

# **Transportation Revenue Forecast Council**

## **September 2023 Transportation Economic and Revenue Forecast**

### **Volume I: Summary**

# Washington Transportation Economic and Revenue Forecast September 2023 Forecast

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## **Preface**

Washington law mandates the preparation, 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.

# September 2023 Transportation Forecast Overview

## Forecast Overview

- The September forecast is based on economic projections produced by the Washington Economic and Revenue Forecast Council and IHS-Markit, a subsidiary of Standard & Poor's.
- The 2023-2025 biennium total transportation revenue forecast of \$7.0 billion is down -\$49.5 million, or -0.7 percent, when compared to the March 2023 "Baseline" forecast, which the Legislature used to inform the 2023-25 biennial Transportation Budget (Figure 1).
- For the 10-year forecast horizon, total transportation revenue is projected to be \$36.3 billion, which is an increase from the March 2023 "Baseline" forecast by \$170.6 million or 0.5 percent (Figure 1).
- Comparing the September 2023 forecast to the last June 2023 forecast, the 2023-25 biennium total transportation revenue estimate is \$7.0 billion which is a reduction of -\$11.4 million, or -0.2 percent. This decrease is driven by the reduction in Motor Vehicle Fuel taxes and Licenses Permits and Fees revenues (Figure 1a).
- For the 2025-27 biennium, revenues are projected at \$7.3 billion which is increase as compared to previous forecast (June 2023) forecast by \$30.7 million or 0.4 percent (Figure 1a).
- For the 10-year forecast horizon, total baseline revenue in September 2023 is projected to be \$36.3 billion, which is up from the last forecast (June 2023) by \$90.0 million or 0.2%, mainly driven by increase in expected Ferry Revenue (Figure 1a).

**Figure 1: Current September 2023 vs. March 2023 (Baseline) Forecast: All Revenues**

Forecast to Baseline Comparison for Transportation Revenues and Distributions 10-Year Period												
June 2023 Forecast to March 2023 Baseline Forecast millions of dollars												
	Current Biennium 2023-2025				2025-2027				10-Year Period (2022-2031)			
	Forecast September 2023	Forecast March 2023	Chg from March 2023	Percent Change	Forecast September 2023	Forecast March 2023	Chg from March 2023	Percent Change	Forecast September 2023	Forecast March 2023	Chg from March 2023	Percent Change
<b>Sources of Transportation Revenue</b>												
Motor Vehicle Fuel Tax Collections	3,357.5	3,369.6	(12.15)	-0.36%	3,406.30	3,402.60	3.69	0.11%	17,203.46	17,230.08	(26.62)	-0.15%
Licenses, Permits and Fees	2,029.0	2,073.8	(44.81)	-2.16%	2,155.23	2,180.68	(25.45)	-1.17%	10,610.78	10,638.51	(27.73)	-0.26%
Ferry Revenue†	406.8	416.0	(9.25)	-2.22%	443.76	430.76	13.00	3.02%	2,118.64	2,093.39	25.25	1.21%
Toll Revenue	483.3	489.4	(6.08)	-1.24%	534.14	528.95	5.19	0.98%	2,645.02	2,561.70	83.32	3.25%
Aviation Revenues	15.4	13.7	1.65	12.05%	14.28	13.00	1.28	9.85%	71.32	64.39	6.93	10.77%
Rental Car Tax	93.5	89.9	3.59	3.99%	96.68	94.35	2.33	2.47%	480.31	469.70	10.61	2.26%
Vehicle Sales Tax	131.9	131.5	0.35	0.26%	136.12	136.77	(0.65)	-0.47%	687.92	686.20	1.73	0.25%
Driver-Related Fees	343.2	343.8	(0.55)	-0.16%	393.53	395.15	(1.62)	-0.41%	1,807.79	1,812.29	(4.50)	-0.25%
Business/Other Revenues	135.9	118.2	17.71	14.98%	148.59	120.20	28.39	23.62%	714.13	612.51	101.62	16.59%
<b>Total Revenues</b>	<b>6,996.5</b>	<b>7,046.0</b>	<b>(49.52)</b>	<b>-0.70%</b>	<b>7,328.63</b>	<b>7,302.46</b>	<b>26.17</b>	<b>0.36%</b>	<b>36,339.38</b>	<b>36,168.76</b>	<b>170.62</b>	<b>0.47%</b>
<b>Distribution of Revenue</b>												
Motor Fuel Tax Refunds and Transfers	253.2	246.5	6.70	2.72%	263.45	250.24	13.21	5.28%	1,316.78	1,272.75	44.04	3.46%
Motor Fuel Administrative Fee - DOL	19.0	18.8	0.19	0.99%	19.14	19.14	0.00	0.00%	96.11	95.28	0.83	0.87%
<b>State Uses</b>												
Motor Vehicle Account (108)	1,318.0	1,322.5	(4.54)	-0.34%	1,408.64	1,396.82	11.82	0.85%	7,163.53	7,032.41	131.12	1.86%
Transportation 2003 (Nickel) Account (550)	408.1	412.2	(4.12)	-1.00%	418.94	420.37	(1.43)	-0.34%	2,086.31	2,098.47	(12.16)	-0.58%
Transportation 2005 Partnership Account (09H)	600.9	606.0	(5.08)	-0.84%	614.63	618.23	(3.59)	-0.58%	3,078.84	3,097.77	(18.93)	-0.61%
Connecting Washington Account (20H)	742.4	747.5	(5.09)	-0.68%	759.02	761.94	(2.92)	-0.38%	3,807.34	3,825.19	(17.85)	-0.47%
Multimodal Account (218)	695.6	702.6	(6.96)	-0.99%	720.15	731.41	(11.26)	-1.54%	3,548.09	3,596.37	(48.29)	-1.34%
Special Category C Account (215)	46.8	47.1	(0.32)	-0.68%	47.84	48.02	(0.18)	-0.38%	239.96	241.09	(1.12)	-0.47%
Puget Sound Capital Construction Account (099)	34.0	34.3	(0.23)	-0.68%	34.81	34.94	(0.13)	-0.38%	174.59	175.41	(0.82)	-0.47%
Puget Sound Ferry Operations Account (109)	464.5	473.5	(8.94)	-1.89%	502.31	489.25	13.05	2.67%	2,413.35	2,387.90	25.46	1.07%
Capital Vessel Replacement Account (18J)	59.5	61.3	(1.81)	-2.95%	62.04	63.32	(1.28)	-2.03%	305.28	312.53	(7.25)	-2.32%
Tacoma Narrows Bridge Account (511)	155.6	155.5	0.07	0.05%	158.94	158.92	0.02	0.01%	802.06	803.45	(1.39)	-0.17%
High Occupancy Toll Lanes Account (09F)†	14.4	15.2	(0.83)	-5.42%	18.25	18.17	0.08	0.45%	87.45	89.02	(1.57)	-1.77%
SR 520 Corridor Account (16J)	177.6	190.2	(12.59)	-6.62%	199.71	198.81	0.90	0.45%	942.38	953.64	(11.26)	-1.18%
SR 520 Corridor Civil Penalties Account (17P)	5.9	5.0	0.89	17.78%	7.14	7.01	0.13	1.90%	22.96	25.55	(2.59)	-10.15%
Interstate 405 Express Toll Lanes Operations (595)	63.8	62.8	0.91	1.44%	83.34	83.10	0.24	0.29%	390.91	385.27	5.64	1.46%
Alaskan Way Viaduct Replacement Acct. (535)	66.0	60.6	5.47	9.03%	66.76	62.95	3.82	6.06%	399.25	304.77	94.49	31.00%
Aeronautics Account (039)	15.3	13.6	1.65	12.13%	14.18	12.90	1.29	9.97%	70.84	63.88	6.96	10.90%
Washington State Aviation Account (21G)	0.1	0.1	0.00	0.03%	0.09	0.09	(0.00)	-4.45%	0.44	0.46	(0.03)	-5.98%
State Patrol Highway Account (081)	466.8	475.0	(8.16)	-1.72%	482.75	490.70	(7.95)	-1.62%	2,404.23	2,443.94	(39.71)	-1.62%
Highway/Motorcycle Safety Accts. (106 & 082)	297.0	287.0	9.96	3.47%	349.05	330.34	18.71	5.66%	1,586.42	1,520.00	66.42	4.37%
School Zone Safety Account (780)	0.4	0.6	(0.21)	-35.28%	0.40	0.62	(0.22)	-35.64%	1.92	2.86	(0.94)	-32.95%
Other accounts (201, 06T, 09T, 09E, 216, 07C, 24-K)	41.9	43.9	(2.06)	-4.69%	42.79	44.89	(2.09)	-4.67%	212.63	220.96	(8.33)	-3.77%
Electric Vehicle Account (20I)	50.6	47.8	2.86	5.99%	0.00	0.00	0.00	0.00%	87.28	84.21	3.07	3.64%
Ignition Interlock Devices Revolving Acct 14V	8.3	8.8	(0.49)	-5.59%	8.41	8.91	(0.50)	-5.59%	41.07	43.60	(2.53)	-5.80%
Multistate Roadway Safety Account Collections-571	0.6	0.5	0.05	8.95%	0.60	0.52	0.08	14.96%	2.99	2.60	0.39	14.84%
Move Ahead WA Accounts - 26P	228.0	239.5	(11.50)	-4.80%	253.17	257.06	(3.89)	-1.51%	1,097.41	1,132.95	(35.54)	-3.14%
Move Ahead WA Accounts - 26Q	28.5	28.8	(0.31)	-1.06%	35.73	36.07	(0.34)	-0.94%	150.28	151.34	(1.06)	-0.70%
<b>Total for State Use</b>	<b>5,990.6</b>	<b>6,042.0</b>	<b>(51.38)</b>	<b>-0.85%</b>	<b>6,289.69</b>	<b>6,275.35</b>	<b>14.34</b>	<b>0.23%</b>	<b>31,117.80</b>	<b>30,995.63</b>	<b>122.17</b>	<b>0.39%</b>
<b>Local Use</b>												
Cities	179.4	180.7	(1.23)	-0.68%	183.46	184.17	(0.71)	-0.38%	920.27	924.58	(4.31)	-0.47%
Counties	290.4	292.7	(2.36)	-0.81%	297.56	298.89	(1.33)	-0.44%	1,493.35	1,501.29	(7.94)	-0.53%
Transportation Improvement Board (112 & 144)	195.6	196.7	(1.16)	-0.59%	202.72	202.65	0.08	0.04%	1,023.87	1,017.49	6.39	0.63%
County Road Administration Board (102 & 253)	68.3	68.6	(0.29)	-0.42%	72.61	72.03	0.58	0.80%	371.19	361.75	9.45	2.61%
<b>Total for Local Use</b>	<b>733.7</b>	<b>738.8</b>	<b>(5.03)</b>	<b>-0.68%</b>	<b>756.35</b>	<b>757.73</b>	<b>(1.38)</b>	<b>-0.18%</b>	<b>3,808.68</b>	<b>3,805.10</b>	<b>3.58</b>	<b>0.09%</b>
<b>Total Distribution of Revenue</b>	<b>6,996.5</b>	<b>7,046.0</b>	<b>(49.52)</b>	<b>-0.70%</b>	<b>7,328.63</b>	<b>7,302.46</b>	<b>26.17</b>	<b>0.36%</b>	<b>36,339.38</b>	<b>36,168.76</b>	<b>170.62</b>	<b>0.47%</b>

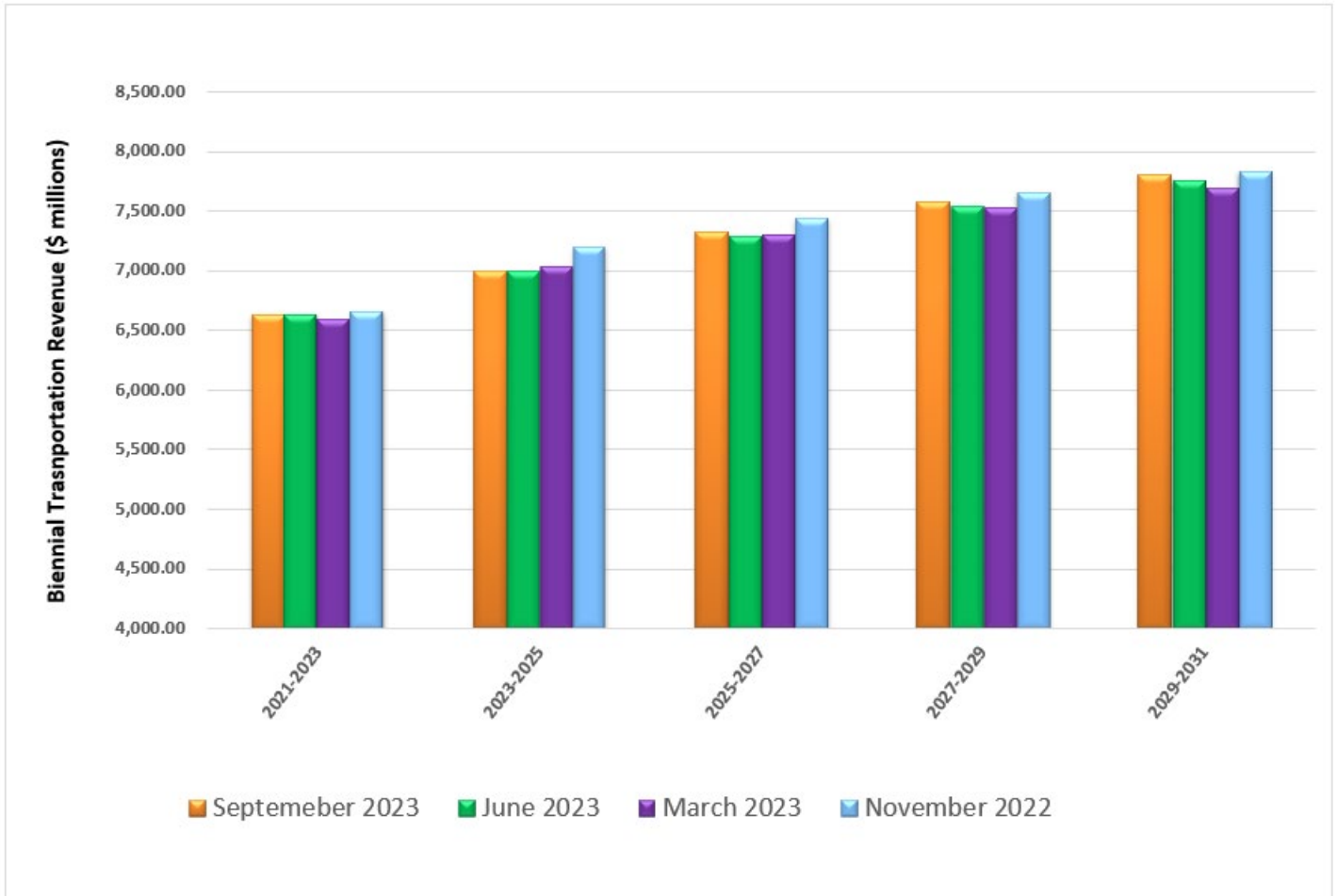
**Figure 1a: Current September 2023 vs. June 2023 Forecast: All Revenues**

