

# **Transportation Revenue Forecast Council**

## **June 2021 Transportation Economic and Revenue Forecasts**

### **Volume I: Summary**

# Washington Transportation Economic and Revenue Forecast June 2021 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.

## June 2021 Transportation Forecast Overview

### Forecast Overview

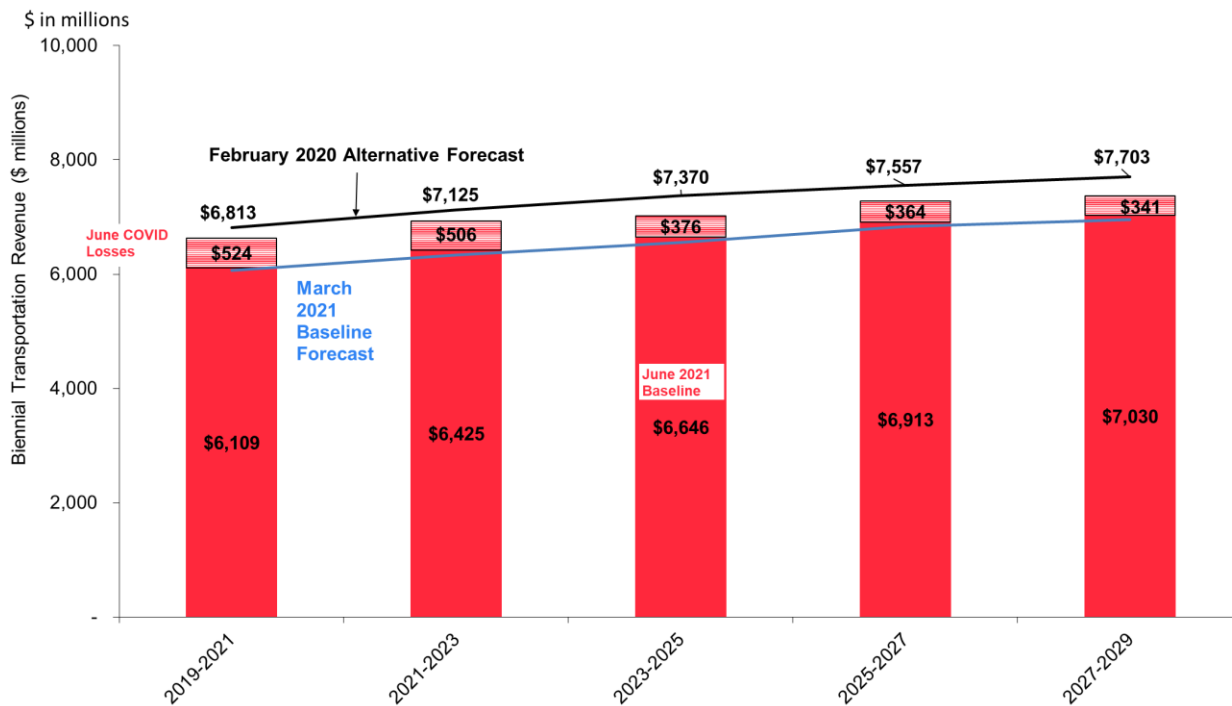
Here are key conclusions from the June 2021 transportation revenue forecast.

- The 2019-21 biennium revenue is anticipated to be \$6.115 billion, which is up \$52.2 million or .086% biennium to biennium due to the current biennium incorporating the actuals coming higher.
- June 2021 baseline transportation forecast of revenues: \$6.115 billion for the current biennium, which is up forecast to forecast from the March 2021 baseline forecast by \$52.2 million or 0.8%. This was primarily due to greater collections than anticipated this spring. Most of the increase in revenue, \$52.2 million, is due to fuel taxes and toll revenues are also up \$10.3 million due to strong collections in recent months. New 2021 legislation for DOL administrative fees caused the transportation related revenues to be up \$16 million over the March forecast. LPF and rental car revenues are the only adjustments downward in this June forecast from March. Next biennium, the revenue is anticipated to be \$6.65 billion, which is a up \$89 million or 1% over the last forecast.
- The current biennium revenue losses from the pandemic and lower economic variables than the pre-pandemic alternative forecast in February is \$524 million or 8% decline. Next biennium, the COVID losses are anticipated to be \$506 million or 396.4%. The largest pandemic losses are seen in the current biennium and the recovery is beginning faster in FY 2022.
- For the 10-year forecast horizon, total baseline revenue in June is projected to be \$34.46 billion, which is up from the last forecast by \$39.6million or (1.2%) from March. With the largest upward adjustments being fuel tax collection, driver related and business related revenues.
- The June 2021 Forecast is still down from the pre-COVID-19 alternative forecast in February by \$618 million or 9% in the current biennium. Over the next 10 years, the decline in transportation revenue from the pre-pandemic alternative February 2020 forecast is \$1,542 million. Even though revenues are up from the last forecast, we are still below the pre-pandemic forecast in all revenue streams except LPF, vehicle sales taxes and transportation related revenues.
- New projections of WA economic variables include higher real personal income growth rates in FY 2021 but slower growth in FY 2022 again due to the ending of the stimulus funds. Non-ag. employment projections are up in FY 2021 from last quarter's projections due to better employment actuals than predicted in recent months. Retail gas and diesel prices have only minor adjustments downward in FY 2021 but B5 dyed biodiesel prices are up considerably in recent months, so the June projections above the last B5 biodiesel price forecast all throughout the forecast horizon.

In FY 2020 baseline total transportation revenues came in at \$2.907 billion which was 10.3% below the high point in FY 2019 of \$3.242 billion. In the current fiscal year, baseline total transportation revenues are anticipated to be \$3.20 billion, which is a year over year increase of 10% but this is mainly due to the WA Supreme Court overturning I-976 which was brought into the FY 2021 totals in October 2020. This June forecast is only a minor adjustment upward from the March forecast and revenues are up by \$51 million or 0.8%. Overall, during the next 10-year forecast horizon, June's baseline transportation revenues are projected to be \$34.46 billion which is up \$397 million or 1.2% from the March forecast.

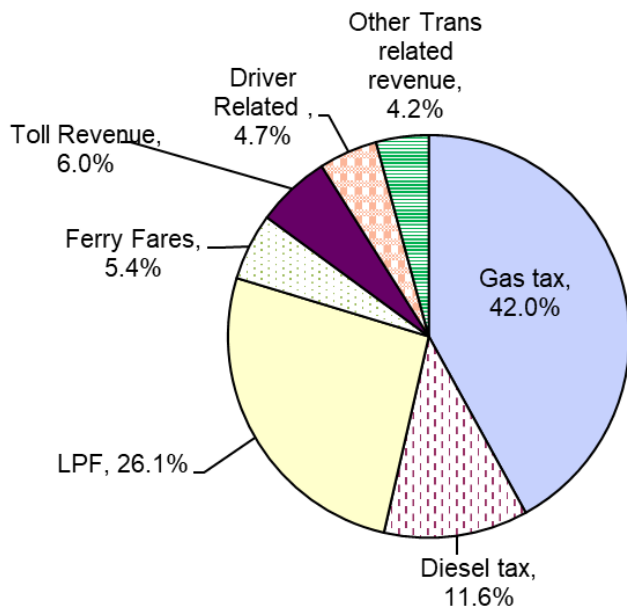
Figure 1 compares transportation revenues in June 2021, March 2021 vs alternative February 2020. The black and blue lines show total revenues without I-976 impacts in February and March 2021 respectively. The solid red colored bars denote the June 2021 Forecast. The striped red colored bars represent the COVID losses due to mandatory shutdowns and economic changes since the pre-pandemic forecast in February 2020. The highest level was the February 2020 pre-pandemic forecast without the impacts of I-976 which is the solid black line. The March baseline forecast is only slightly below the current baseline forecast.

**Figure 1: Total Transportation Revenues Comparing June 2021 vs. November vs. February 2020 Forecasts** *millions of dollars*



Washington's transportation revenues come from numerous taxes, fees, permits, tolls, and other revenues. Revenues forecasted each quarter include the sources contained in Figure 2. This pie graph reveals the anticipated share of each state revenue source to the total baseline transportation revenues for the 2019-21 biennium, (\$6.114 billion). Gasoline fuel taxes comprise the largest share at 42% but this share has dropping during this pandemic period as fuel tax revenue have been hit the hardest. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 53.6% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 26.1%. The three largest revenue sources are projected to consist of 79.7% of revenues in the 2019-21 biennium. The remaining 20.3% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

**Figure 2: Revenue By Source 2019-21 Biennium (\$6.114 billion)**



As Figure 3 indicates the 2019-21 biennium baseline revenues came in at \$6.114 billion and above last quarter's baseline forecast by \$51 million or 0.8%. The baseline forecast is higher due to most major revenue streams having recent monthly collections coming in above projections so our recovery out of the pandemic is happening better than anticipated in March. Most revenue sources are up. There is new legislation which raised the transportation related revenues by \$16 million this biennium and \$22 million next biennium. Motor vehicle fuel taxes were lowered in March and are being raised back up by \$10.4 million in June due to higher collections than anticipated in March for the current fiscal year. Toll revenue are also up this biennium from March by \$10.3 million or 2.9%. Ferry revenues were also up \$7.9 million or 2.5% from the last forecast. Over the next 10 years, transportation revenues are anticipated to be \$34.46 billion, which is up \$397 million or 1% from the March baseline forecast. Again, all revenue streams for transportation are up compared to the March forecast except for LPF and rental car taxes. The 10 year increase from the March forecast is primarily due to motor vehicle fuel taxes coming in \$160 million above forecast and business related revenues coming in \$122 million or nearly 25% above last forecast.

The only two major revenue sources with declines from March are LPF and rental car tax. In March, the LPF revenue forecast was brought up compared to November and now we are bringing that forecast back down some to adjust for lower monthly registrations and collections than projected. Over the next 10 year forecast, LPF revenues are down \$2.4 million or 0.15% and rental car taxes are down \$0.06 million or 0.1% which are pretty minor revisions to each forecast.

**Figure 3: Current June Baseline Forecast Compared to March Forecast For All Transportation Revenues - 10-years**

Forecast to Forecast Comparison for Transportation Revenues and Distributions							10-Year Period		
June Baseline Forecast to March 2021 Baseline forecast millions of dollars									
	2019-2021			2021-2023			10-Year Period (2019-2029)		
	Forecast	Chg from	Percent	Forecast	Chg from	Percent	Forecast	Chg from	Percent
	June 2021	March 2021	Change	June 2021	March 2021	Change	June 2021	March 2021	Change
<b>Sources of Transportation Revenue</b>									
Motor Vehicle Fuel Tax Collections	3,273.97	10.37	0.32%	3,397.90	24.78	0.73%	17,365.25	159.55	0.93%
Licenses, Permits and Fees	1,595.22	(1.07)	-0.07%	1,791.27	(6.98)	-0.39%	9,383.71	(47.64)	-0.51%
Ferry Revenue†	329.44	7.89	2.45%	401.16	13.29	3.43%	2,070.81	36.89	1.81%
Toll Revenue ‡	364.28	10.28	2.90%	431.21	20.93	5.10%	2,433.04	37.63	1.57%
Aviation Revenues †	6.37	0.06	0.91%	6.81	0.02	0.23%	34.47	0.13	0.38%
Rental Car Tax	51.69	(0.06)	-0.12%	63.69	(0.48)	-0.74%	343.98	(1.44)	-0.42%
Vehicle Sales Tax	109.51	5.30	5.09%	117.86	5.74	5.12%	613.07	27.69	4.73%
Driver-Related Fees	288.87	3.54	1.24%	318.71	9.49	3.07%	1,601.20	61.28	3.98%
Business/Other Revenues‡	96.01	15.92	19.88%	118.90	22.28	23.06%	617.19	122.29	24.71%
<b>Total Revenues</b>	<b>6,115.35</b>	<b>52.22</b>	<b>0.86%</b>	<b>6,647.51</b>	<b>89.07</b>	<b>1.36%</b>	<b>34,462.73</b>	<b>396.38</b>	<b>1.16%</b>
<b>Distribution of Revenue</b>									
Motor Fuel Tax Refunds and Transfers	242.40	1.98	0.82%	249.74	14.06	5.97%	1,275.93	61.73	5.08%
Motor Fuel Administrative Fee - DOL	18.52	(0.03)	-0.18%	18.17	0.00	0.00%	95.68	(0.03)	-0.04%
<b>State Uses</b>									
Motor Vehicle Account (108)	1,191.16	(8.09)	-0.67%	1,313.02	(1.51)	-0.11%	6,812.04	4.33	0.06%
Transportation 2003 (Nickel) Account (550)	403.80	1.31	0.32%	416.34	4.18	1.01%	2,122.33	18.50	0.88%
Transportation 2005 Partnership Account (09H)	591.40	2.94	0.50%	607.68	1.24	0.21%	3,120.02	13.60	0.44%
Connecting Washington Account (20H)	730.25	0.72	0.10%	753.02	3.48	0.46%	3,854.24	23.14	0.60%
Multimodal Account (218)	514.88	7.31	1.44%	628.82	0.35	0.06%	3,385.69	2.49	0.07%
Special Category C Account (215)	46.02	0.05	0.10%	47.46	0.22	0.46%	242.92	1.46	0.60%
Puget Sound Capital Construction Account (099)	33.49	0.03	0.10%	34.53	0.16	0.46%	176.74	1.06	0.60%
Puget Sound Ferry Operations Account (109)	388.55	7.28	1.91%	459.07	12.91	2.89%	2,368.14	36.18	1.55%
Capital Vessel Replacement Account (18J)	57.61	(0.64)	-1.09%	65.48	0.08	0.13%	330.33	(2.23)	-0.67%
Tacoma Narrows Bridge Account (511)	158.88	3.66	2.36%	169.33	8.10	5.03%	861.72	11.77	1.38%
High Occupancy Toll Lanes Account (09F) <sup>a</sup>	6.37	0.33	5.41%	9.12	1.19	15.07%	72.40	1.52	2.15%
SR 520 Corridor Account (16J)	123.94	2.46	2.02%	150.75	7.35	5.13%	863.00	10.92	1.28%
SR 520 Corridor Civil Penalties Account (17P)	6.23	0.50	8.78%	4.74	0.22	4.86%	30.97	0.74	2.44%
Interstate 405 Express Toll Lanes Operations (595)	36.37	1.29	3.66%	41.37	1.49	3.74%	314.96	6.56	2.13%
Alaskan Way Viaduct Replacement Acct. (535)	32.49	2.05	6.73%	55.90	2.57	4.81%	289.99	6.13	2.16%
Aeronautics Account (039)	6.29	0.06	0.93%	6.71	0.02	0.28%	33.95	0.15	0.45%
Washington State Aviation Account (21G)	0.08	(0.00)	0.00%	0.09	(0.00)	0.00%	0.47	(0.02)	-4.12%
State Patrol Highway Account (081)	475.92	9.08	1.95%	498.47	(4.80)	-0.95%	2,572.08	(13.55)	-0.52%
Highway/Motorcycle Safety Accts. (106 & 082)	263.47	3.89	1.50%	293.11	11.56	4.11%	1,479.74	83.21	5.96%
School Zone Safety Account (780)	0.45	0.00	0.21%	0.59	0.00	0.10%	3.26	0.00	0.07%
Other accounts (201, 06T, 097, 09E, 216, 07C, 24-K)	37.04	15.10	68.81%	43.57	20.86	91.80%	216.79	102.15	89.10%
Electric Vehicle Account (20J)	23.07	1.26	5.76%	31.40	2.62	9.09%	91.29	6.60	7.79%
Ignition Interlock Devices Revolving Acct 14V	8.20	(0.41)	-4.76%	8.51	(0.20)	-2.28%	43.06	(1.02)	-2.31%
Multiuse Roadway Safety Account Collections-571	0.37	0.03	7.62%	0.41	0.05	15.02%	2.06	0.25	13.64%
<b>Total for State Use</b>	<b>5,136.33</b>	<b>50.19</b>	<b>0.99%</b>	<b>5,639.47</b>	<b>72.15</b>	<b>1.30%</b>	<b>29,288.18</b>	<b>307.32</b>	<b>1.06%</b>
<b>Local Use</b>									
Cities	176.51	0.17	0.10%	182.01	0.84	0.46%	931.60	5.59	0.60%
Counties	287.60	(0.40)	-0.14%	294.86	0.58	0.20%	1,512.90	6.24	0.41%
Transportation Improvement Board (112 & 144)	189.59	0.22	0.12%	196.18	1.02	0.52%	1,009.58	6.45	0.64%
County Road Administration Board (102 & 253)	64.41	0.10	0.15%	67.09	0.42	0.63%	348.86	2.48	0.72%
<b>Total for Local Use</b>	<b>718.11</b>	<b>0.09</b>	<b>0.01%</b>	<b>740.13</b>	<b>2.86</b>	<b>0.39%</b>	<b>3,802.94</b>	<b>20.77</b>	<b>0.55%</b>
<b>Total Distribution of Revenue</b>	<b>6,115.35</b>	<b>52.22</b>	<b>0.86%</b>	<b>6,647.51</b>	<b>89.07</b>	<b>1.36%</b>	<b>34,462.73</b>	<b>396.38</b>	<b>1.16%</b>

Figure 4 compares the current June baseline forecast to the pre-pandemic baseline February alternative forecast. The June baseline forecast is still \$617 million or 9.2% below the June baseline forecast. Next biennium's June revenues are \$6.65 billion which is \$365 million below the February alternative forecast because of the negative impacts of COVID shutdowns that biennium. This same trend holds true for the rest of the forecast horizon. As discussed before, fuel taxes, toll revenue, rental car taxes, driver related and ferry revenue declines are the largest sources of the decline. Fuel taxes are down in the current biennium by \$361 million or 10% and toll revenues are down \$122.6 million or 25% and ferry revenues are down \$100 million or 23% from the pre-pandemic February alt. forecast. Next biennium, total revenues are down 5.2% from the pre-pandemic February forecast without I-976. Next biennium, there are some forecasts which recovery from the pandemic faster and have revenues above the February 2020 alternative forecast. The LPF, vehicle sales tax and transportation related revenue have forecast above the pre-pandemic level by \$71 million for LPF, \$5 million for vehicle sales taxes and \$36 million for new legislation on new fees for DOL administration. Over the next 10 years, transportation revenues are \$1,542 million or 4.3% below the pre-pandemic February alternative forecast without I-976 impacts.

