

Economic and Revenue Update

Seattle City Council
September 26, 2018

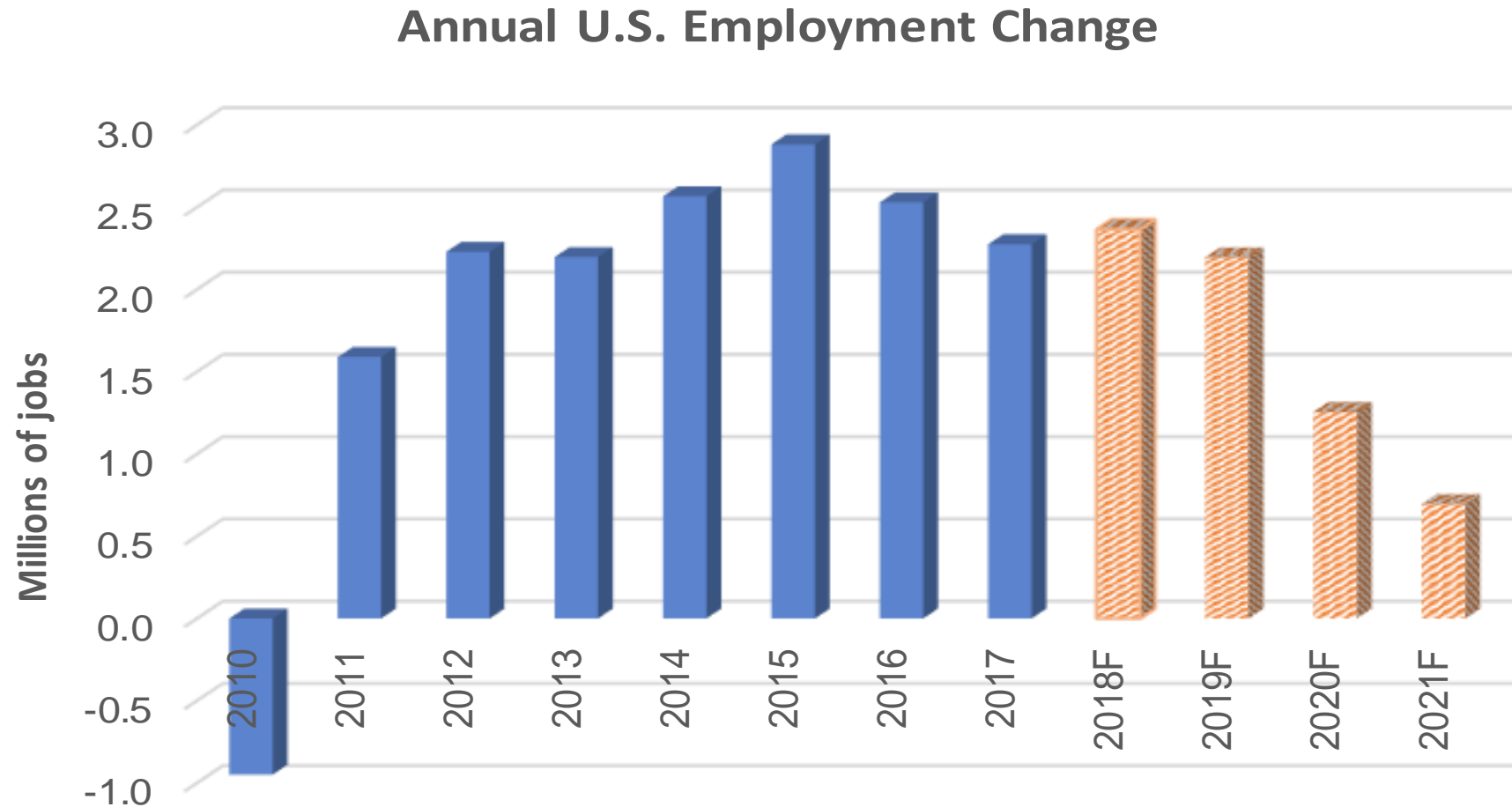


U.S. Economy

- Current expansion is 2nd longest on record at 9+ years
- Growth accelerating in 2018-19 due to federal stimulus
 - Tax cuts of \$1.5 trillion over 10 years
 - Bipartisan Budget Act
 - Adds 10% to 2018-19 federal spending
 - GDP and employment growth up in 2018
- Forecast: economy to slow in 2020
 - As boost from stimulus fades
 - Higher interest rates
 - Recession risk rises in 2020



