



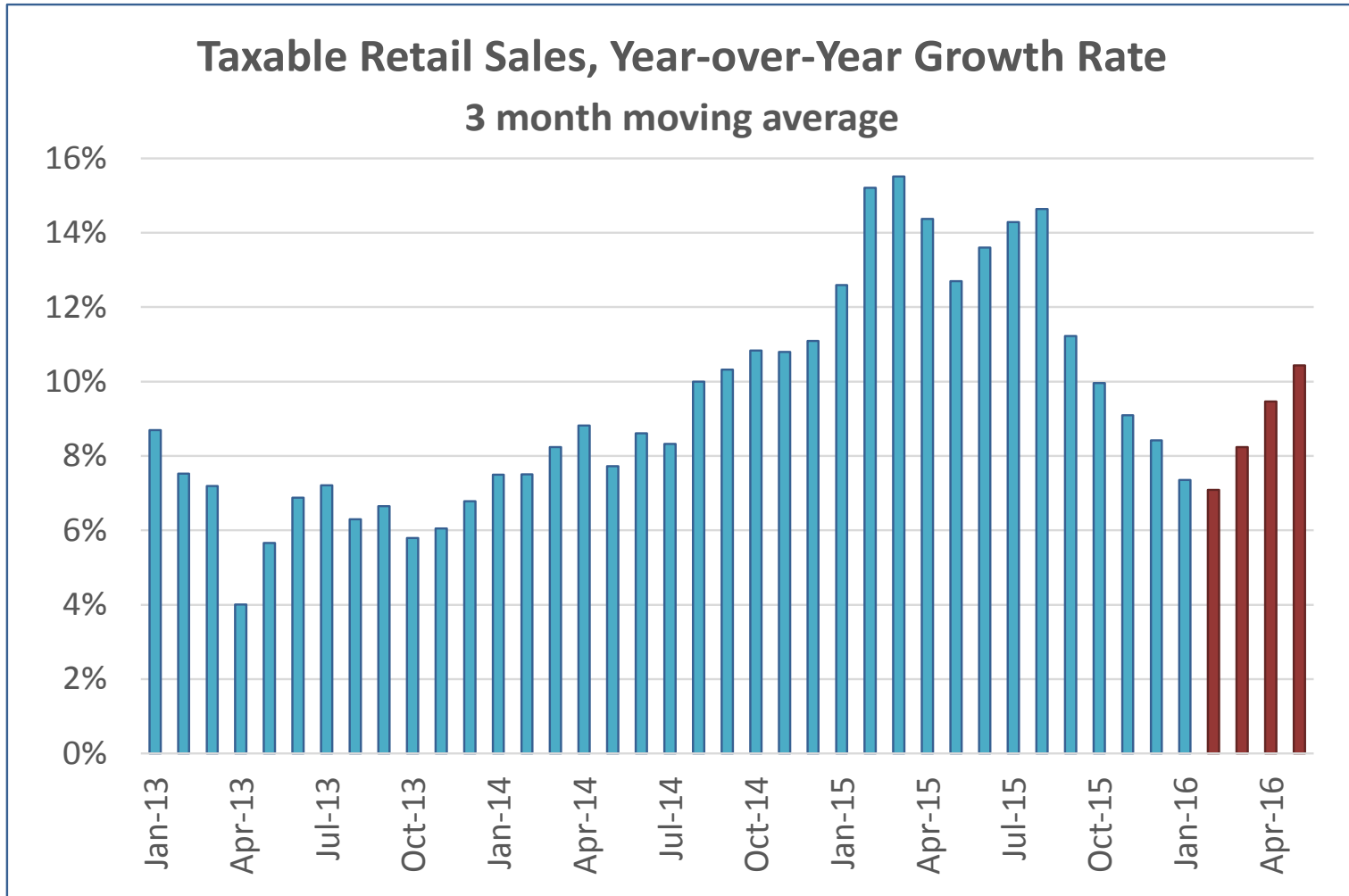
Economic and Revenue Update

City Budget Office
September 29, 2016

Economy and Revenue

- Economic forecasts underpin the revenue forecast
 - Regional forecast is primary
 - It is based on a national forecast
- U.S. economic outlook
 - Modest growth to continue
 - Forecast: 20% chance of recession
 - Overheating/imbances largely absent
- Region's economy is stronger than it looked in April
 - Data revisions
 - Employment growth has accelerated in 2016

