

Transportation Revenue Forecast Council

September 2020 Transportation Economic and Revenue Forecasts

Volume I: Summary

Washington Transportation

Economic and Revenue Forecast September 2020 Forecast

Summary Report (Volume I)

Forecast Overview	3
Economic Variables Forecast	14
Motor Fuel Price Forecast	15
Motor Vehicle Fuel Tax Forecast	20
Motor Vehicle Revenue (Licenses, Permits and Fees)	20
Driver Related Revenues Forecasts	23
Other Transportation Related Revenue Forecasts	24
Ferry Ridership and Revenue	25
Toll Revenue	28
Highway Federal Funds Revenue	38
Public Transportation Federal Funds Revenue	39
Washington State Ferries Federal Funds Revenue	42
Forecast Contacts	43
Appendix	44
Connecting Washington tracking table	45
Tracking Table of Revenues/Expenditures in HB 2042	46

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 Forecasts Without Impacts of I-976	3
Alternative Ferry Forecast	9
Alternate Enhanced Driver License Forecast	19
Alternative Vehicle Miles Traveled (VMT)	22

Preface

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

September 2020 Transportation Forecast Overview

Forecast Overview

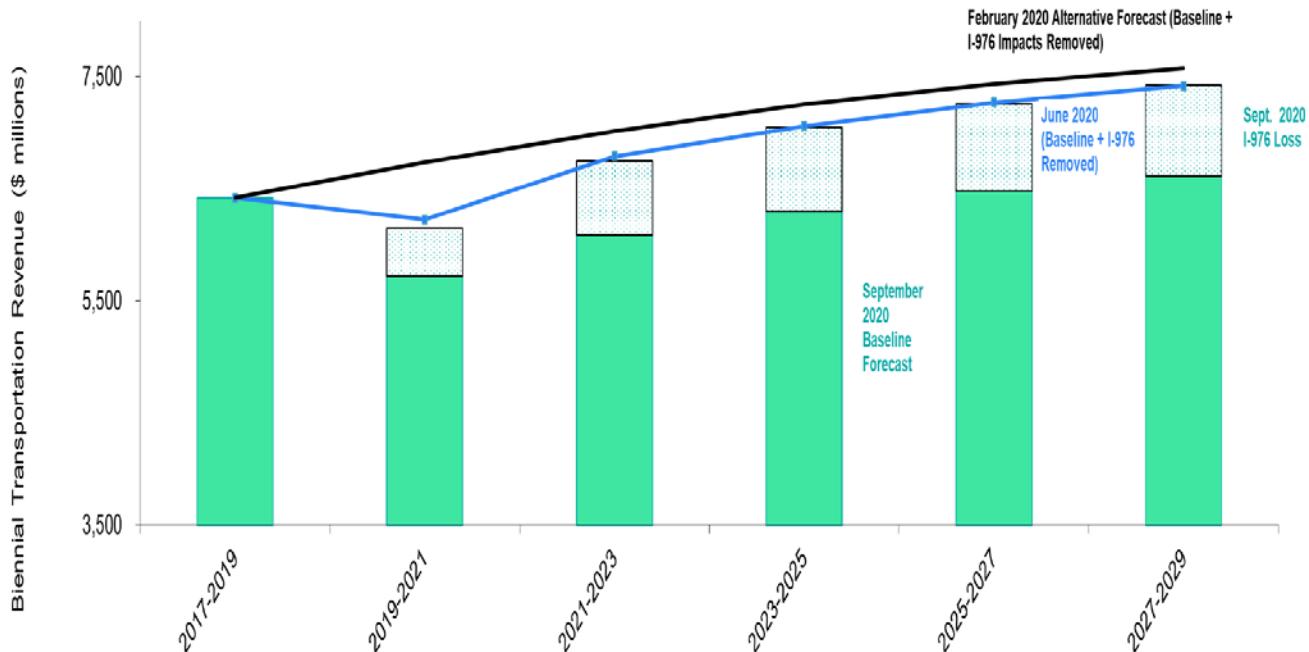
Here are key conclusions from the September 2020 transportation revenue forecast.

- The 2019-21 biennium is anticipated to be \$5.719 billion, which is down \$701 million biennium to biennium due to the current biennium incorporating the impacts of I-976 and lower demand due to the pandemic.
- September 2020 baseline transportation forecast of revenues: \$5.719 billion for the current biennium, which is down minimally forecast to forecast by \$78.8 million or 1.4%. This was due to adjustments made to the current recovery from the pandemic in FY 2021 as some revenue sources are assuming slower recovery in the current fiscal year than anticipated in June. Now the current biennium revenue losses from the pre-pandemic forecast in February is \$560.5 million. The baseline September forecast includes the impacts of I-976 as well as the recent COVID-19 reduced demand impacts. There is an alternative forecast for September, which excludes the impacts of I-976. In next biennium, baseline transportation revenues are anticipated to be \$6.08 billion, down from the last baseline forecast by \$47.4 million. This is due to experiencing a slow recovery from the COVID-19 shutdowns and re-examining the current year recovery.
- For the 10-year forecast horizon, total baseline revenue in September is projected to be \$31.193 billion, which is lower than the last forecast by \$146.6 million or (0.5%) from June. The September forecast is down from the pre-COVID-19 forecast in February by \$1.286 billion over the next 10 years. The change in revenue is due to lower demand from the recent shutdowns in this recovery period and review of current year's anticipated recovery for major transportation revenue sources especially gas taxes, licenses, permits and fees, driver related and ferry revenues.
- New projections of real personal income growth rates are higher revisions beginning in FY 2020 compared to the June forecast due to including a CARES Act extension that was not anticipated in the June forecast. Employment projections are also higher in FY 2020 and 2021 but then the recovery slows in FY 2022 and 2023 compared to the June forecast because it is assumed that the CARES Act extension ends. Retail gas and diesel prices and B5 prices are down some from the June projections in the near and long-term.
- Fuel tax revenue is down the most of any major revenue source in September by \$58.9 million or 1.7% from the last forecast in the current biennium due to especially gas tax collections coming in below forecast and re-examining and slowing the monthly recovering from the pandemic in the current fiscal year. Next biennium, fuel taxes are down as well by \$26.4 million or 0.7% over the last forecast.
- The baseline September LPF revenue has revisions downward as well by \$2.3 million in the current biennium. Next biennium the decline in LPF is \$7.9 million from the last forecast. The major reason for the decline is lower passenger car registrations and \$30 license fee revenues recently and anticipated in the projections.

- Ferry revenue is down minimally by \$2.6 million or 0.8% from the last forecast in the current biennium. That decline continues each biennium thereafter due to lower adjustments in the recovery of ferries in the current fiscal year.
- Toll Revenue is lower by \$3.9 million or 1% in the current biennium and reduced by \$15 million or 3% next biennium. Over the next 10 years, the September forecast is higher than in June due to extending the recovery for toll revenue throughout the forecast horizon.

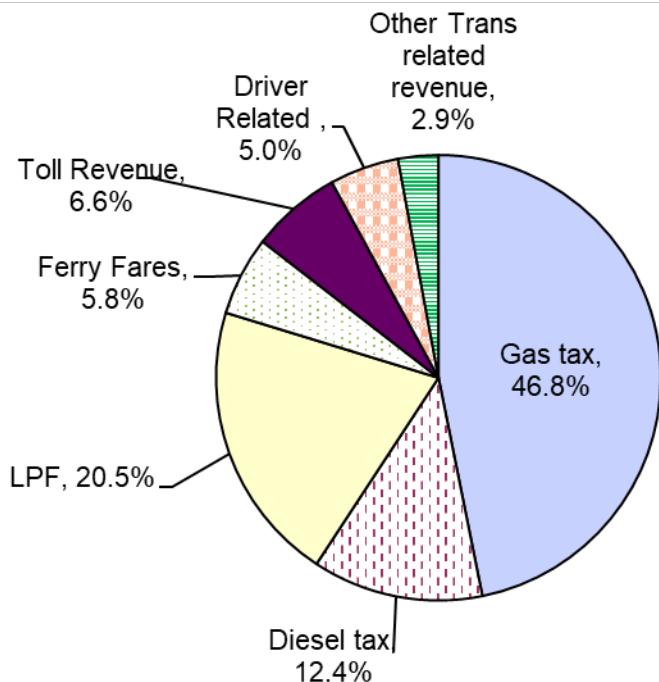
In FY 2020 baseline total transportation revenues came in at \$2.906 billion which was 10.3% below the high point in FY 2019 of \$3.242 billion. FY 2020 actually came in slightly higher, (0.8%) than predicted in June. In the current fiscal year, baseline total transportation revenues are anticipated to be \$2.812 billion, which is another year over year decline of 3.2% and this is lower than predicted in June by 3.5%. This year over year loss in transportation revenues in FY 2020 and 2021 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 September forecast is down 1.4% or \$79 million in the current biennium and lesser declines in subsequent biennia throughout the forecast horizon. Next biennium, total transportation revenue is anticipated to be \$6.08 billion and revenues are down by \$47 million or 0.8% from the June baseline forecast. Overall, during the next 10-year forecast horizon, baseline transportation revenues are projected to be \$31.19 billion and down by \$146.6 million or 0.5% from the projections in June. Since the pre-COVID-19 forecast in February, transportation revenues are now down by \$560.5 million or 8.9% in the current biennium and down \$246 million or 3.9% next biennium. Figure 1 compares transportation revenues in September, June vs February 2020. The black and blue lines show total revenues without I-976 impacts in the past forecasts of June and February. The solid light green colored bars denote the lower baseline September forecast with the impact of I-976. The white and blue dotted bars represents the loss in transportation revenues due to I-976 in September. The highest level was the February 2020 pre-pandemic forecast without the impacts of I-976 and the June forecast included COVID-19 impacts and its overall revenues were higher than the current September forecast, which has new adjustments for lower expectations in the current fiscal year on the recovery from the pandemic.

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



Washington's transportation revenues come from numerous taxes, fees, permits, tolls, and other revenues. Revenues forecasted each quarter include the sources contained in Figure 2. This pie graph reveals the anticipated share of each state revenue source to the total baseline transportation revenues for the 2019-21 biennium, (\$5.719 billion). Gasoline fuel taxes comprise the largest share at 46.8%. With the addition of diesel fuel taxes, all motor vehicle fuel taxes comprise 59.2% of all revenues. Licenses, permits, and fee revenues comprise the second largest share at 20.5%. 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 (\$5.719 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 \$59 million or 1.7% 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 \$139.6 million or 0.7%. Other revenue sources fell as well in the current biennia. For example, LPF revenue was reduced by \$2.3 million, ferry revenue was reduced by \$2.3 million and toll revenues were reduced by \$3.9 million all in the current biennium compared to the June forecast. Driver related revenue fell by the second largest amount at \$15.3 million or 5% from the June forecast due to lower driver migration in FY 2020 and in the forecast. Next biennium, the same four transportation revenue streams, fuel, LPF, ferry and tolls, are all down as well from the June forecast. Over the next 10 years, fuel taxes are anticipated to be down \$139.6 million, LPF down \$21.2 million, ferry revenue down \$14 million and driver related revenue down \$19.5 million since the June forecast. This is due in part to lower actuals for some revenue streams, lower economic variables in the long-term and lower assumptions about the recovery of revenue in the current and next fiscal years.

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

	Forecast to Forecast Comparison for Transportation Revenues and Distributions			10-Year Period					
	September 2020 Forecast with impacts of I976 to June 2020 Forecast with impacts of I976• millions of dollars								
	2019-2021		2021-2023		10-Year Period (2019-2029)		Chg from June 2020		Percent Change
	Forecast Sept. 2020	Chg from June 2020	Percent Change	Forecast Sept. 2020	Chg from June 2020	Percent Change	Forecast Sept. 2020	Chg from June 2020	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,388.20	(58.92)	-1.71%	3,590.79	(26.39)	-0.73%	18,173.61	(139.56)	-0.76%
Licenses, Permits and Fees	1,170.95	(2.30)	-0.20%	1,109.80	(7.90)	-0.71%	5,881.21	(21.22)	-0.36%
Ferry Revenue†	329.14	(2.55)	-0.77%	418.01	(2.53)	-0.60%	2,072.71	(13.95)	-0.67%
Toll Revenue §	375.56	(3.86)	-1.02%	461.06	(14.94)	-3.14%	2,542.12	43.06	1.72%
Aviation Revenues ‡	6.49	(0.24)	-3.56%	7.00	(0.07)	-0.93%	34.94	(0.43)	-1.23%
Rental Car Tax	53.55	4.47	9.11%	67.14	0.03	0.05%	355.87	4.68	1.33%
Vehicle Sales Tax	27.06	0.00	0.00%	0.00	0.00	0.00%	27.06	0.00	0.00%
Driver-Related Fees	288.09	(15.29)	-5.04%	330.60	4.27	1.31%	1,598.13	(19.46)	-1.20%
Business/Other Revenues‡	80.11	(0.15)	-0.18%	98.41	0.07	0.07%	502.43	0.33	0.07%
Total Revenues	5,719.14	(78.84)	-1.36%	6,082.81	(47.44)	-0.77%	31,188.07	(146.56)	-0.47%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	231.85	(2.52)	-1.08%	243.77	1.02	0.42%	1,236.27	2.30	0.19%
Motor Fuel Administrative Fee - DOL	19.05	0.00	0.00%	18.15	0.00	0.00%	96.87	0.00	0.00%
State Uses									
Motor Vehicle Account (108)	1,153.16	(12.74)	-1.09%	1,215.00	(9.45)	-0.77%	6,300.22	(25.18)	-0.40%
Transportation 2003 (Nickel) Account (550)	401.14	(4.23)	-1.04%	421.92	(0.53)	-0.12%	2,140.44	(5.58)	-0.26%
Transportation 2005 Partnership Account (09H)	590.60	(9.34)	-1.56%	621.18	(3.93)	-0.63%	3,154.06	(20.95)	-0.66%
Connecting Washington Account (20H)	757.53	(13.46)	-1.75%	801.85	(5.75)	-0.71%	4,056.63	(33.24)	-0.81%
Multimodal Account (218)	175.22	2.71	1.57%	88.09	(3.88)	-4.22%	577.38	(13.34)	-2.26%
Special Category C Account (215)	47.74	(0.85)	-1.75%	50.54	(0.36)	-0.71%	255.67	(2.09)	-0.81%
Puget Sound Capital Construction Account (099)	34.74	(0.62)	-1.75%	36.77	(0.26)	-0.71%	186.02	(1.52)	-0.81%
Puget Sound Ferry Operations Account (109)	388.65	(3.34)	-0.85%	474.68	(3.14)	-0.66%	2,366.25	(16.66)	-0.70%
Capital Vessel Replacement Account (18J)	58.23	(0.71)	-1.21%	66.83	(0.62)	-0.92%	335.91	(3.48)	-1.02%
Tacoma Narrows Bridge Account (511)	159.46	5.73	3.73%	169.13	5.08	3.10%	862.10	29.54	3.55%
High Occupancy Toll Lanes Account (09F)^\wedge	6.93	(0.21)	-2.97%	10.69	(1.46)	-12.01%	75.52	0.51	0.68%
SR 520 Corridor Account (16J)	131.43	(3.71)	-2.74%	161.56	(8.53)	-5.01%	892.65	16.37	1.87%
SR 520 Corridor Civil Penalties Account (17P)	5.79	0.06	1.02%	5.64	(0.26)	-4.47%	32.20	0.86	2.74%
Interstate 405 Express Toll Lanes Operations (595)	37.52	(7.10)	-15.91%	53.01	(6.04)	-10.22%	384.72	5.11	1.35%
Alaskan Way Viaduct Replacement Acct. (535)	34.42	1.38	4.16%	61.03	(3.73)	-5.76%	294.93	(9.32)	-3.06%
Aeronautics Account (039)	6.40	(0.24)	-3.62%	6.90	(0.07)	-1.00%	34.41	(0.45)	-1.30%
Washington State Aviation Account (21G)	0.08	0.00	0.00%	0.09	0.00	0.00%	0.48	0.02	3.46%
State Patrol Highway Account (081)	426.01	(2.65)	-0.62%	434.60	(4.64)	-1.06%	2,250.60	(17.63)	-0.78%
Highway/Motorcycle Safety Accts. (106 & 082)	260.73	(15.08)	-5.47%	300.60	3.43	1.16%	1,448.19	(22.32)	-1.52%
School Zone Safety Account (780)	0.70	(0.10)	-12.48%	0.88	0.00	0.00%	4.23	(0.10)	-2.31%
Other accounts (201, 06T, 09T, 09E, 216, 07C)	21.39	(0.13)	-0.59%	21.87	(0.26)	-1.17%	111.06	(1.05)	-0.94%
Electric Vehicle Account (20J)	20.57	1.08	5.53%	25.52	1.50	6.23%	76.82	3.80	5.21%
Ignition Interlock Devices Revolving Acct 14V	8.46	(0.10)	-1.20%	8.86	0.08	0.96%	43.97	(0.02)	-0.04%
Multiuse Roadway Safety Account Collections-571	0.34	0.02	4.82%	0.35	0.03	9.14%	1.79	0.18	11.35%
Total for State Use	4,727.22	(63.63)	-1.33%	5,037.59	(42.78)	-0.84%	25,886.24	(120.37)	-0.46%
Cities	183.10	(3.25)	-1.75%	193.81	(1.39)	-0.71%	980.52	(8.03)	-0.81%
Counties	295.99	(4.81)	-1.60%	312.34	(2.26)	-0.72%	1,581.99	(12.50)	-0.78%
Transportation Improvement Board (112 & 144)	195.90	(3.47)	-1.74%	207.30	(1.51)	-0.72%	1,050.80	(8.73)	-0.82%
County Road Administration Board (102 & 253)	66.04	(1.16)	-1.73%	69.84	(0.53)	-0.75%	355.38	(3.03)	-0.85%
Total for Local Use	741.03	(12.69)	-1.68%	783.30	(5.69)	-0.72%	3,968.69	(32.30)	-0.81%
Total Distribution of Revenue	5,719.14	(78.84)	-1.36%	6,082.81	(47.44)	-0.77%	31,188.07	(146.56)	-0.47%

† Ferry Fares plus non-farebox revenue

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

Figure 4 compares the current September baseline forecast to the pre-pandemic baseline February forecast. The June forecast already brought down the February forecast a lot to reflect the current COVID-19 shutdowns and lower economic variable forecasts. This September forecast has lowered the transportation revenues some more but the change from February is not as significant as the June forecast reduction from the baseline February forecast. Now in September, total transportation revenues are down \$560.5 million or 8.9% below the pre-pandemic February forecast. Next biennium, the September forecast is down \$245.8 million or 3.9% below the February forecast. Over the next 10 years, total transportation revenues are down \$1.286 billion or 4% below the pre-pandemic baseline February 2020 forecast. The biggest revenue loss is in motor vehicle fuel tax collections down \$543.5 million or 2.9% and toll revenue down \$381.5 million or 13% and ferry revenue down \$207 million or 9.1% from the pre-pandemic forecast in February.