† Ferry Fares plus non-farebox revenue

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period												
September 2023 Forecast to June 2023 Forecast millions of dollars												
	Current Biennium 2023-2025				Biennium 2025-2027				10-Year Period (2022-2031)			
	Forecast September 2023	Forecast June 2023	Chg from June 2023	Percent Change	Forecast September 2023	Forecast June 2023	Chg from June 2023	Percent Change	Forecast September 2023	Forecast June 2023	Chg from June 2023	Percent Change
<b>Sources of Transportation Revenue</b>												
Motor Vehicle Fuel Tax Collections	3,357.5	3,370.3	(12.77)	-0.38%	3,406.3	3,404.0	2.29	0.07%	17,203.5	17,205.4	(1.95)	-0.01%
Licenses, Permits and Fees	2,029.0	2,036.2	(7.21)	-0.35%	2,155.2	2,150.5	4.76	0.22%	10,610.8	10,601.1	9.67	0.09%
Ferry Revenue†	406.8	406.7	0.04	0.01%	443.8	426.5	17.29	4.05%	2,118.6	2,063.3	55.33	2.68%
Toll Revenue	483.3	483.3	0.00	0.00%	534.1	534.1	0.00	0.00%	2,645.0	2,645.0	0.00	0.00%
Aviation Revenues	15.4	15.3	0.09	0.61%	14.3	14.1	0.22	1.54%	71.3	70.8	0.52	0.74%
Rental Car Tax	93.5	90.9	2.61	2.87%	96.7	95.3	1.35	1.42%	480.3	474.0	6.35	1.34%
Vehicle Sales Tax	131.9	134.1	(2.24)	-1.67%	136.1	139.4	(3.33)	-2.39%	687.9	698.8	(10.92)	-1.56%
Driver-Related Fees	343.2	343.6	(0.40)	-0.12%	393.5	395.1	(1.56)	-0.39%	1,807.8	1,812.3	(4.54)	-0.25%
Business/Other Revenues	135.9	127.4	8.52	6.69%	148.6	138.9	9.71	6.99%	714.1	678.6	35.54	5.24%
<b>Total Revenues</b>	<b>6,996.5</b>	<b>7,007.8</b>	<b>(11.37)</b>	<b>-0.16%</b>	<b>7,328.6</b>	<b>7,297.9</b>	<b>30.73</b>	<b>0.42%</b>	<b>36,339.4</b>	<b>36,249.4</b>	<b>90.00</b>	<b>0.25%</b>
<b>Distribution of Revenue</b>												
Motor Fuel Tax Refunds and Transfers	253.2	259.2	(6.05)	-2.34%	263.5	263.4	0.08	0.03%	1,316.8	1,326.3	(9.53)	-0.72%
Motor Fuel Administrative Fee - DOL	19.0	18.8	0.19	0.99%	19.1	19.1	0.00	0.00%	96.1	96.0	0.08	0.08%
<b>State Uses</b>												
Motor Vehicle Account (108)	1,318.0	1,312.7	5.24	0.40%	1,408.6	1,389.8	18.80	1.35%	7,163.5	7,078.4	85.13	1.20%
Transportation 2003 (Nickel) Account (550)	408.1	409.0	(1.00)	-0.24%	418.9	418.8	0.12	0.03%	2,086.3	2,094.3	(8.00)	-0.38%
Transportation 2005 Partnership Account (09H)	600.9	601.4	(0.48)	-0.08%	614.6	614.4	0.25	0.04%	3,078.8	3,077.4	1.42	0.05%
Connecting Washington Account (20H)	742.4	743.1	(0.67)	-0.09%	759.0	758.7	0.35	0.05%	3,807.3	3,805.7	1.61	0.04%
Multimodal Account (218)	695.6	695.4	0.25	0.04%	720.2	722.0	(1.84)	-0.26%	3,548.1	3,553.6	(5.50)	-0.15%
Special Category C Account (215)	46.8	46.8	(0.04)	-0.09%	47.8	47.8	0.02	0.05%	240.0	239.9	0.10	0.04%
Puget Sound Capital Construction Account (099)	34.0	34.1	(0.03)	-0.09%	34.8	34.8	0.02	0.05%	174.6	174.5	0.07	0.04%
Puget Sound Ferry Operations Account (109)	464.5	463.8	0.70	0.15%	502.3	484.5	17.83	3.68%	2,413.4	2,356.2	57.11	2.42%
Capital Vessel Replacement Account (18J)	59.5	60.1	(0.63)	-1.05%	62.0	62.5	(0.44)	-0.71%	305.3	307.8	(2.50)	-0.81%
Tacoma Narrows Bridge Account (511)	155.6	155.6	0.00	0.00%	158.9	158.9	0.00	0.00%	802.1	802.1	0.00	0.00%
High Occupancy Toll Lanes Account (09F)*	14.4	14.4	0.00	0.00%	18.2	18.2	0.00	0.00%	87.5	87.5	0.00	0.00%
SR 520 Corridor Account (16I)	177.6	177.6	0.00	0.00%	199.7	199.7	0.00	0.00%	942.4	942.4	0.00	0.00%
SR 520 Corridor Civil Penalties Account (17P)	5.9	5.9	0.00	0.00%	7.1	7.1	0.00	0.00%	23.0	23.0	0.00	0.00%
Interstate 405 Express Toll Lanes Operations (595)	63.8	63.8	0.00	0.00%	83.3	83.3	0.00	0.00%	399.9	399.9	0.00	0.00%
Alaskan Way Viaduct Replacement Acct. (535)	66.0	66.0	0.00	0.00%	66.8	66.8	0.00	0.00%	399.3	399.3	0.00	0.00%
Aeronautics Account (039)	15.3	15.2	0.09	0.58%	14.2	14.0	0.21	1.52%	70.8	70.3	0.50	0.71%
Washington State Aviation Account (21G)	0.1	0.1	0.01	6.26%	0.1	0.1	0.00	5.26%	0.4	0.4	0.02	4.26%
State Patrol Highway Account (081)	466.8	468.4	(1.56)	-0.33%	482.7	483.0	(0.21)	-0.04%	2,404.2	2,410.3	(6.03)	-0.25%
Highway/Motorcycle Safety Accts. (106 & 082)	297.0	296.5	0.48	0.16%	349.0	349.8	(0.73)	-0.21%	1,588.4	1,588.0	(1.57)	-0.10%
School Zone Safety Account (780)	0.4	0.6	(0.21)	-35.28%	0.4	0.6	(0.22)	-35.64%	1.9	2.8	(0.91)	-32.17%
Other accounts (201, 06T, 09T, 09E, 216, 07C, 24-K)	41.9	43.6	(1.73)	-3.97%	42.8	44.5	(1.71)	-3.84%	212.6	219.2	(6.61)	-3.02%
Electric Vehicle Account (20J)	50.6	48.1	2.52	5.24%	0.0	0.0	0.00	0.00%	87.3	84.7	2.60	3.07%
Ignition Interlock Devices Revolving Acct 14V	8.3	8.6	(0.33)	-3.85%	8.4	8.7	(0.34)	-3.85%	41.1	42.5	(1.48)	-3.48%
Multituse Roadway Safety Account Collections-571	0.6	0.5	0.02	3.83%	0.6	0.6	0.05	9.61%	3.0	2.7	0.30	11.18%
Move Ahead WA Accounts - 26P	228.0	235.3	(7.24)	-3.08%	253.2	255.5	(2.34)	-0.92%	1,097.4	1,118.8	(21.38)	-1.91%
Move Ahead WA Accounts - 26Q	28.5	28.8	(0.32)	-1.12%	35.7	36.1	(0.34)	-0.95%	150.3	151.5	(1.20)	-0.79%
<b>Total for State Use</b>	<b>5,990.6</b>	<b>5,995.5</b>	<b>(4.96)</b>	<b>-0.08%</b>	<b>6,289.69</b>	<b>6,260.2</b>	<b>29.49</b>	<b>0.47%</b>	<b>31,117.8</b>	<b>31,024.1</b>	<b>93.68</b>	<b>0.30%</b>
Cities	179.4	179.6	(0.16)	-0.09%	183.5	183.4	0.08	0.05%	920.3	919.9	0.39	0.04%
Counties	290.4	290.9	(0.48)	-0.16%	297.6	297.4	0.13	0.04%	1,493.4	1,492.6	0.77	0.05%
Transportation Improvement Board (112 & 144)	195.6	195.6	(0.01)	0.00%	202.7	202.2	0.50	0.25%	1,023.9	1,021.4	2.45	0.24%
County Road Administration Board (102 & 253)	68.3	68.2	0.11	0.16%	72.6	72.2	0.44	0.61%	371.2	369.0	2.17	0.59%
<b>Total for Local Use</b>	<b>733.7</b>	<b>734.3</b>	<b>(0.54)</b>	<b>-0.07%</b>	<b>756.3</b>	<b>755.2</b>	<b>1.15</b>	<b>0.15%</b>	<b>3,808.7</b>	<b>3,802.9</b>	<b>5.78</b>	<b>0.15%</b>
<b>Total Distribution of Revenue</b>	<b>6,996.5</b>	<b>7,007.8</b>	<b>(11.37)</b>	<b>-0.16%</b>	<b>7,328.6</b>	<b>7,297.9</b>	<b>30.73</b>	<b>0.42%</b>	<b>36,339.4</b>	<b>36,249.4</b>	<b>90.00</b>	<b>0.25%</b>

Figure 2 compares transportation revenues for the last four cycles: September 2023, June 2023, March 2023, and November 2022. While September 2023 Forecast 10-year total revenue estimates are slightly increased in comparison to June 2023 ( an increase of 0.25 percent ), and to March 2023 forecast ( an increase of 0.47 percent ), this is -1.28 percent reduction to November 2022 forecast.

**Figure 2: Total Transportation Revenues Estimates: November 2022 – September 2023**



Washington transportation revenue comes from numerous taxes, fees, permits, tools, and other revenues. Revenue forecasted each quarter include the sources contained in Figure 3. This graph displays the anticipated share of each revenue source for the 2021-23 biennium (\$6.6 billion). Gasoline fuel taxes comprise the largest share at 39%. Fuel taxes comprise roughly 51% of all revenues. Licenses, permits and fee revenues comprise the second largest share at 27%. The three largest revenue sources are projected to consist of 77% of revenues in the 2021-23 biennium. The remaining 23% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

**Figure 3: Revenue By Source 2021-23 Biennium (\$6.6 billion)**

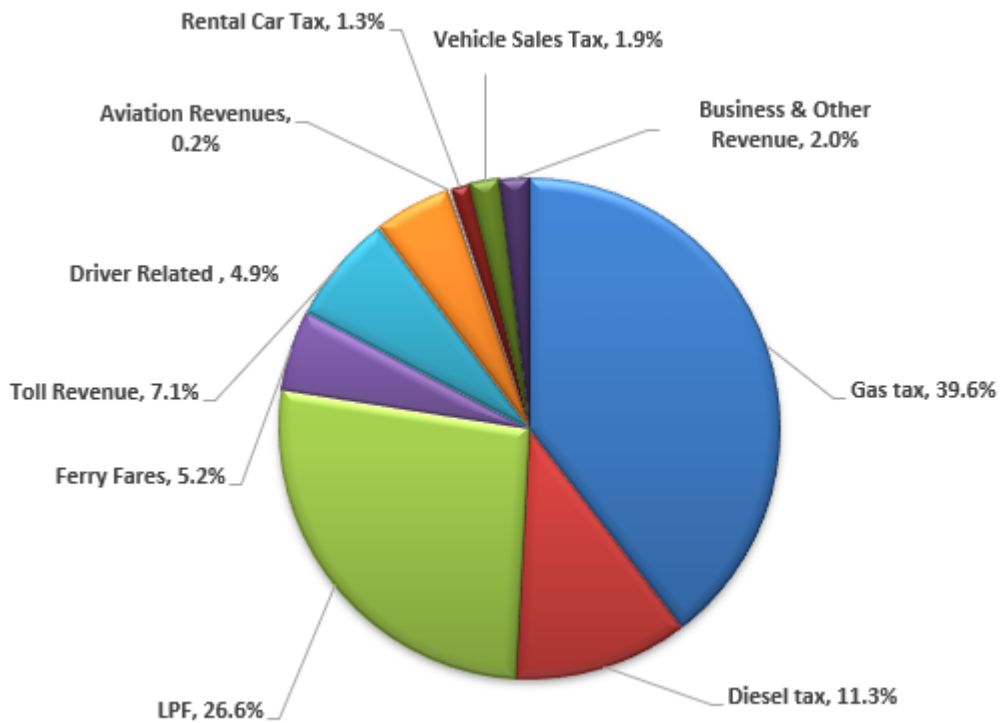


Figure 4 shows the September 2023 forecast LESS the Move Ahead Revenue Package compared to the June 2022 forecast.

