

# **Transportation Revenue Forecast Council**

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

### **Volume I: Summary**

# Washington Transportation Economic and Revenue Forecast June 2019 Forecast

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## Preface

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

## June 2019 Transportation Forecast Overview

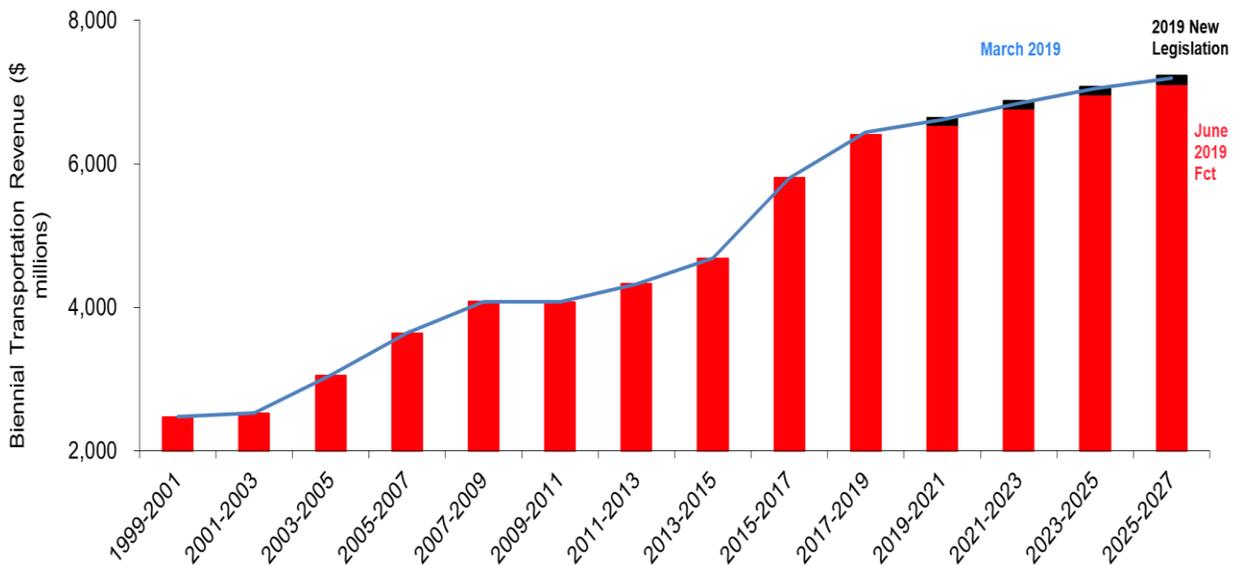
### Forecast Overview

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

- June 2019 transportation forecast of revenues: \$6.40 billion for the current biennium which is down forecast to forecast by \$37.9 million or 0.6%. This was all due primarily to lower fuel tax collections. In next biennium, transportation revenues are up from the last forecast by \$24.7 million compared to the March forecast. The largest share of the increase in the 2019-21 biennium is due to higher licenses, permits and fee revenue and new transfers of the hazardous substance tax into the motor vehicle account as specified in 2019 legislation. If the 2019 legislation had not been enacted, then next biennium's total transportation revenues would be down \$78.4 million from the March forecast. June's revenues would be down from the last forecast every biennia thereafter if the impact of new legislation is excluded.
- For the 10-year forecast horizon, total revenue is projected to be \$34.25 billion, which is up by \$89.8 million (0.26%) from March but if the impact of 2019 legislation was removed then the current forecast would be down \$379.5 million (-1.1%) below the March projections. The reduction in revenue is due to lower fuel tax projections. This reduction in gas tax is counteracted by higher licenses, permits and fee revenue from actuals and new LPF fees and rates. There are also higher business related revenue from the addition of new transfers of the hazardous substance tax and making SR 167 permanent and adding in new toll revenue. Most of the increase in June's revenue is due to new LPF fees/rates and new transfers from 2019 legislation.
- New projections of real personal income growth rates are minor revisions upward in FY 2019-2021 compared to March. Employment projections are also up a little in the near-term compared to March in FY 2019-2021. Then employment projects are slightly down in FY 2022-24. Retail gas and diesel prices are down from the March projections. The current B5 biodiesel price forecast is also down some in the outer quarters from the last forecast. This trend continues throughout.
- The change in fuel tax revenue is down significantly by \$42.6 million or 1.2% from the last forecast in the current biennium. Next biennium, fuel taxes are down more by \$81.2 million or 2.2% over the last forecast. This is due to lower fuel tax collections in recent months since the last forecast. The decrease in fuel tax collections was down by \$393.2 million or 2.1% from the last forecast over the next 10 years.
- The LPF revenue is revised upward by \$4.5 million from the March forecast in the current biennium. Next Biennium, the LPF revenue is also up by \$46.4 million over the last forecast but if new legislation impacts were removed, LPF revenue would only be up \$10.3 million or 0.7%. Over the next 10 years, the forecast for vehicle license, permits and fee revenue is up by \$230.6 million or 2.8% more than the March forecast projections. Without the new legislation, LPF would have been up \$48.5 million or 0.59% from last projections.
- The business related forecast is up significantly next biennium by \$51.8 million due to a new transfer of the hazardous substance tax each biennium of \$50 million specified in 2019 legislation. Over the next 10 years, this new transfer boosts the business related revenues by \$211 million.

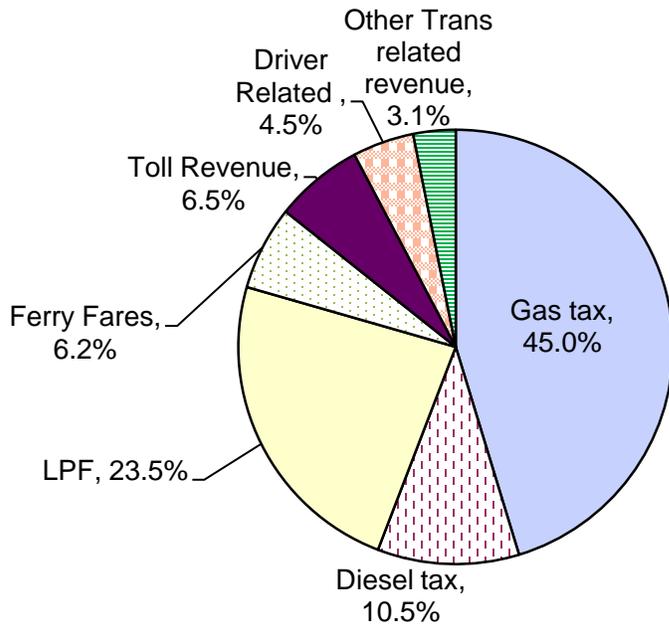
In FY 2019, total transportation revenues were \$3.225 billion, which was a 1.5% increase annually. In the next fiscal year, total transportation revenues are anticipated to be \$3.289 billion. This is a 2% growth in revenue year over year. This increase year over year in transportation revenues is due to 2019 new legislation and LPF being up. In comparing this current forecast with the last forecast, this June forecast is down from the last forecast by \$37.5 million in the current fiscal year. Next biennium, total transportation revenue is up by \$24.7 million from the March forecast. Overall, during the next 10-year horizon, transportation revenues are projected to be \$34.25 billion and up \$89.8 million or 0.26% from the projections in March with an average annual growth rate of 1.4% beginning in the current fiscal year. This current June forecast is up from the March forecast due to new legislation and LPF revenue being higher. If the impacts from the new 2019 legislation were removed, then beginning in the 2019-21 biennium, the June forecast would be down from March by \$78.4 million or 1.18% and over the next 10 years, transportation revenues would be down \$379.5 million or 1.1% from the March forecast.

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



Washington's transportation revenues come from numerous taxes, fees, permits, tolls, and other revenues. Revenues forecasted each quarter include the sources contained in Figure 2. This pie graph reveals the anticipated share of each state revenue source to the total transportation revenues for the 2017-19 biennium, (\$6.40 billion). Gasoline fuel taxes comprise the largest share at 45%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 55.5% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 23.5%. The three largest revenue sources are projected to consist of 79% of revenues in the 2017-19 biennium. The remaining 21% consists of ferry fares, toll revenue, driver related revenue and other transportation related revenue.

**Figure 2: Revenue By Source 2017-19 Biennium (\$6.4 billion)**



As Figure 3 indicates, in the current biennium, actual revenue for transportation is anticipated to be \$6.4 billion, which was \$38.3 million below the March forecast mainly due to lower gasoline tax collections, aviation, rental car, vehicle sales tax and ferry revenue in recent months. Fuel taxes are down the most, -\$42 million, from the last forecast in the current biennium. June's transportation revenues are projected at \$6.65 billion next biennium, which is up by \$23.9 million or 0.36% from March.

This June fuel tax forecast is being revised downward because recent months of gasoline tax revenue actuals for FY 2019 have been significantly lower than anticipated in the last forecast. Fuel tax collections are down \$42 million over the last forecast in the current biennium. Rental car and vehicle sales tax are also coming in under the last forecast by \$0.41 million each in the current biennium and again down a little next biennium. In contrast, the vehicle LPF forecast is up \$4.5 million in this fiscal year due to realizing higher passenger vehicle basic \$30 fee and passenger weight fees in recent months. The June LPF revenue is a significant upward revision by \$46.4 million or 3% from the March forecast next biennium. Most other revenue sources are either up or down a little from the last forecast. Over the 10-year forecast horizon, the transportation revenue forecast for June is anticipated to be \$34.25 billion, which is up \$89.8 million or 0.26% from the last forecast. This June forecast is close to the last March forecast throughout the forecast horizon after the current fiscal year. The change in transportation revenue for this 10-year forecast is driven mainly by the decrease in gasoline tax revenues, rental car, vehicle sales tax and lower aeronautics revenue.

Figure 4 compares the new June forecast, without new legislation, to the March forecast. These results reveal that if the impact of new legislation is removed, next biennium transportation revenues would be down \$78.4 million or 1.18% from the March projections. Over the next 10 years, the June forecast, without new legislation, would be down \$379.5 million or 1.1% from the March projections.

**Figure 3: Current Forecast (WITH NEW LEGISLATION) to Prior Forecast Biennium Comparison of All Transportation Revenues - June 2019 forecast - 10-year period**

Forecast to Forecast Comparison for Transportation Revenues and Distributions 10-Year Period									
June 2019* millions of dollars									
	Current Biennium			2019-2021			10-Year Period		
	2017-2019			2019-2021			(2017-2027)		
	Forecast Jun-19	Chg from Mar-19	Percent Change	Forecast Jun-19	Chg from Mar-19	Percent Change	Forecast Jun-19	Chg from Mar-19	Percent Change
<b>Sources of Transportation Revenue</b>									
Motor Vehicle Fuel Tax Collections	3,574.07	(42.60)	-1.18%	3,606.67	(81.17)	-2.20%	18,306.22	(393.34)	-2.10%
Licenses, Permits and Fees	1,508.63	4.51	0.30%	1,582.04	46.43	3.02%	8,486.74	230.58	2.79%
Ferry Revenue†	400.67	(1.89)	-0.47%	421.41	2.00	0.48%	2,147.71	8.92	0.42%
Toll Revenue	421.59	0.27	0.06%	444.05	7.83	1.79%	2,348.18	39.97	1.73%
Aviation Revenues	7.24	(0.00)	-0.02%	7.24	(0.05)	-0.62%	36.89	(0.21)	-0.55%
Rental Car Tax	70.01	(0.41)	-0.59%	73.61	(0.67)	-0.90%	382.87	(2.16)	-0.56%
Vehicle Sales Tax	102.46	(0.49)	-0.48%	107.28	(1.28)	-1.18%	561.47	(5.42)	-0.96%
Driver-Related Fees	292.69	3.28	1.13%	323.01	(0.16)	-0.05%	1,621.34	0.35	0.02%
Business/Other Revenues ‡	25.94	(0.16)	-0.60%	82.98	51.78	165.90%	363.99	211.06	138.02%
<b>Total Revenues</b>	<b>6,403.30</b>	<b>(37.50)</b>	<b>-0.58%</b>	<b>6,648.28</b>	<b>24.70</b>	<b>0.37%</b>	<b>34,255.42</b>	<b>89.76</b>	<b>0.26%</b>
<b>Distribution of Revenue</b>									
Motor Fuel Tax Refunds and Transfers	228.80	7.52	3.40%	226.80	6.37	2.89%	1,159.38	32.96	2.93%
<b>State Uses</b>									
Motor Vehicle Account (108)	1,233.33	(13.04)	-1.05%	1,311.49	34.39	2.69%	6,674.06	116.46	1.78%
Transportation 2003 (Nickel) Account (550)	427.78	(4.75)	-1.10%	432.68	(8.46)	-1.92%	2,194.83	(41.34)	-1.85%
Transportation 2005 Partnership Account (09H)	634.47	(7.97)	-1.24%	640.75	(14.85)	-2.26%	3,256.02	(72.00)	-2.16%
Connecting Washington Account (20H)	802.06	(11.04)	-1.36%	810.02	(20.87)	-2.51%	4,107.51	(100.05)	-2.38%
Multimodal Account (218)	521.33	0.72	0.14%	541.21	2.09	0.39%	3,102.35	15.77	0.51%
Special Category C Account (215)	50.55	(0.70)	-1.36%	51.05	(1.32)	-2.51%	258.88	(6.31)	-2.38%
Puget Sound Capital Construction Account (099)	36.78	(0.51)	-1.36%	37.15	(0.96)	-2.51%	188.36	(4.59)	-2.38%
Puget Sound Ferry Operations Account (109)	466.56	(2.53)	-0.54%	484.80	(2.34)	-0.48%	2,467.39	(16.10)	-0.65%
Capital Vessel Replacement Account (18J)	43.95	0.84	1.95%	63.90	20.50	47.24%	316.35	94.37	42.51%
Tacoma Narrows Bridge Account (511)	169.45	0.00	0.00%	172.06	0.00	0.00%	882.66	0.00	0.00%
High Occupancy Toll Lanes Account (09F)^	7.20	0.27	3.89%	7.83	7.83	0.00%	46.90	39.97	576.41%
SR 520 Corridor Account (16J)	173.85	0.00	0.00%	183.07	0.00	0.00%	980.38	0.00	0.00%
SR 520 Corridor Civil Penalties Account (17P)	9.27	0.00	0.00%	8.31	0.00	0.00%	45.87	0.00	0.00%
Interstate 405 Express Toll Lanes Operations (595)	61.81	0.00	0.00%	72.78	0.00	0.00%	392.37	0.00	0.00%
Aeronautics Account (039)	7.18	0.00	0.05%	7.16	(0.02)	-0.33%	36.46	(0.07)	-0.18%
Washington State Aviation Account (21G)	0.06	(0.01)	-7.70%	0.08	(0.02)	-21.55%	0.44	(0.14)	-24.20%
State Patrol Highway Account (081)	458.77	1.89	0.41%	465.86	3.65	0.79%	2,404.31	16.27	0.68%
Highway/Motorcycle Safety Accts. (106 & 082)	256.56	2.85	1.12%	286.94	(0.59)	-0.20%	1,437.59	(1.82)	-0.13%
School Zone Safety Account (780)	0.88	0.01	1.41%	0.87	0.00	0.00%	4.36	0.01	0.28%
Other accounts (201, 06T, 09T, 09E, 216, 07C)	18.74	(0.00)	-0.01%	22.21	0.38	1.74%	110.29	2.41	2.24%
Electric Vehicle Account (20J)	0.00	0.00	0.00%	19.06	19.06	100.00%	110.85	110.85	100.00%
Ignition Interlock Devices Revolving Acct 14V	8.14	(0.03)	-0.35%	8.06	0.00	0.00%	40.38	(0.03)	-0.07%
Multituse Roadway Safety Account Collections-571	0.26	0.00	1.80%	0.30	0.01	3.25%	1.47	0.04	2.98%
<b>Total for State Use</b>	<b>5,388.99</b>	<b>(34.00)</b>	<b>-0.63%</b>	<b>5,627.63</b>	<b>38.48</b>	<b>0.69%</b>	<b>29,060.07</b>	<b>153.70</b>	<b>0.53%</b>
<b>Local Uses</b>									
Cities	193.86	(2.67)	-1.36%	195.79	(5.04)	-2.51%	992.82	(24.18)	-2.38%
Counties	314.05	(4.56)	-1.43%	316.64	(7.94)	-2.45%	1,606.98	(38.39)	-2.33%
Transportation Improvement Board (112 & 144)	207.55	(2.84)	-1.35%	210.14	(5.37)	-2.49%	1,070.16	(25.74)	-2.35%
County Road Administration Board (102 & 186)	70.05	(0.95)	-1.33%	71.28	(1.79)	-2.45%	366.02	(8.59)	-2.29%
<b>Total for Local Use</b>	<b>785.51</b>	<b>(11.01)</b>	<b>-1.38%</b>	<b>793.86</b>	<b>(20.15)</b>	<b>-2.48%</b>	<b>4,035.97</b>	<b>(96.90)</b>	<b>-2.34%</b>
<b>Total Distribution of Revenue</b>	<b>6,403.30</b>	<b>(37.50)</b>	<b>-0.58%</b>	<b>6,648.28</b>	<b>24.70</b>	<b>0.37%</b>	<b>34,255.42</b>	<b>89.76</b>	<b>0.26%</b>