Figure 4: Current Baseline Forecast (With Impact I-976) Compared to February 2020 (Baseline) Forecast For All Transportation Revenues - 10-year period

Forecast to Forecast Comparison for Transportation Revenues and Distributions				10-Year Period					
September 2020 Baseline Forecast with impacts of I976 to Feburary 2020 Baseline Forecast with impacts of I976• millions of dollars									
	2019-2021			2021-2023			10-Year Period (2019-2029)		
	Forecast Sept. 2020	Chg from Feb. 2020	Percent Change	Forecast Sept. 2020	Chg from Feb. 2020	Percent Change	Forecast Sept. 2020	Chg from Feb. 2020	Percent Change
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,388.20	(247.04)	-6.80%	3,590.79	(106.69)	-2.89%	18,173.61	(543.54)	-2.90%
Licenses, Permits and Fees	1,170.95	(52.93)	-4.32%	1,109.80	(39.78)	-3.46%	5,881.21	(156.89)	-2.60%
Ferry Revenue†	329.14	(100.19)	-23.34%	418.01	(31.51)	-7.01%	2,072.71	(206.94)	-9.08%
Toll Revenue §	375.56	(111.34)	-22.87%	461.06	(77.56)	-14.40%	2,542.12	(381.49)	-13.05%
Aviation Revenues ‡	6.49	(0.58)	-8.22%	7.00	(0.25)	-3.39%	34.94	(1.56)	-4.27%
Rental Car Tax	53.55	(19.79)	-26.98%	67.14	(9.49)	-12.38%	355.87	(43.51)	-10.89%
Vehicle Sales Tax	27.06	0.00	0.00%	0.00	0.00	0.00%	27.06	0.00	0.00%
Driver-Related Fees	288.09	(27.72)	-8.78%	330.60	3.26	1.00%	1,598.13	(42.29)	-2.58%
Business/Other Revenues‡	80.11	(0.93)	-1.15%	98.41	16.26	19.80%	502.43	90.34	21.92%
Total Revenues	5,719.14	(560.53)	-8.93%	6,082.81	(245.75)	-3.88%	31,188.07	(1,285.88)	-3.96%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	231.85	(3.94)	-1.67%	243.77	(2.01)	-0.82%	1,236.27	(7.31)	-0.59%
Motor Fuel Administrative Fee - DOL	19.05	(0.43)	-2.20%	18.15	0.00	0.00%	96.87	(0.43)	-0.44%
State Uses									
Motor Vehicle Account (108)	1,153.16	(74.48)	-6.07%	1,215.00	(27.41)	-2.21%	6,300.22	(106.46)	-1.66%
Transportation 2003 (Nickel) Account (550)	401.14	(28.48)	-6.63%	421.92	(11.88)	-2.74%	2,140.44	(58.72)	-2.67%
Transportation 2005 Partnership Account (09H)	590.60	(42.10)	-6.65%	621.18	(18.38)	-2.87%	3,154.06	(90.69)	-2.80%
Connecting Washington Account (20H)	757.53	(57.36)	-7.04%	801.85	(24.69)	-2.99%	4,056.63	(127.78)	-3.05%
Multimodal Account (218)	175.22	(27.20)	-13.44%	88.09	(5.95)	-6.33%	577.38	(22.86)	-3.81%
Special Category C Account (215)	47.74	(3.62)	-7.04%	50.54	(1.56)	-2.99%	255.67	(8.05)	-3.05%
Puget Sound Capital Construction Account (099)	34.74	(2.63)	-7.04%	36.77	(1.13)	-2.99%	186.02	(5.86)	-3.05%
Puget Sound Ferry Operations Account (109)	388.65	(101.27)	-20.67%	474.68	(32.76)	-6.46%	2,366.25	(211.25)	-8.20%
Capital Vessel Replacement Account (18J)	58.23	(6.51)	-10.05%	66.83	(3.10)	-4.44%	335.91	(16.71)	-4.74%
Tacoma Narrows Bridge Account (511)	159.46	(12.14)	-7.07%	169.13	(6.43)	-3.66%	862.10	(35.73)	-3.98%
High Occupancy Toll Lanes Account (09F)†	6.93	(4.13)	-37.34%	10.69	(3.68)	-25.60%	75.52	(16.08)	-17.56%
SR 520 Corridor Account (16J)	131.43	(56.19)	-29.95%	161.56	(36.59)	-18.46%	892.65	(163.44)	-15.48%
SR 520 Corridor Civil Penalties Account (17P)	5.79	(0.56)	-8.75%	5.64	(1.11)	-16.41%	32.20	(3.41)	-9.58%
Interstate 405 Express Toll Lanes Operations (595)	37.52	(28.84)	-43.46%	53.01	(21.51)	-28.87%	384.72	(123.67)	-24.33%
Alaskan Way Viaduct Replacement Acct. (535)	34.42	(9.48)	-21.60%	61.03	(8.24)	-11.90%	294.93	(39.16)	-11.72%
Aeronautics Account (039)	6.40	(0.59)	-8.45%	6.90	(0.26)	-3.61%	34.41	(1.62)	-4.50%
Washington State Aviation Account (21G)	0.08	(0.00)	-0.66%	0.09	0.00	0.00%	0.48	0.01	0.00%
State Patrol Highway Account (081)	426.01	(16.62)	-3.75%	434.60	(14.49)	-3.23%	2,250.60	(66.67)	-2.88%
Highway/Motorcycle Safety Accts. (106 & 082)	260.73	(28.94)	-9.99%	300.60	0.05	0.02%	1,448.19	(56.19)	-3.73%
School Zone Safety Account (780)	0.70	(0.13)	-15.97%	0.88	0.00	0.00%	4.23	(0.13)	-3.05%
Other accounts (201, 06T, 097, 09E, 216, 07C)	21.39	(0.26)	-1.21%	21.87	(0.05)	-0.22%	111.06	(0.18)	-0.16%
Electric Vehicle Account (20J)	20.57	0.76	3.81%	25.52	(0.48)	-1.83%	76.82	0.07	0.09%
Ignition Interlock Devices Revolving Acct 14V	8.46	(0.21)	-2.39%	8.86	0.25	2.90%	43.97	0.86	2.00%
Multilane Roadway Safety Account Collections-571	0.34	0.02	6.83%	0.35	0.03	9.55%	1.79	0.19	12.11%
Total for State Use	4,727.22	(500.97)	-9.58%	5,037.59	(219.36)	-4.17%	25,886.24	(1,153.53)	-4.27%
Cities	183.10	(13.86)	-7.04%	193.81	(5.97)	-2.99%	980.52	(30.89)	-3.05%
Counties	295.99	(21.57)	-6.79%	312.34	(9.60)	-2.98%	1,581.99	(48.87)	-3.00%
Transportation Improvement Board (112 & 144)	195.90	(14.80)	-7.02%	207.30	(6.52)	-3.05%	1,050.80	(33.38)	-3.08%
County Road Administration Board (102 & 253)	66.04	(4.96)	-6.99%	69.84	(2.29)	-3.17%	355.38	(11.47)	-3.13%
Total for Local Use	741.03	(55.19)	-6.93%	783.30	(24.38)	-3.02%	3,968.69	(124.61)	-3.04%
Total Distribution of Revenue	5,719.14	(560.53)	-8.93%	6,082.81	(245.75)	-3.88%	31,188.07	(1,285.88)	-3.96%

† Ferry Fares plus non-farebox revenue

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

Figures 5 and 6 show the latest actuals in the major transportation revenue sources since the pandemic compared to the June and pre-pandemic baseline February forecast. Since the June forecast, there has been three new months of actual revenue through August 2020. Compared to the June forecast, the major transportation revenue streams are up by \$27 million or 5%. License, permits and fee revenues have been up the most at \$12 million or 10% from the last forecast,

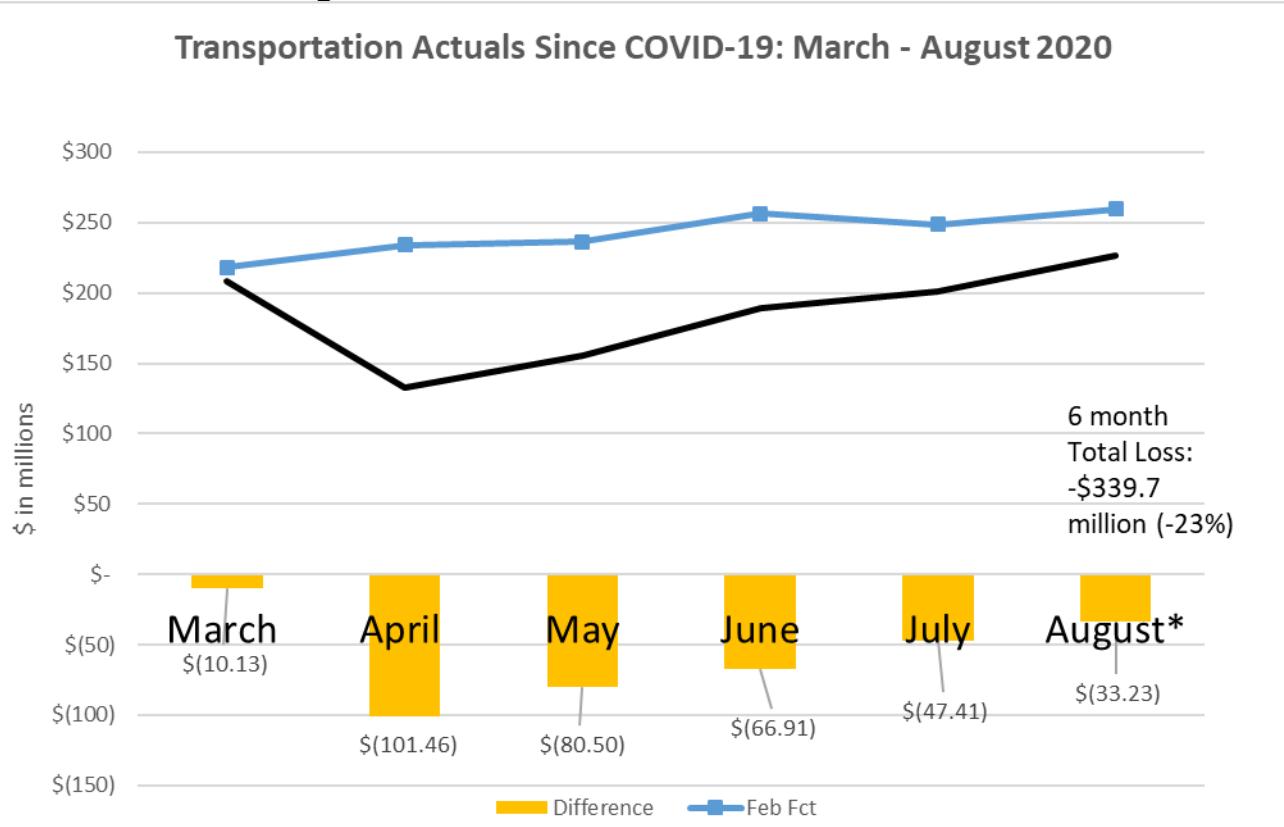
**Figure 5: Transportation Revenue Actuals Compared to the June 2020 Forecast:
June – August 2020**

\$ in millions	Difference Actual Collections Compared to June Forecast				
	June (FY 2020)	July (FY 2021)	August (FY 2021)*	3 month Change	% Change
Major Revenue Sources					
Gross Fuel Taxes (before refunds/transfers) *	\$ 10.39	\$ (4.35)	\$ 2.95	\$ 8.99	2%
Aviation Fuel tax	\$ (0.19)	\$ (0.08)	\$ (0.03)	\$ (0.30)	-39%
Licenses Permits and Fee Revenues (Fct. with I-976 impacts)	\$ 1.30	\$ 1.30	\$ 9.70	\$ 12.30	10%
WSF Ferries	\$ 0.14	\$ 0.89	\$ 0.01	\$ 1.03	2%
Toll Facilities - Adjusted Gross Toll Revenues	\$ 1.50	\$ 0.74	\$ 0.96	\$ 3.20	10%
TNB	\$ 0.60	\$ 0.46	\$ 1.05	\$ 2.11	12%
SR99	\$ 0.28	\$ 0.18	\$ 0.24	\$ 0.69	24%
SR 520	\$ 0.56	\$ 0.24	\$ (0.20)	\$ 0.60	6%
I-405	\$ 0.07	\$ (0.13)	\$ (0.10)	\$ (0.17)	-10%
I-167	\$ (0.003)	\$ (0.003)	\$ (0.03)	\$ (0.04)	-6%
Rental car tax	\$ 1.42	\$ 0.09	\$ 0.64	\$ 2.15	74%
Total All Revenue Sources	\$ 14.56	\$ (1.41)	\$ 14.23	\$ 27.37	5%

Figure 6 reveals the cumulative impact of the pandemic on recent actuals compared to the pre-pandemic forecast in February. The results reveal that over the past 6 months since March collections, major transportation revenue actuals have come in \$339.7 million or 23% below the February forecast. Fuel tax actuals have come in below that pre-pandemic forecast the most at -\$194 million or 21% below projections. The second largest reduction was in toll revenues coming in \$56.8 million or 47% below the February forecast. Ferries revenue losses in actuals has been \$51 million or 43% below the pre-pandemic projections.

The recent reduced demand from COVID-19 shutdowns and lower economic variable forecasts is causing revenue losses for the major revenue streams for transportation in not only the actuals but also now in the projections for the recovery. Figure 7 reveals the change in the major transportation revenue sources with reductions from the pandemic for 2020 through 2023. FY 2020 is the no longer the year with the largest impact. In the June forecast, the projected decline in FY 2020 was -\$271.7 million but now it has been reduced to -\$250.8 million or -8.5% due to higher actuals than anticipated in the June forecast. Now in this September forecast, revenue reductions are larger in FY 2021 and this is the year with largest COVID-19 shutdowns and reduced demand and economic variables at -\$281.1 million or 9.7% below the February forecast. Gross fuel taxes had the biggest loss in FY 2020 at -\$151.4 million. In FY 2021, the gross fuel tax decline from the February forecast is anticipated to be -\$95.7 million with the largest revenue decline with toll revenue coming in second at \$80.7 million and \$63.8 million in ferry farebox revenue losses. Over time, these COVID-19 shutdowns and lower economic variables' impact declines as we anticipate the recovery to be strongest in FY 2022 and 2023 now in the current forecast.

