

# **Transportation Revenue Forecast Council**

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

### **Volume I: Summary**

# Washington Transportation Economic and Revenue Forecast September 2021 Forecast

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## Preface

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

## September 2021 Transportation Forecast Overview

### Forecast Overview

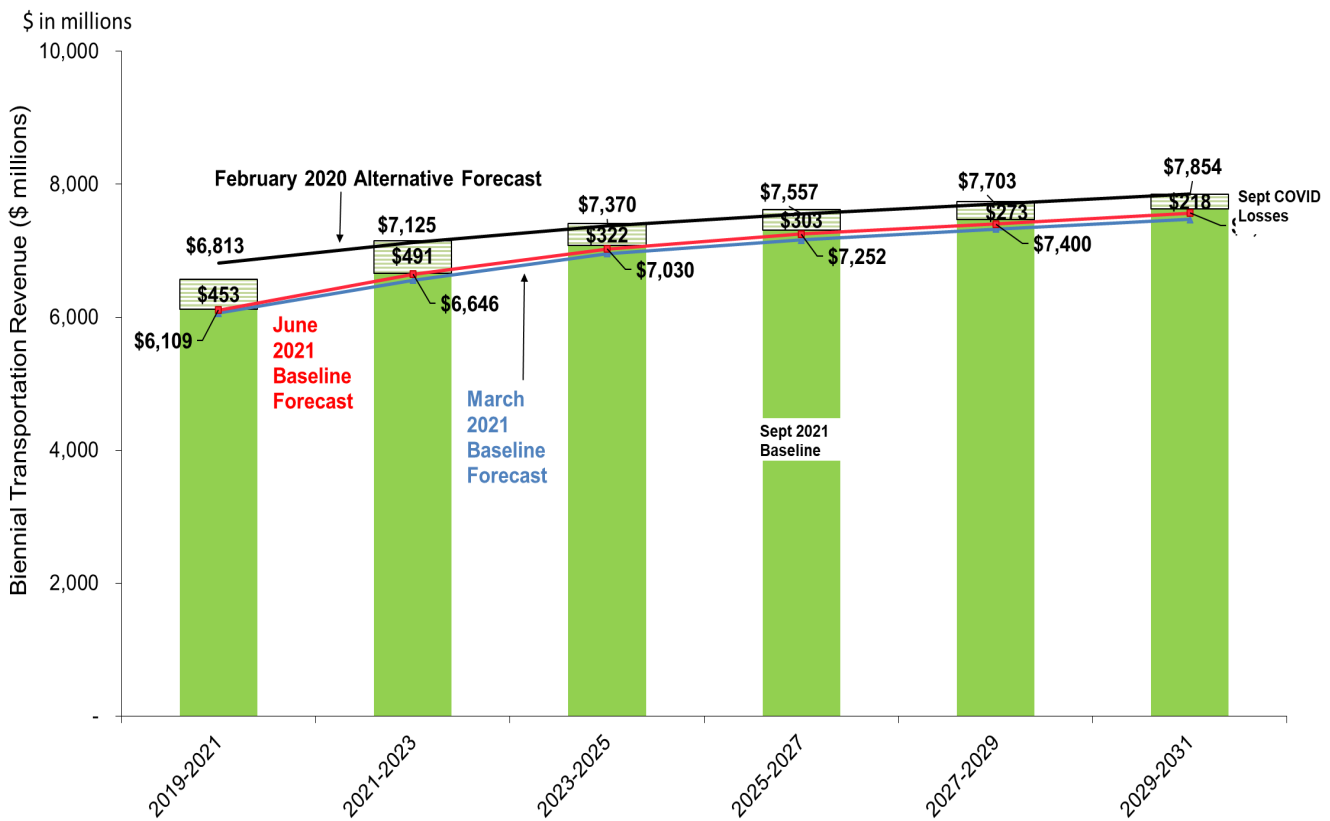
Here are key conclusions from the September 2021 transportation revenue forecast.

- The 2019-21 biennium revenue finished at \$6.12 billion, which was down \$298 million or 4.65% biennia to biennia due to the 2019-21 biennium incorporating actuals coming in lower due to the pandemic first hitting last biennium. The current biennium, 2021-23, is showing a recovery for transportation revenues with a 8.8% growth biennia to biennia.
- September 2021 baseline transportation forecast of revenues: last biennium revenues came in above the June forecast by \$5.36 million or 0.09%. Now the current biennium, 2021-23, is anticipated to have \$6.66 billion which is up forecast to forecast from the June 2021 baseline forecast by \$11.5 million or 0.2%. This was primarily due to some collections coming in higher than anticipated and the WSTC adopting higher toll rates and ferry fares since the last forecast. Most of the increase in revenue since the June forecast, \$8.98 million and \$9.4 million, was due to higher ferry and toll revenues respectively due to fare and rate increases. Other forecasts like LPF, driver related and business related came in below the last forecast in the current biennium. Conversely, rental car and vehicle sales taxes are both up from June.
- The 2019-21 biennium revenue losses from the pandemic and lower economic variables than the pre-pandemic alternative forecast in February is \$453 million or down 7%. Next biennium, the COVID losses are anticipated to be higher at \$490.7 million or down 7.3%. The largest pandemic losses are seen in the 2021-23 biennium as the recovery is beginning faster in FY 2022 and flowing into FY 2023 now.
- For the 10-year forecast horizon, total baseline revenue in September is projected to be \$34.64 billion, which is up from the last forecast by \$179 million or (0.5%) from June. With the largest upward adjustments being toll and ferry revenues due to new fare and toll increases. The current September forecast is up as well from the baseline March 2021 forecast which set WSDOT's transportation budgets. Over the next 10 years, the current forecast is up from the March forecast by \$575.5 million or 1.7%.
- The current forecast is still down from the pre-COVID-19 alternative forecast in February by \$611.6 million or 9% last biennium and down \$353 million or 5% in the current biennium. Over the next 10 years, the decline in transportation revenue from the pre-pandemic alternative February 2020 forecast is \$1,363 million or 3.8%. We are still below the pre-pandemic forecast in all revenue streams except LPF, vehicle sales taxes and transportation related revenues.
- New projections of WA economic variables include lower real personal income growth rates in FY 2021 and 2022 but faster growth in FY 2023-2026 than projected in June. Retail trade and trade, transportation and utilities employment projections are up in FY 2022-2024 from last quarter's projections. Retail gas, diesel and B5 dyed diesel prices are adjusted upward beginning in FY 2022 and continues throughout the forecast horizon. This September forecast is above both the June and March forecasts for B5 biodiesel.

In FY 2020 baseline total transportation revenues came in at \$2.899 billion which was 10.6% below the high point in FY 2019 of \$3.242 billion. FY 2021 baseline transportation revenues finished up the year at \$3.221 billion which was 11% higher than in 2020. In the current fiscal year, baseline total transportation revenues are anticipated to be \$3.225 billion, which is a year over year increase of 0.1% but FY 2023 now has a 6.5% annual growth after FY 2022. This September forecast is only a minor adjustment upward from the June forecast and revenues are up for ferries and tolling the most due to new adopted fares and tolls by WSTC. Overall, during the next 10-year forecast horizon, September's baseline transportation revenues are projected to be \$34.642 billion which is up \$179 million or 0.5% from the June forecast.

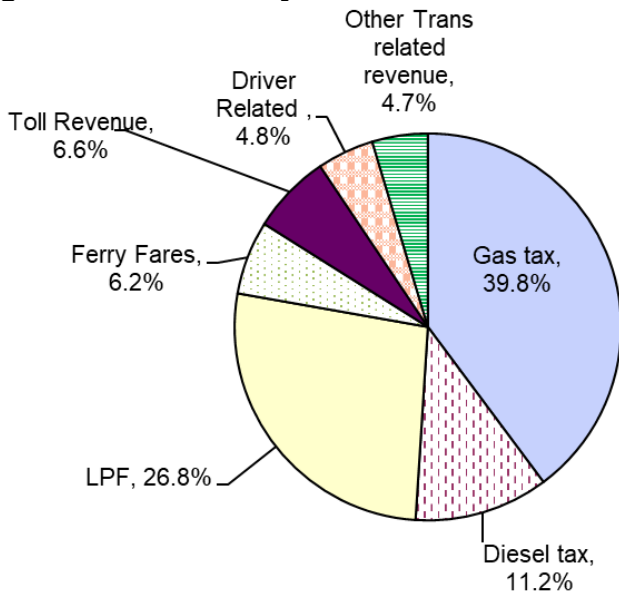
Figure 1 compares transportation revenues in September, June 2021, March 2021 vs alternative February 2020. The black and blue lines show total revenues without I-976 impacts in February 2020 and March 2021 respectively. The solid red line denote the June 2021 Forecast. The solid lime green bars show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

**Figure 1: Total Transportation Revenues Comparing September 2021 vs. June 2021 vs. March 2021 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 2021-23 biennium, (\$6.66 billion). Gasoline fuel taxes comprise the largest share at 39.8% but this share has declined during this pandemic period as fuel tax revenue have been hit the hardest. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 51% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 26.8%. The three largest revenue sources are projected to consist of 77.8% of revenues in the 2021-23 biennium. The remaining 22% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

**Figure 2: Revenue By Source 2021-23 Biennium (\$6.66 billion)**



As Figure 3 indicates the 2019-21 biennium September revenues came in at \$6.12 billion and above last quarter's June forecast by \$5.36 million or 0.09%. The September forecast is up due to LPF and toll revenues coming in with stronger collections than anticipated. Other revenue streams like fuel tax collections came in below the June forecast in recent months. Most revenue sources besides fuel taxes and ferry revenues ended FY 2021 higher than last projected. In the current biennium, total transportation revenues are up from June by \$11.5 million or 0.2%. Motor vehicle fuel taxes are not changed much overall in the current biennium, up \$0.4 million. LPF revenues are down \$8.8 million in the current biennium due to lower revenue collections but toll and ferry revenues are up due to the newly adopted fare and toll rates. Toll revenue are up 9.4 million or 2.2% this biennium from June. Ferry revenues were also up \$9 million or 2.2% from the last forecast also due to fare increases. Next biennium projections for total transportation revenues are up by \$46 million from June's projections. Over the next 10 years, transportation revenues are anticipated to be \$34.64 billion, which is up \$179 million or 0.5% from the June baseline forecast.

In this September forecast, the transportation revenues are compared to the March 2021 forecast in Figure 4. This March 2021 forecast is the baseline forecast because it set our 2021-23 transportation biennium budget. Figure 4 shows the current September forecast compared to the baseline March forecast. The 2019-21 biennium September revenues came in at \$6.12 billion and above the March baseline forecast by \$57.58 million or 0.95%. The current biennium projections for total transportation revenues are \$6.66 billion which is higher than the March's projections by \$100.5 million. The 10 year increase from the March forecast is \$575.5 million which is primarily due to motor vehicle fuel

taxes coming in \$142 million higher and ferry and toll revenue are higher as well by \$105.7 million and \$153.2 million respectively due to the new adopted toll rate and fare increases.

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

| Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period |                     |                    |                |                     |                    |                |                            |                    |                |
|----------------------------------------------------------------------------------------------|---------------------|--------------------|----------------|---------------------|--------------------|----------------|----------------------------|--------------------|----------------|
| September Baseline Forecast to June 2021 Baseline forecast millions of dollars               |                     |                    |                |                     |                    |                |                            |                    |                |
|                                                                                              | 2019-2021           |                    |                | 2021-2023           |                    |                | 10-Year Period (2019-2029) |                    |                |
|                                                                                              | Forecast Sept. 2021 | Chg from June 2021 | Percent Change | Forecast Sept. 2021 | Chg from June 2021 | Percent Change | Forecast Sept. 2021        | Chg from June 2021 | Percent Change |
| <b>Sources of Transportation Revenue</b>                                                     |                     |                    |                |                     |                    |                |                            |                    |                |
| Motor Vehicle Fuel Tax Collections                                                           | 3,268.36            | (5.60)             | -0.17%         | 3,398.30            | 0.41               | 0.01%          | 17,347.38                  | (17.88)            | -0.10%         |
| Licenses, Permits and Fees                                                                   | 1,599.69            | 4.47               | 0.28%          | 1,782.47            | (8.80)             | -0.49%         | 9,403.71                   | 20.00              | 0.21%          |
| Ferry Revenue†                                                                               | 329.08              | (0.35)             | -0.11%         | 410.15              | 8.98               | 2.24%          | 2,139.63                   | 68.82              | 3.32%          |
| Toll Revenue ‡                                                                               | 368.83              | 4.56               | 1.25%          | 440.62              | 9.41               | 2.18%          | 2,548.64                   | 115.60             | 4.75%          |
| Aviation Revenues †                                                                          | 6.54                | 0.16               | 2.58%          | 6.89                | 0.08               | 1.19%          | 34.00                      | (0.47)             | -1.37%         |
| Rental Car Tax                                                                               | 52.31               | 0.62               | 1.20%          | 67.92               | 4.23               | 6.64%          | 353.68                     | 9.70               | 2.82%          |
| Vehicle Sales Tax                                                                            | 110.24              | 0.73               | 0.67%          | 118.82              | 0.96               | 0.81%          | 619.06                     | 6.00               | 0.98%          |
| Driver-Related Fees                                                                          | 289.53              | 0.66               | 0.23%          | 317.66              | (1.05)             | -0.33%         | 1,600.99                   | (0.21)             | -0.01%         |
| Business/Other Revenues‡                                                                     | 96.13               | 0.12               | 0.12%          | 116.21              | (2.69)             | -2.26%         | 594.80                     | (22.40)            | -3.63%         |
| <b>Total Revenues</b>                                                                        | <b>6,120.71</b>     | <b>5.36</b>        | <b>0.09%</b>   | <b>6,659.03</b>     | <b>11.52</b>       | <b>0.17%</b>   | <b>34,641.88</b>           | <b>179.14</b>      | <b>0.52%</b>   |
| <b>Distribution of Revenue</b>                                                               |                     |                    |                |                     |                    |                |                            |                    |                |
| Motor Fuel Tax Refunds and Transfers                                                         | 239.09              | (3.31)             | -1.36%         | 256.24              | 6.50               | 2.60%          | 1,302.26                   | 26.33              | 2.06%          |
| Motor Fuel Administrative Fee - DOL                                                          | 18.43               | (0.09)             | -0.48%         | 18.49               | 0.32               | 1.78%          | 95.91                      | 0.23               | 0.24%          |
| <b>State Uses</b>                                                                            |                     |                    |                |                     |                    |                |                            |                    |                |
| Motor Vehicle Account (108)                                                                  | 1,214.69            | 23.52              | 1.97%          | 1,297.67            | (15.35)            | -1.17%         | 6,776.30                   | (35.74)            | -0.52%         |
| Transportation 2003 (Nickel) Account (550)                                                   | 402.21              | (1.59)             | -0.39%         | 416.12              | (0.22)             | -0.05%         | 2,116.17                   | (6.16)             | -0.29%         |
| Transportation 2005 Partnership Account (09H)                                                | 587.13              | (4.26)             | -0.72%         | 607.96              | 0.29               | 0.05%          | 3,108.30                   | (11.72)            | -0.38%         |
| Connecting Washington Account (20H)                                                          | 731.07              | 0.82               | 0.11%          | 750.19              | (2.84)             | -0.38%         | 3,843.57                   | (10.67)            | -0.28%         |
| Multimodal Account (218)                                                                     | 514.30              | (0.58)             | -0.11%         | 634.55              | 5.73               | 0.91%          | 3,438.03                   | 52.34              | 1.55%          |
| Special Category C Account (215)                                                             | 46.08               | 0.05               | 0.11%          | 47.28               | (0.18)             | -0.38%         | 242.24                     | (0.67)             | -0.28%         |
| Puget Sound Capital Construction Account (099)                                               | 33.52               | 0.04               | 0.11%          | 34.40               | (0.13)             | -0.38%         | 176.25                     | (0.49)             | -0.28%         |
| Puget Sound Ferry Operations Account (109)                                                   | 389.00              | 0.46               | 0.12%          | 469.16              | 10.10              | 2.20%          | 2,439.32                   | 71.18              | 3.01%          |
| Capital Vessel Replacement Account (18J)                                                     | 57.50               | (0.11)             | -0.19%         | 65.37               | (0.11)             | -0.17%         | 330.38                     | 0.05               | 0.02%          |
| Tacoma Narrows Bridge Account (511)                                                          | 160.20              | 1.31               | 0.83%          | 175.66              | 6.33               | 3.74%          | 891.24                     | 29.52              | 3.43%          |
| High Occupancy Toll Lanes Account (09F)^                                                     | 6.51                | 0.14               | 2.20%          | 9.29                | 0.18               | 1.92%          | 72.72                      | 0.32               | 0.44%          |
| SR 520 Corridor Account (16J)                                                                | 124.14              | 0.20               | 0.16%          | 149.97              | (0.78)             | -0.52%         | 931.70                     | 68.69              | 7.96%          |
| SR 520 Corridor Civil Penalties Account (17P)                                                | 7.09                | 0.86               | 13.74%         | 4.77                | 0.02               | 0.46%          | 31.61                      | 0.65               | 2.08%          |
| Interstate 405 Express Toll Lanes Operations (595)                                           | 37.51               | 1.14               | 3.13%          | 41.69               | 0.32               | 0.77%          | 314.22                     | (0.74)             | -0.24%         |
| Alaskan Way Viaduct Replacement Acct. (535)                                                  | 33.40               | 0.90               | 2.78%          | 59.23               | 3.34               | 5.97%          | 307.15                     | 17.16              | 5.92%          |
| Aeronautics Account (039)                                                                    | 6.45                | 0.17               | 2.63%          | 6.80                | 0.08               | 1.23%          | 33.49                      | (0.47)             | -1.38%         |
| Washington State Aviation Account (21G)                                                      | 0.07                | (0.00)             | 0.00%          | 0.09                | 0.00               | 0.00%          | 0.47                       | (0.00)             | -0.08%         |
| State Patrol Highway Account (081)                                                           | 459.79              | (16.13)            | -3.39%         | 500.79              | 2.32               | 0.47%          | 2,577.33                   | 5.25               | 0.20%          |
| Highway/Motorcycle Safety Accts. (106 & 082)                                                 | 263.73              | 0.26               | 0.10%          | 290.73              | (0.85)             | -0.29%         | 1,459.54                   | (0.33)             | -0.02%         |
| School Zone Safety Account (780)                                                             | 0.47                | 0.01               | 2.54%          | 0.59                | 0.00               | 0.18%          | 2.89                       | (0.36)             | -11.17%        |
| Other accounts (201, 06T, 097, 09E, 216, 07C, 24-K)                                          | 37.07               | 0.02               | 0.06%          | 42.77               | (2.33)             | -5.17%         | 216.83                     | (19.83)            | -8.38%         |
| Electric Vehicle Account (20J)                                                               | 23.36               | 0.29               | 1.26%          | 32.97               | 1.57               | 5.02%          | 94.98                      | 3.69               | 4.04%          |
| Ignition Interlock Devices Revolving Acct 14V                                                | 8.23                | 0.03               | 0.41%          | 8.36                | (0.15)             | -1.72%         | 42.80                      | (0.26)             | -0.60%         |
| Multiuase Roadway Safety Account Collections-571                                             | 0.39                | 0.02               | 5.40%          | 0.44                | 0.03               | 7.33%          | 2.20                       | 0.14               | 6.94%          |
| <b>Total for State Use</b>                                                                   | <b>5,143.90</b>     | <b>7.57</b>        | <b>0.15%</b>   | <b>5,646.84</b>     | <b>7.37</b>        | <b>0.13%</b>   | <b>29,449.74</b>           | <b>157.87</b>      | <b>0.54%</b>   |
| <b>Local Use</b>                                                                             |                     |                    |                |                     |                    |                |                            |                    |                |
| Cities                                                                                       | 176.71              | 0.20               | 0.11%          | 181.33              | (0.69)             | -0.38%         | 929.02                     | (2.58)             | -0.28%         |
| Counties                                                                                     | 288.27              | 0.67               | 0.23%          | 293.66              | (1.20)             | -0.41%         | 1,509.07                   | (3.83)             | -0.25%         |
| Transportation Improvement Board (112 & 144)                                                 | 189.82              | 0.23               | 0.12%          | 195.54              | (0.64)             | -0.33%         | 1,007.38                   | (2.19)             | -0.22%         |
| County Road Administration Board (102 & 253)                                                 | 64.49               | 0.08               | 0.13%          | 66.93               | (0.15)             | -0.23%         | 348.49                     | (0.37)             | -0.11%         |
| <b>Total for Local Use</b>                                                                   | <b>719.29</b>       | <b>1.18</b>        | <b>0.16%</b>   | <b>737.46</b>       | <b>(2.67)</b>      | <b>-0.36%</b>  | <b>3,793.97</b>            | <b>(8.97)</b>      | <b>-0.24%</b>  |
| <b>Total Distribution of Revenue</b>                                                         | <b>6,120.71</b>     | <b>5.36</b>        | <b>0.09%</b>   | <b>6,659.03</b>     | <b>11.52</b>       | <b>0.17%</b>   | <b>34,641.89</b>           | <b>179.16</b>      | <b>0.52%</b>   |

