

**EMBARGOED**

*until September 20, 10:00 am PST when it will be published at  
[www.erfc.wa.gov](http://www.erfc.wa.gov)*

Revenue Review Meeting

September 20, 2017



WASHINGTON STATE  
ECONOMIC AND REVENUE FORECAST COUNCIL

*This page left intentionally blank.*



WASHINGTON STATE  
**ECONOMIC AND REVENUE FORECAST COUNCIL**

---

## AGENDA

### **REVENUE REVIEW MEETING**

September 20, 2017  
10:00 a.m.

- Call to order
- Approval meeting minutes from September 6, 2017
- Economic & Revenue Forecast
- Adoption of the Official Forecast

*This page left intentionally blank.*



STATE OF WASHINGTON

**ECONOMIC AND REVENUE FORECAST COUNCIL**

*PO Box 40912 □ Olympia, Washington 98504-0912 □ (360) 534-1560*

**Meeting Minutes  
Economic Review**

September 6, 2017

John A Cherberg, Senate Hearing Room 3

**Economic and Revenue Forecast Council Members**

*Present*

Kevin Ranker, Senate (via phone)  
John Braun, Senate (via phone)  
Terry Nealey, House of Representatives (via phone)  
Timm Ormsby, House of Representatives (via phone)  
Duane Davidson, Treasurer  
David Schumacher, Office of Financial Management  
Vikki Smith, Department of Revenue

*Staff*

Steve Lerch, Executive Director,  
ERFC

**Call to Order**

Director Schumacher called the meeting to order at 10:01 a.m.

**Motion**

Senator Ranker made a motion to approve the meeting minutes from the June 20, 2017 meeting, seconded by Director Smith. Council approved the motion at 10:01 a.m.

**Motion**

Treasurer Davidson made a motion to approve the meeting minutes from the July 28, 2017 meeting, seconded by Director Smith. Council approved the motion at 10:02 a.m.

**Motion**

Senator Ranker made a motion to extend the employment contract for the executive director, including 2.5% wage increases in 2017 and 2018 in addition to general wage increases as passed by the legislature. Motion seconded by Director Smith. Council approved the motion at 10:05 a.m.

**Presentation on the Economic Forecast**

Dr. Lerch presented information on the preliminary economic forecast. Dr. Lerch summarized the forecast changes and provided background information on both the U.S. and Washington economies. Discussion ensued regarding house price appreciation data, change in aerospace employment, and medical cannabis sales.

**Adjournment**

Meeting adjourned at 10:22 a.m.

*This page left intentionally blank.*

**Economic & Revenue Forecast Council  
State of Washington**



**Economic & Revenue Review: September 20, 2017**

**Executive Summary**

**United States**

- The final U.S. economic forecast is based on the September IHS Markit (formerly Global Insight) and Blue Chip consensus forecasts. Our final economic forecast incorporates the impacts of Hurricane Harvey but was completed prior to Hurricane Irma striking Florida. The effects of Irma will be included in the November forecast. Our final economic forecast also assumes the Federal Reserve will increase interest rates by 0.25% in December.
- As in June, IHS Markit also incorporates some policies proposed by the Trump administration, including lower personal and corporate federal tax rates, consistent with the House Republican plan, as well as \$220 billion in additional infrastructure spending over 10 years. The forecast does not assume a border adjustment tax.
- The September Blue Chip forecast of real GDP growth was largely unchanged from August. Real GDP growth for 2017 increased from 2.1% to 2.2%; 2018, 2019, 2020 and 2021 growth remained unchanged at 2.4%, 2.1%, 2.0% and 2.0%.
- Our oil price forecast continues to rely on the futures markets, primarily the Brent (North Sea) oil price but also the West Texas Intermediate (WTI) benchmark. This forecast was based on the September 13, 2017 closing prices for Brent and WTI futures. Futures prices are slightly higher throughout the forecast period compared to the June forecast. The price paid by refiners in 2017 is expected to average \$49 per barrel, up from an average of \$47 in the June forecast. Oil prices are expected to rise gradually to \$51 per barrel in 2021, up from an average 2021 price of \$49 per barrel in the June forecast.
- The U.S. economy added 156,000 net new jobs in August. Employment gains in June and July were revised down by a total of 41,000 jobs. Sectors with notable employment gains in August included manufacturing (+36,000), construction (+28,000), professional and technical services (+22,000), health care (+20,000), administrative and support services (+16,000), and membership associations and organizations (+12,000). Industries with net employment declines in August included performing arts and spectator sports (-9,000), motion picture and sound recording (-5,000), and social assistance (-4,000).
- Two key measures of consumer confidence both increased this month. The University of Michigan index of consumer sentiment increased by 3.4 points in August to 96.8. The Conference Board index of consumer confidence increased for a second straight month, rising 2.9 points in August to 122.9.

- U.S. housing data were generally weak this month. Housing units authorized by building permits in July were 4.1% (SA) below their June level but 4.1% above their year-ago level. July housing starts decreased by 4.8% (SA) compared to June and were 5.6% below their July 2016 level. Existing home sales in July fell 1.3% (SA) compared to June but were 2.1% above their year-ago level. New single-family home sales decreased from a revised 630,000 (SAAR) in June to 571,000 in July, a decline of 9.4% and 8.9% below their year-ago level. The seasonally adjusted Case-Shiller national home price index for June was 0.3% above its May level and 5.8% above its year-ago level.
- Major threats to the U.S. and Washington economies remain, including a slowing U.S. economy, international trade concerns, and slow growth in labor productivity.

## Washington

- We have three months of new Washington employment data since the June forecast was released. Total nonfarm payroll employment rose 16,000 (seasonally adjusted) in June, July, and August, which was the number expected in the June forecast. Manufacturing lost only 400 jobs in the three-month period in spite of the loss of 1,600 aerospace jobs. Construction employment increased 900 in June, July, and August and government employment expanded by 3,000 jobs. As usual, the bulk of the net new jobs occurred in private, service-providing sectors, which added 12,500 jobs.
- We have also incorporated another quarter of benchmark employment data from the Quarterly Census of Employment and Wages (QCEW). The new QCEW data and other revisions raised the estimated level of total employment in May 2017 by 16,700 jobs (0.5%). As a result of the upward revision to history (and spot on growth), the total effect is 16,600 (0.5%) more jobs in August 2017 than expected in the June forecast.
- Washington's unemployment rate inched up to 4.6% in August from 4.5% in July. The August increase was not statistically significant. July's 4.5% unemployment rate was the lowest in the series that extends back to 1976. A year ago, in August 2016, the Washington unemployment rate stood at 5.4%.
- In June, the Bureau of Economic Analysis released estimates for state personal income through the first quarter of 2017. We have incorporated the new BEA estimates as well as additional Washington QCEW and other wage data. Our current estimate of Washington personal income in the first quarter of 2017 is \$406.6 billion, which is \$5.0 billion (1.3%) higher than assumed in the June forecast. The variance was mostly in wages and salaries which were \$4.5 billion higher than believed in June.
- Washington housing construction increased in the second quarter of 2017 but fell slightly short of the forecast. The number of housing units authorized by building permits increased to 43,900 units (SAAR) in the second quarter of 2017 from 40,800 units in the first quarter. Second quarter permits were made up of 22,500 single-family units and 21,400 multi-family units. The June forecast assumed 45,300 units (SAAR) in the second quarter, consisting of 22,600 single-family units and 22,700 multi-family units. Washington housing construction in July was about as expected in the June forecast. In July, 44,500 units (SAAR) were permitted of which 23,200 were single family



and 21,300 were multi-family. The June forecast assumed an average rate of 43,800 units for the third quarter as a whole (SAAR) consisting of 24,200 single-family units and 19,600 multi-family units.

- Seattle area home prices continue to rise very rapidly. According to the S&P/Case-Shiller Home Price Indices, seasonally adjusted Seattle area home prices rose 13.4% over the year, more than double the 5.7% increase in the Composite-20 index. Not only are prices rising faster in Seattle than in other major metropolitan areas but also the rate of price appreciation in Seattle has been increasing. Seattle home prices are now up 70% since the December 2011 trough and now exceed the May 2007 peak by 18%.
- Seattle area consumer price inflation remains above the national average. Over the last year, from August 2016 to August 2017, consumer prices in the Seattle area rose 2.5% compared to 1.9% for the U.S. city average. Core prices, which exclude food and energy, were up 2.2% in Seattle compared to 1.7% for the nation. The higher Seattle inflation is due to more rapid growth in shelter costs. During the year, shelter costs in Seattle rose 6.1% compared to 3.3% for the nation. Excluding shelter, Seattle inflation was below the national average at 0.5% compared to 1.2%.
- The Institute of Supply Management - Western Washington Index (ISM-WW) moved back into positive territory in August. The index, which measures conditions in the manufacturing sector, increased from 47.0 in July to 58.2 in August (index values above 50 indicate growth while values below 50 indicate contraction). The index had been less than or equal to 50 in each of the three previous months. The production, orders, and inventory components indicated expansion in August but the employment component indicated contraction. The vendor deliveries component was neutral at 50. Manufacturing has fluctuated around the 50 mark since mid-2015.
- Washington car and truck sales increased in July and August after sinking to the lowest level in more than three years in June. Seasonally adjusted new vehicle registrations increased 3.5% in July and 8.6% in August to 308,100 units (SAAR). Car and truck sales are up 0.4% over the year but down 8.0% since the post-recession peak in January 2016.
- Second quarter 2017 Washington exports were down 3.4% from the second quarter of 2016 because of a 10.1% decline in transportation equipment exports (mostly Boeing planes). Exports of agricultural products increased 28.9% over the year and exports of all other commodities rose 1.9% over the year. This "other" category, which consists mainly of manufactured goods, has shown positive over-the-year growth for the last three quarters.
- Washington employment is expected to grow 2.9% this year, up from 2.4% in the June forecast. As in June, we expect growth to decelerate gradually as the recovery matures. We expect employment growth to average 1.6% per year in 2018 through 2021, which is slightly higher than the 1.4% rate assumed in June. Our forecast for nominal personal income growth this year is 5.8%, up from 4.7% in the June forecast. Our new forecast for nominal personal income growth in 2018 through 2021 averages 5.1% per year which is the same rate as expected in the June forecast.

## Revenue

- Cumulative major General Fund-State (GF-S) revenue collections from June 11, 2017 through September 10, 2017 were \$94 million (2.1%) higher than forecasted in June. Most of the extra collections (\$87 million) occurred in the current biennium, which began on July 1, 2017.
- Cumulative real estate excise taxes (REET) came in \$23 million (8.2%) higher than forecasted. Large commercial sales, while slowing, continue to occur above forecasted levels. Residential sales have also been stronger than forecasted. These factors have once again resulted in an increase in forecasted REET receipts.
- Other than REET, net collections from most other major revenue sources have been close to or only slightly above the June forecast. As the September economic forecast for Washington includes slight increases in projected income, employment and housing permits, the revenue forecast includes slight increases in most revenue categories due to these economic factors. These increases total \$279 million for the current biennium and \$243 million for the 2019-21 biennium.
- The changes in forecasted revenue from economic factors were greatly outweighed by changes stemming from legislation that was passed in the 2017 special sessions following the June forecast. These changes added \$2.1 billion in expected revenue to the current biennium and \$3.3 billion to the 2019-21 biennium. The largest increase came from an additional state property tax levy for basic education, which is forecasted to bring in \$1.6 billion in the current biennium and \$2.5 billion in the next. The next largest increase was from an extension of retail sales and B&O tax liability to more categories of online sales. These changes are expected to bring in \$353 million in the current biennium and \$718 million in the next. Another notable legislative change was the removal of the sales tax exemption for bottled water, which is expected to generate \$117 million in additional sales taxes over the next two biennia.
- The preliminary estimate of total GF-S revenue for the 2015-17 biennium, which ended on June 30, 2017, is \$38.311 billion, an increase of 13.8% over that of the 2013-15 biennium. The estimate is \$3 million higher than forecasted in June.
- Forecasted revenue for the 2017-19 biennium is now \$43.262 billion, 12.9% more than that of the 2015-17 biennium. This is \$2.4 billion higher than forecasted in June, due mainly to the \$2.1 billion in legislative changes.
- Forecasted GF-S revenue for the 2019-21 biennium is now \$47.396 billion, 9.6% higher than forecasted 2017-19 biennial revenue. This represents a \$3.5 billion increase from the June forecast, with \$3.3 billion of the increase stemming from legislative changes.

