

SEPTEMBER REVENUE FORECAST

October 9, 2026



On September 25, the Washington state Economic and Revenue Forecast Council met to receive an updated [Revenue Forecast](#) from State Economist Dave Reich.

Aside from the projected revenue growth the Millionaires Tax is expected to generate; the forecast provides an **overall flat revenue picture**.

Specifically, the September forecast found revenues for the current 2025-27 biennium are expected to rise \$22 million over the June forecast, bringing total state revenues to \$76.258 billion for the 2025-27 biennium.

For the 2027-29 biennium, revenues are projected to be \$430 million up over the June forecast, bringing total state revenues for the upcoming biennium to \$82.594 billion.

As a reminder, our state budgets on a four-year basis and, looking out at the 2029-31 biennium, revenues are up \$2.38 billion, with expected state revenues totaling \$94.12 billion.

I mentioned earlier that the State Economist predicts the Millionaires Tax – should it withstand the November ballot box and any subsequent court action – will bring in more revenue than originally projected. He predicts an increase of \$400 million of revenue in 2027-29, bringing total Millionaire's Tax revenue in that biennium to an expected \$3.5 billion. For the 2029-31 biennium, he predicts increased revenue of \$1.1 billion, bringing expected total Millionaires Tax revenue in that biennium to \$9.8 billion.

What does this mean? State budget writers (and watchers) acknowledge State Fiscal Year 2028 is going to be another challenging year budget wise. The Millionaires Tax will not be collected until State Fiscal Year 2029, so that revenue will not be available yet to address these imminent budget gaps.

A major question being bandied about is "what IS the budget gap for the 2027-29 biennium?" I have found that folks associated with the budget are reluctant to get specific and are waiting for the November caseload and revenue forecasts for further detail, which makes sense. They do, though, all recognize there will be a sizeable gap in the 2027-2029 biennium, and their task will be challenging.

Over the next couple of months, a process will be undertaken to finalize what is called "Maintenance Level" funding. Maintenance Level represents the updated costs associated with continuing existing programs, services and other statutory obligations, including costs of any caseload adjustments. Importantly, these Maintenance Level adjustments can be costly and are written into the budget absent legislative discussion because they are costs associated with previous decisions. So, this Maintenance Level (or "ML" for short) funding number is an important cost driver to consider when looking at the cost side of the ledger.

Another outstanding cost driver relates to Collective Bargaining Agreements (CBAs). Over the past few months, the Governor's Office (representing the state) and the various bargaining units have been negotiating updated CBAs for the upcoming biennium. These negotiations impact the wages and benefits for groups such as general state employees and Family Child Care owners. These CBAs must be reviewed by the Office of Financial Management for fiscal viability. They are then ultimately presented to the Legislature for an up or down vote. Any costs associated with these CBAs will also be added into budget discussions.

In November, there will be both updated Caseload and Revenue forecasts. The Caseload forecast provides a picture of what the state needs to spend on its obligated expenses (think K-12, prisons) and the Revenue Forecast of course focuses on the resources the state has available to support programs and services. These forecasts, along with the Maintenance Level and CBA amounts, will be used to inform Governor Ferguson's budget which must be released by December 20th.

A further recap of the revenue forecast can be found via the [Washington State Standard](#).

For more information, please contact:

Erica Hallock, ehallock1224@gmail.com | (509) 991-2390