

# **Transportation Revenue Forecast Council**

## **September 2019 Transportation Economic and Revenue Forecasts**

### **Volume I: Summary**

# Washington Transportation Economic and Revenue Forecast September 2019 Forecast

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## Preface

Washington law mandates the preparation, adoption of economic, and revenue forecasts. The organizations primarily responsible for revenue forecasts are the Economic and Revenue Forecast Council and the Office of Financial Management. The Office of Financial Management has the statutory responsibility to prepare and adopt those forecasts not made by the Economic and Revenue Forecast Council (RCW 43.88.020). The Office of Financial Management carries out its forecast responsibilities for transportation revenues through the Transportation Revenue Forecast Council. Each quarter, technical staff of the Department of Licensing, Department of Transportation, Washington State Patrol and the Office of Forecast Council produce forecasts. The revenue forecasts agreed upon by the Transportation Revenue Forecast Council members become the official estimated revenues under RCW 43.88.020 21.

## September 2019 Transportation Forecast Overview

### Forecast Overview

Here are key conclusions from the September 2019 transportation revenue forecast.

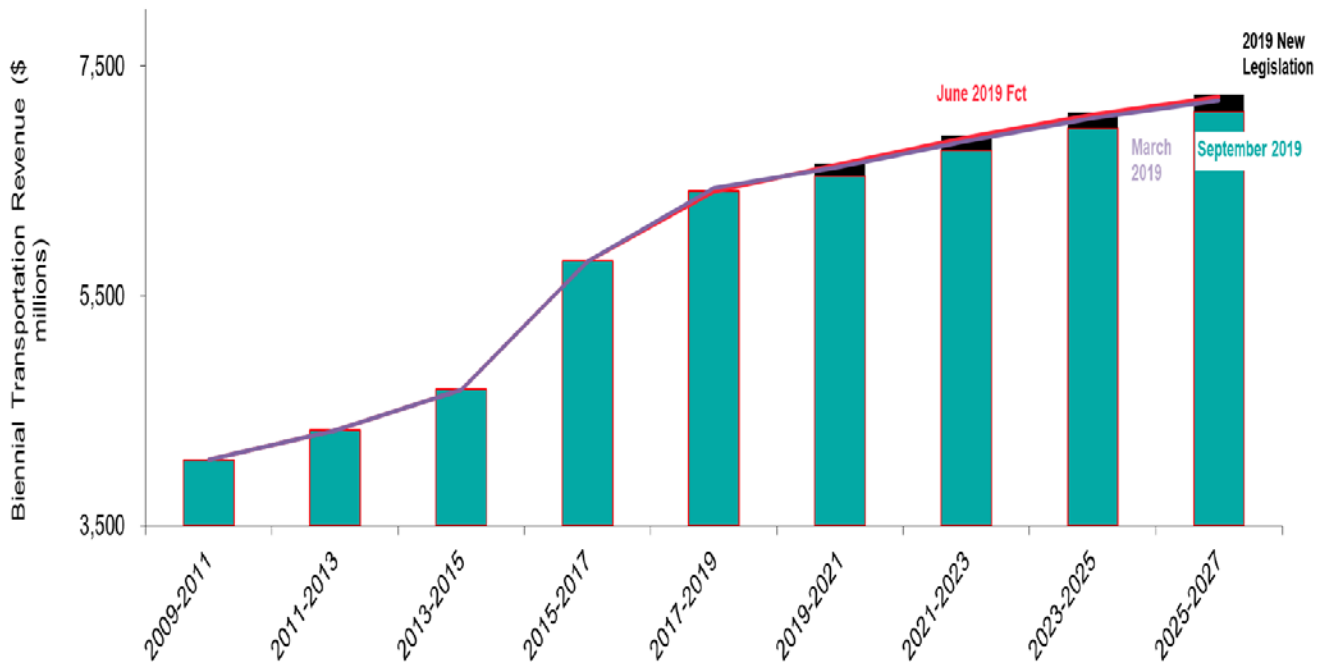
- In the 2017-19 biennium, transportation revenues came in at \$6.41 billion which was \$9.46 million above the June forecast. This represented a 3.8% biennium to biennium growth in transportation revenues. This increase over the June forecast was due mainly due to large fuel tax collections and a large property sale in the last month of fiscal year 2019.
- September 2019 transportation forecast of revenues: \$6.654 billion for the current biennium which is up forecast to forecast by \$6.9 million or 0.1%. This was all due primarily to higher fuel tax collections and ferry fare revenue. In next biennium, transportation revenues are up from the last forecast by \$13.85 million compared to the June forecast. The largest share of the increase in the 2021-23 biennium is due to higher fuel taxes and ferry revenue as well.
- For the 10-year forecast horizon, total revenue is projected to be \$35.3 billion, which is up by \$75.4 million (0.2%) from June. The increase in revenue is due to higher fuel, ferry, driver related and vehicle sales tax projections. This increase is counteracted by lower licenses, permits and fee revenues in the future due to lower licenses, permits and fee revenue actuals in recent months. There is also lower business related revenue anticipated in the future. Most of the other revenue forecast had minor changes in September.
- New projections of real personal income growth rates are minor revisions up in FY 2019-2021 compared to June but then lower projections in FY 2021-23. Employment projections are down in FY 2019 and 2020 and down again in the long-term since the June forecast. Retail gas and diesel prices are up from the June projections. The current B5 biodiesel price forecast is also up in September compared to the last forecast..
- The change in fuel tax revenue is up some by \$6.1 million or 0.2% from the last forecast in the current biennium. Next biennium, fuel taxes are up by \$5.7 million or 0.15% over the last forecast. This is revision is due to higher fuel tax collections in recent months since the last forecast. The increase in fuel tax collections was up by \$13 million from the last forecast over the past three months. Nonhighway and tribal fuel tax refunds were revised upward significantly in this September forecast.
- The LPF revenue is revised downward by \$11.3 million from the June forecast in the current biennium. Next biennium, the LPF revenue is also down by \$10.1 million over the last forecast. Over the next 10 years, the forecast for vehicle license, permits and fee revenue is down by \$57 million or 0.6% less than the June forecast projections.
- Compared to the last forecast, ferry revenue is up this biennium by \$12.3 million due to the Washington State Transportation Commission adopting higher ferry fares and capital surcharge rate for future years. Over the next 10 years, the ferry revenues are up by \$93 million from the last projections.

In FY 2019, total transportation revenues came in at \$3.236 billion, which was a 1.9% increase annually. In the current fiscal year, total transportation revenues are anticipated to be \$3.289 billion. This is a 1.6% growth in revenue year over year. This increase year over year in transportation revenues is due to 2019 new legislation and Washington State Transportation Commission (WSTC) actions. In comparing this current forecast with the last forecast, this September forecast is nearly no change in the current fiscal year but this forecast is up from the last forecast by \$7 million over the current biennium.

Next biennium, total transportation revenue is \$6.9 billion and revenues are up by \$13.85 million from the June forecast. Overall, during the next 10-year horizon, transportation revenues are projected to be \$35 billion and up by \$75.4 million or 0.2% from the projections in June with an average annual growth rate of 1.4% beginning in the current fiscal year. This current September forecast is up from the March forecast due to new legislation and WSTC actions.

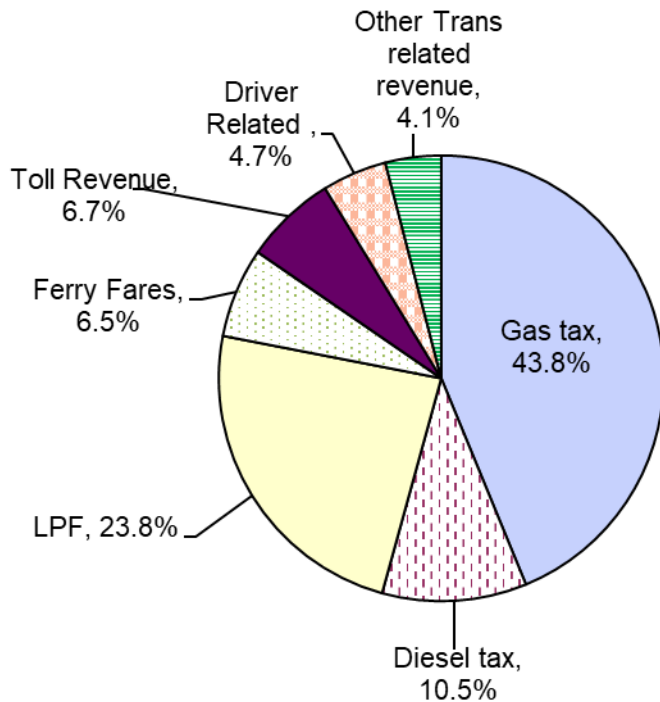
**Figure 1: Total Transportation Revenues Comparing March, June vs. September 2019 Forecasts**

*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 transportation revenues for the 2019-21 biennium, (\$6.654 billion). Gasoline fuel taxes comprise the largest share at 43.8%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 54.3% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 23.8%. The three largest revenue sources are projected to consist of 78% of revenues in the 2019-21 biennium. The remaining 22% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

**Figure 2: Revenue By Source 2019-21 Biennium (\$6.654 billion)**



As Figure 3 indicates the 2017-19 biennium revenues came in at \$6.41 billion and above the June forecast by \$9.5 million. This was mainly due to one month of higher fuel tax collections in June by \$10.2 million which raised FY 2019 total. Business related revenue also had a property sale at the end of FY 2019 which raised the business related revenues by \$4.3 million, higher than the June forecast. In the current biennium, actual revenue for transportation is anticipated to be \$6.654 billion, which is anticipated to be \$6.9 million above the June forecast mainly due to higher gasoline tax collections, ferry fares, vehicle sales tax and driver related revenue. Fuel taxes are up the most, \$6.1 million, from the last forecast in the current biennium. Over the next 10 years, transportation revenues are anticipated to be \$75 million or 0.2% above the last forecast.

Beside the fuel tax forecast being revised upward ferry revenue is also up in the current biennium by \$12.3 million due to the Washington State Transportation Commission approving new ferry fare increases. Vehicle sales taxes are also up a little by \$0.4 million over the June forecast. Driver-related revenue is up as well by \$0.94 million in the current biennium. One area of the forecast which is down from the June forecast is the licenses, permits and fee revenues which have seen lower actuals in recent months. In the current biennium, LPF is down by \$11.33 million or 0.7% from the last forecast. Over the 10-year forecast horizon, the transportation revenue forecast for September is anticipated to be \$35.3 billion, which is up \$75.4 million or 0.21% from the last forecast. This September forecast is close to the last June forecast throughout the forecast horizon after the current fiscal year. The change in transportation revenue for this 10-year forecast is driven mainly by the increase in gasoline tax revenues, ferry fares and vehicle sales tax revenue. The biggest decline in revenue is the drop in LPF revenue which is down \$56.9 million or 0.6% from the June forecast.

Figure 4 compares the new September forecast, with and without new legislation, to the March baseline forecast. These results reveal that once the impact of 2019 new legislation and Washington State Transportation Commission (WSTC) actions are excluded from the September forecast, the current September forecast is below the baseline March forecast. This is due to lower collections in revenue and lower economic variables than projected in March 2019. In the 2017- 19 biennium, actual revenues came in at \$6.41 billion and \$27.5 million below the March forecast. In the current biennium, transportation revenues are currently \$81 million below the

March forecast. Over the next 10 years, total transportation revenues are \$432.7 million below the March forecast. Once the new legislation adopted in 2019 and WSTC ferry revenue increases are added in, then total transportation revenues in September is above the March baseline projections by \$245 million over the next 10 years. The 2019 new legislation and WSTC actions caused large gains in LPF, ferry and business related revenues which brought in additional revenue like a portion of the hazardous substance tax, \$50 million per biennium and increases in vehicle service fees. Fuel taxes are still down, \$426 million, from the March forecast. Other transportation revenues which are still down a little compared to the March are the aviation revenue, rental car and vehicle sales tax and driver-related revenues. Driver related revenue is down from March mainly due to moving the vehicle filing fees from the driver related revenue category to the licenses, permits and fee revenue category.

