
Revenue

Introduction

In this chapter, the revenue outlook for the District of Columbia's General Fund is presented for the FY 2007 to FY 2011 period. Since revenues are affected by the performance of the D.C. economy, this chapter begins with a discussion of the economic outlook for the District of Columbia. This part of the chapter includes a description of the revenue estimating assumptions for both the short run (FY 2007 and FY 2008) and over the longer term (FY 2009 – FY 2011).

The chapter then turns to the outlook for the specific sources of revenue that flow to the General Fund. These include various tax and non-tax sources of non-dedicated revenue, as well as special purpose non-tax revenue, which consists of fees, fines, assessments, and reimbursements dedicated to the District of Columbia agencies that collect the revenues. For each General Fund revenue source, a description of that revenue source is provided, along with a discussion of factors affecting the revenue being generated by that source.

This chapter also provides information on special funds financed by certain tax revenues. These tax revenues, which are not available to the General Fund, are transferred to the following funds: Convention Center, Tax Increment Financing, the Ballpark Fund, the Highway Trust Fund, the District Department of Transportation's operating and capital funds, the School Modernization Fund, the Housing Production Trust Fund, the Comprehensive Housing Task Force Fund, the Neighborhood Investment Fund, and the Nursing Facility Quality of Care Fund.

The chapter concludes with a description of the procedures used to estimate revenue followed by a presentation of additional detail on what the District taxes and collects, and how much revenue these taxes and non-tax revenues yield.

Summary

The economic outlook for the District of Columbia for the period covered by the FY 2008 Budget and Financial Plan is similar to that which most economists have projected for the nation as a whole: although the national economy is currently experiencing a slowdown in inflation-adjusted economic activity, no major disruptions are anticipated, and employment, wages, and income are expected to continue to grow. Accordingly, in FY 2007 and all the way through to FY 2011, local revenues are projected to continue to grow at a steady pace.

In percentage terms, FY 2007 gross revenues (before earmarking) are expected to increase by 6.5 percent. This is slightly above the 5.5 percent growth in FY 2006. For FY 2008 revenue growth (again, before earmarking) slows to 6.1 percent and declines somewhat each year through FY 2011 when it will be 5.0 percent. The pattern of revenue increases is much the same for revenues after earmarking. Revenue after earmarking is expected to grow 3.9 percent in FY 2007 and 6.3 percent in FY 2008, compared to 4.7 percent in FY 2006. For FY 2009 through the end of the Financial Plan period, annual increases slow to 5.2 percent in FY 2011.

¹Before the earmarking of tax revenue for the Convention Center, Tax Increment Financing, the Ballpark Fund, the Highway Trust Fund, the District Department of Transportation's operating and capital funds, the School Modernization Fund, the Housing Production Trust Fund, the Comprehensive Housing Task Force Fund, the Neighborhood Investment Fund, and the Nursing Facility Quality of Care Fund. The revenue number excludes "0" type revenues.

The District's economy continues to benefit from national economic growth and the presence of the federal government will continue to provide a measure of stability. Currently, however, the District's economy has been growing at rates somewhat less than at the national level. In the first quarter of FY 2007, for example, the District's rate of growth in employment was 1.1 percent, compared to 1.5 percent for the U.S. as a whole. The residential real estate market is soft and the rate of increase in federal spending appears to be slowing.

The estimating assumptions for FY 2007 and FY 2008, respectively, include 1.0 percent and 0.7 percent growth in total jobs; 5.1 percent and 4.8 percent increases in the personal income of District residents; and inflation of 3.0 and 2.3 percent. Most of the increases in jobs and wages will be in the District's leading private sector service industries: professional and business services, education, health, retail, hospitality, and organizations.

One of the benefits of the unique status of the District of Columbia, which has both local and state government responsibilities, is that its revenue system draws from a broad range of tax sources—property values, personal and business incomes, and sales. An example of the value of diverse revenue sources is evident in FY 2007: higher real property tax revenues in FY 2007 offset a slowdown in individual income tax collections. In FY 2008, revenue growth picks up because real property revenues remain strong and individual income taxes also grow. For the remaining years of the Financial Plan, real property, income, and sales taxes all contribute to the steady growth in revenues. In each year of the FY 2008 Budget and Financial Plan, revenues before earmarking are expected to grow a little bit faster than the growth in the District's personal income, due primarily to the progressive nature of the individual income tax system and the growth in real estate values.

A key question for revenues in the District of Columbia is "What will happen in the market for real property?" Rising real estate assessments and sales were both major sources of the extraordinary revenue gains in fiscal years 2003 through 2005. Real estate market participants tell us that the longer run fundamentals affecting the District's real estate markets remain strong: the District's economy is growing, individuals and businesses both continue to demonstrate a desire to locate in the District, and

the supply of land for residential and commercial development cannot increase very rapidly. Nonetheless, the real estate market, especially its residential side, is changing somewhat; residential prices are moderating and the volume of sales in both residential and commercial property are below the level of FY 2005.

In FY 2005 and FY 2006 the assessed market value of all taxable property in the District (before the application of any caps or credits for taxes collected in those years) increased 30.7 percent and 13.4 percent, respectively. Growth in the assessed market value of all taxable real property is estimated to have accelerated by another 26.4 percent for FY 2007. For FY 2008, a further gain of 16.8 percent is estimated in the assessed market-value base (which is based on property values as of January 1, 2007). Real property tax revenue gains in FY 2007 are predicted to be 18.5 percent in FY 2007 and 16.5 percent in FY 2008, with the proportion of the tax paid by commercial property rising in each of those years.

In FY 2007 and FY 2008, real property tax revenue derived from owner-occupied residential property will grow more slowly than underlying market value assessments because of recent changes to the residential portion of the real property tax. Tax policy changes adopted in FY 2006 and FY 2007 that moderate the revenue impact of the rising residential assessments in FY 2007 and FY 2008 are residential class tax rate reductions (applied to all residential property whether owner-occupied or not), an increased homestead exemption amount to \$60,000, annual homestead tax increases capped at 10 percent, and a residential assessment parity adjustment by trigroup.

The total value of taxable real property sales (both residential and commercial) fell 9.5 percent in FY 2006, following a 37.6 percent increase in FY 2005. For FY 2007 the value of all transactions is expected to be 26.7 percent below the level of FY 2006, declining another 4.7 percent in FY 2008. Revenues from real estate transactions—deed recordation, deed transfer and economic interest taxes—declined 2.1 percent in FY 2006 (before transfers to the Housing Production Trust Fund), but are expected to increase 3.4 percent in FY 2007 due to both an increase in the deed recordation and deed transfer tax rate which took effect

in FY 2007 and to an unexpected increase in economic interest tax collections. In FY 2008, however, collections for the transaction taxes are expected to decline 14.6 percent. The decline in the underlying value of deed transfer, deed recordation, and economic interest transfers, together with the beginning of earmarking for the Comprehensive Housing Strategy Fund, will offset most of the additional revenues accruing to the General Fund from the higher deed recordation and transfer tax rates.

In other areas, growth in personal income and gains in financial markets will expand the individual income tax base. FY 2006 individual income tax revenues increased 6.3 percent, but revenues in FY 2007 are now expected to decline by 1.9 percent due primarily to rate reductions. In FY 2008, however, individual income tax revenues are forecast to rebound with an 8.3 percent growth rate. Business franchise tax revenues, which have grown at double digit rates for the past 4 years, are expected once again to grow 19.1 percent in FY 2007, with growth slowing to 4.7 percent in FY 2008.

General sales tax revenues (before earmarking) are expected to increase 5.1 percent in FY 2007, down from 5.6 percent in FY 2006 and a remarkable 17.4 percent in FY 2005. In FY 2008 growth picks up to 6.4 percent. Developments that gave a special boost to sales tax revenues in FY 2005 include the presidential inauguration, the return of Major League Baseball, the full operation of the new Convention Center, and the opening of two new attractions on the Mall—the World War II Memorial and the National Museum of the American Indian. The dedication of the parking tax to DDOT and earmarking of general sales tax revenues to help pay for the baseball stadium and for Tax Increment Financing districts, meant that net revenue growth (after earmarking) for FY 2006 was 0.9 percent. The transfer of \$100 million of sales tax revenue to school modernization begins in FY 2007, which will result in a net decline of unrestricted sales tax revenue of 7.6 percent for FY 2007. In FY 2008 the growth of unrestricted revenue is expected to be 6.3 percent.

After taking account of all earmarks, total unrestricted local revenue available for General Fund purposes in FY 2007 is forecast to be 3.9

percent above FY 2006, rising to 6.3 percent in FY 2008.

Although the national and local economies continue to show considerable strength, recent developments point to a number of possible risks. For example, the U.S. economy has been growing fairly slowly for most of the past year, investment (particularly in housing) is down, and consumers are heavily indebted, with net saving rates close to zero. Were consumers to cut back on spending or businesses to reduce investment even more, the additional slowing of the U.S. economy could adversely affect the District's economy.

Also, driven by higher oil prices and a possible slowing in productivity growth, inflation may yet become a real threat to the national economy. Rising inflation combined with current imbalances in the economy—in particular, the high budget and trade deficits—could lead to higher long-term interest rates. The District's revenue estimates assume a gradual rise in long-term interest rates. More rapid increases in interest rates could cause more slowing of growth in the real estate market than we are forecasting, as could a general decline in real estate prices nationally. Although there is more lead time involved in the real property revenue impact of economic changes, the uncertainties involved in projecting changes in real estate markets are comparable with those encountered a few years earlier in trying to anticipate the performance of the stock market, which had such a large impact on income tax revenues.

The S&P 500 stock market index for April 2007 was 12.4 percent higher than a year earlier, but it is unclear how long the substantial growth that has occurred in FY 2007 can be sustained. A sharp decline, or a prolonged period of stagnation in the U.S. stock market, would adversely affect the District's revenues, particularly individual income tax revenues as stock market returns for the current year are a significant determinant of the changes to income tax revenue in the year that follows.

Another source of risk is the pattern of federal expenditures. Federal spending is the significant economic underpinning of the entire Washington D.C. Metropolitan area, including the District of Columbia itself. In FY 2004 fed-

eral spending in D.C. for wages, benefits, procurement, and grants to the District government was \$37.6 billion. Federal employment accounts for almost 30 percent of all D.C. jobs and almost 1/3 of all wages and salaries, and many more people are employed as a result of contracting. Security concerns arising out of 9/11 and the Iraq war have resulted in large increases in government spending that benefited the Washington D.C. area. According to the George Mason Center for Regional Analysis, however, the annual increases in federal procurement in the Washington D.C. metropolitan area will be less in the next 5 years than it has been in the most recent 5-year period. Efforts to reduce government spending over the next few years to bring greater balance to federal fiscal policy could also dampen growth in the District of Columbia.

Economic Assumptions for the FY 2008-2011 Revenue Estimates and Financial Plan

The U.S. Economy

Growth in the national economy has been slowing since the summer of 2006. According to the U.S. Bureau of Economic Analysis, U.S. Real Gross Domestic Product in the quarter ending March 31, 2007, was 2.1 percent over the same quarter a year earlier, down from 3.1 percent in the previous quarter. Nominal Gross Domestic Product and personal income in the quarter that ended March 31, 2007 were 4.8 percent and 5.8 percent higher, respectively, than in the same quarter of 2006. (See table 4-1.) In the quarter ending March 31, 2007, employment was up 1.5 percent, and wage and salary earnings were up 5.5 percent from the prior year

Table 4-1

Selected U.S. Economic Indicators, CY 2005.4 to 2007.1

(Percent change from same calendar year quarter of previous year unless noted)

GDP	2005Q4	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1
Real	3.1	3.7	3.5	3.0	3.1	2.1
Nominal	6.4	6.9	6.9	6.0	5.7	4.8
Employment (wage and salary)	1.8	2.1	1.9	1.7	1.7	1.5
Income						
Wages	5.1	7.5	6.8	5.5	5.6	5.5
Total Personal Income	4.6	6.7	6.4	6.6	5.5	5.8
Inflation (CPI)	3.7	3.6	4.0	3.3	1.9	2.4
S & P 500 (Level)	1230	1283	1282	1288	1390	1425
Change from Prior Quarter	0.5	4.3	-0.1	0.5	7.9	2.6
Change from Prior Year	5.9	7.7	7.7	5.2	12.9	11.1
Interest Rate (10-yr. Treasuries)	4.5	4.6	5.1	4.7	4.6	4.7

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, and Yahoo financial.

For guidance, the survey of the economic factors affecting the District's revenue base uses forecasts of the U.S. economy prepared by the Congressional Budget Office (CBO) and the Blue Chip Economic Indicators, along with those of two forecasting services, Global Insight and economy.com, that also make forecasts of the District's economy.

Highlights of the forecasts for the United States economy are:

- *Somewhat slower GDP growth.* In real terms, economic growth is forecast by both Blue Chip Economic Indicators and the CBO to decline modestly in FY 2007, and then grow faster in FY 2008, but at a rate still below the pace in FY 2005 and FY 2006. In nominal terms, the increases for FY 2007 and FY 2008 also fall below the pace of FY 2005 and FY 2006. Growth rates in nominal GDP for the U.S. are expected by CBO to be 4.4 percent in FY 2007 and 4.8 percent in FY 2008. While this represents significant growth in a low-inflation environment, they would also be the slowest rates of growth in 4 years.
- *Continued wage and salary growth.* According to the CBO, wage and salary growth will be 5.1 percent and 4.9 percent, respectively, in FY 2007 and FY 2008, compared to 5.1 percent in FY 2005. Associated with CBO's estimate of a rise in wage and salary growth relative to GDP in FY 2007 and FY 2008 is an estimate of a falling profit share.
- *Inflation will fall.* According to CBO, the Consumer Price Index (CPI), which increased 3.7 percent in FY 2006, is expected to decline to 1.9 percent in FY 2007 and then rise only slightly to 2.3 percent in FY 2008. The forecast assumes that energy prices recede somewhat and productivity gains and imports continue to moderate the price impact of wage increases. It should be noted, however, that in the first quarter of CY 2007 the CPI increased at a rate of 2.4 percent above the same quarter of 2006.
- *No significant change in interest rates.* The interest rate on 10-year Treasury securities is expected to remain close to the 4.8 percent rate experienced in FY 2006. According to CBO, in FY

2007 and FY 2008 the rates are anticipated to be 4.8 percent and 5.0 percent, respectively. The Financial Plan assumes the interest rate on 10-year Treasury securities will be 4.7 percent in FY 2007 and 4.9 percent in FY 2008.

- *Moderate stock market gains.* Global Insight expects the stock market to grow in FY 2007 at 11.0 percent and in FY 2008 at 3.9 percent, compared to 6.6 percent growth in FY 2006. The Financial Plan adopts the Global Insight estimate of the stock market.

The District of Columbia Economy

The outlook for the District of Columbia is favorable if things go well nationally—and if there is no sharp cutback in government spending that affects the D.C. area and if slowness now evident in the real estate markets does not materially worsen. The growth in output and income measures for the District's economy in FY 2007 and FY 2008 are expected to lag slightly behind the U.S. economy in terms of percentage changes in employment and income growth. In FY 2006 D.C.'s rate of job growth was below the U.S. rate (0.9 percent versus 1.8 percent), and the U.S. growth rate of personal income was also greater (6.0 percent versus 5.1 percent). (See tables 4-2 and 4-3 for key variables reflecting the District's economy.)

The driving forces in expected gains in output, income, and employment in FY 2007 and FY 2008 are private sector services along with federal government spending. (Federal government employment will not increase, however.) The Financial Plan also assumes that inflation will decline in FY 2007, that real estate markets will continue to remain soft in FY 2007 and FY 2008, and that resident employment and the number of households will increase.

The economic assumptions underlying the revenue outlook are provided in table 4-2. These include:

- *Slower growth in D.C.'s nominal Gross Domestic Product.*² Growth rates in FY 2007 and FY 2008 are projected to be 4.6 percent and 4.8 percent, respectively, somewhat less than the 5.6 percent growth for FY 2006. The slower growth rates in part reflect the trends in the national and region-

² D.C.'s Gross Domestic Product, formerly called Gross State Product, is the value added in production by the labor and property located in the District and is a measure of the gross output of all industries in D.C.

al economies, including some slowing in government spending that affects the D.C. area. A range of private sector services—professional and business services, information and financial services, education and health, and trade and hospitality—all contribute significantly to the increasing GDP in the District of Columbia.

- *Continued growth in jobs located in D.C.* The number of jobs in the District in FY 2007 is expected to show a net increase of 6,900 (1.0 percent), then increase another 5,200 (0.7

percent) in FY 2008, with all gains in the private sector. The gain in FY 2006 was 6,100 jobs (0.9 percent).

- *Continued growth of personal income.*³ Growth rates in FY 2007 and FY 2008 are projected to be 5.1 percent and 4.8 percent, respectively, compared to 5.1 percent for FY 2006. Increases in the number of households residing in D.C. contribute to the growth in personal income that is occurring.
- *Lower inflation.* The Financial Plan assumes the D.C. Consumer Price Index will be 3.0

Table 4-2

Estimated Key Variables for the D.C. Economy for the Forecast Period, FY 2005 through FY 2011

	FY 2005 Actual	FY 2006 Actual	FY 2007 Est.	FY 2008 Est.	FY 2009 Est.	FY 2010 Est.	FY 2011 Est.
Gross State Product (nominal; billions of \$)	80.91	85.46	89.39	93.71	98.23	102.63	107.30
	6.7%	5.6%	4.6%	4.8%	4.8%	4.5%	4.6%
Personal Income (billions of \$)	30.44	31.98	33.60	35.23	37.03	38.84	40.71
	6.9%	5.1%	5.1%	4.8%	5.1%	4.9%	4.8%
Earnings of DC Residents (billions of \$)	22.59	23.73	24.87	25.95	27.17	28.41	29.70
	7.0%	5.0%	4.8%	4.4%	4.7%	4.6%	4.5%
Population (thousands)	581.7	581.7	582.4	583.3	586.5	590.3	594.2
	0.4%	0.0%	0.1%	0.2%	0.6%	0.6%	0.7%
Households (thousands)	255.2	256.7	258.5	260.2	262.0	263.7	265.6
	0.6%	0.6%	0.7%	0.6%	0.7%	0.7%	0.7%
At-place Employment (thousands)	680.3	686.5	693.4	698.6	704.7	710.7	716.6
	1.3%	0.9%	1.0%	0.7%	0.9%	0.9%	0.8%
Civilian Labor Force (thousands)	313.9	314.8	318.4	320.1	322.2	324.4	326.6
	2.2%	0.3%	1.1%	0.5%	0.7%	0.7%	0.7%
Resident Employment (thousands)	292.5	296.0	299.7	301.6	303.6	305.7	307.9
	2.9%	1.2%	1.3%	0.6%	0.7%	0.7%	0.7%
Unemployment Rate (percent)	7.1	6.1	5.9	5.8	5.8	5.8	5.7
Housing Starts	2,473	3,621	1,901	1,973	2,165	2,352	2,551
Housing Stock (thousands)	281.0	283.3	285.4	287.5	289.3	291.1	293.4
Sale of Housing Units	9,798	8,228	7,515	7,350	7,400	7,450	7,500
	0.1%	-16.0%	-8.7%	-2.2%	0.7%	0.7%	0.7%
Average Housing Price (\$)	494,800	522,000	527,000	528,500	537,500	546,600	555,900
	19.0%	5.5%	1.0%	0.3%	1.7%	1.7%	1.7%
Washington Area CPI (% change from prior year)	3.9	3.9	3.0	2.3	2.2	2.2	2.2
Interest Rate on 10-year Treasury Notes (%)	4.2	4.8	4.7	4.9	5.1	5.2	5.2
Change in S&P Index of Common Stock (%)	7.9	6.6	11.0	3.9	5.8	5.6	7.5

Sources: Estimated by the D.C. Office of Revenue Analysis based on forecasts of the D.C. and national economies prepared by Global Insight (Spring 2007) and Economy.com (November 2006); on forecasts of the national economy prepared by the Congressional Budget Office (January 2007) and Blue Chip Economic Indicators (April 2007); on Bureau of Labor Statistics labor market information from March 2007; on Bureau of Economic Analysis estimates of D.C. personal income (March 2007); on D.C. housing sales data (March 2007) from the Metropolitan Regional Informational System (MRIS), accessed through the Greater Capital Area Association of Realtors (GCAAR); and on D.C. Office of Planning information on housing construction activity (which included occupied units that have been or are being rehabilitated; Spring 2007).

³ Personal income is a measure of before-tax income received by all persons in a state. It is the total of net earnings by place of residence, rental income, personal dividend income, personal interest income, and transfer payments. Wages and salaries are the biggest component of personal income. Health and other employee benefits are also a significant component.

Table 4-3

Revenue and Economic Indicators of the District of Columbia, FY 2000 through FY 2006

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Local Source Revenue ('000)	\$3,426,609	\$3,683,474	\$3,552,396	\$3,748,245	\$4,185,043	\$4,657,273	\$4,929,877
Growth	8.9%	7.5%	-3.6%	5.5%	11.6%	11.3%	5.8%
Employment							
No. of Employees in DC (thousands)	645.2	654.4	661.8	665.9	671.4	680.3	686.5
Growth	4.0%	1.4%	1.1%	0.6%	0.8%	1.3%	0.9%
No. of Gov't. Employees (thousands)	224.0	224.3	231.4	231.1	230.4	233.7	233.4
Growth	0.7%	0.1%	3.2%	-0.2%	-0.3%	1.4%	-0.1%
Population							
No. of DC Residents (thousands)	571.8	576.3	578.8	577.9	579.1	581.7	581.7
Growth	2,400	4,500	2,500	-900	1,200	2,600	0
Single Family Housing Sales							
No. of Single Family Sales	5,514	5,340	5,488	5,700	5,867	5,372	4,276
Growth	12.5%	-3.2%	2.8%	3.9%	2.9%	-8.4%	-20.4%
Single Family Sales Prices							
Median (thousands of \$)		\$187	\$254	\$285	\$346	\$436	\$478
Growth			35.9%	12.2%	21.4%	25.9%	9.7%
Avg. (thousands of \$)		\$323	\$372	\$397	\$470	\$571	\$620
Growth			11.7%	6.8%	18.4%	21.5%	8.6%
Condo Sales							
No. of Condo Sales		2,656	3,066	3,586	3,919	4,426	3,953
Growth			15.4%	17.0%	9.3%	12.9%	-10.7%
Condo Sales Prices							
Median (thousands of \$)		\$166	\$204	\$246	\$300	\$356	\$364
Growth			23.0%	20.4%	21.8%	18.7%	2.2%
Avg. (thousands of \$)		\$199	\$236	\$277	\$334	\$402	\$416
Growth			18.2%	17.5%	20.6%	20.4%	3.5%
Commercial Office Space							
Total Inventory (million sq. ft.)	101.60	104.42	106.41	109.29	111.22	113.69	117.66
Growth		2.8%	1.9%	2.7%	1.8%	2.1%	3.6%
Vacancy Rate (includes sublet)	4.2%	5.2%	6.7%	6.7%	6.4%	6.1%	6.2%

Note: NA indicates data not available. Local source revenue is after earmarks have been deducted.

Sources: U.S. Bureau of Labor Statistics; U.S. Bureau of the Census; Metropolitan Regional Information System (MRIS), accessed through Greater Capital Area Association of Realtors (GCAAR); Delta Associates; OCF0/OTR.

percent in FY 2007 and 2.3 percent in FY 2007. The rate in FY 2006 was 3.9 percent.

- *Declining home sales and stationary prices.* The housing picture is mixed. The number of housing sales (the combined total of single

family and condominium units) is projected to continue to decline through FY 2008, while the average prices rise but slightly.⁴ In FY 2007 the number of housing sales is expected to decrease about 8.7 percent and

⁴ In the table, the number of sales and average price of residential real estate is measured by the average selling price of single family and condominium units as reported by the Metropolitan Regional Information System (MRIS), as accessed through the Greater Capital Area Association of Realtors. The MRIS system reports only sales handled by brokers.

Table 4-4

Percent Change in Wage and Salary Employment in D.C., the Washington Metropolitan Area, and the U.S., CY 2005.4 to 2007.1

(Percent change from same calendar year quarter of previous year unless noted)

	2005Q4	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1
Total Employment						
DC	1.1	0.9	0.7	0.9	1.0	1.1
US	1.9	2.1	1.9	1.7	1.7	1.5
Metro Area	1.7	2.2	1.9	1.3	1.5	1.6
Private Sector						
DC	1.6	1.3	1.4	1.4	1.7	2.0
US	2.0	2.4	2.1	1.9	1.8	1.6
Metro Area	1.9	2.3	2.0	1.5	1.6	1.7

Source: Bureau of Labor Statistics

Table 4-5

D.C. Wage and Salary Employment by Sector in the Quarter Ending March 31, 2007

Sector	Level	Change from one year ago	
		Amount	Percent
Government	230,000	-1,500	-0.7%
Federal Government	191,800	-900	-0.5%
Local Government	38,100	-600	-1.6%
Private Sector	458,800	+9,200	+2.0%
Professional and Business	156,600	+6,600	+4.4%
Information and Financial	52,000	+300	+0.6%
Education and Health	95,600	-900	+0.9%
Trade and Hospitality	76,200	+700	+0.9%
Organizations and Other Services	60,000	+1,000	+1.7%
All Other	19,100	-300	-1.4%
Total	688,800	+7,600	+1.1%

Note: Percent changes calculated from unrounded numbers. Details may not add to totals due to rounding.

Source: Bureau of Labor Statistics

Table 4-6

Hospitality Sector Indicators for the Quarter Ending March 31, 2007

	Level	Change from one year ago	
		Amount	Percent
Hotel Occupancy Rate (percent)	69.3	+4.0	6.1%
Hotel Room Rate (\$)	\$199.40	+\$9.46	5.0%
Amount Spent for Hotel Stays (millions of \$)	\$327.5	+\$35.3	12.1%

Note: Percent changes calculated from unrounded numbers.

Source: Smith Travel Research

another 2.2 percent in FY 2008, following the 16.0 percent decline in FY 2006. However, the average price of units sold is expected to hold steady, rising 1.0 percent in FY 2007 and 0.3 percent in FY 2008. This increase in prices is down from the 19.0 percent increase experienced in FY 2005 and the 5.5 percent increase in FY 2006. Sales level and values in the commercial real estate market are also expected in FY 2007 and FY 2008 to be below the level of FY 2006.

- *Households and resident employment rise.* In FY 2007 and FY 2008 new housing units and associated increases in the number of District households are expected to translate into gains in employed residents as well. The Financial Plan assumes estimated households in FY 2007 of 258,500, up 1,800 (0.7 percent) from FY 2006, and 260,200 in FY 2008 (up another 1,700 or 0.6 percent). The unemployment rate is expected to fall to 5.9 percent in FY 2007 and to 5.8 in FY 2008. Resident employment is forecast to increase by 1.3 percent in FY 2007 and 0.6 percent in FY 2008.

Employment

The forecast of employment growth is 1.0 percent in FY 2007 and 0.7 percent in FY 2008—compared to 0.9 percent in FY 2006. Of the 12,100 increase in employment from FY 2006 through FY 2008, virtually all of the increase is expected to be in professional and business services, education, health, trade, and

hospitality. Government employment is expected to decline by 1,900 jobs.

Employment in the District grew quite strongly in the last quarter of FY 2006 and the first two quarters of FY 2007. (See table 4-4.) In the quarter ending March 31, 2007, the private sector increase over the same quarter of 2006 was a robust 2.0 percent. Of the 9,200 net increase in private sector employment that occurred in that quarter, professional and business services and service organizations accounted for 82.6 percent of the gain. (See table 4-5.)

Trade and hospitality are important sources of employment and tax revenue. In the quarter ending March 31, 2007, these sectors added 700 jobs, a 0.9 percent gain. (See table 4-5.) In the quarter ending March 31, 2007, revenues earned from guests by hotels were up 12.1 percent from a year earlier. (See table 4-6.)

