

Transportation Revenue Forecast Council

November 2020 Transportation Economic and Revenue Forecasts

Volume I: Summary

Washington Transportation

Economic and Revenue Forecast

November 2020 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.

November 2020 Transportation Forecast Overview

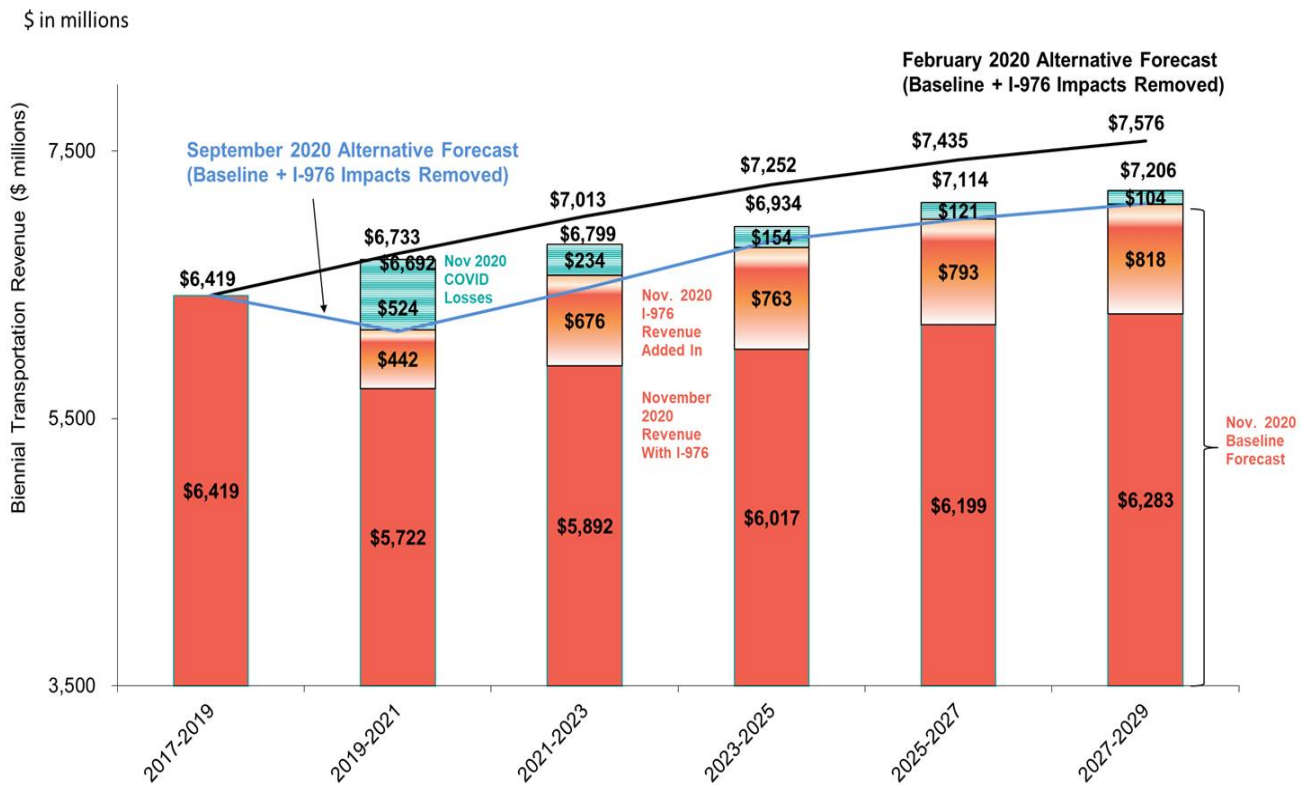
Forecast Overview

Here are key conclusions from the November 2020 transportation revenue forecast.

- The 2019-21 biennium is anticipated to be \$6.165 billion, which is down \$255 million or 4% biennium to biennium due to the current biennium incorporating the impacts of lower demand due to the pandemic.
- November 2020 baseline transportation forecast of revenues: \$6.165 billion for the current biennium, which is up forecast to forecast from the September baseline forecast by \$445.5 million or 7.8%. This was due to WA Supreme Court overturning I-976 in October. Most of the increase in revenue, \$442 million, is due to bringing in the I-976 revenues into the transportation accounts in the current fiscal year. Next biennium, the revenue is anticipated to be \$6.78 billion, which is an increase of \$696 million over the last baseline forecast.
- If the impact of I-976 is removed, this November forecast is slightly above the September alternative forecast without I-976 impacts by \$12.7 million or 0.2% in the current biennium. Next biennium, the positive forecast to forecast variance increases to \$34.8 million which is mainly due to higher LPF registrations, diesel taxes and motor vehicle sales taxes in the future. Other transportation revenue sources like toll revenues, rental car tax and driver related revenues are down from the September alternative forecast in the next biennium.
- The current biennium revenue losses from the pre-pandemic forecast in February is \$115 million. The baseline November forecast removes the impacts of I-976 but it still includes the recent COVID-19 reduced demand impacts. In next biennium, the November baseline transportation revenues are anticipated to be up from the February baseline forecast by \$450.1 million or 7%. This is due to the positive impacts of I-976 revenue being brought in are larger than the negative impacts of the pandemic in outer biennia.
- For the 10-year forecast horizon, total baseline revenue in November is projected to be \$34.83 billion, which is higher than the last forecast by \$3,642 million or (11.7%) from September. The November forecast is up from the pre-COVID-19 baseline forecast in February by \$2.356 billion or 7% over the next 10 years. The change in revenue is due to bringing in the I-976 revenue as well as lower demand from the recent shutdowns and review of current year's anticipated recovery for major transportation revenue sources.
- New projections of real personal income growth rates are lower beginning in FY 2020 compared to the September forecast but the FY 2021 estimate for real personal income is up from the September projections due to having a CARES Act extension embedded in the November forecast. Employment projections are lower in FY 2021 and beyond due in part to lower recent employment actuals and Boeing announcements of layoffs and additional shutdowns in the economy during the winter months. A new 2020 OFM preliminary WA population forecast is lower than last year's population forecast. Retail gas and diesel prices have only minor adjustments upward but B5 dyed biodiesel prices are up considerably during the last month, so the November projections are above the last B5 biodiesel price forecast all throughout the forecast horizon.

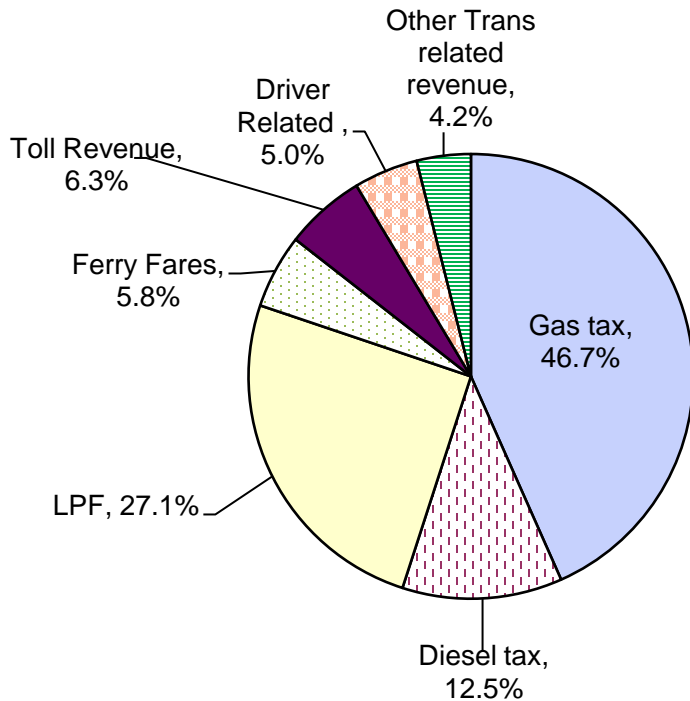
In FY 2020 baseline total transportation revenues came in at \$2.907 billion which was 10.3% below the high point in FY 2019 of \$3.242 billion. In the current fiscal year, baseline total transportation revenues are anticipated to be \$3.257 billion, which is a year over year increase of 12% but this is mainly due to the WA Supreme Court overturning I-976. In the current biennium, the initiative's impact is anticipated to be \$442 million and it grows to \$676 million next biennium. If the impacts of I-976 are removed from the September forecast, the November forecast would be above the alternative September forecast by \$12.7 million or 0.2%. This November forecast is only a minor adjustment upward from the September forecast without the impacts of I-976. Next biennium, total transportation revenue is anticipated to be \$6.78 billion and revenues are up by \$696 million or 11.5% from the September baseline forecast. If you remove the impacts of I-976 in September, then the November forecast is up \$35.8 million or 0.5% from the September alternative forecast. Overall, during the next 10-year forecast horizon, November's baseline transportation revenues are projected to be \$34.83 billion which is \$3,642 million or 12% above the September forecast. In comparing the November forecast to the September alternative forecast over the next 10 years, the November forecast is up from the last forecast by \$205 million or 0.6%. Figure 1 compares transportation revenues in November, September vs February 2020. The black and blue lines show total revenues without I-976 impacts in February and September respectively. The solid red colored bars denote the lower November forecast without revenues impacted by I-976. The multi-orange colored bars represent the I-976 revenues being brought in the November forecast baseline forecast. The total baseline November forecast includes both the solid red and multi-colored orange bars since the court overturned the initiative to bring those revenues back into the baseline November forecast. The blue striped bars represent the loss in transportation revenues due to COVID shutdowns and economic changes since the pre-pandemic forecast in February 2020. The highest level was the February 2020 pre-pandemic forecast without the impacts of I-976 which is the solid black line. The September alternative forecast is slightly below the current baseline forecast.

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



Washington's transportation revenues come from numerous taxes, fees, permits, tolls, and other revenues. Revenues forecasted each quarter include the sources contained in Figure 2. This pie graph reveals the anticipated share of each state revenue source to the total baseline transportation revenues for the 2019-21 biennium, (\$6.165 billion). Gasoline fuel taxes comprise the largest share at 46.7%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 59.2% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 27.1%. The three largest revenue sources are projected to consist of 86.3% of revenues in the 2019-21 biennium. The remaining 13.7% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

Figure 2: Revenue By Source 2019-21 Biennium (\$6.165 billion)



As Figure 3 indicates the 2019-21 biennium baseline revenues came in at \$6.165 billion and well above the September baseline forecast by \$445.5 million or 7.8%. The baseline forecast is higher due to the removal of the impact of I-976. The LPF revenues are up by \$381.7 million in the current biennium and up \$594.4 million next biennium. Also, the initiative eliminated the 0.3% sales tax on new and used motor vehicle purchases so this November forecast is now up \$75 million in the current biennium and up \$110.6 million next biennium as well in this revenue source. The impact of bringing in the I-976 revenue is concentrated in a few revenue streams. If the impacts of I-976 was removed from the September forecast, then the new November forecast would only be slightly above the November forecast by \$12.7 million or 0.2% in the current biennium and up \$34.8 million or 0.5% next biennium. This result is due to the November forecast having higher vehicle registrations/revenues and diesel revenue projections being higher. Over the next 10 years, transportation revenues are anticipated to be \$34.83 billion, which is up \$3,642 million or 11.7% from the September baseline forecast and up \$205 million or 0.6% from the September alternative forecast which removed the impacts of I-976.

The transportation revenue source with the largest increase in the current biennium is licenses, permits and fee (LPF) revenue and motor vehicle sales taxes due to the court overturn of the initiative. The other revenue sources with the largest increase were fuel taxes at an increase of \$1.4 million in the current biennium and \$12.2 million next biennium. Over the 10-year period, fuel taxes are up by \$54.8 million or 0.3%, LPF revenue is up \$3,087.7 million or 52% and motor vehicle sales taxes are up \$551 million. Other revenue sources fell in November compared to the last forecast. Toll revenues are down \$15.2 million or 4% in the current biennium and

down \$13 million or 2.8% next biennium. Rental car taxes are down a little next biennium by \$0.97 million. Driver related revenue fell next biennium as well by \$4.8 million. Business related revenue are down by \$0.7 million this biennium and by \$1.8 million next biennium. Ferry revenue in November is up \$3 million in the current biennium and a minor revision downward of \$0.7 million next biennium compared to September' projections.

Figure 3: Current November Baseline Forecast (Without I-976 Impact) to September Baseline Forecast Biennium Comparison of All Transportation Revenues –10-years

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period									
November Baseline Forecast (Without I-976) to September 2020 Baseline forecast (With I-976) millions of dollars									
	2019-2021			2021-2023			10-Year Period (2019-2029)		
	Forecast	Chg from	Percent	Forecast	Chg from	Percent	Forecast	Chg from	Percent
	Nov. 2020	Sept. 2020	Change	Nov. 2020	Sept. 2020	Change	Nov. 2020	Sept. 2020	Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,389.57	1.37	0.04%	3,603.00	12.21	0.34%	18,228.42	54.80	0.30%
Licenses, Permits and Fees	1,552.64	381.69	32.60%	1,704.22	594.41	53.56%	8,968.93	3,087.71	52.50%
Ferry Revenue†	332.24	3.10	0.94%	417.29	(0.71)	-0.17%	2,071.95	(0.76)	-0.04%
Toll Revenue §	360.32	(15.24)	-4.06%	447.96	(13.10)	-2.84%	2,506.73	(35.38)	-1.39%
Aviation Revenues ‡	6.41	(0.08)	-1.22%	6.99	(0.01)	-0.13%	34.82	(0.12)	-0.34%
Rental Car Tax	53.60	0.04	0.08%	66.18	(0.97)	-1.44%	351.22	(4.66)	-1.31%
Vehicle Sales Tax	102.28	75.22	278.03%	110.61	110.61	0.00%	578.10	551.05	2036.70%
Driver-Related Fees	288.16	0.07	0.03%	325.77	(4.82)	-1.46%	1,596.01	(2.12)	-0.13%
Business/Other Revenues‡	79.41	(0.69)	-0.87%	96.63	(1.78)	-1.81%	494.21	(8.22)	-1.64%
Total Revenues	6,164.63	445.48	7.79%	6,778.65	695.83	11.44%	34,830.38	3,642.31	11.68%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	243.07	11.22	4.84%	244.23	0.46	0.19%	1,249.54	13.28	1.07%
Motor Fuel Administrative Fee - DOL	18.71	(0.27)	-1.42%	18.17	0.02	0.12%	95.86	(0.94)	-0.97%
State Uses									
Motor Vehicle Account (108)	1,203.34	49.81	4.32%	1,323.43	108.43	8.92%	6,845.59	544.99	8.65%
Transportation 2003 (Nickel) Account (550)	411.01	9.87	2.46%	432.67	10.75	2.55%	2,191.27	50.82	2.37%
Transportation 2005 Partnership Account (09H)	607.43	16.83	2.85%	641.25	20.08	3.23%	3,255.95	101.87	3.23%
Connecting Washington Account (20H)	755.10	(2.45)	-0.32%	804.67	2.82	0.35%	4,066.84	10.20	0.25%
Multimodal Account (218)	503.91	328.69	187.59%	606.22	518.13	588.22%	3,264.01	2,686.63	465.32%
Special Category C Account (215)	47.59	(0.15)	-0.32%	50.72	0.18	0.35%	256.32	0.64	0.25%
Puget Sound Capital Construction Account (099)	34.63	(0.11)	-0.32%	36.90	0.13	0.35%	186.49	0.47	0.25%
Puget Sound Ferry Operations Account (109)	393.96	5.31	1.37%	476.72	2.04	0.43%	2,379.16	12.91	0.55%
Capital Vessel Replacement Account (18J)	58.65	0.43	0.73%	66.55	(0.28)	-0.42%	334.13	(1.78)	-0.53%
Tacoma Narrows Bridge Account (511)	157.06	(2.41)	-1.51%	165.48	(3.65)	-2.16%	856.05	(6.05)	-0.70%
High Occupancy Toll Lanes Account (09F)^	6.14	(0.79)	-11.39%	9.75	(0.94)	-8.78%	73.79	(1.73)	-2.29%
SR 520 Corridor Account (16J)	123.64	(7.79)	-5.92%	159.10	(2.46)	-1.52%	881.61	(11.04)	-1.24%
SR 520 Corridor Civil Penalties Account (17P)	5.62	(0.18)	-3.06%	5.57	(0.08)	-1.38%	31.94	(0.26)	-0.79%
Interstate 405 Express Toll Lanes Operations (595)	36.12	(1.40)	-3.74%	49.63	(3.38)	-6.37%	375.09	(9.63)	-2.50%
Alaskan Way Viaduct Replacement Acct. (535)	31.74	(2.68)	-7.78%	58.43	(2.61)	-4.27%	288.25	(6.68)	-2.27%
Aeronautics Account (039)	6.32	(0.08)	-1.25%	6.88	(0.01)	-0.17%	34.28	(0.13)	-0.38%
Washington State Aviation Account (21G)	0.08	0.00	0.00%	0.09	0.00	0.00%	0.49	0.01	1.98%
State Patrol Highway Account (081)	466.20	40.19	9.43%	477.68	43.09	9.91%	2,470.37	219.78	9.77%
Highway/Motorcycle Safety Accts. (106 & 082)	261.63	0.90	0.35%	296.74	(3.87)	-1.29%	1,448.52	0.32	0.02%
School Zone Safety Account (780)	0.50	(0.20)	-28.60%	0.61	(0.27)	-30.25%	3.37	(0.86)	-20.34%
Other accounts (201, 06T, 09T, 09E, 216, 07C)	21.59	0.20	0.94%	21.97	0.10	0.48%	111.48	0.42	0.38%
Electric Vehicle Account (20J)	20.87	0.30	1.46%	26.12	0.60	2.35%	78.32	1.50	1.95%
Ignition Interlock Devices Revolving Acct 14V	8.46	0.00	0.00%	8.76	(0.11)	-1.19%	43.86	(0.11)	-0.24%
Multistate Roadway Safety Account Collections-571	0.34	0.00	0.09%	0.35	0.00	0.28%	1.80	0.00	0.23%
Total for State Use	5,161.92	434.29	9.19%	5,726.31	688.72	13.67%	29,478.97	3,590.82	13.87%
Cities	182.51	(0.59)	-0.32%	194.50	0.68	0.35%	982.99	2.47	0.25%
Counties	296.05	0.41	0.14%	314.94	2.59	0.83%	1,593.21	11.57	0.73%
Transportation Improvement Board (112 & 144)	195.91	0.00	0.00%	209.22	1.92	0.93%	1,063.49	12.68	1.21%
County Road Administration Board (102 & 253)	66.46	0.42	0.64%	71.28	1.44	2.06%	366.32	10.94	3.08%
Total for Local Use	740.93	0.24	0.03%	789.93	6.63	0.85%	4,006.01	37.65	0.95%
Total Distribution of Revenue	6,164.63	445.48	7.79%	6,778.65	695.83	11.44%	34,830.38	3,642.31	11.68%

† Ferry Fares plus non-farebox revenue

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

Figure 4 compares the current September baseline forecast to the pre-pandemic baseline February baseline forecast. The June forecast already brought down the February forecast a lot to reflect the current COVID-19 shutdowns and lower economic variable forecasts. The September forecast was a minor revision downward as well from June. Now, in this November forecast with the court overturn of the initiative, revenues in November are significantly higher. The November baseline forecast without I-976 impacts is still \$115 million or 1.8% below the February baseline forecast, with the impacts of I-976. Next biennium's November revenues are \$6.779 billion which is \$450.1 million above the February baseline forecast because the positive impacts of I-976 are much larger than the negative impacts of COVID shutdowns that biennium. This same trend holds true for the rest of the biennium. Even though the LPF and motor vehicle sales taxes are higher than the February baseline forecast, a lot of other revenue streams are not above the February baseline projections. Fuel taxes are down from the February baseline by \$246 million in the current biennium and down \$94.5 million next biennium. Ferry

revenue is down \$97.5 million from the February baseline forecast in the current biennium and down \$32 million next biennium. Toll revenues too are down \$126.6 million in the current biennium and down \$90.7 million next biennium. Rental car taxes also have not recovered from the pre-pandemic level being down \$19.7 million in the current biennium and down \$10.5 million next biennium. Over the next 10 years, major non-I-976 impacted revenue streams are still down from the pre-pandemic forecast in February. The biggest revenue loss is in motor vehicle fuel tax collections down \$488.7 million or 2.6% and toll revenue down \$416.9 million or 14% and ferry revenue down \$208 million or 9% from the pre-pandemic forecast in February.

