

2026 Work Program

This document outlines the work program of the Office of Economic and Revenue Forecasts for 2026.

Overview

The primary responsibility of the Office of Economic and Revenue Forecasts (OERF or Forecast Office) is to produce regional economic and revenue forecasts for the City of Seattle. In addition, the Forecast Office conducts special analyses at the request of the Forecast Council and provides analytical support on economic and revenue estimation for legislative and executive staff. Finally, beyond the direct work on the forecast updates which takes place only during certain parts of the year, the staff is engaged in ongoing work aimed at improving the quality of the forecasts, as well as monitoring and reporting efforts that provide insights into the performance of the economy and revenue collection.

The staff of the Forecast Office consists of three economists: a Director and Chief Economist, a Principal Economist, and a Regional Economist; since January 2024 the office however functions with only two employees and the Principal Economist position is not filled (to be able fill this position, a permanent Director needs to be appointed first). This imposes constraints on the work that the Forecast Office can undertake, especially during the periods leading to forecast updates.

Economic and revenue forecasts

The Forecast Office produces regional economic forecasts for main economic indicators (personal income, employment, unemployment rate, inflation, and housing permits) and revenue forecasts for City of Seattle (revenue from sales tax, business and occupation tax, payroll expense tax, social housing tax, real estate excise tax, private utility taxes, admission tax, business license fees, assessed value of real and personal property, and the value of new construction for property taxes).

Each year the Forecast Office is required to prepare three regional economic and revenue forecasts, for the current fiscal year and the five following fiscal years. Per establishing ordinance, these forecasts must be presented to the Forecast Council by April 10, August 10, and the Wednesday immediately following the first Tuesday in November, respectively. In addition to these three required forecasts, one more regional economic forecast is prepared in January, with primary focus to update the outlook for inflation.

The following is the proposed schedule for Forecast Council meetings in 2026:

Day	Time	Location
April 10, 2026	9:30 am – 11:30 pm	Council Chamber, City Hall
August 7, 2026	TBD	Council Chamber, City Hall
TBD October, 2026	TBD	Council Chamber, City Hall

Prior to each of the revenue forecast meetings of the Forecast Council, the staff of the Forecast Office holds a briefing for the City Budget Office staff and Central Staff, intended to provide an overview of the forecast and to serve as an opportunity to request additional information. After the forecasts are officially adopted by the Forecast Council, the Forecast Office makes them publicly available on its public website. The website maintained by the Forecast Office also provides the public with access to the Forecast Council meetings calendar, as well as agendas, minutes and presentations from these meetings.

Revenue monitoring and reporting

On an ongoing basis the Forecast Office tracks a wide range of economic data used in its forecasts and analyses. This includes monitoring the status of the national, regional and local economy - tracking employment, personal income and wages, inflation, interest rates, consumer spending and retail sales, residential and non-residential real estate sales, vacancy rates, trends in the workforce office presence and office demand, number of building permits issued and construction costs. A dashboard on our website provides information regarding inflation.

To keep track of the developing outlook for the national economy, the Forecast Office prepares and distributes monthly reports summarizing the U.S. economic forecasts from S&P Global Market Insight and from Moody's Analytics.

The Forecast Office also monitors year-to-date revenue received by the City and prepares four revenue reports that document revenue received as of March 31, June 30, and September 30; the final report for the fiscal year is completed after the revenue accrual process is finalized at the end of February of the following year. Power BI dashboard version of the revenue report is also available on our website, providing an easy access to information about City's revenues for both staff and public.

Improvements to the forecasting process

In addition to the above outlined work on forecasts and reporting, the following are proposed to be part of the work program in 2026 as part of the ongoing effort to improve the quality of forecasts.

1. Redesign the Business and Occupation Tax forecasting model.

The forecasting process used for business and occupation tax has to be redesigned, to reflect the extensive changes brought by the ESSB 5814 and the restructure approved by Seattle voters in 2025 - reclassified activities, increased threshold, a new deduction, and modified tax rates.

2. Develop a model for Social Housing Tax.

In the first quarter of 2026, the City has started receiving first payments for the social housing tax that the City is administering for Seattle's Social Housing Developer. A new forecasting model incorporating the revenue collection data is being developed by the Forecast Office.

3. Continued improvements to the forecasting process and forecasting models.

The economy has been undergoing significant structural changes triggered by the pandemic, shift to hybrid work, rise of inflation and the aggressive monetary policy response, and recent changes in the trade and immigration policies. As part of the ongoing efforts to improve the accuracy of our forecasts, since the inception in 2022 the Forecast Office has introduced several new data sources into the forecasting process. Notable additions include location analytics data from Placer.ai, commercial real estate market data from CoStar, and consumer spending data provided by Earnest Analytics. A data sharing agreement with the Washington State Employment Security Department has been secured as well, which provides access to employment and payroll data for King County employers; starting from 2025 it is used to inform the payroll expense tax revenues forecast.

Model development and improvements for the assessed value and payroll expense tax are planned this year in between the work on the forecasts.



Forecast accuracy assessment

In 2022, the Forecast Office conducted a thorough assessment of forecast accuracy, covering the forecasts for tax years 2010-2021, with main focus on the pre-pandemic 2010-2019 period. To identify opportunities for improvements in our overall forecasting approach, we took stock of the forecasting models used, assessed the size of the forecast errors, and for main economically driven revenues also examined the underlying sources of these errors (national vs regional economic forecasts, the role of the revisions to official economic data). The analysis of General Fund revenues examined the forecast accuracy for both the individual sources as well as their collective sum. We are planning to update this analysis and report and extend it to cover tax years 2022-2025, but the exact timeline for this work will depend on time available, given competing and evolving priorities.

Supporting the work of other departments

The Forecast Office conducts special analyses at the request of the Forecast Council and provides analytical support on economic and revenue estimation for legislative and executive staff, as needs arise throughout the year. These analyses are nonpartisan, and confidential to the extent allowed by law.

In addition, each April and May the Forecast Office provides support to the Office of City Finance in preparing and presenting a part of the Limited Tax General Obligation Bond ratings presentation to S&P Global Ratings, Moody's, and Fitch Group.

The Forecast Office also provides the City Budget Office with updates for the economic situation section of the Proposed Budget and Adopted Budget books, as well as updates for the sections summarizing the outlook for revenues in purview of the Forecast Office.