**Figure 4: Current June Baseline Forecast Compared to February Alternative Forecast (Without I-976 Impact) For All Transportation Revenues - 10-years**

Forecast to Alternative Feb. 2020 Baseline Comparison for Transportation Revenues and Distributions							10-Year Period		
June 2021 Forecast to Alt. February 2020 Baseline Forecast (Without I-976)							millions of dollars		
	2019-2021			2021-2023			10-Year Period (2019-2029)		
	Forecast March 2021	Chg from Feb. 2020	Percent Change	Forecast March 2021	Chg from Feb. 2020	Percent Change	Forecast March 2021	Chg from Feb. 2020	Percent Change
<b>Sources of Transportation Revenue</b>									
Motor Vehicle Fuel Tax Collections	3,273.97	(361.27)	-9.94%	3,397.90	(299.59)	-8.10%	17,365.25	(1,351.90)	-7.22%
Licenses, Permits and Fees	1,595.22	(0.69)	-0.04%	1,791.27	71.33	4.15%	9,383.71	376.72	4.18%
Ferry Revenue†	329.44	(99.90)	-23.27%	401.16	(48.36)	-10.76%	2,070.81	(208.84)	-9.16%
Toll Revenue §	364.28	(122.62)	-25.18%	431.21	(107.41)	-19.94%	2,433.04	(490.57)	-16.78%
Aviation Revenues ‡	6.37	(0.69)	-9.80%	6.81	(0.43)	-5.93%	34.47	(2.03)	-5.55%
Rental Car Tax	51.69	(21.65)	-29.53%	63.69	(12.94)	-16.88%	343.98	(55.40)	-13.87%
Vehicle Sales Tax	109.51	2.03	1.89%	117.86	5.01	0.00%	613.07	24.70	4.20%
Driver-Related Fees	288.87	(26.94)	-8.53%	318.71	(8.62)	-2.63%	1,601.20	(39.21)	-2.39%
Business/Other Revenues‡	96.01	14.77	18.19%	118.90	36.55	44.38%	617.19	204.10	49.41%
<b>Total Revenues</b>	<b>6,115.35</b>	<b>(616.95)</b>	<b>-9.16%</b>	<b>6,647.51</b>	<b>(364.46)</b>	<b>-5.20%</b>	<b>34,462.73</b>	<b>(1,542.42)</b>	<b>-4.28%</b>
<b>Distribution of Revenue</b>									
Motor Fuel Tax Refunds and Transfers	242.40	26.08	12.06%	249.74	3.96	1.61%	1,275.93	32.35	2.60%
Motor Fuel Administrative Fee - DOL	18.52	(0.95)	-4.89%	18.17	0.02	0.12%	95.68	(1.62)	-1.67%
<b>State Uses</b>									
Motor Vehicle Account (108)	1,191.16	(125.33)	-9.52%	1,313.02	(44.70)	-3.29%	6,812.04	(194.08)	-2.77%
Transportation 2003 (Nickel) Account (550)	403.80	(31.35)	-7.20%	416.34	(24.91)	-5.65%	2,122.33	(112.54)	-5.04%
Transportation 2005 Partnership Account (09H)	591.40	(53.48)	-8.29%	607.68	(48.27)	-7.36%	3,120.02	(203.36)	-6.12%
Connecting Washington Account (20H)	730.25	(84.64)	-10.39%	753.02	(73.52)	-8.90%	3,854.24	(330.17)	-7.89%
Multimodal Account (218)	514.88	(25.50)	-4.72%	628.82	11.00	1.78%	3,385.69	63.10	1.90%
Special Category C Account (215)	46.02	(5.33)	-10.39%	47.46	(4.63)	-8.89%	242.92	(20.81)	-7.89%
Puget Sound Capital Construction Account (099)	33.49	(3.88)	-10.39%	34.53	(3.37)	-8.90%	176.74	(15.14)	-7.89%
Puget Sound Ferry Operations Account (109)	388.55	(102.83)	-20.93%	459.07	(50.33)	-9.88%	2,368.14	(218.74)	-8.46%
Capital Vessel Replacement Account (18J)	57.61	(7.12)	-11.00%	65.48	(4.46)	-6.37%	330.33	(22.29)	-6.32%
Tacoma Narrows Bridge Account (511)	158.88	(12.72)	-7.41%	169.33	(6.23)	-3.55%	861.72	(36.11)	-4.02%
High Occupancy Toll Lanes Account (09F)^	6.37	(4.70)	-42.46%	9.12	(5.26)	-36.57%	72.40	(19.20)	-20.96%
SR 520 Corridor Account (16J)	123.94	(63.68)	-33.94%	150.75	(47.40)	-23.92%	863.00	(193.08)	-18.28%
SR 520 Corridor Civil Penalties Account (17P)	6.23	(0.12)	-1.82%	4.74	(2.01)	-29.74%	30.97	(4.64)	-13.03%
Interstate 405 Express Toll Lanes Operations (595)	36.37	(29.99)	-45.20%	41.37	(33.14)	-44.48%	314.96	(193.42)	-38.05%
Alaskan Way Viaduct Replacement Acct. (535)	32.49	(11.41)	-26.00%	55.90	(13.38)	-19.31%	289.99	(44.11)	-13.20%
Aeronautics Account (039)	6.29	(0.70)	-10.06%	6.71	(0.44)	-6.17%	33.95	(2.08)	-5.76%
Washington State Aviation Account (21G)	0.08	(0.00)	-0.29%	0.09	0.00	0.00%	0.47	0.00	0.00%
State Patrol Highway Account (081)	475.92	9.68	2.08%	498.47	17.61	3.66%	2,572.08	102.38	4.15%
Highway/Motorcycle Safety Accts. (106 & 082)	263.47	(26.20)	-9.04%	291.59	(8.97)	-2.98%	1,459.87	(44.51)	-2.96%
School Zone Safety Account (780)	0.45	(0.38)	-45.47%	0.59	(0.30)	-33.49%	3.26	(1.10)	-25.28%
Other accounts (201, 06T, 09T, 09E, 216, 07C, 24-K)	37.04	15.40	71.12%	45.10	23.18	105.76%	236.66	125.42	112.75%
Electric Vehicle Account (20J)	23.07	3.26	16.46%	31.40	5.40	20.76%	91.29	14.54	18.94%
Ignition Interlock Devices Revolving Acct 14V	8.20	(0.46)	-5.33%	8.51	(0.10)	-1.21%	43.06	(0.05)	-0.11%
Multiuse Roadway Safety Account Collections-571	0.37	0.05	15.58%	0.41	0.09	27.53%	2.06	0.46	28.62%
<b>Total for State Use</b>	<b>5,136.33</b>	<b>(561.45)</b>	<b>-9.85%</b>	<b>5,639.47</b>	<b>(314.13)</b>	<b>-5.28%</b>	<b>29,288.18</b>	<b>(1,349.52)</b>	<b>-4.40%</b>
<b>Local Use</b>									
Cities	176.51	(20.46)	-10.39%	182.01	(17.77)	-8.89%	931.60	(79.81)	-7.89%
Counties	287.60	(30.90)	-9.70%	294.86	(28.36)	-8.77%	1,512.90	(124.08)	-7.58%
Transportation Improvement Board (112 & 144)	189.59	(21.89)	-10.35%	196.18	(19.46)	-9.03%	1,009.58	(86.82)	-7.92%
County Road Administration Board (102 & 253)	64.41	(7.38)	-10.28%	67.09	(6.86)	-9.28%	348.86	(30.22)	-7.97%
<b>Total for Local Use</b>	<b>718.11</b>	<b>(80.63)</b>	<b>-10.10%</b>	<b>740.13</b>	<b>(72.46)</b>	<b>-8.92%</b>	<b>3,802.94</b>	<b>(320.93)</b>	<b>-7.78%</b>
<b>Total Distribution of Revenue</b>	<b>6,115.35</b>	<b>(616.95)</b>	<b>-9.16%</b>	<b>6,647.51</b>	<b>(364.46)</b>	<b>-5.20%</b>	<b>34,462.73</b>	<b>(1,542.42)</b>	<b>-4.28%</b>

† Ferry Fares plus non-farebox revenue

‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund in the June forecast.

Figure 5 isolates the annual impacts of the COVID shutdowns and economic variable changes since the pre-pandemic February alternative forecast. The June forecast is slightly up from the last forecast so the COVID losses are slightly smaller than the last forecast. These impacts are calculated based on the February alternative forecast for LPF and motor vehicles sales tax which excludes I-976. In FY 2020, the losses from COVID is \$262.66 million from the February forecast. In FY 2021, the COVID losses are anticipated to be \$261.5 million versus \$293.1 million (March) down from the February forecast without I-976. In FY 2022, the losses are bigger at \$292.1 million and \$214 million in FY 2023. The largest COVID revenue reduction is anticipated to be in FY 2022 at 8.8% below the alternative February pre-pandemic projections.

**Figure 5: Transportation Revenue Reductions from February 2020 (Baseline) Alternative Forecast: COVID-19 Induced Recession and Lower Economic Variable Forecasts**

Revenue Sources Impacted by COVID-19 Shutdowns	\$ Difference Between June 2021 and Feb. 2020 Forecasts			
	FY 2020	FY 2021	FY 2022	FY 2023
Gross Fuel tax	\$ (147,535,900)	\$ (209,894,100)	\$ (163,373,100)	\$ (136,213,600)
LPF *	\$ (29,700,000)	\$ 93,684,426	\$ (23,891,336)	\$ (18,267,580)
Ferry Fares	\$ (34,933,470)	\$ (63,422,014)	\$ (32,487,000)	\$ (15,872,000)
Toll Revenue	\$ (40,507,400)	\$ (92,371,000)	\$ (67,055,000)	\$ (40,357,000)
Aeronautics Revenues	\$ (338,100)	\$ (408,601)	\$ (240,737)	\$ (196,525)
Rental Car Tax	\$ (5,993,000)	\$ (17,087,600)	\$ (7,486,800)	\$ (5,448,800)
Motor Vehicle Sales Tax *	\$ (3,650,000)	\$ 27,906,300	\$ 2,407,900	\$ 2,598,700
<b>Total Major Revenue Sources</b>	<b>\$(262,657,870)</b>	<b>\$(261,592,589)</b>	<b>\$(292,126,073)</b>	<b>\$(213,756,805)</b>
Revenue Sources Impacted by COVID-19 Shutdowns	Percentage Change Between June and Feb. 2020 Forecasts			
	FY 2020	FY 2021	FY 2022	FY 2023
Gross Fuel tax	-8.2%	-11.5%	-8.9%	-7.3%
LPF	-3.6%	10.9%	-2.7%	-1.9%
Ferry Fares	-16.8%	-28.7%	-14.5%	-7.0%
Toll Revenue	-17.3%	-36.5%	-25.3%	-14.7%
Aeronautics Revenues	-9.7%	-11.4%	-6.7%	-5.4%
Rental Car Tax	-16.5%	-46.0%	-19.7%	-14.1%
Motor Vehicle Sales Tax	-6.9%	51.3%	4.3%	4.6%
<b>TOTAL Major Revenue Sources</b>	<b>-8.3%</b>	<b>-8.0%</b>	<b>-8.8%</b>	<b>-6.3%</b>

**Figure 6: Transportation Revenue Actuals Compared to the March 2021 Forecast: March – May 2021**

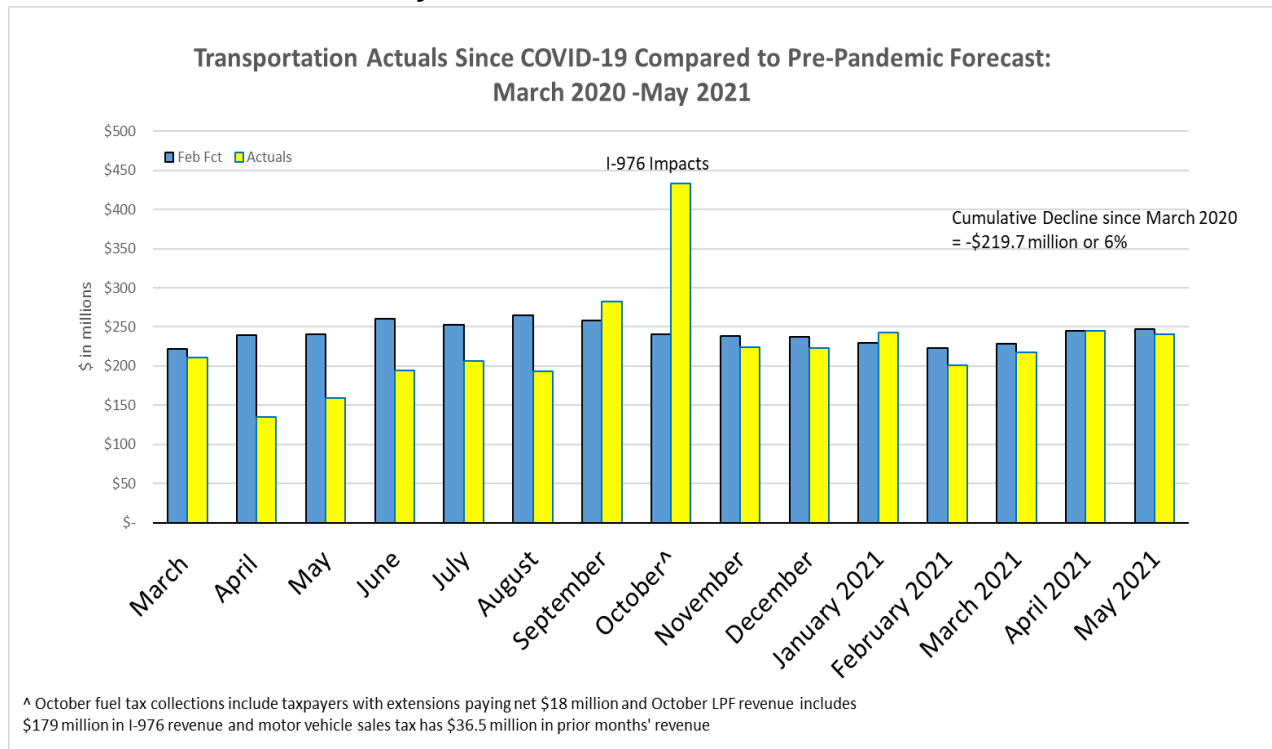
Change in Transportation Revenue Since the March Forecast (March-May 2021 Collections)					
\$ in millions	Difference Actual Collections Compared to March Forecast				
	Mar-21	Apr-21	May-21	3-months	% Change
<b>Major Revenue Sources</b>					
Gross Fuel Taxes (before refunds/transfers)	\$ 1.12	\$ 4.71	\$ (0.88)	\$ 4.95	1.3%
Aviation Fuel tax	\$ (0.026)	\$ 0.096	\$ 0.067	\$ 0.14	24.0%
Licenses Permits and Fee Revenues	\$ 0.10	\$ (0.04)	\$ (3.30)	\$ (3.24)	1.50%
WSF Ferries	\$ 1.02	\$ 2.75	\$2.36	\$ 6.12	16.5%
Toll Facilities - Adjusted Gross Toll Revenues	\$ 1.42	\$ 1.60	\$ 2.24	\$ 5.26	14.8%
TNB	\$ 0.55	\$ 0.79	\$ 0.67	\$ 2.02	11.0%
SR99	\$ 0.19	\$ 0.19	\$ 0.37	\$ 0.75	21.5%
SR 520	\$ 0.40	\$ 0.35	\$ 0.86	\$ 1.61	14.3%
I-405	\$ 0.19	\$ 0.17	\$ 0.24	\$ 0.60	33.7%
I-167	\$ 0.08	\$ 0.10	\$ 0.10	\$ 0.27	51.2%
Rental car tax	\$ (0.004)	\$ (0.055)	\$ 0.326	\$ 0.27	4.8%
Motor Vehicle Sales Tax	\$ 2.06	\$ 1.41	\$ 1.39	\$ 4.86	41.3%
<b>Total All Revenue Sources</b>	<b>\$ 5.69</b>	<b>\$ 10.46</b>	<b>\$ 2.20</b>	<b>\$ 18.35</b>	<b>2.6%</b>



Figure 6 shows the latest actuals in the major transportation revenue sources since the last March forecast. March through May 2021 actuals have been received. All transportation revenue sources in total rose from the last forecast by \$18.35 million or 2.6% since March. Every month for the past three months in total had higher revenue collections than anticipated in March. Fuel taxes, ferries and toll revenue are up the most during the past three months.

Figure 7 reveals the cumulative impact of the pandemic on recent actuals compared to the pre-pandemic forecast in February. The results reveal that over the past 15 months since June collections, major transportation revenue actuals have come in \$219.7 million or 6% below the February forecast. Fuel tax actuals have come in below that pre-pandemic forecast the most at -\$345.8 million or 15% below projections for this past year. The second largest reduction was in toll revenues coming in \$121.2 million or 41% below the February forecast. Ferries revenue losses in actuals has been \$88 million or 34% below the pre-pandemic projections. LPF is the only revenue source where the June forecast is above the February baseline forecast by \$357.8 million for the past 15 months.

**Figure 7: Transportation Revenue Actuals Compared to the February 2020 (Alternative) Forecast: March 2020 – May 2021**



\$ in millions	Difference Actual Collections Compared to Feb Forecast															15 Month total	% Change	
	March (FY 2020)	April (FY 2020)	May (FY 2020)	June (FY 2020)	July (FY 2021)	Aug. (FY 2021)	Sept. (FY 2021)	Oct. (FY 2021)	Nov. (FY 2021)	Dec. (FY 2021)	Jan 21(FY 2021)	Feb 21(FY 2021)	March 21(FY 2021)	April 21(FY 2021)	May 21(FY 2021)			
<b>Major Revenue Sources</b>																		
Gross Fuel Taxes (before refunds/transfers)	\$ 5.19	\$ (59.86)	\$ (50.68)	\$ (42.18)	\$ (27.17)	\$ (57.35)	\$ 16.88	\$ 0.16	\$ (20.96)	\$ (27.68)	\$ (11.83)	\$ (23.27)	\$ (22.86)	\$ (10.49)	\$ (13.68)	\$ (345.79)	-15%	
Aviation Fuel tax	\$ 0.02	\$ (0.06)	\$ (0.11)	\$ (0.19)	\$ (0.09)	\$ (0.05)	\$ (0.09)	\$ (0.03)	\$ (0.01)	\$ (0.04)	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ 0.09	\$ 0.06	\$ (0.60)	-18%	
Licenses Permits and Fee Revenues (Fct. with I-976 impacts)	\$ (0.20)	\$ (16.70)	\$ (6.40)	\$ (6.40)	\$ (0.40)	\$ 4.50	\$ 23.54	\$ 202.90	\$ 20.34	\$ 24.77	\$ 36.35	\$ 14.48	\$ 22.03	\$ 21.64	\$ 17.34	\$ 357.79	51%	
WSF Ferries	\$ (6.20)	\$ (9.94)	\$ (10.25)	\$ (8.55)	\$ (8.11)	\$ (8.00)	\$ (5.39)	\$ (3.78)	\$ (4.97)	\$ (4.80)	\$ (2.90)	\$ (4.78)	\$ (3.85)	\$ (2.51)	\$ (4.01)	\$ (88.04)	-34%	
Toll Facilities - Adjusted Gross Toll Revenues	\$ (7.86)	\$ (12.71)	\$ (11.02)	\$ (8.96)	\$ (8.64)	\$ (7.67)	\$ (7.48)	\$ (7.37)	\$ (7.45)	\$ (6.75)	\$ (7.43)	\$ (7.35)	\$ (7.68)	\$ (6.83)	\$ (6.03)	\$ (121.23)	-41%	
Rental Car Tax	\$ (1.08)	\$ (2.19)	\$ (2.04)	\$ (0.67)	\$ (3.00)	\$ (2.93)	\$ (2.87)	\$ (1.31)	\$ (1.13)	\$ (1.12)	\$ (0.86)	\$ (0.93)	\$ (0.24)	\$ (0.75)	\$ (0.36)	\$ (21.51)	-49%	
Motor Vehicle Sales Tax	\$ (0.25)	\$ (3.02)	\$ (1.37)	\$ 1.00	\$ 0.75	\$ 0.32	\$ (0.89)	\$ 1.16	\$ (0.27)	\$ 0.50	\$ (0.31)	\$ (0.09)	\$ 2.04	\$ (0.85)	\$ 0.95	\$ (0.34)	-0.5%	
<b>Total All Revenue Sources</b>	<b>\$ (10.39)</b>	<b>\$ (104.48)</b>	<b>\$ (81.87)</b>	<b>\$ (65.95)</b>	<b>\$ (46.67)</b>	<b>\$ (71.18)</b>	<b>\$ 23.69</b>	<b>\$ 191.74</b>	<b>\$ (14.45)</b>	<b>\$ (15.13)</b>	<b>\$ 12.99</b>	<b>\$ (21.97)</b>	<b>\$ (10.59)</b>	<b>\$ 0.28</b>	<b>\$ (5.74)</b>	<b>\$ (219.71)</b>	<b>-6%</b>	

Figure 8 shows the various June forecasts recovery periods after the drops in revenue from COVID-19 shutdowns. The recovery from our recent recession is demonstrated as the period of time it takes to reach the levels projected in the February forecasts for FY 2021. Some of the revenue sources, like passenger cars and truck registrations and \$30 license fee revenue and truck combined license fees have recovered already by FY 2021. Other revenue sources with a short recovery period from the reduced demand and revenue losses in FY 2020 were diesel consumption by FY 2022. Some revenue sources like gas consumption and net for distribution of fuel taxes are anticipated to have a very slow recovery from the losses seen in FY 2020 in 10+ years. WSF ridership and corresponding revenues are anticipated to be slower to recover from this reduced demand from the pandemic. For ferries ridership (passengers), ridership is not expected to recover from the recent downturn to the FY 2021 level until 2028 or in 7 years. Vehicle ferry ridership is anticipated to be back to the 2021 level from the February forecast in 2025 or 4 years from now. Ferry farebox and misc. revenue are not expected to recover until FY 2026. Toll traffic and revenue recovery varies with each facility. Overall, for all tolled facilities, the recovery in traffic and adjusted toll revenue is projected to be back to 2021 traffic level in 3 years for traffic and 4 years for toll revenue but the individual tolled facilities adjusted toll revenue recovery is longer in some cases.

**Figure 8: June 2021 Forecast Recovery Periods for Major Revenue Sources**

Type of Forecast	Time Period	# of Years
<i>Fuel Consumption and Fuel Tax Revenue</i>		
Return to Gas Consumption in Feb. Forecast -FY 2021	-----	10+
Return to Diesel Consumption in Feb. Forecast -FY 2021	2022	1
Net for Dist. Fuel Taxes: Return to Feb. Forecast -FY 2021 level	-----	10+
<i>Vehicle Licenses Permits and Fee Revenue (LPF)</i>		
Return to Passenger Cars Registrations in Feb. Forecast -FY 2021	2021	0
Return to Trucks Registrations in Feb. Forecast - FY 2021	2021	0
Return to \$30 License Fee Revenue in Feb. Forecast -FY 2021	2021	0
Return to Truck Combined License Fee Revenue Level in Feb. Forecast - FY 2021	2021	0
<i>Rental Car Revenue</i>		
Return to Rental Car Revenue Level in Feb. Forecast -FY 2021	2026	5
<i>Aircraft Fuel Tax Revenue</i>		
Return to Aircraft Fuel Tax Level in Feb. Forecast - FY 2021	-----	10+
<i>Ferries Ridership and Revenue</i>		
Return to Passenger Ridership in Feb. Forecast - FY 2021	2028	7
Return to Vehicle Ridership in Feb. Forecast - FY 2021	2025	4
Return to Ferry Farebox and Misc. Revenue in Feb. Fct -FY 2021	2026	5
<i>Toll Traffic and Revenue – All Facilities</i>		
Return to Total Toll Traffic in Feb. Forecast -FY 2021	2024	3
Return to Toll Adjusted Revenue in Feb. Forecast -FY 2021	2025	4

## Economic Variables Forecast

Several economic variables are used in forecasting Washington’s transportation revenues each quarter. 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.