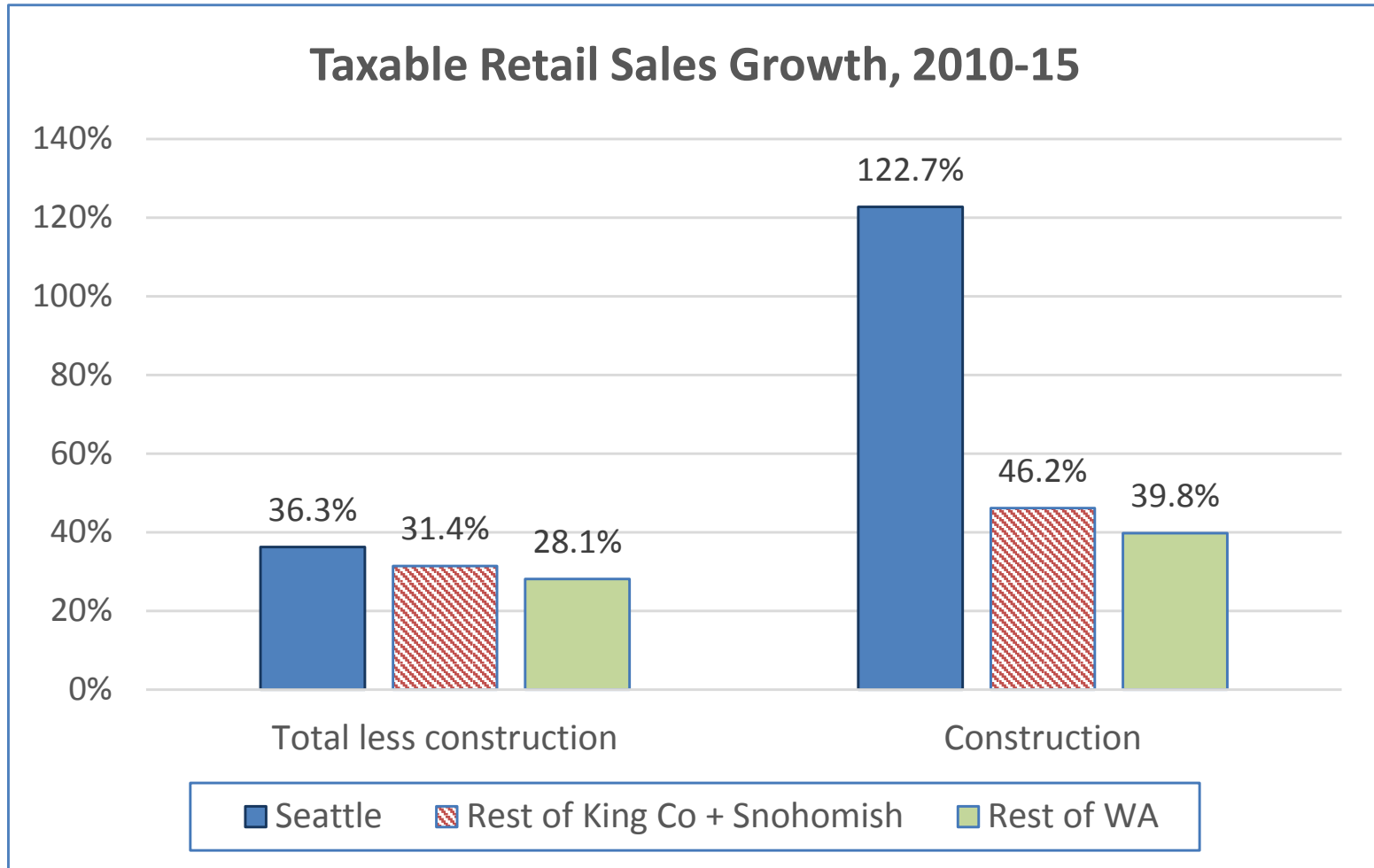
Seattle Taxable Retail Sales



Puget Sound Region Economy and Forecast

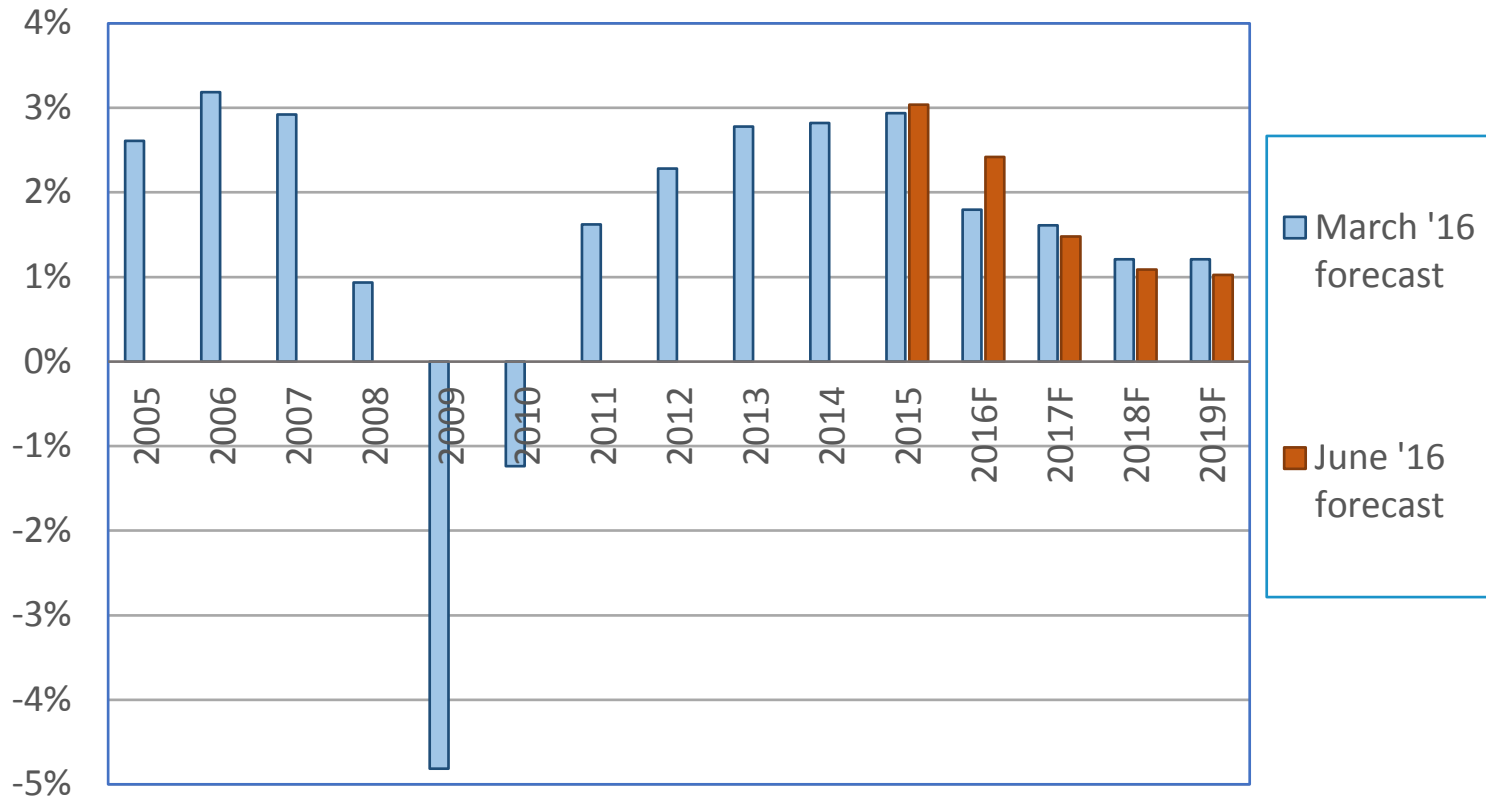
- WA growth has been focused in Puget Sound region
 - Particularly in Seattle
- Forecast: region's growth to slow
 - Boeing reductions
 - Forecast for non-store retailers
 - Construction
 - Uncertainty is elevated
- Risks/likely sources of forecast error
 - National economy
 - Construction
 - Non-store retailers