**Figure 4: Current Forecast Revenue comparison to the June 2022 forecast less the impact of the Move Ahead Washington Revenue Package (Chapter 182, Laws of 2022)**

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period Less revenues generated from the Move Ahead Washington Package September 2023 Forecast to June 2022 Forecast millions of dollars												
	2021-2023				2023-2025				10-Year Period (2022-2031)			
	Forecast September 2023	Forecast June 2022	Chg from Jun-22	Percent Change	Forecast September 2023	Forecast June 2022	Chg from Jun-22	Percent Change	Forecast September 2023	Forecast June 2022	Chg from Jun-22	Percent Change
Total Revenues	6,631.97	6,721.60	(89.6)	-1.3%	6,996.45	7,345.70	(349.2)	-4.8%	36,339.38	37,369.67	(1,030.3)	-2.8%
Move Ahead Washington Package	104.75	137.45	(32.70)	-23.8%	261.78	297.41	(35.63)	-12.0%	1,269.12	1,390.88	(121.76)	-8.8%
Total Revenue less Move Ahead Washington	6,527.22	6,584.15	(56.9)	-0.9%	6,734.67	7,048.29	(313.6)	-4.4%	35,070.26	35,978.79	(908.5)	-2.5%

### Economic Variables Forecast

Analysts use economic variables to drive their revenue forecasts. Key economic variables include the following: Washington real personal income, driver age population, driver-in population, inflation, employment, oil price index, fuel efficiency, US sales of new light vehicles and various employment sectors.

The September 2023 variables are in part based on forecasts by the Washington Economic and Revenue Forecast Council and IHS. The near-term change in the latest economic variables is generally down when compared to the June 2023 quarterly forecast. The metrics for Washington statistics are generally down in FY24 and inflation is stronger than anticipated in June. Except for real personal income, the FY25 variables are slightly weaker.

**Figure 5: Annual Percentage Change (%) in Select Economic Variables: September 2023 Forecast**

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management, Global Insight

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2023	0.2%	1.4%	-2.2%	5.1%	1.9%	9.2%	3.3%	0.7%	-1.0%
2024	1.7%	1.3%	1.8%	3.0%	1.5%	-2.5%	1.2%	-0.4%	-1.1%
2025	2.7%	1.1%	1.0%	2.2%	1.6%	-7.0%	0.2%	-2.6%	-5.3%
2026	3.5%	1.2%	0.8%	1.9%	1.7%	-0.3%	1.0%	-0.8%	-2.0%
2027	3.3%	1.3%	0.8%	2.0%	1.8%	3.7%	1.0%	-0.2%	-1.1%
2028	3.2%	1.3%	-0.2%	2.0%	2.0%	3.4%	1.0%	-0.1%	-0.4%
2029	3.0%	1.2%	0.7%	1.9%	2.1%	5.9%	0.9%	-0.3%	-0.2%
2030	2.9%	1.2%	0.7%	1.9%	2.3%	7.5%	0.9%	-0.2%	0.0%
2031	3.0%	1.2%	0.7%	2.0%	2.4%	7.0%	0.9%	0.3%	0.7%
2032	3.0%	1.1%	0.6%	2.0%	2.6%	6.6%	0.9%	0.5%	0.8%
2033	2.9%	1.1%	0.6%	2.0%	2.7%	6.6%	0.9%	0.4%	0.9%



Figure 6: Annual Change in Economic Variables: September 2023 vs. June 2023

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2023	▲	▬	▬	▬	▬	▬	▼	▼	▬
2024	▼	▬	▬	▲	▬	▬	▲	▼	▬
2025	▲	▬	▬	▲	▬	▬	▼	▼	▼
2026	▲	▬	▬	▬	▬	▬	▬	▼	▼
2027	▲	▬	▬	▬	▬	▬	▬	▬	▬
2028	▬	▬	▬	▬	▬	▬	▬	▬	▬
2029	▬	▬	▬	▬	▬	▬	▬	▬	▬
2030	▬	▬	▬	▬	▬	▬	▬	▬	▬
2031	▬	▬	▬	▬	▬	▬	▬	▬	▬
2032	▬	▬	▬	▬	▬	▬	▬	▬	▬
2033	▬	▬	▬	▬	▬	▬	▬	▬	▬



- Difference in percentage change is greater than 1%
- Difference in percentage change is less than 1% and greater than 0.1%
- Difference in percentage change is less than 0.1% and greater than -0.1%
- Difference in percentage change is greater than -0.1% and less than -1%
- Difference in percentage change is greater than -1%

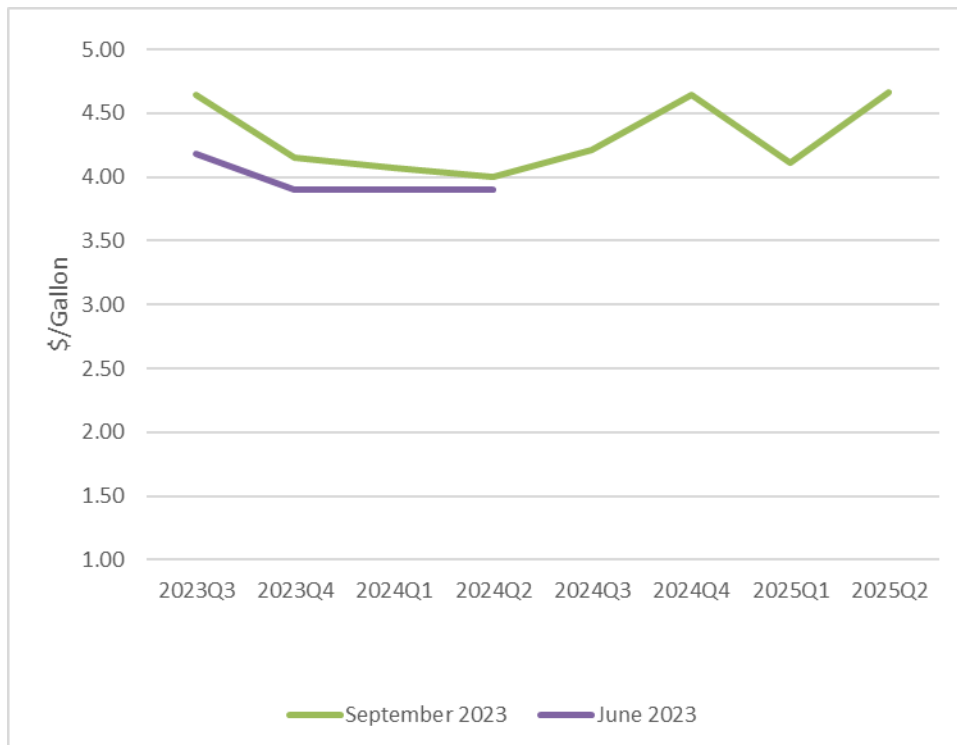
## Motor Fuel Price Forecast

The September motor fuels price forecast is shown below. B20 biodiesel has been substituted for B99 to conform to WSDOT's current contract. Changes from the previous forecast are shown on the associated graphs. September prices are higher than June's for all products. Note the September forecast is the first of FY25 prices.

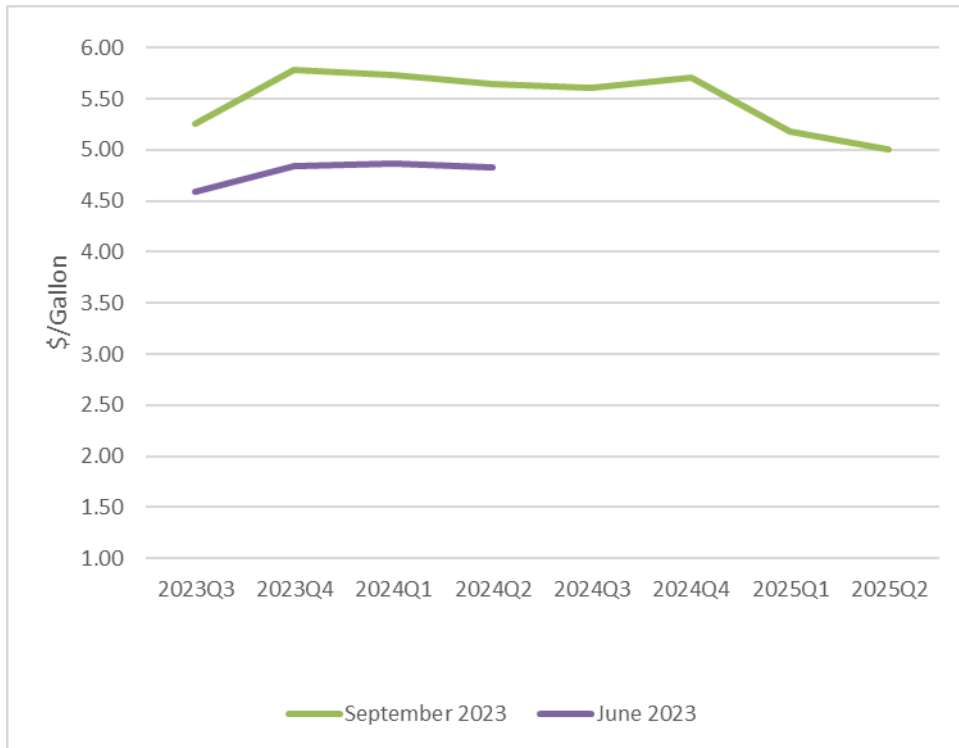
**Figure 7: Near-Term Fuel Prices: September 2023**

Fiscal Year	WA Adj Retail Gasoline Price (\$/gal)	WA Adj Retail Diesel Price (\$/gal)	WA Adj Biodiesel (B5) Price w markup+taxes (\$/gal)	WA Adj Biodiesel (B20) Price w markup+taxes (\$/gal)
2023Q3	4.65	5.25	4.61	4.18
2023Q4	4.15	5.78	5.07	4.60
2024Q1	4.07	5.73	5.03	4.56
2024Q2	4.00	5.64	4.95	4.49
<b>FY2024</b>	<b>4.22</b>	<b>5.60</b>	<b>4.91</b>	<b>4.46</b>
2024Q3	4.64	5.70	4.95	4.25
2024Q4	4.12	5.18	4.64	4.13
2025Q1	4.66	5.00	4.39	3.98
2025Q2	4.60	5.48	4.79	4.08
<b>FY2025</b>	<b>4.51</b>	<b>5.34</b>	<b>4.69</b>	<b>4.11</b>

**Figure 8: Washington Regular Retail Gasoline Prices: September vs. June 2023**



**Figure 9: Washington Retail Diesel Prices: September vs. June 2023**



**Figure 10: Ferries B5 Biodiesel Prices: September vs. June 2023**



The WTI crude oil prices shown below are obtained from five entities: Energy Information Administration (EIA), NYMEX, Global Insight, Consensus Economics, and Moody’s. WSDOT’s baseline fuel price forecasts use the EIA forecasts in the near-term through calendar year 2024 and then use the growth rates from Global Insight forecasts for subsequent years. The forecasts for FY 2024 range from \$76.40 per barrel to \$85.77.

WSDOT then applies the average WTI price adjustment to the baseline prices. The adjusted fuel prices listed in Figure 11 are used to adjust the estimates for fuel costs for WSDOT’s budget. The latest FY24 adjusted forecast requires a negative 1.4 percent adjustment to the baseline fuel prices in FY 2024.

**Figure 11: Near-term Annual WTI Crude Oil Price Forecasts: September 2023**

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	Average	% Diff Lowest	% Diff Highest	(Average )	Minimum	Maximum
2024	81.92	85.77	76.40	83.05	78.01	80.81	-0.07	0.05	-1.4%	76.40	85.77
2025	79.23	78.00	75.97	79.44	78.43	77.96	-0.04	0.00	-1.6%	75.97	79.44

### Motor Vehicle Fuel Tax Forecast

Motor fuel tax actual collections since the June 2023 estimate came in above the forecast by 5.0 percent. However top-line revenue numbers are distorted by transitory cash flow factors; analysts believe that the current estimate is loosely tracking actual revenue growth. For the current 2023-2025 biennium, gross fuel tax revenue has been reduced by 0.4 percent, or \$12.8 million (collection basis) from June. The gross fuel tax revenue for the 2025-2027 biennium is an increase of \$1.5 million, or 0.04 percent. For the 10-year period spanning between FY2024 to FY2033, the total reduction is \$6.4 million, or 0.04 percent.

#### *Primary Reasons for Changes in the Current Forecast*

**Gasoline Tax** - This revenue estimate is essentially unchanged. Actual strength is distorted by transitory cash flow factors while the estimate of underlying liability is tracking closely. A risk to the forecast is the chance of \$100/barrel crude oil prices in the fourth quarter of the year. High prices would likely cause significant demand destruction.

The long-term trend for this revenue is still an open question that has been obscured by the Pandemic and the Ukrainian War. Note that revenues are not expected to reach 2019 levels.

**Special Fuels Tax** – The FY 2024 estimate has been reduced by 1.7 percent (collection basis). Current year liability is trailing the estimate by around 6 percent. This has been somewhat offset by higher-than-expected net transfers related to the International Fuel Tax Agreement (IFTA). The FY 2025 estimate leaves revenues essentially unchanged.

Tribal and off-road refunds will be adjusted during the November revenue estimating cycle.