These economic variables in June represent the preliminary economic variables by Economic and Revenue Forecast Council, based on the May IHS-Markit forecast. The June 2021 Forecast includes the federal American Rescue Plan Act of 2021 beginning in first quarter 2021 with COVID stimulus relief. It extends the amount of the unemployment benefits will be \$300 per week extended until September 4, 2021. The COVID Stimulus Act boosts the economic variables like Washington real personal income and employment in FY 2021 but then when the federal stimulus funds expire again, then FY 2022 and 2023 have higher growth rates than what was forecasted in March. Washington real personal income even has a negative annual growth rate in FY 2022 of -0.5% which is a smaller decline than projected in prior forecasts. Washington’s non-ag. employment in

FY 2021 has increased a little to -3.6% as compared to the March forecast of -3.7% annual growth. Retail and trade transportation and utilities employment sectors are showing growth in FY 2021 at 4.4 and 1.2% respectively. After FY 2021, the non-ag. employment growth averaged more than 3.5% per year until FY 2024. The US oil price index is up in 2021 and 2022 compared to last projections but down in all subsequent years throughout the forecast horizon.

**Figure 9: Annual Percentage Change (%) in Select Economic Variables  
June 2021 Forecast**

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2020	4.8%	1.6%	-29.2%	1.3%	-8.2%	1.9%	-3.2%	-0.9%	-0.6%	-0.7%
2021	4.9%	1.1%	27.1%	1.8%	0.0%	1.9%	3.4%	-3.6%	1.2%	4.4%
2022	-0.5%	1.0%	17.9%	2.1%	9.9%	1.9%	2.9%	5.2%	3.0%	2.5%
2023	2.7%	1.0%	-2.4%	1.6%	-2.2%	1.9%	-7.3%	2.8%	-1.1%	-5.8%
2024	2.8%	1.0%	0.2%	1.8%	-0.1%	2.0%	-0.4%	1.6%	-0.6%	-1.8%
2025	3.0%	1.1%	0.6%	1.8%	0.5%	2.0%	6.0%	1.4%	-0.5%	-2.6%
2026	3.1%	1.1%	0.6%	1.9%	0.7%	2.1%	3.5%	1.0%	0.3%	-0.6%
2027	3.2%	1.1%	0.7%	2.1%	1.0%	2.2%	3.4%	0.8%	0.0%	-0.5%
2028	2.9%	1.1%	0.6%	2.1%	1.5%	2.1%	4.0%	0.8%	-0.2%	-0.3%
2029	2.7%	1.0%	0.5%	2.2%	1.8%	2.2%	4.3%	0.6%	-0.6%	-0.5%
2030	2.7%	1.0%	0.5%	2.2%	2.0%	2.2%	4.7%	0.6%	-0.3%	-0.1%
2031	2.6%	1.0%	0.5%	2.2%	2.1%	2.1%	4.9%	0.6%	0.4%	1.2%

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management 2021 long-range forecast, May 2021 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices

**Figure 10: Annual Rate of Change in Select Economic Variables – June 2021 vs. March 2021 Forecast**

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Consumer Sales on New Vehicles	WA Non-ag. employment	Transportation and Utilities Employment	WA Retail Trade Employment
Percentage Change in Levels of Economic Variables (Current FY 2021)										
2021	↑	▬	▬	▬	↑	▬	↑	▲	▬	▼
Annual Rate of Change in Economic Variables - June vs March 2021										
2020	▬	▬	▬	▬	▬	▬	▬	▲	▼	▬
2021	↑	▬	▬	▬	↑	▬	▬	▲	▲	▬
2022	↑	▬	▬	▲	↑	▬	▼	↑	▼	▼
2023	▲	▬	▬	▬	▼	▬	▼	▼	▼	▼
2024	▼	▬	▬	▬	▼	▬	▼	▲	▲	↑
2025	▬	▬	▬	▼	▼	▬	▲	▲	▬	▬
2026	▼	▬	▬	▼	▼	▬	↑	▼	▼	▼
2027	▬	▬	▬	▬	▼	▬	↑	▬	▬	▬
2028	▬	▬	▬	▬	▼	▬	↑	▬	▬	▬
2029	▬	▬	▬	▬	▼	▬	↑	▬	▬	▬
2030	▬	▬	▬	▬	▼	▬	▲	▬	▬	▬
2031	▬	▬	▬	▬	▲	▬	▲	▬	▬	▬

↑	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

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

*Source of data for the forecast*

For the Washington retail price of gasoline, fuel prices are collected from the Energy Information Administration’s (EIA) survey of retail prices for regular gasoline. For the retail price of diesel, the actual prices are collected from AAA’s weekly publication of retail prices for diesel in Washington. The actual ferry B5 biodiesel prices are reported by the Washington State Ferries (WSF). In the short term (through calendar year 2022), the retail gas price forecasts are based on the growth in the national gas price forecast by EIA. The diesel and biodiesel fuel prices are projected based on the growth in national diesel prices from the Energy Information Agency (EIA) monthly projections. Beyond calendar year 2022, the fuel price projections are based on June’s

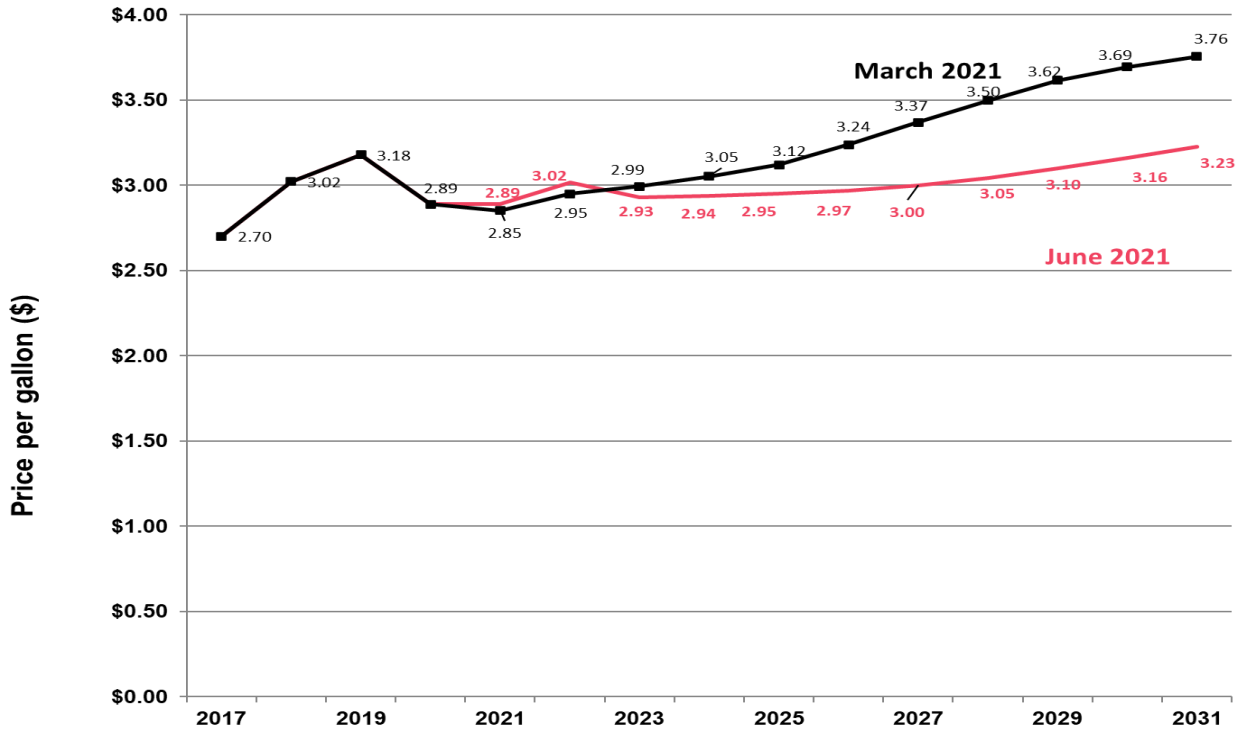
Global Insight national gas price forecast for future Washington gas prices and the producer price index (PPI) projections for refined petroleum products for the diesel price forecasts.

**Figure 11: Near-term UNADJUSTED BASELINE Qtrly Fuel Prices: June 2021**

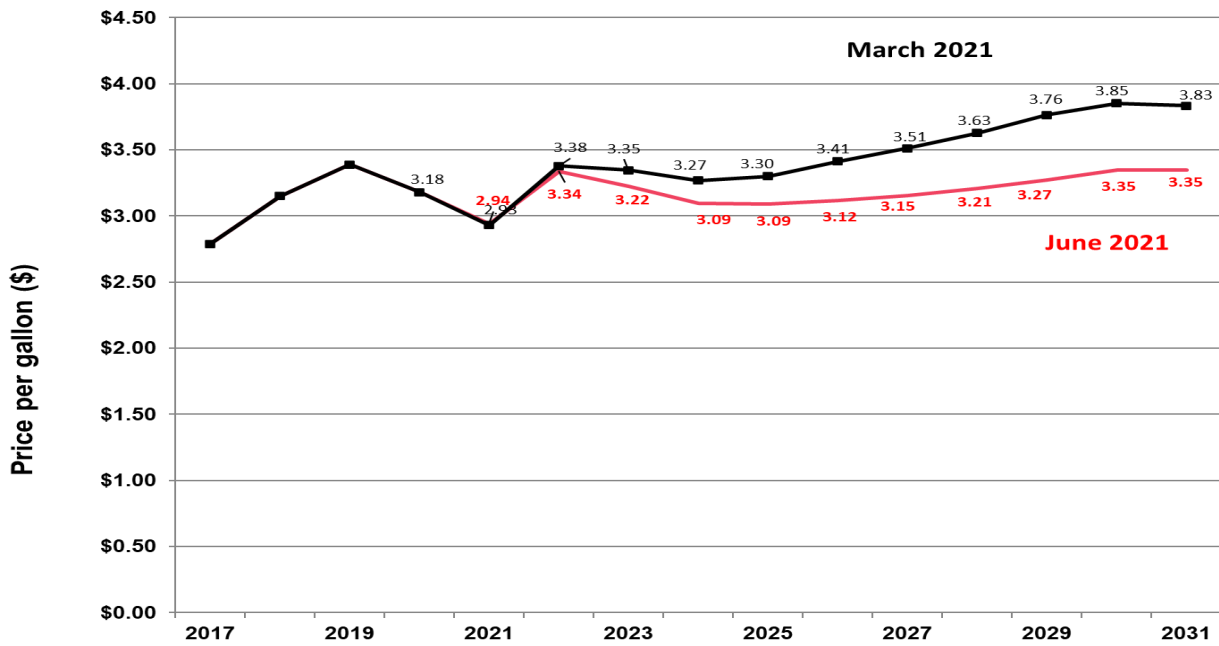
<b>Fiscal Year Quarter</b>	<b>Crude Oil Price (\$/barrel)</b>	<b>WA Retail Gasoline Price (\$/gal)</b>	<b>WA Retail Diesel Price (\$/gal)</b>
2019: Q3	56.37	3.11	3.28
2019: Q4	56.96	3.19	3.47
2020: Q1	45.76	2.88	3.26
2020: Q2	27.81	2.38	2.72
<b>FY 2020</b>	<b>46.72</b>	<b>2.89</b>	<b>3.18</b>
2020: Q3	40.89	2.71	2.72
2020: Q4	42.45	2.65	2.79
2021: Q1	57.79	2.83	2.87
2021: Q2	64.13	3.37	3.40
<b>FY 2021</b>	<b>51.32</b>	<b>2.89</b>	<b>2.94</b>
2021: Q3	64.50	3.24	3.45
2021: Q4	60.50	2.97	3.39
2022: Q1	58.50	2.85	3.30
2022: Q2	56.50	3.00	3.21
<b>FY 2022</b>	<b>60.00</b>	<b>3.02</b>	<b>3.34</b>
2022: Q3	56.00	3.00	3.25
2022: Q4	56.00	2.91	3.26
2023: Q1	56.60	2.77	3.23
2023: Q2	56.45	3.04	3.16
<b>FY 2023</b>	<b>56.26</b>	<b>2.93</b>	<b>3.22</b>

The forecasts of biodiesel prices include two different biodiesel prices: B5 and B99 without the renewable identification number (RIN). WSF currently purchases biodiesel B5. WSDOT also purchases B99 biodiesel without RIN for vehicle fleet needs. WSDOT receives OPIS fuel prices with the latest prices for B5 in Portland and B99 biodiesel prices without RIN in Tacoma. The B99 prices represent those paid by other state entities' purchases of biodiesel. The B5 price is based on Washington State ferries' latest reported purchase price of biodiesel with the markup, delivery, and other tax costs included and the latest B5 Portland OPIS prices for the current forecast month. The base for the price forecast for the B99 price without RIN for non-WSF purchases is the OPIS base price without markup, delivery, and tax costs.

**Figure 12: Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular June 2021 vs. March 2021**



**Figure 13: Forecast of UNADJUSTED Washington Retail Diesel Prices June 2021 vs. March 2021**



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

The WTI crude oil prices from five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics, and Moody's Economy.com were compared in this forecast. WSDOT's baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term through calendar year 2022 and then use the growth rates from Global Insight forecasts for subsequent years. In FY 2021, the crude oil price projections are nearly the same with the baseline forecast only having a variance of -0.06% from the crude oil price average. The forecast for WTI crude oil in FY 2022 ranged from \$60 per barrel in the WSDOT (EIA/GI) to \$67 per barrel by NYMEX. The baseline crude oil price forecast in FY 2022 is \$60 per barrel, which is 5.2% below the 5-entity average of \$63.1 per barrel. In FY 2023, the crude oil prices range from \$56 per barrel in baseline EIA and GI forecast to \$65 per barrel in the NYMEX forecast. The 5-entity average price is \$61.5 per barrel, which is 9% above the baseline price forecast of \$56 per barrel. Figure 15 reveals the WSDOT baseline WTI price forecast compared to the other entities' crude oil price forecasts and the necessary adjustments each year.

**Figure 14: Near-term Annual WTI Crude Oil Price Forecasts – 5 Different Forecast Comparisons: June 2021** Dollars per barrel

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	5 Entity Avg	% Diff Average
2021	\$51.32	\$51.32	\$51.53	\$51.24	\$51.01	\$51.28	-0.06%
2022	\$60.00	\$67.24	\$64.86	\$61.11	\$62.49	\$63.14	5.23%
2023	\$56.26	\$65.71	\$63.62	\$60.32	\$61.56	\$61.49	9.30%

**Figure 15: Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes: June 2021** Dollars per gallon

Fiscal Year Quarter	Adjusted WA Retail Gasoline Price (\$/gal)	Adjusted WA Retail Diesel Price (\$/gal)	Adjusted B5 Biodiesel Price (\$/gal)	Unadjusted B99 Biodiesel price
2019Q3	3.11	3.28	2.18	3.27
2019Q4	3.19	3.47	2.33	3.25
2020Q1	2.88	3.26	1.75	3.09
2020Q2	2.38	2.72	1.10	2.95
<b>FY2020</b>	<b>2.89</b>	<b>3.18</b>	<b>1.84</b>	<b>3.14</b>
2020Q3	2.71	2.72	1.36	2.95
2020Q4	2.65	2.79	1.61	3.03
2021Q1	2.83	2.87	1.95	3.11
2021Q2	3.36	3.39	2.26	3.68
<b>FY2021</b>	<b>2.89</b>	<b>2.94</b>	<b>1.80</b>	<b>3.19</b>
2021Q3	3.41	3.63	2.28	3.74
2021Q4	3.13	3.57	2.23	3.68
2022Q1	3.00	3.47	2.17	3.58
2022Q2	3.16	3.38	2.18	3.49
<b>FY2022</b>	<b>3.17</b>	<b>3.51</b>	<b>2.22</b>	<b>3.62</b>
2022Q3	3.28	3.55	2.21	3.85
2022Q4	3.18	3.57	2.20	3.87
2023Q1	3.03	3.53	2.16	3.83
2023Q2	3.32	3.45	2.13	3.75
<b>FY2023</b>	<b>3.20</b>	<b>3.52</b>	<b>2.18</b>	<b>3.82</b>

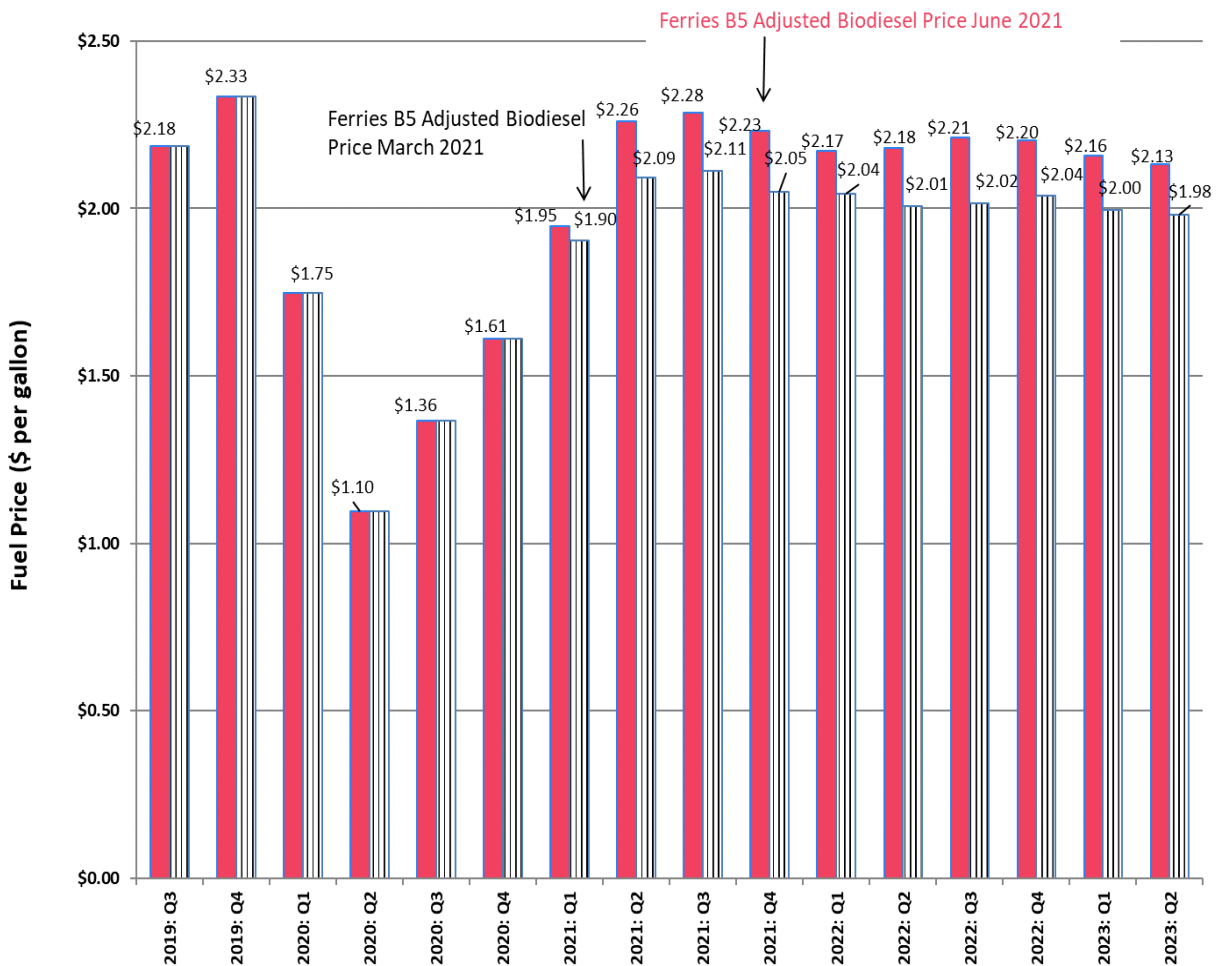
WSDOT applies the five-entity forecast average adjustment to the baseline June 2021 retail gasoline, diesel, and B5 biodiesel prices. The adjusted fuel prices listed in Figure 16 will be used to estimate the future costs to WSDOT agency's 2019-21 and 2021-23 biennium budgets for gas, diesel, and biodiesel fuel purchases.



The latest adjusted forecast requires a 5.2% upward adjustment to the baseline fuel prices in FY 2022 and upward adjustment of 9.3% in FY 2023.

As Figure 16 reveals, the new B5 fuel price forecast beginning the third quarter of fiscal year 2021 throughout the forecast horizon is higher than in the March forecast. Compared to the March 2021 forecast, the COVID-19 shutdowns significantly reduced demand for petroleum products and the biodiesel prices fell dramatically in the second and third quarters of 2020. Since calendar year 2021, B5 diesel prices had been rising and the last few forecasts have been revisions upward. In recent months since the March forecast, B5 prices have been rising steadily so we have now recovered most of our decline in prices after the pandemic in this first quarter of 2021. The current June 2021 B5 forecast is higher than the last forecast and the second quarter 2021 B5 average prices are above the first quarter 2021 biodiesel averaged price at \$2.26 per gallon. That is well above the last forecast of \$2.09 per gallon. The June 2021 Forecast is significantly above the March forecast throughout the forecast horizon.

**Figure 16: Quarterly Ferries Adjusted B5 Biodiesel Prices Used for Budgeting the 2019-21 and 2021-23 Biennia June 2021, March 2021 Forecasts**



## Motor Vehicle Fuel Tax Forecast

### *Overview*

Motor fuel tax collections for June 2021 have actuals through May 2021 and they came in above the March 2021 forecast by \$5 million or 2%. Gasoline tax collections outpaced the March projection by \$4.4 million or 1.5%. Diesel tax collections came in above projections by \$0.6 million or 0.7% for the three-month total.

