



# City Budget Office

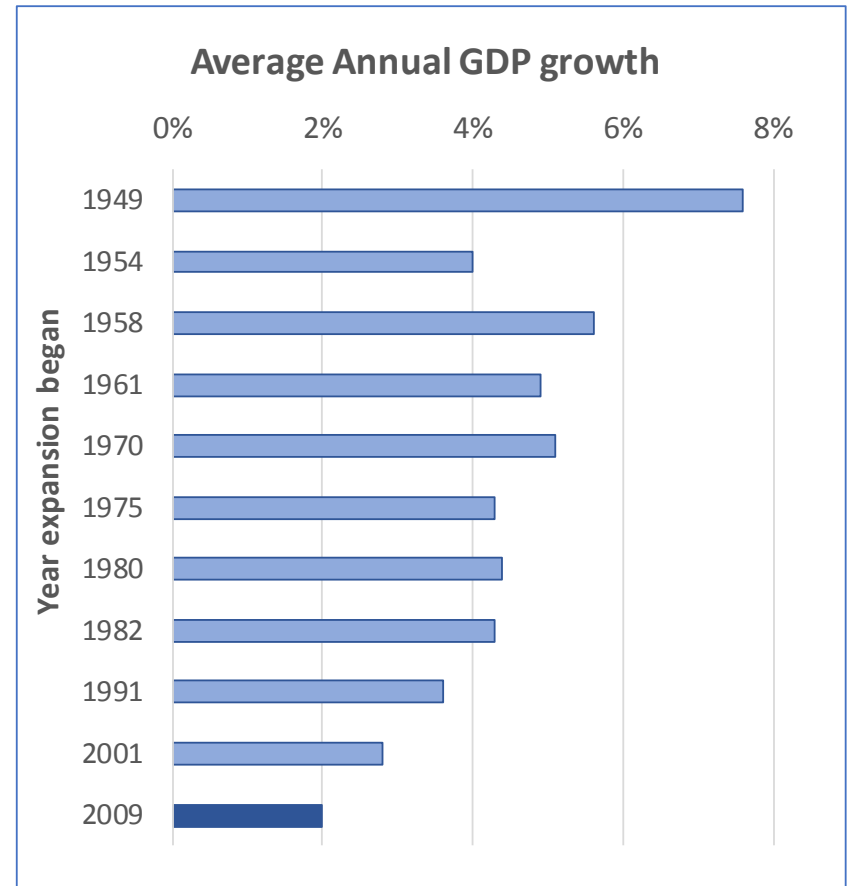
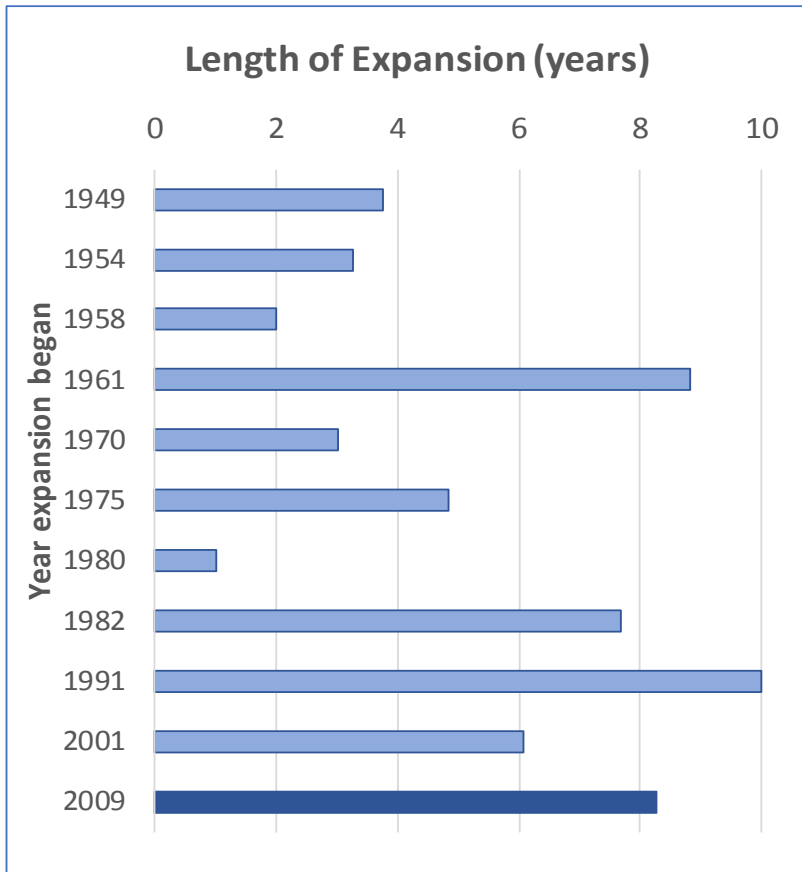
Economics and Revenue Update

