

# Economic and Revenue Update September 2021

September 17, 2021

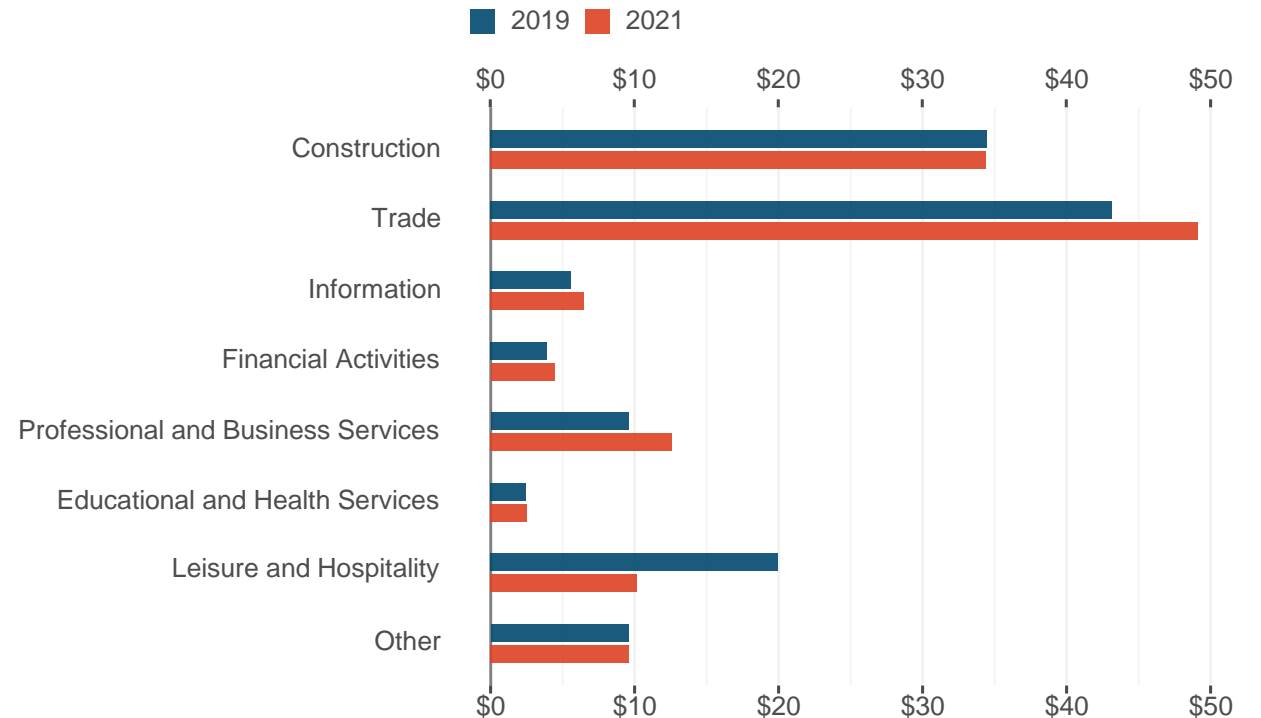


# Sales and use tax revenue: 2021 Q1 and Q2

- Year-to-date distribution \$129.456 million
- \$0.213 million (0.16%) below August forecast
- \$0.495 million (0.38%) above 2019 revenue
- Leisure and hospitality sector continues to offset gains by trade, professional and business services, and information services
- Restaurants account for 42.8% and hotels for 34.8% of leisure and hospitality sector's loss compared to 2019

