

An aerial view of the Seattle skyline, featuring numerous skyscrapers and the Space Needle on the left. In the foreground, a large Ferris wheel is visible on the waterfront, with its reflection on the water. The overall scene is slightly hazy, suggesting a clear but bright day.

Economic and Revenue Forecast April 2026

**Economic and Revenue Forecast Council
April 10, 2026**

**Office of Economic and Revenue Forecasts
&
City Budget Office**

Outline

Part I: Update on economic situation and a summary of the April economic forecasts

- Economic performance of Seattle area in 2025
- Update on current economic developments in the U.S. economy
- U.S. economic forecasts from S&P Global and Moody's Analytics
- Forecast Office's regional economic forecast for Seattle Metropolitan Division (King and Snohomish counties)

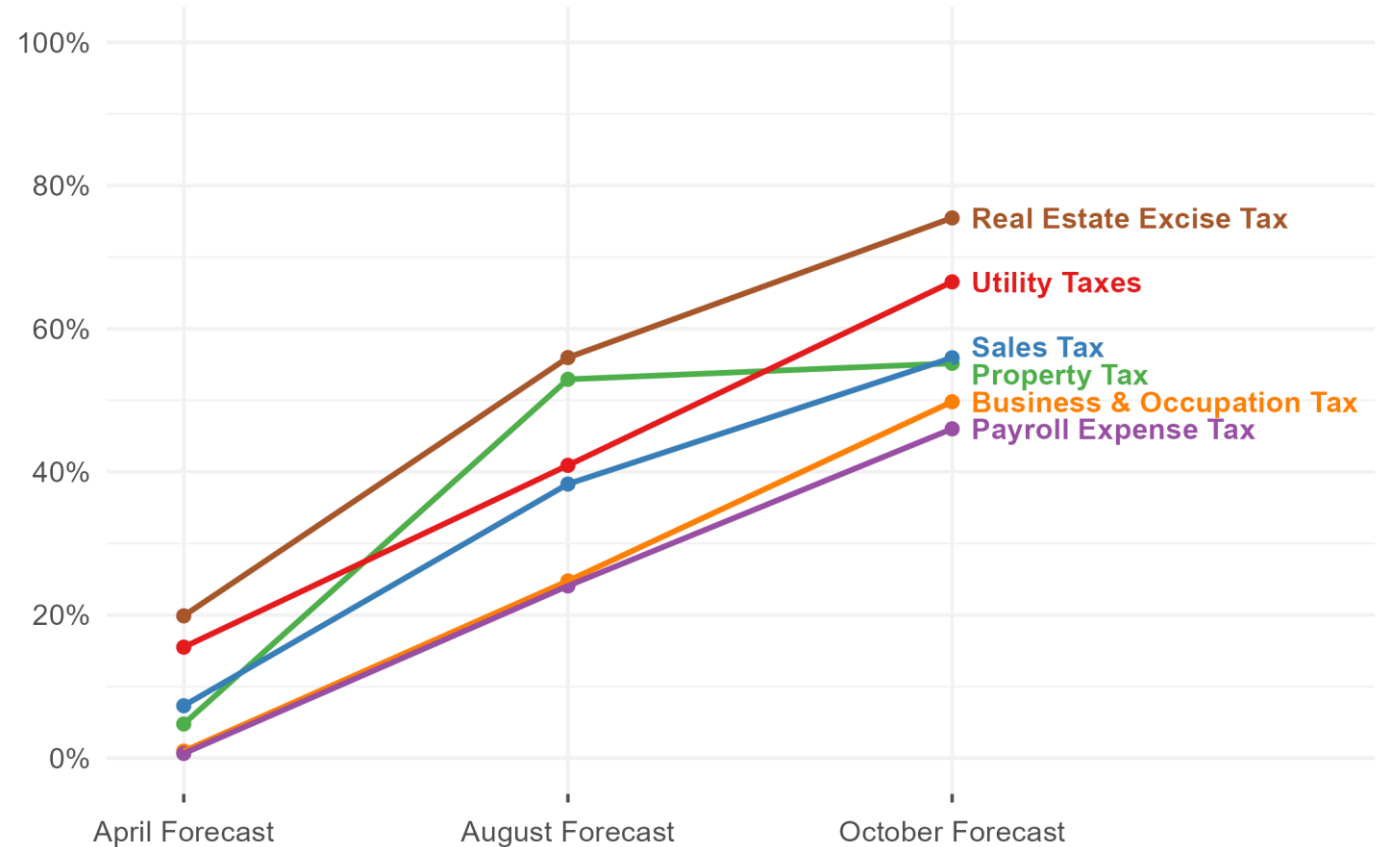
Part II: 2025 Actuals and April revenue forecast for 2026-2028

- Actual 2025 revenues
- General Fund revenues forecast
- Selected non-General Fund revenues
- Forecast risks and recommendation of the forecast scenario

For large economically driven revenues little is collected by April

- April revenue forecasts are informed primarily by the economic outlook and the information about revenues collected in the previous year, because only a small amount of revenues has been collected for the current year.
- Note that even by the time of the October update only about half of the annual General Fund revenues is typically collected.
- The share of total annual revenues collected by the time of October update varies a lot by revenue stream. In 2025, about 75% of REET revenues had been collected by that point, but just 46% of Payroll Expense Tax revenues.