† Ferry Fares plus non-farebox revenue

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

**Figure 4: Current Forecast (WITHOUT NEW LEGISLATION) to Prior Forecast Biennium Comparison of All Transportation Revenues - June 2019 forecast - 10-year period**

Forecast to Forecast Comparison for Transportation Revenues and Distributions WITHOUT NEW LEGISLATION 10-Year Period									
June 2019• millions of dollars									
	Current Biennium			2019-2021			10-Year Period		
	2017-2019			2019-2021			(2017-2027)		
	Forecast Jun-19	Chg from Mar-19	Percent Change	Forecast Jun-19	Chg from Mar-19	Percent Change	Forecast Jun-19	Chg from Mar-19	Percent Change
<b>Sources of Transportation Revenue</b>									
Motor Vehicle Fuel Tax Collections	3,574.07	(42.60)	-1.18%	3,606.67	(81.17)	-2.20%	18,306.22	(393.34)	-2.10%
Licenses, Permits and Fees	1,508.63	4.51	0.30%	1,545.95	10.33	0.67%	8,304.67	48.51	0.59%
Ferry Revenue†	400.67	(1.89)	-0.47%	418.40	(1.01)	-0.24%	2,128.92	(9.87)	-0.46%
Toll Revenue	421.59	0.27	0.06%	436.22	0.00	0.00%	2,308.49	0.27	0.01%
Aviation Revenues	7.24	(0.00)	-0.02%	7.24	(0.05)	-0.62%	36.89	(0.21)	-0.55%
Rental Car Tax	70.01	(0.41)	-0.59%	73.61	(0.67)	-0.90%	382.87	(2.16)	-0.56%
Vehicle Sales Tax	102.46	(0.49)	-0.48%	107.28	(1.28)	-1.18%	561.47	(5.42)	-0.96%
Driver-Related Fees	292.69	3.28	1.13%	318.31	(4.87)	-1.51%	1,602.11	(18.89)	-1.17%
Business/Other Revenues ‡	25.94	(0.16)	-0.60%	31.47	0.26	0.82%	154.50	1.57	1.03%
<b>Total Revenues</b>	<b>6,403.30</b>	<b>(37.50)</b>	<b>-0.58%</b>	<b>6,545.13</b>	<b>(78.45)</b>	<b>-1.18%</b>	<b>33,786.14</b>	<b>(379.53)</b>	<b>-1.11%</b>
<b>Distribution of Revenue</b>									
Motor Fuel Tax Refunds and Transfers	228.80	7.52	3.40%	226.80	6.37	2.89%	1,159.38	32.96	2.93%
<b>State Uses</b>									
Motor Vehicle Account (108)	1,233.33	(13.04)	-1.05%	1,259.94	(17.16)	-1.34%	6,464.45	(93.15)	-1.42%
Transportation 2003 (Nickel) Account (550)	427.78	(4.75)	-1.10%	432.68	(8.46)	-1.92%	2,194.83	(41.34)	-1.85%
Transportation 2005 Partnership Account (09H)	634.47	(7.97)	-1.24%	640.75	(14.85)	-2.26%	3,256.02	(72.00)	-2.16%
Connecting Washington Account (20H)	802.06	(11.04)	-1.36%	810.02	(20.87)	-2.51%	4,107.51	(100.05)	-2.38%
Multimodal Account (218)	521.33	0.72	0.14%	541.21	2.09	0.39%	3,102.35	15.77	0.51%
Special Category C Account (215)	50.55	(0.70)	-1.36%	51.05	(1.32)	-2.51%	258.88	(6.31)	-2.38%
Puget Sound Capital Construction Account (099)	36.78	(0.51)	-1.36%	37.15	(0.96)	-2.51%	188.36	(4.59)	-2.38%
Puget Sound Ferry Operations Account (109)	466.56	(2.53)	-0.54%	484.80	(2.34)	-0.48%	2,467.39	(16.10)	-0.65%
Capital Vessel Replacement Account (18J)	43.95	0.84	1.95%	43.90	0.50	1.14%	226.45	4.47	2.02%
Tacoma Narrows Bridge Account (511)	169.45	0.00	0.00%	172.06	0.00	0.00%	882.66	0.00	0.00%
High Occupancy Toll Lanes Account (09F)¶	7.20	0.27	3.89%	0.00	0.00	0.00%	7.20	0.27	3.89%
SR 520 Corridor Account (16J)	173.85	0.00	0.00%	183.07	0.00	0.00%	980.38	0.00	0.00%
SR 520 Corridor Civil Penalties Account (17P)	9.27	0.00	0.00%	8.31	0.00	0.00%	45.87	0.00	0.00%
Interstate 405 Express Toll Lanes Operations (595)	61.81	0.00	0.00%	72.78	0.00	0.00%	392.37	0.00	0.00%
Aeronautics Account (039)	7.18	0.00	0.05%	7.16	(0.02)	-0.33%	36.46	(0.07)	-0.18%
Washington State Aviation Account (21G)	0.06	(0.01)	-7.70%	0.08	(0.02)	-21.55%	0.44	(0.14)	-24.20%
State Patrol Highway Account (081)	458.77	1.89	0.41%	465.86	3.65	0.79%	2,404.31	16.27	0.68%
Highway/Motorcycle Safety Accts. (106 & 082)	256.56	2.85	1.12%	282.24	(5.29)	-1.84%	1,418.36	(21.05)	-1.46%
School Zone Safety Account (780)	0.88	0.01	1.41%	0.87	0.00	0.00%	4.36	0.01	0.28%
Other accounts (201, 06T, 097, 09E, 216, 07C)	18.74	(0.00)	-0.01%	22.21	0.38	1.74%	110.29	2.41	2.24%
Electric Vehicle Account (20J)	0.00	0.00	0.00%	0.00	0.00	100.00%	0.00	0.00	100.00%
Ignition Interlock Devices Revolving Acct 14V	8.14	(0.03)	-0.35%	8.06	0.00	0.00%	40.38	(0.03)	-0.07%
Multiuse Roadway Safety Account Collections-571	0.26	0.00	1.80%	0.30	0.01	3.25%	1.47	0.04	2.98%
<b>Total for State Use</b>	<b>5,388.99</b>	<b>(34.00)</b>	<b>-0.63%</b>	<b>5,524.48</b>	<b>(64.66)</b>	<b>-1.16%</b>	<b>28,590.78</b>	<b>(315.59)</b>	<b>-1.09%</b>
<b>Local Uses</b>									
Cities	193.86	(2.67)	-1.36%	195.79	(5.04)	-2.51%	992.82	(24.18)	-2.38%
Counties	314.05	(4.56)	-1.43%	316.64	(7.94)	-2.45%	1,606.98	(38.39)	-2.33%
Transportation Improvement Board (112 & 144)	207.55	(2.84)	-1.35%	210.14	(5.37)	-2.49%	1,070.16	(25.74)	-2.35%
County Road Administration Board (102 & 186)	70.05	(0.95)	-1.33%	71.28	(1.79)	-2.45%	366.02	(8.59)	-2.29%
<b>Total for Local Use</b>	<b>785.51</b>	<b>(11.01)</b>	<b>-1.38%</b>	<b>793.86</b>	<b>(20.15)</b>	<b>-2.48%</b>	<b>4,035.97</b>	<b>(96.90)</b>	<b>-2.34%</b>
<b>Total Distribution of Revenue</b>	<b>6,403.30</b>	<b>(37.50)</b>	<b>-0.58%</b>	<b>6,545.13</b>	<b>(78.45)</b>	<b>-1.18%</b>	<b>33,786.14</b>	<b>(379.53)</b>	<b>-1.11%</b>

† Ferry Fares plus non-farebox revenue

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

## Economic Variables Forecast

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

**Figure 5: Annual Percentage Change (%) in Select Economic Variables  
June 2019 Forecast**

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2019	4.0%	1.6%	-8.6%	1.8%	5.0%	1.8%	7.8%	2.3%	1.1%	1.2%
2020	2.7%	1.5%	1.3%	1.9%	7.9%	1.9%	7.2%	1.9%	1.3%	1.2%
2021	3.1%	1.4%	1.2%	2.0%	-4.3%	1.9%	4.2%	1.3%	0.6%	0.5%
2022	2.7%	1.3%	1.0%	2.0%	2.4%	1.9%	2.5%	1.1%	-0.2%	-0.1%
2023	2.7%	1.3%	0.7%	1.9%	2.5%	1.9%	1.4%	1.0%	-0.4%	-0.2%
2024	2.7%	1.2%	0.6%	1.9%	2.4%	2.0%	1.0%	0.8%	-0.3%	-0.2%
2025	2.0%	1.2%	0.7%	2.1%	2.2%	2.0%	1.9%	0.8%	0.5%	0.4%
2026	2.2%	1.2%	0.7%	2.1%	2.0%	2.1%	3.7%	0.8%	0.7%	0.6%
2027	2.2%	1.1%	0.7%	2.2%	2.4%	2.2%	4.0%	0.8%	0.8%	0.6%
2028	2.2%	1.1%	0.7%	2.2%	3.1%	2.1%	2.6%	0.7%	1.0%	0.7%
2029	2.4%	1.1%	0.6%	2.1%	3.5%	2.2%	4.4%	0.8%	1.1%	0.8%

Source: Washington Economic and Revenue Forecast Council, Washington Office of Financial Management 2018 long-range forecast, May 2019 Global Insight forecast adjusted for Blue Chip average GDP growth rates and NYMEX crude oil prices

**Figure 6: Difference in Annual Percent Changes in Select Economic Variables from Last Forecast - June 2019 Forecast**

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Non-ag. employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
2019	▲	▬	▼	▬	▲	▬	▲	▲	▲	▼
2020	▬	▬	▬	▬	▲	▬	▲	▬	▬	▼
2021	▲	▬	▬	▬	▼	▬	▲	▲	▼	▬
2022	▬	▬	▬	▬	▼	▬	▲	▬	▼	▼
2023	▬	▬	▬	▼	▲	▬	▼	▼	▼	▼
2024	▬	▬	▬	▼	▲	▬	▼	▬	▼	▼
2025	▬	▬	▬	▬	▲	▬	▼	▬	▬	▬
2026	▬	▬	▬	▬	▬	▬	▼	▬	▬	▬
2027	▬	▬	▬	▲	▲	▬	▬	▬	▬	▬
2028	▬	▬	▬	▲	▬	▬	▬	▬	▬	▬
2029	▬	▬	▬	▲	▼	▬	▬	▬	▬	▬

