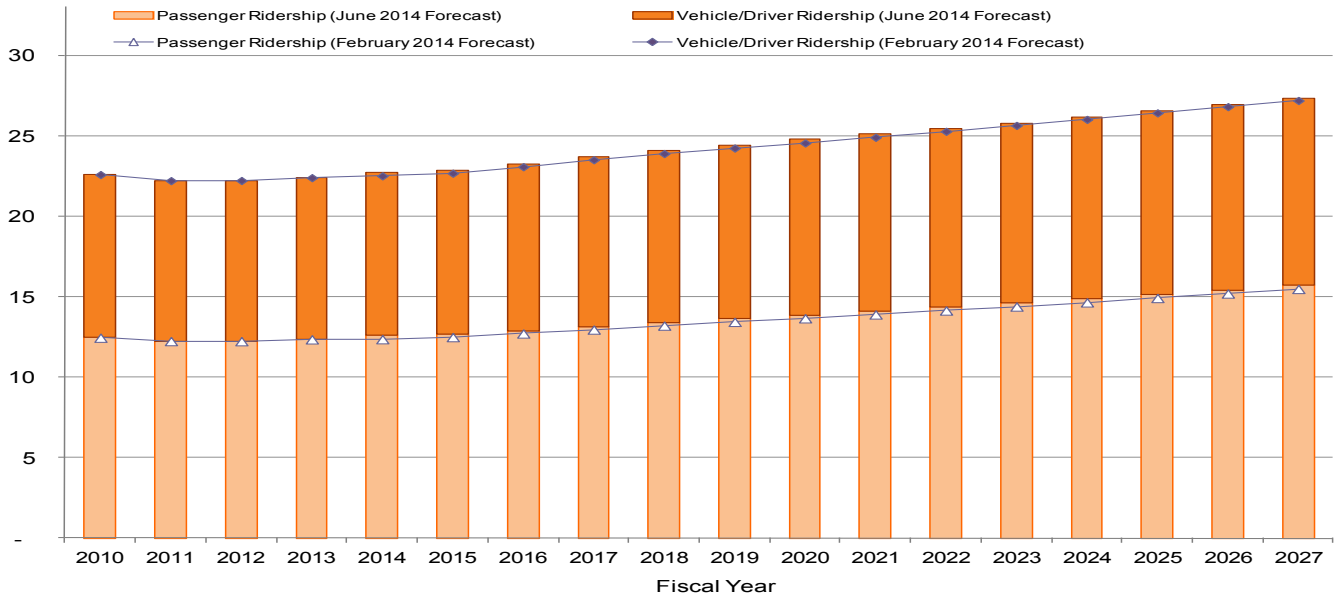
Trends in Ferry Revenue

The June 2014 ferry revenue projections for the Baseline Forecast include the projected effects of the aforementioned October 2013 and May 2014 tariff revisions plus the reduction in youth fares. In the 2007-09 biennium, ferry farebox and miscellaneous revenues totaled $300 million, with fare revenue comprising $292.9 million of that amount. For the 2009-11 biennium, total fare and miscellaneous revenues increased by less than 0.5% over the previous biennium to $300.7 million, with farebox revenue representing $294.5 million of the total. For the 2011-13 biennium, total fare and miscellaneous revenues came in at $324.1 million, which is 7.8% more than the previous biennium. Of this amount, farebox revenue represented $317.1 million.

Fare revenue plus capital surcharge revenue projected for the 2013-15 biennium, both of which include actual collections through May 2014, total $337.2 million, or 0.6% higher than their February forecast values. Of this total, nearly $329.7 million represents regular fare revenues, an increase of $1.9 million, or 0.6%. The remaining $7.5 million represent the capital surcharge receipts, which are -0.4% lower than their February forecast value.

Compared to February, the current Baseline Forecast for fare revenue is anticipated to range from 0.4% higher in the 2015-17 biennium to -0.4% lower in the 2025-27 biennium.

Figure 34 Comparison of Ferry Passenger and Vehicle Ridership
June and February 2014 Baseline
Millions of Riders



[1] FY 2014 ridership includes actual values through May 2014.

Ferry Capital Surcharge Revenue

The ferry capital surcharge of $0.25 per fare sold was implemented in October 2011 and is included in the baseline Forecast as noted above. Recent monthly collections of the capital surcharge have come in below the forecast. In FY 2014, the June forecast for capital surcharge revenue is now $3.67 million which is $57,000 or 1.5% less than the February projection. The reason for the lower reported capital surcharge revenue could be partly due to a lag between purchase and use of fares, e.g., FY 2014 may include ridership from multi-ride fare media purchased in FY 2013. Also, for the monthly transit pass, some users may be able to travel more frequently than the level assumed in the purchase price of the pass, which would dilute the amount of surcharge revenue collected per passenger rider.

Ferry Miscellaneous Revenue

WSF's miscellaneous revenue forecasts are based on current fiscal year-to-date actual revenues received through April 2014 and some vendor projections that align with these actuals revenues. All of the biennial decreases in miscellaneous revenues in June 2014 compared with the February 2014 projections are due to less than previously anticipated advertising revenue going forward.

Primary Reasons for the Forecast Changes

- Passenger ferry ridership is up over the forecast horizon. This is generally due to a higher inflation forecast resulting in lower real fares over time, combined with slightly higher real personal income in the outer forecast years.
- Vehicle/driver ridership is up slightly in the early years of the forecast horizon due to the aforementioned lower real fares and projected increases in overall employment. However, beyond FY 2020, increasingly higher real gas prices compared with the previous forecast bring the ridership projections down.
- The June Baseline Forecast for ferry fare revenues is marginally higher through the 2019/21 biennium. The percentage increase in revenue lags that in overall ridership because most of the ridership growth is in the lower, passenger fare categories. As higher real gas prices dampen the higher fare vehicle ridership, the June revenue forecast dips below the February values in the 2021/23 biennium and beyond.

Figure 35 Short-term Ferry Revenue June 2014 Baseline
Millions of Dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Farebox Revenue	$163.16	$166.49	$329.65	$169.42	$172.15	$341.57
Capital Surcharge Revenue	3.67	3.88	7.54	3.95	4.01	7.96
Misc. Ferry Revenue	3.56	3.58	7.14	3.67	3.78	7.45
Total Ferry Revenue	**$170.38**	**$173.94**	**$344.33**	**$176.38**	**$179.94**	**$356.98**
% Change from Prior Forecast	0.5%	0.4%	0.4%	0.4%	0.2%	0.3%

Toll Revenue

The Tacoma Narrows Bridge (TNB) revenue forecast reflects actual toll collections through 2013 and toll revenue data through June 2013. In 2013 two consecutive toll rate increases were adopted by the Washington Transportation Commission. The first toll rate increase began on July 1, 2013. The toll rates for 2-axle vehicles will be $4.25, $5.25 and $6.25 for GoodToGo (GTG), cash and Pay by Mail (PBM), respectively. The second toll rate increase will take place on July 1, 2014; the toll rates for 2-axle vehicles will increase to $4.50 for GTG, $5.50 for cash and $6.50 for PBM. Trucks pay by axle.

The SR 167 HOT lanes pilot program revenue forecast reflects actual toll collections starting in May 2008 through June 2013. In 2013 legislative action (SSB 5024), SR 167 HOT lanes pilot program was extended to end of fiscal year 2015. Toll rates are set to maximize traffic flow while managing demands to maintain acceptable operating speed on the HOT lanes.

The current forecast for SR 520 is based on the Washington State Transportation Commission's adopted 2.5% annual toll-rate increase as of July 1, 2013. In addition, the Commission implemented nickel-rounding for all toll rates (weekday and weekend). In FY 2017, weekday toll rates are assumed to increase by 15% on average. Beyond FY 2017, no further rate increases have been assumed. In the current fiscal year, two-axle vehicles traveling on weekdays pay peak tolls of $3.70 for GTG and $5.25 for PBM, respectively. During weekends the peak GTG and PBM toll rates are $2.30 and $3.90, respectively. Vehicles with more than two axles incur an additional toll.

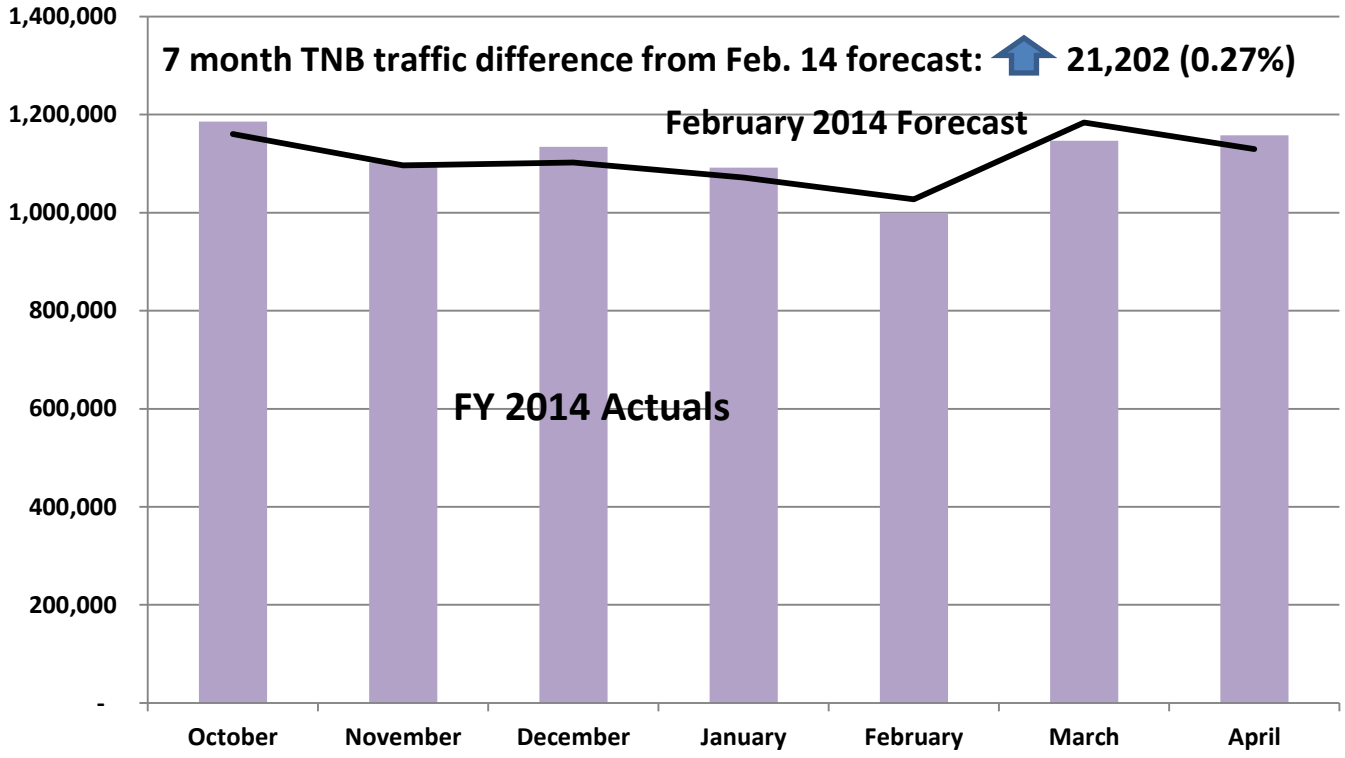
The Pay By Plate (PBP) toll rate will be the GTG rate plus a $0.25 fee. PBM customers who open a short-term account in order to pay prior to receiving a toll bill will receive a $0.50 discount off of the PBM rate. Legislative action in 2011 created the PBM payment method in which tolls may be paid after using a toll facility with the customer identified for receiving a toll bill by mail via a photo of their license plate. The same legislative action introduced alternative toll enforcement, the Civil Penalty process administered by WSDOT. Failure to pay a toll detected through the photo toll system after 80 days and two invoices will set in motion the civil penalty process by issuing a Notice of Civil Penalty (NOCP). The civil penalty is $40 plus the original toll amount. The customer is liable for a civil penalty of $40 per toll transaction, plus the original toll amount per transaction, and a $5 rebilling fee per invoice. Transponder sales for FY2009 through FY2013 include actual revenues from the sales of transponders and disabling shields. In FY 2014 and beyond, transponder sales are assumed to grow by 2.5% per year.