# Revenue Review

Presented to  
The Economic & Revenue Forecast Council

Steve Lerch  
Executive Director

September 20, 2017  
Olympia, Washington



**WASHINGTON STATE  
ECONOMIC AND REVENUE FORECAST COUNCIL**

*This page left intentionally blank.*



## Summary

- The economic forecast for the U.S. is very similar to the June forecast
- The impacts of Hurricane Harvey have been incorporated into the final September forecast but not Hurricane Irma
- The economic forecast for WA has slightly higher employment and personal income than in June
- Risks to the baseline include slow U.S. economic growth and weak labor productivity growth as well as concerns about international trade policy and the federal budget
- The revenue collection variance since the June forecast is \$94 million
- GF-S revenue for the 2017-19 biennium has been increased by \$279 million in collection variance and forecast changes and \$2.1 billion due to non-economic changes

Revenue Review  
September 20, 2017

Slide 1

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



## New data since preliminary September economic forecast

### September Blue Chip

- 2017 real GDP growth increased from 2.1% to 2.2%; 2018 - 2021 real GDP growth unchanged

### U.S. employment data

- Employment up by 156,000 net new jobs in August; unemployment rate increased from 4.3% to 4.4%

### Washington employment data

- Employment up by 900 net new jobs in August; unemployment rate increased from 4.5% to 4.6%

Revenue Review  
September 20, 2017

Slide 2

Source: Blue Chip Economic Indicators, U.S. Bureau of Labor Statistics, Employment Security Dept., ERFC

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



## Hurricane impacts to the U.S. economic forecast

- In general
  - Short term negative impacts due to business closures, layoffs, postponed consumer purchases
  - Longer term positive impacts from increased government expenditures, construction spending for replacement and repair
- Harvey
  - Incorporated into final economic forecast
  - Expect additional 15,000 housing starts
- Irma
  - Not incorporated into final forecast

Revenue Review  
September 20, 2017

Source: IHS-Markit September 2017 forecast

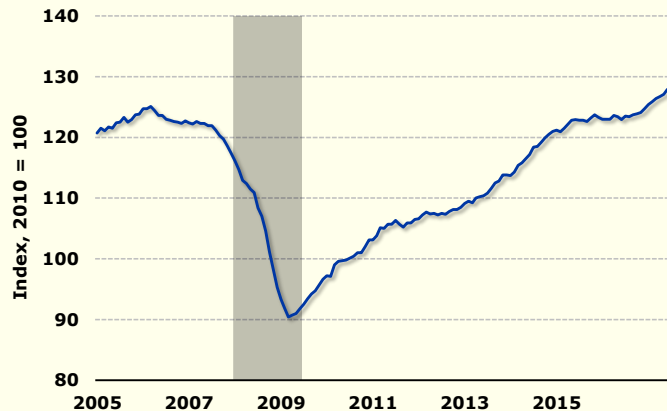
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 3



## U.S. Leading Economic Index (LEI) continues to trend up

The LEI is an index of economic indicators that tend to indicate the direction of economic growth



Revenue Review  
September 20, 2017

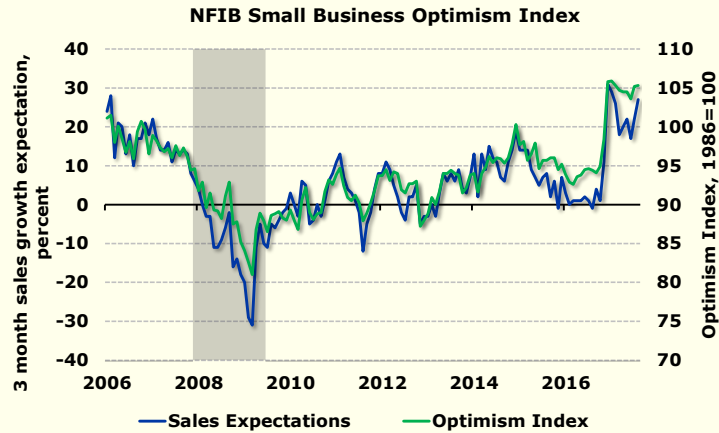
Source: Conference Board, data through July 2017

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 4



## Small business optimism and sales expectations jumped in December, remain elevated



Revenue Review  
September 20, 2017

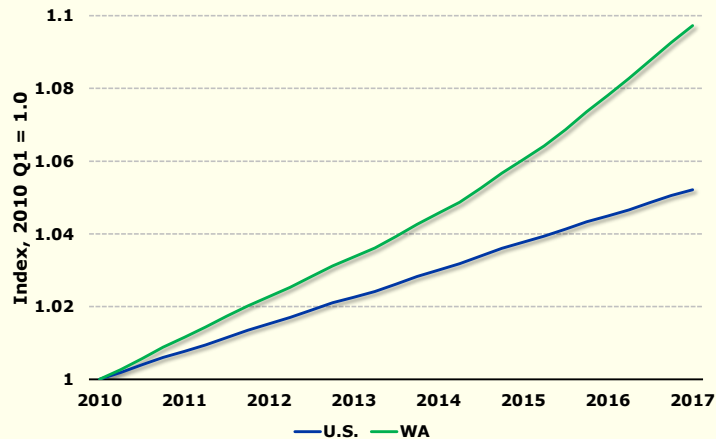
Source: National Federation of Independent Business; data through August 2017

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 5



## From 2010 Q1 to 2017 Q1, the U.S. population has grown 5.2% while the WA population has grown 9.7%



Revenue Review  
September 20, 2017

Source: U.S Bureau of Economic Analysis, data through 2017 Q1

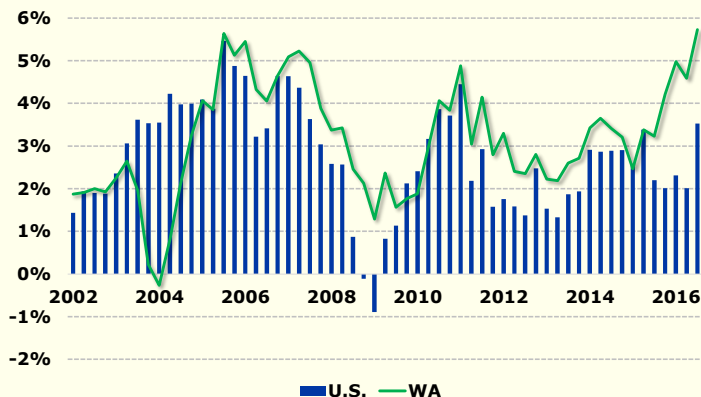
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 6



## Wage growth in WA has been at or above the national rate since 2011

Year-over-year average weekly wage growth, 3 month average



Revenue Review  
September 20, 2017

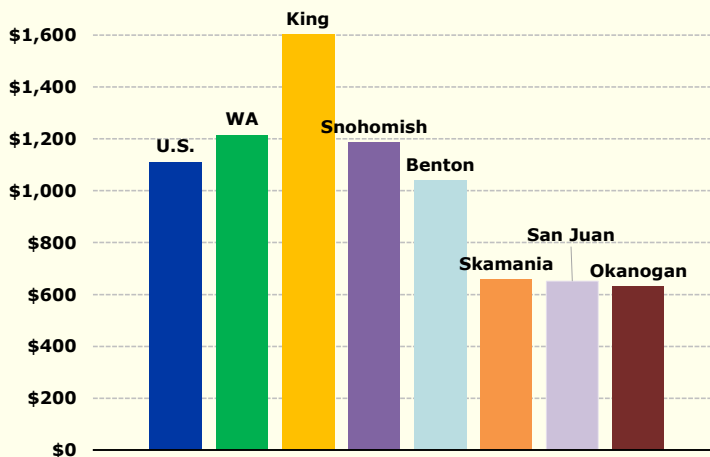
Source: U.S. Bureau of Labor Statistics, QCEW data through 2017 Q1

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 7



## Average weekly wages, 2017 Q1: US, WA, selected WA counties



Revenue Review  
September 20, 2017

Source: U.S. Bureau of Labor Statistics, QCEW data

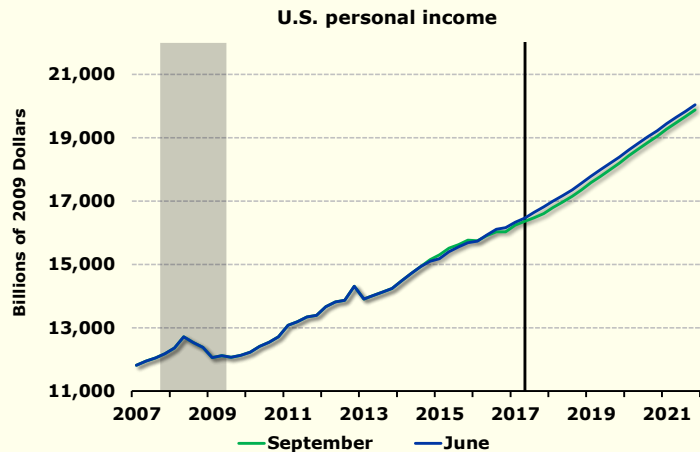
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 8





## U.S. personal income is slightly weaker than in the June forecast



Revenue Review  
September 20, 2017

Source: IHS-Markit, ERFC September 2017 forecast; historical data through 2017Q2

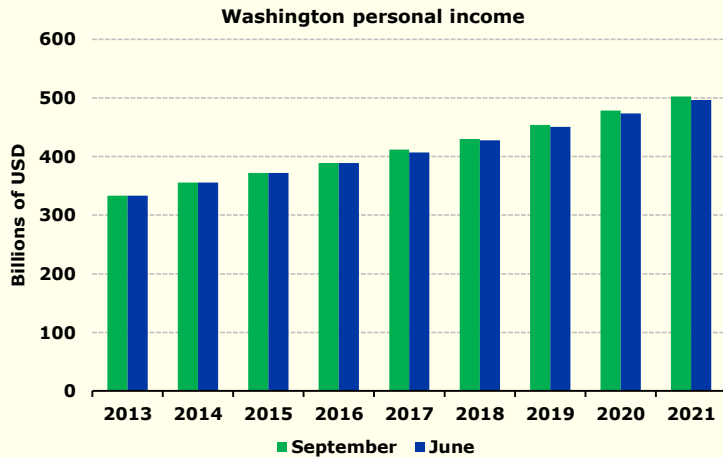
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 9



## Washington personal income is slightly higher than in June

2017 YTD data were revised slightly higher. WA personal income is 1.1% higher in 2021 compared to the June forecast.



Revenue Review  
September 20, 2017

Source: ERFC September 2017 forecast; historical data through 2016

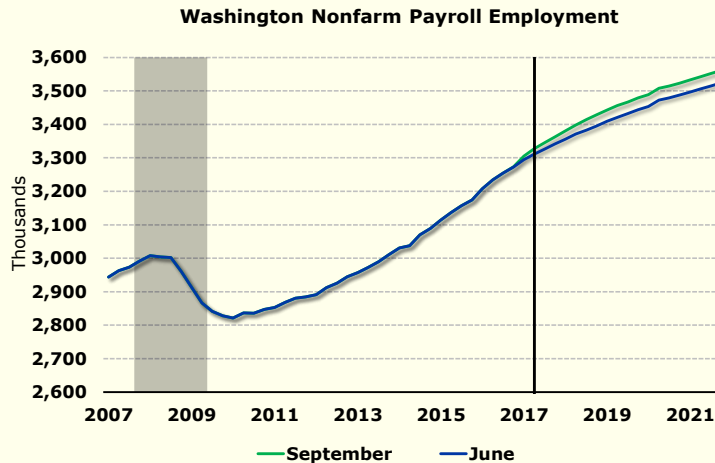
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 10



## Washington employment forecast is slightly higher than in June

By 2021, WA employment is 1.1% higher than in June



Revenue Review  
September 20, 2017

Source: ERFC September 2017 forecast; historical data through Q2 2017

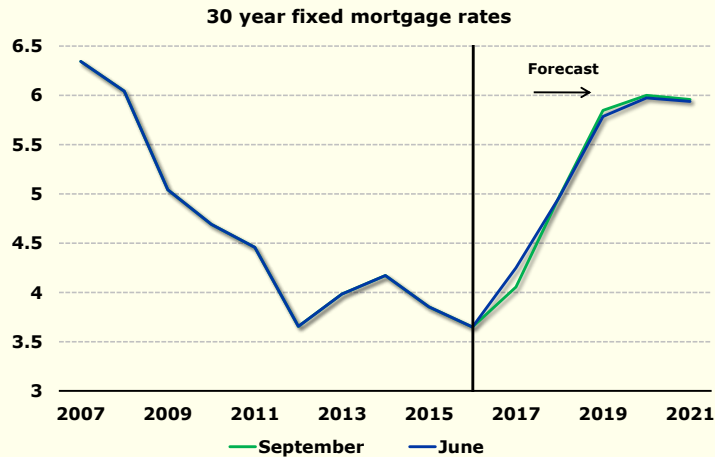
WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 11



## As in June, mortgage rates are expected to gradually increase

The Federal Reserve is expected to raise interest rates in December.