Figure 6: Transportation Revenue Actuals Compared to the February 2020 (Baseline) Forecast: March – August 2020



* August includes \$38 million of revenue not yet reported by DOL in August collection report

\$ in millions	Difference Actual Collections Compared to Feb Forecast							
	March (FY 2020)	April (FY 2020)	May (FY 2020)	June (FY 2020)	July (FY 2021)	Aug. (FY 2021)	6 month Change	% Change
Major Revenue Sources								
Gross Fuel Taxes (before refunds/transfers)	\$ 5.19	\$ (59.86)	\$ (50.68)	\$ (42.18)	\$ (27.17)	\$ (19.08)	\$ (193.79)	-21%
Aviation Fuel tax	\$ 0.02	\$ (0.06)	\$ (0.11)	\$ (0.19)	\$ (0.09)	\$ (0.05)	\$ (0.47)	-32%
Licenses Permits and Fee Revenues (Fct. with I-976 impacts)	\$ (0.20)	\$ (16.70)	\$ (6.40)	\$ (6.40)	\$ (0.40)	\$ 4.50	\$ (25.60)	-9%
WSF Ferries	\$ (6.20)	\$ (9.94)	\$ (10.25)	\$ (8.55)	\$ (8.11)	\$ (8.00)	\$ (51.05)	-43%
Toll Facilities - Adjusted Gross Toll Revenues	\$ (7.86)	\$ (12.71)	\$ (11.02)	\$ (8.92)	\$ (8.64)	\$ (7.67)	\$ (56.82)	-47%
Rental car tax	\$ (1.08)	\$ (2.19)	\$ (2.04)	\$ (0.67)	\$ (3.00)	\$ (2.93)	\$ (11.92)	-63%
Total All Revenue Sources	\$ (10.13)	\$ (101.46)	\$ (80.50)	\$ (66.91)	\$ (47.41)	\$ (33.23)	\$ (339.65)	-23%

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

Revenue Sources Impacted by COVID-19 Shutdowns	\$ Difference Between Sept and Feb. 2020 Forecasts			
	FY 2020	FY 2021	FY 2022	FY 2023
Gross Fuel tax	\$ (151,379,200)	\$ (95,661,500)	\$ (60,312,800)	\$ (46,378,000)
LPF	\$ (27,480,273)	\$ (25,450,943)	\$ (21,876,161)	\$ (17,908,479)
Ferry Fares	\$ (36,428,606)	\$ (63,763,474)	\$ (19,731,281)	\$ (11,782,267)
Toll Revenue	\$ (30,621,154)	\$ (80,720,000)	\$ (44,842,000)	\$ (32,716,000)
Aeronautics Revenues	\$ (284,152)	\$ (281,620)	\$ (133,620)	\$ (105,220)
Rental Car Tax	\$ (4,566,225)	\$ (15,218,900)	\$ (5,695,100)	\$ (3,790,100)
TOTAL Major Revenue Sources	\$ (250,759,610)	\$ (281,096,437)	\$ (152,590,962)	\$ (112,680,066)
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	-8.4%	-5.2%	-3.3%	-2.5%
LPF	-4.1%	-4.6%	-3.9%	-3.1%
Ferry Fares	-17.5%	-28.9%	-8.8%	-5.2%
Toll Revenue	-13.1%	-31.9%	-16.9%	-11.9%
Aeronautics Revenues	-8.1%	-7.9%	-3.7%	-2.9%
Rental Car Tax	-12.6%	-41.0%	-15.0%	-9.8%
TOTAL Major Revenue Sources	-8.5%	-9.7%	-5.2%	-3.8%

Figure 8 shows the various September forecasts recovery periods after the drops in revenue from COVID-19 shutdowns. The recovery from our recent recession, is demonstrated as the period of time it takes to reach the levels projected in the February 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, truck registrations and aircraft fuel taxes, which recovered to the Feb. forecast level in FY 2021 in two years, one year and two years respectively. Net for distribution of fuel taxes are anticipated to recover from the losses seen in FY 2020 in four years. LPF revenues, like passenger \$30 car fees, are also anticipated to recover in three years instead of two years as anticipate in June. 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 six years now instead of five years anticipated in June. 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 8: September 2020 Forecast Recovery Periods for Major Revenue Sources

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

Figures 9 and 10 are comparing the alternative September forecast to the June and February alternative forecasts. The alternative forecasts exclude the impacts of I-976 so the overall revenue are increased. In the current biennium, total revenue are now \$6.152 billion which is \$433 million more than projected in the baseline September forecast. Over the next 10 years, the September alternative forecast total revenue is \$34.626 billion which is \$3.4 billion more than projected in the baseline forecast. I-976 has reduced the baseline forecast by a significant amount. In the current biennium, the September alternative forecast is below the last June alternative forecast by \$73.5 million or 1.2%. This is a very similar result as shown in Figure 3 which compared the baseline September and June forecasts which have a reduction of -\$78.8 million or 1.4% difference. In the next biennium, the alternative forecast is down \$32.6 million or 0.5% from the June forecast. Over the next 10 years, the alternative September forecast is down \$26 million. Figure 10 shows the current September alternative forecast compared to the pre-pandemic February alternative forecast. The current reduction from the February alternative forecast is down \$580.3 million of 8.6% and this decline slows over the forecast horizon. Next biennium the reduction from the pre-pandemic forecast is \$268.2 million of -3.8%. Over the next 10 years, the revenues are now down \$1.38 billion or 3.8% from the pre-pandemic February forecast without the impacts of I-976. For additional information on the impacts of the initiative I-976, see the VOL III-Alternative forecasts.

Figure 9: Current September Forecast (Without Impact I-976) Compared to June Forecast For All Transportation Revenues – 10-year period

Forecast to Forecast Comparison for Transportation Revenues and Distributions						10-Year Period			
<i>September 2020 Alternative Forecast without the impacts of I976 to June 2020 Alternative Forecast without impacts of I976 • millions of dollars</i>									
	2019-2021			2021-2023			10-Year Period (2019-2029)		
	Forecast	Chg from June 2020 Alternative	Percent Change	Forecast	Chg from June 2020 Alternative	Percent Change	Forecast	Chg from June 2020 Alternative	Percent Change
Sept. 2020 Alt.	Sept. 2020 Alt.			Sept. 2020 Alt.			Sept. 2020 Alt.		
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,388.20	(58.92)	-1.71%	3,590.79	(26.39)	-0.73%	18,173.61	(139.56)	-0.76%
Licenses, Permits and Fees	1,529.70	(5.73)	-0.37%	1,662.12	1.96	0.12%	8,774.88	72.41	0.83%
Ferry Revenue†	329.14	(2.55)	-0.77%	418.01	(2.53)	-0.60%	2,072.71	(13.95)	-0.67%
Toll Revenue §	375.56	(3.86)	-1.02%	461.06	(14.94)	-3.14%	2,542.12	43.06	1.72%
Aviation Revenues ‡	6.50	(0.22)	-3.34%	7.00	(0.06)	-0.83%	34.98	(0.40)	-1.12%
Rental Car Tax	53.55	4.47	9.11%	67.14	0.03	0.05%	355.87	4.68	1.33%
Vehicle Sales Tax	101.13	8.79	9.52%	108.67	4.96	0.00%	570.81	26.33	4.84%
Driver-Related Fees	288.09	(15.29)	-5.04%	330.60	4.27	1.31%	1,598.13	(19.46)	-1.20%
Business/Other Revenues‡	80.11	(0.15)	-0.18%	98.41	0.07	0.07%	502.43	0.33	0.07%
Total Revenues	6,151.97	(73.45)	-1.18%	6,743.81	(32.61)	-0.48%	34,625.53	(26.55)	-0.08%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	231.85	(2.52)	-1.08%	243.77	1.02	0.42%	1,236.27	2.30	0.19%
Motor Fuel Administrative Fee - DOL	19.05	0.00	0.00%	18.15	0.00	0.00%	96.87	0.00	0.00%
State Uses									
Motor Vehicle Account (108)	1,220.75	(12.85)	-1.04%	1,310.28	2.05	0.16%	6,805.94	67.88	1.01%
Transportation 2003 (Nickel) Account (550)	406.60	(4.23)	-1.03%	429.48	(0.41)	-0.09%	2,177.30	(4.81)	-0.22%
Transportation 2005 Partnership Account (09H)	602.64	(9.35)	-1.53%	637.83	(3.67)	-0.57%	3,235.25	(19.25)	-0.59%
Connecting Washington Account (20H)	757.53	(13.46)	-1.75%	801.85	(5.75)	-0.71%	4,056.63	(33.24)	-0.81%
Multimodal Account (218)	496.42	8.39	1.72%	591.06	(4.99)	-0.84%	3,195.69	(15.91)	-0.50%
Special Category C Account (215)	47.74	(0.85)	-1.75%	50.54	(0.36)	-0.71%	255.67	(2.09)	-0.81%
Puget Sound Capital Construction Account (099)	34.74	(0.62)	-1.75%	36.77	(0.26)	-0.71%	186.02	(1.52)	-0.81%
Puget Sound Ferry Operations Account (109)	390.08	(3.34)	-0.85%	476.67	(3.11)	-0.65%	2,375.92	(16.46)	-0.69%
Capital Vessel Replacement Account (18J)	58.23	(0.71)	-1.21%	66.83	(0.62)	-0.92%	335.91	(3.48)	-1.02%
Tacoma Narrows Bridge Account (511)	159.46	5.73	3.73%	169.13	5.08	3.10%	862.10	29.54	3.55%
High Occupancy Toll Lanes Account (09F)†	6.93	(0.21)	-2.97%	10.69	(1.46)	-12.01%	75.52	0.51	0.68%
SR 520 Corridor Account (16J)	131.43	(3.71)	-2.74%	161.56	(8.53)	-5.01%	892.65	16.37	1.87%
SR 520 Corridor Civil Penalties Account (17P)	5.79	0.06	1.02%	5.64	(0.26)	-4.47%	32.20	0.86	2.74%
Interstate 405 Express Toll Lanes Operations (595)	37.52	(7.10)	-15.91%	53.01	(6.04)	-10.22%	384.72	5.11	1.35%
Alaskan Way Viaduct Replacement Acct. (535)	34.42	1.38	4.16%	61.03	(3.73)	-5.76%	294.93	(9.32)	-3.06%
Aeronautics Account (039)	6.42	(0.24)	-3.54%	6.90	(0.07)	-1.04%	34.45	(0.46)	-1.32%
Washington State Aviation Account (21G)	0.08	0.00	0.00%	0.09	0.00	0.00%	0.48	0.02	3.46%
State Patrol Highway Account (081)	449.25	(2.77)	-0.61%	466.88	(4.12)	-0.88%	2,407.90	(14.42)	-0.60%
Highway/Motorcycle Safety Accts. (106 & 082)	260.73	(15.08)	-5.47%	300.60	3.43	1.16%	1,448.19	(22.32)	-1.52%
School Zone Safety Account (780)	0.70	(0.10)	-12.49%	0.88	0.00	0.00%	4.23	(0.10)	-2.31%
Other accounts (201, 06T, 097, 09E, 216, 07C)	21.39	0.21	0.98%	21.87	0.29	1.33%	111.07	1.69	1.55%
Electric Vehicle Account (20J)	20.57	1.08	5.53%	25.52	1.50	6.23%	76.82	3.80	5.21%
Ignition Interlock Devices Revolving Acct 14V	8.46	(0.10)	-1.20%	8.86	0.08	0.96%	43.97	(0.02)	-0.04%
Multilane Roadway Safety Account Collections-571	0.34	0.02	4.83%	0.35	0.03	9.14%	1.79	0.18	11.36%
Total for State Use	5,158.22	(57.86)	-1.11%	5,694.33	(30.92)	-0.54%	29,295.35	(21.25)	-0.07%
Cities	183.10	(3.25)	-1.75%	193.81	(1.39)	-0.71%	980.52	(8.03)	-0.81%
Counties	296.54	(5.19)	-1.72%	313.62	(2.26)	-0.72%	1,587.83	(12.84)	-0.80%
Transportation Improvement Board (112 & 144)	196.54	(3.47)	-1.73%	208.79	(0.02)	-0.01%	1,062.05	1.88	0.18%
County Road Administration Board (102 & 253)	66.67	(1.16)	-1.71%	71.33	0.96	1.37%	366.63	7.58	2.11%
Total for Local Use	742.86	(13.07)	-1.73%	787.56	(2.71)	-0.34%	3,997.04	(11.41)	-0.28%
Total Distribution of Revenue	6,151.97	(73.45)	-1.18%	6,743.81	(32.61)	-0.48%	34,625.53	(26.55)	-0.08%

† Ferry Fares plus non-farebox revenue

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

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

	Forecast to Baseline Comparison for Transportation Revenues and Distributions						10-Year Period		
	September 2020 Alternative Forecast without the impacts of I976 to Feb. 2020 Alternative Forecast without impacts of I976 • millions of dollars								
	2019-2021			2021-2023			10-Year Period (2019-2029)		
	Forecast	Chg from Feb 2020 Alternative	Percent Change	Forecast	Chg from Feb 2020 Alternative	Percent Change	Forecast	Chg from Feb 2020 Alternative	Percent Change
	Sept. 2020 Alt.			Sept. 2020 Alt.			Sept. 2020 Alt.		
Sources of Transportation Revenue									
Motor Vehicle Fuel Tax Collections	3,388.20	(247.04)	-6.80%	3,590.79	(106.69)	-2.89%	18,173.61	(543.54)	-2.90%
Licenses, Permits and Fees	1,529.70	(66.21)	-4.15%	1,662.12	(57.82)	-3.36%	8,774.88	(232.11)	-2.58%
Ferry Revenue†	329.14	(100.19)	-23.34%	418.01	(31.51)	-7.01%	2,072.71	(206.94)	-9.08%
Toll Revenue §	375.56	(111.34)	-22.87%	461.06	(77.56)	-14.40%	2,542.12	(381.49)	-13.05%
Aviation Revenues ‡	6.50	(0.57)	-8.01%	7.00	(0.24)	-3.30%	34.98	(1.52)	-4.16%
Rental Car Tax	53.55	(19.79)	-26.98%	67.14	(9.49)	-12.38%	355.87	(43.51)	-10.89%
Vehicle Sales Tax	101.13	(6.35)	-5.91%	108.67	(4.18)	0.00%	570.81	(17.56)	-2.98%
Driver-Related Fees	288.09	(27.72)	-8.78%	330.60	3.26	1.00%	1,598.13	(42.29)	-2.58%
Business/Other Revenues‡	80.11	(1.13)	-1.39%	98.41	16.06	19.51%	502.43	89.34	21.63%
Total Revenues	6,151.97	(580.33)	-8.62%	6,743.81	(268.16)	-3.82%	34,625.53	(1,379.61)	-3.83%
Distribution of Revenue									
Motor Fuel Tax Refunds and Transfers	231.85	(3.94)	-1.67%	243.77	(2.01)	-0.82%	1,236.27	(7.31)	-0.59%
Motor Fuel Administrative Fee - DOL	19.05	(0.43)	-2.20%	18.15	0.00	0.00%	96.87	(0.43)	-0.44%
State Uses									
Motor Vehicle Account (108)	1,220.75	(76.27)	-5.88%	1,310.28	(29.29)	-2.19%	6,805.94	(102.87)	-1.49%
Transportation 2003 (Nickel) Account (550)	406.60	(28.54)	-6.56%	429.48	(11.77)	-2.67%	2,177.30	(57.56)	-2.58%
Transportation 2005 Partnership Account (09H)	602.64	(42.24)	-6.55%	637.83	(18.12)	-2.76%	3,235.25	(88.13)	-2.65%
Connecting Washington Account (20H)	757.53	(57.36)	-7.04%	801.85	(24.69)	-2.99%	4,056.63	(127.78)	-3.05%
Multimodal Account (218)	496.42	(43.97)	-8.14%	591.06	(26.76)	-4.33%	3,195.69	(126.90)	-3.82%
Special Category C Account (215)	47.74	(3.62)	-7.04%	50.54	(1.56)	-2.99%	255.67	(8.05)	-3.05%
Puget Sound Capital Construction Account (099)	34.74	(2.63)	-7.04%	36.77	(1.13)	-2.99%	186.02	(5.86)	-3.05%
Puget Sound Ferry Operations Account (109)	390.08	(101.30)	-20.61%	476.67	(32.73)	-6.42%	2,375.92	(210.95)	-8.15%
Capital Vessel Replacement Account (18J)	58.23	(6.51)	-10.05%	66.83	(3.10)	-4.44%	335.91	(16.71)	-4.74%
Tacoma Narrows Bridge Account (511)	159.46	(12.14)	-7.07%	169.13	(6.43)	-3.66%	862.10	(35.73)	-3.98%
High Occupancy Toll Lanes Account (09F)¶	6.93	(4.13)	-37.34%	10.69	(3.68)	-25.60%	75.52	(16.08)	-17.56%
SR 520 Corridor Account (16J)	131.43	(56.19)	-29.95%	161.56	(36.59)	-18.46%	892.65	(163.44)	-15.48%
SR 520 Corridor Civil Penalties Account (17P)	5.79	(0.56)	-8.75%	5.64	(1.11)	-16.41%	32.20	(3.41)	-9.58%
Interstate 405 Express Toll Lanes Operations (595)	37.52	(28.84)	-43.46%	53.01	(21.51)	-28.87%	384.72	(123.67)	-24.33%
Alaskan Way Viaduct Replacement Acct. (535)	34.42	(9.48)	-21.60%	61.03	(8.24)	-11.90%	294.93	(39.16)	-11.72%
Aeronautics Account (039)	6.42	(0.58)	-8.23%	6.90	(0.25)	-3.52%	34.45	(1.58)	-4.39%
Washington State Aviation Account (21G)	0.08	(0.00)	0.00%	0.09	0.00	0.00%	0.48	0.01	2.53%
State Patrol Highway Account (081)	449.25	(16.98)	-3.64%	466.88	(13.98)	-2.91%	2,407.90	(61.80)	-2.50%
Highway/Motorcycle Safety Accts. (106 & 082)	260.73	(28.94)	-9.99%	300.60	0.05	0.02%	1,448.19	(56.19)	-3.73%
School Zone Safety Account (780)	0.70	(0.13)	-15.97%	0.88	0.00	0.00%	4.23	(0.13)	-3.05%
Other accounts (201, 06T, 09T, 09E, 216, 07C)	21.39	(0.26)	-1.19%	21.87	(0.05)	-0.22%	111.07	(0.17)	-0.15%
Electric Vehicle Account (20J)	20.57	0.76	3.81%	25.52	(0.48)	-1.83%	76.82	0.07	0.09%
Ignition Interlock Devices Revolving Acct 14V	8.46	(0.21)	-2.39%	8.86	0.25	2.90%	43.97	0.86	2.00%
Multimodal Roadway Safety Account Collections-571	0.34	0.02	6.83%	0.35	0.03	9.55%	1.79	0.19	12.11%
Total for State Use	5,158.22	(520.08)	-9.16%	5,694.33	(241.12)	-4.06%	29,295.35	(1,245.11)	-4.08%
Cities	183.10	(13.86)	-7.04%	193.81	(5.97)	-2.99%	980.52	(30.89)	-3.05%
Counties	296.54	(21.96)	-6.89%	313.62	(9.61)	-2.97%	1,587.83	(49.15)	-3.00%
Transportation Improvement Board (112 & 144)	196.54	(14.95)	-7.07%	208.79	(6.84)	-3.17%	1,062.05	(34.35)	-3.13%
County Road Administration Board (102 & 253)	66.67	(5.11)	-7.12%	71.33	(2.61)	-3.53%	366.63	(12.44)	-3.28%
Total for Local Use	742.86	(55.88)	-7.00%	787.56	(25.03)	-3.08%	3,997.04	(126.82)	-3.08%
Total Distribution of Revenue	6,151.97	(580.33)	-8.62%	6,743.81	(268.16)	-3.82%	34,625.53	(1,379.61)	-3.83%

† 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.

