



Economic and Revenue Forecast Council

EMBARGOED until February 17, 2016, 10:00 am PST when it will be released at www.erfc.wa.gov

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Forecast revised downward as pace of economic growth slows

OLYMPIA, February 17, 2016 – The General Fund-State (GF-S) revenue forecast has been decreased by \$67 million for the 2015-17 biennium and decreased by \$442 million for the 2017-19 biennium.

Economic news continues to suggest risks to the forecast. Both the U.S and global economy have slowed, the stronger dollar has had a negative impact on exports, and manufacturing activity has weakened. On the upside, hourly wages are starting to increase, housing permits have room for additional growth, and lower oil and gasoline prices are a positive for consumers.

Overall the economic forecast expects slower growth in U.S. Gross Domestic Product, Washington personal income, Washington employment, and Washington housing permits than in November. These forecast changes have a negative impact on retail and business sales and on construction-related tax receipts.

General Fund-State revenues are expected to grow 10.3% between the 2013-15 and 2015-17 biennia and 8.0% between the 2015-17 and 2017-19 biennia.

The economic and revenue forecasts are updated quarterly. The next update to the revenue forecast will be on Wednesday, June 15, 2016.

Forecast of GF-S Revenue (probabilities in parenthesis): 2015-17

Baseline (55%): \$37.137 billion; \$67 million lower than the previous forecast.

Optimistic (15%): \$38.705 billion; \$1.568 billion more than the baseline forecast.

Pessimistic (30%): \$35.617 billion; \$1.520 billion less than the baseline forecast.

Governor's Council of Economic Advisors: \$37.082 billion; \$55 million less than the baseline forecast.

Please see our full report for more information. You can access this report at:
http://www.erfc.wa.gov/forecasts/documents/rev20160217_color.pdf

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About the ERFC:

The ERFC was established under RCW 82.33 to provide the Governor and the Legislature with official independent and professional forecasts of the state economy and revenues.