

Transportation Revenue Forecast Summary for the November 2006 Forecast

Fuel Tax Revenues

The November gasoline forecast is up from September's forecast due to a higher state population forecast recently released by the Office of Financial Management and an expectation of much lower gasoline prices, especially through 2009. The lower gasoline prices reflect assumptions for a lower probability of major supply disruptions in the oil markets that were experienced over the last year, leading to forecasted crude prices in the \$60 to \$65 per barrel range, rather than the \$70 to \$75 per barrel spread forecasted in September.

The November diesel forecast is lower than forecasted in September because of less than expected year-to-date revenues and slower projected rates and levels of economic growth as measured by the forecast of Washington real personal income.

Licenses Permits and Fees Revenues

The November forecast for Licenses, Permits, and Fees is unchanged in the current biennium and slightly higher over the forecast horizon due to the new higher population growth projections.

License Plate Replacement and License Plate Reflectivity Fees

The plate replacement and plate reflectivity forecasts for November incorporate moderately lower revenue collections to date and lower projections of vehicle sales than were forecast in September. The November forecast also includes the technical adjustments to the September forecast for 2006 in the Motor Vehicle Fund 108-253-0017 revenues (Plate Replacement, Plate Reflectivity, and Other Miscellaneous Fees).

Plate Number Retention, DOL Services, and License Plate Technology Fees

The overall forecast for the Plate Number Retention, DOL Services, and License Plate Technology fees are essentially unchanged except for minimal changes to the year-to-date revenue collections.

Ferry Fare Revenue

The November Washington State Ferries ridership forecasts reflect slightly higher ridership demand in the 2007-09 biennium and slightly higher demand thereafter due to small changes in the projection of real personal income, inflation and gasoline prices than were projected in the September forecast.

Including actual revenue for July, August and September 2006, the Baseline Fare Increases scenario forecast for the 2005-2007 biennium is projected to be \$291.0 million, or \$2.9 million (1.0%) higher than in September. For the 2007-2009 biennium, revenue under the Baseline Fare Increases scenario is projected to be \$324.4 million or \$4.1 million (1.3%) higher than in September. Thereafter, revenue continues to be higher than forecasted in September, largely due to the adoption of the Office of Financial Management's higher trend forecast for real personal income from 2010 forward, but also to the overall higher employment and population, as well as lower real gas prices during the forecast horizon.

Aviation Fuel Tax Revenue

The November aviation fuel forecast relies on the growth in the gasoline forecast, and as such is higher than the September forecast. The refund rate has also been reduced throughout the forecast period to the five year average of 7.3%, which results in a higher revenue forecast. Previously it was 8% up to 2013 then 7.3% for the balance of the forecast.

Rental Car Tax

The November forecast is down slightly in 2007 due to an increase in the Global Insight forecast of US unemployment as well as lower year-to-date receipts since the September forecast. The forecast for the 2007-2009 biennium is up slightly due to a slight increase in Global Insight's forecast of personal income and a slight decrease in forecasted unemployment. These slight trend increases carry through the remainder of the forecast period.

Vehicle Sales Tax

The forecast is up slightly in 2007 and down slightly in subsequent years, corresponding to the changes in the Global Insight forecast of the growth rate of new and used vehicle sales and leases. The 2007 forecast was also adjusted for higher year-to-date receipts since the September forecast.

Drivers Licensing and Related Fees

November's forecast is up slightly from the September projections due principally to the inclusion of Internet renewals of driver licenses and IdentiCards. November's forecast includes new recently available data on internet renewals that has been incorporated into the history back to November 2004. The addition of Internet renewals has an impact on forecasts for 2010, 2011, and 2012 and every five years thereafter. Including Internet transaction history adds \$1.1 million to the September forecast in 2011. The inclusion of this offsets the lower projections of other variables from 2010 out.

Motorcycle Drivers Licensing Fees

Revenue is reduced slightly in the 2007-2009 biennium due to a lower employment forecast; however, the addition of the internet renewals offsets the effects of the lower employment forecast in the out years.

Motor Vehicle Fund Miscellaneous Revenues

The miscellaneous forecast is down slightly from the September forecast primarily due to adjustments made to on-going real estate contract payments and adjustments for year-to-date revenue collections. The sale of the Olympic Region Headquarters building is scheduled in 2011-2013 and is currently appraised at \$4 million.

