



# Economic and Revenue Update

City Budget Office  
September 21, 2015

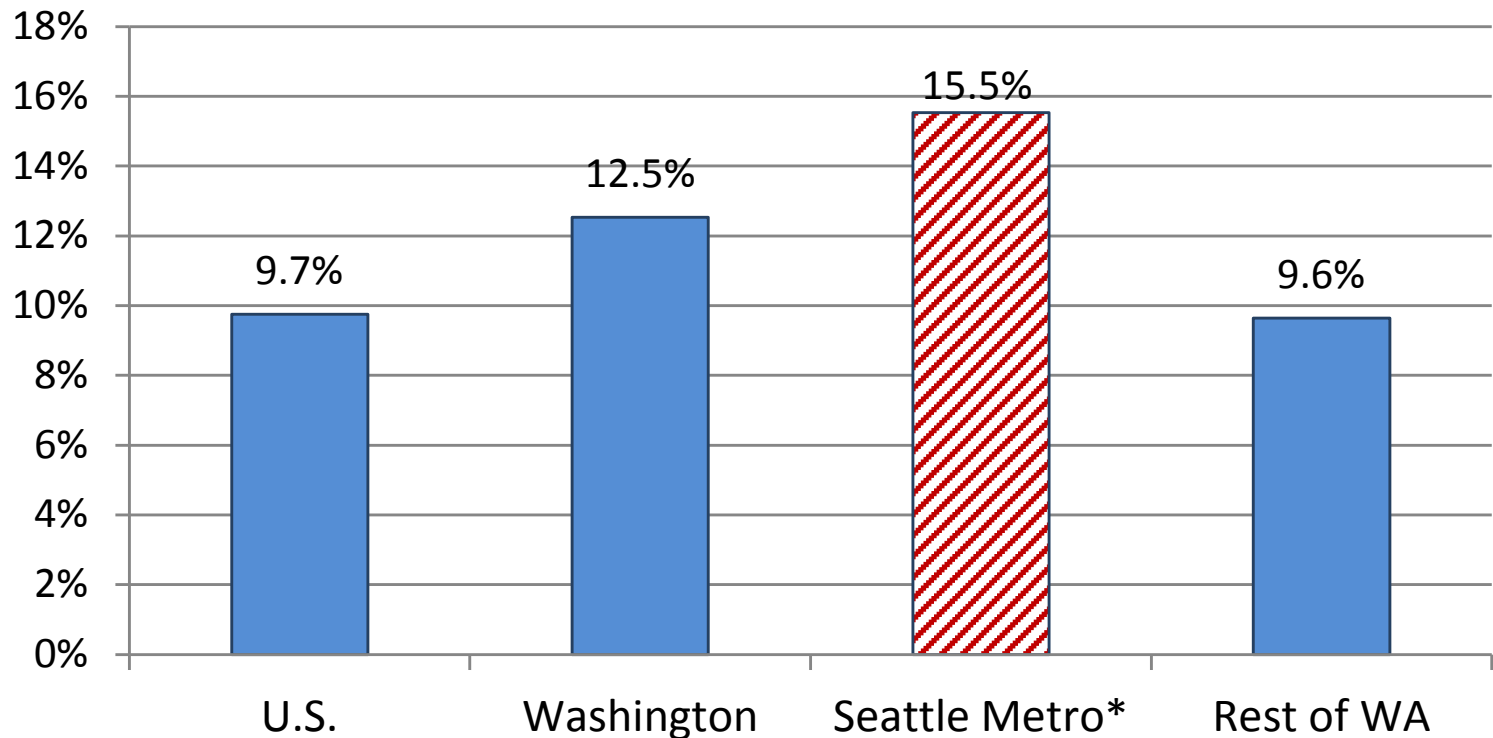
# U.S. Economy

In June the U.S. recovery entered its 7<sup>th</sup> year

- 2014 was strongest year for job creation since 1999
  - In 2015 over 200,000 jobs have been added each month
- Unemployment rate fell to 5.1% in August, however
  - Wage growth remains weak
  - Labor force participation has yet to recover
- GDP growth slowed in 2015 Q1, bounced back in Q2
  - Severe winter weather
  - Strong dollar
- Forecast: modest pick up in growth in 2016 & 2017

