Transportation Revenue Forecast Council

June 2022 Transportation Economic and Revenue Forecasts

Volume I: Summary

Washington Transportation
Economic and Revenue Forecast
June 2022 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 2022 Transportation Forecast Overview

Forecast Overview

Here are key conclusions from the June 2022 forecast. The current biennium. 2021-23, is showing a recovery for transportation revenues at $6.72 billion in total revenues with 7.82% growth biennia to biennia. In this June 2022 forecast the next biennia, 2023-25, revenues are forecasted at $7.35 billion which is a 9.29% growth biennia to biennia.

- June 2022 baseline transportation forecast of revenues: the current biennium, 2021-23, is anticipated to have $6.72 billion which is up forecast to forecast from the February 2022 baseline forecast by $127.7 million or 1.94%. This increase was primarily due to new legislation passed in the 2022 Legislative session. Next biennium has total transportation revenues coming in above the last forecast by $279.2 million or 3.95%.

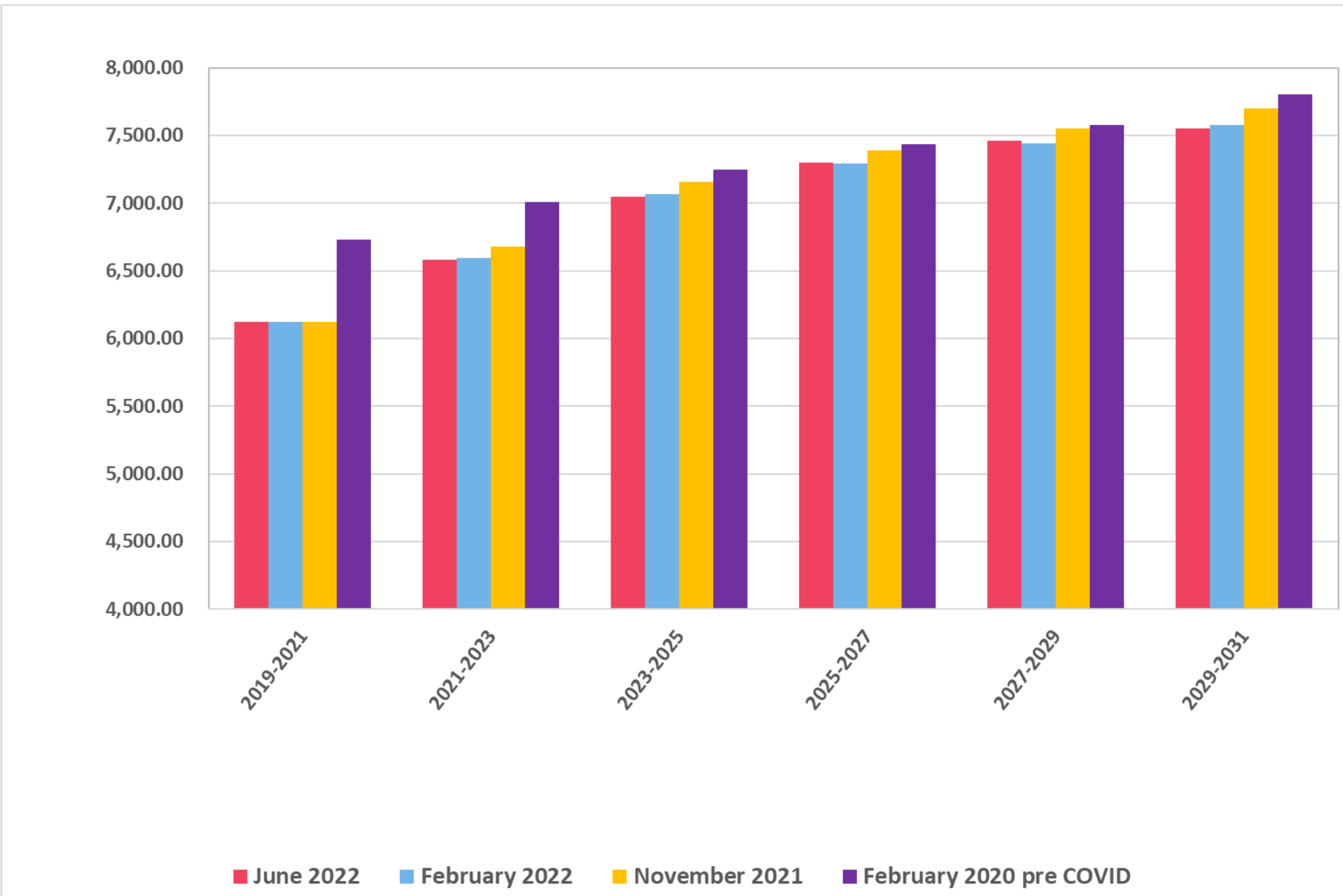
- For the 10-year forecast horizon, total baseline revenue in June 2022 is projected to be $37.01 billion, which is up from the last forecast by $1,057.1 million or 2.94% from February 2022. With the largest upward projections being in LPF and Driver related revenues.

- The current forecast for 2021-23 is still down from the pre-COVID-19 alternative forecast in February 2020 by $290.37 million or (4.14%). Next biennium, transportation revenues are up by $94.32 million or 1.3%. Over the next 10 years, the decline in transportation revenue from the pre-pandemic alternative February 2020 forecast is $97.76 million or (.26%). We are still below the pre-pandemic forecast in most major transportation revenue streams like fuel taxes, ferry farebox and tolls.

- New projections of WA economic variables include lower real personal income growth rates in FY 2022 but faster growth in the long-term FY 2024-2031 than projected in February. Retail trade and trade, transportation and utilities employment projections are up minimally in FY 2022 but in the outer years FY 2023-2025 the annual growth rates are negative but slighlty less negative than last projections. Retail gas, diesel and B5 dyed diesel prices are adjusted upward beginning in FY 2022 and continues throughout the forecast horizon. This June 2022 forecast is above the February forecast for B5 biodiesel.

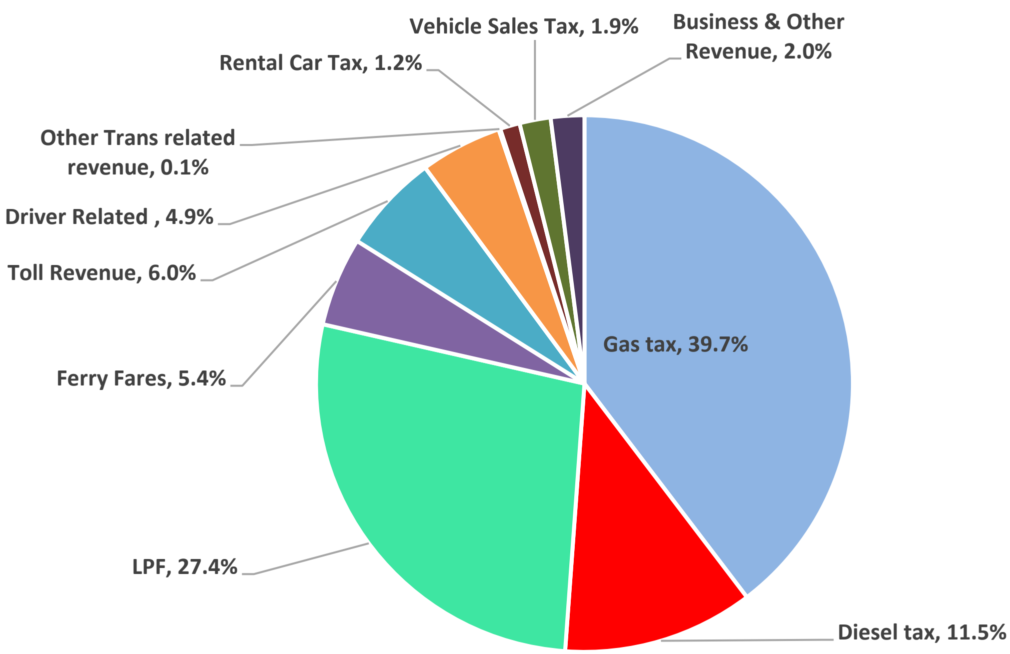
Figure 1 compares transportation revenues in June 2022, February 2022 and November 2021 vs alternative February 2020. The black and blue lines show total revenues without I-976 impacts in February 2020 and March 2021 respectively. The solid green line denote the September 2021 Forecast. The purple bar represens the February 2020 pre-COVID forecast. The orange bar repreents November 2021 forecast, the blue bar represents the February 2022 forecast and the red bar represents this June 2022 forecast. While the post-COVID forecasts are getting closer to the February 2020 Pre-COVID forecast they still remain lower throughout the forecast horizon.

Figure 1: Total Transportation Revenues Comparing June 2022, Febraury 2022, November 2021 vs. February 2020 pre COVID Forecast *(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 2021-23 biennium, ($6.72 billion). Gasoline fuel taxes comprise the largest share at 40% but this share has declined 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 51.2% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 27.4%. The three largest revenue sources are projected to consist of 78.6% of revenues in the 2021-23 biennium. The remaining 21.4% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

Figure 2: Revenue By Source 2021-23 Biennium ($6.72 billion)



As Figure 3 indicates the 2021-23 biennia June 2022 revenues came in at $6.72 billion and above last quarter's February 2022 forecast by $127.68 million or 1.94%. The biggest increase for this biennium was seen in LPF revenue with a gain of $102.7 million which is primarly due to new legislation that passed the Legislature in 2022. While the new legislation brought up LPF and Driver Related revenues, Ferry farebox and toll revenues were down $16.9 and $16.3 million repectively from last quarter's projections. Avaiation revenues are also down by $.81 million or (10.8%). Next biennium, total revenues are up from the Feburary 2022 forecast by $279.2 million or 3.95%. The only revenues that are lower from the previous forecast are ferry revenue and avaiation revenue. Over the next 10 years, transportation revenues are anticipated to be $37.01 billion, which is up $1,057.1 million or 2.94% from the February 2022 baseline forecast.

Figure 3: Current June 2022 Forecast Compared to February 2022 Forecast For All Transportation Revenues - 10-years

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period

June 2022 Baseline Forecast to February 2022 Baseline forecast millions of dollars

	Current Biennium 2021-2023			2023-2025			10-Year Period (2022-2031)		
	Forecast June 2022	Chg from Feb. 2022	Percent Change	Forecast June 2022	Chg from Feb. 2022	Percent Change	Forecast June 2022	Chg from Feb. 2022	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,437.70	16.66	0.49%	3,537.70	9.32	0.26%	17,925.81	60.36	0.34%
Licenses, Permits and Fees	1,841.57	102.71	5.91%	2,157.10	243.14	12.70%	10,645.10	867.39	8.87%
Ferry Revenue†	360.70	(16.89)	-4.47%	429.59	(17.70)	-3.96%	2,167.73	(66.61)	-2.98%
Toll Revenue §	400.96	(16.26)	-3.90%	510.67	1.31	0.26%	2,661.87	14.27	0.54%
Aviation Revenues	10.05	2.53	33.57%	10.46	3.46	49.36%	48.61	13.28	37.60%
Rental Car Tax	80.10	3.25	4.23%	83.94	2.70	3.33%	429.66	11.85	2.84%
Vehicle Sales Tax	125.82	6.42	5.37%	129.23	4.77	3.83%	666.21	20.46	3.17%
Driver-Related Fees	331.63	13.89	4.37%	358.18	32.92	10.12%	1,809.16	122.83	7.28%
Business/Other Revenues	133.07	15.39	13.07%	128.88	(0.72)	-0.56%	653.28	13.27	2.07%
Total Revenues	**6,721.60**	**127.68**	**1.94%**	**7,345.74**	**279.20**	**3.95%**	**37,007.43**	**1,057.10**	**2.94%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**243.84**	**3.51**	**1.46%**	**253.61**	**3.68**	**1.47%**	**1,279.28**	**15.65**	**1.24%**
Motor Fuel Administrative Fee - DOL	**17.92**	**0.00**	**0.00%**	**18.89**	**0.00**	**0.00%**	**97.36**	**0.00**	**0.00%**
State Uses									
Motor Vehicle Account (108)	1,329.12	15.06	1.15%	1,383.02	1.05	0.08%	7,214.91	36.43	0.51%
Transportation 2003 (Nickel) Account (550)	418.47	1.16	0.28%	434.68	1.97	0.45%	2,185.58	5.84	0.27%
Transportation 2005 Partnership Account (09H)	613.01	1.77	0.29%	635.65	0.31	0.05%	3,220.86	5.22	0.16%
Connecting Washington Account (20H)	762.41	3.07	0.40%	785.73	1.30	0.17%	3,981.06	10.56	0.27%
Multimodal Account (218)	626.40	(1.13)	-0.18%	715.08	(5.04)	-0.70%	3,641.10	(16.15)	-0.44%
Special Category C Account (215)	48.05	0.19	0.40%	49.52	0.08	0.17%	250.91	0.67	0.27%
Puget Sound Capital Construction Account (099)	34.96	0.14	0.40%	36.03	0.06	0.17%	182.56	0.48	0.27%
Puget Sound Ferry Operations Account (109)	419.60	(15.83)	-3.63%	489.94	(16.61)	-3.28%	2,473.61	(62.23)	-2.45%
Capital Vessel Replacement Account (18J)	62.01	(1.22)	-1.92%	65.72	(1.75)	-2.59%	332.81	(6.87)	-2.02%
Tacoma Narrows Bridge Account (511)	171.25	(2.37)	-1.37%	176.68	0.56	0.32%	902.01	0.50	0.06%
High Occupancy Toll Lanes Account (09F)^	8.88	(0.83)	-8.57%	15.30	(0.03)	-0.20%	85.65	(0.83)	-0.95%
SR 520 Corridor Account (16J)	134.10	(7.33)	-5.18%	189.58	(6.23)	-3.18%	961.97	(17.70)	-1.81%
SR 520 Corridor Civil Penalties Account (17P)	0.39	(1.82)	-82.31%	5.56	0.28	5.25%	27.30	0.27	1.01%
Interstate 405 Express Toll Lanes Operations (595)	36.44	(1.94)	-5.05%	62.82	6.69	11.92%	373.13	33.67	9.92%
Alaskan Way Viaduct Replacement Acct. (535)	49.89	(1.97)	-3.79%	60.73	0.04	0.07%	311.82	(1.65)	-0.53%
Aeronautics Account (039)	9.95	2.53	34.03%	10.35	3.46	50.17%	48.08	13.29	38.20%
Washington State Aviation Account (21G)	0.09	(0.00)	0.00%	0.09	(0.00)	-3.19%	0.49	(0.01)	-1.56%
State Patrol Highway Account (081)	467.98	(8.27)	-1.74%	494.07	(8.85)	-1.76%	2,539.16	(35.28)	-1.37%
Highway/Motorcycle Safety Accts. (106 & 082)	295.05	2.87	0.98%	295.48	(0.69)	-0.23%	1,547.26	6.86	0.45%
School Zone Safety Account (780)	0.47	(0.06)	-10.88%	0.60	0.00	0.00%	2.94	(0.06)	-1.90%
Other accounts (201, 06T, 097, 09E, 216, 07C, 24-K)	41.34	(0.80)	-1.90%	46.11	(1.00)	-2.11%	232.42	(3.71)	-1.57%
Electric Vehicle Account (20J)	35.00	1.99	6.03%	42.38	3.73	9.65%	77.38	5.72	7.98%
Ignition Interlock Devices Revolving Acct 14V	8.07	(0.18)	-2.14%	8.67	0.00	0.00%	43.37	(0.18)	-0.40%
Multiuse Roadway Safety Account Collections-571	0.46	0.01	2.65%	0.47	0.01	2.86%	2.36	0.05	2.20%
Move Ahed WA Accounts - 26P	125.05	125.05	100.00%	260.42	260.42	100.00%	1,217.36	1,217.36	100.00%
Move Ahed WA Accounts - 26Q	10.90	10.90	100.00%	33.65	33.65	100.00%	158.46	158.46	100.00%
Total for State Use	**5,709.35**	**121.02**	**2.17%**	**6,298.33**	**273.42**	**4.54%**	**32,014.52**	**(30.82)**	**-0.10%**
Cities	184.28	0.74	0.40%	189.92	0.32	0.17%	962.26	2.55	0.27%
Counties	299.34	1.18	0.39%	307.53	0.50	0.16%	1,561.70	4.04	0.26%
Transportation Improvement Board (112 & 144)	198.79	0.88	0.44%	206.08	0.76	0.37%	1,049.13	4.72	0.45%
County Road Administration Board (102 & 253)	68.09	0.35	0.52%	71.39	0.53	0.75%	366.67	2.91	0.80%
Total for Local Use	**750.49**	**3.15**	**0.42%**	**774.92**	**2.10**	**0.27%**	3,939.76	**14.23**	**0.36%**
Total Distribution of Revenue	**6,721.60**	**127.68**	**1.94%**	**7,345.74**	**279.20**	**3.95%**	**37,007.42**	**1,057.10**	**2.94%**

† Ferry Fares plus non-farebox revenue
‡ Aviation Revenues and Business/Other Revenues net of amounts transferred to General Fund in the Sept. forecast.

Figure 4 represents the June 2022 forecast LESS the Move Ahead Revenue Package compared to the February 2022 forecast.

Figure 4: Current forecast compared to the previous forecast less the impacts of the Move Ahead Washington Package

Forecast to Forecast Comparison for Transportation Revenues and Distributions Less revenues genterated from the Move Ahead Washington Package *June 2022 Baseline Forecast to February 2022 Baseline forecast* *millions of dollars*	10-Year Period								
	Current Biennium 2021-2023			2023-2025			10-Year Period (2022-2031)		
	Forecast June 2022	Chg from Feb. 2022	Percent Change	Forecast June 2022	Chg from Feb. 2022	Percent Change	Forecast June 2022	Chg from Feb. 2022	Percent Change
Total Revenues	**6,721.6**	**127.68**	**1.94%**	**7,345.74**	**279.20**	**3.95%**	**37,007.43**	**1,057.10**	**2.94%**
Less Move Ahead Wasington Package	**137.3**	**137.3**	**100.00%**	**296.5**	**296.47**	**100.00%**	**1,386.8**	**1,386.82**	**100.00%**
Total Revenues less Move Ahead Washington Package	**6,584.3**	**(9.60)**	**-0.15%**	**7,049.27**	**(17.28)**	**-0.24%**	**35,620.61**	**(329.71)**	**-0.92%**

Figure 5 compares the current June 2022 baseline forecast to the pre-pandemic February 2020 alternative forecast. In the current 2021-23 biennium, total transportation revenues are anticipated to be $6.72 million which is $290.37 million or (4.14%) lower than the pre-pandemic forecast. Next biennium's June's revenues are $7.35 billion which is $94.32 million above the February alternative forecast because of the negative impacts of COVID and the slower recovery and longer term impacts from the pandemic. Over the 10 year forecast horizon revenues are below the February 2020 alternative forecast by $97.76 million or (0.26%) 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 $259.8 million or (7.03%) and toll revenues are down $137.7 million or (25.6%) and ferry revenues are down $88.8 million or (19.8%) from the pre-pandemic February alt. forecast. There are some forecasts which have recovered from the pandemic faster and have revenues above the February 2020 alternative forecast. The LPF, rental car tax, vehicle sales tax and transportation related revenue have forecasts above the pre-pandemic level by $121 million for LPF,

$3..47 million for rental car tax, $12.9 million for vehicle sales taxes. Over the next 10 years, transportation revenues are down $1,158 million or (3%) below the pre-pandemic February alternative forecast without I-976 impacts.

