

Washington Economic Forecast

Steve Lerch
Executive Director

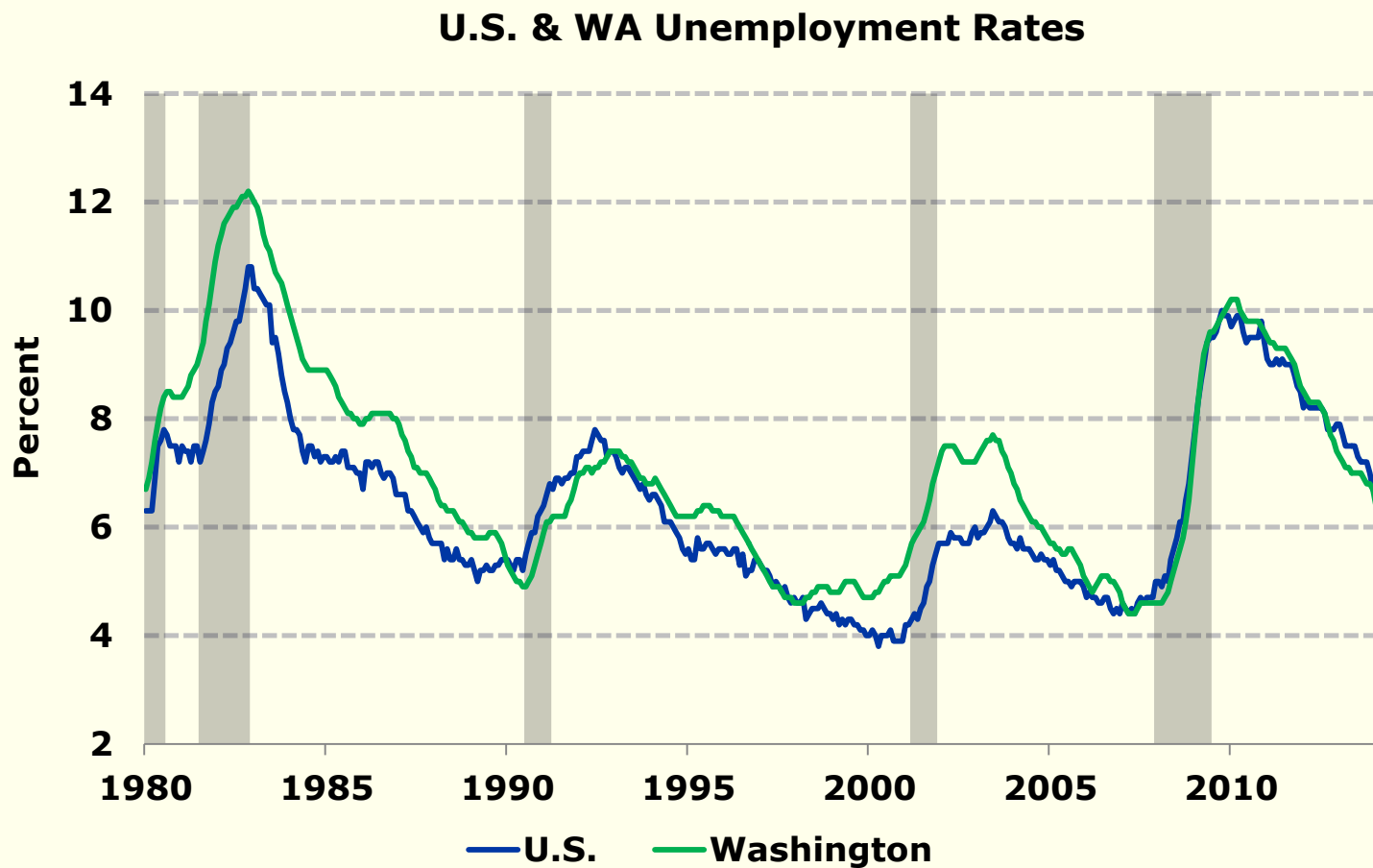
May 9, 2014
Portland, Oregon



**WASHINGTON STATE
ECONOMIC AND REVENUE FORECAST COUNCIL**



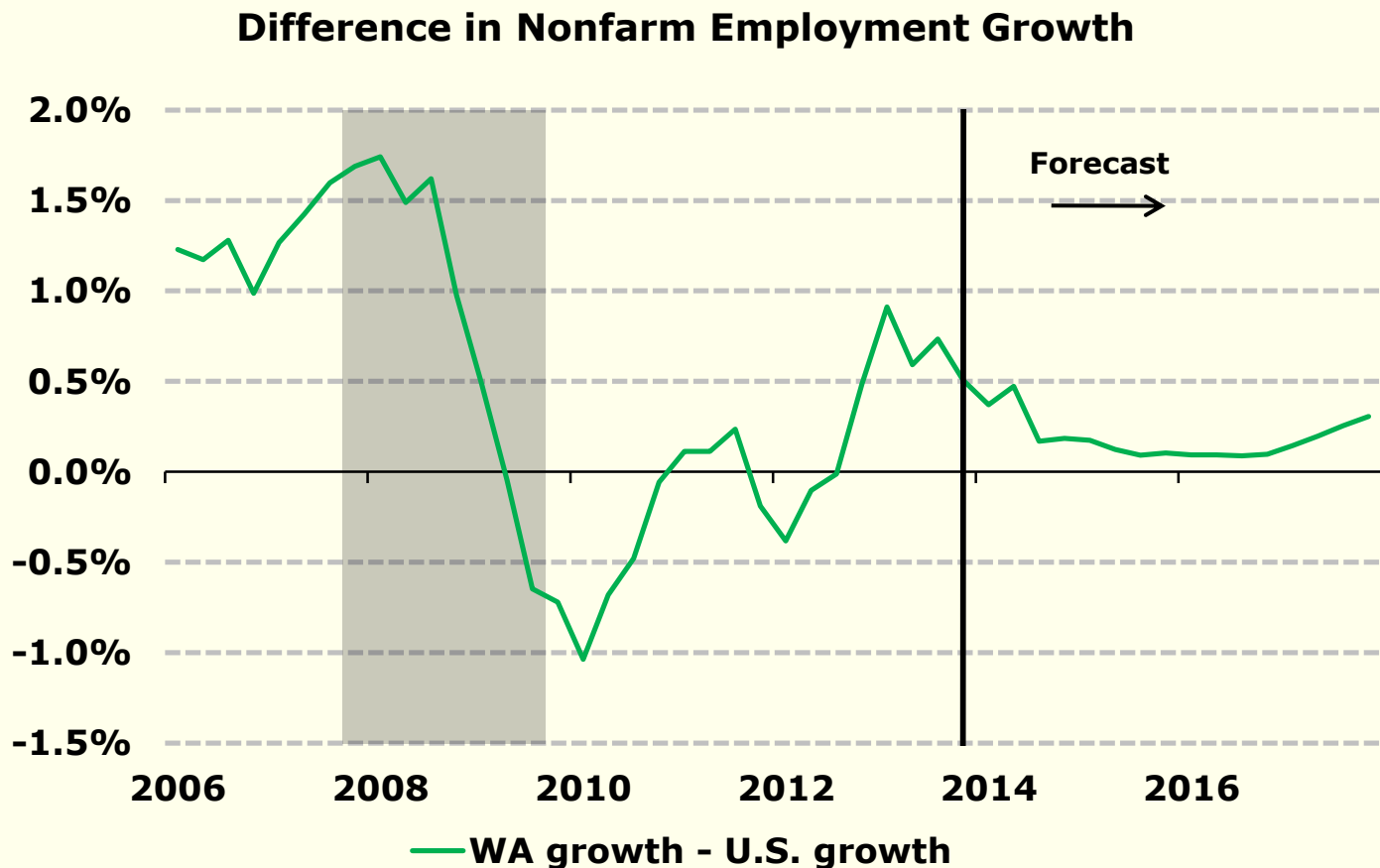
