Transportation Revenue Forecast Council

March 2023 Transportation Economic and Revenue Forecasts

Volume I: Summary

Washington Transportation
Economic and Revenue Forecast
March 2023 Forecast

Summary Report (Volume I)

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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.

March 2023 Transportation Forecast Overview

Forecast Overview

- The March forecast is based on economic projections produced by the Washington Economic and Revenue Forecast Council and IHS-Markit, a subsidiary of Standard & Poor's. The current forecast anticipates negative growth for the three quarters beginning in 2023Q1.
- The 2021-23 biennium total transportation revenue estimate is $6.6 billion which is a 1.0 percent decline when compared to the 2019-2021 biennium actuals. For the 2023-25 biennium, revenues are forecasted at $7.0 billion which is a 2.2 percent decline over the previuous biennium.
- The current 2021-23 biennium forecast is down $68.5 million, or 1.0 percent, when compared to the equivalent November 2022 forecast. The analogous figures for the 2023-25 biennium revenues are -$157 million, or- 2.2 percent.
- For the 10-year forecast horizon, total baseline revenue in March 2023 is projected to be $36.2 billion, which is down from the November 2022 forecast by $633.5 million or 1.7 percent.
- Fuel tax revenue is responsible for the vast majority of the downward revision in the FY 2021-FY 2023 biennium estimate. For the current biennium, fuel tax revenue is $48.8 million lower, or down 1.4 percent when compared to the November, 2022 forecast. The downward revision in 2023-2025 biennium fuels tax revenues is $135.1 million, or 3.9 percent. For the ten year period ending in the 2029-2031 biennium, fuel tax revenues are down by $604.5 million, or 3.4 percent.

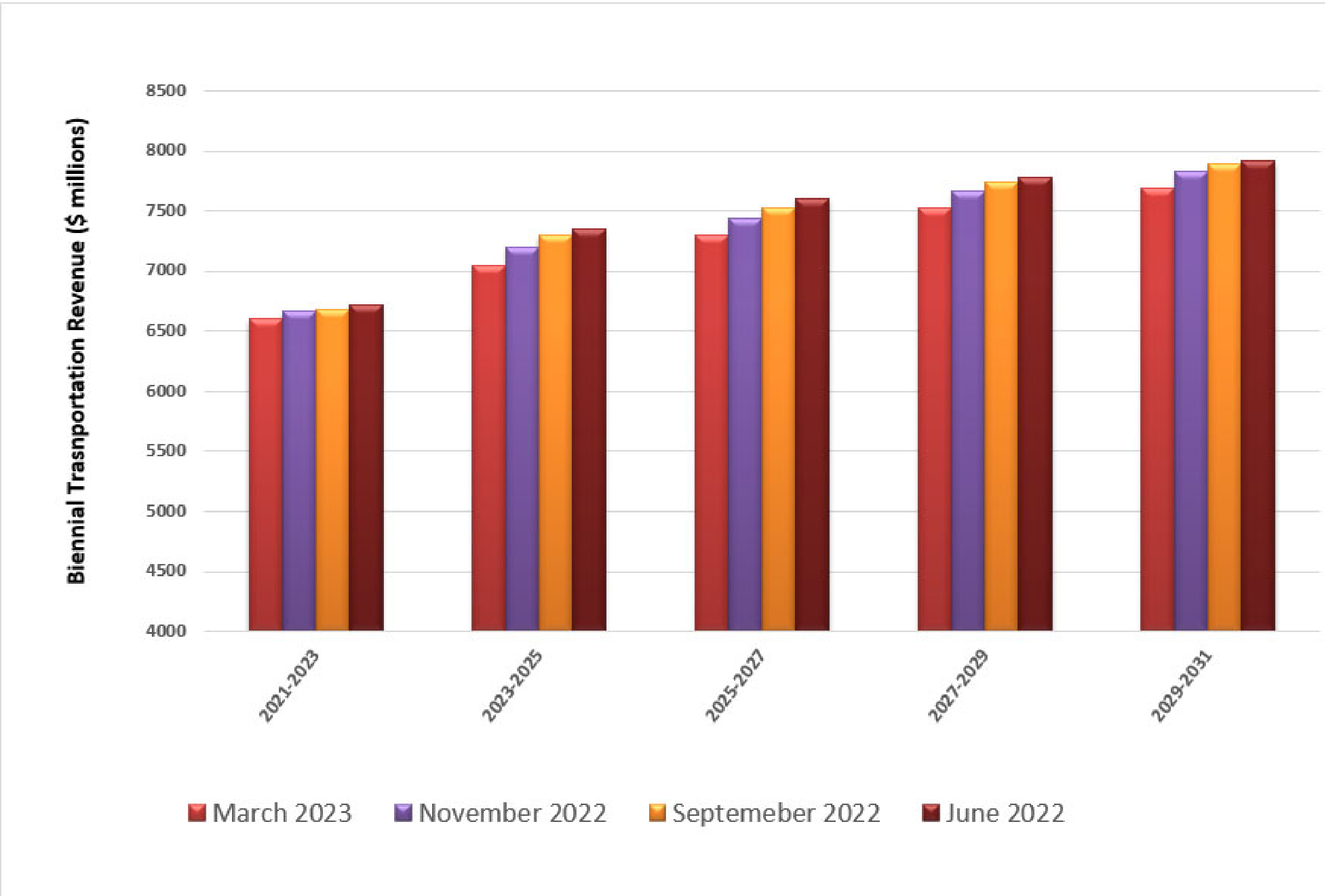
Figure 1: Current March 2023 vs. November 2022 Forecast: All Revenues

Forecast to Forecast Comparison for Transportation Revenues and Distributions — *March 2023 Forecast to November 2022 Forecast millions of dollars*	Current Biennium 2021-2023			2023-2025			10-Year Period (2022-2031)		
	Forecast March 2023	Chg from Nov. 2022	Percent Change	Forecast March 2023	Chg from Nov. 2022	Percent Change	Forecast March 2023	Chg from Nov. 2022	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,394.03	(48.80)	-1.42%	3,369.63	(135.11)	-3.86%	17,230.08	(604.52)	-3.39%
Licenses, Permits and Fees	1,780.72	(8.85)	-0.49%	2,073.79	(1.38)	-0.07%	10,638.51	35.64	0.34%
Ferry Revenue†	349.74	(4.45)	-1.26%	416.01	(3.37)	-0.80%	2,093.39	(29.13)	-1.37%
Toll Revenue	392.36	0.00	0.00%	489.38	0.00	0.00%	2,561.70	0.00	0.00%
Aviation Revenues	12.30	0.79	6.90%	13.73	1.15	9.16%	64.39	3.65	6.01%
Rental Car Tax	85.11	0.66	0.79%	89.92	1.26	1.42%	469.70	6.67	1.44%
Vehicle Sales Tax	127.15	0.64	0.51%	131.53	0.87	0.66%	686.20	4.47	0.66%
Driver-Related Fees	329.20	(1.77)	-0.54%	343.79	(10.78)	-3.04%	1,812.29	(14.17)	-0.78%
Business/Other Revenues	127.63	(6.75)	-5.02%	118.22	(9.26)	-7.27%	612.51	(36.08)	-5.56%
Total Revenues	**6,598.23**	**(68.51)**	**-1.03%**	**7,045.98**	**(156.62)**	**-2.17%**	**36,168.76**	**(633.48)**	**-1.72%**
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	**264.16**	**(1.30)**	**-0.49%**	**246.48**	**(4.96)**	**-1.97%**	**1,272.75**	**(21.95)**	**-1.70%**
Motor Fuel Administrative Fee - DOL	**17.99**	**(0.25)**	**-1.39%**	**18.77**	**0.00**	**0.00%**	**95.28**	**(0.25)**	**-0.27%**
State Uses									
Motor Vehicle Account (108)	1,295.18	(24.56)	-1.86%	1,322.53	(29.40)	-2.17%	7,032.41	(84.15)	-1.18%
Transportation 2003 (Nickel) Account (550)	407.26	(5.28)	-1.28%	412.17	(12.81)	-3.01%	2,098.47	(57.47)	-2.67%
Transportation 2005 Partnership Account (09H)	601.45	(7.58)	-1.24%	606.02	(21.44)	-3.42%	3,097.77	(96.89)	-3.03%
Connecting Washington Account (20H)	748.32	(10.32)	-1.36%	747.48	(30.95)	-3.98%	3,825.19	(139.07)	-3.51%
Multimodal Account (218)	625.20	1.02	0.16%	702.57	(4.82)	-0.68%	3,596.37	(16.57)	-0.46%
Special Category C Account (215)	47.16	(0.65)	-1.36%	47.11	(1.95)	-3.98%	241.09	(8.76)	-3.51%
Puget Sound Capital Construction Account (099)	34.32	(0.47)	-1.36%	34.28	(1.42)	-3.98%	175.41	(6.38)	-3.51%
Puget Sound Ferry Operations Account (109)	407.87	(4.89)	-1.18%	473.45	(5.35)	-1.12%	2,387.90	(37.86)	-1.56%
Capital Vessel Replacement Account (18J)	58.29	(0.91)	-1.53%	61.31	(0.81)	-1.31%	312.53	(4.36)	-1.38%
Tacoma Narrows Bridge Account (511)	161.74	0.00	0.00%	155.54	0.00	0.00%	803.45	0.00	0.00%
High Occupancy Toll Lanes Account (09F)*	9.22	0.00	0.00%	15.22	0.00	0.00%	89.02	0.00	0.00%
SR 520 Corridor Account (16J)	134.25	0.00	0.00%	190.21	0.00	0.00%	953.64	0.00	0.00%
SR 520 Corridor Civil Penalties Account (17P)	(1.31)	0.00	0.00%	4.99	0.00	0.00%	25.55	0.00	0.00%
Interstate 405 Express Toll Lanes Operations (595)	38.22	0.00	0.00%	62.85	0.00	0.00%	385.27	0.00	0.00%
Alaskan Way Viaduct Replacement Acct. (535)	50.23	0.00	0.00%	60.57	0.00	0.00%	304.77	0.00	0.00%
Aeronautics Account (039)	12.20	0.80	7.00%	13.63	1.16	9.32%	63.88	3.70	6.15%
Washington State Aviation Account (21G)	0.09	(0.00)	-5.02%	0.09	(0.01)	-9.31%	0.46	(0.05)	-9.31%
State Patrol Highway Account (081)	460.47	2.27	0.50%	475.01	(0.16)	-0.03%	2,443.94	(0.68)	-0.03%
Highway/Motorcycle Safety Accts. (106 & 082)	294.36	(1.09)	-0.37%	287.03	(6.19)	-2.11%	1,520.00	(8.06)	-0.53%
School Zone Safety Account (780)	0.37	(0.03)	-8.31%	0.60	0.00	0.00%	2.86	(0.03)	-1.16%
Other accounts (201, 06T, 097, 09E, 216, 07C, 24-K)	40.01	0.16	0.40%	43.91	(0.19)	-0.42%	220.96	(0.74)	-0.33%
Electric Vehicle Account (20J)	36.44	0.30	0.83%	47.77	2.50	5.53%	84.21	2.80	3.44%
Ignition Interlock Devices Revolving Acct 14V	7.71	0.23	3.11%	8.76	0.00	0.00%	43.60	0.23	0.54%
Multiuse Roadway Safety Account Collections-571	0.48	0.01	2.38%	0.51	0.03	6.52%	2.60	0.14	5.75%
Move Ahed WA Accounts - 26P	99.89	(5.44)	-5.17%	239.54	(6.25)	-2.54%	1,132.95	(26.92)	-2.32%
Move Ahed WA Accounts - 26Q	9.84	(1.07)	-9.79%	28.80	(4.66)	-13.92%	151.34	(6.68)	-4.23%
Total for State Use	**5,579.26**	**(57.51)**	**-1.02%**	**6,041.95**	**(122.70)**	**-1.99%**	**30,995.63**	**(487.78)**	**-1.55%**
Cities	180.88	(2.50)	-1.36%	180.67	(7.48)	-3.98%	924.58	(33.61)	-3.51%
Counties	293.88	(3.40)	-1.14%	292.75	(11.55)	-3.80%	1,501.29	(51.47)	-3.31%
Transportation Improvement Board (112 & 144)	195.17	(2.67)	-1.35%	196.75	(7.62)	-3.73%	1,017.49	(31.13)	-2.97%
County Road Administration Board (102 & 253)	66.89	(0.90)	-1.32%	68.61	(2.31)	-3.26%	361.75	(7.29)	-1.97%
Total for Local Use	**736.83**	**(9.45)**	**-1.27%**	**738.78**	**(28.96)**	**-3.77%**	**3,805.10**	**(123.49)**	**-3.14%**
Total Distribution of Revenue	**6,598.23**	**(68.51)**	**-1.03%**	**7,045.98**	**(156.62)**	**-2.17%**	**36,168.76**	**(633.48)**	**-1.72%**

† Ferry Fares plus non-farebox revenue

Figure 2 compares transportation revenues fore the last four cycles: March 2023, November 2022, September 2022 and June 2022. They show a steady decline in estimated revenue.