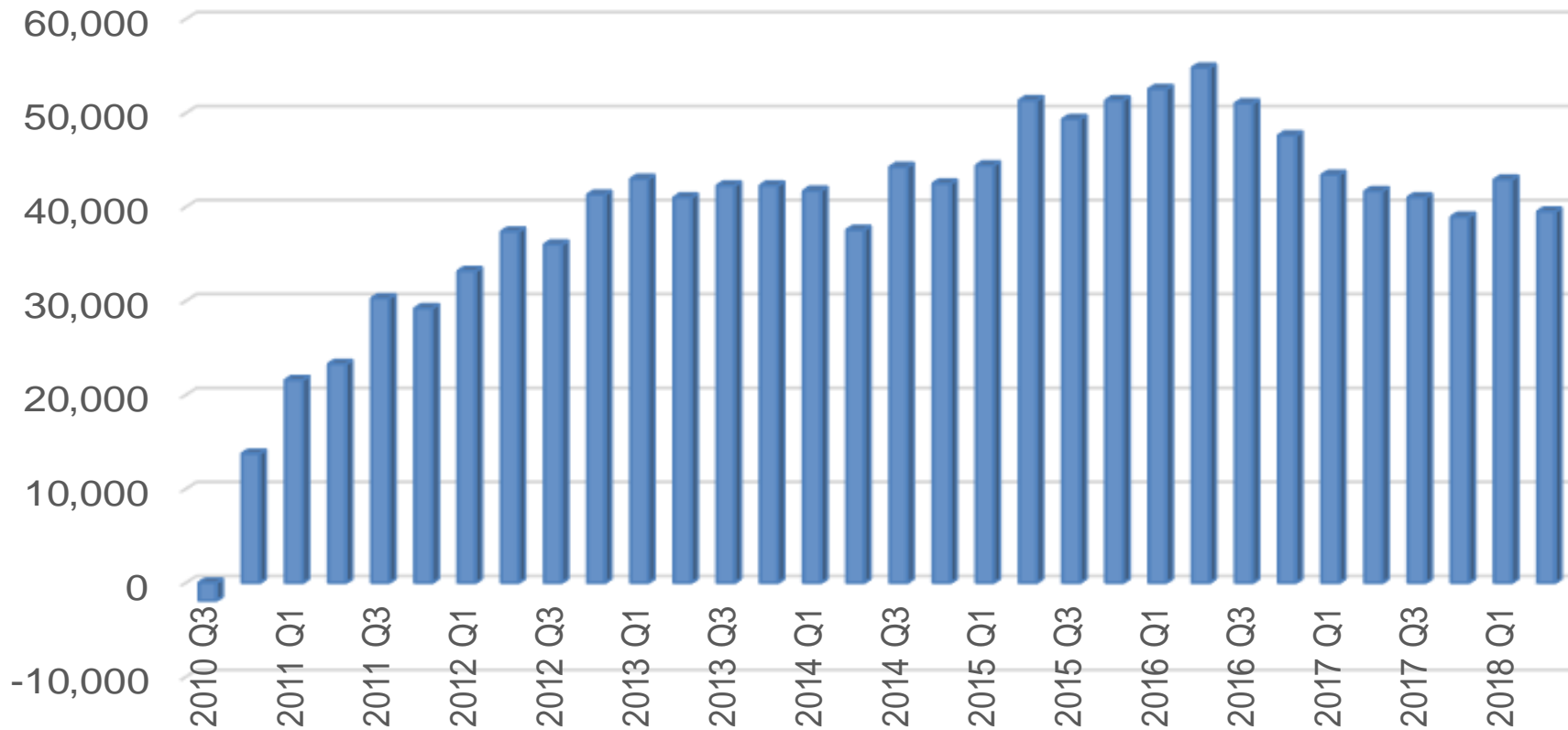
U.S. Economy: Forecast



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

Seattle Metro Area Economy

