General Fund Revenue Overview

City Revenue Sources and Fund Accounting System

The City of Seattle budget authorizes annual expenditures for services and programs for Seattle residents. State law authorizes the City to raise revenues to support these expenditures. There are four main sources of revenues. First, taxes, license fees, and fines support activities typically associated with City government, such as police and fire services, parks, and libraries. Second, certain City activities are partially or completely supported by fees for services, regulatory fees, or dedicated property tax levies. Examples of City activities funded in-whole or in-part with fees include certain facilities at the Seattle Center, recreational facilities, and building inspections. Third, City utility services (electricity, water, drainage and wastewater, and solid waste) are supported by charges to customers for services provided. Finally, grant revenues from private, state, or federal agencies support a variety of City services, including social services, street and bridge repair, and targeted police services.

The City accounts for all revenues and expenditures within a system of accounting entities called "funds." The City maintains numerous funds. The use of multiple funds is necessary to ensure compliance with state budget and accounting rules and is desirable to promote accountability for specific projects or activities. For example**,** the City of Seattle has a legal obligation to ensure revenues from utility use charges are spent on costs specifically associated with providing utility services. As a result, each of the City-operated utilities has its own fund. For similar reasons, expenditures of revenues from the City's Families and Education Property Tax Levy are accounted for in the Educational-Support Services Fund. As a matter of policy, several City departments have separate funds. For example, the operating revenues and expenditures associated with those revenues for the City's parks are accounted for in the Park and Recreation Fund. The City also maintains separate funds for debt service and capital projects, as well as pension trust funds, including the Employees' Retirement Fund, the Fireman's Pension Fund, and the Police Relief & Pension Fund. The City holds these funds in a trustee capacity, or as an agent, for current and former City employees.

The City's primary fund is the General Fund. The majority of resources for services typically associated with the City, such as police and fire or libraries and parks are received into and spent from one of two funds of the City's general government operation: the General Fund for operating resources and the Cumulative Reserve Fund for capital resources.

All City revenue sources are directly or indirectly affected by the performance of the local, regional, national, and even international economies. For example, revenue collections from sales, business and occupation, and utility taxes, which together account for 56.7% of General Fund revenue, fluctuate significantly as economic conditions affecting personal income, construction, wholesale and retail sales, and other factors in the Puget Sound region change. The following sections describe the current outlook for the local and national economies, and present greater detail on forecasts for revenues supporting the General Fund and the Cumulative Reserve Fund.

The National and Local Economies, September 2018

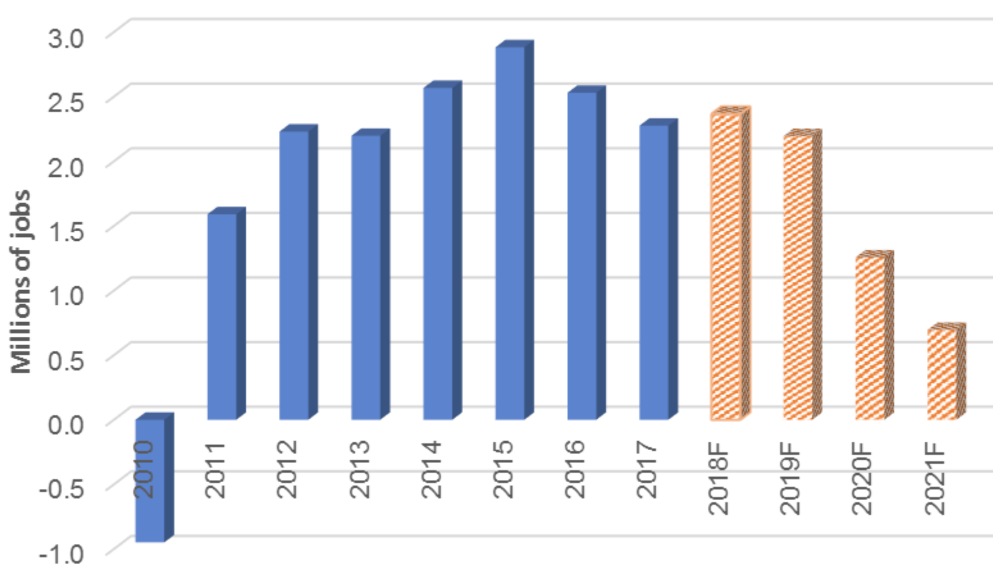
National Economic Conditions and Outlook

Federal tax cuts and spending increases have boosted economic growth. The recovery from the Great Recession, the country's worst economic downturn since the Great Depression, is now in its tenth year, making it the second longest expansion of the post-World War II period. It is also the weakest, with real gross domestic product (GDP) growth averaging 2.2% per year. However, the pace of growth has picked up in 2018 due to the stimulus from recent federal tax cuts and spending increases. In December 2017, Congress passed the Tax Cuts and Jobs Act, which reduces federal tax revenue from individual and corporate taxes by roughly $1.5 trillion over ten years. In early 2018, Congress passed the Bipartisan Budget Act, which boosts federal spending in 2018 and 2019 by $300 billion, an increase of about ten percent. Both the tax cuts and spending increase are deficit financed.

Real gross domestic product (GDP) increased at a 2.2% rate in the first quarter of 2018, but then picked up to 4.2% in the second quarter, to average 3.2% for the first half of the year. Second quarter growth was driven by gains in consumer spending, fixed investment, government spending, and net exports. The pick-up in growth is reflected in the job market. For the first seven months of 2018, employment has increased by an average of 215,000 jobs each month, up from 184,000 jobs per month for the same period in 2017. Over the course of the recovery, the unemployment rate has fallen from 10.0% in October 2009 to 3.9% in July 2018. Wage growth, which has been disappointing, is rising slowly. The Employment Cost Index, considered by many to be the best gauge of labor market inflation, increased by 2.8% on a year-over-year basis in second quarter 2018, the strongest reading since the third quarter of 2008. Consumer price inflation in the second quarter averaged 2.7%.

The forecast calls for healthy growth through 2019, followed by a slowdown in 2020. Forecasts of the U.S. economy expect GDP growth to remain above trend through the end of 2019, as the federal stimulus continues to boost the economy. However, 2020 will see a slowing of growth and a rising risk of recession. National forecaster IHS Markit predicts GDP growth will slow to 1.9% in 2020, while Moody's Economy.com expects a steeper drop to 0.9%. Recession risk rises in 2020 because the boost from the federal stimulus will be fading at the same time higher interest rates are restraining growth. The Federal Reserve has been raising short-term interest rates since December 2015. The Fed Funds Rate, which is currently 1.75% - 2.00%, is expected to rise to the 3.5% range in 2020.

Figure 1. Annual Growth of U.S. Employment



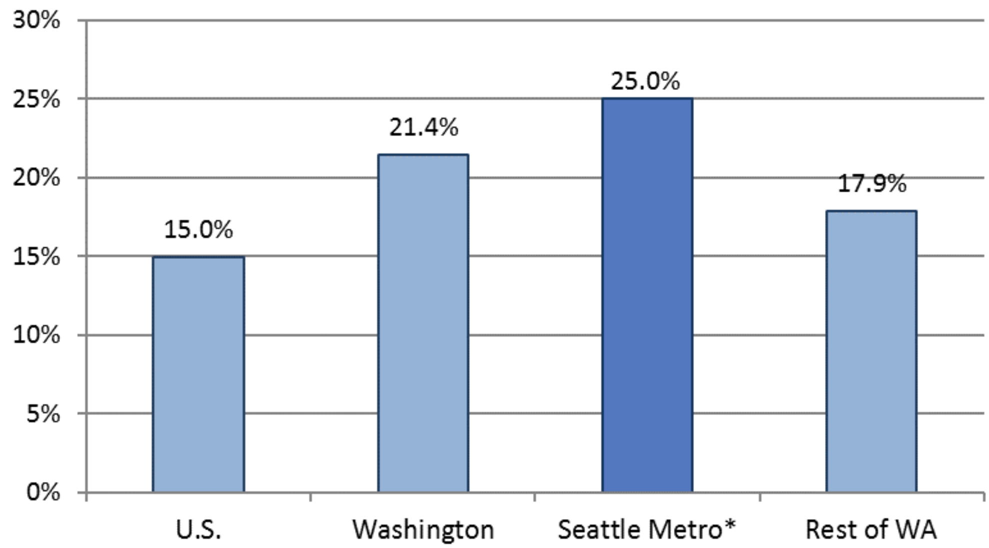
Source: U.S. Bureau of Labor Statistics, IHS Markit.

Revenue Overview

Seattle Metropolitan Area Economic Conditions and Outlook

Despite a weak national recovery, the Seattle area economy has grown rapidly. Since the Great Recession ended in June 2009, the region's economy has outperformed the national economy by a considerable margin. This is reflected in the region's robust job growth and low unemployment rate. Seattle Metro Area (King and Snohomish Counties) employment increased by 25.0% from its post-recession low in February 2010 through July 2018. This compares to a 15.0% gain for the U.S. and a 17.9% gain for the rest of Washington state (see Figure 2). In July 2018, the unemployment rate for the Seattle metro area was 3.6%, compared to 4.6% for Washington state and 3.9% for the U.S. The region has also outpaced the nation and the state in both income and wage growth during the recovery.

Figure 2. Employment Growth: February 2010 to July 2018



*King & Snohomish Counties.
Source: WA Employment Security Dept., U.S. Bureau of Labor Statistics.