Share of revenues collected in 2025 by the time of forecast updates



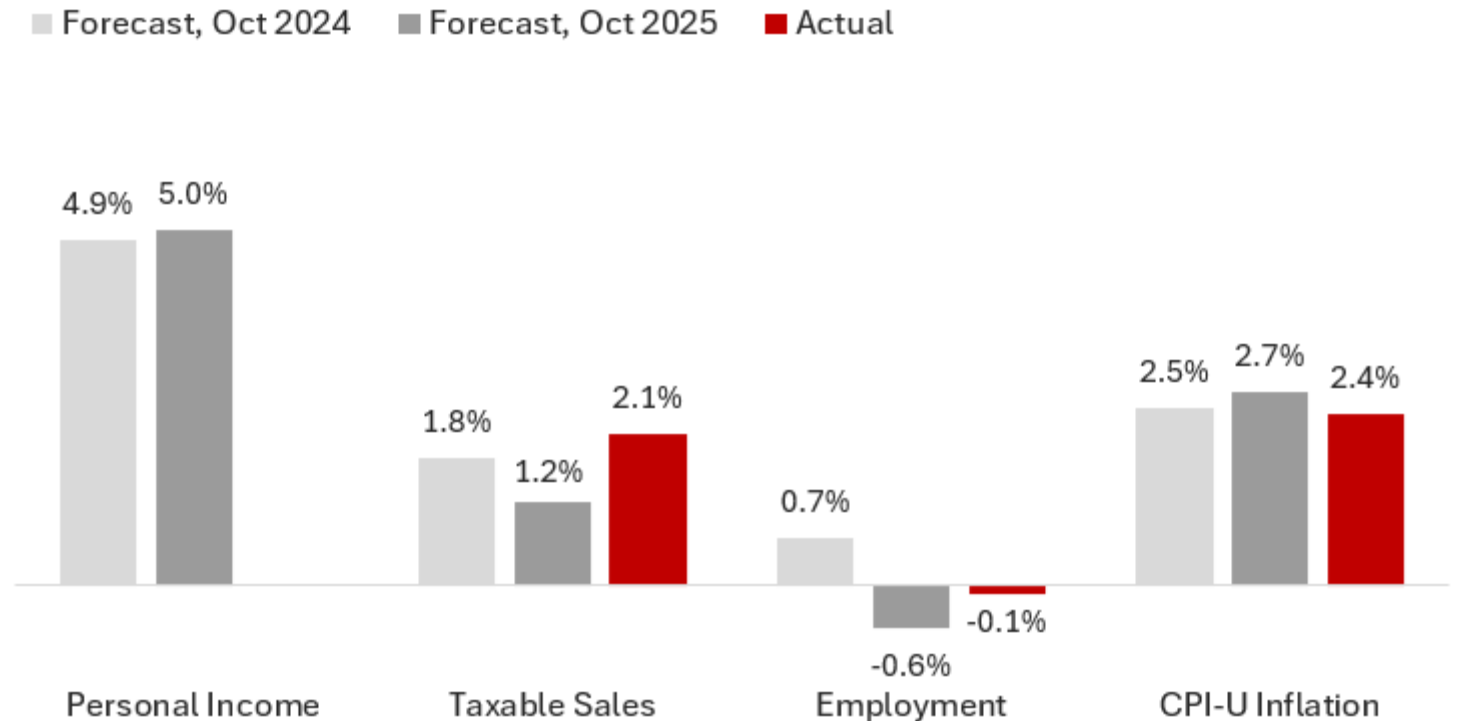
Economic Situation Update



Seattle area - Economic performance in 2025, Forecast vs Actual

- Washington State Employment Security Department (ESD) has revised regional employment estimates down for 2024 and up for 2025. As a result, 2025 job growth was above our forecast.
- Regional inflation was in 2025 somewhat lower than at the national level. It was also somewhat below our expectations from October.
- Seattle's taxable sales grew 2.1%, below the inflation rate but above our expectations. Consumer spending in the city was weaker than in national economy. Taxable sales in the construction sector declined 4.4% in 2025 and continued to weigh down on total sales tax revenues.

Seattle Area Economy in 2025, Forecast vs Actual

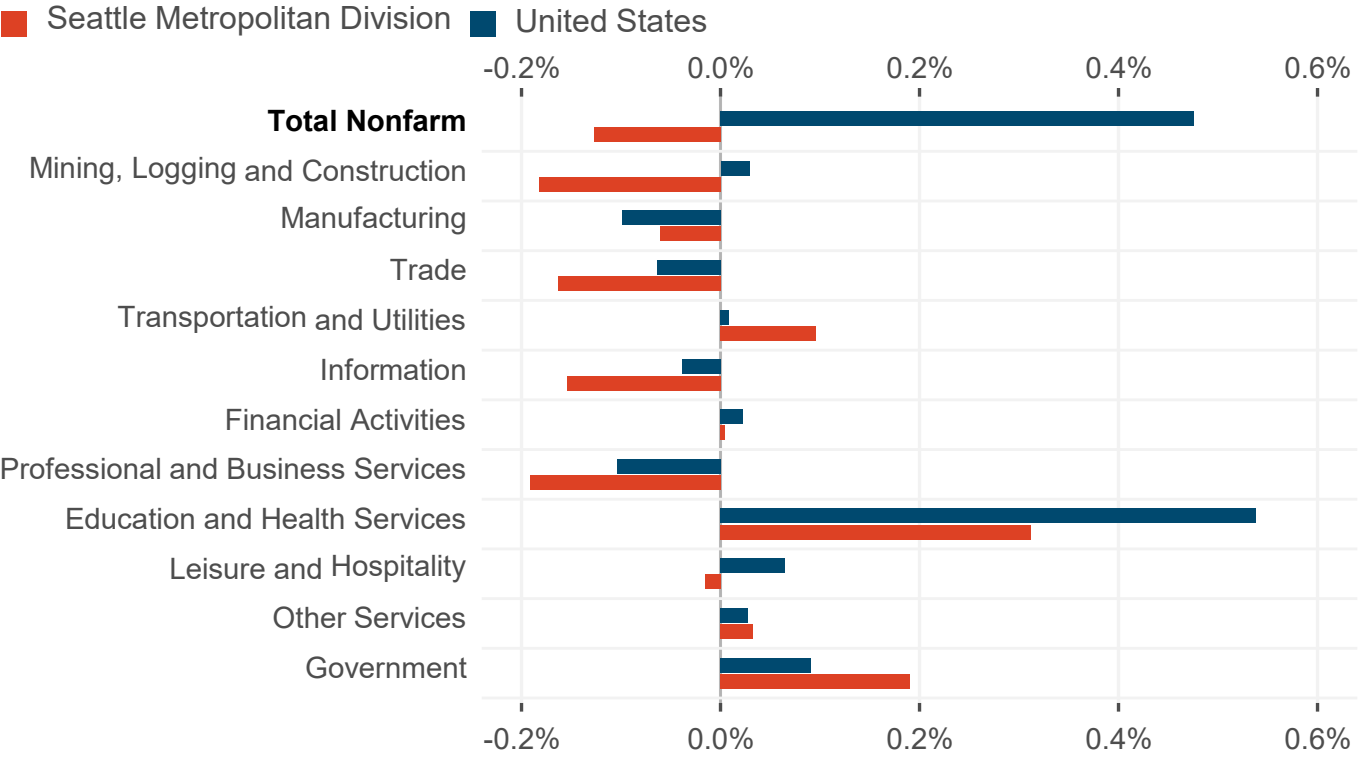


Even after upward revisions by ESD, regional labor market looks weak

- Low demand for office space and quickly rising office vacancy rates, combined with high interest rates, have resulted in a significant slowdown of construction activity in recent years.
- Manufacturing employment has declined due to layoffs at Boeing in early 2025.
- Trade sector has been negatively affected by tariffs.
- Labor demand in tech sector remains weak, as companies expect productivity gains from a wider adoption of AI and currently focus on investment in AI infrastructure and streamlining operations, rather than on headcount growth. This sector has a disproportionate impact on Seattle region, given its large share of total employment.