The unemployment rate continues to fall



Source: Bureau of Labor Statistics, data through March 2014



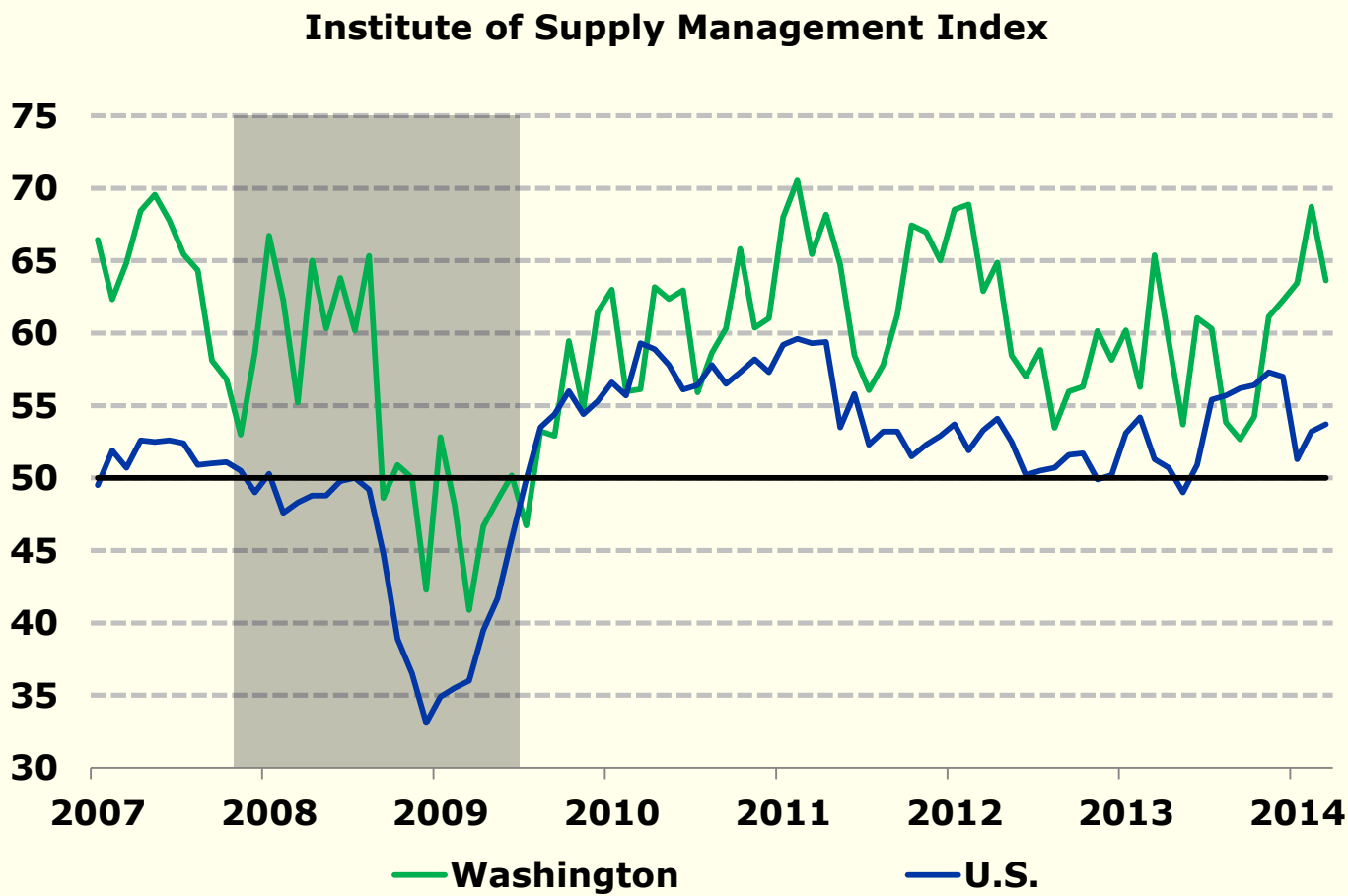
Washington employment will grow slightly faster than the U.S.