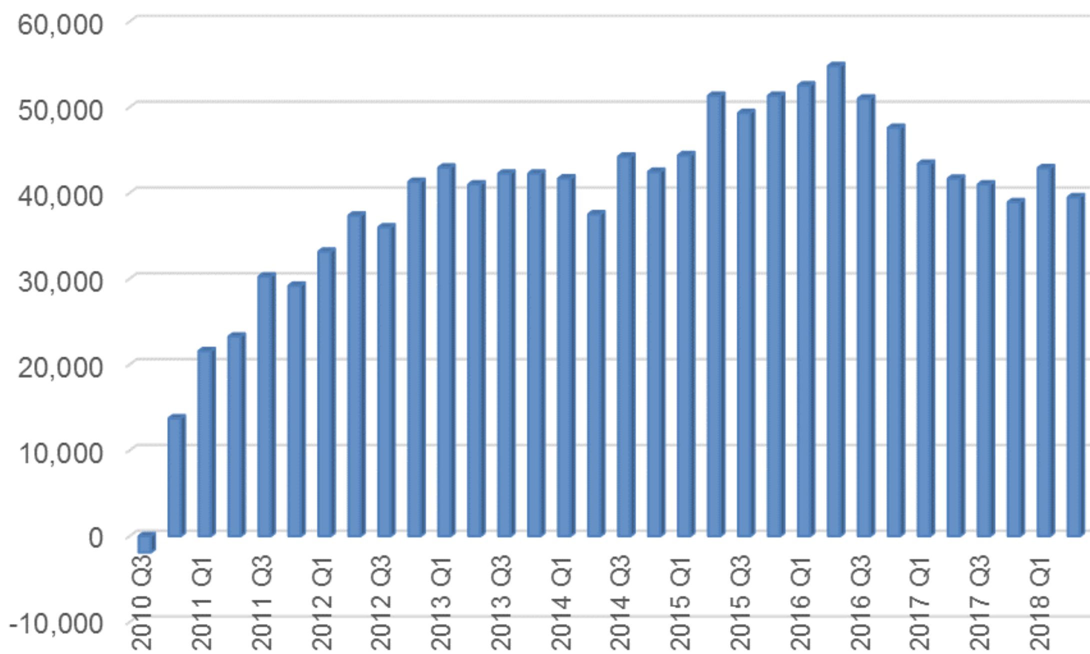
Although virtually all sectors of the economy have seen employment increase during the recovery, the principal driver of growth has been high-technology business. Foremost is Amazon, which has increased its Seattle area employment from less than 10,000 in 2010 to approximately 45,000 in early 2018. Both Google and Facebook have added more than 2,000 employees, and other Silicon Valley firms have opened or expanded Seattle area offices. In addition, local firms, including Microsoft, Tableau, and Zillow, have been growing, and new firms have emerged. Strong growth in the technology sector and other basic industries has spurred growth in construction, real estate, and business and professional services.

Strong employment growth has drawn workers and job seekers to the region, causing a surge in in-migration. Between 2010 and 2018, the population of King and Snohomish Counties increased by 351,000. Slightly more than a third of that increase took place in Seattle. Strong population growth has stimulated employment in the local serving sectors of the economy, including retailing, eating and drinking places, and health care.

Employment growth peaked in the first half of 2016 and has been slowing gradually since then (see Figure 3). One cause of the slowing has been job reductions at Boeing. Between December 2015 and

September 2017, Boeing reduced its Washington employment by 12,600. In addition, there are signs that Amazon's pace of growth has cooled significantly in the past year.

Figure 3. Seattle Metro Area* Year-over-Year Employment Change



*King and Snohomish Counties. Source: WA Employment Security Dept.

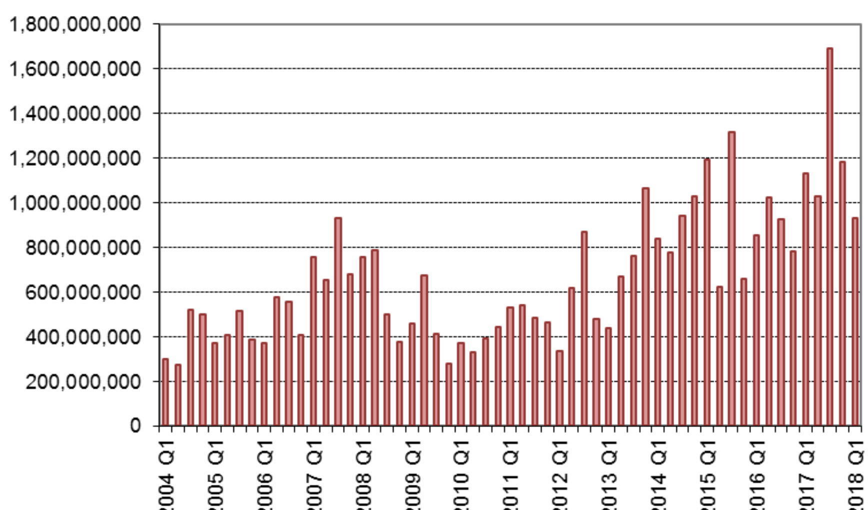
Seattle has been home to an outsized share of metro area growth during the recovery. Economic growth during the current recovery has been concentrated in the Seattle Metro Area, and within the metro area in the city of Seattle. The Seattle Metro Area (King and Snohomish Counties), with 50.2% of the state's employment and 40.3% of the state's population, accounted for 59.8% of state employment growth and 51.0% of state population growth between 2010 and 2017 (see Figure 4). During this period Seattle's employment increased by 25.7%, compared to a 18.9% increase for the rest of the metro area and 13.4% for the rest of the state (i.e., outside of the metro area). Population growth was even more skewed toward Seattle, which saw a 17.3% increase from 2010 to 2017, nearly double the 9.5% rate for the rest of the metro area, and more than double the 7.0% rate for the rest of the state.

Figure 4. Employment and Population Growth, 2010 - 2017

*King & Snohomish Counties less Seattle. Source: WA Employment Security Dept., WA Office of Financial Management, Puget Sound Regional Council.

Seattle's strong rebound from the recession has been supported by the growth of Amazon, other technology businesses, and business and professional service firms. Employment growth at these businesses, along with the current popularity of in-city living, has boosted the demand for office space and housing in the city, spurring a construction boom. Initial construction was focused in new apartments and public construction, but over time activity has broadened to include more office projects and condominiums. In 2017, the City issued building permits valued at a record $5.0 billion. The value of permits issued has dropped after peaking in the third quarter of 2017 (see Figure 5).

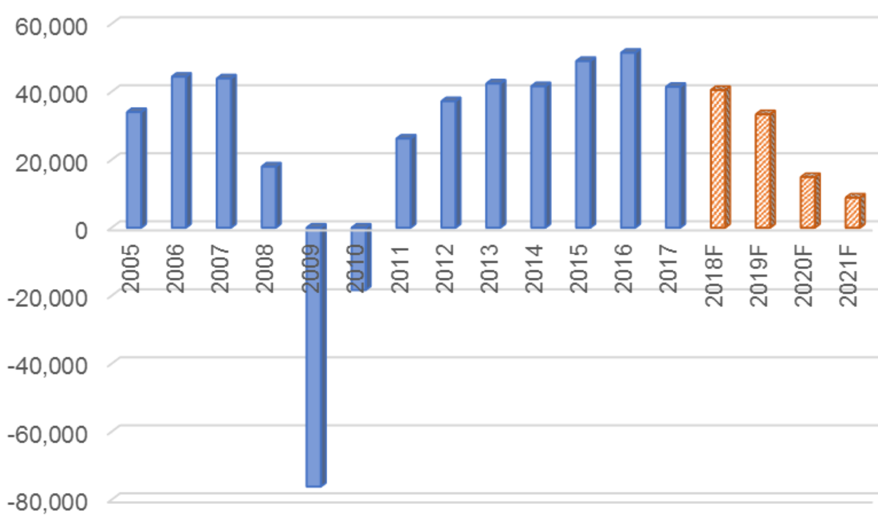
Figure 5. Value of Building Permits Issued, Seattle



Source: Seattle Department of Construction and Inspections.

The Seattle metro area's economy is expected to slow. The economic forecast for the metro area assumes that 2016 will be the peak year for employment and population growth during the current cycle, and that the slowing seen in 2017 will continue going forward (see Figure 6). The forecast assumes the region will continue to grow faster than the nation, but that the gap between regional and national growth will narrow as the recovery moves forward. The slowdown in 2018 and 2019 will be modest because of support from the federal fiscal stimulus. In 2020, the slowdown will accelerate as support from the stimulus wanes. Also contributing to the slowdown are the assumptions that Amazon's growth will slow and that there will be a modest construction downturn beginning in 2019.

Figure 6. Annual Growth of Seattle Metro Area* Employment



*King and Snohomish Counties. Source: WA ESD, City of Seattle Budget Office.

Risks to the regional economic forecast come from both the national economic forecast, which serves as a basis for the regional forecast, as well as from local economic factors. If the national economy deviates significantly from the national forecast, the regional economy will deviate from forecast as well.

Sources of uncertainty in the local economy include the outlook for the current construction cycle as well as the fortunes of the region's technology sector, including major employers Boeing, Amazon, and Microsoft. Boeing set a production record in 2017 with 763 jets and has a healthy order book. Boeing employment, which had been declining gradually for five years, turned around in 2018 to post a modest increase for the first seven months of the year. As the nation's biggest exporter, Boeing is vulnerable to the federal government's expanding trade war.

Microsoft has been successful in shifting its focus from one-time sales of software licenses to providing cloud computing services and selling subscription services on the cloud. Microsoft has added over 6,000 employees since 2015. Amazon poses the greatest risk to the forecast. In the past year, Amazon has announced plans for a second headquarters and scaled back its local hiring.

A major source of risk and uncertainty for the City of Seattle is construction. Construction activity is highly cyclical, with periods of strong growth often followed by steep downturns. The city is currently well into a boom period, with the value of building permits issued having more than tripled since 2010.

Consumer Price Inflation

Inflation, which has been mild during the recovery, is rising. The Great Recession, the worst economic downturn in 80 years, pushed inflation into negative territory in 2009, the first time in 54 years that consumer prices had declined on an annual basis. During the subsequent recovery, inflation has remained subdued, with the U.S. Consumer Price Index for All Urban Consumers (CPI-U) averaging 1.7% per year over the period 2010-2017. During the past year inflation has picked up in part due to rising energy prices. For the 12-month period ending in July 2018, the U.S. CPI-U increased by 2.4%.

Local inflation tends to track national inflation because commodity prices and national economic conditions are key drivers of local prices. Significant local deviations from national inflation are typically due to differences in housing price inflation. Seattle inflation has generally tracked national inflation during the recovery, though Seattle inflation has been running higher recently due to the region's high housing price inflation. For the first half of 2018, the Seattle CPI-U has grown at a 3.3% rate, compared to 2.5% for the U.S. CPI-U. Housing inflation for this period was 5.1% for Seattle and 2.9% for the U.S.