Figure 4: Current November Baseline Forecast (Without I-976 Impact) Compared to February 2020 (Baseline) Forecast For All Transportation Revenues - 10-years

Forecast to Baseline Comparison for Transportation Revenues and Distributions 10-Year Period									
November Baseline Forecast (Without I-976) to February 2020 Baseline Forecast (With I-976) millions of dollars									
	2019-2021			2021-2023			10-Year Period (2019-2029)		
	Forecast Nov. 2020	Chg from Feb. 2020	Percent Change	Forecast Nov. 2020	Chg from Feb. 2020	Percent Change	Forecast Nov. 2020	Chg from Feb. 2020	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,389.57	(245.67)	-6.76%	3,603.00	(94.48)	-2.56%	18,228.42	(488.74)	-2.61%
Licenses, Permits and Fees	1,552.64	328.75	26.86%	1,704.22	554.63	48.25%	8,968.93	2,930.83	48.54%
Ferry Revenue†	332.24	(97.09)	-22.61%	417.29	(32.23)	-7.17%	2,071.95	(207.70)	-9.11%
Toll Revenue ‡	360.32	(126.58)	-26.00%	447.96	(90.66)	-16.83%	2,506.73	(416.88)	-14.26%
Aviation Revenues †	6.41	(0.66)	-9.34%	6.99	(0.25)	-3.52%	34.82	(1.68)	-4.59%
Rental Car Tax	53.60	(19.74)	-26.92%	66.18	(10.45)	-13.64%	351.22	(48.16)	-12.06%
Vehicle Sales Tax	102.28	75.22	278.03%	110.61	110.61	0.00%	578.10	551.05	2036.70%
Driver-Related Fees	288.16	(27.65)	-8.76%	325.77	(1.56)	-0.48%	1,596.01	(44.40)	-2.71%
Business/Other Revenues‡	79.41	(1.63)	-2.01%	96.63	14.48	17.63%	494.21	82.12	19.93%
Total Revenues	6,164.63	(115.04)	-1.83%	6,778.65	450.09	7.11%	34,830.38	2,356.42	7.26%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	243.07	7.28	3.09%	244.23	(1.55)	-0.63%	1,249.54	5.96	0.48%
Motor Fuel Administrative Fee - DOL	18.71	(0.77)	-3.94%	18.17	0.02	0.12%	95.86	(1.44)	-1.48%
State Uses									
Motor Vehicle Account (108)	1,203.34	(24.30)	-1.98%	1,323.43	81.03	6.52%	6,845.59	438.91	6.85%
Transportation 2003 (Nickel) Account (550)	411.01	(18.60)	-4.33%	432.67	(1.14)	-0.26%	2,191.27	(7.89)	-0.36%
Transportation 2005 Partnership Account (09H)	607.43	(25.26)	-3.99%	641.25	1.69	0.26%	3,255.95	11.19	0.34%
Connecting Washington Account (20H)	755.10	(59.79)	-7.34%	804.67	(21.87)	-2.65%	4,066.84	(117.57)	-2.81%
Multimodal Account (218)	503.91	301.49	148.94%	606.22	512.19	544.68%	3,264.01	2,663.76	443.78%
Special Category C Account (215)	47.59	(3.77)	-7.34%	50.72	(1.38)	-2.65%	256.32	(7.41)	-2.81%
Puget Sound Capital Construction Account (099)	34.63	(2.74)	-7.34%	36.90	(1.00)	-2.65%	186.49	(5.39)	-2.81%
Puget Sound Ferry Operations Account (109)	393.96	(95.97)	-19.59%	476.72	(30.72)	-6.05%	2,379.16	(198.34)	-7.69%
Capital Vessel Replacement Account (18J)	58.65	(6.08)	-9.39%	66.55	(3.39)	-4.84%	334.13	(18.49)	-5.24%
Tacoma Narrows Bridge Account (511)	157.06	(14.54)	-8.48%	165.48	(10.08)	-5.74%	856.05	(41.78)	-4.65%
High Occupancy Toll Lanes Account (09F)^	6.14	(4.92)	-44.47%	9.75	(4.62)	-32.14%	73.79	(17.81)	-19.45%
SR 520 Corridor Account (16J)	123.64	(63.98)	-34.10%	159.10	(39.04)	-19.70%	881.61	(174.48)	-16.52%
SR 520 Corridor Civil Penalties Account (17P)	5.62	(0.73)	-11.54%	5.57	(1.19)	-17.57%	31.94	(3.67)	-10.30%
Interstate 405 Express Toll Lanes Operations (59S)	36.12	(30.25)	-45.58%	49.63	(24.89)	-33.40%	375.09	(133.29)	-26.22%
Alaskan Way Viaduct Replacement Acct. (53S)	31.74	(12.16)	-27.70%	58.43	(10.85)	-15.66%	288.25	(45.85)	-13.72%
Aeronautics Account (039)	6.32	(0.67)	-9.60%	6.88	(0.27)	-3.78%	34.28	(1.75)	-4.86%
Washington State Aviation Account (21G)	0.08	0.00	0.82%	0.09	0.00	0.00%	0.49	0.02	0.00%
State Patrol Highway Account (081)	466.20	23.57	5.33%	477.68	28.60	6.37%	2,470.37	153.11	6.61%
Highway/Motorcycle Safety Accts. (106 & 082)	261.63	(28.04)	-9.68%	296.74	(3.82)	-1.27%	1,448.52	(55.86)	-3.71%
School Zone Safety Account (780)	0.50	(0.33)	-40.00%	0.61	(0.27)	-30.25%	3.37	(0.99)	-22.78%
Other accounts (201, 06T, 09T, 09E, 216, 07C)	21.59	(0.06)	-0.28%	21.97	0.06	0.25%	111.48	0.24	0.22%
Electric Vehicle Account (20J)	20.87	1.06	5.33%	26.12	0.12	0.47%	78.32	1.57	2.04%
Ignition Interlock Devices Revolving Acct 14V	8.46	(0.21)	-2.39%	8.76	0.14	1.68%	43.86	0.76	1.75%
Multise Roadway Safety Account Collections-571	0.34	0.02	6.92%	0.35	0.03	9.86%	1.80	0.20	12.37%
Total for State Use	5,161.92	(66.27)	-1.27%	5,726.31	469.36	8.93%	29,478.97	2,439.19	9.02%
Local Use									
Cities	182.51	(14.45)	-7.34%	194.50	(5.29)	-2.65%	982.99	(28.42)	-2.81%
Counties	296.05	(21.51)	-6.77%	314.94	(7.01)	-2.18%	1,593.21	(37.65)	-2.31%
Transportation Improvement Board (112 & 144)	195.91	(14.79)	-7.02%	209.22	(4.60)	-2.15%	1,063.49	(20.69)	-1.91%
County Road Administration Board (102 & 253)	66.46	(4.54)	-6.39%	71.28	(0.85)	-1.18%	366.32	(0.54)	-0.15%
Total for Local Use	740.93	(55.29)	-6.94%	789.93	(17.75)	-2.20%	4,006.01	(87.30)	-2.13%
Total Distribution of Revenue	6,164.63	(115.04)	-1.83%	6,778.65	450.09	7.11%	34,830.38	2,356.42	7.26%

† Ferry Fares plus non-farebox revenue

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

Figure 5 compares the November baseline forecast to the February alternative forecast so both forecasts being compared exclude the impacts of I-976. This result reveals that all transportation revenue sources in November are still \$568 million or 8% below the February alternative forecast in the current biennium due to the negative pandemic impacts. As discussed before, fuel taxes, toll revenue and ferry revenue declines are the largest sources of the decline. LPF revenues are also still below the February alternative forecast by \$43.3 million

and rental car and sales taxes on motor vehicle purchases are also both below the pre-pandemic forecast and are down \$19.7 million and \$5.2 million respectively in the current biennium. Next biennium, total revenues are down \$233 million or 3% from the pre-pandemic February forecast without I-976. Next biennium, rental car and sales taxes on motor vehicle purchases are down by \$10.5 million and \$2.2 million respectively. LPF revenues are down \$15.7 million or 0.9% from the February alternative forecast. Over the next 10 years, transportation revenues are \$1,175 million or 3% below the pre-pandemic February forecast without I-976 impacts.

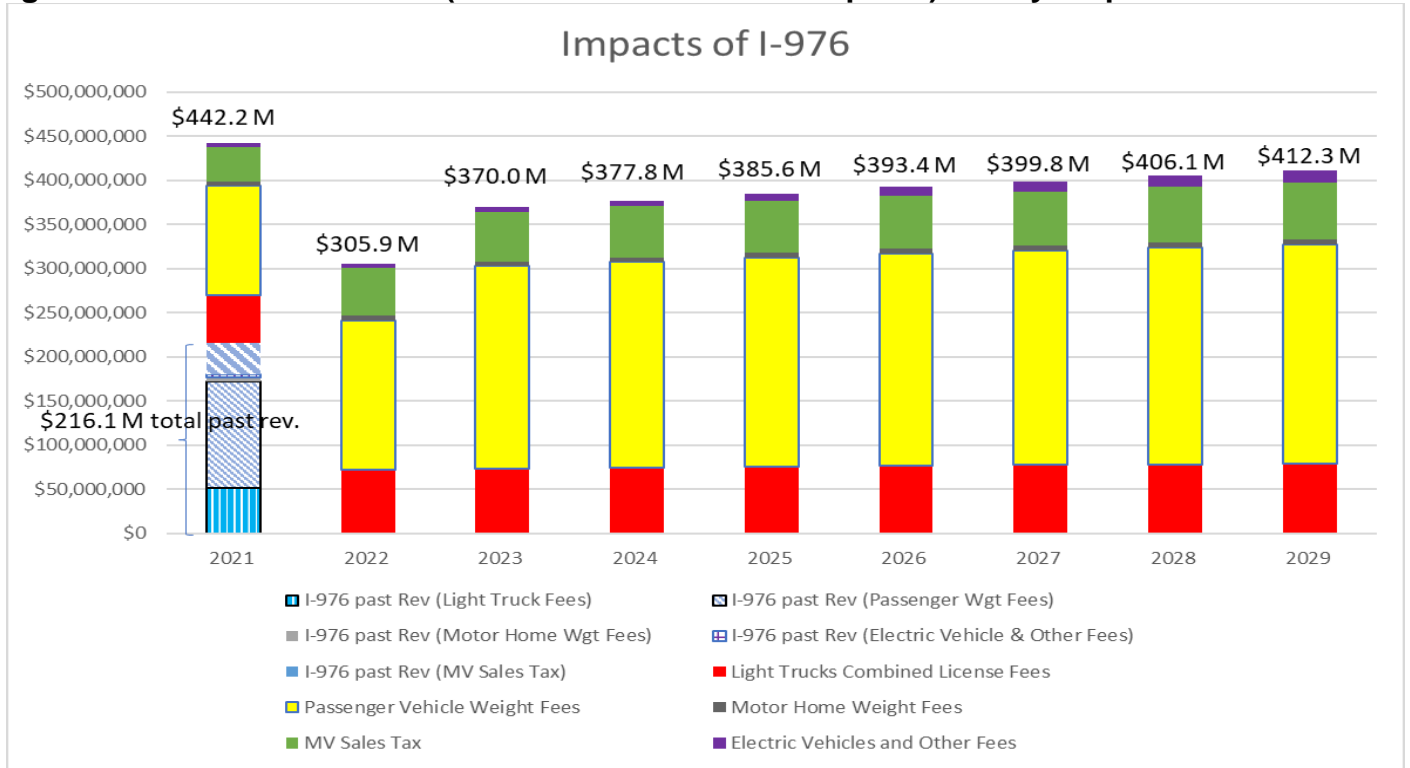
Figure 5: Current November Baseline Forecast (Without I-976 Impact) Compared to February Alternative Forecast (Without I-976 Impact) For All Transportation Revenues - 10-years

Forecast to Baseline Comparison for Transportation Revenues and Distributions 10-Year Period									
November Baseline Forecast (Without I-976) to Alternative February 2020 Baseline Forecast (Without I-976) millions of dollars									
	2019-2021			2021-2023			10-Year Period (2019-2029)		
	Forecast Nov. 2020	Chg from Feb. 2020	Percent Change	Forecast Nov. 2020	Chg from Feb. 2020	Percent Change	Forecast Nov. 2020	Chg from Feb. 2020	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,389.57	(245.67)	-6.76%	3,603.00	(94.48)	-2.56%	18,228.42	(488.74)	-2.61%
Licenses, Permits and Fees	1,552.64	(43.27)	-2.71%	1,704.22	(15.72)	-0.91%	8,968.93	(38.06)	-0.42%
Ferry Revenue†	332.24	(97.09)	-22.61%	417.29	(32.23)	-7.17%	2,071.95	(207.70)	-9.11%
Toll Revenue §	360.32	(126.58)	-26.00%	447.96	(90.66)	-16.83%	2,506.73	(416.88)	-14.26%
Aviation Revenues ‡	6.41	(0.66)	-9.34%	6.99	(0.25)	-3.52%	34.82	(1.68)	-4.59%
Rental Car Tax	53.60	(19.74)	-26.92%	66.18	(10.45)	-13.64%	351.22	(48.16)	-12.06%
Vehicle Sales Tax	102.28	(5.20)	-4.84%	110.61	(2.24)	0.00%	578.10	(10.26)	-1.74%
Driver-Related Fees	288.16	(27.65)	-8.76%	325.77	(1.56)	-0.48%	1,596.01	(44.40)	-2.71%
Business/Other Revenues‡	79.41	(1.82)	-2.24%	96.63	14.28	17.35%	494.21	81.12	19.64%
Total Revenues	6,164.63	(567.68)	-8.43%	6,778.65	(233.32)	-3.33%	34,830.38	(1,174.76)	-3.26%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	243.07	7.28	3.09%	244.23	(1.55)	-0.63%	1,249.54	5.96	0.48%
Motor Fuel Administrative Fee - DOL	18.71	(0.77)	-3.94%	18.17	0.02	0.12%	95.86	(1.44)	-1.48%
State Uses									
Motor Vehicle Account (108)	1,203.34	(113.15)	-8.60%	1,323.43	(34.29)	-2.53%	6,845.59	(160.52)	-2.29%
Transportation 2003 (Nickel) Account (550)	411.01	(24.13)	-5.55%	432.67	(8.58)	-1.94%	2,191.27	(43.60)	-1.95%
Transportation 2005 Partnership Account (09H)	607.43	(37.44)	-5.81%	641.25	(14.69)	-2.24%	3,255.95	(67.43)	-2.03%
Connecting Washington Account (20H)	755.10	(59.79)	-7.34%	804.67	(21.87)	-2.65%	4,066.84	(117.57)	-2.81%
Multimodal Account (218)	503.91	(36.47)	-6.75%	606.22	(11.60)	-1.88%	3,264.01	(58.59)	-1.76%
Special Category C Account (215)	47.59	(3.77)	-7.34%	50.72	(1.38)	-2.65%	256.32	(7.41)	-2.81%
Puget Sound Capital Construction Account (099)	34.63	(2.74)	-7.34%	36.90	(1.00)	-2.65%	186.49	(5.39)	-2.81%
Puget Sound Ferry Operations Account (109)	393.96	(97.42)	-19.83%	476.72	(32.67)	-6.41%	2,379.16	(207.71)	-8.03%
Capital Vessel Replacement Account (18J)	58.65	(6.08)	-9.39%	66.55	(3.39)	-4.84%	334.13	(18.49)	-5.24%
Tacoma Narrows Bridge Account (511)	157.06	(14.54)	-8.48%	165.48	(10.08)	-5.74%	856.05	(41.78)	-4.65%
High Occupancy Toll Lanes Account (09F)*	6.14	(4.92)	-44.47%	9.75	(4.62)	-32.14%	73.79	(17.81)	-19.45%
SR 520 Corridor Account (16J)	123.64	(63.98)	-34.10%	159.10	(39.04)	-19.70%	881.61	(174.48)	-16.52%
SR 520 Corridor Civil Penalties Account (17P)	5.62	(0.73)	-11.54%	5.57	(1.19)	-17.57%	31.94	(3.67)	-10.30%
Interstate 405 Express Toll Lanes Operations (595)	36.12	(30.25)	-45.58%	49.63	(24.89)	-33.40%	375.09	(133.29)	-26.22%
Alaskan Way Viaduct Replacement Acct. (535)	31.74	(12.16)	-27.70%	58.43	(10.85)	-15.66%	288.25	(45.85)	-13.72%
Aeronautics Account (039)	6.32	(0.67)	-9.60%	6.88	(0.27)	-3.78%	34.28	(1.75)	-4.86%
Washington State Aviation Account (21G)	0.08	0.00	0.82%	0.09	0.00	0.00%	0.49	0.02	0.00%
State Patrol Highway Account (081)	466.20	(0.04)	-0.01%	477.68	(3.17)	-0.66%	2,470.37	0.67	0.03%
Highway/Motorcycle Safety Accts. (106 & 082)	261.63	(28.04)	-9.68%	296.74	(3.82)	-1.27%	1,448.52	(55.86)	-3.71%
School Zone Safety Account (780)	0.50	(0.33)	-40.00%	0.61	(0.27)	-30.25%	3.37	(0.99)	-22.78%
Other accounts (201, 06T, 09T, 09E, 216, 07C)	21.59	(0.06)	-0.28%	21.97	0.06	0.25%	111.48	0.24	0.22%
Electric Vehicle Account (20J)	20.87	1.06	5.35%	26.12	0.12	0.47%	78.32	1.57	2.04%
Ignition Interlock Devices Revolving Acct 14V	8.46	(0.20)	-2.36%	8.76	0.15	1.70%	43.86	0.76	1.75%
Multiuse Roadway Safety Account Collections-571	0.34	0.02	6.62%	0.35	0.03	10.00%	1.80	0.20	12.37%
Total for State Use	5,161.92	(791.68)	-13.30%	5,726.31	(227.29)	-3.82%	29,478.97	(1,158.73)	-3.78%
Local Use									
Cities	182.51	(17.27)	-8.64%	194.50	(5.28)	-2.64%	982.99	(28.42)	-2.81%
Counties	296.05	(27.15)	-8.40%	314.94	(8.28)	-2.56%	1,593.21	(43.77)	-2.67%
Transportation Improvement Board (112 & 144)	195.91	(19.69)	-9.13%	209.22	(6.42)	-2.98%	1,063.49	(32.91)	-3.00%
County Road Administration Board (102 & 253)	66.46	(7.54)	-10.19%	71.28	(2.67)	-3.61%	366.32	(12.76)	-3.37%
Total for Local Use	740.93	(71.65)	-8.82%	789.93	(22.66)	-2.79%	4,006.01	(117.86)	-2.86%
Total Distribution of Revenue	6,164.63	(847.37)	-12.08%	6,778.65	(233.32)	-3.33%	34,830.38	(1,174.77)	-3.26%

Figure 6 shows the impact of the different I-976 elements and the annual impact the initiative had on November projections. It also reveals the one-time revenues brought in the October collection reports for prior month's tax collections of \$216 million of which \$179 million was for LPF revenues. In the current biennium, the I-

976 impacts are \$442 million in total and next biennium I-976 impacts total \$676 million with the largest impact being in the passenger weight fees.

Figure 6: November Forecast (With and Without I-976 Impacts) – 10-year period



Impacts of the Removal of I-976		
One-Time I-976 Revenue (Nov. 2020)	2021	10-Year Total
I-976 past Rev (Light Truck Fees)	\$ 51,884,811	\$ 51,884,811
I-976 past Rev (Passenger Wgt Fees)	\$ 120,285,689	\$ 120,285,689
I-976 past Rev (Motor Home Wgt Fees)	\$ 3,955,200	\$ 3,955,200
I-976 past Rev (Electric Vehicle & Other Fees)	\$ 3,446,865	\$ 3,446,865
I-976 past Rev (MV Sales Tax)	\$ 36,530,000	\$ 36,530,000
Total	\$ 216,102,565	\$ 216,102,565
Other Elements of I-976 Impacts (Excludes One-Time Revenue)	2021	10-Year Total
Light Trucks Combined License Fees	\$ 53,595,189	\$ 663,525,219
Passenger Vehicle Weight Fees	\$ 124,624,711	\$ 1,966,404,511
Motor Home Weight Fees	\$ 4,050,000	\$ 47,658,200
Electric Vehicles and Other Fees	\$ 5,263,998	\$ 85,082,698
MV Sales Tax	\$ 38,590,600	\$ 514,413,400
Total	\$ 226,124,498	\$ 3,277,084,028

Figure 7 isolates the annual impacts of the COVID shutdowns and economic variable changes since the pre-pandemic February baseline forecast. The November forecast is slightly up from the last alternative forecast so the COVID losses are slightly smaller than the last forecast. These impacts exclude the positive impacts of the removal of the initiative from the baseline November forecast. In the current biennium, the COVID shutdowns are anticipated to lower transportation revenue by \$523.6 million and by \$233.9 million next biennium. The largest COVID revenue reduction is anticipated to be in FY 2021 at \$273.2 million or 9.4% below February pre-pandemic projections.

