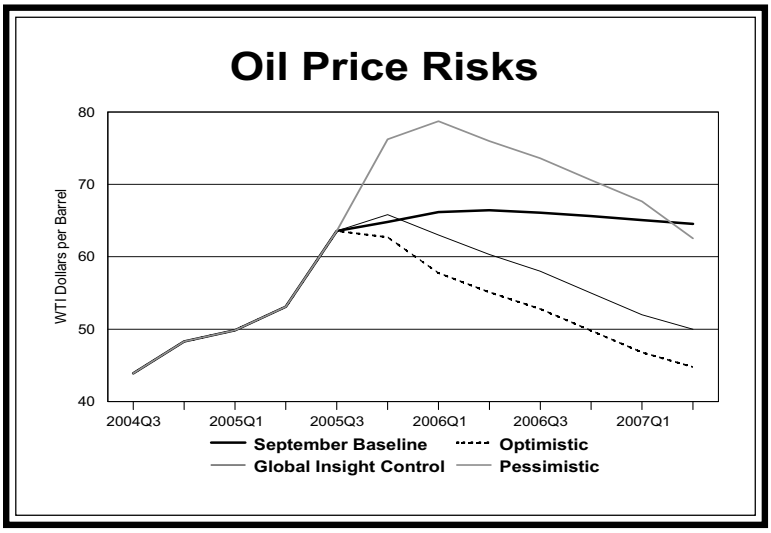
Washington Economic and Revenue Forecast



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Explanation of the Cover Graph

The Economic and Revenue forecast is usually based on the "Control" forecast produced by Global Insight, Inc. In September 2005, however, the forecast was based on a scenario that differed from the "Control" with respect to the price of oil. Our oil price forecast was based on the futures price of light, sweet crude oil reported by the New York Mercantile Exchange on September 9, 2005. The futures market indicated little change in the price of crude oil during the next two years unlike the Global Insight forecast which expected a significant improvement. The higher oil price assumption in our forecast raised inflation and lowered real growth. By the end of 2007 the consumer price indexwais 1.1 percentage points higher in our forecast than in the "Control" forecast while real GDP was 0.5 percentage points lower.

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Washington Economic and Revenue Forecast

Prepared by the
Economic and Revenue Forecast Council

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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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Table of Contents

Preface iii
List of Tables vii
List of Charts ix

Executive Summary 1

Chapter 1
Washington State and U.S. Economic Forecasts

Recent U.S. Economic Activity 5
U.S. Forecast Highlights 5
Recent Economic Activity in Washington 7
Adjustments to Economic Data 8
Washington State Forecast Highlights 8
Alternative Forecasts 12
Governor's Council of Economic Advisors Scenario 13

Chapter 2
Washington Business Indicators

The National Economy 25
The State Economy and Indicators 26

Chapter 3
Washington State Revenue Forecast Summary

Introduction 35
Background and Assumptions 36
September 2005 Forecast Assumptions 37
Recent Collection Experience 39
The General Fund-State Forecast for the 2003-05 & the 2005-07 Biennia 40
Forecast Change for the 2003-05 and the 2005-07 Biennia 46
- Department of Revenue 46
- Department of Licensing 47
- Office of Financial Management: Other Agencies 47
- State Treasurer 49
- Insurance Commissioner 49
- Liquor Control Board 49
- Lottery Commission 49

Track Record for the 2003-05 Biennium 55
Track Record for the 2005-07 Biennium 55
The Relationship Between Cash and GAAP General Fund-State Revenue Forecasts 55
Alternative Forecast for the 2003-05 Biennium 63

Chapter 4: Special Report
Annual State Personal Income, 1974 to 2004 65

Appendices
Detail Components of the Washington Economic Forecast 86

Glossary 113

List of Tables

Chapter 1
Washington State and U.S. Economic Forecasts

Table 1.1 U.S. Economic Forecast Summary 14
Table 1.2 Washington Economic Forecast Summary 15
Table 1.3 Comparison of Alternative Forecasts 16
Table 1.4 Forecast Analysis 17
Table 1.5 Forecast Comparison 18
Table 1.6 Long Range Economic Outlook 19

Chapter 2
Washington Business Indicators

Table 2.1 Summary of National & State Indicators 28
Table 2.2 Washington Business Indicators 34

Chapter 3
Washington State Revenue Forecast Summary

Table 3.1 Revision to the General Fund-State Forecast 35
Table 3.2 Economic and Revenue Forecast Flow Chart 38
Table 3.3 Collection Variance, June 11, 2005-September 10, 2005 39
Table 3.4 General Fund-State Collections 41
Table 3.5 Taxable Retail Sales 42
Table 3.6 Summary of Changes to General Fund-State Forecast 48
Table 3.7 Comparison of the General Fund-State Forecast by Agency, 2003-05 Biennium; Cash 50
Table 3.8 Comparison of the General Fund-State Forecast by Agency; 2003-05 Biennium; GAAP 51
Table 3.9 Comparison of the General Fund-State Forecast by Agency, 2005-07 Biennium; Cash 52
Table 3.10 Comparison of the General Fund-State Forecast by Agency, 2005-07 Biennium; GAAP 53
Table 3.11 September 2005 General Fund-State Forecast 2003-05 & 2005-07 Biennia; Cash Basis 54
Table 3.12 General Fund - State Cash Receipts, September 2005 56
Table 3.13 Track Record for the 2003-05 General Fund-State Cash Forecast 57
Table 3.14 Track Record for the 2005-07 General Fund-State Cash Forecast 58
Table 3.15 2003-05 & 2005-07 Biennial Balance Sheet 59
Table 3.16 September 2005 Baseline Forecast by Agency 60
Table 3.17 September 2005 Alternative Forecasts Compared to the Baseline Forecast, 2005-07 61
Table 3.18 Impact of Initiative 728 and the State Property Tax and Lottery Revenue 62

Chapter 4: Special Report
Annual State Personal Income, 1974 to 2004

Table 4.1 Washington Personal Income, 1974-2004 67
Table 4.2a Washington Peronal Income by Major Source & Earnings by Industry Classified by SIC 68
Table 4.2b WA Peronal Income by Major Source & Earnings by Industry Classified by NAICS 71
Table 4.3a Washington Wage and Salary Disbursements Classified by SIC 74

Table 4.3b Washington Wage and Salary Disbursements Classified by NAICS 76
Table 4.4 Per Capita Personal Income by State 79

Appendices
Detail Components of the Washington Economic Forecast

Table A1.1 U.S. Economic Forecast Summary; Annual 84
Table A1.2 U.S. Economic Forecast Summary; Quarterly 85
Table A1.3 Washington Economic Forecast Summary; Annual 88
Table A1.4 Washington Economic Forecast Summary; Quarterly 89
Table A2.1 U.S. Nonagricultural Employment by Industry; Annual 92
Table A2.2 U.S. Nonagricultural Employment by Industry; Quarterly 93
Table A2.3 Washington Nonagricultural Employment by Industry; Annual 96
Table A2.4 Washington Nonagricultural Employment by Industry; Quarterly 97
Table A3.1 U.S. Personal Income by Component; Annual 100
Table A3.2 U.S. Personal Income by Component; Quarterly 101
Table A3.3 Washington Personal Income by Component; Annual 104
Table A3.4 Washington Personal Income by Component; Quarterly 105
Table A4.1 Selected Inflation Indicators 108
Table A4.2 Chain-Weighted Price Indices 109
Table A5.1 Washington Resident Population and Components of Changes 110
Table A5.2 Washington Population 111

List of Charts

Chapter 1
Washington State and U.S. Economic Forecast

Comparison of Washington and U.S. Economic Forecasts
Chart 1.1 Total Nonfarm Payroll Employment 20
Chart 1.2 Manufacturing Employment 20
Chart 1.3 Aerospace Employment 20
Chart 1.4 Computers and Electronics Employment 20
Chart 1.5 Construction Employment 21
Chart 1.6 Information Employment 21
Chart 1.7 Other Private Employment 21
Chart 1.8 Government Employment 21
Chart 1.9 Real Personal Income 22
Chart 1.10 Consumer Price Indices 22
Chart 1.11 Population 22
Chart 1.12 Per Capita Housing Units 22

Comparison of Alternative U.S. Forecasts
Chart 1.13 Real GDP 23
Chart 1.14 Implicit Price Deflator 23
Chart 1.15 Mortgage Rate 23
Chart 1.16 Three Month T-Bill Rate 23

Comparison of Alternative Washington Forecasts
Chart 1.17 Personal Income 24
Chart 1.18 Real Personal Income 24
Chart 1.19 Nonagricultural Employment 24
Chart 1.20 Housing Permits 24

Chapter 2
Washington Business Indicators

Washington Economic Indicators
Chart 2.1 Year-over-Year Employment Growth 29
Chart 2.2 Washington Aircraft and Parts Employment 29
Chart 2.3 Unemployment Rate 29
Chart 2.4 Washington Boom Monitor Composite Index 29

Washington State Leading Indicators
Chart 2.5 The Washington and U.S. Indexes of Leading Indicators 30
Chart 2.6 Washington Initial Claims for Unemployment Insurance 30
Chart 2.7 Seattle Times and U.S. Help-Wanted Advertising Indexes 30
Chart 2.8 Housing Units Authorized in Washington State 30

Other State Economic Indicators

Chart 2.9 Average Weekly Hours in Manufacturing 31
Chart 2.10 Washington Driver's License Migration 31
Chart 2.11 New Car and Truck Registrations in Washington 31
Chart 2.12 Institute for Supply Management Index 31

Other Economic Indicators

Chart 2.13 Quarterly U.S. Real GDP Growth 32
Chart 2.14 Washington State Export Composition 32
Chart 2.15 U.S. Economic Indicators 32
Chart 2.16 Northwest 50 Regional Stock Index vs. National Indices 32

Other Economic Indicators

Chart 2.17 Federal Funds Target Rate 33
Chart 2.18 Consumer Confidence 33
Chart 2.19 Seattle vs U.S. CPI (All Urban Consumers) 33
Chart 2.20 Monster Employment Index 33

Chapter 3
Washington State Revenue Forecast

Chart 3.1 General Fund-State Revenue 43
Chart 3.2 General Fund-State Revenue; Percent Change 43
Chart 3.3 Composition of General Fund-State Revenue 44
Chart 3.4 Taxable Sales as a Percent of Personal Income 44

Chapter 4: Special Report
Annual State Personal Income, 1974 to 2004

Chart 4.1 Real Per Captia Personal Income 81

Executive Summary

U.S. Economic Forecast

The September 2005 economic and revenue forecast incorporated the preliminary GDP estimate for the second quarter of 2005. According to the preliminary estimate, real GDP grew at a 3.3 percent rate in the second quarter of 2005, down from 3.8 percent in the first quarter. Final sales of domestic product, however, grew at a strong 5.4 percent, up from 3.5 percent in the first quarter due to a sharp reduction in inventory accumulation. Most sectors contributed to the strong growth in sales in the second quarter. Personal consumption expenditures grew at a 3.0 percent rate in the second quarter led by a 7.7 percent increase in purchases of durable goods. Fixed investment growth remained strong in the second quarter at 8.9 percent due to a 10.4 percent increase in business spending on equipment and software and a 9.8 percent increase in residential fixed investment. Net exports added 1.2 percentage points to GDP growth in the second quarter. Imports rose only 0.5 percent while exports jumped 13.2 percent. Government spending rose 2.7 percent in the second quarter.

Payroll employment growth improved to 1.9 percent in the second quarter from 1.6 percent in the first quarter while the unemployment rate declined from 5.27 percent to 5.10 percent. Inflation, as measured by the Consumer Price Index, shot up to 4.2 percent in the second quarter of 2005 from 2.4 percent in the first quarter. The increase was entirely due to rising energy costs, however. Core inflation actually declined from 2.6 percent to 2.0 percent. Housing starts declined at an 8.4 percent rate from 2.083 million units in the first quarter to a still strong 2.038 million units in the second quarter while the mortgage rate edged down from 5.75 percent to 5.74 percent. Housing starts have not been this high since 1978. The Federal Open Market Committee continued its policy of gradually raising its target for the federal funds rate, increasing it by 25 basis points on June 30th and again on August 9th. As of the September forecast, the fed funds rate stood at 3.50 percent. The new national forecast indicates stronger GDP, income, and employment growth than did the forecast adopted in June.

The U.S. economy had been on pace for a solid third quarter before Hurricane Katrina hit, devastating the Gulf Coast along Louisiana and Mississippi, making almost all of Orleans and St. Bernard parishes uninhabitable, disrupting trade, and sending gasoline prices through the roof. Katrina will take more than half a percentage point off second-half 2005 GDP growth, but will add to 2006 growth as reconstruction spending seeps into the economy. Afterward, we expect the U.S. economy to downshift and begin growing at its "trend" rate. GDP growth is expected to slow to 3.5 percent this year from 4.2 percent in 2004. Slower growth is expected in the next two years as the recovery matures. The forecast calls for growth rates of 3.3 in 2006 and 2.9 percent in 2007. Nonfarm payroll employment rose 1.1 percent in 2004 which was the first significant increase in four years. The forecast assumes employment growth will improve

to 1.6 percent this year, slowing to 1.5 percent in 2006 and 1.2 percent in 2007. The unemployment rate also improved in 2004 for the first time in four years, declining to 5.53 percent from 5.99 percent in 2003. The unemployment rate is expected to decline again this year to 5.12 percent. Unemployment is expected to be little changed during the next two years with rates of 4.90 percent and 4.97 percent in 2006 and 2007. Inflation, as measured by the implicit price deflator for personal consumption expenditures, accelerated to 2.6 percent in 2004 from 1.9 percent in 2003 and 1.4 percent in 2002. Rising energy costs continue to boost overall inflation. Excluding food and energy, inflation rose only 2.0 percent in 2004. Energy will add to inflation again this year and next year but will help restrain inflation in 2007 as energy prices finally decline. The forecast expects inflation rates of 2.9 percent in 2005, declining to 2.5 percent in 2006 and 2.2 percent in 2007. The forecast assumes the Federal Reserve holds the funds rate steady at 3.5 percent at its next two meetings, raising it to 3.75 percent in December.

Washington State Economic Forecast

The state's employment growth rate slowed to 2.2 percent in the second quarter from 3.5 percent in the first quarter. Manufacturing employment rose 1.0 percent in the second quarter following a 4.2 percent surge in the first quarter. Aerospace employment rose at a 10.6 percent rate but manufacturing employment other than aerospace declined at a 1.8 percent rate due to a 14.2 percent decline in food manufacturing employment. Every private nonmanufacturing sector expanded in the second quarter led by the red hot construction sector which grew 9.2 percent following an 14.3 percent increase in the first quarter. Growth was strong in leisure and hospitality, education and health services, and professional and business services which grew 3.9 percent, 3.8 percent, and 3.4 percent. Other services grew at a 2.1 percent rate while financial activities employment rose 1.9 percent. Information employment inched up only 0.9 percent in spite of a 6.9 percent increase in software employment while trade, transportation, and utilities employment rose 0.8 percent. In the public sector, federal government employment fell 2.1 percent while state and local government employment was unchanged.

Washington's personal income in the first quarter of 2005 was $1.971 billion (0.9 percent) higher than the estimate made in June. Total wages were $2.319 billion (1.9 percent) higher. Software wages were $0.064 billion (1.5 percent) lower than expected. Non-software wages, however, were $2.383 billion (2.1 percent) higher. Nonwage personal income was $0.348 billion (0.4 percent) below the June estimate.

The number of housing units authorized by building permit declined by 3,500 from 51,700 in the first quarter to a still strong 48,200 in the second quarter. During the past four quarters, 52,100 units have been authorized, a pace not seen since 1990. The number of single family units authorized dipped 1,200 in the second quarter to 38,300 from 39,500 in the first quarter while multi-family permits fell 2,300 from 12,200 to 9,900.

The forecast also reflects Seattle consumer price data through June. After trailing the national average during 2002, 2003, and 2004, Seattle inflation moved back to parity with the U.S. in the first six months of 2005, rising at a seasonally adjusted annual rate of 3.0 percent compared to 3.1 percent for the U.S. city average. Core inflation (excluding food and energy) rose at a more moderate 2.3 percent rate in Seattle and 2.2 percent for the U.S. city average.

The Washington forecast reflects the stronger growth in the U.S. forecast. Also, the Washington aerospace employment forecast incorporates the slightly stronger growth experienced through August which adds about 600 jobs. The trend growth rate through the end of 2007 has also been increased from 5,000 per year to about 6,000 per year. The software wage forecast is similar to the assumption made in

June but the level is about $0.5 billion higher. Microsoft stock options are expected to continue to decline but income from stock grants will grow. Software employment is expected to increase 4,300 from the second quarter of 2005 to the fourth quarter of 2007 compared to 3,200 in the June forecast.

Washington nonfarm payroll employment increased 1.7 percent in 2004 following a 0.1 percent rise in 2003 and declines in 2001 and 2002. The forecast continues to expect a relatively weak recovery due to the sluggish U.S. economy and only a modest upturn in aerospace. The forecast expects employment growth to improve to 2.8 percent this year. Employment growth is expected to retreat to 2.2 percent in 2006 and 2.0 percent in 2007. Washington personal income was temporarily boosted by nearly 3 percentage points in 2004 as a result of Microsoft's special dividend in November 2004. As a result of that dividend, Washington personal income growth jumped to 7.1 percent in 2004 from 2.8 percent in 2003. Excluding the special dividend, however, growth in 2004 would have been a more moderate 4.3 percent. Personal income growth is expected to slow in 2005 to 3.9 percent but this is also distorted by the one-time dividend. Excluding the special dividend, the forecast expects personal income growth to improve to 6.7 percent this year and 7.5 percent next year before slowing slightly to 6.3 percent in 2007. Housing activity remains very strong. Housing permits increased 7,300 in 2004 to 50,100 which is the highest annual total since 1979. The strength in housing has been mostly in the single family market which continues to benefit from low mortgage rates. Higher mortgage rates are expected to weaken the single family market during the next three years. Offsetting this will be stronger population growth which should boost single family and multi-family activity. The forecast expects housing permits to remain strong at 49,700 in 2005, 49,200 in 2006, and 47,800 in 2007. The weak Washington economy has slowed inflation in the area in spite of soaring energy costs. Inflation, as measured by the Seattle consumer price index declined in 2004 to 1.2 percent from 1.6 percent in 2003. The strengthening local economy and higher energy costs should result in higher inflation in the next three years. The forecast expects inflation rates of 3.2 percent in 2005, 2.7 percent in 2006, and 2.2 percent in 2007.

Washington State Revenue Forecast

The September revenue forecast update reflects the impact of a stronger national economic expansion than expected in June. In addition, revenue collections continue to benefit from very strong real estate and construction related activity. As a result of these factors, the revenue forecast revision in September is an increase of $492.9 million.

The September 2005 General Fund-State revenue estimate for the 2003-05 biennium is $23,393.6 million and the forecast for the 2005-07 biennium is $26,030.8 million. The total forecast revision for the two biennia is $492.9 million which represents 1.9 percent of the 2005-07 revenue. Collection experience during the last three months accounts for $97.3 million of the forecast change.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2005-07 biennium. The forecast based on more optimistic economic assumptions netted $863 million (3.3 percent) more revenue than did the baseline while the pessimistic alternative was $967 million (3.7 percent) lower. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded $78 million (0.3 percent) less 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.

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Washington State and U.S. Economic Forecasts

Recent U.S. Economic Activity

The September 2005 economic and revenue forecast incorporated the preliminary GDP estimate for the second quarter of 2005. According to the preliminary estimate, real GDP grew at a 3.3 percent rate in the second quarter of 2005, down from 3.8 percent in the first quarter. Final sales of domestic product, however, grew at a strong 5.4 percent, up from 3.5 percent in the first quarter due to a sharp reduction in inventory accumulation. Most sectors contributed to the strong growth in sales in the second quarter. Personal consumption expenditures grew at a 3.0 percent rate in the second quarter led by a 7.7 percent increase in purchases of durable goods. Consumer purchases of nondurable goods rose 3.5 percent while spending on consumer services increased 1.9 percent. Fixed investment growth remained strong in the second quarter at 8.9 percent due to a 10.4 percent increase in business spending on equipment and software and a 9.8 percent increase in residential fixed investment. Nonresidential construction rose at a 2.7 percent rate. Net exports added 1.2 percentage points to GDP growth in the second quarter. Imports rose only 0.5 percent while exports jumped 13.2 percent. Government spending rose 2.7 percent in the second quarter led by a 3.3 percent increase in state and local government purchases. National defense spending increased 2.4 percent while other federal spending declined 0.1 percent.

Payroll employment growth improved to 1.9 percent in the second quarter from 1.6 percent in the first quarter while the unemployment rate declined from 5.27 percent to 5.10 percent. Inflation, as measured by the Consumer Price Index, shot up to 4.2 percent in the second quarter of 2005 from 2.4 percent in the first quarter. The increase was entirely due to rising energy costs, however. Core inflation actually declined from 2.6 percent to 2.0 percent. Housing starts declined at an 8.4 percent rate from 2.083 million units in the first quarter to a still strong 2.038 million units in the second quarter while the mortgage rate edged down from 5.75 percent to 5.74 percent. Housing starts have not been this high since 1978. The Federal Open Market Committee continued its policy of gradually raising its target for the federal funds rate, increasing it by 25 basis points on June 30th and again on August 9th. As of the September forecast, the fed funds rate stood at 3.50 percent. The new national forecast indicates stronger GDP, income, and employment growth than did the forecast adopted in June.

U.S. Forecast Highlights

The U.S. economy had been on pace for a solid third quarter before Hurricane Katrina hit, devastating the Gulf Coast along Louisiana and Mississippi, making almost all of Orleans and St. Bernard parishes

uninhabitable, disrupting trade, and sending gasoline prices through the roof. Katrina will take more than half a percentage point off second-half 2005 GDP growth, but will add to 2006 growth as reconstruction spending seeps into the economy. Afterward, we expect the U.S. economy to downshift and begin growing at its "trend" rate. GDP growth is expected to slow to 3.5 percent this year from 4.2 percent in 2004. Slower growth is expected in the next two years as the recovery matures. The forecast calls for growth rates of 3.3 in 2006 and 2.9 percent in 2007. Nonfarm payroll employment rose 1.1 percent in 2004 which was the first significant increase in four years. The forecast assumes employment growth will improve to 1.6 percent this year, slowing to 1.5 percent in 2006 and 1.2 percent in 2007. The unemployment rate also improved in 2004 for the first time in four years, declining to 5.53 percent from 5.99 percent in 2003. The unemployment rate is expected to decline again this year to 5.12 percent. Unemployment is expected to be little changed during the next two years with rates of 4.90 percent and 4.97 percent in 2006 and 2007. Inflation, as measured by the implicit price deflator for personal consumption expenditures, accelerated to 2.6 percent in 2004 from 1.9 percent in 2003 and 1.4 percent in 2002. Rising energy costs continue to boost overall inflation. Excluding food and energy, inflation rose only 2.0 percent in 2004. Energy will add to inflation again this year and next year but will help restrain inflation in 2007 as energy prices finally decline. The forecast expects inflation rates of 2.9 percent in 2005, declining to 2.5 percent in 2006 and 2.2 percent in 2007. The forecast assumes the Federal Reserve holds the funds rate steady at 3.5 percent at its next two meetings, raising it to 3.75 percent in December.

1. Real GDP growth slowed to 3.7 percent in fiscal 2005 from 4.1 percent in 2004. Growth during the last two 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 nearly one percent per year in growth. Consumer spending and business spending on equipment and software are expected to be the main contributors to GDP growth in the next two years. The level of defense spending will remain high but the growth rate will slow down. Residential investment growth is expected to turn negative by 2007 but net exports should begin adding to growth by then. GDP growth is expected to slow further during the next two years as the economy approaches its potential growth path. The forecast calls for GDP growth rates of 3.4 percent in 2006 and 3.0 percent in 2007.

2. Inflation, as measured by the implicit price deflator for personal consumption expenditures, jumped to 2.7 percent in fiscal 2005 from 2.1 percent in 2004. Surging energy costs continue to add to overall inflation. Core inflation rose at a moderate 2.1 percent in fiscal 2005 following a 1.5 percent increase in 2004. Core inflation is expected to remain moderate this year at 2.0 percent but the addition of food and energy will raise the overall inflation rate to 3.0 percent. Falling energy prices will help keep inflation in check during the final year of the forecast. The forecast expects an overall inflation rate of 2.1 percent in 2007.

3. The Federal Reserve began raising its target interest rate in June of 2004. So far there have been ten consecutive 25-basis-point increases bringing the federal funds rate up to 3.50 percent as of August 9, 2005. In the wake of Hurricanes Katrina and Rita, the forecast assumes the Fed will take no action at each of its next two meetings. Gradual increases are expected to resume in December with the funds rate reaching 4.5 percent by the middle of 2006. The three-month Treasury bill rate rose to 2.21 percent in fiscal 2005 from a 57-year-low 0.96 percent in fiscal 2004. The forecast expects the T-bill rate to increase to 3.74 percent in 2006 and 4.34 percent in 2007 as the Fed continues to tighten. Mortgage rates declined slightly in fiscal 2005 from 5.92 percent in fiscal 2004 to 5.78 percent in fiscal 2005. The forecast expects the mortgage rate to rise to 6.01 percent and 6.73 percent in 2006 and 2007.

4. Supported by record-low mortgage interest rates, housing activity held up well during the recession and has accelerated in the last four years in spite of the lackluster recovery. Housing starts increased 3.7 percent in fiscal 2005 to 2.017 million units following a 12.4 percent increase in fiscal 2004. This was the highest level of permits since 1973. Not surprising, given the low mortgage rates, the strength has been primarily in the single family market. The 1.663 million single family starts in 2004 was the highest ever. Housing starts are expected to decline over the next two years as interest rates rise. The forecast calls for a 0.7 percent reduction in 2006 to 2.003 million units and an 8.1 percent reduction in 2007 to 1.841 million units.
5. The nation's unemployment rate declined in fiscal 2005 to 5.31 percent from 5.81 percent in 2004 and 5.89 percent in 2003. Little improvement is expected in the next two years as GDP growth slows to its trend rate. The forecast calls for unemployment rates of 4.98 percent in 2006 and 4.93 percent in 2007.
6. The federal budget deficit (national income and product accounts basis) narrowed to $340.6 billion in fiscal 2005 from a record $426.0 billion deficit in 2004. The forecast assumes that Congress will not allow all the Bush personal tax reductions to expire as scheduled but will tinker enough to raise federal income tax receipts toward their historical average 8.2 percent of GDP. Continued economic growth should also help reduce deficits in the future. The deficit is expected to improve during the next two years though Hurricane Katrina will add to spending especially in fiscal 2006. The forecast expects a deficit of $329.9 billion in 2006 and $309.3 billion in 2007.
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 2005 to an all-time record $677.0 billion from $543.3 billion in 2004. The dollar is expected to resume its downward trend which should help restrain imports and boost exports but, with the U.S. economy leading the global recovery, the trade balance will continue to deteriorate for a while. The forecast expects the deficit to grow to $784.7 billion in 2006 and $796.4 billion in 2007.

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 July 2005. This forecast is based on adjusted employment estimates as described in Adjustments to Economic Data. The state's employment growth rate slowed to 2.2 percent in the second quarter from 3.5 percent in the first quarter. Manufacturing employment rose 1.0 percent in the second quarter following a 4.2 percent surge in the first quarter. Aerospace employment rose at a 10.6 percent rate but manufacturing employment other than aerospace declined at a 1.8 percent rate due to a 14.2 percent decline in food manufacturing employment. Every private nonmanufacturing sector expanded in the second quarter led by the red hot construction sector which grew 9.2 percent following an 14.3 percent increase in the first quarter. Growth was strong in leisure and hospitality, education and health services, and professional and business services which grew 3.9 percent, 3.8 percent, and 3.4 percent. Other services grew at a 2.1 percent rate while financial activities employment rose 1.9 percent. Information employment inched up only 0.9 percent in spite of a 6.9 percent increase in software employment while trade, transportation, and utilities employment rose 0.8 percent. In the public sector, federal government employment fell 2.1 percent while state and local government employment was unchanged.

In March 2005 the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) revised its quarterly state personal income estimates through the fourth quarter of 2004 and released preliminary

estimates for the first quarter. In addition, the wage estimates for the third quarter of 2004 through the first quarter of 2005 have been adjusted to reflect the Covered Employment and Payrolls data produced by the Department of Employment Security (see Adjustments to Economic Data). According to the adjusted estimates, Washington's personal income in the first quarter of 2005 was $1.971 billion (0.9 percent) higher than the estimate made in June. Total wages were $2.319 billion (1.9 percent) higher. Software wages were $0.064 billion (1.5 percent) lower than expected. Non-software wages, however, were $2.383 billion (2.1 percent) higher. Nonwage personal income was $0.348 billion (0.4 percent) below the June estimate.

The number of housing units authorized by building permit declined by 3,500 from 51,700 in the first quarter to a still strong 48,200 in the second quarter. During the past four quarters, 52,100 units have been authorized, a pace not seen since 1990. The number of single family units authorized dipped 1,200 in the second quarter to 38,300 from 39,500 in the first quarter while multi-family permits fell 2,300 from 12,200 to 9,900.

The forecast also reflects Seattle consumer price data through June. After trailing the national average during 2002, 2003, and 2004, Seattle inflation moved back to parity with the U.S. in the first six months of 2005, rising at a seasonally adjusted annual rate of 3.0 percent compared to 3.1 percent for the U.S. city average. Core inflation (excluding food and energy) rose at a more moderate 2.3 percent rate in Seattle and 2.2 percent for the U.S. city average.

Adjustments to Economic Data

This forecast utilized an alternative employment estimate developed 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 first quarter of 2005 which added 14,900 (0.5 percent) to the BLS Current Employment Statistics (CES) estimate for March 2005. By July 2005 the difference had widened slightly to 15,600 (0.6 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 in the third and fourth quarters of 2004 as well as data for the first quarter of 2005 which was unavailable to the Bureau of Economic Analysis (BEA) at the time of their latest state personal income release. We derived wage estimates for these sectors for the third and fourth quarters of 2004 and the first quarter of 2005 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 decreased the first quarter wage estimate by $2.917 billion (2.3 percent), subtracting 1.3 percent from total personal income in that quarter.

Washington State Forecast Highlights

The Washington forecast reflects the stronger growth in the U.S. forecast. Also, the Washington aerospace employment forecast incorporates the slightly stronger growth experienced through August which adds about 600 jobs. The trend growth rate through the end of 2007 has also been increased from 5,000 per year to about 6,000 per year. The software wage forecast is similar to the assumption made in June but the level is about $0.5 billion higher. Microsoft stock options are expected to continue to decline but income from stock grants will grow. Software employment is expected to increase 4,300 from the second quarter of 2005 to the fourth quarter of 2007 compared to 3,200 in the June forecast.

Washington nonfarm payroll employment increased 1.7 percent in 2004 following a 0.1 percent rise in 2003 and declines in 2001 and 2002. The forecast continues to expect a relatively weak recovery due to the sluggish U.S. economy and only a modest upturn in aerospace. The forecast expects employment growth to improve to 2.8 percent this year. Employment growth is expected to retreat to 2.2 percent in 2006 and 2.0 percent in 2007. Washington personal income was temporarily boosted by nearly 3 percentage points in 2004 as a result of Microsoft's special dividend in November 2004. As a result of that dividend, Washington personal income growth jumped to 7.1 percent in 2004 from 2.8 percent in 2003. Excluding the special dividend, however, growth in 2004 would have been a more moderate 4.3 percent. Personal income growth is expected to slow in 2005 to 3.9 percent but this is also distorted by the one-time dividend. Excluding the special dividend, the forecast expects personal income growth to improve to 6.7 percent this year and 7.5 percent next year before slowing slightly to 6.3 percent in 2007. Housing activity remains very strong. Housing permits increased 7,300 in 2004 to 50,100 which is the highest annual total since 1979. The strength in housing has been mostly in the single family market which continues to benefit from low mortgage rates. Higher mortgage rates are expected to weaken the single family market during the next three years. Offsetting this will be stronger population growth which should boost single family and multi-family activity. The forecast expects housing permits to remain strong at 49,700 in 2005, 49,200 in 2006, and 47,800 in 2007. The weak Washington economy has slowed inflation in the area in spite of soaring energy costs. Inflation, as measured by the Seattle consumer price index declined in 2004 to 1.2 percent from 1.6 percent in 2003. The strengthening local economy and higher energy costs should result in higher inflation in the next three years. The forecast expects inflation rates of 3.2 percent in 2005, 2.7 percent in 2006, and 2.2 percent in 2007.

1. Nominal personal income surged 7.7 percent in fiscal 2005 following 3.9 percent increase in 2004. The strong growth was largely due to due the special one-time dividend paid by Microsoft in December 2004. Without the special dividend, growth would have been 5.0 percent in 2005. The improvement in growth in 2005, aside from the special dividend, was primarily due to much stronger employment growth. Declining software stock option income continues to hurt overall income growth. Excluding software wages as well as the special dividend, Washington personal income would have increased 5.7 percent in 2005 rather than 5.0 percent. The forecast expects even stronger income growth in the next two years. Employment growth should remain healthy and average wage growth and nonwage income growth are expected to accelerate. Nominal income growth will slow in 2006 to 4.9 percent due to the absence of the special dividend this year. Excluding the special dividend impact, growth will accelerate to 7.6 percent in 2006, slowing slightly to 6.9 percent in 2007. Software wages are not expected to have a major impact on income growth in the next two years.

2. Washington real personal income growth jumped to 4.9 percent in fiscal 2005 from 1.8 percent in 2004, again largely because of the special Microsoft dividend in December 2005. Excluding the special dividend, the improvement was more modest, from 1.8 percent to 2.2 percent. Much stronger personal income growth is expected during the next two years. The forecast calls for real personal income growth rates of 1.8 percent in 2006 (4.4 percent excluding the Microsoft special dividend) and 4.7 percent in 2007.

3. Total payroll employment growth in Washington rose 2.4 percent in fiscal 2005 following a gain of just 0.7 percent 2004 and declines in 2003 and 2002. The areas that suffered the most in the recession in Washington were information technology, aerospace, and construction. Construction employment has now moved well beyond its previous peak and continues to grow rapidly. The

aerospace sector has begun a modest recovery and, with the exception of telecommunications, the IT sector is in recovery. Washington payroll employment growth is expected to increase slightly to 2.5 percent in 2006 before slowing to 2.1 percent in 2007.

- As of July, the aerospace recovery has added 6,400 jobs since the trough of the last downturn in August 2004. Previously, 27,400 aerospace jobs had been lost since the September 11 terrorist attacks and 52,400 jobs had been lost since the June 1998 peak. Boeing expects to deliver 320 planes this year and 395 planes in 2006 compared to 285 in 2004. A further unspecified increase is expected in 2007 as well. In spite of the strong growth expected in deliveries the upturn in employment is expected to be more gradual than in past cycles. The forecast assumes fourth quarter to fourth quarter employment increases of 5,300, 6,000, and 5,700 in 2005, 2006, and 2007.
- After more than a decade of robust and sustained growth, employment by Washington's software publishers flattened in mid-2001. From the beginning of 1990 through the second quarter of 2001, the software employment growth rate averaged more than 16 percent per year. During the next two years the average annual growth rate slowed to just 1.0 percent. Microsoft continued to grow, albeit at a reduced rate, but other Washington software publishers suffered absolute declines. During last two years, however, growth has picked up to an average rate of 5.4 percent and the monthly data through July indicate that growth in the third quarter of 2005 will be at a strong 8.8 percent rate. The forecast assumes that Microsoft employment will continue to grow, though not nearly as fast as in the 1990s, and that non-Microsoft software will also grow. Microsoft has announced that it expects to hire 4,000 to 5,000 employees worldwide during the next year. In recent years, fewer than half of net new hires have been in Washington, though. The forecast assumes software employment will grow at an average rate of 3.6 percent per year during the remainder of the forecast.
- Bolstered by a hot housing market, strong growth in Washington's construction employment during the two years has now erased the significant losses experienced during the recession. Since the middle of 2003 growth has averaged 7.1 percent. Employment is now 14,500 (8.9 percent) higher than at the previous peak in the first quarter of 2001 and 24,200 (15.8 percent) higher than at the trough in the first quarter of 2002. Housing held up pretty well during the recession but nonresidential building in the Puget Sound area fell sharply. We believe the commercial side has now stabilized and the recent strength in housing permits should support construction employment in the near term. Higher interest rates are expected to depress single family activity in the future but stronger migration into Washington should boost multi-family activity. In addition, nonresidential construction is expected to recover. As a result, the forecast expects fairly moderate construction employment growth averaging 1.4 percent per year through 2007.
- Financial activities employment grew rapidly right through the recession. From the end of 2000 through the third quarter of 2003 growth averaged 2.8 percent per year. The growth was concentrated in credit intermediation and related activities, which clearly benefited by a refinancing boom brought on by the decline in mortgage interest rates during this period. Employment in this sector plateaued when mortgage rates stopped falling in early 2003 but picked up again in the fourth quarter of 2004. Year-over-year growth is expected to peak at 2.2 percent in the third quarter of this year. The forecast expects a 1.6 percent growth rate in the

fourth quarter but a decline of 0.1 percent during the next year due to rising interest rates. Growth is projected to improve to 1.0 percent during the final year of the forecast.

- 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. Since then, however, Washington retail trade employment growth has generally been positive but weak, averaging 1.5 percent. In the second quarter of 2005 employment exceeded its pre-recession peak by a mere 0.1 percent. The forecast expects trade employment growth to improve to an average annual rate of 2.1 percent per year through the end of 2007.
- Employment in the professional and business services sector plunged 6.5 percent from the end of 2000 through the first quarter of 2002. The 20,100 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 (20.1 percent). These areas of weakness have turned around. During the last two years, employment in computer systems design and related services has increased 5.7 percent while employment services employment has soared 29.8 percent. As a result, overall professional and business services employment growth has averaged 4.7 percent per year during the last two years. The forecast expects fairly strong growth averaging 4.2 percent per year throughout the forecast.
- 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 second quarter of 2003, employment grew at an average rate of 3.3 percent per year. Since then the growth rate has slowed to an average rate of just 0.6 percent and just 0.3 percent excluding the small but rapidly expanding tribal government sector. The forecast expects a strong 3.1 percent increase in the third quarter of 2005 but we believe this is due to a seasonal anomaly in local government education employment that will be reversed in the fourth quarter. Because of this, the forecast calls for a 0.7 percent decline in the fourth quarter. The forecast assumes some improvement as state and local government budgets recover and tribal government employment should continue to grow rapidly but growth will be restrained by slow school age population growth. The forecast expects an average growth rate of 1.8 percent per year from the fourth quarter of 2005 through the end of 2007.

4. The number of housing units authorized by building permit in Washington rose 18.0 percent in fiscal 2005 to 52,100 units following increases of 14.9 percent and 3.4 percent in 2003 and 2004. 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 10.6 percent in 2005 to a 27 year high 38,000 units and multi-family permits jumped 44.0 percent to 14,100 units. Rising mortgage rates will depress the single family market in 2006 and 2007. Partially offsetting this is stronger net migration which should continue to boost multi-family activity. The net effect is a modest reduction in overall activity during the next two years. The forecast expects a 5.1 percent reduction in 2006 to 49,500 units followed by a 1.9 percent decrease in 2007 to 48,600 units.

5. Inflation in the Seattle metropolitan area, as measured by the consumer price index for all urban consumers, increased in fiscal 2005 to 1.9 percent from 1.3 percent in 2004. Core inflation in Seattle was only 1.0 percent in 2005, up slightly from 0.4 percent in 2004. Seattle inflation trailed the national average in 2003, 2004, and 2005 reflecting the more severe local recession. During the previous 13 years Seattle inflation had exceeded the U.S. city average. Seattle inflation is expected to remain slightly below U.S. inflation this year at 3.4 percent compared to 3.7 percent for the U.S. The stronger local recovery should eventually cause Seattle inflation to rise above the U.S. rate. The forecast calls for a Seattle inflation rate of 2.2 percent in 2007 compared to a national rate of 2.0 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.

Optimistic Forecast: Six assumptions distinguish the optimistic scenario from the baseline forecast. First, productivity is stronger. Underlying this assumption is the view that the information-driven technology boom, which appears to have accelerated in recent years, continues. Second, foreign economic growth is stronger. A stronger world economy boosts U.S. exports and strengthens domestic manufacturing. Third, business investment is stronger. Fourth, the federal government budget deficit is lower. Fifth, housing starts are stronger. And finally, the optimistic scenario assumes that oil prices are lower than in the baseline. These assumptions produce a rosier outlook, with the economy growing 1.0 percentage points faster during 2006 and 1.1 percentage points faster during 2007. Although economic growth and labor markets are stronger, inflation is lower because of the stronger dollar and the higher productivity gains. The lower inflation rate allows the Federal Reserve to keep the federal funds rate below the baseline value. Since productivity growth is higher, potential GDP is higher and remains so throughout the forecast period. Job growth is also stronger. Nonfarm employment is 1.1 million higher than in the baseline at the end of 2006 and 2.0 million higher at the end of 2007. Because job growth is strong, the unemployment rate stays below its baseline rate over the forecast period. For Washington, the optimistic forecast assumes a more typical, vigorous aerospace employment expansion than the modest growth assumed in the baseline. Washington's wages also grow faster than in the baseline. The strong economy raises Seattle CPI inflation above the baseline forecast in the optimistic scenario in spite of strong productivity growth. The initial level of Washington personal income is also higher in the optimistic scenario and population growth and construction employment growth are stronger. By the end of the 2005-07 biennium Washington nonagricultural employment is higher by 61,600 jobs than in the baseline forecast and Washington personal income is $12.0 billion higher. The optimistic scenario generated $863 million (3.3 percent) more revenue in the 2005-07 biennium than did the baseline forecast.