### Motor Vehicle Revenue (Licenses, Permits, and Fees)

#### *Overview*

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 most of the revenue is from registration-based fees. There are five main economic drivers of vehicle licenses, permits, and fees (LPF) forecast: Washington population and net migration, Washington real personal income, Washington Non-ag Employment, Washington - U.S. real income share, and U.S. sales of light vehicles.

WSDOT and Western Washington University are collaborating on a project to evaluate and improve the motor vehicle registration forecast process. The project will include data collection, analysis, and recommendations for enhancing the forecasting system’s performance. We are updating the actual values and matching them with DOL data. The forecast will not

change significantly until this is done. The project will also support the transition of forecasting these revenues to the Economic Revenue Forecast effective September 2024.

Washington State anticipates collecting about \$1.76 billion from vehicle licenses, permits, and fees (LPFs) in the 2021-2023 biennium, which is a decrease of \$0.5 million or 0.03% compared to the forecast for June 2023. The LPF forecast is anticipated to be \$2.03 billion by the 2023-2025 biennium, which is down about \$7 million or -0.35% from the previous forecast.

*Primary reasons for the change in the September 2023 forecast*

- **Passenger Car Registrations** is 5,167,892 vehicles for the fiscal year 2023, a reduction of -3.9% from the previous year, and it is back to 2018 levels. For FY 2024, passenger car registrations were forecasted to be 1.1% more than 2023 forecast.
- **Truck Registrations** are down by -5.1% at 1,633,352 vehicles for the fiscal year 2023. In fiscal year 2024, truck registrations were forecasted to increase 1.7%.
- **\$30 registrations revenue** is down -0.4% or \$1.4 million in the 2021-23 biennium. In the next biennium, revenue from \$30 registrations is projected to be about \$7.9 million less than the previous forecast.
- **The Freight Project fee** declined by -1.62% compared with the June forecast in the 2021-23 biennium, In the 2023-25 biennium, the Freight Project fee was forecasted to remain steady compared to the previous biennium.
- **The passenger vehicle weight** revenue increased by \$1.1 million or 0.3% in the 2021-23 biennium. In the 2023-25 biennium, the revenue forecast to increase \$0.3 million.
- **The motorhome weight** revenue increased by \$0.14 million in the 2021-23 biennium. In the 2023-25 biennium, the revenue is similar than the previous forecast.
- **Electric Vehicle and charging infrastructure** revenue are revised higher by \$4.2 million (4.8%) for current biennium and higher by \$57.1 million (5.4%) for ten-year outlook.
- **Title Fee forecast** is slightly down by \$0.8 million (-1.0%) for the current biennium, and \$2.3 million (-0.6%) for the ten-year horizon compared to previous forecast.
- **Ferry Vessel Service Fees (18J)** are down by \$0.1 million for FY23-25 (-0.3%) compared to previous forecast. For the ten-year horizon, revenue is revised downward by \$0.6 million (-0.3%). This change is to reflect data that more of our customers were using sub-agents for title services, whose revenue are excluded from this forecast.
- **Original Plates** This forecast has decreased -\$2.4 million (-1.9%) for the 23-25 biennium and ten-year outlook is revised downward by \$17 million (-3.7%) compared to previous forecast. This is primarily due to lower car sales.
- **Plate Replacement** forecast was revised downward by \$4 million (-4.5%) for the current biennium. The ten-year total is revised downward by \$17.1 million decrease (-3.7%) from previous forecast. This is possibly due to consumers holding on to cars longer because of higher prices and lower availability of new vehicles.
- **Dealer temporary permit** forecast is revised downward by \$3.7 million (-6.6%) in current biennium and ten-year outlook is revised lower by \$4.3 million (-1.5%) compared to previous forecast. Prior to fee increase due to Move Ahead Washington (MAWA) implementation, we saw spike in dealer temporary permit purchases, with June 2022 shows roughly ten-times normal monthly transaction count. FY2023 and early part of FY2024 are expected to have lower than normal transaction for dealer temporary permits as bulk buying inventory from June 2022 might not yet be fully expended.
- **Intermittent use trailer** forecast is adjusted downward by \$0.2 million (-15.7%) for the current biennium and ten-year outlook is revised \$2.9 million lower (-28.7%) compared to previous forecast. Actual data started to show declining revenue stream, in [fiscal note](#) for intermittent use trailer permanent registration Bill, this inflection point was projected to be in FY2020.

## Driver Related Revenue Forecasts

### Overview

The *September 2023* forecast of driver related revenue projected by the Department of Licensing includes the following revenues:

- Driver license fees: commercial driver licenses, enhanced driver licenses, and temporary restricted licenses
- ID card fees
- Driver exam application fees
- Abstract driving records (ADR)
- Motorcycle operator fees
- Ignition interlock fees,
- Other miscellaneous 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).

Driver-related revenue for FY2023-25 biennium is forecasted at \$343.2 million, down \$0.4 million (0.1%) from the prior forecast. FY25-27 is expected to have \$393.6 million, down \$1.6 million (-0.4%) from the prior forecast. Over the ten-year period (FY23-FY33), driver-related revenues are projected to total \$1,850.8 million, (-0.2%) from the prior forecast.

It is important to note that with the passage of SHB1207 in the 2021 legislative session, DOL offers eight-year licenses and ID cards, along with the existing six-year license and IDs. For the first four years of implementation, all first time Driver/ID issuances will have variable renewal terms while Driver and ID renewals will follow either a six- or eight-year renewal cycle depending on customer choice. Caution is advised in year-over-year comparisons. This forecast assumes the current actuals that 74% customers prefer eight-year renewal cycle (default cycle in online renewal) will continue for the life of this forecast's 10-year cycle.

### Notable changes in the *September 2023* forecast:

- Driver Licenses revenue is \$1.2 million higher (0.5%) for the current biennium, while ten-year outlook remains the same as prior forecast. Of note is the increased trend to Identocard demand and lower trend in driver licenses.
- ADR revenue is projected to be \$0.8 million lower (-1.1%) for the current biennium. For the ten-year outlook, it is projected to be \$2.4 million lower (-0.6%). This is returning close to June 2023 forecast.
- MSEA fund is projected to be \$0.5 million lower (-9.2%) for the current biennium and \$0.6 million lower (-2.4%) for ten-year outlook. Motorcycle permits show an increased revenue, while exam, original endorsement and renewal revenues show downward revision.

## Other Transportation Related Revenue Forecast

### Overview

This category of transportation related revenue forecasts consists of four primary components: vehicle sales and use taxes, rental car sales taxes, studded tire fees, business and other revenue and aeronautics 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
- Access Permits (Highways)
- Outdoor Advertising
- Other revenues

In March of 2023, the Washington State Legislature unanimously passed ESSB 5272; a bill that authorizes use of automated Speed Safety Camera Systems in active work zones on state highways. The intention of the Speed Safety Camera Systems is to help reduce vehicle speeds in work zones while increasing overall safety for travelers and workers, alike. Governor Inslee signed this bill into law at the WSDOT Worker Memorial Ceremony, April 4, 2023.

The Washington State Department of Transportation (WSDOT) and the Washington State Patrol (WSP) are directed to collaborate and have operational Speed Safety Camera Systems in place by July 1, 2024. These systems will be in place through June 30, 2030. Both agencies have been working diligently to lay the groundwork for successful implementation of the Speed Safety Cameras Systems. We are currently working to better understand how these systems are deployed around the country; are in the early discussions of rulemaking process and are prepping to develop a Request for Proposal (RFP) to solicit bids from qualified Speed Safety Camera Systems Vendors. This work will be completed in the upcoming months ahead. For the ten-year horizon, this is revenue increase of \$68.3 million.

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, Commercial Vehicle Penalties and Communication Tower Site Leases and Terminal Safety Inspection fees.

### Primary reasons for the change in the September 2023 Forecast

- In the September 2023 forecast, the sales tax on motor vehicle purchases is slightly higher than in the previous forecast. Recent collections were higher than forecasted, although the economic variables related to the forecast are lower.
- Rental car tax collections have been increased due to high collections in recent months.
- HOV penalties in September 2023 are unchanged from the last forecast. In the 2019 - 2021 biennium, HOV penalties were \$950,850, increasing to \$1,094,402 by the end of the forecast horizon.
- WSDOT Business related revenue for the 2023-25 biennium has been revised up by \$10.7 million, or 70.5% percent, from the June forecast. The increase is due to lease payments being higher than projected. There was a new lease agreement with City of Seattle that increases our lease revenue. This is also updated for WSDOT business related revenue in the outer years. The school zone fines forecast for the current biennium is down \$0.2 million, or 35.3%, from the June 2023 forecast. This is due to actuals coming in lower. This is reflected in the outer biennia. The 2023-25 biennium WSP Business Related Revenues for September 2023 have been revised down by \$181,685 or (1.48 percent). The change reflects latest actuals and changes in future biennia mirror the changes in 2023-25.

- **Aviation Registrations and Excise Tax (fund 039).** These revenues have been revised downward to reflect recent experience.
- **Aviation Fuel Tax (fund 039)** forecast is tracking well and projected with marginal revision from previous forecast. This proves that the adoption of the new model for June 2023 forecast that incorporated the FAA international aviation fuel (jet fuel) consumption forecast and additional foreign-flagged commercial air-carriers in fueling at SeaTac was a good fit.
- **Credit Card Transaction Fees (24K)** forecast is revised upward by \$0.7 million (3.9%) for the 23-25 biennium and \$3.6 million (4.0%) in the ten-year horizon. This revision is primarily to realize that a higher revenue trend would be staying for a longer horizon. As credit card transaction fees are based on a fixed percentage of online credit-card transactions when fees were increased with Move Ahead WA, 24K actuals show upward revision of revenue.
- ESSB 5226 (Laws of 2021) Traffic Infractions – Failure to Pay – Suspension of Licenses creates a new Driver Licensing Technology Support Account (DLTSA) as a subsidiary account within the Highway Safety Fund. The account must be used only to support information technology systems in use by the Department of Licensing (DOL) to communicate with judicial information systems, manage driving records, and implement court orders. The legislative assessment on traffic infractions is increased from \$20 to \$24, with the \$4 increased assessment distributed to the new DLTSA. In addition, a new \$2 assessment is created on traffic infractions which is also directed for distribution to the DLTSA, effective January 2023. The Administrative Office of the Courts (AOC) estimates approximately \$2.4 million new revenue per biennium. Technical error was found in all previous forecasts since implementation of this law that doubled the amount of estimated revenue. This technical correction adjusts September 2023 forecast for future fiscal year to \$1.2 million per year and FY2023 reflects actual revenue collected (\$0.4 million).

Total Other Transportation Related revenues in the 2023-25 biennium are currently projected at \$376.7 million. This represents an increase of \$8.9 million, or 2.4 percent compared to June 2023 forecast. Ten-year (2022-2031) total revenue of 1.9 billion is \$31.49 million increase to the June 2023 Forecast.



## Ferry Ridership and Revenue (WSF)

### Overview

The fare revenue and ridership projections for Washington State Ferries are prepared using (1) systemwide econometric models to estimate overall demand by fare category, (2) autoregressive-integrated-moving average time series models to allocate monthly ridership demand across the 10 routes and seven fare categories, and (3) a set of spreadsheet models to assess vessel capacity constraints on ridership and calculate revenue projections. Ridership and revenues are estimated for the following seven fare categories.

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

In August 2023, the Washington State Transportation Commission (WSTC) adopted two fare increases for FY 2024 and FY 2025. The first will take place on October 1, 2023 and the second will occur on October 1, 2024. Both increases raise the passenger and vehicle/driver fares by 4.25% plus nickel rounding. At the same time, a temporary 1% additional discount to multi-ride passes will be implemented to dampen the fare increases experienced by frequent users. The temporary additional discount will expire on September 30, 2025. With no further fare increases assumed in the Baseline Forecast, fares are expected to slowly decline in real terms as a result of general price inflation after FY 2025.

Beginning in early March 2020, the COVID-19 pandemic negatively impacted ferry travel, with April 2020 ridership 73% lower than April 2019. Since then, ridership continues to slowly and sometimes erratically rebound, with growth at times constrained by reduced service levels due to ongoing staffing challenges and vessel availability. The September 2023 Forecast maintains the gradual service recovery assumptions used in the June 2023 forecast. Routes still in the process of service restoration include the Fauntleroy-Vashon-Southworth triangle route (full restoration targeting Spring 2024), the Seattle-Bremerton route (full restoration targeting Summer 2024), and the Anacortes-Sidney, B.C. route. The latter is assumed to remain out of operation until May 2030, with demand ramping up over three years.

The September Forecast incorporates actual ridership and revenue through August 2023. FY 2023 ridership was 6.3% higher than FY 2022, placing it at about 76% of pre-pandemic levels. In the first two months of FY 2024, actual ridership was 7.1% higher than the same period in FY 2023, or about 79% of pre-pandemic levels.

The recovery to pre-pandemic ridership levels remains stronger for vehicle/driver fares than for passenger fares. From June to August 2023, vehicle/driver ridership is at 86% of pre-pandemic levels compared to 74% for passenger fares. This is largely the result of the passenger frequent user (commuter) fare category, which continues to show limited recovery, reaching just over 31% of their 2019 levels in the last 3 months.

Over the past two decades, ridership levels within the passenger and vehicle/driver multi-ride fare categories preferred by commuters and frequent users, have been declining, in both absolute volumes and as percentage shares of total passengers and vehicles. A key factor contributing to this trend is an aging population base in ferry-served communities with increasingly more riders eligible for senior fares that offer a larger discount. Other longstanding contributing factors include technology improvements that facilitated growth in telecommuting, changes in the frequent user multi-ride fare media that make them

less severable/convenient for concurrent shared use by different riders, and more recently, the COVID-19 pandemic and its enduring shift to working from home.