Total payroll employment growth and contributions by industry

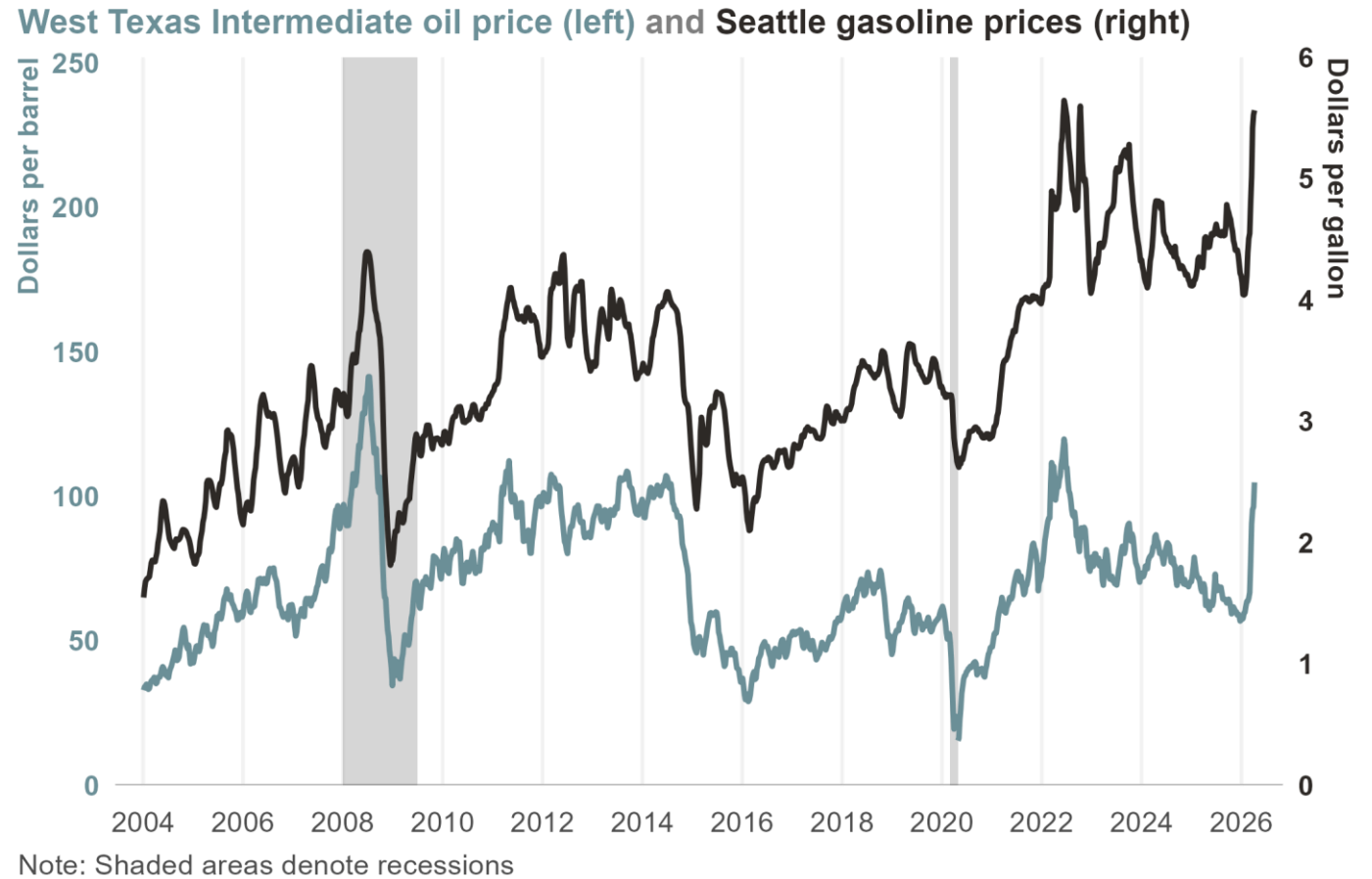
% change year-over-year, 2025 from 2024



Source: U.S. Bureau of Labor Statistics, Washington State Employment Security Department. Seasonally adjusted.

Uncertainty and recession risks rose recently due to higher oil prices

- Large spikes in oil and gas prices due to the war in Iran that started on February 28th will increase overall inflation and create headwinds for economic growth.
- The average for the probability of recession in the next 12 months in the Wall Street Journal survey of economists conducted between March 16 to 18 increased to 32%, up from 27% in January (but down from 45% in April 2025).
- Financial market experienced increased volatility. S&P 500 Index fell about 9% between its peak in February and March 30, but it has largely recovered since then. As of April 9, it was only 2.2% down from its peak.



Economic outlook for U.S. and Seattle MD Area



Economic outlook is less clear than in October

- The March U.S. economic forecast presented here is a weighted average of forecasts from S&P Global and Moody's Analytics.
- In the March baseline scenario forecast, the U.S. economy avoids a recession, real GDP grows at a solid pace, but very little job growth is expected in the near term.
- March pessimistic scenario assumes longer disruption to oil supply and higher oil prices. Households and businesses restrict spending in face of rising costs and larger uncertainty, layoffs follow, stock prices tumble, and the economy goes into a recession in the second half of 2026.

U.S. Economic Forecast

Oct 2025 Baseline Oct 2025 Pessimistic Mar 2026 Baseline Mar 2026 Pessimistic

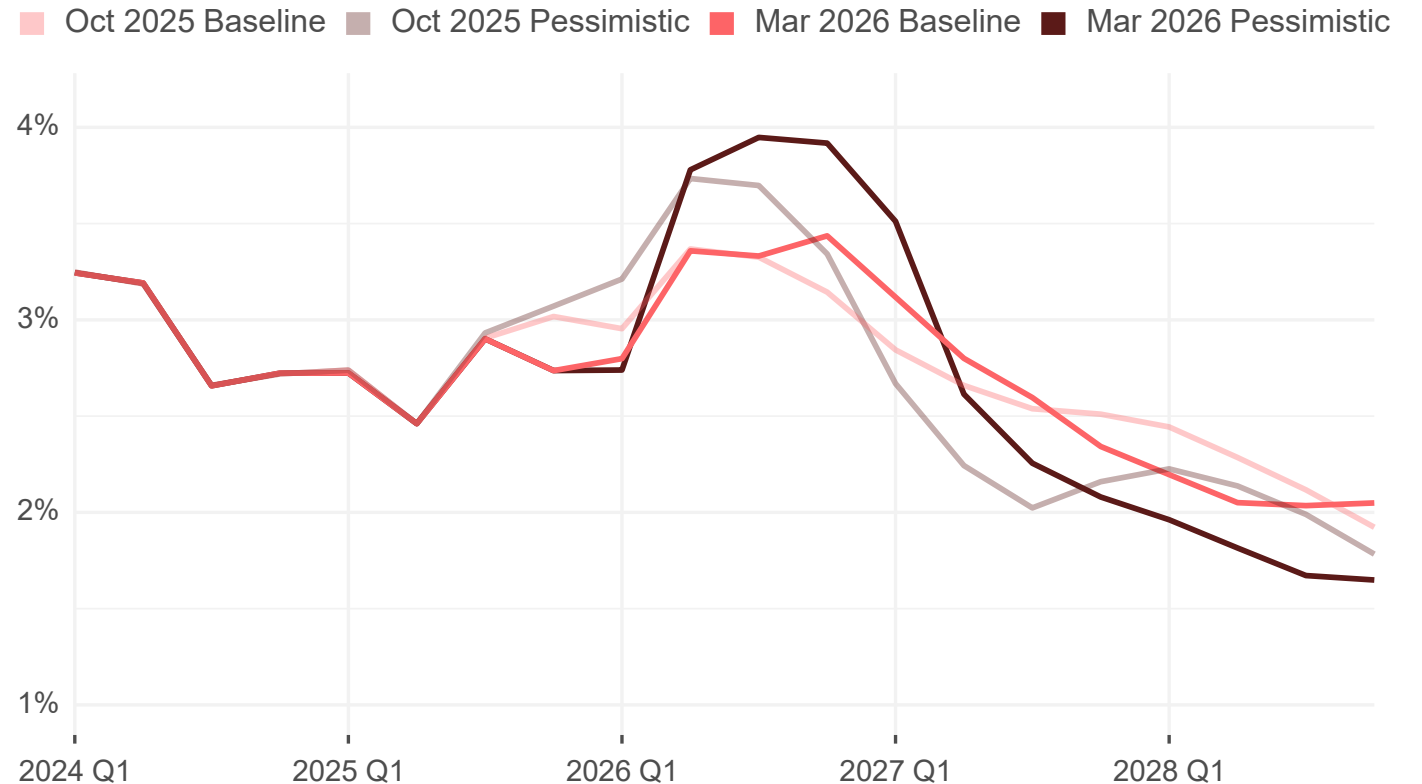


Source: S&P Global Market Intelligence and Moody's Analytics

U.S. inflation forecast has been revised up...

- Facing yet another supply side shock, Fed is in a very challenging position; it is highly likely going to hold interest rates unchanged at the 3.50%-3.75% range for most of this year.
- Inflation continued to be lower than expected in the last quarter of 2025, it is however expected to re-accelerate in 2026 due to both ongoing passthrough of tariffs and large increases in oil and gas prices.
- In the March baseline scenario forecast U.S. inflation is expected peak just under 3.5% in summer 2026, in the pessimistic scenario it would jump to almost 4%.