Trends in Tacoma Narrows Bridge traffic and toll revenue

Traffic

The TNB average daily traffic grew minimally in FY 2009 by 0.2% to 13.91 million from FY 2008. In FY 2010, the TNB traffic volume was 14.26 million which represents a year over year increase in traffic volume of 2.5%. Since 2010, TNB traffic volume has been falling. In FY 2011, the TNB traffic volume was 14.06 million, a year over year decrease of 1.4%. In FY 2012, the TNB traffic volume was 14.07 million, a year over year decrease of 0.02%. In FY 2013, the TNB traffic volume was 13.85 million which represents a year over year decline of 1.5%. The TNB traffic volume forecast in June is the same as in February 2014 and November 2013 forecast. Figure 36 reveals the actual traffic including small deductions for unreadable traffic during the months of October 2013 through April 2014. Actual TNB traffic volume has been coming in at or slightly above the past forecasts and overall for the most recent seven months combined, traffic came in 0.3% higher or 21,202 transactions higher than projected. Traffic volume in FY 2014 is anticipated to be 13.85 million which represents an annual decline of 0.1% and in FY 2015, TNB traffic volume is anticipated to grow year over year by 1.1% to 14.0 million. In FY 2016 and 2017, the TNB traffic volume is expected to grow by 2.9% and 4.1% respectively. Then the annual growth rate in TNB traffic declines to 2.3% and 2.4% in fiscal years 2018 and 2019, respectively. In FY 2020, the annual growth rate in TNB traffic grows a little more to 2.9%, but then it falls to below 2% for the next three years and then the TNB traffic annual growth rate falls below 1% for the remaining four years of the forecast horizon.

Figure 36 Comparison of TNB Recent Traffic Volume
October-April 2014
Actuals vs. June 2014 Forecast



Gross TNB toll revenue Potential

The gross toll revenue potential is the amount of revenue WSDOT expects to receive given the varying toll rates by payment type and type of vehicle and the number of transactions in those categories. The gross revenue potential in the current fiscal year, 2014, is estimated at $64.874 million. This gross revenue potential consists of an estimated $42.72 million in Good To Go revenue, $4.9 million in other payment types like Pay By Mail and Pay by Plate and $17.244 million in Cash. Figure 37 reveals the difference between the monthly forecasted gross revenue potential actuals from TCS-AVI reports and the latest forecast for FY 2014. The results reveal that Cash revenue has been coming in at or above the monthly forecast and for the 7 months combined revenue is up $124,712 over forecast. The results also indicate that Pay By Mail and Pay By Plate gross revenue potential has been coming in above the monthly forecast and for the 7 months combined revenue potential is up $3.68 million over forecast. On the flip side to the Pay By Mail and Pay By Plate gross revenue potential, the Good To Go revenue potential is coming in significantly under the forecast values by -$2.46 million. Overall, for the past 7 months, TNB gross revenue potential is higher than recent projections by $1.34 million or 3.66%.

The difference between the gross toll revenue potential and the adjusted toll revenue is the toll revenue not recognized, unpaid toll revenue, Pay By Plate $0.25 fee with CIP discounts. TNB adjusted gross toll revenue for the 2007-09 biennium was $73.1 million. The 2009-11 biennium adjusted toll revenue increased to $89.8 million which is a 23% increase over the prior biennium. In the 2011-13 biennium, TNB adjusted gross toll revenue was $102.8 million, 14% increase over the last biennium. In the 2013-15 biennium, TNB adjusted revenue forecast is $64.365 million which includes revenue not recognized, unpaid toll revenue, Pay By Plate

Figure 37 Difference in TNB Gross Revenue Potential By Payment Type: October-April 2014 Actuals vs. June 2014 Forecast

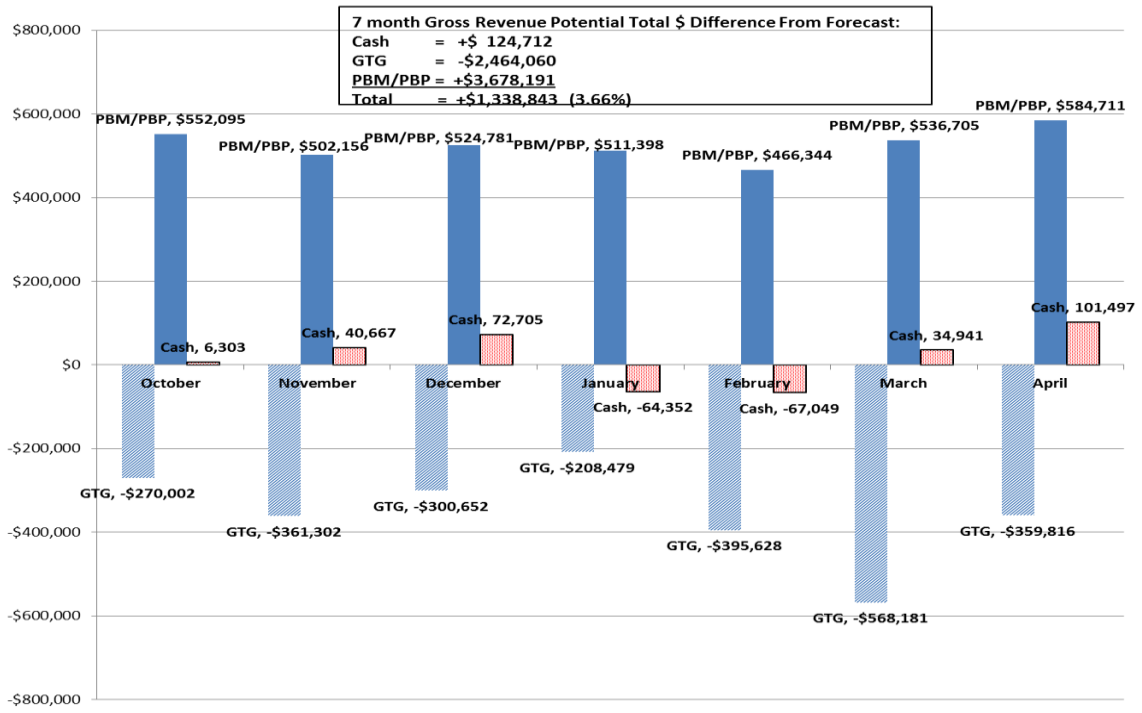
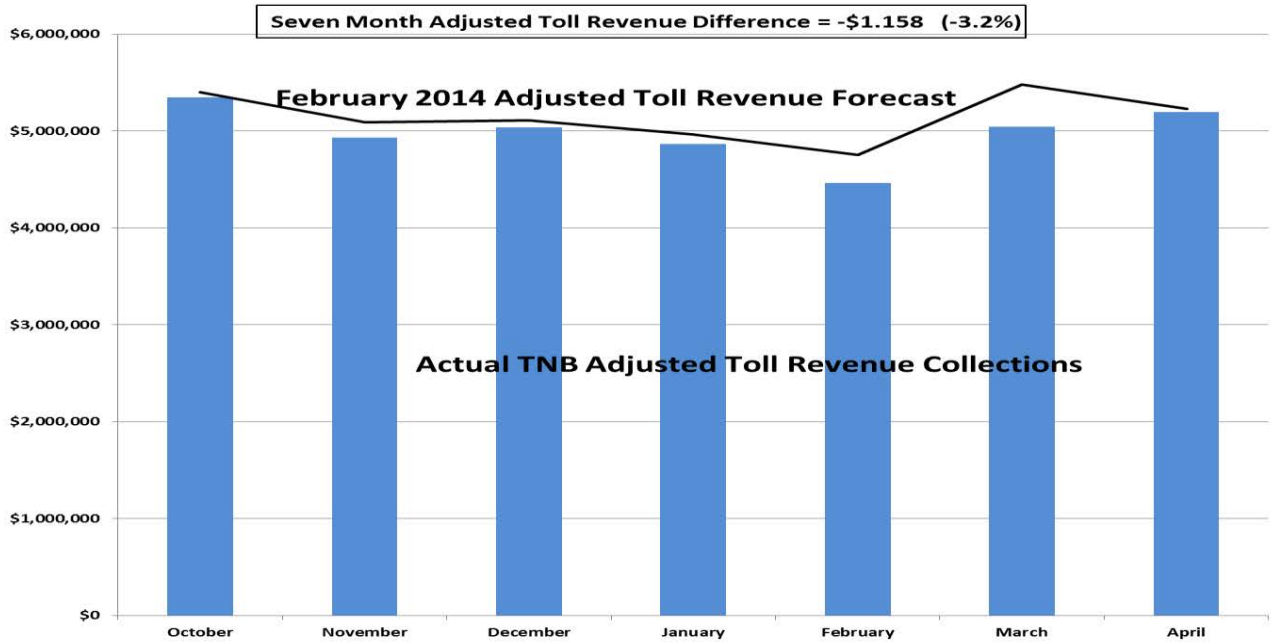


Figure 38 Comparison of TNB Adjusted Toll Revenue: October-April 2014 Actuals vs. June 2014 Forecast



$0.25 fee with CIP discounts. This adjusted revenue forecast for TNB in June has not changed from February or November 2013. The actuals overall for the past seven months have come in under forecast by 3.2% or -$1.158 million, see Figure 38. The reason why the actual adjusted toll revenue is down at the same time as the gross revenue potential is up is because the unrecognized and unpaid toll revenue is really higher than projected. This is because Pay By Mail revenue is not coming in as anticipated.

Beginning in 2012, violations were replaced by civil penalties. Fines and fees violations revenue for the 2007-09 biennium was $1.06 million of which $1.01 million was violations revenue. In the 2009-11 biennium fees remained flat, and violation revenue was $1.08 million. In the 2011-13 biennium, violations revenue was $0.15 million. In FY 2014, violations revenue is anticipated to be $6,000.

TNB Good To Go and short-term (CIP) discounts are tracking the forecast of $227,000 well in recent months for FY 2014. In the current biennium, Good To Go! Pay By Plate fees less short-term account discounts are anticipated to be $0.46 million, which is no change from prior the forecast. These fees grow at the same rate as traffic volume.

The TNB late payment, non-sufficient funds fees, statement fees and transaction fees came in at $0.47 million for the 2011-13 biennium. In the current biennium, the fee revenue is anticipated to be $0.84 million, which is slightly higher than $0.78 million anticipated in the last forecast due to higher actual collections than expected last quarter. In this June forecast, these fees are grown off the change in traffic volume in the future. Future fee revenue in the next biennium is projected at $0.88 million, which is up $63,000 from the June forecast.

Actual miscellaneous revenues from interest, liquidated damages and other miscellaneous revenue items such as real estate rent are included in miscellaneous revenue. In FY2013, miscellaneous revenue was $0.51 million and the 2011-13 biennium had $2.25 million in miscellaneous revenue. In the current biennium, it is anticipated that liquidated damages will continue, but at a lower rate. Total miscellaneous revenue is anticipated to be $0.69 million, which is higher by $8,000 from the June forecast. In the 2015-17 biennium, miscellaneous revenue is lower at $0.27 million as liquidated damages are declining. In the remainder of the forecast horizon, the forecast includes just a small amount of interest from property.

Civil penalty revenue is a function of the pay by mail transaction estimate. TNB civil penalty revenue in FY 2013 was $3.83 million, which includes both cash and receivables but TNB civil penalty revenue for FY 2014 is forecasted at $218,000. So far in this current fiscal year, TNB civil penalty revenue has been negative which included both cash and receivables. For the 2011-13 biennium, civil penalty revenue was $4.31 million, which included both cash and receivables. In the current biennium, civil penalty revenue has been coming in much lower than last year due to large accounting adjustments resulting in year to date revenue. As a result, the current biennium projection for civil penalties is $2.62 million, which is about 60% of FY 2013 revenue total. TNB civil penalty revenue is anticipated to be $2.4 million in FY 2015 and $3 million in FY 2016. After FY 2016, the growth in this revenue is minimally annually throughout the remainder of the forecast horizon.

Total revenue from all transponders and shield sales was $1.4 million in the 2007-09 biennium and $1.27 million in the 2009-2011 biennium. In the 2011-13 biennium, TNB transponder sales revenue was $0.66 million. Transponder sales revenue in FY 2013 was $0.307 million for TNB. This June forecast is the same for transponder revenue as the last quarter's forecast. It is anticipated that TNB transponder sales will increase slightly in FY 2014 to $0.357 million and then rise by the rate of growth of the traffic volume. In the current biennium, transponder sales are anticipated to be $0.73 million. In the 2015-17 biennium, TNB transponder sales revenue is anticipated to be $0.78 million.

Total adjusted gross TNB revenue including all fines and fees was $110.6 million in the 2011-13 biennium. In the current biennium, total adjusted gross TNB revenue is anticipated to be $138.4 million. In the next biennium, TNB adjusted gross total TNB revenue is projected at $153.1 million.

Trends in SR 167 High Occupancy Toll Lanes Traffic and Revenue

The traffic volume on the SR 167 HOT lanes was 386,000 vehicles in FY 2009. Traffic volume in FY 2010 increased to 510,969 which represented a 31.5% growth year over year from FY 2009. In FY 2011, traffic volume was 640,115 vehicles which were 25.3% higher than in FY 2010. Legislation in 2011 and 2013 extended

the 167 HOT lanes pilot program to the end of FY 2015. In FY 2012 the traffic volume increased by 31% to 841,154 and the following year, FY 2013, traffic volume increased by 22.5% to 1.033 million. In the current fiscal year, TNB traffic volume is expected to increase by 6.4% to 1.099 million by the end of FY 2014. Traffic for SR 167 is up 4.8% from June in FY 2014.The June traffic volume projection for FY 2015 is 1.12 million which is also up 3.8% from the last forecast.