# U.S. and Puget Sound Economy

**Employment Growth: February 2010 - August 2015**



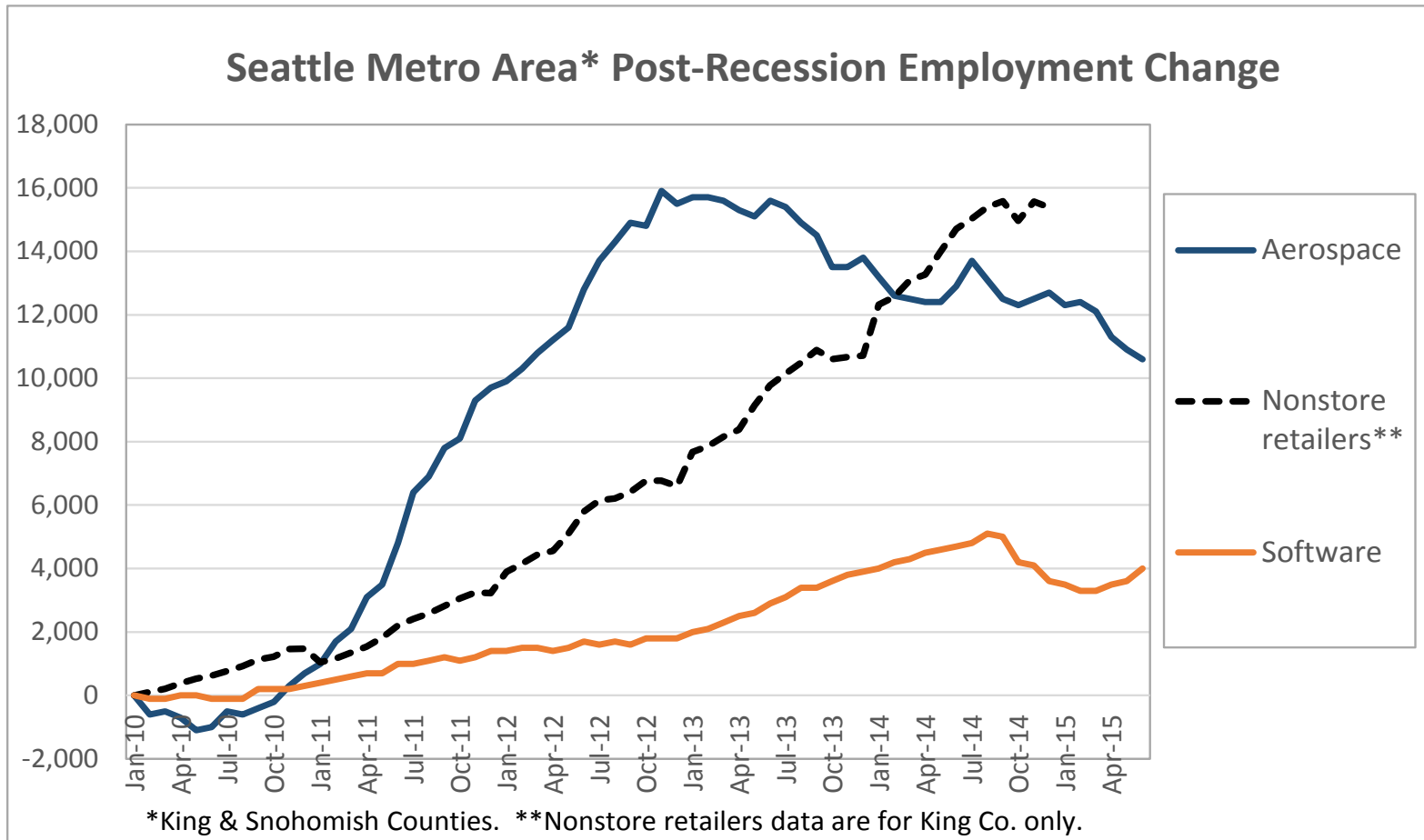
\*King & Snohomish Counties. Source: WA ESD, U.S. BLS.

