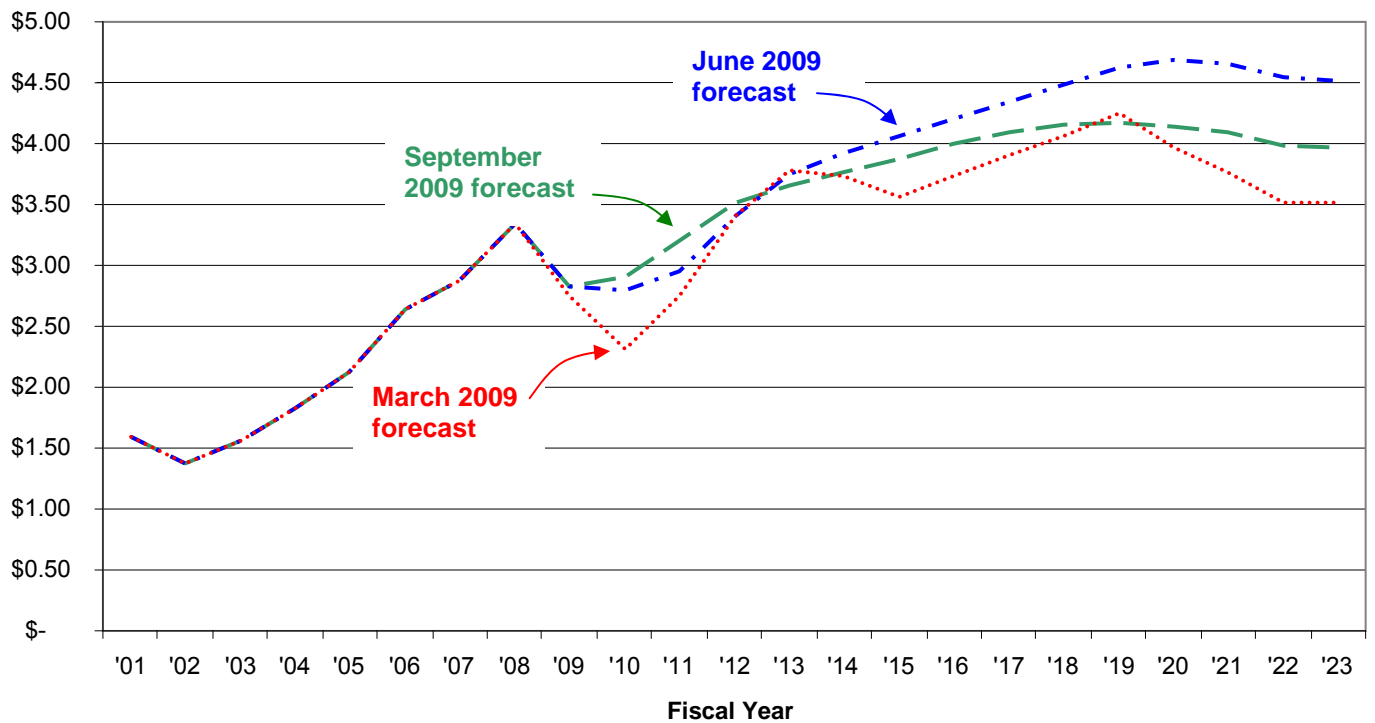


Washington State Transportation Economic & Revenue Forecast Overview

Forecast-to-Forecast Comparison of Annual Average Gasoline Prices
Historical and Projected (Fiscal Years 2000 through 2025)
price per gallon



Transportation Revenue Forecast Council • forecast adopted September 2009

Preface

This report on the transportation economic and revenue forecasts is prepared by the Transportation Revenue Forecast Council each quarter. Questions concerning the contents of the report should be directed to:

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Washington State Transportation Economic & Revenue Forecast

Overview for the forecast adopted September 2009

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Forecast Process

Washington law provides statutory direction for the preparation and adoption of economic and revenue forecasts. These forecasts are used by state policy makers to assess the availability of resources for public purposes. In particular, components of the state economic and revenue forecasts are used to determine constraints on appropriations for the current biennium and budget requests and 16-year plans for ensuing biennia.

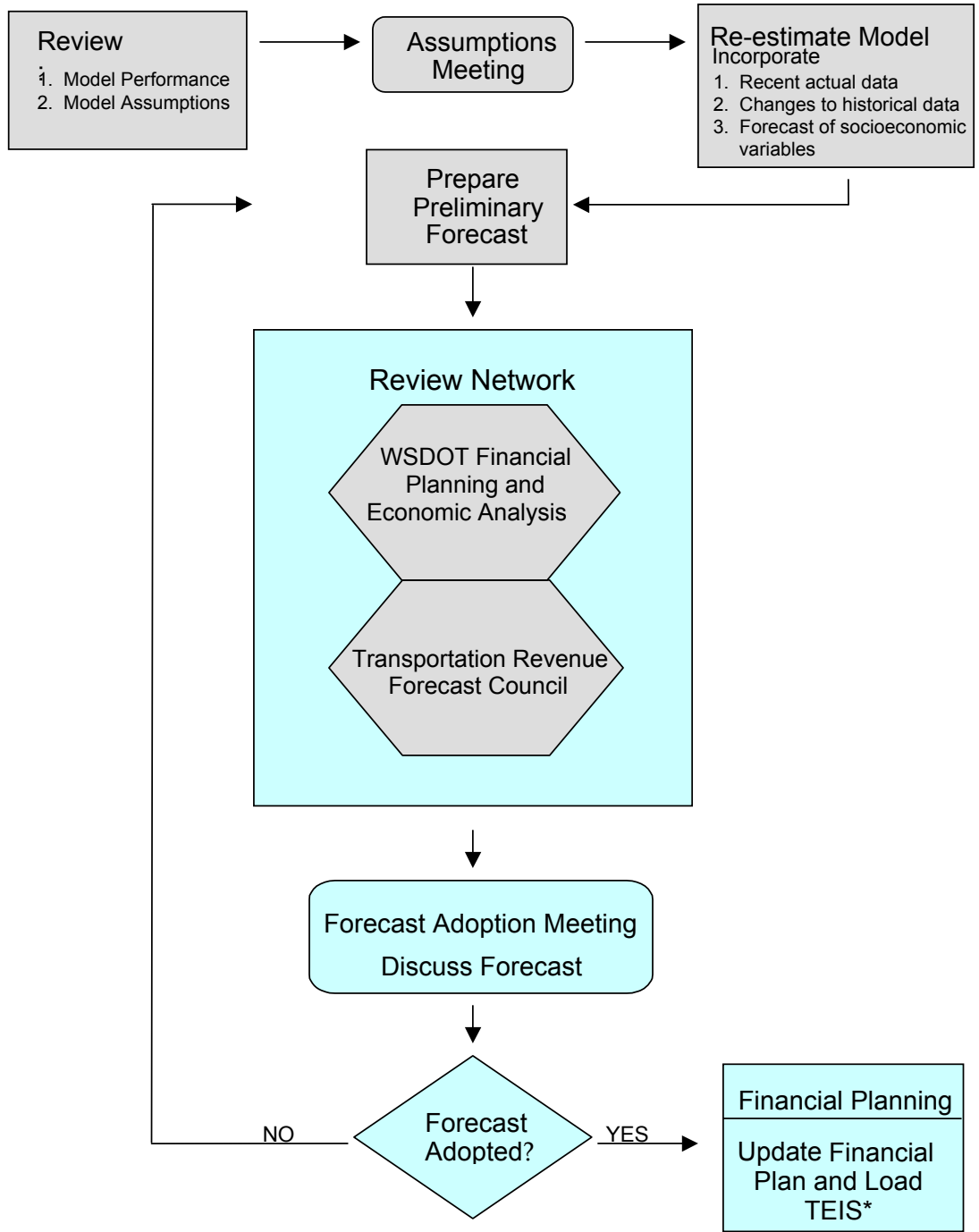
The organizations primarily responsible for revenue forecasts are the Economic and Revenue Forecast Council and the Office of Financial Management. The Economic and Revenue Forecast Council reviews and adopts many official state economic and revenue forecasts, as mandated by state law (RCW 82.33.010). This executive body is assisted by a staff organization called the Office of the Forecast Council. However, the Economic and Revenue Forecast Council and its staff do not consider certain forecasts. The Office of Financial Management has the statutory responsibility to prepare and adopt those forecasts not addressed by the Economic and Revenue Forecast Council (RCW 43.88.020§20).

Of particular interest to this publication are the transportation revenue forecasts. The Office of Financial Management carries out its forecast responsibilities for transportation revenues through the Transportation Revenue Forecast Council. The Forecast Council was formed as an ad hoc group in 1976. It has since evolved into a formal body that meets to review and adopt forecasts prepared by the technical staffs of the Department of Licensing, Department of Transportation and the Office of Forecast Council. Each quarter, the agencies involved in the revenue forecast process follow a schedule similar to the one shown in Figure 1. The revenue forecasts agreed upon by the Transportation Revenue Forecast Council members become the official estimated revenues under RCW 43.88.020§20 for transportation-related funds.