Revenue from HOT lanes' tolls, sales and fees in FY 2009 was $0.47 million and HOT lanes total revenue in FY 2010 was $0.53 million, which represents a 12% increase annually. For the 2009-2011 biennium, HOT lanes total revenue was $1.25 million. In FY 2011-13, the toll revenue was $2.12 million and total revenue was $2.32 million. In the FY 2013-2015 biennium toll revenue is projected to grow to $2.57 million an increase of $0.17 million over the June forecast. Under current law, the program ends June 30, 2015.

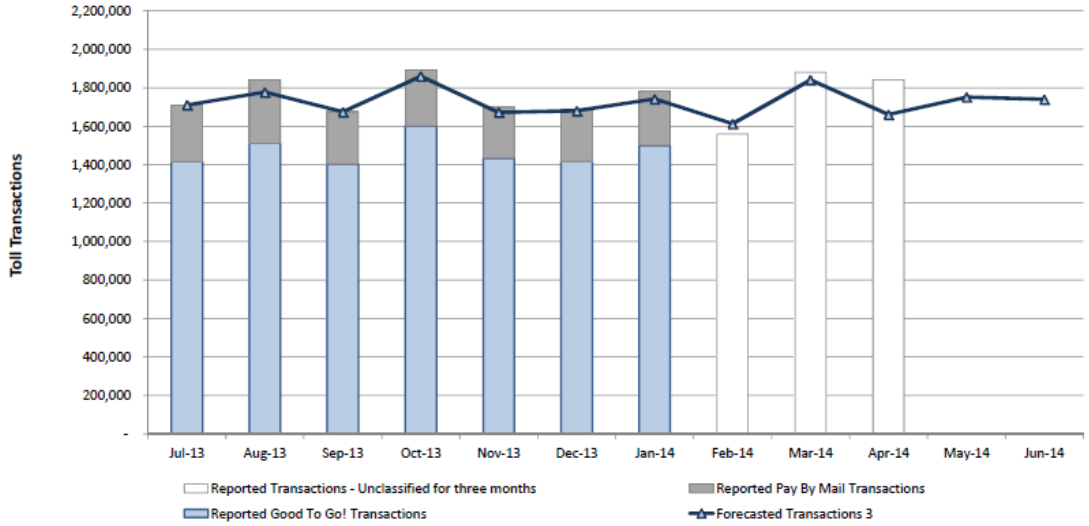
In the 2011-2013 biennium, transponder and shield sales on SR 167 was $58,801. In the 2013-2015 biennium transponder revenue is anticipated to be $71,000, same as last quarter. Fees revenue in the June forecast includes all actuals for FY 2013 and revenue through December 2013 and only includes statement fee revenue. In the 2011-13 biennium, fee revenue was $6,026 and it is anticipated to be slightly higher at $8,000 in the current biennium. This is a revision upward from the last forecast of $6,000. Miscellaneous revenue was $0.13 million in the 2011-13 biennium. In the current biennium, miscellaneous revenue is anticipated to be slightly lower at $6,000 than the last forecast of $10,000 due to actuals coming in below projections.

Trends in SR 520 Bridge Toll Lanes Traffic and Revenue

Tolling on the SR 520 bridge commenced on December 29, 2011. FY 2012 and FY 2013 represent start-up years in which the amount listed under Toll Revenue Not Recognized & Unpaid Toll Revenue are higher than current projections going forward. This is due to several reasons, including delays in processing some toll bills (unbilled and deferred revenue), a toll bill quality assurance program that held back the delivery of NOCP notices on some transactions, and includes amounts that may yet be collected. In the forecast years, the line Toll Revenue Not Recognized & Unpaid Toll Revenue is limited to amounts not collected within 80 days of travel, and tolls later recovered through the NOCP process are listed in the line titled Recovered Toll Revenue.

This June forecast like the last two quarterly forecasts is based on the October 2013 SR 520 Investment Grade Traffic and Revenue projections. The June 2014 forecasts include actual traffic and revenue for FY 2013 as well as two monthly reports for traffic in the first two months of FY 2014. There were 9.5 million trips taken in the first six months of operations in FY 2012. In FY 2013 total traffic was 20.2 million, which was the first full year of operation of tolls. In FY 2013, Good To Go! account usage was 81% of total toll trips and the rest were Pay By Mail/Pay By Plate. The June SR 520 traffic forecast is the same as the June forecast throughout the forecast horizon. The number of toll trips is anticipated to increase to 20.8 million, 22.4 million and 24.2 million in FY 2014 (includes preliminary actual traffic data for July and August), FY 2015 and FY 2016 respectively. This corresponds to an annual traffic growth of approximately 8% in 2015 and 2016. After an assumed weekday rate increase of approximately 15% percent in FY 2017, the expected toll traffic volume is projected to remain nearly flat for one year. From FY 2018 through 2027, average traffic is expected to grow at a declining rate from 4.2% annually to 1.3% by FY 2025 and throughout the remainder of the forecast horizon. See Figure 37 for the recent changes in the traffic volume in FY 2014. As the chart reveals, SR 520 actual traffic volume has been tracking the June forecast quite well and been coming in above forecast by 339,792 transactions or 2% by the end of April 2014. The number of closures actually experienced to date in FY 2014 is less than projected. In June 2014, closures on the SR 520 bridge is supposed to be around 8 days so June's traffic volume is likely to be lower than forecasted as that month's traffic forecast only incorporated 3 closure days.

Figure 39 Comparison of SR520 Recent Traffic Volume
July-April 2013 Actuals vs. June 2014 Forecast



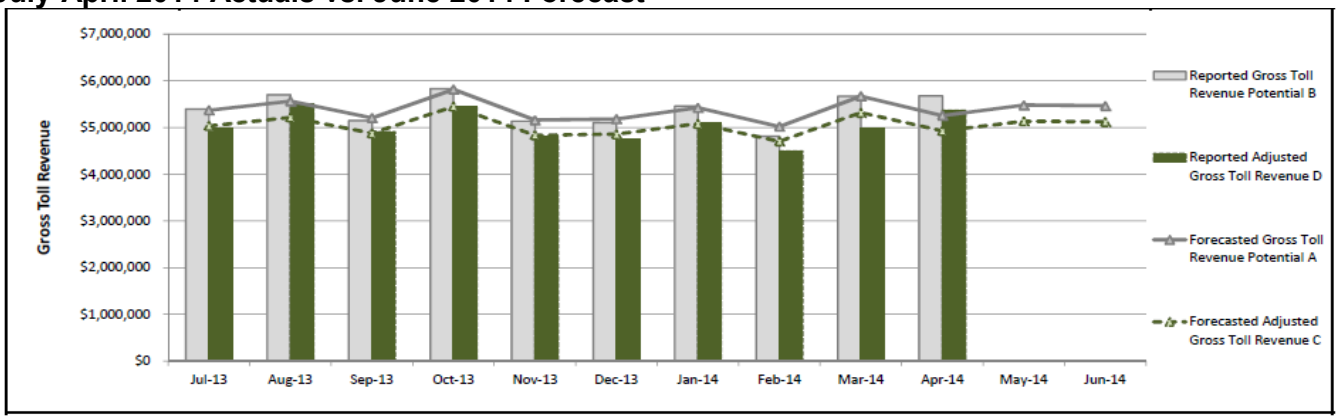
TOLL TRANSACTIONS	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Fiscal Year To Date	Annual Total
Forecasted Closure Days [1]	2.0	2.0	2.0	0.7	0.7	0.7	0.3	0.3	0.3	3.0	3.0	3.0	12.0	18.0
Reported Closure Days [2]	2.0	-	1.2	-	-	-	-	2.0	-	-			5.2	
Forecasted Transactions [3]	1,711,000	1,778,000	1,675,000	1,861,000	1,672,000	1,680,000	1,742,000	1,613,000	1,842,000	1,661,000	1,752,000	1,740,000	17,235,000	20,727,000
Reported Transactions [4]	1,708,484	1,841,483	1,675,903	1,891,692	1,699,102	1,689,620	1,783,339	1,560,143	1,881,338	1,843,688			17,574,792	
Variance From Forecast	(2,516)	63,483	903	30,692	27,102	9,620	41,339	(52,857)	39,338	182,688			339,792	
Variance - % Change	(0.1%)	3.6%	0.1%	1.6%	1.6%	0.6%	2.4%	(3.3%)	2.1%	11.0%			2.0%	
Reported Good To Go!	82.9%	82.2%	83.7%	84.8%	84.4%	83.9%	84.1%	-	-	-	-	-	83.72%	
Reported Pay By Mail	17.1%	17.8%	16.3%	15.2%	15.6%	16.1%	15.9%	-	-	-	-	-	16.28%	

1. Planned weekend construction related closures are preliminary scheduled by WSDOT – uniformly distributed over each quarter
2. Actual weekend construction related closures as observed during the month
3. Values based on CDM Smith October 2013 forecast
4. Reported values are based on total monthly transactions adjusted for non-revenue and duplicate transactions. Values may be subject to change with final audit reports

Figure 38 illustrates the recent monthly changes in the actual SR 520 gross revenue potential and net toll revenue compared to the June forecast. The gross revenue potential is tracking the forecast well up through April 2014 with a forecast variance of 0.5% or $267,796 above the forecast. The adjusted toll revenue for SR 520 is tracking the forecast with a 0.1% variance or $29,529 through April 2014. June 2014 will have more bridge closure days than the 3 forecasted days. This may result in less revenue than projected for that month.

Total gross toll revenue potential for the 2011-13 biennium was $89.36 million. It is anticipated that the gross toll revenue potential for SR 520 is going to increase to $136.16 million in the 2013-15 biennium, which is no change from the last forecast. In the 2015-17 biennium, gross toll revenue potential is anticipated to be $164.1 million. Throughout the forecast horizon, the SR 520 gross toll revenue potential is the same as the last forecast. As the Figure 39 reveals, SR 520 gross toll revenue potential came in $267,796 in total above forecast for the past 10 months.

Figure 40 Comparison of SR520 Gross Toll Revenue Potential
July-April 2014 Actuals vs. June 2014 Forecast



GROSS TOLL REVENUE	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14*	Apr-14	May-14	Jun-14	Fiscal Year To Date	Annual Total
Forecasted Closure Days[1]	2.0	2.0	2.0	0.7	0.7	0.7	0.3	0.3	0.3	3.0	3.0	3.0	12.0	18.0
Reported Closure Days[2]	2.0	-	1.2	-	-	-	-	2.0	-	-			5.2	
Forecasted Potential[A]	$5,375,000	$5,568,000	$5,209,000	$5,820,000	$5,163,000	$5,185,000	$5,427,000	$5,024,000	$5,676,000	$5,260,000	$5,482,000	$5,467,000	$53,707,000	$64,656,000
Reported Potential[B]	$5,403,403	$5,703,786	$5,149,166	$5,836,840	$5,140,298	$5,107,029	$5,458,857	$4,821,352	$5,672,637	$5,681,428			$53,974,796	
Variance From Forecast	$28,403	$135,786	($59,834)	$16,840	($22,702)	($77,971)	$31,857	($202,648)	($3,363)	$421,428			$267,796	
Variance - % Change	0.5%	2.4%	(1.1%)	0.3%	(0.4%)	(1.5%)	0.6%	(4.0%)	(0.1%)	8.0%			0.5%	
Forecasted Adjusted[C]	$5,039,000	$5,220,000	$4,883,000	$5,456,000	$4,840,000	$4,861,000	$5,087,000	$4,709,000	$5,322,000	$4,931,000	$5,139,000	$5,126,000	$50,348,000	$60,613,000
Reported Adjusted[D]	$4,996,403	$5,513,532	$4,911,760	$5,440,469	$4,807,019	$4,752,848	$5,100,401	$4,498,718	$4,987,471	$5,368,907			$50,377,529	
Variance From Forecast	($42,597)	$293,532	$28,760	($15,531)	($32,981)	($108,152)	$13,401	($210,282)	($334,529)	$437,907			$29,529	
Variance - % Change	(0.8%)	5.6%	0.6%	(0.3%)	(0.7%)	(2.2%)	0.3%	(4.5%)	(6.3%)	8.9%			0.1%	