# Puget Sound Economy

Puget Sound Region has had a healthy recovery

- Puget Sound Economic Forecaster: 43% of jobs created in recovery are due to Boeing & Amazon
  - Average wage for both exceeds \$100,000
  - Without Boeing & Amazon local recovery would be similar to national recovery
- Within the region Seattle has led the recovery
  - Amazon and other tech businesses
  - Construction

# Puget Sound Economy



- More than 30,000 jobs have been added in these industries since Jan. 2010.

# Puget Sound Economy



# City of Seattle Economy: Construction

Construction's share City revenue is at a high point

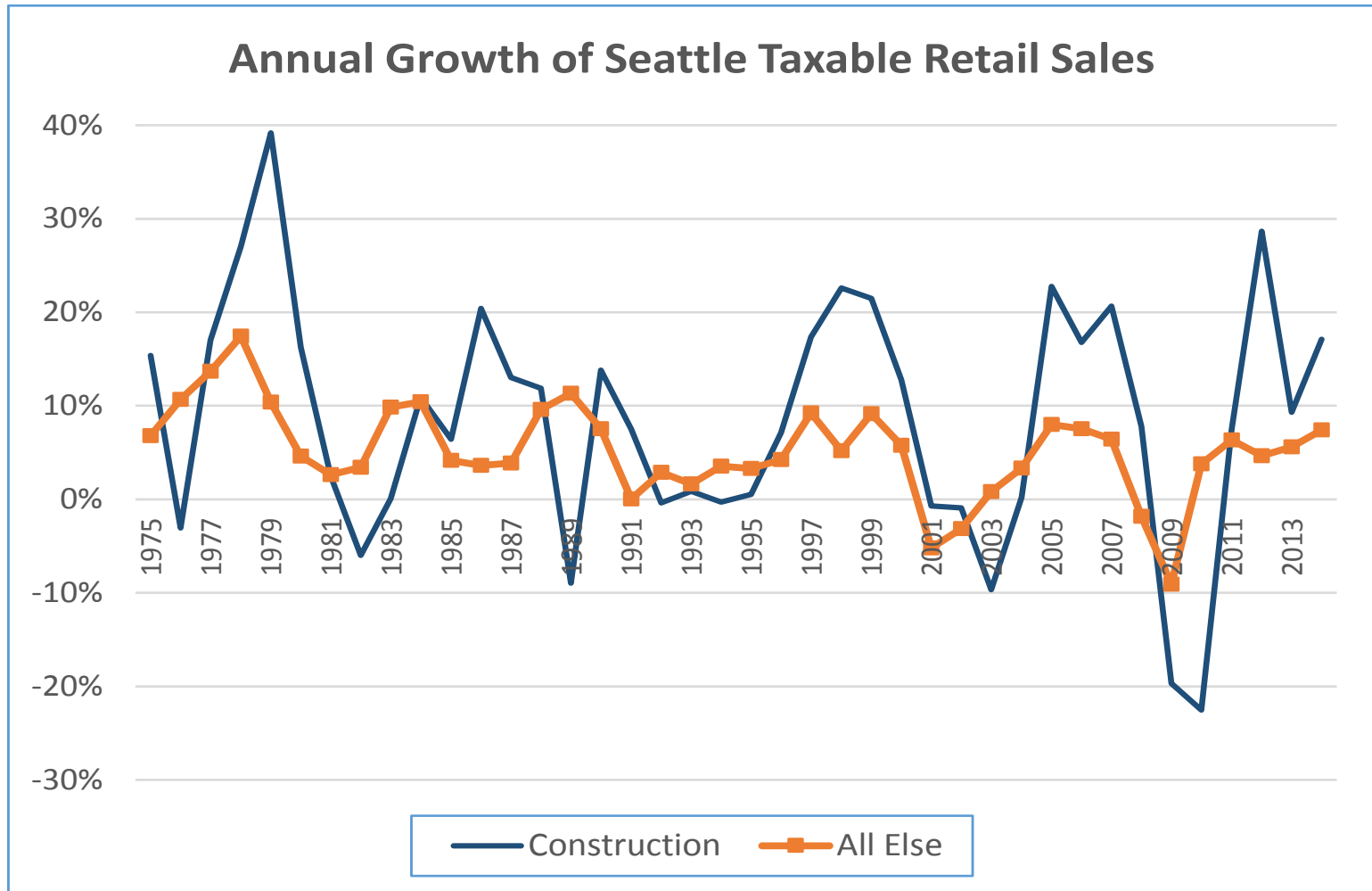
## Sales and B&O Tax Revenue from Construction, 2015\*

