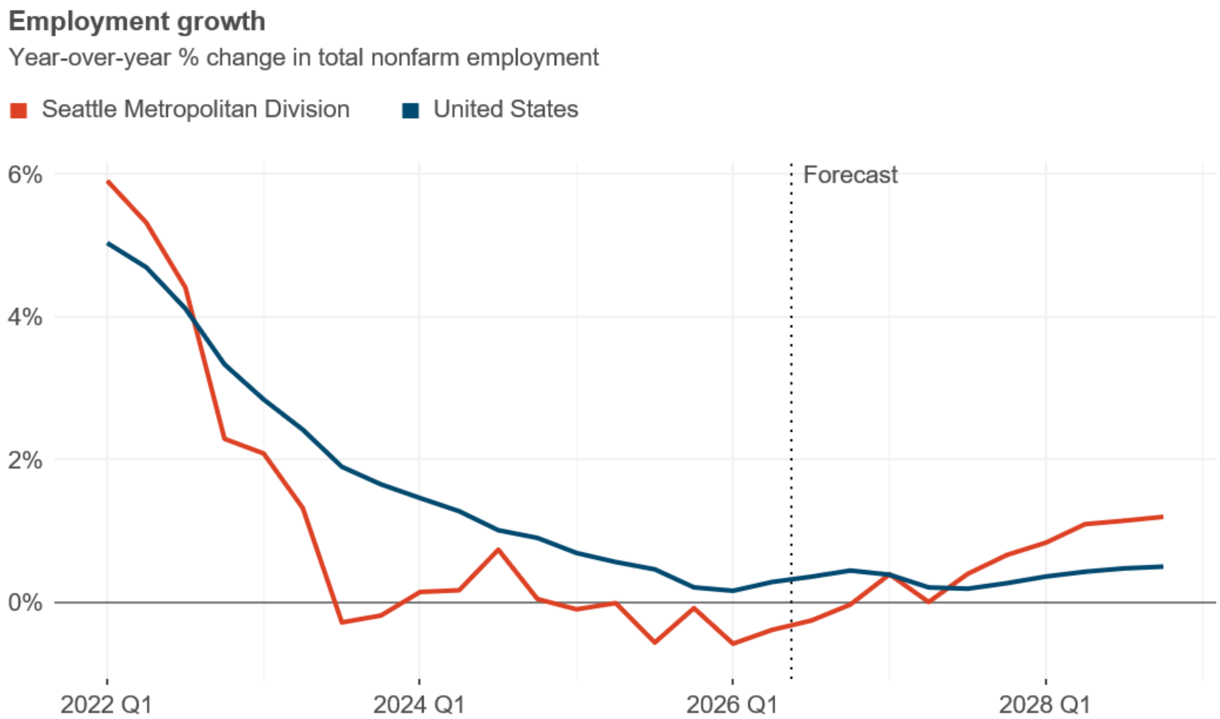
General Fund Revenue Overview

The General Fund is City's primary operating account and funds many of the services provided to our residents including public safety, infrastructure maintenance, human services, parks and library services. The revenues that support the General Fund are influenced by the health of both the national and local economy.

National Economic Conditions and Outlook

The City's largest projected revenue sources are significantly impacted by the national economic conditions and outlook. After the Federal Reserve Bank (Fed) lowered its interest rate to the 3.50%-3.75% range in December 2025, the fallout from the conflict with Iran that started in February 2026 has put on hold further rate adjustments as it assesses the extent to which higher oil prices are resulting in broader inflation pressures and having a negative impact on economic activity. Because consumer spending and investment have remained solid and the labor market has been relatively stable, while inflation has been above the 2% target for more than five years now, financial markets widely expected the Fed's September 2026 rate increase and many economists believe another interest rate hike may be coming at the end of 2026.

The August revenue forecast presented below as well as the underlying regional economic forecast developed in July are based on the average of the national economic forecasts from S&P Global and Moody's Analytics released in early July. Despite the still elevated risks of a recession, most economists expect national economy to avoid a downturn, and real GDP to grow about 2% in 2026 and 2027. Consumer spending has remained solid despite notable headwinds and investment is particularly strong as a result of the Artificial Intelligence (AI) infrastructure build-out. Employment growth is however expected to be low due to the "low-hire, low-fire" nature of the labor market. As shown in the employment figures below, the July forecast for the U.S. expected only very modest 0.3% annual job growth through 2028. Restricted labor supply has nevertheless kept unemployment rate from rising significantly.

