

Transportation Revenue Forecast Council

June 2020 Transportation Economic and Revenue Forecasts

Volume I: Summary

Washington Transportation

Economic and Revenue Forecast June 2020 Forecast

Summary Report (Volume I)

Forecast Overview	3
Economic Variables Forecast	10
Motor Fuel Price Forecast	11
Motor Vehicle Fuel Tax Forecast	16
Motor Vehicle Revenue (Licenses, Permits and Fees)	16
Driver Related Revenues Forecasts	19
Other Transportation Related Revenue Forecasts	20
Ferry Ridership and Revenue	21
Toll Revenue	24
Highway Federal Funds Revenue	32
Public Transportation Federal Funds Revenue	34
Washington State Ferries Federal Funds Revenue	35
Forecast Contacts	37
Appendix	38
New 2020 Legislation	39
Tracking Table of Revenues/Expenditures in HB 2042	40

Forecast Tables (Volume II)

Motor Vehicle Fuel	3
Motor Vehicle Related Revenue Forecast (Licenses, Permits and Fees)	24
Driver Related Revenue Forecasts	46
Other Transportation Related Revenue Forecasts	56
Vehicle Sales and Use Tax	56
Rental Car Tax	56
Business and Other Revenue	56
Aeronautics Taxes and Fees	56
Washington State Ferries Ridership and Revenue Forecast	65
Toll Operations and Revenue Forecasts	71
Federal Funds Forecast	83

Alternate Forecast Scenarios (Volume III)

Alternative Ferry Forecast	3
Alternative Motor Vehicle Fuel tax Forecasts	13
Alternate Enhanced Driver License Forecast	24
Alternative LPF and Business Related Revenue Without Initiative I-976 Impacts	26

Preface

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

June 2020 Transportation Forecast Overview

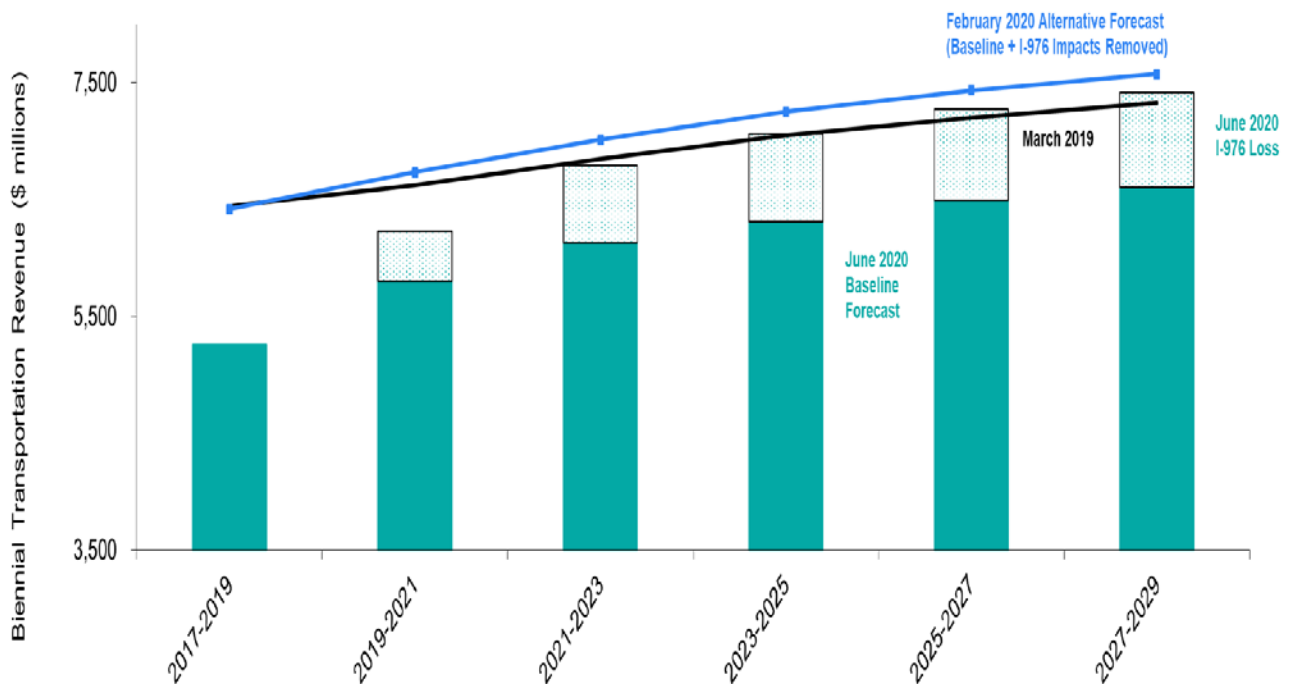
Forecast Overview

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

- In the 2017-19 biennium, transportation revenues came in at \$6.42 billion and 2019-21 biennium is anticipated to be \$5.798 billion, which is down \$622 million biennium to biennium due to the current biennium incorporating the impacts of I-976 and the COVID-19 shutdowns and lower demand due to the pandemic.
- June 2020 baseline transportation forecast of revenues: \$5.798 billion for the current biennium, which is down sharply forecast to forecast by \$481.7 million or 7.7%. This was due to most all revenue sources being down from the last forecast in February. The baseline June forecast includes the impacts of I-976 as well as the recent COVID-19 reduced demand impacts. There is an alternative forecast for June, which excludes the impacts of I-976. In next biennium, baseline transportation revenues are anticipated to be \$6.13 billion down from the last baseline forecast by \$198 million. This is due to experiencing a slow recovery from the COVID-19 shutdowns for some revenue sources.
- For the 10-year forecast horizon, total baseline revenue in June is projected to be \$31.33 billion, which is lower than the last forecast by \$1.14 billion or (3.5%) from February. The change in revenue is due to lower demand from the recent shutdowns in the economy for most transportation revenue sources especially gas taxes, ferry revenue, rental car tax and toll revenues.
- New projections of real personal income growth rates are lower revisions downward beginning in FY 2020 compared to the February forecast. Employment projections are also much lower in FY 2020 and then the recovery begins in FY 2021 compared to February forecast. Some economic indicators are recovering at slower rates than others. Retail gas and diesel prices are down significantly from the February projections in the near and long-term. The current B5 biodiesel price forecast is also down compared to the last forecast.
- Fuel tax revenue is down some by \$188 million or 5.2% from the last forecast in the current biennium due to especially gas tax collections coming in below forecast from the lower recent demand from the pandemic. Next biennium, fuel taxes are down as well by \$80 million over the last forecast.
- The baseline June LPF revenue has revisions downward as well by \$50.6 million in the current biennium. Those declines dissipate over time. Next biennium the decline in LPF is \$32 million from the last forecast.
- Ferry revenue is down sizably by \$97.7 million or 23% form the last forecast in the current biennium. Then it begins to dissipate to a loss of \$29 million next biennium.
- Toll Revenue is also hit hard from the recent COVID-19 shutdowns. In the current biennium toll revenue is down \$107.5 million or 22% compared to the last projection. Next biennium, the toll revenue losses decline to \$62.6 million compared to the last forecast.

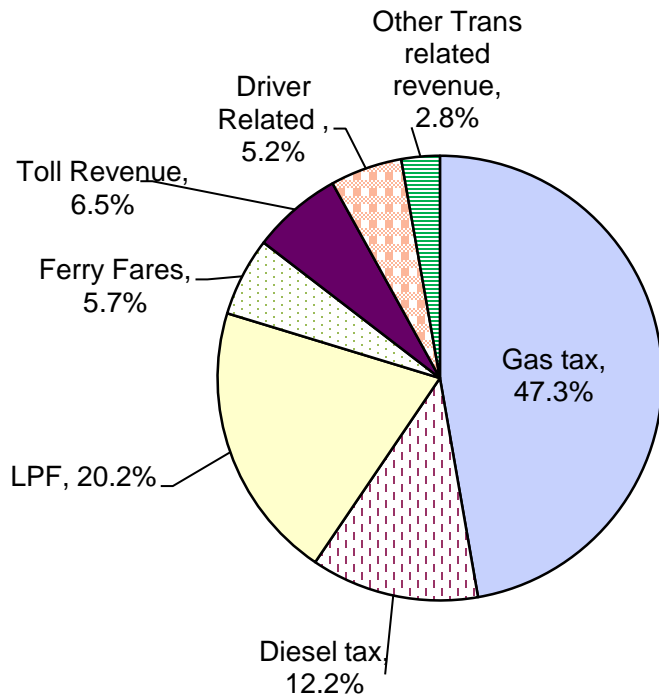
In FY 2019, total transportation revenues came in at \$3.242 billion, which was a 2% increase annually. In the current fiscal year, total transportation revenues are anticipated to be \$2.885 billion. This is an annual revenue loss of 11% year over year. This year over year loss in transportation revenues is due to COVID-19 shutdowns and reduced demand due to the pandemic and less LPF and sales tax revenue with the passage of I-976. In comparing this current forecast with the last forecast, this June forecast is down 7.7% or \$481 million in the current biennium and lesser declines in subsequent biennia throughout the forecast horizon. Next biennium, total transportation revenue is anticipated to be \$6.13 billion and revenues are down by \$198 million or 3% from the February baseline forecast. Overall, during the next 10-year forecast horizon, baseline transportation revenues are projected to be \$31.33 billion and down by \$1.14 billion or 3.5% from the projections in February with an average annual growth rate of 1.5% beginning in FY 2021. Figure 1 compares transportation revenues in June vs February 2020 and March 2019. The solid teal colored bars denote the lower baseline June forecast with the impact of I-976. The white and blue dotted bars represents the loss in transportation revenues due to I-976 in June. The last February alternative forecast was above the March 2019 and the June forecast.

Figure 1: Total Transportation Revenues Comparing March 2019 vs. February vs June 2020 Forecasts *millions of dollars*



Washington's transportation revenues come from numerous taxes, fees, permits, tolls, and other revenues. Revenues forecasted each quarter include the sources contained in Figure 2. This pie graph reveals the anticipated share of each state revenue source to the total baseline transportation revenues for the 2019-21 biennium, (\$5.798 billion). Gasoline fuel taxes comprise the largest share at 47.3%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 59.5% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 20.2%. The three largest revenue sources are projected to consist of 79.7% of revenues in the 2019-21 biennium. The remaining 20.3% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

Figure 2: Revenue By Source 2019-21 Biennium (\$5.798 billion)



As Figure 3 indicates the 2019-21 biennium baseline revenues came in at \$5.798 billion and well below the February forecast by \$481.7 million or 7.7%. The baseline forecast is lowered due to the inclusion of the impacts of I-976 and the new COVID-19 impacts from lower demand from the pandemic. This change in the June 2020 forecast had all major revenue sources down by varying amount in the current biennium. Next biennium, actual baseline revenue for transportation is anticipated to be \$6.13 billion, which is anticipated to be \$198.3 million below the February forecast. Over the next 10 years, transportation revenues are anticipated to be \$31.33 billion, which is down by \$1.14 billion or 3.5% below the last forecast.

The transportation revenue source with the largest decline in the current biennium is fuel taxes at a decline of \$188 million or 5% forecast to forecast change. The forecast to forecast decline drops in outer biennium. Over the 10 year period, fuel taxes decline by a total of \$403 million or 2%. Other revenue sources fell by a larger percentage in the current biennia. For example, ferry revenue is anticipated to have their revenues decline by \$97.7 million or 23% from the last forecast. Toll revenue is also anticipated to decline by \$107.5 million or 22% from the last forecast. Other revenues with sharp declines in revenue in June is LPF revenue at \$50.6 million from the last forecast and rental car tax, which has a \$24.3 million decline. Driver related revenues are down by \$12.4 million or 4% from the last forecast. Next biennium, revenues are anticipated to recover but the rate of recovery varies from forecast to forecast. All revenue sources are still down from the last forecast except for business related revenues, which are up by \$16.19 million due to new legislation passing in 2020 creating a heavy equipment rental tax. Fuel taxes are down \$80 million next biennium with toll revenues being down the second largest at \$62.62 million or 12% decline from last projections. Next biennium, LPF is also down by \$31.9 million or 2.8% from the last forecast and ferry revenue is down \$29 million or 6.5% next biennium. Over the next 10 years, it is anticipated that toll revenues will be down the most of all transportation revenue sources by \$424.56 million or 14.5% from the last forecast. This is due to toll revenue experiencing significant declines in recent months from the COVID-19 shutdowns and reduced demand and the recovery is anticipated to be slower for toll facilities.

Figure 3: Current Baseline Forecast (With Impact I-976) to Prior Baseline Forecast Biennium Comparison of All Transportation Revenues – June 2020 forecast 10-year period