† Ferry Fares plus non-farebox revenue

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

**Figure 4: Current September Forecast Compared to March 2021 Baseline Forecast For All Transportation Revenues - 10-years**

| Forecast to Baseline Comparison for Transportation Revenues and Distributions 10-Year Period |                     |                     |                |                     |                     |                |                            |                     |                |
|----------------------------------------------------------------------------------------------|---------------------|---------------------|----------------|---------------------|---------------------|----------------|----------------------------|---------------------|----------------|
| September 2021 Baseline Forecast to March 2021 Baseline Forecast millions of dollars         |                     |                     |                |                     |                     |                |                            |                     |                |
|                                                                                              | 2019-2021           |                     |                | 2021-2023           |                     |                | 10-Year Period (2019-2029) |                     |                |
|                                                                                              | Forecast Sept. 2021 | Chg from March 2021 | Percent Change | Forecast Sept. 2021 | Chg from March 2021 | Percent Change | Forecast Sept. 2021        | Chg from March 2021 | Percent Change |
| <b>Sources of Transportation Revenue</b>                                                     |                     |                     |                |                     |                     |                |                            |                     |                |
| Motor Vehicle Fuel Tax Collections                                                           | 3,268.36            | 4.77                | 0.15%          | 3,398.30            | 25.18               | 0.75%          | 17,347.38                  | 141.68              | 0.82%          |
| Licenses, Permits and Fees                                                                   | 1,599.69            | 3.40                | 0.21%          | 1,782.47            | (15.78)             | -0.88%         | 9,403.71                   | (27.64)             | -0.29%         |
| Ferry Revenue†                                                                               | 329.08              | 7.54                | 2.34%          | 410.15              | 22.28               | 5.74%          | 2,139.63                   | 105.71              | 5.20%          |
| Toll Revenue §                                                                               | 368.83              | 14.83               | 4.19%          | 440.62              | 30.33               | 7.39%          | 2,548.64                   | 153.23              | 6.40%          |
| Aviation Revenues ‡                                                                          | 6.54                | 0.22                | 3.51%          | 6.89                | 0.10                | 1.42%          | 34.00                      | (0.34)              | -1.00%         |
| Rental Car Tax                                                                               | 52.31               | 0.56                | 1.08%          | 67.92               | 3.75                | 5.85%          | 353.68                     | 8.26                | 2.39%          |
| Vehicle Sales Tax                                                                            | 110.24              | 6.03                | 5.79%          | 118.82              | 6.70                | 0.00%          | 619.06                     | 33.69               | 5.75%          |
| Driver-Related Fees                                                                          | 289.53              | 4.19                | 1.47%          | 317.66              | 8.44                | 2.73%          | 1,600.99                   | 61.07               | 3.97%          |
| Business/Other Revenues‡                                                                     | 96.13               | 16.04               | 20.03%         | 116.21              | 19.59               | 20.28%         | 594.80                     | 99.89               | 20.18%         |
| <b>Total Revenues</b>                                                                        | <b>6,120.71</b>     | <b>57.58</b>        | <b>0.95%</b>   | <b>6,659.03</b>     | <b>100.59</b>       | <b>1.53%</b>   | <b>34,641.88</b>           | <b>575.52</b>       | <b>1.69%</b>   |
| <b>Distribution of Revenue</b>                                                               |                     |                     |                |                     |                     |                |                            |                     |                |
| Motor Fuel Tax Refunds and Transfers                                                         | 239.09              | (1.33)              | -0.55%         | 256.24              | 20.57               | 8.73%          | 1,302.26                   | 88.06               | 7.25%          |
| Motor Fuel Administrative Fee - DOL                                                          | 18.43               | (0.12)              | -0.66%         | 18.49               | 0.32                | 1.78%          | 95.91                      | 0.20                | 0.21%          |
| <b>State Uses</b>                                                                            |                     |                     |                |                     |                     |                |                            |                     |                |
| Motor Vehicle Account (108)                                                                  | 1,214.69            | 15.43               | 1.29%          | 1,297.67            | (16.86)             | -1.28%         | 6,776.30                   | (31.41)             | -0.46%         |
| Transportation 2003 (Nickel) Account (550)                                                   | 402.21              | (0.28)              | -0.07%         | 416.12              | 3.95                | 0.96%          | 2,116.17                   | 12.35               | 0.59%          |
| Transportation 2005 Partnership Account (09H)                                                | 587.13              | (1.32)              | -0.22%         | 607.96              | 1.53                | 0.25%          | 3,108.30                   | 1.87                | 0.06%          |
| Connecting Washington Account (20H)                                                          | 731.07              | 1.53                | 0.21%          | 750.19              | 0.65                | 0.09%          | 3,843.57                   | 12.48               | 0.33%          |
| Multimodal Account (218)                                                                     | 514.30              | 6.73                | 1.33%          | 634.55              | 6.08                | 0.97%          | 3,438.03                   | 54.82               | 1.62%          |
| Special Category C Account (215)                                                             | 46.08               | 0.10                | 0.21%          | 47.28               | 0.04                | 0.09%          | 242.24                     | 0.79                | 0.33%          |
| Puget Sound Capital Construction Account (099)                                               | 33.52               | 0.07                | 0.21%          | 34.40               | 0.03                | 0.09%          | 176.25                     | 0.57                | 0.33%          |
| Puget Sound Ferry Operations Account (109)                                                   | 389.00              | 7.74                | 2.03%          | 469.16              | 23.00               | 5.16%          | 2,439.32                   | 107.36              | 4.60%          |
| Capital Vessel Replacement Account (18J)                                                     | 57.50               | (0.74)              | -1.28%         | 65.37               | (0.03)              | -0.04%         | 330.38                     | (2.18)              | -0.66%         |
| Tacoma Narrows Bridge Account (511)                                                          | 160.20              | 4.97                | 3.20%          | 175.66              | 14.44               | 8.95%          | 891.24                     | 41.29               | 4.86%          |
| High Occupancy Toll Lanes Account (09F) <sup>a</sup>                                         | 6.51                | 0.47                | 7.73%          | 9.29                | 1.37                | 17.28%         | 72.72                      | 1.84                | 2.60%          |
| SR 520 Corridor Account (16J)                                                                | 124.14              | 2.66                | 2.19%          | 149.97              | 6.57                | 4.58%          | 931.70                     | 79.61               | 9.34%          |
| SR 520 Corridor Civil Penalties Account (17P)                                                | 7.09                | 1.36                | 23.73%         | 4.77                | 0.24                | 5.35%          | 31.61                      | 1.38                | 4.58%          |
| Interstate 405 Express Toll Lanes Operations (595)                                           | 37.51               | 2.42                | 6.91%          | 41.69               | 1.81                | 4.54%          | 314.22                     | 5.82                | 1.89%          |
| Alaskan Way Viaduct Replacement Acct. (535)                                                  | 33.40               | 2.95                | 9.70%          | 59.23               | 5.90                | 11.07%         | 307.15                     | 23.29               | 8.20%          |
| Aeronautics Account (039)                                                                    | 6.45                | 0.22                | 3.58%          | 6.80                | 0.10                | 1.51%          | 33.49                      | (0.31)              | -0.93%         |
| Washington State Aviation Account (21G)                                                      | 0.07                | (0.00)              | -2.03%         | 0.09                | (0.00)              | 0.00%          | 0.47                       | (0.02)              | 0.00%          |
| State Patrol Highway Account (081)                                                           | 459.79              | (7.05)              | -1.51%         | 500.79              | (2.48)              | -0.49%         | 2,577.33                   | (8.30)              | -0.32%         |
| Highway/Motorcycle Safety Accts. (106 & 082)                                                 | 263.73              | 4.15                | 1.60%          | 290.73              | 9.18                | 3.26%          | 1,459.54                   | 63.01               | 4.51%          |
| School Zone Safety Account (780)                                                             | 0.47                | 0.01                | 2.76%          | 0.59                | 0.00                | 0.29%          | 2.89                       | (0.36)              | -11.11%        |
| Other accounts (201, 06T, 097, 09E, 216, 07C, 24-K)                                          | 37.07               | 15.12               | 68.92%         | 42.77               | 20.05               | 88.27%         | 216.83                     | 102.19              | 89.13%         |
| Electric Vehicle Account (20J)                                                               | 23.36               | 1.55                | 7.09%          | 32.97               | 4.19                | 14.56%         | 94.98                      | 10.29               | 12.15%         |
| Ignition Interlock Devices Revolving Acct 14V                                                | 8.23                | (0.38)              | -4.37%         | 8.36                | (0.34)              | -3.96%         | 42.80                      | (1.28)              | -2.90%         |
| Multiuse Roadway Safety Account Collections-571                                              | 0.39                | 0.05                | 13.43%         | 0.44                | 0.08                | 23.45%         | 2.20                       | 0.39                | 21.53%         |
| <b>Total for State Use</b>                                                                   | <b>5,143.90</b>     | <b>57.76</b>        | <b>1.14%</b>   | <b>5,646.84</b>     | <b>79.52</b>        | <b>1.43%</b>   | <b>29,449.74</b>           | <b>475.47</b>       | <b>1.64%</b>   |
| <b>Local Use</b>                                                                             |                     |                     |                |                     |                     |                |                            |                     |                |
| Cities                                                                                       | 176.71              | 0.37                | 0.21%          | 181.33              | 0.16                | 0.09%          | 929.02                     | 3.02                | 0.33%          |
| Counties                                                                                     | 288.27              | 0.27                | 0.09%          | 293.66              | (0.61)              | -0.21%         | 1,509.07                   | 2.41                | 0.16%          |
| Transportation Improvement Board (112 & 144)                                                 | 189.82              | 0.44                | 0.23%          | 195.54              | 0.38                | 0.19%          | 1,007.38                   | 4.26                | 0.42%          |
| County Road Administration Board (102 & 253)                                                 | 64.49               | 0.18                | 0.28%          | 66.93               | 0.27                | 0.40%          | 348.49                     | 2.12                | 0.61%          |
| <b>Total for Local Use</b>                                                                   | <b>719.29</b>       | <b>1.27</b>         | <b>0.18%</b>   | <b>737.46</b>       | <b>0.19</b>         | <b>0.03%</b>   | <b>3,793.97</b>            | <b>11.80</b>        | <b>0.31%</b>   |
| <b>Total Distribution of Revenue</b>                                                         | <b>6,120.71</b>     | <b>57.58</b>        | <b>0.95%</b>   | <b>6,659.03</b>     | <b>100.60</b>       | <b>1.53%</b>   | <b>34,641.89</b>           | <b>575.54</b>       | <b>1.69%</b>   |

Figure 5 compares the current September baseline forecast to the pre-pandemic baseline February 2020 alternative forecast. The September baseline revenues for the 2019-21 biennium are \$6.12 billion which is \$611.6 million or 9% lower than the pre-pandemic forecast. In the current biennium, total transportation revenues are below the pre-pandemic February forecast by \$353 million or 5%, which is lower due to the new legislation and fare and toll rate increases since February 2020. Next biennium's September revenues are \$7.082 billion which is \$169.3 million below the February alternative forecast because of the negative impacts of COVID shutdowns that biennium. This same trend holds true for the rest of the forecast horizon. As discussed before, fuel taxes, toll revenue, rental car taxes, driver-related and ferry revenue declines are the largest sources of the decline. Fuel taxes are down in the current biennium by \$299 million or 8% and toll revenues are down \$98 million or 18% and ferry revenues are down \$39.4 million or 8.8% from the pre-pandemic February alt. forecast. There are some forecasts which have recovered from the pandemic faster and have

revenues above the February 2020 alternative forecast. The LPF, vehicle sales tax and transportation related revenue have forecast above the pre-pandemic level by \$62.5 million for LPF, \$6 million for vehicle sales taxes and \$34 million for new legislation on new fees for DOL administration. Over the next 10 years, transportation revenues are down \$1,363 million or 3.8% below the pre-pandemic February alternative forecast without I-976 impacts.

**Figure 5: September Forecast Compared to February 2020 Alternative Forecast (Without I-976 Impact) For All Transportation Revenues - 10-years**

| Forecast to Alternative Feb. 2020 Baseline Comparison for Transportation Revenues and Distributions |                     |                    |                |                     |                    |                | 10-Year Period             |                    |                |
|-----------------------------------------------------------------------------------------------------|---------------------|--------------------|----------------|---------------------|--------------------|----------------|----------------------------|--------------------|----------------|
| September 2021 Forecast to Alt. February 2020 Baseline Forecast (Without I-976)                     |                     |                    |                |                     |                    |                | millions of dollars        |                    |                |
|                                                                                                     | 2019-2021           |                    |                | 2021-2023           |                    |                | 10-Year Period (2019-2029) |                    |                |
|                                                                                                     | Forecast Sept. 2021 | Chg from Feb. 2020 | Percent Change | Forecast Sept. 2021 | Chg from Feb. 2020 | Percent Change | Forecast Sept. 2021        | Chg from Feb. 2020 | Percent Change |
| <b>Sources of Transportation Revenue</b>                                                            |                     |                    |                |                     |                    |                |                            |                    |                |
| Motor Vehicle Fuel Tax Collections                                                                  | 3,268.36            | (366.88)           | -10.09%        | 3,398.30            | (299.18)           | -8.09%         | 17,347.38                  | (1,369.78)         | -7.32%         |
| Licenses, Permits and Fees                                                                          | 1,599.69            | 3.78               | 0.24%          | 1,782.47            | 62.53              | 3.64%          | 9,403.71                   | 396.72             | 4.40%          |
| Ferry Revenue†                                                                                      | 329.08              | (100.25)           | -23.35%        | 410.15              | (39.38)            | -8.76%         | 2,139.63                   | (140.02)           | -6.14%         |
| Toll Revenue §                                                                                      | 368.83              | (118.06)           | -24.25%        | 440.62              | (98.01)            | -18.20%        | 2,548.64                   | (374.97)           | -12.83%        |
| Aviation Revenues ‡                                                                                 | 6.54                | (0.53)             | -7.48%         | 6.89                | (0.35)             | -4.81%         | 34.00                      | (2.50)             | -6.84%         |
| Rental Car Tax                                                                                      | 52.31               | (21.03)            | -28.68%        | 67.92               | (8.71)             | -11.36%        | 353.68                     | (45.70)            | -11.44%        |
| Vehicle Sales Tax                                                                                   | 110.24              | 2.76               | 2.57%          | 118.82              | 5.96               | 0.00%          | 619.06                     | 30.70              | 5.22%          |
| Driver-Related Fees                                                                                 | 289.53              | (26.28)            | -8.32%         | 317.66              | (9.67)             | -2.95%         | 1,600.99                   | (39.43)            | -2.40%         |
| Business/Other Revenues‡                                                                            | 96.13               | 14.89              | 18.33%         | 116.21              | 33.86              | 41.12%         | 594.80                     | 181.70             | 43.99%         |
| <b>Total Revenues</b>                                                                               | <b>6,120.71</b>     | <b>(611.60)</b>    | <b>-9.08%</b>  | <b>6,659.03</b>     | <b>(352.94)</b>    | <b>-5.03%</b>  | <b>34,641.88</b>           | <b>(1,363.27)</b>  | <b>-3.79%</b>  |
| <b>Distribution of Revenue</b>                                                                      |                     |                    |                |                     |                    |                |                            |                    |                |
| Motor Fuel Tax Refunds and Transfers                                                                | 239.09              | 22.78              | 10.53%         | 256.24              | 10.46              | 4.26%          | 1,302.26                   | 58.68              | 4.72%          |
| Motor Fuel Administrative Fee - DOL                                                                 | 18.43               | (1.04)             | -5.34%         | 18.49               | 0.34               | 1.90%          | 95.91                      | (1.39)             | -1.43%         |
| <b>State Uses</b>                                                                                   |                     |                    |                |                     |                    |                |                            |                    |                |
| Motor Vehicle Account (108)                                                                         | 1,214.69            | (101.81)           | -7.73%         | 1,297.67            | (60.05)            | -4.42%         | 6,776.30                   | (229.81)           | -3.28%         |
| Transportation 2003 (Nickel) Account (550)                                                          | 402.21              | (32.93)            | -7.57%         | 416.12              | (25.13)            | -5.70%         | 2,116.17                   | (118.69)           | -5.31%         |
| Transportation 2005 Partnership Account (09H)                                                       | 587.13              | (57.75)            | -8.95%         | 607.96              | (47.98)            | -7.32%         | 3,108.30                   | (215.08)           | -6.47%         |
| Connecting Washington Account (20H)                                                                 | 731.07              | (83.83)            | -10.29%        | 750.19              | (76.36)            | -9.24%         | 3,843.57                   | (340.84)           | -8.15%         |
| Multimodal Account (218)                                                                            | 514.30              | (26.09)            | -4.83%         | 634.55              | 16.73              | 2.71%          | 3,438.03                   | 115.44             | 3.47%          |
| Special Category C Account (215)                                                                    | 46.08               | (5.28)             | -10.29%        | 47.28               | (4.81)             | -9.24%         | 242.24                     | (21.48)            | -8.15%         |
| Puget Sound Capital Construction Account (099)                                                      | 33.52               | (3.84)             | -10.29%        | 34.40               | (3.50)             | -9.24%         | 176.25                     | (15.63)            | -8.15%         |
| Puget Sound Ferry Operations Account (109)                                                          | 389.00              | (102.38)           | -20.83%        | 469.16              | (40.23)            | -7.90%         | 2,439.32                   | (147.55)           | -5.70%         |
| Capital Vessel Replacement Account (18J)                                                            | 57.50               | (7.23)             | -11.17%        | 65.37               | (4.57)             | -6.53%         | 330.38                     | (22.24)            | -6.31%         |
| Tacoma Narrows Bridge Account (511)                                                                 | 160.20              | (11.40)            | -6.64%         | 175.66              | 0.10               | 0.06%          | 891.24                     | (6.59)             | -0.73%         |
| High Occupancy Toll Lanes Account (09F) <sup>^</sup>                                                | 6.51                | (4.56)             | -41.19%        | 9.29                | (5.08)             | -35.35%        | 72.72                      | (18.88)            | -20.61%        |
| SR 520 Corridor Account (16J)                                                                       | 124.14              | (63.48)            | -33.83%        | 149.97              | (48.18)            | -24.31%        | 931.70                     | (124.39)           | -11.78%        |
| SR 520 Corridor Civil Penalties Account (17P)                                                       | 7.09                | 0.74               | 11.67%         | 4.77                | (1.99)             | -29.41%        | 31.61                      | (3.99)             | -11.22%        |
| Interstate 405 Express Toll Lanes Operations (595)                                                  | 37.51               | (28.86)            | -43.48%        | 41.69               | (32.83)            | -44.05%        | 314.22                     | (194.16)           | -38.19%        |
| Alaskan Way Viaduct Replacement Acct. (535)                                                         | 33.40               | (10.51)            | -23.94%        | 59.23               | (10.04)            | -14.49%        | 307.15                     | (26.95)            | -8.07%         |
| Aeronautics Account (039)                                                                           | 6.45                | (0.54)             | -7.69%         | 6.80                | (0.36)             | -5.02%         | 33.49                      | (2.54)             | -7.06%         |
| Washington State Aviation Account (21G)                                                             | 0.07                | (0.00)             | -1.59%         | 0.09                | 0.00               | 0.00%          | 0.47                       | 0.00               | 0.00%          |
| State Patrol Highway Account (081)                                                                  | 459.79              | (6.45)             | -1.38%         | 500.79              | 19.93              | 4.15%          | 2,577.33                   | 107.63             | 4.36%          |
| Highway/Motorcycle Safety Accts. (106 & 082)                                                        | 263.73              | (25.94)            | -8.96%         | 290.73              | (9.82)             | -3.27%         | 1,459.54                   | (44.84)            | -2.98%         |
| School Zone Safety Account (780)                                                                    | 0.47                | (0.37)             | -44.09%        | 0.59                | (0.29)             | -33.37%        | 2.89                       | (1.47)             | -33.63%        |
| Other accounts (201, 06T, 097, 09E, 216, 07C, 24-K)                                                 | 37.07               | 15.42              | 71.23%         | 42.77               | 20.85              | 95.12%         | 216.83                     | 105.60             | 94.93%         |
| Electric Vehicle Account (20J)                                                                      | 23.36               | 3.55               | 17.92%         | 32.97               | 6.97               | 26.82%         | 94.98                      | 18.23              | 23.75%         |
| Ignition Interlock Devices Revolving Acct 14V                                                       | 8.23                | (0.43)             | -4.94%         | 8.36                | (0.25)             | -2.91%         | 42.80                      | (0.30)             | -0.70%         |
| Multiuse Roadway Safety Account Collections-571                                                     | 0.39                | 0.07               | 21.81%         | 0.44                | 0.12               | 36.88%         | 2.20                       | 0.60               | 37.55%         |
| <b>Total for State Use</b>                                                                          | <b>5,143.90</b>     | <b>(553.88)</b>    | <b>-9.72%</b>  | <b>5,646.84</b>     | <b>(306.76)</b>    | <b>-5.15%</b>  | <b>29,449.74</b>           | <b>(1,187.96)</b>  | <b>-3.88%</b>  |
| <b>Local Use</b>                                                                                    |                     |                    |                |                     |                    |                |                            |                    |                |
| Cities                                                                                              | 176.71              | (20.26)            | -10.29%        | 181.33              | (18.45)            | -9.24%         | 929.02                     | (82.38)            | -8.15%         |
| Counties                                                                                            | 288.27              | (30.23)            | -9.49%         | 293.66              | (29.56)            | -9.14%         | 1,509.07                   | (127.91)           | -7.81%         |
| Transportation Improvement Board (112 & 144)                                                        | 189.82              | (21.66)            | -10.24%        | 195.54              | (20.10)            | -9.32%         | 1,007.38                   | (89.02)            | -8.12%         |
| County Road Administration Board (102 & 253)                                                        | 64.49               | (7.29)             | -10.16%        | 66.93               | (7.02)             | -9.49%         | 348.49                     | (30.59)            | -8.07%         |
| <b>Total for Local Use</b>                                                                          | <b>719.29</b>       | <b>(79.45)</b>     | <b>-9.95%</b>  | <b>737.46</b>       | <b>(75.13)</b>     | <b>-9.25%</b>  | <b>3,793.97</b>            | <b>(329.90)</b>    | <b>-8.00%</b>  |
| <b>Total Distribution of Revenue</b>                                                                | <b>6,120.71</b>     | <b>(611.60)</b>    | <b>-9.08%</b>  | <b>6,659.03</b>     | <b>(352.94)</b>    | <b>-5.03%</b>  | <b>34,641.89</b>           | <b>(1,363.26)</b>  | <b>-3.79%</b>  |

† Ferry Fares plus non-farebox revenue

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

Figure 6 isolates the annual impacts of the COVID shutdowns and economic variable changes since the pre-pandemic February alternative forecast. It includes actual revenue losses from the monthly comparison of actuals to Feb.



2020 alternative forecast. The September forecast is slightly higher from the last forecast so the COVID losses are slightly down from the last forecast. These impacts are calculated based on the February 2020 alternative forecast for LPF and motor vehicles sales tax which excludes I-976. In FY 2020, the losses from COVID is \$262.66 million from the February forecast. In FY 2021, the COVID losses were \$190.5 million based on the monthly comparison from the February forecast without I-976 but this is smaller than the estimates in June. In FY 2022, the losses are bigger at \$287.6 million and \$203 million in FY 2023. The largest COVID revenue reduction is anticipated to be in FY 2022 at 8.7% below the alternative February pre-pandemic projections.

