

Big revenue gains and losses

March 22, 2021

The Washington Revenue Forest Council released its updated [economic revenue forecast](#) on Wednesday, March 17, and it is a mixed bag. On the operating side revenues are up - by a lot. \$1.9 billion to be exact. Unfortunately, as expected, revenues are still down in the transportation sector. We are \$220 million below our November 2020 forecast for the 2021-23 biennium (-3.3%), and roughly \$764 million down over our 10-year outlook (-2.2%).

These revenue losses are almost exclusively the result of the pandemic. Gas tax, toll and ferry revenues are all down significantly. At the-county level we have experienced this first-hand. Fuel-tax revenues were down roughly 14% in 2020, and they continue to be down in 2021. According to state forecasts, gasoline consumption will continue to stay below the February and November 2020 projections through 2031. This projection only accounts for COVID and not necessarily the anticipated decrease of reliance on gasoline through the next ten years.

Unfortunately, this is bad news for the 2021-2023 biennial transportation budget. This hole, combined with a roughly \$700-\$800 million fish passage barrier removal investment that state needs to make this biennium, means we could be seeing cuts in the transportation sector.

2021-2023 transportation budget proposals are expected to drop today or Tuesday, and public hearings have been scheduled for the Senate and House Transportation Committees tomorrow, Tuesday, March 23. We will keep you apprised as we learn more.