U.S. CPI-U Inflation Forecast



Source: S&P Global Market Intelligence and Moody's Analytics

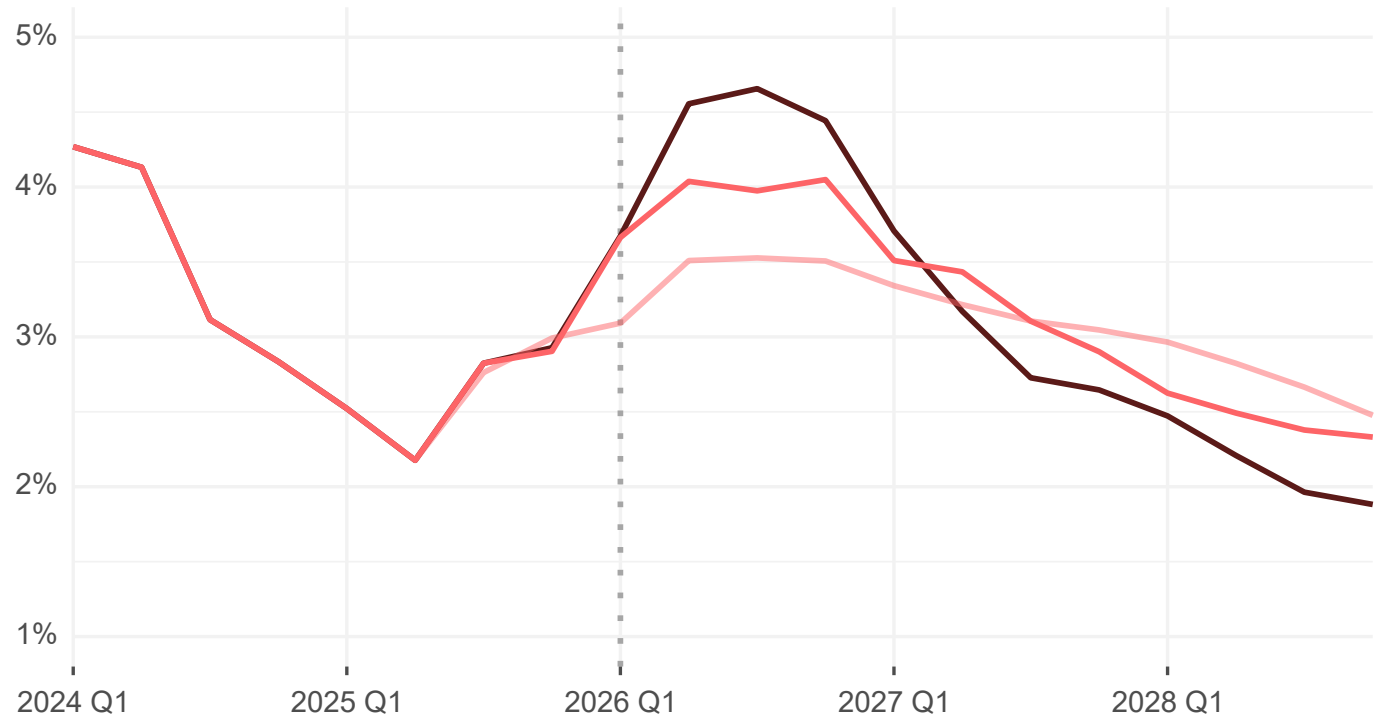
... and so has the regional inflation forecast for Seattle Metro Area

- Regional inflation has cooled down faster than the U.S. inflation in 2025.
- Mirroring changes to the U.S. forecast, the regional inflation forecast has been however revised up quite notably.
- Inflation reaches 4% in 2026 in the baseline scenario and exceed 4.5% in the pessimistic scenario.

Forecast for Seattle area inflation

Year-over-year % change in Seattle MSA CPI-U

Oct 2025 Baseline Mar 2026 Baseline Mar 2026 Pessimistic



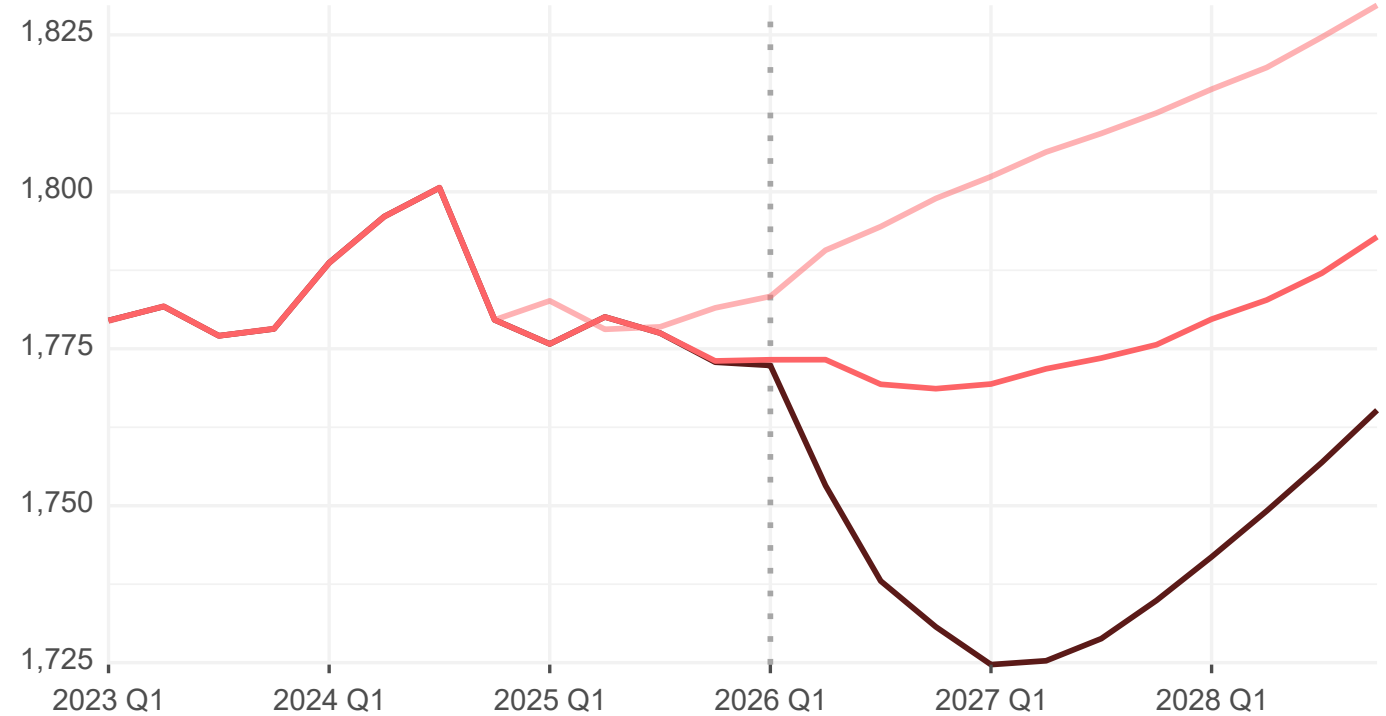
Little employment growth is expected in Seattle area in the near term

- Regional employment growth has been revised down since October, reflecting weaker U.S. forecast, and incorporating the layoffs announced by Amazon.
- In the baseline scenario regional economy is not predicted to create any net job increases until the end of 2027.
- In the March pessimistic scenario forecast regional employment would decline cumulatively about 2.7% between 2026 Q1 and 2027 Q2, as a result of a recession in the U.S. economy. Job losses would be recovered by 2029 Q1.