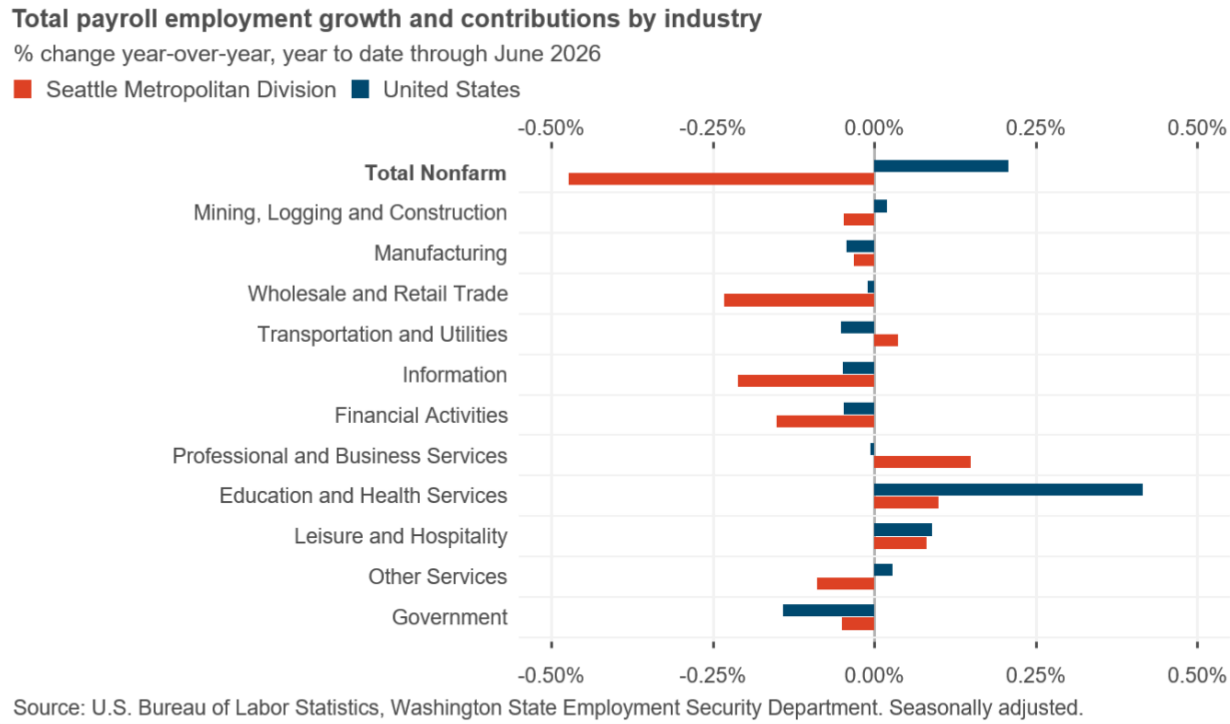


Source: The average of July U.S. baseline scenario economic forecasts from S&P Global and Moody's Analytics. July baseline scenario regional economic forecast from the Office of Economic and Revenue Forecasts.

Seattle Area Economic Conditions and Outlook

As shown in the figure above, Seattle's regional labor market has lagged the performance seen at the national level since summer 2022. Based on the estimates released by the Washington State Employment Security Department (ESD) in July 2026, which revised regional employment down notably for 2023 and 2024, and revised it up somewhat for the first half of 2025, employment in the Seattle Metropolitan Division area (King and Snohomish counties) has declined about 0.4% year-over-year in the first half of 2026, losing about 7,000 jobs. U.S. employment grew 0.2% during the same period.

Labor demand in the tech sector remains particularly weak. While tech layoffs were not unique to Seattle, this sector has a disproportionate impact on the Seattle region relative to the nation as whole. Regional employment in Trade, Information, and Professional and Business Services – sectors where regional tech companies operate – declined by 45,000 jobs between June 2022 and June 2026, approximately 2.6% of total regional employment. Information accounted for about half of this decline, Professional and Business Services about 30%, and Trade for close to 20%. Based on the current employment estimates by Washington State Employment Security Department, employment in Professional and Business Services sector seems to have stabilized, but Trade and Information sectors continued to weigh down on overall employment growth in the first half of 2026.



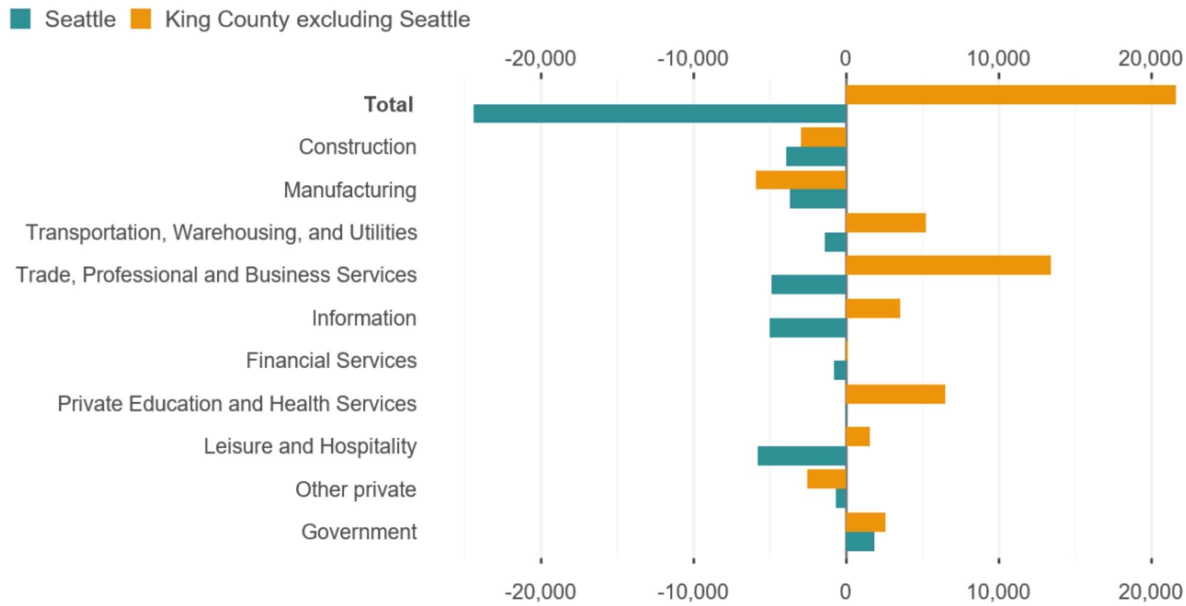
The most recent regional economic forecast, prepared by the Office of Economic and Revenue Forecasts in July 2026[1], projects that the regional employment will decline 0.3% in 2026 and only grow 0.4% in 2027, before growth accelerates to 1.1% in 2028. This reflects the uncertain economic outlook, revisions in employment data by the ESD, and the challenges due to the underlying employment composition by industry as the tech sector adjusts to the impacts of a wider adoption of AI.