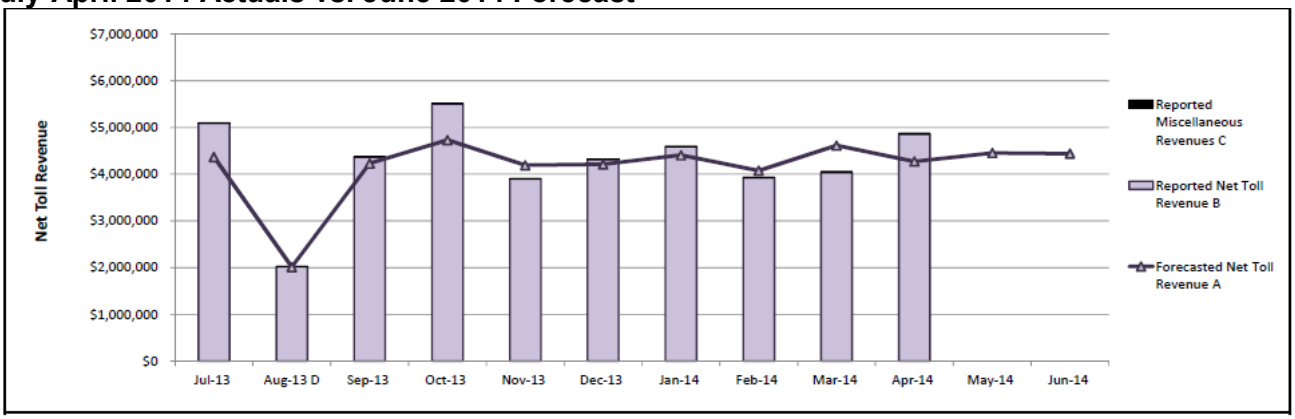
1 Planned weekend construction related closures as preliminary scheduled by WSDOT – uniformly distributed over each quarter
2 Actual weekend construction related closures as observed during the month
A Values based on CDM Smith October 2013 Forecast, reflects potential revenue If the correct toll were collected from every vehicle, before fee and discount adjustments
B Values are subject to change with further refinements to the underlying data report used to derive reported revenue potential figures
Reported gross toll revenue potential values coincide with CDM Smith gross toll revenue forecasts. Values exclude duplicate transactions and toll revenue associated to non-revenue adjustments are incorporated to reflect the toll rate the customer intended to pay, consistent with the values provided in the forecast. For example a Good To Go! Customer who intended to pay the adjustments are incorporated to reflect the toll rate the customer intended to pay, consistent with the values provided in the forecast.
C Values based on Parsons Brinkerhoff October 2013 Forecast. Adjusted gross toll revenue equals the gross toll revenue potential after the following forecast adjustment:
  a) $0.50 sort-term account discount for non-account customers who self-initiate payments without receiving a bill
  b) $025 per transaction fee charged for pre-paid Good To Go pay by plate transactions
  c) Revenue not recognized; associated with unreadable license plates, or when a vehicle owner with a readable license plate cannot be identified
  d) Unpaid toll revenue; associated with non-payment of toll bills within 80 days and two invoices
D Reported adjusted gross toll revenue is calculated using adjustments as referenced in footnote C above, and correspond to "tolling revenue" values provided in WSDOT financial statement
* Adjustments: Toll Bill Reconciliation Report was updated, large impact to rebilling fee deferral

After accounting for Pay By Plate fees, short term account discounts, free trip incentives and revenue leakage, Adjusted Gross Toll revenue from six months of tolling SR 520 during FY 2012 was $26.1 million and $55.44 million during the first full year of tolling in FY 2013. Adjusted toll revenue was $81.5 million for the 2011-2013 biennium. In the current biennium, SR 520 Adjusted Gross Toll revenue is anticipated to be $127.8 million. In recent months, the adjusted gross toll revenue for SR 520 in the current fiscal year has actuals coming in very close and a little above the June forecast.

In the 2015-17 biennium, Adjusted Gross Toll revenue is anticipated to be $154.3 million, which corresponds to a 21% increase from the prior biennium. Throughout the remainder of the forecast horizon, gross toll revenue potential and adjusted toll revenue are growing over time but there is no change between the June and June forecasts.

Actual transponder revenues in FY 2012 and 2013 exceeded costs and net revenue was reported as Net Toll Revenue Pledged for Debt Service. Actual transponder revenue for SR 520 was $1.79 million in the 2011-13 biennium. In the current biennium, transponder sales are anticipated to be lower at $0.98 million.

Figure 41 Comparison of SR520 Recent Net Toll Revenue
July-April 2014 Actuals vs. June 2014 Forecast



NET TOLL REVENUE	Jul-13	Aug-13 D	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Fiscal Year To Date	Annual Total
Forecasted Net Revenue [A]	$4,367,000	$2,016,000	$4,231,000	$4,731,000	$4,192,000	$4,212,000	$4,408,000	$4,078,000	$4,614,000	$4,273,000	$4,454,000	$4,441,000	$41,122,000	$50,017,000
Reported Net Revenue [B]	$5,091,813	$2,023,170	$4,365,138	$5,504,263	$3,898,883	$4,310,140	$4,592,568	$3,922,676	$4,036,219	$4,853,743			$42,598,614	
Variance From Forecast	$724,813	$7,170	$134,138	$773,263	($293,118)	$98,140	$184,568	($155,324)	($577,781)	$580,743			$1,476,613	
Variance - % Change	16.6%	0.4%	3.2%	16.3%	(7.0%)	2.3%	4.2%	(3.8%)	(12.5%)	13.6%			3.6%	
Miscellaneous Revenues [C]	$54	$6,458	$11,645	$6,051	$4,592	$9,129	$4,386	$16,349	$29,775	$32,076			$120,516	

A Values based on Parsons Brinkerhoff October 2013 Forecast. Monthly amounts are prior to adjustments for payment of deferred sales tax, debt service, periodic facility repair & replacement costs, and periodic toll equipment and customer service center repair & replacement costs. Miscellaneous pledge revenue values are not forecasted.

B Reported net toll revenue values are prior to adjustments for payment of deferred sales tax, debt service, periodic facility repair & replacement costs and periodic toll equipment and customer service center repair & replacement costs. Miscellaneous pledge revenue values are excluded and provided separately.

C Miscellaneous revenues are pledged and included the following; sale of right of way excess, recovery of prior biennium expenditures, cash over & short amounts, liquidated damages, interest earned in state route 520 corridor account, cost of investment activities, and Washington State Treasurer deposit interest.

D Annual insurance premium incurred in both the forecasted and reported O&M costs used to calculate monthly net revenue.

Net Toll Revenue Pledged for Debt Service was $68.24 million in the 2011-13 biennium and is anticipated to grow to $105.98 million in the current biennium. So far in FY 2014, net toll revenue has been exceeding the projections by 3.6%, see Figure 39. For the first 10 months combined, actual net toll revenue came in $1.48 million above the June forecast. In the next biennium, net toll revenue is projected to be $125.86 million. The difference between the adjusted gross toll revenue and fees and the net toll revenue pledged for debt service is the operations and maintenance expenditures. Operations and maintenance (O&M) expenditures include credit card fees, facility O&M costs, toll collection O&M costs, bridge insurance premiums, and transponder inventory costs. The net effect of transponder component changes results in June 2014 O&M cost projections for the 2013-15 biennium which total $27.25 million. For the 2015-17 biennium, O&M costs are anticipated to be $34.12 million. O&M cost increases thereafter narrow and eventually trend toward cost savings by the end of the forecast horizon.

Trends in Total Adjusted Toll Revenue

In the 2007-09 biennium the Total Toll Revenue and Fees from tolled facilities (TNB and SR 167) was $76.9 million and increased to $93.2 million in the 2009-11 biennium. In 2011-13 the SR 520 toll facility was added to the forecast, increasing the Total Toll Revenue and Fees in 2011-13 through the forecast horizon. The Total Toll Revenue and Fees collected in 2011-13 was $213.4 million for the three tolled facilities.

In FY 2013-15 and FY 2015-17 the Total Toll Revenue and Fees is projected to be $292.58 million and $331.41 million, respectively. Over the next 10 years of the forecast horizon, total Toll Revenue and Fees are anticipated to be $1.733 billion.

Primary reasons for the forecast changes:

This June 2014 toll traffic and revenue forecast is the same as the prior forecast. A new toll forecast for all facilities will be made in November 2014.

- The latest TNB traffic actuals, over the past 10 months of FY 2014, are above the June forecast by 0.27%. The TNB gross revenue potential is above the forecast by $1 million with Cash and Pay By Mail coming in above forecast but GTG revenue coming in below forecast.
- The TNB adjusted toll revenue latest actuals have come in below forecast by $1.16 million.
- SR 167 HOT lanes latest traffic and revenue are coming in well above projections in the current year.
- The 2013 SR 520 Investment Grade Study remains the basis for the June forecast which is no change from the previous couple forecasts. The latest actuals for gross potential, adjusted gross and net toll revenue and traffic have tracked the current forecast quite well.

Figure 42 Short-term Toll Facility Revenue
June 2014
millions of dollars

	FY 2014	FY 2015	2013-15 Biennium	FY 2016	FY 2017	2015-17 Biennium
Tacoma Narrows Bridge						
Adj Toll Revenue & Fees	$64.78	$69.57	**$134.35**	$71.53	$74.42	**$145.95**
Transponder Sales	0.36	0.37	**0.73**	0.38	0.40	**0.78**
Violations	0.00	0.00	0.00	0.00	0.00	0.00
Civil Penalties	0.22	2.40	**2.62**	3.00	3.12	**6.12**
Misc. Revenue	0.42	0.27	**0.69**	0.14	0.14	**0.28**
SR 167 HOT Lane						
Toll Revenue	$1.27	$1.30	**$2.57**			
Transponder Sales	0.035	0.036	**0.071**			
Fees & Misc Rev.	0.007	0.007	**.014**			
SR 520 Bridge						
Adj Gross Toll Revenue	$60.86	$66.96	**$127.82**	$73.87	$80.39	**$154.25**
Other Fees	2.13	2.28	**4.41**	2.40	2.30	**4.70**
Misc. Pledge Revenue	0.01	0.00	**0.01**	0.00	0.00	**0.00**
Transponder Sales	0.50	0.48	**0.98**	0.50	0.51	**1.01**
Civil Pnlty & Misc Rev.	9.16	9.16	**18.31**	9.16	9.16	**18.32**
Total Toll Facility Revenue						
Total Toll Revenue & Fees	$139.75	$152.83	**$292.58**	$160.97	$170.44	**$331.41**
% Change from Prior Fct			**0%**			**0%**

Federal Funds Revenue

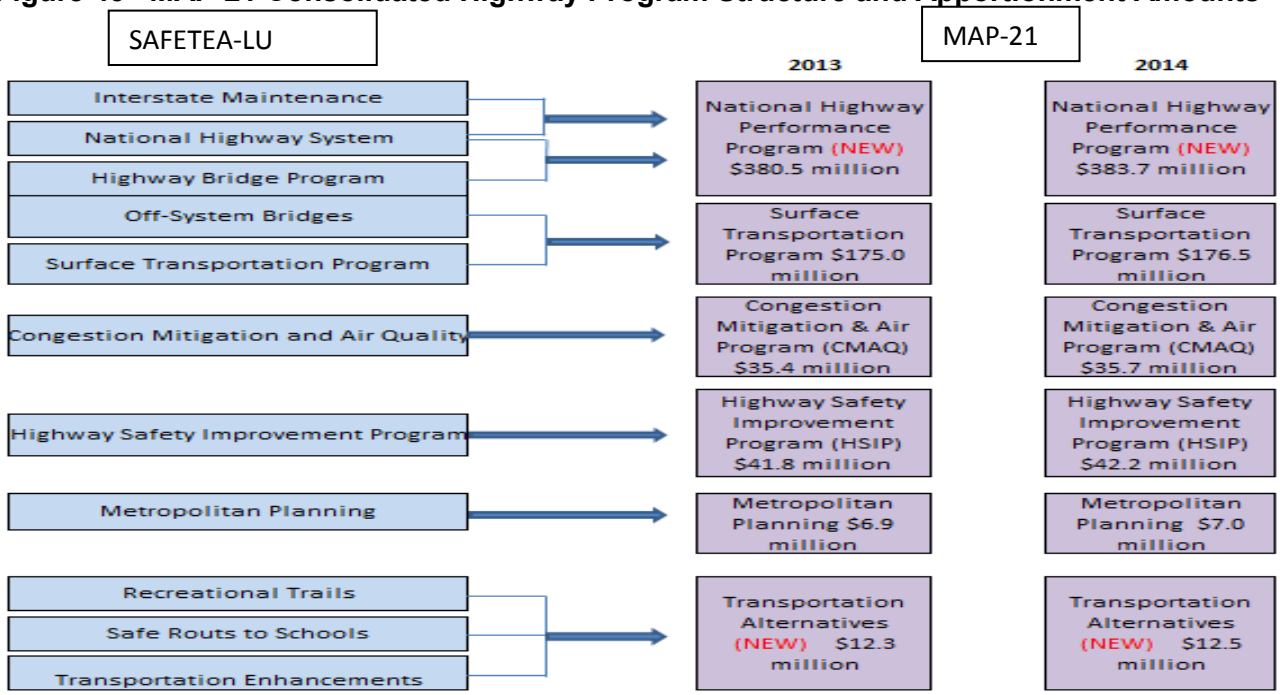
Federal Funding History

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

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

MAP-21 continues to provide the majority of Federal-aid highway funds to the states through core programs. Since 2004, SAFETEA-LU and continuation of this former federal transportation Act distributed federal funds through seven core programs: Interstate Maintenance, National Highway Systems, Highway Bridge, Off-System Bridges, Surface Transportation, Congestion Mitigation and Air Quality and Highway Safety Improvement programs. SAFETEA-LU had other programs which were not formula driven distributions. In this 2012 federal Act, the core highway programs have been reduced from seven to five. The MAP-21 core programs are the following: National Highway Performance, Surface Transportation, Congestion Mitigation & Air Quality, Highway Safety Improvement and Metropolitan Planning. MAP-21 has authorized another program, Transportation Alternatives, which is a set-aside program from each state's apportionment level. Figure 43 illustrates the consolidated MAP-21 highway program structure and the crosswalk between the SAFETEA-LU program structure and the new MAP-21 structure. Although MAP-21 achieves dramatic policy and programmatic changes, reform of the way highway programs are funded still remains a challenge for the future. The current MAP-21 authorization is only through federal fiscal year 2014.