2018 Proposed Budget

*September 28, 2017 Council Chambers*

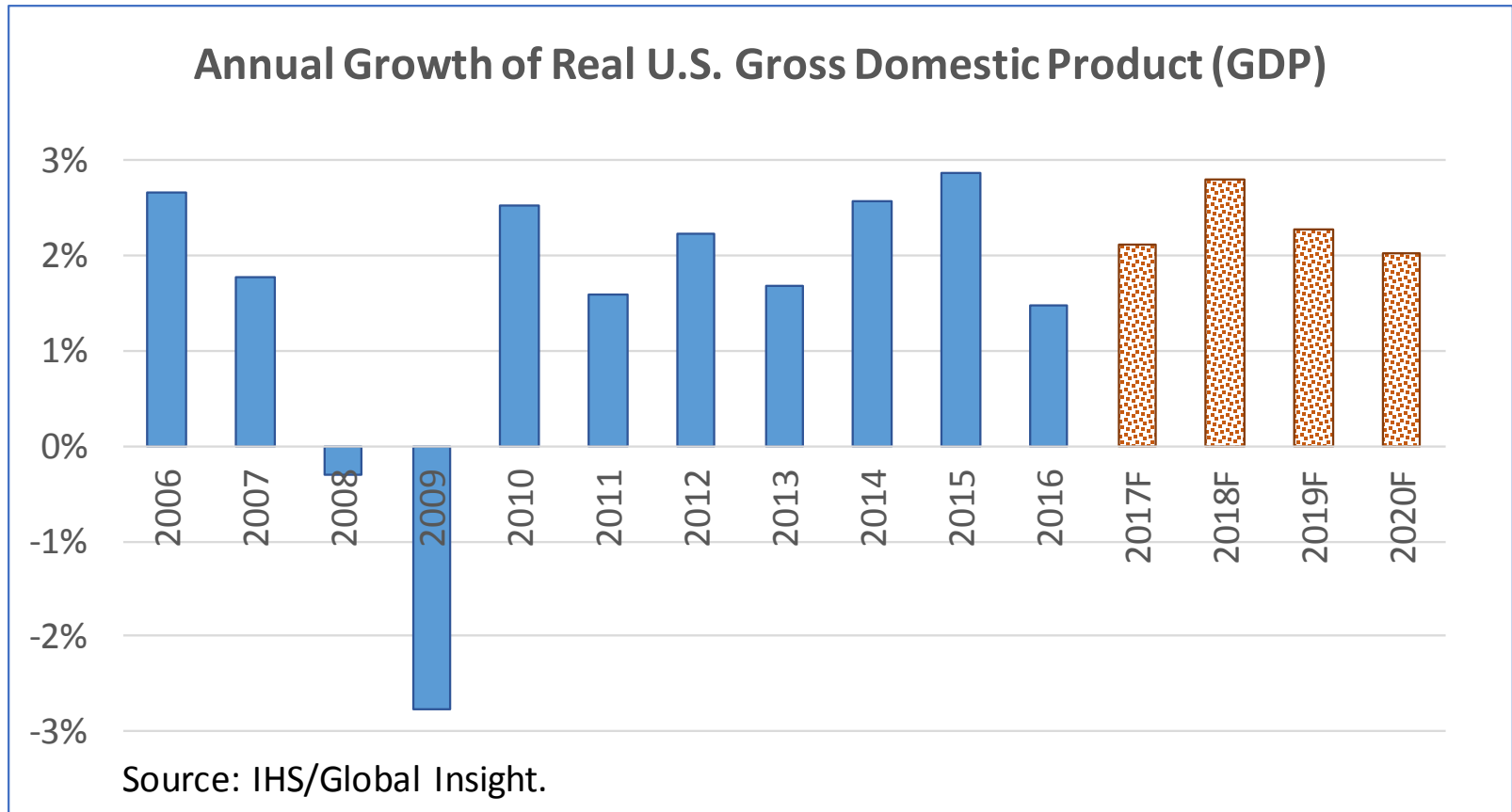
# U.S. Economy

## Post – WW II Economic Expansions



Source: U.S. Bureau of Economic Analysis; National Bureau of Economic Research.