**Figure 6: Transportation Revenue Reductions from February 2020 (Baseline) Alternative Forecast: COVID-19 Induced Recession and Lower Economic Variable Forecasts**

| Revenue Sources Impacted by COVID-19 Shutdowns | \$ Difference Between Sept. 2021 and Feb. 2020 Forecasts |                         |                         |                        |
|------------------------------------------------|----------------------------------------------------------|-------------------------|-------------------------|------------------------|
|                                                | FY 2020                                                  | FY 2021                 | FY 2022                 | FY 2023                |
| Gross Fuel tax                                 | \$ (147,535,900)                                         | \$ (219,841,280)        | \$ (158,351,500)        | \$ (140,828,900)       |
| LPF *                                          | \$ (29,700,000)                                          | \$ 222,116,720          | \$ (33,322,759)         | \$ (17,747,741)        |
| Ferry Fares                                    | \$ (34,933,470)                                          | \$ (57,507,910)         | \$ (31,347,000)         | \$ (8,028,000)         |
| Toll Revenue                                   | \$ (40,507,400)                                          | \$ (86,664,130)         | \$ (62,471,000)         | \$ (35,534,000)        |
| Aeronautics Revenues                           | \$ (338,100)                                             | \$ (366,700)            | \$ (149,247)            | \$ (200,029)           |
| Rental Car Tax                                 | \$ (5,993,000)                                           | \$ (15,531,840)         | \$ (4,838,100)          | \$ (3,869,700)         |
| Motor Vehicle Sales Tax *                      | \$ (3,650,000)                                           | \$ (32,740,210)         | \$ 2,843,200            | \$ 3,121,200           |
| <b>Total Major Revenue Sources</b>             | <b>\$(262,657,870)</b>                                   | <b>\$ (190,535,350)</b> | <b>\$ (287,636,406)</b> | <b>\$(203,087,170)</b> |
| Revenue Sources Impacted by COVID-19 Shutdowns | Percentage Change Between Sept. and Feb. 2020 Forecasts  |                         |                         |                        |
|                                                | FY 2020                                                  | FY 2021                 | FY 2022                 | FY 2023                |
| Gross Fuel tax                                 | -8.2%                                                    | -12.0%                  | -8.6%                   | -7.6%                  |
| LPF                                            | -3.6%                                                    | 25.8%                   | -3.8%                   | -1.8%                  |
| Ferry Fares                                    | -16.8%                                                   | -26.0%                  | -14.0%                  | -3.6%                  |
| Toll Revenue                                   | -17.3%                                                   | -34.2%                  | -23.6%                  | -13.0%                 |
| Aeronautics Revenues                           | -9.7%                                                    | -10.3%                  | -4.1%                   | -5.5%                  |
| Rental Car Tax                                 | -16.5%                                                   | -41.9%                  | -12.8%                  | -10.0%                 |
| Motor Vehicle Sales Tax                        | -6.9%                                                    | -60.1%                  | 5.1%                    | 5.5%                   |
| <b>TOTAL Major Revenue Sources</b>             | <b>-8.3%</b>                                             | <b>-5.8%</b>            | <b>-8.7%</b>            | <b>-5.9%</b>           |

2020 & 2021 have actual losses from monthly forecast

**Figure 7: Transportation Revenue Actuals Compared to the March 2021 Forecast: March –July 2021**

| <b>Change in Transportation Revenue Since the June Forecast (June and July 2021 Collections)</b> |                                                                |                |                 |                 |
|--------------------------------------------------------------------------------------------------|----------------------------------------------------------------|----------------|-----------------|-----------------|
| <b>\$ in millions</b>                                                                            | <b>Difference Actual Collections Compared to June Forecast</b> |                |                 |                 |
|                                                                                                  | <b>Jun-21</b>                                                  | <b>Jul-21</b>  | <b>2 Months</b> | <b>% Change</b> |
| <b>Major Revenue Sources</b>                                                                     |                                                                |                |                 |                 |
| Gross Fuel Taxes (before refunds/transfers) *                                                    | \$ (5.61)                                                      | \$ 7.48        | \$ 1.87         | 0.6%            |
| Aviation Fuel tax                                                                                | \$ 0.17                                                        | \$ 0.08        | \$ 0.25         | 62.6%           |
| Licenses Permits and Fee Revenues ^                                                              | \$ 1.60                                                        | \$ (2.30)      | \$ (0.70)       | -0.6%           |
| WSF Ferries                                                                                      | \$ 0.15                                                        | \$ 0.19        | \$ 0.34         | 0.9%            |
| Toll Facilities - Adjusted Gross Toll Revenues +                                                 | \$ 0.68                                                        | \$ (0.33)      | \$ 0.35         | 1.2%            |
| Rental car tax                                                                                   | \$ 0.62                                                        | \$ 0.85        | \$ 1.47         | 29.7%           |
| Motor Vehicle Sales Tax                                                                          | \$ (0.68)                                                      | \$ (1.02)      | \$ (1.71)       | -12.8%          |
| <b>Total All Revenue Sources</b>                                                                 | <b>\$ (3.07)</b>                                               | <b>\$ 4.94</b> | <b>\$ 1.87</b>  | <b>0.38%</b>    |

\* June gas tax collections are missing \$7 million that will appear in the July OST collection report

^ June LPF revenue has a \$11 million negative adjustments for overreporting IRP revenues in Nov. and Dec. 2020

+ July 2021 Toll revenues (partial) are incomplete due to a transactions backlog following the back-office transition to a new vendor. These backlogged transactions are planned to be reviewed and processed over the next few months.

Figure 7 shows the latest actuals in the major transportation revenue sources since the last June forecast. June and July 2021 actuals have been received with only preliminary data available in August. All transportation revenue sources in total rose from the last forecast by \$1.87 million or 0.4% since June. All revenue sources for transportation are up except for LPF and motor vehicle sales taxes.

Figure 8 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 17 months since June collections, major transportation revenue actuals have come in \$245 million or 6% below the February 2020 forecast. Fuel tax actuals have come in below that pre-pandemic forecast the most at -\$374.8 million or 14.5% below projections for this past year. The second largest reduction was in toll revenues coming in -\$134 million or 40% below the February 2020 forecast. Ferries revenue losses in actuals

has been \$94.7 million or 31% below the pre-pandemic projections. LPF is the only revenue source where the September forecast is above the February baseline forecast by \$386 million for the past 17 months.

**Figure 8: Transportation Revenue Actuals Compared to the February 2020 (Alternative) Forecast: March 2020 – July 2021**

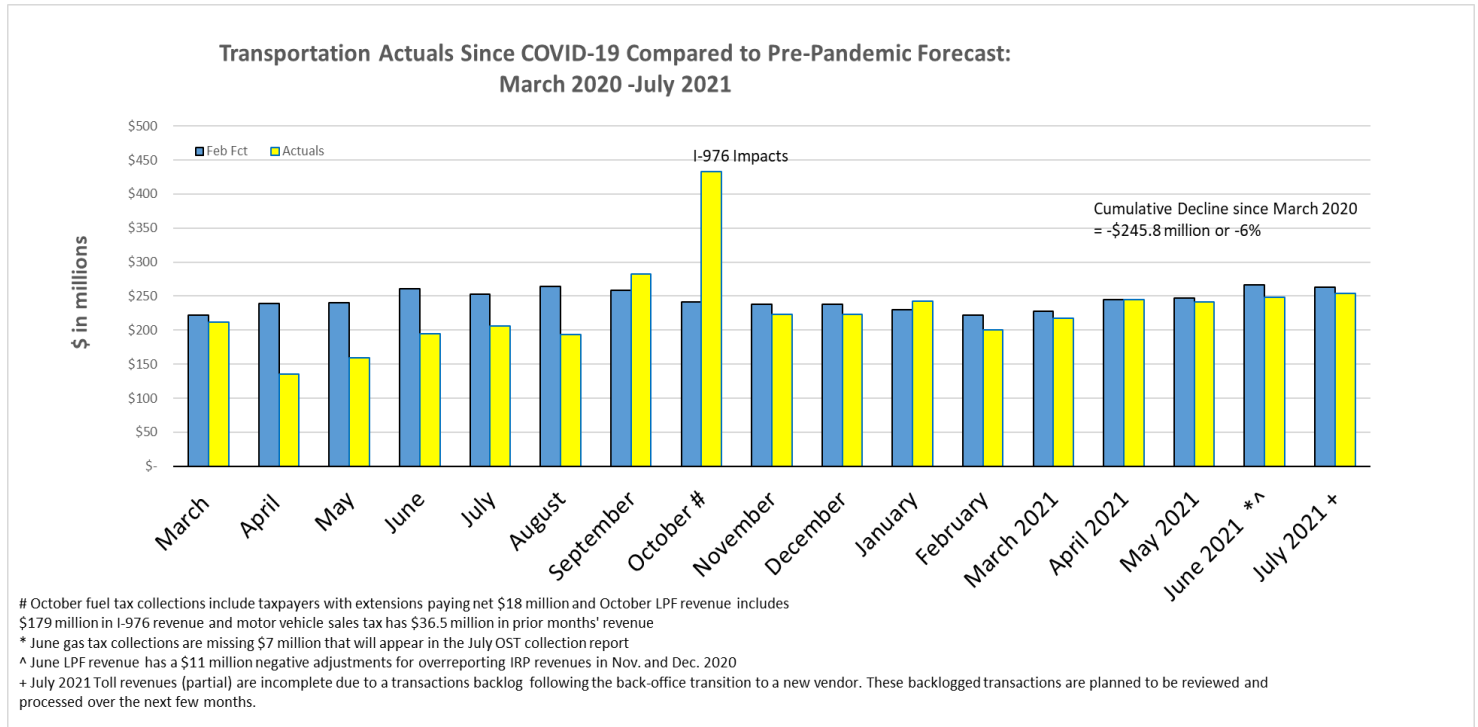


Figure 9 shows the various September forecasts recovery periods after the drops in revenue from COVID-19 shutdowns, The recovery from our recent recession is demonstrated as the period of time it takes to reach the levels projected in the February 2020 forecasts for FY 2021. Some of the revenue sources, like passenger cars and truck registrations and \$30 license fee revenue and truck combined license fees have recovered already by FY 2021. Other revenue sources with a short recovery period from the reduced demand and revenue losses in FY 2020 were diesel consumption by FY 2022. Some revenue sources like gas consumption and net for distribution of fuel taxes are anticipated to have a very slow recovery from the losses seen in FY 2021 in 10+ years. 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 2029 or in 8 years. Vehicle ferry ridership is anticipated to be back to the 2021 level from the February forecast in 2026 or 5 years from now. Ferry farebox and misc. revenue are not expected to recover until FY 2024. Toll traffic and revenue recovery varies with each facility. Overall, for all tolled facilities, the recovery in traffic and adjusted toll revenue is projected to be back to 2021 traffic level in 3 years for traffic and 3 years for toll revenue but the individual tolled facilities adjusted toll revenue recovery is longer in some cases.

**Figure 9: September 2021 Forecast Recovery Periods for Major Revenue Sources**

| Type of Forecast                                                              | Time Period | # of Years |
|-------------------------------------------------------------------------------|-------------|------------|
| <i>Fuel Consumption and Fuel Tax Revenue</i>                                  |             |            |
| Return to Gas Consumption in Feb. Forecast -FY 2021                           | -----       | 10+        |
| Return to Diesel Consumption in Feb. Forecast -FY 2021                        | 2022        | 1          |
| Net for Dist. Fuel Taxes: Return to Feb. Forecast -FY 2021 level              | -----       | 10+        |
| <i>Vehicle Licenses Permits and Fee Revenue (LPF)</i>                         |             |            |
| Return to Passenger Cars Registrations in Feb. Forecast -FY 2021              | 2021        | 0          |
| Return to Trucks Registrations in Feb. Forecast - FY 2021                     | 2021        | 0          |
| Return to \$30 License Fee Revenue in Feb. Forecast -FY 2021                  | 2021        | 0          |
| Return to Truck Combined License Fee Revenue Level in Feb. Forecast - FY 2021 | 2021        | 0          |
| <i>Rental Car Revenue</i>                                                     |             |            |
| Return to Rental Car Revenue Level in Feb. Forecast -FY 2021                  | 2025        | 4          |
| <i>Aircraft Fuel Tax Revenue</i>                                              |             |            |
| Return to Aircraft Fuel Tax Level in Feb. Forecast - FY 2021                  | -----       | 10+        |
| <i>Ferries Ridership and Revenue</i>                                          |             |            |
| Return to Passenger Ridership in Feb. Forecast - FY 2021                      | 2029        | 8          |
| Return to Vehicle Ridership in Feb. Forecast - FY 2021                        | 2026        | 5          |
| Return to Ferry Farebox and Misc. Revenue in Feb. Fct -FY 2021                | 2024        | 3          |
| <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 September represent the preliminary economic variables by Economic and Revenue Forecast Council, based on the May IHS-Markit forecast. The September 2021 Forecast includes the federal American Rescue Plan Act of 2021 beginning in first quarter 2021 with COVID stimulus relief. The COVID Stimulus Act boosts the economic variables like Washington real personal income and employment in FY 2021 but then when the federal stimulus funds expire again, then FY 2022 and 2023 have lower growth rates than what was forecasted in June. Washington real personal income even has a negative annual growth rate in FY 2022 of -1.4% which was predicted at -0.5% in June. Washington's non-ag. employment in FY 2021 has increased a little to -3.5% as compared to the June forecast of -3.7% annual growth. Retail and trade, transportation and utilities employment sectors are showing growth in FY 2021 at 4.0 and 1.3% respectively. In FY 2022, the non-ag. employment growth is anticipated to be 5.2% while retail and trade, trade, transportation and utilities employment growth is anticipated at 2.9 and 3.2% respectively. The US oil price index is up in 2022 compared to last projections but down in all subsequent years throughout the forecast horizon.

**Figure 10: Annual Percentage Change (%) in Select Economic Variables  
September 2021 Forecast**

| Fiscal Year | WA Real Personal Income | Annual Driver Age Population | Driver-In Population | US General Prices (IPDC) | US Oil & Gas Price Index | US Fuel Efficiency (MPG) | Nominal Consumer Sales on New Vehicles | WA Non-ag. employment | WA Trade, Transportation and Utilities Employment | WA Retail Trade Employment |
|-------------|-------------------------|------------------------------|----------------------|--------------------------|--------------------------|--------------------------|----------------------------------------|-----------------------|---------------------------------------------------|----------------------------|
| 2021        | 4.7%                    | 1.1%                         | 27.6%                | 2.0%                     | 1.7%                     | 1.9%                     | 28.9%                                  | -3.5%                 | 1.3%                                              | 4.0%                       |
| 2022        | -1.4%                   | 1.0%                         | 13.7%                | 3.6%                     | 12.9%                    | 1.9%                     | 7.9%                                   | 5.2%                  | 3.2%                                              | 2.9%                       |
| 2023        | 3.1%                    | 1.0%                         | 0.5%                 | 1.6%                     | -4.1%                    | 1.9%                     | -5.2%                                  | 3.2%                  | -0.4%                                             | -4.8%                      |
| 2024        | 3.2%                    | 1.0%                         | 0.5%                 | 1.9%                     | -0.2%                    | 2.0%                     | -6.8%                                  | 1.5%                  | -0.1%                                             | -1.2%                      |
| 2025        | 3.2%                    | 1.1%                         | 0.6%                 | 2.0%                     | 0.4%                     | 2.0%                     | 1.1%                                   | 1.2%                  | -0.8%                                             | -3.2%                      |
| 2026        | 3.3%                    | 1.1%                         | 0.6%                 | 2.0%                     | 0.6%                     | 2.1%                     | 1.3%                                   | 1.0%                  | 0.2%                                              | -1.0%                      |
| 2027        | 3.2%                    | 1.1%                         | 0.7%                 | 2.1%                     | 0.9%                     | 2.2%                     | 3.2%                                   | 0.8%                  | 0.0%                                              | -0.5%                      |
| 2028        | 2.9%                    | 1.1%                         | 0.6%                 | 2.1%                     | 1.5%                     | 2.1%                     | 3.9%                                   | 0.8%                  | -0.2%                                             | -0.3%                      |
| 2029        | 2.7%                    | 1.0%                         | 0.5%                 | 2.2%                     | 1.7%                     | 2.2%                     | 5.9%                                   | 0.6%                  | -0.6%                                             | -0.5%                      |
| 2030        | 2.7%                    | 1.0%                         | 0.5%                 | 2.2%                     | 1.9%                     | 2.2%                     | 6.2%                                   | 0.6%                  | -0.3%                                             | -0.1%                      |
| 2031        | 2.6%                    | 1.0%                         | 0.5%                 | 2.2%                     | 2.1%                     | 2.1%                     | 5.5%                                   | 0.6%                  | 0.4%                                              | 1.2%                       |

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

**Figure 11: Annual Rate of Change in Select Economic Variables – Sept. vs June 2021 Forecast**

| Fiscal Year | WA Real Personal Income | Annual Driver Age Population | Driver-In Population | US General Prices (IPDC) | US Oil & Gas Price Index | US Fuel Efficiency (MPG) | Nominal Consumer Sales on New Vehicles | WA Non-ag. employment | WA Trade, Transportation and Utilities Employment | WA Retail Trade Employment |
|-------------|-------------------------|------------------------------|----------------------|--------------------------|--------------------------|--------------------------|----------------------------------------|-----------------------|---------------------------------------------------|----------------------------|
| 2021        | ▼                       | ▬                            | ▲                    | ▲                        | ▲                        | ▬                        | ▲                                      | ▬                     | ▬                                                 | ▼                          |
| 2022        | ▼                       | ▬                            | ▼                    | ▲                        | ▲                        | ▬                        | ▲                                      | ▬                     | ▲                                                 | ▲                          |
| 2023        | ▲                       | ▬                            | ▲                    | ▬                        | ▼                        | ▬                        | ▲                                      | ▲                     | ▲                                                 | ▲                          |
| 2024        | ▲                       | ▬                            | ▼                    | ▲                        | ▼                        | ▬                        | ▼                                      | ▬                     | ▲                                                 | ▲                          |
| 2025        | ▲                       | ▬                            | ▬                    | ▲                        | ▬                        | ▬                        | ▼                                      | ▼                     | ▼                                                 | ▼                          |
| 2026        | ▲                       | ▬                            | ▬                    | ▲                        | ▬                        | ▬                        | ▼                                      | ▬                     | ▼                                                 | ▼                          |
| 2027        | ▬                       | ▬                            | ▬                    | ▬                        | ▬                        | ▬                        | ▼                                      | ▬                     | ▬                                                 | ▬                          |
| 2028        | ▬                       | ▬                            | ▬                    | ▬                        | ▬                        | ▬                        | ▼                                      | ▬                     | ▬                                                 | ▬                          |
| 2029        | ▬                       | ▬                            | ▬                    | ▬                        | ▬                        | ▬                        | ▲                                      | ▬                     | ▬                                                 | ▬                          |
| 2030        | ▬                       | ▬                            | ▬                    | ▬                        | ▬                        | ▬                        | ▲                                      | ▬                     | ▬                                                 | ▬                          |
| 2031        | ▬                       | ▬                            | ▬                    | ▬                        | ▬                        | ▬                        | ▲                                      | ▬                     | ▬                                                 | ▬                          |

|  |                                                                          |
|--|--------------------------------------------------------------------------|
|  | Difference in percentage change is greater than 1%                       |
|  | Difference in percentage change is less than 1% and greater than 0.1%    |
|  | Difference in percentage change is less than 0.1% and greater than -0.1% |
|  | Difference in percentage change is greater than -0.1% and less than -1%  |
|  | Difference in percentage change is greater than -1%                      |

### Motor Fuel Price Forecast

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

*Source of data for the forecast*

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

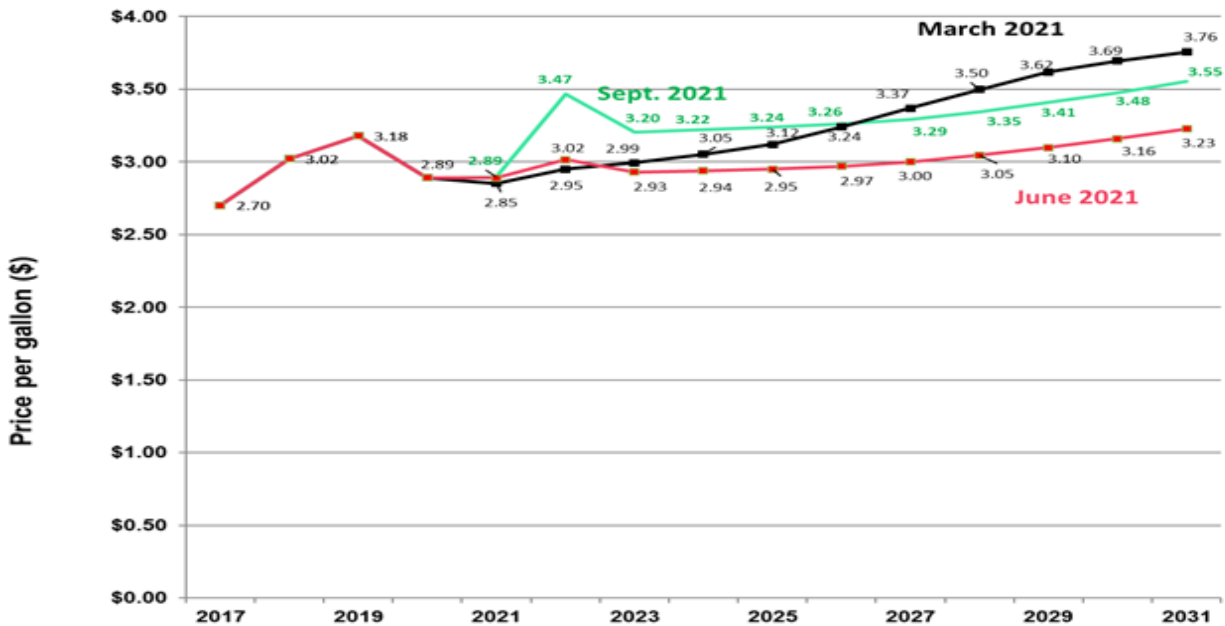
The forecasts of biodiesel prices include two different biodiesel prices: B5 and B99 without the renewable identification number (RIN). WSF currently purchases biodiesel B5. WSDOT also purchases B99 biodiesel without RIN for vehicle fleet needs. WSDOT receives OPIS fuel prices with the latest prices 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 current forecast month. The base for the price forecast for the B99 price without RIN for non-WSF purchases is the OPIS base price without markup, delivery, and tax costs.