The Transportation Revenue Forecast Council includes representatives from the following:

- Office of Financial Management
- Office of the Forecast Council
- Office of the State Treasurer
- House Transportation Committee
- Senate Transportation Committee
- Department of Licensing
- Washington State Patrol
- Washington State Department of Transportation

Figure 1
Economic & Revenue Forecast Process Flow Chart



**Transportation Executive Information System*

Executive Summary

Washington state transportation activities are funded from three sources: state revenues, bond proceeds, and reimbursements from federal and local governments. Although this publication focuses primarily on state revenue sources, federal highway apportionments are also presented. State revenue sources include:

- Motor vehicle fuel taxes
- Motor vehicle related licenses, permits, and fees (LPF)
- Ferry fares
- Tolls, fines and fees
- Aeronautics revenues
- Driver-related licenses, permits, and fees
- Rental car tax
- Sales tax on new and used vehicles
- Business-related revenues

These revenue sources support a variety of transportation activities at the state and local level. At the state level, revenues are deposited into various treasury accounts. Under the authority of legislative appropriations, state government spends money from these accounts for the benefit of the public. At the local level, state revenue is dispersed to cities and counties through direct distributions as well as through distribution due to requests made to state agencies from local agencies.

September 2009 Forecast Highlights

Revenue Sources

As shown in Table 1, the September 2009 forecast of major state transportation revenues shows total transportation revenue at more than \$4.0 billion for the 2007-09 biennium and forecasts over \$4.2 billion in the 2009-11 biennium. For the 16-year planning period, 2007 to 2023, transportation revenues are projected to total \$36.6 billion. The majority of the revenue (approximately 82 percent) is comprised of motor vehicle fuel taxes and licenses, permits, and fees. During the 2007-09 biennium motor vehicle fuel taxes were \$2.5 billion and LPFs total \$896 million. The remaining \$693 million is made up of all the other revenue sources. During the current biennium motor vehicle fuel taxes are projected to be \$2.6 billion and LPFs total \$889 million. The remaining \$725 million is from the other revenue sources.

Forecast-to-Forecast Comparisons

The September 2009 forecast for total revenues are \$8.6 million higher in the 2007-09 biennium when compared to what was projected in the June 2009 forecast. The major cause of the revenue increase was higher than anticipated licenses, permits, and fee revenue. The 2009-11 biennium total transportation revenue is projected to be \$13 million lower than projected in the prior forecast. The 16-year total for all revenue forecasts for September 2009 is projected to be \$70 million lower than projected in June 2009.

Total Distributions

State law directs the distribution of revenue to specific accounts within the state treasury. The use of these revenues is directed by law for both state and local entities. For example, motor vehicle fuel taxes, all of which are deposited into the Motor Vehicle Account, are dedicated to highway purposes. The comparison table shows the forecasted distributions of revenue to specific treasury accounts, for both state use and local use.

Distributions for State Uses

Forecasted distributions to state accounts increased \$8 million for the 2007-09 biennium; decreased \$10 million in the current biennium and \$60 million over the 16-year planning period from the prior forecast.

Distributions for Local Uses

Forecast transportation revenues for local uses are down \$1.2 from the previous forecast for the 2009-11 biennium and decreased over the 16-year planning period by \$7 million.

Transportation Revenue Collection and Distribution Forecast

September 2009

millions of dollars

Table 1	2007-09			Current Biennium 2009-11			16-Year Period (2007-2023)		
	Forecast Sep-09	Chg from Jun-09	Percent Change	Forecast Sep-09	Chg from Jun-09	Percent Change	Forecast Sep-09	Chg from Jun-09	Percent Change
	Sources of Transportation Revenue								
Motor Vehicle Fuel Tax Collections	2,491.60	(2.29)	-0.09%	2,605.99	-3.07	-0.12%	22,228.53	-22.61	-0.10%
Licenses, Permits and Fees	896.11	10.22	1.15%	889.08	-7.38	-0.82%	7,800.18	-51.52	-0.66%
Ferry Revenue† Δ	300.00	0.22	0.07%	308.23	0.12	0.04%	2,718.76	14.21	0.53%
Toll Revenue ^	76.93	0.96	1.27%	97.45	-3.67	-3.63%	859.47	-3.49	-0.40%
Aviation Revenues	5.21	(0.20)	-3.63%	4.97	-0.34	-6.39%	41.61	-2.59	-5.86%
Rental Car Tax	46.97	0.07	0.15%	44.55	1.21	2.79%	480.05	0.19	0.04%
Vehicle Sales Tax	62.71	0.26	0.41%	57.76	-0.73	-1.25%	639.34	-10.64	-1.64%
Driver-Related Fees	186.56	0.64	0.34%	196.06	-1.52	-0.77%	1,675.05	4.23	0.25%
Business/Other Revenues	14.45	(1.25)	-7.98%	16.48	2.39	16.95%	121.96	2.00	1.67%
Total Revenues	4,080.54	8.63	0.21%	4,220.55	-13.00	-0.31%	36,564.94	-70.23	-0.19%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	151.88	0.49	0.33%	124.14	-1.82	-1.45%	1,156.91	-2.66	-0.23%
State Uses									
Motor Vehicle Account (108)	1,070.66	0.10	0.01%	1,086.77	0.89	0.08%	9,306.77	-27.22	-0.29%
Transportation 2003 (Nickel) Account (550)	345.54	0.37	0.11%	359.76	-0.72	-0.20%	3,073.33	-3.62	-0.12%
Transportation 2005 Partnership Account (09H)	514.17	0.76	0.15%	598.01	-1.53	-0.26%	5,037.94	-9.23	-0.18%
Multimodal Account (218)	236.94	2.81	1.20%	227.48	-0.01	-0.01%	2,222.15	-11.76	-0.53%
Special Category C Account (215)	47.67	(0.01)	-0.02%	49.18	-0.07	-0.15%	419.05	-0.42	-0.10%
Puget Sound Capital Construction Account (099)	34.69	(0.01)	-0.02%	35.78	-0.05	-0.15%	304.90	-0.30	-0.10%
Puget Sound Ferry Operations Account (109)	358.54	0.15	0.04%	368.79	-0.11	-0.03%	3,239.84	12.52	0.39%
Tacoma Narrows Bridge Account (511)*	76.41	0.94	1.25%	96.04	-3.56	-3.58%	856.56	-3.05	-0.36%
High Occupancy Toll Lanes Account (09F)*	0.514	0.023	4.64%	1.41	-0.11	-7.43%	2.91	-0.44	-13.07%
Aeronautics Account (039)	5.21	(0.20)	-3.63%	4.97	-0.34	-6.39%	41.61	-2.59	-5.86%
State Patrol Highway Account (081)	315.24	2.16	0.69%	321.11	-3.24	-1.00%	2,820.70	-22.35	-0.79%
Highway/Motorcycle Safety Accts. (106 & 082)	157.72	0.97	0.62%	164.41	-1.12	-0.68%	1,405.86	7.61	0.54%
Other accounts (201, 06T, 097, 09E, 216, 07C)	21.61	0.20	0.92%	15.97	0.04	0.28%	140.41	0.40	0.28%
Total for State Use	3,184.92	8.26	0.26%	3,329.67	-9.95	-0.30%	28,872.04	-60.45	-0.21%
Local Uses									
Cities	182.83	(0.04)	-0.02%	188.60	-0.28	-0.15%	1,607.10	-1.60	-0.10%
Counties	299.87	(0.03)	-0.01%	308.87	-0.55	-0.18%	2,634.36	-3.22	-0.12%
Transportation Improvement Board (112 & 144)	195.36	(0.04)	-0.02%	201.51	-0.30	-0.15%	1,717.17	-1.71	-0.10%
County Road Administration Board (102 & 186)	65.68	(0.01)	-0.02%	67.75	-0.10	-0.15%	577.36	-0.58	-0.10%
Total for Local Use	743.75	(0.13)	-0.02%	766.73	-1.23	-0.16%	6,535.99	-7.11	-0.11%
Total Distribution of Revenue	4,080.54	8.63	0.21%	4,220.55	-13.00	-0.31%	36,564.94	-70.23	-0.19%

Components may not add due to rounding.

+ Fares plus non-farebox revenue

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

* 09LEG - Conference final 4/22/09 and adjusted for rebasing toll and ferry revenue as described below

^ TNB baseline toll revenue history was rebased to exclude future toll rate increases beginning in FY 2011

Δ Ferry baseline revenue was rebased to represent no new fare increases and the Sept. 2009 ferry revenue forecast included the 2.5% fare increase authorized by the Commission in September 2009.

Discussion of Forecasts

The following discussion details the methodology used to forecast transportation revenues presented to the Transportation Revenue Forecast Council. After each methodology a brief summary of the resulting forecast is described.