For the 2019-2021 biennium, gross fuel collections are estimated at \$3.274 billion. This is \$10.4 million above below the March 2021 estimate. The gain in total revenue is due to higher gasoline tax collections. In the 2021-2023 biennium, gross fuel tax collections are \$3.397 billion or \$24.8 million more than the March 2021 estimate. Total fuel tax revenue for the 10-year period beginning in the current biennium and ending in 2029 is \$17.365 billion. This is \$159.5 million more than projected in the March 2021 forecast. Current fuel tax revenue estimates are higher than March projections throughout the forecast horizon especially in the current and next biennium.

### *Primary Reasons for Changes in the June 2021 Forecast*

Gasoline annual consumption in FY 2021 is expected to be down 8.8% year over year which is up from the last forecast by 0.4%. In FY 2022, gasoline consumption is projected to bounce back with an annual growth of 6.4%, up 1.0% from the last forecast. Forecasts from FY 2023 to FY 2031 have been revised up an average of 1.4%.

Underpinning the FY 2022 are two countervailing trends. Given the pace of the economic recovery, we have become more optimistic about the “bounce back” and the summer driving recession. However, it is now clear that telecommuting is a permanent feature and will affect commuting patterns. This should be especially pronounced in Washington; the state has a more sophisticated job base than the U.S. as whole and is therefore more amenable to telecommuting.

The special fuels forecast is nearly unchanged from March. In March we noted that this revenue had benefited from pandemic driven shifts from consuming experiences (such as going to dinner) to purchasing things and expected this trend to reverse. As noted in the June 15th Wall Street Journal, the Census Bureau reported that “consumers cut spending by 1.3% last month, trimming expenditures on autos, furniture, electronics, building materials and other items”. In contrast, spending on restaurants and bars rose 1.8% May over April, sending food-service sales beyond pre-pandemic levels.

The estimate for nonhighway refunds has been increased for both gasoline and special fuels. This is primarily in response to anticipated increases in the importation of natural gasoline and increases in off road diesel usage attributable to activities such as construction.

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

Washington State anticipates collecting about \$1.6 billion from vehicle licenses, permits, and fees (LPFs) in the 2019-2021 biennium, which is decreased for \$2.3 million or 0.15% compared to the forecast in March. The LPF forecast is anticipated to be \$1.79 billion next biennium which is down \$6.9 million or 0.4% from March. By the end of the forecast horizon, LPF revenues are anticipated to be \$2.1 billion, which is down about \$14 million

or 0.68% from the previous forecast. Over the 10-year period from 2019-2021 biennium to 2027-2029 biennium, the revenue decrease is about \$47 million from the last forecast.

*Primary reasons for the change in the June 2021 forecast*

- For the fiscal year 2021, passenger car registrations are down 2.25% or 125,000 vehicles comparing the previous forecast. For FY 2022, passenger car registrations will also be 2.25% less than the previous forecast. The forecast remains lower in the future years from 2023 through 2031, however, the difference will get slightly larger in the out years. The decreased forecast registrations are mainly due to the lower passenger car actuals we received for the last 3 months.
- For the fiscal year 2021, truck registrations are decreased by 1.94% or 34,000 vehicles compared to the March forecast. In fiscal year 2022, truck registrations will decrease from the previous forecast by 2.04%. For the remainder of the forecast horizon, the truck forecast is approximately 2% below the last forecast.
- In the 2019-21 biennium, \$30 registrations revenue is down 2.46% or \$8.7 million due to the decreased forecast for passenger cars. In next biennium, revenue from \$30 registrations is about \$3.7 million less than the previous forecast. This trend continues in the later periods. We see the revenue runs about \$5.3 million below the previous forecast by the last biennium, 2029-2031, due to the lower forecast for the passenger cars and other \$30 vehicles.
- In the 2019-21 biennium, the June forecast has an increased truck weight revenue of nearly \$4 million or 0.8%. This is not in line with the decrease of the truck registration forecast, but recent actuals of revenue have come in stronger than registrations so this brings up the revenue forecast for this biennium. In the next biennium, truck weight revenue is about \$9.1 million less than the previous forecast due to the reduced truck forecast. The revenue decrease continues in later forecast periods. By the end of the forecast horizon, we will see a \$8.5 million decrease in revenue for truck weight fees.
- In the 2019-21 biennium, the Freight Project fee is about \$0.16 million or 0.36% less than the previous forecast due to the decreased truck registration forecast. In the 2021-23 biennium, the Freight Project fee is \$2.2 million less than the March forecast. This revenue decrease remains steady in the out years.
- The passenger vehicle weight revenue forecast is decreased by \$3.4 million or 1.04% in the 2019-21 biennium, which is due to the decreased passenger car forecast. In the 2021-23 biennium, the revenue is down for \$4.8 million. The revenue decrease gradually gets bigger in the out years. By the end of this forecast horizon, we will see a \$7.5 million passenger vehicle weight revenue reduction in 2029-2031 biennium.
- In this forecast, the motor home weight revenue is decreased for \$1.2 million in the 2019-21 biennium due to the decreased motor home registration forecast. Next biennium, the motor home revenue forecast is lower by \$0.3 million or 2.9%. The revenue decrease maintains the same in the out years. By the end of this forecast, we will see a \$0.34 million motor home weight revenue reduction in 2029-2031 biennium.
- Electric battery and plug-in battery vehicles transaction forecast is revised using the actuals for the nearest period and the latest EIA annual variable for outer years. Due to strong actuals and data report revision, Electric vehicles fee of \$225 forecast to forecast change for the current biennium is up 2.7% (or 0.5 million), while the following biennium is revised upward by 6.2% (or \$1.8 million). For the ten-year horizon, the revision is up by about 2.5%.
- The hybrid vehicles forecast of the Charging Infrastructure \$75 fee revenue forecast has been revised higher due to strong actuals. The current biennium is up 6.9% (or \$1.0 million), next biennium is up 10.5% or \$2.0 million. The ten years forecast horizon is up 9.5% (or \$11.0 million)
- Title Fee Strong actuals continue to exceed expectation. With updated Global Insight variable, the forecast in the current biennium is revised upward by 3.3% or \$2.3 million. Next biennium is up 5% or \$3.6m. Over the 10 years horizon, the forecast-to-forecast change is 3.5%. Similar upward revisions are also in Quick titles except current biennium is higher change due to increased demand for Quick Tiles. We anticipate things to return to normal post Pandemic. Quick title for the current biennium is up 8.6% (or 0.4 million), while the following biennium is up by 5.6% (or \$0.3 million). For the ten-year horizon, the revision is up by about 3.6%.
- Ferry Service Fee (18J) Following a strong vehicle title trend, title service fee is up 1.9% or \$280,000 in the current biennium, and 2.4% or \$372,000 in the following biennium. The positive revision over next 10 years is 1.8%.
- Registration service fee forecast to forecast change is down due to registration forecast and DOL paying share decrease. The current biennium is revised downwards by about -3.4% or \$1.2 million. The

following biennium is down by about 1.8% or \$0.6 million. Over the ten-year horizon, the forecast is down by -1.9%.

## Driver Related Forecasts

### Overview

The June 2021 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees (including commercial driver licenses, enhanced driver licenses, and temporary restricted licenses), ID card fees, driver exam application fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include limousine licenses, fines and forfeitures, and driver school instructor license fees. These driver-related fees are deposited into the Highway Safety Fund (HSF), Motorcycle Safety Education Account (MSEA), the State Patrol Highway Account (SPHA), and Ignition Interlock Revolving Account (IIRA). All driver-related revenue for FY2019-2021 is forecasted to be \$288.8 million, up by \$3.5 million (1.2%). FY2021-23 biennium is forecasted at \$318.1 million, up by \$8.8 million (2.9%) from the prior forecast. Over the next ten-year period (FY22-FY31), driver related revenue is revised down to \$1,644.6 million, about \$74.8 million (4.8%) from the prior forecast. It is important to note that with SHB1207 passed in the 2021 legislative session, DOL will offer eight-year license and ID cards, along with the existing six-year license and IDs, depending on customer choice. Driver and ID renewals will follow either a six- or eight-year renewal cycle, with variable extensions in the through FY28 to smooth the workload and revenue. Caution is advised in year over year comparisons.

### Primary reasons for the changes in the June 2021 forecast

Legislation (SHB1207) Allows DOL to extend the current six-year Driver License and ID card full term to eight-years at the same per year fee and giving customers an option to choose either a six- or eight-year term. This legislation also has positive impact to revenue in Enhanced DL (EDL), Enhanced ID (EID), Commercial DL (CDL), and Motorcycle endorsements. Revenue estimates are very rough in this forecast until we have sufficient actuals to see a pattern.

Driver Licenses increased for FY 2019-21 by \$3.18 million or 4.6% and continues throughout the rest of the forecast horizon with an increase on average by \$15.88 million or 13.2% per biennium. The changes throughout FY 2021-31 biennia are related to the passage of SHB 1207 DOL Issued Documents (2021).

Commercial Driver Licenses (CDL) forecast is lower for FY 2019-21 by -\$59,300 or -1.2% based on actuals thru May. Similar to the changes for Driver licenses, the forecast is higher on average by \$897,600 or 7.6% per biennium throughout the rest of the forecast horizon related to the passage of SHB 1207 DOL Issued Documents (2021).

Motorcycle Safety Education Account 082 is slightly higher for FY 2019-21 by \$5,000 or 0.1% based on actuals thru May. Similar to the changes for Driver licenses, the forecast is higher on average by \$500,200 or 10.3% per biennium throughout the rest of the forecast horizon related to the passage of SHB 1207 DOL Issued Documents (2021).

EDL/EID forecasts. On April 27, DHS further delayed the REAL ID implementation date from October 2021 to May 2023. As a result, we see a decrease in participation rate since the DHS announcement. Forecast has adjusted FY22-23 EDL/EID issuance downward by about 31% while revenue is down by \$5.6 million (-23%) even with the positive legislation impact. From FY24 forward, the forecast is up by about 13% (or \$1.6 million per year) on average due to SHB 1207.

Reissues are higher by \$105,800 or 1.2% for FY 2019-21 based on actuals through May 2021. The forecast is lower on average by -\$6.4 million or -61.6% per biennium throughout the rest of the forecast horizon due to the passage of ESSB 5226 License Suspensions/Traffic (2021) in conjunction with a recent ruling by Thurston County

Court related to License Suspensions and ESSB 5226. SEEB 5226 would become effective January 1, 2023 and the recent ruling by Thurston County Court makes the license suspension portion effective immediately. ESSB5226 (sec 13) also adds \$1.00 fee to all issuances of driver licenses. The impact of this is an average of \$1.2 million additional revenue per year to the Highway Safety Fund.

## 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

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.

Washington State collected \$209.2 million from Other Transportation Related revenues in the 2017-2019 biennium and are projected to collect \$263.6 million in the 2019-21 biennium. This represents an increase of 26% biennium to biennium. This change is due primarily to adding new fees to this forecast. The June forecast is significantly higher than the March forecast due to adding in two new fees credit card recovery fees and AOC penalty fee. The baseline June forecast this biennium is above the last forecast by \$21.3 million or 8.8% and next biennium it is anticipated to be up by \$27.5 million or 9% from March. Over the next 10 years, this June forecast is up by \$148.7 million over the last baseline forecast.

### Primary reasons for the change in the June 2021 Forecast

- In the June forecast, the sales tax on motor vehicle purchases is up over the baseline forecast due to higher recent actuals in sales taxes on new and used vehicle purchases. Motor vehicle sales and use tax revenue came in \$4.7 million above forecast in the four months since the March forecast. The forecast for U.S. new vehicle sales is higher by 5.1% in the current and next biennium. Revenue is anticipated to be higher throughout the forecast compared to March. The biennial forecast change for motor vehicle sales and use tax ranges from +5.1% in 2021-23 to +4.0% in 2029-31. The reversal of I-976 results in FY2020 revenue being artificially low and FY2021 being artificially high due to timing of account deposits.
- Rental car tax collections have also reduced to the COVID-19 related shutdowns and limitations on travel. Collection came in \$158,000 (2.2%) below forecast in the four months since the March forecast. The economic variables related to this forecast are mixed compared to March. The forecast has been revised downward throughout the forecast, but only minimally. The biennial change ranges from -0.1% in 2019-21 to -0.7% in 2021-23.
- HOV penalties in June 2021 are unchanged from the March 2021 forecast. In the current 2019-2021 biennium HOV penalties are forecasted at \$950,850 increasing to \$1,094,402 over the forecast horizon.
- WSDOT Business related revenue for the 2019-21 biennium has been revised upward by \$1.26 million, or 8.09%, from the March forecast to reflect actual collections. In the 2021-23 biennium, WSDOT business related revenue is up \$5,800 or 0.04%, from March due to changes in the inflation factors.

- The school zone fines forecast for the current biennium is up \$970, or 0.21%, from the March forecast. The forecast in outer biennia is a slight change of \$607, or 0.10%, in the next biennium and by 0.03% in 2023-25.
- The 2019-21 WSP Business Related Revenues for June 2021 have been revised down by \$351,952 or (2.81%). The change reflects updated yearly averages, using May 2021 data, in all categories. Future biennia revenues are forecasted to increase by \$80,300 or 0.65% from the March 2021 forecast.
- Aviation Fuel Tax 039 forecast is higher for FY 2019-21 by \$52,400 or 1.4% based on revenue collections through May. The forecast remains unchanged from the previous forecast throughout the rest of the forecast horizon. Unfortunately, the FAA General Aviation Fuel Consumption forecast is not yet available. The FAA General Aviation Fuel Consumption forecast should be available for the September 2021 forecast update.
- Aviation Specialty Plates Transactions have been trailing since the March forecast, with originals trailing 15%, and renewals trailing 4% year to date. The forecast has been decreased -\$1,200 (-1.2%) in 19-21 biennium with the impact growing to -\$3,400 (-3.25%) in the 21-23 biennium.
- Aviation registration and excise taxes were updated with current year registrations and revenue for FY 2021. The aircraft registration fees were slightly down by 0.2% but excise tax revenue actuals to date were slightly above the last projections by 0.2%. This forecast also added in the minor impacts from the new legislation (SHB1379) that allowed a \$15 fee on drone registrations.
- Credit Card Transaction Fees (24K) The forecast decreased an average of 2.7% across the forecast from the fiscal note's revenue projections. This decrease is based on two primary factors; the fiscal note was based on population growth being applied to data from the first 12 months of fee collections, this data included peak online transactions due to covid closures, which have now begun to slow slightly. This forecast now uses growth from the LPF forecast to guide vehicle related transaction growth, and the vessel registration forecast to determine vessel related transactions. This led to a forecast decrease of -\$87,000 (-0.4%) in the 19-21 biennium and -\$590,000 (-2.8%) in the 21-23 biennium.
- 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 \$6.0 million new revenue per biennium.**

## Ferry Ridership and Revenue

### Overview

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

- Passenger full fares
- Passenger frequent user discount (commuter) fares
- Passenger other discount fares (e.g., senior fare, youth fare)
- Auto / driver full fares

- Auto / driver frequent user discounted (commuter) fares
- Other vehicle / driver discounted (senior/disabled auto and all motorcycle) fares
- Oversize vehicle / driver (over 22 feet in length) fares

In August 2019, the Washington State Transportation Commission adopted two fare increases for FY 2020. The first took place on October 1, 2019 and the second on May 1, 2020. Both increases raise passenger fares by 2.0% and vehicle/driver fares by 2.5%, with the second May 1, 2020 increase also including a doubling of the existing fare surcharge for capital, from \$0.25 to \$0.50 at the direction of the legislature. The additional \$0.25 surcharge is dedicated to help repay the bonds being used to fund the construction of a new hybrid-electric vessel. With no further fare increases assumed in the Baseline Forecast, real fares are expected to slowly decline in real terms as a result of general price inflation.

The COVID-19 pandemic, the ridership dampening effects of which began in early March 2020 with “stay at home” and “safer at home” public guidance, have begun to let up as evident from the most recent data in April and May of this year. From May to October 2020, ridership steadily recovered at a modest pace, with October 2020 levels coming in 35% lower than 2019. However, from November 2020 through mid-March 2021, the rebound in ridership stalled out, in part due to additional restrictions on the economy imposed by the governor in November. As travel and economic restrictions began to loosen this spring and COVID-19 vaccination rates increased, ridership in most fare categories is again rebounding. Whereas April 2020 systemwide ridership was 73% lower than April 2019, April 2021 ridership materially exceeded the March Forecast, closing the gap to 24% lower than the 2019 pre-pandemic levels. May 2021 ridership also made up more than half of its 59% drop in 2020 to 24% below May 2019 levels.

For the two most recent months with reported data (April and May 2021), monthly ridership levels have recovered to 76% of their pre-pandemic levels. Vehicle/driver fares have recovered to 89% of pre-pandemic levels, with regular and oversize vehicle/driver fares fully recovered. Passenger fares have recovered to 66% of their pre-pandemic levels, with passenger frequent user (commuter) ridership showing virtually no improvement at only 22% of 2019 levels while all other passenger fares have recovered to 78% of their 2019 levels.

To account for the effects of COVID-19 in holding ridership levels below what can be attributed to changes in the usual forecast inputs (i.e., employment and real personal income levels), a pandemic indicator variable was introduced within the seven fare category systemwide econometric forecast models to capture the pandemic-related decreases in ridership. With most fare categories of ridership rebounding, beginning with the second quarter of 2021, the pandemic indicator variable has now been switched “off” for six of the seven fare-category forecast models. Only the passenger frequent user (commuter) fare model warranted maintaining the pandemic indicator variable into the near-term forecast. In addition, and consistent with the March forecast, the June 2021 forecast maintains a tapered rebound of ridership projections in all fare categories through 2022, with full recovery to the steady-state “new normal” projections by January 2023.

Over the past two decades, the passenger and vehicle/driver frequent user (commuter) fare ridership categories have been declining, in both absolute volumes and as percentage shares of total passengers and vehicles, respectively. 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 — reaffirmed in the downwardly revised working-age and upwardly revised retirement-age population indices in this June forecast. Other longstanding contributing factors include an increasing trend in telecommuting and changes in the frequent user multi-ride fare media that make them less severable for shared concurrent use by multiple riders.

Between FY 2000 and FY 2019, the share of passengers traveling under a discounted, frequent user fare has 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 has declined from nearly 47% to 34%. The COVID-19 pandemic has resulted in an extensive increase in telecommuting. 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 holding at about 78% below pre-pandemic levels as of May 2021. Many employers are expected to be more accommodating of telecommuting and flexible work arrangements going

forward. As such, the 20% passenger commuter fare reduction factor used to capture this expected long-term effect in the prior forecast was maintained for the June 2021 forecast.

For the vehicle/driver commuter fare category, the elimination of the pandemic indicator variable starting with the second quarter of 2021 has allowed the vehicle commuter forecast model to respond to the new normal with a lower long-term projection, with the prior forecast's 12% vehicle commuter reduction factor revised downward to 4% by the last five years of the forecast horizon.

The June 2021 Forecast includes the following service level assumptions regarding the continued restoration of the service reductions put in place during the pandemic:

- As of June 7, service on the Fauntleroy-Vashon-Southworth route system was restored to three vessels.
- On Jun 27, two-boat service will be restored on the Port Townsend-Coupeville route through Labor Day.
- Restoration of service on the Anacortes-Sidney, B.C. international route is assumed to be delayed until November 1, 2021.

Overall, the June Baseline Forecast for ridership in the current 2019-21 biennium is 2.1% higher than the March Forecast, with passengers and vehicles/drivers equally higher by the same percentage. The June 2021 forecast includes actual ridership and revenue collections through May 2021. Total reported ridership for March through May 2021 averaged 13.4% higher than previously forecasted, placing it at about three-quarters of pre-pandemic levels for the same period.

Fare and surcharge revenues for March through May 2021 averaged 16.5% higher than the prior forecast, and now comprise 90% of pre-pandemic levels over the same three-month period.

Compared to the prior March forecast, 2019-21 biennium fare and surcharge revenues are projected to be 2.4% higher, whereas miscellaneous revenues are expected to be 4.9% higher, resulting in overall biennium ferry revenue increasing by 2.5% compared to the March forecast.

For the rest of the forecast horizon, the June ridership projections range from 3.8% higher in FY 2022 to 0.2% lower in FY 2027, then ending up essentially unchanged by the end of the forecast horizon, relative to the March Baseline Forecast. Fare and surcharge revenue projections are expected to range from 5.6% higher in FY 2022 to 0.6% higher in FY 2024, ending up at 1.0% higher in FY 2031, relative to the March Baseline Forecast.

Miscellaneous revenues have been revised upward by 14.1% for the 2021-23 biennium and then average about 15% higher across the remainder of the forecast horizon, with higher reservation no-show fees driving the majority of the increase compared with March.

Total fare and miscellaneous revenues forecasted for the 2019-21 biennium amount to \$329.4 million, which is 2.5% higher than the previous forecast of \$321.5 million for the same period. Over 12 years (FY 2020-31), ferry fare and miscellaneous revenues total \$2.53 billion, which is 1.7% higher than the March Baseline Forecast over the same period.

The COVID-19 pandemic has materially disrupted normal ferry ridership patterns, and the duration and magnitude of the pandemic's temporary near-term effects or its more permanent impacts on the economy and ferry ridership, while becoming more apparent, remain uncertain. As such, the June 2021 forecast projections, as well as the assumptions upon which they are based at the time of preparation, remain subject to a relatively high level of risk and uncertainty, which may cause actual results to vary considerably from the projections.

