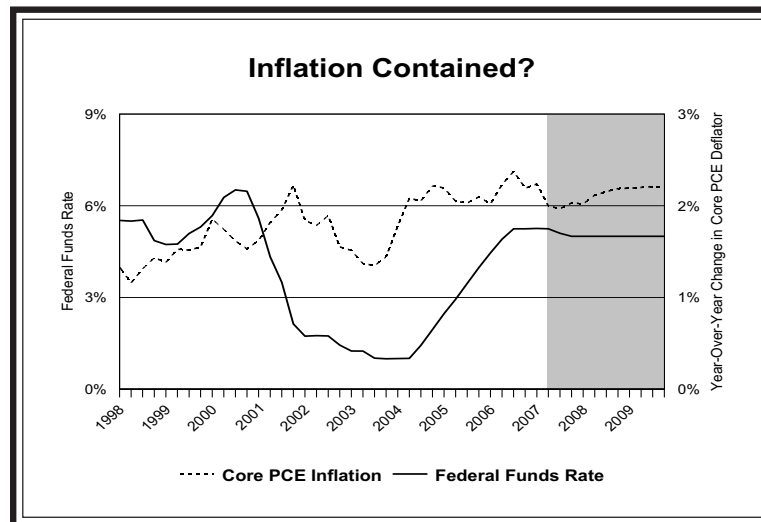


# Washington Economic and Revenue Forecast



June 2007  
Volume XXX, No. 2

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### Explanation of the Cover Graph

*The Federal Reserve's preferred measure of inflation is the rate of change in the price index for personal consumption expenditures excluding food and energy, commonly referred to as core PCE. Currently core PCE inflation is running at about two percent per year which is at the top of the Fed's one to two percent comfort zone. The forecast assumes that the Fed, reassured by the economic slowdown that a resurgence in inflation is unlikely, cuts its target interest rate in the third quarter of 2007 to 5.00 percent from 5.25 percent.*

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# Washington Economic and Revenue Forecast

Prepared by the  
Economic and Revenue Forecast Council

June 2007  
Volume XXX, No.2

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# Preface

The Economic and Revenue Forecast Council is required by Chapter 231, Section 34, Laws of 1992 (RCW 82.33.020) to prepare a quarterly state economic and revenue forecast and submit it to the Forecast Council. This report presents the state's economic and General Fund-State revenue forecast. It is issued four times a year.

Copies on Compact Disc are available to Washington State businesses and residents for \$2.50 per copy, and to those out-of-state for \$5.00 per copy. You may contact our office for more subscription information at (360) 570-6100 or by writing the Office of the Forecast Council, Post Office Box 40912, Olympia, WA 98504-0912.

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*June 2007*

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# Executive Summary

## U.S. Economic Forecast

The June 2007 economic and revenue forecast incorporated the advance GDP estimate for the first quarter of 2007. According to the advance estimate, real GDP growth slowed to just 1.3 percent in the first quarter of 2007 from a revised 2.5 percent in the fourth quarter. The growth rate of final sales was only slightly stronger at 1.6 percent. What little growth there was in the first quarter was more than accounted for by consumer spending which rose at a 3.8 percent rate. Fixed investment declined at a 4.7 percent rate as a result of a 17.0 percent decline in residential fixed investment. The foreign sector was also a drag on growth in the first quarter due to a 1.2 percent decline in exports and a 2.3 percent increase in imports. Government purchases rose at a slight 0.9 percent rate in the first quarter.

Payroll employment growth remained steady at 1.5 percent in the first quarter while the unemployment rate edged up to 4.50 percent from 4.47 percent in the fourth quarter. The Consumer Price Index rose 3.8 percent in the first quarter following a 2.1 percent decline in the fourth quarter. The rebound in inflation was due to energy prices which jumped 16.0 percent in the first quarter following a 34.7 percent decline in the fourth quarter. Core inflation, which excludes food and energy, rose from 1.9 percent to 2.3 percent. Housing starts continued to plunge in the first quarter, falling at a 19.9 percent rate to 1.474 million units. The mortgage rate declined to 6.22 percent in the first quarter from 6.25 percent in the fourth quarter. As expected, the Federal Reserve left its target for the federal funds rate unchanged at 5.25 percent in March and May.

First-quarter GDP growth of just 1.3 percent raises the question of whether the economy has downshifted again, increasing the risk that it could tumble into recession. We believe that the first quarter will prove to be the trough for economic growth. As the year progresses, we anticipate a gradual improvement in growth as the housing drag diminishes, along with some easing in inflation pressures. In the first-quarter details, a big drag from housing and a further downward adjustment in inventory accumulation were not surprising. But there was an upside surprise for business equipment spending (which was soft, but did not decline as feared) and a downside surprise for exports (which fell). Consumer spending rose a robust 3.8 percent, preventing GDP growth from dipping even further. Although the consumer will not be so supportive in the second quarter, we expect second-quarter GDP growth to improve to 2.2 percent. Housing will be a big drag again, but we expect both business equipment spending and exports to improve, while inventories should be roughly neutral.

Annual GDP growth improved to 3.3 percent in 2006 from 3.2 percent in 2005. The forecast expects growth to slow down to 2.1 percent this year, improving to 2.8 percent in 2008 and 3.3 percent in 2009. Nonfarm payroll employment growth improved to 1.9 percent in 2006 from 1.7 percent in 2005. Slower growth is expected for the next three years. Employment is expected to grow 1.3 percent this year and 1.1

percent next year before recovering to 1.5 percent in 2009. The unemployment rate also improved in 2006, declining to 4.63 percent from 5.07 percent in 2005. The forecast expects the unemployment rate to rise slightly to 4.66 percent in 2007 and 4.86 percent in 2008, dipping to 4.67 percent in 2009 as stronger growth resumes. Inflation, as measured by the implicit price deflator for personal consumption expenditures, eased slightly to 2.7 percent in 2006 from 2.9 percent in 2005. Rising energy costs continue to boost overall inflation. Core inflation, which excludes food and energy, increased slightly from 2.1 percent to 2.2 percent. Energy costs will be neutral in 2007 and will help restrain inflation in 2008 and 2009. The overall implicit price deflator is expected to rise 2.1 percent in 2007, 2.1 percent in 2008, and 2.2 percent in 2009.

## **Washington State Economic Forecast**

The state's employment growth rate improved to 2.7 percent in the first quarter of 2007 from 2.6 percent in the fourth quarter of 2006. Manufacturing employment rose at a 2.5 percent rate in the first quarter, led by aerospace employment, which rose at a 6.4 percent rate. Manufacturing employment other than aerospace rose at a modest 1.1 percent rate. First quarter employment growth was strong in most private nonmanufacturing sectors as well. Information employment increased at a 7.9 percent rate mainly as a result of an 8.0 percent increase in software employment. Information other than software employment was also quite strong in the first quarter, rising at a 7.7 percent annual rate. Construction employment continued to grow rapidly in the first quarter, rising at a 7.0 percent annual rate. Leisure and hospitality employment grew 4.1 percent, trade transportation, and utilities employment grew 3.6 percent, professional and business services employment grew 3.2 percent, and financial activities employment and education and health services employment each grew 2.6 percent. "Other services" employment increased at a 0.3 percent rate and natural resources (logging) and mining employment declined at a 0.1 percent rate. In the public sector, federal government employment fell at a 2.3 percent rate while state and local government employment declined at a 0.9 percent rate.

Washington's personal income in the fourth quarter of 2006 was \$1.279 billion (0.5 percent) higher than the estimate made in March. Total wages were \$1.075 billion (0.8 percent) higher than expected in March. Software wages were \$0.079 billion (1.4 percent) higher than expected and non-software wages were \$0.996 billion (0.8 percent) higher. Nonwage personal income was \$0.203 billion (0.2 percent) above the March estimate for the fourth quarter. The forecast assumes that income growth jumped to 9.9 percent in the first quarter of 2007 from 1.3 percent in the fourth quarter of 2006. The improvement in growth was primarily due to software bonuses and stock awards in the third quarter which artificially held down growth in the fourth quarter. Excluding software wages, personal income growth improved to 10.8 percent in the first quarter from 7.0 percent in the fourth quarter. The forecast assumes that wage and salary disbursements rose at a 9.7 percent rate and that income from sources other than wages grew at a 10.2 percent rate.

The number of housing units authorized by building permit jumped 17,400 in the first quarter of 2007 to 59,500 from 42,100 in the fourth quarter of 2006. Single-family permits increased only 2,500 to 32,700 but multi-family permits soared 14,900 to 26,900. The second quarter of 2007 got off to a weaker start. April housing units authorized by building permit totaled 39,200 of which 30,900 were single-family and 8,200 were multi-family.

The forecast also reflects Seattle consumer price data through April 2007. After trailing the national average during 2002, 2003, and 2004, December-December Seattle core inflation (excluding food and energy) edged ahead of the national average in 2005, rising 2.3 percent compared to 2.2 percent. Core inflation in Seattle shot well ahead of the national average in 2006, rising 3.7 percent compared to 2.6

percent for the U.S. city average. Strong regional inflation continued in early 2007. Core Seattle prices rose at a 4.4 percent rate during the first four months of 2007 compared to 2.2 percent for the U.S. while the Seattle all items CPI rose at a 5.1 percent annual rate compared to the national rate of 4.8 percent.

The new Washington forecast generally reflects the slower near term growth in the U.S. forecast. The exception is the construction sector. The national forecast shows an even more severe downturn than assumed in the March forecast but the Washington forecast continues to expect a slowing, but no significant decline. The very strong housing activity in the first quarter followed a very weak fourth quarter. We believe the underlying trend is close to 50,000 units with higher multi-family activity offsetting much of the decline in the single-family market. The forecast assumes that continued growth in nonresidential construction will also offset some of the residential weakness. The software employment forecast has been reduced mainly as a result of a downward revision to the historical data. Nevertheless, software employment is still expected to rise 8,700 from the fourth quarter of 2006 to the fourth quarter of 2009. The Washington aerospace employment forecast is virtually unchanged since March. As of April, the aerospace sector has added 16,600 jobs since the trough in May 2004. The forecast expects another 3,400 new aerospace jobs by mid-2008 when employment is expected to level off at 80,900. This is still 32,200 (28.5 percent) lower than the previous peak in June 1998.

Propelled by continued strength in construction, aerospace, and software, Washington nonfarm payroll employment growth increased to 2.9 percent in 2006 from 2.8 percent in 2005. Growth in these key industries is expected to slow during the next three years and the state will also be affected by the slowdown in the national economy. The forecast calls for employment growth rates of 2.1 percent in 2007 and 2.0 percent per year in 2008 and 2009. Washington personal income growth jumped to 7.2 percent in 2006 from 2.9 percent in 2005. The weak growth in 2005 was largely due to Microsoft's special dividend in November 2004, which temporarily boosted Washington personal income by nearly 3 percentage points. Without the special dividend in 2004, personal income growth in 2005 would have been 5.6 percent. Income growth is expected to remain strong, slowing only slightly to 7.0 percent in 2007, 6.6 percent in 2008, and 6.8 percent in 2009. After four years of uninterrupted growth, the number of housing units authorized by building permit fell 3,000 in 2006 to 50,000. Higher mortgage rates are expected to depress the single-family market during the next three years. Largely offsetting this will be strong population growth, which should boost multi-family activity. The forecast expects total housing permits to increase to 51,200 in 2007 due to a jump in multi-family permits before declining to 48,900 in 2008 and 48,100 in 2009. Inflation, as measured by the Seattle CPI, jumped to 3.7 percent in 2006 from 2.8 percent in 2005. Core inflation (excluding food and energy) was more moderate but also jumped to 3.3 percent in 2006 from 1.8 percent in 2005. Energy costs are not expected to play a major role in 2007 and declining energy costs in 2008 and 2009 should help lower overall inflation in those years. The slowdown in the overall economy should also help restrain core inflation. As a result, inflation should decline to 3.6 percent, 2.4 percent, and 2.5 percent in 2007, 2008, and 2009.

## **Washington State Revenue Forecast**

The General Fund-State revenue forecast has been increased by \$483.6 million for the combined 2005-07 and 2007-09 biennia. The June economic forecast reflects newly available data that shows a higher level of personal income and stronger construction activity in Washington than assumed in March. However, the most important reason for the upward revision in the revenue forecast is the recent strength in revenue collections which demonstrates that consumer and business spending in Washington remains strong.

The June 2007 General Fund-State revenue estimate for the 2005-07 biennium is \$27,705.2 million. The new forecast is \$195.1 million more than expected in March of which \$78.0 million is due to unexpected and non-recurring special factors. The forecast for the 2007-09 biennium is \$29,804.0 million, which is \$288.5 million higher than expected in the March forecast. The forecast change for 2007-09 includes the impact of new legislation since the March forecast was adopted.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2005-07 and 2007-09 biennia. The forecast based on more optimistic economic assumptions netted \$97 million (0.4 percent) more revenue in the current biennium and \$1,392 million (4.7 percent) more revenue in the next biennium than did the baseline while the pessimistic alternative was \$97 million (0.4 percent) lower this biennium and \$1,470 million (4.9 percent) lower next biennium. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$18 million (0.1 percent) less revenue this biennium and \$37 million (0.1 percent) less revenue next biennium than did the baseline forecast.

*Note: The economic data discussed in this chapter were current at the time the forecast was prepared. Many concepts including real GDP have changed since then due to new releases and data revisions.*



# Washington State and U.S. Economic Forecasts

## Recent U.S. Economic Activity

The June 2007 economic and revenue forecast incorporated the advance GDP estimate for the first quarter of 2007. According to the advance estimate, real GDP growth slowed to just 1.3 percent in the first quarter of 2007 from a revised 2.5 percent in the fourth quarter. The growth rate of final sales was only slightly stronger at 1.6 percent. What little growth there was in the first quarter was more than accounted for by consumer spending which rose at a 3.8 percent rate. Purchases of durable goods rose at a strong 7.3 percent rate and purchases of nondurable goods and services rose 2.9 percent and 3.7 percent. Fixed investment declined at a 4.7 percent rate as a result of a 17.0 percent decline in residential fixed investment. Business investment in equipment and software rose at a 1.9 percent rate and nonresidential construction increased 2.2 percent. The foreign sector was also a drag on growth in the first quarter due to a 1.2 percent decline in exports and a 2.3 percent increase in imports. Government purchases rose at a slight 0.9 percent rate in the first quarter. Military spending declined 6.6 percent but federal civilian spending rose 4.7 percent and state and local government purchases increased 3.3 percent.

Payroll employment growth remained steady at 1.5 percent in the first quarter while the unemployment rate edged up to 4.50 percent from 4.47 percent in the fourth quarter. The Consumer Price Index rose 3.8 percent in the first quarter following a 2.1 percent decline in the fourth quarter. The rebound in inflation was due to energy prices which jumped 16.0 percent in the first quarter following a 34.7 percent decline in the fourth quarter. Core inflation, which excludes food and energy, rose from 1.9 percent to 2.3 percent. Housing starts continued to plunge in the first quarter, falling at a 19.9 percent rate to 1.474 million units. The mortgage rate declined to 6.22 percent in the first quarter from 6.25 percent in the fourth quarter. As expected, the Federal Reserve left its target for the federal funds rate unchanged at 5.25 percent in March and May.

## U.S. Forecast Highlights

First-quarter GDP growth of just 1.3 percent raises the question of whether the economy has downshifted again, increasing the risk that it could tumble into recession. We believe that the first quarter will prove to be the trough for economic growth. As the year progresses, we anticipate a gradual improvement in growth as the housing drag diminishes, along with some easing in inflation pressures. In the first-quarter details, a big drag from housing and a further downward adjustment in inventory accumulation were not surprising. But there was an upside surprise for business equipment spending (which was soft, but did not

decline as feared) and a downside surprise for exports (which fell). Consumer spending rose a robust 3.8 percent, preventing GDP growth from dipping even further. Although the consumer will not be so supportive in the second quarter, we expect second-quarter GDP growth to improve to 2.2 percent. Housing will be a big drag again, but we expect both business equipment spending and exports to improve, while inventories should be roughly neutral.

Annual GDP growth improved to 3.3 percent in 2006 from 3.2 percent in 2005. The forecast expects growth to slow down to 2.1 percent this year, improving to 2.8 percent in 2008 and 3.3 percent in 2009. Nonfarm payroll employment growth improved to 1.9 percent in 2006 from 1.7 percent in 2005. Slower growth is expected for the next three years. Employment is expected to grow 1.3 percent this year and 1.1 percent next year before recovering to 1.5 percent in 2009. The unemployment rate also improved in 2006, declining to 4.63 percent from 5.07 percent in 2005. The forecast expects the unemployment rate to rise slightly to 4.66 percent in 2007 and 4.86 percent in 2008, dipping to 4.67 percent in 2009 as stronger growth resumes. Inflation, as measured by the implicit price deflator for personal consumption expenditures, eased slightly to 2.7 percent in 2006 from 2.9 percent in 2005. Rising energy costs continue to boost overall inflation. Core inflation, which excludes food and energy, increased slightly from 2.1 percent to 2.2 percent. Energy costs will be neutral in 2007 and will help restrain inflation in 2008 and 2009. The overall implicit price deflator is expected to rise 2.1 percent in 2007, 2.1 percent in 2008, and 2.2 percent in 2009.

1. Real GDP growth improved slightly in fiscal 2006 to 3.4 percent from 3.3 percent in 2005. Growth during the last three years has been primarily driven by consumer spending, business spending on equipment and software, residential fixed investment, and military spending. Increasing trade deficits, however, have cost the economy 0.4 percentage points per year in growth. Consumer spending is expected to slow during the next three years though it will remain the major source of GDP growth. Business spending on equipment and software is expected to remain strong during the next three years and nonresidential construction is expected to bounce back in 2007 but residential investment growth is expected to be negative in 2007 and 2008. Net exports, which have been a drag on growth for years, should add to GDP growth beginning this year. Overall GDP growth is expected to slow during the next two years as the economy slips slightly below its potential growth path. The forecast calls for GDP growth rates of 2.5 this year and 2.3 percent in 2008, recovering to 3.2 percent in 2009.
2. Inflation, as measured by the implicit price deflator for personal consumption expenditures, increased to 3.1 percent in fiscal 2006 from 2.7 percent in 2005. Surging energy costs continue to add to overall inflation. Core inflation rose at a moderate 2.1 percent in fiscal 2006, the same rate as in 2005. Energy costs will be essentially neutral this year and falling energy prices will help hold down headline inflation in 2008 and 2009. A softening economy will also help keep inflation in check. The forecast expects overall inflation rates of 2.3 percent in 2007 and 1.9 percent per year in 2008 and 2009.
3. The Federal Reserve has held its target for the federal funds rate steady at 5.25 percent since June 2006 following 17 consecutive 25-basis-point increases. Though the Fed notes signs of a softening economy, it continues to express greater concern about inflationary pressures. Nevertheless, the forecast assumes that the economy will slow enough to allow the Fed to make a 25-basis-point reduction in August 2007. The three-month Treasury bill rate rose to 4.06 percent in fiscal 2006 from 2.21 percent in fiscal 2005 and a 57-year-low 0.96 percent in fiscal 2004. The forecast expects the T-bill rate to increase to 4.91 percent in 2007, easing only slightly to 4.87 percent in 2008 and returning to 4.91 percent in 2009. The rise in long term rates has been much more

restrained. The mortgage rate increased from 5.78 percent in fiscal 2005 to 6.20 percent in 2006. The forecast expects the mortgage rate to continue rising during the next three years to 6.30 percent in 2007, 6.35 percent in 2008, and 6.78 percent in 2009.

4. Spurred by low mortgage interest rates, housing starts have increased in each of the last five fiscal years. Starts increased 1.0 percent in fiscal 2006 to 2.039 million units. This was the highest level of housing starts since 1973. Not surprisingly, given the low mortgage rates, the strength has been primarily in the single family market. The 1.686 million single family units started in 2006 was the highest ever. Fiscal 2006 should prove to be the peak in housing. Affordability has fallen sharply due to the run-up in home prices and rising mortgage interest rates. As a result, demand has fallen off and inventories of unsold homes have risen sharply. Rising mortgage delinquencies and tightening lending standards further cloud the housing outlook. The forecast calls for a 23.9 percent reduction in starts in 2007 to 1.551 million units and a 10.9 percent decline in 2008 to 1.382 million units. Housing starts are expected to bounce back 15.0 percent to 1.590 million units in the final year of the forecast.
5. The nation's unemployment rate declined from 5.29 percent in fiscal 2005 to a five-year-low 4.83 percent in 2006. In spite of the recent weakening in the national economy, the unemployment rate is expected to decline again this year to 4.56 percent. The mild slowdown in the U.S. economy is expected to cause a modest increase in the unemployment rate. The forecast calls for the unemployment rate to rise to 4.83 percent in 2008 and 4.79 percent in 2009.
6. Growth in the economy is having a very beneficial impact on the federal deficit. Sharp revenue gains, fueled by surging profits and bonuses, are driving the improvement. Revenues are improving so sharply that the federal deficit (national income and product accounts basis) dropped to \$242.4 billion in fiscal 2006 from \$330.9 billion in 2005 and a record \$403.6 billion in 2004. Nevertheless, the forecast still assumes that higher taxes will be needed eventually to keep the deficit under control. The forecast expects the deficit to improve again in 2007 to \$150.0 billion, widening to \$201.3 billion in 2008 and \$208.6 billion in 2009.
7. The trade deficit has been a huge drag on GDP growth in recent years. The trade deficit (national income and product accounts basis) increased in fiscal 2006 to an all-time record \$762.8 billion from \$666.5 billion in 2005. Foreign economic growth is strong and the dollar is expected to continue to decline, which should help restrain real imports and boost real exports. The forecast expects the deficit to narrow to \$737.8 billion in 2007, \$684.6 billion in 2008, and \$641.6 billion in 2009.

Table 1.1 provides a fiscal year summary of the U.S. economic indicators.

## Recent Economic Activity in Washington

The Employment Security Department has released preliminary employment estimates through April 2007. This forecast is based on adjusted employment estimates as described in **Adjustments to Economic Data**. The state's employment growth rate improved to 2.7 percent in the first quarter of 2007 from 2.6 percent in the fourth quarter of 2006. Manufacturing employment rose at a 2.5 percent rate in the first quarter, led by aerospace employment, which rose at a 6.4 percent rate. Manufacturing employment other than aerospace rose at a modest 1.1 percent rate. First quarter employment growth was strong in most private nonmanufacturing sectors as well. Information employment increased at a 7.9 percent rate mainly as a result of an 8.0 percent increase in software employment. Information other than software employment was also quite strong in the first quarter, rising at a 7.7 percent annual rate. Construction

employment continued to grow rapidly in the first quarter, rising at a 7.0 percent annual rate. Leisure and hospitality employment grew 4.1 percent, trade transportation, and utilities employment grew 3.6 percent, professional and business services employment grew 3.2 percent, and financial activities employment and education and health services employment each grew 2.6 percent. “Other services” employment increased at a 0.3 percent rate and natural resources (logging) and mining employment declined at a 0.1 percent rate. In the public sector, federal government employment fell at a 2.3 percent rate while state and local government employment declined at a 0.9 percent rate.

In March 2007 the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) revised its quarterly state personal income estimates through the third quarter of 2006 and released preliminary estimates for the fourth quarter. This forecast is based on adjusted personal income estimates as described in **Adjustments to Economic Data**. According to the adjusted estimates, Washington’s personal income in the fourth quarter of 2006 was \$1.279 billion (0.5 percent) higher than the estimate made in March. Total wages were \$1.075 billion (0.8 percent) higher than expected in March. Software wages were \$0.079 billion (1.4 percent) higher than expected and non-software wages were \$0.996 billion (0.8 percent) higher. Nonwage personal income was \$0.203 billion (0.2 percent) above the March estimate for the fourth quarter. The forecast assumes that income growth jumped to 9.9 percent in the first quarter of 2007 from 1.3 percent in the fourth quarter of 2006. The improvement in growth was primarily due to software bonuses and stock awards in the third quarter which artificially held down growth in the fourth quarter. Excluding software wages, personal income growth improved to 10.8 percent in the first quarter from 7.0 percent in the fourth quarter. The forecast assumes that wage and salary disbursements rose at a 9.7 percent rate and that income from sources other than wages grew at a 10.2 percent rate.

The number of housing units authorized by building permit jumped 17,400 in the first quarter of 2007 to 59,500 from 42,100 in the fourth quarter of 2006. Single-family permits increased only 2,500 to 32,700 but multi-family permits soared 14,900 to 26,900. The second quarter of 2007 got off to a weaker start. April housing units authorized by building permit totaled 39,200 of which 30,900 were single-family and 8,200 were multi-family.

The forecast also reflects Seattle consumer price data through April 2007. After trailing the national average during 2002, 2003, and 2004, December-December Seattle core inflation (excluding food and energy) edged ahead of the national average in 2005, rising 2.3 percent compared to 2.2 percent. Core inflation in Seattle shot well ahead of the national average in 2006, rising 3.7 percent compared to 2.6 percent for the U.S. city average. Strong regional inflation continued in early 2007. Core Seattle prices rose at a 4.4 percent rate during the first four months of 2007 compared to 2.2 percent for the U.S. while the Seattle all items CPI rose at a 5.1 percent annual rate compared to the national rate of 4.8 percent.

## **Adjustments to Economic Data**

This forecast utilized an alternative employment estimate produced by the Department of Employment Security which incorporates more recent covered employment and payrolls data than does the Bureau of Labor Statistics (BLS) estimate. The alternative employment estimate incorporated the covered employment and payrolls data through the fourth quarter of 2006 which added 3,000 (0.1 percent) to the BLS Current Employment Statistics (CES) estimate for December 2006. By April 2007 the difference had widened slightly to 3,100 (0.1 percent).

The BEA benchmarks its estimates for wage and salary disbursements to the Quarterly Census of Employment and Wages (QCEW) data for all sectors except agriculture and federal government. We have more up-to-date QCEW data for wages for the fourth quarter of 2006 than were available to the Bureau of Economic Analysis (BEA) at the time of their latest state personal income release. We derived fourth

quarter 2006 wage estimates for these sectors based on the QCEW data. Unadjusted BEA estimates were used for farm, federal civilian, and military wages as well as for all nonwage components of personal income. Our adjustments increased the fourth quarter wage estimate by \$0.192 billion (0.1 percent), adding 0.1 percent to total personal income in that quarter.

## Washington State Forecast Highlights

The new Washington forecast generally reflects the slower near term growth in the U.S. forecast. The exception is the construction sector. The national forecast shows an even more severe downturn than assumed in the March forecast but the Washington forecast continues to expect a slowing, but no significant decline. The very strong housing activity in the first quarter followed a very weak fourth quarter. We believe the underlying trend is close to 50,000 units with higher multi-family activity offsetting much of the decline in the single-family market. The forecast assumes that continued growth in nonresidential construction will also offset some of the residential weakness. The software employment forecast has been reduced mainly as a result of a downward revision to the historical data. Nevertheless, software employment is still expected to rise 8,700 from the fourth quarter of 2006 to the fourth quarter of 2009. The Washington aerospace employment forecast is virtually unchanged since March. As of April, the aerospace sector has added 16,600 jobs since the trough in May 2004. The forecast expects another 3,400 new aerospace jobs by mid-2008 when employment is expected to level off at 80,900. This is still 32,200 (28.5 percent) lower than the previous peak in June 1998.

Propelled by continued strength in construction, aerospace, and software, Washington nonfarm payroll employment growth increased to 2.9 percent in 2006 from 2.8 percent in 2005. Growth in these key industries is expected to slow during the next three years and the state will also be affected by the slowdown in the national economy. The forecast calls for employment growth rates of 2.1 percent in 2007 and 2.0 percent per year in 2008 and 2009. Washington personal income growth jumped to 7.2 percent in 2006 from 2.9 percent in 2005. The weak growth in 2005 was largely due to Microsoft's special dividend in November 2004, which temporarily boosted Washington personal income by nearly 3 percentage points. Without the special dividend in 2004, personal income growth in 2005 would have been 5.6 percent. Income growth is expected to remain strong, slowing only slightly to 7.0 percent in 2007, 6.6 percent in 2008, and 6.8 percent in 2009. After four years of uninterrupted growth, the number of housing units authorized by building permit fell 3,000 in 2006 to 50,000. Higher mortgage rates are expected to depress the single-family market during the next three years. Largely offsetting this will be strong population growth, which should boost multi-family activity. The forecast expects total housing permits to increase to 51,200 in 2007 due to a jump in multi-family permits before declining to 48,900 in 2008 and 48,100 in 2009. Inflation, as measured by the Seattle CPI, jumped to 3.7 percent in 2006 from 2.8 percent in 2005. Core inflation (excluding food and energy) was more moderate but also jumped to 3.3 percent in 2006 from 1.8 percent in 2005. Energy costs are not expected to play a major role in 2007 and declining energy costs in 2008 and 2009 should help lower overall inflation in those years. The slowdown in the overall economy should also help restrain core inflation. As a result, inflation should decline to 3.6 percent, 2.4 percent, and 2.5 percent in 2007, 2008, and 2009.

1. Nominal personal income growth fell to 3.9 percent in fiscal 2006 from 7.5 percent in fiscal 2005. The apparent decline in growth was due to the special one-time dividend paid by Microsoft in December 2004. Without the special dividend, personal income growth would have accelerated to 6.6 percent in fiscal 2006 from 4.8 percent in 2005. The improvement in growth in 2006, excluding the special dividend effect, was primarily due to much stronger average wage growth, especially in the software sector. Job growth also improved in 2006 as did growth of income from

sources other than wages. The forecast expects even stronger income growth during the next three years in spite of slower employment growth and similar average wage growth. The main reason for stronger income growth is much stronger income growth from sources other than wages, especially dividends, interest, and rent. The forecast expects total personal income growth rates of 6.9 percent per year in 2007 and 2008 and 6.7 percent in 2009. Software wages are not expected to have a major impact on overall income growth during this period.

2. Washington real personal income growth fell to just 0.7 percent in fiscal 2006 from 4.7 percent in 2005, again as a result of the special Microsoft dividend in December 2004. Excluding the special dividend, real income growth improved from 2.0 percent to 3.3 percent. Even stronger real personal income growth is expected during the next three years. Nominal income growth is expected to remain strong, as noted above, and inflation is expected to decline, further boosting real income growth. The forecast calls for real personal income growth rates of 4.6 percent in 2007, 4.9 percent in 2008, and 4.7 percent in 2009.
3. Total payroll employment in Washington rose 3.0 percent in fiscal 2006, up from 2.4 percent in 2005. Booming construction employment growth coupled with strong growth in both aerospace and software accounted for most of the improvement in overall job growth. Slower growth is expected during the next three years, however, due to weaker U.S. growth, a leveling off of construction employment, and slower aerospace employment growth. The forecast calls for employment growth rates of 2.5 percent in 2007, 2.0 percent in 2008, and 2.1 percent in 2009.
  - ◆ As of April 2007, the aerospace recovery has added 16,600 jobs since the trough of the last downturn in May 2004. Previously, 27,300 aerospace jobs had been lost since the September 11 terrorist attacks and 52,300 jobs had been lost since the June 1998 peak. Boeing Commercial Airplanes recorded a record 1044 net commercial airplane orders in 2006 and currently has a backlog exceeding six years worth of current revenue. Boeing delivered 398 planes in 2006, a 37 percent over the 290 delivered in 2005. Boeing expects to increase deliveries in 2007 to between 440 and 445 planes and again in 2008 to between 515 and 520 planes. They expect to increase deliveries in 2009 as well. The aerospace employment forecast assumes employment grows at an average rate of 3.5 percent per year through the third quarter of next year, leveling off at 80,900 employees. The new employment peak will be 32,200 (28.5 percent) lower than the previous peak in June 1998.
  - ◆ After more than a decade of robust and sustained growth, employment by Washington's software publishers flattened in mid-2001. Microsoft continued to grow, albeit at a reduced rate, but other Washington software publishers suffered absolute declines. Since mid-2003, however, growth has picked up to an average annual rate of 6.7 percent including an 8.8 percent increase over the most recent four quarters. Microsoft's announcement in February 2006 that it will accelerate the planned expansion of its Redmond campus, adding enough office space for about 12,000 employees, bodes well for software employment growth in Washington as does Microsoft's announcement in April of significant increases in R&D spending. The forecast assumes software employment will remain relatively high, growing at an average rate of 5.7 percent through the remainder of the forecast.
  - ◆ Bolstered primarily by a hot housing market and more recently by an upturn in nonresidential building, Washington's construction employment growth has averaged 7.4 percent per year since mid-2003. Employment is now 39,800 (24.5 percent) higher than at the previous peak in the first quarter of 2001 and 49,100 (32.4 percent) higher than at the trough in the first

quarter of 2002. Single-family housing permits are already more than 20 percent below the peak level set in the first quarter of 2005 and further declines are expected as mortgage rates rise. Largely offsetting the weakness in single-family activity has been an increase in multi-family activity in response to strong migration into Washington. As a result, the forecast expects only a slight decline in overall housing permits. In addition, nonresidential construction is expected to continue to expand. The forecast expects construction employment growth to slow down but remain positive. Growth is expected to average just 0.6 percent per year from the second quarter of 2007 through the end of 2009.

- ◆ Financial activities employment is strongly influenced by real estate and mortgage market developments. Declining mortgage rates not only stimulate housing demand but also set off waves off mortgage refinancing. After two consecutive quarterly declines, financial activities employment bounced back in the first quarter of 2007, rising at a 2.6 percent annual rate. Unsurprisingly, the reason for the turnaround was a recovery in credit intermediation and related activities which had fallen sharply during 2006 in response to rising mortgage rates and is now responding positively to the dip in rates in the fourth and first quarters. The housing slowdown and rising mortgage rates should restrain employment growth to an average rate of 1.6 percent per year.
- ◆ Washington retail trade employment fell farther during the recession than did U.S. retail trade employment but the recovery here was also earlier and stronger. By the end of 2002 Washington retail trade employment had fallen 3.7 percent since its pre-recession peak. Most of the decline was in the miscellaneous “other retail trade” category, which includes e-tailing, a clear casualty of the dot-com implosion. After a slow start, the recovery in retail trade employment accelerated during 2005 and 2006. Retail employment rose at an average annual rate of 2.3 percent from the fourth quarter of 2004 through the first quarter of 2007. During the remainder of the forecast, employment growth is expected to average 2.0 percent per year.
- ◆ Employment in the professional and business services sector plunged 6.6 percent from the end of 2000 through the first quarter of 2002. The 20,300 jobs lost during the recession can be attributed to employment services (mainly temporary help agencies), which fell 14,000 (26.1 percent) and computer systems design and related services, which fell 6,100 (20.0 percent). These areas of weakness have turned around. Employment in computer systems design and related services has increased 25.1 percent during the last two years while employment services employment is up 17.2 percent during the same period. Largely as a result of this turnaround, overall professional and business services employment growth has averaged 4.2 percent per year during the last two years. The forecast expects even stronger growth averaging 4.6 percent per year through the end of 2009.
- ◆ State and local government employment grew throughout the recession but the protracted slowdown in the state’s economy put pressure on state and local governments’ budgets with a lag. From the end of 2000 through the end of 2002, employment grew at an average rate of 1.9 percent per year (excluding the impact of the reclassification of tribal government employment in January 2001). Since then employment growth has slowed to an average rate of 0.6 percent per year and just 0.2 percent per year excluding the small but rapidly expanding tribal government sector. The forecast assumes some improvement as state and local government budgets recover and tribal government employment should continue to grow rapidly but local public education employment growth will be restrained by slow school age population growth.

The forecast expects an average growth rate of 1.4 percent per year (1.1 percent per year excluding tribal employment).

4. The number of housing units authorized by building permit in Washington rose 3.6 percent in fiscal 2006 to 53,900 units following increases of 13.7 percent, 4.1 percent, and 17.0 percent in 2003, 2004, and 2005. The strength in housing has been mainly in the single family market which has benefited from record low mortgage interest rates. Single family permits increased 4.8 percent in 2006 to a 28 year high 40,400 units. Multi-family permits rose 0.2 percent to 13,500 units. Rising home prices and mortgage rates will depress the single family market beginning in 2007. Largely offsetting this is strong net migration which should continue to boost multi-family activity. The net effect is a modest reduction in overall activity during the next three years. The forecast expects a 6.8 percent decrease in 2007 to 50,200 units, a 1.8 percent decline in 2008 to 49,300 units, and a 1.7 percent reduction in 2009 to 48,500 units.
5. Inflation in the Seattle metropolitan area, as measured by the consumer price index for all urban consumers, increased in fiscal 2006 to 3.2 percent from 1.9 percent in 2005. The increase was partly due to soaring energy costs, but core inflation in Seattle increased from 1.0 percent to 2.1 percent. Seattle inflation trailed the national average in 2003, 2004, 2005, and 2006 reflecting the impact of a more severe local recession. A slowdown in the U.S. economy should help restrain inflation but the stronger local economy should cause Seattle inflation to rise above the U.S. rate. The forecast calls for Seattle inflation rates of 4.0 percent, 2.7 percent, and 2.5 percent in 2007, 2008, and 2009 compared to a national rates of 2.5 percent, 1.8 percent, and 1.9 percent.

Table 1.2 provides a fiscal year summary of the state economic indicators.

## Alternative Forecasts

As required by statute, the Forecast Council has also adopted two alternatives to the baseline forecast. One of these was based on more optimistic economic assumptions than the baseline and one was based on more pessimistic assumptions. These alternatives are summarized in Table 1.3.

**Pessimistic Forecast:** After a quarter-century of declining inflation, signs of reacceleration are emerging. Soaring oil prices, a sliding dollar, and tightening labor markets may have produced the conditions for a serious pickup of inflation. The pessimistic alternative assumes that there is less spare capacity than thought. Rapid technological advances and high oil prices may have rendered obsolete much of the idled capacity that theoretically remains on the books. It assumes that the dollar weakens quickly, as foreign investors take fright at the spiraling U.S. trade deficit. Interest rates rise as foreign investors diversify away from the dollar, and the federal deficit widens relative to the baseline. The falling dollar adds to the upward pressure on inflation. In the pessimistic scenario, core inflation accelerates, and the Fed responds by tightening. This simulation also has a deeper housing downturn than the baseline. Capital spending is also weaker. Between the higher interest rates and persistently high energy prices, consumer confidence suffers. Consumers rein in their discretionary spending and the U.S. economy slows. At the same time hiring falters, causing the unemployment rate to climb. Debt-burdened consumers retrench further. The economy nearly sinks into recession, falling well below its potential, with GDP growth at just 1.3 percent for all of 2007. At the state level, aerospace employment growth is much slower in 2007 than in the baseline forecast and begins to decline again in 2008. Data revisions show that the initial level of Washington personal income is lower than was assumed in the baseline. Population growth is also slower in this scenario. Construction employment begins to decline in the second quarter of 2007 rather than just leveling off as in the baseline. Due to the relatively weak local economy, Seattle inflation is about the same as in the baseline forecast in spite of the higher national inflation rate. The weak economy also depresses Washing-



ton wage growth below the rate of growth in the baseline forecast. By the end of the 2007-09 biennium, Washington nonagricultural employment is 95,000 lower than in the baseline forecast and Washington personal income is \$12.4 billion lower. The pessimistic scenario produced \$97 million (0.4 percent) less revenue this biennium and \$1,470 million (4.9 percent) less revenue next biennium than did the baseline forecast.

**Optimistic Forecast:** Renewed strength in productivity growth provides the key assumption distinguishing the optimistic scenario from the baseline forecast. Rapid productivity gains are the main reason why economic growth and employment gains are higher and inflation and budget deficits are lower than in the baseline. It is also one reason why the dollar is stronger. Productivity gains, combined with the stronger currency, help to contain inflation. Faster growth in supply also makes the Federal Reserve's job easier. Business fixed investment is more robust in the optimistic scenario. Residential investment is also stronger in the optimistic scenario, with housing bouncing back more forcefully in 2008 and maintaining a higher level throughout the forecast period. Foreign economic growth is also stronger, boosting U.S. exports and strengthening domestic manufacturing. Finally, the optimistic scenario assumes that energy prices are lower than in the baseline. Under these assumptions, the economic outlook is much brighter. The current slowdown proves temporary, as real GDP growth rebounds to 4.1 percent by the third quarter of 2007, compared with only 2.4 percent in the baseline. For Washington, the optimistic forecast assumes aerospace employment continues to grow through 2009 rather than leveling off in mid-2008 as in the baseline. Software employment also grows faster in the optimistic forecast. Washington's wages grow faster than in the baseline and the strong regional economy raises Seattle CPI inflation above the baseline forecast in the optimistic scenario in spite of stronger productivity growth. The initial level of Washington personal income is higher in the optimistic scenario and population growth is stronger. Finally, construction employment continues to rise in the optimistic scenario rather than leveling off as in the baseline. By the end of the 2007-09 biennium, Washington nonagricultural employment is higher by 66,400 jobs than in the baseline forecast and Washington personal income is \$13.4 billion higher. The optimistic scenario generated \$97 million (0.4 percent) more revenue in the current biennium and \$1,392 million (4.7 percent) more revenue in the next biennium than did the baseline forecast.

## **Governor's Council of Economic Advisors Scenario**

In addition to the optimistic and pessimistic forecasts, the staff has prepared a forecast based on the opinions of the Governor's Council of Economic Advisors (GCEA) as summarized in Table 1.3. In the GCEA scenario, the U.S. and state forecasts were adjusted to match the average view of the Council members. The GCEA forecast for the U.S. economy was very similar to the baseline forecast. The most significant difference is that the Governor's Council members expect more inflation in fiscal 2008. They also expect slightly weaker GDP growth and lower short term and long term interest rates in fiscal 2009. The GCEA forecast for Washington State is also quite similar to the baseline forecast. They expect slower real personal income growth in fiscal 2008 than does the baseline forecast but only because of the higher inflation assumption. Nominal personal income was almost identical to the baseline throughout the forecast. The Council members expected slightly stronger employment growth but fewer housing units authorized by building permit than expected in the baseline forecast. By the end of the 2007-09 biennium Washington nonagricultural employment is 10,500 higher in the GCEA forecast than in the baseline forecast and Washington personal income is \$0.1 billion higher. The Governor's Council scenario yielded \$18 million (0.1 percent) less revenue this biennium and \$37 million (0.1 percent) less revenue next biennium than did the baseline forecast.

*Note: The economic data discussed in this chapter were current at the time the forecast was prepared. Many concepts including real GDP have changed since then due to new releases and data revisions.*

Table 1.1  
**U.S. Economic Forecast Summary**  
 Forecast 2007 to 2009

Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009
<b>Real National Income Accounts (Billions of Chained 2000 Dollars)</b>								
Real Gross Domestic Product	9,947.5	10,131.3	10,525.9	10,872.9	11,245.9	11,529.6	11,799.4	12,172.2
% Ch	0.7	1.8	3.9	3.3	3.4	2.5	2.3	3.2
Real Consumption	7,010.9	7,176.4	7,440.3	7,713.3	7,966.1	8,222.4	8,451.1	8,695.0
% Ch	2.7	2.4	3.7	3.7	3.3	3.2	2.8	2.9
Real Nonresidential Fixed Investment	1,115.3	1,061.1	1,111.8	1,188.9	1,268.1	1,334.4	1,378.3	1,432.6
% Ch	-9.3	-4.9	4.8	6.9	6.7	5.2	3.3	3.9
Real Residential Fixed Investment	457.1	482.9	540.1	582.3	614.6	530.8	462.8	479.3
% Ch	2.9	5.6	11.8	7.8	5.6	-13.6	-12.8	3.6
Real Personal Income	8,567.5	8,587.4	8,815.1	9,107.2	9,332.3	9,659.2	9,997.9	10,353.5
% Ch	0.5	0.2	2.7	3.3	2.5	3.5	3.5	3.6
Real Per Capita Income (\$/Person)	29,834	29,607	30,098	30,803	31,282	32,090	32,925	33,801
% Ch	-0.5	-0.8	1.7	2.3	1.6	2.6	2.6	2.7
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.027	1.046	1.069	1.098	1.132	1.158	1.180	1.203
% Ch	1.5	1.9	2.2	2.7	3.1	2.3	1.9	1.9
U.S. Consumer Price Index (1982-84=1.0)	1.782	1.821	1.861	1.917	1.990	2.040	2.078	2.117
% Ch	1.8	2.2	2.2	3.0	3.8	2.5	1.8	1.9
Employment Cost Index (June 1989=1.0)	0.904	0.928	0.955	0.980	1.005	1.037	1.070	1.102
% Ch	3.7	2.7	2.8	2.6	2.6	3.3	3.2	3.0
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	10,280.3	10,664.0	11,346.5	12,072.2	12,877.4	13,551.5	14,169.5	14,905.6
% Ch	2.9	3.7	6.4	6.4	6.7	5.2	4.6	5.2
Personal Income	8,798.7	8,982.6	9,420.8	9,999.4	10,568.8	11,184.8	11,797.2	12,453.3
% Ch	2.0	2.1	4.9	6.1	5.7	5.8	5.5	5.6
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	144.4	145.9	146.8	148.2	150.4	152.5	153.7	155.1
Total U.S. Employment	136.4	137.1	138.3	140.4	143.1	145.5	146.3	147.7
Unemployment Rate (%)	5.47	5.90	5.82	5.29	4.83	4.56	4.83	4.79
Nonfarm Payroll Employment	130.88	130.12	130.47	132.47	135.02	137.16	138.51	140.34
% Ch	-1.0	-0.6	0.3	1.5	1.9	1.6	1.0	1.3
Manufacturing	15.73	14.88	14.32	14.29	14.21	14.14	13.96	13.84
% Ch	-7.7	-5.4	-3.7	-0.2	-0.6	-0.5	-1.3	-0.9
Durable Manufacturing	9.83	9.21	8.88	8.96	8.98	8.96	8.84	8.79
% Ch	-8.6	-6.2	-3.6	0.9	0.3	-0.2	-1.4	-0.6
Nondurable Manufacturing	5.91	5.67	5.45	5.33	5.23	5.17	5.12	5.05
% Ch	-6.0	-4.1	-3.9	-2.1	-1.9	-1.1	-1.1	-1.4
Construction	6.77	6.69	6.84	7.14	7.57	7.69	7.51	7.52
% Ch	-0.8	-1.1	2.2	4.3	6.0	1.6	-2.3	0.1
Service-Producing	107.78	107.97	108.72	110.44	112.58	114.63	116.33	118.30
% Ch	-0.0	0.2	0.7	1.6	1.9	1.8	1.5	1.7
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	23.8	29.9	33.8	48.8	64.3	63.3	62.3	61.6
Personal Saving/Disposable Income (%)	2.4	1.9	2.2	1.0	-0.9	-1.3	-0.8	-0.1
Auto Sales (Millions)	8.2	7.9	7.5	7.6	7.8	7.6	7.6	7.6
% Ch	-4.3	-3.7	-4.4	0.3	2.8	-1.7	-0.5	0.3
Housing Starts (Millions)	1.646	1.729	1.945	2.019	2.039	1.551	1.382	1.590
% Ch	4.8	5.1	12.5	3.8	1.0	-23.9	-10.9	15.0
Federal Budget Surplus (Billions)	-135.8	-299.4	-403.6	-330.9	-242.4	-150.0	-201.3	-208.6
Net Exports (Billions)	-375.7	-477.3	-536.7	-666.5	-762.8	-737.8	-684.6	-641.6
3-Month Treasury Bill Rate (%)	2.15	1.30	0.96	2.21	4.06	4.91	4.87	4.91
10-Year Treasury Note Yield (%)	4.98	3.95	4.29	4.23	4.59	4.72	4.82	5.23
Bond Index of 20 G.O. Munis. (%)	5.14	4.77	4.79	4.50	4.45	4.26	4.40	4.98
30-Year Fixed Mortgage Rate (%)	6.88	5.93	5.92	5.78	6.20	6.30	6.35	6.78

Table 1.2  
**Washington Economic Forecast Summary**  
 Forecast 2007 to 2009

Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009
<b>Real Income (Billions of Chained 2000 Dollars)</b>								
Real Personal Income	190.131	190.477	193.559	202.621	204.094	213.443	223.945	234.453
% Ch	0.8	0.2	1.6	4.7	0.7	4.6	4.9	4.7
Real Wage and Salary Disb.	107.638	107.235	108.865	111.202	115.759	121.187	126.573	132.062
% Ch	-1.1	-0.4	1.5	2.1	4.1	4.7	4.4	4.3
Real Nonwage Income	82.493	83.242	84.695	91.419	88.336	92.256	97.371	102.391
% Ch	3.5	0.9	1.7	7.9	-3.4	4.4	5.5	5.2
Real Per Capita Income (\$/Person)	31,516	31,266	31,421	32,435	32,083	32,901	33,882	34,858
% Ch	-0.3	-0.8	0.5	3.2	-1.1	2.5	3.0	2.9
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.027	1.046	1.069	1.098	1.132	1.158	1.180	1.203
% Ch	1.5	1.9	2.2	2.7	3.1	2.3	1.9	1.9
Seattle Cons. Price Index (1982-84=1.0)	1.876	1.910	1.935	1.973	2.035	2.118	2.176	2.230
% Ch	2.7	1.8	1.3	1.9	3.2	4.0	2.7	2.5
Average Nonfarm Annual Wage	39,824	40,484	41,640	42,592	44,441	46,497	48,545	50,627
% Ch	101.2	1.7	2.9	2.3	4.3	4.6	4.4	4.3
Avg. Hourly Earnings-Mfg. (\$/Hour)	18.35	17.87	18.15	18.57	19.32	20.20	20.69	21.14
% Ch	6.1	-2.6	1.6	2.3	4.0	4.6	2.4	2.2
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	195.257	199.234	206.832	222.437	231.116	247.139	264.243	281.993
% Ch	2.4	2.0	3.8	7.5	3.9	6.9	6.9	6.7
Disposable Personal Income	170.555	176.277	184.841	197.434	202.927	215.925	230.634	246.347
% Ch	5.0	3.4	4.9	6.8	2.8	6.4	6.8	6.8
Per Capita Income (\$/Person)	32,366	32,703	33,574	35,606	36,329	38,094	39,979	41,925
% Ch	1.2	1.0	2.7	6.1	2.0	4.9	4.9	4.9
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,071.6	3,125.7	3,181.4	3,235.4	3,303.7	3,352.9	3,437.7	3,509.3
Total Washington Employment	2,855.0	2,896.6	2,961.5	3,047.0	3,132.6	3,190.6	3,264.9	3,329.9
Unemployment Rate (%)	7.05	7.33	6.91	5.82	5.18	4.84	5.03	5.11
Nonfarm Payroll Employment	2,665.3	2,654.7	2,673.6	2,737.5	2,819.9	2,890.1	2,948.0	3,009.1
% Ch	-1.9	-0.4	0.7	2.4	3.0	2.5	2.0	2.1
Manufacturing	300.1	274.8	263.2	267.8	279.0	288.3	290.2	291.4
% Ch	-8.1	-8.4	-4.2	1.7	4.2	3.3	0.6	0.4
Durable Manufacturing	212.0	190.5	181.0	186.8	197.5	207.2	210.4	211.2
% Ch	-9.0	-10.2	-5.0	3.2	5.8	4.9	1.5	0.4
Aerospace	82.9	70.1	62.1	63.4	69.0	76.0	79.7	80.9
% Ch	-4.5	-15.5	-11.4	2.1	8.8	10.2	4.8	1.5
Nondurable Manufacturing	88.1	84.3	82.2	81.0	81.5	81.1	79.7	80.2
% Ch	-5.8	-4.3	-2.5	-1.5	0.6	-0.5	-1.7	0.5
Construction	154.7	154.9	159.8	170.1	186.7	200.3	203.6	204.9
% Ch	-4.1	0.1	3.2	6.4	9.8	7.2	1.7	0.6
Service-Producing	2,200.9	2,215.9	2,241.8	2,290.5	2,345.4	2,392.9	2,445.6	2,504.4
% Ch	-0.8	0.7	1.2	2.2	2.4	2.0	2.2	2.4
Software Publishers	36.0	36.5	38.5	40.1	42.8	46.4	49.0	51.9
% Ch	4.1	1.6	5.5	4.1	6.7	8.4	5.6	5.9
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	37.563	42.703	44.469	52.018	53.907	50.236	49.332	48.503
% Ch	-6.8	13.7	4.1	17.0	3.6	-6.8	-1.8	-1.7
Single-Family	27.115	32.699	34.471	38.555	40.411	32.630	31.143	29.226
% Ch	1.2	20.6	5.4	11.8	4.8	-19.3	-4.6	-6.2
Multi-Family	10.448	10.004	9.998	13.463	13.496	17.605	18.189	19.276
% Ch	-22.7	-4.3	-0.1	34.7	0.2	30.4	3.3	6.0
30-Year Fixed Mortgage Rate (%)	6.88	5.93	5.92	5.78	6.20	6.30	6.35	6.78

Table 1.3  
**Comparison of Alternative Forecasts**

	Fiscal Year 2007				Fiscal Year 2008				Fiscal Year 2009			
	O	B	P	G	O	B	P	G	O	B	P	G
<b>U.S.</b>												
Real GDP	11537.1	11529.6	11519.9	11527.1	11917.5	11799.4	11596.9	11789.8	12349.9	12172.2	11797.0	12148.7
%Ch	2.6	2.5	2.4	2.5	3.3	2.3	0.7	2.3	3.6	3.2	1.7	3.0
Implicit Price Deflator	1.157	1.158	1.158	1.157	1.171	1.180	1.193	1.185	1.188	1.203	1.231	1.207
%Ch	2.2	2.3	2.3	2.2	1.2	1.9	3.0	2.4	1.4	1.9	3.2	1.8
Mortgage Rate	6.30	6.30	6.30	6.34	6.18	6.35	7.30	6.36	6.42	6.78	8.06	6.66
3 Month T-Bill Rate	4.91	4.91	4.91	4.99	4.80	4.87	6.20	4.81	4.67	4.91	6.54	4.61
<b>Washington</b>												
Real Personal Income	214.324	213.443	212.694	213.546	231.637	223.945	216.516	222.904	247.311	234.453	220.232	233.765
%Ch	5.0	4.6	4.2	4.6	8.1	4.9	1.8	4.4	6.8	4.7	1.7	4.9
Personal Income	248.053	247.139	246.403	247.192	271.356	264.243	258.383	264.202	293.798	281.993	271.101	282.090
%Ch	7.3	6.9	6.6	7.0	9.4	6.9	4.9	6.9	8.3	6.7	4.9	6.8
Employment	2892.4	2890.1	2887.3	2890.0	2976.6	2948.0	2909.9	2952.9	3065.5	3009.1	2927.0	3017.5
%Ch	2.6	2.5	2.4	2.5	2.9	2.0	0.8	2.2	3.0	2.1	0.6	2.2
Housing Permits	50.817	50.236	49.792	50.262	54.537	49.332	40.682	47.561	54.799	48.503	38.104	46.270
%Ch	-5.7	-6.8	-7.6	-6.8	7.3	-1.8	-18.3	-5.4	0.5	-1.7	-6.3	-2.7

(O) Optimistic; (B) Baseline; (P) Pessimistic; (G) Governor's Council of Economic Advisors

Table 1.4  
**Forecast Analysis**  
 Comparison of Forecasts for 2005-07

Forecast Date	2004				2005				2006				2007	
	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Feb.</u>	<u>June</u>	<u>Sept.</u>	<u>Nov.</u>	<u>Mar.</u>	<u>June</u>
<b>U.S.</b>														
Percent Growth, 2005:2-2007:2														
Real GDP	6.8	6.8	6.5	6.2	6.4	5.9	6.3	6.4	6.2	6.2	5.9	5.8	6.3	5.6
Implicit Price Deflator	3.9	3.7	3.8	3.5	3.7	3.9	5.0	5.0	4.3	4.5	5.6	5.0	4.6	5.5
Average Rate, 2005:3 to 2007:2														
3 Month T-Bill Rate	2.65	2.68	3.20	3.10	3.42	3.89	4.04	4.18	4.30	4.54	4.65	4.42	4.50	4.48
Mortgage Rate	7.01	6.57	6.98	6.54	6.46	6.76	6.37	6.54	6.30	6.48	6.50	6.29	6.28	6.25
<b>Washington</b>														
Percent Growth, 2005:2-2007:2														
Employment	4.2	4.0	3.9	3.3	3.6	4.0	4.4	4.6	5.2	6.0	5.3	5.8	5.5	5.2
Personal Income	12.8	12.7	12.5	11.9	12.2	13.0	14.0	14.3	13.9	14.1	15.4	14.5	13.4	14.0
Real Personal Income	8.6	8.7	8.5	8.1	8.3	8.8	8.6	8.9	9.3	9.3	9.2	9.1	8.4	8.1
Total (Thousands of units), 2005:3 to 2007:2														
Housing Units Authorized	79.2	86.9	88.0	86.3	89.7	93.4	98.1	100.4	105.0	101.9	102.3	103.9	100.1	104.1

Table 1.5

Fiscal Years

**Forecast Comparison**

Forecast 2007 to 2009

	2005	2006	2007	2008	2009
<b>U.S.</b>					
<b>Real GDP</b>					
June Baseline	10872.9	11245.9	11529.6	11799.4	12172.2
% Ch	3.3	3.4	2.5	2.3	3.2
March Baseline	10872.9	11245.9	11572.7	11903.0	12270.6
% Ch	3.3	3.4	2.9	2.9	3.1
<b>Implicit Price Deflator</b>					
June Baseline	1.098	1.132	1.158	1.180	1.203
% Ch	2.7	3.1	2.3	1.9	1.9
March Baseline	1.098	1.132	1.154	1.176	1.200
% Ch	2.7	3.1	1.9	1.8	2.1
<b>U.S. Unemployment Rate</b>					
June Baseline	5.29	4.83	4.56	4.83	4.79
March Baseline	5.29	4.83	4.62	4.75	4.64
<b>Mortgage Rate</b>					
June Baseline	5.78	6.20	6.30	6.35	6.78
March Baseline	5.78	6.20	6.37	6.40	6.74
<b>3 Month T-Bill Rate</b>					
June Baseline	2.21	4.06	4.91	4.87	4.91
March Baseline	2.21	4.06	4.95	4.91	4.90
<b>Washington</b>					
<b>Real Personal Income</b>					
June Baseline	202.621	204.094	213.443	223.945	234.453
% Ch	4.7	0.7	4.6	4.9	4.7
March Baseline	202.542	204.174	212.715	223.596	234.071
% Ch	4.7	0.8	4.2	5.1	4.7
<b>Personal Income</b>					
June Baseline	222.437	231.116	247.139	264.243	281.993
% Ch	7.5	3.9	6.9	6.9	6.7
March Baseline	222.350	231.205	245.550	262.848	280.897
% Ch	7.5	4.0	6.2	7.0	6.9
<b>Employment</b>					
June Baseline	2737.5	2819.9	2890.1	2948.0	3009.1
% Ch	2.4	3.0	2.5	2.0	2.1
March Baseline	2737.5	2820.0	2893.2	2962.1	3027.6
% Ch	2.4	3.0	2.6	2.4	2.2
<b>Housing Permits</b>					
June Baseline	52.018	53.907	50.236	49.332	48.503
% Ch	17.0	3.6	-6.8	-1.8	-1.7
March Baseline	52.290	53.953	46.160	49.262	48.548
% Ch	17.8	3.2	-14.4	6.7	-1.4

Table 1.6

Calendar Years

**Long Range Economic Outlook**

Forecast 2007 to 2017

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>U.S.</b>											
Real GDP, %Ch	2.1	2.8	3.3	3.1	2.6	2.5	2.5	2.6	2.6	2.6	2.6
Implicit Price Deflator, %Ch	2.1	1.8	2.0	2.0	2.0	2.0	1.9	1.9	1.9	1.9	2.0
3 Month T-Bill Rate	4.88	4.90	4.91	4.91	4.91	4.68	4.68	4.68	4.68	4.68	4.68
Mortgage Rate	6.21	6.59	6.88	7.02	7.04	6.86	6.86	6.86	6.86	6.86	6.86
<b>State*</b>											
Real Personal Income, %Ch	4.8	4.7	4.7	4.4	3.8	3.5	3.4	3.4	3.4	3.4	3.4
Personal Income, %Ch	7.0	6.6	6.8	6.5	6.0	5.6	5.4	5.3	5.4	5.4	5.5
Employment, %Ch	2.1	2.0	2.0	2.0	1.5	1.2	1.0	1.0	1.1	1.1	1.1

\* March Baseline (2006-2009) judgmentally extended through 2016.