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

## Motor Fuel Price Forecast

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

*Source of data for the forecast*

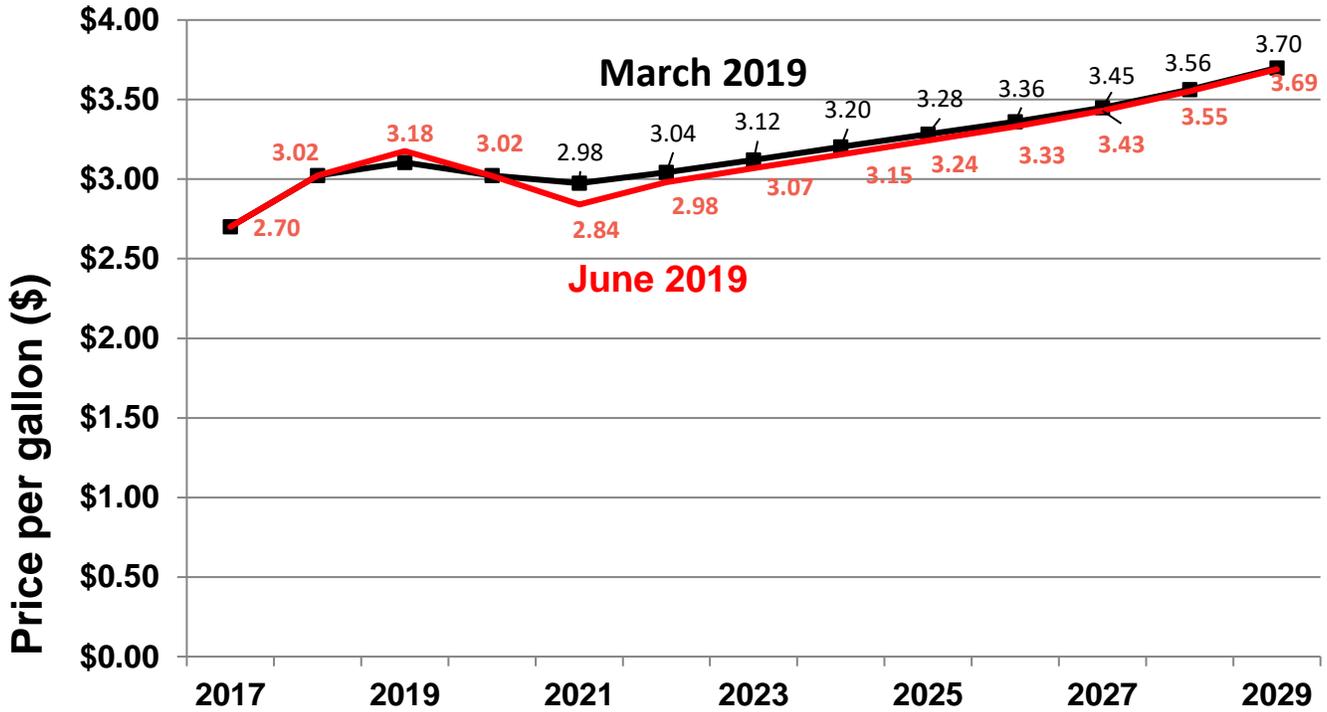
For the Washington retail price of gasoline, fuel prices are collected from the Energy Information Administration's (EIA) survey of retail prices for regular gasoline. For the retail price of diesel, the actual prices are collected from AAA's weekly publication of retail prices for diesel in Washington. The actual ferry B5 biodiesel prices are reported by the Washington State Ferries (WSF). In the short term (through calendar year 2020), the retail gas price forecasts are based on the growth in the national gas price forecast by EIA. The diesel and biodiesel fuel prices are projected based on the growth in national diesel prices from the Energy Information Agency (EIA) monthly projections. Beyond calendar year 2020, the fuel price projections are based on 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 7: Near-term UNADJUSTED BASELINE Qtrly Fuel Prices: June 2019**

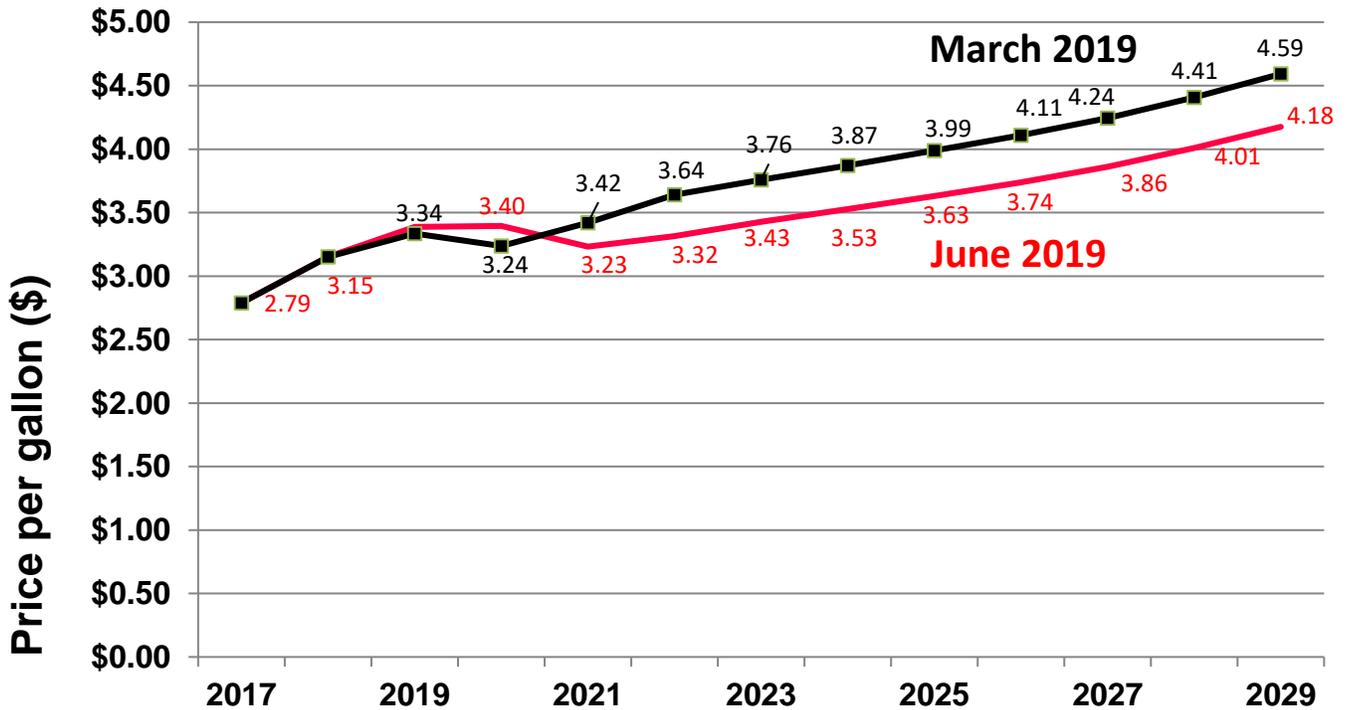
Fiscal Year Quarter	Crude Oil Price (\$/barrel)	WA Retail Gasoline Price (\$/gal)	WA Retail Diesel Price (\$/gal)
2018: Q3	69.76	3.30	3.53
2018: Q4	59.08	3.28	3.50
2019: Q1	54.83	2.80	3.15
2019: Q2	59.40	3.35	3.39
<b>FY 2019</b>	<b>60.76</b>	<b>3.18</b>	<b>3.39</b>
2019: Q3	59.00	3.36	3.45
2019: Q4	63.67	3.28	3.58
2020: Q1	63.00	2.77	3.21
2020: Q2	63.00	2.74	3.36
<b>FY 2020</b>	<b>62.17</b>	<b>3.04</b>	<b>3.40</b>
2020: Q3	63.00	2.75	3.33
2020: Q4	63.00	2.76	3.13
2021: Q1	64.79	2.80	3.21
2021: Q2	65.97	3.06	3.26
<b>FY 2021</b>	<b>64.19</b>	<b>2.84</b>	<b>3.23</b>

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

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



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



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

The WTI crude oil prices from five surveyed forecasting entities, EIA, NYMEX, Global Insight, Consensus Economics, and Moody's Economy.com were compared in this forecast. WSDOT's baseline fuel price forecasts use the Energy Information Administration (EIA) forecasts in the near-term through calendar year 2020 and then use the growth rates from Global Insight forecasts for subsequent years. The forecast for WTI crude oil in FY 2019 was right around \$61 per barrel from all forecasting entities. In FY 2020, the crude oil price projections range from \$53.5 per barrel from NYMEX to \$64 per barrel from Global Insight. WSDOT baseline to \$62 per barrel with an average of \$60.9 per barrel. In FY 2020, there is a downward adjustment needed for the forecast of 2%. The forecast for WTI crude oil in FY 2021 ranged from \$52.6 per barrel by NYMEX to \$64.2 per barrel in the baseline forecast. The baseline crude oil price forecast in FY 2021 was 6.5% below the 5 entity average so a downward adjustment was made to the baseline forecast in FY 2021. Figure 9 reveals the WSDOT baseline WTI price forecast compared to the other entities' crude oil price forecasts.

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

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy.com	Consensus Economics	5 Entity Avg	% Diff Lowest	% Diff Highest	% Diff Average
2019	\$60.76	\$60.76	\$60.98	\$60.39	\$61.81	\$60.94	-0.62%	1.72%	0.29%
2020	\$62.17	\$53.53	\$64.39	\$62.63	\$61.84	\$60.91	-13.89%	3.58%	-2.02%
2021	\$64.19	\$52.64	\$61.43	\$61.16	\$60.63	\$60.01	-17.99%	0.00%	-6.51%

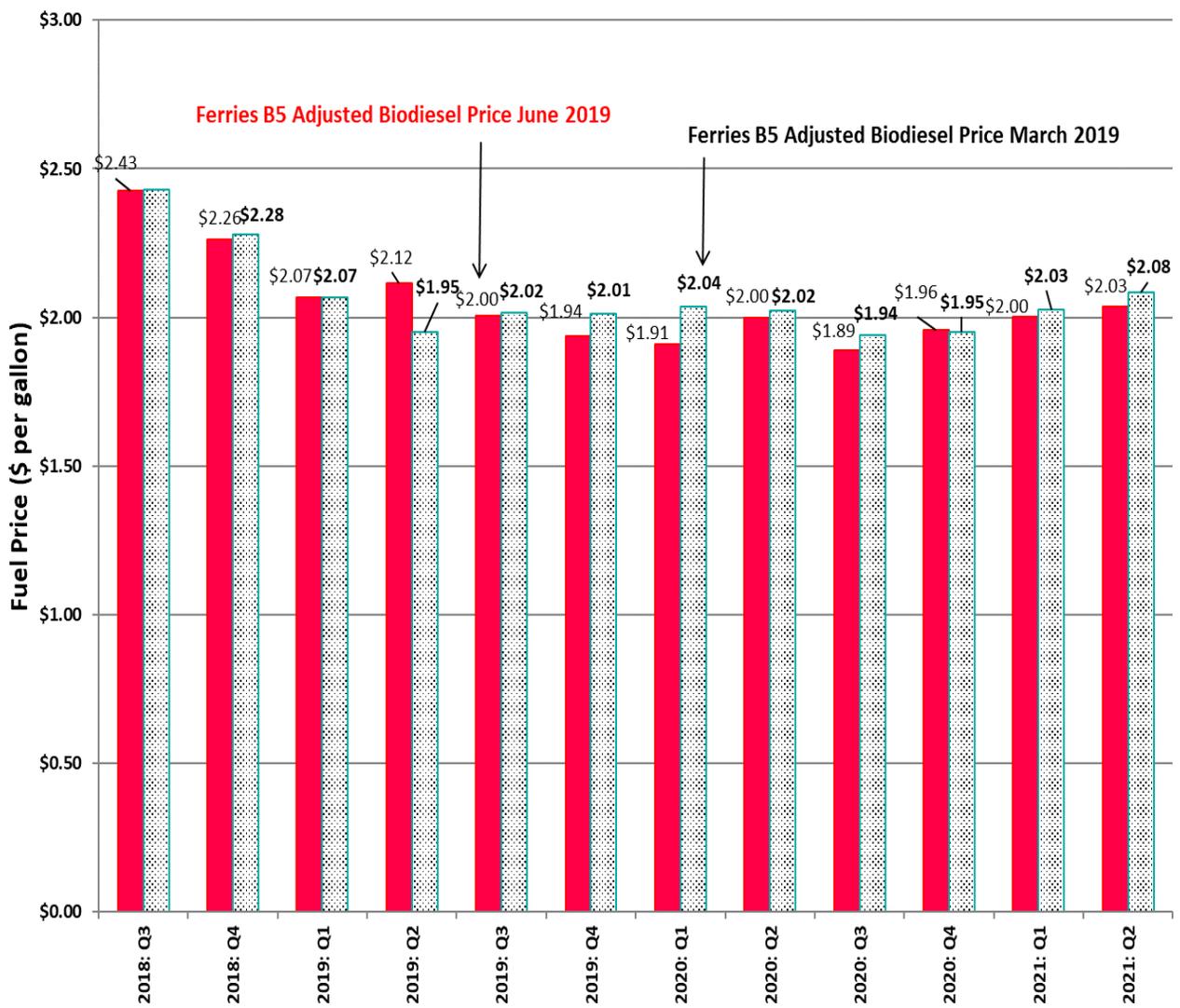
**Figure 11: Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes: June 2019** Dollars per gallon

Fiscal Year Quarter	Adjusted WA Retail Gasoline Price (\$/gal)	Adjusted WA Retail Diesel Price (\$/gal)	Adjusted B5 Biodiesel Price (\$/gal)	Unadjusted B99 Biodiesel price
2018Q3	3.30	3.53	2.43	3.07
2018Q4	3.28	3.50	2.26	3.19
2019Q1	2.80	3.15	2.07	3.13
2019Q2	3.35	3.39	2.12	3.37
<b>FY2019</b>	<b>3.18</b>	<b>3.39</b>	<b>2.22</b>	<b>3.19</b>
2019Q3	3.29	3.38	2.00	3.42
2019Q4	3.21	3.51	1.93	3.56
2020Q1	2.72	3.15	1.91	3.20
2020Q2	2.68	3.29	2.00	3.35
<b>FY2020</b>	<b>2.98</b>	<b>3.33</b>	<b>1.96</b>	<b>3.38</b>
2020Q3	2.57	3.11	1.89	3.32
2020Q4	2.58	2.93	1.96	3.12
2021Q1	2.62	3.00	2.00	3.19
2021Q2	2.86	3.05	2.03	3.25
<b>FY2021</b>	<b>2.66</b>	<b>3.02</b>	<b>1.97</b>	<b>3.22</b>

WSDOT applies the five entity forecast average adjustment to the baseline June 2019 retail gasoline, diesel, and B5 biodiesel prices. The adjusted fuel prices listed in Figure 11 will be used to estimate the future costs to WSDOT agency's 2017-19 biennium budget and next biennium budget for gas, diesel and biodiesel fuel purchases for fiscal years 2019 through 2021. The latest adjusted forecast requires a 2% downward adjustment to the baseline fuel prices in FY 2020. In FY 2021, the baseline fuel prices are also adjusted downward by 6.5%.

As Figure 11 reveals, the new B5 fuel price forecast is higher for the most recent second quarter of 2019 but lower or nearly the same in most other quarters of this forecast horizon compared to the March projections. This June 2019 B5 fuel price forecast is influenced by recent drops in crude oil prices.

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



## Motor Vehicle Fuel Tax Forecast

### Overview

Motor fuel tax collections for March 2019 through May 2019 came in below the March 2019 forecast by \$38.5 million or 8.6 percent. Gasoline tax collections underperformed March projections by \$31.7 million or -8.9 percent. Diesel collections came in below projections by \$6.8 million or 7.6 percent.

The forecast for gross fuel tax revenue for the 2017-2019 biennium is \$3.574 billion, \$42.6 million or 1.18 percent below the March 2019 forecast. In the 2019-2021 biennium, gross fuel tax collections are \$3.607 billion or \$81.2 million (2.20 percent) lower than the estimate in March 2019. Total fuel tax revenue for the 10-year period beginning in the current biennium and ending in the 2025-27 biennium is \$18.306 billion. This is \$393.3 million lower, or 2.1% less, than the March 2019 revenue forecast. Current fuel tax revenue projections are lower than March's forecast throughout the forecast horizon.