**Figure 3: Current Forecast (With New legislation) to Prior Forecast Biennium Comparison of All Transportation Revenues - September 2019 forecast - 10-year period**

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period									
September 2019* millions of dollars									
	2017-2019			Current Biennium			10-Year Period		
	Forecast Sep-19	Chg from Jun-19	Percent Change	2019-2021			(2019-2029)		
				Forecast Sep-19	Chg from Jun-19	Percent Change	Forecast Sep-19	Chg from Jun-19	Percent Change
<b>Sources of Transportation Revenue</b>									
Motor Vehicle Fuel Tax Collections	3,584.23	10.16	0.28%	3,612.73	6.06	0.17%	18,561.94	41.24	0.22%
Licenses, Permits and Fees	1,510.78	(4.94)	-0.33%	1,581.79	(11.33)	-0.71%	8,904.77	(56.86)	-0.63%
Ferry Revenue†	400.33	(0.34)	-0.09%	433.71	12.31	2.92%	2,297.22	92.96	4.22%
Toll Revenue	421.59	0.00	0.00%	444.05	0.00	0.00%	2,472.54	0.00	0.00%
Aviation Revenues	7.19	(0.05)	-0.65%	7.13	(0.11)	-1.47%	36.59	(0.65)	-1.74%
Rental Car Tax	70.16	0.15	0.21%	73.40	(0.20)	-0.28%	398.37	(0.36)	-0.09%
Vehicle Sales Tax	102.36	(0.10)	-0.09%	107.67	0.40	0.37%	587.09	1.70	0.29%
Driver-Related Fees	286.42	0.26	0.09%	312.87	0.94	0.30%	1,626.04	4.80	0.30%
Business/Other Revenues ‡	30.25	4.31	16.62%	81.45	(1.15)	-1.40%	413.53	(7.47)	-1.77%
<b>Total Revenues</b>	<b>6,413.32</b>	<b>9.46</b>	<b>0.15%</b>	<b>6,654.80</b>	<b>6.90</b>	<b>0.10%</b>	<b>35,298.10</b>	<b>75.36</b>	<b>0.21%</b>
<b>Distribution of Revenue</b>									
Motor Fuel Tax Refunds and Transfers	228.87	0.07	0.03%	238.15	11.36	5.01%	1,240.42	67.88	5.79%
<b>State Uses</b>									
Motor Vehicle Account (108)	1,244.90	11.54	0.94%	1,305.38	(6.15)	-0.47%	6,865.94	(4.88)	-0.07%
Transportation 2003 (Nickel) Account (550)	429.01	1.22	0.29%	432.34	(0.34)	-0.08%	2,217.63	(4.01)	-0.18%
Transportation 2005 Partnership Account (09H)	634.13	(0.34)	-0.05%	640.83	0.08	0.01%	3,293.40	(3.28)	-0.10%
Connecting Washington Account (20H)	801.97	(0.09)	-0.01%	810.12	0.09	0.01%	4,149.19	(5.25)	-0.13%
Multimodal Account (218)	520.44	(0.89)	-0.17%	535.68	(5.52)	-1.02%	3,286.46	(35.52)	-1.07%
Special Category C Account (215)	50.54	(0.01)	-0.01%	51.06	0.01	0.01%	261.51	(0.33)	-0.13%
Puget Sound Capital Construction Account (099)	36.78	(0.00)	-0.01%	37.15	0.00	0.01%	190.27	(0.24)	-0.13%
Puget Sound Ferry Operations Account (109)	466.16	(0.40)	-0.09%	495.22	10.42	2.15%	2,599.84	76.72	3.04%
Capital Vessel Replacement Account (18J)	43.81	(0.14)	-0.31%	65.49	1.59	2.49%	357.13	12.67	3.68%
Tacoma Narrows Bridge Account (511)	169.45	0.00	0.00%	172.06	0.00	0.00%	901.28	0.00	0.00%
High Occupancy Toll Lanes Account (09F)^	7.20	0.00	0.00%	7.83	0.00	0.00%	53.77	0.00	0.00%
SR 520 Corridor Account (16J)	173.85	0.00	0.00%	183.07	0.00	0.00%	1,038.45	0.00	0.00%
SR 520 Corridor Civil Penalties Account (17P)	9.27	0.00	0.00%	8.31	0.00	0.00%	46.87	0.00	0.00%
Interstate 405 Express Toll Lanes Operations (595)	61.81	0.00	0.00%	72.78	0.00	0.00%	432.17	0.00	0.00%
Aeronautics Account (039)	7.13	(0.04)	-0.62%	7.05	(0.10)	-1.44%	36.12	(0.63)	-1.73%
Washington State Aviation Account (21G)	0.06	(0.00)	-3.74%	0.08	(0.00)	-3.87%	0.47	(0.01)	-2.68%
State Patrol Highway Account (081)	456.97	(1.80)	-0.39%	461.29	(4.57)	-0.98%	2,438.92	(23.14)	-0.94%
Highway/Motorcycle Safety Accts. (106 & 082)	257.80	0.68	0.27%	287.21	0.27	0.09%	1,493.61	1.52	0.10%
School Zone Safety Account (780)	0.88	0.00	0.12%	0.86	(0.01)	-0.63%	4.34	(0.01)	-0.25%
Other accounts (201, 06T, 09T, 09E, 216, 07C)	18.71	(0.04)	-0.19%	21.44	(0.39)	-1.79%	110.18	(2.01)	-1.79%
Electric Vehicle Account (20J)	0.00	0.00	0.00%	19.23	0.17	100.00%	152.84	0.59	100.00%
Ignition Interlock Devices Revolving Acct 14V	7.88	(0.27)	-3.26%	8.10	0.04	0.46%	40.33	0.03	0.08%
Multiuse Roadway Safety Account Collections-571	0.26	(0.00)	-0.69%	0.30	0.01	2.40%	1.54	0.02	1.33%
<b>Total for State Use</b>	<b>5,399.01</b>	<b>9.43</b>	<b>0.17%</b>	<b>5,622.89</b>	<b>(4.41)</b>	<b>-0.08%</b>	<b>29,972.24</b>	<b>12.23</b>	<b>0.04%</b>
<b>Local Uses</b>									
Cities	193.84	(0.02)	-0.01%	195.81	0.02	0.01%	1,002.89	(1.27)	-0.13%
Counties	314.00	(0.01)	0.00%	316.48	(0.12)	-0.04%	1,622.62	(2.41)	-0.15%
Transportation Improvement Board (112 & 144)	207.54	(0.01)	0.00%	210.17	0.03	0.01%	1,085.60	(0.98)	-0.09%
County Road Administration Board (102 & 186)	70.06	0.01	0.01%	71.30	0.01	0.02%	374.32	(0.08)	-0.02%
<b>Total for Local Use</b>	<b>785.44</b>	<b>(0.04)</b>	<b>0.00%</b>	<b>793.76</b>	<b>(0.05)</b>	<b>-0.01%</b>	<b>4,085.43</b>	<b>(4.75)</b>	<b>-0.12%</b>
<b>Total Distribution of Revenue</b>	<b>6,413.32</b>	<b>9.46</b>	<b>0.15%</b>	<b>6,654.80</b>	<b>6.90</b>	<b>0.10%</b>	<b>35,298.10</b>	<b>75.36</b>	<b>0.21%</b>

† Ferry Fares plus non-farebox revenue

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

**Figure 4: Current Forecast With and Without New Legislation Compared to Baseline March Forecast Biennium For All Transportation Revenues - 10-year period**

Sources of Transportation Revenue	\$ Millions				Current Biennium				10-Year Period			
	2017-2019				2019-2021				(2019-2029)			
	Forecast Sept. 19	Forecast Baseline	Chg from Baseline	Percent Change	Forecast Sept. 19	Forecast Baseline	Chg from Baseline	Percent Change	Forecast Sept. 19	Forecast Baseline	Chg from Baseline	Percent Change
<b>September Forecast (Without New Legislation) Compared to Baseline</b>												
Motor Vehicle Fuel Tax Collections	3,584.2	3,616.7	(32.4)	-0.9%	3,612.7	3,687.8	(75.1)	-2.0%	18,561.9	18,987.7	(425.7)	-2.2%
Licenses, Permits and Fees	1,510.8	1,504.1	6.7	0.4%	1,543.8	1,535.6	8.2	0.5%	8,653.2	8,583.4	69.9	0.8%
Ferry Revenue	400.3	402.6	(2.2)	-0.6%	418.8	419.4	(0.7)	-0.2%	2,187.6	2,191.8	(4.2)	-0.2%
Toll Revenue	421.6	421.3	0.3	0.1%	436.2	436.2	0.0	0.0%	2,418.8	2,418.8	0.0	0.0%
Aviation Revenues	7.2	7.2	(0.0)	-0.7%	7.1	7.3	(0.2)	-2.1%	36.6	37.7	(1.2)	-3.1%
Rental Car Tax	70.2	70.4	(0.3)	-0.4%	73.4	74.3	(0.9)	-1.2%	398.4	400.2	(1.9)	-0.5%
Vehicle Sales Tax	102.4	102.9	(0.6)	-0.6%	107.7	108.6	(0.9)	-0.8%	587.1	591.6	(4.6)	-0.8%
Driver-Related Fees	286.4	289.4	(3.0)	-1.0%	312.9	323.2	(10.3)	-3.2%	1,626.0	1,682.8	(56.7)	-3.4%
Business/Other Revenues ±	30.3	26.1	4.2	15.9%	29.9	31.2	(1.3)	-4.1%	151.1	159.5	(8.4)	-5.3%
<b>Total Revenues (excludes 2019 new legislation)</b>	<b>6,413.3</b>	<b>6,440.8</b>	<b>(27.5)</b>	<b>-0.4%</b>	<b>6,542.6</b>	<b>6,623.6</b>	<b>(81.0)</b>	<b>-1.2%</b>	<b>34,620.7</b>	<b>35,053.4</b>	<b>(432.7)</b>	<b>-1.2%</b>
<b>September Forecast (With New Legislation) Compared to Baseline</b>												
Motor Vehicle Fuel Tax Collections	3,584.2	3,616.7	(32.4)	-0.9%	3,612.7	3,687.8	(75.1)	-2.0%	18,561.9	18,987.7	(425.7)	-2.2%
Licenses, Permits and Fees	1,510.8	1,504.1	6.7	0.4%	1,581.8	1,535.6	46.2	3.0%	8,904.8	8,583.4	321.4	3.7%
Ferry Revenue	400.3	402.6	(2.2)	-0.6%	433.7	419.4	14.3	3.4%	2,297.2	2,191.8	105.4	4.8%
Toll Revenue	421.6	421.3	0.3	0.1%	444.0	436.2	7.8	1.8%	2,472.5	2,418.8	53.8	2.2%
Aviation Revenues	7.2	7.2	(0.0)	-0.7%	7.1	7.3	(0.2)	-2.1%	36.6	37.7	(1.2)	-3.1%
Rental Car Tax	70.2	70.4	(0.3)	-0.4%	73.4	74.3	(0.9)	-1.2%	398.4	400.2	(1.9)	-0.5%
Vehicle Sales Tax	102.4	102.9	(0.6)	-0.6%	107.7	108.6	(0.9)	-0.8%	587.1	591.6	(4.6)	-0.8%
Driver-Related Fees	286.4	289.4	(3.0)	-1.0%	312.9	323.2	(10.3)	-3.2%	1,626.0	1,682.8	(56.7)	-3.4%
Business/Other Revenues ±	30.3	26.1	4.2	15.9%	81.5	31.2	50.2	161.0%	413.5	159.5	254.1	159.3%
<b>Total Revenues (includes 2019 new legislation)</b>	<b>6,413.3</b>	<b>6,440.8</b>	<b>(27.5)</b>	<b>-0.4%</b>	<b>6,654.8</b>	<b>6,623.6</b>	<b>31.2</b>	<b>0.5%</b>	<b>35,298.1</b>	<b>35,053.4</b>	<b>244.7</b>	<b>0.70%</b>
<b>September Forecast - Impact of New Legislation By Revenue Source</b>												
Motor Vehicle Fuel Tax Collections					0.0				0.0			
Licenses, Permits and Fees					(38.0)				(251.5)			
Ferry Revenue					(15.0)				(109.6)			
Toll Revenue					(7.8)				(53.8)			
Aviation Revenues					0.0				0.0			
Rental Car Tax					0.0				0.0			
Vehicle Sales Tax					0.0				0.0			
Driver-Related Fees					0.0				0.0			
Business/Other Revenues ±					(51.5)				(262.5)			
<b>Total Revenues (impact of 2019 new legislation)</b>					<b>(112.2)</b>				<b>(677.4)</b>			

Baseline is the March 2019 forecast.

Ferry Fares, capital surcharge and non-farebox revenue are all in the ferry revenue

## 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.

**Figure 5: Annual Percentage Change (%) in Select Economic Variables  
September 2019 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
2019	4.5%	1.6%	-10.5%	1.7%	3.7%	1.8%	6.2%	2.1%	1.0%	1.2%
2020	3.3%	1.5%	1.3%	1.8%	0.6%	1.9%	6.4%	2.0%	0.6%	0.8%
2021	2.6%	1.4%	1.1%	2.1%	-4.6%	1.9%	4.7%	1.3%	0.6%	0.6%
2022	2.6%	1.3%	1.0%	2.0%	2.5%	1.9%	3.7%	1.0%	0.1%	0.1%
2023	2.9%	1.3%	0.7%	1.9%	3.9%	1.9%	3.3%	1.0%	-0.1%	-0.1%
2024	2.2%	1.2%	0.7%	2.0%	3.7%	2.0%	3.5%	0.8%	-0.3%	-0.2%
2025	0.7%	1.2%	0.7%	2.2%	3.0%	2.0%	4.0%	0.5%	0.2%	0.2%
2026	1.7%	1.2%	0.7%	2.1%	2.2%	2.1%	4.3%	0.5%	0.5%	0.4%
2027	2.1%	1.1%	0.7%	2.1%	2.6%	2.2%	4.1%	0.6%	0.6%	0.5%
2028	2.4%	1.1%	0.6%	2.1%	3.2%	2.1%	2.6%	0.7%	0.7%	0.3%
2029	2.7%	1.1%	0.6%	2.1%	3.6%	2.2%	4.4%	0.8%	0.8%	0.3%

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management 2019 long-range forecast, September 2019 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices



**Figure 6: Difference in Annual Percent Changes in Select Economic Variables from Last Forecast - September 2019 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
2019	▲	▬	▼	▬	▼	▬	▼	▼	▼	▬
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. In particular, 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 (thorough calendar year 2020), 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 2020, the fuel price projections are based on September'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.