Over the 20-year period from FY 2000 through FY 2019, the percentage share of all passengers traveling under a discounted, frequent user fare declined from nearly 46% to less than 19%. Over the same period, the share of drivers of vehicles traveling under a discounted, frequent user fare declined from nearly 47% to 34%. The COVID-19 pandemic has resulted in an extensive increase in telecommuting, accelerating the trends of the past two decades. Evidence of this is exhibited in the passenger frequent user “commuter” fares ridership, which had the steepest pandemic-related percentage decreases of all fare categories, down by over 88% in April 2020, and remains at 69% below pre-pandemic levels fiscal year-to-date. Many employers are expected to continue accommodating telecommuting and flexible work arrangements going forward. In recognition of enduring working from home trends and lack of rebound in passenger commuter fare ridership, the forecast models for multi-ride fare categories have been continuously refined to recognize how the pandemic has resulted in sustained changes to travel patterns.

As with recent forecasts, this forecast takes into consideration WSF’s gradual approach to restoring the pandemic-related service reductions in which additional service is being restored in stages. WSF’s service restoration plan is captured in the forecast process for service capacity by increasing the percentage of vessel-service days in a quarter until reaching full restoration to pre-pandemic service levels for most routes by July 1, 2024 (FY 2025). The September 2023 Forecast includes the following assumptions regarding service resumption, unchanged since the June forecast:

- The Point Defiance-Tahlequah, Anacortes-San Juan Island, Seattle-Bainbridge, Mukilteo-Clinton, and Edmonds-Kingston routes are already at normal service levels.
- The third vessel on the Fauntleroy-Vashon-Southworth triangle route is assumed to resume partial service in the Winter of 2024 (FY 2024) with 95% reliability anticipated by Spring 2024 (FY 2024) and full resumption by Summer 2024 (FY 2025).
- The second vessel on the Seattle-Bremerton route is assumed to begin added sailings in mid-Spring 2024 (FY 2024), with the route overall assumed to reach approximately 90% of sailings by Summer 2024 (FY 2025), and full resumption assumed by Fall 2024 (FY 2025).
- On the Port Townsend-Coupeville route, resumption of the second vessel normally added for the late Spring and Summer seasons is assumed to be postponed until May 2024 (FY 2024).
- Resumption of service on the Anacortes-Sidney, B.C. international route is assumed to be delayed until Summer 2030 (FY 2031), which will also add limited capacity to summer service in the San Juan Islands as a fifth vessel. Anacortes-Sidney, B.C. ridership demand is then expected to ramp up over a three-year period.

Overall, the September Baseline Forecast for ridership in the previous 2021-23 biennium is 0.4% lower than the June Forecast, with vehicle/driver fares virtually unchanged and passenger fares 0.7% lower. The current September 2023 forecast includes actual ridership and revenue collections through August 2023.

Total reported ridership for the most recent three months measured (June to August 2023) collectively fell short of the prior June 2023 forecast values by 6.6%. Passenger fares were 7.7% below forecast while vehicle/driver fares were 5.1% below forecast.

Ridership in the current 2023-25 biennium is forecast to be 4.1% lower than in the June 2023 forecast. For the rest of the forecast horizon (FYs 2026-33), the September fiscal year ridership projections range from 3.2% to 4.0% lower, relative to the June 2023 Baseline Forecast. Without the two biennial fare increases adopted by the Commission in August, 2023-25 biennium ridership would have been projected to be 3.1% lower, with subsequent fiscal year projections ranging from 1.5% to

2.3% lower. As such, the adopted fare increases are expected to reduce ridership by approximately 1.7%, or about one-third of the total forecast reduction.

Total reported fare and surcharge revenues for the most recent three months of collections (June through August 2023) averaged 7.0% lower than the prior forecast, and they comprise approximately 89% of the pre-pandemic fare revenue levels for the same three months in 2019. This share is higher than the corresponding pre-pandemic ridership share due to a stronger rebound in higher-fare vehicle traffic and general fare increases since the pandemic, though this represents a slight decline from the Spring months, when revenues were 90% of pre-pandemic levels.

Compared to the prior June 2023 forecast, 2021-23 biennium fare and surcharge revenues came in at 0.1% lower, with miscellaneous revenues 1.0% lower. Overall revenues for the previous biennium are expected to be 0.1% lower than the June forecast. In the current 2023-25 biennium, fare and surcharge revenues are projected to be 0.5% higher, while miscellaneous revenues are forecast to be 15.5% lower, compared to the June forecast. Total 2023-25 biennium revenues are expected to remain virtually unchanged from the June forecast, with lower demand projections offsetting the effects of forthcoming fare increases.

Beyond this biennium, biennia fare and surcharge revenue projections are expected to range from 4.5% to 5.2% higher relative to the June 2023 Baseline Forecast. Differences in the ridership and revenue percentage changes relative to the June 2023 forecast are attributed largely to the current biennium's fare increases as well as economic conditions that dampen ridership demand.

Miscellaneous revenue projections for the following four biennia range from 9.5% to 8.9% lower, with overall ferry revenues ranging from 4.1% to 4.7% higher through the 2031-33 biennium.

The elimination of youth fares starting October 1, 2022 is expected to decrease fare and surcharge revenue collections by \$8.0 million in the current 2023-25 biennium in the Baseline Forecast.

Total fare and miscellaneous revenues forecasted for the 2023-25 biennium amount to \$406.8 million, virtually unchanged from the previous forecast of \$406.7 million for the same period. Over 10 years (FYs 2024-33), ferry fare and miscellaneous revenues total \$2.25 billion, approximately 3.6% higher than the prior June 2023 forecast.

Since the COVID-19 pandemic, there have been material changes to the previous normal ferry ridership patterns, with total passenger fares lagging further behind pre-pandemic levels than vehicle/driver fares. Concurrently, WSF has been experiencing both planned service reductions and unplanned service disruptions as a result of staffing shortages and vessel availability issues. The duration and magnitude of these combined effects and how they will continue to impact ferry ridership, while becoming more apparent, remain uncertain. As such, the September 2023 Forecast projections, as well as the assumptions upon which they are based at the time of preparation, remain subject to an above average level of risk and uncertainty, which may cause actual results to vary from projections.

*Primary reasons for the changes in the September 2023 forecast:*

- Actual ridership for the first two months of FY 2024 has been lower than previously projected, in part due to continued below-normal service levels.
- The fare increases set for October 1 of this year and next dampen ridership projections while simultaneously boosting revenue projections.
- Among the economic and demographic forecast variables, factors dampening ridership projections include forecast period downward revisions to real gasoline prices and employment projections, the latter primarily suppressing

vehicle/driver ridership demand. Partially offsetting factors include higher real personal income and higher inflation projections, the latter of which results in relatively lower real fares (apart from the fare increases).

- The miscellaneous revenue forecasts have been revised lower over the forecast horizon, primarily due to reduced galley revenues related to WSF's continuing service challenges with vessels and crews, which directly impact the galley vendor's ability to do business, resulting in WSF granting concession fee waivers. Advertising revenues are also projected to be slightly lower in near-term, but the outlook for advertising revenues is good with new ad spaces at Colman Dock coming online late this year.

## Toll Revenue

### Overview

September 2023 Toll Traffic and Revenue (T&R) forecasts for five facilities are no-change forecasts from the June 2023 TRFC.

The methodology for the June 2023 forecast was similar to the ones applied since June 2020 and subsequent quarterly forecasts, with usage of actual data, as applicable. FY 2024 forecasts continue to be made on a month-by-month basis, to best administer the recovery growth in traffic and, for the ETLs, in average toll rates. Each toll facility is analyzed on its own, with the actual total traffic, average toll rate, and total revenue by month used as the key inputs.

Of note for the June 2023 forecasts:

- There were no new socio-economic data updates for June 2023 forecast.
- There were no new travel demand model runs for June 2023 forecast.
- FY 2023 forecast was based on preliminary estimates.
- The methodology was similar to the ones applied since June 2020 and subsequent forecasts, and assuming a different forecast pattern for each facility based on the observed trends.
- Each toll facility was analyzed on its own, with the actual total traffic, average toll rate, and total revenue by month used as the key inputs.
- The escalation of unpaid toll bills pending new Backoffice system (BOS) acceptance started in March 2023. A higher number of late payment fees were received at the end of FY 2023, and higher revenues are anticipated to continue through the first quarter of FY 2024.
- As the backlog of unpaid transactions continued through to notice of civil penalties Accounting and Financial Services (AFS) adjusted civil penalty fee earnings in the end of FY 2023 resulting in negative revenues, which is subject to year-end audit validation. As civil penalty fee revenue attributed to the backlog in escalated toll bills is paid, the earnings will be reflected in FY 2024.
- Miscellaneous Revenue: assumed interest rates are unchanged from previous forecasts, total interest earnings are updated to align with current account balances that align with reported interest earnings data. SR 99 Miscellaneous Revenue includes construction settlement and interest earned on delayed settlement payment.

### **Recent Actuals May through April 2023 versus June 2023 TRFC Forecast**

Figure 12 provides May through August 2023 T&R performance in comparison to the June 2023 Forecast. Combined actual four-month, May through August 2023 toll transactions (August toll transactions are based on preliminary estimate) were 1.3 percent above the June 2023 Forecast. As escalation is progressing, backlogged unpaid transactions were transitioned to NOCP, so June through August 2023 toll revenues were impacted by reversed toll revenue eligible to be reprocessed as CP revenues. As a result, combined toll revenues were 9.0 percent or \$6.4 million below the June 2023.

**Figure 12: May through August 2023 - Toll Transactions and Revenue Performance vs June 2023 Forecast (millions)**

Toll Facility	Toll Transactions <sup>1</sup>						Adjusted Gross Toll Revenue <sup>2</sup>					
		May-23	June-23	July-23	August-23	May thru August 2023		May-23	June-23	July-23	August-23	May thru August 2023
TNB	Forecasted Transactions	1,398	1,398	1,405	1,456	5,657	Forecasted Toll Revenue	\$6,522	\$6,527	\$6,578	\$6,821	\$26,448
	Reported Transactions	1,405	1,410	1,455	1,472	5,742	Reported Toll Revenue	\$6,747	\$5,756	\$5,454	\$7,007	\$24,963
	Variance From Forecast	0.007	0.012	0.050	0.016	0.085	Variance From Forecast	\$0,225	-\$0,771	-\$1,124	\$0,186	-\$1,485
	Variance - % Change	0.5%	0.9%	3.6%	1.1%	1.5%	Variance - % Change	3.4%	-11.8%	-17.1%	2.7%	-5.6%
SR 520	Forecasted Transactions	1,904	1,772	1,750	1,880	7,306	Forecasted Toll Revenue	\$6,012	\$5,383	\$6,266	\$6,731	\$24,392
	Reported Transactions	1,884	1,889	1,554	1,643	6,970	Reported Toll Revenue	\$6,012	\$5,201	\$3,821	\$6,041	\$21,076
	Variance From Forecast	-0.020	0.117	-0.196	-0.237	-0.336	Variance From Forecast	\$0,000	-\$0,182	-\$2,445	-\$0,690	-\$3,316
	Variance - % Change	-1.0%	6.6%	-11.2%	-12.6%	-4.6%	Variance - % Change	0.0%	-3.4%	-39.0%	-10.2%	-13.6%
I-405	Forecasted Transactions	0,846	0,882	0,746	0,859	3,333	Forecasted Toll Revenue	\$2,330	\$2,347	\$1,926	\$2,221	\$8,824
	Reported Transactions	0,834	0,879	0,774	0,897	3,384	Reported Toll Revenue	\$2,330	\$2,179	\$0,898	\$2,142	\$7,549
	Variance From Forecast	-0,012	-0,003	0,028	0,038	0,051	Variance From Forecast	\$0,000	-\$0,168	-\$1,028	-\$0,079	-\$1,275
	Variance - % Change	-1.4%	-0.4%	3.8%	4.4%	1.5%	Variance - % Change	0.0%	-7.2%	-53.4%	-3.6%	-14.5%
SR 167	Forecasted Transactions	0,160	0,157	0,150	0,183	0,650	Forecasted Toll Revenue	\$0,339	\$0,335	\$0,343	\$0,513	\$1,530
	Reported Transactions	0,160	0,169	0,158	0,167	0,653	Reported Toll Revenue	\$0,411	\$0,505	\$0,398	\$0,465	\$1,780
	Variance From Forecast	0,000	0,012	0,008	-0,016	0,003	Variance From Forecast	\$0,072	\$0,170	\$0,055	-\$0,048	\$0,250
	Variance - % Change	-0.1%	7.6%	5.3%	-8.8%	0.5%	Variance - % Change	21.3%	50.8%	16.2%	-9.3%	16.3%
SR 99	Forecasted Transactions	1,490	1,360	1,413	1,449	5,712	Forecasted Toll Revenue	\$2,879	\$2,489	\$2,534	\$2,600	\$10,502
	Reported Transactions	1,511	1,551	1,568	1,583	6,213	Reported Toll Revenue	\$2,879	\$2,340	\$1,750	\$2,917	\$9,886
	Variance From Forecast	0,021	0,191	0,155	0,134	0,501	Variance From Forecast	\$0,000	-\$0,149	-\$0,784	\$0,317	-\$0,616
	Variance - % Change	1.4%	14.0%	11.0%	9.3%	8.8%	Variance - % Change	0.0%	-6.0%	-30.9%	12.2%	-5.9%
Total	Forecasted Transactions	5,798	5,569	5,464	5,827	22,658	Forecasted Toll Revenue	\$18,082	\$17,081	\$17,647	\$18,886	\$71,696
	Reported Transactions	5,794	5,898	5,510	5,762	22,963	Reported Toll Revenue	\$18,379	\$15,980	\$12,322	\$18,572	\$65,253
	Variance From Forecast	-0,004	0,329	0,046	-0,065	0,305	Variance From Forecast	\$0,297	-\$1,101	-\$5,325	-\$0,314	-\$6,443
	Variance - % Change	-0.1%	5.9%	0.8%	-1.1%	1.3%	Variance - % Change	1.6%	-6.4%	-30.2%	-1.7%	-9.0%

Notes:

<sup>1</sup> August 2023 Toll Transactions are stated based on preliminary estimate.