Figure 5: Febraury 2022 Forecast Compared to February 2020 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 2022 Forecast to Alt. Feburary 2020 Baseline Forecast (Without I-976) millions of dollars

	Current Biennium 2021-2023			2023-2025			10-Year Period (2022-2031)		
	Forecast June 2022	Chg from Feb. 2020	Percent Change	Forecast June 2022	Chg from Feb. 2020	Percent Change	Forecast June 2022	Chg from Feb. 2020	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,437.70	(259.78)	-7.03%	3,537.7	(210.52)	-5.62%	17,925.81	(1,048.77)	-5.53%
Licenses, Permits and Fees	1,841.57	121.64	7.07%	2,157.1	313.74	17.02%	10,645.10	1,182.31	12.49%
Ferry Revenue†	360.70	(88.82)	-19.76%	429.6	(28.75)	-6.27%	2,167.73	(170.71)	-7.30%
Toll Revenue §	400.96	(137.66)	-25.56%	510.7	(82.18)	-13.86%	2,661.87	(493.25)	-15.63%
Aviation Revenues	10.05	2.81	38.75%	10.5	3.11	42.28%	48.61	11.66	31.57%
Rental Car Tax	80.10	3.47	4.52%	83.9	4.09	5.12%	429.66	13.63	3.28%
Vehicle Sales Tax	125.82	12.97	0.00%	129.2	11.28	9.57%	666.21	52.42	8.54%
Driver-Related Fees	331.63	4.30	1.31%	358.2	37.44	11.67%	1,809.16	138.40	8.28%
Business/Other Revenues	133.07	50.72	61.59%	128.9	46.12	55.73%	653.28	237.25	57.03%
Total Revenues	**6,721.60**	**(290.36)**	**-4.14%**	**7,345.7**	**94.32**	**1.30%**	**37,007.43**	**(77.02)**	**-0.21%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**243.84**	**(1.94)**	**-0.79%**	**253.6**	**3.69**	**1.48%**	**1,279.28**	**7.51**	**0.59%**
Motor Fuel Administrative Fee - DOL	**17.92**	**(0.23)**	**-1.24%**	**18.9**	**(0.16)**	**-0.85%**	**97.36**	**(2.61)**	**-2.61%**
State Uses									
Motor Vehicle Account (108)	1,329.12	(28.59)	-2.11%	1,383.0	(8.71)	-0.63%	7,214.91	33.49	0.47%
Transportation 2003 (Nickel) Account (550)	418.47	(22.78)	-5.16%	434.7	(12.78)	-2.86%	2,185.58	(78.12)	-3.45%
Transportation 2005 Partnership Account (09H)	613.01	(42.93)	-6.55%	635.7	(30.43)	-4.57%	3,220.86	(149.41)	-4.43%
Connecting Washington Account (20H)	762.41	(64.13)	-7.76%	785.7	(51.84)	-6.19%	3,981.06	(256.75)	-6.06%
Multimodal Account (218)	626.40	8.59	1.39%	715.1	16.15	2.31%	3,641.10	52.46	1.46%
Special Category C Account (215)	48.05	(4.04)	-7.76%	49.5	(3.27)	-6.19%	250.91	(16.18)	-6.06%
Puget Sound Capital Construction Account (099)	34.96	(2.94)	-7.76%	36.0	(2.38)	-6.19%	182.56	(11.77)	-6.06%
Puget Sound Ferry Operations Account (109)	419.60	(89.79)	-17.63%	489.9	(29.36)	-5.65%	2,473.61	(172.60)	-6.52%
Capital Vessel Replacement Account (18J)	62.01	(7.93)	-11.33%	65.7	(5.56)	-7.80%	332.81	(31.66)	-8.69%
Tacoma Narrows Bridge Account (511)	171.25	(4.32)	-2.46%	176.7	(3.06)	-1.70%	902.01	(15.66)	-1.71%
High Occupancy Toll Lanes Account (09F)^	8.88	(5.49)	-38.20%	15.3	(3.39)	-18.13%	85.65	(26.15)	-23.39%
SR 520 Corridor Account (16J)	134.10	(64.04)	-32.32%	189.6	(23.05)	-10.84%	961.97	(153.46)	-13.76%
SR 520 Corridor Civil Penalties Account (17P)	0.39	(6.36)	-94.19%	5.6	(1.66)	-23.04%	27.30	(10.12)	-27.05%
Interstate 405 Express Toll Lanes Operations (595)	36.44	(38.08)	-51.10%	62.8	(40.30)	-39.08%	373.13	(230.55)	-38.19%
Alaskan Way Viaduct Replacement Acct. (535)	49.89	(19.38)	-27.98%	60.7	(10.73)	-15.01%	311.82	(66.67)	-17.62%
Aeronautics Account (039)	9.95	2.80	39.13%	10.4	3.10	42.75%	48.08	11.63	31.92%
Washington State Aviation Account (21G)	0.09	(0.00)	0.00%	0.1	(0.00)	-3.25%	0.49	(0.02)	0.00%
State Patrol Highway Account (081)	467.98	(12.87)	-2.68%	494.1	(1.73)	-0.35%	2,539.16	2.21	0.09%
Highway/Motorcycle Safety Accts. (106 & 082)	295.05	(5.50)	-1.83%	295.5	2.03	0.69%	1,547.26	14.99	0.98%
School Zone Safety Account (780)	0.47	(0.42)	-47.21%	0.6	(0.28)	-31.46%	2.94	(1.48)	-33.58%
Other accounts (201, 06T, 097, 09E, 216, 07C, 24-K)	41.34	19.42	88.58%	46.1	23.86	107.26%	232.42	119.66	106.12%
Electric Vehicle Account (20J)	35.00	9.00	34.60%	42.4	11.44	36.96%	77.38	20.43	35.88%
Ignition Interlock Devices Revolving Acct 14V	8.07	(0.54)	-6.29%	8.7	0.06	0.68%	43.37	0.33	0.76%
Multiuse Roadway Safety Account Collections-571	0.46	0.14	42.75%	0.5	0.15	46.07%	2.36	0.76	47.54%
Move Ahed WA Accounts - 26P	125.05	125.05	100.00%	260.4	260.42	100.00%	1,217.36	1,217.36	100.00%
Move Ahed WA Accounts - 26Q	10.90			33.65			158.46		
Total for State Use	**5,709.35**	**(244.25)**	**-4.10%**	**6,298.3**	**122.35**	**1.98%**	**32,014.52**	**411.19**	**1.30%**
Cities	184.28	(15.50)	-7.76%	189.9	(12.53)	-6.19%	962.26	(62.05)	-6.06%
Counties	299.34	(23.88)	-7.39%	307.5	(20.20)	-6.16%	1,561.70	(96.83)	-5.84%
Transportation Improvement Board (112 & 144)	198.79	(16.85)	-7.82%	206.1	(13.38)	-6.10%	1,049.13	(66.33)	-5.95%
County Road Administration Board (102 & 253)	68.09	(5.86)	-7.93%	71.4	(4.49)	-5.92%	366.67	(22.33)	-5.74%
Total for Local Use	**750.49**	**(62.10)**	**-7.64%**	**774.9**	**(50.60)**	**-6.13%**	**3,939.76**	**(247.54)**	**-5.91%**
Total Distribution of Revenue	**6,721.60**	**(290.37)**	**-4.14%**	**7,345.7**	**94.32**	**1.30%**	**37,007.42**	**(97.76)**	**-0.26%**

† Ferry Fares plus non-farebox revenue

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

Figure 6 isolates the annual impacts of the COVID shutdowns and economic variable changes since the pre-pandemic February 2020 alternative forecast. It includes actual revenue losses from the monthly comparison of actuals to Feb. 2020 alternative forecast. The February forecast is slightly lower from the last forecast so the COVID losses are slightly up from the last forecast. These impacts are calculated based on the February 2020 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 were $190.5 million based on the monthly comparison from the February forecast without I-976. In FY 2022, the losses are larger by $276.8 million and $72.0 million in FY 2023. The largest COVID revenue reduction is anticipated to be in FY 2022 at 8.4% below the alternative February pre-pandemic projections. Note that FY 2021 COVID revenue losses would have been bigger if taxes impacted by the overturning of I-976 had not been received that year.

Figure 6: 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 2022 and Feb. 2020 Forecasts			
	FY 2020	FY 2021	FY 2022	FY 2023
Gross Fuel tax	$ (147,535,900)	$ (219,841,280)	$ (136,008,600)	$ (123,774,700)
LPF *	$ (29,700,000)	$ 222,116,720	$ (15,397,308)	$ 137,032,699
Ferry Fares	$ (34,933,470)	$ (57,507,910)	$ (51,685,000)	$ (37,131,000)
Toll Revenue	$ (40,507,400)	$ (86,664,130)	$ (82,528,000)	$ (55,134,500)
Aeronautics Revenues	$ (338,100)	$ (366,700)	$ (250,857)	$ (282,800)
Rental Car Tax	$ (5,993,000)	$ (15,531,840)	$ 2,031,400	$ 1,434,900
Motor Vehicle Sales Tax *	$ (3,650,000)	$ (32,740,210)	$ 7,088,100	$ 5,878,100
Total Major Revenue Sources	**$(262,657,870)**	**$ (190,535,350)**	**$ (276,750,265)**	**$ (71,977,301)**
Revenue Sources Impacted by COVID-19 Shutdowns	**Percentage Change Between June 2022 and Feb. 2020 Forecasts**			
	FY 2020	**FY 2021**	**FY 2022**	**FY 2023**
Gross Fuel tax	-8.2%	-12.0%	-7.4%	-6.7%
LPF	-3.8%	27.5%	-1.9%	15.2%
Ferry Fares	-16.8%	-26.0%	-23.1%	-16.4%
Toll Revenue	-17.3%	-34.2%	-31.2%	-20.1%
Aeronautics Revenues	-9.7%	-10.3%	-7.0%	-7.8%
Rental Car Tax	-16.5%	-41.9%	5.4%	3.7%
Motor Vehicle Sales Tax	-6.9%	-60.1%	12.7%	10.3%
TOTAL Major Revenue Sources	**-8.4%**	**-5.9%**	**-8.5%**	**-2.1%**

2020 & 2021 have actual losses from monthly forecast

Figure 7 shows the latest actuals in the major transportation revenue sources since the last November forecast.This table just includes 5 revenue sources: fuel taxes, LPF, WSF ferries revenue, rental car tax and vehicle sales taxes from November - January 2022 collections. All transportation revenue sources in total fell from the last forecast by

Figure 7: Transportation Revenue Actuals Compared to the February 2022 Forecast: Feb – April 2022

Change in Transportation Revenue Since the February 2022 Forecast (Feb. - April 2022 Collectins)				
$ in millions	**Difference Actual Collections Compared to Feb.**			**% Change**
Major Revneue Sources	**Feb. 2022**	**Mar. 2022**	**April 2022**	
Gross Fuel Taxes (before refunds/transfers)	$ (6.30)	$ (3.10)	$ 13.00	0.9%
Licenses Permits and Fee Revenues	$ (1.24)	$ (0.73)	$ (4.42)	-3.1%
WSF Revenues	$ (1.12)	$ (1.39)	$ 0.31	-5.9%
Rental car Tax	$ 0.46	$ 0.39	$ 0.54	22.2%
Motor Vehicle Sales Tax	$ (0.05)	$ 1.42	$ 1.31	20.3%
Total All Revenue Sources	$ (8.25)	$ (3.41)	$ 10.74	34.4%

Figure 8 shows the various February 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 2020 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 2021 in 10+ years. Rental car tax recovery has increased enough in this February forecast to recovery to pre-pandemic levels by the current year. 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 2031 or in 10 years. Vehicle ferry ridership is anticipated to be back to the 2021 level from the February forecast in 2027 or 6 years from now. Ferry farebox and misc. revenue are not expected to recover until FY 2024. 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 4 years for both traffic and toll revenue but the individual tolled facilities adjusted toll revenue recovery is longer in some cases.

Figure 8: February 2022 Forecast Recovery Periods for Major Revenue Sources

Type of Forecast	**Time Period**	**# of Years**
Fuel Consumption and Fuel Tax Revenue		
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+
Vehicle Licenses Permits and Fee Revenue (LPF)		
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
Rental Car Revenue		
Return to Rental Car Revenue Level in Feb. Forecast -FY 2021	2022	1
Aircraft Fuel Tax Revenue		
Return to Aircraft Fuel Tax Level in Feb. Forecast - FY 2021	2022	1
Ferries Ridership and Revenue		
Return to Passenger Ridership in Feb. Forecast - FY 2021	2031	10
Return to Vehicle Ridership in Feb. Forecast - FY 2021	2028	7
Return to Ferry Farebox and Misc. Revenue in Feb. Fct -FY 2021	2026	5
Toll Traffic and Revenue – All Facilities		
Return to Total Toll Traffic in Feb. Forecast -FY 2021	2025	4
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 2022 represent the preliminary economic variables by Economic and Revenue Forecast Council, based on the May 2022 IHS-Markit forecast. The latest economic variables, for the most part, are down from the last quarterly forecast. Washington real personal income has a annual growth rate in FY 2023 of 1.0% which was predicted at -2.6% in February. The economic forecast includes the federal transportation authorization Act of 2021 Infrastructure Investment and Jobs Act (IIJA) which boosts economic activities in the future. Washington's non-ag. employment in FY 2023 has been revised down a little to 4.7% as compared to the February forecast of 5% annual growth. Retail and trade, transportation and utilities employment sectors are showing lower growth in FY 2023 at -1.0 and 5.3% respectively as these annual rates are lower by 1.1% and 1.9%, respectively. In FY 2024, non-ag. employment growth is anticipated to be 1.4% while retail and trade, transportation and utilities employment growth rates are anticipated to be negative at -0.6% and -2,8% respectively, down from last projections. The US oil price index is up in 2023 to 1.2% annual growth compared to last projections of -1.2%.

Figure 9: Annual Percentage Change (%) in Select Economic Variables June 2022 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
2021	5.5%	1.0%	27.6%	2.0%	1.7%	1.9%	-3.5%	-3.4%	1.1%	2.9%
2022	-1.5%	1.0%	16.1%	5.6%	40.7%	1.9%	5.6%	4.7%	2.8%	1.5%
2023	1.0%	1.1%	0.1%	4.5%	1.2%	1.9%	3.0%	3.3%	-1.0%	-5.3%
2024	3.4%	1.1%	0.1%	2.0%	-11.5%	2.0%	0.8%	1.4%	-0.6%	-2.0%
2025	3.3%	1.2%	0.7%	1.9%	-5.0%	2.0%	0.6%	1.0%	-0.6%	-2.8%
2026	3.2%	1.2%	0.7%	2.0%	0.5%	2.1%	0.8%	0.9%	0.4%	-0.7%
2027	3.1%	1.1%	0.7%	1.9%	2.1%	2.2%	1.0%	0.9%	0.5%	-0.2%
2028	3.0%	1.1%	0.6%	1.8%	0.3%	2.1%	1.0%	0.9%	0.2%	-0.1%
2029	3.2%	1.1%	0.6%	1.9%	0.5%	2.2%	0.9%	0.8%	-0.1%	-0.2%
2030	3.1%	1.1%	0.6%	2.0%	0.5%	2.2%	0.9%	0.9%	0.0%	0.2%
2031	3.0%	1.1%	0.6%	2.0%	0.6%	2.1%	0.9%	0.9%	0.5%	1.1%

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management 2022 long-range forecast, May 2022 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 2022 vs. February 2022 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
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

Figure 11: Near-Term Fuel Prices: June 2022

Quarterly Average Fuel Price Adjusted Forecast -June 20

Fiscal Year	WA Adj Retail Gasoline Price ($/gal)	WA Adj Retail Diesel Price ($/gal)	WA Adj Biodiesel (B5) Price w markup+taxes ($/gal)	OPIS Biodiesel (B99) Price w/out markup+taxes ($/gal)
2020Q3	2.71	2.72	1.36	2.95
2020Q4	2.65	2.79	1.61	3.05
2021Q1	2.83	2.87	1.95	3.11
2021Q2	3.39	3.40	2.31	3.30
FY2021	**2.89**	**2.95**	**1.81**	**3.10**
2021Q3	3.77	3.71	2.55	3.23
2021Q4	3.77	3.89	2.87	3.22
2022Q1	4.09	4.52	3.56	3.73
2022Q2	4.88	5.77	4.75	4.77
FY2022	**4.12**	**4.47**	**3.43**	**3.74**
2022Q3	4.75	5.66	4.20	4.69
2022Q4	4.36	5.25	3.83	4.35
2023Q1	4.14	5.06	3.66	4.20
2023Q2	4.20	5.01	3.62	4.16
FY2023	**4.36**	**5.25**	**3.83**	**4.35**

Figure 12: Washington Regular Retail Gasoline Prices June 2022 vs. February 2022

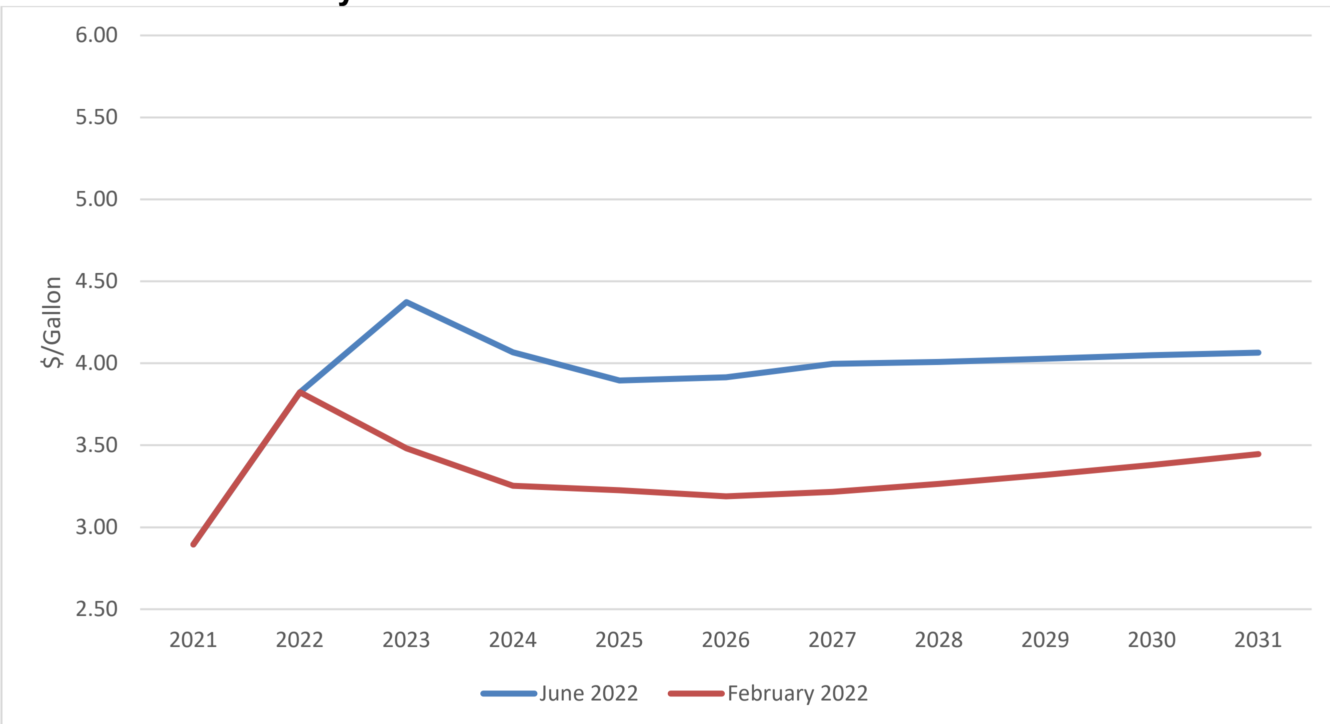
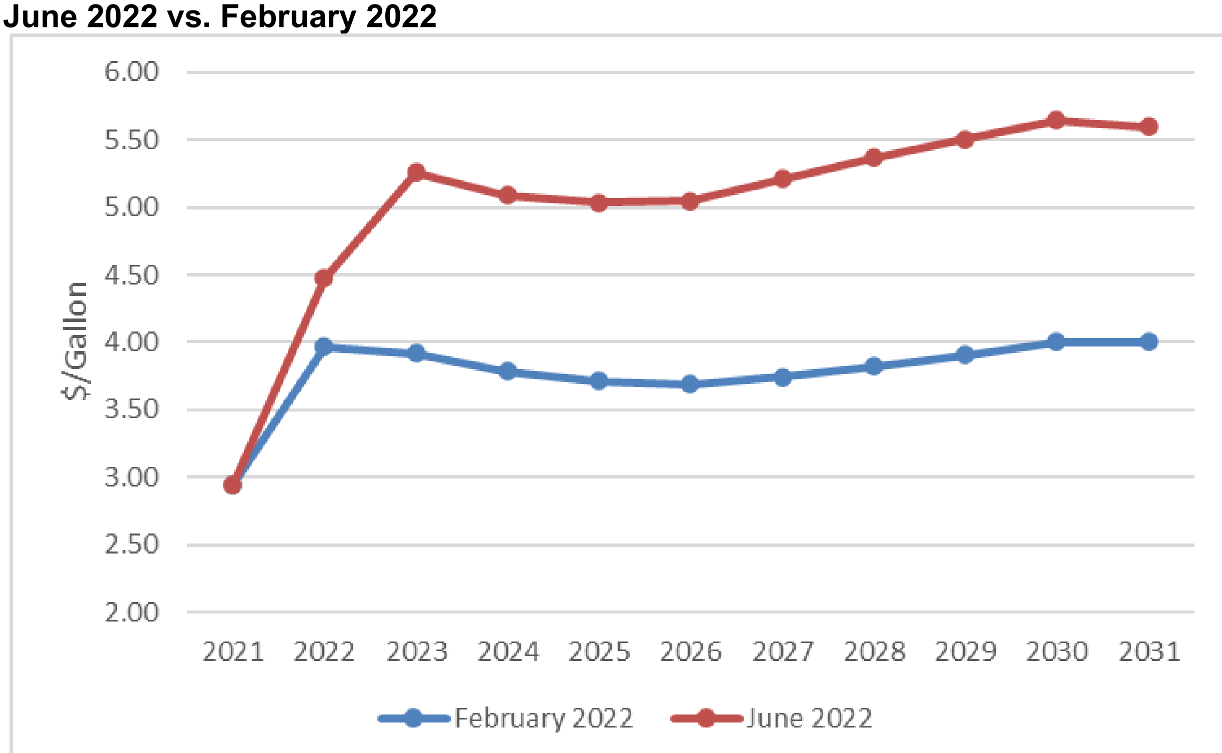


