Economy and Revenue

• Economic forecasts underpin the revenue forecast
  • Regional forecast is primary
    • It is based on a national forecast

• U.S. economic outlook
  • Modest growth to continue
  • Forecast: 20% chance of recession
    • Overheating/imbalances largely absent

• Region’s economy is stronger than it looked in April
  • Data revisions
  • Employment growth has accelerated in 2016
Seattle Taxable Retail Sales

Taxable Retail Sales, Year-over-Year Growth Rate

3 month moving average
Puget Sound Region Economy and Forecast

• WA growth has been focused in Puget Sound region
  • Particularly in Seattle

• Forecast: region’s growth to slow
  • Boeing reductions
  • Forecast for non-store retailers
  • Construction
  • Uncertainty is elevated

• Risks/likely sources of forecast error
  • National economy
  • Construction
  • Non-store retailers
Puget Sound Region Economy

Taxable Retail Sales Growth, 2010-15

<table>
<thead>
<tr>
<th>Category</th>
<th>Seattle</th>
<th>Rest of King Co + Snohomish</th>
<th>Rest of WA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total less construction</td>
<td>36.3%</td>
<td>31.4%</td>
<td>28.1%</td>
</tr>
<tr>
<td>Construction</td>
<td></td>
<td>46.2%</td>
<td>39.8%</td>
</tr>
</tbody>
</table>

122.7%
Annual Growth of Puget Sound Region* Employment

*King, Kitsap, Pierce & Snohomish Co. Source: Puget Sound Economic Forecaster.

March '16 forecast
June '16 forecast
Sales and B&O Taxes

- Sales and B&O taxes generate 41% of general fund revenue.
- Had construction grown at the same rate as the rest of the tax base, revenue would be $36 million less in 2016, $103 million less over the 6-year period.
Sales and B&O Taxes

Annual Growth Rate of Sales and B&O Tax Revenue

2011-15 average = 7.8%
Real Estate Excise Tax Receipts

- Residential
- Condo
- Commercial
General Subfund Revenue

Has revenue surpassed its pre-recession peak?

Real General Subfund Tax Revenue
in 2016 dollars

General Subfund Revenue

If we adjust for growth

![Bar chart showing Real General Subfund Tax Revenue Per Capita in 2016 dollars from 2005 to 2016F]
## General Subfund Revenues

<table>
<thead>
<tr>
<th>GSF - Item</th>
<th>2015</th>
<th></th>
<th>2016</th>
<th></th>
<th>2017</th>
<th></th>
<th>2018</th>
<th></th>
<th>2019</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual</td>
<td>August</td>
<td>Chg from Apr</td>
<td>August</td>
<td>Chg from Apr</td>
<td>August</td>
<td>Chg from Apr</td>
<td>August</td>
<td>Chg from Apr</td>
<td>August</td>
<td>Chg from Apr</td>
</tr>
<tr>
<td>Property Taxes</td>
<td>273,043,894</td>
<td>282,050,000</td>
<td>1,332,000</td>
<td>290,932,000</td>
<td>1,365,000</td>
<td>302,833,000</td>
<td>1,179,000</td>
<td>1,179,000</td>
<td>1,179,000</td>
<td>1,179,000</td>
</tr>
<tr>
<td>Sales Taxes</td>
<td>219,847,473</td>
<td>236,782,504</td>
<td>7,114,823</td>
<td>243,525,892</td>
<td>6,029,906</td>
<td>248,852,706</td>
<td>4,913,865</td>
<td>4,913,865</td>
<td>4,913,865</td>
<td>4,913,865</td>
</tr>
<tr>
<td>B&amp;O and Ad-Taxes</td>
<td>230,093,670</td>
<td>244,535,690</td>
<td>4,126,264</td>
<td>258,538,754</td>
<td>6,820,267</td>
<td>271,309,261</td>
<td>9,895,778</td>
<td>9,895,778</td>
<td>9,895,778</td>
<td>9,895,778</td>
</tr>
<tr>
<td>Public Utility Taxes</td>
<td>134,937,250</td>
<td>138,441,565</td>
<td>(700,637)</td>
<td>150,354,598</td>
<td>3,571,329</td>
<td>156,438,193</td>
<td>6,468,518</td>
<td>6,468,518</td>
<td>6,468,518</td>
<td>6,468,518</td>
</tr>
<tr>
<td>Private Utility Taxes</td>
<td>51,733,783</td>
<td>59,857,392</td>
<td>(1,358,397)</td>
<td>61,735,523</td>
<td>(521,864)</td>
<td>63,500,387</td>
<td>(594,542)</td>
<td>(594,542)</td>
<td>5,210,000</td>
<td>5,210,000</td>
</tr>
<tr>
<td>Court Fines</td>
<td>28,387,084</td>
<td>28,625,000</td>
<td>300,000</td>
<td>28,875,000</td>
<td>250,000</td>
<td>29,625,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Parking Meters</td>
<td>37,761,118</td>
<td>38,814,000</td>
<td>323,000</td>
<td>42,377,000</td>
<td>3,309,000</td>
<td>44,864,000</td>
<td>5,210,000</td>
<td>5,210,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other General Subfund Revenues</td>
<td>110,446,170</td>
<td>116,848,874</td>
<td>22,032,671</td>
<td>108,476,933</td>
<td>15,105,199</td>
<td>111,421,250</td>
<td>15,836,683</td>
<td>15,836,683</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### General Subfund - Grand Total

<table>
<thead>
<tr>
<th>2015</th>
<th>1,086,250,441</th>
<th>1,145,955,025</th>
<th>33,169,724</th>
<th>1,184,815,700</th>
<th>35,928,837</th>
<th>1,228,843,797</th>
<th>42,909,302</th>
</tr>
</thead>
</table>

### Notable Non-GSF Revenues

<table>
<thead>
<tr>
<th>Real Estate Excise Tax</th>
<th>73,180,898</th>
<th>65,242,775</th>
<th>8,839,144</th>
<th>65,950,407</th>
<th>9,824,536</th>
<th>67,692,131</th>
<th>7,375,978</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Parking Tax</td>
<td>41,315,644</td>
<td>39,602,383</td>
<td>-</td>
<td>41,047,870</td>
<td>-</td>
<td>42,546,117</td>
<td>-</td>
</tr>
<tr>
<td>School Zone Camera Fund</td>
<td>5,799,533</td>
<td>13,038,447</td>
<td>4,880,151</td>
<td>8,171,424</td>
<td>1,667,441</td>
<td>5,931,304</td>
<td>967,763</td>
</tr>
</tbody>
</table>