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period									
June 2020• millions of dollars									
	Current Biennium			2021-2023			10-Year Period		
	2019-2021			2021-2023			(2019-2029)		
	Forecast Jun-20	Chg from Feb-20	Percent Change	Forecast Jun-20	Chg from Feb-20	Percent Change	Forecast Jun-20	Chg from Feb-20	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,447.12	(188.12)	-5.17%	3,617.18	(80.30)	-2.17%	18,313.18	(403.98)	-2.16%
Licenses, Permits and Fees	1,173.26	(50.63)	-4.14%	1,117.71	(31.88)	-2.77%	5,902.44	(135.66)	-2.25%
Ferry Revenue†	331.68	(97.65)	-22.74%	420.53	(28.99)	-6.45%	2,086.65	(193.00)	-8.47%
Toll Revenue	379.41	(107.48)	-22.08%	476.00	(62.62)	-11.63%	2,499.05	(424.56)	-14.52%
Aviation Revenues	6.73	(0.34)	-4.83%	7.06	(0.18)	-2.49%	35.37	(1.12)	-3.08%
Rental Car Tax	49.08	(24.25)	-33.07%	67.11	(9.52)	-12.42%	351.20	(48.18)	-12.06%
Vehicle Sales Tax	27.06	0.00	0.00%	0.00	0.00	0.00%	27.06	0.00	0.00%
Driver-Related Fees	303.38	(12.43)	-3.94%	326.32	(1.01)	-0.31%	1,617.58	(22.83)	-1.39%
Business/Other Revenues ‡	80.26	(0.79)	-0.97%	98.34	16.19	19.71%	502.11	90.01	21.84%
Total Revenues	5,797.98	(481.69)	-7.67%	6,130.26	(198.30)	-3.13%	31,334.64	(1,139.32)	-3.51%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	234.37	(1.42)	-0.60%	242.75	(3.03)	-1.23%	1,233.96	(9.62)	-0.77%
State Uses									
Motor Vehicle Account (108)	1,185.26	(61.85)	-4.96%	1,243.13	(17.42)	-1.38%	6,424.97	(79.01)	-1.21%
Transportation 2003 (Nickel) Account (550)	405.36	(24.25)	-5.64%	422.45	(11.36)	-2.62%	2,146.02	(53.14)	-2.42%
Transportation 2005 Partnership Account (09H)	599.93	(32.76)	-5.18%	625.11	(14.45)	-2.26%	3,175.02	(69.74)	-2.15%
Connecting Washington Account (20H)	770.99	(43.90)	-5.39%	807.60	(18.94)	-2.29%	4,089.86	(94.55)	-2.26%
Multimodal Account (218)	172.51	(29.91)	-14.78%	91.96	(2.07)	-2.20%	590.72	(9.53)	-1.59%
Special Category C Account (215)	48.59	(2.77)	-5.39%	50.90	(1.19)	-2.29%	257.77	(5.96)	-2.26%
Puget Sound Capital Construction Account (099)	35.36	(2.01)	-5.39%	37.03	(0.87)	-2.29%	187.55	(4.34)	-2.26%
Puget Sound Ferry Operations Account (109)	391.99	(97.94)	-19.99%	477.82	(29.62)	-5.84%	2,382.91	(194.59)	-7.55%
Capital Vessel Replacement Account (18J)	58.94	(5.79)	-8.95%	67.45	(2.49)	-3.55%	339.39	(13.23)	-3.75%
Tacoma Narrows Bridge Account (511)	153.74	(17.87)	-10.41%	164.05	(11.52)	-6.56%	832.56	(65.26)	-7.27%
High Occupancy Toll Lanes Account (09F) [^]	7.15	(3.92)	-35.42%	12.15	(2.22)	-15.45%	75.01	(16.59)	-18.11%
SR 520 Corridor Account (16J)	135.13	(52.48)	-27.97%	170.09	(28.06)	-14.16%	876.28	(179.81)	-17.03%
SR 520 Corridor Civil Penalties Account (17P)	5.73	(0.61)	-9.67%	5.91	(0.84)	-12.50%	31.34	(4.27)	-12.00%
Interstate 405 Express Toll Lanes Operations (595)	44.62	(21.74)	-32.76%	59.04	(15.48)	-20.77%	379.61	(128.78)	-25.33%
Alaskan Way Viaduct Replacement Acct. (535)	33.05	(10.86)	-24.74%	64.76	(4.51)	-6.51%	304.25	(29.84)	-8.93%
Aeronautics Account (039)	6.65	(0.34)	-4.86%	6.98	(0.18)	-2.50%	34.91	(1.12)	-3.11%
Washington State Aviation Account (21G)	0.07	(0.00)	-1.48%	0.09	(0.00)	-1.25%	0.46	(0.00)	-0.90%
State Patrol Highway Account (081)	428.65	(13.97)	-3.16%	439.23	(9.85)	-2.19%	2,268.22	(49.04)	-2.12%
Highway/Motorcycle Safety Accts. (106 & 082)	275.81	(13.86)	-4.79%	297.17	(3.38)	-1.13%	1,470.51	(33.87)	-2.25%
School Zone Safety Account (780)	0.80	(0.03)	-3.98%	0.88	0.00	0.00%	4.33	(0.03)	-0.76%
Other accounts (201, 06T, 097, 09E, 216, 07C)	21.18	(0.47)	-2.15%	21.58	(0.34)	-1.53%	109.37	(1.86)	-1.67%
Electric Vehicle Account (20J)	19.49	(0.32)	-1.62%	24.03	(1.97)	-7.59%	73.02	(3.74)	-4.87%
Ignition Interlock Devices Revolving Acct 14V	8.56	(0.10)	-1.21%	8.78	0.17	1.93%	43.99	0.88	2.04%
Multiuse Roadway Safety Account Collections-571	0.33	0.01	1.91%	0.32	0.00	0.37%	1.61	0.01	0.68%
Total for State Use	4,809.90	(437.77)	-8.34%	5,098.52	(176.58)	-3.35%	26,099.68	(1,037.40)	-3.82%
Local Uses									
Cities	186.36	(10.61)	-5.39%	195.20	(4.58)	-2.29%	988.55	(22.85)	-2.26%
Counties	300.80	(16.76)	-5.28%	314.60	(7.34)	-2.28%	1,594.49	(36.37)	-2.23%
Transportation Improvement Board (112 & 144)	199.37	(11.33)	-5.38%	208.82	(5.01)	-2.34%	1,059.53	(24.65)	-2.27%
County Road Administration Board (102 & 186)	67.20	(3.80)	-5.36%	70.37	(1.76)	-2.44%	358.42	(8.44)	-2.30%
Total for Local Use	753.72	(42.50)	-5.34%	788.99	(18.69)	-2.31%	4,001.00	(92.31)	-2.26%
Total Distribution of Revenue	5,797.98	(481.69)	-7.67%	6,130.26	(198.30)	-3.13%	31,334.64	(1,139.32)	-3.51%

† Ferry Fares plus non-farebox revenue

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

In comparing the alternative June forecast to the February alternative forecast, the revenue reduction is larger than in the forecast to forecast baseline case because it includes the I-976 revenue that is removed from the baseline. See Figure 4. In the current biennium, the June alternative forecast is below the last alternative forecast by \$511 million or 7.6%. In the next biennium, the alternative forecast is down \$236 million from the February forecast. Over the next 10 years, the alternative forecast is down \$1.36 billion or 3.8% from the last alternative forecast. The two major areas that have increased revenues in the alternative forecasts is motor vehicle sales tax and licenses, permits and fee revenue. For additional information on the impacts of the initiative

I-976, see the VOL III-Alternative forecasts. In the current biennium, the initiative has the impact of lowering the baseline transportation revenues by \$424.6 million and the next biennium, the initiative lowers transportation revenues by \$661 million. Over the next ten years, the initiative lowers transportation revenues by \$3.4 billion.

Figure 4: Current Alternative Forecast Without I-976 Compared to February 2020 Alternative Forecast For All Transportation Revenues - 10-year period

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period									
June 2020 Alternate Forecast without the impacts of I976 compared to February 2020 Alternate Forecast without impacts of millions of dollars									
	Current Biennium			2021-2023			10-Year Period		
	2019-2021			(2019-2029)					
	Forecast June 2020 Alternate	Chg from Feb. 2020 Alternate	Percent Change	Forecast June 2020 Alternate	Chg from Feb. 2020 Alternate	Percent Change	Forecast June 2020 Alternate	Chg from June 2020 Alternate	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,447.12	(188.12)	-5.17%	3,617.18	(80.30)	-2.17%	18,313.18	(403.98)	-2.16%
Licenses, Permits and Fees	1,535.43	(60.48)	-3.79%	1,660.16	(59.78)	-3.48%	8,702.47	(304.52)	-3.38%
Ferry Revenue†	331.68	(97.65)	-22.74%	420.53	(28.99)	-6.45%	2,086.65	(193.00)	-8.47%
Toll Revenue	379.41	(107.48)	-22.08%	476.00	(62.62)	-11.63%	2,499.05	(424.56)	-14.52%
Aviation Revenues	6.73	(0.34)	-4.83%	7.06	(0.18)	-2.49%	35.37	(1.12)	-3.08%
Rental Car Tax	49.08	(24.25)	-33.07%	67.11	(9.52)	-12.42%	351.20	(48.18)	-12.06%
Vehicle Sales Tax	92.33	(15.14)	-14.09%	103.71	(9.14)	0.00%	544.47	(43.89)	-7.46%
Driver-Related Fees	303.38	(12.43)	-3.94%	326.32	(1.01)	-0.31%	1,617.58	(22.83)	-1.39%
Business/Other Revenues ‡	80.26	(0.98)	-1.21%	98.34	15.99	19.42%	502.11	89.02	21.55%
Total Revenues	6,225.43	(506.88)	-7.53%	6,776.42	(235.55)	-3.36%	34,652.09	(1,353.06)	-3.76%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	234.37	(1.42)	-0.60%	242.75	(3.03)	-1.23%	1,233.96	(9.62)	-0.77%
State Uses									
Motor Vehicle Account (108)	1,252.64	(63.85)	-4.85%	1,326.38	(31.33)	-2.31%	6,834.94	(171.18)	-2.44%
Transportation 2003 (Nickel) Account (550)	410.84	(24.31)	-5.59%	429.89	(11.36)	-2.57%	2,182.11	(52.75)	-2.36%
Transportation 2005 Partnership Account (09H)	611.99	(32.89)	-5.10%	641.49	(14.45)	-2.20%	3,254.50	(68.88)	-2.07%
Connecting Washington Account (20H)	770.99	(43.90)	-5.39%	807.60	(18.94)	-2.29%	4,089.86	(94.55)	-2.26%
Multimodal Account (218)	488.03	(52.35)	-9.69%	596.05	(21.77)	-3.52%	3,211.60	(110.99)	-3.34%
Special Category C Account (215)	48.59	(2.77)	-5.39%	50.90	(1.19)	-2.29%	257.77	(5.96)	-2.26%
Puget Sound Capital Construction Account (099)	35.36	(2.01)	-5.39%	37.03	(0.87)	-2.29%	187.55	(4.34)	-2.26%
Puget Sound Ferry Operations Account (109)	393.43	(97.95)	-19.93%	479.77	(29.62)	-5.81%	2,392.39	(194.48)	-7.52%
Capital Vessel Replacement Account (18J)	58.94	(5.79)	-8.95%	67.45	(2.49)	-3.55%	339.39	(13.23)	-3.75%
Tacoma Narrows Bridge Account (511)	153.74	(17.87)	-10.41%	164.05	(11.52)	-6.56%	832.56	(65.26)	-7.27%
High Occupancy Toll Lanes Account (09F)^	7.15	(3.92)	-35.42%	12.15	(2.22)	-15.45%	75.01	(16.59)	-18.11%
SR 520 Corridor Account (16J)	135.13	(52.48)	-27.97%	170.09	(28.06)	-14.16%	876.28	(179.81)	-17.03%
SR 520 Corridor Civil Penalties Account (17P)	5.73	(0.61)	-9.67%	5.91	(0.84)	-12.50%	31.34	(4.27)	-12.00%
Interstate 405 Express Toll Lanes Operations (595)	44.62	(21.74)	-32.76%	59.04	(15.48)	-20.77%	379.61	(128.78)	-25.33%
Alaskan Way Viaduct Replacement Acct. (535)	33.05	(10.86)	-24.74%	64.76	(4.51)	-6.51%	304.25	(29.84)	-8.93%
Aeronautics Account (039)	6.65	(0.34)	-4.86%	6.98	(0.18)	-2.50%	34.91	(1.12)	-3.11%
Washington State Aviation Account (21G)	0.07	(0.00)	-1.48%	0.09	(0.00)	-1.25%	0.46	(0.00)	-0.90%
State Patrol Highway Account (081)	452.02	(14.21)	-3.05%	471.00	(9.86)	-2.05%	2,422.32	(47.38)	-1.92%
Highway/Motorcycle Safety Accts. (106 & 082)	275.81	(13.86)	-4.79%	297.17	(3.38)	-1.13%	1,470.51	(33.87)	-2.25%
School Zone Safety Account (780)	0.80	(0.03)	-3.98%	0.88	0.00	0.00%	4.33	(0.03)	-0.76%
Other accounts (201, 06T, 097, 09E, 216, 07C)	21.18	(0.47)	-2.15%	21.58	(0.34)	-1.53%	109.37	(1.86)	-1.67%
Electric Vehicle Account (20J)	19.49	(0.32)	-1.62%	24.03	(1.97)	-7.59%	73.02	(3.74)	-4.87%
Ignition Interlock Devices Revolving Acct 14V	8.56	(0.10)	-1.21%	8.78	0.17	1.93%	43.99	0.88	2.04%
Multise Roadway Safety Account Collections-571	0.33	0.01	1.91%	0.32	0.00	0.37%	1.61	0.01	0.68%
Total for State Use	5,235.13	(462.65)	-8.12%	5,743.40	(210.20)	-3.53%	29,409.67	(1,228.03)	-4.01%
Local Uses									
Cities	186.36	(10.61)	-5.39%	195.20	(4.58)	-2.29%	988.55	(22.85)	-2.26%
Counties	301.73	(16.77)	-5.27%	315.88	(7.34)	-2.27%	1,600.68	(36.30)	-2.22%
Transportation Improvement Board (112 & 144)	200.00	(11.48)	-5.43%	208.82	(6.82)	-3.16%	1,060.17	(36.23)	-3.30%
County Road Administration Board (102 & 186)	67.83	(3.95)	-5.51%	70.37	(3.58)	-4.84%	359.05	(20.02)	-5.28%
Total for Local Use	755.92	(42.81)	-5.36%	790.27	(22.32)	-2.75%	4,008.45	(115.41)	-2.80%
Total Distribution of Revenue	6,225.43	(506.88)	-7.53%	6,776.42	(235.55)	-3.36%	34,652.09	(1,353.06)	-3.76%

† Ferry Fares plus non-farebox revenue

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

The recent reduced demand from COVID-19 shutdowns and lower economic variable forecasts is causing revenue losses for the major revenue streams for transportation. Figure 5 reveals the change in the major transportation revenue sources with reductions from the pandemic for 2020 through 2023. FY 2020 is the year with the largest impact of -\$271.7 million at 9% below the February forecast. Gross fuel taxes had the biggest loss in FY 2020 at -\$162 million. In FY 2021, the total revenue decline from the February forecast is anticipated to be -\$196.7 million with the largest revenue decline being \$70 million in toll revenue and \$60 million in ferry farebox revenue. Gross fuel taxes are down \$26.345 million from the last forecast. The revenue losses decline in FY 2022 to \$114.3 million and the decline falls to \$99.2 million in FY 2023.