#### *Primary reasons for the change in the June 2021 forecast*

- Overall, the June 2021 fare and surcharge revenue forecasts reflect a somewhat faster rebound in the near-term from the pandemic-induced substantial decreases in ridership through the end of calendar year 2022. Thereafter, the June longer-term revenue forecasts are slightly higher as a result of higher projections for real personal income and lower real gas prices.



- Miscellaneous revenue forecasts are projected to be higher throughout the forecast horizon, primarily as a result of the higher near-term revenue and ridership trends and higher estimates for vehicle reservation no-show fees.

## **Toll Revenue**

### ***Overview of Differences Compared to March 2021 Forecast***

Washington State has five tolled facilities. The June 2021 toll traffic and revenue (T&R) forecast has been updated from the March 2021 forecast to incorporate:

- Actuals ( March 2021 through May 2021) have been coming in higher than March 2021 forecast,
- Stronger actual traffic and revenue recovery assumptions in the near term (FY 2021, FY 2022, and FY 2023) on all toll facilities, and
- FY 2024 –2031 remain unchanged from previous March 2021 forecast.

The methodology for the June 2021 Forecast update is similar to the ones applied in the June 2020 and subsequent quarterly forecasts, along with the March 2021 forecasts, with heavy reliance on recent actual data. Forecasts are made by facility by month through and including June 2023, and FY2024 to 2031 are forecasted annually.

### ***Main changes on assumptions since March 2021 Forecast***

The methodologies for this June 2021 Forecast stay the same as the ones used in the March 2021 Forecast.

- The June 2021 toll traffic and revenue (T&R) forecast has been updated from the March 2021 forecast to incorporate stronger actual traffic and revenue recovery assumptions in the near term (FY 2021-2023) on all toll facilities.
- FY 2024 – 2031 remain unchanged from previous March 2021 Forecast.
- Results of recently-updated SR 99 travel demand model runs made in conjunction with the Commission's toll rate setting work were used to inform the SR 99 forecasts. While there was no new updated socio-economic forecast to incorporate into the future travel demand models for that study, there have been modifications to the travel demand by trip purpose as proxy. Similar to the March TRFC forecast updates for SR 520, these SR 99 travel demand model modifications include changes across all trip purposes; for example, fewer commuting trips by professional workers in the A.M. periods, and more home-based travel in the afternoon for shopping or recreation purposes, amongst others. The results of those TDM runs showed no changes to SR 99 forecasts in the long term (FY 2024 – 2031) from previous forecasts.
- A new closure is scheduled for the Montlake Bridge (which crosses over SR 520 and connects into SR 520 at Montlake Blvd.) for approximately five weeks starting at the beginning of August 2021. FY 2022 traffic and revenue for SR 520 only will be slightly negatively affected.
- For I-405 and SR 167, corridor improvement assumptions incorporated the latest project schedules as noted included in the April 2021 Current Law Budget; there is no change in project schedules from the March 2021 forecasts.

The June 2021 Forecast incorporates actual T&R performance through April 2021 (with preliminary May 2021 data available at time of forecasting), adding two-month forecast for the remainder of FY 2021, and assuming different recovery pattern for each facility based on the observed trends.

The forecasts for FY 2021, FY 2022, and FY 2023 continue to be made on a month-by-month basis, to best administer the slow but steady 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.

With the reduction in toll trips since the start of COVID-19, the June 2021 analysis incorporates continued tracking of transponder sales revenue based on reported sales through May 2021 for SR 520, I-405 ETLs, and SR 99. Data through May 2021 indicates a 53 percent overall reduction in transponder sales since the start of COVID-19. Meanwhile, the weighted average transponder unit sale price has increased from \$7.60 since the March 2021 forecast to \$8.80 in the June 2021 Forecast as a result of the following two factors: (1) eight months of additional transponder sales data which increased the share of higher priced FlexPass transponders of the total transponder sales; (2) higher share of direct retail sales to customers through the Customer Service Center compared to wholesale channels and retailers which are sold at a lower price. Additional refinements were made to account for changes in allocations between facilities, now adjusted to align with the June 2021 T&R forecast.

**March 2021 through May 2021 Actuals**

June 2021 Forecast is based on T&R actuals through April 2021, with preliminary May 2021 data available at the time of forecasting.

Three - month period, March 2021 through May 2021 (toll transactions are based on preliminary estimate) combined actual toll transactions and reported adjusted toll revenues were 14.8 percent above the March 2021 Forecast. Toll revenues for the past three months were \$40.7 million, which is \$5.3 million above the March 2021 Forecast.

**Figure 18: July 2020 to May 2021 Actuals vs March 2021 Forecast (\$ millions)**

Toll Facility	Toll Transactions							Adjusted Gross Toll Revenue						
		Jul 2020 thru Feb 2021	Mar 2021	Apr* 2021	May* 2021	Mar thru May Total	YTD (Jul 2020 thru May 2021)		Jul 2020 thru Feb 2021	Mar 2021	Apr 2021	May 2021	Mar thru May Total	YTD (Jul 2020 thru May 2021)
TNB	Forecasted Transactions	9,176	1,178	1,140	1,216	3,534	12,710	Forecasted Toll Revenue	\$48,762	\$6,100	\$5,925	\$6,323	\$18,348	\$67,110
	Reported Transactions	9,176	1,244	1,260	1,325	3,829	13,005	Reported Toll Revenue	\$48,762	\$6,655	\$6,718	\$6,990	\$20,363	\$69,125
	Variance From Forecast	0.000	0.066	0.120	0.109	0.295	0.295	Variance From Forecast	\$0.000	\$0,555	\$0,793	\$0,667	\$2,015	\$2,015
	Variance - % Change	0.0%	5.6%	10.5%	9.0%	8.3%	2.3%	Variance - % Change	0.0%	9.1%	13.4%	10.6%	11.0%	3.0%
SR 520	Forecasted Transactions	9,070	1,150	1,119	1,215	3,484	12,554	Forecasted Toll Revenue	\$28,869	\$3,668	\$3,657	\$3,917	\$11,242	\$40,111
	Reported Transactions	9,070	1,241	1,352	1,464	4,057	13,127	Reported Toll Revenue	\$28,869	\$4,072	\$4,007	\$4,776	\$12,855	\$41,724
	Variance From Forecast	0.000	0.091	0.233	0.249	0.573	0.573	Variance From Forecast	\$0.000	\$0,404	\$0,350	\$0,859	\$1,613	\$1,613
	Variance - % Change	0.0%	7.9%	20.8%	20.5%	16.5%	4.6%	Variance - % Change	0.0%	11.0%	9.6%	21.9%	14.3%	4.0%
I-405	Forecasted Transactions	3,535	0,479	0,457	0,432	1,368	4,903	Forecasted Toll Revenue	\$4,564	\$0,590	\$0,605	\$0,597	\$1,792	\$6,356
	Reported Transactions	3,535	0,541	0,538	0,511	1,590	5,125	Reported Toll Revenue	\$4,564	\$0,780	\$0,776	\$0,840	\$2,397	\$6,961
	Variance From Forecast	0.000	0.062	0.081	0.079	0.222	0.222	Variance From Forecast	\$0.000	\$0,190	\$0,171	\$0,243	\$0,605	\$0,605
	Variance - % Change	0.0%	13.0%	17.7%	18.3%	16.2%	4.5%	Variance - % Change	0.0%	32.3%	28.3%	40.7%	33.7%	9.5%
SR 167	Forecasted Transactions	0,934	0,123	0,115	0,119	0,357	1,291	Forecasted Toll Revenue	\$1,579	\$0,184	\$0,172	\$0,178	\$0,534	\$2,113
	Reported Transactions	0,934	0,142	0,142	0,133	0,417	1,351	Reported Toll Revenue	\$1,579	\$0,260	\$0,269	\$0,278	\$0,807	\$2,387
	Variance From Forecast	0.000	0,019	0,027	0,014	0,060	0,060	Variance From Forecast	\$0.000	\$0,076	\$0,097	\$0,100	\$0,273	\$0,273
	Variance - % Change	0.0%	15.3%	23.8%	11.8%	16.9%	4.7%	Variance - % Change	0.0%	41.5%	56.5%	56.0%	51.2%	12.9%
SR 99	Forecasted Transactions	5,693	0,739	0,700	0,739	2,178	7,871	Forecasted Toll Revenue	\$9,211	\$1,181	\$1,118	\$1,181	\$3,480	\$12,691
	Reported Transactions	5,693	0,836	0,856	0,940	2,631	8,324	Reported Toll Revenue	\$9,211	\$1,371	\$1,303	\$1,555	\$4,230	\$13,441
	Variance From Forecast	0.000	0,097	0,156	0,201	0,453	0,453	Variance From Forecast	\$0.000	\$0,190	\$0,185	\$0,374	\$0,750	\$0,750
	Variance - % Change	0.0%	13.1%	22.2%	27.2%	20.8%	5.8%	Variance - % Change	0.0%	16.1%	16.6%	31.7%	21.5%	5.9%
Total	Forecasted Transactions	28,408	3,669	3,531	3,721	10,921	39,329	Forecasted Toll Revenue	\$92,985	\$11,723	\$11,477	\$12,196	\$35,396	\$128,381
	Reported Transactions	28,408	4,004	4,148	4,373	12,524	40,933	Reported Toll Revenue	\$92,985	\$13,139	\$13,074	\$14,439	\$40,652	\$133,637
	Variance From Forecast	0.000	0,335	0,617	0,652	1,603	1,603	Variance From Forecast	\$0.000	\$1,416	\$1,597	\$2,243	\$5,256	\$5,256
	Variance - % Change	0.0%	9.1%	17.5%	17.5%	14.7%	4.1%	Variance - % Change	0.0%	12.1%	13.9%	18.4%	14.8%	4.1%

Notes:  
\* April and May 2021 Toll Transactions are stated based on preliminary estimate.

Overall, toll traffic recovery continues slowly since summer 2020. Figure 19 provides daily traffic volumes for the past fifteen-month period from March 1, 2020 through June 1, 2021 comparing to last year's traffic. Those actuals verify the general forecast assumptions and provide additional clarities to the toll facilities.

Figure 20 shows FY 2021 through FY 2029 annual Traffic and Toll Rates March 2021 and June 2021 forecast assumptions comparing to Pre-COVID Forecasts.

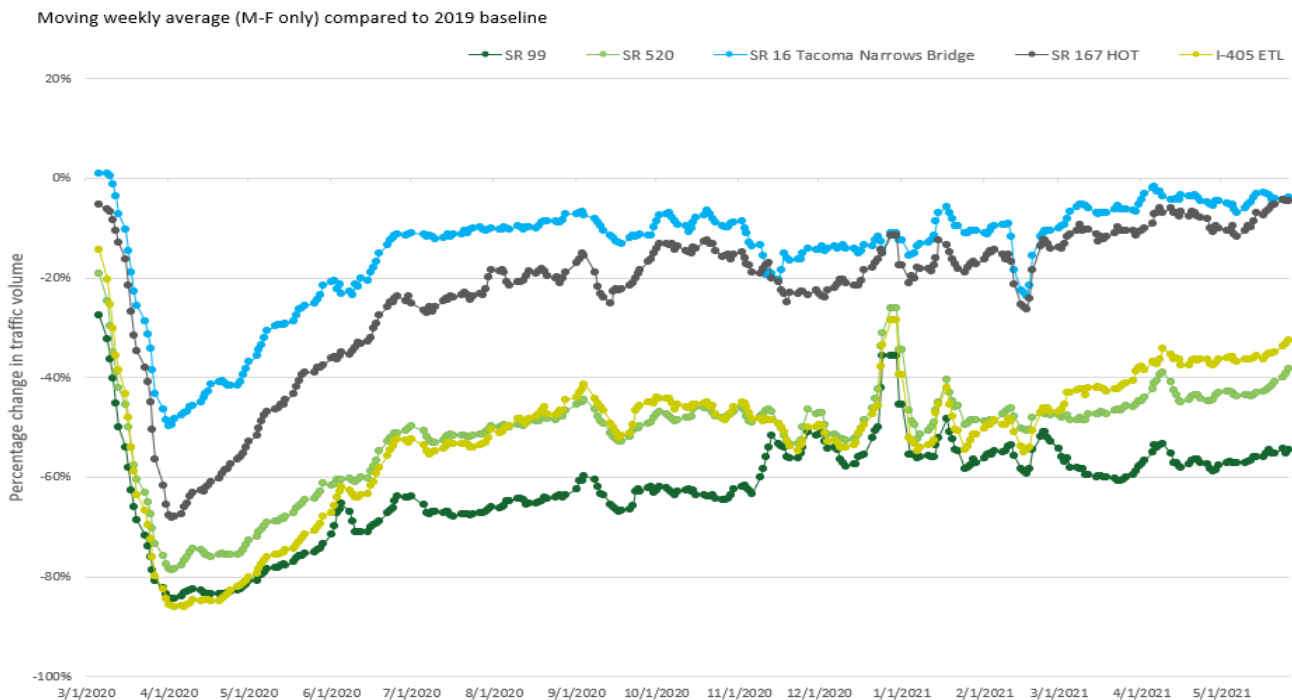
**Summary of June 2021 Forecast Results**

Figure 21 provides the comparison summary between June 2021 and March 2021 forecast results.

Some highlights of June 2021 Forecast include:

- FY 2021 total revenue and fees are estimated to be \$160.9 million, which is \$10.3 million (or 7 percent) above the March 2021 Forecast.
- FY 2022 total revenue and fees are estimated to be \$197.8 million, above the March 2021 Forecast by \$15.8 million (or 9 percent).
- Next Biennium (FY 2022 and FY 2023) total revenues and fees are \$20.9 million above the March Forecast.
- FY 2021-FY 2023 total revenue and fees of \$592.2 million are \$31.2 million above the March 2021 Forecast. This increase represents 83% of the ten-year (2020-2029) total revenue and fee increase of \$38 million.

**Figure 19: Percentage change in toll traffic volumes in compared to baseline**



**Figure 20: FY 2021 to FY 2029 Traffic and Toll Rate Reduction Assumptions – Comparing to Pre-COVID Forecasts<sup>1</sup>**

Facility	Forecast Version	Traffic & Toll Rates Assumptions	FY 2021 ACTUALS			ANNUAL FORECAST FY 2021 to FY 2029								
			Mar-21	Apr-21 <sup>3</sup>	May-21 <sup>3</sup>	FY 2021 Weighted Average	FY 2022 Weighted Average	FY 2023 Weighted Average	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
TNB <sup>2</sup>	Mar'21	Toll Traffic reduction	-15%	-15%	-12%	-13%	-10%	-6%	-3%	-3%	-3%	-3%	-3%	-3%
	Jun'21	Toll Traffic reduction	-10%	-7%	-3%	-11%	-4%	-3%	-3%	-3%	-3%	-3%	-3%	-3%
SR 520	Mar'21	Toll Traffic reduction	-54%	-52%	-50%	-50%	-34%	-16%	-9%	-9%	-9%	-9%	-9%	-9%
	Jun'21	Toll Rate reduction	-2%	-2%	-2%	-1%	-2%	-1%	-2%	-2%	-2%	-2%	-2%	-2%
SR 99	Mar'21	Toll Traffic Reduction	-40%	-39%	-41%	-36%	-28%	-10%	-5%	-5%	-5%	-5%	-5%	-5%
	Jun'21	Toll Rate reduction	-9%	-8%	-9%	-8%	-6%	-6%	-6%	-6%	-6%	-6%	-6%	-6%
I-405	Mar'21	Toll Traffic reduction	-42.9%	-47.7%	-53.0%	-48%	-32%	-15%	-9%	-21%	-28%	-28%	-18%	-11%
	Jun'21	Toll Rate reduction	-59.6%	-58.0%	-59.8%	-58%	-39%	-17%	-10%	-11%	-12%	-11%	-10%	-11%
SR 167	Mar'21	Toll Traffic reduction	-31.3%	-30.3%	-32.2%	-28.9%	-25.5%	-12.4%	-4.0%	-3.7%	-3.4%	-3.1%	-2.8%	-2.5%
	Jun'21	Toll Rate reduction	-19.5%	-16.4%	-21.2%	-25%	-18%	-10%	-4%	-4%	-3%	-3%	-3%	-3%

**Notes:**

- <sup>1</sup> Pre-COVID forecasts refer to: (1) November 2019 TRFC for TNB, SR 520, SR 99, and SR 167. (2) I-405/SR 167 ETLs Comprehensive Traffic and Revenue Pro-Forma Estimates, Pre-COVID-19, dated May 2020 for I-405 ETLs.
- <sup>2</sup> Assume no toll rate change to TNB.
- <sup>3</sup> Apr-21 and May-21 Toll Rate is based on the preliminary Toll Transactions estimate and Revenue Potential forecast
- <sup>4</sup> Assume 3% toll rate increase every three years starting FY 2022 to SR 99.