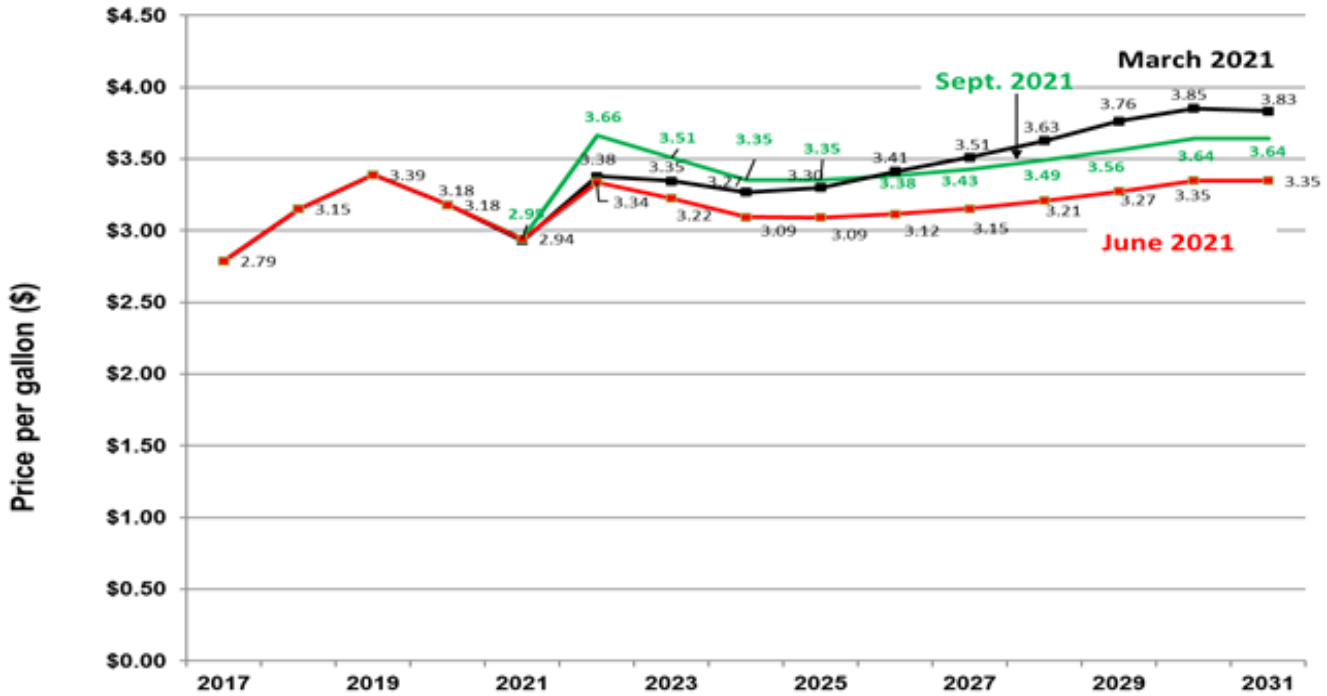
**Figure 12: Near-term UNADJUSTED BASELINE Qtrly Fuel Prices: September 2021**

| Fiscal Year Quarter | Crude Oil Price (\$/barrel) | WA Retail Gasoline Price (\$/gal) | WA Retail Diesel Price (\$/gal) |
|---------------------|-----------------------------|-----------------------------------|---------------------------------|
| 2020Q3              | 40.89                       | 2.71                              | 2.72                            |
| 2020Q4              | 42.45                       | 2.65                              | 2.79                            |
| 2021Q1              | 57.79                       | 2.83                              | 2.87                            |
| 2021Q2              | 66.09                       | 3.39                              | 3.40                            |
| <b>FY2021</b>       | <b>51.81</b>                | <b>2.89</b>                       | <b>2.95</b>                     |
| 2021Q3              | 69.74                       | 3.77                              | 3.71                            |
| 2021Q4              | 68.33                       | 3.52                              | 3.73                            |
| 2022Q1              | 65.17                       | 3.26                              | 3.64                            |
| 2022Q2              | 63.83                       | 3.32                              | 3.57                            |
| <b>FY2022</b>       | <b>66.77</b>                | <b>3.47</b>                       | <b>3.66</b>                     |
| 2022Q3              | 61.33                       | 3.26                              | 3.57                            |
| 2022Q4              | 59.33                       | 3.12                              | 3.54                            |
| 2023Q1              | 59.87                       | 3.06                              | 3.50                            |
| 2023Q2              | 59.73                       | 3.37                              | 3.43                            |
| <b>FY2023</b>       | <b>60.07</b>                | <b>3.20</b>                       | <b>3.51</b>                     |

**Figure 13: Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular Sept. vs. June 2021 vs. March 2021**



**Figure 14: Forecast of UNADJUSTED Washington Retail Diesel Prices Sept. vs June 2021 vs. March 2021**



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

The WTI crude oil prices from five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics, and Moody’s Economy.com were compared in this forecast. WSDOT’s baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term through calendar year 2022 and then use the growth rates from Global Insight forecasts for subsequent years. The forecast for WTI crude oil in FY 2022 ranged from \$65 per barrel in the Global Insight forecast to \$68 per barrel by Consensus Economics. The baseline crude oil price forecast in FY 2022 is \$66.8 per barrel, which is 0.2% above the 5-entity average of \$66.64 per barrel. In FY 2023, the crude oil prices range from \$60 per barrel in baseline EIA and GI forecast to \$66 per barrel in the NYMEX forecast. The 5-entity average price is \$63.53 per barrel, which is 5.8% above the baseline price forecast of \$60 per barrel. Figure 15 reveals the WSDOT baseline WTI price forecast compared to the other entities’ crude oil price forecasts and the necessary adjustments each year.

**Figure 15: Near-term Annual WTI Crude Oil Price Forecasts – 5 Different Forecast Comparisons: September 2021 Dollars per barre**

| Fiscal Year | WSDOT (EIA/GI) | NYMEX   | Global Insight | Economy.com | Consensus Economics | 5 Entity Avg | % Diff Average |
|-------------|----------------|---------|----------------|-------------|---------------------|--------------|----------------|
| 2021        | \$51.81        | \$51.83 | \$51.83        | \$51.83     | \$51.83             | \$51.82      | 0.03%          |
| 2022        | \$66.77        | \$67.57 | \$65.34        | \$65.26     | \$68.25             | \$66.64      | -0.20%         |
| 2023        | \$60.07        | \$66.29 | \$63.70        | \$62.90     | \$64.70             | \$63.53      | 5.77%          |



**Figure 16: Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes: September 2021** *Dollars per gallon*

| <b>Fiscal Year Quarter</b> | <b>Adjusted WA Retail Gasoline Price (\$/gal)</b> | <b>Adjusted WA Retail Diesel Price (\$/gal)</b> | <b>Adjusted B5 Biodiesel Price (\$/gal)</b> | <b>Unadjusted B99 Biodiesel price</b> |
|----------------------------|---------------------------------------------------|-------------------------------------------------|---------------------------------------------|---------------------------------------|
| 2020Q3                     | 2.71                                              | 2.72                                            | 1.36                                        | 2.95                                  |
| 2020Q4                     | 2.65                                              | 2.79                                            | 1.61                                        | 3.03                                  |
| 2021Q1                     | 2.83                                              | 2.87                                            | 1.95                                        | 3.11                                  |
| 2021Q2                     | 3.39                                              | 3.40                                            | 2.31                                        | 3.69                                  |
| <b>FY2021</b>              | <b>2.89</b>                                       | <b>2.95</b>                                     | <b>1.81</b>                                 | <b>3.19</b>                           |
| 2021Q3                     | 3.76                                              | 3.70                                            | 2.56                                        | 4.02                                  |
| 2021Q4                     | 3.51                                              | 3.73                                            | 2.45                                        | 4.05                                  |
| 2022Q1                     | 3.25                                              | 3.63                                            | 2.36                                        | 3.95                                  |
| 2022Q2                     | 3.32                                              | 3.56                                            | 2.28                                        | 3.87                                  |
| <b>FY2022</b>              | <b>3.46</b>                                       | <b>3.66</b>                                     | <b>2.41</b>                                 | <b>3.97</b>                           |
| 2022Q3                     | 3.45                                              | 3.77                                            | 2.34                                        | 4.09                                  |
| 2022Q4                     | 3.30                                              | 3.74                                            | 2.31                                        | 4.06                                  |
| 2023Q1                     | 3.24                                              | 3.70                                            | 2.26                                        | 4.01                                  |
| 2023Q2                     | 3.57                                              | 3.62                                            | 2.21                                        | 3.93                                  |
| <b>FY2023</b>              | <b>3.39</b>                                       | <b>3.71</b>                                     | <b>2.28</b>                                 | <b>4.03</b>                           |

WSDOT applies the five-entity forecast average adjustment to the baseline September 2021 retail gasoline, diesel, and B5 biodiesel prices. The adjusted fuel prices listed in Figure 16 will be used to estimate the future costs to WSDOT agency's 2021-23 biennium transportation budgets for gas, diesel, and biodiesel fuel purchases. The latest adjusted forecast requires a -0.2% downward adjustment to the baseline fuel prices in FY 2022 and upward adjustment of 5.77% in FY 2023.

As Figure 17 reveals, the new B5 fuel price forecast beginning the third quarter of fiscal year 2021 throughout the forecast horizon is higher than in the June forecast. Since second quarter 2020 and throughout calendar year 2021, B5 diesel prices had been rising and the last few forecasts have been revisions upward. In recent months since the June forecast, B5 prices have continued to rise steadily so we have now recovered from the drastic decline in prices after the pandemic in this first quarter of 2021. The current September 2021 B5 forecast is higher than the last forecast and the second quarter 2021 B5 average prices are above the first quarter 2021 biodiesel averaged price at \$2.31 per gallon. That is above the last forecast of \$2.26 per gallon. In this third quarter of 2021, B5 prices have increased to an estimated \$2.56

per gallon versus \$2.28 per gallon predicted in June. The September 2021 forecast is significantly above the March forecast throughout the forecast horizon as well.

**Figure 17: Quarterly Ferries Adjusted B5 Biodiesel Prices Used for Budgeting the 2019-21 and 2021-23 Biennia September, June 2021 and March 2021 Forecasts**



## Motor Vehicle Fuel Tax Forecast

### Overview

Motor fuel tax collections for June 2021 through August 2021 came in only slightly above the June 2021 forecast by \$0.5 million or 0.1%. Gasoline tax collections lagged the June projection by \$2.5 million or 0.7%. Diesel collections came in above projections by \$3.0 million or 3% for the three-month total.

For the 2021-2023 biennium, gross fuel collections are estimated at \$3.398 billion. This is \$406 thousand above below the June 2021 estimate. The gain in total revenue is due to higher special fuels collections. Total fuel tax revenue for the 10-year period beginning in the current biennium and ending in the 2029-2031 biennium is \$17.751 billion. This is \$17.689 million less than projected in the June 2021 forecast. Current fuel tax revenue estimates are higher throughout the forecast horizon especially in the current and next biennium. In the long run, the gain in special fuels estimate is insufficient to counter the downward revision to gasoline.

### Primary Reasons for Changes in the September 2021 Forecast

Gasoline annual consumption in FY 2022 is expected to be up 6% year over year which is lower than the last forecast by 0.4%. In FY 2023, gasoline consumption is projected to bounce back with an annual growth of 2.2%, down 0.6% from the last forecast. Forecasts from FY2023 to FY2031 have been revised down an average of 0.4%. We have become less optimistic about the economic “bounce back” in the near term and have revised the gasoline forecast 0.3% downward in FY 2022 and 0.6% downward in FY 2023 since June. Many firms such as Microsoft have delayed their return to the office

due to the Delta variant. In June we noted that telecommuting should be especially pronounced in Washington; the state has a more sophisticated job base than the U.S. as a whole and is therefore more amenable to telecommuting.

The special fuels forecast has been revised up 1% from June. We had expected growth in this revenue source to benefit more from pandemic driven shifts from consuming experiences (such as going to dinner) to purchasing things. IHS notes that "Recent strength in retail sales reflected emphasis on spending for goods instead of services in the face of increased concern about the spread of the virus." Diesel consumption is up by 1% in the current biennium and that forecast to forecast increase diminishes some over the forecast horizon.

Off-road gasoline refunds have been revised downward in FY 2021 which resulted in a \$5.7 million or 9% decline for the 2019-21 biennium due to low collection reports at the end of the fiscal year. In the current biennium, off-road refunds commensurate with the forecast of reduced consumption but this will be examined further once additional DOL reports are made available. Off-road gasoline refunds will amount to about 2.4% of revenues each year and this assumption is unchanged since June. Special fuels off-road vehicles refunds have been increased due to higher actual refunds in FY 2021 than anticipated in June and due to an increase in diesel consumption. In addition, refunds are forecast to be 4.9% of revenues, a slight increase over the last quarter estimate.

Tribal gas tax refunds came in higher at the end of FY 2021 than anticipated in June by \$1.9 million. The current biennium tribal gas tax refunds were revised downward by 1.6% or \$1.5 million due to re-examining the growth rate for tribal refunds and the reduced estimate in gas consumption. The tribal gas tax refunds year over year growth, we expect in FY2022 is 5.8% increase which commensurate with the recovery in travel. The tribal retail gasoline industry seems to be in a mature phase with growth a function of gasoline demand rather than station expansion. In contrast to tribal gas tax refunds, special fuel tax tribal refunds have a big revision upward due to activity which has exploded in FY2021, growing by roughly a third. In the current biennium, we raised the special fuel tax tribal refunds by \$6.64 million or 46% from the June estimate. Each subsequent biennia, we increased the tribal special fuel tax refunds by more than 50%.

## **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 collected \$1.6 billion in licenses, permits and fees (LPFs) revenue in the 2019-21 biennium, which is slight revision upward of \$4.5 million from June's forecast. Now we anticipate collecting about \$1.78 billion from LPFs in the 2021-2023 biennium, which is decreased by \$8.8 million or 0.49% compared to the forecast in June. By the end of the forecast horizon, the LPF forecast is anticipated to be \$2.1 billion by 2029-2031 biennium, which is up for about \$13 million or 0.61% from the previous forecast. Over the 10-year period from 2019-2021 biennium to 2027-2029 biennium, the revenue increase is \$20 million.

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

- For the fiscal year 2022, passenger car registrations are up 1.6% or 88,000 vehicles comparing to the previous forecast. For FY 2023, passenger car registrations will be 1.9% more than the previous forecast. The forecast remains higher in the future years from 2024 through 2031, however, the forecast to forecast difference will get smaller in the out years. The increased forecast of registrations is mainly due to the higher passenger car actuals we received for the last 3 months.
- For the fiscal year 2022, truck registrations are increased by 2.6% or 46,200 vehicles comparing the June forecast. In fiscal year 2023, truck registrations will increase from the previous forecast by 2.6% as well. After that, the truck forecast will keep seeing 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 by 2.66%. The increased forecast registrations are mainly due to the higher truck actuals we received for the last 3 months, and the higher employment growth rate forecasted by ERFC.

- In the 2021-23 biennium, \$30 registrations revenue is down 2.2% or \$8.5 million. This is because instead of using \$30 to calculate the registrations revenue, we are using the \$29 realized rate in the calculation from this revenue source forecast. In the next biennium, revenue from \$30 registrations is about \$5.5 million less than the previous forecast. This trend continues in the later periods. We see the revenue change being about \$2.5 million below the previous forecast by the 2029-2031 biennium due to the reduced realized rate for the passenger cars and other \$30 vehicles.
- In the 2021-23 biennium, the forecast has a decrease in the combined truck weight revenue by \$4.3 million or 0.8%. This is because we reduced the prorate vehicle forecast in September. In next biennium, truck weight revenue is about \$3 million less than the previous forecast due to the reduced prorate vehicle forecast. The revenue decrease keeps going on in later forecast periods. By the end of the forecast horizon, we will see a \$3 million decreased revenue in 2029-2031 biennium for truck weight fees.
- In the 2021-23 biennium, the Freight Project fee is about \$1.76 million or 4.2% less than the previous forecast due to the decreased prorate vehicle forecast and lower actuals in FY 2021. In the 2023-25 biennium, the Freight Project fee is \$1.4 million less than the June forecast. This revenue decrease keeps steady in the out years. By the end of this forecast horizon, we will see a \$1.4 million freight project revenue reduction in 2029-2031 biennium.
- The passenger vehicle weight revenue is increased by \$3.9 million or 0.95% in the 2021-23 biennium, which is due to the increased passenger car forecast. In the 2023-25 biennium, the revenue is up for \$9.5 million. The revenue increase gradually goes bigger in the out years. By the end of this forecast horizon, we will see a \$15.1 million passenger vehicle weight revenue increase in 2029-2031 biennium.
- In this forecast, the motor home weight revenue is decreased for \$0.1 million in the 2021-23 biennium due to the current fiscal year first two months motor home weight fee actuals did not pick up as much as we forecasted. However, the revenue is increased in the out years due to the increased motor home registrations. By the end of this forecast, we will see a \$0.1 million motor home weight revenue increase in 2029-2031 biennium.
- Electric battery and plug-in battery vehicles Electrical vehicles paying \$225 fee revenue for the closed biennium is 0.93% higher than expected due to strong actuals and data revision. Revenue for current biennium is revised up by 4.61% or \$0.9 million. The 10-year total is up 3.3%.
- The hybrid vehicles paying \$75 fee closed 0.78% or \$131k higher for the FY19-21 biennium. The current biennium revenue is up 5.21% or \$1.1M. The ten-year total revenue is up by 4.9%.
- Title Fee FY19-21 revenue closed 0.49% or \$357k higher. The forecast is tracking well. Global Insight light vehicle sales variable adjustment resulted in -0.14% or -\$105k current biennia and no changes for the rest of the forecasting period.
- Ferry Service Fee (18J) Title service fee closed the FY19-21 biennium -0.93% or -\$142K. Current biennium change is -0.41% or -\$66k. Over the 10-year period, the change is -0.27%. Registration service fees closed the FY19-20 biennium -0.21% or -\$68k. The current biennium revenue change is 0.1% or \$35k. Over the 10 years period, the change is 0.52%.
- DOL Service Fees (201) and License Plate Technology (06T): DOL Service Fees (201) and License Plate Technology (06T) forecasts have increased in line with the vehicle and vessel forecasts following several months of strong performance. The average increase is 2.5% across the forecast period. This will increase 2021-2023 biennial revenue \$76,000 for fund 201, and \$38,000 for fund 06T. Total forecast increases fund 201 revenues by nearly \$1 million through FY 2031 and increases fund 06T revenues by \$485,000 through FY 2031.
- Intermittent use Trailers: The Intermittent use Trailers forecast has decreased -\$54,000 (-3.5%) for the 2021-2023 biennium, -\$110,000 (-4.9%) for the 2023-2025 biennium and -\$733,000 (-5.7%) across the forecast period. This decrease is the result of transactions failing to meet the previous forecast growth projection. Intermittent use trailers are a new class which appear to be approaching their normalized growth rate more quickly than previously forecast. While the forecast continues to expect year on year growth, the growth is slower in the out years than the years past.
- Wheeled All-Terrain Vehicle (WATV) On-Road forecast ended higher for FY 2019-21 by \$19,845 or 5.4%. This forecast continues higher by \$30,900 or 7.2% on average per biennium throughout the forecast horizon based on historic trend for these transactions.

## Driver Related Revenue Forecasts

### Overview

The September 2021 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees (including commercial driver licenses, enhanced driver licenses, and temporary restricted licenses), ID card fees, driver exam application fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include limousine licenses, fines and forfeitures, and driver school instructor license fees. These driver-related fees are deposited into the Highway Safety Fund (HSF), Motorcycle Safety Education Account (MSEA), the State Patrol Highway Account (SPHA), and Ignition Interlock Revolving Account (IIRA).

All driver-related revenue for FY2019-2021 is closed at \$289.5 million, up by \$0.65 million (0.2%). FY2021-23 biennium is forecasted at \$317.6 million, down by \$0.4 million (-0.1%) from the prior forecast. Over the next ten-year period (FY22-FY31), driver related revenues total \$1,654.1 million, up about \$9.5 million (0.6%) from the prior forecast.

It is important to note that with SHB1207 passed in the 2021 legislative session, DOL will offer eight-year license and ID cards, along with the existing six-year license and IDs, depending on customer choice. Driver and ID renewals will follow either a six- or eight-year renewal cycle, with variable extensions through FY28 to smooth the workload and revenue. Caution is advised in year over year comparisons.

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

- Original Licenses ended FY 2019-21 higher than the June forecast by 3,349 or 1.2%. The original transactions are slightly lower by -2,300 or -0.4% on average per biennia throughout the rest of the forecast horizon. This forecast has been updated with the Nonfarm Employment and Driver-In variables.
- License Renewals ended FY 2019-21 lower than the June forecast by -10,325 or -1%. The renewal transactions are overall slightly lower by -1,600 or -0.1% on average per biennia throughout the rest of the forecast horizon.
- Identcards revenue are adjusted up about 2% due to higher actuals.
- Incorporation of ESSB5226 (sec 13) additional \$1.00 fee to all issuances of driver licenses, ID's. The impact is an average of \$1.2 million additional revenue per year to the Highway Safety Fund.

## Other Transportation Related Revenue Forecast

### Overview

This category of transportation related revenue forecasts consists of four primary components: vehicle sales and use taxes, rental car sales taxes, studded tire fees, business and other revenue and aeronautics revenue. The business and other revenue category includes the following revenue sources:

- Sales of property
- WSP and DOT services and publications and documents
- Filing fees and legal services
- Property management
- Access Permits (Highways)
- Outdoor Advertising
- Other revenues

State Patrol Highway Account miscellaneous revenue consists of ACCESS fees (fees charged for usage of our statewide law enforcement telecommunications system), Breathalyzer Test fines, DUI Cost Reimbursement, Commercial Vehicle Penalties and Communication Tower Site Leases and Terminal Safety Inspection fees.

Washington State collected \$265.2 million from Other Transportation Related revenues in the 2019-2021 biennium and are projected to collect \$309.8 million in the 2021-23 biennium. This represents an increase of 17% biennium to biennium. This change is due primarily to adding new fees to this forecast. The September forecast is slightly higher than the June forecast due to revisions upward in the rental car and motor vehicle sales tax revenue forecast. The June forecast was higher than the March forecast due to adding in two new fees credit card recovery fees and AOC penalty fee. The baseline September forecast this biennium is above the last forecast by \$1.6 million or 0.6% in the 2019-21 biennium and \$2.58 million or 0.8% this biennium. Over the next 10 years, this September forecast is down \$7.18 million over the last baseline forecast.

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

- In the September forecast, the sales tax on motor vehicle purchases is up over the baseline forecast due to higher recent actuals in sales taxes on new and used vehicle purchases and a higher forecast for U.S. vehicle sales. Motor vehicle sales and use tax revenue came in \$890,000 above forecast in the four months since the June forecast (May data was revised). The forecast for U.S. new vehicle sales is higher throughout the forecast. Revenue is anticipated to be higher throughout the forecast compared to June. The biennial forecast change for motor vehicle sales and use tax ranges from +0.8% in 2021-23 to +1.3% in 2029-31. The reversal of I-976 results in FY2020 revenue being artificially low and FY2021 being artificially high due to timing of account deposits.
- Rental car tax collections have also reduced to the COVID-19 related shutdowns and limitations on travel. Collection came in \$2.8 million above forecast in the three months since the June forecast. The economic variables related to this forecast are mixed compared to June. The forecast has been revised up throughout the forecast. The biennial change ranges from 6.6% in 2021-23 to 1.8% in 2025-27 and 2027-29.
- HOV penalties in September 2021 are unchanged from the last few 2021 forecasts. In the 2019-2021 biennium HOV penalties were \$950,850 and increasing to \$1,000,400 in the current biennium and to \$1,094,402 by the end of the forecast horizon.
- WSDOT Business related revenue for the 2021-23 biennium has been revised slightly downward by \$49.4 thousand, or 0.33%, from the June forecast to reflect actual collections. In the 2023-25 biennium, WSDOT business related revenue is up \$25,800 or 0.17%, from June due to changes in the inflation factors.
- The school zone fines forecast for the current biennium is up \$1,065, or 0.18%, from the June forecast. The forecast in outer biennia is a significant decrease of \$123.6 thousand, or 17.01%, in the next biennium and by 17.00% in 2025-27 due to the impact on actual collection from the COVID-19 pandemic.
- The 2019-21 WSP Business Related Revenues for September 2021 have been revised down by \$351,952 or (2.81%). The change reflects updated yearly averages, using May 2021 data, in all categories. Future biennia revenues are forecasted to increase by \$80,300 or 0.65% from the March 2021 forecast.
- Aviation Fuel Tax 039 forecast ended higher for FY 2019-21 by \$166,438 or 3.6%. The forecast is higher for FY 2021-23 by \$93,700 or 1.9% based on activity at the end of FY 2021 and actuals thru August. The forecast decreases from the previous forecast by -\$247,600 or -4.8% throughout the rest of the forecast horizon with the updated FAA General Aviation Fuel Consumption forecast and OFM's Long-term Manufacturing Employment forecast.
- Aviation registration and excise taxes were updated with final figures for FY 2021. The aircraft registration fees were revised down by 0.1%. Excise tax revenue actuals to date are below the last projection and revenues are down by 0.6% in the current biennium. The aeronautics transfer is also down due to gas consumption being revised downward as well in this September forecast.
- Credit Card Transaction Fees (24K) The forecast decreased an average of 2.7% across the forecast from the fiscal note's revenue projections. This decrease is based on two primary factors; the fiscal note was based on population growth being applied to data from the first 12 months of fee collections, this data included peak online transactions due to covid closures, which have now begun to slow slightly. This forecast now uses growth from the LPF forecast to guide vehicle related transaction growth, and the vessel registration forecast to determine vessel related transactions. This led to a forecast decrease of -\$87,000 (-0.4%) in the 19-21 biennium and -\$590,000 (-2.8%) in the 21-23 biennium.
- ESSB 5226 (Laws of 2021) Traffic Infractions – Failure to Pay – Suspension of Licenses creates a new Driver Licensing Technology Support Account (DLTSA) as a subsidiary account within the Highway Safety Fund. The account must be used only to support information technology systems in use by the Department of Licensing

(DOL) to communicate with judicial information systems, manage driving records, and implement court orders. The legislative assessment on traffic infractions is increased from \$20 to \$24, with the \$4 increased assessment distributed to the new DLTA. In addition, a new \$2 assessment is created on traffic infractions which is also directed for distribution to the DLTA, effective January 2023. The Administrative Office of the Courts (AOC) estimates approximately \$1.6 million new revenue per biennium.