Figure 2: Total Transportation Revenues Estimates: June 2022 - March 2023



Washington's transportation revenues come from numerous taxes, fees, permits, tolls, and other revenues. Revenues forecasted each quarter include the sources contained in Figure 3. This graph displays the anticipated share of each revenue source to the total for the 2021-23 biennium, ($6.6 billion). Gasoline fuel taxes comprise the largest share at 40 percent. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 51 percent of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 27 percent. The three largest revenue sources are projected to consist of 78 percent of revenues in the 2021-23 biennium. The remaining 22 percent consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

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

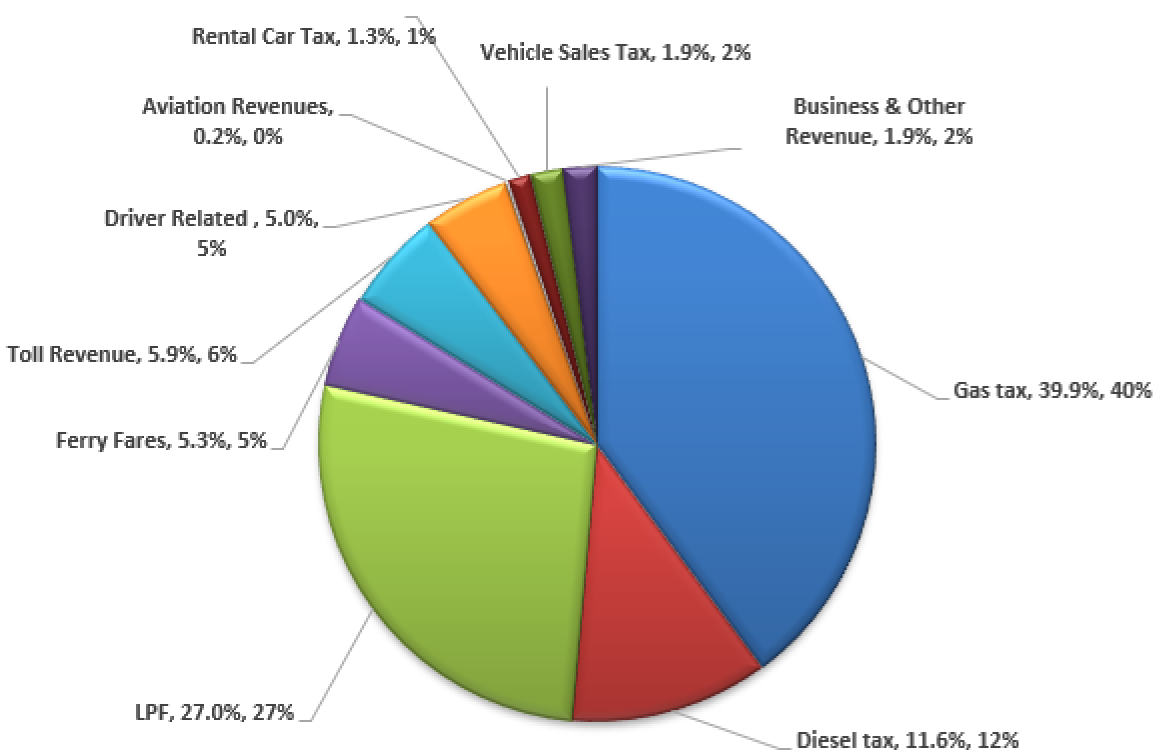


Figure 4 shows the latest revenue variance in major transportation revenue sources since the November 2022 forecast. Except for car sales and rental revenue, all other revenues are down 6 to 7 percent.

Figure 4: Transportation Revenue Actuals Compared to the November 2022 Forecast: November 2022 – January 2023

Changes in Transportation Revenue Since the Nov. 2022 Forecast (Nov. 2022 - Jan. 2023 distributions)				
$ in millions	**Difference Actual Collections Compared to Nov. 2022**			**% Change**
Major Revenue Sources	**Nov-22**	**Dec-22**	**Jan-23**	
Gross Fuel Taxes (before refunds/transfers)	-$18.237	-$10.112	-$10.968	-6.90%
Licenses Permits and Fee Revenue	$0.562	-$18.429	$6.244	-5.97%
WSF Base Fare & Surcharge Revenues	-$0.640	-$1.549	-$0.397	-7.19%
Tolling Revenues	-$0.942	-$0.970	-$1.295	-6.94%
Rental Car Tax	$0.443	-$0.009	$0.192	7.01%
Motor Vehicle Sales Tax	$0.738	-$0.195	$0.263	5.38%
Total All Revenue Sources	**-$18.076**	**-$31.265**	**-$5.961**	**-6.35%**

Figure 5 shows the March 2023 forecast LESS the Move Ahead Revenue Package compared to the June 2022 forecast.

Figure 5: 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 10-Year Period **Less revenues generated from the Move Ahead Washington Package** ***March 2023 Forecast to June 2022 Forecast millions of dollars***												
	2021-2023				**2023-2025**				**10-Year Period (2022-2031)**			
	Forecast Mar. 2023	Forecast June 2022	Chg from Jun-22	Percent Change	Forecast Mar. 2023	Forecast June 2022	Chg from Jun-22	Percent Change	Forecast Mar. 2023	Forecast June 2022	Chg from Nov. 2022	Percent Change
Total Revenues	6,598.23	6,721.60	(123.4)	-1.8%	7,045.98	7,345.74	(299.8)	-4.1%	36,168.76	37,369.68	(1,200.9)	-3.2%
Move Aead Washington Package	111.93	137.28	(25.35)	-18.5%	272.95	296.47	(23.52)	-7.9%	1,335.88	1,386.82	(50.94)	-3.7%
Total Revnue less Move Ahead Washington	6,486.30	6,584.32	(98.0)	-1.5%	6,773.03	7,049.27	(276.2)	-3.9%	34,832.88	35,982.86	(1,150.0)	-3.2%

Economic Variables Forecast

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

The March 2023 variables are in part based on forecasts by the Washington Economic and Revenue Forecast Council and IHS. The near-term change in the latest economic variables is an improvement when compared to the last quarterly forecast. All the Washington state statistics are up modestly. Inflation is down while growth in new vehicle sales is significantly higher than anticipated November.

Figure 7: Annual Percentage Change (%) in Select Economic Variables March 2023 Forecast

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2023	-0.2%	1.4%	-1.5%	4.8%	1.9%	3.1%	3.6%	2.7%	2.4%
2024	1.6%	1.3%	1.3%	2.4%	1.6%	-2.5%	-0.1%	-1.0%	-1.9%
2025	3.3%	1.1%	0.7%	1.9%	1.6%	-1.3%	0.8%	-0.4%	-1.5%
2026	3.2%	1.2%	0.8%	1.9%	1.7%	2.1%	0.8%	-0.8%	-2.3%
2027	3.3%	1.3%	0.8%	2.0%	1.8%	2.5%	1.1%	0.2%	-0.2%
2028	3.3%	1.3%	-0.2%	2.0%	2.0%	2.0%	1.0%	0.2%	0.2%
2029	3.0%	1.2%	0.7%	2.0%	2.1%	6.1%	0.9%	-0.2%	-0.2%
2030	2.9%	1.2%	0.7%	2.0%	2.3%	8.2%	0.9%	-0.2%	0.0%
2031	3.0%	1.2%	0.7%	2.0%	2.4%	7.4%	0.9%	0.3%	0.7%
2032	3.0%	1.1%	0.6%	2.0%	2.6%	6.4%	0.9%	0.5%	0.8%
2033	2.9%	1.1%	0.6%	2.0%	2.6%	6.4%	0.9%	0.4%	0.9%

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

Figure 8: Annual Change in Economic Variables: March 2023 vs. November 2022

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2022									
2023	▲	▬	▬	▼	▬	▼	▲	▲	▲
2024	▼	▬	▬	▼	▼	⬆	▬	▼	▼
2025	▬	▬	▬	▬	▼	⬆	▼	▼	▲
2026	▼	▬	▬	▬	▼	▼	▼	⬇	⬇
2027	▬	▬	▬	▬	▼	⬆	▬	▼	▼
2028	▬	▬	▬	▬	▼	⬆	▬	▼	▼
2029	▼	▬	▬	▬	▬	⬆	▬	▼	▬
2030	▼	▬	▬	▬	▲	▲	▬	▼	▼
2031	▬	▬	▬	▬	▲	▼	▬	▼	▼
2032	▬	▬	▬	▬	▬	▬	▬	▬	▬
2033	▬	▬	▬	▬	▬	▬	▬	▬	▬

⬆ Difference in percentage change is greater than 1%
▲ Difference in percentage change is less than 1% and greater than 0.1%
▬ Difference in percentage change is less than 0.1% and greater than -0.1%
▼ Difference in percentage change is greater than -0.1% and less than -1%
⬇ Difference in percentage change is greater than -1%

Motor Fuel Price Forecast

The March forecast is shown below. Note B20 biodiesel has been substituted for B99 to conform to WSDOT's current contract. Changes from the previous forecast are shown on the associated graphs.

Figure 9: Near-Term Fuel Prices: March 2023

Fiscal Year	WA Adj Retail Gasoline Price ($/gal)	WA Adj Retail Diesel Price ($/gal)	WA Adj Biodiesel (B5) Price w markup+taxes ($/gal)	WA Adj Biodiesel (B20) Price w markup+taxes ($/gal)
2022Q3	4.81	5.86	4.20	3.84
2022Q4	4.50	5.53	4.01	4.24
2023Q1	3.99	5.02	3.79	3.97
2023Q2	4.06	4.92	3.71	3.90
FY2023	**4.34**	**5.33**	**3.93**	**3.99**
2023Q3	4.28	4.91	3.71	3.89
2023Q4	4.09	4.93	3.72	3.91
2024Q1	4.06	4.93	3.72	3.90
2024Q2	4.01	4.89	3.69	3.87
FY2024	**4.11**	**4.92**	**3.71**	**3.89**

Figure 10: Washington Regular Retail Gasoline Prices: March 2023 vs. November 2022