Figure 13: Washington Retail Diesel Prices June 2022 vs. February 2022



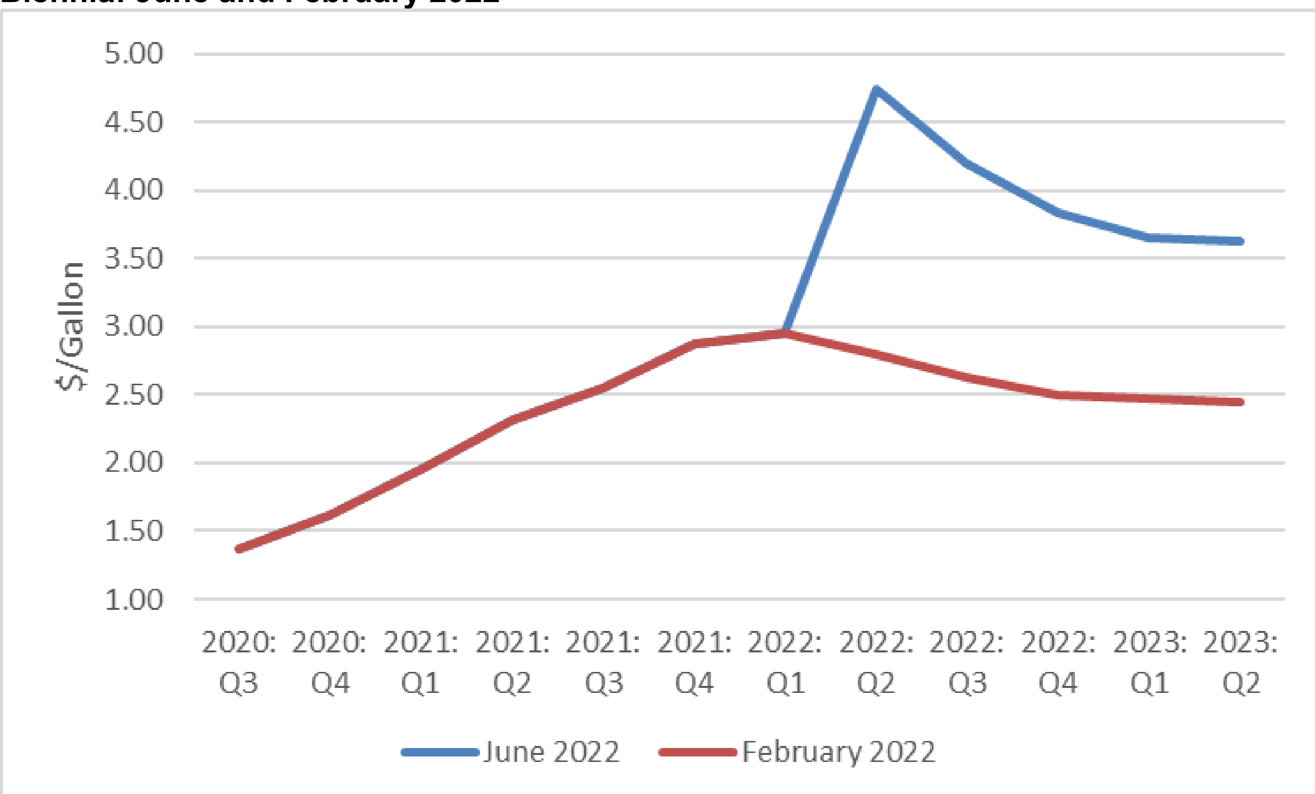
Comparison of several current U.S. crude oil price forecasts

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 2023 and then use the growth rates from Global Insight forecasts for subsequent years. The forecasts for FY 2023 ranges from $88.10 per barrel in the Moody's forecast to $109.75 per barrel by NYMEX.

Figure 14: Near-term Annual WTI Crude Oil Price Forecasts – 5 Different Forecast Comparisons: June 2022

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	Average	% Diff (Average)
2022	87.62	87.62	87.62	87.62	87.62	87.62	0.0%
2023	98.48	109.75	98.88	88.10	96.19	98.28	-0.2%

Figure 15: Quarterly Ferries Adjusted B5 Biodiesel Prices Used for Budgeting the 2021-23 Biennia: June and February 2022



WSDOT applies the five-entity forecast average adjustment to the baseline June 2022 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 2021-23 biennium transportation budgets for gas, diesel, and biodiesel fuel purchases. The latest adjusted forecast requires a -0.27% downward adjustment to the baseline fuel prices in FY 2023.

As Figure 17shows, the new B5 fuel price forecast is markedly higher than February.

Motor Vehicle Fuel Tax Forecast

Overview

Motor fuel tax collections since the February 2022 estimate came in above the forecast by $3.6 million or 0.9%. Gasoline tax receipts are closely tracking the estimate while Diesel tax collections came in above projections by $2.8 million or 3.4%.

For the 2021-2023 biennium, gross fuel collections are estimated at $3.437 billion. This is $16.7 million or 0.5% above the February 2022 estimate. Total fuel tax revenue for the 10-year period beginning in the current biennium and ending in the 2029-2031 biennium is $17.971 billion. This is $75.8 million more than projected in February 2022.

Primary Reasons for Changes in the February 2022 Forecast

The forecast for gasoline tax revenues is unchanged since February.

The FY 2023 special fuels consumption forecast has been revised up 0.9 percent from February, but the growth rate is much more muted at 0.9% In FY 24 diesel consumption is forecasted to increase annually by 1.1% but this growth rate is down from the last forecast. Analysts expect growth in diesel tax revenue to slow because of weakening economic conditions and the reversal of pandemic driven shifts from consuming experiences (such as going out to dinner) to purchasing things at home. The estimate for off-road refunds has been increased to reflect current experience.

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 Non-ag Employment, Washington - U.S. real income share, and U.S. sales of light vehicles.

Washington State anticipates collecting about $1.84 billion from vehicle licenses, permits, and fees (LPFs) in the 2021-2023 biennium, which is increased for $102.7 million or 5.91% compared to the forecast in February. The LPF forecast is anticipated to be $2.37 billion by 2029-2031 biennium, which is up for about $266.9 million or 12.67% from the previous forecast. Over the 10-year period from 2021-2023 biennium to 2029-2031 biennium, the revenue increase is about $1.13 billion.

Primary reasons for the change in the June 2022 forecast

- For the fiscal year 2022, passenger car registrations are down 1.46% or 80,000 vehicles comparing the previous forecast. For FY 2023, passenger car registrations will be 2.38% less than the previous forecast. The forecast remains lower in the future years from 2024 through 2031, the decrease percentage is almost flat in the out years. The decreased forecast registrations are mainly due to the lower passenger car actuals we received for the last 4 months, and the lower personal income growth rate in recent years forecasted by ERFC.
- For the fiscal year 2022, truck registrations are down 1.14% comparing the February forecast. In fiscal year 2023, truck registrations will decrease from the previous forecast for 1.52%. After that, the truck forecast will keep seeing a forecast-to-forecast decrease in registrations for the rest years, however, the decrease will be narrower in the out years. By the end of the forecast horizon, we see a decrease of truck registrations for 1.52%. The decreased forecast registrations in future years are mainly due to the lower truck actuals we received for the last 4 months and lower employment growth rate in most years forecasted by ERFC.

- In the 2021-23 biennium, $30 registrations revenue is down 2.37% or $8.4 million. This is because we reduced the passenger car forecast and other group 1 vehicle forecast in June. In the next biennium, revenue from $30 registrations is about $9.3 million less than the previous forecast. This trend keeps going on in the later periods. We see the revenue runs about $9.6 million below the previous forecast by the 2029-2031 biennium due to the reduced $30 vehicles.
- In the 2021-23 biennium, the forecast sees a decreased truck weight revenue for about $6 million or 1.1%. This is because the reduced truck forecast in June. In the next biennium, truck weight revenue is about $4.6 million less than the previous forecast due to the decreased truck forecast. The revenue decrease keeps going on in later forecast periods. By the end of the forecast horizon, we will see a $4 million reduced revenue in 2029-2031 biennium for truck weight fees.
- In the 2021-23 biennium, the Freight Project fee is about $0.2 million or 0.5% more than the previous forecast due to the increased prorate vehicle forecast in June. In the 2023-25 biennium, the Freight Project fee is $0.05 million more than the February forecast. This revenue increase keeps on in the out years. By the end of this forecast horizon, we will see a $0.11 million freight project revenue increase in 2029-2031 biennium.
- The passenger vehicle weight revenue is reduced for $9.7 million or 2.4% in the 2021-23 biennium, which is due to the reduced $30 vehicle forecast. In the 2023-25 biennium, the revenue is down for $11.7 million. The revenue reduction remains stable in the out years. By the end of this forecast horizon, we will see a $12.1 million passenger vehicle weight revenue decrease in 2029-2031 biennium.
- In this forecast, the motorhome weight revenue is decreased for $0.84 million in the 2021-23 biennium due to the reduced motorhome vehicle forecast. In the 2023-25 biennium, the revenue is down for $0.68 million. After that, this level of reduction keeps going on. By the end of this forecast, we will see a $0.69 million motorhome weight revenue decrease in 2029-2031 biennium.
- In this forecast, the inspection fee is increased for $16.4 million, or 70.43% in the 2021-23 biennium mainly due to the increased stolen vehicle check fee forecast. In the 2023-25 biennium, the revenue is up for $31.9 million. It keeps going up in the following biennium. By the end of this forecast, we will see a $60.1 million inspection fee increase in 2029-2031 biennium.
- Ferry Vessel Service Fees (18J) Title Service fee for current biennium is revised up by $0.37million or 2.43%, due primarily to DOL share increase. Over the 10 years period it is up by $0.4million or 0.5%. The Registration Service fees current biennium revenue is revised down by -$0.8million or -2.4%. Over 10 years period downward revision is $-2.5million or -1%, following the registration forecast reduction. Overall Ferry Service fee account revenue is down by -$0.4million or -0.84%. The 10 years forecast change is -$2.1million or -0.8%.
- Dealer Temporary Permits. Reflecting the continue COVID related supply chain issues in the new vehicles sales market the Dealer Temporary Permits forecast is adjusted down $0.2million or -1.3% in the current biennium. Ten years change is -$0.12 million or -0.2%.
- Original Issue Plate Revenue forecast is lower for FY 2021-23 by -$0.3 million or -1.2%. The ten-year forecast is down by $-1.4 million or -1%.
- Plate Replacement Revenue forecast is higher for FY 2021-23 is up by $0.48 million or 1.5%. The ten-year forecast is up by $2.3 million or 1.4%.
- Abandoned Vehicle Revenue This forecast has increased $0.67million (19.7%) in the 21-23 biennium; this increase is due to incorporating actuals for this period. The forecast has increased 9.4% each biennium across the forecast period. This fund receives revenue from the sale of abandoned vehicles at auction, it is likely the higher than forecast revenue is due to high auction sale prices rather than an increase in vehicle volume.

Driver Related Revenue Forecasts

Overview

The June 2022 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 FY2021-23 biennium is forecasted at $331.63 million, up $14.5 million (4.6%) from the prior forecast. FY23-25 is expected to have $358.18 million, up $35.3 million (10.9%) from the prior forecast. Over the next ten-year period (FY22-FY31), driver related revenues total $1,760.06 million, up $104.7million (6.3%) from the prior forecast.

It is important to note that with SHB1207 passed in the 2021 legislative session, DOL offers eight-year licenses and ID cards, along with the existing six-year license and IDs. For the first four years of implementation, all first time Driver/ID issuances will have variable renewal terms while Driver and ID renewals will follow either a six- or eight-year renewal cycle depending on customer choice. Caution is advised in year over year comparisons.

*Primary reasons for the changes in the **June 2022** forecast*

- Incorporating DOL's SHB1207 (2021) implementation scheme to give all first-time driver licenses variable expiration terms (6-year, 5-year, 5-year, 4-year) to fill the gap years (1/2 FY28, FY29, 1/2 FY30) when most drivers are expected to choose the eight-year licenses, beginning January 2022. The first five-month observed 8-year choice is lower than expected at about 72% for driver renewals as opposed to assumed 80%. ID 8-year renewals are at 47% rather than assumed 60%.
- FY2022 seems like a year of making up for Pandemic year shortages in terms of transactions. Driver license ID cards (particularly Public Assistance IDs) are all tracking higher as more offices are open and Pandemic restrictions lifted.
- Regular driver related revenue forecasts are higher by $1.6 million (or 1.7%) for the current biennium, but lower by about $0.87 million (or 0.5%) for the next biennium, due largely to fewer than expected 8-year choices. Also, a significantly higher than expected portion of the ID card issuances are public assistance IDs, paying reduced fees.
- Enhanced driver license revenue is up by $6.8 million or 38% for the current biennium and up by $19.8 million or 72% next biennium because of fee increase authorized by ESSB 5974 (2022), effective October 2022.
- Abstract of Driver Records revenue is up by $3.6 million or 6% for the current biennium and up by $9.5 million or 14% for the next biennium due to fee increase per ESSB5974, effective October 2022.
- The license/ID replacement fee revenue is up by $1.4 million or 36% for the current biennium and is up by about $4 million or 100% throughout the forecast horizon due to fee increase per ESSB5974, effective October 2022.
- Occupational & Ignition Interlock Licenses forecast is lower for FY 2021-23 by -$393,800 or -18.3%. The forecast continues lower by -$110,600 or -7.4% on average per biennium throughout the rest of the forecast horizon.

Motor Vehicle Revenue (Licenses, Permits, and Fees)

Ferry Vessel Service Fees (18J) Title Service fee for current biennium is revised up by $0.17 million or 1.1%, due primarily to DOL share increase. The Registration Service fees current biennium revenue is revised down by -$0.6 million or -2.1%. Total Ferry Service fee account revenue is down by -$0.2 million or -0.5%. The 10 years forecast change is -$2.5 million or -1.0%.

- Quick Titles The share of Quick Titles in Total Titles has been revised upwards this cycle with strong actuals. The current biennium change is $0.35 million or 7.1%. Over the 10-year horizon, the change is $1.8 million or 7.2%.

- Dealer Temporary Permits. The 2022 legislative changes were incorporated in the June 2022 Dealer Temporary Permits forecast. Effective July 1, 2022, Dealer Temporary Permit Fee increases from $15 to $40 with the fee increase distributed to the Move Ahead Washington Account (Fund 26P). The current biennium change is $20.6 million or 134%. The 10-year change is $179 million or 69.3%.

- Electric Vehicles BEV and PHEV aggregated $225 fee revenue forecast is up for current biennium by $1.3 million or 4.1%. The 10 years period upward revision is $41 million or 12.5%. The $75 hybrid vehicles fee is tracking higher with current biennium up by $0.4 million or 4.1%. The 10 years period change is $13.8 million or 11.1%.

- Original Plates This forecast has decreased -$1,870,000 (-6.8%) to fund 108 for the 21-23 biennium following continued below forecast original plate transactions, future biennia have minimally changed. Beginning July 1, 2022, the original plate fee will increase from $10 per plate to dollars $50 per plate, with the additional $40 per plate going to the move ahead Washington account (fund 26P), resulting overall in a near 400% increase to total revenue across the forecast horizon.

- Plate Replacement This forecast is tracking well and has not changed from the previous forecast level on a transaction basis. Beginning July 1, 2022, the replacement plate fee will increase from $10 per plate to dollars $30 per plate, with the additional $20 per plate going to the move ahead Washington account (fund 26P), resulting in an overall 200% increase to total revenue across the forecast horizon.

- Abandoned Vehicle Revenue This forecast has increased $2,800,000 (67.9%) in the 21-23 biennium; this increase is due to incorporating actuals for this period, and a significant increase in the average fee collected per transaction in recent years. The forecast has increased 45.6% each biennium across the forecast period. This fund receives revenue from the sale of abandoned vehicles at auction. This fee has been significantly impacted by increased demand in the secondhand vehicle market over the past year, with the average transaction fee in FY 22 increasing to 300% of the five-year average transaction fee collected.

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 $265.2 million from Other Transportation Related revenues in the 2019-2021 biennium and are projected to collect $349.0 million in the 2021-23 biennium. This represents an increase of 8.58% biennium to biennium. This is due primarily to revisions upward in the rental car and business related forecasts. Other Transportation Related revenues for 2021-2023 are forecasted to be $352.5 which are higher than the previous forecast by 2.9%. Over the next 10 years, total other transportation related revenues is forecasted to be up $46.6 million over last forecast.

Primary reasons for the change in the June 2022 Forecast

- In the June forecast, the sales tax on motor vehicle purchases is higher since the previous forecast. Recent collections were higher than forecasted, and the economic variables related to the forecast are also higher.
- Rental car tax collections have been increased due to high collections in recent months.