**Figure 21: Revenue Comparison – June 2021 vs March 2021 Forecast (\$ millions)**

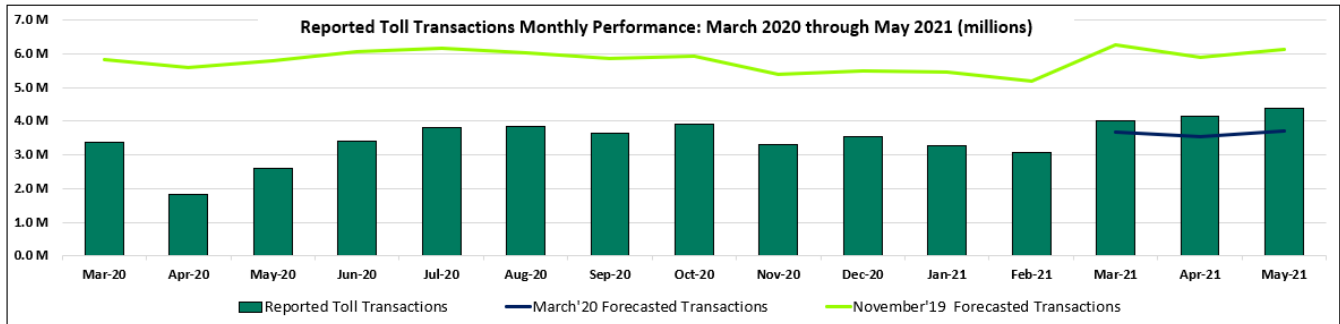
	Toll Facility	FY 2020	FY 2021	2019-21 Biennium	FY 2022	FY 2023	2021-23 Biennium	2023-25 Biennium	2020-29 Ten-Year	2022-31 Ten-Year
June 2021 TRFC	<b>TNB</b>									
	Adjusted Gross Toll Revenue	\$75,466	\$76,034	\$151,500	\$81,000	\$82,835	\$163,835	\$168,923	\$833,046	\$861,229
	Other Revenue	\$3,938	\$3,445	\$7,383	\$2,695	\$2,801	\$5,496	\$5,205	\$28,666	\$60,637
	<b>Total TNB Revenue &amp; Fees</b>	<b>\$79,404</b>	<b>\$79,479</b>	<b>\$158,883</b>	<b>\$83,695</b>	<b>\$85,636</b>	<b>\$169,331</b>	<b>\$174,128</b>	<b>\$661,715</b>	<b>\$887,939</b>
	<b>SR 520</b>									
	Adjusted Gross Toll Revenue	\$66,570	\$46,648	\$113,218	\$64,688	\$80,671	\$145,359	\$182,144	\$829,589	\$927,955
	Other Revenue	\$12,649	\$4,301	\$16,950	\$4,714	\$5,419	\$10,133	\$11,981	\$64,385	\$60,637
	<b>Total SR 520 Revenue &amp; Fees</b>	<b>\$79,219</b>	<b>\$50,949</b>	<b>\$130,168</b>	<b>\$69,402</b>	<b>\$86,090</b>	<b>\$155,492</b>	<b>\$194,125</b>	<b>\$893,974</b>	<b>\$988,592</b>
	<b>I-405 ETLs</b>									
	Adjusted Gross Toll Revenue	\$21,347	\$7,602	\$28,949	\$13,947	\$23,839	\$37,786	\$58,994	\$284,255	\$349,936
	Other Revenue	\$5,657	\$1,761	\$7,418	\$1,566	\$2,021	\$3,587	\$5,072	\$30,709	\$31,987
	<b>Total I-405 ETLs Revenue &amp; Fees</b>	<b>\$27,005</b>	<b>\$9,363</b>	<b>\$36,368</b>	<b>\$15,513</b>	<b>\$25,860</b>	<b>\$41,373</b>	<b>\$64,066</b>	<b>\$314,965</b>	<b>\$381,923</b>
	<b>SR 167 ETLs</b>									
Adjusted Gross Toll Revenue	\$3,497	\$2,612	\$6,109	\$3,569	\$5,368	\$8,937	\$15,698	\$71,182	\$91,199	
Other Revenue	\$0,161	\$0,097	\$0,258	\$0,090	\$0,090	\$0,180	\$0,223	\$1,222	\$1,265	
<b>Total SR 167 ETLs Revenue &amp; Fees</b>	<b>\$3,658</b>	<b>\$2,709</b>	<b>\$6,367</b>	<b>\$3,659</b>	<b>\$5,458</b>	<b>\$9,117</b>	<b>\$15,921</b>	<b>\$72,404</b>	<b>\$92,464</b>	
<b>SR 99</b>										
Adjusted Gross Toll Revenue	\$11,851	\$15,088	\$26,939	\$21,950	\$25,940	\$47,890	\$55,242	\$246,291	\$279,935	
Other Revenue	\$2,191	\$3,361	\$5,552	\$3,568	\$4,438	\$8,006	\$9,854	\$43,695	\$48,531	
<b>Total SR 99 Revenue &amp; Fees</b>	<b>\$14,043</b>	<b>\$18,449</b>	<b>\$32,492</b>	<b>\$25,518</b>	<b>\$30,378</b>	<b>\$55,896</b>	<b>\$65,096</b>	<b>\$289,987</b>	<b>\$328,466</b>	
<b>All Toll Facilities</b>										
Adjusted Gross Toll Revenue	\$178,732	\$147,984	\$326,716	\$185,154	\$218,653	\$403,807	\$481,001	\$2264,367	\$2510,254	
Other Revenue	\$24,597	\$12,965	\$37,562	\$12,633	\$14,769	\$27,402	\$32,335	\$168,678	\$169,130	
<b>Total Revenue &amp; Fees</b>	<b>\$203,329</b>	<b>\$160,949</b>	<b>\$364,278</b>	<b>\$197,787</b>	<b>\$233,422</b>	<b>\$431,209</b>	<b>\$513,336</b>	<b>\$2433,045</b>	<b>\$2679,384</b>	
Changes from March 2021 TRFC	<b>TNB</b>									
	Adjusted Gross Toll Revenue	\$0,000	\$2,566	\$2,566	\$5,414	\$2,166	\$7,580	\$0,000	\$10,146	\$7,580
	Other Revenue	\$0,000	\$1,091	\$1,091	\$0,250	\$0,273	\$0,523	\$0,005	\$1,619	\$0,528
	<b>Total TNB Revenue &amp; Fees</b>	<b>\$0,000</b>	<b>\$3,657</b>	<b>\$3,657</b>	<b>\$5,664</b>	<b>\$2,439</b>	<b>\$8,103</b>	<b>\$0,005</b>	<b>\$11,765</b>	<b>\$8,108</b>
	<b>Total % Change</b>	<b>0.0%</b>	<b>4.8%</b>	<b>2.4%</b>	<b>7.3%</b>	<b>2.9%</b>	<b>5.0%</b>	<b>0.0%</b>	<b>1.4%</b>	<b>0.9%</b>
	<b>SR 520</b>									
	Adjusted Gross Toll Revenue	\$0,000	\$2,523	\$2,523	\$5,697	\$1,233	\$6,930	\$0,187	\$10,196	\$7,613
	Other Revenue	\$0,000	\$0,437	\$0,437	\$0,411	\$0,231	\$0,642	\$0,226	\$1,458	\$1,109
	<b>Total SR 520 Revenue &amp; Fees</b>	<b>\$0,000</b>	<b>\$2,960</b>	<b>\$2,960</b>	<b>\$6,108</b>	<b>\$1,464</b>	<b>\$7,572</b>	<b>\$0,413</b>	<b>\$11,654</b>	<b>\$8,722</b>
	<b>Total % Change</b>	<b>0.0%</b>	<b>6.2%</b>	<b>2.3%</b>	<b>9.7%</b>	<b>1.7%</b>	<b>5.1%</b>	<b>0.2%</b>	<b>1.3%</b>	<b>0.9%</b>
	<b>I-405 ETLs</b>									
	Adjusted Gross Toll Revenue	\$0,000	\$0,549	\$0,549	\$0,443	\$0,594	\$1,037	\$0,667	\$4,552	\$5,324
	Other Revenue	\$0,000	\$0,737	\$0,737	\$0,362	\$0,092	\$0,454	\$0,332	\$2,006	\$1,678
<b>Total I-405 ETLs Revenue &amp; Fees</b>	<b>\$0,000</b>	<b>\$1,286</b>	<b>\$1,286</b>	<b>\$0,805</b>	<b>\$0,686</b>	<b>\$1,491</b>	<b>\$0,999</b>	<b>\$6,558</b>	<b>\$7,002</b>	
<b>Total % Change</b>	<b>0.0%</b>	<b>15.9%</b>	<b>3.7%</b>	<b>5.5%</b>	<b>2.7%</b>	<b>3.7%</b>	<b>1.6%</b>	<b>2.1%</b>	<b>1.9%</b>	
<b>SR 167 ETLs</b>										
Adjusted Gross Toll Revenue	\$0,000	\$0,317	\$0,317	\$0,799	\$0,385	\$1,184	\$0,000	\$1,501	\$1,184	
Other Revenue	\$0,000	\$0,010	\$0,010	\$0,008	\$0,002	\$0,010	\$0,000	\$0,020	\$0,010	
<b>Total SR 167 ETLs Revenue &amp; Fees</b>	<b>\$0,000</b>	<b>\$0,327</b>	<b>\$0,327</b>	<b>\$0,807</b>	<b>\$0,387</b>	<b>\$1,194</b>	<b>\$0,000</b>	<b>\$1,521</b>	<b>\$1,194</b>	
<b>Total % Change</b>	<b>0.0%</b>	<b>13.7%</b>	<b>5.4%</b>	<b>28.3%</b>	<b>7.6%</b>	<b>15.1%</b>	<b>0.0%</b>	<b>2.1%</b>	<b>1.3%</b>	
<b>SR 99</b>										
Adjusted Gross Toll Revenue	\$0,000	\$1,161	\$1,161	\$1,872	-\$0,432	\$1,440	-\$1,101	-\$1,466	-\$4,227	
Other Revenue	\$0,000	\$0,887	\$0,887	\$0,507	\$0,619	\$1,126	\$1,528	\$7,594	\$9,037	
<b>Total SR 99 Revenue &amp; Fees</b>	<b>\$0,000</b>	<b>\$2,048</b>	<b>\$2,048</b>	<b>\$2,379</b>	<b>\$0,187</b>	<b>\$2,566</b>	<b>\$0,427</b>	<b>\$6,128</b>	<b>\$4,810</b>	
<b>Total % Change</b>	<b>0.0%</b>	<b>12.5%</b>	<b>6.7%</b>	<b>10.3%</b>	<b>0.6%</b>	<b>4.8%</b>	<b>0.7%</b>	<b>2.2%</b>	<b>1.5%</b>	
<b>All Toll Facilities</b>										
Adjusted Gross Toll Revenue	\$0,000	\$7,116	\$7,116	\$14,225	\$3,946	\$18,171	-\$0,247	\$24,929	\$17,474	
Adjusted Gross Toll Revenue % Chan	0.0%	5.1%	2.2%	8.3%	1.8%	4.7%	-0.1%	1.1%	0.7%	
Other Revenue	\$0,000	\$3,162	\$3,162	\$1,538	\$1,217	\$2,755	\$2,091	\$12,697	\$12,362	
<b>Total Revenue &amp; Fees</b>	<b>\$0,000</b>	<b>\$10,278</b>	<b>\$10,278</b>	<b>\$15,763</b>	<b>\$5,163</b>	<b>\$20,926</b>	<b>\$1,844</b>	<b>\$37,626</b>	<b>\$29,836</b>	
<b>Total % Change</b>	<b>0.0%</b>	<b>6.8%</b>	<b>2.9%</b>	<b>8.7%</b>	<b>2.3%</b>	<b>5.1%</b>	<b>0.4%</b>	<b>1.6%</b>	<b>1.1%</b>	

**A Review of COVID-19 Pandemic Impact on Toll Traffic and Revenues**

COVID T&R performance continues to trend significantly below the Pre COVID forecast. Comparing to November 2019 forecast, fifteen-month period March 2020 through May 2021 five facilities combined toll transactions were 40 percent, or 34.9 million transactions below the November 2019 forecast; the reported adjusted toll revenues were \$171.8 million, which is \$121.3 million (or 41 percent) below the forecast.

The graphs below provide BTD monthly Toll Transactions and Reported Toll Revenue performances in comparison to the November 2019 and March 2021 forecasts.

**Figure 22: BTD monthly T&R Actuals in comparisons to March 2021 and November 2019 (Pre-COVID) forecasts**



Note: April 2021 and May 2021 Toll transactions are stated based on preliminary estimate

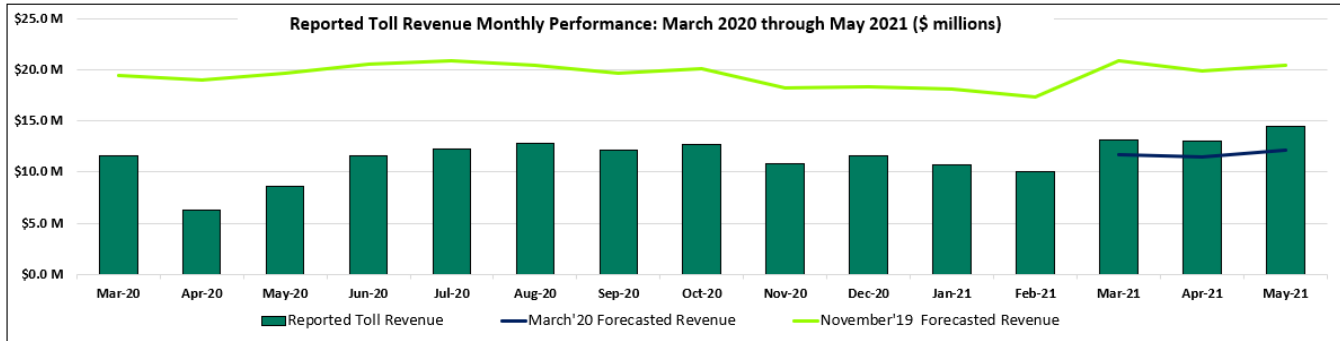


Figure 23 provides the comparison summary between June 2021 and November 2019 (Pre-COVID) Forecast. Comparing to the Pre-COVID November 2019 Forecast, 2019-21 Biennium total revenue and fees are 25 percent below the November 2019 forecast. FY 2020 to FY 2029 ten-year total, total revenue and fees are 17 percent (or \$491 million) below the November 2019 Forecast.

**Figure 23: Revenue Comparison – June 2021 vs November 2019 Forecast (\$ millions)**

	Toll Facility	FY 2020	FY 2021	2019-21 Biennium	FY 2022	FY 2023	2021-23 Biennium	2023-25 Biennium	2020-29 Ten-Year
Changes from November 2019 TRFC	<b>TNB</b>								
	Adjusted Gross Toll Revenue	-\$6.654	-\$0.555	-\$7.209	-\$3.379	-\$2.560	-\$5.939	-\$5.220	-\$35.961
	Other Revenue	\$0.864	-\$6.372	-\$5.508	-\$0.260	-\$0.034	-\$0.294	-\$0.390	-\$0.151
	Total TNB Revenue & Fees	-\$5.790	-\$6.927	-\$12.717	-\$3.639	-\$2.594	-\$6.233	-\$5.610	-\$36.112
	Total % Change	-6.8%	-8.0%	-7.4%	-4.2%	-2.9%	-3.6%	-3.1%	-4.0%
	<b>SR 520</b>								
	Adjusted Gross Toll Revenue	-\$21.253	-\$9.893	-\$31.146	-\$27.547	-\$15.011	-\$42.558	-\$19.550	-\$172.221
	Other Revenue	\$5.036	-\$37.688	-\$32.652	-\$3.620	-\$3.226	-\$6.846	-\$6.180	-\$25.502
	Total SR 520 Revenue & Fees	-\$16.217	-\$47.581	-\$63.798	-\$31.167	-\$18.237	-\$49.404	-\$25.730	-\$197.723
	Total % Change	-17.0%	-48.3%	-32.9%	-31.0%	-17.5%	-24.1%	-11.7%	-18.1%
	<b>I-405 ETLs</b>								
	Adjusted Gross Toll Revenue	-\$8.124	-\$7.845	-\$15.969	-\$19.455	-\$11.179	-\$30.634	-\$35.658	-\$179.560
	Other Revenue	\$3.120	-\$17.146	-\$14.026	-\$1.359	-\$1.151	-\$2.510	-\$3.392	-\$13.859
	Total I-405 ETLs Revenue & Fees	-\$5.003	-\$24.991	-\$29.994	-\$20.814	-\$12.330	-\$33.144	-\$39.050	-\$193.418
	Total % Change	-15.6%	-72.7%	-45.2%	-57.3%	-32.3%	-44.5%	-37.9%	-38.0%
	<b>SR 167 ETLs</b>								
	Adjusted Gross Toll Revenue	-\$1.431	-\$0.252	-\$1.683	-\$2.840	-\$1.941	-\$4.781	-\$2.144	-\$16.085
	Other Revenue	-\$0.082	-\$2.933	-\$3.015	-\$0.219	-\$0.256	-\$0.475	-\$0.618	-\$3.116
	Total SR 167 ETLs Revenue & Fees	-\$1.513	-\$3.185	-\$4.698	-\$3.059	-\$2.197	-\$5.256	-\$2.762	-\$19.201
	Total % Change	-29.3%	-54.0%	-42.5%	-45.5%	-28.7%	-36.6%	-14.8%	-21.0%
<b>SR 99</b>									
Adjusted Gross Toll Revenue	-\$2.201	\$1.712	-\$0.489	-\$6.807	-\$4.036	-\$10.843	-\$5.497	-\$39.952	
Other Revenue	\$0.474	-\$11.399	-\$10.925	-\$1.569	-\$0.963	-\$2.532	-\$0.866	-\$4.160	
Total SR 99 Revenue & Fees	-\$1.726	-\$9.687	-\$11.413	-\$8.376	-\$4.999	-\$13.375	-\$6.363	-\$44.111	
Total % Change	-10.9%	-34.4%	-26.0%	-24.7%	-14.1%	-19.3%	-8.9%	-13.2%	
<b>All Toll Facilities</b>									
Adjusted Gross Toll Revenue	-\$39.662	-\$16.833	-\$56.495	-\$60.028	-\$34.727	-\$94.755	-\$68.069	-\$443.778	
Adjusted Gross Toll Revenue % Change	-18.2%	-7.1%	-12.4%	-24.5%	-13.7%	-19.0%	-12.4%	-16.4%	
Other Revenue	\$9.413	-\$75.538	-\$66.125	-\$7.027	-\$5.630	-\$12.657	-\$11.446	-\$46.787	
Total Revenue & Fees	-\$30.249	-\$92.371	-\$122.620	-\$67.055	-\$40.357	-\$107.412	-\$79.515	-\$490.565	
Total % Change	-13.0%	-36.5%	-25.2%	-25.3%	-14.7%	-19.9%	-13.4%	-16.8%	

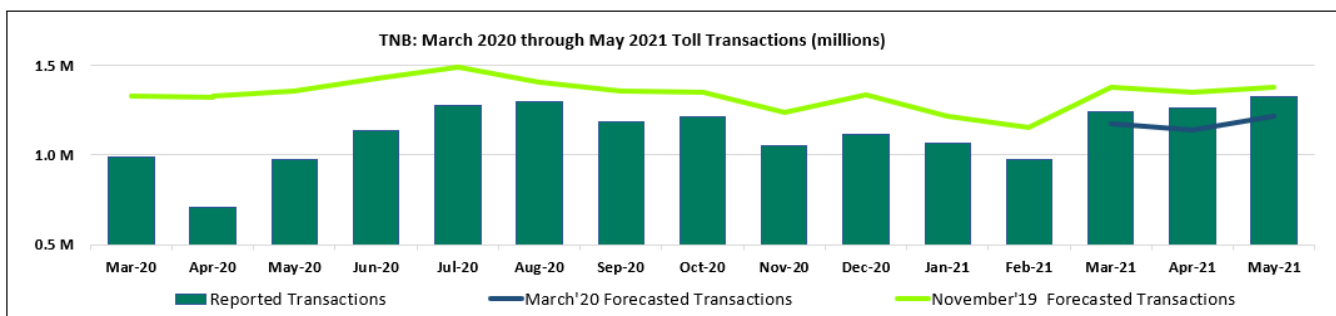
**Updates to Tacoma Narrows Bridge (TNB) traffic and toll revenue**

Tacoma Narrows Bridge (TNB) toll traffic and revenue forecast for June 2021 has been updated to incorporate the actual traffic and revenues through April 2021, with preliminary May 2021 data. It also reflects the current assumptions of the facility’s Post-COVID traffic and revenue recovery.

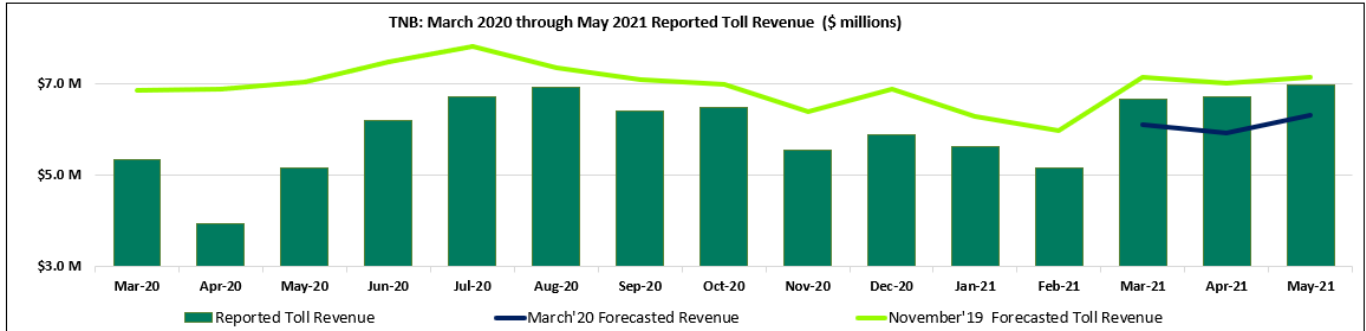
Combined March 2021 through May 2021 three-month period toll transactions (based on preliminary estimate) were 8 percent above the March 2021 forecast, toll revenues were 11 percent above the forecast.

FY 2021 YTD (July 2020 through May 2021) reported toll transactions were 13.0 million, which is 0.3 million (or 2 percent) above the March 2021 Forecast. FY 2021 YTD Adjusted Gross Toll Revenues were \$69.1 million, which was \$2.0 million (or 3 percent) above the March 2021 Forecast.

**Figure 24: TNB Monthly Toll Transactions and Revenue, March 2020 – May 2021**



Note: April 2021 and May 2021 Toll transactions are stated based on preliminary estimates



Comparing to March 2021 Forecast, TNB toll transactions are forecasted to be increased by 3.0 percent in FY 2021. FY 2022 and FY 2023 transactions are above March 2021 Forecast by 7.2 and by 2.7 percent respectively. From FY 2024 to 2031 TNB toll transactions are unchanged from the March 2021 Forecast.

Assuming no changes to the average toll rates, TNB toll revenue forecast updates reflect the similar trends of its traffic growth. Comparing to the prior forecast, TNB toll revenue in June forecast are increased by 3.5 percent in FY 2021, by 7.2 percent in FY 2022, and by 2.7 percent in FY 2023. Like toll transactions forecast, FY 2024-2029 toll revenues are at the previous forecast projections. The June forecast incorporates legislative appropriation of \$15.7 million in Federal ARPA funds and a \$30.3 million Transportation Partnership Account loan to TNB in the 2021-23 biennium. As a result, miscellaneous revenue attributed to interest earnings on the account balance is increase by \$248,000 in 2021-23 biennium.

The facility's total revenue and fees in 2019-21 biennium are estimated to be \$158.9 million, which is \$3.7 million (or 2.4 percent) above March forecast. In 2021-23 biennium total revenue and fees of \$169.3 million are \$8.1 million (or 5.0 percent) above the previous forecast. Ten-year period (FY 2020 to FY 2029) total revenue and fees are \$11.8 million (or 1.4 percent) above the March 2021 Forecast.

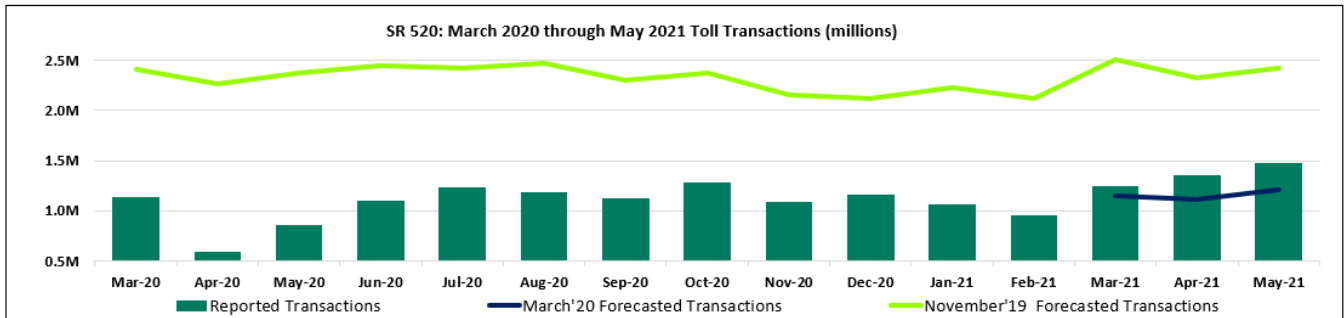
**Updates to SR 520 Toll Bridge traffic and toll revenue**

SR 520 Bridge toll traffic and revenue forecast for June 2021 has been updated to incorporate actual values through April 2021, with preliminary May 2021 data. The forecast also reflects the current assumptions on Post-COVID-19 traffic and revenue recovery trends.