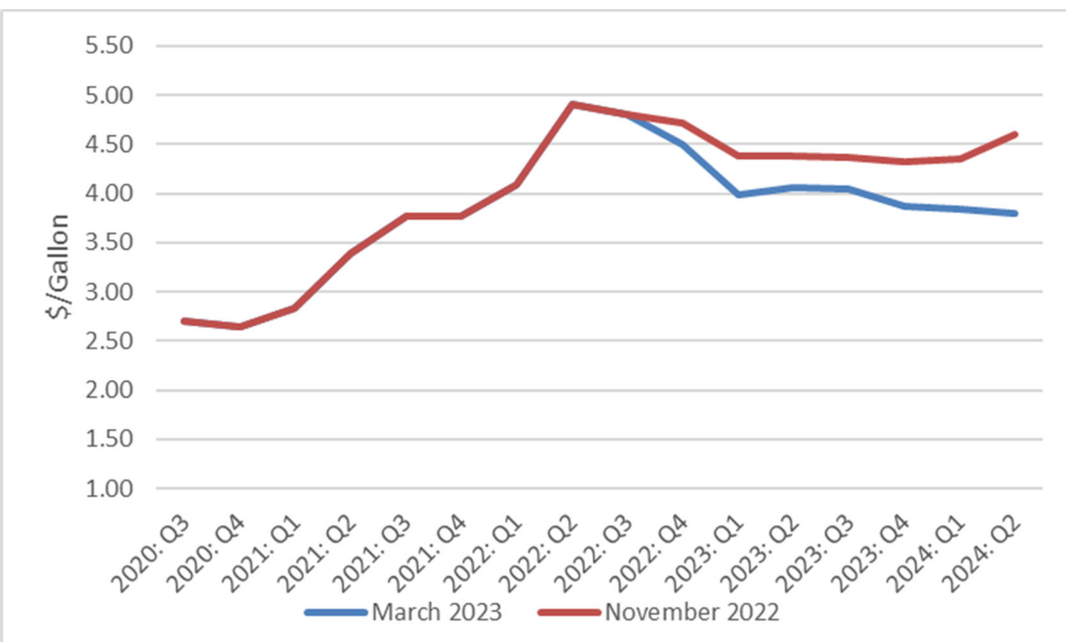


Figure 11: Washington Retail Diesel Prices: March 2023 vs. November 2022

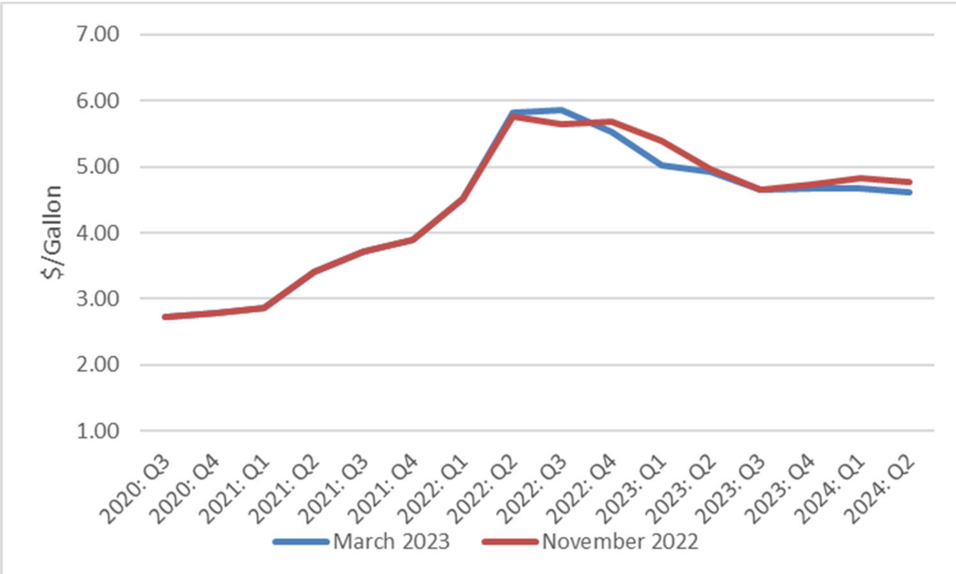
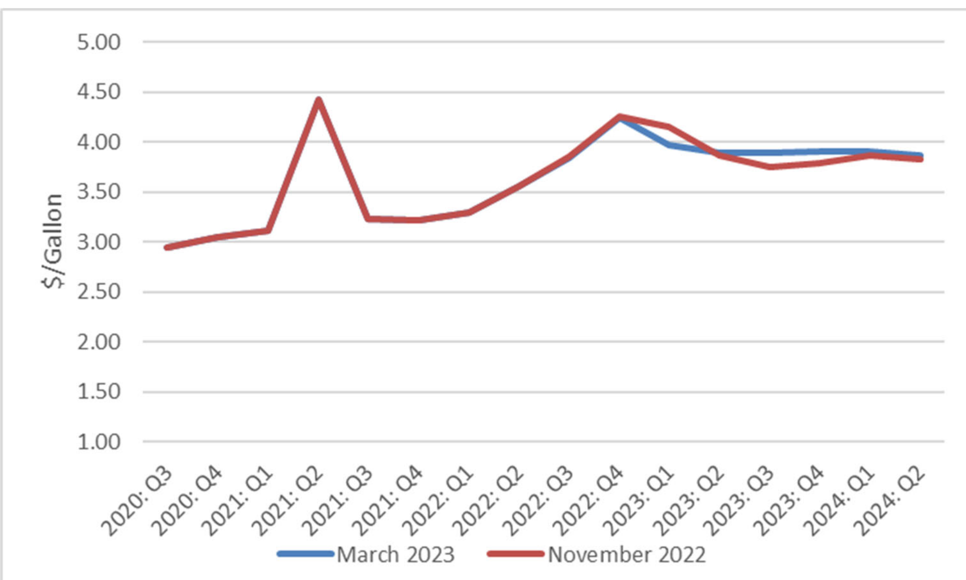


Figure 12: Quarterly Ferries B5 Biodiesel Prices: March 2023 vs. November 2022



Survey of Current U.S. Crude Oil Price Forecasts

The WTI crude oil prices shown below are obtained come from five entities: EIA, NYMEX, Global Insight, Consensus Economics, and Moody's. WSDOT's baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term through calendar year 2024 and then use the growth rates from Global Insight forecasts for subsequent years. The forecasts for FY 2024 ranges from $75.33 per barrel in the WSDOT/EIA forecast to $85.03.

Figure 13: Near-term Annual WTI Crude Oil Price Forecasts: March 2023

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	Average	% Diff Lowest	% Diff Highest	% Diff (Average)
2022	87.62	87.62	87.62	87.62	87.62	87.62	0.00	0.00	0.0%
2023	82.99	81.98	82.55	83.89	83.90	83.06	-0.01	0.01	0.1%
2024	75.33	85.03	82.05	81.42	74.35	79.64	0.00	0.13	5.7%

WSDOT then applies the average WTI price adjustment to the baseline March 2023 prices. The adjusted fuel prices listed in Figure 11 are used to adjust the estimates for fuel costs for WSDOT's budget. The latest adjusted forecast requires a 5.7 percent upward adjustment to the baseline fuel prices in FY 2024.

Motor Vehicle Fuel Tax Forecast

Motor fuel tax collections since the November 2022 estimate came in below the forecast by 6.9 percent. While cash flow factors are a significant factor in the variance, the underperformance in taxpayer liability requires a further downward revision. For the current 2021-2023 biennium, gross fuel tax revenue has been reduced by 1.4 percent, or $49 million. The reduction is spread more-or-less equally between gasoline and special fuels revenue. The equivalent top-line number for the 2023-2025 biennium is a reduction of $135 million, or 3.9 percent. The loss is spread between gas and special fuels in rough proportion to their total with gasoline accounting for almost two-thirds of the loss. For the 10-year period spanning between FY 2022 to FY 2031, the total reduction is $605 million, or 3.5 percent.

Primary Reasons for Changes in the Current Forecast

Gasoline Tax - As noted in September, analysts anticipated a strong spring and summer due to the lack of a Covid wave and a spring oil supply shock. To date, this behavior has not materialized. In fact, the latest forecast from U.S. Energy Information Administration anticipates modest growth over spring 2023 and a relatively subdued summer driving season.

After for adjusting for cash flow factors taxable gasoline gallons are tracking -1.7 percent year-to-date, better than the -3.0 percent observed in November but insufficient to sustain the forecast. Compounding this problem is the threat of an imminent recession.

Special Fuels Tax - The previous (November) forecast had been complicated by the behavior of one incorrectly credentialed taxpayer. This taxpayer has been exporting fuel worth around 6 of the total taxable gallons and subsequently seeking refund. Although the net effect on beneficiaries is zero, this profoundly skews the statistics. This taxpayer is now correctly credentialed so that these transactions will no longer be reflected in the relevant accounting. After making the appropriate adjustment, current year-to-date gallons are 6.4 percent less than in FY 22. Alarmingly, most of the current underperformance occurred in periods of relatively good economic growth. As with gasoline revenues, the outlook for special fuels revenue is compounded by a forecast of negative economic growth.

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 $1.78 billion from vehicle licenses, permits, and fees (LPFs) in the 2021-2023 biennium, which is decreased for $8.8 million, or 0.49 percent compared to the forecast in November. The LPF forecast is anticipated to be $2.33 billion by 2029-2031 biennium, which is up for about $ 23 million or 0.99 percent from the previous forecast. Over the 10-year period from 2021-2023 biennium to 2029-2031 biennium, the revenue increase is about $35 million.

Primary reasons for the change in the March 2023 forecast

- For the fiscal year 2023, passenger car registrations are the same as the previous forecast. For FY 2024, passenger car registrations will be 0.6 percent less than the previous forecast. The forecast remains lower in future years from FY 2025 through FY 2033. The recent years forecast is driven by the lower personal income growth rate forecasted by ERFC. The future years forecast is driven by the Washington Population growth rate.
- For the fiscal year 2023, truck registrations have no change comparing the November forecast. In fiscal year 2024, truck registrations will decrease from the previous forecast for 0.2 percent. After that, the truck forecast will keep seeing a forecast-to-forecast decrease in registrations for the rest years until FY 2032. In FY 2023, we see the decrease truck registrations trend turns into a growth rate of 0.1 percent. The decreased forecast registrations in future years are mainly due to the revised Washington Non-Agricultural Employment Rate.
- In the 2021-23 biennium, $30 registrations revenue is almost the same as last forecast. This is because the passenger car registrations for current year is unchanged, but other $30 car registrations changed slightly. In the next biennium, revenue from $30 registrations is about $2 million less than the previous forecast. Similarly, this happens to the rest biennium as well. By the end of the forecast, we see the revenue runs about $3.3 million less than the previous forecast by the 2031-2033 biennium.
- In the 2021-23 biennium, the forecast sees a decreased truck weight revenue for about $2.8 million or 0.53 percent. This is because we did not see the actual truck weight revenue collection caught up with our forecast in the last 3 months, so we reduce the forecast accordingly. In the next biennium, truck weight revenue is about $4.7 million or 0.84 percent more than the previous forecast due to the increased prorated vehicle forecast. The revenue increase keeps going on in later forecast periods for the same reason. By the end of the forecast, we will see a $7.1 million increased revenue in 2031-2033 biennium for truck weight fees.
- In the 2021-23 biennium, the Freight Project fee is about $0.9 million or 2.1 percent more than the previous forecast due to the increased prorated vehicle forecast in March. In the 2023-25 biennium, the Freight Project fee is $0.97 million more than the November forecast. This revenue increase keeps on in the out years. By the end of this forecast horizon, we will see a $1.2 million freight project revenue increase in 2031-2033 biennium.
- The passenger vehicle weight revenue is increased for $0.16 million or 0.04 percent in the 2021-23 biennium, which is due to the slightly increased motorcycle forecast. In the 2023-25 biennium, the revenue is down for $2.5 million due to the reduced passenger car forecast. The revenue decrease keeps on in the out years. By the end of 2031-2033 biennium, we will see a $4.3 million passenger vehicle weight revenue decrease.
- In this forecast, the motorhome weight revenue is up $0.19 million in the 2021-23 biennium due to the revised-up motorhome vehicle forecast. In the 2023-25 biennium, the revenue is up for $0.12 million. After that, this level of increase keeps going on. By the end of 2031-2033 biennium, we will see a same $0.12 million motorhome weight revenue increase.
- In this forecast, the inspection fee is reduced for $0.5 million, or 1.5 percent in the 2021-23 biennium due to the decreased total vehicle forecast. This negative growth rate keeps going on throughout the forecast horizon. By the end of 2031-2033 biennium, we will see a $0.6 million inspection fee decrease.

Electric Vehicle Renewal ($225 fee) revenue is no change for the current biennium but is up by $5.6 million (+10.3 percent) for the 2023-2025 biennium due to incorporated actual original EV registrations, which renew in a year. For the ten-year forecast horizon, revenue is up $72.1 million (+18.2 percent). Hybrid and Plug-in ($75 fee) revenue is up $0.3 million (+1.2 percent) for the current biennium and up $0.6 million (+2.3 percent) for FY 2023-2025 biennium, and up $2.9 million (+2.1 percent) for the next ten years.

- Title Fee forecast is down by $0.88 million (-1.25 percent) for the current biennium, down by $0.12 million (-0.17 percent) for FY 2023-2025 biennium, no change in the outer biennia.
- Ferry Vessel Service Fees (18J Account) Service fee for current biennium is revised down by $0.72 million (-1.5 percent), following lower vehicle title and registration forecasts. It is down by $0.68 million (-1.4 percent) for FY 2023-2025 biennium. The 10-year forecast change is down by $3.6 million (-1.5 percent).
- Dealer Temporary Permit fee revenue is lower by $1.4 million (-5.6 percent) in the current biennium following a lower title forecast and due to adjusting the abnormal dealer permit purchases in response to fee increase last year. It is up slightly by $1.0 million (1.9 percent) in FY 2023-2025 biennium, and up $2.3 million (0.9 percent) in the next ten years.
- Original Plates This forecast has decreased by $2.38 million (-3.2 percent) for the 21-23 biennium and down $2.74 million (-2.0 percent) for the 23-25 biennium following continued below forecast original plate transactions.

The ten-year estimate is down by $11 million (-1.8 percent). The downward forecast revision is consistent with lower vehicle registration and lower title forecasts.

- Plate Replacement The forecast has decreased across the forecast horizon by 1.74 million (-2.8 percent) for the current biennium and down by 3.68 million (-3.9 percent) for the 23-25 biennium. The ten-year total decrease is $12.2 million (-2.8 percent).
- DOL Services ($.50 fee) is adjusted down by $0.2 million (-2.7 percent) for the current biennium, down $1.4 million (-15.3 percent) for FY 2023-2025 biennium, and down $6.0 million (-15.2 percent) for the ten-year horizon. Similar percentage drop is in the License Plate Technology ($.25 fee) revenue. This drop is due to unintended language in the transportation package passed in 2022 (ESSB 5974) which imposed both these fees to light duty trucks.

Driver Related Revenue Forecasts

Overview

The March 2023 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 (EDL), 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 FY 2021-2023 biennium is forecasted at $329.2 million, down $1.77 million (-0.5 percent) from the prior forecast. FY 2023-2025 biennium is expected to have $343.8 million, down $10.8 million (-3.0 percent) from the prior forecast. Over the ten-year period (FY 2022 through FY 2031), driver related revenues total $1,812.3 million, down $14.2 million (-0.8 percent) 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 March 2023 forecast.

EDL/Enhanced Identification Card (EID) revenue estimates are down through next biennium when incorporating DHS two-year delay in REAL ID implementation (from May 2023 to May 2025). Current biennium is down by $2.3 million (-9.0 percent), and FY 2023-2025 biennium is down by $10.9 million (-22.8 percent). Future biennia are little changed.

- ID card renewals are up by about $0.5 million (2.58 percent) in the current biennium, and up by $0.16 million (0.98 percent) in FY 2023-2025, and little changed in outer years.
- Total Driver License and ID issuances show very small (about 0.5 percent) increase from prior forecast.