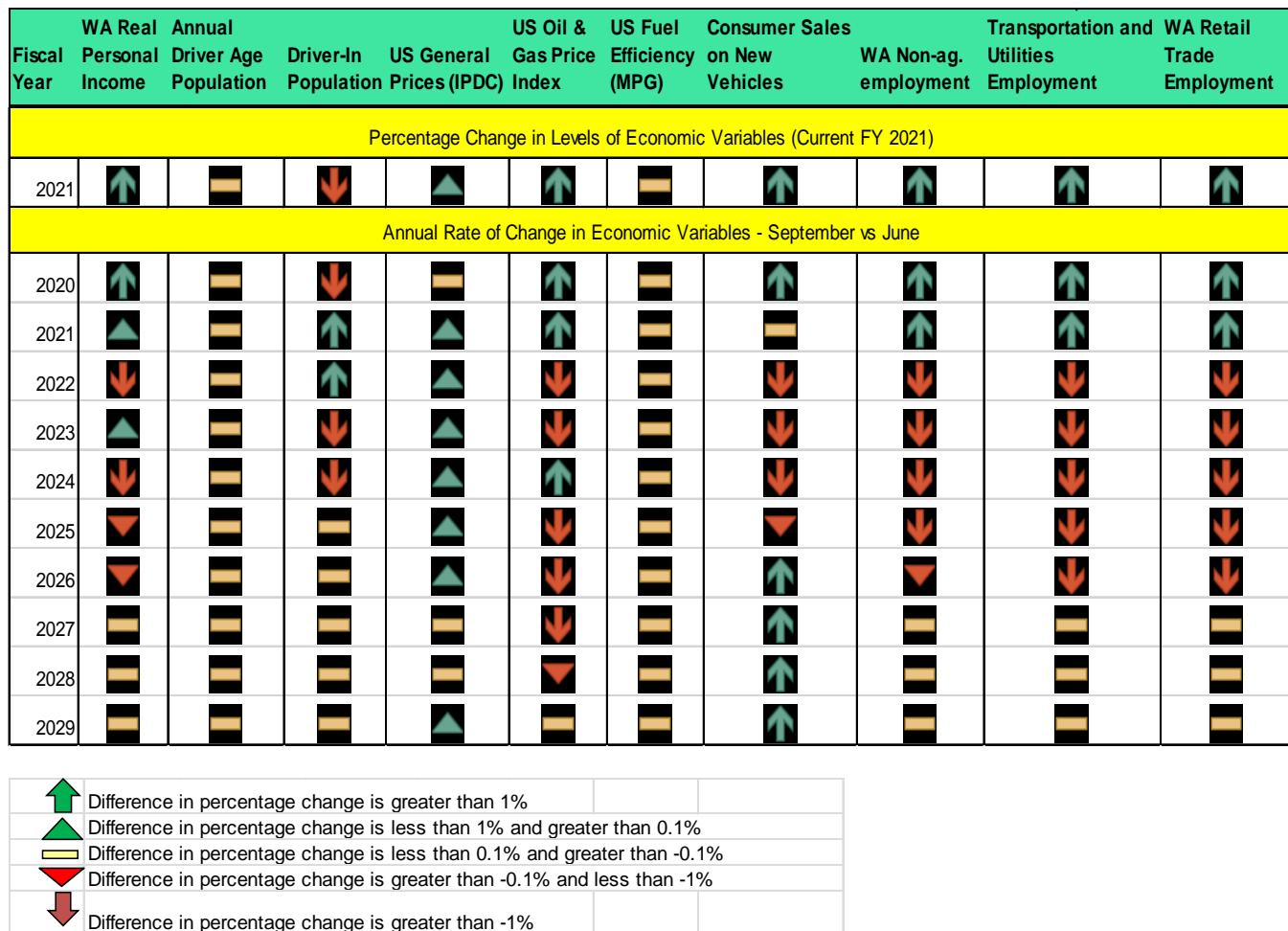
These economic variables in September represent the final economic variables by Economic and Revenue Forecast Council, based on the September IHS-Markit forecast. The September forecast has an assumption that the CARES Act will be extended beginning in third quarter 2020 and the amount of the unemployment benefit will be \$300 per week unemployment benefits versus the \$600 per week benefit in the original CARES Act. Note, the CARES Act has yet to be extended by the US Congress. The CARES Act assumption boosts the economic variables like Washington real personal income and employment in FY 2020 and 2021 but then when it is assumed that the CARES Act expires again, then FY 2022 and 2023 have much lower growth rates than what was forecasted in June. Washington real personal income even has a negative annual growth rate in FY 2022 with these new September growth rates. The June forecast used to assumed that Washington's employment would be negative year over year in FY 2021. Now with the CARES Act extension, included as an assumption, Washington's employment shows positive growth in the retail trade and trade, transportation and utilities employment industry sectors in FY 2021. The overall non-ag. employment is still negative at -1.1% in FY 2021 but is much lower than what was assumed in June at -8.7% annual growth. Driver in population is reduced significantly in FY 2020 and significantly higher growth in FY 2021.

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

Fiscal Year	WA Real Personal Income	Annual Driver Age Population	Driver-In Population	US General Prices (IPDC)	US Oil & Gas Price Index	US Fuel Efficiency (MPG)	Nominal Consumer Sales on New Vehicles	WA Non-ag. Employment	WA Trade, Transportation and Utilities Employment	WA Retail Trade Employment
	5.6%	1.6%	-26.4%	1.3%	-8.2%	1.9%	-3.0%	-1.1%	-0.1%	0.0%
2021	0.9%	1.5%	25.2%	1.4%	-8.7%	1.9%	3.4%	-1.1%	5.1%	2.4%
2022	-0.4%	2.9%	21.2%	1.9%	12.1%	1.9%	-3.3%	4.0%	1.2%	2.3%
2023	3.2%	1.3%	-1.9%	1.5%	5.2%	1.9%	0.6%	2.7%	-4.8%	-0.7%
2024	2.6%	0.0%	-2.5%	1.6%	1.4%	2.0%	3.7%	1.4%	-3.0%	-0.9%
2025	2.6%	1.3%	0.7%	1.9%	2.4%	2.0%	4.5%	1.2%	-1.6%	-0.3%
2026	2.7%	1.3%	0.7%	2.0%	4.4%	2.1%	2.4%	0.9%	0.6%	0.8%
2027	2.7%	1.2%	0.6%	2.1%	5.8%	2.2%	1.8%	0.9%	0.8%	0.7%
2028	2.8%	1.2%	0.5%	2.2%	5.1%	2.1%	1.4%	0.8%	0.9%	0.6%
2029	2.8%	1.1%	0.5%	2.2%	3.6%	2.2%	1.6%	0.8%	0.9%	0.5%

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

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



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

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

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

Fiscal Year Quarter	Crude Oil Price (\$/barrel)	WA Retail Gasoline Price (\$/gal)	WA Retail Diesel Price (\$/gal)
2019: Q3	56.37	3.11	3.28
2019: Q4	56.96	3.19	3.47
2020: Q1	45.76	2.88	3.26
2020: Q2	27.81	2.38	2.72
FY 2020	46.72	2.89	3.18
2020: Q3	41.52	2.67	2.73
2020: Q4	41.17	2.56	2.80
2021: Q1	42.00	2.56	2.81
2021: Q2	45.00	2.88	2.89
FY 2021	42.42	2.67	2.81
2021: Q3	46.00	2.89	2.97
2021: Q4	47.00	2.76	3.03
2022: Q1	47.42	2.69	2.95
2022: Q2	49.14	2.95	2.97
FY 2022	47.39	2.82	2.98
2022: Q3	50.33	3.01	3.04
2022: Q4	50.89	2.90	3.09
2023: Q1	51.08	2.81	3.11
2023: Q2	51.17	3.03	3.08
FY 2023	50.87	2.94	3.08

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

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

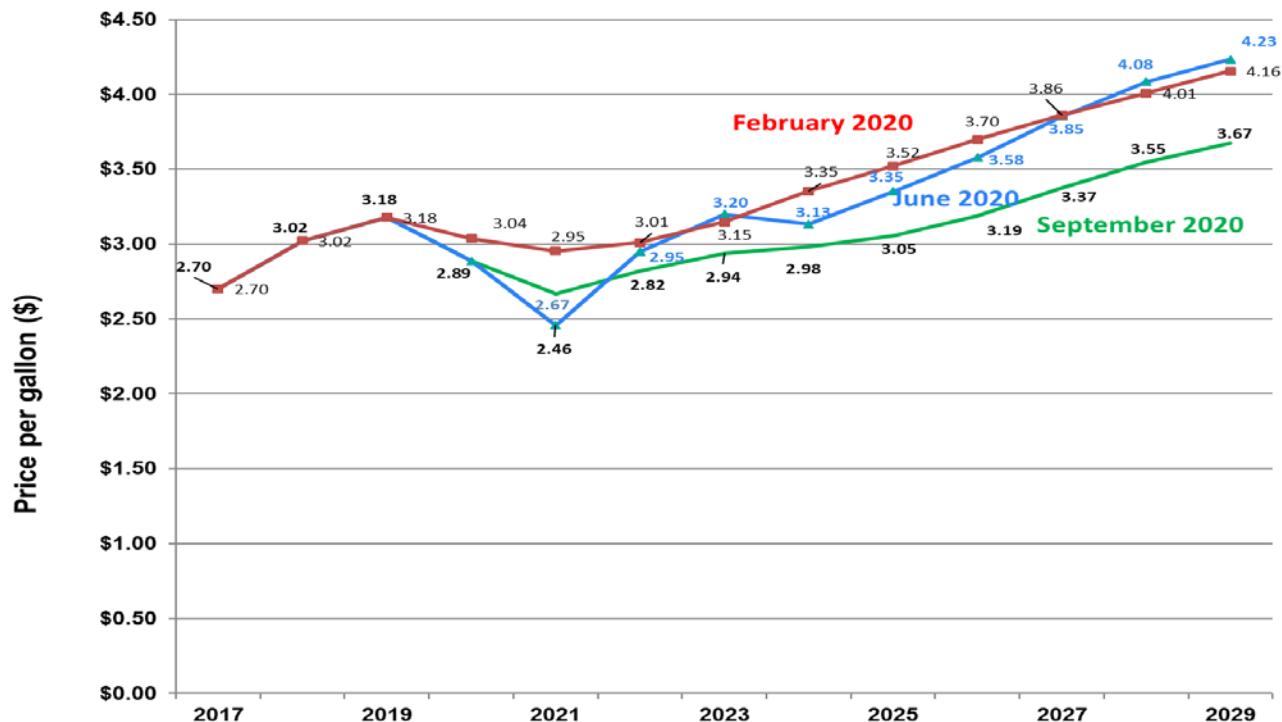
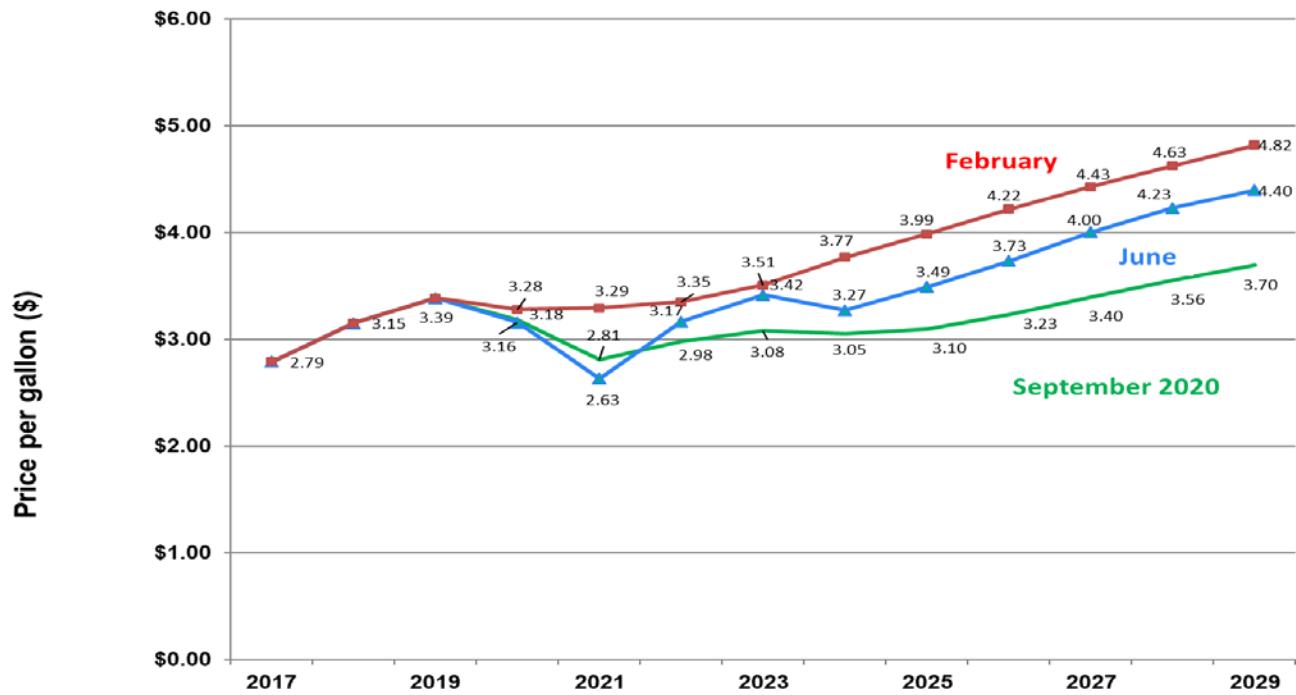


Figure 15: Forecast of UNADJUSTED Washington Retail Diesel Prices September, June and February 2020



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 2021, the crude oil price projections range from \$41 per barrel from NYMEX to \$43 per barrel from Economy.com. WSDOT baseline of \$42.42 per barrel is nearly right on with the average of \$42.37 per barrel. The forecast for WTI crude oil in FY 2022 ranged from \$42 per barrel in the NYMEX futures to \$52 per barrel by Economy.com. The baseline crude oil price forecast in FY 2022 is \$47.4 per barrel, which is 2.8% below the 5 entity average of \$48.7 per barrel. In FY 2023, the crude oil prices range from \$42 per barrel in the NYMEX futures to \$54 per barrel in the Economy.com forecast. The 5-entity average price is \$50.5 per barrel, which is 0.8% below the baseline price forecast of \$50.9 per barrel. Figure 15 reveals the WSDOT baseline WTI price forecast compared to the other entities' crude oil price forecasts and the necessary adjustments each year.

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

Fiscal Year	WSDOT (EIA/GI)	NYMEX	Global Insight	Economy. com	Consensus Economics	5 Entity Avg	% Diff Average
2020	\$46.72	\$46.72	\$46.72	\$46.94	\$46.72	\$46.76	0.09%
2021	\$42.42	\$40.87	\$42.47	\$43.31	\$42.78	\$42.37	-0.11%
2022	\$47.39	\$41.96	\$51.28	\$52.04	\$50.88	\$48.71	2.78%
2023	\$50.87	\$42.31	\$53.00	\$54.36	\$51.74	\$50.46	-0.81%

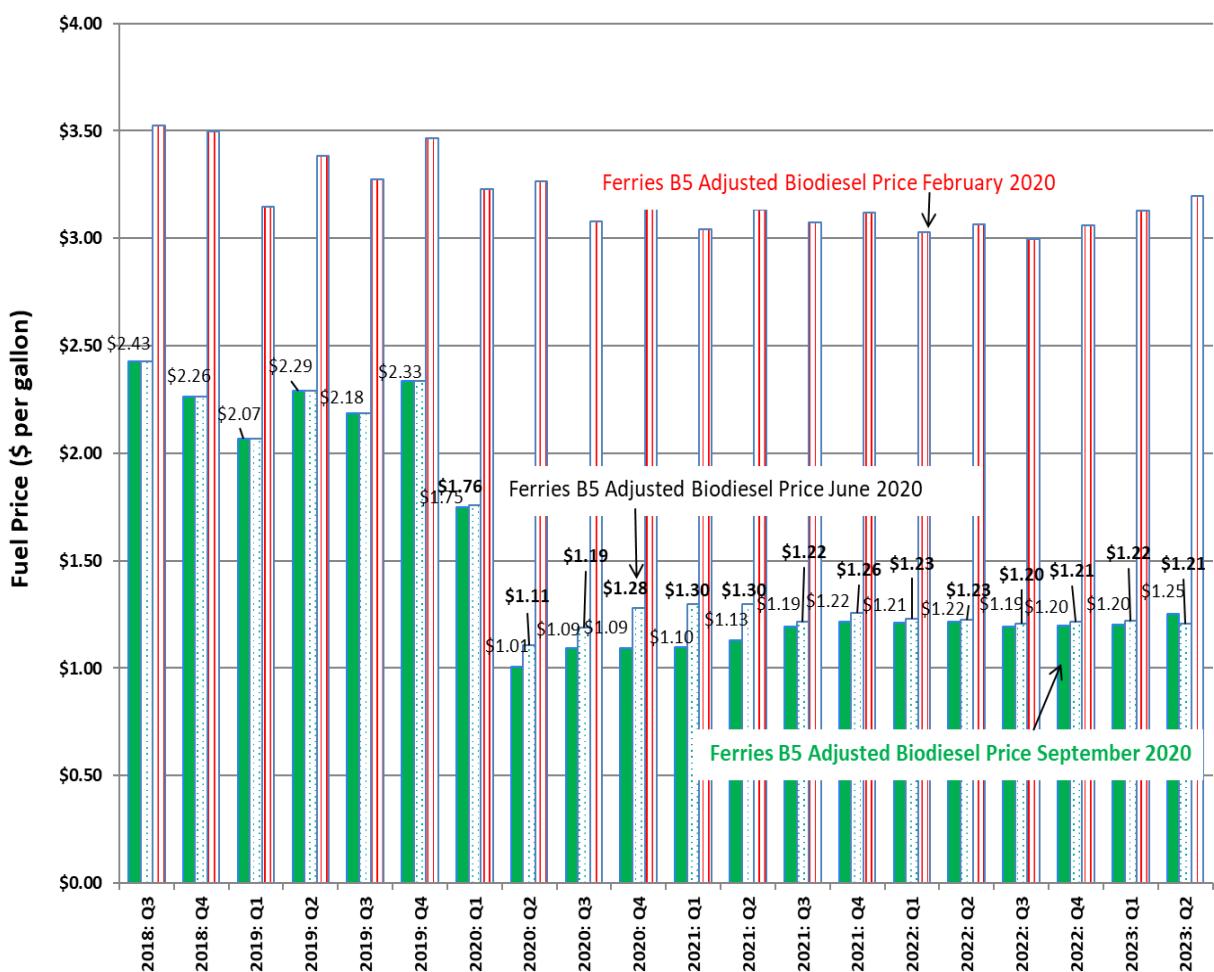
Figure 17: Near-term Average Adjusted Quarterly Fuel Prices and B5 Biodiesel Prices and Unadjusted B99 Biodiesel Prices Used for Budgeting Purposes: September 2020 Dollars per gallon

Fiscal Year Quarter	Adjusted WA Retail Gasoline Price (\$/gal)	Adjusted WA Retail Diesel Price (\$/gal)	Adjusted B5 Biodiesel Price (\$/gal)	Unadjusted B99 Biodiesel price
2019Q3	3.11	3.28	2.18	3.27
2019Q4	3.19	3.47	2.33	3.25
2020Q1	2.88	3.26	1.75	3.09
2020Q2	2.38	2.72	1.01	2.95
FY2020	2.89	3.18	1.82	3.14
2020Q3	2.66	2.73	1.09	2.95
2020Q4	2.56	2.79	1.09	3.02
2021Q1	2.56	2.80	1.10	3.03
2021Q2	2.88	2.89	1.13	3.13
FY2021	2.67	2.80	1.10	3.03
2021Q3	2.97	3.05	1.19	3.21
2021Q4	2.84	3.11	1.22	3.27
2022Q1	2.76	3.04	1.21	3.19
2022Q2	3.03	3.05	1.22	3.21
FY2022	2.90	3.06	1.21	3.22
2022Q3	2.98	3.02	1.19	3.26
2022Q4	2.88	3.06	1.20	3.31
2023Q1	2.79	3.08	1.20	3.33
2023Q2	3.01	3.05	1.25	3.30
FY2023	2.92	3.05	1.21	3.30

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 16 will be used to estimate the future costs to WSDOT agency's 2019-21 and 2021-23 biennium budgets for gas, diesel and biodiesel fuel purchases. The latest adjusted forecast requires a very minor 0.1% downward adjustment to the baseline fuel prices in FY 2021 and upward adjustment of 2.8% in FY 2022. In FY 2023, the baseline fuel prices are adjusted downward by 0.8%.