# Comparison of Washington and U.S. Economic Forecasts

Chart 1.1  
Total Nonfarm Payroll Employment

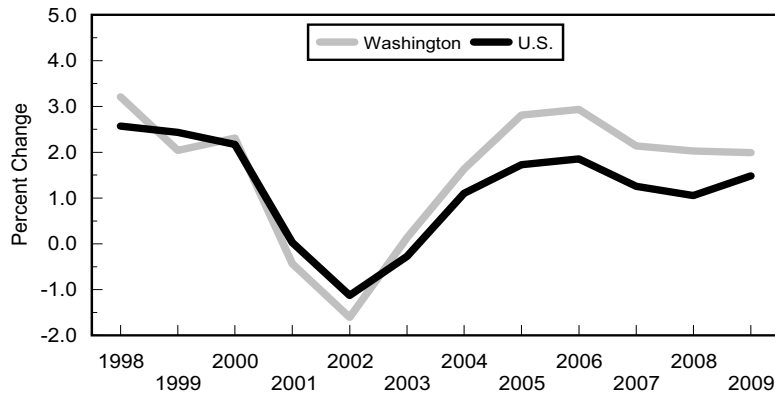


Chart 1.2  
Manufacturing Employment

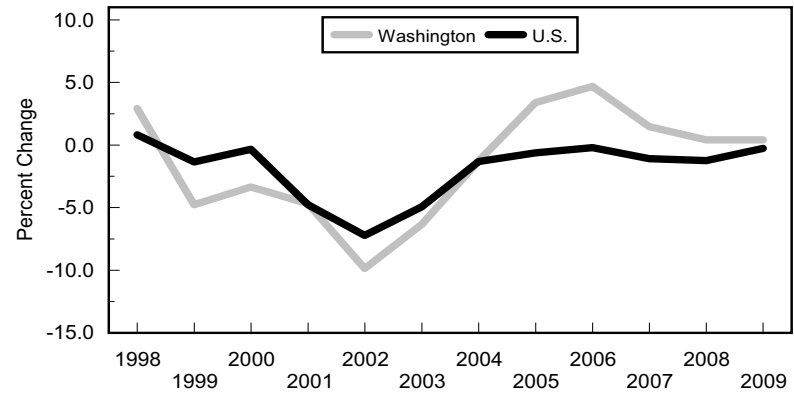


Chart 1.3  
Aerospace Employment

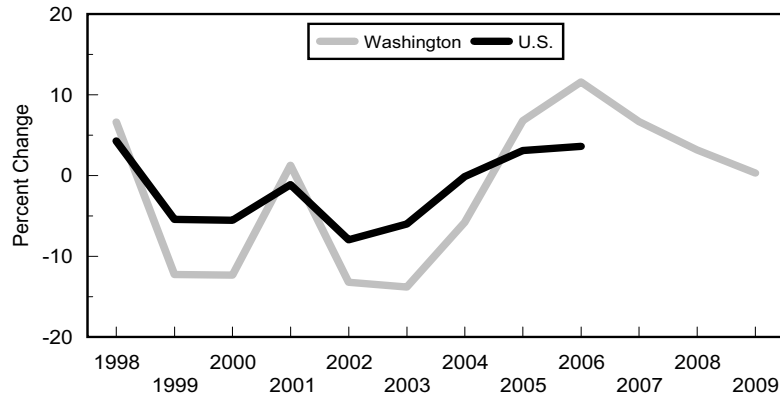
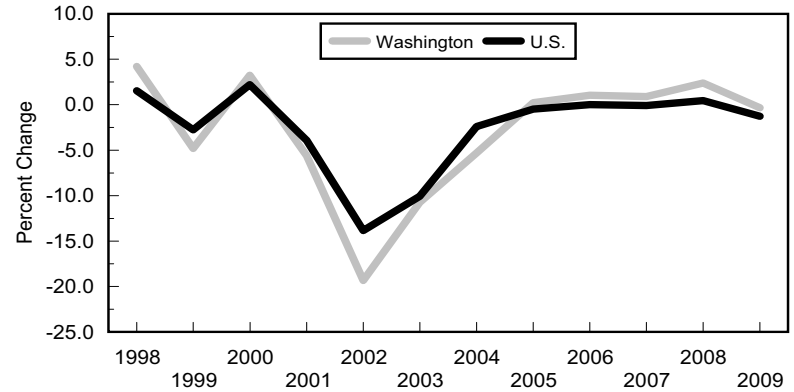


Chart 1.4  
Computers and Electronics Employment



Adjustments have been made for the Microsoft special dividend in 2004 and the tribal government ownership code change in 2001.



# Comparison of Washington and U.S. Economic Forecasts

Chart 1.5  
Construction Employment

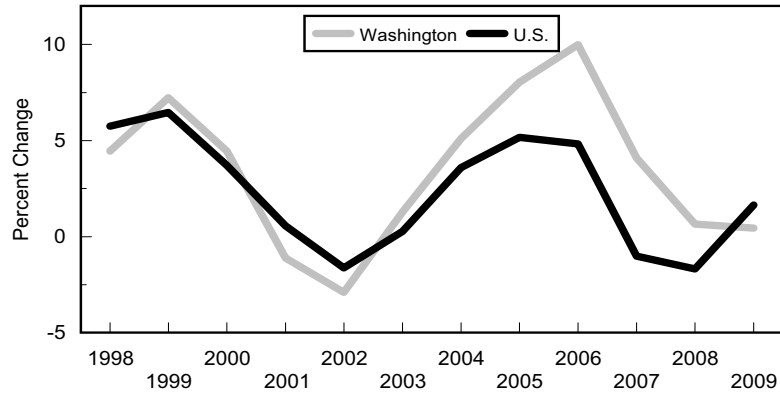


Chart 1.6  
Information Employment

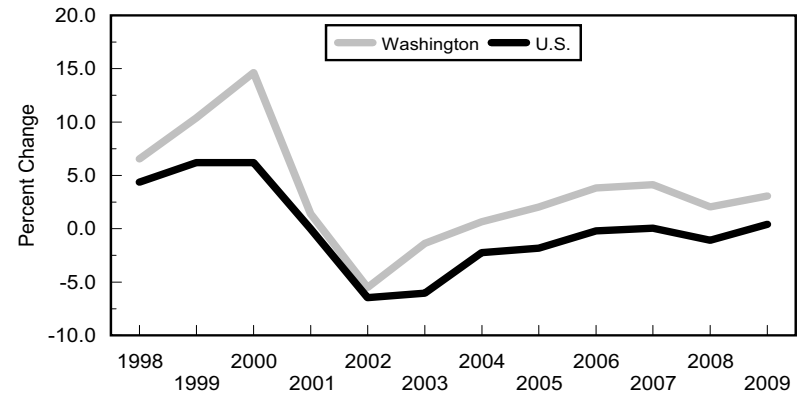


Chart 1.7  
Other Private Employment

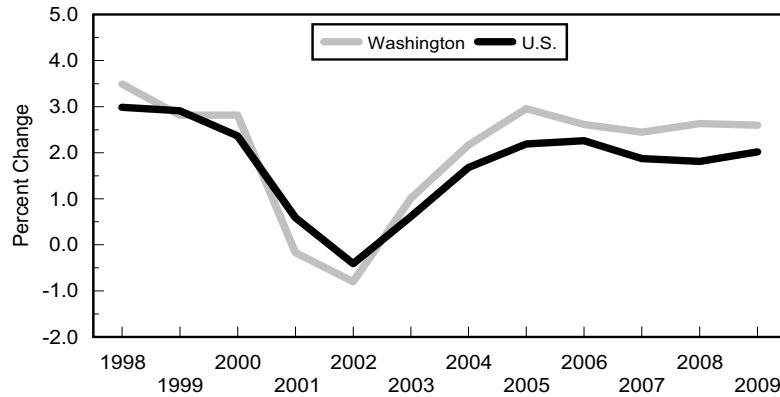
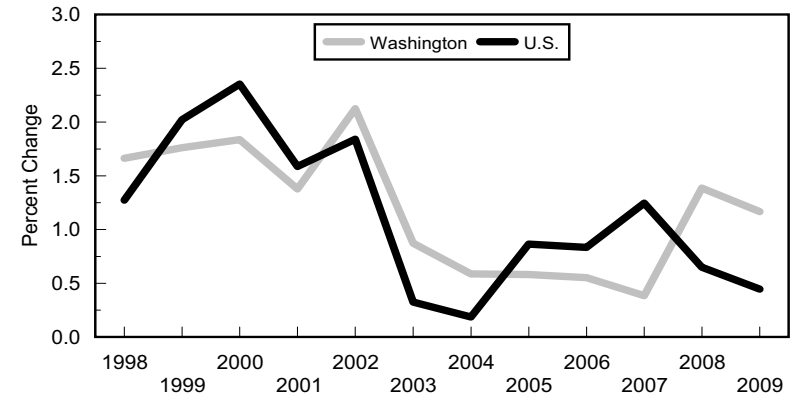


Chart 1.8  
Government Employment



Adjustments have been made for the Microsoft special dividend in 2004 and the tribal government ownership code change in 2001.

# Comparison of Washington and U.S. Economic Forecasts

Chart 1.9  
Real Personal Income

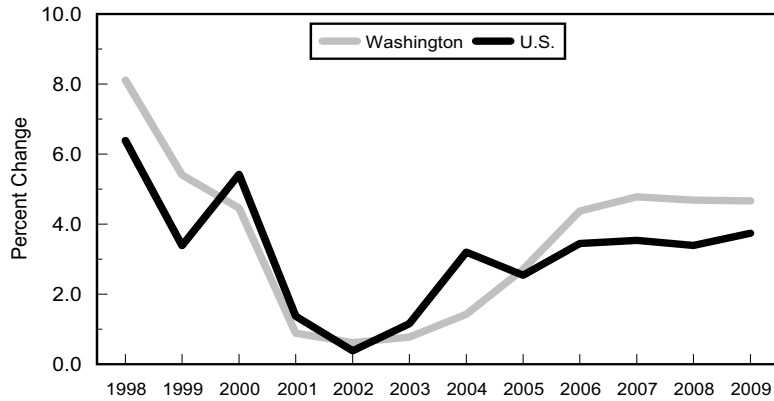


Chart 1.10  
Consumer Price Indices

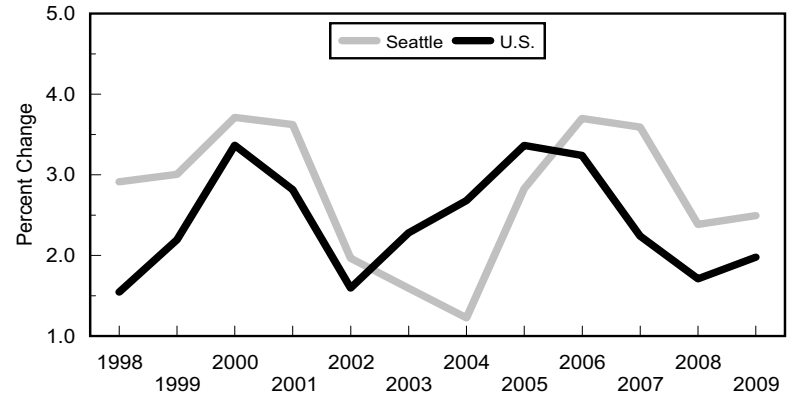


Chart 1.11  
Population

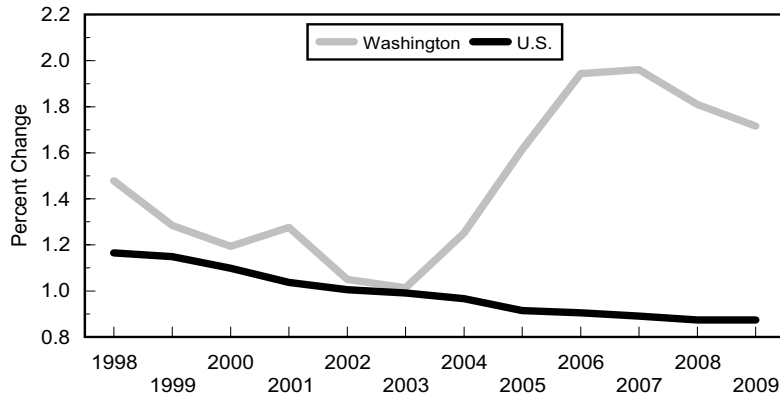
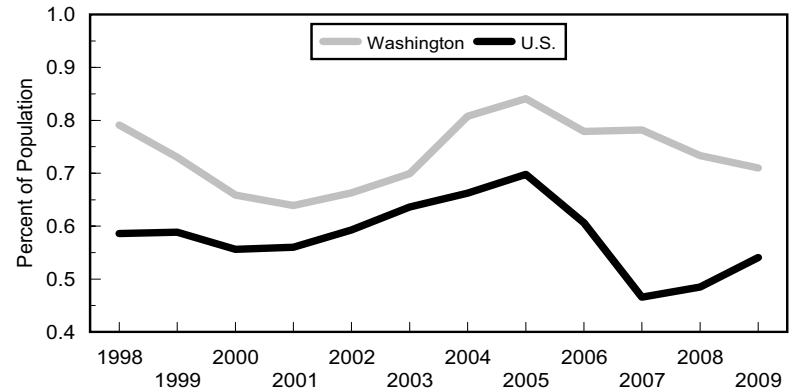


Chart 1.12  
Per Capita Housing Units



Adjustments have been made for the Microsoft special dividend in 2004 and the tribal government ownership code change in 2001.

# Comparison of Alternative U.S. Forecasts

Chart 1.13  
Real GDP

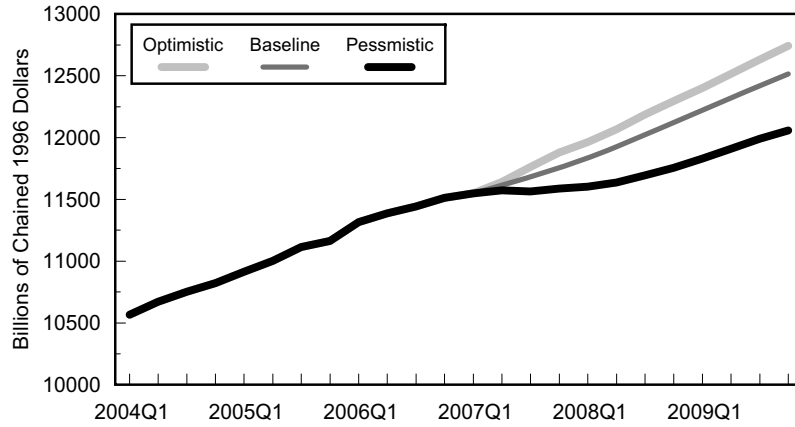


Chart 1.14  
Implicit Price Deflator

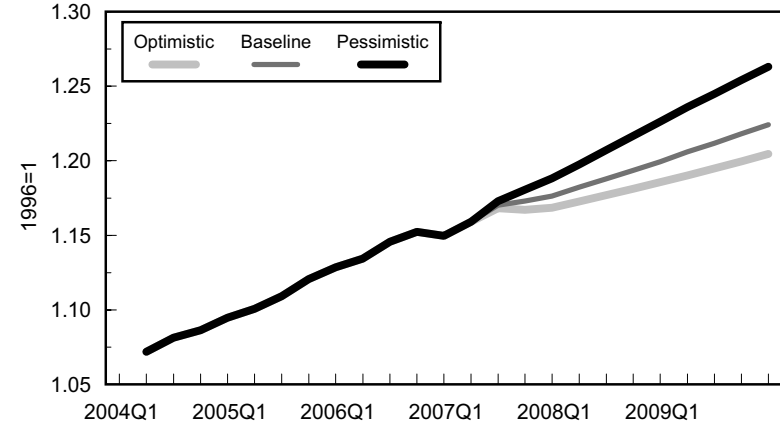


Chart 1.15  
Mortgage Rate

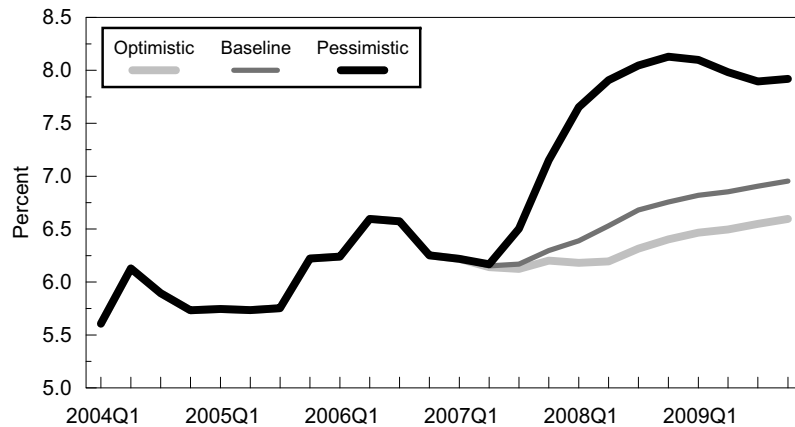
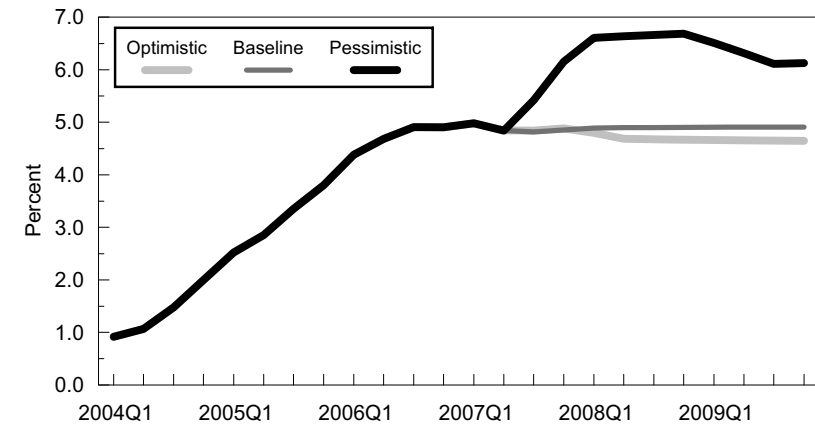


Chart 1.16  
Three Month T-Bill Rate



# Comparison of Alternative Washington Forecasts

Chart 1.17  
**Personal Income**

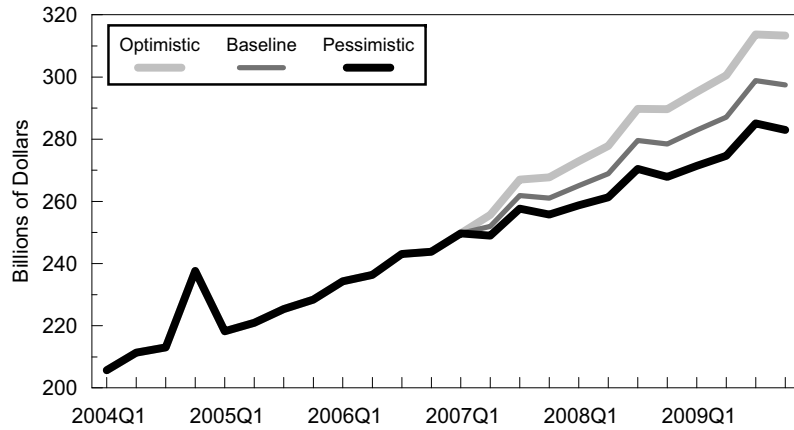


Chart 1.18  
**Real Personal Income**

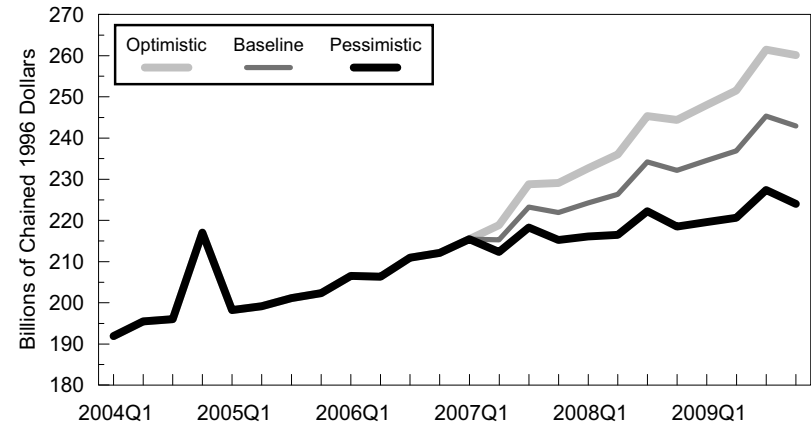


Chart 1.19  
**Total Nonfarm Payroll Employment**

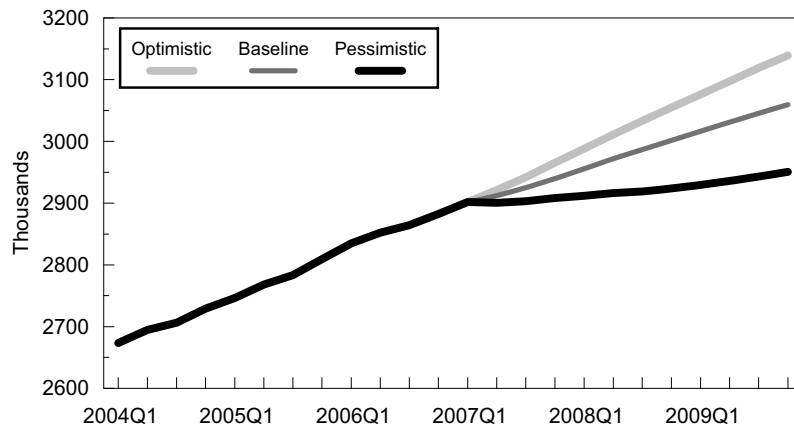
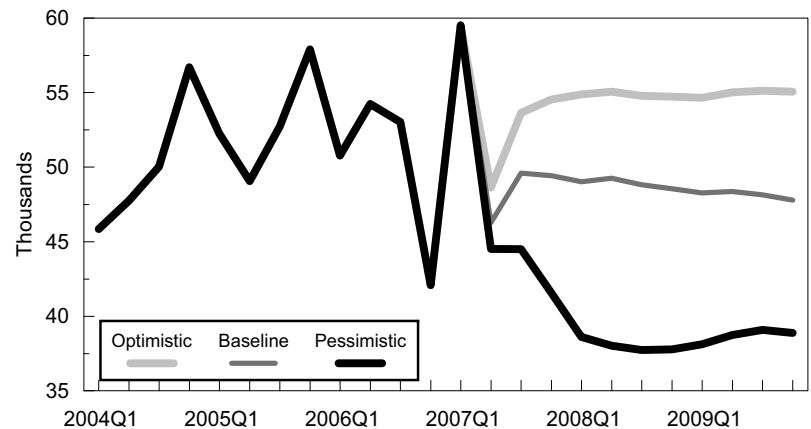


Chart 1.20  
**Housing Permits**



# Washington Business Indicators

## The National Economy

The Bureau of Economic Analysis reported that real gross domestic product (GDP), the broadest measure of economic activity, grew at a 0.7\* percent annual rate in the first quarter of 2007, down sharply from a growth rate of 2.5 percent in the fourth quarter of 2006. The main detractors from first quarter growth were real gross private domestic investment and net exports. Real gross private domestic investment shrank at a 9.6 percent rate after contracting at a 15.2 percent rate in the previous quarter. Real fixed investment decreased during the quarter at a rate of 3.9 percent mainly due to weakness in residential fixed investment, which shrank at a 15.8 percent rate. Real fixed investment had also declined at a 9.1 percent rate in the fourth quarter of 2006 due to a 19.8 percent decline in residential fixed investment during that period. Non-residential fixed investment recovered somewhat during the first quarter, growing at a rate of 2.6 percent after contracting at a 3.1 percent rate in the previous quarter. A \$4.2 billion contraction in the real value of private inventories was also a large negative contributor to investment in the first quarter. In the fourth quarter of 2006, negative contributions from investment were offset by positive net exports, but increased prices for energy imports in the first quarter of 2007 created negative net export value as imports grew at a rate of 5.5 percent while exports grew at only a 0.7 percent rate. Real consumer spending was the main contributor to positive growth in real GDP during the first quarter, maintaining its 4.2 percent growth rate of the previous quarter. Growth in real consumer spending was led by increased durable goods consumption, which grew at an 8.7 percent rate after growing at a rate of 4.4 percent in the fourth quarter of 2006. Nondurable goods consumption growth slowed to a rate of 3.2 percent, down from a rate of 5.9 percent in the previous quarter, while services consumption growth increased slightly to a rate of 3.8 percent after growing at a rate of 3.4 percent in the prior quarter. Government spending growth decreased in the first quarter, growing at a rate of 1.0 percent after growing at a rate of 3.4 percent in the fourth quarter of 2006.

The Institute for Supply Management (ISM) reported that its index of manufacturing activity increased to 55.0 in May from its April value of 54.7. Index values above 50 indicate that manufacturing sector output is increasing. The employment component of the index decreased to 51.9 from April's value of 53.1, but remained above the critical value of 50, which indicates that more of the manufacturers surveyed had been increasing employment than decreasing it during that period.

U.S. seasonally-adjusted payroll employment grew by 157,000 jobs in May after growth of 80,000 jobs in April. Year-over-year employment growth was 1.4 percent in both months. The U.S. seasonally-adjusted unemployment rate remained at 4.5 percent.

Nonfarm business productivity slowed in the first quarter of 2007, growing at a 1.0 percent annual rate after growing at a 2.1 percent rate in the previous quarter. Higher energy prices drove the seasonally

adjusted Consumer Price Index (CPI) up by 0.7 percent in May after a 0.4 percent increase in April. Year-over-year CPI growth increased slightly to 2.7 percent in May from April's value of 2.6 percent. The seasonally-adjusted index excluding food and energy increased at a monthly rate of 0.1 percent in May after increasing at a 0.2 percent in April, resulting in year-over year growth rates of 2.3 and 2.4 percent respectively.

The Conference Board's Index of Consumer Confidence decreased to 103.9 in June from May's value of 108.5. Both the expectations and present conditions components of the index declined, with the larger decline occurring in the present conditions component. The University of Michigan Consumer Sentiment Survey also decreased in June to a value of 83.7 from May's value of 88.3. Both the expectations and present conditions components of the index showed similar declines. The Conference Board's U.S. Index of Leading Indicators increased 0.3 percent in May after a 0.3 percent decrease in April. Only three of the ten index components were negative in May.

The Federal Open Market Committee (FOMC) voted to hold its target rate for federal funds constant at 5.25 percent at its June 28, 2007 meeting. This was the FOMC's eighth decision to leave the rate unchanged since its meeting of August 8, 2006. While the Committee's policy statement noted that "readings on core inflation have improved modestly," it still indicated a slight tightening bias by further stating that "a sustained moderation in inflation pressures has yet to be convincingly demonstrated."

The non-seasonally adjusted Monster Employment Index, which measures internet employment advertising, increased to 189 in May, a year-over-year increase of 13.2 percent. This followed a 14.1 percent year-over-year increase in April. The Conference Board's May Help Wanted Index, which measures newspaper employment advertising, decreased two points to a value of 27.

## **The State Economy and Indicators**

Washington wage and salary employment rose at a 2.7 percent annual rate in the first quarter of 2007, following a growth rate of 2.6 percent in the fourth quarter of 2006. Construction employment showed continued strength in the first quarter, increasing at a 7.0 percent annual rate after increasing at a 6.3 percent rate in the previous quarter. Manufacturing employment increased at an annual rate of 2.5 percent in the first quarter after increasing by 1.8 percent in the prior quarter. Durable goods manufacturing employment increased at a 3.8 percent rate, aided by the 6.4 percent growth rate of aerospace employment. Nondurable goods manufacturing employment declined in the first quarter at a rate of 0.7 percent after contracting at a 3.7 percent rate in the previous quarter.

May's Seattle Times Index of Help-Wanted Advertising contracted sharply to 37.8 from April's level of 41.9, but at the same time the Monster Employment Index for Seattle increased its year-over-year growth rate to 6.4 percent in May from April's growth of 4.6 percent. Washington's seasonally adjusted unemployment rate increased by 0.2 percent in May to a rate of 4.6 percent, but meanwhile Washington seasonally adjusted initial claims for unemployment insurance dropped to 31,800 from April's count of 33,400. Measured as a percent of the workforce, May's initial claims count is the lowest in the history of this measure.

April year-over-year growth in the Seattle CPI, measured bimonthly, remained at February's value of 4.0 percent. The growth in Seattle's price index excluding food and energy was 3.5 percent in both months. Washington's seasonally adjusted average weekly hours in manufacturing decreased to 42.0 in May from April's value of 42.3. The non-seasonally adjusted Washington Purchasing Management Index decreased in May to a still strong value of 70.5 from April's value of 71.8. As with the national ISM index, values greater than 50 indicate expansion. While the employment component of the index also decreased,

to 70.0 from April's value of 75.0, it still indicates job growth in manufacturing.

The Boom Monitor Composite Index increased in May to a value of 58.8 from April's value of 54.9. Boom Monitor levels above 50 indicate that the weighted average growth in the index's components is above their historic average. The Washington Index of Leading Indicators increased by 0.5 points in May following a 0.2 point increase in April, reaching a value of 117.3. Five of the seven index components were positive in May.

Authorized housing permits rebounded to an annualized level of 54,570 units in May from April's unexpectedly low level of 39,150 units. Single-family permits increased from 30,930 units in April to 33,460 in May while multi-family permits grew from 8,230 to 21,110 units. March's permit level was 52,070 annualized units.

First quarter exports of goods originating in Washington totaled \$14.2 billion, a 10.6 percent increase over the same quarter in 2006. Transportation equipment exports of \$9.3 billion were 14.2 percent above the exports of the first quarter of 2006, while exports excluding transportation equipment of \$4.9 billion were 4.3 percent over the first quarter of 2006.

On the following page is a summary of what various national and state measures are indicating as of the publication date of the June 2007 economic and revenue forecast.

*\* This is based on the most recent data from the Bureau of Economic Analysis (the final GDP estimate for the first quarter of 2007 released June 28, 2007). The June economic forecast is based upon the May Global Insight forecast, which incorporated the BEA's advance estimate from April 27, 2007.*

Table 2.1

**Summary of National and State Indicators**

<u>Indicator</u>	<u>Latest Data</u>	<u>Most Recent Indication<sup>1</sup></u>
U.S. Leading Index	May 2007	+
U.S. Real GDP Growth	1st quarter 2007	+ but slowing
U.S. ISM Index	May 2007	+
U.S. Employment y-o-y %ch	May 2007	+
U.S. Unemployment Rate	May 2007	unchanged
U.S. Help Wanted Index	May 2007	-
U.S. Fed Funds Target	June 28, 2007	neutral
U.S. Consumer Confidence	June 2007	-
U.S. CPI	May 2007	-
U.S. Monster Employment Index	May 2007	+ but slowing
S&P 500 Index	Week of June 22, 2007	-
WA Leading Index	May 2007	+
WA ISM Index	May 2007	+
WA Help Wanted Index	May 2007	-
WA Employment y-o-y %ch	May 2007	+
WA Aerospace Empl. Growth	May 2007	+
WA Unemployment Rate	May 2007	slight -
WA Boom Monitor	May 2007	+
WA Initial Unemploy. Claims	May 2007	+
WA Housing Permits	May 2007	+
WA Weekly Hours in Mfg.	May 2007	+
WA New Car/Truck Registration	May 2007	+
WA Migration (DOL data)	May 2007	+
WA Exports-Total	1st quarter 2007	+
WA Exports- w/o Trans. Equip.	1st quarter 2007	+
Seattle CPI	April 2007	-

<sup>1</sup> + sign: good for the economy; - sign : Indicates weakness



# Washington State Economic Indicators

Chart 2.1  
**Year-over-Year Employment Growth**  
 January 1980 to May 2007

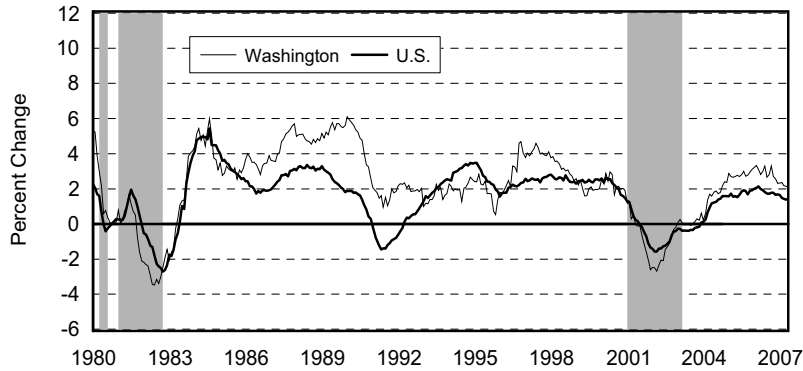


Chart 2.2  
**Washington Aircraft and Parts Employment**  
 January 1958 to May 2007

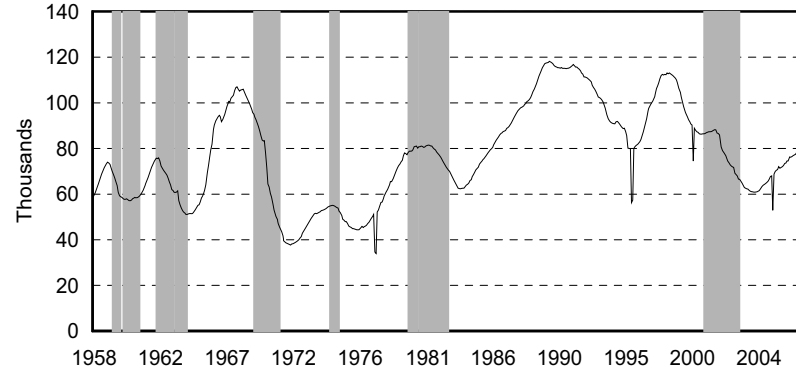


Chart 2.3  
**Unemployment Rate, S.A.**  
 January 1980 to May 2007

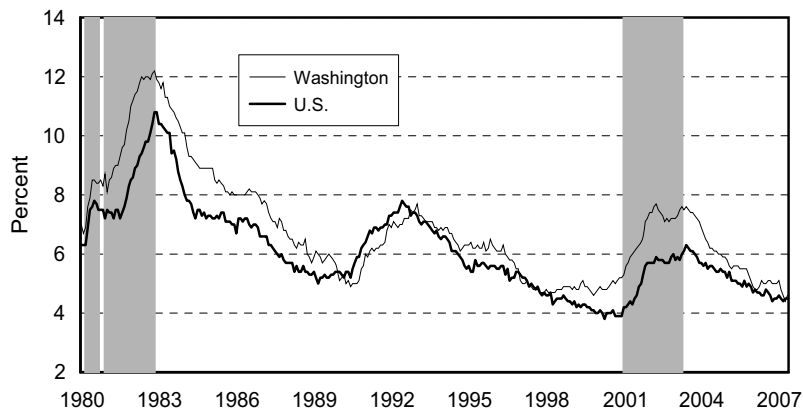
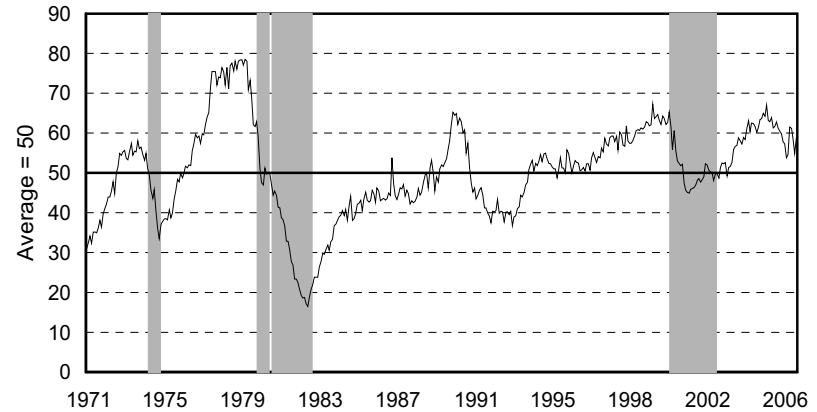


Chart 2.4  
**Washington Boom Monitor Composite Index**  
 July 1971 to May 2007



\* Shaded areas correspond with Washington employment downturns.

# Washington State Leading Indicators

Chart 2.5  
**The Washington and U.S. Indexes of Leading Indicators**  
 January 1970 to May 2007

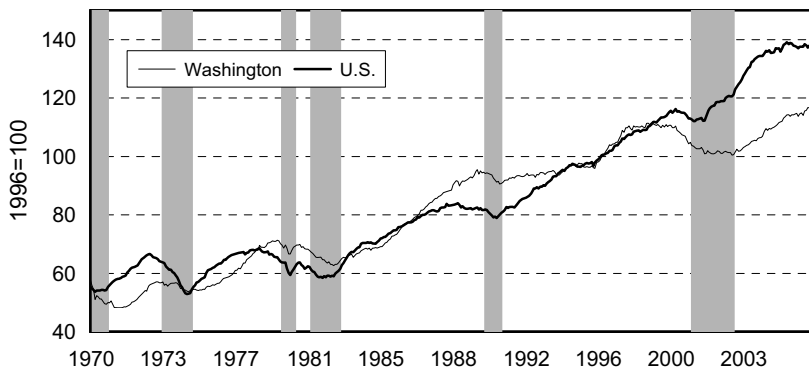


Chart 2.6  
**Washington Initial Claims for Unemployment Insurance**  
 January 1970 to May 2007

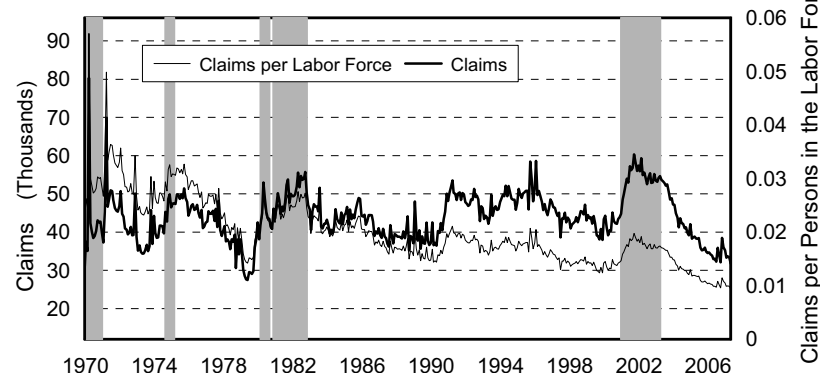


Chart 2.7  
**Seattle Times and U.S. Help-Wanted Advertising Indexes**  
 January 1970 to May 2007

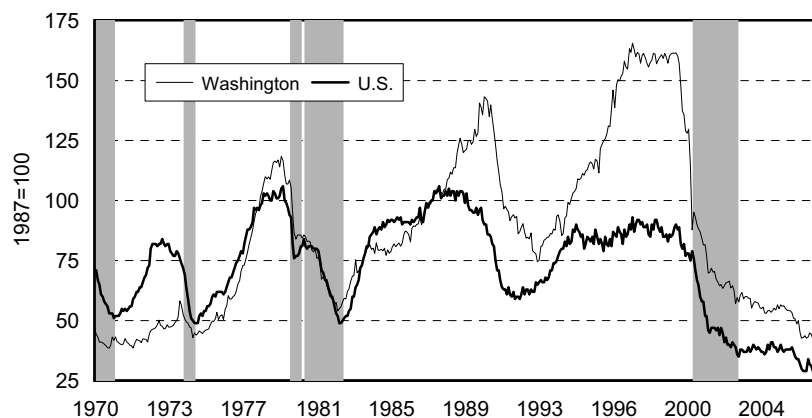
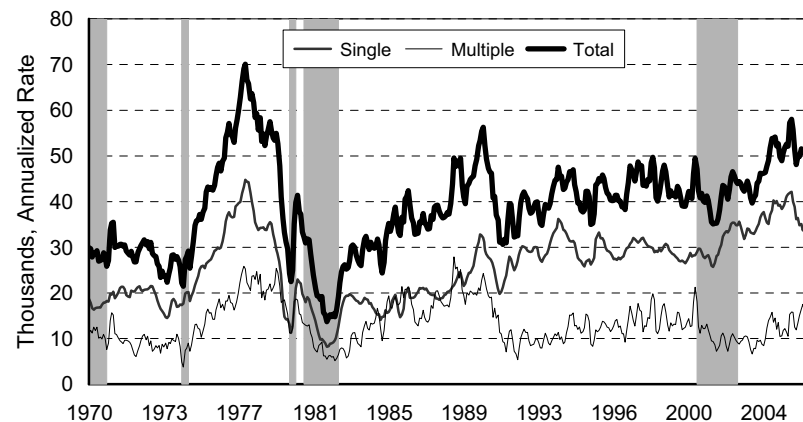


Chart 2.8  
**Housing Units Authorized in Washington State**  
 January 1970 to May 2007, 3-Month Moving Average



Shaded areas in all charts correspond with Washington employment downturns.

# Other State Economic Indicators

Chart 2.9  
**Average Weekly Hours in Manufacturing**  
 January 1970 to May 2007, 3-Mo. Moving Average, SA

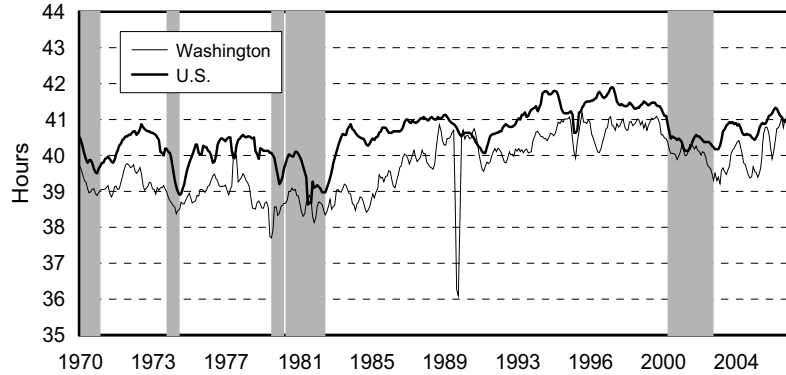


Chart 2.10  
**Washington Driver's License Migration**  
 September 1983 to May 2007 12-Month Moving Average

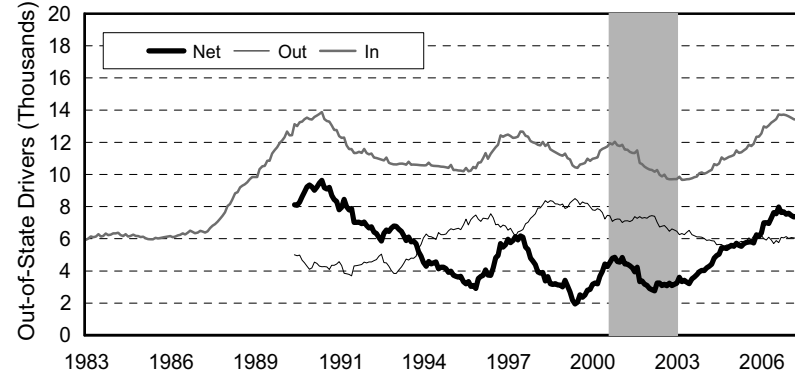


Chart 2.11  
**New Car and Truck Registrations in Washington**  
 January 1977 to May 2007, 6-Month Moving Average

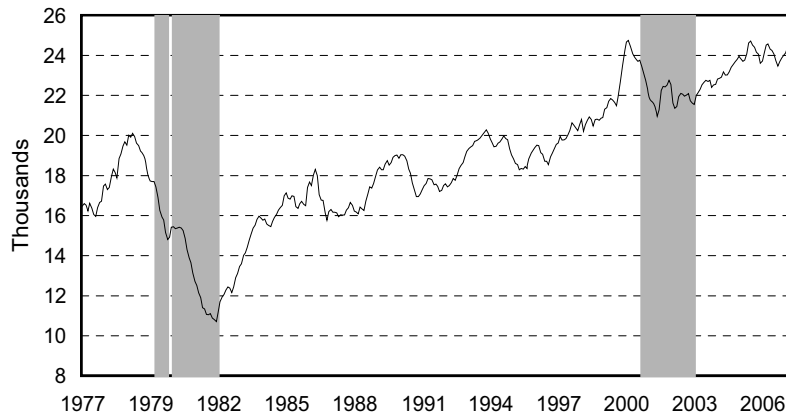
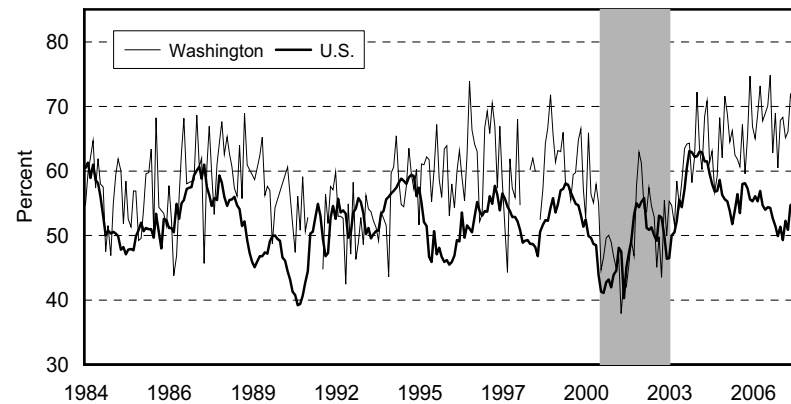


Chart 2.12  
**Institute for Supply Management Index**  
 January 1984 to May 2007



\* Shaded areas correspond with Washington employment downturns.

# Other Economic Indicators

Chart 2.13  
**Quarterly U.S. Real GDP Growth**  
 1970 Q1 to 2007 Q1

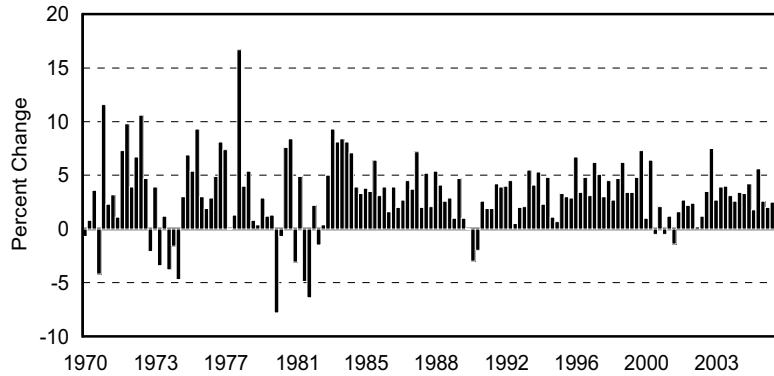


Chart 2.14  
**Washington State Export Composition**  
 Change from Same Quarter Year Ago, 1998Q1 to 2007Q1

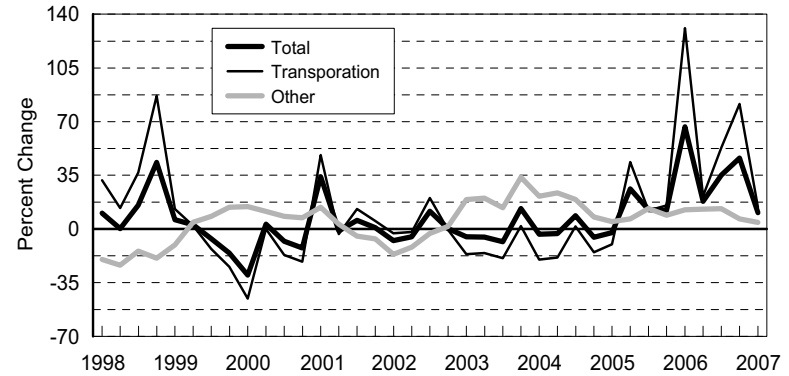


Chart 2.15  
**U.S. Economic Indicators\***  
 January 1970 to May 2007

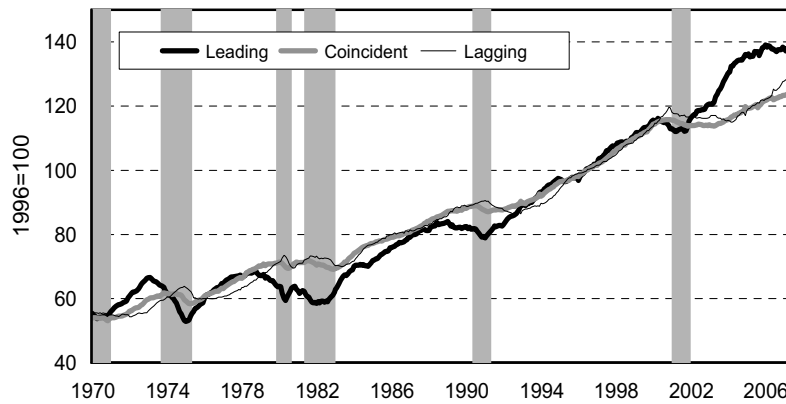
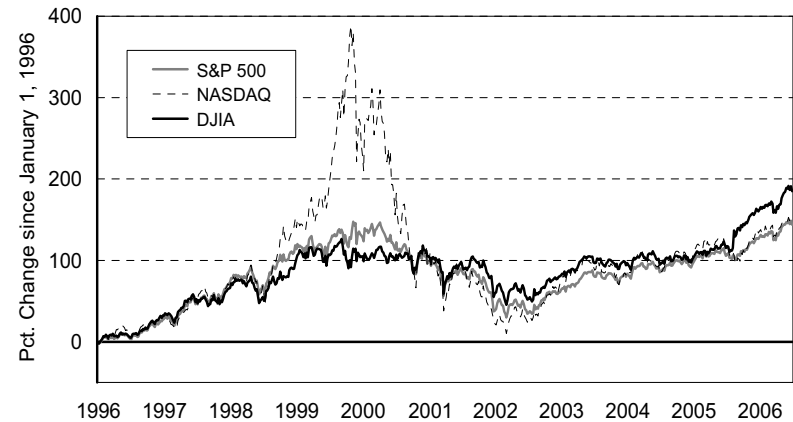


Chart 2.16  
**National Stock Indexes**  
 January 1, 1996 to June 22, 2007



\* Shaded areas correspond with U.S. business cycle contractions as defined by the National Bureau of Economic Analysis.

# Other Economic Indicators

Chart 2.17  
**Federal Funds Target Rate**  
 October 1, 1990 to June 28, 2007

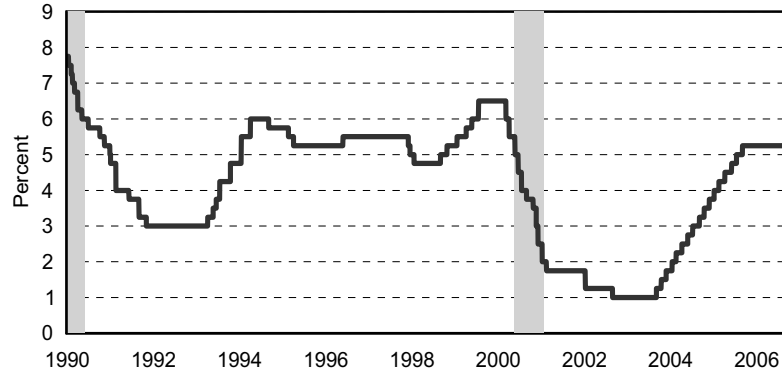


Chart 2.18  
**Consumer Confidence**  
 January 1978 to June 2007

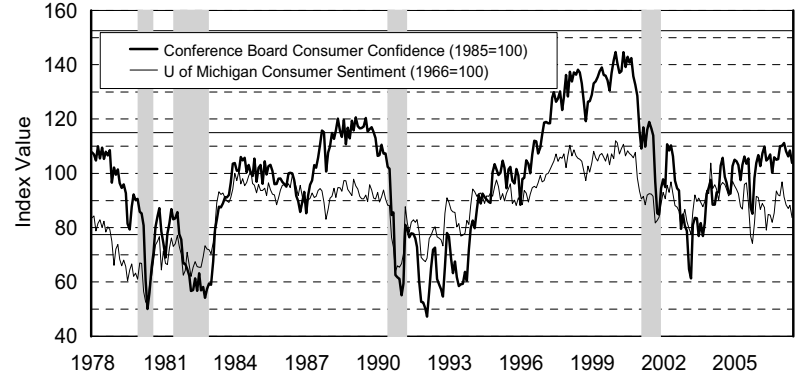


Chart 2.19  
**Seattle vs U.S. CPI (All Urban Consumers)**  
 December 1998 to May 2007 (Seattle to 4/07)

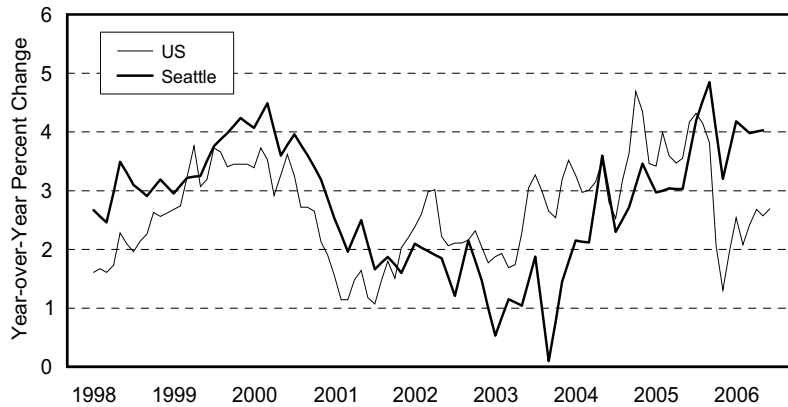
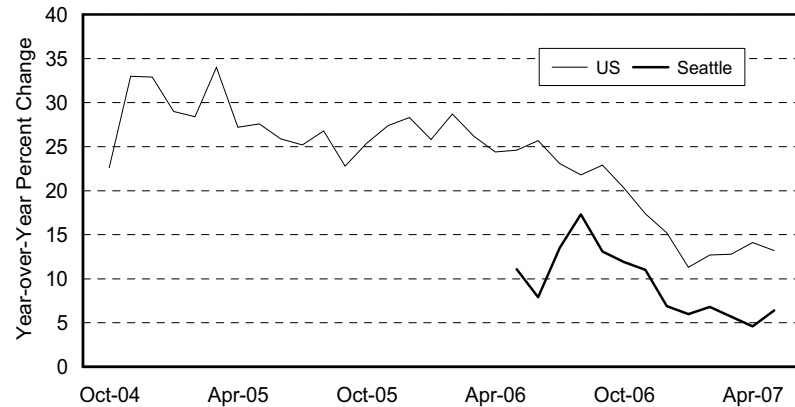


Chart 2.20  
**Monster Employment Index**  
 Year-Over-Year Growth, Oct. 2004 to May 2007



\* Shaded areas correspond with U.S. business cycle contractions as defined by the National Bureau of Economic Analysis.

Table 2.2  
**Washington Business Indicators**  
 Historical Data

	Washington Index of Leading Indicators	U.S. Index of Leading Indicators	Seattle Index of Help-Wanted Advertising	U.S. Index of Help-Wanted Advertising	Washington Purchasing Management Index	U.S. Purchasing Management Index
2005:5	110.0	135.6	57	37	66.3	51.9
2005:6	110.5	137.1	55	38	62.5	54.1
2005:7	110.9	136.9	57	40	61.8	56.1
2005:8	111.6	137.0	56	38	60.7	53.4
2005:9	111.8	135.8	56	37	67.2	57.9
2005:10	112.0	136.9	55	38	59.6	58.5
2005:11	113.1	138.2	54	38	65.4	57.7
2005:12	113.6	138.5	54	38	74.7	55.5
2006:1	114.2	139.1	54	38	66.9	55.3
2006:2	114.3	138.4	53	39	65.0	56.1
2006:3	113.7	138.9	51	37	68.8	55.3
2006:4	114.3	138.6	51	35	73.2	56.9
2006:5	114.2	137.9	49	34	67.7	54.7
2006:6	114.5	137.8	50	34	68.9	54.0
2006:7	114.8	137.5	45	32	70.1	54.4
2006:8	113.7	137.0	43	30	74.8	54.3
2006:9	114.6	137.6	43	29	62.8	52.7
2006:10	114.9	137.6	44	29	68.9	51.5
2006:11	114.1	137.6	43	29	60.5	49.9
2006:12	115.5	138.4	43	34	67.8	51.4
2007:1	115.8	138.0	45	32	68.3	49.3
2007:2	116.7	137.2	44	31	65.2	52.3
2007:3	116.6	138.0	42	29	66.1	50.9
2007:4	116.8	137.6	42	29	71.8	54.7
2007:5	117.3	138.0	38	27	70.4	55.0

# Washington State Revenue Forecast Summary

## Introduction

The Washington State Economic and Revenue Forecast Council approved a \$483.6 million increase to the General Fund-State (GFS) revenue forecast at its June 14, 2007 meeting. The change included a \$195.1 million upward revision to the forecast for the 2005-07 biennium and a \$288.5 million increase for the 2007-09 budget period. The June forecast reflects revised income data that shows more personal income and stronger housing activity than assumed in the March forecast. Employment in the state continues to grow faster than the U.S. as a whole and the aerospace and software sectors, the state's leading industries, remain very strong. Consumer spending and revenue growth was much stronger than expected in the last three months and higher than expected collections accounted for most of the increase to the GFS revenue forecast for the current budget period. The increase to the forecast for the 2007-09 biennium includes a \$331.4 million increase primarily due to a higher starting point and a \$42.9 million reduction due to non-economic factors, including 2007 legislation and an unusually large refund. Although the June 2007 forecast is higher, the forecast continues to expect that economic activity and revenue growth will slow in the next quarter or two due to weakness in housing and a deceleration in consumer spending.

The June 2007 GFS forecast for the 2005-07 biennium, which spans the period from July 2005 through June 2007, is \$27,705.2 million. Consumer and business spending has been very strong in the 2005-07 biennium due to solid income and employment growth and a booming housing market early in the biennium. Although housing activity has slowed recently, the weaker housing sector has

	<u>2005-07 Biennium</u>	<u>2007-09 Biennium</u>	<u>Both Biennia</u>
Non-economic change	\$0.0	(\$42.9)	(\$42.9)
Forecast Change	<u>\$195.1</u>	<u>\$331.4</u>	<u>\$526.6</u>
<b>Total Change*</b>	<b>\$195.1</b>	<b>\$288.5</b>	<b>\$483.6</b>

\*Detail may not add to totals due to rounding.

yet to slow overall spending and revenue growth is on track to be the strongest since the 1989-91 biennium. GFS revenue in the 2005-07 budget period is projected to be \$4.3 billion (18.5 percent) higher than in the 2003-05 biennium. Adjusting for tax law changes and other factors affecting the comparability between biennia, GFS revenue is expected to increase 19.5 percent in the 2005-07 biennium. The higher June 2007 forecast increases the outlook for reserves. Reserves are now projected to total \$1,012.8 million at the end of the 2005-07 biennium. This is the combined total of \$786.3 million in unrestricted General Fund reserves and \$226.5 million of reserves in the Emergency Reserve Fund.

The June 2007 forecast expects modest economic and slower revenue growth next biennium but the higher base in fiscal 2007 is projected to produce more revenue than assumed in March. Rising mortgage rates and a rising inventory of unsold homes is expected to prolong the correction in the residential housing market, however, the weakness in the housing sector is not expected to significantly affect overall economic performance. Revenue growth is expected to slow, however, from the very strong pace in the 2005-07 biennium due to fewer stimuli from housing and construction. The June 2007 GFS revenue forecast for the 2007-09 budget period is \$29,804.0 million. This is \$2.1 billion, 7.6 percent higher than the forecast for the current biennium. The projected ending balance at the end of the 2007-09 biennium is \$1,236.5 million. This is based on the June 2007 GFS revenue forecast and a 2007-09 spending level of \$29,622.9 million. Reserves are comprised of an \$875.7 million GFS ending balance and a \$360.8 million projected ending balance in the Budget Stabilization Account, a new account created by the 2007 legislature, subject to voter approval in November 2007.

## **Background and Assumptions**

The Washington State GFS revenue forecast is prepared quarterly in conjunction with the state economic forecast for the Economic and Revenue Forecast Council. The Economic and Revenue Forecast Council was created by Chapter 138, Laws of 1984, to provide an objective revenue forecast for both the executive and legislative branches of state government. The Council consists of six members, two appointed by the Governor and two appointed by the Legislature from each caucus of the Senate and House of Representatives. Current members of the Economic and Revenue Forecast Council are listed inside the front cover of this publication. The GFS revenue forecast is updated four times per year: March (February in even-numbered years), June, September, and November. Each state agency engaged in revenue collection is responsible for forecasting the revenue it collects or administers. The staff of the Economic and Revenue Forecast Council is responsible for the preparation of the state economic forecast and the revenue forecast of the Department of Revenue's GFS sources. The staff is also responsible for review and coordination of the revenue forecasts of agencies that collect relatively large amounts of GFS revenue. These are the Department of Licensing, the Office of the Insurance Commissioner, the Lottery Commission, the State Treasurer, the Liquor Control Board and the Office of Financial Management. The Office of Financial Management is responsible for summarizing the forecasts of all other state agencies that collect relatively smaller amounts of GFS revenue.