Figure 5: Transportation Revenue Reductions from Recent COVID-19 Induced Recession and Lower Economic Variable Forecasts

Revenue Sources Impacted by COVID-19 Shutdowns	\$ Difference Between June and Feb. 2020 Forecasts			
	FY 2020	FY 2021	FY 2022	FY 2023
Gross Fuel tax	\$ (161,774,200)	\$ (26,345,900)	\$ (44,778,700)	\$ (35,524,200)
LPF	\$ (29,568,010)	\$ (21,058,784)	\$ (17,114,702)	\$ (14,765,691)
Ferry Fares	\$ (36,867,659)	\$ (60,778,584)	\$ (16,299,002)	\$ (12,688,270)
Toll Revenue	\$ (37,379,000)	\$ (70,105,000)	\$ (30,306,000)	\$ (32,296,000)
Aeronautics Revenues	\$ (165,730)	\$ (175,520)	\$ (91,520)	\$ (88,520)
Rental Car Tax	\$ (5,987,456)	\$ (18,267,100)	\$ (5,697,400)	\$ (3,821,100)
TOTAL Major Revenue Sources	\$ (271,742,055)	\$ (196,730,888)	\$ (114,287,324)	\$ (99,183,781)
Revenue Sources Impacted by COVID-19 Shutdowns	Percentage Change Between June and Feb. 2020 Forecasts			
	FY 2020	FY 2021	FY 2022	FY 2023
Gross Fuel tax	-9.0%	-1.4%	-2.4%	-1.9%
LPF	-4.4%	-3.8%	-3.0%	-2.5%
Ferry Fares	-17.7%	-27.5%	-7.3%	-5.6%
Toll Revenue	-16.0%	-27.7%	-11.4%	-11.8%
Aeronautics Revenues	-4.7%	-4.9%	-2.5%	-2.4%
Rental Car Tax	-16.5%	-49.2%	-15.0%	-9.9%
TOTAL Major Revenue Sources	-9.2%	-6.8%	-3.9%	-3.3%

Figure 6 shows the various June forecasts recovery periods after the drops in revenue from COVID-19 shutdowns, The recovery from our recent recession, is demonstrated as the period of time it takes to reach the levels projected in the February forecasts for FY 2021. Some of the revenue sources with the shortest recovery period from the reduced demand and revenue losses in FY 2020 were diesel taxes and truck registrations, which recovered to the Feb. forecast level in FY 2021 in two years and one year respectively. Net for distribution of fuel taxes are anticipated to recover from the losses seen in FY 2020 in three years and aviation fuel taxes are anticipated to recover a bit faster at two years. LPF revenues, like passenger \$30 car fees, are also anticipated to recover in two years as well. Toll traffic, WSF ridership and corresponding revenues are anticipated to be slower to recover from this reduced demand from the pandemic. For ferries ridership (passengers and vehicles), ridership is not expected to recover from the recent downturn to the FY 2021 level anticipated in the Feb. forecast until FY 2027 and 2026 respectively. Ferry farebox and misc. revenue is also not expected to return to the FY 2021 level in the last forecast for five years. Toll traffic and revenue recovery varies with each facility. For example, the November forecast for SR 99 tolls were sizably less the pre-COVID-19 levels in 2020. Then once COVID-19 hit, SR 99 toll revenues turned downward sharply in March – May. Given the low level of this November forecast for SR 99, the recovery of the facility to the projected FY 2021 traffic is not that hard to meet. The other four facilities all had longer the recovery periods. Overall, for all tolled facilities, the recovery in traffic to the projected 2021 traffic level is anticipated to be 3 years but the overall adjusted toll revenue recovery is longer. Adjusted toll revenue is expected to recover for all facilities combined to the FY 2021 revenue level in the November forecast in 5 years.

Figure 6: 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	2025	4
Return to Diesel Consumption in Feb. Forecast -FY 2021	2023	2
Net for Dist. Fuel Taxes: Return to Feb. Forecast -FY 2021 level	2024	3
<i>Vehicle Licenses Permits and Fee Revenue (LPF)</i>		
Return to Passenger Cars Registrations in Feb. Forecast -FY 2021	2023	2
Return to Trucks Registrations in Feb. Forecast - FY 2021	2022	1
Return to \$30 License Fee Revenue in Feb. Forecast -FY 2021	2023	2
Return to Truck Combined License Fee Revenue Level in Feb. Forecast - FY 2021	2023	2
<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	2023	2
<i>Ferries Ridership and Revenue</i>		
Return to Passenger Ridership in Feb. Forecast - FY 2021	2027	6
Return to Vehicle Ridership in Feb. Forecast - FY 2021	2026	5
Return to Ferry Farebox and Misc. Revenue in Feb. Fct -FY 2021	2026	5
<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	2026	5

Economic Variables Forecast

Several economic variables are used in forecasting Washington's transportation revenues each quarter. Key economic variables include the following: Washington real personal income, driver age population, driver-in population, inflation, employment, oil price index, fuel efficiency, US sales of new light vehicles and various employment sectors.

**Figure 7: Annual Percentage Change (%) in Select Economic Variables
June 2020 Forecast**

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2020	2.7%	1.6%	-0.9%	1.3%	-10.3%	1.9%	-12.1%	-2.3%	-2.4%	-2.5%
2021	0.8%	1.5%	1.0%	0.9%	-10.5%	1.9%	3.4%	-8.7%	-7.3%	-11.8%
2022	1.4%	2.9%	1.0%	1.0%	18.2%	1.9%	13.1%	9.5%	11.4%	9.7%
2023	2.9%	1.3%	0.9%	0.7%	7.9%	1.9%	9.3%	5.1%	-1.1%	2.3%
2024	3.8%	0.0%	0.7%	0.8%	-2.1%	2.0%	8.5%	3.7%	-0.9%	0.7%
2025	3.5%	1.3%	0.7%	1.3%	6.9%	2.0%	5.1%	2.5%	2.5%	2.1%
2026	2.9%	1.3%	0.7%	1.8%	6.8%	2.1%	0.4%	1.4%	2.7%	1.9%
2027	2.7%	1.2%	0.6%	2.1%	7.7%	2.2%	-1.0%	0.9%	0.9%	0.7%
2028	2.8%	1.2%	0.5%	2.2%	6.0%	2.1%	-1.2%	0.8%	0.9%	0.6%
2029	2.8%	1.1%	0.5%	2.1%	3.6%	2.2%	-0.2%	0.8%	0.9%	0.5%

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

Figure 8: Annual Rate of Change in Select Economic Variables – June vs February 2020 Forecast

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

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

Motor Fuel Price Forecast

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

Source of data for the forecast

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

Global Insight national gas price forecast for future Washington gas prices and the producer price index (PPI) projections for refined petroleum products for the diesel price forecasts.

Figure 9: Near-term UNADJUSTED BASELINE Qtrly Fuel Prices: June 2020

Fiscal Year Quarter	Crude Oil Price (\$/barrel)	WA Retail Gasoline Price (\$/gal)	WA Retail Diesel Price (\$/gal)
2019: Q3	56.37	3.11	3.28
2019: Q4	56.96	3.19	3.47
2020: Q1	45.76	2.88	3.26
2020: Q2	20.68	2.36	2.64
FY 2020	44.94	2.89	3.16
2020: Q3	25.50	2.37	2.48
2020: Q4	29.50	2.31	2.58
2021: Q1	36.50	2.39	2.62
2021: Q2	42.17	2.76	2.85
FY 2021	33.42	2.46	2.63
2021: Q3	45.50	2.80	2.96
2021: Q4	48.50	2.72	3.05
2022: Q1	49.87	2.76	3.05
2022: Q2	52.23	3.03	3.11
FY 2022	49.03	2.83	3.04
2022: Q3	53.85	3.03	3.21
2022: Q4	54.58	2.94	3.27
2023: Q1	54.75	2.94	3.29
2023: Q2	54.78	3.14	3.26
FY 2023	54.49	3.01	3.26

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

Figure 10: Forecast of UNADJUSTED Washington Retail Gasoline Prices, Regular June and February 2020

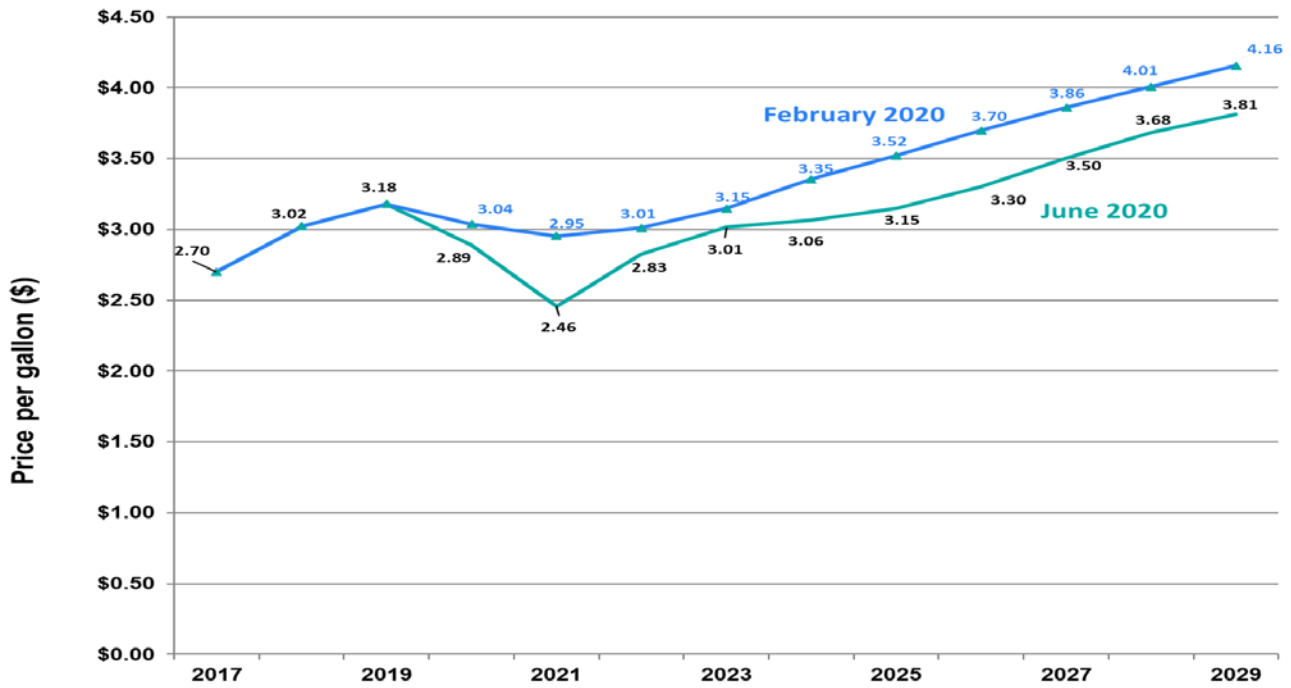
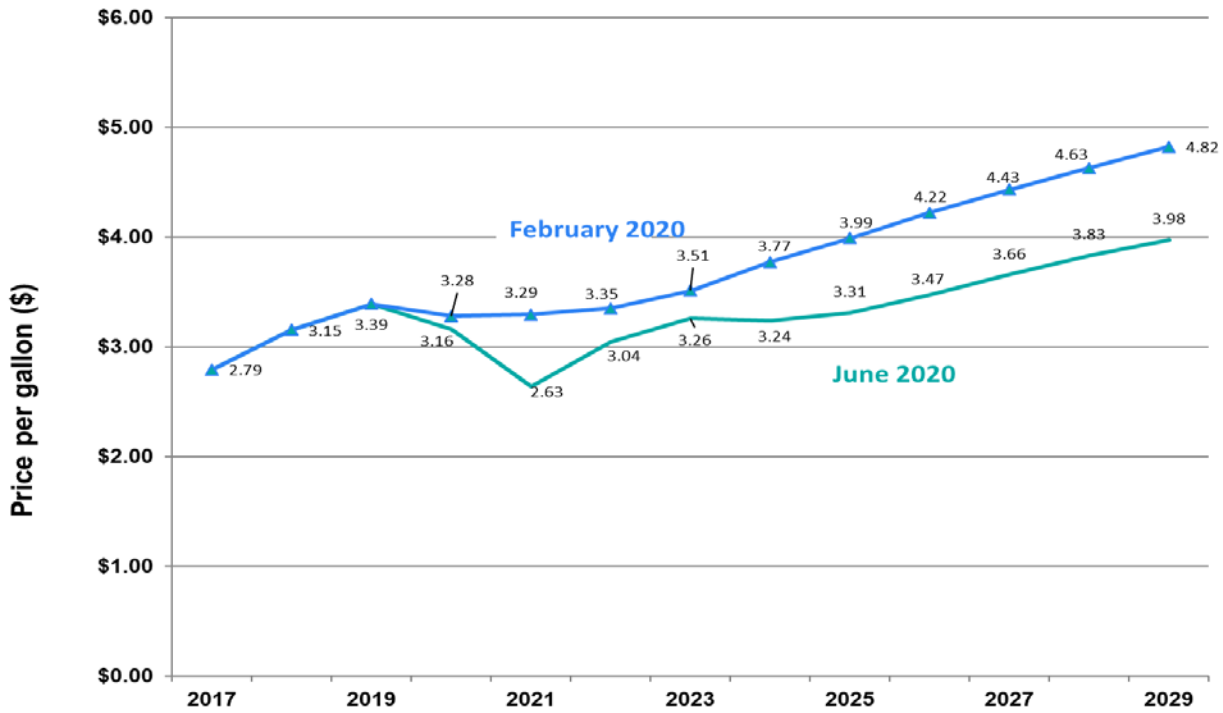


Figure 11: Forecast of UNADJUSTED Washington Retail Diesel Prices June and February 2020



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

The WTI crude oil prices from five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics, and Moody's Economy.com were compared in this forecast. WSDOT's baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term through calendar year 2021 and then use the growth rates from Global Insight forecasts for subsequent years. In FY 2020, the crude oil price projections range from \$45 per barrel from EIA to \$55 per barrel from NYMEX. WSDOT baseline of \$45 per barrel is slightly below the average of \$48.8 per barrel. The forecast for WTI crude oil in FY 2021 ranged from \$33 per barrel by EIA to \$40 per barrel in the NYMEX futures. The baseline crude oil price forecast in FY 2021 was \$33 per barrel, which is 8.9% below the 5 entity average of \$36.4 per barrel. In FY 2022, the crude oil prices range from \$42 per barrel in the NYMEX to \$52 per barrel in the Global Insight forecast. The 5-entity average price is \$48.3 per barrel which is 1.5% below the baseline price forecast of \$49 per barrel. In FY 2023, crude oil prices range from \$42 per barrel in NYMEX to \$54 per barrel from Global Insight. There is needed a 6.8% downward adjustment to the baseline crude oil price. Figure 12 reveals the WSDOT baseline WTI price forecast compared to the other entities' crude oil price forecasts and the necessary adjustments each year.