Regional Employment Forecast for Seattle MD (King & Snohomish Counties)

Thousands of persons

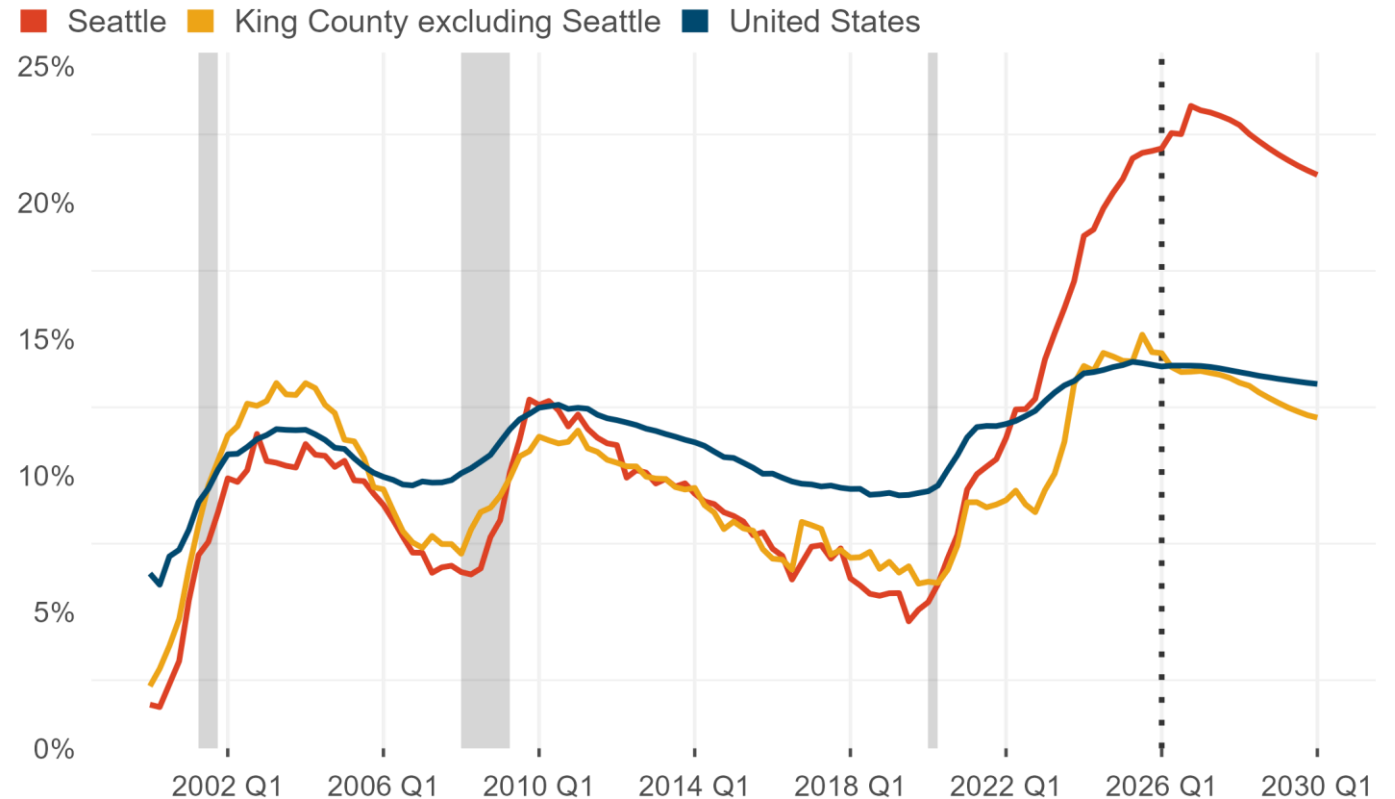
■ Oct 2025 Baseline ■ Mar 2026 Baseline ■ Mar 2026 Pessimistic



With weak employment growth, demand for office space remains low

- As a result of hybrid work arrangements and low employment growth, demand for office space remains low.
- At the end of 2025, Office Demand Index (VODI) for Seattle city, as reported by the commercial real estate platform VTS, was 48% of its 2018-2019 average.
- While this was an improvement over 2024, it was again lowest among tracked cities, overall demand in U.S. was 66%. The VTS report noted that “Seattle continues to struggle as demand increasingly shifts toward its suburban Metroeast counterpart.”
- Current CoStar forecast expects office vacancy rates to peak in 2026 Q4 and only decline very gradually after that.

Office Vacancy Rate



Source: CoStar. Shaded areas denote recessions.

Change in Assessed Value by property type, 2019 to 2026

- Total Seattle Assessed Value (AV) grew 25% from 2019 to 2026, but the growth was uneven across property types.
- Residential is dominant and growing share of the AV base, adding \$47B over the period and primarily driven by land values.
- As a result of low demand for office space, office AV fell 24%, roughly \$7 billion. Its share in total AV declined by 4.4 percentage points, the single biggest shift since 2019.
- Industrial and Medical roughly doubled, but still account for less than 4% of the total AV.

	Assessed Value (AV), \$ billion			Share of total AV		
	2019	2026	% change	2019	2026	change
Residential	\$128.9	\$176.3	36.9%	52.7%	57.5%	4.8%
Apartment	\$37.6	\$43.2	15.0%	15.4%	14.1%	-1.3%
Condo	\$24.2	\$30.6	26.4%	9.9%	10.0%	0.1%
Office	\$27.4	\$20.7	-24.3%	11.2%	6.8%	-4.4%
Retail	\$5.3	\$7.5	40.9%	2.2%	2.4%	0.3%
Hospitality	\$5.0	\$5.1	2.4%	2.0%	1.7%	-0.4%
Industrial	\$4.9	\$8.0	63.4%	2.0%	2.6%	0.6%
Medical	\$2.1	\$3.9	88.4%	0.9%	1.3%	0.4%
Other	\$9.2	\$11.1	21.1%	3.7%	3.6%	-0.1%
Total	\$244.5	\$306.5	25.4%			

Number of international visitors is expected to recover in 2026

- Sales tax revenues from leisure and hospitality sector as well as admission tax revenues are highly dependent on tourism.
- Tourism Economics (a subsidiary of Oxford Economics that provides economic analysis regarding travel and tourism industry) predicts that after declining 26% in 2025, the number of international overnight visitors coming to Seattle increases by 15% in 2026.
- Spending by international visitors is expected to grow 14.2% in 2026, spending by domestic visitors 18.2%.



Source: Tourism Economics forecast released in December 2025.

2025 Revenue Actuals



General Fund Revenues - 2025 Actuals vs Forecast

Revenue Source	Forecast,	Actual	Variance from forecast		Year-over-Year change	
	Oct. 2025, \$ mil.	Revenues, \$ mil.	\$ mil.	%	\$ mil.	%
Property Tax (Including Medic One Levy)	\$389.2	\$386.4	-\$2.8	-0.7%	\$7.4	2.0%
Sales & Use Tax	\$344.4	\$348.2	\$3.8	1.1%	\$7.8	2.3%
Business & Occupation Tax	\$385.0	\$388.3	\$3.3	0.9%	\$35.0	9.9%
Utility Tax - Private	\$40.8	\$43.8	\$3.0	7.3%	\$3.3	8.2%
Utility Tax - Public	\$217.4	\$219.0	\$1.6	0.7%	\$1.3	0.6%
Other City Taxes	\$14.7	\$15.9	\$1.3	8.6%	\$1.2	8.0%
Parking Meters	\$36.8	\$36.5	-\$0.3	-0.9%	-\$2.7	-6.9%
Court Fines	\$22.6	\$23.6	\$1.0	4.3%	\$5.2	28.2%
Licenses, Permits, Interest Income and Other	\$71.9	\$70.7	-\$1.2	-1.7%	-\$2.0	-2.8%
Revenue from Other Public Entities	\$20.8	\$20.8	\$0.0	0.1%	\$1.4	7.3%
Service Charges & Reimbursements	\$84.4	\$82.1	-\$2.3	-2.8%	-\$2.0	-2.4%
Grants	\$63.1	\$30.4	-\$32.7	-51.8%	\$7.6	33.6%
Fund Balance Transfers	\$281.7	\$280.5	-\$1.2	-0.4%	\$167.5	148.2%
Total General Fund Revenues	\$1,972.9	\$1,946.1	-\$26.8	-1.4%	\$230.9	13.5%
Total General Fund w/o Grants and Transfers	\$1,628.1	\$1,635.2	\$7.1	0.4%	\$55.8	3.5%

Note: Revenues highlighted blue are in the purview of the Office of Economic and Revenue Forecasts, forecasts for remaining revenues come from City Budget Office.