Nationally Inflation is expected to average near 2.5% over the next several years, though it could deviate from this if energy or food prices rise or fall steeply. Seattle area inflation will continue to track higher than national inflation in the short-run, though the gap will narrow as the region's housing price inflation slows.

Annual Wage Increase adjustments for City of Seattle employees are based on the Seattle CPI-W. Annually, the City of Seattle adjusts employee salaries for changes in the cost-of-living. Most wage adjustments are based on the Seattle CPI-W, which measures price changes for urban wage earners and clerical workers (the CPI-U measures price changes for all urban consumers). In recent years, some adjustments have been based on negotiated fixed rate increases. The two CPI measures that the City uses for annual wage increase adjustments are:

- June-to-June change in Seattle CPI-W
- Change in Seattle CPI-W averaged for 12 months ending in June

City Revenues

The following sections describe forecasts for revenue supporting the City's primary operating fund, the General Fund, and its primary capital funds – the Cumulative Reserve Funds.

General Fund Revenue Forecast

Expenses paid from the General Fund are supported primarily by taxes. As Figure 7 illustrates, the most significant revenue source is the property tax, which accounts for approximately 23%, followed by sales tax, the Business and Occupation (B&O) tax, and utility taxes.

Revenue Overview

Figure 7. 2019 Proposed General Fund Revenue Forecast by Source - $1,385.6 Million

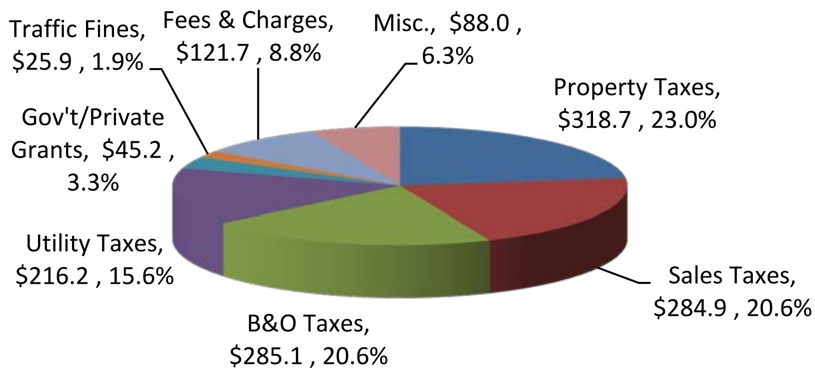
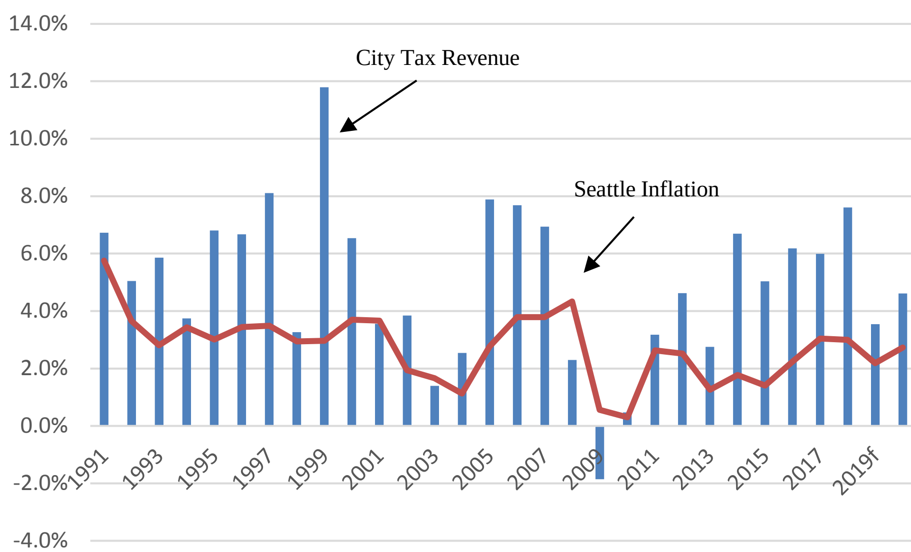


Figure 8 illustrates tax revenue growth continuing to outpace inflation for almost all of the economic expansion since the Global Financial Crisis. Inflation is forecast to be stable and low. Tax revenue growth is forecast to be positive and above inflation, with an average annual growth rate of over 5.3%, 2018 through 2020. Inflation for the same period will average 2.6%.

Figure 8. City of Seattle Tax Revenue Growth, 1991-2020



Revenue Overview

Figure 9. General Fund Revenue, 2017 – 2020*

(in thousands of dollars)

Revenue Source	2017 Actuals	2018 Adopted	2018 Revised	2019 Proposed	2020 Proposed
General Property Tax (1)	246,336	260,938	260,189	266,490	276,997
Property Tax - Medic One Levy	48,395	49,881	50,422	52,187	71,212
Retail Sales Tax	233,601	239,736	253,931	262,806	268,078
Retail Sales Tax - Criminal Justice Levy	19,434	20,045	21,232	22,058	22,500
B&O Tax (100%)	252,610	268,004	271,226	285,067	294,592
Utilities Business Tax - Telephone (100%)	20,640	21,094	21,193	20,133	19,482
Utilities Business Tax - City Light (100%)	53,460	54,724	55,711	58,010	60,148
Utilities Business Tax - SWU & private garbage (100%)	21,731	21,385	21,856	22,272	23,302
Utilities Business Tax - City Water (100%)	32,924	32,966	33,187	33,925	35,043
Utilities Business Tax - DWU (100%)	47,054	49,603	47,059	51,115	55,420
Utilities Business Tax - Natural Gas (100%)	12,575	12,546	12,120	13,268	13,630
Utilities Business Tax - Other Private (100%)	19,221	20,026	17,722	17,481	17,020
Admission Tax	11,573	10,465	11,315	11,302	11,661
Other Tax (2)	12,332	28,412	33,245	44,125	44,855
Total Taxes	**1,031,887**	**1,089,823**	**1,110,407**	**1,160,239**	**1,213,940**
Licenses and Permits	28,540	34,110	34,641	37,969	38,483
Parking Meters/Meter Hoods	42,374	43,982	43,473	45,118	44,599
Court Fines (100%)	26,258	27,915	25,984	25,864	25,793
Interest Income	4,286	6,135	6,947	8,857	9,612
Revenue from Other Public Entities (3)	44,084	35,404	41,623	45,186	44,601
Service Charges & Reimbursements	32,113	30,495	30,832	38,659	38,997
Total: Revenue and Other Financing Sources	**1,209,540**	**1,267,864**	**1,293,906**	**1,361,891**	**1,416,025**
All Else	4,162	3,829	3,828	5,132	5,213
Interfund Transfers	5,586	7,792	8,049	18,557	3,491
Total, General Fund	**1,219,288**	**1,279,485**	**1,305,784**	**1,385,580**	**1,424,728**

NOTES:

(1) Includes property tax levied for the Firemen's Pension Fund per RCW 41.16.060.
(2) Other Tax includes the new Sweetened Beverage Tax and Short-term Rental Tax.
(3) Included in 2017 Actual figures are the pass-through revenues that are not appropriated in adopted budgets.

* In the past, 10% of certain tax and fee revenues were shown as revenue to the Parks and Recreation Fund and 90% as General Fund. As of 2009, 100% of these revenues (depicted as "100%" in the table) are deposited into the General Fund. General Fund support to the Department of Parks and Recreation is well above the value of 10% of these revenues.

Revenue Overview

Property Tax

Property tax is levied primarily on real property owned by individuals and businesses. Real property consists of land and permanent structures, such as houses, offices, and other buildings. In addition, property tax is levied on various types of personal property, primarily business machinery and equipment. Under Washington State law, property taxes are levied by governmental jurisdictions in accordance with annual growth and total rate limitations.

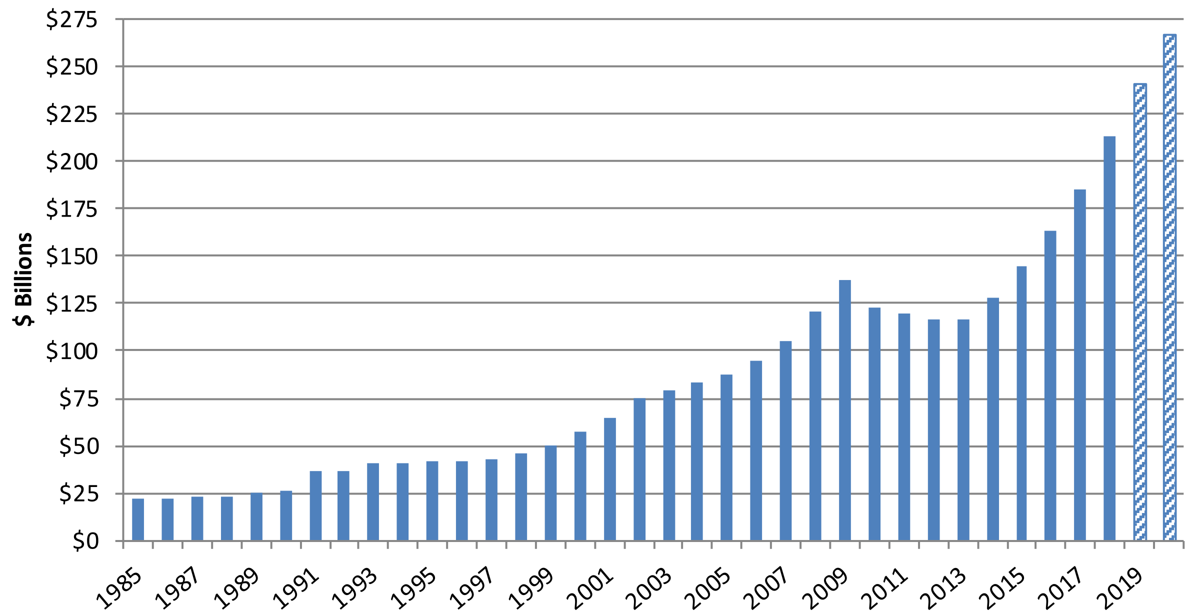
Statutory growth limits, assessed value and new construction. State statute restricts the annual growth in property tax revenue in two ways. First, state law limits growth in the amount of tax revenue a jurisdiction can levy to the lesser of 1% or the national measure of the Implicit Price Deflator. Previously, beginning in 1973, state law limited the annual growth of the City's regular levy (i.e., General Purpose plus voted lid lifts) to 6%. In November 2001, voters statewide approved Initiative 747, which changed the 6% limit to the lesser of 1% or the Implicit Price Deflator, effective for the 2002 collection year. On November 8, 2007, Initiative 747 was found unconstitutional by the state Supreme Court. However, the Governor and state legislature, in a special session on November 29, 2007, reenacted Initiative 747, thus preserving the 1% growth limit. The second growth restriction is that state law caps the maximum tax rate a jurisdiction can impose. For the City of Seattle, this cap is $3.60 per $1,000 of assessed value and covers the City's general purpose levy, including Fire Pension, and lid lifts.