- Credit Card Transaction Fees (24K): Credit card transaction fees have been slowing as more in-person services are available and customers seem to have identified alternative payment options online to avoid the credit card fee (such as paying by electronic check). Recent months have seen a decrease in both the number of credit card fee-paying transactions as well as the average fee per transaction. This has resulted in a significant decrease to the revenue forecast: -\$1.75 million (-8.5%) in the 2021-2023 biennium and -\$8.6 million (-8.6%) across the entire forecast period.

## Ferry Ridership and Revenue

### Overview

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

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

In August 2021, the Washington State Transportation Commission adopted two fare increases for FY 2022 and FY 2023. The first will take place on October 1, 2021 and the second on October 1, 2022. Both increases raise the passenger and vehicle/driver fares by 2.5% plus nickel rounding. With no further fare increases assumed in the Baseline Forecast, real fares are expected to slowly decline in real terms as a result of general price inflation after FY 2023.

Beginning in early March 2020, the COVID-19 pandemic negatively impacted ferry travel, with April 2020 ridership 73% lower than April 2019. Ridership has been mostly rebounding since then and the September 2021 forecast reflects the recent positive trends while continuing to dampen ridership through calendar year 2022, transitioning to a “new normal” for 2023. Last summer, ridership was 45-50% below 2019’s pre-pandemic levels. This summer, June 2021 ridership was 1.73 million passengers and vehicle drivers, or 24% below June 2019 levels. July 2021 peaked at 2.18 million riders, which was only 17% below July 2019 levels. However, ridership dipped again somewhat in August, to 2.01 million, or 25% below pre-pandemic levels. The small reversal of trend for August is likely the result of rising concerns about the Delta variant of COVID-19 and announcements for reinstating certain economic restrictions to slow the spread of the disease.

For the first two months of FY 2022 (July and August 2021), monthly ridership levels have recovered to an average of 79% of their pre-pandemic levels. The recovery for overall vehicle/driver fares has been stronger at 89% of pre-pandemic levels relative to an average of 73% for overall passenger fares. Oversize vehicle/driver fares exceeded pre-pandemic levels in July (continuing the trend from the second half of FY 2021) but were 3.5% lower than pre-pandemic levels in August. Passenger frequent user (commuter) ridership continues to show a modest and limited recovery, reaching only 29% of their 2019 levels for the first two months of FY 2022, while all other passenger fares have recovered to about 80% of their 2019 levels.

To account for the effects of COVID-19 in holding ridership levels below what can be attributed to changes in the usual forecast inputs (i.e., employment and real personal income levels), a pandemic indicator variable was introduced

within six of the seven fare category systemwide econometric forecast models to capture the pandemic-related decreases in ridership (oversize vehicles were excluded). With most fare categories of ridership rebounding, beginning with the second quarter of 2021, the pandemic indicator variable was deactivated for all but the passenger frequent user (commuter) fare model, which continues to warrant maintaining the pandemic indicator variable into the near-term forecast. In addition, and consistent with the March and June forecasts, the September 2021 forecast maintains a tapered rebound of ridership projections in all fare categories through 2022, with recovery to the steady state “new normal” projections by January 2023.

Over the past two decades, the passenger and vehicle/driver frequent user (commuter) fare ridership categories have been declining, in both absolute volumes and as percentage shares of total passengers and vehicles, respectively. A key factor contributing to this trend is an aging population base in ferry-served communities with increasingly more riders eligible for senior fares that offer a larger discount — reaffirmed in the downwardly revised working-age and upwardly revised retirement-age population indices updated in the prior June forecast. Other longstanding contributing factors include an increasing trend in telecommuting and changes in the frequent user multi-ride fare media that make them less severable for shared concurrent use by multiple riders.

Between FY 2000 and FY 2019, the percentage share of all 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, accelerating the trends of the past two decades. Evidence of this is exhibited in the passenger frequent user “commuter” fares ridership, which had the steepest pandemic-related percentage decreases of all fare categories, down by over 88% in April 2020, with only very modest recovery since then, holding at about 71% below pre-pandemic levels as of August 2021. Many employers are expected to continue accommodating telecommuting and flexible work arrangements going forward. Until the forecast models fully capture this as a permanent effect, the 20% passenger commuter fare reduction factor used to adjust the expected long-term effect on passenger frequent user fares in the prior forecast was maintained for the September 2021 forecast.

For the vehicle/driver commuter fare category, the elimination of the pandemic indicator variable starting with the second quarter of 2021 has allowed the vehicle commuter forecast model to respond to the new normal with a lower long-term projection. Nonetheless, a longer-term reduction factor of about 5% is applied to the vehicle commuter ridership projection to capture anticipated ridership demand effects not yet captured in the forecasting process.

The September 2021 Forecast includes the following assumptions regarding service changes during the pandemic that are still in place:

- The return of peak season two-boat service to Port Townsend-Coupeville has been delayed until summer 2022.
- Restoration of service on the Anacortes-Sidney, B.C. international route is assumed to be delayed until spring 2022.

Overall, the September Baseline Forecast for ridership in the current 2021-23 biennium is 0.4% lower than the June Forecast, with passengers 0.3% lower and vehicles/drivers 0.6% lower. Absent the recently adopted fare increases, the current ridership forecasts would have been slightly higher than the prior forecast. The current September 2021 forecast includes actual ridership and revenue collections through August 2021.

Total reported ridership for the most recent three months (June through August 2021) averaged 1.5% lower than previously forecasted, placing it at about 79% of pre-pandemic levels for the same period. Focusing on only the first two months of FY 2021, ridership averaged 0.9% lower than the prior forecast.

Compared to the prior June forecast, 2021-23 biennium fare and surcharge revenues are projected to be 2.2% higher, largely the result of the recently adopted fare increases. Miscellaneous revenues are expected to be 4.2% higher as a result of higher terminal revenues from advertising partly offset by reduced vessel revenues from delays in reopening the galleys, compared with June. Note that the dollar amount of the increase in miscellaneous revenues is too small to change the percentage increase in overall ferry revenues from 2.2% compared to the June forecast.

Total reported fare and surcharge revenues for the most recent three months (June through August 2021) averaged 1.5% lower than the prior forecast, and with the recently adopted fare increases, comprise 91% of pre-pandemic baseline forecast levels from the same three months in 2019. Focusing on only the first two months of FY 2021, fare and surcharge revenues averaged 2.5% lower than the prior forecast.



For the current biennium, the September Baseline Forecast is most comparable to the June Alternative 1 Forecast, as the latter assumed the recently adopted fare increases that were not previously in the June Baseline. Making that comparison, the September Baseline forecast for 2021-23 biennium revenues is 0.1% lower than in the June Alternative 1 Forecast.

For the rest of the forecast horizon, the September ridership projections range from 0.6% lower in FY 2024 to 0.2% lower in FYs 2030-31 relative to the June Baseline Forecast. Fare and surcharge revenue projections are expected to range from 4.1% higher in FY 2024 to 4.9% higher in FY 2031, relative to the September Baseline Forecast. The projected decrease in ridership combined with higher revenues are both the result of the recently adopted fare increases that were not included in the June Baseline Forecast.

Miscellaneous revenues have been revised upward from 4.5 to 5.0% for the remainder of the forecast horizon as a result of higher expected terminal revenues partly offset by lower expected vessel revenues.

Total fare and miscellaneous revenues forecasted for the 2021-23 biennium amount to \$410.1 million, which is 2.2% higher than the previous forecast of \$401.2 million for the same period. Over 10 years (FY 2022-31), ferry fare and miscellaneous revenues total \$2.30 billion, which is 4.2% higher than the June Baseline Forecast over the same period.

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

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

- Overall, the September 2021 fare and surcharge revenue forecasts reflect the impacts of the recently adopted 2.5 fare increase slated for October 1, 2021 and 2022, which result in slightly lower ridership projections and somewhat higher revenue than in the June Baseline Forecast.
- In the absence of the recently adopted fare increases, the net effect of the changes in the economic and demographic variables used in the forecasting process would have been slightly higher ridership and revenue over the forecast horizon compared to the prior June forecast.
- Miscellaneous revenue forecasts are projected to be higher throughout the forecast horizon, primarily as a result of higher expected terminal revenues partly offset by lower expected vessel revenues.

## **Toll Revenue**

### *Overview*

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

The September 2021 toll traffic and revenue (T&R) forecast has been updated from the June 2021 forecast and the main differences are:

- Actuals on all but SR 520 are slightly higher than previously forecasted; near term forecasts were adjusted accordingly for each facility.
- SR 99 and TNB: FY 2022 – 2031 modified from previous baseline due to adopted toll rate increases on October 1, 2021.
- SR 520: FY 2022 – 2031 modified from previous baseline due to adopted toll rate increase on July 1, 2023 and modified due to new closure schedules from 2022 - 2030.
- I-405 and SR 167: FY 2022 adjusted slightly upward due to actuals; FY 2023 – 2031 remain unchanged.

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

The methodology for the September 2021 Forecast update is similar to the ones applied since the June 2020 and subsequent quarterly forecasts, with usage of recent actual data, and assuming different recovery pattern for each facility based on the observed trends. No new travel demand model (TDM) runs were utilized in this forecast. The forecasts for

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

- Actual traffic and revenue performance through June 2021, with preliminary and incomplete (partial) July 2021 toll traffic data. July actual toll revenue and toll traffic continue to be processed slower mainly due to the “new” Back Office System transition in early July, as expected.
- Toll rate increase options by the Washington State Transportation Commission (WSTC) final approval during Toll Setting Public Hearing and adoption meeting on August 24, 2021:
  - SR 99: the baseline assumes a uniform 15 percent toll increase effective October 1, 2021 (FY 2022) combined with the planned 3 percent toll increases on July 1, 2022, 2025, 2028 and 2031.
  - TNB: the baseline assumes a 25-cent toll rate increase for all base toll rates using the same formula for multi-axle rates, effective October 1, 2021 (FY 2022).
  - SR 520: the baseline assumes a tailored increase in toll rates, averaging an overall 15 percent increase effective July 1, 2023 (FY 2024). This new SR 520 toll rate schedule would also expand the morning and afternoon peak periods by one hour, exclude an increase in the overnight minimum toll, and minimize the percentage increase in the peak period tolls.

#### ***Other Revenues and Fees assumptions update since June 2021 Forecast***

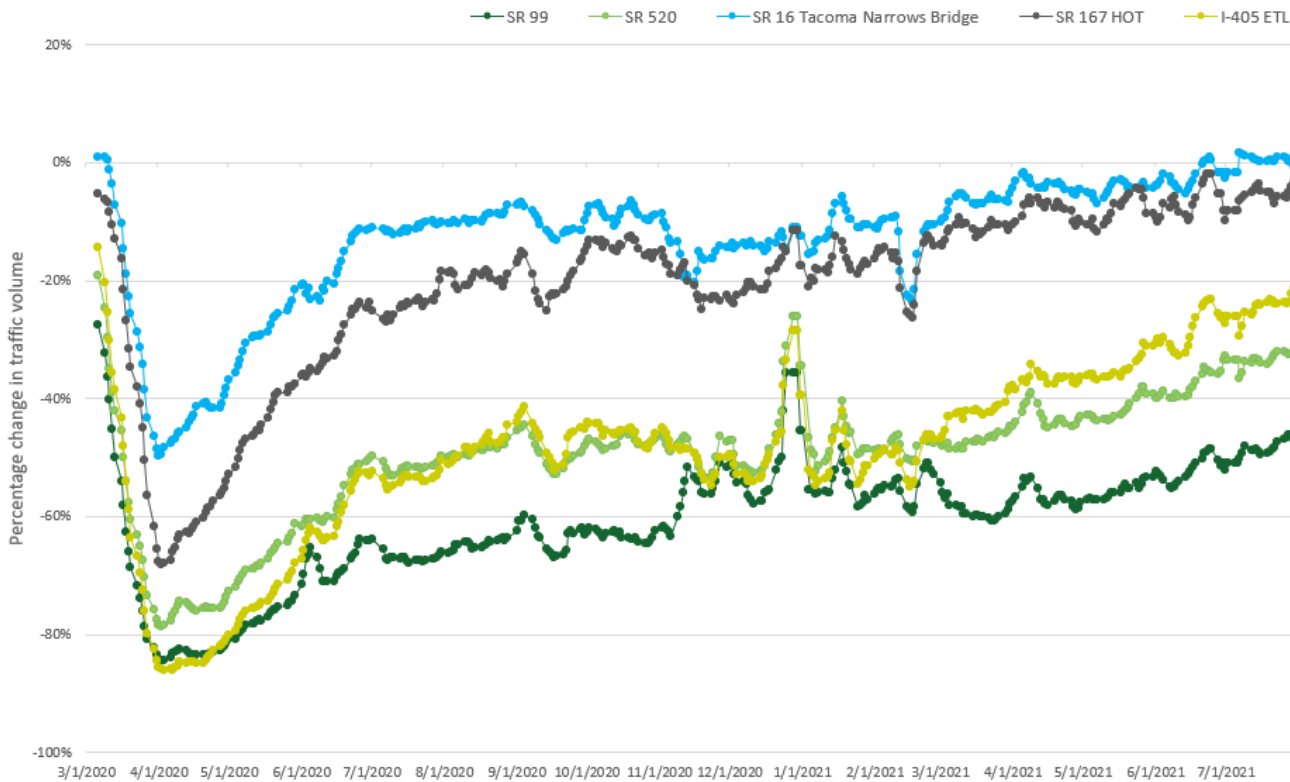
- Miscellaneous revenues are higher by \$14.5 million in the September 2021 forecast primarily due to increased interest earnings on SR 520 from reserve account balances, assumed to be reduced in prior forecasts since the start of COVID-19 but increased in the September 2021 forecast as a result of fund transfers from the Civil Penalty account and ARPA funds between FY 2021-2023.
- Late payment fee revenue decreased by \$4.5 million, or 10.6 percent in the September 2021 forecast primarily as a result of refinements to late payment fees to align with revisions to the traffic and revenue potential and reported data through July 2021.
- Transponder sales revenue is lower by \$3.9 million, or 13.1 percent based on lower reported sales through August 2021. Lower transponder sales assumptions, largely due to COVID-19 impacts, were extended through the current biennium with recovery starting in the next biennium. Reductions were also due to lower forecasted transaction values as a result of modeled rate increases on SR 520, TNB and SR 99, and further downward adjustments on SR 99 to better align with reported Good to Go! transaction splits.

#### **March 2021 through June 2021 Toll Traffic**

Overall, toll traffic recovery continues slowly since the summer of 2020. Figure 18 provides daily traffic volumes for the past fifteen-month period from March 1, 2020 through June 30, 2021 comparing to last year’s traffic. Those actuals verify the general forecast assumptions and provide additional clarities to the toll facilities.

**Figure 18: Percentage change in toll traffic volumes in compared to baseline**

Moving weekly average (M-F only) compared to 2019 baseline



**Note:** July traffic information is incomplete

### FY 2021 Toll Traffic and Revenue Actuals

The September 2021 forecast is based on T&R actuals through June 2021, with preliminary and incomplete (partial) July 2021 toll traffic data were available at the time of forecasting.

Figure 19 shows June toll traffic and revenues were above June Forecast for all facilities except for SR 520. June combined toll transactions were 4.5 percent above the June 2021 Forecast. June Toll revenues were 4.5 percent, or \$0.7million above the June 2021 Forecast.

Figure 19: FY 2021 Actuals vs June 2021 Forecast (\$ millions)

| Toll Facility | Toll Transactions       |                          |                           |                  | Adjusted Gross Toll Revenue |             |             |                  |
|---------------|-------------------------|--------------------------|---------------------------|------------------|-----------------------------|-------------|-------------|------------------|
|               |                         | May <sup>1</sup><br>2021 | June <sup>1</sup><br>2021 | FY 2021<br>Total |                             | May<br>2021 | Jun<br>2021 | FY 2021<br>Total |
| TNB           | Forecasted Transactions | 1,339                    | 1,334                     | 14,354           | Forecasted Toll Revenue     | \$6,990     | \$6,909     | \$76,034         |
|               | Reported Transactions   | 1,327                    | 1,359                     | 14,367           | Reported Toll Revenue       | \$6,990     | \$7,089     | \$76,215         |
|               | Variance From Forecast  | -0.012                   | 0.025                     | 0.013            | Variance From Forecast      | \$0.000     | \$0.181     | \$0.181          |
|               | Variance - % Change     | -0.9%                    | 1.8%                      | 0.1%             | Variance - % Change         | 0.0%        | 2.6%        | 0.2%             |
| SR 520        | Forecasted Transactions | 1,500                    | 1,578                     | 14,741           | Forecasted Toll Revenue     | \$4,776     | \$4,924     | \$46,648         |
|               | Reported Transactions   | 1,469                    | 1,505                     | 14,637           | Reported Toll Revenue       | \$4,776     | \$4,868     | \$46,591         |
|               | Variance From Forecast  | -0.031                   | -0.073                    | -0.104           | Variance From Forecast      | \$0.000     | -\$0.057    | -\$0.057         |
|               | Variance - % Change     | -2.1%                    | -4.6%                     | -0.7%            | Variance - % Change         | 0.0%        | -1.2%       | -0.1%            |
| I-405         | Forecasted Transactions | 0,518                    | 0,586                     | 5,718            | Forecasted Toll Revenue     | \$0,704     | \$0,777     | \$7,602          |
|               | Reported Transactions   | 0,513                    | 0,690                     | 5,817            | Reported Toll Revenue       | \$0,840     | \$1,198     | \$8,158          |
|               | Variance From Forecast  | -0,005                   | 0,105                     | 0,099            | Variance From Forecast      | \$0,136     | \$0,420     | \$0,556          |
|               | Variance - % Change     | -1,0%                    | 17,8%                     | 1,7%             | Variance - % Change         | 19,3%       | 54,1%       | 7,3%             |
| SR 167        | Forecasted Transactions | 0,150                    | 0,123                     | 1,495            | Forecasted Toll Revenue     | \$0,277     | \$0,226     | \$2,612          |
|               | Reported Transactions   | 0,133                    | 0,142                     | 1,490            | Reported Toll Revenue       | \$0,278     | \$0,343     | \$2,730          |
|               | Variance From Forecast  | -0,017                   | 0,019                     | -0,005           | Variance From Forecast      | \$0,001     | \$0,117     | \$0,118          |
|               | Variance - % Change     | -11,5%                   | 15,5%                     | -0,3%            | Variance - % Change         | 0,2%        | 51,8%       | 4,5%             |
| SR 99         | Forecasted Transactions | 0,954                    | 0,970                     | 9,308            | Forecasted Toll Revenue     | \$1,555     | \$1,647     | \$15,088         |
|               | Reported Transactions   | 0,940                    | 1,102                     | 9,426            | Reported Toll Revenue       | \$1,555     | \$1,670     | \$15,110         |
|               | Variance From Forecast  | -0,014                   | 0,132                     | 0,118            | Variance From Forecast      | \$0,000     | \$0,022     | \$0,022          |
|               | Variance - % Change     | -1,5%                    | 13,6%                     | 1,3%             | Variance - % Change         | 0,0%        | 1,4%        | 0,1%             |
| Total         | Forecasted Transactions | 4,461                    | 4,591                     | 45,616           | Forecasted Toll Revenue     | \$14,303    | \$14,484    | \$147,984        |
|               | Reported Transactions   | 4,382                    | 4,798                     | 45,736           | Reported Toll Revenue       | \$14,439    | \$15,168    | \$148,804        |
|               | Variance From Forecast  | -0,080                   | 0,207                     | 0,120            | Variance From Forecast      | \$0,137     | \$0,684     | \$0,820          |
|               | Variance - % Change     | -1,8%                    | 4,5%                      | 0,3%             | Variance - % Change         | 1,0%        | 4,7%        | 0,6%             |

Notes:

<sup>1</sup> May and June 2021 Toll Transactions are not finalized yet

**FY 2021 through FY 2029 Toll Traffic and Revenue Assumptions comparing to Pre-COVID Forecasts**

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

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

| Facility | Forecast Version | Traffic & Toll Rates Assumptions | FY 2021 Annual Average Actuals | FY 2022 Weighted Average | FY 2023 Weighted Average <sup>2</sup> | FY 2024 <sup>2</sup> | FY 2025 | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|----------|------------------|----------------------------------|--------------------------------|--------------------------|---------------------------------------|----------------------|---------|---------|---------|---------|---------|
| TNB      | Jun'21           | Toll Traffic reduction           | -11%                           | -4%                      | -3%                                   | -3%                  | -3%     | -3%     | -3%     | -3%     | -3%     |
|          | Sep'21           | Toll Traffic reduction           | -11%                           | -4%                      | -3.5%                                 | -3.5%                | -3%     | -3.5%   | -3%     | -3.5%   | -3.5%   |
| SR 520   | Jun'21           | Toll Traffic reduction           | -47%                           | -28%                     | -15%                                  | -9%                  | -9%     | -9%     | -9%     | -9%     | -9%     |
|          | Jun'21           | Toll Rate reduction              | 0%                             | -2%                      | -1%                                   | -2%                  | -2%     | -2%     | -2%     | -2%     | -2%     |
|          | Sep'21           | Toll Traffic reduction           | -48%                           | -29%                     | -16%                                  | -10%                 | -11%    | -12%    | -13%    | -12%    | -11%    |
|          | Sep'21           | Toll Rate reduction              | 2%                             | -2%                      | -1%                                   | 13%                  | 12%     | 11%     | 12%     | 12%     | 13%     |
| SR 99    | Jun'21           | Toll Traffic reduction           | -31%                           | -20%                     | -10%                                  | -5%                  | -5%     | -5%     | -5%     | -5%     | -5%     |
|          | Jun'21           | Toll Rate reduction              | -8%                            | -6%                      | -6%                                   | -6%                  | -6%     | -6%     | -6%     | -6%     | -6%     |
|          | Sep'21           | Toll Traffic reduction           | -30%                           | -22%                     | -13%                                  | -8%                  | -8%     | -8%     | -8%     | -8%     | -8%     |
|          | Sep'21           | Toll Rate reduction              | -6%                            | 3%                       | 6%                                    | 6%                   | 6%      | 6%      | 6%      | 6%      | 6%      |
| I-405    | Jun'21           | Toll Traffic reduction           | -45%                           | -31%                     | -14%                                  | -9%                  | -21%    | -28%    | -28%    | -18%    | -11%    |
|          | Jun'21           | Toll Rate reduction              | -55%                           | -38%                     | -17%                                  | -10%                 | -11%    | -12%    | -11%    | -10%    | -11%    |
|          | Sep'21           | Toll Traffic reduction           | -44%                           | -29%                     | -14%                                  | -9%                  | -21%    | -28%    | -28%    | -18%    | -11%    |
|          | Sep'21           | Toll Rate reduction              | -53%                           | -36%                     | -17%                                  | -9%                  | -11%    | -12%    | -11%    | -10%    | -11%    |
| SR 167   | Jun'21           | Toll Traffic reduction           | -25%                           | -18%                     | -10%                                  | -4%                  | -4%     | -3%     | -3%     | -3%     | -3%     |
|          | Jun'21           | Toll Rate reduction              | -38%                           | -32%                     | -18%                                  | -8%                  | -9%     | -8%     | -8%     | -8%     | -7%     |
|          | Sep'21           | Toll Traffic reduction           | -25%                           | -16%                     | -10%                                  | -4%                  | -4%     | -3%     | -3%     | -3%     | -2%     |
|          | Sep'21           | Toll Rate reduction              | -35%                           | -31%                     | -17%                                  | -8%                  | -9%     | -8%     | -8%     | -8%     | -7%     |

**Notes:**

<sup>1</sup> Pre-COVID forecasts refer to: (1) November 2019 TRFC for TNB, SR 520, SR 99, and SR 167. (2) I-405/SR 167 ETLs Comprehensive Traffic and Revenue Pro-Forma Estimates, Pre-COVID-19, dated May 2020 for I-405 ETLs.

