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***Taxes on real property value and transactions accounted for 38% of FY 2011 DC tax revenues***

***For Over the past 25 years, real property's share of all tax revenues has varied between 23% (in 2000) and 41% (in 2010)***

In FY 2011 the District of Columbia collected \$5.33 billion in tax revenue (before earmarks). Of this total, \$2.02 billion (38%) of came from two taxes on real estate.

The larger of these two real-estate related taxes is the real property tax levied each year on the assessed value of residential and commercial property. Of the total related to real property, \$1.72 billion (85% of the total) was from this source. The other real property-related tax, that on the transfer and recordation of deeds, generated \$311 million in FY 2011 revenues.

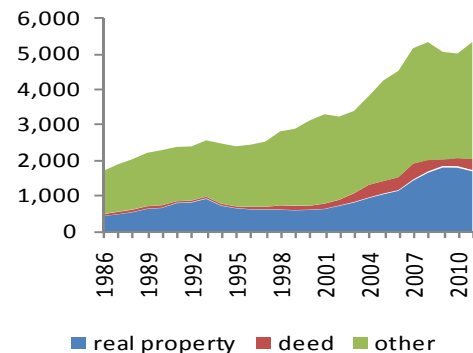
Looking back over the 25-year period from FY 1986 to FY 2011, the amount of real property-related revenue increased more than four fold—from \$482 million in 1986 to \$2,026 million in 2011. The compound rate of growth of real property-related axes over the period—5.9%—exceeded that of DC's GDP (5.2%), and all DC tax revenue (4.9%). Revenues generated from real property grew at a rate almost twice the inflation rate (3.0%).

The amount the tax revenue collected from real property values and transactions has contributed substantially to all DC tax revenue each year from 1986 to 2011, averaging 31.8% over those 25 years. The proportion has, however, varied considerably over the period.

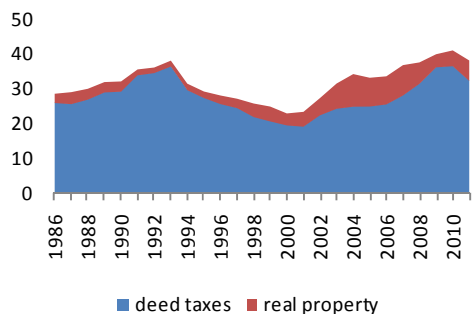
From 28.6% in FY 1986, the real property-related share of all taxes rose to 38.0% in 1993 (a year that incorporated an extra payment due to a change in the collection schedule). The share then fell until FY 2000, when it reached 23.0%. By FY 2010 it had risen to 41.0% and has fallen only slightly since.

The decade of the 1990's tells a very different story than the one following 2000. (continued on p. 2)

DC tax revenues from FY 1986 to FY 2011: real property related and all other (\$million)



Real property and deed tax revenues as percent of all DC tax revenue: FY 1986 to FY 2011



***This briefing document was prepared by Stephen Swaim, DC Office of Revenue Analysis.***

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## DC real property tax revenue, continued from p.1

In the decade from FY 1990 to FY 2000, real property-related revenues unadjusted for inflation actually declined by 2.0%. From FY 2000 to FY 2010, however, real property-related revenues rose by 186%, accounting for 70.5% of the increase in all DC tax revenue for the decade. (The increase in the decade after FY 2000 occurred despite cuts to effective real property tax rates enacted during this period.)

The decade of the 1990's reflected the decline in the District's economic fortunes after the US recession and subsequent federal government cutbacks in the first half of the 1990's. The decade after FY 2000 reflected the strong DC and US economic performance in the run-up to the US recession that began in December 2007 (the first quarter of FY 2008). Although DC real estate was greatly affected by the recession, the length of time it took to work through

the assessment process (two years) meant that it wasn't until FY 2011 that real-estate related tax revenues actually fell.

The trend in revenues related to real property values and transactions reflects changes in tax rates and in the underlying economics of the tax bases to which rates are applied. Next month's Trend report will look at some of these factors.

—Stephen Swaim, ORA

Real estate-related taxes in two decades: 1990 to 2000 and 2000 to 2010

tax	Amount (\$ million)			Change (\$ million)		Change (%)	
	1990	2000	2010	1990 -2000	2000-2010	1990 -2000	2000-2010
Real property	665	611	1,821	-54	1,211	-8.1	198.2
Deed taxes	66	106	226	39	120	59.0	113.6
subtotal	731	717	2,047	-15	1,331	-2.0	185.7
All other taxes	1,548	2,400	2,958	852	558	55.0	23.3
<b>Total</b>	<b>2,279</b>	<b>3,116</b>	<b>5,005</b>	<b>837</b>	<b>1,889</b>	<b>36.7</b>	<b>60.6</b>

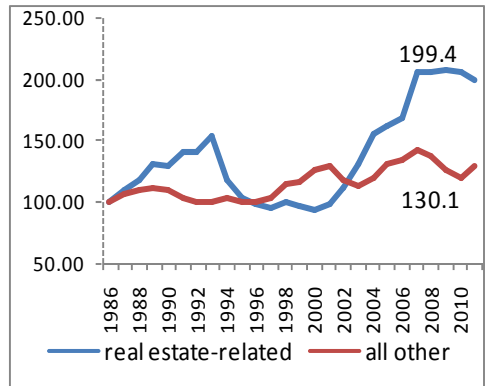
Source: Office of Revenue Analysis

DC real property and deed taxes: FY 1896 to FY 2011

FY	Amount of tax (\$ million)			% ch from prior yr.	All DC taxes (\$ million)	real estate % of total	real estate-related taxes (\$2010 M)
	Real property	Deed	subtotal				
1896							
1897							
1898							
1899							
1899							
1900	437	45	482		1,685	28.6	991
1901	480	63	544	12.8	1,874	29.0	1,087
1902	544	62	607	11.5	2,022	30.0	1,169
1903	638	65	704	16.0	2,205	31.9	1,300
1904	665	66	731	3.9	2,279	32.1	1,286
1905	802	40	842	15.2	2,372	35.5	1,408
1906	821	38	859	2.0	2,384	36.0	1,398
1907	928	43	971	13.0	2,558	38.0	1,528
1908	731	46	776	-20.0	2,470	31.4	1,181
1909	654	45	699	-10.0	2,391	29.2	1,029
1910	624	60	684	-2.1	2,434	28.1	975
1911	618	68	686	0.2	2,522	27.2	953
1912	617	108	725	5.7	2,808	25.8	989
1913	598	121	719	-0.8	2,880	25.0	962
1914	611	106	717	-0.3	3,116	23.0	934
1915	633	140	773	7.9	3,294	23.5	978
1916	726	157	883	14.3	3,229	27.4	1,103
1917	823	243	1,066	20.7	3,384	31.5	1,298
1918	948	353	1,301	22.0	3,805	34.2	1,545
1919	1,061	348	1,408	8.3	4,249	33.1	1,618
1920	1,154	360	1,514	7.5	4,516	33.5	1,676
1921	1,449	444	1,893	25.0	5,155	36.7	2,044
1922	1,673	323	1,996	5.5	5,325	37.5	2,052
1923	1,823	187	2,010	0.7	5,052	39.8	2,059
1924	1,821	226	2,047	1.8	5,005	40.9	2,047
1925	1,715	311	2,026	-1.0	5,325	38.0	1,977

Source: Office of Revenue Analysis

Inflation-adjusted real estate-related and all other dc tax revenue: FY 1986 to FY 2011 (index numbers: 1986 = 100)



Real estate-related tax revenues as percent of DC Gross State Product: FY 1986 to FY 2011