The City of Seattle's 2018 tax rate at $2.36 per $1,000 AV was roughly 25% of the total $9.56 rate paid by Seattle property owners for all taxing jurisdictions. The 2018 total tax and City of Seattle-only portion for a home of median assessed value in Seattle increased 16.9% and 1.8% respectively from $4,883 to $5,709 for the total tax bill and $1,385 to $1,410 for the City's levy only. The increase is largely due to the legislated increase in the State's levy for public school funding. For the median valued Seattle residence this was a 62.4% and $669 increase from $1,073 in 2017 to $1,742 in 2018. As part of the State Legislature's solution on school funding, the Seattle Public School District's (SPS) levy is capped beginning in the 2019 tax collection year. The SPS levy for the median valued residence increased 5.7% from $1,136 in 2017 to $1,201 in 2018.

Assessed Value (AV) -- Prior to 2010, the last significant decrease in Seattle's total assessed value (AV) was in 1984 when AV decreased 3.6%. As Figure 10 illustrates, total assessed value in the City of Seattle fell in 2010 by approximately 10.3 percent. AV fell again in 2011 and 2012 by 2.9 percent and 2.2 percent respectively. AV growth has clearly reversed since then as Seattle AV (commercial and residential combined) has grown an annual average of approximately 12.7% from 2014 to 2018. The 2019-2020 Proposed Budget assumes AV growth of 12.76% and 10.82% for the 2019 and 2020 tax collection years.

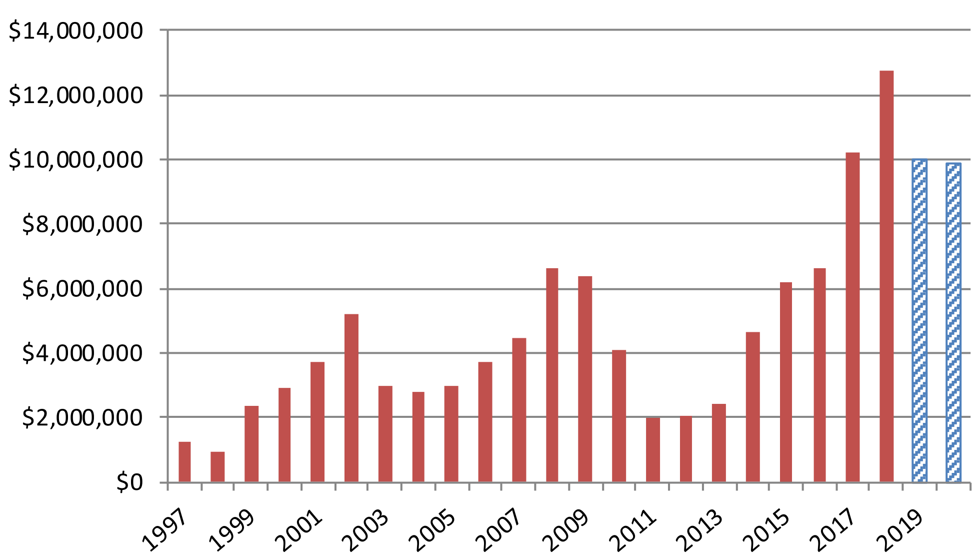
Revenue Overview

Figure 10. Seattle Total Assessed Value



New Construction -- In addition to the allowed maximum 1% levy growth, state law permits the City to increase its regular levy in the current year by an amount equivalent to the previous year's tax rate times the value of property constructed or remodeled within the last year, as determined by the assessor. The City is receiving $12.7 million in additional levy revenues from new construction in 2018 based on $5.13 billion in new construction added to the tax roll. The 2019-2020 Proposed Budget assumes a moderate decrease in new construction value to $5.02 billion in 2019 and $4.75 billion in 2020. These new construction volumes are projected to generate $9.98 million in 2019 and $9.90 million in 2020 revenue.

Figure 11. Seattle New Construction Property Tax Revenue



Revenue Overview

The 2019-2020 Proposed Budget assumes 1% growth plus new construction. The forecast for the 2019-2020 Proposed Budget's General Fund (General Purpose) portion of the City's property tax is $260.2 million in 2018, $266.5 million in 2019 and $276.9 million in 2020. Additionally, the City is levying approximately $209.9 million for voter-approved lid lifts in 2018, $249.4 million in 2019 and $234.4 million in 2020. The amount for 2019 assumes passage of the Families, Education, Pre-school and Promise Levy and the expiration of the Families & Education Services Levy and the Seattle Pre-School Levy. All levy lid lift proceeds are accounted for in other funds than the City's General Fund. Finally, the City is levying $30.4 million in 2018 and $22.8 million in 2019 to pay debt service on voter-approved bond measures.

Seattle Parks District. In August 2014, voters approved creation of a Metropolitan Park District (MPD). Pursuant to RCW 35.61, the MPD is a legally separate taxing jurisdiction from the City of Seattle, whose property tax levy authority of $0.75 per $1,000 assessed value is outside of the City's statutory rate limit of $3.60 per $1,000 assessed value and whose revenues will not be accounted for in the City's General Fund. The MPD, per its 6-year spending plan (2015-2020), is levying approximately $51.0 million for collection in the 2018 tax collection year, $52.1 million in 2019 and $53.3 million in 2020.

Medic 1/Emergency Medical Services. Voters in November 2013 approved a renewal of the Medic 1/EMS levy at $0.335 per $1,000 of AV. At this rate King County projected revenues over the 6-year life of the levy of $678 million, approximately $256 million of which will come to the City of Seattle. The 2019-2020 Proposed Budget projects revenues of $50.4 million in 2018, and $52.2 million in 2019, the final year of the current levy. The 2019-2020 Proposed Budget assumes renewal of this levy in 2019 at the proposed $0.27 per $1,000 assessed value. This generates approximately $71.2 million in revenue in 2020.

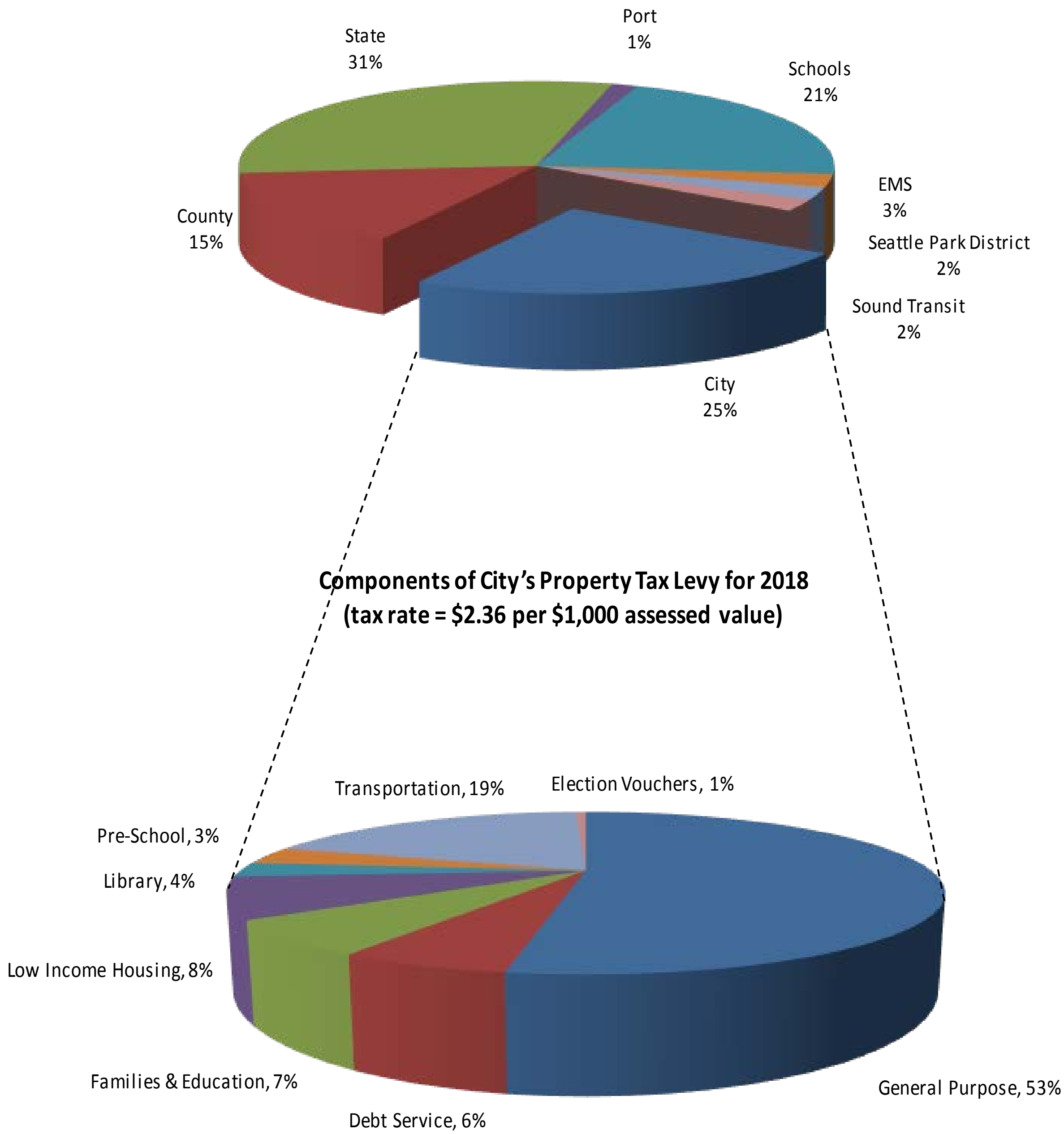
Figure 12 shows the different jurisdictions whose rates make up the total property tax rate imposed on Seattle property owners, as well as the components of the City's 2018 property tax.