Seattle Metro Area* Year-over-Year Employment Change

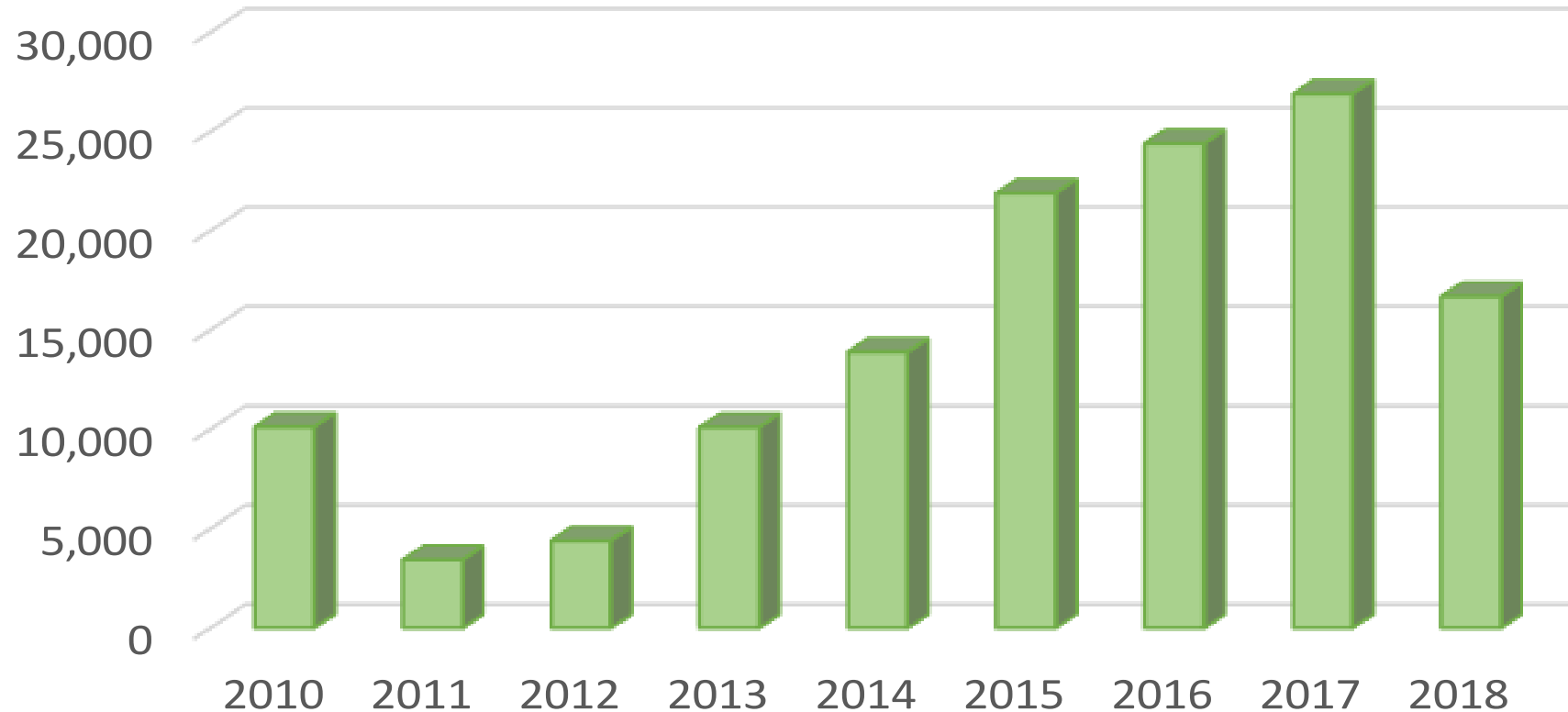


- Boeing cut 9,900 jobs from July 2016 to Sept 2017
- Amazon's hiring has slowed in the past year