Manufacturing activity has been stronger in WA than the nation as a whole

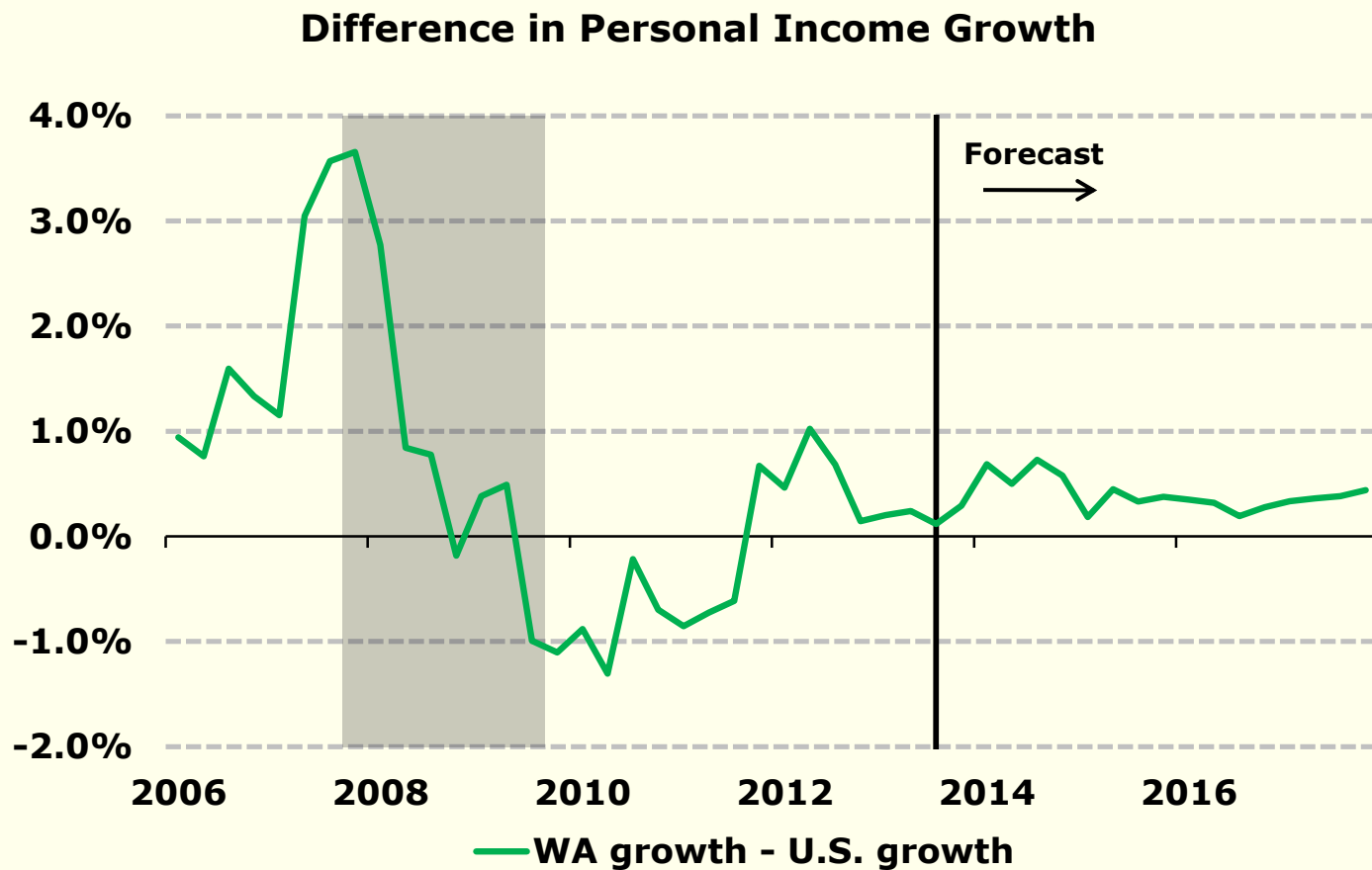
An index greater than 50, implies growth