Non-General Fund Revenues - 2025 Actuals vs Forecast

Revenue Source	Forecast, Oct. 2025, \$ mil.	Actual Revenues, \$ mil.	Variance from forecast		Year-over-Year change	
			\$ mil.	%	\$ mil.	%
General Government Revenues						
Payroll Expense Tax	\$385.4	\$405.9	\$20.4	5.3%	\$45.8	12.7%
Payroll Expense Tax - Interest Income	\$10.1	\$11.1	\$1.0	10.1%	-\$0.1	-0.8%
Real Estate Excise Tax	\$69.6	\$72.5	\$2.8	4.1%	\$9.7	15.5%
Admission Tax	\$23.9	\$24.3	\$0.5	1.9%	-\$0.4	-1.7%
Sweetened Beverage Tax	\$20.3	\$21.6	\$1.3	6.4%	\$1.5	7.2%
Short Term Rental Tax	\$12.1	\$12.2	\$0.1	0.9%	\$0.1	1.0%
Transportation Specific Revenues						
STBD Sales Tax	\$53.8	\$54.4	\$0.6	1.0%	\$1.3	2.5%
STBD Vehicle License Fee	\$21.3	\$20.2	-\$1.2	-5.6%	\$0.5	2.7%
Commercial Parking Tax	\$50.3	\$51.4	\$1.0	2.0%	\$1.3	2.6%
ATSC - Traffic Cameras	\$8.0	\$9.2	\$1.3	16.2%	\$0.7	8.6%

Updated Revenue Forecast for 2026-2028

General Fund Revenues - April Baseline Scenario (\$ millions)

Revenue Source	Actuals 2025	April Forecast			Difference from October 2025 Forecast			3 Year Total Difference
		2026	2027	2028	2026	2027	2028	
Property Tax (Including Medic One Levy)	\$386.4	\$400.6	\$414.9	\$436.5	-\$1.9	-\$0.1	\$2.8	\$0.8
Sales & Use Tax	\$348.2	\$402.2	\$418.5	\$434.2	\$0.4	\$6.3	\$7.3	\$13.9
Business & Occupation Tax	\$388.3	\$471.3	\$496.8	\$521.7	-\$7.8	-\$5.5	-\$5.6	-\$18.9
Utility Tax - Private	\$43.8	\$44.2	\$45.1	\$46.0	\$4.0	\$5.1	\$6.1	\$15.2
Utility Tax - Public	\$218.9	\$221.9	\$237.6	\$253.1	-\$0.9	\$1.4	\$4.0	\$4.5
Other City Taxes	\$15.9	\$16.4	\$15.7	\$16.4	\$2.3	\$1.4	\$1.7	\$5.4
Parking Meters	\$36.5	\$36.1	\$36.3	\$36.7	\$0.4	\$0.6	\$0.6	\$1.7
Court Fines	\$23.6	\$19.1	\$22.2	\$22.5	-\$5.5	-\$0.5	-\$0.3	-\$6.3
Licenses, Permits, Interest Income and Other	\$70.7	\$71.7	\$68.4	\$63.0	-\$1.9	\$3.2	\$0.1	\$1.4
Revenue from Other Public Entities	\$20.8	\$21.1	\$21.6	\$22.1	\$0.2	\$0.5	\$0.7	\$1.4
Service Charges & Reimbursements	\$82.1	\$79.4	\$80.4	\$81.9	\$0.5	\$0.1	\$0.0	\$0.6
Grants	\$30.4	\$53.1	\$7.4	\$7.3	\$39.8	-\$1.2	-\$1.1	\$37.5
Fund Balance Transfers	\$280.5	\$212.7	\$183.5	\$193.0	\$0.8	\$1.0	\$0.9	\$2.7
Total General Fund	\$1,946.1	\$2,049.6	\$2,048.6	\$2,134.5	\$30.4	\$12.3	\$17.2	\$59.9
Total General Fund w/o Grants and Transfers	\$1,635.2	\$1,783.8	\$1,857.7	\$1,934.1	-\$10.2	\$12.6	\$17.4	\$19.7

Annual Growth w/o Grants and Transfers	3.5%	9.1%	4.1%	4.1%
Seattle MSA CPI-U inflation	2.4%	4.1%	3.3%	2.5%

Note: Revenues highlighted blue are in the purview of the Office of Economic and Revenue Forecasts, forecasts for remaining revenues come from City Budget Office.

Selected Other Revenues – April Baseline Scenario (\$ millions)

Revenue Source	Actuals	April Forecast			Difference from October 2025 Forecast			3 Year Total Difference
	2025	2026	2027	2028	2026	2027	2028	
Payroll Expense Tax	\$405.9	\$375.7	\$389.5	\$407.0	-\$16.9	-\$19.2	-\$17.0	-\$53.1
Payroll Expense Tax Fund - Interest Income	\$11.1	\$9.4	\$7.3	\$3.5	-\$0.3	\$3.4	\$0.5	\$3.6
REET	\$72.4	\$70.3	\$87.0	\$97.7	-\$5.8	-\$3.6	-\$1.5	-\$10.8
Admission Tax	\$24.3	\$25.1	\$25.5	\$26.1	-\$0.3	-\$0.6	-\$0.7	-\$1.6
Sweetened Beverage Tax	\$21.6	\$22.8	\$21.4	\$21.2	\$0.4	\$0.0	\$0.2	\$0.6
Short Term Rental Tax	\$12.2	\$12.2	\$11.9	\$12.1	-\$0.3	-\$0.1	-\$0.1	-\$0.5
STBD Sales Tax	\$54.3	\$56.6	\$13.5					
STBD Vehicle License Fee	\$20.2	\$20.9	\$23.1	\$21.2	-\$1.2	-\$1.4	-\$1.3	-\$3.8
Commercial Parking Tax	\$51.3	\$53.1	\$53.1	\$53.7	\$1.0	\$1.1	\$2.1	\$4.1
Automated Traffic Safety Cameras	\$9.2	\$22.9	\$23.0	\$21.3	\$5.2	\$4.1	\$2.9	\$12.2

Notes:

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General Fund Revenues - April Pessimistic Scenario (\$ millions)

Revenue Source	Actuals	April Forecast			Difference from October 2025 Forecast			3 Year Total Difference
	2025	2026	2027	2028	2026	2027	2028	
Property Tax (Including Medic One Levy)	\$386.4	\$400.6	\$413.5	\$433.2	-\$1.9	-\$1.4	-\$0.5	-\$3.8
Sales & Use Tax	\$348.2	\$391.9	\$398.7	\$415.3	-\$9.9	-\$13.5	-\$11.7	-\$35.1
Business & Occupation Tax	\$388.3	\$458.5	\$470.0	\$496.9	-\$20.5	-\$32.4	-\$30.4	-\$83.3
Utility Tax - Private	\$43.8	\$43.4	\$43.9	\$44.3	\$3.1	\$3.9	\$4.4	\$11.4
Utility Tax - Public	\$218.9	\$217.1	\$232.0	\$247.2	-\$5.6	-\$4.1	-\$1.9	-\$11.7
Other City Taxes	\$15.9	\$15.9	\$15.2	\$16.0	\$1.8	\$0.8	\$1.4	\$4.0
Parking Meters	\$36.5	\$33.6	\$28.7	\$29.3	-\$2.0	-\$7.0	-\$6.7	-\$15.7
Court Fines	\$23.6	\$18.3	\$21.2	\$21.5	-\$6.4	-\$1.5	-\$1.4	-\$9.3
Licenses, Permits, Interest Income and Other	\$70.7	\$70.6	\$66.8	\$61.8	-\$2.9	\$1.7	-\$1.2	-\$2.5
Revenue from Other Public Entities	\$20.8	\$20.5	\$21.0	\$21.5	-\$0.4	-\$0.1	\$0.0	-\$0.5
Service Charges & Reimbursements	\$82.1	\$79.4	\$80.4	\$81.9	\$0.5	\$0.1	\$0.0	\$0.6
Grants	\$30.4	\$53.1	\$7.4	\$7.3	\$39.8	-\$1.2	-\$1.1	\$37.5
Fund Balance Transfers	\$280.5	\$212.7	\$183.5	\$193.0	\$0.8	\$1.0	\$0.9	\$2.7
Total General Fund	\$1,946.1	\$2,015.6	\$1,982.4	\$2,069.1	-\$3.6	-\$53.8	-\$48.3	-\$105.7
Total General Fund w/o Grants and Transfers	\$1,635.2	\$1,749.8	\$1,791.5	\$1,868.7	-\$44.2	-\$53.6	-\$48.1	-\$145.9