Figure 7: Transportation Revenue Reductions from February 2020 (Baseline) Forecast: COVID-19 Induced Recession and Lower Economic Variable Forecasts

Revenue Sources Impacted by COVID-19 Shutdowns	\$ Difference Between Nov and Feb. 2020 Forecasts			
	FY 2020	FY 2021	FY 2022	FY 2023
Gross Fuel tax	\$ (151,379,196)	\$ (94,294,300)	\$ (54,396,600)	\$ (40,083,400)
LPF	\$ (27,497,482)	\$ (5,987,981)	\$ (5,282,800)	\$ (1,118,801)
Ferry Fares	\$ (36,428,606)	\$ (61,050,474)	\$ (19,518,281)	\$ (12,193,267)
Toll Revenue	\$ (30,249,233)	\$ (96,332,000)	\$ (56,227,000)	\$ (34,435,000)
Aeronautics Revenues	\$ (284,101)	\$ (375,920)	\$ (141,420)	\$ (113,520)
Rental Car Tax	\$ (4,566,225)	\$ (15,175,100)	\$ (6,163,400)	\$ (4,288,200)
Motor Vehicle Sales Tax	\$ 102,998	\$ (5,300,500)	\$ (1,276,900)	\$ (966,200)
TOTAL Major Revenue Sources	\$ (250,404,843)	\$ (273,215,775)	\$ (141,729,501)	\$ (92,232,188)
Revenue Sources Impacted by COVID-19 Shutdowns	Percentage Change Between November and Feb. 2020 Forecasts			
	FY 2020	FY 2021	FY 2022	FY 2023
Gross Fuel tax	-8.4%	-5.2%	-3.0%	-2.2%
LPF	-4.1%	-1.1%	-0.9%	-0.2%
Ferry Fares	-17.5%	-27.6%	-8.7%	-5.4%
Toll Revenue	-13.0%	-38.0%	-21.2%	-12.6%
Aeronautics Revenues	-8.1%	-10.5%	-3.9%	-3.1%
Rental Car Tax	-12.6%	-40.9%	-16.3%	-11.1%
Motor Vehicle Sales Tax	0.4%	-6.6%	-2.3%	-1.7%
TOTAL Major Revenue Sources	-8.5%	-9.4%	-4.8%	-3.1%

Figure 8 shows the latest actuals in the major transportation revenue sources since the last September forecast. September and October actuals have been received, all transportation revenue sources change from the last forecast in total are up \$15.6 million in September and up another \$205 million in October. The October collection report has the prior months' I-976 revenue collections added in it. LPF revenue was up \$189.6 million of which \$179 million was the one-time payments in the October DOL report. Overall, for both months, all revenues are up \$220.6 million of which \$179 million is for the LPF prior months revenue.

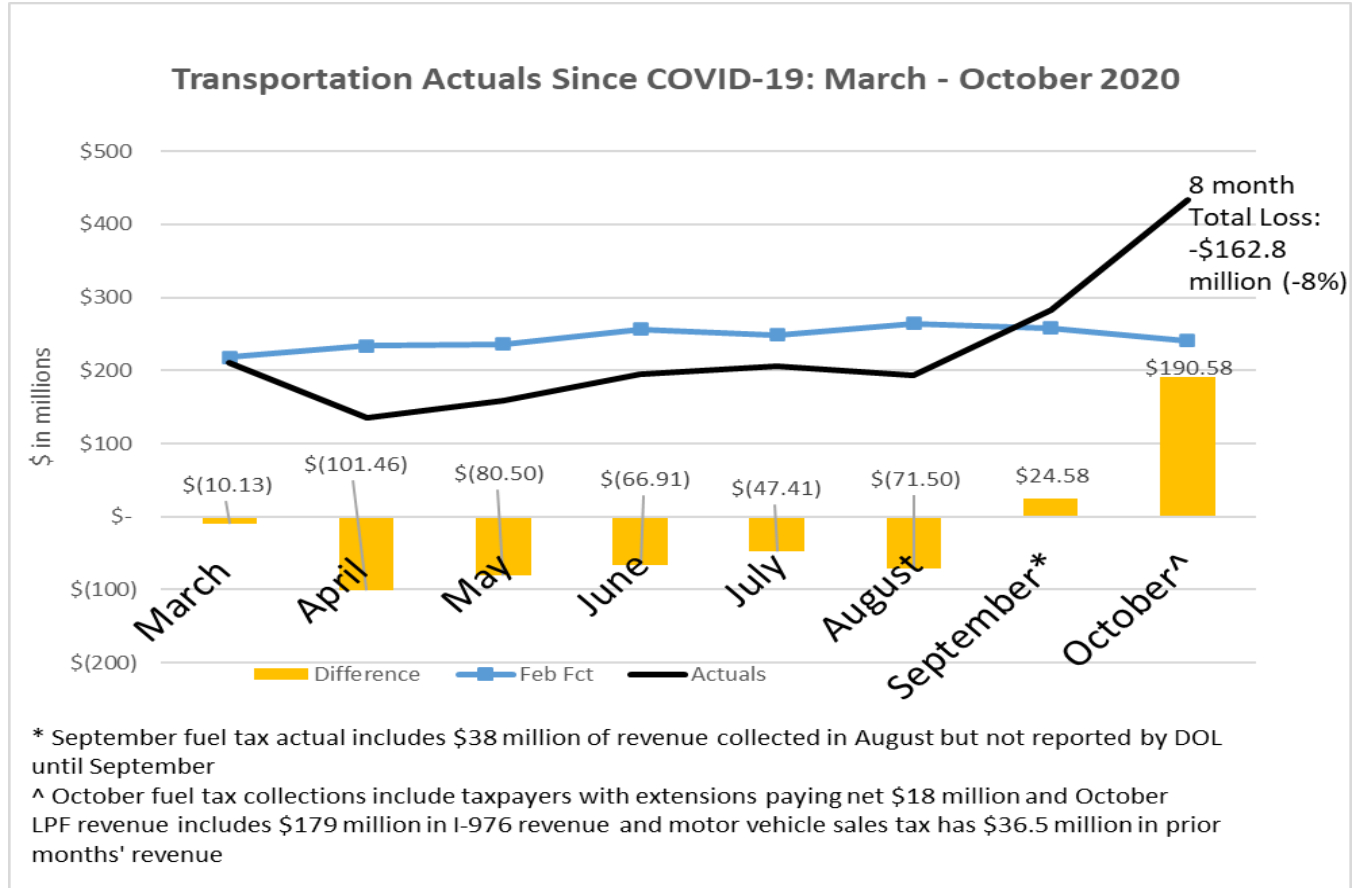
Figure 8: Transportation Revenue Actuals Compared to the September 2020 Forecast: September – October 2020

Includes Both COVID and I-976 Impacts

\$ in millions	Difference Actual Collections Compared to Sept Forecast			
	Sep-20	Oct-20	2 month Change	% Change
Major Revenue Sources				
Gross Fuel Taxes (before refunds/transfers) ^	\$ 5.58	\$ 13.01	\$ 18.59	6%
Aviation Fuel tax	\$ (0.08)	\$ (0.02)	\$ (0.10)	-19%
Licenses Permits and Fee Revenues (Fct. removing I-976 impacts)*	\$ 10.20	\$ 189.60	\$ 199.80	178%
WSF Ferries	\$ 1.09	\$ 1.48	\$ 2.57	11%
Toll Facilities - Adjusted Gross Toll Revenues	\$ (0.42)	\$ (0.39)	\$ (0.81)	-3%
TNB	\$ (0.22)	\$ (0.05)	\$ (0.27)	-2%
SR99	\$ (0.15)	\$ (0.16)	\$ (0.31)	-11%
SR 520	\$ (0.18)	\$ (0.28)	\$ (0.46)	-6%
I-405	\$ 0.16	\$ 0.08	\$ 0.24	22%
I-167	\$ (0.03)	\$ 0.015	\$ (0.01)	-3%
Rental car tax	\$ (0.01)	\$ (0.16)	\$ (0.17)	-4%
Motor Vehicle Sales Tax	\$ (0.77)	\$ 1.47	\$ 0.70	8%
Total All Revenue Sources	\$ 15.60	\$ 204.98	\$ 220.58	46%
^ September fuel tax collections include \$38.276 million in revenue received in August & October fuel taxes include \$18 million (net) in taxpayer extension payments				
* October Licenses Permits and Fee Revenue include \$179.6 Million in a one-time payment for I-976 revenues from prior months due to the court overturning the initiative				

Figure 9 reveals the cumulative impact of the pandemic on recent actuals compared to the pre-pandemic forecast in February. The results reveal that over the past 8 months since March collections, major transportation revenue actuals have come in \$162.8 million or 8% below the February forecast. Fuel tax actuals have come in below that pre-pandemic forecast the most at -\$215 million or 17% below projections for this recent 8-month period. The second largest reduction was in toll revenues coming in \$71.7 million or 45% below the February forecast. Ferries revenue losses in actuals has been \$60.2 million or 39% below the pre-pandemic projections. Due to the elimination of I-976, October LPF revenue collections are up \$201 million from the pre-pandemic February baseline projections. LPF is the only revenue source where the November forecast is above the February baseline forecast for the past 8 months but the February baseline forecast did not anticipate the court overturning the initiative.

Figure 9: Transportation Revenue Actuals Compared to the February 2020 (Baseline) Forecast: March – October 2020



\$ in millions	Difference Actual Collections Compared to Feb Forecast									
	March (FY 2020)	April (FY 2020)	May (FY 2020)	June (FY 2020)	July (FY 2021)	Aug. (FY 2021)	Sept. (FY 2021)	Oct. (FY 2021)	8 Month total	% Change
Major Revenue Sources										
Gross Fuel Taxes (before refunds/transfers)	\$ 5.19	\$ (59.86)	\$ (50.68)	\$ (42.18)	\$ (27.17)	\$ (57.35)	\$ 16.88	\$ 0.16	\$ (215.02)	-17%
Aviation Fuel tax	\$ 0.02	\$ (0.06)	\$ (0.11)	\$ (0.19)	\$ (0.09)	\$ (0.05)	\$ (0.09)	\$ (0.03)	\$ (0.59)	-30%
Licenses Permits and Fee Revenues (Fct. with I-976 impacts)	\$ (0.20)	\$ (16.70)	\$ (6.40)	\$ (6.40)	\$ (0.40)	\$ 4.50	\$ 23.54	\$ 202.90	\$ 200.84	55%
WSF Ferries	\$ (6.20)	\$ (9.94)	\$ (10.25)	\$ (8.55)	\$ (8.11)	\$ (8.00)	\$ (5.39)	\$ (3.78)	\$ (60.22)	-39%
Toll Facilities - Adjusted Gross Toll Revenues	\$ (7.86)	\$ (12.71)	\$ (11.02)	\$ (8.92)	\$ (8.64)	\$ (7.67)	\$ (7.48)	\$ (7.37)	\$ (71.67)	-45%
Rental Car Tax	\$ (1.08)	\$ (2.19)	\$ (2.04)	\$ (0.67)	\$ (3.00)	\$ (2.93)	\$ (2.87)	\$ (1.31)	\$ (16.10)	-59%
Motor Vehicle Sales Tax	\$ (0.25)	\$ (3.02)	\$ (1.37)	\$ 1.00	\$ 0.75	\$ 0.32	\$ (0.89)	\$ 1.16	\$ (2.31)	-6%
Total All Revenue Sources	\$ (10.13)	\$(101.46)	\$(80.50)	\$(66.91)	\$(47.41)	\$(71.50)	\$ 24.58	\$190.58	\$(162.76)	-8%

Figure 10 shows the various November forecasts recovery periods after the drops in revenue from COVID-19 shutdowns, The recovery from our recent recession is demonstrated as the period of time it takes to reach the levels projected in the February forecasts for FY 2021. Some of the revenue sources, like truck registrations 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 taxes and \$30 license fees recover by FY 2022. The passenger car registration forecast is anticipated to recover by FY 2023. Net for distribution of fuel taxes are anticipated to recover from the losses seen in FY 2020 in three years. WSF ridership and corresponding revenues are anticipated to be slower to recover from this reduced demand from the pandemic. For ferries ridership (passengers), ridership is not expected to recover from the recent downturn to the FY 2021 level until 2027 or in 6 years. Vehicle ferry ridership is anticipated to be back to the 2021 level from the February forecast in 2025 or 4 years from now. Ferry farebox and misc. revenue are not expected to recover until FY 2027. Toll traffic and revenue recovery varies with each facility. For example, the November forecast for SR 99 tolls were sizably less the pre-COVID-19 levels in 2020. Then once COVID-19 hit, SR 99 toll revenues turned downward sharply in March – May. Given the low level of this November forecast for SR 99, the recovery of the facility to the projected FY 2021 traffic is not that hard to meet. The other four facilities all had longer recovery periods. Overall, for all tolled facilities, the recovery in traffic and adjusted toll revenue is projected to be back to 2021 traffic level in 3 years but the individual tolled facilities adjusted toll revenue recovery is longer in some cases.

Figure 10: November 2020 Forecast Recovery Periods for Major Revenue Sources

Type of Forecast	Time Period	# of Years
<i>Fuel Consumption and Fuel Tax Revenue</i>		
Return to Gas Consumption in Feb. Forecast -FY 2021	2026	5
Return to Diesel Consumption in Feb. Forecast -FY 2021	2022	1
Net for Dist. Fuel Taxes: Return to Feb. Forecast -FY 2021 level	2024	3
<i>Vehicle Licenses Permits and Fee Revenue (LPF)</i>		
Return to Passenger Cars Registrations in Feb. Forecast -FY 2021	2023	2
Return to Trucks Registrations in Feb. Forecast - FY 2021	2021	0
Return to \$30 License Fee Revenue in Feb. Forecast -FY 2021	2022	1
Return to Truck Combined License Fee Revenue Level in Feb. Forecast - FY 2021	2021	0
<i>Rental Car Revenue</i>		
Return to Rental Car Revenue Level in Feb. Forecast -FY 2021	2025	4
<i>Aircraft Fuel Tax Revenue</i>		
Return to Aircraft Fuel Tax Level in Feb. Forecast - FY 2021	2025	4
<i>Ferries Ridership and Revenue</i>		
Return to Passenger Ridership in Feb. Forecast - FY 2021	2027	6
Return to Vehicle Ridership in Feb. Forecast - FY 2021	2025	4
Return to Ferry Farebox and Misc. Revenue in Feb. Fct -FY 2021	2027	6
<i>Toll Traffic and Revenue – All Facilities</i>		
Return to Total Toll Traffic in Feb. Forecast -FY 2021	2024	3
Return to Toll Adjusted Revenue in Feb. Forecast -FY 2021	2024	3

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 November represent the final economic variables by Economic and Revenue Forecast Council, based on the October IHS-Markit forecast. The November forecast has an assumption that the CARES Act will be extended beginning in third quarter 2020 and the amount of the unemployment benefit will be \$300 per week unemployment benefits versus the \$600 per week benefit in the original CARES Act. Note, the CARES Act has yet to be extended by the US Congress. The CARES Act assumption boosts the economic variables like Washington real personal income and employment in FY 2021 but then when the CARES Act expires again, then FY 2022 and 2023 have lower growth rates than what was forecasted in September. Washington real personal income even has a negative annual growth rate in FY 2022 of 1.5% in these new November growth rates. Now with the CARES Act extension, included as an assumption, Washington's employment shows growth in the retail trade and trade, transportation, and utilities employment industry sectors in FY 2021. The overall non-ag. employment is still negative and even larger negative growth than in September at -2% in FY 2021. This is because some of that employment loss is due to lower aviation employment due to recent Boeing news of employment layoffs. The new preliminary 2020 driver age population is down throughout the forecast from the 2019 population projections. Driver in population is up in FY 2021 but down in 2022 and beyond due to lower 2020 population growth rates until 2025.

**Figure 11: Annual Percentage Change (%) in Select Economic Variables
November 2020 Forecast**

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2020	5.2%	1.6%	-26.4%	1.3%	-8.2%	1.9%	-3.2%	-0.9%	-0.5%	-0.3%
2021	1.7%	1.1%	27.1%	1.8%	-9.2%	1.9%	3.4%	-2.0%	3.2%	1.1%
2022	-1.5%	1.0%	20.7%	2.0%	14.7%	1.9%	1.5%	3.4%	1.3%	2.5%
2023	2.6%	1.0%	-2.1%	1.5%	5.5%	1.9%	1.6%	2.3%	-5.6%	-1.4%
2024	2.6%	1.0%	-2.4%	1.5%	0.5%	2.0%	4.5%	1.3%	-3.2%	-1.2%
2025	2.7%	1.1%	0.6%	1.8%	2.4%	2.0%	7.1%	1.2%	-2.4%	-0.7%
2026	2.6%	1.1%	0.6%	1.9%	4.4%	2.1%	4.5%	0.8%	-0.1%	0.5%
2027	2.7%	1.1%	0.7%	2.2%	5.8%	2.2%	2.4%	0.8%	0.8%	0.6%
2028	2.8%	1.1%	0.6%	2.2%	5.1%	2.1%	1.4%	0.8%	0.9%	0.6%
2029	2.8%	1.0%	0.5%	2.2%	3.6%	2.2%	0.9%	0.8%	0.9%	0.5%

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management 2020 long-range forecast, October 2020 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices

Figure 12: Annual Rate of Change in Select Economic Variables – November vs September 2020 Forecast

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

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

Motor Fuel Price Forecast

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

Source of data for the forecast

For the Washington retail price of gasoline, fuel prices are collected from the Energy Information Administration’s (EIA) survey of retail prices for regular gasoline. For the retail price of diesel, the actual prices are collected from AAA’s weekly publication of retail prices for diesel in Washington. The actual ferry B5 biodiesel prices are reported by the Washington State Ferries (WSF). In the short term (through calendar year 2021), the retail gas price forecasts are based on the growth in the national gas price forecast by EIA. The diesel and biodiesel fuel prices are projected based on the growth in national diesel prices from the Energy Information Agency (EIA) monthly projections. Beyond calendar year 2021, the fuel price projections are based on October’s Global Insight national gas price forecast for future Washington gas prices and the producer price index (PPI) projections for refined petroleum products for the diesel price forecasts.

