REVENUE FORECAST UPDATE

The revenue forecast used for the 1988 supplemental budget was the February 18, 1988 forecast. This forecast incorporated the effects of revenue legislation enacted in the previous sessions. It contains revisions of various items incorporated by the Legislature in its balance sheet and encompasses some new items having revenue impact. These are as follows:

Everett Navy Base—originally assumed to generate $28.1 million in revenue is now assumed to generate $13.5 million.

Washington Water Power v. Dept. of Revenue—originally assumed to result in a revenue loss of $14.8 million is revised to $10 million in this biennium.

N Reactor at Hanford—was not incorporated in previous revenue forecasts and is now assumed to result in a loss of 4700 jobs and a revenue loss of $8 million by the end of this biennium.

Business & Occupation Tax Credit—the legislative fix to the National Can case which was estimated to cost $41.6 million this biennium has been revised to $30 million.

UPDATE ON NATIONAL CAN DECISION

On January 28, 1988 the Washington Supreme Court ruled that the June 1987 National Can & Tyler Pipe decisions of the U.S. Supreme Court, (wherein the multiple activities exemption of the Business and Occupation tax was invalidated), applied prospectively. Therefore, no refunds of B&O tax are required prior to the date of that case.

The plaintiffs in the case have appealed the Washington Supreme Court decision. On June 6, 1988 the U.S. Supreme Court refused in a 6-3 decision to consider the appeal.

MAJOR REVENUE LEGISLATION

Deli Tax—EHB 1507 extended the sales tax to some prepared foods for which retail vendors are required to have a food handler's permit to prepare the item for sale. It is expected to raise $8.1 million in the 1987-89 biennium.

Sales Tax Deferral—ESHB 1450 extended by three years the sales tax deferral program for new manufacturing facilities, the distressed area sales tax deferral program and the B&O tax credits for investments in distressed areas.

1987-89 Estimated Revenues and Expenditures
Receipts and Cash Disbursements Plus Accrued Expenditures
(Dollars in millions)

Revenue:

February 1988 Revenue Forecast	$10,291.5
Rent-a-Cell	27.1
Revenue Legislation	4.3
UW S.S. refund	2.5
GAAP Adjustment	(13.5)
Lottery Transfer	1.0
SEIB transfer	2.7
Tort Claims and Landowner Contingency Transfers	(3.8)
TOTAL REVENUE AVAILABLE	**$10,311.9**

Expenditures:

Total Spending Authority (Pre 1988 session)	$10,190.8
Gov. Expenditure Reductions (Pre 1988 session)	(19.2)
1988 Supplemental Budget	126.3
Legislation	1.1
GAAP Adjustment	4.9
Governor vetoes ('88 session)	(0.1)
TOTAL EXPENDITURES	**$10,303.8**
UNRESERVED CASH BALANCE	**$8.1**
Employment Security Reserve	2.1
AVAILABLE BALANCE	**$10.2**

Appropriation Measures Passed by the 1988 Legislature

Bill Number	Title	APPROPRIATION GF-S	Other
SHB 1170	L&I Physicians Requirements		$ 100,000
EHB 1346	Communication Sites/State Land	$ 2,800	
SHB 1389	Food and Shelter Program Account	260,000	
ESHB 1530	Nursing Assist/Certs and Regs		100,000
2SHB 1640	G. Robert Ross Service Award	250,000	250,000
ESHB 1701	Budget/Transp Supplemental	8,500	
E2SHB 1835	Tri Cities Diversification	520,000	1,240,000
ESHB 2038	WA Health Care Authority		1,300,000
EHB 2057	Public Facilities		58,000,000
ESSB 5669	Dietitians/Nutritionists		70,178
ESSB 6124	Rural Hospital Assistance	10,000	
SB 6271	Home for Ill/Disabled/Infirm	38,875	
SB 6297	Invest L&I Funds		100,000
SSB 6470	Health Profess Substance Abuse	5,000	39,000
SSB 6548	Targeted Jobs/Tax Credit Approp		1,700,000
	Total Other Appropriation Legislation	**$1,095,175**	**$62,899,178**

Revenue Measures Passed by the 1988 Legislature

Bill Number	Title	REVENUE GF-S	Other
EHB 254	Driver License Renewal	$ 61,000	
EHB 668	Anesthesia Use/Dental Board		$ 25,000
SHB 791	Camping Clubs Regulation	214,000	
ESHB 1089	B&O Deduction/Employee Benefits	408,000	
HB 1300	Charter License Licenses	1,000	
HB 1371	Transfer Tax Provisions	50,000	
SHB 1373	Property Tax Exemption	226,000	
ESHB 1388	Lodging Excise Tax	(23,000)	
SHB 1389	Food and Shelter Program Acct	250,000	
EHB 1401	Sheltered Workshops B&O Exemption	(129,000)	
ESHB 1420	Property Tax—State Levy	(100,000)	
ESHB 1450	Sales/B&O Tax Credits	(4,500,000)	
ESHB 1465	Child Support Schedule	42,000	
SHB 1473	Food Processors/Provisions	10,000	
EHB 1507	Vendor Sales and Use Tax Exemptions	8,119,000	
SHB 1525	Debenture Companies	240,000	
ESHB 1530	Nursing Assist Certif and Regs		183,000
E2SHB 1835	Tri-Cities Econ Diversification	(576,000)	
SSB 6118	State Child Care Policy	(24,200)	
SSB 6240	Wild Mushrooms	16,000	
SSB 6470	Health Profess Substance Abuse		39,000
SSB 6530	Explosives	28,000	
ESB 6563	Uniform Fed Lien Registration	28,000	
	Total Other Revenue Legislation	**$4,340,800**	**$247,000**