For the September 2009 forecast, the motor vehicle fuel tax includes actual data from collections through July for gallons of fuel consumed. Actual fuel tax distributions used are through August 2009.

Motor Fuel Forecasts

The September gross fuel tax forecast is down minimally (0.09%) in the 2007-09 biennium when compared to the forecast prepared in June. That translates into a \$2.3 million decrease in the 2007-09 biennium budget. This decrease in revenues is due to lower than anticipated fuel tax collections, in particular diesel taxes, in the prior forecast.

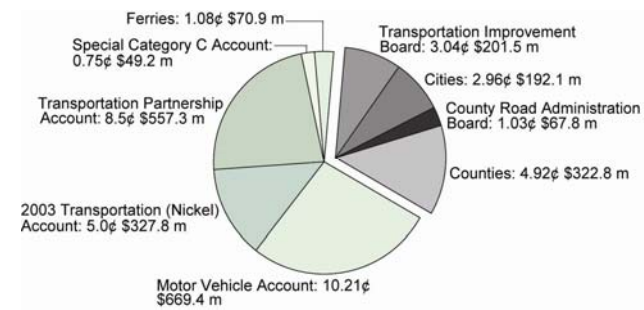
Gross fuel tax revenues for the 2009-11 biennium are projected to be \$2.6 billion which is approximately \$3 million less (0.12%) than the last forecast. This decline is due primarily to a decline in fuel tax revenue from higher fuel price projections in the near-term. In addition, projections of Washington real personal income have improved only slightly from the last forecast period. Fuel Tax Revenue for distribution is projected to be \$2.46 billion in the current biennium.

Non-highway refunds for diesel are down a little more than a million over the prior forecast in the current biennium due to lower than anticipated refunds in the June forecast. There is only a minimal decrease in gasoline non-highway and tribal tax refunds than anticipated in the June forecast. This is due to the slightly lower future projections of motor fuel consumption.

Motor Fuel Tax Revenue for Distribution

The pie chart below shows the statutory distribution of funds to the various jurisdictions based on the September 2009 fuel tax revenue forecast for the 2009-2011 biennium. More detailed information regarding fuel tax distributions is shown in the table on the following page.

Figure 2
Fuel Tax Revenue for Statutory Distribution
 2009-11 \$2,458.8 million



Components may not add due to rounding

Motor Fuel Tax Revenue for Distribution

The 18th Amendment of the Washington State Constitution states that all fuel tax revenues are dedicated for highway purposes. Taxes collected on fuels not used on state highways are either refunded or transferred to non-transportation accounts. After paying for refunds and the cost of collection, the remaining fuel taxes are distributed to cities, counties and state accounts according to statute.

Motor Fuel Tax Revenue and Distribution

September 2009

millions of dollars

Table 2								
	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	2021-23
Gross Fuel Tax	2,484	2,600	2,670	2,729	2,796	2,876	2,965	3,074
Refunds and Transfers	152	124	132	137	143	149	156	164
Costs of Collection (108)	17	17	18	19	19	20	21	22
NET FUEL TAX COLLECTIONS	2,316	2,459	2,520	2,573	2,634	2,707	2,788	2,889
DISTRIBUTIONS TO STATE ACCOUNTS	1,555	1,675	1,716	1,752	1,794	1,843	1,899	1,968
Motor Vehicle Account (108): 44.387% of 23¢	649	669	686	701	717	737	759	787
Special Category C (215): 3.2609% of 23¢	48	49	50	51	53	54	56	58
Transportation 2003 (Nickel) Account: 100% of 5¢	318	328	336	343	351	361	372	385
Transportation 2005 Partnership Account: 83.3334% of 3¢ & 100% 2¢ and 1.5¢	472	557	571	583	597	613	632	655
Washington State Ferries:								
Puget Sound Ferry Operations (109): 2.3283% of 23¢	34	35	36	37	38	39	40	41
Plus Capron Distribution from Counties	0	0	0	0	0	0	0	0
Puget Sound Capital Construction (099): 2.3726% of 23¢	35	36	37	37	38	39	41	42
Total WSF Distribution	69	71	73	74	76	78	80	83
DISTRIBUTIONS TO LOCAL AGENCIES & STATE ACCOUNTS SUPPORTING LOCAL AGENCY PROGRAMS	760	784	804	821	840	863	889	921
Direct Distribution to Cities:								
10.6961% of 23¢	156	161	165	169	173	178	183	190
8.3333% of 6¢	32	33	34	34	35	36	37	39
Less Small City Pavement Account (transfer to TIB)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)	(\$2)
Total Distribution	186	192	197	201	206	212	218	226
Direct Distribution to Counties:								
19.2287% of 23¢ to Counties RCW 46.68.090(2)(h)	281	290	297	303	311	319	329	341
8.3333% of 6¢ RCW 46.68.090(4)(b) and (5)(b)	32	33	34	34	35	36	37	39
Total Distribution	313	323	331	338	346	355	366	379
Transportation Improvement Board (TIB):								
Urban Arterial Trust (112): 7.5597% of 23¢	111	114	117	119	122	125	129	134
Transportation Improvement (144): 5.6739% of 23¢	83	86	88	90	92	94	97	101
Plus: Small City Pavement Account	2	2	2	2	2	2	2	2
Total Distribution	195	202	206	211	216	222	228	237
County Road Admin. Board (CRAB):								
County Arterial Preservation (186): 1.9565% of 23¢	29	30	30	31	32	32	33	35
Rural Arterial Trust (102): 2.5363% of 23¢	37	38	39	40	41	42	43	45
Total Distribution	66	68	69	71	73	75	77	80
NET FOR DISTRIBUTION	2,315	2,459	2,520	2,573	2,634	2,707	2,788	2,889

Components may not add due to rounding.

Discussion of Forecasts

Licenses, Permits, and Fees Revenue Forecast

Motor Vehicle Related (Licenses, Permits, and Fees) Forecast

The vehicle-related licenses, permits, and fees (LPF) revenue forecast has over 40 registration, permit, and fee items. Of these items, the \$30 basic registration fee and the Combined Licensing Fee (CLF) compose 70 percent of revenue generated. Projected vehicle registrations are multiplied either by statutory fees or average revenue realizations to determine annual revenue estimates. Vehicles paying the \$30 fee and the CLF make up 90 percent of the registered vehicles in the State of Washington. For the September 2009 forecast, licenses, permits, and fees revenues include collection data through August 2009.

Vehicle registration activity and revenue collection data are available from the Department of Licensing on a monthly basis. Passenger car and truck registrations are estimated using a least-squares regression equation with Washington State real personal income serving as the predictor variable for a short-term estimate and growth in population, 18 and over, serving as the predictor variable for the long-term. Forecasts of the minor vehicle use classes and the numerous permits, and fees associated with vehicle ownership and operation are driven by historical trends, relationships among and between vehicle classifications, and the judgment of officials at the Departments of Licensing or Department of Transportation who administer the fee programs.

The September 2009 forecast shows an increase of \$10 million for the 2007-09 biennium and a decline in future revenue. Vehicles paying the \$30 basic registration fee are predicted to decrease by \$2.2 million in the current biennium. The CLF is also down by \$6.1 million in the current biennium. This is the result of lower than anticipated collections in July and August as well as changes in the outlook of the economic recovery. Overall, all LPF revenues are down \$7.4 million in the 2009-11 biennium.

Driver Related (Licenses, Permits, and Fees) Forecast

The driver related revenue is forecasted by the Department of Licensing and includes the following revenues: drivers license fees, motorcycle operator fees, copies of records, motor vehicle filing fees, fines and forfeitures, and drivers license schools. These fees are deposited into the highway safety fund account, motorcycle safety education fund, and the state patrol account. The majority of revenue for these funds reflects a five-year renewal cycle, which has been incorporated into the forecasts.

The forecast methodology is based on the assumption that driver's license revenue is related to the number of licenses issued during the year, employment, population, season, administrative or legislative changes, and the performance of the Washington economy relative to the nation's economy. Econometric models are used to predict the number of original and renewal driver's licenses, revenue from copies of records, motor vehicle filing fees, commercial driver training, and miscellaneous revenue.

The following revenues are deposited into the Highway Safety fund: drivers license fees, copies of record, motor vehicle filing fees, fines and forfeitures and driver license schools. Five dollars of each sale of abstracts of driver record (ADR) is deposited into the State Patrol Highway account. The motorcycle safety account receives revenue from the following sources: motorcycle license endorsements, motorcycle instruction permits, and motorcycle examination fees.

In the 2009-11 biennium, the September forecast of driver related revenue is \$196.1 million, down \$1.5 million or .77% from the June forecast. The decline in revenue was seen in each driver related account; Highway Safety Account (-\$0.8 million), Motorcycle Safety Education Account (-\$0.2 million) and the State Patrol Account (-\$0.4 million).