Figure 13: Near-term UNADJUSTED BASELINE Qtrly Fuel Prices: November 2020

Fiscal Year Quarter	Crude Oil Price (\$/barrel)	WA Retail Gasoline Price (\$/gal)	WA Retail Diesel Price (\$/gal)
2019: Q3	56.37	3.11	3.28
2019: Q4	56.96	3.19	3.47
2020: Q1	45.76	2.88	3.26
2020: Q2	27.81	2.38	2.72
FY 2020	46.72	2.89	3.18
2020: Q3	40.89	2.71	2.73
2020: Q4	38.80	2.52	2.72
2021: Q1	40.17	2.46	2.81
2021: Q2	45.00	2.82	2.88
FY 2021	41.22	2.63	2.79
2021: Q3	45.50	2.84	2.98
2021: Q4	46.00	2.71	3.04
2022: Q1	47.51	2.69	3.04
2022: Q2	48.40	2.97	3.06
FY 2022	46.85	2.80	3.03
2022: Q3	49.18	3.01	3.17
2022: Q4	50.55	2.97	3.26
2023: Q1	50.12	2.90	3.28
2023: Q2	50.26	3.10	3.21
FY 2023	50.03	2.99	3.23

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

Figure 14: Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular November, September, and February 2020

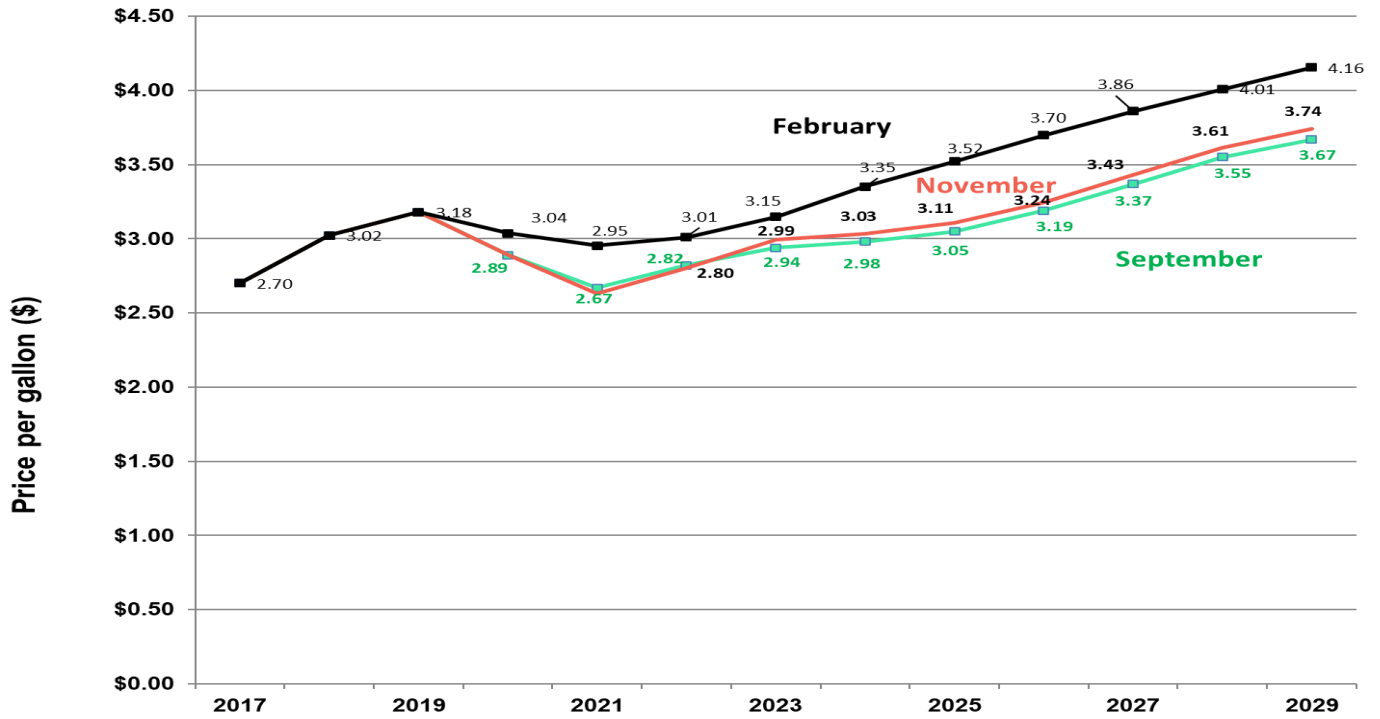
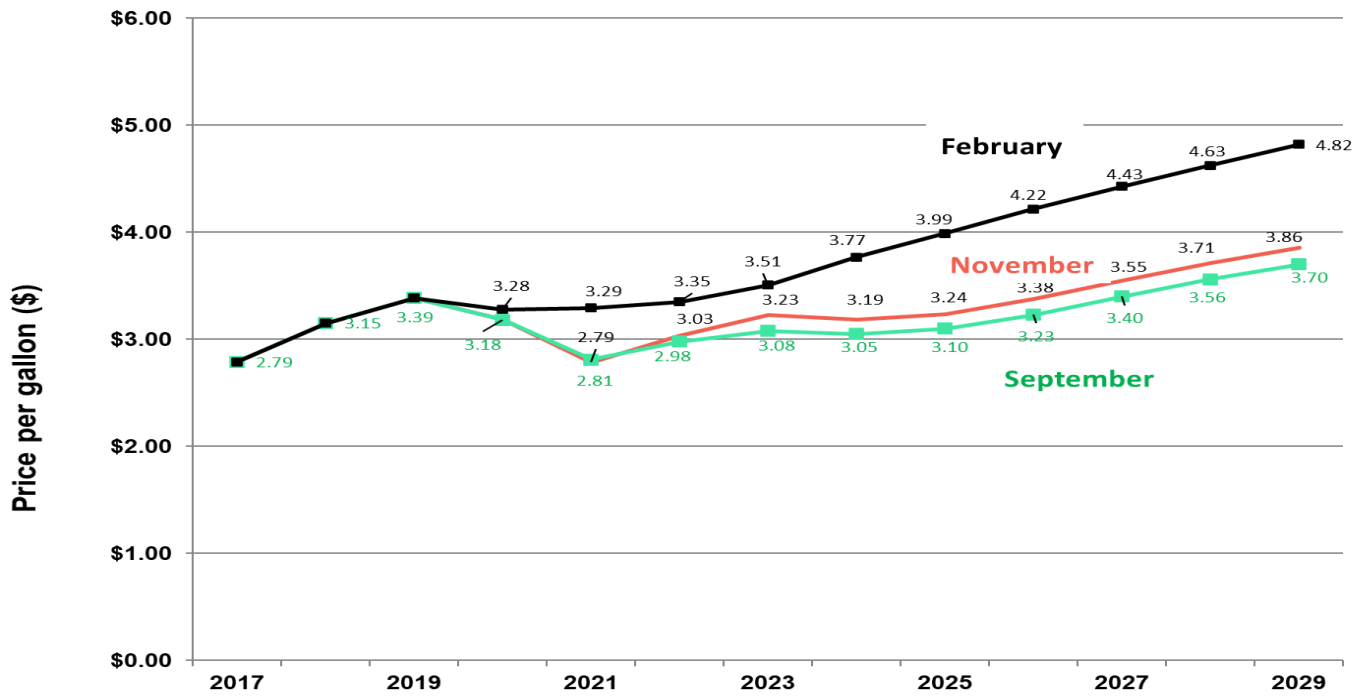


Figure 15: Forecast of UNADJUSTED Washington Retail Diesel Prices November, September, and February 2020



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 2021 and then use the growth rates from Global Insight forecasts for subsequent years. In FY 2021, the crude oil price projections range from \$41 per barrel from NYMEX to \$43 per barrel from Consensus Economics. WSDOT baseline of \$41.22 per barrel is nearly right on with the average of \$42.78 per barrel. There is a slight adjustment upward of 1.4% to the baseline forecast in FY 2021. The forecast for WTI crude oil in FY 2022 ranged from \$42.8 per barrel in the NYMEX futures to \$52 per barrel by Economy.com. The baseline crude oil price forecast in FY 2022 is \$46.9 per barrel, which is 4.1% below the 5-entity average of \$48.8 per barrel. In FY 2023, the crude oil prices range from \$42.9 per barrel in the NYMEX futures to \$54 per barrel in the Economy.com forecast. The 5-entity average price is \$50.5 per barrel, which is 0.85% above the baseline price forecast of \$50 per barrel. Figure 16 reveals the WSDOT baseline WTI price forecast compared to the other entities' crude oil price forecasts and the necessary adjustments each year.

Figure 16: Near-term Annual WTI Crude Oil Price Forecasts – 5 Different Forecast Comparisons: November 2020 Dollars per barrel

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	5 Entity Avg	% Diff Average
2020	\$46.72	\$46.72	\$46.72	\$46.94	\$46.72	\$46.76	0.0%
2021	\$41.22	\$40.99	\$41.57	\$42.49	\$42.78	\$41.81	1.45%
2022	\$46.85	\$42.77	\$51.41	\$52.04	\$50.88	\$48.79	4.14%
2023	\$50.03	\$42.98	\$53.15	\$54.36	\$51.74	\$50.45	0.85%

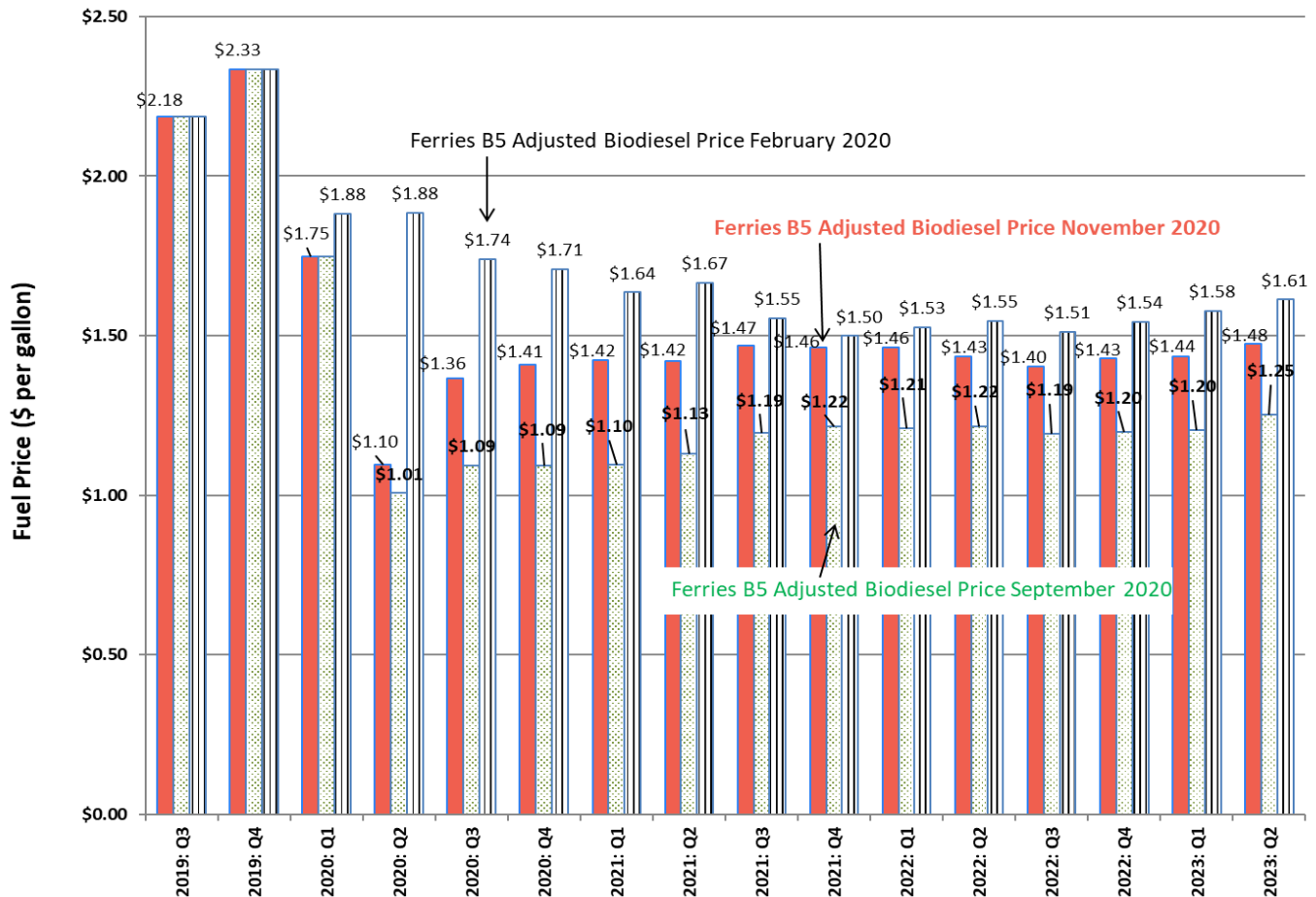
Figure 17: Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes: November 2020 Dollars per gallon

Fiscal Year Quarter	Adjusted WA Retail Gasoline Price (\$/gal)	Adjusted WA Retail Diesel Price (\$/gal)	Adjusted B5 Biodiesel Price (\$/gal)	Unadjusted B99 Biodiesel price
2019Q3	3.11	3.28	2.18	3.27
2019Q4	3.19	3.47	2.33	3.25
2020Q1	2.88	3.26	1.75	3.09
2020Q2	2.38	2.72	1.10	2.95
FY2020	2.89	3.18	1.84	3.14
2020Q3	2.71	2.73	1.36	2.95
2020Q4	2.56	2.76	1.41	2.94
2021Q1	2.50	2.86	1.42	3.04
2021Q2	2.87	2.92	1.42	3.12
FY2021	2.66	2.82	1.40	3.01
2021Q3	2.96	3.10	1.47	3.22
2021Q4	2.83	3.17	1.46	3.29
2022Q1	2.80	3.17	1.46	3.29
2022Q2	3.09	3.19	1.43	3.31
FY2022	2.92	3.16	1.46	3.28
2022Q3	3.03	3.19	1.40	3.45
2022Q4	2.99	3.29	1.43	3.56
2023Q1	2.92	3.30	1.44	3.57
2023Q2	3.13	3.24	1.48	3.50
FY2023	3.02	3.26	1.44	3.52

WSDOT applies the five-entity forecast average adjustment to the baseline November 2020 retail gasoline, diesel, and B5 biodiesel prices. The adjusted fuel prices listed in Figure 17 will be used to estimate the future costs to WSDOT agency's 2019-21 and 2021-23 biennium budgets for gas, diesel, and biodiesel fuel purchases. The latest adjusted forecast requires a very minor 1.4% upward adjustment to the baseline fuel prices in FY 2021 and upward adjustment of 4% in FY 2022. In FY 2023, the baseline fuel prices are adjusted upward by 0.85%.

As Figure 18 reveals, the new B5 fuel price forecast beginning the first quarter of fiscal year 2020 through second quarter 2023 is higher than in September. Compared to the February forecast, the COVID-19 shutdowns significantly reduced demand for petroleum products and the biodiesel prices fell dramatically in the second and third quarters of 2020. B5 diesel prices have been increasing in recent months so they have now recovered some since its low point in the second quarter of 2020. The current November forecast is higher than the September and June forecasts as the third quarter 2020 biodiesel price averaged \$1.36 per gallon. That is well above the September forecast of \$1.09 per gallon for the third quarter 2020. In the current fourth quarter of 2020, B5 biodiesel prices are anticipated to average \$1.4 per gallon and remain at that level throughout the last two quarters of FY 2021. The November forecast is above the September and June forecasts throughout the forecast horizon. The latest November B5 price forecast is still below the February 2020 biodiesel price forecast throughout the forecast horizon.

Figure 18: Quarterly Ferries Adjusted B5 Biodiesel Prices Used for Budgeting the 2019-21 and 2021-23 Biennia November, September, and February 2020 Forecasts



Motor Vehicle Fuel Tax Forecast

Overview

Motor fuel tax collections for September and October 2020 came in above the September 2020 forecast by \$18.6 million or 5.8%. Gasoline tax collections overperformed the September projection by \$11.6 million or 4.5%. Diesel collections came in above projection by \$7.0 million or 11.0%. Cash flow factors such as an accelerated reduction in taxpayer deferrals overstate the strength in revenues.

For the 2019-2021 biennium, gross fuel collections are \$3.390 billion. This is only \$1.4 million above the September 2020 baseline estimate. In the 2021-2023 biennium, gross fuel tax collections are \$3.603 billion or \$12.2 million (0.3%) higher than the estimate in September 2020. Total fuel tax revenue for the 10-year period beginning in the current biennium and ending in the 2027-2029 biennium is \$18.228 billion. This is \$54.8 million or 0.3% more, than the September 2020 revenue forecast. Current fuel tax revenue estimates are slightly higher than September's forecast throughout the forecast horizon. As noted below, this revision is due to strength in special fuels revenue. Fuel taxes are still below the pre-pandemic February forecast by \$245.7 million in the current biennium and \$94.5 million next biennium.

Primary Reasons for Changes in the November Forecast

The gasoline tax estimate is essentially a no change forecast from September. The current forecast anticipates a slight recovery in April activity/ May collections and anemic performance for the summer 2022 travel season. Given the recent news of new shutdowns in the next month or more, we do not anticipate much recovery in FY 2021.

As noted in September, the Department of Licensing has been granting payment extensions to individual taxpayers. In the most recent actual in the October collection report, there was \$18 million in net payment from fuel taxpayer extensions. The September forecast had originally assumed \$20 million coming in during the November collections so we receive \$18 million instead a month early. The November forecast had to modify this assumption. This has caused revenues from FY 2020 to shift into FY 2021. Still, the FY 2021 gasoline tax estimate is 0.9% less than FY 2020. The current projection for gas tax in FY 2021 was revised downward by \$6.2 million from the Sept. forecast. This shift also suppresses the FY 2022 growth rate, which is a 5.8%. Gasoline tax revenues are projected to reach their pre-pandemic FY 2019 levels by FY 2023

The strength in special fuels revenue continues to surprise. The pandemic has accelerated the e-commerce trend and special fuels revenue has been a beneficiary. FY 2021 special fuels revenues are projected to grow by a robust 4.4% in FY 2021 before reverting to historical growth rates beginning in FY 2022. The diesel tax revenue forecast is up \$7 million from the September forecast in the current biennium and up \$11 million next biennium.

FY 2021 off-road refunds have been revised upward since the September estimate. Despite the reported collapse in Canadian and Bakken field production, year-to-date imports of oil field byproducts such as butane have been averaging over \$3 million over the last two months. These recent actuals are higher than our last projections, so we revised refunds up to reflect this higher refund activity.

Motor Vehicle Revenue (Licenses, Permits, and Fees)

Overview

Vehicle related forecasts fall into two main categories: motor vehicle registrations and license plate-related fees. This forecast has a variety of small fees, but most of the revenue is from registration-based fees. There are five main economic drivers for the vehicle licenses, permits, and fees (LPF) forecast: Washington population and net migration, Washington real personal income, Washington Retail Employment, Washington - U.S. real income share, and U.S. sales of light vehicles.

This November baseline forecast of vehicle licenses, permits, and fees (LPFs) is the first forecast in over a year to remove the impacts of the initiative I-976. Due to the Washington Supreme court overturning the initiative in October, Washington State now anticipates collecting about \$1.55 billion from vehicle licenses, permits, and fees (LPFs) in the 2019-2021 biennium, which is increased for \$382 million or 32.6% compared to the baseline forecast in September. Next biennium, the LPF revenues are forecasted at \$1.7 billion which is up \$594.4 million or 54% from the last forecast. Over the 10-year period, the LPF revenue total \$8.97 billion and it is up about \$3.1 billion or 52% from the last forecast. Most of the increased revenue in November is due to the removal of I-976. The LPF revenue sources impacted by I-976 are the following fees: light trucks combined licenses, commercial trailers, electric vehicles and weight fees for passenger cars and motor homes. In the current biennium, I-976 revenue impacts totaled \$442 million with \$179 million being the one-time prior months revenue added in the October DOL collection report. Next biennium, the impact of I-976 for LPF is \$676 million. If the November LPF forecast is compared to the pre-pandemic February alternative forecast, without impacts of I-976, then the current forecast for LPF is down \$43.3 million or 2.7% from the pre-pandemic forecast in the current biennium. Next biennium, LPF revenues are down \$15.7 million or 0.9% from the February alternative forecast.

Primary reasons for the change in the November 2020 forecast

- For the fiscal year 2021, passenger car registrations are up 2.21% or 115,000 vehicles comparing the previous forecast. For FY 2022, passenger car registrations will be 2.4% more than the previous forecast. The forecast remains higher in the future years from 2023 through 2029, however, the difference will get smaller in the out years. The increased forecast registrations are mainly due to the higher passenger car actuals we received during the last 2 months.
- For the fiscal year 2021, truck registrations are increased for 3.1% or 50,000 vehicles comparing the September forecast. In fiscal year 2022, truck registrations will increase from the previous forecast for 3.6%. After that, the truck forecast sees a forecast-to-forecast increase in registrations for the rest years. By the end of the forecast horizon, we see an increase of truck registrations for 4.0%.
- In the 2019-21 biennium, \$30 registrations revenue is up 1.64% or \$5.5 million due to the increased forecast for passenger cars, motorcycles, and other vehicles. In the next biennium, revenue from \$30 registrations is about \$10.5 million more than the previous forecast. This trend keeps going on in the later periods. We see the revenue runs about \$9.2 million above the previous forecast by the 2027-29 biennium due to the higher forecast for the \$30 group vehicles.
- In the 2019-21 biennium, the forecast sees an increased truck weight revenue for \$108.6 million. This increase comes from two aspects: one is from the removal of the I-976, which brings in \$105.3 million more revenue. The other one is from the increased truck registration forecast, which gives \$3.3 million more revenue. The revenue increase keeps going on in later forecast periods. By the end of the forecast horizon, we will see a \$169.6 million increased revenue in 2027-29 biennium for truck weight fees.
- In the 2019-21 biennium, the Freight Project fee is about \$0.24 million or 0.6% more than the previous forecast due to the increased truck registration forecast. In the 2021-23 biennium, the Freight Project fee is \$0.7 million more than the September forecast. After that, the revenue increase gradually goes up in the out years. By the end of this forecast horizon, we will see a \$0.91 million freight project revenue growth in 2027-29 biennium.
- The passenger vehicle weight revenue is increased for \$244.9 million in the 2019-21 biennium, which is due to the removal of I-976. In the 2021-23 biennium, the revenue is \$397.1 million more than the September forecast. The revenue increase gradually goes up in the out years. By the end of this forecast horizon, we will see a \$494.1 million passenger vehicle weight revenue growth in 2027-29 biennium.
- In this forecast, the motor home weight revenue is increased for \$8.0 million in the 2019-21 biennium, which is due to the removal of I-976. The revenue increase gradually goes up in the out years. By the end of this forecast, we will see a \$10.9 million motor home weight revenue growth in 2027-29 biennium.
- Title Fees originals follow the long-term November Global Insight forecast. Actuals for both originals and other titles were very strong in recent months and GI forecast showing a good recovery from COVID-19 distress in FY21. Current biennium is up 4.2% or \$2.8 million. Next biennium is up 2.3% or \$1.6 million. Over the ten-year horizon the forecast is up 0.5%.
- Electric battery and plug-in battery vehicle transaction forecast remains unchanged from prior forecast. The revenue changes are due to the court decision of invalidation of the Initiative I-976 which brought back \$7.4 million in current biennium and \$13.7 million in the next biennium. The hybrid vehicles forecast

of the Charging Infrastructure \$75 fee is up 2% or \$300K in the current biennium and similar upward adjustment annually throughout the forecast horizon.