Pessimistic Forecast: The pessimistic alternative assumes even higher oil prices than in the baseline. It also assumes that there is less spare capacity than thought, both globally and in the U.S. economy. It also assumes that the dollar weakens rapidly as foreign investors take fright at the spiraling trade deficit, and thus lose confidence in the dollar. 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. The Fed responds by accelerating the pace of tightening. Despite the more aggressive tightening, the stock and bond markets both slip on signs that the Fed may have let inflation build up an unstoppable

momentum. The Fed cannot permit this acceleration to continue, and so raises rates further in 2006. This simulation also has a housing price bubble that ends inauspiciously. The average price of existing single-family homes rises more than 10% above the baseline price in the fourth quarter of 2005, but then the bubble bursts. Between the higher interest rates and persistently high energy prices, consumer confidence begins to waver. Consumers rein in discretionary spending and the US economy slows. At the same time, hiring lags, causing the unemployment rate to climb. The economy does not sink into recession in the pessimistic alternative, but merely fails to come as close to its potential as in the baseline, with GDP growth coming in 1.0 percentage points below the baseline rate in 2006 and 1.5 percentage points lower in 2007. At the state level, the recovery in aerospace employment is much slower than in the baseline. 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 again in the fourth quarter of 2005 rather than continuing to rise as in the baseline. Because of the weak economy, Washington wage growth and Seattle inflation are weaker than in the baseline forecast in spite of the higher inflation assumption in the national pessimistic forecast. By the end of the 2005-07 biennium, Washington nonagricultural employment is 62,300 lower than the baseline forecast and Washington personal income is $9.2 billion lower. The pessimistic scenario produced $967 million (3.7 percent) less revenue in the 2005-07 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 Council members' real GDP growth forecast was very similar to the baseline forecast. Their inflation forecast was lower in 2006 but higher in 2007. Conversely, the Governor's Council members' interest rate forecasts were higher in 2006 and lower in 2007. The GCEA forecast for Washington State was also similar to the baseline forecast. Their personal income growth forecasts, both real and nominal, were stronger in 2006 but weaker in 2007. The average level of personal income during the 2005-06 biennium was lower in the GCEA scenario than in the baseline, though. The Council members expected slightly stronger employment growth in both years and their housing permit forecast was also slightly higher. At the end of the 2005-07 biennium Washington nonagricultural employment was 13,200 higher in the GCEA forecast than in the baseline forecast but their Washington personal income forecast was $3.5 billion lower. The Governor's Council scenario generated $78 million (0.3 percent) less revenue in the 2005-07 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 Fiscal Years

U.S. Economic Forecast Summary

Forecast 2006 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
Real National Income Accounts (Billions of Chained 2000 Dollars)								
Real Gross Domestic Product	9,679.2	9,876.5	9,947.5	10,138.9	10,557.5	10,948.5	11,322.7	11,664.8
% Ch	4.5	2.0	0.7	1.9	4.1	3.7	3.4	3.0
Real Consumption	6,599.5	6,829.1	7,010.9	7,180.1	7,453.8	7,726.1	7,957.3	8,201.5
% Ch	5.0	3.5	2.7	2.4	3.8	3.7	3.0	3.1
Real Nonresidential Fixed Investment	1,186.8	1,229.4	1,115.3	1,061.8	1,130.6	1,242.5	1,360.5	1,464.8
% Ch	9.4	3.6	-9.3	-4.8	6.5	9.9	9.5	7.7
Real Residential Fixed Investment	449.8	444.2	457.1	483.0	541.1	580.5	603.9	560.4
% Ch	3.5	-1.2	2.9	5.7	12.0	7.3	4.0	-7.2
Real Personal Income	8,209.2	8,524.6	8,567.5	8,593.3	8,815.5	9,133.0	9,398.7	9,764.0
% Ch	4.2	3.8	0.5	0.3	2.6	3.6	2.9	3.9
Real Per Capita Income ($/Person)	29,181	29,988	29,835	29,629	30,112	30,912	31,524	32,458
% Ch	3.0	2.8	-0.5	-0.7	1.6	2.7	2.0	3.0
Price and Wage Indexes								
U.S. Implicit Price Deflator (2000=1.0)	0.988	1.011	1.027	1.046	1.067	1.096	1.130	1.154
% Ch	2.3	2.3	1.5	1.8	2.1	2.7	3.0	2.1
U.S. Consumer Price Index (1982-84=1.0)	1.693	1.751	1.782	1.821	1.861	1.917	1.988	2.027
% Ch	2.9	3.4	1.8	2.2	2.2	3.0	3.7	2.0
Employment Cost Index (June 1989=1.0)	1.431	1.487	1.541	1.585	1.630	1.670	1.716	1.778
% Ch	3.7	3.9	3.6	2.9	2.8	2.4	2.8	3.6
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	9,571.3	9,991.5	10,280.3	10,670.0	11,361.7	12,096.5	12,836.9	13,497.0
% Ch	6.4	4.4	2.9	3.8	6.5	6.5	6.1	5.1
Personal Income	8,115.3	8,622.2	8,798.7	8,988.3	9,410.8	10,014.0	10,618.6	11,265.2
% Ch	6.6	6.2	2.0	2.2	4.7	6.4	6.0	6.1
Employment (Millions)								
U.S. Civilian Labor Force	142.0	143.2	144.4	145.9	146.8	148.2	150.5	152.7
Total U.S. Employment	135.4	137.2	136.4	137.1	138.3	140.3	143.0	145.2
Unemployment Rate (%)	4.07	4.13	5.47	5.89	5.81	5.31	4.98	4.93
Nonfarm Payroll Employment	130.60	132.25	130.88	130.12	130.48	132.57	134.67	136.50
% Ch	2.5	1.3	-1.0	-0.6	0.3	1.6	1.6	1.4
Manufacturing	17.29	17.04	15.74	14.88	14.33	14.32	14.24	14.09
% Ch	-0.8	-1.4	-7.7	-5.4	-3.7	-0.0	-0.6	-1.1
Durable Manufacturing	10.85	10.75	9.83	9.21	8.88	8.95	8.94	8.89
% Ch	-0.1	-0.9	-8.6	-6.2	-3.6	0.9	-0.1	-0.5
Nondurable Manufacturing	6.44	6.29	5.91	5.67	5.45	5.37	5.30	5.19
% Ch	-1.9	-2.4	-6.0	-4.1	-3.8	-1.5	-1.3	-2.0
Construction	6.70	6.82	6.77	6.69	6.84	7.10	7.36	7.39
% Ch	5.4	1.8	-0.7	-1.2	2.2	3.8	3.6	0.5
Producing	106.01	107.78	107.78	107.97	108.74	110.54	112.43	114.35
% Ch	2.9	1.7	-0.0	0.2	0.7	1.7	1.7	1.7
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	22.4	23.4	24.1	24.4	24.1	23.8	24.0	23.7
Auto Sales (Millions)	9.0	8.5	8.2	7.9	7.5	7.6	7.2	7.2
% Ch	7.8	-5.0	-4.3	-3.7	-4.3	0.2	-4.5	-0.0
Housing Starts (Millions)	1.638	1.571	1.646	1.729	1.944	2.017	2.003	1.841
% Ch	-1.3	-4.1	4.8	5.1	12.4	3.7	-0.7	-8.1
Federal Budget Surplus (Billions)	156.2	161.0	-135.8	-302.9	-426.0	-340.6	-329.9	-309.3
Net Exports (Billions)	-323.9	-389.8	-375.7	-477.9	-543.3	-677.0	-784.7	-796.4
3-Month Treasury Bill Rate (%)	5.23	5.14	2.15	1.30	0.96	2.21	3.74	4.34
30-Year U.S. Govt. Bond Rate (%)	6.14	5.66	5.55	5.02	5.21	4.81	4.66	5.31
Bond Index of 20 G.O. Munis. (%)	5.82	5.35	5.14	4.77	4.79	4.50	4.62	5.30
Mortgage Rate (%)	8.05	7.45	6.88	5.93	5.92	5.78	6.01	6.73

Table 1.2 Fiscal Years

Washington Economic Forecast Summary

Forecast 2006 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
Real Income (Billions of Chained 2000 Dollars)								
Real Personal Income	185.815	188.591	190.450	191.548	195.008	204.519	208.249	218.091
% Ch	6.3	1.5	1.0	0.6	1.8	4.9	1.8	4.7
Real Wage and Salary Disb.	110.278	108.885	107.510	107.387	108.690	110.918	115.246	120.634
% Ch	8.4	-1.3	-1.3	-0.1	1.2	2.0	3.9	4.7
Real Nonwage Income	75.536	79.706	82.940	84.161	86.317	93.601	93.003	97.458
% Ch	3.4	5.5	4.1	1.5	2.6	8.4	-0.6	4.8
Real Per Capita Income ($/Person)	31,561	31,621	31,569	31,442	31,655	32,742	32,803	33,783
% Ch	5.1	0.2	-0.2	-0.4	0.7	3.4	0.2	3.0
Price and Wage Indexes								
U.S. Implicit Price Deflator (2000=1.0)	0.988	1.011	1.027	1.046	1.067	1.096	1.130	1.154
% Ch	2.3	2.3	1.5	1.8	2.1	2.7	3.0	2.1
Seattle Cons. Price Index (1982-84=1.0)	1.757	1.828	1.876	1.910	1.935	1.973	2.041	2.086
% Ch	3.2	4.0	2.7	1.8	1.3	1.9	3.4	2.2
Avg. Hourly Earnings-Mfg. ($/Hour)	16.42	17.30	18.34	17.88	18.15	18.57	19.05	19.39
% Ch	2.8	5.4	6.0	-2.5	1.5	2.3	2.6	1.8
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	183.265	190.420	195.306	200.140	207.986	224.096	234.947	251.133
% Ch	8.9	3.9	2.6	2.5	3.9	7.7	4.8	6.9
Personal Income	183.670	190.757	195.586	200.344	208.157	224.211	235.272	251.616
% Ch	8.8	3.9	2.5	2.4	3.9	7.7	4.9	6.9
Disposable Personal Income	157.042	162.472	170.844	177.246	186.086	198.849	207.342	220.910
% Ch	8.1	3.5	5.2	3.7	5.0	6.9	4.3	6.5
Per Capita Income ($/Person)	31,196	31,983	32,420	32,886	33,789	35,894	37,058	38,975
% Ch	7.5	2.5	1.4	1.4	2.7	6.2	3.2	5.2
Employment (Thousands)								
Washington Civilian Labor Force	3,059.4	3,050.0	3,072.0	3,133.2	3,198.3	3,256.7	3,316.6	3,382.8
Total Washington Employment	2,912.1	2,884.0	2,855.5	2,903.7	2,978.1	3,070.1	3,125.5	3,188.1
Unemployment Rate (%)	4.81	5.44	7.05	7.32	6.89	5.73	5.76	5.75
Nonfarm Payroll Employment	2,684.4	2,717.5	2,665.4	2,654.9	2,674.5	2,739.5	2,809.1	2,868.0
% Ch	2.4	1.2	-1.9	-0.4	0.7	2.4	2.5	2.1
Manufacturing	336.3	326.4	300.1	274.8	263.2	266.5	272.8	276.8
% Ch	-4.8	-2.9	-8.1	-8.4	-4.2	1.2	2.4	1.4
Durable Manufacturing	239.7	232.9	212.0	190.5	181.0	185.7	192.4	197.6
% Ch	-6.4	-2.8	-9.0	-10.2	-5.0	2.6	3.6	2.7
Aerospace	89.6	86.8	82.9	70.1	62.1	63.3	69.8	75.5
% Ch	-16.5	-3.1	-4.5	-15.5	-11.4	1.9	10.3	8.3
Nondurable Manufacturing	96.5	93.5	88.1	84.3	82.3	80.8	80.5	79.2
% Ch	-0.3	-3.2	-5.7	-4.3	-2.5	-1.8	-0.4	-1.6
Construction	158.3	161.3	154.8	154.9	160.0	170.8	180.6	182.7
% Ch	6.5	1.9	-4.1	0.1	3.2	6.8	5.7	1.2
Service-Producing	2,179.4	2,220.0	2,200.9	2,216.1	2,242.5	2,293.1	2,346.7	2,399.4
% Ch	3.3	1.9	-0.9	0.7	1.2	2.3	2.3	2.2
Software Publishers	29.6	34.5	36.0	36.5	38.5	40.0	42.3	43.7
% Ch	14.0	16.9	4.1	1.6	5.5	3.7	5.8	3.5
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	39.065	40.384	37.216	42.753	44.193	52.147	49.496	48.558
% Ch	-13.1	3.4	-7.8	14.9	3.4	18.0	-5.1	-1.9
Single-Family	26.372	26.761	26.856	32.802	34.396	38.043	32.801	30.657
% Ch	-6.7	1.5	0.4	22.1	4.9	10.6	-13.8	-6.5
Multi-Family	12.693	13.623	10.360	9.951	9.797	14.105	16.694	17.901
% Ch	-24.0	7.3	-24.0	-4.0	-1.5	44.0	18.4	7.2
Mortgage Rate (%)	8.05	7.45	6.88	5.93	5.92	5.78	6.01	6.73

Table 1.3
Comparison of Alternative Forecasts

	Fiscal Year 2005				Fiscal Year 2006				Fiscal Year 2007			
	O	B	P	G	O	B	P	G	O	B	P	G
U.S.												
Real GDP	10948.5	10948.5	10948.5	10948.5	11366.8	11322.7	11268.7	11335.5	11850.8	11664.8	11445.8	11670.6
%Ch	3.7	3.7	3.7	3.7	3.8	3.4	2.9	3.5	4.3	3.0	1.6	3.0
Implicit Price Deflator	1.096	1.096	1.096	1.096	1.126	1.130	1.140	1.123	1.140	1.154	1.180	1.150
%Ch	2.7	2.7	2.7	2.7	2.8	3.0	4.0	2.5	1.2	2.1	3.5	2.4
Mortgage Rate	5.78	5.78	5.78	5.78	5.93	6.01	7.28	6.07	6.16	6.73	9.91	6.43
3 Month T-Bill Rate	2.21	2.21	2.21	2.21	3.67	3.74	4.23	4.15	3.94	4.34	5.77	3.77
Washington												
Real Personal Income	204.519	204.519	204.519	204.519	213.217	208.249	202.353	210.589	229.498	218.091	206.399	216.180
%Ch	4.9	4.9	4.9	4.9	4.3	1.8	-1.1	3.0	7.6	4.7	2.0	2.7
Personal Income	224.211	224.211	224.211	224.211	240.191	235.272	230.644	236.558	261.673	251.616	243.562	248.685
%Ch	7.7	7.7	7.7	7.7	7.1	4.9	2.9	5.5	8.9	6.9	5.6	5.1
Employment	2739.5	2739.5	2739.5	2739.5	2825.8	2809.1	2793.4	2809.6	2917.2	2868.0	2819.7	2877.8
%Ch	2.4	2.4	2.4	2.4	3.2	2.5	2.0	2.6	3.2	2.1	0.9	2.4
Housing Permits	52.147	52.147	52.147	52.147	52.732	49.496	42.611	50.066	56.548	48.558	35.175	48.828
%Ch	18.0	18.0	18.0	18.0	1.1	-5.1	-18.3	-4.0	7.2	-1.9	-17.5	-2.5

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

Table 1.4
Forecast Analysis
Comparison of Forecasts for 2003-05

Forecast Date	2004				2005				2006				2007	
	Feb.	June	Sept.	Nov.	Mar.	June	Sept.	Nov.	Feb.	June	Sept.	Nov.	Mar.	June
U.S.														
Percent Growth, 2005:2-2007:2														
Real GDP	6.8	6.8	6.5	6.2	6.4	5.9	6.3							
Implicit Price Deflator	3.9	3.7	3.8	3.5	3.7	3.9	5.0							
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							
Mortgage Rate	7.01	6.57	6.98	6.54	6.46	6.76	6.37							
Washington														
Percent Growth, 2005:2-2007:2														
Employment	4.2	4.0	3.9	3.3	3.6	4.0	4.4							
Personal Income	12.8	12.7	12.5	11.9	12.2	13.0	14.0							
Real Personal Income	8.6	8.7	8.5	8.1	8.3	8.8	8.6							
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							

Table 1.5 Fiscal Years

Forecast Comparison

Forecast 2005 to 2007

	2003	2004	2005	2006	2007
U.S.					
Real GDP					
September Baseline	10138.9	10557.5	10948.5	11322.7	11664.8
% Ch	1.9	4.1	3.7	3.4	3.0
June Baseline	10181.3	10633.9	11031.7	11380.7	11693.9
% Ch	2.3	4.4	3.7	3.2	2.8
Implicit Price Deflator					
September Baseline	1.046	1.067	1.096	1.130	1.154
% Ch	1.8	2.1	2.7	3.0	2.1
June Baseline	1.046	1.066	1.091	1.115	1.137
% Ch	1.9	1.9	2.4	2.2	1.9
U.S. Unemployment Rate					
September Baseline	5.89	5.81	5.31	4.98	4.93
June Baseline	5.89	5.81	5.32	5.15	5.25
Mortgage Rate					
September Baseline	5.93	5.92	5.78	6.01	6.73
June Baseline	5.93	5.92	5.85	6.74	6.78
3 Month T-Bill Rate					
September Baseline	1.30	0.96	2.21	3.74	4.34
June Baseline	1.30	0.96	2.24	3.80	3.98
Washington					
Real Personal Income					
September Baseline	191.548	195.008	204.519	208.249	218.091
% Ch	0.6	1.8	4.9	1.8	4.7
June Baseline	191.498	195.333	204.354	207.278	216.442
% Ch	0.5	2.0	4.6	1.4	4.4
Personal Income					
September Baseline	200.344	208.157	224.211	235.272	251.616
% Ch	2.4	3.9	7.7	4.9	6.9
June Baseline	200.344	208.145	222.866	231.158	246.044
% Ch	2.4	3.9	7.1	3.7	6.4
Employment					
September Baseline	2654.9	2674.5	2739.5	2809.1	2868.0
% Ch	-0.4	0.7	2.4	2.5	2.1
June Baseline	2654.9	2674.5	2739.8	2806.3	2861.7
% Ch	-0.4	0.7	2.4	2.4	2.0
Housing Permits					
September Baseline	42.753	44.193	52.147	49.496	48.558
% Ch	14.9	3.4	18.0	-5.1	-1.9
June Baseline	42.753	44.193	52.107	46.662	46.698
% Ch	14.9	3.4	17.9	-10.5	0.1

Table 1.6 Calendar Years

Long Range Economic Outlook

Forecast 2005 to 2015

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
U.S.											
Real GDP, %Ch	3.5	3.3	2.9	3.4	2.9	2.8	2.8	2.8	2.9	3.2	3.3
Implicit Price Deflator, %Ch	2.9	2.5	2.2	2.0	2.2	2.3	2.6	2.7	2.6	2.6	2.6
3 Month T-Bill Rate	3.06	4.19	4.42	4.66	4.86	5.00	5.00	5.00	5.00	5.00	5.00
Mortgage Rate	5.74	6.46	6.91	6.96	7.28	7.54	7.55	7.55	7.55	7.55	7.55
State*											
Real Personal Income, %Ch	1.0	4.9	4.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Personal Income, %Ch	3.9	7.5	6.3	4.6	4.7	4.8	5.2	5.3	5.2	5.1	5.1
Employment, %Ch	2.8	2.2	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0

* September 2005 Baseline (2005-2007) judgmentally extended through 2015.

Comparison of Washington and U.S. Economic Forecasts

Chart 1.1
Total Nonfarm Payroll Employment

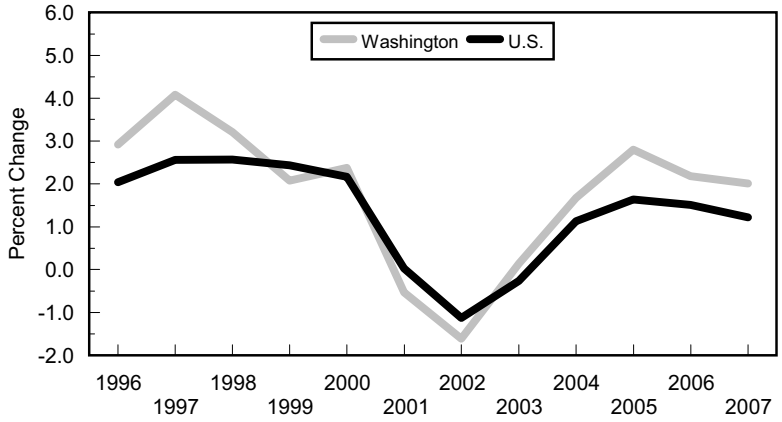


Chart 1.2
Manufacturing Employment

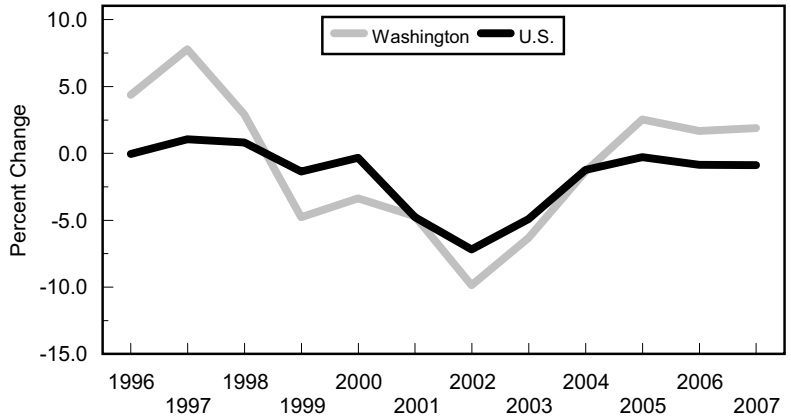


Chart 1.3
Aerospace Employment

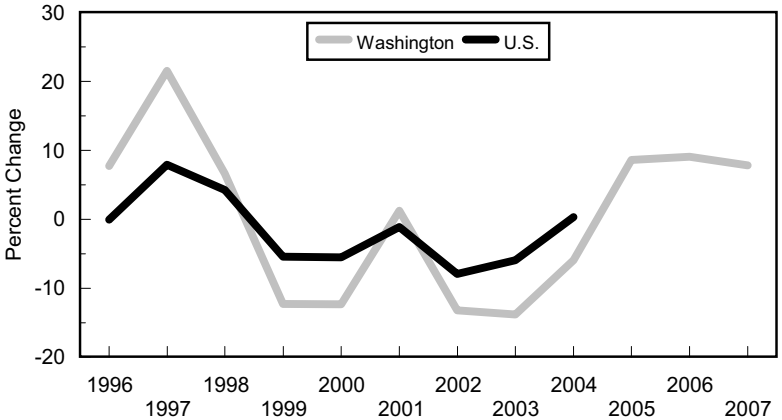
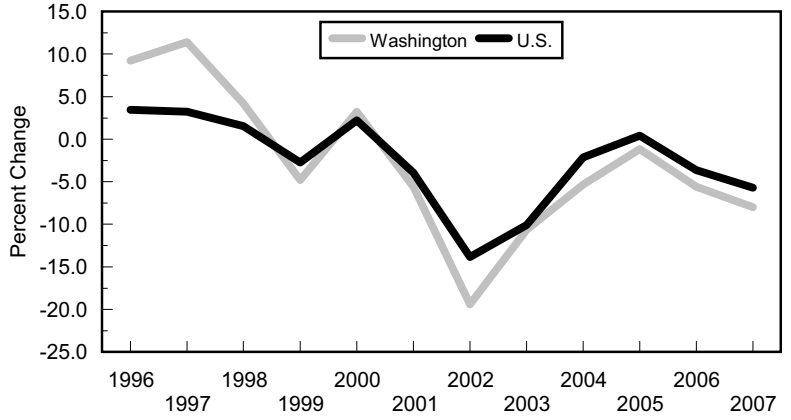


Chart 1.4
Computers and Electronics Employment



Comparison of Washington and U.S. Economic Forecasts

Chart 1.5
Construction Employment

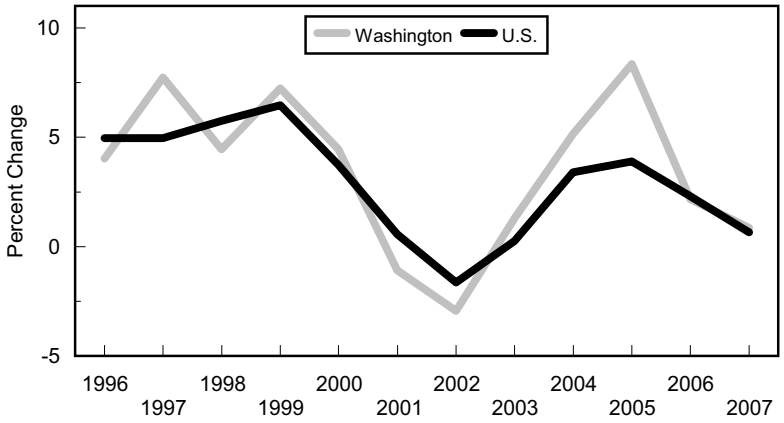


Chart 1.6
Information Employment

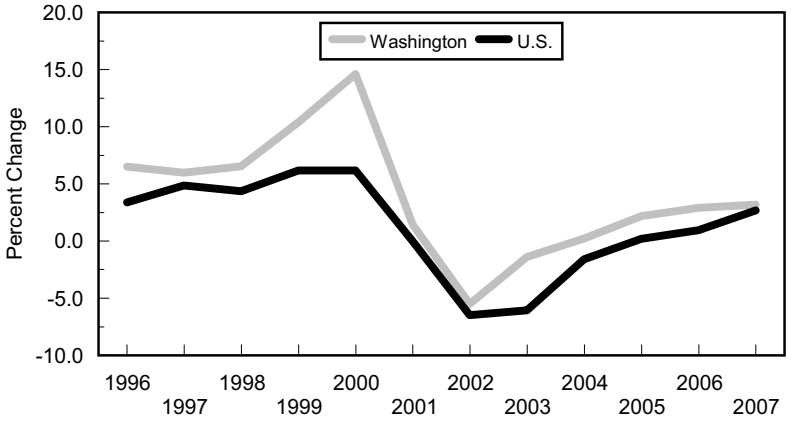


Chart 1.7
Other Private Employment

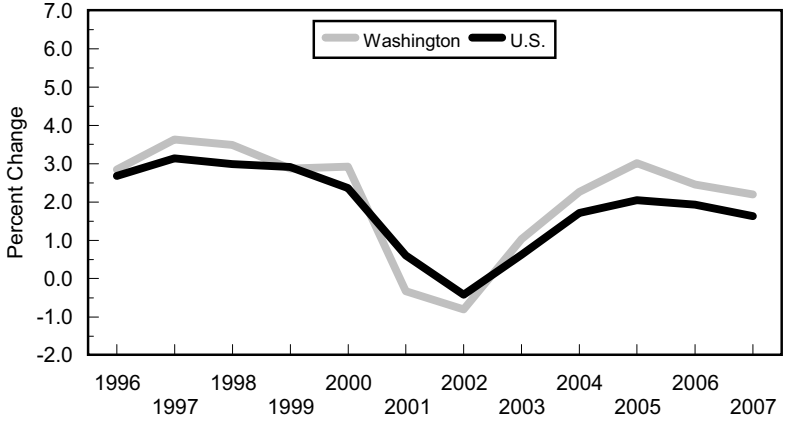
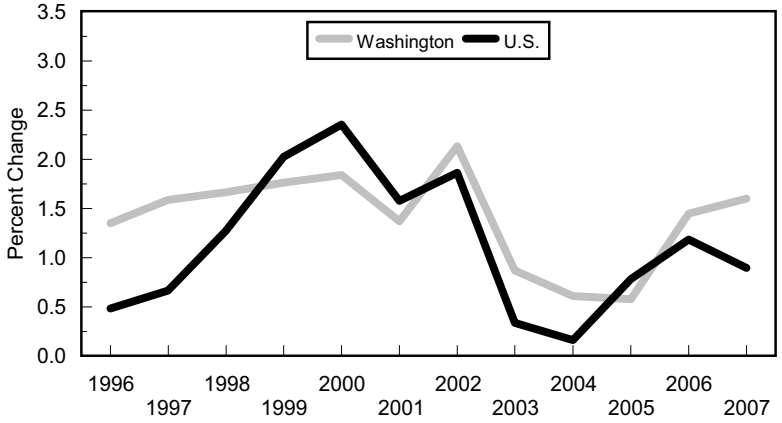


Chart 1.8
Government Employment



Comparison of Washington and U.S. Economic Forecasts

Chart 1.9
Real Personal Income

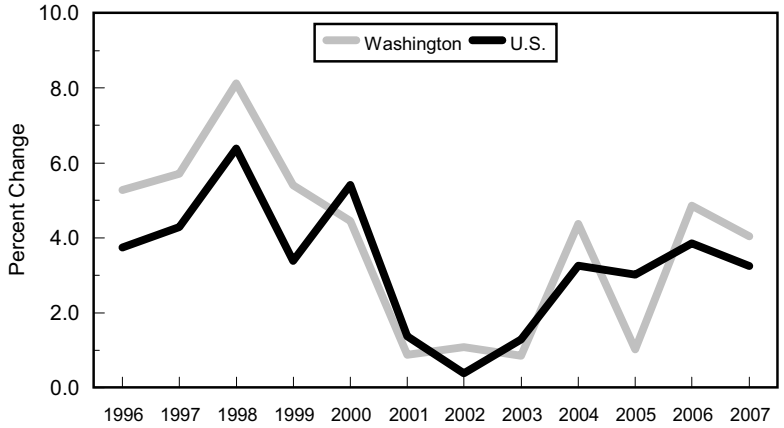


Chart 1.10
Consumer Price Indices

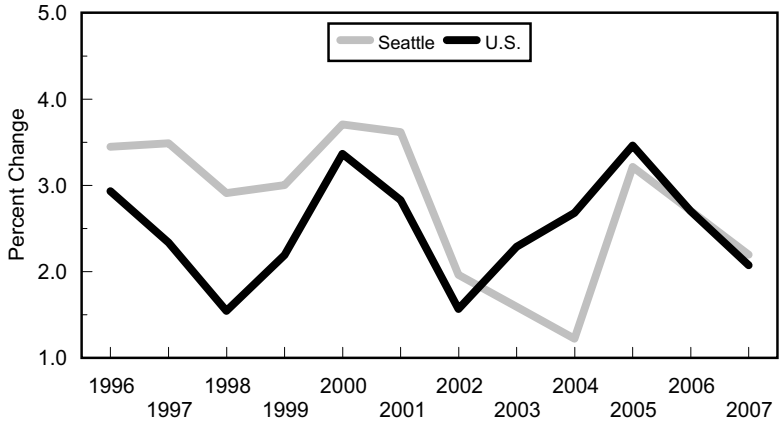


Chart 1.11
Population

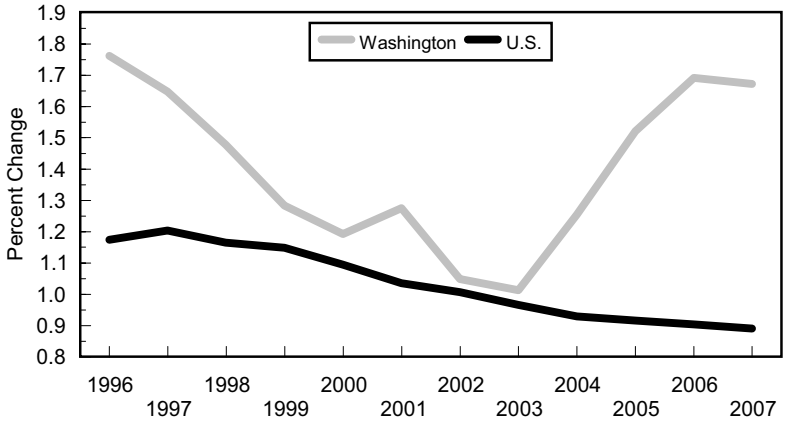
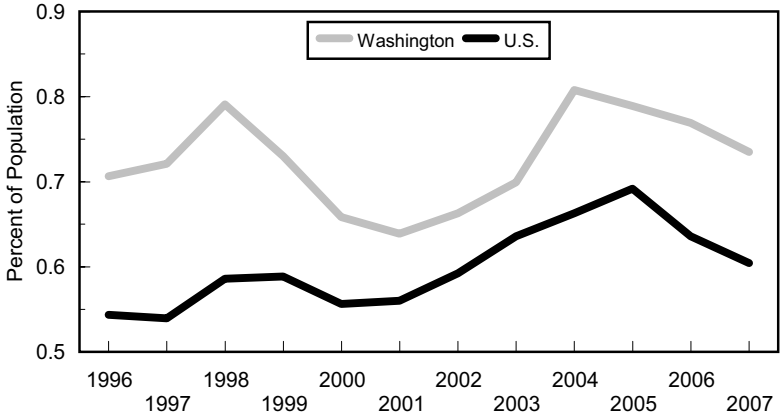


Chart 1.12
Per Capita Housing Units



Comparison of Alternative U.S. Forecasts

Chart 1.13
Real GDP

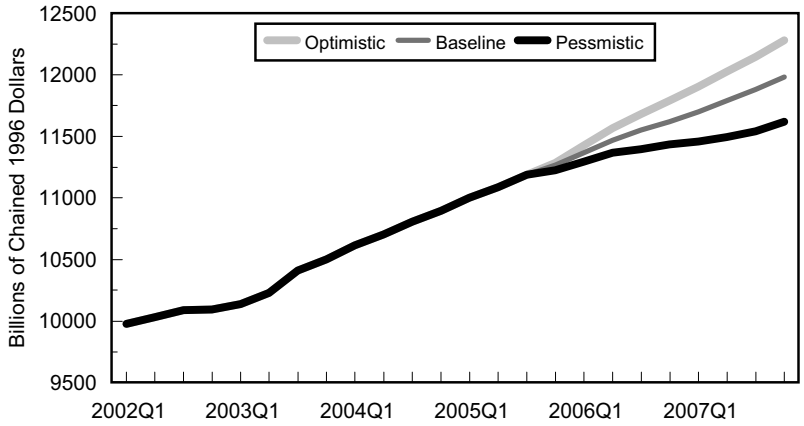


Chart 1.14
Implicit Price Deflator

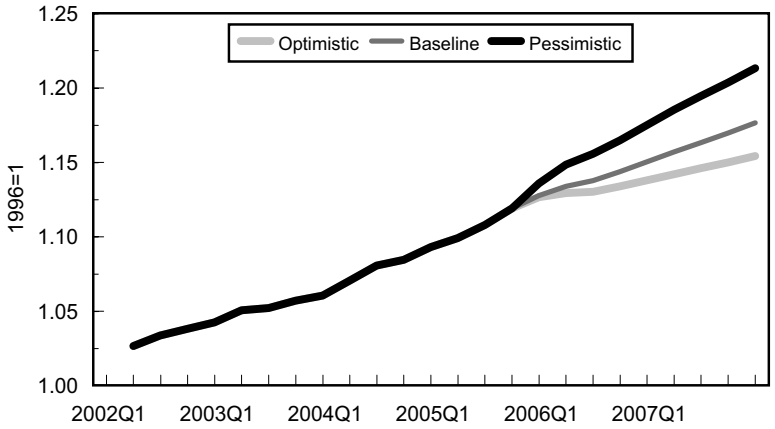


Chart 1.15
Mortgage Rate

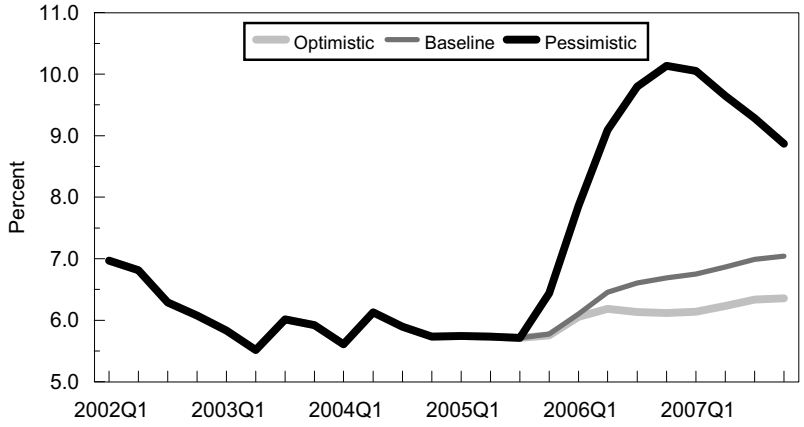
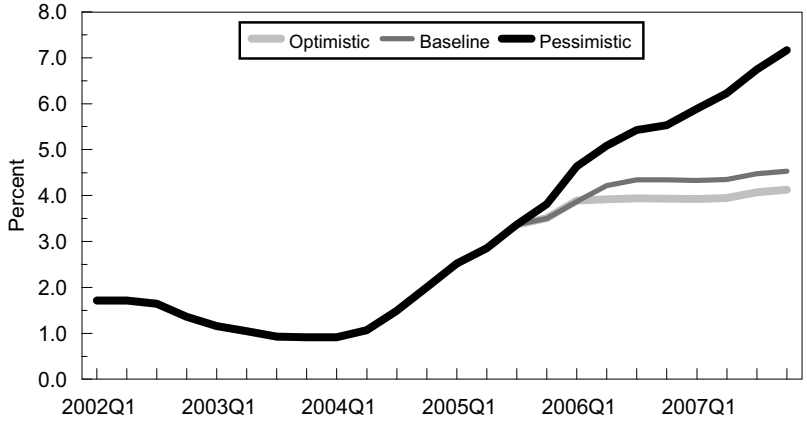


Chart 1.16
Three Month T-Bill Rate



Comparison of Alternative Washington Forecasts

Chart 1.17
Personal Income

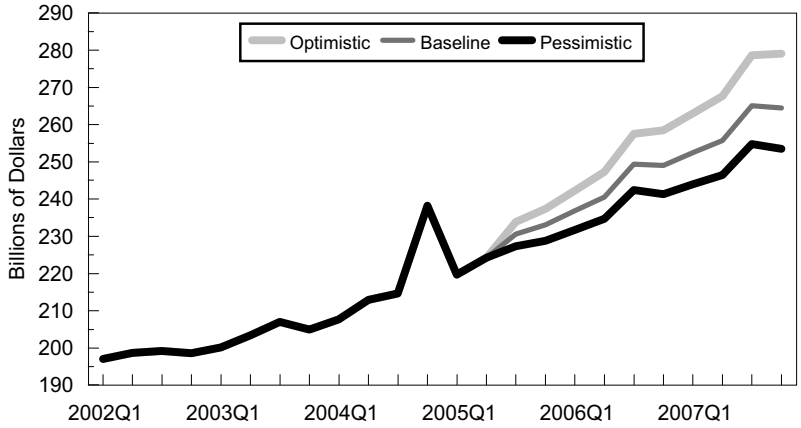


Chart 1.18
Real Personal Income

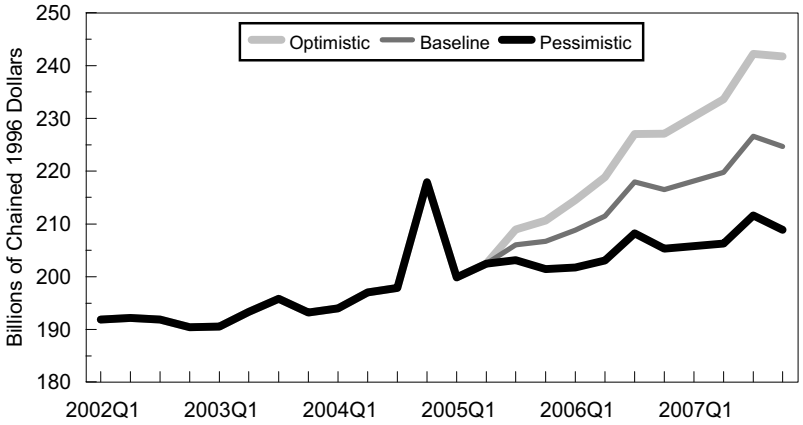


Chart 1.19
Total Nonfarm Payroll Employment

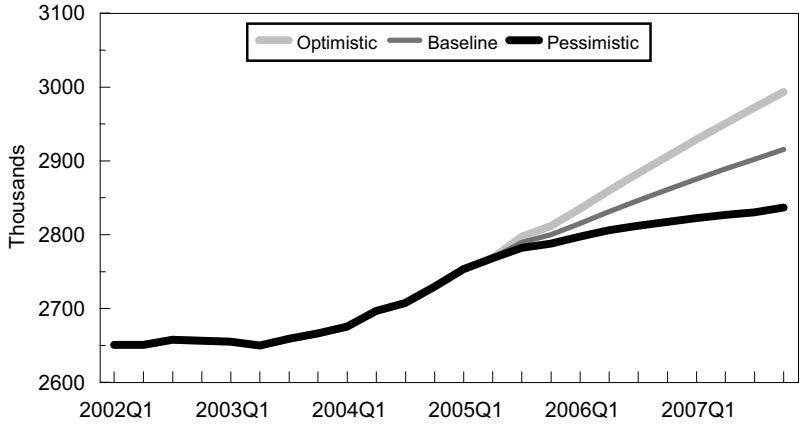
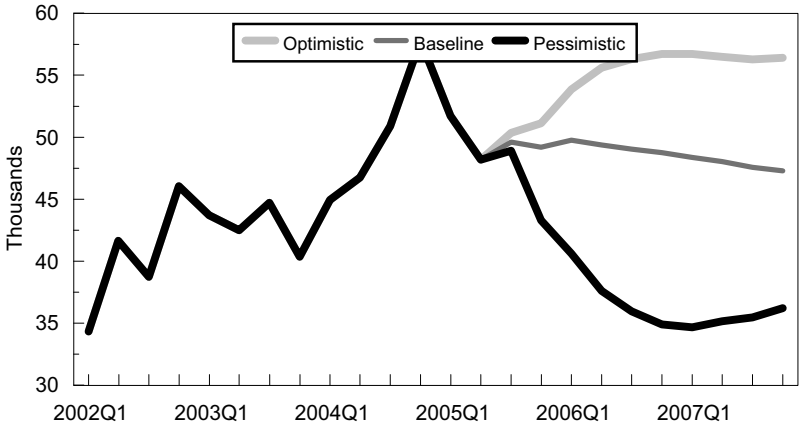


Chart 1.20
Housing Permits



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 3.3* percent annual rate in the second quarter of 2005, down slightly from the first quarter's rate of 3.8 percent. As in the previous quarter, the bulk of the growth was provided by real consumer spending, increasing at an annual rate of 3.4 percent in the second quarter and 3.5 percent in the first. Real consumer spending was supported mainly by real durable goods consumption, which accelerated to an annual growth rate of 7.9 percent after growing at 2.6 percent in the previous quarter. Real nondurable goods consumption increased at a rate of 3.6 percent and real services consumption increased at a rate of 2.3 percent, down considerably from their previous growth rates of 5.3 and 2.8 percent respectively. Real gross private domestic investment detracted from headline real GDP growth in the second quarter, contracting at an annual rate of 3.7percent after growing at a rate of 8.6 percent in the previous quarter. The decline was due to a large reduction in private inventories. Without the inventory decline, real GDP growth would have been 2.1 percentage points higher. Real fixed investment grew at a strong rate of 9.5 percent in the second quarter, with growth rates of 8.8 in non-residential investment and 10.8 in residential investment. Investment growth rates for the previous quarter were lower, at 7.0, 5.7 and 9.5 respectively. Real government spending growth increased to a rate of 2.5 percent after increasing at a rate of 1.9 percent in the first quarter. For the first time in seven quarters, trade contributed positively to headline real GDP growth in the second quarter, as real exports grew at an annual rate of 10.7 percent while import growth declined at a rate of 0.3 percent.

The Institute for Supply Management (ISM) reported that its index of manufacturing activity decreased in August to 53.6 from its July value of 56.6. Despite the decline, the fact that the index value remains above 50 indicates that manufacturing sector output is still increasing. The index has now been above 50 points for the past twenty-eight months. After dipping below 50 during May and June, the employment component of the index recovered to 53.2 in July and 52.6 in August. A value greater than 50 indicates that more of the manufacturers surveyed have been increasing employment than decreasing it during that period.

On a seasonally adjusted basis, the U.S. economy has added jobs for twenty-seven straight months beginning in June 2003, with positive year-over-year growth for the last twenty-one months. August's seasonally adjusted payroll employment grew by 169,000 after a strong July increase of 242,000. The U.S. unemployment rate decreased to 4.9 percent in August from July's value of 5.0 percent.

Productivity growth slowed in the second quarter of 2005, increasing at a 1.8 percent annual rate after growing at a strong 3.2 percent rate in the first quarter. Inflation was high in both July and August with 0.5

percent monthly increases in the seasonally adjusted Consumer Price Index (CPI) for both months. The increases were driven by monthly increases in the energy component of the index of 5.0 percent for August and 3.8 percent in July. Year-over-year CPI growth was 3.6 percent in August and 3.2 percent in July. The seasonally-adjusted index excluding food and energy increased at a monthly rate of 0.1 percent in both July and August, resulting in year-over year growth of 2.1 percent for both months.

The effects of high energy prices and hurricane Katrina were reflected in The Conference Board's Index of Consumer Confidence for September. The index fell to 86.6 from August's reading of 105.5. Both the expectations and present conditions components of the index declined, with the larger decline in the expectations component. The University of Michigan Consumer Sentiment Survey also showed decreases in both the expectations and present conditions components in its preliminary estimate for September, decreasing the composite survey to 76.9 from August's value of 89.1. The Conference Board's U.S. Index of Leading Indicators decreased 0.2 percent in August after declining by 0.1 percent in July. August's index components were evenly split with five positives and five negatives.