For each quarterly update, the staff of the Economic and Revenue Forecast Council, under the direction of the Executive Director, reviews (and if warranted, modifies) a national economic forecast prepared by Global Insight, Inc. A state economic forecast is then prepared using an econometric model that links Washington's economy to the national economy. The Global Insight national forecast is the primary driver for the state economic forecast. After review by the Governor's Council of Economic Advisors, the economic forecast is used to prepare a baseline forecast of GFS revenue. Agencies and the staff of the Forecast Council use the economic forecast, in conjunction with revenue models, to prepare a GFS revenue forecast. The revenue forecasts for most major General Fund sources are prepared using econo-



metric models which link the tax base of major General Fund taxes to the national and state economic forecast. A baseline revenue forecast, along with at least two alternative forecasts, is prepared for all GFS sources and presented to the Forecast Council for approval. Once the Council approves the forecast, it becomes the official forecast of GFS revenue. An outline of the forecast process, including a summary of the June 2007 baseline forecast for the 2007-09 biennium, is shown in Table 3.2.

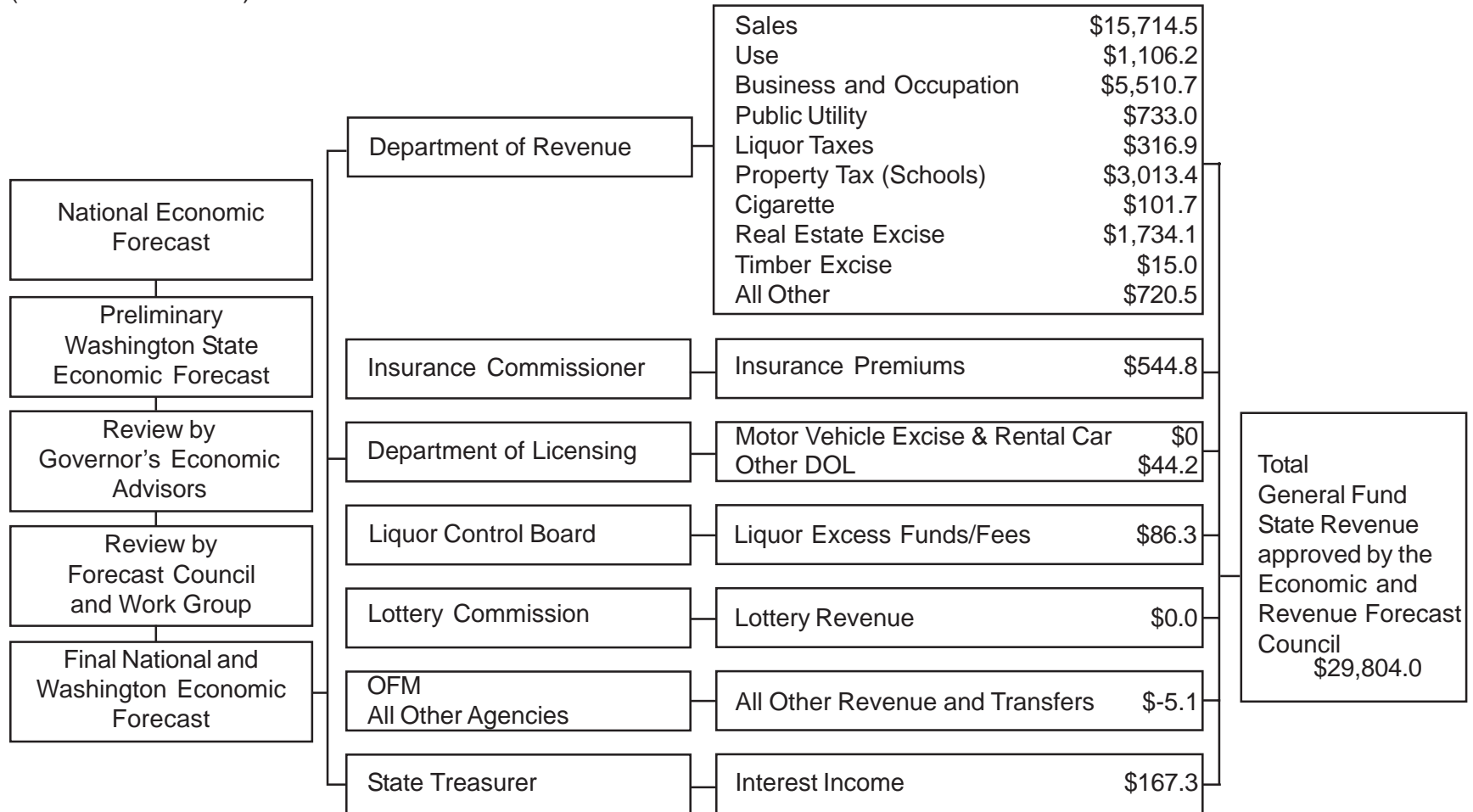
## June 2007 Forecast Assumptions

1. The June 2007 GFS revenue forecast is based in part on the economic forecast for the U.S. and the Washington State economies presented in Chapter 1 of this publication. The economic outlook for the U.S and for the state is based on the Global Insight, Inc. May 2007 baseline forecast.
2. The GFS revenue forecast is based on current law and administrative practices. The revenue impact of tax law changes enacted into law during the 2007 legislative session have been incorporated in the June 2007 forecast. Table 3.13 summarizes of the impact of 2007 tax law changes.
3. Under provisions of Initiative 728, passed by the voters in November 2000, lottery revenue was dedicated to a newly created Student Achievement Account and to the School Construction Account. Prior to Initiative 728, most lottery revenue went into the General Fund. Under provisions of E2SSB 6560, enacted during the 2002 legislative session, the state is participating in a multi-state lottery game. Proceeds from this new game go the General Fund after the first \$102 million per year of uncommitted lottery earnings are transferred to the Student Achievement Account. Part II of Table 3.20 summarizes lottery distributions by fund.
4. There are several legal challenges to various aspects of the state's tax laws or administration. Most of these challenges are in litigation and either has not yet been ruled on by the courts or is on appeal. The two most visible cases are a ruling by a judge in Snohomish County in the spring of 2006 invalidating some of the tax increases enacted during the 2005 legislative session and the King County Superior Court ruling in June 2006 invalidating Initiative 747. Both of these rulings are on appeal. Any impact of legal challenge affecting GFS receipts will not be incorporated into the forecast until the issue has been completely resolved.
5. There have been several legislative and other non-economic changes affecting GFS receipts for the last few biennia as well as the forecast for the 2005-07 and 2007-09 biennia. As of June 2007 new tax law changes and other non-economic factors have reduced GFS revenue for the 2005-07 biennium by an estimated \$474 million. In addition, legislation has reduced the GFS for the 2007-09 biennium by \$155.0 million.
6. Initiative 728, which transfers a portion of revenue from the General Fund to the Student Achievement account, has had a disproportional impact on GFS revenue over time. The I-728 property tax transfers grew from \$267.0 million in the 2001-03 biennium to \$329.8 million in the 2003-05 biennium. They are expected to grow to \$491.8 million in the 2005-07 biennium and to \$503.3 million in the 2007-09 biennium. (See part I of Table 3.20.)

## Recent Collection Experience

Revenue collected in the three months since the March 2007 forecast was \$284.8 million, 8.3 percent, more than expected. This variance, however, is distorted by \$201 million of special factors that are unrelated to the strength of the economy. The special factors included \$78.0 million in unusually large audit payments and \$123.0 million in early payment of property taxes. Excluding special factors, collections

Table 3.2  
**Economic and Revenue Forecast Flow Chart\***  
 General Fund-State  
 2007-09 Biennium  
 (Amounts in millions)



\* Cash Basis

were \$83.8 million, 2.5 percent, higher than expected. The positive revenue variance since the last forecast is primarily from higher than expected Revenue Act (retail sales, business and occupation, use and public utility tax) receipts. Revenue Act tax payments exceeded the March forecast by \$81.5 million (3.2 percent), excluding special factors. Other GFS taxes and transfers were \$2.3 million more than expected.

GFS revenue growth has remained strong despite higher energy costs and a weak residential housing market. After a strong third quarter of 2006 (+9.6 percent), revenue growth decelerated in the fourth quarter (+7.7 percent), but then rebounded strongly in the first four months of 2007 (+9.7 percent). Revenue Act tax payments were 9.6 percent above the year-ago level in the three months since the March 2007 forecast (February 2007 through April 2007 business activity). Growth remains well above the growth of U.S. retail sales and state personal income. Revenue from Washington's major excise taxes has increased faster than income for the last fifteen quarters. The June forecast continues to assume that this pace is unsustainable and that revenue growth will eventually moderate as a weakening housing market slows spending in other sectors of the economy.

Industry detail for the most recent month (April 2007 activity, reflecting excise tax payments of taxpayers who filed electronically in the May 11- June 10, 2007 period) showed continued overall strength in year over year growth of tax payments. However, there was evidence of slowing in the retail trade sector. For the month tax payments of businesses in the retail trade and food services sector were up only 4.2 percent from the year-ago level. This follows increases of 7.5 percent last month and 7.2 percent two months ago. The 4.2 percent gain was the weakest increase since the last recession. Tax payments by businesses in the auto sector, the largest retailing category, were 4.0 percent above the year-ago level, after increasing 7.5 percent last month. In the most recent month, only two of twelve three-digit retail NAICS sectors reported double-digit gains with the strongest growth reported by non-store retailers (+18.0 percent) and drug and health stores (+10.7 percent). The building materials/garden equipment sector was the only retailing sector that reported a

**Table 3.3**  
**Collection Variance of Major General Fund-State Taxes by Agency**  
 March 11 - June 10, 2007  
 Based on the March 2007 Forecast (Millions of Dollars)

<u>Agency/Source</u>	<u>Collection Variance*</u>	<u>Percent of Estimate</u>	<u>Adjusted Collection Variance**</u>	<u>Percent of Estimate</u>
Department of Revenue				
Revenue Act <sup>1</sup>	\$92.5	3.6%	\$81.5	3.2%
Non Revenue Act <sup>2</sup>	\$191.3	22.6%	\$1.3	0.2%
Subtotal	<u>\$283.8</u>	<u>8.3%</u>	<u>\$82.8</u>	<u>2.4%</u>
Department of Licensing <sup>2</sup>	\$1.0	12.0%	\$1.0	12.0%
Other	na	na	na	na
<b>Total***</b>	<b>\$284.8</b>	<b>8.3%</b>	<b>\$83.8</b>	<b>2.5%</b>

<sup>1</sup> Revenue Act taxes consist of retail sales, business and occupation, use, public utility and tobacco products taxes as well as penalty and interest receipts. The variance is based on collections March 11, 2006 through June 10, 2007.

<sup>2</sup> Variance based on March 2007 through May 2007 collections. Major Non-Revenue Act sources include: state property tax levy, real estate excise tax and estate tax.

\* Collection variance: actual tax payments compared to monthly estimates based on the March 2007 forecast.

\*\* Variance adjusted for special factors: primarily unusually large and non-recurring payments and early payment of property tax.

\*\*\* Detail may not add to total due to rounding.

decline in tax payments (-8.5 percent), however, the other “construction related” retail sectors were quite weak. Tax payments from businesses in the furniture and home furnishings sector were up only 1.7 percent and tax payments from the electronic and appliance category increased only 1.4 percent. Tax payments from non-retailing sectors as a whole increased 8.9 percent in the most recent month. Non-retailers reported a 6.6 percent gain the month before. Despite weakening real estate excise tax payments, excise taxes paid by the construction sector remained strong this month (+12.9 percent), only a little weaker than last month (+13.3 percent). Besides the construction sectors, the non-retail trade sectors with the strongest growth this month were: wholesale trade (+12.2 percent), the finance and insurance sector (+11.8 percent), and professional, scientific and technical services (+21.0 percent). The only major non-retail trade sector that reported a year-over-year decline in tax payments was manufacturing (-1.8 percent).

Real estate activity continues to slow but thanks to special factors, real estate excise payments were higher than expected. Real estate tax payments exceeded the forecast in the three months since the March 2007 forecast by \$64.3 million; however, this was due to three large, non-recurring transactions. Excluding these transactions, real estate receipts were very close to, \$1.6 million below, the estimate. After hitting an all-time high in the first quarter of 2006, seasonally adjusted taxable real estate activity has declined three of the last four quarters. Preliminary data indicates that taxable real estate activity (based on closings) in May 2007 was 5.1 percent below the year-ago level. Special factors aside, taxable activity has been below the year-ago level for seven consecutive months and eight of the last nine. The volume of activity is the primary source of weakness. The number of real estate transactions has declined on a year-over-year basis for seventeen straight months and was 10.4 percent below the year-ago level in the first quarter of 2007.

General Fund-State taxes collected by the Department of Licensing (primarily revenue from licenses and fees) were \$1.0 million (12 percent) above the estimate in the three months since the March forecast.

## **The General Fund-State Forecast for the 2005-07 and the 2007-09 Biennia**

The outlook for GFS revenue continues to improve. Stronger than expected growth and some special factors has again boosted the outlook for the remainder of the 2005-07 biennium as well as for the 2007-09 biennium.

The forecast has underestimated the strength of the economy and significantly underestimated revenue growth for most of the 2005-07 biennium. With one month to go, revenue growth in the 2005-07 biennium will most certainly be the best since the 1989-91 budget period. GFS revenue growth in the 2007-09 biennium has been well above trend and has consistently grown much faster than personal income. Revenue from major excise taxes increased 10.6 percent in fiscal 2006, the first year of the current biennium, and has averaged 8.8 percent above the year-ago level in the first ten months of fiscal 2007. While there is clear evidence of weaker housing and real estate activity, so far there is little evidence that this has weakened overall consumer and business spending. Nevertheless, the forecast continues to expect that a weaker housing market will eventually spill over to other sectors. This is not expected to happen, however until next biennium. The June forecast expects real personal income in Washington to increase 6.8 percent in the 2005-07 biennium, up from 2.7 percent in the 2003-05 period. Employment growth is also expected to improve significantly, increasing 5.5 percent compared to 1.7 percent in the 2003-05 budget period. The strong economy and spending will produce the strongest biennial increase in GFS revenue since the 1989-91 budget period. The June 2007 forecast expects GFS collections to total \$27,705.2 million in the 2005-07 biennium. This is \$4.3 billion (18.5 percent) more than in the 2003-05 biennium. Adjusting for tax law changes and other non-economic factors, revenue is expected to increase 19.5 percent.

The June 2007 forecast assumes that the higher starting point and strong momentum from the 2005-07 biennium will produce more revenue in the 2007-09 budget period than was assumed in the March forecast. While the new forecast is higher than in March, the outlook still assumes that economic and revenue growth will slow next biennium. The forecast expects employment growth to slow to 4.3 percent next biennium. Housing next biennium is expected to weaken even more. Building permits are expected to fall 6.1 percent in the 2007-09 biennium after increasing 7.9 percent in the 2005-07 period. The pace of consumer and business spending is expected to moderate in the 2007-09 budget period due to the weakness in the housing sector and slower employment growth. Interest rates are expected to be higher and the added stimulus to spending from home equity cash-outs will be much less. After a prolonged period where spending exceeded income growth, the spending-relative-to-income relationship in the 2007-09 period is expected to dip below the long run average next biennium before returning to a more normal level. Slower spending will produce more modest revenue growth in the 2007-09 biennium. GFS revenue is expected to increase 7.6 percent in the 2007-09 biennium, a noticeable deceleration from the 18.5 percent increase expected in the 2005-07 biennium and the 10.6 percent gain in the 2003-05 budget period.

Washington's tax structure is different from most states. Washington has no personal or corporate income tax. The majority of Washington's GFS revenue comes from three taxes: sales and use, business and occupation, and the property tax (state school levy). These three taxes are expected to account for 83.0 percent of the \$27.7 billion total GFS cash receipts in the 2005-07 biennium. This is down from 84.2 percent in the 2003-05 biennium. These taxes are expected to account for 85.0 percent of GFS revenue in the 2007-09 biennium. The state's reliance on sales, business and occupation, and property taxes has increased over time, rising from 79.7 percent in the 1991-93 biennium and from 75 percent twenty-five years ago. The slight reduction in the General Fund's reliance on these three taxes between the 2003-05 and the 2005-07 biennia is partly due to a surge in real estate excise tax revenue in the current biennium. The real estate excise tax is the General Fund-State's fourth largest revenue source. Real estate excise tax receipts are expected to increase 50.2 percent in the 2005-07 biennium compared to 18.5 percent for total

<u>Biennium</u>	<u>Current Dollars</u>	<u>Percent Change</u>	Cash Basis	
			<u>2000 Chained Dollars</u>	<u>Percent Change</u>
1961-63	\$817.1		\$3,362.6	
1963-65	866.2	6.0%	3,478.7	3.5%
1965-67	1,128.6	30.3%	4,357.5	25.3%
1967-69	1,440.5	27.6%	5,200.4	19.3%
1969-71	1,732.7	20.3%	6,552.5	26.0%
1971-73	1,922.1	10.9%	6,721.8	2.6%
1973-75	2,372.4	23.4%	7,168.5	6.6%
1975-77	3,395.0	43.1%	8,922.0	24.5%
1977-79	4,490.0	32.3%	10,358.6	16.1%
1979-81	5,356.4	19.3%	10,292.1	-0.6%
1981-83	6,801.4	27.0%	11,378.5	10.6%
1983-85	8,202.4	20.6%	12,662.4	11.3%
1985-87	9,574.6	16.7%	13,936.5	10.1%
1987-89	10,934.1	14.2%	14,805.5	6.2%
1989-91	13,309.0	21.7%	16,560.9	11.9%
1991-93	14,862.2	11.7%	17,331.1	4.7%
1993-95	16,564.6	11.5%	18,474.0	6.6%
1995-97	17,637.7	6.5%	18,866.9	2.1%
1997-99	19,620.1	11.2%	20,420.8	8.2%
1999-01	21,262.1	8.4%	21,264.8	4.1%
2001-03	21,140.7	-0.6%	20,397.2	-4.1%
2003-05	23,388.5	10.6%	21,592.2	5.9%
2005-07 <sup>F</sup>	27,705.2	18.5%	24,195.4	12.1%
2007-09 <sup>F</sup>	29,804.0	7.6%	25,017.5	3.4%

<sup>F</sup>: June 2007 Forecast  
 \*Total General Fund-State revenue and transfers. Cash basis; includes rate base and administrative changes. Modified cash basis: 1985-87 and prior; pure cash basis: 1987-89 and after. May not be comparable because the collection totals include the impact of rate, base and administrative changes.  
 Source: Department of Revenue, the Office of Financial Management and the Office of the Forecast Council's June 2007 forecast.

Table 3.5  
**Taxable Retail Sales\***  
 June 2007  
 (Millions of Dollars)

<u>Fiscal</u> <u>Year</u>	<u>Amount</u>	<u>Percent</u> <u>Change</u>
1974	11,877	
1975	13,380	12.7%
1976	15,493	15.8%
1977	17,626	13.8%
1978	21,121	19.8%
1979	22,309	5.6%
1980	24,057	7.8%
1981	25,197	4.7%
1982	26,097	3.6%
1983	29,368	12.5%
1984	29,156	-0.7%
1985	30,687	5.3%
1986	32,158	4.8%
1987	34,647	7.7%
1988	37,452	8.1%
1989	41,429	10.6%
1990	47,183	13.9%
1991	49,812	5.6%
1992	53,189	6.8%
1993	55,319	4.0%
1994	59,009	6.7%
1995	61,927	4.9%
1996	62,817	1.4%
1997	66,748	6.3%
1998	72,059	8.0%
1999	77,197	7.1%
2000	83,335	8.0%
2001	85,633	2.8%
2002	84,418	-1.4%
2003	86,165	2.1%
2004	90,139	4.6%
2005	97,253	7.9%
2006	107,071	10.1%
2007 <sup>F</sup>	115,002	7.4%
2008 <sup>F</sup>	121,561	5.7%
2009 <sup>F</sup>	127,754	5.1%

<sup>F</sup> Forecast.

\* Actual Base. Includes statutory and administrative changes to the tax base. Historical fiscal year data are from quarterly taxable sales reported by taxpayers on the state's Combined Excise tax return. Major base changes include: exemption of off-premises food, beginning 1978:3 (fiscal 1979); extension of the sales tax base to off premises food (1982:2 to 1983:2); food again exempt 1983:3 (fiscal 1984). Base extended to some personal services effective July 1994. Exemption of manufacturing equipment effective fiscal 1996. Additional sales tax exemptions (including an exemption for R&D equipment effective fiscal 1997. Changes in reporting effective 1997. Additional exemptions effective fiscal 1999, 2000, 2001, 2002 and 2004. Changes to the tax base due to increased compliance efforts effective fy 2003. Fiscal year totals effected by enacted legislation.

GFS revenue. Revenue from the real estate excise tax is expected to account for 9.2 percent of GFS revenue in the 2005-07 biennium, up from 5.7 percent in the 2003-05 biennium and 4.1 percent in the 2001-03 biennium. Next biennium the real estate excise tax is expected to account for 5.8 percent of total GFS revenue.

The retail sales and use tax, the state's largest revenue source, generated \$12.7 billion (54.5 percent) of total GFS revenue in the 2003-05 biennium. Sales and use taxes are expected to produce \$15.2 billion (54.7 percent) of the total in the 2005-07 budget period and \$16.8 billion, 56.4 percent of the total in the 2007-09 budget period. The business and occupation tax totaled \$4.2 billion in the 2003-05 biennium, 18.0 percent of total GFS revenue. This tax is expected to produce \$5.0 billion, 18.2 percent of the total in the 2005-07 biennium and \$5.5 billion, and 18.5 percent, of the total next biennium. The General Fund-State's share of the property tax totaled \$2.7 billion, 11.7 percent of total GFS revenue in the 2003-05 biennium. The property tax is expected to total \$2.8 billion, 10.1 percent of the total in the 2005-07 biennium and \$3.0 billion, 10.1 percent of the total in the 2007-09 biennium. The reduction in the property tax share of total GFS receipts reflects the impact of I-728, which transfers a portion of the state property tax levy from the General Fund to the Student Achievement/School Construction Account beginning in the 2001-03 biennium. (See Table 3.20, part 1.)

Taxable sales (sales subject to the 6.5 percent state retail sales tax) totaled \$29,637.6 million in the fourth quarter of 2006, the latest quarter available. This was 7.2 percent higher than the year-ago level. Taxable sales increased 8.8 percent in the third quarter of 2006 and 10.6 percent in the second quarter. Taxable sales have now increased on a year-over-year basis for eighteen consecutive quarters after having fallen or remaining unchanged for five straight quarters during the last recession. While the growth of taxable sales in the fourth quarter was a little weaker than in recent quarters, it again grew faster than personal income and retail sales nationally. In the fourth quarter of 2006, U.S. retail sales were

Chart 3.1  
General Fund-State Revenue

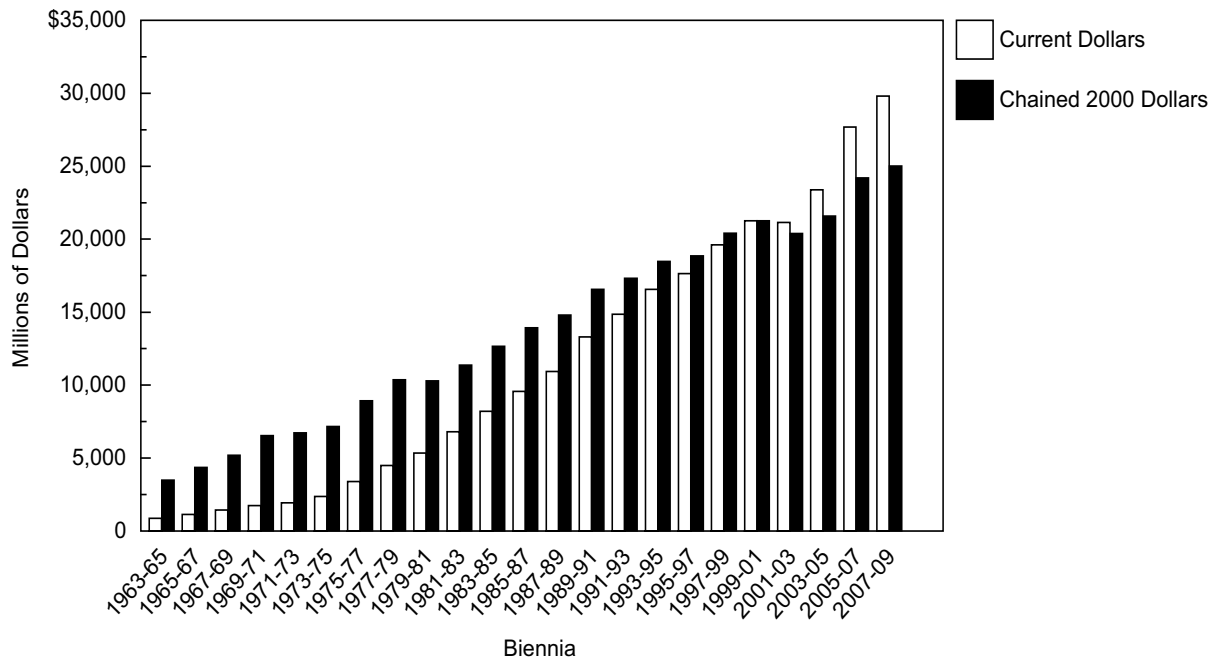


Chart 3.2  
General Fund-State Revenue - Percent Change

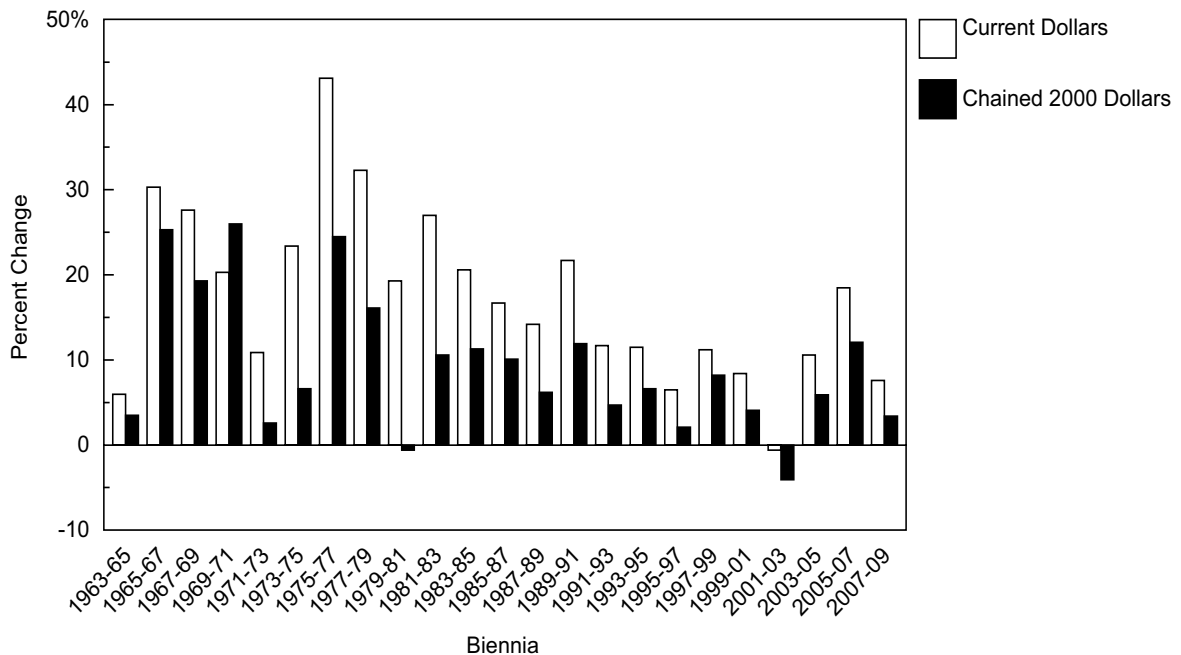


Chart 3.3  
Composition of General Fund-State Revenue

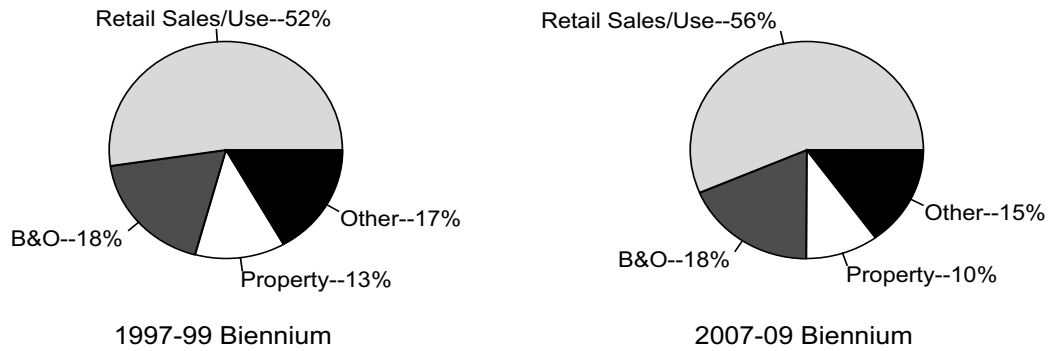
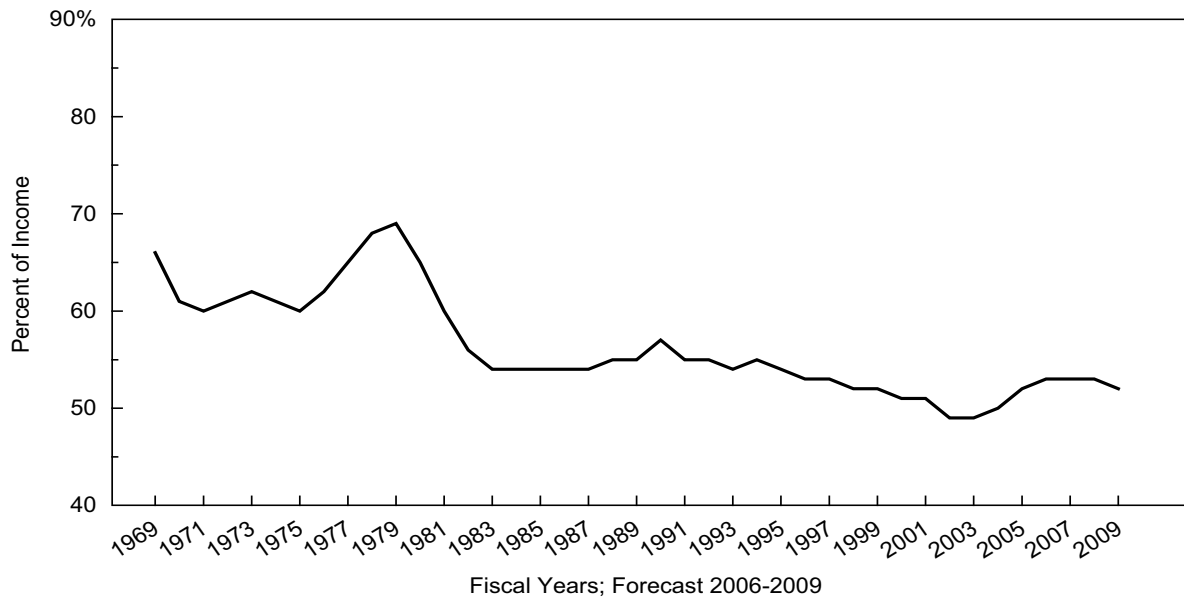


Chart 3.4  
Taxable Sales\* as a Percent of Personal Income



\* Adjusted Base



5.0 percent (adjusted) above the year-ago level, slightly less than the 5.4 percent year-over-year increase in the third quarter. The June 2007 forecast assumes that taxable sales in Washington rebounded in the first quarter of 2007. Although the first quarter is complete, actual taxable sales data for the quarter are not yet available. The forecast assumes that taxable sales were 7.8 percent higher than the year-ago level in the first quarter of 2007. This would be a little better than the 7.2 percent in the fourth quarter and again well above the June forecast's assumed growth of U.S. retail sales (3.4 percent) and state personal income (6.6 percent).

The Department of Revenue has converted the classification of taxpayers from the Standard Industrial Classification (SIC) basis to the North American Industry Classification System (NAICS) making historical comparisons by sector easier and more meaningful. Taxable sales in the fourth quarter of 2006 of businesses in the retail trade sector, which accounted for 45.6 percent of all taxable sales in the quarter, were 6.2 percent above the year-ago level. Last quarter taxable sales of firms in the retail trade sector increased 6.7 percent. Within retailing, the clothing/accessories category reported the largest increase for the quarter, 10.0 percent. The next strongest category was general merchandise stores which reported a 6.8 percent year-over-year increase. The auto sector, the largest retail trade category, reported a 6.2 percent increase. There were a couple of weak sectors: furniture and home furnishing retailers reported an increase of only 2.6 percent and the electronics and appliance category reported a year-over-year drop of 0.8 percent. This was the first decline reported by any retail trade sector since the third quarter of 2005.

Taxable sales reported by non-retailing sectors were 8.0 percent higher than a year-ago in the fourth quarter of 2006. This follows a 10.8 percent increase the previous quarter. The year-over-year change in the current quarter varied widely among non-retail trade sectors. Taxable sales reported by the construction sector, which accounted for 19.4 percent of all taxable sales, were 12.3 percent higher than a year ago. This sector reported a 20.4 percent increase in the third quarter. Taxable sales reported by the service sector, which accounted for 17.0 percent of all taxable sales in the fourth quarter, were 7.9 percent higher than a year-ago. Taxable sales reported by the manufacturing sector increased 6.7 percent but the wholesale trade sector reported only a 1.8 percent year-over-year increase. The importance of the strong housing market on taxable sales growth is again very evident from fourth quarter taxable sales data. Taxable sales from housing related sectors (construction, furniture, building materials and electronics/appliance retailers) which accounted for 28.6 percent of total taxable sales, increased 8.5 percent in the fourth quarter of 2006 despite some slowing in furniture and electronics and appliance sales; taxable sales of all other sectors increased 5.6 percent.

Taxable sales in the state's three largest counties (King, Snohomish and Pierce) were 6.2 percent higher than a year ago in the fourth quarter of 2006. Taxable sales increased 8.7 percent in the rest of the state. Taxable sales in King County were 6.0 percent higher than a year-ago for the quarter. Taxable sales in Snohomish County increased 7.3 percent in the fourth quarter and Pierce County reported a 6.1 percent increase. Taxable sales in Spokane County were 9.9 percent above the year-ago level.

Statewide taxable sales increased 10.1 percent in fiscal 2006. This is up from 7.9 percent in 2005 and is the strongest growth since fiscal 1990. The growth of taxable sales is expected to decelerate to 7.4 percent in fiscal 2007 as the housing boom subsides. Although taxable sales growth in fiscal 2007 is expected to be weaker than the previous two years it is still very strong and better than both U.S. retail sales and state personal income growth. After increasing much faster than income for fourth consecutive years, taxable sales growth is expected to decelerate further and grow a slower than income in fiscal 2008 and 2009 due to higher interest rates and a weaker housing market and as consumers replenish their savings. The forecast assumes fiscal 2008 taxable sales growth will slow to 5.7 percent and weaken further in fiscal 2009 to 5.1 percent.

## Forecast Change for the 2005-07 and 2007-09 Biennia

The June 2007 GFS revenue forecast is \$483.6 million more than in March. The forecast for the 2005-07 biennium is \$195.1 million higher and the outlook for the 2007-09 budget period is \$288.5 million higher. The majority of the change for the current biennium reflects higher than expected collections in the last three months. The change next biennium is comprised of a \$331.4 million increase due to a higher starting point and a \$42.9 million reduction due to non-economic factors, including 2007 legislation and an unusually large refund.

Table 3.6 summarizes the changes to the GFS cash forecast for the 2005-07 and 2007-09 biennia by type of change. Tables 3.7 and 3.8 summarize the June 2007 revisions to GFS revenue for the 2005-07 biennium by agency and source of revenue. Table 3.7 is on a cash basis and Table 3.8 is on a GAAP basis. Tables 3.9 and 3.10 summarize the changes to the GFS revenue forecast for the 2007-09 biennium by agency and source. Table 3.9 is on a cash basis and Table 3.10 is on a GAAP basis. Table 3.11 provides the fiscal year forecast by major revenue source and Table 3.13 summarizes the impact of 2007 legislation and budget driven revenue changes on GFS revenue. Below is a brief summary of the non-economic changes to the forecast followed by summary of changes to the forecast by agency.

### Non-Economic Changes to the Forecast

There were two non-economic changes to the GFS forecast in June. The first was a \$23.6 million reduction to other tobacco products tax (tobacco products other than cigarettes, e.g. cigars, chewing tobacco, etc.) due to a settlement with several tobacco wholesales who had brought suit against the Department of Revenue claiming they were being taxed incorrectly. A settlement will result in refunds to taxpayers in early fiscal 2008 and is expected to reduce GFS revenue (tobacco products tax) by \$23.6 million. In addition to the loss to the General Fund, there will be a loss of \$5.2 million to the Health Services Account and an \$8.1 million loss to the Water Quality Account as a result of this settlement. The other non-economic change to the GFS forecast in June was the incorporation of the impact of 2007 legislation and budget driven revenue into the forecast. Table 3.13 summarizes tax law changes with GFS impact that were enacted during the 2007 legislative session. Legislation and budget driven revenue reduced the 2007-09 GFS forecast by a total of \$19.3 million. The most significant legislation enacted was SSB 5089, the streamlined sales and use tax bill. Enactment of this legislation enables Washington to join with other states which levy sales taxes in the implementation of a more uniform system of sales taxation across states. In recent years, Washington has modified sales/use tax statutes in order to adopt certain elements of the Streamlined Sales and Use Tax Agreement (SSUTA). Enactment of SSB 5089 completes the process and allows Washington to become a full member of the agreement, joining 21 other states that have adopted the agreement to-date. The SSUTA will make it easier for multi-state retailers to collect and report sales tax on transaction which cross state boundaries. The principal features of this legislation in the adoption of destination-based sourcing of sales tax receipts. A key feature of the SSUTA is that for items delivered to customers, the location where the buyer receives the goods is considered to be the location of the transaction. Under existing Washington law, the source of such sales generally was attributed to the location from which the goods were shipped. While this change will have no impact on sales tax receipts in the aggregate, it will impact local areas. Cities with warehouses from which products are shipped will tend to lose local sales tax receipts, while jurisdictions with a greater population density will likely experience gains. This legislation contains a mitigation program to help local jurisdiction which will suffer losses in local sales tax revenue as a result of destination based sourcing. This includes a transfer of \$31.6 million in fiscal 2009 from the General Fund to a new mitigation account to be used to compensate jurisdictions that experience revenue reductions as a result of the change to destination based sourcing. The effective date of this

legislation is July 1, 2008. The state is expected to collect \$25.7 million more retail sales tax in fiscal 2009 as a result of this legislation. This is offset, however, by the transfer of \$31.6 million from the General funds to aid local governments that experience a loss in local sales tax. Thus the net GFS impact for the 2007-09 biennium is a \$5.9 million reduction of GFS revenue. Because the \$31.6 million transfer to aid local government is a once-time event, there is a positive GFS revenue impact for future biennia due to this legislation.

## **Department of Revenue**

The Department of Revenue collects and administers the majority of Washington's GFS revenue, accounting for more than 97 percent of total GFS revenue in the 2005-07 and 2007-09 biennia. The June 2007 forecast of GFS revenue sources administered and collected by the Department of Revenue is \$490.8 million higher than in March. This includes \$284.8 million higher than expected collections in the three months since the March forecast. It also includes the impact of 2007 legislation and budget driven revenue on Department of Revenue Sources (+\$14.6 million) and the GFS impact of the Other Tobacco Products settlement and refund (-\$23.6 million). The forecast for the 2005-07 budget period is \$187.0 million higher than in March. The forecast for the 2007-09 biennium is \$303.8 million higher. Consumer and business spending has grown faster than assumed at the time of the March 2007 update and the change for the current biennium primarily reflects stronger than expected revenue collections since the last forecast. The majority of the higher than expected payments, however, reflects special factors that are not related to the strength of the economy. There were two types of special factors that contributed to the much higher than expected revenue since the March forecast. The first were four unusually large and non-recurring payments: one audit payment, and three unusually large, real estate excise tax payments. The second, was the early payment of property tax; while this resulted in much higher than expected revenue in May (contributing an estimated \$123. million to the positive variance since the March forecast) because these payments are believed to be solely due to timing, the higher receipts in May are expected to be offset by weaker than expected revenue in June, and thus there is no net impact on GFS revenue for the biennium.

The major changes to Department of Revenue sources for the 2005-07 biennium include a \$70.1 million increase to the real estate excise tax forecast, a \$64.5 million increase to the sales tax forecast, a \$30.4 million increase to the business and occupation tax forecast and a \$13.5 million increase to the public utility tax forecast. The higher retail sales, public utility and business and occupation tax forecasts primarily reflect stronger than expected consumer spending since March. The increase to the real estate excise tax forecast reflects the three extraordinarily large payments received since the March forecast.

Major changes to the forecast of Department of Revenue sources next biennium include a \$227.8 million increase to the retail sales tax forecast, a \$56.9 million increase to the business and occupation tax forecast, a \$28.6 million increase to the use tax forecast and a \$23.4 million increase to the public utility forecast. These increases are partially offset by a \$22.6 million reduction to the real estate excise tax forecast and a \$23.6 million reduction to the tobacco products tax forecast. The increases primarily reflect a higher starting point and a healthy state economy. The reduction to the real estate excise tax primarily reflects the outlook for higher mortgage interest rates than expected in March. The reduction to the tobacco products forecast reflects the impact of a settlement with and refunds to several tobacco wholesalers.

The strong economy has produced strong growth for most Department of Revenue tax sources in the 2005-07 biennium, especially compared to overall economic growth as measured by state personal income. The tax base of Washington's two major excise taxes (sales and business and occupation tax) increased substantially faster than personal income in fiscal 2006 and is expected to do the same in fiscal

Table 3.6  
**Summary of Changes to the General Fund-State Forecast**  
 June 2007 Cash Forecast  
 (Millions of Dollars)

	<u>June 2007 Change</u>
<b><u>2005-07 Biennium</u></b>	
<b><i>Collection Experience in the 2005-07 Biennium (excluding Special factors)</i></b>	<b>\$83.8</b>
Department of Revenue <sup>1</sup>	82.8
Department of Licensing <sup>2</sup>	1.0
<b><i>Special Factors affecting collections<sup>3</sup></i></b>	<b>\$78.0</b>
<b><i>Early property tax affecting collections<sup>4</sup></i></b>	<b><u>\$123.0</u></b>
<b><i>Sub total: Collection Experience in the 2005-07 Biennium</i></b>	<b>\$284.8</b>
Department of Revenue	283.8
Other agencies	1.0
<b><i>Adjustment for early property tax collections<sup>5</sup></i></b>	<b>(\$123.0)</b>
<b><i>Forecast Change for the 2005-07 Biennium</i></b>	<b>\$33.3</b>
Department of Revenue	26.2
Other agencies	7.1
<b>Total Change: 2005-07 Biennium*</b>	<b><u>\$195.1</u></b>
<b><u>2007-09 Biennium</u></b>	
<b><i>Non Economic Adjustments to the Forecast</i></b>	<b>(\$42.9)</b>
Impact of 2007 legislation <sup>6</sup>	(19.3)
Impact of DOR settlement <sup>7</sup>	(23.6)
<b><i>Forecast Change for the 2007-09 Biennium</i></b>	<b>\$331.4</b>
Department of Revenue	\$312.8
Other agencies	\$18.6
<b>Total Change: 2007-09 Biennium*</b>	<b><u>\$288.5</u></b>
<b>Total Change: Both Biennia</b>	<b><u>\$483.6</u></b>

<sup>1</sup> Variance based on collections March 11, 2007 to June 10, 2007.

<sup>2</sup> Variance based on collections March 2007 through May 2007.

<sup>3</sup> Large unexpected audit payment and three unusually large and unexpected real estate excise tax payments.

<sup>4</sup> Early receipt of property taxes (artificially increases the reported collection variance).

<sup>5</sup> Offset of early receipt of property taxes.

<sup>6</sup> Impact of 2007 legislation and budget driven revenue.

<sup>7</sup> Impact of DOR other tobacco products settlement.

\* Detail may not add due to rounding.

2007. There are two major exceptions to strong growth in the 2005-07 biennium: the portion of the state property tax levy that goes to the General Fund and the GFS portion of the estate tax. While overall the state levy is expected to increase 6.7 percent in the 2005-07 biennium, the General Fund portion of the property tax is expected to increase only 1.6 percent. This is due to the impact of Initiative 728 which diverts a portion of the state levy from the General Fund to the Student Achievement Account (SAA). The forecast assumes that the share of the state levy going to the SAA (instead of the General Fund) which grew from \$267.0 million in the 2001-03 biennium to \$329.8 million in the 2003-05 biennium will grow to \$491.8 million in the 2005-07 biennium and to \$503.3 million in the 2007-09 biennium. The Washington estate tax was ruled invalid by the Washington State Supreme Court and the General Fund will no longer get estate tax revenue, other than small amounts from delinquent payments, after mid-fiscal 2006. Although a new estate tax was enacted, revenue from it no longer goes to the General Fund.

The real estate excise tax forecast was raised again in June 2007. The increase, however, was due to receipt of three extraordinarily large non-recurring payments, not because the outlook for the housing market has improved. After hitting an all time high in the first quarter of 2006, taxable real estate activity has declined in three of the last four quarters. The June forecast continues to expect real estate activity to weaken further as the lending standards tighten and mortgage interest rates rise. The forecast expects a modest correction not a crash or falling prices in the aggregate but it does expect weak growth for most of the 2007-09 biennium.

### **Department of Licensing**

The majority of General Fund-State revenue collected by the Department of Licensing is from firearm and event licenses, boat excise tax, and boat registration fees. The department's General Fund-State forecast for the 2005-07 biennium has been increased \$0.1 million to \$41.4 million and its forecast for the 2007-09 biennium has been increased \$0.6 million to \$44.8 million.

### **The Office of Financial Management (Other Agencies)**

The Office of Financial Management (OFM) is responsible for preparing General Fund-State revenue and transfer forecasts for all agencies excluding the Department of Revenue, the Department of Licensing, the Liquor Control Board, the Insurance Commissioner, and the State Treasurer. The office's forecast for the 2005-07 biennium was increased \$5.2 million to \$46.2 million due mainly to an increase in the forecast of license and fee revenue from the Department of Financial Institutions and forecasted increases in fines and forfeits from the Departments of Social and Health Services and Labor and Industries. The office's forecast for the 2007-09 biennium has been decreased \$27.2 million to -\$5.1 million due mainly to the effects of SSB 5089, which mandated a transfer of \$31.6 million from the General Fund to an account which is to be used to mitigate the effects of the bill's streamlined sales tax on Washington businesses. Several other non-economic changes were also incorporated in the office's forecast for a total non-economic change of -\$28.4 million, offset partially by a \$1.3 million increase in the remainder of the forecast. The office's negative forecast for the 2007-09 biennium indicates that General Fund revenue and transfers from the General Fund to the agencies overseen by the OFM are expected to exceed the revenue and transfers to the General Fund by those agencies.

### **State Treasurer**

The Office of the State Treasurer generates General Fund-State revenue by investing state short-term cash reserves. The office's forecast for the 2005-07 biennium has been increased \$5.6 million to \$167.2 million due to increases in the forecasts of both fund balances and interest rates. The office's forecast for the 2007-09 biennium has been increased \$26.2 million to \$167.3million due mainly to an increase in

Table 3.7  
**Comparison of the General Fund-State Forecast by Agency**  
**2005-07 Biennium; Cash Basis**  
(Millions of Dollars)

<b>Forecast by Agency</b>	<b>March 2007 Forecast<sup>1</sup></b>	<b>Non- Economic Changes</b>	<b>Forecast Revision</b>	<b>June 2007 Forecast<sup>2</sup></b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$14,107.4	0.0	\$64.5	\$14,171.9	\$64.5
Business & Occupation Use	5,015.3	0.0	30.4	5,045.7	30.4
Public Utility	970.4	0.0	8.3	978.7	8.3
Liquor Sales/Liter	669.4	0.0	13.5	682.9	13.5
Cigarette	283.0		(1.2)	281.8	(1.2)
Property (State Levy)	103.9		(0.4)	103.6	(0.4)
Real Estate Excise	2,795.1		(7.6)	2,787.5	(7.6)
Timber Excise	1,923.0		70.1	1,993.2	70.1
Other	17.4		(0.5)	16.9	(0.5)
Subtotal	775.2	0.0	9.8	785.0	9.8
	26,660.1	0.0	187.0	26,847.1	187.0
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	41.3		0.1	41.4	0.1
<b>Insurance Commissioner</b>					
Insurance Premiums	492.5		(1.9)	490.6	(1.9)
<b>Liquor Control Board</b>					
Liquor Profits and Fees	100.0		(0.9)	99.1	(0.9)
Beer & Wine Surtax	4.2		0.0	4.2	0.0
<b>Lottery Commission</b>					
Lottery Revenue	9.5		0.0	9.5	0.0
<b>State Treasurer</b>					
Interest Earnings	161.7		5.6	167.2	5.6
<b>Office of Financial Management</b>					
Other	40.9		5.2	46.2	5.2
<b>Total General Fund-State *</b>	<b>\$27,510.1</b>	<b>\$0.0</b>	<b>\$195.1</b>	<b>\$27,705.2</b>	<b>\$195.1</b>

1 General Fund-State forecast for the 2005-07 biennium, adopted March 2007.

2 Revised General Fund-State forecast for the 2005-07 biennium, adopted June 2007.

\*Detail may not add to totals because of rounding.

Table 3.8  
**Comparison of the General Fund-State Forecast by Agency**  
**2005-07 Biennium; GAAP Basis**  
(Millions of Dollars)

<b><u>Forecast by Agency</u></b>	<b><u>March 2007 Forecast<sup>1</sup></u></b>	<b><u>Non-Economic Changes</u></b>	<b><u>Forecast Revision</u></b>	<b><u>March 2007 Forecast<sup>2</sup></u></b>	<b><u>Total Change</u></b>
<b><i>Department of Revenue</i></b>					
Retail Sales	\$14,202.7	0.0	\$45.8	\$14,248.4	\$45.8
Business & Occupation Use	5,042.6	0.0	31.8	5,074.4	31.8
Public Utility	972.2	0.0	12.1	984.4	12.1
Liquor Sales/Liter Cigarette	672.0	0.0	18.8	690.7	18.8
Property (State Levy)	286.4	0.0	(1.2)	285.1	(1.2)
Real Estate Excise	103.7	0.0	2.9	106.6	2.9
Timber Excise	2,792.0	0.0	(7.0)	2,784.9	(7.0)
Other	1,935.3	0.0	70.4	2,005.6	70.4
Subtotal	777.6	0.0	10.8	788.4	10.8
	26,801.4	\$0.0	183.7	26,985.1	183.7
<b><i>Department of Licensing</i></b>					
Boat excise, licenses, fees & other	42.4	0.0	0.1	42.6	0.1
<b><i>Insurance Commissioner</i></b>					
Insurance Premiums	492.5	0.0	(1.9)	490.6	(1.9)
<b><i>Liquor Control Board</i></b>					
Liquor Profits and Fees	100.0	0.0	(0.9)	99.1	(0.9)
Beer & Wine Surtax	4.2	0.0	0.0	4.2	0.0
<b><i>Lottery Commission</i></b>					
Lottery Revenue	7.6	0.0	0.0	7.6	0.0
<b><i>State Treasurer</i></b>					
Interest Earnings	164.8	0.0	10.1	174.9	10.1
<b><i>Office of Financial Management</i></b>					
Other	40.9	0.0	5.2	46.2	5.2
<b><u>Total General Fund-State *</u></b>	<b>\$27,653.9</b>	<b>\$0.0</b>	<b>\$196.3</b>	<b>\$27,850.2</b>	<b>\$196.3</b>

1 General Fund-State forecast for the 2005-07 biennium, adopted March 2007.

2 Revised General Fund-State forecast for the 2005-07 biennium, adopted June 2007.

\*Detail may not add to totals because of rounding.

Table 3.9  
**Comparison of the General Fund-State Forecast by Agency**  
**2007-09 Biennium; Cash Basis**  
(Millions of Dollars)

<u>Forecast by Agency</u>	<u>March 2007 Forecast<sup>1</sup></u>	<u>Non-Economic Changes<sup>2</sup></u>	<u>Forecast Revision</u>	<u>June 2007 Forecast<sup>3</sup></u>	<u>Total Change</u>
<b>Department of Revenue</b>					
Retail Sales	\$15,486.7	\$7.5	\$220.4	\$15,714.5	\$227.8
Business & Occupation Use	5,453.8	(1.9)	58.8	5,510.7	56.9
Public Utility	1,077.5	(0.1)	28.8	1,106.2	28.6
Liquor Sales/Liter	709.6	(0.2)	23.6	733.0	23.4
Cigarette	306.0	10.2	0.7	316.9	10.9
Property (State Levy)	101.9		(0.2)	101.7	(0.2)
Real Estate Excise	3,016.1		(2.7)	3,013.4	(2.7)
Timber Excise	1,756.7	(1.7)	(20.9)	1,734.1	(22.6)
Other	15.6	(0.1)	(0.5)	15.0	(0.6)
Subtotal	738.2	(22.7)	5.0	720.5	(17.7)
	28,662.1	(9.0)	312.8	28,965.9	303.8
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	44.2		0.6	44.8	0.6
<b>Insurance Commissioner</b>					
Insurance Premiums	544.9	1.9	(2.1)	544.8	(0.1)
<b>Liquor Control Board</b>					
Liquor Profits and Fees	96.2	(6.3)	(8.5)	81.4	(14.8)
Beer & Wine Surtax	4.9		0.0	4.9	-
<b>Lottery Commission</b>					
Lottery Revenue	-		0.0	0.0	-
<b>State Treasurer</b>					
Interest Earnings	141.2	(1.1)	27.3	167.3	26.2
<b>Office of Financial Management</b>					
Other	22.0	(28.4)	1.3	(5.1)	(27.2)
<b>Total General Fund-State *</b>	<b>\$29,515.5</b>	<b>(\$42.9)</b>	<b>\$331.4</b>	<b>\$29,804.0</b>	<b>\$288.5</b>

1 Forecast adopted by the ERFC in March 2007.

2 Impact Of 2007 legislation and budget driven revenue (+\$19.3 million) and the tobacco product tax settlement (-\$23.6 million).

3 Forecast adopted by the ERFC in June 2007.

\*Detail may not add to totals because of rounding.



Table 3.10

**Comparison of the General Fund-State Forecast by Agency  
2007-09 Biennium; GAAP Basis**  
(Millions of Dollars)

<b>Forecast by Agency</b>	<b>March 2007 Forecast1</b>	<b>Non- Economic Changes2</b>	<b>Forecast Revision</b>	<b>June 2007 Forecast3</b>	<b>Total Change</b>
<b>Department of Revenue</b>					
Retail Sales	\$15,563.3	7.5	\$220.4	\$15,791.1	\$227.8
Business & Occupation Use	5,473.8	(1.9)	58.8	5,530.7	56.9
Public Utility	1,081.3	(0.1)	28.8	1,110.0	28.6
Liquor Sales/Liter	711.1	(0.2)	23.6	734.5	23.4
Cigarette	306.0	10.2	0.7	316.9	10.9
Property (State Levy)	101.9		(0.2)	101.7	(0.2)
Real Estate Excise	3,016.2		(1.6)	3,014.6	(1.6)
Timber Excise	1,770.1	(1.7)	(20.9)	1,747.5	(22.6)
Other	15.1	(0.1)	(0.4)	14.6	(0.5)
Subtotal	737.2	(22.7)	5.5	720.0	(17.2)
	28,776.1	(\$9.0)	314.5	29,081.6	305.5
<b>Department of Licensing</b>					
Boat excise, licenses, fees & other	46.9		0.7	47.5	0.7
<b>Insurance Commissioner</b>					
Insurance Premiums	544.9	1.94	(2.1)	544.8	(0.1)
<b>Liquor Control Board</b>					
Liquor Profits and Fees	96.2	(6.3)	(8.5)	81.4	(14.8)
Beer & Wine Surtax	4.9		0.0	4.9	-
<b>Lottery Commission</b>					
Lottery Revenue	0.0		0.0	0.0	-
<b>State Treasurer</b>					
Interest Earnings	138.8	(1.1)	23.9	161.5	22.7
<b>Office of Financial Management</b>					
Other	22.0	(28.4)	1.3	(5.1)	(27.2)
<b>Total General Fund-State *</b>	<b>\$29,629.7</b>	<b>(\$42.9)</b>	<b>\$329.7</b>	<b>\$29,916.5</b>	<b>\$286.8</b>

1 Forecast adopted by the ERFC in March 2007.

2 Impact Of 2007 legislation and budget driven revenue (+\$19.3 million) and the tobacco product tax settlement (-\$23.6 million).

3 Forecast adopted by the ERFC in June 2007.

\*Detail may not add to totals because of rounding.

Table 3.11  
**June 2007 General Fund-State Forecast**  
**2005-07 & 2007-09 Biennia; Cash Basis**  
(Millions of Dollars)

<b>Forecast by Source</b>	<b>Fiscal 2005<sup>a</sup></b>	<b>Fiscal 2006</b>	<b>Fiscal 2007</b>	<b>2005-07 Biennium</b>	<b>Fiscal 2008</b>	<b>Fiscal 2009</b>	<b>2007-09 Biennium</b>
<b>State Taxes</b>							
Retail sales***	\$6,151.4	\$6,845.4	\$7,326.4	\$14,171.9	\$7,697.0	\$8,017.4	\$15,714.5
Business & occupation Use***	2,195.8	2,406.7	2,639.1	5,045.7	2,714.9	2,795.8	5,510.7
Public Utility	439.6	465.4	513.3	978.7	552.4	553.7	1,106.2
Liquor sales/liter	294.8	328.7	354.2	682.9	362.2	370.8	733.0
Beer & wine surtax	104.8	137.6	144.2	281.8	153.0	163.8	316.9
Cigarette	1.8	2.0	2.3	4.2	2.4	2.5	4.9
Tobacco products	52.2	52.5	51.0	103.6	51.2	50.6	101.7
Property (state school levy)**	9.5	7.9	6.5	14.4	(14.7)	9.5	(5.2)
Public utility district	1,372.6	1,365.5	1,422.0	2,787.5	1,481.7	1,531.7	3,013.4
Real estate excise	38.0	38.9	39.8	78.7	42.8	45.4	88.2
Timber excise	759.4	932.7	1,060.5	1,993.2	844.2	890.0	1,734.1
Estate/inheritance	10.1	9.3	7.6	16.9	7.5	7.5	15.0
Motor vehicle excise & Rental car	(43.1)	5.1	5.0	10.0	0.5	0.5	1.0
Boat excise	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Insurance premiums	14.8	16.3	16.0	32.3	17.1	18.3	35.4
Other	228.0	241.6	249.0	490.6	265.6	279.2	544.8
<b>Total Taxes</b>	237.0	266.3	285.5	551.7	247.5	256.6	504.1
	11,866.8	13,121.6	14,122.5	27,244.1	14,425.3	14,993.2	29,418.6
<b>State Non-Tax Sources</b>							
Licenses, permits, fees	75.8	84.7	89.6	174.4	94.3	96.8	191.0
Liquor profits & fees	45.5	49.2	49.8	99.1	37.7	43.6	81.4
Earnings on investments	28.8	66.4	100.9	167.2	92.4	75.0	167.3
Lottery transfers	4.3	1.9	7.6	9.5	0.0	0.0	0.0
Other revenue & transfers	46.0	5.0	6.0	11.0	(9.0)	(45.3)	(54.3)
<b>Total Non-Tax</b>	200.5	207.2	253.9	461.1	215.4	170.0	385.4
<b>Total General Fund-State *</b>	\$12,067.3	\$13,328.8	\$14,376.4	\$27,705.2	\$14,640.7	\$15,163.3	\$29,804.0

a - Actual;

\* Detail may not add to totals due to rounding.

\*\*General Fund-State portion of the state levy AFTER transfers to the Student Achievement Account.

\*\*\*GFS portion after Initiative 900 transfer.

forecasted fund balances. The 2007-09 forecast includes a \$1.1 million reduction due to the effects of ESHB 1512, which expands the Linked Deposit Program.

### **Insurance Commissioner**

The Office of the Insurance Commissioner collects premium taxes on most classes of insurance sold in Washington State. These taxes are distributed to the General Fund-State, the health services account, and various accounts in support of fire services. The office's forecast for the 2005-07 biennium has been decreased \$1.9 million to \$490.6 million and the office's forecast for the 2007-09 biennium has been decreased \$0.1 million to \$544.8 million. The 2007-09 forecast includes a \$1.9 million increase due to the effects of SSB 5919, which eliminates a premium tax deduction for certain out-of-state insurers.