Source: Institute of Supply Management; data through March 2014

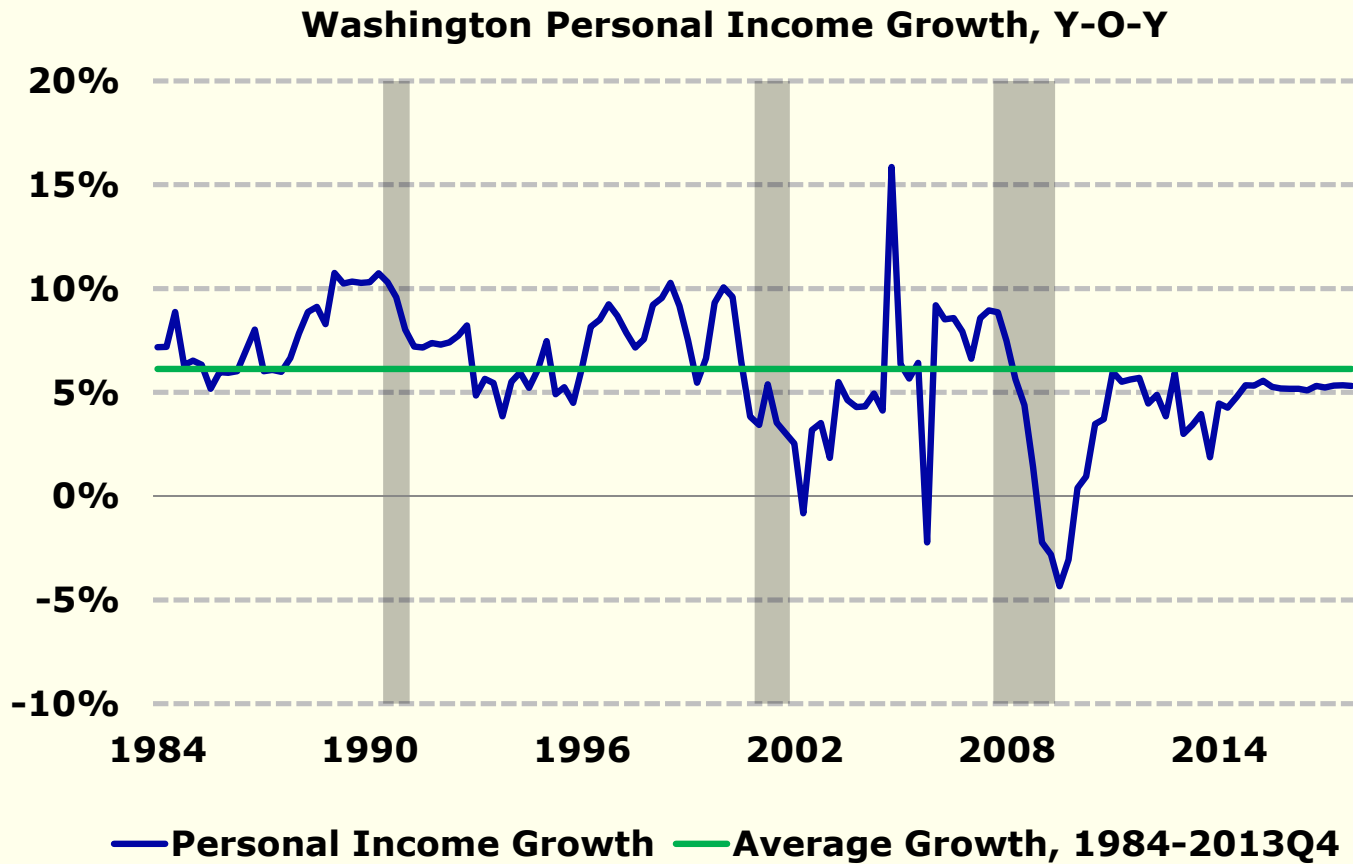


State personal income will grow slightly faster than the U.S.





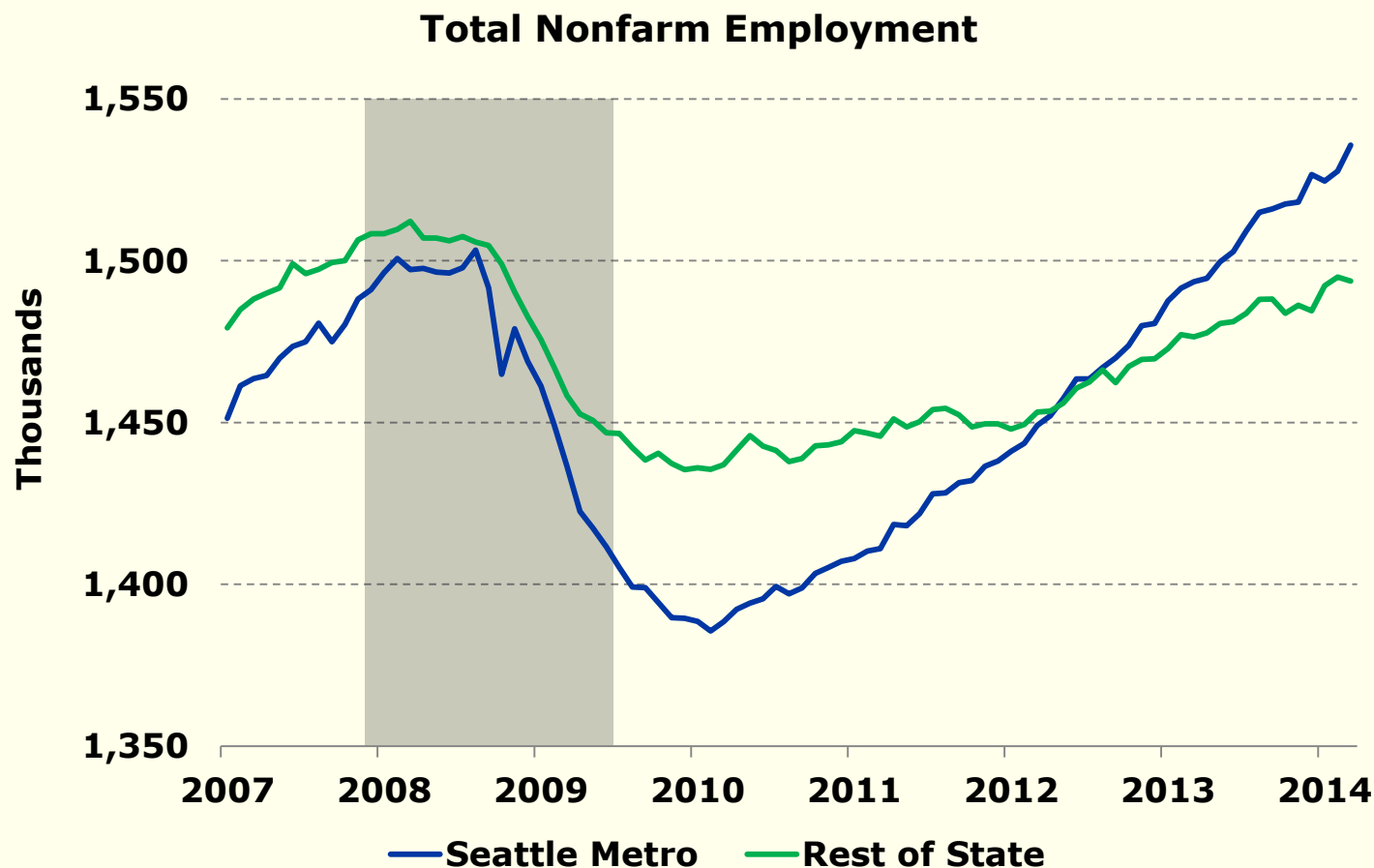
...but personal income is growing at below-average rates