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

Seattle Population

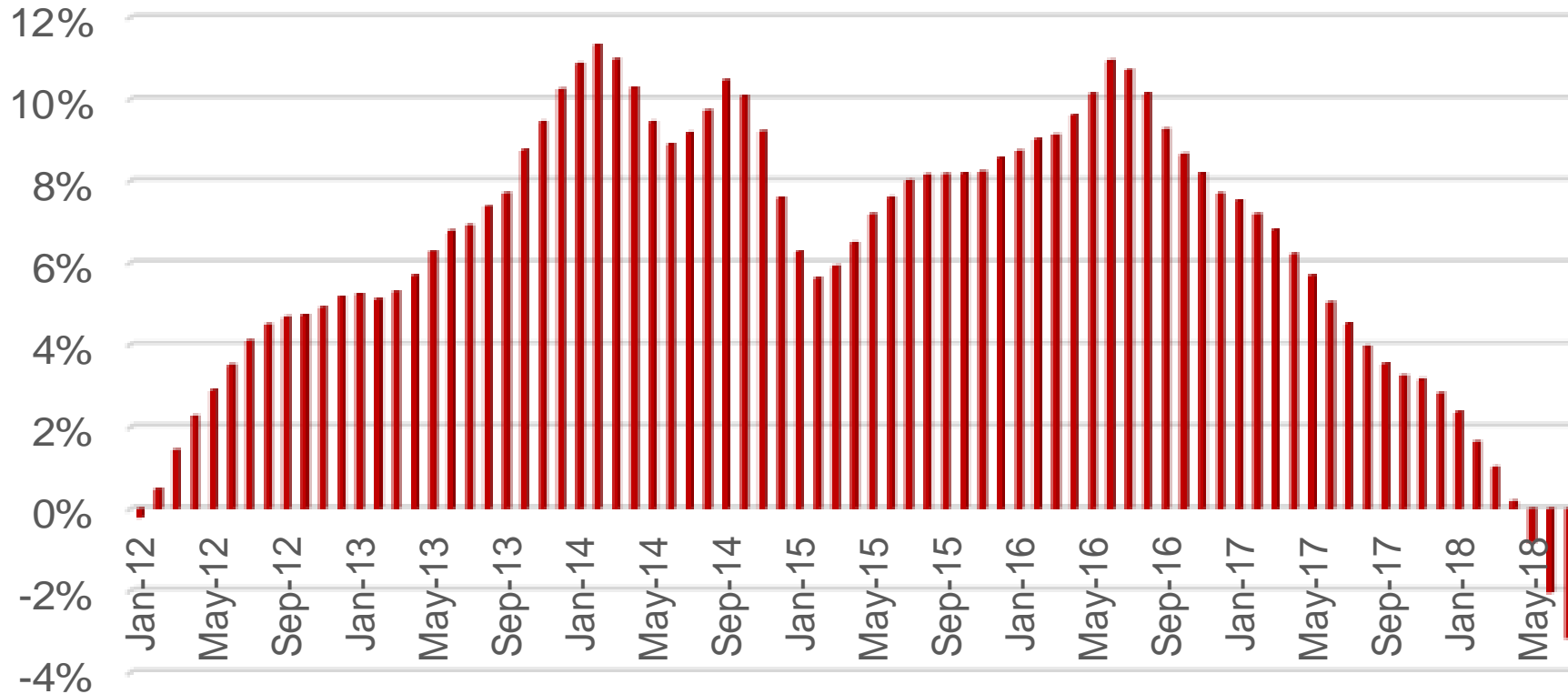
Annual Population Growth*, Seattle



*April 1 data. Source: WA Office of Financial Management.