### **Liquor Control Board**

The Liquor Control Board forecasts revenue from both profits and fees from state-run liquor stores and funds from surtaxes on beer and wine. The board's forecast of excess funds and fees for the 2005-07 biennium has been decreased \$0.9 million to \$99.1 million and its forecast of beer and wine surtaxes is unchanged at \$4.2 million. The board's forecast of excess funds and fees for the 2007-09 biennium has been decreased \$14.8 million to \$81.4 million and its forecast of beer and wine surtaxes is unchanged at \$4.9 million. The 2007-09 forecast of excess fund and fees includes a \$6.3 million non-economic decrease due to extra spending authority granted by legislation to increase Sunday sales and improve retail operations. This extra spending was offset by an increase in revenues from sales and liter taxes on Board products, which are reflected in the Department of Revenue's forecast. The rest of the 2007-09 reduction in the forecast of excess funds and fees was due to forecasted increased spending for wages and operational support.

### **Lottery Commission**

The Lottery Commission transfers the unallocated portion of collections from sales of Lottery products to the General Fund. Under the bill, funds are not transferred unless there is lottery revenue remaining after the School Construction and stadium/exhibition center accounts receive their allotments. The Commission's General Fund cash forecast for the 2005-07 biennium is unchanged at \$9.5 million. No General Fund revenue is currently forecasted for the 2007-09 biennium. The Commission's forecast of revenues for the School Construction Account for the 2005-07 biennium has been increased \$2.6 million to \$204.8 million and its forecast for the 2007-09 biennium is unchanged at \$204.0 million.

## **Track Record for the 2005-07 and 2007-09 Biennia**

GFS revenue growth in the 2007-09 biennium is on track to be the best since the 1989-91 biennium. In terms of revenue growth relative to personal income growth, the 2005-07 biennium will be the best ever. The GFS revenue forecast for the 2005-07 biennium has consistently underestimated revenue growth for the biennium. The June 2007 update is the thirteenth quarterly revision to the GFS revenue forecast for the 2005-07 biennium since the initial forecast in February 2004. Twelve of the thirteen revisions, including the June 2007 update, have increased the forecast for the biennium, excluding legislation and other non-economic factors. The June 2007 forecast for the 2005-07 budget period is now \$2,752 million more than the initial estimate for the biennium. In addition to a steadily improving economic outlook, several non-economic factors contributed to the changes to the GFS revenue forecast for the 2005-07 biennium. Non-economic changes, including 2007, 2006, 2005 and 2004 legislation along with the impact of two State Supreme Court decisions and the impact of Initiative 900 have reduced the forecast by \$474 million.

Table 3.12  
**General Fund - State Cash Receipts**  
 June 2007 Forecast by Fiscal Year  
 (Millions of Dollars)

	<u>General Fund - State</u>	<u>Percent Change</u>
<b>Fiscal Years</b>		
1986	\$4,566.2	
1987	5,008.4	9.7%
1988	5,248.1	4.8%
1989	5,686.0	8.3%
1990	6,505.4	14.4%
1991	6,803.5	4.6%
1992	7,297.6	7.3%
1993	7,564.6	3.7%
1994	8,013.4	5.9%
1995	8,551.3	6.7%
1996	8,581.2	0.3%
1997	9,056.6	5.5%
1998	9,640.9	6.5%
1999	9,979.2	3.5%
2000	10,433.2	4.5%
2001	10,828.9	3.8%
2002	10,450.7	-3.5%
2003	10,689.9	2.3%
2004	11,321.2	5.9%
2005	12,067.3	6.6%
2006	13,328.8	10.5%
<b>Forecast</b>		
2007	14,376.4	7.9%
2008	14,640.7	1.8%
2009	15,163.3	3.6%

Table 3.13

**Summary of 2007 Legislation and Budget Driven Revenue**  
GFS Impact 2007-09 Biennium By Agency (Thousands of Dollars)

<b>I. 2007 Legislation</b>		<b>Fiscal 2008</b>	<b>Fiscal 2009</b>	<b>2007-09 Biennium</b>
<b>Department of Revenue</b>				
SHB 1002	Sales & use tax on vessels	568	723	1,291
HB 1185	Timber purchases	1	1	2
HB 1443	Agricultural commodities	(55)	(124)	(179)
SHB 1513	Forest products businesses	(969)	(1,102)	(2,071)
HB 1549	Unprocessed milk	(137)	(169)	(306)
SHB 1566	Rural county tax credit	(254)	(616)	(870)
E2SHB 1705*	Health sciences and services	(1,340)	(1,700)	(3,040)
SHB 1805	Homestead exemption	1,524	1,344	2,868
SHB 1891	Sale of prescription drugs	(800)	(1,200)	(2,000)
EHB 1902	Repairs to farm machinery	(2,931)	(3,501)	(6,432)
ESHB 1981	Financial information	(1,218)	(1,435)	(2,653)
SHB 2158	Vehicle sale to nonresident	(302)	(639)	(941)
SHB 2335	Amateur radio repeaters	(2)	(3)	(5)
ESHB 2352	Farming & farming services	(53)	(58)	(111)
EHB 2388	Financing regional centers	(1,521)	(2,091)	(3,612)
SSB 5009	Biodiesel fuel for farm use	(65)	(65)	(130)
SSB 5089	Streamlined sales & use tax	-	25,700	25,700
SB 5468	Tax programs	(106)	(111)	(217)
SB 5551	Liquor & tobacco laws	(181)	(6)	(187)
E2SSB 5557	Economic dev facilities	(2,137)	(2,977)	(5,114)
SSB 5568	City lodging taxes	-	(246)	(246)
SB 5572	Excise tax relief	(16)	(20)	(36)
SB 5607	Historical property	(20)	(21)	(41)
E2SSB 5862	Passenger-only ferry service	(9)	(10)	(19)
SHB 2008	Quinault Indian Reservation	-	(80)	(80)
Subtotal: DOR		(10,023)	11,594	1,571
<b>State Treasurer</b>				
ESHB 1512	Linked deposit program	(540)	(589)	(1,129)
<b>Insurance Commissioner</b>				
SSB 5919	Insurance premium taxes	970	970	1,940
<b>Other Agencies (OFM)</b>				
SHB 1843	Construction contractors	166	166	333
HB 1859	Statute law committee	(15)	(15)	(30)
SHB 1409	Forest practices	(80)	(113)	(192)
SSB 6141	Forest health	10	10	20
SSB 5089	Streamlined sales & use tax	-	(31,600)	(31,600)
Subtotal: Other agencies		82	(31,551)	(31,469)
<b>GFS Impact of 2007 Legislation</b>		<b>(9,511)</b>	<b>(19,576)</b>	<b>(29,087)</b>
<b>II. 2007 Budget Driven Revenue</b>				
<b>Department of Revenue</b>				
	vehicle enforcement	1,400	1,400	2,800
	LCB Sunday sales/retail operations	5,113	5,113	10,226
<b>Liquor Control Board</b>				
	LCB Sunday sales/retail operations	(3,145)	(3,145)	(6,290)
<b>Other agencies</b>		<u>1,262</u>	<u>1,762</u>	<u>3,024</u>
<b>Total GFS Budget driven revenue</b>		<b>4,630</b>	<b>5,130</b>	<b>9,760</b>
<b>Total: legislation and Budget Driven Revenue</b>		<b>(4,881)</b>	<b>(14,446)</b>	<b>(19,327)</b>

Table 3.14

**Track Record for the 2005-07 General Fund-State Cash Forecast**

February 2004 through June 2007

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non-Economic Changes**</u>	<u>Total Change</u>	<u>Total General Fund-State Cash Basis</u>
<b>February 2004****</b>	<b>\$24,293</b>	<b>\$660</b>				<b>\$24,953</b>
<b>Changes to Forecast</b>						
June 2004	57	4	62	(265) #1	(203)	24,750
September 2004	32	16	48	(22) #2	26	24,776
November 2004	(57)	3	(54)	0	(54)	24,722
March 2005	424	14	438	(275) #3	164	24,885
June 2005	327	14	341	159 #4	499	25,385
September 2005	631	15	646	0	646	26,031
November 2005	306	24	330	(25) #5	305	26,336
February 2006	138	21	159	(52) #6	107	26,443
June 2006	511	7	518	6 #7	524	26,967
September 2006	315	35	350		350	27,317
November 2006	40	9	49	-	49	27,366
March 2007	129	15	144		144	27,510
June 2007	187	8	195	-	195	27,705
<b>Total change***:</b>						
From February 2004	3,041	185	3,226	(474)	2,752	
Percent change	12.5%	28.0%	12.9%	-1.9%	11.0%	

\* Excludes legislative, judicial, statutorily required or other major non-economic changes.

\*\* Includes legislative, judicial, statutorily required or other major non-economic changes.

\*\*\* Detail may not add to total due to rounding.

\*\*\*\* First official forecast for the 2005-07 biennium.

#1 Change to the forecast due to 2004 legislation.

#2 Revision to fiscal note for high tech tax incentives.

#3 Impact of the state Supreme Court decision invalidating the estate tax and lowering the b&amp;O rate on certain meat products

#4 Impact of 2005 legislation, budget driven revenue on the GFS forecast (+\$353.8 million) and shift refunds associated with the two recent court decisions from fy 2005 to fy 2006 (-\$195.0 million).

#5 Impact of Initiative 900 and an accounting and other adjustments .

#6 The Department of Revenue has determined that under current law the insurance industry is exempt from sales tax on telephone services. Impact includes on-going and refunds.

Table 3.15

**Track Record for the 2007-09 General Fund-State Cash Forecast**

February 2006 through June 2007

Cash Basis - Millions of Dollars

<u>Date of Forecast</u>	<u>Department of Revenue*</u>	<u>Other Agencies</u>	<u>Subtotal*</u>	<u>Non- Economic Changes**</u>	<u>Total Fund-State Change</u>	<u>Total General Fund-State Cash Basis</u>
<b>February 2006****</b>	<b>\$28,180</b>	<b>\$848</b>				<b>\$29,028</b>
<b>Changes to Forecast</b>						
June 2006	531	17	547	(112) #1	436	29,463
September 2006	76	(13)	62		62	29,526
November 2006	4	3	8		8	29,533
March 2007	(30)	12	(18)		(18)	29,516
June 2007	313	19	331	(43) #2	289	29,804
September 2007						
November 2007						
February 2008						
June 2008						
<b>Total change***:</b>						
From February 2006	894	37	931	(155)	776	
Percent change	3.2%	4.3%	3.2%	-0.5%	2.7%	

\* Excludes legislative, judicial, statutorily required or other major non-economic changes.

\*\* Includes legislative, judicial, statutorily required or other major non-economic changes.

\*\*\* Detail may not add to total due to rounding.

\*\*\*\* First official forecast for the 2007-09 biennium.

#1 Change to the forecast due to 2006 legislation.

#2 Change to the forecast due to 2007 legislation/budget driven revenue and the tobacco product tax settlement.

Table 3.16

**June 2007 Baseline Forecast by Agency**  
**Comparison of Cash and GAAP Basis**  
(Millions of dollars)

Agency	2003-05 Biennium			2005-07 Biennium			2007-09 Biennium		
	Cash Basis <sup>1</sup>	GAAP Basis <sup>2</sup>	Diff.	Cash Basis <sup>1</sup>	GAAP Basis <sup>2</sup>	Diff.	Cash Basis <sup>1</sup>	GAAP Basis <sup>2</sup>	Diff.
<b>General Fund - State Cash/Revenue Sources</b>									
Department of Revenue <sup>3</sup>	\$22,573.4	\$22,771.6	\$198.2	\$26,734.4	\$26,872.8	\$138.4	\$28,857.5	\$28,973.6	\$116.0
Department of Licensing	45.1	46.1	0.9	41.4	42.6	1.2	44.8	47.5	2.7
Insurance Commissioner <sup>4</sup>	459.9	459.9	0.0	506.9	506.9	0.0	563.2	563.2	0.0
State Treasurer	50.7	52.1	1.4	167.2	174.9	7.7	167.3	161.5	(5.8)
Office of Financial Management									
Tuition	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Agencies	211.4	211.4	0.0	242.8	242.8	0.0	248.8	248.8	0.0
<b>Subtotal: General Fund-State Cash/Revenue*</b>	<b>23,340.6</b>	<b>23,541.1</b>	<b>200.5</b>	<b>27,692.7</b>	<b>27,840.0</b>	<b>147.3</b>	<b>29,881.7</b>	<b>29,994.5</b>	<b>112.9</b>
<b>General Fund State - Other Financing Sources<sup>5</sup></b>									
Department of Revenue <sup>6</sup>	147.0	152.5	5.5	112.7	112.3	(0.4)	108.4	108.0	(0.4)
Lottery Commission	4.3	6.1	1.9	9.5	7.6	(1.9)	0.0	0.0	0.0
Insurance Commissioner <sup>7</sup>	(14.3)	(14.3)	0.0	(16.3)	(16.3)	0.0	(18.4)	(18.4)	0.0
Liquor Control Board	92.0	92.0	0.0	103.3	103.3	0.0	86.2	86.2	0.0
Office of Financial Management									
Other Agencies <sup>8</sup>	(181.0)	(181.0)	0.0	(196.6)	(196.6)	0.0	(253.9)	(253.9)	0.0
<b>Subtotal: GFS Other Financing Sources</b>	<b>47.9</b>	<b>55.3</b>	<b>7.4</b>	<b>12.5</b>	<b>10.2</b>	<b>(2.2)</b>	<b>(77.6)</b>	<b>(78.0)</b>	<b>(0.4)</b>
<b>Total Available Receipts/Resources</b>									
<b>General Fund-State *</b>	<b>\$23,388.5</b>	<b>\$23,596.4</b>	<b>\$207.9</b>	<b>\$27,705.2</b>	<b>\$27,850.2</b>	<b>\$145.0</b>	<b>\$29,804.0</b>	<b>\$29,916.5</b>	<b>\$112.4</b>

\* Detail may not add due to rounding.

1 General Fund-State cash receipts forecast.

2 General Fund-State Revenue Forecast on a GAAP (Generally accepted accounting principles) basis, used to show the state revenue position for financial reporting purposes.

3 Excludes the state share of the timber tax and unclaimed property transfers.

4 Total insurance premiums tax.

5 Other financing sources represent transfers to/from other funds from/to the General Fund.

6 Includes the state share of the timber excise tax and unclaimed property transfers.

7 Portion of fire insurance premiums transferred out of the General Fund

8 Agency 701 and accounting sources: 480 and 481 for all other agencies.



Table 3.17  
**2005-07 with 2007 Supplemental Budget, and  
 2007-09 Enacted Budget Balance Sheet  
 General Fund-State**

Dollars in Millions

	2005-07	2007-09
<b>RESOURCES</b>		
Beginning Fund Balance	<b>869.7</b>	<b>786.3</b>
March 2007 Forecast	27,510.1	29,515.5
June 2007 Update	195.1	331.4
2007 Legislation and Budget Driven Revenue Impacts		(19.3)
Smokeless Tobacco Settlement		(23.6)
<b>Current Revenue Totals</b>	<b>27,705.2</b>	<b>29,804.0</b>
Legislatively Enacted Fund Transfers and Other Adjustments	204.8	42.6
Prior Period adjustments	(6.6)	0.0
Spillover to the Emergency Reserve Fund (ERF)	(222.3)	0.0
Transfer to Budget Stabilization Account *		(134.3)
<b>Total Resources (including beginning fund balance)</b>	<b>28,550.8</b>	<b>30,498.6</b>
<b>EXPENDITURES</b>		
2005-07 Appropriations	27,297.9	
2007 Supplemental Budget	466.6	
2007-09 Final Legislative Budget		29,624.1
Governor's vetoes		(1.2)
	<b>27,764.5</b>	<b>29,622.9</b>
<b>RESERVES</b>		
<b>Projected General Fund Ending Balance</b>	<b>786.3</b>	<b>875.7</b>
Emergency Reserve Fund Beginning Balance	4.2	226.5
New Deposits	222.3	0.0
Transfer To Budget Stabilization Account	0.0	(226.5)
<b>Projected Emergency Reserve Fund Ending Balance</b>	<b>226.5</b>	<b>0.0</b>
Budget Stabilization Account Beginning Balance *	0.0	0.0
Transfer To Budget Stabilization Account (From ERF)	0.0	226.5
New Deposits	0.0	134.3
<b>Projected Budget Stabilization Account Ending Balance</b>	<b>0.0</b>	<b>360.8</b>
<b>Total Reserves (General Fund plus Budget Stabilization)</b>	<b>1,012.8</b>	<b>1,236.5</b>

\* The 2007 Legislature passed Engrossed Substitute Senate Joint Resolution 8206 and ESSB 5311, which create this new Budget Stabilization Account, subject to a vote of the people in November 2007.

Table 3.18  
**June 2007 Alternative Forecasts Compared to the Baseline Forecast**  
**2005-07 Biennium**  
(Millions of dollars)

<b><u>Forecast by Source</u></b>	<b><u>Optimistic Forecast</u></b>	<b><u>Baseline Forecast</u></b>	<b><u>Pessimistic Forecast</u></b>
<b><i>Department of Revenue</i></b>			
Retail Sales	\$14,203.5	\$14,171.9	\$14,143.9
Business & Occupation Use	5,053.9	5,045.7	5,038.0
Public Utility	980.7	978.7	975.8
Property (school levy)	683.2	682.9	682.3
Real Estate Excise	2,801.7	2,787.5	2,759.0
Other	2,004.7	1,993.2	1,989.0
Subtotal	1,203.2	1,187.3	1,175.1
	26,930.9	26,847.1	26,763.2
<b><i>Department of Licensing</i></b>	42.0	41.4	40.7
<b><i>Insurance Commissioner<sup>1</sup></i></b>	496.8	490.6	484.4
<b><i>Lottery Commission</i></b>	9.5	9.5	9.5
<b><i>State Treasurer - Interest earnings</i></b>	167.2	167.2	167.2
<b><i>Liquor Profits &amp; Fees<sup>2</sup></i></b>	104.3	103.3	102.2
<b><i>Office of Financial Management</i></b>			
Other agencies	51.7	46.2	40.7
<b>Total General Fund - State*</b>	<b>\$27,802.3</b>	<b>\$27,705.2</b>	<b>\$27,607.9</b>
<b>Difference from June 2007 Baseline</b>	<b>\$97.2</b>		<b>(\$97.3)</b>

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax.

\* Detail may not add to total due to rounding.

Table 3.19  
**June 2007 Alternative Forecasts Compared to the Baseline Forecast**  
**2007-09 Biennium**  
(Millions of dollars)

<b><u>Forecast by Source</u></b>	<b><u>Optimistic Forecast</u></b>	<b><u>Baseline Forecast</u></b>	<b><u>Pessimistic Forecast</u></b>
<b><i>Department of Revenue</i></b>			
Retail Sales	\$16,389.4	\$15,714.5	\$14,972.3
Business & Occupation Use	5,700.9	5,510.7	5,328.5
Public Utility	1,148.2	1,106.2	1,045.2
Property (school levy)	736.3	733.0	730.1
Real Estate Excise	3,164.1	3,013.4	2,862.8
Other	1,900.0	1,734.1	1,551.8
Subtotal	1,215.9	1,154.1	1,095.7
	30,254.8	28,965.9	27,586.5
<b><i>Department of Licensing</i></b>	46.2	44.8	43.5
<b><i>Insurance Commissioner<sup>1</sup></i></b>	558.4	544.8	531.2
<b><i>Lottery Commission</i></b>	6.0	0.0	0.0
<b><i>State Treasurer - Interest earnings</i></b>	235.2	167.3	105.9
<b><i>Liquor Profits &amp; Fees<sup>2</sup></i></b>	88.0	86.2	84.5
<b><i>Office of Financial Management</i></b>			
Other agencies	7.4	(5.1)	(17.6)
<b>Total General Fund - State*</b>	<b>\$31,196.0</b>	<b>\$29,804.0</b>	<b>\$28,333.9</b>
<b>Difference from June 2007 Baseline</b>	<b>\$1,392.0</b>		<b>(\$1,470.1)</b>

1 Insurance premiums, General Fund-State portion.

2 Includes beer and wine surtax.

\* Detail may not add to total due to rounding.

Table 3.20

**Impact of Initiative 728 on the State Property Tax and Lottery Revenue  
June 2007 Cash Forecast; Millions of Dollars**

**I. Disposition of the State portion of the Property Tax**

	State Levy: <u>Total Receipts</u>	To the <u>General Fund</u>	To the <u>Student Achievement Account<sup>1</sup></u>
2002	1,415.0	1,281.8	133.1
2003	1,465.5	1,331.6	133.9
2001-03 Biennium	2,880.5	2,613.5	267.0
2004	1,504.7	1,370.5	134.2
2005	1,568.1	1,372.6	195.5
2003-05 Biennium	3,072.8	2,743.1	329.8
2006	1,610.7	1,365.5	245.2
2007	1,668.6	1,422.0	246.6
2005-07 Biennium	3,279.2	2,787.5	491.8
2008	1,728.9	1,481.7	247.2
2009	1,787.9	1,531.7	256.1
200-09 Biennium	3,516.7	3,013.4	503.3

**II. Lottery Transfers by Fund\***

	Lottery: <u>Total Transfers:**</u>	<u>General Fund</u>	<u>Mariners Stadium</u>	<u>Exhibition Center &amp; Stadium</u>	<u>Student Achievement Account<sup>1</sup></u>	<u>School Construction Account<sup>1</sup></u>	<u>Transfer to VRDE<sup>2</sup></u>	<u>Problem Gambling Account</u>	<u>Economic Development Account</u>
2002	90.2	0.0	3.7	6.7	39.9	39.9	0.0		
2003	96.8	0.0	3.9	7.0	64.0	21.4	0.5		
2001-03 Biennium	187.0	0.0	7.6	13.8	103.9	61.3	0.5		
2004	113.3	0.0	4.0	7.3	76.5	25.5	0.0		
2005	112.2	4.3	4.2	7.6	0.0	96.2	0.0		
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7	0.0		
2006	124.9	1.9	4.4	7.9	0.0	107.8	0.0	0.2	2.8
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.0	0.2	3.0
2005-07 Biennium	245.4	9.5	8.9	16.1	0.0	204.8	0.0	0.4	5.8
2008	118.5	0.0	4.7	8.5	0.0	102.0	0.0	0.2	3.0
2009	119.1	0.0	4.9	8.9	0.0	102.0	0.0	0.3	3.1
2007-09 Biennium	237.6	0.0	9.6	17.4	0.0	204.0	0.0	0.5	6.1

\* Cash Basis

Total Transfers are equal to total sales less total expenses (prizes, cost of sales, administration etc.)

1 Initiative 728 directs a portion of the state levy to the Student Achievement Account and lottery revenue to the Student Achievement Account and the School Construction Fund. Prior to Initiative 728 this revenue went into the General Fund.

2 Transfer to the Violence Reduction and Drug Education Account required by 2002 legislation (SSB 6560).

Excluding non-economic changes, the current GFS forecast for the 2005-07 biennium is \$3,226 million (12.9 percent) higher than the initial February 2004 forecast. Table 3.13 summarizes the changes to the GFS revenue forecast for the 2005-07 biennium.

Table 3.14 summarizes the changes to the GFS revenue forecast for the 2007-09 biennium. The June 2007 forecast for the 2007-09 biennium is \$288.5 million higher than the March 2007 forecast and is \$766 million higher than the initial forecast for the 2007-09 biennium that was released in February 2006. Excluding non-economic changes the current forecast for the 2007-09 biennium is \$931 million, 3.2 percent higher than the initial forecast.

## **The Relationship between the Cash and GAAP General Fund-State Revenue Forecasts**

Legislation enacted in 1987 requires that the state's biennial budget be in conformance with Generally Accepted Accounting Principles (GAAP). It also requires a GFS revenue forecast on both a cash and GAAP basis. Thus, there are two related but distinct GFS forecasts summarized in this chapter: a cash receipts forecast and a GAAP revenue forecast. The primary difference between the cash and GAAP forecasts is timing of the receipt of revenue. On a GAAP basis, revenues are credited to the biennium in which they are earned even though they may not have been received. The cash forecast, on the other hand, reflects expected cash receipts during a fiscal period. The forecast on a GAAP, or accrual, basis is primarily used for financial reporting. The cash forecast is used for cash flow management, revenue tracking and is the forecast used in the state's budgetary balance sheet, which is the principal tool for assessing the General Fund's current surplus or deficit position. References to the GFS forecast in the text of this chapter refer to the cash forecast unless otherwise noted. Likewise, the revenue tables other than Tables 3.8 and 3.10 are on a cash basis.

Table 3.16 compares the cash receipts forecast and the GAAP revenue forecast by agency. GFS revenue for the 2003-05 biennium totaled \$23,596.4 million on a GAAP basis, \$207.9 million more than the \$23,388.5 million cash receipts total. The GFS forecast for the 2005-07 biennium is \$27,850.2 million on a GAAP basis, \$145.0 million more than the \$27,705.2 million cash forecast. For the 2007-09 biennium, the GFS forecast on a GAAP basis is \$29,916.5 million, \$112.4 million more than the \$29,804.0 cash receipts total.

Table 3.17 shows the budgetary balance sheet for the 2005-07 and 2007-09 biennia. With the adoption of the June 2007 GFS forecast, and including the impact of the 2007 Supplemental Budget, the projected balance for the General Fund at the end of the 2005-07 biennium is \$786.3 million. In addition, the Emergency Reserve Fund ending balance is estimates to be \$226.5 million. This produces a combine General Fund and Emergency Reserve projected ending balance of \$1,012.8 million. The combined projected 2005-07 ending balance is \$270.3 million less than the March 2007 estimate and it is 3.6 percent of the 2005-07 spending level. With adoption of the June 2007 GFS forecast, the initial projected total ending balance for the 2007-09 biennium is \$1,236.5 million. This is based on an enacted 2007-09 appropriations level of \$29,622.6 million and is 4.2 percent of 2007-09 appropriations. The total balance is comprised of a projected ending GFS balance of \$875.7 million and a \$360.8 million balance in the Budget Stabilization Account. The 2007 Legislature enacted joint resolutions creating a new Budget Stabilization Account, subject to voter approval in the November 2007 general election.

## **Alternative Forecast for the 2005-07 and 2007-09 Biennia**

The June 2007 baseline forecast, like previous forecasts, expects economic and revenue growth to slow in response to a weaker housing market, high energy prices and rising interest rates. However, the

forecast still expects only a modest deceleration of growth with no recession through the end of the 2007-09 biennium. So far the housing correction in Washington has been mild and the drag on overall spending due to the weakness of the housing market has been much less than expected. While the forecast continues to assume that slower growth lies ahead, revenue growth could continue to grow faster than expected or it could weaken faster and more severely than assumed in the baseline forecast. The revenue implications of stronger, as well as a weaker economy and revenue growth are contained in two alternative forecasts.

The premise of the June 2007 optimistic scenario is similar to previous alternative scenarios. The optimistic forecast assumes higher productivity growth than in the baseline. This helps to produce a milder housing correction, a stronger dollar, lower energy prices, lower inflation and stronger business investment. Washington's economy benefits from stronger growth nationally. In the optimistic scenario state personal income is 1.5 percent higher than in the baseline by the end of the 2005-07 biennium and is 4.7 percent higher by the end of the 2007-09 biennium. State wage and salary employment is 9,300 higher by the end of the 2005-07 budget period and is 66,400 higher by the second quarter of 2009.

The June 2007 pessimistic scenario assumes that oil prices, as well as commodity prices in general rise faster than in the baseline forecast. This produces more inflation and ultimately to higher interest rates. In the pessimistic scenario the housing correction is more severe than in the baseline forecast. Consumer and business confidence sink and investment and consumer spending grow much slower than assumed in the baseline forecast. The weaker national economy results in weaker job and income growth in the state. In the pessimistic scenario, state personal income is 1.2 percent less than the baseline by the end of the 2005-07 biennium and is 4.3 percent lower than the baseline by the end of the 2007-09 budget period. Wage and salary employment is 11,000 less than the baseline by the end of the 2005-07 budget period and 95,000 less by the end of the 2007-09 biennium.

Table 3.18 shows the revenue implications of these alternative scenarios for the 2005-07 biennium. The optimistic scenario generates \$27,802.3 million, \$97.2 million more than the baseline forecast. The pessimistic alternative produces only \$27,607.9 million GFS revenue in the 2005-07 biennium, \$97.2 million less than the baseline forecast. For the 2007-09 biennium, the range is much wider (Table 3.19). The optimistic GFS forecast for the 2007-09 biennium is \$31,196.0 million, \$1,392.0 million more than the baseline forecast. The pessimistic alternative for the 2007-09 budget period generates only \$28,333.9 million, \$1,470.1 million less than the baseline.

In addition to the official optimistic and pessimistic alternatives, we routinely prepare a third alternative forecast. This is developed by averaging the forecasts for several key economic indicators made by members of the Governor's Council of Economic Advisors (GCEA). The June 2007 GCEA scenario was based on the forecast of four members of the GCEA. The GCEA alternative was a little lower than the June 2007 baseline forecast, producing \$18 million less than the baseline for the 2005-07 biennium and \$37 million less than the baseline in the 2007-09 biennium.

## County Personal Income and Employment, 2001 to 2005

**P**ersonal income is a measure of the total income received by individuals. It includes not only income earned from working, but also income derived from dividends, rent, interest and transfer payments (such as Social Security). Personal contributions to social insurance programs such as Social Security, however, are not included in personal income because to do so would count this income twice, as these contributions end up as transfer payments for someone else. When the total personal income of a region is divided by the population of that region, the result is the “per capita personal income” of that region.

The U.S. Department of Commerce, Bureau of Economic Analysis (BEA) publishes annual estimates of personal income on a county-by-county basis broken down by source and by industry. In April of this year, the bureau released new estimates for 2005 personal income and comprehensively revised personal income estimates from 2003 to 2005. This report presents details of the income data from 2001 to 2005. Data prior to 2001 is available through the BEA or the Washington State Economic and Revenue Forecast Council.

In 2005 per capita personal income in Washington’s counties ranged from \$48,216 in King County to \$18,928 in Garfield County. **Chart 4.1** illustrates both the level of per capita personal income in each county and its sources. The chart orders the counties according to population density, with the most densely populated counties presented first. The counties are also classified as rural or urban as per state law, which defines urban counties as those with a population density greater than one hundred people per square mile. The length of the black bar in the chart indicates the total amount of per capita earnings generated from work within a particular county. Where the bar extends below zero, it indicates that non-residents working in that county removed more earnings from the county than county residents working elsewhere brought into the county. This is indicated by a negative “residence adjustment” in the personal income tables. In counties where residents working outside the county brought in more earnings than non-residents took out, these earnings are indicated by a white bar, which indicates a positive residence adjustment. The total amount of per capita income that was derived from earnings by county residents is thus indicated by the top of the black bar, and the proportion of that income that was earned within the county is indicated by the relative lengths of the white and black bars.

From the chart, one can see that in general, the most densely populated counties tend to have the highest per capita personal income. This translates to a difference in per capita personal income between urban and rural counties of \$11,636 in 2005. The chart also indicates a large variation in income derivation

between counties. One example of this variation is the difference between King and San Juan counties, which were the two counties with the highest per capita personal income in the state. King County's above average per capita personal income stemmed from a high level of per capita earnings. San Juan County's high per capita personal income, however, was the result of high levels of income from dividends, interest, and rent.

Commuting, as reflected by "residence adjustments" in Chart 4.1, also has a large effect on county earnings. For example, in 2000 (the most recent year for which data is available) approximately four times as many people commuted from other counties to work in King County than the reverse<sup>1</sup>. In 2005, this resulted in a net earnings outflow from King County into other areas of 11.5 billion dollars. This outflow resulted in a positive residence adjustment for many of the surrounding counties. Counties in southwest Washington that border on the Portland metropolitan area such as Clark and Skamania experienced similar large earnings inflows. Skamania County, in fact, had a higher level of per capita earnings from outside of the county (\$9,875) than within (\$7,243).

The amount of income that county residents can earn within their own county is a function of job availability, labor force participation, and average wage per job. The job availability within counties can be compared by using a "job ratio," which is calculated by dividing the number of jobs in a county by the county's population. **Table 4.1** lists 2005 county job ratios, reported as the number of jobs per 100 residents.

The BEA does not publish county data on labor force participation, nor can it be determined by total employment, since there is no way of counting how many workers have more than one job. As a substitute, unemployment rates and per capita residence adjustments are also included in Table 4.1. While these figures do not indicate what portion of the population participates in the labor force, they can provide an indication of overall labor market behavior. For example, Snohomish County had a job ratio of 46.0, well below the state average of 59.3. It also, however, had a large positive per capita residence adjustment of \$7,753, indicating that a large amount of the labor force worked in other counties (in this case, King County). The county's unemployment rate of 5.1 percent, less than the state average of 5.5 percent, further indicates that county residents as a whole could find work more easily than the job ratio would seem to indicate. Okanogan County, on the other hand, had a much higher job ratio of 59.9 but also had a much lower (\$647) per capita residence adjustment. Coupled with the county's 2005 unemployment rate of 7.1 percent, this indicates that jobs for residents of the county were relatively hard to find<sup>2</sup>.

**Chart 4.2** indicates 2005 county average earnings per job. The chart orders the counties according to population density, with the most densely populated counties presented first. From the chart, one can see that the difference in average earnings per job between urban and rural counties was even more pronounced than the difference in per capita personal income, reaching a level of \$16,027.

The components of county earnings are detailed in tables 4.2 and 4.3. **Table 4.2** indicates the number of people in each county employed in either full-time or part-time jobs per major industry classification and the average earnings per job. **Table 4.3** lists the sources of 2005 income for each county, population and per capita personal income, and earnings broken down by major industry. These tables provide an indication of how much of the difference in per capita earnings between counties is the result of differences in industry mix. For example, according to Table 4.2, accommodation and food service employment were among the lowest paying industries in Washington. Accommodation and food service employment represented 12.2 percent of jobs<sup>3</sup> in San Juan County, which ranked third to last in county earnings per job. In Snohomish County, however, manufacturing, which was on average the fifth-highest paying industry in the state, represented 15.5 percent of jobs. This helped the county to rank third in wages per job.



**Table 4.4** lists the per capita personal income of Washington's counties and metropolitan areas from 2001 to 2005 and the amount of growth during that period. From 2001 to 2005, per capita income in the state's urban and rural counties grew at roughly the same rate, experiencing total increases in per capita personal income of 10.0 and 10.1 percent respectively. The deviation from the usual pattern of faster growth in urban than rural areas is due to the fact that the state's employment downturn that began in December 2000 affected the Seattle area considerably more than the rest of the state. The Seattle area downturn continued through mid-2005 with the layoff of over 23,000 aerospace employees from December 2001 through December 2005 while the rest of the state's employment began to recover in the beginning of 2002. Partially due to the slowdown in the Seattle area, growth in U.S. per capita personal income outpaced that of the state from 2001-2005, growing by 12.8 percent while the state's grew by 9.9 percent.

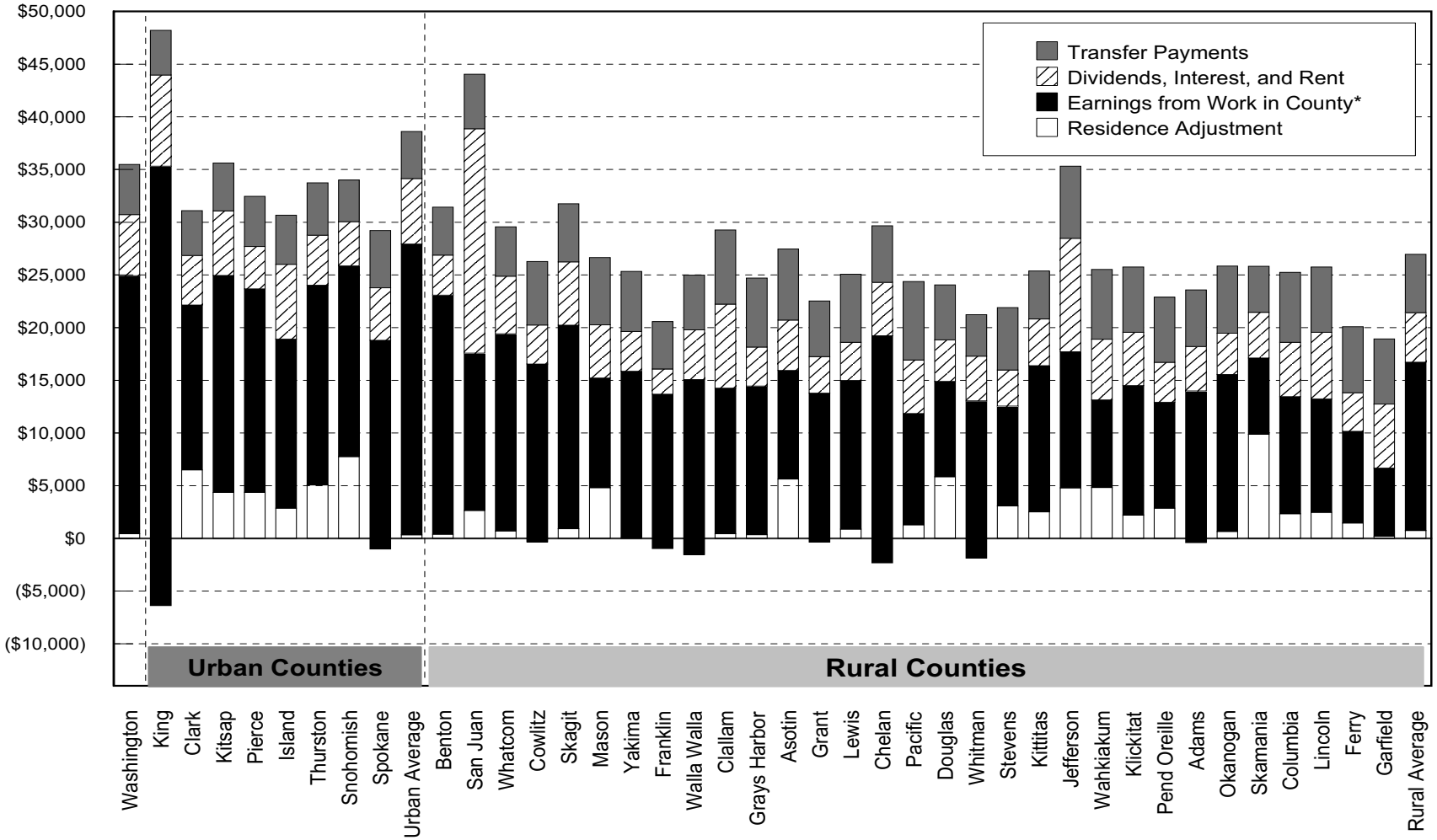
While there is a wide variation in per capita personal income between rural and urban counties, there is also variation in the counties' cost of living. While neither the federal nor the state government provides a measure of the relative cost of living between counties, the median home price can provide a good indication. **Table 4.5** shows the relationship of 2005 median home prices to per capita personal income. For example, King County had the highest per capita personal income level, which was 36 percent higher than the state average, and the second highest median home price, which was 43 percent higher than the state median. Alternatively, Garfield County had the lowest per capita personal income, which was 47 percent lower than the state average, and was tied for the eighth lowest median home price, which was 51 percent lower than the state median. This relationship suggests that the difference in per capita personal income between urban and rural communities may be offset somewhat by their differences in cost of living.

<sup>1</sup> 2000 Journey To Work Statistics, U.S. Census Bureau.

<sup>2</sup> Care, however, must be taken when comparing unemployment rates between Washington counties. This is because the yearly average unemployment rate of counties with high levels of farm employment is inflated by high off-season unemployment. These counties' rates will therefore be higher on the average than non-farm counties even though their residents may experience similar degrees of employment.

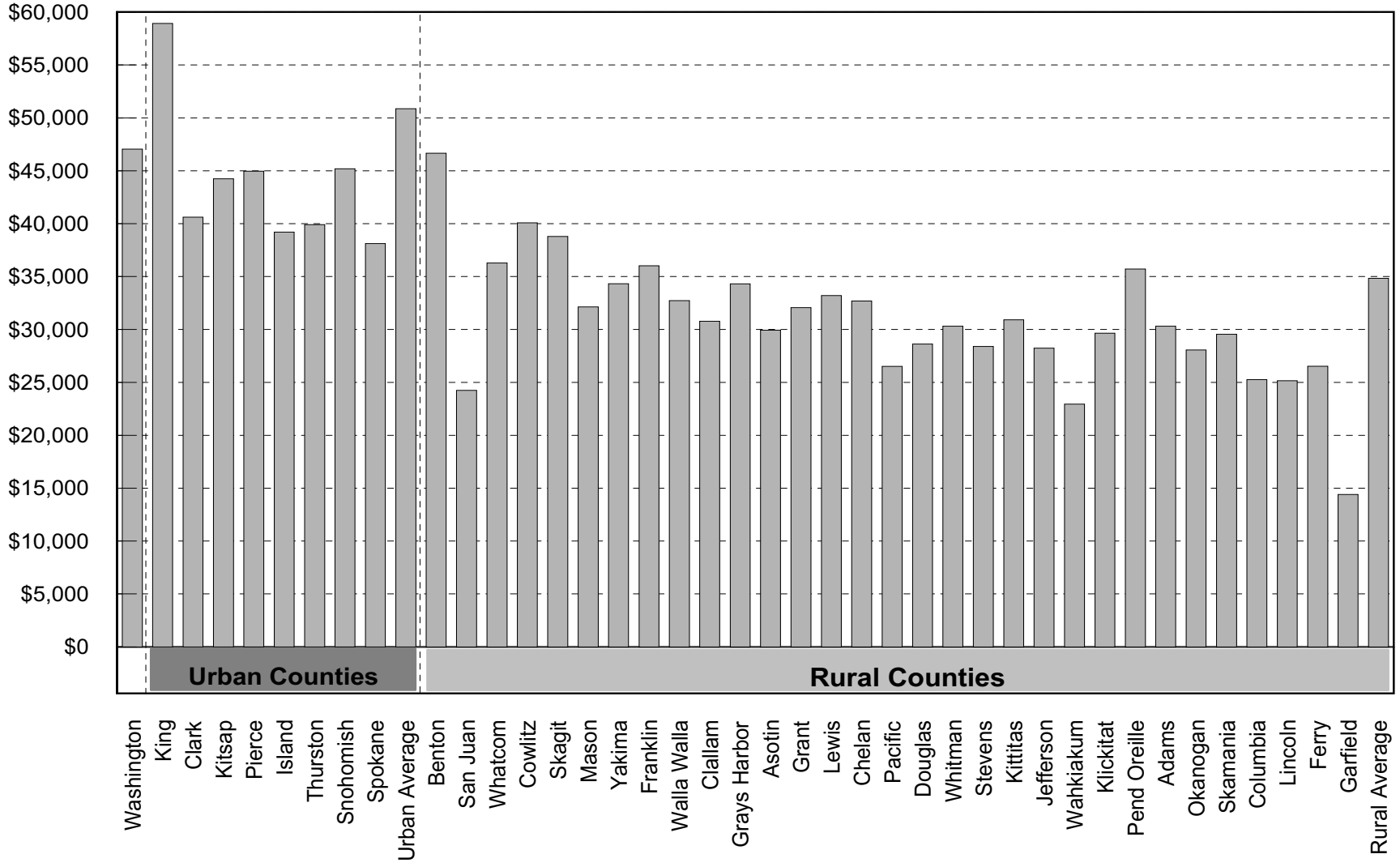
<sup>3</sup> Recall, however, that "jobs" includes both full-time and part-time positions and represents the number of jobs rather than the amount of time spent in employment.

**Chart 4.1**  
**2005 County Per Capita Personal Income by Source**  
 (Counties Ordered by Population Density)



\*Sections of in-county earnings that extend below zero indicate per capita in-county earnings of out-of-county residents

**Chart 4.2**  
**2005 Earnings per Job**  
 (Counties Ordered by Population Density)



**Table 4.1**  
**2005 Job Ratio, Unemployment, and Per Capita Residence Adjustment**

	Total Full and Part-Time Employment	Population	Job Ratio	Per Capita Residence Adjustment	Unemployment Rate
Washington	3,733,429	6,291,899	59.3	\$445	5.5%
King*	1,449,287	1,799,119	80.6	-\$6,377	4.7%
Chelan	52,351	69,950	74.8	-\$2,327	5.9%
San Juan	10,720	15,215	70.5	\$2,649	4.4%
Okanogan	23,814	39,779	59.9	\$647	7.1%
Spokane*	262,989	440,434	59.7	-\$1,017	5.7%
Whatcom#	108,117	183,363	59.0	\$704	5.0%
Garfield	1,349	2,293	58.8	\$214	5.5%
Walla Walla	33,467	57,461	58.2	-\$1,550	5.8%
Whitman	22,806	40,135	56.8	-\$1,873	4.3%
Skagit	64,134	113,181	56.7	\$923	5.9%
Benton#	88,203	157,920	55.9	\$387	5.7%
Thurston*	124,661	228,881	54.5	\$5,076	5.1%
Adams	9,087	16,849	53.9	-\$399	6.8%
Jefferson	15,101	28,676	52.7	\$4,800	5.6%
Kitsap*	126,460	241,525	52.4	\$4,357	5.1%
Yakima#	120,834	230,937	52.3	\$63	7.4%
Clallam	35,929	69,487	51.7	\$433	6.5%
Columbia	2,132	4,140	51.5	\$2,328	7.7%
Kittitas	18,826	36,733	51.3	\$2,503	5.9%
Grant	40,762	81,145	50.2	-\$350	7.3%
Lewis	35,614	72,397	49.2	\$871	7.7%
Lincoln	5,055	10,298	49.1	\$2,469	6.1%
Pierce*	367,471	753,209	48.8	\$4,387	5.9%
Cowlitz	47,264	97,178	48.6	-\$346	7.2%
Grays Harbor	33,736	70,904	47.6	\$345	7.6%
Klickitat	9,420	19,847	47.5	\$2,225	7.8%
Franklin#	29,238	62,972	46.4	-\$966	7.1%
Pacific	9,958	21,568	46.2	\$1,282	7.1%
Snohomish*	301,358	655,564	46.0	\$7,753	5.1%
Island*	36,433	79,983	45.6	\$2,864	5.9%
Clark*	177,817	404,066	44.0	\$6,511	6.4%
Wahkiakum	1,636	3,885	42.1	\$4,825	7.3%
Asotin	8,320	21,050	39.5	\$5,638	5.6%
Stevens	16,096	41,934	38.4	\$3,088	7.7%
Ferry	2,833	7,527	37.6	\$1,454	9.2%
Mason	20,240	54,169	37.4	\$4,807	6.5%
Douglas	12,843	34,904	36.8	\$5,849	5.5%
Pend Oreille	4,071	12,615	32.3	\$2,862	8.1%
Skamania	2,997	10,606	28.3	\$9,875	7.6%

Sources: U.S. Department of Commerce, Bureau of Economic Analysis; U.S. Bureau of Labor Statistics

Table 4.2

2005 Full-Time and Part-Time Employees<sup>1</sup> and Earnings by Major Industry<sup>2</sup>

	Washington		Adams		Asotin		Benton	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time and part-time employment	3,733,429	\$47,057	9,087	\$30,309	8,320	\$29,922	88,203	\$46,657
Wage and salary employment	3,027,812	\$41,525	6,849	\$28,990	5,968	\$26,763	74,133	\$42,881
Proprietors employment	705,617	\$26,645	2,238	\$13,697	2,352	\$21,515	14,070	\$18,344
Farm proprietors employment	33,308	\$7,000	630	\$2,290	177	-\$23,746	1,250	\$1,289
Nonfarm proprietors employment <sup>3</sup>	672,309	\$27,618	1,608	\$18,166	2,175	\$25,199	12,820	\$20,007
Farm employment	75,697	\$21,094	1,562	\$24,960	228	-\$11,535	3,800	\$22,767
Nonfarm employment	3,657,732	\$47,594	7,525	\$31,420	8,092	\$31,090	84,403	\$47,733
Private employment	3,059,190	\$45,928	5,942	\$29,491	6,833	\$29,735	72,610	\$46,223
Forestry, fishing, related activities, and other <sup>4</sup>	52,003	\$36,054	510	\$25,339	(D)	(D)	1,536	\$26,042
Mining	5,486	\$57,400	10	\$7,700	(D)	(D)	41	\$6,195
Utilities	5,243	\$110,200	(D)	(D)	(D)	(D)	125	\$75,112
Construction	239,177	\$52,652	234	\$34,278	781	\$40,488	5,745	\$50,732
Manufacturing	288,975	\$73,180	1,080	\$42,121	582	\$40,572	4,155	\$58,649
Wholesale trade	137,504	\$63,857	499	\$41,090	(D)	(D)	1,348	\$40,349
Retail Trade	403,156	\$30,501	864	\$19,230	1,010	\$28,202	10,626	\$23,848
Transportation and warehousing	105,744	\$53,166	(D)	(D)	151	\$36,325	1,014	\$34,820
Information	105,973	\$111,915	45	\$23,222	50	\$37,560	935	\$41,676
Finance and insurance	146,522	\$65,972	160	\$27,856	276	\$39,605	2,328	\$41,271
Real estate and rental and leasing	156,514	\$27,052	221	\$8,896	323	\$19,474	2,878	\$18,751
Professional and technical services	249,205	\$57,566	175	\$20,926	395	\$23,043	12,012	\$74,539
Management of companies and enterprises	35,110	\$86,035	0	\$0	(D)	(D)	411	\$78,170
Administrative and waste services	190,219	\$32,805	118	\$15,483	(D)	(D)	10,146	\$78,044
Educational services	62,529	\$21,961	(D)	(D)	66	\$10,000	762	\$15,455
Health care and social assistance	350,920	\$44,033	(D)	(D)	1,052	\$32,992	7,280	\$41,037
Arts, entertainment, and recreation	85,160	\$20,028	(D)	(D)	202	\$12,782	1,785	\$16,760
Accommodation and food services	237,567	\$19,180	(D)	(D)	605	\$16,041	5,347	\$17,348
Other services, except public administration	202,183	\$23,943	364	\$19,753	772	\$31,032	4,136	\$21,003
Government and government enterprises	598,542	\$56,111	1,583	\$38,660	1,259	\$38,443	11,793	\$57,026
Federal, civilian	69,715	\$86,097	50	\$67,740	62	\$69,048	738	\$112,744
Military	77,981	\$69,402	56	\$40,446	70	\$40,771	534	\$41,345
State and local	450,846	\$49,175	1,477	\$37,607	1,127	\$36,615	10,521	\$53,914
State government	142,145	\$49,804	67	\$41,373	165	\$37,327	1,244	\$43,969
Local government	308,701	\$48,885	1,410	\$37,428	962	\$36,493	9,277	\$55,247

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2  
**2005 Full-Time and Part-Time Employees<sup>1</sup> and Earnings by Major Industry<sup>2</sup>**

	Chelan		Clallam		Clark		Columbia	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time and part-time employment	52,351	\$32,694	35,929	\$30,784	177,817	\$40,622	2,132	\$25,266
Wage and salary employment	41,173	\$29,811	25,223	\$29,821	136,205	\$37,337	1,551	\$28,631
Proprietors employment	11,178	\$19,774	10,706	\$15,646	41,612	\$21,570	581	-\$4,582
Farm proprietors employment	1,237	\$14,870	341	-\$1,226	1,392	\$5,548	239	-\$25,502
Nonfarm proprietors employment <sup>3</sup>	9,941	\$20,385	10,365	\$16,201	40,220	\$22,125	342	\$10,038
Farm employment	5,003	\$24,004	422	\$4,000	1,711	\$10,498	322	-\$9,270
Nonfarm employment	47,348	\$33,613	35,507	\$31,102	176,106	\$40,915	1,810	\$31,410
Private employment	40,695	\$30,828	28,321	\$26,789	152,310	\$39,132	1,288	\$26,609
Forestry, fishing, related activities, and other <sup>4</sup>	(D)	(D)	1,103	\$45,449	687	\$23,588	(D)	(D)
Mining	(D)	(D)	86	\$24,698	427	\$127,850	(D)	(D)
Utilities	52	\$25,173	36	\$19,333	165	\$64,079	(D)	(D)
Construction	2,954	\$40,383	2,823	\$38,526	16,250	\$50,582	(D)	(D)
Manufacturing	2,315	\$47,967	1,792	\$45,550	13,712	\$61,850	(D)	(D)
Wholesale trade	1,666	\$41,168	586	\$39,225	6,467	\$59,261	80	\$49,200
Retail Trade	6,144	\$24,238	5,140	\$24,829	20,245	\$25,525	162	\$15,741
Transportation and warehousing	1,089	\$35,178	727	\$37,041	5,179	\$44,995	(D)	(D)
Information	608	\$40,049	433	\$29,841	3,784	\$54,135	17	\$12,118
Finance and insurance	1,220	\$39,886	1,056	\$29,082	6,817	\$49,878	43	\$24,791
Real estate and rental and leasing	1,835	\$29,870	1,718	\$13,046	9,000	\$22,132	26	\$10,385
Professional and technical services	1,866	\$31,618	1,867	\$25,970	11,995	\$54,963	61	\$21,902
Management of companies and enterprises	86	\$47,279	198	\$58,500	875	\$72,687	(D)	(D)
Administrative and waste services	1,329	\$14,834	1,208	\$12,159	10,393	\$22,253	(D)	(D)
Educational services	417	\$13,746	312	\$12,234	1,936	\$14,880	(D)	(D)
Health care and social assistance	5,687	\$48,505	3,419	\$31,044	18,692	\$45,391	(D)	(D)
Arts, entertainment, and recreation	925	\$10,097	714	\$7,702	4,242	\$14,742	(D)	(D)
Accommodation and food services	3,797	\$16,812	2,760	\$14,549	10,989	\$18,467	(D)	(D)
Other services, except public administration	2,491	\$19,961	2,343	\$17,680	10,455	\$22,466	157	\$21,013
Government and government enterprises	6,653	\$50,648	7,186	\$48,098	23,796	\$52,323	522	\$43,259
Federal, civilian	760	\$76,225	450	\$72,404	3,006	\$97,189	67	\$94,821
Military	231	\$40,818	563	\$56,135	1,341	\$41,053	14	\$39,714
State and local	5,662	\$47,615	6,173	\$45,593	19,449	\$46,166	441	\$35,537
State government	1,187	\$46,741	1,266	\$45,424	3,466	\$43,754	65	\$35,800
Local government	4,475	\$47,847	4,907	\$45,636	15,983	\$46,689	376	\$35,492

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2

**2005 Full-Time and Part-Time Employees<sup>1</sup> and Earnings by Major Industry<sup>2</sup>**

	Cowlitz		Douglas		Ferry		Franklin	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time and part-time employment	47,264	\$40,077	12,843	\$28,618	2,833	\$26,515	29,238	\$36,018
Wage and salary employment	39,671	\$34,537	10,753	\$27,394	1,852	\$27,688	24,878	\$30,746
Proprietors employment	7,593	\$22,128	2,090	\$3,334	981	\$8,230	4,360	\$24,499
Farm proprietors employment	408	\$5,738	923	-\$13,680	203	\$1,645	937	\$16,743
Nonfarm proprietors employment <sup>3</sup>	7,185	\$23,059	1,167	\$16,791	778	\$9,949	3,423	\$26,622
Farm employment	615	\$14,527	2,499	\$10,866	204	\$1,740	4,020	\$27,622
Nonfarm employment	46,649	\$40,414	10,344	\$32,907	2,629	\$28,437	25,218	\$37,356
Private employment	40,552	\$39,685	8,136	\$28,548	1,654	\$20,258	20,269	\$34,933
Forestry, fishing, related activities, and other <sup>4</sup>	(D)	(D)	1,157	\$25,328	(D)	(D)	(D)	(D)
Mining	(D)	(D)	10	\$8,200	(D)	(D)	(D)	(D)
Utilities	(D)	(D)	13	\$13,308	0	\$0	(D)	(D)
Construction	2,926	\$72,605	883	\$39,421	(D)	(D)	1,590	\$46,623
Manufacturing	7,668	\$66,505	251	\$48,817	(D)	(D)	2,170	\$42,854
Wholesale trade	(D)	(D)	377	\$41,878	(D)	(D)	1,361	\$45,882
Retail Trade	6,047	\$24,368	1,297	\$27,921	270	\$17,122	2,796	\$29,822
Transportation and warehousing	1,840	\$48,468	406	\$44,281	(D)	(D)	(D)	(D)
Information	505	\$37,129	59	\$42,000	22	\$15,500	158	\$34,266
Finance and insurance	1,323	\$39,908	215	\$34,488	36	\$16,250	396	\$30,687
Real estate and rental and leasing	1,384	\$12,433	216	\$12,667	130	\$5,423	887	\$25,413
Professional and technical services	1,447	\$31,498	330	\$32,021	(D)	(D)	771	\$43,528
Management of companies and enterprises	35	\$37,629	(D)	(D)	(D)	(D)	0	\$0
Administrative and waste services	1,668	\$15,950	(D)	(D)	52	\$12,250	933	\$22,761
Educational services	405	\$16,077	104	\$13,490	(D)	(D)	356	\$21,126
Health care and social assistance	5,271	\$40,414	723	\$35,550	(D)	(D)	2,558	\$36,686
Arts, entertainment, and recreation	888	\$17,054	389	\$21,625	(D)	(D)	429	\$23,235
Accommodation and food services	3,161	\$15,625	794	\$13,223	(D)	(D)	1,496	\$15,065
Other services, except public administration	2,900	\$18,303	623	\$17,875	174	\$13,891	1,563	\$24,854
Government and government enterprises	6,097	\$45,260	2,208	\$48,970	975	\$42,312	4,949	\$47,283
Federal, civilian	256	\$73,484	197	\$92,208	163	\$73,699	556	\$87,126
Military	323	\$40,830	122	\$41,943	25	\$40,640	208	\$40,837
State and local	5,518	\$44,210	1,889	\$44,914	787	\$35,864	4,185	\$42,310
State government	1,135	\$41,335	126	\$47,119	28	\$42,429	1,102	\$40,481
Local government	4,383	\$44,955	1,763	\$44,757	759	\$35,622	3,083	\$42,964

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2  
**2005 Full-Time and Part-Time Employees<sup>1</sup> and Earnings by Major Industry<sup>2</sup>**

	Garfield		Grant		Grays Harbor		Island	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time and part-time employment	1,349	\$14,410	40,762	\$32,056	33,736	\$34,317	36,433	\$39,192
Wage and salary employment	895	\$30,436	33,136	\$28,847	26,808	\$31,943	25,450	\$34,967
Proprietors employment	454	-\$36,405	7,626	\$16,660	6,928	\$12,858	10,983	\$13,467
Farm proprietors employment	216	-\$84,130	1,888	\$19,325	458	\$12,384	303	\$4,941
Nonfarm proprietors employment <sup>3</sup>	238	\$6,908	5,738	\$15,783	6,470	\$12,892	10,680	\$13,709
Farm employment	270	-\$62,022	6,620	\$29,004	670	\$18,630	409	\$11,709
Nonfarm employment	1,079	\$33,536	34,142	\$32,647	33,066	\$34,635	36,024	\$39,504
Private employment	580	\$19,997	26,718	\$28,149	26,407	\$32,407	22,873	\$23,153
Forestry, fishing, related activities, and other <sup>4</sup>	(D)	(D)	(D)	(D)	(D)	(D)	(D)	(D)
Mining	(L)	(L)	(D)	(D)	(D)	(D)	(D)	(D)
Utilities	(D)	(D)	28	\$8,393	(D)	(D)	110	\$39,445
Construction	40	\$23,075	1,620	\$34,846	1,892	\$40,187	2,670	\$34,428
Manufacturing	13	\$4,538	3,748	\$49,015	4,508	\$54,112	1,082	\$31,252
Wholesale trade	143	\$35,650	1,141	\$42,102	(D)	(D)	377	\$34,934
Retail Trade	112	\$17,134	4,092	\$23,045	3,976	\$24,058	3,783	\$23,925
Transportation and warehousing	(D)	(D)	1,140	\$40,151	957	\$39,008	336	\$26,732
Information	(D)	(D)	251	\$29,402	312	\$35,112	347	\$39,882
Finance and insurance	35	\$22,829	686	\$36,077	875	\$36,545	884	\$28,672
Real estate and rental and leasing	18	\$4,667	1,102	\$13,198	1,094	\$11,451	2,000	\$14,249
Professional and technical services	(D)	(D)	947	\$28,487	1,108	\$36,806	1,713	\$24,816
Management of companies and enterprises	0	\$0	31	\$88,161	166	\$54,608	166	\$45,783
Administrative and waste services	(D)	(D)	1,371	\$13,272	768	\$15,271	1,438	\$16,129
Educational services	0	\$0	170	\$13,788	(D)	(D)	599	\$18,639
Health care and social assistance	(D)	(D)	3,363	\$28,973	(D)	(D)	2,144	\$26,854
Arts, entertainment, and recreation	(D)	(D)	497	\$12,811	535	\$10,890	950	\$9,857
Accommodation and food services	(D)	(D)	2,056	\$14,660	2,603	\$15,354	1,904	\$13,949
Other services, except public administration	56	\$13,786	1,819	\$19,001	2,150	\$17,328	2,061	\$17,710
Government and government enterprises	499	\$49,273	7,424	\$48,837	6,659	\$43,468	13,151	\$67,943
Federal, civilian	129	\$83,225	629	\$81,223	234	\$59,932	1,343	\$56,888
Military	(L)	(L)	270	\$40,807	275	\$43,153	8,617	\$78,084
State and local	362	\$37,390	6,525	\$46,047	6,150	\$42,856	3,191	\$45,211
State government	(D)	(D)	844	\$40,466	1,295	\$45,175	403	\$37,546
Local government	(D)	(D)	5,681	\$46,876	4,855	\$42,237	2,788	\$46,319

Source: U.S. Department of Commerce, Bureau of Economic Analysis.