As Figure 17 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 recover for several years.

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



Motor Vehicle Fuel Tax Forecast

Overview

Motor fuel tax collections for September through August 2020 came in above the September 2020 forecast by \$2.6 million or 0.7%. Gasoline tax collections underperformed the June projection by \$0.3 million or 0.1 %. Diesel collections came in above projection by \$3.0 million or 3.8%. Note that these totals account for \$38.3 million of past period revenues not yet distributed or reported in Department of Licensing August collection report.

For the 2019-2022 biennium, gross fuel collections are \$3.388 billion. This is \$58.9 million, or 1.71% below the June 2020 estimate. In the 2021-2023 biennium, gross fuel tax collections are \$3.591 billion or \$26.4 million (0.7%) lower than the estimate in June 2020. Total fuel tax revenue for the 10-year period beginning in the current biennium and ending in the 2027-2029 biennium is \$18.174 billion. This is \$139.6 million or 0.8% less, than the June 2020 revenue forecast. Current fuel tax revenue estimates are lower than June's forecast throughout the forecast horizon.

Primary Reasons for Changes in the September Forecast

Gasoline is the principal driver in the downward revision. The FY 2021 June forecast projected second half revenues significantly higher due to anticipation of a strong recovery from shut-downs in 2021. These assumptions have changed and this current forecast anticipates less recovery in the last few months of FY 2021. The current forecast anticipates a recovery in April activity/ May 2021 collections but higher demand for gasoline does not return until the summer 2022 travel season. The big recovery for gasoline now occurs in FY 2022 as the annual growth rate in gas consumption is 5.7% while FY 2021 annual growth in gas consumption is negative at 0.8%.

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. In FY 2021, there are delayed gas payments of \$20 million assumed which is 20% lower than the June assumption. The FY 2021 gasoline estimate is 3.9 percent greater FY 2020. This shift also suppresses the FY2022 growth rate, which is 3.6 percent.

The growth in special fuels revenue has been a surprise. The pandemic has accelerated the e-commerce trend and special fuels revenue has been a beneficiary. The current September estimate is best thought of as a recalibration of June. September special fuel consumption is a minor adjustment upward from June because actuals have been coming in slightly above projections.

Tribal fuel tax refunds in FY 2020 came in strong for gasoline and slightly lower for special fuel tax refunds. Gas tax tribal refunds reached more than \$45.9 million, 8.5% increase year over year. Special fuel tribal refunds came in at \$6.77 million, down 5.8% from FY 2019. It is not anticipated that this FY 2020 level of gas tribal refunds can be sustained during the pandemic period. Therefore, September's FY 2021 forecast for gas tribal refunds has a 1.8% decline anticipated which is quite modest and needs to be viewed in the context of FY 2020 high level of activity. In spite of dramatic reductions in fuel consumption during the months of the pandemic, the growth of refunds of gasoline and special fuels tax combined to tribal distributors in FY 2020 was still quite significant at 6.4%.

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.

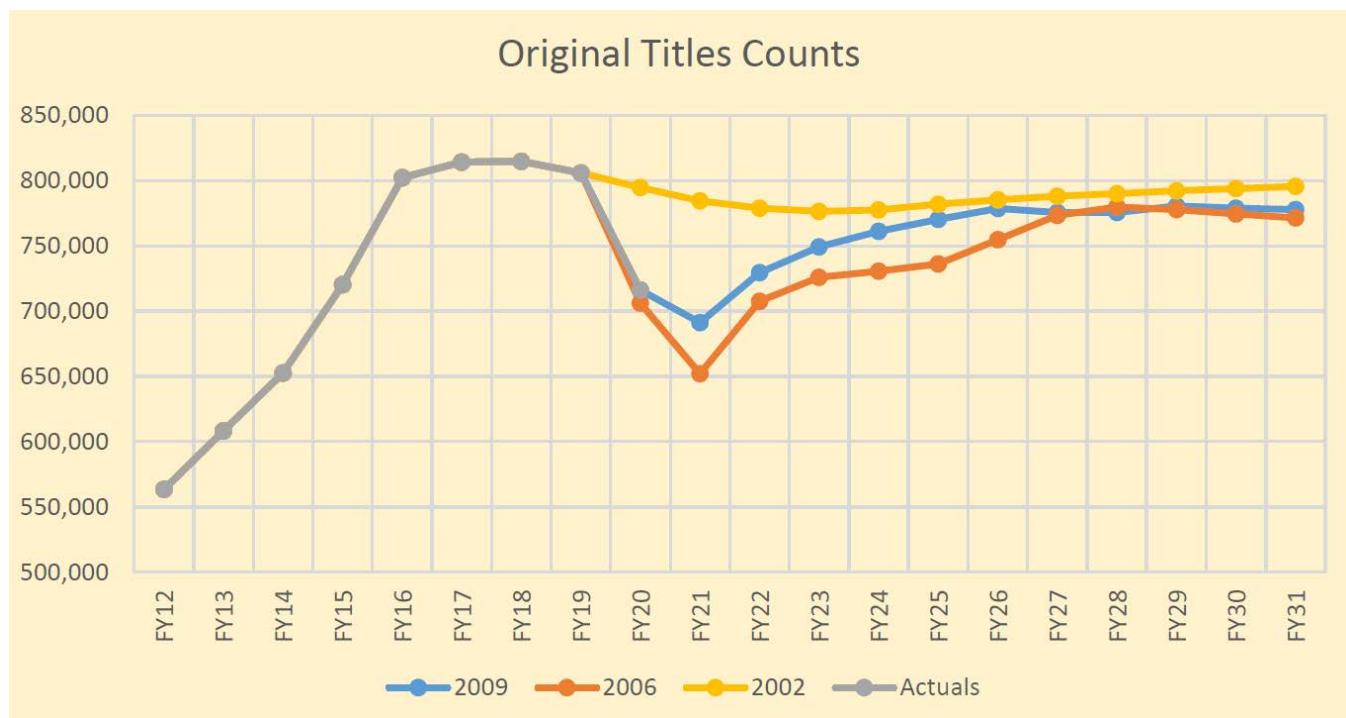
Washington State anticipates collecting about \$1.17 billion from vehicle licenses, permits, and fees (LPFs) in the 2019-2021 biennium, which is lower by \$2.3 million or 0.2% compared to the forecast in June. The LPF forecast is anticipated to be \$1.23 billion by 2027-2029 biennium, which is down by \$5.5 million or 0.44% from the previous forecast. Over the 10-year period, the revenue loss for all LPF is \$21.2 million.

Primary reasons for the change in the September 2020 forecast

- For the fiscal year 2021, passenger car registrations are down 1.42% or 74,700 vehicles comparing the previous forecast. For FY 2022, passenger car registrations will be 1.65% less than the previous forecast. The forecast remains lower in the future years from 2022 through 2029, however, the difference will get smaller in the out years. The decreased forecast registrations are mainly due to the lower passenger car actuals for the last 3 months as car registrations were down 3.5% over the forecast.
- For the fiscal year 2021, truck registrations are reduced by 1.07% or 17,500 vehicles compared to the June forecast. In fiscal year 2022, truck registrations are also decreased from the previous forecast by 0.54%. After that, the current truck forecast has a forecast-to-forecast increase in registrations for the rest of the forecast horizon. By the end of the forecast horizon, we see an increase in truck registrations for 1.23%. This change is also due to lower truck registrations of 2% in the last 3 months.
- In the 2019-21 biennium, \$30 registrations revenue is down 0.93% or \$3.2 million due to the reduced forecast for passenger cars, motorcycles and other vehicles. In the next biennium, revenue from \$30 registrations is \$5.1 million less than the previous forecast. This trend keeps going on in the later periods. We see the revenue runs about \$4.7 million below the previous forecast by the 2027-29 biennium due to the lower forecast for the \$30 group vehicles.
- In the 2019-21 biennium, the forecast sees an increased truck weight revenue of \$1.2 million. This increase is because we increased our prorate vehicle forecast and we also applied new truck weight distribution in this forecast.. The new truck weight distribution shows there are more heavy trucks comparing with the previous distribution. In the following biennium, the truck weight revenue sees an increase of \$2.2 million. The revenue increase keeps going on in later forecast periods. By the end of the forecast horizon, we will see a \$7.6 million increased revenue in 2027-29 biennium.
- In the 2019-21 biennium, the Freight Project fee is about \$0.46 million or 1.1% more than the previous forecast due to the increased prorate vehicle forecast and the higher actuals to date we collected. In the 2021-23 biennium, the Freight Project fee is \$0.24 million more than the June forecast. After that, the revenue increase gradually goes up in the out years. By the end of this forecast horizon, we will see a \$0.81 million freight project revenue growth in 2027-29 biennium.
- The passenger vehicle weight fee is reduced by \$0.4 million in the 2019-21 biennium due to the adjustment DOL made for this revenue stream. In the out years, we anticipate no revenue from passenger weight fees since I-976 eliminated this revenue source.
- Title fee actuals for both originals and other titles came higher than expected. It is slightly positive to compare to the previous forecast. Total titles FY 2020 revenue closed positive 2.2% or \$753K. FY 2021 is up 2.5% or \$800K. This makes BI2019-21 up 2.4% or \$1.5M, next two biennia are up 3% and 4% or \$2M and \$2.8M with almost no change in FY 2028-31.
- The \$30 electric vehicle (former \$100) fee transactions came slightly lower than expected--the originals coming in significant lower which resulted in lower renewals in next and consequent years by about 2%-3% annually. The \$75 fee looks more positive due to a HEV collections. We have almost 12 months of collections and raised the forecast for 13% or \$975k annual revenue collection. The BEV and PHEV offset it down. Total \$75 fee revenue is up 9.3% in FY21 or \$1m, FY22 is up 7.3% or \$840k with positive average 3.5% forecast to forecast change annually over the horizon.
- Ferry Service Fee Registration service fee in 2019-21 biennium is down \$790K (-2.2%), for the ten year period it is down \$5.2M (-2.7%) following a lower registration forecast. Title service fee, on the other hand, is up \$307K (+2.2%) in 2019-21 biennium and up \$1.6M (+1.7%) over the next ten years. Overall 18J revenue for the 2019-21 biennium is down \$482K (-0.98%) and down \$3.5M (-1.2%) for the 10-year period.

- With a recent DOL change in IRP vehicle registration fee collection, the motor vehicle filing fee revenue forecast in FY21 is down -47% or \$(2.8)M for total collections (106 fund is down -21% or \$800K, 218 fund is down -98.22% or \$2M). The reduction to 106 and 218 does not mean a loss to total transportation funds as these revenues are redistributed to other funds (e.g. 108) that receive registration revenues.
- Wheeled All-Terrain Vehicle (WATV) On-Road forecast is higher than the previous forecast for FY 2019-21 by \$15,640 or 4.8% based on actuals thru August. This forecast continues higher on average by \$41,820 or 13% per biennium throughout the rest of the forecast horizon with an updated growth rate as well as the WATV share of total off-road vehicles.
- Intermittent-Use Trailer Registrations per SHB 1480 (2015) are a new use class of trailer with a lifetime registration fee of \$187.50 effective January 1, 2017. The forecast is higher for FY 2019-21 by \$69,200 or 7.6% than the previous forecast based on actuals through August. The forecast for FY 2021-29 is revised lower on average by -\$140,150 or -5.3% based on 3 years of actuals and a somewhat flatter rate of growth.

Figure 19: Original Titles – Actuals, 2009, 2006 and 2002



Driver Related Revenue Forecasts

Overview

The September 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).

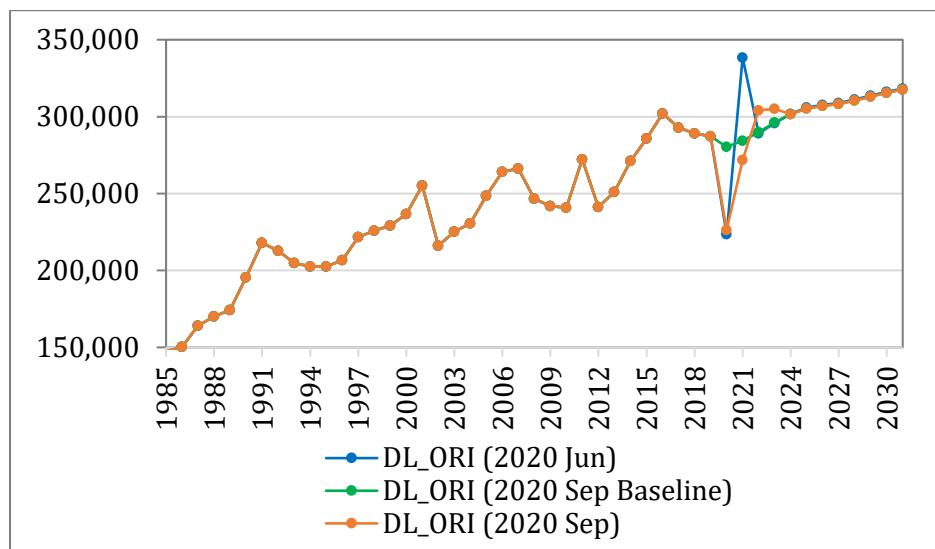
All driver-related revenue for FY2019-2021 is forecasted to be \$288.1 million, down by \$15.3 million (-5.0%). FY2021-23 biennium is forecasted at \$330.6 million, up by \$4.3 million (+1.3%) from the prior forecast. Over the next ten year period (FY20-FY29), driver related revenue is revised down to \$1,598.1 million, about -\$19.5 million (-1.2%) 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 September 2020 forecast

DOL licensing offices started re-opening in partial capacity starting May 2020 and by August 2020, 37 out of 55 Licensing Service Offices were re-open on appointment only basis. Therefore, our June assumption that the pent-up demand would catch up in FY21 was too optimistic except for renewals when customers could do without going into the offices. We now assume driver original transactions that require in-person services will take about three years to return to normal. See chart below.

Figure 20: Driver Licenses Originals – June Versus September Forecasts



- EDL/EID issuances for FY21 to date are down by an average of -48% due to limited office capacity as well as reduced demand. Adoption rate dropped from an average of 38% five months through March to an average of 16% in the five months since (April through August). Given the uncertainties about DOL office capacity, the presidential election, and to what extent Covid-19 vaccine will be available and effective, the forecast only adjusted downwards the demand through March next year and leaving future unchanged. In particular, FY21 is reduced by -25% with further downside risks.
- The original and renewal motorcycle endorsement revenue forecasts are revised upward by 3.0% for the next 10 years with revised transaction-based forecast methodology using original and renewal driver's licenses as inputs.

- Copies of Records (ADR) revenue is revised lower by about -\$579,000 (-1.9%) for the current biennium, with lower actuals to date. Future years are lower by an average of -\$490,000 (-3.0%), although in terms of the volume, ADR sales do return to FY19 level by FY23.

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 \$167 million in the 2019-21 biennium. This represents a decrease of 25% 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 September forecast in the current biennium is up from the last baseline forecast by \$4.1 million or 2.5%. Prior forecasts since November 2019 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 September 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 September 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 \$4.6 million from the previous forecast. Since the baseline February forecast estimate, new legislation has brought in new revenue for the business related revenue forecast. New 2020 legislation added a new Heavy Equipment rental tax, which is anticipated to bring in \$93.6 million over the next 10 years. 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 September 2020 forecast

- Vehicle sales have been reduced due to COVID-19 related shutdowns, however the impact was not as severe as anticipated in June. Motor vehicle sales and use tax revenue came in \$5.557 million above forecast in the four months since the June forecast (May data was revised). Sales tax collections were \$4.731 higher, or 45.8%. Use tax collections were \$826,000 higher, or 32.2%. The forecast for U.S. new vehicle sales continues to rebound in the third quarter of 2020 and remains higher throughout the forecast compared to June. The forecast for U.S. sales of used vehicles compared to June is generally lower in the near term but then is higher starting in 2025. The biennial forecast change for motor vehicle sales and use tax ranges from +9.5% in 2019-21 to +3.4% in 2023-25. The passage of I-976 potentially eliminates the tax.