Figure 43 MAP-21 Consolidated Highway Program Structure and Apportionment Amounts

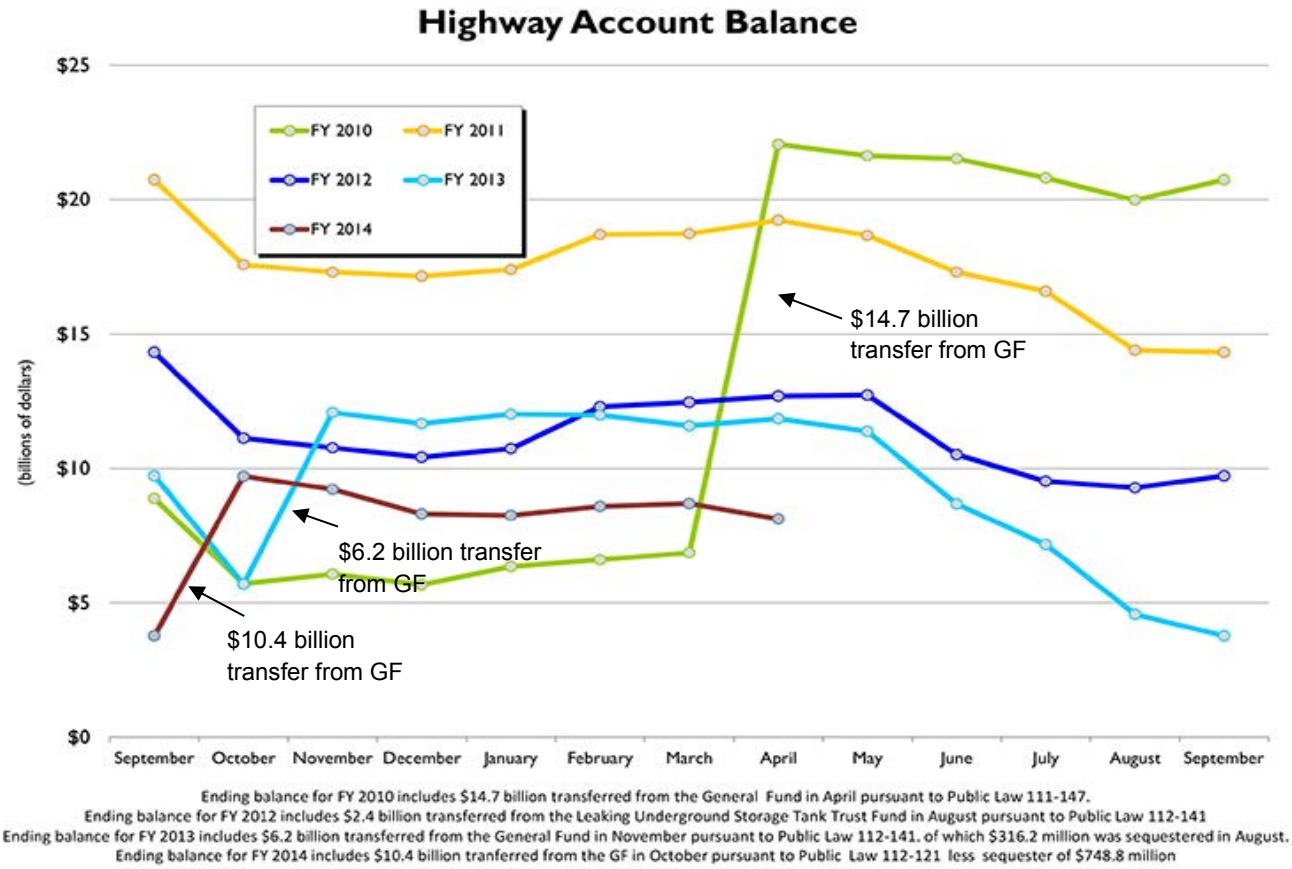


Highway Trust Fund

Funding for these MAP-21 programs comes from the Highway Trust Fund (HTF). The HTF is a transportation fund which receives money from a federal fuel tax of 18.3 cents per gallon on gasoline and 24.4 cents per gallon of diesel fuel and related excise taxes. The HTF currently has three accounts, the Highway Account which funds road construction, a smaller Mass Transit Account which supports mass transit and also a Leaking Underground Storage Tank Fund. The Highway Account of the HTF was established in 1956 to finance the United States Interstate highway System and certain other roads. The Highway Account of the HTF has struggled for years to remain solvent, ever since federal transportation spending started exceeding the dedicated taxes used to pay for it.

Since FFY 2008, Congress has transferred $41 billion into the HTF to keep it afloat, with another $12.6 billion authorized for FFY 2014. (Figure 44) The Highway Account of the HTF began FFY 2014 with approximately $1.6 billion in cash. The surface transportation program continues to outlay at a greater pace than receipts are coming in. As a result, the cash balance has dropped by nearly $3.4 billion since the start of the FFY2014. As of the last week of December 2013, the Highway Account of the HTF had a cash balance of about $8.5 billion.

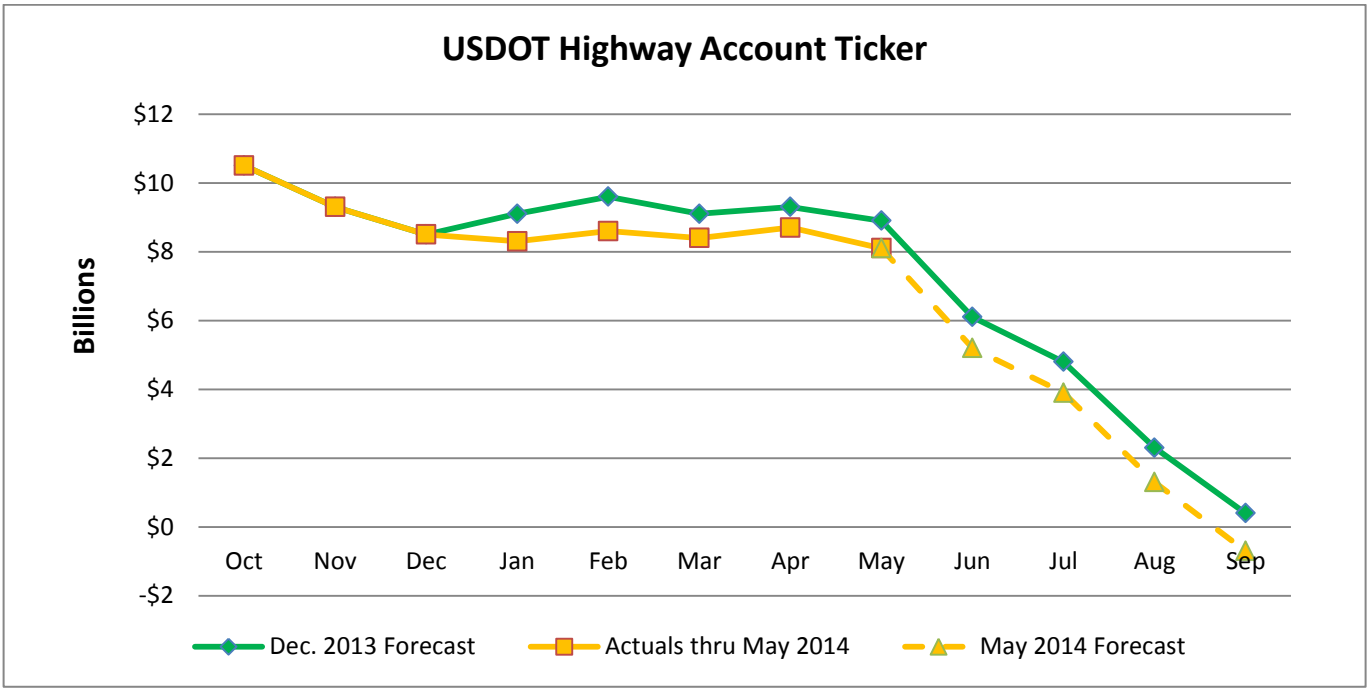
Figure 44 Monthly Federal Highway Trust Fund Account Balance 2010-2013
billions of dollars



The most recent projections from the U.S. Department of Transportation (USDOT) indicate the Highway Account of the Highway Trust Fund (HTF) could potentially fall below $4 billion in mid-July1. $4 billion is the minimum balance FHWA needs to manage cash flow. The most recent figures (Figure 45) show the Highway Account becoming insolvent in late August. The Highway Trust Fund is required under federal law to maintain a positive balance to ensure that prior commitments for distribution of federal revenues can be met. Should a situation occur where FHWA is unable to fully reimburse states, USDOT has indicated it may take some or all of

the following actions: (1) move from daily to weekly reimbursements; (2) align reimbursements with Highway Trust Fund deposits (twice monthly); or (3) make proportional payments to states based on available Highway Trust Fund cash. The specific actions would depend on the exact nature of the shortfall. If insolvency occurred, not only could current project payments be curtailed, but planned future projects could be delayed. Without sufficient balances states may not receive authority to obligate any new federal highway funds in federal fiscal year 2015, thereby impacting planned future projects.

Figure 45 USDOT Highway Account Balance Projection
December 2013 vs May 2014
billions of dollars



MAP-21 Federal Funding

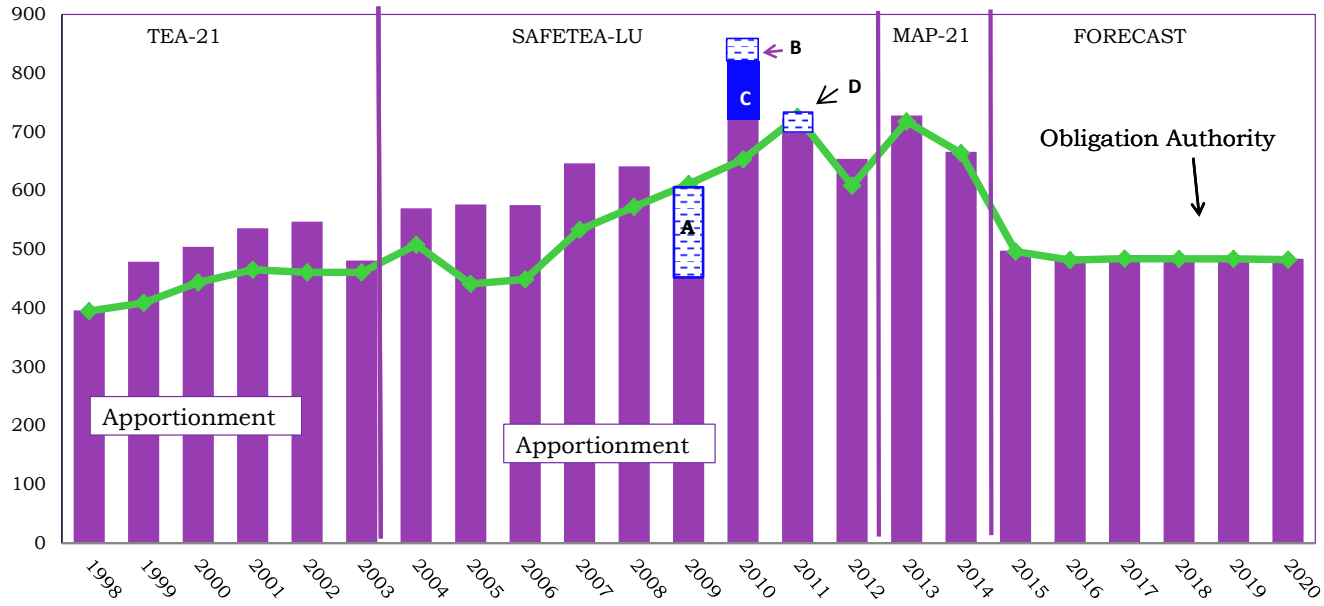
MAP-21 authorizes federal apportionment to fund the five core formula programs. Federal apportionment is the funds distributed to states for obligation in an appropriation account. MAP-21 sets apportionment levels at $40.4 billion for FFY 2013 and $41.0 billion for FFY 2014. MAP-21 requires FHWA to divide the total federal apportionment among the states using an allocation process specified in law. The federal apportionment is then distributed between the state's core programs using formula calculation set in MAP-21.