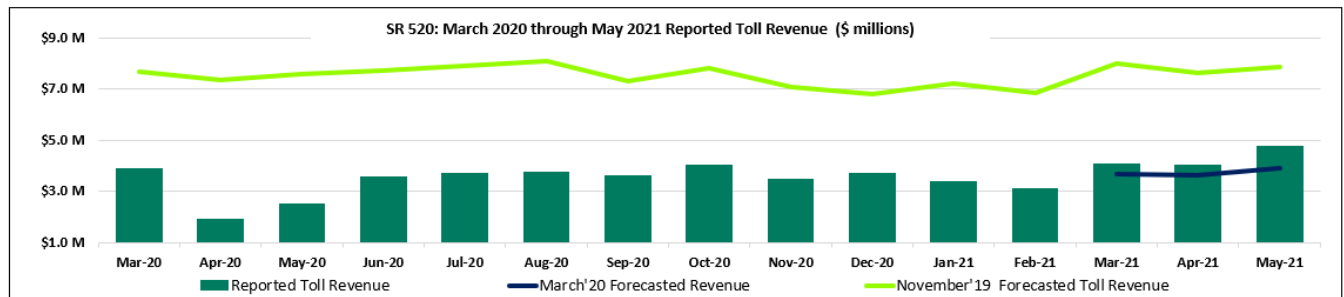
A new closure is scheduled for the Montlake Bridge (which crosses over SR 520 and connects into SR 520 at Montlake Blvd.) for approximately five weeks starting at the beginning of August 2021. FY 2022 traffic and revenue for SR 520 only will be slightly negatively affected.

Three-month period March 2021 to May 2021 toll transactions were 16.7 percent above the March 2021 Forecast, toll revenues were 14.3 percent above the forecast. FY 2021 YTD (July 2020 through May 2021) reported toll transactions were 13.1million, which is 0.6 million (or 4.6 percent) above the March 2021 Forecast. YTD Adjusted Gross Toll Revenue was \$41.7 million, which is \$1.6 million (or 4.0 percent) above the prior forecast.

**Figure 25: SR 520 Monthly Toll Transactions and Revenue, March 2020 – May 2021**



**Note:** April 2021 and May 2021 Toll transactions are stated based on preliminary estimates



Comparing to the March 2021 Forecast, SR 520 toll transactions in the June 2021 Forecast are forecasted to be higher by 6.6 percent in FY 2021; the increase in FY 2022 is 9.3 percent. FY 2023 is 1.4 percent higher than previous. From FY 2024 to 2031, SR 520 toll transactions are unchanged from the March 2021 Forecast.

SR 520 leakage was updated in the June 2021 Forecast to account for minor refinements to average assumed revenue potential per transaction to align with payment splits. Revisions to the revenue per transaction and leakage also impacted offsetting recovered toll revenue through the civil penalty process. Civil penalty fees and recovered toll revenue decreased slightly, between 0.3 percent and 0.6 percent, between FY 2026-FY 2031. Increases in revenue in the current and next biennium are attributed to higher projected revenue potential in the 2021-23 biennium with some carry forward to the 2023-25 biennium and slightly improved collection rates with improvements anticipated with transition to the new back office vendors.

Transponder sales revenue reflects the updating of the transponder forecast model to reflect reported values through May 2021 and revisions to the weighted average assumed revenue per transponder sale, now assumed to be slightly more weighted towards higher priced FlexPass transponder sales. Update results in an increase in the average revenue per transponder from \$7.60 in the March forecast to \$8.20 in the June forecast. Furthermore, due to revisions to transponder transaction forecasts for all of the toll facilities, SR 520's share of transponder revenue increased from 33.8 percent in the March forecast to 35.4 percent in the June forecast.

Total SR 520 revenue and fees in the current biennium are forecasted to be \$130 million, which is \$2.96 million (or 2.3 percent) higher than the March 2021 Forecast. The twelve-year total revenue and fees (FY 2020 to FY 2031) are estimated to be \$1,119 million, which is \$11.68 million (or 1.1 percent) higher than the March 2021 Forecast.

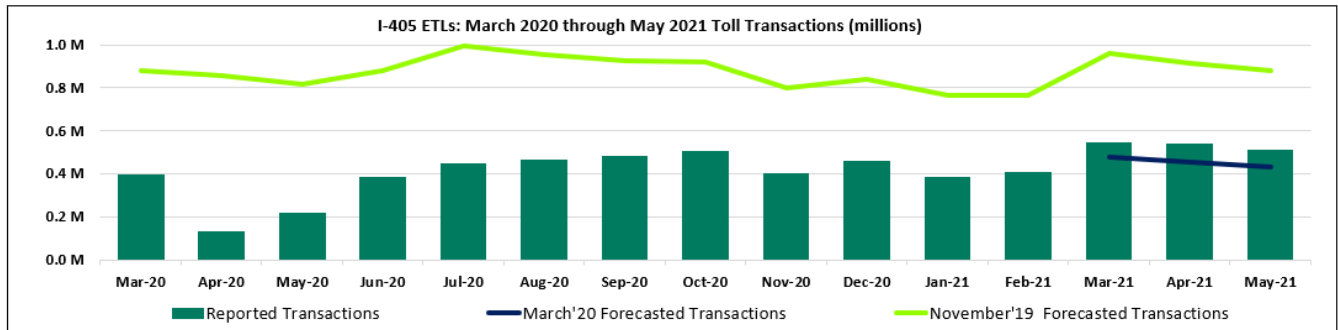


**Updates to I-405 Express Toll Lanes (ETLs) traffic and toll revenue**

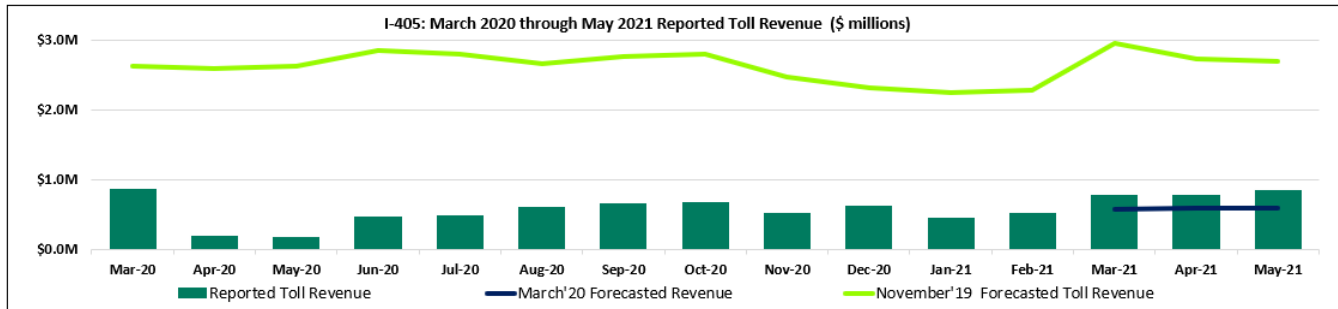
I-405 ETLs toll traffic and revenue forecast for June 2021 has been updated to incorporate the actuals through April 2021, with preliminary May 2021 data, and the current assumptions of the facility’s Post-COVID traffic and revenue recovery.

For I-405 and SR 167, corridor improvement assumptions incorporated the latest project schedules as noted included in the April 2021 Current Law Budget; there is no change in project schedules from the March 2021 forecasts.

**Figure 26: I-405 Monthly Toll Transactions and Revenue, March 2020 – May 2021**



Note: April 2021 and May 2021 Toll transactions are stated based on preliminary estimates



Three-month period March 2021 to May 2021 toll transactions were 16.2 percent higher than the March 2021 Forecast, toll revenues were 33.7 percent above the forecast. FY 2021 YTD (July 2020 through May 2021) reported toll transactions were 5.1 million, or 4.5 percent above the March 2021 Forecast. YTD Adjusted Gross Toll Revenue was \$7.0 million, which is \$0.6 million (or 9.5 percent) above the March 2021 Forecast.

As travel demand drops, traffic congestion is significantly reduced; thereby reducing the time savings benefits the dynamic priced managed lanes offer over the free general-purpose lanes. Reduced demand for the express tolled lanes also results in lower-than-average tolls, approaching the minimum toll rate, all day, decreasing revenue further.

The I-405 Express Toll Lanes between Lynnwood and Bellevue opened to the public on September 27, 2015. Dynamic algorithms on the I-405 ETLs allow the toll rates to change as conditions change. The price varies depending on traffic with the goal of attracting the maximum amount of traffic in the ETLs to maintain good flow conditions, which corresponds to ETLs operating speeds of 45 mph or higher. As more people enter the ETLs, the toll increases to prevent overcrowding.

The forecast has assumed current law conditions. Those assumptions include tolling occurs from 5 a.m. to 7p.m. on weekdays only and excludes nights, weekends, and major holidays. These same toll rates and structure are assumed throughout the forecast period. The I-405 ETL’s minimum toll is 75-cents, and the maximum toll is \$10.

Comparing to the March 2021 Forecast, I-405 ETLs toll transactions are forecasted to be increased by 6.0 percent in FY 2021, 0.4 percent in FY 2022, 1.2 percent in FY 2023. From FY 2024 to 2031, I-405 ETL toll transactions are unchanged from the March 2021 Forecast.

I-405 leakage was updated in the June 2021 Forecast to account for refinements to average assumed revenue potential per transaction to align with revisions to payment splits. Pay By Mail share of transactions increased by 2 percent with Pay By Plate decreasing by 2 percent starting in FY 2025 with minor refinements in the near term from FY 2021-FY 2024. In addition, payment rates of second invoices increased from 33 percent in the March forecast to 37 in the June forecast, reflecting actual experience and anticipated improvements in collection with transition to the new back office vendors that was not considered for I-405 in the March forecast. Revisions to the revenue per transaction and leakage also impacted offsetting recovered toll revenue through the civil penalty process with a lower value per transaction on recovered toll revenue and fewer transactions transitioning to the Civil Penalty process as result of higher collection rates on invoices. Civil penalty fees and recovered toll revenue decreased, from 3.79 percent in the 2021-23 biennium to 15.3 percent in the 2027-29 biennium.

Transponder sales revenue reflects the updating of the transponder forecast model to reflect reported values through May 2021 and revisions to the weighted average assumed revenue per transponder sale, now assumed to be slightly more weighted towards higher priced FlexPass transponder sales. Update results in an increase in the average revenue per transponder from \$7.60 in the March forecast to \$8.20 in the June forecast. Furthermore, due to revisions to transponder transaction forecasts for all of the toll facilities, I-405's share of transponder revenue decreased from 21.8 percent in the March forecast to 17.3 percent in the June forecast.

Total I-405 revenue and fees in the current biennium are forecasted to be \$36.4 million, which is \$1.3 million (or 3.7 percent) higher than the March 2021 Forecast. The twelve-year total revenue and fees (FY 2020 to FY 2031) are estimated to be \$418 million, which is \$8.3 million (or 2.0 percent) higher than the March 2021 Forecast.

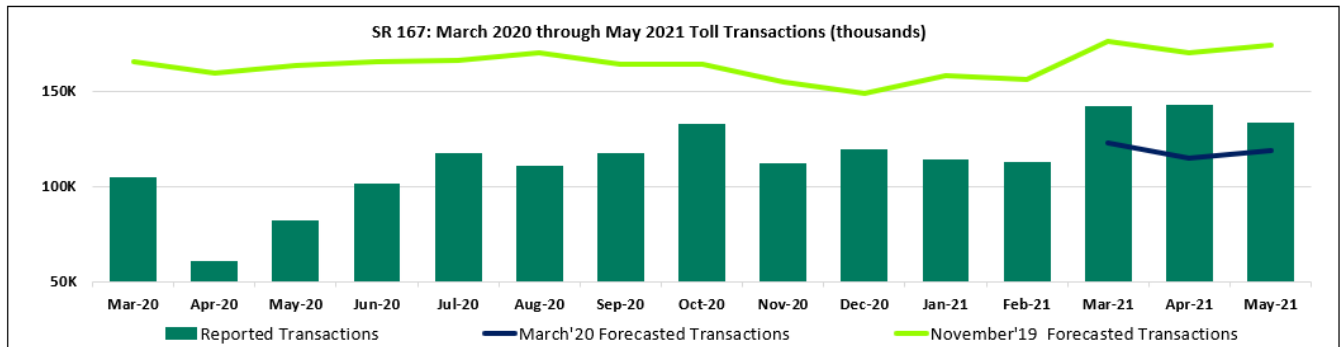
#### ***Updates to SR 167 Express Toll Lanes (ETLs) traffic and toll revenue***

SR 167 ETLs toll traffic and revenue forecast for June 2021 has been updated to incorporate the actuals through April 2021, with preliminary May 2021 data. It also reflects the current assumptions of the facility's Post-COVID traffic and revenue recovery.

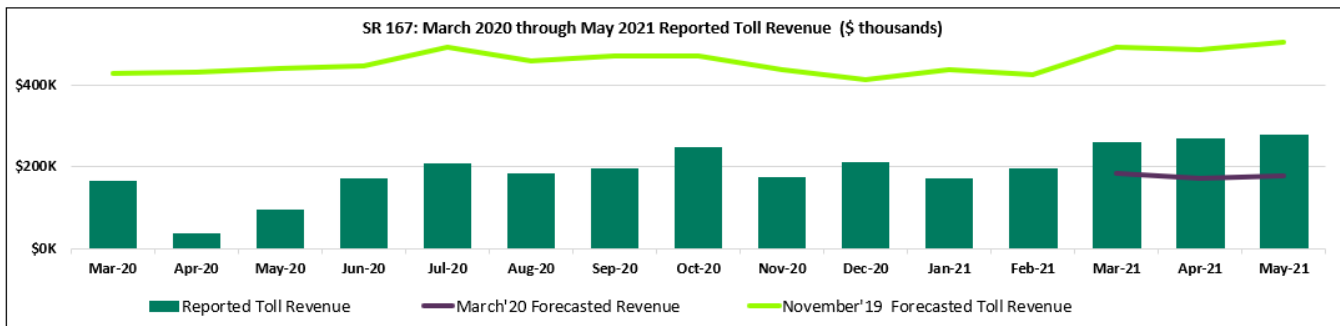
The analysis methodology for SR 167 is the same as done in the previous March 2021 Forecast.

Three-month period March 2021 to May 2021 toll transactions were 16.9 percent above the March 2021 Forecast, and toll revenues were 51.2 percent above the forecast. FY 2021 YTD (July 2020 through May 2021) reported toll transactions of 1.4 million were 4.5 percent above the March 2021 Forecast. YTD Adjusted Gross Toll Revenue was \$2.4 million, which is \$0.3 million (or 12.9 percent) above the March 2021 Forecast.

**Figure 27: SR 167 Monthly Toll Transactions and Revenue, March 2020 – May 2021**



Note: April 2021 and May 2021 Toll transactions are stated based on preliminary estimates



Still impacted by COVID-19, November 2020 through May 2021 toll traffic and revenues significantly underperformed previous years. As mentioned for the I-405 Express Toll Lanes, the percentage decreases in revenue for SR 167 ETLs also exceed their percentage decreases in traffic. As travel demand on SR 167 drops, traffic congestion is significantly reduced; thereby reducing the time savings benefits the dynamic priced managed lanes offer over the free general-purpose lanes. Reduced demand for the tolled lanes also results in lower-than-average tolls, approaching the minimum toll rate, all day, decreasing revenue further. March 2020 through May 2021 average toll rate was approximately \$1.68, in comparison to July 2019 through February 2020 average toll rate of \$2.56.

Comparing to the March 2021 Forecast, SR 167 ETLs toll transactions are forecasted to be increased by 5.9 percent in FY 2021, the percentage increase in FY 2022 is 10.4 percent and by 2.3 percent in FY 2023. From FY 2024 to 2031, SR 167 ETL toll transactions are unchanged from the March 2021 Forecast.

SR 167 ETLs total revenue and fees in current biennium are forecasted to be \$6.4 million, which is \$327,000 (or 5.4 percent) above March 2021 Forecast. In the next 2021-2023 biennium total revenue and fees of \$9.1 million are \$1.2 million (or 15.1 percent) above the previous forecast. The ten-year total revenue and fees (FY 2020 to FY 2029) are estimated to be \$72.4 million, which is by \$1.5 million (or 2.1 percent) above the March 2021 Forecast.

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

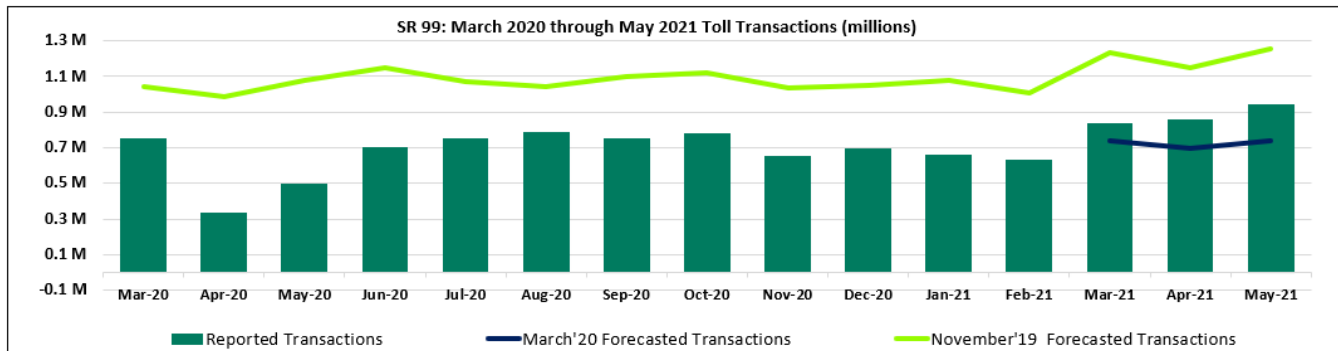
SR 99 Tunnel toll traffic and revenue forecast for June 2021 has been updated to incorporate the actuals through April 2021, with preliminary May 2021 data, and the current assumptions of the facility’s Post-COVID traffic and revenue recovery.

Results of recently-updated SR 99 travel demand model runs made in conjunction with the Commission’s toll rate setting work were used to inform the SR 99 forecasts. While there was no new updated socio-economic forecast to incorporate into the future travel demand models for that study, there have been modifications to the travel demand by trip purpose as proxy. Similar to the March TRFC forecast updates for SR 520, these SR 99

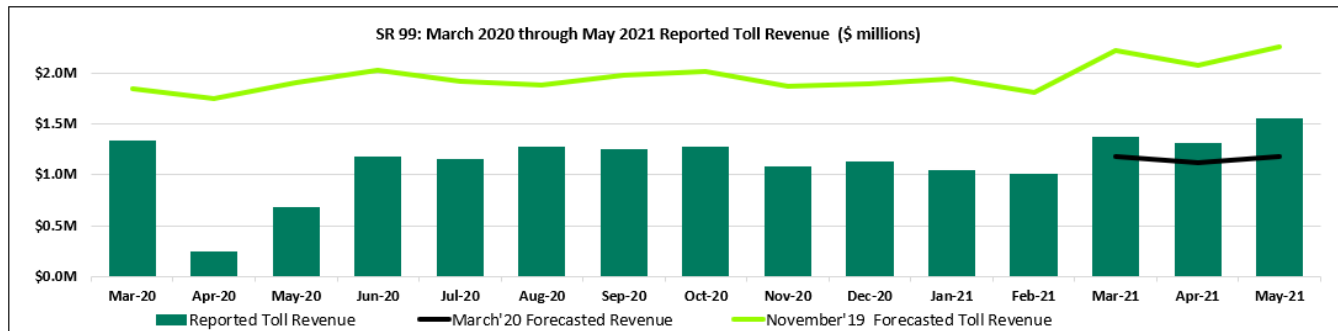
travel demand model modifications include changes across all trip purposes; for example, fewer commuting trips by professional workers in the A.M. periods, and more home-based travel in the afternoon for shopping or recreation purposes, amongst others. The results of those TDM runs showed no changes to SR 99 forecasts in the long term (FY 2024 – 2031) from previous forecasts.

SR 99 Tunnel opened to traffic on February 4, 2019 and tolling began on November 9, 2019. On June 23, 2020, the West Seattle Bridge was closed for emergent repair and the future of the bridge is still unclear at this moment, but extensive closures are anticipated under a rehabilitation or replacement alternative. Stantec’s Pre-COVID-19 preliminary model analysis shows the impact of the bridge closure on SR 99 tunnel traffic is minor (around 2 percent negative impact on toll traffics). Because this closure happened at the same time as the COVID-19 pandemic, it is difficult to clearly understand its actual impacts on SR 99.

**Figure 28: SR 99 Monthly Toll Transactions and Revenue, March 2020 – May 2021**



Note: April 2021 and May 2021 Toll transactions are stated based on preliminary estimates



After toll commencement, SR 99 Pre COVID-19 actuals outperformed the November 2019 forecast. The COVID-19 Pandemic brought tremendous shift on regional transportation patterns. March 2020 through May 2021 toll transactions were about 35 percent below November 2019 forecast.

In comparison to March 2021 Forecast, three-month period, March 2021 through May 2021 toll transactions were 20.8 percent above and toll revenues were 21.5 percent above the forecast.

Comparing to the March 2021 Forecast, SR 99 toll transactions are forecasted to increase by 7.9 percent in FY 2021, the percentage increase in FY 2022 is 11.3 percent, and the percentage increase in FY 2023 is 0.1 percent. From FY 2024 to 2031, SR 99 toll transactions are forecasted to be at the March 2021 Forecast projections.