Within the regional economy, city of Seattle underperformed the rest of King County in recent years. Employment estimates published by the Puget Sound Regional Council (PSRC) in July 2026 show that while Seattle achieved full employment recovery from the pandemic by March 2023, it then lost about 24,000 jobs between March 2023 and March 2025.

These job losses were broad-based, but a large share occurred in the sectors where local tech companies operate: Trade, Information, and Professional and Business Services. Given the importance of these sectors for the local economy and the large share of tax revenues they generate, declining employment has had a notable negative impact on total revenue collection. Due to its long lag, the employment data for March 2025 released by PSRC in July 2026 does not yet account for large layoffs announced by Amazon, Microsoft, Meta Platforms, and Starbucks in 2025 and 2026. The revenue forecast presented below incorporates the likely effects of these layoffs, but there is a risk that the revenue effects will be larger than estimated.

[1] https://www.seattle.gov/economic-and-revenue-forecasts/forecasts

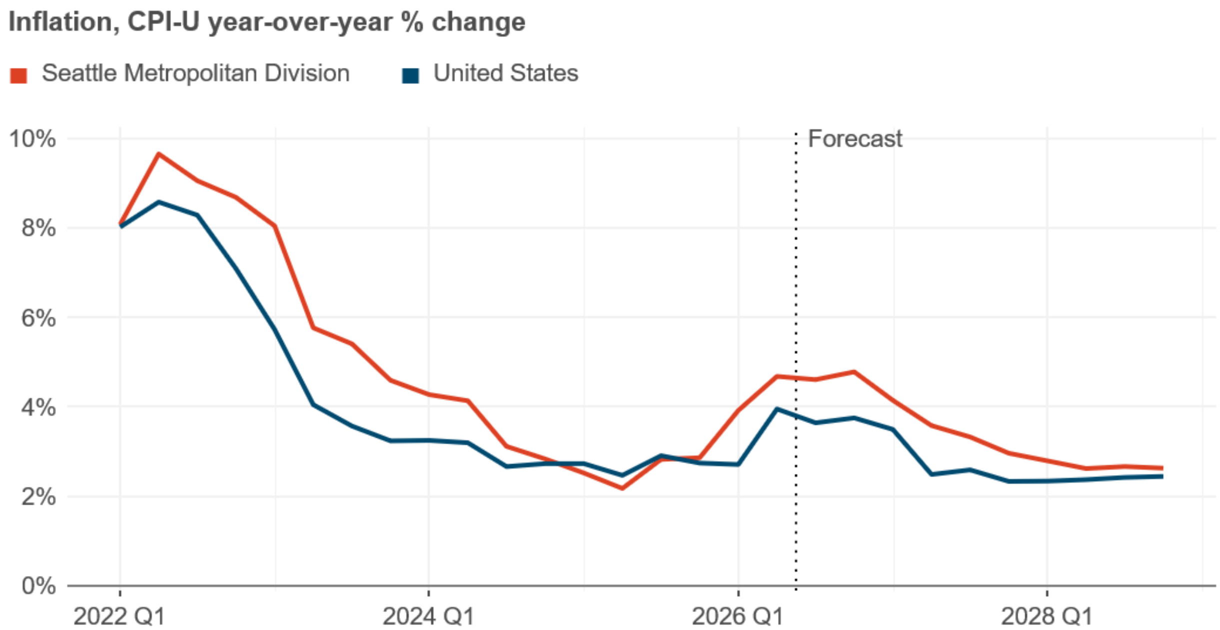
Total employment growth and contributions by industry, from March 2020 to March 2025



Puget Sound Regional Council estimates based on Quarterly Census of Employment and Wages published by Washington State Employment Security Department. Data released annually in July for March previous year. Data does not allow to separate Trade from Professional and Business Services due to NAICS reclassification in 2022.