MAP-21 also establishes an annual obligation authority of $39.699 billion for FY 2013 and $40.256 billion for FY 2014 for the purpose of limiting highway spending each year. Obligation authority is a limitation placed on Federal-aid highway and highway safety construction program obligations to act as a ceiling on the obligation of apportionment that can be made within a specified time period. These limits are imposed in order to control the highway program spending in response to economic and budgetary conditions

Figure 46 describes the amount of federal apportionment and obligation authority to Washington State since 1998 with the inclusion of the June 2014 forecast of federal funds through FY 2020. This fifteen year historical period includes multiple federal transportation acts. First, the Transportation Equity Act for the 21st Century (TEA-21) was enacted on June 9, 1998 for a 6-year period thru 2003. As the graph reveals, in the last year of TEA-21, Washington's federal apportionment was lower than the previous four years due to a mandatory rescission of more than 30% in 2003. The next federal transportation package passed was the Safe, Accountable, Flexible, and Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU). In that

original SAFETEA-LU legislation, the program was due to end in 2009. In the final year of SAFETEA-LU, a mandatory rescission was imposed. Washington State's portion of this rescission was $148 million. For the next three years, the SAFETEA-LU federal program was extended through multiple continuing resolutions. In 2010, the 2009 rescission was restored adding back $148 million to Washington. Since that restoration of the 2009 rescission, Congress imposed a 2010 rescission of which Washington share was $37.5 million and a 2011 rescission of which Washington share was $44.0 million. Finally in July 2012, the Moving Ahead for Progress in the 21st Century (MAP-21) was enacted. MAP 21 funding levels are represented in FFY 2013 and 2014. MAP-21 funding levels are the basis for setting this long-term federal funds forecast of apportionment and obligation authority along with the latest CBO forecast of the Highway Trust Fund. Throughout SAFETEA-LU, both apportionment and obligation authority (OA) fluctuate greatly. While the obligation authority to apportionment ratio varied from year to year in this period it averaged 98% which is the same OA to apportionment ratio we are forecasting in MAP-21 and the out years.

Figure 46 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) - Federal Fiscal Years 1998-2020 with the June 2014 Forecast

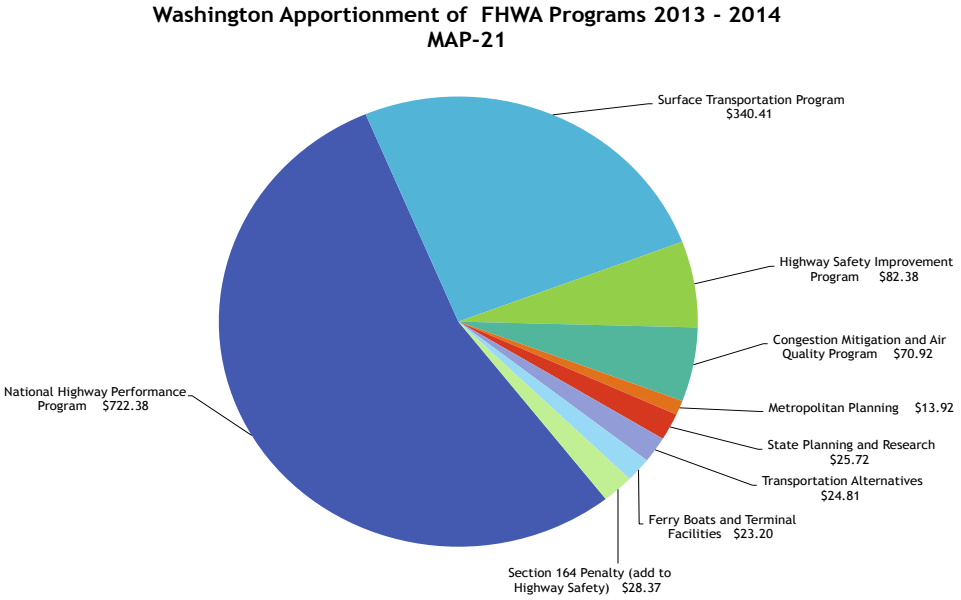


A - $148 Million 2009 Rescission
B- $38 Million 2010 Rescission
C- Restoration of $148 Million 2009 Rescission in 2010
D - $44 Million 2011 Rescission
Source: FHWA apportionment and obligation authority notices and TRFC June 2014 federal funds forecast

The baseline June 2014 apportionment forecast shows actual apportionment distributions from FHWA for FFY 2013 totaling $728.1 million dollars. This includes all the discretionary and allocated programs apportionment of $62.12 million. It also includes $1.37 million more in the surface transportation program but $0.57 million less in the national highway performance program due to the penalty reallocation. History indicates that Washington received 1.7% of national apportionment each year so that is our assumed percentage in future years for this June forecast. Washington's apportionment forecast for 2014 is $666.1 million based on FHWA Notice N4510.772 dated January 31, 2014.

Over the two year MAP-21 period, the majority of Washington's apportionment was spent on the National Highway Performance Program ($722.38 million) and the Surface Transportation Program ($340.41 million). The remaining MAP-21 programs got smaller distributions of the remaining apportionment. (Figure 47)

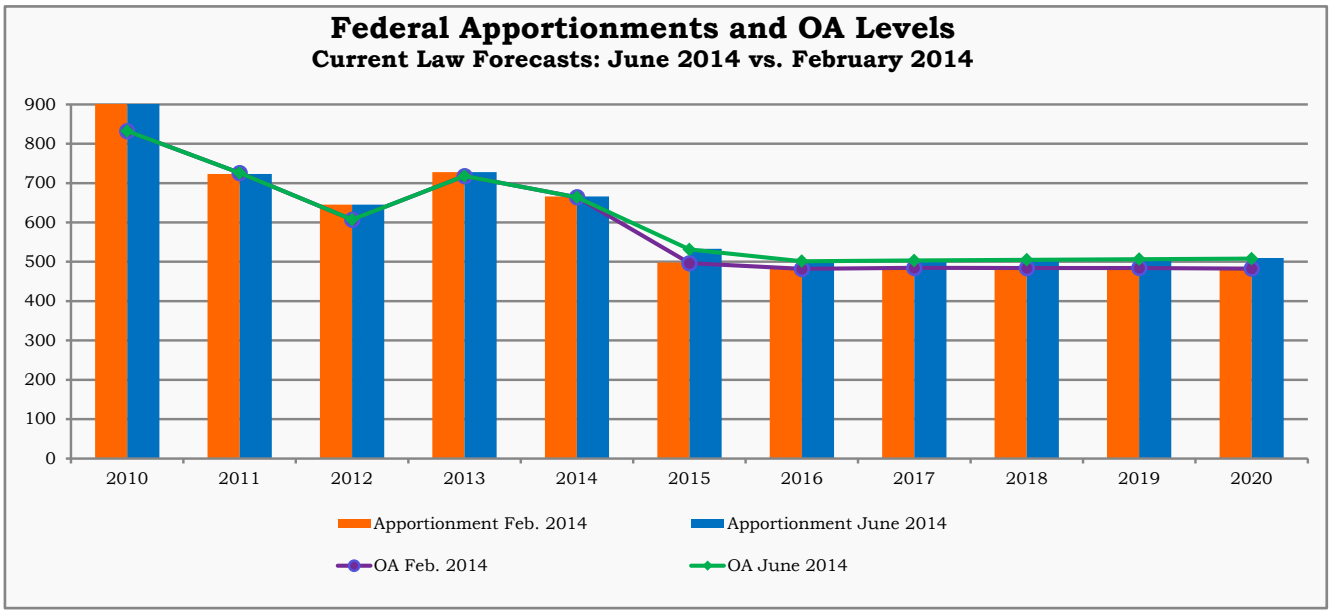
Figure 47 Washington Apportionment of FHWA Programs MAP-21 2013 – 2014



Long-term Apportionment Forecast (Post MAP-21):

The baseline June 2014 federal apportionment forecast will assume that after MAP-21 expires on June 30, 2014, that the amount available for distribution to the states would be limited to what is projected in the HTF.

Figure 48 Federal Apportionment and Obligation Authority (OA) to Washington (millions of dollars) June 2014 vs. February 2014



Source: FHWA apportionment and obligation authority notices and TRFC June and June 2013 federal funds forecast

The current June 4, 2014 forecast from the Congressional Budget Office (CBO) for the HTF predicts the fund going negative in early FFY 2015. In order to keep the HTF from going negative, a 20.0% reduction in federal expenditures and Washington's federal apportionment level in FFY 2015 would need to be made and another 5.6% reduction in FFY 2016 for a two-year reduction total of 25.6%. Our June forecast two year reduction percentage was 25% and this new assumption is higher than the prior forecasts. After FFY 2016, Washington's federal funding level will grow at the same rates as our state motor fuel consumption which is the same methodology as applied in prior forecasts.

The Washington MAP-21 Steering Committee reviewed the split of Federal Funds between the State and Local programs in October 2012. Figure 49 outlines the minor revisions in individual program distributions. These agreed upon revisions to the program distributions are reflected in the June 2014 federal forecast which has not been modified since first incorporated into the June 2012 forecast.

Figure 49 Results from Washington State Map-21 Steering Committee Distribution Decisions

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

Civil Penalties in Federal Forecast

In this June forecast, as well as in the prior six forecasts, the apportionment level for Washington also includes an annual reduction due to civil penalties being imposed beginning in FFY 2010. The penalty is referred to as the "Minimum Penalties for Repeat Offenders for Driving While Intoxicated or Driving under the Influence" (23 USC, Section 164). In the current forecast, the civil penalties are shown as a $14.2 million reduction in the National Highway Performance Program (MHPP). FHWA transfers this $14.2 million into the Highway Safety program.

Washington's Obligation Authority (OA) Forecast

The June 2014 baseline obligation authority forecast for FFY 2013 has been reconciled to match actual Obligation Authority distributions from FHWA totaling $717.9 million dollars. Washington received 1.6% of national Formula OA in the latest notice. After examining past years' Washington OA compared to the national OA totals, it was found that once all OA, including unallocated programs and redistributed OA are accounted for, WSDOT's total OA is slightly higher than 1.6%. All other years in the forecast horizon have Washington OA also set at 98% of apportionment which is consistent with the OA ratio set in Section 1101 and 1102 of H.R 4348 in MAP-21 legislation. This percentage is slightly higher than the percentage of apportionment assumed under SAFETEA-LU of 90% but the same OA to apportionment percentage assumed since the March 2013 forecast

The current Obligation Authority for FFY2014 is $664.1 million which is the same as the last forecast. Obligation Authority for federal fiscal years beyond 2014 is set based on 98% of apportionment each year which

is consistent with the OA ratio set in Section 1101 and 1102 of H.R 4348 in MAP-21 legislation and our prior forecast assumptions.

Washington's Ferry Boat and Terminal Program in MAP-21

MAP-21 creates a Ferry Boat and Ferry Terminal Facilities formula program. MAP-21 turns the current competitive Ferry Boat Discretionary Program into a $67 million a year nationwide formula program. This new program guarantees public ferry systems a particular amount of annual federal ferry funding for the length of the 2 year bill. The formula is based on 20% passenger count, 45% on vehicles and 35% on route miles. Washington's ferry boat federal apportionment was $11.4 million in FFY 2013 and anticipated to be $11.8 million FFY 2014. This June forecast changes the assumption about the continuation of the ferry boat funding. In past forecast, it was assumed that the federal ferry boat apportionment was only temporary for the 2 years when MAP-21 was authorized. After examining other future federal authorization legislation, WSDOT has seen a continuation of the ferry boat apportionment so we projected the continuation of this funding to ferries beyond FFY 2014. As a result, this adds approximately $9 million per year to the federal funds forecast throughout the forecast horizon.