# U.S. Economy



- Risk to forecast (IHS/GI): 25% chance of policy induced slowdown in 2018–19

# Puget Sound Economy

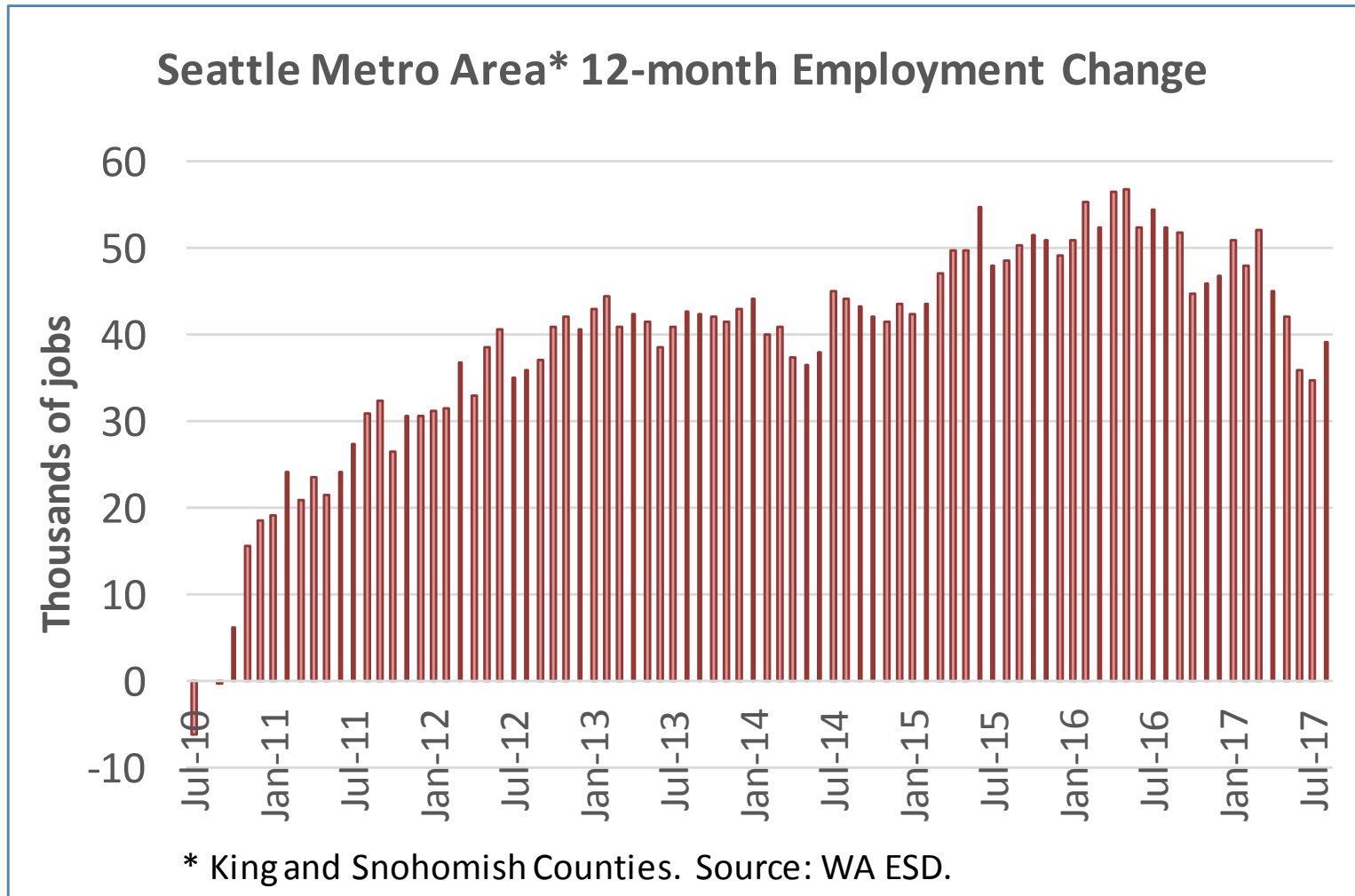
## The region's expansion

- Stronger than U.S.
- Has slowed in past year
  - Aerospace, construction
- Seattle has led region's expansion

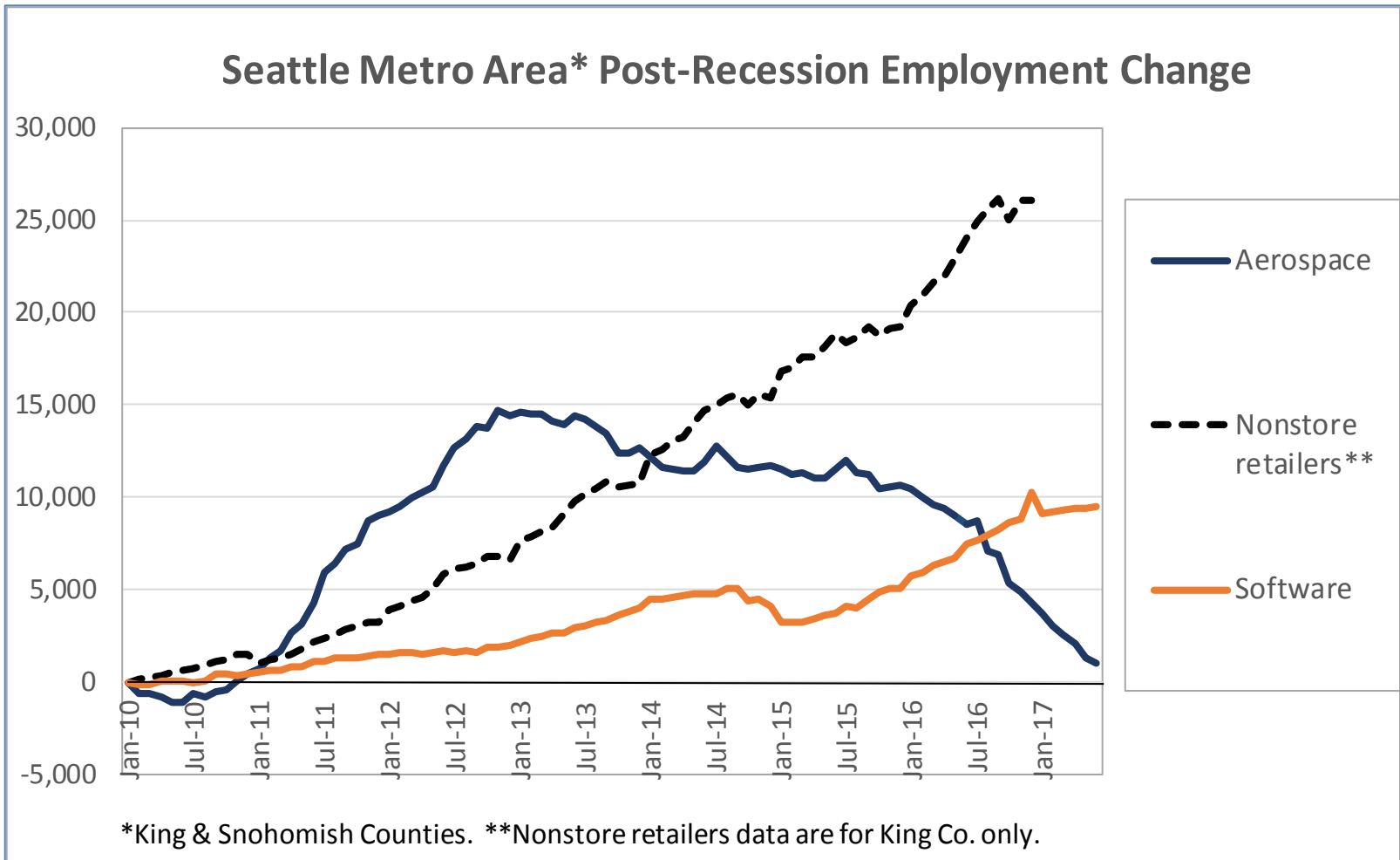
## Forecast

- Rate of growth will continue to slow
- Risks/uncertainties
  - U.S. economy
  - Aerospace
  - Amazon
  - Construction