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.

Other Transportation Related revenues in the 2021-2023 biennium are currently projected at $352.2 million This represents a decrease of $4.7 million, or 1.3 percent. This biggest downward revision is in the estimate for the heavy equipment tax which has been reduced by a quarter.

Primary reasons for the change in the March 2023 Forecast

- In the March forecast, the sales tax on motor vehicle purchases is slightly higher than in the previous forecast. Recent collections were higher than forecasted, although the economic variables related to the forecast are lower.
- Rental car tax collections have been increased due to high collections in recent months.
- HOV penalties in November 2022 are unchanged from the last forecast. In the 2019 - 2021 biennium, HOV penalties were $950,850, 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 $1.9 million, or 5.24 percent, from the November forecast. The increase is due to lease payments being higher than projected. WSDOT business related revenue is unchanged in outer years. The school zone fines forecast for the current biennium is down $33,600, or -8.5 percent, from the November 2022 forecast. The forecast in outer biennia is no change. The 2021-23 biennium WSP Business Related Revenues for March 2023 have been revised up by $1,700 or (0.01 percent). The change reflects latest actuals and changes in out years mirror the changes in fiscal year 2023. Future biennia revenues are forecasted to increase by $24,000 (0.19 percent) per biennia from the November 2022 forecast.
- Aviation Fuel Tax (fund 039) forecast is higher for FY 2021-23 by $0.8 million, or 8.4 percent based on actuals through February. The forecast continues higher for FY 2023-25 by $1.2 million or 11.2 percent. The ten-year outlook adds $3.8 million or 7.5 percent. The increased consumption is due to foreign flagged commercial carrier expansion between April and October 2022. This forecast assumes an amount of start-up activity (storage or usage) associated with foreign flagged commercial carrier operations at SEATAC. Credit Card Transaction Fees (24K) The credit card fee forecast has decreased -$0.17 million (-0.1 percent) for the 21-23 biennium and -$0.25 million (-1.48 percent) for the 23-25 biennium and down -$1.1 million (-1.3 percent) in the ten-year horizon. Lowering the forecast is consistent with reduced vehicle registration and it is also possible that customers are avoiding credit card fees by using e-checks at no cost.
- 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 occurred on October 1, 2022. Both increases raised the passenger and vehicle/driver fares by 2.5 percent 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, WSTC adopted a rule to eliminate youth passenger fares for ages 18 and under, with implementation on October 1, 2022.

Beginning in early March 2020, the COVID-19 pandemic negatively impacted ferry travel, with April 2020 ridership 73 percent 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. With the exception of the Anacortes-Sidney B.C. route, this forecast assumes a phased return to full-service levels, which continues through FY 2024 and is completed by July 1, 2024 (FY 2025). The Anacortes-Sidney, B.C. route is assumed to resume service in May 2030 (late FY 2030).

The March Forecast incorporates actual ridership through February 2023. Fiscal year-to-date ridership is approximately 5.0 percent higher than a year ago, which is about 75 percent of pre-pandemic levels for the same eight-month period. Continued below-normal service levels and severe winter storms in late December have likely slowed the pace of ridership recovery.

The recovery to pre-pandemic ridership levels remains stronger for vehicle/driver fares than for passenger fares. Fiscal year-to-date vehicle/driver ridership is at 84 percent of pre-pandemic levels compared to 68 percent for passenger fares. This is largely the result of the passenger frequent user (commuter) fare category, which continues to show limited recovery, reaching just 29 percent of their 2019 levels thus far in FY 2023.

Over the past two decades, the passenger and vehicle/driver frequent user (commuter) fare ridership categories have been declining, in both absolute volumes and as percentage shares of total passengers and vehicles, respectively. A key factor contributing to this trend is an aging population base in ferry-served communities with increasingly more riders eligible for senior fares that offer a larger discount. Other longstanding contributing factors include technology improvements that facilitated growth in telecommuting, changes in the frequent user multi-ride fare media that make them less severable/convenient for concurrent shared use by multiple riders, and more recently, the COVID-19 pandemic and its enduring shift to working from home.

Over the 20-year period from FY 2000 through FY 2019, the percentage share of all passengers traveling under a discounted, frequent user fare declined from nearly 46 percent to less than 19 percent. Over the same period, the share of drivers of vehicles traveling under a discounted, frequent user fare declined from nearly 47 percent to 34 percent. 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 percent in April 2020, and having only recovered to 71 percent below pre-pandemic levels fiscal year-to-date. Many employers are expected to continue accommodating telecommuting and flexible work arrangements going forward. In recognition of enduring telecommuting trends and lack of rebound in passenger commuter fare ridership, the forecast model has been updated to consider the effects of the pandemic as a more permanent state change for the passenger commuter category, rather than a transitory phase. As a result of this model change, the 30 percent adjustment factor applied in previous forecasts is no longer required. A long-term downward adjustment of 5 percent has been maintained for the vehicle commuter ridership projections, as that fare category is trending toward recovering most of its pre-pandemic levels.

As with the November 2022 Forecast, this forecast takes into consideration WSF’s gradual approach to restoring the pandemic-related service reductions in which additional service is being restored in stages. WSF’s service restoration plan (updated February 2023) is captured in the forecast process for service capacity by increasing the percentage of vessel-service days in a quarter until reaching full restoration to pre-pandemic service levels by July 1, 2024 (FY 2025), with the exception of the Anacortes-Sidney, B.C. route. Service on this international route is not expected to resume until May 2030. The March 2023 Forecast includes the following assumptions regarding service resumption:

- The Point Defiance-Tahlequah route is already at normal service levels.
- Service on the Anacortes-San Juan Island, Seattle-Bainbridge, Clinton-Mukilteo, Edmonds-Kingston routes has been restored to 95 percent reliability, with full-service resumption assumed by Summer 2023 (FY 2024).
- The third vessel on the Fauntleroy-Vashon-Southworth triangle route will resume partial service in the Spring of 2023 (FY 2023) with 95 percent reliability expected by Summer 2023 (FY 2024) and full resumption by Fall 2023 (FY 2024). Prior to full-time resumption of the third vessel, additional midday and evening service is assumed to be provided with two boats.
- The second vessel on the Seattle-Bremerton route will begin to add sailings in mid-Spring 2023 (FY 2023), with the route overall assumed to reach approximately 75 percent of sailings by Summer 2023 (FY 2024), 95 percent by Fall 2023 (FY 2024), and full resumption by Winter 2024 (FY 2024).
- On the Port Townsend-Coupeville route, limited additional trips with one-vessel service will be added on busy event weekends, Sundays and Memorial Day in Summer 2023 (FY 2024). Resumption of the second vessel normally added for the late Spring and Summer seasons is postponed until May 2024 (FY 2024).
- Resumption of service on the Anacortes-Sidney, B.C. international route is assumed to be delayed until Spring 2030 (late FY 2030), which will also add limited capacity to summer service in the San Juan Islands as a fifth vessel. Anacortes-Sidney, B.C. ridership demand is expected to ramp up over a three-year period.

Overall, the March Baseline Forecast for ridership in the current 2021-23 biennium is 1.8 percent lower than the November Forecast, with vehicle/driver fares -0.9 percent lower and passenger fares 2.7 percent lower. While passenger fare ridership has not recovered as large of share of its pre-pandemic levels as has vehicle/driver ridership, within the current biennium it has been growing at a faster rate. The current March 2023 forecast includes actual ridership and revenue collections through February 2023.

Total reported ridership for the most recent four months measured (November 2022 to February 2023) collectively fell short of the prior November 2022 forecast values by 9.7 percent. Passenger fares were 13.6 percent below forecast while vehicle/driver fares were 6.0 percent below forecast.

For the rest of the forecast horizon (FYs 2024-33), the March fiscal year ridership projections range from 1.3 percent to 0.9 percent lower, relative to the November 2022 Baseline Forecast. Fare and surcharge revenue projections are expected to range from 2.4 percent lower to 0.1 percent higher, relative to the November 2022 Baseline Forecast. Differences in the ridership and revenue percentage changes relative to the November 2022 forecast are attributed to the varying changes in ridership by fare category and route and the associated wide range of fares across the system.

Compared to the prior November 2022 forecast, 2021-23 biennium fare and surcharge revenues are projected to be 1.2 percent lower. Miscellaneous revenues are expected to be 7.3 percent lower than the previous forecast. The current biennium percentage decrease in overall ferry revenues was 1.3 percent compared to the November forecast.

Total reported fare and surcharge revenues for the most recent four months of collections (November 2022 through February 2023) averaged 7.7 percent lower than the prior forecast, and they comprise over 84 percent of the pre-pandemic fare revenue levels for the same four months in 2019-20. This represents a reversal of more positive trends in the Fall, when revenues were nearly 92 percent of pre-pandemic levels.

For the following four biennia in the forecast horizon (FYs 2024-31), the March fare revenue projections range from 1.9 percent to 0.4 percent lower, the miscellaneous revenue projections range from 1.9 percent to 0.3 percent lower, and overall ferry revenues range from 1.9 percent to 0.8 percent lower.

The elimination of youth fares starting October 1, 2022, is expected to decrease lower fare and surcharge revenue collections by $2.2 million in the current biennium, and by about $7.9 million in the 2023-25 biennium in the Baseline Forecast.

The decreases in miscellaneous revenues are primarily driven by projected decreases in vessel non-fare revenue that more than offset increases in terminal non-fare revenue. Vessel non-fare revenue decreases are primarily attributed to revised galley revenue projections, including an extended concession fee waiver for FY 2023 and lower ridership projections thereafter. Modest increases in terminal non-fare revenue are the result of recent actual experience that assumes continued increases in customer demand for vending machine products fleetwide.

Total fare and miscellaneous revenues forecasted for the 2021-23 biennium amount to $349.7 million, which is 1.3 percent lower than the previous forecast of $354.2 million for the same period. Over 10 years (FYs 2022-31), ferry fare and miscellaneous revenues total $2.09 billion, approximately 1.4 percent lower than the prior November 2022 forecast.

The COVID-19 pandemic materially disrupted normal ferry ridership patterns and has led to ongoing staffing shortages which have resulted in service disruptions on certain routes. The duration and magnitude of these combined effects and how they will continue to impact ferry ridership, while becoming more apparent, remain uncertain. As such, the March 2023 Forecast projections, as well as the assumptions upon which they are based at the time of preparation, remain subject to an above normal level of risk and uncertainty, which may cause actual results to vary considerably from projections.

Primary reasons for the change in the March 2023 forecast:

- Following a strong September and October, the four most recent months of actual ridership have been lower than expected, in part due to continue below-normal service levels combined with severe winter weather in late December, pulling down the FY 2023 projections.
- Among the economic and demographic variables, factors dampening ridership projections include forecast period upward revisions to real fares as a result of lower inflation projections, decreases in projected real personal income, and medium-term slight decreases in forecasted employment. Factors strengthening ridership demand include lower real gas prices throughout the forecast horizon (which boosts vehicle/driver ridership demand) and slightly higher near- and long-term employment projections.

- In addition, the forecast model for passenger commuter fare ridership has been updated in recognition of enduring telecommuting trends and lack of rebound in passenger commuter (frequent user) fare ridership.
- The miscellaneous revenue forecasts are slightly lower over the forecast horizon due to decreases in vessel non-fare revenue that more than offset increases in terminal non-fare revenue.

Toll Revenue

Overview

March 2023 Toll Traffic and Revenue (T&R) forecasts for five facilities are not updated from the November 2022 TRFC.

The methodology for the November 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 2023 and FY 2024 continue to be made on a month-by-month basis, to best administer the recovery growth in traffic and, for the ETLs, in average toll rates. Each toll facility is analyzed on its own, with the actual total traffic, average toll rate, and total revenue by month used as the key inputs.

Of note for the November 2022 forecasts:

- The long-term forecast for toll transactions and revenue potential is a no-change forecast from the September 2022 forecast for most of the facilities. Specific to SR 520, minor adjustments were made to account for changes in the construction closure schedule that has been updated since the September 2022 forecast.
- The West Seattle Bridge reopened in September 2022.
- FY 2023: monthly toll traffic and revenue recovery is expected to continue through June 2023. The speed of recovery is different for each toll facility. The general toll recovery assumptions (which had been applied in previous forecasts), continue to be valid for the November 2022 forecast.
- FY 2024 through FY 2033: for SR 99, SR 520, I-405 and SR 167, toll traffic and revenues are no material change forecast from the September 2022 forecast.
- FY 2024 through FY 2032: for TNB, toll traffic and revenues are no material change forecast from the September 2022 *Alternative* forecast.
- The Tacoma Narrows Bridge (TNB) forecast uses its new toll rate schedule that became effective as of October 1, 2022. This forecast was shown as an alternative forecast in the September 2022 TRFC forecast.
- The escalation of unpaid toll bills pending new Backoffice system (BOS) acceptance is anticipated in early calendar year 2023 with the TRFC forecast taking a more conservative assumption of late spring 2023. The Notice of Civil Penalty (NOCP) fees and Late payment fees with a lower collection rate for FY 2022 and FY 2023 are assumed to be collected through Biennium 2023-25. In addition, no Statement Fees and NSF Fees revenues are assumed to be collected in FY 2023.
- Interest Income: assumed interest rate remains unchanged from the September 2022 forecast. Interest earnings will be re-evaluated with the June 2023 TRFC update.