- Rental car tax collections have also reduced to the COVID-19 related shutdowns and limitations on travel, although not as bad as forecasted in June. Collection came in \$2.151 million (74.3%) above the forecast in the three months since the June forecast. The economic variables are similar to June, continuing to reflect downturn caused by the pandemic. The forecast has been revised upward throughout the forecast horizon. The biennial change ranges from +12.6% in 2019-21 to minimally changed in all other biennia.
- WSDOT Business related revenue for September has been revised down by \$0.1 million or 0.7% from the June 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 June 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 significantly (\$0.1 million or 12.5%) 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 September 2020 have been revised up by \$50,313 or .40%. The change reflects updated yearly averages in all categories that now include any COVID-19 impacts through fiscal year 2020 actuals. Future biennia revenues rebound but are forecast at .10% lower than then June forecast.
- Aviation Fuel Tax 039 is lower for FY 2019-21 by -\$225,499 or -4.5% based on actuals through August. The forecast continues lower than the previous forecast throughout the rest of the forecast horizon by an average of -\$46,850 or -0.9% per biennium. This forecast was updated with the OFM long-term manufacturing employment forecast as well as the FAA General Aviation Fuel Consumption forecast in June 2020.
- Aviation Specialty Plate per HB 1400 (2017) with an effective date of July 22, 2017. This forecast is a little higher FY 2019-21 by \$978 or 1.16% with the forecast continuing higher on average by \$4,200 or 3.94% mainly due to the increase in anticipated plate renewals.

Ferry Ridership and Revenue

Overview

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

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

In August 2019, the Washington State Transportation Commission adopted two fare increases for FY 2020. The first took place on October 1, 2019 and the second on May 1, 2020. Both increases raise passenger fares by

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

The COVID-19 pandemic, the effects of which began in early March 2020 with “stay at home” and “safer at home” public guidance, has severely impacted ferry ridership. April 2020 systemwide ridership was 73% lower than April 2019. Since April, ridership has been steadily recovering at a modest pace, with August 2020 levels coming in 46% lower than 2019. To account for ridership levels that remain below what could be attributed to changes in the usual forecast inputs, such as employment and real personal income, an indicator variable was introduced within the models to capture the pandemic-related decreases in ridership. For this September forecast, the effects of the pandemic are expected to negatively impact ridership for the rest of 2020, with effects tapering off during 2021 and recovering to a “new normal” by January 2022.

Over the past two decades, the passenger and vehicle/driver frequent user “commuter” fare ridership categories have been declining, in both absolute volumes and as percentage shares of total passengers and vehicles, respectively. A number of factors have contributed to this trend, including an aging population base in ferry-served communities with more riders eligible for senior fares that offer a larger discount, an increase in telecommuting, and changes in the frequent user multi-ride fare media that make them less severable for shared concurrent use by multiple riders. Between FY 2000 and FY 2019, the share of passengers traveling under a discounted, frequent user fare has declined from nearly 46% to less than 19%. Over the same period, the share of drivers of vehicles traveling under a discounted, frequent user fare has declined from nearly 47% to 34%. The COVID-19 pandemic has resulted in an extensive increase in telecommuting. Evidence of this is exhibited in the passenger frequent user “commuter” fares ridership, which has the steepest pandemic-related percentage decreases of all fare categories, ranging from over 88% in April to 78% in July and 79% in August. Many employers are expected to be more accommodating of telecommuting after a recovery to conditions representing a “new normal”. To capture this expected effect a 15% reduction has been applied to the passenger commuter fare ridership forecasts, extending out over the forecast horizon. A similar but smaller 10% reduction has been applied to the vehicle/driver commuter fare projections. These assumptions will be revisited in the November 2020 Forecast based upon two additional months of actual data for September and October.

Also contributing to lower near-term ridership projections in the September 2020 Forecast are the following service level assumptions, which have been revised from the June 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 September 2020.
- The Seattle-Bremerton route is anticipated to continue operating with one instead of two vessels through September 2020; two vessels’ service was restored on the Seattle-Bainbridge in August.
- The Anacortes-Sidney, B.C. route, which typically shuts down service during the winter season schedule, is now expected to remain out of service until late March 2021.

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

Overall, the September Baseline Forecast for ridership in the current 2019-21 biennium is 3.0% lower than the June Forecast, with passengers down 6.3% and vehicles/drivers up 1.0%. The September Forecast includes actual ridership and revenue collections through August 2020. Total reported ridership for June, July and August 2020 was 50.9%, 46.9% and 45.8% below the levels from the prior year. Comparing total reported ridership to the June 2020 Forecast, actuals for the months of June, July and August were 12.4%, 8.4% and 14.6% lower, respectively, than predicted in June. By fare type, passenger fares were 26.4%, 25.1% and 29.4% below forecasts, respectively, while vehicle/driver fares were 2.0%, 15.2% and 6.5% above the June 2020 forecasts.

Fare revenues for June, July and August averaged 33.3% lower than the prior year; however, the forecast for these three months were closer to actual performance than were the ridership levels, due to passengers being somewhat over-forecasted while vehicles, which bring in higher fares, being under forecasted. Actual revenue June, July and August came in 1.1%, 6.4% and 0.0% higher than forecasted in June.

Compared to the prior June Forecast, fare and surcharge revenues for the current 2019-21 biennium are projected to be 0.6% lower, whereas miscellaneous revenues are expected to be 8.6% lower. Compared to prior FY 2020 values, fare and surcharge revenues in FY 2021 are expected to be 7.2% lower as the effects of the pandemic and the economic projections continue to dampen ferry ridership with a weak start for FY 2021. Miscellaneous revenues are expected to decline by 54.8% in FY 2021, largely due to reduced ridership, uncertainty about vessel galleys reopening, decreased concession sales at terminals and aboard ferries, and decreased parking revenue.

For the rest of the forecast horizon, the September ridership projections range from 0.7% lower in FY 2022 to 1.5% in FY 2023, followed by smaller increases over the rest of the forecast horizon, relative to the June Forecast. The higher ridership trends for the assumed transition to a “new normal in mid-FY 2022 are the result of higher projections for employment and real personal income in the near term, lower forecast period real gas prices, and lower real fares as a result of higher inflation projections. Fare and surcharge revenue projections are expected to range from 1.2% lower in FY 2022 to 0.9% higher in FY 2023, with slight decreases in the remaining forecast years, compared with June.

Miscellaneous revenues are about 20% lower across the forecast horizon compared with June, reflecting new information from vendors based on early pandemic experience.

Total fare and miscellaneous revenues forecasted for the 2019-21 biennium amount to \$329.1 million, which is 0.8% lower than the previous forecast of \$331.7 million for the same period. Over 10 years (FY 2020-29), ferry fare and miscellaneous revenues total \$2.07 billion, which is \$13.9 million (0.7%) lower than the June 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 September 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 September 2020 forecast

- Overall, the September fare and surcharge revenue forecasts reflect the substantial drop in ridership resulting from the pandemic and its associated effects on the economic forecast variables, including employment and real personal income, as well as travel in general.
- Miscellaneous revenue forecasts are lower than in the June Forecast for similar 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. September 2020 toll traffic and revenues (T&R) forecast has been updated from the June forecast to incorporate actual traffic and revenue trends through August 2020. The updated forecast includes six months of T&R actuals impacted by the pandemic; it also revises the recovery assumptions for each facility based on the latest observations.

Comparing to June forecast, the three months of T&R actuals (June 2020 to August 2020) were above forecast. Combined toll transactions for the three months were 9.6 percent above the forecast. Reported adjusted toll revenues for the three months were \$33.4 million, which is \$3.2 million (or 9.6 percent) above the forecast.

Figure 21 below provides more details of the three-month actual vs forecast comparison for Toll Transactions and Adjusted Gross Toll Revenue.

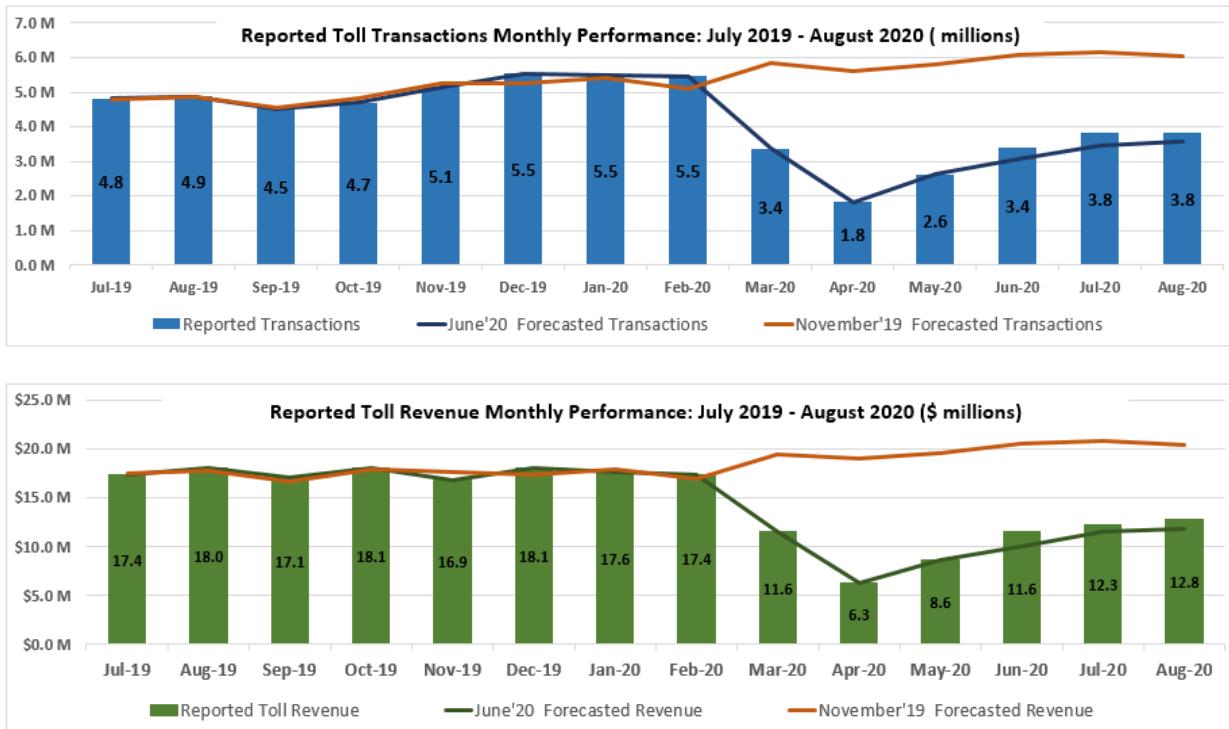
Figure 21: June 2020 to August 2020 Actuals vs June 2020 Forecast (\$ millions)

Toll Facility	Toll Transactions				Adjusted Gross Toll Revenue					
		Jun-20	Jul-20	Aug-20	Total		Jun-20	Jul-20	Aug-20	Total
TNB	Forecasted Transactions	1.066	1.194	1.123	3.383	Forecasted Toll Revenue	\$5.605	\$6.249	\$5.882	\$17.736
	Reported Transactions	1.139	1.277	1.294	3.709	Reported Toll Revenue	\$6.206	\$6.711	\$6.932	\$19.849
	Variance From Forecast	0.073	0.083	0.171	0.326	Variance From Forecast	\$0.601	\$0.462	\$1.050	\$2.113
	Variance - % Change	6.8%	6.9%	15.2%	9.6%	Variance - % Change	10.7%	7.4%	17.9%	11.9%
SR 520	Forecasted Transactions	0.977	1.091	1.236	3.304	Forecasted Toll Revenue	\$3.000	\$3.479	\$3.963	\$10.442
	Reported Transactions	1.089	1.230	1.184	3.503	Reported Toll Revenue	\$3.558	\$3.715	\$3.768	\$11.041
	Variance From Forecast	0.112	0.139	-0.052	0.199	Variance From Forecast	\$0.557	\$0.236	\$0.195	\$0.598
	Variance - % Change	11.5%	12.7%	-4.2%	6.0%	Variance - % Change	18.6%	6.8%	-4.9%	5.7%
I-405	Forecasted Transactions	0.359	0.448	0.476	1.283	Forecasted Toll Revenue	\$0.396	\$0.613	\$0.717	\$1.726
	Reported Transactions	0.381	0.444	0.460	1.285	Reported Toll Revenue	\$0.464	\$0.481	\$0.612	\$1.558
	Variance From Forecast	0.021	-0.004	-0.016	0.002	Variance From Forecast	\$0.068	\$0.132	\$0.105	\$0.168
	Variance - % Change	5.9%	-0.8%	-3.4%	0.1%	Variance - % Change	17.3%	-21.5%	-14.6%	-9.7%
SR 167	Forecasted Transactions	0.108	0.116	0.119	0.343	Forecasted Toll Revenue	\$0.172	\$0.209	\$0.214	\$0.595
	Reported Transactions	0.101	0.117	0.110	0.328	Reported Toll Revenue	\$0.169	\$0.206	\$0.183	\$0.558
	Variance From Forecast	-0.007	0.001	-0.009	-0.015	Variance From Forecast	-\$0.003	-\$0.003	-\$0.031	-\$0.036
	Variance - % Change	-6.4%	1.1%	-7.6%	-4.3%	Variance - % Change	-1.6%	-1.5%	-14.3%	-6.1%
SR 99	Forecasted Transactions	0.568	0.587	0.627	1.782	Forecasted Toll Revenue	\$0.904	\$0.974	\$1.041	\$2.919
	Reported Transactions	0.699	0.753	0.782	2.234	Reported Toll Revenue	\$1.181	\$1.150	\$1.278	\$3.610
	Variance From Forecast	0.131	0.166	0.155	0.452	Variance From Forecast	\$0.277	\$0.176	\$0.237	\$0.691
	Variance - % Change	23.1%	28.3%	24.7%	25.4%	Variance - % Change	30.7%	18.1%	22.8%	23.7%
Total	Forecasted Transactions	3.078	3.436	3.581	10.095	Forecasted Toll Revenue	\$10.077	\$11.524	\$11.817	\$33.418
	Reported Transactions	3.409	3.821	3.830	11.060	Reported Toll Revenue	\$11.578	\$12.263	\$12.774	\$36.616
	Variance From Forecast	0.330	0.385	0.249	0.965	Variance From Forecast	\$1.501	\$0.739	\$0.957	\$3.198
	Variance - % Change	10.7%	11.2%	7.0%	9.6%	Variance - % Change	14.9%	6.4%	8.1%	9.6%

Post COVID T&R performance continues to trend significantly below the Pre COVID forecast. Comparing to November 2019 forecast, current Biennium To Date (BTD, July 2019-August 2020) five facilities combined toll transactions were 21.4 percent, or 16.1 million below the November forecast; the reported adjusted toll revenues were \$203.8 million, which is \$56.0 million (or 21.5 percent) below the forecast.

Figure 22 provides BTD monthly Toll Transactions and Reported Toll Revenue performances in comparison to the November 2019 and June 2020 forecasts.

Figure 22: BTD monthly T&R Actuals in comparisons to June 2020 and November 2019 forecasts



Assumptions and Methodologies for September Forecast

The COVID-19 pandemic is likely bringing permanent shift in future traffic patterns. At this time it's unclear how increased telecommuting, changes in transportation mode choices, and other societal shifts will affect toll traffic and revenue forecasts in the future. Also, future development and distribution of a successful coronavirus vaccine might shift timing of the traffic recovery.

This forecast is a continuous effort to estimate near-term pandemic impact and build long-term projections based on the updated T&R actuals. Similar to June 2020 forecast, September 2020 forecast continues to rely on the recent traffic and revenue trend, with revised assumptions on T&R recovery.

- General assumptions

Based on the actual transportation performance in the Puget Sound Region and trends observed on other facilities throughout the country, Toll Division assumes the following:

- April 2020 had the lowest toll T&R performance as a result of the COVID-19 Pandemic and associated economic downturn.
- Steady but slow recovery since April, projected to continue as more people return to in-person school and work and non-work related activities.
 - COVID-19 has had more impacts on urban traffic compared to suburban traffic.
 - Facilities with less alternative routes recover faster than those with viable alternatives
 - The Express Toll Lane facilities, while slowly recovering in traffic levels, will continue to have much lower average toll rates than pre-COVID.
- There are long term changes anticipated to commute patterns and non-work-related trips, as tele-commuting, remote learning, and delivery of services becomes more prevalent post-COVID-19.

- As a result traffic performance on all facilities are not anticipated to go back to Pre-COVID level with longer term impacts assumed on facilities where there are viable, and less congested, alternatives available to users.