### Primary Reasons for Changes in the March Forecast

As noted above, recent fuel tax collections actuals have come in below the last forecast by \$38.5 million for both gasoline and diesel tax collections. The suppression of activity due to the February snow storm was much more serious than anticipated; February gasoline gallons declined to the lowest February levels since 2010. In addition, there was a precipitous drop-off in taxable gallons and revenue for April and May, particularly in gasoline. Growth in gasoline gallons for the combined months of April and May were 10 percent less than in the comparable period in FY 2018 and overall gasoline consumption is down 2% year over year in FY 2019. This 2% annual gas decline is the most severe decline since 1981. Special fuel consumption in FY 2019 has not had a sharp decline as gas consumption as the year over year growth in diesel consumption is still 1.5% from FY 2018.

Overall in the current biennium, gasoline tax collections are down \$33.8 million or 1.1% while diesel tax collections are down \$8.8 million or 1.3% from the March forecast. Next biennium, gasoline tax collections are projected down \$62.7 million or 2.1% and special fuel tax collections are down \$18.5 million or 2.6% from the last forecast.

Fuel tax refund tracking has been made problematic due to recent corrections for errors in the reporting of tribal fuel tax refunds in gasoline and special fuels. From 2016 to 2019, \$17.1 million in special fuels tribal refunds were erroneously charged against gasoline receipts. This has been corrected by a compensating entry in the May, 2019 off-highway refunds line items because non-highway and tribal fuel tax refunds are combined together in DOL reports.

The estimates for non-highway refunds for both gasoline and special fuels has been increased. For FY's 2020-2029, the estimate for gasoline non-highway refunds has been slightly increased from 1.7 percent to 1.8 percent of taxable gallons. The estimate for special fuels non-highway refunds has been increased from 3.5 percent to 4.4 percent of taxable gallons. These changes were made due to actual non-highway fuel tax refunds coming in higher in recent months.

On a minor note, the FY 2020-FY 2029 estimates for administrative fees assessed by the Department of Licensing has been reduced to conform to year-to-date-actuals.

## 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 \$1.51 billion from vehicle licenses, permits, and fees (LPFs) in the 2017-2019 biennium, an increase of \$4.5 million or 0.30% compared to the forecast in March. Next biennium's LPF revenue forecast is up \$46.4 million over the last forecast. Over the next 10-year period, the LPF forecast is anticipated to be \$8.49 billion, which is up \$230.6 million or 2.79% from the previous forecast.

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

- For the fiscal year 2019, passenger car registrations are up 26,000 vehicles or 0.50% above the previous forecast. For FY 2020, passenger car registrations will be 0.53% higher than the previous forecast. The forecast remains about 0.90% higher from 2021 through 2029. The increased forecast for FY2019 is due to the higher actual registrations in previous months. The increased forecast registrations in the remaining years are mainly due to the slightly higher personal income growth rates in the near term forecasted by the Economic Revenue Forecast Council.
- In the current fiscal year, truck registrations are down 8,000 vehicles or 0.49% below the previous forecast. In FY 2020, truck registrations will decrease 0.47% from the previous forecast. The truck forecast sees a forecast-to-forecast decrease in registrations of 0.84% by the end of the forecast horizon. The lower truck registration forecast is due to the lower actual truck registrations we received in the previous months and the lower employment rate for retail employment forecasted by ERFC.
- In the 2017-19 biennium, \$30 registrations revenue is up 0.47% or \$1.6 million more due to the increased passenger car forecast. In the next biennium, revenue from \$30 registrations is about \$2.4 million more than the previous forecast. The revenue runs about \$3.2 million more than the previous forecast in the future biennium due to the higher forecast for the passenger car registrations.
- In the 2017-19 biennium, truck revenue is forecasted lower by \$1.5 million in June due to the reduced actual revenue for trucks as well as that seeing actual lower registrations in recent months. In the 2019-21 biennium, truck combined license revenue is a little bit higher than the previous forecast by \$0.48 million to an increase in prorated vehicle revenues. After next biennium, the revenue runs lower in the following biennium due to the reduced truck forecast. By the end of the forecast horizon, we are seeing a \$1.3 million decreased truck revenue in 2027-29 biennium.
- In the 2017-19 biennium, the Freight Project fee has come in about \$0.9 million more than the previous forecast due to the higher prorated vehicle revenues. In the 2019-21 biennium, the Freight Project fee is \$0.37 million more than the March forecast. The revenue increase stabilized in the out years. By the end of this forecast horizon, we will see a \$0.27 million increase in freight project revenue in 2027-29 biennium.
- The passenger vehicle revenue is impacted by the increased car registration forecast, so we see a corresponding increase in passenger car weight fees. In the 2017-19 biennium there is an about \$1.8 million, or 0.55% forecast to forecast increase. The revenue keeps growing in the out years. By the time of 2027-29 biennium, we see a \$6.5 million increase in passenger vehicle weight fees for the June forecast.
- New legislation in 2019 has increased certain LPF revenue sources like the raises in title and registration service fees.
- A new \$75 fee is established for the Electric Vehicle Charging Infrastructure Account (20J) per 2ESHB-2042 (2019). It is assessed on EV & PhEVs which are already subject to \$150 renewal fee. The \$75 fee is also assessed on hybrid vehicle renewals, which are currently not subject to any alternative vehicle fees. At this point, DOL does not have good counts for hybrid vehicles, and the forecast assumes a rough 100,000 vehicles per year as a place holder, consistent with the fiscal note. The new hybrid vehicle \$75 fee is anticipated to generate \$7.5 million per year beginning FY 2021 and a slight reduction in that total in FY 2020. Expected revenue for all \$75 new charges is projected at \$19 million for FY 2019-21 and \$25 million for FY 2021-23.
- Ferry service fee revenue (18J) is up by \$17.5 million for FY 2019-21 and up by \$18.8 million for FY 2021-23. The forecast is up by an average of 52% throughout the forecast horizon as a result of EHB1789 (2019). Specifically, title service fee goes from \$12 to \$15 and the registration service fee goes from \$5 to \$8 for both vessels and vehicles. This forecast also incorporates an upward revision of about

\$925,000 (+2.6%) for FY 2017-19 with a couple of months' actual for the additional \$5.00 fee for transactions of title with registration per SSB6438 (2018 session).

- Dealer temporary permit forecast is revised up by about 6% over the forecast horizon due to a data revision in the actuals to date. Revenue is up by \$949,000 for FY 2017-19, and about \$1.0 million for FY 2019-21.

## Driver Related Revenue Forecasts

### *Overview*

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

All driver-related revenue for FY2017-19 biennium is estimated at \$292.7 million, about \$3.3 million higher (or 1.1%) than the prior forecast. Revenue for FY2019-21 biennium is forecasted at \$323.0 million, about -\$0.2 million (or -0.1%) lower than the prior forecast. Over the next ten year period (FY18-FY27), driver related revenue is anticipated to total \$1,621.4 million, about \$0.4 million (+0.0%) higher 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. Caution is advised in year over year comparisons.

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

- EDL forecast is revised down by an average of -12% or -\$2.5 million per year throughout the forecast horizon to reflect the Legislature's funding adjustment for EDL related expenditures.
- There is a -3.8% drop in the driver-in forecast due to 1) lower actual to date, 2) change in data reporting in DRIVES, now true calendar month report vs. last Saturday of the month in legacy reports. Data cleaning might be another reason for the lower volume. Lower driver in migration results in a reduction of original license forecast of about one percent per year FY21 forward.
- With DRIVES roll-out two, there seems to have been some data reporting change around duplicate licenses/IDs (forecast-to-forecast revision about -12% or -0.7 million from FY20 forward). At the same time, there is an upward revision of photo-only licenses/IDs (forecast-to-forecast revision is about +10.4% or \$177 thousand each year).
- EHB 1789 (2019) increases vehicle related filing fees by \$1.5 per transaction. Highway safety fund receives the revenue for transactions conducted by DOL only. The forecast for this revenue stream is up by about \$2.4 million per year (or +67%) throughout the forecast horizon.

## 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 \$205 million from Other Transportation Related revenues in the 2017-2019 biennium and are projected to be \$269.9 million in the 2019-21 biennium, an increase of 32% biennium to biennium. For the next 10-year period, the transportation related revenue forecast is anticipated to be \$1.34 billion, which is up \$197.2 million from the previous estimate in March mainly due to 2019 legislation which allows \$50 million transfer from the hazardous substance tax to motor vehicle account each biennium.

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

- Motor vehicle sales and use tax revenue came in \$187,000 below forecast in the four months since the March forecast. Sales tax collections were \$200,000 lower, or 1.4%. Use tax collections were \$13,000 higher, or 0.5%. The forecast for U.S. new vehicle sales is lower throughout the forecast compared to March. The forecast for U.S. sales of used vehicles compared to March is mixed; higher in the near and later term, lower from 2023 to 2026. The biennial forecast change ranges from -1.2% in 2019-21 to -0.8% in 2027-29.
- Rental car collections came in \$415,000 (0.3%) below forecast in the four months since the March forecast. The economic variables were a little weaker since the March forecast. The forecast has been revised downward, primarily in the near term. The biennial change ranges from 0.9% in 2019-21 to 0.2% in 2027-29.
- WSDOT business related revenue forecast for June has been revised up slightly by \$0.006 million or 0.1%, compared to the March forecast in the current biennium. The majority of business related actuals saw a decrease in the 2017-19 biennium with the exception of outdoor advertising, and filing fees and legal services. The major revenue stream, property sales, came in as expected to date. There is one pending property that WSDOT Real Estate Services Department anticipates selling between June and July of over \$5 million. WSDOT business related revenues are down marginally by \$0.001 million or less than 1% from the last forecast in the next biennia and throughout the forecast horizon due to a decrease in inflation.
- The school zone fines forecast is up slightly by 1.4% in the 2017-19 biennium due to actuals.
- The 2017-2019 WSP business related revenue for June 2019 has been revised slightly downward by \$68,525 or .1% from the March 2019 forecast. This revision is due to a downward revision of Commercial Vehicle Penalties from the March 2019 forecast. The forecast out years are unchanged from the March 2019 forecast.
- Aviation Fuel tax has been updated with actuals through May 2019 and is tracking well. FY 2017-19 is unchanged from the previous forecast. The forecast is slightly lower throughout much of the forecast

horizon on average by -\$9,100 or -0.17%. The forecast model has been updated with the OFM long-term manufacturing employment forecast and the FAA General Aviation Fuel Consumption forecast. The model updates account for the relatively minor long-term revisions to this forecast.

- Aviation Specialty Plate Forecast per HB 1400 (2017) with an effective date of July 22, 2017. This forecast is lower FY 2017-19 by -\$7,200 or -8.6% than the March forecast based on actuals through May. The forecast continues lower on average by -\$39,800 or -26.96% per biennium throughout the forecast horizon.

## Ferry Ridership and Revenue

### Overview

For the current forecast, the ferry fare revenue and ridership forecasts for Washington State Ferries are completed in four stages applying to seven fare categories. The seven fare categories are:

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

In August 2017, the Washington State Transportation Commission adopted two annual fare increases, the first of which took effect on October 1, 2017 (FY 2018), with the second occurring recently on October 1, 2018 (FY 2019). The first increase raised passenger fares by 2.1% and vehicle/driver fares by 2.9%, except oversize vehicles, which received smaller fare increases averaging about 1.6% overall. The second increase occurred last October, raising passenger fares by another 2.1% and non-oversize vehicle/driver fares by 2.5%. Oversize vehicle fares remained unchanged over their FY 2018 values.

In the spring of 2019, the Washington State Legislature passed the 2019-21 biennium budget that includes bond funding for a new electric ferry. An additional fare surcharge of \$0.15, for a new total surcharge of \$0.40 is assumed to be added on May 1, 2020 to pay the debt service on the bonds. This additional surcharge has been factored into the Baseline Forecast. With no further fare increases assumed, real fares will slowly decline beyond FY 2019 due to the effects of general inflation. However, the Commission is currently considering a fare increase proposal for possible adoption in August 2019.

Overall, the June Baseline Forecast ridership in the current 2017-19 biennium is 0.5% lower than the March Forecast, with fare revenues projected to be 0.5% lower and miscellaneous revenues essentially unchanged at 0.1% higher. The June Forecast reflects actual revenue and ridership data through May 2019. These downward revisions reflect the most recent performance, now 11 months into FY 2019. The unanticipated service disruptions on the Anacortes-San Juan Islands-Sidney, B.C. service in October and on the Port Townsend-Coupeville route in November, and the severe weather impacts from snowstorms in February have been followed by a slower than expected spring, resulting in year-to-date ridership that is not only below previous forecasts, but also about one percent lower than the same period in FY 2018.

Over the rest of the forecast horizon, the June ridership and revenue projections range from 0.2% to 1.1% lower than forecasted in March. This is due to the ridership dampening effects of lower employment projections, higher real gas prices, and slightly lower inflation. The latter, in combination with the increase in the fare surcharge, contributes to higher real fares. All of these effects combine to reduce future ridership demand in a manner that is not fully offset by an upward revision to the forecast for real personal income.

For the current biennium, miscellaneous revenues have been revised based on actual data coming in so far in FY 2019, plus revised estimates based on vendor projections and recently approved price increases. For the remainder of the 2017-2019 biennium, the forecast for vessel non-fare revenue is up 3.5%, while terminal non-fare revenue is down 3.7%, for a net miscellaneous revenue increase of 0.1%. For the 2019-21 biennium, collective vessel and terminal non-fare revenues are down about 1.2% compared to the March forecast, with the decrease expanding to 3.1% by the 2027-29 biennium. Factors contributing to the slight decrease from the March forecast include the elimination of the final two concessionaires from Colman Dock (it will be completely demolished later this year), the elimination of advertising from Colman Dock, and on-board vessel galley end of life equipment waivers. Vessel galley revenues are up slightly with recently approved price changes.

Total fare and miscellaneous revenues forecasted for the 2017-19 biennium amount to \$400.7 million, which is 0.5% lower than the last forecast. This is the result of lower farebox projections for FY 2019 following abnormally inclement winter weather and other factors diminishing demand. Over 12 years (FY 2018-29), ferry fare and miscellaneous revenues total \$2.60 billion, which is nearly \$11 million higher than the March Forecast. The May 1, 2020 increase in the fare surcharge accounts for the increase in the overall revenue forecast, given that the ridership projections are lower than in March.