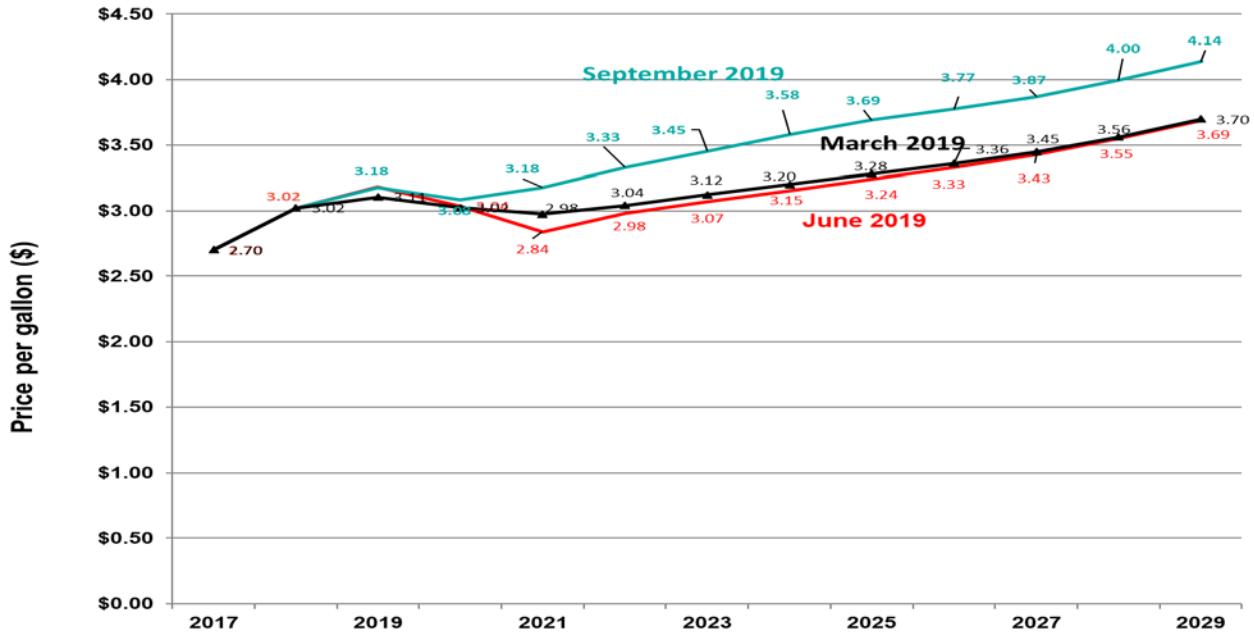
**Figure 7: Near-term UNADJUSTED BASELINE Qtrly Fuel Prices: September 2019**

Fiscal Year Quarter	Crude Oil Price (\$/barrel)	WA Retail Gasoline Price (\$/gal)	WA Retail Diesel Price (\$/gal)
2018: Q3	69.76	3.30	3.53
2018: Q4	59.08	3.28	3.50
2019: Q1	54.83	2.80	3.15
2019: Q2	59.78	3.34	3.38
<b>FY 2019</b>	<b>60.86</b>	<b>3.18</b>	<b>3.39</b>
2019: Q3	55.56	3.11	3.27
2019: Q4	54.83	3.07	3.30
2020: Q1	56.50	3.08	3.38
2020: Q2	56.50	3.08	3.45
<b>FY 2020</b>	<b>55.85</b>	<b>3.08</b>	<b>3.35</b>
2020: Q3	56.50	3.09	3.45
2020: Q4	56.50	3.10	3.47
2021: Q1	58.01	3.11	3.54
2021: Q2	59.36	3.41	3.61
<b>FY 2021</b>	<b>57.59</b>	<b>3.18</b>	<b>3.52</b>
2021: Q3	59.66	3.34	3.64
2021: Q4	60.25	3.23	3.67
2022: Q1	61.01	3.23	3.72
2022: Q2	61.82	3.52	3.76
<b>FY 2022</b>	<b>60.69</b>	<b>3.33</b>	<b>3.70</b>

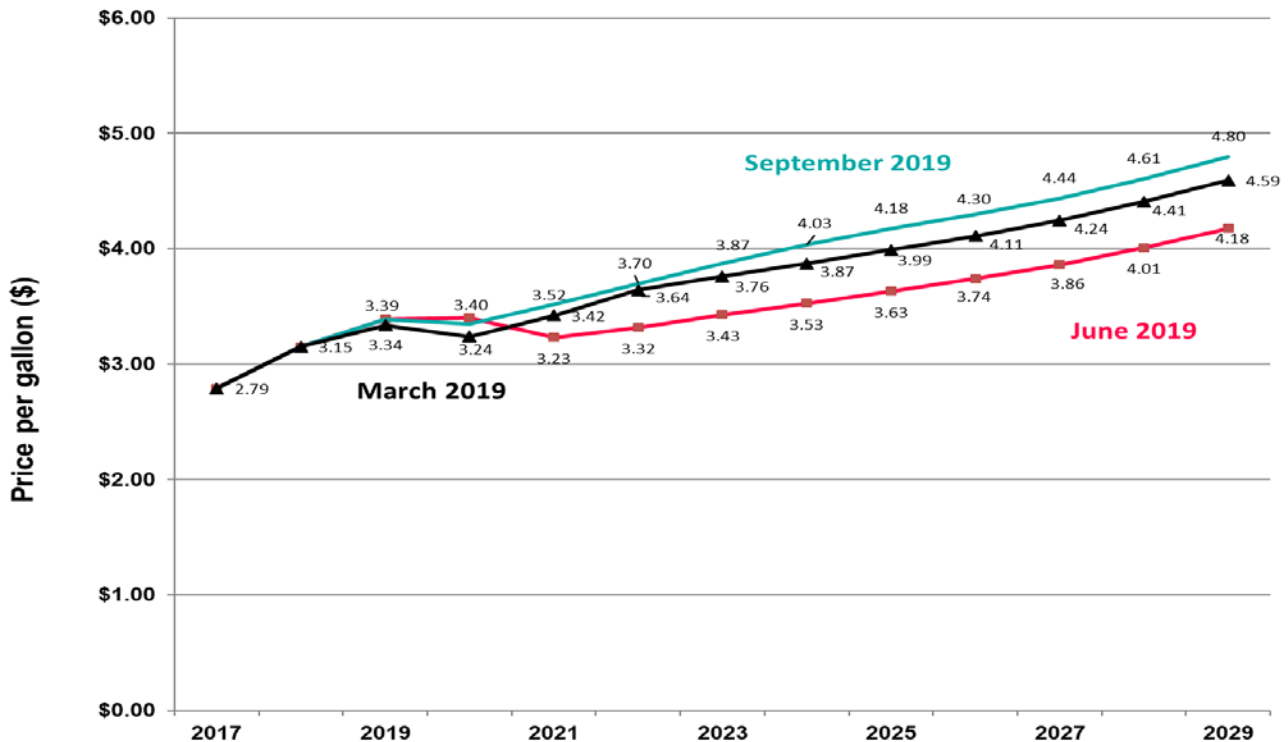
The forecasts of biodiesel prices include two different biodiesel prices: B5 and B99 without the renewable identification number (RIN). WSF currently purchases biodiesel B5. WSDOT also purchases B99 biodiesel without RIN for vehicle fleet needs. WSDOT receives OPIS fuel prices with the latest prices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

current forecast month. The base for the price forecast for the B99 price without RIN for non-WSF purchases is the OPIS base price without markup, delivery, and tax costs.

**Figure 8: Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular March, June and September 2019**



**Figure 9: Forecast of UNADJUSTED Washington Retail Diesel Prices March, June and September 2019**



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 2020 and then use the growth rates from Global Insight forecasts for subsequent years. The forecast for WTI crude oil in FY 2019 was right around \$61 per barrel from all forecasting entities. In FY 2020, the crude oil price projections range from \$55.8 per barrel from NYMEX to \$59.8 per barrel from Global Insight. WSDOT baseline to \$55.9 per barrel with an average of \$57.4 per barrel. In FY 2020, there is a slight upward adjustment needed for the forecast of 2.8%. The forecast for WTI crude oil in FY 2021 ranged from \$52.7 per barrel by NYMEX to \$60.3 per barrel in the Economy.com forecast. The baseline crude oil price forecast in FY 2021 was \$57.6 per barrel which is nearly identical with the 5 entity average. In FY 2022, the crude oil prices range from \$51.3 per barrel in the NYMEX projections to \$61.9 per barrel in the Economy.com forecast. The 5-entity average price is \$59.3 which is 6.8% below the baseline price forecast of \$63.72 per barrel. Figure 10 reveals the WSDOT baseline WTI price forecast compared to the other entities' crude oil price forecasts and the necessary adjustments each year.

**Figure 10: Near-term Annual WTI Crude Oil Price Forecasts – 5 Different Forecast Comparisons: September 2019 Dollars per barrel**

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	5 Entity Avg	% Diff Lowest	% Diff Highest	% Diff Average
2019	\$60.86	\$60.86	\$60.82	\$60.81	\$60.86	\$60.84	-0.09%	0.00%	-0.03%
2020	\$55.85	\$55.76	\$59.84	\$57.65	\$57.12	\$57.24	-0.16%	7.15%	2.50%
2021	\$57.59	\$52.67	\$58.43	\$60.34	\$58.07	\$57.42	-8.55%	4.77%	-0.30%
2022	\$63.72	\$51.31	\$60.65	\$61.92	\$59.08	\$59.34	-19.48%	0.00%	-6.88%

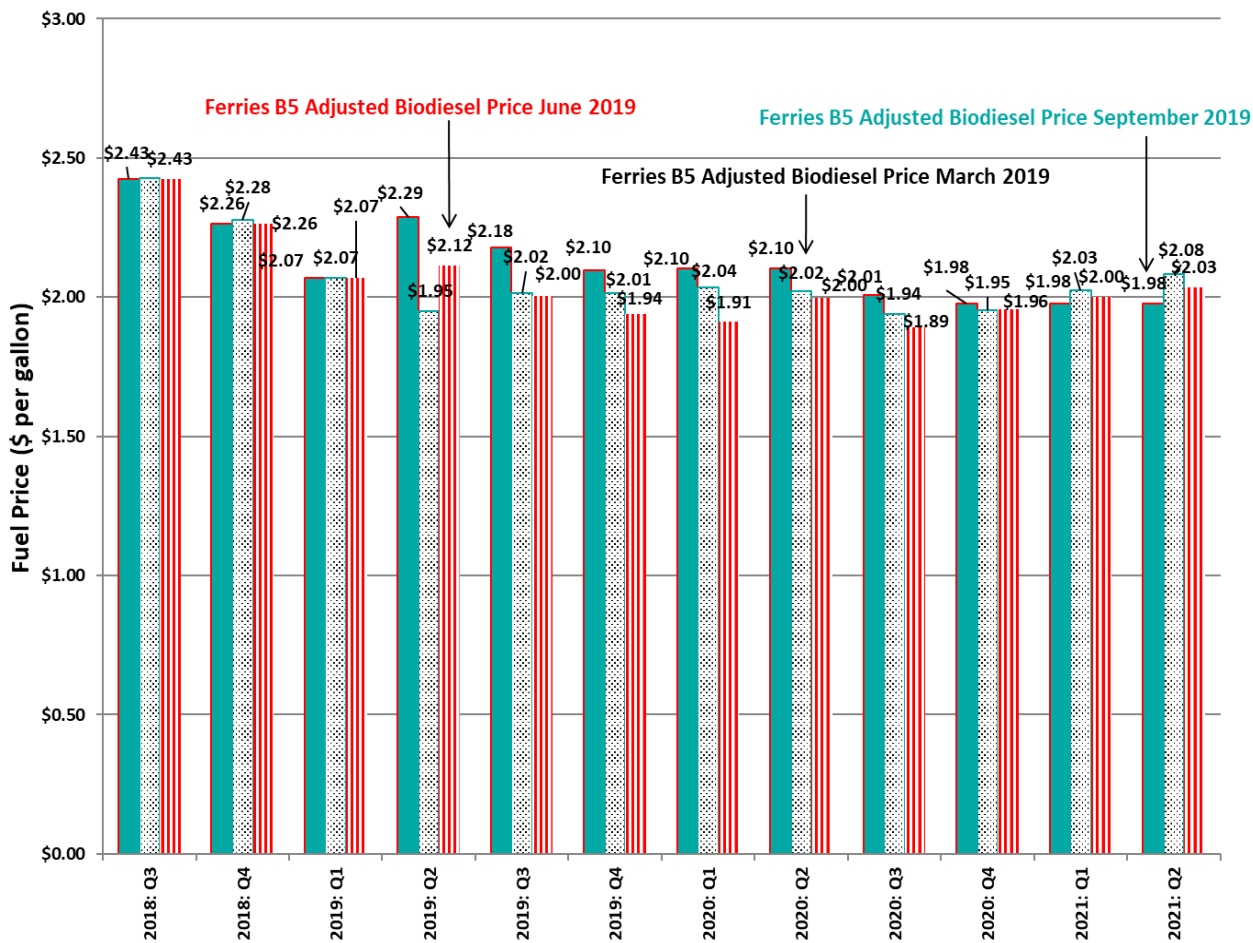
**Figure 11: Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes: September 2019 Dollars per gallon**