Sales and Use Tax Revenue, 2021 H1 vs 2019 H1

March through August Distribution, \$ million

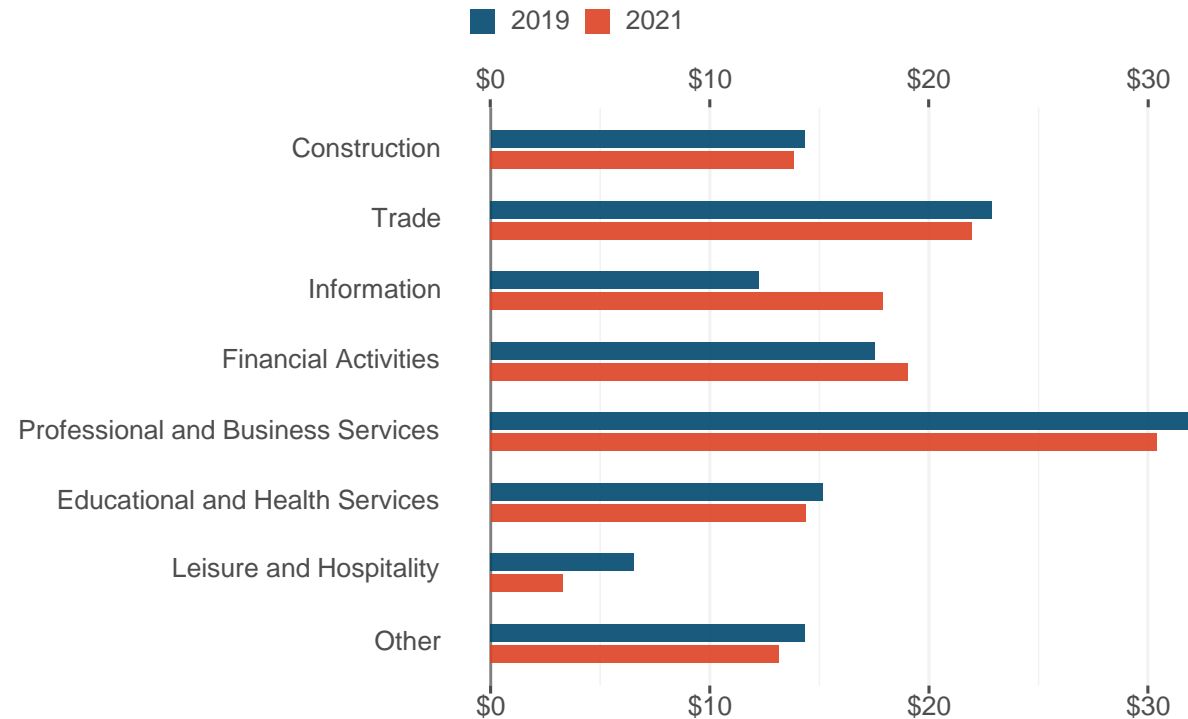


# B&O tax revenue: 2021 Q1 and Q2

- Total payments for Q1 and Q2 obligations \$134.012 million
- \$1.454 million (1.09%) above August forecast
- \$1.270 million (0.94%) below 2019 revenue
- Carried by strong information sector and financial services
- Leisure and hospitality, professional and business services responsible for decline from 2019