Wages and Salaries

Wages and salaries earned in the District of Columbia are expected to grow by 4.8 percent in FY 2007 and 3.9 percent during FY 2008, down from the 5.3 percent increase in FY 2006. During FY 2004 and FY 2005, wage growth was stronger in the District than for the United States as a whole, although this was no longer true in FY 2006 (see table 4-7), and it is not expected to be true in FY 2007 and FY 2008. Professional and business services and the federal government will account for about 56 percent of the increase in wages earned in the District of Columbia over the two-year period from FY 2006 to FY 2008.

Table 4-7

Growth in Wages and Salaries in D.C., the Washington Metropolitan Area, and the U.S., FY 2004 –FY 2006

(Percent change from the prior year)

	FY 2004	FY 2005	FY 2006
Wages and Salaries			
DC			
Earned in DC	6.8	5.6	5.3
Earned by DC Residents	8.0	6.3	5.6
US	5.2	5.2	6.2
Washington Metropolitan Area	7.5	6.7	7.3

Source: Bureau of Economic Analysis, Personal Income by State. Washington Metropolitan Area estimated by Global Insight.

Table 4-8

Sales of Residential and Commercial Office Real Estate, CY 2005.4 – 2007.1

(Percent change from same calendar year quarter of previous year unless noted)

	2005Q4	2006Q1	2006Q2	2006Q3	2006Q4	2007Q1
Value of Sales (millions of \$)						
Residential	1.032	1.062	1.205	0.996	0.975	1.086
Commercial Office Space	0.534	1.381	1.078	1.483	0.023	1.147
Total	1.566	2.444	2.283	2.479	0.998	2.233
Percent Change from Prior Year						
Residential	4.2	-9.1	-20.7	-14.8	-5.4	2.2
Commercial Office Space	116.3	-0.3	-23.3	18.5	-95.7	-16.9
Total	26.6	-4.3	-21.9	2.4	-36.2	-8.6

Source: Delta Associates and MRIS.

Table 4-9

D.C. Residential Real Estate Transactions, FY 2004 – FY 2006

	FY 2004	FY 2005	FY 2006
Level			
Sales	9,786	9,798	8,229
Value of Transactions (millions of \$)	\$4,067.3	\$4,850.0	\$4,295.9
Percent Change from Prior Year			
Sales	5.4%	0.1%	-16.0%
Value of Transactions	24.9%	19.2%	-11.4%

Note: Data include both single family and condominium units.

Source: Metropolitan Regional Information System (MRIS) accessed through the Greater Capital Area Association of Realtors.

Table 4-10

Single Family and Condominium Home Sales for FY 2006

Single Family	Level	Change from one year ago	
		Amount	Percent
Units Sold	4,276	-1,096	-20.4%
Average Price	\$620,201	+\$48,940	+8.6%
Median Price	\$478,535	+\$42,601	+9.8%
Total Value of Transactions (millions of \$)	\$2,652.0	-\$416.8	-13.6%
Condominium			
Units Sold	3,953	-473	-10.7%
Average Price	\$415,867	+\$13,851	+3.4%
Median Price	\$363,959	+\$7,998	+2.2%
Total Value of Transactions (millions of \$)	\$1,643.9	-\$135.4	-7.6%

Note: Median price is the weighted average of monthly values.

Source: MRIS, accessed through the Greater Capital Area Association of Realtors.

D.C. Real Estate Markets

Table 4-8 shows the value of residential and commercial office sales over the past six quarters. The value of residential sales fell during each quarter of CY 2006 compared to the same quarter in CY 2005, although in the first quarter of CY 2007 they were up 2.2 percent compared to the comparable quarter of 2006. In the case of commercial office space, the value of sales in the first two quarters of CY 2007 was below that of the same quarters in CY 2006.

As noted earlier, the assessed value of real estate will continue to increase during FY 2007 and FY 2008 because assessments for these years, which incorporate increases in value and new construction that have already occurred, are now substantially complete. The value of residential and commercial sales in both FY 2007 and FY 2008 is expected to be lower than the FY 2006 level.

Residential Markets

For FY 2007 and FY 2008 the outlook for the residential market is mixed. Whereas the number of residential sales is expected to decline, average sale prices are expected to remain close to their existing levels. (See tables 4-2 and 4-9.) However, in the longer run, gains in D.C. employment and wages, together with public confidence about safety and other city services, make the D.C. location attrac-

tive for households that prefer not to be committed to a daily commute. Homeland security spending, outsourcing of government activities, and other changes to the federal government have all helped to fuel the demand for D.C. homes.

In FY 2006 price appreciation in the residential market slowed sharply from the prior two years, with average prices for sold single family homes and condominiums up 8.6 percent and 3.4 percent respectively. Due to falling sales volume, the total value of transactions in FY 2006 decreased by 13.6 percent and 7.6 percent, respectively, in the single family and condominium markets. (See table 4-10.) In the quarter ending March 31, 2007 the number of sales of single family units sold declined 9.0 percent from the same period of 2006, but condominium sales were up 16.4 percent. In the March 31, 2007 quarter, the average price of single family units increased 9.2 percent (a rate higher than the 8.6 percent increase for all of FY 2006), while condominium average prices fell 8.4 percent. (See table 4-11.)

The price appreciation in the single family residential market reflects high demand combined with limited supply. Where the supply of housing can be increased, prices can be significantly affected. Currently, it appears that this is one reason that prices are reported to be declining in the condominium market where a signifi-

Table 4-11

Single Family and Condominium Home Sales for the Quarter Ending March 31, 2007

Single Family	Level	Change from one year ago	
		Amount	Percent
Units Sold	1,002	-99	-9.0%
Average Price	\$641,878	+\$53,977	+9.2%
Median Price	\$461,904	+\$8,922	+2.0%
Total Value of Transactions (millions of \$)	\$643	-\$4.1	-0.6%
Condominium			
Units Sold	1,151	+162	+16.4%
Average Price	\$384,394	-\$35,406	-8.4%
Median Price	\$333,237	-\$26,968	-7.5%
Total Value of Transactions (millions of \$)	\$442	+\$27.2	+6.6%

Note: Median price is the weighted average of monthly values.

Source: MRIS, accessed through the Greater Capital Area Association of Realtors.

Table 4-12

DC Area Office Vacancy Rates for CY 2005.1, 2006.1, 2007.1

	D.C.	No. Virginia	Suburban MD	Metro Area
March 31, 2005	6.4%	10.3%	10.2%	9.0%
March 31, 2006	6.1%	9.1%	8.4%	8.0%
March 31, 2007	7.6%	9.8%	10.2%	9.2%

Note: Data are for the end of the quarter.

Source: Delta Associates (includes sublet space).

cant number of units are under construction. Delta Associates reports that as of March 31, 2007, there were 6,715 condominiums and 2,867 apartment units under construction in the District of Columbia, and approximately 4,109 additional new condominiums and 3,390 additional apartment units are likely to be built by some time in CY 2010. However, new residential construction totals do not all represent a net increase in the District's total housing stock due to demolitions and the impact of private actions which combine or subdivide existing units. With an accurate accounting of the net change in dwelling units unavailable, no definite assessment of the size of the city's housing stock can be made.

Commercial Real Estate Markets

Market participants say that the Washington area commercial market remains strong and attractive to investors from around the world. While new buildings are under construction or in the active planning stage, the amount of office space under construction or renovation slowed considerably in the last quarter of 2006. Within the Metropolitan

area and the nation, D.C.'s vacancy rates for commercial office space remain low (see table 4-12), but they did rise in the last quarter.

In the quarter ending March 31, 2007, the inventory of commercial office space was up by 5.38 million square feet (4.7 percent) from the prior year, but the vacancy rate (including space for sublet) also rose to 7.6 percent (still low compared to the rest of the nation) from 6.1 percent. (See table 4-13.) In FY 2006, the number of square feet sold (10.39 million square feet) represented an increase of 6.6 percent from the prior year. However, the average price per square foot in those transactions fell by 2.1 percent, with the result that the overall value of transactions rose by 4.4 percent. For Fiscal Year 2005, the increase in the value of transactions was 26.5 percent. For the first half of FY 2007, however, the value of commercial office building sales is down 38.9 percent from the same period of FY 2006.

The District remains a top commercial office market in the nation as a result of a growing office tenant base comprised of the federal

Table 4-13

Commercial Office Space in the District of Columbia, CY 2005.1, 2006.1, 2007.1

(Million square feet unless otherwise indicated)

	March 31, 2005	March 31, 2006	March 31, 2007
Inventory	113.11	114.34	119.72
Vacancy Rate (no sublet)	5.4%	5.1%	6.7%
Vacancy Rate (with sublet)	6.4%	6.1%	7.6%
Under Construction	6.78	7.63	6.19
Net Increase in Leased Space from Prior Year	+3.24	+1.51	+3.19

Note: Data are for the end of the quarter.

Source: Delta Associates.

Table 4-14

Labor Force, Resident Employment, and Unemployment in Quarter Ending March 31, 2007

	Level	Change from one year ago	
		Amount	Percent
Labor Force	317,800	+6,400	2.0
Resident Employment	299,200	+6,000	2.1
Resident Unemployment	18,500	+300	1.8
Unemployment Rate	5.8	0.0	--

Source: Bureau of Labor Statistics

government, the legal sector and large associations. This tenant base has been a constant source of growth since 2001 for commercial office space demand and commercial real estate investment. In a recent study, however, Delta Associates noted some signs that the increase in office space rental may be beginning to lag behind the increase in employment, reflecting a market response to uncertainties about future job growth, rising rents, and opportunities for telecommuting.

Population and D.C. Labor Market

For the quarter ending March 31, 2007, the District's labor force increased by 6,400 persons compared to the same quarter of 2006. (See table 4-14.) The number of employed residents rose by 6,000 compared to the prior year, and the number of unemployed residents grew by 300.

The Financial Plan projects that households and resident employment will increase in FY 2007 and the years following. The District's housing and employment markets are very active and continued construction should result in a net increase in the District's occupied housing stock even though the rate of new construction is expected to remain below the FY 2006 level for the duration of the Financial Plan period. Unless housing vacancies rise or a large numbers of units are demolished, households, population, labor force, and employed residents will increase as well.

The FY 2008 Budget and Financial Plan estimate reflects a judgment that housing construction and renovation, together with improve-

ments in city services and amenities, are attracting more households, resulting in greater resident employment and increasing population. Unfortunately, detailed information about the dynamics of changes in the District's households (size and age distributions), housing stock (new units, units going out of existence), labor force, and resident employment is limited.

The U.S. Bureau of the Census shows, in a report dated December 2006, that the District's population has grown since the 2000 Census. The population in July 2006 was estimated to be 581,530, down 530 from the preceding year but up about 9,500 (1.7 percent) from the 2000 Census count of 572,059.

Longer Term (Fiscal Years 2009-2011)

In looking further ahead to FY 2009 to FY 2011, the consensus among forecasters of the U.S. economy is that steady, low-inflationary growth will continue, with accompanying gains in employment and wages and modest increases in interest rates. The outlook for the District of Columbia is similar. Annual gains in Gross State Product and personal income in the District of Columbia are each expected to average about 4.6 percent per year, and close to 6,000 additional jobs will be added each year. While significant, growth in the District's economy is forecast to continue to lag somewhat behind that occurring in the U.S. as a whole. Inflation is expected to stay low (CPI increases by 2.2 percent each year), interest rates rise modestly (to a 5.2 percent rate for 10-year Treasury securities), and the stock

Table 4-15

Operating Revenue by Source, Fiscal Years 2006-2011

(\$ thousands)

Revenue Source	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Property Taxes						
Real Property (gross)	1,153,795	1,367,153	1,593,410	1,717,176	1,839,990	1,958,254
<i>Transfer to TIF Fund</i>	<i>(1,652)</i>	<i>(2,333)</i>	<i>(2,128)</i>	<i>(2,233)</i>	<i>(2,206)</i>	<i>(2,206)</i>
Real Property (net)	1,152,143	1,364,820	1,591,282	1,714,943	1,837,784	1,956,048
Personal Property (gross)	65,514	66,818	67,620	68,364	69,116	69,807
<i>Transfer to Neighborhood Investment Fund</i>	<i>(9,966)</i>	<i>(9,735)</i>	<i>(9,875)</i>	<i>(10,000)</i>	<i>(10,000)</i>	<i>(10,000)</i>
Personal Property (net)	55,548	57,083	57,745	58,364	59,116	59,807
Total Property Taxes (net of dedicated taxes)	1,207,691	1,421,903	1,649,027	1,773,307	1,896,900	2,015,855
Sales And Excise Taxes						
General Sales (gross)	908,884	955,085	1,016,135	1,067,625	1,124,525	1,184,499
<i>Convention Center Transfer</i>	<i>(79,706)</i>	<i>(82,694)</i>	<i>(86,002)</i>	<i>(89,614)</i>	<i>(93,467)</i>	<i>(97,486)</i>
<i>Transfer to TIF Fund</i>	<i>(11,562)</i>	<i>(10,617)</i>	<i>(9,733)</i>	<i>(9,628)</i>	<i>(9,653)</i>	<i>(9,653)</i>
<i>Transfer to DDOT capital (parking tax)</i>	<i>(33,586)</i>	<i>(32,614)</i>	<i>(32,744)</i>	<i>(32,908)</i>	<i>(33,072)</i>	<i>(33,237)</i>
<i>Transfer to Ballpark Fund</i>	<i>(8,664)</i>	<i>(12,500)</i>	<i>(19,808)</i>	<i>(18,596)</i>	<i>(18,301)</i>	<i>(18,301)</i>
<i>Transfer to School Modernization Fund</i>	-	<i>(100,000)</i>	<i>(106,000)</i>	<i>(112,360)</i>	<i>(119,102)</i>	<i>(126,248)</i>
General Sales (net)	775,366	716,660	761,848	804,519	850,930	899,573
Alcohol	5,070	4,977	4,944	4,780	4,719	4,658
Cigarette	22,993	21,234	19,223	20,186	19,682	19,190
Motor Vehicle	42,563	46,303	48,599	50,590	52,879	55,273
Motor Fuel Tax	24,960	26,844	26,938	27,032	27,221	27,221
<i>Transfer to Highway Trust Fund</i>	<i>(24,960)</i>	<i>(26,844)</i>	<i>(26,938)</i>	<i>(27,032)</i>	<i>(27,221)</i>	<i>(27,221)</i>
Total Sales Taxes (net of dedicated taxes)	845,992	789,174	834,614	880,075	928,210	978,694
Income Taxes						
Individual Income	1,233,602	1,210,306	1,310,764	1,393,956	1,474,708	1,552,150
Corporation Franchise	215,283	252,702	259,021	272,134	283,160	298,144
U. B. Franchise	142,598	173,420	187,119	205,413	225,443	248,496
Total Income Taxes	1,591,483	1,636,428	1,756,904	1,871,503	1,983,311	2,098,790

Table 4-15 (continued)

Operating Revenue by Source, Fiscal Years 2006-2011

(\$ thousands)

Revenue Source	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Gross Receipts Taxes						
Public Utility (gross)	155,157	156,542	156,699	156,856	157,012	157,169
<i>Transfer to Ballpark Fund</i>	<i>(10,356)</i>	<i>(9,303)</i>	<i>(9,424)</i>	<i>(9,546)</i>	<i>(9,546)</i>	<i>(9,546)</i>
Public Utility (net)	144,801	147,239	147,275	147,310	147,466	147,623
Toll Telecommunication (gross)	56,611	58,132	58,190	58,248	58,307	58,365
<i>Transfer to Ballpark Fund</i>	<i>(2,055)</i>	<i>(3,165)</i>	<i>(3,165)</i>	<i>(3,165)</i>	<i>(3,165)</i>	<i>(3,165)</i>
Toll Telecommunication (net)	54,556	54,967	55,025	55,083	55,142	55,200
Insurance Premiums	51,495	56,500	48,500	48,500	48,500	48,500
Healthcare Provider Tax	9,107	11,000	11,000	11,000	11,000	11,000
<i>Transfer to Nursing Facility Quality of Care Fund</i>	<i>(9,107)</i>	<i>(11,000)</i>	<i>(11,000)</i>	<i>(11,000)</i>	<i>(11,000)</i>	<i>(11,000)</i>
Baseball Gross Receipts tax	15,952	14,000	14,000	14,000	14,000	14,000
<i>Transfer to Ballpark Fund</i>	<i>(15,952)</i>	<i>(14,000)</i>	<i>(14,000)</i>	<i>(14,000)</i>	<i>(14,000)</i>	<i>(14,000)</i>
Total Gross Receipts Taxes (net of dedicated taxes)	250,852	258,706	250,800	250,893	251,108	251,323
Other Taxes						
Estate	30,125	55,575	31,650	32,283	32,000	32,000
Deed Recordation (gross)	197,528	195,038	190,747	187,122	191,988	197,748
<i>Transfer to HPTF</i>	<i>(28,504)</i>	<i>(29,256)</i>	<i>(28,612)</i>	<i>(28,068)</i>	<i>(28,798)</i>	<i>(29,662)</i>
<i>Transfer to Comp. Housing Strategy Fund</i>		<i>(17,930)</i>	<i>(17,536)</i>	<i>(17,202)</i>	<i>(17,647)</i>	<i>(18,179)</i>
Deed Recordation (net)	169,024	147,852	144,599	141,851	145,543	149,906
Deed Transfer (gross)	132,615	125,362	119,474	122,460	126,747	131,944
<i>Transfer to HPTF</i>	<i>(19,106)</i>	<i>(18,804)</i>	<i>(17,921)</i>	<i>(18,369)</i>	<i>(19,012)</i>	<i>(19,792)</i>
<i>Transfer to Comp. Housing Strategy Fund</i>		<i>(11,238)</i>	<i>(10,712)</i>	<i>(10,979)</i>	<i>(11,364)</i>	<i>(11,830)</i>
Deed Transfer (net)	113,509	95,319	90,841	93,112	96,371	100,323
Economic Interests	30,274	52,111	8,000	8,000	8,000	8,000
Total Other Taxes (net of dedicated taxes)	342,932	350,857	275,091	275,246	281,914	290,229
Tax Revenue Net of Dedicated Taxes	4,238,950	4,457,068	4,766,436	5,051,024	5,341,443	5,634,892
Non-Tax Revenue						
Licenses & Permits	72,184	72,141	69,235	72,329	69,320	72,320
Fines & Forfeits	112,456	111,920	111,920	111,290	111,290	111,290
Charges for Services	47,646	49,846	46,291	46,291	46,291	46,291
Miscellaneous	129,665	93,510	98,665	96,447	98,502	98,314
Total Non-Tax Revenue	361,951	327,417	326,111	326,357	325,403	328,215

Table 4-15 (continued)

Operating Revenue by Source, Fiscal Years 2006-2011

(\$ thousands)

Revenue Source	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Lottery/Interfund Transfer	73,800	72,100	72,100	72,100	72,100	72,100
Revenue Net of Dedicated Taxes	4,674,701	4,856,585	5,164,647	5,449,481	5,738,946	6,035,207
<i>plus</i> Total Dedicated Tax Revenue (see Exhibit C)	255,176	392,033	405,597	414,701	427,554	441,526
<i>less</i> Dedicated Tax Revenue Transferred to Special Purpose (O-Type) Funds:	66,683	49,904	-	-	-	-
Nursing Facility Quality of Care Fund	9,107	11,000	-	-	-	-
Housing Production Trust Fund	47,610	-	-	-	-	-
Comprehensive Housing Task Force Fund	-	29,169	-	-	-	-
Neighborhood Investment Fund	9,966	9,735	-	-	-	-
<i>plus</i> Special Purpose (O-Type) Fund Revenue	375,389	384,976	367,034	348,802	358,276	352,689
Total Revenue	5,238,583	5,583,692	5,937,279	6,212,984	6,524,776	6,829,423

Table 4-15 (continued)

EXHIBIT A: General Fund Components

(\$ thousands)

Revenue Source	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenue Net of Dedicated Taxes	4,674,701	4,856,585	5,164,647	5,449,481	5,738,946	6,035,207
School Modernization Fund	-	100,000	106,000	112,360	119,102	126,248
Local Fund Revenue	4,674,701	4,956,585	5,270,647	5,561,841	5,858,048	6,161,455
Dedicated Taxes	-	48,060	142,052	140,926	142,833	145,475
Nursing Facility Quality of Care Fund	-	-	11,000	11,000	11,000	11,000
Housing Production Trust Fund	0	48,060	46,533	46,437	47,810	49,454
Comprehensive Housing Task Force Fund	0	0	28,247	28,181	29,011	30,009
Neighborhood Investment Fund	-	-	9,875	10,000	10,000	10,000
Ballpark Fund	-	-	46,397	45,307	45,012	45,012
Special Purpose (O-Type) Fund Revenue	375,389	384,976	367,034	348,802	358,276	352,689
General Fund Revenue	5,050,090	5,389,622	5,779,734	6,051,569	6,359,157	6,659,619

Table 4-15 (continued)

EXHIBIT B: Policy Proposals Impacting General Fund Revenue

(\$ thousands)

Revenue Source	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Local Fund Revenue	4,674,701	4,956,585	5,270,647	5,561,841	5,858,048	6,161,455
plus Local Fund Revenue Proposals:	-	-	(18,988)	(21,119)	(23,169)	(25,497)
Reduced "Taxable Income" for Certain UB Taxpayers	-	-	(35)	(35)	(35)	(35)
Increased Homestead Deduction	-	-	(2,900)	(4,000)	(5,000)	(6,100)
Increased Standard Deduction	-	-	(10,900)	(11,600)	(12,300)	(13,100)
Increased Personal Exemption Amount	-	-	(5,153)	(5,484)	(5,834)	(6,262)
Postpone Indexing of the School Modernization Fund (Impact on Revenue Net of Dedicated Taxes)	-	-	6,000	6,360	6,742	7,146
Postpone Indexing of the School Modernization Fund (Impact on School Modernization Fund)	-	-	(6,000)	(6,360)	(6,742)	(7,146)
DDOT Parking Ticket Revenue	-	-	6,000	-	-	-
DDOT Moving Violation Ticket Revenue	-	-	250	-	-	-
Local Fund Revenue with Policy Proposals	4,674,701	4,956,585	5,257,909	5,540,722	5,834,879	6,135,958
Dedicated Taxes	0	48,060	142,052	140,926	142,833	145,475
Special Purpose (O-Type) Fund Revenue	375,389	384,976	367,034	348,802	358,276	352,689
plus Special Purpose Fund Revenue Proposals:	0	0	83,375	90,196	90,564	91,303
RETF: Extend Current Programs and Add New Programs	-	-	12,800	12,800	12,800	12,800
Transfer of Right of Way Fee from Capital to Special Purpose	-	-	38,049	38,049	38,049	38,049
Transfer of Parking Tax from Capital to Special Purpose	-	-	30,000	30,000	30,000	30,000
Transfer of Bus Shelter Revenue from Capital to Special Purpose	-	-	2,526	3,097	3,465	4,204
DDOT Parking Ticket Revenue	-	-	-	6,000	6,000	6,000
DDOT Moving Violation Ticket Revenue	-	-	-	250	250	250
Special Purpose Fund Revenue with Policy Proposals	375,389	384,976	450,409	438,998	448,840	443,992
General Fund Revenue with Policy Proposals	5,050,090	5,389,622	5,850,371	6,120,646	6,426,552	6,725,425

Table 4-15 (continued)

EXHIBIT C: Dedicated Tax Revenues

(\$ thousands)

Revenue Source	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Convention Center						
<i>Sales Tax</i>	79,706	82,694	86,002	89,614	93,467	97,486
Tax Increment Financing						
<i>Real Property Tax</i>	1,652	2,333	2,128	2,233	2,206	2,206
<i>Sales Tax</i>	11,562	10,617	9,733	9,628	9,653	9,653
Ballpark Fund						
<i>Sales Tax</i>	8,664	12,500	19,808	18,596	18,301	18,301
<i>Public Utility Tax</i>	10,356	9,303	9,424	9,546	9,546	9,546
<i>Toll Telecommunications Tax</i>	2,055	3,165	3,165	3,165	3,165	3,165
<i>Baseball Gross Receipts Tax</i>	15,952	14,000	14,000	14,000	14,000	14,000
Highway Trust Fund						
<i>Motor Fuel Tax</i>	24,960	26,844	26,938	27,032	27,221	27,221
DDOT Capital (proposed DDOT Unified Fund in FY08)						
<i>Parking Tax</i>	33,586	32,614	32,744	32,908	33,072	33,237
School Modernization Fund						
<i>Sales Tax</i>	-	100,000	106,000	112,360	119,102	126,248
Housing Production Trust Fund						
<i>Deed Tax</i>	47,610	48,060	46,533	46,437	47,810	49,454
Comprehensive Housing Task Force Fund						
<i>Deed Tax</i>	-	29,169	28,247	28,181	29,011	30,009
Neighborhood Investment Fund						
<i>Personal Property Tax</i>	9,966	9,735	9,875	10,000	10,000	10,000
Nursing Facility Quality of Care Fund						
<i>Healthcare Provider Tax</i>	9,107	11,000	11,000	11,000	11,000	11,000
Total Dedicated Tax Revenue	255,176	392,033	405,597	414,701	427,554	441,526
Policy Proposals Affecting Dedicated Tax Revenue	0	0	(6,000)	(6,360)	(6,742)	(7,146)
Postpone Indexing of the School Modernization Fund for One Year	-	-	(6,000)	(6,360)	(6,742)	(7,146)
Total Dedicated Tax Revenue with Policy Proposals	255,176	392,033	399,597	408,341	420,812	434,380

Table 4-15 (continued)

EXHIBIT D: Summary of General Fund and Non-General Fund Revenue Sources with Policy Proposals

(\$ thousands)

Revenue Source	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Revenue Net of Dedicated Taxes	4,674,701	4,856,585	5,164,647	5,449,481	5,738,946	6,035,207
<i>plus</i> Local Fund Revenue Policy Proposals	-	-	(18,988)	(21,119)	(23,169)	(25,497)
<i>plus</i> Total Dedicated Tax Revenue with Policy Proposals	255,176	392,033	399,597	408,341	420,812	434,380
<i>less</i> Dedicated Tax Revenue Transferred to Special Purpose (O-Type) Funds*	66,683	49,904	-	-	-	-
Nursing Facility Quality of Care Fund	9,107	11,000	-	-	-	-
Housing Production Trust Fund	47,610	-	-	-	-	-
Comprehensive Housing Task Force Fund	-	28,104	-	-	-	-
Neighborhood Investment Fund	9,966	9,735	-	-	-	-
<i>plus</i> Splus Special Purpose (O-Type) Revenue with Policy Proposals	375,389	384,976	456,659	438,998	448,840	443,992
Total Revenue with Policy Proposals	5,238,583	5,583,692	6,001,916	6,275,701	6,585,429	6,888,082

* Dedicated taxes currently classified as Special Purpose Fund revenue.