- HOV penalties in June 2022 are unchanged from the last forecast. In the 2019-2021 biennium HOV penalties were $950,850 and increasing to $1,000,400 in the current biennium and to $1,094,402 by the end of the forecast horizon.
- WSDOT Business related revenue for the 2021-23 biennium has been revised up by $16.3 million, or 98.2%, from the February forecast. The increase is due to a one-time lease payment from the City of Seattle. In the 2023-25 biennium, WSDOT business related revenue is up $26,000 or 0.17%, from February due to changes in the inflation factors.
- The school zone fines forecast for the current biennium is down $57,000, or 10.9%, from the February forecast. The forecast in outer biennia is no change due to no change in the population factors.
- The 2021-23 WSP Business Related Revenues for February 2022 have been revised down by $17,292 or (0.14%). The change reflects latest actuals and changes in out years mirror the changes in the current biennium. Future biennia revenues are forecasted to decrease minimally like $7,592 from the November 2021 forecast in the 2023-25 biennium.
- Aviation Fuel Tax (fund 039) is higher for FY 2021-23 by $2.5 million or 44.3% based on actuals thru May 2022 and ESSB 5974 (2022) which increases the Aviation Fuel Tax rate from $0.11 to $0.18 per gallon effective July 1, 2022. The forecast continues higher for FY 2023-31 by $3.6 million or 72.1% on average per biennia. The forecast model incorporating the update to OFM's Long-term Manufacturing Employment forecast was used for this forecast. An updated FAA General Aviation Fuel Consumption forecast is not available for the June forecast. Of note is that for FY 2022, an assumed catch-up to delayed consumption due to COVID-19 as well as decline in tax-exempt fuel exports contributed to the increased revenue.
- Aviation Plates- This forecast has decreased -$3,600 (-3.5%) for the 21-23 biennium and -$3,000 (-2.7%) per biennium throughout the forecast period. This decrease reflects three months of below forecast plate renewals Aviation registration, excise tax and registration fee forecasts have not changed from last forecast. The aeronautics transfer is down minimally due to gas consumption being revised downward as well in this forecast.
- Credit Card Transaction Fees (24K)- This fund has been tracking below forecast. The forecast has decrease -$580,000 (-3.1%) for the 21-23 biennium and decreased and average of -$620,000 (-3.1%) per biennium throughout the forecast period.
- 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 $1.6 million new revenue per biennium.

Ferry Ridership and Revenue

Overview

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

- Passenger full fares
- Passenger frequent user 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 2021, the Washington State Transportation Commission (WSTC) adopted two fare increases for FY 2022 and FY 2023. The first took place on October 1, 2021 and the second will occur on October 1, 2022. Both increases raise the passenger and vehicle/driver fares by 2.5% plus nickel rounding. 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 after FY 2023. In May 2022, in accordance with statutory direction from the 2022 State Legislature, the Commission adopted a rule to eliminate youth passenger fares for ages 18 and under, with expected implementation on October 1, 2022.

Beginning in early March 2020, the COVID-19 pandemic negatively impacted ferry travel, with April 2020 ridership 73% lower than April 2019. Ridership has been slowly and somewhat erratically rebounding since then, with COVID-19 virus cycles and its effects on travel, combined with reduced service levels due to ongoing staffing challenges, extending the recovery. This forecast assumes a phased return to full service levels is completed by mid-2023 (FY 2024), which is expected to facilitate return to a “new normal” in the following months.

For FY 2022, the June Forecast incorporates actual ridership from February through May 2022. A year ago, 2021 ridership levels for the same four months were collectively 30.7% below 2019’s pre-pandemic levels. This year, passengers and vehicle/ driver ridership levels for February, March, April, and May 2022 were 1.04 million, 1.27 million, 1.40 million, and 1.50 million, respectively, or collectively just about unchanged from 2021 at 30.8% below pre-pandemic levels, which was also nearly 13% below the prior forecast. This lower than expected recovery trend is likely the result of the public concern and response over the rapid rise of the Omicron variant of COVID-19 (including continued mask mandates) and ongoing staffing-related service disruptions.

The eleven months of actual ridership data for FY 2022 comprise an average of 71% of their pre-pandemic levels. The recovery for overall vehicle/driver fares has been stronger at 81% of pre-pandemic levels compared to an average of 63% for overall passenger fares. Fiscal year-to-date oversize vehicle/driver fares are within 2% of their pre-pandemic levels. Passenger frequent user (commuter) ridership continues to show only modest and limited recovery, reaching 27% of their 2019 levels on average in FY 2022, while all other passenger fares have recovered to about 72% of their comparable 2019-20 levels.

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. Other longstanding contributing factors include an increasing trend in telecommuting, changes in the frequent user multi-ride fare media that make them less severable for shared concurrent use by multiple riders, and more recently, the COVID-19 pandemic.

Between FY 2000 and FY 2019, the percentage share of all passengers traveling under a discounted, frequent user fare declined from nearly 46% to less than 19%. Over the same period, the share of drivers of vehicles traveling under a discounted, frequent user fare declined from nearly 47% to 34%. The COVID-19 pandemic has resulted in an extensive increase in telecommuting, accelerating the trends of the past two decades. Evidence of this is exhibited in the passenger frequent user “commuter” fares ridership, which had the steepest pandemic-related percentage decreases of all fare categories, down by over 88% in April 2020, and having only recovered to 73% below pre-pandemic levels so far in FY 2022 with data through May. Many employers are expected to continue accommodating telecommuting and flexible work arrangements going forward. Prior forecasts included a 20% passenger commuter fare reduction factor to adjust the expected long-term effect on passenger frequent user fares until the forecast models fully capture the factors contributing to a permanent changes; in this forecast, the reduction factor was increased to 30% in light of the persistent lower passenger commuter ridership. A smaller long-term downward adjustment of 5% has also been maintained for the vehicle commuter ridership projections, as that fare category remains poised to recover most of its pre-pandemic levels.

Like in the February 2022 Forecast, this forecast takes into consideration WSF's gradual approach to restoring the pandemic-related service reductions. Rather than instantaneously fully restoring the operations of a vessel that was removed from service, additional vessels are being added back for a percentage of the service days in a quarter, with the percentage share of full service days generally increasing a bit each quarter, with full restoration of pre-pandemic service levels achieved by July 1, 2023 (FY 2024). The June 2022 Forecast includes the following assumptions regarding service resumption:

- The Point Defiance-Tahlequah route is already at normal service levels.
- The third vessel on the Fauntleroy-Vashon-Southworth triangle route will begin resuming service in the winter of 2023 (FY 2023) with full resumption by Summer 2023 (FY 2024).
- The second vessel on the Seattle-Bremerton route will begin resuming service in the Winter of 2023 (FY 2023) with full resumption by Summer 2023 (FY 2024).
- The second vessel on the Seattle-Bainbridge route is currently covering approximately 90% of its sailings; full service resumption is expected by Summer 2023 (FY 2024).
- The second vessel on the Edmonds-Kingston route is currently in partial operations, and is expected to cover 90% of its sailings by Fall 2022, with full service resumption by Summer 2023 (FY 2024).
- The second vessel on the Mukilteo-Clinton route is currently in partial operations, and is expected to cover 90% of its sailings by Summer 2022, with full service resumption by Summer 2023 (FY 2024).
- Resumption of the second vessel normally added for the late Spring and Summer seasons on the Port Townsend-Coupeville route is postponed until Summer 2023 (FY 2024).
- Service on the Anacortes-San Juan Islands routes is essentially at normal seasonal service levels except for the small portion of domestic service provided by the still closed international route to Sidney, B.C.
- Resumption of service on the Anacortes-Sidney, B.C. international route is assumed to occur in Summer 2023 (FY 2024), which will also add limited capacity to summer service in the San Juan Islands as a fifth vessel.

Overall, the June Baseline Forecast for ridership in the current 2021-23 biennium is 5.9% lower than the February Forecast, with passenger fares leading the decline on a percentage basis. The current June 2022 forecast includes actual ridership through May 2022 and revenue collections through April 2022.

Total reported ridership for the most recent four months (February through May 2022) averaged 15.9% lower than previously forecasted, placing it at about 69% of pre-pandemic levels for the same period.

Compared to the prior February forecast, 2021-23 biennium fare and surcharge revenues are projected to be 4.0% lower. Miscellaneous revenues are expected to be 26.4% lower than the previous forecast as a results of updated, more conservative vendor assumptions, including the elimination of some revenue altogether. The current biennium percentage decrease in overall ferry revenues was 4.5% compared to the February forecast.

Total reported fare and surcharge revenues for the most recent three months of collections (February through April 2022) averaged 5.9% lower than the prior forecast, and inclusive of the recently adopted fare increases, comprise 84% of pre-pandemic baseline revenue forecast levels for the same period in 2019.

For the rest of the forecast horizon, the June ridership projections range from 3.6% lower in FY 2024 to slightly less than 2.0% in FY 2027 and beyond, relative to the February Baseline Forecast. Fare and surcharge revenue projections are expected to range from 3.9% lower in FY 2024 to 2.9% lower in FY 2031, relative to the February Baseline Forecast. The projected percentage decreases in revenues reflect the corresponding decreases in forecasted ridership which vary across fare categories, relative to the February forecast, as well as the loss in revenue from the pending elimination of the youth fare, starting October 1, 2022.

Miscellaneous revenues have been revised downward by 14-15% over the remainder of the forecast horizon, driven by lower or eliminated categories of non-fare (terminal) revenues that more than offset growth in vessel non-fare revenues which are driven by the return of galley food service on the vessels starting in FY 2023 with a full return by FY 2024.

Total fare and miscellaneous revenues forecasted for the 2021-23 biennium amount to $360.7 million, which is 4.5% lower than the previous forecast of $377.6 million for the same period. Over 10 years (FY 2022-31), ferry fare and miscellaneous revenues total $2.16 billion, which is about 3.7% lower than the February 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 each forecast quarter, still remain uncertain. As such, the June 2022 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 2022 forecast

- Continuing unpredictable impacts from the COVID-19 pandemic, combined with a more conservative and extended set of assumptions for the resumption of ferry service back to pre-pandemic levels, contribute to the downward revision in ridership and revenue forecasts for the current biennium.
- Among the economic and demographic factors, downward revisions to projected real personal income and employment, plus higher projections for real gasoline prices throughout the forecast horizon, combine to more than offset the upward effects of lower real fares (from a higher inflation forecast), thereby dampening the overall forecast period ridership and revenue projections.
- The pending elimination of youth passenger fares on 10/1/2022 is expected to result in $2.2 million less base fare revenue and $0.3 million less surcharge revenue, for a total revenue reduction of $2.5 million in FY 2023. For the 2023-25 biennium the loss of youth fare revenue will increase to over $7.4 million in base fare revenue and nearly $1.0 million in surcharges, for a total biennium reduction of $8.4 million.
- The lower miscellaneous revenue forecasts, which average about 15% lower after the 26% decrease in the current biennium, are the result of updated vendor projections and revised, more conservative assumptions for terminal-related revenues.

Toll Revenue

Overview

Overview of Differences Compared to February 2022 Forecast

The Toll Traffic and Revenue (T&R) forecasts have been updated for the June 2022 TRFC. This June 2022 Forecast has used traffic and revenue potential actuals through and including April 2022, with preliminary May 2022 data.

The methodology for the June 2022 Forecast is similar to the ones applied since the June 2020 and subsequent quarterly forecasts, with usage of recent actual data, as applicable, and assuming a different COVID-recovery pattern for each facility based on the observed trends. The forecasts for FY 2022, FY 2023, and FY 2024 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. New travel demand model (TDM) runs were utilized in FY 2025 through 2031 forecasts.

Of note for the June 2022 forecasts:

- The forecast includes traffic and revenue potential actuals through April 2022, with preliminary May 2022 data.
- There are post-COVID recovery assumptions for each facility, as has been done previously.
- New independent post-COVID socio-economic forecasts were completed in January 2022 for the I-405 / SR 167 project and were used for travel demand model runs for all facilities in time for the June 2022 TRFC Forecast, reflecting impacts of the socio-economic forecasts. Highlights of the new socio-economic forecasts include:
    - There is slightly lower overall population forecasted throughout the forecast period
    - There are slightly lower overall households forecasted (with a slightly higher person-per-household) throughout the forecast period
    - There are some job losses in all sectors throughout the forecast period.
- Construction and/or closure updates were applied for a facility, as necessary.

- The June 2022 TRFC forecast includes the impact of SHB1790 (improved temporary license plate recognition), which is anticipated to start from July 1, 2023 (FY 2024). Benefits from SHB1790 include reduced leakage on unreadable plates, are anticipated to start in FY 2024, and ramp-up through FY 2026 as people become more familiar with changes in temporary plate requirements.
- Specific to the SR 167 Express Lanes:
  - The June 2022 TRFC forecast includes the impact of copper theft on SR 167. Multiple data collection locations and toll sites on SR 167 (NB/SB) do not have electrical service due to these illegal activities and toll revenues are not recoverable. WSDOT is working together to resolve this issue this fall (November 2022).
- The June 2022 TRFC forecast includes adjustments to other leakage and revenue recovery assumptions from the February 2022 TRFC forecast to align with recent detailed analysis conducted on revenue recovery rates in April and May 2022.
- Transponder revenue is adjusted in the June 2022 forecast to align with actual revenue collected by transponder type through May 2022. Included in the update the weightings between direct retail and wholesale sales were reviewed and updated. The revised assumptions result in lower revenue per transponder sold.
- Statement fees: no changes as reported fee data is currently available since the transition to the new back-office vendor. Fees are anticipated to be fully collected as toll bills are processed and mailed.
- Second toll bill $5 rebilling fees and $40 Notice of Civil Penalty fees are not assumed to be collected in FY 2022 due to delays in commencement of toll bill escalation after an unpaid first toll bill. Partial recovery of fees for transactions that occurred in FY 2022 but are sent fees in FY 2023 is assumed in the forecast. Furthermore, the June 2022 forecast assumes that collection rates on $5 rebilling fees and $40 Notice of Civil Penalty Fees will be lower than previous anticipated to allow for additional potential delays in escalation and lower collection rates.
- Interest Income: SR 520 and TNB interest income will be updated based on the revised fund balance assumption and interest rate assumption, where applicable.

FY 2022 through May 2022 Actuals

June 2022 Forecast is based on T&R actuals through April 2022, with preliminary May 2022 data available at the time of forecasting.

Figure 16 provides recent January through May 2022 T&R performance in comparison to February 2022 Forecast. Combined actual toll transactions (toll transactions are based on preliminary estimate) were 0.9 percent below the February 2022 Forecast, and reported adjusted toll revenues were 3.3 percent, or $2.5 million below.

Figure 16: July 2021 to May 2022 Actuals vs February 2022 Forecast ($ millions)

Toll Facility	Toll Transactions				Adjusted Gross Toll Revenue			
		Jul thru Dec 2021	Jan thru May 2022[1]	YTD (Jul 2021 thru May 2022)		Jul thru Dec 2021	Jan thru May 2022[2]	YTD (Jul 2021 thru May 2022)
TNB	Forecasted Transactions	7.871	6.257	14.128	Forecasted Toll Revenue	$42.629	$33.632	$76.261
	Reported Transactions	**7.871**	**6.208**	**14.079**	**Reported Toll Revenue**	**$42.630**	**$33.070**	**$75.700**
	Variance From Forecast	0.000	-0.049	-0.049	Variance From Forecast	$0.000	-$0.562	-$0.561
	Variance - % Change	0.0%	-0.8%	-0.3%	Variance - % Change	0.0%	-1.7%	-0.7%
SR 520	Forecasted Transactions	9.433	8.397	17.830	Forecasted Toll Revenue	$29.268	$25.931	$55.199
	Reported Transactions	**9.432**	**7.959**	**17.392**	**Reported Toll Revenue**	**$29.268**	**$23.970**	**$53.237**
	Variance From Forecast	0.000	-0.438	-0.438	Variance From Forecast	$0.000	-$1.961	-$1.961
	Variance - % Change	0.0%	-5.2%	-2.5%	Variance - % Change	0.0%	-7.6%	-3.6%
I-405	Forecasted Transactions	3.991	3.019	7.010	Forecasted Toll Revenue	$6.421	$5.551	$11.972
	Reported Transactions	**3.991**	**3.080**	**7.070**	**Reported Toll Revenue**	**$6.421**	**$6.284**	**$12.705**
	Variance From Forecast	0.000	0.061	0.060	Variance From Forecast	$0.000	$0.733	$0.733
	Variance - % Change	0.0%	2.0%	0.9%	Variance - % Change	0.0%	13.2%	6.1%
SR 167	Forecasted Transactions	0.844	0.747	1.591	Forecasted Toll Revenue	$1.909	$1.696	$3.605
	Reported Transactions	**0.845**	**0.668**	**1.513**	**Reported Toll Revenue**	**$1.927**	**$1.262**	**$3.189**
	Variance From Forecast	0.000	-0.079	-0.079	Variance From Forecast	$0.018	-$0.434	-$0.416
	Variance - % Change	0.0%	-10.6%	-4.9%	Variance - % Change	0.9%	-25.6%	-11.5%
SR 99	Forecasted Transactions	6.660	4.833	11.493	Forecasted Toll Revenue	$11.394	$8.754	$20.148
	Reported Transactions	**6.660**	**5.130**	**11.791**	**Reported Toll Revenue**	**$11.394**	**$8.484**	**$19.878**
	Variance From Forecast	0.000	0.297	0.298	Variance From Forecast	$0.000	-$0.270	-$0.270
	Variance - % Change	0.0%	6.2%	2.6%	Variance - % Change	0.0%	-3.1%	-1.3%
Total	**Forecasted Transactions**	**28.798**	**23.253**	**52.051**	**Forecasted Toll Revenue**	**$91.620**	**$75.564**	**$167.184**
	Reported Transactions	**28.798**	**23.046**	**51.844**	**Reported Toll Revenue**	**$91.638**	**$73.070**	**$164.709**
	Variance From Forecast	**0.000**	**-0.207**	**-0.207**	**Variance From Forecast**	**$0.018**	**-$2.494**	**-$2.476**
	Variance - % Change	**0.0%**	**-0.9%**	**-0.4%**	**Variance - % Change**	**0.0%**	**-3.3%**	**-1.5%**

Notes:

[1] March through May 2021 Toll Transactions are stated based on preliminary estimate.

[2] May Toll Revenues are impacted by 341,000 backlogged photo toll transactions pending manual image review.

Overall, toll traffic recovery continues slowly since the summer of 2020. Figure 17 provides daily traffic volumes for the past twenty-seven-month period from March 1, 2020, through end of May 2022, comparing to pre-COVID traffic.

To look at general trends in traffic patterns on the five toll facilities, there is a public-facing data source that summarizes actual traffic data and compares it to pre-COVID traffic. The following graphic shows each facility's traffic and compares it to pre-COVID traffic. It should be noted that for TNB and SR 167 there is a full recovery back to pre-COVID traffic with exception to December 2021 and January 2022 traffic reduction due to the Omicron Variant. At the other end of the spectrum, the SR 99 Tunnel is at approximately 60 percent of its pre-COVID traffic volumes.