Table 4.2  
**2005 Full-Time and Part-Time Employees<sup>1</sup> and Earnings by Major Industry<sup>2</sup>**

	Jefferson		King		Kitsap		Kittitas	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time and part-time employment	15,101	\$28,227	1,449,287	\$58,925	126,460	\$44,239	18,826	\$30,918
Wage and salary employment	10,309	\$28,439	1,197,676	\$50,963	101,240	\$37,746	14,048	\$28,152
Proprietors employment	4,792	\$12,787	251,611	\$39,923	25,220	\$17,386	4,778	\$18,325
Farm proprietors employment	160	\$14,800	1,241	\$9,834	407	\$15,894	899	\$9,612
Nonfarm proprietors employment <sup>3</sup>	4,632	\$12,717	250,370	\$40,072	24,813	\$17,410	3,879	\$20,344
Farm employment	191	\$18,414	1,915	\$22,790	478	\$18,674	1,293	\$17,709
Nonfarm employment	14,910	\$28,352	1,447,372	\$58,973	125,982	\$44,336	17,533	\$31,892
Private employment	12,680	\$25,268	1,279,629	\$59,048	85,069	\$30,828	13,101	\$27,573
Forestry, fishing, related activities, and other <sup>4</sup>	310	\$17,942	4,717	\$109,291	572	\$45,128	(D)	(D)
Mining	81	\$38,753	1,278	\$43,879	121	\$28,017	(D)	(D)
Utilities	78	\$64,872	1,023	\$245,044	176	\$65,852	49	\$49,980
Construction	1,300	\$31,286	80,267	\$63,786	7,496	\$42,354	1,553	\$45,726
Manufacturing	789	\$51,914	115,055	\$88,845	1,843	\$46,781	763	\$37,127
Wholesale trade	249	\$30,759	69,973	\$76,724	2,000	\$43,732	510	\$47,916
Retail Trade	1,560	\$20,745	139,223	\$37,439	15,100	\$25,724	2,297	\$22,803
Transportation and warehousing	188	\$28,745	51,087	\$63,105	1,356	\$44,953	461	\$37,926
Information	228	\$39,066	75,226	\$139,430	2,619	\$37,256	256	\$83,156
Finance and insurance	330	\$77,630	69,591	\$81,240	3,570	\$46,462	328	\$28,348
Real estate and rental and leasing	803	\$12,908	69,133	\$35,798	5,053	\$16,556	572	\$16,879
Professional and technical services	1,093	\$22,134	135,072	\$69,301	8,405	\$40,959	(D)	(D)
Management of companies and enterprises	0	\$0	24,804	\$94,544	202	\$66,772	(D)	(D)
Administrative and waste services	555	\$12,856	85,576	\$38,240	5,331	\$25,248	(D)	(D)
Educational services	320	\$12,197	29,178	\$22,684	1,759	\$16,672	211	\$14,630
Health care and social assistance	1,800	\$31,400	125,690	\$48,517	12,382	\$38,751	1,102	\$27,815
Arts, entertainment, and recreation	490	\$6,557	39,220	\$27,391	3,010	\$12,849	488	\$11,904
Accommodation and food services	1,413	\$15,292	91,652	\$23,024	7,157	\$16,812	1,830	\$14,786
Other services, except public administration	1,093	\$16,577	71,864	\$28,534	6,917	\$19,304	1,120	\$18,490
Government and government enterprises	2,230	\$45,890	167,743	\$58,399	40,913	\$72,424	4,432	\$44,660
Federal, civilian	159	\$83,371	21,863	\$91,163	14,808	\$95,812	168	\$74,524
Military	107	\$43,860	7,215	\$49,789	12,689	\$73,985	132	\$47,833
State and local	1,964	\$42,966	138,665	\$53,681	13,416	\$45,133	4,132	\$43,345
State government	307	\$47,977	53,099	\$51,522	2,217	\$44,482	2,191	\$47,026
Local government	1,657	\$42,038	85,566	\$55,020	11,199	\$45,262	1,941	\$39,190

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2  
**2005 Full-Time and Part-Time Employees<sup>1</sup> and Earnings by Major Industry<sup>2</sup>**

	Klickitat		Lewis		Lincoln		Mason	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time and part-time employment	9,420	\$29,646	35,614	\$33,214	5,055	\$25,144	20,240	\$32,143
Wage and salary employment	6,364	\$30,123	27,477	\$31,616	3,189	\$27,507	15,084	\$29,864
Proprietors employment	3,056	\$14,121	8,137	\$12,605	1,866	\$8,863	5,156	\$17,775
Farm proprietors employment	611	-\$2,784	1,330	\$10,309	661	\$5,489	248	\$17,246
Nonfarm proprietors employment <sup>3</sup>	2,445	\$18,345	6,807	\$13,054	1,205	\$10,714	4,908	\$17,802
Farm employment	1,186	\$14,370	1,617	\$14,513	893	\$12,160	466	\$30,395
Nonfarm employment	8,234	\$31,846	33,997	\$34,104	4,162	\$27,930	19,774	\$32,184
Private employment	6,479	\$28,692	28,791	\$32,574	2,711	\$22,408	14,768	\$28,190
Forestry, fishing, related activities, and other <sup>4</sup>	(D)	(D)	1,817	\$34,649	(D)	(D)	(D)	(D)
Mining	(D)	(D)	810	\$87,496	(D)	(D)	(D)	(D)
Utilities	50	\$85,520	295	\$104,854	(D)	(D)	40	\$30,650
Construction	739	\$30,356	1,879	\$39,544	250	\$29,804	1,465	\$37,806
Manufacturing	552	\$31,562	3,640	\$48,779	114	\$27,947	1,923	\$49,137
Wholesale trade	187	\$30,759	759	\$40,470	260	\$36,969	547	\$38,369
Retail Trade	644	\$42,200	4,829	\$23,627	448	\$16,723	2,320	\$22,483
Transportation and warehousing	226	\$49,779	1,483	\$41,303	(D)	(D)	292	\$38,894
Information	62	\$27,952	340	\$34,894	40	\$29,050	150	\$25,013
Finance and insurance	170	\$24,588	692	\$31,867	184	\$27,603	589	\$35,503
Real estate and rental and leasing	393	\$7,847	936	\$13,042	108	\$3,796	860	\$10,764
Professional and technical services	(D)	(D)	945	\$29,517	200	\$27,285	(D)	(D)
Management of companies and enterprises	(D)	(D)	117	\$37,624	0	\$0	(D)	(D)
Administrative and waste services	459	\$38,954	1,389	\$17,798	76	\$9,145	555	\$17,950
Educational services	49	\$13,571	287	\$12,530	(D)	(D)	211	\$18,047
Health care and social assistance	407	\$21,796	3,376	\$37,166	(D)	(D)	1,418	\$29,847
Arts, entertainment, and recreation	186	\$7,871	603	\$9,816	95	\$6,263	384	\$15,190
Accommodation and food services	389	\$11,285	2,323	\$14,890	147	\$8,673	1,259	\$15,190
Other services, except public administration	620	\$18,611	2,271	\$18,682	321	\$13,103	1,376	\$19,878
Government and government enterprises	1,755	\$43,489	5,206	\$42,564	1,451	\$38,247	5,006	\$43,968
Federal, civilian	104	\$64,212	241	\$66,780	73	\$57,890	79	\$70,557
Military	66	\$40,515	240	\$40,696	34	\$41,176	180	\$40,717
State and local	1,585	\$42,254	4,725	\$41,424	1,344	\$37,106	4,747	\$43,649
State government	182	\$46,368	1,210	\$43,194	77	\$42,494	930	\$50,245
Local government	1,403	\$41,720	3,515	\$40,815	1,267	\$36,779	3,817	\$42,042

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2  
**2005 Full-Time and Part-Time Employees<sup>1</sup> and Earnings by Major Industry<sup>2</sup>**

	Okanogan		Pacific		Pend Oreille		Pierce	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time and part-time employment	23,814	\$28,068	9,958	\$26,507	4,071	\$35,705	367,471	\$44,962
Wage and salary employment	17,594	\$24,688	7,163	\$26,034	2,955	\$31,927	304,865	\$38,023
Proprietors employment	6,220	\$20,801	2,795	\$11,660	1,116	\$21,216	62,606	\$25,500
Farm proprietors employment	1,480	\$14,631	283	\$31,233	275	-\$204	1,149	\$11,172
Nonfarm proprietors employment <sup>3</sup>	4,740	\$22,728	2,512	\$9,455	841	\$28,220	61,457	\$25,768
Farm employment	4,385	\$20,365	383	\$31,449	280	\$280	1,824	\$21,252
Nonfarm employment	19,429	\$29,806	9,575	\$26,309	3,791	\$38,342	365,647	\$45,080
Private employment	13,900	\$24,487	7,516	\$20,943	2,461	\$34,411	282,044	\$39,765
Forestry, fishing, related activities, and other <sup>4</sup>	1,820	\$19,333	1,033	\$25,307	152	\$28,967	1,562	\$27,344
Mining	80	\$30,775	51	\$33,039	44	\$31,591	355	\$61,679
Utilities	48	\$57,438	(D)	(D)	0	\$0	717	\$91,010
Construction	1,123	\$28,535	448	\$24,013	239	\$21,155	27,372	\$54,221
Manufacturing	461	\$14,351	1,010	\$33,478	415	\$107,364	19,977	\$63,055
Wholesale trade	419	\$61,506	(D)	(D)	29	\$18,517	11,810	\$52,786
Retail Trade	2,361	\$32,327	978	\$18,415	345	\$18,559	40,542	\$28,635
Transportation and warehousing	325	\$30,575	(D)	(D)	71	\$26,746	12,496	\$51,900
Information	198	\$38,924	78	\$24,500	65	\$28,077	4,117	\$48,910
Finance and insurance	428	\$29,178	226	\$36,876	81	\$30,210	13,703	\$63,797
Real estate and rental and leasing	764	\$11,910	378	\$7,902	121	\$9,760	15,245	\$25,591
Professional and technical services	697	\$22,670	(D)	(D)	106	\$27,406	15,191	\$42,592
Management of companies and enterprises	(D)	(D)	(D)	(D)	0	\$0	1,438	\$64,718
Administrative and waste services	(D)	(D)	188	\$15,287	84	\$11,310	18,658	\$29,685
Educational services	134	\$13,866	31	\$2,194	25	\$21,880	6,741	\$24,433
Health care and social assistance	1,536	\$31,419	618	\$23,194	150	\$18,607	39,255	\$49,301
Arts, entertainment, and recreation	379	\$7,303	210	\$9,095	(D)	(D)	6,982	\$15,249
Accommodation and food services	1,466	\$14,912	1,072	\$12,623	(D)	(D)	23,896	\$17,607
Other services, except public administration	1,119	\$16,584	691	\$16,368	261	\$18,038	21,987	\$23,746
Government and government enterprises	5,529	\$43,180	2,059	\$45,898	1,330	\$45,615	83,603	\$63,011
Federal, civilian	504	\$77,720	67	\$59,687	119	\$75,176	10,202	\$71,465
Military	132	\$40,629	179	\$54,709	42	\$40,667	28,893	\$78,830
State and local	4,893	\$39,691	1,813	\$44,519	1,169	\$42,784	44,508	\$50,804
State government	328	\$42,372	317	\$44,681	29	\$46,172	11,607	\$46,766
Local government	4,565	\$39,498	1,496	\$44,485	1,140	\$42,697	32,901	\$52,229

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2  
**2005 Full-Time and Part-Time Employees<sup>1</sup> and Earnings by Major Industry<sup>2</sup>**

	San Juan		Skagit		Skamania		Snohomish	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time and part-time employment	10,720	\$24,243	64,134	\$38,781	2,997	\$29,534	301,358	\$45,191
Wage and salary employment	6,128	\$27,041	50,138	\$32,695	2,214	\$28,886	245,070	\$40,798
Proprietors employment	4,592	\$12,112	13,996	\$31,740	783	\$8,034	56,288	\$18,600
Farm proprietors employment	197	\$197	819	\$26,455	75	-\$5,880	1,309	\$7,095
Nonfarm proprietors employment <sup>3</sup>	4,395	\$12,660	13,177	\$32,068	708	\$9,508	54,979	\$18,874
Farm employment	232	\$6,211	2,616	\$36,003	95	\$95	2,014	\$17,759
Nonfarm employment	10,488	\$24,642	61,518	\$38,899	2,902	\$30,515	299,344	\$45,375
Private employment	9,442	\$22,721	50,874	\$37,681	2,103	\$24,824	254,976	\$43,864
Forestry, fishing, related activities, and other <sup>4</sup>	(D)	(D)	1,669	\$39,287	(D)	(D)	1,589	\$42,819
Mining	(D)	(D)	97	\$58,216	(D)	(D)	334	\$54,545
Utilities	88	\$70,102	182	\$81,115	0	\$0	117	\$66,692
Construction	1,422	\$34,915	5,162	\$49,081	158	\$26,823	25,945	\$49,527
Manufacturing	452	\$25,558	5,831	\$74,990	230	\$51,239	46,643	\$80,598
Wholesale trade	140	\$27,250	1,186	\$42,511	35	\$35,400	8,272	\$53,180
Retail Trade	1,018	\$25,971	9,264	\$33,371	206	\$15,388	36,434	\$28,557
Transportation and warehousing	167	\$19,120	1,457	\$40,365	56	\$37,321	4,813	\$41,250
Information	164	\$25,683	672	\$37,313	22	\$19,500	4,844	\$52,053
Finance and insurance	226	\$28,199	2,012	\$51,118	(D)	(D)	12,593	\$63,740
Real estate and rental and leasing	871	\$15,210	2,495	\$18,864	(D)	(D)	12,356	\$22,335
Professional and technical services	(D)	(D)	2,815	\$33,751	131	\$38,130	14,581	\$43,855
Management of companies and enterprises	(D)	(D)	185	\$50,357	(D)	(D)	1,614	\$72,430
Administrative and waste services	593	\$11,882	1,936	\$21,230	(D)	(D)	14,407	\$24,279
Educational services	184	\$18,196	654	\$14,804	(D)	(D)	3,548	\$21,304
Health care and social assistance	509	\$24,153	5,608	\$36,918	(D)	(D)	24,702	\$41,846
Arts, entertainment, and recreation	541	\$8,216	1,260	\$14,575	58	\$5,466	6,088	\$16,175
Accommodation and food services	1,306	\$20,879	4,576	\$16,556	593	\$23,143	18,627	\$17,505
Other services, except public administration	734	\$16,713	3,813	\$23,801	188	\$16,697	17,469	\$22,693
Government and government enterprises	1,046	\$41,985	10,644	\$44,720	799	\$45,494	44,368	\$54,056
Federal, civilian	64	\$66,266	429	\$69,879	159	\$72,352	2,385	\$72,078
Military	50	\$41,160	374	\$40,794	35	\$41,086	7,483	\$64,823
State and local	932	\$40,362	9,841	\$43,773	605	\$38,691	34,500	\$50,475
State government	159	\$29,459	1,558	\$43,632	42	\$41,452	5,604	\$46,644
Local government	773	\$42,604	8,283	\$43,799	563	\$38,485	28,896	\$51,218

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2  
**2005 Full-Time and Part-Time Employees<sup>1</sup> and Earnings by Major Industry<sup>2</sup>**

	Spokane		Stevens		Thurston		Wahkiakum	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time and part-time employment	262,989	\$38,112	16,096	\$28,391	124,661	\$39,915	1,636	\$22,950
Wage and salary employment	217,994	\$33,983	11,016	\$28,697	100,938	\$36,685	978	\$27,667
Proprietors employment	44,995	\$17,265	5,080	\$11,465	23,723	\$18,496	658	\$6,716
Farm proprietors employment	1,915	-\$8,820	1,197	\$84	951	\$7,502	141	-\$1,468
Nonfarm proprietors employment <sup>3</sup>	43,080	\$18,424	3,883	\$14,973	22,772	\$18,955	517	\$8,948
Farm employment	2,204	-\$3,650	1,254	\$1,270	1,556	\$20,447	143	-\$1,063
Nonfarm employment	260,785	\$38,465	14,842	\$30,682	123,105	\$40,161	1,493	\$25,250
Private employment	222,767	\$36,014	11,704	\$27,346	86,467	\$34,025	1,210	\$21,792
Forestry, fishing, related activities, and other <sup>4</sup>	515	\$14,870	790	\$27,848	1,459	\$36,562	363	\$32,667
Mining	405	\$49,672	93	\$32,957	106	\$40,962	(L)	(L)
Utilities	621	\$85,609	(D)	(D)	253	\$81,917	0	\$0
Construction	16,448	\$42,349	980	\$30,367	7,057	\$46,713	89	\$21,213
Manufacturing	17,723	\$56,816	1,490	\$49,191	3,252	\$54,710	65	\$35,077
Wholesale trade	11,687	\$46,492	(D)	(D)	2,870	\$70,263	(D)	(D)
Retail Trade	32,397	\$28,172	1,791	\$23,199	14,132	\$26,297	106	\$14,302
Transportation and warehousing	6,927	\$45,479	451	\$33,284	2,407	\$33,907	(D)	(D)
Information	3,786	\$43,864	135	\$22,304	1,295	\$40,030	(D)	(D)
Finance and insurance	13,864	\$50,929	323	\$27,734	4,037	\$55,865	(D)	(D)
Real estate and rental and leasing	9,499	\$20,655	589	\$8,796	4,615	\$18,415	(D)	(D)
Professional and technical services	13,890	\$43,059	472	\$22,227	6,322	\$37,893	49	\$10,327
Management of companies and enterprises	2,735	\$69,656	(D)	(D)	529	\$67,747	0	\$0
Administrative and waste services	14,373	\$22,951	(D)	(D)	5,739	\$21,649	53	\$9,358
Educational services	6,145	\$25,573	122	\$11,656	2,670	\$24,443	(D)	(D)
Health care and social assistance	33,869	\$41,939	1,786	\$32,177	12,715	\$42,241	(D)	(D)
Arts, entertainment, and recreation	5,268	\$13,121	244	\$9,656	2,318	\$13,140	(D)	(D)
Accommodation and food services	17,755	\$18,019	755	\$11,615	7,285	\$17,147	(D)	(D)
Other services, except public administration	14,860	\$21,115	1,028	\$18,839	7,406	\$24,503	83	\$16,675
Government and government enterprises	38,018	\$52,825	3,138	\$43,127	36,638	\$54,642	283	\$40,035
Federal, civilian	4,594	\$81,061	377	\$77,393	994	\$85,644	14	\$56,429
Military	4,640	\$66,613	139	\$40,748	788	\$45,760	13	\$39,923
State and local	28,784	\$46,096	2,622	\$38,327	34,856	\$53,959	256	\$39,145
State government	9,936	\$46,210	332	\$49,422	23,881	\$57,737	(D)	(D)
Local government	18,848	\$46,037	2,290	\$36,718	10,975	\$45,738	(D)	(D)

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.2  
**2005 Full-Time and Part-Time Employees<sup>1</sup> and Earnings by Major Industry<sup>2</sup>**

	Walla Walla		Whatcom		Whitman		Yakima	
	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job	Employment	Earnings/Job
Total full-time and part-time employment	33,467	\$32,737	108,117	\$36,288	22,806	\$30,312	120,834	\$34,330
Wage and salary employment	27,073	\$30,461	85,493	\$32,015	18,282	\$29,813	99,979	\$29,919
Proprietors employment	6,394	\$10,002	22,624	\$22,247	4,524	-\$2,975	20,855	\$23,365
Farm proprietors employment	886	-\$36,188	1,443	\$23,728	1,085	-\$51,329	3,944	\$31,309
Nonfarm proprietors employment <sup>3</sup>	5,508	\$17,432	21,181	\$22,146	3,439	\$12,280	16,911	\$21,513
Farm employment	2,828	\$11,255	3,184	\$30,494	1,435	-\$31,148	14,870	\$31,720
Nonfarm employment	30,639	\$34,720	104,933	\$36,464	21,371	\$34,439	105,964	\$34,696
Private employment	25,326	\$31,234	89,814	\$34,762	12,004	\$26,650	88,166	\$32,361
Forestry, fishing, related activities, and other <sup>4</sup>	(D)	(D)	1,596	\$26,055	(D)	(D)	9,436	\$25,802
Mining	(D)	(D)	217	\$50,157	(D)	(D)	42	\$16,238
Utilities	120	\$84,992	226	\$65,473	(D)	(D)	219	\$80,612
Construction	1,566	\$36,324	9,998	\$49,098	640	\$38,342	4,960	\$39,644
Manufacturing	3,738	\$50,369	8,911	\$57,201	1,151	\$67,204	9,511	\$45,707
Wholesale trade	859	\$38,346	3,780	\$61,876	716	\$38,705	4,676	\$48,894
Retail Trade	3,445	\$22,443	13,070	\$27,559	1,729	\$18,964	12,353	\$26,186
Transportation and warehousing	421	\$44,268	2,356	\$39,295	(D)	(D)	3,217	\$41,314
Information	442	\$41,665	2,120	\$40,451	255	\$20,482	1,284	\$42,727
Finance and insurance	1,070	\$44,621	2,863	\$48,986	505	\$32,735	2,691	\$43,016
Real estate and rental and leasing	904	\$16,921	4,148	\$20,361	622	\$13,571	3,091	\$18,697
Professional and technical services	(D)	(D)	6,085	\$35,967	913	\$16,676	3,467	\$33,377
Management of companies and enterprises	(D)	(D)	537	\$56,538	49	\$11,306	553	\$60,374
Administrative and waste services	746	\$15,672	4,734	\$20,793	236	\$7,852	3,219	\$18,591
Educational services	1,675	\$29,994	1,291	\$14,301	167	\$8,677	1,733	\$19,779
Health care and social assistance	3,903	\$37,951	10,574	\$38,303	1,458	\$30,075	14,047	\$40,071
Arts, entertainment, and recreation	533	\$14,362	2,900	\$11,539	312	\$7,920	1,837	\$13,895
Accommodation and food services	1,725	\$14,300	8,257	\$15,159	1,445	\$12,125	6,120	\$15,890
Other services, except public administration	1,919	\$16,903	6,151	\$20,702	1,118	\$15,841	5,710	\$20,606
Government and government enterprises	5,313	\$51,338	15,119	\$46,574	9,367	\$44,420	17,798	\$46,267
Federal, civilian	898	\$92,185	1,166	\$95,732	280	\$72,107	1,328	\$76,430
Military	193	\$42,824	656	\$43,024	147	\$50,252	897	\$45,264
State and local	4,222	\$43,039	13,297	\$42,439	8,940	\$43,457	15,573	\$43,752
State government	1,745	\$46,110	4,095	\$43,330	(D)	(D)	2,965	\$47,992
Local government	2,477	\$40,876	9,202	\$42,042	(D)	(D)	12,608	\$42,755

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.3

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Washington	Adams	Asotin	Benton	Chelan
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	223,232,089	397,213	578,217	4,963,840	2,074,497
Nonfarm personal income	221,635,356	358,225	580,847	4,877,325	1,954,405
Farm income	1,596,733	38,988	-2,630	86,515	120,092
Population (persons) <sup>5</sup>	6,291,899	16,849	21,050	157,920	69,950
Per capita personal income (dollars)	35,479	23,575	27,469	31,433	29,657
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	175,683,651	275,421	248,949	4,115,313	1,711,583
less: Personal contributions for social insurance <sup>6</sup>	21,672,231	33,052	32,347	532,000	204,014
plus: Adjustment for residence <sup>7</sup>	2,796,849	-6,716	118,689	61,044	-162,785
equals: Net earnings by place of residence	156,808,269	235,653	335,291	3,644,357	1,344,784
plus: Dividends, interest, and rent <sup>8</sup>	36,560,323	71,264	100,740	601,253	354,409
plus: Transfer payments	29,863,497	90,296	142,186	718,230	375,304
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	125,729,419	198,550	159,721	3,178,874	1,227,406
Other labor income	31,153,130	46,217	38,624	678,340	263,140
Proprietors' income <sup>9</sup>	18,801,102	30,654	50,604	258,099	221,037
Farm proprietors' income	233,142	1,443	-4,203	1,611	18,394
Nonfarm proprietors' income	18,567,960	29,211	54,807	256,488	202,643
<b>Earnings by Industry</b>					
Farm earnings	1,596,733	38,988	-2,630	86,515	120,092
Nonfarm earnings	174,086,918	236,433	251,579	4,028,798	1,591,491
Private earnings	140,502,368	175,235	203,179	3,356,286	1,254,533
Forestry, fishing, related activities, and other <sup>4</sup>	1,874,910	12,923	(D)	40,001	(D)
Forestry and logging	490,392	0	(D)	2,647	3,182
Fishing, hunting, and trapping	582,481	0	1,047	10,644	1,252
Agriculture and forestry support activities	802,037	12,923	(D)	26,710	(D)
Other <sup>4</sup>	0	0	0	0	0
Mining	314,898	77	(D)	254	(D)
Oil and gas extraction	36,456	77	82	(L)	108
Mining (except oil and gas)	254,403	0	(D)	252	(D)
Support activities for mining	24,039	0	0	0	0
Utilities	577,781	(D)	(D)	9,389	1,309
Construction	12,593,097	8,021	31,621	291,453	119,291
Construction of buildings	4,006,789	1,370	7,430	88,033	55,222
Heavy and civil engineering construction	1,854,497	2,186	11,668	68,164	20,331
Specialty trade contractors	6,731,811	4,465	12,523	135,256	43,738
Manufacturing	21,147,231	45,491	23,613	243,685	111,043
Durable goods manufacturing	15,605,677	1,030	23,044	64,227	77,399
Wood product manufacturing	1,113,904	(D)	(D)	(L)	8,164
Nonmetallic mineral product manufacturing	550,658	(D)	(D)	(D)	8,192
Primary metal manufacturing	362,742	0	0	13,789	43,636
Fabricated metal product manufacturing	993,968	0	163	7,299	2,052
Machinery manufacturing	859,371	(D)	2,199	1,745	2,502
Computer and electronic product manufacturing	1,972,207	0	(D)	19,931	(D)
Electrical equipment and appliance manufacturing	325,353	0	0	(D)	0

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Washington	Adams	Asotin	Benton	Chelan
Motor vehicle manufacturing	(D)	0	(D)	(D)	(L)
Transportation equipment mfg. excl. motor vehicle	(D)	0	(D)	(D)	(D)
Furniture and related product manufacturing	457,361	0	1,423	1,465	(D)
Miscellaneous manufacturing	730,102	0	(D)	5,902	1,786
Nondurable goods manufacturing	5,541,554	44,461	569	179,458	33,644
Food manufacturing	1,682,982	43,679	(D)	75,330	13,497
Beverage and tobacco product manufacturing	247,875	0	0	21,377	1,788
Textile mills	29,411	0	0	0	(D)
Textile product mills	90,482	0	(D)	(D)	(D)
Apparel manufacturing	102,982	0	(D)	0	(D)
Leather and allied product manufacturing	23,327	0	0	(D)	(L)
Paper manufacturing	1,186,448	0	0	(D)	(D)
Printing and related support activities	510,080	(L)	69	2,398	839
Petroleum and coal products manufacturing	344,593	0	0	0	0
Chemical manufacturing	817,178	(D)	0	80,001	(D)
Plastics and rubber products manufacturing	506,196	(D)	(D)	(D)	10,551
Wholesale trade	8,780,579	20,504	(D)	54,391	68,586
Retail Trade	12,296,750	16,615	28,484	253,408	148,918
Motor vehicle and parts dealers	2,348,241	2,409	3,360	39,220	34,947
Furniture and home furnishings stores	517,058	1,112	(D)	(D)	5,493
Electronics and appliance stores	496,942	195	220	9,030	2,033
Building material and garden supply stores	1,074,711	2,123	2,261	27,804	21,093
Food and beverage stores	2,072,789	2,009	5,691	29,733	25,004
Health and personal care stores	601,091	(D)	3,371	10,648	3,985
Gasoline stations	494,084	2,099	(D)	18,699	12,657
Clothing and clothing accessories stores	827,514	(D)	851	12,429	4,358
Sporting goods, hobby, book and music stores	399,864	(D)	882	11,840	5,529
General merchandise stores	1,674,247	(D)	(D)	64,205	17,285
Miscellaneous store retailers	726,794	200	1,725	17,607	13,941
Nonstore retailers	1,063,415	(D)	455	(D)	2,593
Transportation and warehousing	5,621,955	(D)	5,485	35,307	38,309
Air transportation	877,338	0	-251	(D)	(D)
Rail transportation	(D)	533	0	353	5,830
Water transportation	295,444	0	(D)	0	(D)
Truck transportation	1,536,396	8,954	1,113	4,079	10,674
Transit and ground passenger transportation	187,848	98	(L)	2,483	615
Pipeline transportation	22,812	0	0	0	0
Scenic and sightseeing transportation	45,118	0	(D)	(D)	(D)
Support activities for transportation	1,425,440	10,476	(D)	7,498	6,814
Couriers and messengers	(D)	(D)	(D)	(D)	4,168
Warehousing and storage	412,048	(D)	(L)	11,098	7,775
Information	11,859,997	1,045	1,878	38,967	24,350
Publishing industries, except Internet	7,340,934	(D)	(D)	17,957	8,621
Motion picture and sound recording industries	127,738	(D)	0	(D)	700
Broadcasting, except Internet	1,300,155	0	0	6,083	4,933



Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Washington	Adams	Asotin	Benton	Chelan
Internet publishing and broadcasts	180,981	0	0	0	0
Telecommunications	2,464,717	(D)	1,664	13,823	9,456
ISPs, search portals, and data processing	388,887	(D)	(D)	(D)	639
Other information services	56,585	0	0	(L)	(L)
Finance and insurance	9,666,398	4,457	10,931	96,079	48,661
Monetary authorities - central bank	(D)	0	0	0	0
Credit intermediation and related activities	4,603,672	2,848	7,103	56,720	29,311
Securities, commodity contracts, investments	1,601,554	113	923	(D)	6,159
Insurance carriers and related activities	3,205,631	1,496	2,905	31,045	13,191
Funds, trusts, and other financial vehicles	(D)	0	0	(D)	0
Real estate and rental and leasing	4,234,086	1,966	6,290	53,964	54,812
Real estate	3,632,735	(D)	3,492	40,203	51,092
Rental and leasing services	573,116	(D)	2,798	13,761	3,720
Lessors of nonfinancial intangible assets	28,235	0	0	0	0
Professional and technical services	14,345,670	3,662	9,102	895,362	59,000
Management of companies and enterprises	3,020,675	0	(D)	32,128	4,066
Administrative and waste services	6,240,150	1,827	(D)	791,831	19,715
Administrative and support services	5,169,919	(D)	3,986	80,082	16,153
Waste management and remediation services	1,070,231	(D)	(D)	711,749	3,562
Educational services	1,373,185	(D)	660	11,777	5,732
Health care and social assistance	15,452,057	(D)	34,708	298,747	275,848
Ambulatory health care services	8,256,496	14,496	14,380	180,862	139,232
Hospitals	3,872,380	0	(D)	(D)	(D)
Nursing and residential care facilities	1,777,458	(D)	5,362	26,393	32,633
Social assistance	1,545,723	3,257	(D)	(D)	(D)
Arts, entertainment, and recreation	1,705,557	(D)	2,582	29,916	9,340
Performing arts and spectator sports	747,971	0	(D)	2,386	(D)
Museums, historical sites, zoos, and parks	85,398	0	(D)	993	(D)
Amusement, gambling, and recreation	872,188	(D)	2,138	26,537	8,119
Accommodation and food services	4,556,617	(D)	9,705	92,758	63,837
Accommodation	871,851	(D)	2,093	12,747	26,799
Food services and drinking places	3,684,766	4,367	7,612	80,011	37,038
Other services, except public administration	4,840,775	7,190	23,957	86,869	49,724
Repair and maintenance	1,488,179	3,008	(D)	23,779	10,964
Personal and laundry services	956,328	(D)	5,692	19,037	4,805
Membership associations and organizations	1,866,322	3,507	5,060	(D)	20,040
Private households	529,946	(D)	(D)	(D)	13,915
Government and government enterprises	33,584,550	61,198	48,400	672,512	336,958
Federal, civilian	6,002,222	3,387	4,281	83,205	57,931
Military	5,412,048	2,265	2,854	22,078	9,429
State and local	22,170,280	55,546	41,265	567,229	269,598
State government	7,079,435	2,772	6,159	54,698	55,482
Local government	15,090,845	52,774	35,106	512,531	214,116

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Clallam	Clark	Columbia	Cowlitz	Douglas
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	2,033,675	12,565,701	104,526	2,552,701	839,322
Nonfarm personal income	2,031,987	12,547,739	107,511	2,543,767	812,167
Farm income	1,688	17,962	-2,985	8,934	27,155
Population (persons) <sup>5</sup>	69,487	404,066	4,140	97,178	34,904
Per capita personal income (dollars)	29,267	31,098	25,248	26,268	24,047
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	1,106,023	7,223,284	53,868	1,894,196	367,545
less: Personal contributions for social insurance <sup>6</sup>	145,938	911,315	7,862	252,763	52,055
plus: Adjustment for residence <sup>7</sup>	30,113	2,630,831	9,638	-33,579	204,144
equals: Net earnings by place of residence	990,198	8,942,800	55,644	1,607,854	519,634
plus: Dividends, interest, and rent <sup>8</sup>	554,367	1,907,375	21,423	359,587	138,256
plus: Transfer payments	489,110	1,715,526	27,459	585,260	181,432
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	752,182	5,085,489	44,406	1,370,124	294,572
Other labor income	186,340	1,240,219	12,124	356,051	66,005
Proprietors' income <sup>9</sup>	167,501	897,576	-2,662	168,021	6,968
Farm proprietors' income	-418	7,723	-6,095	2,341	-12,627
Nonfarm proprietors' income	167,919	889,853	3,433	165,680	19,595
<b>Earnings by Industry</b>					
Farm earnings	1,688	17,962	-2,985	8,934	27,155
Nonfarm earnings	1,104,335	7,205,322	56,853	1,885,262	340,390
Private earnings	758,704	5,960,243	34,272	1,609,311	232,265
Forestry, fishing, related activities, and other <sup>4</sup>	50,130	16,205	(D)	(D)	29,304
Forestry and logging	40,789	10,234	(D)	52,443	(D)
Fishing, hunting, and trapping	5,588	(D)	(D)	(D)	1,054
Agriculture and forestry support activities	3,753	(D)	(D)	13,498	(D)
Other <sup>4</sup>	0	0	0	0	0
Mining	2,124	54,592	(D)	(D)	82
Oil and gas extraction	(L)	22,558	82	(L)	0
Mining (except oil and gas)	2,072	32,034	(D)	(D)	75
Support activities for mining	(L)	0	0	(D)	(L)
Utilities	696	10,573	(D)	(D)	173
Construction	108,758	821,950	(D)	212,443	34,809
Construction of buildings	46,681	307,997	1,164	64,199	12,017
Heavy and civil engineering construction	14,828	140,148	948	26,350	7,559
Specialty trade contractors	47,249	373,805	(D)	121,894	15,233
Manufacturing	81,625	848,086	(D)	509,963	12,253
Durable goods manufacturing	48,102	524,092	(D)	175,359	(D)
Wood product manufacturing	33,825	44,825	(D)	75,367	(D)
Nonmetallic mineral product manufacturing	2,188	19,782	(D)	5,545	(D)
Primary metal manufacturing	60	(D)	0	(D)	0
Fabricated metal product manufacturing	1,807	64,578	(D)	11,886	(D)
Machinery manufacturing	(D)	91,457	0	24,066	(D)
Computer and electronic product manufacturing	0	201,874	0	(D)	0
Electrical equipment and appliance manufacturing	(D)	(D)	0	(L)	0

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	<b>Clallam</b>	<b>Clark</b>	<b>Columbia</b>	<b>Cowlitz</b>	<b>Douglas</b>
Motor vehicle manufacturing	(D)	(D)	0	1,254	0
Transportation equipment mfg. excl. motor vehicle	(D)	(D)	(D)	10,103	(D)
Furniture and related product manufacturing	1,669	20,480	(L)	6,437	(D)
Miscellaneous manufacturing	2,476	27,307	0	7,814	(D)
Nondurable goods manufacturing	33,523	323,994	(D)	334,604	(D)
Food manufacturing	2,131	63,162	(D)	(D)	(D)
Beverage and tobacco product manufacturing	(D)	(D)	(D)	0	242
Textile mills	0	(D)	0	0	0
Textile product mills	1,629	1,413	0	(D)	0
Apparel manufacturing	(L)	1,443	0	(D)	(L)
Leather and allied product manufacturing	58	(D)	0	(L)	0
Paper manufacturing	(D)	169,609	0	277,091	0
Printing and related support activities	1,341	6,043	0	3,183	(D)
Petroleum and coal products manufacturing	0	(D)	0	(D)	0
Chemical manufacturing	(D)	28,862	0	17,481	0
Plastics and rubber products manufacturing	(D)	31,841	0	3,478	68
Wholesale trade	22,986	383,240	3,936	(D)	15,788
Retail Trade	127,619	516,749	2,550	147,355	36,213
Motor vehicle and parts dealers	18,519	100,794	(D)	39,383	4,540
Furniture and home furnishings stores	5,625	18,043	(D)	3,134	(D)
Electronics and appliance stores	2,037	11,969	0	2,132	2,253
Building material and garden supply stores	14,787	51,642	(D)	12,568	310
Food and beverage stores	24,110	73,791	(D)	27,396	5,023
Health and personal care stores	10,143	27,458	(D)	5,495	1,435
Gasoline stations	9,361	25,649	(D)	11,192	1,226
Clothing and clothing accessories stores	3,156	31,472	0	3,371	1,639
Sporting goods, hobby, book and music stores	2,026	10,347	(D)	2,608	681
General merchandise stores	26,806	103,074	(D)	29,755	15,933
Miscellaneous store retailers	7,477	26,794	126	8,162	1,599
Nonstore retailers	3,572	35,716	(L)	2,159	(D)
Transportation and warehousing	26,929	233,028	(D)	89,181	17,978
Air transportation	(D)	-936	0	-282	(D)
Rail transportation	0	47,554	0	11,352	0
Water transportation	(D)	(D)	0	253	0
Truck transportation	17,036	106,322	607	32,372	4,107
Transit and ground passenger transportation	1,143	5,869	(D)	(D)	(L)
Pipeline transportation	0	0	0	(D)	0
Scenic and sightseeing transportation	(D)	726	0	535	146
Support activities for transportation	2,425	35,171	0	30,924	(D)
Couriers and messengers	(D)	(D)	0	4,604	(D)
Warehousing and storage	(D)	8,230	0	8,719	(D)
Information	12,921	204,848	206	18,750	2,478
Publishing industries, except Internet	6,781	44,850	(D)	7,153	(D)
Motion picture and sound recording industries	(D)	2,274	(D)	(D)	(D)
Broadcasting, except Internet	(D)	(D)	0	1,446	55

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	<b>Clallam</b>	<b>Clark</b>	<b>Columbia</b>	<b>Cowlitz</b>	<b>Douglas</b>
Internet publishing and broadcasts	(D)	(D)	0	(L)	0
Telecommunications	2,852	131,530	(D)	7,672	(D)
ISPs, search portals, and data processing	(D)	23,579	0	(D)	(D)
Other information services	(L)	(L)	0	0	0
Finance and insurance	30,711	340,018	1,066	52,798	7,415
Monetary authorities - central bank	0	0	0	0	0
Credit intermediation and related activities	16,453	247,561	(D)	36,055	5,390
Securities, commodity contracts, investments	5,450	(D)	73	(D)	54
Insurance carriers and related activities	8,808	71,932	(D)	(D)	1,971
Funds, trusts, and other financial vehicles	0	(D)	0	0	0
Real estate and rental and leasing	22,413	199,184	270	17,207	2,736
Real estate	19,558	139,627	227	12,765	1,975
Rental and leasing services	(D)	(D)	(L)	4,243	761
Lessors of nonfinancial intangible assets	(D)	(D)	0	199	0
Professional and technical services	48,486	659,279	1,336	45,577	10,567
Management of companies and enterprises	11,583	63,601	(D)	1,317	(D)
Administrative and waste services	14,688	231,275	(D)	26,604	(D)
Administrative and support services	11,350	213,529	(D)	22,320	3,844
Waste management and remediation services	3,338	17,746	(L)	4,284	(D)
Educational services	3,817	28,808	(D)	6,511	1,403
Health care and social assistance	106,140	848,451	(D)	213,021	25,703
Amulatory health care services	74,097	472,581	1,074	100,837	13,584
Hospitals	0	(D)	0	(D)	0
Nursing and residential care facilities	20,377	116,874	0	24,809	7,900
Social assistance	11,666	(D)	(D)	(D)	4,219
Arts, entertainment, and recreation	5,499	62,536	(D)	15,144	8,412
Performing arts and spectator sports	400	(D)	(L)	(D)	(D)
Museums, historical sites, zoos, and parks	93	(D)	(D)	(D)	(D)
Amusement, gambling, and recreation	5,006	59,297	(D)	14,632	7,912
Accommodation and food services	40,155	202,939	(D)	49,391	10,499
Accommodation	9,937	34,529	(D)	5,117	563
Food services and drinking places	30,218	168,410	471	44,274	9,936
Other services, except public administration	41,424	234,881	3,299	53,079	11,136
Repair and maintenance	16,188	71,524	(D)	15,254	1,497
Personal and laundry services	4,441	44,638	(D)	(D)	1,131
Membership associations and organizations	15,773	93,795	915	25,489	(D)
Private households	5,022	24,924	1,613	(D)	(D)
Government and government enterprises	345,631	1,245,079	22,581	275,951	108,125
Federal, civilian	32,582	292,149	6,353	18,812	18,165
Military	31,604	55,052	556	13,188	5,117
State and local	281,445	897,878	15,672	243,951	84,843
State government	57,507	151,651	2,327	46,915	5,937
Local government	223,938	746,227	13,345	197,036	78,906

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Ferry	Franklin	Garfield	Grant	Grays Harbor
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	151,241	1,295,502	43,401	1,828,877	1,751,422
Nonfarm personal income	150,886	1,184,462	60,147	1,636,870	1,738,940
Farm income	355	111,040	-16,746	192,007	12,482
Population (persons) <sup>5</sup>	7,527	62,972	2,293	81,145	70,904
Per capita personal income (dollars)	20,093	20,573	18,928	22,538	24,701
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	75,116	1,053,092	19,439	1,306,657	1,157,709
less: Personal contributions for social insurance <sup>6</sup>	9,571	130,883	4,650	159,569	157,232
plus: Adjustment for residence <sup>7</sup>	10,947	-60,825	490	-28,383	24,492
equals: Net earnings by place of residence	76,492	861,384	15,279	1,118,705	1,024,969
plus: Dividends, interest, and rent <sup>8</sup>	27,545	150,687	13,943	280,097	261,644
plus: Transfer payments	47,204	283,431	14,179	430,075	464,809
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	51,278	764,899	27,240	955,878	856,341
Other labor income	15,764	181,379	8,727	223,732	212,285
Proprietors' income <sup>9</sup>	8,074	106,814	-16,528	127,047	89,083
Farm proprietors' income	334	15,688	-18,172	36,486	5,672
Nonfarm proprietors' income	7,740	91,126	1,644	90,561	83,411
<b>Earnings by Industry</b>					
Farm earnings	355	111,040	-16,746	192,007	12,482
Nonfarm earnings	74,761	942,052	36,185	1,114,650	1,145,227
Private earnings	33,507	708,049	11,598	752,086	855,773
Forestry, fishing, related activities, and other <sup>4</sup>	(D)	(D)	(D)	(D)	(D)
Forestry and logging	3,788	4,417	0	1,164	49,900
Fishing, hunting, and trapping	1,546	17,765	(L)	(D)	13,195
Agriculture and forestry support activities	(D)	(D)	(D)	48,577	(D)
Other <sup>4</sup>	0	0	0	0	0
Mining	(D)	(D)	0	(D)	(D)
Oil and gas extraction	82	82	0	(L)	0
Mining (except oil and gas)	(D)	(D)	0	(D)	(D)
Support activities for mining	(D)	0	0	(L)	0
Utilities	(L)	(D)	(D)	235	(D)
Construction	(D)	74,130	923	56,450	76,034
Construction of buildings	712	7,299	(D)	13,868	26,564
Heavy and civil engineering construction	(D)	10,069	0	14,991	23,498
Specialty trade contractors	(D)	56,762	(D)	27,591	25,972
Manufacturing	(D)	92,993	59	183,710	243,937
Durable goods manufacturing	(L)	27,970	59	60,884	159,941
Wood product manufacturing	(L)	5,696	0	1,385	99,626
Nonmetallic mineral product manufacturing	(L)	(D)	0	25,481	(D)
Primary metal manufacturing	0	0	0	(D)	(D)
Fabricated metal product manufacturing	(L)	(D)	(L)	2,830	4,784
Machinery manufacturing	0	(D)	0	(D)	12,028
Computer and electronic product manufacturing	0	0	0	99	0
Electrical equipment and appliance manufacturing	0	(D)	0	865	0

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Ferry	Franklin	Garfield	Grant	Grays Harbor
Motor vehicle manufacturing	0	525	0	(D)	(D)
Transportation equipment mfg. excl. motor vehicle	0	7,139	0	(D)	(D)
Furniture and related product manufacturing	(L)	(D)	0	(D)	211
Miscellaneous manufacturing	(L)	(D)	(L)	(D)	283
Nondurable goods manufacturing	(D)	65,023	0	122,826	83,996
Food manufacturing	0	61,453	0	95,944	19,089
Beverage and tobacco product manufacturing	0	881	0	3,567	(D)
Textile mills	0	0	0	0	0
Textile product mills	0	(D)	0	(D)	0
Apparel manufacturing	(L)	(L)	0	(D)	0
Leather and allied product manufacturing	(L)	0	0	429	(L)
Paper manufacturing	0	(D)	0	(D)	(D)
Printing and related support activities	(D)	(D)	0	967	(D)
Petroleum and coal products manufacturing	0	0	0	0	0
Chemical manufacturing	213	0	0	14,817	(D)
Plastics and rubber products manufacturing	0	(D)	0	0	343
Wholesale trade	(D)	62,446	5,098	48,038	(D)
Retail Trade	4,623	83,381	1,919	94,299	95,655
Motor vehicle and parts dealers	(D)	36,765	(D)	15,568	19,553
Furniture and home furnishings stores	(D)	1,271	0	2,360	3,880
Electronics and appliance stores	0	(D)	0	1,510	795
Building material and garden supply stores	(D)	7,611	561	18,052	9,465
Food and beverage stores	1,532	13,217	(D)	14,034	22,912
Health and personal care stores	(D)	10,240	(D)	6,454	6,356
Gasoline stations	1,305	4,765	0	11,631	6,845
Clothing and clothing accessories stores	(D)	514	0	2,041	2,561
Sporting goods, hobby, book and music stores	(L)	63	(D)	1,045	1,556
General merchandise stores	(D)	4,745	(D)	(D)	15,436
Miscellaneous store retailers	(D)	3,035	(D)	3,183	3,346
Nonstore retailers	(D)	(D)	(L)	(D)	2,950
Transportation and warehousing	(D)	(D)	(D)	45,772	37,331
Air transportation	0	(D)	0	-248	-285
Rail transportation	0	29,677	0	2,083	1,646
Water transportation	0	0	0	0	(D)
Truck transportation	1,214	21,319	(D)	20,750	20,796
Transit and ground passenger transportation	0	(D)	0	(D)	609
Pipeline transportation	0	(D)	0	(D)	0
Scenic and sightseeing transportation	0	0	0	0	1,254
Support activities for transportation	0	7,694	(D)	2,491	8,385
Couriers and messengers	(D)	3,978	0	3,283	(D)
Warehousing and storage	(L)	(D)	0	13,276	(D)
Information	341	5,414	(D)	7,380	10,955
Publishing industries, except Internet	(D)	(D)	(D)	3,204	(D)
Motion picture and sound recording industries	0	(D)	0	(D)	(D)
Broadcasting, except Internet	55	1,391	0	877	(D)

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Ferry	Franklin	Garfield	Grant	Grays Harbor
Internet publishing and broadcasts	0	0	0	0	0
Telecommunications	(D)	2,737	0	2,625	5,287
ISPs, search portals, and data processing	0	948	0	(D)	0
Other information services	0	(L)	0	0	0
Finance and insurance	585	12,152	799	24,749	31,977
Monetary authorities - central bank	0	0	0	0	0
Credit intermediation and related activities	(D)	9,886	(D)	16,201	23,655
Securities, commodity contracts, investments	109	(D)	0	497	(D)
Insurance carriers and related activities	(D)	(D)	(D)	8,051	(D)
Funds, trusts, and other financial vehicles	0	0	0	0	0
Real estate and rental and leasing	705	22,541	84	14,544	12,527
Real estate	(D)	5,098	50	11,604	10,921
Rental and leasing services	(D)	17,443	(L)	2,940	1,606
Lessors of nonfinancial intangible assets	0	0	0	0	0
Professional and technical services	(D)	33,560	(D)	26,977	40,781
Management of companies and enterprises	(D)	0	0	2,733	9,065
Administrative and waste services	637	21,236	(D)	18,196	11,728
Administrative and support services	(D)	17,947	(D)	16,142	7,986
Waste management and remediation services	(D)	3,289	0	2,054	3,742
Educational services	(D)	7,521	0	2,344	(D)
Health care and social assistance	(D)	93,842	(D)	97,436	(D)
Amulatory health care services	(D)	41,638	(D)	47,452	50,414
Hospitals	0	(D)	0	0	(D)
Nursing and residential care facilities	329	13,331	0	12,017	13,620
Social assistance	153	(D)	(D)	37,967	7,904
Arts, entertainment, and recreation	(D)	9,968	(D)	6,367	5,826
Performing arts and spectator sports	(L)	(D)	0	(D)	(D)
Museums, historical sites, zoos, and parks	(D)	(D)	0	(D)	(D)
Amusement, gambling, and recreation	(L)	8,637	(D)	6,188	5,140
Accommodation and food services	(D)	22,537	(D)	30,141	39,967
Accommodation	(D)	6,019	(D)	6,972	12,150
Food services and drinking places	904	16,518	(D)	23,169	27,817
Other services, except public administration	2,417	38,847	772	34,562	37,255
Repair and maintenance	(D)	16,751	(D)	10,393	9,600
Personal and laundry services	(D)	(D)	(L)	(D)	(D)
Membership associations and organizations	1,461	14,992	(D)	18,283	20,076
Private households	(D)	(D)	(D)	(D)	(D)
Government and government enterprises	41,254	234,003	24,587	362,564	289,454
Federal, civilian	12,013	48,442	10,736	51,089	14,024
Military	1,016	8,494	316	11,018	11,867
State and local	28,225	177,067	13,535	300,457	263,563
State government	1,188	44,610	(D)	34,153	58,501
Local government	27,037	132,457	(D)	266,304	205,062

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Island	Jefferson	King	Kitsap	Kittitas
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	2,452,685	1,012,818	86,746,632	8,602,227	931,918
Nonfarm personal income	2,447,896	1,009,301	86,702,989	8,593,301	909,020
Farm income	4,789	3,517	43,643	8,926	22,898
Population (persons) <sup>5</sup>	79,983	28,676	1,799,119	241,525	36,733
Per capita personal income (dollars)	30,665	35,319	48,216	35,616	25,370
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	1,427,895	426,249	85,399,075	5,594,490	582,063
less: Personal contributions for social insurance <sup>6</sup>	144,610	56,167	10,395,837	619,926	72,235
plus: Adjustment for residence <sup>7</sup>	229,032	137,649	-11,472,945	1,052,414	91,956
equals: Net earnings by place of residence	1,512,317	507,731	63,530,293	6,026,978	601,784
plus: Dividends, interest, and rent <sup>8</sup>	567,250	308,999	15,585,161	1,478,893	163,128
plus: Transfer payments	373,118	196,088	7,631,178	1,096,356	167,006
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	889,908	293,182	61,037,389	3,821,427	395,478
Other labor income	390,083	71,794	14,316,564	1,334,590	99,028
Proprietors' income <sup>9</sup>	147,904	61,273	10,045,122	438,473	87,557
Farm proprietors' income	1,497	2,368	12,204	6,469	8,641
Nonfarm proprietors' income	146,407	58,905	10,032,918	432,004	78,916
<b>Earnings by Industry</b>					
Farm earnings	4,789	3,517	43,643	8,926	22,898
Nonfarm earnings	1,423,106	422,732	85,355,432	5,585,564	559,165
Private earnings	529,585	320,397	75,559,478	2,622,465	361,231
Forestry, fishing, related activities, and other <sup>4</sup>	(D)	5,562	515,524	25,813	(D)
Forestry and logging	(D)	(D)	77,068	7,713	(D)
Fishing, hunting, and trapping	(D)	3,352	342,537	14,351	2,620
Agriculture and forestry support activities	(D)	(D)	95,919	3,749	7,742
Other <sup>4</sup>	0	0	0	0	0
Mining	(D)	3,139	56,077	3,390	(D)
Oil and gas extraction	56	67	10,114	(L)	0
Mining (except oil and gas)	(D)	3,072	43,360	3,278	(D)
Support activities for mining	94	0	2,603	76	(L)
Utilities	4,339	5,060	250,680	11,590	2,449
Construction	91,922	40,672	5,119,937	317,483	71,013
Construction of buildings	44,599	15,834	1,681,723	105,168	22,957
Heavy and civil engineering construction	6,810	7,686	612,222	44,660	23,027
Specialty trade contractors	40,513	17,152	2,825,992	167,655	25,029
Manufacturing	33,815	40,960	10,222,042	86,218	28,328
Durable goods manufacturing	31,265	(D)	7,939,241	74,656	17,407
Wood product manufacturing	(D)	(D)	130,820	1,866	1,266
Nonmetallic mineral product manufacturing	1,609	(D)	202,498	9,779	(D)
Primary metal manufacturing	0	(D)	70,456	0	(L)
Fabricated metal product manufacturing	(D)	2,015	374,927	7,232	9,901
Machinery manufacturing	(D)	1,246	381,561	1,192	(D)
Computer and electronic product manufacturing	(D)	(D)	836,872	1,306	0
Electrical equipment and appliance manufacturing	(D)	0	146,455	(D)	0



Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Island	Jefferson	King	Kitsap	Kittitas
Motor vehicle manufacturing	(L)	0	(D)	0	0
Transportation equipment mfg. excl. motor vehicle	(D)	3,251	(D)	(D)	(D)
Furniture and related product manufacturing	2,688	581	161,562	12,731	1,496
Miscellaneous manufacturing	(D)	478	483,149	22,593	(D)
Nondurable goods manufacturing	2,550	(D)	2,282,801	11,562	10,921
Food manufacturing	1,321	423	718,036	1,811	10,515
Beverage and tobacco product manufacturing	(D)	274	136,292	114	(D)
Textile mills	0	(D)	3,515	1,165	0
Textile product mills	(D)	(D)	49,668	(D)	(L)
Apparel manufacturing	0	(L)	67,421	178	(D)
Leather and allied product manufacturing	(D)	0	8,406	(L)	(L)
Paper manufacturing	(D)	(D)	239,686	(L)	0
Printing and related support activities	276	1,218	360,722	2,226	(D)
Petroleum and coal products manufacturing	0	0	17,482	0	0
Chemical manufacturing	(D)	(L)	518,665	(D)	0
Plastics and rubber products manufacturing	(D)	0	162,908	(D)	0
Wholesale trade	13,170	7,659	5,368,631	87,464	24,437
Retail Trade	90,509	32,362	5,212,376	388,434	52,379
Motor vehicle and parts dealers	14,190	4,171	760,157	85,093	11,916
Furniture and home furnishings stores	5,662	1,606	279,855	12,764	3,390
Electronics and appliance stores	1,174	955	310,304	9,592	859
Building material and garden supply stores	15,057	5,675	365,534	45,525	5,494
Food and beverage stores	19,056	11,953	856,427	73,092	9,455
Health and personal care stores	5,183	(D)	232,409	19,145	2,231
Gasoline stations	2,991	804	95,943	15,091	4,566
Clothing and clothing accessories stores	1,783	976	456,352	12,975	673
Sporting goods, hobby, book and music stores	2,051	855	172,962	12,680	690
General merchandise stores	10,464	(D)	523,113	68,250	7,639
Miscellaneous store retailers	8,849	2,172	312,444	24,966	3,591
Nonstore retailers	4,049	1,625	846,876	9,261	1,875
Transportation and warehousing	8,982	5,404	3,223,843	60,956	17,484
Air transportation	-241	(D)	852,961	(D)	-222
Rail transportation	0	345	(D)	0	328
Water transportation	331	(D)	257,783	(D)	0
Truck transportation	3,287	1,192	591,088	19,909	14,345
Transit and ground passenger transportation	(D)	(D)	104,795	4,398	(L)
Pipeline transportation	0	0	(D)	0	0
Scenic and sightseeing transportation	699	(D)	22,139	(D)	0
Support activities for transportation	4,380	798	835,619	23,451	(D)
Couriers and messengers	(D)	(D)	248,018	(D)	(D)
Warehousing and storage	0	(D)	178,174	(D)	(L)
Information	13,839	8,907	10,488,729	97,573	21,288
Publishing industries, except Internet	1,233	7,327	6,906,039	36,893	9,959
Motion picture and sound recording industries	332	434	86,095	3,441	1,033
Broadcasting, except Internet	(D)	0	1,177,971	(D)	(D)

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Island	Jefferson	King	Kitsap	Kittitas
Internet publishing and broadcasts	0	0	160,173	(D)	0
Telecommunications	11,323	(D)	1,806,328	35,702	9,522
ISPs, search portals, and data processing	(D)	(D)	297,105	17,364	(D)
Other information services	(D)	0	55,018	(D)	324
Finance and insurance	25,346	25,618	5,653,592	165,871	9,298
Monetary authorities - central bank	0	0	(D)	0	0
Credit intermediation and related activities	14,673	14,225	2,564,924	98,642	5,276
Securities, commodity contracts, investments	(D)	(D)	1,007,547	(D)	(D)
Insurance carriers and related activities	(D)	5,989	1,883,882	49,326	(D)
Funds, trusts, and other financial vehicles	0	(D)	(D)	(D)	0
Real estate and rental and leasing	28,498	10,365	2,474,855	83,659	9,655
Real estate	26,359	9,125	2,171,475	(D)	6,636
Rental and leasing services	2,139	753	285,059	(D)	(D)
Lessors of nonfinancial intangible assets	0	487	18,321	603	(D)
Professional and technical services	42,509	24,192	9,360,688	344,262	(D)
Management of companies and enterprises	7,600	0	2,345,063	13,488	(D)
Administrative and waste services	23,193	7,135	3,272,443	134,597	(D)
Administrative and support services	20,532	(D)	3,126,381	121,573	(D)
Waste management and remediation services	2,661	(D)	146,062	13,024	(D)
Educational services	11,165	3,903	661,878	29,326	3,087
Health care and social assistance	57,575	56,520	6,098,080	479,816	30,652
Amulatory health care services	41,317	14,799	3,146,263	253,687	17,420
Hospitals	0	0	1,705,308	(D)	0
Nursing and residential care facilities	6,237	4,974	613,486	78,623	10,025
Social assistance	10,021	36,747	633,023	(D)	3,207
Arts, entertainment, and recreation	9,364	3,213	1,074,256	38,674	5,809
Performing arts and spectator sports	1,721	351	658,019	8,579	(D)
Museums, historical sites, zoos, and parks	852	572	58,371	2,393	(D)
Amusement, gambling, and recreation	6,791	2,290	357,866	27,702	5,282
Accommodation and food services	26,559	21,607	2,110,200	120,327	27,059
Accommodation	4,434	6,950	454,714	10,851	3,557
Food services and drinking places	22,125	14,657	1,655,486	109,476	23,502
Other services, except public administration	36,500	18,119	2,050,584	133,524	20,709
Repair and maintenance	11,560	5,499	603,870	45,324	6,948
Personal and laundry services	4,011	1,599	478,299	23,321	2,454
Membership associations and organizations	15,676	9,265	742,337	49,034	8,441
Private households	5,253	1,756	226,078	15,845	2,866
Government and government enterprises	893,521	102,335	9,795,954	2,963,099	197,934
Federal, civilian	76,400	13,256	1,993,099	1,418,790	12,520
Military	672,854	4,693	359,226	938,801	6,314
State and local	144,267	84,386	7,443,629	605,508	179,100
State government	15,131	14,729	2,735,773	98,616	103,033
Local government	129,136	69,657	4,707,856	506,892	76,067