Fiscal Year Quarter	Adjusted WA Retail Gasoline Price (\$/gal)	Adjusted WA Retail Diesel Price (\$/gal)	Adjusted B5 Biodiesel Price (\$/gal)	Unadjusted B99 Biodiesel price
2018Q3	3.30	3.53	2.43	3.07
2018Q4	3.28	3.50	2.26	3.19
2019Q1	2.80	3.15	2.07	3.13
2019Q2	3.34	3.38	2.29	3.20
<b>FY2019</b>	<b>3.18</b>	<b>3.39</b>	<b>2.26</b>	<b>3.15</b>
2019Q3	3.18	3.35	2.18	3.20
2019Q4	3.15	3.38	2.10	3.23
2020Q1	3.16	3.46	2.10	3.30
2020Q2	3.16	3.54	2.10	3.38
<b>FY2020</b>	<b>3.16</b>	<b>3.43</b>	<b>2.12</b>	<b>3.28</b>
2020Q3	3.08	3.44	2.01	3.38
2020Q4	3.10	3.46	1.98	3.40
2021Q1	3.10	3.53	1.98	3.46
2021Q2	3.40	3.60	1.98	3.54
<b>FY2021</b>	<b>3.17</b>	<b>3.51</b>	<b>1.98</b>	<b>3.44</b>
2021Q3	3.11	3.39	1.83	3.56
2021Q4	3.01	3.42	1.85	3.59
2022Q1	3.00	3.46	1.87	3.64
2022Q2	3.28	3.51	1.90	3.68
<b>FY2022</b>	<b>3.10</b>	<b>3.44</b>	<b>1.86</b>	<b>3.62</b>

WSDOT applies the five entity forecast average adjustment to the baseline June 2019 retail gasoline, diesel, and B5 biodiesel prices. The adjusted fuel prices listed in Figure 11 will be used to estimate the future costs to WSDOT agency’s 2019-21 biennium budget and next biennium budget for gas, diesel and biodiesel fuel purchases. The latest adjusted forecast requires a 2.8% upward adjustment to the baseline fuel prices in FY 2020 and nearly no change in FY 2021. In FY 2022, the baseline fuel prices are adjusted downward by 6.8%.

As Figure 12 reveals, that the new B5 fuel price forecast are higher for the remaining quarters in 2019 and in all calendar year quarters in 2020. The new forecast is lower or nearly the same in the first two quarters of calendar year 2022. Compared to the March forecast, this September forecast is higher for most quarters,

**Figure 12: Quarterly Ferries Adjusted B5 Biodiesel Prices Used for Budgeting the 2017-19 and 2019-21 Biennia June 2019 and September 2019 Forecasts**



## Motor Vehicle Fuel Tax Forecast

### Overview

Motor fuel tax collections for June 2019 through August 2019 came in above the June 2019 forecast by \$14.3 million or 3.1 percent. Gasoline tax collections outperformed June projections by \$5.9 million or 1.6 percent. Diesel collections came in above projections by \$8.4 million or 9.2 percent.

Gross fuel tax revenue for the 2017-19 biennium ended up being \$10.16 million more than projected in June. This raised the current and out years' projections for this September forecast. In the 2019-2021 biennium, gross fuel taxes are projected to be \$3.613 billion, \$6.1 million or 0.2 percent above the June 2019 forecast. In the 2021-2023 biennium, gross fuel tax collections are estimated at \$3.669 billion or \$5.7 million (0.2 percent) higher than the estimate in June 2019. Total fuel tax revenue for the 10-year period beginning in the current biennium and ending in the 2027-29 biennium is \$18.562 billion. This is \$41.2 million higher, or .02 percent more, than the June 2019 revenue forecast. Current fuel tax revenue projections are higher than June's forecast throughout the forecast horizon due to the strong latest actuals collections.

### Primary Reasons for Changes in the September Forecast

- The FY 2020 gasoline growth rate for current consumption projections overstates the underlying strength in fuel tax collections at 1.3 percent annual growth for gas. The suppression of activity due to the February 2019 snow storm was quite severe; February gasoline gallons declined to the lowest February levels since 2010. Obviously the current revenue estimates do not anticipate another "snowpocalypse". Beyond 2020, gasoline consumption is projected to be slightly higher in September than in June. Overall growth rates for gasoline was between 0.6 percent and 0.3 percent throughout the rest of the forecast horizon.
- Special fuel tax consumption is slightly up in September from June by 0.5 percent in the current biennium. This is due to stronger actuals in recent months than anticipated,
- Overall in the current biennium, gasoline tax collections are up \$2.6 million or 0.1 percent while diesel tax collections are up \$3.4 million or 0.2 percent from the June forecast. Next biennium, gasoline tax collections are up \$2.6 million or 0.5 percent and special fuel tax collections are up \$3.1 million or 0.4 percent from the last forecast.
- Fuel tax refunds have been revised up dramatically from June; this explains the disproportionate increase in refunds and transfers throughout the forecast horizon. The estimates for non-highway refunds for gasoline has been substantially increased. In the current biennium, non-highway refunds are up by \$8.9 million or 17%. This same increase continues throughout the forecast horizon. For FY's 2020-2029, the estimate for gasoline non-highway refunds has been increased from 1.8 percent to 2.1 percent of taxable gallons. The estimate for special fuels non-highway refunds has been decreased from 4.4 percent to 4.0 percent of taxable gallons. These changes were made due to actual non-highway fuel tax refunds differing from estimates in recent months.
- Tribal fuel tax refunds were also modified in this September forecast. Gas tax refunds were revised upward in the current biennium due to higher FY 2019 actuals. They increased by \$2.1 million or 2.4% and this increase grew to \$4 million next biennium and remained at that change throughout the forecast horizon. Special fuel tax refunds were revised downward in September compared to the last forecast by \$2.66 million in the current biennium. This revision downward continued throughout the forecast.

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

### Overview

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

Washington State received \$1.51 billion in vehicle licenses, permits and fee (LPFs) revenues for the 2017-19 biennium which was down \$4.9 million from the June forecast. WSDOT anticipates collecting about \$1.58 billion from LPF in the 2019-2021 biennium, which is below the June forecast by \$11.3 million or 0.7% from June's projections. Over the 10-year period, the LPF forecast is anticipated to be \$8.9 billion, which is down by \$56.9 million or 0.6% from the previous forecast.

### Primary reasons for the change in the September 2019 forecast

- In the last months of FY 2019, passenger vehicle registrations and revenue were down compared to the last forecast.
- For the fiscal year 2020, passenger car registrations are down 86,400 vehicles or 1.62% below the previous forecast. For FY 2021, passenger car registrations will be 1.77% lower than the previous forecast. The forecast remains about 1.64% lower than last forecast for years 2023 through 2029. The decreased September forecast of passenger car registrations is mainly due to the lower actuals we received for FY2019 and the slightly lower personal income growth rates in the near term forecasted by the Economic Revenue Forecast Council.
- In the last months of FY 2019, truck registrations were down compared to the last forecast.
- In the current fiscal year, truck registrations are down 26,100 vehicles or 1.6% below the previous forecast. In FY 2021, truck registrations will decrease 1.32% from the previous forecast. The truck forecast sees a forecast-to-forecast decrease in registrations of 1.26% by the end of the forecast horizon. The lower registration forecast is mainly due to the lower actual truck registrations we received in the previous fiscal year.
- In the 2019-21 biennium, \$30 registrations revenue is down 1.69% or \$6.1 million due to the decreased passenger car forecast. In the next biennium, revenue from \$30 registrations is about \$6.3 million less than the previous forecast. The revenue runs about \$6.4 million less than the previous forecast in the future biennium due to the lower forecast for the passenger car registrations.
- In the 2019-21 biennium, weight based revenue is forecasted almost the same as the previous forecast. This is because the reduced forecast in truck registrations lead to about \$6 million reduction in truck revenue, but in addition, we also increased the forecast of prorated truck revenues by more than \$5.5 million per year due to the actual prorated revenues coming higher than expected in FY2019. Moreover, we applied the new truck weight distribution schedule in this September forecast, which has additional heavy trucks and fewer light trucks than before. This change helped bring in more revenue to the weight based revenue. In the 2021-23 biennium, weight based truck revenue is higher than the previous forecast by about \$0.9 million. This trend goes on throughout the forecast period. By the end of the forecast horizon, we are seeing a \$0.73 million increase in revenue in 2027-29 biennium.
- In the 2019-21 biennium, the Freight Project fee is about \$0.4 million more than the previous forecast due to the increased prorated vehicle revenues and the application of new truck weight distribution schedule. In the 2021-23 biennium, the Freight Project fee is \$0.5 million more than the June forecast. The revenue increase stabilized in the out years.
- The passenger vehicle revenue is impacted by the decreased car forecast, so we see a corresponding decrease in passenger car weight fees. In the 2019-21 biennium there is an about \$5.3 million, or 1.6% forecast to forecast decrease. The percentage decrease in passenger car weight fees keeps at the same level in the out years. By the 2027-29 biennium, we anticipate a \$7.9 million decreased in passenger weight fees.
- Electric Vehicle revenue forecast total is up for FY2019-21 by \$213,250 or 0.7%. FY2021-23 is up by \$1,976,000 or 4.4% with updated 2019 EIA light vehicle sales variable and actuals to date.

- Ferry service fee revenue (18J) forecast for FY2019-21 is down by -\$172,300 or -0.3%. Over the forecast horizon the forecast is down by about -1.0% each biennium. Vehicle service fee forecast is down primarily due to lower LPF registration forecast.
- DOL collected vehicle filing fees in Highway Safety Fund (Fund 106) is moved to Vehicle Related Revenue section (about \$10 million per biennium), effective September 2019 quarterly forecast.
- Original issue plate revenue forecast is lower for FY2017-19 by -\$329,371 or -1.1% with FY2019 completed. The forecast continues somewhat lower throughout the forecast horizon by -\$464,200 or -1.6% per biennium with an updated original title forecast for September 2019 in addition to closed FY 2019.
- License plate replacement revenue forecast is lower in the near term FY 2019-25 on average by \$335,400 or -1.1% per biennium but is a little higher beginning with FY 2025 throughout the rest of the forecast horizon with a rebased forecast.

## Driver Related Revenue Forecasts

### *Overview*

The September 2019 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees (including commercial driver licenses, enhanced driver licenses, and temporary restricted licenses), ID card fees, driver exam application fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include limousine licenses, fines and forfeitures, and driver school instructor license fees. These driver-related fees are deposited into the Highway Safety Fund (HSF), Motorcycle Safety Education Account (MSEA), the State Patrol Highway Account (SPHA), and Ignition Interlock Revolving Account (IIRA).

All driver-related revenue for FY2017-19 biennium is estimated at \$286.7 million, about \$0.5 million (+0.2%) higher than the prior forecast. Revenue for FY2019-21 biennium is forecasted at \$312.9 million, about \$0.9 million (or +0.3%) higher than the prior forecast. Over the next ten year period (FY18-FY27), driver related revenue is anticipated to total \$1,574.6 million, about \$4.8 million (+0.3%) higher than 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. Caution is advised in year over year comparisons.

### *Primary reasons for the change in the September 2019 forecast*

- There is about -2.1% drop in the driver-in forecast due to lower actual in closed FY19. This reduction results in a reduction of original license forecast of about -0.6% per year going forward.
- FY2020 EDL revenue is revised down by about \$1.5 million (-12%) due to lower than expected transaction actual as well as lower realized per issuance fee as many customers come to licensing offices out of their license/ID renewal cycle to get EDL/EID, paying less than the full 6-year fee. Future year estimates are little changed.
- With DRIVES roll-out two, there seems to have been some data reporting change around duplicate licenses/IDs (forecast-to-forecast revision about -1.2 million (or -12%) from FY19-21 forward). At the same time, there is an upward revision of photo-only licenses/IDs (forecast-to-forecast revision is about \$600 thousand (or +16%) per biennium).
- Due to stronger than expected actual driver record sales in recent months, ADR revenue is up by about \$800k-\$900k (or 2.4%) per biennium throughout the forecast horizon.
- DOL collected vehicle filing fees in Highway Safety Fund (Fund 106) has moved to Vehicle Related Revenue section (about \$10 million per biennium), effective September 2019 quarterly forecast.



## Other Transportation Related Revenue Forecast

### Overview

This category of transportation related revenue forecasts consist 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 be \$269.7 million in the 2019-21 biennium, an increase of 32% biennium to biennium. The increase at the end of FY 2019 was due to a sale of property. For the next 10-year period, the transportation related revenue forecast is anticipated to be \$1.4 billion, which is down \$6.8 million from the previous estimate in June mainly due to lower WSDOT business related forecasts and rental car revenue being down from the June forecast..