Figure 12: Near-term Annual WTI Crude Oil Price Forecasts – 5 Different Forecast Comparisons: June 2020 Dollars per barrel

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	5 Entity Avg	% Diff Average
2020	\$44.94	\$55.01	\$45.87	\$46.66	\$51.37	\$48.77	8.52%
2021	\$33.42	\$40.44	\$37.25	\$34.75	\$36.10	\$36.39	8.90%
2022	\$49.03	\$41.96	\$52.00	\$51.29	\$47.08	\$48.27	-1.54%
2023	\$54.49	\$42.31	\$54.25	\$54.11	\$48.64	\$50.76	-6.84%

Figure 13: Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes:

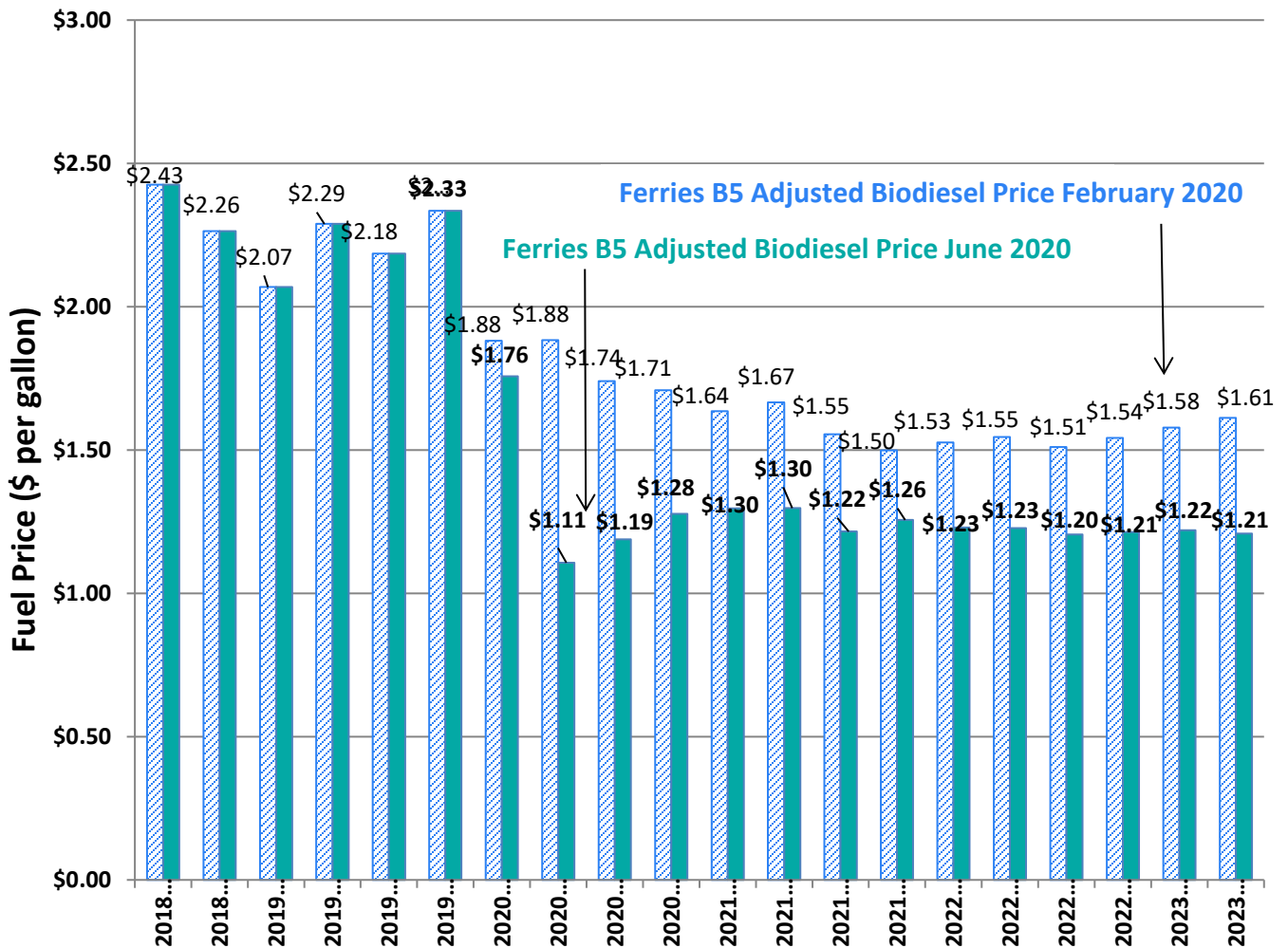
June 2020 Dollars per gallon

Fiscal Year Quarter	Adjusted WA Retail Gasoline Price (\$/gal)	Adjusted WA Retail Diesel Price (\$/gal)	Adjusted B5 Biodiesel Price (\$/gal)	Unadjusted B99 Biodiesel price
2019Q3	3.11	3.28	2.18	3.27
2019Q4	3.19	3.47	2.33	3.25
2020Q1	2.88	3.26	1.76	3.09
2020Q2	2.36	2.64	1.11	2.95
FY2020	2.89	3.16	1.85	3.14
2020Q3	2.58	2.70	1.19	2.77
2020Q4	2.52	2.81	1.28	2.89
2021Q1	2.60	2.86	1.30	2.93
2021Q2	3.00	3.11	1.30	3.19
FY2021	2.67	2.87	1.26	2.95
2021Q3	2.76	2.91	1.22	3.31
2021Q4	2.67	3.01	1.26	3.42
2022Q1	2.71	3.00	1.23	3.41
2022Q2	2.98	3.06	1.23	3.48
FY2022	2.78	3.00	1.23	3.40
2022Q3	2.99	3.16	1.20	3.54
2022Q4	2.90	3.22	1.21	3.60
2023Q1	2.89	3.24	1.22	3.62
2023Q2	3.09	3.20	1.21	3.59
FY2023	2.97	3.21	1.21	3.59

WSDOT applies the five entity forecast average adjustment to the baseline June 2020 retail gasoline, diesel, and B5 biodiesel prices. The adjusted fuel prices listed in Figure 13 will be used to estimate the future costs to WSDOT agency's 2019-21 and 2021-23 biennium budgets for gas, diesel and biodiesel fuel purchases. The latest adjusted forecast requires a 8.5% upward adjustment to the baseline fuel prices in FY 2020 and upward adjustment of 8.9% in FY 2021. In FY 2022 and 2023, the baseline fuel prices are adjusted downward by 1.5% and 6.8% respectively.

As Figure 14 reveals, that the new B5 fuel price forecast are lower beginning the first quarter of calendar year 2020 and throughout the forecast horizon. Compared to the February forecast, the COVID-19 shutdowns significantly reduced demand for petroleum products and the price fell dramatically. B5 diesel prices have recovered some but they are not anticipated to be recover for several years.

Figure 14: Quarterly Ferries Adjusted B5 Biodiesel Prices Used for Budgeting the 2019-21 and 2021-23 Biennia June and February 2020 Forecasts



Motor Vehicle Fuel Tax Forecast

Overview

Motor fuel tax collections for February through May 2020 came in below the February 2020 forecast by \$109.6 million or 19 percent. Gasoline tax collections lagged the February projection by \$100.2 million or 21.7 percent. Diesel tax collections came in below projections by \$9.3 million or 8.7 percent.

The forecast for gross fuel tax revenue for the 2019-2021 biennium is \$3.447 billion, \$188.1 million or 5.2 percent below the February 2020 forecast. In the 2021-2023 biennium, gross fuel tax collections are \$3.617 billion or \$80.3 million (2.2 percent) lower than the estimate in February 2020. 2020. Total fuel tax revenue for the 10-year period beginning in the current biennium and ending in the 2027-2029 biennium is \$18.313 billion. This is \$404.0 million or 2.2% less, than the February 2020 revenue forecast. Current fuel tax revenue estimates are lower than February's forecast throughout the forecast horizon.

Primary Reasons for Changes in the June Forecast

The forecasts are consistent with the pandemic assumptions of IHS/Markit and the Energy Information Administration; normal economic activity starts to return by the early spring of 2021. Therefore, the FY2021 estimates contain mostly months under the influence of the pandemic while FY2022 reflects post COVID-19 activity. The long run forecasts do not attempt to model changes such as increased telecommuting or different transportation modal changes from the current pandemic.

The current \$100 million gasoline forecast variance is in part due to cash flow factors. Consistent with the Governor's proclamation, the Department of Licensing has been granting payment extensions to individual taxpayers. This has the net effect of shifting revenues from FY2020 to FY2021. FY 2021 gasoline revenue is expected to be \$126 million greater than FY 2020. Part of this increase in FY 2021 is the inclusion of delayed fuel tax payment of \$25 million. This increase in cash in FY 2021 also suppresses the FY2022 gas consumption growth rate, which is 2.5 percent in FY 2022.

The negative forecast variance for fiscal year 2020 special fuels tax estimate is \$9.3 million, or 8.7 percent. Clearly, commerce, the ultimate driver for truck traffic, has been less affected than gasoline demand from the recent pandemic. As with gasoline, cash-flow factors shifted revenue from FY2020 to FY2022. FY 2021 diesel tax revenue is expected to be \$33.55 million greater than FY 2020. Part of this increase in FY 2021 is the inclusion of delayed fuel tax payment of \$3 million. The underlying FY 2022 growth rate is roughly flat.

In spite of the dramatic reductions in gasoline and special fuels consumption, refunds of gasoline and special special fuels tax to tribal distributors has been quite strong. Therefore the forecast for tribal refunds is unchanged in spite of the forecasted reductions in gross fuel taxes during the pandemic.

Motor Vehicle Revenue (Licenses, Permits, and Fees)

Overview

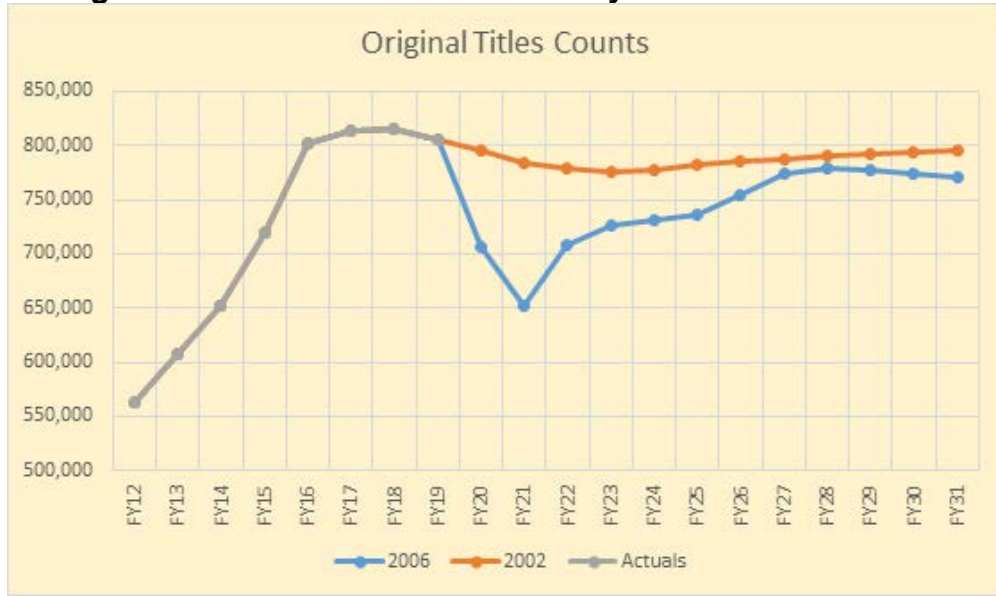
Vehicle related forecasts fall into two main categories: motor vehicle registrations and license plate-related fees. This forecast has a variety of small fees but the majority of the revenue is from registration-based fees. There are five main economic drivers for the vehicle licenses, permits, and fees (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 anticipates collecting about \$1.17 billion from vehicle licenses, permits, and fees (LPFs) in the 2019-2021 biennium, which is reduced for \$50.6 million or 4% compared to the forecast in February. The LPF forecast is anticipated to be \$1.24 billion by 2027-2029 biennium, which is down by \$13.2 million or 1.1% from the previous forecast. Over the 10-year period, the revenue loss is \$135.4 million from prior projections.

Primary reasons for the change in the June 2020 forecast

- For the fiscal year 2020, passenger car registrations are down 3.75% or 200,000 vehicles comparing the previous forecast and down 1.4% year over year. For FY 2021, passenger car registrations will be 2.5% less than the previous forecast but the annual growth rate is anticipated to be 2.8% year over year. The forecast remains about 2.6% lower in the future years from 2022 through 2029. The decreased passenger vehicle registration forecast is mainly due to the lower passenger car actuals we received for the last 4 months during the COVID-19 shutdowns. Passenger cars were down nearly 10% combined during the past four months.
- For the fiscal year 2020, truck registrations are reduced by 1.23% or 20,000 vehicles comparing the February forecast but truck registrations are stilling a little 0.3% growing year over year. For the past four month, with the COVID-19 shutdowns, truck registrations have declined 3.8% from the last forecast. In fiscal year 2021 and 2022, truck registrations will decrease by 0.72% and 0.24% respectively from the previous forecast. The truck forecast is anticipated to have a forecast-to-forecast increase in registrations for the rest years. By the end of the forecast horizon, we see the truck registrations increased for 2.33%. The higher registration forecast is mainly due to the higher Employment growth rates in the future years forecasted by ERFC.
- In the 2019-21 biennium, \$30 registrations revenue is down 3.4% or \$12.2 million due to the reduced forecast for passenger cars, motorhomes, travel trailers, motorcycles and other vehicles. In the next biennium, revenue from \$30 registrations is about \$8.9 million less than the previous forecast. This trend continues throughout the forecast horizon. We expect the basic \$30 license fee revenue to be \$10.1 million below the previous forecast by the 2027-29 biennium due to the lower forecast for the \$30 basic license fee vehicles.
- In the 2019-21 biennium, truck combined license fee revenue is down \$10.4 million or 2.7% from the prior forecast due to the decrease in truck registrations forecast. In the following biennium, the truck weight based revenue loss becomes smaller, but it still has \$6.7 million revenue loss comparing to the February forecast. The revenue loss keeps going down in later biennia. By the end of the forecast horizon, we will see a \$2.3 million increased in truck weight fee revenue in 2027-29 biennium.
- In the 2019-21 biennium, the Freight Project fee is about \$0.34 million less than the previous forecast due to the decreased truck forecast. In the 2021-23 biennium, the Freight Project fee is \$0.98 million less than the February forecast. The revenue decrease gradually contracts in the out years. By the end of this forecast horizon, we will see a \$0.08 million freight project revenue loss in 2027-29 biennium.
- The passenger vehicle weight fee is reduced by \$3.5 million or 4% in the 2019-21 biennium. This is because the June forecast now lines up with what DOL estimated as actual passenger vehicle weight fee revenue collected after the I-976 impacts are included in the accounting reports. In the out years, we see \$0 since I-976 eliminates all of the revenue in this category.
- Title Fees revenue is down by about -\$6.3 million (-8.7%) for the current biennium; it is down by about -\$3.6 million (-4.9%) for the next. There is also an average of -2% reduction for the outer years following Global Insight's light vehicle sales forecast. See Figure 16.
- Ferry Service Fee revenue (18J) forecast is down by -\$2.4 million (or -4.6%) for the current biennium and down by -\$1.4 million (or -2.6%) for the next.
- Motor Vehicle Filing Fee revenue to Highway Safety Fund is revised down pending AG guidance on the application of filing fee increases under EHB 1789 (2019) to interstate trucks registered outside WA. The forecast now reflects actuals to date, which is lower by about -\$2.7 million (-23%) hit to Highway Safety (Fund 106) while Multi-Modal (fund 218) is little affected because the legislation did not change the fixed \$2.00 distribution to Fund 218 with the fee change (RCW 46.68.400).