Figure 17: Percentage change in toll traffic volumes in compared to baseline

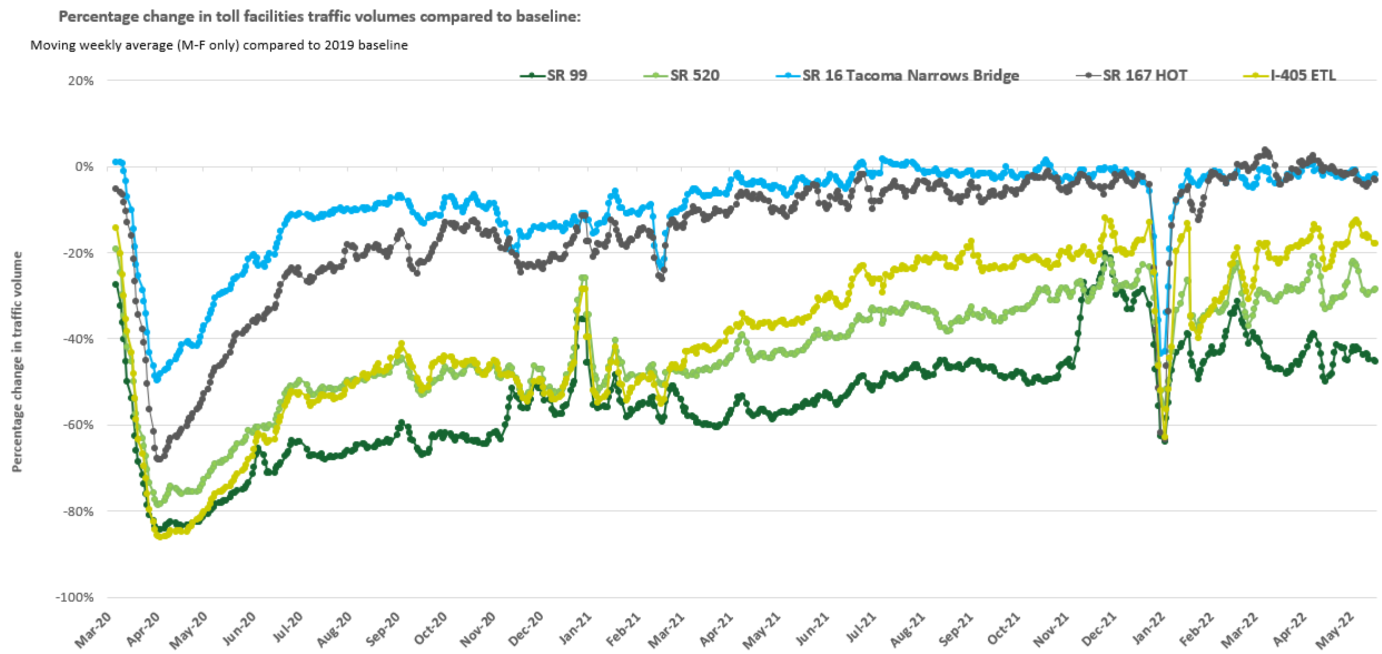


Figure 18 shows FY 2021 through FY 2029 annual Traffic and Toll Rates forecast assumptions comparing to Pre-COVID Forecasts.

Figure 18: FY 2021 to FY 2029 Traffic and ETLs Toll Rate Reduction Assumptions – Comparing to Pre-COVID Forecasts[1]

Facility	Forecast Version	Traffic & Toll Rates Assumptions	FY 2021 Actuals	FY 2022 Weighted Average	FY 2023 Weighted Average	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
TNB	Feb'22	Toll Traffic reduction	-11%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%
	Jun'22	Toll Traffic reduction	-11%	-5%	-5%	-5%	-5%	-5%	-5%	-5%	-5%
SR 520	Feb'22	Toll Traffic reduction	-48%	-30%	-18%	-14%	-14%	-16%	-16%	-15%	-14%
	Jun'22	Toll Traffic reduction	-48%	-31%	-23%	-19%	-16%	-17%	-18%	-17%	-16%
SR 99	Feb'22	Toll Traffic reduction	-30%	-22%	-14%	-12%	-12%	-12%	-12%	-12%	-12%
	Jun'22	Toll Traffic reduction	-30%	-20%	-13%	-12%	-12%	-12%	-12%	-12%	-12%
I-405	Feb'22	Toll Traffic reduction	-44%	-26%	-16%	-13%	-24%	-31%	-31%	-21%	-15%
	Feb'22	Toll Rate reduction	-53%	-33%	-19%	-15%	-17%	-18%	-17%	-16%	-17%
	Jun'22[2]	Toll Traffic reduction	-44%	-25%	-16%	-13%	-11%	-26%	-13%	-13%	-12%
	Jun'22[2]	Toll Rate reduction	-53%	-39%	-25%	-16%	-14%	-11%	-15%	-12%	-11%
SR 167	Feb'22	Toll Traffic reduction	-25%	-17%	-12%	-8%	-7%	-7%	-7%	-7%	-6%
	Feb'22	Toll Rate reduction	-35%	-25%	-15%	-8%	-9%	-8%	-8%	-8%	-7%
	Jun'22	Toll Traffic reduction	-25%	-21%	-16%	-7%	-7%	-7%	-7%	-7%	-6%
	Jun'22	Toll Rate reduction	-35%	-29%	-18%	-9%	-9%	-8%	-8%	-8%	-7%

Notes:

[1] 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.

[2] New IGS (18Ag 333 Cap Current Law 2022) forecast, compared to May 2020 proforma forecast.

Summary of June 2022 Forecast Results

Figure 19 provides the comparison summary between June 2022 and February 2022 forecast results.

Some highlights of June 2022 Forecast include:

- FY 2022 total toll revenue and fees are estimated to be $182.3 million, below the February 2022 Forecast by $4.7 million (or 2.5 percent).
- Current Biennium (FY 2022 and FY 2023) toll revenue and fees are $16.3 million (or 3.9 percent) below the February 2022 Forecast.
- Next Biennium (FY 2024 and FY 2025) toll revenue and fees are $1.3 million (or 0.3 percent) above the February 2022 Forecast.
- Ten-year (2022-2031) toll revenue and fees of 2,657 million are $27.9 million (or 1.1 percent) increase to the February 2022 Forecast.

Figure 19: Revenue Comparison – June 2022 vs February 2022 Forecast ($ millions)

	Toll Facility	FY 2022	FY 2023	2021-23 Biennium	2023-25 Biennium	2020-29 Ten-Year	2022-31 Ten-Year
June 2022 TRFC	**TNB**						
	Adjusted Gross Toll Revenue	$83.040	$84.204	$167.244	$170.608	$842.067	$872.013
	Other Revenue	$0.075	$3.930	$4.005	$6.074	$31.362	$29.648
	Total TNB Revenue & Fees	$83.115	$88.134	$171.249	$176.682	$873.428	$901.661
	SR 520						
	Adjusted Gross Toll Revenue	$59.038	$70.686	$129.724	$183.035	$819.183	$916.225
	Other Revenue	$0.253	$4.516	$4.769	$12.103	$64.341	$61.798
	Total SR 520 Revenue & Fees	$59.291	$75.202	$134.493	$195.138	$883.523	$978.023
	I-405 ETLs						
	Adjusted Gross Toll Revenue	$14.258	$20.493	$34.751	$58.222	$288.184	$356.416
	Other Revenue	$0.333	$1.358	$1.691	$4.598	$27.545	$27.044
	Total I-405 ETLs Revenue & Fees	$14.591	$21.851	$36.442	$62.820	$315.729	$383.460
	SR 167 ETLs						
	Adjusted Gross Toll Revenue	$3.558	$5.084	$8.642	$15.032	$68.760	$87.641
	Other Revenue	$0.131	$0.110	$0.241	$0.263	$1.376	$1.428
	Total SR 167 ETLs Revenue & Fees	$3.689	$5.194	$8.883	$15.295	$70.136	$89.069
	SR 99						
	Adjusted Gross Toll Revenue	$22.024	$26.000	$48.024	$53.592	$241.340	$273.066
	Other Revenue	-$0.396	$2.264	$1.868	$7.142	$30.267	$31.529
	Total SR 99 Revenue & Fees	$21.628	$28.264	$49.892	$60.734	$271.607	$304.595
	All Toll Facilities						
	Adjusted Gross Toll Revenue	**$181.918**	**$206.467**	**$388.385**	**$480.489**	**$2259.533**	**$2505.361**
	Other Revenue	$0.396	$12.178	$12.574	$30.180	$154.891	$151.447
	Total Revenue & Fees	**$182.314**	**$218.645**	**$400.959**	**$510.669**	**$2414.423**	**$2656.808**
Changes from February 2022 TRFC	**TNB**						
	Adjusted Gross Toll Revenue	-$0.672	$0.129	-$0.543	$0.132	$0.389	$0.803
	Other Revenue	-$0.527	-$1.300	-$1.827	$0.423	$0.108	$1.116
	Total TNB Revenue & Fees	-$1.199	-$1.171	-$2.370	$0.555	$0.497	$1.919
	Total % Change	-1.4%	-1.3%	-1.4%	0.3%	0.1%	0.2%
	SR 520						
	Adjusted Gross Toll Revenue	-$1.949	-$4.680	-$6.629	-$6.062	-$17.559	-$22.608
	Other Revenue	-$0.898	-$1.627	-$2.525	$0.110	$0.135	$1.677
	Total SR 520 Revenue & Fees	-$2.847	-$6.307	-$9.154	-$5.952	-$17.424	-$20.931
	Total % Change	-4.6%	-7.7%	-6.4%	-3.0%	-1.9%	-2.1%
	I-405 ETLs						
	Adjusted Gross Toll Revenue	$0.774	-$1.552	-$0.778	$6.934	$34.813	$50.644
	Other Revenue	-$0.201	-$0.959	-$1.160	-$0.244	-$1.143	-$1.418
	Total I-405 ETLs Revenue & Fees	$0.573	-$2.511	-$1.938	$6.690	$33.670	$49.226
	Total % Change	4.1%	-10.3%	-5.0%	11.9%	11.9%	14.7%
	SR 167 ETLs						
	Adjusted Gross Toll Revenue	-$0.452	-$0.393	-$0.845	-$0.058	-$0.903	-$0.903
	Other Revenue	$0.008	$0.004	$0.012	$0.027	$0.078	$0.114
	Total SR 167 ETLs Revenue & Fees	-$0.444	-$0.389	-$0.833	-$0.031	-$0.825	-$0.789
	Total % Change	-10.7%	-7.0%	-8.6%	-0.2%	-1.2%	-0.9%
	SR 99						
	Adjusted Gross Toll Revenue	-$0.283	$0.015	-$0.268	-$0.367	-$1.200	-$1.494
	Other Revenue	-$0.547	-$1.153	-$1.700	$0.410	-$0.448	$0.001
	Total SR 99 Revenue & Fees	-$0.830	-$1.138	-$1.968	$0.043	-$1.648	-$1.493
	Total % Change	-3.7%	-3.9%	-3.8%	0.1%	-0.6%	-0.5%
	All Toll Facilities						
	Adjusted Gross Toll Revenue	**-$2.582**	**-$6.481**	**-$9.063**	**$0.579**	**$15.540**	**$26.442**
	Adjusted Gross Toll Revenue % Chan	-1.4%	-3.0%	-2.3%	0.1%	0.7%	1.1%
	Other Revenue	-$2.165	-$5.035	-$7.200	$0.726	-$1.270	$1.490
	Total Revenue & Fees	**-$4.747**	**-$11.516**	**-$16.263**	**$1.305**	**$14.270**	**$27.932**
	Total % Change	-2.5%	-5.0%	-3.9%	0.3%	0.6%	1.1%

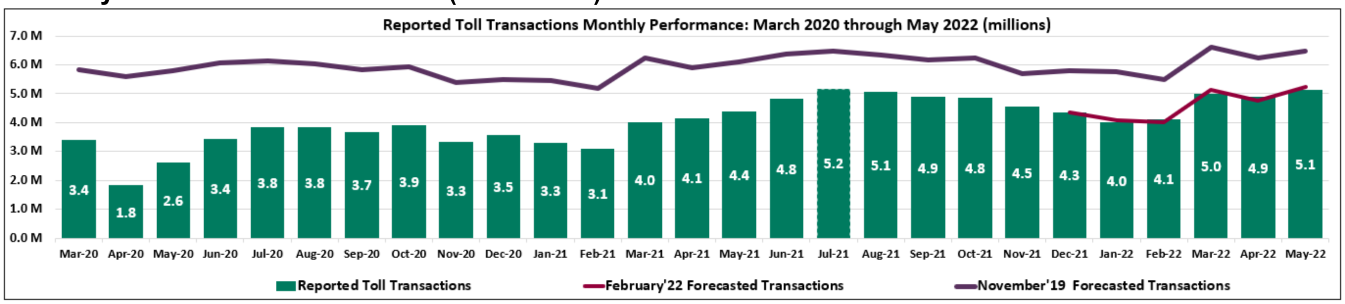
A Review of COVID-19 Pandemic Impact on Toll Traffic and Revenues

COVID T&R performance continues to trend below the Pre COVID forecast. Comparing to November 2019 forecast, twenty-seven-month period, March 2020 through May 2022 five facilities combined toll transactions were 32 percent below the Pre-COVID forecast, Toll Revenue was below the forecast by 35 percent, or $185.7 million.

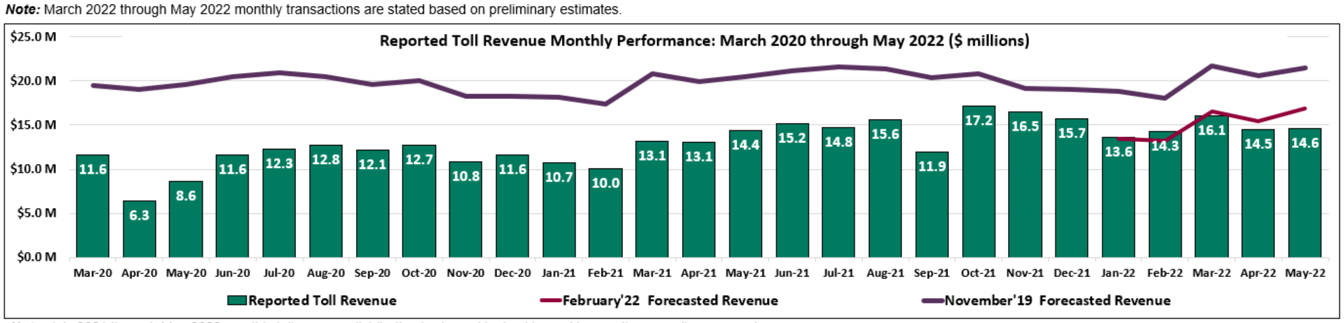
July 2021 through May 2022 toll transactions were below the November 2019 forecast by 22.9% Toll Revenue is 26.2 percent below.

Figure 20 provides twenty-seven-month Toll Transactions performance in comparison to the previous forecasts.

Figure 20: March 2020 through May 2022 monthly total Toll Traffic and Revenue actuals in comparison to February 2022 and November 2019 (Pre-COVID) Forecasts



Note: March 2022 through May 2022 monthly transactions are stated based on preliminary estimates.



Note: July 2021 through May 2022 monthly toll revenue distribution is skewed by backlogged transactions pending processing.

Figure 21 provides the comparison summary between June 2022 and November 2019 (Pre-COVID) Forecast. Comparing to the Pre-COVID November 2019 Forecast, 2021-23 Biennium total revenue and fees are 25.6 percent below the November 2019 forecast. Next 2023-25 Biennium total revenue and fees are 13.9 percent below the November 2019 forecast. FY 2020 to FY 2029 ten-year total, total revenue and fees are 17.4 percent (or $509.2 million) below the November 2019 Forecast.

Figure 21: Revenue Comparison – June 2022 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	Total TNB Revenue & Fees	-$5.790	-$5.613	-$11.403	-$4.219	-$0.096	-$4.315	-$3.056	-$24.399
	Total % Change	-6.8%	-6.5%	-6.6%	-4.8%	-0.1%	-2.5%	-1.7%	-2.7%
	SR 520								
	Adjusted Gross Toll Revenue	-$21.253	-$19.878	-$41.131	-$33.197	-$24.996	-$58.193	-$18.659	-$182.627
	Other Revenue	$5.036	-$26.499	-$21.463	-$8.081	-$4.129	-$12.210	-$6.058	-$25.546
	Total SR 520 Revenue & Fees	-$16.217	-$46.377	-$62.594	-$41.278	-$29.125	-$70.403	-$24.717	-$208.174
	Total % Change	-17.0%	-47.1%	-32.3%	-41.0%	-27.9%	-34.4%	-11.2%	-19.1%
	I-405 ETLs								
	Adjusted Gross Toll Revenue	-$8.124	-$11.191	-$19.315	-$19.144	-$14.525	-$33.669	-$36.430	-$175.631
	Other Revenue	$3.120	-$12.661	-$9.540	-$2.592	-$1.814	-$4.406	-$3.866	-$17.023
	Total I-405 ETLs Revenue & Fees	-$5.003	-$23.852	-$28.855	-$21.736	-$16.339	-$38.075	-$40.296	-$192.654
	Total % Change	-15.6%	-69.4%	-43.5%	-59.8%	-42.8%	-51.1%	-39.1%	-37.9%
	SR 167 ETLs								
	Adjusted Gross Toll Revenue	-$1.431	-$0.536	-$1.967	-$2.851	-$2.225	-$5.076	-$2.810	-$18.507
	Other Revenue	-$0.082	-$2.509	-$2.591	-$0.178	-$0.236	-$0.414	-$0.578	-$2.962
	Total SR 167 ETLs Revenue & Fees	-$1.513	-$3.045	-$4.558	-$3.029	-$2.461	-$5.490	-$3.388	-$21.469
	Total % Change	-29.3%	-51.7%	-41.2%	-45.1%	-32.1%	-38.2%	-18.1%	-23.4%
	SR 99								
	Adjusted Gross Toll Revenue	-$2.201	$1.772	-$0.429	-$6.733	-$3.976	-$10.709	-$7.147	-$44.903
	Other Revenue	$0.474	-$10.555	-$10.081	-$5.533	-$3.137	-$8.670	-$3.578	-$17.588
	Total SR 99 Revenue & Fees	-$1.726	-$8.783	-$10.509	-$12.266	-$7.113	-$19.379	-$10.725	-$62.491
	Total % Change	-10.9%	-31.2%	-23.9%	-36.2%	-20.1%	-28.0%	-15.0%	-18.7%
	All Toll Facilities								
	Adjusted Gross Toll Revenue	**-$39.662**	**-$29.019**	**-$68.681**	**-$63.264**	**-$46.913**	**-$110.177**	**-$68.581**	**-$448.612**
	Adjusted Gross Toll Revenue % Change	-18.2%	-12.3%	-15.1%	-25.8%	-18.5%	-22.1%	-12.5%	-16.6%
	Other Revenue	$9.413	-$58.651	-$49.238	-$19.264	-$8.221	-$27.485	-$13.601	-$60.574
	Total Revenue & Fees	**-$30.249**	**-$87.670**	**-$117.919**	**-$82.528**	**-$55.134**	**-$137.662**	**-$82.182**	**-$509.187**
	Total % Change	-13.0%	-34.6%	-24.2%	-31.2%	-20.1%	-25.6%	-13.9%	-17.4%

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

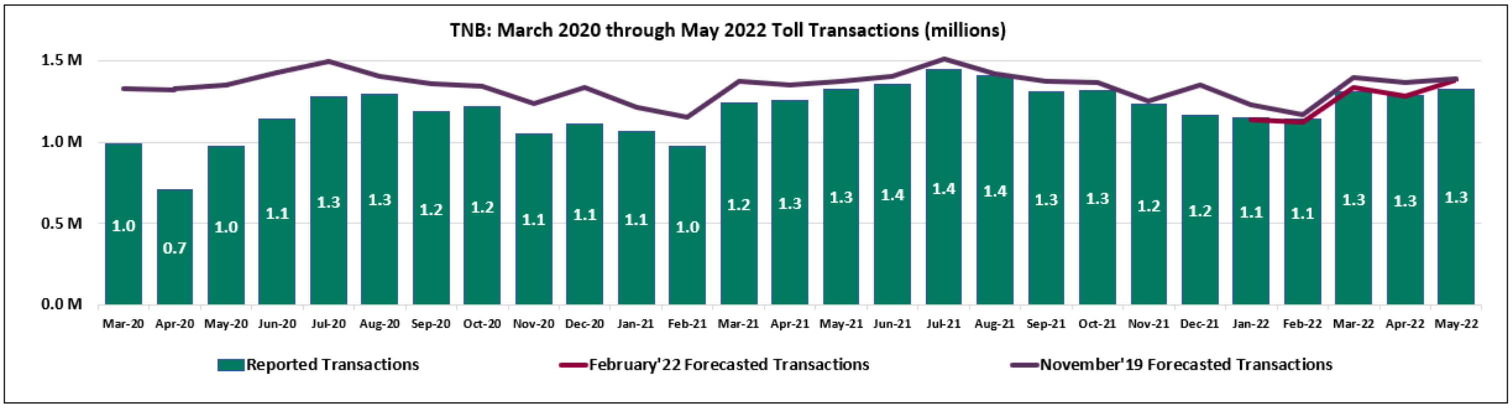
Tacoma Narrows Bridge (TNB) toll traffic and revenue forecast for June 2022 has used traffic and revenue potential actuals through and including April 2022, with preliminary May 2022 data. The forecast is based on a 25-cent toll rate increase adopted by Washington State Transportation Commission (WSTC) on August 24, 2021, for all base toll rates using the same formula for multi-axle rates, effective October 1, 2021 through FY 2031.