Recent Changes in Federal Forecast

- The June 2014 federal apportionment forecast for FFY2013 and FFY2014 reflects the passage of the new surface transportation act, MAP-21, H.R. 4248. It also includes the new program structure from MAP-21 and distributions between state and local programs are the agreed upon State and Local program splits by the Map-21 Steering Committee program in October 2012.
- The current June 2014 forecast by the Congressional Budget Office (CBO) for the HTF predicts the fund going negative in early FFY 2015 and in order to keep the HTF from going negative, a two-year reduction total of 25.6% is necessary. The results of this new CBO HTF forecast has been assumed in this baseline June forecast.
- This current FFY 2014 federal apportionment forecast is $666.1 million which is the same as the last forecast which reflects a FHWA notice N4510.772 dated 1/31/2014 for FFY 2014.
- The obligation authority for FFY 2014 in the June forecast is the same as the last forecast at $664.1 million.
- This current FFY 2015 federal apportionment forecast is $532.9 million which is a 20% reduction from the prior federal fiscal year and a 7% increase from the February 2014 forecast. This current apportionment forecast is $34.96 million higher than last quarter's projection.
- The obligation authority for FFY 2015 in the June forecast is $531.3 million which also is a 20% reduction from the prior year and 7% less than February's forecast.
- The increase in federal funds from the last forecast grows slightly throughout the forecast horizon.

Figure 50 Washington's portion of Federal Highway Funds by Federal Fiscal Year June 2014
Millions of dollars

	FFY 2014	FF 2015	FY 2016	FY 2017
WA Statewide Apportionment of FHWA Programs	**666.1**	**532.9**	**503.0**	**504.7**
% Change from Prior Fcst	-0.0%	7.0%	4.0%	3.9%
Obligation Authority	**664.1**	**531.3**	**501.5**	**503.2**
% Change from Prior Fcst	-0.0%	7.0%	4.0%	3.9%

Forecast Contacts

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Motor Fuel Tax Revenue Forecast

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Motor Vehicle Licenses, Permits & Fees Revenue Forecast

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Appendix

Graphs and Tables Related to the June 2014 Forecast

Including distribution of revenues to the major accounts

Figure 51 Forecast to Forecast Biennium Comparison of All Transportation Revenues
June 2014 forecast - 16 year period
millions of dollars

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

June 2014• millions of dollars

	Current Biennium 2013-2015			2015-2017			16-Year Period (2011-2027)		
	Forecast Jun-14	Chg from Feb-14	Percent Change	Forecast Jun-14	Chg from Feb-14	Percent Change	Forecast Jun-14	Chg from Feb-14	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	2,530.3	(0.9)	0.0%	2,554.7	9.9	0.4%	20,527.9	262.7	1.3%
Licenses, Permits and Fees *	1,018.9	9.5	0.9%	1,078.6	46.1	4.5%	8,705.4	237.8	2.8%
Ferry Revenue†	344.3	1.5	0.4%	357.0	1.1	0.3%	2,932.9	0.7	0.0%
Toll Revenue §	292.6	0.0	0.0%	331.4	0.0	0.0%	2,746.9	0.0	0.0%
Aviation Revenues ‡	6.0	0.1	0.9%	6.3	0.1	1.1%	51.1	0.6	1.2%
Rental Car Tax	53.8	1.0	1.8%	56.4	0.7	1.2%	478.8	3.7	0.8%
Vehicle Sales Tax	74.3	0.1	0.2%	79.0	(0.1)	-0.1%	663.7	0.6	0.1%
Driver-Related Fees*	281.4	(1.4)	-0.5%	297.1	1.4	0.5%	2,246.9	5.1	0.2%
Business/Other Revenues‡*	28.8	2.2	8.4%	25.6	0.2	0.8%	212.5	3.6	1.7%
Total Revenues	**4,630.4**	**12.1**	**0.3%**	**4,786.0**	**59.3**	**1.3%**	**38,566.0**	**514.9**	**1.4%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**137.2**	**(1.3)**	**-1.0%**	**143.6**	**(0.3)**	**-0.2%**	**1,207.3**	**(2.3)**	**-0.2%**
State Uses									
Motor Vehicle Account (108)	1,104.0	0.2	0.0%	1,122.1	10.9	1.0%	9,031.9	104.3	1.2%
Transportation 2003 (Nickel) Account (550)	393.4	(0.8)	-0.2%	396.1	(0.4)	-0.1%	3,158.7	21.6	0.7%
Transportation 2005 Partnership Account (09H)	581.2	0.1	0.0%	585.0	2.1	0.4%	4,689.6	59.1	1.3%
Multimodal Account (218)	263.9	1.2	0.5%	275.6	(0.0)	0.0%	2,316.5	3.1	0.1%
Special Category C Account (215)	47.6	0.0	0.0%	47.9	0.2	0.4%	383.5	5.2	1.4%
Puget Sound Capital Construction Account (099)	34.6	0.0	0.0%	34.8	0.1	0.4%	279.0	3.8	1.4%
Puget Sound Ferry Operations Account (109)	395.5	1.6	0.4%	408.5	1.3	0.3%	3,347.9	6.0	0.2%
Capital Vessel Replacement Account (18J)	17.8	10.2	135.4%	46.9	39.0	492.8%	270.2	205.6	317.9%
Tacoma Narrows Bridge Account (511)	138.4	0.0	0.0%	153.1	0.0	0.0%	1,260.4	0.0	0.0%
High Occupancy Toll Lanes Account (09F)^	2.7	0.0	0.0%	0.0	0.0	0.0%	5.0	0.0	0.0%
SR 520 Corridor Account (16J)	133.2	0.0	0.0%	160.0	0.0	0.0%	1,341.8	0.0	0.0%
SR 520 Corridor Civil Penalties Account (17P)	18.3	0.0	0.0%	18.3	0.0	0.0%	139.7	0.0	0.0%
Aeronautics Account (039)	6.0	0.1	0.9%	6.3	0.1	1.1%	51.1	0.6	1.2%
State Patrol Highway Account (081)	344.9	2.3	0.7%	356.5	2.6	0.7%	2,947.0	20.9	0.7%
Highway/Motorcycle Safety Accts. (106 & 082)	246.5	(1.7)	-0.7%	261.4	1.0	0.4%	1,957.5	2.0	0.1%
School Zone Safety Account (780)	1.1	(0.0)	-3.7%	1.2	0.0	0.0%	9.8	(0.0)	-0.4%
Other accounts (201, 06T, 097, 09E, 216, 07C)	16.4	0.1	0.5%	16.8	0.1	0.7%	138.5	1.2	0.9%
Ignition Interlock Devices Revolving Acct 14V	3.9	0.1	1.9%	3.9	0.1	2.9%	30.0	0.7	2.5%
Multiuse Roadway Safety Account Collections-571	0.1	(0.1)	0.0%	0.1	(0.1)	0.0%	0.7	(0.6)	0.0%
Total for State Use	**3,749.5**	**13.3**	**0.4%**	**3,894.4**	**57.0**	**1.5%**	**31,358.2**	**433.4**	**1.4%**
Local Uses									
Cities	182.5	0.0	0.0%	183.5	0.7	0.4%	1,470.8	20.0	1.4%
Counties	300.6	0.1	0.0%	302.5	1.1	0.4%	2,427.7	33.0	1.4%
Transportation Improvement Board (112 & 144)	195.0	0.0	0.0%	196.1	0.7	0.4%	1,572.6	22.1	1.4%
County Road Administration Board (102 & 253)	65.6	0.0	0.0%	65.9	0.2	0.4%	529.4	7.9	1.5%
Total for Local Use	**743.7**	**0.1**	**0.0%**	**748.1**	**2.7**	**0.4%**	**6,000.6**	**83.1**	**1.4%**
Total Distribution of Revenue	**4,630.4**	**12.1**	**0.3%**	**4,786.0**	**59.3**	**1.3%**	**38,566.0**	**514.9**	**1.4%**

† Ferry Fares plus non-farebox revenue

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

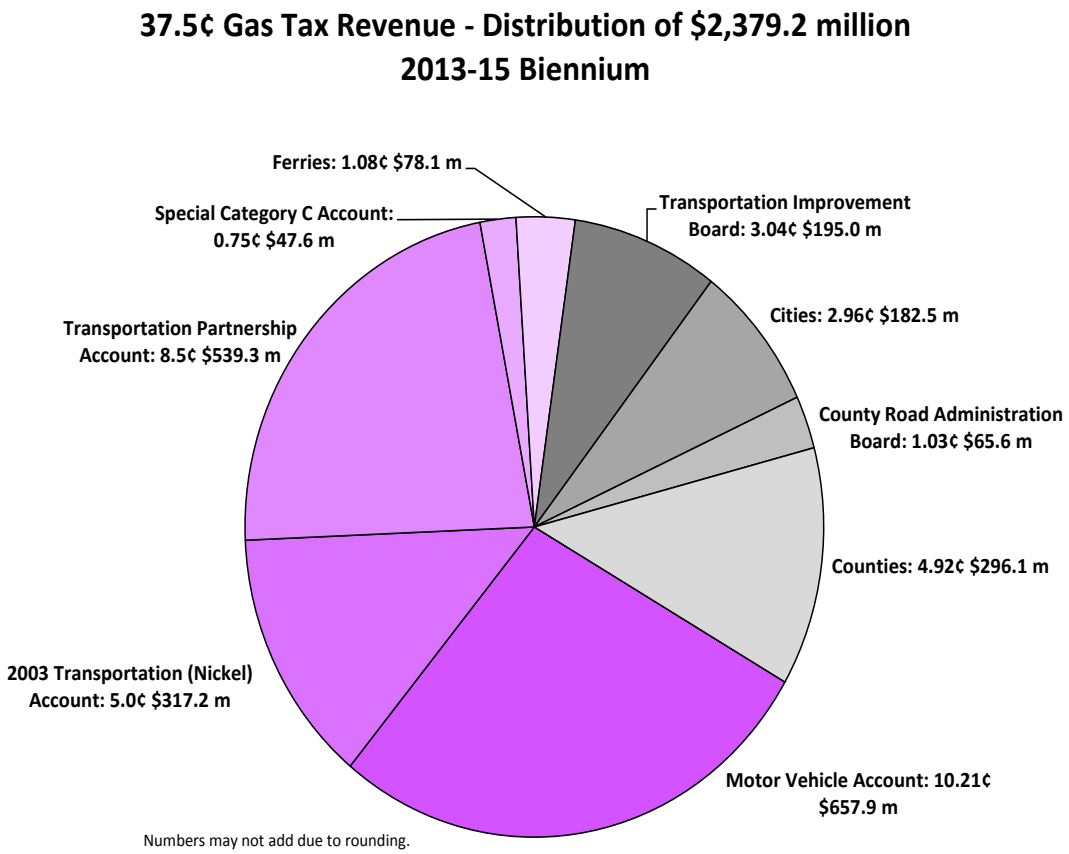
* These transportation revenues had new fees or higher fees adoption by the 2012 and 2013 Legislatures

§ 167 HOT lanes is a pilot program due to sunset June 30, 2015

Motor Fuel Tax Revenue for Distribution

The pie chart below shows the statutory distribution of funds to the various jurisdictions based on the June 2014 fuel tax revenue forecast for the 2013-2015 biennium.

Figure 52 Fuel Tax Revenue for Statutory Distribution



Gas Tax Revenue Distribution is Based on the June 2014 Transportation Revenue Forecast

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 June 2014 Licenses, Permits and Fees revenue forecast for the 2013-2015 biennium.