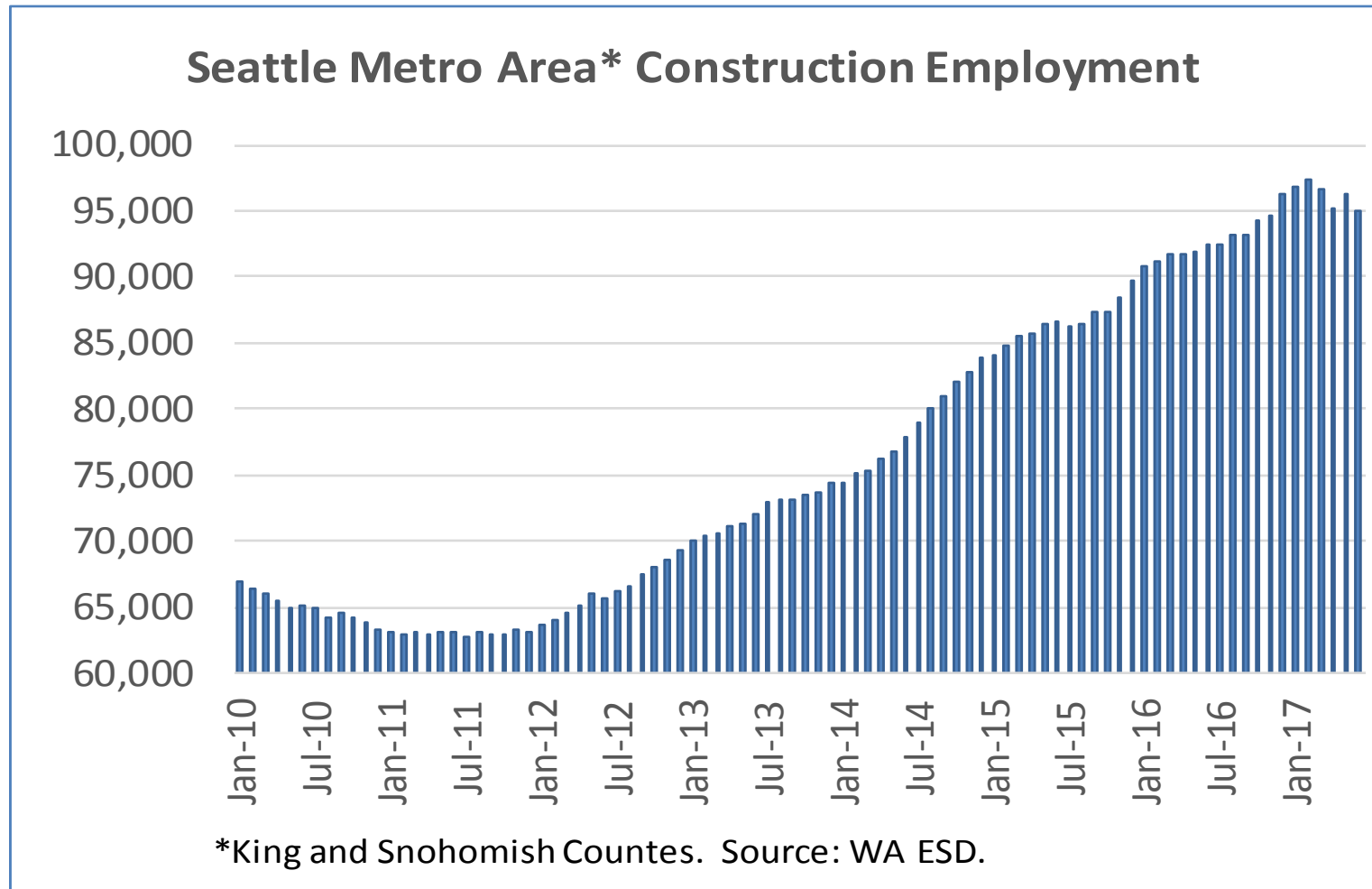
# Puget Sound Economy



# Puget Sound Economy

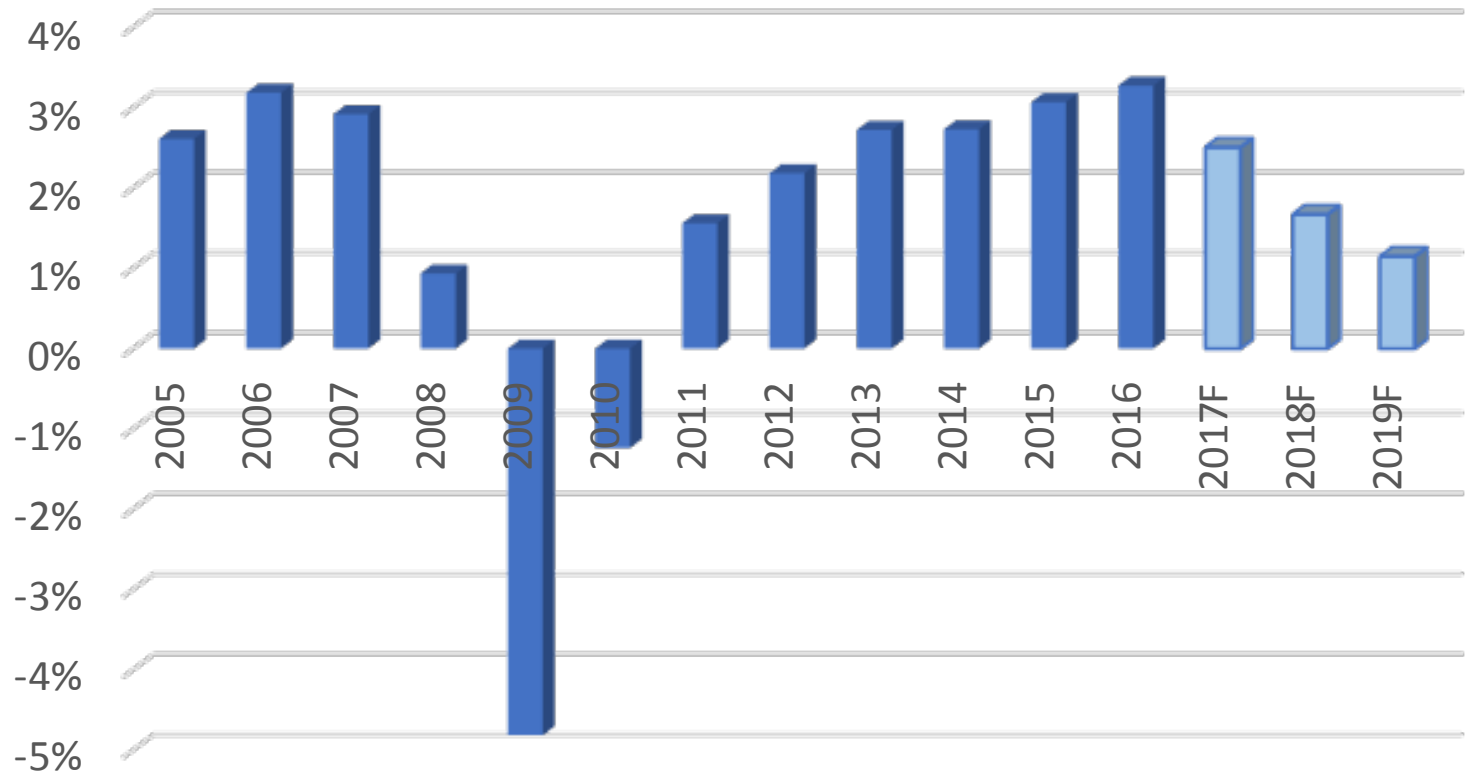


# Puget Sound Economy



# Regional Economic Forecast

## Annual Growth of Puget Sound Region\* Employment



\*King, Kitsap, Pierce, and Snohomish Counties. Source: PSEF.



# Sales and B&O Tax

Revenue growth has been slowing since mid-2015

Forecast: more slowing

- Slowing regional economy
- Construction cycle