- Ferry Service Fee Revenue is up in the current biennium due to strong title transactions. It is higher than previous forecast for 0.7% or \$347K in the current biennium but is down next biennium by about -0.4% or \$226K as the transaction share is lower relative to subagent transactions. The drop of -1% share of transactions translates to about -\$2.0 million in revenue for the ten-year forecast horizon.
- Dealer Temporary Permits forecast follows closely with titles. Current biennium is up 3.4% or \$492K. Next biennium is up 4.2% or \$618K. The ten-year total revenue is up by about 3.2% or \$1.9 million.
- Original Issue Plate Revenue forecast is higher for FY 2019-21 by \$365,900 or 1.4% updating with actuals through October. Overall, the forecast is slightly higher on average by \$85,800 or 0.3% per biennium throughout the rest of the forecast horizon with an updated original title forecast for November 2020.
- License Plate Replacement Revenue forecast is higher FY 2019-21 by \$400,500 or 1.3% with actuals updated through October. This forecast is lower by -\$516,300 or -1.6% on average per biennium throughout the rest of the forecast horizon with an updated non-original title activity forecast for November 2020.

Figure 19: Title Fee Forecasts – November, September, and February (Baseline)



Driver Related Revenue Forecasts

Overview

The *November 2020* 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,

finances and forfeitures, and driver school instructor license fees. These driver-related fees are deposited into the Highway Safety Fund (HSF), Motorcycle Safety Education Account (MSEA), the State Patrol Highway Account (SPHA), and Ignition Interlock Revolving Account (IIRA).

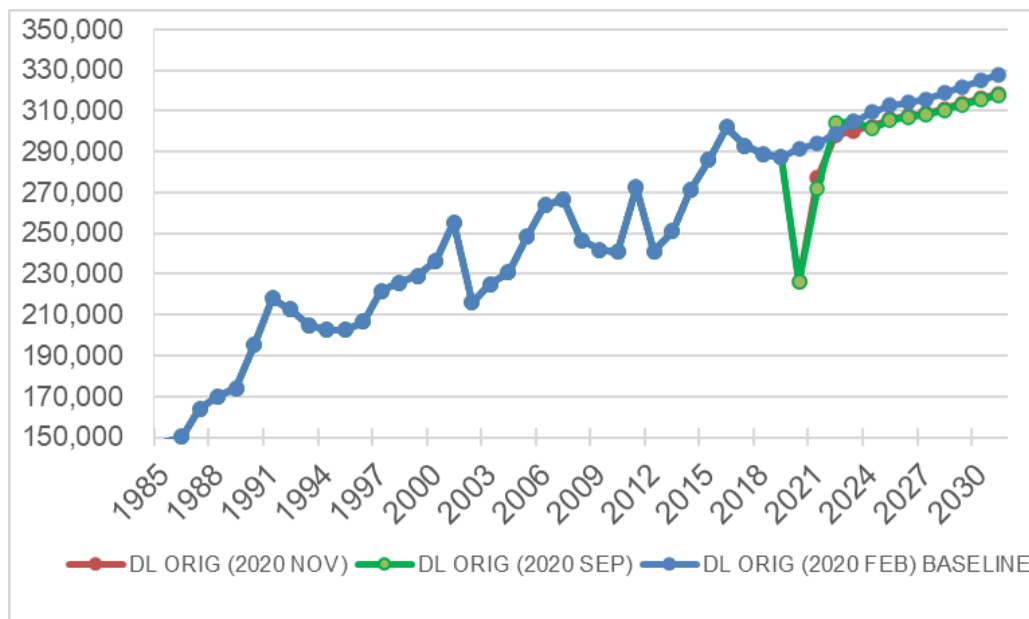
All driver-related revenue for FY2019-2021 is forecasted to be \$288.2 million, up by \$70,000 (0.0%). FY2021-23 biennium is forecasted at \$325.8 million, down by \$4.8 million (-1.5%) from the prior forecast. Over the next ten-year period (FY20-FY29), driver related revenue is revised down to \$1,596.0 million, about -\$2.1 million (-0.1%) from the prior forecast.

It is important to note that many of the driver related revenue streams follow a five-year renewal cycle until FY2015 when DOL started issuing six-year licenses. Six-year renew cycle starts in FY2020. Caution is advised in year over year comparisons.

Primary reasons for the change in the November 2020 forecast

Original Licenses are forecasted higher in the current year with anticipated increased capacity at DOL licensing offices beginning January 2021. The increase in original transactions in the current year led to a reallocation of transactions previously delayed and spread though FY 2022-23 back into FY 2021. This forecast has been updated with model variables (Driver-In, Nonfarm Employment, and Population Ages 16-18).

Figure 20: Driver Licenses Originals – November, September, and February Forecasts



- License Renewals are tracking higher due to the temporarily expanded availability of online renewals. The forecast has been adjusted higher in the current year. As with the original licenses, the increase in transactions in the current year led to a reallocation of transactions previously delayed and spread though FY 2022-23 back into FY 2021.
- EDL/EID transactions came in significantly lower due likely to limited office capacity as initial EDL issuance requires in office visit. It may also be due to Covid-19 related drop in travel demand. Transaction volume for the remainder of the fiscal year is reduced by -16%, which translates to about - \$1.8 million in revenue reduction. Future year’s adoption rates are left unchanged as we expect

EDL/EID demand to pick up in the year 2021 with the TSA deadline for REAL ID implementation in October.

- ADR (Abstract of Driver Record) is updated with new population forecast as well as actuals through October. Projection is lowered by about -2.2% (or \$-1.37 million between Highway Safety (fund 106) and State Patrol Highway Account (fund 081). Reduction is projected to be -\$1.57 million for the next biennium. Outer biennia see an average drop of -0.6%.

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 \$210 million from Other Transportation Related revenues in the 2017-2019 biennium and are projected to collect \$241.7 million in the 2019-21 biennium. This represents an increase of 15% biennium to biennium. The November forecast is significantly higher than the September forecast due to the Washington Supreme Court overturning I-976, which means the baseline forecast now includes the 0.3% sales tax on new and used motor vehicle sales. This change added \$75 million or 44% to the total other transportation related revenues. The baseline November forecast next biennium is up from the last baseline forecast by \$107 million or 62%. The largest increase was in the sales tax on motor vehicle sales tax which has an increase of \$75 million or 100% of the overall revenue change for the current biennium. Next biennium, the increase in sales tax is \$110 million which is also all the increase in other transportation related revenues. Over the next 10 years, this November forecast is up by \$538 million over the last baseline forecast. When comparing the November forecast to the September alternative forecast, there is nearly no change in the current biennium as it is up \$0.42 million from September alternative forecast. Next biennium, other business-related revenues are down \$0.8 million from the last alternative forecast which excluded the I-976 impacts.

When comparing the November forecast to the pre-pandemic baseline February forecast, other transportation related revenues are up \$53.2 million in the current biennium and up \$114 million next biennium. However, this November forecast is also down \$154 million from the pre-pandemic February alternative forecast which excluded the impacts of I-976 in the current biennium. In addition, the November forecast is down \$89 million next biennium from the February alternative forecast.

Primary reasons for the change in the November 2020 forecast

- For the past year, the sales tax on new and used vehicle purchases has been removed from the baseline forecast due to I-976. Now in the November forecast the sales tax on motor vehicle purchases is brought back into the baseline forecast due to the overturning of the initiative. Vehicle sales have

been reduced due to COVID-19 related shutdowns; however, the impact was not as severe as originally anticipated. Motor vehicle sales and use tax revenue came in \$905,000 above forecast in the three months since the September forecast (August data was revised). Sales tax collections were \$424,000 higher, or 3.6%. Use tax collections were \$481,000 higher, or 22.1%. The forecast for U.S. new vehicle sales is higher in the near term but weaker in the outer years compared to September. The forecast for U.S. sales of used vehicles compared to September is higher for most of the forecast period. The biennial forecast change for motor vehicle sales and use tax ranges from +1.8% in 2021-23 to +0.9% in 2023-25. The reversal of I-976 results in FY2020 revenue being artificially low and FY2021 being artificially high due to timing of account deposits.

- Rental car tax collections have also reduced to the COVID-19 related shutdowns and limitations on travel. Collection came in \$168,000 (2.7%) below forecast in the three months since the September forecast (August data was revised). The economic variables related to this forecast are slightly weaker compared to September. The forecast has been revised downward throughout the forecast horizon after the current biennium. The biennial change ranges from +0.1% in 2019-21 to -1.6% in the last three biennia.
- HOV penalties have been revised downward in this November 2020 forecast due to actuals coming lower than forecast. The current biennium forecast is reduced by \$366,550 or 28% from the last forecast. We have also updated the growth rates for the HOV penalty forecast to reflect the adopted Vehicle Miles Traveled (VMT) forecast in the out years (2021-2029). This lowers the HOV penalties by more than \$1 million per biennium.
- WSDOT Business related revenue for November has been revised down by \$0.015 million or 0.11% from the September forecast in the 2019-21 biennium to reflect actuals. Next biennium the WSDOT business related revenue is down \$0.09 million or 0.6% from September due to lower population growth rates.
- The school zone fines forecast is down significantly (\$0.2 million or 28.6%) in the current biennium due to actuals coming in lower, to date, in the 2019-21 Biennium. The forecast in outer biennia were also revised downward by \$0.27 million or 30% next biennium and 15% decline in 2023-25 biennium,
- The 2019-21 WSP Business Related Revenues for November 2020 have been revised down by (\$111,500) or (.88%). The change reflects updated yearly averages in all categories that now include any COVID-19 impacts through fiscal year 2021 actuals. Future biennia revenues are also forecast to decrease by (\$232,800) or (1.80%) from the September 2020 forecast.
- Aviation Fuel Tax forecast is lower for FY 2019-21 by -\$78,600 or -1.65% based on lower than expected revenue collections through October. The forecast remains unchanged from the previous forecast throughout the rest of the forecast horizon. The forecast was updated with the OFM long-term manufacturing employment forecast as well as the FAA General Aviation Fuel Consumption forecast in June 2020.
- Aviation Specialty Plate Forecast per HB 1400 (2017) with an effective date of July 22, 2017. This forecast is higher FY 2019-21 by \$1,200 or 1.4% with the forecast continuing higher on average by \$2,250 or 2.0% mainly due to the increase in anticipated plate renewals.

Ferry Ridership and Revenue

Overview

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

- Passenger full fares
- Passenger frequent user discount (commuter) fares

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

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

The COVID-19 pandemic, the effects of which began in early March 2020 with “stay at home” and “safer at home” public guidance, has severely impacted ferry ridership. April 2020 systemwide ridership was 73% lower than April 2019. Since April, ridership has been steadily recovering at a modest pace, with October 2020 levels coming in 35% lower than 2019. To account for ridership levels that remain below what could be attributed to changes in the usual forecast inputs, such as employment and real personal income, an indicator variable was introduced within the models to capture the pandemic-related decreases in ridership. As with the September forecast, the November forecast assumes that the effects of the pandemic will negatively impact ridership for the rest of 2020 and into 2021, with effects tapering off and recovering to a “new normal” by January 2022.

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 number of factors have contributed to this trend, including an aging population base in ferry-served communities with more riders eligible for senior fares that offer a larger discount, an increase in telecommuting, and changes in the frequent user multi-ride fare media that make them less severable for shared concurrent use by multiple riders. Between FY 2000 and FY 2019, the share of passengers traveling under a discounted, frequent user fare has declined from nearly 46% to less than 19%. Over the same period, the share of drivers of vehicles traveling under a discounted, frequent user fare has declined from nearly 47% to 34%. The COVID-19 pandemic has resulted in an extensive increase in telecommuting. Evidence of this is exhibited in the passenger frequent user “commuter” fares ridership, which has the steepest pandemic-related percentage decreases of all fare categories, ranging from over 88% in April to 76% in September and 77% in October. Many employers are expected to be more accommodating of telecommuting after a recovery to conditions representing a “new normal”. To capture this expected effect a 15% reduction has been applied to the passenger commuter fare ridership forecasts, extending out over the forecast horizon. A similar but smaller 10% reduction has been applied to the vehicle/driver commuter fare projections.

Also contributing to lower near-term ridership projections in the November 2020 Forecast are the following service level assumptions, which have been revised from the September 2020 Forecast.

- The entire system is assumed to be running on the reduced service hour, winter baseline season schedule through 2020 and the winter of 2021, with a transition to a higher level of service similar to prior spring/fall season schedules at the end of March 2021.
- The Fauntleroy-Vashon-Southworth set of routes are anticipated to continue operating with two instead of three vessels through November 2020.
- Two-vessel service was restored on the Seattle-Bainbridge route in August and on the Seattle-Bremerton route in November.
- The Anacortes-Sidney, B.C. route, which typically shuts down service during the winter season schedule, is now expected to remain out of service until late March 2021.

WSF has indicated the service reductions made in response to the COVID pandemic are subject to change in the interim based upon travel demand recovering in combination with available staff resources and budget to restore service. Increased service, if implemented ahead of schedule, may also facilitate increased ridership.

Overall, the November Baseline Forecast for ridership in the current 2019-21 biennium is 0.4% higher than the September Forecast, with passengers down 0.2% and vehicles/drivers up 1.0%. The November Forecast includes actual ridership collections through October 2020 and actual revenue collections through September 2020. Total reported ridership for September and October 2020 was 37.5% and 34.9%, respectively, below the levels from the prior year. Comparing total reported ridership to the September 2020 Forecast, actuals for the months of September and October were 5.3% and 6.2% higher, respectively, than predicted in September. By fare type, passenger fares were 6.9% above and 4.3% below forecasts, respectively, while vehicle/driver fares were 4.1% and 15.5% above the September 2020 forecasts.

Fare revenues for September came in 22.7% lower than the prior year. The actual September revenue was 8.5% higher than the September forecast, with passenger and vehicle/driver ridership exceeding forecasts, especially in the higher, full-fare categories.

Compared to the prior September Forecast, fare and surcharge revenues for the current 2019-21 biennium are projected to be 1.1% higher, whereas miscellaneous revenues are expected to be 8.2% lower. Compared to prior FY 2020 values, fare and surcharge revenues in FY 2021 are expected to be 5.1% lower as the effects of the pandemic and the economic projections continue to dampen ferry ridership with a weak start for FY 2021. Miscellaneous revenue decreases reflect significantly lower reporting of reservation no show fees and much lower revenues from film shoot and promotion activities. This lowered the expectation for the balance this fiscal year and into the next due to ongoing COVID restrictions.

For the rest of the forecast horizon, the November ridership projections range from 0.4% lower in FY 2022 to 0.8% lower in FY 2023, followed by smaller decreases over the rest of the forecast horizon, relative to the September Forecast. The lower ridership trends for the assumed transition to a "new normal in mid-FY 2022 are the result of lower projections for population and employment. Fare and surcharge revenue projections are expected to range from 0.2% higher in FY 2022 to 0.2% lower in FY 2023, with no change in FY2024 and slight decreases in the remaining forecast years, compared with September.

Miscellaneous revenues are about 10% lower across the forecast horizon compared with September, reflecting new information from vendors based on early pandemic experience.

Total fare and miscellaneous revenues forecasted for the 2019-21 biennium amount to \$332.2 million, which is 0.9% higher than the previous forecast of \$329.1 million for the same period. Over 10 years (FY 2020-29), ferry fare and miscellaneous revenues total \$2.07 billion, unchanged from the September Forecast over this 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 remain unknown. As such, the November 2020 Forecast projections, as well as the assumptions upon which they are based at the time of preparation, are subject to an unprecedented level of risk and uncertainty, which may cause actual results to vary considerably from the projections.

Primary reasons for the change in the November 2020 forecast

- Overall, the November fare and surcharge revenue forecasts reflect the substantial drop in ridership resulting from the pandemic and its associated effects on the economic forecast variables, including employment and real personal income, as well as travel in general, and are not materially different than those for the September forecast.
- Miscellaneous revenue forecasts are lower than in the September Forecast for similar reasons, with some effects currently assumed to be long-lasting.

Toll Revenue

Overview

Main Changes since September Forecast

September and October Actuals

Washington State has five tolled facilities. November 2020 toll traffic and revenues (T&R) forecast has been updated from the September forecast to incorporate slower traffic and revenue recovery assumptions in the near term. Traffic and revenues in FY 2020 and FY 2021 have been lowered for all toll facilities; forecasts for FY 2023 to FY 2029 are very close to September forecast.

September forecast is based on T&R actuals through August 2020. September and October combined actual toll transactions were 4 percent below the forecast. Reported adjusted toll revenues for the past two months were \$24.7 million, which is \$0.8 million (or 3 percent) below the forecast.

Figure 21: July 2020 to October 2020 Actuals vs September 2020 Forecast (\$ millions)

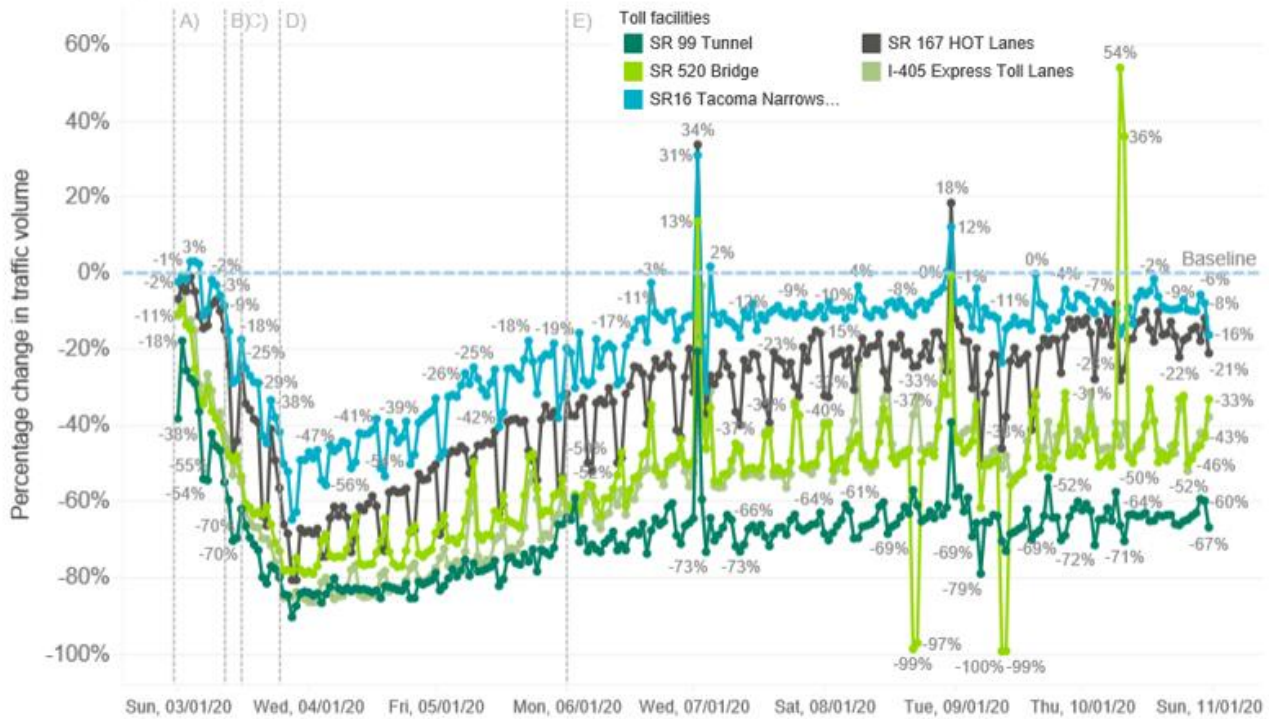
Toll Facility	Toll Transactions						Adjusted Gross Toll Revenue					
	Jul thru Aug 2020	Sept 2020	Oct* 2020	Sep & Oct Total	YTD (Jul thru Oct 2020)	Jul thru Aug 2020	Sept 2020	Oct 2020	Sep & Oct Total	YTD (Jul thru Oct 2020)		
TNB	Forecasted Transactions	2,571	1,269	1,259	2,528	5,099	Forecasted Toll Revenue	\$13.643	\$6.621	\$6.537	\$13.158	\$26.801
	Reported Transactions	2,571	1,187	1,216	2,403	4,973	Reported Toll Revenue	\$13.643	\$6.399	\$6.485	\$12.884	\$26.527
	Variance From Forecast	0.000	-0.082	-0.043	-0.125	-0.125	Variance From Forecast	\$0.000	-\$0.222	-\$0.052	-\$0.274	-\$0.274
	Variance - % Change	0.0%	-6.5%	-3.4%	-5.0%	-2.5%	Variance - % Change	0.0%	-3.4%	-0.8%	-2.1%	-1.0%
SR 520	Forecasted Transactions	2,414	1,217	1,339	2,556	4,970	Forecasted Toll Revenue	\$7.483	\$3.820	\$4.312	\$8.132	\$15.615
	Reported Transactions	2,414	1,122	1,308	2,430	4,844	Reported Toll Revenue	\$7.483	\$3.635	\$4.037	\$7.672	\$15.155
	Variance From Forecast	0.000	-0.095	-0.031	-0.126	-0.126	Variance From Forecast	\$0.000	-\$0.185	-\$0.275	-\$0.460	-\$0.460
	Variance - % Change	0.0%	-7.8%	-2.3%	-4.9%	-2.5%	Variance - % Change	0.0%	-4.8%	-6.4%	-5.7%	-2.9%
I-405	Forecasted Transactions	0.904	0.417	0.493	0.910	1.814	Forecasted Toll Revenue	\$1.094	\$0.500	\$0.601	\$1.101	\$2.195
	Reported Transactions	0.904	0.483	0.506	0.989	1.893	Reported Toll Revenue	\$1.094	\$0.661	\$0.682	\$1.343	\$2.437
	Variance From Forecast	0.000	0.066	0.013	0.079	0.079	Variance From Forecast	\$0.000	\$0.161	\$0.081	\$0.242	\$0.242
	Variance - % Change	0.0%	15.8%	2.7%	8.7%	4.4%	Variance - % Change	0.0%	32.1%	13.5%	22.0%	11.0%
SR 167	Forecasted Transactions	0.227	0.118	0.120	0.238	0.465	Forecasted Toll Revenue	\$0.389	\$0.222	\$0.233	\$0.455	\$0.844
	Reported Transactions	0.227	0.117	0.133	0.250	0.477	Reported Toll Revenue	\$0.389	\$0.194	\$0.248	\$0.442	\$0.832
	Variance From Forecast	0.000	-0.001	0.013	0.012	0.012	Variance From Forecast	\$0.000	-\$0.028	\$0.015	-\$0.013	-\$0.013
	Variance - % Change	0.0%	-0.8%	10.8%	5.1%	2.6%	Variance - % Change	0.0%	-12.6%	6.5%	-2.8%	-1.5%
SR 99	Forecasted Transactions	1,535	0,833	0,855	1,688	3,223	Forecasted Toll Revenue	\$2.429	\$1.395	\$1.432	\$2.827	\$5.256
	Reported Transactions	1,535	0,750	0,779	1,529	3,064	Reported Toll Revenue	\$2.429	\$1,248	\$1,271	\$2,519	\$4,948
	Variance From Forecast	0.000	-0.083	-0.076	-0.160	-0.160	Variance From Forecast	\$0.000	-\$0.147	-\$0.161	-\$0.308	-\$0.308
	Variance - % Change	0.0%	-10.0%	-8.9%	-9.4%	-4.9%	Variance - % Change	0.0%	-10.5%	-11.3%	-10.9%	-5.9%
Total	Forecasted Transactions	7,651	3,854	4,066	7,920	15,571	Forecasted Toll Revenue	\$25.038	\$12.558	\$13.115	\$25.673	\$50.711
	Reported Transactions	7,651	3,659	3,942	7,601	15,252	Reported Toll Revenue	\$25.038	\$12.137	\$12.724	\$24.861	\$49.898
	Variance From Forecast	0.000	-0.195	-0.124	-0.319	-0.319	Variance From Forecast	\$0.000	-\$0.421	-\$0.391	-\$0.812	-\$0.812
	Variance - % Change	0.0%	-5.1%	-3.0%	-4.0%	-2.1%	Variance - % Change	0.0%	-3.4%	-3.0%	-3.2%	-1.6%