<sup>2</sup> As escalation is progressing, eligible unpaid backlogged transactions were transitioned to NOCP, June through August 2023 toll revenue were impacted by reversed toll revenue that is reprocessed as CP revenue.

**Summary of September 2023 Forecast Results**

September 2023 T&R forecast is a no-change forecast from the June 2023 TRFC. Figure 13 provides summary comparison between June 2023 and March 2023 (which was a no change forecast from Baseline November 2022 TRFC) forecast results.

Some highlights of June 2023 forecasts include:

- Current Biennium (FY 2022 and FY 2023) total toll revenue and fees are estimated to be \$468.0 million, higher than the March 2023 Forecast by \$75.6 million (or 19.3 percent). The primary increase is the result of FY 2023 SR 99 construction settlement received funds in miscellaneous revenue line.
- Next Biennium (FY 2024 and FY 2025) total toll revenue and fees of \$483.3 million are slightly below the March 2023 Forecast by \$6.1 million (or 1.2 percent) primarily due to SR 520 Adjusted Toll Revenue reduction.
- The following biennia total toll revenue and fees are above the March 2023 Forecast by 0.62 percent to 0.98 percent per biennium.
- Ten-year (2022-2031) toll revenue and fees of 2,645 million are \$83.3 million (or 3.3 percent) increase to the March 2023 Forecast.

**Figure 13: Revenue Comparison – September 2023/June 2023 vs March 2023 Forecast (\$ millions)**

	Toll Facility	FY 2022	FY 2023	2021-23 Biennium	2023-25 Biennium	2025-27 Biennium	2022-31 Ten-Year	2024-33 Ten-Year
September/June 2023 TRFC	TNB	\$83.486	\$76.757	\$160.243	\$155.613	\$158.939	\$802.061	\$725.700
	SR 520	\$60.828	\$67.098	\$127.926	\$183.506	\$206.850	\$965.339	\$1078.790
	I-405 ETLs	\$15.410	\$26.732	\$42.142	\$63.756	\$83.340	\$390.910	\$456.371
	SR 167 ETLs	\$3.738	\$4.492	\$8.230	\$14.394	\$18.249	\$87.452	\$107.513
	SR 99	\$22.367	\$107.049	\$129.416	\$66.039	\$66.764	\$399.254	\$341.187
	<b>Total Revenue &amp; Fees</b>	<b>\$185.829</b>	<b>\$282.128</b>	<b>\$467.957</b>	<b>\$483.308</b>	<b>\$534.142</b>	<b>\$2645.016</b>	<b>\$2709.561</b>
Changes from March 2023 TRFC	TNB	\$0.000	-\$1.500	-\$1.500	\$0.073	\$0.022	-\$1.390	\$0.098
	Total % Change	0.0%	-1.9%	-0.9%	0.0%	0.0%	-0.2%	0.0%
	SR 520	\$0.000	-\$5.015	-\$5.015	-\$11.702	\$1.030	-\$13.851	-\$7.950
	Total % Change	0.0%	-7.0%	-3.8%	-6.0%	0.5%	-1.4%	-0.7%
	I-405 ETLs	\$0.000	\$3.922	\$3.922	\$0.907	\$0.242	\$5.643	\$1.966
	Total % Change	0.0%	17.2%	10.3%	1.4%	0.3%	1.5%	0.4%
	SR 167 ETLs	\$0.000	-\$0.995	-\$0.995	-\$0.825	\$0.081	-\$1.572	-\$0.500
	Total % Change	0.0%	-18.1%	-10.8%	-5.4%	0.4%	-1.8%	-0.5%
	SR 99	\$0.000	\$79.186	\$79.186	\$5.472	\$3.817	\$94.488	\$17.390
	Total % Change	0.0%	284.2%	157.6%	9.0%	6.1%	31.0%	5.4%
<b>All Toll Facilities</b>	<b>\$0.000</b>	<b>\$75.598</b>	<b>\$75.598</b>	<b>-\$6.075</b>	<b>\$5.192</b>	<b>\$83.318</b>	<b>\$11.004</b>	
Total % Change	0.0%	36.6%	19.3%	-1.2%	1.0%	3.3%	0.4%	

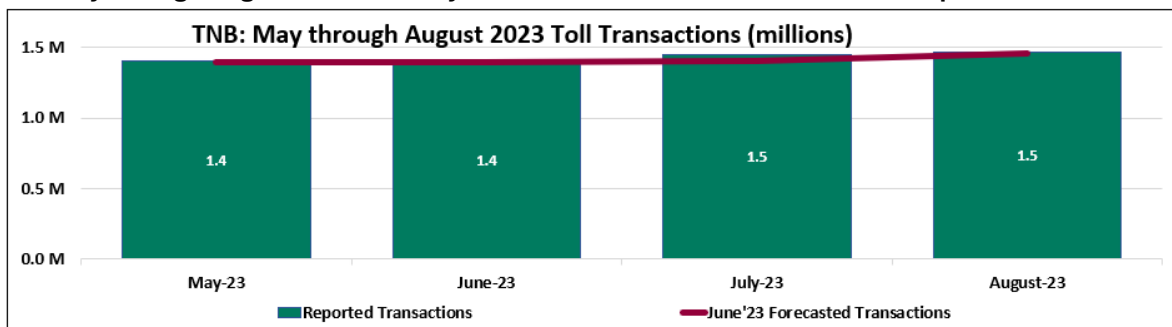
**Updates to Tacoma Narrows Bridge (TNB) toll traffic and revenues**

Tacoma Narrows Bridge (TNB) toll traffic and revenue forecast for September 2023 is no-change forecast from June 2023 TRFC.

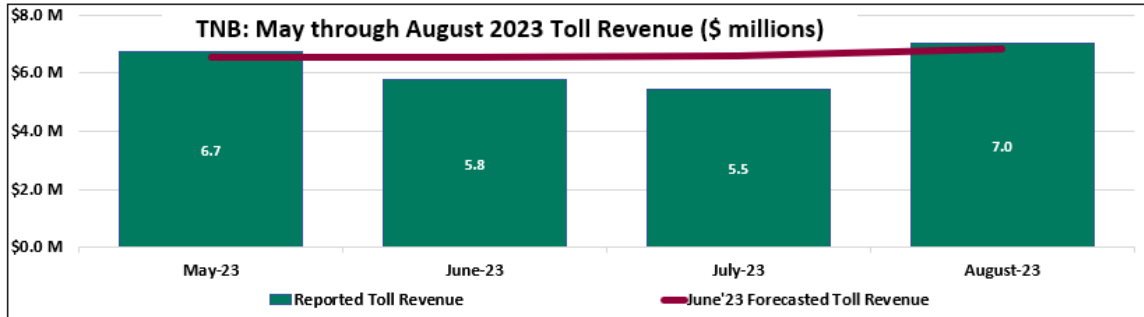
TNB four-month toll transactions (August toll transactions are based on preliminary estimate) were 1.5 percent above the June 2023 Forecast. As escalation is progressing, backlogged unpaid transactions were transitioned to NOCP, so June through August 2023 toll revenue were impacted by reversed toll revenue eligible to be reprocessed as CP revenues. As a result, combined toll revenues were 5.6 percent or \$1.5 million below the June 2023.

Figure 14 below provides May 2023 through August 2023 monthly Toll Transactions and Reported Toll Revenue performances in comparison to the June 2023 forecast.

**Figure 14: TNB May through August 2023 monthly Toll Traffic and Revenue actuals in comparison to June 2023 forecasts**



Note: August 2023 monthly transactions are stated based on preliminary estimates



The facility’s total revenue and fees in 2021-23 Biennium are estimated to be \$160.2 million are \$1.5 million (or 0.9 percent) lower in comparison to the March 2023 which was a no-change from Baseline November 2022 Forecast. Ten-year period (FY 2024 to FY 2033) total revenue and fees of \$725.7 million is \$0.1M above November 2022 Baseline Forecast, (Figure 13).

The forecast assumes that the TNB toll collection will cease by the end of FY 2032.

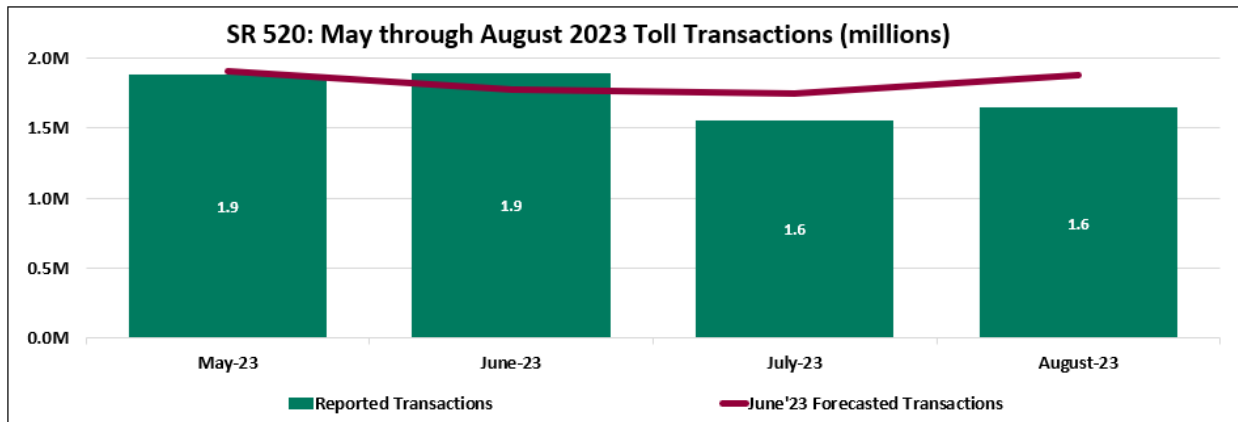
**Updates to SR 520 Toll Bridge toll traffic and revenues**

SR 520 Bridge toll traffic and revenue forecast for September 2023 is a no-change forecast from June 2023 TRFC.

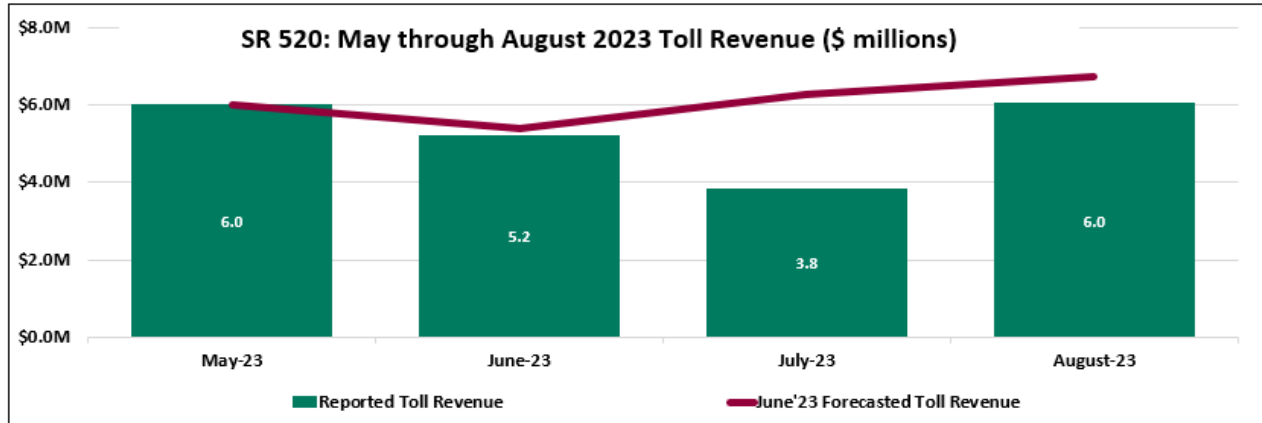
SR 520 four-month toll transactions (August toll transactions are based on preliminary estimate) were 4.6 percent below the June 2023 Forecast. As escalation is progressing, backlogged unpaid transactions were transitioned to NOCP, so June through August 2023 toll revenue were impacted by reversed toll revenue eligible to be reprocessed as CP revenues. As a result, combined toll revenues were 13.6 percent or \$3.3 million below the June 2023.

Figure 15 below provides May 2023 through August 2023 monthly Toll Transactions and Reported Toll Revenue performances in comparison to the June 2023 forecast.

**Figure15: SR 520 May through August 2023 monthly Toll Traffic and Revenue actuals in comparison to June 2023 forecasts**



*Note:* August 2023 monthly transactions are stated based on preliminary estimates



Total SR 520 revenue and fees in the Current Biennium are forecasted to be \$127.9 million, a decrease of \$5.0 million (or 3.8 percent) to the March 2023 Forecast, which was a no-change from Baseline November 2022 Forecast. The ten-year total revenue and fees (FY 2024 to FY 2033) are estimated to be \$1.08 billion, are 0.7 percent, or \$8.0 million below the March 2023 Forecast value of \$1.09 billion (Figure 13). Lower toll revenue in the near-term is partially offset by greater assumed miscellaneous revenues, primarily from interest earnings. Interest earnings for FY 2023 are based on preliminary estimates.