Puget Sound Region Economy



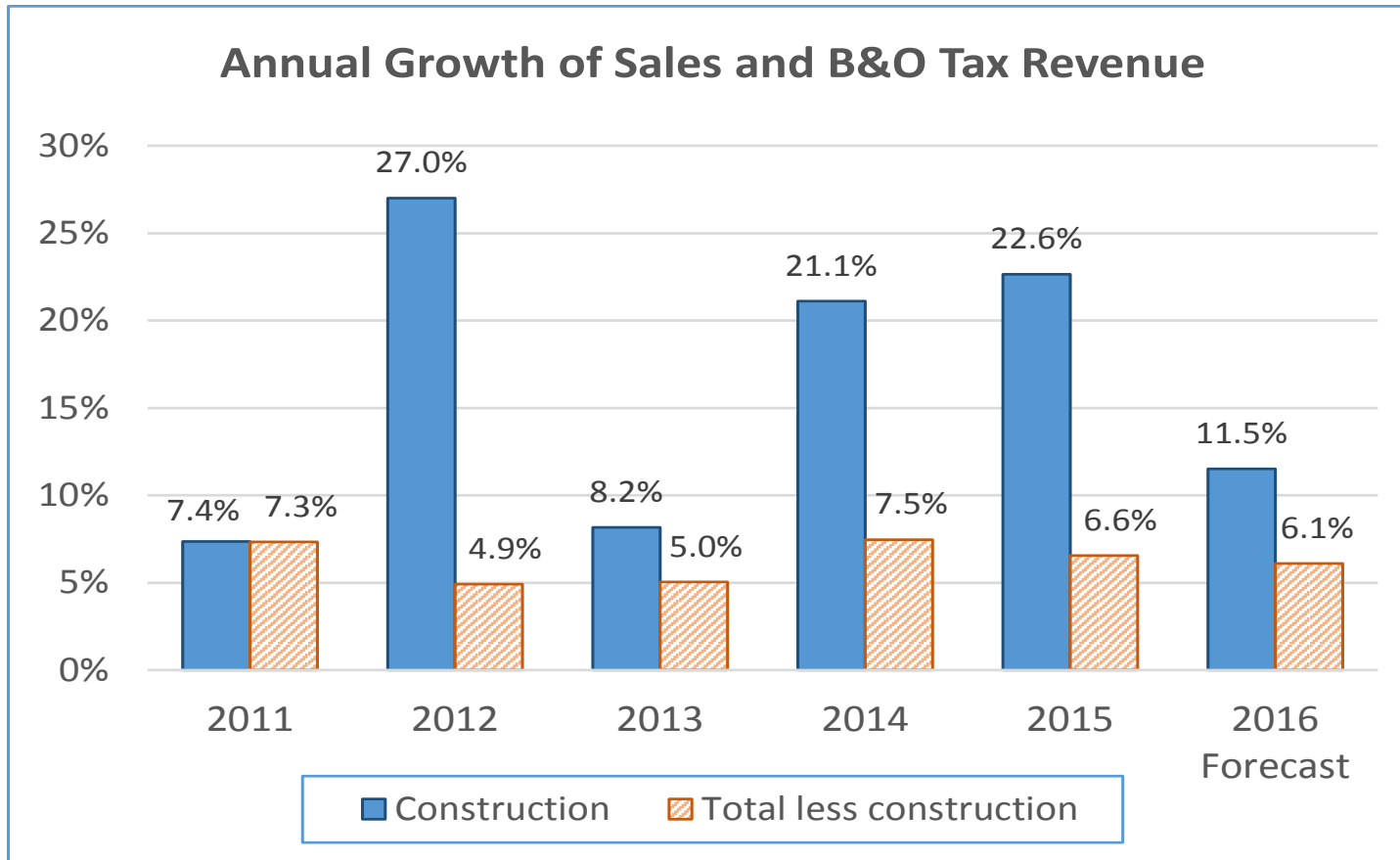
Puget Sound Region Forecast

Annual Growth of Puget Sound Region* Employment