Table 4-15 (continued)

EXHIBIT E: Gross Tax Revenue Before Policy Proposals

(\$ thousands)

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Tax Revenue Net of Dedicated Taxes	4,238,950	4,457,068	4,766,436	5,051,024	5,341,443	5,634,892
<i>plus</i> Dedicated Tax Revenue (see Exhibit C)	255,176	392,033	405,597	414,701	427,554	441,526
Gross Tax Revenue (Before Transfer of Dedicated Taxes)	4,494,126	4,849,102	5,172,033	5,465,725	5,768,997	6,076,418

Table 4-16
Tax Reductions Enacted Since FY 2004
(thousands of dollars)

PROPERTY TAX CALCULATED RATE REDUCTION	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Property tax rate reduction from 92 cents per \$100 of assessment to 88 cents per \$100 of assessment			(17,000)	(18,547)	(19,790)
FY 2007 LOCAL REVENUE POLICY PROPOSALS	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Income Tax Proposals					
Quality Teacher Incentive Act of 2006			(257)	(269)	(283)
Property Tax Proposals					
Unfoldment, Inc., Equitable Real Property Relief			(88)	0	0
TOTAL POLICY CHANGES			(345)	(269)	(283)
TAX REDUCTIONS TRIGGERED BY MAY 2006 CERTIFICATION LETTER	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
New Columbia Community Land Trust		(163)	(12)	(12)	(13)
Parkside Terrace Economic Development		(250)	(60)	(65)	(75)
National Community Re-investment Coalition		(416)	(201)	(226)	(255)
Triangle Community Garden		(79)	(3)	(3)	(3)
Total Revenue Reductions		(908)	(276)	(307)	(346)
TAX REDUCTIONS TRIGGERED BY DECEMBER 2005 CERTIFICATION LETTER	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Triennial Group Taxable Assessment Disparity Correction Act of 2005		(19,151)	(21,035)	(22,802)	(24,410)
Disabled Person Tax Reduction Act of 2005		(3,630)	(3,680)	(3,780)	(3,780)
Disabled Property Owners Tax Reduction Act of 2005		(1,492)	(1,639)	(1,776)	(1,902)
TOTAL POLICY CHANGES		(24,273)	(26,354)	(28,358)	(30,092)
TAX REDUCTIONS TRIGGERED BY SEPTEMBER 2005 CERTIFICATION LETTER	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Residential Property Tax Rate and Cap Reduction Act of 2005		(20,908)	(22,964)	(24,894)	(26,649)
Limited Equity Cooperative Tax Fairness Act of 2005		(203)	(223)	(242)	(259)
Affordable Housing Preservation Tax Assessment Act of 2005		(415)	(456)	(494)	(529)
Total, Tax Reductions Triggered by September 2005 Certification		(21,526)	(23,643)	(25,630)	(27,437)
POLICY PROPOSALS IN FY 2006 BUDGET AFFECTING GENERAL PURPOSE REVENUE	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Budget Support Act Subtitles Impacting Revenue					
Catholic University of America Property Tax Exemption		(1,000)	-	-	-
Carver 2000 Low-Income and Senior Housing Tax Exemption		(50)	(50)	(50)	(50)
Dupont Commons Low-Income Housing Tax Exemption		(100)	0	0	0
The Way of the Cross Church of Christ Tax Exemption		(10)	0	0	0
Appalachian State University Tax Exemption		(20)	(20)	(20)	(20)
Family Property Recordation and Transfer Tax Exemption		(44)	(44)	(44)	(44)
American Psychological Association Tax Exemption Continuation		(940)	(970)	(1,010)	(1,040)
Recyclable Materials Sales Tax Clarification		(373)	(100)	(100)	(100)
Subtotal, Budget Support Act Subtitles		(2,537)	(1,184)	(1,224)	(1,254)
Income Tax Relief Proposals					
Expand Local EITC Match to 35%		(7,125)	(9,500)	(10,100)	(10,600)
Extend EITC Benefits to Non-Custodial Parents		(300)	(300)	(300)	(300)
Increase the Standard Deduction to \$2,500		(3,375)	(4,600)	(4,800)	(4,900)
Increase the Personal Exemption to \$1,500		(3,525)	(4,800)	(5,000)	(5,100)
Subtotal, Income Tax Proposals		(14,325)	(19,200)	(20,200)	(20,900)
Property Tax Relief Proposals					
Increase the Homestead Deduction to \$60,000		(18,700)	(19,600)	(20,600)	(21,600)
Low-Income Property Tax Deferral		(2,000)	(2,300)	(2,100)	(1,900)
Subtotal, Property Tax Proposals		(20,700)	(21,900)	(22,700)	(23,500)
Total, Tax Reductions in FY 2006 Budget		(37,562)	(42,284)	(44,124)	(45,654)
FISCAL IMPACT OF TAX POLICIES ENACTED IN FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Lowering of Property Tax Cap (from 25% to 12%)	(18,846)	(20,269)	(23,259)	(26,231)	(30,100)
Increase in Homestead Exemption (from \$30K to \$38K)	(6,553)	(6,553)	(6,553)	(6,553)	(6,553)
Tax Parity Restart	(24,000)	(77,129)	(141,000)	(141,000)	(141,000)
Deed Tax Rate Reduction (from 1.5% to 1.1% in FY 2005 & 2006, increased to 1.45% starting in FY 2007)	(89,525)	(102,273)	(32,371)	(32,502)	(32,767)
Trigger Activated PUTT Gross Receipts Tax Rate Reduction (from 11% to 10%)	(15,432)	(20,864)	(21,162)	(21,244)	(21,244)
Total, Tax Reductions Enacted in FY 2004	(154,356)	(227,088)	(224,345)	(227,530)	(231,664)
Total, Tax Reductions Enacted since FY 2004	(154,356)	(311,357)	(334,247)	(344,764)	(355,266)

market grows at a steady pace (a gain of 20 percent over the 3-year period).

In some areas the period of FY 2009 to FY 2011 is expected to show some improvements over FY 2007 and FY 2008. The pace of new housing starts is forecast to increase, with about 7,000 units being started. An increase of 5,400 households over the years FY 2009 through FY 2011 is also forecast, representing a gain of about 2.1 percent from FY 2008.

In the FY 2009 to FY 2011 period it is also anticipated that the residential housing market will show signs of recovery, although not returning to the surging prices and sales of the FY 2003 to FY 2005 period. The number of housing unit sales (the combined total of single family and condominium units) is forecast to increase about 0.7 percent each year, and the average price of all units sold is forecast to increase by 1.7 percent.

Revenues

The revised FY 2007 and FY 2008 estimates show General Fund local revenues (net of dedicated taxes) of \$4.857 billion and \$5.165 billion, respectively. (See table 4-15.) These amounts include local source General Purpose Tax and Non-Tax revenues. Table 4-15 reports estimated revenue by revenue source for the period FY 2007 to FY 2011, along with actual FY 2006 revenues. Tables 4-33 and 4-34, at the end of this chapter, provide information on year-to-year percentage and absolute changes.

Table 4-16 provides estimates, over a similar time period, of the fiscal impact on District revenues of those tax policies that were enacted since FY 2004. Figure 4-1 shows the FY 2007 distribution of local revenues net of dedicated taxes by the source of revenue.

Specific Revenue Sources

Property Tax

Real Property Tax

The District taxes real property based on 100 percent of assessed value and bills taxpayers twice annually. The District divides properties into three separate tax classes depending on the use of the real property. Each class is taxed at a different rate. The three real property classes in the District are

residential, commercial and vacant/abandoned. The major difference between the District and other jurisdictions is the large proportion of real property that is exempt from paying the District's real property tax—amounting to roughly 57 percent of the city's land area and 33 percent of the total assessed value. Tax-exempt properties primarily include those owned by the federal government as well as properties owned by foreign governments, non-profit organizations, educational institutions, and the District government.

Real Property Tax Base

The value of all real property in the District grew 21.6 percent from \$130.1 billion in 2005 to \$158.2 billion in 2006. The total value of all taxable commercial properties amounted to \$40.4 billion or 25.5 percent of all property in the District. The total value of all residential properties amounted to \$58.1 billion or 36.7 percent of all property in the District. The total value of all exempt properties amounted to \$59.7 billion, 37.7 percent of all property in the District.

In 2006, the total value of taxable commercial properties grew 9.5 percent, taxable residential properties grew 16.2 percent, and the value of all exempt property grew 38.1 percent. With only 62.3 percent of the value of all real property in the District being taxable in 2006, the commercial sector accounted for 41.0 percent of the 2006 tax base, down from 42.5 percent in 2005, and the residential sector accounted for 59.0 percent of the 2006 tax base, up from 57.5 percent in 2005. In FY 2006, the District's total taxable real property had an assessed value of \$98.5 billion.

Real Property Tax Rates

The District's real property tax system divides taxable properties into three separate tax classes, and each class is taxed at a different rate. (See table 4-17.) Class 1 properties are residential properties (owner-occupied and rental), of which there are approximately 155,000. The tax rate for these properties was lowered from \$0.92 per \$100 of assessed value in FY 2006 to \$0.88 per \$100 of assessed value in FY 2007 via the "Calculated Residential Property Tax Rate Establishment Act of 2005". This legislation limits the growth in total residential real property taxes to 9 percent in FY 2007. It was estimated in September 2006

that the growth in total Class 1 real property tax revenue would be 15 percent (even after the application of the 10 percent tax cap and other relevant tax relief). Subsequently, to limit real property tax revenue growth to 9 percent, the CFO calculated the FY 2007 tax rate to be \$0.88 per \$100 of assessed value. This legislation also limits the growth in residential real property taxes to 8 percent in FY 2008. In May 2007, it was estimated that Class 1 revenue for FY 2008 would yield an additional 13 percent in tax revenue at the \$0.88 per \$100 of assessed value tax rate compared to FY 2007. Subsequently, to limit real property tax revenue growth to the statutory 8 percent, it was calculated that the Class 1 tax rate for FY 2008 would be \$0.85 per \$100 of assessed value.

Class 2 properties are commercial properties, of which there are approximately 9,000. These properties are taxed at the commercial rate of \$1.85 per \$100 of assessed value.

Class 3 properties are vacant and/or abandoned properties, of which there are approximately 2,800. These properties are taxed at a rate of \$5.00 per \$100 of assessed value. The significantly higher Class 3 tax rate is intended to prevent the proliferation of such properties by providing an incentive to develop vacant or abandoned properties. There are several exemptions from this higher

tax rate for both residential and commercial properties that might potentially be affected, such as for buildings that are under construction, for sale, or have been damaged by flood or fire.

Real Property Tax Assessments Annual Assessments

The District operated under a triennial assessment system from FY 1999 to FY 2003. In FY 2004 all real property in the District was assessed on an annual basis for the first time since 1998. The return to annual assessments has meant that assessment values are more indicative of market values. But, the return to annual assessments, combined with the continuously strong demand to own real property in the District, has helped bring about increases in annual property tax liability of 30 percent and higher for many properties in FYs 2004 to 2006.

In an effort to ameliorate the rapidly escalating financial burden of real property tax bills for residential tax payers, numerous legislative remedies have been implemented in recent years. The “Owner-Occupant Residential Tax Credit Act of 2001” stipulated that District homeowners will pay no property tax on the assessment increase above 25 percent (i.e., a 25 percent tax cap) of the prior year’s assessment. When a tax cap is applied

Figure 4-1

FY 2007 Distribution of General Fund Local Revenue

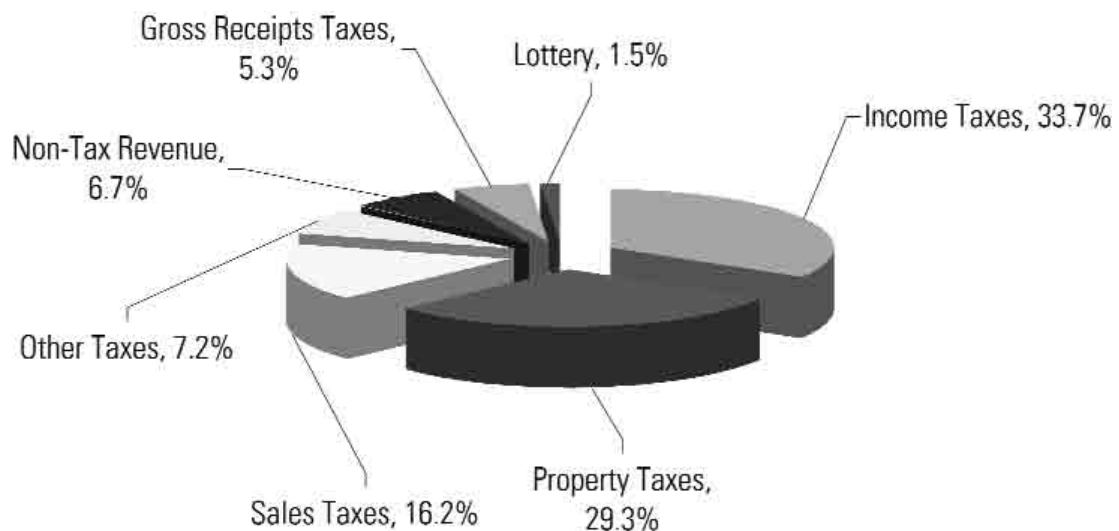


Table 4-17

Real Property Tax Classes and Rates for FY 2007

Real Property Tax Class	Tax Rate
Class 1 (Residential)	\$0.88 per \$100 of assessed value
Class 2 (Commercial/ Non Class 1 & 3 Properties)	\$1.85 per \$100 of assessed value
Class 3 (Vacant/Abandoned)	\$5.00 per \$100 of assessed value

to a property's tax bill, the assessed value determined by the Office of Tax and Revenue is not affected in any way. A tax cap only limits the annual tax liability for affected properties.

The "Owner-Occupant Residential Tax Credit and Homestead Deduction Clarification Emergency Act of 2004" specified that, beginning in FY 2004, District homeowners will pay no property tax on the assessment increase above 12 percent of the prior year's assessment. The legislation also increased the annual homestead deduction from \$30,000 to \$38,000. The "Real Property Tax Relief Act of 2005" increased the annual homestead deduction by \$22,000, from \$38,000 to \$60,000. The "Residential Property Tax Rate and Cap Reduction Act of 2005" lowered the tax rate for all residential properties from \$0.96 per \$100 of assessed value to \$0.92 per \$100 of assessed value, and it stipulated that, beginning in FY 2006, annual property taxes for District homeowners will increase no more than 10 percent annually.

The "Triennial Group Taxable Assessment Disparity Correction Act of 2005" adjusted all FY 2006 assessments for homestead properties in triennial groups 1 and 2 to reflect a 12 percent tax

cap dating back to 2001. (Prior to this legislation in 2005, these properties were subject to the 25 percent cap in 2002 and 2003 unlike properties in triennial group 3 which have only been subject to the 12 percent cap.) And lastly, the "Calculated Residential Property Tax Rate Establishment Act of 2005" limited the growth in total Class 1 real property tax revenue to 9 percent in 2007 and 8 percent in 2008. Because growth in total Class 1 real property tax revenue in 2007 was estimated to be 15 percent, the tax rate was lowered for all residential properties from \$0.92 to \$0.88 per \$100 of assessed value in FY 2007 to yield only the legally allowable amount of tax revenue from this source. The growth in total Class 1 real property tax revenue in 2008 was estimated to be 13 percent. Consequently, the tax rate was again lowered for all residential properties to \$0.85 per \$100 of assessed value in FY 2008 in compliance with District law.

Real Property Revenue

Actual FY 2006 and projected FY 2007 to FY 2011 revenue from the real property tax is shown in table 4-18. In FY 2006, collections under the

Table 4-18

Property Tax Revenue, Fiscal Years 2006-2011

(\$ thousands)

Revenue Source	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Real Property (gross)	1,153,795	1,367,153	1,593,410	1,717,176	1,839,990	1,958,254
Transfer to TIF	(1,652)	(2,333)	(2,128)	(2,233)	(2,206)	(2,206)
Real Property (net)	1,152,143	1,364,820	1,591,282	1,714,943	1,837,784	1,956,048
Personal Property (gross)	65,514	66,818	67,620	68,364	69,116	69,807
Transfer to Neighborhood Investment Fund	(9,966)	(9,735)	(9,875)	(10,000)	(10,000)	(10,000)
Personal Property (net)	55,548	57,083	57,745	58,364	59,116	59,807
Public Space	22,206	20,310	20,960	21,588	22,236	22,859
Transfer to DDOT	(22,206)	(20,310)	(20,960)	(21,588)	(22,236)	(22,859)
Total Property Taxes	1,207,691	1,421,903	1,649,027	1,773,307	1,896,900	2,015,855

real property tax constituted 24.7 percent of local revenue, making the real property tax the second largest source of local revenue after the individual income tax. In FY 2007, real property tax revenue collections are expected to account for 28.2 percent of Local Fund revenue. The robust increase in revenue is a direct consequence of the robust growth in property assessments across all property tax classes and in all parts of the city.

In FY 2006 several pieces of major legislation were enacted to provide additional real property tax relief for residential property. The major pieces of legislation in this package 1) lowered the FY 2006 residential assessments for homesteads in triennial groups 1 and 2 to reflect a 12 percent cap in FY 2002 to FY 2005; 2) lowered the tax rate from \$0.96 to \$0.92 per \$100 of assessed value; and 3) increased the homestead exemption by \$22,000 to \$60,000. These newly implemented fiscal policy changes suppressed the underlying natural growth rate in real property tax revenue in FY 2006. This legislative tax relief package reduced FY 2006 revenue by \$63.3 million and limited revenue growth to only 8.8 percent compared to FY 2005. Real property tax revenue is projected to continue to grow vigorously at a rate of 18.5 percent in FY 2007 and at a rate of 16.5 percent in FY 2008. The calculated tax rate for residential property reduced FY 2007 real property tax revenue by \$17.1 million and FY 2008 real property tax revenue by \$17.5 million.

Real property tax revenue for any given year is based on assessments completed two years prior. This time frame includes one year for property owners to contest their assessment, if they choose, before tax payment is due. Therefore FY 2007 real property tax revenue reflects market conditions in 2005. Considering that a phenomenal number of property sales at ever increasing sale prices have taken place over the past six years, calendar year 2005 was the year when property sale prices were at their highest in the city both in terms of their level and annual percentage changes. Between CY 2001 and CY 2005, annual home sales have increased by an average of 4.6 percent. But, median sale prices for single family homes and condominiums increased annually by an average of 21.9 and 19.5 percent respectively.

For this same time period, over 200 large commercial office buildings were sold in the city and the average annual sales price for these properties increased 13.9 percent.

Calendar year 2006 was a year when property sales were below sales in the previous year and average sale prices began to decline. These developments in the realm of property sales have caused some in the local real estate industry to consider 2005 as the peak year of the current real estate market cycle. Given that there is approximately a two to three year lag between the real property tax revenue collected in any given year, the slowing real estate market is not expected to impact real property tax revenue until FY 2009. So while real property tax revenue is expected to grow at a rate of 18.5 percent in FY 2007 and at a rate of 16.5 percent in FY 2008, the growth rate in FY 2009 slows to 7.8 percent. The annual growth rate continues to decline gradually to 6.4 percent in 2011.

General Obligation Bond - Debt Service

Each year the District dedicates a percentage of its real property tax collections to pay off the principal and interest on its General Obligation Bonds. For FY 2007, the percentage of real property tax collections dedicated to the repayment of principal and interest on the District's General Obligation Bonds is 45 percent.

Personal Property Tax

The District's personal property tax is levied on the depreciated value of all tangible personal property used in a trade or business, including computers, vehicles, plant and equipment but excluding inventories held for sale. The strength of the District's economy in recent years has resulted in greater investment in personal property used for commercial purposes.

In FY 2006, gross total personal property tax collections totaled \$65.5 million (see table 4-18), a 4.8 percent increase over FY 2005 collections of \$62.1 million. The growth in personal property tax revenue for FYs 2007 to 2011 is not expected to match that of FY 2006. Based on national and regional economic indicators that suggest that economic growth will continue over the next several years, this growth is expected to occur at a

slower annual rate. Instead, total personal property tax collections are expected to amount to only \$66.8 million in FY 2007 and grow about 1.1 percent per annum for FYs 2008 to 2011.

In 2004 District legislation created a Neighborhood Investment Fund (NIF) and a Neighborhood Investment Program which dedicates a maximum of \$10 million annually from personal property tax revenue to pay for a variety of community revitalization projects, including commercial, residential, and civic uses for twelve priority neighborhoods. In FY 2006, nearly \$10.0 million of personal property tax revenue was diverted to the NIF and it is estimated that \$9.7 million and \$9.9 million will go to the NIF in FY 2007 and FY 2008, respectively. Therefore net personal property tax collections are expected to be \$57.1 million in 2007 and \$57.7 million in 2008.

Public Space Rental

There are three categories of public space rentals: sidewalks/surfaces, vaults and fuel tanks. Public space rental of sidewalks/surfaces includes enclosed cafes, unenclosed cafes, and merchandise display areas (including used car lots). Vaults are underground areas that extend wider than an owner's property to spaces beneath the surface of public real property. For public space rental purposes, fuel oil tanks are areas used for tanks that hold heating fuel.

In FY 2006, revenue from public space rentals amounted to \$22.2 million (see table 4-18), a 42.1 percent increase from FY 2005. This surge in additional revenue in FY 2006 was a result of the strong growth in the assessment values of vaults in commercial buildings. The "Public Space Rental Fees Amendment Act of 2006" increased rental rates by 20 percent beginning in FY 2007. This is expected to increase revenue from this source by 10.7 percent in 2007 compared to the previous year. However, beginning in FY 2008 Public Space rental collections are expected to grow 2.1 percent per annum to FY 2011.

Recent legislation also affected the impact of Public Space Rental tax collections on total General Fund revenue beginning in FY 2006. The "Highway Trust Fund and District Department of Transportation Emergency Amendment Act of 2005" requires that all revenue from the public space rentals be deposited annually into the District Department of Transportation Operating Fund. Although, this tax is expected to produce over \$25 million each year for the foreseeable future, the revenue will no longer be available to the General Fund, but is to be used for local road construction and maintenance and related debt servicing.

Table 4-19

Estimated Sales Tax Base and Payments by Tax Type, FY 2006

(\$ Millions)

	Retail	Liquor	Restaurant	Parking	Hotel	Total
Base	6,871.3	233.3	2,638.0	307.5	1,324.1	11,374.2
Rate	5.75%	9%	10%	12%	14.5%	
Collections	430.1	21.0	239.1	36.9	181.8	908.9
<i>Convention Center Transfer</i>	-	-	23.9	-	55.8	79.7
<i>TIF Transfer</i>	3.8	0.2	2.2	3.3	2.1	11.6
<i>Parking Tax Transfer</i>	-	-	-	33.6	-	33.6
<i>Ballpark Transfer</i>	-	-	8.7	-	-	8.7
Local Fund	426.3	20.8	204.3	-	123.9	775.4

Note: Details may not add to totals due to rounding.

Table 4-20

General Sales and Use Tax Revenue, Fiscal Years 2006-2011

(\$ thousands)

Revenue Source	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
General Sales and Use	908,884	955,085	1,016,135	1,067,625	1,124,525	1,184,499
<i>Convention Center Transfer</i>	<i>(79,706)</i>	<i>(82,694)</i>	<i>(86,002)</i>	<i>(89,614)</i>	<i>(93,467)</i>	<i>(97,486)</i>
<i>Transfer to TIF</i>	<i>(11,562)</i>	<i>(10,617)</i>	<i>(9,733)</i>	<i>(9,628)</i>	<i>(9,653)</i>	<i>(9,653)</i>
<i>Transfer to DDOT capital (parking tax)</i>	<i>(33,586)</i>	<i>(32,614)</i>	<i>(32,744)</i>	<i>(32,908)</i>	<i>(33,072)</i>	<i>(33,237)</i>
<i>Transfer to Ballpark Fund</i>	<i>(8,664)</i>	<i>(12,500)</i>	<i>(19,808)</i>	<i>(18,596)</i>	<i>(18,301)</i>	<i>(18,301)</i>
<i>Transfer to School Modernization Fund</i>	-	<i>(100,000)</i>	<i>(106,000)</i>	<i>(112,360)</i>	<i>(119,102)</i>	<i>(126,248)</i>
General Sales and Use (net)	775,366	716,660	761,848	804,519	850,930	899,573

Sales and Excise Taxes**General Sales and Use Tax**

Revenue from the District's sales and use tax is collected using a five-tier structure. Sales of tangible personal property and certain specified services are taxed at 5.75 percent. Sales of alcoholic beverages for consumption outside the premises are taxed at 9 percent. Sales of food and drink for immediate consumption, the rental or leasing of motor vehicles and sales of prepaid phone cards are taxed at 10 percent (with one percent supporting the Convention Center Authority). Parking and storing of vehicles are taxed at 12 percent. Transient accommodations are taxed at 14.5 percent (with 4.45 percent supporting the Convention Center Authority).

From a policy perspective, the multiplicity of rates is ostensibly intended to accomplish different goals, including revenue generation from visitors to the District and support for the hospitality industry via the Convention Center transfer. The multiplicity of rates, with special exemptions provided in each category, complicates the administration of the tax for the Office of Tax and Revenue and adds to compliance costs for businesses such as hotels and food stores, where transactions may involve several tax categories.

Net revenue collected under the sales and use tax in FY 2006 was \$775.4 million (see table 4-19), net of the Convention Center transfer of \$79.7 million, a TIF transfer of \$11.6 million, a transfer to DDOT (Parking Tax) of \$33.6 million, and a Ballpark Fund transfer of \$8.7 million. For FY

2007, sales and use tax collections are projected to be the third largest source of District General Fund local revenue, comprising 19.7 percent of total revenue net of dedicated taxes. The sales and use tax applies to businesses on their purchases of supplies and equipment as well as to a wide range of ordinary consumer purchases. The general U.S. economy grew at a rate of 6.5 percent in FY 2006 and a 4.7 percent rate is expected for FY 2007 (nominal GDP). U.S. personal income increased 6.1 percent in FY 2006 and is expected to increase 5.3 percent for FY 2007. When people have rising income they tend to spend a portion of this increase on vacation spending. Thus, the District is expected to see the tourism spending, which grew at a slower rate in FY 2006 than in FY 2005, to continue to grow in FY 2007 but at a slower rate than in FY 2006 due to the projected slowing of the national economy. This slower growth in tourist spending and the increased transfers provide a basis for decreased sales tax revenues for FY 2007 to \$716.7 million (see table 4-20), net of the Convention Center Transfer of \$82.7 million, a TIF transfer of \$10.6 million, a DDOT (parking tax) transfer of \$32.6 million, a Ballpark Fund transfer of \$12.5 million, and the School Modernization Fund transfer of \$100.0 million. The growth rates in both sales tax revenue and personal income will slowly increase for the out years. We are expecting continuous positive growth from the hospitality industry, which will contribute to sales tax revenue for the District over the next five years.

Table 4-21

Sales Tax Forecast for the Convention Center Fund, Fiscal Years 2007-2011

(\$ thousands)

	FY 2007	FY 2008	FY 2009	FY 2010	FY2011
Restaurant Sales Tax	25,552	26,575	27,691	28,881	30,123
Hotel Sales Tax	57,142	59,427	61,923	64,586	67,363
Total	82,694	86,002	89,614	93,467	97,486

Convention Center Transfer

After recovering from the FY 2002 drop, the Convention Center transfer grew by approximately 4.6 million or 8.5 percent in FY 2003 over FY 2002. The Convention Center transfer continued its growth in FY 2004, expanding 5.2 percent from FY 2003; and there was a 24.6 percent increase for FY 2005 over FY 2004. This growth in the Convention Center transfer can be attributed to the facility coming completely online in FY 2005 and the Center's target occupancy rate of 75 percent for FY 2004 through FY 2006. A 3.7 percent increase is expected for FY 2007 over FY 2006, based on growing tourist spending in the District from increased U.S. personal incomes growing at a rate of 5.3 percent.

Restaurant Sales Tax

Restaurant sales tax receipts are estimated to be \$263.8 million in FY 2006, up \$17.7 million or 7.2 percent from \$246.1 million in FY 2005.

Hotel Sales Tax

Hotel sales tax revenues are estimated to be \$192.0 million in FY 2006, up \$20.0 million or 11.6 percent from \$172.0 million in FY 2005.

As noted earlier, a portion of restaurant and hotel sales tax revenues are transferred to the Convention Center Fund. Table 4-21 shows the amounts projected to be transferred over the FY 2007 to FY 2011 period.

Sales Tax TIF Transfer

The District utilizes an economic development tool called Tax Increment Financing (TIF) to assist in financing economic development projects. TIF allows the incremental future revenue stream from a development project to be pledged to pay back bonds issued to help finance

the development. In FY 2006, \$11.6 million in sales tax revenue was transferred to the TIF program. In FY 2007, \$10.6 million in sales tax revenue is expected to be transferred to the TIF program, which is a 8.2 percent decrease from FY 2006.