### Primary reasons for the change in the June 2019 forecast

- Motor vehicle sales and use tax revenue came in \$234,000 above forecast in the three months since the June forecast. Sales tax collections were \$107,000 higher, or 1.0%. Use tax collections were \$127,000 higher, or 6.0%. The forecast for U.S. new vehicle sales is higher throughout the forecast compared to June. The forecast for U.S. sales of used vehicles compared to March is mixed; higher in the near term, then lower from 2028 to 2029. The biennial forecast change ranges from -0.1% in 2017-19 to 0.4% in 2019-21.
- Rental car collections came in \$93,000 (0.3%) below forecast in the three months since the June forecast. The economic variables changed very little since the June forecast. The forecast has been revised downward, primarily in the near term. The biennial change ranges from -0.3% in 2019-21 to virtually no change from 2023-25 onward.
- WSDOT Business and other miscellaneous revenue for September has been revised up by \$4.4 million or 39.4% from the June forecast in the 2017-19 biennium to reflect actuals. This is largely due to the sale of a property that was pending at the time of the June forecast but deposited before the biennium close for approximately \$5.5 million.
- The September forecast has been revised downward in the 2019-21 biennium by \$0.6 million or 3.6%. This is due to the majority of revenue streams coming in lower. Other revenues increased due to liquidated damages (\$.6 million in July).
- WSDOT Real Estate Services Department, property sales are projected to be \$9.6 million in the current biennium (due to actuals) or 3.6% lower than forecasted in June.
- The school zone fines forecast is down slightly in the current biennium due to actuals being lower than

- projections in July and August but up slightly in the outer biennia to align to the 2017-19 Biennium.
- The 2017-2019 WSP business related revenue for September 2019 has been revised downward by \$241,613 or -1.83% from the June 2019 forecast based on actual fiscal year 2019 data. The downward revision results from an actual decrease in Breathalyzer Test fines, Commercial Vehicle Penalties, and Communication Tower Site Leases. The forecast out years continue with a -1.70% to -1.82% downward trend.
- Aviation Fuel Tax 039 forecast is slightly lower for FY 2017-19 by -\$46,831 or -0.9% than the previous forecast. The forecast continues a little lower throughout the forecast horizon on average by -\$129,400 or -2.3%. The forecast model was updated with the OFM long-term manufacturing employment forecast and the FAA General Aviation Fuel Consumption forecast in June. The update with the closed FY2019 revenue and rerunning the model accounts for the revision to this forecast.
- Aviation Specialty Plate forecast is lower in FY 2017-19 by -\$2,408 or -3.2% than the June forecast based on the closed FY2019. The forecast continues lower on average by -\$2,760 or -2.6% per biennium throughout the rest of the forecast horizon.

## Ferry Ridership and Revenue

### Overview

For the current September Baseline Forecast, as in past forecasts, the fare revenue and ridership projections for Washington State Ferries are completed in four stages, applying to seven fare categories. The seven fare categories are:

- Passenger full fares
- Passenger frequent user discounted (commuter) fares
- Passenger other discounted 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, both to take place in FY 2020. The first is scheduled for October 1, 2019 and the second will occur 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. Only the additional surcharge, at the lower level of \$0.15, was assumed in the June Forecast. The additional \$0.25 surcharge is dedicated to help repay the bonds being used to fund the construction of a new electric vessel. With no further fare increases assumed, real fares will slowly decline beyond FY 2020 because of general inflation.
- Overall, the September Baseline Forecast for ridership in the current 2019-21 biennium is 2.0% lower than the June Forecast, with fare revenues projected to be 2.8% higher, both partly the result of the adopted changes in fare policies. Miscellaneous revenues are also expected to be about 5.4% higher. The September Forecast reflects actual revenue and ridership data through August 2019.
- Over the rest of the forecast horizon, the September ridership projections range from 1.5% to 2.0% lower than forecasted in June. In addition to higher fares, this lower trend is the result of lower than expected actual ridership for FY 2019, which alters the forecast launch point, and the combined effects of the economic and demographic forecast variables, notably lower projections for employment. In contrast, revenues beyond the current biennium range from 4.3% to 4.7% higher than June, the result of the higher fares, increased surcharges, and a shift in ridership demand to higher fare categories. This shift in ridership reflects both a continuing decline in the purchases of discounted multi-ride fare

media by regular commuters and the projected decline in real gas prices compared with June, which stimulates more vehicle demand.

- For the prior biennium, miscellaneous revenues have been revised based on actual collections in FY 2019. For the 2017-2019 biennium, the actuals for vessel non-fare revenue ended up down -2.7%, while terminal revenues were up 5.7%, for a net miscellaneous revenue increase of 1.1%. For the 2019-21 biennium, collective vessel and terminal non-fare revenues are projected to be 5.4% higher compared to the June forecast, and this holds for the balance of the forecast horizon. Factors contributing to the increase from the June forecast include continuing increases in vessel galley and vending machines due to higher sales volume and price increases. Sales of advertising are also expected to rebound now that a new contract is signed and in place. In addition, part of the new Colman Dock facility is open and ready to sell ad space. A new contract with Certified Folder (distributor of advertising brochures at vessels and terminals) are reflected – WSF’s revenue share will be 32%, up from the old contract’s 30%. A concession stand at Sidney B.C. is also now in place.
- Total fare and miscellaneous revenues forecasted for the 2019-21 biennium amount to \$433.7 million, which is 2.9% higher than the previous forecast for the same period. This is the result of higher fares which more than offset other ridership demand factors including no ridership growth in FY 2019, plus an expected increase in miscellaneous revenues. Over 10 years (FY 2020-29), ferry fare and miscellaneous revenues total \$2.30 billion, which is nearly \$93 million higher than the June Forecast for the same period.

#### *Primary reasons for the change in the September 2019 forecast*

- Overall, the September fares forecast is the result of higher fares and surcharges and lower real gas prices, partly offset by slightly lower forecast period employment projections.
- Increases in miscellaneous revenue are due to a combination of elements, including vessel galley revenue increases from recently approved price changes, a new advertising contract and availability at the new Colman Dock for ad space, a new contract with Certified Folder with a higher commission to WSF, and a new contract with a concession vendor at Sidney, B.C.

## **Toll Revenue**

### Overview

Washington State currently has four toll facilities. The Traffic and Revenue Forecast for September 2019 is a no-change forecast from June 2019.

The June 2019 Traffic and Revenue (T&R) forecast was a no-change forecast from March 2019 and November 2018 for the SR 520, the Tacoma Narrows Bridge (TNB) and the I-405 express toll lanes (ETLs). Due to new legislation the June 2019 forecast for the SR 167 express toll lanes (ETLs) has been updated from the November 2018 T&R Forecast. This June forecast change in SR 167 baseline forecast reflected the end of the pilot program for SR 167 and the beginning of the SR 167 express toll lanes, and latest actuals of FY 2019.

Figure 13 below provides actual traffic and adjusted gross toll revenue performance for the four facilities in FY 2019, in comparison to the November 2018 forecast.

Despite ten days of snowy weather in February, the FY 2019 combined total adjusted gross toll revenue actuals for all four tolled facilities are within a one percent variance of the forecasted amounts.

At the end of FY 2019 a couple of accounting adjustments were made to Allowance for Doubtful Accounts (ADA) and Unearned Revenues based on the actual cash received since FY 2014 for Pay By Mail toll transactions. These adjustments contributed \$1.3 million additional toll revenues in June 2019. The revised ADA assumptions will be incorporated in November 2019 forecast.

**Figure 13: FY 2019 Total Actuals (July to June) vs November 2018 Forecast**

**FY 2019 Actuals (July to June) vs November 2018 Forecast**

Toll Facility	Toll Traffic				Adjusted Gross Toll Revenue			
	Forecast	Actuals	Variance	Variance %	Forecast	Actuals	Variance	Variance %
TNB	15,542,000	15,465,037	(76,963)	-0.5%	81,119,000	82,274,332	1,155,332	1.4%
SR 520	26,370,000	26,523,075	153,075	0.6%	84,419,000	85,678,698	1,259,698	1.5%
I-405 ETLs	10,149,000	9,665,350	(483,650)	-4.8%	30,242,000	29,335,854	(906,146)	-3.0%
SR 167 ETLs	1,607,200	1,664,159	56,959	3.5%	\$ 3,328,200	3,703,617	375,417	11.3%
<b>Total</b>	<b>53,668,200</b>	<b>53,317,621</b>	<b>(350,579)</b>	<b>-0.7%</b>	<b>\$199,108,200</b>	<b>\$ 200,992,501</b>	<b>\$ 1,884,301</b>	<b>0.9%</b>

Annual toll transactions and reported adjusted gross toll revenue for the I-405 express toll lanes (ETLs) are lower than the forecasted amounts by 4.8 percent and 3.0 percent respectively. The difference in toll transactions and reported revenue variances is due to a one-time accounting adjustment for Unearned Revenue and ADA, which is otherwise consistent with the toll transaction variance.

The number of I-405 ETLs toll transactions in FY 2019 decreased from last year. Despite the decrease in toll transactions, the adjusted gross toll revenue has grown more than 21 percent than last year. However, the November 2018 forecast anticipated even more aggressive growth in the revenue performance.

FY 2019 toll transactions for the SR 167 express toll lanes (ETLs) are reporting a variance of 3.5 percent higher than the forecast, and annual adjusted gross toll revenue variance is 11.3 percent above the forecast. The increase in toll traffic and revenue performances is attributed to I-405/SR 167 Interchange Direct Connector project which was opened ahead of schedule at the end February. While the November 2018 forecast anticipated opening in July 2019.

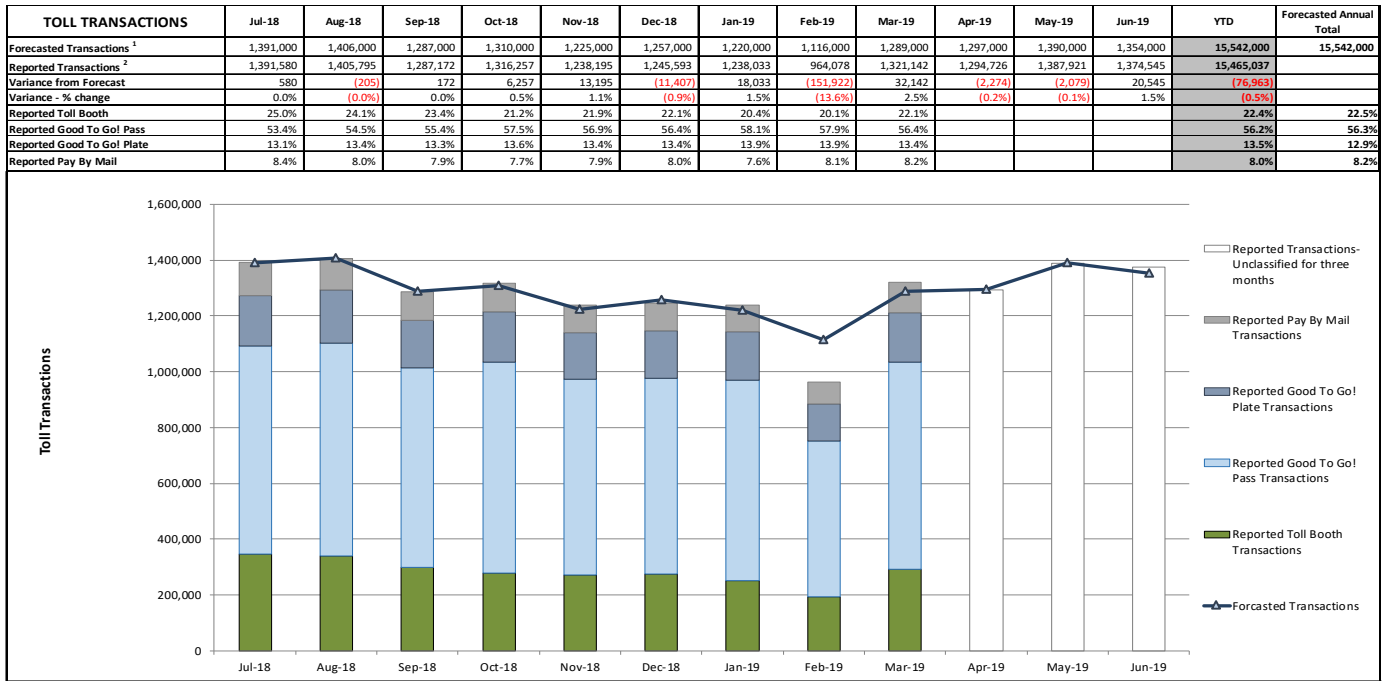
*Updates to Tacoma Narrows Bridge (TNB) traffic and toll revenue*

The September 2019 Tacoma Narrows Bridge (TNB) toll traffic and revenue forecast is a no- change forecast from June 2019 and November 2018.