- ***Assumptions for each toll facility***

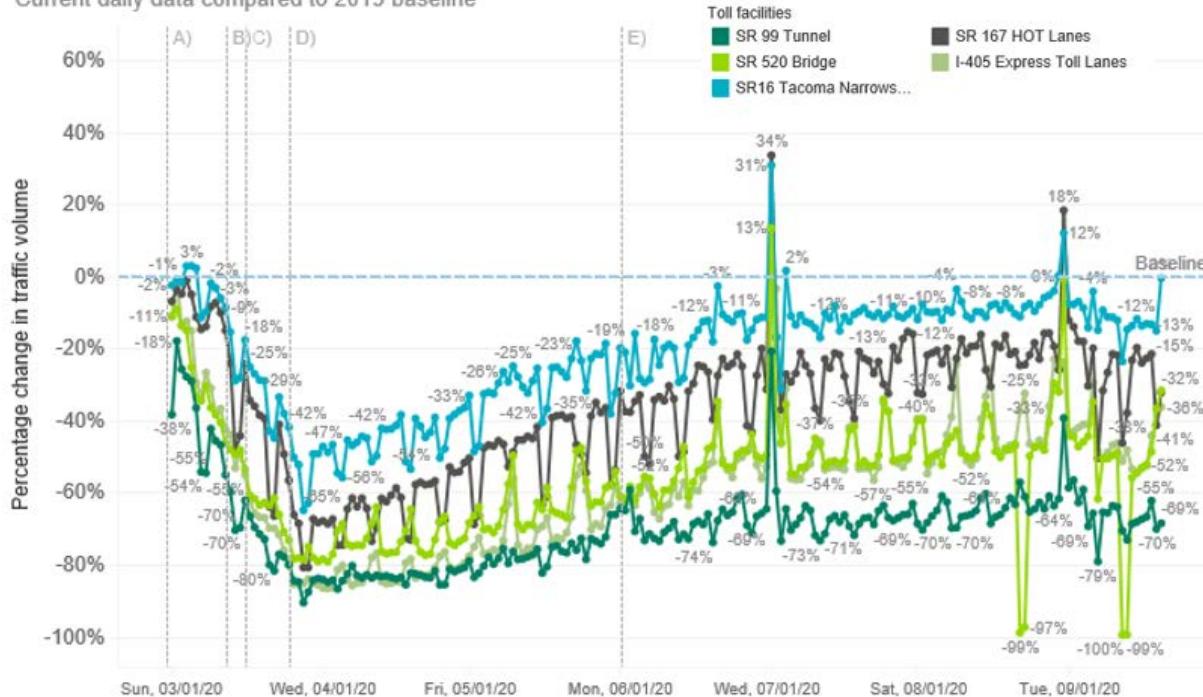
Figure 23 provides daily traffic volumes from March 01, 2020 thought September 20, 2020 comparing to last year's traffic. Those actuals verify the general assumptions and provide additional clarities to the toll facilities.

Figure 23: Percentage change in toll traffic volumes March 01, 2020 through September 20, 2020 in comparison to last year's traffic.

Percentage change in toll facilities traffic volumes compared to baseline:

SR 99 Tunnel, SR 520 Bridge, SR16 Tacoma Narrows Bridge and 2 more

Current daily data compared to 2019 baseline



Source:

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

Tacoma Narrows Bridge (TNB): benefiting from limited alternative routes and its suburban location, TNB has performed best throughout the COVID-19 Pandemic and associated economic downturn. It continues to lead others in toll traffic recovery. We assume its toll rate stays the same since the rate will not change during different times of the day.

SR 520 Toll Bridge: Located in the urban center of Puget Sound, with the I-90 floating bridge providing a viable alternative, SR 520 toll traffic has been significantly reduced during the COVID-19 Pandemic, and recovery has been slow.

SR 520 toll traffic may start to recover a bit faster as congestion levels on I-90 return. Average toll rates are expected to continue to improve with the recovery of toll traffic during the peak periods.

I-405 Express Toll Lanes (ETLs): I-405 ETLs toll traffic experienced the steepest decline in April; however, traffic is recovering at a similar rate as the other toll facilities. As noted previously, average toll rates are still

significantly lower than pre-COVID-19 Pandemic levels due to limited congestion, and associated higher dynamic toll rates.

The traffic comparison between I-405 General Purpose (GP) lanes and ETLs shows, the traffic on GP lanes was 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 should recover at a faster rate than what has been experienced to date.

SR 167 Express Toll Lanes (ETLs): The SR 167 ETLs toll traffic has seen the second fastest recovery. This may due to the more suburban location of the facility with higher number of essential employers along the corridor with in-person services, low minimum rates (at 50 cents) on the facility, and single-lane capacity which limits volumes in the facility.

The comparison between SR 167 General Purpose (GP) lanes and ETLs shows that 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, with the noted lower average toll rates.

SR 99 Tunnel: Connecting to downtown Seattle, and with multiple alternative routes, the SR 99 tunnel continues to experience the slowest traffic recovery among the toll facilities, however noting that prior to the COVID-19 Pandemic in March there was only four months of operational data available since tolling commenced on November 9, 2019.

Based on the aforementioned observations and expectations, Figure 24 below shows FY 2021 through FY 2029 annual Traffic and Toll Rates June and September forecast assumptions comparing to Pre-COVID Forecasts.

Figure 24: FY 2021 to FY 2029 Traffic and Toll Rate Reduction Assumptions – Comparing to Pre-COVID Forecasts¹

Facility	Forecast Version	Traffic & Toll Rates Assumptions	FY 2021 ACTUALS		ANNUAL FORECAST FY 2021 to FY 2029								
			Jul-20	Aug-20 ³	FY 2021 Weighted Average	FY 2022 Weighted Average	FY 2023 Weighted Average	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
TNB ²	June'20	Toll Traffic reduction	-20%	-20%	-13%	-6%	-6%	-6%	-6%	-6%	-6%	-6%	-6%
	Sep'20	Toll Traffic reduction	-14%	-7%	-7%	-4.0%	-3%	-3%	-3%	-3%	-3%	-3%	-3%
SR 520	June'20	Toll Traffic reduction	-55%	-50%	-32%	-13%	-13%	-13%	-13%	-13%	-13%	-13%	-13%
	Sep'20	Toll Rate reduction	-2%	-2%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%	-1%
SR 99 ⁴	June'20	Toll Traffic reduction	-49%	-51%	-40%	-20%	-12%	-8%	-8%	-8%	-8%	-8%	-8%
	Sep'20	Toll Rate reduction	-2%	-2%	-2%	-1%	-1%	-2%	-2%	-2%	-2%	-2%	-2%
I-405	June'20	Toll Traffic reduction	-45%	-40%	-25%	-3%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%
	Sep'20	Toll Rate reduction	-8%	-8%	-6%	-5%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
SR 167	June'20	Toll Traffic reduction	-29%	-25%	-21%	-9.8%	-5%	-5%	-5%	-5%	-5%	-5%	-5%
	Sep'20	Actual/Estimated Toll Rate	\$ 1.88	\$ 1.88	\$ 1.88	\$ 1.92	\$ 1.90	\$ 1.89	\$ 1.93	\$ 1.92	\$ 1.91	\$ 1.91	\$ 1.95
		Toll Rate reduction	-8%	-9%	-8%	-6%	-6%	-6%	-6%	-6%	-6%	-6%	-6%

Notes:

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

² Assume no toll rate change to TNB.

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

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

- FY 2020 to FY 2021 toll traffic and toll revenue estimate**

June forecast incorporates actual T&R performance through August 2020, adding ten-month estimate for FY 2021, and assuming different recovery pattern for each facility based on the observed trends.

See the two charts below for toll facilities' actuals since July 2019 and the anticipated monthly T&R performance in the current Biennium.



- FY 2022 to FY 2023 toll traffic and revenue estimate – a continued steady growth rate associated with a recovery**

The forecasts for FY 2022 continue to be made on a month-by-month basis, to best administer the slow but steady growth in traffic and, for the ETLs, in average toll rates. Each toll facility is analyzed on its own, with the actual traffic, average toll rate, and revenue by month used as one of the key inputs. Additionally, another input used in the month by month forecasting is the assumed average growth made from June forecasts.

We assume toll traffic and revenue recovery will continue slowly from June 2021 to June 2022 to a reasonable level. The estimated toll traffic growth in FY 2022 ranges from 4% (TNB) to 39% (SR 99), and toll revenue growth ranges from 9% (TNB) to 45% (SR 167 ETLs).

Similar to FY 2022, the forecasts for FY 2023 continue to be made on a month-by-month basis, to best administer the slow but steady growth in traffic and, for the ETLs, in average toll rates. Each toll facility is analyzed on its own, with the actual traffic, average toll rate, and revenue by month used as one of the key inputs. Additionally, another input used in the month by month forecasting is the assumed average growth made from June forecasts.

Charts below show Traffic Volumes and Gross Potential Revenue reduction in comparing to Pre-COVID Forecasts¹ for each facility through FY 2023.



Notes:

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

FY 2024 to FY 2029 toll traffic and revenue estimate

We used the pre-COVID-19 forecasts assumed annual growth rates by facility by year as the base growth assumption, with some minor modifications to ETLs and SR 520 to reflect recovery over time.

FY 2020 to FY 2029 – other primary assumptions:

- No changes to existing toll policies
- No significant shift in the share of toll transaction payment types, with the exception of the I-405 ETLs, which have seen a 2-percentage point shift into Pay By Mail from Pay By Plate.
- Initial results from March to August 2020 actuals for the other four toll facilities suggest a slightly smaller share of GTG! Transponder transaction share, indicating a higher percentage of frequent toll users have not been using the toll facilities since the start of the COVID-19 Pandemic.
- Assumes the same ratio of toll revenue leakages. In general, a higher share of photo toll transactions will lead to higher assumed level of revenue leakage, however data acquired since the June TRFC forecast is inconclusive in regards to leakage rates. Aside from adjustments for the payment splits on the I-405 ETLs, no revisions have been made to the assumed rates of revenue leakage by facility.
- Late payment fees (Pay By Mail \$5 reprocessing fees): assume the corresponding reduction in collection as the ratio for toll traffic, and incorporation of actual trends in FY 2020.
- Civil penalty revenues assume the same rate of collection based on the ratio with toll traffic, and incorporation of a six-month lag in payments.

Summary of September Forecast Results

Figure 25 provides the comparison summary between September 2020 forecast and June 2020 forecast results. Figure 26 provides the comparison summary between September 2020 forecast and November 2019 results (Pre-COVID).

Some of the highlights of September forecast include:

- 2019-21 Biennium total revenue and fees are estimated to be \$376 million, which is \$4 million (or 1 percent) below the June 2020 Forecast. 2021-23 Biennium total revenue and fees are estimated to be \$461 million, below June 2020 forecast by \$15 million (or 3 percent). For FY 2020 to FY 2029 ten-year total, total revenue and fees are estimated to be \$2.54 billion, \$43 million (or 2 percent) above June 2020 forecast.
- Comparing to the Pre-COVID November 2019 Forecast, 2019-21 Biennium total revenue and fees are 23 percent below the forecast. For FY 2020 to FY 2029 ten-year total, total revenue and fees are 13 percent (or \$381 million) below the forecast.

Figure 25: Revenue Comparison – September 2020 vs June 2020 Forecast (\$ millions)

	Toll Facility	FY 2020	FY 2021	2019-21 Biennium	FY 2022	FY 2023	2021-23 Biennium	2023-25 Biennium	2020-29 Ten-Year
TNB									
Adjusted Gross Toll Revenue	\$0.601	\$5,207	\$5,808	\$2,121	\$3,007	\$5,128	\$6,131	\$29,713	
Other Revenue	-\$0.233	\$0,152	-\$0,081	-\$0,031	-\$0,016	-\$0,047	-\$0,020	-\$0,176	
Total TNB Revenue & Fees	\$0,368	\$5,359	\$5,727	\$2,090	\$2,991	\$5,081	\$6,111	\$29,537	
Total % Change	0.5%	7.2%	3.7%	2.6%	3.6%	3.1%	3.6%	3.5%	
SR 520									
Adjusted Gross Toll Revenue	\$0,557	-\$7,568	-\$7,011	-\$7,325	\$0,114	-\$7,211	\$10,416	\$15,551	
Other Revenue	\$4,274	-\$0,911	\$3,363	-\$1,009	\$0,573	-\$1,582	-\$0,291	\$1,675	
Total SR 520 Revenue & Fees	\$4,832	-\$8,479	-\$3,647	-\$8,334	-\$0,459	-\$8,793	\$10,125	\$17,227	
Total % Change	6.5%	-12.8%	-2.6%	-9.6%	-0.5%	-5.0%	5.4%	1.9%	
I-405 ETLs									
Adjusted Gross Toll Revenue	\$0,068	-\$7,381	-\$7,313	\$4,662	-\$1,529	-\$6,191	-\$0,637	-\$1,507	
Other Revenue	\$0,676	-\$0,463	\$0,213	-\$0,086	\$0,242	\$0,156	\$0,901	\$6,616	
Total I-405 ETLs Revenue & Fees	\$0,744	-\$7,844	-\$7,100	\$4,748	-\$1,287	\$6,035	\$0,264	\$5,109	
Total % Change	2.8%	-42.4%	-15.9%	-16.3%	-4.3%	-10.2%	0.4%	1.3%	
Changes from June 2020 TRFC									
SR 167 ETLs									
Adjusted Gross Toll Revenue	-\$0,003	\$0,175	-\$0,178	-\$0,921	\$0,531	\$1,452	\$0,195	\$0,523	
Other Revenue	-\$0,030	-\$0,004	-\$0,034	-\$0,006	-\$0,001	-\$0,007	\$0,006	-\$0,014	
Total SR 167 ETLs Revenue & Fees	-\$0,033	-\$0,179	-\$0,212	-\$0,927	-\$0,532	-\$1,459	\$0,201	\$0,509	
Total % Change	-0.9%	-5.1%	-3.0%	-16.3%	-8.2%	-12.0%	1.3%	0.7%	
SR 99									
Adjusted Gross Toll Revenue	\$0,277	\$0,497	\$0,774	\$2,219	-\$0,952	-\$3,171	-\$1,922	-\$8,387	
Other Revenue	\$0,570	\$0,031	\$0,601	\$0,398	\$0,161	\$0,559	\$0,329	\$0,933	
Total SR 99 Revenue & Fees	\$0,848	\$0,528	\$1,376	\$2,617	-\$1,113	-\$3,730	-\$2,251	-\$9,319	
Total % Change	6.5%	2.6%	4.2%	-8.3%	-3.4%	-5.8%	-3.4%	-3.1%	
All Toll Facilities									
Adjusted Gross Toll Revenue	\$1,501	-\$9,420	-\$7,919	-\$13,006	\$0,109	-\$12,897	\$14,183	\$35,894	
Adjusted Gross Toll Revenue % Change	0.8%	5.5%	2.3%	-6.0%	0.0%	-2.9%	3.0%	1.5%	
Other Revenue	\$5,257	-\$1,195	\$4,062	-\$1,530	-\$0,509	-\$2,039	\$0,267	\$7,168	
Total Revenue & Fees	\$6,758	-\$10,615	-\$3,857	-\$14,536	-\$0,400	-\$14,936	\$14,450	\$43,062	
Total % Change	3.4%	-5.8%	-1.0%	-6.2%	-0.2%	-3.1%	2.8%	1.7%	

Figure 26: Revenue Comparison – September 2020 vs November 2019 Forecast (\$ millions)

	Toll Facility	FY 2020	FY 2021	2019-21 Biennium	FY 2022	FY 2023	2021-23 Biennium	2023-25 Biennium	2020-29 Ten-Year
TNB									
Adjusted Gross Toll Revenue	-\$6,654	-\$5,597	-\$12,251	-\$3,379	-\$2,560	-\$5,939	-\$5,220	-\$34,202	
Other Revenue	\$0,687	-\$0,574	\$0,113	-\$0,296	-\$0,199	-\$0,495	-\$0,382	-\$1,524	
Total TNB Revenue & Fees	-\$5,967	-\$6,171	-\$12,138	-\$3,675	-\$2,759	-\$6,434	-\$5,602	-\$35,726	
Total % Change	-7.0%	-7.1%	-7.1%	-4.2%	-3.1%	-3.7%	-3.1%	-4.0%	
SR 520									
Adjusted Gross Toll Revenue	-\$21,253	-\$37,136	-\$58,389	-\$19,804	-\$12,831	-\$32,635	-\$16,705	-\$147,272	
Other Revenue	\$5,251	-\$3,608	\$1,643	-\$2,634	-\$2,425	-\$5,059	-\$4,707	-\$19,583	
Total SR 520 Revenue & Fees	-\$16,001	-\$40,744	-\$56,745	-\$22,438	-\$15,256	-\$37,694	-\$21,412	-\$166,854	
Total % Change	-16.8%	-41.4%	-29.3%	-22.3%	-14.6%	-18.4%	-9.7%	-15.3%	
I-405 ETLs									
Adjusted Gross Toll Revenue	-\$8,124	-\$22,066	-\$30,190	-\$11,148	-\$8,944	-\$20,092	-\$30,253	-\$120,655	
Other Revenue	\$2,969	-\$1,621	\$1,348	-\$0,794	-\$0,624	-\$1,418	-\$1,816	-\$3,011	
Total I-405 ETLs Revenue & Fees	-\$5,155	-\$23,687	-\$28,842	-\$11,942	-\$9,568	-\$21,510	-\$32,069	-\$123,666	
Total % Change	-16.1%	-68.9%	-43.5%	-32.9%	-25.1%	-28.9%	-31.1%	-24.3%	
Changes from November 2019 TRFC									
SR 167 ETLs									
Adjusted Gross Toll Revenue	-\$1,431	-\$2,407	-\$3,838	-\$1,740	-\$1,465	-\$3,205	-\$2,084	-\$12,936	
Other Revenue	-\$0,107	-\$0,186	-\$0,293	-\$0,222	-\$0,253	-\$0,475	-\$0,618	-\$3,148	
Total SR 167 ETLs Revenue & Fees	-\$1,538	-\$2,593	-\$4,131	-\$1,962	-\$1,718	-\$3,680	-\$2,702	-\$16,084	
Total % Change	-29.7%	-44.0%	-37.3%	-29.2%	-22.4%	-25.6%	-14.5%	-17.6%	
SR 99									
Adjusted Gross Toll Revenue	-\$2,201	-\$6,590	-\$8,791	-\$4,311	-\$3,132	-\$7,443	-\$6,342	-\$35,993	
Other Revenue	\$0,241	-\$0,935	-\$0,694	-\$0,514	-\$0,283	-\$0,797	-\$0,569	-\$3,171	
Total SR 99 Revenue & Fees	-\$1,959	-\$7,525	-\$9,484	-\$4,825	-\$3,415	-\$8,240	-\$6,911	-\$39,163	
Total % Change	-12.4%	-26.7%	-21.6%	-14.2%	-9.7%	-11.9%	-9.7%	-11.7%	
All Toll Facilities									
Adjusted Gross Toll Revenue	-\$39,662	-\$73,796	-\$113,458	\$40,382	\$28,932	-\$69,314	-\$60,604	-\$351,057	
Adjusted Gross Toll Revenue % Change	-18.2%	-31.3%	-25.0%	-16.5%	-11.4%	-13.9%	-11.0%	-13.0%	
Other Revenue	\$9,041	-\$6,924	\$2,117	\$4,460	\$3,784	\$8,244	\$8,092	\$30,437	
Total Revenue & Fees	-\$30,621	-\$80,720	-\$111,341	\$44,842	\$32,716	-\$77,558	-\$68,696	-\$381,494	
Total % Change	-13.1%	-31.9%	-22.9%	-16.9%	-11.9%	-14.4%	-11.6%	-13.0%	

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

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

FY 2021 YTD (July 2020 through August 2020) reported toll transactions were 2.6 million, which is 254,000 (or 10.9 percent) above the June 2020 forecast. FY 2021 YTD Adjusted Gross Toll Revenues were \$13.6 million, which was \$1.5 million (or 12.5 percent) above the prior forecast.