Washington State Ferry Miscellaneous Revenue

The forecast for Washington State Ferries miscellaneous revenue has been reduced from the level projected in September due to a delay in the release of the Advertising RFP, higher costs relating to the start up of on-board food service (an offset against revenue), Hyak galley refurbishment, anticipated updating of Issaquah class galleys for service on existing routes, and a reduction in estimated vending concession fees as a result of increased on-board food service activity.

Federal Funds

The November forecast for Washington's apportionment of federal highway trust fund receipts is unchanged from the September forecast except for the inclusion of the 2007 apportionment notices recently released by the Federal Highway Administration.

Forecast to Forecast Comparison for Transportation Revenues and Distributions

Forecast to Forecast Comparison for Transportation Revenues and Distributions									
November 2006 • millions of dollars									
	Current Biennium 2005-07			Ensuing Biennium 2007-09			16-Year Period (2007-2023)		
	Forecast Nov 06	Change from Sep 06	Percent Change	Forecast Nov 06	Change from Sep 06	Percent Change	Forecast Nov 06	Change from Sep 06	Percent Change
	Sources of Transportation Revenue								
Motor Vehicle Fuel Taxes	2,226	6	0%	2,673	25	1%	25,384	107	0%
Licenses, Permits and Fees	816	(1)	0%	899	(2)	0%	8,162	3	0%
Ferry Fares	291	3	1%	324	4	1%	3,493	97	3%
Aeronautics Revenues	6	0	2%	6	0	2%	54	1	1%
Rental Car Tax	45	0	0%	50	0	1%	514	6	1%
Vehicle Sales Tax	72	0	0%	75	(1)	-1%	744	(5)	-1%
Driver Licenses and Other Driver-Related Fees	148	1	0%	147	0	0%	1,292	17	1%
Miscellaneous Revenues	37	(1)	-2%	20	1	4%	181	(4)	-2%
Total Revenues	3,641	9	0%	4,194	27	1%	39,825	222	1%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	93	0	0%	115	0	0%	1,188	(3)	0%
State Uses									
Motor Vehicle Account (108)	1,107	1	0%	1,128	4	0%	10,233	19	0%
Transportation 2003 (Nickel) Account (550)	352	1	0%	375	3	1%	3,510	12	0%
Transportation 2005 Partnership Account (09H)	238	1	0%	559	4	1%	5,769	24	0%
Multimodal Account (218)	214	0	0%	259	0	0%	2,482	3	0%
Special Category C Account (215)	49	0	0%	52	1	1%	482	2	0%
Puget Sound Capital Construction Account (099)	36	0	0%	38	0	1%	351	2	0%
Puget Sound Ferry Operations Account (109)	344	3	1%	386	5	1%	4,065	101	2%
Aviation Account (039)	6	0	2%	6	0	2%	54	1	1%
State Patrol Highway Account (081)	269	0	0%	285	0	0%	2,609	6	0%
Highway/Motorcycle Safety Accts. (106 & 082)	148	1	0%	147	0	0%	1,292	17	1%
Freight Mobility Investment Account (09E)	6	0	0%	6	0	0%	48	0	0%
Air Pollution Control Account (216)	9	0	0%	4	0	2%	4	0	2%
Vessel Response Account (07C)	3	0	5%	1	0	2%	1	0	2%
Total for State Use	2,780	7	0%	3,245	18	1%	30,901	187	1%
Local Uses									
Cities	181	0	0%	203	2	1%	1,883	9	0%
Counties	317	1	0%	347	4	1%	3,214	18	1%
Transportation Improvement Board (112 & 144)	201	0	0%	213	2	1%	1,975	9	0%
County Road Administration Board (102 & 186)	68	0	0%	72	1	1%	664	3	0%
Total for Local Use	767	2	0%	835	9	1%	7,736	39	0%
Total Distribution of Revenue	3,641	9	0%	4,194	27	1%	39,825	222	1%

Current Forecast and Legislative Baseline* Comparison for Transportation Revenues