- Slowing will be partly offset by:
  - B&O tax rate increases
  - State expanding sales tax base
    - Bottled water added
    - Expanded taxation of remote sales

# Seattle Construction

## B&O and Sales Tax Revenue from Construction, 2016

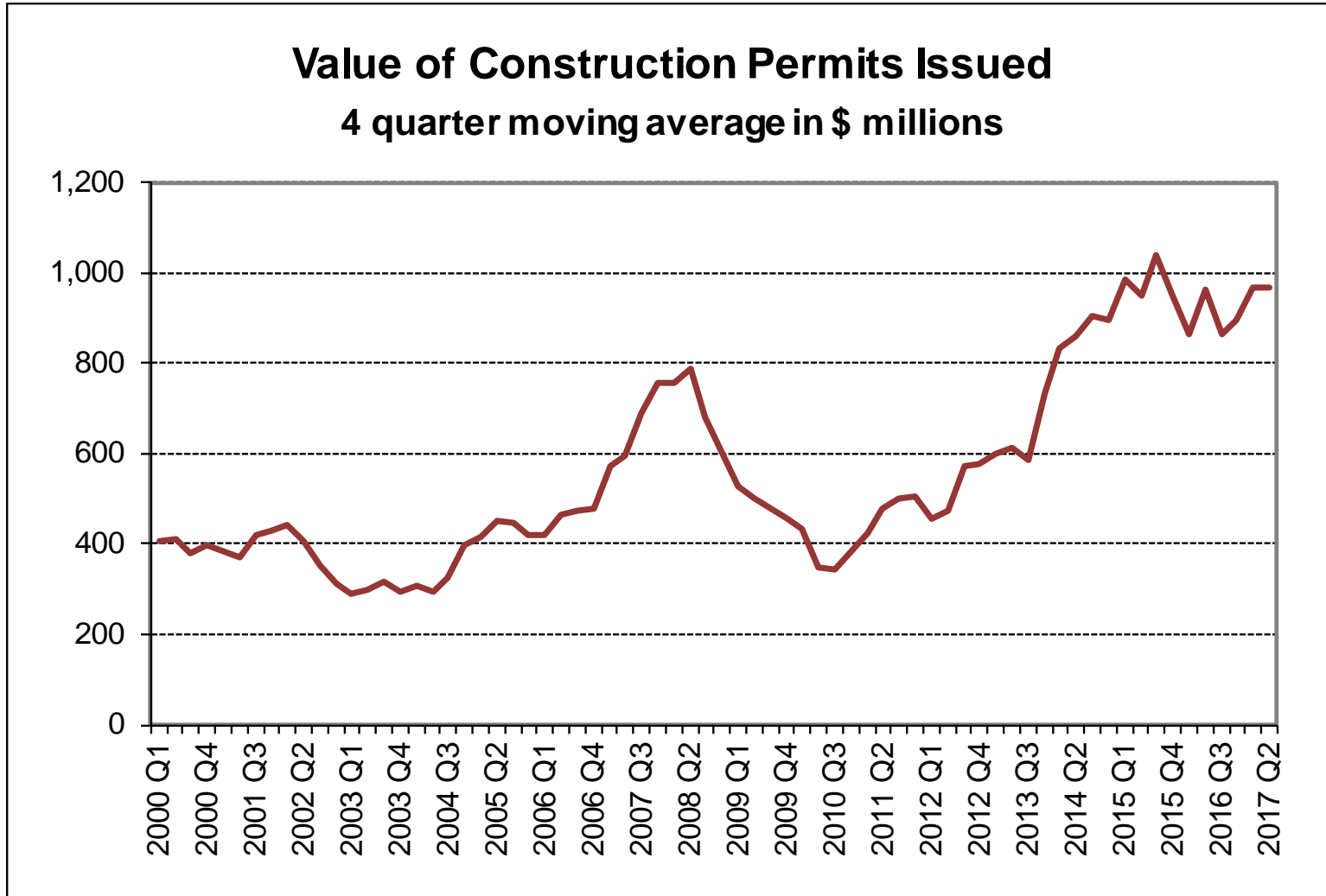
	Revenue from construction (\$ mil)	Share of total revenue
B&O tax	23.7	10.1%
Sales tax*	61.2	25.8%
Total	84.9	18.0%

\*includes criminal justice sales tax, excludes TBD sales tax.