Post-Covid Actuals through January 2023

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. Figure 14 provides daily traffic volumes for the past thirty-five-month period from March 1, 2020, through end of January 2023, comparing to pre-COVID traffic. It should be noted that or TNB and SR 167 there is a full recovery back to pre-COVID traffic level. SR 99 Tunnel began tolling on November 9, 2019, so a large portion of 2019 baseline is a non-toll traffic volume.

Figure 14: Percentage change in toll traffic volumes compared to Pre- Covid baseline

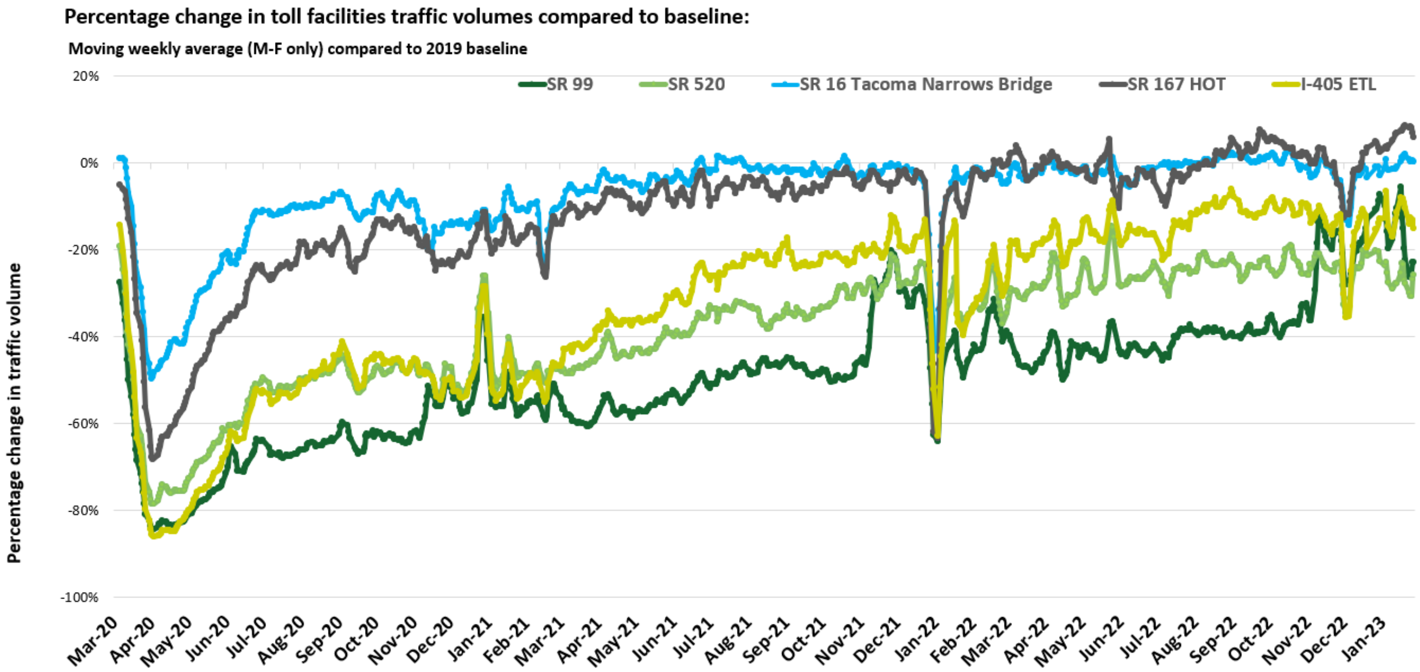


Figure 15 provides recent November 2022 through January 2023 T&R performance in comparison to November 2022 Forecast. Snow and severe weather conditions within Puget Sound area impacted three-month T&R performance. Combined actual toll transactions (January toll transactions are based on preliminary estimate) were 3.9 percent below the November 2022 Forecast, reported adjusted toll revenues were 6.9 percent, or $3.2 million below.

Figure 15: FY 2023, November 2022 through January 2023 Actuals in comparison to November 2022 T&R Forecast (millions)

Toll Facility	Toll Transactions[1]					Adjusted Gross Toll Revenue				
		November-22	December-22	January-23	November 2022 thru January 2023		November-22	December-22	January-23	November 2022 thru January 2023
TNB	Forecasted Transactions	1.233	1.264	1.249	3.746	Forecasted Toll Revenue	$5.755	$5.900	$5.823	$17.478
	Reported Transactions	**1.218**	**1.194**	**1.232**	**3.644**	**Reported Toll Revenue**	**$5.593**	**$5.497**	**$5.776**	**$16.867**
	Variance From Forecast	-0.015	-0.070	-0.017	-0.102	Variance From Forecast	-$0.162	-$0.403	-$0.047	-$0.611
	Variance - % Change	-1.2%	-5.5%	-1.4%	-2.7%	Variance - % Change	-2.8%	-6.8%	-0.8%	-3.5%
SR 520	Forecasted Transactions	1.716	1.753	1.841	5.310	Forecasted Toll Revenue	$5.599	$5.559	$5.894	$17.052
	Reported Transactions	**1.630**	**1.556**	**1.522**	**4.708**	**Reported Toll Revenue**	**$4.791**	**$4.827**	**$4.664**	**$14.282**
	Variance From Forecast	-0.086	-0.197	-0.319	-0.602	Variance From Forecast	-$0.808	-$0.732	-$1.230	-$2.770
	Variance - % Change	-5.0%	-11.3%	-17.3%	-11.3%	Variance - % Change	-14.4%	-13.2%	-20.9%	-16.2%
I-405	Forecasted Transactions	0.686	0.652	0.706	2.044	Forecasted Toll Revenue	$1.507	$1.330	$1.561	$4.398
	Reported Transactions	**0.700**	**0.628**	**0.691**	**2.019**	**Reported Toll Revenue**	**$1.646**	**$1.493**	**$1.374**	**$4.513**
	Variance From Forecast	0.014	-0.024	-0.015	-0.025	Variance From Forecast	$0.139	$0.163	-$0.187	$0.115
	Variance - % Change	2.1%	-3.7%	-2.1%	-1.2%	Variance - % Change	9.2%	12.3%	-12.0%	2.6%
SR 167	Forecasted Transactions	0.140	0.152	0.161	0.453	Forecasted Toll Revenue	$0.364	$0.374	$0.442	$1.180
	Reported Transactions	**0.145**	**0.138**	**0.147**	**0.430**	**Reported Toll Revenue**	**$0.367**	**$0.314**	**$0.368**	**$1.048**
	Variance From Forecast	0.005	-0.014	-0.014	-0.023	Variance From Forecast	$0.003	-$0.060	-$0.074	-$0.132
	Variance - % Change	3.3%	-9.1%	-8.7%	-5.1%	Variance - % Change	0.7%	-16.1%	-16.8%	-11.1%
SR 99	Forecasted Transactions	1.191	1.139	1.025	3.355	Forecasted Toll Revenue	$2.158	$2.064	$1.857	$6.079
	Reported Transactions	**1.212**	**1.127**	**1.193**	**3.531**	**Reported Toll Revenue**	**$2.044**	**$2.126**	**$2.100**	**$6.270**
	Variance From Forecast	0.021	-0.012	0.168	0.176	Variance From Forecast	-$0.114	$0.062	$0.243	$0.191
	Variance - % Change	1.7%	-1.1%	16.4%	5.3%	Variance - % Change	-5.3%	3.0%	13.1%	3.1%
Total	**Forecasted Transactions**	**4.966**	**4.960**	**4.982**	**14.908**	**Forecasted Toll Revenue**	**$15.383**	**$15.227**	**$15.577**	**$46.187**
	Reported Transactions	**4.905**	**4.643**	**4.785**	**14.332**	**Reported Toll Revenue**	**$14.441**	**$14.257**	**$14.282**	**$42.980**
	Variance From Forecast	**-0.061**	**-0.317**	**-0.197**	**-0.576**	**Variance From Forecast**	**-$0.942**	**-$0.970**	**-$1.295**	**-$3.207**
	Variance - % Change	**-1.2%**	**-6.4%**	**-4.0%**	**-3.9%**	**Variance - % Change**	**-6.1%**	**-6.4%**	**-8.3%**	**-6.9%**

Notes:

[1] January 2023 Toll Transactions are stated based on preliminary estimate.

Summary of November 2022 Forecast Results

Figure 16 provides the comparison summary between November 2022 and September 2022 forecast results. Most of the revenue reductions are driven by TNB toll rate reduction by $0.75 effective October 1, 2022.

Some highlights of November 2022 forecasts include:

- Current Biennium (FY 2022 and FY 2023) total toll revenue and fees are estimated to be $392.4 million, below the September 2022 Baseline Forecast by $4.5 million (or 1.1 percent). TNB toll revenue and fees are below the September Baseline by $7.8 million (or 4.6 percent).
- Next Biennium (FY 2024 and FY 2025) total toll revenue and fees of $489.4 million are below the September 2022 Baseline Forecast by $21.4 million (or 4.2 percent). TNB toll revenue and fees are below the September Baseline by $21.0 million (or 11.9 percent).
- Ten-year (2022-2031) toll revenue and fees of 2,562 million are $93.7 million (or 3.5 percent) reduction to the September 2022 Baseline Forecast. Ten-year TNB toll revenue and fees are below the September Baseline Forecast by $96.3 million (or 10.7 percent).

Figure 16: November 2022 vs. September 2022 Forecast ($ millions)

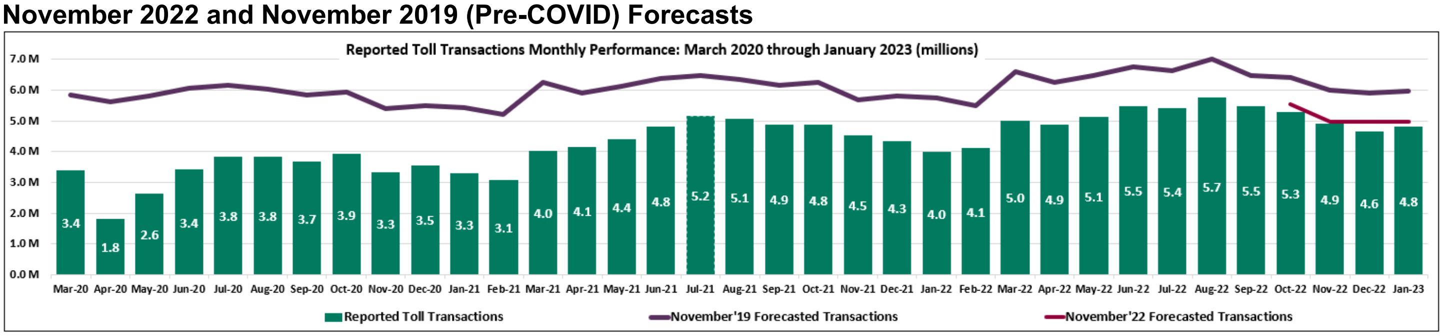
	Toll Facility	2021-23 Biennium	2023-25 Biennium	2025-27 Biennium	2022-31 Ten-Year	2024-33 Ten-Year
November 2022 TRFC	TNB	$161.743	$155.540	$158.917	$803.451	$725.602
	SR 520	$132.941	$195.208	$205.820	$979.190	$1086.740
	I-405 ETLs	$38.220	$62.849	$83.098	$385.267	$454.405
	SR 167 ETLs	$9.225	$15.219	$18.168	$89.024	$108.013
	SR 99	$50.230	$60.567	$62.947	$304.766	$323.797
	Total Revenue & Fees	**$392.359**	**$489.383**	**$528.950**	**$2561.698**	**$2698.557**
Changes from September 2022 TRFC	TNB	-$7.782	-$21.047	-$21.856	-$96.312	-$100.667
	Total % Change	-4.6%	-11.9%	-12.1%	-10.7%	-12.2%
	SR 520	$0.394	-$0.173	-$0.006	$0.215	-$0.179
	Total % Change	0.3%	-0.1%	0.0%	0.0%	0.0%
	I-405 ETLs	$1.841	-$0.040	$0.000	$1.801	-$0.040
	Total % Change	5.1%	-0.1%	0.0%	0.5%	0.0%
	SR 167 ETLs	$0.283	-$0.074	-$0.087	-$0.100	-$0.518
	Total % Change	3.2%	-0.5%	-0.5%	-0.1%	-0.5%
	SR 99	$0.779	-$0.047	$0.000	$0.732	-$0.047
	Total % Change	1.6%	-0.1%	0.0%	0.2%	0.0%
	All Toll Facilities	**-$4.485**	**-$21.381**	**-$21.949**	**-$93.664**	**-$101.451**
	Total % Change	-1.1%	-4.2%	-4.0%	-3.5%	-3.6%

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

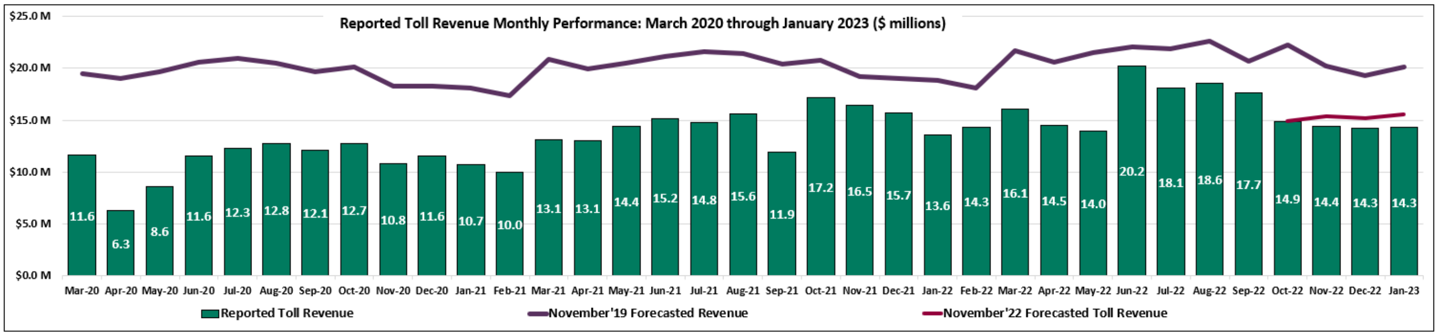
COVID T&R performance continues to trend below the Pre COVID forecast. Comparing to November 2019 forecast, thirty-five-month period, March 2020 through January 2023 five facilities combined toll transactions were 29 percent below the pre-COVID forecast, Toll Revenue was below the forecast by 32 percent, or $222.8 million.