Last year much of the uncertainty and downside economic risk concerned the labor market. Now, changes to tariff policy throughout 2025 and the conflict in Iran that started in February 2026 have added significant upward pressure on inflation, as well. The figure below shows the quarterly outlook for regional inflation, which is expected to remain elevated through the end of 2026 due the oil price shock caused by the conflict in Iran, which is further exacerbating ongoing price pressures from tariffs and restrictive immigration policy. The Office of Economic and Revenue Forecasts estimates that the regional CPI-U inflation rate will be on average 4.5% in 2026, a notable acceleration from 2.5% in 2025. Oil and gas prices are likely to remain above the pre-conflict levels in the next few years, but inflation is expected to moderate in 2027 and 2028, moving towards the Fed's target.[2]

[2] https://www.seattle.gov/economic-and-revenue-forecasts/inflation



Source: The average of July U.S. baseline scenario economic forecasts from S&P Global and Moody's Analytics. July baseline scenario regional economic forecast from the Office of Economic and Revenue Forecasts.

City Revenue

The following sections present the current forecast for revenue sources supporting the City's primary operating fund, the General Fund, its primary capital funds REET I and REET II, and six select other funds – the Arts and Culture Fund, Seattle Park District Fund, Sweetened Beverage Tax Fund, the Short-Term Rental Tax Fund, the Transportation Fund, and the JumpStart Payroll Expense Tax Fund.

General Fund Revenue Forecast

While there are some persistent vulnerabilities in the Seattle region's economy, revenues are expected to grow significantly in 2026 as a result of tax policy changes implemented by the City and State. As the table below shows, the revenue forecast for the General Fund has been revised to $2,091.4 million for 2026, up $72.2 million (3.6%) from 2026 Adopted assumptions. Most of the increase comes from a higher forecast for grants, which was revised up by $58.1 million. Excluding grants and fund balance transfers, the revised 2026 forecast for General Fund is $14.4 million (0.8%) higher relative to the 2026 Adopted Budget forecast. This total is then expected to grow by $173.2 million (10.6%) from 2025 to 2026. This growth is largely driven by the projected 21.2% growth in sales tax revenues and the 21.3% growth in business and occupation (B&O) tax revenues. Combined, these two revenue streams are expected to grow by about $156 million year-over-year from 2025 to 2026. Higher sales tax revenue is due to the new 0.1% public safety tax authorized under State law by Engrossed Substitute House Bill 2015, as well as the expansion of the tax base under Engrossed Substitute Senate Bill 5814, which subjects many services to sales tax for the first time. Higher B&O taxes, meanwhile, are due to

Proposition 2 approved by voters in November 2025, a restructure of this tax known as the "Seattle Shield" proposal.[3]

As the table below indicates, the 2027-2028 Proposed Budget anticipates $2,069.6 million of General Fund revenues in 2027 and $2,159.2 million in 2028. The $21.8 million year-over-year decline projected for 2027 is due to $58.7 million less in Grants and $28.2 million less in fund balance transfers, offsetting the $67.8 million year-over-year growth in property, sales, B&O and utility taxes. Excluding grants and fund balance transfers, General Fund revenues are projected to grow $65.1 million (3.6%) in 2027 and $80.4 million (4.3%) in 2028.

[3] The B&O restructure introduced a new $2 million standard deduction, increased the filing threshold from $100,000 to $2 million, and increased the tax rates by a factor of 1.54. For more details see https://www.seattle.gov/city-finance/business-taxes-and-licenses/business-taxes/seattle-shield-business-and-occupation-(bando)-tax-changes.

General Fund Revenue, 2025 – 2028, thousands of dollars

Revenue	2025 Actuals	2026 Adopted	2026 Revised	2027 Proposed	2028 Proposed
Property Tax	321,332	327,326	324,977	338,414	360,005
Property Tax - Medic One Levy	65,050	75,158	75,621	79,287	82,102
Property Tax Total	**386,382**	**402,485**	**400,597**	**417,701**	**442,106**
Sales & Use Tax	318,998	332,557	347,270	354,851	367,803
Sales & Use Tax - Criminal Justice	29,180	69,296	74,864	78,052	80,466
Sales & Use Tax Total	**348,178**	**401,853**	**422,134**	**432,903**	**448,269**
Business & Occupation Tax	**388,323**	**479,063**	**471,074**	**495,658**	**520,360**
Payroll Expense Tax	1,638	0	0	0	0
Utilities Business Tax - Private Utilities	43,771	40,219	42,319	43,214	44,013
Utility Tax - Private Total	**43,771**	**40,219**	**42,319**	**43,214**	**44,013**
Tonnage Tax	6,786	5,930	5,816	5,989	6,049
Utilities Business Tax - City Light	73,410	72,548	72,863	79,041	86,091
Utilities Business Tax - City SWU	26,630	29,007	28,881	29,072	29,944
Utilities Business Tax - City Water	39,871	39,379	40,168	41,211	42,977
Utilities Business Tax - Drainage/Waste Water	72,252	75,891	75,735	82,626	88,059
Utility Tax - Public Total	**218,949**	**222,755**	**223,463**	**237,939**	**253,121**
Firearms & Ammunition Tax	90	88	85	85	85
Gambling Tax	464	308	377	400	398
Leasehold Excise Tax	8,319	8,058	8,499	9,178	9,607
Pleasure Boat Tax	107	130	100	100	100
Transportation Network Company Tax	5,294	5,502	5,464	5,836	6,208
Other City Taxes Total	**14,274**	**14,086**	**14,526**	**15,600**	**16,398**
Meter Hood Service	2,873	3,438	3,574	3,752	3,843
Parking Meters	33,620	32,168	32,184	32,787	33,129
Parking Meters Total	**36,493**	**35,606**	**35,758**	**36,539**	**36,972**
Adult Probation and Parole	0	0	0	0	0
Court Fees & Charges	335	558	667	594	564
Court Fines	23,218	24,114	20,318	22,118	22,313
Court Fines Total	**23,553**	**24,672**	**20,985**	**22,712**	**22,877**
Criminal Justice Assistance	6,341	6,425	6,773	7,227	7,705
E-911 Reimbursements & Cellular Tax Revenue	1,004	1,077	1,077	1,077	1,077
Liquor Board Profits	5,947	6,019	6,018	6,023	6,034
Liquor Excise Tax	5,135	5,324	5,150	4,898	4,951
Marijuana Excise Tax	2,235	1,828	1,731	1,727	1,736
Trial Court Improvement Account	149	150	149	149	149
Revenue from Other Public Entities Total	**20,810**	**20,823**	**20,897**	**21,101**	**21,650**