<sup>2</sup> Assume toll rate increase for TNB starting October 2021, SR 520 startign FY 2023 and SR 99 starting October 2021 ( incl. 3% toll rate increase every three years starting FY 2022)

**Summary of September 2021 Forecast Results**

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

Some highlights of September 2021 Forecast include:

- FY 2021 total revenue and fees are estimated to be \$165.5 million, which is \$4.6 million (or 3 percent) above the June 2021 Forecast.
- FY 2022 total revenue and fees are estimated to be \$202.4 million, above the June 2021 Forecast by \$4.6 million (or 2 percent).
- Current Biennium (FY 2022 and FY 2023) total revenues and fees are \$9.4 million above the June Forecast.
- Next Biennium (FY 2024 and FY 2025) total revenue and fees of \$547.6 million are \$34.2 million above the June 2021 Forecast.
- Ten-year (2022-2031) total revenue and fee of 2,825 million is \$146.1 million (or 5.5 percent) increase of the June 2021 Forecast.

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

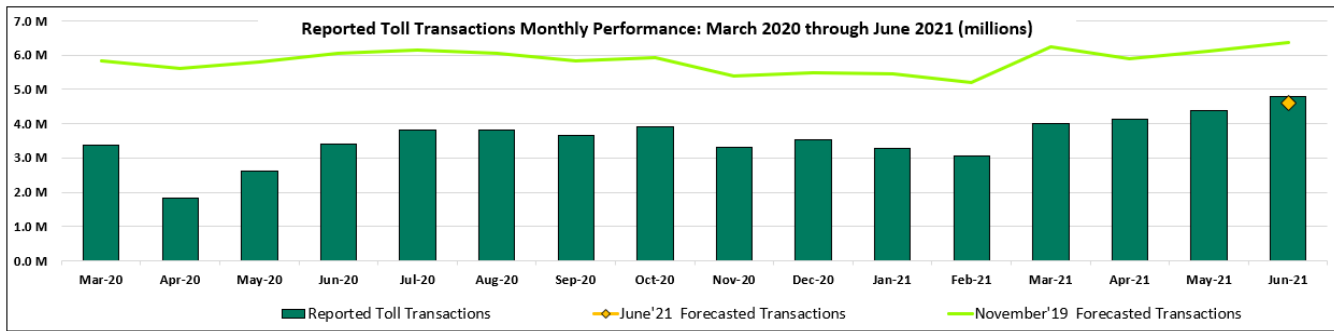
|                                    | Toll Facility                    | FY 2020   | FY 2021   | 2019-21<br>Biennium | FY 2022   | FY 2023   | 2021-23<br>Biennium | 2023-25<br>Biennium | 2020-29<br>Ten-Year | 2022-31<br>Ten-Year |
|------------------------------------|----------------------------------|-----------|-----------|---------------------|-----------|-----------|---------------------|---------------------|---------------------|---------------------|
| September<br>2021 TRFC             | <b>TNB</b>                       |           |           |                     |           |           |                     |                     |                     |                     |
|                                    | Adjusted Gross Toll Revenue      | \$75,466  | \$76,215  | \$151,681           | \$83,856  | \$86,267  | \$170,123           | \$175,936           | \$861,044           | \$896,524           |
|                                    | Other Revenue                    | \$3,938   | \$4,579   | \$8,517             | \$2,705   | \$2,836   | \$5,541             | \$5,555             | \$30,195            | \$27,085            |
|                                    | Total TNB Revenue & Fees         | \$79,404  | \$80,793  | \$160,197           | \$86,561  | \$89,103  | \$175,664           | \$181,491           | \$891,238           | \$923,609           |
|                                    | <b>SR 520</b>                    |           |           |                     |           |           |                     |                     |                     |                     |
|                                    | Adjusted Gross Toll Revenue      | \$66,570  | \$46,591  | \$113,162           | \$64,130  | \$79,346  | \$143,476           | \$203,110           | \$888,757           | \$1007,746          |
|                                    | Other Revenue                    | \$12,649  | \$5,416   | \$18,065            | \$5,097   | \$6,161   | \$11,258            | \$14,074            | \$74,556            | \$73,090            |
|                                    | Total SR 520 Revenue & Fees      | \$79,219  | \$52,007  | \$131,227           | \$69,227  | \$85,507  | \$154,734           | \$217,184           | \$963,313           | \$1080,836          |
|                                    | <b>I-405 ETLs</b>                |           |           |                     |           |           |                     |                     |                     |                     |
|                                    | Adjusted Gross Toll Revenue      | \$21,347  | \$8,158   | \$29,506            | \$14,645  | \$23,932  | \$38,577            | \$59,308            | \$286,044           | \$351,254           |
|                                    | Other Revenue                    | \$5,657   | \$2,344   | \$8,001             | \$1,338   | \$1,777   | \$3,115             | \$4,443             | \$28,179            | \$27,820            |
|                                    | Total I-405 ETLs Revenue & Fees  | \$27,005  | \$10,502  | \$37,507            | \$15,983  | \$25,709  | \$41,692            | \$63,751            | \$314,223           | \$379,074           |
|                                    | <b>SR 167 ETLs</b>               |           |           |                     |           |           |                     |                     |                     |                     |
|                                    | Adjusted Gross Toll Revenue      | \$3,497   | \$2,730   | \$6,227             | \$3,693   | \$5,417   | \$9,110             | \$15,702            | \$71,477            | \$91,376            |
|                                    | Other Revenue                    | \$0,161   | \$0,119   | \$0,280             | \$0,092   | \$0,090   | \$0,182             | \$0,223             | \$1,246             | \$1,267             |
|                                    | Total SR 167 ETLs Revenue & Fees | \$3,658   | \$2,849   | \$6,507             | \$3,785   | \$5,507   | \$9,292             | \$15,925            | \$72,723            | \$92,643            |
|                                    | <b>SR 99</b>                     |           |           |                     |           |           |                     |                     |                     |                     |
|                                    | Adjusted Gross Toll Revenue      | \$11,851  | \$15,110  | \$26,962            | \$23,742  | \$28,593  | \$52,335            | \$60,724            | \$267,814           | \$307,490           |
| Other Revenue                      | \$2,191                          | \$4,243   | \$6,434   | \$3,073             | \$3,826   | \$6,899   | \$8,498             | \$39,334            | \$41,847            |                     |
| Total SR 99 Revenue & Fees         | \$14,043                         | \$19,353  | \$33,396  | \$26,815            | \$32,419  | \$59,234  | \$69,222            | \$307,148           | \$349,337           |                     |
| <b>All Toll Facilities</b>         |                                  |           |           |                     |           |           |                     |                     |                     |                     |
| Adjusted Gross Toll Revenue        | \$178,732                        | \$148,804 | \$327,537 | \$190,066           | \$223,555 | \$413,621 | \$514,780           | \$2375,135          | \$2654,390          |                     |
| Other Revenue                      | \$24,597                         | \$16,700  | \$41,297  | \$12,305            | \$14,690  | \$26,995  | \$32,793            | \$173,510           | \$171,109           |                     |
| Total Revenue & Fees               | \$203,329                        | \$165,505 | \$368,833 | \$202,371           | \$238,245 | \$440,616 | \$547,573           | \$2548,644          | \$2825,499          |                     |
| Changes<br>from June<br>2021 TRFC  | <b>TNB</b>                       |           |           |                     |           |           |                     |                     |                     |                     |
|                                    | Adjusted Gross Toll Revenue      | \$0,000   | \$0,181   | \$0,181             | \$2,856   | \$3,432   | \$6,288             | \$7,013             | \$27,995            | \$35,295            |
|                                    | Other Revenue                    | \$0,000   | \$1,134   | \$1,134             | \$0,010   | \$0,035   | \$0,045             | \$0,350             | \$1,529             | \$0,375             |
|                                    | Total TNB Revenue & Fees         | \$0,000   | \$1,314   | \$1,314             | \$2,866   | \$3,467   | \$6,333             | \$7,363             | \$29,523            | \$35,670            |
|                                    | Total % Change                   | 0.0%      | 1.7%      | 0.8%                | 3.4%      | 4.0%      | 3.7%                | 4.2%                | 3.4%                | 4.0%                |
|                                    | <b>SR 520</b>                    |           |           |                     |           |           |                     |                     |                     |                     |
|                                    | Adjusted Gross Toll Revenue      | \$0,000   | -\$0,057  | -\$0,057            | -\$0,558  | -\$1,325  | -\$1,883            | \$20,966            | \$59,167            | \$79,791            |
|                                    | Other Revenue                    | \$0,000   | \$1,115   | \$1,115             | \$0,383   | \$0,742   | \$1,125             | \$2,093             | \$10,171            | \$12,453            |
|                                    | Total SR 520 Revenue & Fees      | \$0,000   | \$1,058   | \$1,058             | -\$0,175  | -\$0,583  | -\$0,758            | \$23,059            | \$69,338            | \$92,244            |
|                                    | Total % Change                   | 0.0%      | 2.1%      | 0.8%                | -0.3%     | -0.7%     | -0.5%               | 11.9%               | 7.8%                | 9.3%                |
|                                    | <b>I-405 ETLs</b>                |           |           |                     |           |           |                     |                     |                     |                     |
|                                    | Adjusted Gross Toll Revenue      | \$0,000   | \$0,556   | \$0,556             | \$0,698   | \$0,093   | \$0,791             | \$0,314             | \$1,788             | \$1,318             |
|                                    | Other Revenue                    | \$0,000   | \$0,583   | \$0,583             | -\$0,228  | -\$0,244  | -\$0,472            | -\$0,629            | -\$2,530            | -\$4,167            |
|                                    | Total I-405 ETLs Revenue & Fees  | \$0,000   | \$1,139   | \$1,139             | \$0,470   | -\$0,151  | \$0,319             | -\$0,315            | -\$0,742            | -\$2,849            |
|                                    | Total % Change                   | 0.0%      | 12.2%     | 3.1%                | 3.0%      | -0.6%     | 0.8%                | -0.5%               | -0.2%               | -0.7%               |
|                                    | <b>SR 167 ETLs</b>               |           |           |                     |           |           |                     |                     |                     |                     |
|                                    | Adjusted Gross Toll Revenue      | \$0,000   | \$0,118   | \$0,118             | \$0,124   | \$0,049   | \$0,173             | \$0,004             | \$0,295             | \$0,177             |
|                                    | Other Revenue                    | \$0,000   | \$0,022   | \$0,022             | \$0,002   | \$0,000   | \$0,002             | \$0,000             | \$0,024             | \$0,002             |
|                                    | Total SR 167 ETLs Revenue & Fees | \$0,000   | \$0,140   | \$0,140             | \$0,126   | \$0,049   | \$0,175             | \$0,004             | \$0,319             | \$0,179             |
|                                    | Total % Change                   | 0.0%      | 5.2%      | 2.2%                | 3.4%      | 0.9%      | 1.9%                | 0.0%                | 0.4%                | 0.2%                |
|                                    | <b>SR 99</b>                     |           |           |                     |           |           |                     |                     |                     |                     |
|                                    | Adjusted Gross Toll Revenue      | \$0,000   | \$0,022   | \$0,022             | \$1,792   | \$2,653   | \$4,445             | \$5,482             | \$21,522            | \$27,555            |
|                                    | Other Revenue                    | \$0,000   | \$0,882   | \$0,882             | -\$0,495  | -\$0,612  | -\$1,107            | -\$1,356            | -\$4,361            | -\$6,684            |
|                                    | Total SR 99 Revenue & Fees       | \$0,000   | \$0,904   | \$0,904             | \$1,297   | \$2,041   | \$3,338             | \$4,126             | \$17,161            | \$20,871            |
| Total % Change                     | 0.0%                             | 4.9%      | 2.8%      | 5.1%                | 6.7%      | 6.0%      | 6.3%                | 5.9%                | 6.4%                |                     |
| <b>All Toll Facilities</b>         |                                  |           |           |                     |           |           |                     |                     |                     |                     |
| Adjusted Gross Toll Revenue        | \$0,000                          | \$0,820   | \$0,820   | \$4,912             | \$4,902   | \$9,814   | \$33,779            | \$110,767           | \$144,136           |                     |
| Adjusted Gross Toll Revenue % Chan | 0.0%                             | 0.6%      | 0.3%      | 2.7%                | 2.2%      | 2.4%      | 7.0%                | 4.9%                | 5.7%                |                     |
| Other Revenue                      | \$0,000                          | \$3,735   | \$3,735   | -\$0,328            | -\$0,079  | -\$0,407  | \$0,458             | \$4,832             | \$1,979             |                     |
| Total Revenue & Fees               | \$0,000                          | \$4,556   | \$4,556   | \$4,584             | \$4,823   | \$9,407   | \$34,237            | \$115,600           | \$146,115           |                     |
| Total % Change                     | 0.0%                             | 2.8%      | 1.3%      | 2.3%                | 2.1%      | 2.2%      | 6.7%                | 4.8%                | 5.5%                |                     |

**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, sixteen-month period March 2020 through June 2021 five facilities combined toll transactions were 39 percent, or 36.5 million transactions below the November 2019 forecast. Toll Revenue of \$187.0 million was 40 percent, or \$127.2 million below.

The Figure 22 below provide sixteen-month monthly Toll Transactions and Reported Toll Revenue performances in comparison to the November 2019 and June 2021 forecasts.

**Figure 22: Sixteen-month Traffic Actuals in comparisons to June 2021 and November 2019 (Pre-COVID) forecasts**



Note: May and June 2021 Toll transactions are not finalized yet

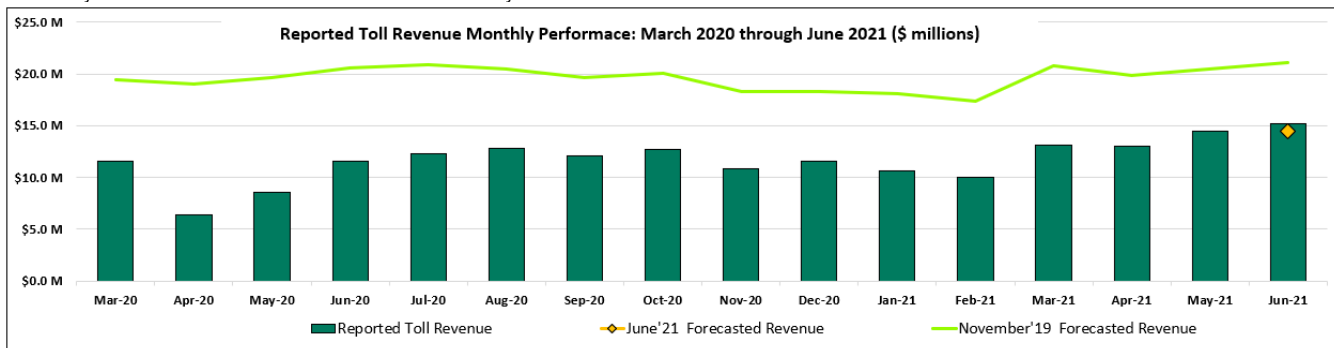


Figure 23 provides the comparison summary between June 2021 and November 2019 (Pre-COVID) Forecast. Comparing to the Pre-COVID November 2019 Forecast, 2021-23 Biennium total revenue and fees are 18 percent below the November 2019 forecast. FY 2020 to FY 2029 ten-year total, total revenue and fees are 13 percent (or \$375 million) below the November 2019 Forecast.

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

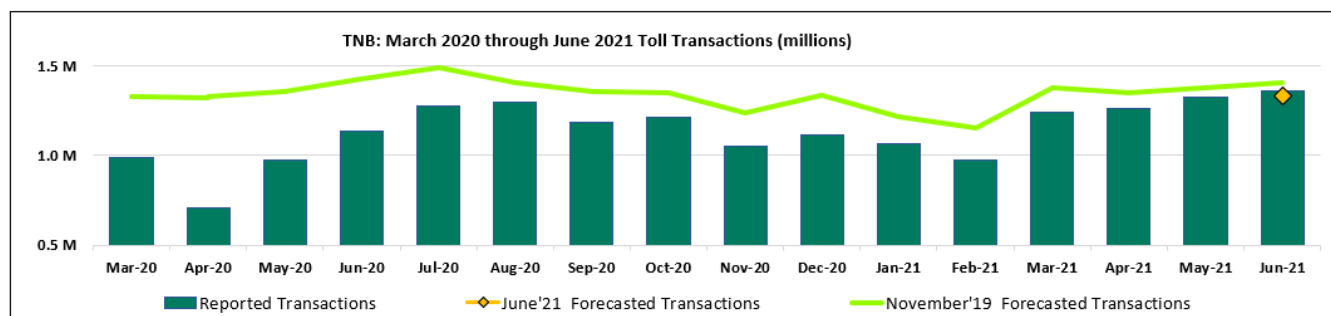
|                                      | Toll Facility                    | FY 2020   | FY 2021    | 2019-21<br>Biennium | FY 2022   | FY 2023   | 2021-23<br>Biennium | 2023-25<br>Biennium | 2020-29<br>Ten-Year |
|--------------------------------------|----------------------------------|-----------|------------|---------------------|-----------|-----------|---------------------|---------------------|---------------------|
| Changes from November 2019 TRFC      | <b>TNB</b>                       |           |            |                     |           |           |                     |                     |                     |
|                                      | Adjusted Gross Toll Revenue      | -\$6.654  | \$2.877    | -\$3.777            | -\$0.523  | \$0.872   | \$0.349             | \$1.793             | -\$7.966            |
|                                      | Other Revenue                    | \$0.864   | -\$8.490   | -\$7.626            | -\$0.250  | \$0.001   | -\$0.249            | -\$0.040            | \$1.378             |
|                                      | Total TNB Revenue & Fees         | -\$5.790  | -\$5.613   | -\$11.403           | -\$0.773  | \$0.873   | \$0.100             | \$1.753             | -\$6.589            |
|                                      | Total % Change                   | -6.8%     | -6.5%      | -6.6%               | -0.9%     | 1.0%      | 0.1%                | 1.0%                | -0.7%               |
|                                      | <b>SR 520</b>                    |           |            |                     |           |           |                     |                     |                     |
|                                      | Adjusted Gross Toll Revenue      | -\$21.253 | -\$11.218  | -\$32.471           | -\$28.105 | -\$16.336 | -\$44.441           | \$1.416             | -\$113.053          |
|                                      | Other Revenue                    | \$5.036   | -\$35.305  | -\$30.269           | -\$3.237  | -\$2.484  | -\$5.721            | -\$4.087            | -\$15.331           |
|                                      | Total SR 520 Revenue & Fees      | -\$16.217 | -\$46.523  | -\$62.739           | -\$31.342 | -\$18.820 | -\$50.162           | -\$2.671            | -\$128.384          |
|                                      | Total % Change                   | -17.0%    | -47.2%     | -32.3%              | -31.2%    | -18.0%    | -24.5%              | -1.2%               | -11.8%              |
|                                      | <b>I-405 ETLs</b>                |           |            |                     |           |           |                     |                     |                     |
|                                      | Adjusted Gross Toll Revenue      | -\$8.124  | -\$7.752   | -\$15.876           | -\$18.757 | -\$11.086 | -\$29.843           | -\$35.344           | -\$177.771          |
|                                      | Other Revenue                    | \$3.120   | -\$16.100  | -\$12.979           | -\$1.587  | -\$1.395  | -\$2.982            | -\$4.021            | -\$16.389           |
|                                      | Total I-405 ETLs Revenue & Fees  | -\$5.003  | -\$23.852  | -\$28.855           | -\$20.344 | -\$12.481 | -\$32.825           | -\$39.365           | -\$194.160          |
|                                      | Total % Change                   | -15.6%    | -69.4%     | -43.5%              | -56.0%    | -32.7%    | -44.1%              | -38.2%              | -38.2%              |
|                                      | <b>SR 167 ETLs</b>               |           |            |                     |           |           |                     |                     |                     |
|                                      | Adjusted Gross Toll Revenue      | -\$1.431  | -\$0.203   | -\$1.634            | -\$2.716  | -\$1.892  | -\$4.608            | -\$2.140            | -\$15.790           |
|                                      | Other Revenue                    | -\$0.082  | -\$2.842   | -\$2.924            | -\$0.217  | -\$0.256  | -\$0.473            | -\$0.618            | -\$3.092            |
|                                      | Total SR 167 ETLs Revenue & Fees | -\$1.513  | -\$3.045   | -\$4.558            | -\$2.933  | -\$2.148  | -\$5.081            | -\$2.758            | -\$18.882           |
|                                      | Total % Change                   | -29.3%    | -51.7%     | -41.2%              | -43.7%    | -28.1%    | -35.4%              | -14.8%              | -20.6%              |
| <b>SR 99</b>                         |                                  |           |            |                     |           |           |                     |                     |                     |
| Adjusted Gross Toll Revenue          | -\$2.201                         | \$4.365   | \$2.164    | -\$5.015            | -\$1.383  | -\$6.398  | -\$0.015            | -\$18.429           |                     |
| Other Revenue                        | \$0.474                          | -\$13.148 | -\$12.674  | -\$2.064            | -\$1.575  | -\$3.639  | -\$2.222            | -\$8.521            |                     |
| Total SR 99 Revenue & Fees           | -\$1.726                         | -\$8.783  | -\$10.509  | -\$7.079            | -\$2.958  | -\$10.037 | -\$2.237            | -\$26.950           |                     |
| Total % Change                       | -10.9%                           | -31.2%    | -23.9%     | -20.9%              | -8.4%     | -14.5%    | -3.1%               | -8.1%               |                     |
| <b>All Toll Facilities</b>           |                                  |           |            |                     |           |           |                     |                     |                     |
| Adjusted Gross Toll Revenue          | -\$39.662                        | -\$11.931 | -\$51.593  | -\$55.116           | -\$29.825 | -\$84.941 | -\$34.290           | -\$333.010          |                     |
| Adjusted Gross Toll Revenue % Change | -18.2%                           | -5.1%     | -11.4%     | -22.5%              | -11.8%    | -17.0%    | -6.2%               | -12.3%              |                     |
| Other Revenue                        | \$9.413                          | -\$75.884 | -\$66.472  | -\$7.355            | -\$5.709  | -\$13.064 | -\$10.988           | -\$41.955           |                     |
| Total Revenue & Fees                 | -\$30.249                        | -\$87.815 | -\$118.065 | -\$62.471           | -\$35.534 | -\$98.005 | -\$45.278           | -\$374.966          |                     |
| Total % Change                       | -13.0%                           | -34.7%    | -24.2%     | -23.6%              | -13.0%    | -18.2%    | -7.6%               | -12.8%              |                     |

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

Tacoma Narrows Bridge (TNB) toll traffic and revenue forecast for September 2021 has been updated to incorporate the actual traffic and revenues through June 2021, with preliminary incomplete (partial) July 2021 toll traffic data. The baseline assumes a 25-cent toll rate increase for all base toll rates using the same formula for multi-axle rates, effective October 1, 2021 (FY 2022). It also reflects the current assumptions of the facility's Post-COVID traffic and revenue recovery.