	Tax Revenue (\$ millions)	Share of Tax Base
Sales tax	48.6	25.4%
B&O tax	21.1	10.2%
Total	69.6	17.1%

\*From August 2015 forecast.

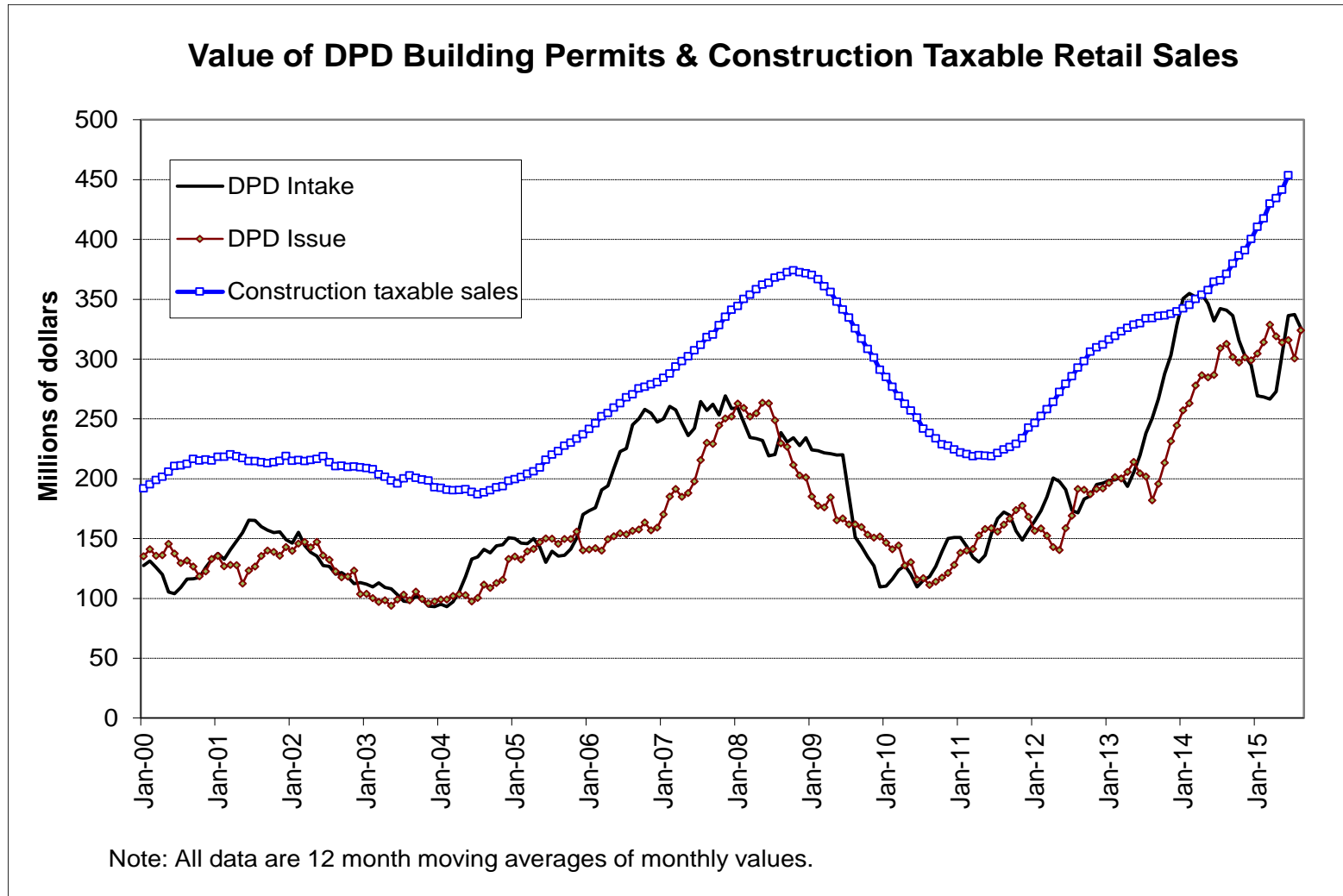
- Construction revenue is highly cyclical
- Construction activity is difficult to forecast
  - Making it a major source of forecast uncertainty and potential error