Seattle area employment is growing much faster than the rest of the state

Outside of Seattle metro area, employment is below its pre-recession peak

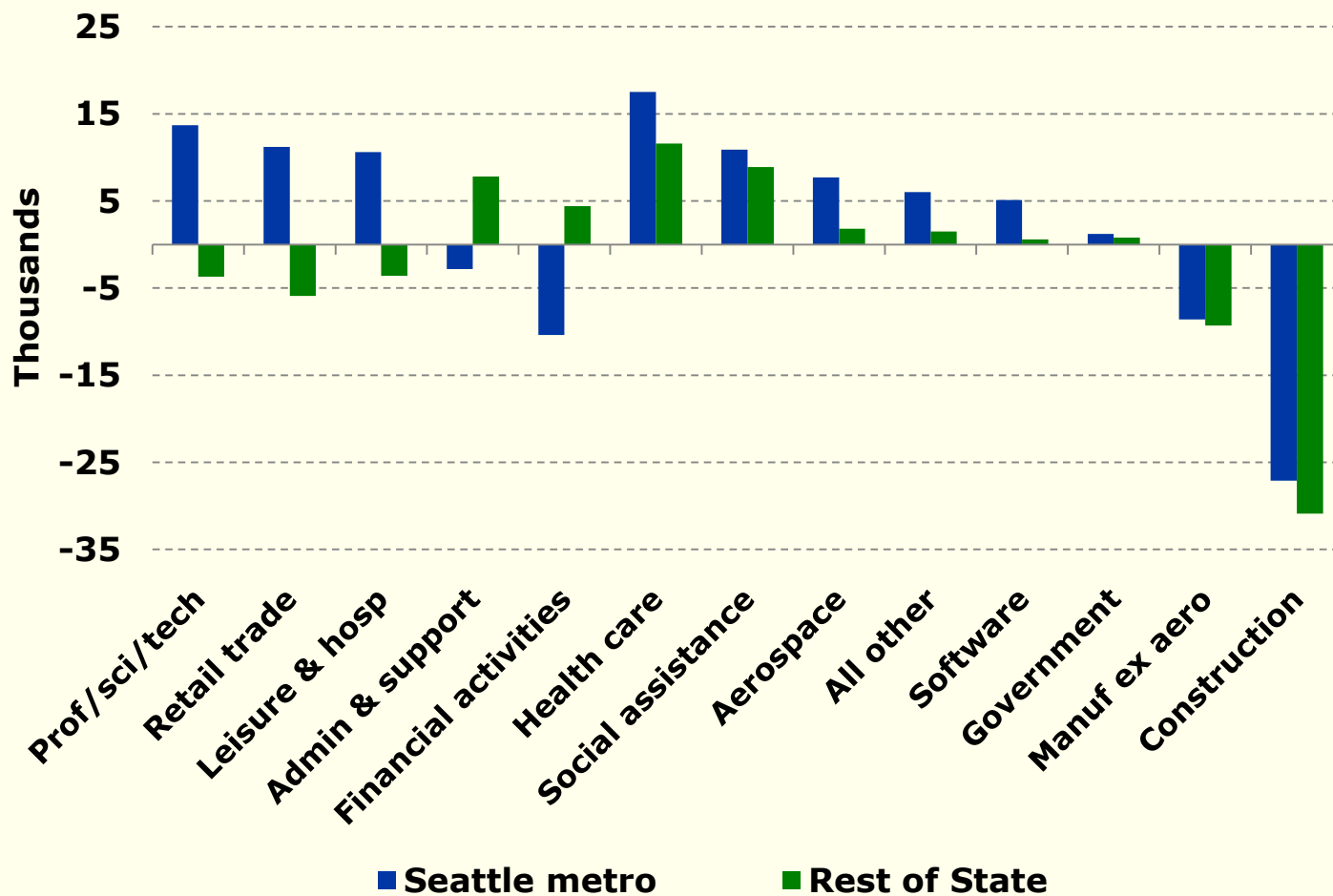


Source: Employment Security Department, ERFC; data through March 2014

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



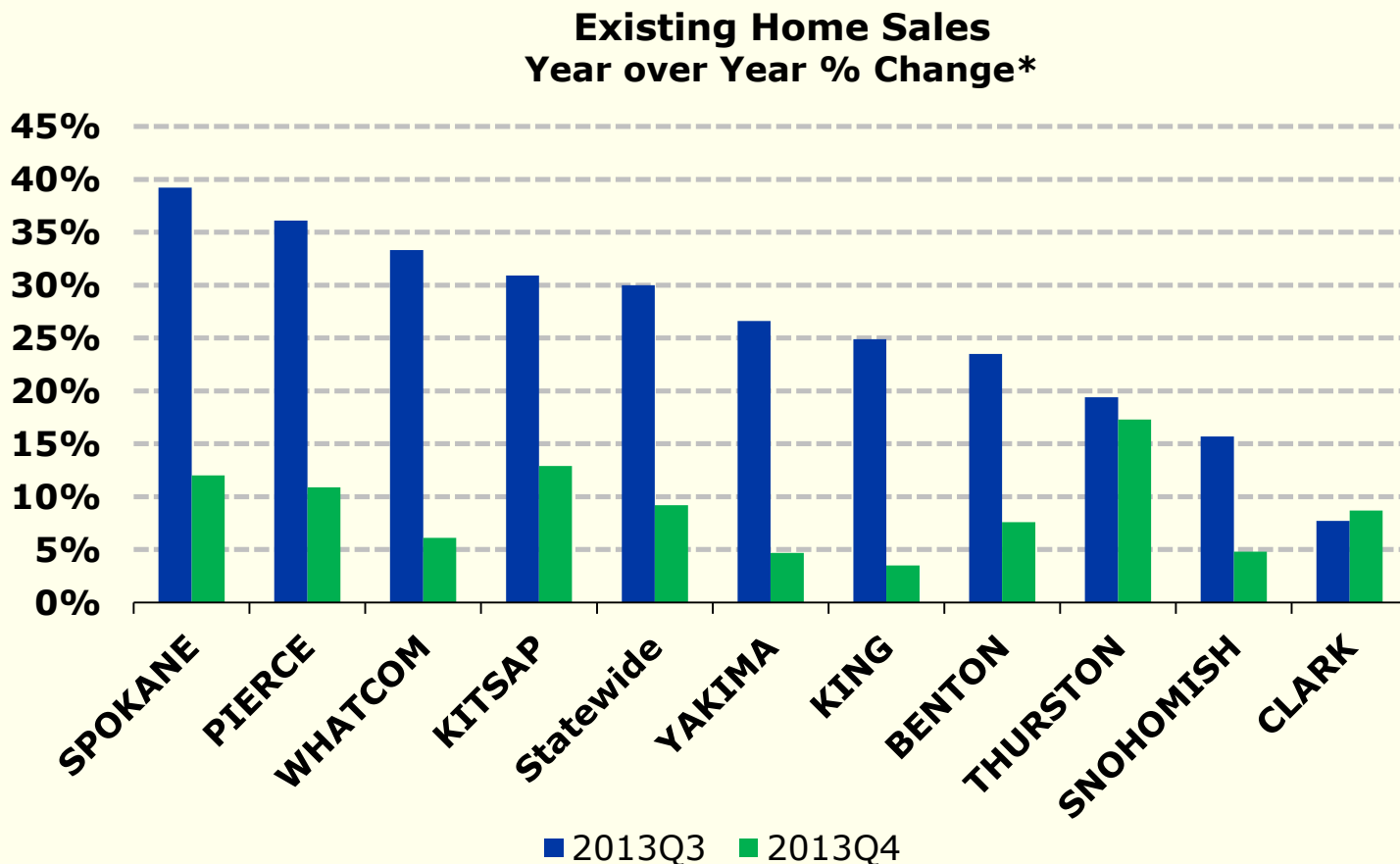
Employment change by industry, Feb. 2008 – Mar. 2014