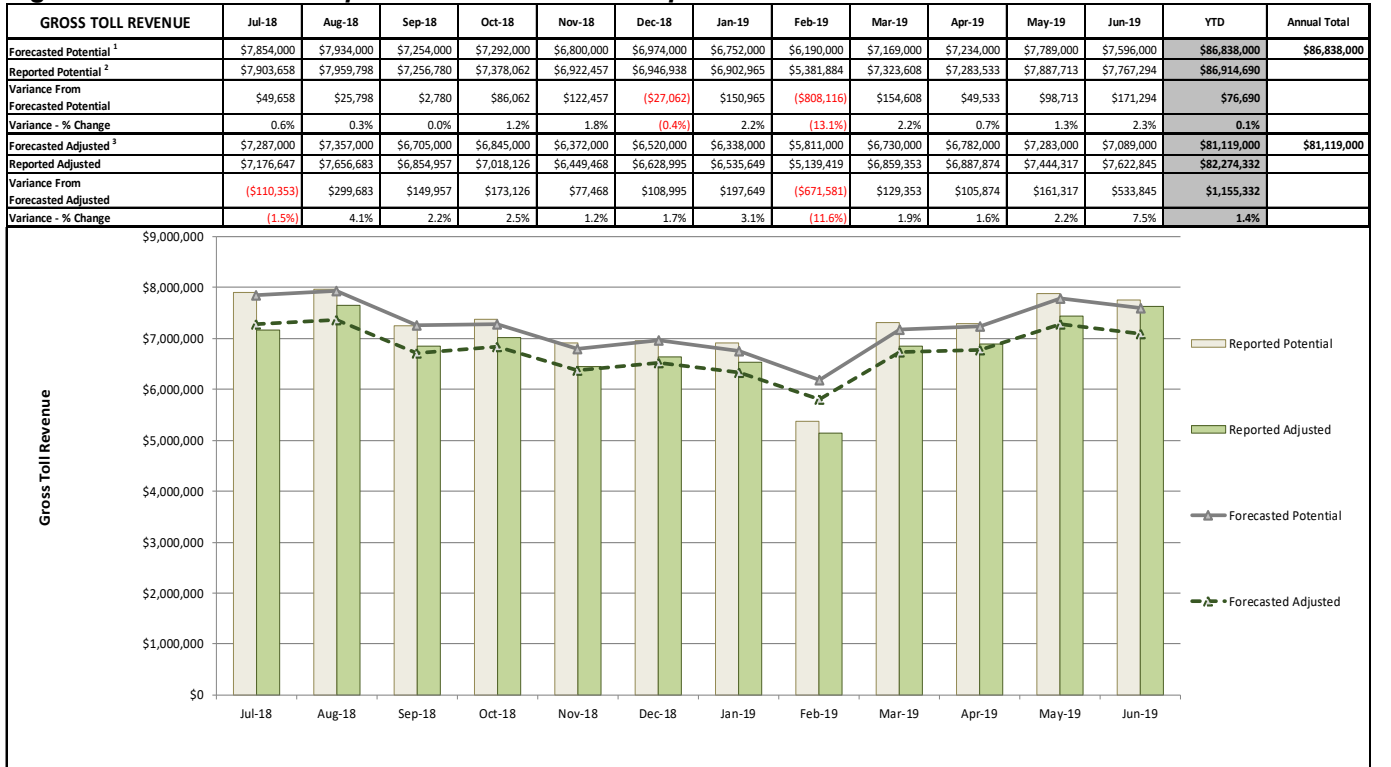
The changes to TNB's November 2018 forecast reflect FY 2018's actual performance, the revision of the payment mix, and increasing the number of non-revenue transactions. Transit and vanpools will be able to use the facility toll-free starting FY 2020.

Despite ten days of snowy weather in February the total toll transactions and reported revenues performances are in line with the forecast. The FY 2019 total Toll Transactions (Figure 14) shows that were 77,000 fewer transactions (0.5 percent) than forecasted. Annual Adjusted Gross Toll Revenue (Figure 15) is \$1.2 million (1.4 percent) above the November 2018 forecast.

**Figure 14: FY 2019 TNB Reported Toll Transactions Compared to November 2018 Forecast**



**Figure 15: FY 2019 TNB Reported Toll Revenue Compared to November 2018 Forecast**



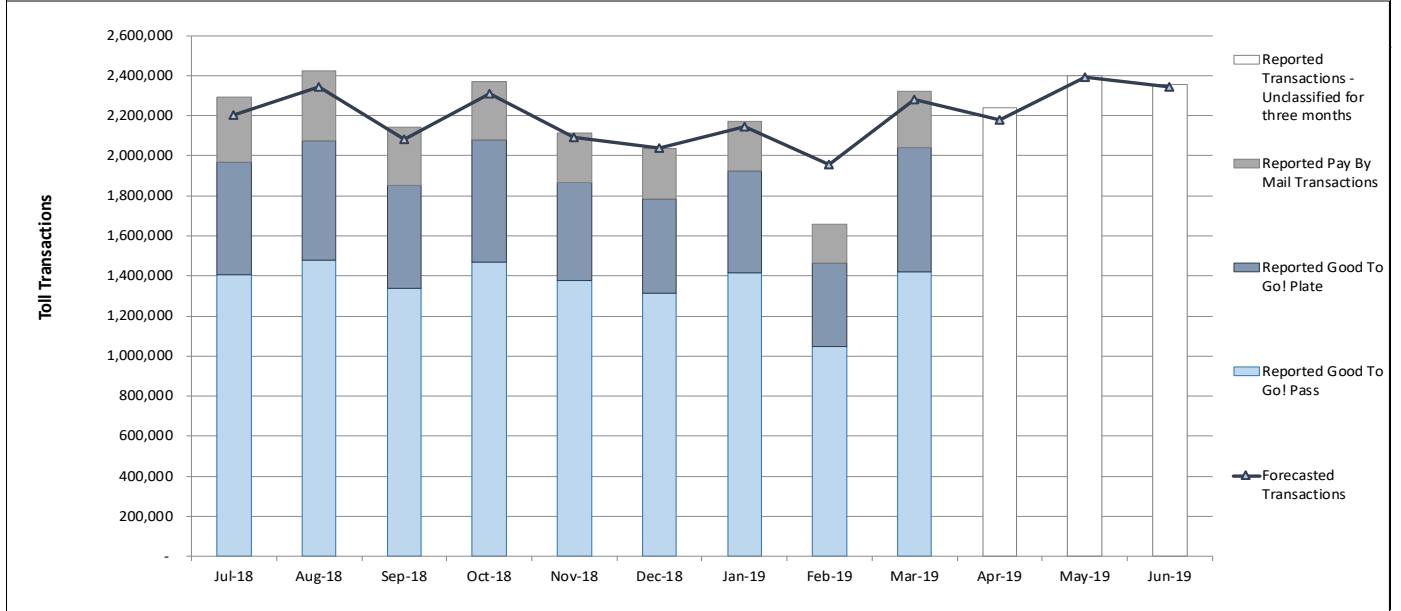
Updates to SR 520 Toll Bridge traffic and toll revenue

SR 520 Bridge toll traffic and revenue forecast for September 2019 is a no-change forecast from June 2019 and November 2018.

Despite ten days of snowy weather in February, total Toll Transactions and Reported Adjusted Revenue are slightly higher than forecast. Figure 16 shows there were 153,000 more toll transactions in FY 2019 than anticipated, and the total Adjusted Gross Toll Revenue (Figure 17) exceeded the forecast by \$1.3 million (1.5 percent).

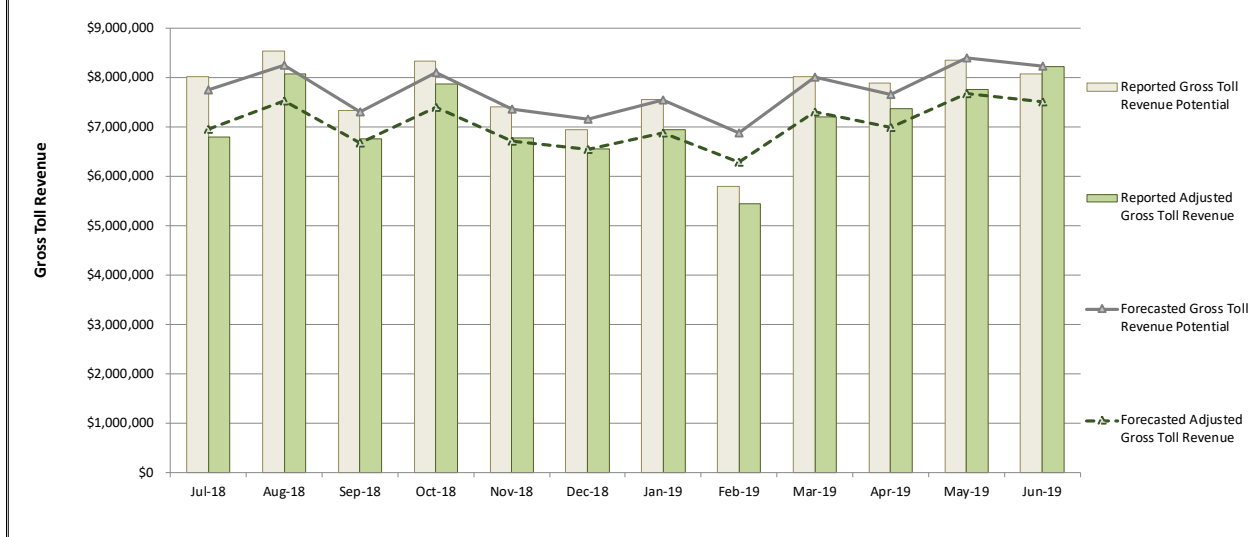
**Figure 16: FY 2019 SR 520 Reported Toll Transactions Compared to November 2018 Forecast**

TOLL TRANSACTIONS		Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Fiscal Year To Date	Annual Total <sup>5</sup>
Weekend	Forecasted	-	-	-	-	-	-	3.30	3.30	3.30	-	-	-	9.90	9.90
Closure Days <sup>1</sup>	Reported	-	-	-	-	1.00	0.40	-	-	-	-	-	-	1.40	1.40
Weeknight	Forecasted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closures <sup>2</sup>	Reported	-	-	-	-	0.13	-	-	-	-	-	-	-	0.13	0.13
Forecasted Transactions <sup>3</sup>		2,205,000	2,346,000	2,083,000	2,308,000	2,093,000	2,039,000	2,146,000	1,958,000	2,279,000	2,181,000	2,390,000	2,342,000	26,370,000	26,370,000
Reported Transactions <sup>4</sup>		2,291,708	2,421,851	2,143,861	2,370,068	2,115,105	2,035,203	2,172,041	1,656,213	2,320,693	2,241,599	2,400,633	2,354,100	26,523,075	26,523,075
Variance From Forecast		86,708	75,851	60,861	62,068	22,105	(3,797)	26,041	(301,787)	41,693	60,599	10,633	12,100	153,075	153,075
Variance - % Change		3.9%	3.2%	2.9%	2.7%	1.1%	(0.2%)	1.2%	(15.4%)	1.8%	2.8%	0.4%	0.5%	0.6%	0.6%
Reported Good To Go! Pass		61.3%	61.1%	62.5%	62.1%	65.2%	64.5%	65.2%	63.3%	61.2%	-	-	-	62.8%	63.0%
Reported Good To Go! Plate		24.5%	24.6%	24.0%	25.7%	23.0%	23.2%	23.5%	25.1%	26.7%	-	-	-	24.5%	22.5%
Reported Pay By Mail		14.2%	14.3%	13.5%	12.2%	11.8%	12.3%	11.3%	11.6%	12.1%	-	-	-	12.6%	14.5%



**Figure 17: FY 2019 SR 520 Reported Toll Revenue Compared to November 2018 Forecast**

GROSS TOLL REVENUE		Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Fiscal Year To Date	Annual Total
Weekend Closure Days <sup>1</sup>	Forecasted	-	-	-	-	-	-	3.30	3.30	3.30	-	-	-	9.90	9.90
	Reported	-	-	-	-	1.00	0.40	-	-	-	-	-	-	1.40	1.40
Weeknight Closures <sup>2</sup>	Forecasted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Reported	-	-	-	-	0.13	-	-	-	-	-	-	-	0.13	0.13
Forecasted Potential <sup>3</sup>		\$7,741,000	\$8,239,000	\$7,303,000	\$8,101,000	\$7,352,000	\$7,157,000	\$7,537,000	\$6,872,000	\$8,001,000	\$7,659,000	\$8,390,000	\$8,223,000	\$92,575,000	\$92,575,000
Reported Potential <sup>4</sup>		\$8,016,653	\$8,525,175	\$7,336,869	\$8,335,038	\$7,398,406	\$6,936,052	\$7,557,734	\$5,788,159	\$8,010,151	\$7,883,406	\$8,337,761	\$8,062,249	\$92,187,654	\$92,187,654
Variance From Forecast		\$275,653	\$286,175	\$33,869	\$234,038	\$46,406	(\$220,948)	\$20,734	(\$1,083,841)	\$9,151	\$224,406	(\$52,239)	(\$160,751)	(\$387,346)	(\$387,346)
Variance - % Change		3.6%	3.5%	0.5%	2.9%	0.6%	(3.1%)	0.3%	(15.8%)	0.1%	2.9%	(0.6%)	(2.0%)	(0.4%)	(0.4%)
Forecasted Adjusted <sup>5</sup>		\$6,947,000	\$7,523,000	\$6,669,000	\$7,398,000	\$6,714,000	\$6,536,000	\$6,882,000	\$6,277,000	\$7,306,000	\$6,995,000	\$7,662,000	\$7,510,000	\$84,419,000	\$84,419,000
Reported Adjusted <sup>6</sup>		\$6,785,965	\$8,071,744	\$6,755,859	\$7,856,990	\$6,770,667	\$6,547,967	\$6,934,777	\$5,436,296	\$7,197,919	\$7,357,417	\$7,746,909	\$8,216,178	\$85,678,689	\$85,678,689
Variance From Forecast		(\$161,035)	\$548,744	\$86,859	\$458,990	\$56,667	\$11,967	\$52,777	(\$840,704)	(\$108,081)	\$362,417	\$84,909	\$706,178	\$1,259,689	\$1,259,689
Variance - % Change		(2.3%)	7.3%	1.3%	6.2%	0.8%	0.2%	0.8%	(13.4%)	(1.5%)	5.2%	1.1%	9.4%	1.5%	1.5%



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

The I-405 ETLs toll traffic and revenue forecast for September 2019 will be a no-change forecast from June 2019 and November 2018.