Annual Growth w/o Grants and Transfers	3.5%	7.0%	2.4%	4.3%
Seattle MSA CPI-U inflation	2.4%	4.3%	3.1%	2.1%

Note: Revenues highlighted blue are in the purview of the Office of Economic and Revenue Forecasts, forecasts for remaining revenues come from City Budget Office.

Selected Other Revenues – April Pessimistic Scenario (\$ millions)

Revenue Source	Actuals	April Forecast			Difference from October 2025 Forecast			3 Year Total Difference
	2025	2026	2027	2028	2026	2027	2028	
Payroll Expense Tax	\$405.9	\$346.2	\$357.8	\$368.9	-\$46.5	-\$50.9	-\$55.2	-\$152.5
Payroll Expense Tax Fund - Interest Income	\$11.1	\$9.1	\$7.1	\$3.4	-\$0.6	\$3.2	\$0.4	\$3.0
REET	\$72.4	\$52.3	\$50.1	\$72.7	-\$23.9	-\$40.5	-\$26.4	-\$90.8
Admission Tax	\$24.3	\$23.2	\$23.6	\$24.1	-\$2.1	-\$2.5	-\$2.7	-\$7.3
Sweetened Beverage Tax	\$21.6	\$22.1	\$20.7	\$20.6	-\$0.3	-\$0.6	-\$0.5	-\$1.4
Short Term Rental Tax	\$12.2	\$11.9	\$11.5	\$11.8	-\$0.6	-\$0.5	-\$0.5	-\$1.6
STBD Sales Tax	\$54.3	\$55.2	\$12.9		-\$1.4	-\$0.5		-\$2.0
STBD Vehicle License Fee	\$20.2	\$20.3	\$22.4	\$20.6	-\$1.9	-\$2.1	-\$1.9	-\$5.8
Commercial Parking Tax	\$51.3	\$50.7	\$49.6	\$51.9	-\$1.4	-\$2.5	\$0.3	-\$3.6
Automated Traffic Safety Cameras	\$9.2	\$21.7	\$21.8	\$20.2	\$4.0	\$2.9	\$1.8	\$8.8

Notes:

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Unless renewed, transportation benefit district sales tax ends on April 1, 2027.

Alternative scenarios – differences from April baseline (\$ millions)

- Sales & Use, B&O, Utility Taxes and Parking meter revenues account for 90% of General Fund revenues lost in the pessimistic scenario. Overall, General Fund revenues would be about 5% lower than in the baseline scenario.
- For non-General Fund revenues, the differences are particularly large for Payroll Expense Tax and REET.

Revenue Source	Pessimistic Scenario vs Baseline Scenario				Optimistic Scenario vs Baseline Scenario			
	2026	2027	2028	3 Year Total	2026	2027	2028	3 Year Total
Sales & Use Tax	-\$10.3	-\$19.8	-\$18.9	-\$49.0	\$5.1	\$13.9	\$16.0	\$35.0
Business & Occupation Tax	-\$12.7	-\$26.8	-\$24.9	-\$64.4	\$3.9	\$11.4	\$13.8	\$29.1
Utility Taxes	-\$5.6	-\$6.8	-\$7.6	-\$20.0	\$5.0	\$6.2	\$7.0	\$18.2
Total General Fund w/o Grants and Transfers	-\$34.1	-\$66.1	-\$65.4	-\$165.6	\$16.6	\$36.6	\$44.5	\$97.8
Payroll Expense Tax	-\$29.5	-\$31.7	-\$38.1	-\$99.4	\$10.3	\$26.5	\$29.6	\$66.3
REET	-\$18.1	-\$36.9	-\$25.0	-\$80.0	\$2.5	\$15.4	\$21.5	\$39.4
Total Revenues w/o Grants and Transfers	-\$90.3	-\$143.9	-\$135.2	-\$369.3	\$32.2	\$81.7	\$98.1	\$211.9
Total Revenues w/o Grants and Transfers	-3.7%	-5.7%	-5.2%	-4.9%	1.3%	3.2%	3.8%	2.8%

Forecast risks and scenario recommendation (1/2)

Summary and Context

- Geopolitical risks have resulted in an economic forecast that has worsened somewhat since October. S&P Global and Moody's Analytics expect solid real GDP growth in 2026, but at the same time somewhat weaker employment growth. The outlook is less clear overall.
- The average for the probability of a recession in the next 12 months in the Wall Street Journal survey of economists conducted between March 16 to 18 increased to 32%, up from 27% in January (but down from 45% in April 2025).
- U.S. economic forecasts from S&P Global and Moody's Analytics underlying the presented revenue forecast were released in early March. To mitigate the resulting risks since the baseline scenarios in these forecasts do not fully account for recent developments, the Forecast Office has developed the baseline April revenue forecast based on a weighted average of economic forecasts by S&P Global and Moody's Analytics, using both their baseline and pessimistic scenarios.

Forecast risks and scenario recommendation (2/2)

Summary and Context

- Regional labor market is weaker than the national one, regional household spending is weak as well, and construction sector is in a middle of a notable downturn. All of these are reflected in both baseline and pessimistic economic and revenue forecasts, in particular the B&O and sales tax.
- Data available to estimate the impact of ESSB 5814 on City's sales tax and B&O tax collection is very limited, this will most likely result in a larger than typical variance in the 2026 actual revenues relative to the current forecast.

Conclusion

- **With all these considerations in mind, the Forecast Office recommends using the baseline scenario of the April 2026 revenue forecast. Based on the steps taken to adjust the underlying March U.S. economic forecast and information available at this point it is likely closest to the actual outcome.**
- **Due to high economic uncertainty there's however notably lower confidence regarding forecasts, with higher risk of significant future revisions and larger than typical variance in 2026 actual revenues relative to the current forecast.**