Figure 15: Original Titles – June versus February 2020 Forecasts



- Original Issue Plate Revenue forecast is substantially lower for FY 2019-21 by $-\$3,823,200$ or -13.2% updating with actuals through May. The forecast continues lower on average by $-\$953,300$ or -3.3% per biennium throughout the rest of the forecast horizon with an updated original title forecast for June 2020. Original issue plate fees were effective October 1, 2012 per EHB 2660 (2011).
- License Plate Replacement Revenue forecast is lower FY 2019-21 by $-\$825,200$ or -2.6 with actuals updated through May. This forecast continues somewhat lower throughout the forecast horizon by an average of $-\$169,100$ or -0.5% per biennium with an updated other title activity forecast for June 2020.
- Electric Vehicle Fees with I-976, the $\$100$ renewal fee is reduced to $\$30$, and the $\$50$ renewal fee is eliminated, while the $\$75$ is not affected. Overall COVID-19 reduces the originals and as a result lowers the EV renew fee revenue for the subsequent year. The $\$30$ (formerly $\$100$) fee for FY20 is up 5.5% or $\$0.6$ million due to updated higher actuals for hybrids and a revised methodology of counting the I-976 impact based on the registration expiration date to counting based on the transaction date which resulted in adjusting November and December revenue upward. That is why counts in FY20 are down -3% due to COVID-19 but total revenue is up by 1.8% . In the FY21-23 biennium, revenue is down by about $-\$0.8$ million (-17.9%) due mostly to Covid-19 related downward outlook.

Driver Related Revenue Forecasts

Overview

The June 2020 forecast of driver related revenue projected by the Department of Licensing includes the following revenues: driver license fees (including commercial driver licenses, enhanced driver licenses, and temporary restricted licenses), ID card fees, driver exam application fees, copies of records, motorcycle operator fees, ignition interlock fees, and other miscellaneous fees. The miscellaneous fees include limousine licenses, 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).

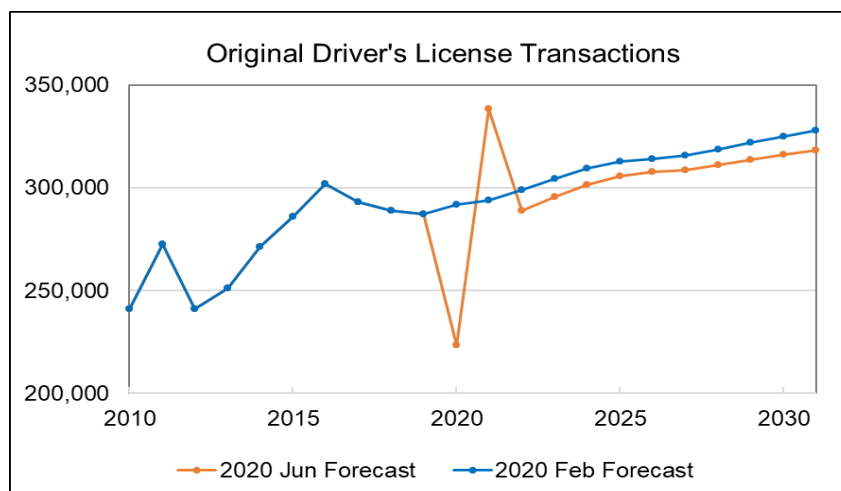
All driver-related revenue for FY2019-2021 is forecasted to be \$303.4 million, down by \$12.4 million (-3.9%). FY2021-23 biennium is forecasted at \$326.3 million, down by \$1.0 million (-0.3%) from the prior forecast. Over the next ten year period (FY20-FY29), driver related revenue is revised down to \$1,617.6 million, about -\$22.8 million (-1.4%) from the prior forecast.

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

Primary reasons for the change in the June 2020 forecast

- Due to COVID-19 Pandemic, all driver license offices were closed since mid-March, while DOL loosened several restrictions to encourage on-line transactions. As a result, first time driver or ID issuances (except for CDL) that required in-person services are down by -23% while renews are only slightly impacted (-0.5%). The closure of DOL offices certainly created pent-up demand for first time driver license/ID demand, which is expected to catch up in FY21 (+15% for originals and +2.2% for renewals). See Chart below.

Figure 16: Original Driver's License Transactions – June versus February 2020 Forecasts



- 3SHB 1504 (2020) raises the driver license DUI reissue fee from \$150 to \$170 and from a proportion of 37% to 44% to be deposited in the Highway Safety Fund (Account 106), with an effective date of January 1, 2022.
- EDL/EID issuances are down by -23% for FY20 due to office closures. While some pent-up demands are expected to catch up in FY21, TSA's one-year delay of REAL ID deadline is expected to push peak EDL/EID demands one year out to FY22. Therefore, FY21 is down by about -27% while FY22 is up by about 4%. Additionally, because of concerns about safe air travel due to Covid-19, we adjusted downward EDL/EID participation rate by about -2% throughout the forecast horizon. See figure below.
- Driver examinations are revised downward by an average of -4% throughout the forecast horizon due to lower driver-in migration expected.

Other Transportation Related Revenue Forecast

Overview

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

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

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

Washington State collected \$210 million from Other Transportation Related revenues in the 2017-2019 biennium and are projected to collect \$162 million in the 2019-21 biennium. This represents a decrease of 23% biennium to biennium due to I-976, which eliminated the 0.3% sales tax on new and used motor vehicle sales beginning December 5, 2019. The baseline June forecast in the current biennium is down from the last baseline forecast by \$25.4 million or 13.5% from the previous forecast. Both the November and February baseline forecasts include the impact of the passage of Initiative I-976, which called for the elimination of the sales tax on new motor vehicles. This June baseline forecast also includes impacts from the reduced demand from the pandemic and current recession for certain taxes and fees like the rental car tax. The initiative's impact in the June forecast results in a reduction in vehicle sales tax revenue of \$72.4 million in the current biennium baseline forecast. For the next 10-year period, the baseline transportation related revenue forecast is anticipated to be up by \$40.7 million from the previous baseline February forecast estimate due to new 2020 legislation, which added a new Heavy Equipment rental tax. Over the next 10 years, the impact of the initiative I-976 is anticipated to reduce the baseline Other Transportation Related revenue forecast by \$524.5 million or 57%.

Primary reasons for the change in the June 2020 forecast

- Vehicle sales have been significantly reduced due to COVID-19 related shutdowns. Motor vehicle sales and use tax revenue came in \$4.738 million below forecast in the five months since the February forecast (January data was revised). Sales tax collections were \$4.332 lower, or 23.6%. Use tax collections were \$406,000 lower, or 11.9%. The forecast for U.S. new vehicle sales rebounds in the second quarter of 2021, but remains lower throughout the forecast compared to February. The forecast for U.S. sales of used vehicles compared to February is also lower and follows a similar pattern. The biennial forecast change ranges from -14.1% in 2019-21 to -5.0% in 2027-29. The passage of I-976 potentially eliminates the tax.
- Rental car tax collections have been severely reduced to the COVID-19 related shutdowns and limitations on travel. Collection came in \$4.029 million (34.6%) below forecast in the four months since the February forecast. The economic variables are much worse than February, reflecting the sharp downturn caused by the pandemic. The forecast has been revised downward throughout the forecast horizon. The biennial change ranges from -33.1% in 2019-21 to -5.4% in 2027-29.
- WSDOT Business related revenue for June has been revised down by \$0.07 million or 0.5% from the February forecast in the 2019-21 biennium to reflect actuals.
- WSDOT Real Estate Services Department, property sales are projected to be \$10 million in the current biennium, which is no change from the February forecast.
- The current business related forecast in the outer biennia are impacted by minor changes in inflation (IPDC).
- The school zone fines forecast is down slightly (\$0.03 million or 4%) in the current biennium due to actuals coming in lower, to date, in the 2019-21 Biennium.
- The 2019-21 WSP Business Related Revenues for June 2020 have been revised down by \$395,000 or (3.05%). The change reflects updated yearly averages in all categories that now include any COVID-19 impacts through the first 10 months of fiscal year 2020. Future biennia revenues rebound but are forecast at one percent lower than then February forecast.
- Aviation Fuel Tax 039 forecast is lower for FY 2019-21 by -\$177,300 or -3.4% based on actuals thru May and the recent Covid-19 outbreak as well as anticipated resulting economic conditions. The forecast continues lower than the previous forecast throughout the rest of the forecast horizon by an average of -\$127,500 or -2.34% per biennium. The forecast is a little more pessimistic than the previous forecast due to recent events such as Covid-19. In addition, this forecast was updated with the OFM long-term manufacturing employment forecast as well as the FAA General Aviation Fuel Consumption forecast.
- Aviation Specialty Plate forecast per HB 1400 (2017) with an effective date of July 22, 2017. This forecast is a little lower FY 2019-21 by -\$1,500 or -1.75% than the previous forecast based on actuals thru May. The forecast continues slightly lower on average by -0.8% per biennium throughout the rest of the forecast horizon.

Ferry Ridership and Revenue

Overview

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

- Passenger full fares
- Passenger frequent user discount (commuter) fares
- Passenger other discount fares (e.g., senior fare, youth fare)

- Auto / driver full fares
- Auto / driver frequent user discounted (commuter) fares
- Other vehicle / driver discounted (senior/disabled auto and all motorcycle) fares
- Oversize vehicle / driver (over 22 feet in length) fares

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

The COVID-19 pandemic, the effects of which began in early March 2020 with “stay at home” and “safer at home” public guidance, has severely impacted ferry ridership. April 2020 systemwide ridership was 72% lower than April 2019, well in excess of anything that could be attributed to the economic and demographic variables that are inputs to the forecasting process. As such, an indicator variable was introduced within the models to capture the decrease in ridership not explained by the other forecast inputs, such as employment and real personal income levels. For this June Forecast, the effects of the pandemic are expected to significantly impact ridership for the rest of 2020 and part of 2021, with a recovery transition to a “new normal” occurring by October 2021.

Over the past two decades, the passenger and vehicle/driver frequent user “commuter” fare ridership categories have been declining, in both absolute volumes and as percentage shares of total passengers and vehicles, respectively. A number of factors have contributed to this trend, including an aging population base in ferry-served communities with more riders eligible for senior fares that offer a larger discount, an increase in telecommuting, and changes in the frequent user multi-ride fare media that make them less severable for shared concurrent use by multiple riders. Between FY 2000 and FY 2019, the share of passengers traveling under a discounted, frequent user fare has declined from nearly 46% to less than 19%. Over the same period, the share of drivers of vehicles traveling under a discounted, frequent user fare has declined from nearly 47% to 34%. The COVID-19 pandemic has resulted in an extensive increase in telecommuting, and many employers are expected to be more accommodating of telecommuting after a recovery to conditions representing a “new normal”. To capture this expected effect a 15% reduction has been applied to the longer-term passenger commuter fare ridership forecast, and a 10% reduction has been applied to vehicle/driver commuter fare projections. These assumptions will be revisited in the September 2020 Forecast.

Also contributing to lower near-term ridership projections in the June 2020 Forecast are the following service reduction assumptions, which will be revisited for the September 2020 Forecast.

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

WSF has indicated the service reductions made in response to the COVID pandemic are subject to change in the interim if travel demand increases and resources are available to restore service. Increased service, if implemented ahead of schedule, would facilitate increased ridership.

Overall, the June Baseline Forecast for ridership in the current 2019-21 biennium is 24.3% lower than the February Forecast, with passengers down 26.7% and vehicle/drivers down 21.2%. The June Forecast includes actual ridership and revenue collections through May 2020. Actual ridership for February 2020 was 28.1% higher than February 2019, with the latter far below normal due to snowy weather. However, with the arrival of the COVID-19 pandemic, March, April and May ridership levels were 48.0%, 72.6%, and 58.8% lower, respectively, than FY 2019, with slightly higher percentage variances relative to the prior February 2020 forecast.

Compared to the February Forecast, fare and surcharge revenues for the current 2019-21 biennium are projected to be 22.3% lower, whereas miscellaneous revenues are expected to be 37.4% lower. Fare and surcharge revenues in FY 2021 are expected to be 5.9% lower than FY 2020 as the effects of the pandemic and lower employment projections continue to dampen ferry ridership, especially during the 2020 peak summer season at the beginning of FY 2021. Miscellaneous revenues are expected to decline by 31.4% in FY 2021 over FY 2020 largely due to reduced ridership, uncertainty about vessel galley reopening, decreased concession sales at terminals and aboard ferries, and decreased parking revenue.

For the rest of the forecast horizon, the June ridership projections range from 7.9% lower in FY 2022 to 5.7% lower in the outer forecast years, compared to the February Forecast. The lower ridership trends are the result of lower real personal income and higher real gas price forecasts, in combination with the assumed additional decreases in commuter travel. Fare and surcharge revenue projections are expected to range from 6.4% to 3.5% lower. Revenues are projected to decrease by smaller percentages than ridership because the largest decreases in ridership occur among the lower (passenger) fare categories.

Miscellaneous revenues are about 35% lower across the forecast horizon compared with February, reflecting a conservative stance that will be revisited in September with additional data on the COVID-19 impacts and recovery trends to vendors.

Total fare and miscellaneous revenues forecasted for the 2019-21 biennium amount to \$331.7 million, which is 22.7% lower than the previous forecast of \$429.3 million for the same period. Over 10 years (FY 2020-29), ferry fare and miscellaneous revenues total \$2.09 billion, which is \$193.0 million (8.5%) lower than the February Forecast for 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 remain unknown. As such, the June 2020 Forecast projections, as well as the assumptions upon which they are based at the time of preparation, are subject to an unprecedented level of risk and uncertainty, which may cause actual results to vary considerably from the projections.

Primary reasons for the change in the June 2020 forecast

- Overall, the June fare and surcharge revenue forecasts reflect the substantial near-term drop in ridership from the COVID-19 pandemic and its associated downward effects on employment, real personal income, and travel in general.
- Miscellaneous revenue forecasts are lower than February for the same reasons, with some effects currently assumed to be long-lasting.

Toll Revenue

Overview

COVID-19 Pandemic Impact on Actual Toll Traffic and Revenues

Washington State has five tolled facilities. June 2020 toll traffic and revenues (T&R) forecast have been updated changes to incorporate the actual traffic and revenue trends through May 2020 as well as the department's current estimate of future T&R trends impacted by the COVID-19 pandemic.

Comparing to February 2020 Forecast (which was a no-change forecast from November 2019), toll traffic and revenues were significantly below forecast from March to May 2020, impacted by COVID-19. The three-month combined toll transactions were 54.8 percent, or 9.4 million below the forecast; the reported adjusted toll revenues for the three months were \$26.6 million, which is \$31.6 million (or 53.4 percent) below the forecast.