Parking Tax Transfer

As part of the FY 2006 budget, the parking tax revenue stream was transferred out of the general fund to the Department of Transportation to fund capital expenditures. In FY 2006, the parking tax revenue was estimated to be \$33.6 million, down \$1.1 million or 3.2 percent from \$34.7 million in FY 2005. In FY 2007, parking tax revenue is expected to be \$32.6 million, which is \$1.0 million (2.9 percent) below FY 2006 parking tax revenue.

Transfer to Ballpark Fund

Stadium related sales tax streams are dedicated to the Ballpark Fund to pay the debt service on the baseball stadium revenue bonds. These revenue streams included taxes on tickets sold, taxes on parking at the stadium, taxes on stadium concessions and taxes on food and beverages sold in the stadium. In FY 2006, \$8.7 million was transferred to the Ballpark Fund. In FY 2007, \$12.5 million is expected to be transferred to the Ballpark Fund. This is a \$3.8 million (44.3 percent) increase over the amount of revenue transferred in FY 2006. For more information, see the separate section on the Ballpark Fund that appears later in this chapter.

Transfer to School Modernization Fund

In FY 2006, the District enacted the School Modernization Financing Act of 2006 which establishes the Public School Capital Improvement Fund for the purpose of funding

capital improvements throughout the District of Columbia school system. The revenue source for this fund, beginning in FY 2007, is \$100 million of sales tax revenue. Beginning in FY 2008, the amount of funds transferred to the Public School Capital Improvement Fund is increased by the Construction Cost Index.

Selective Sales and Use Taxes

In addition to the multi-rate general sales and use tax, the District imposes excise taxes on alcoholic beverages, cigarettes, motor vehicles, and motor fuel. The motor fuel tax is deposited directly to a special account (the Highway Trust Fund) to match federal funds for the construction, repair and management of eligible District roadways. As a result, motor fuel tax revenue is not considered part of the General Fund for budgetary purposes.

Alcoholic Beverage Tax

The alcoholic beverage tax is levied on wholesale sales of beer, wine, and liquor in the District. The tax rates vary by type of product. Alcohol consumption has been declining in the United States since 1990, a trend reflected in the District's tax collections for alcoholic beverages. Alcohol tax collections are expected to be \$5.0 million and \$4.9 million in FY 2007 and FY 2008, respectively (see table 4-22). Alcohol tax collections are expected to decrease throughout the FY 2007 through FY 2011 projection period because alcohol consumption is expected to decrease moderately. After a peak in the first half of FY 2004, tax collected from alcoholic beverages declined and appears to be moderating since then. There has been no change in the tax rate since 1990, which suggests the change in tax collected is directly linked to consumption patterns.

Cigarette Tax

The cigarette tax is levied on the sale or possession of all cigarettes in the District with the exception of sales to or by the United States or the District government or their instrumentalities (e.g., the military and Congress). Cigarette consumption has been declining in recent years and is expected to continue declining. An increase in wholesale prices (as a result of the settlement between tobacco companies and states and the District of Columbia), an increase in taxes on cigarettes, anti-smoking efforts, and a greater awareness of health risks are likely factors contributing to this decline.

Revenue collected from the cigarette tax in FY 2006 was approximately \$23 million. Revenues are estimated to be lower in FY 2007 (\$21.2 million) and to fall further in FY 2008 (to \$19.2 million). We project revenue to decline very slightly between FY 2008 and FY 2011 (see table 4-22).

Motor Vehicle Excise Tax

The motor vehicle excise tax is imposed on the issuance of every original and subsequent certificate of title on motor vehicles and trailers. The tax is 6 percent of fair market value for vehicles 3,499 pounds or less, 7 percent of fair market value for vehicles 3,500 pounds to 4,999 pounds, and 8 percent for vehicles weighing more than 5,000 pounds. The 8 percent rate was introduced in April 2005. Collections from motor vehicle excise taxes totaled \$42.6 million in FY 2006, a 0.4 percent increase in collections from FY 2005. This tax is largely dependent on car purchases by District residents. Soaring car sales in the late 1990s and early 2000s gave way to the fall-out from a slow economy following September 11. Automakers attempted to curtail this decline starting in FY 2002 by incentives such as zero percent financing and cash

Table 4-22

Selective Sales and Excise Tax Revenue, Fiscal Years 2006-2011

(\$ thousands)

Revenue Source	FY2006 Actual	FY2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Alcoholic Beverages	5,070	4,977	4,944	4,780	4,719	4,658
Cigarette	22,993	21,234	19,223	20,186	19,682	19,190
Motor Vehicle Excise	42,563	46,303	48,599	50,590	52,879	55,273
Total Selective Sales and Excise	70,626	72,514	72,766	75,556	77,280	79,121

Table 4-23

Income Tax Revenue, Fiscal Years 2006-2011

(\$ thousands)

Revenue Source	FY2006 Actual	FY2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Individual Income	1,233,602	1,210,306	1,310,764	1,393,956	1,474,708	1,552,150
Corporate Franchise	215,283	252,702	259,021	272,134	283,160	298,144
U. B. Franchise	142,598	173,420	187,119	205,413	225,443	248,496
Total Income Taxes	1,591,483	1,636,428	1,756,904	1,871,503	1,983,311	2,098,790

rebates. During FY 2003, auto sales seemed to recover from September 11 levels.

The District's Department of Motor Vehicles (DMV) has reported that there have been improvements in the administration of imposing the excise tax on all newly titled vehicles. The Department has programmed computers to ensure the application of the correct excise tax rate on a more consistent method of Fair Market Valuation. This improvement may have contributed to the 4.8 percent increase in collections in FY 2005. Collections are projected to increase on average by 4.4 percent per year between FY 2008 and FY 2011 (see table 4-22). The measured growth rate is a combination of continued moderate growth in the numbers of cars sold, the price of cars sold, and the percentage of cars sold that are in the heavier category. This has been the trend since about 2001.

Income Taxes

The individual income tax, the corporate franchise tax, and the unincorporated business franchise tax are significant sources of District revenue. In FY 2006, these taxes accounted for 34 percent of local source revenue. In FY 2007, their share of local source revenue is projected to be 34 percent. Actual FY 2006 revenue from these sources is shown in table 4-23. This table also shows projected revenue from each of these taxes for the period FY 2007 through FY 2011.

Individual Income Tax Base and Rate

The individual income tax base consists of the income of individuals who maintain a permanent residence in the District at any time during the tax year and individuals who maintain a residence for

a total of 183 or more days during the tax year. The District's tax base also includes the income of individuals who were members of the armed forces and listed the District as their home of record for either a part of or the full taxable year, as well as the spouse of an exempt military person or of any other exempt person such as a nonresident presidential appointee or an elected official. Those individuals that are exempt from income tax in the District (and as such whose income is not included in the tax base) include elected officials of the federal government, presidential appointees subject to confirmation by the U.S. Senate, United States Supreme Court justices who are not domiciled in the District, employees of legislative staffs who are residents of the state of their elected official, and, of great importance, all persons who are employed in the District but live outside of the District.

The individual income tax, the District's largest single source of tax revenue, accounted for 26.4 percent of total local source revenue in FY 2006. Table 4-24 reports the tax rates and brackets scheduled to be applied to net taxable income (NTI) across the planning period. For FY 2007, the tax rate is 4 percent for NTI up to \$10,000. For NTI between \$10,001 and \$40,000, the marginal tax rate is 6 percent, while a marginal rate of 8.5 percent is applicable for NTI greater than \$40,000. Because marginal tax rates increase as income rises, table 4-24 suggests that the District has a progressive tax system.

The cost of the Tax Parity Act of 1999, which sought to reduce tax rates in the District of Columbia and is expected to be fully implemented by FY 2007, is anticipated to be a \$64 million additional reduction in revenue in FY 2007. The cumulative decline in revenue is estimated to be

\$117 million. With the full implementation by FY 2007, there would be no additional reduction in revenue in FY 2008 and FY 2009.

FY 2006

In FY 2006, individual income tax revenue grew by approximately 6 percent, which is about half of the 11 percent growth rate that was experienced in FY 2005 and the 12 percent growth rate in FY 2004. The earnings of District residents increased by slightly more than 5 percent in FY 2006, which is a slowdown from the 7 percent growth rate in FY 2005 and the 9 percent growth rate in FY 2004. In FY 2006, the wages and salaries of the District's residents increased by approximately 6 percent, while in FY 2005 they increased by just over 6 percent and by approximately 8 percent in FY 2004. The withholding component of the individual income tax, which is tied directly to wages and salaries, grew by approximately 6 percent in FY 2006, which was up from the 5 percent growth rate in FY 2005, but lower than the almost 7 percent growth rate in FY 2004.

The declarations component (also called estimated payments) of total revenue from individual income increased by slightly more than 11 percent in FY 2006, which was lower than the 15 percent growth rates in FY 2004 and FY 2005. A 5 percent increase in property income (interest, dividends and rents) was experienced in FY 2006, which was slightly lower than the growth that was experienced in FY 2005, but higher than the 3 percent in FY 2004. The stock market had a weaker performance in FY 2006 than in fiscal years 2004 and 2005. Also contributing to revenue changes was growth in payments accompanying returns in FY 2006 of 12 percent, which was the same rate of growth as experienced in FY 2005, but lower than the 29 percent that was experienced in FY 2004. The lower growth rate in the stock market in FY 2006

relative to fiscal years 2004 and 2005 contributed to smaller growth rates in the declarations component of the individual income tax.

FY 2007-FY 2011

In FY 2007 the District anticipates \$1,210 million in individual income tax revenue. In FY 2008 it is anticipated that there would be approximately 8.3 percent growth in individual income tax revenue resulting in revenue of \$1,311 million. For FY 2009-2011, revenue is projected to be \$1,394 million, \$1,475 million and \$1,552 million respectively. The roughly 1.9 percent revenue decrease in FY 2007 is expected to be followed by 8.3 percent growth in revenue in FY 2008. Revenue is expected to grow by 6.3 percent in FY 2009 and by about 5.8 percent in FY 2010 and by 5.3 percent in FY 2011. Figure 4-2 shows the anticipated growth rates.

As the national and regional economies continue to strengthen and the District population becomes wealthier, as recent Census figures indicate, we expect continued strong revenue growth in the individual income tax. However, the individual income tax revenue will continue to be a major source of volatility in the District's revenue system because its growth is so closely tied to the stock market. As the District's population becomes wealthier, we expect the volatility in this revenue source to increase, as a greater share of taxable income will be tied to capital gains.

Corporate Franchise and Unincorporated Business Franchise Taxes

The District's franchise tax is imposed on all corporations and unincorporated businesses having nexus in the District of Columbia. The tax liability is determined by multiplying the rate of 9.975 percent (9.5 percent rate plus a surtax of 5

Table 4-24

Income Tax Rates, Fiscal Years 2006-2011

Net Taxable Income	FY2006	FY2007	FY 2008	FY 2009	FY 2010	FY 2011
\$0 - \$10,000	4.5%	4.0%	4.0%	4.0%	4.0%	4.0%
\$10,001 - \$40,000	7.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Greater than \$40,000	8.7%	8.5%	8.5%	8.5%	8.5%	8.5%

percent of the base rate) by the net taxable business income that is apportioned to the District of Columbia. Business income is apportioned to the District of Columbia based on a three-factor formula—sales, payroll, and property—with each factor weighted equally. When this apportionment formula does not fairly represent the extent of the taxpayer’s business activities in the District, that taxpayer may petition for (or the Office of Tax and Revenue may require) consideration of a different formula.

Corporate Franchise

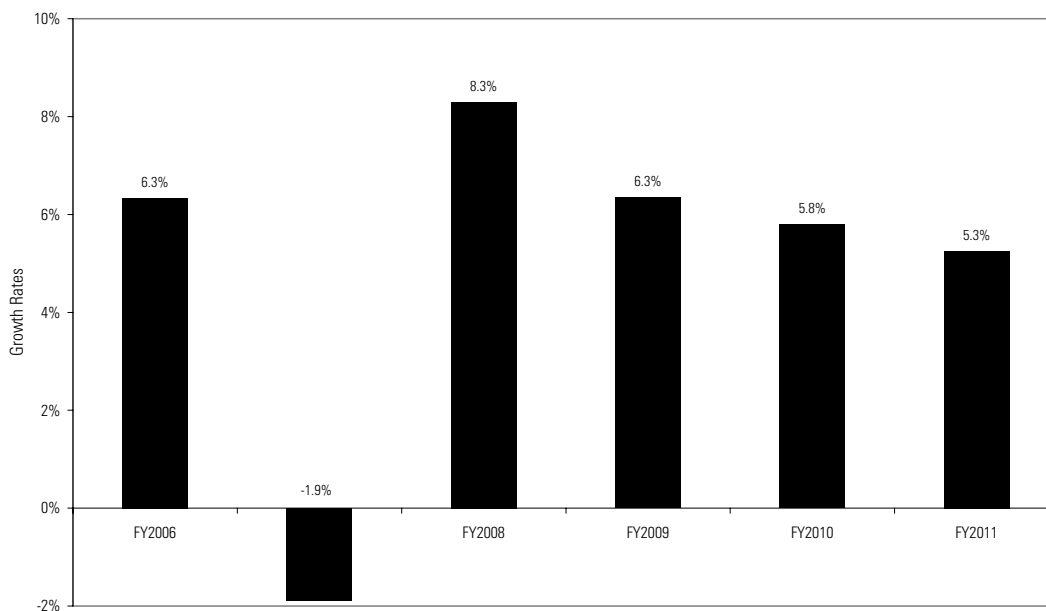
Corporate franchise tax revenue as a share of total local fund revenues has declined as a percentage of total revenues. Corporations have increasingly used tax planning to lower their taxable income. As a result, many corporations, regardless of the amount of their gross profits, have only a minimum tax liability. This situation exists nationwide. Some state taxing authorities have attempted to disallow specific types of deductions through the courts (for example: *Geoffrey, Inc. v. South Carolina Tax Commission*). The District watches these cases with interest in order to benefit from legal events and interpretations that may help to improve corporate franchise tax collections.

Corporate franchise tax revenue is a small share of total revenues both because a large number of corporate franchise taxpayers pay the minimum tax liability and because the minimum tax liability is \$100. The minimum amount is unchanged since 1983. If the minimum tax had grown with inflation since 1983, the minimum tax amount would be about \$200. Growth rates of net incomes and taxes from them since 1983 are not reflected in minimum tax payments. Over the years, other categories of tax collections have therefore shown more growth when compared to the growth of corporate franchise tax collections. In 2004 approximately 65 percent of the District’s corporate franchise taxpayers paid the minimum tax, and approximately 51 percent of unincorporated business taxpayers paid the minimum.

The District estimates approximately \$259.0 million of corporate franchise tax revenue in FY 2008 (see table 4-23), a 2.5 percent increase over the \$252.7 million estimate for FY 2007. We project annual average growth of approximately 4.8 percent from FY 2008 to FY 2011. Our estimate is based partly on recent record growth in productivity—corporations have been able to do more with fewer workers, and on the recovery of

Figure 4-2

Estimated Individual Income Tax Revenue Growth Rates (FY 2006-FY2011)



the stock market since the latter half of 2003. Franchise tax revenues lag the stock market by about a year. We expect the growth in revenue from the corporate franchise tax to be less than the stock market's growth because the relationship between the stock market and corporate franchise tax is not one to one.

Unincorporated Business Franchise

Income from unincorporated businesses with annual gross receipts of \$12,000 or less is excluded from the tax base. Also excluded from the tax base is income from nonresident-owned unincorporated businesses that provide professional services (e.g. law firms). For taxable unincorporated businesses, owners are allowed a 30 percent salary allowance along with a \$5,000 exemption. When 80 percent or more of the entity's income is derived from personal services, the unincorporated business income is taxed under the individual income tax if owners are District residents.

The District estimates approximately \$187.1 million in unincorporated business franchise tax revenue in FY 2008 (see table 4-23), a 7.9 percent increase over the FY 2007 revenue estimate of \$173.4 million. We project average annual growth of approximately 9.9 percent between FY 2008 and FY 2011.

Many District unincorporated business tax filers who pay taxes on unincorporated business income are real estate investors. Collections from this revenue source, which are based on profits from unincorporated businesses located in the District, are linked to factors such as personal income growth, the local commercial real estate sector, and collections in the transfer and recordation taxes. In FY 2003 and FY 2004 the real estate market in the District saw real estate investors' profits substantially increase from sales and leases of commercial and residential property. As a result, the strong growth in unincorporated business collections in recent years is largely due to the strong growth in the real estate industry. Although the industry is expected to remain strong, the growth rate is expected to slow somewhat during the FY 2008 to FY 2011 period.

Private consultants also pay the unincorporated business tax. As a result of increased federal contracting because of Homeland Security projects, we anticipate growth from this sector of unincorporated business filers to be strong. In addition, with an expected rebound in the stock market, we forecast strong growth in collections from unincorporated business in FY 2008 and the following years.

Table 4-25

Gross Receipts Tax Revenue, Fiscal Years 2006-2011

(\$ thousands)

Revenue Source	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Public Utility (gross)	155,157	156,542	156,699	156,856	157,012	157,169
<i>Transfer to Ballpark Fund</i>	<i>(10,356)</i>	<i>(9,303)</i>	<i>(9,424)</i>	<i>(9,546)</i>	<i>(9,546)</i>	<i>(9,546)</i>
Public Utility (net)	144,801	147,239	147,275	147,310	147,466	147,623
Toll Telecommunication (gross)	56,611	58,132	58,190	58,248	58,307	58,365
<i>Transfer to Ballpark Fund</i>	<i>(2,055)</i>	<i>(3,165)</i>	<i>(3,165)</i>	<i>(3,165)</i>	<i>(3,165)</i>	<i>(3,165)</i>
Toll Telecommunication (net)	54,556	54,967	55,025	55,083	55,142	55,200
Insurance Premiums	51,495	56,500	48,500	48,500	48,500	48,500
Healthcare Provider Tax	9,107	11,000	11,000	11,000	11,000	11,000
<i>Transfer to Nursing Facility Quality of Care Fund</i>	<i>(9,107)</i>	<i>(11,000)</i>	<i>(11,000)</i>	<i>(11,000)</i>	<i>(11,000)</i>	<i>(11,000)</i>
Baseball Gross Receipts Tax	15,952	14,000	14,000	14,000	14,000	14,000
<i>Transfer to Ballpark Fund</i>	<i>(15,952)</i>	<i>(14,000)</i>	<i>(14,000)</i>	<i>(14,000)</i>	<i>(14,000)</i>	<i>(14,000)</i>
Total Gross Receipts Taxes	250,852	258,706	250,800	250,893	251,108	251,323

In March 2006, a Superior Court decision on the franchise taxes of a D.C. unincorporated business owned by non-residents was given in the case of *Bender, et. al. v. the District of Columbia*. The Superior Court decision went against the District, which filed an appeal. In August 2006, the D.C. Court of Appeals ruled in favor of the District. The decision of the D.C. Court of Appeals holds that the District's unincorporated business franchise tax applies to a nonresident partner's share of a real estate partnership's net income if that income is derived from the operation of an unincorporated business within the District. The appeals court also held that such a tax does not violate the D.C. Home Rule Charter's prohibition against imposing a tax on the personal income of nonresidents. In February 2007, the United States Supreme Court let stand the D.C. Court of Appeals ruling in favor of the District in the case of *the District of Columbia v. Bender*. With the appeals process ended, the Office of Tax and Revenue will begin to take the appropriate step of rejecting all pending claims for refunds of unincorporated business franchise tax payments that are based on the Superior Court decision, which was reversed by the D.C. Court of Appeals.

Gross Receipts Taxes

Taxes in this category include: a tax on the gross receipts of public utilities and toll telecommunications companies operating in the District (the rate is 10 percent for residential and 11 percent for non-residential use where 1 percent of the 11 percent is dedicated to financing the new baseball stadium), a tax of 1.7 percent on the gross receipts of insurance companies, and a tax of 6 percent on nursing home providers, and a sliding scale tax on D.C. gross receipts over \$5,000,000 with this revenue dedicated to the Ballpark Fund.

Table 4-25 shows actual revenue in FY 2006, estimates for FY 2007 and FY 2008 and projected revenue from public utilities, toll telecommunications and insurance premiums for fiscal years 2009 through 2011.

Public Utility Taxes

The public utility tax is imposed on the gross receipts of gas, electric and local telephone companies. Washington Gas and Pepco are the lead-

ing suppliers of natural gas and electricity to customers in the Washington area. As a result of electricity deregulation, Pepco has lost some of its market share, but remains the dominant electricity distributor. In the District, electricity is used more to cool and natural gas is used more to heat buildings. Cold winters tend to result in an increase in collections from Washington Gas and hot, humid summers tend to result in higher collections from Pepco.

In FY 2000, as part of the process of deregulation of the electricity market and Pepco's transformation from an electric power producer to an electric power distribution company, the District replaced the gross receipts tax imposed on electric utilities with a unit tax on electricity distribution companies. This "distribution" tax revenue is included with the city's gross receipts tax collections. The tax is imposed on electricity distributors who operate in the District. The tax rate was \$0.007 per kilowatt-hour. This rate was equivalent to the gross receipts tax at the time of conversion. Effective January 1, 2003, the rate was changed to \$0.0077 per kilowatt-hour.

In FY 2006, the tax structure on natural gas was changed from a rate on the gross receipts to a charge based on the amount used. For residential users, the tax per therm of natural gas or heating oil was \$0.0703 from 12/02/05 to 9/28/06 and \$0.0707 from 09/29/06. For non-residential users, the tax per therm of natural gas or heating oil was \$0.0703 from 12/02/05 to 9/28/06 and \$0.0707 plus \$0.00707 from 09/29/06. The additional surcharge on non-residential customer is dedicated to funding the baseball stadium.

Because of the current tax structure, the tax collected is closely related to energy use. Therefore tax collections from electricity, natural gas and heating are more closely linked to weather extremes rather than to the fuel cost. During the forecast period, we assume average weather patterns.

We estimate revenue from public utilities taxes (before the 1 percent charge to baseball stadium funding is taken) to be \$156.5 million in FY 2007 and \$156.7 million in FY 2008. Gross revenue from public utility taxes is estimated to increase by only 0.1 percent a year from FY 2008 through FY 2011.

Toll Telecommunication Taxes

The toll telecommunications tax is levied on the gross receipts of long distance and wireless telecommunications companies.

Effective August 2002, the District enacted legislation to conform to the federal "Mobile Telecommunications Sourcing Act" (MTSA). The legislation simplifies the billing process and ensures that calls from mobile phones are exempt from multiple taxation. The legislation defines and designates a user's place of primary use (PPU) as either the user's residence or business address. The District both lost and gained revenue as a result. Some cell phone users, who use their cell phones in the District and thus used to pay D.C. taxes on their long distance calls, selected the District as their PPU and some cell phone users selected other jurisdictions.

The telecommunications industry has faced challenges in recent years. Changes in regulation, over capacity of lines, and stiff competition to long distance providers (such as AT&T, MCI, Sprint) by local telephone companies such as Verizon are among these challenges. Long distance providers are also suffering because of the growth of the wireless telephone industry. Most wireless telephone companies now include inexpensive long-distance calling plans as a standard feature.

A relatively new technology known as Voice Over Internet Protocol (VOIP) may reduce the toll telecommunications tax related to overseas calls in the coming years. We expect the capacity of lines locally to be reduced in the coming years. We also expect the telecommunications sector to recover at a moderate pace.

We estimate revenue from the Toll Telecommunications tax (before the 1 percent charge to baseball stadium funding) to be \$58.1 million in FY 2007 and \$58.2 million in FY 2008. We project gross revenue to grow by only 0.1 percent a year from FY 2008 through FY 2011.

Insurance Premiums Tax

The District's insurance premiums tax rate is 1.7 percent of gross premium receipts. Annuities are tax-exempt. The insurance premiums tax is levied on insurance policies taken out by District residents as well as on property that is registered in the

District, regardless of where the policies are written or initiated. Approximately 50 percent of the revenue from the insurance premiums tax comes from life insurance policies, with other premiums (including business, health, property and motor vehicle) making up the other half. Since September 11, insurance rates have risen nationally. Insurers have begun to either substantially increase the price for terrorism coverage or drop the coverage completely. However, District regulators reached an agreement that capped premium increases for terrorism coverage at 24 percent.

Insurance costs rose in 2002 and 2003 with the declining stock market. Investments that had previously helped offset underwriting losses for many insurance companies have turned into losses themselves. As a result of the increased premium charges and the reduction in insurance investment income, premiums and the tax collected from them rose after 2003. In FY 2006, revenue collected from insurance premium tax was \$51.5 million. Collections from taxes on insurance premiums are estimated to be \$56.5 million in FY 2007 and \$48.5 million in FY 2008, and to remain at that level during the period FY 2009 to FY 2011, unless there is an external jolt to the insurance industry.

Healthcare Provider Tax

The healthcare provider tax imposes a 6 percent tax on the District's nursing homes. The legislation was passed during 2004. The tax is estimated to generate \$11 million in general fund revenue in FY 2008 through FY 2011. All of the funds raised are designated to go to the Nursing Facility Quality of Care Fund.

Other Taxes

Deed Recordation and Deed Transfer Taxes

While the real property tax is an annual tax on the value of all existing taxable properties in the District, deed taxes are levied only when taxable properties are sold or transferred. More specifically, the deed recordation tax is imposed on the recording of all deeds to real estate in the District, and the deed transfer tax is imposed on each transfer of real property at the time the deed is

submitted for recordation. The deed recordation tax must also be paid on the increased value when commercial property is refinanced.

The “Deed Transfer and Recordation Clarification Act of 2006” increased both the deed recordation and deed transfer tax rates from 1.1 percent to 1.45 percent effective October 1, 2006.

In light of recent deed tax rate changes, the following analysis of deed tax trends uses normalized deed tax collection data. Normalized deed tax data transforms all deed tax revenue, regardless of the effective tax rate, into tax revenue as if it was taxed at a 1.1 percent tax rate. This method nullifies the effect of the two tax rate changes in recent years in order to extract and better understand the underlying economic activity that is reflected by deed tax collections.

There are three component sources of deed tax revenue: the commercial sales, the housing sector and commercial refinancing. In FY 2005, it is estimated that the commercial sales sector accounted for 50.3 percent of deed tax collections, the housing sector accounted for 30.2 percent, and the commercial refinancing sector accounted for 19.5 percent. Refinancing activity is measured by the difference between deed recordation and deed transfer taxes. Deed tax revenue from commercial property sales was 15.3 percent lower in FY 2006 than in FY 2005, while deed tax revenue from residential property sales was down 12.4 percent and commercial refinancing was 43.5 percent higher. As stated earlier, the city’s real estate market for calendar years 2001 to 2005 was spectacular. This period experienced a great number of property sales at ever increasing sale prices. But CY 2006 was the year in which the market began to soften in terms of the number of property sales and the average sale price for certain types of properties. These developments are reflected in the total annual deed tax revenue amounts for each year

Using normalized deed tax data, deed recordation tax revenue in FY 2005 grew by 32.7 percent over revenue in FY 2004. Deed transfer tax collections grew by 38.3 percent in FY 2005 over FY 2004. However, deed recordation tax revenue grew by 3.9 percent in FY 2006, and deed transfer tax revenue declined by 9.7 percent in FY 2006. Clearly the market began a transition in FY 2006 and buyers and sellers of city property

have begun to make adjustments in their expectations. It appears that most buyers of property have begun to shy away from the rapidly escalating average sale prices. This is forcing sellers of property to lower their expectations for sale prices and rates of return. This adjustment period appears likely to continue until FY 2009. It is expected that baseline deed recordation activity (prior to FY 2007 fiscal policy changes) will decline 24.0 percent, 2.2 percent, and 1.9 percent in FYs 2007, 2008 and 2009, respectively. Baseline deed transfer activity (prior to FY 2007 fiscal policy changes) will decline 26.7 percent and an additional 4.7 percent in FY 2007 and FY 2008. Baseline deed transfer activity is expected to grow 2.5 percent in 2009.

