

**OFFICE OF ECONOMIC AND
King Street Center, 3rd floor, 201**



**FINANCIAL ANALYSIS
South Jackson Street, Seattle,**

2026 Work Program

The primary mission of the Office of Economic and Financial Analysis (OEFA) is to produce official economic and revenue forecasts for King County that are independent, transparent, and employ the best practices of professional forecasting. Additionally, the Forecast Council may assign additional economic and financial studies to OEFA. This document outlines the proposed work plan and timelines of OEFA work and work products for 2026.

Revenue Forecasts

OEFA will continue to produce official economic and revenue forecasts for King County including forecasts of assessed value, new construction, sales taxes, REET, investment pool return, inflation, and others. OEFA is required to prepare and present a minimum of two forecasts per year. The March forecast is the first preliminary forecast of the year, and the July forecast is used for setting the current KC budget. In the past, it has been customary for OEFA to produce a third forecast and in 2025 the third forecast was completed in December. In 2026, OEFA will continue this practice of having a third forecast in December. The purpose of this third forecast is to update projections in the July forecast with more current data available, including the latest county assessor's worksheets for property taxes for the upcoming year. This third forecast would not be used to develop the current year's budget but would be used to set future projections of proposed new property tax levies or other proposed legislation. Prior to each of the formal meetings of the Forecast Council, OEFA staff will provide briefings to review a draft of the forecast, discuss preliminary forecast findings, and respond to requests for additional information in advance of formal approval. The following is the proposed schedule for Forecast Council working sessions and formal meetings in 2026:

<u>Meeting</u>	<u>Day</u>	<u>Time</u>	<u>Location</u>
Formal Presentation	March 13, 2026	10 AM	Virtual Meeting
Formal Presentation	TBD July 2026	TBD	Virtual Meeting
TBD	TBD Nov./Dec. 2026	TBD	Web posting

OEFA has set the Council meetings as virtual but can be in-person if Councilmembers would like that format. The third forecast will be posted to OEFA's website unless a meeting is requested by the Council. The forecast documents will generally be consistent with past years. OEFA will continue forecasting to ten-year forecast horizons when appropriate to help facilitate the County's financial planning efforts.

Additional Projects

Listed below are additional OEFA projects that either are ongoing or are proposed to be initiated in 2026:

Economic and Revenue Forecasting

OEFA proposes to continue its efforts improving existing economic and revenue forecasting and adding forecasts as appropriate. Proposed work for 2026 includes:

1. Maintaining and documenting models and continuing to improve, refine and analyze the accuracy of forecast revenue models. OEFA will explore alternative methods of incorporating annexations and tax increment financing areas into the revenue forecasts.
2. Publishing new economic forecasts quarterly in February, May, August, and October on OEFA's website and expanding the forecasts as appropriate and as resources allow.
3. Making OEFA staff available to assist other King County agencies with economic and revenue forecasting and forecasting related questions.

Revenue Documentation

A best practice identified by the National Association of State and Local Budget Officials (NASLB) recommends that local governments create Revenue Manuals outlining significant revenues, sources, factors, and history. OEFA completed the first version in 2015 and updates in 2016-2020 before moving to a biennial approach for 2022 and 2024. OEFA will continue to deliver updates on Revenue Manual on a biennial basis after the 2025 version.

Economic Forecast Models

OEFA typically uses several vendor-provided forecasts as inputs to the revenue forecast models. These models include state and national input models and local regional forecasts by Western Washington University – Puget Sound Economic Forecaster. OEFA will evaluate the forecast models' appropriate functional form and independent variables used in the forecasts to determine if modifications are necessary. Examining the forecast models allows OEFA and others to better understand and forecast local economic variables. This likely improves our forecasting, potentially yields efficiencies for other governments, and improves OEFA's understanding of the local economy. For 2026 we will continue updating, monitoring, and evaluating the forecast models and their recent results.

Economic Data Development

OEFA uses economic data in its forecast models and will continue to maintain/expand this data in support of the forecast model outlined above and to better understand the local economy. Significant items of work for 2026 include:

- Collect and evaluate the available Zillow database on local home values and rents

- Evaluate the trends in Seattle cost data for construction materials from Engineering News Record (ENR)
- Continue to develop and disseminate the KC index of leading indicators.