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Klickitat	Lewis	Lincoln	Mason	Okanogan
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	511,183	1,814,994	265,294	1,443,336	1,028,275
Nonfarm personal income	494,140	1,791,527	254,435	1,429,172	938,973
Farm income	17,043	23,467	10,859	14,164	89,302
Population (persons) <sup>5</sup>	19,847	72,397	10,298	54,169	39,779
Per capita personal income (dollars)	25,756	25,070	25,762	26,645	25,850
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	279,261	1,182,886	127,105	650,575	668,407
less: Personal contributions for social insurance <sup>6</sup>	35,550	161,293	16,228	86,867	75,485
plus: Adjustment for residence <sup>7</sup>	44,166	63,050	25,427	260,410	25,719
equals: Net earnings by place of residence	287,877	1,084,643	136,304	824,118	618,641
plus: Dividends, interest, and rent <sup>8</sup>	100,424	262,800	65,102	273,083	155,870
plus: Transfer payments	122,882	467,551	63,888	346,135	253,764
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	191,702	868,700	87,720	450,465	434,355
Other labor income	44,406	211,617	22,847	108,461	104,667
Proprietors' income <sup>9</sup>	43,153	102,569	16,538	91,649	129,385
Farm proprietors' income	-1,701	13,711	3,628	4,277	21,654
Nonfarm proprietors' income	44,854	88,858	12,910	87,372	107,731
<b>Earnings by Industry</b>					
Farm earnings	17,043	23,467	10,859	14,164	89,302
Nonfarm earnings	262,218	1,159,419	116,246	636,411	579,105
Private earnings	185,894	937,830	60,749	416,305	340,364
Forestry, fishing, related activities, and other <sup>4</sup>	(D)	62,958	(D)	(D)	35,186
Forestry and logging	8,616	44,861	147	16,001	3,603
Fishing, hunting, and trapping	(D)	(D)	592	(D)	2,785
Agriculture and forestry support activities	(D)	(D)	(D)	3,121	28,798
Other <sup>4</sup>	0	0	0	0	0
Mining	(D)	70,872	(D)	(D)	2,462
Oil and gas extraction	0	(L)	0	0	(L)
Mining (except oil and gas)	(D)	(D)	(D)	(D)	(D)
Support activities for mining	(L)	(D)	0	0	(D)
Utilities	4,276	30,932	(D)	1,226	2,757
Construction	22,433	74,303	7,451	55,386	32,045
Construction of buildings	9,039	27,775	(D)	9,504	13,068
Heavy and civil engineering construction	4,212	17,494	(D)	13,615	6,019
Specialty trade contractors	9,182	29,034	1,865	32,267	12,958
Manufacturing	17,422	177,555	3,186	94,491	6,616
Durable goods manufacturing	13,722	149,608	(D)	71,338	5,011
Wood product manufacturing	(D)	103,614	(D)	56,316	(D)
Nonmetallic mineral product manufacturing	551	1,669	(L)	(D)	1,232
Primary metal manufacturing	(D)	(D)	0	(D)	0
Fabricated metal product manufacturing	(D)	15,624	(L)	367	365
Machinery manufacturing	(D)	1,190	0	(L)	(L)
Computer and electronic product manufacturing	(D)	(D)	0	(D)	0
Electrical equipment and appliance manufacturing	0	(D)	0	0	0

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Klickitat	Lewis	Lincoln	Mason	Okanogan
Motor vehicle manufacturing	0	(D)	0	(D)	0
Transportation equipment mfg. excl. motor vehicle	(D)	(D)	0	(D)	0
Furniture and related product manufacturing	(D)	4,915	(L)	906	(D)
Miscellaneous manufacturing	(D)	1,918	(L)	5,278	(D)
Nondurable goods manufacturing	3,700	27,947	(D)	23,153	1,605
Food manufacturing	(D)	18,769	148	9,229	982
Beverage and tobacco product manufacturing	(D)	(D)	(D)	(D)	400
Textile mills	0	(D)	0	81	0
Textile product mills	0	(D)	(D)	0	0
Apparel manufacturing	(L)	2,085	(L)	(D)	(D)
Leather and allied product manufacturing	(L)	(D)	0	0	(L)
Paper manufacturing	0	86	0	7,003	115
Printing and related support activities	(L)	1,347	(D)	274	(D)
Petroleum and coal products manufacturing	0	0	0	0	0
Chemical manufacturing	660	(D)	0	(D)	(L)
Plastics and rubber products manufacturing	(D)	2,574	0	(D)	0
Wholesale trade	5,752	30,717	9,612	20,988	25,771
Retail Trade	27,177	114,097	7,492	52,160	76,324
Motor vehicle and parts dealers	2,282	25,766	826	8,270	8,981
Furniture and home furnishings stores	(D)	3,010	115	1,647	(D)
Electronics and appliance stores	224	1,988	(L)	(D)	937
Building material and garden supply stores	1,091	9,248	653	5,717	6,196
Food and beverage stores	4,280	18,613	2,451	6,533	15,001
Health and personal care stores	1,329	5,481	1,107	1,257	2,388
Gasoline stations	14,105	11,956	1,861	6,306	22,636
Clothing and clothing accessories stores	251	2,927	(D)	(D)	1,142
Sporting goods, hobby, book and music stores	(D)	1,682	(D)	499	988
General merchandise stores	(D)	21,304	0	(D)	(D)
Miscellaneous store retailers	782	9,590	158	2,662	3,543
Nonstore retailers	(D)	2,532	(D)	1,850	2,173
Transportation and warehousing	11,250	61,252	(D)	11,357	9,937
Air transportation	-281	(D)	0	(D)	-320
Rail transportation	6,761	4,656	897	343	748
Water transportation	0	0	0	(D)	176
Truck transportation	3,002	34,429	1,366	4,064	3,324
Transit and ground passenger transportation	(L)	763	(L)	(D)	(D)
Pipeline transportation	0	0	0	0	0
Scenic and sightseeing transportation	0	(D)	0	(D)	371
Support activities for transportation	1,254	5,060	(D)	(D)	3,887
Couriers and messengers	(D)	(D)	(D)	(D)	(D)
Warehousing and storage	(D)	(D)	(D)	(D)	(D)
Information	1,733	11,864	1,162	3,752	7,707
Publishing industries, except Internet	523	5,566	(D)	(D)	1,077
Motion picture and sound recording industries	0	(D)	0	(D)	453
Broadcasting, except Internet	(D)	(D)	0	(D)	(D)

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Klickitat	Lewis	Lincoln	Mason	Okanogan
Internet publishing and broadcasts	0	0	0	0	(D)
Telecommunications	(D)	4,387	(D)	(D)	1,647
ISPs, search portals, and data processing	0	443	0	(D)	1,474
Other information services	0	(L)	0	0	0
Finance and insurance	4,180	22,052	5,079	20,911	12,488
Monetary authorities - central bank	0	0	0	0	0
Credit intermediation and related activities	2,632	13,604	3,258	15,823	8,828
Securities, commodity contracts, investments	(D)	(D)	115	(D)	377
Insurance carriers and related activities	(D)	7,523	1,706	(D)	(D)
Funds, trusts, and other financial vehicles	0	(D)	0	(D)	(D)
Real estate and rental and leasing	3,084	12,207	410	9,257	9,099
Real estate	(D)	9,977	(D)	8,595	7,666
Rental and leasing services	(D)	2,230	(D)	662	834
Lessors of nonfinancial intangible assets	0	0	0	0	599
Professional and technical services	(D)	27,894	5,457	(D)	15,801
Management of companies and enterprises	(D)	4,402	0	(D)	(D)
Administrative and waste services	17,880	24,721	695	9,962	(D)
Administrative and support services	7,168	20,216	(D)	7,624	7,942
Waste management and remediation services	10,712	4,505	(D)	2,338	(D)
Educational services	665	3,596	(D)	3,808	1,858
Health care and social assistance	8,871	125,474	(D)	42,323	48,260
Ambulatory health care services	6,100	67,585	1,809	23,996	37,224
Hospitals	0	(D)	0	0	0
Nursing and residential care facilities	(D)	16,609	(D)	13,850	5,812
Social assistance	(D)	(D)	659	4,477	5,224
Arts, entertainment, and recreation	1,464	5,919	595	5,833	2,768
Performing arts and spectator sports	(D)	(D)	(D)	294	245
Museums, historical sites, zoos, and parks	(D)	(D)	0	(D)	0
Amusement, gambling, and recreation	904	5,696	(D)	(D)	2,523
Accommodation and food services	4,390	34,589	1,275	19,124	21,861
Accommodation	912	4,112	(D)	5,757	10,133
Food services and drinking places	3,478	30,477	(D)	13,367	11,728
Other services, except public administration	11,539	42,426	4,206	27,352	18,558
Repair and maintenance	5,156	14,931	1,064	6,929	6,808
Personal and laundry services	(D)	4,109	(D)	(D)	1,265
Membership associations and organizations	4,605	(D)	2,057	13,588	8,295
Private households	(D)	(D)	(D)	(D)	2,190
Government and government enterprises	76,324	221,589	55,497	220,106	238,741
Federal, civilian	6,678	16,094	4,226	5,574	39,171
Military	2,674	9,767	1,400	7,329	5,363
State and local	66,972	195,728	49,871	207,203	194,207
State government	8,439	52,265	3,272	46,728	13,898
Local government	58,533	143,463	46,599	160,475	180,309

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Pacific	Pend Oreille	Pierce	San Juan	Skagit
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	525,521	288,836	24,440,169	670,273	3,593,899
Nonfarm personal income	513,476	NA	24,401,406	668,832	3,499,714
Farm income	12,045	(L)	38,763	1,441	94,185
Population (persons) <sup>5</sup>	21,568	12,615	753,209	15,215	113,181
Per capita personal income (dollars)	24,366	22,896	32,448	44,053	31,754
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	263,956	145,357	16,522,168	259,890	2,487,176
less: Personal contributions for social insurance <sup>6</sup>	35,855	18,623	1,996,719	32,695	301,829
plus: Adjustment for residence <sup>7</sup>	27,655	36,103	3,304,169	40,307	104,463
equals: Net earnings by place of residence	255,756	162,837	17,829,618	267,502	2,289,810
plus: Dividends, interest, and rent <sup>8</sup>	109,183	47,875	3,033,668	323,849	679,650
plus: Transfer payments	160,582	78,124	3,576,883	78,922	624,439
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	186,482	94,344	11,591,859	165,706	1,639,248
Other labor income	44,885	27,336	3,333,850	38,564	403,698
Proprietors' income <sup>9</sup>	32,589	23,677	1,596,459	55,620	444,230
Farm proprietors' income	8,839	-56	12,837	(L)	21,667
Nonfarm proprietors' income	23,750	23,733	1,583,622	55,640	422,563
<b>Earnings by Industry</b>					
Farm earnings	12,045	(L)	38,763	1,441	94,185
Nonfarm earnings	251,911	145,354	16,483,405	258,449	2,392,991
Private earnings	157,406	84,686	11,215,484	214,533	1,916,987
Forestry, fishing, related activities, and other <sup>4</sup>	26,142	4,403	42,712	(D)	65,570
Forestry and logging	8,548	(D)	19,276	(D)	14,001
Fishing, hunting, and trapping	17,255	937	15,845	2,236	26,915
Agriculture and forestry support activities	339	(D)	7,591	(D)	24,654
Other <sup>4</sup>	0	0	0	0	0
Mining	1,685	1,390	21,896	(D)	5,647
Oil and gas extraction	82	82	1,345	(L)	(L)
Mining (except oil and gas)	1,603	1,308	20,134	(D)	5,609
Support activities for mining	0	0	417	0	0
Utilities	(D)	173	65,254	6,169	14,763
Construction	10,758	5,056	1,484,137	49,649	253,354
Construction of buildings	4,204	1,890	394,245	21,778	75,624
Heavy and civil engineering construction	2,122	1,531	321,631	10,426	46,108
Specialty trade contractors	4,432	1,635	768,261	17,445	131,622
Manufacturing	33,813	44,556	1,259,659	11,552	437,264
Durable goods manufacturing	18,472	(D)	866,583	9,151	173,197
Wood product manufacturing	17,170	(D)	156,534	2,569	21,657
Nonmetallic mineral product manufacturing	453	(D)	103,781	1,200	10,815
Primary metal manufacturing	0	0	(D)	0	261
Fabricated metal product manufacturing	(D)	(D)	121,134	695	17,554
Machinery manufacturing	0	0	38,238	(D)	42,546
Computer and electronic product manufacturing	(L)	0	149,891	(L)	5,879
Electrical equipment and appliance manufacturing	0	(D)	(D)	0	(D)

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Pacific	Pend Oreille	Pierce	San Juan	Skagit
Motor vehicle manufacturing	0	0	(D)	0	(D)
Transportation equipment mfg. excl. motor vehicle	(D)	0	(D)	0	(D)
Furniture and related product manufacturing	(L)	122	61,676	303	5,052
Miscellaneous manufacturing	(D)	450	29,831	(D)	8,686
Nondurable goods manufacturing	15,341	(D)	393,076	2,401	264,067
Food manufacturing	15,034	(D)	87,479	978	40,444
Beverage and tobacco product manufacturing	0	0	(D)	(D)	(D)
Textile mills	176	0	(D)	(L)	(D)
Textile product mills	0	366	5,982	(D)	3,206
Apparel manufacturing	(L)	0	17,768	(L)	(D)
Leather and allied product manufacturing	0	358	1,086	(L)	248
Paper manufacturing	0	(D)	81,689	0	27,875
Printing and related support activities	(D)	(D)	30,745	(D)	1,495
Petroleum and coal products manufacturing	0	0	34,962	0	(D)
Chemical manufacturing	0	12,067	41,113	(D)	(D)
Plastics and rubber products manufacturing	(D)	(D)	83,706	(L)	4,283
Wholesale trade	(D)	537	623,403	3,815	50,418
Retail Trade	18,010	6,403	1,160,907	26,438	309,151
Motor vehicle and parts dealers	1,104	(D)	318,131	2,597	86,258
Furniture and home furnishings stores	392	(D)	50,318	(D)	7,468
Electronics and appliance stores	(D)	(D)	31,584	378	8,557
Building material and garden supply stores	1,596	(D)	97,793	6,110	23,183
Food and beverage stores	7,181	3,287	173,228	9,792	46,660
Health and personal care stores	1,744	415	63,937	1,541	12,969
Gasoline stations	991	377	32,913	1,762	31,602
Clothing and clothing accessories stores	213	(D)	81,970	494	14,024
Sporting goods, hobby, book and music stores	222	(L)	38,109	811	8,506
General merchandise stores	(D)	0	181,363	308	40,341
Miscellaneous store retailers	1,830	203	61,081	1,675	19,512
Nonstore retailers	(D)	(D)	30,480	(D)	10,071
Transportation and warehousing	(D)	1,899	648,543	3,193	58,812
Air transportation	-303	-356	(D)	(D)	(D)
Rail transportation	340	415	32,715	0	3,443
Water transportation	225	0	(D)	284	1,282
Truck transportation	1,687	(D)	243,989	615	26,795
Transit and ground passenger transportation	0	(L)	16,431	(D)	497
Pipeline transportation	0	0	907	0	0
Scenic and sightseeing transportation	688	217	781	802	(D)
Support activities for transportation	(D)	(D)	238,108	853	14,557
Couriers and messengers	0	0	37,438	(D)	7,448
Warehousing and storage	(L)	(L)	73,786	(L)	(D)
Information	1,911	1,825	201,364	4,212	25,074
Publishing industries, except Internet	794	(D)	57,550	(D)	12,441
Motion picture and sound recording industries	(D)	(D)	4,271	406	985
Broadcasting, except Internet	116	0	(D)	(D)	1,657

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Pacific	Pend Oreille	Pierce	San Juan	Skagit
Internet publishing and broadcasts	0	0	12,460	(D)	(D)
Telecommunications	(D)	1,011	105,424	1,348	8,117
ISPs, search portals, and data processing	0	(D)	18,112	1,069	(D)
Other information services	0	(L)	(D)	(L)	(D)
Finance and insurance	8,334	2,447	874,207	6,373	102,850
Monetary authorities - central bank	0	0	0	0	0
Credit intermediation and related activities	6,339	1,217	336,149	3,859	55,047
Securities, commodity contracts, investments	224	(L)	281,280	(D)	9,814
Insurance carriers and related activities	1,771	1,221	250,975	(D)	37,989
Funds, trusts, and other financial vehicles	0	0	5,803	0	0
Real estate and rental and leasing	2,987	1,181	390,132	13,248	47,066
Real estate	1,876	(D)	348,334	12,359	39,324
Rental and leasing services	(D)	(D)	(D)	889	7,742
Lessors of nonfinancial intangible assets	(D)	0	(D)	0	0
Professional and technical services	(D)	2,905	647,013	(D)	95,009
Management of companies and enterprises	(D)	0	93,064	(D)	9,316
Administrative and waste services	2,874	950	553,870	7,046	41,102
Administrative and support services	1,476	(D)	506,170	6,290	34,258
Waste management and remediation services	1,398	(D)	47,700	756	6,844
Educational services	68	547	164,705	3,348	9,682
Health care and social assistance	14,334	2,791	1,935,308	12,294	207,035
Amulatory health care services	6,084	1,159	1,072,707	7,454	143,462
Hospitals	0	0	501,271	0	0
Nursing and residential care facilities	5,538	420	194,726	3,128	37,241
Social assistance	2,712	1,212	166,604	1,712	26,332
Arts, entertainment, and recreation	1,910	(D)	106,471	4,445	18,364
Performing arts and spectator sports	(D)	(D)	14,067	709	1,861
Museums, historical sites, zoos, and parks	(D)	0	7,125	1,195	1,523
Amusement, gambling, and recreation	1,717	(D)	85,279	2,541	14,980
Accommodation and food services	13,532	(D)	420,725	27,268	75,758
Accommodation	5,325	(D)	34,987	17,635	14,531
Food services and drinking places	8,207	2,080	385,738	9,633	61,227
Other services, except public administration	11,310	4,708	522,114	12,267	90,752
Repair and maintenance	2,507	(D)	195,249	1,144	47,269
Personal and laundry services	(D)	416	101,101	2,061	9,713
Membership associations and organizations	5,944	2,468	187,518	4,326	28,278
Private households	(D)	(D)	38,246	4,736	5,492
Government and government enterprises	94,505	60,668	5,267,921	43,916	476,004
Federal, civilian	3,999	8,946	729,087	4,241	29,978
Military	9,793	1,708	2,277,647	2,058	15,257
State and local	80,713	50,014	2,261,187	37,617	430,769
State government	14,164	1,339	542,811	4,684	67,979
Local government	66,549	48,675	1,718,376	32,933	362,790



Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Skamania	Snohomish	Spokane	Stevens	Thurston
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	273,814	22,288,551	12,862,053	918,357	7,723,566
Nonfarm personal income	NA	22,252,784	12,870,097	916,765	7,691,751
Farm income	(L)	35,767	-8,044	1,592	31,815
Population (persons) <sup>5</sup>	10,606	655,564	440,434	41,934	228,881
Per capita personal income (dollars)	25,817	33,999	29,203	21,900	33,745
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	88,514	13,618,528	10,022,990	456,979	4,975,869
less: Personal contributions for social insurance <sup>6</sup>	11,691	1,748,018	1,295,768	59,832	642,387
plus: Adjustment for residence <sup>7</sup>	104,734	5,082,906	-448,009	129,480	1,161,756
equals: Net earnings by place of residence	181,557	16,953,416	8,279,213	526,627	5,495,238
plus: Dividends, interest, and rent <sup>8</sup>	45,972	2,752,091	2,196,969	143,243	1,088,675
plus: Transfer payments	46,285	2,583,044	2,385,871	248,487	1,139,653
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	63,954	9,998,487	7,407,986	316,124	3,702,879
Other labor income	18,269	2,573,081	1,838,175	82,612	834,209
Proprietors' income <sup>9</sup>	6,291	1,046,960	776,829	58,243	438,781
Farm proprietors' income	-441	9,288	-16,891	101	7,134
Nonfarm proprietors' income	6,732	1,037,672	793,720	58,142	431,647
<b>Earnings by Industry</b>					
Farm earnings	(L)	35,767	-8,044	1,592	31,815
Nonfarm earnings	88,554	13,582,761	10,031,034	455,387	4,944,054
Private earnings	52,204	11,184,390	8,022,723	320,053	2,942,066
Forestry, fishing, related activities, and other <sup>4</sup>	(D)	68,040	7,658	22,000	53,344
Forestry and logging	(D)	18,650	(D)	17,237	36,677
Fishing, hunting, and trapping	124	42,450	(D)	2,422	(D)
Agriculture and forestry support activities	(D)	6,940	2,628	2,341	(D)
Other <sup>4</sup>	0	0	0	0	0
Mining	(D)	18,218	20,117	3,065	4,342
Oil and gas extraction	0	1,025	(L)	(L)	(L)
Mining (except oil and gas)	(D)	(D)	2,214	3,048	(D)
Support activities for mining	0	(D)	17,899	(L)	(D)
Utilities	0	7,803	53,163	(D)	20,725
Construction	4,238	1,284,973	696,564	29,760	329,651
Construction of buildings	(D)	326,628	208,107	11,658	109,044
Heavy and civil engineering construction	(D)	161,034	75,458	5,899	38,312
Specialty trade contractors	2,125	797,311	412,999	12,203	182,295
Manufacturing	11,785	3,759,339	1,006,945	73,295	177,917
Durable goods manufacturing	(D)	3,497,364	792,393	71,457	86,564
Wood product manufacturing	(D)	117,710	21,322	44,265	16,361
Nonmetallic mineral product manufacturing	(D)	36,375	56,976	(D)	15,819
Primary metal manufacturing	0	9,231	104,552	(D)	(D)
Fabricated metal product manufacturing	(D)	159,844	101,270	(D)	18,164
Machinery manufacturing	0	42,008	93,847	18,757	2,560
Computer and electronic product manufacturing	(D)	522,845	201,413	0	870
Electrical equipment and appliance manufacturing	(D)	21,031	55,011	158	(D)

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Skamania	Snohomish	Spokane	Stevens	Thurston
Motor vehicle manufacturing	(D)	(D)	41,936	(D)	(D)
Transportation equipment mfg. excl. motor vehicle	0	(D)	28,833	(D)	(D)
Furniture and related product manufacturing	0	79,360	61,320	1,255	14,776
Miscellaneous manufacturing	(D)	44,486	25,913	(D)	11,425
Nondurable goods manufacturing	(D)	261,975	214,552	1,838	91,353
Food manufacturing	(D)	51,853	57,719	(D)	6,527
Beverage and tobacco product manufacturing	(D)	6,176	9,384	(D)	13,748
Textile mills	0	(D)	(D)	0	(D)
Textile product mills	0	3,066	3,619	0	558
Apparel manufacturing	0	6,075	4,759	(L)	(D)
Leather and allied product manufacturing	0	1,659	(D)	78	(L)
Paper manufacturing	0	(D)	23,879	0	(D)
Printing and related support activities	0	45,190	26,006	364	7,871
Petroleum and coal products manufacturing	0	908	(L)	0	0
Chemical manufacturing	(L)	12,140	36,373	0	4,656
Plastics and rubber products manufacturing	0	42,712	45,639	149	34,099
Wholesale trade	1,239	439,901	543,352	(D)	201,654
Retail Trade	3,170	1,040,435	912,686	41,549	371,623
Motor vehicle and parts dealers	(D)	257,025	217,288	7,104	74,338
Furniture and home furnishings stores	(D)	30,191	30,660	737	10,313
Electronics and appliance stores	0	32,189	28,307	608	14,566
Building material and garden supply stores	300	117,202	73,713	2,233	42,064
Food and beverage stores	1,571	185,241	138,954	7,744	68,055
Health and personal care stores	(D)	57,106	53,408	1,835	15,968
Gasoline stations	420	31,679	32,749	7,076	16,583
Clothing and clothing accessories stores	(D)	78,206	59,676	(D)	15,257
Sporting goods, hobby, book and music stores	(L)	37,814	45,358	1,051	14,874
General merchandise stores	153	147,061	129,578	(D)	63,718
Miscellaneous store retailers	(D)	52,295	56,570	1,735	26,823
Nonstore retailers	(L)	14,426	46,425	2,624	9,064
Transportation and warehousing	2,090	198,536	315,034	15,011	81,613
Air transportation	-326	3,570	13,768	-254	2,733
Rail transportation	0	19,195	74,228	511	1,431
Water transportation	0	(D)	158	0	231
Truck transportation	(D)	72,405	118,271	9,743	28,302
Transit and ground passenger transportation	(L)	18,848	14,168	(D)	2,963
Pipeline transportation	0	661	(D)	0	955
Scenic and sightseeing transportation	356	338	(D)	0	(D)
Support activities for transportation	(D)	54,863	48,471	(D)	12,064
Couriers and messengers	0	(D)	(D)	(D)	(D)
Warehousing and storage	(L)	8,947	6,821	(D)	22,136
Information	429	252,147	166,069	3,011	51,839
Publishing industries, except Internet	(D)	75,311	55,610	(D)	15,931
Motion picture and sound recording industries	(L)	10,401	7,235	(D)	1,770
Broadcasting, except Internet	0	(D)	35,930	(D)	5,849

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Skamania	Snohomish	Spokane	Stevens	Thurston
Internet publishing and broadcasts	(L)	(D)	1,867	0	(D)
Telecommunications	(D)	154,015	56,638	1,084	24,777
ISPs, search portals, and data processing	(D)	6,042	8,787	837	3,143
Other information services	0	(L)	(L)	(L)	(D)
Finance and insurance	(D)	802,675	706,086	8,958	225,528
Monetary authorities - central bank	0	0	0	0	0
Credit intermediation and related activities	636	380,739	315,927	4,898	115,895
Securities, commodity contracts, investments	(D)	44,174	104,443	(D)	42,501
Insurance carriers and related activities	(D)	349,084	277,505	(D)	58,516
Funds, trusts, and other financial vehicles	0	28,678	8,211	0	8,616
Real estate and rental and leasing	(D)	275,971	196,206	5,181	84,984
Real estate	(D)	237,136	160,345	3,870	74,122
Rental and leasing services	(D)	37,619	32,842	1,311	(D)
Lessors of nonfinancial intangible assets	0	1,216	3,019	0	(D)
Professional and technical services	4,995	639,446	598,095	10,491	239,559
Management of companies and enterprises	(D)	116,902	190,508	(D)	35,838
Administrative and waste services	(D)	349,787	329,868	(D)	124,246
Administrative and support services	(D)	326,912	314,647	1,780	111,682
Waste management and remediation services	833	22,875	15,221	(D)	12,564
Educational services	(D)	75,585	157,148	1,422	65,262
Health care and social assistance	(D)	1,033,676	1,420,417	57,469	537,096
Amulatory health care services	460	605,804	737,744	26,031	295,833
Hospitals	0	(D)	404,171	(D)	(D)
Nursing and residential care facilities	(D)	149,190	155,232	6,283	(D)
Social assistance	411	(D)	123,270	(D)	49,631
Arts, entertainment, and recreation	317	98,471	69,121	2,356	30,458
Performing arts and spectator sports	(L)	17,497	18,718	(D)	6,355
Museums, historical sites, zoos, and parks	(D)	1,813	953	(D)	2,526
Amusement, gambling, and recreation	(D)	79,161	49,450	2,236	21,577
Accommodation and food services	13,724	326,060	319,924	8,769	124,916
Accommodation	12,501	23,560	79,864	1,506	12,401
Food services and drinking places	1,223	302,500	240,060	7,263	112,515
Other services, except public administration	3,139	396,425	313,762	19,366	181,471
Repair and maintenance	(D)	116,082	87,936	6,272	52,120
Personal and laundry services	(D)	84,845	68,176	1,556	24,336
Membership associations and organizations	2,211	154,814	119,317	(D)	90,734
Private households	(D)	40,684	38,333	(D)	14,281
Government and government enterprises	36,350	2,398,371	2,008,311	135,334	2,001,988
Federal, civilian	11,504	171,905	372,393	29,177	85,130
Military	1,438	485,068	309,084	5,664	36,059
State and local	23,408	1,741,398	1,326,834	100,493	1,880,799
State government	1,741	261,395	459,138	16,408	1,378,819
Local government	21,667	1,480,003	867,696	84,085	501,980

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Wahkiakum	Walla Walla	Whatcom	Whitman	Yakima
<b>Income by Place of Residence</b>					
Personal income (thousands of dollars)	99,182	1,435,478	5,420,349	851,611	5,850,933
Nonfarm personal income	99,334	1,403,648	5,323,257	896,309	5,379,264
Farm income	-152	31,830	97,092	-44,698	471,669
Population (persons) <sup>5</sup>	3,885	57,461	183,363	40,135	230,937
Per capita personal income (dollars)	25,529	24,982	29,561	21,219	25,336
<b>Derivation of Total Personal Income</b>					
Earnings by place of work	37,546	1,095,622	3,923,333	691,288	4,148,234
less: Personal contributions for social insurance <sup>6</sup>	5,275	140,811	492,708	92,526	500,045
plus: Adjustment for residence <sup>7</sup>	18,747	-89,038	129,139	-75,191	14,650
equals: Net earnings by place of residence	51,018	865,773	3,559,764	523,571	3,662,839
plus: Dividends, interest, and rent <sup>8</sup>	22,422	271,626	1,002,295	170,133	869,372
plus: Transfer payments	25,742	298,079	858,290	157,907	1,318,722
<b>Earnings by Place of Work</b>					
Wage and salary disbursements	27,058	824,674	2,737,020	545,044	2,991,268
Other labor income	6,069	206,997	682,992	159,705	669,684
Proprietors' income <sup>9</sup>	4,419	63,951	503,321	-13,461	487,282
Farm proprietors' income	-207	-32,063	34,240	-55,692	123,481
Nonfarm proprietors' income	4,626	96,014	469,081	42,231	363,801
<b>Earnings by Industry</b>					
Farm earnings	-152	31,830	97,092	-44,698	471,669
Nonfarm earnings	37,698	1,063,792	3,826,241	735,986	3,676,565
Private earnings	26,368	791,034	3,122,086	319,901	2,853,108
Forestry, fishing, related activities, and other <sup>4</sup>	11,858	(D)	41,583	(D)	243,464
Forestry and logging	7,213	(D)	16,233	939	11,351
Fishing, hunting, and trapping	(D)	944	16,377	3,776	11,510
Agriculture and forestry support activities	(D)	17,621	8,973	(D)	220,603
Other <sup>4</sup>	0	0	0	0	0
Mining	82	(D)	10,884	(D)	682
Oil and gas extraction	82	0	329	82	(L)
Mining (except oil and gas)	0	(D)	10,336	(D)	648
Support activities for mining	0	0	219	0	(L)
Utilities	0	10,199	14,797	(D)	17,654
Construction	1,888	56,883	490,884	24,539	196,633
Construction of buildings	669	18,644	191,860	9,854	66,954
Heavy and civil engineering construction	292	6,025	81,391	3,148	19,133
Specialty trade contractors	927	32,214	217,633	11,537	110,546
Manufacturing	2,280	188,281	509,716	77,352	434,718
Durable goods manufacturing	2,280	49,335	260,715	(D)	(D)
Wood product manufacturing	(D)	1,883	63,453	(D)	46,607
Nonmetallic mineral product manufacturing	(D)	(D)	13,150	1,785	7,966
Primary metal manufacturing	0	372	(D)	0	(D)
Fabricated metal product manufacturing	(D)	3,300	21,728	(D)	39,597
Machinery manufacturing	(D)	(D)	20,632	(D)	27,757
Computer and electronic product manufacturing	0	0	7,780	6,902	(L)
Electrical equipment and appliance manufacturing	0	0	9,858	(D)	(D)

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Wahkiakum	Walla Walla	Whatcom	Whitman	Yakima
Motor vehicle manufacturing	0	(D)	(D)	0	(D)
Transportation equipment mfg. excl. motor vehicle	(D)	(D)	(D)	(D)	(D)
Furniture and related product manufacturing	(L)	327	7,380	96	5,246
Miscellaneous manufacturing	(L)	3,257	21,166	(D)	12,530
Nondurable goods manufacturing	0	138,946	249,001	(D)	(D)
Food manufacturing	0	(D)	69,204	(D)	112,549
Beverage and tobacco product manufacturing	0	17,328	895	0	11,780
Textile mills	0	(D)	(D)	(L)	(L)
Textile product mills	0	0	12,336	0	1,519
Apparel manufacturing	0	(D)	676	(L)	(L)
Leather and allied product manufacturing	0	353	(D)	(D)	0
Paper manufacturing	0	(D)	(D)	0	31,457
Printing and related support activities	0	5,069	5,264	(D)	5,186
Petroleum and coal products manufacturing	0	0	112,176	(D)	(D)
Chemical manufacturing	0	2,402	(D)	(D)	5,872
Plastics and rubber products manufacturing	0	(D)	11,983	0	62,572
Wholesale trade	(D)	32,939	233,892	27,713	228,630
Retail Trade	1,516	77,315	360,190	32,789	323,470
Motor vehicle and parts dealers	(D)	14,363	56,283	6,833	67,833
Furniture and home furnishings stores	147	2,397	11,998	(D)	10,654
Electronics and appliance stores	0	738	11,810	564	7,362
Building material and garden supply stores	(D)	7,782	38,053	6,015	29,371
Food and beverage stores	(D)	15,344	69,743	6,219	76,655
Health and personal care stores	(D)	3,081	17,644	2,300	10,120
Gasoline stations	(D)	5,137	25,670	3,678	21,140
Clothing and clothing accessories stores	(L)	5,986	21,941	405	9,158
Sporting goods, hobby, book and music stores	(L)	1,775	11,597	2,987	6,969
General merchandise stores	0	14,649	53,969	(D)	61,859
Miscellaneous store retailers	(D)	2,989	28,215	873	16,723
Nonstore retailers	(L)	3,074	13,267	(D)	5,626
Transportation and warehousing	(D)	18,637	92,578	(D)	132,908
Air transportation	0	(D)	(D)	(D)	(D)
Rail transportation	0	1,436	5,270	719	5,330
Water transportation	0	0	1,094	0	300
Truck transportation	(D)	8,822	33,229	2,543	62,011
Transit and ground passenger transportation	0	(D)	5,593	(D)	(D)
Pipeline transportation	0	(D)	(D)	(D)	0
Scenic and sightseeing transportation	0	937	1,729	0	633
Support activities for transportation	0	2,678	26,309	(D)	22,488
Couriers and messengers	(D)	(D)	(D)	(D)	6,236
Warehousing and storage	0	(D)	10,769	1,282	32,355
Information	(D)	18,416	85,756	5,223	54,861
Publishing industries, except Internet	(D)	11,961	34,482	765	11,535
Motion picture and sound recording industries	0	(D)	(D)	(D)	(D)
Broadcasting, except Internet	0	1,741	10,485	1,043	26,043

Table 4.3 (cont'd)

**Personal Income by Major Source and Earnings by Industry<sup>2</sup>, 2005**

(Thousands of Dollars)

	Wahkiakum	Walla Walla	Whatcom	Whitman	Yakima
Internet publishing and broadcasts	0	0	(D)	0	0
Telecommunications	(D)	3,191	36,021	2,318	14,436
ISPs, search portals, and data processing	0	(D)	2,094	(D)	(D)
Other information services	0	(D)	(L)	0	(L)
Finance and insurance	(D)	47,745	140,247	16,531	115,756
Monetary authorities - central bank	0	0	0	0	0
Credit intermediation and related activities	(D)	33,896	78,868	13,069	62,166
Securities, commodity contracts, investments	(D)	(D)	(D)	442	(D)
Insurance carriers and related activities	206	11,119	36,675	3,020	39,438
Funds, trusts, and other financial vehicles	0	(D)	(D)	0	(D)
Real estate and rental and leasing	(D)	15,297	84,459	8,441	57,792
Real estate	(D)	12,051	74,480	7,281	45,630
Rental and leasing services	199	2,611	9,362	1,160	12,162
Lessors of nonfinancial intangible assets	0	635	617	0	0
Professional and technical services	506	(D)	218,861	15,225	115,719
Management of companies and enterprises	0	(D)	30,361	554	33,387
Administrative and waste services	496	11,691	98,433	1,853	59,845
Administrative and support services	(D)	(D)	80,829	(D)	52,797
Waste management and remediation services	(D)	(D)	17,604	(D)	7,048
Educational services	(D)	50,240	18,463	1,449	34,277
Health care and social assistance	(D)	148,122	405,016	43,849	562,879
Amulatory health care services	(D)	59,964	212,972	22,730	301,505
Hospitals	0	(D)	(D)	(D)	136,230
Nursing and residential care facilities	1,527	20,536	47,834	8,265	65,328
Social assistance	(L)	(D)	(D)	(D)	59,816
Arts, entertainment, and recreation	(D)	7,655	33,463	2,471	25,525
Performing arts and spectator sports	(L)	(D)	3,518	(D)	5,624
Museums, historical sites, zoos, and parks	(D)	(D)	947	(D)	2,016
Amusement, gambling, and recreation	73	6,545	28,998	1,985	17,885
Accommodation and food services	(D)	24,667	125,164	17,521	97,246
Accommodation	(D)	3,844	23,660	3,779	16,222
Food services and drinking places	914	20,823	101,504	13,742	81,024
Other services, except public administration	1,384	32,437	127,339	17,710	117,662
Repair and maintenance	(D)	8,628	43,640	3,112	32,027
Personal and laundry services	(D)	3,177	17,737	2,412	23,172
Membership associations and organizations	829	14,295	52,712	8,305	(D)
Private households	(D)	6,337	13,250	3,881	(D)
Government and government enterprises	11,330	272,758	704,155	416,085	823,457
Federal, civilian	790	82,782	111,624	20,190	101,499
Military	519	8,265	28,224	7,387	40,602
State and local	10,021	181,711	564,307	388,508	681,356
State government	(D)	80,462	177,437	(D)	142,296
Local government	(D)	101,249	386,870	(D)	539,060

**Table 4.4**  
**Per Capita Personal Income**

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>Change 2001-05</b>
U.S.	30,562	30,795	31,466	33,090	34,471	12.8%
Washington	32,274	32,528	33,105	34,956	35,479	9.9%
Bellingham, WA (MSA)	25,407	25,483	26,823	28,116	29,561	16.3%
Bremerton-Silverdale, WA (MSA)	30,547	31,339	32,558	34,101	35,616	16.6%
Kennewick-Richland-Pasco, WA (MSA)	26,279	26,752	27,197	27,783	28,337	7.8%
Olympia, WA (MSA)	30,518	30,639	31,266	32,589	33,745	10.6%
Portland-Vancouver-Beaverton, OR-WA (MSA)	32,334	32,228	32,629	34,018	35,430	9.6%
Seattle-Tacoma-Bellevue, WA (MSA)	37,782	38,192	38,694	41,593	41,608	10.1%
Seattle-Bellevue-Everett, WA (MDiv)	40,490	40,877	41,351	44,788	44,419	9.7%
Spokane, WA (MSA)	26,206	26,495	27,053	28,061	29,203	11.4%
Tacoma, WA (MDiv)	28,817	29,405	30,059	31,200	32,448	12.6%
Yakima, WA (MSA)	23,055	23,058	24,154	24,637	25,336	9.9%
Washington (Urban Counties)*	35,092	35,401	35,917	38,211	38,603	10.0%
Washington (Rural Counties)	24,504	24,616	25,400	26,080	26,967	10.1%
Adams	21,389	21,753	22,251	22,352	23,575	10.2%
Asotin	25,511	25,816	26,629	26,794	27,469	7.7%
Benton#	28,258	28,875	29,508	30,507	31,433	11.2%
Chelan	26,325	26,921	27,601	28,685	29,657	12.7%
Clallam	26,559	26,563	27,954	28,121	29,267	10.2%
Clark*	29,525	28,978	29,306	29,658	31,098	5.3%
Columbia	27,508	26,208	26,520	25,788	25,248	-8.2%
Cowlitz	24,943	24,564	24,853	25,265	26,268	5.3%
Douglas	22,323	22,418	23,092	23,537	24,047	7.7%
Ferry	18,449	18,651	18,728	19,082	20,093	8.9%
Franklin#	20,602	20,723	20,892	20,655	20,573	-0.1%
Garfield	22,755	22,547	24,289	23,616	18,928	-16.8%
Grant	20,933	21,253	21,890	22,014	22,538	7.7%
Grays Harbor	22,464	22,891	23,610	23,742	24,701	10.0%
Island*	27,847	28,271	28,516	29,421	30,665	10.1%
Jefferson	30,194	30,538	31,652	33,387	35,319	17.0%
King*	43,800	44,250	44,821	49,118	48,216	10.1%
Kitsap*	30,547	31,339	32,558	34,101	35,616	16.6%
Kittitas	23,475	23,642	23,850	24,583	25,370	8.1%
Klickitat	23,189	23,994	24,190	24,681	25,756	11.1%
Lewis	23,195	23,262	23,532	24,409	25,070	8.1%
Lincoln	23,163	23,304	24,502	24,483	25,762	11.2%
Mason	23,880	24,079	24,644	25,699	26,645	11.6%
Okanogan	21,886	22,396	23,965	25,326	25,850	18.1%
Pacific	22,885	22,553	22,687	23,608	24,366	6.5%
Pend Oreille	21,642	21,064	22,083	22,219	22,896	5.8%
Pierce*	28,817	29,405	30,059	31,200	32,448	12.6%
San Juan	38,270	38,393	39,909	42,063	44,053	15.1%
Skagit	29,354	29,372	29,400	29,990	31,754	8.2%
Skamania	22,461	22,425	23,520	24,591	25,817	14.9%
Snohomish*	31,165	31,480	31,718	32,825	33,999	9.1%
Spokane*	26,206	26,495	27,053	28,061	29,203	11.4%
Stevens	20,207	20,053	20,677	21,398	21,900	8.4%
Thurston*	30,518	30,639	31,266	32,589	33,745	10.6%
Wahkiakum	23,624	23,059	25,026	24,856	25,529	8.1%
Walla Walla	24,103	22,973	24,139	24,913	24,982	3.6%
Whatcom#	25,407	25,483	26,823	28,116	29,561	16.3%
Whitman	19,500	19,464	20,698	21,276	21,219	8.8%
Yakima#	23,055	23,058	24,154	24,637	25,336	9.9%

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Table 4.5  
**2005 Per Capita Personal Income and Median Home Prices**  
 Ordered by 2005 Per Capita Personal Income Rank

	Per Capita Personal Income	Rank	Median Home Price	Rank
King*	\$48,216	1	\$374,000	2
San Juan	\$44,053	2	\$465,000	1
Kitsap*	\$35,616	3	\$250,000	7
Jefferson	\$35,319	4	\$288,000	4
Snohomish*	\$33,999	5	\$297,000	3
Thurston*	\$33,745	6	\$228,000	11
Pierce*	\$32,448	7	\$240,000	8
Skagit	\$31,754	8	\$230,000	10
Benton#	\$31,433	9	\$154,000	21
Clark*	\$31,098	10	\$236,900	9
Island*	\$30,665	11	\$252,900	6
Chelan	\$29,657	12	\$173,900	15
Whatcom#	\$29,561	13	\$265,000	5
Clallam	\$29,267	14	\$200,000	13
Spokane*	\$29,203	15	\$157,700	19
Asotin	\$27,469	16	\$127,500	29
Mason	\$26,645	17	\$172,000	17
Cowlitz	\$26,268	18	\$149,200	23
Okanogan	\$25,850	19	\$105,900	35
Skamania	\$25,817	20	N/A	N/A
Lincoln	\$25,762	21	N/A	N/A
Klickitat	\$25,756	22	N/A	N/A
Wahkiakum	\$25,529	23	\$180,000	14
Kittitas	\$25,370	24	\$200,800	12
Yakima#	\$25,336	25	\$127,400	31
Columbia	\$25,248	26	\$114,300	33
Lewis	\$25,070	27	\$141,000	24
Walla Walla	\$24,982	28	\$157,000	20
Grays Harbor	\$24,701	29	\$127,700	28
Pacific	\$24,366	30	\$125,000	32
Douglas	\$24,047	31	\$173,900	15
Adams	\$23,575	32	\$86,900	36
Pend Oreille	\$22,896	33	\$128,300	25
Grant	\$22,538	34	\$113,900	34
Stevens	\$21,900	35	\$128,300	25
Whitman	\$21,219	36	\$170,700	18
Franklin#	\$20,573	37	\$154,000	21
Ferry	\$20,093	38	\$128,300	25
Garfield	\$18,928	39	\$127,500	29
Washington	\$35,479		\$260,900	

Source: U.S. Department of Commerce, Bureau of Economic Analysis; Washington Center for Real Estate Research.



### Footnotes for Tables 4.1, 4.4 and 4.5

# Metropolitan area (Defined by the US Office of Management and Budget: The general concept of a metropolitan area is that of a large population nucleus, together with adjacent communities having a high degree of social and economic integration with that core. Metropolitan areas comprise one or more entire counties, except in New England, where cities and towns are the basic geographic units.).

\* Urban area (Per RCW 43.160.020 and RCW43.168.020, counties with greater than 100 persons per square mile. All urban areas are also metropolitan areas.).

N/A Data not available for this year.

### Footnotes for Tables 4.2 and 4.3

1. The employment estimates used to compute the average wage are a job, not person, count. People holding more than one job are counted in the employment estimates for each job they hold.
  2. 2001-2005 estimates of employment and earnings by industry are based on the 2002 North American Industry Classification System (NAICS).
  3. Excludes limited partners.
  4. "Other" consists of wage and salary disbursements to U.S. residents employed by international organizations and foreign embassies and consulates in the United States.
  5. Census Bureau midyear population estimates as of March 2007.
  6. Personal contributions for social insurance are included in earnings by type and industry but they are excluded from personal income.
  7. The adjustment for residence is the net inflow of the earnings of interarea commuters. For the United States, it consists of adjustments for border workers: Wage and salary disbursements to U.S. residents commuting to Canada less wage and salary disbursements to Canadian and Mexican residents commuting into the United States.
  8. Rental income of persons includes the capital consumption adjustment.
  9. Proprietors income includes the inventory valuation adjustment and capital consumption adjustment.
- (D) Not shown to avoid disclosure of confidential information, but estimates for this item are included in the totals.  
(L) Less than \$50,000, but the estimates for this item are included in the totals.  
(N) Data not available for this year.

All state and local area dollar estimates are in current dollars (not adjusted for inflation).

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# **Detail Components of the Washington Economic Forecast**

**Calendar Years**

*Note: The economic data discussed in these tables were current at the time the forecast was prepared. Many concepts including real GDP have changed since then due to new releases and data revisions.*

Table A1.1  
**U.S. Economic Forecast Summary**  
 Forecast 2007 to 2009

	2002	2003	2004	2005	2006	2007	2008	2009
<b>Real National Income Accounts (Billions of Chained 2000 Dollars)</b>								
Real Gross Domestic Product	10,048.9	10,301.1	10,703.5	11,048.6	11,415.3	11,650.2	11,976.7	12,369.7
% Ch	1.6	2.5	3.9	3.2	3.3	2.1	2.8	3.3
Real Consumption	7,099.3	7,295.4	7,577.1	7,841.2	8,091.4	8,342.3	8,570.3	8,824.3
% Ch	2.7	2.8	3.9	3.5	3.2	3.1	2.7	3.0
Real Nonresidential Fixed Investment	1,071.5	1,081.8	1,145.8	1,223.8	1,312.4	1,353.3	1,401.6	1,473.1
% Ch	-9.2	1.0	5.9	6.8	7.2	3.1	3.6	5.1
Real Residential Fixed Investment	469.9	509.4	559.9	608.0	582.3	487.7	464.5	492.7
% Ch	4.8	8.4	9.9	8.6	-4.2	-16.2	-4.7	6.1
Real Personal Income	8,578.1	8,677.6	8,978.7	9,183.2	9,500.3	9,836.4	10,169.9	10,550.8
% Ch	0.4	1.2	3.5	2.3	3.5	3.5	3.4	3.7
Real Per Capita Income (\$/Person)	29,723	29,772	30,510	30,923	31,703	32,535	33,347	34,296
% Ch	-0.6	0.2	2.5	1.4	2.5	2.6	2.5	2.8
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.035	1.056	1.084	1.115	1.145	1.170	1.191	1.215
% Ch	1.4	2.0	2.6	2.9	2.7	2.1	1.8	2.0
U.S. Consumer Price Index (1982-84=1.0)	1.799	1.840	1.889	1.953	2.016	2.061	2.096	2.138
% Ch	1.6	2.3	2.7	3.4	3.2	2.2	1.7	2.0
Employment Cost Index (June 1989=1.0)	0.916	0.942	0.967	0.992	1.020	1.055	1.086	1.121
% Ch	3.2	2.8	2.7	2.5	2.9	3.4	2.9	3.2
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	10,469.6	10,960.8	11,712.5	12,455.8	13,246.6	13,856.9	14,524.2	15,301.4
% Ch	3.4	4.7	6.9	6.3	6.3	4.6	4.8	5.4
Personal Income	8,881.9	9,163.6	9,731.4	10,239.2	10,883.4	11,506.1	12,111.4	12,820.1
% Ch	1.8	3.2	6.2	5.2	6.3	5.7	5.3	5.9
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	145.1	146.5	147.4	149.3	151.4	153.1	154.4	155.9
Total U.S. Employment	136.5	137.7	139.2	141.7	144.4	146.0	146.9	148.6
Unemployment Rate (%)	5.78	5.99	5.53	5.07	4.63	4.66	4.86	4.67
Nonfarm Payroll Employment	130.35	129.99	131.42	133.70	136.17	137.89	139.34	141.41
% Ch	-1.1	-0.3	1.1	1.7	1.9	1.3	1.1	1.5
Manufacturing	15.26	14.51	14.32	14.23	14.20	14.05	13.87	13.84
% Ch	-7.2	-4.9	-1.3	-0.6	-0.2	-1.1	-1.2	-0.3
Durable Manufacturing	9.48	8.96	8.92	8.96	9.00	8.90	8.80	8.81
% Ch	-8.2	-5.5	-0.4	0.3	0.5	-1.1	-1.2	0.2
Nondurable Manufacturing	5.77	5.54	5.39	5.27	5.20	5.15	5.08	5.02
% Ch	-5.4	-4.0	-2.8	-2.2	-1.4	-1.0	-1.4	-1.1
Construction	6.72	6.73	6.98	7.34	7.69	7.61	7.48	7.61
% Ch	-1.6	0.3	3.6	5.2	4.8	-1.0	-1.7	1.6
Service-Producing	107.79	108.18	109.54	111.50	113.60	115.52	117.29	119.29
% Ch	-0.2	0.4	1.3	1.8	1.9	1.7	1.5	1.7
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	26.1	31.1	41.5	56.6	66.1	62.1	61.4	62.0
Personal Saving/Disposable Income (%)	2.4	2.1	2.0	-0.4	-1.1	-1.1	-0.4	0.2
Auto Sales (Millions)	8.1	7.6	7.5	7.7	7.8	7.6	7.6	7.7
% Ch	-3.8	-6.0	-1.4	2.2	1.4	-2.5	0.2	1.1
Housing Starts (Millions)	1.710	1.854	1.950	2.073	1.817	1.408	1.480	1.664
% Ch	6.8	8.4	5.2	6.3	-12.4	-22.5	5.1	12.5
Federal Budget Surplus (Billions)	-248.0	-372.1	-382.0	-309.2	-153.6	-170.4	-213.0	-187.2
Net Exports (Billions)	-424.4	-499.4	-613.3	-716.7	-762.5	-714.0	-654.2	-634.8
3-Month Treasury Bill Rate (%)	1.61	1.01	1.36	3.13	4.72	4.88	4.90	4.91
10-Year Treasury Note Yield (%)	4.61	4.01	4.27	4.29	4.79	4.69	5.04	5.33
Bond Index of 20 G.O. Munis. (%)	5.03	4.74	4.68	4.40	4.40	4.25	4.69	5.20
30-Year Fixed Mortgage Rate (%)	6.54	5.82	5.84	5.86	6.42	6.21	6.59	6.88

Table A1.2  
**U.S. Economic Forecast Summary**  
 Forecast 2007 to 2009

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
<b>Real National Income Accounts (Billions of Chained 2000 Dollars)</b>								
Real Gross Domestic Product	10,566.3	10,671.5	10,753.3	10,822.9	10,913.8	11,001.8	11,115.1	11,163.8
% Ch , Annual Rate	3.8	4.0	3.1	2.6	3.4	3.3	4.2	1.8
Real Consumption	7,479.8	7,534.4	7,607.1	7,687.1	7,739.4	7,819.8	7,895.3	7,910.2
% Ch , Annual Rate	4.7	2.9	3.9	4.3	2.7	4.2	3.9	0.8
Real Nonresidential Fixed Investment	1,111.2	1,130.7	1,158.8	1,182.3	1,199.7	1,214.8	1,232.4	1,248.2
% Ch , Annual Rate	1.7	7.2	10.3	8.4	6.0	5.1	5.9	5.2
Real Residential Fixed Investment	539.2	564.1	568.6	567.7	582.8	609.9	620.4	618.9
% Ch , Annual Rate	3.0	19.8	3.2	-0.6	11.1	19.9	7.1	-1.0
Real Personal Income	8,859.6	8,913.6	8,989.6	9,152.1	9,127.7	9,159.5	9,157.7	9,288.0
% Ch , Annual Rate	3.1	2.5	3.5	7.4	-1.1	1.4	-0.1	5.8
Real Per Capita Income (\$/Person)	30,219	30,328	30,505	30,988	30,842	30,877	30,802	31,169
% Ch , Annual Rate	2.2	1.4	2.4	6.5	-1.9	0.5	-1.0	4.9
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.072	1.081	1.086	1.095	1.101	1.109	1.121	1.129
% Ch , Annual Rate	3.7	3.6	1.9	3.0	2.3	3.1	4.1	2.9
U.S. Consumer Price Index (1982-84=1.0)	1.865	1.885	1.895	1.911	1.921	1.940	1.966	1.983
% Ch , Annual Rate	3.5	4.2	2.1	3.6	2.1	3.9	5.6	3.4
Employment Cost Index (June 1989=1.0)	0.957	0.964	0.972	0.976	0.983	0.988	0.994	1.001
% Ch , Annual Rate	2.5	3.0	3.4	1.7	2.9	2.1	2.5	2.8
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	11,430.9	11,649.3	11,799.4	11,970.3	12,173.2	12,346.1	12,573.5	12,730.5
% Ch , Annual Rate	7.8	7.9	5.3	5.9	7.0	5.8	7.6	5.1
Personal Income	9,497.7	9,640.5	9,767.9	10,019.4	10,048.8	10,161.5	10,262.7	10,483.7
% Ch , Annual Rate	6.9	6.2	5.4	10.7	1.2	4.6	4.0	8.9
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	146.8	147.1	147.6	148.1	148.2	149.1	149.8	150.1
Total U.S. Employment	138.5	138.9	139.5	140.1	140.4	141.5	142.3	142.7
Unemployment Rate (%)	5.70	5.60	5.43	5.40	5.27	5.07	5.00	4.97
Nonfarm Payroll Employment	130.55	131.29	131.63	132.23	132.66	133.37	134.11	134.65
% Ch , Annual Rate	1.2	2.3	1.1	1.8	1.3	2.2	2.2	1.6
Manufacturing	14.28	14.33	14.34	14.31	14.27	14.24	14.20	14.20
% Ch , Annual Rate	-0.7	1.2	0.3	-0.8	-1.1	-0.8	-1.1	-0.0
Durable Manufacturing	8.87	8.92	8.95	8.96	8.96	8.96	8.94	8.97
% Ch , Annual Rate	0.5	2.4	1.6	0.4	-0.2	-0.0	-0.5	1.0
Nondurable Manufacturing	5.42	5.41	5.39	5.35	5.31	5.29	5.26	5.24
% Ch , Annual Rate	-2.7	-0.6	-1.7	-2.8	-2.7	-2.1	-2.0	-1.8
Construction	6.86	6.94	7.00	7.10	7.15	7.29	7.39	7.52
% Ch , Annual Rate	3.6	4.7	3.6	6.0	2.4	8.3	5.3	7.6
Service-Producing	108.82	109.43	109.69	110.22	110.63	111.22	111.89	112.28
% Ch , Annual Rate	1.3	2.2	1.0	1.9	1.5	2.1	2.4	1.4
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	35.4	38.3	43.9	48.3	49.9	53.1	63.2	60.1
Personal Saving/Disposable Income (%)	2.1	1.9	1.6	2.3	0.6	-0.3	-1.5	-0.3
Auto Sales (Millions)	7.5	7.5	7.4	7.7	7.5	7.7	7.9	7.5
% Ch , Annual Rate	-0.4	-1.5	-5.6	19.5	-8.0	6.6	14.8	-17.7
Housing Starts (Millions)	1.918	1.937	1.977	1.965	2.069	2.064	2.101	2.060
% Ch , Annual Rate	-21.1	4.0	8.4	-2.3	22.7	-1.0	7.4	-7.6
Federal Budget Surplus (Billions)	-401.0	-380.6	-380.6	-365.7	-287.6	-289.6	-396.0	-263.6
Net Exports (Billions)	-543.4	-606.2	-630.7	-672.7	-676.2	-686.4	-728.8	-775.4
3-Month Treasury Bill Rate (%)	0.92	1.07	1.48	2.00	2.52	2.86	3.35	3.80
10-Year Treasury Note Yield (%)	4.02	4.60	4.30	4.17	4.30	4.16	4.21	4.49
Bond Index of 20 G.O. Munis. (%)	4.52	4.98	4.71	4.50	4.44	4.34	4.30	4.51
30-Year Fixed Mortgage Rate (%)	5.61	6.13	5.90	5.73	5.75	5.74	5.75	6.22

Table A1.2  
**U.S. Economic Forecast Summary**  
 Forecast 2007 to 2009

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
<b>Real National Income Accounts (Billions of Chained 2000 Dollars)</b>								
Real Gross Domestic Product	11,316.4	11,388.1	11,443.5	11,513.0	11,549.1	11,612.8	11,681.9	11,757.0
% Ch , Annual Rate	5.6	2.6	2.0	2.5	1.3	2.2	2.4	2.6
Real Consumption	8,003.8	8,055.0	8,111.2	8,195.9	8,273.6	8,309.1	8,365.3	8,421.4
% Ch , Annual Rate	4.8	2.6	2.8	4.2	3.8	1.7	2.7	2.7
Real Nonresidential Fixed Investment	1,288.8	1,302.8	1,334.2	1,323.7	1,330.2	1,349.5	1,359.7	1,373.8
% Ch , Annual Rate	13.7	4.4	10.0	-3.1	2.0	5.9	3.0	4.2
Real Residential Fixed Investment	618.5	600.5	570.3	539.7	515.1	498.3	476.2	461.1
% Ch , Annual Rate	-0.3	-11.1	-18.6	-19.8	-17.0	-12.4	-16.6	-12.1
Real Personal Income	9,450.7	9,432.7	9,492.6	9,625.0	9,758.0	9,761.1	9,865.6	9,960.7
% Ch , Annual Rate	7.2	-0.8	2.6	5.7	5.6	0.1	4.4	3.9
Real Per Capita Income (\$/Person)	31,644	31,513	31,643	32,013	32,383	32,322	32,596	32,839
% Ch , Annual Rate	6.2	-1.6	1.7	4.8	4.7	-0.8	3.4	3.0
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.134	1.146	1.152	1.150	1.159	1.170	1.173	1.176
% Ch , Annual Rate	2.0	4.0	2.4	-1.0	3.3	3.9	0.9	1.2
U.S. Consumer Price Index (1982-84=1.0)	1.992	2.017	2.032	2.022	2.041	2.065	2.067	2.071
% Ch , Annual Rate	1.9	5.0	3.1	-2.1	3.8	4.9	0.2	0.9
Employment Cost Index (June 1989=1.0)	1.008	1.016	1.024	1.032	1.043	1.051	1.059	1.067
% Ch , Annual Rate	2.8	3.2	3.2	3.2	4.3	3.0	3.1	3.0
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	13,008.4	13,197.3	13,322.6	13,458.2	13,632.6	13,792.5	13,924.2	14,078.2
% Ch , Annual Rate	9.0	5.9	3.9	4.1	5.3	4.8	3.9	4.5
Personal Income	10,721.4	10,807.3	10,939.4	11,065.5	11,311.2	11,423.1	11,571.8	11,718.2
% Ch , Annual Rate	9.4	3.2	5.0	4.7	9.2	4.0	5.3	5.2
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	150.4	151.1	151.7	152.4	152.9	152.9	153.2	153.6
Total U.S. Employment	143.4	144.1	144.6	145.6	146.0	145.9	145.9	146.2
Unemployment Rate (%)	4.73	4.63	4.70	4.47	4.50	4.57	4.76	4.81
Nonfarm Payroll Employment	135.39	135.91	136.44	136.95	137.45	137.79	138.01	138.31
% Ch , Annual Rate	2.2	1.5	1.6	1.5	1.5	1.0	0.6	0.9
Manufacturing	14.21	14.23	14.22	14.15	14.11	14.06	14.03	13.99
% Ch , Annual Rate	0.4	0.3	-0.3	-2.0	-1.0	-1.4	-1.1	-1.0
Durable Manufacturing	8.99	9.02	9.02	8.98	8.94	8.92	8.89	8.85
% Ch , Annual Rate	1.0	1.5	-0.1	-1.8	-1.7	-1.2	-1.0	-1.8
Nondurable Manufacturing	5.22	5.20	5.20	5.17	5.17	5.15	5.13	5.14
% Ch , Annual Rate	-0.8	-1.6	-0.5	-2.3	0.3	-1.6	-1.3	0.4
Construction	7.66	7.70	7.72	7.69	7.68	7.66	7.57	7.53
% Ch , Annual Rate	7.4	2.0	1.0	-1.3	-0.4	-1.1	-4.5	-2.2
Service-Producing	112.86	113.31	113.82	114.41	114.94	115.35	115.70	116.08
% Ch , Annual Rate	2.1	1.6	1.8	2.1	1.9	1.4	1.2	1.3
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	63.4	70.6	70.5	60.1	58.1	64.7	64.7	61.0
Personal Saving/Disposable Income (%)	-0.3	-1.4	-1.4	-1.2	-1.0	-1.4	-1.1	-0.8
Auto Sales (Millions)	7.8	7.8	7.9	7.6	7.6	7.5	7.6	7.6
% Ch , Annual Rate	14.4	0.7	1.8	-11.6	-2.1	-2.6	6.6	-4.1
Housing Starts (Millions)	2.123	1.873	1.714	1.559	1.474	1.458	1.344	1.354
% Ch , Annual Rate	12.9	-39.5	-29.8	-31.7	-19.9	-4.3	-27.9	3.1
Federal Budget Surplus (Billions)	-147.0	-163.1	-173.0	-131.2	-136.7	-159.2	-187.1	-198.6
Net Exports (Billions)	-765.2	-781.8	-801.7	-701.2	-712.2	-736.3	-716.4	-691.0
3-Month Treasury Bill Rate (%)	4.38	4.68	4.91	4.91	4.98	4.84	4.82	4.86
10-Year Treasury Note Yield (%)	4.57	5.07	4.90	4.63	4.68	4.66	4.66	4.77
Bond Index of 20 G.O. Munis. (%)	4.42	4.59	4.44	4.18	4.20	4.23	4.23	4.34
30-Year Fixed Mortgage Rate (%)	6.24	6.60	6.57	6.25	6.22	6.15	6.17	6.30

