



Economic and Revenue Forecast Council

EMBARGOED until June 19, 2018, 10:00 am PDT when it will be released at www.erfc.wa.gov

CONTACT: Steve Lerch, Chief Economist & Executive Director
PHONE: 360-534-1560

Revenue forecast revised up, incorporates new legislation

OLYMPIA, June 19, 2018 –The Near General Fund-State (Near GF-S) revenue forecast for the 2017-19 biennium has increased by \$298 million, and revenue for the 2019-21 biennium has increased by \$287 million. The Near GF-S includes the General Fund-State, Education Legacy Trust Account and Washington Opportunity Pathways Account and provides the fullest picture of resources available for budget purposes.

Nationally, the new forecast calls for slightly higher GDP growth rates for 2018 and 2019 compared to February. Major threats to the U.S. and Washington economies remain, including international trade concerns, geopolitical risks and a maturing economic expansion.

The Washington economy is expanding at a rapid pace. Income, employment, and population growth all exceed national averages. The major change in the Washington economic forecast since February is higher personal income, part of which is due to higher inflation in the near term.

General Fund-State revenue has been coming in higher than forecasted in February, exceeding that forecast by \$189 million. Most of the surplus was from Revenue Act taxes (retail sales and use, business and occupation, public utility and non-cigarette tobacco products taxes, plus associated penalties and interest). Real estate excise taxes have also been coming in above forecast due to an exceptionally strong market. Forecasted increases from these sources have increased expected Near GF-S revenues despite a legislated \$390 million decrease in the property tax levy for calendar year 2019, which affects property tax collections in both the current and next biennia. Other legislation from the 2018 session reduces Near GF-S by an additional \$29 million over the two biennia and transfers \$935 million from the General Fund-State to the Education Legacy Trust Account in fiscal year 2019.

The economic and revenue forecasts are updated quarterly. The next update to the revenue forecast will be on Tuesday, September 18, 2018.

Please see our full report for more information. You can access this report at <http://erfc.wa.gov/sites/default/files/public/documents/forecasts/rev20180619.pdf>

###

About the ERFC:

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