Additionally, the forecasts include post-COVID recovery assumptions, new independent post-COVID socio-economic forecasts (completed in January 2022 for the I-405 / SR 167 project) that were used for travel demand model runs for the facility, payment type data from the new ETAN back office system (BOS) that started in July 2021, and the impact of SHB1790 (improved temporary license plate recognition), which is anticipated to start from July 1, 2023 (FY 2024).

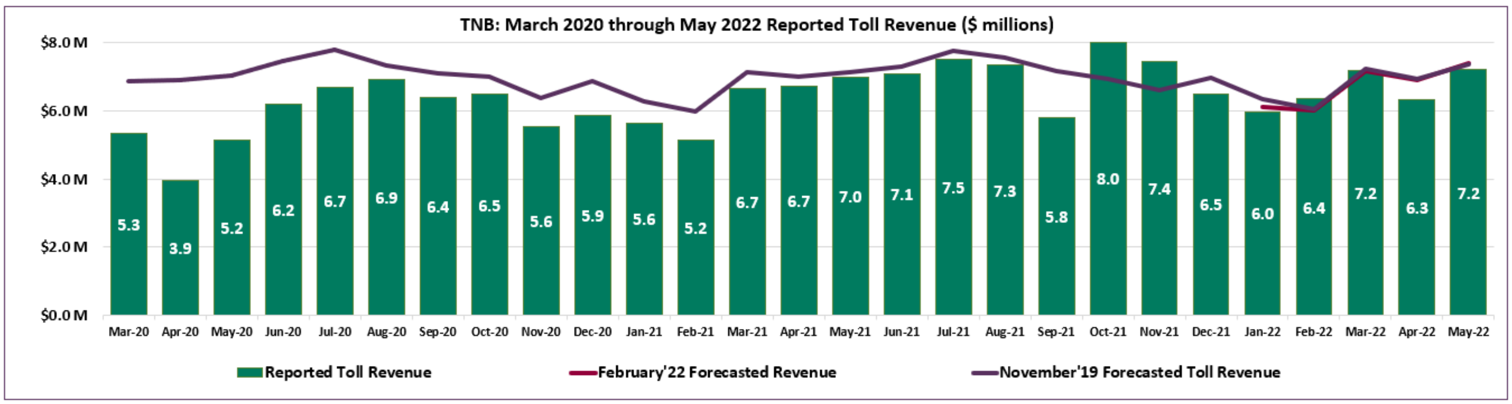
In comparison to February 2022 Forecast, January through May 2022 T&R actual toll transactions (toll transactions are based on preliminary estimate) were 0.8 percent below the February 2022 Forecast, and reported adjusted toll revenues were 1.7 percent, or $0.6 million below.

Twenty-seven-month, March 2020 through May 2022, total toll traffic was below pre-COVID forecast by 11 percent, or 4.1 million transactions, toll revenue was below by 9 percent, or $16.1 million. (Figure 21)

Figure 22: TNB March 2020 through May 2022 monthly Toll Traffic and Revenue actuals in comparison to November 2019 (Pre-COVID) and February 2022 forecasts



Note: March 2022 through May 2022 monthly transactions are stated based on preliminary estimates.



Note: July 2021 through May 2022 monthly toll revenue distribution is skewed by backlogged transactions pending processing.

Compared to February 2022 Forecast, there are -0.3 percent fewer transactions in FY 2022. There are no differences in forecasted transactions from FY 2023 and beyond over the forecast period.

Based on the revised T&R forecast projections, revised payment splits, and new ETAN system and data reporting transparency, fees and leakage values were revised to align with the new projections, with similar revenue leakage rates assumed through the forecast horizon. When additional reported data on leakage is available, once escalation of unpaid toll bills has commenced, leakage rates will be re-evaluated.

The June 2022 TRFC Forecast includes the impact of SHB1790 (Improved temporary license plate recognition), which is anticipated to start from July 1, 2023 (FY 2024). Benefits from SHB1790 include reduced leakage on unreadable plates, are anticipated to start in FY 2024 and ramp-up through FY 2026 as people become more familiar with changes in temporary plate requirements.

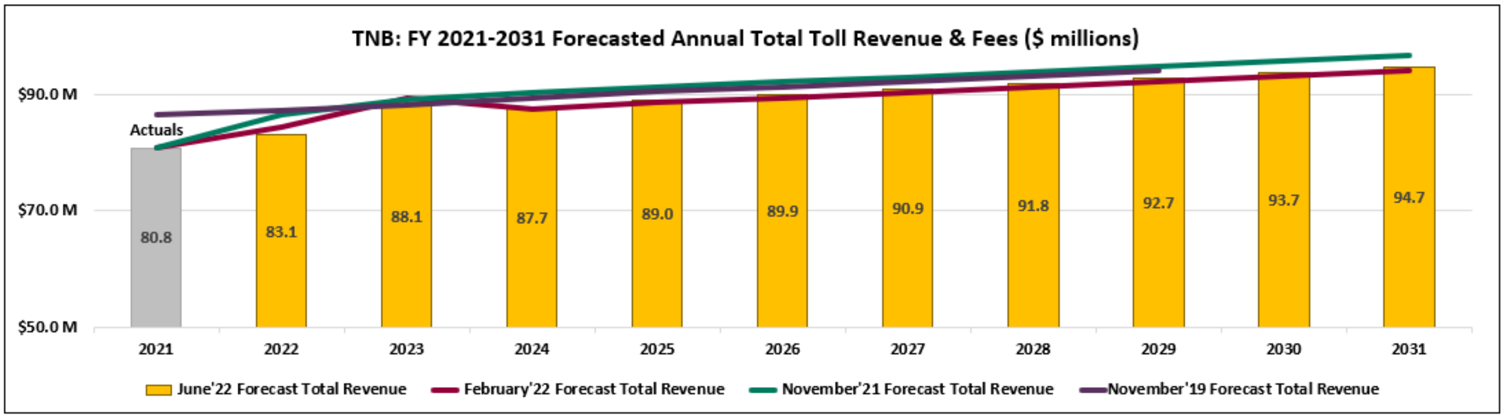
Transponder revenue is estimated based on systemwide approach, the adjustments include the updates in the weightings between direct retail and wholesale sales and revenue per transponder sold.

As noted in February Forecast, there is a delay in toll bill escalation, i.e., sending second toll bills and NOCPs, recaptured and recovered toll revenue is not assumed through FY 2022. FY 2023 late payment and civil penalty fees are discounted for FY 2022 transactions that go through second toll bill and NOCP in FY 2023.

The June 2022 Forecast Miscellaneous revenues incl. Legislature approved (SSB 5488) state treasure transfer from the general fund to the Tacoma Narrows Toll Bridge Account up to $130.0 million through and of FY 2031.

The facility's total revenue and fees in 2021-23 Biennium are estimated to be $171.2 million, which is $2.4 million (or 1.4 percent) below the February 2022 Forecast. Ten-year period (FY 2022 to FY 2031) total revenue and fees of $901.7 million are $1.9 million (or 0.2 percent) above the February 2022 forecast. Ten-year period (FY 2020 to FY 2029) total revenue and fees are below Pre-COVID November 2019 Forecast by $24.4 million (or 2.7 percent), Figure 22.

Figure 23: TNB FY 2021-2031 Annual Total Revenues and Fees Forecasts Comparisons



Updates to SR 520 Toll Bridge toll traffic and revenues

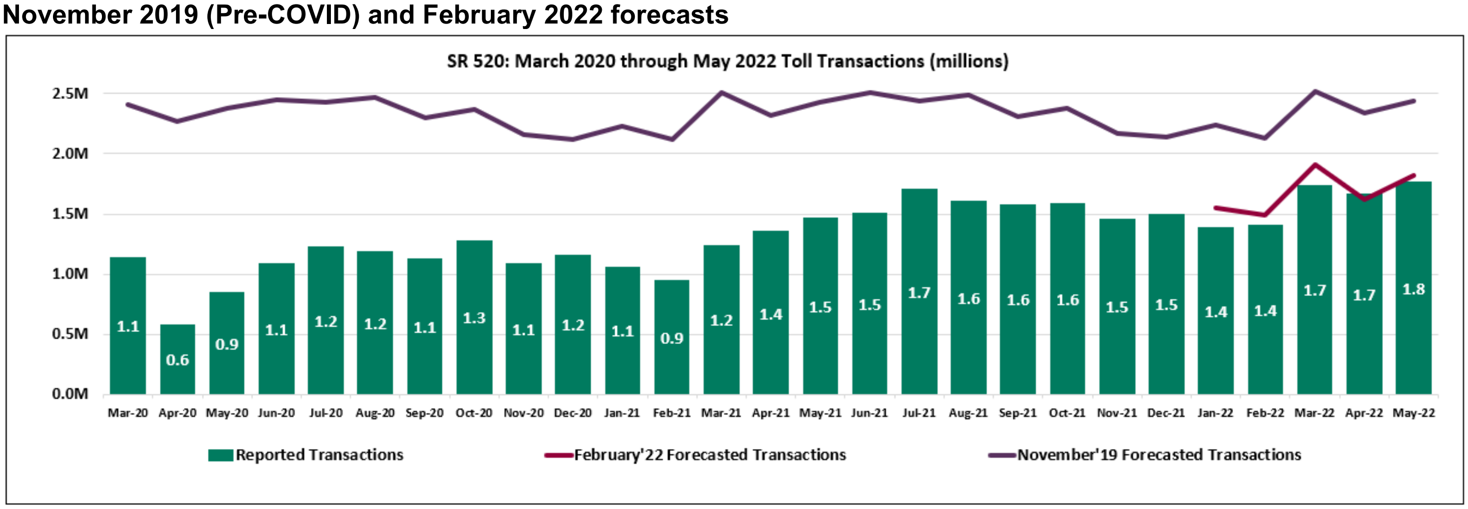
The SR 520 Toll Bridge toll traffic and revenue forecast for June 2022 has used traffic and revenue potential actuals through and including April 2022, with preliminary May 2022 data. The forecast assumes a tailored increase in toll rates, averaging an overall 15 percent increase effective June 1, 2023 (FY 2024) adopted by WSTC on August 24, 2021. This new SR 520 toll rate schedule also expands the morning and afternoon peak periods by one hour, exclude an increase in the overnight minimum toll, and minimize the percentage increase in the peak period tolls.

Additionally, the forecasts include post-COVID recovery assumptions, new independent post-COVID socio-economic forecasts (completed in January 2022 for the I-405 / SR 167 project) that were used for travel demand model runs for the facility, payment type data from the new ETAN back office system (BOS) that started in July 2021, the impact of SHB1790 (improved temporary license plate recognition), which is anticipated to start from July 1, 2023 (FY 2024), and updated closure schedules.

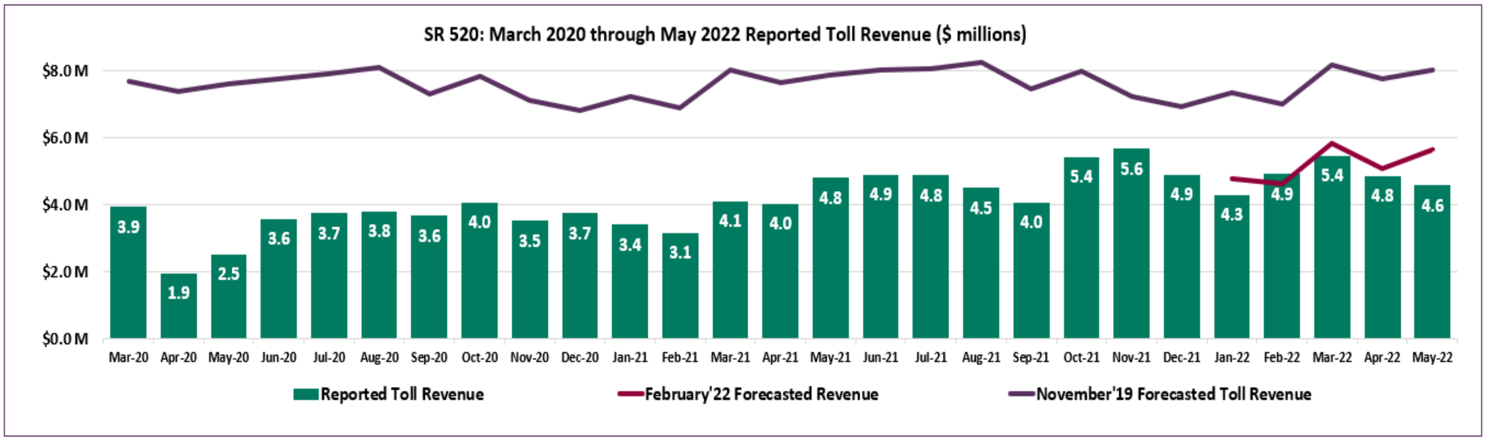
In comparison to February 2022 Forecast, January through May 2022 T&R actual toll transactions (toll transactions are based on preliminary estimate) were 5.2 percent below the February 2022 Forecast, and reported adjusted toll revenues were 7.6 percent, or $2.0 million below.

Twenty-seven-month, March 2020 through May 2022, total toll traffic was below pre-COVID forecast by 43 percent, or 27.4 million transactions, toll revenue was below by 46 percent, or $93.3 million. (Figure 24).

Figure 24: SR 520 March 2020 through May 2022 monthly Toll Traffic and Revenue actuals in comparison to November 2019 (Pre-COVID) and February 2022 forecasts



Note: March 2022 through May 2022 monthly transactions are stated based on preliminary estimates.



Note: July 2021 through May 2022 monthly toll revenue distribution is skewed by backlogged transactions pending processing.

Compared to the February 2022 Forecast, there are -2.2 percent fewer transactions in FY22, and -2.9 percent fewer transactions over the remaining forecast period.

Based on the revised T&R forecast projections, revised payment splits, and new ETAN system and data reporting transparency, fees and leakage values were revised to align with the new projections, with similar revenue leakage rates assumed through the forecast horizon. When additional reported data on leakage is available, once escalation of unpaid toll bills has commenced, leakage rates will be re-evaluated.

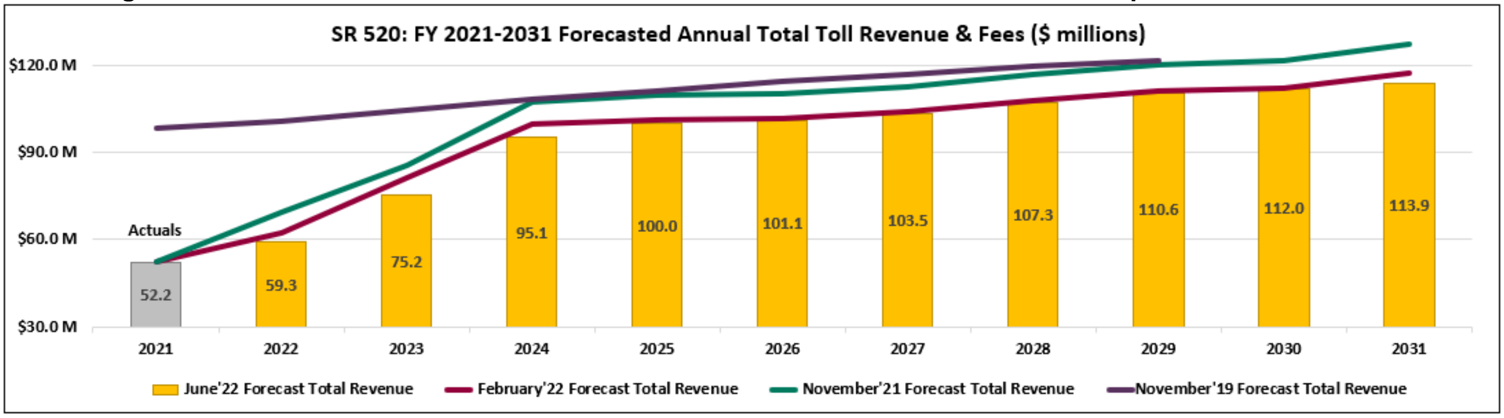
The June 2022 TRFC forecast includes the impact of SHB1790 (Improved temporary license plate recognition), which is anticipated to start from July 1, 2023 (FY 2024). Benefits from SHB1790 include reduced leakage on unreadable plates, are anticipated to start in FY 2024 and ramp-up through FY 2026 as people become more familiar with changes in temporary plate requirements.

As noted for all facilities second toll bills and notice of civil penalties are not assumed to be sent to customers in FY 2022 due to delays in toll bill escalation. As a result of the delay in sending second toll bills and NOCPs, recaptured and recovered toll revenue is not assumed in FY 2022 and is discounted for FY 2022 transactions that go through second toll bill and NOCP in FY 2023 with further adjustments to transactions in the first quarter of FY 2023 to allow for the potential for additional delay and/or lower collection rates on toll bills mailed. Adjustments were also made to recovered civil penalty revenue after FY 2022 to align SR 520 with general collection experience for the system of facilities.

The forecasts include miscellaneous revenue for interest rate earnings on the facility account balance which will be re-evaluated based on revisions to the gross toll potential forecast and resulting state financial model assumed deposits. Specific to deferred sales tax, which impacts the account balances used as the basis for interest earnings, the June 2022 forecast maintains the total repayment of value of $159.4 million and 10-year payment schedules but delays the start year of repayment to FY 2042 based upon direction from the 2022 legislature. The revision in timing increases interest earnings over the TRFC Forecast horizon.

Total SR 520 revenue and fees in the current biennium are forecasted to be $134.5 million, a reduction of 6.4 percent to the February 2022 Forecast. The ten-year total revenue and fees (FY 2022 to FY 2031) are estimated to be $978.0 million, a reduction of 2.1 percent to the February 2022 Forecast (Figure 24).