# City of Seattle Economy: Construction

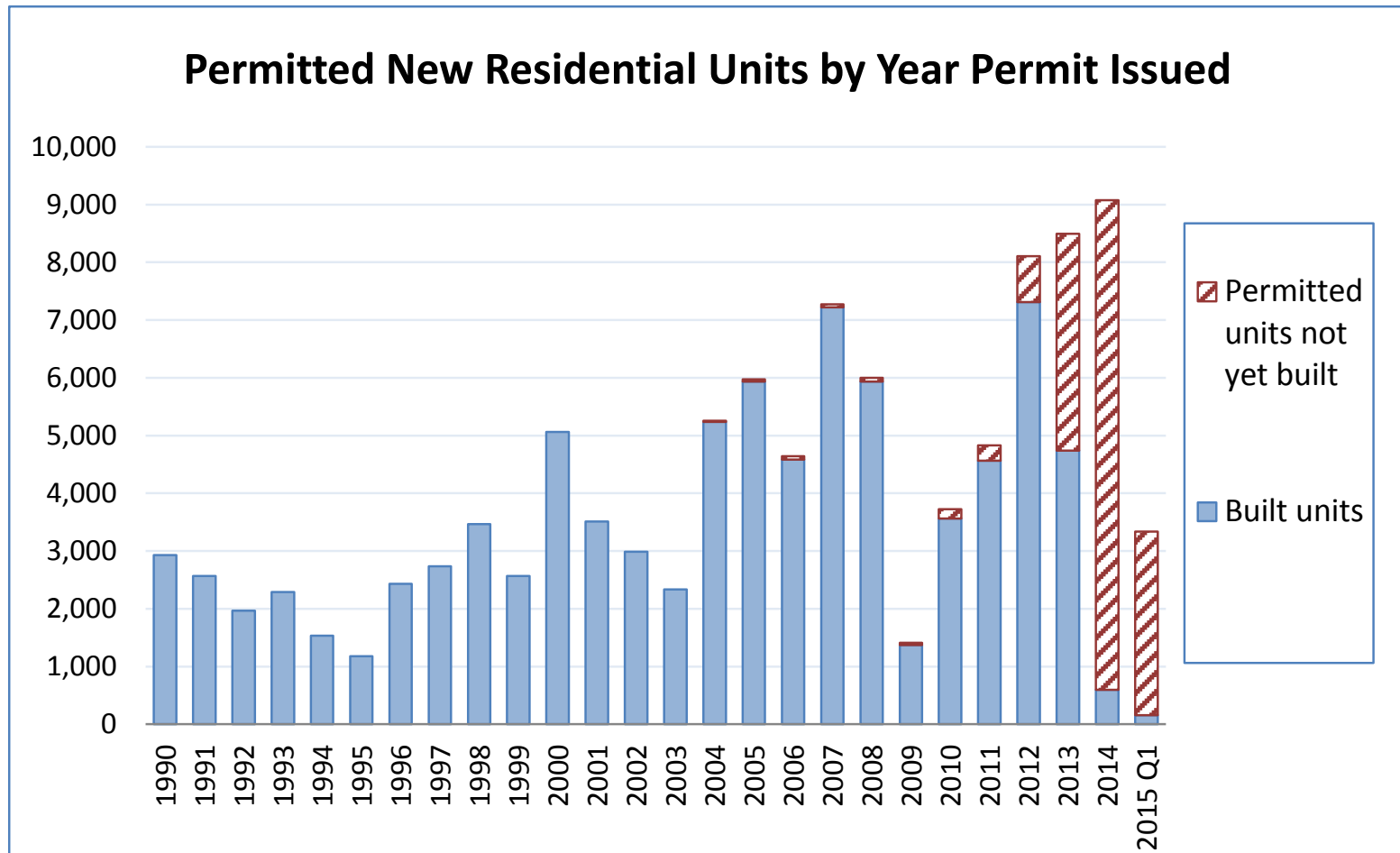




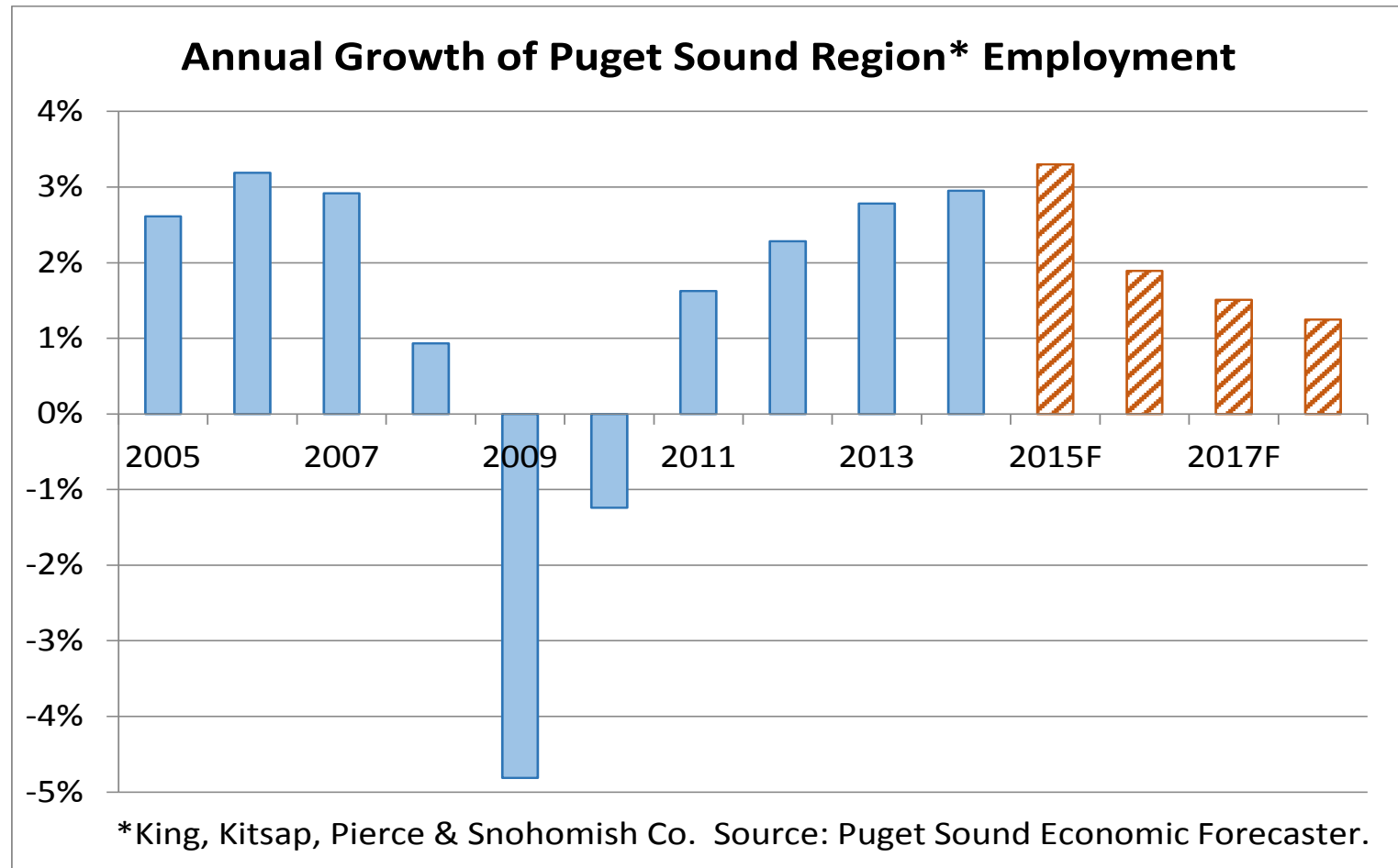
# City of Seattle Economy: Construction



# City of Seattle Economy: Construction



# Regional Economic Forecast

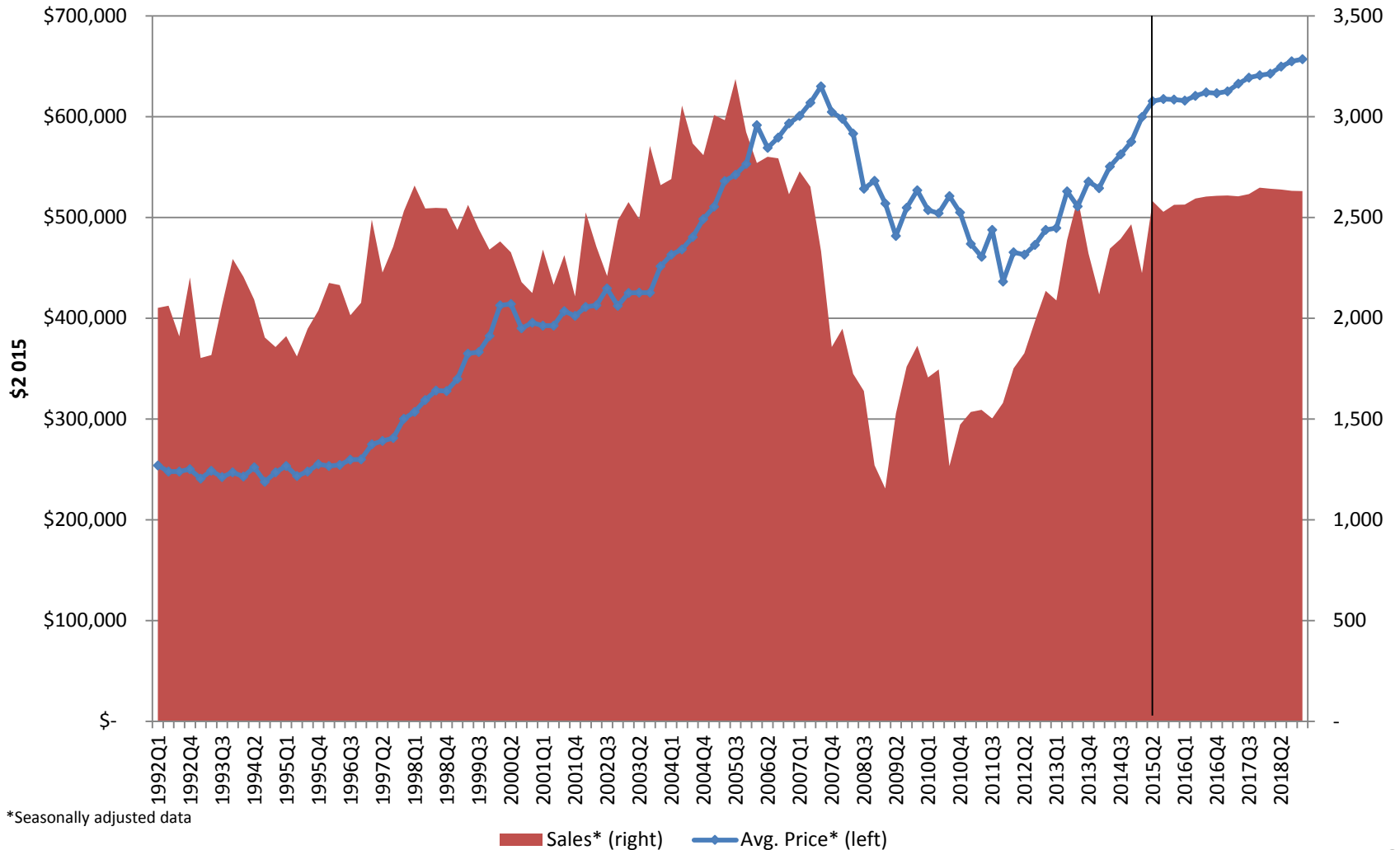


## Utility tax revenue

- \$3 million telephone tax refunds to wireless service providers in 2015
- Continued weakness in the wireless tax base
- Tonnage taxes will now go to the general fund instead of SPU
- 2015 tax revenues from water are up 5%