Revenue Overview

Figure 12.

Components of Total Property Tax Levy for 2018
(tax rate = $9.56 per $1,000 assessed value)

Components of City's Property Tax Levy for 2018
(tax rate = $2.36 per $1,000 assessed value)



Revenue Overview

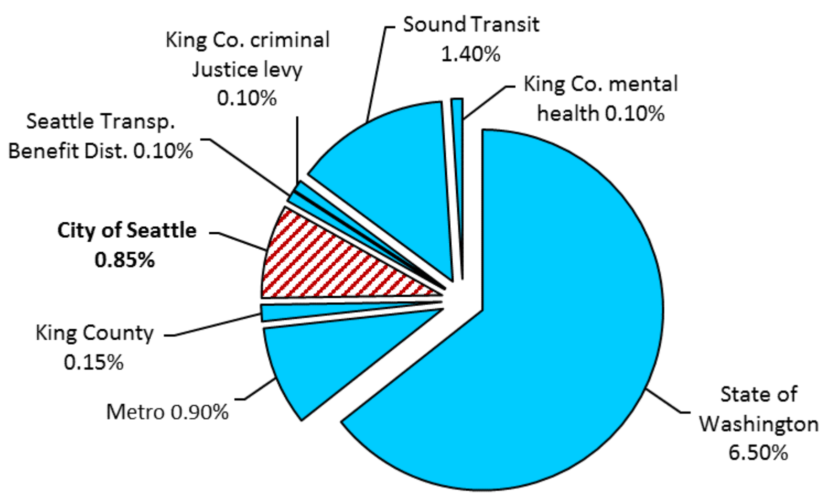
Retail Sales and Use Tax

The retail sales and use tax (sales tax) is imposed on the sale of most goods and certain services in Seattle. The tax is collected from consumers by businesses who, in turn, remit the tax revenue to the state. The state sends the City its share of the collections each month.

The current sales tax rate in Seattle is 10.1%. The rate was increased to 10.1% on April 1, 2017 by the addition of a voted increase of 0.5% for the Regional Transit Authority (Sound Transit). This followed an increase from 9.5% to 9.6% on April 1, 2015, when a 0.1% sales tax levy for the Seattle Transportation Benefit District was added. Seattle voters approved that increase in November 2014.

The basic sales tax rate of 10.1% is a composite of separate rates for several jurisdictions as shown in Figure 13. The City of Seattle's portion of the overall rate is 0.85%. In addition, Seattle receives a share of the revenue collected by the 0.1% King County Criminal Justice Levy. Revenue collected by the Seattle Transportation Benefit District is used to make transportation improvements in Seattle.

Figure 13. Sales and Use Tax Rates in Seattle, 2018



Total Rate = 10.1%

Sales tax revenue has grown and contracted with the local economy's ups and downs. Of the City's four major taxes, the sales tax is the most volatile because it is the most sensitive to changing economic conditions. Over half of sales tax revenue comes from retail trade and construction activity, which are very sensitive to changing economic conditions.

Seattle's sales tax base grew rapidly in the late 1990s, driven by a strong national economy, expansion at Boeing in 1996-1997, and the stock market and technology booms. The recession that followed the bursting of the stock market bubble and the September 11, 2001 terrorist attacks ushered in three successive years of declining revenue. This was followed by four years of healthy growth, 2004–2007, led by a surge in construction activity. That expansion ended in 2008 with the onset of the Great Recession, which caused the largest contraction in the sales tax base in more than 40 years. In a period of five quarters beginning with the third quarter 2008, the sales tax base shrunk by 18.2%. The decline was led by a steep drop in construction along with falling sales in almost every industry.

After hitting bottom in 2010, Seattle's sales tax base has rebounded strongly, with construction leading the way. Other fast-growing industries include motor vehicle and parts retailing, e-commerce retailing, professional, scientific and technical services, accommodation, and food services. Over the seven-year period 2010-2017 sales tax revenue increased at an average rate of 8.3% per year.

Sales tax revenue growth has picked up in 2018 but is expected to slow in 2019 and 2020. Sales tax revenue has grown by 10.9% in the first six months of 2018 compared to the same period in 2017. Growth has been led by construction and retail trade, which have posted revenue increases of 15.7% and 15.0%, respectively. The strong growth of retail trade is due in large part to expanded taxation of online retail sales, which is expected to yield $4.6 million in 2018 and rise to $9.0 million in 2020 as compliance increases over time.

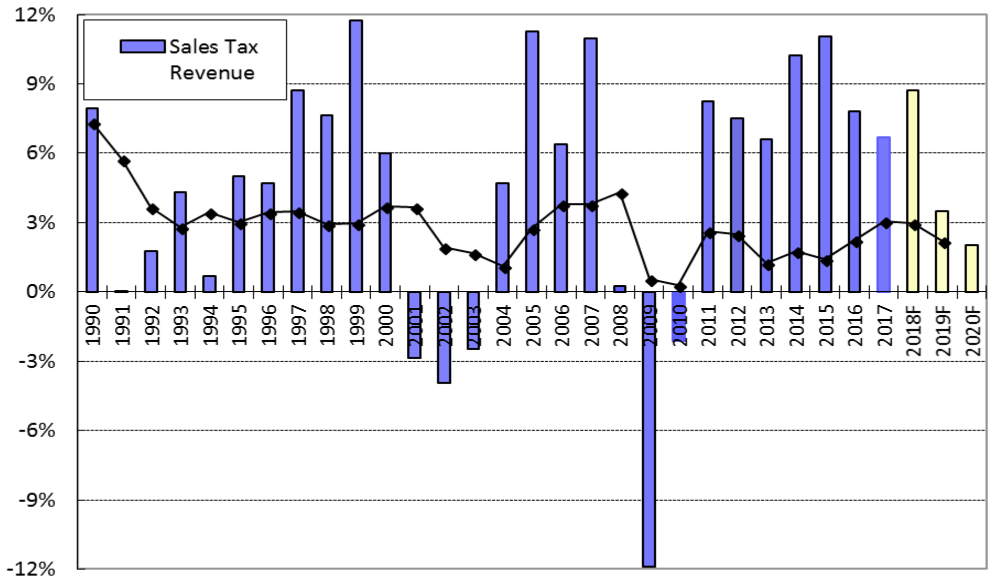
The first element in expanding the taxation of online sales is the Washington Marketplace Fairness Act, which took effect on January 1, 2018. The Act requires remote sellers and marketplace facilitators whose sales in Washington exceeds $10,000 to either collect sales tax or comply with a series reporting requirements. These include providing an annual report to both Washington customers and the Department of Revenue (DOR) detailing all sales on which sales tax was not collected. The report to DOR must include names, addresses, and total sales to each Washington customer.

The second element is a June 2018 U.S. Supreme Court decision, the Wayfair decision, which upheld a South Dakota law that requires any seller with more than $100,000 in annual sales in the state to collect sales tax on those sales. Prior to this decision, only retailers with a physical presence in a state were required to collect sales tax. Washington will require all remote sellers with sales of more than $100,000 in Washington to begin collecting sales tax on all sales in the state beginning October 1, 2018.

Sales tax revenue is expected to increase by 8.7% in 2018, 3.5% in 2019, and 2.0% in 2020 (see Figure 14). The relatively weak growth in 2019 and 2020 reflects the expected slowing of the metro area economy and the assumption of a modest 10.7% drop in construction activity over the three-year period 2019-2021.

Figure 14. Annual Growth of Retail Sales Tax Revenue

Revenue Overview



Note: All revenue figures reflect current accrual methods. 2018-20 are forecasts.

Business and Occupation Tax

Seattle's principal business tax is the business and occupation (B&O) tax, which is levied on the gross receipts of most business activity that takes place in the city. The B&O tax has a small business threshold of $100,000, which means businesses with taxable gross receipts below $100,000 are exempt from the tax. Between January 1, 2008 and January 1, 2016, the City's B&O tax also included a square footage tax that was complementary to the gross receipts tax. The square footage tax was implemented to offset an expected revenue loss from state mandated changes in the allocation and apportionment of B&O income. Included in B&O tax revenue are tax refunds, audit payments, and penalty and interest payments for past-due tax obligations.

The City levies the gross receipts tax at different rates on different types of business activity, as indicated in Figure 15. Most types of business activity, including manufacturing, retailing, wholesaling, and printing and publishing, are subject to a tax of 0.222% on taxable gross receipts in 2018. Services and transporting freight for hire are taxed at a rate of 0.427%. In 2017 and 2018, the City increased B&O tax rates to the maximum allowed under state law. The increase took place in two steps, a roughly two percent increase on January 1, 2017 and an increase of approximately one percent on January 1, 2018. In addition, the special 0.15% rate for international investment management services was eliminated on January 1, 2017.