The Federal Open Market Committee (FOMC) voted to increase its target rate for federal funds from 3.5 to 3.75 percent at its September 20, 2005 meeting. This was the FOMC's eleventh consecutive 25 basis point increase since its meeting of June 30, 2004. The Committee's statement reaffirmed its continued tightening policy, retaining the paragraph that has remained constant since the March meeting that it "…believes that policy accommodation can be removed at a pace that is likely to be measured."

The non-seasonally adjusted Monster Employment Index, which measures internet employment advertising, increased to 142 in August, a year-over-year increase of 26.8 percent. This followed a 25.2 percent year-over-year increase in July. The Conference Board's Help Wanted Index, however, which measures newspaper employment advertising, declined to 35 in August from July's value of 39, down 5.4 percent year-over-year.

The State Economy and Indicators

Washington wage and salary employment rose at a 2.2 percent annual rate in the second quarter of 2005, following a strong growth rate of 3.5 percent in the first quarter. This was the eighth consecutive quarterly increase. Aerospace employment had a third consecutive strong quarter of growth, growing at an annual rate of 10.6 percent in the second quarter of 2005, 12.1 percent in the first quarter, and 9.5 percent in the fourth quarter of 2004. The increase in aerospace employment helped propel durable goods manufacturing to a 4.5 percent annualized growth rate in the second quarter of 2005 and 4.6 percent in the first quarter. A 6.6 percent annualized decline in nondurable goods employment, however, reduced the total annualized growth rate for manufacturing in the second quarter of 2005 to 1.0 percent, following a growth rate of 4.2 percent in the first quarter. This was the fifth consecutive quarterly increase in manufacturing employment.

Washington's seasonally adjusted unemployment rate increased in August to 5.8 percent from July's value of 5.6 percent. The non-seasonally adjusted Washington Purchasing Management Index decreased slightly in August to a value of 60.7 from July's value of 61.8. As with the national ISM index, values greater than 50 indicate expansion. The index has been greater than 50 the last twenty-nine months and greater than 60 for twenty of those months. The employment component of the index decreased to 57.1 from July's value of 63.6. The employment component has now been at or above 50 for the last twenty-four months. Washington's seasonally adjusted initial claims for unemployment insurance dropped in August to 36,100 from July's count of 38,100. August's Seattle Times Index of Help-Wanted Advertising, however, decreased to 55.9 from January's level of 57.5. Washington's seasonally adjusted average

weekly hours in manufacturing remained constant in August at 39.2. August year-over-year growth in the Seattle CPI increased to 2.7 percent from June's value of 2.3 percent. August's index, excluding food and energy, however, was up only 0.9 percent year-over-year.

The preliminary Boom Monitor Composite Index increased in August to a value of 53.6 from March's value of 52.9. The index has been above 50 for seven of the past nine months, dipping slightly below only in January and May. Boom Monitor levels near 50 indicate that growth in the index's components is near their historic growth rates. The Washington Index of Leading Indicators increased by 0.3 percent in August, following an increase of 0.8 percent in July. Since bottoming out in March 2003 at 101.8 points, the index has increased or remained constant twenty-four of the twenty-nine intervening months. Three of the seven index components were positive in February. The largest positive contributors were the abovementioned decrease in unemployment claims and a decrease in the trade-weighted value of the dollar. While the authorized housing permits component declined to an annualized level of 52,100 units from July's level of 56,300 units, the August level is still quite strong. Below is a summary of what various national and state indicators are indicating as of the publication date of the September 2005 economic and revenue forecast.

**This is based on the most recent data from the Bureau of Economic Analysis (the final GDP estimates for the second quarter of 2005 released September 29, 2005). The September economic forecast is based upon the September Global Insight forecast, which incorporated the BEA's preliminary GDP estimate released on August 31. While the final estimate of total GDP growth is unchanged from the preliminary estimate, many of the growth rates of its components reported here differ from those in the preliminary estimate.*

Table 2.1
Summary of National and State Indicators

Indicator	Latest Data	Most Recent Indication[1]
U.S. Leading Index	August 2005	-
U.S. Real GDP Growth	2005, quarter 2	+
U.S. ISM Index	August 2005	- but growth still indicated
U.S. Employment y-o-y %ch	August 2005	+
U.S. Unemployment Rate	August 2005	+
U.S. Help Wanted Index	August 2005	-
U.S. Fed Funds Target	September 20, 2005	credit tightening
U.S. Consumer Confidence	September 2005	-
U.S. CPI	August 2005	-
U.S. Monster Employment Index	August 2005	+
S&P 500 Index	Week of September 19, 2005	-
WA Leading Index	August 2005	+
WA ISM Index	August 2005	- but growth still indicated
WA Help Wanted Index	August 2005	-
WA Employment y-o-y %ch	August 2005	+
WA Aerospace Empl. Growth	August 2005	+
WA Unemployment Rate	August 2005	slight -
WA Boom Monitor	April 2005	+
WA Initial Unemploy. Claims	August 2005	+
WA Housing Permits	August 2005	slight -, still strong
WA Weekly Hours in Mfg.	August 2005	unchanged
WA New Car/Truck Registration	August 2005	+
WA Migration (DOL data)	August 2005	+
WA Exports-Total	2005 qtr 1	+
WA Exports- w/o Trans. Equip.	2005 qtr 1	+
Seattle CPI	April 2005	-
NW Regional Stock Index	Week of September 19, 2005	-

[1] **+** *sign: good for the economy;* **-** *sign : Indicates weakness*

Washington State Economic Indicators

Chart 2.1
Year-over-Year Employment Growth
January 1980 to August 2005

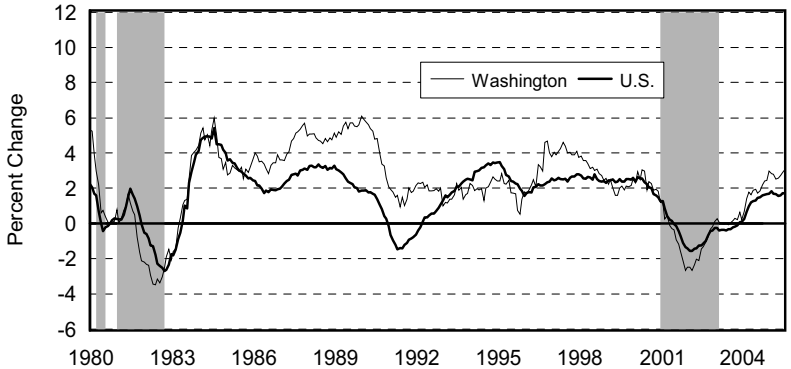


Chart 2.2
Washington Aircraft and Parts Employment
January 1958 to August 2005

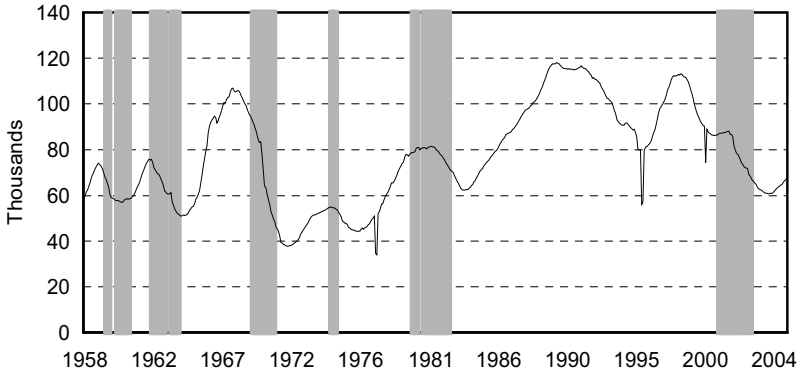


Chart 2.3
Unemployment Rate, S.A.
January 1980 to August 2005

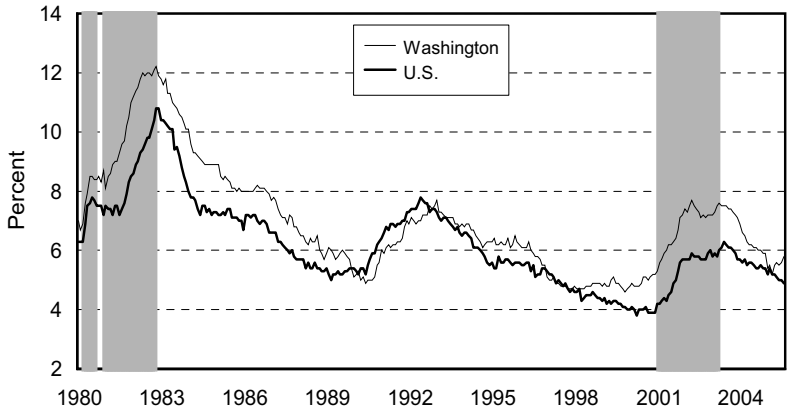
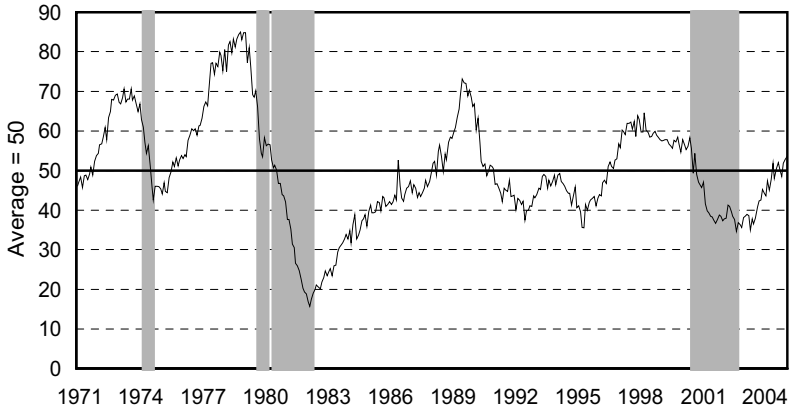


Chart 2.4
Washington Boom Monitor Composite Index
July 1971 to August 2005



* 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 August 2005

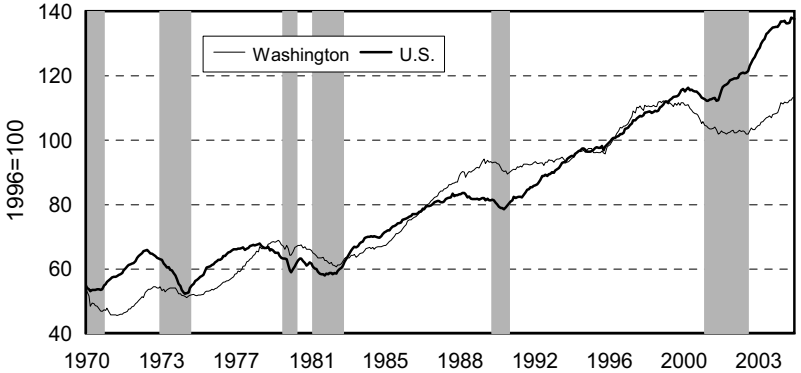


Chart 2.6
Washington Initial Claims for Unemployment Insurance
January 1970 to August 2005

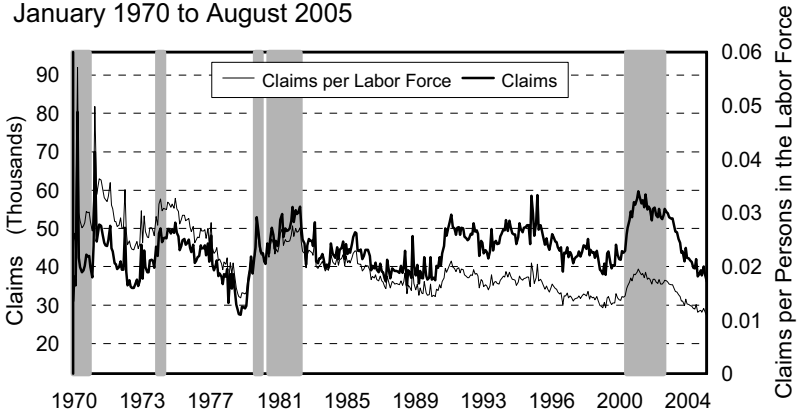


Chart 2.7
Seattle Times and U.S. Help-Wanted Advertising Indexes
January 1970 to August 2005

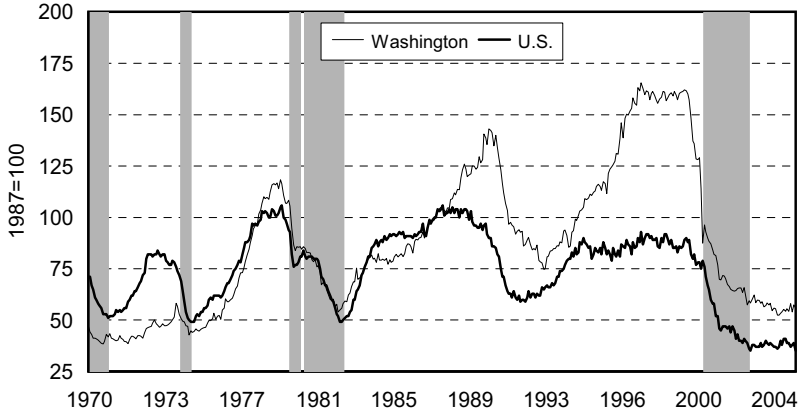
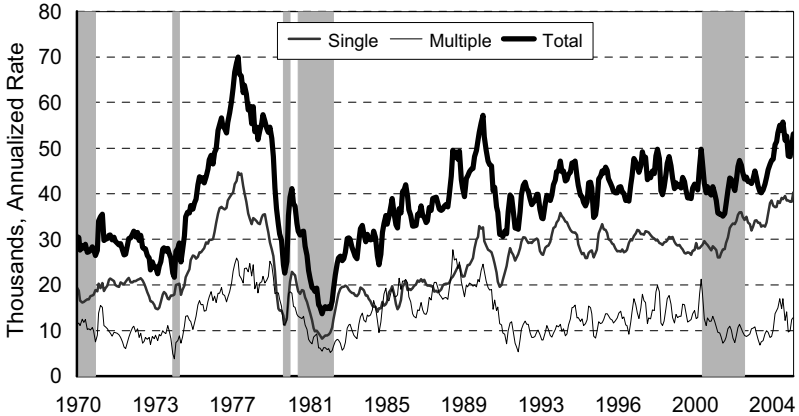


Chart 2.8
Housing Units Authorized in Washington State
January 1970 to August 2005, 3-Month Moving Average



Shaded areas in all charts correspond with Washington employment downturns.

Other State Economic Indicators

Chart 2.9
Average Weekly Hours in Manufacturing
Jan. 1970 to August 2005, 3-Mo. Moving Average, SA

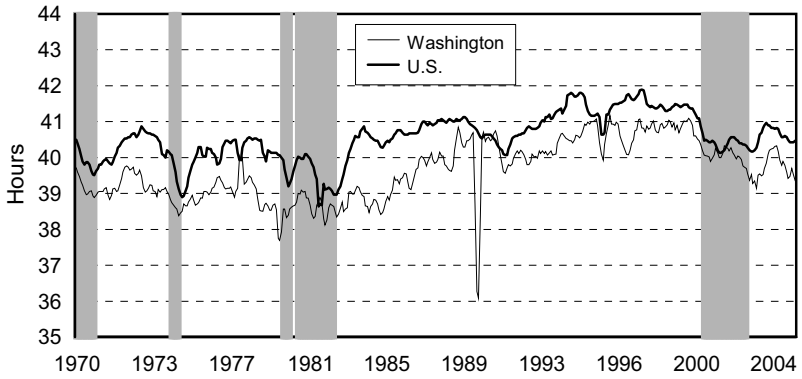


Chart 2.10
Washington Driver's License Migration
September 1983 to August 2005 12-Month Moving Average

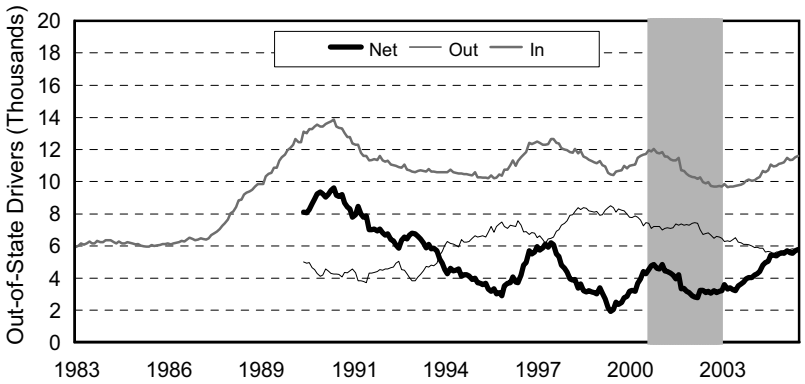


Chart 2.11
New Car and Truck Registrations in Washington
January 1977 to August 2005, 6-Month Moving Average

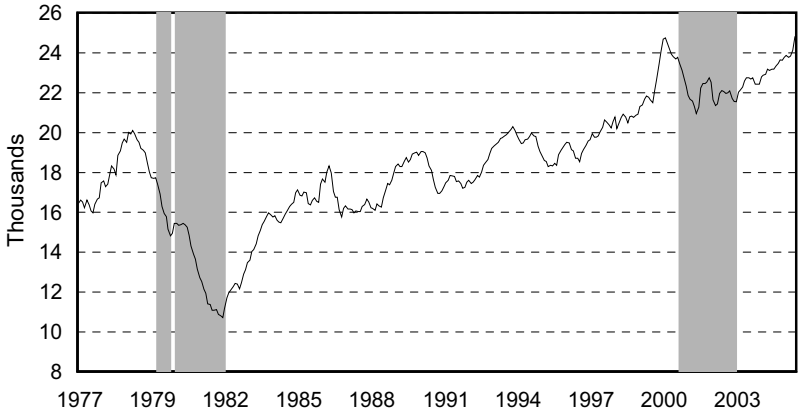
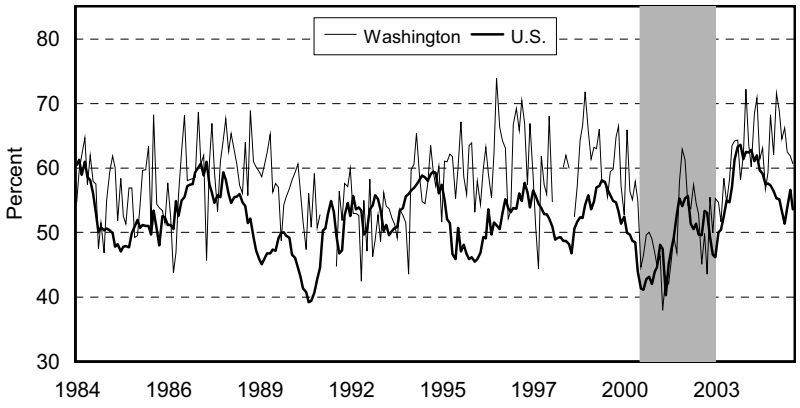


Chart 2.12
Institute for Supply Management Index
January 1984 to August 2005



* Shaded areas correspond with Washington employment downturns.

Other Economic Indicators

Chart 2.13
Quarterly U.S. Real GDP Growth
1970 QI to 2005 Q2

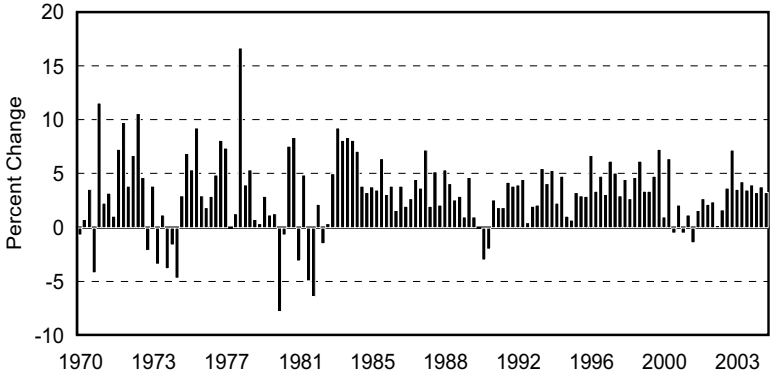


Chart 2.14
Washington State Export Composition
Change from Same Quarter Year Ago, 1998Q1 to 2005Q2

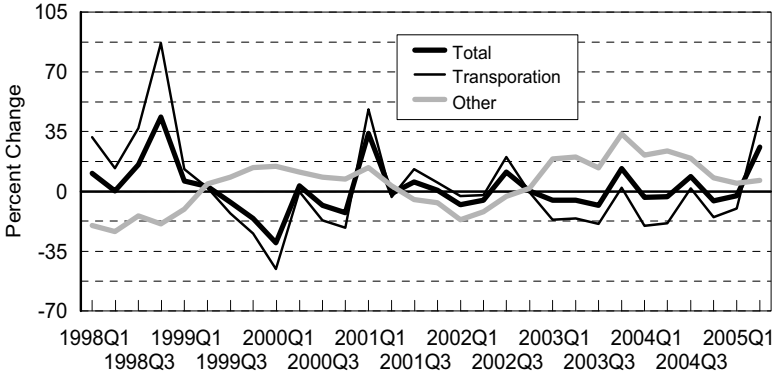


Chart 2.15
U.S. Economic Indicators*
January 1970 to August 2005

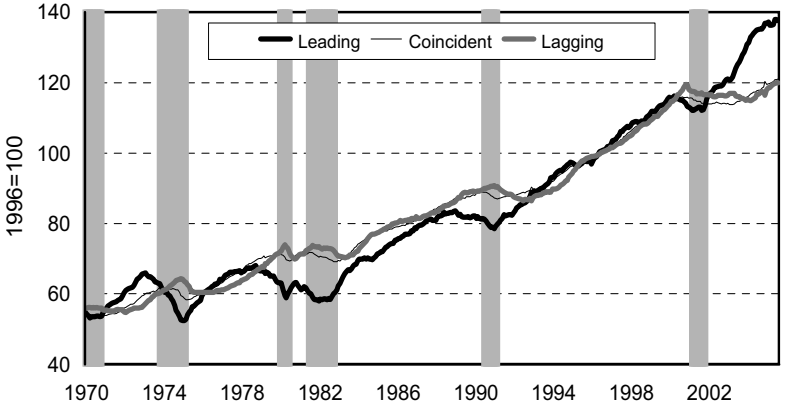
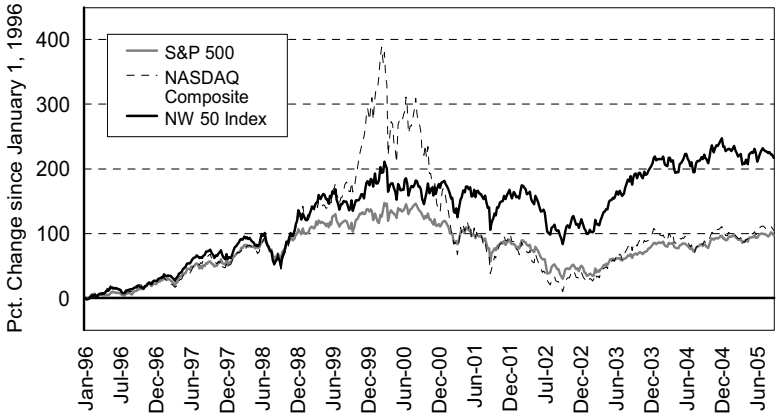


Chart 2.16
Northwest 50 Regional Stock Index vs. National Indices
January 1, 1996 to September 23, 2005



* 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 September 29, 2005

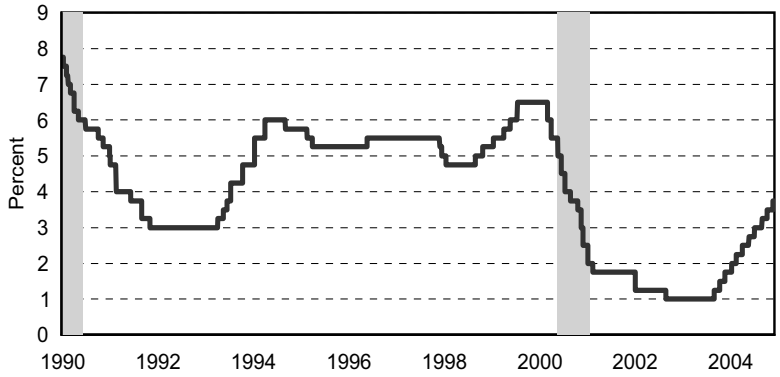


Chart 2.18
Consumer Confidence
January 1978 to September 2005 (U of M Sept. Prelim.)

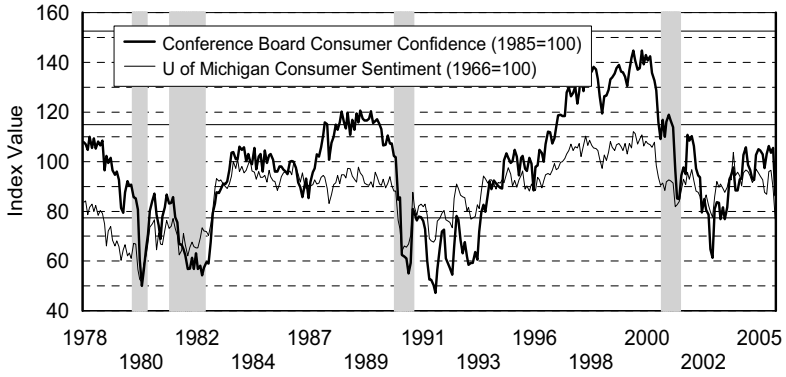


Chart 2.19
Seattle vs U.S. CPI (All Urban Consumers)
December 1998 to August 2005

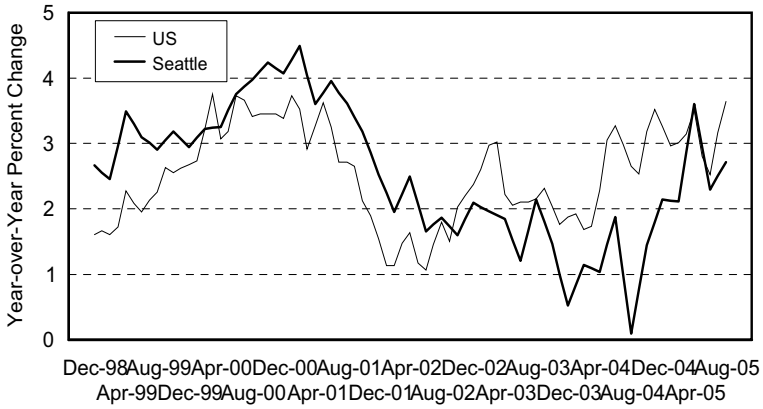
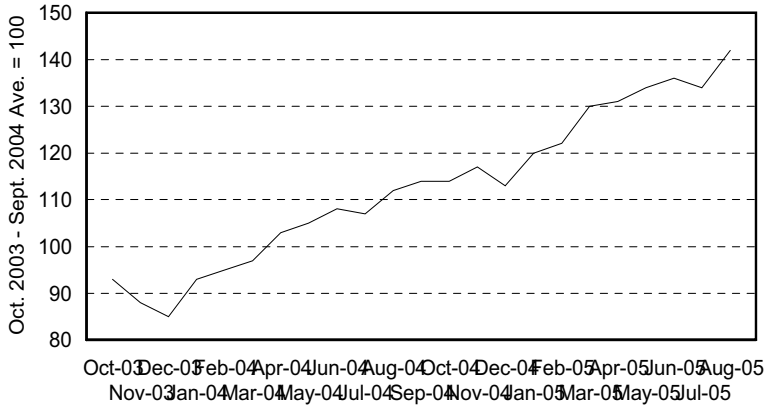


Chart 2.20
Monster Employment Index
October 2003 to August 2005



* 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
2003:8	103.2	125.8	59	37	54.7	55.0
2003:9	103.9	126.7	60	37	58.3	54.7
2003:10	104.5	127.9	60	37	63.5	57.1
2003:11	104.7	128.7	58	39	64.2	61.3
2003:12	105.5	129.8	59	37	64.3	63.3
2004:1	105.8	130.9	57	38	58.2	63.6
2004:2	106.3	131.4	57	40	62.1	61.4
2004:3	106.9	133.0	58	39	72.2	62.5
2004:4	107.1	133.3	58	38	63.6	62.4
2004:5	107.4	134.0	58	39	60.2	62.8
2004:6	107.0	134.5	55	38	68.4	61.1
2004:7	108.1	135.0	56	37	70.9	62.0
2004:8	108.3	135.1	56	37	61.3	59.6
2004:9	108.3	135.2	52	36	63.1	59.1
2004:10	108.7	135.2	52	37	56.7	57.5
2004:11	110.4	136.0	53	40	59.3	57.6
2004:12	111.6	136.9	54	38	68.3	57.3
2005:1	111.2	136.8	55	41	62.1	56.4
2005:2	111.8	137.1	54	41	71.6	55.3
2005:3	111.5	136.2	56	39	68.9	55.2
2005:4	111.6	136.3	54	39	64.5	53.3
2005:5	112.4	136.5	58	37	66.3	51.4
2005:6	112.3	138.0	54	38	62.5	53.8
2005:7	113.1	137.9	58	39	61.8	56.6
2005:8	113.4	137.6	56	35	60.7	53.6

Washington State Revenue Forecast Summary

Introduction

The Washington State Economic and Revenue Forecast Council approved a $492.6 million increase to the General Fund-State revenue forecast at its September 15, 2005 meeting. The increase to the revenue forecast in September includes $97.3 million of higher than expected collections in the three months since the June forecast. As was the case in June and March, the strength of the real estate market continues to exceed expectations and remains the main engine driving economic and revenue growth. Mortgage rates have remained lower than assumed in June and continue to fuel the growth of construction and real estate activity. The strong housing market continues to allow households to cash-out home equity. The additional resources from home equity cash-outs along with a higher income and employment forecast are expected to produce a lot more spending and revenue than expected in June. The impact of the hurricanes Katrina and Rita may cause some near term economic disruption, however, the forecast assumes that it does not pose a threat to the economy in the longer run.

Although the GFS revenue for the 2003-2005 biennium which ended June 30, 2005 was $153.1 million less than expected, this was virtually all due to the timing of $153.9 million of estate tax refunds. The June forecast assumed these refunds would be issued in July 2005 and would reduce revenue in the 2005-07 biennium. Instead, they were issued June 30, 2005 and reduced 2003-05 biennium receipts. Excluding the impact of these refunds, the 2003-05 biennium was $0.8 million more than assumed in June. The major change to the forecast in GFS revenue forecast in September was the outlook for the 2005-07 biennium.

Table 3.1 Cash Basis
Revision to the General Fund-State Forecast
2003-05 & 2005-07 Biennia
September 2005
(Millions of dollars)

	2003-05 Biennium	2005-07 Biennium	Both Biennia
Legislation/ non- Economic Change	$0.0	$0.0	$0.0
Timing of Estate tax refunds**	($153.9)	$153.9	$0.0
Forecast Change	$0.8	$492.1	$492.9
Total Change*	**($153.1)**	**$646.0**	**$492.9**

*Detail may not add to totals due to rounding
**The June 2005 forecat assumed Estate tax refunds would be made July 1, 2005 (2005-07 biennium); instead they were issued June 30, 2005 (2003-05 biennium).

The September forecast for the 2005-07 budget period is $646.0 million more than in June. The change includes a $492.1 million increase due to expectations of stronger economic and revenue growth than assumed in June. In addition, the timing of the estate tax refunds adds another $153.9 million to 2005-07 GFS revenue.

Cash receipts in the 2003-05 budget period which ended June 30, 2005 totaled $23,393.6 million. This was $2.3 billion (10.7 percent) more GFS revenue than in the 2001-03 budget period. Most of this gain is due to strong economic growth, although some of the increase is due to tax law changes and other non-economic factors. Excluding tax law changes, and other special factors, GFS revenue increased 10.3 percent in the 2003-05 biennium. The preliminary GFS unrestricted ending balance for the 2003-05 biennium totals $823.6 million, 3.5 percent of the biennial budget.

The September 2005 GFS forecast for the 2005-07 biennium, which spans the period July 2005 through June 2007, is $26,030.8 million. The strong revenue growth seen in the last half of the 2003-05 biennium has continued in the first quarter of the 2005-07 biennium. Although revenue growth is expected to moderate, the economy is still expected to generate solid revenue growth in the 2005-07 biennium. GFS revenue in the 2005-07 budget period is projected to be $2.6 billion (11.3 percent) higher than in the 2003-05 biennium. The growth of GFS revenue in the current biennium is affected by a larger amount of property tax revenue being transferred from the General Fund to the Student Achievement Account. Adjusting for these factors and other tax law changes GFS revenue is expected to increase 12.0 percent in the 2005-07 biennium. The GFS unrestricted ending balance is projected to total $1,118.0 million at the end of the 2005-07 biennium. This is 4.3 percent of the 2005-07 spending level.

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 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.

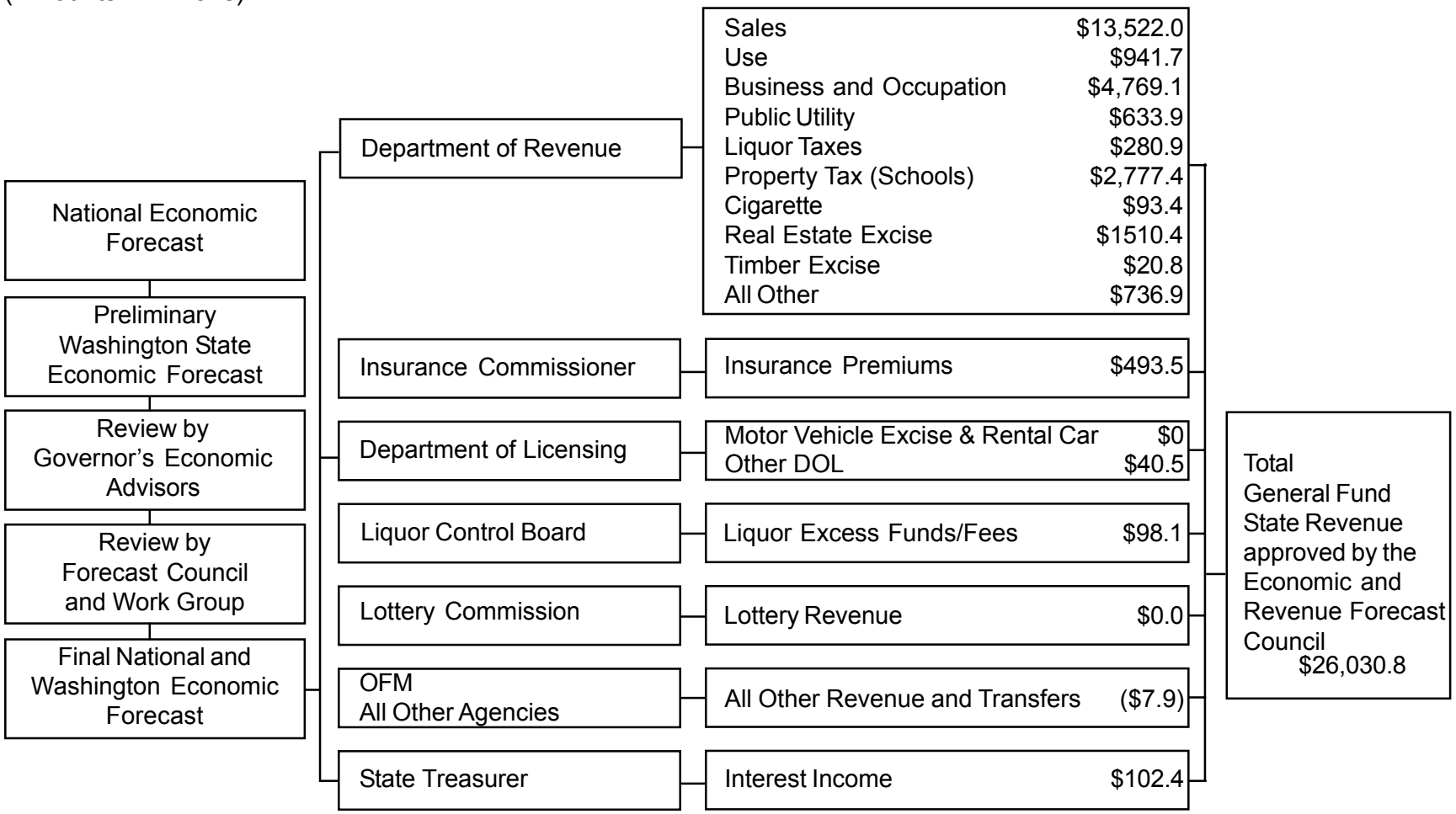
For each quarterly update, the staff of the Economic and Revenue Forecast Council, under the direction of the Executive Director, reviews (and if warranted, modifies) a national economic forecast prepared by Global Insight Inc. A state economic forecast is then prepared using an econometric model that 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 econometric 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 September 2005 baseline forecast for the 2005-07 biennium is shown in Table 3.2.

September 2005 Forecast Assumptions

1. The September 2005 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 state is in part based on a modification of the Global Insight Inc. September 2005 baseline forecast for the U.S. economy. The U.S. forecast was prepared before the economic impact of Katrina and Rita could be fully taken into account. Although there will be some economic disruption in the near term, the impact of these hurricanes are not expected to have a major impact on the economy in the longer run.
2. The GFS revenue forecast is based on current law and administrative practices. Tax law changes enacted during the 2005 legislative session and signed into law by the Governor were included in the forecast in June.
3. The impact of the timing of refunds associated with the State Supreme Court case that invalidated Washington's estate tax reduced actual GFS receipts in the 2003-05 biennium and increased the forecast for the 2005-07 biennium by the same amount. These refunds were issued on June 30, 2005 and reduced the GFS receipts for the 2003-05 biennium by $153.9 million. The June forecast incorrectly assumed that these refunds would be issued July 1, 2005 and would reduce receipts in the 2005-07 biennium.
4. The June 2005 forecast assumed that the $38.6 million of refunds associated with the Agrilink court case would be issued in the first three months of fiscal 2006. The issuance of these refunds has been delayed. The September forecast continues to assume that entire $38.6 million of refunds will eventually be issued but the timing has been changed. The forecast now assumes that these refunds will be issued more gradually over the course of the biennium rather than early in the biennium.
5. 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 and the School Construction Account. Part II of Table 3.18 summarizes lottery distributions by fund.
6. 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 have not yet been ruled on by the courts or are on appeal. Any impact on GFS receipts will not be incorporated into the forecast until the issue has been completely resolved.
7. There have been several legislative and other non-economic changes affecting actual GFS receipts for the last few biennia as well as the forecast for the 2003-05 and 2005-07 biennia. As of June 2005, new tax law changes and other non-economic factors have increased GFS revenue for the

Table 3.2
Economic and Revenue Forecast Flow Chart*
General Fund-State
2005-07 Biennium
(Amounts in millions)



* Cash Basis

2003-05 biennium by an estimated $624 million. The GFS forecast for the 2005-07 biennium is also affected by legislation and other non-economic factors. The impact of legislation and other non-economic changes has reduced the GFS forecast for the 2005-07 biennium by $403 million.

8. Initiative 728, which transfers a portion of revenue from the General Fund to the Student Achievement account, has a disproportional impact on GFS revenue over time. The I-728 property tax transfers grow from $267.0 million in the 2001-03 biennium to $329.8 million in the 2003-05 biennium. They are expected to grow to $491.7 million in the 2005-07 biennium. (See part I of Table 3.18.)

Recent Collection Experience

Revenue collected in the three months since the June forecast was $97.3 million, 3.5 percent, more than expected. Some of this variance ($25.6 million) was due to special factors that are unrelated to the strength of the economy. Excluding special factors, the economy generated $71.7 million, 2.5 percent, more revenue than expected in the last three months. Virtually all of the positive revenue variance since June was due to higher than expected Revenue Act (retail sales, business and occupation, use and public utility tax) receipts and real estate excise tax collections. Revenue Act tax payments exceeded the June forecast by $71.5 million (including special factors) and the GFS share of real estate excise tax collections were $24.1 million more than expected. The special factors this period were a change in the timing of refunds associated with the Agrilink court case. In June a large portion of the refunds associated with the Agrilink decision ($25.6 million) were expected to be issued in the July 11 through September 10, 2005 collection period. These refunds were not issued during this period and as a result receipts were $25.6 million higher than they would have been increasing the variance from $71.7 million to $97.3 million.

Despite rising short term interest rates, mortgage rates have remained lower than assumed in June. Low mortgage rates, easy credit, and stronger employment and income growth, have continued to produce a much better than expected housing market. The strong housing market is the

Table 3.3
Collection Variance of Major General Fund-State Taxes by Agency
June 11 - Sept. 10, 2005
Based on the June 2005 Forecast (Millions of Dollars)

Agency/Source	Collection Variance*	Percent of Estimate	Adjusted Collection Variance**	Adjusted Percent of Estimate
Department of Revenue				
Revenue Act[1]	$71.5	3.0%	$45.9	1.9%
Non Revenue Act[2]	$24.9	6.1%	$24.9	6.1%
Subtotal	$96.5	3.4%	$70.9	2.5%
Department of Licensing[2]	$0.9	9.9%	$0.9	9.9%
Other	na	na	na	na
Total* **	**$97.3**	**3.5%**	**$71.7**	**2.5%**

[1] 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 June 11, 2005 through Sept. 10, 2005.

[2] Variance based on June 2005 through August 2005 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 June 2005 forecast.

** Variance adjusted for special factors. Shift in the timing of estate tax refunds.

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

principle reason for the very strong growth in revenue. Revenue Act taxes were 10.0 percent above the year-ago level in the three months since the June 2005 forecast (May 2005 through July 2005 business activity). This is up from 9.4 percent in the first quarter 2005. Revenue growth continues to significantly outpaced income growth. Revenue Act revenue increased nearly twice as fast as income in the second quarter and has increased faster than income for the last eight quarters. The September forecast assumes that this pace of growth is unsustainable in the long run, and that eventually revenue growth will slow. How soon slowing occurs is the harder question. Strong revenue growth is likely to continue as long as the conditions that have helped foster it continue: low long-term interest rates, a strong housing market and a steadily improving labor market.

Industry detail for the most recent month available (July 2005 activity, reflecting excise tax payments in the August 11- September 10, 2005 period) based on preliminary tax payment data of more than 16,100 taxpayers who filed electronically show an overall increase of 8.7 percent. The increase is across-the-board, with most two-digit NAICS sectors reporting an increase in tax payments. The preliminary July data show that tax payments of businesses in the retail trade and food services sector were up 10.7 percent from the year-ago level. Non-retailers reported 6.9 percent, increase. Last month tax payments by retailers increased 10.3 percent while non-retailers reported a 12.0 percent gain. For the current month six of twelve three-digit retail NACIS sectors reported double-digit gains with the strongest growth reported by motor vehicles and part retailers(+17.0 percent), gas stations and convenience stores (16.3 percent) and building materials/garden equipment retailers (+11.8 percent). Growth in other retail trade sectors ranged from a 3.4 percent increase reported by food stores to a 10.9 percent increase reported by apparel and accessories retailers. The year-over-year changes in tax payments reported by business in non-retail NAICS sectors ranged from a 23.2 percent increase by firms in the transportation/warehousing sector to a 7.0 percent decline in the professional, scientific and technical services sector. This data demonstrates the importance of housing related activity for overall spending. July tax payment from construction related sectors increased 12.9 percent this period compared to a 7.6 percent increase for all other sectors.