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

- Overall, the June fares forecast is the result of lower forecast period employment projections, higher real gas prices, and higher real fares as a result of lower inflation plus the additional fare surcharge; these effects outweigh other positive influences.
- Slight decreases in miscellaneous revenue are due to a combination of elements, including the removal of the final concessions and advertisements from the soon to be demolished Colman Dock and vessel galley equipment replacement. These are nearly offset by vessel galley revenue increases, from recently approved price changes.

## **Toll Revenue**

### Overview

Washington State currently has four toll facilities. The June 2019 Traffic and Revenue (T&R) forecast is a no-change forecast from March 2019 and November 2018 for SR 520, the Tacoma Narrows Bridge (TNB) and the I-405 express toll lanes (ETLs). *The June 2019 forecast for the SR 167 express toll lanes (ETLs) has been updated from the November 2018 T&R Forecast. The update combines eleven months of actuals and one forecasted month from fiscal year 2019 with the remaining fiscal years (2020 through 2029) from the November 2018 Alternative SR 167 HOT lanes. This change in SR 167 in June is due to new legislation.*

Engrossed Substitute Senate Bill (ESSB) 5825, which passed in spring 2019, directs the Washington State Department of Transportation (WSDOT) to develop and operate an express toll lanes network on I-405 from the city of Lynnwood in the north end to the intersection of SR 167 and SR 512 in the south end. This includes adding a new segment of express toll lanes to I-405 between Bellevue and SR 167, which will extend the current express toll lane system from Lynnwood to Tukwila. The bill also repealed the HOT lanes pilot project on SR 167, makes the SR 167 ETLs permanent, and extends express toll lanes south to the SR 512 interchange. Also, the bill expedited the completion of, and authorized tolling on, the Puget Sound Gateway facility, which includes SR 167 in Pierce County and SR 509 in King County.

The Washington State Transportation Commission (WSTC) is responsible for setting the toll rates and policies for the I-405 ETLs between Bellevue and SR 167, the SR 167 ETLs south to SR 512, and the Puget Sound Gateway facility. Toll traffic and revenue forecasts for those segments are not included in the June 2019 TRFC baseline Forecast. This June forecast change in SR 167 baseline forecast reflects the latest actuals in FY 2019 and the end of the pilot program for SR 167 and the beginning of the SR 167 Express Toll Lanes.

- Tacoma Narrows Bridge (TNB): Results from the November 2018 update show small increases (less than one percent) for both toll traffic and total revenues when compared to the previous forecast. The new forecast includes an upward adjustment to reflect the FY 2018 actuals, which are higher than previously forecasted. The same adjustment in toll transactions — an increase of about 0.5 to 0.7 percent — continued throughout the forecast horizon. Beginning in FY 2020, transit and vanpools will be able to use toll facilities for free, which will increase the number of non-revenue transactions for the remainder of the forecast. The increase in transactional forecast also leads to an increase in the toll revenue forecast, with adjusted revenue for the November 2018 forecast being 0.1 to 0.6 percent higher than the previous forecast.
- SR 520 Toll Bridge: Actual toll transactions in FY 2018 were up 4.8 percent and adjusted gross revenue was up 4.0 percent when compared to the November 2017 forecast. Compared to the November 2018 update, the SR 520 traffic forecast is up 4.7 percent in FY 2019 and 4.7 percent in FY 2020. These upward adjustments in transactions also lead to increases in gross revenue potential, from 3.2 percent in FY 2019 to 3 percent in FY 2020. The strong toll revenue growth continues through the forecast horizon. Miscellaneous revenue is more than double due to a revision in the assumed interest rate from 0.5 percent to 0.9 percent, and using a higher underlying balance as the basis of interest income. Total gross toll revenue and fees are expected to be higher in the FY 2017-19 biennium by 4 percent and in the FY 2019-21 biennium by 3 percent, before increasing from 4 percent in the FY 21-23 biennium to 7 percent in the FY 27-29 biennium.
- I-405 Express Toll Lanes (ETLs): The 2018 November update projects a reduction in toll trips through FY 2029, ranging from 5.3 percent to 26.3 percent, based on higher average toll rates due to recent adjustments to the tolling algorithm. An upward adjustment in non-toll trips was also incorporated into the update to reflect actual travel patterns. Despite a reduction in toll trips, the I-405 new gross revenue potential forecast for the current biennium is up by \$8.3 million, or 16 percent from the last forecast. This is primarily due to a combination of higher forecasted toll rates, which were partially driven by higher carpool trips to align with actual experience. Due to vehicles travelling through multiple toll points allowing additional opportunities to capture license plate images, the rate of leakage attributed to unreadable license plates was reduced from 5.5 percent in the November 2017 forecast to 3.5 percent in the November 2018 forecast, and settles at 3 percent by FY 2020 in the November 2018 forecast. The adjusted gross toll revenue is projected to be \$9.4 million, or 21 percent higher for 2017-19 biennium, and continues to be more than 20 percent higher through the 2025-27 biennium before gradually reducing to a 9.6 percent increase over the previous forecast in the 2027-29 biennium. Miscellaneous revenue, primarily attributed to interest earnings, was not forecasted in the November 2017 projections. It is now provided in the 2018 November forecast based on actual experience, in which the interest rate is 0.9 percent.
- SR 167 Express Toll Lanes (ETLs): *The June 2019 forecast represents the change in policy for the facility from being a pilot program to being permanent. It bring in eleven months of actuals and one forecasted month from fiscal year 2019 with the remaining fiscal years (2020 through 2029) from the November 2018 Alternative SR 167 HOT lanes. As a result, fiscal year 2019 toll transaction forecast has increased by 52,000 transactions, or 3.2%, and forecasted toll revenue has increased by \$270,000, or 8.1 percent.*

Figure 13 below provides actual traffic and adjusted gross toll revenue for the four facilities from July 2018 through April 2019.

Through ten months (July 2018-April 2019) of fiscal year 2019, year-to-date (YTD) toll transactions and year-to-date (YTD) for all 4 tolled facilities' adjusted gross toll revenue are within a one percent variance of the forecasted amounts. The transactions and revenue numbers are recovering from the Alaskan Way Viaduct closure in January, which affected traffic patterns throughout the region, and the snow days in February. Year-to-date toll transactions and adjusted gross toll revenue for the I-405 express toll lanes are lower than the forecasted amounts by 3.8 percent and 5.1 percent. Year-to-date toll transactions for the SR 167 express toll lanes are

reporting a variance of 3.5 percent above the forecast, and the year-to-date adjusted gross toll revenue variance is 6.5 percent above the forecast.

**Figure 13: FY 2019 YTD Actuals (July to April) vs November 2018 Forecast**

Toll Facility	Toll Traffic				Adjusted Gross Toll Revenue			
	Forecast	Actuals	Variance	Variance %	Forecast	Actuals	Variance	Variance %
TNB	12,798,000	12,702,571	(95,429)	-0.7%	66,747,000	67,207,171	\$ 460,171	0.7%
SR 520	21,638,000	21,768,342	130,342	0.6%	69,247,000	69,715,602	\$ 468,602	0.7%
I-405 ETLs	8,305,000	7,985,396	(319,604)	-3.8%	24,643,786	23,379,062	\$ (1,264,725)	-5.1%
SR 167 ETLs	1,315,300	1,361,370	46,070	3.5%	\$ 2,723,700	\$ 2,900,427	\$ 176,727	6.5%
<b>Total</b>	<b>44,056,300</b>	<b>43,817,679</b>	<b>(238,621)</b>	<b>-0.5%</b>	<b>\$163,361,486</b>	<b>\$163,202,261</b>	<b>\$ (159,226)</b>	<b>-0.1%</b>

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

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

TNB’s primary change in the November 2018 forecast was to reflect FY 2018’s actual performance, the revision of the payment mix, and increasing the number of non-revenue transactions by including transit and vanpools (which will be able to use the facility toll-free starting FY 2020).

*Despite ten days of snowy weather in February toll transactions and reported revenues year-to-date (YTD) performance are in line with the forecast. FY 2019 YTD reported toll transactions (Figure 14) are 95 thousand transactions (0.7 percent) below the forecast. YTD Adjusted Gross Toll Revenue (Figure 15) is \$460 thousand (0.7 percent) above the November 2018 forecast.*

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

TOLL TRANSACTIONS	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	YTD	Forecasted Annual Total
Forecasted Transactions <sup>1</sup>	1,391,000	1,406,000	1,287,000	1,310,000	1,225,000	1,257,000	1,220,000	1,116,000	1,289,000	1,297,000	1,390,000	1,354,000	12,798,000	15,542,000
Reported Transactions <sup>2</sup>	1,391,580	1,405,795	1,287,172	1,316,257	1,238,195	1,245,593	1,238,033	964,078	1,321,142	1,294,726	-	-	12,702,571	
Variance from Forecast	580	(205)	172	6,257	13,195	(11,407)	18,033	(151,922)	32,142	(2,274)	-	-	(95,429)	
Variance - % change	0.0%	(0.0%)	0.0%	0.5%	1.1%	(0.9%)	1.5%	(13.6%)	2.5%	(0.2%)	-	-	(0.7%)	
Reported Toll Booth	25.0%	24.1%	23.4%	21.2%	21.9%	22.1%	20.4%						22.7%	22.5%
Reported Good To Go! Pass	53.4%	54.5%	55.4%	57.5%	56.9%	56.4%	58.1%						56.0%	56.3%
Reported Good To Go! Plate	13.0%	13.3%	13.2%	13.4%	13.2%	13.2%	13.6%						13.3%	12.9%
Reported Pay By Mail	8.6%	8.2%	8.0%	7.8%	8.0%	8.2%	7.9%						8.1%	8.2%

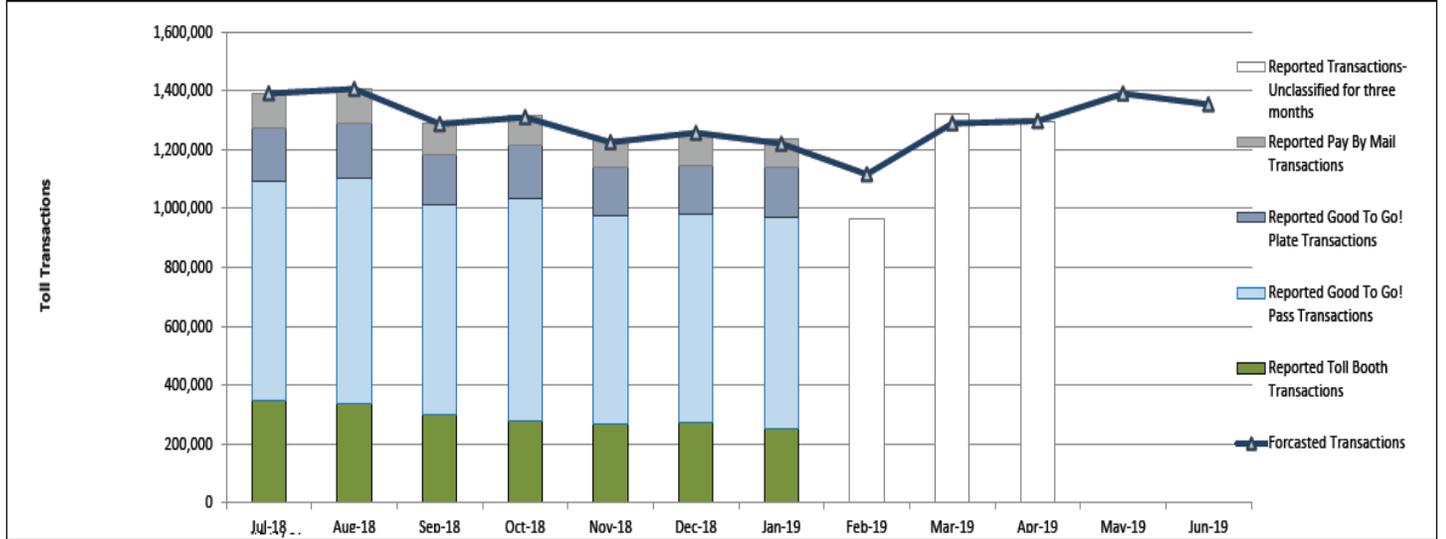
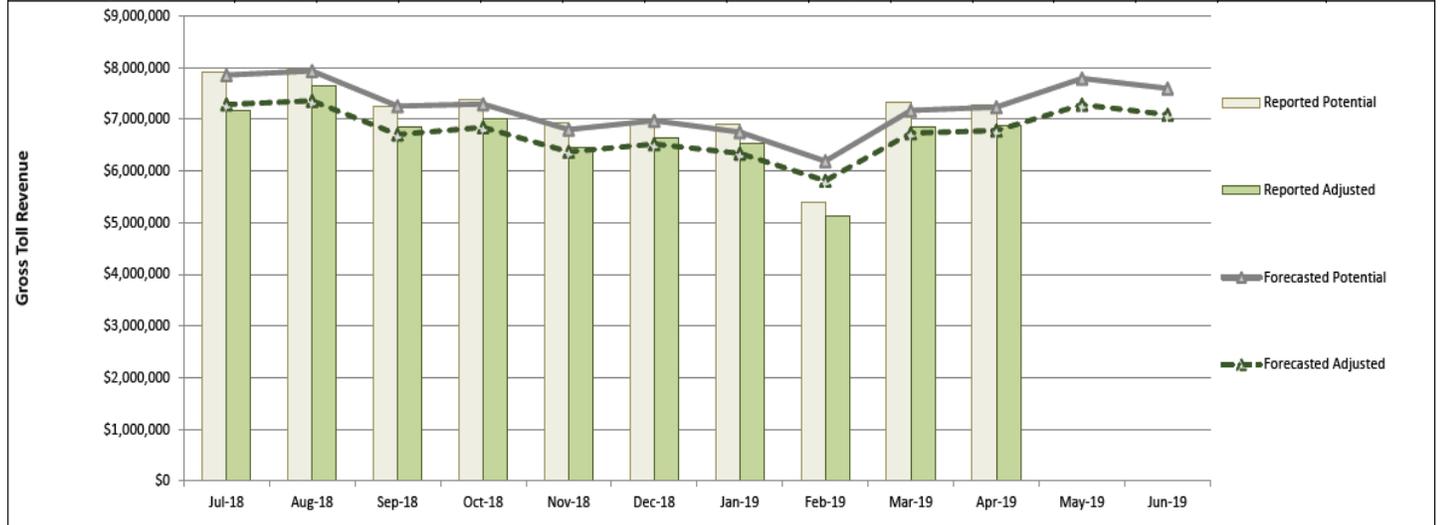