Figure 15. Seattle Business and Occupation Tax Rates, 2016 – 2018

	2016	2017	2018
Retailing, wholesaling	0.215%	0.219%	0.222%
Manufacturing, extracting	0.215%	0.219%	0.222%
Printing, publishing	0.215%	0.219%	0.222%
Service, other	0.415%	0.423%	0.427%
International investment management	0.150%	0.423%	0.427%

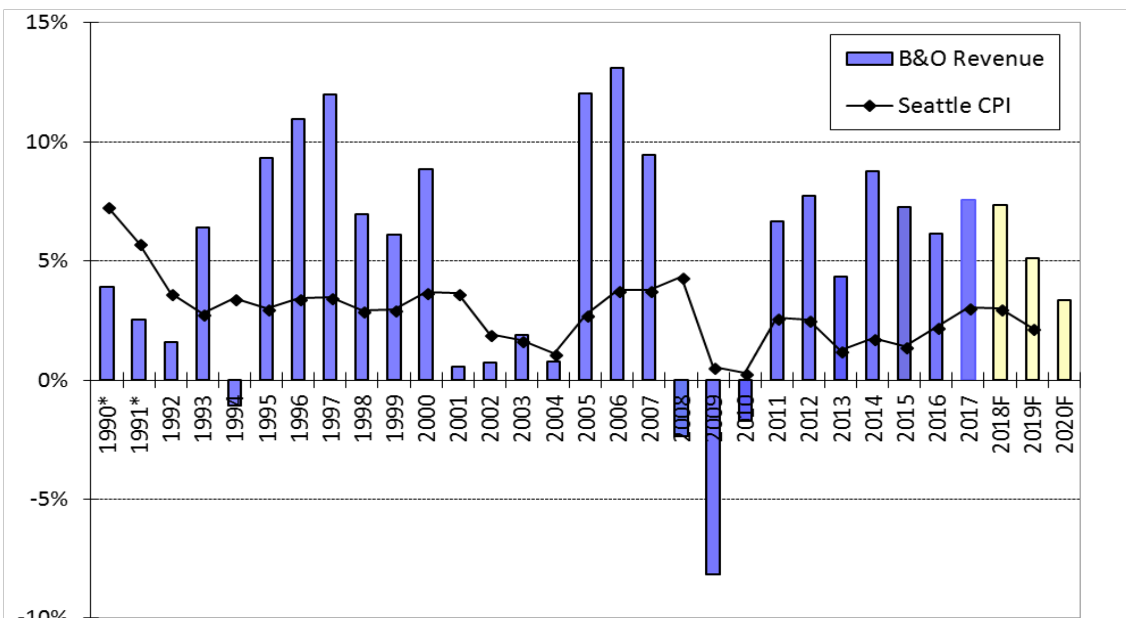
Revenue Overview

Other things being equal, the B&O tax base is more stable than the retail sales tax base. The B&O base is broader than the sales tax base, which does not cover most services. In addition, the B&O tax is less reliant than the sales tax on the relatively volatile construction and retail trade sectors, and it is more dependent upon the relatively stable service sector.

B&O revenue growth has mirrored the growth of the local economy. In 1995, the City initiated an effort to administer the B&O tax more efficiently, educate taxpayers, and enforce tax regulations. This resulted in unlicensed businesses being added to the tax rolls, businesses reporting their taxable income more accurately, and a significant increase in audit and delinquency collections – all of which helped to increase B&O receipts. In 2000, B&O revenue was boosted by changes the state of Washington made in the way that financial institutions are taxed.

Since the mid-1990s, B&O receipts have fluctuated with the economy's ups-and-downs, rising rapidly during the late-1990s stock market and dot-com boom and the housing bubble of the mid-2000s, going flat from 2001–2004 during the previous decade's first recession, and falling sharply during the Great Recession (see Figure 16). During the Great Recession the B&O tax base lost 16.8% of its value between first quarter 2008 and second quarter 2010.

Figure 16. Annual Growth of B&O Tax Revenue



*1990 and 1991 figures have been adjusted to remove the effects of tax rate increases.
Note: Revenue figures reflect current accrual methods; 2018-20 are forecasts.
Figures include both gross receipts and square footage tax revenue.

B&O tax revenue has grown at a healthy pace during the recovery from the Great Recession. Over the seven-year period 2010-2017, revenue increased at a 6.9% annual rate. Growth was weak in 2013 because of a drop in revenue from audit activity and an increase in refund payments, not because of a weakening of tax base growth. Industries growing rapidly during the recovery have been construction, information, real estate, management of companies and enterprises, food services, and accommodation.

Robust B&O tax revenue growth will continue in 2018, then growth will slow in 2019 and 2020. The B&O revenue forecast has been shaped by five factors:

- The economic forecast for the metro area, which is anticipating a slowdown.
- An updated forecast for construction, which assumes that revenue from construction will decline by 10.7% over a three-year period beginning in 2019.
- A B&O tax rate increase of approximately 1% in 2018. This adds about $3.0 million to the 2018 forecast.
- Elimination of the special tax rate for international investment management services. These services are taxed at the regular service rate beginning January 1, 2017. This change adds $2.0 million to the forecast in 2017 and $2.1 million in 2018.
- A modest revenue gain in 2018 from the elimination of the B&O life sciences deduction in mid-2017 and a comparable revenue loss beginning in 2019 resulting from the proposed reauthorization of the deduction.

Boosted by a construction rebound and a tax rate increase, 2018 B&O revenue is forecast to grow at a 7.4% rate. The forecast weakens in 2019 and 2020 due to an expected slowing of economic growth and a downturn in construction. Growth is forecast to drop to 5.1% in 2019 and 3.3% in 2020.

Utility Business Tax - Private Utilities

The City levies a tax on the gross income derived from sales of utility services by privately owned utilities within Seattle. These services include telephone, steam, cable communications, natural gas, and refuse collection for businesses.

Natural gas prices remain low. The City levies a 6% utility business tax on gross sales of natural gas and on sales of steam which has natural gas as an energy source. The bulk of revenue from the natural gas tax is received from Puget Sound Energy (PSE). PSE's natural gas rates are approved by the Washington Utilities and Transportation Commission (WUTC). Another tax is levied on consumers of gas delivered by private brokers. It is also assessed at 6% on gross sales. Spot prices, those paid for delivery in the following month, continue to be low. Temperatures play a key role in gas related revenues and are inversely related to natural gas usage and subsequent tax receipts.

Court decisions may put revenues from the Telecommunications Tax at risk. The utility business tax is levied on the gross income of telecommunication firms at a rate of 6%. Revenue from traditional land-line services has been on a steady decline. This was counteracted by the increasing prevalence of mobile/wireless phones. While new smartphone users have added to the wireless tax revenue base, the increased use of data and internet services which are not taxable have caused declines in the revenue streams.

As more and more wireless phone users are using the devices for data transmission instead of voice or text applications, and telecom companies change their rate plans to respond to this consumer behavior, the City may continue to see tax revenue declines. Some recent court decisions have altered what types of wireless phone calls the City can tax; the City may no longer assess a tax on interstate and international phone calls. There are continued pressures on this revenue stream.

Cable tax revenues are declining. The City has franchise agreements with cable television companies operating in Seattle. Under the current agreements, the City levies a 10% utility tax on the gross subscriber revenues of cable TV operators, which accounts for about 90% of the operators' total revenue. The City also collects B&O taxes on miscellaneous revenues not subject to the utility tax. The imposition of a 4.4% franchise fee makes funds available for cable-related public access purposes. This franchise fee is deposited into the City's Cable Television Franchise Fund. Cable revenues have begun to decline year over year. Increased competition from satellite and streaming services appear to be taking customers away from traditional cable providers. That is expected to continue and will be a drag on revenues.

Utility Business Tax - Public Utilities

The City levies a tax on most revenue from retail sales collected by City-owned utilities (Seattle City Light and Seattle Public Utilities). Tax rates range from a State-capped 6% on City Light up to a current 15.54% on the City Water utility.

Revenue Stabilization Account Surcharge is in effect. City Light sells excess power on the wholesale energy market. City Light energy production, almost exclusively hydro power, competes with natural gas in the wholesale market. For the 2010 fiscal year, the City Council authorized the creation of a rate stabilization account (RSA) for the utility funded with an as needed surcharge based on funding levels of the RSA. The rate stabilization surcharge was triggered in 2016 because the RSA funding level has dropped below $90 million, the account's minimum required balance set by the Council. This forecast expects the surcharge to remain in effect into the first quarter of 2020.

New rate path for Water for 2018-2023. For the six-year period rates will average 3.7% growth a year. Tax revenue growth is expected to average 2.1% for 2018 through 2020.

Drainage and Wastewater rate path has changed. Drainage and wastewater tax revenues will average 5.9% 2018 through 2020.

Slight increases in Solid Waste rates. Solid waste tax revenues will average 2.5% 2018 through 2020.

Tonnage taxes remain stable. The City imposes a $13.27 per ton tax on solid waste hauled within the city limits. Historically these tax revenues, which apply to both public and private haulers, was collected by Seattle Public Utilities and used to pay for Clean City programs. These programs support public garbage collection, graffiti removal, illegal dumping, and other activities. In 2016 the tonnage tax began accruing to the General Fund which continues to support Clean City programs.

Other Notable Taxes

Admission Tax. The City imposes a 5% tax on admission charges to most Seattle entertainment events, the maximum allowed by state statute. This revenue source is highly sensitive to swings in attendance at athletic events. It is also dependent on economic conditions, as people's ability and desire to spend money on entertainment is influenced by the general prosperity in the region. Recently, entertainment venues have opened around the City, increasing the size of the tax base. Revenues are forecast to grow by an average annual rate of 2.4% for 2018 through 2020.

Of admission tax revenues, excluding men's professional basketball, 20% were dedicated to programs supported by the Office of Arts and Culture (Arts) before 2010. In 2010 this contribution increased to 75% based on the actual admission tax receipts from two years prior, this was increased to 80% for 2016. In 2017 funding was increased to 90% and then 100% of actual receipts in 2018. As a result, Arts is fully funded by the admission tax, except for money received from the 1% for Arts program. The forecasts in Figure 9 for admission taxes reflect the full amount of tax revenue. The Office of Arts and

Culture section of this document provides further detail on the office's use of Arts Account revenue from the admission tax and the implementation of this change.

Sweetened Beverage Tax. On June 5, 2017, the City Council approved the Sweetened Beverage Tax (SBT) effective January 1, 2018. Distributors of sweetened beverages are liable for the tax of $0.0175 per fluid ounce of sweetened beverage distributed into the city of Seattle for final sale to the consumer. The 2018 Adopted Budget includes $14.8 million in SBT revenues. Based on actual revenues from the first half of 2018, the 2019-2020 Proposed Budget revises the 2018 revenues to $20.6 million and projects $21.4 million in 2019 and $21.9 million in 2020. Sweetened beverages include sodas, energy drinks, sweetened juices and teas, sports drinks and ready-to-drink coffee drinks. Revenues will be used to fund educational and food access programs primarily through the Department of Education and Early Learning (DEEL), Human Services Department (HSD) and the Office of Sustainability and Environment (OSE).

Licenses and Permits

The City requires individuals and companies conducting business in Seattle to obtain a City business license. In addition, some business activities, such as taxi cabs and security systems, require additional licenses referred to as professional and occupational licenses. The City also assesses fees for public-safety purposes (e.g., pet ownership and fire hazard inspection) and charges a variety of fees for the use of public facilities and rights-of-way.