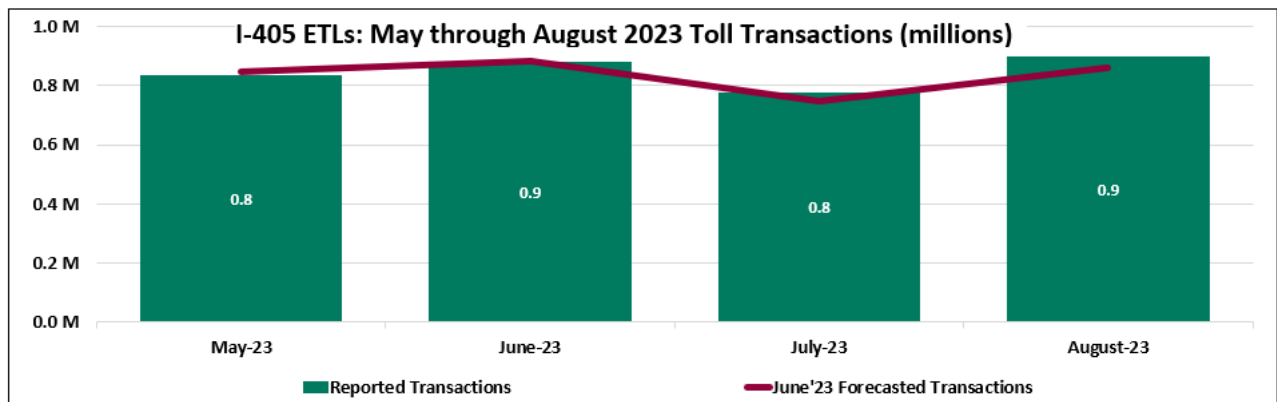
**Updates to I-405 Express Toll Lanes (ETLs) toll traffic and revenues**

I-405 Express Toll Lanes toll traffic and revenue forecast for September 2023 is no-change forecast from June 2023 TRFC.

I-405 ETLs four-month toll transactions (August toll transactions are based on preliminary estimate) were 1.5 percent above the June 2023 Forecast. As escalation is progressing, backlogged unpaid transactions were transitioned to NOCP, so June through August 2023 toll revenue were impacted by reversed toll revenue eligible to be reprocessed as CP revenues. As a result, combined toll revenues were 14.5 percent or \$1.3 million below the June 2023.

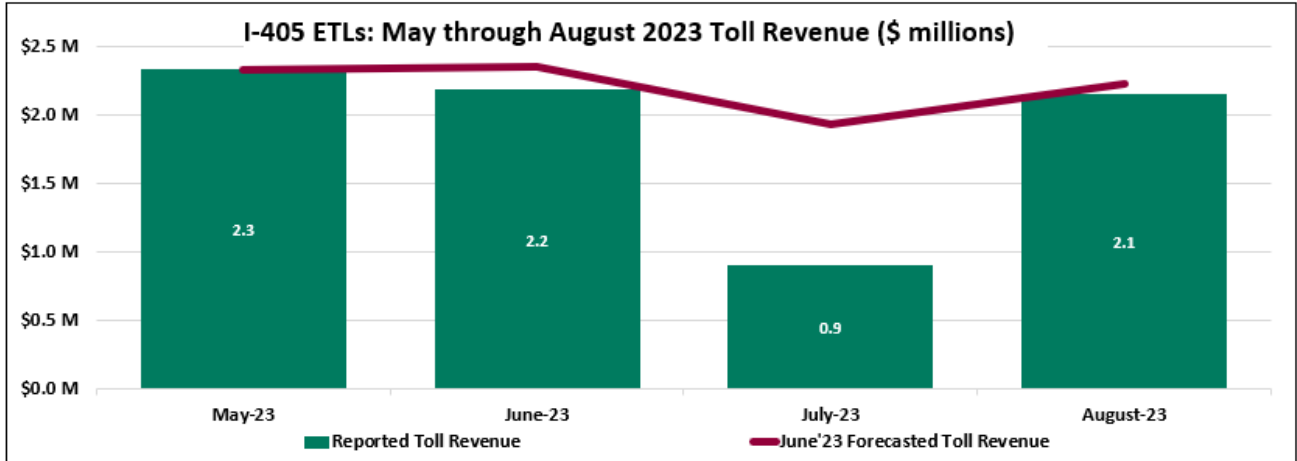
Figure 16 below provides May 2023 through August 2023 monthly Toll Transactions and Reported Toll Revenue performances in comparison to the June 2023 forecast.

**Figure 16: I-405 ETLs May through August 2023 monthly Toll Traffic and Revenue actuals in comparison to June 2023 forecasts**



Note: August 2023 monthly transactions are stated based on preliminary estimates





The facility’s total revenue and fees in 2021-23 Biennium are estimated to be \$42.1 million which are \$3.9 million (or 10.3 percent) higher in comparison to the March 2023 forecast, which was a no-change from Baseline November 2022 Forecast. Ten-year period (FY 2024 to FY 2033) total revenue and fees of \$456.37 million are \$2.0 million (or 0.4 percent) increase to the March 2023 Forecast, (Figure 13). Interest earnings for FY 2023 are based on preliminary estimates. Miscellaneous revenues are not forecasted beyond the current fiscal year for I-405 due to variability in facility account balances used to estimate future interest earnings.

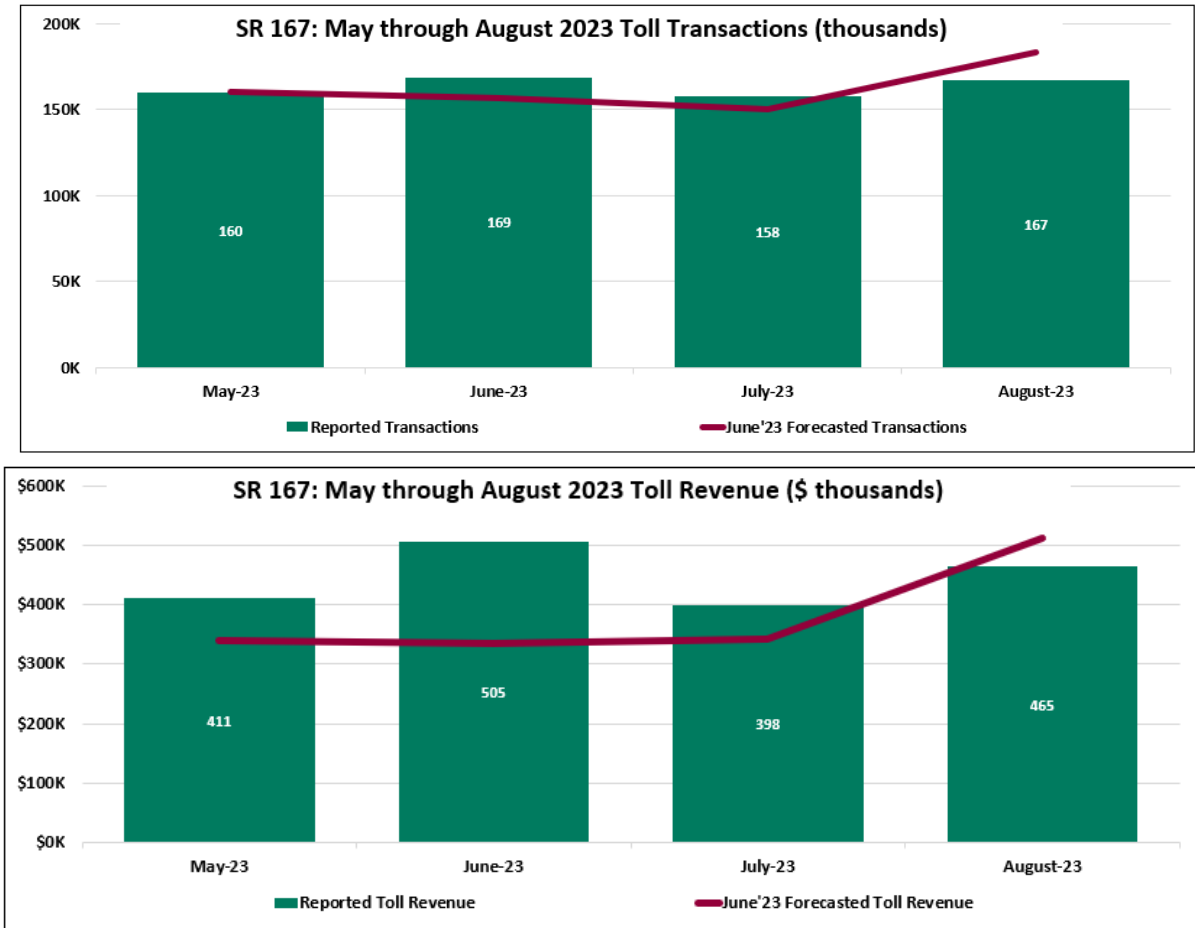
**Updates to SR 167 Express Toll Lanes (ETLs) toll traffic and revenues**

SR 167 Express Toll Lanes toll traffic and revenue forecast for September 2023 is no-change forecast from June 2023 TRFC.

SR 167 ETLs four-month toll transactions were 0.5 percent above the June 2023 Forecast. All data centers resumed full functionality by the end of summer, while the forecast had more conservative assumptions. As a result, May through August 2023 toll revenue was 16.3 percent or \$0.2 million above June 2023 forecast.

Figure 17 below provides May 2023 through August 2023 monthly Toll Transactions and Reported Toll Revenue performances in comparison to the June 2023 forecast.

**Figure 17: SR 167 ETLs May through August 2023 monthly Toll Traffic and Revenue actuals in comparison to June 2023 forecasts**



In the Current Biennium the forecast anticipates total revenue and fees to be \$8.2 million, which is \$1.0 million (or 10.8 percent) reduction to the March 2023, which was a no-change from Baseline November 2022 Forecast. Next Biennium (FY 2024 and FY 2025) total toll revenue and fees of \$14.4 million are \$0.8 million (or 5.4 percent) reduction. The ten-year (FY 2024 to FY 2033) revenue and fees are estimated to be \$107.5 million, which is \$0.5 million (or 0.5 percent) below the November 2022 Forecast (Figure 13).

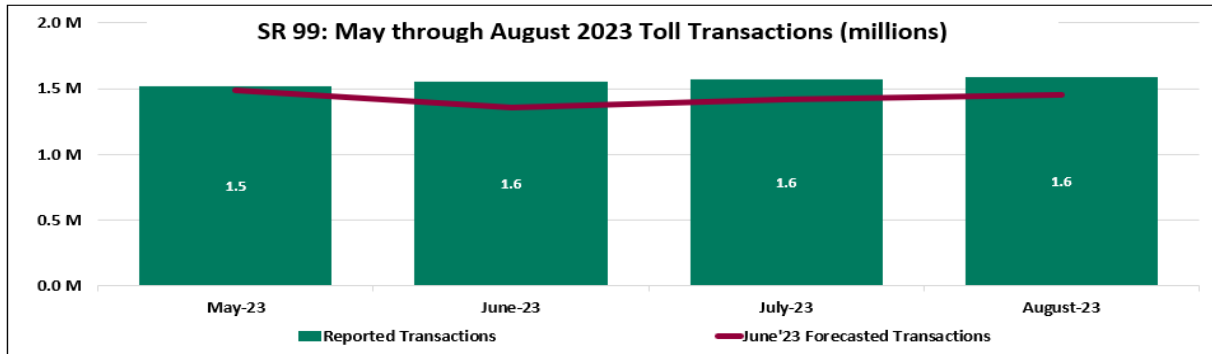
**Updates to SR 99 Tunnel toll traffic and revenues**

SR 99 Tunnel toll traffic and revenue forecast for September 2023 is a no-change forecast from June 2023 TRFC.

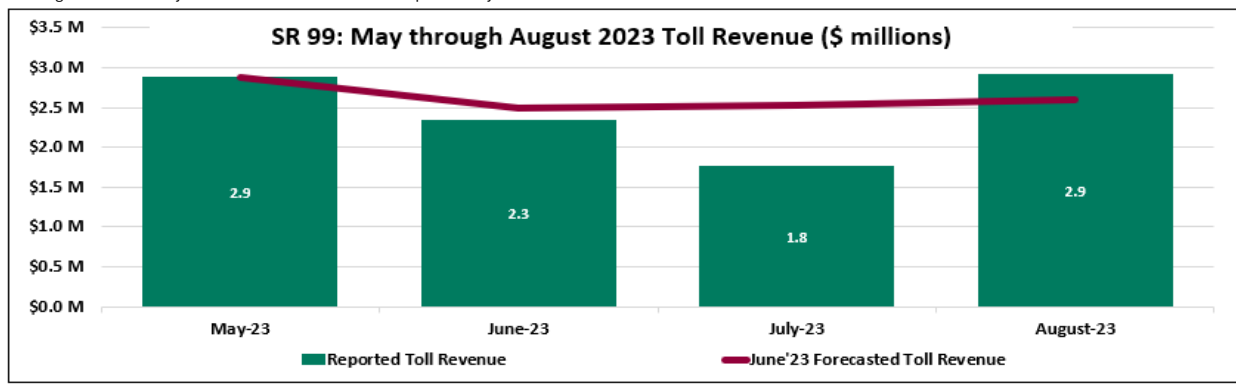
SR 99 four-month toll transactions (August toll transactions are based on preliminary estimate) were 8.8 percent above the June 2023 Forecast. As escalation is progressing, backlogged unpaid transactions were transitioned to NOCP, so June through August 2023 toll revenue were impacted by reversed toll revenue eligible to be reprocessed as CP revenues. As a result, combined toll revenues were 5.9 percent or \$0.6 million below the June 2023.

Figure 18 below provides May 2023 through August 2023 monthly Toll Transactions and Reported Toll Revenue performances in comparison to the June 2023 forecast.

**Figure 18: SR 99 May through August 2023 monthly Toll Traffic and Revenue actuals in comparison to June 2023 forecasts**



Note: August 2023 monthly transactions are stated based on preliminary estimates



In the Current Biennium the forecast anticipates total revenue and fees to be \$129.4 million, an increase of \$79.2 million (157 percent) from the March 2023 Forecast, which was a no-change from Baseline November 2022 Forecast. The ten-year (FY 2024 to FY 2033) total revenue and fees are estimated to be \$341.2 million, an increase of \$17.4 million (5.4 percent) to the March 2023 Forecast, (Figure 13). The primary increases are the result of miscellaneous revenue from liquidated damages, including payment of construction-related settlements, higher interest earnings from a larger account balance and higher reported interest rates. Interest earnings for FY 2023 are based on preliminary estimates. The construction settlement related funds are excluded from estimations on future year interest earnings, which is included in the June 2023 forecast for the first time for SR 99 as fund balances have stabilized with the completion of construction.