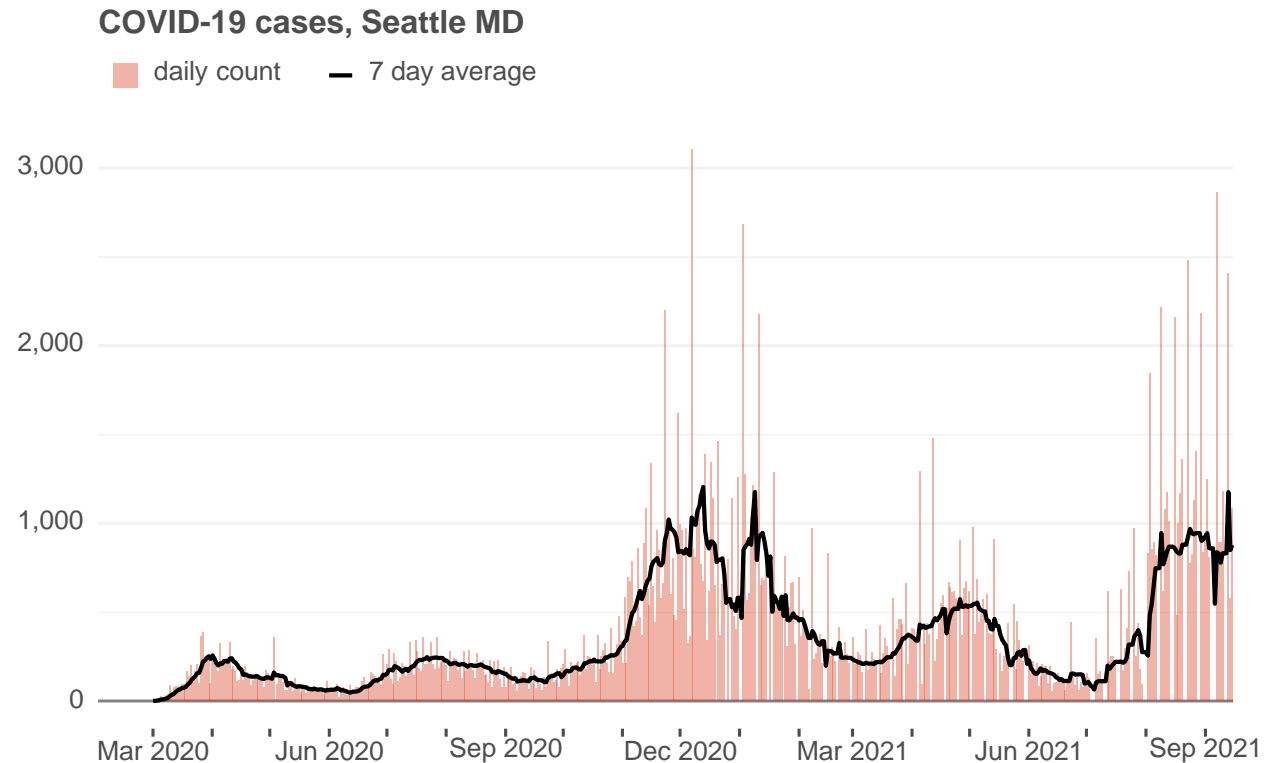
**B&O Tax Revenue, 2021 H1 vs 2019 H1**

Total Payments for Q1 and Q2 Obligations, \$ million



# Forecast risks increased as Delta variant spreads

- Outlook for the second half of 2021 and 2022 worse than two months ago
- COVID-19 cases as high as in December 2020
- Concerns about spending, consumers more cautious about travel, dining out
- Supply chain disruptions, shortage of available workers, inflation remain an issue

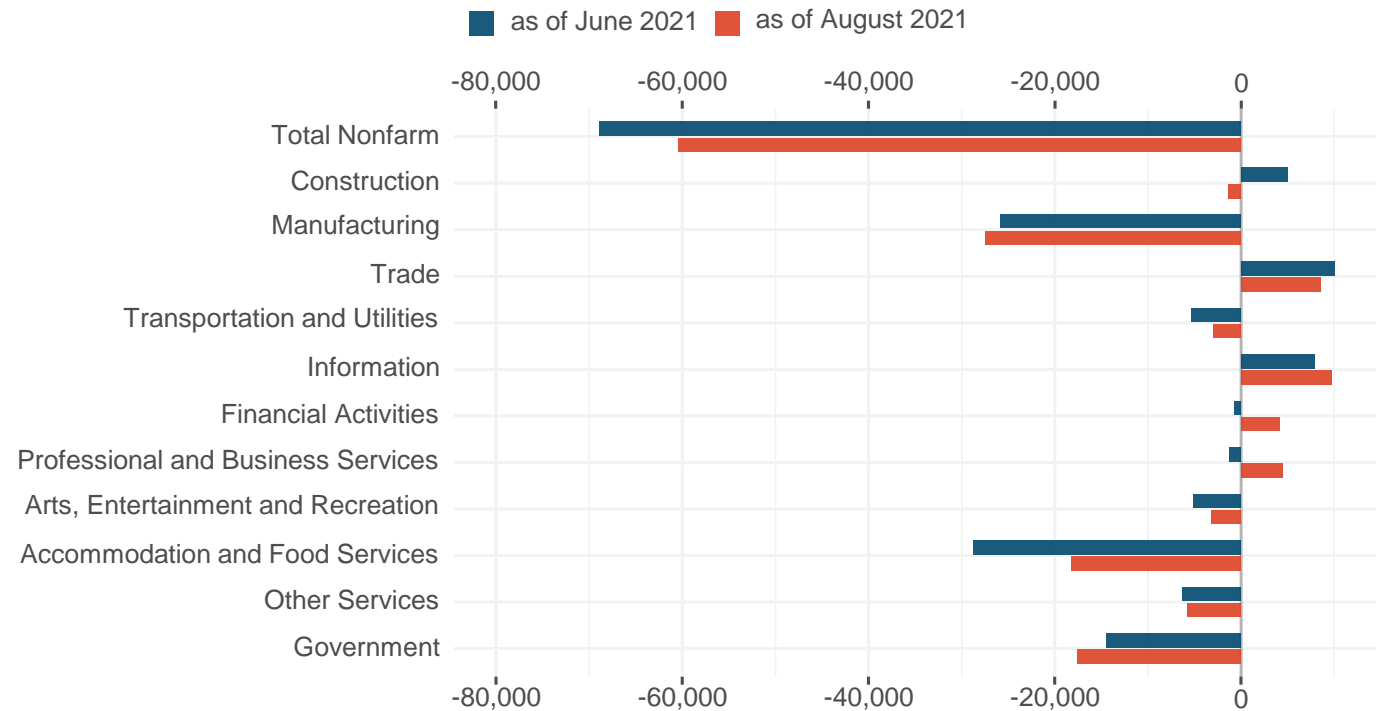


Source: Data from The New York Times, based on reports from state and local health agencies.