Historically low mortgage rates, creative financing, and rising housing prices continue to produce a very strong real estate market. Although the growth has slowed a bit from 41.6 percent in the first three months of the year and 26.8 percent for all of calendar year 2004, it remains strong. Real estate activity based on closings in July 2005 was up 18.5percent from a year-ago. The month before activity was up 18.4 percent. The majority of the increase continues to reflect higher prices. July data indicate the number of transactions increased just 0.5 percent while the value per transaction increased 17.8 percent. For the first seven months of the year, transactions are up 7.7 percent while the value per transaction increased 20.6 percent.

General Fund-State taxes collected by the Department of Licensing (primarily revenue from licenses and fees) were $0.9 million (9.9 percent) above the estimate in the three months since the June forecast. During this period, Department of Licensing General Fund collections were 7.1 percent below the year-ago level.

The General Fund-State Forecast for the 2003-05 and 2005-07 Biennia

Due to the weak economic recovery following the recession in 2001, revenue growth in the 2003-05 biennium got off to slow start with the growth of sales and business and occupation tax revenue, the state's two largest revenue sources, less than 4.0 percent in the first six months of the biennium. However, the

economy improved and revenue growth accelerated over the course of the biennium. For fiscal 2004 as a whole, GFS revenue grew 5.9 percent, more than double the 2.3 percent increase in fiscal 2003 and much faster than state personal income. GFS revenue growth accelerated to 6.6 percent in fiscal 2005, again well above income growth. Spending and revenue growth was especially strong in the last six months of the biennium, driven by the strong housing market and better job growth. For the biennium as a whole, the 2003-05 budget period economic and revenue growth clearly outperformed the prior biennium. State nominal personal income increased 7.8 percent in the 2003-05 biennium (adjusted for the special Microsoft dividend to corporate insiders), up from 5.7 percent in the 2001-03 biennium. Wage and salary employment grew 1.8 percent in the 2003-05 biennium. Though much better than the 1.5 percent decline experienced in the 2001-03 biennium, this was still the weakest biennial employment growth since the recession in the 1981-83 biennium. GFS revenue improved along with the economy. GFS revenue in the 2003-05 biennium totaled $23,393.6 million. This is $2.3 billion (10.7 percent) more than in the 2001-03 biennium. Adjusting for major legislative changes and other non-economic factors, GFS revenue grew 10.3 percent. This is a huge improvement from the 2001-03 biennium in which GFS revenue fell $121 million (0.6 percent.)

The outlook for the 2005-07 biennium continues to improve. The September 2005 forecast for the 2005-07 biennium expects continued economic and revenue growth in the 2005-07 budget period. Both will be better than assumed in June. The forecast expects revenue growth to decelerate a bit from the double-digit rate of the last quarter as the housing activity slows and the impact of home equity cash outs that fueled spending in the 2003-05 biennium wanes. While the June forecast also expected this slowing to occur, the September forecast does not expect significant slowing to occur until mid fiscal 2006 at the earliest. For the biennium as a whole, the September forecast expects real personal income in Washington to increase 8.1 percent, up from 3.2 percent in the 2003-05 period. Employment growth is also expected to improve, increasing 4.9 percent compared to 1.8 percent in the 2003-05 budget period. Improving employment and income growth will produce a modest increase in GFS revenue in the 2005-07 biennium.

Table 3.4 Cash Basis

General Fund-State Collections*

(Millions of Dollars)

Biennium	Current Dollars	Percent Change	2000 Chained Dollars	Percent Change
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%	20,397.7	-4.1%
2003-05	23,393.6	10.7%	21,623.9	6.0%
2005-07 F	26,030.8	11.3%	22,800.1	5.4%

F: September 2005 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 Setpember 2005 forecast.

Table 3.5
Taxable Retail Sales*
September 2005
(Millions of Dollars)

Fiscal Year	Amount	Percent Change
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	97,213	7.8%
2006[F]	103,614	6.6%
2007[F]	108,404	4.6%

[F] 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. Additions to the tax base due to increased compliance efforts effective fy 2003. Fiscal 2005, 2006 and 2007 affected by 2004 and 2005 legislative changes.

The state is expected to collect $26,030.8 million in GFS receipts in the 2005-07 budget period. This is $2.6 billion (11.3 percent) more than in the 2003-05 biennium. Adjusting for tax law changes and other non-economic factors, revenue is expected to increase 12.0 percent.

Washington has no personal or corporate income tax. Three taxes: sales and use, business and occupation and the property tax (state school levy) comprise the majority of Washington's GFS revenue. These three taxes accounted for 84.2 percent of the $23.4 billion total GFS cash receipts in the 2003-05 biennium. This is down from 85.8 percent in the 2001-03 biennium. These taxes are expected to account for 84.6 percent of GFS revenue in the in the 2005-07 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 reduction in the General Fund's reliance on these three taxes between the 2001-03 and the 2003-05 biennia is primarily due to a surge in real estate excise tax revenue. The real estate excise tax is the General Fund-State's fourth largest revenue source. Real estate excise tax increased 52.0 percent in the 2003-05 biennium compared to 10.7 percent for total GFS revenue. Real estate tax revenue accounted for 5.7 percent of GFS revenue in the 2003-05 biennium up from 4.1 percent in the 2001-03 biennium (and just 3.0 percent in the 1993-95 biennium). Revenue from the real estate excise tax is expected to account for 5.8 percent of GFS revenue in the 2005-07 biennium.

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 produced $11.7 billion (55.5 percent) of total GFS revenue in the 2001-03 biennium and are expected to produce $14.5 billion (55.6 percent) of the total in the 2005-07 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 produced $3.8 billion, 17.9 percent of the total in the 2001-03 biennium and is expected to produce $4.8 billion, 18.3 percent of the total in the 2005-07 bi-

Chart 3.1
General Fund-State Revenue

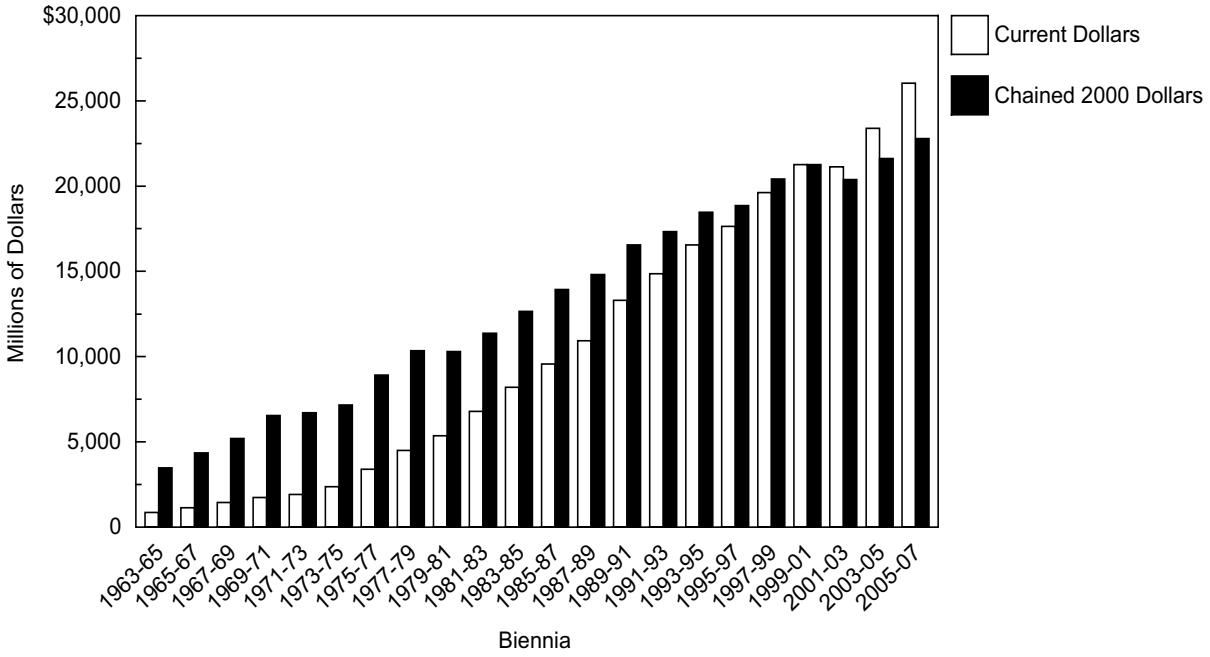


Chart 3.2
General Fund-State Revenue - Percent Change

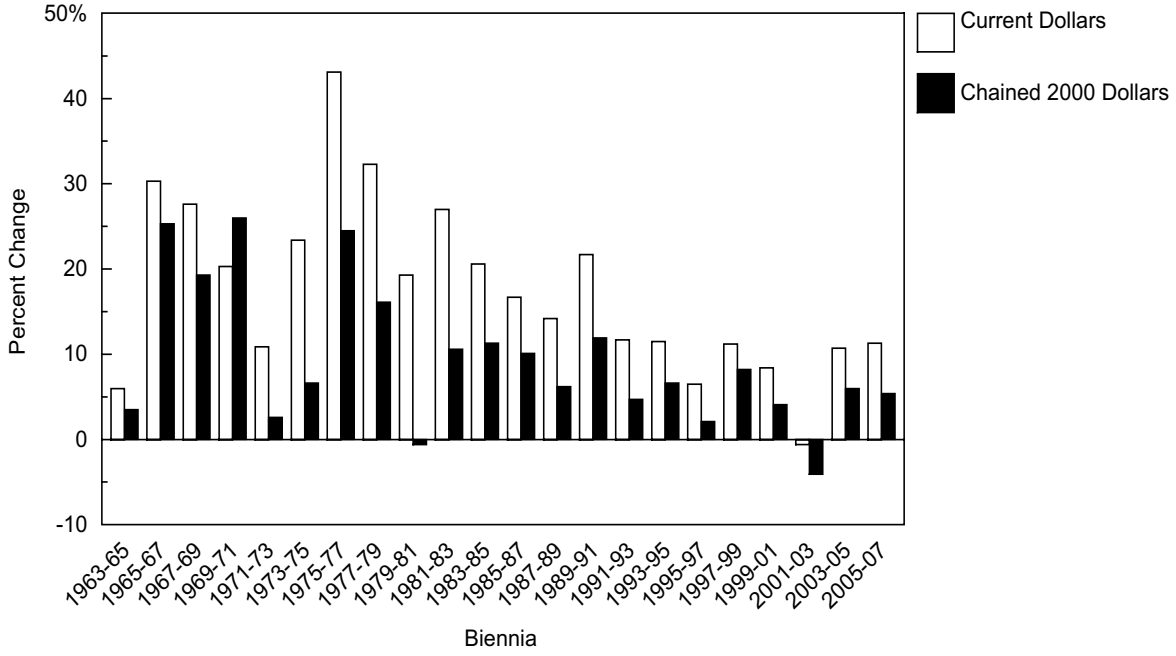


Chart 3.3
Composition of General Fund-State Revenue

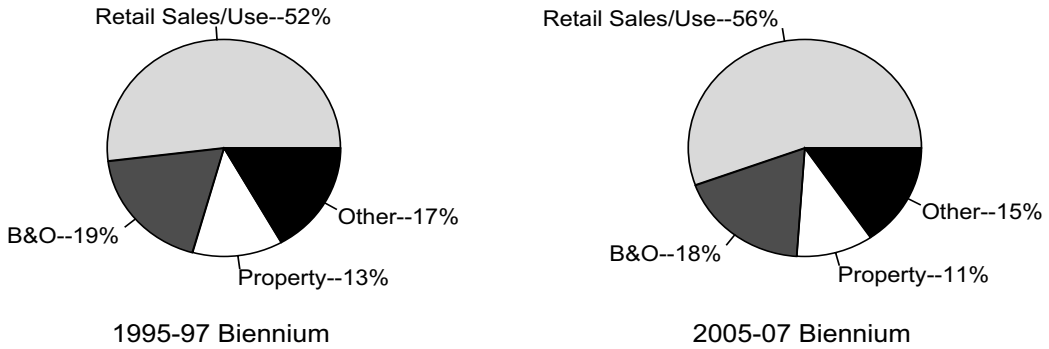
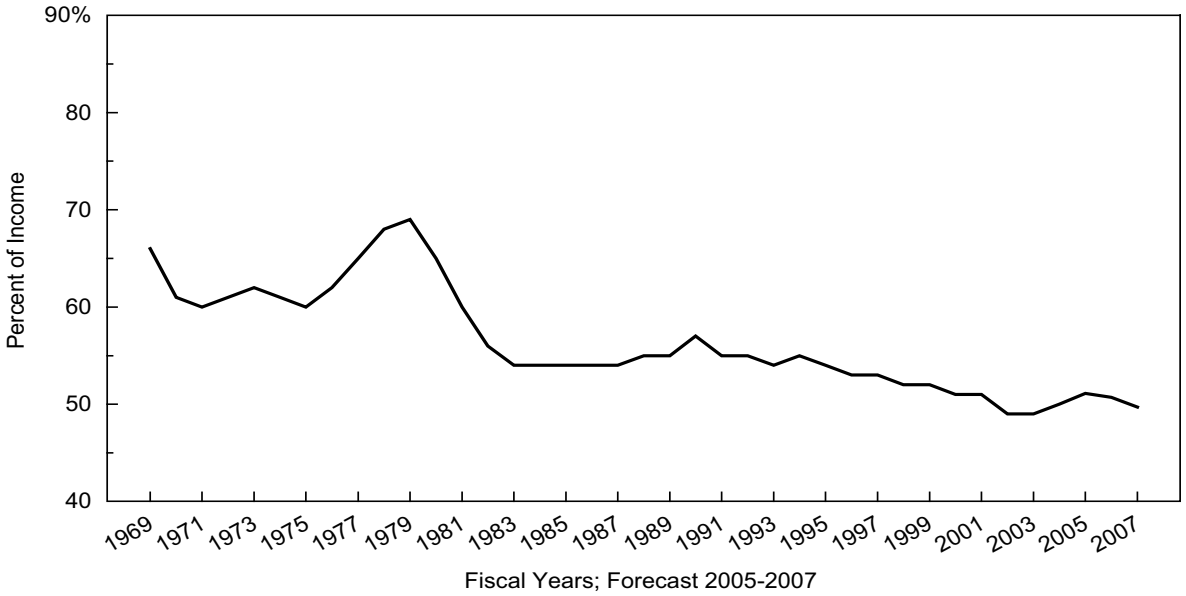


Chart 3.4
Taxable Sales* as a Percent of Personal Income



* Adjusted Base

ennium. The state share of the property tax totaled $2.7 billion, 11.7 percent of total GFS revenue in the 2003-05 biennium. The property tax generated $2.6 billion in the 2001-03 biennium, 12.4 percent of total GFS revenue. Property tax revenue is expected to total $2.8 billion, 10.7 percent of the total in the 2005-07 biennium. The reduction in the property tax share of total GFS receipts reflects the growing 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 3.18, part 1.)

Taxable sales (sales subject to the 6.5 percent state retail sales tax) totaled $22,200.0 million in the first quarter of 2005, the most recent quarter available. This was 8.7 percent higher than a year-ago. Taxable sales increase 8.2 percent in the fourth quarter of 2004 and 5.9 percent in the third quarter. Taxable sales have now increased on a year-over-year basis for eleven consecutive quarters after having fallen or remained unchanged for five straight quarters during the recession. The increase in the first quarter of 2005 was again better than personal income and was better than the growth of retail sales nationally. This is the first quarter since the first quarter of 2001 that Washington taxable sales growth has been stronger than U.S. retail sales growth. In the first quarter of 2005, U.S. retail sales were 7.3 percent above the year ago level, a little less than the 8.3 percent increase in the fourth quarter of 2004 but stronger than the 6.4 percent in the third quarter. The September 2005 forecast assumes that taxable sales in Washington remained strong in the second quarter of 2005, and increased 8.7 percent, the same as in the first quarter. Again, this is both better than the growth of U.S. retail sales (8.4 percent) and well above the growth of state personal income (5.3 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. Preliminary analysis of the growth of taxable sales in the First quarter of 2005 by NAICS sector shows the retail trade sector, which accounted for about 45 percent of all taxable sales in the first quarter of 2005, was 6.7 percent above the year-ago level. Fourth quarter, 2004 taxable sales in the retail trade sector increased 6.8 percent. Within retailing, furniture and home furnishings stores reported the largest year-over-year gain in the first quarter, 16.6 percent. Building materials and garden supply retailers (+14.3 percent) and general merchandise retailers (+10.9 percent) also reported strong gains. Only food and beverage stores (-5.1 percent) and sporting goods, hobby, book and music stores (-1.3 percent reported declines in taxable sales in the first quarter. Taxable sales of auto dealers, the largest retail trade sector accounting for 12.3 percent of taxable sales in the first quarter were only 2.0 percent above the year-ago level. This follows a 6.6 percent increase the prior quarter.

Taxable sales reported by non-retailing sectors were 10.4 percent higher than a year-ago in the first quarter of 2005. This follows a 9.5 percent increase the prior quarter and was the best year-over-year increase since the first quarter of 2000. The year-over-year change in the first quarter varied widely among non-retail trade sectors. Taxable sales reported by the construction sector, which accounted for 17.0 percent of all taxable sales , was very strong, 18.5 percent higher than a year ago. This sector reported a 17.0 percent in the previous quarter. Taxable sales reported by the service sector, which accounted for 17.3 percent of all taxable sales in the first quarter, were 4.5 percent higher than a year-ago. Taxable sales of the manufacturing sector increased 20.6 percent and the wholesale trade sector reported a 12.5 percent year-over-year increase in the first quarter. No major non-retail trade sectors reported a decline of taxable sales in the first quarter. The importance of the strong housing market on taxable sales growth is clear. For housing related sectors (construction, furniture, building materials and electronics/appliance retailers-accounting for 26.5 percent of total taxable sales), taxable sales were up 16.7 percent in the first quarter of 2005; taxable sales increase 6.1 percent for all other sectors.

Taxable sales in the state's three largest counties (King, Snohomish and Pierce) were 7.5 percent higher than a year ago in the first quarter of 2005. Taxable sales increased 10.5 percent in the rest of the state. Taxable sales in King County were 6.6 percent higher than a year-ago for the quarter. This is the seventh straight quarterly increase in King County. Prior to the third quarter of 2003, King County taxable sales had declined or remained unchanged eight of the previous nine quarters. Taxable sales growth in King County, while improving, continues to lag the statewide average. King County taxable sales growth has been below the statewide average for seventeen consecutive quarters. Taxable sales in Snohomish County increased 9.3 percent in the first quarter of 2005 and Pierce County reported a 9.4 percent increase. Taxable sales in Spokane County were 5.8 percent above the year-ago level.

Statewide taxable sales are estimated to have increased 7.8 percent in fiscal 2005. This is based on three actual quarters and one estimated quarter. This is up from 7.4 percent assumed in June. The 7.8 percent increase in taxable sales in fiscal 2005 is a significant improvement over the prior four years. Taxable sales increased only 2.8 percent in fiscal 2001, declined 1.4 percent in fiscal 2002 and grew only 2.1 percent in fiscal 2003. Taxable sales growth improved in fiscal 2004, accelerating to 4.6 percent. The September 2005 forecast expects a little slower taxable sales growth in the 2005-07 biennium as the boost from the strong housing sector subsides. The forecast assumes taxable sales will increase 6.6 percent in fiscal 2006 and 4.6 percent in fiscal 2007.

Forecast Change for the 2005-07 Biennium

General Fund-State revenue is $492.9 million higher in September 2005 than in June. The change includes $97.3 million of higher than expected collections in the three months since the June forecast. A better economic outlook including higher income, stronger employment growth and a still strong housing market were the primary reasons for the increase. Revenue for the two year budget cycle ending June 30, 2005 is $153.1 million lower than in June, while revenue for the 2005-07 biennium is expected to be $646.0 million more than assumed in June. The timing of the issuance of the estate tax refunds associated with the impact of the State Supreme Court decision than invalidated Washington's estate tax distorts the change to the forecast between the 2003-05 and the 2005-07 biennium. Excluding these refunds, GFS revenue in the 2003-05 biennium is $0.8 million higher than in June and the forecast of GFS revenue for the 2005-07 biennium is $492.1 million higher.

Table 3.6 summarizes the changes to the September 2005 cash forecast by type of change. Tables 3.7 and 3.8 summarize September 2005 changes to GFS revenue for the 2003-05 biennium by agency and source of revenue. Table 3.7 is on a cash basis and Table 3.8 is on a GAAP basis. Table 3.9 and 3.10 summarize the changes to GFS revenue forecast for the 2005-07 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 (cash basis). Table 3.12 provides a fiscal year summary of GFS cash receipts. Below is a summary of the changes to the forecast by agency.

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 2003-05 and 2005-07 biennia. The September 2005 forecast of GFS revenue sources administered and collected by the Department of Revenue is $470.1 million higher than in June. This includes a $161.0 million reduction to GFS revenue for the 2003-05 biennium and an increase of 631.1 million to the 2005-07 biennium. Most of the reduction in revenue for the 2003-05 biennium and some of the higher revenue for 2005-07 is solely due to the timing of estate tax refunds. The June forecast assumed that estate tax refunds associated with the court case that

invalidated the states' estate tax would be made in fiscal 2006. However, the refunds were issued June 30, 2005, the last day of fiscal 2005. This lowered fiscal 2005 revenue (2003-05 biennium) and raised fiscal 2006 revenue (2005-07 biennium) relative to the June estimate by $153.9 million. Excluding these refunds, the Department of Revenue GFS receipts in the 2003-05 biennium are only $7.1 million less than expected in June and the forecast for the 2005-07 biennium is $477.2 million higher.

The higher forecast for the 2005-07 biennium is due to a better economic outlook and includes $78.0 million of collections in the first two months of the biennium ($231.9 million including the impact of the shift in the timing of estate tax refunds). Both the level and the growth of state personal income and employment are higher than expected in June. In addition, the housing market has not yet slowed as was assumed in the June forecast. The strong housing market directly accounts for about thirty percent of the change in the forecast for Department of Revenue GFS sources in the form of higher expected real estate excise tax payments. It accounts for well over half of the total change when the indirect impact of the strong housing market on spending on real estate related taxable sales is included.

Major changes to the Department of Revenue GFS forecast for the 2005-07 biennium in September 2005 include a $192.8 million increase to the retail sales tax forecast, a $135.2 million increase to the real estate excise tax forecast, a $80.5 million increase to the business and occupation tax forecast, a $26.8 million increase to the use tax, a $16.2 million increase to the state portion of the property tax and a $156.4 million increase to the estate tax forecast. The estate tax change is solely due to the timing of estate tax refunds: the these refunds were assumed to occur July 1 (2005-07 biennium) but instead occurred June 30, 2005 (2003-05 biennium). The other changes to the Department of Revenue forecast reflect the combination of actual collection experience and an improvement in the economic outlook.

Most major tax sources are expected to experience modest growth in the 2005-07 biennium. The major exceptions are the portion of the state property tax levy that goes to the General Fund, the GFS portion of the real estate excise tax and, of course, the estate tax. While overall the state levy is expected to increase 6.4 percent in the 2005-07 biennium, the General Fund portion of the property tax is expected to increase only 1.3 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 $491.7 million in the 2005-07 biennium. While the September forecast does not expect a real estate "crash", it does, like the previous forecasts, assumes there will be a correction during the 2005-07 biennium. The forecast continues to assume the correction will be triggered by an increase in the mortgage rate and that it will be similar in magnitude and but of shorter duration than the 1995 correction which lasted for six quarters and saw a peak to trough decline in taxable activity of about twenty percent.

Department of Licensing

The majority of General Fund-State revenue collected by the Department of Licensing is from professional licenses, boat excise tax, and boat registration fees. The department's General Fund-State revenue collections for the 2003-05 biennium totaled $45.1 million, which was $0.5 million above the June forecast. The department's forecast for the 2005-07 biennium has been increased to $1.0 million to $40.5 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,

Table 3.6
Summary of Changes to the General Fund-State Forecast
September 2005 Cash Forecast
(Millions of Dollars)

		September 2005 Change
2003-05 Biennium		
Collection Experience (excl. special Factor) in the 2003-05 Biennium		($153.1)
Department of Revenue[1]	(161.0)	
Department of Licensing[2]	0.5	
other[2]	7.4	
Total Change: 2003-05 Biennium*		($153.1)
2005-07 Biennium		
Collection Experience in the 2005-07 Biennium*		$232.2
Department of Revenue[3]	231.9	
Other agencies[4]	0.4	
Forecast Change for the 2005-07 Biennium		$413.8
Department of Revenue	399.2	
Other agencies	14.6	
Total Change: 2005-07 Biennium		$646.0
Total Change: Both Biennia*		**$492.9**

[1] Variance based on collections June 11 - June 30, 2005, excluding special factors; retail sales, b&O, use & public utility taxes.
[2] Variance based on collections in June 2005.
[3] Variance based on collections July 1-September 10, 2005.
[4] Variance based on collections July & August 2005.
* Detail may not add due to rounding.

the Liquor Control Board, the Insurance Commissioner, and the State Treasurer. Revenues reported to the office for the 2003-05 biennium totaled $33.1 million, which was $6.2 million above the June forecast. The revenue increase was due mainly to an increase in license and fee revenues from the Department of Financial Institutions and recovered costs and appropriations from the Department of Social and Health Services. Those two sources are also responsible for most of the $14.1 million increase in the office's forecast for the 2005-07 biennium, which now stands at $7.9 million.

State Treasurer

The Office of the State Treasurer generates General Fund-State revenue by investing state short-term cash reserves. The office's General Fund-State revenues for the 2003-05 biennium were $50.7 million, which was the same as the June forecast, and its forecast for the 2005-07 biennium has been increased $8.0 million to $102.4 million. Forecast changes were due to increases in both the forecasts of short-term interest rates and of fund balances.

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 collections of General Fund-State revenue for the 2003-05 biennium totaled $445.6 million, $0.1 million above the June forecast. The office's forecast for the 2005-07 biennium is unchanged at $493.5million.

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. Revenues from excess funds and fees for the 2003-05 biennium totaled $90.7 million, which was $1.2 million above the June forecast, while beer and wine surtaxes equaled the June forecast of $3.7 million. The board's forecast of excess funds and fees for the 2005-07 biennium has been decreased $10.0 million to $94.2 million due mainly to an increase in the forecast of the costs of goods sold. The forecast of beer and wine surtaxes for the 2005-07 biennium is unchanged at $3.9 million.

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, Student Achievement, and stadium/exhibition center accounts receive their allotments. The Commission's General Fund cash transfers for the 2003-05 biennium were equal to the June forecast value of $4.3 million, but its forecast for the 2005-07 biennium has been increased from zero to $1.9 million. Revenue transfers to the School Construction and Student Achievement Funds for the 2003-05 biennium totaled $198.2 million, which was $0.8 million above the June forecast. The Commission's forecast of revenues for the School Construction Account for the 2005-07 biennium has been increased $5.8 million to $189.6 million.

Table 3.7
Comparison of the General Fund-State Forecast by Agency
2003-05 Biennium; Cash Basis
(Millions of Dollars)

Forecast by Agency	June 2005 Forecast[1]	Non-Economic Changes	Forecast Revision	September 2005 Forecast[2]	Total Change
Department of Revenue					
Retail Sales	$11,945.3	0.0	($28.5)	$11,916.7	($28.5)
Business & Occupation	4,197.3	0.0	5.1	4,202.5	5.1
Use	823.9	0.0	1.5	825.4	1.5
Public Utility	573.2	0.0	2.8	576.0	2.8
Liquor Sales/Liter	206.5	0.0	(2.4)	204.1	(2.4)
Cigarette	105.7		0.7	106.4	0.7
Property (State Levy)	2,732.5		10.6	2,743.1	10.6
Real Estate Excise	1,320.5		6.7	1,327.2	6.7
Timber Excise	18.0		-	18.0	0.0
Other	958.6	0.0	(157.6)	801.0	(157.6)
Subtotal	22,881.3	$0.0	(161.0)	22,720.3	(161.0)
Department of Licensing					
Boat excise, licenses, fees & other	44.7		0.5	45.1	0.5
Insurance Commissioner					
Insurance Premiums	445.5		0.1	445.6	0.1
Liquor Control Board					
Liquor Profits and Fees	89.6		1.2	90.7	1.2
Beer & Wine Surtax	3.7		(0.0)	3.7	(0.0)
Lottery Commission					
Lottery Revenue	4.3		-	4.3	0.0
State Treasurer					
Interest Earnings	50.7		(0.0)	50.7	(0.0)
Office of Financial Management					
Other	26.9		6.2	33.1	6.2
Total General Fund-State*	**$23,546.7**	**$0.0**	**($153.1)**	**$23,393.6**	**($153.1)**

1 General Fund-State forecast for the 2003-05 biennium, adopted June 2005.
2 Revised General Fund-State forecast for the 2003-05 biennium, adopted September 2005.
*Detail may not add to totals because of rounding.

Table 3.8
Comparison of the General Fund-State Forecast by Agency
2003-05 Biennium; GAAP Basis
(Millions of Dollars)

Forecast by Agency	June 2005 Forecast[1]	Non - Economic Changes	Forecast Revision	September 2005 Forecast[2]	Total Change
Department of Revenue					
Retail Sales	$11,995.1	$0.0	4.4	$11,999.6	$4.4
Business & Occupation	4,207.6	0.0	25.5	4,233.1	25.5
Use	828.8	0.0	3.5	832.3	3.5
Public Utility	573.1	0.0	2.4	575.5	2.4
Liquor Sales/Liter	209.4	0.0	(3.8)	205.6	(3.8)
Cigarette	103.3		2.0	105.3	2.0
Property (State Levy)	2,735.6		11.2	2,746.8	11.2
Real Estate Excise	1,338.5		25.3	1,363.8	25.3
Timber Excise	19.4		(0.4)	19.0	(0.4)
Other	963.3	0.0	(153.1)	810.2	(153.1)
Subtotal	22,974.2	0.0	(83.0)	22,891.2	(83.0)
Department of Licensing					
Boat excise, licenses, fees & other	46.3	0.0	(0.2)	46.1	(0.2)
Insurance Commissioner					
Insurance Premiums	445.5		0.1	445.6	0.1
Liquor Control Board					
Liquor Profits and Fees	89.6		1.2	90.7	1.2
Beer & Wine Surtax	3.7		(0.0)	3.7	(0.0)
Lottery Commission					
Lottery Revenue	4.3		0.0	4.3	0.0
State Treasurer					
Interest Earnings	51.4		0.7	52.1	0.7
Office of Financial Management					
Other	27.0	0.0	6.1	33.1	6.1
Total General Fund-State *	**$23,642.0**	**$0.0**	**($75.2)**	**$23,566.8**	**($75.2)**

1 General Fund-State forecast for the 2003-05 biennium, adopted June 2005.
2 Revised General Fund-State forecast for the 2003-05 biennium, adopted September 2005.
*Detail may not add to totals because of rounding.

Table 3.9
Comparison of the General Fund-State Forecast by Agency
2005-07 Biennium; Cash Basis
(Millions of Dollars)

Forecast by Agency	June 2005 Forecast[1]	Non-Economic Changes	Forecast Revision	September 2005 Forecast[2]	Total Change
Department of Revenue					
Retail Sales	$13,329.1		$192.8	$13,522.0	$192.8
Business & Occupation	4,688.7	0.0	80.5	4,769.1	80.5
Use	914.9		26.8	941.7	26.8
Public Utility	624.3		9.7	633.9	9.7
Liquor Sales/Liter	274.5		6.5	280.9	6.5
Cigarette	91.2		2.2	93.4	2.2
Property (State Levy)	2,761.2		16.2	2,777.4	16.2
Real Estate Excise	1,375.2		135.2	1,510.4	135.2
Timber Excise	21.2		(0.4)	20.8	(0.4)
Other	575.3	0.0	161.6	736.9	161.6
Subtotal	24,655.5	0.0	631.1	25,286.7	631.1
Department of Licensing					
Boat excise, licenses, fees & other	39.5		1.0	40.5	1.0
Insurance Commissioner					
Insurance Premiums	493.5		0.0	493.5	0.0
Liquor Control Board					
Liquor Profits and Fees	104.1		(10.0)	94.2	(10.0)
Beer & Wine Surtax	3.9		0.0	3.9	0.0
Lottery Commission					
Lottery Revenue	0.0		1.9	1.9	1.9
State Treasurer					
Interest Earnings	94.5		8.0	102.4	8.0
Office of Financial Management					
Other	(6.2)		14.1	7.9	14.1
Total General Fund-State*	**$25,384.8**	**$0.0**	**$646.0**	**$26,030.8**	**$646.0**

1 General Fund-State forecast for the 2003-05 biennium, adopted June 2005.
2 Revised General Fund-State forecast for the 2003-05 biennium, adopted September 2005.
*Detail may not add to totals because of rounding.

Table 3.10
Comparison of the General Fund-State Forecast by Agency
2005-07 Biennium; GAAP Basis
(Millions of Dollars)

Forecast by Agency	June 2005 Forecast[1]	Non-Economic Changes	Forecast Revision	September 2005 Forecast[2]	Total Change
Department of Revenue					
Retail Sales	$13,384.2		$206.1	$13,590.3	$206.1
Business & Occupation	4,698.3	0.0	85.2	4,783.5	85.2
Use	915.9		27.3	943.2	27.3
Public Utility	625.8		10.4	636.2	10.4
Liquor Sales/Liter	275.4		6.0	281.4	6.0
Cigarette	91.2		2.6	93.9	2.6
Property (State Levy)	2,762.5		17.0	2,779.6	17.0
Real Estate Excise	1,378.7		135.1	1,513.8	135.1
Timber Excise	20.9		0.2	21.1	0.2
Other	575.7	0.0	160.8	736.5	160.8
Subtotal	24,728.7	$0.0	650.7	25,379.4	650.7
Department of Licensing					
Boat excise, licenses, fees & other	41.2		(0.5)	40.7	(0.5)
Insurance Commissioner					
Insurance Premiums	493.5		0.0	493.5	0.0
Liquor Control Board					
Liquor Profits and Fees	104.1		(10.0)	94.2	(10.0)
Beer & Wine Surtax	3.9		0.0	3.9	0.0
Lottery Commission					
Lottery Revenue	0.0		0.0	0.0	0.0
State Treasurer					
Interest Earnings	94.7		7.8	102.6	7.8
Office of Financial Management					
Other	(5.9)		13.9	8.0	13.9
Total General Fund-State*	**$25,460.2**	**$0.0**	**$662.0**	**$26,122.2**	**$662.0**

1 General Fund-State forecast for the 2003-05 biennium, adopted June 2005.
2 Revised General Fund-State forecast for the 2003-05 biennium, adopted September 2005.
*Detail may not add to totals because of rounding.

Table 3.11
September 2005 General Fund-State Forecast
2003-05 & 2005-07 Biennia; Cash Basis
(Millions of Dollars)

Forecast by Source	Fiscal 2003[a]	Fiscal 2004[a]	Fiscal 2005	2003-05 Biennium	Fiscal 2006	Fiscal 2007	2005-07 Biennium
State Taxes							
Retail sales	$5,551.9	$5,765.3	$6,151.4	$11,916.7	$6,591.3	$6,930.7	$13,522.0
Business & occupation	1,876.8	2,006.6	2,195.8	4,202.5	2,341.7	2,427.5	4,769.1
Use	376.6	385.8	439.6	825.4	466.1	475.7	941.7
Public Utility	259.3	281.2	294.8	576.0	322.7	311.3	633.9
Liquor sales/liter	93.0	99.4	104.8	204.1	138.6	142.3	280.9
Beer & wine surtax	1.9	1.8	1.8	3.7	1.9	2.0	3.9
Cigarette	53.2	54.2	52.2	106.4	48.1	45.3	93.4
Tobacco products	8.8	9.4	9.5	18.9	9.0	10.0	19.0
Property (state school levy)**	1,331.6	1,370.5	1,372.6	2,743.1	1,365.2	1,412.2	2,777.4
Public utility district	37.0	36.6	38.0	74.6	39.0	41.5	80.5
Real estate excise	474.0	567.8	759.4	1,327.2	745.8	764.6	1,510.4
Timber excise	8.3	7.9	10.1	18.0	9.8	11.0	20.8
Estate/inheritance	122.5	139.9	(43.1)	96.8	6.9	0.0	6.9
Motor vehicle excise & Rental c	(0.0)	(0.1)	0.0	(0.1)	0.0	0.0	0.0
Boat excise	12.1	13.0	14.8	27.8	15.4	16.2	31.6
Insurance premiums	203.2	217.6	228.0	445.6	240.2	253.3	493.5
Other	160.0	216.6	237.0	453.5	246.2	256.0	502.2
Total Taxes	10,570.2	11,173.2	11,866.8	23,040.0	12,587.8	13,099.4	25,687.3
State Non-Tax Sources							
Licenses, permits, fees	74.7	75.5	78.8	154.3	80.3	81.3	161.6
Liquor profits & fees	30.9	42.8	47.9	90.7	45.5	48.7	94.2
Earnings on investments	25.6	21.9	28.8	50.7	48.7	53.7	102.4
Lottery transfers	0.0	0.0	4.3	4.3	1.9	0.0	1.9
Other revenue & transfers	(11.4)	7.8	45.8	53.6	(6.5)	(10.0)	(16.5)
Total Non-Tax	119.7	148.0	205.6	353.6	169.8	173.7	343.5
Total General Fund-State *	$10,689.9	$11,321.2	$12,072.4	$23,393.6	$12,757.7	$13,273.2	$26,030.8

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.

Track Record for the 2003-05 Biennium

General Fund-State cash receipts for the 2003-05 biennium totals $23,393.6 million. This is $153.1 million less than the previous forecast released in June 2005. It is $604 million (2.6 percent) higher than the February 2002 forecast which was the initial forecast for the biennium. However, legislative changes greatly distort this variance. Excluding the impact of non-economic factors, primarily the impact of 2002, 2003, 2004 and 2005 legislation and two recent State Supreme Court decisions, the GFS revenue for the 2003-05 biennium was only $21 million (0.1 percent) lower than the February 2002 forecast. While the total change to the 2003-05 forecast (excluding non-economic changes) over the last three years is very small, the path has not been random. There have been fourteen revisions to the forecast for the 2003-05 biennium since February 2002. The first five, made in the aftermath of the last recession, lowered expected revenue (excluding tax law changes). The eight of the last nine revisions increased the forecast; the last change lowered revenue, however, this was primarily due to a timing error and could be considered a non-economic change/error. GFS revenue for the 2003-05 biennium is, excluding legislation, $785 million (3.5 percent) higher than the June 2003 forecast. Table 3.13 summarizes the changes to the GFS forecast for the 2003-05 biennium since February 2002.

Track Record for the 2005-07 Biennium

The September 2005 GFS cash receipts forecast for the 2005-07 biennium totals $26,030.8 million. This is $646.0 million more than the previous forecast released in June 2005. Part of the change to the forecast in September is due to a timing error associated with the issuance of estate tax refunds ($153.9 million). While this could be considered a non-economic change, it is treated as a forecast change since it is not directly associated with new tax legislation or a judicial decision. The September 2005 updated is the sixth revision to the GFS revenue forecast for the 2005-07 biennium since the initial forecast in February 2004. Five of the six revisions, including the September 2005 update, have increased the forecast for the 2005-07 biennium excluding legislation and other non-economic factors. The September 2005 forecast for the 2005-07 budget period is now $1,077 million more than the initial estimate for the biennium. Non-economic changes, including 2005 and 2004 legislation along with the impact of the two recent State Supreme Court decisions, have reduced the forecast by $403 million. Excluding non-economic changes, the current GFS forecast for the 2005-07 biennium is $1,481 million (5.9 percent) higher than the initial February 2004 forecast. Table 3.14 summarizes the changes to the GFS revenue forecast for the 2005-07 biennium.

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

Table 3.12
General Fund - State Cash Receipts
September 2005 Forecast by Fiscal Year
(Millions of Dollars)

	General Fund - State	Percent Change
Fiscal Years		
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	6,801.9	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	12,072.4	6.6%
Forecast		
2006	12,757.6	5.7%
2007	13,273.2	4.0%

Table 3.13

Track Record for the 2003-05 General Fund-State Cash Forecast

February 2002 through September 2005

Cash Basis - Millions of Dollars

Date of Forecast	Department of Revenue*	Other Agencies	Subtotal*	Non - Economic Changes**		Total Change	Total General Fund-State Cash Basis
February 2002*	***$22,225***	***$565***					***$22,790***
Changes to Forecast							
June 2002	(53)	23	(30)	205	#1	175	22,965
September 2002	(317)	(29)	(346)	80	#2	(265)	22,700
November 2002	(31)	21	(10)			(10)	22,690
March 2003	(216)	(49)	(265)	27	#3	(238)	22,452
June 2003	(148)	(9)	(156)	446	#4	290	22,741
September 2003	17	(3)	15			15	22,756
November 2003	70	(4)	65			65	22,821
February 2004	63	14	76			76	22,897
June 2004	154	31	185	(86)	#5	99	22,996
Setpember 2004	104	13	117	(10)	#6	106	23,103
November 2004	65	5	70	0		70	23,173
March 2005	299	2	301	(243)	#7	58	23,231
June 2005	102	7	109	206	#8	316	23,547
September 2005	(161)	8	(153)	0		(153)	23,394
Total change*:**							
From February 2002	(51)	30	(21)	624		604	
Percent change	-0.2%	5.4%	-0.1%	2.7%		2.6%	

* 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 2003-05 biennium.

#1 Change to the forecast due to 2002 legislation.

#2 Adjustment to the forecast to account for the expiration of two tax incentives and for 2002 legislation (SHB 2512) not previously included in the GFS forecast.

#3 Includes an $86.6 million adjustment to the November forecast for SSB 6835 and a Dec. 2002 court case. Also the impact of 2003 legislation (hb 1977) enacted prior to the March 2003 forecast (-$60.0 million).

#4 Impact of 2003 legislation on GFS revenue.

#5 Impact of 2004 legislation on GFS revenue.

#6 Revision to fiscal note for High tech incentives.

#7 Impact of the State Supreme Court decision invalidating the estate tax and reducing the b&O tax rate on certain meat products.

#8 Shift refunds associated with two recent court cases from fy 05 to fy 06. (+$195.0 million) and 2005 legislation (+$11.1 million).