Comparing to June 2020 forecast, TNB toll transactions are estimated to be increased by 7.1 percent in FY 2021. FY 2022 transactions are above June forecast by 2.7 percent. From FY 2023 to 2029, TNB toll transactions are forecasted to be above the prior forecast by 3.7 percent.

Assuming no changes to the average toll rates, TNB toll revenue forecast updates reflect the similar trends of its traffic growth. Comparing to the prior forecast, TNB total revenue and fees in September forecast are increased by 7.2 percent in FY 2021, 2.6 percent in FY 2022, and 3.6 percent from FY 2023 to FY 2029. The facility's total revenue and fees in 2019-21 biennium are estimated to be \$159.5 million, which is \$5.7 million above June forecast.

Updates to SR 520 Toll Bridge traffic and toll revenue

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

FY 2021 YTD (July 2020 through August 2020) reported toll transactions were 2.4 million, which is 87,000 (or 3.7 percent) above the June 2020 forecast. YTD Adjusted Gross Toll Revenue was \$7.5 million, which is \$41,000 (or 0.6 percent) above the prior forecast.



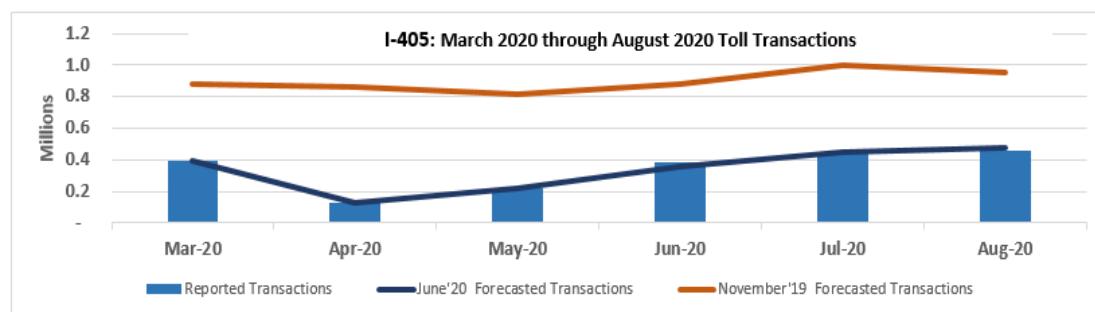
Comparing to June forecast, SR 520 toll transactions in September forecast are estimated to be reduced by 11.8 percent in FY 2021; the reduction decreases to 8.5 percent in FY 2022. From FY 2023 to FY 2029, SR 520 toll transactions are forecasted to be above June 2020 forecast by an average of 5.1 percent, benefiting from the extended T&R recovery period in FY 2023 and FY 2024.

SR 520 revenue and fees in the current biennium are forecasted to be \$137 million, which is \$3.6 million (or 2.6 percent) below the June 2020 forecast. The ten-year total revenue and fees (FY 2020 to FY 2029) are estimated to be \$925 million, which is \$17.2 million (or 1.9%) higher than the June forecast.

SR 520 miscellaneous pledged revenues decreased by 29 percent in FY 2021 and 41 percent during the ten year forecast horizon from FY 2022-29. The significant decrease in miscellaneous pledged revenue, despite the increase in revenue over the same period, is the result of the full payment of the Aberdeen casting basin property in FY 2020. The previous forecast assumed the sale of the property and 8 percent interest rate would be paid monthly over 20 years.

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

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



FY 2021 YTD (July 2020 through August 2020) reported toll transactions were 0.9 million, or 2.1 percent below the June 2020 forecast. YTD Adjusted Gross Toll Revenue was \$1.1 million, which is \$236,000 (or 17.8 percent) below June 2020 forecast.

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

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

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

Comparing to the June 2020 forecast, I-405 ETLs toll transactions are estimated to be reduced by 17.8 percent in FY 2021, and 6.7 percent in FY 2022 before showing increases for the remainder of the forecast horizon.

I-405 ETLs total revenue and fees in the current biennium are forecasted to be \$37.5 million, which is \$7.1 million (or 15.9 percent) below June 2020 forecast. The ten-year total revenue and fees (FY 2020 to FY 2029) are estimated to be \$385 million, which is an increase of \$5.1 million from June 2020 forecast.

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

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

FY 2021 YTD (July 2020 through August 2020) reported toll transactions were 227,000, below June forecast by 3.3 percent. YTD Revenue were \$0.4 million, which is \$34 thousand (or 7.9 percent) below the prior forecast.



Impacted by COVID-19, March through August 2020 toll traffic and revenues were significantly underperformed. As mentioned for the I-405 Express Toll Lanes, the percentage decreases in revenue for SR 167 ETLs also exceed their percentage decreases in traffic. As travel demand on SR 167 drops, traffic congestion is significantly reduced; thereby reducing the time savings benefits the dynamic priced managed-lanes offer over the free general-purpose lanes. Reduced demand for the tolled lanes also results in lower-than-average tolls, approaching the minimum toll rate, all day, decreasing revenue further. March 2020 through August 2020 average toll rate was \$1.48 in comparison to July 2019 through February 2020 average toll rate of \$2.56.

Comparing to the June 2020 forecast, SR 167 ETLs toll transactions are estimated to be reduced by 4.1 percent in FY 2021, and the percentage reduction in FY 2022 is 6.4 percent. The ten-year total transactions (from FY 2020 to 2029) are estimated to be increased by 1.5 percent, benefiting from the extended T&R recovery period.

SR 167 ETLs total revenue and fees in current biennium are forecasted to be \$6.9 million, which is \$0.2 million (or 3.0 percent) below June 2020 forecast. The ten-year total revenue and fees (FY 2020 to FY 2029) are estimated to be \$75.5 million, which is up by \$0.5 million (or 0.7 percent) from June 2020 forecast.

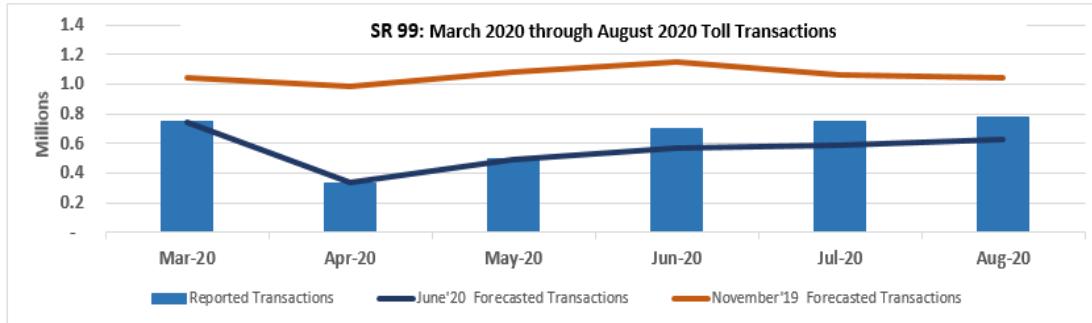
Updates to SR 99 Tunnel traffic and toll revenue

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

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

After toll commencement, SR 99 Pre COVID-19 actuals significantly outperformed November 2019 forecast. The COVID-19 Pandemic brought tremendous shift on regional transportation patterns. March through August's toll transactions were about 40 percent below November 2019 forecast. The two-months of adjusted

gross toll revenue reported in FY 2021 were \$2.4 million, which was \$414,000 (or 20.5 percent) above June 2020 forecast.



Comparing to the June 2020 forecast, SR 99 toll transactions are estimated to increase by 5.1 percent in FY 2021, and the percentage reduction in FY 2022 is 7.5 percent. From FY 2023 to 2029, SR 99 toll transactions are forecasted to be below June 2020 forecast by 2.6 percent.

SR 99 adjusted gross toll revenue and fees in the current biennium are forecasted to be \$34.4 million, which is 4.2 percent higher than June 2020 forecast. The ten-year total toll revenue and fees (FY 2020 to FY 2029) are estimated to be \$295 million, which is down by \$9.3 million (or 3.1 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

- The September 2020 total apportionment forecast for FFY 2020 is \$771.2 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 September 2020 apportionment forecast reflects the CARES Act federal distribution of \$2.2 million.
- The September 2020 apportionment forecast reflects the actual Ferry Boat annual apportionment distribution as well as redistributed Ferry Boat distribution.
- The September 2020 apportionment forecast reflects the current Continuing Resolution for FFY 2020, which removed the 2020 rescission of \$55 million.

- The FAST Act will expire on September 30 2020 and at the current time there is not a new Surface Transportation Funding Bill passed by Congress to take its place. Because a new funding bill does not exist, we are assuming a Continuing Resolution will be passed to fund infrastructure in the gap period. Assuming a Continuing Resolution for the near term, the baseline forecast for FFY 2021 through FFY 2023 will assume an annual growth rate of 2.3% which is based on the average annual growth rate of the FHWA Core Program apportionment from 2012 through 2020. This 2.3% growth rate spans two Surface Transportation funding bills as well as numerous Continuing Resolutions.
- The baseline forecast for FFY 2024 through FFY 2029 will assume an annual growth of federal revenues matching the annual Washington State fuel consumption growth rates. In this September forecast, there were only minor revisions upward annually in the long-term federal highway funds forecast compared to the last forecast due to higher starting point in FFY 2024 and slightly higher long-term growth rates in those years.

Obligation Authority (OA) Forecast

- Obligation authority (OA) (a.k.a. spending authority or obligation limitation) is the ceiling or total amount of commitments of federal apportionment that can be made within a year. Congress sets this ceiling or limit as part of the federal appropriation bills to control federal expenditures annually.
- The September 2020 CORE OA for FFY 2020 is forecasted to be \$758.0 million, which is an increase of .8% from the June 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 September 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 was does not include fund distributions made directly to King Co, Pierce Co, Snohomish Co and Spokane Co.

**Figure 27: FFY 2017 – FFY2020 FHWA Highways Forecast
(\$ millions)**

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

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

Figure 28: FFY 2017 – FFY 2020 FTA – Public Transportation Forecast

(In thousands)

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

Washington State Ferries (WSF) Federal Apportionment Funds Forecast

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

**Figure 29: FFY 2017 – FFY2020 FTA Washington State Ferries Forecast
(In millions)**

September 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 and Heavy Equipment Rental Tax

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

Studded Tire Fee, HOV penalties and Hazardous Substance Tax

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 September 2020 Forecast

Figure 30: Connecting Washington Revenues With I-976 Included Compared to September 2015 Forecast

Forecast to Forecast Comparison for Connecting Washington Revenues 10-Year Period									
September 2020 Forecast <u>with impacts of I-976 to September 2015 Forecast</u> • millions of dollars									
dollars in millions	2019-21			2021-23			10-Year Period (2019-2029)		
	Forecast Sep 20	Chg from Sep 15	Percent Change	Forecast Sep 20	Chg from Sep 15	Percent Change	Forecast Sep 20	Chg from Sep 15	Percent Change
Revenues									
Motor Vehicle Fuel Taxes Increase (7 cents 8/1/15 & 4.9 cents 7/1/16); Handling Loss Elimination and Increase in Off-highway Refunds by 11.9 cents	757.5	(45.1)	-5.6%	801.9	(5.8)	-1%	4,056.6	12.3	0.3%
Vehicles paying Weight-based Registration Fee (All Trucks)	15.5	(54.9)	-78.0%	15.4	(84.3)	-85%	127.6	(346.5)	-73.1%
Vehicles paying Freight Project Fee (Trucks >10,000 lbs)	39.5	18.4	87.0%	39.1	17.8	84%	201.7	94.5	88.1%
Passenger Vehicle Weight Fees	39.0	(147.8)	-79.1%	-	(305.2)	-100%	39.0	(1,415.6)	-97.3%
Intermittent-Use Trailers (\$187.50)	1.0	(5.8)	-85.7%	1.5	(5.4)	-78%	11.0	(24.2)	-68.8%
Electric/Plug-in Vehicle Renewal Fee (\$100) PHEV ONLY	0.6	0.2	57.2%	0.5	0.0	11%	3.0	0.6	22.9%
Electric/Plug-in Vehicle Renewal Fee (\$50) PHEV & EV	0.8	(0.8)	-51.9%	-	(1.7)	-100%	0.8	(9.3)	-92.4%
Title Service Fee \$12 (Vessels)	0.2	0.1	100.0%	0.2	0.9	-128%	1.0	1.4	-335.9%
Registration Service Fee \$5 (Vessels)	0.5	0.2	66.7%	0.6	0.2	37%	2.9	1.6	116.6%
Commercial Driver's License (CDL) Fees HIGHWAY SAFETY	3.4	0.7	25.7%	3.5	0.8	29%	16.6	3.1	22.9%
Enhanced Driver's License Fees (EDL/EID) HIGHWAY SAFETY	4.8	1.1	29.7%	9.5	5.8	155%	41.5	26.5	177.8%
DOL Report of Sale Fees	5.0	0.3	5.7%	5.7	1.0	20%	28.8	4.9	20.7%
Studded Tire Fee	0.6	(0.4)	-40.8%	0.6	(0.4)	-42%	3.0	(2.3)	-42.9%
Total Revenues	868.5	(234.0)	-21.2%	878.5	(376.5)	-30%	4,533.5	(1,652.9)	-26.7%
Distributions									
Motor Vehicle Fund (108)	35.5	(26.4)	-42.6%	34.757	(44.785)	-56%	211.6	(172.9)	-45.0%
Transportation 2003 Nickel Account (550)	2.9	(1.9)	-39.9%	2.855	(3.484)	-55%	17.2	(13.2)	-43.3%
Transportation Partnership Account (09H)	6.3	(4.2)	-39.9%	6.287	(7.672)	-55%	38.0	(29.1)	-43.3%
Connecting Washington Account (NEW)	757.5	(45.0)	-5.6%	801.851	(5.822)	-1%	4,056.6	12.4	0.3%
Puget Sound Capital Construction Account (099)	-	-	0.0%	-	-	0%	-	-	0.0%
Puget Sound Ferry Operations Account (109)	0.8	(0.6)	-42.4%	0.767	(0.972)	-56%	4.7	(3.7)	-44.4%
Capital Vessel Replacement Account (18J)	3.5	0.3	10.8%	3.700	1.226	50%	18.6	3.9	26.5%
Multimodal Transportation Account (218)	39.0	(150.5)	-79.4%	-	(308.202)	-100%	39.0	(1,431.3)	-97.3%
Special Category C Account (215)	-	-	0.0%	-	-	0%	-	-	0.0%
License Plate Technology Account (06T)	0.1	0.0	9.5%	0.147	0.147	10000%	0.7	0.2	36.9%
DOL Services Account (201)	0.3	0.0	9.5%	0.294	0.026	10%	1.5	0.1	9.5%
WSP Highway Account (081)	12.4	(8.8)	-41.5%	12.379	(15.438)	-55%	75.0	(58.8)	-43.9%
Highway Safety Fund (106)	10.0	3.1	44.1%	15.401	8.430	121%	69.8	38.9	125.7%
Rural Arterial Trust Account (102)	0.0	0.0	0.0%	0.0	-	0%	0.3	0.0	18.4%
Transportation Improvement Account (144)	0.0	0.0	0.0%	0.0	-	0%	0.3	0.0	18.4%
Total Distributions	868.4	(233.9)	-21.2%	878.4	(376.5)	-30%	4,532.7	(1,653.4)	-26.7%

Figure 30 shows the Connecting Washington (CW) revenues with the impacts of I-976 included compared to the September 2015 forecast, five years ago. There has been significant reductions in revenue since the CW revenue package was passed in 2015. The September 2015 forecast originally set that revenue package. In the current biennium, the CW revenue is reduced from its original forecast by \$234 million or 21%. Next biennium, CW revenues are down \$376.5 million or 30% from the original 2015 forecast. Over the next 10 years, the CW revenues are down \$1.653 billion or 27% from the 2015 forecast. A large portion of the loss in revenue \$147.8 million is from the passage of I-976 which resulted in the elimination of the passenger weight fees increase contained in the CW revenue package in the current biennium. There were also losses in the truck weight fee increase included in CW at -\$55 million, which were also eliminated with I-976. Fuel taxes were down \$45 million in the current biennium from the 2015 forecast. If this table for CW revenue was examined without the passage of I-976 then the results are much different. In the current biennium, the revenue reductions in CW revenue package were only \$21.7 million or 2% from the September 2015 projections if I-976 is excluded. Next biennium, the revenue loss from the 2015 projections would be down \$40 million or 3% and over the next 10 years, the current forecast is up from the 2015 projections by \$163.7 million or 2.7% higher if the impacts of I-976 are excluded.

Impact to Select Transportation Accounts

Figure 31: 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
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	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)
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)
Electric Vehicle Account transfers to GF		-	-	-	-	(10,824,000)	(13,352,000)	(11,371,000)	(13,376,000)	(13,178,000)
Revenue Going into Electric Vehicle Account *						8,025,800	11,204,200	12,287,800	13,479,200	14,720,600
\$ Amount Remaining in Electric Vehicle Account						(2,798,200)	(2,147,800)	916,800	103,200	1,542,600
										340,600