Growth in existing home sales slowed in fourth quarter 2013

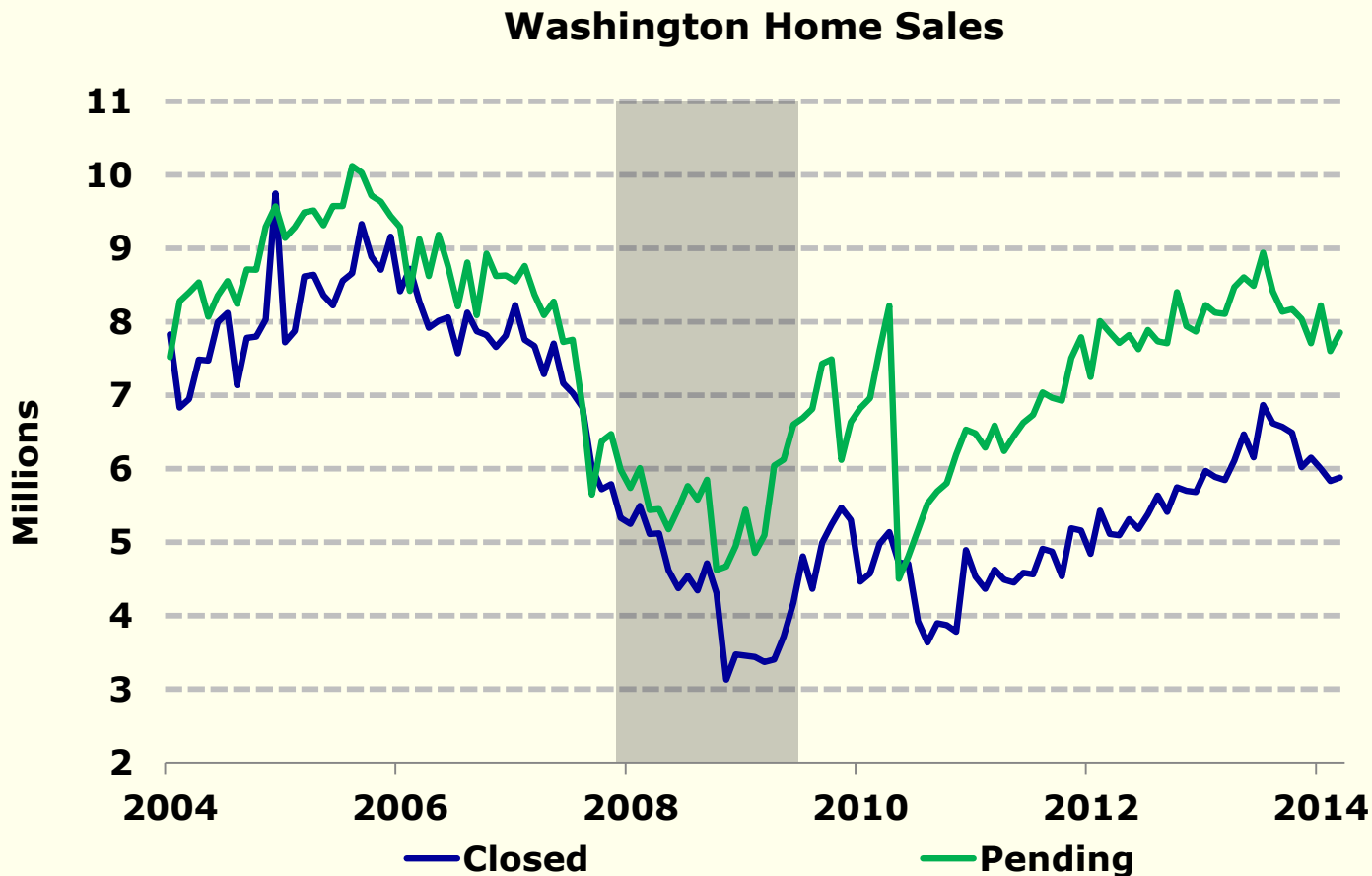
*Ten counties with highest existing home sales, 2013Q3