## Federal Funds Revenue

### **Overview**

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.

On November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act (IIJA), a \$1.2 trillion investment in transportation and other types of infrastructure (including energy, water, and broadband). Nationwide, this represents a \$550 billion increase in federal government spending above baseline funding levels. The foundation of the IIJA is a new five-year authorization of the federal Surface Transportation Program to replace the recently expired Fixing America's Surface Transportation (FAST) Act. The IIJA authorizes \$567 billion in spending authority for all transportation programs over five years, an increase of \$274 billion (more than 48 percent) above FAST Act baseline spending levels. In addition, the bill broadens eligibility criteria for many existing programs and establishes within the U.S. Department of Transportation (USDOT) alone at least two dozen new formula and discretionary (competitive) grant programs targeting key priorities, including but not limited to, resiliency, sustainability, equity, and safety.

### **FHWA – Highways Forecast**

- The total highway apportionment for Washington state for FFY 2022 was \$1,073.9 million. This reflects actual apportionment distributions for FFY 2022.
- The September 2023 apportionment forecast will be based on FHWA Notices N4510.870, N4510.871, N4510.872 and N4510.873.
- FFY 2024 through 2026 will assume an annual growth rate of 2 percent which is consistent with the US funding levels set forth in the IIJA. The current total apportionment estimate for FFY 2022 is \$1,453 million.
- The baseline forecast for FFY 2027 through FFY 2031 will assume an annual growth of federal revenues matching the annual Washington State fuel consumption growth rates.

### **Obligation Authority (OA) Forecast**

- Obligation authority (OA) (a.k.a. spending authority or obligation limitation) is the ceiling or total amount of commitments of federal apportionment that can be made within a year. Congress sets this ceiling or limit as part of the federal appropriation bills to control federal expenditures annually.
- The September 2023 CORE OA for FFY 2022 has been reconciled to actual OA distributions and is \$1,005.6 million which includes distributions for Discretionary items, Other Allocated programs as well as Ferry Boat/Terminals distributions.
- Total OA forecast for FFY 2023 and throughout the forecast horizon will be set at 98 percent of apportionment, which is consistent with historical Washington State OA distributions.
- The methodology used to split the formula OA distributions between the State Programs and the Local Programs was modified in the June 2018 forecast.

### **Rescission of FAST ACT Funds**

- The 2020 rescission of unobligated apportionment was eliminated with subsequent continuing resolutions.

### **Allocations of IIJA Funds Forecast:**

When new federal transportation authorization laws are enacted, Washington state has a tradition of convening a work group to make recommendations on future distributions of federal-aid highway formula program funding to state and local governments. This year, the 2023 Supplemental Transportation Budget directed the Joint Transportation Committee to convene this Work Group. The Work Group met three times in June and July 2022.

### **Summary of funding split decisions for the five-year IIJA authorization**

Attached to this memo is a chart summarizing the five-year average split percentages for the five-year authorization of the IIJA (FFY 2022-2026). Those splits are described in more detail below.

**National Highway Performance Program -**

- Retain similar splits as FAST Act which was also assumed in the Move Ahead Washington allocation– 87 percent state/13 percent, local.
- The local share is to be administered through the NHS Asset Management Program administered through the WSDOT Local Programs Office

**Surface Transportation Block Grant program –**

- Maintain FFY 2022 and FFY 2023 at the Move Ahead Washington identified split (28 state/72 percent local)
- For FFY 2024 – FFY 2026, the split is revised to 16 percent state/84 percent local to effectively provide the historic split of 21 percent state/79 percent local, over the course of the five years.

**Highway Safety Improvement Program –**

- No change from FAST Act distribution – continue to allocate funds based on updated crash data to support the Target Zero statewide safety plan – FFY 2022 data reflects split 30 percent state/70 percent local.

**Congestion Mitigation & Air Quality (CMAQ) Program –**

- No change from FAST Act – continue to allocate funds to the five eligible Metropolitan Planning Organizations to help meet the requirements of the federal Clean Air Act– 100 percent local.

**Bridge Replacement Program (NEW)**

- Maintain FFY 2022 and FFY 2023 at the Move Ahead Washington identified splits (85 percent state/15 percent local).
- For FFY 2024 – FFY 2026, the split is revised to 46 percent state/54 percent local to effectively provide an average split of 61 percent state/39 percent local, over the course of the five years.
- The local share is to be administered through the Local Bridge grant program administered by the WSDOT Local Programs Office
- The maximum funding cap for local bridges is raised to \$25M.
- Non-federal match for local off-system bridges will not be required by the state.

**National Highway Freight Program –**

- Retain current splits (50 percent state/50 percent local) as identified in Move Ahead Washington to ensure that Washington’s Freight System Plan can be submitted to the Federal Highway Administration for approval by the federal October 2022 deadline.

**Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation Program (PROTECT) –**

- For FFY 2022 no change to Move Ahead Washington allocation (100 percent state).
- For FFY 2023-2026, \$25m set aside for tribal resiliency projects.  
Remaining \$75m shall be directed to local fish passage projects (over 4 years). o The Brian Abbot Fish Barrier Removal Board shall facilitate the project selection process. The Board shall work with WSDOT Local Programs to ensure that project selection criteria is consistent with federal requirements.
- WSDOT Local Programs shall administer funding for all projects awarded PROTECT funds.

**National Electric Vehicle Program –**

- New IIJA program – funds are provided 100 percent to the state.

**Carbon Reduction Program -**

- New IIJA program funds are split 35 percent state/65 percent local.

**FHWA Penalties:**

The September 2023 federal forecast incorporates two FHWA penalties for prior years, which Washington State was subject to.

- The Section 164 Penalty – FHWA has determined that Washington State is not in compliance with section 164 of title 23, United States Code, the Minimum Penalties for Repeat Offenders for Driving While Intoxicated or Driving Under the Influence. This penalty amounts to 2.5 percent of the National Highway Performance Program and Surface Transportation Block Grant Program apportionments annually. These funds are reserved for release for use on eligible Highway Safety Improvement Program activities or transfer to the States’ 402 Safety Programs pending the outcome of the administrative and “general practice” certification review processes.

### **COVID 19 Stimulus Funds:**

**The Coronavirus Aid, Relief, and Economic Security (CARES) Act** (P.L. 116-136) created a Coronavirus Relief Fund (CRF) which provides \$150 billion to state, local, territorial, and tribal governments. The CRF provides \$150 billion for expenditures incurred due to the COVID-19 public health emergency. The November, November and June 2021 federal apportionment forecasts include an estimated CRF distribution to Washington State for ferries and public transportation. This CRF estimate does not include fund distributions made directly to King, Pierce, Snohomish, and Spokane counties.

The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) was signed by President Trump on December 27, 2020, making consolidated appropriations for the fiscal year ending November 30, 2021, providing coronavirus emergency response and relief. This act made modifications to existing COVID-19 relief legislation and provided additional appropriations for the expenditure of federal COVID-19 pandemic relief funds. The November, November and June 2021 Forecasts include funds made available to WSDOT through this CRRSAA Act of \$168 million.

**The America Rescue Plan Act of 2021 (ARPA) was signed into law by President Biden on March 11, 2021.** The ARPA provides an estimated \$1.9 trillion in stimulus to aid in the COVID-19 pandemic. This February 2022 Federal Highway forecast includes \$400 Million in ARPA funds intended for Fish Barrier projects. The February 2022 federal highway forecast will include \$400 million of ARPA funds that is for Fish Barrier projects.

## **FTA - Public Transportation Federal Funds**

### *Overview*

In addition to the FHWA formula and non-formula programs governed by the Infrastructure Investment and Jobs Act (IIJA), the Federal Transit Administration also provides program allocations to Washington for a variety of transit projects. The IIJA authorize \$91.2 billion for FFY 2022-2026 for public transportation programs nationwide.

WSDOT each quarter forecasts the federal funds for public transportation programs. The September 2023 Public Transportation federal funds forecast reflects actual apportionments for FY 2022 and FY 2023 including CARES, CRRSAA, and ARPA funds. It also reflects increased funding levels provided under the IIJA for those years. An annual growth rate of 2 percent is assumed for FY 2024 through FY 2026. For the 2021-23 Biennium, WSDOT received \$58.6 million in FTA apportionments. For the next 2023-25 Biennium, \$61.0 million is anticipated in new apportionments.

### **FTA – Washington State Ferries (WSF) Federal Funds**

WSF receives significant federal assistance through the public transportation program administered by the Department of Transportation’s Federal Transit Administration (FTA). The federal public transportation program is authorized from FFY 2022 through FFY 2026 as part of the IIJA which was signed into law on November 15, 2021.

## ***WSF Federal Apportionment Funds Forecast***

Washington State's level of FTA apportionment for FFY 2023 is distributed based on the most recent Puget Sound Regional Council (PSRC) split letter. This letter shows the amount of formula funding received by all eligible recipients, including WSF. The September 2023 WSF federal forecast reflects the current split letter released by PSRC for FFY 2023. It does not yet include a formula allocation of the new PSRC Equity Set-aside which has not yet been distributed by the PSRC. FFYs 2024 - 2026 assume an annual growth rate of 2 percent which is consistent with the funding levels set forth in the IIJA. FFY 2027 thru FFY 2033 forecast of FTA apportionments assume revenue growth matching the annual Washington State fuel consumption growth rates.

The IIJA has significantly changed WSF's apportionment of FTA formula funds. The distribution to WSF increased from \$13.2 million in FFY 2021 to \$21.2 million in FFY 2022 - an increase of \$8.0 million. Using the current PSRC split letter's allocation of funds to WSF and assumed growth rates, WSF's annual funding from this source is projected to increase each year reaching \$24.3 million in FFY 2033. The September 2023 forecast reflects the actual split letter for 2023 while the projected annual Washington State fuel consumption growth rates in September 2023 have been updated from September 2023.

## APPENDIX

### 2022 Transportation Packet (ESSB 5974) New/Incremental Revenues by Fee Type September 2023 vs. June 2023 forecast

Move Ahead WA (26P) by Fee	2021-2023			2023-2025			10-Year-Period (22-31)		
	September 2023	June 2022	Change	September 2023	June 2022	Change	September 2023	June 2022	Change
Plate original from \$10 to \$50 *Includes Motorcycle Plates All changes have been saved	43.87	55.45	-20.9%	101.50	117.56	-13.7%	456.95	515.98	-11.4%
Plate replacement from \$10 to \$30 *Includes Motorcycle Plates	28.05	33.08	-15.2%	56.75	66.32	-14.4%	266.83	295.90	-9.8%
Dealer Temp from \$15 to \$40	7.66	20.30	-62.3%	37.17	41.13	-9.6%	165.92	179.65	-7.6%
DOL service fee for trucks from \$0.00 to \$0.50*	0.09	0.34	-75.0%	1.50	1.88	-20.0%	6.84	8.13	-16.0%
License Plate Tech fee for trucks from \$0.00 to \$0.25*	0.04	0.17	-75.0%	0.75	0.94	-20.0%	3.42	4.07	-15.9%
Stolen Vehicle Fee from \$15 to \$35**	12.67	15.70	-19.3%	30.37	32.59	-6.8%	196.69	213.63	-7.9%
<b>Subtotal Move Ahead WA (26P)</b>	<b>92.38</b>	<b>125.05</b>	<b>-26.1%</b>	<b>228.04</b>	<b>260.42</b>	<b>-12.4%</b>	<b>1,096.65</b>	<b>1,217.36</b>	<b>-9.9%</b>
Move Ahead WA Flexible (26Q) by Fee	2021-2023			2023-2025			10 Year Total		
	September 2023	June 2022	Change	September 2023	June 2022	Change	September 2023	June 2022	Change
EDL/EID from \$4 to \$7 per year	5.12	6.21	-17.6%	15.59	20.26	-23.0%	83.18	88.94	-6.5%
ADR from \$13 to \$17 and \$19 in FY30	3.14	3.22	-2.7%	8.83	9.40	-6.1%	49.01	51.79	-5.4%
DL/ID replacement from \$10 to \$20	1.45	1.47	-1.5%	4.07	3.98	2.2%	18.09	17.73	2.0%
<b>Subtotal Move Ahead WA Flexible (26Q)</b>	<b>9.70</b>	<b>10.90</b>	<b>-11.0%</b>	<b>28.49</b>	<b>33.65</b>	<b>-15.3%</b>	<b>150.28</b>	<b>158.46</b>	<b>-5.2%</b>
Aviation Fuel Tax (Fund 039)	2021-2023			2023-2025			10 Year Total		
	September 2023	June 2022	Change	September 2023	June 2022	Change	September 2023	June 2022	Change
Aviation fuel tax from \$.11 to \$.18 per gallon	2.67	1.49	78.5%	5.25	3.34	57.1%	22.19	15.06	47.3%
<b>Total New Revenue from ESSB 5974</b>	<b>104.75</b>	<b>137.45</b>	<b>-23.8%</b>	<b>261.78</b>	<b>297.41</b>	<b>-12.0%</b>	<b>1,269.12</b>	<b>1,390.88</b>	<b>-8.8%</b>

\* Included technical cleanup bill ESHB 1853 (2023) resulted in all trucks being a subject to DOL service fee (\$0.50) and Licence plate technology fee (\$0.25)

\*\*Stolen Vehicle Check Fee from \$15 to \$50 and from \$50 to \$75 in FY2027 (26P fund, forecasted by WADOT)



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