Figure 25: SR 520 FY 2021-2031 Annual Total Revenues and Fees Forecasts Comparisons



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

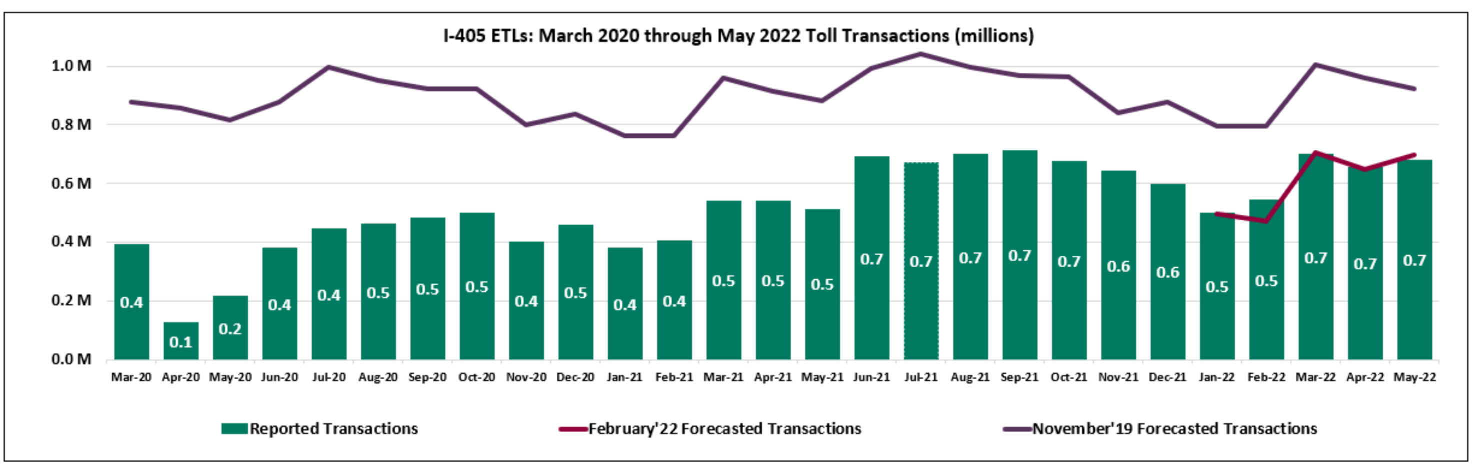
The I-405 Express Toll Lanes traffic and revenue forecast for June 2022 has used traffic and revenue potential actuals through and including April 2022, with preliminary May 2022 data. The forecast reflects the current assumptions on post-COVID-19 traffic and revenue recovery trends.

Additionally, the forecasts include post-COVID recovery assumptions, new independent post-COVID socio-economic forecasts (completed in January 2022 for the I-405 / SR 167 project) that were used for travel demand model runs for the facility, payment type data from the new ETAN back office system (BOS) that started in July 2021, the impact of SHB1790 (improved temporary license plate recognition), which is anticipated to start from July 1, 2023 (FY 2024), and updated project opening schedules (current law).

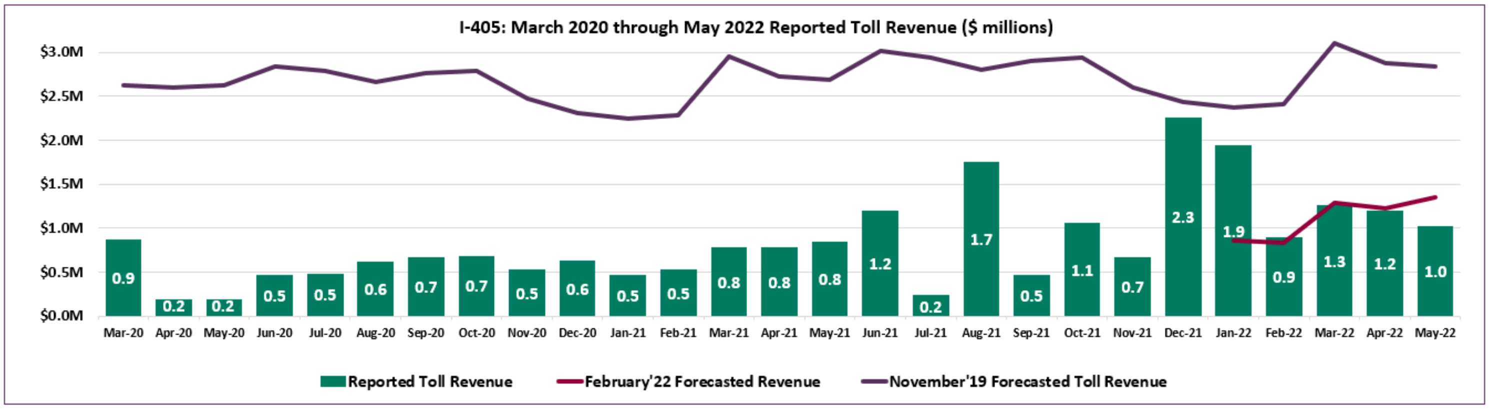
In comparison to February 2022 Forecast, January through May 2022 T&R actual toll transactions (toll transactions are based on preliminary estimate) were 2.0 percent above the February 2022 Forecast, and reported adjusted toll revenues were 13.2 percent, or $0.7 million above due to large catch up on revenue possessing backlogged photo toll transactions thought January 2022.

Twenty-seven-month, March 2020 through May 2022, total toll traffic was below pre-COVID forecast by 42 percent, or 10.3 million transactions, toll revenue was below by 69 percent, or $50.0 million. (Figure 25).

Figure 26: I-405 ETLs March 2020 through May 2022 monthly Toll Traffic and Revenue actuals in comparison to November 2019 (Pre-COVID) and February 2022 forecasts



Note: March 2022 through May 2022 monthly transactions are stated based on preliminary estimates.



Note: July 2021 through May 2022 monthly toll revenue distribution is skewed by backlogged transactions pending processing.

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 November 2021 forecasts.

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.

Compared to the February 2022 Forecast, there are 1.4 percent more transactions in FY22. Over the forecast period, there are many changes due to the new project schedules from the March 2022 Current Law Delivery. This results in an +8.1 percent increase in transactions over the forecast period.

Based on the revised T&R forecast projections, revised payment splits, and new ETAN system and data reporting transparency, fees and leakage values were revised to align with the new projections, with similar revenue leakage rates assumed through the forecast horizon. When additional reported data on leakage is available, once escalation of unpaid toll bills has commenced, leakage rates will be re-evaluated.

The June 2022 TRFC forecast includes the impact of SHB1790 (Improved temporary license plate recognition), which is anticipated to start from July 1, 2023 (FY 2024). Benefits from SHB1790 include reduced leakage on unreadable plates, are anticipated to start in FY 2024 and ramp-up through FY 2026 as people become more familiar with changes in temporary plate requirements

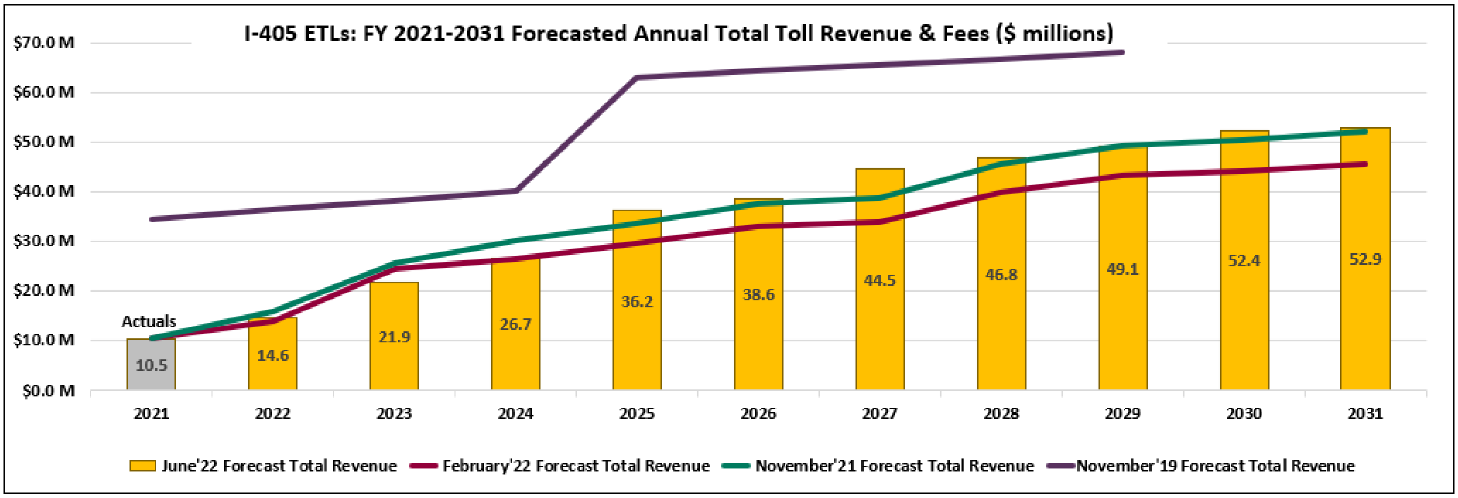
The June 2022 adjusted revenue forecast incorporated available actual potential data through May 2022. Reported data was used to verify revenue leakage rates for I-405 ETLs with no changes made outside of the adjustments for SHB1790.

Late payment fee revenues associated with the $5 charge for rebilling and mailing second invoices are primarily driven by the forecasted volume of Pay By Mail transactions and assumed number of transactions per invoice. Any changes in Pay By Mail payment share will impact late payment fee revenues. Secondary effects come from potential changes in the rate of payment of first and second toll invoices as well as fees subsequently recovered after 80 days during the Civil Penalty process.

As noted for all facilities second toll bills and notice of civil penalties are not assumed to be sent to customers in FY 2022 due to delays in toll bill escalation. As a result of the delay in sending second toll bills and NOCPs, recaptured and recovered toll revenue is not assumed in FY 2022 and is discounted for FY 2022 transactions that go through second toll bill and NOCP in FY 2023 with further adjustments to transactions in the first quarter of FY 2023 to allow for the potential for additional delay and/or lower collection rates on toll bills mailed.

Total I-405 revenue and fees in the current biennium are forecasted to be $36.4 million, a decrease of 5.0 percent from the February 2022 forecast. The ten-year total revenue and fees (FY 2022 to FY 2031) are estimated to be $383.5 million, increase of 14.7 percent to the February 2022 forecast. (Figure 26).

Figure 27: I-405 ETLs FY 2021-2031 Annual Total Revenues and Fees Forecasts Comparisons



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

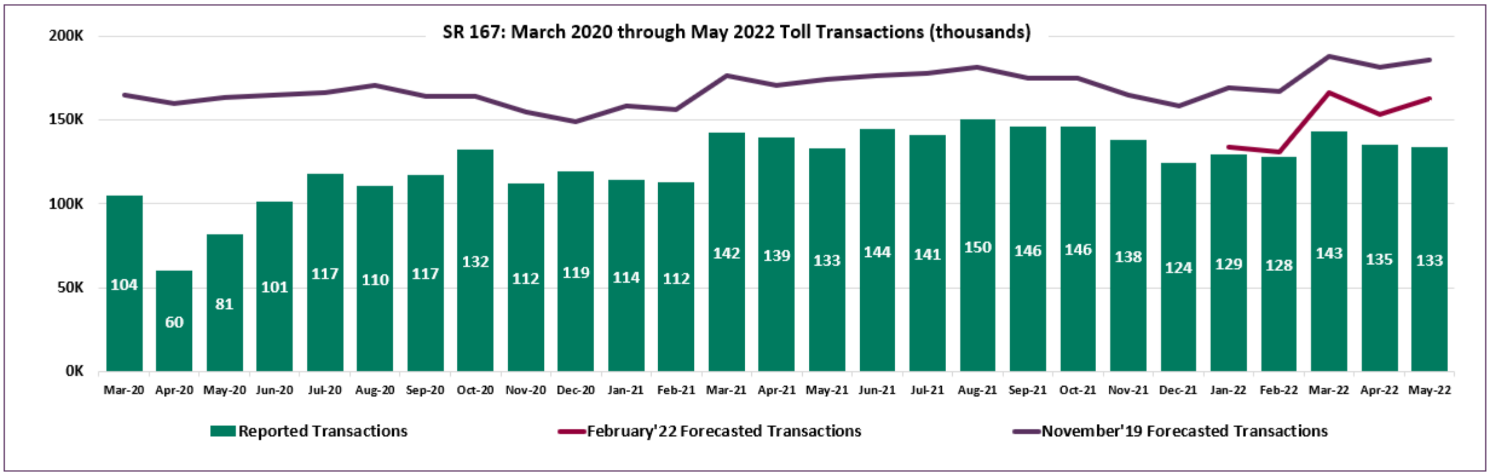
The SR 167 Express Toll Lanes traffic and revenue forecast for June 2022 has used traffic and revenue potential actuals through and including April 2022, with preliminary May 2022 data. The forecast reflects the current assumptions on post-COVID-19 traffic and revenue recovery trends.

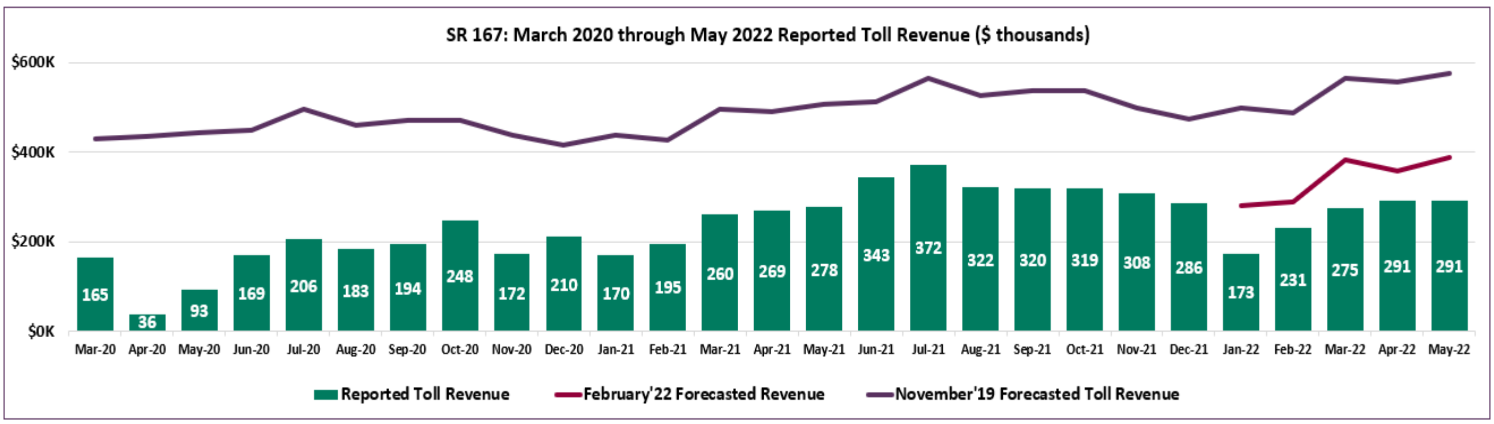
Additionally, the forecasts include post-COVID recovery assumptions, new independent post-COVID socio-economic forecasts (completed in January 2022 for the I-405 / SR 167 project) that were used for travel demand model runs for the facility, payment type data from the new ETAN back office system (BOS) that started in July 2021, the impact of SHB1790 (improved temporary license plate recognition), which is anticipated to start from July 1, 2023 (FY 2024), and updated project opening schedules (current law).

In comparison to February 2022 Forecast, January through May 2022 T&R actual toll transactions were 10.6 percent below the February 2022 Forecast, and reported adjusted toll revenues were 25.6 percent, or $0.4 million below. Starting November 2021, illegal actives at multiple Northbound (NB) and Southbound (SB) data collection locations disabled electrical services, which resulted in non-recoverable toll transactions information, so toll revenue losses.

Twenty-seven-month, March 2020 through May 2022, total toll traffic was below pre-COVID forecast by 26 percent, or 1.2 million transactions, toll revenue was below by 52 percent, or $6.8 million. (Figure 27).

Figure 28: SR 167 March 2020 through May 2022 monthly Toll Traffic and Revenue actuals in comparison to November 2019 (Pre-COVID) and February 2022 forecasts





Still impacted by COVID-19, November 2020 through November 2021 toll 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.

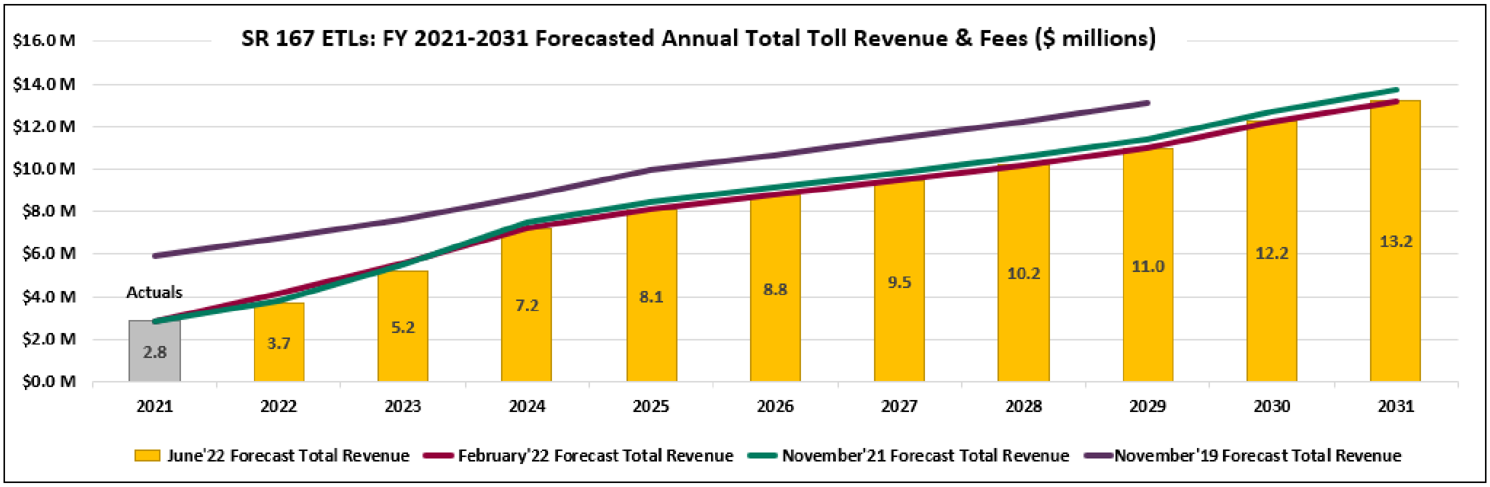
Compared to the February 2022 Forecast, there are -6.2 percent fewer transactions in FY22, and -0.3 percent fewer transactions over the forecast period.

Transponder revenue is estimated based on systemwide approach, the adjustments include the updates in the weightings between direct retail and wholesale sales and revenue per transponder sold.

June 2022 forecast assumes no changes in NSF / statement fees revenue.

SR 167 ETLs total revenue and fees in current biennium are forecasted to be $8.9 million, which is $0.8 million (or 8.6 percent) reduction to February 2022 Forecast. The ten-year total revenue and fees (FY 2022 to FY 2031) are estimated to be $89.1 million, which is by $0.8 million (or 0.9 percent) below the February 2022 Forecast. Ten-year period (FY 2020 to FY 2029) total revenue and fees are reduction to Pre-COVID November 2019 Forecast by $21.5 million (or 23.4 percent), Figure 28.

Figure 29: SR 167 ETL FY 2021-2031 Annual Total Revenues and Fees Forecasts Comparisons



Updates to SR 99 Tunnel toll traffic and revenues

The SR 99 Tunnel traffic and revenue forecast for June 2022 has used traffic and revenue potential actuals through and including April 2022, with preliminary May 2022 data. The forecast is based on adopted by WSTC on August 24, 2021, a uniform 15 percent toll increase effective October 1, 2021, through FY 2031 combined with the planned 3 percent toll increases on July 1, 2022, 2025, 2028 and 2031.

Additionally, the forecasts include post-COVID recovery assumptions, new independent post-COVID socio-economic forecasts (completed in January 2022 for the I-405 / SR 167 project) that were used for travel demand model runs for the facility, payment type data from the new ETAN back office system (BOS) that started in July 2021, the impact of SHB1790 (improved temporary license plate recognition), which is anticipated to start from July 1, 2023 (FY 2024), updated closure schedules, and the reopening of the West Seattle Bridge “in mid-2022” (Stantec’s analysis shows the impact on the SR 99 tunnel traffic of that bridge closure is de minimis).