Note: October 2020 Toll transactions are reported based on preliminary estimate.

Overall toll traffic recovery has slowed or even leveled since summer. Figure 21 provides daily traffic volumes from March 01, 2020 through October 31, 2020 comparing to last year's traffic. Those actuals verify the general forecast assumptions and provide additional clarities to the toll facilities.

Figure 22: Percentage change in toll traffic volumes March 01, 2020 through October 31, 2020 in comparison to last year's traffic.

Percentage change in toll facilities traffic volumes compared to baseline:
SR 99 Tunnel, SR 520 Bridge, SR16 Tacoma Narrows Bridge and 2 more
 Current daily data compared to 2019 baseline



Source: https://public.tableau.com/profile/washington.state.dept.transportation.tssa#!/vizhome/WSDOT_COVID-19_Tolling/FrontPage_Tolling

Main change on assumptions since September

Most of the assumptions and the methodologies for November forecast stay the same as the ones used in September forecast. The main change is the near-term traffic recovery assumption. Based on the actuals in September and October, as well as the recent announcements from companies or agencies (like Microsoft, Amazon, King County) on their work-from-home timeline, we have lowered the traffic and revenue in FY 2021 and FY 2022. For FY 2023 and beyond, no change on toll traffic forecasts from September expect for a 1% reduction to TNB in FY 2023; revenues have been revised slightly due to reduction on fund balance (leading to lower interest income) or the revision to SR 99's split of toll payment types.

Due to lack of data, this forecast does not include the potential traffic impact by the four-week statewide restrictions announced by Governor Inslee on November 15, 2020; nor does it factor in the potential distribution of successful coronavirus vaccines in Spring 2021.

The November 2020 forecast incorporates actual T&R performance through October 2020, adding eight-month forecasts for the remainder of FY 2021, and assuming different recovery pattern for each facility based on the observed trends.

The forecasts for FY 2021, FY 2022, and FY 2023 continue to be made on a month-by-month basis, to best administer the slow but steady recovery growth in traffic and, for the ETLs, in average toll rates. Each toll facility is analyzed on its own, with the actual traffic, average toll rate, and revenue by month used as the key

inputs. Additionally, another input used in the month by month forecasting is the assumed average growth made from September forecasts.

Figure 23 below shows FY 2021 through FY 2029 annual Traffic and Toll Rates September and November forecast assumptions comparing to Pre-COVID Forecasts.

Figure 23: FY 2021 to FY 2029 Traffic and Toll Rate Reduction Assumptions – Comparing to Pre-COVID Forecasts¹

Facility	Forecast Version	Traffic & Toll Rates Assumptions	FY 2021 ACTUALS				ANNUAL FORECAST FY 2021 to FY 2029								
			Jul-20	Aug-20	Sep-20	Oct-20 ³	FY 2021 Weighted Average	FY 2022 Weighted Average	FY 2023 Weighted Average	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
TNB ²	Sep'20	Toll Traffic reduction	-14%	-7%	-7%	-7%	-7%	-4%	-3%	-3%	-3%	-3%	-3%	-3%	-3%
	Nov'20	Toll Traffic reduction	-14%	-8%	-13%	-9%	-10%	-7%	-4%	-3%	-3%	-3%	-3%	-3%	-3%
SR 520	Sep'20	Toll Traffic reduction	-49%	-51%	-47%	-46%	-40%	-20%	-12%	-8%	-8%	-8%	-8%	-8%	-8%
		Toll Rate reduction	-2%	-2%	-2%	-2%	-2%	-2%	-1%	-2%	-2%	-2%	-2%	-2%	-2%
	Nov'20	Toll Traffic reduction	-49%	-52%	-51%	-46%	-47%	-22%	-12%	-8%	-8%	-8%	-8%	-8%	-8%
		Toll Rate reduction	-2%	-2%	-2%	-3%	-2%	-2%	-1%	-2%	-2%	-2%	-2%	-2%	-2%
SR 99 ⁴	Sep'20	Toll Traffic reduction	-29%	-25%	-24%	-23%	-21%	-10%	-5%	-5%	-5%	-5%	-5%	-5%	-5%
		Actual/Estimated Toll Rate	\$1.88	\$1.88	\$1.88	\$1.88	\$1.88	\$1.88	\$1.92	\$1.90	\$1.89	\$1.93	\$1.92	\$1.91	\$1.95
		Toll Rate reduction	-8%	-9%	-9%	-9%	-8%	-6%	-6%	-6%	-6%	-6%	-6%	-6%	-6%
	Nov'20	Toll Traffic Reduction	-29%	-25%	-32%	-30%	-31%	-15%	-5%	-5%	-5%	-5%	-5%	-5%	-5%
		Actual/Estimated Toll Rate	\$1.88	\$1.91	\$1.92	\$1.92	\$1.92	\$1.92	\$1.96	\$1.95	\$1.94	\$1.98	\$1.97	\$1.96	\$1.99
		Toll Rate reduction	-8%	-7%	-6%	-6%	-7%	-4%	-4%	-4%	-4%	-4%	-4%	-4%	-4%
I-405	Sep'20	Toll Traffic reduction	-50%	-54%	-49%	-48%	-40%	-15%	-10%	-9%	-8%	-7%	-7%	-6%	-5%
		Actual/Estimated Toll Rate	\$ 1.24	\$ 1.26	\$ 1.28	\$ 1.29	\$ 1.69	\$ 2.70	\$ 2.95	\$ 3.00	\$ 3.06	\$ 3.12	\$ 3.18	\$ 3.24	\$ 3.30
		Toll Rate reduction	-61%	-62%	-61%	-61%	-48%	-17%	-11%	-10%	-8%	-6%	-5%	-4%	-3%
	Nov'20	Toll Traffic reduction	-53%	-54%	-41%	-49%	-44%	-18%	-11%	-9%	-8%	-7%	-7%	-6%	-5%
		Actual/Estimated Toll Rate	\$1.24	\$1.32	\$1.46	\$1.46	\$ 1.51	\$ 2.44	\$ 2.95	\$ 3.00	\$ 3.06	\$ 3.12	\$ 3.18	\$ 3.24	\$ 3.30
		Toll Rate reduction	-61%	-60%	-55%	-56%	-53%	-25%	-11%	-10%	-8%	-6%	-5%	-4%	-3%
SR 167	Sep'20	Toll Traffic reduction	-30%	-32%	-28%	-27%	-23%	-13%	-8%	-4%	-4%	-3%	-3%	-2%	-2%
		Actual/Estimated Toll Rate	\$ 1.76	\$ 1.82	\$ 1.88	\$ 1.95	\$ 2.12	\$ 2.53	\$ 2.80	\$ 3.20	\$ 3.38	\$ 3.56	\$ 3.74	\$ 3.92	\$ 4.10
		Toll Rate reduction	-41%	-33%	-35%	-32%	-25%	-17%	-14%	-8%	-9%	-7%	-6%	-6%	-5%
	Nov'20	Toll Traffic reduction	-30%	-35%	-29%	-27%	-30%	-20%	-8%	-4%	-4%	-3%	-3%	-2%	-2%
		Actual/Estimated Toll Rate	\$ 1.76	\$ 1.66	\$ 1.67	\$ 1.67	\$ 1.72	\$ 2.23	\$ 2.80	\$ 3.20	\$ 3.38	\$ 3.56	\$ 3.74	\$ 3.92	\$ 4.10
		Toll Rate reduction	-41%	-39%	-42%	-42%	-39%	-27%	-14%	-8%	-9%	-7%	-6%	-6%	-5%

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 Assume no toll rate change to TNB.

³ Oct-20 Toll Rate Reduction is based on the Preliminary Revenue Potential estimate

⁴ Assume 3% toll rate increase every three years starting FY 2022 to SR 99.

Summary of November 2020 Forecast Results

Figure 24 provides the comparison summary between November 2020 forecast and September 2020 forecast results.

Some of the highlights of November 2020 forecast include:

- FY 2021 total revenue and fees are estimated to be \$157 million, which is \$15.6 million (or 9 percent) below the September 2020 Forecast.
- FY 2022 total revenue and fees are estimated to be \$209 million, below September 2020 forecast by \$11 million (or 5 percent).
- The two-year (FY 2021 and FY 2022) total revenues were \$27 million below September forecast. This \$27 million reduction represents 76% of the ten-year total revenue reduction (of \$35 million).

Figure 24: Revenue Comparison – November 2020 vs September 2020 Forecast (\$ millions)

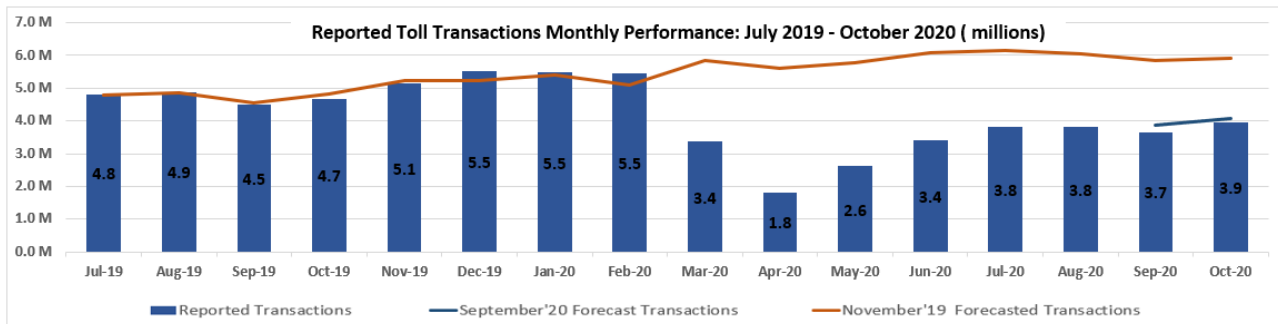
	Toll Facility	FY 2020	FY 2021	2019-21 Biennium	FY 2022	FY 2023	2021-23 Biennium	2023-25 Biennium	2020-29 Ten-Year
November 2020 TRFC	TNB								
	Adjusted Gross Toll Revenue	\$75.466	\$75.313	\$150.779	\$78.380	\$81.971	\$160.351	\$168.923	\$828.844
	Other Revenue	\$3.938	\$2.339	\$6.277	\$2.539	\$2.591	\$5.130	\$5.213	\$27.202
	Total TNB Revenue & Fees	\$79.404	\$77.652	\$157.056	\$80.919	\$84.562	\$165.481	\$174.136	\$856.046
	SR 520								
	Adjusted Gross Toll Revenue	\$66.570	\$46.126	\$112.696	\$70.288	\$82.851	\$153.139	\$184.989	\$845.093
	Other Revenue	\$12.649	\$3.913	\$16.562	\$5.441	\$6.088	\$11.529	\$13.190	\$68.458
	Total SR 520 Revenue & Fees	\$79.219	\$50.039	\$129.258	\$75.729	\$88.939	\$164.668	\$198.179	\$913.551
	I-405 ETLs								
	Adjusted Gross Toll Revenue	\$21.347	\$8.237	\$29.584	\$19.596	\$26.074	\$45.670	\$64.399	\$339.121
	Other Revenue	\$5.657	\$0.875	\$6.532	\$1.746	\$2.215	\$3.961	\$5.770	\$35.970
	Total I-405 ETLs Revenue & Fees	\$27.005	\$9.112	\$36.117	\$21.342	\$28.289	\$49.631	\$70.169	\$375.092
	SR 167 ETLs								
	Adjusted Gross Toll Revenue	\$3.497	\$2.405	\$5.902	\$3.738	\$5.844	\$9.582	\$15.758	\$72.592
	Other Revenue	\$0.161	\$0.081	\$0.242	\$0.079	\$0.093	\$0.172	\$0.223	\$1.200
	Total SR 167 ETLs Revenue & Fees	\$3.658	\$2.486	\$6.144	\$3.817	\$5.937	\$9.754	\$15.981	\$73.792
	SR 99								
	Adjusted Gross Toll Revenue	\$11.851	\$15.008	\$26.859	\$23.271	\$27.419	\$50.690	\$55.601	\$250.802
Other Revenue	\$2.191	\$2.691	\$4.882	\$3.537	\$4.198	\$7.735	\$8.472	\$37.450	
Total SR 99 Revenue & Fees	\$14.043	\$17.699	\$31.742	\$26.808	\$31.617	\$58.425	\$64.073	\$288.253	
All Toll Facilities									
Adjusted Gross Toll Revenue	\$178.732	\$147.089	\$325.821	\$195.273	\$224.159	\$419.432	\$489.670	\$2336.453	
Other Revenue	\$24.597	\$9.899	\$34.496	\$13.342	\$15.185	\$28.527	\$32.868	\$170.281	
Total Revenue & Fees	\$203.329	\$156.988	\$360.317	\$208.615	\$239.344	\$447.959	\$522.538	\$2506.734	
Changes from September 2020 TRFC	TNB								
	Adjusted Gross Toll Revenue	\$0.000	-\$2.480	-\$2.480	-\$2.620	-\$0.864	-\$3.484	\$0.000	-\$5.964
	Other Revenue	\$0.177	-\$0.103	\$0.074	-\$0.120	-\$0.045	-\$0.165	\$0.000	-\$0.091
	Total TNB Revenue & Fees	\$0.177	-\$2.583	-\$2.406	-\$2.740	-\$0.909	-\$3.649	\$0.000	-\$6.055
	Total % Change	0.2%	-3.2%	-1.5%	-3.3%	-1.1%	-2.2%	0.0%	-0.7%
	SR 520								
	Adjusted Gross Toll Revenue	\$0.000	-\$7.302	-\$7.302	-\$2.143	\$0.000	-\$2.143	\$0.000	-\$9.445
	Other Revenue	-\$0.215	-\$0.445	-\$0.660	-\$0.259	-\$0.132	-\$0.391	-\$0.264	-\$1.846
	Total SR 520 Revenue & Fees	-\$0.215	-\$7.747	-\$7.962	-\$2.402	-\$0.132	-\$2.534	-\$0.264	-\$11.291
	Total % Change	-0.3%	-13.4%	-5.8%	-3.1%	-0.1%	-1.5%	-0.1%	-1.2%
	I-405 ETLs								
	Adjusted Gross Toll Revenue	\$0.000	-\$1.381	-\$1.381	-\$2.658	\$0.000	-\$2.658	\$0.000	-\$4.039
	Other Revenue	\$0.152	-\$0.174	-\$0.022	-\$0.385	-\$0.333	-\$0.718	-\$0.878	-\$5.586
	Total I-405 ETLs Revenue & Fees	\$0.152	-\$1.555	-\$1.403	-\$3.043	-\$0.333	-\$3.376	-\$0.878	-\$9.625
	Total % Change	0.6%	-14.6%	-3.7%	-12.5%	-1.2%	-6.4%	-1.2%	-2.5%
	SR 167 ETLs								
	Adjusted Gross Toll Revenue	\$0.000	-\$0.808	-\$0.808	-\$0.931	\$0.000	-\$0.931	\$0.000	-\$1.739
	Other Revenue	\$0.025	-\$0.007	\$0.018	-\$0.008	\$0.000	-\$0.008	\$0.000	\$0.010
	Total SR 167 ETLs Revenue & Fees	\$0.025	-\$0.815	-\$0.790	-\$0.939	\$0.000	-\$0.939	\$0.000	-\$1.729
	Total % Change	0.7%	-24.7%	-11.4%	-19.7%	0.0%	-8.8%	0.0%	-2.3%
	SR 99								
	Adjusted Gross Toll Revenue	\$0.000	-\$2.630	-\$2.630	-\$1.175	\$0.575	-\$0.600	\$1.204	\$0.552
	Other Revenue	\$0.233	-\$0.282	-\$0.049	-\$1.086	-\$0.920	-\$2.006	-\$1.679	-\$7.234
	Total SR 99 Revenue & Fees	\$0.233	-\$2.912	-\$2.679	-\$2.261	-\$0.345	-\$2.606	-\$0.475	-\$6.682
Total % Change	1.7%	-14.1%	-7.8%	-7.8%	-1.1%	-4.3%	-0.7%	-2.3%	
All Toll Facilities									
Adjusted Gross Toll Revenue	\$0.000	-\$14.601	-\$14.601	-\$9.527	-\$0.289	-\$9.816	\$1.204	-\$20.635	
Adjusted Gross Toll Revenue %	0.0%	-9.0%	-4.3%	-4.7%	-0.1%	-2.3%	0.2%	-0.9%	
Other Revenue	\$0.372	-\$1.011	-\$0.639	-\$1.858	-\$1.430	-\$3.288	-\$2.821	-\$14.747	
Total Revenue & Fees	\$0.372	-\$15.612	-\$15.240	-\$11.385	-\$1.719	-\$13.104	-\$1.617	-\$35.382	
Total % Change	0.2%	-9.0%	-4.1%	-5.2%	-0.7%	-2.8%	-0.3%	-1.4%	

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

COVID T&R performance continues to trend significantly below the Pre COVID forecast. Comparing to November 2019 forecast, current Biennium To Date (“BTD”, July 2019 – October 2020) five facilities combined toll transactions were 23 percent, or 20.3 million below the November ’19 forecast; the reported adjusted toll revenues were \$228.7 million, which is \$70.8 million (or 24 percent) below the forecast.

The graphs below provide BTD monthly Toll Transactions and Reported Toll Revenue performances in comparison to the November 2019 and September 2020 forecasts.

Figure 25: BTD monthly T&R Actuals in comparisons to September 2020 and November 2019 forecasts



Note:

September and October 2020 Toll transactions are reported based on preliminary estimate.