Revenue Review  
September 20, 2017

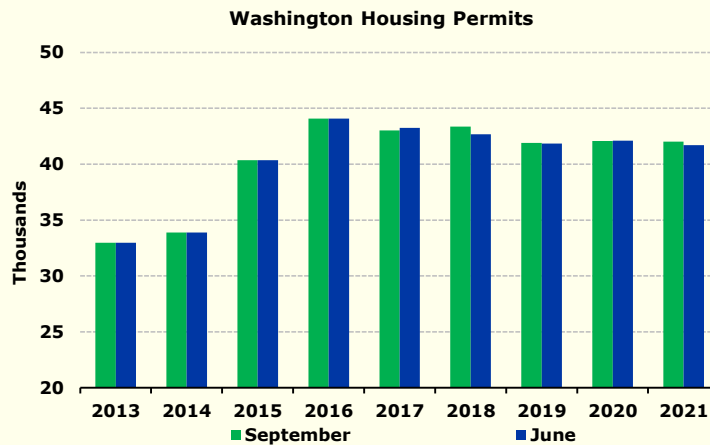
Source: IHS-Markit, ERFC September 2017 forecast

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 12



## Washington housing permits forecast is very similar to June



Revenue Review  
September 20, 2017

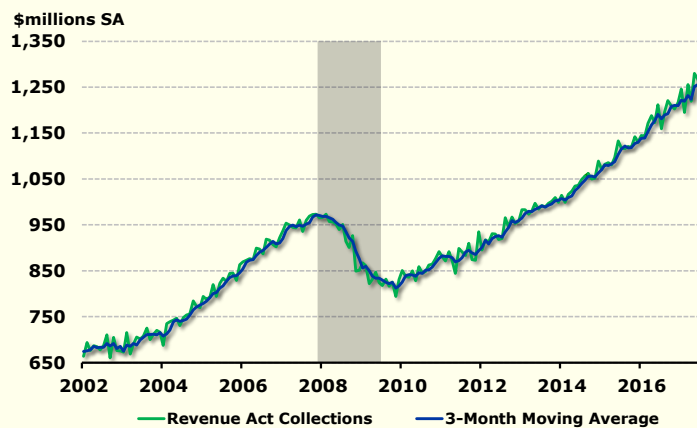
Source: ERFC September 2017 forecast; historical data through 2016

Slide 13

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



## Year over year Rev Act growth (3-month moving average) has increased from 5.4% for June activity to 6.9% for July activity



Revenue Review  
September 20, 2017

\* Adjusted for large one-time transactions, amnesty payments and reporting frequency change, current definition of Revenue Act  
Source: DOR and ERFC; monthly data through estimated July 2017 activity

Slide 14

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



## Large commercial property sales have slowed as other activity grows

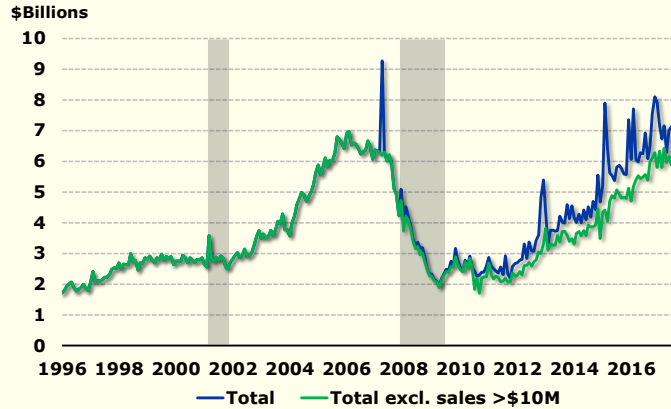
Large commercial sales (>\$10 million) averaged \$3.4 billion per quarter in 2016

Large commercial sales totaled \$2.9 billion in the second quarter of 2017 and \$1.1 billion in July and August.

Revenue Review  
September 20, 2017

Slide 15

Seasonally Adjusted Taxable Real Estate Excise Activity



Source: ERFC; Monthly data through August 2017 preliminary

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



## Cannabis excise tax and license fee estimates

General Fund change since June forecast:

•2017-19  
+\$25.2 M

•2019-21  
+\$22.8 M

Revenue Review  
September 20, 2017

Slide 16

\$Millions

September Forecast

	<u>2015-17</u>	<u>2017-19</u>	<u>2019-21</u>
GF-S share of excise tax and license fees	\$148	\$246	\$268
Non-GF	\$321	\$493	\$519
<b>Total</b>	<b>\$469</b>	<b>\$739</b>	<b>\$787</b>

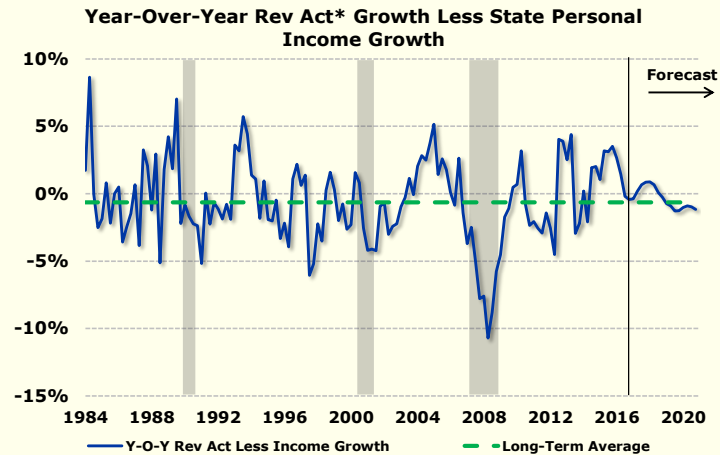
\* Detail may not add to total due to rounding

Source: ERFC September 2017 forecast

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



## Rev Act growth relative to income is projected to return to near its average level



Revenue Review  
September 20, 2017

\*Adjusted for large one-time payments and refunds and payments under the amnesty program  
Source: ERFC; Quarterly revenue data through Q2 2017, September 2017 income estimates

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 17



## Preliminary Total: General Fund State, 2015-2017 Biennium

**\$Millions**

	<u>June 2017 Forecast</u>	<u>September 2017 Preliminary Estimate</u>	<u>Total Change*</u>
Dept. of Revenue	\$36,376.5	\$36,383.1	\$6.6
All other agencies	\$1,931.9	\$1,928.2	(\$3.7)
<b>Total GF-S</b>	<b>\$38,308.3</b>	<b>\$38,311.3</b>	<b>\$2.9</b>

Revenue Review  
September 20, 2017

\* Detail may not add to total due to rounding

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 18



## Forecast changes: General Fund State, 2017-2019 Biennium

### June Forecast:

**\$40,903 million**

	\$Millions	September Forecast				Total Change*
		Collection Experience	Non-economic Change	Forecast Change	Forecast	
Dept. of Revenue	\$86	\$2,010	\$183	\$40,071	\$2,278	
All other agencies	\$1	\$70	\$10	\$2,191	\$80	
<b>Total GF-S</b>	<b>\$87</b>	<b>\$2,079</b>	<b>\$192</b>	<b>\$43,262</b>	<b>\$2,359</b>	

Revenue Review  
September 20, 2017

\* Detail may not add to total due to rounding

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 19



## 2017-19 Biennium alternative forecasts – cash basis

\$Millions	2017-19 Biennium	Difference From the baseline
<b>September 2017 Baseline (60%)</b>	<b>\$43,262</b>	
<b>September 2017 Alternative Forecasts</b>		
<b>Optimistic (15%)</b>	<b>\$44,915</b>	<b>\$1,653</b>
<b>Pessimistic (25%)</b>	<b>\$41,308</b>	<b>(\$1,954)</b>
<b>Probability Weighted Average</b>	<b>\$43,021</b>	<b>(\$240)</b>
<b>GCEA*</b>	<b>\$42,988</b>	<b>(\$274)</b>

Revenue Review  
September 20, 2017

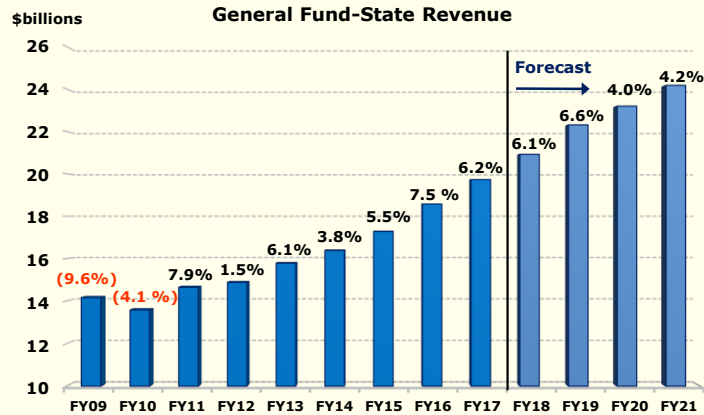
\*Based on the Governor's Council of Economic Advisors' economic assumptions

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 20



## General Fund-State\* forecast by fiscal year



Revenue Review  
September 20, 2017

\*General Fund-State & Related Funds for FY 09, General Fund-State current definition for FY 10-21  
Source: ERFC forecast, September 2017

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 21



## Summary of Legislative and Budget-Driven Revenue Changes Since the June Forecast\*

\$Millions	FY 18	FY19	2017-2019	FY20	FY21	2019-2021
Additional property tax levy for basic education	541	1,073	<b>1,614</b>	1,185	1,309	<b>2,494</b>
Extended economic nexus to online sales (RST plus B&O)	88	265	<b>353</b>	339	379	<b>718</b>
Repeal bottled water sales tax exemption	25	30	<b>55</b>	31	32	<b>62</b>
Other legislation and budget-driven revenue changes	37	21	<b>58</b>	0	4	<b>4</b>
<b>Total</b>	<b>691</b>	<b>1,388</b>	<b>2,079</b>	<b>1,555</b>	<b>1,724</b>	<b>3,278</b>

\*Net of Governor's vetoes

Revenue Review  
September 20, 2017

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL

Slide 22



## Conclusion

- U.S. economic forecast is similar to June; WA personal income and employment are slightly higher
- As has been the case for some time, Washington's economy is continuing to outperform the nation
- GF-S revenues grew 13.8% between the 2013-15 and 2015-17 biennia and are now expected to grow 12.9% between the 2015-17 and 2017-19 biennia
- The level of uncertainty in the baseline remains elevated, with downside risks outweighing upside risks

Revenue Review  
September 20, 2017

Slide 23

WASHINGTON STATE ECONOMIC AND REVENUE FORECAST COUNCIL



## Questions



Revenue Review  
September 20, 2017

Slide 24

**Economic & Revenue Forecast Council**  
PO BOX 40912  
Olympia WA 98504-0912

[www.erc.wa.gov](http://www.erc.wa.gov)  
360-534-1560



**Changes to the General Fund-State Cash Forecast-by Agency**

Comparison of the September 2017 to the June 2017 Forecast  
 2017-19 Biennium  
 Millions of Dollars

	<u>June 2017 Forecast*</u>	<u>Collection Experience</u>	<u>Non-economic Changes**</u>	<u>Forecast Change</u>	<u>September 2017 Forecast</u>	<u>Total Change#</u>
Department of Revenue	\$38,792.6	\$86.2	\$2,009.5	\$182.5	\$41,070.8	\$2,278.2
All other Agencies	\$2,110.6	\$0.8	\$69.6	\$10.0	\$2,190.9	\$80.3
<b>Total General Fund-State</b>	<b>\$40,903.2</b>	<b>\$87.0</b>	<b>\$2,079.1</b>	<b>\$192.5</b>	<b>\$43,261.7</b>	<b>\$2,358.6</b>

\*Forecast for GF-S for the 2017-19 biennium adopted June 20, 2017

\*\*Sum of legislative and budget driven revenue changes from 2017 special legislative sessions since the June 2017 forecast

#Details may not add due to rounding

**Total Changes to General Fund-State, Education Legacy Trust Account and Washington Opportunity Pathways Account Forecasts**

Comparison of the September 2017 Preliminary Revenue Estimate to the June 2017 Forecast  
 2015-17 Biennium  
 Cash Forecast; Millions of Dollars

	<u>June 2017 Forecast*</u>	<u>September 2017 Preliminary Estimate</u>	<u>Total Change<sup>#</sup></u>
General Fund-State	\$38,308.3	\$38,311.3	\$2.9
Education Legacy Trust Account	\$466.5	\$467.2	\$0.6
WA Opportunity Pathways Account	\$266.3	\$263.5	(\$2.8)
<b>Total</b>	<b>\$39,041.1</b>	<b>\$39,041.9</b>	<b>\$0.8</b>

