



STATE OF WASHINGTON

ECONOMIC AND REVENUE FORECAST COUNCIL

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OLYMPIA, November 19, 2009 – While growth has returned to the national and state economies, consumer confidence and more critically, consumer spending remain weak. As a result, we are experiencing a revenue-less recovery. The national and state economies have performed about as expected in our September forecast. GDP turned positive in the third quarter, as expected, but our disappointing revenue collection experience since the last forecast highlights the reluctance of consumers to spend. As a result of weaker than expected spending, we have lowered the revenue forecast by \$760 million.

The November 2009 forecast for the 2009-11 biennium is \$28.8 billion, which is \$760 million less than expected in September. Of the \$760 million decrease in the forecast, \$97 million was due to a shortfall in collections during the last two months. The remaining \$663 million is attributable to weaker forecasted taxable activity during the remainder of the biennium.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2009-11 biennium. The forecast based on more optimistic economic assumptions netted \$1,332 million (4.6%) more revenue in the 2009-11 biennium than did the baseline forecast. The pessimistic alternative was \$1,368 million (4.7%) lower in 2009-11. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$58 million (0.2%) more revenue in the 2009-11 biennium than did the baseline forecast.

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