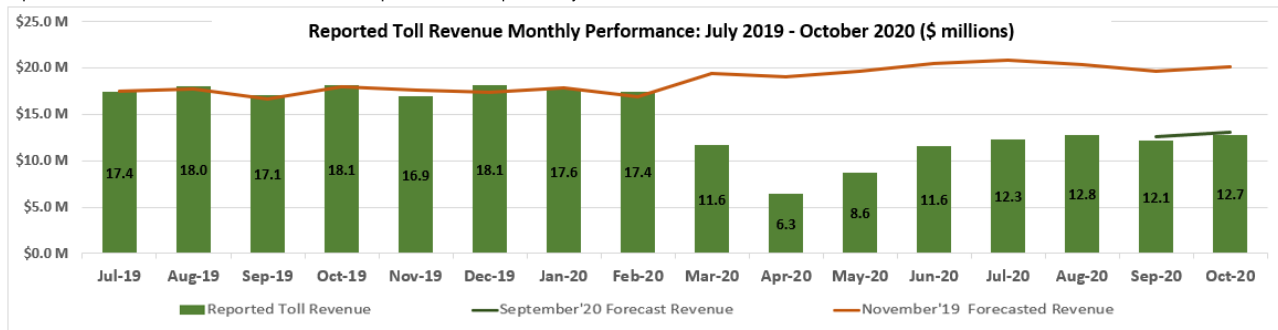


Figure 26 provides the comparison summary between November 2020 forecast and November 2019 results (Pre-COVID). Comparing to the Pre-COVID November 2019 Forecast, 2019-21 Biennium total revenue and fees are 26 percent below the November 2019 forecast. For FY 2020 to FY 2029 ten-year total, total revenue and fees are 14 percent (or \$417 million) below the November 2020 forecast.

Figure 26: Revenue Comparison – November 2020 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	TNB								
	Adjusted Gross Toll Revenue	-\$6.654	-\$8.077	-\$14.731	-\$5.999	-\$3.424	-\$9.423	-\$5.220	-\$40.166
	Other Revenue	\$0.864	-\$0.677	\$0.187	-\$0.416	-\$0.244	-\$0.660	-\$0.382	-\$1.615
	Total TNB Revenue & Fees	-\$5.790	-\$8.754	-\$14.544	-\$6.415	-\$3.668	-\$10.083	-\$5.602	-\$41.781
	Total % Change	-6.8%	-10.1%	-8.5%	-7.3%	-4.2%	-5.7%	-3.1%	-4.7%
	SR 520								
	Adjusted Gross Toll Revenue	-\$21.253	-\$44.438	-\$65.691	-\$21.947	-\$12.831	-\$34.778	-\$16.705	-\$156.717
	Other Revenue	\$5.036	-\$4.053	\$0.983	-\$2.893	-\$2.557	-\$5.450	-\$4.971	-\$21.429
	Total SR 520 Revenue & Fees	-\$16.217	-\$48.491	-\$64.708	-\$24.840	-\$15.388	-\$40.228	-\$21.676	-\$178.146
	Total % Change	-17.0%	-49.2%	-33.4%	-24.7%	-14.7%	-19.6%	-9.9%	-16.3%
	I-405 ETLs								
	Adjusted Gross Toll Revenue	-\$8.124	-\$23.447	-\$31.571	-\$13.806	-\$8.944	-\$22.750	-\$30.253	-\$124.694
	Other Revenue	\$3.120	-\$1.795	\$1.325	-\$1.179	-\$0.957	-\$2.136	-\$2.694	-\$8.598
	Total I-405 ETLs Revenue & Fees	-\$5.003	-\$25.242	-\$30.245	-\$14.985	-\$9.901	-\$24.886	-\$32.947	-\$133.291
	Total % Change	-15.6%	-73.5%	-45.6%	-41.3%	-25.9%	-33.4%	-32.0%	-26.2%
	SR 167 ETLs								
	Adjusted Gross Toll Revenue	-\$1.431	-\$3.215	-\$4.646	-\$2.671	-\$1.465	-\$4.136	-\$2.084	-\$14.675
	Other Revenue	-\$0.082	-\$0.193	-\$0.275	-\$0.230	-\$0.253	-\$0.483	-\$0.618	-\$3.138
	Total SR 167 ETLs Revenue & Fees	-\$1.513	-\$3.408	-\$4.921	-\$2.901	-\$1.718	-\$4.619	-\$2.702	-\$17.813
	Total % Change	-29.3%	-57.8%	-44.5%	-43.2%	-22.4%	-32.1%	-14.5%	-19.4%
SR 99									
Adjusted Gross Toll Revenue	-\$2.201	-\$9.220	-\$11.421	-\$5.486	-\$2.557	-\$8.043	-\$5.138	-\$35.441	
Other Revenue	\$0.474	-\$1.217	-\$0.743	-\$1.600	-\$1.203	-\$2.803	-\$2.248	-\$10.405	
Total SR 99 Revenue & Fees	-\$1.726	-\$10.437	-\$12.163	-\$7.086	-\$3.760	-\$10.846	-\$7.386	-\$45.845	
Total % Change	-10.9%	-37.1%	-27.7%	-20.9%	-10.6%	-15.7%	-10.3%	-13.7%	
All Toll Facilities									
Adjusted Gross Toll Revenue	-\$39.662	-\$88.397	-\$128.059	-\$49.909	-\$29.221	-\$79.130	-\$59.400	-\$371.692	
Adjusted Gross Toll Revenue %	-18.2%	-37.5%	-28.2%	-20.4%	-11.5%	-15.9%	-10.8%	-13.7%	
Other Revenue	\$9.413	-\$7.935	\$1.478	-\$6.318	-\$5.214	-\$11.532	-\$10.913	-\$45.184	
Total Revenue & Fees	-\$30.249	-\$96.332	-\$126.581	-\$56.227	-\$34.435	-\$90.662	-\$70.313	-\$416.876	
Total % Change	-13.0%	-38.0%	-26.0%	-21.2%	-12.6%	-16.8%	-11.9%	-14.3%	

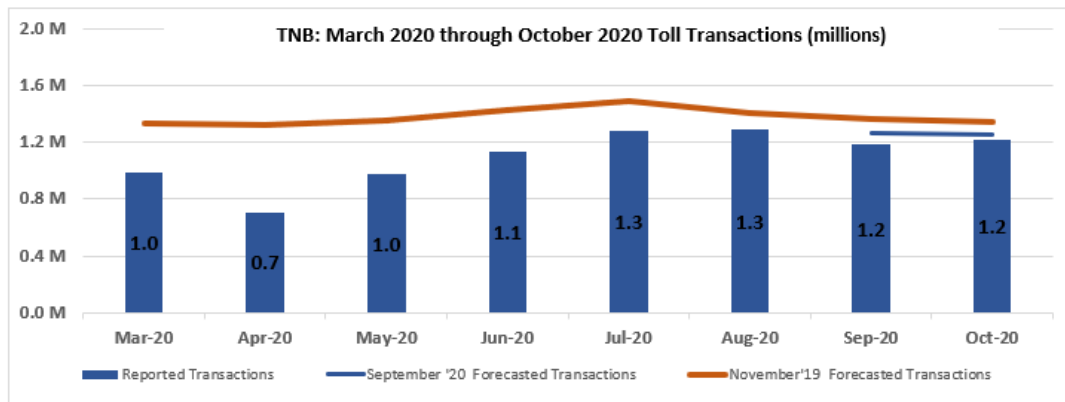
Updates to Tacoma Narrows Bridge (TNB) traffic and toll revenue

Tacoma Narrows Bridge (TNB) toll traffic and revenue forecast for November 2020 has been updated to incorporate the actual traffic and revenues through October 2020. It also reflects the current assumptions of the facility's Post-COVID traffic and revenue recovery.

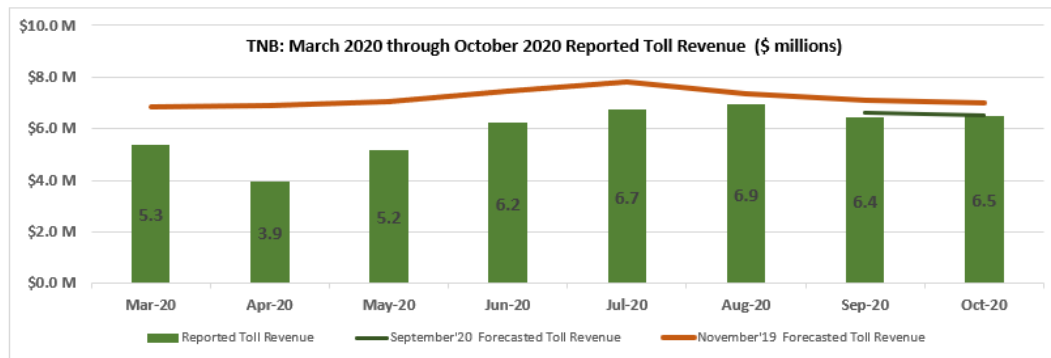
Combined September and October toll transactions were 5 percent below the September 2020 forecast, toll revenues were 2 percent below the forecast.

FY 2021 YTD (July 2020 through October 2020) reported toll transactions were 5.0 million, which is 125,000 (or 2 percent) below the September 2020 forecast. FY 2021 YTD Adjusted Gross Toll Revenues were \$26.5 million, which was \$274,000 (or 1 percent) below the September forecast.

Figure 27: TNB Monthly Toll Transactions and Revenue Between March – October 2020



Note: October 2020 Toll transactions are reported based on preliminary estimates



Comparing to September 2020 forecast, TNB toll transactions are forecasted to be decreased by 3.9 percent in FY 2021. FY 2022 and FY 2023 transactions are below September forecast by 3.2 and by 1.0 percent respectively. From FY 2024 to 2029 TNB toll transactions are unchanged from September 2020 forecast.

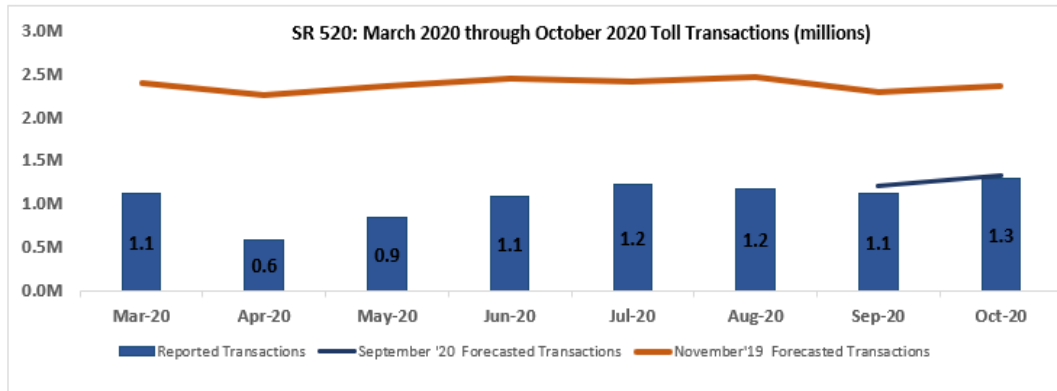
Assuming no changes to the average toll rates, TNB toll revenue forecast updates reflect the similar trends of its traffic growth. Comparing to the prior forecast, TNB total revenue and fees in November forecast are decreased by 3.2 percent in FY 2021, by 3.3 percent in FY 2022, and by 1.1 percent in FY 2023. Like toll transactions forecast, FY 2024-2029 toll revenues are at the previous forecast projections. The facility's total revenue and fees in 2019-21 biennium are estimated to be \$157.1 million, which is \$2.4 million below September forecast. In 2021-23 biennium total revenue and fees of \$165.5 million are \$3.6 million below September forecast.

Updates to SR 520 Toll Bridge traffic and toll revenue

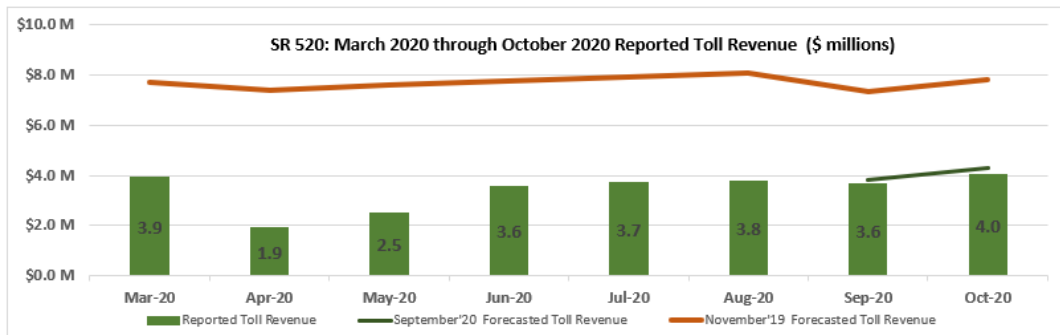
SR 520 Bridge toll traffic and revenue forecast for November 2020 has been updated to incorporate preliminary actual values through October 2020. The forecast also reflects the current assumptions on Post-COVID-19 traffic and revenue recovery trends.

Combined September and October toll transactions were 5 percent below the September 2020 forecast, toll revenues were 6 percent below the forecast. FY 2021 YTD (July 2020 through October 2020) reported toll transactions were 4.8 million, which is 126,000 (or 2.5 percent) below the September 2020 forecast. YTD Adjusted Gross Toll Revenue was \$15.2 million, which is \$460,000 (or 2.9 percent) below the prior forecast.

Figure 28: SR 520 Monthly Toll Transactions and Revenue Between March – October 2020



Note: October 2020 Toll transactions are reported based on preliminary estimates



Comparing to the September forecast, SR 520 toll transactions in the November forecast are forecasted to be reduced by 12.9 percent in FY 2021; the reduction decreases to 3.0 percent in FY 2022. From FY 2023 to FY 2029, SR 520 toll transactions are forecasted to be at the September 2020 forecast.

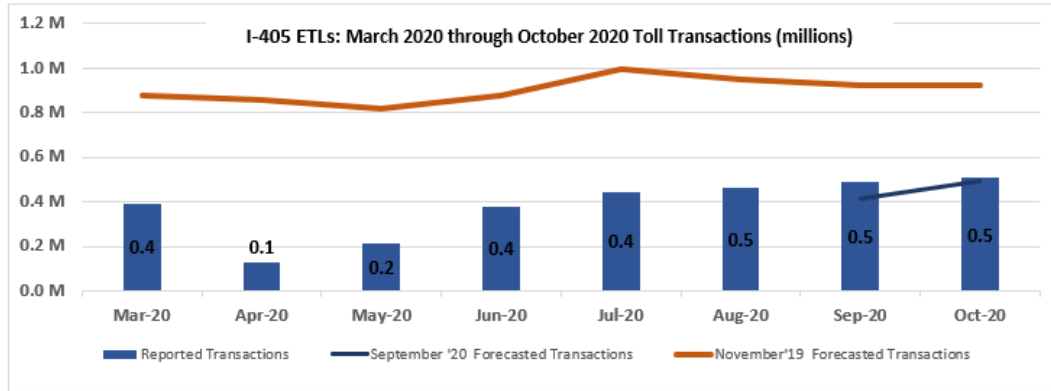
SR 520 revenue and fees in the current biennium are forecasted to be \$129 million, which is \$8.0 million (or 5.8 percent) below the September 2020 forecast. The ten-year total revenue and fees (FY 2020 to FY 2029) are estimated to be \$914 million, which is \$11.3 million (or 1.2%) lower than the September forecast.

SR 520 miscellaneous pledged revenues decreased by 5 percent in FY 2021 and 11 percent during the ten-year forecast horizon from FY 2020-29. The decrease in miscellaneous pledged revenue after the 2021-23 biennium, despite no changes to the gross toll revenue, is the result of lower interest earnings. Lower interest earnings in future years are due to reductions in projected toll revenue in the November 2020 forecast in the near term which reduces the cumulative balance in future years for which interest earnings are based.

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

I-405 ETLs toll traffic and revenue forecast for November 2020 has been updated to incorporate the actuals through October 2020 and the current assumptions of the facility’s Post-COVID traffic and revenue recovery.

Figure 29: I-405 Monthly Toll Transactions and Revenue Between March – October 2020



Note: October 2020 Toll transactions are reported based on preliminary estimates



Combined September and October toll transactions were 9 percent above the September 2020 forecast, toll revenues were 22 percent above the forecast. FY 2021 YTD (July 2020 through October 2020) reported toll transactions were 1.9 million, or 5 percent above the September 2020 forecast. YTD Adjusted Gross Toll Revenue was \$2.4 million, which is \$242,000 (or 11 percent) above September 2020 forecast.

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

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

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

Comparing to the September 2020 forecast, I-405 ETLs toll transactions are forecasted to be reduced by 4.3 percent in FY 2021, and 2.5 percent in FY 2022 before staying the same for the remainder of the forecast horizon.

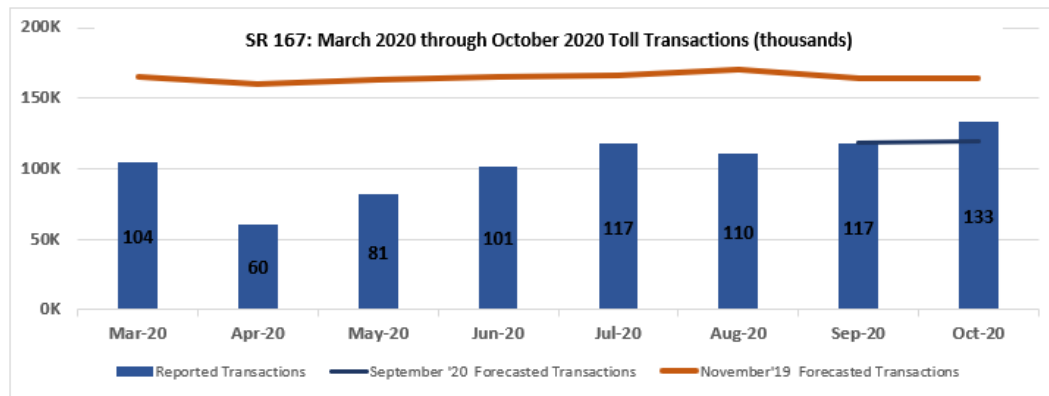
I-405 ETLs total revenue and fees in the current biennium are forecasted to be \$36.1 million, which is \$1.4 million (or 3.7 percent) below September 2020 forecast. Miscellaneous revenue attributed to interest earnings on the account balance has been removed in the November 2020 forecast; future revenue is assumed to be not sufficient to generate any significant interest income after accounting for contributions to the overall project capital program. The ten-year total revenue and fees (FY 2020 to FY 2029) are estimated to be \$375 million, which is a decrease of \$9.6 million, (or 2.5 percent) from September 2020 forecast.

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

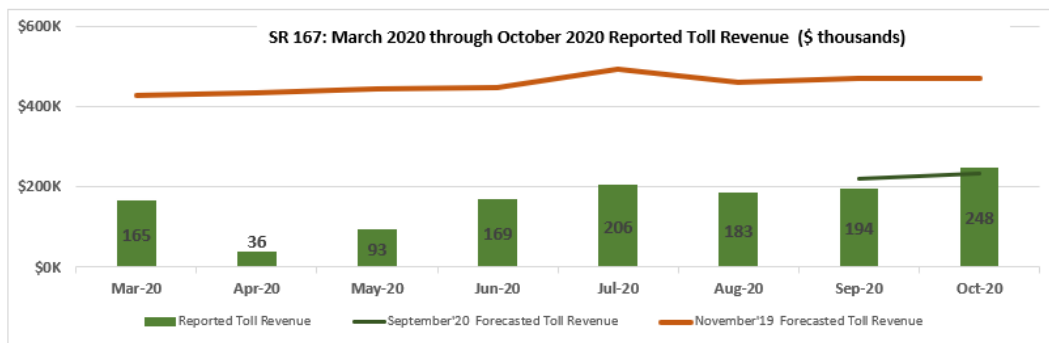
SR 167 ETLs toll traffic and revenue forecast for November 2020 has been updated to incorporate the actuals through October 2020. It also reflects the current assumptions of the facility’s Post-COVID traffic and revenue recovery.

Combined September and October toll transactions were 5 percent above the September 2020 forecast, toll revenues were 3 percent below the forecast. FY 2021 YTD (July 2020 through October 2020) reported toll transactions were \$487,000, or 13,000 above September forecast (3 percent). YTD Revenue were \$832,000, which is \$13,000 (or 2 percent) below the prior forecast.

Figure 30: SR 167 Monthly Toll Transactions and Revenue Between March – October 2020



Note: October 2020 Toll transactions are reported based on preliminary estimates



Impacted by COVID-19, March through October 2020 toll traffic and revenues significantly underperformed previous years. As mentioned for the I-405 Express Toll Lanes, the percentage decreases in revenue for SR 167 ETLs also exceed their percentage decreases in traffic. As travel demand on SR 167 drops, traffic congestion is significantly reduced; thereby reducing the time savings benefits the dynamic priced managed lanes offer over the free general-purpose lanes. Reduced demand for the tolled lanes also results in lower-than-average tolls, approaching the minimum toll rate, all day, decreasing revenue further. March 2020 through October 2020 average toll rate was \$1.57 in comparison to July 2019 through February 2020 average toll rate of \$2.56.