General Fund Revenue, 2025 – 2028, thousands of dollars, continued

Revenue	2025 Actuals	2026 Adopted	2026 Revised	2027 Proposed	2028 Proposed
Federal Direct Grants	12,226	3,492	24,200	3,224	2,965
Federal Indirect Grants	5,052	1,814	25,973	1,814	1,814
Other Grants	755	554	1,533	54	54
State and Local Grants	11,281	7,471	19,685	7,633	7,471
Grants Total	**29,313**	**13,330**	**71,391**	**12,725**	**12,303**
Transfer from - Other Fund	434	652	940	652	661
Transfer from - Payroll Expense Tax Fund	280,049	211,212	210,698	182,807	192,362
Fund Balance Transfers Total	**280,483**	**211,864**	**211,638**	**183,459**	**193,023**
Cost Allocations & Administrative Charges	34,487	35,847	34,928	37,270	37,696
Legal Services	1,286	1,689	3,144	1,713	1,725
Other Proceeds	53	15	25	15	16
Personnel Service Charges	30,600	30,018	30,165	30,644	31,598
Public Safety Enforcement	15,601	11,143	12,695	11,522	11,971
Sales Proceeds	28	0	0	0	0
Use Charges	51	162	162	162	162
Service Charges & Reimbursements Total	**82,107**	**78,873**	**81,118**	**81,327**	**83,168**
Animal Shelter Licenses & Fees	1,597	2,629	1,980	2,032	2,032
Business License Fees	21,648	21,891	21,959	22,146	22,470
Emergency Alarm Fees	167	434	245	204	204
Fire Permits & Fees	9,017	8,979	8,714	9,218	9,218
Interest on Investments	15,231	15,043	14,038	11,176	7,127
Miscellaneous Revenue	10,286	8,122	9,578	8,626	8,594
Other Business Licenses, Permits, & Fees	7,545	10,429	11,349	9,578	9,624
Other Interest Earnings	1,147	963	793	747	646
Private Contributions & Donations	90	0	30	0	0
Professional & Occupational Licenses	4,302	4,298	4,467	4,241	4,245
Street Use Permits	780	768	774	775	781
Licenses, Permits, Interest Income and Other Total	**71,812**	**73,554**	**73,927**	**68,742**	**64,942**
Total General Fund	**1,946,086**	**2,019,184**	**2,091,377**	**2,069,621**	**2,159,203**

Property Tax. Property taxes paid in the current year are based on valuations as of January 1 of the previous year. The revenue forecasts and projected tax rates for 2026 are based on January 1, 2025, valuations. Over the course of the year, the King County Assessor conducts the research and appraisals needed to retroactively determine those valuations. Assessed values (AV) increased in 2026 after declining for two straight years due to the high-interest rate environment, uncertainty around the long-term demand for office space, and a cooling residential market. While expectations of interest rate hikes in second half of 2026 may depress the real estate market again, assessed values are still expected to grow into 2027, but modestly at 1.5%. At the same time, the construction sector continues to face headwinds of high costs and rising office vacancy rates that are likely to prevail for an extended period. As a result, the outlook for new construction continues to be weak. Given these developments, the outlook for 2026 revenues from the general expense property tax has been revised to $325.0 million, down $2.3 million compared to the 2026 Adopted. 2027 and 2028 Proposed revenues are expected to grow to $338.4 million and $360.0 million, respectively.

Medic 1/Emergency Medical Services. This county-wide property tax is levied by King County. The City of Seattle receives a distribution of the proceeds equal to the county-wide tax rate multiplied by the City's AV. The county-wide tax rate is based on the approved annual Medic 1/EMS levy amount divided by total King County AV. Thus, the tax rate increases or decreases, respectively, when King County AV shrinks or grows faster than the rate of growth of the levy amount. The City's share, in turn, grows or shrinks with the tax rate and the pace of growth of the City's AV. The 2026 forecast of $75.6 million has not changed materially from the 2026 Adopted forecast of $75.2 million because the tax rate was already fixed at $0.25 and the certified 2026 City AV did not deviate much from expectations. EMS revenues are anticipated to increase at a healthy clip to $79.3 million in 2027 and $82.1 million in 2028 because growth in County AV is expected to slow relative to growth in City AV, thereby increasing the county-wide tax rate and the City's share of collections.