Seattle Metro Area Housing Market

Median Multi-Family Rent, Seattle Year-Over-Year Growth Rate

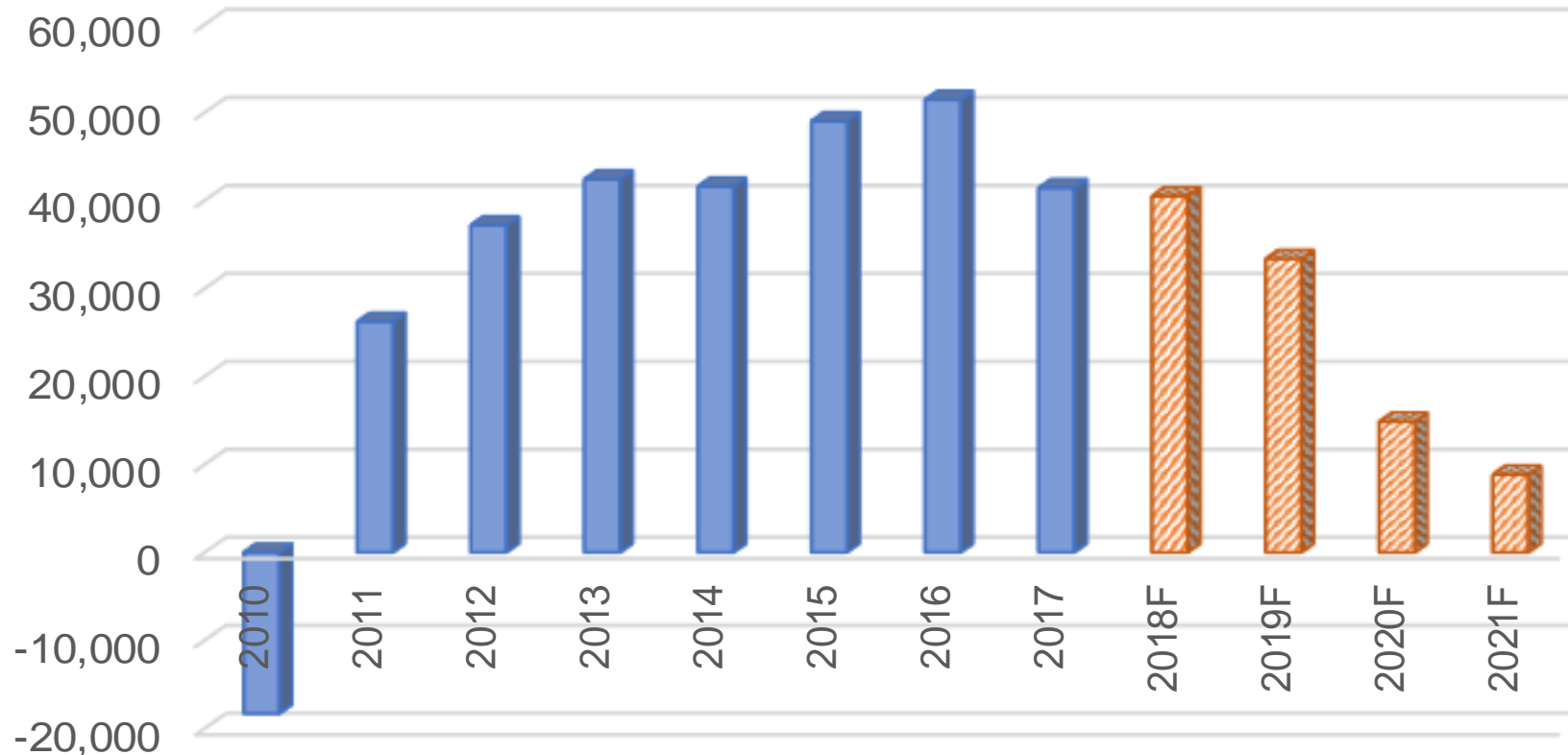


Source: Zillow Research.