\*Forecast for GF-S for the 2015-17 biennium adopted June 20, 2017

<sup>#</sup>Details may not add due to rounding

**Total Changes to General Fund-State, Education Legacy Trust Account and Washington Opportunity Pathways Account Forecasts**

Comparison of the September 2017 to the June 2017 Forecast  
 2017-19 Biennium  
 Cash Forecast; Millions of Dollars

	<u>June 2017 Forecast*</u>	<u>Non-economic Changes**</u>	<u>Forecast Change</u>	<u>September 2017 Forecast</u>	<u>Total Change<sup>#</sup></u>
General Fund-State	\$40,903.2	\$2,079.1	\$279.5	\$43,261.7	\$2,358.6
Education Legacy Trust Account	\$517.7	\$0.0	\$5.3	\$522.9	\$5.3
WA Opportunity Pathways Account	\$256.3	\$0.0	\$2.9	\$259.1	\$2.9
<b>Total</b>	<b>\$41,677.1</b>	<b>\$2,079.1</b>	<b>\$287.6</b>	<b>\$44,043.8</b>	<b>\$2,366.7</b>

\*Forecast for GF-S for the 2017-19 biennium adopted June 20, 2017

\*\*Sum of legislative and budget driven revenue changes from 2017 special legislative sessions since the June 2017 forecast

<sup>#</sup>Details may not add due to rounding

**Total Changes to General Fund-State, Education Legacy Trust Account and Washington Opportunity Pathways Account Forecasts**

Comparison of the September 2017 to the June 2017 Forecast  
 2019-21 Biennium  
 Cash Forecast; Millions of Dollars

	<u>June 2017 Forecast*</u>	<u>Non-economic Changes**</u>	<u>Forecast Change</u>	<u>September 2017 Forecast</u>	<u>Total Change<sup>#</sup></u>
General Fund-State	\$43,875.2	\$3,278.4	\$242.8	\$47,396.4	\$3,521.3
Education Legacy Trust Account	\$349.8	\$214.3	\$2.9	\$567.0	\$217.2
WA Opportunity Pathways Account	\$256.6	\$0.0	\$0.8	\$257.4	\$0.8
<b>Total</b>	<b>\$44,481.5</b>	<b>\$3,492.7</b>	<b>\$246.6</b>	<b>\$48,220.8</b>	<b>\$3,739.3</b>

\*Forecast for GF-S for the 2019-21 biennium adopted June 20, 2017

\*\*Sum of legislative and budget driven revenue changes from 2017 special legislative sessions since the June 2017 forecast

<sup>#</sup>Details may not add due to rounding

**Track Record for the 2015-17 General Fund-State Cash Forecast**  
September 2012 through September 2017  
Cash Basis - Millions of Dollars

<b>Date of Forecast</b>	<b>Department of Revenue*</b>	<b>Other Agencies</b>	<b>Subtotal*</b>	<b>Non-Economic Changes**</b>	<b>Total Change</b>	<b>Total General Fund-State Cash Basis</b>
<b>September 2012<sup>#</sup></b>	\$34,102	\$1,416				\$35,518
<b>Changes to Forecast</b>						
November 2012	(196)	33	(163)	0	(163)	35,355
March 2013	(92)	44	(49)	0	(49)	35,306
June 2013	56	2	58	(7) <sup>#1</sup>	51	35,357
September 2013	95	(2)	93	249 <sup>#2</sup>	342	35,699
November 2013	(47)	3	(44)	(41) <sup>#3</sup>	(85)	35,615
February 2014	5	26	31	51 <sup>#4</sup>	82	35,697
June 2014	194	40	233	5 <sup>#5</sup>	238	35,935
September 2014	168	(25)	143	0	143	36,078
November 2014	239	3	241	0	241	36,319
February 2015	108	22	129	0	129	36,449
June 2015	201	70	270	39 <sup>#6</sup>	309	36,758
September 2015	80	60	139	193 <sup>#7</sup>	333	37,091
November 2015	107	(8)	99	15 <sup>#8</sup>	113	37,204
February 2016	(101)	33	(67)	0	(67)	37,137
June 2016	330	(32)	298	(5) <sup>#9</sup>	294	37,431
September 2016	327	8	334	0	334	37,765
November 2016	205	9	215	0	215	37,980
March 2017	210	38	247	0	247	38,227
June 2017	70	12	81	0 <sup>#11</sup>	81	38,308
September 2017	7	(4)	3	0	3	38,311
<b>Total change***:</b>						
From September 2012	1,964	330	2,293	499	2,793	
Percent change	5.8	23.3	6.5	1.4	7.9	

**Track Record for the 2017-19 General Fund-State Cash Forecast**  
February 2014 through September 2017  
Cash Basis - Millions of Dollars

<b>Date of Forecast</b>	<b>Department of Revenue*</b>	<b>Other Agencies</b>	<b>Subtotal*</b>	<b>Non-Economic Changes**</b>	<b>Total Change</b>	<b>Total General Fund-State Cash Basis</b>
<b>February 2014<sup>#</sup></b>	\$36,887	\$1,823				\$38,710
<b>Changes to Forecast</b>						
June 2014	265	50	315	(1) <sup>#5</sup>	313	39,023
September 2014	227	(63)	164	0	164	39,188
November 2014	388	26	415	0	415	39,602
February 2015	126	28	154	0	154	39,757
June 2015	257	64	321	122 <sup>#6</sup>	443	40,200
September 2015	4	47	52	286 <sup>#7</sup>	338	40,538
November 2015	35	(5)	30	0	30	40,567
February 2016	(449)	7	(442)	0	(442)	40,125
June 2016	187	(53)	134	(8) <sup>#10</sup>	126	40,252
September 2016	135	(10)	125	0	125	40,377
November 2016	131	6	137	0	137	40,514
March 2017	281	22	303	0	303	40,817
June 2017	84	3	87	(1) <sup>#11</sup>	87	40,903
September 2017	269	11	279	2079 <sup>#12</sup>	2,359	43,262
<b>Total change***:</b>						
From February 2014	1,942	132	2,074	2,478	4,552	
Percent change	5.3	7.2	5.4	6.4	11.8	

\* 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.  
<sup>#</sup> First official forecast for the 2015-17 biennium.  
<sup>#</sup> First official forecast for the 2017-19 biennium.  
<sup>#1</sup> Transfer of GF-S funds to Child and Family Reinvestment Account  
<sup>#2</sup> Legislative and budget-driven revenue changes from 2013 second special session  
<sup>#3</sup> Re-classification of prior period adjustments as non-revenue resources, tobacco settlement arbitration payment to state.  
<sup>#4</sup> Cannabis excise taxes and fees plus retail sales and B&O taxes on cannabis production and sales resulting from Initiative 502  
<sup>#5</sup> Sum of legislative and budget-driven revenue changes from the 2014 regular legislative session  
<sup>#6</sup> Legislative revenue changes from 2015 regular legislative session  
<sup>#7</sup> Legislative and budget driven revenue changes from 2015 special legislative sessions  
<sup>#8</sup> Sum of large expected audit payments  
<sup>#9</sup> Legislative and budget-driven revenue changes from the 2016 regular and first special legislative sessions plus \$3.3 million AG settlement  
<sup>#10</sup> Legislative revenue changes from the 2016 regular and first special legislative sessions  
<sup>#11</sup> Sum of legislative revenue changes from 2017 legislative sessions through June 20, 2017  
<sup>#12</sup> Sum of legislative and budget driven revenue changes from 2017 special legislative sessions since the June 2017 forecast

## Analysis for the Major Sources Based on Taxable Activity

Revenue Act Sources

September 2017 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity**
	Tax Base Adjusted*	Personal Income <sup>1</sup>	
<b>I. Retail Sales</b>			
2000	8.0	8.3	1.0
2001	2.8	3.9	0.7
2002	(1.4)	1.4	(1.0)
2003	2.1	3.1	0.7
2004	4.6	4.8	1.0
2005	7.9	5.7	1.4
2006	10.1	8.3	1.2
2007	7.9	8.2	1.0
2008	2.7	8.4	0.3
2009	(10.4)	(0.9)	11.0
2010	(5.4)	(2.5)	2.1
2011	1.8	4.7	0.4
2012	4.1	6.9	0.6
2013	6.7	5.6	1.2
2014	5.8	3.8	1.5
2015	8.1	6.4	1.3
2016	8.4	4.1	2.0
2017	6.3	5.5	1.1
2018	4.0	4.7	0.9
2019	4.1	5.2	0.8
2020	3.8	5.5	0.7
2021	3.6	5.2	0.7
Average 2000-2016:	3.3	4.4	0.8
<b>II. Business &amp; Occupation</b>			
2000	5.6	8.3	0.7
2001	3.0	3.9	0.8
2002	(3.5)	1.4	(2.5)
2003	(1.6)	3.1	(0.5)
2004	6.8	4.8	1.4
2005	9.7	5.7	1.7
2006	11.2	8.3	1.3
2007	8.3	8.2	1.0
2008	6.9	8.4	0.8
2009	(8.8)	(0.9)	9.3
2010	(2.9)	(2.5)	1.1
2011	4.4	4.7	0.9
2012	8.0	6.9	1.2
2013	6.8	5.6	1.2
2014	5.4	3.8	1.4
2015	5.4	6.4	0.8
2016	2.9	4.1	0.7
2017	3.6	5.5	0.6
2018	5.3	4.7	1.1
2019	5.2	5.2	1.0
2020	4.6	5.5	0.8
2021	4.5	5.2	0.9
Average 2000-2016:	3.7	4.4	0.8

\* Based on constant base taxable data.

\*\* Percent changes in taxable activity divided by percent change in personal income.

<sup>1</sup> Income adjusted to exclude special dividend payment in fy 05.

## Analysis for the Major Sources Based on Taxable Activity

Revenue Act Sources

September 2017 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity**
	Tax Base Adjusted*	Personal Income <sup>1</sup>	
III. Use			
2000	14.4	8.3	1.7
2001	8.4	3.9	2.2
2002	(5.8)	1.4	(4.1)
2003	(1.4)	3.1	(0.4)
2004	5.6	4.8	1.2
2005	14.0	5.7	2.5
2006	2.3	8.3	0.3
2007	9.0	8.2	1.1
2008	2.1	8.4	0.2
2009	(13.0)	(0.9)	13.8
2010	(5.9)	(2.5)	2.3
2011	11.4	4.7	2.4
2012	1.9	6.9	0.3
2013	7.4	5.6	1.3
2014	9.7	3.8	2.6
2015	8.9	6.4	1.4
2016	2.0	4.1	0.5
2017	4.6	5.5	0.8
2018	0.8	4.7	0.2
2019	2.5	5.2	0.5
2020	4.0	5.5	0.7
2021	4.3	5.2	0.8
Average 2000-2016:	3.3	4.4	0.7

## Total Revenue Act Receipts

September 2017 Baseline Forecast

Source/Fiscal Year	Percentage Change		Personal Income Elasticity##
	Tax Receipts <sup>#</sup>	Personal Income <sup>1</sup>	
Revenue Act			
2000	7.4	8.3	0.9
2001	3.9	3.9	1.0
2002	(1.7)	1.4	(1.2)
2003	1.0	3.1	0.3
2004	4.8	4.8	1.0
2005	7.6	5.7	1.3
2006	10.6	8.3	1.3
2007	8.3	8.2	1.0
2008	4.2	8.4	0.5
2009	(9.5)	(0.9)	10.1
2010	(5.3)	(2.5)	2.1
2011	8.1	4.7	1.7
2012	1.3	6.9	0.2
2013	5.9	5.6	1.1
2014	4.6	3.8	1.2
2015	5.6	6.4	0.9
2016	8.5	4.1	2.1
2017	6.3	5.5	1.1
2018	4.5	4.7	1.0
2019	5.4	5.2	1.0
2020	4.6	5.5	0.8
2021	4.3	5.2	0.8
Average 2000-2016:	3.5	4.4	0.8

\* Based on constant base taxable data.

\*\* Percent changes in taxable activity divided by percent change in personal income.

# Post-ESSB 5073 definition of Revenue Act

## Percent changes in tax receipts divided by percent change in personal income.

<sup>1</sup> Income adjusted to exclude special dividend payment in fy 05.