Sales and Use Tax. The revised forecast anticipates about $20.3 million more in sales tax revenues in 2026 compared to the 2026 Adopted Budget forecast. In addition to the updated economic outlook, the revised revenue forecast incorporates updated estimates for the impact of several large policy changes, most significant of which are a new public safety tax authorized by Engrossed Substitute House Bill 2015 and a broadening of the tax base due to Engrossed Substitute Senate Bill 5814, which expanded the list of services subject to sales tax. The result is a projected 21.2% year-over-year growth of sales tax revenues in 2026. Sales tax revenues are then expected to grow 2.6% in 2027 to $432.9 million and 3.5% in 2028 to $448.3 million. A third significant policy change, Engrossed Substitute Senate Bill 6346 (known as the Millionaire's Tax bill), makes some of the newly taxable services exempt when provided to schools and public libraries, effective July 2026, resulting in somewhat lower revenues in those two years. Its largest impact on sales tax revenues will however only occur in 2029, as a large part of the sales tax expansion on professional and digital services enacted by ESSB 5814 will be rolled back.

Business and Occupation (B&O) Tax. While sales tax and B&O tax in general tend to move together, the tax base for B&O tax is more diversified, with the construction and trade sectors taking up smaller shares. Consequently, B&O revenues are expected to show slightly stronger performance since the decline in the construction sector, which has created a significant drag on sales tax revenues, will be less impactful for B&O. B&O tax revenues are expected to be negatively affected in 2026 by the Engrossed Substitute Senate Bill 5814, which reclassifies some services as retail and in effect lowers the B&O tax rate imposed on gross receipts from affected activities. This reduction is however more than offset by the increase to B&O tax rates across all classifications as part of the "Seattle Shield" restructure, approved by voters in November 2025 and expected to raise about $86.8 million in additional revenues in 2026. As a result, while the revised forecast for 2026 is $7.99 million lower than the 2026 Adopted forecast, it anticipates about 21.3% year-over-year growth from 2025 to $471.1 million. B&O tax revenues are then expected to grow 5.2% to $495.7 million in 2027 and 5.0% to $520.4 million in 2028.

Utility Business Tax – Private Utilities. This revenue category includes taxes on cable television, telephone service, natural gas, and the central steam heating provided in the downtown core. The overall forecast for this revenue category has been revised upward slightly, adding $2.1 million (5.2%) in 2026 compared to the 2026 Adopted, to reach $42.3 million. Two developments drive this revision. First, the 2025-2026 weather season was exceptionally mild, resulting in lower gas consumption but largely offset by an increase in Natural Gas rates of roughly 7%. Furthermore, Puget Sound Energy requested an additional rate increase of 14%, effective in early 2027, though this forecast does not assume the fully requested increase. Finally, the customer base for cable television and telephone has stabilized, but projections for these revenue sources have been revised downward due to smaller year-to-date actuals and a smaller contribution from late payments, which padded prior-year collections. In total, private utilities are projected to reach $43.2 million (+2.1%) in 2027 and $44 million (+1.8%) in 2028.

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. The forecast for 2026 remains virtually unchanged from the 2026 Adopted at $223.5 million. Revenues are expected to grow by 6% in 2027 and 2028 to $237.9 million and $253.1 million, respectively.

***Transportation Network Company* Tax.** In November 2019, the City Council approved a tax on transportation network companies (TNC), such as Uber and Lyft, effective July 1, 2020. As approved, the tax of $0.57 per trip is owed for all rides originating in Seattle by TNC's with more than 1 million rides per calendar quarter. Council reduced the ride threshold to 200,000 rides per quarter effective October 2020, and then, per state law, the tax rate to $0.42 per trip effective January 1, 2023. Since the COVID-19 pandemic, there has been a structural shift in the demand for rides and the supply of drivers. Number of trips remain at less than 50% of 2019 levels. Revenues are anticipated to grow at a respectable pace of 6% to 7% annually, from $5.5 million in 2026 to $5.8 million in 2027 and $6.2 million in 2028.

Parking Meters. Revenue from on-street parking meters and meter hooding fees is forecasted at $35.8 million in 2026 and $36.5 million in 2027. The 2026 forecast is mostly flat (+$152,000 or +0.4%) compared to the 2026 Adopted Budget. Parking meter rate changes implemented in May 2026 increased rates in two thirds of affected neighborhoods and this increase has offset recent declines in parking transactions. Rate changes are typically made by the Seattle Department of Transportation three times per year and are determined by its Performance-Based Parking Program model, which sets rates to target one to two open spaces per block face. Each cycle, changes are a mix of increases and decreases citywide. Additional rate changes are expected in November 2026. Revenues for 2027 ($36.5 million) and 2028 ($36.9 million) are projected to rise above 2026 levels, increasing 2.2% and 1.2%, respectively, driven by new paid parking locations and demand for special event-rate parking at Climate Pledge Arena. While transaction volumes continue to fall each year since peaking in 2022, the rate of decline has been slowing (-5.8% in 2023, -3.0% in 2024 and -2.7% in 2025).