Licenses, Permits, and Fees Revenue for Distribution

Distributions of the licenses, permits, and fees revenue are set in statute. The September 2009 forecast estimates revenue of \$1,085 million for the 2009-11 biennium. As shown in Figure 3, Washington State Department of Transportation receives 64 percent of the total distribution with the Motor Vehicle Account receiving the largest share of revenues with 34 percent and Washington State Patrol receiving the second largest amount of 30 percent. Other non-WSDOT accounts total 16 percent of total licenses, permits, and fee revenue.

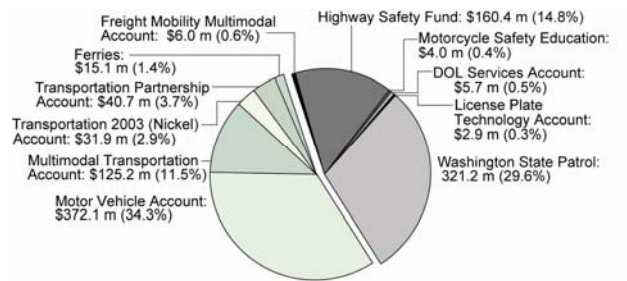
Twenty percent of the motor vehicle related revenue is distributed to the Multimodal Account, the Nickel Account, Recreational Vehicle Account, Transportation Partnership Account, Puget Sound Ferry Operations Account, and the Freight Mobility Multimodal Account.

Eight-two percent of the driver related revenue is distributed to the Highway Safety Account. The

State Patrol Account gets 16% of the driver related revenue and the remaining 2% is distributed to the Motorcycle Safety Education Account.

More detailed information on the distribution of licenses, permits, and fees can be found in Table 3 on the following page.

Figure 3
Licenses, Permits, and Fees Revenue for Distribution (Both Motor Vehicle and Driver Related)
 2009–11 \$1,085.1 million



Components may not add due to rounding

Motor Vehicle Related (Licenses, Permits, and Fees) Revenue and Distribution
 September 2009
 millions of dollars

Table 3								
	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	2021-23
MOTOR VEHICLE RELATED LICENSES, PERMITS, AND FEE REVENUE								
Motor Vehicle Related LPF Collected by DOL	879	874	913	945	972	1,002	1,033	1,062
Motor Vehicle Related LPF Collected by DOT	17	15	14	14	14	15	15	16
DRIVER RELATED LICENSES, PERMITS, AND FEE REVENUE								
Driver Related LPF Collected by DOL	187	196	202	208	214	217	224	228
Total Revenue from LPFs	1,083	1,085	1,129	1,167	1,200	1,233	1,272	1,305
DISTRIBUTIONS OF LICENSES, PERMITS, AND FEES								
Motor Vehicle Account (108)	376	371	385	398	407	420	434	445
State Patrol Highway Account (081)	315	321	335	347	359	370	381	393
Puget Sound Ferry Operations Account (109)	15	15	16	16	17	17	18	18
Recreational Vehicle Account (097)	1	1	1	1	1	1	1	1
Multimodal Account (218)	127	125	131	135	140	144	148	153
Transportation 2003 (Nickel) Account (550)	28	32	34	35	36	37	38	39
Transportation Partnership Account (09H)	42	41	42	44	45	46	48	49
Freight Mobility Multimodal Account (11E)	6	6	6	6	6	6	6	6
DOL Services Account (201)	6	6	6	6	6	7	7	7
License Plate Technology Account (06T)	3	3	3	3	3	3	3	3
Air Pollution Control Account (216)	4	0	0	0	0	0	0	0
Vessel Response Account (07C)	1	0	0	0	0	0	0	0
Highway Safety Fund (106)	153	160	165	170	175	176	183	186
Motorcycle Safety Education Account (082)	4	4	4	5	5	5	5	5
Total Distribution	1,083	1,085	1,129	1,167	1,200	1,233	1,272	1,305

Components may not add due to rounding.

Discussion of Forecasts

Washington State Ferry System Forecast

Department of Transportation technical staff prepare forecasts of the various revenues for the Washington State Ferries (WSF) accounts. These forecasts include estimates of the following revenue sources:

- Ferry fares (by WSDOT-supervised consultant)
- Motor vehicle fuel tax distributions to the ferry accounts
- Motor vehicle related licenses, permits, and fees distributions
- Concessions and other miscellaneous income

These WSF revenue sources may be categorized into two general types – ferry operating revenues and tax revenue distributions. Ferry revenues, which include fares and concessions, are paid by the patrons of the ferry system. Tax revenue distributions received from motor vehicle fuel taxes and motor vehicle related licenses, permits, and fees are statutory distributions.

WSF revenues are deposited into two accounts, the Puget Sound Ferry Operations Account and the Puget Sound Capital Construction Account.

The fare revenue forecasts for Washington State Ferries are completed in four stages. First, monthly ridership projections by six fare categories are prepared for each route using time-series analysis methods. These monthly route-by-fare category forecasts are based on the patterns and cycles exhibited by ridership history. The forecast horizon includes the current biennium and the next seven biennia, extending out sixteen years.

The second stage of the process generates system-wide ridership projections. Econometric models combining ferry fare scenarios and statewide economic variables are used to produce system-wide unconstrained ridership forecasts by six fare categories over the forecast horizon. Within each fare category, the individual route time-series forecasts are then calibrated to the results from the econometric models.

The resulting unconstrained ridership forecasts require an additional processing step to reflect vehicle capacity constraints that may occur on several routes. Ferry service and vessel size do not necessarily increase to meet peak season demands or general traffic growth. In fact, limitations caused by a fixed number of vessels, vessel capacities, and finite dock-loading areas can and will lead to significant vehicle queues during peak times. Capacity problems are more likely if ferry fares are not increased to keep pace with inflation, because in this case, the real cost will decline over time, thereby encouraging additional ferry travel. Consequently, the third stage of the process consists of adjusting the calibrated passenger and vehicle ridership on each route to reflect changes in service hours; seasonal vehicle capacity constraints; and/or the addition or elimination of service, net of diversion impacts on other existing routes.

Last, the appropriate fares and average fare realizations are applied to the calibrated, capacity constrained ridership forecasts for each route by fare category. This yields monthly revenue forecasts by route for six fare categories of each fiscal year of the forecast horizon.

The baseline forecast for ferries does not include ferry fare increases in future years beyond FY 2010. The actions taken by the Transportation Commission in September 2009 to raise ferry fares 2.5% is included in the September 2009 forecast. This current WSF ridership forecasts reflect slightly lower ridership demand over the forecast horizon, due to slightly higher real ferry fares over the prior forecast. On a year over year basis, the current fiscal year's total ridership of 22.9 million is projected to be up by 2 percent over fiscal year 2009.

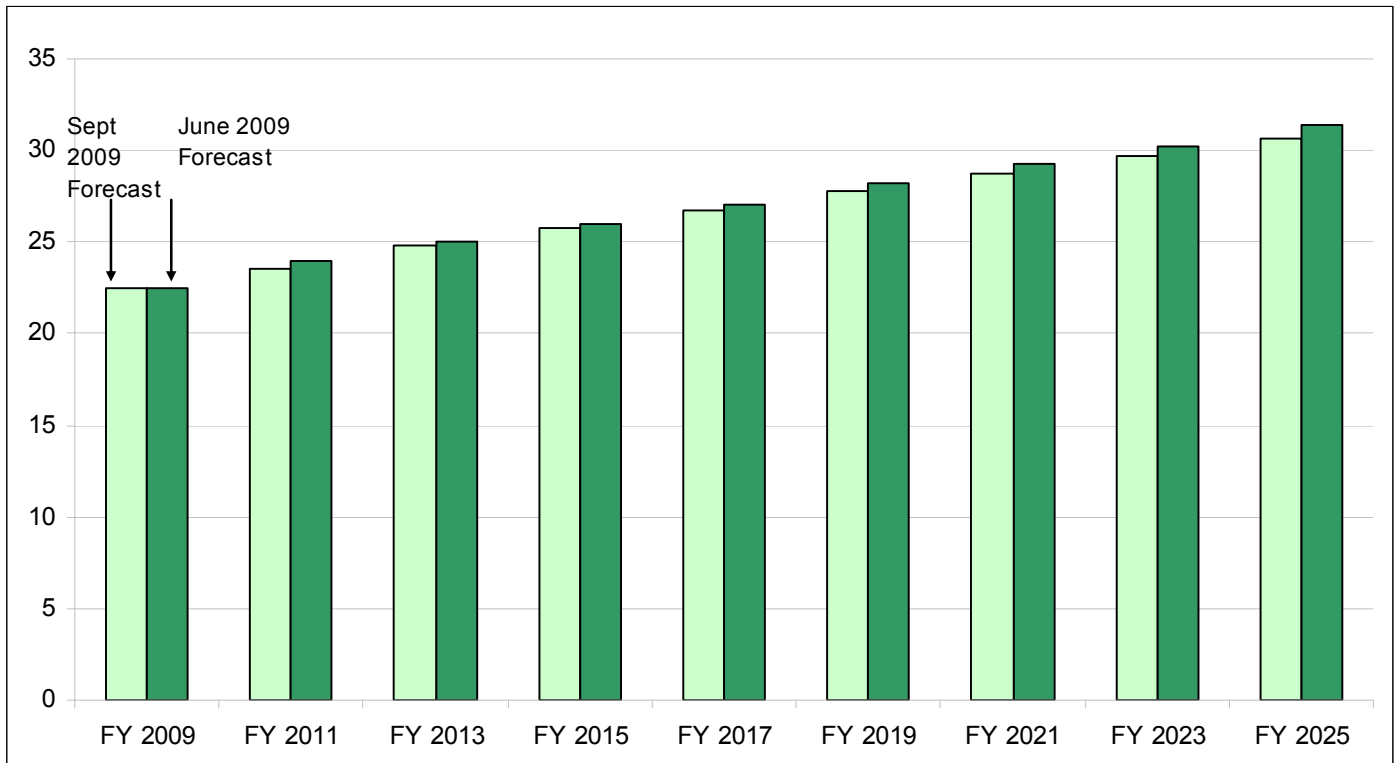
Including actual revenue collections through August 2009, revenue for the current biennium are projected to be \$122,000 higher than forecasted in June. This is mainly due to higher farebox revenue due to approved fare rate increases in September 2009. In the next biennium ferry total revenue is projected to be up to \$1.5 million. For the remainder of the forecast horizon, the revenue projections are up slightly, less than 1% per biennium, from the June forecast.