Seattle Metro Area Economy: Forecast

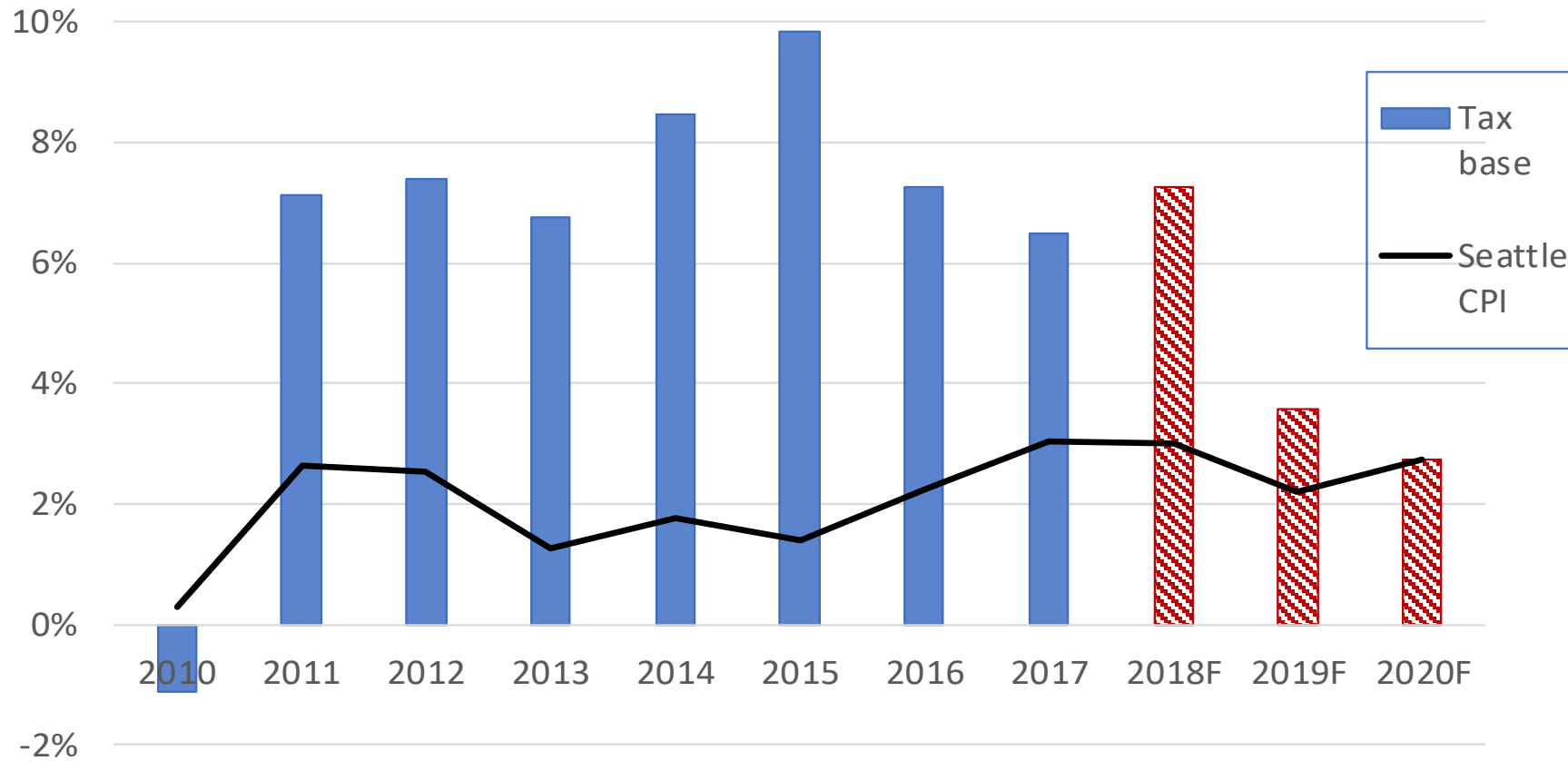
Annual Growth of Seattle Metro Area* Employment