Court Fines. The City imposes and collects fines and related fees on various citations, primarily on-street parking tickets and camera-enforced red-light violations. The amounts going to the General Fund from these sources are projected to be $21.0 million in 2026, a decrease of $1.6 million (-7.0%) relative to the

2026 Adopted. The reduction is mostly attributable to reduced parking citation volumes related to labor issues that are expected to resolve in the second half of 2026. Revenues are projected to be $22.7 million (+8.2%) in 2027 and $22.9 million (+0.7%) in 2028.

Grant Revenues. Federal, State and local grant revenues can change significantly over time as departments learn of new grant opportunities and applications are successful. Importantly, grant revenues are, by their nature and purpose, matched dollar-for-dollar with expenditures across the life of the grant. As such, grants do not provide additional discretionary revenues for allocation through the budget process. In the budget, grants are fully appropriated in the first year of acceptance. Revenues are assumed to equal that appropriation but are only collected when spending occurs, which could be over multiple years. The lion's share of the 2026 Revised forecast of $71.4 million comprises grants carried forward from 2025 that have not been spent down. 2027 and 2028 Proposed grant revenues equal $12.7 million and $12.3 million, respectively.

Fund Balance Transfers. Fund balance transfers are revenue transfers between City funds. The transfer in 2026 has remained steady at $211.6 million. The proposed transfers for 2027 and 2028 are lower, at $183.5 million and $193.0 million, reflecting reductions in the transfer from the Payroll Expense Tax Fund. For further explanation of the transfer and uses of payroll expense tax revenues, please see the Multi-Department Revenue section of this budget book.

Service Charges and Reimbursements. This category includes revenues to recover the costs of services within city government and revenues generated from legal and personnel services. Expected revenues are revised up in 2026 from the Adopted by $1.2 million to $81.1 million and will stay steady in 2027 at $81.3 million then increase modestly to $83.2 million in 2028.

Business License Fees. The City requires all businesses operating in Seattle to have a business license. The cost of these licenses increases with the business revenues. Business license revenues were revised up marginally compared to the 2026 Adopted Budget and are now expected to generate $22 million in 2026. This is projected to be followed by $22.1 million in 2027 and $22.5 million in 2028.

Interest on Investments. The City receives interest earnings on its residual cash holdings. The lowering of interest rates by the Federal Reserve in December 2025 led to a downward revision for expected revenues from these earnings in 2026. The revised estimate is approximately $14 million, down from the $15 million in the 2026 Adopted Budget. Earnings rates are projected to decrease further in 2027 to $11.2 million and 2028 to $7.1 million as treasury yields moderate over time following recent highs.

Non-General Fund Revenues of Note

In addition to forecasts of General Fund revenues, the Office of Economic and Revenue Forecasts and the City Budget Office track and forecast various other revenues that are accounted for in separate funds and support general government purposes.

REET I and REET II Capital Funds – Real Estate Excise Tax (REET). REET revenues are generated by a combined 0.5% tax on all real estate transactions. Long run interest rates have gone up in recent months, with the average 30-year mortgage rate rising from 6.0% in March to 6.7% in August, limiting both the demand and the supply of homes for sale. Elevated economic uncertainty and weaker local labor market have further contributed to a slowdown in home sales. REET revenues have been consequently revised down $9.5 million for 2026 compared to the 2026 Adopted Budget, and are expected to decline 8.1% year-over-year, from $72.4 million to $66.6 million. The forecast then anticipates $77.1 million in 2027 and $88.3 million in 2028.

Arts and Culture Fund - Admission Tax. Admission tax revenues are forecasted to be down by $0.6 million relative to the 2026 Adopted. This tax is now expected to generate $24.8 million in 2026, growth of about 1.5% year-over-year. While 2026 FIFA World Cup was expected to bring a large number of visitors to Seattle, the downward revision of admission tax revenues is based on fewer international visitors expected in 2026 overall, compared to the outlook from last October. Higher oil prices have caused a surge in airfares, and elevated inflation has further restricted spending on travel. Admission tax revenues are expected to grow to $25.6 million in 2027 and $26.3 million in 2028, as oil prices normalize, inflation eases, and international travel recovers.

Seattle Park District Fund – Property Tax Levy. In August 2014, voters approved the creation of a Metropolitan Park District (MPD). Pursuant to RCW 35.61, the MPD is a legally separate taxing jurisdiction, 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 are not accounted for in the City's General Fund. The MPD is levying $137.7 million in 2027 and $143.3 million in 2028 in line with the adopted six-year spending plan.

Sweetened Beverage Tax Fund. The Sweetened Beverage Tax is 1.75 cents per ounce of sweetened beverages or the equivalent for condensed syrups distributed into the City of Seattle. Revenues have risen since the COVID era low of $14.4 million, fluctuating annually between $20-21 million. Revenues in 2025 totaled $21.0 million and the revised forecast for 2026 anticipates collections will increase to $22.0 million due to a boost from World Cup activity, though this has been revised downward slightly (-1.7%) from the 2026 Adopted forecast of $22.3 million. Revenues are forecasted to be $20.3 million (-7.8%) in 2027 and $19.3 million (-4.6%) in 2028, reflecting a mild decline due to consumption patterns and projected slowing of population growth.