More detailed information regarding fare revenue can be found on page 21 of this report.

Washington State Ferry Ridership

September 2009

millions of riders



Discussion of Forecasts

Business-Related Revenues Forecast

In addition to major state and federal revenues, the Transportation Revenue Forecast Council also reviews revenues from miscellaneous sources deposited into the Motor Vehicle Account. Specifically, a forecast of Motor Vehicle Account miscellaneous revenues is prepared quarterly and consists of the following components:

- Sale of property
- Publications and documents
- Filing fees and legal services
- Property management
- Washington State Patrol services (ACCESS)
- Washington State Patrol publications
- WSDOT charges for services
- Miscellaneous other revenue

Forecast of Business-Related Revenues

Sale of Property is the most significant revenue source for this group of revenues, and is updated to reflect actual revenue collections as well as incorporate projections for upcoming property auctions within the current and future biennia. Estimates for outer biennia projections also include estimates of ongoing contract sale payments as well as additional proviso properties to be sold. These proviso properties are a new legislatively adopted list of properties for WSDOT to sell to generate revenue. Projected revenues in outer biennia for the other miscellaneous revenues are based on current biennia revenues increased by the population growth rate. Forecasted business-related revenue for 2009-11 is \$16.5 million and over the 16-year period revenues are expected to total \$122 million.

Forecast Changes in Business-Related Revenues

Total revenues for 2009-11 biennium are projected to be \$2.4 million higher than projected in the June 2009 forecast due to new sales of proviso properties for WSDOT. Revenue projections for the 16-year planning period increased \$2 million from the June forecast, with an anticipated increase of \$13.7 million, due to the larger number of property sales than anticipated in the prior forecast.

Motor Vehicle Account Miscellaneous Revenue Forecast

September 2009

thousands of dollars

Table 4	2007-09		Current Biennium 2009-11		16-Year Period (2007-2023)	
	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09
Revenue						
Sale of Property ¹	8,721	(172.4)	10,739	3,669.5	72,197	13,698.0
WSP Services	1,289	5.8	1,289	(29.1)	11,062	(214.8)
WSP Publications	488	(2.4)	489	(15.2)	4,196	(117.5)
DOT Services	170	1.6	171	(2.3)	1,467	(15.7)
Publications & Documents	462	0.4	462	(11.8)	3,964	(89.0)
Filing Fees & Legal Services	355	5.7	355	(3.5)	3,046	(21.0)
Property Management	2,661	(75.5)	2,661	(157.0)	23,364	(1,866.5)
Other Revenues ²	308	(1,015.8)	309	(1,063.2)	2,667	(9,374.0)
Total	14,454	(1,252.6)	16,475	2,387.6	121,963	1,999.5

Components may not add due to rounding.

¹ Revenues from the sale of property include principal and interest payments on purchase contracts.

² Other revenues include interest on past-due receivables, NSF check fees, and overhead on indirect charges.

Transportation Revenue Forecast

Impact to Transportation Accounts

Motor Vehicle Account Revenue Forecast and Distributions

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

Forecasts of the Motor Vehicle Account Revenues and Distributions

Total revenue for the 2007-09 biennium in the Motor Vehicle Account is \$2.9 billion. Revenues increase to \$3.0 billion by the 2009-11 biennium and to \$3.5 billion by the 2021-23 biennium.

The fuel tax revenues deposited in the Motor Vehicle Account are distributed by statute to other state accounts and local governments. Tables 5 and 6 show the statutory distribution of these revenues. For the 2009-11 biennium, approximately 29 percent of the fuel tax revenues are distributed directly to cities and counties for local road programs. Approximately 4.8 percent of the fuel tax revenue is refunded to those who paid fuel taxes but did not use the fuel on roads. The remaining fuel tax distribution is for state use (\$1 billion), and will be distributed to Washington State Ferries, the Transportation 2003 (Nickel) Account, the 2005 Transportation Partnership Account, and the Special Category C Account (all highway project accounts). The remaining fuel tax revenues of \$700 million is added to \$371 in licenses, permits, and fees revenue and \$16 million in miscellaneous revenue, totaling nearly \$1.1 billion for the Motor Vehicle Account in the current biennium.

Motor Vehicle Account State Revenue & Distribution Forecasts

September 2009

millions of dollars

Table 5	2007-09	2009-11	2011-13	2013-15	2015-17	2017-19	2019-21	2021-23
Revenue								
Gross Fuel Tax Collections (Gas & Diesel)	2,492	2,606	2,672	2,732	2,799	2,879	2,970	3,079
Licenses, Permits, & Fees	376	371	385	398	407	420	434	445
Business-Related Revenue	14	16	15	16	16	15	15	14
Total	2,882	2,993	3,072	3,146	3,222	3,315	3,419	3,538
Distribution								
Refunds-Regular	152	124	132	137	143	149	156	164
Fuel Tax Distributions for Local Uses ¹	744	767	786	803	822	844	870	901
Fuel Tax Distributions for State Uses ²	916	1,016	1,041	1,063	1,088	1,118	1,152	1,194
Total	1,812	1,906	1,959	2,003	2,052	2,112	2,178	2,259
Net Revenue	1,071	1,087	1,114	1,143	1,170	1,203	1,241	1,279

Components may not add due to rounding.

¹Amounts 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.

²Amounts include distributions to the 2003 Transportation (Nickel), 2005 Transportation Partnership, Puget Sound Capital Construction, Puget Sound Ferry Operations, and Special Category C Accounts.

Impact to Transportation Accounts

Forecast Changes in State Motor Vehicle Account Revenues and Distributions

As shown in Table 6, total revenues in the Motor Vehicle Account decreased \$4 million for the 2009-11 biennium and \$46 million over the 16-year horizon 2007 through 2023 compared to the June forecast. Net revenues after distributions decreased \$1 million in 2009-11 biennium and \$27 million for the forecast horizon.

Motor Vehicle Account State Revenue & Distribution Forecast to Forecast Changes

September 2009

millions of dollars

Table 6	2007-09		Current Biennium 2009-11		16-Year Period (2007-2023)	
	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09
Revenues						
Gross Fuel Tax Collections (Gas & Diesel)	2,492	(2.3)	2,606	(3.1)	22,229	(22.6)
Licenses, Permits, & Fees	376	3.8	371	(3.0)	3,237	(25.0)
Business-Related Revenue	14	(1.3)	16	2.4	122	2.0
Total	2,882	0.3	2,993	(3.7)	25,587	(45.6)
Distribution						
Refunds-Regular	152	0.5	124	(1.8)	1,157	(2.7)
Fuel Tax Distributions for Local Uses ¹	744	(0.1)	767	(1.2)	6,536	(7.1)
Fuel Tax Distributions for State Uses ²	916	(0.2)	1,016	(1.5)	8,588	(8.6)
Total	1,812	0.2	1,906	(4.6)	16,281	(18.4)
Net Revenue	1,071	0.1	1,087	(0.9)	9,307	(27.2)

Components may not add due to rounding.

¹Amounts 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.

²Amounts include distributions to the 2003 Transportation (Nickel), 2005 Transportation Partnership, Puget Sound Capital Construction, Puget Sound Ferry Operations, and Special Category C Accounts.