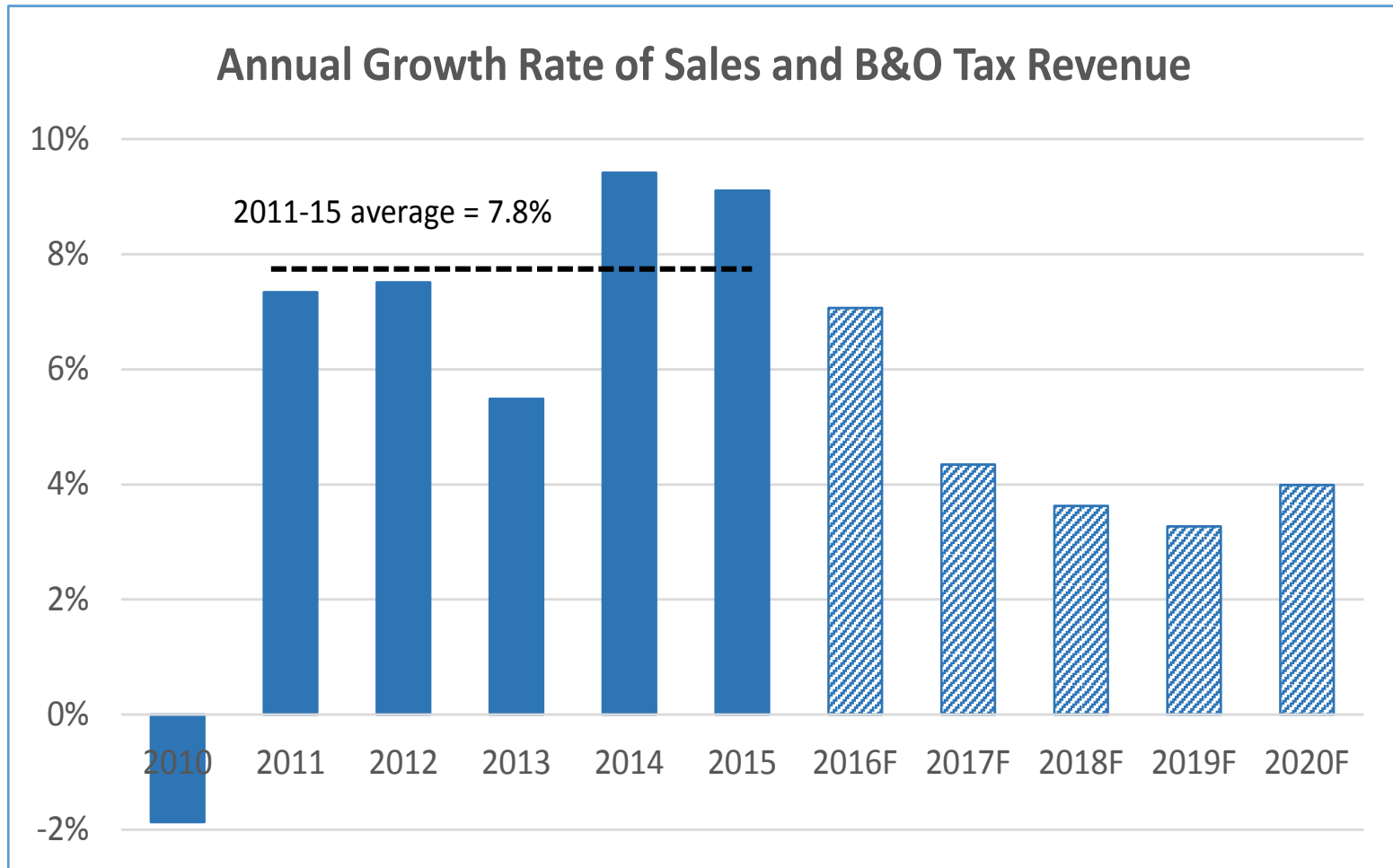
*King, Kitsap, Pierce & Snohomish Co. Source: Puget Sound Economic Forecaster.