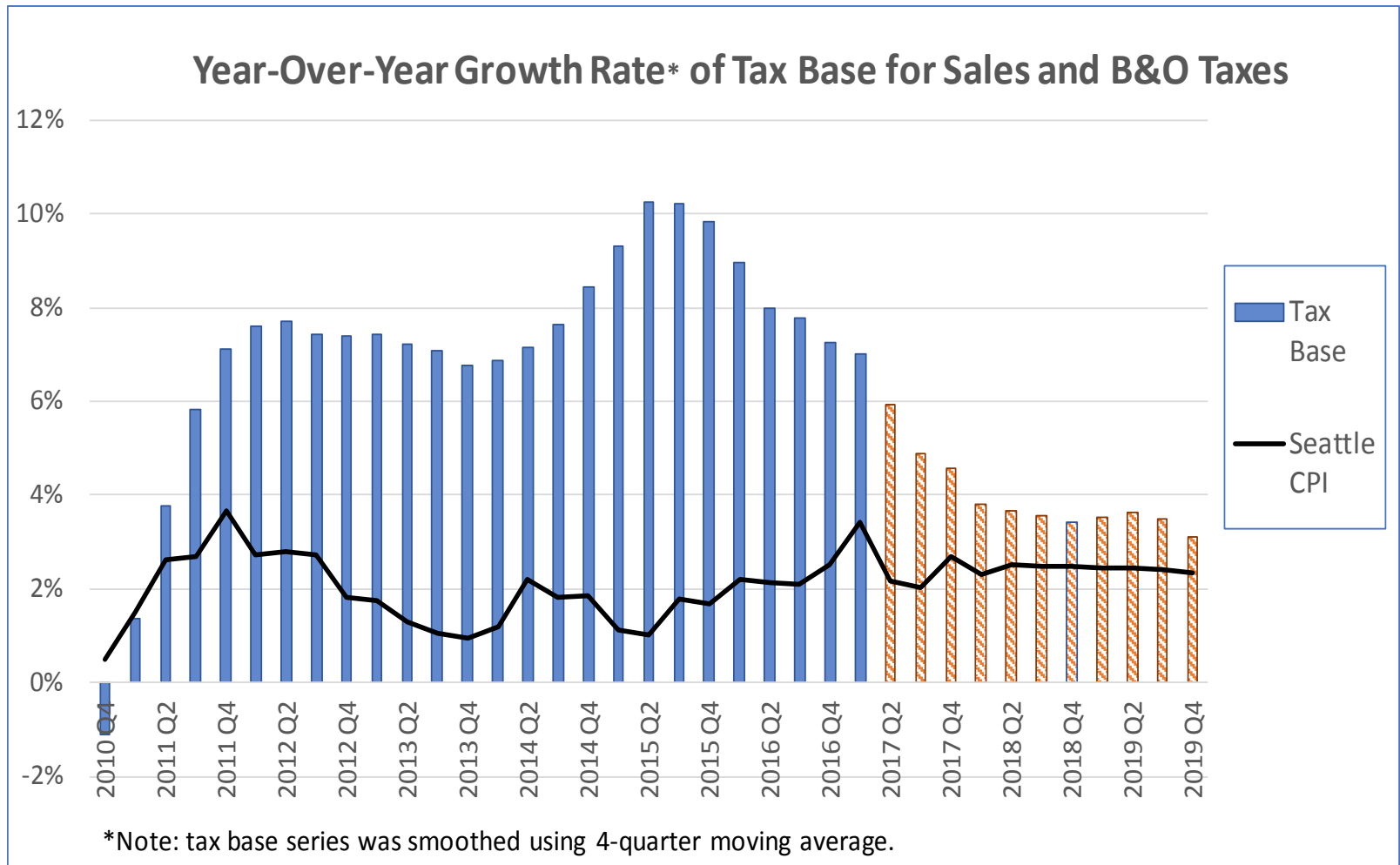
## Other revenue from construction:

	<u>2016</u>
Property tax	\$6.6 mil.
Real estate excise tax	\$9.9 mil. (est.)
Also utility tax	