Current Forecast and Legislative Baseline Comparison for Transportation Revenues									
November 2006 • millions of dollars									
	Current Biennium 2005-07			Ensuing Biennium 2007-09			16-Year Period (2005-2021)		
	Forecast Nov 06	Change from Baseline	Percent Change from Baseline	Forecast Nov 06	Change from Baseline	Percent Change from Baseline	Forecast Nov 06	Change from Baseline	Percent Change from Baseline
	Sources of Revenue								
Motor Vehicle Fuel Taxes	2,226	(19)	-1%	2,673	(40)	-2%	24,028	45	0%
Licenses, Permits and Fees	816	(2)	0%	899	(4)	0%	7,847	45	1%
Ferry Fares**	291	1	0%	324	3	1%	3,236	81	2%
Aeronautics Revenues	6	0	1%	6	0	6%	53	1	2%
Rental Car Tax	45	0	1%	50	0	1%	483	6	1%
Vehicle Sales Tax	72	2	3%	75	0	0%	709	(4)	-1%
Driver Licenses and Other Driver-Related Fees***	148	1	1%	147	(10)	-7%	1,268	5	0%
Miscellaneous Revenues	37	(1)	-3%	20	(2)	-9%	193	(14)	-7%
Total Revenues	3,641	(17)	0%	4,194	(52)	-1%	37,817	165	0%

* Legislative Baseline represents revenue assumptions displayed in HTC7 - 2006 Legislative Final TEIS Report.

** Legislative Baseline Ferry Fares are based on Legislature's Alternative 1 scenario as developed by Parsons Brinckerhoff 2/21/06 and as displayed in "HTC7 - 2006 Legislative Final" TEIS Report

*** Legislative Baseline Driver Related Fees (as displayed in HTC7 - 2006 Legislative Final TEIS Report) assumed the November 2005 forecast level for Driver's License Fees 2011 thru 2021

Historical and Forecast Projections for Petroleum Prices

November 2006 Revenue Forecast

		Washington Retail Gasoline ¹			Washington Retail Diesel ¹			Crude Oil - Price per Barrel ²		
		Optimistic	Baseline	Pessimistic	Optimistic	Baseline	Pessimistic	Optimistic	Baseline	Pessimistic
Fiscal Year 2006	Jul-2005		2.46			2.56			59.01	
	Aug-2005		2.65			2.86			65.00	
	Sep-2005		2.96			3.13			65.60	
	Oct-2005		2.83			3.23			62.32	
	Nov-2005		2.48			3.00			58.38	
	Dec-2005		2.23			2.71			59.48	
	Jan-2006		2.29			2.69			65.57	
	Feb-2006		2.32			2.65			61.71	
	Mar-2006		2.47			2.85			62.77	
	Apr-2006		2.76			2.92			69.60	
May-2006		3.15			3.23			71.00		
Jun-2006		3.12			3.17			71.11		
	Annual Average		2.64			2.92			64.30	
Fiscal Year 2007	Jul-2006		3.08			3.12			74.50	
	Aug-2006		3.09			3.41			73.13	
	Sep-2006		2.91			3.26			63.88	
	Oct-2006		2.60			2.77			58.28	
	Nov-2006	2.33	2.41	2.50	2.79	2.90	3.04	56.05	60.37	65.80
	Dec-2006	2.37	2.45	2.54	2.77	2.89	3.02	57.88	62.35	67.96
	Jan-2007	2.30	2.46	2.62	2.61	2.84	3.10	55.32	63.91	73.60
	Feb-2007	2.33	2.49	2.66	2.75	3.00	3.27	54.47	62.92	72.47
	Mar-2007	2.40	2.57	2.74	2.87	3.13	3.41	54.47	62.92	72.47
	Apr-2007	2.46	2.66	2.87	2.92	3.23	3.57	55.12	63.68	73.74
May-2007	2.53	2.73	2.95	2.98	3.30	3.65	55.95	64.64	74.86	
Jun-2007	2.52	2.72	2.94	2.96	3.27	3.61	55.12	63.68	73.74	
	Annual Average	2.58	2.68	2.79	2.93	3.09	3.27	59.51	64.52	70.37
FY 2008	July -Sept	2.49	2.69	2.88	3.02	3.33	3.65	56.26	65.00	73.71
	Oct - Dec	2.45	2.64	2.83	2.87	3.17	3.45	56.69	65.50	73.92
	Jan - Mar	2.41	2.61	2.77	2.84	3.13	3.39	57.42	66.33	73.83
	Apr - June	2.53	2.74	2.92	2.99	3.30	3.57	55.70	64.33	71.83
	Annual Average	2.47	2.67	2.85	2.93	3.23	3.52	56.52	65.29	73.32
FY 2009	July -Sept	2.50	2.70	2.87	3.02	3.33	3.61	55.70	64.33	71.83
	Oct - Dec	2.43	2.63	2.80	2.84	3.13	3.39	55.42	64.00	71.50
	Jan - Mar	2.41	2.60	2.77	2.82	3.11	3.36	56.29	65.00	72.50
	Apr - June	2.53	2.74	2.93	2.97	3.28	3.56	54.85	63.33	70.83
	Annual Average	2.47	2.67	2.85	2.91	3.22	3.48	55.56	64.17	71.67