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

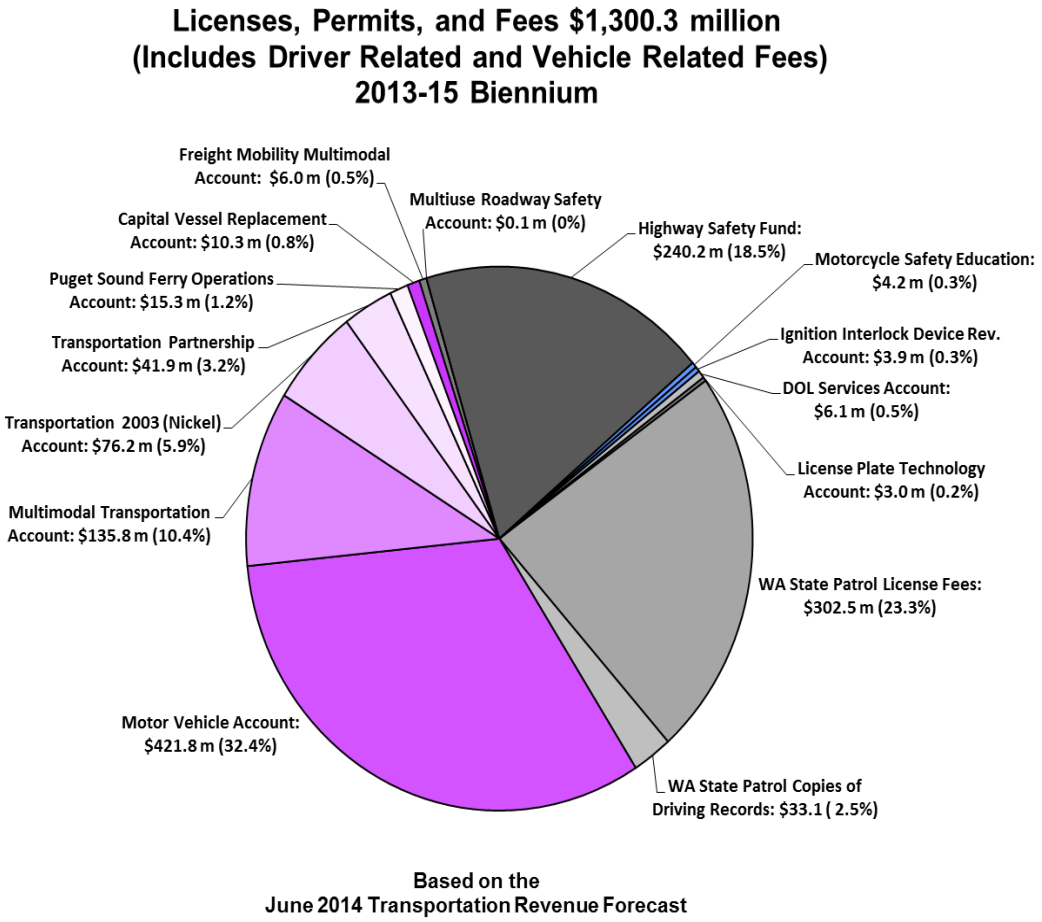


Figure 54 2014 New Legislation for June 2014 Forecast

Legislation	Title	FY 2013-15 Biennium Revenue Impact *	FY 2015-17 Biennium Revenue Impact	Fee Information	Existing Fee	New Fee
E2SHB 1129	Ferry vessel replacement	$6,316,000	$38,897,200	DOL Vehicle Registration Service Fee	$0.00	$5.00
				Auditor/Other Agent Vehicle Registration Service Fee	$0.00	$5.00
				DOL Vehicle Title Service Fee	$0.00	$12.00
				Auditor/Other Agent Vehicle Title Service Fee	$0.00	$12.00
2ESSB 5785	License plates replacement	$3,426,500	$27,227,800	Periodic Plate Replacement Fees *Eliminated		
				Two-Plated Vehicles	$20.00	$0.00
				Single Plated Vehicles	$10.00	$0.00
				Motorcycles	$4.00	$0.00
				Plate Replacement Fees -- Change of Ownership		
				Two-Plated Vehicles	$0.00	$20.00
				Single Plated Vehicles	$0.00	$10.00
				Motorcycles	$0.00	$4.00

Impact to Transportation Accounts

Figure 55 Motor Vehicle Account Revenue June 2014 Forecast

Motor Vehicle Account Revenue	2013-15		2015-17		10-Year Period (2013-2023)	
dollars in millions	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	2,530.3	(0.9)	2,554.7	9.9	12,833.8	132.8
Licenses, Permits, & Fees	420.5	(2.0)	433.7	7.1	2,191.7	16.6
Business-Related Revenue	16.3	1.9	13.1	(0.1)	70.2	1.6
Total	**2,967.1**	**(1.0)**	**3,001.5**	**16.8**	**15,095.7**	**150.9**
Distribution						
Refunds-Regular	137.2	(1.3)	143.6	(0.3)	736.1	(2.5)
Fuel Tax Distributions for Local Uses[1]	743.7	0.1	748.1	2.7	3,757.5	41.9
Fuel Tax Distributions for State Uses[2]	982.2	0.0	987.7	3.6	4,957.9	54.2
Total	**1,863.1**	**(1.2)**	**1,879.4**	**5.9**	**9,451.5**	**93.5**
Net Revenue	**1,104.0**	**0.2**	**1,122.1**	**10.9**	**5,644.2**	**57.5**

Miscellaneous revenue does not include ending cash balances carried forward from the prior biennium.
[1]These amounts include distributions to Cities and Counties and to State Agencies that expend funds for the benefit of local jurisdictions, i.e. the Transportation Improvement Board and the County Road Administration Board.
[2] These amounts include distributions to the Nickel, Transportation Partnership, WSF and Special Category C accounts.

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

Figure 56 Transportation 2003 (Nickel) Account Revenue Forecast

Transportation 2003 (Nickel) Account *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14
Revenue						
5¢ Gas Tax	317.2	0.0	319.0	1.1	1,601.5	17.5
Licenses, Permits and Fees	76.2	(0.8)	77.0	(1.6)	390.5	(8.6)
Total	**393.4**	**(0.8)**	**396.1**	**(0.4)**	**1,992.1**	**8.9**

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 57 Transportation Partnership Account Revenue Forecast

Transportation Partnership Account *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14
Revenue						
5¢ Gas Tax	526.1	0.0	539.3	0.0	2,722.6	29.8
Licenses, Permits and Fees	41.3	0.0	41.9	0.1	213.7	0.0
Total	**567.4**	**0.0**	**581.2**	**0.1**	**2,936.3**	**29.8**

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

Figure 58 Washington State Ferry Accounts Revenue Forecast

Washington State Ferries Accounts *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	329.6	1.9	341.6	1.4	1,744.2	6.1
Concessions & Other Revenue	7.1	(0.4)	7.5	(0.4)	38.3	(2.2)
Fuel Tax	43.4	(0.0)	43.7	0.2	218.7	2.3
Licenses, Permits and Fees	15.3	0.1	15.8	0.1	81.1	0.5
Subtotal	**395.5**	**1.6**	**408.5**	**1.3**	**2,082.3**	**6.9**
Capital Vessel Replacement Account (18J)	**17.8**	**10.2**	**46.9**	**0.1**	**182.6**	**142.1**
Ferry Capital Surcharge	7.5	(0.0)	8.0	0.1	40.8	0.2
Title Service fee & Reg. Service fee	10.3	10.3	38.9	38.9	141.9	141.9
Puget Sound Cap. Const. Acct. (099) Fuel Tax	34.6	0.0	34.8	0.1	174.8	1.9
Total	**430.1**	**1.6**	**443.3**	**1.4**	**2,257.1**	**8.8**

Since Washington State Ferries are considered part of the Washington highway system, funds that are restricted to highway use can be deposited into ferry accounts. Revenues deposited into the ferry accounts are used for operating costs and capital construction projects. The ferry operating account (109) consists of ferry fares, concession and other revenue, fuel tax allocations and licenses, permits and fee distributions. The revenues used for capital construction are different than the ferry operating account revenues. There are two revenue sources being deposited into the vessel replacement account (18J): the $0.25 ferry fare surcharge and certain title and vehicle registration service fees established in 2014 legislation E2SHB 1129.

Figure 59 Multimodal Transportation Account Revenue Forecast

Multimodal Account *dollars in millions*	2011-13		2013-15		10-Year Period (2013-2023)	
	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14
Revenue						
Licenses, Permits and Fees	130.2	0.0	135.8	0.1	726.0	(1.1)
Rental Car Tax	46.7	0.0	53.8	1.0	295.7	3.2
Vehicle Sales Tax	63.3	0.0	74.3	0.1	412.0	0.2
Total	**240.2**	**0.0**	**263.9**	**1.2**	**1,433.7**	**2.2**

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

Figure 60 Aeronautics Account Revenue Forecast

Aeronautics Account *dollars in thousands*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14
Revenue						
Aircraft Dealer License Fees	5.6	(1.4)	5.6	(1.4)	27.8	(6.8)
Aircraft Excise Tax	697.5	0.0	710.3	0.0	3,615.5	0.0
Aircraft Fuel Tax	5,117.8	56.3	5,367.9	64.2	27,123.0	341.5
Aeronautics Transfer (from MV Fund)	569.7	0.9	569.8	6.1	2,851.1	64.0
Aircraft Registrations	249.7	0.0	252.5	0.0	1,276.5	0.0
Total	**6,640.3**	**55.9**	**6,906.1**	**68.9**	**34,893.9**	**398.8**

Revenues deposited into the Aeronautics Account consist of aircraft fuel tax, aircraft excise tax, aircraft dealer license fees, and the aircraft excise tax. Forecasts of aviation revenues are prepared by the Department of Transportation and the Department of Licensing. The most significant component of the Aeronautics Account is the aircraft fuel tax forecast. This forecast is a function of three factors: the tax rate, the gallons of fuel delivered, and the gallons of fuel refunded. Aviation fuel consumption is projected based primarily on the annual FAA's general aviation fuel consumption forecast.

Figure 61 Toll Revenue Forecast

Tolling Accounts *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14
Revenue						
Tacoma Narrows Bridge Account						
Toll Revenues and Fees	134.3	0.0	145.9	0.0	1,099.5	0.0
Transponder Sales/ Shield Sales	0.7	0.0	0.8	0.0	6.0	0.0
Violations	0.0	0.0	0.0	0.0	0.0	0.0
Civil Penalties	2.6	0.0	6.1	0.0	43.3	0.0
Misc. Revenues	0.7	0.0	0.3	0.0	0.0	0.0
Subtotal Tacoma Narrows Bridge	**138.4**	**0.0**	**153.1**	**0.0**	**1,148.8**	**0.0**
HOT Lanes Operations Account ^						
Toll Revenues	2.6	0.0	0.0	0.0	2.6	0.0
Transponder Sales/ Shield Sales	0.1	0.0	0.0	0.0	0.1	0.0
Fees	0.0	0.0	0.0	0.0	0.0	0.0
Misc. Revenues	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal HOT Lanes Operations	**2.7**	**0.0**	**0.0**	**0.0**	**2.7**	**0.0**
SR 520 Bridge						
Toll Revenues and Fees	132.2	0.0	159.0	0.0	1,250.8	0.0
Transponder Sales/ Shield Sales	1.0	0.0	1.0	0.0	7.8	0.0
Civil Penalties	18.3	0.0	18.3	0.0	128.2	0.0
Misc. Revenues	0.0	0.0	0.0	0.0	0.0	0.0
Subtotal SR 520 Bridge	**151.5**	**0.0**	**178.3**	**0.0**	**1,386.8**	**0.0**
Total Tolling Revenues	**292.6**	**0.0**	**331.4**	**0.0**	**2,538.3**	**0.0**

Currently there are three tolled corridors in Washington, The Tacoma Narrows Bridge, SR 520 Bridge and State Route 167 HOT Lanes which has variable tolling rates. Toll collections, transponder sales, violations, and fines and fees are deposited into the Tacoma Narrows Bridge, 520 Bridge or the HOT Lanes Operations Account. The SR-167 HOT Lanes is a pilot project, currently set to end in June 30, 2015.

Figure 62 Washington State Patrol, Highway Safety & Motorcycle Safety Education Accounts Revenue Forecast

Highway Safety/Motorcycle Safety/WSP *dollars in millions*	Current Biennium 2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14
Revenue						
Highway Safety						
Driver License Fees	197.1	(1.8)	209.7	0.6	993.5	(3.1)
Copies of Records	37.1	0.1	38.8	0.4	195.9	1.5
Other and Miscellaneous	6.1	(0.1)	6.2	0.1	31.2	0.4
Subtotal	**240.2**	**(1.8)**	**254.7**	**1.1**	**1,220.6**	**(1.2)**
Motorcycle Safety Permits/Endorsements	4.2	(0.2)	4.7	(0.1)	22.1	(0.7)
State Patrol Copies of Records / LPF/Business Related	344.9	2.3	356.5	2.6	1,827.9	14.2
Subtotal	**349.1**	**2.1**	**361.2**	**2.5**	**1,850.0**	**13.5**
Total	**589.3**	**0.3**	**615.9**	**3.6**	**3,070.6**	**12.3**

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

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

Figure 63 School Zone Safety Account Revenue Forecast

School Zone Safety Account *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14
Revenue						
School Zone Fines	1.1	(0.0)	1.2	0.0	5.8	(0.0)
Total	**1.1**	**(0.0)**	**1.2**	**0.0**	**5.8**	**(0.0)**

Revenues for this account come from fines for speeding violations in school zones. This account serves as a repository for fines assessed against persons speeding in school/playground speed zones. Funds in this account are available for use by community organizations to improve safety near school zones.

Figure 64 Multiuse Road Safety Account Revenue Forecast

Multiuse Roadway Safety Account Collections *dollars in millions*	2013-15		2015-17		10-Year Period (2013-2023)	
	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14	Forecast Jun 14	Chg from Feb 14
Revenue						
License Permit and Fees	0.1	(0.1)	0.1	(0.1)	0.5	(0.4)
Total	**0.1**	**(0.1)**	**0.1**	**(0.1)**	**0.5**	**(0.4)**

The Multiuse Roadway Safety Account was established through 2013 legislation (ESHB 1632). Revenues for this account come from vehicle license fees. The law established a new on-road declaration for wheeled all-terrain vehicles to be used on-road with a new $12 fee going to the Multiuse Roadway Safety Account. Expenditures may be used only for grants administered by DOT to: counties to perform safety engineering analysis of mixed vehicle use on any road within a county, local governments to provide funding for signs, the state patrol or local law enforcement for purposes of defraying the costs of enforcement of this act, and law enforcement to investigate accidents involving wheeled all-terrain vehicles.