KC Organizational Support

OEFA has continued to support county analyses and operations each year from inception through the present and we propose to continue to do that in 2026. This includes items associated with revenue tracking, ad-hoc forecasting and others as required. Examples include:

- Monthly and year-end revenue memo
- Assistance in developing property and sales tax legislation
- Legislative review assistance to determine revenue impacts
- Discount rate development
- Ad-hoc forecasting and modeling (e.g. pessimistic hotel forecasts)
- Rating agency and investment pool member presentations
- Credit committee participation
- Special analyses (e.g. economic impact/tax analysis)
- Others as required/desired

This work is important to county operations and is an appropriate use of OEFA resources.

Website

The OEFA homepage displays the most recently adopted economic and revenue forecasts and other information that visitors to the site can access. The forecasts are available in both PDF and Excel formats, and the site also includes the Forecast Council past presentations.

For 2026, we are continuing publication of three projects to enhance our understanding of the King County economy that are disseminated via the website. The first is the continued development and upkeep of benchmark economic indicator briefs for aspects of the King County economy that provide baseline information and highlight equity and social justice considerations. This includes such items as educational attainment, wage growth, employment and home values. This information about the structure of our economy should be useful for anyone interested in the King County economy and it provides us with a snapshot of the direction the economy is headed.

We will also continue the production of “EconPulse”, OEFA’s quarterly report on the status of the local economy. The report tracks such indicators as employment, retail sales, job advertising and includes the most recent county-wide forecast. EconPulse was initiated in the third quarter of 2014.

In 2025, OEFA developed reports on trends in King County assessed value and property taxes as well as trends in sales taxes. These reports provide summary charts and graphics on various aspects of property values, taxable sales, and the respective taxes in King

County. These reports will be updated annually to identify recent trends in the property tax and sales tax system. These reports are posted to our OEFA website.

ESJ and Economic Impact Study Commitments

The County continues to lead in efforts to achieve equity guided by the “Truth North” principle. OEFA has supported the efforts of the ESJ Inter-branch team (IBT) via presentations and data support in past years. This year OEFA’s commitments include continuing to incorporate ESJ principles in the forecasting work and continuing our research efforts on the King County economy and employment. Forecast presentations and special study reports will endeavor to include information on indicators across different margins (e.g. spatially across the county and across housing values, etc.). Work in support of ESJ efforts will include the benchmark development noted above with research into educational attainment, wages and poverty in King County, and other topics as resources allow.

In 2024, OEFA completed a report on the economic impact of affordable housing in King County. This report demonstrated the larger benefits of King County’s investment in affordable housing. This study modeled the “ideal” case in which King County has sufficient funds to invest in affordable housing to generate all the units projected to be needed in our county between now and 2044.

In 2025, OEFA completed an economic impact study on King County International airport and determined that the airport supports 14,769 jobs, provides \$2.1 billion in annual payroll, produces \$4.3 billion in value added and generates \$660 million in federal, state and local taxes.

In 2026, OEFA will utilize the Puget Sound Regional Council’s REMI model to describe the population breakdown of King County by income and the region. This new dynamic computable general equilibrium model will be utilized to examine the impact of different tax changes on our local and regional economy.

Miscoded Parcels Project

OEFA has been working for many years to identify and reclaim back tax revenues that have been incorrectly coded to cities. This has typically involved field work to analyze areas of concern, verification of tax coding with data provided by the state Department of Revenue and submittal of data to support our contention that the County is due funds when businesses are identified. OEFA performed an audit in October 2024 that revealed a major miscode in the unincorporated area. OEFA notified DOR of the error which resulted in an additional \$111,000 to the General Fund in 2025. Correcting this error will yield tens of thousands of dollars of misallocated losses from local sales tax in the years ahead. This work has yielded an estimated \$5.2M in additional General Fund revenue (from 2010-2025) that would have been incorrectly sent to cities.

Intergovernmental and External Agency Support

OEFA continues to support other local governments and other entities on request. OEFA has conducted roundtable discussions with representatives of suburban cities in the past and accomplished other communication via email and attachments. OEFA has also supported the analysis of forecast methods for others when asked. Others have generally indicated this is a valuable service and OEFA proposes to continue this work as desired in 2026.

Additionally, the Chief Economist has provided economic presentations/panel participation to the Washington County Administrators Association conference, the Puget Sound Finance Officers Association, King County Investment Pool Members, and others. We will continue to provide this service as desired and as resources allow.