Figure 17 provides thirty-five-month, March 2020 through January 2023 Toll Transactions performance in comparison to the previous forecasts. YTD July 2022 through January 2023 Toll Transactions and Toll Revenues were below the November 2019 forecast by 17 percent each.

Figure 17: March 2020 through January 2023 monthly total Toll Traffic and Revenue actuals in comparison to November 2022 and November 2019 (Pre-COVID) Forecasts



Note: January 2023 monthly transactions are stated based on preliminary estimates.



Note: July 2021 through June 2022 monthly toll revenue distributions were skewed by backlogged transactions pending processing upon transition to new Back Office System (BOS). Toll Revenue Forcast and Actuals reflect TNB $0.75 toll rate reduction effective October 1, 2022.

Figure 18 shows FY 2023 through FY 2029 annual Traffic and Toll Rates forecast assumptions comparing to Pre-COVID Forecasts.

Figure 18: FY 2023 to FY 2029 Traffic and Toll Rate Reduction Assumptions – Comparing to Pre-COVID Forecasts

Facility	Forecast Version	Traffic & Toll Rates Assumptions	FY 2023 Weighted Average	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
TNB	Nov'22	Toll Traffic reduction	-3%	-5%	-5%	-5%	-5%	-5%	-5%
SR 520	Nov'22	Toll Traffic reduction	-24%	-19%	-15%	-18%	-16%	-17%	-15%
	Nov'22	Toll Rate reduction	-5%	9%	8%	7%	8%	8%	8%
SR 99	Nov'22	Toll Traffic reduction	-11%	-12%	-12%	-12%	-12%	-12%	-12%
	Nov'22	Toll Rate reduction	-4%	-5%	-5%	-4%	-5%	-5%	-4%
I-405	Nov'22	Toll Traffic reduction	-16%	-13%	-11%	-26%	-13%	-13%	-12%
	Nov'22	Toll Rate reduction	-24%	-16%	-14%	-11%	-15%	-12%	-11%
SR 167	Nov'22	Toll Traffic reduction	-14%	-7%	-7%	-7%	-7%	-7%	-6%
	Nov'22	Toll Rate reduction	-16%	-9%	-9%	-8%	-8%	-8%	-7%

Notes:

* 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.

Figure 19 provides the comparison summary between November 2022 and November 2019 (Pre-COVID) Forecast.

Comparing to the Pre-COVID November 2019 Forecast, 2021-23 Current Biennium total revenue and fees are 27.2 percent below the November 2019 forecast. In the following 2023-25 and 2025-27 Biennia total revenue and fees are 17.5 percent below the November 2019 forecast. FY 2020 to FY 2029 ten-year total, total revenue and fees are 19.9 percent (or $582.3 million) below the November 2019 Forecast.

Figure 19: Revenue Comparison – November 2022 vs November 2019 Forecast ($ millions)

	Toll Facility	FY 2023	2021-23 Biennium	2023-25 Biennium	2025-27 Biennium	2020-29 Ten-Year
Changes from November 2019 TRFC	**TNB**	-$9.973	-$13.821	-$24.198	-$24.709	-$99.444
	Total % Change	-11.3%	-7.9%	-13.5%	-13.5%	-11.1%
	SR 520	-$32.214	-$71.955	-$24.647	-$25.668	-$208.251
	Total % Change	-30.9%	-35.1%	-11.2%	-11.1%	-19.1%
	I-405 ETLs	-$15.380	-$36.297	-$40.267	-$46.653	-$190.847
	Total % Change	-40.3%	-48.7%	-39.1%	-36.0%	-37.5%
	SR 167 ETLs	-$2.168	-$5.148	-$3.464	-$3.951	-$21.393
	Total % Change	-28.3%	-35.8%	-18.5%	-17.9%	-23.4%
	SR 99	-$7.514	-$19.041	-$10.892	-$10.844	-$62.321
	Total % Change	-21.2%	-27.5%	-15.2%	-14.7%	-18.7%
	All Toll Facilities	**-$67.249**	**-$146.262**	**-$103.468**	**-$111.825**	**-$582.257**
	Total % Change	-24.6%	-27.2%	-17.5%	-17.5%	-19.9%

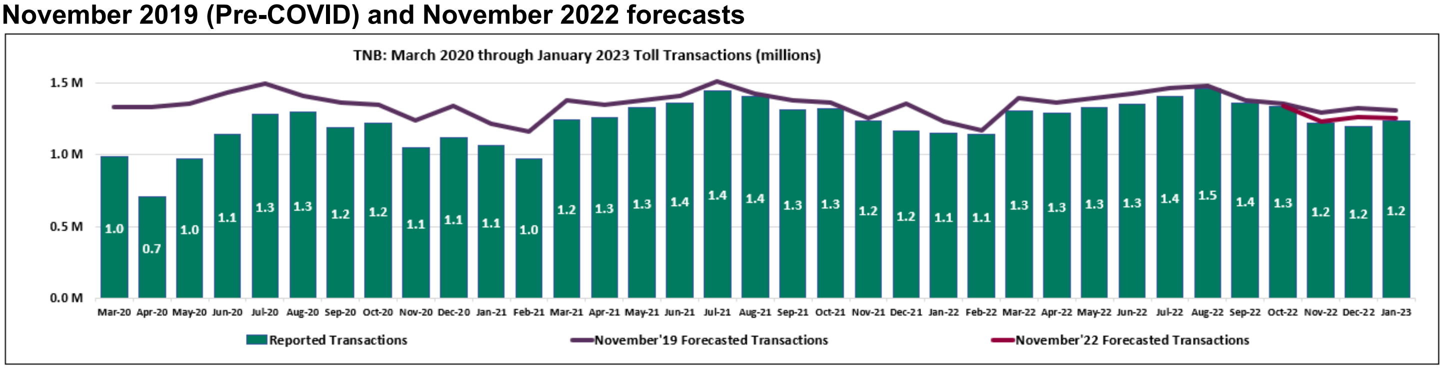
Updates to Tacoma Narrows Bridge (TNB) toll traffic and revenues

Tacoma Narrows Bridge (TNB) toll traffic and revenue forecast for March 2023 is not updated from November 2022 TRFC. As a note, the November 2022 forecast was a first baseline forecast that reflected the $0.75 toll rate reduction, with per-axle multiplier for vehicles with multiple axles. New rates are effective on October 1, 2022.

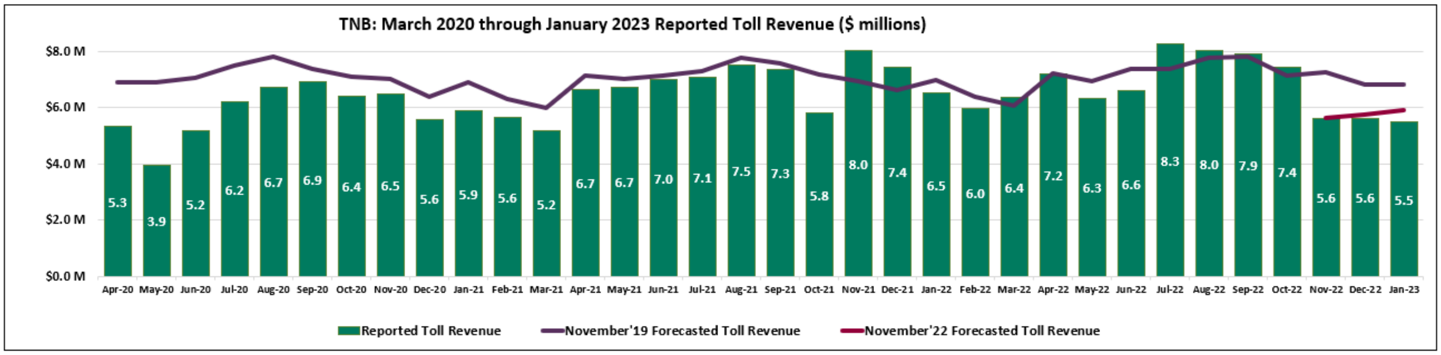
The snowfalls, ice and severe winter conditions started by the end November throughout December 2022 impacted T&R performance. Three-month November 2022 through January 2023 toll transactions (toll transactions are based on preliminary estimate) is 2.7 percent below the November 2022 Forecast and reported adjusted toll revenues were 3.5 percent, or $0.6 million below.

Thirty-five-month, March 2020 through January 2023, total toll traffic was below pre-COVID forecast by 10 percent, toll revenue was below by 8 percent, or $20.4 million, (Figure 20).

Figure 20: TNB March 2020 through January 2023 monthly Toll Traffic and Revenue actuals in comparison to November 2019 (Pre-COVID) and November 2022 forecasts



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



Note: July 2021 through June 2022 monthly toll revenue distributions were skewed by backlogged transactions pending processing upon transition to new Back Office System (BOS); , ,
November 2022 Toll Revenue Forcast and Actuals reflect $0.75 toll rate reduction effectove October 1, 2022.

The facility's total revenue and fees in 2021-23 Biennium are estimated to be $161.7 million that reflects $0.75 toll rate reduction, are $7.8 million (or 4.6 percent) lower in comparison to the September 2022 Baseline Forecast 2022. Ten-year period (FY 2022 to FY 2031) total revenue and fees of $803.5 million are $96.3 million (or 10.7 percent) reduction to the September 2022 Baseline Forecast, (Figure 16).

The forecast assumes that the TNB toll collection would be ceased by end of FY 2032.

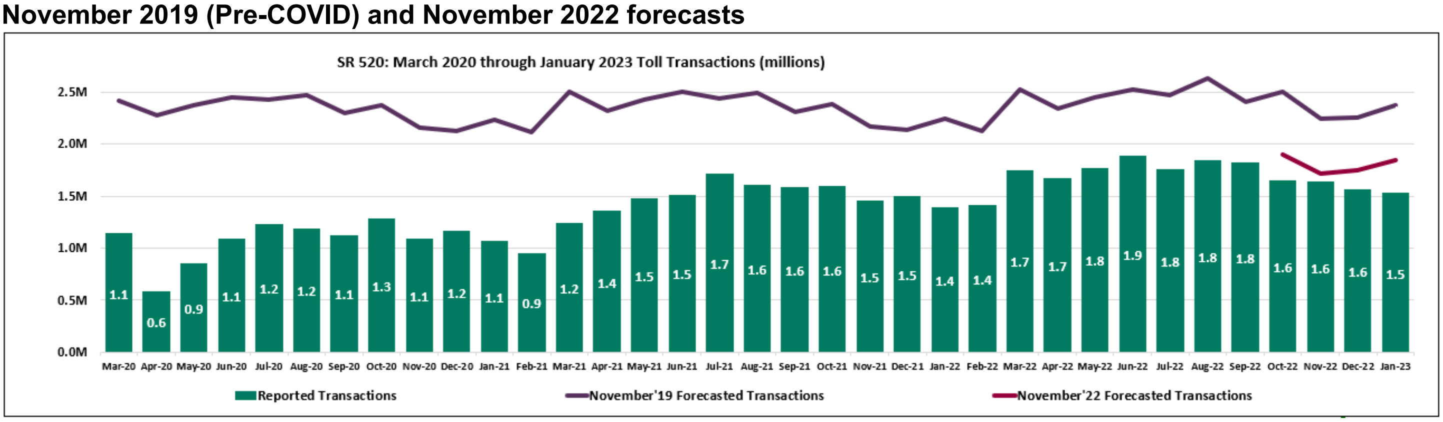
Updates to SR 520 Toll Bridge toll traffic and revenues

The SR 520 Toll Bridge toll traffic and revenue forecast for March 2023 is not updated from the November 2022 TRFC.