Figure 15: FY 2019 TNB Reported Toll Revenue Compared to November 2018 Forecast

GROSS TOLL REVENUE	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	YTD	Annual Total
Forecasted Potential <sup>1</sup>	\$7,854,000	\$7,934,000	\$7,254,000	\$7,292,000	\$6,800,000	\$6,974,000	\$6,752,000	\$6,190,000	\$7,169,000	\$7,234,000	\$7,789,000	\$7,596,000	\$71,453,000	\$86,838,000
Reported Potential <sup>2</sup>	\$7,903,820	\$7,959,986	\$7,256,966	\$7,378,242	\$6,922,657	\$6,947,163	\$6,903,290	\$5,382,401	\$7,324,840	\$7,284,838			\$71,264,202	
Variance From Forecasted Potential	\$49,820	\$25,986	\$2,966	\$86,242	\$122,657	(\$26,837)	\$151,290	(\$807,599)	\$155,840	\$50,838			(\$188,798)	
Variance - % Change	0.6%	0.3%	0.0%	1.2%	1.8%	(0.4%)	2.2%	(13.0%)	2.2%	0.7%	-	-	(0.3%)	
Forecasted Adjusted <sup>3</sup>	\$7,287,000	\$7,357,000	\$6,705,000	\$6,845,000	\$6,372,000	\$6,520,000	\$6,338,000	\$5,811,000	\$6,730,000	\$6,782,000	\$7,283,000	\$7,089,000	\$66,747,000	\$81,119,000
Reported Adjusted	\$7,176,647	\$7,656,683	\$6,854,957	\$7,018,126	\$6,449,468	\$6,628,995	\$6,535,649	\$5,139,419	\$6,859,353	\$6,887,874			\$67,207,171	
Variance From Forecasted Adjusted	(\$110,353)	\$299,683	\$149,957	\$173,126	\$77,468	\$108,995	\$197,649	(\$671,581)	\$129,353	\$105,874			\$460,171	
Variance - % Change	(1.5%)	4.1%	2.2%	2.5%	1.2%	1.7%	3.1%	(11.6%)	1.9%	1.6%	-	-	0.7%	



Updates to SR 520 Toll Bridge traffic and toll revenue

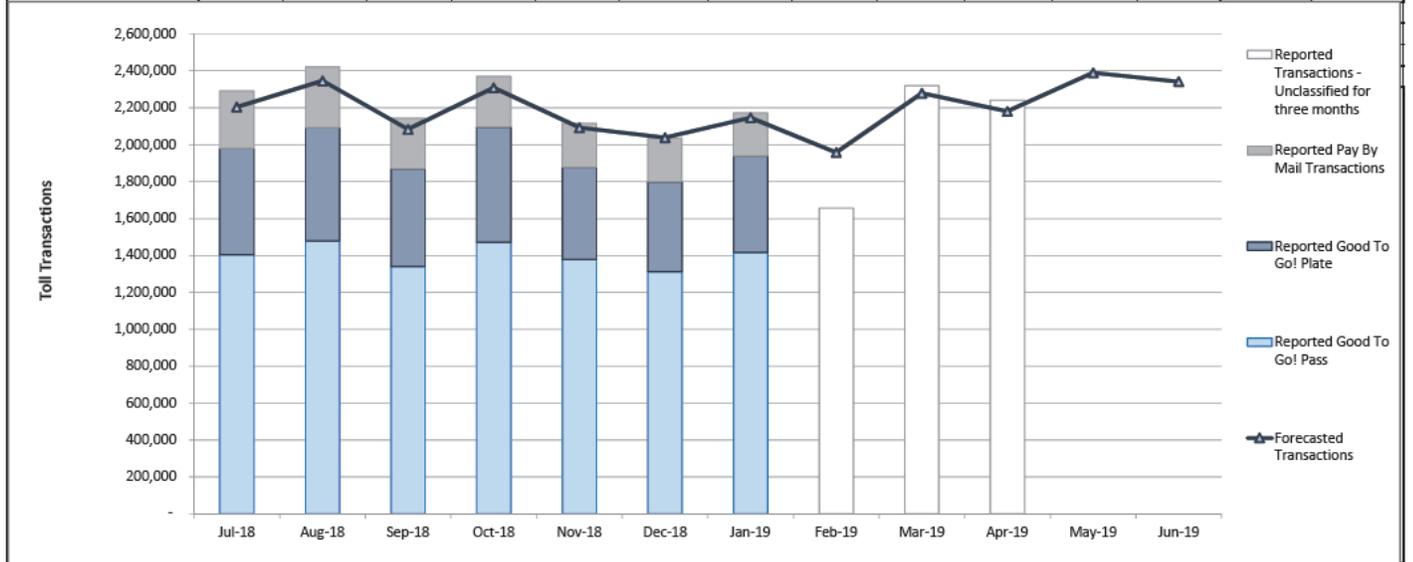
SR 520 Bridge toll traffic and revenue forecast for June 2019 is a no change forecast from November 2018.

The SR 520 November 2018 TRFC forecast incorporated actuals through June 2018, a revised socioeconomic forecast, the latest closure assumptions for SR 520 and I-90, and incorporation of actual results from overnight tolling and revised payment share projections.

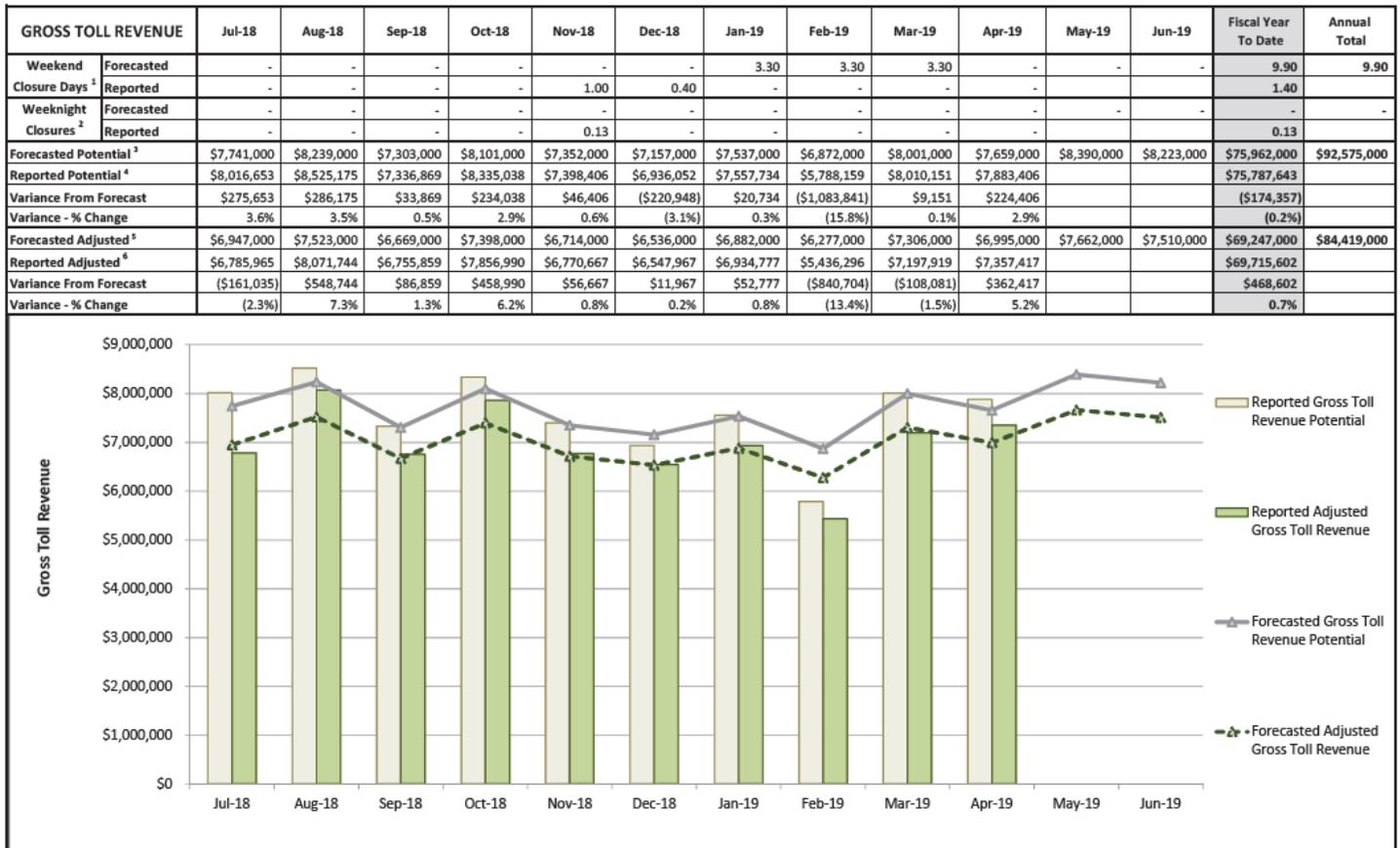
Despite ten days of snowy weather in February toll transactions and reported revenues year-to-date (YTD) performance are in line with the forecast. FY 2019 YTD toll reported transactions (Figure 16) are 130 thousand transactions (0.6 percent) above the forecast. The positive variance in Adjusted Gross Toll Revenue is aligned with the positive variance of 0.6 percent in toll transactions. YTD Adjusted Gross Toll Revenue (Figure 16) is \$0.5 million (0.7 percent) above the November 2018 forecast.

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

TOLL TRANSACTIONS		Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Fiscal Year To Date	Annual Total <sup>5</sup>
Weekend Closure Days <sup>1</sup>	Forecasted	-	-	-	-	-	-	3.30	3.30	3.30	-	-	-	9.90	9.90
	Reported	-	-	-	-	1.00	0.40	-	-	-	-	-	-	1.40	-
Weeknight Closures <sup>2</sup>	Forecasted	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Reported	-	-	-	-	0.13	-	-	-	-	-	-	-	0.13	-
Forecasted Transactions <sup>3</sup>		2,205,000	2,346,000	2,083,000	2,308,000	2,093,000	2,039,000	2,146,000	1,958,000	2,279,000	2,181,000	2,390,000	2,342,000	21,638,000	26,370,000
Reported Transactions <sup>4</sup>		2,291,708	2,421,851	2,143,861	2,370,068	2,115,105	2,035,203	2,172,041	1,656,213	2,320,693	2,241,599	-	-	21,768,342	-
Variance From Forecast		86,708	75,851	60,861	62,068	22,105	(3,797)	26,041	(301,787)	41,693	60,599	-	-	130,342	-
Variance - % Change		3.9%	3.2%	2.9%	2.7%	1.1%	(0.2%)	1.2%	(15.4%)	1.8%	2.8%	-	-	0.6%	-
Reported Good To Go! Pass		61.3%	61.1%	62.5%	62.1%	65.2%	64.5%	65.2%	-	-	-	-	-	63.0%	63.0%
Reported Good To Go! Plate		25.0%	25.3%	24.7%	26.3%	23.6%	23.9%	24.1%	-	-	-	-	-	24.7%	22.5%
Reported Pay By Mail		13.7%	13.7%	12.8%	11.6%	11.2%	11.6%	10.7%	-	-	-	-	-	12.2%	14.5%



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



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

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

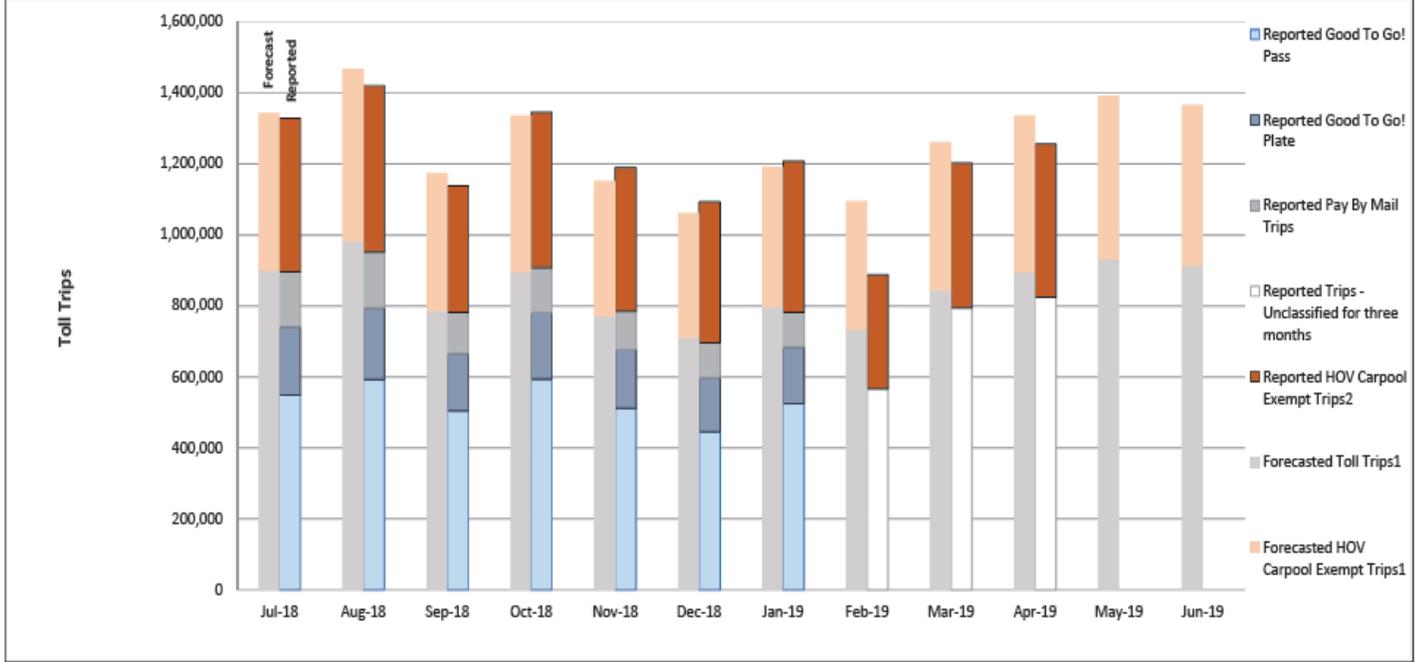
The November 2018 update incorporated the latest forecast based on actuals through June 2018, a revised socioeconomic forecast, changes to the toll rate algorithm, and revised toll and non-toll share projections.

These numbers were affected by ten days of snowy weather in February 2019, and three weeks of changes in commuter behavior in January this year, due to the closure of the Alaskan Way Viaduct. A reduction of traffic volume in toll lanes was observed. Traffic volumes decreased in all types of lanes has reduced toll rates during peak hours. As a result year-to-date (YTD) revenue variances to the forecast are higher than toll transactions YTD variance.

For FY 2019 YTD, toll reported transactions (Figure 17) are 320,000 transactions (3.8 percent) below the forecast. Overall, FY 2019 YTD total transactions (toll plus HOV) are 2.9 percent lower than the forecast. YTD adjusted gross toll revenue variance to the forecast (Figure 18) is \$1.3 million (5.1 percent) below the November 2018 forecast.

