

FOR IMMEDIATE RELEASE

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OLYMPIA, September 18, 2001 --- The September revenue forecast was based on an economic forecast that predated the terrorist attacks on New York and Washington. Even before those tragic events, the U.S. and Washington State economies were showing more sluggish growth than expected in June. Labor markets have been weak nationally and locally with almost no job growth all year and rising unemployment. Recent declines in consumer confidence and the stock market suggest that an upturn is not imminent and that the greatest risks are on the downside. As a result, we have lowered our revenue forecast for the 2001-03 biennium.

Actual General Fund-State revenue for the 1999-01 biennium was \$21,261.4 million, a decrease of \$23.7 million from the June forecast. The General Fund-State revenue forecast for the current biennium is \$22,021.8 million, a reduction of \$77.3 million from the June estimate. For the two biennia combined, the forecast change due to economic factors is a negative \$119.2 million but legislative changes added \$18.1 million resulting in a net reduction of \$101.0 million.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2001-03 biennium. The forecast based on more optimistic economic assumptions netted \$549 million (2.5 percent) more revenue than did the baseline forecast while the pessimistic scenario was \$893 million (4.1 percent) lower. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$51 million (0.2 percent) less revenue than did the baseline forecast.

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