# Real Estate Excise Tax

## Seattle Single-family Market



# General Subfund Revenue

General Subfund	2014	2015		2016		2017	2018
	Actuals	Revised	Chg from Apr	Proposed	Chg from Apr	Forecast	Forecast
Property Taxes	268,745,429	271,677,000	-	281,692,000	349,000	291,509,000	302,906,000
Sales Taxes	198,022,491	216,614,307	5,110,528	226,329,522	5,032,315	234,216,252	241,322,825
B&O and Ad-Taxes	214,429,174	229,400,294	2,459,838	239,792,582	1,293,802	249,700,278	259,641,658
Public Utility Taxes	129,908,580	134,555,645	1,949,927	140,540,649	228,065	145,731,435	147,325,000
Private Utility Taxes	57,280,705	53,561,261	(3,132,873)	62,407,117	(1,549,242)	63,896,415	65,484,937
Court Fines & Forfeitures	29,530,559	25,838,000	(3,651,000)	29,153,000	(1,276,000)	30,086,000	30,086,000
Parking Meters	36,774,226	37,535,000	530,000	39,585,000	2,209,000	40,674,000	39,667,000
Grants	18,182,008	1,466,000	-	716,000	500,000	216,000	216,000
Fund Balance Transfers	3,374,191	3,060,721	-	2,771,721	549,000	1,218,000	1,237,000
Other GSF Revenues	88,225,239	82,249,481	2,581,966	88,003,277	4,233,167	89,991,901	92,456,774
<b>Total</b>	<b>1,044,472,601</b>	<b>1,055,957,709</b>	<b>5,848,386</b>	<b>1,110,990,868</b>	<b>11,569,107</b>	<b>1,147,239,281</b>	<b>1,180,343,194</b>

## Notable Non-GSF Revenues

Real Estate Excise Tax	53,393,776	59,873,590	6,326,872	56,361,275	2,781,797	59,761,181	62,273,900
Commercial Parking Tax	35,725,219	36,980,000	4,399	38,329,000	59,253	39,729,000	40,155,000
School Zone Camera Fund	5,078,456	7,461,000	(1,220,831)	8,958,000	(802,920)	7,833,000	7,500,000
Seattle Trans. Benefit District	7,624,900	38,602,220	(646,066)	55,387,425	1,646,157	57,087,436	58,728,568
Seattle Parks District	-	-	-	47,798,348	-	49,843,849	51,000,331