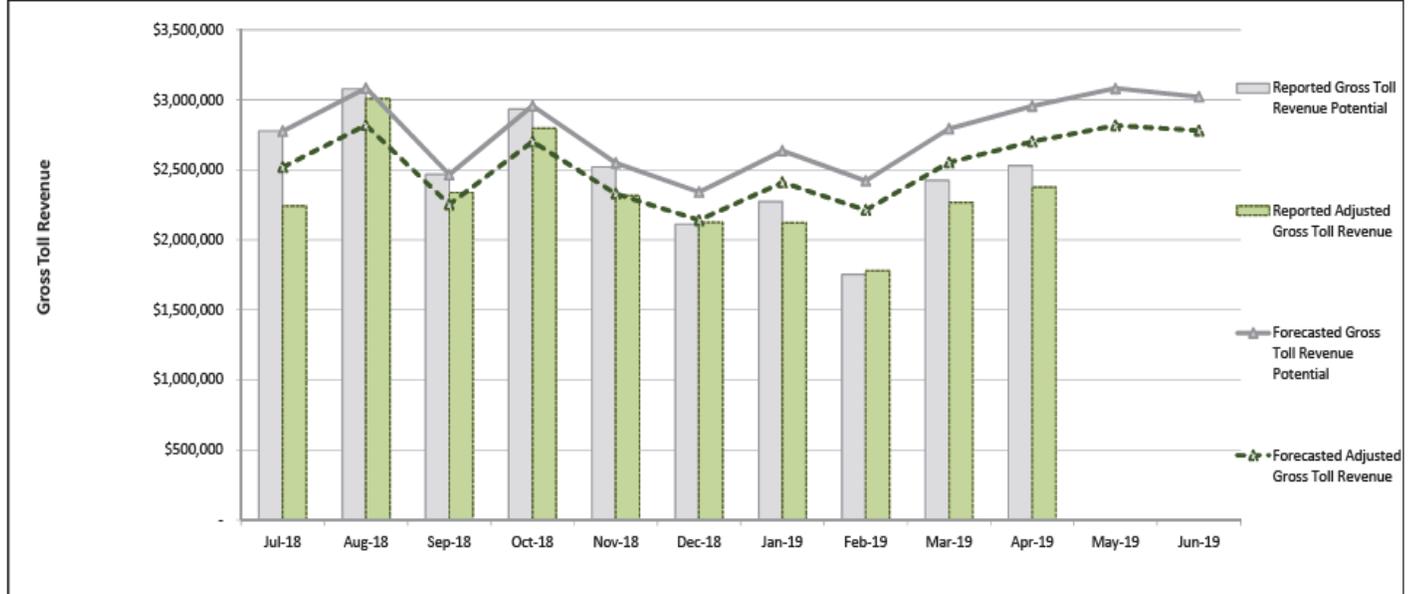
**Figure 18: FY 2019 I-405 ETLs Reported Toll and HOV Carpool Trips Compared to November 2018 Forecast**

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Fiscal Year To Date	Forecasted Annual Total 4
Forecasted Toll Trips <sup>1</sup>	899,000	982,000	785,000	893,000	770,000	710,000	797,000	732,000	844,000	893,000	931,000	913,000	8,305,000	10,149,000
Reported Toll Trips <sup>2</sup>	895,968	951,833	781,025	907,805	785,114	696,000	781,735	566,976	794,347	824,593			7,985,396	
Variance From Forecast	(3,032)	(30,167)	(3,975)	14,805	15,114	(14,000)	(15,265)	(165,024)	(49,653)	(68,407)			(319,604)	
Variance - % Change	(0.3%)	(3.1%)	(0.5%)	1.7%	2.0%	(2.0%)	(1.9%)	(22.5%)	(5.9%)	(7.7%)			(3.8%)	
Reported Good To Go! Pass <sup>3</sup>	61.2%	62.3%	64.6%	65.4%	65.1%	63.9%	67.2%	-	-	-	-	-	64.2%	64.5%
Reported Good To Go! Plate <sup>3</sup>	21.5%	21.2%	20.6%	20.7%	21.1%	22.0%	20.4%	-	-	-	-	-	21.1%	20.0%
Reported Pay By Mail <sup>3</sup>	17.3%	16.5%	14.8%	14.0%	13.8%	14.1%	12.4%	-	-	-	-	-	14.8%	15.5%
Forecasted HOV Carpool Exempt Trips <sup>1</sup>	445,000	487,000	389,000	443,000	382,000	352,000	395,000	362,000	418,000	443,000	461,000	453,000	4,116,000	5,030,000
Reported HOV Carpool Exempt Trips <sup>2</sup>	431,800	468,519	357,749	436,992	403,621	396,980	425,690	320,003	407,822	431,213			4,080,389	
Variance From Forecast	(13,200)	(18,481)	(31,251)	(6,008)	21,621	44,980	30,690	(41,997)	(10,178)	(11,787)			(35,611)	
Variance - % Change	(3.0%)	(3.8%)	(8.0%)	(1.4%)	5.7%	12.8%	7.8%	(11.6%)	(2.4%)	(2.7%)			(0.9%)	
HOV Exempt Trips % of Total Trips	32.5%	33.0%	31.4%	32.5%	34.0%	36.3%	35.3%	36.1%	33.9%	34.3%			33.8%	33.1%
Forecasted Toll and HOV Carpool Trips	1,344,000	1,469,000	1,174,000	1,336,000	1,152,000	1,062,000	1,192,000	1,094,000	1,262,000	1,336,000	1,392,000	1,366,000	12,421,000	15,179,000
Reported Toll and HOV Carpool Trips	1,327,768	1,420,352	1,138,774	1,344,797	1,188,735	1,092,980	1,207,425	886,979	1,202,169	1,255,806			12,065,785	
Variance From Forecast	(16,232)	(48,648)	(35,226)	8,797	36,735	30,980	15,425	(207,021)	(59,831)	(80,194)			(355,215)	
Variance - % Change	(1.2%)	(3.3%)	(3.0%)	0.7%	3.2%	2.9%	1.3%	(18.9%)	(4.7%)	(6.0%)			(2.9%)	



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

GROSS TOLL REVENUE	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Fiscal Year To Date	Annual Total
Forecasted Potential <sup>1</sup>	\$2,777,000	\$3,084,000	\$2,466,000	\$2,957,000	\$2,549,000	\$2,342,000	\$2,637,000	\$2,421,000	\$2,794,000	\$2,956,000	\$3,082,000	\$3,021,000	\$26,983,000	\$33,086,000
Reported Potential <sup>2</sup>	\$2,777,728	\$3,079,115	\$2,467,973	\$2,934,421	\$2,521,948	\$2,113,409	\$2,273,466	\$1,753,010	\$2,425,660	\$2,531,905			\$24,878,635	
Variance From Forecast	\$728	(\$4,885)	\$1,973	(\$22,579)	(\$27,052)	(\$228,591)	(\$363,534)	(\$667,990)	(\$368,340)	(\$424,095)			(\$2,104,365)	
Variance - % Change	0.0%	(0.2%)	0.1%	(0.8%)	(1.1%)	(9.8%)	(13.8%)	(27.6%)	(13.2%)	(14.3%)			(7.8%)	
Forecasted Adjusted <sup>3</sup>	\$2,518,786	\$2,819,000	\$2,254,000	\$2,703,000	\$2,330,000	\$2,141,000	\$2,410,000	\$2,213,000	\$2,553,000	\$2,702,000	\$2,817,000	\$2,781,214	\$24,643,786	\$30,242,000
Reported Adjusted <sup>4</sup>	\$2,241,479	\$3,009,410	\$2,337,463	\$2,798,485	\$2,317,730	\$2,125,528	\$2,123,519	\$1,780,572	\$2,268,906	\$2,375,969			\$23,379,062	
Variance From Forecast	(\$277,307)	\$190,410	\$83,463	\$95,485	(\$12,270)	(\$15,472)	(\$286,481)	(\$432,428)	(\$284,094)	(\$326,031)			(\$1,264,725)	
Variance - % Change	(11.0%)	6.8%	3.7%	3.5%	(0.5%)	(0.7%)	(11.9%)	(19.5%)	(11.1%)	(12.1%)			(5.1%)	



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

ESSB 5825, which repeals the HOT lanes pilot project on SR 167 and makes the SR 167 express toll lanes (ETLs) permanent, also extends the express toll lanes south to the SR 512 interchange, and combines I-405 and SR 167 into one corridor. The Washington State Transportation Commission (WSTC) is responsible for setting the toll rates and policies for the I-405 and SR 167 express toll lanes (ETLs). The corridor traffic and revenue forecasts will be provided upon their approval.

The baseline June 2019 forecast for the SR 167 ETLs has been updated from March 2019 and November 2018 T&R Forecast. The update combines eleven months of actuals and one forecasted month from fiscal year 2019 with the remaining fiscal years (2020 through 2029) from the November 2018 Alternative SR 167 HOT lanes.

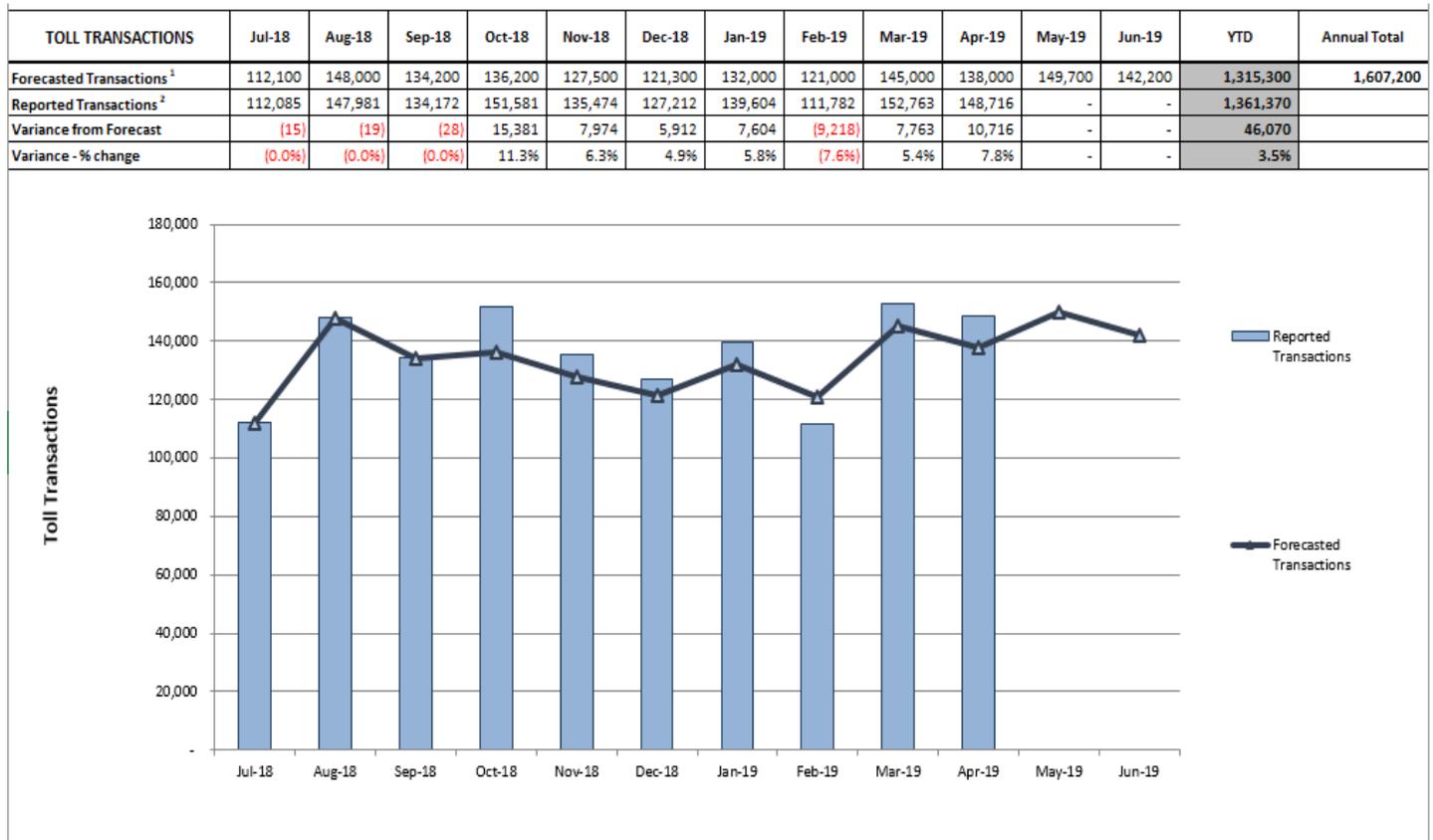
Based on the current policy, the SR 167 express toll lanes are HOV lanes that are open to solo drivers who choose to pay a toll. Under this policy, solo drivers must install a Good To Go! pass in their vehicle and have an active Good To Go! account in order to use the lanes. Carpools of two or more, vanpools and buses can use the lanes toll-free. Toll rates are dynamically adjusted to maintain average vehicle speeds of 45 mph or higher at least ninety percent of the time during peak hours. This forecast assumes the opening of the I-405/SR 167 Interchange Direct Connector project at the end of FY 2019, and no improvements associated to the I-405 ETL's between Bellevue and SR 167.

The forecast assumes a minimum toll rate of 50 cents and a maximum toll rate of \$9.00; no photo toll capacity; the current HOV 2+ toll exemption policy applies; tolling occurs from 5 a.m. – 7 p.m., seven days a week, but excludes nights throughout the forecast period. From FY 2021 to FY 2029, toll transactions are assumed to grow between 3.0 percent and 3.5 percent per year.