Impact to Transportation Accounts

Transportation 2003 (Nickel) Account Revenue Forecast

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

Forecast of the Transportation 2003 (Nickel) Account Revenue

During the 2009-11 biennium, Nickel Account revenue collections are forecast to be \$360 million. Deposits in this account are projected to be a little less than \$3.1 billion during the 16-year planning period.

Forecast Changes in the Transportation 2003 (Nickel) Account Revenue

Forecasted total receipts in the Nickel Account in the 2009-11 biennium were down less than \$1 million from the June 2009 forecast and down nearly \$4 million over the forecast horizon.

The fuel tax receipts forecast decreased \$2.8 million over the 16-year planning period. Licenses, Permits, and Fees decreased slightly, 0.8 million, for the 16-year planning period.

Transportation 2003 (Nickel) Account Revenue Forecast

September 2009
millions of dollars

Table 7	2007-09		Current Biennium 2009-11		16-Year Period (2007-2023)	
	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09
Revenue						
5¢ Gas Tax	318	(0.1)	328	(0.5)	2,794	(2.8)
Licenses, Permits and Fees	28	0.4	32	(0.2)	280	(0.8)
Total	346	0.4	360	(0.7)	3,073	(3.6)

Components may not add due to rounding.

Impact to Transportation Accounts

Transportation Partnership Account Revenue Forecast

In 2005, the legislature established the Transportation Partnership Account in the state treasury to be the repository of the state portion of the new 9.5¢ fuel tax increases that took effect between July 1, 2005, and July 1, 2008.

The tax revenues support bond sales for specific highway projects adopted by the legislature. Like fuel tax receipts in the Nickel and Motor Vehicle accounts, these funds are protected by the 18th Amendment to the State Constitution and can be used only for highway purposes.

Forecast of the Transportation Partnership Account Revenue

Total revenue is forecasted at \$598 million for the 2009-11 biennium and during the 16-year planning period, revenues are projected at \$5 billion.

Forecast Changes in the Transportation Partnership Account Revenue

Total receipts in the partnership account decreased \$9.2 million over the 16-year period from the June 2009 forecast. Licenses, permits, and fees forecast is down slightly in the near term and down \$4.5 million in the long term, where fuel tax revenue is down \$4.7 million over the 16-year period.

Transportation Partnership Account Revenue Forecast

September 2009

millions of dollars

Table 8	2007-09		Current Biennium 2009-11		16-Year Period (2007-2023)	
	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09
Revenue						
5¢ Gas Tax	472	(0.1)	557	(0.8)	4,681	(4.7)
Licenses, Permits and Fees	42	0.9	41	(0.7)	357	(4.5)
Total	514	0.8	598	(1.5)	5,038	(9.2)

Components may not add due to rounding.

Impact to Transportation Accounts

Washington State Ferry Accounts Revenue Forecast

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

Forecast of State Ferry Account Revenue

For the 2009-11 biennium total Washington State Ferries revenues are forecast at \$405 million including \$369 million going to the Puget Sound Ferry Operations Account and the remaining \$36 million going to the Puget Sound Capital Construction Account. Total revenues for the 16-year planning period are projected to be \$3.5 billion.

Forecast Changes in the State Ferry Account Revenue

Ferry fares, the primary source of funds for the Ferry Operations Account, increased from the June 2009 forecast by \$0.5 million for the 09-11 biennium and increased by \$15 million over the 16-year planning period. Distributions from the licenses, permits, and fees forecast were relatively unchanged from the June 2009 forecast in the 2009-11 biennium and down slightly, \$1.3 million, over the 16-year planning period. Ferry concessions and other revenue are projected to be down \$1 million over the 16-year horizon. Overall, total ferry revenue is down slightly, \$200,000 in the current biennium and up \$12 million in the 16-year forecast horizon over the prior forecast.

Washington State Ferries Revenue Forecast

September 2009

millions of dollars

Table 9	2007-09		Current Biennium 2009-11		16-Year Period (2007-2023)	
	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09
Revenue						
Puget Sound Ferry Op. Acct. (109)						
Ferry Fares	293	0.3	301	0.5	2,650	15.2
Concessions & Other Revenue	7	(0.0)	7	(0.4)	68	(1.0)
Fuel Tax	44	(0.0)	45	(0.1)	389	(0.4)
Licenses, Permits and Fees	15	(0.1)	15	(0.2)	132	(1.3)
Subtotal	359	0.1	369	(0.1)	3,240	12.5
Puget Sound Cap. Const. Acct. (099) Fuel Tax	35	(0.0)	36	(0.1)	305	(0.3)
Total	393	0.1	405	(0.2)	3,545	12.2

Components may not add due to rounding.

Impact to Transportation Accounts

Multimodal Transportation Account Revenue Forecast

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

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

Forecast of Multimodal Account Revenue

Total revenues in the Multimodal Account in the 2009-11 biennium are forecasted to be \$227 million. 16-year totals are projected at \$2.2 billion.

Forecast Changes in the Multimodal Account Revenue

The licenses, permits, and fees category increased by \$0.5 million in 2009-11, and decreased \$1.3 million over the 16-year planning period from the June 2009 Transportation Revenue Forecast.

Rental car tax was up \$1.2 million, in the 2009-11 biennium when compared to the last forecast, and the 16-year planning period revenue from rental car tax increased \$200,000 over the prior forecast.

Vehicle sales tax on new and used vehicles was up slightly in 2009-11, and decreased \$11 million over the 16-year planning period from the prior forecast.

Overall, total revenues deposited into the Multimodal Account in the 2009-11 biennium are nearly the same as in the prior forecast, and revenues decreased \$11.8 million over the 16-year planning period.

Multimodal Transportation Account Revenue Forecast

September 2009
millions of dollars

Table 10	2007-09		Current Biennium 2009-11		16-Year Period (2007-2023)	
	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09
Revenue						
Licenses, Permits and Fees	127	2.5	125	(0.5)	1,103	(1.3)
Rental Car Tax	47	0.1	45	1.2	480	0.2
Vehicle Sales Tax	63	0.3	58	(0.7)	639	(10.6)
Total	237	2.8	227	(0.0)	2,222	(11.8)

Components may not add due to rounding.

Impact to Transportation Accounts

Aeronautics Account Revenue Forecast

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

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

Forecast of the Aeronautics Account Revenue

Revenues for aviation taxes and fees were \$5.0 million in the 2009-11 biennium and \$41.6 million over the 16-year planning period.

Forecast Changes in the Aeronautics Account Revenue

Aircraft fuel for the 2009-11 biennium decreased \$339.100 from the June 2009 forecast. Over the 16-year planning period, aircraft fuel tax revenues show a decrease of \$2.6 million. The outlook for aircraft fuel tax revenue has been revised downward because collections have come in much lower than projected and the future projections of small aircraft owners in Washington is not anticipated to recover soon from the current recession.

Aeronautics Account Revenue Forecast

September 2009

thousands of dollars

Table 11	2007-09		Current Biennium 2009-11		16-Year Period (2007-2023)	
	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09
Revenue						
Aircraft Dealer License Fees	8	0.0	8	0.0	65	0.0
Aircraft Excise Tax	55	0.0	53	0.0	439	0.0
Aircraft Fuel Tax	4,971	(196.6)	4,724	(339.1)	39,611	(2,591.5)
Aircraft Registrations	178	0.0	181	0.0	1,495	0.0
Total	5,211	(196.6)	4,966	(339.1)	41,609	(2,591.5)

Components may not add due to rounding.

Impact to Transportation Accounts

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

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

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

Forecast of the WSP, Highway Safety & Motorcycle Safety Education Accounts Revenue

In the current biennium, the September 2009 total revenues forecast is \$486 million which is a decrease of \$4.4 million over the prior forecast. Over the 16-year planning period the safety accounts decreased by \$15 million from the June 2009 forecast due to a decrease in driver license fees.

WSP, Highway Safety & Motorcycle Safety Accounts Revenue Forecasts

September 2009
millions of dollars

Table 12	2007-09		Current Biennium 2009-11		16-Year Period (2007-2023)	
	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09	Forecast Sep 09	Chg from Jun 09
Revenue						
Highway Safety						
Driver License Fees	117	0.7	122	(0.3)	1,044	12.1
Copies of Records	32	0.2	34	(0.4)	287	(2.9)
Motor Vehicle Filing Fees	4	(0.0)	3	(0.2)	28	(1.1)
Other and Miscellaneous	0.9	(0.0)	1	(0.0)	9	(0.0)
Subtotal	153	0.9	160	(0.9)	1,368	8.1
Motorcycle Safety Permits/Endorsements	4	0.1	4	(0.2)	38	(0.5)
State Patrol Copies of Records (ADR) / LPF	315	2.2	321	(3.2)	2,821	(22.3)
Subtotal	320	2.3	325	(3.5)	2,859	(22.9)
Total	473	3.1	486	(4.4)	4,227	(14.7)

Components may not add due to rounding.