Table 3.14

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

February 2004 through September 2005

Cash Basis - Millions of Dollars

Date of Forecast	Department of Revenue*	Other Agencies	Subtotal*	Non-Economic Changes**		Total Change	Total General Fund-State Cash Basis
February 2004*	***$24,293***	***$660***					***$24,953***
Changes to Forecast							
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							
February 2006							
June 2006							
Total change*:**							
From February 2004	1,415	66	1,481	(403)		1,077	
Percent change	5.8%	10.0%	5.9%	-1.6%		4.3%	

* 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&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)

Table 3.15

2003-05 and 2005-07 Biennial Balance Sheet Including 2004 and 2005 Supplemental Budgets

General Fund-State
Dollars in Millions

	2003-05	2005-07
RESOURCES		
Beginning Fund Balance	**404.6**	**823.6**
June 2005 Forecast	23,546.7	25,384.8
September 2005 Forecast Update	(153.1)	646.0
Current Revenue Totals	**23,393.6**	**26,030.8**
2003-04 Fund Transfers, Grants and Other Adjustments	291.7	
2005 Fund Transfers and Other Adjustments	405.4	216.8
Total Resources (Includes Fund Balance)	**24,495.3**	**27,071.2**
APPROPRIATIONS AND SPENDING ESTIMATES		
2003-05 Appropriations w/Supplemental Budgets	23,671.7	0.0
2005-07 Appropriations		25,952.4
Spending Level	**23,671.7**	**25,952.4**
UNRESTRICTED GENERAL FUND BALANCE		
Projected Ending Fund Balance	**823.6**	**1,118.8**

House and Senate Fiscal Committees and Office of Financial Management 9/20/2005

Table 3.16

September 2005 Baseline Forecast by Agency
Comparison of Cash and GAAP Basis

(Millions of dollars)

Agency	2001-03 Biennium Cash Basis[1]	2001-03 Biennium GAAP Basis[2]	2001-03 Biennium Diff.	2003-05 Biennium Cash Basis[1]	2003-05 Biennium GAAP Basis[2]	2003-05 Biennium Diff.	2005-07 Biennium Cash Basis[1]	2005-07 Biennium GAAP Basis[2]	2005-07 Biennium Diff.
General Fund - State Cash/Revenue Sources									
Department of Revenue[3]	$20,516.6	$20,570.8	$54.2	$22,573.4	$22,738.7	$165.4	$25,170.1	$25,262.6	$92.5
Department of Licensing	42.6	44.1	1.6	45.1	46.1	0.9	40.5	40.7	0.2
Insurance Commissioner[4]	397.3	397.0	(0.3)	459.9	459.9	0.0	509.3	509.3	0.0
State Treasurer	58.2	55.9	(2.4)	50.7	52.1	1.4	102.4	102.6	0.1
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	160.9	161.5	0.5	214.1	214.1	0.0	207.1	207.2	0.1
Subtotal: General Fund-State Cash/Revenue*	***21,175.6***	***21,229.3***	***53.6***	***23,343.2***	***23,510.9***	***167.7***	***26,029.3***	***26,122.3***	***92.9***
General Fund State - Other Financing Sources[5]									
Department of Revenue[6]	75.7	75.5	(6.4)	147.0	152.5	5.5	116.5	116.8	0.3
Lottery Commission	0.0	0.0	0.0	4.3	4.3	0.0	1.9	0.0	(1.9)
Insurance Commissioner[7]	(9.8)	(9.8)	0.0	(14.3)	(14.3)	0.0	(15.7)	(15.7)	0.0
Liquor Control Board	63.5	63.5	0.0	94.4	94.4	0.0	98.0	98.0	0.0
Office of Financial Management									
Other Agencies[8]	(164.5)	(166.3)	(1.8)	(181.0)	(181.0)	0.0	(199.2)	(199.2)	0.0
Subtotal: GFS Other Financing Sources	***(35.0)***	***(37.0)***	***(8.2)***	***50.4***	***55.9***	***5.5***	***1.5***	***(0.1)***	***(1.6)***
Total Available Receipts/Resources General Fund-State *	**$21,140.7**	**$21,192.3**	**$51.6**	**$23,393.6**	**$23,566.8**	**$173.2**	**$26,030.8**	**$26,122.2**	**$91.4**

* 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
September 2005 Alternative Forecasts Compared to the Baseline Forecast
2005-07 Biennium
(Millions of dollars)

Forecast by Source	Optimistic Forecast	Baseline Forecast	Pessimistic Forecast
Department of Revenue			
Retail Sales	$13,878.0	$13,522.0	$13,041.6
Business & Occupation	4,898.9	4,769.1	4,658.9
Use	974.3	941.7	915.2
Public Utility	636.2	633.9	629.2
Property (school levy)	2,832.9	2,777.4	457.5
Real Estate Excise	1,626.8	1,510.4	1,373.2
Other	1,219.1	1,132.1	3,312.9
Subtotal	26,066.2	25,286.7	24,388.6
Department of Licensing	41.7	40.5	39.3
Insurance Commissioner[1]	505.8	493.5	481.2
Lottery Commission	9.2	1.9	0.0
State Treasurer - Interest earnings	150.7	102.4	63.0
Liquor Profits & Fees[2]	100.0	98.0	96.1
Office of Financial Management			
Other agencies	20.4	7.9	(4.6)
Total General Fund - State*	**$26,894.1**	**$26,030.8**	**$25,063.5**
Difference from September 2005 Baseline	**$863.2**		**($967.3)**

1 Insurance premiums, General Fund-State portion.
2 Includes beer and wine surtax.
* Detail may not add to total due to rounding.

Table 3.18

Impact of Initiative 728 on the State Property Tax and Lottery Revenue
September 2005 Cash Forecast; Millions of Dollars

I. Disposition of the State portion of the Property Tax

	State Levy: Total Receipts	To the General Fund	To the Student Achievement Account[1]
2000	$1,302.0	1,302.0	
2001	1,349.9	1,349.9	
1999-01 Biennium	2,652.0	2,652.0	
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	1,610.4	1,365.2	245.2
2007	1,658.6	1,412.2	246.4
2005-07 Biennium	3,269.0	2,777.4	491.7

II. Lottery Transfers by Fund*

	Lottery: Total Transfers:**	General Fund	Mariners Stadium	Exhibition Center & Stadium	Student Achievement Account[1]	School Construction Account[1]	Transfer to VERDE[2]
1998	117.8	114.6	3.2				
1999	118.6	107.5	3.3	7.8			
1999-01 Biennium	236.3	222.0	6.5	7.8			
2000	101.1	93.3	3.4	4.4			
2001	120.1	110.0	3.6	6.5			
1999-01 Biennium	221.3	203.3	7.0	10.9			
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	113.6	1.9	4.4	7.9	0.0	99.5	0.0
2007	102.9	0.0	4.5	8.2	0.0	90.2	0.0
2005-07 Biennium	216.4	1.9	8.9	16.1	0.0	189.6	0.0

* 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).

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 2001-03 biennium totaled $21,192.3 million on a GAAP basis, $51.6 million higher than the $21,140.7 million cash receipts total. Preliminary 2003-05 GFS revenue on a GAAP basis is $23,566.8 million, $173.2 million more than the $23,393.6 million cash receipts total. The GFS forecast for the 2005-07 biennium is $26,122.2 million on a GAAP basis, $91.4 million more than the $26,030.8 million cash forecast.

Table 3.15 shows the budgetary balance sheet for the 2003-05 and 2005-07 biennia. The preliminary 2003-05 GFS unrestricted ending balance is $823.6 million. The ending balance total is 3.5 percent of the 2003-05 spending level. The balance sheet for the 2005-07 biennium shows a projected ending balance of $1,118.8 million. This is 4.3 percent of the 2005-07 spending level ($25,952.4 million).

Alternative Forecast for the 2005-07 Biennium

The September 2005 baseline forecast expects economic growth will continue throughout the 2005-07 biennium. Growth was good in fiscal 2004 and is even better in fiscal 2005. The baseline forecast expects some slowing in the 2005-07 biennium in response to rising interest rates, high oil prices and a weaker housing market. Revenue growth is expected to slow due to the impact of slower housing related spending and less housing equity cash-outs. The assumed housing correction and slower spending assumed in the baseline forecast may not occur or may continued to be pushed out further in the future. On the other hand, interest rates may increase more than expected and the slowdown expected in housing may be worse than assumed in the baseline. The revenue implications of stronger as well as weaker economic growth assumptions are contained in two alternative forecasts.

The September 2005 optimistic scenario is an "everything goes right" scenario. The optimistic forecast assumes that the productivity boom that emerged during the 1990's economic expansion will continue and that productivity will increase faster than assumed in the baseline forecast. In addition, economic growth abroad is stronger than in the baseline which will boost U.S. exports and strength manufacturing. In the optimistic scenario, investment spending is also stronger than in the baseline and perhaps most importantly, housing remains healthy and energy prices are lower than in the baseline. Washington's economy benefits from stronger growth nationally. In the optimistic scenario state personal income is 4.7 percent higher than in the baseline by the end of the 2005-07 biennium and state wage and salary employment is more than 61,500 higher by the end of the 2005-07 budget period.

The September pessimistic scenario assumes inflation is much higher than in the baseline forecast. Higher energy princes, a falling dollar, and a prolonged period of accommodative monetary and fiscal policy combine to produce significantly higher inflation than in the baseline forecast. An aggressive Fed response, combined with a bursting of the housing bubble, produces significantly slower growth than the baseline, although there is no decline in real GFP growth. The weak national economy results in weaker job and income growth in the state. In the pessimistic scenario, state personal income is 3.6 percent less than the baseline by the end of the 2005-07 biennium and wage and salary employment is 62,300 less than the baseline by the end of the 2005-07 budget period.

Table 3.17 shows the revenue implications of these alternative scenarios for the 2005-07 biennium. The optimistic scenario generates $26,894.1 billion, $863.2 million more than the baseline. The pessimistic alternative produces only $25,063.5 million GFS revenue in the 2003-05 biennium, $967.3 million less than the baseline forecast.

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 September 2005 GCEA scenario was based on the forecast of five members of the GCEA. The GCEA alternative was close to the September 2005 baseline forecast, producing $78.0 million less than the baseline for the 2005-07 biennium.

Annual State Personal Income, 1974 to 2004

The tables that follow present the most recent revisions to Washington State personal income estimates as released by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA) in September 2005. Historical values are presented from 1974 through 2004 with additional detail for the years 1999 through 2004. Detailed historical data for the years 1969-1998 are available through the BEA at its website (www.bea.gov) or the Economic and Revenue Forecast Council.

The September estimates incorporate the annual revision of the National Income and Product Accounts (NIPAs) undertaken in July 2004, as well as newly available state source data that are more complete, more detailed, and otherwise more appropriate than those that were previously available. A more detailed explanation of revisions to the estimates of state personal income can be found in the October 2005 *Survey of Current Business*, published by the BEA and available at the department's website on October 31, 2005. Details of the annual NIPA revision can be found in the August 2005 issue.

The BEA has designed state and county estimates of personal income to be conceptually and statistically consistent with the national estimates of personal income. As part of the preparation of both state and county estimates, the national estimates are disaggregated to states and counties. County data for 2004 is scheduled to be released in the spring of 2006 and will be subsequently published in the Washington Economic and Revenue Forecast publication.

Effective with 2001 annual data, the BEA has begun reporting industry wages and earnings classified according to the North American Industry Classification System (NAICS). In the years up to and including 2001, the data was reported according to the Standard Industrial Classification (SIC) system. As such, this report presents data for 1999-2000 classified by SIC, 2002-04 classified by NAICS, and 2001 data classified under both systems.

Table 4.1 shows Washington historical personal income, personal tax and nontax payments, disposable personal income, population, per capita personal income, and per capita disposable personal income from 1974 to 2004. Tables 4.2a and 4.2b illustrate components of personal income by major source and earnings by industry and Tables 4.3a and 4.3b break down wage and salary disbursements by industry for the last six years (1999-2004).

Table 4.4 shows per capita personal income by state for 1974, 1984, 1994, and 2004. Through the periods illustrated, Washington per capita income experienced the fastest growth in the northwest. Washington's 2004 per capita personal income of $35,017 ranked 13th among the 50 states and the District of Columbia and was 6.0 percent higher than the national average of $33,041.

Chart 4.1 shows real per capita personal income for Washington and the U.S. from 1969 through 2004. As the chart shows, with the exceptions of 1985, 1987, and 1988, Washington real per capita personal income has been consistently higher than that of the U.S.

It should be noted that much of the growth in Washington's 2004 personal income was due to the Microsoft special dividend of December 2, 2004. Of the approximately $32 billion distributed, the BEA estimated that $24.9 billion was distributed to individuals in the U.S. as personal income. Due to the concentration of several large Microsoft shareholders in the state, the BEA attributed $5.6 billion of this amount to Washington's annual personal income. The effects of the extra income on the 2004 growth rate were substantial. Washington's 2004 total personal income growth of 7.9 percent would have been only 5.1 percent without the dividend, as compared to the US growth rate of 5.7 percent similarly adjusted, and the state's 2004 per capita personal income growth of 6.6 percent would have been only 3.9 percent without the dividend, as compared to the US growth rate of 4.6 percent similarly adjusted.

Table 4.1
Washington Personal Income
1974-2004

	Personal Income (Thousands of Dollars)	Personal Tax and Nontax Payments (Thousands of Dollars)	Disposable Personal Income (Thousands of Dollars)	Population (Number of Persons)	Per Capita Personal Income (Dollars)	Per Capita Disposable Personal Income (Dollars)
1974	20,938,757	2,269,383	18,669,374	3,547,877	5,902	5,262
1975	23,684,118	2,480,969	21,203,149	3,618,824	6,545	5,859
1976	26,475,392	2,831,668	23,643,724	3,690,561	7,174	6,407
1977	29,449,483	3,221,651	26,227,832	3,772,360	7,807	6,953
1978	34,307,676	4,070,985	30,236,691	3,886,191	8,828	7,781
1979	39,572,181	4,998,853	34,573,328	4,012,831	9,861	8,616
1980	45,004,033	5,591,898	39,412,135	4,154,678	10,832	9,486
1981	50,294,912	6,356,770	43,938,142	4,235,728	11,874	10,373
1982	53,328,134	5,831,637	47,496,497	4,276,551	12,470	11,106
1983	56,665,796	5,665,807	50,999,989	4,300,269	13,177	11,860
1984	61,085,840	5,835,637	55,250,203	4,343,657	14,063	12,720
1985	64,923,578	6,331,592	58,591,986	4,400,096	14,755	13,316
1986	69,203,009	6,631,605	62,571,404	4,452,724	15,542	14,052
1987	73,461,020	7,542,561	65,918,459	4,531,903	16,210	14,545
1988	79,647,768	7,908,382	71,739,386	4,639,894	17,166	15,461
1989	88,083,919	9,572,209	78,511,710	4,746,315	18,558	16,542
1990	97,399,408	10,731,738	86,667,670	4,903,043	19,865	17,676
1991	103,974,021	10,992,221	92,981,800	5,025,624	20,689	18,502
1992	112,034,871	11,703,236	100,331,635	5,160,757	21,709	19,441
1993	117,265,725	11,976,590	105,289,135	5,278,842	22,214	19,945
1994	123,293,856	12,954,442	110,339,414	5,375,161	22,938	20,528
1995	129,844,598	13,849,825	115,994,773	5,481,027	23,690	21,163
1996	139,650,493	15,988,724	123,661,769	5,569,753	25,073	22,202
1997	150,118,526	18,332,579	131,785,947	5,674,747	26,454	23,223
1998	163,761,546	21,744,787	142,016,759	5,769,562	28,384	24,615
1999	175,491,324	25,762,011	149,729,313	5,842,564	30,037	25,627
2000	187,853,404	26,424,697	161,428,707	5,911,182	31,779	27,309
2001	193,498,304	24,612,854	168,885,450	5,992,767	32,289	28,182
2002	197,323,544	20,300,655	177,022,889	6,067,146	32,523	29,177
2003	201,342,164	19,071,995	182,270,169	6,131,298	32,838	29,728
2004	217,240,119	19,588,573	197,651,546	6,203,788	35,017	31,860

Table 4.2a

Washington Personal Income by Major Source and Earnings by Industry Classified by SIC

(Thousands of Dollars)

	1999	2000	2001
	Income by Place of Residence		
Personal income	175,491,324	187,853,404	193,498,304
Nonfarm personal income	173,995,816	186,246,516	192,094,400
Farm income 1/	1,495,508	1,606,888	1,403,904
Population (persons) 2/	5,842,564	5,911,182	5,992,767
Per capita personal income (dollars) 3/	30,037	31,779	32,289
	Derivation of Total Personal Income		
Earnings by place of work	138,175,390	147,025,929	150,023,182
less: Contributions for government social insurance 4/	16,951,233	18,188,970	17,820,591
Personal contributions for government social insurance	7,810,492	8,288,501	8,191,518
Employer contributions for government social insurance	9,140,741	9,900,469	9,629,073
plus: Adjustment for residence 5/	1,939,050	2,181,985	2,311,979
equals: Net earnings by place of residence	123,163,207	131,018,944	134,514,570
plus: Dividends, interest, and rent 6/	31,362,522	34,520,824	33,905,539
plus: Personal current transfer receipts	20,965,595	22,313,636	25,078,195
	Earnings by Place of Work		
Wage and salary disbursements	103,759,686	110,001,468	110,615,625
Supplements to wages and salaries	21,271,699	22,875,079	23,244,938
Employer contributions for employee pension and insura	12,130,958	12,974,610	13,615,865
Employer contributions for government social insurance	9,140,741	9,900,469	9,629,073
Proprietors' income 7/	13,144,005	14,149,382	16,162,619
Farm proprietors' income	357,063	444,326	214,174
Nonfarm proprietors' income	12,786,942	13,705,056	15,948,445
	Earnings by Industry		
Farm earnings	1,495,508	1,606,888	1,403,904
Nonfarm earnings	136,679,882	145,419,041	148,619,278
Private earnings	112,890,188	120,215,463	122,022,892
Agricultural services, forestry, fishing and other 8/	1,533,923	1,643,371	1,759,475
Agricultural services	896,736	982,447	(N)
Forestry, fishing, and other 8/	637,187	660,924	(N)
Forestry	186,104	179,670	(N)
Fishing	451,083	481,254	(N)
Other 8/	0	0	(N)
Mining	277,314	306,831	318,420
Metal mining	35,833	33,948	(N)
Coal mining	(D)	57,432	(N)
Oil and gas extraction	(D)	21,460	(N)
Nonmetallic minerals, except fuels	175,628	193,991	(N)
Construction	8,986,685	9,709,143	9,685,705
General building contractors	2,418,604	2,588,167	(N)
Heavy construction contractors	1,200,776	1,180,449	(N)
Special trade contractors	5,367,305	5,940,527	(N)
Manufacturing	20,939,563	21,566,085	21,457,982
Durable goods	15,595,126	15,687,480	15,813,233
Lumber and wood products	1,725,046	1,653,654	(N)
Furniture and fixtures	191,206	210,277	(N)
Stone, clay, and glass products	413,261	437,334	(N)
Primary metal industries	661,731	667,380	(N)
Fabricated metal products	666,654	687,612	(N)
Industrial machinery and equipment	1,478,896	1,749,486	(N)
Electronic and other electric equipment	1,000,478	1,149,316	(N)
Motor vehicles and equipment	389,144	356,076	(N)

Table 4.2a (cont'd)
Washington Personal Income by Major Source and Earnings by Industry Classified by SIC
(Thousands of Dollars)

	1999	2000	2001
Other transportation equipment	7,594,662	7,185,956	(N)
Instruments and related products	1,003,067	1,063,012	(N)
Miscellaneous manufacturing industries	470,981	527,377	(N)
Ordnance 9/	(N)	(N)	(N)
Nondurable goods	5,344,437	5,878,605	5,644,749
Food and kindred products	1,653,975	1,721,560	(N)
Tobacco products	0	0	(N)
Textile mill products	48,267	50,580	(N)
Apparel and other textile products	211,001	215,183	(N)
Paper and allied products	1,007,919	1,041,693	(N)
Printing and publishing	1,151,523	1,177,837	(N)
Chemicals and allied products	687,536	1,046,978	(N)
Petroleum and coal products	176,590	201,750	(N)
Rubber and miscellaneous plastics products	396,744	411,766	(N)
Leather and leather products	10,882	11,258	(N)
Transportation and public utilities	8,586,505	9,974,775	10,284,025
Railroad transportation	(D)	(D)	(N)
Trucking and warehousing	1,595,325	1,662,352	(N)
Water transportation	628,443	659,234	(N)
Other transportation	(D)	(D)	(N)
Local and interurban passenger transit	215,068	214,281	(N)
Transportation by air	1,229,159	1,338,116	(N)
Pipelines, except natural gas	(D)	(D)	(N)
Transportation services	568,957	685,020	(N)
Communications	2,621,366	3,558,765	(N)
Electric, gas, and sanitary services	1,367,035	1,487,793	(N)
Wholesale trade	7,991,126	8,618,064	8,404,226
Retail trade	12,458,216	13,748,533	13,697,939
Building materials and garden equipment	765,865	801,135	(N)
General merchandise stores	1,249,085	1,426,885	(N)
Food stores	1,919,883	2,031,849	(N)
Automotive dealers and service stations	1,973,800	2,098,247	(N)
Apparel and accessory stores	689,581	748,399	(N)
Home furniture and furnishings stores	794,926	849,342	(N)
Eating and drinking places	2,991,204	3,313,243	(N)
Miscellaneous retail	2,073,872	2,479,433	(N)
Finance, insurance, and real estate	9,350,775	9,662,818	10,917,952
Depository and nondepository institutions	2,525,202	2,568,354	(N)
Other finance, insurance, and real estate	6,825,573	7,094,464	(N)
Security and commodity brokers	1,267,519	1,511,573	(N)
Insurance carriers	1,589,360	1,664,554	(N)
Insurance agents, brokers, and services	880,898	896,232	(N)
Real estate	2,658,562	2,470,205	(N)
Combined real estate, insurance, etc. 10/	(N)	(N)	(N)
Holding and other investment offices	429,234	551,900	(N)
Services	42,766,081	44,985,843	45,497,168
Hotels and other lodging places	780,502	818,998	(N)
Personal services	928,289	914,609	(N)
Private households	(D)	(D)	(N)
Business services	18,556,563	18,640,153	(N)
Automotive repair, services, and parking	960,942	1,051,000	(N)
Miscellaneous repair services	445,704	469,769	(N)

Table 4.2a (cont'd)

Washington Personal Income by Major Source and Earnings by Industry Classified by SIC

(Thousands of Dollars)

	1999	2000	2001
Amusement and recreation services	958,365	1,107,074	(N)
Motion pictures	227,097	230,642	(N)
Health services	9,346,038	9,969,432	(N)
Legal services	2,023,998	2,292,106	(N)
Educational services	908,665	1,006,309	(N)
Social services	1,266,989	1,402,476	(N)
Museums, botanical, zoological gardens	(D)	(D)	(N)
Membership organizations	1,203,030	1,381,823	(N)
Engineering and management services	4,332,926	4,773,705	(N)
Miscellaneous services	491,775	537,090	(N)
Government and government enterprises	23,789,694	25,203,578	26,596,386
Federal, civilian	4,312,584	4,628,489	4,815,831
Military	2,954,591	3,116,275	3,354,413
State and local	16,522,519	17,458,814	18,426,142
State government	5,199,622	5,545,521	5,924,745
Local government	11,322,897	11,913,293	12,501,397

Table 4.2b

Washington Personal Income by Major Source and Earnings by Industry Classified by NAICS

(Thousands of Dollars)

	2001	2002	2003	2004
	Income by Place of Residence			
Personal income	193,498,304	197,323,544	201,342,164	217,240,119
Nonfarm personal income	192,094,400	195,859,540	199,566,299	215,130,252
Farm income 1/	1,403,904	1,464,004	1,775,865	2,109,867
Population (persons) 2/	5,992,767	6,067,146	6,131,298	6,203,788
Per capita personal income (dollars) 3/	32,289	32,523	32,838	35,017
	Derivation of Total Personal Income			
Earnings by place of work	150,023,182	152,987,047	157,751,737	167,416,769
less: Contributions for government social insurance 4/	17,820,591	18,235,436	18,997,492	20,212,956
Personal contributions for government social insurance	8,191,518	8,457,647	8,710,510	9,230,365
Employer contributions for government social insurance	9,629,073	9,777,789	10,286,982	10,982,591
plus: Adjustment for residence 5/	2,311,979	2,348,395	2,335,679	2,508,787
equals: Net earnings by place of residence	134,514,570	137,100,006	141,089,924	149,712,600
plus: Dividends, interest, and rent 6/	33,905,539	33,594,500	32,335,152	39,034,939
plus: Personal current transfer receipts	25,078,195	26,629,038	27,917,088	28,492,580
	Earnings by Place of Work			
Wage and salary disbursements	110,615,625	111,411,268	114,090,279	119,265,421
Supplements to wages and salaries	23,244,938	25,493,247	27,226,788	29,772,104
Employer contributions for employee pension and insura	13,615,865	15,715,458	16,939,806	18,789,513
Employer contributions for government social insurance	9,629,073	9,777,789	10,286,982	10,982,591
Proprietors' income 7/	16,162,619	16,082,532	16,434,670	18,379,244
Farm proprietors' income	214,174	370,134	655,495	847,095
Nonfarm proprietors' income	15,948,445	15,712,398	15,779,175	17,532,149
	Earnings by Industry			
Farm earnings	1,403,904	1,464,004	1,775,865	2,109,867
Nonfarm earnings	148,619,278	151,523,043	155,975,872	165,306,902
Private earnings	122,022,892	122,991,974	125,786,304	133,401,377
Forestry, fishing, related activities, and other 8/	1,788,440	1,700,515	1,812,058	1,897,538
Forestry and logging	545,213	511,089	525,331	529,734
Fishing, hunting, and trapping	598,109	531,058	589,929	610,162
Agriculture and forestry support activities	645,118	658,368	696,798	757,642
Other 8/	0	0	0	0
Mining	266,175	238,892	246,419	283,398
Oil and gas extraction	(D)	(D)	(D)	25,176
Mining (except oil and gas)	223,958	201,205	205,437	242,213
Support activities for mining	(D)	(D)	(D)	16,009
Utilities	558,246	519,177	539,062	579,725
Construction	9,865,084	9,986,727	10,258,461	11,338,550
Construction of buildings	3,132,578	3,214,651	3,271,136	3,613,769
Heavy and civil engineering construction	1,363,638	1,411,133	1,525,293	1,692,323
Specialty trade contractors	5,368,868	5,360,943	5,462,032	6,032,458
Manufacturing	19,786,033	19,865,502	19,225,775	19,893,581
Durable goods manufacturing	14,875,794	14,308,655	14,047,701	14,619,574
Wood product manufacturing	871,445	844,989	888,236	965,760
Nonmetallic mineral product manufacturing	433,055	432,929	469,509	505,810
Primary metal manufacturing	551,133	402,772	347,214	341,978
Fabricated metal product manufacturing	849,099	848,961	848,945	912,063
Machinery manufacturing	786,564	720,905	720,663	832,867
Computer and electronic product manufacturing	2,321,850	1,949,103	1,896,741	1,898,165
Electrical equipment and appliance manufacturing	232,891	242,398	277,339	295,126
Motor vehicle manufacturing	(D)	(D)	(D)	(D)
Transportation equipment mfg. excl. motor vehicles	(D)	(D)	(D)	(D)

Table 4.2b (cont'd)
Washington Personal Income by Major Source and Earnings by Industry Classified by NAICS
(Thousands of Dollars)

Furniture and related product manufacturing	342,652	316,613	331,313	368,206
Miscellaneous manufacturing	666,798	659,134	667,298	710,076
Nondurable goods manufacturing	4,910,239	5,556,847	5,178,074	5,274,007
Food manufacturing	1,560,978	1,581,578	1,581,512	1,620,540
Beverage and tobacco product manufacturing	202,952	230,260	246,965	235,232
Textile mills	34,325	29,956	29,734	29,116
Textile product mills	109,116	104,416	101,745	89,550
Apparel manufacturing	101,204	94,185	88,223	90,038
Leather and allied product manufacturing	19,310	19,314	26,380	36,911
Paper manufacturing	1,021,477	1,047,135	1,081,473	1,166,687
Printing and related support activities	550,710	492,901	452,124	475,868
Petroleum and coal products manufacturing	252,915	299,212	413,421	383,912
Chemical manufacturing	641,704	1,233,153	719,947	664,092
Plastics and rubber products manufacturing	415,548	424,737	436,550	482,061
Wholesale trade	7,312,229	7,258,252	7,518,613	8,406,499
Retail trade	10,416,196	10,736,743	11,032,136	11,626,010
Motor vehicle and parts dealers	1,981,389	2,054,281	2,131,542	2,235,485
Furniture and home furnishings stores	435,457	449,038	455,693	480,866
Electronics and appliance stores	545,443	496,568	507,763	474,746
Building material and garden supply stores	893,288	899,287	948,060	1,010,307
Food and beverage stores	1,882,362	1,994,603	2,000,879	2,036,906
Health and personal care stores	536,119	535,762	557,058	592,904
Gasoline stations	468,646	463,904	467,795	488,869
Clothing and clothing accessories stores	624,707	619,396	595,890	630,180
Sporting goods, hobby, book and music stores	403,749	400,996	402,598	418,583
General merchandise stores	1,210,488	1,322,822	1,520,355	1,634,800
Miscellaneous store retailers	724,619	718,665	717,287	730,091
Nonstore retailers	709,929	781,421	727,216	892,273
Transportation and warehousing	4,895,093	4,922,162	5,094,246	5,495,004
Air transportation	920,367	900,424	899,896	946,046
Rail transportation	347,607	342,098	(D)	(D)
Water transportation	226,377	240,093	256,340	297,200
Truck transportation	1,309,480	1,324,164	1,294,326	1,413,453
Transit and ground passenger transportation	158,867	164,839	168,219	179,026
Pipeline transportation	32,945	18,930	16,543	17,461
Scenic and sightseeing transportation	38,270	33,958	42,087	45,775
Support activities for transportation	1,102,226	1,107,345	1,219,299	1,318,038
Couriers and messengers	466,114	487,760	(D)	(D)
Warehousing and storage	292,840	302,551	316,470	374,227
Information	13,625,874	12,549,949	12,095,555	11,511,153
Publishing industries, except Internet	9,263,570	8,450,266	8,630,812	7,088,143
Motion picture and sound recording industries	130,299	118,429	126,141	138,388
Broadcasting, except Internet	1,080,749	1,270,731	1,011,501	1,090,705
Internet publishing and broadcasting	156,053	125,117	127,529	177,850
Telecommunications	2,526,401	2,250,199	1,930,358	2,686,052
ISPs, search portals, and data processing	434,495	309,987	244,542	276,105
Other information services	34,307	25,220	24,672	53,910
Finance and insurance	7,782,860	7,925,752	8,735,482	9,380,487
Monetary authorities - central bank	(D)	(D)	(D)	(D)
Credit intermediation and related activities	3,168,621	3,350,546	4,119,632	4,145,854
Securities, commodity contracts, investments	1,612,448	1,504,046	1,484,868	1,876,698
Insurance carriers and related activities	2,647,733	2,762,941	2,909,367	3,097,465

Table 4.2b (cont'd)
Washington Personal Income by Major Source and Earnings by Industry Classified by NAICS
(Thousands of Dollars)

Funds, trusts, and other financial vehicles	(D)	(D)	(D)	(D)
Real estate and rental and leasing	3,277,419	3,325,292	3,663,339	4,161,737
Real estate	2,665,066	2,731,879	3,053,333	3,515,731
Rental and leasing services	580,390	559,359	579,014	619,798
Lessors of nonfinancial intangible assets	31,963	34,054	30,992	26,208
Professional and technical services	12,791,750	12,774,293	12,496,889	13,092,802
Management of companies and enterprises	2,356,588	2,478,064	2,726,891	3,055,045
Administrative and waste services	4,699,780	4,897,967	5,245,714	5,842,299
Administrative and support services	3,884,062	4,025,450	4,341,351	4,831,702
Waste management and remediation services	815,718	872,517	904,363	1,010,597
Educational services	1,106,331	1,161,026	1,230,740	1,325,805
Health care and social assistance	12,229,192	13,055,258	13,655,876	14,641,441
Ambulatory health care services	6,625,884	7,005,501	7,279,318	7,866,932
Hospitals	2,962,676	3,189,976	3,399,415	3,638,612
Nursing and residential care facilities	1,418,191	1,547,470	1,621,371	1,692,369
Social assistance	1,222,441	1,312,311	1,355,772	1,443,528
Arts, entertainment, and recreation	1,380,372	1,393,141	1,494,588	1,690,124
Performing arts and spectator sports	573,344	578,379	630,349	734,025
Museums, historical sites, zoos, and parks	79,487	74,032	79,777	82,963
Amusement, gambling, and recreation	727,541	740,730	784,462	873,136
Accommodation and food services	3,707,413	3,814,001	4,002,972	4,236,362
Accommodation	751,761	756,452	796,451	840,032
Food services and drinking places	2,955,652	3,057,549	3,206,521	3,396,330
Other services, except public administration	4,177,817	4,389,261	4,711,488	4,943,817
Repair and maintenance	1,379,902	1,424,755	1,410,099	1,475,316
Personal and laundry services	839,565	858,612	885,964	929,584
Membership associations and organizations	1,509,676	1,658,199	1,750,309	1,835,484
Private households	448,674	447,695	665,116	703,433
Government and government enterprises	26,596,386	28,531,069	30,189,568	31,905,525
Federal, civilian	4,815,831	5,204,588	5,428,567	5,837,977
Military	3,354,413	3,888,101	4,443,205	4,789,686
State and local	18,426,142	19,438,380	20,317,796	21,277,862
State government	5,924,745	6,239,224	6,479,513	6,787,099
Local government	12,501,397	13,199,156	13,838,283	14,490,763

Table 4.3a

Washington Wage and Salary Disbursements Classified by SIC

(Thousands of Dollars)

	1999	2000	2001
Wage and salary disbursements by place of work	103,759,686	110,001,468	110,615,625
Farm wage and salary disbursements	982,739	1,004,426	1,006,755
Nonfarm wage and salary disbursements	102,776,947	108,997,042	109,608,870
Private wage and salary disbursements	84,811,101	89,865,800	89,265,427
Agricultural services, forestry, fishing and other	886,486	937,783	1,005,634
Agricultural services	652,898	713,444	(N)
Forestry, fishing, and other 8/	233,588	224,339	(N)
Forestry	65,942	74,185	(N)
Fishing	167,646	150,154	(N)
Other 8/	0	0	(N)
Mining	147,745	169,690	165,036
Metal mining	26,157	24,420	(N)
Coal mining	(D)	34,681	(N)
Oil and gas extraction	(D)	1,377	(N)
Nonmetallic minerals, except fuels	89,559	109,212	(N)
Construction	5,981,805	6,508,885	6,443,423
General building contractors	1,625,988	1,766,338	(N)
Heavy construction contractors	965,005	939,935	(N)
Special trade contractors	3,390,812	3,802,612	(N)
Manufacturing	16,413,879	16,761,279	16,441,388
Durable goods	12,343,760	12,307,395	12,261,727
Lumber and wood products	1,333,867	1,309,389	(N)
Furniture and fixtures	139,047	149,534	(N)
Stone, clay, and glass products	317,651	337,413	(N)
Primary metal industries	514,150	513,126	(N)
Fabricated metal products	504,129	522,215	(N)
Industrial machinery and equipment	1,188,899	1,390,168	(N)
Electronic and other electric equipment	763,776	874,538	(N)
Motor vehicles and equipment	272,355	243,995	(N)
Other transportation equipment	6,136,753	5,744,201	(N)
Instruments and related products	818,699	858,672	(N)
Miscellaneous manufacturing industries	354,434	364,144	(N)
Ordnance 3/	(N)	(N)	(N)
Nondurable goods	4,070,119	4,453,884	4,179,661
Food and kindred products	1,296,696	1,345,784	(N)
Tobacco products	0	0	(N)
Textile mill products	38,275	39,587	(N)
Apparel and other textile products	164,379	162,349	(N)
Paper and allied products	811,647	814,635	(N)
Printing and publishing	852,700	899,338	(N)
Chemicals and allied products	438,578	710,069	(N)
Petroleum and coal products	137,364	146,211	(N)
Rubber and miscellaneous plastics products	322,283	327,501	(N)
Leather and leather products	8,197	8,410	(N)
Transportation and public utilities	6,132,718	7,120,703	7,094,528
Railroad transportation	(D)	(D)	(N)
Trucking and warehousing	1,039,390	1,096,350	(N)
Water transportation	500,495	517,569	(N)
Other transportation	(D)	(D)	(N)
Local and interurban passenger transit	154,949	159,926	(N)
Transportation by air	1,023,284	1,109,611	(N)
Pipelines, except natural gas	(D)	(D)	(N)

Table 4.3a (cont'd)
Washington Wage and Salary Disbursements Classified by SIC
(Thousands of Dollars)

	1999	2000	2001
Transportation services	438,759	513,649	(N)
Communications	1,869,751	2,534,977	(N)
Electric, gas, and sanitary services	841,443	919,993	(N)
Wholesale trade	6,526,530	7,038,301	6,790,840
Retail trade	10,037,073	11,071,649	10,954,451
Building materials and garden equipment	612,859	635,934	(N)
General merchandise stores	1,067,336	1,218,460	(N)
Food stores	1,489,735	1,558,958	(N)
Automotive dealers and service stations	1,617,101	1,711,885	(N)
Apparel and accessory stores	577,648	631,694	(N)
Home furniture and furnishings stores	668,181	740,728	(N)
Eating and drinking places	2,439,429	2,708,211	(N)
Miscellaneous retail	1,564,784	1,865,779	(N)
Finance, insurance, and real estate	6,090,582	6,460,693	6,977,700
Depository and nondepository institutions	2,028,345	2,049,454	(N)
Other finance, insurance, and real estate	4,062,237	4,411,239	(N)
Security and commodity brokers	836,907	1,001,416	(N)
Insurance carriers	1,328,932	1,388,733	(N)
Insurance agents, brokers, and services	644,725	670,335	(N)
Real estate	1,019,601	1,090,483	(N)
Combined real estate, insurance, etc. 4/	(N)	(N)	(N)
Holding and other investment offices	232,072	260,272	(N)
Services	32,594,283	33,796,817	33,392,427
Hotels and other lodging places	539,540	555,605	(N)
Personal services	497,336	516,162	(N)
Private households	(D)	(D)	(N)
Business services	15,137,308	14,847,994	(N)
Automotive repair, services, and parking	733,895	778,601	(N)
Miscellaneous repair services	258,500	260,017	(N)
Amusement and recreation services	735,482	880,544	(N)
Motion pictures	144,911	150,478	(N)
Health services	6,778,778	7,165,517	(N)
Legal services	1,098,815	1,221,801	(N)
Educational services	736,943	807,571	(N)
Social services 5/	1,102,533	1,218,064	(N)
Museums, botanical, zoological gardens	(D)	(D)	(N)
Membership organizations	1,090,273	1,249,824	(N)
Engineering and management services 6/	3,309,089	3,668,563	(N)
Miscellaneous services	110,245	103,158	(N)
Government and government enterprises	17,965,846	19,131,242	20,343,443
Federal, civilian	2,889,943	3,122,271	3,208,832
Military	1,906,687	2,000,767	2,173,277
State and local	13,169,216	14,008,204	14,961,334
State government	4,186,037	4,486,615	4,823,603
Local government	8,983,179	9,521,589	10,137,731

Table 4.3b

Washington Wage and Salary Disbursements Classified by NAICS

(Thousands of Dollars)

	2001	2002	2003	2004
Wage and salary disbursements by place of work	110,615,625	111,411,268	114,090,279	119,265,421
Farm wage and salary disbursements	1,006,755	922,123	945,737	1,090,247
Nonfarm wage and salary disbursements	109,608,870	110,489,145	113,144,542	118,175,174
Private wage and salary disbursements	89,265,427	88,612,140	90,182,472	94,325,405
Forestry, fishing, related activities, and other 8/	1,032,198	1,084,092	1,138,779	1,173,946
Forestry and logging	304,077	317,825	317,477	308,061
Fishing, hunting, and trapping	211,099	234,853	262,192	258,753
Agriculture and forestry support activities	517,022	531,414	559,110	607,132
Other 8/	0	0	0	0
Mining	161,937	149,151	151,338	171,859
Oil and gas extraction	(D)	(D)	(D)	0
Mining (except oil and gas)	147,987	133,397	137,767	160,888
Support activities for mining	(D)	(D)	(D)	10,971
Utilities	282,831	264,979	261,113	279,483
Construction	6,512,846	6,471,812	6,553,826	7,076,886
Construction of buildings	1,748,663	1,779,818	1,760,685	1,863,554
Heavy and civil engineering construction	986,015	982,881	1,054,083	1,152,252
Specialty trade contractors	3,778,168	3,709,113	3,739,058	4,061,080
Manufacturing	15,241,185	14,660,161	13,593,867	13,902,379
Durable goods manufacturing	11,614,594	10,772,446	10,100,270	10,371,099
Wood product manufacturing	683,206	662,313	683,946	739,803
Nonmetallic mineral product manufacturing	340,219	339,516	365,650	389,229
Primary metal manufacturing	421,430	307,657	259,937	249,732
Fabricated metal product manufacturing	649,799	647,798	647,013	689,257
Machinery manufacturing	606,536	547,690	541,482	614,617
Computer and electronic product manuf.	1,885,726	1,543,931	1,459,073	1,445,722
Electrical equipment and appliance manuf.	166,546	168,741	196,565	205,463
Motor vehicle manufacturing	(D)	(D)	(D)	(D)
Transportation equipment mfg. excl. motor veh	(D)	(D)	(D)	(D)
Furniture and related product manufacturing	264,211	246,073	256,696	282,861
Miscellaneous manufacturing	474,241	458,366	440,675	461,497
Nondurable goods manufacturing	3,626,591	3,887,715	3,493,597	3,531,280
Food manufacturing	1,206,520	1,166,805	1,183,959	1,199,355
Beverage and tobacco product manufacturing	138,331	147,714	155,592	144,233
Textile mills	26,586	23,736	23,464	22,502
Textile product mills	83,223	82,428	79,725	68,792
Apparel manufacturing	73,201	66,142	62,955	62,512
Leather and allied product manufacturing	13,351	13,533	16,214	23,760
Paper manufacturing	774,967	734,545	733,646	777,364
Printing and related support activities	407,020	371,108	342,794	354,696
Petroleum and coal products manufacturing	162,748	177,221	185,025	198,253
Chemical manufacturing	412,479	770,355	368,844	309,468
Plastics and rubber products manufacturing	328,165	334,128	341,379	370,345
Wholesale trade	5,830,305	5,727,275	5,876,814	6,520,133
Retail trade	8,071,316	8,218,103	8,421,339	8,807,947
Motor vehicle and parts dealers	1,580,709	1,631,325	1,680,167	1,746,662
Furniture and home furnishings stores	322,513	330,418	337,209	354,070
Electronics and appliance stores	457,014	412,091	418,775	385,430
Building material and garden supply stores	731,274	732,798	769,026	816,562
Food and beverage stores	1,487,345	1,520,500	1,514,931	1,521,382
Health and personal care stores	435,179	435,604	454,158	480,763
Gasoline stations	245,807	241,192	254,278	261,922

Table 4.3b (cont'd)

Washington Wage and Salary Disbursements Classified by NAICS

(Thousands of Dollars)