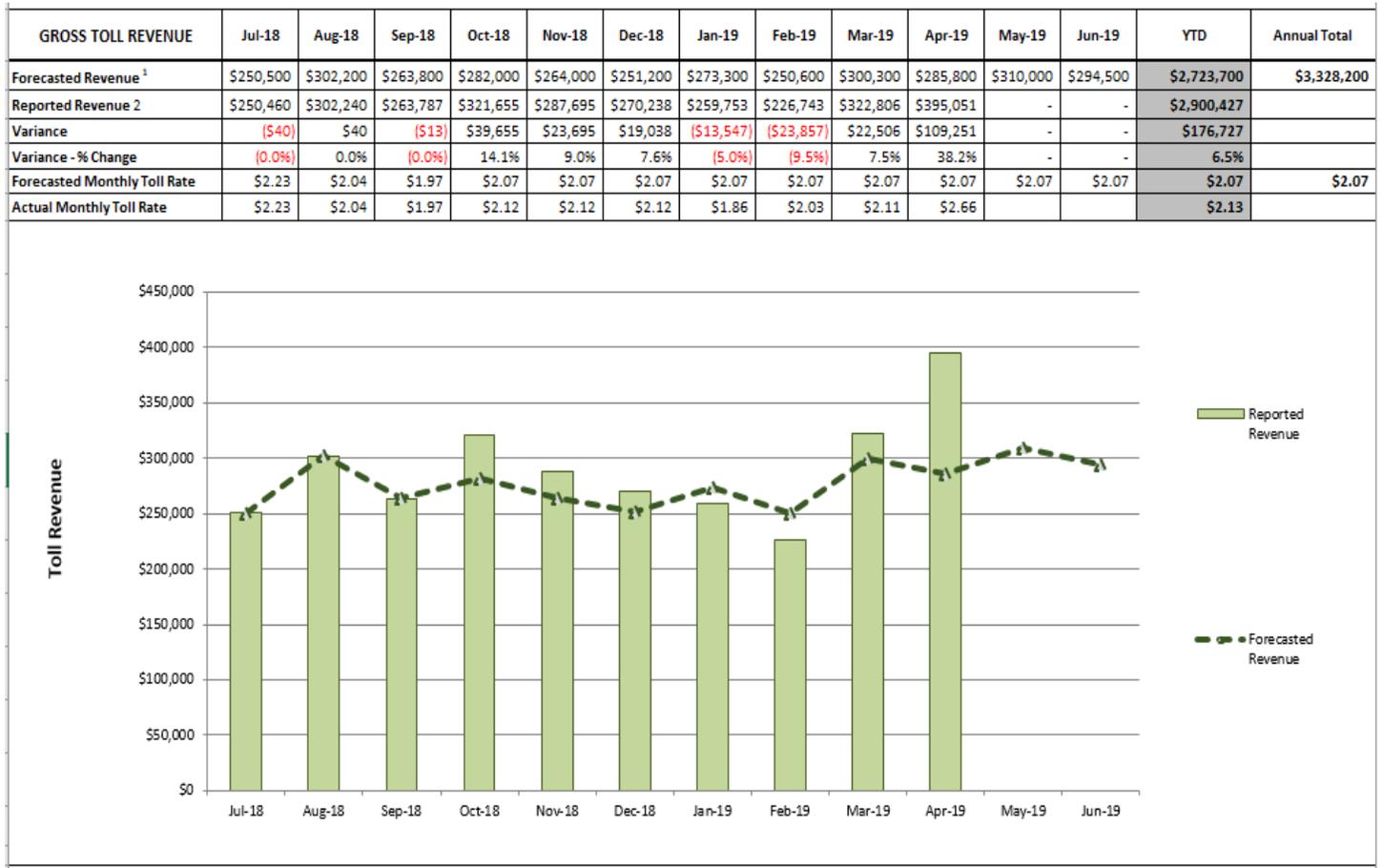
The average toll rate is forecasted to increase by approximately 4 percent per year from FY 2021 through FY 2029 due to congestion. Growth in the average toll rate, however, is dampened by the existing \$9 toll cap. From FY 2021 to FY 2029, the annual toll revenue is assumed to grow between 7 to 8 percent per year. This growth is due to both an increase in transactions and increasing toll rates due to congestion.

Despite ten days of snowy weather in February 2019 and the three weeks of the Alaskan Way Viaduct shutdown in January toll transactions and reported revenues year-to-date (YTD) performance are above the forecast. The opening I-405/SR 167 Interchange Direct Connector project at the end of February, which was a few months earlier than November 2018 forecast anticipated has positively affected traffic and revenue performances through the reported period. FY 2019 YTD toll reported transactions (Figure 19) are 46 thousand transactions (3.5 percent) above the forecast. YTD Adjusted Gross Toll Revenue (Figure 20) is \$177 thousand (6.5 percent) above the November 2018 forecast.

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



**Figure 21: FY 2019 SR 167 Reported Toll Revenue Compared to November 2018 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 2019 total apportionment forecast for FFY 2019 is \$752.54 million. This 2019 forecast is based on FHWA Notice N 4510.832 Fiscal Year (FY) 2019 Supplementary Tables - Apportionments Pursuant to the Fixing America's Surface Transportation Act dated January 2, 2019. The current apportionment is for the National Highway Performance Program, Surface Transportation Block Grant Program, Highway Safety Improvement Program, Railway-Highway Crossings Program, Congestion Mitigation and Air Quality Improvement Program, Metropolitan Planning Program, and National Highway Freight Program.
- The June 2019 apportionment forecast for FFY2019 is unchanged from the March 2019 forecast.
- The June 2019 total apportionment forecast for FFY 2020 is \$656.76 million. This forecast is based on the FAST Act state-by-state program funds distribution tables produced by the Federal Highway Administration (FHWA) dated December 1, 2015. These distribution tables represent FHWA's current interpretation of the FAST Act annual funding levels and program distributions.
- 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 June forecast, there were only minor revisions downwards annually in the long-term federal highway funds forecast compared to the last forecast.

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

- Obligation authority (OA) (a.k.a. spending authority or obligation limitation) is the ceiling or total amount of commitments of federal apportionment that can be made within a year. Congress sets this ceiling or limit as part of the federal appropriation bills to control federal expenditures annually.
- The November 2018 CORE OA for FY2018 was updated to reflect actual OA distributions from FHWA for the fiscal year. Total OA for FFY 2018 was significant at \$906.million which was unusually high undistributed OA for discretionary and allocated programs.
- The June 2019 CORE OA for FFY 2019 is forecasted to be \$737.5 million which is unchanged from the March 2019 forecast.
- Total OA forecast for FFY 2020 and throughout the forecast horizon will be set at 98% of apportionment, which is consistent with historical Washington State OA distributions.
- The methodology used to split the OA between the State Programs and the Local Programs was modified in the June 2018 forecast and has not changed since.

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

- The FAST Act includes a \$7.6 billion rescission of unobligated Federal-aid Highway contract authority in FFY 2020. An estimate of Washington's share of the national rescission is \$110 million of unobligated apportionment balances, this is included in the February forecast for FFY 2020, and this estimate has not changed since the last forecast. This estimate is based on FHWA projections, which are updated annually.

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

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

## FTA - Public Transportation Federal Funds

### Overview

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

### Public Transportation Federal Apportionment Funds Forecast

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

**Figure 23: FFY 2017 – FFY 2020 FTA – Public Transportation Forecast**  
 (In thousands)

March 2019 - 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

**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 June 2019 WSF federal funds forecast is based on the FTA - FAST Act fact sheets for both the State of Good Repair Grants (5337) and the Urbanized Area Formula Program Grants (5307) programs. These fact sheets show the annual national total apportionment for these programs for FFY 2016 through FFY 2020. Washington State’s level of apportionment of these programs for FFY 2016 is distributed based on the Puget Sound Regional Council (PSRC) split letter dated June 28, 2016. This letter shows the amount of formula funding received by all eligible recipients including WSF. The FFY 2017 – FFY 2020 WSF formula federal funds forecast is based on maintaining the same proportionate share of the federal total received by Washington State in FFY 2016.

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

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

**Figure 24: FFY 2017 – FFY2020 FTA Washington State Ferries Forecast**

*(In millions)*

March 2019 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	\$ -	\$ -	\$ -

## Forecast Contacts

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# **Appendix**

## Tables Related to the June 2019 Forecast

**Figure 25: New Legislation 2019 Legislative Session**

<b>Legislation</b>	<b>Description</b>	<b>FY 2019-21 Revenue Impact</b>	<b>FY 2021-23 Revenue Impact</b>
<b>ESSB5825</b>	<p>Sec. 11(1) authorizes tolls for express toll lanes (ETLs) on: (1) I-405 between I-5 on the north in the city of Lynnwood and I-5 on the south in the city of Tukwila, this includes adding a new segment of express toll lanes to I-405 between Bellevue and Tukwila, and (2) SR 167 between I-405 on the north and SR 512 on the south end, this makes SR 167 express toll lanes (ETLs) permanent.</p> <p>Sec.13 authorizes tolls on the Puget Sound Gateway facility.</p> <p>Sec. 16 repeals SR 167 HOT pilot project.</p> <p>Note: Toll rates and policies for the I-405 ETLs between Bellevue and Tukwila, SR 167 ETLs south to SR 512 and Puget Sound Gateway facility are subject to the Washington State Transportation Commission’s (WSTC) future decision. Toll Traffic and Revenue (T&amp;R) forecasts for those segments are not included in June 2019 TRFC Forecast.</p>	<p>SR 167 ETLs revenue estimate is based on November’ 18 TRFC SR 167 HOT Lanes Alternative Forecast.</p> <p>Impact ~ \$7.7 million.</p>	<p>SR 167 ETLs revenue estimate is based on November’ 18 TRFC SR 167 HOT Lanes Alternative Forecast.</p> <p>Impact ~ \$8.9 million.</p>
<b>ESSB5993</b>	<p>Model toxics control program</p> <p>Establishes new Hazardous Substance Tax (HST) rates and annual tax increases. Modifies the Distribution of HST revenue.</p> <p>\$50 million per biennium of the HST will be deposited into the Motor Vehicle Fund to be used exclusively for transportation storm water activities and projects.</p>	<p>FN ~ \$50 million</p>	<p>FN ~ \$50 million</p>
<b>EHB1789</b>	<p>Increases the service fee for a vehicle/vessel title transaction from \$12 to \$15 and registration vehicle/vessel renewal transaction from \$5 to \$8 effective July 28, 2019.</p> <p>Increases the filing fee for application of a certificate of title from \$4 to \$5.50 and vehicle/vessel registration from \$3 to \$4.50 effective July 28, 2019. In addition, requires that county auditors remit 50 cents of each filing fee to DOL and requires DOL to distribute an equal share of the remitted funds to each county at least quarterly.</p>	<p>FN ~\$17.8 million</p>	<p>FN ~\$19.1 million</p>
<b>SHB 1197</b>	<p>Requires Gold Star license plates to be issued for certain eligible applicants without paying vehicle license fees and motor vehicle excise taxes.</p> <p>Allows widows and widowers eligible to receive the Gold Star license plates but choose to receive a standard license plate or any other quantifying special license plate to be exempt from paying motor vehicle excise taxes. Effective July 28, 2019.</p>	<p>Indeterminate (-) minimal</p>	<p>Indeterminate (-) minimal</p>

<b>Legislation</b>	<b>Description</b>	<b>FY 2019-21 Revenue Impact</b>	<b>FY 2021-23 Revenue Impact</b>
<b>ESSHB2042</b>	<p>Establishes a new transportation electrification fee of \$75 for Electric Vehicles (EV) and Plug-in Hybrid Electric Vehicles (PHEV) effective August 1, 2019.</p> <p>Establishes a new hybrid vehicle transportation electrification fee of \$75 for hybrid or alternative fuel vehicles effective October 1, 2019.</p> <p>Revenue from the new \$75 fees must be deposited into the Electric Vehicle Charging Infrastructure Account (20J), renamed in section 15 of this bill as the Electric Vehicle Account until July 1, 2025 and then to the Motor Vehicle Fund (108).</p> <p>Expands the Alternative Fuel Commercial Vehicle B&amp;O and PUT tax credits and the payments to the general fund come from the Multimodal Account.</p> <p>Creates a new sales and use tax exemption for electric vehicles under certain conditions and the payments to the general fund come from the new electric vehicle account.</p>	FN ~\$19.3 million	FN ~\$25.1 million
<b>ESHB2161</b>	<p><u>Ferry vessel procurement</u> Requires the Washington State Transportation Commission (WSTC) to impose a higher capital surcharge to generate sufficient revenue to cover the 25-year debt service for funding one 144-auto hybrid vessel. The WSTC must also consider the revenue generated from higher service fees in ESHB 1789.</p>	Estimated revenue needed from capital surcharge \$0	Estimated revenue needed from capital surcharge \$4.2 million

<b>Legislation</b>	<b>Description</b>	<b>FY 2019-21 Revenue Impact</b>	<b>FY 2021-23 Revenue Impact</b>
<b>SSB5695</b>	<p><u>HOV lane penalties</u> Creates an additional monetary penalty for High Occupancy Vehicle (HOV) lane violations. Creates a graduated structure based on the number of HOV infraction violations.</p> <p>\$50 first offense \$200 second offense (within a 2 year period) \$550 third and subsequent offense (within a 2 year period)</p> <ul style="list-style-type: none"> <li>- These funds are distributed 25% into the Congestion Relief and Traffic Safety account and 75% into the Motor Vehicle Fund.</li> </ul> <p>\$200 additional penalty if a dummy, doll or other human facsimile is used to make it appear that more than one person is in the vehicle.</p> <ul style="list-style-type: none"> <li>- These funds are distributed into the Congestion Relief and Traffic Safety and Motor Vehicle accounts.</li> </ul>	\$1.5 million	\$2.5 million
<b>HB1436</b>	Allows for the dual registration of a motorcycle or off-road motorcycle that has been modified/converted to a Snow Bike as a Snowmobile and a Motorcycle or Off-road Motorcycle.	Indeterminate (+) Minimal	Indeterminate (+) Minimal

# Impact to Select Transportation Accounts

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

Clean Energy related revenue transfers tracking sheet									
E2SHB 2042 - 2019		Actuals			Estimates				
		2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	2021-2023	2023-2025
Account	Type of Credit								
<b>Alternate Fuel Vehicle Sales Tax Exemptions</b>									
Multimodal Account	Retail Sales	(1,584,448)	(5,197,456)	(8,184,597)	(2,057,868)	0	0	0	0
Electric Vehicle Account	Retail Sales					(12,621,000)	(16,048,000)	(29,140,000)	(30,852,000)
<b>Alternate Fuel Commercial Vehicle Tax Credits</b>									
Multimodal Account	PUT & B&O	-	(460,703)	(485,658)	(650,941)	(748,582)	(860,869)	(1,666,000)	(3,040,000)
<b>New Fees Going Into Accounts</b>									
Electric Vehicle Account	Electrification fee and Hybrid alternative fuel fee each new \$75 fees (2019 legislation)					7,932,400	11,130,000	25,230,000	30,412,500
<b>Net Revenue in Accounts</b>									
Multimodal Account		\$ (1,584,448)	\$ (5,658,159)	\$ (8,670,255)	\$ (2,708,809)	\$ (748,582)	\$ (860,869)	\$ (1,666,000)	\$ (3,040,000)
Electric Vehicle Account		\$ -	\$ -	\$ -	\$ -	\$ (4,688,600)	\$ (4,918,000)	\$ (3,910,000)	\$ (439,500)