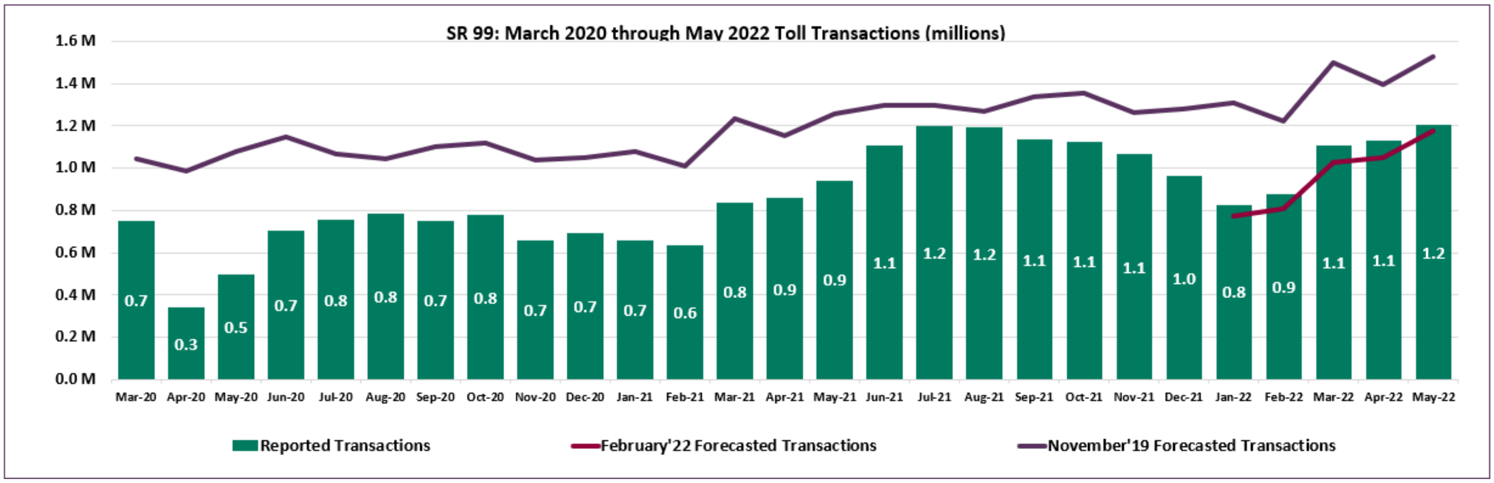
The SR 99 Tunnel opened to traffic on February 4, 2019, and tolling began on November 9, 2019. On June 23, 2020, the West Seattle Bridge was closed for emergency repair, which, as this happened during the beginnings of COVID, appeared to have had a minor impact on the SR 99 tunnel traffic. As of the beginning of February 2022, the Bridge is still closed, but is scheduled to potentially reopen mid-2022. However, due to a general strike of concrete drivers and concrete plant workers in the Seattle area that began in December 2021, an exact opening date is still uncertain. As such, this February 2022 forecast does not include any potential minor traffic effects on SR 99 at a particular point in time. This will be reevaluated for the June 2022 forecast. Please note that Stantec’s Pre-COVID-19 preliminary model analysis showed that the impact of the West Seattle Bridge closure on SR 99 tunnel traffic is minor (some 2 percent negative impact on toll traffic).

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.

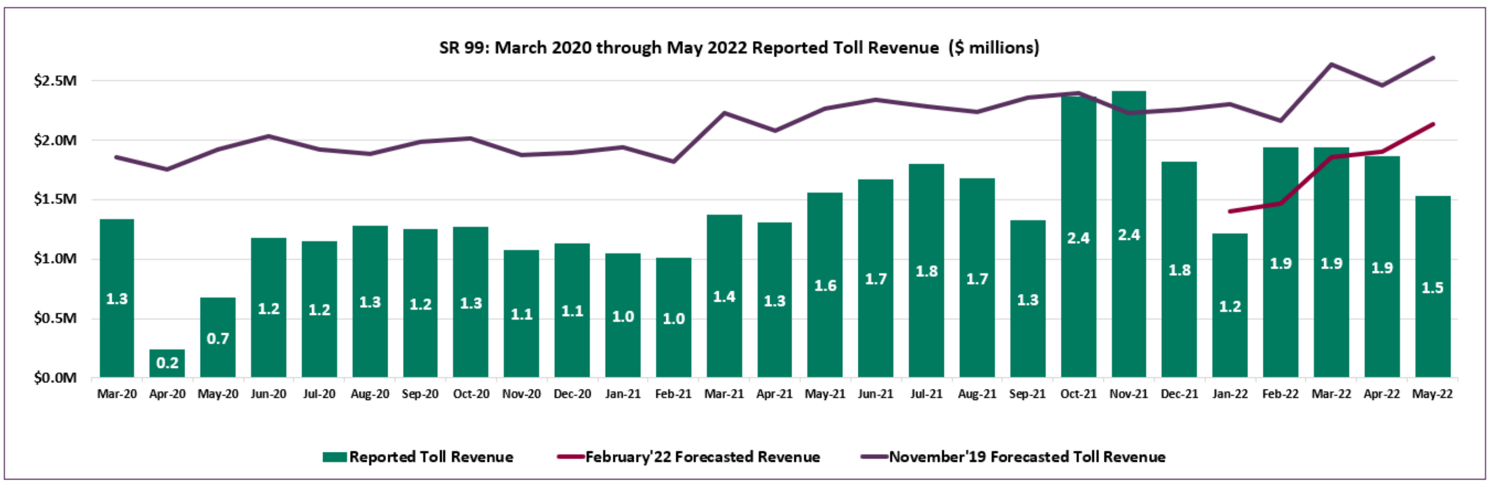
In comparison to February 2022 Forecast, January through May 2022 T&R actual toll transactions (toll transactions are based on preliminary estimate) were 6.2 percent above the February 2022 Forecast, and reported adjusted toll revenues were 3.1 percent, or $0.3 million below the forecast.

Twenty-seven-month, March 2020 through May 2022, total toll traffic was below pre-COVID forecast by 28 percent, or 9.0 million transactions, toll revenue was below by 33 percent, or $19.3 million. (Figure 29).

Figure 30: SR 99 March 2020 through May 2022 monthly Toll Traffic and Revenue actuals in comparison to November 2019 (Pre-COVID) and February 2022 forecasts



Note: March 2022 through May 2022 monthly transactions are stated based on preliminary estimates.



Note: July 2021 through May 2022 monthly toll revenue distribution is skewed by backlogged transactions pending processing.

Compared to the February 2022 Forecast, there are 2.5% more transactions in FY22. Over the forecast period, there are 0.1 percent more transactions.

Based on the revised T&R forecast projections, revised payment splits, and new ETAN system and data reporting transparency, fees and leakage values were revised to align with the new projections, with similar revenue leakage rates assumed through the forecast horizon. When additional reported data on leakage is available, once escalation of unpaid toll bills has commenced, leakage rates will be re-evaluated.

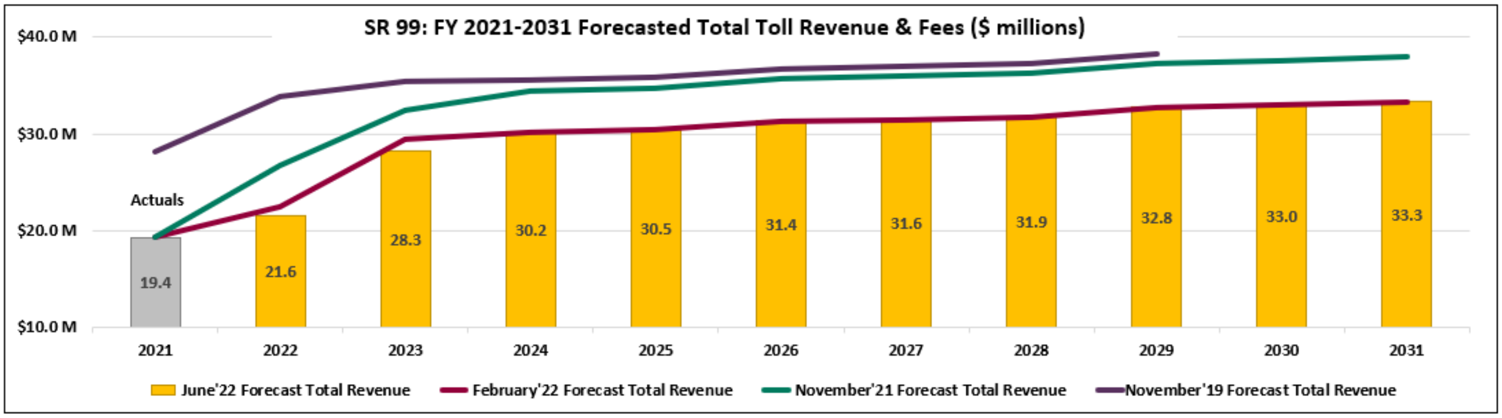
The June 2022 TRFC forecast includes the impact of SHB1790 (Improved temporary license plate recognition), which is anticipated to start from July 1, 2023 (FY 2024). Benefits from SHB1790 include reduced leakage on unreadable plates, are anticipated to start in FY 2024 and ramp-up through FY 2026 as people become more familiar with changes in temporary plate requirements.

The June 2022 adjusted revenue forecast incorporates available actual preliminary data through May2022. Verified data has been used to inform revenue leakage rates for SR 99 which were increased in comparison to the February 2022 forecast, with a slight offset for SHB1790 impacts starting in FY2024.

As noted for all facilities second toll bills and notice of civil penalties are not assumed to be sent to customers in FY 2022 due to delays in toll bill escalation. As a result of the delay in sending second toll bills and NOCPs, recaptured and recovered toll revenue is not assumed in FY 2022 and is discounted for FY 2022 transactions that go through second toll bill and NOCP in FY 2023 with further adjustments to transactions in the first quarter of FY 2023 to allow for the potential for additional delay and/or lower collection rates on toll bills mailed.

Total SR 99 revenue and fees in the current biennium are forecasted to be $49.9 million, a decrease of 3.9 percent from the February 2022 Forecast. The ten-year total revenue and fees (FY 2022 to FY 2031) are estimated to be $304.6 million, a reduction of $1.5 million, or 0.5 percent to the February 2022 Forecast (Figure 30).

Figure 31: SR 99 FY 2021-2031 Annual Total Revenues and Fees Forecasts Comparisons



Federal Funds Revenue

Overview

After state funds, the largest source of transportation revenue is federal funds. The Federal Funds forecast contains the formula funds distributed by the Federal Highway Administration (FHWA) to Washington State Department of Transportation for highway purposes. Federal funds reported in this forecast are based on federal fiscal year (FFY) which begins on October 1.

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

The June 2022 baseline core programs formula forecast for FFY 2022 will be based on FHWA Notice N4510.858. FFY 2023 through 2026 will assume an annual growth rate of 2% which is consistent with the US funding levels set forth in the IIJA. FFY 2027 thru FFY 2031 forecast of federal highway apportionment will assume revenues growth will matching the annual Washington State fuel consumption growth rates.

FHWA – Highways Forecast

- The total highway apportionment for Washington state for FFY 2021 was $1,129.9 million. This reflects actual apportionment distributions for FFY 2021.
- The June 2022 apportionment forecast will be based on FHWA Notice N4510.858. FFY 2023 through 2026 will assume an annual growth rate of 2% which is consistent with the US funding levels set forth in the IIJA. The current total apportionment estimate for FFY 2022 is $1,454 million.
- The June 2023-2026 apportionment forecast reflects the estimated federal distributions contained in IIJA.
- The baseline forecast for FFY 2027 through FFY 2031 will assume an annual growth of federal revenues matching the annual Washington State fuel consumption growth rates. In this February forecast, there were only minor

revisions upward annually in the long-term federal highway funds forecast compared to the last forecast due to higher starting point in FFY 2024 and slightly higher 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 2022 CORE OA for FFY 2021 has been reconciled to actual OA distributions and is $959.7 million which includes distributions for Discretionary items, Other Allocated programs as well as Ferry Boat/Terminals distributions.
- Total OA forecast for FFY 2022 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 formula OA distributions 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 2020 rescission of unobligated apportionment was eliminated with subsequent continuing resolutions.

Allocations of IIJA Funds Forecast:

Federal apportionment is split between state and locals. The Governor's office and the Office of Financial Management plan to convene a steering committee to discuss new state and local splitting of funds for the 2021 IIJA in calendar year 2022 after the legislative session is complete. The November 2021 forecast has applied the previously agreed upon state and local splits from the FAST Act for program formula funds until new splits have been agreed to by the Governor's steering committee. The new IIJA program funds will not be split out between state and locals at this time. The previous agreed upon FAST Act splits 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 February 2022 federal forecast incorporates two FHWA penalties for prior years, which Washington State was subject to.

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

COVID 19 Stimulus Funds:

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

The Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA) was signed by President Trump on December 27, 2020 making consolidated appropriations for the fiscal year ending 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 November, September and June 2021 Forecasts include funds made available to WSDOT through this CRRSAA Act of $168 million.

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

Figure 32: FFY 2020 – FFY2025 November FHWA Highway Funding Forecast
($ millions)

June 2022 Federal Highway Forecast	FFY 2020	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025	FFY 2026
Total WA Apportionment	$ 813.2	$ 1,129.4	$ 1,454.4	$ 1,073.7	$ 1,095.1	$ 1,116.9	$ 1,139.2
Total WA Obligation Authority	$ 792.3	$ 959.7	$ 1,033.3	$ 1,052.2	$ 1,073.2	$ 1,083.7	$ 1,105.3

FTA - Public Transportation Federal Funds

Overview

The IIJA authorize $91.2 billion for FFY 2022-2026 for public transportation programs nationwide. $69.9 billion federal public transportation program funding comes from the mass transit account of the highway trust fund and $21.3 billion comes from the general fund of the U.S. Treasury.
Public Transportation Federal Apportionment Funds Forecast

- The February 2022 Public Transportation federal funds forecast is a no change forecast for FY2022-2023. The public transportation forecast will be updated to reflect IIJA distributions once federal distribution tables are released.
- The forecast for 2024 through 2031 is growing based on the forecasted February 2022 fuel tax consumption growth rates

Figure 33: FFY 2020 – FFY 2026 FTA – Public Transportation Forecast
($ thousands)

June 2022 - Public Transportation Federal Forecast	FFY 2020	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025	FFY 2026
Statewide Planning Program	$ 527.0	$ 527.0	$ 539.0	$ 552.0	$ 560.0	$ 566.0	$ 572.0
Enhanced Mobility for Elderly and Persons with Disabilities	$ 3,117.0	$ 3,117.0	$ 3,189.0	$ 3,262.0	$ 3,313.0	$ 3,350.0	$ 3,381.0
Nonurbanized Area Formula Program	$ 14,733.0	$ 14,733.0	$ 15,071.0	$ 15,418.0	$ 15,660.0	$ 15,832.0	$ 15,982.0
Rural Transit Assistance Program	$ 231.0	$ 231.0	$ 236.0	$ 241.0	$ 245.0	$ 248.0	$ 250.0
State Safety Oversight Program	$ 661.0	$ 661.0	$ 676.0	$ 692.0	$ 703.0	$ 710.0	$ 717.0
Bus and Bus Facilities Program	$ 1,918.0	$ 1,918.0	$ 1,962.0	$ 2,008.0	$ 2,039.0	$ 2,062.0	$ 2,081.0
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 FY2022 through FY2026 as part of the IIJA.

WSF Federal Apportionment Funds Forecast

The February 2022 WSF federal funds forecast is no change forecast for FY2022-2023. The WSF forecast will be updated to reflect IIJA distributions once federal distribution tables are released. The forecast for 2024 through 2031 is growing based on the forecasted November 2021 fuel tax consumption growth rates

Washington State Ferries (WSF) Federal Apportionment Funds Forecast

- Total federal WSF formula program funds for FFY 2022 is $13.47 million. This is unchanged from the previous forecast.
- The February 2022 Forecasts includes Federal Relief Distributions related to the COVID-19 pandemic of $39.2 million in 2020, $219.9 million in 2021 and the CRRSAA Federal Distribution of $79.6 million in 2022. These Federal Relief Funds do not come from the Federal Transit Administration like the program funds, but they come directly from the US Treasury.
- The long-term WSF formula federal program forecast for FFY 2024 – 2031 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 $14.8 million by FFY 2031.

Figure 34: FFY 2020 – FFY2026 FTA Washington State Ferries Forecast
($ millions)

June 2022 FTA – Washington State Ferries Federal Forecast	FFY 2020	FFY 2021	FFY 2022	FFY 2023	FFY 2024	FFY 2025	FFY 2026
Urbanized Area Formula Program Grants (5307)	$ 5.6	$ 5.6	$ 6.9	$ 7.0	$ 7.2	$ 7.3	$ 7.5
State of Good Repair Grants (5307)	$ 7.6	$ 7.6	$ 14.3	$ 14.6	$ 14.9	$ 15.2	$ 15.5
COVID-19 Federal Relief Funds	$ 39.2	$ 219.9	$ 79.6	$ -	$ -	$ -	

Forecast Contacts

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Economic Variables and Fuel Price Forecast

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Motor Fuel Tax Revenue Forecast

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Motor Vehicle Licenses, Permits & Fees Revenue Forecast

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Washington State Ferries Ridership and Revenue Forecast

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Federal Funds Forecast

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2022 Transportation Packet (ESSB 5974)
New/Incremental Revenues by Fee Type
June 2022 forecast

Move Ahead WA (26P) by Fee	FY21-23	FY23-25	FY25-27	FY27-29	FY29-31	10 Year Total
Plate original from $10 to $50 **Includes Motorcycle Plates*	$ 55,453,600	$ 117,561,800	$ 115,401,900	$ 114,109,100	$ 113,456,700	$ 515,983,100
Plate replacement from $10 to $30 **Includes Motorcycle Plates*	$ 33,082,130	$ 66,322,920	$ 65,981,190	$ 65,434,500	$ 65,077,470	$ 295,898,210
Dealer Temp from $15 to $40	$ 20,297,500	$ 41,125,000	$ 39,990,000	$ 39,295,000	$ 38,942,500	$ 179,650,000
Stolen Vehicle Check Fee from $15 to $50 and from $50 to $75 in FY2027	$ 15,701,960	$ 32,594,500	$ 46,002,670	$ 58,960,040	$ 60,371,200	$ 213,630,370
DOL service/License Plate Tech fee for light duty trucks from $0.00 to $.50+$.25	$ 344,800	$ 1,878,300	$ 1,936,700	$ 1,970,100	$ 2,003,700	$ 8,133,600
Move Ahead WA Flexible (26Q) by Fee	**FY21-23**	**FY23-25**	**FY25-27**	**FY27-29**	**FY29-31**	**10 Year Total**
EDL/EID from $4 to $7 per year	$ 6,208,900	$ 20,264,200	$ 23,072,200	$ 20,651,100	$ 18,747,200	$ 88,943,600
ADR from $13 to $17 and $19 in FY30	$ 3,224,400	$ 9,403,100	$ 9,644,800	$ 9,764,300	$ 19,752,400	$ 51,789,000
DL/ID replacement from $10 to $20	$ 1,468,000	$ 3,983,600	$ 4,041,500	$ 4,090,800	$ 4,143,200	$ 17,727,100
Aviation Fuel Tax (Fund 039)	**FY21-23**	**FY23-25**	**FY25-27**	**FY27-29**	**FY29-31**	**10 Year Total**
Aviation fuel tax from $.11 to $.18 per gallon	$ 1,494,600	$ 3,341,000	$ 3,375,600	$ 3,405,900	$ 3,445,700	$ 15,062,800
Total New Revenue from ESSB 5974	**$ 137,275,890**	**$ 296,474,420**	**$ 309,446,560**	**$ 317,680,840**	**$ 325,940,070**	**$ 1,386,817,780**