**General Fund-State, Education Legacy Trust Account and Opportunity Pathways Account**

History and Forecast by Fiscal Year (Cash basis)

September 2017 - Millions of Dollars

	General Fund-State (GF-S) (current definition)		Education Legacy Trust Fund* (ELTA)		Total GF-S plus ELTA		WA Opportunity Pathways Account (OPA)		Total GF-S plus ELTA and OPA	
	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.	Level	% Chg.
History:										
FY 1997	\$9,449	5.8%			\$9,449	5.8%			\$9,449	5.8%
FY 1998	\$10,057	6.4%			\$10,057	6.4%			\$10,057	6.4%
FY 1999	\$10,414	3.6%			\$10,414	3.6%			\$10,414	3.6%
FY 2000	\$11,068	6.3%			\$11,068	6.3%			\$11,068	6.3%
FY 2001	\$11,560	4.4%			\$11,560	4.4%			\$11,560	4.4%
FY 2002	\$11,632	0.6%			\$11,632	0.6%			\$11,632	0.6%
FY 2003	\$11,721	0.8%			\$11,721	0.8%			\$11,721	0.8%
FY 2004	\$12,358	5.4%			\$12,358	5.4%			\$12,358	5.4%
FY 2005	\$13,036	5.5%			\$13,036	5.5%			\$13,036	5.5%
FY 2006	\$14,318	9.8%	\$115		\$14,432	10.7%			\$14,432	10.7%
FY 2007	\$15,467	8.0%	\$266	132.2%	\$15,734	9.0%			\$15,734	9.0%
FY 2008	\$15,659	1.2%	\$213	-20.1%	\$15,872	0.9%			\$15,872	0.9%
FY 2009	\$14,158	-9.6%	\$224	5.4%	\$14,382	-9.4%			\$14,382	-9.4%
FY 2010	\$13,571	-4.1%	\$157	-29.9%	\$13,728	-4.6%			\$13,728	-4.6%
FY 2011	\$14,648	7.9%	\$112	-29.0%	\$14,759	7.5%	\$99		\$14,859	8.2%
FY 2012	\$14,874	1.5%	\$114	2.3%	\$14,988	1.6%	\$118	19.1%	\$15,107	1.7%
FY 2013	\$15,783	6.1%	\$101	-11.5%	\$15,884	6.0%	\$126	5.9%	\$16,009	6.0%
FY 2014	\$16,383	3.8%	\$197	95.3%	\$16,580	4.4%	\$114	-9.4%	\$16,694	4.3%
FY 2015	\$17,283	5.5%	\$207	5.0%	\$17,491	5.5%	\$120	5.7%	\$17,611	5.5%
FY 2016	\$18,579	7.5%	\$215	3.6%	\$18,793	7.4%	\$139	15.7%	\$18,933	7.5%
Forecast:										
FY 2017	\$19,733	6.2%	\$252	17.5%	\$19,985	6.3%	\$124	-10.6%	\$20,109	6.2%
FY 2018	\$20,937	6.1%	\$248	-1.9%	\$21,185	6.0%	\$131	5.3%	\$21,316	6.0%
FY 2019	\$22,324	6.6%	\$275	11.2%	\$22,600	6.7%	\$128	-2.2%	\$22,728	6.6%
FY 2020	\$23,207	4.0%	\$280	1.7%	\$23,488	3.9%	\$129	0.4%	\$23,616	3.9%
FY 2021	\$24,189	4.2%	\$287	2.4%	\$24,476	4.2%	\$129	0.0%	\$24,605	4.2%
<b>Biennial Totals</b>										
<b>05-07 Biennium</b>	<b>\$29,785</b>	<b>17.3%</b>	<b>\$381</b>	<b>NA</b>	<b>\$30,166</b>	<b>18.8%</b>	<b>\$0</b>	<b>NA</b>	<b>\$30,166</b>	<b>18.8%</b>
<b>07-09 Biennium</b>	<b>\$29,817</b>	<b>0.1%</b>	<b>\$437</b>	<b>14.8%</b>	<b>\$30,254</b>	<b>0.3%</b>	<b>\$0</b>	<b>NA</b>	<b>\$30,254</b>	<b>0.3%</b>
<b>09-11 Biennium</b>	<b>\$28,218</b>	<b>-5.4%</b>	<b>\$269</b>	<b>-38.5%</b>	<b>\$28,487</b>	<b>-5.8%</b>	<b>\$99</b>	<b>NA</b>	<b>\$28,586</b>	<b>-5.5%</b>
<b>11-13 Biennium</b>	<b>\$30,657</b>	<b>8.6%</b>	<b>\$215</b>	<b>-19.9%</b>	<b>\$30,872</b>	<b>8.4%</b>	<b>\$244</b>	<b>145.2%</b>	<b>\$31,116</b>	<b>8.8%</b>
<b>13-15 Biennium</b>	<b>\$33,666</b>	<b>9.8%</b>	<b>\$405</b>	<b>88.0%</b>	<b>\$34,071</b>	<b>10.4%</b>	<b>\$234</b>	<b>-4.1%</b>	<b>\$34,305</b>	<b>10.2%</b>
<b>15-17 Biennium</b>	<b>\$38,311</b>	<b>13.8%</b>	<b>\$467</b>	<b>15.4%</b>	<b>\$38,778</b>	<b>13.8%</b>	<b>\$263</b>	<b>12.6%</b>	<b>\$39,042</b>	<b>13.8%</b>
<b>17-19 Biennium</b>	<b>\$43,262</b>	<b>12.9%</b>	<b>\$523</b>	<b>11.9%</b>	<b>\$43,785</b>	<b>12.9%</b>	<b>\$259</b>	<b>-1.7%</b>	<b>\$44,044</b>	<b>12.8%</b>
<b>19-21 Biennium</b>	<b>\$47,396</b>	<b>9.6%</b>	<b>\$567</b>	<b>8.4%</b>	<b>\$47,963</b>	<b>9.5%</b>	<b>\$257</b>	<b>-0.7%</b>	<b>\$48,221</b>	<b>9.5%</b>

\*Education legacy trust fund excluding FY 14 and FY 15 lottery fund transfers. Includes pension stabilization fund interest in FY 08 and FY 09.



**Revenue Legislation and Budget Driven Revenues**  
**Passed in 2017 Special Legislative Sessions After the June 2017 Forecast**  
(Millions of dollars)

**General Fund-State**

Bill ID and Description	FY 18	FY 19	2017-19	FY 20	FY 21	2019-21	FY 22	FY 23	2021-23
<b>Budget Driven Revenue less Governor's vetoes</b>									
Liquor control board-liquor	0.133	-0.427	-0.294	0.442	1.344	1.786			0.000
Liquor control board-marijuana	0.949	1.070	2.019	1.070	1.070	2.140			0.000
Lottery	0.315	0.512	0.827	0.139	0.512	0.651			0.000
Habitat conservation	-0.485	-0.892	-1.377	-0.892	-0.892	-1.784			0.000
Marijuana distribution change	9.000	9.000	18.000	0.000	0.000	0.000			0.000
Vessel renewal notices	0.023	0.023	0.046	0.023	0.023	0.046			0.000
Tobacco arbitration settlement		15.000	15.000			0.000			0.000
<b>Total budget driven revenue</b>	<b>9.935</b>	<b>24.286</b>	<b>34.221</b>	<b>0.782</b>	<b>2.057</b>	<b>2.839</b>			<b>0.000</b>

<b>HB 2163 Revenue</b>									
Extend economic nexus online RST	83.700	256.800	340.500	327.9	367.600	695.5	400.6	436.7	837.3
Extend economic nexus to online B&O	4.400	7.700	12.100	10.9	11.600	22.5	12.4	13.2	25.6
Repeal bottled water sales tax exemption	24.500	30.100	54.600	30.8	31.500	62.3	32.2	33	65.2
Self produced fuel exemption	1.500	5.200	6.700	8.7	12.200	20.9	13.9	13.9	27.8
Streamlined sales tax payments	9.554	14.451	24.005	20.139	21.814	41.953			0
Public utility districts	30.100	0.435	30.535	0.414	0.397	0.811			0
<b>Total HB 2163</b>	<b>153.754</b>	<b>314.686</b>	<b>468.440</b>	<b>398.853</b>	<b>445.111</b>	<b>843.964</b>	<b>459.1</b>	<b>496.8</b>	<b>955.9</b>

<b>HB 2242 Basic Education</b>									
<b>Property tax</b>	<b>541.000</b>	<b>1,073.200</b>	<b>1,614.200</b>	1,184.800	1,308.900	<b>2,493.700</b>	<b>1,384.700</b>	<b>1,420.200</b>	<b>2804.900</b>

<b>SB 5977 Revenue less Governor's vetoes</b>									
5135-Main street		-0.500	-0.500	-1.000	-1.000	-2.000	-1.000	-1.000	-2.000
5188-Natural disasters	-0.021	-0.021	-0.042	-0.020	-0.020	-0.040	-0.020	-0.020	-0.040
5260-Solar silicon manuf tax	-0.397	-1.400	-1.797	-2.400	-2.500	-4.900	-2.600	-2.700	-5.300
5409-Historic auto museums tax	-0.139	-0.139	-0.278	-0.140	-0.140	-0.280	-0.140	-0.140	-0.140
5642-Job creation and econ dev pilot	-0.542	-1.300	-1.842	-1.300	-1.300	-2.600	-1.300	-1.300	-2.600
5786-B&O exemption certain fertilizers	-0.263	-0.288	-0.551	-0.300	-0.300	-0.600	-0.300	-0.300	-0.600
5205-Martial arts	-0.084	-0.151	-0.235	-0.160	-0.160	-0.320	-0.160	-0.160	-0.320
5916-Semiconductor tax preferences		-1.703	-1.703	-3.500	-3.500	-7.000	-3.500	-3.500	-7.000
1527-Motion picture competitiveness	-3.500	-3.500	-7.000	-3.500	-3.500	-7.000	-3.500	-3.500	-7.000
5768-LET credit for universities	0.000	0.000	0.000			0.000			0.000
<b>Total SB 5977</b>	<b>-4.946</b>	<b>-9.002</b>	<b>-13.948</b>	<b>-12.320</b>	<b>-12.420</b>	<b>-24.740</b>	<b>-12.520</b>	<b>-12.480</b>	<b>-25.000</b>

<b>HB 1716 Labor &amp; Industries</b>									
<b>L&amp; I Construction registration acct</b>	<b>-9.589</b>	<b>-9.589</b>	<b>-19.178</b>	-9.589	-9.589	<b>-19.178</b>	<b>-9.589</b>	<b>-9.589</b>	<b>-19.178</b>

<b>SB 5939 Solar</b>									
<b>Renewable Energy Incentives</b>	<b>0.604</b>	<b>-5.245</b>	<b>-4.641</b>	<b>-7.659</b>	<b>-10.507</b>	<b>-18.166</b>	<b>-15.178</b>	<b>-16.804</b>	<b>-31.982</b>

Summary (GF-S)	FY 18	FY 19	2017-19	FY 20	FY 21	2019-21
<b>Legislation less vetoes</b>	680.823	1,364.050	2,044.873	1,554.085	1,721.495	3,275.580
<b>Budget Driven less vetoes</b>	9.935	24.286	34.221	0.782	2.057	2.839
<b>Total</b>	<b>690.758</b>	<b>1388.336</b>	<b>2079.094</b>	<b>1554.867</b>	<b>1723.552</b>	<b>3278.419</b>

**Education Legacy Trust Account**

Bill ID and Description	FY 18	FY 19	2017-19	FY 20	FY 21	2019-21
<b>HB 1677 local infrastructure funding</b>				105.676	108.600	214.276
<b>2453-extend PWWA redirection to ELTA</b>						

**Governor's Vetoes**

	FY 18	FY 19	2017-19	FY 20	FY 21	2019-21
<b>RTA Fee</b>	-2.229	-5.512	-7.741	-5.698	-5.891	-11.589
<b>B&amp;O Manufacturing Tax Rate</b>		2.900	2.900	22.100	38.900	61.000
<b>Budget-Driven Revenue - LCB</b>	0.250		0.250			0.000
<b>Total Governor's vetoes</b>	<b>-1.979</b>	<b>-2.612</b>	<b>-4.591</b>	<b>16.402</b>	<b>33.009</b>	<b>49.411</b>

**General Fund-State Cash Estimates - Other Agencies**  
 Comparison of the September 2017 and June 2017 forecasts  
 2015-17 Biennium  
 (Amounts in Millions)

Source/Agency	June 2017 Baseline	Non-Economic Changes	Economic Changes	September 2017 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,087.3	\$0.0	(\$0.3)	\$1,087.0	(\$0.3)
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$370.9	\$0.0	(\$4.7)	\$366.2	(\$4.7)
Lottery Commission Lottery Revenue	\$31.9	\$0.0	\$0.0	\$31.9	\$0.0
State Treasurer Interest Earnings	\$20.8	\$0.0	\$1.2	\$22.0	\$1.2
Office of Financial Management Other Agencies	\$266.4	(\$0.4)	(\$0.3)	\$265.7	(\$0.7)
Administrative Office of the Courts Fines and Forfeitures	\$154.6	\$0.0	\$0.8	\$155.3	\$0.8
<b>Total General Fund-State</b>	<b>\$1,931.9</b>	<b>(\$0.4)</b>	<b>(\$3.3)</b>	<b>\$1,928.2</b>	<b>(\$3.7)</b>

**General Fund-State GAAP Estimates - Other Agencies**  
 Comparison of the September 2017 and June 2017 forecasts  
 2015-17 Biennium  
 (Amounts in Millions)

Source/Agency	June 2017 Baseline	Non-Economic Changes	Economic Changes	September 2017 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,087.3	\$0.0	(\$0.3)	\$1,087.0	(\$0.3)
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$370.9	\$0.0	(\$4.7)	\$366.2	(\$4.7)
Lottery Commission Lottery Revenue	\$43.9	\$0.0	\$4.8	\$48.7	\$4.8
State Treasurer Interest Earnings	\$21.4	\$0.0	\$0.4	\$21.8	\$0.4
Office of Financial Management Other Agencies	\$266.4	(\$0.4)	(\$0.3)	\$265.7	(\$0.7)
Administrative Office of the Courts Fines and Forfeitures	\$154.6	\$0.0	\$0.8	\$155.3	\$0.8
<b>Total General Fund-State</b>	<b>\$1,944.4</b>	<b>(\$0.4)</b>	<b>\$0.7</b>	<b>\$1,944.7</b>	<b>\$0.3</b>

\* Detail may not total due to rounding.