Short-Term Rental Tax Fund. Effective January 1, 2019, the State legislature authorized 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). Beginning in 2020, these revenues and associated expenditures were moved from the General Fund to the Short-Term Rental Tax Fund in the City's accounting system. Expected revenues for 2026 have been revised down slightly from the 2026 Adopted estimate of $12.5 million to $11.7 million, reflecting weaker than expected tourism activity. Growth in the sector is anticipated to be slow in 2027 and 2028 and the forecast rises only slightly to $11.8 million in 2027 and $12.0 million in 2028.

Transportation Fund - Commercial Parking Tax. The commercial parking tax is a 14.5% rate levied on the fee that drivers pay to park in commercial parking lots across the city. Revenues in 2026 have been revised down marginally from the Adopted estimate of $52.1 million to $51.7 million, indicative of a less robust local economy than expected last year. The 2027-28 Proposed Budget includes a tax rate increase to 17%, leading to a revenue estimate of $63.2 million in 2027 and $65.4 million in 2028.

JumpStart Payroll Expense Tax Fund. For 2026, the City's JumpStart Payroll Expense Tax applies to those businesses with a total payroll expense in Seattle of at least $9,074,409 and at least one employee with annual compensation of $194,452 or higher in 2025. These thresholds are adjusted annually by the inflation rate and the specific tax rates vary with the level of individual employee's compensation and the company's total Seattle payroll.[4] The Payroll Expense Tax was first imposed in 2021, with the first payments made in January 2022. Total 2021 tax obligations reached about $298 million, but fell to $266 million in 2022, before rebounding to $315 million in 2023 and further rising to $362 million in 2024 and then $390 million in 2025, in large part due to higher tax rates imposed in 2024.

The revised forecast for 2026 revenue collection is $394 million, just $1.3 million higher than in the 2026 Adopted Budget. The 2027-2028 Proposed Budget anticipates $407.9 million in revenues collected in 2027 and $427.9 million in 2028.

The City's experience with the Payroll Expense Tax is still relatively short, one of several reasons that revenues from this tax are more volatile year-over-year and more complicated to forecast than other similarly sized revenues streams (property tax, sales tax and B&O). About 70% of the revenues from this tax are paid by only 10 companies, most of them in the technology sector. Since stock grants represent a notable share of total compensation for technology workers, this tax has a potential for higher annual growth but also for larger volatility. In addition, because of the high concentration of revenues, business decisions made by a small number of companies about layoffs and hiring, and where exactly they create and allocate jobs, also significantly affect revenue collection. As discussed in the economic conditions and outlook section above, Seattle has lost jobs in recent years. Amazon added nearly 12,000 employees in Bellevue between 2020 and 2024, while its reported headcount in Seattle dropped by about 10,000 during that period. In 2024, Meta moved out of two buildings in Seattle's South Lake Union neighborhood that have space for about 2,000 employees while it added roughly the same number to its headcount in Bellevue. The volatility due to a narrow tax base, dependence on the decisions of a small number of taxpayers, and on stock price movements will remain significant risks for this revenue stream going forward. The layoffs announced by a number of major Seattle employers in 2025 and 2026, and the risk of a possible stock market sell-off, are of particular concern for the current forecast and budget. To help address the risks and volatility in this revenue stream, the Payroll Expense Tax Revenue Stabilization Account was enacted in November 2024 to cushion the City from unanticipated revenue shortfalls.

[4] Initial tax rates varied from 0.7% to 2.4%, starting from 2024 tax year they increased by approximately a factor of 1.065 and range from 0.746% to 2.557%. For more details see https://www.seattle.gov/city-finance/business-taxes-and-licenses/seattle-taxes/payroll-expense-tax

Seattle City Tax Rates

	2022	2023	2024	2025	2026
Property Taxes (per $1,000 Assessed Value)					
General Property Tax	1.14	1.06	1.11	1.04	1.03
Families & Education	0.32	0.29	0.30	0.35	0.69
Low Income Housing	0.15	0.14	0.47	0.48	0.48
Transportation	0.37	0.33	0.34	0.63	0.63
Library	0.11	0.10	0.11	0.12	0.12
Election Vouchers	0.01	0.01	0.01	0.02	0.01
City Excess GO Bond	0.06	0.05	0.05	0.05	0.05
Other Property Taxes related to the City					
Seattle Park District	0.20	0.39	0.41	0.43	0.43
Emergency Medical Services	0.25	0.21	0.23	0.22	0.25
Retail Sales and Use Tax	0.85%	0.85%	0.85%	0.85%	0.85%
Transportation Benefit District Sales and Use Tax	0.15%	0.15%	0.15%	0.15%	0.15%
Business and Occupation Tax					
Retail/Wholesale	0.222%	0.222%	0.222%	0.222%	0.342%
Manufacturing/Extracting	0.222%	0.222%	0.222%	0.222%	0.342%
Printing/Publishing	0.222%	0.222%	0.222%	0.222%	0.342%
Service, other	0.427%	0.427%	0.427%	0.427%	0.658%
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	14.20%	14.20%	14.20%	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	14.20%	14.20%	14.20%	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%	0.00%	0.00%
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%
Firearms Tax (Dollars per weapon)	$25.00	$25.00	$25.00	$25.00	$25.00
Ammunition Tax (Dollars per round)	$0.05	$0.05	$0.05	$0.05	$0.05
Sweetened Beverage Tax (Dollars per fluid ounce)	$0.0175	$0.0175	$0.0175	$0.0175	$0.0175