The November 2018 forecast incorporated a revised socioeconomic updates, changes to the toll rate algorithm, revised toll and non-toll share projections and actuals through June 2018.

When compared to 2018 actuals, FY 2019 shows annual traffic volumes on the I-405 ETLs have decreased by 3.9 percent. Additionally, ten days of snowy weather in February 2019 negatively affected reported toll and non-toll transactions.

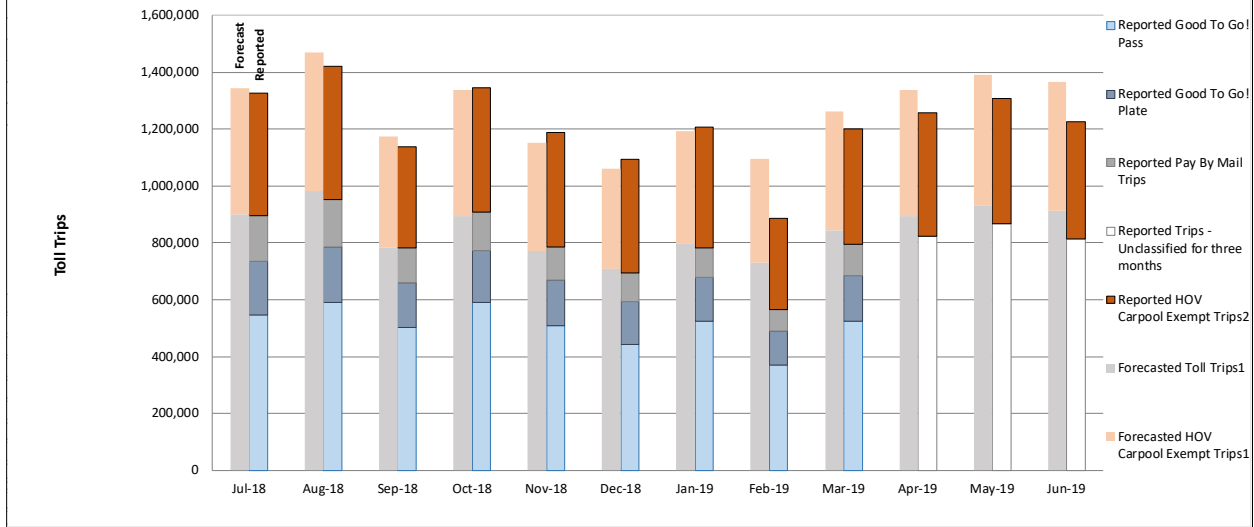
In FY 2019 there 484,000 fewer toll transactions (Figure 18), which is 4.8 percent less than forecast. FY 2019 total transactions (toll plus HOV) are 3.8 percent lower than forecast.

The reported annual revenue variance (Figure 19) is 3.0 percent, \$906,000, below the November 2018 forecast. A one-time accounting adjustment for Unearned Revenue and Allowance for Doubtful Accounts (ADA) at the end of FY 2019 resulted in the reported revenue increasing by \$438,000.

Without the one-time accounting adjustment, the adjusted gross toll revenue variance is 4.4 percent below the November 2018 forecast – which is consistent with the toll transactions variance.

**Figure 18: FY 2019 I-405 ETLs Reported Toll and HOV Carpool Trips Compared to November 2018 Forecast**

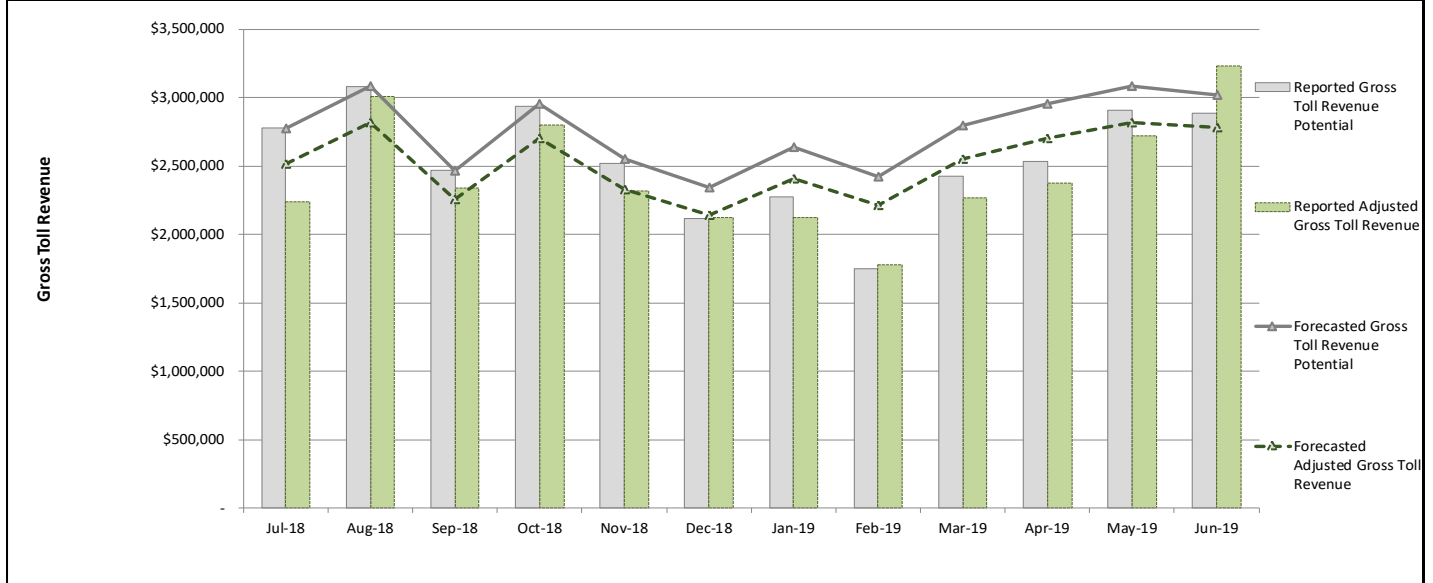
	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Fiscal Year To Date	Annual Total 4
Forecasted Toll Trips <sup>1</sup>	899,000	982,000	785,000	893,000	770,000	710,000	797,000	732,000	844,000	893,000	931,000	913,000	10,149,000	10,149,000
Reported Toll Trips <sup>2</sup>	895,968	951,833	781,025	907,805	785,114	696,000	781,735	566,976	794,347	824,592	866,931	813,024	9,665,350	9,665,350
Variance From Forecast	(3,032)	(30,167)	(3,975)	14,805	15,114	(14,000)	(15,265)	(165,024)	(49,653)	(68,408)	(64,069)	(99,976)	(483,650)	(483,650)
Variance - % Change	(0.3%)	(3.1%)	(0.5%)	1.7%	2.0%	(2.0%)	(1.9%)	(22.5%)	(5.9%)	(7.7%)	(6.9%)	(11.0%)	(4.8%)	(4.8%)
Reported Good To Go! Pass <sup>3</sup>	61.1%	62.1%	64.5%	65.2%	64.9%	63.8%	67.1%	65.6%	66.2%	-	-	-	64.4%	64.5%
Reported Good To Go! Plate <sup>3</sup>	20.8%	20.4%	19.8%	19.9%	20.4%	21.3%	19.8%	20.7%	20.3%	-	-	-	20.4%	20.0%
Reported Pay By Mail <sup>3</sup>	18.0%	17.5%	15.7%	14.9%	14.7%	14.9%	13.1%	13.7%	13.6%	-	-	-	15.3%	15.5%
Forecasted HOV Carpool Exempt Trip <sup>4</sup>	445,000	487,000	389,000	443,000	382,000	352,000	395,000	362,000	418,000	443,000	461,000	453,000	5,030,000	5,030,000
Reported HOV Carpool Exempt Trips <sup>5</sup>	431,800	468,519	357,749	436,992	403,621	396,980	425,690	320,003	407,822	431,213	440,263	413,792	4,934,444	4,934,444
Variance From Forecast	(13,200)	(18,481)	(31,251)	(6,008)	21,621	44,980	30,690	(41,997)	(10,178)	(11,787)	(20,737)	(39,208)	(95,556)	(95,556)
Variance - % Change	(3.0%)	(3.8%)	(8.0%)	(1.4%)	5.7%	12.8%	7.8%	(11.6%)	(2.4%)	(2.7%)	(4.5%)	(8.7%)	(1.9%)	(1.9%)
HOV Exempt Trips % of Total Trips	32.5%	33.0%	31.4%	32.5%	34.0%	36.3%	35.3%	36.1%	33.9%	34.3%	33.7%	33.7%	33.8%	33.8%
Forecasted Toll and HOV Carpool Trips	1,344,000	1,469,000	1,174,000	1,336,000	1,152,000	1,062,000	1,192,000	1,094,000	1,262,000	1,336,000	1,392,000	1,366,000	15,179,000	15,179,000
Reported Toll and HOV Carpool Trips	1,327,768	1,420,352	1,138,774	1,344,797	1,188,735	1,092,980	1,207,425	886,979	1,202,169	1,255,805	1,307,194	1,226,816	14,599,794	14,599,794
Variance From Forecast	(16,232)	(48,648)	(35,226)	8,797	36,735	30,980	15,425	(207,021)	(59,831)	(80,195)	(84,806)	(139,184)	(579,206)	(579,206)
Variance - % Change	(1.2%)	(3.3%)	(3.0%)	0.7%	3.2%	2.9%	1.3%	(18.9%)	(4.7%)	(6.0%)	(6.1%)	(10.2%)	(3.8%)	(3.8%)





**Figure 19: FY 2019 I-405 ETLs Reported Toll Revenue Compared to November 2018 Forecast**

GROSS TOLL REVENUE	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Fiscal Year To Date	Annual Total
Forecasted Potential <sup>1</sup>	\$2,777,000	\$3,084,000	\$2,466,000	\$2,957,000	\$2,549,000	\$2,342,000	\$2,637,000	\$2,421,000	\$2,794,000	\$2,956,000	\$3,082,000	\$3,021,000	\$33,086,000	\$33,086,000
Reported Potential <sup>2</sup>	\$2,777,728	\$3,079,115	\$2,467,973	\$2,934,421	\$2,521,948	\$2,113,409	\$2,273,466	\$1,753,010	\$2,425,660	\$2,531,905	\$2,905,487	\$2,887,735	\$30,671,858	\$30,671,858
Variance From Forecast	\$728	(\$4,885)	\$1,973	(\$22,579)	(\$27,052)	(\$228,591)	(\$363,534)	(\$667,990)	(\$368,340)	(\$424,095)	(\$176,513)	(\$133,265)	(\$2,414,142)	(\$2,414,142)
Variance - % Change	0.0%	(0.2%)	0.1%	(0.8%)	(1.1%)	(9.8%)	(13.8%)	(27.6%)	(13.2%)	(14.3%)	(5.7%)	(4.4%)	(7.3%)	(7.3%)
Forecasted Adjusted <sup>3</sup>	\$2,518,786	\$2,819,000	\$2,254,000	\$2,703,000	\$2,330,000	\$2,141,000	\$2,410,000	\$2,213,000	\$2,553,000	\$2,702,000	\$2,817,000	\$2,781,214	\$30,242,000	\$30,242,000
Reported Adjusted <sup>4</sup>	\$2,241,479	\$3,009,410	\$2,337,463	\$2,798,485	\$2,317,730	\$2,125,528	\$2,123,519	\$1,780,572	\$2,268,906	\$2,375,969	\$2,723,445	\$3,233,347	\$29,335,854	\$29,335,854
Variance From Forecast	(\$277,307)	\$190,410	\$83,463	\$95,485	(\$12,270)	(\$15,472)	(\$286,481)	(\$432,428)	(\$284,094)	(\$326,031)	(\$93,555)	\$452,133	(\$906,146)	(\$906,146)
Variance - % Change	(11.0%)	6.8%	3.7%	3.5%	(0.5%)	(0.7%)	(11.9%)	(19.5%)	(11.1%)	(12.1%)	(3.3%)	16.3%	(3.0%)	(3.0%)



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

The SR 167 ETLs toll traffic and revenue forecast for September 2019 will be a no-change forecast from June 2019. The baseline June 2019 forecast for the SR 167 ETLs has been updated from November 2018 Toll and Revenue Forecasts. The update reflected the latest actuals in fiscal year 2019 with the remaining fiscal years (2020 through 2029) from the November 2018 Alternative SR 167 HOT lanes forecast.