	2001	2002	2003	2004
Clothing and clothing accessories stores	513,188	504,544	480,334	505,746
Sporting goods, hobby, book and music stores	311,636	308,882	306,831	315,059
General merchandise stores	1,024,679	1,093,700	1,247,153	1,333,830
Miscellaneous store retailers	472,165	467,126	469,668	466,783
Nonstore retailers	489,807	539,923	488,809	619,738
Transportation and warehousing	3,494,399	3,453,296	3,502,840	3,753,233
Air transportation	724,009	696,772	681,063	696,699
Rail transportation	252,859	241,620	(D)	(D)
Water transportation	161,697	175,061	179,517	210,399
Truck transportation	830,519	818,509	802,592	881,114
Transit and ground passenger transportation	128,716	132,489	133,530	141,055
Pipeline transportation	12,591	13,698	12,818	13,226
Scenic and sightseeing transportation	17,952	18,309	18,758	20,591
Support activities for transportation	738,370	726,369	747,145	808,939
Couriers and messengers	390,240	385,248	(D)	(D)
Warehousing and storage	237,446	245,221	253,295	298,992
Information	10,957,544	9,561,691	9,359,652	8,592,960
Publishing industries, except Internet	8,015,629	7,065,553	7,215,456	5,776,070
Motion picture and sound recording industries	96,055	83,624	89,224	98,466
Broadcasting, except Internet	238,934	224,916	235,011	242,416
Internet publishing and broadcasting	123,882	87,246	73,086	110,079
Telecommunications	2,096,705	1,826,470	1,532,100	2,102,209
ISPs, search portals, and data processing	361,672	253,591	195,053	219,360
Other information services	24,667	20,291	19,722	44,360
Finance and insurance	5,346,811	5,573,457	6,271,392	6,698,330
Monetary authorities - central bank	(D)	(D)	(D)	(D)
Credit intermediation and related activities	2,048,228	2,334,547	2,928,046	2,896,830
Securities, commodity contracts, investments	1,121,595	1,050,813	1,055,380	1,386,254
Insurance carriers and related activities	2,111,749	2,132,699	2,247,195	2,371,843
Funds, trusts, and other financial vehicles	(D)	(D)	(D)	(D)
Real estate and rental and leasing	1,435,794	1,458,193	1,559,455	1,638,049
Real estate	1,040,110	1,078,010	1,160,879	1,223,957
Rental and leasing services	375,995	361,413	380,750	400,002
Lessors of nonfinancial intangible assets	19,689	18,770	17,826	14,090
Professional and technical services	8,301,939	8,229,869	8,434,008	8,737,104
Management of companies and enterprises	1,934,844	2,047,875	2,254,502	2,519,596
Administrative and waste services	3,630,172	3,793,260	4,055,209	4,501,851
Administrative and support services	2,936,990	3,060,129	3,300,240	3,660,993
Waste management and remediation services	693,182	733,131	754,969	840,858
Educational services	902,244	940,444	989,127	1,062,120
Health care and social assistance	8,884,786	9,498,591	9,993,338	10,649,471
Ambulatory health care services	4,262,283	4,546,384	4,800,518	5,161,385
Hospitals	2,541,736	2,730,607	2,896,450	3,089,661
Nursing and residential care facilities	1,065,840	1,141,428	1,184,367	1,221,439
Social assistance	1,014,927	1,080,172	1,112,003	1,176,986
Arts, entertainment, and recreation	1,007,969	1,012,153	1,073,463	1,217,291
Performing arts and spectator sports	378,649	368,285	392,283	464,459
Museums, historical sites, zoos, and parks	58,288	53,291	58,177	60,325
Amusement, gambling, and recreation	571,032	590,577	623,003	692,507
Accommodation and food services	3,050,325	3,114,603	3,238,191	3,419,206
Accommodation	550,584	552,948	581,423	614,643
Food services and drinking places	2,499,741	2,561,655	2,656,768	2,804,563

Table 4.3b (cont'd)
Washington Wage and Salary Disbursements Classified by NAICS
(Thousands of Dollars)

	2001	2002	2003	2004
Other services, except public administration	3,185,982	3,353,135	3,454,219	3,603,561
Repair and maintenance	932,561	962,388	937,098	970,194
Personal and laundry services	587,254	596,349	611,651	635,746
Membership associations and organizations	1,356,597	1,491,184	1,568,400	1,637,910
Private households	309,570	303,214	337,070	359,711
Government and government enterprises	20,343,443	21,877,005	22,962,070	23,849,769
Federal, civilian	3,208,832	3,474,449	3,683,129	3,880,381
Military	2,173,277	2,510,191	2,796,914	2,938,185
State and local	14,961,334	15,892,365	16,482,027	17,031,203
State government	4,823,603	5,093,649	5,228,516	5,396,734
Local government	10,137,731	10,798,716	11,253,511	11,634,469

Table 4.4

Per Capita Personal Income by State

	1974	Rank	1984	Rank	1994	Rank	2004	Rank
Alabama	4,332	50	10,803	48	18,606	41	27,630	42
Alaska	8,148	1	19,503	1	25,050	7	34,085	17
Arizona	5,311	32	12,886	29	19,212	38	28,609	39
Arkansas	4,359	49	10,571	49	17,350	49	25,724	49
California	6,552	6	15,994	5	23,203	14	35,172	12
Colorado	5,848	17	14,778	12	23,004	15	36,109	10
Connecticut	6,797	4	17,572	2	29,693	2	45,506	2
Delaware	6,336	11	14,792	11	23,530	12	35,559	11
District of Columbia	7,254	2	17,098	3	30,835	1	52,101	1
Florida	5,599	24	13,782	18	21,666	22	31,460	25
Georgia	4,852	38	12,209	35	20,711	29	30,074	33
Hawaii	6,928	3	14,935	9	24,777	8	32,606	20
Idaho	**5,341**	**31**	**11,074**	**46**	**18,707**	**40**	**26,839**	**47**
Illinois	6,453	9	14,873	10	23,969	9	34,725	14
Indiana	5,416	28	12,463	33	20,761	27	30,070	34
Iowa	5,591	25	12,886	29	20,301	32	30,970	28
Kansas	5,707	20	13,726	19	20,990	25	31,003	27
Kentucky	4,586	44	11,132	45	18,225	45	27,151	45
Louisiana	4,499	46	11,669	41	18,411	42	27,219	43
Maine	4,749	40	11,687	40	19,387	37	29,973	35
Maryland	6,370	10	15,803	7	25,587	6	39,629	5
Massachusetts	6,016	14	15,723	8	26,303	4	42,102	3
Michigan	5,923	15	13,651	21	22,694	18	32,052	23
Minnesota	5,815	18	14,350	16	22,985	16	36,173	9
Mississippi	3,913	51	9,417	51	16,291	51	24,379	51
Missouri	5,273	33	13,097	28	20,848	26	30,516	32
Montana	**5,354**	**30**	**11,706**	**38**	**17,861**	**46**	**27,666**	**41**
Nebraska	5,449	27	13,109	27	20,751	28	32,276	21
Nevada	6,491	7	14,618	13	23,772	10	33,783	18
New Hampshire	5,267	34	14,547	14	23,607	11	36,676	7
New Jersey	6,566	5	16,598	4	27,558	3	41,636	4
New Mexico	4,553	45	11,315	44	17,631	47	26,154	48
New York	6,475	8	15,848	6	25,785	5	38,333	6
North Carolina	4,730	42	11,842	37	20,400	31	29,303	37
North Dakota	6,114	13	12,358	34	19,006	39	29,247	38
Ohio	5,721	19	13,488	24	21,712	21	31,135	26
Oklahoma	4,977	37	12,732	32	18,374	43	27,819	40
Oregon	**5,704**	**21**	**12,882**	**31**	**21,060**	**24**	**30,584**	**31**
Pennsylvania	5,693	22	13,556	23	22,414	19	33,257	19
Rhode Island	5,393	29	13,705	20	22,097	20	34,180	16
South Carolina	4,450	47	10,945	47	18,365	44	27,153	44
South Dakota	5,169	36	11,701	39	19,392	36	30,617	30
Tennessee	4,680	43	11,515	42	20,233	33	29,806	36
Texas	5,176	35	13,471	25	20,189	35	30,697	29
Utah	4,745	41	11,431	43	17,566	48	26,946	46
Vermont	4,847	39	12,040	36	20,226	34	31,737	24
Virginia	5,484	26	14,385	15	23,305	13	36,175	8
Washington	**5,902**	**16**	**14,063**	**17**	**22,938**	**17**	**35,017**	**13**
West Virginia	4,438	48	10,408	50	17,194	50	25,681	50
Wisconsin	5,613	23	13,190	26	21,413	23	32,063	22
Wyoming	6,151	12	13,576	22	20,498	30	34,199	15
National Average	5,707		13,891		22,172		33,041	

Notes for Tables 4.2a, 4.2b, 4.3a and 4.3b

1/ Farm income consists of proprietors' income; the cash wages, pay-in-kind, and other labor income of hired farm workers; and the salaries of officers of corporate farms.

2/ Midyear population estimates of the Bureau of the Census.

3/ Per capita personal income is total personal income divided by total midyear population.

4/ Personal contributions for social insurance are included in earnings by type and industry, but they are excluded from personal income.

5/ 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.

6/ Rental income of persons includes the capital consumption adjustment.

7/ Proprietors' income includes the inventory valuation adjustment and the capital consumption adjustment.

8/ "Other" consists of the wage and salary disbursements of U.S. residents employed by international organizations and foreign embassies and consulates in the United States.

9/ Under the 1972 SIC, ordnance was reclassified to four 2-digit industries: Fabricated metal products, electronic and other electric equipment, transportation equipment, and instruments and related products.

10/ Under the 1987 SIC, combined real estate, insurance, etc., was reclassified to four 2-digit industries: Nondepository credit institutions; insurance agents, brokers, and services; real estate; and legal services.

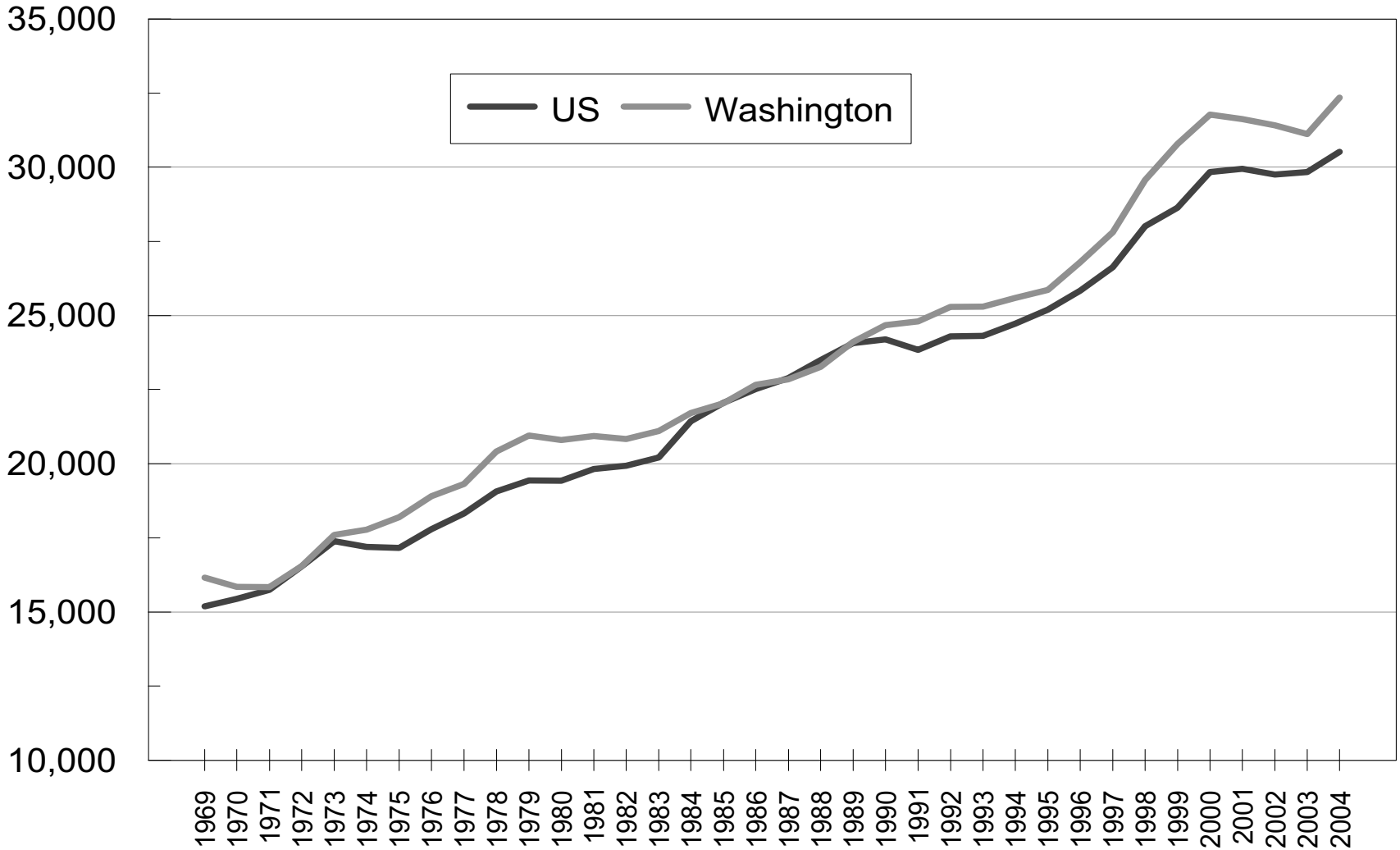
All state and local area dollar estimates are in current dollars (not adjusted for inflation).

(D) Not shown to avoid disclosure of confidential information, but the estimates for this item are included in the total.

(L) Less than $50,000, but the estimates for this item are included in the total.

(N) Data not available for this year.

Chart 4.1
Real Per Capita Personal Income
2000 Chained Dollars



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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 2005 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
Real National Income Accounts (Billions of Chained 2000 Dollars)								
Real Gross Domestic Product	9,817.0	9,890.6	10,048.9	10,320.6	10,755.7	11,135.5	11,501.6	11,838.5
% Ch	3.7	0.8	1.6	2.7	4.2	3.5	3.3	2.9
Real Consumption	6,739.4	6,910.4	7,099.3	7,306.5	7,588.6	7,850.5	8,077.7	8,311.2
% Ch	4.7	2.5	2.7	2.9	3.9	3.5	2.9	2.9
Real Nonresidential Fixed Investment	1,232.1	1,180.5	1,071.5	1,085.0	1,186.7	1,290.3	1,429.2	1,497.0
% Ch	8.7	-4.2	-9.2	1.3	9.4	8.7	10.8	4.7
Real Residential Fixed Investment	446.9	448.5	469.9	509.4	561.8	598.8	584.1	549.5
% Ch	0.8	0.4	4.8	8.4	10.3	6.6	-2.5	-5.9
Real Personal Income	8,429.3	8,545.2	8,578.1	8,689.1	8,972.5	9,243.8	9,600.6	9,912.6
% Ch	5.4	1.4	0.4	1.3	3.3	3.0	3.9	3.3
Real Per Capita Income ($/Person)	29,807	29,908	29,724	29,819	30,508	31,145	32,057	32,807
% Ch	4.3	0.3	-0.6	0.3	2.3	2.1	2.9	2.3
Price and Wage Indexes								
U.S. Implicit Price Deflator (2000=1.0)	1.000	1.021	1.035	1.055	1.082	1.114	1.141	1.167
% Ch	2.5	2.1	1.4	1.9	2.6	2.9	2.5	2.2
U.S. Consumer Price Index (1982-84=1.0)	1.722	1.771	1.798	1.840	1.889	1.954	2.007	2.049
% Ch	3.4	2.8	1.6	2.3	2.7	3.5	2.7	2.1
Employment Cost Index (June 1989=1.0)	1.460	1.514	1.564	1.609	1.650	1.690	1.747	1.809
% Ch	4.1	3.7	3.3	2.9	2.5	2.4	3.4	3.6
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	9,817.0	10,128.0	10,469.6	10,971.3	11,734.3	12,473.2	13,170.4	13,849.1
% Ch	5.9	3.2	3.4	4.8	7.0	6.3	5.6	5.2
Personal Income	8,429.7	8,724.1	8,881.9	9,169.1	9,713.3	10,294.7	10,959.4	11,566.3
% Ch	8.0	3.5	1.8	3.2	5.9	6.0	6.5	5.5
Employment (Millions)								
U.S. Civilian Labor Force	142.6	143.9	145.1	146.5	147.4	149.3	151.6	153.8
Total U.S. Employment	136.9	136.9	136.5	137.7	139.2	141.6	144.2	146.1
Unemployment Rate (%)	3.97	4.75	5.78	5.99	5.53	5.12	4.90	4.97
Nonfarm Payroll Employment	131.79	131.83	130.35	130.00	131.47	133.63	135.65	137.30
% Ch	2.2	0.0	-1.1	-0.3	1.1	1.6	1.5	1.2
Manufacturing	17.27	16.44	15.26	14.51	14.33	14.28	14.16	14.04
% Ch	-0.3	-4.8	-7.2	-4.9	-1.2	-0.3	-0.9	-0.9
Durable Manufacturing	10.88	10.33	9.48	8.96	8.92	8.94	8.92	8.86
% Ch	0.4	-5.0	-8.2	-5.5	-0.4	0.3	-0.2	-0.8
Nondurable Manufacturing	6.39	6.11	5.77	5.55	5.41	5.34	5.24	5.18
% Ch	-1.6	-4.4	-5.4	-4.0	-2.5	-1.3	-1.9	-1.1
Construction	6.79	6.83	6.71	6.73	6.96	7.23	7.40	7.45
% Ch	3.7	0.6	-1.6	0.3	3.4	3.9	2.3	0.7
Service-Producing	107.14	107.96	107.79	108.19	109.59	111.49	113.42	115.15
% Ch	2.5	0.8	-0.2	0.4	1.3	1.7	1.7	1.5
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	22.7	23.9	24.3	24.3	23.9	24.0	23.9	23.6
Auto Sales (Millions)	8.9	8.4	8.1	7.6	7.5	7.4	7.2	7.2
% Ch	1.8	-4.9	-3.8	-6.0	-1.4	-1.1	-2.8	-0.8
Housing Starts (Millions)	1.573	1.601	1.710	1.854	1.950	2.053	1.905	1.826
% Ch	-4.5	1.8	6.8	8.4	5.2	5.3	-7.2	-4.1
Federal Budget Surplus (Billions)	189.4	46.7	-248.0	-382.8	-406.5	-309.1	-330.9	-289.6
Net Exports (Billions)	-379.5	-367.0	-424.4	-500.9	-624.0	-723.8	-812.0	-771.7
3-Month Treasury Bill Rate (%)	5.81	3.43	1.61	1.01	1.36	3.06	4.19	4.42
30-Year U.S. Govt. Bond Rate (%)	5.95	5.50	5.42	5.05	5.12	4.49	5.08	5.49
Bond Index of 20 G.O. Munis. (%)	5.70	5.15	5.03	4.74	4.68	4.36	5.08	5.45
Mortgage Rate (%)	8.06	6.97	6.54	5.82	5.84	5.74	6.46	6.91

Table A1.2
U.S. Economic Forecast Summary
Forecast 2005 to 2007

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Real National Income Accounts (Billions of Chained 2000 Dollars)								
Real Gross Domestic Product	9,977.3	10,031.6	10,090.7	10,095.8	10,138.6	10,230.4	10,410.9	10,502.6
% Ch	2.7	2.2	2.4	0.2	1.7	3.7	7.2	3.6
Real Consumption	7,042.2	7,083.5	7,123.2	7,148.3	7,192.2	7,256.8	7,360.7	7,416.4
% Ch	1.4	2.4	2.3	1.4	2.5	3.6	5.8	3.1
Real Nonresidential Fixed Investment	1,090.3	1,073.3	1,068.0	1,054.5	1,051.6	1,072.9	1,101.8	1,113.7
% Ch	-12.8	-6.1	-2.0	-5.0	-1.1	8.4	11.2	4.4
Real Residential Fixed Investment	459.0	469.5	471.8	479.3	484.8	496.0	521.2	535.7
% Ch	10.4	9.5	2.0	6.5	4.7	9.6	21.9	11.6
Real Personal Income	8,585.2	8,600.9	8,566.4	8,560.2	8,580.3	8,666.2	8,715.6	8,794.4
% Ch	1.8	0.7	-1.6	-0.3	0.9	4.1	2.3	3.7
Real Per Capita Income ($/Person)	29,863	29,843	29,641	29,548	29,553	29,776	29,874	30,075
% Ch	0.9	-0.3	-2.7	-1.3	0.1	3.1	1.3	2.7
Price and Wage Indexes								
U.S. Implicit Price Deflator (2000=1.0)	1.027	1.034	1.038	1.043	1.050	1.052	1.057	1.061
% Ch	0.9	2.8	1.8	1.7	3.0	0.6	2.0	1.3
U.S. Consumer Price Index (1982-84=1.0)	1.781	1.795	1.804	1.814	1.832	1.834	1.844	1.848
% Ch	1.4	3.3	2.1	2.1	4.2	0.4	2.2	0.9
Employment Cost Index (June 1989=1.0)	1.548	1.562	1.569	1.577	1.593	1.603	1.616	1.625
% Ch	3.7	3.7	1.8	2.1	4.1	2.5	3.3	2.2
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	10,333.3	10,426.6	10,527.4	10,591.1	10,717.0	10,844.6	11,087.4	11,236.0
% Ch	4.3	3.7	3.9	2.4	4.8	4.8	9.3	5.5
Personal Income	8,814.7	8,892.0	8,895.4	8,925.5	9,013.7	9,118.6	9,215.4	9,328.7
% Ch	2.8	3.6	0.2	1.4	4.0	4.7	4.3	5.0
Employment (Millions)								
U.S. Civilian Labor Force	144.4	145.1	145.5	145.5	146.0	146.6	146.5	146.9
Total U.S. Employment	136.1	136.4	136.8	136.6	137.4	137.7	137.6	138.3
Unemployment Rate (%)	5.70	5.83	5.73	5.87	5.83	6.13	6.13	5.87
Nonfarm Payroll Employment	130.50	130.35	130.27	130.26	130.09	129.84	129.89	130.17
% Ch	-1.3	-0.5	-0.2	-0.0	-0.5	-0.8	0.1	0.9
Manufacturing	15.51	15.34	15.19	14.99	14.79	14.55	14.38	14.31
% Ch	-7.9	-4.3	-3.9	-5.2	-5.2	-6.1	-4.8	-1.8
Durable Manufacturing	9.66	9.54	9.44	9.29	9.14	8.98	8.87	8.85
% Ch	-9.4	-4.7	-4.5	-6.1	-6.4	-6.6	-4.9	-0.7
Nondurable Manufacturing	5.85	5.80	5.75	5.70	5.65	5.57	5.51	5.46
% Ch	-5.4	-3.8	-3.0	-3.7	-3.4	-5.3	-4.6	-3.4
Construction	6.77	6.70	6.69	6.69	6.68	6.70	6.75	6.80
% Ch	-1.0	-4.2	-0.4	0.2	-1.2	1.7	3.0	2.6
Service-Producing	107.62	107.72	107.82	108.00	108.06	108.02	108.19	108.48
% Ch	-0.3	0.4	0.4	0.7	0.2	-0.1	0.6	1.1
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	24.1	24.2	24.4	24.4	24.3	24.4	24.2	24.2
Auto Sales (Millions)	8.0	8.2	8.4	7.9	7.8	7.5	7.7	7.5
% Ch	-32.4	9.8	13.5	-22.9	-6.5	-13.4	14.9	-12.7
Housing Starts (Millions)	1.723	1.691	1.697	1.730	1.736	1.754	1.890	2.036
% Ch	45.1	-7.2	1.5	7.8	1.5	4.1	34.8	34.7
Federal Budget Surplus (Billions)	-208.5	-241.4	-247.3	-294.6	-296.0	-373.8	-456.2	-405.0
Net Exports (Billions)	-373.1	-416.1	-433.8	-474.6	-502.6	-500.6	-495.3	-505.0
3-Month Treasury Bill Rate (%)	1.72	1.72	1.65	1.35	1.16	1.04	0.93	0.92
30-Year U.S. Govt. Bond Rate (%)	5.59	5.75	5.24	5.11	5.01	4.74	5.24	5.22
Bond Index of 20 G.O. Munis. (%)	5.18	5.16	4.89	4.90	4.83	4.47	4.89	4.76
Mortgage Rate (%)	6.97	6.81	6.29	6.08	5.83	5.51	6.01	5.92

Table A1.2
U.S. Economic Forecast Summary
Forecast 2005 to 2007

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
Real National Income Accounts (Billions of Chained 2000 Dollars)								
Real Gross Domestic Product	10,612.5	10,704.1	10,808.9	10,897.1	10,999.3	11,088.6	11,187.5	11,266.5
% Ch	4.3	3.5	4.0	3.3	3.8	3.3	3.6	2.9
Real Consumption	7,501.4	7,536.6	7,617.5	7,698.8	7,764.9	7,823.2	7,898.9	7,914.9
% Ch	4.7	1.9	4.4	4.3	3.5	3.0	3.9	0.8
Real Nonresidential Fixed Investment	1,135.1	1,171.6	1,204.8	1,235.1	1,252.2	1,277.8	1,294.3	1,336.7
% Ch	7.9	13.5	11.8	10.4	5.7	8.4	5.3	13.8
Real Residential Fixed Investment	542.4	565.1	568.8	571.0	584.1	597.9	604.3	609.1
% Ch	5.1	17.8	2.6	1.6	9.5	9.8	4.3	3.2
Real Personal Income	8,857.3	8,894.8	8,968.3	9,169.6	9,163.0	9,231.2	9,234.7	9,346.2
% Ch	2.9	1.7	3.3	9.3	-0.3	3.0	0.1	4.9
Real Per Capita Income ($/Person)	30,221	30,279	30,459	31,072	30,979	31,139	31,080	31,384
% Ch	2.0	0.8	2.4	8.3	-1.2	2.1	-0.8	4.0
Price and Wage Indexes								
U.S. Implicit Price Deflator (2000=1.0)	1.071	1.081	1.085	1.093	1.099	1.108	1.119	1.128
% Ch	3.8	3.8	1.5	3.1	2.3	3.2	4.1	3.1
U.S. Consumer Price Index (1982-84=1.0)	1.866	1.886	1.894	1.910	1.922	1.941	1.968	1.986
% Ch	3.9	4.4	1.6	3.6	2.4	4.2	5.7	3.7
Employment Cost Index (June 1989=1.0)	1.635	1.645	1.657	1.664	1.674	1.684	1.695	1.708
% Ch	2.5	2.5	3.0	1.7	2.4	2.4	2.6	3.2
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	11,457.1	11,666.1	11,818.8	11,995.2	12,198.8	12,373.1	12,573.0	12,747.8
% Ch	8.1	7.5	5.3	6.1	7.0	5.8	6.6	5.7
Personal Income	9,484.8	9,614.3	9,729.2	10,024.8	10,073.4	10,228.5	10,335.5	10,541.4
% Ch	6.9	5.6	4.9	12.7	2.0	6.3	4.3	8.2
Employment (Millions)								
U.S. Civilian Labor Force	146.7	147.1	147.7	148.1	148.1	149.0	149.7	150.3
Total U.S. Employment	138.4	138.9	139.6	140.1	140.3	141.4	142.2	142.6
Unemployment Rate (%)	5.67	5.57	5.43	5.43	5.27	5.10	5.00	5.10
Nonfarm Payroll Employment	130.54	131.32	131.73	132.30	132.81	133.43	133.90	134.36
% Ch	1.2	2.4	1.2	1.7	1.6	1.9	1.4	1.4
Manufacturing	14.29	14.34	14.35	14.34	14.31	14.29	14.25	14.27
% Ch	-0.8	1.5	0.4	-0.4	-0.7	-0.6	-1.0	0.5
Durable Manufacturing	8.86	8.92	8.95	8.96	8.95	8.95	8.93	8.94
% Ch	0.4	2.5	1.4	0.3	-0.1	0.0	-1.1	0.6
Nondurable Manufacturing	5.42	5.42	5.40	5.38	5.36	5.34	5.33	5.33
% Ch	-2.7	-0.2	-1.1	-1.6	-1.5	-1.7	-0.9	0.2
Construction	6.86	6.94	6.98	7.06	7.13	7.22	7.26	7.33
% Ch	3.8	4.6	2.5	4.7	3.7	5.1	2.6	3.5
Service-Producing	108.82	109.46	109.80	110.30	110.76	111.30	111.75	112.14
% Ch	1.2	2.4	1.3	1.8	1.7	1.9	1.7	1.4
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	24.1	24.0	24.0	23.6	23.9	23.8	24.1	24.1
Auto Sales (Millions)	7.5	7.5	7.4	7.7	7.5	7.6	7.3	7.3
% Ch	-0.6	-0.3	-3.7	16.0	-8.6	7.7	-18.4	0.4
Housing Starts (Millions)	1.929	1.923	1.974	1.973	2.083	2.038	2.033	2.059
% Ch	-19.4	-1.2	11.1	-0.3	24.2	-8.4	-0.9	5.2
Federal Budget Surplus (Billions)	-429.3	-413.4	-411.6	-371.6	-298.3	-280.9	-356.5	-300.8
Net Exports (Billions)	-559.6	-613.1	-638.0	-685.4	-697.5	-687.0	-727.2	-783.4
3-Month Treasury Bill Rate (%)	0.92	1.07	1.48	2.00	2.52	2.86	3.36	3.50
30-Year U.S. Govt. Bond Rate (%)	4.98	5.40	5.15	4.94	4.70	4.47	4.36	4.43
Bond Index of 20 G.O. Munis. (%)	4.52	4.98	4.71	4.50	4.44	4.34	4.26	4.39
Mortgage Rate (%)	5.61	6.13	5.90	5.73	5.75	5.74	5.71	5.77

Table A1.2
U.S. Economic Forecast Summary
Forecast 2005 to 2007

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Real National Income Accounts (Billions of Chained 2000 Dollars)								
Real Gross Domestic Product	11,368.0	11,468.6	11,548.8	11,620.9	11,699.0	11,790.2	11,881.5	11,983.4
% Ch	3.7	3.6	2.8	2.5	2.7	3.2	3.1	3.5
Real Consumption	7,973.9	8,041.4	8,116.9	8,178.6	8,229.4	8,281.3	8,335.8	8,398.2
% Ch	3.0	3.4	3.8	3.1	2.5	2.5	2.7	3.0
Real Nonresidential Fixed Investment	1,387.0	1,424.1	1,448.7	1,456.9	1,469.5	1,484.0	1,506.0	1,528.7
% Ch	15.9	11.1	7.1	2.3	3.5	4.0	6.1	6.2
Real Residential Fixed Investment	606.2	595.9	573.1	561.3	555.3	551.8	546.2	544.9
% Ch	-1.9	-6.6	-14.5	-8.0	-4.2	-2.5	-4.0	-1.0
Real Personal Income	9,447.7	9,566.3	9,660.1	9,728.1	9,796.9	9,870.8	9,949.9	10,032.8
% Ch	4.4	5.1	4.0	2.8	2.9	3.1	3.2	3.4
Real Per Capita Income ($/Person)	31,654	31,979	32,220	32,375	32,532	32,705	32,894	33,096
% Ch	3.5	4.2	3.1	1.9	1.9	2.1	2.3	2.5
Price and Wage Indexes								
U.S. Implicit Price Deflator (2000=1.0)	1.134	1.138	1.144	1.150	1.157	1.164	1.170	1.177
% Ch	2.2	1.3	2.2	2.3	2.4	2.2	2.2	2.3
U.S. Consumer Price Index (1982-84=1.0)	1.997	2.001	2.010	2.021	2.033	2.043	2.054	2.065
% Ch	2.1	0.8	1.9	2.2	2.3	2.1	2.1	2.2
Employment Cost Index (June 1989=1.0)	1.723	1.739	1.756	1.771	1.785	1.801	1.817	1.835
% Ch	3.4	3.9	3.8	3.5	3.4	3.5	3.6	4.0
Current Dollar National Income (Billions of Dollars)								
Gross Domestic Product	12,934.5	13,092.4	13,250.1	13,404.5	13,577.9	13,755.7	13,933.6	14,129.2
% Ch	6.0	5.0	4.9	4.7	5.3	5.3	5.3	5.7
Personal Income	10,713.9	10,883.5	11,049.2	11,191.0	11,336.0	11,484.8	11,640.2	11,804.4
% Ch	6.7	6.5	6.2	5.2	5.3	5.4	5.5	5.8
Employment (Millions)								
U.S. Civilian Labor Force	150.8	151.4	151.9	152.5	153.0	153.5	154.0	154.5
Total U.S. Employment	143.3	144.0	144.5	145.0	145.4	145.9	146.3	146.8
Unemployment Rate (%)	4.94	4.88	4.87	4.91	4.96	4.98	4.99	4.97
Nonfarm Payroll Employment	134.94	135.47	135.88	136.30	136.69	137.11	137.49	137.90
% Ch	1.7	1.6	1.2	1.2	1.2	1.2	1.1	1.2
Manufacturing	14.25	14.19	14.10	14.10	14.09	14.06	14.02	13.97
% Ch	-0.5	-1.8	-2.4	-0.3	-0.3	-0.6	-1.2	-1.3
Durable Manufacturing	8.96	8.94	8.89	8.90	8.90	8.88	8.84	8.80
% Ch	0.6	-0.6	-2.1	0.4	-0.2	-0.9	-1.7	-1.7
Nondurable Manufacturing	5.30	5.25	5.21	5.19	5.19	5.18	5.18	5.17
% Ch	-2.2	-3.9	-2.8	-1.4	-0.4	-0.1	-0.4	-0.7
Construction	7.40	7.43	7.40	7.37	7.37	7.43	7.47	7.52
% Ch	4.0	2.0	-1.8	-1.7	0.3	2.8	2.6	2.6
Service-Producing	112.64	113.19	113.71	114.16	114.56	114.96	115.34	115.76
% Ch	1.8	1.9	1.8	1.6	1.4	1.4	1.4	1.4
Miscellaneous Indicators								
Credit Outstanding/Disp. Income	24.0	24.0	23.9	23.8	23.7	23.6	23.5	23.4
Auto Sales (Millions)	7.1	7.2	7.3	7.2	7.2	7.1	7.2	7.2
% Ch	-7.8	4.2	5.2	-2.9	-3.3	-2.1	0.9	-0.3
Housing Starts (Millions)	2.005	1.916	1.856	1.842	1.837	1.829	1.821	1.818
% Ch	-10.1	-16.6	-12.1	-2.8	-1.2	-1.6	-1.8	-0.7
Federal Budget Surplus (Billions)	-327.8	-334.6	-338.5	-322.6	-291.1	-284.9	-288.6	-293.9
Net Exports (Billions)	-813.8	-814.4	-812.3	-807.6	-791.7	-773.8	-763.6	-757.8
3-Month Treasury Bill Rate (%)	3.87	4.22	4.34	4.34	4.33	4.35	4.47	4.53
30-Year U.S. Govt. Bond Rate (%)	4.76	5.09	5.21	5.27	5.33	5.44	5.56	5.63
Bond Index of 20 G.O. Munis. (%)	4.76	5.06	5.21	5.27	5.31	5.41	5.52	5.57
Mortgage Rate (%)	6.10	6.45	6.61	6.69	6.75	6.87	6.99	7.04

Table A1.3
Washington Economic Forecast Summary
Forecast 2005 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
Real Income (Billions of Chained 2000 Dollars)								
Real Personal Income	187.867	189.533	191.594	193.228	201.689	203.765	213.677	222.298
% Ch	4.5	0.9	1.1	0.9	4.4	1.0	4.9	4.0
Real Wage and Salary Disb.	110.017	108.350	107.554	108.181	109.303	113.302	118.094	123.152
% Ch	3.5	-1.5	-0.7	0.6	1.0	3.7	4.2	4.3
Real Nonwage Income	77.850	81.182	84.040	85.047	92.386	90.463	95.583	99.146
% Ch	5.9	4.3	3.5	1.2	8.6	-2.1	5.7	3.7
Real Per Capita Income ($/Person)	31,712	31,589	31,601	31,550	32,519	32,365	33,375	34,151
% Ch	3.2	-0.4	0.0	-0.2	3.1	-0.5	3.1	2.3
Price and Wage Indexes								
U.S. Implicit Price Deflator (2000=1.0)	1.000	1.021	1.035	1.055	1.082	1.114	1.141	1.167
% Ch	2.5	2.1	1.4	1.9	2.6	2.9	2.5	2.2
Seattle Cons. Price Index (1982-84=1.0)	1.792	1.857	1.893	1.924	1.947	2.010	2.064	2.110
% Ch	3.7	3.6	2.0	1.6	1.2	3.2	2.7	2.2
Avg. Hourly Earnings-Mfg. ($/Hour)	16.75	17.97	18.15	18.02	18.28	18.85	19.22	19.56
% Ch	3.7	7.3	1.0	-0.7	1.4	3.1	2.0	1.8
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	187.409	193.284	198.022	203.778	218.171	226.793	243.501	258.881
% Ch	7.0	3.1	2.5	2.9	7.1	4.0	7.4	6.3
Personal Income	187.853	193.498	198.371	203.890	218.369	226.937	243.926	259.392
% Ch	7.0	3.0	2.5	2.8	7.1	3.9	7.5	6.3
Disposable Personal Income	160.318	166.051	174.879	181.658	194.779	200.127	214.817	227.325
% Ch	6.5	3.6	5.3	3.9	7.2	2.7	7.3	5.8
Per Capita Income ($/Person)	31,709	32,250	32,719	33,291	35,208	36,044	38,098	39,848
% Ch	5.8	1.7	1.5	1.7	5.8	2.4	5.7	4.6
Employment (Thousands)								
Washington Civilian Labor Force	3,051.1	3,050.5	3,109.4	3,160.3	3,233.6	3,282.3	3,349.9	3,414.0
Total Washington Employment	2,899.2	2,861.4	2,881.4	2,926.8	3,032.3	3,098.5	3,156.8	3,217.4
Unemployment Rate (%)	4.98	6.20	7.33	7.39	6.23	5.60	5.76	5.76
Nonfarm Payroll Employment	2,711.6	2,697.3	2,654.0	2,657.7	2,702.3	2,777.8	2,838.5	2,895.5
% Ch	2.4	-0.5	-1.6	0.1	1.7	2.8	2.2	2.0
Manufacturing	331.9	316.2	285.0	267.0	263.4	270.1	274.6	279.8
% Ch	-3.4	-4.7	-9.8	-6.3	-1.4	2.5	1.7	1.9
Durable Manufacturing	236.5	225.0	199.3	183.8	182.1	189.3	195.1	199.7
% Ch	-4.2	-4.8	-11.4	-7.8	-0.9	3.9	3.0	2.4
Aerospace	86.2	87.3	75.7	65.3	61.3	66.6	72.7	78.3
% Ch	-12.3	1.3	-13.2	-13.8	-6.0	8.6	9.1	7.8
Nondurable Manufacturing	95.4	91.1	85.7	83.3	81.3	80.7	79.5	80.0
% Ch	-1.1	-4.5	-6.0	-2.8	-2.4	-0.7	-1.5	0.7
Construction	160.6	158.8	154.2	156.2	164.2	177.9	181.8	183.4
% Ch	4.5	-1.1	-2.9	1.3	5.1	8.3	2.2	0.9
Service-Producing	2,209.0	2,212.5	2,205.4	2,225.9	2,265.5	2,320.8	2,373.1	2,423.3
% Ch	3.2	0.2	-0.3	0.9	1.8	2.4	2.3	2.1
Software Publishers	32.2	35.9	36.1	37.3	39.2	41.2	43.0	44.5
% Ch	17.8	11.3	0.7	3.4	5.1	4.9	4.5	3.3
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	39.021	38.345	40.200	42.825	50.089	49.689	49.241	47.822
% Ch	-8.7	-1.7	4.8	6.5	17.0	-0.8	-0.9	-2.9
Single-Family	25.471	26.736	30.239	33.091	36.489	36.089	31.693	29.709
% Ch	-9.4	5.0	13.1	9.4	10.3	-1.1	-12.2	-6.3
Multi-Family	13.550	11.609	9.961	9.734	13.600	13.600	17.548	18.113
% Ch	-7.5	-14.3	-14.2	-2.3	39.7	-0.0	29.0	3.2
Mortgage Rate (%)	8.06	6.97	6.54	5.82	5.84	5.74	6.46	6.91

Table A1.4
Washington Economic Forecast Summary
Forecast 2005 to 2007

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Real Income (Billions of Chained 2000 Dollars)								
Real Personal Income	191.894	192.167	191.884	190.432	190.547	193.330	195.822	193.213
% Ch	7.4	0.6	-0.6	-3.0	0.2	6.0	5.3	-5.2
Real Wage and Salary Disb.	108.191	107.544	107.798	106.681	106.450	108.619	110.584	107.072
% Ch	7.2	-2.4	0.9	-4.1	-0.9	8.4	7.4	-12.1
Real Nonwage Income	83.702	84.622	84.086	83.750	84.098	84.711	85.238	86.140
% Ch	7.7	4.5	-2.5	-1.6	1.7	2.9	2.5	4.3
Real Per Capita Income ($/Person)	31,762	31,732	31,612	31,300	31,246	31,612	31,929	31,415
% Ch	6.3	-0.4	-1.5	-3.9	-0.7	4.8	4.1	-6.3
Price and Wage Indexes								
U.S. Implicit Price Deflator (2000=1.0)	1.027	1.034	1.038	1.043	1.050	1.052	1.057	1.061
% Ch	0.9	2.8	1.8	1.7	3.0	0.6	2.0	1.3
Seattle Cons. Price Index (1982-84=1.0)	1.879	1.889	1.897	1.908	1.916	1.918	1.933	1.927
% Ch	1.3	2.2	1.7	2.2	1.8	0.4	3.1	-1.2
Avg. Hourly Earnings-Mfg. ($/Hour)	18.46	18.43	18.12	17.60	17.87	17.92	18.05	18.25
% Ch	0.7	-0.6	-6.5	-11.1	6.3	1.0	3.1	4.4
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	196.661	198.292	198.911	198.222	200.128	203.299	206.909	204.775
% Ch	8.1	3.4	1.3	-1.4	3.9	6.5	7.3	-4.1
Personal Income	197.019	198.665	199.248	198.552	200.164	203.414	207.040	204.942
% Ch	8.4	3.4	1.2	-1.4	3.3	6.7	7.3	-4.0
Disposable Personal Income	173.255	175.199	175.729	175.332	177.418	180.506	185.903	182.804
% Ch	18.8	4.6	1.2	-0.9	4.8	7.1	12.5	-6.5
Per Capita Income ($/Person)	32,610	32,805	32,825	32,634	32,823	33,261	33,758	33,322
% Ch	7.2	2.4	0.2	-2.3	2.3	5.4	6.1	-5.1
Employment (Thousands)								
Washington Civilian Labor Force	3,083.4	3,106.5	3,118.1	3,129.7	3,141.3	3,143.6	3,164.7	3,191.7
Total Washington Employment	2,854.5	2,873.2	2,893.3	2,904.8	2,910.8	2,905.8	2,928.7	2,962.1
Unemployment Rate (%)	7.43	7.51	7.21	7.19	7.34	7.57	7.46	7.19
Nonfarm Payroll Employment	2,650.9	2,650.5	2,657.9	2,656.5	2,655.2	2,650.1	2,659.0	2,666.6
% Ch	-2.5	-0.1	1.1	-0.2	-0.2	-0.8	1.4	1.1
Manufacturing	293.3	287.5	282.4	277.0	272.2	267.8	264.9	263.2
% Ch	-14.7	-7.7	-6.9	-7.4	-6.8	-6.3	-4.2	-2.6
Durable Manufacturing	205.9	201.9	196.9	192.6	187.9	184.6	182.0	180.5
% Ch	-18.2	-7.6	-9.5	-8.6	-9.3	-6.9	-5.4	-3.3
Aerospace	80.2	77.0	73.7	71.9	68.6	66.2	63.9	62.4
% Ch	-25.8	-14.9	-16.4	-9.1	-17.4	-13.1	-13.4	-9.1
Nondurable Manufacturing	87.4	85.6	85.5	84.4	84.3	83.2	82.9	82.7
% Ch	-5.7	-7.8	-0.6	-4.8	-0.6	-5.0	-1.4	-0.8
Construction	153.5	153.6	155.0	154.7	155.0	155.0	156.2	158.5
% Ch	-1.7	0.3	3.7	-0.7	0.8	-0.0	3.0	6.2
Service-Producing	2,194.7	2,200.1	2,211.2	2,215.5	2,218.9	2,218.7	2,229.5	2,236.3
% Ch	-0.7	1.0	2.0	0.8	0.6	-0.0	2.0	1.2
Software Publishers	35.7	36.0	36.1	36.7	36.6	36.8	37.7	38.3
% Ch	-4.8	3.8	1.5	6.8	-1.8	2.2	11.2	6.3
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	34.349	41.657	38.754	46.040	43.725	42.494	44.718	40.363
% Ch	-0.7	116.3	-25.1	99.2	-18.6	-10.8	22.6	-33.6
Single-Family	25.850	30.219	30.907	33.980	33.990	32.333	33.142	32.899
% Ch	18.1	86.8	9.4	46.1	0.1	-18.1	10.4	-2.9
Multi-Family	8.499	11.438	7.847	12.060	9.735	10.160	11.576	7.464
% Ch	-38.8	227.9	-77.8	457.8	-57.5	18.6	68.5	-82.7
Mortgage Rate (%)	6.97	6.81	6.29	6.08	5.83	5.51	6.01	5.92