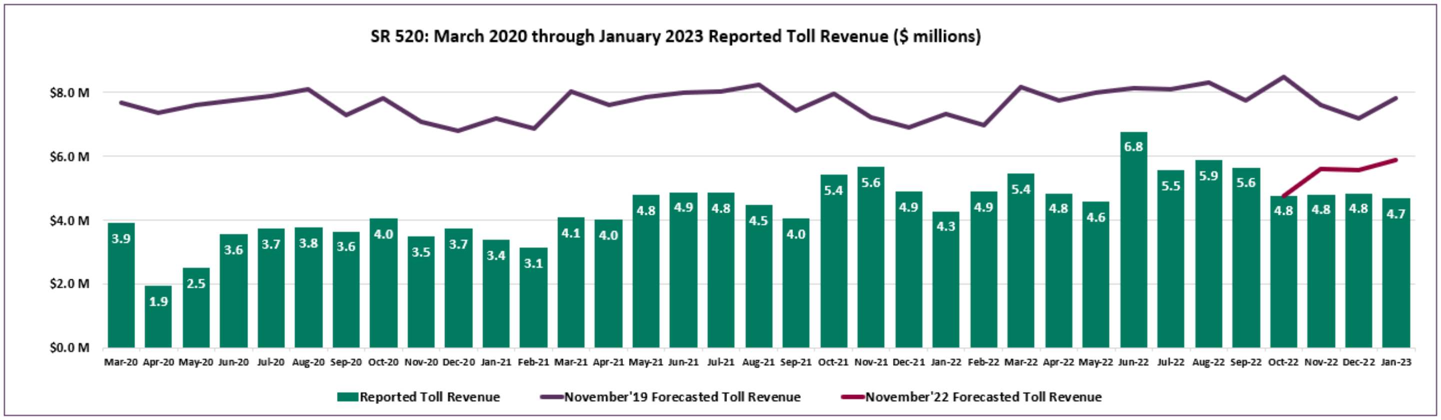
In addition to snowfalls and severe weather, Montlake and Portage Bay Bridge on-going construction speed reduction signage, narrowing and closing ramps and lanes impacted T&R performance. Three-month November 2022 through January 2023 toll transactions (toll transactions are based on preliminary estimate) is 11.3 percent below the November 2022 forecast and reported adjusted toll revenues were 16.2 percent, or $2.8 million below.

Thirty-five-month, March 2020 through January 2023, total toll traffic was below pre-COVID forecast by 40 percent, or 33.1 million transactions, toll revenue was below by 42 percent, or $113.9 million, (Figure 21).

Figure 21: SR 520 March 2020 through January 2023 monthly Toll Traffic and Revenue actuals in comparison to November 2019 (Pre-COVID) and November 2022 forecasts



Note: January 2023 monthly transactions are stated based on preliminary estimates.



Note: July 2021 through June 2022 monthly toll revenue distributions were skewed by backlogged transactions pending processing upon transition to new Back Office System (BOS).

Total SR 520 revenue and fees in the Current Biennium are forecasted to be $132.9 million, an increase of $0.4 million (or 0.3 percent) to the September 2022 Forecast. The ten-year total revenue and fees (FY 2022 to FY 2031) are estimated to be $979.2 million, are in line with the September 2022 Forecast. (Figure 16).

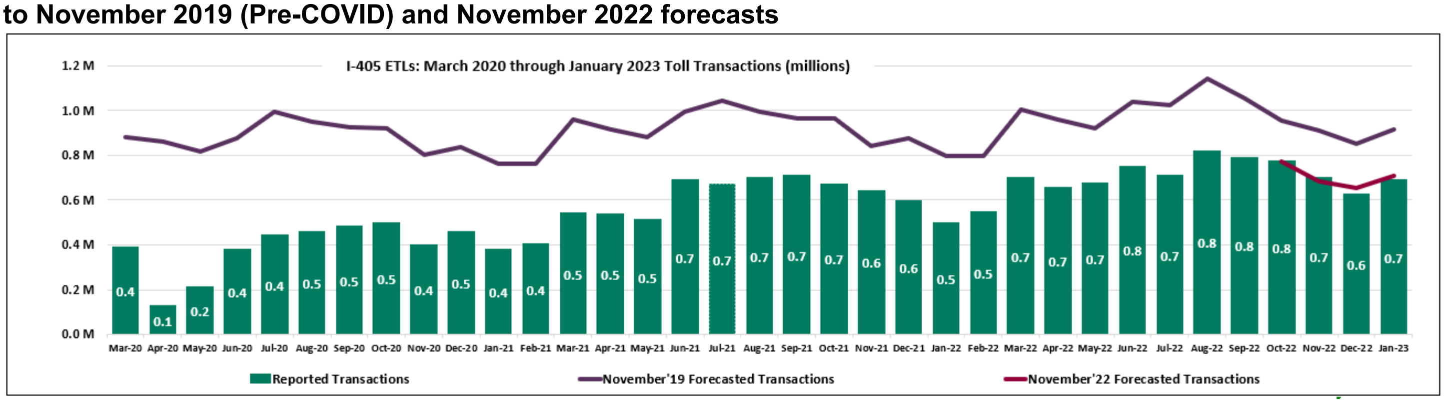
Updates to I-405 Express Toll Lanes (ETLs) toll traffic and revenues

I-405 Express Lanes toll traffic and revenue forecast for March 2023 is not updated from the November 2022 TRFC.

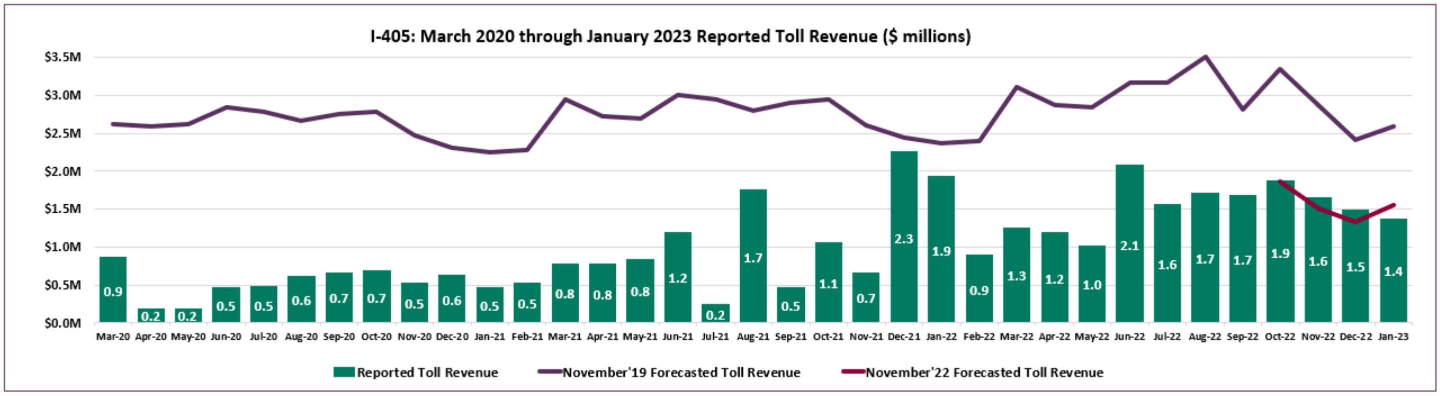
Three-month, November 2022 through January 2023 toll transactions (toll transactions are based on preliminary estimate) were 1.2 percent below the November 2022 Forecast, and reported adjusted toll revenues were 2.6 percent, or $0.1 million above the November 2022 Forecast.

Thirty-five-month, March 2020 through January 2023, total toll traffic was below pre-COVID forecast by 38 percent, toll revenue was below by 63 percent, or $60.5 million, (Figure 22).

Figure 22: I-405 ETLs March 2020 through January 2023 monthly Toll Traffic and Revenue actuals in comparison to November 2019 (Pre-COVID) and November 2022 forecasts



Note: January 2023 monthly transactions are stated based on preliminary estimates.



Note: July 2021 through June 2022 monthly toll revenue distributions were skewed by backlogged transactions pending processing upon transition to new Back Office System (BOS).

In the Current Biennium the forecast anticipates total revenue and fees to be $38.2 million, an increase of $1.8 million (5.1 percent) to the September 2022 forecast. The ten-year (FY 2022 to FY 2031) total revenue and fees are estimated to be $385.3 million, which is above the September 2022 forecast by $1.8 million, or 0.5 percent, (Figure 16).

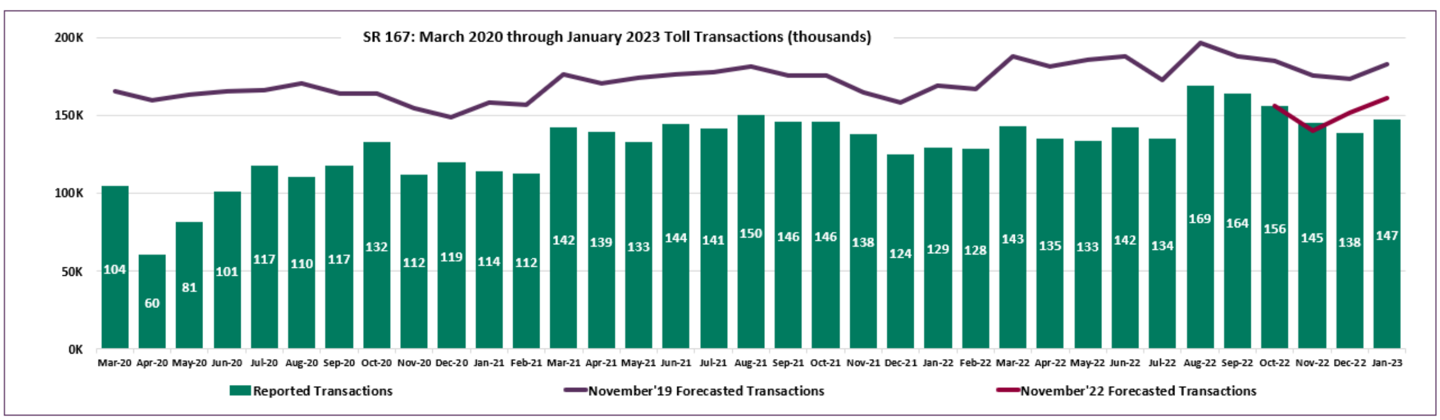
Updates to SR 167 Express Toll Lanes (ETLs) toll traffic and revenues

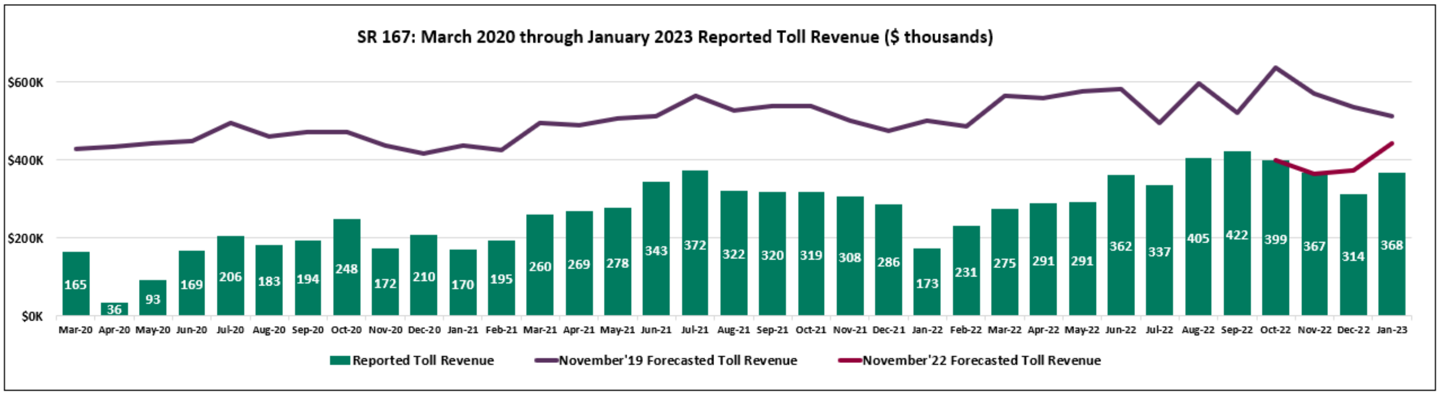
The SR 167 Express Toll Lanes toll traffic and revenue forecast for March 2023 is not updated from the November 2022 TRFC.

The snowfalls, ice and severe winter conditions started by the end November throughout December 2022 impacted T&R performance. Three-month November 2022 through January 2023 toll transactions were 5.1 percent below the November 2022 Forecast and reported adjusted toll revenues were 11.1 percent, or $0.1 million below.

Thirty-five-month, March 2020 through January 2023, total toll traffic was below pre-COVID forecast by 24 percent, or 1.5 million transactions, toll revenue was below by 47 percent, or $8.3 million, (Figure 23).