Comparing to the September 2020 forecast, SR 167 ETLs toll transactions are forecasted to be reduced by 7.9 percent in FY 2021, and the percentage reduction in FY 2022 is 9.1 percent. The remainder of the forecast horizon has no difference from the September forecast.

SR 167 ETLs total revenue and fees in current biennium are forecasted to be \$6.1 million, which is \$0.8 million (or 11.4 percent) below September 2020 forecast. In the next 2021-2023 biennium total revenue and fees of \$9.8 million are \$0.9 million (or 8.8 percent) below the previous forecast. The ten-year total revenue and fees (FY 2020 to FY 2029) are estimated to be \$73.8 million, which is by \$1.7 million (or 2.3 percent) below the September 2020 forecast.

Updates to SR 99 Tunnel traffic and toll revenue

SR 99 Tunnel toll traffic and revenue forecast for November 2020 has been updated to incorporate the actuals through October 2020 and the current assumptions of the facility's Post-COVID traffic and revenue recovery.

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

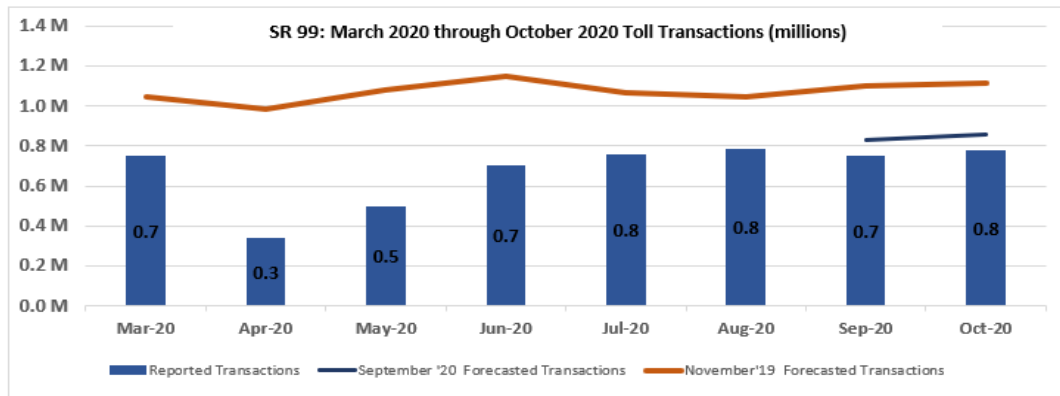
After toll commencement, SR 99 Pre COVID-19 actuals significantly outperformed November 2019 forecast. The COVID-19 Pandemic brought tremendous shift on regional transportation patterns. March through October's toll transactions were about 38 percent below November 2019 forecast.

In comparison to September 2020 Forecast, combined September and October toll transactions were 9 percent below the September 2020 forecast, toll revenues were 11 percent below the forecast. The four months of adjusted gross toll revenue reported in FY 2021 were \$4.9 million, which was \$308,000 (or 6 percent) below September 2020 forecast.

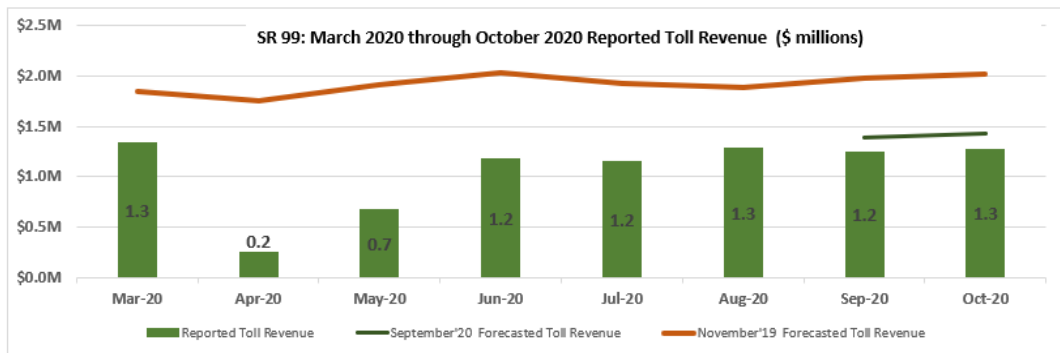
Comparing to the September 2020 forecast, SR 99 toll transactions are forecasted to decrease by 13.1 percent in FY 2021, and the percentage reduction in FY 2022 is 6.1 percent. From FY 2023 to 2029, SR 99 toll transactions are forecasted to be at the September 2020 forecast projections.

SR 99 adjusted gross toll revenue and fees in the current biennium are forecasted to be \$31.7 million, which is 7.8 percent lower than September 2020 forecast. Reduction in the Pay By Mail transactions share and increase in Pay By Plate share reduce the revenue potential and are partially offset by decreased leakage from bad addresses and non-payment of toll bills. The ten-year total toll revenue and fees (FY 2020 to FY 2029) are estimated to be \$288 million, which is down by \$6.7 million (or 2.3 percent) from the prior forecast.

Figure 31: SR 99 Monthly Toll Transactions and Revenue Between March – October 2020



Note: October 2020 Toll transactions are reported based on preliminary estimates



Federal Funds Revenue

Overview

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

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

FHWA – Highways Forecast

- The November 2020 total apportionment forecast for FFY 2020 is \$813.2 million. This forecast has been updated to reflect actual apportionment distributions for FFY 2020.
- The November 2020 apportionment forecast reflects the CARES Act federal distribution of \$2.2 million.
- The November 2020 apportionment forecast reflects the actual Ferry Boat annual apportionment distribution as well as redistributed Ferry Boat distribution.

- The November 2020 apportionment forecast reflects the current Continuing Resolution for FFY 2020 which extends the FFY 2020 apportionment levels for October 1, 2020 through December 11, 2020. These 2020 apportionment levels have been annualized for FFY 2021.
- The current Continuing Resolution will expire on December 11, 2020 and at the current time there is not a new Surface Transportation Funding Bill passed by Congress to take its place. Because a new funding bill does not exist, we are assuming a Continuing Resolution will be passed to fund infrastructure in the gap period. Assuming a Continuing Resolution for the near term, the baseline forecast for FFY 2021 through FFY 2023 will assume an annual growth rate of 2.3% which is based on the average annual growth rate of the FHWA Core Program apportionment from 2012 through 2020. This 2.3% growth rate spans two Surface Transportation funding bills as well as numerous Continuing Resolutions.
- The baseline forecast for FFY 2024 through FFY 2029 will assume an annual growth of federal revenues matching the annual Washington State fuel consumption growth rates. In this 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 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 November 2020 CORE OA for FFY 2020 has been reconciled to actual OA distributions and is \$700.7 million. The total OA for 2020 is \$813.2 million which includes distributions for Discretionary items, Other Allocated programs as well as Ferry Boat/Terminals distributions.
- Total OA forecast for FFY 2021 and throughout the forecast horizon will be set at 98% of apportionment, which is consistent with historical Washington State OA distributions.
- The methodology used to split the OA between the State Programs and the Local Programs was modified in the June 2018 forecast and has not changed since.

Rescission of FAST ACT Funds:

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

Allocations of FAST Act Funds Forecast:

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

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

FHWA Penalties:

The November 2020 federal forecast will incorporate two FHWA penalties, which Washington State is subject to.

- The Section 164 Penalty – FHWA has determined that Washington State is not in compliance with section 164 of title 23, United States Code, the Minimum Penalties for Repeat Offenders for Driving While Intoxicated or Driving Under the Influence. This penalty amounts to 2.5 percent of the National Highway Performance Program and Surface Transportation Block Grant Program apportionments annually. These funds are reserved for release for use on eligible Highway Safety Improvement Program activities or transfer to the States’ 402 Safety Programs pending the outcome of the administrative and “general practice” certification review processes.
- The Interstate System Pavement Condition Penalty – The FHWA analyzed the 2018 Interstate System pavement data reported by the WSDOT and has determined that the penalty under the provisions of the Interstate System Condition Penalty (23 U.S.C 119 (f)(1)) must be invoked pursuant to 23 CFR 490.317. This is just for FFY 2020 and the amount is estimated at \$123.7 million and this money is taken from the state National Highway Performance Program (NHPP). The uses of the federal funds are now more restricted to be spent only on interstates in Washington. This penalty is first being brought in the November 2019 revenue forecast.

Coronavirus Aid, Relief, and Economic Security (CARS) Act:

The Coronavirus Aid, Relief, and Economic Security (CARS) 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 2020 federal apportionment forecast will include an estimated CRF distribution to Washington State for ferries and public transportation. This CRF estimate does not include fund distributions made directly to King, Pierce, Snohomish, and Spokane counties.

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

Type of Federal Forecast	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Total WA Apportionment	\$813.2	\$762.5	\$780.5	\$798.0	\$806.3	\$813.3
Total WA Obligation Authority	\$792.3	\$747.4	\$764.8	\$782.0	\$790.1	\$797.1

FTA - Public Transportation Federal Funds

Overview

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

Public Transportation Federal Apportionment Funds Forecast

- The November 2020 Public Transportation federal funds forecast is based on the FAST Act signed into law by President Obama on December 4, 2015 and the 2016 Federal Apportionment Notice of Public Transportation federal funds on the federal registry. The November 2018

apportionment for FFY 2018 was \$23.5 million and was revised upward to reflect actual distributions.

- The forecast for 2019 through 2020 is based on the FAST Act program funds distribution tables produced by the Federal Transit Administration (FTA). A 3-year average of Washington’s proportionate share of the formula program funds is applied to the national totals on the FTA distribution tables for these years. Total federal public transportation formula program funds for FFY 2019 were \$19.2 million and growing to \$19.7 million by FFY 2020.
- The FAST Act expired on September 30, 2020 and the Federal Programs are currently operating on a Continuing Resolution which will expire on December 11, 2020. Because a new funding bill does not exist we are assuming a Continuing Resolution will be passed to fund infrastructure in the gap period. Assuming a Continuing Resolution for the near term, the baseline forecast for FFY 2021 through FFY 2023 will assume an contain a growth rate of 2.3% which is based on the average annual growth rate of the FHWA Core Program apportionment from 2012 through 2020. This 2.3% growth rate spans two Surface Transportation funding bills as well as numerous Continuing Resolutions.
- The public transportation formula federal program forecast for FFY 2024 – 2029 is grown annually using the Washington State Fuel Consumption forecasted growth rates, which are up slightly in September compared to the last forecast in those years.

Figure 33: FFY 2017 – FFY 2020 FTA – Public Transportation Forecast

(In thousands)

Type of Public Transportation Federal Forecast	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Statewide Planning Program	\$527	\$527	\$539	\$552	\$558	\$563
Enhanced Mobility for Elderly and Disabled	\$2,949	\$2,949	\$3,017	\$3,086	\$3,119	\$3,147
Nonurbanized Area Formula Program	\$13,751	\$13,751	\$14,067	\$14,390	\$14,543	\$14,673
Rural Transit Assistance Program	\$219	\$219	\$224	\$229	\$231	\$234
State Safety Oversight Program	\$555	\$555	\$568	\$581	\$587	\$592
Bus and Bus Facilities Program	\$1,629	\$1,629	\$1,667	\$1,705	\$1,723	\$1,738
CARES Act Federal Distribution	\$44,122	-----	-----	-----	-----	-----

FTA – Washington State Ferries (WSF) Federal Funds

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

WSF Federal Apportionment Funds Forecast

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

Washington State Ferries (WSF) Federal Apportionment Funds Forecast

- Total federal WSF formula program funds for FFY 2019 are forecasted to be \$13.3 million. This amount is held constant thru 2020. This is unchanged from the previous forecast.
- The June & September 2020 forecasts include the CARES Act Federal Distribution of \$39.2 million.
- The FAST Act expired on September 30, 2020 and the Federal Programs are currently operating on a Continuing Resolution which will expire on December 11, 2020. Because a new funding bill does not exist we are assuming a Continuing Resolution will be passed to fund infrastructure in the gap period. Assuming a Continuing Resolution for the near term, the baseline forecast for FFY 2021 through FFY 2023 will assume an contain a growth rate of 2.3% which is based on the average annual growth rate of the FHWA Core Program apportionment from 2012 through 2020. This 2.3% growth rate spans two Surface Transportation funding bills as well as numerous Continuing Resolutions.
- The long-term WSF formula federal program forecast for FFY 2024 – 2027 will be grown annually using the Washington State Fuel Consumption forecasted growth rates. Total federal public transportation formula program funds are anticipated to grow to \$14.0 million by FFY 2029.

**Figure 34: FFY 2017 – FFY2020 FTA Washington State Ferries Forecast
(In millions)**

Type of FTA -Ferries Federal Forecast	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Nonurbanized Area Formula Program (5307)	\$6.06	\$6.06	\$6.20	\$6.34	\$6.41	\$6.47
State of Good Repair Grants (5307)	\$7.20	\$7.20	\$7.37	\$7.54	\$7.61	\$7.68
CARES Act Federal Distribution	\$39.20	-----	-----	-----	-----	-----

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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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Appendix

Tables Related to the November 2020 Forecast

Figure 35: Connecting Washington Revenues November Forecast Without I-976 Compared to September 2015 Forecast

Forecast to Forecast Comparison for Connecting Washington Revenues 10-Year Period									
November 2020 Forecast <u>without</u> impacts of I976 to September 2015 Forecast • millions of dollars									
	2019-21			2021-23			10-Year Period (2019-2029)		
	Forecast Nov 20	Chg from Sep 15	Percent Change	Forecast Nov 20	Chg from Sep-15	Percent Change	Forecast Nov 20	Chg from Sep 15	Percent Change
<i>dollars in millions</i>									
Revenues									
Motor Vehicle Fuel Taxes Increase (7 cents 8/1/15 & 4.9 cents 7/1/16); Handling Loss Elimination and Increase in Off-highway Refunds by 11.9 cents	755.1	(47.6)	-5.9%	804.7	(3.0)	0%	4,066.8	22.5	0.6%
Vehicles paying Weight-based Registration Fee (All Trucks)	90.6	20.2	28.7%	99.8	(0.0)	0%	555.9	81.9	17.3%
Vehicles paying Freight Project Fee (Trucks >10,000 lbs)	39.7	18.6	88.1%	39.8	18.5	87%	205.4	98.1	91.5%
Passenger Vehicle Weight Fees	191.1	4.3	2.3%	257.3	(48.0)	-16%	1,447.3	(7.3)	-0.5%
Intermittent-Use Trailers (\$187.50)	1.0	(5.8)	-85.4%	1.5	(5.4)	-78%	11.0	(24.2)	-68.6%
Electric/Plug-in Vehicle Renewal Fee (\$100) PHEV ONLY	1.3	0.9	236.1%	1.6	1.2	269%	9.2	6.7	277.1%
Electric/Plug-in Vehicle Renewal Fee (\$50) PHEV & EV	4.0	2.4	148.8%	5.7	4.0	240%	49.2	39.1	387.6%
Title Service Fee \$12 (Vessels)	0.2	0.1	102.9%	0.2	0.9	-129%	1.1	1.5	-349.3%
Registration Service Fee \$5 (Vessels)	0.5	0.2	61.6%	0.6	0.1	29%	2.8	1.4	105.4%
Commercial Driver's License (CDL) Fees HIGHWAY SAFETY	3.3	0.6	21.3%	3.4	0.7	26%	16.4	2.9	21.7%
Enhanced Driver's License Fees (EDL/EID) HIGHWAY SAFETY	4.3	0.6	16.2%	9.4	5.7	152%	41.1	26.2	175.2%
DOL Report of Sale Fees	2.9	(1.9)	-39.9%	3.0	(1.8)	-37%	15.2	(8.7)	-36.4%
Studded Tire Fee	0.6	(0.4)	-40.8%	0.6	(0.4)	-42%	3.0	(2.3)	-42.9%
Total Revenues	1,094.6	(7.8)	-0.7%	1,227.5	(27.5)	-2%	6,424.3	237.9	3.8%
Distributions									
Motor Vehicle Fund (108)	80.1	18.2	29.4%	86.130	6.589	8%	472.2	87.7	22.8%
Transportation 2003 Nickel Account (550)	6.8	2.0	42.4%	7.307	0.968	15%	39.9	9.4	31.0%
Transportation Partnership Account (09H)	15.0	4.5	42.4%	16.091	2.132	15%	87.8	20.8	31.0%
Connecting Washington Account (NEW)	755.1	(47.5)	-5.9%	804.673	(3.000)	0%	4,066.8	22.6	0.6%
Puget Sound Capital Construction Account (099)	-	-	0.0%	-	-	0%	-	-	0.0%
Puget Sound Ferry Operations Account (109)	1.8	0.5	35.4%	1.936	0.197	11%	10.6	2.2	26.6%
Capital Vessel Replacement Account (18J)	3.6	0.4	12.6%	3.795	1.321	53%	19.0	4.3	29.0%
Multimodal Transportation Account (218)	191.1	1.6	0.8%	257.261	(50.941)	-17%	1,447.5	(22.6)	-1.5%
Special Category C Account (215)	-	-	0.0%	-	-	0%	-	-	0.0%
License Plate Technology Account (06T)	-	(0.1)	-100.0%	-	-	10000%	-	(0.5)	-100.0%
DOL Services Account (201)	-	(0.3)	-100.0%	-	(0.268)	-100%	-	(1.3)	-100.0%
WSP Highway Account (081)	29.3	8.1	38.0%	31.392	3.574	13%	171.6	37.8	28.3%
Highway Safety Fund (106)	11.6	4.6	66.6%	18.531	11.560	166%	106.5	75.6	244.4%
Rural Arterial Trust Account (102)	0.2	0.2	0.0%	0.2	0.165	556%	1.2	1.0	408.3%
Transportation Improvement Accounty (144)	0.2	0.2	0.0%	0.2	0.165	556%	1.2	1.0	408.3%
Total Distributions	1,094.6	(7.7)	-0.7%	1,227.5	(27.5)	-2%	6,424.3	237.9	3.8%

Figure 35 shows the Connecting Washington (CW) revenues from the November forecast which excludes the impacts of I-976 compared to the September 2015 forecast, five years ago. The September 2015 forecast originally set that revenue package. In the current biennium, the CW revenue is reduced from its original forecast by \$7.8 million or 0.7%. Next biennium, CW revenues are down \$27.5 million or 2% from the original 2015 forecast. Over the next 10 years, the CW revenues are up \$237.9 million or 3.8% from the 2015 forecast. The large portion of the loss in revenue is fuel taxes due to reduced demand during the pandemic. In the current biennium, fuel taxes are down \$47.6 million or 6% from the 2015 estimate. Next biennium, fuel taxes are only down \$3 million from the 2015 estimate. Over the next 10 years, fuel taxes are up \$22.5 million from the 2015 estimate. Other LPF revenues like the light truck combined license fees are up from the 2015 forecast by \$20 million in the current biennium and over the next 10 years the November forecast for truck weight fees are up \$81.9 million or 17%. The biggest increase in revenue is seen in the freight project fee. In the current biennium, the freight project fee is up \$18.6 million from the 2015 estimate and this continues throughout the forecast horizon. Over the next 10 years, the freight project fee is up \$98.1 million or 91% from the original 2015 estimate.

Impact to Select Transportation Accounts

Figure 36: 2019 HB 2042 Revenues and Expenditures – Tracking Sheet

E2SHB 2042 - 2019		Actuals			Estimates						
		2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Alternate Fuel Vehicle Sales Tax Exemptions											
Multimodal Trans	Retail Sales	(1,584,448)	(5,197,456)	(8,184,597)	(2,057,868)	-	0	0			0
Electric Vehicle Account	Retail Sales					(10,824,000)	(13,352,000)	(11,371,000)	(13,376,000)	(13,178,000)	(15,676,000)
Alternate Fuel Commercial Vehicle Tax Credits											
Multimodal Trans	PUT & B&O	-	(460,703)	(485,658)	(650,941)	(407,000)	(559,000)	(490,000)	(594,000)	(583,000)	(695,000)
Total Revenue Distributed Out of Accounts											
Multi Modal		(1,584,448)	(5,658,159)	(8,670,255)	(2,708,809)	(407,000)	(559,000)	(490,000)	(594,000)	(583,000)	(695,000)
Electric Vehicle Account transfers to GF		-	-	-	-	(10,824,000)	(13,352,000)	(11,371,000)	(13,376,000)	(13,178,000)	(15,676,000)
Revenue Going into Electric Vehicle Account *						8,025,800	11,204,200	12,287,800	13,479,200	14,720,600	16,016,600
\$ Amount Remaining in Electric Vehicle Account						(2,798,200)	(2,147,800)	916,800	103,200	1,542,600	340,600