# Employment recovery slowly continues

- Leisure and hospitality sector and total employment and continued in recovery, slowed down by shortage of workers
- Washington State Employment Security department revised June employment down slightly by 0.49%
- Downward revisions for manufacturing and construction more significant
- Manufacturing now the sector with biggest job losses relative to February 2020 as a result of layoffs at Boeing

Change in Seattle MD employment, from February 2020



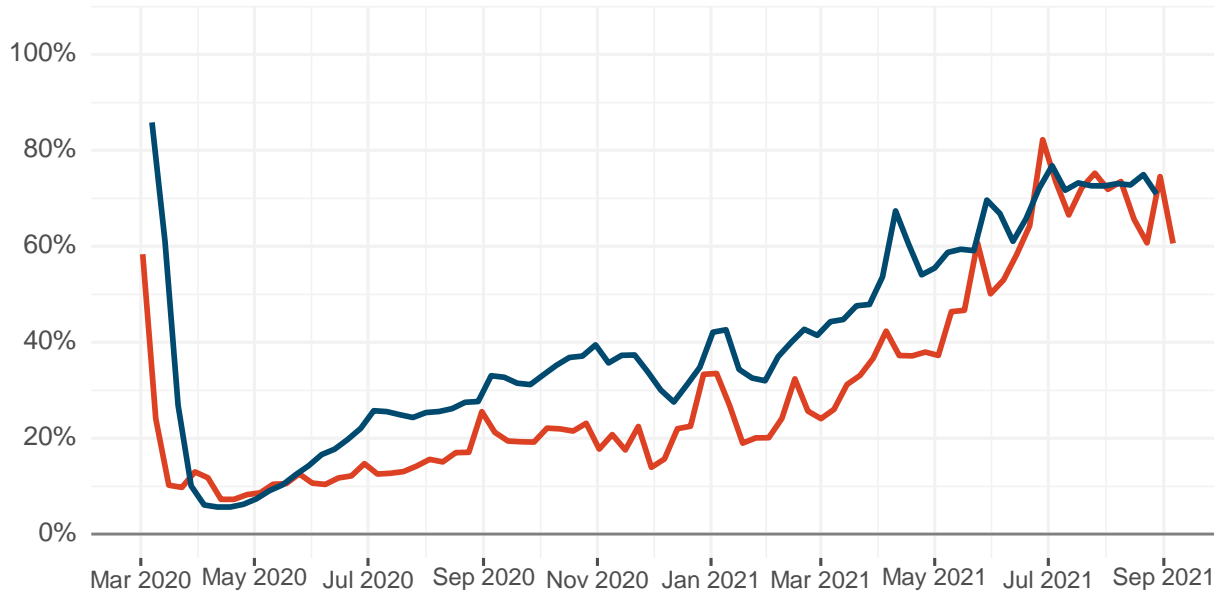
Source: Washington Employment Security Department. Not Seasonally Adjusted.

# Travel, dining out stayed flat over summer

## Seattle Travel Recovery

Compared to same week in 2019

— Hotel occupancy — TSA Screened Travelevers at SEA Airport



Source: Transportation Security Administration, Hotel occupancy rates from STR and Visit Seattle.

## Seated Diners at Restaurants

Compared to same week-day in 2019, 7 day average

— Seattle — United States



Source: OpenTable





# U.S. economic forecast revised down

- IHS Markit economic forecast scenario probabilities in September 2021
  - Baseline 50%
  - Pessimistic 30% (up from 20% in July)
- Downward outlook revision compared to July forecast, particularly for 2022

		July 2021 Baseline	September 2021 Baseline	Difference
Employment (mil.)	2021	146.183	146.031	-0.152
	2022	151.543	151.072	-0.471
Personal Income (bn. \$, annual rate)	2021	21,085.1	20,856.7	-228.5
	2022	21,279.4	20,991.5	-287.8
Personal Outlays (bn. \$, annual rate)	2021	16,170.9	16,159.0	-11.8
	2022	17,248.6	17,095.7	-152.9
Retail Sales (bn. \$, annual rate)	2021	7,265.1	7,328.7	63.6
	2022	7,413.2	7,390.4	-22.8

- After IHS forecast was finalized, retail sales grew 0.7% month-over-month in August instead of expected 1.0% drop, showing some resilience despite Delta concerns