Federal Funds Forecast

After state funds, the largest source of transportation revenue is federal funds. The Federal Funds forecast deals with programmatic funds distributed by the Federal Highway Administration (FHWA). Federal Funds are distributed on a federal fiscal year (FFY) basis, which begins on October 1. The September 2009 forecast is based on the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), a \$193.1 billion federal-aid highway program nationally that was signed into law on August 10, 2005.

The September 2009 forecast for Washington's apportionment of Federal Highway Trust Fund receipts includes the December 11, 2008, apportionment notices for FFY 2009 and the March 25, 2009 Obligation Authority notice for federal fiscal year FFY 2009.. It also includes Washington's actual amount of national rescission of \$3.15 billion, which is \$54 million for Washington. Washington's portion of the \$8.705 billion is \$148 million from a recently released FHWA notice dated August 31, 2009. This revised rescission amount from the Aug. 2009 FHWA notice is \$32 million less than was forecasted in June.

Forecasts of Federal Revenues

WSDOT prepares forecasts of federal revenue apportionments. In order to prepare these forecasts, assumptions are needed. The following assumptions are made for this forecast:

- Federal fuel taxes continue at the current rate, 18.4¢ for gasoline and 24.4¢ for diesel fuel.
- Distributions to states will continue to be tied to Highway Trust Fund receipts.
- Future apportionments of highway related programmatic funds will be similar to SAFETEA-LU.

The forecasts of federal funds include estimates for the following programs:

Interstate Maintenance (IM) - This program funds maintenance of the Interstate System. A state's Interstate Maintenance apportionment is based on the number of lane miles, vehicle miles traveled, and commercial vehicle contributions. These factors are combined into a single weighting factor for calculating a state's share of the Interstate Maintenance Program. All of the Interstate Maintenance funds are programmed by WSDOT.

National Highway System (NHS) - This program funds rural and urban roads that are part of the National Highway System, a 163,000 mile system including the Interstate System, the defense strategic highway network and strategic highway connectors, and some urban and rural principal arterials. The National Highway System apportionment is based on a state's lane miles, vehicle miles traveled, diesel fuel consumption and lane miles per capita. These factors are combined into a single weighting factor for calculating a state's share of the National Highway System funding. In Washington state, 98 percent of the National Highway System belongs to WSDOT.

Equity Bonus Program - This program provides funding to states based on equity considerations. These include a minimum rate of return on contributions to the Highway Account of the Highway Trust Fund, and a minimum increase relative to the average dollar amount of apportionments under TEA-21. Part of the Equity Bonus funds are dedicated to six major programs and another part is flexible and can be spent anywhere in the state.

Surface Transportation Program (STP) - The Surface Transportation Program is a block grant type program that is the most flexible of all federal aid programs, allowing use for the widest array of transportation projects. The Surface Transportation Program apportionment is based on a state's lane miles, vehicle miles traveled and contributions to the Highway Account of the Highway Trust Fund. These factors are combined into a single weighting factor for calculating a state's share of the Surface Transportation Program funding.

Highway Safety Improvement Program - The Highway Safety Improvement Program is a new core Federal-aid program created to achieve reductions in traffic fatalities and serious injuries on all public roads. The Highway Safety Improvement Program apportionment is based on a state's lane miles, vehicle miles traveled and number of fatalities. These factors are combined into a single weighting factor for calculating a state's share of the Highway Safety Improvement Program funding.

Railway-Highway Crossings Program - The Railway-Highway Crossings Program is a safety set-aside from each state's apportionment for the Surface Transportation Program to reduce fatalities and injuries at highway-rail grade crossings. The Railway-Highway Crossings Program apportionment is based on a state's Surface Transportation Program apportionment and the number of railway-highway crossings.

Bridge Replacement and Rehabilitation - This program funds the replacement or rehabilitation of deficient bridges (bridges that are unsafe because of structural deficiencies, physical deterioration, or functional obsolescence). The Highway Bridge Program apportionment is based on a state's relative share of the total cost to repair and replace deficient highway bridges.

Coordinated Border Infrastructure Program - This program is a new formula program that replaces a previous discretionary program. The Coordinated Border Infrastructure Program apportionment is based on a state's number of land border ports of entry, incoming commercial trucks, incoming cargo by commercial trucks and incoming personal vehicles. These factors are combined into a single weighting factor for calculating a state's share of the Coordinated Border Infrastructure Program funding.

Congestion Mitigation and Air Quality (CMAQ) - This program funds projects to improve air quality and ease congestion within ozone, carbon monoxide and particulate matter non-attainment and maintenance areas (Puget Sound, Spokane, Vancouver, Yakima, and Olympia). Appropriation of CMAQ funds is based upon air quality non-attainment status and population. The local Metropolitan Planning Organizations (MPO) distributes CMAQ funds.

Safe Routes to Schools - This program is a new formula program to enable and encourage children to walk and bicycle to school. The Safe Routes to Schools Program apportionment is based on a state's relative shares of total enrollment in primary and middle schools.

Metropolitan Planning - This program funds local transportation planning efforts including the development of the Metropolitan Transportation Plans and Transportation Improvement Programs. MPO planning funds are a 1.25 percent take-down directly from each of the five major highway programs before state apportionments are made.

Recreational Trails - This program funds non-highway recreational vehicle use. The Interagency Recreation and Conservation Funding Board administers these funds in coordination with WSDOT's Highways and Local Programs Division. The Recreational Trails Program apportionment is based on an equal share to all states and a proportionate share based on non-highway recreational fuel use. These factors are combined in calculating a state's share of the Recreational Trails Program funding.

State Planning and Research - This program is funded through a two percent take down of each of the other highway programs after apportionment. Funds must be used for preliminary engineering and research.

High Priority Projects - This program provides designated funding for specific projects identified in SAFETEA-LU by Congress.

Forecast of Federal Revenue

Actual federal revenues for Washington for FFY06 were \$576 million, \$647 million in FFY07, and \$641 million in FFY08 and \$453 million in FFY09. The five-year (2005-2009) total projection of SAFETEA-LU funds is \$2.9 billion.

September 2009 Forecast
millions of dollars

SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users											
	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from
	Actual	Jun-09	Sep-09	Jun-09	Sep-09	Jun-09	Sep-09	Jun-09	Sep-09	Jun-09	Sep-09	Jun-09
	2008		2009		2010		2011		2012		2013	
Interstate Maintenance	97	-	71	4	83	-	84	-	85	-	86	-
National Highway System	110	-	70	4	92	-	93	-	95	-	96	-
Minimum Guarantee Flexible	-	-	-	-	-	-	-	-	-	-	-	-
Equity Bonus Flexible	13	-	10	(3)	13	-	13,386	-	13	-	13	-
Surface Transportation Program ¹	123	-	83	16	106	-	107	-	109	-	110	-
Safety Setaside ²	-	-	-	-	-	-	-	-	-	-	-	-
Enhancements Setaside	12	-	5	(3)	12	-	12	-	12	-	12	-
Areas Over 200,000	39	-	29	3	33	-	34	-	34	-	35	-
Areas Under 200,000	19	-	15	(5)	14	-	15	-	15	-	16	-
Areas Under 5,000	11	-	8	(3)	11	-	11	-	11	-	11	-
STP Flexible	42	-	26	24	35	-	36	-	36	-	37	-
Highway Safety Improvement Program ²	19	-	14	1	16	-	16	-	16	-	17	-
Railway-Highway Crossings ²	4	-	3	0	4	-	4	-	4	-	4	-
Bridge	153	-	105	6	138	-	140	-	142	-	144	-
Border Infrastructure Program	11	-	11	2	12	-	12	-	12	-	12	-
CMAQ	32	-	7	1	27	-	27	-	28	-	28	-
Safe Routes to Schools	3	-	3	0	4	-	4	-	4	-	4	-
MPO Planning	6	-	6	-	5	-	5	-	5	-	6	-
Recreational Trails	2	-	2	1	2	-	2	-	2	-	2	-
SPR from all Programs	11	-	11	-	10	-	10	-	10	-	10	-
Subtotal Apportionments	586	-	398	32	511	-	518	-	525	-	532	-
High Priority Projects	55	-	55	-	20	-	20	-	20	-	20	-
Total Apportionments	641	-	453	32	531	-	538	-	545	-	552	-

*September's forecast included both the 2009 rescission and omnibus rescission of unobligated balances of highway contract authority and the estimated shortfall in the Highway Trust Fund.

¹ Total Surface Transportation Program funds include additional funds from value pricing.

² The FFY 2004 and FFY 2005 Surface Transportation Program safety set-aside funds have been included in the respective SAFETEA-LU Highway Safety Improvement Program and Railway-Highway Crossings Program.

SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users											
	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from	Forecast	Chg from
	Sep-09	Jun-09	Sep-09	Jun-09	Sep-09	Jun-09	Sep-09	Jun-09	Sep-09	Jun-09	Sep-09	Jun-09
	2014		2015		2016		2017		2018		2019	
Interstate Maintenance	88	-	89	-	90	-	91	-	92	-	93	-
National Highway System	97	-	99	-	100	-	101	-	102	-	104	-
Minimum Guarantee Flexible	-	-	-	-	-	-	-	-	-	-	-	-
Equity Bonus Flexible	14	-	14	-	14	-	14	-	14	-	15	-
Surface Transportation Program	112	-	113	-	115	-	116	-	118	-	119	-
Safety Setaside	-	-	-	-	-	-	-	-	-	-	-	-
Enhancements Setaside	12	-	12	-	12	-	12	-	12	-	12	-
Areas Over 200,000	35	-	36	-	36	-	37	-	37	-	38	-
Areas Under 200,000	16	-	16	-	17	-	17	-	18	-	18	-
Areas Under 5,000	11	-	11	-	11	-	11	-	11	-	11	-
STP Flexible	37	-	38	-	38	-	39	-	40	-	40	-
Highway Safety Improvement Program	17	-	17	-	17	-	18	-	18	-	18	-
Railway-Highway Crossings	4	-	4	-	4	-	4	-	4	-	4	-
Bridge	146	-	148	-	150	-	152	-	154	-	156	-
Border Infrastructure Program	12	-	12	-	12	-	12	-	12	-	12	-
CMAQ	28	-	29	-	29	-	29	-	30	-	30	-
Safe Routes to Schools	4	-	4	-	4	-	4	-	4	-	4	-
MPO Planning	6	-	6	-	6	-	6	-	6	-	6	-
Recreational Trails	2	-	2	-	2	-	2	-	2	-	2	-
SPR from all Programs	10	-	10	-	11	-	11	-	11	-	11	-
Subtotal Apportionments	539	-	546	-	553	-	560	-	567	-	573	-
High Priority Projects	20	-	20	-	20	-	20	-	20	-	20	-
Total Apportionments	559	-	566	-	573	-	580	-	587	-	593	-

Washington's Apportionment of FHWA Programs
September 2009 Forecast
millions of dollars

SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users											
	Forecast		Chg from		Forecast		Chg from		Forecast		Chg from	
	Sep-09	Jun-09	Sep-09	Jun-09	Sep-09	Jun-09	Sep-09	Jun-09	Sep-09	Jun-09	Sep-09	Jun-09
	2020		2021		2022		2023		2024		2025	
Interstate Maintenance	94	-	95	-	96	-	97	-	99	-	100	-
National Highway System	105	-	106	-	107	-	108	-	109	-	111	-
Minimum Guarantee Flexible	-	-	-	-	-	-	-	-	-	-	-	-
Equity Bonus Flexible	15	-	15	-	15	-	16	-	16	-	16	-
Surface Transportation Program	120	-	122	-	123	-	124	-	126	-	127	-
Safety Setaside	-	-	-	-	-	-	-	-	-	-	-	-
Enhancements Setaside	12	-	12	-	12	-	12	-	13	-	13	-
Areas Over 200,000	38	-	39	-	39	-	40	-	40	-	40	-
Areas Under 200,000	18	-	19	-	19	-	19	-	20	-	20	-
Areas Under 5,000	11	-	11	-	11	-	11	-	11	-	11	-
STP Flexible	41	-	41	-	42	-	42	-	42	-	43	-
Highway Safety Improvement Program	19	-	19	-	19	-	19	-	19	-	20	-
Railway-Highway Crossings	4	-	4	-	4	-	4	-	4	-	4	-
Bridge	158	-	159	-	161	-	163	-	165	-	166	-
Border Infrastructure Program	12	-	12	-	12	-	12	-	12	-	12	-
CMAQ	30	-	31	-	31	-	31	-	32	-	32	-
Safe Routes to Schools	4	-	4	-	4	-	4	-	4	-	4	-
MPO Planning	6	-	6	-	6	-	6	-	6	-	6	-
Recreational Trails	2	-	2	-	2	-	2	-	2	-	2	-
SPR from all Programs	11	-	11	-	11	-	11	-	12	-	12	-
Subtotal Apportionments	579	-	585	-	592	-	598	-	605	-	611	-
High Priority Projects	20	-	20	-	20	-	20	-	20	-	20	-
Total Apportionments	599	-	605	-	612	-	618	-	625	-	631	-

Washington's Amount of the American Recovery and Reinvestment Act of 2009
September 2009 Forecast
millions of dollars

FHWA		
Washington Amount of National Total	492.2	
Enhancement Purposes (3%)	14.8	
State ~ 70%	329.8	
Local ~ 30%	147.7	
Transportation Management Area (TMA)	94.4	75.4
		10.1
		8.9
Metropolitan Planning Organization (MPO)	31.4	
County Leads	21.9	
FTA		
Washington Amount of National Total	179	<i>estimated</i>
TOTAL	671	

Priority shall be given to projects with expected completion within a 3-year time frame and are located in economically distressed areas. Fifty percent of the total provided to the state is required to be obligated in 120 days or redistributed to other states.

APPENDIX A: GLOSSARY AND ABBREVIATIONS

DOL

Washington State Department of Licensing

Elasticity

A measure describing the responsiveness of fuel consumption when the state's economic climate changes. It is a ratio comparing the percentage change in gasoline consumption to a percentage change in an economic indicator such as price or personal income.

E&RFC

Washington State Economic and Revenue Forecast Council

Fiscal Year

This refers to the state government's fiscal year. For example, Fiscal Year 2009 runs from July 1, 2008, through June 30, 2009.

Fuel Tax Refunds

Many users of gasoline and diesel fuel are exempt from the fuel tax or are eligible for a refund if the tax has been paid. Most governmental entities fall under this category as well as private users of fuels in motor vehicles off the highway system or in engines not part of a motor vehicle. In addition, there are several statutory transfers from the Motor Vehicle Fund – the sizes of which are based on studies determining the approximate quantities of automotive gasoline used in pleasure boats, ORVs, snowmobiles, and airplanes. Consequently, the State Treasurer transfers funds monthly from the Motor Vehicle Fund to various accounts that support these recreational activities.

General Fund

This is the state treasury fund from which all appropriations not supported by dedicated revenue sources are made. Currently, 65 percent of all revenues and expenditures of the state pass through the General Fund.

Implicit Price Deflator for Personal Consumption (IPD-PC)

This is a measure, over time, of price changes for goods and services. It reflects changes in the actual consumption pattern of the American consumer. The base year is 2005. The IPD-PC is used as the "inflation" index by state agencies.

Inflation

This is a measure of the rate of change of prices for goods and services. In this document, the annual rate of inflation is defined as the annual percentage change in the Implicit Price Deflator for Personal Consumption.

LPFs

Licenses, permits, and fees

MVET

Motor Vehicle Excise Tax

OFM

Washington State Office of Financial Management

Personal Income

This is the sum of proprietor's income, wage and salary payments, other labor income, interest, dividends, rent and transfer payments.

Real (or Inflation-Adjusted, or Constant Dollars)

This modifier, applied to statistics for income or prices, removes the effect of inflation so that actual change can be observed. In this publication, the Implicit Price Deflator for Personal Consumption Expenditures has been used to make adjustments for inflation.

Seasonally-Adjusted

This modifier indicates that a statistical series has been corrected for patterns of excessive increase or decrease, which are characteristic of the time of year rather than an indication of underlying changes in the economy. The technique involves identifying a yearly repetitive pattern and applying this pattern to the unadjusted data series.

TIB

Transportation Improvement Board, formerly called the Washington State Urban Arterial Board

TRFC

Transportation Revenue Forecast Council

WSDOT

Washington State Department of Transportation

WSF

Washington State Ferries

WSP

Washington State Patrol

APPENDIX B: DATA SOURCES

Fuel Efficiency or Miles Per Gallon (MPG)

Historical and forecast values are estimated by Global Insight.

Gasoline and Diesel Fuel Gallonage

Historical values are collected by the Washington State Department of Licensing. Forecast values are estimated by the Washington State Department of Transportation.

Gasoline Price (Implicit Price Deflator for Gasoline and Oil)

Historical values are published by the U.S. Energy Information Administration. Forecast values are estimated for the remaining years from Global Insight values.

Inflation

Historical values are published by the U.S. Department of Commerce, Bureau of Economic Analysis. Forecast values for the first three years are estimated by the Economic and Revenue Forecast Council and figures for the remaining years are extrapolated from Global Insight values.

Washington State Real Personal Income

Historical values are published by the U.S. Department of Commerce, Bureau of Economic Analysis. Forecast values for the first three years are estimated by the Economic and Revenue Forecast Council and values for the remaining years are projected by the Office of Financial Management.

Washington State Population

Historical and forecast values are published by the Forecasting Division of the Washington State Office of Financial Management, Population Estimation and Forecasting Unit.