**General Fund-State Cash Estimates - Other Agencies**  
 Comparison of the September 2017 and June 2017 forecasts  
 2017-19 Biennium  
 (Amounts in Millions)

Source/Agency	June 2017 Baseline	Non-Economic Changes	Economic Changes	September 2017 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,168.9	\$0.0	\$1.0	\$1,169.9	\$1.0
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$474.7	\$1.7	\$19.7	\$496.1	\$21.4
Lottery Commission Lottery Revenue	\$29.4	\$0.8	\$4.6	\$34.8	\$5.4
State Treasurer Interest Earnings	\$40.5	\$0.0	(\$15.1)	\$25.4	(\$15.1)
Office of Financial Management Other Agencies	\$257.8	\$67.0	\$1.1	\$325.9	\$68.1
Administrative Office of the Courts Fines and Forfeitures	\$139.3	\$0.0	(\$0.6)	\$138.8	(\$0.6)
<b>Total General Fund-State</b>	<b>\$2,110.6</b>	<b>\$69.6</b>	<b>\$10.8</b>	<b>\$2,190.9</b>	<b>\$80.3</b>

**General Fund-State GAAP Estimates - Other Agencies**  
 Comparison of the September 2017 and June 2017 forecasts  
 2017-19 Biennium  
 (Amounts in Millions)

Source/Agency	June 2017 Baseline	Non-Economic Changes	Economic Changes	September 2017 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,168.9	\$0.0	\$1.0	\$1,169.9	\$1.0
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$474.7	\$1.7	\$19.7	\$496.1	\$21.4
Lottery Commission Lottery Revenue	\$33.5	\$0.8	(\$0.2)	\$34.2	\$0.6
State Treasurer Interest Earnings	\$41.6	\$0.0	(\$16.8)	\$24.9	(\$16.8)
Office of Financial Management Other Agencies	\$257.8	\$67.0	\$1.1	\$325.9	\$68.1
Administrative Office of the Courts Fines and Forfeitures	\$139.3	\$0.0	(\$0.6)	\$138.8	(\$0.6)
<b>Total General Fund-State</b>	<b>\$2,115.9</b>	<b>\$69.6</b>	<b>\$4.3</b>	<b>\$2,189.8</b>	<b>\$73.9</b>

\* Detail may not total due to rounding.

**General Fund-State Cash Estimates - Other Agencies**  
 Comparison of the September 2017 and June 2017 forecasts  
 2019-21 Biennium  
 (Amounts in Millions)

Source/Agency	June 2017 Baseline	Non-Economic Changes	Economic Changes	September 2017 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,276.3	\$0.0	\$2.3	\$1,278.6	\$2.3
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$514.9	\$3.9	\$18.2	\$537.1	\$22.2
Lottery Commission Lottery Revenue	\$42.1	\$0.7	\$0.3	\$43.1	\$1.0
State Treasurer Interest Earnings	\$69.7	\$0.0	(\$21.0)	\$48.7	(\$21.0)
Office of Financial Management Other Agencies	\$142.8	\$21.8	(\$0.8)	\$163.9	\$21.1
Administrative Office of the Courts Fines and Forfeitures	\$142.4	\$0.0	(\$1.7)	\$140.7	(\$1.7)
<b>Total General Fund-State</b>	<b>\$2,188.2</b>	<b>\$26.4</b>	<b>(\$2.6)</b>	<b>\$2,212.0</b>	<b>\$23.8</b>

**General Fund-State GAAP Estimates - Other Agencies**  
 Comparison of the September 2017 and June 2017 forecasts  
 2019-21 Biennium  
 (Amounts in Millions)

Source/Agency	June 2017 Baseline	Non-Economic Changes	Economic Changes	September 2017 Baseline	Total Changes
Insurance Commissioner Insurance Premiums	\$1,276.3	\$0.0	\$2.3	\$1,278.6	\$2.3
Liquor & Cannabis Board Taxes, Licenses, and Fees	\$514.9	\$3.9	\$18.2	\$537.1	\$22.2
Lottery Commission Lottery Revenue	\$42.5	\$0.7	\$0.3	\$43.5	\$1.0
State Treasurer Interest Earnings	\$70.5	\$0.0	(\$21.0)	\$49.5	(\$21.0)
Office of Financial Management Other Agencies	\$142.8	\$21.8	(\$0.8)	\$163.9	\$21.1
Administrative Office of the Courts Fines and Forfeitures	\$142.4	\$0.0	(\$1.7)	\$140.7	(\$1.7)
<b>Total General Fund-State</b>	<b>\$2,189.5</b>	<b>\$26.4</b>	<b>(\$2.6)</b>	<b>\$2,213.3</b>	<b>\$23.8</b>

\* Detail may not total due to rounding.

## Lottery Transfers by Fund

(cash basis, millions of dollars)

	<b>Lottery: Total Transfers:*</b>	<b>General Fund</b>	<b>Mariners Stadium</b>	<b>Exhibition Center &amp; Stadium</b>	<b>Student Achievement Account</b>	<b>School Construction Account</b>	<b>Problem Gambling Account</b>	<b>Economic Development Account</b>	<b>Opportunity Pathways Account</b>	<b>Veteran's VIP Account</b>	<b>Education Legacy Trust Account</b>	<b>Gambling Revolving Account</b>
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0	0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0	0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0	0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0	0.0
2010	126.4	12.9	5.1	9.2	0.0	95.6	0.3	3.3	0.0	0.0	0.0	0.0
2011	137.2	8.6	5.3	9.6	0.0	9.4	0.3	4.5	99.5	0.0	0.0	0.0
2009-11 Biennium	263.6	21.5	10.4	18.8	0.0	105.0	0.5	7.9	99.5	0.0	0.0	0.0
2012	135.1	0.0	2.7	10.0	0.0	0.0	0.3	3.3	118.5	0.2	0.0	0.0
2013	139.7	0.0	0.0	10.4	0.0	0.0	0.3	3.5	125.5	0.0	0.0	0.0
2011-13 Biennium	274.8	0.0	2.7	20.4	0.0	0.0	0.6	6.9	244.0	0.2	0.0	0.0
2014	147.9	9.3	0.0	10.8	0.0	0.0	0.3	3.7	113.7	0.0	10.1	0.0
2015	143.1	0.6	0.0	11.2	0.0	0.0	0.3	4.7	120.2	0.0	6.1	0.0
2013-15 Biennium	291.0	9.9	0.0	22.0	0.0	0.0	0.6	8.4	233.9	0.0	16.1	0.0
2016	171.6	17.1	0.0	11.7	0.0	0.0	0.3	3.3	139.1	0.0	0.0	0.0
2017	157.2	14.8	0.0	12.2	0.0	0.0	0.3	4.6	124.3	0.0	0.0	1.0
2015-17 Biennium	328.8	31.9	0.0	23.8	0.0	0.0	0.7	7.9	263.5	0.0	0.0	1.0
2018	164.2	16.2	0.0	12.6	0.0	0.0	0.3	4.0	131.0	0.0	0.0	0.0
2019	164.2	18.5	0.0	13.1	0.0	0.0	0.3	4.0	128.1	0.0	0.0	0.0
2017-19 Biennium	328.4	34.8	0.0	25.8	0.0	0.0	0.7	8.0	259.1	0.0	0.0	0.0
2020	167.0	20.7	0.0	13.2	0.0	0.0	0.3	4.0	128.7	0.0	0.0	0.0
2021	169.6	22.3	0.0	14.2	0.0	0.0	0.4	4.0	128.7	0.0	0.0	0.0
2019-21 Biennium	336.6	43.1	0.0	27.4	0.0	0.0	0.7	8.0	257.4	0.0	0.0	0.0

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

Source: Lottery Commission, ERFC

## Lottery Transfers by Fund

(GAAP basis, millions of dollars)

	<b>Lottery: Total Transfers:*</b>	<b>General Fund</b>	<b>Mariners Stadium</b>	<b>Exhibition Center &amp; Stadium</b>	<b>Student Achievement Account</b>	<b>School Construction Account</b>	<b>Problem Gambling Account</b>	<b>Economic Development Account</b>	<b>Opportunity Pathways Account</b>	<b>Veteran's VIP Account</b>	<b>Education Legacy Trust Account</b>	<b>Gambling Revolving Account</b>
2004	113.3	0.0	4.0	7.3	76.5	25.5			0.0	0.0	0.0	0.0
2005	112.2	4.3	4.2	7.6	0.0	96.2			0.0	0.0	0.0	0.0
2003-05 Biennium	225.6	4.3	8.2	14.9	76.5	121.7			0.0	0.0	0.0	0.0
2006	125.1	1.9	4.4	7.9	0.0	107.8	0.2	3.0	0.0	0.0	0.0	0.0
2007	120.6	7.6	4.5	8.2	0.0	97.0	0.3	3.0	0.0	0.0	0.0	0.0
2005-07 Biennium	245.7	9.5	8.9	16.1	0.0	204.8	0.4	6.0	0.0	0.0	0.0	0.0
2008	124.1	0.0	4.7	8.5	0.0	106.9	0.3	3.7	0.0	0.0	0.0	0.0
2009	122.2	11.1	4.9	8.9	0.0	94.4	0.2	2.7	0.0	0.0	0.0	0.0
2007-09 Biennium	246.4	11.1	9.6	17.4	0.0	201.3	0.5	6.4	0.0	0.0	0.0	0.0
2010	129.4	12.9	5.1	9.2	0.0	97.4	0.3	4.6	0.0	0.0	0.0	0.0
2011	138.2	7.0	5.3	9.6	0.0	0.0	0.3	3.7	112.3	0.0	0.0	0.0
2009-11 Biennium	267.6	19.9	10.4	18.8	0.0	97.4	0.5	8.3	112.3	0.0	0.0	0.0
2012	138.0	0.0	2.7	10.0	0.0	0.0	0.3	3.0	121.8	0.2	0.0	0.0
2013	139.2	9.3	0.0	10.4	0.0	0.0	0.3	3.6	115.5	0.0	0.0	0.0
2011-13 Biennium	277.2	9.3	2.7	20.4	0.0	0.0	0.6	6.6	237.4	0.2	0.0	0.0
2014	147.7	0.6	0.0	10.8	0.0	0.0	0.3	4.0	121.9	0.0	10.1	0.0
2015	141.3	0.0	0.0	11.2	0.0	0.0	0.3	4.7	119.0	0.0	6.1	0.0
2013-15 Biennium	288.9	0.6	0.0	22.0	0.0	0.0	0.6	8.7	240.9	0.0	16.1	0.0
2016	175.5	31.9	0.0	11.7	0.0	0.0	0.3	2.8	128.7	0.0	0.0	0.0
2017	161.9	16.8	0.0	12.2	0.0	0.0	0.3	4.9	126.8	0.0	0.0	1.0
2015-17 Biennium	337.4	48.7	0.0	23.8	0.0	0.0	0.7	7.7	255.5	0.0	0.0	1.0
2018	159.5	15.7	0.0	12.6	0.0	0.0	0.3	4.0	126.9	0.0	0.0	0.0
2019	164.6	18.5	0.0	13.1	0.0	0.0	0.3	4.0	128.6	0.0	0.0	0.0
2017-19 Biennium	324.1	34.2	0.0	25.8	0.0	0.0	0.7	8.0	255.5	0.0	0.0	0.0
2020	167.7	21.0	0.0	13.7	0.0	0.0	0.3	4.0	128.7	0.0	0.0	0.0
2021	169.8	22.5	0.0	14.2	0.0	0.0	0.4	4.0	128.7	0.0	0.0	0.0
2019-21 Biennium	337.5	43.5	0.0	27.9	0.0	0.0	0.7	8.0	257.4	0.0	0.0	0.0

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

Source: Lottery Commission, ERFC

---

**September 2017**Alternative Forecasts  
Millions of Dollars

Cash Basis

**2017-19 Biennium**

	2017-19 <u>Biennium</u>	Difference From the <u>September 2017 Baseline</u>
September 2017 Baseline (60%)	\$43,262	
September 2017 Alternative Forecasts		
Optimistic (15%)	\$44,915	\$1,653
Pessimistic (25%)	\$41,308	(\$1,954)
Probability Weighted Average	\$43,021	(\$240)
GCEA*	\$42,988	(\$274)

**2019-21 Biennium**

	2019-21 <u>Biennium</u>	Difference From the <u>September 2017 Baseline</u>
September 2017 Baseline (60%)	\$47,396	
September 2017 Alternative Forecasts		
Optimistic (15%)	\$51,217	\$3,821
Pessimistic (25%)	\$43,318	(\$4,078)
Probability Weighted Average	\$46,950	(\$446)
GCEA*	\$46,807	(\$590)

---

\* Based on the Governor's Council of Economic Advisors Assumptions.