For the five facilities the total year-to-date (YTD, July 2019 through May 2020) \$30.7 million, or 15.5 percent below the November 2019 forecast Adjusted Gross Toll Revenues of \$167.2 million. YTD Toll Transactions were below the forecast by 8,936,000 transactions, or 15.6 percent.

Figure 17 below provides more details of the YTD actual vs forecast comparison for Toll Transactions and Adjusted Gross Toll Revenue.

Figure 17: FY 2020 YTD (July 2019 through May 2020) Actuals vs November 2019 Forecast

Toll Transactions	Pre-COVID-19 July - Feb	COVID-19 March-May	YTD July - May	Adjusted Gross Toll Revenue	Pre-COVID-19 July - Feb	COVID-19 March-May	YTD July - May
TNB							
Forecasted Transactions	10.4 M	4.0 M	14.4 M	Forecasted Revenue	\$53.8 M	\$20.8 M	\$74.6 M
Reported Transactions	10.4 M	2.7 M	13.1 M	Reported Revenue	\$54.8 M	\$14.5 M	\$69.3 M
Variance from Forecast	0.1 M	-1.3 M	-1.3 M	Variance from Forecast	\$1.0 M	-\$6.4 M	-\$5.4 M
Variance - % change	0.6%	-33.6%	-8.9%	Variance - % change	1.9%	-30.7%	-7.2%
SR 520							
Forecasted Transactions	18.0 M	7.1 M	25.0 M	Forecasted Revenue	\$57.4 M	\$22.7 M	\$80.1 M
Reported Transactions	17.2 M	2.6 M	19.8 M	Reported Revenue	\$54.7 M	\$8.3 M	\$63.0 M
Variance from Forecast	-0.8 M	-4.5 M	-5.2 M	Variance from Forecast	-\$2.7 M	-\$14.3 M	-\$17.1 M
Variance - % change	-4.2%	-63.7%	-21.0%	Variance - % change	-4.8%	-63.2%	-21.3%
I-405 ETLs							
Forecasted Transactions	6.8 M	2.6 M	9.3 M	Forecasted Revenue	\$18.8 M	\$7.8 M	\$26.6 M
Reported Transactions	6.6 M	0.7 M	7.3 M	Reported Revenue	\$19.7 M	\$1.2 M	\$20.9 M
Variance from Forecast	-0.2 M	-1.8 M	-2.0 M	Variance from Forecast	\$0.9 M	-\$6.6 M	-\$5.7 M
Variance - % change	-3.1%	-70.9%	-21.7%	Variance - % change	4.6%	-84.3%	-21.6%
SR 167 ETLs							
Forecasted Transactions	1.2 M	0.5 M	1.7 M	Forecasted Revenue	\$3.2 M	\$1.3 M	\$4.5 M
Reported Transactions	1.2 M	0.2 M	1.4 M	Reported Revenue	\$3.0 M	\$0.3 M	\$3.3 M
Variance from Forecast	0.0 M	-0.2 M	-0.3 M	Variance from Forecast	-\$0.1 M	-\$1.0 M	-\$1.2 M
Variance - % change	-1.6%	-49.5%	-15.4%	Variance - % change	-4.4%	-77.5%	-25.7%
SR 99							
Forecasted Transactions	3.7 M	3.1 M	6.8 M	Forecasted Revenue	\$6.5 M	\$5.5 M	\$12.0 M
Reported Transactions	5.1 M	1.6 M	6.7 M	Reported Revenue	\$8.4 M	\$2.3 M	\$10.7 M
Variance from Forecast	1.4 M	-1.5 M	-0.1 M	Variance from Forecast	\$1.9 M	-\$3.3 M	-\$1.3 M
Variance - % change	38.8%	-49.5%	-1.7%	Variance - % change	29.3%	-59.1%	-11.2%
All Toll Facilities							
Forecasted Transactions	40.0 M	17.2 M	57.2 M	Forecasted Revenue	\$139.7 M	\$58.2 M	\$197.8 M
Reported Transactions	40.5 M	7.8 M	48.3 M	Reported Revenue	\$140.6 M	\$26.6 M	\$167.2 M
Variance from Forecast	0.5 M	-9.4 M	-8.9 M	Variance from Forecast	\$0.9 M	-\$31.6 M	-\$30.7 M
Variance - % change	1.3%	-54.8%	-15.6%	Variance - % change	0.6%	-54.3%	-15.5%

Assumptions and Methodologies for June Forecast

As discussed at June TRFC Assumption meeting on May 21, 2020, the unprecedented COVID-19 Pandemic has disrupted all prior transportation pattern and behaviors. We are in an uncharted territory and there is no sufficient time or data to conclude a stabilized toll traffic trend. Actual data is the best information we have for a post-COVID world.

This June Forecast is our best effort at this moment to capture actuals and the near-term reality impacted by COVID-19. It focuses the estimates in 2019-21 biennium. For FY 2020, the forecast incorporates actual T&R performance through May 2020, adding one-month estimate for June 2020; for 2021, the department assumes different recovery pattern for each facility based on the observed trends.

• **June 2020 to June 2021 toll traffic and toll revenue estimate**

- **General assumptions**

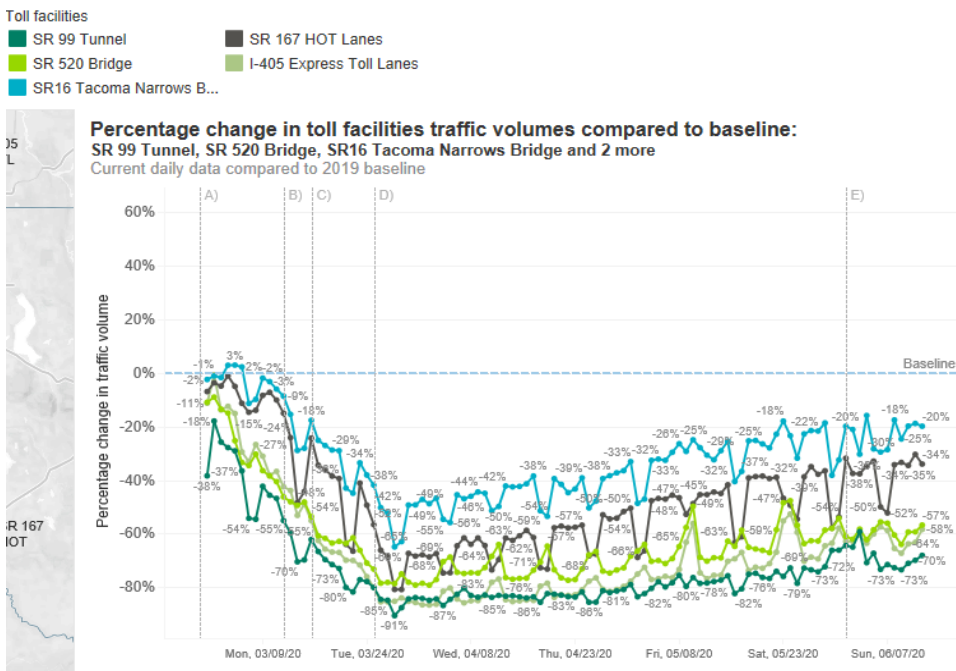
Based on the actual transportation performance at Puget Sound and the nation, Toll Division assumes the following:

- April 2020 had the worst toll T&R performance. Steady recovery is expected after April.
- Facilities with less alternative routes recover fast.
- COVID-19 have more impacts on urban traffic comparing to suburban traffic.
- All facilities traffic performance will not go back to Pre-COVID level by June 2021.

- **Assumptions for each toll facility**

Figure 18 below provides daily traffic volumes from March 01, 2020 through June 12, 2020 in comparison last year's traffic. Those actuals verify the general assumptions and provide additional clarities to the toll facilities.

Figure 18: Percentage change in toll traffic volumes March 01, 2020 through June 12, 2020 in comparison to last year's traffic.



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

Tacoma Narrows Bridge (TNB): benefiting from limited alternative route and suburban location, TNB has performed best under COVID-19. It is leading others in toll traffic recovery. We assume its toll rate stays the same since the rate will not change during different time of the day.

SR 520 Toll Bridge: Located in the urban center of Puget Sound, with I-90 floating bridge providing viable alternative, SR 520 toll traffic has been significantly reduced post COVID, and its recovery seems slow.

The two graphs below are the side-by-side traffic reduction comparison between SR 520 and I-90 floating bridges. As of early June, traffics on I-90 were around 30% below its 2019 level. SR 520 toll traffic may have faster recovery after I-90’s capacity been fully filled. Average toll rates are expected to improve with the recovery of toll traffics.

I-405 Express Toll Lanes (ETLs): I-405 ETLs toll traffic experienced the steepest decline (among all toll facilities) in April; however, its recovery speed is better than SR 520 and SR 99. The location of the facility may contribute to this faster traffic recovery.

The graph below show the traffic comparison between I-405 General Purpose (GP) lanes and ETLs. In early June, the traffic on GP lanes was getting close to last year’s traffic level. Once GP lanes capacity are fully filled and congestion starts to deteriorate, we expect I-405 ETLs toll traffic and toll rates will recover at a higher speed.

SR 167 Express Toll Lanes (ETLs): Trailing after TNB, SR 167 ETLs toll traffic has the 2nd best performance under COVID-19. This may due to its suburban location, low minimum rate (at 50 cents), and single-lane limited capacity.

The graph below show the traffic comparison between SR 167 General Purpose (GP) lanes and ETLs. In early June, the traffic on GP lanes was almost at last year’s traffic level. We expect SR 167 ETLs toll traffic will continue to recover better than I-405, SR 520, and SR 99.

SR 99 Tunnel: Crossing through Seattle downtown and with multiple alternative routes, SR 99 tunnel seems to have slowest traffic recovery among all toll facilities. We expect this trend will continue.

Based on the above observations and expectations, after consultation with independent Traffic and Revenue consultants (Stantec and WSP), following traffic and toll rate assumptions are deemed reasonable and have been applied to June forecast.

Figure 19: June 2020 to June 2021 Traffic and Toll Rate Reduction Assumptions – Comparing to Pre-COVID Forecasts ¹

		ACTUALS			MONTHLY FORECAST (June 2020 to June 2021)		
Facility	Category	Mar-20	Apr-20	May-20	Jun-20	Jun-21	FY 2021 Weighted Average
TNB ²	Toll Traffic reduction	-25.7%	-46.5%	-28.6%	-25%	-8%	-13%
	Toll Rate reduction	-52.9%	-74.4%	-64.3%	-60%	-15%	-32%
SR 520	Toll Traffic reduction	-0.4%	-1.8%		-2%	-1%	-1%
	Toll Rate reduction						
SR 99	Toll Traffic reduction	-28.4%	-66.0%	-54.9%	-50%	-10%	-25%
	Toll Rate reduction	-11.7%	-10.3%		-10%	-5%	-6%
I-405	Toll Traffic reduction	-54.5%	-85.2%	-73.7%	-60%	-15%	-31%
	Actual/Estimated Toll Traffic	400,332	127,468	215,000	351,200	844,000	
	Actual/Estimated Toll Rate	\$ 1.56	\$ 1.08		\$ 1.20	\$ 3.00	
	Toll Rate reduction	-52.3%	-67.3%		-65%	-8%	-22%
SR 167	Toll Traffic reduction	-36.8%	-62.3%	-49.8%	-35%	-10%	-20%
	Actual/Estimated Toll Traffic	104,325	60,267	82,000	107,315	159,000	
	Actual/Estimated Toll Rate	\$ 1.58	\$ 0.60	\$ 1.13	\$ 1.60	\$ 2.60	
	Toll Rate reduction	-39.2%	-77.9%	-58.5%	-41%	-10%	-24%

Notes:

- Pre-COVID forecasts refer to: (1) November 2019 TRFC for TNB, SR 520, SR 99, and SR 167. (2) I-405/SR 167 ETLs Comprehensive Traffic and Revenue Pro-Forma Estimates, Pre-COVID-19, dated May 2020 for I-405 ETLs.
- Assume no toll rate change to TNB.

- FY 2022 toll traffic and revenue estimate – high growth rate associated with the recovery**

The assumption document in May 2020 states FY 2022 toll traffic and revenue estimate would assume the same annual growth rates from Pre-COVID forecasts. Upon further evaluation, this assumption will significantly underestimate the traffic and revenue recovery process through FY 2021 and FY 2022. A higher annual growth rate in FY 2022 to reflect the recovery is more reasonable.

We assume toll traffic and revenue recovery will continue from June 2021 to June 2022 to a reasonable level (see details in Figure 20). The estimated toll traffic growth in FY 2022 ranges from 9% (TNB) to 58% (SR 99), and toll revenue growth ranges from 9% (TNB) to 65% (SR 167 ETLs).

Figure 20: FY 2022 Traffic and Toll Rate Reduction Assumptions – Comparing to Pre-COVID Forecasts

Facility		FY 2021 June '20 Forecast	FY 2022 Pre-COVID Forecast *	% Reduction to June 2022	% Reduction to FY 2022	FY 2022 June '20 Forecast	Annual Growth Rate - FY21 to FY22
TNB	Toll Traffic	13,974,000	16,247,000	-5%	-7%	15,191,000	8.7%
	Toll Revenue Potential	\$ 65,706,000	\$ 98,575,000		-13%	\$ 85,390,594	30.0%
	Toll Rate reduction			-1%	-1%		
SR 520	Toll Traffic	19,098,000	28,111,000	-10%	-13%	24,597,000	28.8%
	Toll Revenue Potential	\$ 65,706,000	\$ 98,575,000		-13%	\$ 85,390,594	30.0%
	Toll Rate reduction			-1%	-1%		
SR 99 #	Toll Traffic	10,102,000	16,320,000	5%	-2.5%	15,912,000	57.5%
	Toll Revenue Potential	\$ 19,542,000	\$ 32,580,000		-7%	\$ 30,177,225	54.4%
	Toll Rate reduction			-5%	-5%		
I-405	Toll Traffic	7,363,000	10,496,000	-5%	-10%	9,446,000	28.3%
	Toll Revenue Potential	\$ 18,243,000	\$ 34,290,000		-16%	\$ 28,885,206	58.3%
	Toll Rate reduction			-5%	-6%		
SR 167	Toll Traffic	1,579,000	2,112,000	-3%	-7%	1,975,000	25.1%
	Toll Revenue Potential	\$ 3,388,000	\$ 6,409,000		-13%	\$ 5,590,370	65.0%
	Toll Rate reduction			-3%	-7%		

Notes:

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

SR 99 Tunnel actual T&R performance after toll commencement was significantly above November 2019 forecast before COVID-19. Average actual traffic performance from December 2019 to February 2020 were above forecast by 49%.