Sales and B&O Taxes

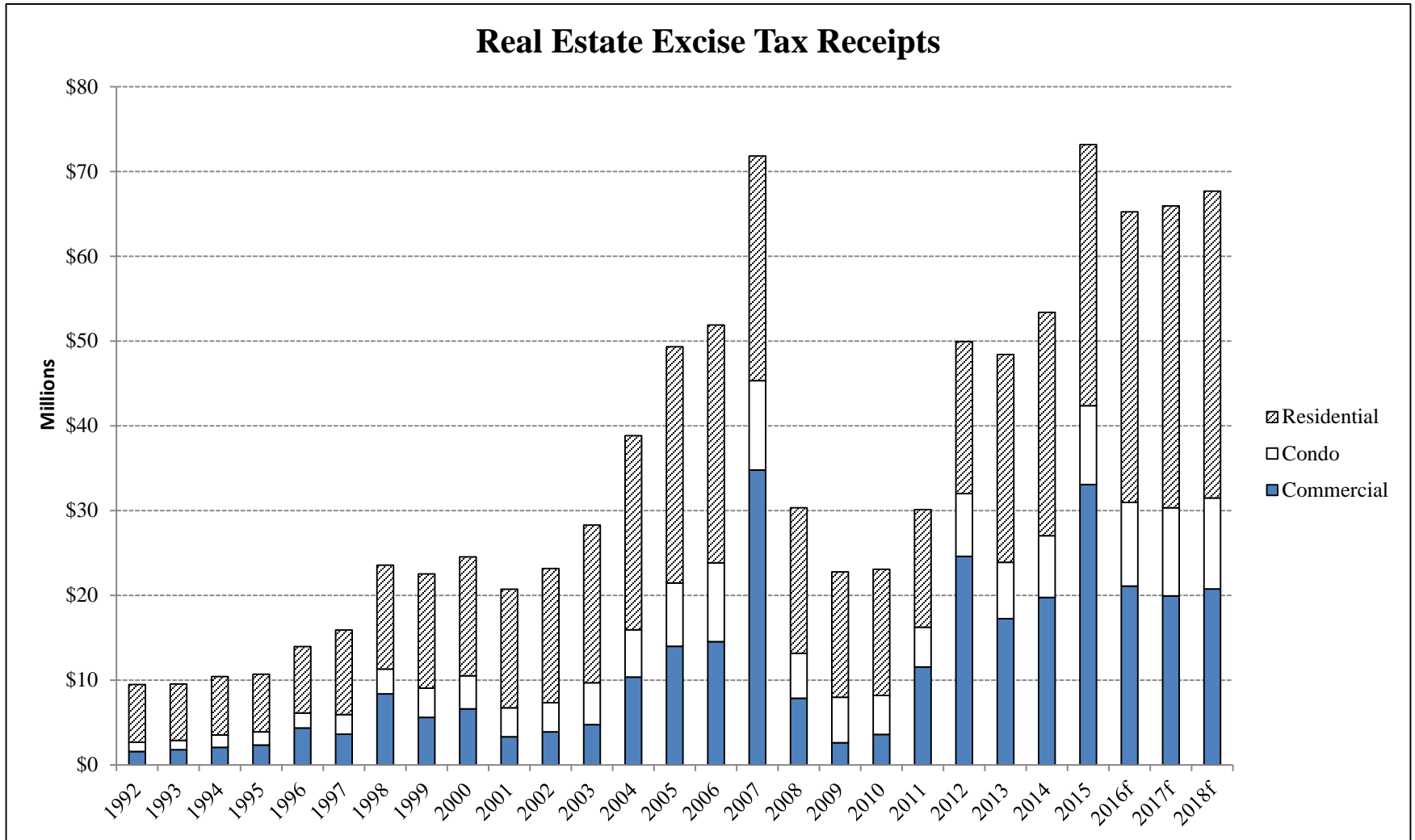


- Sales and B&O taxes generate 41% of general fund revenue
- Had construction grown at same rate as rest of tax base, revenue would be \$36 million less in 2016, \$103 million less over the 6-year period