## U.S. Forecast Comparison

2017Q2 2017Q3 2017Q4 2018Q1

### Real GDP (Billions of 2009 Dollars)

September Forecast	17,030	17,139	17,243	17,343
Percent Change	3.0%	2.6%	2.5%	2.3%
June Forecast	16,983	17,083	17,182	17,283
Percent Change	2.9%	2.4%	2.3%	2.4%

### Real Consumption (Billions of 2009 Dollars)

September Forecast	11,854	11,919	11,992	12,067
Percent Change	3.3%	2.2%	2.5%	2.5%
June Forecast	11,769	11,841	11,913	11,988
Percent Change	2.8%	2.5%	2.5%	2.5%

### Implicit Price Deflator, PCE (2009=1.00)

September Forecast	1.123	1.128	1.133	1.137
Percent Change	0.3%	1.9%	1.9%	1.4%
June Forecast	1.124	1.128	1.133	1.137
Percent Change	0.8%	1.4%	1.9%	1.3%

### Real Personal Income (Billions of 2009 Dollars)

September Forecast	14,575	14,604	14,657	14,774
Percent Change	2.7%	0.8%	1.5%	3.2%
June Forecast	14,648	14,764	14,847	14,957
Percent Change	2.4%	3.2%	2.3%	3.0%

### Nonfarm Payroll Employment (Millions)

September Forecast	146.2	146.8	147.2	147.6
Percent Change	1.3%	1.6%	1.2%	1.1%
June Forecast	146.1	146.5	146.9	147.1
Percent Change	1.2%	1.0%	1.0%	0.8%

### Unemployment Rate (Percent of Labor Force)

September Forecast	4.4	4.3	4.3	4.3
June Forecast	4.4	4.3	4.3	4.3

### 30 Year Fixed Mortgage Rate (Percent, average)

September Forecast	4.0	3.9	4.1	4.6
June Forecast	4.1	4.3	4.5	4.7

### 3 Month T-Bill Rate (Percent, average)

September Forecast	0.9	1.1	1.2	1.4
June Forecast	0.9	1.1	1.2	1.4

2015 2016 2017 2018 2019 2020 2021

16,472	16,716	17,079	17,493	17,860	18,217	18,582
2.9%	1.5%	2.2%	2.4%	2.1%	2.0%	2.0%
16,397	16,662	17,027	17,437	17,804	18,160	18,523
2.6%	1.6%	2.2%	2.4%	2.1%	2.0%	2.0%

11,264	11,572	11,881	12,173	12,453	12,727	12,994
3.6%	2.7%	2.7%	2.5%	2.3%	2.2%	2.1%
11,215	11,522	11,803	12,097	12,375	12,648	12,913
3.2%	2.7%	2.4%	2.5%	2.3%	2.2%	2.1%

1.095	1.108	1.126	1.144	1.163	1.185	1.209
0.3%	1.2%	1.7%	1.6%	1.7%	1.9%	2.0%
1.095	1.107	1.126	1.143	1.162	1.185	1.209
0.4%	1.1%	1.7%	1.5%	1.7%	1.9%	2.0%

14,206	14,377	14,579	14,921	15,376	15,814	16,194
4.6%	1.2%	1.4%	2.3%	3.0%	2.8%	2.4%
14,113	14,438	14,705	15,110	15,568	15,976	16,332
4.0%	2.3%	1.8%	2.8%	3.0%	2.6%	2.2%

141.8	144.3	146.5	148.3	149.7	150.9	151.8
2.1%	1.8%	1.5%	1.2%	1.0%	0.8%	0.6%
141.8	144.3	146.3	147.7	148.9	150.2	151.0
2.1%	1.8%	1.4%	0.9%	0.9%	0.8%	0.6%

5.3	4.9	4.4	4.3	4.3	4.3	4.3
5.3	4.9	4.4	4.2	4.2	4.2	4.3

3.9	3.6	4.1	5.0	5.8	6.0	6.0
3.9	3.6	4.3	5.0	5.8	6.0	5.9

0.1	0.3	0.9	1.6	2.5	2.9	2.8
0.1	0.3	0.9	1.6	2.5	2.8	2.8



### Washington Forecast Comparison

	2017Q2	2017Q3	2017Q4	2018Q1
<b>Real Personal Income (Billions of 2009 Dollars)</b>				
September Forecast	365.3	366.2	367.8	371.2
Percent Change	3.2%	1.0%	1.7%	3.9%
June Forecast	360.0	362.2	365.1	372.2
Percent Change	2.1%	2.5%	3.3%	8.1%
<b>Personal Income (Billions of Dollars)</b>				
September Forecast	410.1	413.0	416.7	422.1
Percent Change	3.5%	2.9%	3.7%	5.3%
June Forecast	404.5	408.4	413.6	423.1
Percent Change	3.0%	3.9%	5.2%	9.5%
<b>Nonfarm Payroll Employment (Thousands)</b>				
September Forecast	3327	3345	3363	3381
Percent Change	2.7%	2.2%	2.1%	2.1%
June Forecast	3311	3326	3341	3356
Percent Change	2.0%	1.9%	1.8%	1.8%
<b>Unemployment Rate (Percent of Labor Force)</b>				
September Forecast	4.6	4.5	4.4	4.4
June Forecast	4.5	4.5	4.4	4.4
<b>Manufacturing Employment (Thousands)</b>				
September Forecast	284.5	284.0	283.6	284.4
Percent Change	-2.0%	-0.8%	-0.6%	1.2%
June Forecast	283.5	282.2	281.3	282.0
Percent Change	-2.3%	-1.9%	-1.3%	1.0%
<b>Construction Employment (Thousands)</b>				
September Forecast	200.9	201.4	204.0	206.0
Percent Change	6.6%	0.9%	5.3%	4.1%
June Forecast	198.5	200.8	203.6	206.0
Percent Change	6.4%	4.7%	5.6%	4.8%
<b>Housing Permits (Thousands)</b>				
September Forecast	43.9	43.6	43.9	44.3
Percent Change	33.8%	-2.9%	2.9%	4.2%
June Forecast	45.3	43.8	43.2	43.4
Percent Change	52.1%	-12.9%	-5.3%	1.9%

	2015	2016	2017	2018	2019	2020	2021
September Forecast	339.9	351.1	365.4	375.9	390.0	403.5	415.5
Percent Change	4.3%	3.3%	4.1%	2.9%	3.7%	3.5%	3.0%
June Forecast	339.7	351.2	361.3	374.1	387.8	400.0	410.9
Percent Change	4.3%	3.4%	2.9%	3.5%	3.7%	3.1%	2.7%
September Forecast	372.1	389.0	411.6	430.0	453.8	478.4	502.2
Percent Change	4.6%	4.5%	5.8%	4.5%	5.5%	5.4%	5.0%
June Forecast	372.1	388.8	407.0	427.6	450.7	473.8	496.6
Percent Change	4.6%	4.5%	4.7%	5.1%	5.4%	5.1%	4.8%
September Forecast	3146	3242	3335	3405	3461	3509	3547
Percent Change	2.9%	3.1%	2.9%	2.1%	1.6%	1.4%	1.1%
June Forecast	3146	3242	3318	3376	3427	3473	3510
Percent Change	2.9%	3.1%	2.4%	1.7%	1.5%	1.4%	1.1%
September Forecast	5.6	5.4	4.6	4.4	4.4	4.3	4.3
June Forecast	5.6	5.4	4.6	4.3	4.3	4.3	4.3
September Forecast	291.8	289.9	284.5	286.3	290.7	294.9	298.5
Percent Change	1.1%	-0.7%	-1.8%	0.6%	1.5%	1.4%	1.2%
June Forecast	291.8	289.8	283.0	284.0	289.0	292.9	295.8
Percent Change	1.1%	-0.7%	-2.3%	0.3%	1.8%	1.3%	1.0%
September Forecast	173.3	186.5	201.0	206.5	208.3	209.4	209.6
Percent Change	8.5%	7.6%	7.8%	2.7%	0.9%	0.5%	0.1%
June Forecast	173.3	186.4	199.6	207.4	210.7	211.4	211.2
Percent Change	8.5%	7.6%	7.1%	3.9%	1.6%	0.3%	-0.1%
September Forecast	40.4	44.1	43.0	43.4	41.9	42.1	42.0
Percent Change	19.1%	9.2%	-2.4%	0.8%	-3.4%	0.5%	-0.2%
June Forecast	40.4	44.1	43.3	42.7	41.9	42.1	41.7
Percent Change	19.1%	9.2%	-1.9%	-1.3%	-1.9%	0.6%	-0.9%

**Governor's Council of Economic Advisor's Forecast**

**Calendar Years**

	2017	2018	2019	2020	2021
<b>U.S.</b>					
<b>Real GDP</b>					
<i>Growth</i>					
ERFC	2.2	2.4	2.1	2.0	2.0
GCEA Average	2.2	2.2	2.0	1.9	1.9
<b>Real Consumption</b>					
<i>Growth</i>					
ERFC	2.7	2.5	2.3	2.2	2.1
GCEA Average	2.6	2.2	2.0	2.1	2.0
<b>Implicit Price Deflator, PCE</b>					
<i>Growth</i>					
ERFC	1.7	1.6	1.7	1.9	2.0
GCEA Average	1.8	1.9	2.0	2.0	2.0
<b>Mortgage Rate</b>					
<i>Percent</i>					
ERFC	4.1	5.0	5.8	6.0	6.0
GCEA Average	4.0	4.4	4.7	5.0	5.4
<b>Oil Price (Brent)</b>					
<i>Dollars per barrel</i>					
ERFC	53.1	54.7	54.8	55.1	55.5
GCEA Average	51.7	52.5	53.4	54.3	55.8

**Washington State**

**Real Personal Income**

<i>Growth</i>					
ERFC	4.1	2.9	3.7	3.5	3.0
GCEA Average	3.7	2.9	3.0	2.7	2.7

**Wage and Salary Employment**

<i>Growth</i>					
ERFC	2.9	2.1	1.6	1.4	1.1
GCEA Average	2.6	1.7	1.2	1.0	1.1

**Manufacturing Employment**

<i>Growth</i>					
ERFC	-1.8	0.6	1.5	1.4	1.2
GCEA Average	-1.9	-0.8	0.0	0.3	0.6

**Construction Employment**

<i>Growth</i>					
ERFC	7.8	2.7	0.9	0.5	0.1
GCEA Average	5.1	2.0	1.1	0.5	-0.2

**Housing Permits**

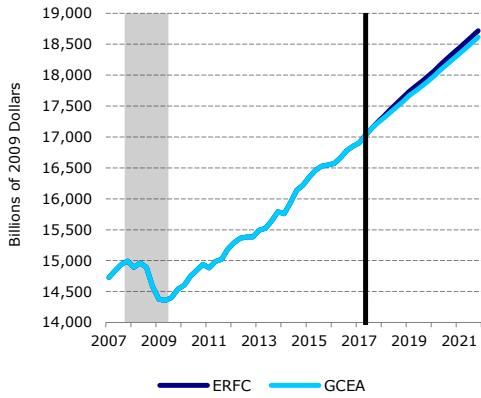
<i>Thousands of authorized units</i>					
ERFC	43.0	43.4	41.9	42.1	42.0
GCEA Average	43.1	43.2	42.8	43.7	43.5