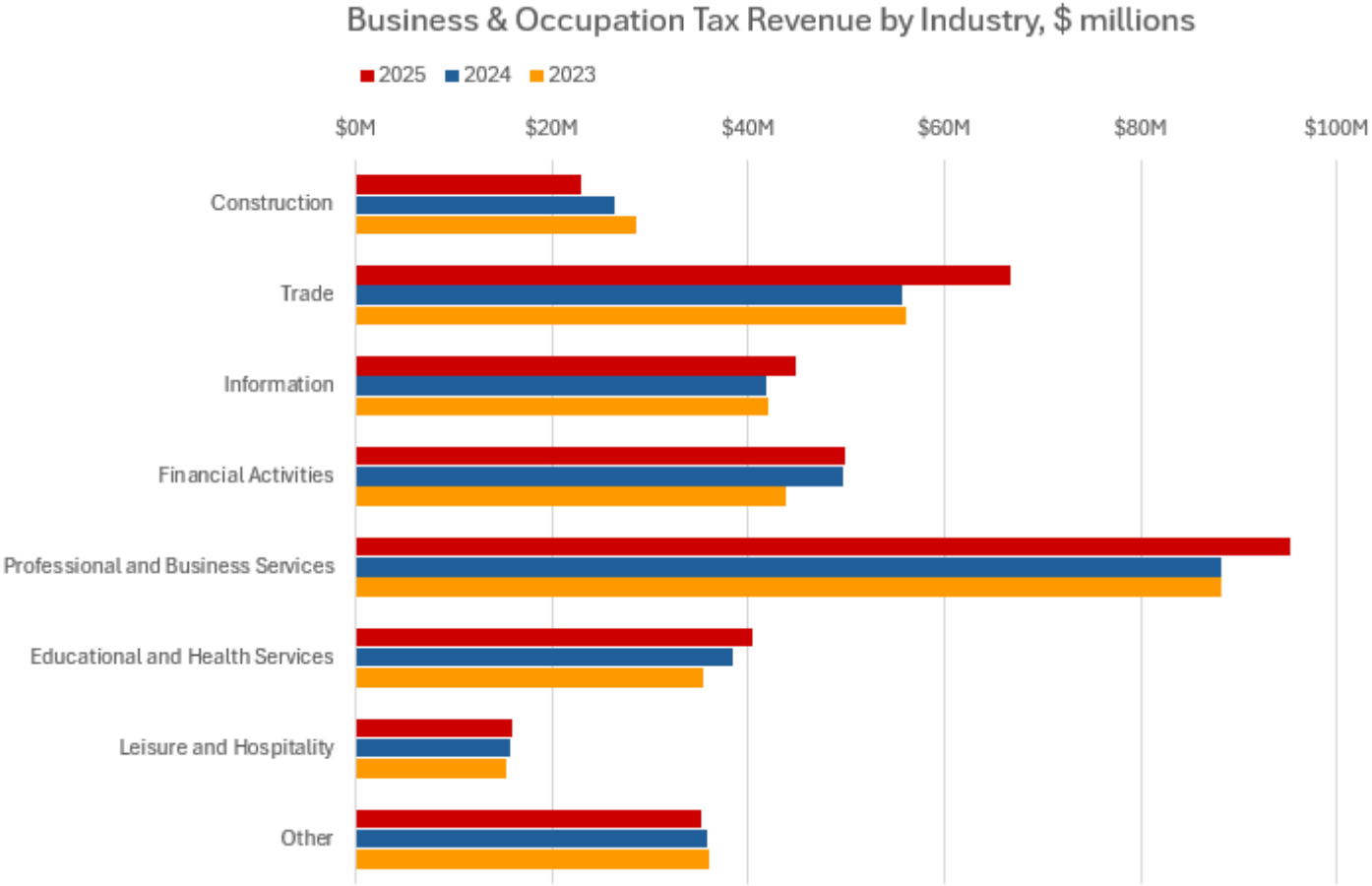
Questions?



Appendix

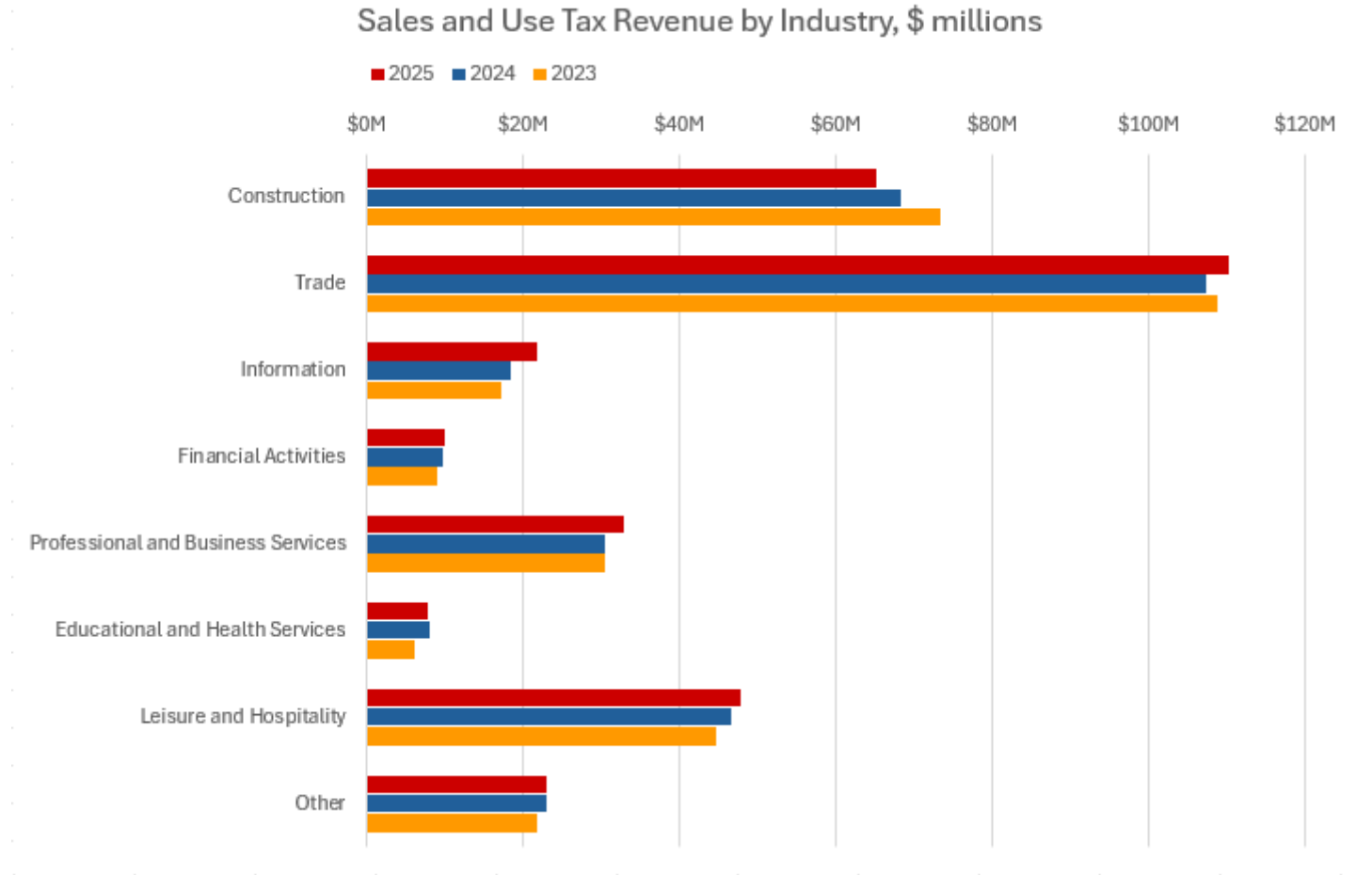
Business and Occupation Tax - 2025 Actuals

- Tax base for Business & Occupation tax is quite diversified, though professional and business services constitute a notably bigger share than other sectors.
- Business & Occupation tax was paid by about 20,000 businesses in 2025.
- Top 10 taxpayers accounted for about 23% of 2025 revenues.



Sales and Use Tax - 2025 Actuals

- Tax base for sales tax revenue much less diversified than B&O tax base.
- Trade accounts for one third of total revenue.
- About one quarter of sales tax revenue was in previous years generated by construction sector.
- In 2025 approximately 73,000 taxpayers remitted sales and use tax
- Top 10 taxpayers accounted for about 10.8% of all sales and use tax revenues in 2025.



Payroll Expense Tax - 2025 Actuals

- Payroll expense tax is paid by less than 500 companies and is highly concentrated at the top.
- In 2025, top 100 companies accounted for about \$360 million, or 93%, of revenues
- About \$280 million, or 73%, was generated by top ten companies.