SR 99 adjusted revenue and fees were updated to align with updates to the forecasted transactions and revenue potential by payment type. Pay By Plate fees increased in FY 2021 to align with improved recovery compared with the June forecast but decreased in subsequent years due to revisions in the payment split. Similarly, revenue leakage increased with the shift to higher Pay By Mail use. The increase in leakage is proportionately offset by higher late payment fee revenue and recovered toll revenue and fees in the civil penalty

process. Civil penalty and recovered toll revenue increased by 37.5 percent compared with the March forecast in the current biennium and 13 percent in the 2021-23 biennium up to 31 percent in the 2029-31 biennium.

Transponder sales revenue reflects the updating of the transponder forecast model to reflect reported values through May 2021 and revisions to the weighted average assumed revenue per transponder sale, now assumed to be slightly more weighted towards higher priced FlexPass transponder sales. Updates results in an increase in the average revenue per transponder from \$7.60 in the March forecast to \$8.20 in the June forecast. Furthermore, due to revisions to transponder transaction forecasts for all of the toll facilities, SR 99's share of transponder revenue increased from 17.7 percent in the March forecast to 24.7 percent in the June forecast.

Total SR 99 revenue and fees in the current biennium are forecasted to be \$32.5 million, which is \$2.0 million (or 6.7 percent) higher than the March 2021 Forecast. The twelve-year total revenue and fees (FY 2020 to FY 2031) are estimated to be \$361 million, which is \$6.9 million (or 2 percent) higher than the March 2021 Forecast.

## **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 December 4, 2015, President Obama signed into law a new transportation reauthorization bill, Fixing America's Surface Transportation (FAST) Act, providing a five-year extension of the federal surface transportation programs. The FAST Act provides over \$305 billion of funding for Federal-aid transportation programs for federal fiscal years (FFY) 2016 through 2020. This new multiyear reauthorization bill came after a string of five (5) short-term extensions of the previous transportation reauthorization, Moving Ahead for Progress in the 21st Century (MAP-21). Beginning September 2016 and subsequent federal forecasts are based on the Fixing America's Surface Transportation (FAST) Act.

### **FHWA – Highways Forecast**

- The June 2021 total apportionment forecast for FFY 2020 is \$813.2 million. This reflects actual apportionment distributions for FFY 2020.
- The June 2021 apportionment forecast reflects the CARES Act federal distribution of \$2.2 million in FFY 2020.
- The June 2021 apportionment forecast reflects the actual Ferry Boat annual apportionment distribution as well as redistributed Ferry Boat distribution.
- The June 2021 apportionment forecast reflects the current Continuing Resolution for FFY 2021 which extends the FFY 2020 apportionment levels for December 11, 2020 through FFY 2021.
- The current Continuing Resolution *which funds the federal government through December 11, 2020, and it also provides a one-year extension to surface transportation programs that were part of the FAST Act that were set to expire on September 30, 2020.* Because a new funding bill does not exist, we are assuming a Continuing Resolution will continue to be passed to fund infrastructure in the gap period. Assuming a Continuing Resolution for the near term, the baseline forecast for FFY 2021 through FFY 2023 will assume an annual growth rate of 2.3% which is based on the average annual growth rate of the FHWA Core Program apportionment from 2012 through 2020. This 2.3% growth rate spans two Surface Transportation funding bills as well as numerous Continuing Resolutions.

- The baseline forecast for FFY 2024 through FFY 2029 will assume an annual growth of federal revenues matching the annual Washington State fuel consumption growth rates. In this June forecast, there were only minor revisions downward annually in the long-term federal highway funds forecast compared to the last forecast due to higher starting point in FFY 2024 and slightly lower long-term growth rates in those years.

***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 June 2021 CORE OA for FFY 2020 has been reconciled to actual OA distributions and is \$700.7 million. The total OA for 2020 is \$792.3 million which includes distributions for Discretionary items, Other Allocated programs as well as Ferry Boat/Terminals distributions.
- Total OA forecast for FFY 2021 and throughout the forecast horizon will be set at 98% of apportionment, which is consistent with historical Washington State OA distributions.
- The methodology used to split the OA between the State Programs and the Local Programs was modified in the June 2018 forecast and has not changed since.

***Rescission of FAST ACT Funds:***

- The current continuing resolution which extends highway funding eliminated the 2020 rescission of unobligated apportionment which was previously forecasted at \$55 million for Washington State.

***Allocations of FAST Act Funds Forecast:***

Federal apportionment is split between state and locals. The Governor’s office and the Office of Financial Management convened a group to discuss this state and local splitting of funds in 2016. The November 2019 forecast first incorporated the new state and local split agreement reached by this working group. The agreed upon split assumes the following:

- WSDOT’s distribution from NHPP and STBGP are held in 2015 computational tables’ levels.
- The incremental increase in NHPP funds allowed in the FAST Act will be used by Local Programs to create an asset management-based competitive grant program for projects on the NHS. We have called out the statewide competitive NHS program in the detailed forecast tables.
- A portion of the incremental increase in STBGP (up to \$15 million per year, up to \$60 million over the remaining 4-years of the Act) can be added to the local bridge program. The remaining annual growth in STBGP is attributed to the Local’s portion of the “Any area of the state” distribution.
- Overall state and local federal funds split starts at 64% / 36% in FFY 2017 and decreases over time.

***FHWA Penalties:***

The June 2021 federal forecast will incorporate two FHWA penalties, which Washington State is 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.

- The Interstate System Pavement Condition Penalty – The FHWA analyzed the 2018 Interstate System pavement data reported by the WSDOT and has determined that the penalty under the provisions of the Interstate System Condition Penalty (23 U.S.C 119 (f)(1)) must be invoked pursuant to 23 CFR 490.317. This is just for FFY 2020 and the amount is estimated at \$123.7 million and this money is taken from the state National Highway Performance Program (NHPP). The uses of the federal funds are now more restricted to be spent only on interstates in Washington. This penalty is first being brought in the November 2019 revenue forecast.

**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 and June 2021 federal apportionment forecast will 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 September 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 June 2021 Forecast will include funds made available to WSDOT through this CRRSAA Act of \$168 million.

**Figure 29: FFY 2020 – FFY2025 November FHWA Highway Funding Forecast**  
 (\$ millions)

June 2021 Federal Highway Forecast	FFY 2020	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025
Total WA Apportionment	\$ 813.2	\$ 927.0	\$ 780.0	\$ 797.6	\$ 808.8	\$ 816.7
Total WA Obligation Authority	\$ 792.3	\$ 747.4	\$ 764.8	\$ 781.6	\$ 792.6	\$ 800.4

**FTA - Public Transportation Federal Funds**

*Overview*

The FAST Act authorized \$11.8 billion in FFY 2016 for public transportation programs, an amount rising to \$12.6 billion in FFY 2020 nationwide. Typically, about 80% of federal public transportation program funding comes from the mass transit account of the highway trust fund and 20% comes from the general fund of the U.S. Treasury.

**Public Transportation Federal Apportionment Funds Forecast**

- The June 2021 Public Transportation federal funds forecast is based on the FAST Act signed into law by President Obama on December 4, 2015 and the 2016 Federal Apportionment Notice of Public Transportation federal funds on the federal registry. The November 2018 apportionment for FFY 2018 was \$23.5 million and was revised upward to reflect actual distributions.
- The forecast for 2019 through 2020 is based on the FAST Act program funds distribution tables produced by the Federal Transit Administration (FTA). A 3-year average of Washington's

proportionate share of the formula program funds is applied to the national totals on the FTA distribution tables for these years. Total federal public transportation formula program funds for FFY 2019 were \$19.2 million and growing to \$19.7 million by FFY 2020.

- The June 2021 apportionment forecast reflects the current Continuing Resolution for FFY 2021 which extends the FFY 2020 apportionment levels for December 11, 2020 through FFY 2021.
- The current Continuing Resolution will expire on September 30, 2021 and at the current time there is not a new Surface Transportation Funding Bill passed by Congress to take its place. Because a new funding bill does not exist, we are assuming a Continuing Resolution will be passed to fund infrastructure in the gap period. Assuming a Continuing Resolution for the near term, the baseline forecast for FFY 2021 through FFY 2023 will assume an annual growth rate of 2.3% which is based on the average annual growth rate of the FHWA Core Program apportionment from 2012 through 2020. This 2.3% growth rate spans two Surface Transportation funding bills as well as numerous Continuing Resolutions.
- The public transportation formula federal program forecast for FFY 2024 – 2029 is grown annually using the Washington State Fuel Consumption forecasted growth rates, which are down slightly in June compared to the last forecast in those years.

**Figure 30: FFY 2017 – FFY 2020 FTA – Public Transportation Forecast**

*(In thousands)*

June 2021 - Public Transportation Federal Forecast	FFY 2020	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025
Statewide Planning Program	\$ 527.0	\$ 527.0	\$ 539.0	\$ 552.0	\$ 559.0	\$ 565.0
Enhanced Mobility for Elderly and Persons with Disabilities	\$ 3,117.0	\$ 3,117.0	\$ 3,189.0	\$ 3,262.0	\$ 3,309.0	\$ 3,342.0
Nonurbanized Area Formula Program	\$ 14,733.0	\$ 14,733.0	\$ 15,071.0	\$ 15,418.0	\$ 15,641.0	\$ 15,797.0
Rural Transit Assistance Program	\$ 231.0	\$ 231.0	\$ 236.0	\$ 241.0	\$ 245.0	\$ 247.0
State Safety Oversight Program	\$ 661.0	\$ 661.0	\$ 676.0	\$ 692.0	\$ 702.0	\$ 709.0
Bus and Bus Facilities Program	\$ 1,918.0	\$ 1,918.0	\$ 1,962.0	\$ 2,008.0	\$ 2,037.0	\$ 2,057.0
COVID-19 Federal Relief Funds	\$ 44,121.6	\$ 84,001.4	\$ -	\$ -	\$ -	\$ -

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

Federal assistance to Washington State Ferries (WSF) is provided primarily through the public transportation program administered by the Department of Transportation’s Federal Transit Administration (FTA). The federal public transportation program was authorized from FY2016 through FY2020 as part of the FAST Act.

**WSF Federal Apportionment Funds Forecast**

The June 2021 WSF federal funds forecast is based on the FTA - FAST Act fact sheets for both the State of Good Repair Grants (5337) and the Urbanized Area Formula Program Grants (5307) programs. These fact sheets show the annual national total apportionment for these programs for FFY 2016 through FFY 2020. Washington State’s level of apportionment of these programs for FFY 2016 is distributed based on the Puget Sound Regional Council (PSRC) split letter dated June 28, 2016. This letter shows the amount of formula funding received by all eligible recipients including WSF. The FFY 2017 – FFY 2020 WSF formula federal funds is based on maintaining the same proportionate share of the federal total received by Washington State in FFY 2016.



**Washington State Ferries (WSF) Federal Apportionment Funds Forecast**

- Total federal WSF formula program funds for FFY 2019 is \$13.3 million. This amount is held constant thru 2020. This is unchanged from the previous forecast.
- The June 2021 Forecasts include the CARES Act Federal Distribution of \$69.9 million in 2020 and the CRRSAA Federal Distribution of \$80 million in 2021.
- The June 2021 apportionment forecast reflects the current Continuing Resolution for FFY 2021 which extends the FFY 2020 apportionment levels for December 11, 2020 through FFY 2021.
- The current Continuing Resolution will expire on September 30, 2021 and at the current time there is not a new Surface Transportation Funding Bill passed by Congress to take its place. Because a new funding bill does not exist, we are assuming a Continuing Resolution will be passed to fund infrastructure in the gap period. Assuming a Continuing Resolution for the near term, the baseline forecast for FFY 2021 through FFY 2023 will assume an annual growth rate of 2.3% which is based on the average annual growth rate of the FHWA Core Program apportionment from 2012 through 2020. This 2.3% growth rate spans two Surface Transportation funding bills as well as numerous Continuing Resolutions.
- The long-term WSF formula federal program forecast for FFY 2024 – 2027 will be grown annually using the Washington State Fuel Consumption forecasted growth rates. Total federal public transportation formula program funds are anticipated to grow to \$14.0 million by FFY 2029.

**Figure 31: FFY 2017 – FFY2020 FTA Washington State Ferries Forecast  
(In millions)**

June 2021 FTA – Washington State Ferries Federal Forecast	FFY 2020	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025
Urbanized Area Formula Program Grants (5307)	\$ 5.6	\$ 5.6	\$ 5.7	\$ 5.9	\$ 6.0	\$ 6.0
State of Good Repair Grants (5307)	\$ 7.6	\$ 7.6	\$ 7.7	\$ 7.9	\$ 8.0	\$ 8.1
Discretionary and Allocated Programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
COVID-19 Federal Relief Funds	\$ 60.9	\$ 80.0	\$ -	\$ -	\$ -	\$ -

## Forecast Contacts

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# **Appendix**

Tables Related to the June 2021 Forecast

**Figure 32: Impacts of 2021 New Legislation**

<b>Legislation</b>	<b>Abbrev. Title</b>	<b>Description</b>	<b>Effective Date</b>	<b>FY 2021-23 Revenue Impact</b>	<b>FY 2023-25 Revenue Impact</b>
<b>EHB 1049</b>	<b>Off-site delivery of vehicle</b>	<i>Allows vehicle dealers to deliver vehicles for test drives or sale to customers off site from their licensed agency or sub-agency locations. Some dealers may choose to discontinue some or all of their sub-agency locations and business licensing. In addition, dealers may utilize fewer temporary sub-agency licenses. Motor Vehicle Dealer business license fees are distributed to Motor Vehicle Fund (108). Effective January 1, 2022.</i>	<i>*Sine Die July 24, 2021</i>	<i>Indeterminate (-)</i>	<i>Indeterminate (-)</i>
<b>HB 1115</b>	<b>Credit Card Cost Recovery</b>	<i>Codifying the 2019-21 budget proviso requiring DOL to charge a fee for on-line credit card transactions. The fee is deposited into Agency Financial Transaction Account (24K) and appropriated exclusively to DOL for paying the credit card vendor costs as well as DOL's related administrative expenses.</i>	<i>Immediately</i>	<i>\$21,257,000</i>	<i>\$21,821,000</i>
<b>SHB 1207</b>	<b>DOL issued documents</b>	<i>Modifies the length of a driver license (DL), identicard (ID), Enhanced DL (EDL), Enhanced ID (EID), Commercial DL (CDL), and Motorcycle endorsements (MC) from 6 to 8 years at the current respective per year fee. Fees for DL, ID, EDL, EID and CDL are distributed to Highway Safety Fund (106). MC fees are distributed to Motorcycle Safety Education Account (082). Effective January 1, 2022.</i>	<i>January 1, 2022</i>	<i>\$554,200 - McEd (082) \$21,204,900 - HSF (106)</i>	<i>\$315,800 - McEd (082) \$13,611,900 - HSF (106)</i>
<b>SHB 1269</b>	<b>Vehicle transporter plates</b>	<i>Enhances DOL's regulatory ability through increases the fees for Original Transporter business licenses from \$25 to \$150, and Transporter business license Renewals from \$15 to \$100. Transporter business license fees are distributed to Motor Vehicle Fund (108). Effective January 1, 2022.</i>	<i>January 1, 2022</i>	<i>\$704,400</i>	<i>\$919,900</i>
<b>SHB 1322</b>	<b>Off-road vehicle enforcement</b>	<i>Changes requirements of DOL in notifying off-road vehicle (ORV) and snowmobile owners that purchased the vehicle outside of the state, changes the reciprocity of use permits and registrations from other states, and adds new penalties. Effective October 1, 2021.</i>	<i>October 1, 2021</i>	<i>Indeterminate (+) minimal</i>	<i>Indeterminate (+) minimal</i>
<b>SHB 1379</b>	<b>\$15 Drone Fee</b>	<i>Imposes \$15 annual registration fee for commercial unpiloted aircraft systems.</i>	<i>July 1, 2021</i>	<i>\$10,000</i>	<i>\$20,000</i>

SHB 1514	Transportation demand	Expands the definition for "ride sharing" to include carpool /vanpool arrangement thereby increasing eligibility for Ride Share plates. The increase in ride share plate issuances at \$25/plate set fee would result in a year one revenue increase but would have a corresponding revenue decrease in subsequent years since ride share vehicles are exempt from registration related fees. Ride share plate fees are distributed to Motor Vehicle Fund (108). Effective September 1, 2021.	September 1, 2021	Indeterminate (+/-)	Indeterminate (+/-)
2SSB 5000	Hydrogen/ electric vehicles	This bill creates an 8-year pilot tax incentive program by assessing the \$75 Transportation electrification fee on hydrogen fuel cell electric vehicles collected by DOL. With the incentive in place and infrastructure development it is expected the increase of the hydrogen cell electric vehicles and collection of the \$75 fee.	July 1, 2022	\$ -	\$ 6,600
2SSB 5000	Hydrogen/ electric vehicles	This bill creates an 8-year pilot tax incentive program by creating a temporary partial sale and use tax exemption on hydrogen fuel cell electric vehicles . With this incentive, it is expected to see an increase in purchases of the hydrogen cell electric vehicles.	July 1, 2022	Decline in electric vehicle Account - \$40,000	Decline in electric vehicle Account - \$210,000
SB 5016	All-terrain vehicles	Adds "Tracked all-terrain vehicles" (TATV) to definition of snowmobile allowing for concurrently separate registration as TATV (snowmobile) and Wheeled all-terrain vehicle (WATV) paying the associated fees. Effective sine die (July 24, 2021).	*Sine Die July 24, 2021	Indeterminate (+) minimal	Indeterminate (+) minimal
E2SSB 5163	Conditionally released SVPs	DOL will issue identicards to residents in total confinement that have been civilly committed under RCW 71.09 at the Special Commitment Center through a memorandum of understanding (MOU) with DSHS. The Reduced Identocard fee of \$5 will be paid by DSHS with the fee distributed to Highway Safety Fund (106). Effective sine die (July 24, 2021).	*Sine Die July 24, 2021	(+) Minimal	(+) Minimal
ESSB 5226	License suspensions/ traffic	Persons with a driver's license suspended for failure to pay or appear (FTA) can restore their driving privilege for the \$75 Reissue fee distributed to Highway Safety Fund (106). An additional \$1 fee is added to driver's license and identocard issuance transactions with distribution to Highway Safety Fund (106). Effective January 1, 2023	January 1, 2023	\$628,300 (DOL) \$1,528,400 (AOC)	\$1,429,900 (DOL) \$6,113,500 (AOC)
E2SSB 5126	Cap & Invest	Impacts from these pieces of legislation are not known at this time so no impacts are incorporated into the June baseline forecast but we will monitor and track the impacts as the elements in these bills become effective.			
E3SHB 1091	Clean Fuels Policy				

# Impact to Select Transportation Accounts

**Figure 33: Alternative Fuel and Alternate Vehicle Batterie Revenue Transfers – Tracking Sheet**

ALTERNATIVE FUEL VEHICLE AND ALTERNATE VEHICLE BATTERIE REVENUE TRANSFERS	Actuals			Forecast				
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
<b>ALTERNATIVE FUEL - ELECTRIC VEHICLE TAX EXEMPTION</b>								
<b>RCW 82.12.809(5), 82.08.809(5) E2SHB2042 2019</b>								
transfer from the Multimodal Account (218)	\$ (8,184,597)	\$ (2,041,267)	\$ (1,528,120)	\$ (354,860)	\$ -	\$ -	\$ -	\$ -
<b>RCW 82.12.9999 (4) AND 82.08.9999 (4) - E2SHB2042 2019</b>								
transfer from Electric Vehicle Account (fund 20J)	\$ -	\$ -	\$ -	\$ (7,100,219)	\$ (12,300,000)	\$ (12,300,000)	\$ (14,600,000)	\$ (14,600,000)
<b>Electric Vehicle Batteries &amp; Fuel Cells Tax Exemption</b>								
<b>RCW 82.12.816 (3), 82.08.816 (3) - E2SHB2042 2019</b>								
Transfer from the Multimodal Account (218)			\$ (103,277)	\$ (1,157,504)	\$ (3,558,500)	\$ (7,035,500)	\$ (10,510,000)	\$ (15,692,500)
<b>Clean Alternative Fuel Commercial Vehicle Tax Credit</b>								
<b>RCW 82.04.4496 (13), 82.16.0496 (14) - E2SHB 2042 2019</b>								
Transfer from the Multimodal Account (218)	\$ (489,829)	\$ (550,954)	\$ (939,744)	\$ (550,911)	\$ (490,000)	\$ (594,000)	\$ (583,000)	\$ (695,000)
<b>Hydrogen / Electric Vehicles Tax Exemption Transfers</b>								
<b>2SSB5000 2021</b>								
transfer from Electric Vehicle Account (fund 20J)				\$ (20,000)	\$ (20,000)	\$ (105,000)	\$ (105,000)	\$ (235,000)
<b>Total Transfers out of the Multimodal Account (218)</b>	<b>\$ (8,674,426)</b>	<b>\$ (2,592,221)</b>	<b>\$ (2,571,141)</b>	<b>\$ (2,063,275)</b>	<b>\$ (4,048,500)</b>	<b>\$ (7,629,500)</b>	<b>\$ (11,093,000)</b>	<b>\$ (16,387,500)</b>
<b>Total Transfers out of the Electric Vehicle Account (20J)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (7,120,219)</b>	<b>\$ (12,320,000)</b>	<b>\$ (12,405,000)</b>	<b>\$ (14,705,000)</b>	<b>\$ (14,835,000)</b>