Table A1.2  
**U.S. Economic Forecast Summary**  
 Forecast 2007 to 2009

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
<b>Real National Income Accounts (Billions of Chained 2000 Dollars)</b>								
Real Gross Domestic Product	11,833.7	11,925.1	12,026.4	12,121.7	12,219.4	12,321.4	12,422.2	12,515.8
% Ch, Annual Rate	2.6	3.1	3.4	3.2	3.3	3.4	3.3	3.1
Real Consumption	8,480.6	8,537.2	8,600.7	8,662.7	8,724.9	8,791.8	8,855.0	8,925.3
% Ch, Annual Rate	2.8	2.7	3.0	2.9	2.9	3.1	2.9	3.2
Real Nonresidential Fixed Investment	1,386.3	1,393.4	1,405.6	1,421.2	1,440.8	1,462.9	1,485.0	1,503.7
% Ch, Annual Rate	3.7	2.1	3.5	4.5	5.6	6.3	6.2	5.1
Real Residential Fixed Investment	454.7	459.3	468.7	475.5	482.7	490.3	496.5	501.2
% Ch, Annual Rate	-5.5	4.1	8.5	5.9	6.2	6.4	5.2	3.9
Real Personal Income	10,038.9	10,126.5	10,210.6	10,303.6	10,397.2	10,502.6	10,600.7	10,702.5
% Ch, Annual Rate	3.2	3.5	3.4	3.7	3.7	4.1	3.8	3.9
Real Per Capita Income (\$/Person)	33,025	33,241	33,445	33,676	33,908	34,177	34,421	34,677
% Ch, Annual Rate	2.3	2.6	2.5	2.8	2.8	3.2	2.9	3.0
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.182	1.188	1.194	1.199	1.206	1.212	1.218	1.224
% Ch, Annual Rate	2.0	1.9	1.9	2.0	2.2	1.9	2.1	2.0
U.S. Consumer Price Index (1982-84=1.0)	2.082	2.091	2.101	2.111	2.123	2.132	2.143	2.153
% Ch, Annual Rate	2.0	1.9	1.9	1.9	2.2	1.8	2.0	2.0
Employment Cost Index (June 1989=1.0)	1.074	1.082	1.090	1.098	1.107	1.116	1.125	1.135
% Ch, Annual Rate	2.8	2.8	3.1	3.1	3.1	3.3	3.6	3.4
<b>Current Dollar National Income (Billions of Dollars)</b>								
Gross Domestic Product	14,248.2	14,427.5	14,618.2	14,802.8	15,000.7	15,200.9	15,403.9	15,600.3
% Ch, Annual Rate	4.9	5.1	5.4	5.1	5.5	5.4	5.5	5.2
Personal Income	11,868.9	12,029.9	12,187.9	12,358.7	12,539.1	12,727.5	12,911.8	13,101.9
% Ch, Annual Rate	5.2	5.5	5.4	5.7	6.0	6.1	5.9	6.0
<b>Employment (Millions)</b>								
U.S. Civilian Labor Force	153.9	154.2	154.6	154.9	155.3	155.7	156.1	156.4
Total U.S. Employment	146.4	146.7	147.1	147.5	147.9	148.4	148.8	149.3
Unemployment Rate (%)	4.87	4.88	4.86	4.82	4.77	4.70	4.63	4.57
Nonfarm Payroll Employment	138.65	139.08	139.57	140.07	140.59	141.13	141.69	142.22
% Ch, Annual Rate	1.0	1.2	1.4	1.5	1.5	1.5	1.6	1.5
Manufacturing	13.93	13.88	13.85	13.83	13.83	13.84	13.84	13.84
% Ch, Annual Rate	-1.6	-1.6	-0.9	-0.5	-0.0	0.1	0.0	0.2
Durable Manufacturing	8.83	8.79	8.78	8.78	8.79	8.81	8.82	8.83
% Ch, Annual Rate	-1.2	-1.6	-0.3	-0.1	0.5	0.9	0.5	0.6
Nondurable Manufacturing	5.11	5.09	5.06	5.05	5.04	5.03	5.02	5.01
% Ch, Annual Rate	-2.3	-1.5	-1.8	-1.0	-0.9	-1.1	-0.9	-0.5
Construction	7.48	7.47	7.48	7.50	7.53	7.57	7.63	7.70
% Ch, Annual Rate	-2.5	-0.8	0.9	1.1	1.3	2.2	3.4	3.4
Service-Producing	116.53	117.03	117.54	118.05	118.55	119.05	119.55	120.02
% Ch, Annual Rate	1.6	1.7	1.8	1.7	1.7	1.7	1.7	1.6
<b>Miscellaneous Indicators</b>								
Oil-WTI (\$ per barrel)	62.2	61.3	61.2	61.0	63.0	61.3	61.7	61.8
Personal Saving/Disposable Income (%)	-0.7	-0.4	-0.3	-0.2	-0.1	0.2	0.3	0.4
Auto Sales (Millions)	7.6	7.6	7.6	7.6	7.7	7.6	7.7	7.6
% Ch, Annual Rate	1.5	1.4	-1.4	-1.8	9.5	-4.4	3.2	-5.1
Housing Starts (Millions)	1.383	1.446	1.518	1.572	1.615	1.654	1.683	1.706
% Ch, Annual Rate	8.8	19.6	21.3	15.0	11.3	10.0	7.3	5.4
Federal Budget Surplus (Billions)	-197.2	-222.3	-216.8	-215.7	-198.9	-203.2	-178.7	-167.9
Net Exports (Billions)	-675.3	-655.6	-644.9	-641.2	-643.2	-637.3	-631.2	-627.3
3-Month Treasury Bill Rate (%)	4.89	4.90	4.90	4.90	4.91	4.91	4.91	4.91
10-Year Treasury Note Yield (%)	4.85	4.98	5.13	5.21	5.27	5.30	5.35	5.39
Bond Index of 20 G.O. Munis. (%)	4.43	4.59	4.79	4.93	5.05	5.14	5.25	5.35
30-Year Fixed Mortgage Rate (%)	6.39	6.53	6.68	6.76	6.82	6.85	6.91	6.95

Table A1.3  
**Washington Economic Forecast Summary**  
 Forecast 2007 to 2009

	2002	2003	2004	2005	2006	2007	2008	2009
<b>Real Income (Billions of Chained 2000 Dollars)</b>								
Real Personal Income	190.708	192.191	200.112	200.221	208.981	218.975	229.234	239.936
% Ch	0.6	0.8	4.1	0.1	4.4	4.8	4.7	4.7
Real Wage and Salary Disb.	107.608	108.061	109.984	112.765	118.971	124.145	129.398	134.925
% Ch	-0.7	0.4	1.8	2.5	5.5	4.3	4.2	4.3
Real Nonwage Income	83.099	84.130	90.129	87.457	90.011	94.830	99.836	105.011
% Ch	2.4	1.2	7.1	-3.0	2.9	5.4	5.3	5.2
Real Per Capita Income (\$/Person)	31,455	31,381	32,266	31,775	32,532	33,432	34,376	35,374
% Ch	-0.4	-0.2	2.8	-1.5	2.4	2.8	2.8	2.9
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.035	1.056	1.084	1.115	1.145	1.170	1.191	1.215
% Ch	1.4	2.0	2.6	2.9	2.7	2.1	1.8	2.0
Seattle Cons. Price Index (1982-84=1.0)	1.893	1.924	1.947	2.002	2.076	2.151	2.202	2.257
% Ch	2.0	1.6	1.2	2.8	3.7	3.6	2.4	2.5
Average Nonfarm Annual Wage	40,278	41,105	42,213	43,217	45,628	47,660	49,586	51,774
% Ch	2.1	2.1	2.7	2.4	5.6	4.5	4.0	4.4
Avg. Hourly Earnings-Mfg. (\$/Hour)	18.15	18.02	18.28	18.81	19.90	20.45	20.90	21.41
% Ch	1.0	-0.7	1.4	2.9	5.8	2.8	2.2	2.4
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	197.452	202.942	216.921	223.232	239.396	256.150	273.004	291.550
% Ch	2.0	2.8	6.9	2.9	7.2	7.0	6.6	6.8
Disposable Personal Income	174.068	180.775	193.516	197.002	209.467	223.490	238.454	254.518
% Ch	4.8	3.9	7.0	1.8	6.3	6.7	6.7	6.7
Per Capita Income (\$/Person)	32,567	33,136	34,975	35,425	37,266	39,107	40,939	42,983
% Ch	1.0	1.7	5.5	1.3	5.2	4.9	4.7	5.0
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,104.7	3,149.2	3,208.9	3,270.5	3,326.5	3,394.5	3,473.9	3,543.5
Total Washington Employment	2,877.0	2,916.0	3,008.4	3,090.0	3,160.3	3,230.9	3,297.8	3,360.9
Unemployment Rate (%)	7.33	7.41	6.25	5.52	5.00	4.82	5.07	5.15
Nonfarm Payroll Employment	2,654.0	2,657.4	2,700.9	2,776.9	2,858.5	2,919.6	2,978.9	3,038.2
% Ch	-1.6	0.1	1.6	2.8	2.9	2.1	2.0	2.0
Manufacturing	285.0	267.0	263.7	272.6	285.4	289.6	290.8	292.0
% Ch	-9.8	-6.3	-1.3	3.4	4.7	1.5	0.4	0.4
Durable Manufacturing	199.3	183.7	182.4	191.5	203.6	209.5	211.0	211.5
% Ch	-11.4	-7.8	-0.7	5.0	6.4	2.9	0.7	0.3
Aerospace	75.7	65.3	61.5	65.6	73.2	78.1	80.6	80.9
% Ch	-13.2	-13.8	-5.8	6.8	11.6	6.7	3.2	0.3
Nondurable Manufacturing	85.7	83.3	81.3	81.1	81.7	80.1	79.8	80.5
% Ch	-6.0	-2.8	-2.4	-0.2	0.7	-2.0	-0.3	0.8
Construction	154.2	156.2	164.2	177.3	195.1	203.0	204.4	205.3
% Ch	-2.9	1.3	5.1	8.0	10.0	4.1	0.7	0.4
Service-Producing	2,205.4	2,225.6	2,263.9	2,318.0	2,369.3	2,418.5	2,475.2	2,532.5
% Ch	-0.3	0.9	1.7	2.4	2.2	2.1	2.3	2.3
Software Publishers	36.1	37.4	39.3	41.3	44.7	47.7	50.3	53.4
% Ch	0.8	3.4	5.1	5.1	8.4	6.7	5.5	6.2
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	40.200	42.825	50.089	52.988	50.033	51.215	48.914	48.149
% Ch	4.8	6.5	17.0	5.8	-5.6	2.4	-4.5	-1.6
Single-Family	30.239	33.091	36.489	41.407	35.611	32.009	29.996	28.795
% Ch	13.1	9.4	10.3	13.5	-14.0	-10.1	-6.3	-4.0
Multi-Family	9.961	9.734	13.600	11.581	14.422	19.206	18.918	19.353
% Ch	-14.2	-2.3	39.7	-14.8	24.5	33.2	-1.5	2.3
30-Year Fixed Mortgage Rate (%)	6.54	5.82	5.84	5.86	6.42	6.21	6.59	6.88



Table A1.4  
**Washington Economic Forecast Summary**  
 Forecast 2007 to 2009

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
<b>Real Income (Billions of Chained 2000 Dollars)</b>								
Real Personal Income	191.883	195.448	196.052	217.065	198.203	199.166	201.143	202.374
% Ch, Annual Rate	-1.1	7.6	1.2	50.3	-30.5	2.0	4.0	2.5
Real Wage and Salary Disb.	107.515	110.454	110.903	111.063	111.080	111.763	113.792	114.424
% Ch, Annual Rate	1.2	11.4	1.6	0.6	0.1	2.5	7.5	2.2
Real Nonwage Income	84.369	84.995	85.147	106.003	87.122	87.404	87.352	87.950
% Ch, Annual Rate	-4.0	3.0	0.7	140.2	-54.4	1.3	-0.2	2.8
Real Per Capita Income (\$/Person)	31,111	31,575	31,560	34,818	31,680	31,683	31,847	31,891
% Ch, Annual Rate	-2.2	6.1	-0.2	48.1	-31.5	0.0	2.1	0.6
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.072	1.081	1.086	1.095	1.101	1.109	1.121	1.129
% Ch, Annual Rate	3.7	3.6	1.9	3.0	2.3	3.1	4.1	2.9
Seattle Cons. Price Index (1982-84=1.0)	1.936	1.943	1.946	1.964	1.982	2.000	2.001	2.027
% Ch, Annual Rate	1.5	1.5	0.7	3.6	3.7	3.6	0.2	5.4
Average Nonfarm Annual Wage	41,213	42,419	42,598	42,624	42,416	42,730	43,781	43,942
% Ch, Annual Rate	3.5	12.2	1.7	0.2	-1.9	3.0	10.2	1.5
Avg. Hourly Earnings-Mfg. (\$/Hour)	18.10	18.17	18.37	18.47	18.62	18.80	18.36	19.47
% Ch, Annual Rate	-3.0	1.6	4.5	2.2	3.3	3.9	-8.9	26.4
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	205.690	211.370	213.009	237.615	218.187	220.938	225.396	228.408
% Ch, Annual Rate	2.5	11.5	3.1	54.8	-28.9	5.1	8.3	5.5
Disposable Personal Income	183.685	188.712	189.859	211.808	193.046	195.025	198.711	201.227
% Ch, Annual Rate	3.3	11.4	2.5	54.9	-31.0	4.2	7.8	5.2
Per Capita Income (\$/Person)	33,349	34,147	34,289	38,114	34,874	35,147	35,687	35,994
% Ch, Annual Rate	1.4	9.9	1.7	52.7	-29.9	3.2	6.3	3.5
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,189.8	3,205.5	3,208.6	3,231.9	3,239.8	3,261.2	3,281.2	3,299.7
Total Washington Employment	2,976.0	3,004.5	3,013.7	3,039.2	3,056.9	3,078.1	3,099.7	3,125.1
Unemployment Rate (%)	6.70	6.27	6.07	5.96	5.65	5.61	5.53	5.29
Nonfarm Payroll Employment	2,673.3	2,694.8	2,706.4	2,729.0	2,746.5	2,768.3	2,783.2	2,809.5
% Ch, Annual Rate	0.9	3.3	1.7	3.4	2.6	3.2	2.2	3.8
Manufacturing	261.8	262.8	263.8	266.3	268.9	272.2	270.8	278.5
% Ch, Annual Rate	-2.3	1.6	1.5	3.7	4.0	5.0	-2.0	11.9
Durable Manufacturing	180.0	181.4	182.9	185.1	187.8	191.2	189.4	197.5
% Ch, Annual Rate	-1.0	3.0	3.4	5.0	5.9	7.4	-3.7	18.2
Aerospace	61.3	60.9	61.1	62.6	64.3	65.8	62.8	69.7
% Ch, Annual Rate	-6.8	-2.6	1.4	10.2	11.0	9.7	-16.6	50.9
Nondurable Manufacturing	81.7	81.5	80.9	81.1	81.1	81.0	81.4	81.1
% Ch, Annual Rate	-4.9	-1.4	-2.6	1.1	-0.3	-0.5	2.2	-1.7
Construction	160.4	163.4	164.4	168.4	172.0	175.4	178.5	183.5
% Ch, Annual Rate	4.0	7.7	2.6	10.1	8.8	8.0	7.3	11.8
Service-Producing	2,242.2	2,259.5	2,268.9	2,285.0	2,296.5	2,311.7	2,325.1	2,338.6
% Ch, Annual Rate	1.0	3.1	1.7	2.9	2.0	2.7	2.3	2.3
Software Publishers	38.9	39.1	39.3	39.8	40.4	41.0	41.6	42.1
% Ch, Annual Rate	5.5	1.8	1.8	4.9	6.7	6.1	5.5	5.4
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	45.861	47.759	50.033	56.704	52.264	49.072	52.721	57.895
% Ch, Annual Rate	80.4	17.6	20.5	65.0	-27.8	-22.3	33.2	45.4
Single-Family	34.579	37.508	35.614	38.255	41.088	39.264	42.099	43.177
% Ch, Annual Rate	30.1	38.4	-18.7	33.1	33.1	-16.6	32.2	10.6
Multi-Family	11.281	10.251	14.419	18.449	11.176	9.808	10.621	14.718
% Ch, Annual Rate	506.7	-31.8	291.5	168.0	-86.5	-40.7	37.5	268.8
30-Year Fixed Mortgage Rate (%)	5.61	6.13	5.90	5.73	5.75	5.74	5.75	6.22

Table A1.4  
**Washington Economic Forecast Summary**  
 Forecast 2007 to 2009

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
<b>Real Income (Billions of Chained 2000 Dollars)</b>								
Real Personal Income	206.532	206.328	210.948	212.117	215.404	215.303	223.266	221.929
% Ch, Annual Rate	8.5	-0.4	9.3	2.2	6.3	-0.2	15.6	-2.4
Real Wage and Salary Disb.	117.723	117.095	120.509	120.556	122.360	121.322	127.781	125.117
% Ch, Annual Rate	12.0	-2.1	12.2	0.2	6.1	-3.3	23.1	-8.1
Real Nonwage Income	88.809	89.232	90.439	91.562	93.043	93.980	95.485	96.812
% Ch, Annual Rate	4.0	1.9	5.5	5.1	6.6	4.1	6.6	5.7
Real Per Capita Income (\$/Person)	32,394	32,201	32,758	32,777	33,121	32,948	34,008	33,652
% Ch, Annual Rate	6.5	-2.4	7.1	0.2	4.3	-2.1	13.5	-4.1
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.134	1.146	1.152	1.150	1.159	1.170	1.173	1.176
% Ch, Annual Rate	2.0	4.0	2.4	-1.0	3.3	3.9	0.9	1.2
Seattle Cons. Price Index (1982-84=1.0)	2.042	2.071	2.091	2.102	2.124	2.154	2.159	2.167
% Ch, Annual Rate	2.9	6.0	3.7	2.2	4.2	5.9	0.9	1.5
Average Nonfarm Annual Wage	45,051	44,990	46,405	46,066	46,826	46,692	49,153	47,970
% Ch, Annual Rate	10.5	-0.5	13.2	-2.9	6.8	-1.1	22.8	-9.3
Avg. Hourly Earnings-Mfg. (\$/Hour)	19.57	19.86	20.23	19.95	20.20	20.42	20.54	20.64
% Ch, Annual Rate	2.1	6.0	7.6	-5.4	5.1	4.5	2.3	2.1
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	234.282	236.377	243.080	243.844	249.670	251.962	261.879	261.087
% Ch, Annual Rate	10.7	3.6	11.8	1.3	9.9	3.7	16.7	-1.2
Disposable Personal Income	205.162	206.607	212.807	213.291	217.793	219.809	228.497	227.863
% Ch, Annual Rate	8.1	2.8	12.6	0.9	8.7	3.8	16.8	-1.1
Per Capita Income (\$/Person)	36,747	36,890	37,748	37,679	38,390	38,558	39,890	39,590
% Ch, Annual Rate	8.6	1.6	9.6	-0.7	7.8	1.8	14.6	-3.0
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,310.6	3,323.2	3,328.2	3,344.0	3,362.8	3,376.3	3,410.6	3,428.5
Total Washington Employment	3,149.2	3,156.4	3,159.3	3,176.5	3,200.2	3,226.4	3,240.6	3,256.3
Unemployment Rate (%)	4.87	5.02	5.08	5.01	4.84	4.44	4.98	5.02
Nonfarm Payroll Employment	2,834.9	2,852.2	2,864.2	2,882.5	2,901.7	2,911.8	2,925.2	2,939.9
% Ch, Annual Rate	3.7	2.5	1.7	2.6	2.7	1.4	1.9	2.0
Manufacturing	283.0	283.9	286.6	288.0	289.8	289.0	289.2	290.3
% Ch, Annual Rate	6.5	1.3	4.0	1.8	2.5	-1.1	0.4	1.4
Durable Manufacturing	200.9	202.5	204.6	206.6	208.6	209.2	209.9	210.2
% Ch, Annual Rate	7.1	3.3	4.2	4.2	3.8	1.2	1.3	0.7
Aerospace	71.4	72.1	73.8	75.6	76.8	77.7	78.6	79.4
% Ch, Annual Rate	10.2	4.2	9.9	10.1	6.4	4.9	4.3	4.3
Nondurable Manufacturing	82.1	81.4	82.1	81.3	81.2	79.8	79.4	80.1
% Ch, Annual Rate	5.2	-3.4	3.5	-3.7	-0.7	-6.7	-2.0	3.5
Construction	190.7	194.3	196.1	199.1	202.5	203.3	203.0	203.4
% Ch, Annual Rate	16.5	7.8	3.8	6.3	7.0	1.5	-0.5	0.9
Service-Producing	2,352.4	2,365.3	2,372.8	2,386.8	2,400.8	2,410.9	2,424.4	2,437.7
% Ch, Annual Rate	2.4	2.2	1.3	2.4	2.4	1.7	2.3	2.2
Software Publishers	43.1	44.4	45.4	45.9	46.8	47.3	48.1	48.6
% Ch, Annual Rate	9.5	13.0	9.6	4.6	8.0	3.5	6.9	4.9
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	50.776	54.236	53.036	42.084	59.528	46.295	49.601	49.434
% Ch, Annual Rate	-40.8	30.2	-8.6	-60.4	300.3	-63.4	31.8	-1.3
Single-Family	38.753	37.614	35.909	30.167	32.665	31.781	32.201	31.388
% Ch, Annual Rate	-35.1	-11.3	-16.9	-50.2	37.5	-10.4	5.4	-9.7
Multi-Family	12.023	16.622	17.127	11.917	26.863	14.514	17.400	18.046
% Ch, Annual Rate	-55.5	265.3	12.7	-76.6	2,482.3	-91.5	106.6	15.7
30-Year Fixed Mortgage Rate (%)	6.24	6.60	6.57	6.25	6.22	6.15	6.17	6.30

Table A1.4  
**Washington Economic Forecast Summary**  
 Forecast 2007 to 2009

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
<b>Real Income (Billions of Chained 2000 Dollars)</b>								
Real Personal Income	224.211	226.373	234.237	232.116	234.562	236.896	245.340	242.944
% Ch, Annual Rate	4.2	3.9	14.6	-3.6	4.3	4.0	15.0	-3.9
Real Wage and Salary Disb.	126.283	127.113	133.809	130.386	131.583	132.471	139.679	135.967
% Ch, Annual Rate	3.8	2.7	22.8	-9.8	3.7	2.7	23.6	-10.2
Real Nonwage Income	97.928	99.259	100.429	101.729	102.979	104.426	105.661	106.977
% Ch, Annual Rate	4.7	5.5	4.8	5.3	5.0	5.7	4.8	5.1
Real Per Capita Income (\$/Person)	33,847	34,023	35,051	34,584	34,799	34,998	36,097	35,602
% Ch, Annual Rate	2.3	2.1	12.7	-5.2	2.5	2.3	13.2	-5.4
<b>Price and Wage Indexes</b>								
U.S. Implicit Price Deflator, PCE (2000=1.0)	1.182	1.188	1.194	1.199	1.206	1.212	1.218	1.224
% Ch, Annual Rate	2.0	1.9	1.9	2.0	2.2	1.9	2.1	2.0
Seattle Cons. Price Index (1982-84=1.0)	2.182	2.195	2.209	2.223	2.238	2.251	2.264	2.277
% Ch, Annual Rate	2.7	2.6	2.5	2.5	2.8	2.3	2.3	2.3
Average Nonfarm Annual Wage	48,385	48,671	51,329	49,958	50,436	50,785	53,674	52,203
% Ch, Annual Rate	3.5	2.4	23.7	-10.3	3.9	2.8	24.8	-10.5
Avg. Hourly Earnings-Mfg. (\$/Hour)	20.74	20.84	20.96	21.07	21.20	21.33	21.48	21.63
% Ch, Annual Rate	1.9	2.0	2.2	2.3	2.3	2.6	2.9	2.7
<b>Current Dollar Income (Billions of Dollars)</b>								
Personal Income	265.083	268.923	279.597	278.413	282.883	287.080	298.828	297.409
% Ch, Annual Rate	6.3	5.9	16.8	-1.7	6.6	6.1	17.4	-1.9
Disposable Personal Income	231.267	234.910	244.373	243.266	247.021	250.730	260.842	259.481
% Ch, Annual Rate	6.1	6.5	17.1	-1.8	6.3	6.1	17.1	-2.1
Per Capita Income (\$/Person)	40,017	40,418	41,839	41,482	41,968	42,412	43,967	43,583
% Ch, Annual Rate	4.4	4.1	14.8	-3.4	4.8	4.3	15.5	-3.4
<b>Employment (Thousands)</b>								
Washington Civilian Labor Force	3,446.6	3,465.2	3,483.1	3,500.7	3,518.2	3,535.2	3,552.1	3,568.6
Total Washington Employment	3,272.5	3,290.1	3,306.3	3,322.2	3,337.8	3,353.3	3,368.8	3,383.9
Unemployment Rate (%)	5.05	5.05	5.08	5.10	5.13	5.15	5.16	5.18
Nonfarm Payroll Employment	2,955.1	2,971.6	2,986.9	3,001.8	3,016.5	3,031.1	3,045.6	3,059.8
% Ch, Annual Rate	2.1	2.3	2.1	2.0	2.0	1.9	1.9	1.9
Manufacturing	290.3	290.8	290.9	291.2	291.6	291.9	292.1	292.5
% Ch, Annual Rate	0.1	0.6	0.2	0.4	0.6	0.4	0.3	0.5
Durable Manufacturing	210.7	211.0	211.1	211.1	211.3	211.5	211.6	211.8
% Ch, Annual Rate	0.9	0.7	0.1	-0.0	0.4	0.5	0.2	0.2
Aerospace	80.1	80.7	80.9	80.9	80.9	80.9	80.9	80.9
% Ch, Annual Rate	3.4	3.0	1.0	0.0	0.0	0.0	0.0	0.0
Nondurable Manufacturing	79.7	79.7	79.8	80.1	80.3	80.3	80.5	80.7
% Ch, Annual Rate	-2.0	0.4	0.3	1.6	1.0	0.1	0.6	1.2
Construction	203.7	204.4	204.6	204.8	205.0	205.1	205.4	205.7
% Ch, Annual Rate	0.5	1.4	0.4	0.3	0.3	0.3	0.6	0.7
Service-Producing	2,452.6	2,468.0	2,482.9	2,497.4	2,511.5	2,525.7	2,539.7	2,553.1
% Ch, Annual Rate	2.5	2.5	2.4	2.4	2.3	2.3	2.2	2.1
Software Publishers	49.3	49.9	50.7	51.5	52.3	53.0	53.8	54.6
% Ch, Annual Rate	5.6	4.5	6.6	6.5	6.4	6.1	6.0	6.0
<b>Housing Indicators (Thousands)</b>								
Housing Units Authorized by Bldg. Permit	49.024	49.270	48.813	48.550	48.279	48.369	48.147	47.800
% Ch, Annual Rate	-3.3	2.0	-3.7	-2.1	-2.2	0.8	-1.8	-2.8
Single-Family	30.686	30.299	29.692	29.307	28.983	28.924	28.739	28.535
% Ch, Annual Rate	-8.7	-5.0	-7.8	-5.1	-4.4	-0.8	-2.5	-2.8
Multi-Family	18.338	18.972	19.121	19.243	19.296	19.445	19.407	19.265
% Ch, Annual Rate	6.6	14.6	3.2	2.6	1.1	3.1	-0.8	-2.9
30-Year Fixed Mortgage Rate (%)	6.39	6.53	6.68	6.76	6.82	6.85	6.91	6.95

Table A2.1  
**U.S. Nonagricultural Employment by Industry (Millions)**  
 Forecast 2007 to 2009

	2002	2003	2004	2005	2006	2007	2008	2009
Nonfarm Payroll Employment	130.35	129.99	131.42	133.70	136.17	137.89	139.34	141.41
% Ch	-1.1	-0.3	1.1	1.7	1.9	1.3	1.1	1.5
Manufacturing	15.26	14.51	14.32	14.23	14.20	14.05	13.87	13.84
% Ch	-7.2	-4.9	-1.3	-0.6	-0.2	-1.1	-1.2	-0.3
Durable Manufacturing	9.48	8.96	8.92	8.96	9.00	8.90	8.80	8.81
% Ch	-8.2	-5.5	-0.4	0.3	0.5	-1.1	-1.2	0.2
Wood Products	0.55	0.54	0.55	0.56	0.56	0.53	0.51	0.51
% Ch	-3.3	-3.2	2.3	1.7	0.2	-5.9	-4.2	1.6
Primary and Fabricated Metals	2.06	1.96	1.96	1.99	2.02	2.01	1.98	1.98
% Ch	-8.4	-5.0	0.4	1.3	1.4	-0.4	-1.5	0.2
Computer and Electronic Products	1.51	1.36	1.32	1.32	1.32	1.32	1.32	1.30
% Ch	-13.8	-10.1	-2.4	-0.5	0.0	-0.1	0.5	-1.2
Machinery and Electrical Equipment	1.73	1.61	1.59	1.60	1.63	1.65	1.61	1.60
% Ch	-10.4	-6.8	-1.3	0.5	1.9	1.3	-2.2	-0.8
Transportation Equipment	1.83	1.77	1.77	1.77	1.76	1.72	1.73	1.77
% Ch	-5.6	-3.0	-0.5	0.3	-0.4	-2.5	0.7	2.1
Other Durables	1.81	1.73	1.73	1.72	1.72	1.68	1.65	1.65
% Ch	-4.9	-4.3	0.2	-0.6	-0.4	-2.2	-2.0	0.0
Nondurable Manufacturing	5.77	5.54	5.39	5.27	5.20	5.15	5.08	5.02
% Ch	-5.4	-4.0	-2.8	-2.2	-1.4	-1.0	-1.4	-1.1
Food Manufacturing	1.52	1.52	1.49	1.48	1.48	1.49	1.50	1.51
% Ch	-1.6	-0.5	-1.5	-1.1	0.4	0.5	0.4	1.0
Paper and Paper Products	0.55	0.52	0.50	0.48	0.47	0.46	0.45	0.44
% Ch	-5.4	-5.6	-4.0	-2.3	-3.1	-2.7	-2.0	-1.2
Other Nondurables	3.70	3.51	3.40	3.31	3.24	3.20	3.13	3.07
% Ch	-6.9	-5.1	-3.1	-2.7	-2.0	-1.4	-2.1	-2.1
Natural Resources and Mining	0.58	0.57	0.59	0.63	0.68	0.71	0.70	0.67
% Ch	-3.9	-1.8	3.2	6.2	9.0	3.9	-1.8	-3.6
Construction	6.72	6.73	6.98	7.34	7.69	7.61	7.48	7.61
% Ch	-1.6	0.3	3.6	5.2	4.8	-1.0	-1.7	1.6
Trade, Transportation, and Utilities	25.50	25.29	25.53	25.96	26.23	26.47	26.91	27.30
% Ch	-1.9	-0.8	1.0	1.7	1.1	0.9	1.7	1.4
Wholesale Trade	5.65	5.61	5.66	5.76	5.90	5.98	6.06	6.13
% Ch	-2.1	-0.8	1.0	1.8	2.3	1.4	1.3	1.3
Retail Trade	15.03	14.92	15.06	15.28	15.32	15.41	15.64	15.78
% Ch	-1.4	-0.7	1.0	1.5	0.3	0.5	1.5	0.9
Trans., Warehousing, and Utilities	4.82	4.76	4.81	4.92	5.01	5.09	5.22	5.38
% Ch	-3.1	-1.2	1.0	2.2	2.0	1.4	2.6	3.1
Information	3.39	3.19	3.12	3.06	3.05	3.06	3.02	3.04
% Ch	-6.5	-6.1	-2.3	-1.8	-0.2	0.1	-1.1	0.4
Publishing Industries	0.96	0.92	0.91	0.90	0.90	0.90	0.87	0.88
% Ch	-5.5	-4.1	-1.7	-0.6	-0.0	-0.4	-3.3	0.7
Other Information	2.43	2.26	2.21	2.16	2.15	2.16	2.15	2.16
% Ch	-6.8	-6.8	-2.5	-2.3	-0.3	0.2	-0.2	0.3
Financial Activities	7.85	7.98	8.03	8.15	8.36	8.44	8.46	8.58
% Ch	0.5	1.6	0.7	1.5	2.6	0.9	0.2	1.5
Professional and Business Services	15.98	15.99	16.39	16.95	17.55	17.97	18.61	19.53
% Ch	-3.0	0.0	2.5	3.4	3.6	2.4	3.5	4.9
Education and Health Services	16.20	16.59	16.95	17.37	17.84	18.34	18.64	18.97
% Ch	3.6	2.4	2.2	2.5	2.7	2.8	1.7	1.8
Leisure and Hospitality	11.99	12.17	12.49	12.81	13.14	13.51	13.76	13.91
% Ch	-0.4	1.6	2.6	2.6	2.5	2.8	1.9	1.1
Other Services	5.37	5.40	5.41	5.39	5.43	5.48	5.49	5.46
% Ch	2.2	0.5	0.1	-0.3	0.7	0.9	0.1	-0.4
Federal Government	2.77	2.76	2.73	2.73	2.73	2.72	2.73	2.71
% Ch	0.1	-0.2	-1.1	0.1	-0.2	-0.2	0.2	-0.5
State and Local Government	18.74	18.82	18.89	19.07	19.26	19.54	19.68	19.79
% Ch	2.1	0.4	0.4	1.0	1.0	1.5	0.7	0.6

Table A2.2

**U.S. Nonagricultural Employment by Industry (Millions)**

Forecast 2007 to 2009

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
Nonfarm Payroll Employment	130.55	131.29	131.63	132.23	132.66	133.37	134.11	134.65
% Ch, Annual Rate	1.2	2.3	1.1	1.8	1.3	2.2	2.2	1.6
Manufacturing	14.28	14.33	14.34	14.31	14.27	14.24	14.20	14.20
% Ch, Annual Rate	-0.7	1.2	0.3	-0.8	-1.1	-0.8	-1.1	-0.0
Durable Manufacturing	8.87	8.92	8.95	8.96	8.96	8.96	8.94	8.97
% Ch, Annual Rate	0.5	2.4	1.6	0.4	-0.2	-0.0	-0.5	1.0
Wood Products	0.54	0.55	0.55	0.56	0.56	0.56	0.56	0.57
% Ch, Annual Rate	2.4	4.3	2.5	4.0	0.1	-1.0	2.2	5.0
Primary and Fabricated Metals	1.94	1.96	1.97	1.98	1.98	1.99	1.99	2.00
% Ch, Annual Rate	1.6	3.9	2.5	1.0	0.9	1.0	0.3	1.3
Computer and Electronic Products	1.32	1.32	1.33	1.32	1.32	1.32	1.32	1.31
% Ch, Annual Rate	-0.5	0.9	1.0	-2.3	-0.3	-0.5	-0.1	-0.8
Machinery and Electrical Equipment	1.58	1.59	1.60	1.59	1.59	1.60	1.60	1.60
% Ch, Annual Rate	-0.7	1.8	2.6	-0.7	0.2	0.6	-0.1	1.3
Transportation Equipment	1.76	1.76	1.76	1.78	1.78	1.78	1.76	1.77
% Ch, Annual Rate	-0.4	0.2	0.7	2.4	0.5	0.0	-3.9	2.2
Other Durables	1.72	1.74	1.74	1.74	1.73	1.72	1.72	1.72
% Ch, Annual Rate	1.1	4.1	0.9	-0.7	-2.5	-1.1	0.3	-0.6
Nondurable Manufacturing	5.42	5.41	5.39	5.35	5.31	5.29	5.26	5.24
% Ch, Annual Rate	-2.7	-0.6	-1.7	-2.8	-2.7	-2.1	-2.0	-1.8
Food Manufacturing	1.50	1.50	1.50	1.49	1.48	1.48	1.48	1.47
% Ch, Annual Rate	-3.2	-0.3	-0.6	-2.2	-1.0	-1.3	-0.5	-0.6
Paper and Paper Products	0.50	0.50	0.49	0.49	0.49	0.49	0.48	0.48
% Ch, Annual Rate	-5.1	-3.3	-0.5	-2.6	-1.6	-2.9	-2.7	-3.9
Other Nondurables	3.42	3.42	3.40	3.37	3.34	3.32	3.30	3.28
% Ch, Annual Rate	-2.1	-0.4	-2.4	-3.1	-3.5	-2.3	-2.6	-2.1
Natural Resources and Mining	0.58	0.59	0.60	0.60	0.61	0.62	0.63	0.65
% Ch, Annual Rate	2.8	7.3	3.9	2.0	8.7	6.9	5.7	10.8
Construction	6.86	6.94	7.00	7.10	7.15	7.29	7.39	7.52
% Ch, Annual Rate	3.6	4.7	3.6	6.0	2.4	8.3	5.3	7.6
Trade, Transportation, and Utilities	25.38	25.51	25.57	25.67	25.77	25.92	26.05	26.10
% Ch, Annual Rate	1.5	2.0	1.0	1.5	1.5	2.4	2.0	0.7
Wholesale Trade	5.62	5.65	5.67	5.70	5.71	5.75	5.78	5.81
% Ch, Annual Rate	2.0	2.0	1.5	1.7	1.0	2.4	2.2	2.2
Retail Trade	14.98	15.06	15.07	15.12	15.17	15.27	15.34	15.34
% Ch, Annual Rate	1.2	2.2	0.4	1.4	1.3	2.4	2.1	-0.1
Trans., Warehousing, and Utilities	4.78	4.80	4.82	4.84	4.88	4.91	4.93	4.95
% Ch, Annual Rate	1.8	1.7	2.3	1.6	2.9	2.4	1.7	1.6
Information	3.14	3.13	3.11	3.09	3.07	3.06	3.06	3.05
% Ch, Annual Rate	-1.3	-0.8	-3.5	-2.6	-2.7	-0.2	-0.6	-0.9
Publishing Industries	0.91	0.91	0.91	0.91	0.90	0.90	0.91	0.90
% Ch, Annual Rate	-1.4	0.1	-1.6	-1.0	-0.8	-0.6	1.4	-0.8
Other Information	2.23	2.22	2.20	2.18	2.16	2.16	2.15	2.15
% Ch, Annual Rate	-1.3	-1.1	-4.3	-3.3	-3.4	-0.0	-1.5	-0.9
Financial Activities	7.99	8.03	8.04	8.06	8.09	8.11	8.17	8.24
% Ch, Annual Rate	-0.0	1.9	0.6	1.2	1.5	0.7	3.0	3.5
Professional and Business Services	16.16	16.36	16.44	16.59	16.70	16.84	17.03	17.22
% Ch, Annual Rate	1.4	4.9	2.0	3.7	2.7	3.4	4.7	4.4
Education and Health Services	16.80	16.91	16.98	17.11	17.19	17.31	17.45	17.54
% Ch, Annual Rate	2.1	2.6	1.7	3.0	1.9	2.8	3.4	2.0
Leisure and Hospitality	12.39	12.47	12.51	12.61	12.69	12.81	12.87	12.89
% Ch, Annual Rate	3.3	2.8	1.4	3.1	2.7	3.7	2.1	0.4
Other Services	5.41	5.42	5.41	5.40	5.39	5.39	5.40	5.39
% Ch, Annual Rate	0.2	0.9	-0.6	-1.0	-0.7	0.3	0.8	-0.7
Federal Government	2.73	2.74	2.73	2.73	2.73	2.73	2.73	2.74
% Ch, Annual Rate	-0.8	0.9	-1.0	0.0	-0.1	0.6	-0.0	0.7
State and Local Government	18.82	18.86	18.90	18.97	19.01	19.05	19.12	19.12
% Ch, Annual Rate	0.4	0.8	0.8	1.4	0.9	0.8	1.4	0.0

Table A2.2

**U.S. Nonagricultural Employment by Industry (Millions)**

Forecast 2007 to 2009

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Nonfarm Payroll Employment	135.39	135.91	136.44	136.95	137.45	137.79	138.01	138.31
% Ch, Annual Rate	2.2	1.5	1.6	1.5	1.5	1.0	0.6	0.9
Manufacturing	14.21	14.23	14.22	14.15	14.11	14.06	14.03	13.99
% Ch, Annual Rate	0.4	0.3	-0.3	-2.0	-1.0	-1.4	-1.1	-1.0
Durable Manufacturing	8.99	9.02	9.02	8.98	8.94	8.92	8.89	8.85
% Ch, Annual Rate	1.0	1.5	-0.1	-1.8	-1.7	-1.2	-1.0	-1.8
Wood Products	0.57	0.57	0.56	0.54	0.53	0.53	0.53	0.52
% Ch, Annual Rate	4.4	-3.1	-5.2	-10.9	-6.9	-2.7	-3.0	-6.3
Primary and Fabricated Metals	2.01	2.02	2.03	2.02	2.02	2.02	2.01	1.99
% Ch, Annual Rate	2.1	2.0	2.2	-1.1	-0.2	-0.6	-1.4	-3.1
Computer and Electronic Products	1.31	1.32	1.32	1.32	1.32	1.31	1.32	1.31
% Ch, Annual Rate	-1.5	3.0	0.2	0.0	-0.6	-0.9	0.4	-0.1
Machinery and Electrical Equipment	1.61	1.62	1.64	1.65	1.65	1.65	1.65	1.64
% Ch, Annual Rate	1.0	3.8	4.7	2.0	1.4	-0.4	-0.5	-1.2
Transportation Equipment	1.77	1.78	1.76	1.74	1.72	1.72	1.72	1.72
% Ch, Annual Rate	0.6	1.5	-3.4	-4.2	-4.9	-1.4	0.9	0.1
Other Durables	1.73	1.72	1.71	1.71	1.70	1.69	1.67	1.66
% Ch, Annual Rate	1.3	-0.8	-2.3	-1.9	-2.1	-2.1	-3.2	-2.6
Nondurable Manufacturing	5.22	5.20	5.20	5.17	5.17	5.15	5.13	5.14
% Ch, Annual Rate	-0.8	-1.6	-0.5	-2.3	0.3	-1.6	-1.3	0.4
Food Manufacturing	1.48	1.48	1.49	1.49	1.49	1.49	1.49	1.50
% Ch, Annual Rate	1.2	1.2	1.4	-0.1	1.5	-0.1	-1.7	2.4
Paper and Paper Products	0.48	0.47	0.47	0.46	0.46	0.46	0.45	0.45
% Ch, Annual Rate	-1.6	-4.0	-3.6	-3.1	-2.5	-2.7	-1.9	-0.1
Other Nondurables	3.27	3.25	3.24	3.22	3.22	3.20	3.19	3.19
% Ch, Annual Rate	-1.5	-2.5	-0.9	-3.2	0.2	-2.2	-1.0	-0.5
Natural Resources and Mining	0.66	0.68	0.69	0.70	0.71	0.72	0.71	0.71
% Ch, Annual Rate	9.8	12.0	6.8	5.5	5.4	2.6	-2.8	-2.2
Construction	7.66	7.70	7.72	7.69	7.68	7.66	7.57	7.53
% Ch, Annual Rate	7.4	2.0	1.0	-1.3	-0.4	-1.1	-4.5	-2.2
Trade, Transportation, and Utilities	26.19	26.20	26.23	26.31	26.40	26.42	26.46	26.58
% Ch, Annual Rate	1.4	0.1	0.5	1.2	1.4	0.3	0.7	1.8
Wholesale Trade	5.85	5.89	5.91	5.94	5.96	5.96	5.98	6.01
% Ch, Annual Rate	3.0	2.3	1.5	1.8	1.4	0.4	1.0	2.0
Retail Trade	15.36	15.31	15.30	15.32	15.37	15.39	15.40	15.45
% Ch, Annual Rate	0.5	-1.2	-0.4	0.5	1.5	0.4	0.4	1.3
Trans., Warehousing, and Utilities	4.98	5.00	5.02	5.05	5.07	5.07	5.08	5.12
% Ch, Annual Rate	2.3	1.9	1.9	2.5	1.3	-0.2	1.1	3.3
Information	3.06	3.05	3.05	3.06	3.08	3.09	3.05	3.00
% Ch, Annual Rate	0.4	-0.7	-0.3	1.7	2.3	1.4	-4.5	-6.8
Publishing Industries	0.90	0.90	0.90	0.90	0.91	0.90	0.90	0.89
% Ch, Annual Rate	0.1	0.0	-0.9	1.1	1.1	-1.1	-1.3	-5.8
Other Information	2.15	2.15	2.15	2.16	2.17	2.19	2.15	2.11
% Ch, Annual Rate	0.6	-1.0	0.0	1.9	2.8	2.5	-5.8	-7.2
Financial Activities	8.29	8.35	8.38	8.43	8.44	8.44	8.44	8.43
% Ch, Annual Rate	2.7	2.5	1.8	1.9	0.9	-0.1	-0.3	-0.2
Professional and Business Services	17.38	17.50	17.61	17.73	17.83	17.90	18.01	18.16
% Ch, Annual Rate	3.8	2.8	2.7	2.6	2.4	1.6	2.4	3.4
Education and Health Services	17.67	17.77	17.89	18.02	18.14	18.28	18.43	18.48
% Ch, Annual Rate	2.9	2.4	2.7	2.9	2.8	3.1	3.3	1.0
Leisure and Hospitality	12.98	13.07	13.18	13.32	13.42	13.50	13.52	13.58
% Ch, Annual Rate	3.0	2.7	3.5	4.1	3.2	2.2	0.8	1.7
Other Services	5.42	5.43	5.43	5.45	5.45	5.48	5.49	5.50
% Ch, Annual Rate	1.8	0.8	0.3	1.0	0.5	1.8	0.6	0.8
Federal Government	2.73	2.73	2.73	2.72	2.72	2.72	2.72	2.73
% Ch, Annual Rate	-1.2	0.3	0.2	-2.0	-0.2	0.2	0.2	1.3
State and Local Government	19.14	19.21	19.30	19.39	19.45	19.52	19.57	19.61
% Ch, Annual Rate	0.5	1.4	1.8	1.9	1.3	1.5	1.0	0.8

Table A2.2

**U.S. Nonagricultural Employment by Industry (Millions)**

Forecast 2007 to 2009

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Nonfarm Payroll Employment	138.65	139.08	139.57	140.07	140.59	141.13	141.69	142.22
% Ch, Annual Rate	1.0	1.2	1.4	1.5	1.5	1.5	1.6	1.5
Manufacturing	13.93	13.88	13.85	13.83	13.83	13.84	13.84	13.84
% Ch, Annual Rate	-1.6	-1.6	-0.9	-0.5	-0.0	0.1	0.0	0.2
Durable Manufacturing	8.83	8.79	8.78	8.78	8.79	8.81	8.82	8.83
% Ch, Annual Rate	-1.2	-1.6	-0.3	-0.1	0.5	0.9	0.5	0.6
Wood Products	0.51	0.51	0.50	0.50	0.51	0.51	0.52	0.52
% Ch, Annual Rate	-4.6	-4.9	-2.5	-0.5	2.8	4.7	4.5	3.9
Primary and Fabricated Metals	1.98	1.98	1.98	1.98	1.98	1.98	1.98	1.99
% Ch, Annual Rate	-1.8	-1.6	0.1	-0.1	0.3	0.7	0.2	0.5
Computer and Electronic Products	1.32	1.33	1.32	1.32	1.32	1.31	1.30	1.29
% Ch, Annual Rate	1.4	1.9	-1.3	-0.8	-0.8	-1.9	-2.8	-2.2
Machinery and Electrical Equipment	1.63	1.61	1.61	1.60	1.60	1.60	1.60	1.60
% Ch, Annual Rate	-3.1	-4.1	-1.8	-1.5	-0.5	0.3	0.5	-0.6
Transportation Equipment	1.72	1.72	1.73	1.74	1.75	1.76	1.77	1.78
% Ch, Annual Rate	0.7	0.2	2.3	2.2	2.1	2.6	2.0	2.0
Other Durables	1.66	1.65	1.64	1.64	1.64	1.64	1.65	1.65
% Ch, Annual Rate	-1.6	-2.6	-0.7	-0.5	0.3	0.8	0.8	1.4
Nondurable Manufacturing	5.11	5.09	5.06	5.05	5.04	5.03	5.02	5.01
% Ch, Annual Rate	-2.3	-1.5	-1.8	-1.0	-0.9	-1.1	-0.9	-0.5
Food Manufacturing	1.49	1.49	1.50	1.51	1.51	1.51	1.51	1.52
% Ch, Annual Rate	-0.9	0.7	1.0	1.8	1.0	0.3	0.7	1.1
Paper and Paper Products	0.45	0.45	0.45	0.44	0.44	0.44	0.44	0.44
% Ch, Annual Rate	-3.2	-1.9	-2.4	-1.9	-0.8	-0.7	-0.4	-0.0
Other Nondurables	3.16	3.14	3.12	3.10	3.09	3.07	3.06	3.05
% Ch, Annual Rate	-2.9	-2.5	-3.0	-2.3	-1.8	-1.9	-1.7	-1.4
Natural Resources and Mining	0.71	0.70	0.70	0.69	0.68	0.68	0.67	0.66
% Ch, Annual Rate	0.1	-2.5	-3.8	-3.6	-3.6	-3.4	-3.8	-3.6
Construction	7.48	7.47	7.48	7.50	7.53	7.57	7.63	7.70
% Ch, Annual Rate	-2.5	-0.8	0.9	1.1	1.3	2.2	3.4	3.4
Trade, Transportation, and Utilities	26.74	26.85	26.97	27.08	27.14	27.26	27.35	27.44
% Ch, Annual Rate	2.3	1.7	1.8	1.6	1.0	1.6	1.4	1.3
Wholesale Trade	6.03	6.04	6.07	6.08	6.09	6.12	6.15	6.18
% Ch, Annual Rate	1.4	0.9	1.8	0.8	0.7	1.7	2.1	1.9
Retail Trade	15.54	15.61	15.66	15.72	15.74	15.78	15.80	15.81
% Ch, Annual Rate	2.3	1.8	1.3	1.5	0.5	1.0	0.4	0.3
Trans., Warehousing, and Utilities	5.16	5.20	5.24	5.27	5.31	5.36	5.40	5.45
% Ch, Annual Rate	3.2	2.5	3.3	2.9	2.9	3.5	3.4	3.3
Information	3.00	3.02	3.04	3.03	3.02	3.03	3.04	3.05
% Ch, Annual Rate	0.2	2.9	1.7	-0.7	-1.2	1.0	1.4	1.3
Publishing Industries	0.88	0.87	0.87	0.87	0.87	0.87	0.88	0.88
% Ch, Annual Rate	-3.4	-6.2	0.4	0.8	1.2	1.4	1.8	2.3
Other Information	2.12	2.16	2.17	2.16	2.15	2.15	2.16	2.17
% Ch, Annual Rate	1.7	6.8	2.2	-1.2	-2.2	0.9	1.3	0.8
Financial Activities	8.43	8.44	8.47	8.49	8.53	8.56	8.60	8.64
% Ch, Annual Rate	-0.0	0.6	1.1	1.2	1.9	1.4	1.9	1.9
Professional and Business Services	18.29	18.46	18.72	18.96	19.19	19.42	19.65	19.84
% Ch, Annual Rate	2.9	3.9	5.7	5.2	5.0	5.0	4.8	3.8
Education and Health Services	18.50	18.58	18.69	18.78	18.88	18.96	19.00	19.03
% Ch, Annual Rate	0.4	1.7	2.4	2.0	2.0	1.7	1.0	0.6
Leisure and Hospitality	13.70	13.78	13.76	13.80	13.87	13.89	13.92	13.97
% Ch, Annual Rate	3.5	2.5	-0.7	1.2	2.1	0.5	0.7	1.4
Other Services	5.50	5.49	5.48	5.47	5.47	5.46	5.46	5.46
% Ch, Annual Rate	0.2	-0.6	-0.6	-0.8	-0.4	-0.4	0.0	0.2
Federal Government	2.73	2.73	2.73	2.71	2.70	2.70	2.71	2.73
% Ch, Annual Rate	0.3	-0.0	-0.9	-1.6	-1.6	-0.5	1.3	3.3
State and Local Government	19.64	19.67	19.69	19.72	19.74	19.77	19.81	19.86
% Ch, Annual Rate	0.6	0.6	0.5	0.5	0.5	0.6	0.8	0.9

Table A2.3  
**Washington Nonagricultural Employment by Industry (Thousands)**  
 Forecast 2007 to 2009

	2002	2003	2004	2005	2006	2007	2008	2009
Nonfarm Payroll Employment	2,654.0	2,657.4	2,700.9	2,776.9	2,858.5	2,919.6	2,978.9	3,038.2
% Ch	-1.6	0.1	1.6	2.8	2.9	2.1	2.0	2.0
Manufacturing	285.0	267.0	263.7	272.6	285.4	289.6	290.8	292.0
% Ch	-9.8	-6.3	-1.3	3.4	4.7	1.5	0.4	0.4
Durable Manufacturing	199.3	183.7	182.4	191.5	203.6	209.5	211.0	211.5
% Ch	-11.4	-7.8	-0.7	5.0	6.4	2.9	0.7	0.3
Wood Products	18.0	17.8	18.8	20.0	20.2	19.5	18.6	18.4
% Ch	-4.9	-1.3	5.4	6.9	0.9	-3.4	-4.7	-1.0
Primary and Fabricated Metals	23.5	22.1	22.3	23.1	24.3	24.8	24.5	24.5
% Ch	-12.7	-6.2	0.8	3.8	4.9	2.3	-1.4	0.2
Computer and Electronic Products	26.2	23.4	22.1	22.2	22.4	22.6	23.2	23.1
% Ch	-19.3	-10.7	-5.3	0.2	1.0	0.9	2.4	-0.3
Machinery and Electrical Equipment	16.7	16.3	17.0	17.8	19.0	19.5	19.7	20.3
% Ch	-10.0	-2.5	4.4	4.8	6.8	2.7	1.0	3.1
Aerospace	75.7	65.3	61.5	65.6	73.2	78.1	80.6	80.9
% Ch	-13.2	-13.8	-5.8	6.8	11.6	6.7	3.2	0.3
Other Transportation Equip.	10.9	11.1	12.1	13.2	13.7	13.1	13.0	12.9
% Ch	-3.0	1.7	9.2	8.7	3.7	-4.2	-0.9	-1.1
Other Durables	28.3	27.9	28.6	29.5	30.8	31.7	31.4	31.5
% Ch	-4.5	-1.5	2.7	3.1	4.5	3.0	-1.1	0.2
Nondurable Manufacturing	85.7	83.3	81.3	81.1	81.7	80.1	79.8	80.5
% Ch	-6.0	-2.8	-2.4	-0.2	0.7	-2.0	-0.3	0.8
Food Manufacturing	35.3	34.8	34.1	33.8	33.6	32.8	32.9	33.8
% Ch	-5.4	-1.3	-2.0	-1.0	-0.4	-2.6	0.4	2.8
Paper and Paper Products	13.2	13.3	12.7	12.2	12.0	11.6	11.3	11.2
% Ch	-6.1	0.2	-4.6	-3.6	-1.8	-3.4	-2.2	-1.2
Other Nondurables	37.2	35.2	34.5	35.2	36.1	35.8	35.6	35.5
% Ch	-6.5	-5.4	-1.9	1.8	2.7	-0.9	-0.4	-0.4
Natural Resources and Mining	9.4	8.6	9.1	9.0	8.7	8.6	8.5	8.5
% Ch	-4.6	-7.7	5.7	-1.9	-2.6	-1.8	-1.1	-0.3
Construction	154.2	156.2	164.2	177.3	195.1	203.0	204.4	205.3
% Ch	-2.9	1.3	5.1	8.0	10.0	4.1	0.7	0.4
Trade, Transportation, and Utilities	509.3	509.8	518.4	530.4	542.5	554.8	568.7	579.5
% Ch	-2.8	0.1	1.7	2.3	2.3	2.3	2.5	1.9
Wholesale Trade	115.7	116.0	119.3	122.2	126.9	130.0	132.7	134.3
% Ch	-3.4	0.3	2.8	2.4	3.8	2.5	2.1	1.2
Retail Trade	305.3	305.9	309.3	316.1	321.7	329.2	337.8	344.3
% Ch	-2.0	0.2	1.1	2.2	1.8	2.3	2.6	1.9
Trans., Warehousing, and Utilities	88.3	87.9	89.7	92.2	93.9	95.6	98.2	100.9
% Ch	-4.4	-0.5	2.1	2.7	1.9	1.8	2.8	2.7
Information	93.6	92.3	92.8	94.7	98.4	102.4	104.5	107.7
% Ch	-5.5	-1.4	0.6	2.0	3.8	4.1	2.0	3.1
Software Publishers	36.1	37.4	39.3	41.3	44.7	47.7	50.3	53.4
% Ch	0.8	3.4	5.1	5.1	8.4	6.7	5.5	6.2
Other Publishing Industries	12.6	12.1	11.3	11.2	11.1	10.8	10.3	10.3
% Ch	-4.4	-4.0	-6.7	-0.6	-1.6	-2.3	-4.4	-0.4
Other Information	44.8	42.8	42.3	42.2	42.6	43.9	43.8	44.0
% Ch	-10.3	-4.5	-1.2	-0.1	0.9	3.2	-0.2	0.3
Financial Activities	146.1	151.9	151.8	154.5	156.3	156.7	158.4	161.8
% Ch	0.7	3.9	-0.1	1.8	1.1	0.3	1.0	2.2
Professional and Business Services	290.2	290.3	301.6	316.0	329.6	342.2	357.3	376.0
% Ch	-2.3	0.0	3.9	4.8	4.3	3.8	4.4	5.2
Education and Health Services	306.9	312.9	319.7	329.3	337.2	346.2	354.5	363.3
% Ch	2.9	1.9	2.2	3.0	2.4	2.7	2.4	2.5
Leisure and Hospitality	245.4	248.9	255.6	263.5	271.7	278.8	285.9	291.0
% Ch	-0.7	1.4	2.7	3.1	3.1	2.6	2.5	1.8
Other Services	97.8	98.9	100.3	102.7	104.0	105.6	106.9	107.8
% Ch	0.9	1.2	1.4	2.4	1.3	1.5	1.3	0.8
Federal Government	69.2	70.2	69.7	69.5	69.3	68.5	69.0	69.2
% Ch	1.9	1.4	-0.6	-0.3	-0.4	-1.1	0.7	0.2
State and Local Government	446.9	450.5	454.0	457.2	460.4	463.2	470.1	476.2
% Ch	2.2	0.8	0.8	0.7	0.7	0.6	1.5	1.3