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

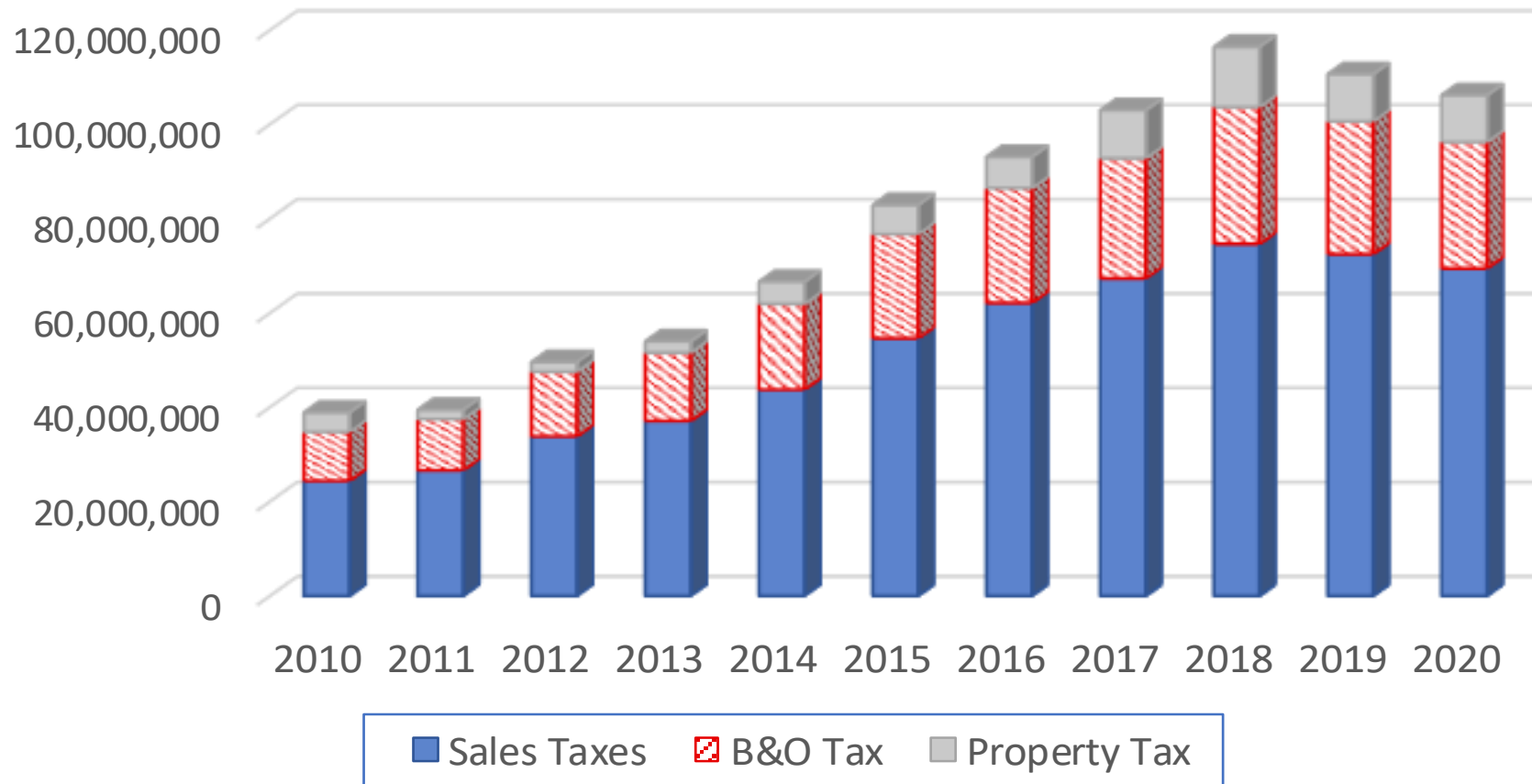
Retail Sales and B&O Tax Revenue

Combined Sales and B&O Tax Base Annual Growth Rate

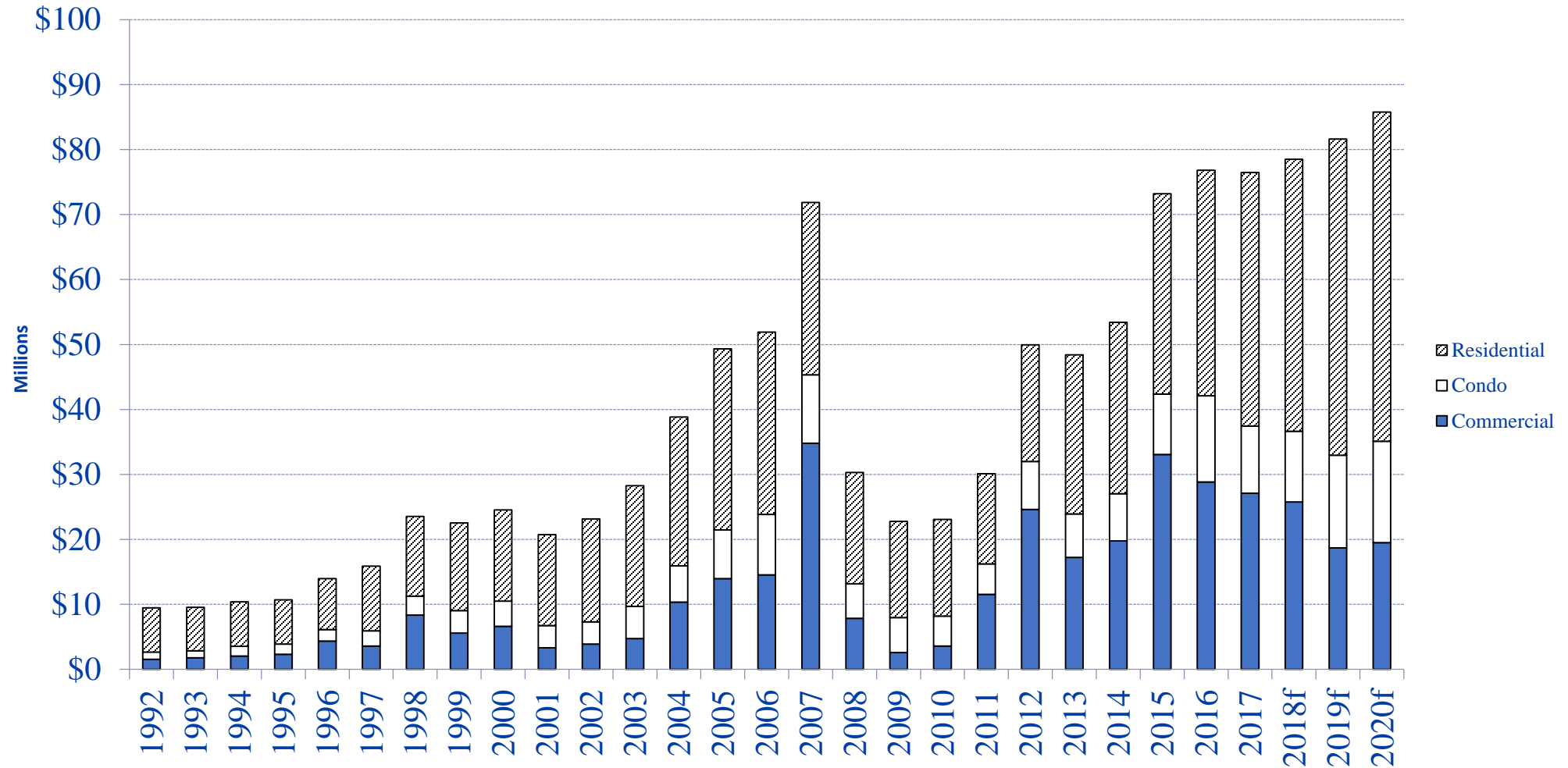


Construction Revenue

Tax Revenue from Construction



Real Estate Excise Tax



General Fund Revenues

	2017		2018		2019		2020	
	Actuals	Revised	Change	Proposed	Change	Proposed	Change	
Property Taxes	294,731,000	310,611,000	15,880,000	318,677,000	8,066,000	348,209,000	29,532,000	
Sales Taxes	253,036,000	275,163,000	22,127,000	284,864,000	9,701,000	290,578,000	5,714,000	
Business Taxes	264,183,000	282,541,000	18,358,000	296,369,000	13,829,000	306,253,000	9,883,000	
Public Utility Taxes	153,780,000	156,313,000	2,533,000	163,672,000	7,359,000	172,113,000	8,442,000	
Private Utility Taxes	59,994,000	59,067,000	-927,000	58,971,000	-96,000	58,566,000	-405,000	
Business License Fees	14,801,000	16,624,000	1,822,000	17,439,000	815,000	17,857,000	419,000	
Sweetened Beverage Tax	-	20,663,000	20,663,000	21,386,000	723,000	21,921,000	535,000	
Short-term Rental Tax	-	-	-	10,500,000	10,500,000	10,500,000	-	
Court Fines	26,258,000	25,984,000	-274,000	25,864,000	-120,000	25,793,000	-71,000	
Parking Meters	38,223,000	39,388,000	1,165,000	41,133,000	1,745,000	41,014,000	-119,000	
Other General Fund Revenues	114,283,000	119,432,000	5,149,000	146,706,000	27,274,000	131,924,000	-14,782,000	
General Fund - Grand Total	1,219,288,000	1,305,784,000	86,495,000	1,385,580,000	79,796,000	1,424,728,000	39,148,000	

Forecast Risks

- U.S. economy
 - Possible recession when impact of fiscal stimulus fades
 - Tariffs, trade war
- Construction
- Amazon