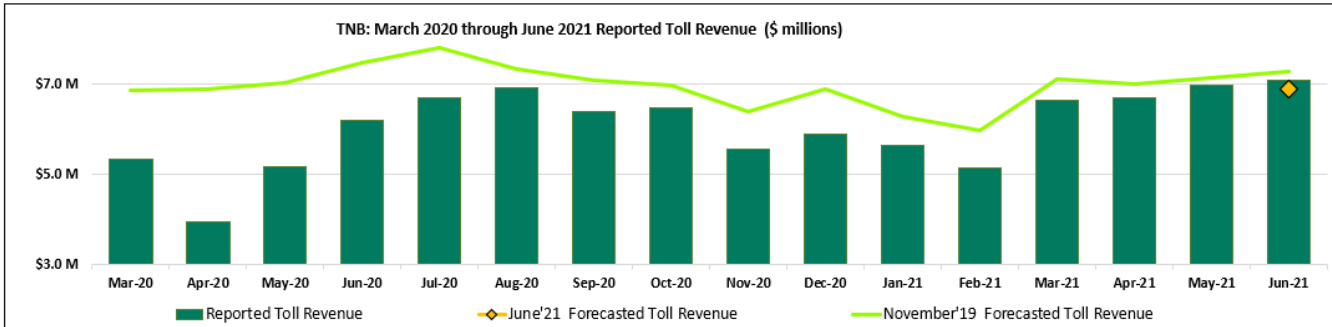
Sixteen-month toll transactions were below pre-COVID forecast by 15 percent, or 3.3 million transactions, toll revenue of \$96.9 million was below by 13 percent, or \$14.8 million (Figure 24).

**Figure 24: TNB Monthly Toll Transactions and Revenues, March 2020 – June 2021**



Note: May and June 2021 Toll transactions are not finalized yet



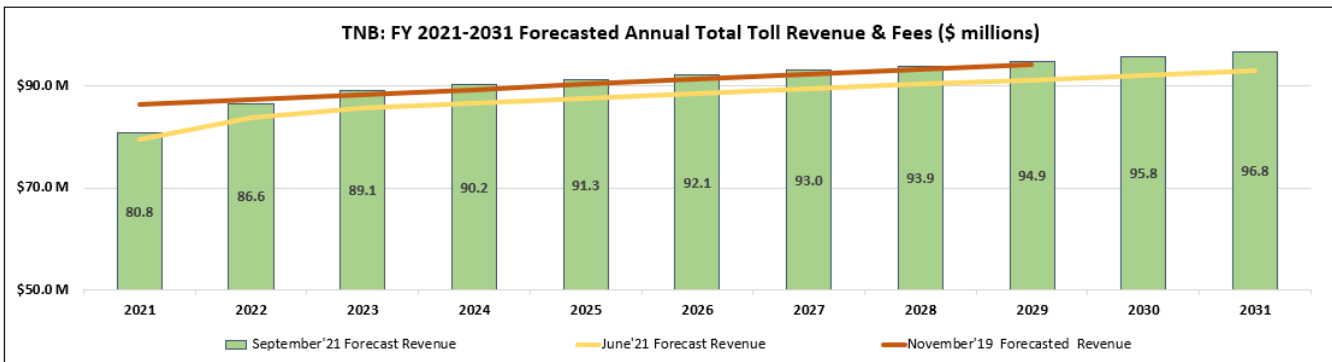


Comparing to June 2021 Forecast, TNB toll transactions are forecasted to be increased by 0.1 percent in FY 2022. From FY 2024 to 2031, TNB toll transactions are 0.5 percent lower than the June 2021 Forecast due to the toll increase on October 1, 2021.

Assuming the toll rate increase on October 1, 2021, comparing to the prior forecast, TNB toll revenue in September forecast are increased by 3.5 percent in FY 2022, and by 4.1-4.2 percent in FY 2023 through 2031. The June forecast incorporates legislative appropriation of \$15.7 million in Federal ARPA funds and a \$30.3 million Transportation Partnership Account loan to TNB in the 2021-23 biennium. As a result of toll rate increase, miscellaneous revenue attributed to interest earnings on the account balance is increase by \$0.1 million in the current biennium, and by \$0.4 million in 2023-25 biennium.

The facility's total revenue and fees in 2021-23 biennium are estimated to be \$175.7 million, which is \$6.3 million (or 3.7 percent) above June forecast. Ten-year period (FY 2020 to FY 2029) total revenue and fees of \$891.2 million are \$29.5 million (or 3.4 percent) above the June 2021 Forecast. Ten-year period (FY 2020 to FY 2029) total revenue and fees are below Pre-COVID November 2019 Forecast by \$6.6 million ( or 0.7 percent), Figure 25.

**Figure 25: TNB FY 2021-2031 Annual Total Revenues and Fees Forecasts Comparisons**



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

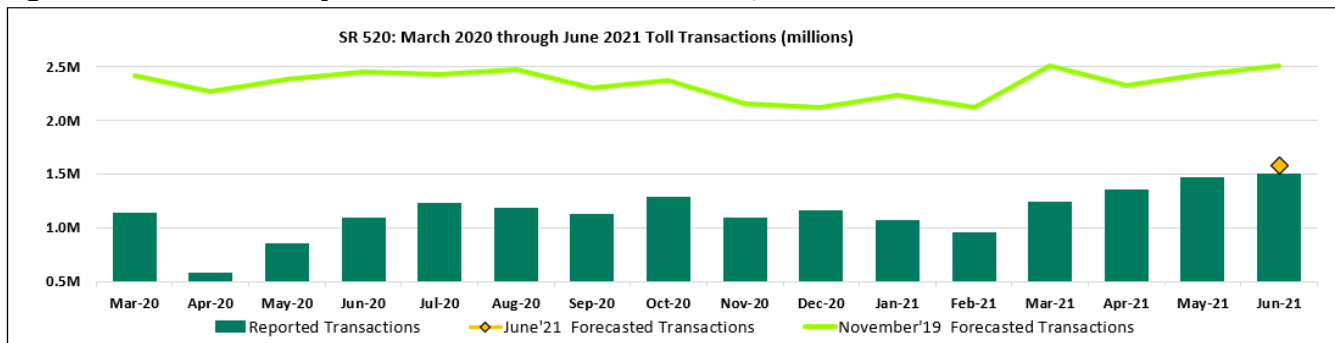
SR 520 Bridge toll traffic and revenue forecast for September 2021 has been updated to incorporate actual values through June 2021, with preliminary and incomplete (partial) July 2021 toll traffic data. The baseline assumes a tailored increase in toll rates, averaging an overall 15 percent increase effective June 1, 2023 (FY 2024). This new SR 520 toll rate schedule would also expand the morning and afternoon peak periods by one hour, exclude an increase in the overnight minimum toll, and minimize the percentage increase in the peak period tolls. The forecast reflects the current assumptions on Post-COVID-19 traffic and revenue recovery trends.

The September Forecast also includes a new SR 520 Bridge closure schedule from FY 2022 – 2030, as compared to the previous June 2021 Forecast. Overall, there are fewer closures assumed now than for the June 2021 Forecast in FYs 2022, 2024, and 2025; more closures in FYs 2023, 2027, 2028, and 2030; and the same amount of closures in FYs 2026 and 2029.

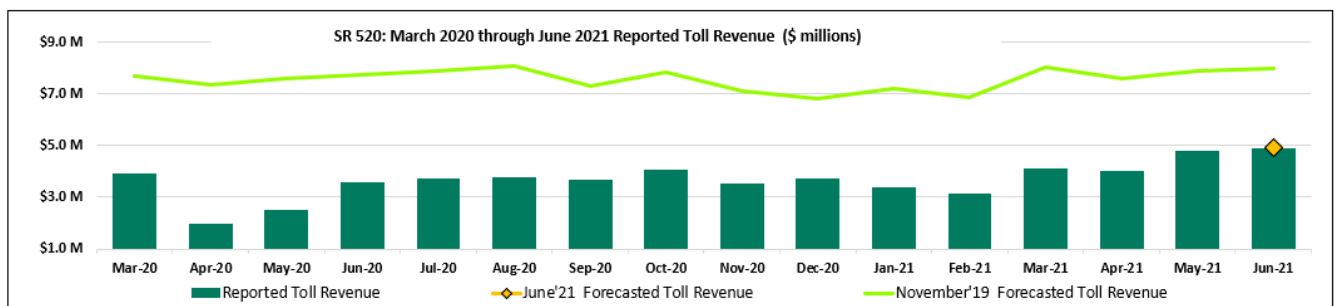
A closure is also ongoing for the Montlake Bridge (which crosses over SR 520 and connects into SR 520 at Montlake Blvd.) for approximately five weeks in August and September 2021. FY 2022 traffic and revenue for SR 520 only will be slightly negatively affected.

Sixteen-month toll transactions were below pre-COVID forecast by 51 percent, or 19.2 million transactions, toll revenue was below by 52 percent, or \$62.5 million (Figure 26).

**Figure 26: SR 520 Monthly Toll Transactions and Revenues, March 2020 – June 2021**



Note: May and June 2021 Toll transactions are not finalized yet



Comparing to the June 2021 Forecast, SR 520 toll transactions in the September 2021 Forecast are forecasted to be lower by 1.2 percent in FY 2022; 1.7 percent lower in FY 2023, and between 1.7 and 3.8 percent lower per year between FY 2024 and FY 2031.

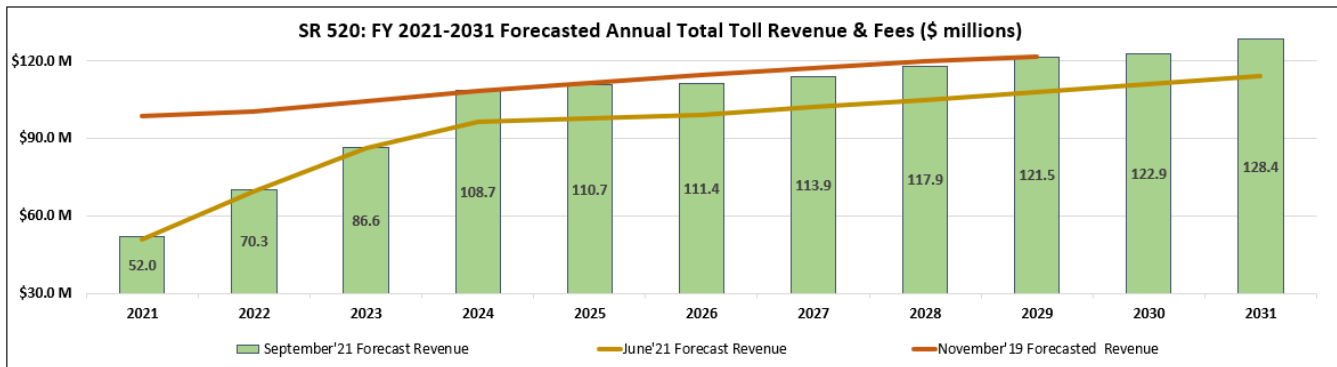
Starting FY 2024 leakage is increased due to the increase in toll rates. Civil penalty fees and recovered toll revenue decreased between 0.5 percent and 1.9 percent, as a result of fewer overall transactions and corresponding \$40 fees for unpaid transactions reaching the Civil Penalty Process.

Miscellaneous pledged revenue increased by \$13.7 million over the forecast horizon as a result of inclusion of additional interest earnings which were reduced in prior forecasts since the start of COVID-19. The fund balance used as the basis for interest earning calculations increased due to a transfer of funds from the civil penalty account to the toll account in FY 2021 and assumed ARPA fund transfers in FY 22-23. Prior to the transfers, and since the start of the COVID-19 pandemic no offsets were assumed for reductions in reserve accounts to offset reductions in toll revenue. With the addition funding miscellaneous pledged revenue from interest earnings is similar to levels pre-COVID.

Transponder sales revenue reflects the updating of the transponder forecast model to include reported values through August 2021. Lower transponder sales assumptions are largely due to COVID-19 recovery and systemwide allocation to facilities. At the system level there were reductions due to lower forecasted transactions number because of modeled rate increases on SR 520, TNB and SR 99.

Total SR 520 revenue and fees in the current biennium are forecasted to be \$154.7 million, which is \$758,000 (or 0.5 percent) lower than the June 2021 Forecast. The ten-year total revenue and fees (FY 2022 to FY 2031) are estimated to be \$1.1 billion, which is \$92.2 million (or 9.3 percent) higher than the June 2021 Forecast. Ten-year period (FY 2020 to FY 2029) total revenue and fees are below Pre-COVID November 2019 Forecast by \$128.4 million ( or 11.8 percent), (Figure 27).

**Figure 27: SR 520 FY 2021-2031 Annual Total Revenues and Fees Forecasts Comparisons**

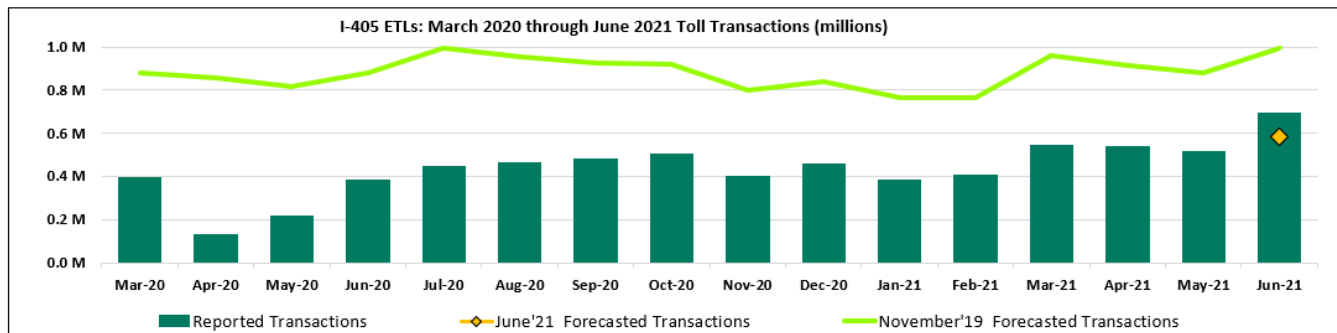


**Updates to I-405 Express Toll Lanes (ETLs) toll traffic and revenues**

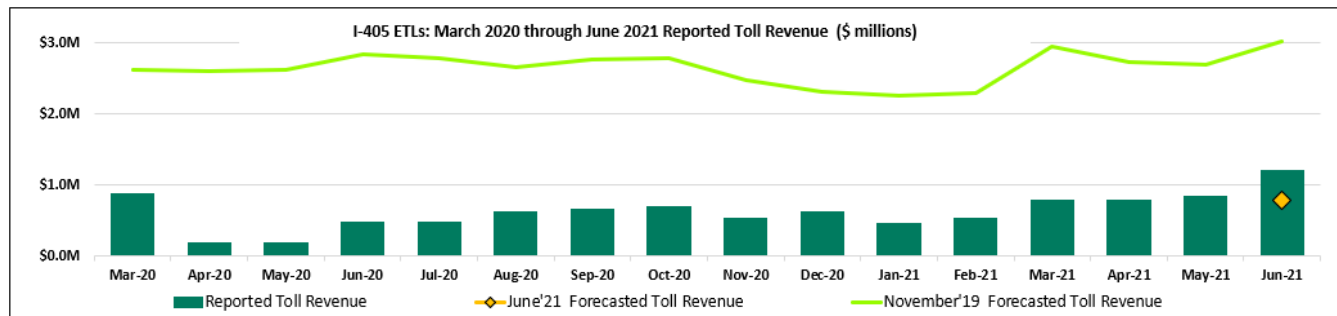
I-405 ETLs toll traffic and revenue forecast for September 2021 has been updated to incorporate the actuals through June 2021 and the current assumptions of the facility’s Post-COVID traffic and revenue recovery. As travel demand drops, traffic congestion is significantly reduced; thereby reducing the 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.

Sixteen-month toll transactions were below pre-COVID forecast by 51 percent, or 7.2 million transactions, toll revenue of \$9.9 million was below the forecast by 77 percent, or \$32.5 million (Figure 28).

**Figure 28: I-405 Monthly Toll Transactions and Revenues, March 2020 – June 2021**



Note: May and June 2021 Toll transactions are not finalized yet



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

The I-405 Express Toll Lanes between Lynnwood and Bellevue opened to the public on September 27, 2015. Dynamic algorithms on the I-405 ETLs allow the toll rates to change as conditions change. The price varies depending on

traffic with the goal of attracting the maximum amount of traffic in the ETLs to maintain good flow conditions, which corresponds to ETLs operating speeds of 45 mph or higher. As more people enter the ETLs, the toll increases to prevent overcrowding.

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

Comparing to the June 2021 Forecast, I-405 ETLs toll transactions are forecasted to be increased by 3.3 percent in FY 2022. From FY 2023 to 2031, I-405 ETL toll transactions are unchanged from the June 2021 Forecast.

I-405 leakage was updated in the September 2021 Forecast to account for refinements to revenue potential per transaction to align with revisions to transactions and the gross toll revenue potential forecast through FY 2025. After FY 2025 there were slight modifications in the estimated revenue potential per transaction resulting in variances of less than 1 percent. The ten-year Revenue Adjusted (FY 2022 to FY 2031) are estimated to be \$351.3 million, which is \$1.3 million (or 0.4 percent) above the June 2021 Forecast.

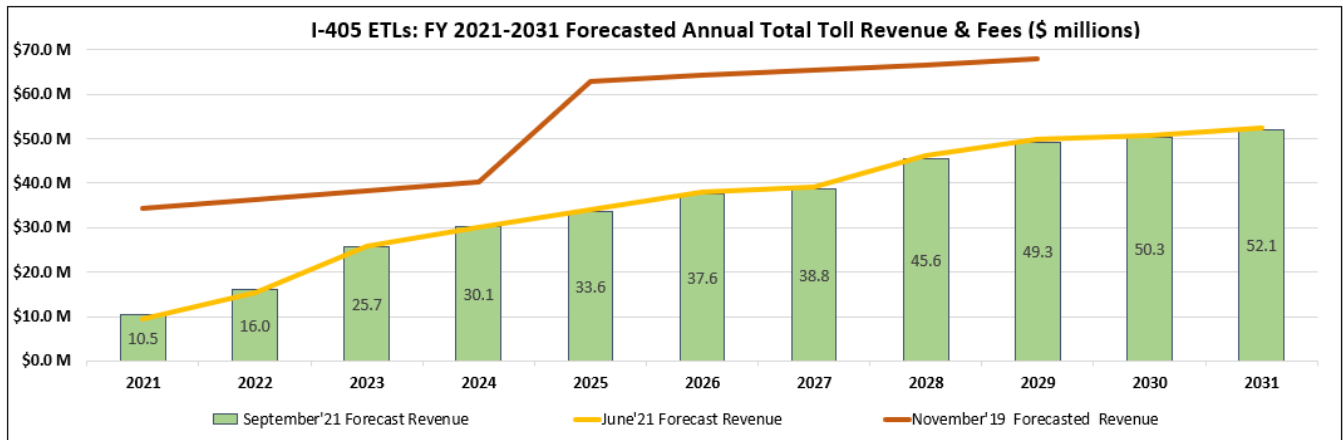
Both Late Payment fees paid within 80 days and NSF/Statement fees were adjusted to reflect systemwide assumptions on the number of toll bills per transaction. Previously the number of transactions per toll bill had been differentiated between facilities with a lower rate applied to I-405 based on initial operational values. Based on actual experience, including impacts from COVID-19, the reported late payment fee revenue has been lower than projected.

As a result, transactions per toll bill was increased from 1.8 in the June 2021 forecast to 2.73 in the September 2021 forecast resulting in an average 34 percent decrease in the number of late billing fees collected over the forecast period. Transactions per toll bill in Civil Penalty, used to calculate the number of recovered late payment fees, decreased from 2.76 in the June 2021 forecast to 2.17 in the September 2021 forecast resulting in an average 27 percent increase in toll bill rebilling fees collected through payments in the Civil Penalty process. With the revisions to the number of transactions per invoice I-405 is aligned with the other facilities. The revisions also resulted in fewer assumed accounts and NSF/Statement fees which decreased by an average of 30 percent over the forecast horizon.

Transponder sales revenue reflects the updating of the transponder forecast model to include reported values through August 2021. Lower transponder sales assumptions are largely due to COVID-19 recovery and systemwide allocation to facilities. At the system level there were reductions due to lower forecasted transactions number because of modeled rate increases on SR 520, TNB and SR 99.

Total I-405 revenue and fees in the current biennium are forecasted to be \$41.7 million, which is \$0.3 million (or 0.8 percent) higher than the June 2021 Forecast. The ten-year total revenue and fees (FY 2022 to FY 2031) are estimated to be \$379 million, which is \$2.8 million (or 0.7 percent) lower than the June 2021 Forecast. Ten-year period (FY 2020 to FY 2029) total revenue and fees are below Pre-COVID November 2019 Forecast by \$19.2 million ( or 38.2 percent), (Figure 29).