**Washington Average Annual Wage**

<i>Growth</i>					
ERFC	4.4	2.1	3.2	3.4	3.7
GCEA Average	3.8	2.9	3.3	3.3	3.4

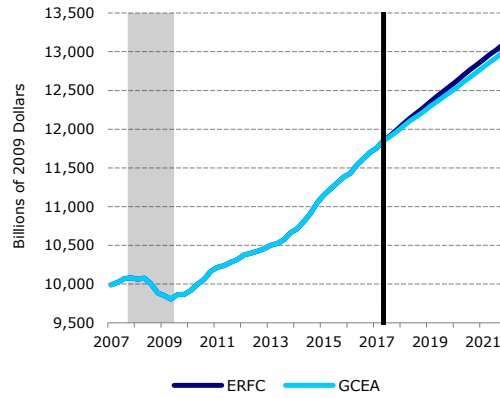
# U.S. Forecast Comparison

**Real GDP**



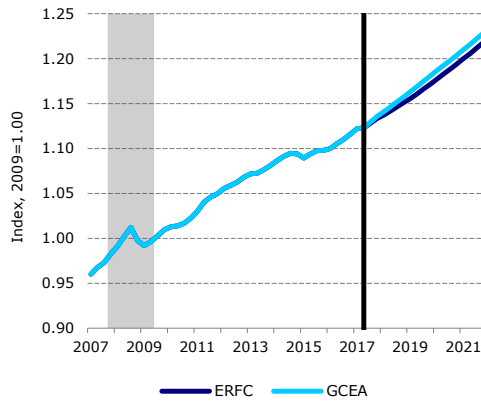
Source: BEA, ERFC, GCEA; data through 2017 Q2

**Real Consumption**



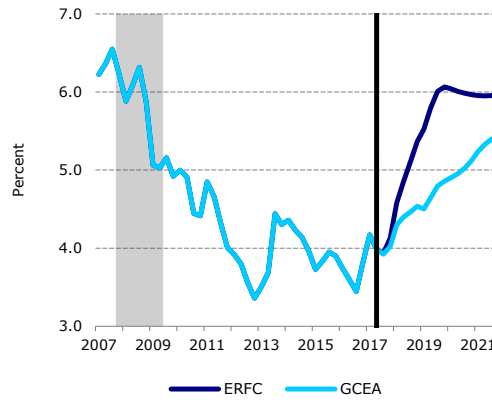
Source: BEA, ERFC, GCEA; data through 2017 Q2

**Implicit Price Deflator, PCE**



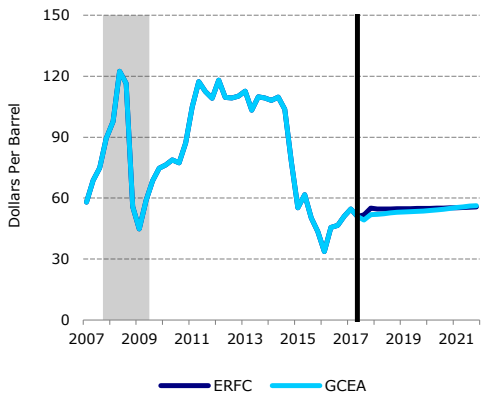
Source: BEA, ERFC, GCEA; data through 2017 Q2

**Mortgage Rate**



Source: Freddie Mac, ERFC, GCEA; data through 2017 Q2

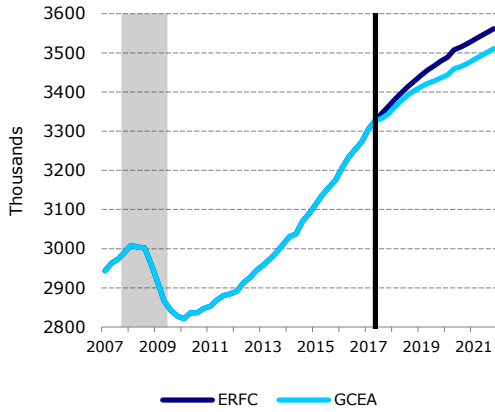
**Brent Oil Price**



Source: EIA, ERFC, GCEA; data through 2017 Q2

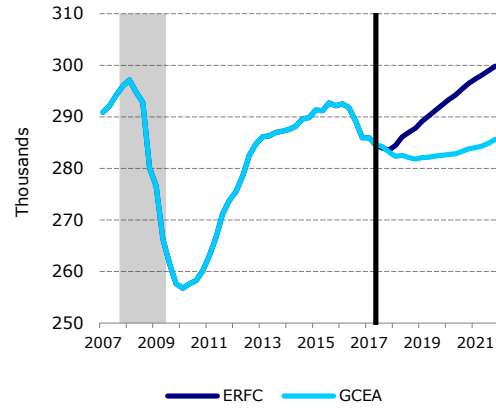
# Washington Forecast Comparison

### Nonfarm Payroll Employment



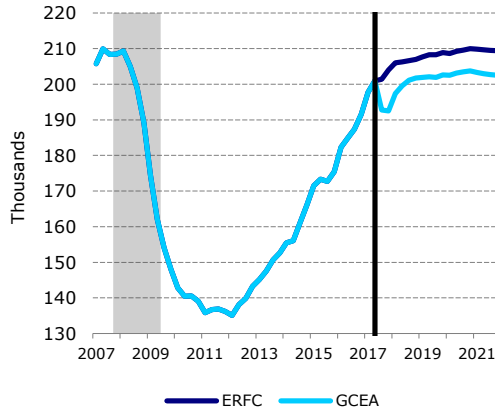
Source: ESD, ERFC, GCEA; data through 2017 Q2

### Manufacturing Employment



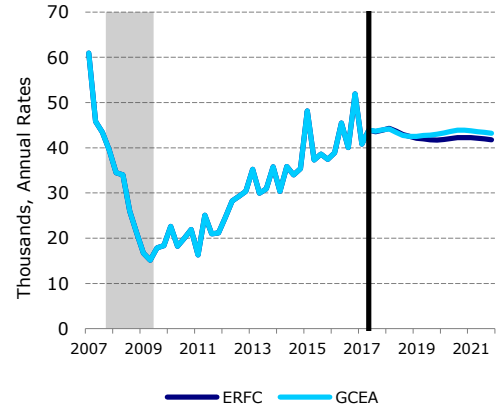
Source: ESD, ERFC, GCEA; data through 2017 Q2

### Construction Employment



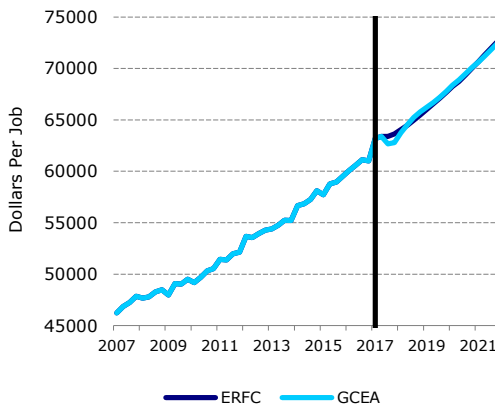
Source: ESD, ERFC, GCEA; data through 2017 Q2

### Housing Units Authorized



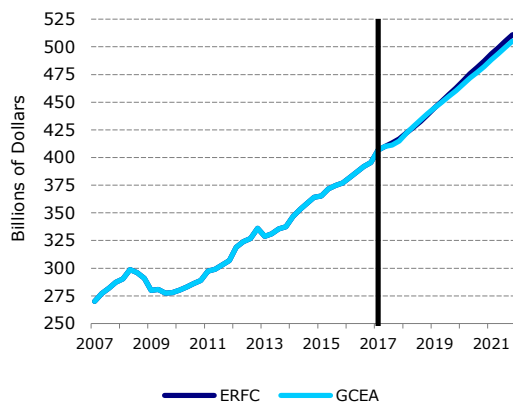
Source: Census, ERFC, GCEA; data through 2017 Q2

### Average Annual Wage



Source: BEA, ERFC, GCEA; data through 2017 Q1

### Personal Income



Source: BEA, ERFC, GCEA; data through 2017 Q1

## 2015-17 with Enacted Supplementals and 2017-19 Budget Balance Sheet

General Fund-State (GFS), Education Legacy Trust Account (ELTA), Washington Opportunity Pathways Account (OPA)  
and Budget Stabilization Account (BSA)

Dollars in Millions

	2015-17			2017-19		
	GFS	ELTA and OPA	TOTAL	GFS	ELTA and OPA	TOTAL
<b>RESOURCES</b>						
<b>Beginning Fund Balance</b>	990.9	20.3	1,011.2	669.4	49.8	719.2
June 2017 Revenue Forecast	38,308.3	732.8	39,041.1	40,903.2	773.9	41,677.1
September 2017 Revenue Forecast change	2.9	(2.1)	0.8	279.5	8.1	287.6
<b>Current Revenue Totals</b>	<b>38,311.3</b>	<b>730.7</b>	<b>39,041.9</b>	<b>41,182.6</b>	<b>782.1</b>	<b>41,964.7</b>
Transfer to Budget Stabilization Account (1% of GSR)	(383.2)		(383.2)	(409.0)		(409.0)
Transfer to Budget Stabilization Account (EORG)	(925.2)		(925.2)	-		-
CAFR Adjustment	(8.3)	(10.0)	(18.3)	-	-	-
Other Enacted Fund Transfers	209.7		209.7	-		-
Actual/Assumed Prior Period Adjustments	87.6		87.6	40.8		40.8
<b>2017 Legislative session</b>						-
Revenue legislation and budget driven revenue				2,083.7		2,083.7
Additional 1% Transfer to BSA for increased revenue				(20.7)		(20.7)
Transfer to BSA (EORG) for increased revenue				(898.3)		(898.3)
Transfer from BSA (EORG) for increased revenue				898.3		898.3
Fund Transfers - FY 17 and 17-19 biennium	(43.4)		(43.4)	74.1	254.0	328.1
Governor's vetoes				(4.6)		(4.6)
<b>Total Resources (including beginning fund balance)</b>	<b>38,239.4</b>	<b>741.0</b>	<b>38,980.3</b>	<b>43,616.2</b>	<b>1,085.9</b>	<b>44,702.1</b>
<b>EXPENDITURES</b>						
<b>Enacted Budgets</b>						
2015-17 Biennium	37,754.4	699.1	38,453.5			
2017 Supplemental	(28.0)	-	(28.0)			
2017-19 Budget	-	-	-	42,659.6	1,048.8	43,708.4
Governor's vetoes	62.4		62.4			
Actual/Assumed Reversions	(218.8)	(7.9)	(226.7)	(216.9)	-	(216.9)
<b>Total Expenditures</b>	<b>37,570.0</b>	<b>691.1</b>	<b>38,261.1</b>	<b>42,442.8</b>	<b>1,048.8</b>	<b>43,491.5</b>
<b>RESERVES</b>						
<b>Projected Ending Balance (GFS + ELTA + OPA)</b>	<b>669.4</b>	<b>49.8</b>	<b>719.2</b>	<b>1,173.5</b>	<b>37.1</b>	<b>1,210.6</b>
<b>Budget Stabilization Account</b>						
Budget Stabilization Account Beginning Balance	513.1		513.1	1,637.9		1,637.9
Plus Transfers from General Fund, Interest Earnings and Adjust	1,315.4		1,315.4	1,366.5		1,366.5
Less 2016 Appropriations and Reversions From BSA: Fires	(152.5)		(152.5)	-		-
Less 2017 Supplemental Appropriations	(38.1)		(38.1)	-		-
Less 17-19 Appropriations				(944.2)		(944.2)
Less Transfers out to GFS (EORG) for increased revenue	-		-	(898.3)		(898.3)
<b>Projected Budget Stabilization Account Ending Balance</b>	<b>1,637.9</b>		<b>1,637.9</b>	<b>1,161.8</b>		<b>1,161.8</b>
<b>Total Reserves (Near General Fund plus Budget Stabilization)</b>	<b>2,307.2</b>	<b>49.8</b>	<b>2,357.0</b>	<b>2,335.3</b>	<b>37.1</b>	<b>2,372.5</b>

Acronyms

GSR- General State Revenues

EORG- Extraordinary General State Revenues

CAFR- Comprehensive Annual Financial Report