- FY 2023 to FY 2029 traffic and revenue growth assumption – same as stated in May Assumption Document**

As stated in Assumption document in May, we assume the same annual growth rates from Pre-COVID forecasts will apply to the toll traffic and revenues from FY 2023 to FY 2029.

- FY 2020 to FY 2029 – other main assumptions for estimates from**

- No changes on the existing toll policies
- No significant shift on the share of toll transaction payment types

Initial results from March to May actuals suggest a smaller share of GTG! Transponder transaction share, indicating a higher percentage of frequent toll users do not use the toll facilities post-COVID. Currently we do not have enough data for more analysis considering it takes months for photo toll transactions to settle. We expect September 2020 TRFC update will incorporate the observed shift of transaction payment mix.

- Assume the same ratio of toll revenue leakages

Higher share of photo toll transactions will lead to higher ratio of leakages. We don't have enough data to adjust the prior leakage assumption for June TRFC. This adjustment is expected in September TRFC forecast update.

- Civil penalty revenues: assume the same rate of reduction as the ratio for toll traffics, with six-month time lag.
- Late payment fees (PBM \$5 reprocessing fees): assume the same rate of reduction as the ratio for toll traffics, with two-month time lag.

Summary of June Forecast Results

Figure 21 provides the comparison summary between June 2020 forecast and November 2019 forecast results. Some of the highlights of June forecast include:

- 2019-21 Biennium Total Revenue and Fees are estimated to be \$379.4 million, which is \$107.5 million (or 22.1 percent) below the November 2019 Forecast. 2021-23 Biennium Total Revenue and Fees are estimated to be \$476 million, below November 2019 forecast by \$62.6 million (or 11.6 percent). For FY 2020 to FY 2029 Ten-Year total, Total Revenue and Fees are estimated to be \$2.5 billion, \$425 million (or 14.5 percent) below November 2019 forecast.
- Interest income has been significantly reduced due to the reduction in fund balance. Zero interests are assumed in FY 2021 and beyond for TNB, I-405/SR 167 ETLs, and SR 99 accounts.

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

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

FY 2020 YTD July 2019 through May 2020 reported toll transactions were 13 million, which is 1.3 million (or 8.9 percent) below the November 2019 forecast. YTD Adjusted Gross Toll Revenues were \$69.3 million, which was \$5.4 million (or 7.2 percent) below prior forecast. Impacted by COVID-19, March through May's toll transactions were 33.6 percent, or 1.3 million below the forecast. The three-month Adjusted Gross Toll Revenue was \$6.4 million, or 30.7 percent below the forecast.

Comparing to November 2019 forecast, TNB toll transactions are estimated to be reduced by 10.4 percent in FY 2020, and the percentage reduction in FY 2021 is estimated to be 13.0 percent. From FY 2022 to 2029, TNB toll transactions are forecasted to be below the prior forecast by 6.5 percent.

Assuming no changes to the average toll rates, TNB toll revenue June forecast updates reflect the similar trends of its traffic reduction. Comparing to prior forecast, TNB total revenue and fees in June forecast are reduced by 7.4 percent in FY 2020, 13.3% in FY 2021, and 6.5% from FY 2022 to FY 2029. The facility's total revenue and fees in 2019-21 biennium are estimated to be \$153.7 million, which is \$17.9 million below November 2019 forecast.

Figure 21: Revenue Comparison – June 2020 vs November 2019 Forecast (\$ millions)

	Toll Facility	FY 2020	FY 2021	2019-21 Biennium	FY 2022	FY 2023	2021-23 Biennium	2020-29 Ten-Year
June 2020 TRFC	TNB							
	Adjusted Gross Toll Revenue	\$74,865	\$72,586	\$147,451	\$78,879	\$79,828	\$158,707	\$805,095
	Other Revenue	\$3,994	\$2,290	\$6,284	\$2,690	\$2,652	\$5,342	\$27,469
	Total TNB Revenue & Fees	\$78,859	\$74,876	\$153,735	\$81,569	\$82,480	\$164,049	\$832,564
	SR 520							
	Adjusted Gross Toll Revenue	\$66,013	\$60,996	\$127,009	\$79,756	\$82,737	\$162,493	\$838,987
	Other Revenue	\$8,590	\$5,269	\$13,859	\$6,709	\$6,793	\$13,502	\$68,629
	Total SR 520 Revenue & Fees	\$74,603	\$66,265	\$140,868	\$86,465	\$89,530	\$175,995	\$907,616
	I-405 ETLs							
	Adjusted Gross Toll Revenue	\$21,279	\$16,999	\$38,278	\$26,916	\$27,603	\$54,519	\$344,667
	Other Revenue	\$4,830	\$1,512	\$6,342	\$2,217	\$2,306	\$4,523	\$34,941
	Total I-405 ETLs Revenue & Fees	\$26,109	\$18,511	\$44,620	\$29,133	\$29,909	\$59,042	\$379,608
	SR 167 ETLs							
	Adjusted Gross Toll Revenue	\$3,500	\$3,388	\$6,888	\$5,590	\$6,375	\$11,965	\$73,808
	Other Revenue	\$0,166	\$0,092	\$0,258	\$0,093	\$0,094	\$0,187	\$1,204
Total SR 167 ETLs Revenue & Fees	\$3,666	\$3,480	\$7,146	\$5,683	\$6,469	\$12,152	\$75,012	
SR 99								
Adjusted Gross Toll Revenue	\$11,574	\$17,141	\$28,715	\$26,665	\$27,796	\$54,461	\$258,637	
Other Revenue	\$1,388	\$2,942	\$4,330	\$5,021	\$5,279	\$10,300	\$45,617	
Total SR 99 Revenue & Fees	\$12,962	\$20,083	\$33,045	\$31,686	\$33,075	\$64,761	\$304,254	
All Toll Facilities								
Adjusted Gross Toll Revenue	\$177,231	\$171,110	\$348,341	\$217,806	\$224,339	\$442,145	\$2321,194	
Other Revenue	\$18,968	\$12,105	\$31,073	\$16,730	\$17,124	\$33,854	\$177,860	
Total Revenue & Fees	\$196,199	\$183,215	\$379,414	\$234,536	\$241,463	\$475,999	\$2499,054	
November 2019 TRFC	TNB							
	Adjusted Gross Toll Revenue	\$82,120	\$83,390	\$165,510	\$84,379	\$85,395	\$169,774	\$869,010
	Other Revenue	\$3,074	\$3,016	\$6,090	\$2,955	\$2,835	\$5,790	\$28,817
	Total TNB Revenue & Fees	\$85,194	\$86,406	\$171,600	\$87,334	\$88,230	\$175,564	\$897,827
	SR 520							
	Adjusted Gross Toll Revenue	\$87,823	\$90,564	\$178,387	\$92,235	\$95,682	\$187,917	\$1001,810
	Other Revenue	\$7,613	\$7,966	\$15,579	\$8,334	\$8,645	\$16,979	\$89,887
	Total SR 520 Revenue & Fees	\$95,436	\$98,530	\$193,966	\$100,569	\$104,327	\$204,896	\$1091,697
	I-405 ETLs							
	Adjusted Gross Toll Revenue	\$29,471	\$31,684	\$61,155	\$33,402	\$35,018	\$68,420	\$463,815
	Other Revenue	\$2,537	\$2,670	\$5,207	\$2,925	\$3,172	\$6,097	\$44,568
	Total I-405 ETLs Revenue & Fees	\$32,008	\$34,354	\$66,362	\$36,327	\$38,190	\$74,517	\$508,383
	SR 167 ETLs							
	Adjusted Gross Toll Revenue	\$4,928	\$5,620	\$10,548	\$6,409	\$7,309	\$13,718	\$87,267
	Other Revenue	\$0,243	\$0,274	\$0,517	\$0,309	\$0,346	\$0,655	\$4,338
Total SR 167 HOT Lanes Revenue & Fees	\$5,171	\$5,894	\$11,065	\$6,718	\$7,655	\$14,373	\$91,605	
SR 99								
Adjusted Gross Toll Revenue	\$14,052	\$24,228	\$38,280	\$28,757	\$29,976	\$58,733	\$286,243	
Other Revenue	\$1,717	\$3,908	\$5,625	\$5,137	\$5,401	\$10,538	\$47,855	
Total SR 99 Revenue & Fees	\$15,769	\$28,136	\$43,905	\$33,894	\$35,377	\$69,271	\$334,098	
All Toll Facilities								
Adjusted Gross Toll Revenue	\$218,394	\$235,486	\$453,880	\$245,182	\$253,380	\$498,562	\$2708,145	
Other Revenue	\$15,184	\$17,834	\$33,018	\$19,660	\$20,399	\$40,059	\$215,465	
Total Revenue & Fees	\$233,578	\$253,320	\$486,898	\$264,842	\$273,779	\$538,621	\$2923,610	
Changes from November 2019 TRFC	TNB							
	Adjusted Gross Toll Revenue	-\$7,255	-\$10,804	-\$18,059	-\$5,500	-\$5,567	-\$11,067	-\$63,915
	Other Revenue	\$0,920	-\$0,726	\$0,194	-\$0,265	-\$0,183	-\$0,448	-\$1,348
	Total TNB Revenue & Fees	-\$6,335	-\$11,530	-\$17,865	-\$5,765	-\$5,750	-\$11,515	-\$65,263
	SR 520							
	Adjusted Gross Toll Revenue	-\$21,810	-\$29,568	-\$51,378	-\$12,479	-\$12,945	-\$25,424	-\$162,823
	Other Revenue	\$0,977	-\$2,697	-\$1,720	-\$1,625	-\$1,852	-\$3,477	-\$21,258
	Total SR 520 Revenue & Fees	-\$20,833	-\$32,265	-\$53,098	-\$14,104	-\$14,797	-\$28,901	-\$184,081
	I-405 ETLs							
	Adjusted Gross Toll Revenue	-\$8,192	-\$14,685	-\$22,877	-\$6,486	-\$7,415	-\$13,901	-\$119,148
	Other Revenue	\$2,293	-\$1,158	\$1,135	-\$0,708	-\$0,866	-\$1,574	-\$9,627
	Total I-405 ETLs Revenue & Fees	-\$5,899	-\$15,843	-\$21,742	-\$7,194	-\$8,281	-\$15,475	-\$128,775
	SR 167 ETLs							
	Adjusted Gross Toll Revenue	-\$1,428	-\$2,232	-\$3,660	-\$0,819	-\$0,934	-\$1,753	-\$13,459
	Other Revenue	-\$0,077	-\$0,182	-\$0,259	-\$0,216	-\$0,252	-\$0,468	-\$3,134
Total SR 167 ETLs Revenue & Fees	-\$1,505	-\$2,414	-\$3,919	-\$1,035	-\$1,186	-\$2,221	-\$16,593	
SR 99								
Adjusted Gross Toll Revenue	-\$2,478	-\$7,087	-\$9,565	-\$2,092	-\$2,180	-\$4,272	-\$27,606	
Other Revenue	-\$0,329	-\$0,966	-\$1,295	-\$0,116	-\$0,122	-\$0,238	-\$2,238	
Total SR 99 Revenue & Fees	-\$2,807	-\$8,053	-\$10,860	-\$2,208	-\$2,302	-\$4,510	-\$29,844	
All Toll Facilities								
Adjusted Gross Toll Revenue	-\$41,163	-\$64,376	-\$105,539	-\$27,376	-\$29,041	-\$56,417	-\$386,951	
Other Revenue	\$3,784	-\$5,729	-\$1,945	-\$2,930	-\$3,275	-\$6,205	-\$37,605	
Total Revenue & Fees	-\$37,379	-\$70,105	-\$107,484	-\$30,306	-\$32,316	-\$62,622	-\$424,556	

Updates to SR 520 Toll Bridge traffic and toll revenue

SR 520 Bridge toll traffic and revenue forecast for June 2020 has been updated to incorporate the actuals through May 2020. It also reflects the current assumptions of the facility's Post-COVID traffic and revenue recovery trend.

FY 2020 YTD (July 2019 through May 2020) reported toll transactions were 19.8 million, which is 5.2 million (or 21.0 percent) below November 2019 forecast. YTD Adjusted Gross Toll Revenue was \$63 million, which is \$17.1 million (or 21.3) percent below the prior forecast.

Pre-COVID July 2019 through February 2020 reported toll transactions were 4.2 percent below the forecast. The negative variance in adjusted gross toll revenue of 4.8 percent is in line with the variance in toll transactions. SR 520's pre-COVID-19 underperformance is due to the underestimate of the HOV lane closure impact. During SR 520 Montlake construction, from October 2019 through FY 2023 the Westbound and Eastbound High Occupancy Vehicle (HOV) lanes were removed between Portage Bay and floating bridge. The November 2019 forecast included the two-lane configuration in their Travel Demand Model (TDM), and assumed the capacity reduction is less than 1 percent. However, the forecast did not consider the effect of the narrowed lanes (10.5 feet wide vs regular 12 feet) with narrow shoulders and a speed limit reduction to 40 mph from 55 mph. As a result, the November 2019 forecast underestimated the effects of closing the 1.5-mile length of HOV lanes. This temporary lane capacity reduction becomes less significant when the overall travel demand is significantly reduced post COVID-19. The construction contract for the Montlake Phase (SR 520 Main Span) was awarded at the end of last year. The forecast assumed completion of the construction of the rest of west side of the SR 520 corridor in FY 2029 and updated the closure information for SR 520.

Impacted by COVID-19, March to May's toll transactions were 63.7 percent below November 2019 forecast. The three month adjusted Gross Toll Revenue was \$8.3 million, which is \$14.3 million (or 63.2 percent) below the forecast.

Comparing to November 2019 forecast, SR 520 toll transactions are estimated to be reduced by 24.4 percent in FY 2020, and the percentage reduction in FY 2021 is increased to be 31.7 percent. From FY 2022 to 2029, SR 520 toll transactions are forecasted to be below November 2019 forecast by 12.5 percent.

SR 520 total revenue and fees in current biennium are forecasted to be \$141 million, which is \$53 million (or 27 percent) below November 2019 forecast. From FY 2022 to 2029, SR 520 total revenue and fees are forecasted to be below the prior forecast by 14 to 15 percent. The ten-year total revenue and fees (FY 2020 to FY 2029) are estimated to be \$908 million, which is down by \$184 million from prior forecast.

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

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

FY 2020 YTD (July 2019 through May 2020) reported toll transactions were 21.7 percent below the November 2019 forecast. YTD Adjusted Gross Toll Revenue was \$20.9 million, which is \$5.7 million (or 21.6 percent) below November forecast.

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

Impacted by COVID-19, March through May's toll transactions were 70.9 percent below November 2019 forecast. The three-month adjusted Gross Toll Revenue was \$1.2 million, which is \$6.6 million (or 84.2 percent) below prior forecast.