Although the forecast for FYs 2007 and 2008 may suggest a very weak and declining property market, the market fundamentals are quite strong. There remains strong overall demand for and a limited supply of real estate in the District. Furthermore, this is taking place in an environment where the annual growth in jobs, personal income, and business income in the city is expected to remain strong. Federal jobs in the city are expected to remain relatively stable, and interest rates are not likely to rise sharply in the coming years. The market softening that began in 2006, which is likely to continue until 2009, is more of a transition from a phase of frenzied market activity to a more balanced and disciplined phase.

The deed taxes have also been subject to major legislative changes in recent years. The “Housing Production Trust Fund Second Amendment Act of 2002” requires that 15 percent of the District’s deed recordation and transfer tax revenue be transferred to the Housing Production Trust Fund annually. The Housing Production Trust Fund provides funds for the acquisition, construction and rehabilitation of affordable multifamily housing projects. Funds newly dedicated to housing production are projected to be \$48.1 million in FY 2007 and \$46.5 million in FY 2008. The “Fiscal Year 2007 Budget Support Act of 2006” establishes the Comprehensive Housing Task Force Fund. This fund will support a number of affordable housing initiatives including rent supplements, work-

force housing and energy assistance. The funding source for this fund is a 39.93 percent portion of the increase in the deed transfer and recordation tax rates from 1.1 percent to 1.45 percent. Funds newly dedicated to this task force fund are projected to be \$29.2 million in FY 2007 and \$28.2 million in FY 2008.

As a result of the rate hike for the deed taxes, and the dedication of a portion of annual deed tax revenue, net deed recordation tax revenue expected to go to the General Fund is estimated to be \$147.9 million in 2007 and is \$144.6 million in 2008. (See table 4-26.) This is a 12.5 percent decrease in net revenue to the General Fund in FY 2007 and a 2.2 percent decrease in FY 2008. Net deed transfer revenue expected to go to the General Fund is estimated to be \$95.3 million in 2007 and \$90.8 million in 2008. This is a 16.0 percent decrease in net revenue to the General Fund in FY 2007 and a 4.7 percent decrease in FY 2008.

Economic Interests Tax

The economic interest transfer tax is triggered by the sale of a controlling interest in a business entity that includes one or two of the following elements: 1) 80 percent or more of the assets of the entity consist of real property located in the District of Columbia; or 2) more than 50 percent

of the gross receipts of the entity are derived from ownership or disposition of real property in the District. If either of these two elements is present, then the tax rate is 2.2 percent of the consideration. This tax is generally paid by real estate investment trusts and similar partnerships.

Economic interest transfers are normally very large and infrequent. It is difficult to predict when business entities that are subject to the economic interest tax will sell their ownership interest instead of just selling the property. But, by examining the trends of recent years, it can be determined that the increase in revenue from this source is correlated with the overall robustness of the commercial real estate market.

The value of transactions subject to the economic interest tax reached record proportions in FY 2006 and revenue amounted to \$30.3 million in FY 2006. This appears to be related to the heightened level of activity in the District's commercial real property market in 2005 and 2006. However, for the first seven months of FY 2007, cash collections for this revenue sources amounted to \$46 million. This is primarily due to an unusually large tax payment that resulted from the sale of the CarrAmerica Realty portfolio of District properties in 2006. It is expected that total revenue from economic interest transfers will total \$52.1 million in FY 2007. But given

Table 4-26

Other Tax Revenue, Fiscal Years 2006-2011

(\$ thousands)

Revenue Source	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Estate	30,125	55,575	31,650	32,283	32,000	32,000
Deed Recordation (gross)	197,528	195,038	190,747	187,122	191,988	197,748
<i>Transfer to HPTF</i>	<i>(28,504)</i>	<i>(29,256)</i>	<i>(28,612)</i>	<i>(28,068)</i>	<i>(28,798)</i>	<i>(29,662)</i>
<i>Transfer to Comp. Housing Strategy Fund</i>		<i>(17,930)</i>	<i>(17,536)</i>	<i>(17,202)</i>	<i>(17,647)</i>	<i>(18,179)</i>
Deed Recordation (net)	169,024	147,852	144,599	141,851	145,543	149,906
Deed Transfer (gross)	132,615	125,362	119,474	122,460	126,747	131,944
<i>Transfer to HPTF</i>	<i>(19,106)</i>	<i>(18,804)</i>	<i>(17,921)</i>	<i>(18,369)</i>	<i>(19,012)</i>	<i>(19,792)</i>
<i>Transfer to Comp. Housing Strategy Fund</i>		<i>(11,238)</i>	<i>(10,712)</i>	<i>(10,979)</i>	<i>(11,364)</i>	<i>(11,830)</i>
Deed Transfer (net)	113,509	95,319	90,841	93,112	96,371	100,323
Economic Interests	30,274	52,111	8,000	8,000	8,000	8,000
Total Other Taxes (net of dedicated taxes)	342,932	350,857	275,091	275,246	281,914	290,229

the slowing commercial real estate market and the high degree of volatility and unpredictability in annual collections for this tax, it is expected that on average the District will receive \$8.0 million annually from the economic interest tax for FY 2008 through 2011. (See table 4-26.)

The Estate Tax

Prior to 2002, the District of Columbia piggy-backed on the federal estate tax system, using the federal “state death tax credit” as the starting point for the District’s estate tax computation. Under this system, District taxpayers received a dollar-for-dollar credit against their federal estate tax payments for any estate tax due to the District of Columbia. District estate taxes, therefore, imposed no additional burden on decedent estates and did not increase the total estate tax payment beyond what would have been paid under federal law. This revenue-sharing approach provided for a system of uniformity across all states and the District of Columbia in the collection of death taxes. It resulted in minimal estate tax administration on the part of the District and minimized the impacts of “death shopping” to reduce estate taxes at death.

The federal “Economic Growth and Tax Relief Reconciliation Act” (EGTRRA) of 2001 changed this situation. This legislation gradually eliminates the federal estate tax over the next several years, with full repeal taking effect in year 2010. However, the estate tax elimination is only temporary with the full estate tax scheduled to return in 2011. The major aspects of the EGTRRA legislation:

- Lowers tax rates for the largest estates;
- Raises the current exemption level from \$1.5 million to \$2 million in 2006, and further to \$3.5 million in 2009; and
- Eliminates the state credit.

District law, however, stipulates that existing District estate tax laws are automatically decoupled from the recent and forthcoming federal estate tax law changes. For example, while the federal threshold is \$2 million in FY 2007 the District threshold is \$1 million. Hence, some District estate tax payers may be required to file and pay District estate taxes even when no federal filing or tax is due. This divergence in thresh-

olds for the District and federal estate taxes increases the complexity for applicable District tax payers and is more likely to adversely affect collections in terms of tax compliance.

From the Government of the District of Columbia’s perspective, it is important to note that the current estate tax is primarily a federal tax that is overwhelmingly governed by complex federal regulations. The federal estate tax return takes at least nine months to complete and practically compels affected decedent estates to hire lawyers to ensure compliance. Also, federal estate tax forms must be filled-out completely in order to calculate District estate tax liability, even when no federal estate tax is due but District estate tax is due. Essentially, the District does not have a stand-alone estate tax structure. District estate tax legislation is a diminutive appendage to a complicated set of unwieldy federal rules and regulations.

One of the provisions of EGTRRA eliminates the federal estate tax (and consequently the District estate tax) by 2009. Therefore, no District legislative action, short of creating an entirely stand-alone estate tax system, will completely offset the adverse effects of EGTRRA, which is estimated to adversely affect estate tax revenues at the federal and District levels annually.

Notwithstanding the current status of federal legislation and District legislation and its interplay, there is evidence that many wealthy District residents, potentially subject to the estate tax, have enhanced their wealth positions in recent years. And this is believed to have been a factor in \$29.3 million being collected in FY 2005 and \$30.1 million being collected in FY 2006. These are 10.5 percent and 3.0 percent increases, respectively. Like the economic interest tax, the estate tax also received unexpectedly large tax payments in FY 2007. Consequently, it is expected that total revenue from the estate tax will total \$55.6 million in FY 2007. But, annual revenue is expected to revert back to its recent trend level of about \$31.7 million in FY 2008 and grow an additional 2 percent in FY 2009. It is expected that total revenue will amount to \$32.0 million per year in FYs 2010 and 2011. (See table 4-26.)

Non-Tax Revenues

General Purpose Non-Tax Revenues

Total general purpose non-tax collections were \$362.0 million in FY 2006. (See table 4-27.) This was \$9.5 million or 2.7 percent more than FY 2005 non-tax revenue collections. Factors contributing to this increase in general purpose non-tax revenue in FY 2006 include the following:

- Collections from licenses and permits were 2.5 percent lower than FY 2005 estimated revenues. This was due to a \$5.6 million decrease in insurance licenses due to the fact that some insurance licenses are renewed every other year, creating a cyclical trend in annual collections.
- Collections from fines and forfeitures were 4.1 percent higher in FY 2006 than in FY 2005 due to a \$7.0 million increase in traffic fine collections in FY 2006.
- Collections from charges for services were 7.2 percent lower in FY 2006 than in FY 2005 due to a \$374 thousand decrease in reproduction of reports, a \$1.7 million reduction in deed recordation fees, and a \$431 thousand decrease in corporate recordation charges.
- Collections from miscellaneous revenues were 8.9 percent higher in FY 2006 than in FY 2005, primarily due to a \$26.6 million increase in interest income.

For FY 2007, total general purpose non-tax collections are expected to be \$327.4 million (see table 4-27), which is down \$34.5 million (9.5 percent) from FY 2006. Contributing factors to this decrease in general purpose non-tax revenue in FY 2007 include:

- Collections from licenses and permits are expected to be slightly lower than in FY 2006. This is due to a \$1.7 million decrease in securities registration fees; a \$4.4 million decrease in building structures and equipment; and a \$0.3 million decrease in electrical permits.
- A \$0.5 million (0.5 percent) decrease in fines and forfeitures is expected in FY 2007. This decrease is due to an expected decrease in red light camera traffic fines of \$4.1 million.

- A \$36.2 million (27.9 percent) decrease in miscellaneous revenue is expected in FY 2007. This is due to expected decreases in interest income (\$10.8 million or a 20.6 percent decrease); unclaimed property (\$4.7 million or a 14.8 percent decrease); and other revenue (\$16.6 million or a 89.2 percent decrease).
- A \$2.2 million (4.6 percent) increase in charges for services is expected in FY 2007. This is due to expected increases in emergency ambulance fees (\$1.4 million or a 12.5 percent increase); motor vehicle inspections (a \$5.0 million increase); and deed recordation fees (\$1.7 million or a 19.2 percent increase).

Special Purpose Non-Tax Revenue

Special purpose non-tax revenues, often times referred to as O-Type or Other revenues, are funds generated from fees, fines, assessments, or reimbursements that are dedicated to the District agency that collects the revenues to cover the cost of performing the function. The “dedication” of the revenue to the collecting agency is what distinguishes this revenue from the general-purpose non-tax revenues. The legislation that creates the fee, fine or assessment must stipulate its purpose-designation and must also state whether any unspent funds are to retain designation at the conclusion of the fiscal year or revert to general-purpose funds. Unspent revenue in certain funds cannot revert to general purpose funds. Dedicated revenues limit the use of the District’s General Fund revenue by earmarking a portion of the revenue for special purposes. Prior to FY 2002 dedicated non-tax revenues were not considered local revenues and as such were reported differently in the Comprehensive Annual Financial Report (CAFR) and reported with the District’s federal and private grants in the Financial Plan.

In FY 2008 the District is anticipating \$367.0 million in revenue and \$70.0 million of fund balance use has been certified. This provides a total of \$437.1 million in resources to cover the cost of performing the functions associated with the District’s special purpose revenue funds. The use

Table 4-27

General Purpose Non-Tax Revenue, by Source, Fiscal Years 2006-2008

(\$ thousands)

COMP. OBJ. CODE	AGENCY	OBJECT TITLE	FY 2006 Actual	FY 2007 Revised	FY 2008 Original
BUSINESS LICENSES AND PERMITS					
3001	SR0	Insurance License	7,201	12,500	9,600
3002	DHO	Electrical Permit	3	0	0
3003	DHO	Natural Gas License	2	0	0
3006	TCO	Hackers License	389	365	365
3007	SR0	Security Broker Dealer License	1,948	1,901	1,895
3007	SR0	Securities Registration Fee	9,700	8,000	8,000
3010	SR0	Other Business License	405	83	83
3010	TCO	Other Business License	98	80	80
3011	CRO	Occupational & Professional License	9	0	0
3011	KAO	Other Business License & Permit	23	10	10
3012	CRO	Building Structures & Equipment	15,886	11,500	11,500
3013	CRO	Certificate of Occupancy	388	400	400
3014	CRO	Refrigeration & Plumbing Permit	2,765	2,800	2,800
3015	CRO	Electrical Permit	2,660	2,500	2,500
3016	CRO	Public Space Excavation Permit	4	10	10
3021	ATO	Vendor Bonds (Net Of Refunds)	872	872	872
3023	RMO	Other License Fees	9	10	10
TOTAL BUSINESS LICENSES AND PERMITS			42,444	40,951	38,045
NONBUSINESS LICENSES & PERMITS					
3100	TCO	Hack & Limo Licenses Test	0	55	55
3101	KVO	Drivers License	3,721	3,750	3,750
3105	KVO	Cancel Road Test Fee	51	0	0
3106	KVO	Change of Address Fee	5	0	0
3110	FAO	Bike Registration	10	0	0
3120	FAO	Boat Registration	219	185	185
3140	KVO	Reciprocity Permit	474	500	500
3145	KVO	Personalized Tags	80	0	0
3147	KVO	DCTC Issuances	311	0	0
3148	KVO	Temporary Tags	24	0	0
3149	KVO	Transfer of Tags	47	0	0
3150	KVO	Vehicle Registration	24,771	26,700	26,700
3160	KVO	Associated Fee for One Year	27	0	0
TOTAL NONBUSINESS LICENSES & PERMITS			29,740	31,190	31,190
TOTAL LICENSES & PERMITS			72,184	72,141	69,235

Table 4-27 (continued)

General Purpose Non-Tax Revenue, by Source, Fiscal Years 2006-2008

(\$ thousands)

COMP. OBJ. CODE	AGENCY	OBJECT TITLE	FY 2006 Actual	FY 2007 Revised	FY 2008 Original
FINES & FORFEITURES					
5000	TC0	Hackers Fines	3	0	0
5010	FA0	Traffic Fines-Red Light Cameras	9,120	5,000	5,000
5010	KV0	Traffic Fines RSC 1501	80,005	79,000	79,000
5011	FA0	Photo Radar Enforcement	20,818	24,900	24,900
5020	KTO	Sale of Abandoned Property	1,431	1,591	1,591
5030	KTO	Booting Fees	320	540	540
5040	KTO	Towing Fees-RSC 1505	202	250	250
5050	KTO	Impoundment Fees-RSC 1506	318	400	400
5060	FA0	Fines for CRF Violations	27	27	27
5060	LQ0	Fines & Forfeitures - Other	104	104	104
5060	FA0	Fines & Forfeitures - Other	108	108	108
TOTAL FINES & FORFEITURES			112,456	111,920	111,920
MISCELLANEOUS					
5300	LA0	WASA - P.I.L.O.T.	11,823	11,109	12,280
5600	ATO	Interest Income	52,626	41,800	46,749
5700	ATO	Unclaimed Property	31,627	26,938	26,939
6101	KA0	Bus Shelter Advertising RSC 1255	1,221	0	0
6100	AM0	Sale of Surplus Prop	0	436	436
6103	AA0	Reimbursements	7	0	0
6103	AS0	Reimbursements	153	175	150
6103	DLO	Reimbursements	1	0	0
6103	FLO	Reimbursements	-2,389	3,500	3,000
6104	KTO	Other Revenue Freedom of Info	1	0	0
6106	ATO	Other Revenues	566	0	0
6106	BDO	Other Revenues	8	0	0
6106	BJO	Other Revenues	1,356	0	0
6106	BNO	Other Revenues	130	100	100
6106	CB0	Other Revenues	348	300	250
6106	CJO	Other Revenues	2	0	0
6106	CRO	Other Revenues	168	150	150
6106	DH0	Vending Machine Sales	9	0	0
6106	FA0	Other Revenues	379	300	300
6106	FB0	Other Revenues	168	150	150
6106	FLO	Other Revenues	194	200	200
6106	FS0	Other Revenues	34	0	0
6106	KA0	Other Revenues	0	500	400
6106	KTO	Other Revenues	8	215	215
6106	PO0	Other Revenues	4	0	0
6106	SR0	Other Revenues	3	0	0
6106	TO0	Other Revenues	6	0	0
6107	CRO	Civil Infractions	125	2	3
6107	KTO	Other Revenue-Fleet Auto Auction	35	30	25
6108	DH0	COCOT Registration	4	2	3
6109	KTO	Other Revenue-Contract Bids	35	30	30
6111	9AT	Other Revenue	18,621	2,000	1,500
6111	ATO	Other Revenue	5,469	0	0
6111	AM0	Other Revenue	3,433	1,247	1,100
6111	DB0	Appr. Charges-Other Services	217	0	0

Table 4-27 (continued)

General Purpose Non-Tax Revenue, by Source, Fiscal Years 2006-2008

(\$ thousands)

COMP. OBJ. CODE	AGENCY	OBJECT TITLE	FY 2006 Actual	FY 2007 Revised	FY 2008 Original
6111	DBO	Appr Rehab Loan Repay	60	0	0
6111	FAO	Other Revenue	37	30	25
6111	FBO	Other Revenue	6	6	6
6111	GAO	Other Revenue	4	0	0
6111	GDO	Other Revenue	207	150	150
6118	HCO	Prior Year Cost Recovery	2,256	4,000	4,000
9007	ATO	Other Revenue-Miscellaneous	12	0	0
9200	RMO	Miscellaneous Other Revenue	624	500	450
9205	RMO	Soda Commissions	2	4	4
9206	ATO	Other Rev-ROD Copy & Subscriptions	62	0	0
TOTAL MISCELLANEOUS			129,665	93,510	98,665
CHARGES FOR SERVICES					
3200	DHO	TELECO Registration	7	10	10
3201	CRO	Home Occupation License	32	40	40
3202	CRO	Boiler Inspection Permits	93	100	100
3204	CRO	Elevator Inspection	46	45	45
3206	FAO	Fingerprints, Photos	355	375	375
3207	DHO	Other Service Charges	51	0	0
3207	FLO	Other Service Charges - Other	131	122	122
3207	KVO	Reinstatement /Insurance Lapse Fees	3,255	2,442	2,442
3208	CRO	Reproduction of Reports	21	20	20
3208	FAO	Reproduction of Reports	46	0	0
3208	KVO	Reproduction of Reports	1,930	1,000	1,000
3209	FBO	Emergency Ambulance Fees	11,558	13,000	13,000
3209	RMO	Medical Records Fee	3	0	0
3210	ATO	Transcript of Records	1	0	0
3210	FAO	Transcript of Records	259	260	260
3210	ATO	Tax Certificates	176	100	100
3211	ATO	Firearm User Fee	37	0	0
3211	FAO	Firearm User Fee	371	400	342
3214	KVO	Motor Vehicle Inspection	-1,021	4,000	4,000
3214	KVO	Inspection Sticker Replacement	21	0	0
3215	KVO	Vehicle Titles RSC 1259	2,013	2,400	2,000
3216	KTO	Solid Waste Disposal Fees	4,195	1,500	1,500
3217	KVO	Re-Inspection Fee	172	150	125
3219	CRO	Wharves And Markets	493	250	250
3220	CRO	Surveyor Fees	541	425	425
3221	ATO	Deed Recordation Fees	8,811	10,500	10,000
3221	KVO	Recordation Fee (RSC 1275)	454	500	500
3222	CRO	Corp Recordation	8,553	8,500	7,000
3223	KVO	Parking Fees/Permits RSC 1314	1,514	2,300	1,200
3227	CRO	Condo/Coop Certificate	35	30	30
3228	CRO	Condo Registration	131	100	100
3234	CRO	Other Service Charges-Other	32	0	0
3234	DLO	Other Service Charges	1	0	0
3234	KA0	Other Service Charges-Other	1	2	2
3234	KA0	Lost Nextel DDOT	2	0	0
3235	CRO	Special Purpose Revenues	99	0	0
3238	CRO	Nuisance Abatement Recoveries	19	0	0

Table 4-27 (continued)

General Purpose Non-Tax Revenue, by Source, Fiscal Years 2006-2008

(\$ thousands)

COMP. OBJ. CODE	AGENCY	OBJECT TITLE	FY 2006 Actual	FY 2007 Revised	FY 2008 Original
3320	ATO	Other Revenue-Rentals	55	983	983
3310	SRO	Investment Advisors Act	16	292	320
3402	KAO	Meter Bagging	20	0	0
3403	KAO	Public Space Rental	103	0	0
4601	ICO	IDCR	2,976	0	0
9230	RMO	Tower Fees	38	0	0
CHARGES FOR SERVICES			47,646	49,846	46,291
TOTAL NON TAX REVENUE			361,951	327,417	326,111

of fund balance is a one-time revenue source and as such is not projected for future years. Table 4-37 (at the end of this chapter) shows the dedicated non-tax revenue by special purpose revenue fund.

Special Funds

The District operates several special funds financed by tax revenues. These revenues are not available to the General Fund and the Appropriated Budget.

Convention Center Fund. Beginning in FY 1999, the formula financing the Convention Center Fund includes only sales tax revenue from hotels, restaurants, rental vehicles, and sale of pre-paid phone cards. Prior to FY 1999, revenues from a 5 percent surtax on franchise taxes and a \$1.50 tax on each hotel room-night were dedicated to the Convention Center Fund. These funding sources were eliminated and replaced by a larger share of the hotel sales tax dedicated to that purpose. The hotel tax rate is 14.5 percent—a 4.45 percent rate dedicated to the Convention Center Fund and a 10.05 percent rate to the District's general fund. The 10 percent restaurant sales tax is divided so that a 1 percent rate is dedicated to the Convention Center Fund and a 9 percent rate to the General Fund. (See table 4-21 for more information.)

Highway Trust Fund. The motor fuel tax is assessed at \$0.20 per gallon. Motor vehicle fuel tax revenue is deposited directly into a special account, the Highway Trust Fund, and is not General Fund revenue. The Highway Trust Fund uses both local-source and federal matching funds to construct, repair and manage eligible District roads and bridges. Approximately 400 of the 1,020 miles (or 39.2 percent) of streets and highways, as well as 229 bridges in the District, are eligible for federal aid.

The motor fuel tax is levied on fuel wholesalers, and yearly variations in tax collections are primarily a function of fuel consumption. District fuel tax cash collections for FY 2006 were \$25.0 million (see table 4-28), which is 3.7 percent less than in FY 2005. This decline was likely affected by the surge in national gas prices in the first half of 2006 and the subsequent decline in national fuel demand by 0.9 percent in 2006 as reported by the Energy Information Agency. With gas prices expected to remain stable for the foreseeable future and the forecast for the local economy remaining relatively strong and based on a time series analysis of recent fuel tax revenue trends, fuel tax revenues are projected to amount to \$26.8 million in FY 2007 and to grow on average approximately 0.3 percent per year beginning in FY 2008.

Table 4-28

Motor Fuel Tax Dedicated to the Highway Trust Fund, Fiscal Years 2006-2011

(\$ thousands)

Revenue Source	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Motor Fuel Tax	24,960	26,844	26,938	27,032	27,221	27,221

Beginning in FY 2007, the following additional revenue sources will be dedicated to the Highway Trust Fund:

- The incremental revenue from a 20 percent increase in the right-of-way fees paid by utility companies, which is estimated to generate \$6.5 million in FY 2007.
- The incremental revenue from a 20 percent increase in the public space rental fees paid on underground vaults, which is estimated to generate \$4.3 million in FY 2007.
- The incremental revenue from charging cable companies 20 percent of the revised right-of-way fee rates paid by utility companies, which is estimated to generate \$4.1 million in FY 2007.

Ballpark Fund. The “Ballpark Omnibus Financing and Revenue Act of 2004” (the “Ballpark Act”) provides for the creation of a Ballpark Revenue Fund, into which the Chief Financial Officer of the District (the “CFO”) is required to deposit “all receipts from those fees and taxes specifically identified by any provision of District of Columbia law to be paid into the fund and any rent paid pursuant to a lease of the ballpark.” Those fees and taxes are described below (see table 4-29), and include the Ballpark Fee, utility taxes, stadium revenue and rent. The Ballpark Revenue Fund will be established within the District’s General Fund, and will be

pledged to pay debt service on the District’s baseball stadium revenue bonds (the “Baseball Stadium Bonds”).

The Ballpark Fee is a gross receipts fee that is levied on businesses within the District with over \$5 million in gross receipts. (See table 4-30 for the fee schedule.)

On or before December 1 of each year, the CFO is required to compute the amount of the Ballpark Fee collected in the prior fiscal year and the amount estimated to be collected in the current fiscal year. If the estimate for the current fiscal year is less than \$14 million, the CFO must calculate an adjustment of the schedule to provide for an estimated receipt of \$14 million in the next fiscal year. This adjusted schedule will then take effect on the following October 1. The fees are due in a single payment on June 15th annually. The District expects to receive about \$14 million annually from the Ballpark Fee.

The District collects a fee of 11 percent of the gross receipts from sales for nonresidential customers of telephone companies, heating oil companies, and gas companies. One-eleventh of this fee is deposited into the Ballpark Revenue Fund to be used for debt service on the Baseball Stadium Bonds. The District also collects a tax of \$0.007 for each kilowatt-hour of electricity delivered to non-

Table 4-29

Ballpark Fund Revenue, Fiscal Years 2006-2011

(\$ thousands)

Revenue Source	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Ballpark Fee	15,952	14,000	14,000	14,000	14,000	14,000
Utility Taxes Dedicated to Ballpark	12,411	12,468	12,589	12,711	12,711	12,711
Stadium Revenue	8,664	12,500	19,808	18,596	18,301	18,301
Rent Payment*	0	0	3,500	3,750	4,000	4,500
Total Ballpark Fund Revenue	37,026	38,968	49,897	49,057	49,012	49,512

* Rent payments paid by the team in FY 2005, FY 2006, and FY 2007 are not deposited into the Ballpark Revenue Fund. The rent payments are deposited with the District of Columbia Sports and Entertainment Commission for the operations at RFK Stadium.

Table 4-30

Ballpark Fee Schedule

Gross Receipts	Fee	Approximate # of Feepayers
\$5,000,000 - \$8,000,000	\$5,500	342
\$8,000,001 - \$12,000,000	\$10,800	270
\$12,000,001 - \$16,000,000	\$14,000	135
Greater than \$16,000,000	\$16,500	495

residential end-users in the District of Columbia. \$0.0007 out of every \$0.007 is deposited into the Ballpark Revenue Fund to be used for debt service on the Baseball Stadium Bonds. Taxes are remitted to the District monthly. The District expects to receive about \$12.5 million in FY 2007 and \$12.6 million in FY 2008 from these utility taxes.

The stadium-related sales tax streams include:

- Taxes on tickets sold. In addition to the 5.75 percent generally applicable tax, there is an additional 4.25 percent Stadium-specific tax.
- Taxes on parking at the stadium for baseball games. This tax is a 12 percent generally applicable tax.
- Taxes on stadium concessions (excluding food and beverages). In addition to the 5.75 percent generally applicable tax, there is an additional 4.25 percent Stadium-specific tax.
- Taxes on food and beverages sold in the stadium. This tax is a 10 percent generally applicable tax, less one-tenth that must be transferred to the Washington Convention Center Authority Fund for payment of debt service on Washington Convention Center bonds.