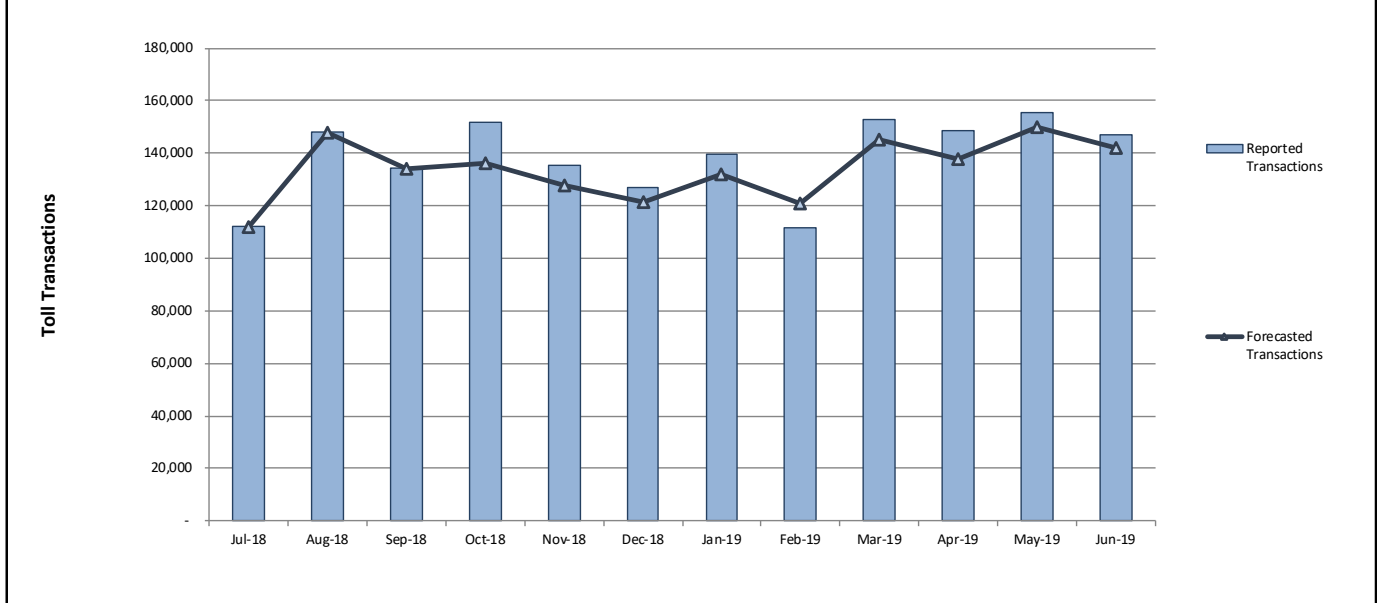
The June 2019 forecast assumed no improvements associated with the I-405 ETLs between Bellevue and SR 167. But the average toll rate is forecasted to increase by approximately 4 percent per year from FY 2021 through FY 2029 due to congestion. However, growth in the average toll rate is limited by the existing \$9 toll cap. From FY 2021 to FY 2029, the annual toll revenue is assumed to grow between 7 to 8 percent per year, due to both an increase in transactions and increasing toll rates due to congestion.

In comparison to the November 2018 forecast, Figures 20 and 21 below provide actual traffic and adjusted gross toll revenue performance for SR 167 ETLs in FY 2019.

Despite ten days of snowy weather in February 2019 the total Toll Transactions and Reported Revenue are higher than forecasted. Opening the I-405/SR 167 Interchange Direct Connector project at the end of February last year streamlined travel and increased the traffic. There were 57,000 more toll transactions in FY 2019, 3.5 percent higher than forecast. The total Adjusted Gross Toll Revenue was \$375 thousand (11.3 percent) above the November 2018 forecast.

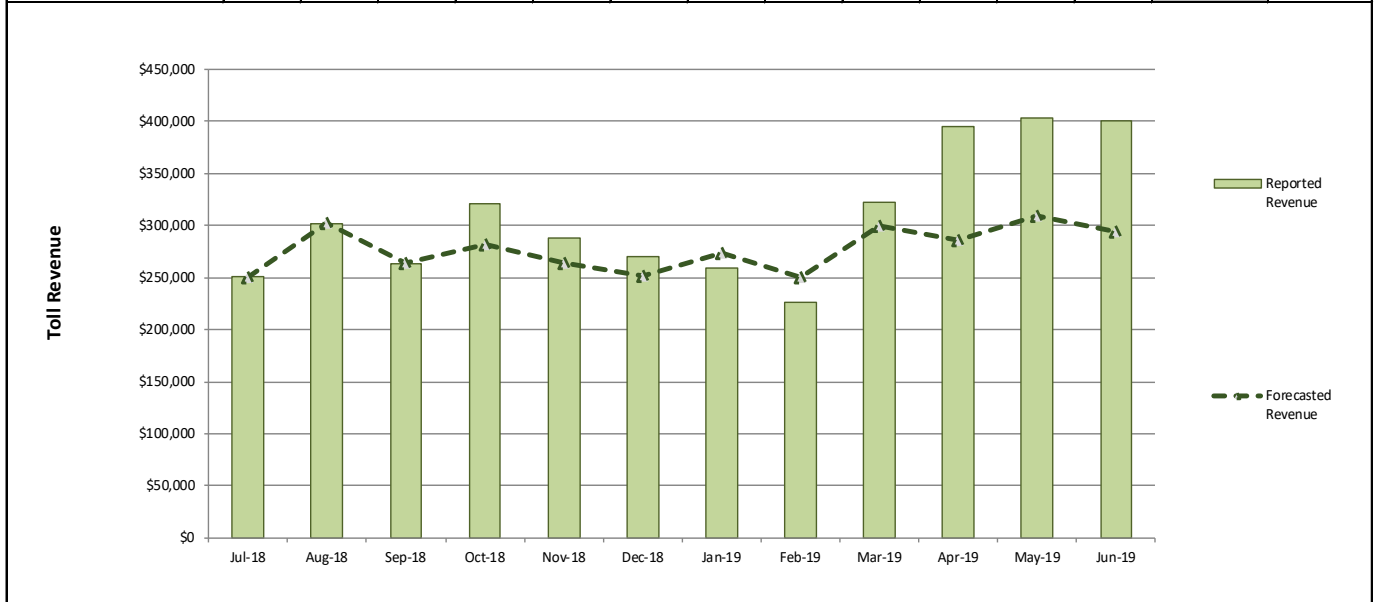
**Figure 20: FY 2019 SR 167 Reported Toll Transactions Compared to November 2018 Forecast.**

TOLL TRANSACTIONS	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	YTD	Annual Total
Forecasted Transactions <sup>1</sup>	112,100	148,000	134,200	136,200	127,500	121,300	132,000	121,000	145,000	138,000	149,700	142,200	1,607,200	1,607,200
Reported Transactions <sup>2</sup>	112,085	147,981	134,172	151,581	135,474	127,212	139,604	111,782	152,763	148,716	155,559	147,230	1,664,159	
Variance from Forecast	(15)	(19)	(28)	15,381	7,974	5,912	7,604	(9,218)	7,763	10,716	5,859	5,030	56,959	
Variance - % change	(0.0%)	(0.0%)	(0.0%)	11.3%	6.3%	4.9%	5.8%	(7.6%)	5.4%	7.8%	3.9%	3.5%	3.5%	



**Figure 21: FY 2019 SR 167 Reported Toll Revenue Compared to November 2018 Forecast.**

GROSS TOLL REVENUE	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	YTD	Annual Total
Forecasted Revenue <sup>1</sup>	\$250,500	\$302,200	\$263,800	\$282,000	\$264,000	\$251,200	\$273,300	\$250,600	\$300,300	\$285,800	\$310,000	\$294,500	\$3,328,200	\$3,328,200
Reported Revenue <sup>2</sup>	\$250,460	\$302,240	\$263,787	\$321,655	\$287,695	\$270,238	\$259,753	\$226,743	\$322,806	\$395,051	\$402,761	\$400,429	\$3,703,617	
Variance	(\$40)	\$40	(\$13)	\$39,655	\$23,695	\$19,038	(\$13,547)	(\$23,857)	\$22,506	\$109,251	\$92,761	\$105,929	\$375,417	
Variance - % Change	(0.0%)	0.0%	(0.0%)	14.1%	9.0%	7.6%	(5.0%)	(9.5%)	7.5%	38.2%	29.9%	36.0%	11.3%	
Forecasted Monthly Toll Rate	\$2.23	\$2.04	\$1.97	\$2.07	\$2.07	\$2.07	\$2.07	\$2.07	\$2.07	\$2.07	\$2.07	\$2.07	\$2.07	\$2.07
Actual Monthly Toll Rate	\$2.23	\$2.04	\$1.97	\$2.12	\$2.12	\$2.12	\$1.86	\$2.03	\$2.11	\$2.66	\$2.59	\$2.72	\$2.23	



## **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**

### **Apportionment Forecast**

- The September 2019 total apportionment forecast for FFY 2019 is \$752.54 million. This 2019 forecast is based on FHWA Notice N 4510.832 Fiscal Year (FY) 2019 Supplementary Tables - Apportionments Pursuant to the Fixing America's Surface Transportation Act dated January 2, 2019. The current apportionment is for the National Highway Performance Program, Surface Transportation Block Grant Program, Highway Safety Improvement Program, Railway-Highway Crossings Program, Congestion Mitigation and Air Quality Improvement Program, Metropolitan Planning Program, and National Highway Freight Program.
- The September 2019 apportionment forecast for FFY2019 is unchanged from the June 2019 forecast.
- The September 2019 total apportionment forecast for FFY 2020 is \$656.76 million. This forecast is based on FHWA Notice N4510.836 dated July 1, 2019 – Advanced Notification of Federal Aid Highway Funds to be Apportioned on October 1, 2019.
- The September 2019 apportionment forecast for FFY2020 is unchanged from the June 2019 forecast.
- The baseline forecast for FFY 2021 through FFY 2029 will assume an annual growth of federal revenues matching the annual Washington State fuel consumption growth rates. In this September forecast, there were only minor revisions downwards annually in the long-term federal highway funds forecast compared to the last forecast.

### **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 2018 CORE OA for FY2018 was updated to reflect actual OA distributions from FHWA for the fiscal year. Total OA for FFY 2018 was significant at \$906.million which was unusually high undistributed OA for discretionary and allocated programs.

- The September 2019 CORE OA for FFY 2019 is forecasted to be \$737.5 million which is unchanged from the June 2019 forecast.
- Total OA forecast for FFY 2020 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 FAST Act includes a \$7.6 billion rescission of unobligated Federal-aid Highway contract authority in FFY 2020. An estimate of Washington’s share of the national rescission is \$110 million of unobligated apportionment balances, this is included in the February forecast for FFY 2020, and this estimate has not changed since the last forecast. This estimate is based on FHWA projections, which are updated annually.

**Figure 22: FFY 2017 – FFY2020 FHWA Highways Forecast**

*(\$ millions)*

September 2019 Federal Highway Forecast	FFY 2017	FFY 2018	FFY 2019	FFY 2020
Total WA Apportionment	\$ 773.3	\$ 864.7	\$ 752.5	\$ 656.8
Total WA Obligation Authority	\$ 775.3	\$ 906.6	\$ 737.5	\$ 751.1

**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 September 2019 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 has been 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 are anticipated to be \$19.2 million and growing to \$19.7 million by FFY 2020.

- The public transportation formula federal program forecast for FFY 2021 – 2029 is grown annually using the Washington State Fuel Consumption forecasted growth rates which are down slightly in June compared to the last forecast.

**Figure 23: FFY 2017 – FFY 2020 FTA – Public Transportation Forecast**

*(In thousands)*

<b>September 2019 - Public Transportation Federal Forecast</b>	<b>FFY 2017</b>	<b>FFY 2018</b>	<b>FFY 2019</b>	<b>FFY 2020</b>
Statewide Planning Program	\$ 495.0	\$ 505.4	\$ 516.0	\$ 527.0
Enhanced Mobility for Elderly and Persons with Disabilities	\$ 2,773.5	\$ 5,383.8	\$ 2,888.0	\$ 2,949.0
Nonurbanized Area Formula Program	\$ 12,847.5	\$ 13,345.4	\$ 13,465.0	\$ 13,751.0
Rural Transit Assistance Program	\$ 204.7	\$ 209.0	\$ 214.0	\$ 219.0
State Safety Oversight Program	\$ 559.5	\$ 600.5	\$ 544.0	\$ 555.0
Bus and Bus Facilities Program	\$ 170.0	\$ 3,500.0	\$ 1,595.0	\$ 1,629.0

**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 September 2019 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 long-term WSF formula federal program forecast for FFY 2021 – 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 24: FFY 2017 – FFY2020 FTA Washington State Ferries Forecast  
(In millions)**

<b>September 2019 FTA – Washington State Ferries Federal Forecast</b>	<b>FFY 2017</b>	<b>FFY 2018</b>	<b>FFY 2019</b>	<b>FFY 2020</b>
Urbanized Area Formula Program Grants (5307)	\$ 6.06	\$ 5.50	\$ 6.06	\$ 6.06
State of Good Repair Grants (5307)	\$ 6.85	\$ 8.51	\$ 7.20	\$ 7.20
Discretionary and Allocated Programs	\$ 10.00	\$ -	\$ -	\$ -

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### Motor Fuel Tax Revenue Forecast

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### Federal Funds Forecast

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# **Appendix**

Tables Related to the September 2019 Forecast



## Impact to Select Transportation Accounts

**Figure 25: 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
<b>Alternate Fuel Vehicle Sales Tax Exemptions</b>											
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)
<b>Alternate Fuel Commercial Vehicle Tax Credits</b>											
Multimodal Trans	PUT & B&O	-	(460,703)	(485,658)	(650,941)	(407,000)	(559,000)	(490,000)	(594,000)	(583,000)	(695,000)
<b>Total Revenue Distributed Out of Accounts</b>											
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