Table A2.4

**Washington Nonagricultural Employment by Industry (Thousands)**

Forecast 2007 to 2009

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
Nonfarm Payroll Employment	2,673.3	2,694.8	2,706.4	2,729.0	2,746.5	2,768.3	2,783.2	2,809.5
% Ch, Annual Rate	0.9	3.3	1.7	3.4	2.6	3.2	2.2	3.8
Manufacturing	261.8	262.8	263.8	266.3	268.9	272.2	270.8	278.5
% Ch, Annual Rate	-2.3	1.6	1.5	3.7	4.0	5.0	-2.0	11.9
Durable Manufacturing	180.0	181.4	182.9	185.1	187.8	191.2	189.4	197.5
% Ch, Annual Rate	-1.0	3.0	3.4	5.0	5.9	7.4	-3.7	18.2
Wood Products	18.1	18.6	19.0	19.3	19.8	19.9	20.2	20.3
% Ch, Annual Rate	8.5	12.2	8.7	7.6	9.0	2.1	6.8	3.1
Primary and Fabricated Metals	21.9	22.2	22.4	22.6	22.8	23.1	23.2	23.5
% Ch, Annual Rate	4.2	5.2	2.6	4.2	3.2	5.4	1.9	5.5
Computer and Electronic Products	22.0	22.1	22.2	22.2	22.1	22.1	22.3	22.2
% Ch, Annual Rate	-9.7	2.1	2.6	-1.2	-1.0	0.1	2.4	-0.6
Machinery and Electrical Equipment	16.6	16.9	17.1	17.3	17.4	17.6	17.9	18.2
% Ch, Annual Rate	4.5	6.4	4.8	4.9	2.5	4.6	7.9	6.6
Aerospace	61.3	60.9	61.1	62.6	64.3	65.8	62.8	69.7
% Ch, Annual Rate	-6.8	-2.6	1.4	10.2	11.0	9.7	-16.6	50.9
Other Transportation Equip.	11.7	12.1	12.4	12.3	12.6	13.5	13.3	13.4
% Ch, Annual Rate	10.4	13.6	10.3	-3.0	9.5	31.5	-6.1	4.0
Other Durables	28.4	28.6	28.7	28.8	28.9	29.3	29.7	30.1
% Ch, Annual Rate	2.1	2.7	2.1	1.3	1.3	5.6	5.7	5.6
Nondurable Manufacturing	81.7	81.5	80.9	81.1	81.1	81.0	81.4	81.1
% Ch, Annual Rate	-4.9	-1.4	-2.6	1.1	-0.3	-0.5	2.2	-1.7
Food Manufacturing	34.3	34.3	33.8	34.1	34.1	33.7	33.8	33.5
% Ch, Annual Rate	-5.2	-0.8	-5.4	3.7	-0.3	-3.8	1.2	-4.5
Paper and Paper Products	12.9	12.7	12.6	12.5	12.3	12.3	12.2	12.0
% Ch, Annual Rate	-13.9	-6.0	-4.3	-3.5	-4.7	-0.5	-3.0	-6.2
Other Nondurables	34.5	34.5	34.6	34.6	34.7	34.9	35.4	35.6
% Ch, Annual Rate	-1.0	-0.3	0.8	0.2	1.4	2.8	5.1	2.7
Natural Resources and Mining	8.9	9.1	9.2	9.3	9.2	9.1	8.8	8.8
% Ch, Annual Rate	20.4	7.9	6.7	1.4	-5.2	-2.7	-11.6	-1.5
Construction	160.4	163.4	164.4	168.4	172.0	175.4	178.5	183.5
% Ch, Annual Rate	4.0	7.7	2.6	10.1	8.8	8.0	7.3	11.8
Trade, Transportation, and Utilities	512.1	517.6	520.0	523.9	526.7	529.2	531.3	534.4
% Ch, Annual Rate	0.7	4.4	1.9	3.0	2.2	1.9	1.6	2.3
Wholesale Trade	117.4	119.1	119.8	120.9	121.4	121.4	122.2	123.7
% Ch, Annual Rate	1.7	6.2	2.2	3.9	1.4	0.1	2.8	4.9
Retail Trade	306.7	309.4	309.9	311.4	313.9	315.2	316.9	318.3
% Ch, Annual Rate	0.5	3.5	0.7	1.9	3.2	1.8	2.1	1.8
Trans., Warehousing, and Utilities	88.0	89.1	90.3	91.6	91.5	92.6	92.2	92.3
% Ch, Annual Rate	-0.1	5.4	5.4	5.9	-0.5	4.9	-1.6	0.6
Information	92.5	92.8	92.5	93.6	94.0	94.6	94.9	95.3
% Ch, Annual Rate	-2.1	1.1	-1.3	4.7	1.9	2.8	1.3	1.6
Software Publishers	38.9	39.1	39.3	39.8	40.4	41.0	41.6	42.1
% Ch, Annual Rate	5.5	1.8	1.8	4.9	6.7	6.1	5.5	5.4
Other Publishing Industries	11.4	11.3	11.3	11.3	11.4	11.3	11.2	11.2
% Ch, Annual Rate	-7.4	-1.6	-1.1	-0.3	2.9	-2.6	-3.4	-0.8
Other Information	42.2	42.4	41.9	42.5	42.2	42.4	42.2	42.1
% Ch, Annual Rate	-7.1	1.3	-4.2	5.9	-2.7	1.1	-1.4	-1.4
Financial Activities	151.8	151.8	151.4	152.2	152.4	153.7	155.6	156.4
% Ch, Annual Rate	-1.3	-0.1	-1.0	2.3	0.5	3.3	5.2	2.0
Professional and Business Services	296.2	300.3	303.0	307.1	311.0	314.5	318.0	320.7
% Ch, Annual Rate	4.5	5.8	3.5	5.6	5.2	4.6	4.4	3.4
Education and Health Services	315.9	318.9	320.7	323.2	325.2	328.2	330.9	332.9
% Ch, Annual Rate	0.7	3.8	2.3	3.2	2.5	3.8	3.3	2.5
Leisure and Hospitality	252.9	255.0	255.9	258.5	259.5	262.2	264.6	267.7
% Ch, Annual Rate	1.5	3.5	1.4	4.1	1.6	4.2	3.6	4.8
Other Services	99.2	100.1	100.7	101.1	102.3	102.3	102.8	103.4
% Ch, Annual Rate	0.7	4.0	2.3	1.4	5.1	0.1	2.0	2.2
Federal Government	69.8	69.6	69.8	69.8	69.6	69.6	69.6	69.5
% Ch, Annual Rate	-1.2	-1.1	0.8	-0.1	-1.2	0.1	-0.0	-0.4
State and Local Government	451.9	453.3	455.0	455.7	455.7	457.3	457.4	458.4
% Ch, Annual Rate	0.7	1.3	1.5	0.6	0.1	1.4	0.1	0.9

Table A2.4

**Washington Nonagricultural Employment by Industry (Thousands)**

Forecast 2007 to 2009

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Nonfarm Payroll Employment	2,834.9	2,852.2	2,864.2	2,882.5	2,901.7	2,911.8	2,925.2	2,939.9
% Ch, Annual Rate	3.7	2.5	1.7	2.6	2.7	1.4	1.9	2.0
Manufacturing	283.0	283.9	286.6	288.0	289.8	289.0	289.2	290.3
% Ch, Annual Rate	6.5	1.3	4.0	1.8	2.5	-1.1	0.4	1.4
Durable Manufacturing	200.9	202.5	204.6	206.6	208.6	209.2	209.9	210.2
% Ch, Annual Rate	7.1	3.3	4.2	4.2	3.8	1.2	1.3	0.7
Wood Products	20.5	20.4	20.3	19.7	19.6	19.7	19.5	19.2
% Ch, Annual Rate	3.3	-2.2	-2.7	-10.9	-1.2	2.3	-4.2	-6.6
Primary and Fabricated Metals	23.8	24.1	24.4	24.7	25.0	24.9	24.8	24.6
% Ch, Annual Rate	5.8	5.0	4.7	5.5	4.1	-1.6	-1.2	-2.8
Computer and Electronic Products	22.2	22.4	22.5	22.5	22.5	22.5	22.7	22.7
% Ch, Annual Rate	-0.5	4.7	1.2	-0.3	0.8	-0.3	2.3	1.5
Machinery and Electrical Equipment	18.6	18.9	19.2	19.5	19.5	19.4	19.5	19.7
% Ch, Annual Rate	8.1	5.8	6.4	6.5	1.2	-2.9	3.5	2.7
Aerospace	71.4	72.1	73.8	75.6	76.8	77.7	78.6	79.4
% Ch, Annual Rate	10.2	4.2	9.9	10.1	6.4	4.9	4.3	4.3
Other Transportation Equip.	13.8	13.8	13.6	13.6	13.3	13.0	13.0	13.0
% Ch, Annual Rate	11.8	0.8	-6.9	-0.3	-6.9	-8.1	-0.1	-0.5
Other Durables	30.6	30.8	30.8	31.1	31.8	31.9	31.7	31.6
% Ch, Annual Rate	6.7	2.2	1.1	3.3	9.1	1.5	-2.1	-2.1
Nondurable Manufacturing	82.1	81.4	82.1	81.3	81.2	79.8	79.4	80.1
% Ch, Annual Rate	5.2	-3.4	3.5	-3.7	-0.7	-6.7	-2.0	3.5
Food Manufacturing	34.2	33.1	33.8	33.5	33.5	32.6	32.2	32.7
% Ch, Annual Rate	8.9	-11.5	8.3	-4.1	0.8	-10.6	-5.0	7.2
Paper and Paper Products	12.2	12.2	12.0	11.6	11.7	11.6	11.5	11.5
% Ch, Annual Rate	5.8	-0.4	-5.8	-12.1	3.4	-4.6	-2.0	-0.1
Other Nondurables	35.8	36.1	36.3	36.3	35.9	35.6	35.7	35.8
% Ch, Annual Rate	1.6	3.7	2.4	-0.5	-3.3	-3.6	0.9	1.3
Natural Resources and Mining	8.8	8.8	8.6	8.6	8.6	8.6	8.5	8.5
% Ch, Annual Rate	2.5	-1.4	-6.8	-0.6	-0.1	-1.7	-2.6	-0.7
Construction	190.7	194.3	196.1	199.1	202.5	203.3	203.0	203.4
% Ch, Annual Rate	16.5	7.8	3.8	6.3	7.0	1.5	-0.5	0.9
Trade, Transportation, and Utilities	538.7	541.6	543.3	546.4	551.2	553.0	555.6	559.3
% Ch, Annual Rate	3.3	2.2	1.2	2.3	3.6	1.3	1.9	2.7
Wholesale Trade	125.5	126.5	127.3	128.2	128.8	129.6	130.3	131.2
% Ch, Annual Rate	5.9	3.1	2.8	2.7	2.0	2.4	2.2	2.8
Retail Trade	319.9	321.1	321.7	324.2	327.4	328.2	329.6	331.6
% Ch, Annual Rate	2.0	1.5	0.8	3.1	4.1	0.9	1.8	2.4
Trans., Warehousing, and Utilities	93.3	94.1	94.2	94.0	95.0	95.2	95.6	96.4
% Ch, Annual Rate	4.1	3.5	0.6	-0.9	4.3	0.9	1.9	3.3
Information	96.1	97.6	99.4	100.3	102.2	102.7	102.7	102.2
% Ch, Annual Rate	3.3	6.6	7.5	3.4	7.9	2.0	-0.0	-1.9
Software Publishers	43.1	44.4	45.4	45.9	46.8	47.3	48.1	48.6
% Ch, Annual Rate	9.5	13.0	9.6	4.6	8.0	3.5	6.9	4.9
Other Publishing Industries	11.0	11.0	11.1	11.1	11.1	10.8	10.8	10.6
% Ch, Annual Rate	-5.3	0.1	3.9	0.3	-2.5	-8.2	-2.2	-6.3
Other Information	42.0	42.2	42.9	43.2	44.3	44.6	43.9	43.0
% Ch, Annual Rate	-0.4	2.0	6.3	2.8	10.5	3.1	-6.5	-8.0
Financial Activities	156.6	157.0	156.1	155.4	156.4	156.6	156.8	157.1
% Ch, Annual Rate	0.4	1.1	-2.3	-1.7	2.6	0.3	0.7	0.6
Professional and Business Services	323.7	328.4	331.4	335.1	337.7	340.4	343.5	347.2
% Ch, Annual Rate	3.8	6.0	3.7	4.5	3.2	3.2	3.8	4.3
Education and Health Services	334.2	336.1	338.0	340.6	342.8	344.6	347.9	349.6
% Ch, Annual Rate	1.5	2.3	2.3	3.2	2.6	2.1	3.9	2.0
Leisure and Hospitality	270.2	270.6	272.0	274.0	276.7	278.1	279.4	281.1
% Ch, Annual Rate	3.8	0.6	2.1	2.9	4.1	1.9	2.0	2.4
Other Services	103.4	103.9	104.2	104.7	104.8	105.4	105.8	106.2
% Ch, Annual Rate	0.0	1.8	1.2	1.9	0.3	2.5	1.6	1.6
Federal Government	69.7	69.6	69.0	68.8	68.4	68.3	68.5	68.8
% Ch, Annual Rate	1.0	-0.5	-3.6	-0.7	-2.3	-0.7	0.9	1.7
State and Local Government	460.0	460.5	459.5	461.6	460.6	462.0	464.1	466.2
% Ch, Annual Rate	1.4	0.4	-0.8	1.8	-0.9	1.2	1.9	1.8

Table A2.4

**Washington Nonagricultural Employment by Industry (Thousands)**

Forecast 2007 to 2009

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Nonfarm Payroll Employment	2,955.1	2,971.6	2,986.9	3,001.8	3,016.5	3,031.1	3,045.6	3,059.8
% Ch, Annual Rate	2.1	2.3	2.1	2.0	2.0	1.9	1.9	1.9
Manufacturing	290.3	290.8	290.9	291.2	291.6	291.9	292.1	292.5
% Ch, Annual Rate	0.1	0.6	0.2	0.4	0.6	0.4	0.3	0.5
Durable Manufacturing	210.7	211.0	211.1	211.1	211.3	211.5	211.6	211.8
% Ch, Annual Rate	0.9	0.7	0.1	-0.0	0.4	0.5	0.2	0.2
Wood Products	18.9	18.7	18.5	18.4	18.4	18.4	18.5	18.5
% Ch, Annual Rate	-5.4	-5.6	-3.9	-2.4	-0.1	1.2	1.0	0.7
Primary and Fabricated Metals	24.5	24.4	24.5	24.4	24.5	24.5	24.5	24.6
% Ch, Annual Rate	-1.6	-1.5	0.2	-0.0	0.3	0.7	0.3	0.5
Computer and Electronic Products	23.0	23.2	23.2	23.2	23.3	23.2	23.0	22.9
% Ch, Annual Rate	4.0	4.8	-0.5	0.3	0.4	-1.4	-2.8	-1.9
Machinery and Electrical Equipment	19.7	19.6	19.7	19.8	20.0	20.2	20.4	20.6
% Ch, Annual Rate	0.2	-1.1	1.8	2.2	3.4	4.5	4.7	3.3
Aerospace	80.1	80.7	80.9	80.9	80.9	80.9	80.9	80.9
% Ch, Annual Rate	3.4	3.0	1.0	0.0	0.0	0.0	0.0	0.0
Other Transportation Equip.	13.0	13.0	13.0	13.0	12.9	12.9	12.8	12.8
% Ch, Annual Rate	-0.4	-0.4	-0.2	-0.6	-1.1	-1.3	-2.0	-2.3
Other Durables	31.5	31.4	31.4	31.4	31.4	31.5	31.5	31.6
% Ch, Annual Rate	-1.0	-1.2	-0.1	-0.0	0.3	0.6	0.6	1.0
Nondurable Manufacturing	79.7	79.7	79.8	80.1	80.3	80.3	80.5	80.7
% Ch, Annual Rate	-2.0	0.4	0.3	1.6	1.0	0.1	0.6	1.2
Food Manufacturing	32.5	32.7	32.9	33.4	33.6	33.7	33.8	34.1
% Ch, Annual Rate	-2.5	2.2	2.8	5.4	3.0	0.8	1.8	2.8
Paper and Paper Products	11.4	11.4	11.3	11.2	11.2	11.2	11.2	11.2
% Ch, Annual Rate	-3.3	-1.9	-2.5	-2.0	-0.8	-0.7	-0.4	-0.0
Other Nondurables	35.7	35.7	35.6	35.5	35.5	35.5	35.4	35.5
% Ch, Annual Rate	-1.2	-0.4	-1.1	-0.6	-0.3	-0.4	-0.2	0.1
Natural Resources and Mining	8.6	8.5	8.4	8.4	8.4	8.4	8.5	8.5
% Ch, Annual Rate	1.5	-1.2	-4.7	-0.9	0.6	1.0	1.0	1.5
Construction	203.7	204.4	204.6	204.8	205.0	205.1	205.4	205.7
% Ch, Annual Rate	0.5	1.4	0.4	0.3	0.3	0.3	0.6	0.7
Trade, Transportation, and Utilities	563.6	567.2	570.5	573.5	575.6	578.5	580.9	583.1
% Ch, Annual Rate	3.1	2.5	2.4	2.1	1.5	2.0	1.7	1.5
Wholesale Trade	131.9	132.4	133.0	133.3	133.6	134.0	134.6	135.1
% Ch, Annual Rate	2.2	1.6	1.9	0.9	0.7	1.4	1.7	1.5
Retail Trade	334.5	336.9	338.9	340.9	342.2	343.9	345.0	346.0
% Ch, Annual Rate	3.5	2.9	2.4	2.5	1.5	2.0	1.3	1.2
Trans., Warehousing, and Utilities	97.2	97.8	98.6	99.2	99.8	100.6	101.3	102.0
% Ch, Annual Rate	3.3	2.6	3.0	2.6	2.5	2.9	2.9	2.8
Information	102.9	104.1	105.2	105.8	106.3	107.2	108.2	109.1
% Ch, Annual Rate	3.0	4.6	4.1	2.5	2.0	3.4	3.6	3.4
Software Publishers	49.3	49.9	50.7	51.5	52.3	53.0	53.8	54.6
% Ch, Annual Rate	5.6	4.5	6.6	6.5	6.4	6.1	6.0	6.0
Other Publishing Industries	10.5	10.3	10.3	10.3	10.3	10.3	10.3	10.3
% Ch, Annual Rate	-4.1	-6.7	-0.7	-0.3	0.1	0.2	0.6	1.1
Other Information	43.2	44.0	44.2	44.1	43.8	43.9	44.1	44.2
% Ch, Annual Rate	1.9	7.6	2.4	-1.4	-2.4	1.0	1.5	0.9
Financial Activities	157.4	157.9	158.7	159.4	160.4	161.3	162.3	163.3
% Ch, Annual Rate	0.8	1.4	1.9	1.9	2.6	2.0	2.6	2.5
Professional and Business Services	350.6	354.6	359.7	364.5	369.2	373.9	378.5	382.4
% Ch, Annual Rate	3.9	4.6	5.9	5.5	5.3	5.2	5.0	4.2
Education and Health Services	350.9	353.1	355.8	358.2	360.5	362.7	364.3	365.6
% Ch, Annual Rate	1.4	2.5	3.1	2.7	2.7	2.4	1.8	1.4
Leisure and Hospitality	283.8	285.9	286.3	287.6	289.5	290.4	291.4	292.8
% Ch, Annual Rate	3.9	3.0	0.5	1.9	2.6	1.3	1.4	1.9
Other Services	106.6	106.8	107.0	107.2	107.4	107.7	107.9	108.2
% Ch, Annual Rate	1.3	0.9	0.8	0.7	0.9	0.8	1.0	1.0
Federal Government	68.9	69.0	69.0	69.0	68.9	68.9	69.2	69.7
% Ch, Annual Rate	0.9	0.7	0.0	-0.5	-0.5	0.2	1.6	3.0
State and Local Government	467.9	469.4	470.8	472.2	473.6	475.2	477.0	479.0
% Ch, Annual Rate	1.5	1.3	1.2	1.2	1.2	1.3	1.6	1.6

Table A3.1

**U.S. Personal Income by Component (Billions of Dollars)**

Forecast 2007 to 2009

	2002	2003	2004	2005	2006	2007	2008	2009
Personal Income	8,881.9	9,163.6	9,731.4	10,239.2	10,883.4	11,506.1	12,111.4	12,820.1
% Ch	1.8	3.2	6.2	5.2	6.3	5.7	5.3	5.9
Total Wage and Salary Disbursements	4,980.9	5,112.7	5,392.1	5,664.8	6,022.7	6,322.9	6,612.6	6,968.7
% Ch	0.8	2.6	5.5	5.1	6.3	5.0	4.6	5.4
Nonwage Personal Income	3,901.0	4,050.9	4,339.3	4,574.4	4,860.7	5,183.2	5,498.7	5,851.4
% Ch	3.2	3.8	7.1	5.4	6.3	6.6	6.1	6.4
Supplements to Wages and Salaries	1,110.3	1,197.7	1,273.2	1,365.5	1,454.3	1,526.7	1,578.4	1,640.1
% Ch	11.1	7.9	6.3	7.3	6.5	5.0	3.4	3.9
Proprietor's Income	768.4	811.3	911.1	970.7	1,015.1	1,051.8	1,103.4	1,173.3
% Ch	-0.5	5.6	12.3	6.5	4.6	3.6	4.9	6.3
Farm	10.6	29.2	36.2	30.3	22.6	31.4	25.0	23.1
% Ch	-46.3	176.4	23.9	-16.4	-25.3	38.8	-20.4	-7.5
Nonfarm	757.8	782.1	874.9	940.4	992.5	1,020.4	1,078.4	1,150.2
% Ch	0.7	3.2	11.9	7.5	5.5	2.8	5.7	6.7
Less: Contribution For Govt. Soc. Ins.	750.0	778.6	826.4	880.6	944.5	993.9	1,038.6	1,094.3
% Ch	2.6	3.8	6.1	6.6	7.3	5.2	4.5	5.4
Dividends/Int./Rent	1,486.2	1,469.6	1,554.9	1,592.3	1,733.7	1,875.8	2,030.7	2,210.0
% Ch	-4.0	-1.1	5.8	2.4	8.9	8.2	8.3	8.8
Transfer Payments	1,286.2	1,351.0	1,426.5	1,526.6	1,602.2	1,722.7	1,824.7	1,922.3
% Ch	7.7	5.0	5.6	7.0	5.0	7.5	5.9	5.3

Table A3.2

**U.S. Personal Income by Component (Billions of Dollars)**

Forecast 2007 to 2009

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
Personal Income	9,497.7	9,640.5	9,767.9	10,019.4	10,048.8	10,161.5	10,262.7	10,483.7
% Ch, Annual Rate	6.9	6.2	5.4	10.7	1.2	4.6	4.0	8.9
Total Wage and Salary Disbursements	5,279.9	5,349.6	5,433.1	5,505.8	5,555.7	5,601.3	5,715.2	5,787.0
% Ch, Annual Rate	5.4	5.4	6.4	5.5	3.7	3.3	8.4	5.1
Nonwage Personal Income	4,217.8	4,290.9	4,334.8	4,513.6	4,493.1	4,560.2	4,547.5	4,696.7
% Ch, Annual Rate	8.7	7.1	4.2	17.5	-1.8	6.1	-1.1	13.8
Supplements to Wages and Salaries	1,245.5	1,262.0	1,281.5	1,303.6	1,333.9	1,352.4	1,378.4	1,397.4
% Ch, Annual Rate	7.3	5.4	6.3	7.1	9.6	5.7	7.9	5.6
Proprietor's Income	877.5	910.1	915.1	941.6	952.8	965.8	967.4	996.8
% Ch, Annual Rate	18.6	15.7	2.2	12.1	4.8	5.6	0.7	12.7
Farm	38.1	39.5	32.9	34.3	33.9	28.7	29.7	28.7
% Ch, Annual Rate	88.9	15.5	-51.9	18.1	-4.6	-48.6	14.7	-12.8
Nonfarm	839.4	870.6	882.2	907.3	918.9	937.1	937.7	968.1
% Ch, Annual Rate	16.3	15.7	5.4	11.9	5.2	8.2	0.3	13.6
Less: Contribution For Govt. Soc. Ins.	810.8	819.8	831.8	843.1	863.6	871.5	888.5	898.9
% Ch, Annual Rate	9.9	4.5	6.0	5.5	10.1	3.7	8.0	4.8
Dividends/Int./Rent	1,506.3	1,521.8	1,528.4	1,663.2	1,582.8	1,603.3	1,521.2	1,661.7
% Ch, Annual Rate	4.3	4.2	1.7	40.2	-18.0	5.3	-19.0	42.4
Transfer Payments	1,399.3	1,416.7	1,441.7	1,448.4	1,487.3	1,510.1	1,569.0	1,539.8
% Ch, Annual Rate	9.6	5.1	7.2	1.9	11.2	6.3	16.5	-7.2

Table A3.2

**U.S. Personal Income by Component (Billions of Dollars)**

Forecast 2007 to 2009

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Personal Income	10,721.4	10,807.3	10,939.4	11,065.5	11,311.2	11,423.1	11,571.8	11,718.2
% Ch, Annual Rate	9.4	3.2	5.0	4.7	9.2	4.0	5.3	5.2
Total Wage and Salary Disbursements	5,970.1	5,980.9	6,027.6	6,112.3	6,252.3	6,276.2	6,346.4	6,416.8
% Ch, Annual Rate	13.3	0.7	3.2	5.7	9.5	1.5	4.5	4.5
Nonwage Personal Income	4,751.3	4,826.4	4,911.8	4,953.2	5,058.9	5,146.9	5,225.4	5,301.4
% Ch, Annual Rate	4.7	6.5	7.3	3.4	8.8	7.1	6.2	5.9
Supplements to Wages and Salaries	1,430.3	1,444.6	1,461.6	1,480.6	1,506.5	1,518.9	1,535.7	1,545.8
% Ch, Annual Rate	9.7	4.0	4.8	5.3	7.2	3.3	4.5	2.7
Proprietor's Income	1,008.3	1,011.8	1,014.9	1,025.3	1,037.5	1,049.5	1,054.0	1,066.2
% Ch, Annual Rate	4.7	1.4	1.2	4.2	4.8	4.7	1.7	4.7
Farm	23.9	17.5	21.7	27.3	31.7	35.1	29.1	29.6
% Ch, Annual Rate	-51.9	-71.3	136.4	150.5	81.8	49.9	-52.8	7.8
Nonfarm	984.4	994.3	993.2	998.0	1,005.8	1,014.4	1,024.9	1,036.6
% Ch, Annual Rate	6.9	4.1	-0.4	1.9	3.2	3.5	4.2	4.6
Less: Contribution For Govt. Soc. Ins.	936.7	938.8	945.2	957.2	986.3	989.9	997.4	1,001.9
% Ch, Annual Rate	17.9	0.9	2.7	5.2	12.7	1.5	3.0	1.8
Dividends/Int./Rent	1,679.1	1,719.1	1,761.9	1,774.7	1,815.6	1,859.1	1,896.4	1,932.2
% Ch, Annual Rate	4.3	9.9	10.3	2.9	9.5	9.9	8.3	7.8
Transfer Payments	1,570.4	1,589.7	1,618.6	1,629.9	1,685.4	1,709.4	1,736.7	1,759.1
% Ch, Annual Rate	8.2	5.0	7.5	2.8	14.3	5.8	6.6	5.3

Table A3.2

**U.S. Personal Income by Component (Billions of Dollars)**

Forecast 2007 to 2009

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Personal Income	11,868.9	12,029.9	12,187.9	12,358.7	12,539.1	12,727.5	12,911.8	13,101.9
% Ch, Annual Rate	5.2	5.5	5.4	5.7	6.0	6.1	5.9	6.0
Total Wage and Salary Disbursements	6,494.7	6,570.0	6,650.8	6,735.2	6,827.9	6,918.8	7,015.4	7,112.6
% Ch, Annual Rate	4.9	4.7	5.0	5.2	5.6	5.4	5.7	5.7
Nonwage Personal Income	5,374.2	5,459.9	5,537.1	5,623.6	5,711.2	5,808.7	5,896.5	5,989.4
% Ch, Annual Rate	5.6	6.5	5.8	6.4	6.4	7.0	6.2	6.5
Supplements to Wages and Salaries	1,562.5	1,573.4	1,583.4	1,594.5	1,616.1	1,632.6	1,648.2	1,663.5
% Ch, Annual Rate	4.4	2.8	2.6	2.8	5.5	4.1	3.9	3.8
Proprietor's Income	1,078.5	1,096.5	1,111.1	1,127.5	1,143.0	1,165.0	1,183.4	1,201.8
% Ch, Annual Rate	4.7	6.9	5.4	6.1	5.6	7.9	6.5	6.4
Farm	25.7	26.1	24.4	23.7	20.6	23.0	24.0	24.8
% Ch, Annual Rate	-43.0	6.0	-24.3	-10.3	-42.6	53.7	19.6	13.0
Nonfarm	1,052.7	1,070.4	1,086.7	1,103.8	1,122.3	1,142.0	1,159.4	1,177.1
% Ch, Annual Rate	6.4	6.9	6.2	6.4	6.9	7.2	6.2	6.2
Less: Contribution For Govt. Soc. Ins.	1,025.6	1,034.1	1,043.4	1,051.2	1,077.8	1,088.6	1,100.9	1,109.7
% Ch, Annual Rate	9.8	3.3	3.7	3.0	10.5	4.1	4.6	3.2
Dividends/Int./Rent	1,967.4	2,010.3	2,050.3	2,094.8	2,139.8	2,187.5	2,233.3	2,279.2
% Ch, Annual Rate	7.5	9.0	8.2	9.0	8.9	9.2	8.7	8.5
Transfer Payments	1,791.4	1,813.9	1,835.8	1,857.9	1,890.1	1,912.3	1,932.4	1,954.6
% Ch, Annual Rate	7.5	5.1	4.9	4.9	7.1	4.8	4.3	4.7

Table A3.3  
**Washington Personal Income by Component (Billions of Dollars)**  
 Forecast 2007 to 2009

	2002	2003	2004	2005	2006	2007	2008	2009
Personal Income	197.452	202.942	216.921	223.232	239.396	256.150	273.004	291.550
% Ch	2.0	2.8	6.9	2.9	7.2	7.0	6.6	6.8
Total Wage and Salary Disbursements	111.412	114.105	119.194	125.729	136.286	145.220	154.106	163.951
% Ch	0.7	2.4	4.5	5.5	8.4	6.6	6.1	6.4
Manufacturing	14.660	13.601	13.891	15.150	16.919	18.049	18.845	19.732
% Ch	-3.8	-7.2	2.1	9.1	11.7	6.7	4.4	4.7
Durable Manufacturing	10.772	10.106	10.399	11.545	13.126	14.176	14.834	15.516
% Ch	-7.3	-6.2	2.9	11.0	13.7	8.0	4.6	4.6
Nondurable Manufacturing	3.888	3.495	3.493	3.604	3.793	3.873	4.010	4.216
% Ch	7.2	-10.1	-0.1	3.2	5.2	2.1	3.6	5.1
Nonmanufacturing	92.236	95.635	100.132	104.873	113.516	121.111	128.879	137.586
% Ch	1.2	3.7	4.7	4.7	8.2	6.7	6.4	6.8
Other Private Wages	1.084	1.130	1.182	1.231	1.320	1.353	1.462	1.582
% Ch	5.0	4.2	4.6	4.1	7.2	2.5	8.1	8.2
Farm Wages	0.922	0.948	1.028	1.194	1.227	1.288	1.361	1.439
% Ch	-8.4	2.8	8.4	16.2	2.8	5.0	5.6	5.8
Military Wages	2.510	2.791	2.961	3.282	3.304	3.418	3.559	3.611
% Ch	15.5	11.2	6.1	10.8	0.7	3.5	4.1	1.5
Nonwage Personal Income	86.039	88.837	97.727	97.503	103.110	110.930	118.898	127.599
% Ch	3.8	3.3	10.0	-0.2	5.8	7.6	7.2	7.3
Supplements to Wages and Salaries	25.491	26.844	28.906	31.153	33.762	35.680	37.406	39.263
% Ch	9.7	5.3	7.7	7.8	8.4	5.7	4.8	5.0
Proprietor's Income	16.108	16.357	18.168	18.801	19.745	20.744	22.063	23.644
% Ch	-0.3	1.5	11.1	3.5	5.0	5.1	6.4	7.2
Farm	0.396	0.728	0.553	0.233	0.309	0.675	0.677	0.685
% Ch	85.3	83.8	-24.1	-57.8	32.4	118.6	0.4	1.1
Nonfarm	15.712	15.630	17.615	18.568	19.436	20.069	21.386	22.959
% Ch	-1.5	-0.5	12.7	5.4	4.7	3.3	6.6	7.4
Less: Contribution For Govt. Soc. Ins.	18.165	18.952	20.307	21.672	23.641	25.086	26.528	28.163
% Ch	1.9	4.3	7.1	6.7	9.1	6.1	5.7	6.2
Plus: Residence Adjustment	2.386	2.402	2.521	2.797	3.013	3.220	3.379	3.563
% Ch	3.2	0.7	4.9	10.9	7.7	6.9	5.0	5.4
Dividends/Int./Rent	33.594	34.254	40.130	36.560	38.727	42.207	46.018	50.395
% Ch	-0.9	2.0	17.2	-8.9	5.9	9.0	9.0	9.5
Transfer Payments	26.625	27.931	28.308	29.863	31.506	34.166	36.560	38.899
% Ch	6.2	4.9	1.4	5.5	5.5	8.4	7.0	6.4
State U.I. Benefits	2.386	2.238	1.183	0.783	0.664	0.708	0.763	0.803
% Ch	73.6	-6.2	-47.1	-33.8	-15.1	6.5	7.8	5.2
Other Transfers	24.239	25.694	27.125	29.081	30.842	33.458	35.797	38.096
% Ch	2.3	6.0	5.6	7.2	6.1	8.5	7.0	6.4



Table A3.4  
**Washington Personal Income by Component (Billions of Dollars)**  
 Forecast 2007 to 2009

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
Personal Income	205.690	211.370	213.009	237.615	218.187	220.938	225.396	228.408
% Ch, Annual Rate	2.5	11.5	3.1	54.8	-28.9	5.1	8.3	5.5
Total Wage and Salary Disbursements	115.251	119.452	120.496	121.577	122.280	123.980	127.513	129.144
% Ch, Annual Rate	4.9	15.4	3.5	3.6	2.3	5.7	11.9	5.2
Manufacturing	13.226	13.827	14.303	14.208	14.546	15.277	15.006	15.769
% Ch, Annual Rate	-9.8	19.5	14.5	-2.6	9.9	21.7	-6.9	21.9
Durable Manufacturing	9.806	10.300	10.859	10.629	10.986	11.735	11.347	12.113
% Ch, Annual Rate	-10.5	21.7	23.5	-8.2	14.1	30.2	-12.6	29.9
Nondurable Manufacturing	3.420	3.527	3.444	3.579	3.560	3.542	3.659	3.656
% Ch, Annual Rate	-7.8	13.1	-9.1	16.6	-2.1	-2.0	13.9	-0.3
Nonmanufacturing	96.948	100.484	100.984	102.113	101.949	103.013	106.846	107.683
% Ch, Annual Rate	6.6	15.4	2.0	4.5	-0.6	4.2	15.7	3.2
Other Private Wages	1.143	1.172	1.190	1.222	1.263	1.222	1.231	1.207
% Ch, Annual Rate	4.7	10.5	6.3	11.2	14.1	-12.4	3.0	-7.6
Farm Wages	0.966	1.013	1.051	1.081	1.178	1.193	1.202	1.204
% Ch, Annual Rate	-4.0	20.9	15.9	11.9	41.0	5.2	3.1	0.7
Military Wages	2.968	2.956	2.968	2.953	3.344	3.275	3.228	3.281
% Ch, Annual Rate	28.8	-1.6	1.6	-2.0	64.4	-8.0	-5.6	6.7
Nonwage Personal Income	90.440	91.919	92.512	116.038	95.906	96.958	97.884	99.264
% Ch, Annual Rate	-0.5	6.7	2.6	147.5	-53.3	4.5	3.9	5.8
Supplements to Wages and Salaries	27.727	28.919	29.305	29.675	30.303	30.829	31.534	31.947
% Ch, Annual Rate	11.2	18.3	5.4	5.1	8.7	7.1	9.5	5.3
Proprietor's Income	17.650	18.319	18.201	18.503	18.415	18.578	19.017	19.195
% Ch, Annual Rate	17.9	16.0	-2.6	6.8	-1.9	3.6	9.8	3.8
Farm	0.736	0.768	0.397	0.310	0.341	0.179	0.242	0.171
% Ch, Annual Rate	-5.E+01	18.6	-92.9	-62.8	46.4	-9.E+01	234.1	-75.1
Nonfarm	16.914	17.551	17.803	18.193	18.074	18.399	18.775	19.024
% Ch, Annual Rate	23.6	15.9	5.9	9.1	-2.6	7.4	8.4	5.4
Less: Contribution For Govt. Soc. Ins.	19.558	20.326	20.568	20.777	21.157	21.413	21.919	22.200
% Ch, Annual Rate	11.9	16.7	4.8	4.1	7.5	4.9	9.8	5.2
Plus: Residence Adjustment	2.479	2.499	2.537	2.570	2.742	2.769	2.826	2.851
% Ch, Annual Rate	-5.8	3.3	6.2	5.3	29.6	4.0	8.5	3.6
Dividends/Int./Rent	33.974	34.300	34.760	57.487	36.104	36.320	36.494	37.323
% Ch, Annual Rate	-10.9	3.9	5.5	648.1	-84.4	2.4	1.9	9.4
Transfer Payments	28.168	28.208	28.278	28.580	29.499	29.875	29.932	30.148
% Ch, Annual Rate	0.5	0.6	1.0	4.3	13.5	5.2	0.8	2.9
State U.I. Benefits	1.590	1.182	1.037	0.924	0.847	0.766	0.768	0.750
% Ch, Annual Rate	-68.0	-69.5	-40.8	-37.0	-29.4	-33.1	1.0	-9.1
Other Transfers	26.577	27.026	27.241	27.656	28.652	29.109	29.164	29.398
% Ch, Annual Rate	8.8	6.9	3.2	6.2	15.2	6.5	0.8	3.2

Table A3.4  
**Washington Personal Income by Component (Billions of Dollars)**  
 Forecast 2007 to 2009

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Personal Income	234.282	236.377	243.080	243.844	249.670	251.962	261.879	261.087
% Ch, Annual Rate	10.7	3.6	11.8	1.3	9.9	3.7	16.7	-1.2
Total Wage and Salary Disbursements	133.541	134.149	138.865	138.587	141.825	141.980	149.880	147.193
% Ch, Annual Rate	14.3	1.8	14.8	-0.8	9.7	0.4	24.2	-7.0
Manufacturing	17.125	17.013	16.154	17.384	17.888	17.875	18.095	18.338
% Ch, Annual Rate	39.1	-2.6	-18.7	34.1	12.1	-0.3	5.0	5.5
Durable Manufacturing	13.282	13.283	12.370	13.569	13.996	14.048	14.245	14.415
% Ch, Annual Rate	44.6	0.0	-24.8	44.8	13.2	1.5	5.7	4.9
Nondurable Manufacturing	3.843	3.730	3.784	3.814	3.891	3.828	3.850	3.923
% Ch, Annual Rate	22.1	-11.3	5.9	3.2	8.3	-6.4	2.4	7.8
Nonmanufacturing	110.590	111.310	116.760	115.404	117.990	118.082	125.685	122.688
% Ch, Annual Rate	11.2	2.6	21.1	-4.6	9.3	0.3	28.3	-9.2
Other Private Wages	1.279	1.303	1.400	1.298	1.317	1.336	1.365	1.392
% Ch, Annual Rate	26.1	7.7	33.3	-26.1	6.0	6.0	9.0	8.0
Farm Wages	1.212	1.222	1.232	1.243	1.261	1.280	1.298	1.315
% Ch, Annual Rate	2.7	3.3	3.3	3.6	6.0	6.0	5.8	5.3
Military Wages	3.335	3.301	3.319	3.259	3.370	3.406	3.437	3.460
% Ch, Annual Rate	6.7	-4.0	2.2	-7.0	14.3	4.4	3.6	2.8
Nonwage Personal Income	100.741	102.228	104.215	105.257	107.845	109.982	111.999	113.894
% Ch, Annual Rate	6.1	6.0	8.0	4.1	10.2	8.2	7.5	6.9
Supplements to Wages and Salaries	32.904	33.273	34.504	34.365	35.072	35.393	35.953	36.302
% Ch, Annual Rate	12.5	4.6	15.6	-1.6	8.5	3.7	6.5	3.9
Proprietor's Income	19.534	19.679	19.709	20.057	20.382	20.659	20.824	21.112
% Ch, Annual Rate	7.3	3.0	0.6	7.3	6.6	5.5	3.2	5.7
Farm	0.266	0.199	0.243	0.527	0.646	0.701	0.668	0.684
% Ch, Annual Rate	485.5	-68.7	122.3	2,112.2	126.0	38.7	-17.6	10.0
Nonfarm	19.268	19.480	19.466	19.530	19.736	19.958	20.156	20.428
% Ch, Annual Rate	5.2	4.5	-0.3	1.3	4.3	4.6	4.0	5.5
Less: Contribution For Govt. Soc. Ins.	23.207	23.322	24.041	23.996	24.798	24.913	25.222	25.412
% Ch, Annual Rate	19.4	2.0	12.9	-0.7	14.1	1.9	5.1	3.1
Plus: Residence Adjustment	3.008	3.010	2.977	3.057	3.141	3.211	3.246	3.281
% Ch, Annual Rate	23.9	0.3	-4.3	11.2	11.5	9.3	4.4	4.3
Dividends/Int./Rent	37.581	38.304	39.285	39.736	40.735	41.790	42.708	43.594
% Ch, Annual Rate	2.8	7.9	10.6	4.7	10.4	10.8	9.1	8.6
Transfer Payments	30.921	31.284	31.781	32.038	33.313	33.842	34.490	35.019
% Ch, Annual Rate	10.7	4.8	6.5	3.3	16.9	6.5	7.9	6.3
State U.I. Benefits	0.698	0.667	0.627	0.666	0.703	0.703	0.710	0.716
% Ch, Annual Rate	-25.0	-16.6	-21.9	27.3	24.1	0.0	3.8	3.4
Other Transfers	30.223	30.617	31.154	31.372	32.610	33.139	33.781	34.303
% Ch, Annual Rate	11.7	5.3	7.2	2.8	16.7	6.6	8.0	6.3

Table A3.4  
**Washington Personal Income by Component (Billions of Dollars)**  
 Forecast 2007 to 2009

	2008:1	2008:2	2008:3	2008:4	2009:1	2009:2	2009:3	2009:4
Personal Income	265.083	268.923	279.597	278.413	282.883	287.080	298.828	297.409
% Ch, Annual Rate	6.3	5.9	16.8	-1.7	6.6	6.1	17.4	-1.9
Total Wage and Salary Disbursements	149.303	151.006	159.721	156.393	158.690	160.533	170.132	166.449
% Ch, Annual Rate	5.9	4.6	25.2	-8.1	6.0	4.7	26.1	-8.4
Manufacturing	18.532	18.743	18.943	19.161	19.387	19.612	19.844	20.085
% Ch, Annual Rate	4.3	4.6	4.3	4.7	4.8	4.7	4.8	5.0
Durable Manufacturing	14.590	14.759	14.915	15.073	15.246	15.426	15.606	15.787
% Ch, Annual Rate	5.0	4.7	4.3	4.3	4.7	4.8	4.7	4.7
Non-durable Manufacturing	3.941	3.984	4.028	4.088	4.141	4.186	4.238	4.298
% Ch, Annual Rate	1.9	4.4	4.5	6.0	5.3	4.4	5.1	5.7
Nonmanufacturing	124.452	125.890	134.369	130.804	132.752	134.320	143.628	139.644
% Ch, Annual Rate	5.9	4.7	29.8	-10.2	6.1	4.8	30.7	-10.6
Other Private Wages	1.419	1.448	1.476	1.505	1.535	1.567	1.598	1.629
% Ch, Annual Rate	8.1	8.4	7.9	8.1	8.4	8.5	8.1	8.1
Farm Wages	1.333	1.352	1.370	1.389	1.409	1.429	1.450	1.470
% Ch, Annual Rate	5.6	5.8	5.5	5.6	5.9	5.9	5.8	5.8
Military Wages	3.567	3.574	3.562	3.534	3.607	3.605	3.612	3.620
% Ch, Annual Rate	13.0	0.7	-1.3	-3.1	8.5	-0.2	0.8	0.9
Nonwage Personal Income	115.780	117.917	119.876	122.020	124.193	126.547	128.696	130.960
% Ch, Annual Rate	6.8	7.6	6.8	7.3	7.3	7.8	7.0	7.2
Supplements to Wages and Salaries	36.858	37.243	37.590	37.933	38.573	39.048	39.503	39.928
% Ch, Annual Rate	6.3	4.2	3.8	3.7	6.9	5.0	4.7	4.4
Proprietor's Income	21.476	21.900	22.250	22.626	23.007	23.463	23.855	24.249
% Ch, Annual Rate	7.1	8.1	6.6	6.9	6.9	8.2	6.8	6.8
Farm	0.670	0.687	0.676	0.676	0.652	0.681	0.697	0.708
% Ch, Annual Rate	-7.8	10.1	-5.9	-0.0	-13.4	19.0	9.7	6.6
Nonfarm	20.805	21.213	21.574	21.950	22.354	22.782	23.158	23.541
% Ch, Annual Rate	7.6	8.1	7.0	7.2	7.6	7.9	6.8	6.8
Less: Contribution For Govt. Soc. Ins.	26.093	26.389	26.692	26.937	27.673	27.999	28.360	28.621
% Ch, Annual Rate	11.2	4.6	4.7	3.7	11.4	4.8	5.3	3.7
Plus: Residence Adjustment	3.319	3.358	3.399	3.442	3.489	3.536	3.587	3.638
% Ch, Annual Rate	4.8	4.7	5.0	5.2	5.6	5.5	5.8	5.8
Dividends/Int./Rent	44.470	45.514	46.500	47.587	48.685	49.845	50.964	52.083
% Ch, Annual Rate	8.3	9.7	9.0	9.7	9.6	9.9	9.3	9.1
Transfer Payments	35.750	36.292	36.829	37.369	38.112	38.653	39.148	39.683
% Ch, Annual Rate	8.6	6.2	6.1	6.0	8.2	5.8	5.2	5.6
State U.I. Benefits	0.729	0.748	0.777	0.799	0.800	0.819	0.791	0.802
% Ch, Annual Rate	7.7	11.1	16.0	12.1	0.6	9.9	-13.3	5.8
Other Transfers	35.021	35.543	36.052	36.570	37.312	37.833	38.357	38.881
% Ch, Annual Rate	8.6	6.1	5.9	5.9	8.4	5.7	5.7	5.6

Table A4.1  
**Selected Inflation Indicators**  
 (Deflator 2000=1.0; CPI 1982-84=1.0)

	Price Deflator*		U.S. CPI#		Seattle CPI+	
	Index	Percent Change	Index	Percent Change	Index	Percent Change
1969	0.253	4.6	0.367	5.4	0.358	4.8
1970	0.264	4.7	0.388	5.9	0.374	4.5
1971	0.276	4.2	0.405	4.2	0.382	2.1
1972	0.285	3.5	0.418	3.3	0.393	2.9
1973	0.301	5.5	0.444	6.3	0.418	6.4
1974	0.332	10.3	0.493	11.0	0.464	11.0
1975	0.359	8.3	0.538	9.1	0.511	10.2
1976	0.379	5.6	0.569	5.8	0.539	5.5
1977	0.404	6.5	0.606	6.5	0.583	8.0
1978	0.432	7.0	0.652	7.6	0.640	9.9
1979	0.471	8.8	0.726	11.3	0.709	10.8
1980	0.521	10.7	0.824	13.5	0.827	16.7
1981	0.567	8.9	0.909	10.4	0.916	10.8
1982	0.598	5.5	0.965	6.2	0.978	6.7
1983	0.624	4.3	0.996	3.2	0.993	1.5
1984	0.648	3.8	1.039	4.4	1.030	3.8
1985	0.669	3.3	1.076	3.5	1.056	2.5
1986	0.686	2.4	1.097	1.9	1.066	1.0
1987	0.709	3.5	1.136	3.6	1.092	2.4
1988	0.737	4.0	1.183	4.1	1.128	3.3
1989	0.770	4.4	1.239	4.8	1.181	4.7
1990	0.805	4.6	1.307	5.4	1.268	7.3
1991	0.834	3.6	1.362	4.2	1.341	5.8
1992	0.858	2.9	1.403	3.0	1.390	3.7
1993	0.878	2.3	1.445	3.0	1.429	2.8
1994	0.896	2.1	1.482	2.6	1.478	3.4
1995	0.916	2.1	1.524	2.8	1.522	3.0
1996	0.935	2.2	1.569	2.9	1.575	3.4
1997	0.951	1.7	1.605	2.3	1.630	3.5
1998	0.960	0.9	1.630	1.5	1.677	2.9
1999	0.976	1.7	1.666	2.2	1.728	3.0
2000	1.000	2.5	1.722	3.4	1.792	3.7
2001	1.021	2.1	1.770	2.8	1.857	3.6
2002	1.035	1.4	1.799	1.6	1.893	2.0
2003	1.056	2.0	1.840	2.3	1.924	1.6
2004	1.084	2.6	1.889	2.7	1.947	1.2
2005	1.115	2.9	1.953	3.4	2.002	2.8
2006	1.145	2.7	2.016	3.2	2.076	3.7
Forecast						
2007	1.170	2.1	2.061	2.2	2.151	3.6
2008	1.191	1.8	2.096	1.7	2.202	2.4
2009	1.215	2.0	2.138	2.0	2.257	2.5

\* Chain-Weight Implicit Price Deflator for Personal Consumption Expenditures

# Consumer Price Index for all Urban Consumers

+ Consumer Price Index for the Seattle-Tacoma-Bremerton, WA CMSA

Consumer Price Index and Implicit Price Deflator values shown here are annual averages of seasonally adjusted quarterly data and may differ slightly from the annual values published by the Bureau of Labor Statistics and Bureau of Economic Analysis.

Table A4.2

**Chain-Weighted Price Indices**

(2000=1.0)

	Services		Food		Fuels		Gasoline	
	Index	Percent Change	Index	Percent Change	Index	Percent Change	Index	Percent Change
1969	20.106	5.1	25.031	4.9	12.959	2.3	21.696	3.3
1970	21.175	5.3	26.549	6.1	13.508	4.2	21.890	0.9
1971	22.340	5.5	27.384	3.1	14.418	6.7	22.050	0.7
1972	23.304	4.3	28.610	4.5	14.535	0.8	22.336	1.3
1973	24.381	4.6	31.742	10.9	16.633	14.4	24.473	9.6
1974	26.344	8.1	36.234	14.2	26.327	58.3	33.059	35.1
1975	28.596	8.5	39.106	7.9	28.862	9.6	35.279	6.7
1976	30.604	7.0	40.393	3.3	30.822	6.8	36.777	4.2
1977	32.933	7.6	42.920	6.3	34.781	12.8	38.907	5.8
1978	35.464	7.7	46.832	9.1	36.559	5.1	40.597	4.3
1979	38.316	8.0	51.496	10.0	48.977	34.0	54.406	34.0
1980	42.332	10.5	55.992	8.7	68.177	39.2	75.509	38.8
1981	46.746	10.4	60.254	7.6	82.998	21.7	84.017	11.3
1982	50.528	8.1	62.372	3.5	82.043	-1.2	79.768	-5.1
1983	53.799	6.5	63.699	2.1	77.109	-6.0	77.160	-3.3
1984	56.680	5.4	65.827	3.3	78.867	2.3	76.005	-1.5
1985	59.295	4.6	67.164	2.0	76.147	-3.4	76.619	0.8
1986	62.040	4.6	69.105	2.9	61.413	-19.3	60.175	-21.5
1987	64.299	3.6	71.395	3.3	61.478	0.1	62.488	3.8
1988	67.493	5.0	73.805	3.4	61.646	0.3	63.017	0.8
1989	70.708	4.8	77.477	5.0	64.403	4.5	68.837	9.2
1990	74.197	4.9	81.183	4.8	76.919	19.4	78.385	13.9
1991	77.497	4.4	83.938	3.4	74.496	-3.2	77.338	-1.3
1992	80.684	4.1	84.948	1.2	71.832	-3.6	77.040	-0.4
1993	83.345	3.3	86.249	1.5	71.587	-0.3	76.257	-1.0
1994	85.748	2.9	87.679	1.7	70.417	-1.6	76.614	0.5
1995	88.320	3.0	89.573	2.2	69.905	-0.7	77.826	1.6
1996	90.844	2.9	92.090	2.8	77.835	11.3	82.597	6.1
1997	93.305	2.7	94.197	2.3	78.644	1.0	82.579	-0.0
1998	95.319	2.2	95.868	1.8	71.779	-8.7	71.874	-13.0
1999	97.393	2.2	97.711	1.9	72.656	1.2	78.207	8.8
2000	100.000	2.7	100.000	2.3	100.000	37.6	100.000	27.9
2001	103.257	3.3	102.943	2.9	101.737	1.7	96.288	-3.7
2002	106.018	2.7	104.951	2.0	91.688	-9.9	90.433	-6.1
2003	109.379	3.2	106.986	1.9	109.653	19.6	105.213	16.3
2004	112.863	3.2	110.270	3.1	125.377	14.3	123.925	17.8
2005	116.529	3.2	112.732	2.2	159.465	27.2	150.761	21.7
2006	120.509	3.4	115.333	2.3	179.263	12.4	170.298	13.0
Forecast								
2007	124.187	3.1	119.142	3.3	172.438	-3.8	166.154	-2.4
2008	127.568	2.7	121.350	1.9	157.903	-8.4	156.452	-5.8
2009	130.929	2.6	123.362	1.7	158.395	0.3	157.416	0.6

Table A5.1

**Washington Resident Population and Components of Change\***

(Thousands)

	<u>Population</u>	<u>Change</u>	<u>Percent Change</u>	<u>Births</u>	<u>Deaths</u>	<u>Net Migration</u>
1970	3413.2	16.2	0.5	59.9	30.0	-13.7
1971	3436.3	23.1	0.7	60.0	29.8	-7.1
1972	3430.3	-6.0	-0.2	53.1	30.4	-28.7
1973	3444.3	14.0	0.4	47.7	30.4	-3.3
1974	3508.7	64.4	1.9	48.2	29.9	46.1
1975	3567.9	59.2	1.7	50.1	30.3	39.4
1976	3634.9	67.0	1.9	51.4	30.2	45.8
1977	3715.4	80.5	2.2	54.2	29.1	55.4
1978	3836.2	120.8	3.3	57.3	30.4	93.9
1979	3979.2	143.0	3.7	60.2	30.2	113.0
1980	4132.2	153.0	3.8	65.4	31.3	118.9
1981	4229.3	97.1	2.4	68.2	31.8	60.8
1982	4276.5	47.3	1.1	70.1	31.7	8.9
1983	4307.2	30.7	0.7	69.5	32.5	-6.2
1984	4354.1	46.8	1.1	68.5	33.2	11.6
1985	4415.8	61.7	1.4	69.1	34.0	26.6
1986	4462.2	46.4	1.1	70.2	34.0	10.2
1987	4527.1	64.9	1.5	69.3	34.4	30.0
1988	4616.9	89.8	2.0	71.0	36.0	54.8
1989	4728.1	111.2	2.4	73.0	36.0	74.2
1990	4866.7	138.6	2.9	76.4	36.2	98.5
1991	5021.3	154.6	3.2	79.1	36.6	112.1
1992	5141.2	119.8	2.4	80.2	37.2	76.8
1993	5265.7	124.5	2.4	79.1	39.4	84.8
1994	5364.3	98.6	1.9	78.2	39.5	60.0
1995	5470.1	105.8	2.0	77.5	40.0	68.3
1996	5567.8	97.7	1.8	77.0	41.2	61.8
1997	5663.8	96.0	1.7	78.0	42.6	60.6
1998	5750.0	86.3	1.5	78.8	41.6	49.0
1999	5830.8	80.8	1.4	79.8	43.1	44.2
2000	5894.1	63.3	1.1	79.9	43.7	27.2
2001	5974.9	80.8	1.4	80.7	43.9	44.0
2002	6041.7	66.8	1.1	79.3	44.9	32.4
2003	6098.3	56.6	0.9	79.1	44.7	22.3
2004	6167.8	69.5	1.1	81.0	46.0	34.6
2005	6256.4	88.6	1.4	81.8	45.6	52.4
2006	6375.6	119.2	1.9	82.9	46.2	82.5
<b>Forecast</b>						
2007	6503.5	127.9	2.0	85.5	47.6	90.0
2008	6630.7	127.1	2.0	88.1	49.0	88.1
2009	6751.4	120.8	1.8	90.1	50.5	81.1

\* As of April 1 of Each Year

Source: Office of Financial Management

Table A5.2  
**Washington Population\***  
 (Thousands)

	Actual			Forecast		
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Population	6167.8	6256.4	6375.6	6503.5	6630.7	6751.4
Percent Change	1.1	1.4	1.9	2.0	2.0	1.8
Age 17 and Under	1522.0	1531.4	1549.0	1569.8	1587.8	1604.5
Percent of Total	24.7	24.5	24.3	24.1	23.9	23.8
Age 6-18	1128.5	1132.3	1143.1	1156.4	1167.1	1172.5
Percent of Total	18.3	18.1	17.9	17.8	17.6	17.4
Age 18 and Over	4645.8	4725.0	4826.6	4933.7	5042.9	5147.0
Percent of Total	75.3	75.5	75.7	75.9	76.1	76.2
Age 21 and Over	4379.3	4455.9	4552.7	4655.6	4755.9	4853.3
Percent of Total	71.0	71.2	71.4	71.6	71.7	71.9
Age 20-34	1273.3	1283.6	1309.4	1343.0	1383.8	1424.7
Percent of Total	20.6	20.5	20.5	20.7	20.9	21.1
Age 18-64	3948.9	4014.5	4099.9	4187.7	4271.1	4349.1
Percent of Total	64.0	64.2	64.3	64.4	64.4	64.4
Age 65 and Over	696.9	710.5	726.7	746.0	771.8	797.9
Percent of Total	11.3	11.4	11.4	11.5	11.6	11.8

\* As of April 1 of Each Year

Source: Office of Financial Management

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# Glossary

**Biennium:** The state's two years budget cycle. The 2001-2003 biennium started on July 1, 2003 and ends June 30, 2005. The current 2005-2007 biennium started July 1, 2005 and ends June 30, 2007.

**Cash Basis:** Cash receipts received during a period. The Forecast Council forecasts revenues on a Cash and GAAP (Generally Accepted Accounting Principles) basis.

**CPI:** The Consumer Price Index for All Urban Consumers. The Bureau of Labor Statistics (BLS) updates the CPI monthly, surveying over 60,000 goods in 85 urban areas. The BLS also produces a bimonthly Seattle-Tacoma-Bremerton CPI.

**Tax Elasticity:** A measure of how tax revenues respond to changes in personal income. If tax revenue elasticity is greater than one, a one percent change in personal income will be associated with more than a one percent increase in tax revenues. If elasticity is less than one, a one percent increase in personal income will be associated with less than a one percent increase in tax revenues.

**Fiscal Year:** The state's budget year. Washington State's fiscal year runs from July 1 through June 30. Fiscal year 1999, for example, ran from July 1, 1998 through June 30, 1999.

**GAAP Basis:** Generally Accepted Accounting Principles measure revenue in the period during which they accrue rather than the period in which they are received.

**General Fund:** Accounts for all financial resources and transactions not accounted for in another fund.

**General Fund-State Revenue:** Resources from state sources only, excludes federal monies.

**Implicit Price Deflator for Personal Consumption Expenditures (IPD):** The IPD is a by-product of the National Income and Product Accounts. It is derived by dividing current dollar (nominal) consumer expenditures by constant dollar (real) consumer expenditures.

**Mortgage Rate:** The average interest rate on 25 year conventional loan (as reported by the Federal Home Loan Bank Board).

**Non-Wage Income:** Personal income other than from wages and salaries. The major components are: proprietor's income, transfer payments, and dividends, interest and rent.

**Real GDP:** Gross Domestic Production adjusted for the price level.

**Personal Income:** Income from wages and salaries; other labor income; proprietor's income; dividends, interest and rent; transfer payments; and a residence adjustment. It is reduced by employee contributions for social insurance.

**Seasonally Adjusted:** Adjusted for normal seasonal variations. Monthly statistics, such as the unemployment rate, are seasonally adjusted to make month-to-month comparisons possible.

**Wage and Salary Employment:** Civilian nonfarm payroll employees. The self-employed, farm workers, members of the armed forces, private household employees, and workers on strike are excluded.