The District expects to receive about \$12.5 million in FY 2007 and \$19.8 million in FY 2008 from these stadium-related sales taxes.

The stadium rent payment amount is based on a schedule of payments agreed upon in the Baseball Stadium Agreement signed by the team, the Mayor,

and the District of Columbia Sports and Entertainment Commission on September 29, 2004. The payments in FY 2005 through FY 2007 are not deposited in the Ballpark Revenue Fund. Those rent payments are deposited with the District of Columbia Sports and Entertainment Commission for the operations at RFK Stadium.

Neighborhood Investment Fund. In 2004, District legislation created a Neighborhood Investment Fund and a Neighborhood Investment Program which receives approximately \$10 million annually from personal property tax revenue to pay for a variety of community revitalization development purposes, including commercial, residential, and civic uses for twelve priority neighborhoods. (See table 4-31.)

Housing Production Trust Fund. The “Housing Production Trust Fund Second Amendment Act of 2002” requires that 15 percent of the District’s deed recordation and transfer tax revenue be transferred to the Housing Production Trust Fund annually. The Housing Production Trust Fund provides funds for the acquisition, construction and rehabilitation of affordable multifamily housing projects. Funds newly dedicated to housing production are projected to be \$48.1 million in FY 2007 and \$46.5 million in FY 2008. (See table 4-32.)

Comprehensive Housing Task Force Fund. The “Fiscal Year 2007 Budget Support Act of 2006” establishes the Comprehensive Housing

Table 4-31

Neighborhood Investment Fund, Fiscal Years 2006-2011

(\$ thousands)

Revenue Source	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	Actual	Revised	Original	Projected	Projected	Projected
Personal Property Tax	9,966	9,735	9,875	10,000	10,000	10,000

Task Force Fund and increases the deed tax rates from 1.1 percent to 1.45 percent beginning in FY 2007. A portion of the increase in the deed tax revenue that comes from the increase in the deed tax rates will be the funding source for this fund. This fund will support a number of affordable housing initiatives including rent supplements, workforce housing and energy assistance. In FY 2008 the estimated amount being transferred to the fund is \$28.2 million. (See table 4-32.)

School Modernization Fund. In FY 2006, the District enacted the “School Modernization Financing Act of 2006” which established the Public School Capital Improvement Fund for the purpose of funding capital improvements throughout the District of Columbia school system. The revenue source for this fund, beginning in FY 2007, is the first \$100 million of non-dedicated sales tax revenue. Beginning in FY 2008, the amount of funds transferred to the Public School Capital Improvement Fund will be increased by the Construction Cost Index. (See table 4-20 for the projected amount of sales tax transferred to the Public Capital Improvement Fund in each year of the Financial Plan.)

Policy Proposals

A number of policy proposals would affect District of Columbia revenues:

- Reduce taxable income for certain unincorporated businesses;
- Increase and index the homestead deduction amount;
- Increase and index the standard deduction amount;
- Increase and index the personal exemption amount;
- Postpone indexing of the Public School Capital Improvement Fund;

- Implement fines and penalties for parking tickets and moving violations;
- Establish a District Department of Transportation Unified Fund; and
- Extend existing RETF programs and add new programs.

Reduce Taxable Income for Certain Unincorporated Businesses

Under current law, the taxable income of an unincorporated business is the amount of net income derived from sources within the District that is in excess of a \$5,000 exemption. The Budget Support Act proposal excludes from taxable income the gross income of a qualified community development entity (as defined in section 45D(c)(1) of the Internal Revenue Code of 1986) that has received an allocation or suballocation of new markets tax credits pursuant to section 45D(f) of the Internal Revenue Code of 1986, but only to the extent that the gross income is derived from one or more qualified low income community investments, as defined in section 45D(d)(1) of the Internal Revenue Code of 1986. This proposal is estimated to reduce revenue by \$35,000 in FY 2008.

Increase and Index the Homestead Deduction Amount

District of Columbia Property Tax payers who are owner-occupants are currently allowed a \$60,000 homestead deduction. This proposal increases the homestead deduction amount to \$64,000. In addition, the homestead deduction will be increased annually beginning October 1, 2008 by a cost-of-living adjustment. The cost-of-living adjustment will be determined using a formula based on the Consumer Price Index for the Washington-Baltimore Statistical Area for all urban consumers published by the U.S. Department of Labor. This

Table 4-32

Estimated Deed Tax Receipts Transferred to the Housing Production Trust Fund and the Comprehensive Housing Task Force Fund, Fiscal Years 2006-2011

(\$ thousands)

Revenue Source	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Deed Tax Transfer to HPTF	(47,610)	(48,060)	(46,533)	(46,437)	(47,810)	(49,454)
Deed Tax Transfer to CHTFF	-	(29,169)	(28,247)	(28,181)	(29,011)	(30,009)
Total	(47,610)	(77,229)	(74,780)	(74,619)	(76,821)	(79,463)

proposal is estimated to reduce property tax revenue by \$2.9 million in FY 2008.

Increase and Index the Standard Deduction Amount

District of Columbia Income Tax filers who file single individual, head of household, surviving spouse, or married person filing jointly tax returns, and who choose to use the standard deduction, are currently allowed a \$2,500 standard deduction. For a married person filing separately tax return, the standard deduction is currently \$1,250. This proposal raises the standard deduction amount to \$4,000 for those filing single individual, head of household, surviving spouse, or married person filing jointly returns for tax year 2007, and to \$2,000 for those filing a married person filing separately return. The proposal also adjusts future standard deduction amounts annually beginning January 1, 2009 by a cost-of-living adjustment. The cost-of-living adjustment will be determined using a formula based on the Consumer Price Index for the Washington-Baltimore Statistical Area for all urban consumers published by the U.S. Department of Labor. This proposal is estimated to reduce individual income tax revenue by \$10.9 million in FY 2008.

Increase and Index the Personal Exemption Amount

District of Columbia Income Tax filers are currently allowed a \$1,500 personal exemption. The taxpayer is entitled to an exemption and receives an additional exemption(s) if he or she is filing as a head of household, is age 65 or over, or is blind. Additional exemptions can be claimed for each dependent. If the taxpayer is married and filing a joint return, or is filing separately on the same return, an exemption can be claimed for the taxpayer's spouse. If the taxpayer's spouse is age 65 or over or is blind an additional exemption(s) can be claimed. This proposal raises the personal exemption amount to \$1,675. The proposal also adjusts future personal exemption amounts annually beginning January 1, 2009 by a cost-of-living adjustment. The cost-of-living adjustment will be determined using a formula based on the Consumer Price Index for the Washington-Baltimore Statistical Area for all urban consumers pub-

lished by the U.S. Department of Labor. This proposal is estimated to reduce individual income tax revenue by \$5.2 million in FY 2008.

Postpone Indexing of the Public School Capital Improvement Fund

The School Modernization Financing Act of 2006 directed that, beginning in FY 2007, the first \$100 million of nondedicated sales tax revenue be deposited into the Public School Capital Improvement Fund. This amount was to be increased annually, beginning in FY 2008, by using a cost-of-construction adjustment, which is determined using a formula based on a Construction Cost Index published by RSMeans. Under the proposal in the Budget Support Act, \$100 million will be deposited in the Public School Capital Improvement Fund in FY 2008 rather than an adjusted amount. The Budget Support Act also directs that \$106 million, \$112.359 million, and \$119.102 million be deposited into the Fund in fiscal years 2009-2011, respectively. Indexing, based on the RSMeans Construction Cost Index for Washington, DC, will begin in FY 2012

Increase Parking Fines Revenue

The Department of Public Works plans to increase the salary structure for parking control officers to increase their retention rates. The program is expected to generate an estimated \$6 million in fines and penalties for parking violations in FY 2008.

Establish a DDOT Unified Fund

The Budget Support Act includes a provision establishing the District Department of Transportation Unified Fund. This Unified Fund consolidates five revenue streams that are currently allocated to the District Department of Transportation's Operating Fund (which is a Special Purpose Revenue Fund), and the Local Roads Construction and Maintenance Fund (which is outside the General Fund) into one single fund. In addition, two new revenue streams will also be dedicated to the Unified Fund – revenue derived from the collection of fines and penalties due for parking tickets and moving violation tickets issued by the District Department

of Transportation's traffic control officers. The total estimated FY 2008 revenue for the proposed Unified Fund is \$118.1 million. This projected revenue comes from: rights-of-way fee revenue (\$38.0 million), up to \$30 million of parking tax revenue, bus shelter advertising revenue (\$2.5 million), parking meter revenue (\$16.2 million), public space rental fee revenue (\$25.1 million) and \$250,000 in fines for moving violations).

Extend Existing RETF Programs and Add New Programs

The Reliable Energy Trust Fund (RETF) is a Special Purpose Revenue fund within the District Department of the Environment (DDOE). Currently, the RETF consists of sixteen programs, which are funded by a charge on the electric utility bills of District residents. The various programs fall into three broad categories – renewable energy programs, awareness and education programs, and low income programs. Thirteen of the current programs are scheduled to expire on May 31, 2007. The DDOE has submitted a request to the Public Service Commission (PSC) to extend these expiring programs. In addition, the DDOE has submitted a request to the PSC for approval of six new RETF programs. Depending on the decision of the PSC regarding the extension of the expiring programs and the DDOE-proposed new RETF programs, up to \$12.8 million of additional revenue could be received by the RETF in FY 2008.

Procedures for Estimating Revenue

The process of estimating revenue begins a year in advance. The estimates for FY 2008, for instance, began in September 2006. In September we issue a revenue call to all agencies requesting reports and projections on the amount of user fees, fines, and other types of non-tax income agencies expect to generate.

Economic forecasting assumptions for the District are received from two nationally known economic analysis and forecasting firms, Global Insight, Inc. (formerly DRI-WEFA) and Economy.com, in late summer or late fall. These

assumptions help us build the base for growth over the forecast horizon.

During the late summer and throughout the fall, analysts maintain contact with people throughout the District government who are knowledgeable of the collection of all tax and non-tax revenues. This includes the Office of Tax and Revenue and agencies that have user fees or that impose fines. This gives us a good feel for progress in meeting the current year's goals and for understanding likely trends in the near future.

Analysts follow the year-end closing to be aware of accounting issues that might affect revenues – for instance, changes in accounts receivable or reserves that might impact revenue numbers.

Three advisory groups help us understand the economy:

- The first, a technical advisory group, is composed of experts in revenue forecasting. Membership includes representatives from the Congressional Budget Office (CBO), the Richmond Federal Reserve, the Commonwealth of Virginia, the State of Maryland, and other jurisdictions and related organizations.
- The second advisory group, composed of knowledgeable local business representatives, advises us about current economic trends and helps us understand where the private sector thinks the economy is heading. Members of this group represent the hotel and tourism industry, real estate and housing, banking and finance, neighborhood groups, downtown development interests, the education sector, and other interests.
- The third advisory group is focused on the District's real property market. The real property tax is the District's single largest individual tax and generates 23 percent of non-dedicated General Fund revenue. In addition, the property market functions differently compared to other parts of the District economy. As such, consultation with experts in the real property field is a critical step in the revenue estimating process. This group includes developers, realtors, academics and mortgage finance experts.

Updated economic assumptions are received from forecasting firms in January. This allows us

to fine-tune our projections based on the most recent data available before the final forecasts are released.

At the end of January, CBO releases its Winter Report. This provides recent and valuable guidance on where the national economy is expected to go over the next ten years. As the national economy has a great deal of impact on the D.C. economy, this report is a valuable tool in the final stages of the revenue estimation process.

Subsequent steps in revenue estimating are part technical and part investigative. The technical part of revenue estimating involves using econometric methods to find statistically valid models that replicate past collections and project confidence intervals for future collections. The models use explanatory variables to account for revenue collections over time relying on relationships between (a) the money collected by the District in a given tax type, and (b) economic variables that track the underlying tax base. For example, in the unincorporated business tax, one model shows a strong lagged relationship between employment in construction and activity in the real estate market (as measured by collections in the transfer tax). This makes sense given that much of the activity that is taxed by the unincorporated business franchise tax is in the real estate and construction segments of the D.C. economy. The economic forecasting variables are used directly in these methodologies.

The rest of the process is where the investigating comes into play. The next step is to incorporate the revenue impact of legislation and additional factors that cannot be captured by econometric models. For instance, when we were developing revenue projections prior to the opening of the new convention center we knew there would be an impact in the amount of revenue generated by the sales tax, particularly at the restaurant and hotel sales tax rates. No econometric model can capture this impact. However, an estimate of the impact must be included in our revenue projections.

The final step is to run a reality check on the numbers produced. To do this, we compare the projected trends with those of the Congressional Budget Office and neighboring jurisdictions. If our projections are substantially different for

individual income tax collections than what CBO is projecting, for example, we need to explain the difference. This helps ensure that our understanding and knowledge of the fundamentals of a tax type are consistent with those of other professionals in the field. The pattern of changes over the projection horizon is also scrutinized in this phase of the process. A dramatic jump or drop from one period to the next needs to be understood.

For the FY 2003 estimates, we contracted with KPMG to review our data and estimating methodologies, determine whether the methodologies are correctly implemented, and recommend changes where they find areas of weakness. Overall, they concluded that ORA uses sound methodologies and implements them competently. They also found that the greatest cause of uncertainty in the estimates is the quality of the data.

Additional Information on D.C. Revenues

Tables 4-33 through 4-37 provide additional detail on what the District taxes and collects, at what rates, and how much revenue these taxes and non-tax revenues yield.

Table 4-33

Percentage Changes in General Fund Local Revenue by Source

(percentage changes from prior FY, except where noted)

	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Proj.	FY 2010 Proj.	FY 2011 Proj.
Revenue Source						
Real Property (gross)	8.8%	18.5%	16.5%	7.8%	7.2%	6.4%
<i>Transfer to TIF Fund</i>	-34.9%	41.2%	-8.8%	4.9%	-1.2%	0.0%
Real Property (net)	8.9%	18.5%	16.6%	7.8%	7.2%	6.4%
Personal Property (gross)	-9.1%	2.0%	1.2%	1.1%	1.1%	1.0%
<i>Transfer to Neighborhood Investment Fund</i>	-0.3%	-2.3%	1.4%	1.3%	0.0%	0.0%
Personal Property (net)	-10.5%	2.8%	1.2%	1.1%	1.3%	1.2%
Public Space	42.1%	10.7%	2.1%	2.1%	2.1%	2.1%
<i>Transfer to DDOT</i>	NA	10.7%	2.1%	2.1%	2.1%	2.1%
Total Property Taxes	6.3%	17.7%	16.0%	7.5%	7.0%	6.3%
General Sales (gross)	5.6%	5.1%	6.4%	5.1%	5.3%	5.3%
<i>Convention Center Transfer</i>	2.9%	3.7%	4.0%	4.2%	4.3%	4.3%
<i>Transfer to TIF Fund</i>	71.7%	-8.2%	-8.3%	-1.1%	0.3%	0.0%
<i>Transfer to DDOT capital (parking tax)</i>	NA	-2.9%	0.4%	0.5%	0.5%	0.5%
<i>Transfer to Ballpark Fund</i>	1.4%	44.3%	58.5%	-6.1%	-1.6%	0.0%
<i>Transfer to School Modernization Fund</i>	NA	NA	6.0%	6.0%	6.0%	6.0%
General Sales (net)	0.9%	-7.6%	6.3%	5.6%	5.8%	5.7%
Alcohol	0.4%	-1.8%	-0.7%	-3.3%	-1.3%	-1.3%
Cigarette	2.9%	-7.7%	-9.5%	5.0%	-2.5%	-2.5%
Motor Vehicle	0.4%	8.8%	5.0%	4.1%	4.5%	4.5%
Motor Fuel Tax	-3.7%	7.5%	0.4%	0.3%	0.7%	0.0%
<i>Transfer to Highway Trust Fund</i>	-3.7%	7.5%	0.4%	0.3%	0.7%	0.0%
Total Sales Taxes	0.9%	-6.7%	5.8%	5.4%	5.5%	5.4%
Individual Income	6.3%	-1.9%	8.3%	6.3%	5.8%	5.3%
Corporate Franchise	10.1%	17.4%	2.5%	5.1%	4.1%	5.3%
U. B. Franchise	22.0%	21.6%	7.9%	9.8%	9.8%	10.2%
Total Income Taxes	8.1%	2.8%	7.4%	6.5%	6.0%	5.8%

Table 4-33 (continued)

Percentage Changes in General Fund Local Revenue by Source

(percentage changes from prior FY, except where noted)

Revenue Source	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Proj.	FY 2010 Proj.	FY 2011 Proj.
Public Utility (gross)	-10.9%	0.9%	0.1%	0.1%	0.1%	0.1%
Transfer to Ballpark Fund	28.7%	-10.2%	1.3%	1.3%	0.0%	0.0%
Public Utility (net)	-12.8%	1.7%	0.0%	0.0%	0.1%	0.1%
Toll Telecommunication (gross)	2.0%	2.7%	0.1%	0.1%	0.1%	0.1%
Transfer to Ballpark Fund	126.1%	54.0%	0.0%	0.0%	0.0%	0.0%
Toll Telecommunication (net)	0.0%	0.8%	0.1%	0.1%	0.1%	0.1%
Insurance Premiums	5.3%	9.7%	-14.2%	0.0%	0.0%	0.0%
Healthcare Provider Tax	NA	20.8%	0.0%	0.0%	0.0%	0.0%
Transfer to Nursing Facility Quality of Care Fund	NA	20.8%	0.0%	0.0%	0.0%	0.0%
Baseball Gross Receipts Tax	-1.6%	-12.2%	0.0%	0.0%	0.0%	0.0%
Transfer to Ballpark Fund	-1.6%	-12.2%	0.0%	0.0%	0.0%	0.0%
Total Gross Receipts Taxes	-6.9%	3.1%	-3.1%	0.0%	0.1%	0.1%
Estate	3.0%	84.5%	-43.0%	2.0%	-0.9%	0.0%
Deed Recordation (gross)	3.9%	-1.3%	-2.2%	-1.9%	2.6%	3.0%
Transfer to HPTF	0.0%	2.6%	-2.2%	-1.9%	2.6%	3.0%
Transfer to Comp. Housing Strategy Fund	NA	NA	-2.2%	-1.9%	2.6%	3.0%
Deed Recordation (net)	4.6%	-12.5%	-2.2%	-1.9%	2.6%	3.0%
Deed Transfer (gross)	-9.7%	-5.5%	-4.7%	2.5%	3.5%	4.1%
Transfer to HPTF	-13.3%	-1.6%	-4.7%	2.5%	3.5%	4.1%
Transfer to Comp. Housing Strategy Fund	NA	NA	-4.7%	2.5%	3.5%	4.1%
Deed Transfer (net)	-9.1%	-16.0%	-4.7%	2.5%	3.5%	4.1%
Economic Interests	185.8%	72.1%	-84.6%	0.0%	0.0%	0.0%
Total Other Taxes	5.1%	2.3%	-21.6%	0.1%	2.4%	2.9%
TOTAL TAXES	4.9%	5.1%	6.9%	6.0%	5.7%	5.5%
Licenses & Permits	-2.5%	-0.1%	-4.0%	4.5%	-4.2%	4.3%
Fines & Forfeits	4.1%	-0.5%	0.0%	-0.6%	0.0%	0.0%
Charges for Services	-7.2%	4.6%	-7.1%	0.0%	0.0%	0.0%
Miscellaneous	8.9%	-27.9%	5.5%	-2.2%	2.1%	-0.2%
TOTAL NON-TAX	2.7%	-9.5%	-0.4%	0.1%	-0.3%	0.9%
Lottery/Interfund Transfer	3.3%	-2.3%	0.0%	0.0%	0.0%	0.0%
TOTAL REVENUE NET OF DEDICATED TAXES	4.7%	3.9%	6.3%	5.5%	5.3%	5.2%

Table 4-34

Changes in General Fund Local Revenue by Source

(\$ thousands change from prior FY)

Revenue Source	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Real Property (gross)	93,158	213,358	226,257	123,766	122,814	118,264
<i>Transfer to TIF Fund</i>	885	(681)	205	(105)	27	-
Real Property (net)	94,043	212,677	226,462	123,661	122,841	118,264
Personal Property (gross)	(6,554)	1,304	802	744	752	691
<i>Transfer to Neighborhood Investment Fund</i>	34	231	(140)	(125)	-	-
Personal Property (net)	(6,520)	1,535	662	619	752	691
Public Space	6,578	2,369	516	527	538	549
<i>Transfer to DDOT</i>	(22,206)	(2,369)	(516)	(527)	(538)	(549)
Total Property Taxes	71,895	214,212	227,124	124,280	123,593	118,955
General Sales (gross)	47,806	46,201	61,050	51,490	56,900	59,974
Convention Center Transfer	(2,216)	(2,988)	(3,308)	(3,612)	(3,853)	(4,019)
<i>Transfer to TIF Fund</i>	(4,829)	945	884	105	(25)	-
<i>Transfer to DDOT capital (parking tax)</i>	(33,586)	972	(130)	(164)	(164)	(165)
<i>Transfer to Ballpark Fund</i>	(117)	(3,836)	(7,308)	1,212	295	-
<i>Transfer to School Modernization Fund</i>	-	(100,000)	(6,000)	(6,360)	(6,742)	(7,146)
General Sales (net)	7,058	(58,706)	45,188	42,671	46,411	48,644
Alcohol	19	(93)	(33)	(164)	(61)	(61)
Cigarette	657	(1,759)	(2,011)	963	(504)	(492)
Motor Vehicle	183	3,740	2,296	1,991	2,289	2,394
Motor Fuel Tax	(962)	1,884	94	94	189	-
<i>Transfer to Highway Trust Fund</i>	962	(1,884)	(94)	(94)	(189)	-
Total Sales Taxes	7,917	(56,818)	45,440	45,461	48,135	50,485
Individual Income	73,528	(23,296)	100,458	83,192	80,752	77,442
Corporate Franchise	19,791	37,419	6,319	13,113	11,026	14,984
U. B. Franchise	25,732	30,822	13,699	18,294	20,030	23,053
Total Income Taxes	119,051	44,945	120,477	114,599	111,808	115,479
Public Utility (gross)	(18,928)	1,385	157	157	156	157
<i>Transfer to Ballpark Fund</i>	(2,310)	1,053	(121)	(122)	-	-
Public Utility (net)	(21,238)	2,438	36	35	156	157
Toll Telecommunication (gross)	1,126	1,521	58	58	59	58
<i>Transfer to Ballpark Fund</i>	(1,146)	(1,110)	-	-	-	-
Toll Telecommunication (net)	(20)	411	58	58	59	58
Insurance Premiums	2,607	5,005	(8,000)	-	-	-
Healthcare Provider Tax	9,107	1,893	-	-	-	-
<i>Transfer to Nursing Facility Quality of Care Fund</i>	(9,107)	(1,893)	-	-	-	-
Baseball Gross Receipts Tax	(255)	(1,952)	-	-	-	-
<i>Transfer to Ballpark Fund</i>	255	1,952	-	-	-	-
Total Gross Receipts Taxes	(18,651)	7,854	(7,906)	93	215	215

Table 4-34 (continued)

Changes in General Fund Local Revenue by Source

(\$ thousands change from prior FY)

Revenue Source	FY 2006 Actual	FY 2007 Revised	FY 2008 Original	FY 2009 Projected	FY 2010 Projected	FY 2011 Projected
Estate	868	25,450	(23,925)	633	(283)	-
Deed Recordation (gross)	7,480	(2,490)	(4,291)	(3,625)	4,866	5,760
<i>Transfer to HPTF</i>	3	(752)	644	544	(730)	(864)
<i>Transfer to Comp. Housing Strategy Fund</i>	-	(17,930)	395	333	(445)	(532)
Deed Recordation (net)	7,483	(21,172)	3,253	(2,748)	3,691	4,364
Deed Transfer (gross)	(14,314)	(7,253)	(5,888)	2,986	4,287	5,197
<i>Transfer to HPTF</i>	2,933	302	883	(448)	(643)	(780)
<i>Transfer to Comp. Housing Strategy Fund</i>	-	(11,238)	527	(268)	(385)	(466)
Deed Transfer (net)	(11,381)	(18,190)	(4,478)	2,271	3,259	3,951
Economic Interests	19,681	21,837	(44,111)	-	-	-
Total Other Taxes	16,651	7,925	(75,767)	156	6,668	8,315
TOTAL TAXES	196,863	218,118	309,368	284,588	290,419	293,449
Licenses & Permits	(1,826)	(43)	(2,906)	3,094	(3,009)	3,000
Fines & Forfeits	4,444	(536)	-	(630)	-	-
Charges for Services	(3,698)	2,200	(3,555)	-	-	-
Miscellaneous	10,604	(36,155)	5,155	(2,218)	2,055	(188)
TOTAL NON-TAX	9,524	(34,534)	(1,306)	246	(954)	2,812
Lottery/Interfund Transfer	2,350	(1,700)	-	-	-	-
TOTAL REVENUE NET OF DEDICATED TAXES	208,737	181,884	308,062	284,834	289,465	296,261

Table 4-35

Summary of Major Taxes in the District of Columbia, Fiscal Year 2007

PART A—GENERAL FUND TAXES

TAX	DESCRIPTION OF WHAT IS TAXED	RATE	FY 2006 ACTUAL REVENUE (\$ in thousands)										
REAL PROPERTY TAX	All real property, unless expressly exempted, is subject to the real property tax and is assessed at 100% of market value. With the property tax year beginning October 1, 2002, the District of Columbia increased the number of property classes from two to the following three classifications of property: Class I—improved residential real property that is occupied and is used exclusively for nontransient residential dwelling purposes; Class II—commercial property; Class III—unimproved or abandoned property. The District's Real Property Tax Year is October 1 through September 30.	<table border="0"> <tr> <td>Property Class</td> <td>Tax Per \$100 of Value</td> </tr> <tr> <td>Class I</td> <td>\$0.88/1</td> </tr> <tr> <td>Class II</td> <td>\$1.85</td> </tr> <tr> <td>Class III</td> <td>\$5.00</td> </tr> </table>	Property Class	Tax Per \$100 of Value	Class I	\$0.88/1	Class II	\$1.85	Class III	\$5.00	\$1,152,143(a)		
Property Class	Tax Per \$100 of Value												
Class I	\$0.88/1												
Class II	\$1.85												
Class III	\$5.00												
	<i>D.C. Code Citation: Title 47, Chapter 7 - 14.</i>	For owner occupied residential real property, the first \$60,000 of Assessed Value is exempt from the tax.											
PERSONAL PROPERTY TAX	All tangible property, except inventories, used or available for use in a trade or business.	\$3.40 per \$100 of assessed value	\$55,548(b)										
	<i>D.C. Code Citation: Title 47, Chapter 15-17.</i>	<i>Note: As of July 31, 2000, both an accelerated depreciation schedule for computer equipment; and a \$50,000 taxable value threshold on personal property are adopted.</i>											
PUBLIC SPACE RENTAL	Commercial use of publicly owned property between the property line and the street.	Various rates for the following: Vault, Sidewalk (Enclosed and Unenclosed cafes). Surface, and Fuel Oil Tank	\$0										
	<i>D.C. Code Citation: Title 7, Chapter 10.</i>	<i>Note: All revenue dedicated to DDOT as Special Purpose Revenue</i>											
SALES AND USE TAX	All tangible personal property and certain selected services, sold or rented to businesses or individuals at retail in the District. Groceries, prescription and non-prescription drugs, and residential utility services are among those items exempt from the sales tax.	<p>A five-tier rate structure is presently in effect:</p> <table border="0"> <tr> <td>5.75%</td> <td>General rate for tangible personal property and selected services,</td> </tr> <tr> <td>9%</td> <td>Liquor sold for off the premises consumption</td> </tr> <tr> <td>10%</td> <td>Restaurant meals, liquor for consumption on the premises, rental vehicles</td> </tr> <tr> <td>12%</td> <td>Parking motor vehicles in commercial lots</td> </tr> <tr> <td>14.5%</td> <td>Transient accommodations</td> </tr> </table>	5.75%	General rate for tangible personal property and selected services,	9%	Liquor sold for off the premises consumption	10%	Restaurant meals, liquor for consumption on the premises, rental vehicles	12%	Parking motor vehicles in commercial lots	14.5%	Transient accommodations	\$775,366 (c)
5.75%	General rate for tangible personal property and selected services,												
9%	Liquor sold for off the premises consumption												
10%	Restaurant meals, liquor for consumption on the premises, rental vehicles												
12%	Parking motor vehicles in commercial lots												
14.5%	Transient accommodations												
	The use tax is imposed at the same rate as the sales tax rate on purchases made outside the District and then brought into the District to be used, stored or consumed, providing that the purchaser has not paid the sales tax on the purchases to another jurisdiction.	<i>Note: The following portions of the sales tax go to the Convention Center Fund: 1% of sales tax from restaurant meals, etc., and 4.45% of transient accommodations. Sales tax on internet access is eliminated. In addition, the 12% tax on parking in commercial lots will be dedicated to DDOT.</i>											
	<i>D.C. Code Citation: Title 47, Chapters 20 and 22.</i>												