Blue shading = Actuals; No shading = Forecast

¹ Washington retail price per gallon for gasoline is for all Grades. Both gasoline and diesel retail prices include state and federal taxes

² U.S. West Texas Intermediate Crude

SOURCES:

Retail Gasoline:

Actuals are collected from Energy Information Administration (EIA) survey of retail prices for all grades of gasoline in Washington conducted each Monday.

Forecasted prices are determined from Global Insight's November 2006 forecast of quarterly U.S. retail prices for all grades of gasoline adjusted for Washington's taxes compared to U.S. taxes.

Forecasted monthly prices are calculated from the relative monthly contribution toward quarterly prices taken from the series of U.S. gasoline prices published by the November 2006 EIA Short-Term Energy Outlook (STEO).

Retail Diesel:

Actuals are collected from AAA's publication of retail prices for diesel in Washington conducted Monday of each week.

Forecasted prices are determined from Global Insight's November 2006 forecast of producer price index for refined petroleum products.

Forecasted monthly prices are calculated from the relative monthly contribution toward quarterly prices taken from the series of U.S. diesel prices published by the November 2006 EIA STEO.

West Texas Intermediate (WTI) Crude:

Actuals are collected from Global Insight's November 2006 series for U.S. prices for WTI crude.

Forecasted prices are determined from Global Insight's November 2006 forecast of WTI crude.

Forecasted monthly prices are calculated from the relative monthly contribution toward quarterly prices taken from the series of U.S. WTI crude prices published by the November 2006 EIA STEO.

Historical and Forecast Projections for Washington State Ferry Diesel Fuel Prices

Ex-tax price per gallon

November 2006 Revenue Forecast

Washington State Ferry Diesel Fuel ³				
	Optimistic	Baseline	Pessimistic	
Fiscal Year 2006	Jul-2005	1.81		
	Aug-2005	1.95		
	Sep-2005	2.27		
	Oct-2005	2.52		
	Nov-2005	2.00		
	Dec-2005	1.81		
	Jan-2006	1.91		
	Feb-2006	1.83		
	Mar-2006	2.06		
	Apr-2006	2.19		
	May-2006	2.45		
	Jun-2006	2.29		
Annual Average		2.10		
Fiscal Year 2007	Jul-2006	2.34		
	Aug-2006	2.62		
	Sep-2006	2.19		
	Oct-2006	1.87		
	Nov-2006	1.89	1.99	2.11
	Dec-2006	1.88	1.98	2.09
	Jan-2007	1.74	1.94	2.16
	Feb-2007	1.86	2.08	2.31
	Mar-2007	1.96	2.19	2.43
	Apr-2007	2.01	2.27	2.56
	May-2007	2.06	2.33	2.63
	Jun-2007	2.04	2.30	2.60
Annual Average	2.05	2.18	2.32	
FY 2008	July - Sept	2.07	2.34	2.62
	Oct - Dec	1.95	2.20	2.44
	Jan - Mar	1.92	2.17	2.39
	Apr - June	2.05	2.32	2.55
	Annual Average	2.00	2.26	2.50
FY 2009	July - Sept	2.06	2.33	2.57
	Oct - Dec	1.91	2.16	2.38
	Jan - Mar	1.89	2.14	2.35
	Apr - June	2.02	2.29	2.52
	Annual Average	1.97	2.23	2.46

Blue shading = Actuals; No shading = Forecast

³ Ex-tax price per gallon (excludes excise tax on fuel)

SOURCES:

Washington State Ferry Diesel Fuel:

Monthly actual prices are supplied by WSF.

Forecasted prices are determined from Global Insight's November 2006 forecast of producer price index for refined petroleum products.

Forecasted monthly prices are calculated from the relative monthly contribution toward quarterly prices taken from the series of U.S. diesel prices published by the November 2006 EIA Short-Term Energy Outlook (STEO).