Table A1.4
Washington Economic Forecast Summary
Forecast 2005 to 2007

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
Real Income (Billions of Chained 2000 Dollars)								
Real Personal Income	193.969	197.026	197.849	217.909	199.881	202.438	206.051	206.690
% Ch	1.6	6.5	1.7	47.2	-29.2	5.2	7.3	1.2
Real Wage and Salary Disb.	107.276	109.828	110.570	109.537	111.115	112.451	115.412	114.230
% Ch	0.8	9.9	2.7	-3.7	5.9	4.9	11.0	-4.0
Real Nonwage Income	86.693	87.199	87.279	108.372	88.766	89.987	90.639	92.460
% Ch	2.6	2.4	0.4	137.7	-55.0	5.6	2.9	8.3
Real Per Capita Income ($/Person)	31,449	31,829	31,848	34,952	31,946	32,224	32,664	32,627
% Ch	0.4	4.9	0.2	45.1	-30.2	3.5	5.6	-0.4
Price and Wage Indexes								
U.S. Implicit Price Deflator (2000=1.0)	1.071	1.081	1.085	1.093	1.099	1.108	1.119	1.128
% Ch	3.8	3.8	1.5	3.1	2.3	3.2	4.1	3.1
Seattle Cons. Price Index (1982-84=1.0)	1.936	1.946	1.945	1.962	1.982	2.004	2.012	2.042
% Ch	1.9	2.1	-0.3	3.6	4.2	4.5	1.7	6.0
Avg. Hourly Earnings-Mfg. ($/Hour)	18.09	18.21	18.30	18.50	18.61	18.85	18.92	19.00
% Ch	-3.4	2.7	2.1	4.4	2.3	5.2	1.5	1.7
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	207.499	212.759	214.430	237.994	219.772	224.188	230.389	232.825
% Ch	5.4	10.5	3.2	51.7	-27.3	8.3	11.5	4.3
Personal Income	207.696	212.949	214.618	238.213	219.724	224.290	230.613	233.122
% Ch	5.5	10.5	3.2	51.8	-27.6	8.6	11.8	4.4
Disposable Personal Income	185.590	190.047	191.273	212.208	194.173	197.742	203.283	205.308
% Ch	6.2	10.0	2.6	51.5	-29.9	7.6	11.7	4.0
Per Capita Income ($/Person)	33,674	34,402	34,547	38,208	35,117	35,702	36,557	36,800
% Ch	4.3	8.9	1.7	49.6	-28.6	6.8	9.9	2.7
Employment (Thousands)								
Washington Civilian Labor Force	3,207.2	3,229.6	3,236.4	3,261.3	3,255.1	3,273.8	3,293.0	3,307.4
Total Washington Employment	2,993.7	3,027.9	3,040.2	3,067.4	3,080.3	3,092.5	3,105.0	3,116.1
Unemployment Rate (%)	6.66	6.25	6.06	5.95	5.37	5.54	5.71	5.78
Nonfarm Payroll Employment	2,675.4	2,696.8	2,707.5	2,729.5	2,753.1	2,767.9	2,789.8	2,800.2
% Ch	1.3	3.2	1.6	3.3	3.5	2.2	3.2	1.5
Manufacturing	261.9	262.9	263.4	265.4	268.2	268.9	270.3	272.9
% Ch	-2.0	1.5	0.8	3.1	4.2	1.0	2.2	3.9
Durable Manufacturing	180.0	181.4	182.6	184.6	186.7	188.8	190.2	191.6
% Ch	-1.2	3.3	2.6	4.5	4.6	4.5	3.2	2.9
Aerospace	61.3	60.9	60.9	62.3	64.1	65.7	67.6	69.0
% Ch	-6.9	-2.4	0.0	9.5	12.1	10.6	11.9	8.9
Nondurable Manufacturing	82.0	81.5	80.8	80.8	81.5	80.1	80.1	81.3
% Ch	-3.7	-2.4	-3.0	0.0	3.1	-6.6	-0.0	6.4
Construction	161.4	163.7	163.7	168.1	173.9	177.7	180.0	180.1
% Ch	7.4	5.8	-0.1	11.4	14.3	9.2	5.3	0.2
Service-Producing	2,243.1	2,261.1	2,271.2	2,286.6	2,302.1	2,312.4	2,330.6	2,338.2
% Ch	1.2	3.2	1.8	2.7	2.7	1.8	3.2	1.3
Software Publishers	38.9	39.2	39.3	39.6	40.1	40.8	41.7	42.0
% Ch	5.6	3.5	1.4	2.4	6.0	6.9	8.8	3.4
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	44.946	46.746	50.885	57.779	51.730	48.196	49.620	49.210
% Ch	53.8	17.0	40.4	66.2	-35.7	-24.6	12.4	-3.3
Single-Family	34.349	37.194	35.324	39.090	39.480	38.277	33.406	33.195
% Ch	18.8	37.5	-18.6	50.0	4.0	-11.6	-42.0	-2.5
Multi-Family	10.597	9.552	15.562	18.689	12.250	9.920	16.214	16.016
% Ch	306.4	-34.0	604.3	108.0	-81.5	-57.0	613.9	-4.8
Mortgage Rate (%)	5.61	6.13	5.90	5.73	5.75	5.74	5.71	5.77

Table A1.4
Washington Economic Forecast Summary
Forecast 2005 to 2007

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Real Income (Billions of Chained 2000 Dollars)								
Real Personal Income	208.848	211.407	217.970	216.483	218.138	219.773	226.588	224.695
% Ch	4.2	5.0	13.0	-2.7	3.1	3.0	13.0	-3.3
Real Wage and Salary Disb.	115.083	116.258	121.630	119.407	120.372	121.126	126.985	124.125
% Ch	3.0	4.1	19.8	-7.1	3.3	2.5	20.8	-8.7
Real Nonwage Income	93.765	95.149	96.341	97.076	97.766	98.647	99.603	100.570
% Ch	5.8	6.0	5.1	3.1	2.9	3.7	3.9	3.9
Real Per Capita Income ($/Person)	32,829	33,091	33,976	33,603	33,719	33,832	34,739	34,311
% Ch	2.5	3.2	11.1	-4.3	1.4	1.3	11.2	-4.8
Price and Wage Indexes								
U.S. Implicit Price Deflator (2000=1.0)	1.134	1.138	1.144	1.150	1.157	1.164	1.170	1.177
% Ch	2.2	1.3	2.2	2.3	2.4	2.2	2.2	2.3
Seattle Cons. Price Index (1982-84=1.0)	2.053	2.057	2.068	2.079	2.092	2.104	2.115	2.128
% Ch	2.2	0.8	2.0	2.3	2.4	2.3	2.2	2.3
Avg. Hourly Earnings-Mfg. ($/Hour)	19.08	19.17	19.26	19.34	19.43	19.51	19.60	19.70
% Ch	1.7	1.9	1.9	1.7	1.7	1.8	1.9	2.0
Current Dollar Income (Billions of Dollars)								
Nonfarm Personal Income	236.479	240.097	248.864	248.562	251.909	255.199	264.565	263.851
% Ch	6.4	6.3	15.4	-0.5	5.5	5.3	15.5	-1.1
Personal Income	236.837	240.517	249.314	249.036	252.407	255.708	265.082	264.371
% Ch	6.5	6.4	15.5	-0.4	5.5	5.3	15.5	-1.1
Disposable Personal Income	208.834	211.942	219.494	218.997	221.163	223.986	232.271	231.880
% Ch	7.0	6.1	15.0	-0.9	4.0	5.2	15.6	-0.7
Per Capita Income ($/Person)	37,228	37,648	38,861	38,656	39,017	39,364	40,641	40,369
% Ch	4.7	4.6	13.5	-2.1	3.8	3.6	13.6	-2.6
Employment (Thousands)								
Washington Civilian Labor Force	3,324.5	3,341.6	3,358.5	3,375.0	3,391.2	3,406.6	3,421.6	3,436.6
Total Washington Employment	3,132.2	3,148.8	3,165.2	3,180.8	3,196.0	3,210.5	3,224.5	3,238.7
Unemployment Rate (%)	5.79	5.77	5.75	5.75	5.76	5.76	5.76	5.76
Nonfarm Payroll Employment	2,815.4	2,831.0	2,846.4	2,861.1	2,875.4	2,889.0	2,902.1	2,915.4
% Ch	2.2	2.2	2.2	2.1	2.0	1.9	1.8	1.8
Manufacturing	273.8	274.2	274.5	275.8	277.5	279.2	280.6	281.8
% Ch	1.3	0.5	0.5	1.9	2.5	2.5	2.0	1.7
Durable Manufacturing	193.0	194.5	195.6	197.0	198.3	199.4	200.2	201.1
% Ch	3.0	3.1	2.3	2.8	2.7	2.2	1.7	1.7
Aerospace	70.5	71.9	73.4	74.8	76.3	77.7	79.1	80.4
% Ch	8.7	8.5	8.3	8.1	7.8	7.6	7.4	7.1
Nondurable Manufacturing	80.8	79.6	78.9	78.8	79.2	79.9	80.4	80.7
% Ch	-2.6	-5.6	-3.7	-0.5	2.1	3.4	2.8	1.7
Construction	180.6	181.7	182.4	182.6	182.9	183.1	183.5	184.0
% Ch	1.0	2.6	1.4	0.4	0.8	0.4	0.9	1.1
Service-Producing	2,352.0	2,366.1	2,380.5	2,393.7	2,405.9	2,417.7	2,429.1	2,440.7
% Ch	2.4	2.4	2.5	2.2	2.1	2.0	1.9	1.9
Software Publishers	42.5	42.9	43.3	43.6	43.9	44.2	44.6	45.1
% Ch	4.1	4.0	3.6	2.9	2.9	3.2	3.8	4.2
Housing Indicators (Thousands)								
Housing Units Authorized by Bldg. Permit	49.774	49.379	49.052	48.760	48.382	48.040	47.564	47.303
% Ch	4.7	-3.1	-2.6	-2.4	-3.1	-2.8	-3.9	-2.2
Single-Family	32.766	31.839	31.285	30.884	30.495	29.965	29.379	28.997
% Ch	-5.1	-10.8	-6.8	-5.0	-4.9	-6.8	-7.6	-5.1
Multi-Family	17.008	17.540	17.767	17.876	17.887	18.075	18.185	18.306
% Ch	27.2	13.1	5.3	2.5	0.2	4.3	2.5	2.7
Mortgage Rate (%)	6.10	6.45	6.61	6.69	6.75	6.87	6.99	7.04

Table A2.1
U.S. Nonagricultural Employment by Industry
Forecast 2005 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
Nonfarm Payroll Employment	131.79	131.83	130.35	130.00	131.47	133.63	135.65	137.30
% Ch	2.2	0.0	-1.1	-0.3	1.1	1.6	1.5	1.2
Manufacturing	17.27	16.44	15.26	14.51	14.33	14.28	14.16	14.04
% Ch	-0.3	-4.8	-7.2	-4.9	-1.2	-0.3	-0.9	-0.9
Durable Manufacturing	10.88	10.33	9.48	8.96	8.92	8.94	8.92	8.86
% Ch	0.4	-5.0	-8.2	-5.5	-0.4	0.3	-0.2	-0.8
Wood Products	0.61	0.57	0.55	0.54	0.55	0.55	0.57	0.56
% Ch	-1.2	-6.4	-3.3	-3.2	2.1	0.6	3.6	-1.9
Primary and Fabricated Metals	2.37	2.25	2.06	1.96	1.96	1.99	1.98	2.02
% Ch	0.9	-5.4	-8.4	-4.9	0.4	1.1	-0.1	1.7
Computer and Electronic Products	1.82	1.75	1.51	1.36	1.33	1.33	1.28	1.21
% Ch	2.2	-3.9	-13.8	-10.1	-2.1	0.4	-3.6	-5.7
Machinery and Electrical Equipment	2.05	1.92	1.73	1.61	1.59	1.60	1.62	1.64
% Ch	-0.4	-5.9	-10.3	-6.8	-1.3	0.7	1.3	1.2
Transportation Equipment	2.06	1.94	1.83	1.77	1.76	1.76	1.72	1.66
% Ch	-1.5	-5.7	-5.6	-3.0	-0.6	-0.4	-1.9	-3.5
Other Durables	1.97	1.90	1.81	1.73	1.73	1.72	1.74	1.76
% Ch	1.7	-3.3	-4.9	-4.3	0.1	-0.7	1.3	1.2
Nondurable Manufacturing	6.39	6.11	5.77	5.55	5.41	5.34	5.24	5.18
% Ch	-1.6	-4.4	-5.4	-4.0	-2.5	-1.3	-1.9	-1.1
Food Manufacturing	1.55	1.55	1.53	1.52	1.50	1.49	1.49	1.50
% Ch	0.2	-0.2	-1.6	-0.5	-1.2	-0.3	-0.6	0.9
Paper and Paper Products	0.60	0.58	0.55	0.52	0.50	0.50	0.50	0.49
% Ch	-1.8	-4.5	-5.4	-5.6	-3.3	-0.0	-0.5	-0.5
Other Nondurables	4.23	3.98	3.70	3.51	3.41	3.35	3.25	3.19
% Ch	-2.2	-5.9	-6.9	-5.1	-3.0	-1.8	-2.7	-2.1
Natural Resources and Mining	0.60	0.61	0.58	0.57	0.59	0.62	0.66	0.66
% Ch	0.1	1.1	-3.9	-1.8	3.3	5.7	6.0	-0.0
Construction	6.79	6.83	6.71	6.73	6.96	7.23	7.40	7.45
% Ch	3.7	0.6	-1.6	0.3	3.4	3.9	2.3	0.7
Trade, Transportation, and Utilities	26.23	25.99	25.50	25.29	25.51	25.84	26.19	26.48
% Ch	1.8	-0.9	-1.9	-0.8	0.9	1.3	1.4	1.1
Wholesale Trade	5.93	5.77	5.65	5.61	5.65	5.71	5.80	5.79
% Ch	0.7	-2.7	-2.1	-0.8	0.8	1.1	1.5	-0.1
Retail Trade	15.28	15.24	15.02	14.92	15.04	15.19	15.35	15.57
% Ch	2.1	-0.3	-1.4	-0.7	0.8	1.0	1.0	1.5
Trans., Warehousing, and Utilities	5.01	4.97	4.82	4.76	4.82	4.93	5.05	5.12
% Ch	2.2	-0.8	-3.1	-1.2	1.2	2.4	2.3	1.4
Information	3.63	3.63	3.39	3.19	3.14	3.14	3.18	3.26
% Ch	6.2	-0.0	-6.5	-6.0	-1.6	0.2	1.0	2.7
Publishing Industries	1.03	1.02	0.96	0.93	0.91	0.91	0.90	0.91
% Ch	3.0	-1.4	-5.5	-4.1	-1.7	-0.3	-0.7	1.5
Other Information	2.59	2.61	2.43	2.26	2.23	2.24	2.27	2.35
% Ch	7.5	0.5	-6.8	-6.8	-1.6	0.4	1.6	3.1
Financial Activities	7.69	7.81	7.85	7.98	8.05	8.21	8.21	8.22
% Ch	0.5	1.6	0.5	1.6	0.9	2.0	-0.1	0.1
Professional and Business Services	16.67	16.48	15.98	15.98	16.41	16.92	17.53	18.11
% Ch	4.5	-1.1	-3.1	0.0	2.7	3.1	3.6	3.3
Education and Health Services	15.11	15.64	16.20	16.59	16.95	17.34	17.66	17.94
% Ch	2.1	3.5	3.6	2.4	2.2	2.3	1.9	1.6
Leisure and Hospitality	11.86	12.03	11.99	12.18	12.48	12.77	13.07	13.26
% Ch	2.7	1.5	-0.4	1.6	2.5	2.3	2.4	1.4
Other Services	5.17	5.26	5.37	5.40	5.43	5.47	5.53	5.64
% Ch	1.6	1.7	2.2	0.5	0.6	0.8	1.1	1.9
Federal Government	2.87	2.76	2.77	2.76	2.73	2.72	2.73	2.73
% Ch	3.4	-3.5	0.1	-0.2	-1.2	-0.3	0.2	0.0
State and Local Government	17.93	18.36	18.74	18.82	18.89	19.07	19.32	19.52
% Ch	2.2	2.4	2.1	0.4	0.4	0.9	1.3	1.0

Table A2.2
U.S. Nonagricultural Employment by Industry
Forecast 2005 to 2007

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Nonfarm Payroll Employment	130.50	130.35	130.27	130.26	130.09	129.84	129.89	130.17
% Ch	-1.3	-0.5	-0.2	-0.0	-0.5	-0.8	0.1	0.9
Manufacturing	15.51	15.34	15.19	14.99	14.79	14.55	14.38	14.31
% Ch	-7.9	-4.3	-3.9	-5.2	-5.2	-6.1	-4.8	-1.8
Durable Manufacturing	9.66	9.54	9.44	9.29	9.14	8.98	8.87	8.85
% Ch	-9.4	-4.7	-4.5	-6.1	-6.4	-6.6	-4.9	-0.7
Wood Products	0.56	0.56	0.56	0.55	0.54	0.54	0.53	0.54
% Ch	-1.9	-3.2	-1.1	-5.8	-4.6	-3.2	-1.6	4.0
Primary and Fabricated Metals	2.09	2.07	2.05	2.03	1.99	1.96	1.94	1.93
% Ch	-10.1	-3.7	-2.7	-5.2	-6.1	-6.4	-5.1	-0.3
Computer and Electronic Products	1.57	1.53	1.48	1.44	1.40	1.36	1.33	1.32
% Ch	-14.7	-10.0	-11.3	-10.6	-11.6	-9.7	-8.3	-3.8
Machinery and Electrical Equipment	1.77	1.74	1.71	1.68	1.65	1.62	1.59	1.58
% Ch	-11.3	-6.6	-6.2	-7.1	-7.0	-8.4	-6.5	-1.6
Transportation Equipment	1.84	1.84	1.83	1.81	1.80	1.77	1.76	1.76
% Ch	-9.0	-1.4	-1.8	-3.7	-2.7	-5.0	-3.0	0.1
Other Durables	1.83	1.82	1.80	1.78	1.76	1.73	1.72	1.72
% Ch	-4.3	-2.9	-2.6	-4.8	-5.8	-5.5	-3.3	-0.3
Nondurable Manufacturing	5.85	5.80	5.75	5.70	5.65	5.57	5.51	5.46
% Ch	-5.4	-3.8	-3.0	-3.7	-3.4	-5.3	-4.6	-3.4
Food Manufacturing	1.54	1.53	1.51	1.52	1.52	1.52	1.52	1.51
% Ch	-0.9	-2.3	-3.6	1.3	0.7	-1.7	0.5	-1.6
Paper and Paper Products	0.55	0.55	0.55	0.54	0.53	0.52	0.51	0.51
% Ch	-5.5	-3.4	-3.4	-5.9	-6.4	-6.0	-6.7	-4.3
Other Nondurables	3.76	3.72	3.69	3.64	3.60	3.54	3.48	3.44
% Ch	-7.2	-4.5	-2.8	-5.5	-4.6	-6.7	-6.4	-4.0
Natural Resources and Mining	0.59	0.58	0.58	0.58	0.57	0.57	0.57	0.57
% Ch	-3.7	-6.6	-5.1	-0.5	-1.4	-2.5	0.0	3.1
Construction	6.77	6.70	6.69	6.69	6.68	6.70	6.75	6.80
% Ch	-1.0	-4.2	-0.4	0.2	-1.2	1.7	3.0	2.6
Trade, Transportation, and Utilities	25.55	25.53	25.49	25.43	25.35	25.28	25.25	25.28
% Ch	-2.4	-0.4	-0.7	-1.0	-1.2	-1.1	-0.4	0.5
Wholesale Trade	5.67	5.65	5.65	5.64	5.63	5.62	5.59	5.60
% Ch	-2.6	-1.3	-0.4	-0.8	-0.7	-0.7	-1.7	0.3
Retail Trade	15.06	15.05	15.01	14.98	14.93	14.90	14.92	14.93
% Ch	-2.0	-0.2	-1.1	-0.9	-1.2	-0.7	0.4	0.5
Trans., Warehousing, and Utilities	4.82	4.82	4.83	4.81	4.79	4.76	4.74	4.75
% Ch	-3.1	0.2	0.7	-1.4	-1.8	-2.6	-1.6	0.9
Information	3.47	3.42	3.37	3.32	3.24	3.19	3.17	3.15
% Ch	-6.9	-6.4	-5.8	-5.4	-9.1	-5.6	-3.3	-2.0
Publishing Industries	0.98	0.97	0.96	0.95	0.94	0.93	0.92	0.91
% Ch	-6.2	-5.1	-2.6	-3.4	-5.4	-4.5	-3.7	-1.7
Other Information	2.49	2.45	2.41	2.37	2.30	2.27	2.25	2.24
% Ch	-7.2	-6.9	-7.0	-6.2	-10.6	-6.0	-3.2	-2.1
Financial Activities	7.83	7.83	7.84	7.89	7.93	7.98	8.00	7.99
% Ch	-0.1	-0.5	0.7	2.7	2.1	2.4	1.0	-0.6
Professional and Business Services	16.02	16.01	15.96	15.92	15.91	15.91	16.01	16.10
% Ch	-2.8	-0.1	-1.2	-1.1	-0.1	-0.1	2.5	2.2
Education and Health Services	16.01	16.14	16.29	16.37	16.46	16.57	16.61	16.72
% Ch	3.6	3.4	3.6	2.0	2.2	2.7	1.0	2.6
Leisure and Hospitality	11.98	11.92	11.96	12.10	12.14	12.10	12.18	12.29
% Ch	-0.3	-1.9	1.4	4.6	1.4	-1.4	2.9	3.5
Other Services	5.35	5.37	5.37	5.40	5.40	5.40	5.40	5.40
% Ch	3.0	0.9	0.2	2.1	0.3	-0.1	0.0	0.1
Federal Government	2.75	2.77	2.76	2.78	2.79	2.77	2.75	2.74
% Ch	-0.3	2.2	-0.9	2.6	1.3	-2.9	-2.1	-2.8
State and Local Government	18.65	18.74	18.78	18.81	18.84	18.82	18.81	18.82
% Ch	1.9	2.0	0.9	0.5	0.7	-0.3	-0.2	0.1

Table A2.2
U.S. Nonagricultural Employment by Industry
Forecast 2005 to 2007

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
Nonfarm Payroll Employment	130.54	131.32	131.73	132.30	132.81	133.43	133.90	134.36
% Ch	1.2	2.4	1.2	1.7	1.6	1.9	1.4	1.4
Manufacturing	14.29	14.34	14.35	14.34	14.31	14.29	14.25	14.27
% Ch	-0.8	1.5	0.4	-0.4	-0.7	-0.6	-1.0	0.5
Durable Manufacturing	8.86	8.92	8.95	8.96	8.95	8.95	8.93	8.94
% Ch	0.4	2.5	1.4	0.3	-0.1	0.0	-1.1	0.6
Wood Products	0.54	0.55	0.55	0.55	0.55	0.55	0.55	0.55
% Ch	2.5	3.6	2.5	2.7	0.1	-3.0	-0.9	3.0
Primary and Fabricated Metals	1.94	1.96	1.97	1.98	1.98	1.99	1.99	1.99
% Ch	1.6	3.9	2.6	0.8	0.8	0.8	0.5	-0.3
Computer and Electronic Products	1.32	1.33	1.33	1.33	1.33	1.33	1.34	1.33
% Ch	-1.0	2.2	2.3	-1.6	-0.2	1.2	1.8	-1.0
Machinery and Electrical Equipment	1.58	1.59	1.60	1.59	1.59	1.60	1.60	1.61
% Ch	-1.1	2.4	2.4	-0.8	0.1	1.0	0.3	2.6
Transportation Equipment	1.76	1.76	1.76	1.77	1.77	1.77	1.74	1.74
% Ch	-0.2	0.6	-1.0	2.5	0.6	0.1	-6.8	-0.9
Other Durables	1.72	1.74	1.74	1.73	1.72	1.72	1.71	1.72
% Ch	1.5	3.0	0.3	-0.5	-2.3	-1.8	-0.6	1.9
Nondurable Manufacturing	5.42	5.42	5.40	5.38	5.36	5.34	5.33	5.33
% Ch	-2.7	-0.2	-1.1	-1.6	-1.5	-1.7	-0.9	0.2
Food Manufacturing	1.50	1.50	1.50	1.50	1.49	1.49	1.49	1.50
% Ch	-3.3	0.4	-0.4	-0.9	-0.3	-1.2	-0.4	3.9
Paper and Paper Products	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
% Ch	-3.9	-1.8	1.2	-1.0	1.8	-2.1	-1.5	4.4
Other Nondurables	3.42	3.42	3.41	3.39	3.37	3.35	3.34	3.32
% Ch	-2.4	-0.1	-1.7	-2.1	-2.6	-1.8	-1.1	-2.0
Natural Resources and Mining	0.58	0.59	0.60	0.60	0.61	0.63	0.63	0.63
% Ch	3.3	8.3	3.7	1.8	9.7	8.3	3.6	0.0
Construction	6.86	6.94	6.98	7.06	7.13	7.22	7.26	7.33
% Ch	3.8	4.6	2.5	4.7	3.7	5.1	2.6	3.5
Trade, Transportation, and Utilities	25.39	25.51	25.54	25.61	25.70	25.83	25.92	25.90
% Ch	1.6	2.0	0.5	1.0	1.5	2.0	1.4	-0.3
Wholesale Trade	5.62	5.65	5.67	5.68	5.69	5.72	5.73	5.72
% Ch	1.7	2.2	1.0	1.0	0.8	1.8	1.1	-0.8
Retail Trade	14.99	15.05	15.04	15.07	15.11	15.18	15.25	15.22
% Ch	1.4	1.7	-0.2	0.8	1.1	1.8	1.9	-0.7
Trans., Warehousing, and Utilities	4.78	4.81	4.83	4.86	4.90	4.93	4.94	4.96
% Ch	2.1	2.6	2.2	1.8	3.7	2.8	0.5	1.4
Information	3.14	3.15	3.14	3.13	3.13	3.15	3.15	3.16
% Ch	-1.5	0.9	-1.4	-0.6	-0.3	2.6	-0.1	1.0
Publishing Industries	0.91	0.91	0.91	0.91	0.91	0.91	0.91	0.91
% Ch	-1.9	0.4	-0.9	-0.8	-0.8	0.1	0.8	0.6
Other Information	2.23	2.24	2.23	2.22	2.22	2.24	2.24	2.25
% Ch	-1.4	1.1	-1.6	-0.6	-0.1	3.6	-0.5	1.2
Financial Activities	8.00	8.04	8.06	8.11	8.16	8.19	8.24	8.26
% Ch	0.4	2.0	1.3	2.4	2.6	1.6	2.2	1.1
Professional and Business Services	16.16	16.37	16.48	16.63	16.75	16.87	16.95	17.12
% Ch	1.4	5.3	2.7	3.8	3.0	2.7	1.9	4.1
Education and Health Services	16.80	16.91	17.00	17.11	17.19	17.29	17.40	17.46
% Ch	1.9	2.7	2.2	2.7	1.9	2.3	2.6	1.5
Leisure and Hospitality	12.38	12.47	12.51	12.57	12.64	12.74	12.81	12.88
% Ch	2.9	3.0	1.3	1.9	2.3	3.2	2.1	2.3
Other Services	5.41	5.43	5.44	5.44	5.46	5.47	5.48	5.49
% Ch	0.6	1.9	0.2	0.2	1.1	1.3	0.2	0.8
Federal Government	2.73	2.73	2.73	2.72	2.72	2.72	2.72	2.73
% Ch	-0.8	0.7	-0.9	-1.4	0.2	-0.1	-0.1	1.0
State and Local Government	18.83	18.85	18.91	18.98	19.00	19.03	19.09	19.14
% Ch	0.2	0.6	1.2	1.6	0.5	0.6	1.3	1.0

Table A2.2
U.S. Nonagricultural Employment by Industry
Forecast 2005 to 2007

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Nonfarm Payroll Employment	134.94	135.47	135.88	136.30	136.69	137.11	137.49	137.90
% Ch	1.7	1.6	1.2	1.2	1.2	1.2	1.1	1.2
Manufacturing	14.25	14.19	14.10	14.10	14.09	14.06	14.02	13.97
% Ch	-0.5	-1.8	-2.4	-0.3	-0.3	-0.6	-1.2	-1.3
Durable Manufacturing	8.96	8.94	8.89	8.90	8.90	8.88	8.84	8.80
% Ch	0.6	-0.6	-2.1	0.4	-0.2	-0.9	-1.7	-1.7
Wood Products	0.56	0.57	0.57	0.58	0.58	0.57	0.56	0.54
% Ch	5.7	6.9	3.2	3.1	-1.9	-5.6	-8.6	-9.2
Primary and Fabricated Metals	1.99	1.98	1.98	1.99	2.01	2.02	2.02	2.03
% Ch	-0.2	-0.8	-1.1	3.4	2.8	2.0	1.1	0.9
Computer and Electronic Products	1.32	1.30	1.27	1.24	1.22	1.21	1.20	1.20
% Ch	-4.2	-5.8	-7.6	-10.0	-5.0	-4.2	-2.4	-1.7
Machinery and Electrical Equipment	1.61	1.62	1.62	1.63	1.64	1.64	1.64	1.63
% Ch	0.6	1.3	0.4	3.7	2.0	0.8	-1.3	-2.3
Transportation Equipment	1.75	1.73	1.71	1.70	1.69	1.67	1.65	1.64
% Ch	1.9	-3.1	-5.0	-1.4	-3.5	-4.2	-4.3	-2.8
Other Durables	1.73	1.74	1.74	1.75	1.76	1.77	1.76	1.76
% Ch	2.2	2.0	-0.0	3.1	1.6	1.1	-0.1	-0.6
Nondurable Manufacturing	5.30	5.25	5.21	5.19	5.19	5.18	5.18	5.17
% Ch	-2.2	-3.9	-2.8	-1.4	-0.4	-0.1	-0.4	-0.7
Food Manufacturing	1.50	1.49	1.48	1.48	1.49	1.50	1.50	1.51
% Ch	-1.4	-3.1	-1.8	0.2	2.0	2.6	2.2	1.4
Paper and Paper Products	0.50	0.50	0.49	0.49	0.49	0.49	0.50	0.50
% Ch	-0.0	-2.9	-2.4	-1.3	-0.6	1.4	0.8	0.3
Other Nondurables	3.30	3.26	3.24	3.22	3.21	3.19	3.18	3.17
% Ch	-2.8	-4.4	-3.4	-2.2	-1.5	-1.5	-1.7	-1.8
Natural Resources and Mining	0.64	0.66	0.67	0.68	0.67	0.67	0.66	0.65
% Ch	6.2	13.3	6.3	4.2	-2.2	-3.5	-6.2	-4.7
Construction	7.40	7.43	7.40	7.37	7.37	7.43	7.47	7.52
% Ch	4.0	2.0	-1.8	-1.7	0.3	2.8	2.6	2.6
Trade, Transportation, and Utilities	26.04	26.15	26.26	26.33	26.37	26.44	26.52	26.60
% Ch	2.2	1.6	1.7	1.1	0.6	1.1	1.2	1.3
Wholesale Trade	5.77	5.81	5.82	5.81	5.80	5.79	5.79	5.80
% Ch	3.2	2.9	0.9	-0.8	-0.8	-0.4	-0.2	0.6
Retail Trade	15.28	15.30	15.36	15.43	15.48	15.55	15.61	15.66
% Ch	1.5	0.5	1.6	1.9	1.1	1.8	1.6	1.2
Trans., Warehousing, and Utilities	5.00	5.04	5.07	5.08	5.09	5.10	5.12	5.15
% Ch	3.2	3.3	2.8	1.0	0.6	0.9	1.5	2.3
Information	3.14	3.15	3.19	3.22	3.24	3.25	3.27	3.28
% Ch	-2.4	1.8	5.4	4.1	1.8	2.1	1.5	1.6
Publishing Industries	0.90	0.90	0.90	0.91	0.91	0.91	0.92	0.92
% Ch	-4.6	-0.3	1.0	2.8	1.7	1.3	1.3	1.5
Other Information	2.24	2.25	2.29	2.32	2.33	2.34	2.35	2.36
% Ch	-1.6	2.7	7.2	4.6	1.9	2.4	1.6	1.7
Financial Activities	8.23	8.21	8.20	8.19	8.22	8.22	8.21	8.23
% Ch	-1.4	-1.2	-0.5	-0.3	1.2	0.0	-0.5	0.9
Professional and Business Services	17.30	17.48	17.62	17.72	17.85	18.02	18.19	18.37
% Ch	4.3	4.2	3.1	2.4	2.9	3.9	4.0	4.0
Education and Health Services	17.52	17.62	17.71	17.79	17.85	17.91	17.96	18.05
% Ch	1.3	2.3	2.0	1.7	1.4	1.4	1.2	2.0
Leisure and Hospitality	12.94	13.04	13.12	13.19	13.24	13.25	13.28	13.26
% Ch	1.7	3.2	2.6	2.2	1.4	0.3	0.8	-0.4
Other Services	5.50	5.52	5.54	5.58	5.60	5.62	5.65	5.68
% Ch	0.8	1.5	2.0	2.3	1.8	1.6	1.8	2.1
Federal Government	2.73	2.73	2.73	2.73	2.73	2.73	2.73	2.73
% Ch	0.2	-0.1	-0.0	-0.0	-0.0	0.1	0.1	0.1
State and Local Government	19.24	19.30	19.34	19.41	19.47	19.51	19.54	19.55
% Ch	2.2	1.1	0.8	1.5	1.3	0.9	0.5	0.3

Table A2.3
Washington Nonagricultural Employment by Industry
Forecast 2005 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
Nonfarm Payroll Employment	2,711.6	2,697.3	2,654.0	2,657.7	2,702.3	2,777.8	2,838.5	2,895.5
% Ch	2.4	-0.5	-1.6	0.1	1.7	2.8	2.2	2.0
Manufacturing	331.9	316.2	285.0	267.0	263.4	270.1	274.6	279.8
% Ch	-3.4	-4.7	-9.8	-6.3	-1.4	2.5	1.7	1.9
Durable Manufacturing	236.5	225.0	199.3	183.8	182.1	189.3	195.1	199.7
% Ch	-4.2	-4.8	-11.4	-7.8	-0.9	3.9	3.0	2.4
Wood Products	21.9	18.9	18.0	17.8	18.6	18.5	18.5	17.7
% Ch	3.6	-13.6	-4.8	-1.4	4.9	-0.9	-0.0	-4.3
Primary and Fabricated Metals	29.8	27.0	23.5	22.1	22.3	22.7	22.3	22.6
% Ch	-0.8	-9.4	-12.7	-6.1	0.9	1.9	-1.9	1.3
Computer and Electronic Products	34.4	32.4	26.2	23.4	22.1	21.9	20.6	19.0
% Ch	3.2	-5.6	-19.4	-10.7	-5.3	-1.1	-5.6	-8.0
Machinery and Electrical Equipment	19.8	18.5	16.7	16.3	17.1	17.7	18.4	19.4
% Ch	3.0	-6.3	-9.9	-2.6	5.1	3.3	4.4	5.3
Aerospace	86.2	87.3	75.7	65.3	61.3	66.6	72.7	78.3
% Ch	-12.3	1.3	-13.2	-13.8	-6.0	8.6	9.1	7.8
Other Transportation Equip.	13.4	11.3	10.9	11.1	12.1	13.2	13.4	13.4
% Ch	-6.0	-16.0	-2.8	1.5	9.1	8.6	1.9	0.1
Other Durables	31.1	29.6	28.2	27.9	28.5	28.8	29.1	29.3
% Ch	1.0	-4.8	-4.7	-1.3	2.3	1.1	1.0	0.6
Nondurable Manufacturing	95.4	91.1	85.7	83.3	81.3	80.7	79.5	80.0
% Ch	-1.1	-4.5	-6.0	-2.8	-2.4	-0.7	-1.5	0.7
Food Manufacturing	38.9	37.2	35.3	34.8	34.1	33.4	32.6	33.4
% Ch	0.8	-4.3	-5.3	-1.3	-2.0	-2.2	-2.3	2.6
Paper and Paper Products	14.4	14.1	13.2	13.3	12.7	13.0	12.8	12.7
% Ch	-5.5	-2.0	-6.1	0.1	-4.3	2.2	-1.2	-0.8
Other Nondurables	42.1	39.8	37.2	35.2	34.5	34.4	34.1	33.9
% Ch	-1.1	-5.5	-6.5	-5.3	-2.1	-0.2	-0.8	-0.6
Natural Resources and Mining	10.0	9.8	9.4	8.6	9.2	8.9	9.0	9.0
% Ch	-5.3	-2.2	-4.5	-7.8	6.2	-2.6	1.0	-0.7
Construction	160.6	158.8	154.2	156.2	164.2	177.9	181.8	183.4
% Ch	4.5	-1.1	-2.9	1.3	5.1	8.3	2.2	0.9
Trade, Transportation, and Utilities	531.9	523.8	509.3	509.8	519.4	531.5	541.3	550.7
% Ch	2.5	-1.5	-2.8	0.1	1.9	2.3	1.8	1.7
Wholesale Trade	121.3	119.8	115.7	116.0	119.4	122.1	124.0	124.2
% Ch	1.6	-1.2	-3.4	0.3	3.0	2.2	1.5	0.2
Retail Trade	315.2	311.7	305.3	305.9	310.2	317.2	323.0	330.6
% Ch	3.2	-1.1	-2.0	0.2	1.4	2.2	1.8	2.4
Trans., Warehousing, and Utilities	95.4	92.4	88.3	87.9	89.8	92.3	94.4	95.9
% Ch	1.2	-3.2	-4.4	-0.5	2.1	2.8	2.3	1.6
Information	97.6	99.0	93.6	92.3	92.5	94.5	97.3	100.4
% Ch	14.6	1.4	-5.5	-1.4	0.2	2.2	2.9	3.2
Software Publishers	32.2	35.9	36.1	37.3	39.2	41.2	43.0	44.5
% Ch	17.8	11.3	0.7	3.4	5.1	4.9	4.5	3.3
Other Publishing Industries	13.7	13.2	12.6	12.1	11.4	11.2	11.1	11.2
% Ch	1.5	-3.5	-4.4	-4.0	-6.4	-1.0	-0.8	0.4
Other Information	51.7	49.9	44.8	42.8	41.9	42.1	43.1	44.7
% Ch	16.7	-3.5	-10.3	-4.5	-2.1	0.5	2.3	3.8
Financial Activities	142.3	145.2	146.2	151.9	152.1	154.6	155.3	156.4
% Ch	-0.4	2.0	0.7	3.9	0.1	1.7	0.4	0.8
Professional and Business Services	303.8	296.9	290.1	290.5	302.4	318.1	331.6	344.9
% Ch	6.1	-2.3	-2.3	0.1	4.1	5.2	4.2	4.0
Education and Health Services	292.0	298.3	306.9	312.9	319.6	328.6	337.5	345.0
% Ch	3.7	2.2	2.9	2.0	2.2	2.8	2.7	2.2
Leisure and Hospitality	251.7	247.1	245.4	248.9	255.4	263.1	270.5	275.8
% Ch	1.9	-1.9	-0.7	1.5	2.6	3.0	2.8	1.9
Other Services	106.2	96.9	97.8	98.9	100.4	103.5	105.1	107.0
% Ch	1.6	-8.8	0.9	1.2	1.5	3.1	1.6	1.8
Federal Government	69.9	67.9	69.2	70.2	69.7	69.3	69.3	69.7
% Ch	3.4	-2.9	2.0	1.4	-0.6	-0.7	0.0	0.6
State and Local Government	413.5	437.5	447.0	450.5	454.1	457.6	465.2	473.4
% Ch	1.7	5.8	2.2	0.8	0.8	0.8	1.7	1.8

Table A2.4
Washington Nonagricultural Employment by Industry
Forecast 2005 to 2007

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Nonfarm Payroll Employment	2,650.9	2,650.5	2,657.9	2,656.5	2,655.2	2,650.1	2,659.0	2,666.6
% Ch	-2.5	-0.1	1.1	-0.2	-0.2	-0.8	1.4	1.1
Manufacturing	293.3	287.5	282.4	277.0	272.2	267.8	264.9	263.2
% Ch	-14.7	-7.7	-6.9	-7.4	-6.8	-6.3	-4.2	-2.6
Durable Manufacturing	205.9	201.9	196.9	192.6	187.9	184.6	182.0	180.5
% Ch	-18.2	-7.6	-9.5	-8.6	-9.3	-6.9	-5.4	-3.3
Wood Products	17.9	18.1	18.1	18.1	18.0	17.8	17.6	17.7
% Ch	-9.9	3.2	0.3	0.8	-2.1	-4.2	-4.5	2.0
Primary and Fabricated Metals	24.6	23.5	23.2	22.8	22.6	22.2	21.8	21.7
% Ch	-11.5	-16.0	-4.5	-6.8	-3.5	-6.9	-7.4	-1.8
Computer and Electronic Products	27.2	26.5	26.0	24.9	24.3	23.5	23.1	22.5
% Ch	-26.4	-10.3	-7.3	-16.3	-8.8	-13.0	-5.6	-10.0
Machinery and Electrical Equipment	17.0	16.9	16.7	16.3	16.2	16.2	16.2	16.5
% Ch	-12.9	-3.9	-4.7	-8.5	-3.2	1.7	0.0	5.9
Aerospace	80.2	77.0	73.7	71.9	68.6	66.2	63.9	62.4
% Ch	-25.8	-14.9	-16.4	-9.1	-17.4	-13.1	-13.4	-9.1
Other Transportation Equip.	10.5	11.5	11.1	10.7	10.6	10.9	11.4	11.5
% Ch	-3.7	43.9	-13.2	-14.7	-1.2	11.8	18.2	2.4
Other Durables	28.5	28.4	28.2	27.9	27.6	27.7	28.0	28.3
% Ch	-3.9	-1.0	-3.5	-4.4	-3.8	1.7	4.0	4.0
Nondurable Manufacturing	87.4	85.6	85.5	84.4	84.3	83.2	82.9	82.7
% Ch	-5.7	-7.8	-0.6	-4.8	-0.6	-5.0	-1.4	-0.8
Food Manufacturing	35.9	34.9	35.4	34.8	34.9	34.5	35.0	34.8
% Ch	-3.0	-10.7	6.2	-6.6	1.0	-4.3	5.8	-3.0
Paper and Paper Products	13.4	13.3	13.1	13.2	13.2	13.3	13.2	13.3
% Ch	-9.0	-4.2	-3.9	0.3	1.0	2.7	-1.8	3.7
Other Nondurables	38.0	37.4	36.9	36.4	36.2	35.4	34.7	34.6
% Ch	-6.9	-6.3	-5.5	-4.9	-2.7	-8.4	-7.8	-0.3
Natural Resources and Mining	9.4	9.4	9.3	9.3	9.0	8.6	8.4	8.5
% Ch	-8.7	-1.9	-2.3	1.1	-13.2	-16.4	-9.6	4.1
Construction	153.5	153.6	155.0	154.7	155.0	155.0	156.2	158.5
% Ch	-1.7	0.3	3.7	-0.7	0.8	-0.0	3.0	6.2
Trade, Transportation, and Utilities	511.1	509.3	509.5	507.3	509.4	508.1	510.7	511.1
% Ch	-2.7	-1.4	0.1	-1.7	1.7	-1.0	2.1	0.4
Wholesale Trade	116.7	115.6	115.3	115.1	115.5	115.5	116.1	117.0
% Ch	-3.0	-3.7	-1.1	-0.5	1.3	-0.1	2.3	2.9
Retail Trade	305.8	305.4	305.6	304.5	305.6	305.3	306.5	306.3
% Ch	-1.5	-0.5	0.3	-1.5	1.5	-0.4	1.6	-0.3
Trans., Warehousing, and Utilities	88.7	88.4	88.6	87.7	88.3	87.3	88.1	87.9
% Ch	-6.2	-1.5	1.1	-4.1	2.7	-4.3	3.5	-0.7
Information	94.3	93.6	93.1	93.3	92.4	91.7	92.0	92.9
% Ch	-8.4	-3.2	-1.9	0.7	-3.7	-2.9	1.3	4.0
Software Publishers	35.7	36.0	36.1	36.7	36.6	36.8	37.7	38.3
% Ch	-4.8	3.8	1.5	6.8	-1.8	2.2	11.2	6.3
Other Publishing Industries	12.5	12.6	12.8	12.6	12.6	12.4	12.1	11.5
% Ch	-9.1	3.2	5.4	-4.1	-2.1	-6.2	-9.4	-17.5
Other Information	46.2	45.0	44.2	43.9	43.3	42.6	42.2	43.1
% Ch	-10.8	-10.0	-6.5	-2.7	-5.7	-6.2	-3.7	8.8
Financial Activities	144.7	145.6	146.4	147.9	150.3	152.0	153.0	152.4
% Ch	-2.8	2.5	2.2	4.1	6.6	4.6	2.6	-1.4
Professional and Business Services	287.7	289.0	291.6	292.3	290.0	288.7	290.4	293.0
% Ch	-1.9	1.9	3.5	1.0	-3.1	-1.8	2.5	3.6
Education and Health Services	304.6	306.0	307.3	309.7	310.3	311.7	314.2	315.3
% Ch	3.4	1.7	1.7	3.2	0.8	1.8	3.2	1.5
Leisure and Hospitality	243.0	244.7	247.2	246.6	247.7	247.0	249.0	252.0
% Ch	-1.8	2.7	4.1	-0.9	1.8	-1.1	3.3	4.9
Other Services	96.6	97.6	98.5	98.3	99.1	98.9	98.7	99.0
% Ch	-0.4	4.3	3.7	-0.7	3.3	-1.1	-0.8	1.4
Federal Government	68.4	68.5	69.3	70.6	70.4	70.2	70.1	70.0
% Ch	0.9	0.5	4.7	7.8	-1.0	-1.2	-0.9	-0.6
State and Local Government	444.1	445.8	448.4	449.6	449.3	450.5	451.6	450.5
% Ch	2.2	1.5	2.4	1.0	-0.2	1.1	0.9	-0.9