ALCOHOLIC BEVERAGE TAX	Alcoholic beverages manufactured by a holder of a manufacturer's license and beverages brought into D.C. by the holder of a wholesaler's or a retailer's license. <i>D.C. Code Citation: Title 25, Chapter 1.</i>	Beer --\$2.79 per 31 gallon barrel Light wine <14% alcohol -- 30¢ per gal Heavy wine >14% alcohol -- 40¢ per gal Champagne/sparkling wine- 45¢ per gal Spirits -- \$1.50 per gallon	\$5,070
CIGARETTE TAX	The sale or possession of cigarettes in the District. Cigarettes sold to the military and to Federal Government are exempt. <i>D.C. Code Citation: Title 47, Chapter 24.</i>	\$1.00 per package of twenty cigarettes	\$22,993
MOTOR VEHICLE EXCISE TAX	Issuance of every original and subsequent certificate of title on motor vehicles and trailers. <i>D.C. Code Citation: Title 50, Chapter 22.</i>	Based on manufacturer's shipping weight 6% of fair market value-3, 499 lbs or less 7% of fair market value-3, 500 lbs to 4,999 lbs 8% of fair market value-over 5,000 lbs	\$42,563
INDIVIDUAL INCOME TAX	The taxable income of an individual who is domiciled in the District at any time during the tax year, or who maintains an abode in the District for 183 or more days during the year. <i>D.C. Code Citation: Title 47, Chapter 18</i>	For Calendar Year 2007: Taxable Income Tax Rate First \$10,000 4.0% Over \$10,000, but Not over \$40,000 \$400 + 6.0% of excess over \$10,000 Over \$40,000 \$2,200 + 8.5% of Excess over \$40,000	\$1,233,602
CORPORATE FRANCHISE TAX	Net income of corporations having nexus in the District. All corporations engaging in a trade, business or profession in the District of Columbia must register. <i>D.C. Code Citation: Title 47, chapter 18.</i>	The franchise tax rate is 9.975 percent of taxable income, a 9.5 percent rate plus a surtax equal to 5 percent of the base rate.	\$215,283
U. B. FRANCHISE TAX	Net income of unincorporated businesses with gross receipts over \$12,000. A 30% salary allowance for owners and a \$5,000 exemption are deductible from net income to arrive at taxable income. A business is exempt if more than 80% of gross income is derived from personal services rendered by the members of the entity and capital is not a material income-producing factor. A trade, business or professional organization which by law, customs or ethics cannot be incorporated is exempt. <i>D.C. Code Citation: Title 47, chapter 18.</i>	The franchise tax rate is 9.975 percent of taxable income, a 9.5 percent rate plus a surtax equal to 5 percent of the base rate.	\$ 142,598
PUBLIC UTILITY TAX	Gross receipts of gas, electric and local telephone companies. <i>D.C. Code Citation: Title 47, Chapter 25</i>	10% of gross charges - residential 11% of gross charges -- non-residential <i>Note: 1% of non-residential is dedicated to financing construction of new baseball stadium.</i>	\$144,801(d)
TOLL TELECOMMUNICATIONS TAX	Gross receipts of companies providing toll telecommunication service in the District. <i>D.C. Code Citation: Title 47, Chapter 38.</i>	10% of gross charges - residential 11% of gross charges -- non-residential <i>Note: 1% of non-residential is dedicated to financing construction of new baseball stadium.</i>	\$54,556 (d)
INSURANCE PREMIUMS TAX	Gross insurance premiums received on risks in the District, less premiums received for reinsurance assumed, returned premiums and dividends paid to policyholders. The tax is in lieu of all other taxes except real estate taxes and fees provided for by the District's insurance law. <i>D.C. Code Citation: Title 35; Title 47, Chapter 26.</i>	1.7% on policy and membership fees and net premium receipts	\$51,495

ESTATE TAX	The estate of every decedent dying while a resident of the District, and on the estate of every nonresident decedent owning property and having a taxable situs in the District at the time of his or her death. <i>D.C. Code Citation: Title 47, Chapter 19.</i>	Tax due is determined by using the DC Estate Tax Computation Worksheet after computing the exempted amounts..	\$30,125
DEED RECORDATION TAX	The recording of all deeds to real estate in the District. The basis of the tax is the value of consideration given for the property. Where there is no consideration or where the consideration is nominal, the tax is imposed on the basis of the fair market value of the property. <i>D.C. Code Citation: Title 42, Chapter 11.</i>	1.45% of consideration or fair market value <i>Note: For residential properties under \$400,000 the rate is 1.1%</i> <i>Note: 15% of deed recordation tax is deposited into the Housing Production Trust Fund.</i>	\$169,024 (e)
DEED TRANSFER TAX	Each transfer of real property at the time the deed is submitted for recordation. The tax is based upon the consideration paid for the transfer. Where there is no consideration or where the amount is nominal, the basis of the transfer tax is the fair market value of the property conveyed. <i>D.C. Code Citation: Title 47, Chapter 9.</i>	1.45% of consideration or fair market value <i>Note: For residential properties under \$400,000 the rate is 1.1%</i> <i>Note: 15% of real estate transfer tax is deposited into the Housing Production Trust Fund.</i>	\$113,509 (e)
ECONOMIC INTEREST TAX	The economic interest transfer tax is triggered by either one of the following two (2) elements: 1) 80% or more of the assets of the entity consist of real property located in the District of Columbia; or 2) more than 50% of the controlling interest of the corporation is being transferred. The consideration is what is paid for the interest being transferred. If there is no tangible consideration, then the tax basis will be the assessed value of the property owned by the corporation. <i>D.C. Code Citation: Title 42, Chapter 11.</i>	2.2% of consideration or fair market value	\$30,274
TOTAL GENERAL FUND TAXES:			\$4,238,950 (a) (b) (c) (d) (e)

PART B—OTHER SELECTED TAXES

TAX	DESCRIPTION OF WHAT IS TAXED	RATE	FY 2006 REVENUE
MOTOR VEHICLE FUEL TAX	Every importer of motor fuels including gasoline, diesel fuel, benzol, benzene, naphtha, kerosene, heating oils, all liquefied petroleum gases and all combustible gases and liquids suitable for the generation of power for the propulsion of motor vehicles. <i>D.C. Code Citation: Title 47, Chapter 23</i>	20 cents per gallon (entire tax dedicated to Highway Trust Fund)	\$24,960

Source of General Fund Revenue amounts: Government of the District of Columbia Comprehensive Annual Financial Report, Year Ended September 30, 2006.

Notes:

- (a) Amount is net of transfers to TIF.
- (b) Amount is net of transfers to Neighborhood Investment Fund.
- (c) Amount is net of transfers to the Convention Center Fund, Ballpark Fund, DDOT, and TIF.
- (d) Amount is net of transfers to the Ballpark Fund.
- (e) Amount is net of transfers to the Housing Production Trust Fund.

Table 4-36
Local General Fund Revenues, FY1996-FY2006
 (\$ thousands)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Real Property	624,382	617,694	616,935	597,566	610,896	633,172	726,014	822,845	947,690	1,058,100 (a)	1,152,143 (a)
Personal Property	65,201	60,392	68,475	73,928	70,133	64,144	65,208	67,294	63,558	62,068 (b)	55,548 (b)
Public Space	12,052	9,513	10,030	8,056	11,752	10,107	12,167	11,749	16,728	15,628	0 (c)
Total Property	701,635	687,599	695,440	679,550	692,781	707,423	803,389	901,888	1,027,976	1,135,796	1,207,691
General Sales and Use	467,527	482,354	557,081	541,573 (d)	585,688 (d)	617,217 (d)	612,354 (d)	631,465 (d)	671,017 (d)	768,308 (e)	775,366 (f)
Alcohol	5,100	5,460	4,702	4,821	4,779	4,743	4,721	4,619	5,090	5,051	5,070
Cigarette	18,676	18,946	17,592	17,107	17,177	16,329	17,189	21,344	20,765	22,336	22,993
Motor Vehicle Excise	31,668	30,271	29,838	31,329	36,693	38,825	34,573	37,066	40,437	42,380	42,563
Hotel Occupancy	7,420	3,806	9,287	(26)	0	25	0	0	0	0	0
Total Selective Sales	62,864	58,483	57,501	53,231	58,649	59,922	56,483	63,029	66,292	69,767	70,626
Individual Income	689,408	753,475	861,505	952,156	1,077,346	1,098,188	949,175	928,968	1,042,309	1,160,074	1,233,602
Corporate Franchise	123,114	144,563	174,729	163,699	190,594	233,237	142,647	156,777	168,353	195,492	215,283
Unincorporated Business Franchise	31,031	38,942	46,868	53,896	70,624	68,812	68,602	81,707	88,347	116,866	142,598
Total Income	843,553	936,980	1,083,102	1,169,751	1,338,564	1,400,237	1,160,424	1,167,452	1,299,009	1,472,432	1,591,483
Insurance Premiums	33,121	42,625	37,096	26,944	30,882	33,356	35,502	41,281	47,452	48,888	51,495
Public Utility	144,842	141,901	141,069	128,472	132,849	149,125	140,931	166,743	169,494	166,039 (g)	144,801 (g)
Toll Telecommunication	45,464	52,994	56,732	51,874	48,280	51,259	55,353	53,324	54,951	54,576 (g)	54,556 (g)
Health Care Provider Fee	11,530	(8,278)	1,740	0	0	0	0	0	0	0	0
Total Gross Receipts	234,957	229,242	236,637	207,290	212,011	233,740	231,786	261,348	271,897	269,503	250,852

Table 4-36 (continued)

Local General Fund Revenues, FY1996-FY2006

(\$ thousands)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Estate	32,175	27,314	32,256	26,247	35,992	51,072	125,889	29,944	26,466	29,257	30,125
Deed Recordation	33,099	30,821	53,863	70,398	60,418	75,936	89,951	134,262	164,522 (h)	161,541 (h)	169,024 (h)
Deed Transfer	26,701	27,162	42,597	47,001	44,660	62,086	62,228	99,052	121,747 (h)	124,890 (h)	113,509 (h)
Economic Interests	10	10,081	11,166	3,687	540	1,640	5,078	4,934	16,269	10,593	30,274
Total Other Taxes	91,985	95,378	139,882	147,333	141,610	190,734	283,146	268,192	329,004	326,281	342,932
TOTAL TAX REVENUES	2,402,521	2,490,036	2,773,561	2,798,728	3,029,303	3,209,273	3,147,582	3,293,374	3,665,195	4,042,087	4,238,950
Business Licenses & Permits	29,663	28,268	31,050	28,607	24,969	21,767	29,875	35,195	35,471	47,936	42,443
Non-Business Licenses & Permits	19,737	17,221	17,073	17,927	18,785	19,627	20,320	24,566	26,034	26,074	29,741
Total Licenses & Permits	49,400	45,489	48,123	46,534	43,754	41,394	50,195	59,761	61,505	74,010	72,184
Total Fines and Forfeitures	40,792	51,664	53,177	47,688	53,216	57,052	86,539	88,455	99,478	108,012	112,456
Total Charges for Services	46,134	43,810	34,752	31,055	37,257	63,938	55,472	65,736	53,705	51,344	47,646
Interest Income	13,917	18,599	32,478	27,542	12,779	33,317	9,645	9,906	7,890	26,052	52,628
Other	28,100	52,320	66,658	59,198	89,379	106,983	70,908	79,999	101,121	93,009	77,037
Tobacco Settlement	0	0	0	0	16,049	13,289	0	0	0	0	0
Total Miscellaneous	42,017	70,919	99,136	86,740	118,207	153,589	80,553	89,905	109,011	119,061	129,665
Lottery Transfer	75,250	69,200	81,300	64,225	69,450	84,000	63,000	72,050	73,500	71,450	73,800
TOTAL NON-TAX REVENUES	253,593	281,082	316,488	276,242	321,884	399,973	335,759	375,907	397,199	423,877	435,751
TOTAL TAX & NON-TAX REVENUES	2,656,114	2,771,118	3,090,049	3,074,970	3,351,187	3,609,246	3,483,341	3,669,281	4,062,394	4,465,964	4,674,701

Notes: (a) Amount excludes transfer to Tax Increment Financing.

(b) Amount excludes transfer to Neighborhood Investment Fund.

(c) Beginning in FY 2006, all public space rental revenue is transferred to a District Department of Transportation.Special Purpose Revenue Fund.

(d) Amount excludes transfer to the Convention Center Fund.

(e) Amount excludes transfers to the Convention Center Fund, the Ballpark Fund, and Tax Increment Financing.

(f) Amount excludes transfers to the Convention Center Fund, the Ballpark Fund, Tax Increment Financing, and a District Department of Transportation Capital Fund.

(g) Amount excludes transfer to the Ballpark Fund.

(h) Amount excludes transfer to the Housing Production Trust Fund.

Table 4-37 Special Purpose (0-type) Revenue Funds, by Source: May 2007 Certifications

	FY 2006 End of Year Fund Balance	FY 2007 Certified Revenues 5/07 Cert.	FY 2007 Certified Fund Balance Use 5/07 Cert.	FY 2007 Certified Resources 5/07 Cert.	FY 2008 Certified Revenues 5/07 Cert.	FY 2008 Certified Fund Balance Use 5/07 Cert.	FY 2008 Certified Resources 5/07 Cert.	FY 2009 Certified Revenues 5/07 Cert.	FY 2010 Certified Revenues 5/07 Cert.	FY 2011 Certified Revenues 5/07 Cert.
A. Governmental Direction and Support										
Office of the City Administrator (AE0)	13,202,963	2,500,000	8,758,000	11,258,000	0	0	0	0	0	0
0620 Crime Victims Assistance Fund	13,202,963	2,500,000	8,758,000	11,258,000	0	0	0	0	0	0
Office of Property Management (AM0)	1,733,785	4,873,427	1,494,240	6,367,667	7,412,903	1,494,240	8,907,143	8,154,193	8,969,612	9,866,574
1150 Utilities Payments for Non-DC Agencies	173,023	0	0	0	0	0	0	0	0	0
1450 Facility Operations: Parking Fees	0	375,000	0	375,000	512,000	0	512,000	563,200	619,520	681,472
1459 Asset Management/Lease Management: Rent	1,494,240	4,498,427	1,494,240	5,992,667	6,900,903	1,494,240	8,395,143	7,590,993	8,350,092	9,185,102
1460 Eastern Market Enterprise Fund	66,521	0	0	0	0	0	0	0	0	0
Office of Finance and Resource Management (AS0)	472,685	0	0	0	0	0	0	0	0	0
1150 Utilities Payment for Non-DC Agencies	472,685	0	0	0	0	0	0	0	0	0
Office of the Chief Financial Officer (AT0)	6,150,872	32,992,108	2,029,281	35,021,389	35,054,108	1,068,454	36,122,562	23,054,108	23,054,108	23,054,108
0602 Payroll Service Fees	0	350,000	0	350,000	350,000	0	350,000	350,000	350,000	350,000
0603 Service Contracts	0	1,050,000	0	1,050,000	1,050,000	0	1,050,000	1,050,000	1,050,000	1,050,000
0605 Dishonored Check Fees	0	650,000	0	650,000	650,000	0	650,000	650,000	650,000	650,000
0606 Recorder of Deeds Surcharge	5,210,044	1,500,000	1,168,454	2,668,454	1,600,000	1,068,454	2,668,454	1,600,000	1,600,000	1,600,000
0607 Miscellaneous Revenue	0	68,000	0	68,000	80,000	0	80,000	80,000	80,000	80,000
0610 Bank Fees	0	4,600,000	0	4,600,000	4,600,000	0	4,600,000	4,600,000	4,600,000	4,600,000
0611 Tax Collection Fees	0	15,900,000	0	15,900,000	17,000,000	0	17,000,000	5,000,000	5,000,000	5,000,000
0612 Tax Increment Financing (TIF)	0	100,000	0	100,000	0	0	0	0	0	0
0613 Unclaimed Property Contingency Fund	0	3,500,000	0	3,500,000	3,500,000	0	3,500,000	3,500,000	3,500,000	3,500,000
0614 Defined Contribution Plan Administration	0	150,000	0	150,000	150,000	0	150,000	150,000	150,000	150,000
0615 Federal Retirement Benefits Processing	0	350,000	0	350,000	0	0	0	0	0	0
0617 Baseball Financing Review Fund	80,000	0	0	0	0	0	0	0	0	0
0618 Compliance and Real Property Tax Admin. Fund	860,827	3,700,000	860,827	4,560,827	5,000,000	0	5,000,000	5,000,000	5,000,000	5,000,000
0619 DC Lottery Reimbursement	0	1,074,108	0	1,074,108	1,074,108	0	1,074,108	1,074,108	1,074,108	1,074,108
Office of the Secretary (BA0)	0	415,901	0	415,901	415,901	0	415,901	415,901	415,901	415,901
1243 Distribution Fees	0	415,901	0	415,901	415,901	0	415,901	415,901	415,901	415,901
D.C. Department of Human Resources (BE0)	0	577,085	0	577,085	559,454	0	559,454	577,636	596,409	615,793
0615 Defined Benefits Retirement Program	0	496,968	0	496,968	384,667	0	384,667	397,168	410,076	423,404
1555 Reimbursables from Other Governments	0	80,117	0	80,117	174,787	0	174,787	180,468	186,333	192,389
Office of the Attorney General (CB0)	7,005,214	3,704,500	3,283,534	6,988,034	2,755,346	2,019,744	4,775,090	2,756,000	2,756,000	2,756,000
0601 Driving Under the Influence (DUI) Fund	0	105,000	0	105,000	105,346	0	105,346	106,000	106,000	106,000
0602 Anti-Trust Fund	583,638	200,000	267,606	467,606	200,000	190,852	390,852	200,000	200,000	200,000
0603 Child Support - TANF/AFDC Collections	4,138,201	2,100,000	2,303,870	4,403,870	2,100,000	1,000,000	3,100,000	2,100,000	2,100,000	2,100,000
0604 Child Support - Reimbursements & Fees	113,520	0	0	0	0	0	0	0	0	0
0605 Child Support - Interest Income	163,477	0	0	0	0	0	0	0	0	0
0606 Child Support - Title IVD Incentive Fees	107,141	0	0	0	0	0	0	0	0	0
0611 Consumer Protection Fund	610,233	1,199,500	288,933	1,488,433	250,000	452,516	702,516	250,000	250,000	250,000
0612 Anti-Fraud Fund	1,289,005	100,000	423,125	523,125	100,000	376,376	476,376	100,000	100,000	100,000
Office of Contracting and Procurement (P00)	570,126	883,757	443,346	1,327,103	787,330	437,879	1,225,209	1,000,000	1,000,000	1,000,000
4010 D.C. Surplus Personal Property Sales Fund	126,781	445,878	0	445,878	300,000	0	300,000	500,000	500,000	500,000
6102 D.C. Supply Schedule Sales Discount	443,346	437,879	443,346	881,225	487,330	437,879	925,209	500,000	500,000	500,000
Office of the Chief Technology Officer (T00)	223,290	0	0	0	100,000	0	100,000	0	0	0
0601 Tech City	223,290	0	0	0	0	0	0	0	0	0
1200 SERVUS Support	0	0	0	0	100,000	0	100,000	0	0	0
Sub-total: Governmental Direction and Support	29,358,934	45,946,778	16,008,401	61,955,179	47,085,042	5,020,317	52,105,359	35,957,838	36,792,031	37,708,375

Table 4-37 Special Purpose (O-type) Revenue Funds, by Source (continued)

	FY 2006 End of Year Fund Balance	FY 2007 Certified Revenues 5/07 Cert.	FY 2007 Certified Fund Balance Use 5/07 Cert.	FY 2007 Certified Resources 5/07 Cert.	FY 2008 Certified Revenues 5/07 Cert.	FY 2008 Certified Fund Balance Use 5/07 Cert.	FY 2008 Certified Resources 5/07 Cert.	FY 2009 Certified Revenues 5/07 Cert.	FY 2010 Certified Revenues 5/07 Cert.	FY 2011 Certified Revenues 5/07 Cert.
B. Economic Development and Regulation										
Office of Planning (BD0)	8,580	15,000	0	15,000	15,000	0	15,000	15,000	15,000	15,000
2001 Historic Landmark & District Application Fees	8,580	15,000	0	15,000	15,000	0	15,000	15,000	15,000	15,000
Commission on the Arts and Humanities (BX0)	209,765	400,000	0	400,000	400,000	0	400,000	400,000	400,000	400,000
0600 Special Purpose Revenue	68,834	400,000	0	400,000	400,000	0	400,000	400,000	400,000	400,000
0610 Party Animals Revenue	140,661	0	0	0	0	0	0	0	0	0
6010 Arts and Technology Fund	271	0	0	0	0	0	0	0	0	0
Department of Employment Services (CF0)	29,850,511	26,999,614	0	26,999,614	32,151,166	0	32,151,166	32,151,166	32,151,166	32,151,166
0600 Special Purpose Revenue Fund	1,433,379	0	0	0	0	0	0	0	0	0
0610 Workers' Compensation - Special Fund	7,844,069	7,000,000	0	7,000,000	7,000,000	0	7,000,000	7,000,000	7,000,000	7,000,000
0611 Workers' Compensation - Administration Fund	13,398,655	15,398,226	0	15,398,226	17,551,166	0	17,551,166	17,551,166	17,551,166	17,551,166
0612 UI Interest/Penalties	681,059	601,388	0	601,388	600,000	0	600,000	600,000	600,000	600,000
0623 DOES Relocation Fund	616,063	0	0	0	0	0	0	0	0	0
0624 UI Administrative Assessment Tax	5,877,286	4,000,000	0	4,000,000	7,000,000	0	7,000,000	7,000,000	7,000,000	7,000,000
Dept. of Consumer and Regulatory Affairs (CR0)	20,107,813	9,091,898	4,806,876	13,898,774	15,116,019	3,844,700	18,960,719	8,878,460	14,990,000	8,878,460
6005 Condo Conversion	0	20,000	0	20,000	0	0	0	0	0	0
6006 Nuisance Abatement	8,411,369	2,367,975	1,500,000	3,867,975	5,000,000	2,500,000	7,500,000	2,300,000	5,000,000	2,300,000
6008 Real Estate Guarantee and Education Fund	2,639,379	1,029,481	0	1,029,481	612,637	0	612,637	1,000,000	600,000	1,000,000
6009 Real Estate Appraisal Fund	0	55,000	0	55,000	142,000	0	142,000	55,000	140,000	55,000
6010 OPLA Special Fund	1,655,614	1,635,264	0	1,635,264	2,098,382	0	2,098,382	1,635,264	2,000,000	1,635,264
6011 Special Events Fund	0	30,000	0	30,000	30,000	0	30,000	30,000	30,000	30,000
6012 Boxing and Wrestling Fund	0	60,000	0	60,000	70,000	0	70,000	60,000	70,000	60,000
6013 Basic Business License Fund	4,477,792	3,022,178	2,601,204	5,623,382	5,500,000	714,741	6,214,741	2,923,196	5,500,000	2,923,196
6014 Fire Protection Fund	0	100,000	0	100,000	100,000	0	100,000	100,000	100,000	100,000
6020 Board of Engineers Fund	1,102,828	172,000	0	172,000	563,000	0	563,000	175,000	550,000	175,000
6025 Construction/Zoning Compliance Mgmt. Fund	1,820,831	600,000	705,672	1,305,672	1,000,000	629,959	1,629,959	600,000	1,000,000	600,000
Office of Cable TV and Telecommunications (CT0)	5,191,478	5,503,000	65,000	5,568,000	5,605,000	1,641,367	7,246,367	6,500,000	6,750,000	7,000,000
0600 Franchise Fees & Tape Sales	5,191,478	5,503,000	65,000	5,568,000	5,605,000	1,641,367	7,246,367	6,500,000	6,750,000	7,000,000
Office of the Tenant Advocate (CQ0)	1,153,542	0	0	0	950,000	350,000	1,300,000	550,000	950,000	550,000
6005 Condo Conversion	1,153,542	0	0	0	450,000	350,000	800,000	450,000	450,000	450,000
6006 Rental Accommodation Fees	0	0	0	0	500,000	0	500,000	100,000	500,000	100,000
Dept. of Housing and Community Development (DB0)	25,250,591	8,271,233	171,784	8,443,017	9,213,070	19,698,865	28,911,935	9,279,298	9,391,692	9,391,692
0602 Home Purchase Assistance Program Repayment	19,021,144	6,124,215	0	6,124,215	6,309,707	14,603,438	20,913,145	6,563,789	6,817,871	6,817,871
0603 Land Acquisition for Housing Dev. Opportunities	2,420,511	416,000	0	416,000	416,000	2,278,823	2,694,823	416,000	274,312	274,312
0604 Senior Citizens Home Repair	77,258	0	0	0	0	0	0	0	0	0
0605 Multi-Family/ Rehabilitation Repayment	3,428,333	400,000	0	400,000	378,920	1,826,617	2,205,537	450,000	450,000	450,000
0607 Low Income Housing Tax Credit Program	121,161	785,018	0	785,018	849,509	318,203	1,167,712	849,509	849,509	849,509
0623 Home Again Revolving Fund	182,184	500,000	171,784	671,784	500,000	671,784	1,171,784	500,000	500,000	500,000
1980 Portal Site	0	46,000	0	46,000	500,000	0	500,000	500,000	500,000	500,000
C606 Intra-District Funding from CR0 6006	0	0	0	0	258,934	0	258,934	0	0	0
Public Service Commission (DH0)	69,925	8,000,010	0	8,000,010	8,645,124	0	8,645,124	8,645,124	8,645,124	8,645,124
0631 Utilities Regulation	69,925	8,000,010	0	8,000,010	8,645,124	0	8,645,124	8,645,124	8,645,124	8,645,124
Office of the People's Counsel (DJ0)	73,467	4,596,020	0	4,596,020	4,883,003	0	4,883,003	4,883,003	4,883,003	4,883,003
0631 Advocate for Consumers	73,467	4,596,020	0	4,596,020	4,883,003	0	4,883,003	4,883,003	4,883,003	4,883,003

Table 4-37 Special Purpose (O-type) Revenue Funds, by Source (continued)

