

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER



**Natwar M. Gandhi**  
Chief Financial Officer

September 30, 2013

The Honorable Vincent C. Gray  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue, N.W. – 6<sup>th</sup> Floor  
Washington, DC 20004

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
1350 Pennsylvania Avenue, N.W. – Suite 504  
Washington, DC 20004

Dear Mayor Gray and Chairman Mendelson:

This letter certifies, as of September 2013, revenue estimates for the FY 2013 - 2017 District of Columbia Budget and Financial Plan. Revenue for FY 2013 is revised upward by \$35.9 million from the previous estimate to \$6.16 billion. For FY 2014, the estimate is increased by \$49.0 million to \$6.31 billion. The table below compares the current September 2013 estimate to the previous estimate.

**September 2013 Revenue Estimate Compared to Previous Estimate**

	Estimate			Projected	
Local Source, General Fund Revenue Estimate (\$M)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
<b>June 2013 Estimate</b>	<b>6,141.0</b>	<b>6,227.1</b>	<b>6,393.0</b>	<b>6,577.0</b>	<b>6,748.6</b>
Legislative changes (June Budget Support Act)	(13.8)	35.5	51.8	43.2	37.5
<b>June 2013 Estimate with Legislative Changes</b>	<b>6,127.2</b>	<b>6,262.6</b>	<b>6,444.8</b>	<b>6,620.2</b>	<b>6,786.1</b>
September revision to estimate	35.9	49.0	64.1	77.4	94.0
<b>September 2013 Revenue Estimate</b>	<b>6,163.2</b>	<b>6,311.6</b>	<b>6,508.8</b>	<b>6,697.6</b>	<b>6,880.1</b>
<i>Percent change from previous year</i>	<i>3.4%</i>	<i>2.4%</i>	<i>3.1%</i>	<i>2.9%</i>	<i>2.7%</i>

## **Overview**

Uncertainty still clouds the future course of both the national and local economies. The biggest sources of uncertainty for the District of Columbia are efforts by the federal government to reduce federal deficits that may result in a period of austerity that could last for some time. This estimate includes allowances for the impact of the federal budget sequestration or other measures to tame federal budget deficits to the extent that such impacts can be foreseen at this time.

This forecast builds on the solid revenue gains achieved in FY 2012. Over the past year, growth in employment located in D.C. has slowed significantly as gains in the private sector have been barely able to offset public sector declines. However, population growth continues to be a major factor in increasing the District's income and sales tax bases, and is also a driving force behind rising home values. In the last three years (2009 to 2012), the District's population has grown by 40,000 (6.8 percent), an increase that has averaged more than 1,000 per month over this time. In addition, overall developments in the national economy—continued economic growth, strong stock market gains, and low interest rates—are contributing to the District's growing tax base.

## **Impact of Federal Sequestration or Other Austerity Measures**

Approximately 25 percent of employed D.C. residents work for the federal government. Federal civilian employment accounts for 28 percent of all wage and salary jobs located in the District of Columbia and 34 percent of the wages and salaries that are generated in the city. Furthermore, federal contracting accounts for additional jobs and income in the area, which also contribute to the District's tax base. With such a dominant presence, significant changes in federal spending can have a major impact on the District of Columbia's economy and revenues.

How to bring about the reduction in federal debt, as well as by how much and when to reduce it, have been major topics confronting the federal government for several years, but as yet, no certain long-term resolution has been reached. Currently federal spending is subject to cuts on all federal discretionary spending required by the law which took effect on March 1, 2013.

This measure, known as the sequestration, requires across-the-board cuts to all defense and non-defense discretionary spending beginning in FY 2013 and continuing through the rest of the decade. In preparing this estimate, we have made allowances for federal cutbacks that may happen should sequestration continue to be implemented according to current law.

It should also be noted that the sequestration is but one aspect of federal fiscal policy that can affect District of Columbia finances for FY 2014 and beyond. Other decision points include debt ceiling extensions, budget resolutions, and annual appropriations. The fact that this letter is being written before significant parts of the federal government will have to shut down unless actions are taken to authorize appropriations for the forthcoming fiscal year underscores how the District's finances can be adversely affected by decisions at the federal level.

## **Revenue Highlights**

At 3.4 and 2.4 percent, respectively, expected revenue growth for FY 2013 and FY 2014 is much slower than in FY 2012, when it grew by 10.6 percent. A large part of the reason for slower growth projections is the combination of federal austerity and slower employment growth. Apart from these factors, however, slower growth would have been expected because there were many one-time gains that boosted revenues in FY 2012. Sources of one-time revenue in FY 2012 include: a \$50 million estate tax windfall, \$27 million in automated traffic fines, and \$55 million in revenue from efforts to increase tax compliance (such as the exclusion of the standard deduction from the withholding tax calculation and the increase in the safe harbor threshold from 100 percent to 110 percent of the prior year's tax liability).