Figure 23: SR 167 March 2020 through January 2023 monthly Toll Traffic and Revenue actuals in comparison to November 2019 (Pre-COVID) and November 2022 forecasts





In the Current Biennium the forecast anticipates total revenue and fees to be $9.2 million, which is $283 thousand (or 3.2 percent) increase to September 2022 Forecast. The ten-year (FY 2022 to FY 2031) revenue and fees are estimated to be $89.0 million, which is by $100 thousand (or 0.1 percent) below the September 2022 Forecast (Figure 16).

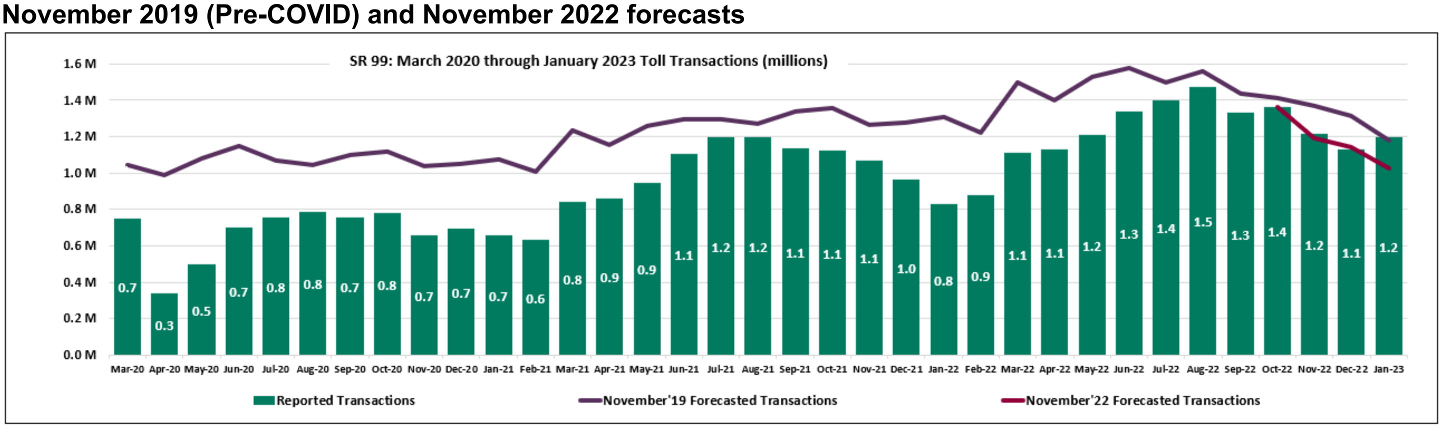
Updates to SR 99 Tunnel toll traffic and revenues

The SR 99 Tunnel toll traffic and revenue forecast for March 2023 is not updated from the November 2022 TRFC.

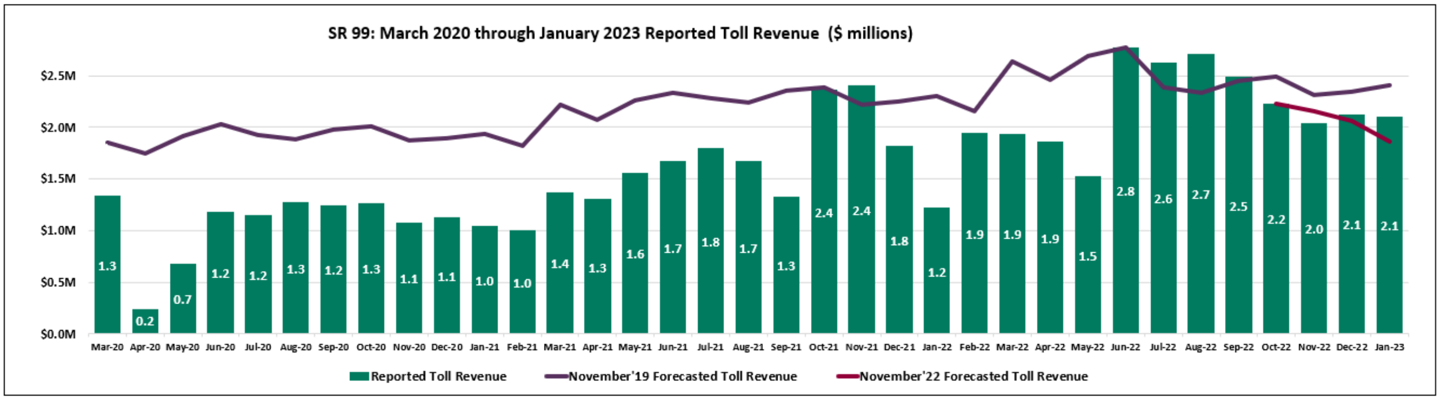
Despite the snowfalls, ice and severe winter conditions started by the end November 2022 throughout December 2022, three-month November 2022 through January 2023 toll transactions (toll transactions are based on preliminary estimate) were 5.3 percent above the November 2022 Forecast, and reported adjusted toll revenues were 3.1 percent, or $0.2 million above the forecast.

Thirty-five-month, March 2020 through January 2023, total toll traffic was below pre-COVID forecast by 23 percent, or 9.9 million transactions, toll revenue was below by 26 percent, or $19.7 million, (Figure 24).

Figure 24: SR 99 March 2020 through January 2023 monthly Toll Traffic and Revenue actuals in comparison to November 2019 (Pre-COVID) and November 2022 forecasts



Note: January 2023 monthly transactions are stated based on preliminary estimates.



Note: July 2021 through June 2022 monthly toll revenue distributions were skewed by backlogged transactions pending processing upon transition to new Back Office System (BOS).

In the Current Biennium the forecast anticipates total revenue and fees to be $50.2 million, an increase of $0.8 million (1.6 percent) from the September 2022 Forecast. The ten-year (FY 2022 to FY 2031) total revenue and fees are estimated to be $304.8 million, a, increase of $0.7 million (0.2 percent) to the September 2022 Forecast, (Figure 16).

Federal Funds Revenue

Overview

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

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

The March 2023 baseline core programs formula forecast for FFY 2022 has been updated to reflect actual apportionment distributions from FHWA. The November 2022 forecast for FFY 2023 is based on FHWA Notices N4510.870, N4510.871, N4510.872 and N4510.873. The forecast for FFY 2024 through 2026 will assume an annual growth rate of 2 percent which is consistent with the US funding levels set forth in the IIJA. 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 2022 was $1,073.9 million. This reflects actual apportionment distributions for FFY 2022.
- The March 2023 apportionment forecast will be based on FHWA Notices N4510.870, N4510.871, N4510.872 and N4510.873.
- FFY 2024 through 2026 will assume an annual growth rate of 2 percent which is consistent with the US funding levels set forth in the IIJA. The current total apportionment estimate for FFY 2022 is $1,454 million.
- The baseline forecast for FFY 2027 through FFY 2031 will assume an annual growth of federal revenues matching the annual Washington State fuel consumption growth rates. In this November 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 2026 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 March 2023 CORE OA for FFY 2022 has been reconciled to actual OA distributions and is $1,052.4 million which includes distributions for Discretionary items, Other Allocated programs as well as Ferry Boat/Terminals distributions.
- Total OA forecast for FFY 2023 and throughout the forecast horizon will be set at 98 percent of apportionment, which is consistent with historical Washington State OA distributions.
- The methodology used to split the formula OA distributions between the State Programs and the Local Programs was modified in the June 2018 forecast 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:

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

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

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

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

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

Congestion Mitigation & Air Quality (CMAQ) Program –
- No change from FAST Act – continue to allocate funds to the five eligible Metropolitan Planning Organizations to help meet the requirements of the federal Clean Air Act– 100 percent local.

Bridge Replacement Program (NEW)
- Maintain FFY 2022 and FFY 2023 at the Move Ahead Washington identified splits (85 percent state/15 percent local).
- For FFY 2024 – FFY 2026, the split is revised to 46 percent state/54 percent local to effectively provide an average split of 61 percent state/39 percent local, over the course of the five years.
- The local share is to be administered through the Local Bridge grant program administered by the WSDOT Local Programs Office
- The maximum funding cap for local bridges is raised to $25M.

- Non-federal match for local off-system bridges will not be required by the state.

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

Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation Program (PROTECT) –
- For FFY 2022 no change to Move Ahead Washington allocation (100 percent state).
- For FFY 2023-2026, $25m set aside for tribal resiliency projects.

  Remaining $75m shall be directed to local fish passage projects (over 4 years). o The Brian Abbot Fish Barrier Removal Board shall facilitate the project selection process. The Board shall work with WSDOT Local Programs to ensure that project selection criteria is consistent with federal requirements.
- WSDOT Local Programs shall administer funding for all projects awarded PROTECT funds.

National Electric Vehicle Program –
- New IIJA program – funds are provided 100 percent to the state.

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

FHWA Penalties:

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

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

COVID 19 Stimulus Funds*:*

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

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

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

FTA - Public Transportation Federal Funds

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

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

FTA – Washington State Ferries (WSF) Federal Funds

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

WSF Federal Apportionment Funds Forecast

Washington State's level of FTA apportionment for FFY 2022 is distributed based on the most recent Puget Sound Regional Council (PSRC) split letter. This letter shows the amount of formula funding received by all eligible recipients, including WSF. The March 2023 WSF federal forecast reflects the current split letter released by PSRC for FFY 2022. FFYs 2023 - 2026 assume an annual growth rate of 2 percent which is consistent with the funding levels set forth in the IIJA. FFY 2027 thru FFY 2033 forecast of FTA apportionments assume revenue growth matching the annual Washington State fuel consumption growth rates.

The IIJA has significantly changed WSF's apportionment of FTA formula funds. The distribution to WSF increased from $13.2 million in FFY 2021 to $21.2 million in FFY 2022 - an increase of $8.0 million. Using the current PSRC split letter's allocation of funds to WSF and assumed growth rates, WSF's annual funding from this source is projected to increase each year reaching $24.5 million in FFY 2033. The March 2023 forecast is unchanged from November 2022 because the PSRC has not yet released a split letter for 2023 and the projected annual Washington State fuel consumption growth rates in March 2023 have not changed from November 2022.

APPENDIX

2022 Transportation Packet (ESSB 5974) New/Incremental Revenues by Fee Type March 2023 vs. November 2022 forecast

	2021-2023			2023-2025			10-Year-Period (22-31)		
Move Ahead WA (26P) by Fee	March 2023	November 2022	Change	March 2023	November 2022	Change	March 2023	November 2022	Change
Plate original from $10 to $50 *Includes Motorcycle Plates	48.28	50.18	-3.8%	107.53	109.72	-2.0%	482.31	491.13	-1.8%
Plate replacement from $10 to $30 *Includes Motorcycle Plates	28.63	30.26	-5.4%	60.44	62.98	-4.0%	276.74	285.66	-3.1%
Dealer Temp from $15 to $40	8.20	9.24	-11.2%	39.99	39.24	1.9%	168.17	166.52	1.0%
DOL service fee for light duty trucks from $0.00 to $0.50	0.09	0.34	-74.8%	0.34	1.72	-80.3%	1.49	7.48	-80.1%
License Plate Tech fee for light duty trucks from $0.00 to $0.25	0.04	0.17	-74.8%	0.17	0.86	-80.3%	0.74	3.74	-80.1%
Stolen Vehicle Fee from $15 to $35	14.65	15.14	-3.2%	31.08	31.26	-0.6%	203.51	205.35	-0.9%
Subtotal Move Ahead WA (26P)	**99.89**	**105.34**	**-5.2%**	**239.54**	**245.79**	**-2.5%**	**1,132.95**	**1,159.87**	**-2.3%**

	2021-2023			2023-2025			10 Year Total		
Move Ahead WA Flexible (26Q) by Fee	March 2023	November 2022	Change	March 2023	November 2022	Change	March 2023	November 2022	Change
EDL/EID from $4 to $7 per year	5.31	6.38	-16.9%	15.87	20.54	-22.8%	84.24	91.00	-7.4%
ADR from $13 to $17 and $19 in FY30	3.04	3.06	-0.6%	8.86	8.86	0.0%	48.97	48.99	0.0%
DL/ID replacement from $10 to $20	1.49	1.46	1.9%	4.07	4.05	0.5%	18.13	18.02	0.6%
Subtotal Move Ahead WA Flexible (26Q)	**9.84**	**10.91**	**-9.8%**	**28.80**	**33.45**	**-13.9%**	**151.34**	**158.02**	**-4.2%**

	2021-2023			2023-2025			10 Year Total		
Aviation Fuel Tax (Fund 039)	March 2023	November 2022	Change	March 2023	November 2022	Change	March 2023	November 2022	Change
Aviation fuel tax from $.11 to $.18 per gallon	2.20	1.89	16.7%	4.61	4.14	11.2%	19.49	17.99	8.3%
Total New Revenue from ESSB 5974	**111.93**	**118.13**	**-5.2%**	**272.95**	**283.39**	**-3.7%**	**1,303.78**	**1,335.88**	**-2.4%**

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

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