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 November 2019 forecast, I-405 ETLs toll transactions are estimated to be reduced by 25.0 percent in FY 2020, and the percentage reduction in FY 2021 is increased to be 31.2 percent. The ten-year total transactions (From FY 2020 to 2029) are estimated to be reduced by 17 percent.

I-405 ETLs total revenue and fees in current biennium are forecasted to be \$44.6 million, which is \$21.7 million (or 33 percent) below November 2019 forecast. The ten-year total revenue and fees (FY 2020 to FY 2029) are estimated to be \$379.6 million, which is down by \$129 million from November 2019 forecast.

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

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

FY 2020 YTD (July 2019 through May 2020) reported toll transactions were 1.4 million, which is 261,000 (or 15.4 percent) below November 2019 forecast. YTD Revenue were \$3.3 million, which is \$1.2 million (or 25.7 percent) below the prior forecast.

Impacted by COVID-19, March through May 2020 toll traffic and revenues were significantly underperformed. March through May's toll transactions were 49.5 percent, or 0.2 million below the forecast. As mentioned for the I-405 Express Toll Lanes, the percentage decreases in revenue for SR 167 ETLs also exceed their percentage decreases in traffic. As travel demand on SR 167 drops, traffic congestion is significantly reduced; thereby reducing the time savings benefits the dynamic priced managed-lanes offer over the free general-purpose lanes. Reduced demand for the tolled lanes also results in lower-than-average tolls, approaching the minimum toll rate, all day, decreasing revenue further. March through May average toll rate was \$1.10 in comparison to July through February average toll rate of \$2.56. March through May's reported toll revenue was \$0.3 million, which is \$1.0 million (or 77.5 percent) below the forecast.

Comparing to November 2019 forecast, SR 167 ETLs toll transactions are estimated to be reduced by 17.2 percent in FY 2020, and the percentage reduction in FY 2021 is increased to be 20.3 percent. The ten-year total transactions (from FY 2020 to 2029) are estimated to be reduced by 8 percent.

SR 167 ETLs total revenue and fees in current biennium are forecasted to be \$7.1 million, which is \$3.9 million (or 35.4 percent) below November 2019 forecast. The ten-year total revenue and fees (FY 2020 to FY 2029) are estimated to be \$75.0 million, which is down by \$16.6 million (or 18 percent) from November 2019 forecast.

Updates to SR 99 Tunnel traffic and toll revenue

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

SR 99 Tunnel opened to traffic on February 4, 2019. Tolling began on November 9, 2019. Total toll transactions of the seven months (November 2019 to May 2020) were 6.7 million, which is 112,000 (or 1.7 percent) below the November 2019 Forecast. YTD Adjusted Gross Toll Revenue of \$10.7 million was \$1.3 million,

or 11.2 percent below prior forecast. A few factors have contributed to the difference in variances. The monthly Adjusted Gross Toll Revenue forecast did not assume a lag in Pay By Mail toll bill payments, while the actual values reflect the delay in invoicing and payment of non-account toll bills. Overall, Pay By Mail transactions, as a share of total transactions, appears to be lower than forecast while the Pay By Plate share is higher. Also, truck volumes, as a percentage of total trips is lower than the forecast resulting in reduced incremental revenue from axle multipliers.

The following ramp-up factors developed for the November'19 Forecast were applied to the annual traffic and revenue forecasts by fiscal year, to account for the period of time it takes for the traveling public to become accustomed to the lanes, assess the benefits, and acquire an account:

- Year 1 (FY 2020; 8 months) — 74 percent;
- Year 2 (FY 2021) — 83 percent, and;
- Year 3 (FY 2022) — 95 percent.

Pre-COVID actual SR 99 tunnel toll traffic performance suggests the actual ramp up factor has been much milder than originally expected. This may be partially due to the fact the tunnel itself had been open since February 2019 and drivers had eleven months to get familiar with the new route before toll commencement in November 2019.

On March 23, 2020, the West Seattle Bridge was closed for emergent repair. The future of the bridge is unclear at this moment. Stantec's Pre-COVID-19 preliminary model analysis shows the impact of the bridge closure on SR 99 tunnel traffic is minor (around 2% negative impact on toll traffics).

After toll commencement, SR 99 actuals had been significantly outperformed November 2019 forecast, until COVID-19 brought tremendous shift on regional transportation pattern. Impacted by COVID-19, March through May's toll transactions were 49.5 percent, or 1.5 million below the forecast. The three-month of adjusted gross toll revenue of \$2.3 million was \$3.3 million, or 59.1 percent below the prior forecast.

Comparing to November 2019 forecast, SR 99 toll transactions are estimated to be reduced by 8.7 percent in FY 2020, and the percentage reduction in FY 2021 is increased to be 24.8 percent. From FY 2022 to 2029, SR 99 toll transactions are forecasted to be below November 2019 forecast by 2.5 percent.

SR 99 total revenue and fees in current biennium are forecasted to be \$33.0 million, which is \$10.9 million (or 25 percent) below November 2019 forecast. From FY 2022 to 2029, SR 99 total revenue and fees are forecasted to be below the prior forecast by 6.5 percent. The ten-year total revenue and fees (FY 2020 to FY 2029) are estimated to be \$304.3 million, which is down by \$29.8 million (or 8.9 percent) from prior forecast.

Federal Funds Revenue

Overview

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

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

FHWA – Highways Forecast

Apportionment Forecast

- The June 2020 total apportionment forecast for FFY 2020 is \$764.8 million. This forecast is based on Notice N4510.837 dated October 1, 2019 – Apportionment of Federal-Aid Highway Program Funds for Fiscal Year 2020.
- The June 2020 apportionment forecast reflects the CARES Act federal distribution of \$2.2 million.
- The June 2020 apportionment forecast reflects the current Continuing Resolution for FFY 2020, which removed the 2020 rescission of \$55 million that has been previously forecasted.
- The baseline forecast for FFY 2021 through FFY 2029 will assume an annual growth of federal revenues matching the annual Washington State fuel consumption growth rates. In this February forecast, there were only minor revisions upwards annually in the long-term federal highway funds forecast compared to the last forecast due to higher long-term growth rates.

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 February 2020 CORE OA for FFY 2020 is forecasted to be \$696.3 million, which is unchanged from the February 2020 forecast.
- 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 incorporates 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 at 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 June 2020 federal forecast will incorporate two FHWA penalties, which Washington State is subject to.

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

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

The Coronavirus Aid, Relief, and Economic Security (CARS) Act (P.L. 116-136) created a Coronavirus Relief Fund (CRF) which provides \$150 billion to state, local, territorial and tribal governments. The CRF provides \$150 billion for expenditures incurred due to the COVID-19 public health emergency. The June 2020 federal apportionment forecast will include an estimated CRF distribution to Washington State for ferries and public transportation. This CRF estimate does not include fund distributions made directly to King Co, Pierce Co, Snohomish Co and Spokane Co.

Figure 22: FFY 2017 – FFY2020 FHWA Highways Forecast
(\$ millions)

June 2020 Federal Highway Forecast	FFY 2017	FFY 2018	FFY 2019	FFY 2020
Total WA Apportionment	\$ 773.3	\$ 864.7	\$ 769.1	\$ 764.8
Total WA Obligation Authority	\$ 775.3	\$ 906.6	\$ 755.6	\$ 751.7

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 June 2020 Public Transportation federal funds forecast is based on the FAST Act signed into law by President Obama on December 4, 2015 and the 2016 Federal Apportionment Notice of Public Transportation federal funds on the federal registry. The November 2018 apportionment for FFY 2018 was \$23.5 million and has been revised upward to reflect actual distributions.
- The forecast for 2019 through 2020 is based on the FAST Act program funds distribution tables produced by the Federal Transit Administration (FTA). A 3-year average of Washington's proportionate share of the formula program funds is applied to the national totals on the FTA distribution tables for these years. Total federal public transportation formula program funds for FFY 2019 are anticipated to be \$19.2 million and growing to \$19.7 million by FFY 2020.
- The June 2020 forecast includes the CARES Act federal Distribution of \$44.1 million.
- The public transportation formula federal program forecast for FFY 2021 – 2029 is grown annually using the Washington State Fuel Consumption forecasted growth rates, which are down slightly in June compared to the last forecast.

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

(In thousands)

June 2020 - Public Transportation Federal Forecast	FFY 2017	FFY 2018	FFY 2019	FFY 2020
Statewide Planning Program	\$ 495.0	\$ 505.4	\$ 516.0	\$ 527.0
Enhanced Mobility for Elderly and Persons with Disabilities	\$ 2,773.5	\$ 5,383.8	\$ 2,888.0	\$ 2,949.0
Nonurbanized Area Formula Program	\$ 12,847.5	\$ 13,345.4	\$ 13,465.0	\$ 13,751.0
Rural Transit Assistance Program	\$ 204.7	\$ 209.0	\$ 214.0	\$ 219.0
State Safety Oversight Program	\$ 559.5	\$ 600.5	\$ 544.0	\$ 555.0
Bus and Bus Facilities Program	\$ 170.0	\$ 3,500.0	\$ 1,595.0	\$ 1,629.0
CARES Act Federal Distribution	\$ -	\$ -	\$ -	\$ 44,121.6

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

Washington State Ferries (WSF) Federal Apportionment Funds Forecast

- Total federal WSF formula program funds for FFY 2019 are forecasted to be \$13.3 million. This amount is held constant thru 2020. This is unchanged from the previous forecast.
- The June 2020 forecast includes the CARES Act Federal Distribution of \$39.2 million.
- The long-term WSF formula federal program forecast for FFY 2021 – 2027 will be grown annually using the Washington State Fuel Consumption forecasted growth rates. Total federal public transportation formula program funds are anticipated to grow to \$14.0 million by FFY 2029.

**Figure 24: FFY 2017 – FFY2020 FTA Washington State Ferries Forecast
(In millions)**

June 2020 FTA – Washington State Ferries Federal Forecast	FFY 2017	FFY 2018	FFY 2019	FFY 2020
Urbanized Area Formula Program Grants (5307)	\$ 6.06	\$ 5.50	\$ 6.06	\$ 6.06
State of Good Repair Grants (5307)	\$ 6.85	\$ 8.51	\$ 7.20	\$ 7.20
Discretionary and Allocated Programs	\$ 10.00	\$ -	\$ -	\$ -
CARES Act Federal Distribution	\$ -	\$ -	\$ -	\$ 39.20

Forecast Contacts

Washington State Department of Transportation unless otherwise noted

Economic Variables and Fuel Price Forecast

Scott Smith, WSDOT-HQ 360-705-7991 smithsc@wsdot.wa.gov

Motor Fuel Tax Revenue Forecast

Scott Smith, WSDOT-HQ 360-705-7991 smithsc@wsdot.wa.gov

Motor Vehicle Licenses, Permits & Fees Revenue Forecast

David Ding, WSDOT-HQ 360-705-7502, dingdav@wsdot.wa.gov 4

Alice Vogel, Washington State Department of Licensing, 360-902-3986 avogel@dol.wa.gov

Olga Novikova, Washington State Department of Licensing, 360-902-0121, onovikova@dol.wa.gov

Driver Related Revenue Forecasts

Alice Vogel, Washington State Department of Licensing, 360-902-3986 avogel@dol.wa.gov

Robert A. Plue, Washington State Department of Licensing, 360-902-3643 rplue@dol.wa.gov

Jean Du, Ph.D. Washington State Department of Licensing, 360-902-3641 jdu@dol.wa.gov

Olga Novikova, Washington State Department of Licensing, 360-902-0121, onovikova@dol.wa.gov

Other Transportation Related Revenue Forecast

Vehicle Sales & Rental Car Tax

Lance Carey, Washington State Economic and Revenue Forecast Council, 360-534-1564
lancec@dor.wa.gov

Studded Tire Fee

Kasi Reeves, WSDOT-HQ 360-705-7935 reevesk@wsdot.wa.gov

Business and Other Revenue

Heather Jones, WSDOT-HQ 360-705-7944 jonesh@wsdot.wa.gov

Walter Hamilton, WSP (360) 596-4083 Walter.Hamilton@wsp.wa.gov

Aeronautics Revenue

Scott Smith, WSDOT-HQ 360-705-7991 smithsc@wsdot.wa.gov

Alice Vogel, Washington State Department of Licensing, 360-902-3986 avogel@dol.wa.gov

Washington State Ferries Ridership and Revenue Forecast

Ray Deardorf, WSDOT – Ferry Division 206-515-3491 deardorf@wsdot.wa.gov

Toll Operations Traffic and Revenue

Yanming Yao, WSDOT-Toll Division, 206-464-1196, YaoY@wsdot.wa.gov

Federal Funds Forecast

Kasi Reeves, WSDOT-HQ 360-705-7935 reevesk@wsdot.wa.gov

Appendix

Tables Related to the June 2020 Forecast

Figure 25: New 2020 Legislation

<i>Legislation</i>	<i>Description</i>	<i>FY 2019-21 Revenue Impact</i>	<i>FY 2021-23 Revenue Impact</i>
3SHB 1504	<p><i>Increases driver's license reissue fee for driving under influence (DUI) from \$150 to \$170. There is a change in the distribution of this fee with 56 percent to Impaired Driving Safety Account (281) and 44 percent to Highway Safety Account (106). Previously the distribution was 63 percent to Impaired Driving Safety Account (281) and 37 percent to Highway Safety Account (106).</i></p> <p><i>There is also an increase to ignition interlock device monthly fee from \$20 to \$21 with the continuation of \$0.25 of the fee retained by the ignition interlock device company.</i></p>	<i>Effective Jan.2022</i>	<i>\$790,000</i>
EHB 2188	<i>Authorizes DOL to waive the requirements for the knowledge examination for commercial driver's license (CDL) applicants for current or former military service members that meet certain federal requirements.</i>	<i>-\$3,000</i>	<i>-\$6,000</i>
HB 2491	<i>Authorizes the Governor to enter into compacts with federally recognized Indian tribes principally located in the state for the licensing and registration of tribal government and tribal member-owned vehicles with tribal license plates issued by DOL.</i>	<i>Indeterminate (+)</i>	<i>Indeterminate (+)</i>
SHB 2607	<i>Increases the eligibility age for a reduced cost identicaid from age 18 to age 25 for homeless youth.</i>	<i>Indeterminate (+) minimal</i>	<i>Indeterminate (+) minimal</i>
ESSB 5591	<i>Exempts vehicles previously registered in Washington from the \$15 stolen vehicle check fee if the same ownership remained throughout.</i>	<i>Indeterminate (-)</i>	<i>Indeterminate (-)</i>
SSB 5628	<i>Imposes a heavy equipment rental tax of 1.25% of the rental price of each rental in the state. This tax would go into the Motor Vehicle Account and the Multimodal Account.</i>		<i>\$16,800,000</i>

Impact to Select Transportation Accounts

Figure 26: 2019 HB 2042 Revenues and Expenditures – Tracking Sheet

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