Source: WA Center for Real Estate Research, ERFC; 2013Q3 & Q4 data



Washington home sales have been trending downward recently

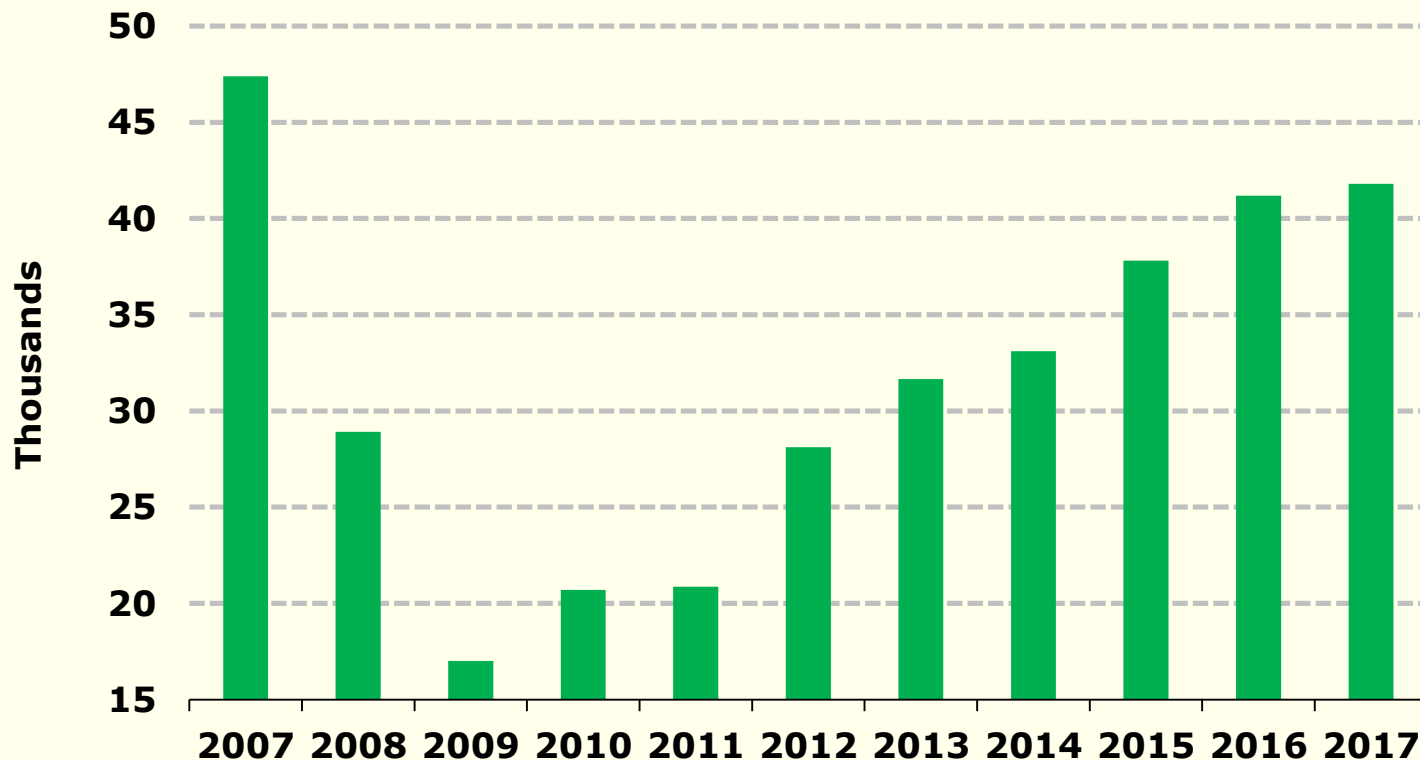


Source: NWMLS, ERFC; data through March 2014



Growth in Washington residential construction activity is expected through 2017

Washington Housing Permits



Source: ERFC February 2014 forecast; historical data through 2013

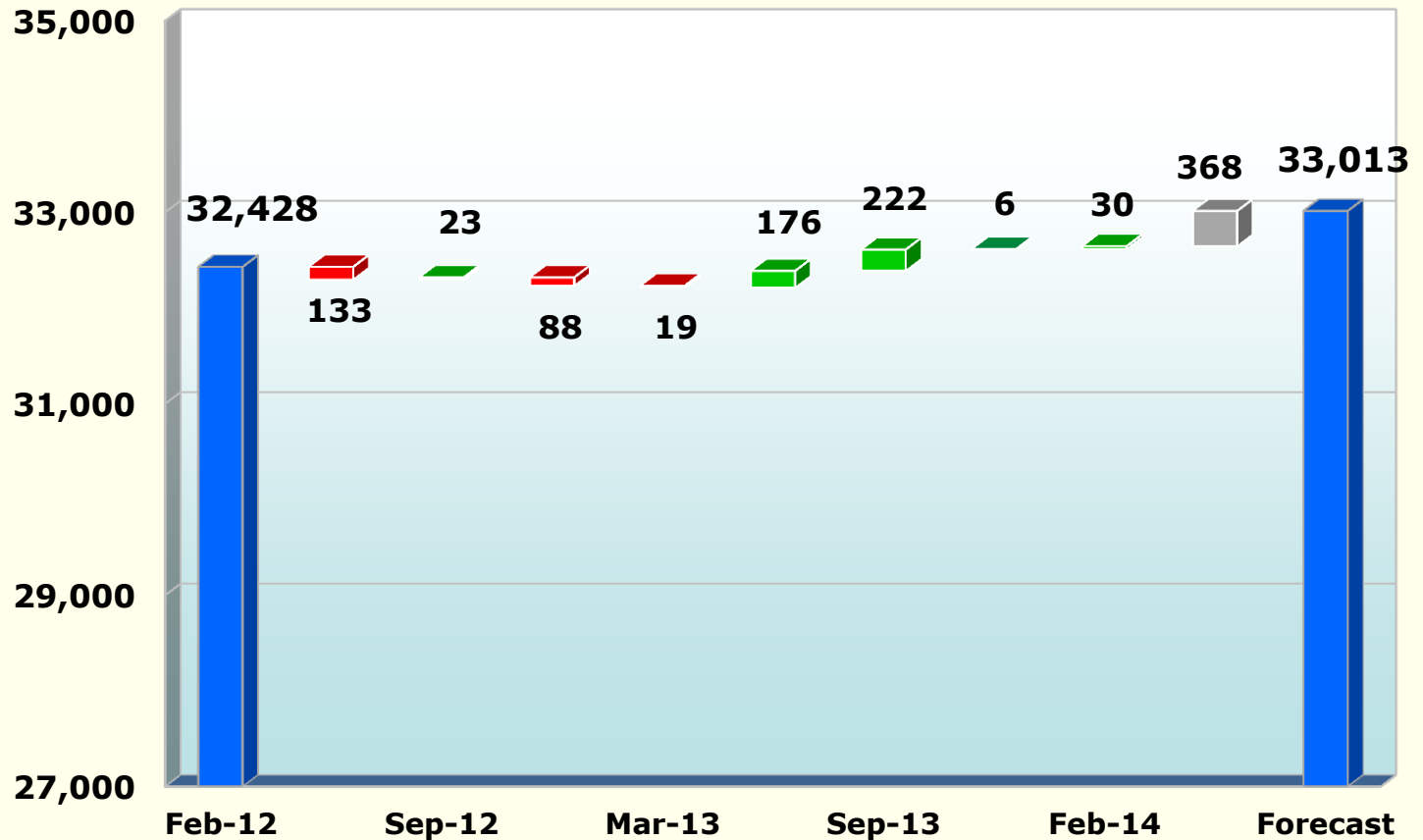


GF-S forecast revisions to the 2013-15 biennium

GF-S New Definition

Gray area
indicates total
noneconomic
change

\$Millions



Source: ERFC February 2012 – February 2014 forecasts



Sales tax growth slowed in November but has picked up



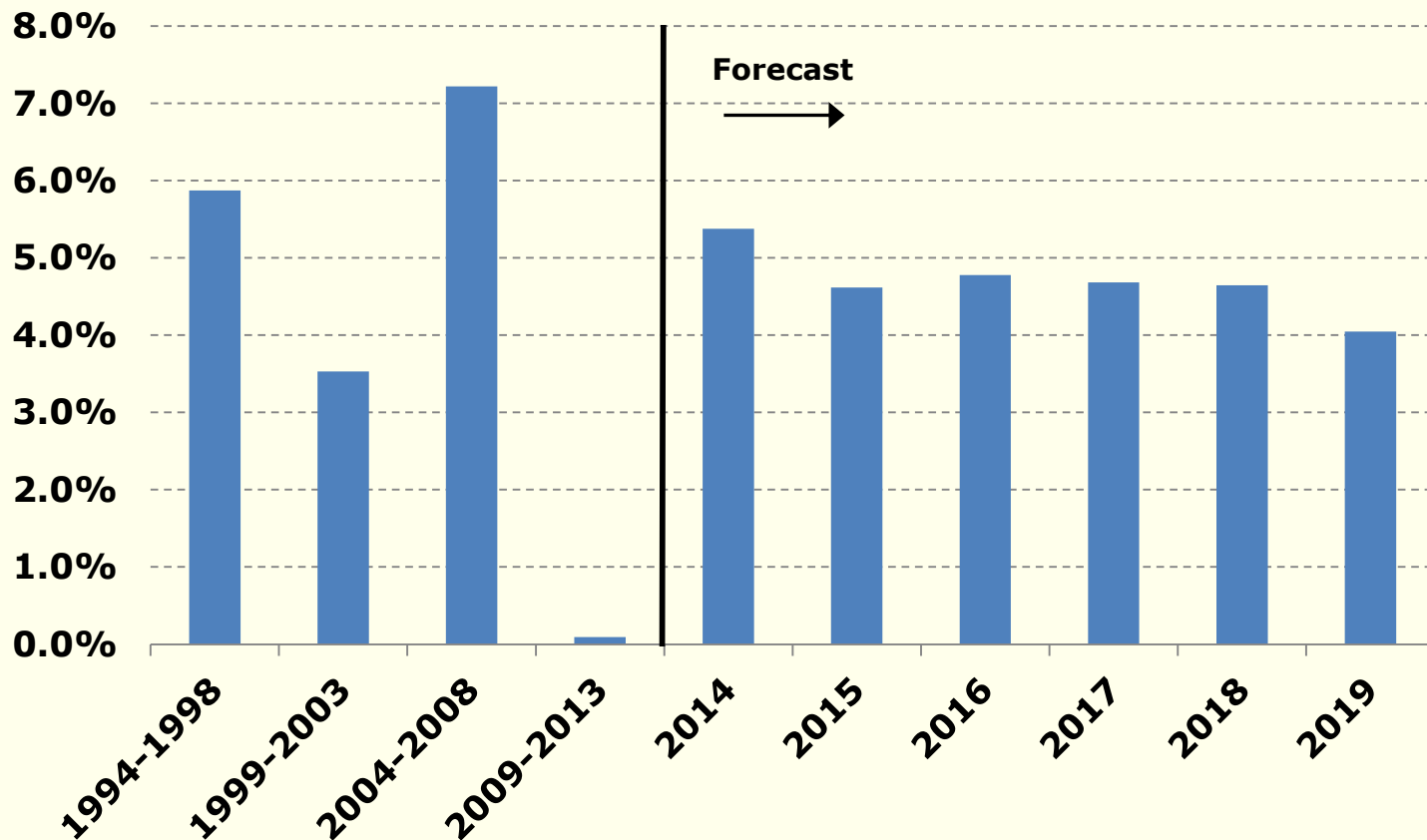
Source: ERFC; Monthly data through February 2014 preliminary activity



Major revenue source growth assuming constant tax bases & rates

Hypothetical
growth for sales,
B&O, use, and
public utility
taxes with
current tax rates
and tax bases

Annual average growth rates



Source: ERFC; Constant rate & base tax data, February 2014 forecast

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



Cannabis revenue estimates

Revenue estimates use assumptions based on research conducted by LCB contractor BOTEC Analysis

\$Millions

February Forecast

	<u>2013-15</u>	<u>2015-17</u>	<u>2017-19</u>
GF-S share of excise tax and license fees	\$0	\$22.9	\$63.0
Retail sales tax and B&O	\$0	\$28.3	\$75.4
Total GF-S	\$0	\$51.2	\$138.5
Dedicated Non GF-S excise tax and licenses fees	\$0	\$110.8	\$285.5

* Detail may not add to total due to rounding

Source: ERFC, BOTEC Analysis



Questions



**Economic & Revenue Forecast Council
1025 E. Union Avenue, Suite 544
Olympia WA 98504-0912**

**www.erfc.wa.gov
360-534-1560**