	FY 2006 End of Year Fund Balance	FY 2007 Certified Revenues 5/07 Cert.	FY 2007 Certified Fund Balance Use 5/07 Cert.	FY 2007 Certified Resources 5/07 Cert.	FY 2008 Certified Revenues 5/07 Cert.	FY 2008 Certified Fund Balance Use 5/07 Cert.	FY 2008 Certified Resources 5/07 Cert.	FY 2009 Certified Revenues 5/07 Cert.	FY 2010 Certified Revenues 5/07 Cert.	FY 2011 Certified Revenues 5/07 Cert.
B. Economic Development and Regulation (continued)										
Office of the Deputy Mayor for Econ. Develop. (EBO)	20,942,695	58,026,268	6,252,268	64,278,536	27,250,000	5,260,636	32,510,636	27,250,000	27,250,000	27,250,000
0609 Industrial Revenue Bond Program	2,701,910	2,587,268	487,268	3,074,536	2,250,000	82,084	2,332,084	2,250,000	2,250,000	2,250,000
0622 Commercial Trust Fund	1,090,926	600,000	500,000	1,100,000	0	0	0	0	0	0
0635 Comprehensive Housing Strategy Fund	0	28,104,000	0	28,104,000	0	0	0	0	0	0
1011 Neighborhood Investment Fund	17,094,800	9,735,000	5,265,000	15,000,000	0	5,178,552	5,178,552	0	0	0
2002 Revolving Loan Fund (2467)	53,000	0	0	0	0	0	0	0	0	0
2003 Capital City Part (2579)	2,060	17,000,000	0	17,000,000	25,000,000	0	25,000,000	25,000,000	25,000,000	25,000,000
Dept. of Small and Local Business Development (ENO)	1,090,926	0	0	0	0	500,336	500,336	0	0	0
0622 Commercial Trust Fund	1,090,926	0	0	0	0	500,336	500,336	0	0	0
Housing Production Trust Fund Subsidy (HPO)	124,413,297	0	65,078,157	65,078,157	0	0	0	0	0	0
1261 Housing Production Trust Fund	124,413,297	0	65,078,157	65,078,157	0	0	0	0	0	0
Alcoholic Beverage Regulation Administration (LQ0)	4,215,273	4,006,000	547,638	4,553,638	4,226,056	1,612,930	5,838,986	4,206,000	4,206,000	4,206,000
6017 ABC Import and Class License Fees	4,096,640	4,000,000	547,638	4,547,638	4,220,056	1,612,930	5,832,986	4,200,000	4,200,000	4,200,000
6018 ABC Keg Registration Fees	118,633	6,000	0	6,000	6,000	0	6,000	6,000	6,000	6,000
Dept. of Insurance, Securities and Banking (SR0)	1,496,914	27,250,000	0	27,250,000	28,003,353	0	28,003,353	27,700,000	27,700,000	28,498,000
0615 Junior Supersavers Club	9,000	0	0	0	0	0	0	0	0	0
2100 HMO Assessment Fee	185,258	950,000	0	950,000	981,063	0	981,063	1,100,000	1,100,000	1,100,000
2200 Insurance Assessment Fee	1,302,656	9,000,000	0	9,000,000	9,000,000	0	9,000,000	9,000,000	9,000,000	9,270,000
2300 Securities/ Broker Dealer Licenses Fees	0	4,500,000	0	4,500,000	4,500,000	0	4,500,000	4,500,000	4,500,000	4,635,000
2500 Investment Advisors Licenses Fees	0	340,000	0	340,000	340,000	0	340,000	340,000	340,000	350,200
2600 Securities Registration Fees	0	7,760,000	0	7,760,000	7,760,000	0	7,760,000	7,760,000	7,760,000	7,992,800
2800 Captive Insurance Premium	0	2,200,000	0	2,200,000	2,623,411	0	2,623,411	2,500,000	2,500,000	2,575,000
2900 Banking Fees	0	2,500,000	0	2,500,000	2,798,879	0	2,798,879	2,500,000	2,500,000	2,575,000
Sub-total: Economic Development and Regulation	234,074,777	152,159,043	76,921,723	229,080,766	136,457,791	32,908,834	169,366,624	130,458,051	137,331,985	131,868,445

Table 4-37 Special Purpose (O-type) Revenue Funds, by Source (continued)

	FY 2006 End of Year Fund Balance	FY 2007 Certified Revenues 5/07 Cert.	FY 2007 Certified Fund Balance Use 5/07 Cert.	FY 2007 Certified Resources 5/07 Cert.	FY 2008 Certified Revenues 5/07 Cert.	FY 2008 Certified Fund Balance Use 5/07 Cert.	FY 2008 Certified Resources 5/07 Cert.	FY 2009 Certified Revenues 5/07 Cert.	FY 2010 Certified Revenues 5/07 Cert.	FY 2011 Certified Revenues 5/07 Cert.
C. Public Safety and Justice										
Metropolitan Police Department (FA0)	1,118,832	12,036,516	0	12,036,516	13,532,811	0	13,532,811	13,858,500	13,885,540	13,913,662
1431 Data Processing	0	130,804	0	130,804	130,804	0	130,804	150,000	150,000	150,000
1555 Reimbursable From Other Governments	0	650,000	0	650,000	650,000	0	650,000	676,000	703,040	731,162
1607 Sale Of Unclaimed Property	69,696	392,106	0	392,106	392,106	0	392,106	250,000	250,000	250,000
1614 Miscellaneous Reimbursements	0	2,100,000	0	2,100,000	3,212,500	0	3,212,500	3,212,500	3,212,500	3,212,500
1616 Drug Elimination	0	0	0	0	0	0	0	0	0	0
1660 Automated Traffic Enforcement	0	7,090,750	0	7,090,750	7,597,125	0	7,597,125	8,000,000	8,000,000	8,000,000
1988 Drug Interdiction	416,801	0	0	0	0	0	0	0	0	0
2531 Narcotics Proceeds	8,799	792,266	0	792,266	650,000	0	650,000	650,000	650,000	650,000
2532 Gambling Proceeds	0	19,565	0	19,565	250,277	0	250,277	270,000	270,000	270,000
7278 Asset Forfeiture	623,537	861,025	0	861,025	650,000	0	650,000	650,000	650,000	650,000
Fire and Emergency Medical Services Dept. (FB0)	0	0	0	0	0	0	0	0	0	0
1613 Training Fund	0	0	0	0	0	0	0	0	0	0
Office of Victim Services (FE0)	13,202,963	0	0	0	2,500,000	4,786,000	7,286,000	2,500,000	2,500,000	2,500,000
0620 Crime Victims Assistance Fund	13,202,963	0	0	0	2,500,000	4,786,000	7,286,000	2,500,000	2,500,000	2,500,000
Department of Corrections (FL0)	0	25,755,491	0	25,755,491	36,100,000	0	36,100,000	32,800,000	32,800,000	32,800,000
0600 Inmate Federal Reimbursement Fund	0	25,055,491	0	25,055,491	35,300,000	0	35,300,000	32,000,000	32,000,000	32,000,000
0601 Concession Income	0	700,000	0	700,000	800,000	0	800,000	800,000	800,000	800,000
Office of Administrative Hearings (FS0)	0	50,000	0	50,000	50,000	0	50,000	0	0	0
0614 Adjudication Fines and Fees	0	50,000	0	50,000	50,000	0	50,000	0	0	0
Office of the Chief Medical Examiner (FX0)	88,905	150,000	0	150,000	165,000	0	165,000	170,775	176,752	182,938
0601 Medical Examiner Fees	88,905	150,000	0	150,000	165,000	0	165,000	170,775	176,752	182,938
Office of Unified Communications (UC0)	6,751,685	13,790,000	4,023,446	17,813,446	13,685,000	2,728,239	16,413,239	13,685,000	13,685,000	13,685,000
1630 911 & 311 Assessments	6,751,685	13,790,000	4,023,446	17,813,446	13,685,000	2,728,239	16,413,239	13,685,000	13,685,000	13,685,000
Sub-total: Public Safety and Justice	21,162,385	51,782,007	4,023,446	55,805,453	66,032,811	7,514,239	73,547,050	63,014,275	63,047,292	63,081,600

Table 4-37 Special Purpose (O-type) Revenue Funds, by Source (continued)

	FY 2006 End of Year Fund Balance	FY 2007 Certified Revenues 5/07 Cert.	FY 2007 Certified Fund Balance Use 5/07 Cert.	FY 2007 Certified Resources 5/07 Cert.	FY 2008 Certified Revenues 5/07 Cert.	FY 2008 Certified Fund Balance Use 5/07 Cert.	FY 2008 Certified Resources 5/07 Cert.	FY 2009 Certified Revenues 5/07 Cert.	FY 2010 Certified Revenues 5/07 Cert.	FY 2011 Certified Revenues 5/07 Cert.
D. Public Education System										
District of Columbia Public Library (CE0)	1,074,206	273,000	382,815	655,815	273,000	364,000	637,000	273,000	273,000	273,000
0101 Miscellaneous	59,273	8,000	12,000	20,000	8,000	12,000	20,000	8,000	8,000	8,000
0102 Bookstore	37,954	80,000	10,815	90,815	80,000	12,000	92,000	80,000	80,000	80,000
0103 Restricted - Fines	452,207	125,000	135,000	260,000	125,000	135,000	260,000	125,000	125,000	125,000
0104 Gifts-Donations	5,863	0	0	0	0	0	0	0	0	0
0108 Copies and Printing	30,120	60,000	25,000	85,000	60,000	5,000	65,000	60,000	60,000	60,000
0109 Miscellaneous Customer Service	7,931	0	0	0	0	0	0	0	0	0
0140 Restricted - Gifts & Donations	7,293	0	0	0	0	0	0	0	0	0
0150 SLD E-Rate Reimbursement	445,718	0	200,000	200,000	0	200,000	200,000	0	0	0
0190 Franklin Restitution Payment	27,847	0	0	0	0	0	0	0	0	0
District of Columbia Public Schools (GA0)	5,059,200	16,827,023	4,251,954	21,078,977	8,504,023	1,500,000	10,004,023	8,926,216	9,426,216	9,426,216
0601 Special Escrow (Lease Inc - Security Deposits)	7,643	0	0	0	0	0	0	0	0	0
0602 ROTC	906,926	909,998	906,926	1,816,924	910,000	0	910,000	861,155	861,155	861,155
0603 Lease Income	1,499,395	4,500,000	1,499,395	5,999,395	4,000,000	0	4,000,000	4,500,000	5,000,000	5,000,000
0604 Pepco/Washington Gas	180,216	180,000	180,216	360,216	215,610	0	215,610	215,610	215,610	215,610
0607 Custodial	446,249	430,000	446,249	876,249	271,780	0	271,780	271,780	271,780	271,780
0608 Nonresident	1,299,604	1,030,000	500,000	1,530,000	625,000	500,000	1,125,000	625,000	625,000	625,000
0609 Security Deposits	403,292	430,000	403,292	833,292	223,392	0	223,392	174,992	174,992	174,992
0611 Cafeteria	121,663	1,000,000	121,663	1,121,663	1,234,216	0	1,234,216	1,234,216	1,234,216	1,234,216
0613 Vending Machine Sales	23,488	335,000	23,488	358,488	375,000	0	375,000	379,438	379,438	379,438
0621 Parking Fees	0	99,025	0	99,025	99,025	0	99,025	99,025	99,025	99,025
0623 Hoop Dreams Scholarship Fund	51,010	0	51,010	51,010	0	0	0	0	0	0
0626 TDL Career Cluster Project at Cardozo	14,543	0	14,543	14,543	0	0	0	0	0	0
0627 BOE - Real Property Improvement Fund	105,173	7,598,000	105,173	7,703,173	400,000	1,000,000	1,400,000	400,000	400,000	400,000
0630 Teacher Certification Fees	0	315,000	0	315,000	150,000	0	150,000	165,000	165,000	165,000
Public Charter School Board (GB0)	0	0	0	0	1,350,000	0	1,350,000	1,400,000	1,450,000	1,500,000
6632 Administrative Fee	0	0	0	0	1,350,000	0	1,350,000	1,400,000	1,450,000	1,500,000
State Education Office (GD0)	10,431,424	37,000	10,371,243	10,408,243	22,000	10,300,432	10,322,432	17,000	17,000	17,000
0601 Other Fund (Defaulted Student Loans)	0	7,000	0	7,000	15,000	0	15,000	10,000	10,000	10,000
0610 Charter School Credit Enhancement Fund	10,371,243	0	10,371,243	10,371,243	0	10,300,432	10,300,432	0	0	0
6007 Site Evaluation Visits	0	30,000	0	30,000	7,000	0	7,000	7,000	7,000	7,000
6010 Licensing Fees (OPLA - Special Account)	60,181	0	0	0	0	0	0	0	0	0
Sub-total: Public Education System	16,564,830	17,137,023	15,006,012	32,143,035	10,149,023	12,164,432	22,313,455	10,616,216	11,166,216	11,216,216

Table 4-37 Special Purpose (O-type) Revenue Funds, by Source (continued)

	FY 2006 End of Year Fund Balance	FY 2007 Certified Revenues 5/07 Cert.	FY 2007 Certified Fund Balance Use 5/07 Cert.	FY 2007 Certified Resources 5/07 Cert.	FY 2008 Certified Revenues 5/07 Cert.	FY 2008 Certified Fund Balance Use 5/07 Cert.	FY 2008 Certified Resources 5/07 Cert.	FY 2009 Certified Revenues 5/07 Cert.	FY 2010 Certified Revenues 5/07 Cert.	FY 2011 Certified Revenues 5/07 Cert.
E. Human Support Services										
Department of Parks and Recreation (HA0)	1,257,799	1,900,000	400,000	2,300,000	1,900,000	600,000	2,500,000	1,957,000	2,015,710	2,076,181
0602 Enterprise Fund Account	1,257,799	1,900,000	400,000	2,300,000	1,900,000	600,000	2,500,000	1,957,000	2,015,710	2,076,181
Department of Health (HC0)	29,713,630	26,597,068	13,639,826	40,236,894	14,716,457	1,889,819	16,606,276	14,918,920	15,295,040	13,345,622
0601 Medical Examiners Fees	33,022	0	0	0	0	0	0	0	0	0
0605 SHPDA Fees	797,079	536,000	0	536,000	540,000	127,000	667,000	545,000	556,308	572,998
0606 Vital Records Revenue	2,726,627	3,750,000	542,253	4,292,253	3,950,000	513,412	4,463,412	4,125,000	4,248,000	4,315,500
0608 Drug Interdiction Fund	755,800	300,000	400,000	700,000	309,000	0	309,000	318,270	327,818	330,000
0610 Methadone Fees	9,433	0	0	0	0	0	0	0	0	0
0612 Food Handlers Certification	1,804,646	500,000	1,650,000	2,150,000	1,100,000	100,000	1,200,000	550,000	1,200,000	600,000
0613 Adjudication Hearings (Community Hygiene)	0	0	0	0	0	0	0	0	0	0
0614 Adjudication Fines	71,631	0	0	0	0	0	0	0	0	0
0617 Office of Professional Licensing	63,496	10,000	50,000	60,000	0	0	0	0	0	0
0621 UDC Health Clinic Reimbursement	79,050	924,363	0	924,363	868,425	0	868,425	877,110	885,881	894,740
0630 General Counsel-FICA	0	3,705	0	3,705	3,816	0	3,816	3,931	4,049	0
0631 Medicaid Collections - Other	0	1,500,000	0	1,500,000	1,500,000	0	1,500,000	1,500,000	1,500,000	0
0632 Pharmacy Protection	412,153	400,000	135,000	535,000	410,000	76,000	486,000	422,300	434,969	0
0638 Animal Control Dog License Fees and Fines	140,507	80,000	35,000	115,000	88,000	33,000	121,000	88,880	89,769	90,667
0641 Other Medical Licenses and Fees	22,174	0	0	0	0	0	0	0	0	0
0642 Medicaid Reimbursement - APRA	14,847	0	0	0	0	0	0	0	0	0
0643 Board of Medicine	921,731	4,360,000	300,000	4,660,000	4,000,000	428,000	4,428,000	4,500,000	4,000,000	4,500,000
0649 Health Facility Fee	70,483	68,000	20,000	88,000	68,680	0	68,680	69,367	70,060	70,762
0650 Human Services Facility Fee	302,441	77,000	58,000	135,000	79,310	22,000	101,310	81,689	84,140	84,981
0651 Health Benefits Plans-Bill of Rights Act	376,773	386,000	100,000	486,000	397,580	0	397,580	409,507	421,793	425,000
0652 DC Superior Courts PHSA Agreement	0	380,000	0	380,000	405,441	0	405,441	409,496	413,591	417,727
0655 SHPDA Admission Fee	562,319	450,000	120,000	570,000	477,000	372,768	849,768	492,000	515,000	537,000
0656 EMS Fees	5,802	50,000	0	50,000	51,055	0	51,055	52,020	53,061	0
0658 Public Health Laboratory Fees	272,301	175,000	150,000	325,000	176,750	0	176,750	178,518	180,304	182,107
0661 ICF/MR Fees and Fines	70,866	30,000	0	30,000	30,900	0	30,900	31,827	32,782	33,110
0662 Civil Monetary Penalties	115,846	50,000	50,000	100,000	50,500	50,000	100,500	51,005	51,515	52,030
0670 HCSN Revolving Fund	10,810,374	1,417,000	10,029,573	11,446,573	0	0	0	0	0	0
0672 MAA Nursing Facility Quality of Care Fund	9,106,591	11,000,000	0	11,000,000	0	0	0	0	0	0
0673 Enforcement Activities	167,639	150,000	0	150,000	210,000	167,639	377,639	213,000	226,000	239,000
Department of Human Services (JA0)	0	3,200,000	0	3,200,000	3,200,000	0	3,200,000	2,800,000	2,800,000	2,800,000
0602 DC Village Maintenance Reimbursement	0	400,000	0	400,000	400,000	0	400,000	0	0	0
0603 SSI Payback	0	2,500,000	0	2,500,000	2,500,000	0	2,500,000	2,500,000	2,500,000	2,500,000
0613 Food Stamps Collections	0	300,000	0	300,000	300,000	0	300,000	300,000	300,000	300,000
Department on Disability Services (JM0)	714,587	7,400,000	0	7,400,000	7,400,000	0	7,400,000	7,350,000	7,350,000	7,350,000
0610 Vocational Rehab Services Reimbursement	370	200,000	0	200,000	200,000	0	200,000	250,000	250,000	250,000
0611 Cost of Care - Non Medicaid Clients	0	2,200,000	0	2,200,000	2,200,000	0	2,200,000	2,100,000	2,100,000	2,100,000
0616 Randolph Shepherd Unassigned Facilities	714,217	5,000,000	0	5,000,000	5,000,000	0	5,000,000	5,000,000	5,000,000	5,000,000
Child and Family Services Agency (RL0)	0	750,000	0	750,000	750,000	0	750,000	750,000	750,000	750,000
0601 Other Revenue: SSI/SSA Reimbursement	0	750,000	0	750,000	750,000	0	750,000	750,000	750,000	750,000
Department of Mental Health (RM0)	0	3,808,120	0	3,808,120	3,808,120	0	3,808,120	3,608,120	3,608,120	3,608,120
0610 Federal Beneficiary Reimbursement	0	2,268,000	0	2,268,000	2,268,000	0	2,268,000	2,268,000	2,268,000	2,268,000
0640 Medicare and Third Party Reimbursement	0	1,540,120	0	1,540,120	1,540,120	0	1,540,120	1,340,120	1,340,120	1,340,120
Sub-total: Human Support Services	31,686,016	43,655,188	14,039,826	57,695,014	31,774,577	2,489,819	34,264,396	31,384,040	31,818,870	29,929,924

Table 4-37 Special Purpose (O-type) Revenue Funds, by Source (continued)

	FY 2006 End of Year Fund Balance	FY 2007 Certified Revenues 5/07 Cert.	FY 2007 Certified Fund Balance Use 5/07 Cert.	FY 2007 Certified Resources 5/07 Cert.	FY 2008 Certified Revenues 5/07 Cert.	FY 2008 Certified Fund Balance Use 5/07 Cert.	FY 2008 Certified Resources 5/07 Cert.	FY 2009 Certified Revenues 5/07 Cert.	FY 2010 Certified Revenues 5/07 Cert.	FY 2011 Certified Revenues 5/07 Cert.
F. Public Works										
District Department of Transportation (KA0)	9,094,504	41,534,996	0	41,534,996	42,050,996	2,031,155	44,082,151	42,577,996	43,115,996	43,664,996
6000 Special Events	0	84,000	0	84,000	84,000	0	84,000	84,000	84,000	84,000
6140 Tree Fund (est. DC Act 14-614)	154,824	0	0	0	0	0	0	0	0	0
6261 Reimbursable Street Repairs	0	34,232	0	34,232	34,232	0	34,232	34,232	34,232	34,232
6425 Federal Transit Grant Match	0	72,000	0	72,000	72,000	0	72,000	72,000	72,000	72,000
6452 Child Safety Seat Program	0	21,072	0	21,072	21,072	0	21,072	21,072	21,072	21,072
6462 Restoration of Public Space Program	0	165,000	0	165,000	165,000	0	165,000	165,000	165,000	165,000
6551 Wilson Bridge	0	64,200	0	64,200	64,200	0	64,200	64,200	64,200	64,200
6555 Mall Tunnel Lighting	0	282,552	0	282,552	282,552	0	282,552	282,552	282,552	282,552
6634 Citizen Streetlight & Traffic Control Project	0	55,000	0	55,000	55,000	0	55,000	55,000	55,000	55,000
6900 DDOT Operating Fund	8,936,858	40,756,940	0	40,756,940	41,272,940	2,031,155	43,304,095	41,799,940	42,337,940	42,886,940
6967 Abandoned Vehicle Program	2,823	0	0	0	0	0	0	0	0	0
District Department of the Environment (KG0)	12,149,298	14,303,609	4,038,276	18,341,885	14,085,842	3,654,280	17,740,122	14,271,500	14,481,694	14,698,195
0602 Air Quality Construction Permits	282,627	263,000	32,794	295,794	197,760	0	197,760	203,692	209,803	216,097
0603 Fishing License	215,805	85,000	45,000	130,000	70,857	0	70,857	72,982	75,172	77,427
0604 Oil Spill Fee	19,200	0	0	0	0	0	0	0	0	0
0607 Underground Storage Tank Fines and Fees	1,090,046	385,069	0	385,069	404,223	0	404,223	416,349	428,840	441,705
0609 LUST Trust Fund	119,321	25,000	80,000	105,000	25,000	14,321	39,321	25,000	25,000	25,000
0610 Petroleum Violation Escrow Funds	56,858	0	0	0	0	0	0	0	0	0
0611 Radioactive Waste Fees	116,306	20,000	0	20,000	50,817	0	50,817	52,341	53,911	55,529
0620 Utility Discount Programs Funds	218,478	0	0	0	0	218,478	218,478	0	0	0
0633 Radiation Protection	228,493	33,000	0	33,000	46,078	0	46,078	47,460	48,884	50,350
0634 Soil Erosion/Sediment Control	1,614,600	477,444	0	477,444	703,093	0	703,093	724,186	745,911	768,288
0645 Pesticide Product Registration	1,884,150	800,000	670,000	1,470,000	804,171	0	804,171	828,296	853,145	878,739
0646 Storm Water Fees	50,318	15,000	0	15,000	14,207	0	14,207	14,633	15,072	15,525
0648 Asbestos Certification and Abatement Fee	54,352	205,000	54,352	259,352	156,044	0	156,044	160,726	165,547	170,514
0654 Storm Water Permit Review	0	1,950,001	0	1,950,001	7,240,000	0	7,240,000	7,240,000	7,240,000	7,240,000
0661 RETF - PEPCO	3,759,608	7,913,334	3,156,130	11,069,464	2,194,877	0	2,194,877	2,260,723	2,328,545	2,398,401
0663 Brownfields Revitalization	60,027	24,233	0	24,233	15,767	0	15,767	0	0	0
0664 Adjudication Hearings (Air Quality)	26,100	18,000	0	18,000	24,545	0	24,545	24,545	25,281	26,040
0665 Adjudication Hearings (Water Quality)	241,206	33,575	0	33,575	66,286	0	66,286	66,286	68,275	70,323
0669 Lead Based Paint Abatement & Control	86,031	164,957	0	164,957	181,121	0	181,121	186,555	192,151	197,916
0674 EHA - Hazardous Waste Regulatory Enforcement	77,635	77,635	0	77,635	77,635	0	77,635	79,964	82,363	84,834
6101 Stripperwell II	91,844	0	0	0	0	91,844	91,844	0	0	0
6201 Economy II (ECON2)	0	48,001	0	48,001	48,001	0	48,001	49,441	50,924	52,452
6202 Residential Aid Discount (RAD)	40,692	51,465	0	51,465	51,465	0	51,465	53,009	54,599	56,237
6203 Residential Essential Services (RES)	39,907	43,372	0	43,372	43,372	0	43,372	44,673	46,013	47,393
6204 WASA Utility Discount Program (UDP)	46,061	70,523	0	70,523	70,523	0	70,523	72,639	74,818	77,062
6300 Natural Gas Trust Fund (NGTF)	1,729,638	1,600,000	0	1,600,000	1,600,000	3,329,638	4,929,638	1,648,000	1,697,440	1,748,363

Table 4-37 Special Purpose (O-type) Revenue Funds, by Source (continued)

	FY 2006 End of Year Fund Balance	FY 2007 Certified Revenues 5/07 Cert.	FY 2007 Certified Fund Balance Use 5/07 Cert.	FY 2007 Certified Resources 5/07 Cert.	FY 2008 Certified Revenues 5/07 Cert.	FY 2008 Certified Fund Balance Use 5/07 Cert.	FY 2008 Certified Resources 5/07 Cert.	FY 2009 Certified Revenues 5/07 Cert.	FY 2010 Certified Revenues 5/07 Cert.	FY 2011 Certified Revenues 5/07 Cert.
F. Public Works (continued)										
Department of Public Works (KTO)	3,111,115	8,644,499	600,521	9,245,020	10,441,429	80,000	10,521,429	10,441,429	10,441,429	10,441,429
6000 Fleet Services Reimbursements	0	778,499	0	778,499	778,499	0	778,499	778,499	778,499	778,499
6010 Super Cans	0	24,000	0	24,000	24,000	0	24,000	24,000	24,000	24,000
6072 District Recycling Program	1,292,444	1,100,000	300,000	1,400,000	1,100,000	0	1,100,000	1,100,000	1,100,000	1,100,000
6082 Solid Waste Disposal Fee Special Account	0	5,400,000	0	5,400,000	7,196,930	0	7,196,930	7,196,930	7,196,930	7,196,930
6564 Lorton Landfill	0	47,000	0	47,000	47,000	0	47,000	47,000	47,000	47,000
6591 Nuisance Abatement (Clean City)	1,180,736	1,295,000	300,521	1,595,521	1,295,000	80,000	1,375,000	1,295,000	1,295,000	1,295,000
6967 Abandoned Vehicle Program	637,934	0	0	0	0	0	0	0	0	0
Department of Motor Vehicles (KV0)	7,205,766	9,318,249	1,937,852	11,256,101	8,421,780	4,089,429	12,511,209	9,545,200	9,545,200	9,545,200
6000 General O-type Revenue Sources	4,271,191	4,180,249	0	4,180,249	3,110,000	4,089,429	7,199,429	4,465,200	4,465,200	4,465,200
6221 Drivers Education Program	512,324	400,000	0	400,000	400,000	0	400,000	400,000	400,000	400,000
6258 Motor Vehicle Inspection Station	2,422,251	4,550,000	1,937,852	6,487,852	4,723,410	0	4,723,410	4,500,000	4,500,000	4,500,000
6785 Commercial Drivers License Program	0	188,000	0	188,000	188,370	0	188,370	180,000	180,000	180,000
D.C. Taxicab Commission (TC0)	451,338	495,000	163,428	658,428	535,000	74,735	609,735	535,000	535,000	535,000
2100 Justice Department Fingerprints	0	40,000	0	40,000	40,000	0	40,000	40,000	40,000	40,000
2200 Taxicab Assessment Act	451,338	455,000	163,428	618,428	495,000	74,735	569,735	495,000	495,000	495,000
Sub-total: Public Works	32,012,022	74,296,353	6,740,077	81,036,430	75,535,047	9,929,599	85,464,646	77,371,125	78,119,319	78,884,820
District-Wide Total	364,858,964	384,976,392	132,739,485	517,715,877	367,034,291	70,027,240	437,061,530	348,801,545	358,275,713	352,689,380