Table A2.4
Washington Nonagricultural Employment by Industry
Forecast 2005 to 2007

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
Nonfarm Payroll Employment	2,675.4	2,696.8	2,707.5	2,729.5	2,753.1	2,767.9	2,789.8	2,800.2
% Ch	1.3	3.2	1.6	3.3	3.5	2.2	3.2	1.5
Manufacturing	261.9	262.9	263.4	265.4	268.2	268.9	270.3	272.9
% Ch	-2.0	1.5	0.8	3.1	4.2	1.0	2.2	3.9
Durable Manufacturing	180.0	181.4	182.6	184.6	186.7	188.8	190.2	191.6
% Ch	-1.2	3.3	2.6	4.5	4.6	4.5	3.2	2.9
Wood Products	18.1	18.5	18.9	19.1	18.9	18.4	18.3	18.3
% Ch	10.1	9.4	7.0	4.6	-3.8	-9.2	-2.8	-0.3
Primary and Fabricated Metals	22.0	22.3	22.3	22.6	22.7	22.8	22.7	22.6
% Ch	4.9	5.2	0.8	5.7	1.3	2.4	-1.8	-2.0
Computer and Electronic Products	22.0	22.1	22.2	22.2	22.0	21.9	21.8	21.8
% Ch	-9.7	2.5	2.4	-1.2	-3.0	-2.4	-1.2	-0.3
Machinery and Electrical Equipment	16.6	17.0	17.3	17.6	17.6	17.6	17.6	17.9
% Ch	2.5	10.9	7.2	6.3	0.8	0.8	-1.2	7.0
Aerospace	61.3	60.9	60.9	62.3	64.1	65.7	67.6	69.0
% Ch	-6.9	-2.4	0.0	9.5	12.1	10.6	11.9	8.9
Other Transportation Equip.	11.8	12.1	12.4	12.2	12.6	13.5	13.4	13.1
% Ch	10.9	11.8	9.1	-4.2	13.7	29.1	-0.9	-9.8
Other Durables	28.3	28.5	28.6	28.6	28.8	28.8	28.8	28.9
% Ch	0.6	3.2	1.4	0.4	2.0	0.4	-0.2	1.5
Nondurable Manufacturing	82.0	81.5	80.8	80.8	81.5	80.1	80.1	81.3
% Ch	-3.7	-2.4	-3.0	0.0	3.1	-6.6	-0.0	6.4
Food Manufacturing	34.6	34.2	33.6	34.0	34.1	32.8	32.7	33.7
% Ch	-1.8	-4.5	-6.3	3.8	2.1	-14.2	-1.2	11.9
Paper and Paper Products	12.9	12.7	12.6	12.4	13.1	13.0	12.8	12.9
% Ch	-11.8	-5.7	-3.3	-6.1	23.1	-3.7	-4.8	4.2
Other Nondurables	34.4	34.5	34.6	34.4	34.2	34.3	34.5	34.7
% Ch	-2.4	1.0	0.3	-1.3	-2.4	0.3	3.0	2.1
Natural Resources and Mining	9.0	9.2	9.2	9.3	9.0	8.9	8.9	8.9
% Ch	24.9	8.2	3.9	3.3	-12.6	-4.0	-1.9	2.7
Construction	161.4	163.7	163.7	168.1	173.9	177.7	180.0	180.1
% Ch	7.4	5.8	-0.1	11.4	14.3	9.2	5.3	0.2
Trade, Transportation, and Utilities	512.3	518.7	521.0	525.6	528.8	529.8	533.7	533.7
% Ch	1.0	5.0	1.8	3.5	2.5	0.8	3.0	-0.0
Wholesale Trade	117.4	119.2	119.8	121.3	121.9	121.7	122.5	122.2
% Ch	1.6	6.1	2.2	5.2	1.8	-0.6	2.7	-1.0
Retail Trade	306.8	310.2	311.1	312.8	315.1	316.3	318.6	318.6
% Ch	0.7	4.4	1.2	2.2	3.0	1.6	2.9	0.1
Trans., Warehousing, and Utilities	88.1	89.3	90.2	91.5	91.8	91.8	92.6	92.8
% Ch	1.0	5.7	3.7	5.9	1.5	-0.0	3.6	0.9
Information	92.4	92.7	92.2	92.6	93.4	93.6	95.3	95.8
% Ch	-2.3	1.2	-1.9	2.0	3.2	0.9	7.4	2.0
Software Publishers	38.9	39.2	39.3	39.6	40.1	40.8	41.7	42.0
% Ch	5.6	3.5	1.4	2.4	6.0	6.9	8.8	3.4
Other Publishing Industries	11.3	11.4	11.4	11.3	11.2	11.1	11.3	11.3
% Ch	-5.7	1.2	1.2	-3.5	-4.6	-1.2	6.8	-0.4
Other Information	42.2	42.1	41.5	41.8	42.1	41.6	42.3	42.4
% Ch	-8.2	-0.9	-5.8	3.0	2.7	-3.9	6.1	1.4
Financial Activities	151.9	151.8	151.6	152.9	153.5	154.2	155.0	155.6
% Ch	-1.3	-0.3	-0.4	3.4	1.5	1.9	2.0	1.6
Professional and Business Services	296.6	301.2	303.7	308.0	313.9	316.6	319.2	322.7
% Ch	5.0	6.3	3.3	5.9	7.9	3.4	3.4	4.4
Education and Health Services	315.8	318.9	320.7	323.1	324.2	327.2	330.7	332.4
% Ch	0.6	4.0	2.3	3.1	1.4	3.8	4.3	2.2
Leisure and Hospitality	253.2	255.0	255.0	258.2	259.6	262.1	264.5	266.1
% Ch	1.8	2.9	0.1	5.0	2.3	3.9	3.7	2.4
Other Services	99.3	100.1	100.7	101.4	102.8	103.4	103.7	104.1
% Ch	1.2	3.4	2.1	3.1	5.7	2.1	1.4	1.3
Federal Government	69.9	69.7	69.8	69.6	69.8	69.4	68.9	69.1
% Ch	-0.6	-0.8	0.2	-0.8	0.9	-2.1	-3.3	1.2
State and Local Government	451.7	453.1	456.5	455.1	456.0	456.0	459.6	458.8
% Ch	1.1	1.2	3.1	-1.2	0.8	0.0	3.1	-0.7

Table A2.4
Washington Nonagricultural Employment by Industry
Forecast 2005 to 2007

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Nonfarm Payroll Employment	2,815.4	2,831.0	2,846.4	2,861.1	2,875.4	2,889.0	2,902.1	2,915.4
% Ch	2.2	2.2	2.2	2.1	2.0	1.9	1.8	1.8
Manufacturing	273.8	274.2	274.5	275.8	277.5	279.2	280.6	281.8
% Ch	1.3	0.5	0.5	1.9	2.5	2.5	2.0	1.7
Durable Manufacturing	193.0	194.5	195.6	197.0	198.3	199.4	200.2	201.1
% Ch	3.0	3.1	2.3	2.8	2.7	2.2	1.7	1.7
Wood Products	18.4	18.5	18.5	18.5	18.3	17.9	17.5	17.0
% Ch	2.0	3.0	-0.1	-0.2	-4.4	-7.5	-10.0	-10.4
Primary and Fabricated Metals	22.5	22.3	22.1	22.3	22.5	22.6	22.6	22.6
% Ch	-2.7	-3.0	-3.1	3.8	3.0	2.0	0.6	0.2
Computer and Electronic Products	21.5	21.0	20.4	19.6	19.3	19.0	18.9	18.8
% Ch	-5.5	-8.1	-10.9	-14.9	-6.9	-5.6	-2.6	-1.4
Machinery and Electrical Equipment	18.1	18.3	18.5	18.9	19.2	19.4	19.5	19.6
% Ch	4.4	5.4	4.4	8.5	6.4	4.9	2.2	1.0
Aerospace	70.5	71.9	73.4	74.8	76.3	77.7	79.1	80.4
% Ch	8.7	8.5	8.3	8.1	7.8	7.6	7.4	7.1
Other Transportation Equip.	13.2	13.4	13.5	13.6	13.5	13.4	13.4	13.4
% Ch	3.0	5.0	5.8	0.8	-1.7	-2.3	-1.4	0.1
Other Durables	29.0	29.1	29.2	29.3	29.3	29.3	29.3	29.2
% Ch	0.8	1.7	0.9	1.7	0.6	0.1	-0.6	-0.9
Nondurable Manufacturing	80.8	79.6	78.9	78.8	79.2	79.9	80.4	80.7
% Ch	-2.6	-5.6	-3.7	-0.5	2.1	3.4	2.8	1.7
Food Manufacturing	33.3	32.6	32.2	32.2	32.7	33.2	33.7	34.1
% Ch	-4.0	-8.6	-5.2	0.6	5.6	7.4	6.2	3.8
Paper and Paper Products	12.9	12.8	12.7	12.7	12.7	12.7	12.7	12.7
% Ch	-0.3	-3.3	-2.8	-1.7	-0.9	1.1	0.6	0.0
Other Nondurables	34.5	34.2	34.0	33.9	33.9	33.9	33.9	34.0
% Ch	-2.1	-3.6	-2.5	-1.1	-0.1	0.5	0.3	0.1
Natural Resources and Mining	9.0	9.0	9.0	9.1	9.0	9.0	8.9	8.9
% Ch	1.5	2.4	1.1	0.1	-1.2	-1.6	-1.8	-2.0
Construction	180.6	181.7	182.4	182.6	182.9	183.1	183.5	184.0
% Ch	1.0	2.6	1.4	0.4	0.8	0.4	0.9	1.1
Trade, Transportation, and Utilities	537.0	539.7	543.0	545.5	547.3	549.5	551.9	554.2
% Ch	2.5	2.1	2.4	1.8	1.3	1.7	1.7	1.7
Wholesale Trade	123.0	123.9	124.5	124.5	124.3	124.2	124.1	124.2
% Ch	2.7	3.0	1.7	-0.0	-0.4	-0.5	-0.2	0.5
Retail Trade	320.5	321.7	323.7	325.9	327.6	329.7	331.8	333.5
% Ch	2.4	1.4	2.6	2.7	2.0	2.7	2.5	2.0
Trans., Warehousing, and Utilities	93.5	94.1	94.8	95.1	95.3	95.6	96.0	96.5
% Ch	2.8	3.0	2.8	1.3	1.0	1.1	1.6	2.2
Information	95.8	96.6	97.8	98.8	99.4	100.0	100.7	101.4
% Ch	0.4	3.0	5.4	3.9	2.4	2.7	2.6	2.8
Software Publishers	42.5	42.9	43.3	43.6	43.9	44.2	44.6	45.1
% Ch	4.1	4.0	3.6	2.9	2.9	3.2	3.8	4.2
Other Publishing Industries	11.2	11.1	11.1	11.2	11.2	11.2	11.2	11.2
% Ch	-4.9	-1.2	-0.1	1.5	0.5	0.2	0.2	0.4
Other Information	42.2	42.5	43.5	44.0	44.3	44.6	44.8	45.1
% Ch	-1.9	3.2	8.8	5.6	2.3	2.9	2.0	2.0
Financial Activities	155.3	155.1	155.2	155.4	156.1	156.3	156.4	157.0
% Ch	-0.7	-0.5	0.2	0.4	1.8	0.7	0.2	1.5
Professional and Business Services	326.5	330.3	333.5	336.2	339.3	343.0	346.8	350.5
% Ch	4.8	4.7	3.9	3.3	3.8	4.4	4.5	4.4
Education and Health Services	334.1	336.5	338.6	340.6	342.4	344.1	345.7	347.9
% Ch	2.0	2.8	2.6	2.4	2.1	2.0	1.9	2.5
Leisure and Hospitality	267.5	269.7	271.6	273.3	274.7	275.4	276.4	276.8
% Ch	2.2	3.2	2.9	2.6	2.0	1.1	1.4	0.5
Other Services	104.4	104.8	105.3	105.9	106.3	106.8	107.3	107.8
% Ch	1.4	1.6	1.9	2.0	1.8	1.7	1.8	1.9
Federal Government	69.2	69.3	69.4	69.5	69.6	69.7	69.8	69.9
% Ch	0.7	0.5	0.6	0.6	0.6	0.6	0.6	0.6
State and Local Government	462.0	464.1	466.0	468.6	471.0	472.8	474.3	475.4
% Ch	2.8	1.9	1.6	2.2	2.0	1.6	1.2	1.0

Table A3.1
U.S. Personal Income by Component
Forecast 2005 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
Personal Income	8,429.7	8,724.1	8,881.9	9,169.1	9,713.3	10,294.7	10,959.4	11,566.3
% Ch	8.0	3.5	1.8	3.2	5.9	6.0	6.5	5.5
Total Wage and Salary Disbursements	4,829.2	4,942.8	4,980.9	5,111.1	5,389.5	5,737.5	6,064.4	6,409.0
% Ch	8.1	2.4	0.8	2.6	5.4	6.5	5.7	5.7
Nonwage Personal Income	3,600.4	3,781.3	3,901.0	4,058.0	4,323.8	4,557.2	4,895.0	5,157.3
% Ch	7.9	5.0	3.2	4.0	6.6	5.4	7.4	5.4
Supplements to Wages and Salaries	953.4	999.3	1,110.3	1,210.0	1,298.2	1,399.3	1,467.2	1,522.9
% Ch	7.6	4.8	11.1	9.0	7.3	7.8	4.8	3.8
Proprietor's Income	728.4	771.9	768.4	810.2	889.6	945.7	1,015.9	1,062.9
% Ch	7.4	6.0	-0.5	5.4	9.8	6.3	7.4	4.6
Farm	22.7	19.7	10.6	27.8	35.8	24.4	21.4	14.6
% Ch	-20.7	-13.1	-46.3	162.4	29.0	-31.9	-12.4	-31.7
Nonfarm	705.7	752.2	757.8	782.4	853.8	921.3	994.6	1,048.3
% Ch	8.6	6.6	0.7	3.2	9.1	7.9	8.0	5.4
Less: Contribution For Govt. Soc. Ins.	702.7	731.1	750.0	776.6	822.2	872.8	926.3	981.4
% Ch	6.2	4.0	2.6	3.5	5.9	6.2	6.1	5.9
Dividends/Int./Rent	1,537.3	1,547.4	1,486.2	1,470.4	1,530.8	1,547.0	1,678.9	1,806.1
% Ch	8.9	0.7	-4.0	-1.1	4.1	1.1	8.5	7.6
Transfer Payments	1,084.1	1,193.9	1,286.2	1,344.0	1,427.5	1,538.0	1,659.3	1,746.9
% Ch	6.1	10.1	7.7	4.5	6.2	7.7	7.9	5.3

Table A3.2
U.S. Personal Income by Component
Forecast 2005 to 2007

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Personal Income	8,814.7	8,892.0	8,895.4	8,925.5	9,013.7	9,118.6	9,215.4	9,328.7
% Ch	2.8	3.6	0.2	1.4	4.0	4.7	4.3	5.0
Total Wage and Salary Disbursements	4,961.2	4,989.4	4,988.5	4,984.5	5,029.7	5,087.8	5,139.8	5,187.3
% Ch	3.1	2.3	-0.1	-0.3	3.7	4.7	4.2	3.7
Nonwage Personal Income	3,853.5	3,902.6	3,906.9	3,941.0	3,984.0	4,030.8	4,075.6	4,141.4
% Ch	2.3	5.2	0.4	3.5	4.4	4.8	4.5	6.6
Supplements to Wages and Salaries	1,064.1	1,102.0	1,126.0	1,149.0	1,179.4	1,200.2	1,220.2	1,240.1
% Ch	20.9	15.0	9.0	8.4	11.0	7.2	6.8	6.7
Proprietor's Income	763.0	763.4	769.1	778.1	778.3	801.3	821.2	839.9
% Ch	-5.6	0.2	3.0	4.8	0.1	12.4	10.3	9.4
Farm	8.9	4.0	11.0	18.4	20.5	27.2	28.2	35.1
% Ch	-96.1	-95.9	5,619.1	682.9	54.1	209.9	15.5	140.0
Nonfarm	754.1	759.4	758.1	759.7	757.8	774.1	793.0	804.8
% Ch	0.0	2.8	-0.7	0.8	-1.0	8.9	10.1	6.1
Less: Contribution For Govt. Soc. Ins.	747.1	751.1	751.1	750.9	765.8	773.6	780.7	786.3
% Ch	8.5	2.2	-0.0	-0.1	8.2	4.1	3.7	2.9
Dividends/Int./Rent	1,512.7	1,504.2	1,470.3	1,457.6	1,472.3	1,465.9	1,457.9	1,485.3
% Ch	-6.1	-2.2	-8.7	-3.4	4.1	-1.7	-2.2	7.7
Transfer Payments	1,260.9	1,284.0	1,292.7	1,307.1	1,319.8	1,336.9	1,356.8	1,362.3
% Ch	7.7	7.5	2.7	4.5	3.9	5.3	6.1	1.6

Table A3.2
U.S. Personal Income by Component
Forecast 2005 to 2007

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
Personal Income	9,484.8	9,614.3	9,729.2	10,024.8	10,073.4	10,228.5	10,335.5	10,541.4
% Ch	6.9	5.6	4.9	12.7	2.0	6.3	4.3	8.2
Total Wage and Salary Disbursements	5,254.8	5,318.1	5,422.0	5,562.9	5,629.9	5,710.4	5,765.7	5,843.9
% Ch	5.3	4.9	8.0	10.8	4.9	5.8	3.9	5.5
Nonwage Personal Income	4,230.0	4,296.2	4,307.2	4,461.9	4,443.5	4,518.1	4,569.8	4,697.5
% Ch	8.8	6.4	1.0	15.2	-1.6	6.9	4.7	11.7
Supplements to Wages and Salaries	1,271.9	1,285.5	1,302.3	1,333.0	1,371.9	1,394.8	1,407.5	1,423.1
% Ch	10.7	4.3	5.3	9.8	12.2	6.9	3.7	4.5
Proprietor's Income	870.2	898.3	889.1	900.9	917.9	941.7	948.0	975.0
% Ch	15.2	13.6	-4.0	5.4	7.8	10.8	2.7	11.9
Farm	44.8	44.1	29.7	24.6	24.7	24.7	24.8	23.4
% Ch	165.4	-6.1	-79.4	-52.9	1.6	0.0	0.9	-19.8
Nonfarm	825.4	854.2	859.4	876.3	893.2	917.0	923.3	951.6
% Ch	10.6	14.7	2.5	8.1	7.9	11.1	2.8	12.9
Less: Contribution For Govt. Soc. Ins.	806.3	813.0	825.9	843.5	861.0	870.1	875.5	884.4
% Ch	10.6	3.4	6.5	8.8	8.5	4.3	2.5	4.1
Dividends/Int./Rent	1,494.7	1,505.7	1,500.3	1,622.3	1,525.9	1,542.2	1,522.0	1,598.0
% Ch	2.6	3.0	-1.4	36.7	-21.7	4.3	-5.1	21.5
Transfer Payments	1,399.6	1,419.8	1,441.5	1,449.2	1,488.8	1,509.5	1,567.8	1,585.8
% Ch	11.4	5.9	6.3	2.2	11.4	5.7	16.4	4.7

Table A3.2
U.S. Personal Income by Component
Forecast 2005 to 2007

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Personal Income	10,713.9	10,883.5	11,049.2	11,191.0	11,336.0	11,484.8	11,640.2	11,804.4
% Ch	6.7	6.5	6.2	5.2	5.3	5.4	5.5	5.8
Total Wage and Salary Disbursements	5,932.5	6,022.3	6,109.1	6,193.7	6,280.8	6,364.3	6,449.8	6,541.1
% Ch	6.2	6.2	5.9	5.7	5.7	5.4	5.5	5.8
Nonwage Personal Income	4,781.3	4,861.2	4,940.0	4,997.2	5,055.2	5,120.5	5,190.4	5,263.3
% Ch	7.3	6.9	6.6	4.7	4.7	5.3	5.6	5.7
Supplements to Wages and Salaries	1,446.0	1,460.0	1,474.0	1,488.7	1,501.8	1,516.3	1,529.2	1,544.4
% Ch	6.6	3.9	3.9	4.1	3.6	3.9	3.4	4.0
Proprietor's Income	996.1	1,013.8	1,022.4	1,031.5	1,043.6	1,056.7	1,069.0	1,082.1
% Ch	8.9	7.3	3.4	3.6	4.8	5.1	4.8	5.0
Farm	22.7	23.0	20.9	19.0	17.7	15.6	13.5	11.4
% Ch	-12.3	5.1	-31.9	-31.7	-23.2	-39.9	-43.6	-49.6
Nonfarm	973.5	990.9	1,001.5	1,012.5	1,025.9	1,041.1	1,055.5	1,070.7
% Ch	9.5	7.3	4.4	4.5	5.4	6.1	5.7	5.9
Less: Contribution For Govt. Soc. Ins.	908.5	919.8	932.2	944.7	967.4	975.8	984.9	997.6
% Ch	11.3	5.1	5.5	5.5	10.0	3.5	3.8	5.2
Dividends/Int./Rent	1,623.5	1,659.4	1,700.8	1,732.0	1,761.4	1,787.5	1,820.5	1,854.9
% Ch	6.5	9.1	10.3	7.6	7.0	6.1	7.6	7.8
Transfer Payments	1,624.2	1,647.8	1,675.1	1,689.8	1,715.7	1,735.7	1,756.5	1,779.5
% Ch	10.0	5.9	6.8	3.6	6.3	4.8	4.9	5.3

Table A3.3
Washington Personal Income by Component
Forecast 2005 to 2007

	2000	2001	2002	2003	2004	2005	2006	2007
Personal Income	187.853	193.498	198.371	203.890	218.369	226.937	243.926	259.392
% Ch	7.0	3.0	2.5	2.8	7.1	3.9	7.5	6.3
Total Wage and Salary Disbursements	110.002	110.616	111.357	114.150	118.314	126.186	134.813	143.703
% Ch	6.0	0.6	0.7	2.5	3.6	6.7	6.8	6.6
Manufacturing	0.000	15.241	14.660	13.594	13.850	14.963	15.931	17.014
% Ch	#DIV/0!	#DIV/0!	-3.8	-7.3	1.9	8.0	6.5	6.8
Durable Manufacturing	0.000	11.615	10.772	10.100	10.323	11.283	12.146	13.023
% Ch	#DIV/0!	#DIV/0!	-7.3	-6.2	2.2	9.3	7.6	7.2
Nondurable Manufacturing	0.000	3.627	3.888	3.494	3.527	3.679	3.786	3.991
% Ch	#DIV/0!	#DIV/0!	7.2	-10.1	0.9	4.3	2.9	5.4
Nonmanufacturing	0.000	91.162	92.193	95.640	99.380	105.734	113.086	120.599
% Ch	#DIV/0!	#DIV/0!	1.1	3.7	3.9	6.4	7.0	6.6
Other Private Wages	0.000	1.032	1.081	1.136	1.165	1.258	1.357	1.457
% Ch	#DIV/0!	#DIV/0!	4.7	5.0	2.6	8.0	7.9	7.4
Farm Wages	1.004	1.007	0.967	1.178	1.223	1.274	1.342	1.410
% Ch	2.2	0.2	-3.9	21.8	3.9	4.1	5.4	5.0
Military Wages	2.001	2.173	2.455	2.603	2.697	2.958	3.097	3.223
% Ch	4.9	8.6	13.0	6.0	3.6	9.7	4.7	4.1
Nonwage Personal Income	77.852	82.882	87.014	89.740	100.055	100.751	109.113	115.689
% Ch	8.5	6.5	5.0	3.1	11.5	0.7	8.3	6.0
Supplements to Wages and Salaries	22.875	23.245	25.400	27.209	29.332	31.490	33.347	35.014
% Ch	7.5	1.6	9.3	7.1	7.8	7.4	5.9	5.0
Proprietor's Income	14.150	16.163	16.990	17.934	19.631	21.506	23.363	24.681
% Ch	7.6	14.2	5.1	5.6	9.5	9.6	8.6	5.6
Farm	0.444	0.214	0.350	0.112	0.198	0.144	0.425	0.511
% Ch	24.4	-51.9	63.5	-67.9	76.8	-27.4	195.3	20.2
Nonfarm	13.705	15.948	16.641	17.821	19.432	21.362	22.937	24.170
% Ch	7.2	16.4	4.3	7.1	9.0	9.9	7.4	5.4
Less: Contribution For Govt. Soc. Ins.	18.189	17.820	18.364	19.039	20.185	21.654	23.161	24.752
% Ch	7.3	-2.0	3.1	3.7	6.0	7.3	7.0	6.9
Plus: Residence Adjustment	2.182	2.312	2.311	2.340	2.535	2.768	2.957	3.112
% Ch	12.5	6.0	-0.1	1.3	8.3	9.2	6.8	5.2
Dividends/Int./Rent	34.521	33.905	34.081	33.453	40.267	35.969	38.808	41.864
% Ch	10.1	-1.8	0.5	-1.8	20.4	-10.7	7.9	7.9
Transfer Payments	22.314	25.078	26.595	27.844	28.477	30.673	33.799	35.769
% Ch	6.4	12.4	6.0	4.7	2.3	7.7	10.2	5.8
State U.I. Benefits	0.923	1.374	2.386	2.238	1.133	1.204	1.382	0.933
% Ch	-2.5	48.8	73.6	-6.2	-49.4	6.3	14.7	-32.5
Other Transfers	21.390	23.704	24.209	25.606	27.344	29.468	32.417	34.836
% Ch	6.9	10.8	2.1	5.8	6.8	7.8	10.0	7.5

Table A3.4
Washington Personal Income by Component
Forecast 2005 to 2007

	2002:1	2002:2	2002:3	2002:4	2003:1	2003:2	2003:3	2003:4
Personal Income	197.019	198.665	199.248	198.552	200.164	203.414	207.040	204.942
% Ch	8.4	3.4	1.2	-1.4	3.3	6.7	7.3	-4.0
Total Wage and Salary Disbursements	111.081	111.181	111.935	111.230	111.822	114.285	116.919	113.572
% Ch	8.2	0.4	2.7	-2.5	2.1	9.1	9.5	-11.0
Manufacturing	15.271	14.407	14.627	14.336	13.964	13.555	13.434	13.423
% Ch	25.5	-20.8	6.2	-7.7	-10.0	-11.2	-3.5	-0.3
Durable Manufacturing	11.327	10.725	10.522	10.516	10.450	9.994	10.007	9.950
% Ch	17.2	-19.6	-7.4	-0.2	-2.5	-16.3	0.5	-2.3
Nondurable Manufacturing	3.944	3.682	4.105	3.820	3.514	3.561	3.427	3.473
% Ch	53.9	-24.0	54.5	-25.0	-28.4	5.5	-14.2	5.5
Nonmanufacturing	91.323	92.268	92.770	92.410	92.922	95.751	98.556	95.330
% Ch	5.2	4.2	2.2	-1.5	2.2	12.7	12.2	-12.5
Other Private Wages	1.090	1.070	1.095	1.070	1.187	1.152	1.143	1.060
% Ch	5.7	-7.1	9.7	-8.8	51.4	-11.3	-3.1	-26.0
Farm Wages	0.973	0.969	0.965	0.961	1.165	1.171	1.181	1.193
% Ch	-13.2	-1.6	-1.6	-1.6	116.0	2.1	3.5	4.1
Military Wages	2.424	2.467	2.478	2.453	2.584	2.656	2.605	2.566
% Ch	40.9	7.3	1.8	-4.0	23.1	11.6	-7.5	-5.9
Nonwage Personal Income	85.938	87.483	87.313	87.321	88.342	89.129	90.121	91.369
% Ch	8.7	7.4	-0.8	0.0	4.8	3.6	4.5	5.7
Supplements to Wages and Salaries	24.630	25.211	25.755	26.005	26.514	27.141	27.852	27.330
% Ch	22.9	9.8	8.9	3.9	8.1	9.8	10.9	-7.3
Proprietor's Income	16.765	16.982	17.044	17.171	17.199	17.706	18.259	18.571
% Ch	15.9	5.3	1.5	3.0	0.7	12.3	13.1	7.0
Farm	0.358	0.373	0.337	0.330	0.036	0.115	0.131	0.167
% Ch	1.E+03	17.8	-33.4	-8.1	-100.0	1.E+04	68.4	164.1
Nonfarm	16.407	16.609	16.707	16.841	17.163	17.591	18.128	18.403
% Ch	11.3	5.0	2.4	3.2	7.9	10.4	12.8	6.2
Less: Contribution For Govt. Soc. Ins.	18.293	18.320	18.456	18.388	18.707	19.038	19.429	18.981
% Ch	14.3	0.6	3.0	-1.5	7.1	7.3	8.5	-8.9
Plus: Residence Adjustment	2.274	2.316	2.304	2.349	2.308	2.300	2.316	2.435
% Ch	-4.1	7.6	-2.1	8.0	-6.8	-1.4	2.8	22.2
Dividends/Int./Rent	34.555	34.657	33.830	33.284	33.577	33.194	33.098	33.941
% Ch	10.2	1.2	-9.2	-6.3	3.6	-4.5	-1.2	10.6
Transfer Payments	26.007	26.637	26.836	26.900	27.451	27.826	28.025	28.074
% Ch	-4.0	10.0	3.0	1.0	8.4	5.6	2.9	0.7
State U.I. Benefits	2.049	2.543	2.568	2.383	2.286	2.308	2.228	2.130
% Ch	99.5	137.3	4.0	-25.8	-15.3	3.9	-13.2	-16.5
Other Transfers	23.959	24.094	24.268	24.517	25.165	25.518	25.797	25.944
% Ch	-9.3	2.3	2.9	4.2	11.0	5.7	4.4	2.3

Table A3.4
Washington Personal Income by Component
Forecast 2005 to 2007

	2004:1	2004:2	2004:3	2004:4	2005:1	2005:2	2005:3	2005:4
Personal Income	207.696	212.949	214.618	238.213	219.724	224.290	230.613	233.122
% Ch	5.5	10.5	3.2	51.8	-27.6	8.6	11.8	4.4
Total Wage and Salary Disbursements	114.868	118.704	119.941	119.743	122.146	124.590	129.170	128.838
% Ch	4.6	14.0	4.2	-0.7	8.3	8.2	15.5	-1.0
Manufacturing	13.267	13.825	14.264	14.043	14.620	14.843	15.040	15.348
% Ch	-4.6	17.9	13.3	-6.1	17.5	6.3	5.4	8.4
Durable Manufacturing	9.825	10.254	10.770	10.442	10.962	11.207	11.378	11.587
% Ch	-4.9	18.6	21.7	-11.7	21.5	9.3	6.2	7.6
Nondurable Manufacturing	3.442	3.571	3.493	3.601	3.658	3.636	3.662	3.761
% Ch	-3.5	15.9	-8.4	12.9	6.5	-2.4	3.0	11.2
Nonmanufacturing	96.533	99.777	100.621	100.589	102.094	104.292	108.632	107.918
% Ch	5.1	14.1	3.4	-0.1	6.1	8.9	17.7	-2.6
Other Private Wages	1.137	1.187	1.147	1.189	1.235	1.247	1.259	1.289
% Ch	32.4	18.8	-12.8	15.3	16.5	4.0	4.0	9.8
Farm Wages	1.205	1.217	1.229	1.241	1.253	1.265	1.278	1.298
% Ch	4.1	4.0	4.0	4.0	3.9	4.0	4.0	6.5
Military Wages	2.726	2.698	2.681	2.682	2.944	2.942	2.961	2.985
% Ch	27.4	-4.0	-2.5	0.1	45.2	-0.3	2.6	3.4
Nonwage Personal Income	92.828	94.246	94.677	118.470	97.578	99.701	101.444	104.284
% Ch	6.5	6.3	1.8	145.2	-54.0	9.0	7.2	11.7
Supplements to Wages and Salaries	28.317	29.225	29.876	29.908	30.779	31.317	31.740	32.123
% Ch	15.2	13.5	9.2	0.4	12.2	7.2	5.5	4.9
Proprietor's Income	18.915	19.543	19.739	20.326	20.616	21.317	21.804	22.289
% Ch	7.6	14.0	4.1	12.4	5.8	14.3	9.5	9.2
Farm	0.197	0.190	0.188	0.219	-0.048	0.102	0.225	0.298
% Ch	93.6	-13.5	-4.1	84.1	-99.8	1,948.3	2,238.9	208.3
Nonfarm	18.718	19.353	19.551	20.107	20.664	21.215	21.579	21.992
% Ch	7.0	14.3	4.2	11.9	11.5	11.1	7.1	7.9
Less: Contribution For Govt. Soc. Ins.	19.474	20.058	20.547	20.663	21.300	21.542	21.770	22.006
% Ch	10.8	12.5	10.1	2.3	12.9	4.6	4.3	4.4
Plus: Residence Adjustment	2.490	2.521	2.531	2.597	2.672	2.741	2.806	2.854
% Ch	9.3	5.1	1.6	10.8	12.1	10.7	9.9	7.0
Dividends/Int./Rent	34.327	34.590	34.694	57.455	35.249	35.656	36.085	36.885
% Ch	4.6	3.1	1.2	652.1	-85.8	4.7	4.9	9.2
Transfer Payments	28.253	28.425	28.384	28.847	29.562	30.212	30.779	32.138
% Ch	2.6	2.5	-0.6	6.7	10.3	9.1	7.7	18.9
State U.I. Benefits	1.527	1.100	1.011	0.894	0.764	0.881	1.366	1.807
% Ch	-73.6	-73.1	-28.6	-38.9	-46.7	76.6	478.5	206.2
Other Transfers	26.726	27.325	27.373	27.953	28.798	29.331	29.414	30.332
% Ch	12.6	9.3	0.7	8.7	12.7	7.6	1.1	13.1

Table A3.4
Washington Personal Income by Component
Forecast 2005 to 2007

	2006:1	2006:2	2006:3	2006:4	2007:1	2007:2	2007:3	2007:4
Personal Income	236.837	240.517	249.314	249.036	252.407	255.708	265.082	264.371
% Ch	6.5	6.4	15.5	-0.4	5.5	5.3	15.5	-1.1
Total Wage and Salary Disbursements	130.506	132.267	139.119	137.362	139.282	140.931	148.558	146.043
% Ch	5.3	5.5	22.4	-5.0	5.7	4.8	23.5	-6.6
Manufacturing	15.579	15.806	16.035	16.305	16.590	16.876	17.155	17.436
% Ch	6.2	5.9	5.9	6.9	7.2	7.1	6.8	6.7
Durable Manufacturing	11.802	12.038	12.256	12.486	12.709	12.919	13.125	13.340
% Ch	7.6	8.2	7.5	7.7	7.3	6.8	6.5	6.7
Nondurable Manufacturing	3.777	3.768	3.779	3.818	3.881	3.957	4.030	4.096
% Ch	1.8	-1.0	1.2	4.2	6.7	8.1	7.6	6.7
Nonmanufacturing	109.205	110.689	117.261	115.189	116.678	117.991	125.288	122.440
% Ch	4.9	5.5	25.9	-6.9	5.3	4.6	27.1	-8.8
Other Private Wages	1.317	1.344	1.371	1.395	1.419	1.444	1.470	1.496
% Ch	8.8	8.6	8.4	7.0	7.1	7.2	7.3	7.5
Farm Wages	1.316	1.334	1.352	1.368	1.384	1.401	1.418	1.436
% Ch	5.7	5.4	5.5	4.8	4.9	4.9	5.0	5.1
Military Wages	3.088	3.094	3.100	3.107	3.211	3.219	3.227	3.235
% Ch	14.5	0.8	0.8	0.8	14.2	1.0	0.9	1.0
Nonwage Personal Income	106.331	108.251	110.194	111.674	113.125	114.777	116.524	118.328
% Ch	8.1	7.4	7.4	5.5	5.3	6.0	6.2	6.3
Supplements to Wages and Salaries	32.738	33.132	33.551	33.969	34.410	34.820	35.199	35.628
% Ch	7.9	4.9	5.2	5.1	5.3	4.9	4.4	5.0
Proprietor's Income	22.818	23.268	23.542	23.822	24.158	24.517	24.853	25.198
% Ch	9.8	8.1	4.8	4.8	5.8	6.1	5.6	5.7
Farm	0.358	0.421	0.449	0.474	0.498	0.510	0.517	0.520
% Ch	108.4	91.9	29.8	24.0	21.9	9.8	5.6	2.1
Nonfarm	22.461	22.847	23.093	23.348	23.659	24.007	24.336	24.678
% Ch	8.8	7.1	4.4	4.5	5.4	6.0	5.6	5.8
Less: Contribution For Govt. Soc. Ins.	22.645	22.969	23.337	23.694	24.326	24.587	24.865	25.230
% Ch	12.1	5.9	6.6	6.3	11.1	4.4	4.6	6.0
Plus: Residence Adjustment	2.898	2.935	2.977	3.017	3.055	3.092	3.130	3.170
% Ch	6.3	5.3	5.8	5.5	5.1	5.0	5.0	5.2
Dividends/Int./Rent	37.504	38.349	39.315	40.066	40.779	41.421	42.215	43.040
% Ch	6.9	9.3	10.5	7.9	7.3	6.4	7.9	8.1
Transfer Payments	33.018	33.536	34.146	34.494	35.048	35.514	35.992	36.521
% Ch	11.4	6.4	7.5	4.1	6.6	5.4	5.5	6.0
State U.I. Benefits	1.556	1.452	1.328	1.191	0.999	0.954	0.888	0.892
% Ch	-44.9	-24.3	-29.9	-35.3	-50.5	-17.0	-24.7	1.6
Other Transfers	31.462	32.085	32.817	33.303	34.049	34.560	35.104	35.629
% Ch	15.8	8.2	9.5	6.1	9.3	6.1	6.4	6.1

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
1967	0.232	2.5	0.334	2.8	0.328	2.9
1968	0.241	3.9	0.348	4.2	0.342	4.1
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	1.771	2.8	1.857	3.6
2002	1.035	1.4	1.798	1.6	1.893	2.0
2003	1.055	1.9	1.840	2.3	1.924	1.6
2004	1.082	2.6	1.889	2.7	1.947	1.2
Forecast						
2005	1.114	2.9	1.954	3.5	2.010	3.2
2006	1.141	2.5	2.007	2.7	2.064	2.7
2007	1.167	2.2	2.049	2.1	2.110	2.2

* 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
1967	18.349	3.0	23.023	1.6	12.295	3.2	20.700	3.3
1968	19.128	4.2	23.865	3.7	12.668	3.0	21.005	1.5
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	13.507	4.2	21.890	0.9
1971	22.340	5.5	27.384	3.1	14.417	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	82.044	-1.1	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	-3.1	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	91.687	-9.9	90.433	-6.1
2003	109.246	3.0	106.987	1.9	109.693	19.6	105.165	16.3
2004	112.695	3.2	110.262	3.1	125.767	14.7	123.939	17.9
Forecast								
2005	116.116	3.0	112.792	2.3	170.746	35.8	152.802	23.3
2006	119.901	3.3	115.445	2.4	182.251	6.7	158.823	3.9
2007	123.452	3.0	117.794	2.0	183.881	0.9	159.191	0.2

Table A5.1

Washington Resident Population and Components of Change*

(Thousands)

	Population	Change	Percent Change	Births	Deaths	Net Migration
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	22.2
2004	6167.8	69.5	1.1	80.9	46.5	35.1
Forecast						
2005	6256.9	89.1	1.4	83.0	47.8	53.8
2006	6352.7	95.8	1.5	85.1	48.5	59.1
2007	6449.9	97.2	1.5	86.4	49.2	60.0

* As of April 1 of Each Year

Source: Office of Financial Management

Table A5.2
Washington Population*
(Thousands)

	Actual			Forecast		
	2002	**2003**	**2004**	**2005**	**2006**	**2007**
Total Population	6041.7	6098.3	6167.8	6256.9	6352.7	6449.9
Percent Change	1.1	0.9	1.1	1.4	1.5	1.5
Age 17 and Under	1522.8	1520.1	1522.1	1533.1	1545.8	1558.7
Percent of Total	25.2	24.9	24.7	24.5	24.3	24.2
Age 6-18	1130.0	1128.1	1128.6	1132.7	1138.3	1144.9
Percent of Total	18.7	18.5	18.3	18.1	17.9	17.8
Age 18 and Over	4518.9	4578.2	4645.7	4723.8	4806.9	4891.1
Percent of Total	74.8	75.1	75.3	75.5	75.7	75.8
Age 21 and Over	4257.2	4314.1	4379.1	4454.6	4534.5	4616.4
Percent of Total	70.5	70.7	71.0	71.2	71.4	71.6
Age 20-34	1255.0	1263.3	1273.5	1284.2	1301.5	1323.9
Percent of Total	20.8	20.7	20.6	20.5	20.5	20.5
Age 18-64	3841.7	3891.3	3949.2	4015.1	4084.7	4152.2
Percent of Total	63.6	63.8	64.0	64.2	64.3	64.4
Age 65 and Over	677.2	686.9	696.6	708.7	722.2	738.9
Percent of Total	11.2	11.3	11.3	11.3	11.4	11.5

* 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.