**Figure 29: I-405 ETLs FY 2021-2031 Annual Total Revenues and Fees Forecasts Comparisons**



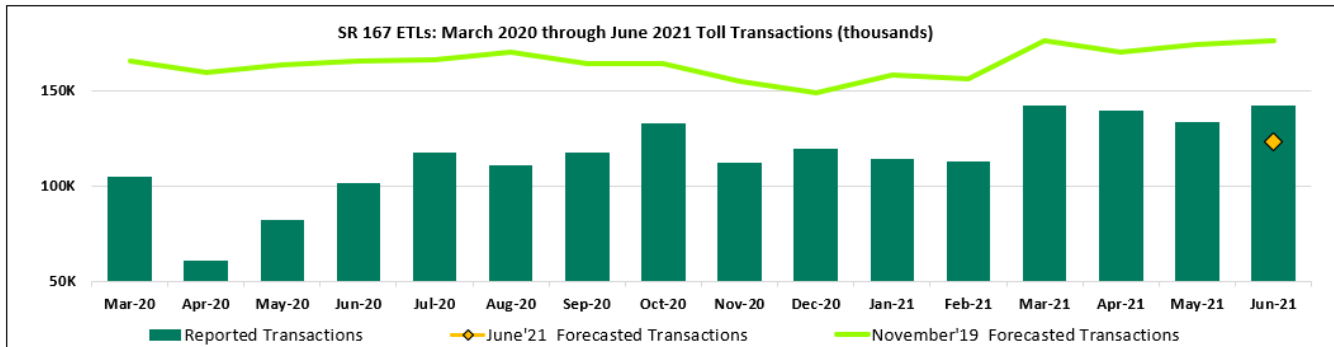
**Updates to SR 167 Express Toll Lanes (ETLs) toll traffic and revenues**

SR 167 ETLs toll traffic and revenue forecast for September 2021 has been updated to incorporate the actual traffic and revenues through June 2021. It also reflects the current assumptions of the facility’s Post-COVID traffic and revenue recovery.

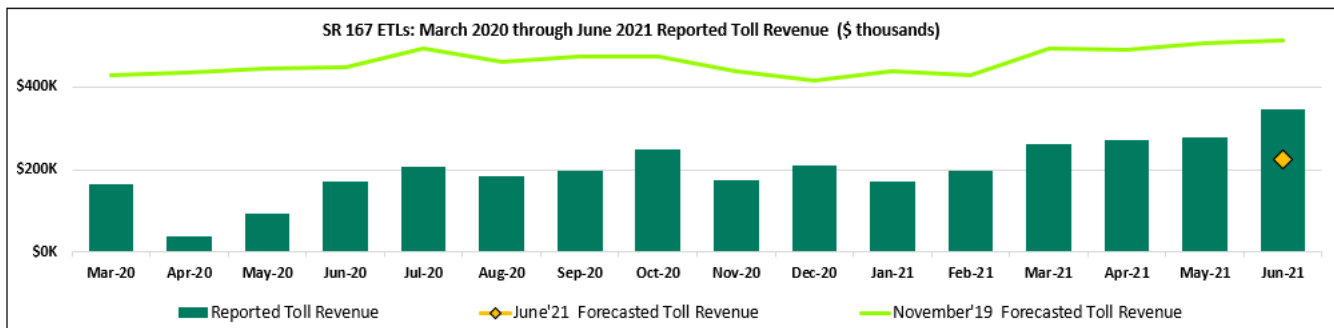
The analysis methodology for SR 167 is the same as done in the previous June 2021 Forecast.

Sixteen-month toll transactions were below pre-COVID forecast by 30 percent, or 0.8 million transactions, toll revenue of \$3.2 million was below the forecast by 57 percent, or \$4.2 million (Figure 30).

**Figure 30: SR 167 Monthly Toll Transactions and Revenues, March 2020 – June 2021**



**Note:** May and June 2021 Toll transactions are not finalized yet



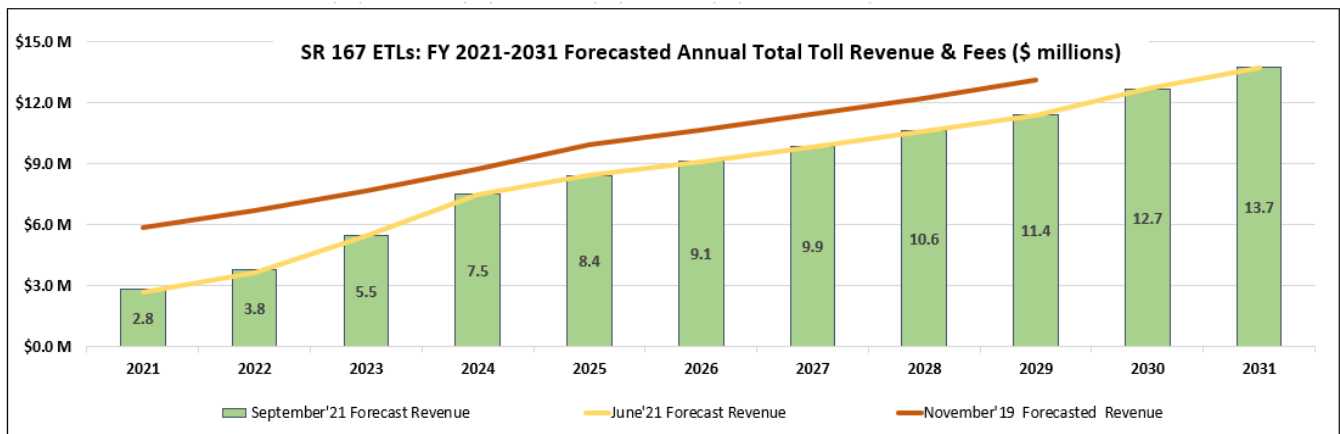
Still impacted by COVID-19, November 2020 through July 2021 toll significantly underperformed previous years. As mentioned for the I-405 Express Toll Lanes, the percentage decreases in revenue for SR 167 ETLs also exceed their percentage decreases in traffic. As travel demand on SR 167 drops, traffic congestion is significantly reduced; thereby reducing the time savings benefits the dynamic priced managed lanes offer over the free general-purpose lanes. Reduced

demand for the tolled lanes also results in lower-than-average tolls. FY 2021 July 2020 through June 2021 average toll rate was approximately \$1.83, in comparison to July 2019 through February 2020 average toll rate of \$2.56.

Comparing to the June 2021 Forecast, SR 167 ETLs toll transactions are forecasted to be increased by 2.0 percent in FY 2022. From FY 2023 to 2031, SR 167 ETL toll transactions are unchanged from the June 2021 Forecast.

SR 167 ETLs total revenue and fees in current biennium are forecasted to be \$9.3 million, which is \$0.2 million (or 1.9 percent) above June 2021 Forecast. The ten-year total revenue and fees (FY 2022 to FY 2031) are estimated to be \$92.6 million, which is by \$0.2 million (or 0.2 percent) above the June 2021 Forecast. Ten-year period (FY 2020 to FY 2029) total revenue and fees are below Pre-COVID November 2019 Forecast by \$18.96 million ( or 20.6 percent), (Figure 31).

**Figure 31: SR 167 ETL FY 2021-2031 Annual Total Revenues and Fees Forecasts Comparisons**



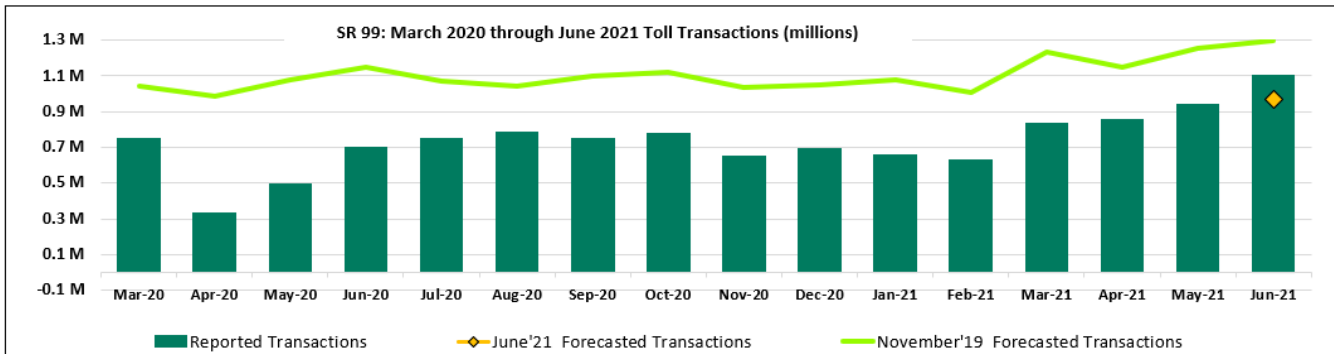
**Updates to SR 99 Tunnel toll traffic and revenues**

SR 99 Tunnel toll traffic and revenue forecast for June 2021 has been updated to incorporate the actuals through June 2021, with preliminary and incomplete (partial) July 2021 toll traffic data and the current assumptions of the facility's Post-COVID traffic and revenue recovery. The baseline also assumes a uniform 15 percent toll increase effective October 1, 2021 (FY 2022) combined with the planned 3 percent toll increases on July 1, 2022, 2025, 2028 and 2031.

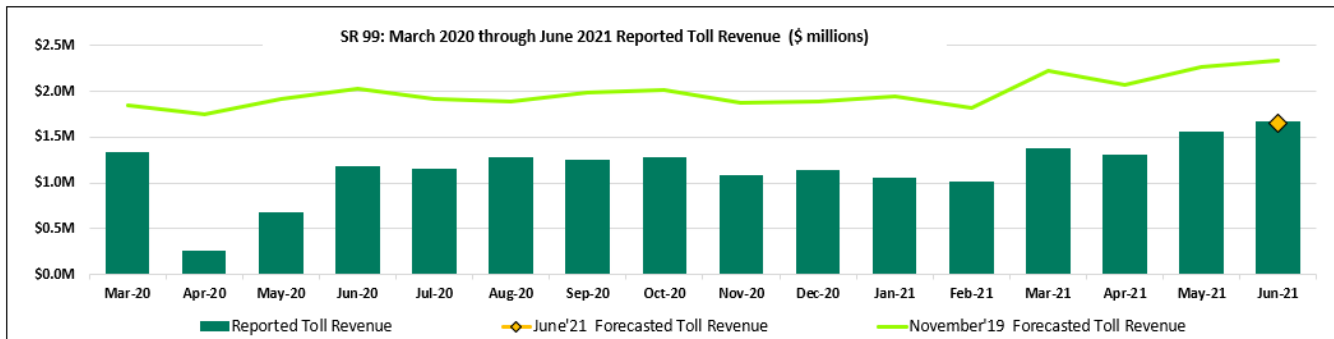
SR 99 Tunnel opened to traffic on February 4, 2019 and tolling began on November 9, 2019. On June 23, 2020, the West Seattle Bridge was closed for emergent repair and the future of the bridge is still unclear at this moment, but extensive closures are anticipated under a rehabilitation or replacement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

After toll commencement, SR 99 Pre COVID-19 actuals outperformed the November 2019 forecast. The COVID-19 Pandemic brought tremendous shift on regional transportation patterns. Sixteen-month toll transactions were below pre-COVID forecast by 34 percent, or 6.0 million transactions, toll revenue of \$18.5 million was below the forecast by 42 percent, or \$13.2 million (Figure 32).

**Figure 32: SR 99 Monthly Toll Transactions and Revenues, March 2020 – June 2021**



Note: May and June 2021 Toll transactions are not finalized yet



Comparing to the June 2021 Forecast, SR 99 toll transactions are forecasted to decrease by 2.2 percent in FY 2022. From FY 2023 to 2031, SR 99 toll transactions are forecasted to decrease by 3.3-3.4 percent, as compared to the June 2021 Forecast projections.

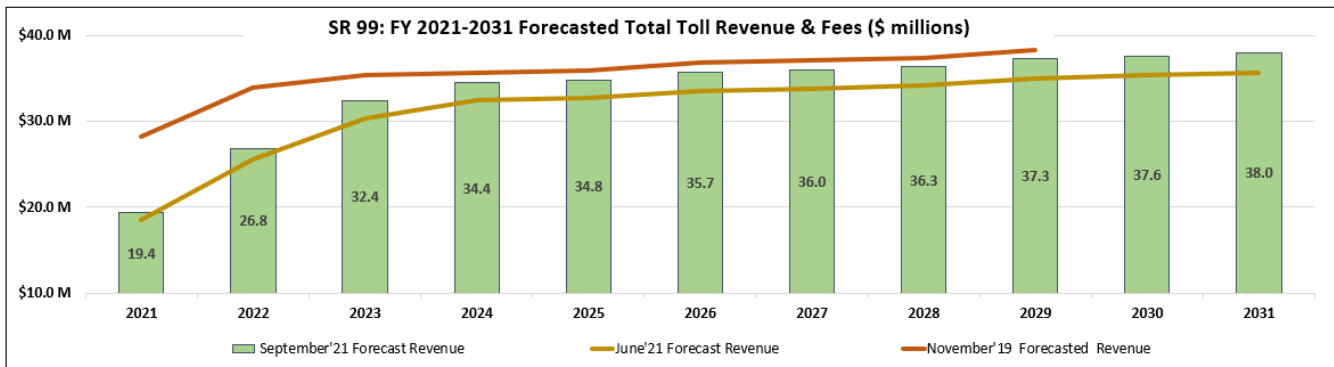
SR 99 adjusted revenue and fees were updated to align with updates to the forecasted transactions and revenue potential by payment type. Pay By Plate fees decreased throughout the forecast horizon by approximately 3 percent, aligned with the decrease in transactions due to toll rate increases. Despite the increase in revenue per transaction, due to toll rate increases, leakage decreased because of an increase in toll bill payment rates.

Based on reported values of late fee payments the payments on first invoice were increased from 57.2 percent to 60 percent and second invoice from 35 percent to 37 percent. Improved payment rates reduced leakage and payment of late payment fees as well as decreased the number of transactions that advance to civil penalty. Over the forecast horizon late payment fees decreased by approximately 6 percent compared with the June 2021 forecast and civil penalty and recovered toll revenue decreased by approximately 12 percent compared to the June 2021 forecast.

Transponder sales revenue reflects the updating of the transponder forecast model to include reported values through August 2021. Lower transponder sales assumptions are largely due to COVID-19 recovery and systemwide allocation to facilities. Specific to SR 99, Good To Go! transactions used to calculate the build-up and allocation of transponder revenues, the SR 99 values were revised to reflect only the transponder transactions which resulted in an approximate 27 percent reduction per year of the total 30 percent reduction.

Total SR 99 revenue and fees in the current biennium are forecasted to be \$59.2 million, which is \$3.3 million (or 6.0 percent) higher than the June 2021 Forecast. The ten-year total revenue and fees (FY 2022 to FY 2031) are estimated to be \$349.3 million, which is \$20.9 million (or 6.4 percent) higher than the June 2021 Forecast. Ten-year period (FY 2020 to FY 2029) total revenue and fees are below Pre-COVID November 2019 Forecast by \$27.0 million (or 8.1 percent), (Figure 33).

**Figure 33: SR 99 FY 2021-2031 Annual Total Revenues and Fees Forecasts Comparisons**



## Federal Funds Revenue

### Overview

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

On 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 total apportionment forecast for FFY 2020 was \$813.2 million. This reflects actual apportionment distributions for FFY 2020.
- The September 2021 apportionment forecast reflects the CARES Act federal distribution of \$2.2 million in FFY 2020. The September 2021 total apportionment estimate is \$926.95 million.
- The September 2021 apportionment forecast reflects the actual Ferry Boat annual apportionment distribution as well as redistributed Ferry Boat distribution.
- The September 2021 apportionment forecast reflects the current Continuing Resolution for FFY 2021 which extends the FFY 2020 apportionment levels for December 11, 2020 through FFY 2021.
- The current Continuing Resolution *which funds the federal government through December 11, 2020, and it also provides a one-year extension to surface transportation programs that were part of the FAST Act that were set to expire on September 30, 2020.* Because a new funding bill does not exist, we are assuming a Continuing Resolution will continue to be passed to fund infrastructure in the gap period. Assuming a Continuing Resolution for the near term, the baseline forecast for FFY 2023 will assume an annual growth rate of 2.3% from FFY 2022 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 September forecast, there were only minor revisions downward annually in the long-term federal highway funds forecast compared to the last forecast due to higher starting point in FFY 2024 and slightly lower long-term growth rates in those years.



### ***Obligation Authority (OA) Forecast***

- Obligation authority (OA) (a.k.a. spending authority or obligation limitation) is the ceiling or total amount of commitments of federal apportionment that can be made within a year. Congress sets this ceiling or limit as part of the federal appropriation bills to control federal expenditures annually.
- The September 2021 CORE OA for FFY 2020 has been reconciled to actual OA distributions and is \$700.7 million. The total OA for 2020 is \$792.3 million which includes distributions for Discretionary items, Other Allocated programs as well as Ferry Boat/Terminals distributions.
- Total OA forecast for FFY 2021 and throughout the forecast horizon will be set at 98% of apportionment, which is consistent with historical Washington State OA distributions.
- The methodology used to split the OA between the State Programs and the Local Programs was modified in the June 2018 forecast and has not changed since.

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

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

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

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

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

### ***FHWA Penalties:***

The September 2021 federal forecast will incorporate two FHWA penalties, which Washington State is subject to.

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

### ***COVID 19 Stimulus Funds:***

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

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

**Figure 34: FFY 2020 – FFY2025 November FHWA Highway Funding Forecast**  
 (\$ millions)

| Sept. 2021 Federal Highway Forecast | FFY 2020 | FFY 2021 | FFY 2022 | FFY 2023 | FY 2024  | FFY 2025 |
|-------------------------------------|----------|----------|----------|----------|----------|----------|
| Total WA Apportionment              | \$ 813.2 | \$ 927.0 | \$ 780.0 | \$ 797.6 | \$ 809.3 | \$ 817.9 |
| Total WA Obligation Authority       | \$ 792.3 | \$ 743.6 | \$ 764.4 | \$ 781.6 | \$ 793.1 | \$ 801.5 |

### 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 2021 Public Transportation federal funds forecast is based on the FAST Act signed into law by President Obama on December 4, 2015 and the 2016 Federal Apportionment Notice of Public Transportation federal funds on the federal registry. The November 2018 apportionment for FFY 2018 was \$23.5 million and was revised upward to reflect actual distributions.
- The forecast for 2019 through 2020 is based on the FAST Act program funds distribution tables produced by the Federal Transit Administration (FTA). A 3-year average of Washington’s proportionate share of the formula program funds is applied to the national totals on the FTA distribution tables for these years. Total federal public transportation formula program funds for FFY 2019 were \$19.2 million and growing to \$19.7 million by FFY 2020.
- The September 2021 apportionment forecast reflects the current Continuing Resolution for FFY 2021 which extends the FFY 2020 apportionment levels for December 11, 2020 through FFY 2021.
- The current Continuing Resolution will expire on September 30, 2021 and at the current time there is not a new Surface Transportation Funding Bill passed by Congress to take its place. Because a new funding bill does not exist, we are assuming a Continuing Resolution will be passed to fund infrastructure in the gap period. Assuming a Continuing Resolution for the near term, the baseline forecast for FFY 2021 through FFY 2023 will assume an annual growth rate of 2.3% which is based on the average annual growth rate of the FHWA Core Program apportionment from 2012 through 2020. This 2.3% growth rate spans two Surface Transportation funding bills as well as numerous Continuing Resolutions.
- The public transportation formula federal program forecast for FFY 2024 – 2029 is grown annually using the Washington State Fuel Consumption forecasted growth rates, which are down slightly in June compared to the last forecast in those years.

### Figure 35: FFY 2017 – FFY 2020 FTA – Public Transportation Forecast

(In thousands)

| Sept. 2021 - Public Transportation Federal Forecast         | FFY 2020    | FFY 2021    | FFY 2022    | FFY 2023    | FFY 2024    | FFY 2025    |
|-------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Statewide Planning Program                                  | \$ 527.0    | \$ 527.0    | \$ 539.0    | \$ 552.0    | \$ 560.0    | \$ 566.0    |
| Enhanced Mobility for Elderly and Persons with Disabilities | \$ 3,117.0  | \$ 3,117.0  | \$ 3,189.0  | \$ 3,262.0  | \$ 3,311.0  | \$ 3,347.0  |
| Nonurbanized Area Formula Program                           | \$ 14,733.0 | \$ 14,733.0 | \$ 15,071.0 | \$ 15,418.0 | \$ 15,650.0 | \$ 15,820.0 |
| Rural Transit Assistance Program                            | \$ 231.0    | \$ 231.0    | \$ 236.0    | \$ 241.0    | \$ 245.0    | \$ 248.0    |
| State Safety Oversight Program                              | \$ 661.0    | \$ 661.0    | \$ 676.0    | \$ 692.0    | \$ 702.0    | \$ 710.0    |
| Bus and Bus Facilities Program                              | \$ 1,918.0  | \$ 1,918.0  | \$ 1,962.0  | \$ 2,008.0  | \$ 2,038.0  | \$ 2,060.0  |
| COVID-19 Federal Relief Funds                               | \$ 44,121.6 | \$ 84,001.4 | \$ -        | \$ -        | \$ -        | \$ -        |

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

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

#### WSF Federal Apportionment Funds Forecast

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

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

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

**Figure 36: FFY 2017 – FFY2020 FTA Washington State Ferries Forecast  
(In millions)**

| Sept. 2021 FTA – Washington State Ferries Federal Forecast | FFY 2020 | FFY 2021 | FFY 2022 | FFY 2023 | FFY 2024 | FFY 2025 |
|------------------------------------------------------------|----------|----------|----------|----------|----------|----------|
| Urbanized Area Formula Program Grants (5307)               | \$ 5.6   | \$ 5.6   | \$ 5.7   | \$ 5.9   | 6=       | \$ 6.0   |
| State of Good Repair Grants (5307)                         | \$ 7.6   | \$ 7.6   | \$ 7.7   | \$ 7.9   | \$ 8.0   | \$ 8.1   |
| Discretionary and Allocated Programs                       | \$ -     | \$ -     | \$ -     | \$ -     | \$ -     | \$ -     |
| COVID-19 Federal Relief Funds                              | \$ 60.9  | \$ 80.0  | \$ -     | \$ -     | \$ -     | \$ -     |

**Alternative September 2021 Federal Highways Forecast**

On July 10<sup>th</sup>, 2021, the United States House of Representative passed new a transportation authorization act- HR 3684. On August 10, 2021 the United States Senate amended and passed HR 3684 – The INVEST in America Act. Currently this federal bill is waiting for another hearing, final passage and the president’s signature to become law. This bill addresses provisions related to federal-aid highway, transit, highway safety, motor carrier, research, hazardous materials and rail programs.

The INVEST in America Act reauthorizes for 5 years FY 2023 – FY 2026. This bill provides \$319 billion for the Federal-aid highway program under the Federal Highway Administration, \$105 billion for transit programs under the Federal Transit Administration, \$5.3 billion for highway safety programs under the National Highway Traffic Safety Administration, \$4.6 billion for motor carrier safety programs under the Federal Motor Carrier Safety Administration, and \$60 billion for rail programs. The bill creates 4 new transportation programs: Bridge replacement, carbon reduction, national vehicle electric and PROTECT.

Washington state share of total transportation formula funds is \$5.443 billion over the next 5 years. This new federal legislation will increase transportation revenues for WA state by more than 30% each year once it becomes law.

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# **Appendix**

Tables Related to the September 2021 Forecast

# Impact to Select Transportation Accounts

Figure 32: Alternative Fuel and Alternate Vehicle Batterie Revenue Transfers – Tracking Sheet

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