

Projections lowered in latest Washington revenue forecast

BY RACHEL LA CORTE ASSOCIATED PRESS UPDATED SEPTEMBER 22, 2022 12:27 PM



Slowing home sales due to high interest rates are among the factors that have led officials in Washington state to lower the revenue forecast for the next budget cycle. *The Olympian*

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Revenue projections for Washington state's current two-year budget period increased by about \$43 million more than projected at the state's last quarterly update, but a series of factors — including slowing home sales due to high interest rates — led officials to lower the forecast for the next budget cycle.

Updated numbers released Wednesday by the Economic and Revenue Forecast Council show that projected revenue collections for the 2021-2023 budget slightly exceed what had been forecast in June. But the council lowered the forecast for the next two-year budget cycle that ends in mid-2025 by \$495 million.

Revenue for the current budget cycle that ends mid-2023 remains at \$63.2 billion. For the next two-year budget cycle that starts July 1, 2023, revenue is projected to be about \$65.5 billion, down just slightly from the almost \$66 billion projected in the June forecast.

Sen. Christine Rolfes, a Democrat on the council who is the chief budget writer in the Senate, said that lawmakers will approach their work on the next two-year budget next year with caution, and would

focus on ensuring it is sustainable. “I think the forecast we have today kind of mirrors how the public is feeling the economy and we’ll create a budget that matches that,” she said.

But her Republican colleague on the council said that revenue is still above projections from when lawmakers passed a supplemental budget earlier this year. “I still think there is an opportunity for tax relief, specifically property tax relief,” he said. The latest numbers were released the same day that a state employee union announced a tentative agreement with the state that includes pay raises and a \$1,000 incentive payment for getting a COVID-19 booster shot.

Under the tentative agreement announced by the Washington Federation of State Employees, employees will receive a 4% raise on July 1, 2023, followed by a 3% raise on July 1, 2024. There is also a \$1,000 retention bonus for state employees who were employed on July 1, 2022, and who are still employed with the state on July 1, 2023. There are also more than 190 class-specific wage increases, the union said. The union said the tentative agreement covers about 35,000 state employees. A vote by union members on the agreement is expected this week. The next revenue forecast is scheduled for Nov. 18. Gov. Jay Inslee will release his two-year budget the following month, ahead of the January start of the 105-day legislative session.

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