In 2005 the City instituted a two-tier business license fee structure. The cost of a license, which had been $80 per year for all businesses, was raised to $90 for businesses with worldwide revenues of more than $20,000 per year and lowered to $45 for businesses with worldwide revenues less than $20,000 per year. The City increased the fees for 2015 license renewals to $110 and $55, respectively.

To provide funding for additional police officers, the City implemented a new business license fee structure that took effect for 2017 licenses. Fees are increased for businesses that have a taxable income (reported for B&O tax purposes) greater than $500,000. Fees for all other businesses remain at 2016 levels (See Figure 17). Fee increases are being phased in over a three-year period, 2017–2019, and will increase with inflation annually thereafter. The fee increases were projected to generate $3.5 million in 2016, $6.9 million in 2017, and $8.5 million in 2018.

Figure 17. Business License Fee Schedule, 2016 – 2019

Taxable income	2016*	2017	2018	2019
Less than $20,000	$55	$55	$55	$55
$20,000 - $500,000	$110	$110	$110	$110
$500,000 - $2 mil.	$110	$480	$480	$500
$2 mil. - $5 mil.	$110	$1,000	$1,000	$1,200
More than $5 mil.	$110	$1,000	$2,000	$2,400

*2016 fee is based on worldwide gross income, not taxable income.

Parking Meters/Traffic Permits

In spring 2004, the City of Seattle began replacing traditional individual space parking meters with pay stations in various areas throughout the City. In addition to offering the public more convenient payment options, including credit cards and debit cards, for hourly on-street parking, pay station technology has allowed the City to more actively manage the street right-of-way by adopting different pricing, time limit and other management parameters on different blocks throughout the city and at different times of day. The City currently has around 1,700 pay stations controlling approximately 12,000 parking spaces. The overall objective of the parking management program is to provide a more data-driven, outcome-based management and price-setting approach in pursuit of the adopted policy goals of one to two open spaces per block-face, reduced congestion, support of business districts, and reduced vehicle emissions and improved air quality.

Based on collected occupancy data, the 2019-2020 Proposed Budget assumes the implementation in Fall 2018 of planned changes to parking rates, which are reviewed and adjusted annually by SDOT based on parking availability targets. Also assumed are projected space additions and removals for coming years, as planned by SDOT. The net effect of rate, space and timing changes leads to a forecast for 4.4% revenue growth in on-street parking revenue between 2018 and 2019, from $39.4 million to $41.1 million. Growth from 2019 to 2020 is projected to be flat with revenues of $41.0 million.

Street Use and Traffic Permits. Traffic-related permit fees, such as meter hood service, commercial vehicle load zone, truck overload, gross weight and other permits, including revenues from the City's car sharing program with Car2Go and ReachNow, are projected to generate revenues of approximately $6.6 million in 2018, remain flat in 2019 at $6.5 million, and decline in 2020 to $6.0 million. The decline reflects expectations for slowing construction activity.

Court Fines

Although shifting with the introduction of photo enforcement cameras, between 50% and 60% of court fine revenues collected by the Seattle Municipal Court are from parking citations written by Seattle Police Department parking enforcement (PEOs) and traffic officers. Fines from photo enforcement in selected intersections and school zones now comprise approximately 35-45% of revenues and 5-10% comes from traffic and other non-parking related citations.

2017 school zone speed camera revenues came in at $11.3 million, down 14.6% from the 2016 high of $13.2 million, but higher than previously projected. The 2019-2020 Proposed Budget adjusts 2018 revenues upwards to $9.8 million to reflect actual performance in 2017 and assumes a more gradual decline to $8.5 million in 2019 and $7.9 million in 2020. Red light camera revenues (i.e., non-school zone cameras) in 2019 and 2020 are projected to remain relatively flat at about $3.5 million in each year, but absolutely less in General Fund revenues than previously due to the required transfer of 20% of the revenues to the School Zone Camera Fund. Non-camera fine revenues are projected to remain level across 2018 to 2020 at approximately $22.3 million. Total fines revenue (excluding school zone speed camera revenue) is projected at approximately $25.8 million in 2019 and 2020.

Interest Income

Through investment of the City's cash pool in accordance with state law and the City's own financial policies, the General Fund receives interest and investment earnings on cash balances attributable to several of the City's funds that are affiliated with general government activities. Many other City funds are independent, retaining their own interest and investment earnings. Interest and investment income to the General Fund varies widely, subject to significant fluctuations in cash balances and changes in earnings rates dictated by economic and financial market conditions.

Revenue Overview

As a result of the financial crisis in 2008 and the Federal Reserve Bank's (Fed) unprecedented purchasing of assets through quantitative easing, borrowing rates fell to historic lows. These rates have remained relatively low, but the Fed has ended their purchasing programs as well as begun to target higher short-term interest rates. This will lead to higher interest earnings on the City's cash pool. The annual earnings yield for the cash pool is expected to be 2.67% in 2018 rising to 3.74% by 2020. Should the economy suffer any setbacks, these rates would be expected to fall.

Revenue from Other Public Entities

Washington State shares revenues with Seattle. The State of Washington distributes a portion of tax and fee revenue directly to cities. Specifically, portions of revenues from the State General Fund, liquor receipts (both profits and excise taxes), and motor vehicle fuel excise taxes, are allocated directly to cities. Revenues from motor vehicle fuel excise taxes are dedicated to street maintenance expenditures and are deposited into the City's Transportation Fund. Revenues from the other taxes are deposited into the City's General Fund.

Criminal Justice revenues are stable. The City receives funding from the State for criminal justice programs. The State provides these distributions out of its General Fund. These revenues are allocated on the basis of population and crime rates relative to statewide averages. These revenues have been affected by State budget changes in the recent past and, while not expected, could be affected in future budgets out of Olympia.

Marijuana related revenues are being shared with local jurisdictions. As part of the State's 2016 budget, marijuana related tax revenues are being shared with local jurisdictions for public safety purposes. The state has adopted a complicated allocation of these revenues, but in general only those cities in counties that have legalized marijuana sales will receive excise tax distributions based on both their jurisdictions proportion of marijuana related sales as well as a per capita basis. Because this is a relatively new revenue stream with a growing tax base, the forecast is imprecise.

State budget restores liquor related revenues to cities. Cities in the state of Washington typically receive two liquor related revenues from the State. One is related to the liquor excise tax on sales of spirits and the other is a share in the State Liquor Board's profits accrued from the operation from their monopoly on spirits sales. The State no longer holds the monopoly in liquor sales in the state due to the passing of Initiative 1183 in November of 2011. The initiative guaranteed the cities would continue to receive distributions in an amount equal to or greater than what they received from liquor board profits prior to the implementation of the initiative as well as an additional $10 million to be shared annually. There was no guarantee concerning liquor excise taxes. In recent budgets the State has eliminated, on a temporary basis, the sharing of liquor excise taxes. The most recent State budget has restored fully the excise tax funding to cities.

Short-Term Rental Tax. Effective January 2019, the State legislature authorizes the public facilities district that is the Washington State Trade and Convention Center to impose a 7% tax on the sale of or charge made for the furnishing of lodging (including but not limited to any short-term rental). The proceeds generated from short-term rental charges in Seattle are distributed to the City of Seattle to support community-initiated equitable development and affordable housing programs. The 2019-2020 Proposed Budget assumes $10.5 million in each of 2019 and 2020.

Service Charges and Reimbursements

Internal service charges reflect current administrative structure. In 1993, the City Council adopted a resolution directing the City to allocate a portion of central service expenses of the General Fund to City utilities and certain other departments not supported by the General Fund. The intent is to allocate a fair share of the costs of centralized general government services to the budgets of departments supported by revenues that are largely self-determined. These allocations are executed in the form of payments to the General Fund from these independently supported departments. More details about these cost allocations and methods are detailed in the Cost Allocation section of this budget.

Interfund Transfers

Interfund transfers. Occasionally, transfers from departments to the General Fund take place to pay for specific programs that would ordinarily be executed by a general government department or to capture existing unreserved fund balances. A detailed list of these transfers is included in the General Fund revenue table found in the Funds and Other section.

In adopting the 2019 Budget, it is the intent of the City Council and the Mayor to authorize the transfer of unencumbered, unreserved fund balances from the funds listed in the General Fund revenue table to the General Fund.

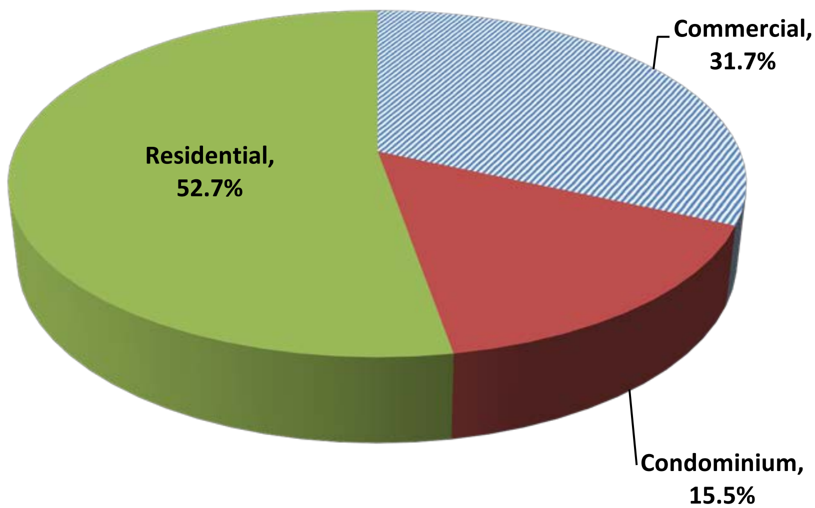
Cumulative Reserve Fund – Real Estate Excise Tax

The Cumulative Reserve Fund resources are used primarily for the maintenance and development of City general government capital facilities. These purposes are supported mainly by revenues from the Real Estate Excise Tax (REET), but also, to a lesser degree, by the proceeds from certain property sales and rents, street vacation revenues, General Fund transfers, and interest earnings on fund balances.

The REET is levied by the City at a rate of 0.5% on sales of real estate measured by the full selling price. Because the tax is levied on transactions, the amount of revenue that the City receives from REET is determined by both the volume and value of transactions.