Sales and B&O Taxes

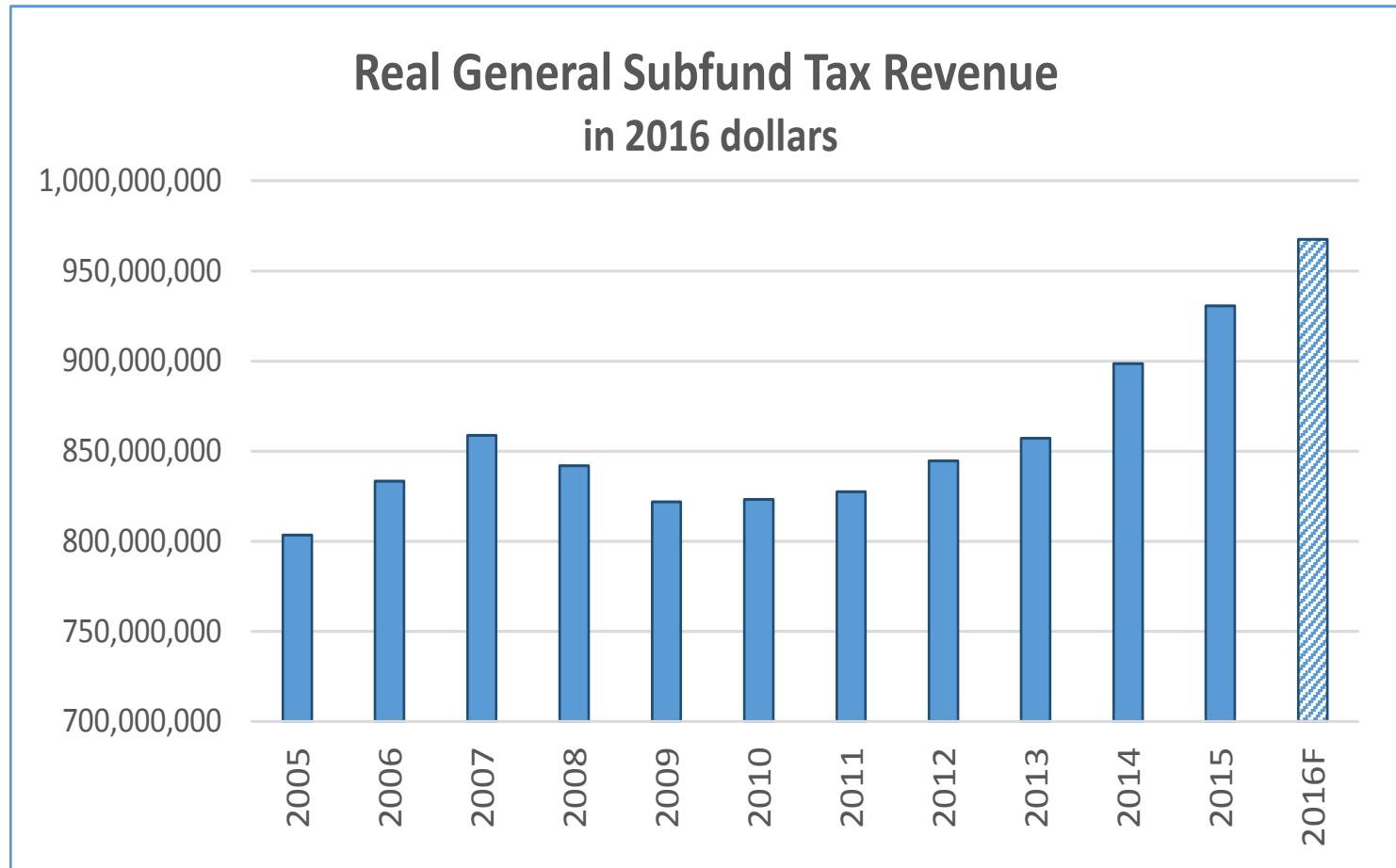


Real Estate Excise Taxes



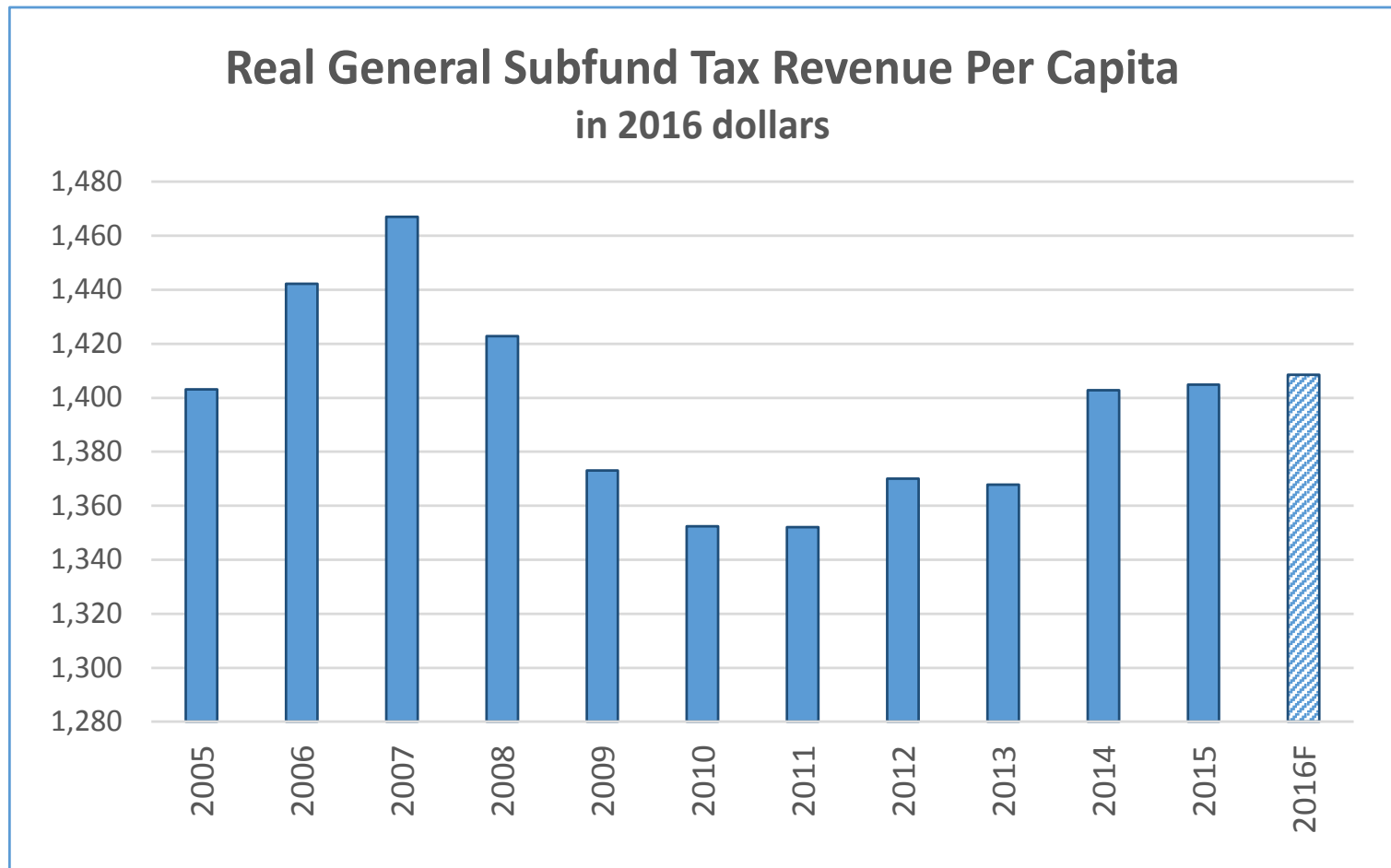
General Subfund Revenue

Has revenue surpassed its pre-recession peak?



General Subfund Revenue

If we adjust for growth



General Subfund Revenues

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

General Subfund - Grand Total

1,086,250,441	1,145,955,025	33,169,724	1,184,815,700	35,928,837	1,228,843,797	42,909,302
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Notable Non-GSF Revenues

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