# Seattle Construction

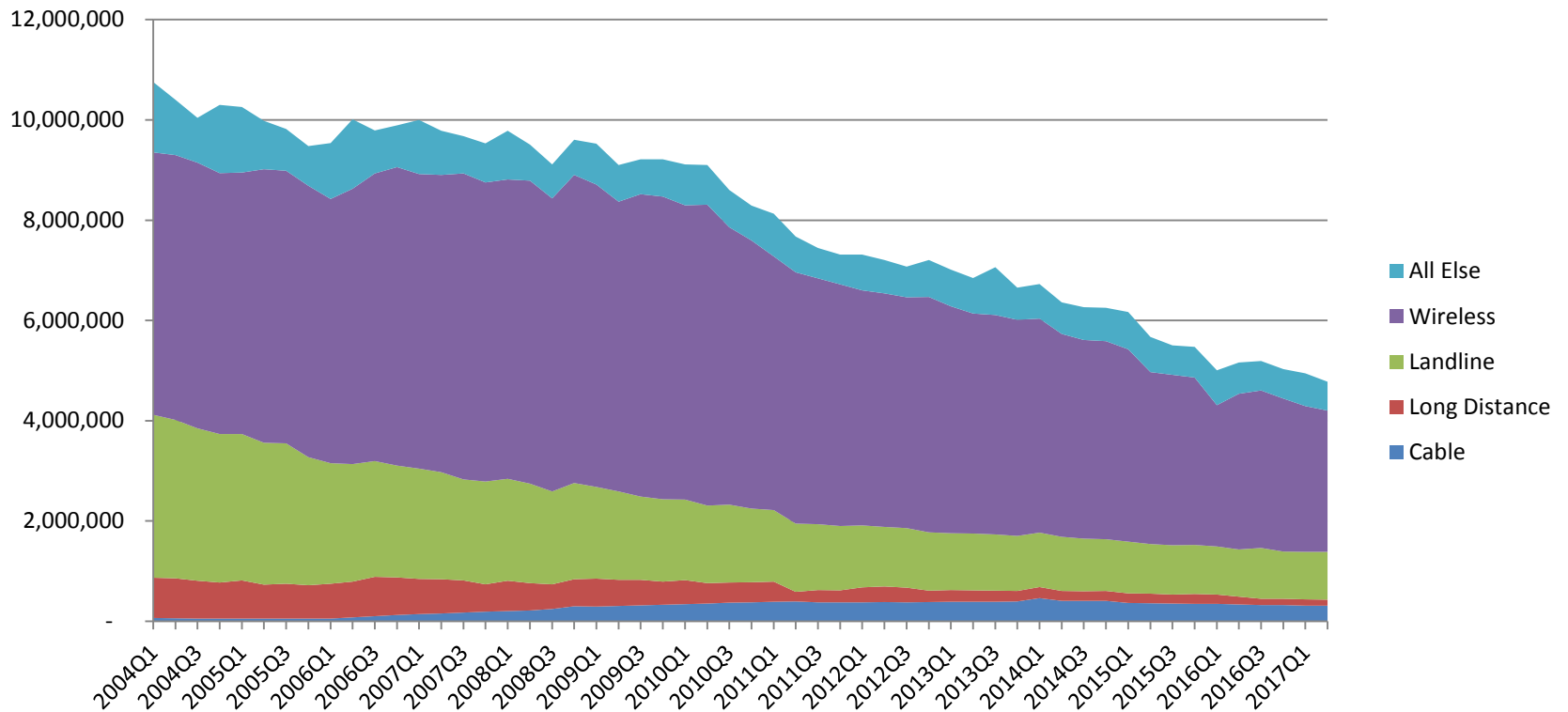


# Sales and B&O Tax Forecast



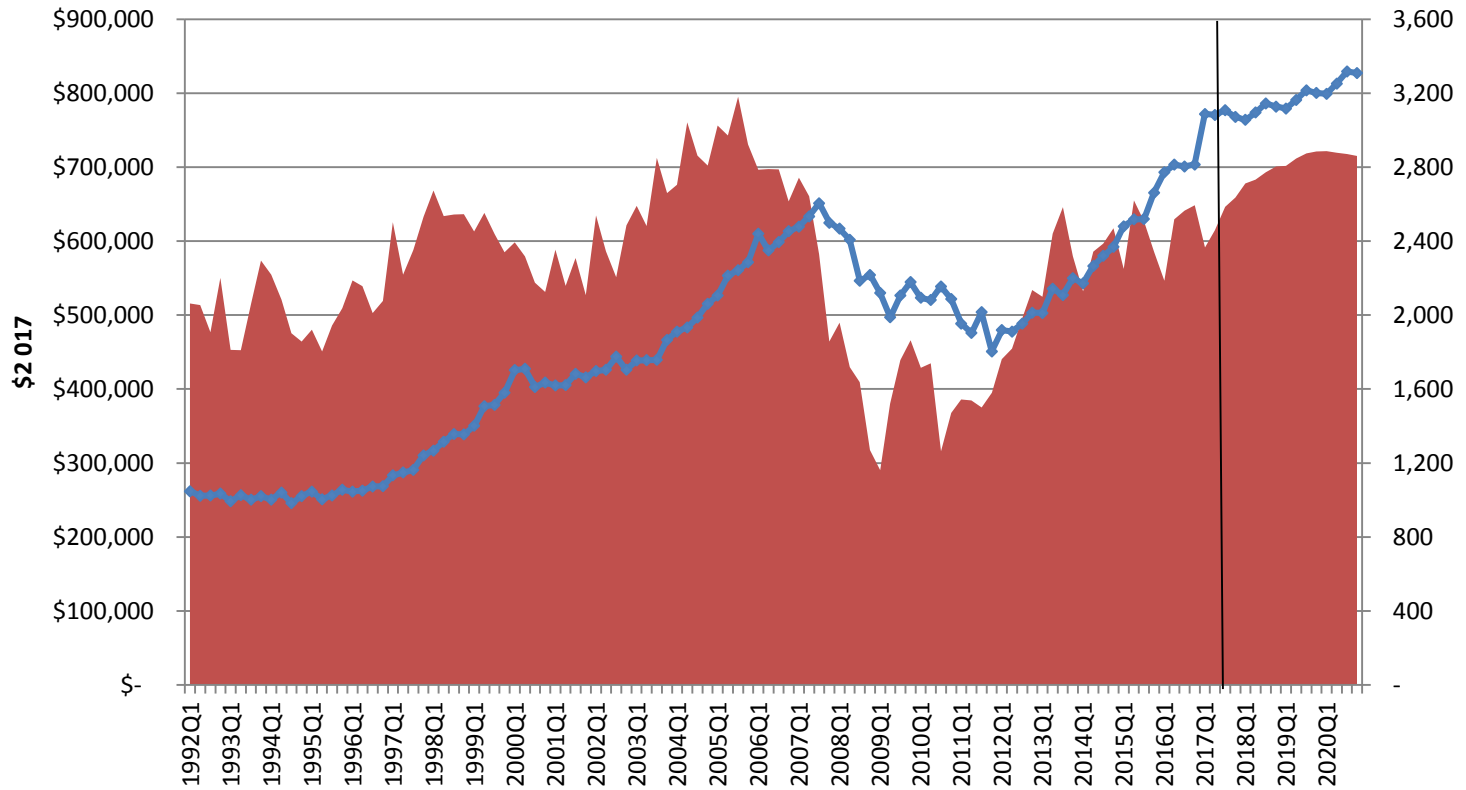
# Utility Tax

## Telecommunications Tax Obligations \$2017



# Real Estate Excise Tax

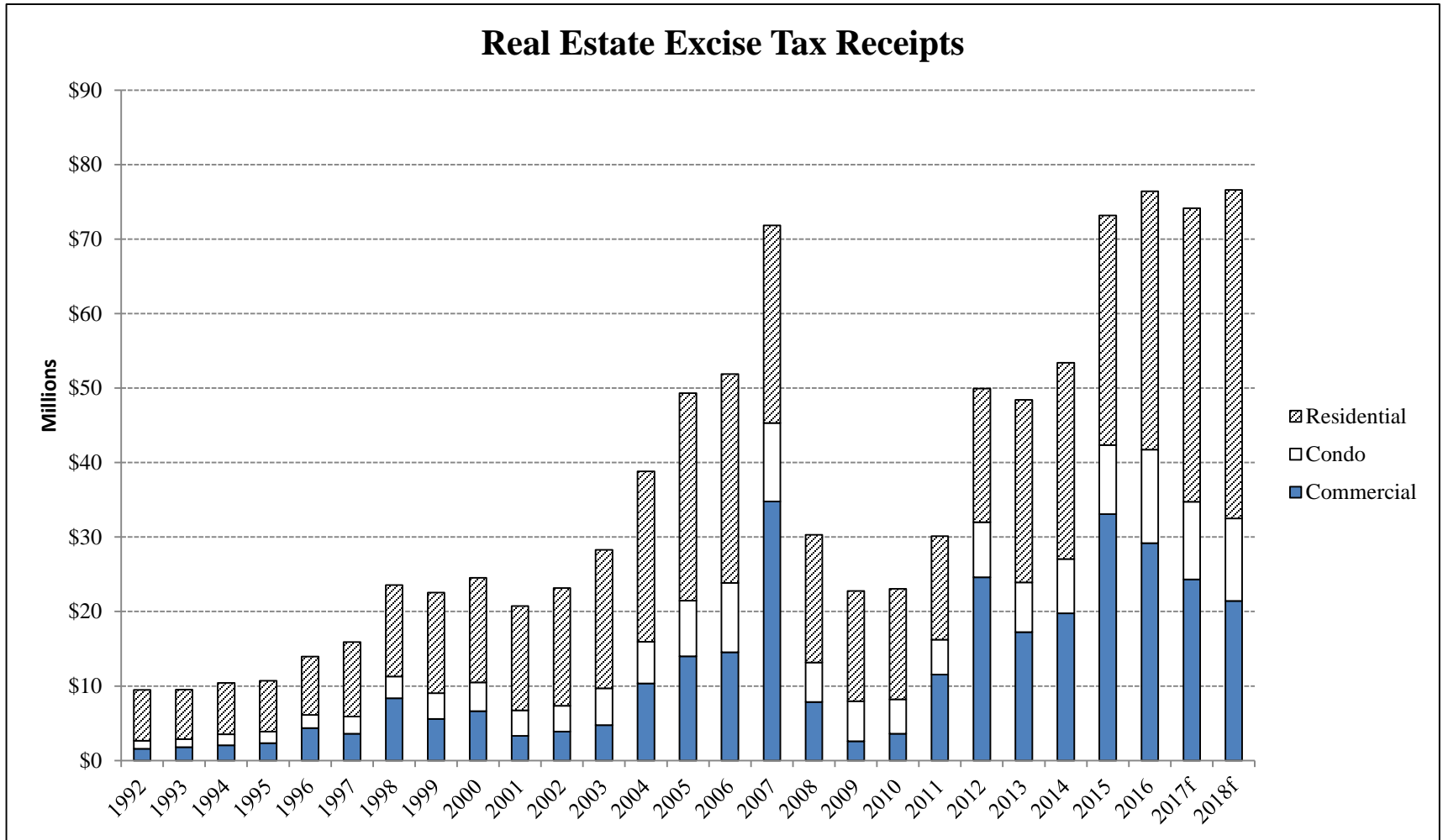
## Seattle Single-family Market



\*Seasonally adjusted data

■ Sales\* (right)    —●— Avg. Price\* (left)

# Real Estate Excise Tax



# General Subfund Revenues

GSF - Item	2016		2017		2018	
	Actuals	Revised	Chg from Apr	Revised	Chg from Apr	
Property Taxes	283,735,368	293,701,000	-	307,371,000	-	
Sales Taxes	237,249,791	248,426,222	2,415,484	259,780,854	7,964,660	
Business Taxes	245,235,886	262,582,584	(1,656,713)	293,288,441	13,992,770	
Public Utility Taxes	139,321,324	150,560,561	(53,940)	157,805,262	1,385,125	
Private Utility Taxes	61,558,674	61,373,653	(733,035)	62,461,937	(522,785)	
Business License Fees	11,013,336	13,750,660	-	15,443,707	-	
Court Fines	28,222,138	25,878,000	(550,000)	27,885,000	(200,000)	
Parking Meters	37,977,097	39,861,000	(590,000)	40,973,000	522,000	
Other General Subfund Revenues	134,874,136	102,394,775	5,403,968	101,504,755	3,585,810	
<b>General Subfund - Grand Total</b>	<b>1,179,187,750</b>	<b>1,198,528,455</b>	<b>4,235,764</b>	<b>1,266,513,956</b>	<b>26,727,580</b>	
<b>Notable Non-GSF Revenues</b>						
Real Estate Excise Tax	76,434,109	74,987,435	1,452,506	76,594,811	(1,215,428)	
Commercial Parking Tax	39,096,426	41,744,587	-	43,623,094	-	
School Zone Camera Fund	13,736,480	9,857,592	500,000	7,329,104	371,749	