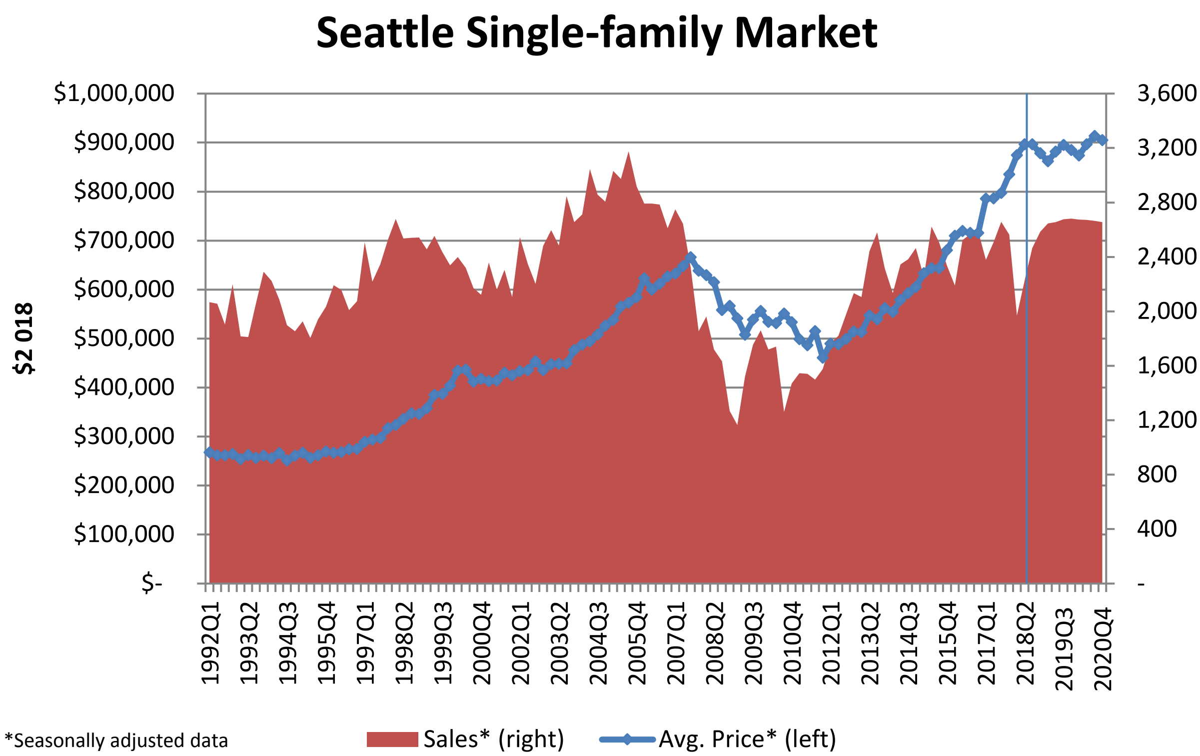
Over time, 52.7% of the City's REET tax base has come from the sale of residential properties, which include single-family homes, duplexes, and triplexes. Commercial sales, which include apartments with four units or more, account for 31.7% of the tax base, and condominiums constitute the remaining 15.5% (see Figure 18).

Figure 18. Value of Seattle Real Estate Transactions by Property Type, 1982 - 2017



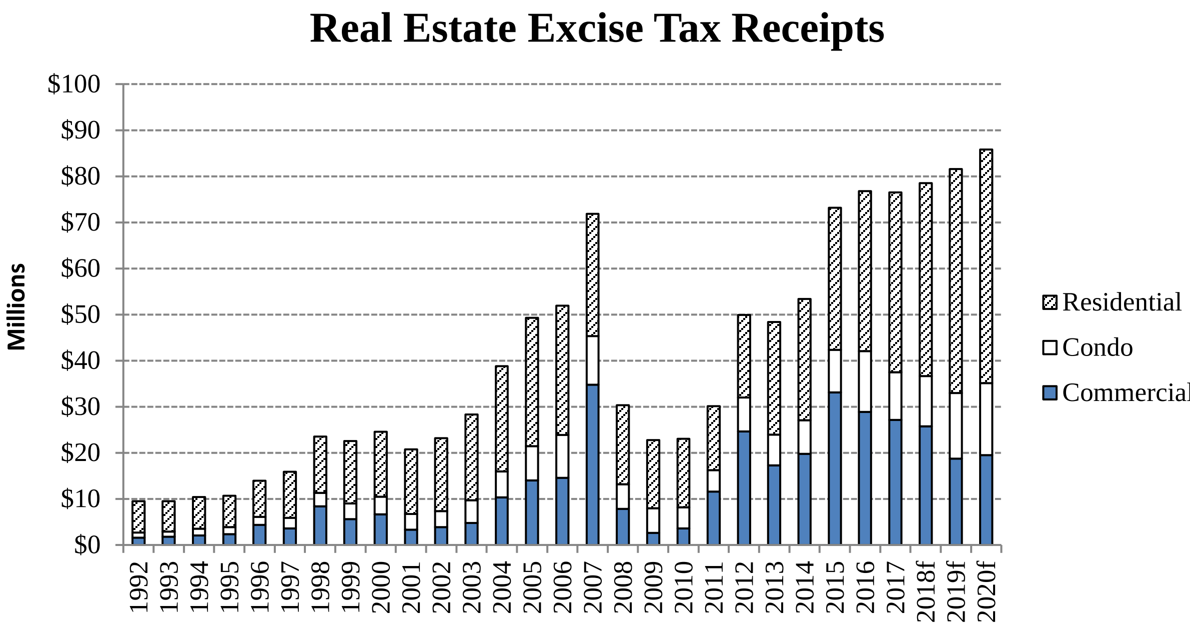
The residential market showing signs of calming. The value of Seattle real estate transactions (the REET tax base) increased at an average annual rate of 13.1% between 1982 and 2007, a period when Seattle area inflation averaged only 3.4% per year. Growth was particularly strong during the recent boom years, fueled by low interest rates and a growing economy. 2008 saw the national property bust that started in late 2005 come to Seattle. The REET tax base declined 50.7% from 2007 to 2008 and continued to decline by 23.4% into 2009. The decline was felt across all three real estate categories. The first quarter of 2009 was the bottom of Seattle's residential market for both sales and prices on a seasonally adjusted basis. With low financing rates and a strong economy, residential and condominium sales have been on an upswing in Seattle increasing Real Estate Excise Tax revenues. Single-family home prices, both nominal and adjusted for inflation, have well surpassed their previous peak set in 2007 (see Figure 19). Average prices are expected to stabilize over the next few years.

Figure 19. Seattle Single-family Market



The volatility of REET is reflected by the fact that despite a 8.7% compounded average annual growth rate, the REET tax base declined in eleven years during the period 1982–2017. This volatility is largely the result of changes in sales volumes, which are sensitive to shifts in economic conditions and movements in interest rates; average prices tend to be more stable over time. Commercial activity tends to be more volatile than the residential market, in part because the sale of a handful of expensive properties can result in significant swings in the value of commercial sales from one year to the next, as was seen in 2007, 2012, and 2015 (see Figure 20). Those years saw significant commercial activity with many large buildings in the downtown core changing hands.

Figure 20. REET Revenues



Revenue Overview

Figure 21. Seattle City Tax Rates

	2014	2015	2016	2017	2018
Property Taxes (Dollars per $1,000 of Assessed Value)					
General Property Tax	$1.80	$1.63	$1.47	$1.35	$1.25
Families & Education	0.25	0.23	0.20	0.18	0.16
Parks and Open Space	0.19				
Low Income Housing	0.16	0.14	0.12	0.22	0.19
Transportation	0.31	0.27	0.58	0.52	0.45
Pike Place Market	0.06				
Library	0.13	0.12	0.11	0.09	0.08
Pre-School For All		0.10	0.09	0.08	0.07
Election Vouchers			0.02	0.02	0.01
City Excess GO Bond	0.14	0.13	0.18	0.16	0.14
Other Property Taxes related to the City					
Seattle Park District	-	-	0.29	0.28	0.23
Emergency Medical Services	0.33	0.30	0.28	0.26	0.24
Retail Sales and Use Tax	0.85%	0.85%	0.85%	0.85%	0.85%
Transportation Benefit District Sales and Use Tax	-	-	0.10%	0.10%	0.10%
Business and Occupation Tax					
Retail/Wholesale	0.215%	0.215%	0.215%	0.219%	0.222%
Manufacturing/Extracting	0.215%	0.215%	0.215%	0.219%	0.222%
Printing/Publishing	0.215%	0.215%	0.215%	0.219%	0.222%
Service, other	0.415%	0.415%	0.415%	0.423%	0.427%
International Finance	0.150%	0.150%	0.150%	0.423%	0.427%
City of Seattle Public Utility Business Taxes					
City Light	6.00%	6.00%	6.00%	6.00%	6.00%
City Water	15.54%	15.54%	15.54%	15.54%	15.54%
City Drainage	11.50%	11.50%	11.50%	11.50%	11.50%
City Wastewater	12.00%	12.00%	12.00%	12.00%	12.00%
City Solid Waste*	11.50%	11.50%	11.50%	14.20%	14.20%
City of Seattle Private Utility B&O Tax Rates					
Cable Communications (not franchise fee)	10.00%	10.00%	10.00%	10.00%	10.00%
Telephone	6.00%	6.00%	6.00%	6.00%	6.00%
Natural Gas	6.00%	6.00%	6.00%	6.00%	6.00%
Steam	6.00%	6.00%	6.00%	6.00%	6.00%
Commercial Solid Waste*	11.50%	11.50%	11.50%	14.20%	14.20%
Other Taxes					
Admissions	5.00%	5.00%	5.00%	5.00%	5.00%
Amusement Games (less prizes)	2.00%	2.00%	2.00%	2.00%	2.00%
Bingo (less prizes)	10.00%	10.00%	10.00%	10.00%	10.00%
Punchcards/Pulltabs	5.00%	5.00%	5.00%	5.00%	5.00%
Cable Franchise Fee	4.40%	4.40%	4.40%	4.40%	4.40%
Fire Arms Tax (Dollars per weapon)	-	-	$25.00	$25.00	$25.00
Ammunition Tax (Dollars per round)	-	-	$0.05	$0.05	$0.05
Sweetened Beverage Tax (Dollars per fluid ounce)					$0.0175

*Increase effective April 1, 2017