### *Real Property*

The real property tax revenue estimate remains unchanged for FY 2013, and has been revised upward by \$10.5 million for FY 2014 because updated real property assessments were higher than the preliminary assessments used in the June revenue estimate. Gains in both commercial and residential assessments will result in property tax revenue growth of 3.7 percent in FY 2013 and 4.9 percent in FY 2014.

### *Sales*

Sales tax revenue is revised downward by \$25.3 million in FY 2013 and \$6.2 million in FY 2014 because growth through August was slower than forecasted. General sales and use tax collections between September 2012 and August 2013 were up by 2.1 percent compared to the growth of 4 percent forecasted in June. Sales tax growth has slowed over the summer; for the three-month period ending in August, collections were lower than the same period last year. This is likely the effect of sequestration because of: 1) the loss of daytime spending from furloughed federal workers no longer coming into the city; and 2) reduced spending in general because of the loss of income. Although the June forecast accounted for sequestration, it appears that the effect on sales tax collections is larger than anticipated. Growth in sales tax revenue is now expected to be 2.4 percent in FY 2013 and 2.5 percent in FY 2014.

### *Individual Income*

Individual income tax revenue is revised upward by \$33.1 million in FY 2013 and by \$42.3 million in FY 2014. Stronger than expected performance of non-withholding collections (final and estimated payments) boosted individual income tax revenue in FY 2013. Part of the explanation for this is a one-time windfall from taxpayers shifting income late last year from tax year 2013 into 2012 in anticipation of the "fiscal cliff".

A strong stock market last year also contributed to the higher collections. The District's growing population, combined with the strong performance of the stock market this year, means that individual income tax revenue will continue to grow in FY 2014, but at a far slower rate. Slowing employment and wages and salaries growth will be a drag on growth in individual

income tax revenue. Individual income tax revenue is forecasted to grow by 10.9 percent in FY 2013, slowing to 2.0 percent in FY 2014.

#### *Business Income*

Business income tax revenue is increased by \$6.1 million in FY 2013 and \$14.0 million in FY 2014, mainly because of stronger than expected collections through August. With the prospect of federal government austerity and cutbacks in federal contracting, business income tax revenue is expected to grow only 2.1 percent and 3.1 percent for FY 2013 and FY 2014, respectively.

#### *Deed Taxes*

Deed taxes revenue is revised upward by \$33.8 million in FY 2013, but is revised downward by \$3.2 million in FY 2014. Deed taxes through August are up 17.3 percent over August 2012 compared to a forecasted slight decline of 0.7 percent in the June estimate. Although the recovering housing market contributed somewhat to the stronger than expected performance of deed taxes this year, the bulk of the collections was from sales of several high valued properties. As such, these sales are treated as one-time revenue in the forecast. Deed taxes revenue is forecasted to grow by 12.8 percent in FY 2013 and decline by 8.8 percent in FY 2014.

#### *Non-tax Revenue and Lottery*

Non-tax revenue is revised downward by \$16.5 million in FY 2013 and \$11.5 million in FY 2014, mainly because collections through August shows that automated traffic enforcement revenue was lower than forecasted. Collections are lower than expected because the implementation of some of the automatic traffic enforcement initiatives is behind schedule.

Lottery revenue is revised upward by \$4.8 million for FY 2013 because of better than expected performance of lottery collections through August.

### **National and Regional Economies**

The fundamentals underlying the national economy continue to improve at a slow but steady pace. National forecasts expect this pace to continue through FY 2013, with somewhat stronger growth beginning in FY 2014, but only if the federal fiscal picture is resolved.

- Following a period of moderate growth over 14 of the past 15 quarters, the preliminary estimate for real GDP growth in the 2nd quarter of 2013 was continued growth of 2.5 percent.
- U.S. employment added 2.3 million jobs (1.6 percent) from July 2012 to July 2013, but was still 2.0 million (1.5 percent) below the start of the recession that began in December 2007. Falling public sector employment—federal, state and local—is now pulling down the numbers.
- The U.S. unemployment rate (seasonally adjusted) fell slightly to 7.4 percent in July 2013. One year earlier the rate was 8.2 percent.

- U.S. Personal Income in the June 2013 quarter was 3.0 percent above a year ago.
- The S & P 500 stock market index in August 2013 was 1.8 percent above its level three months ago, but 19.0 percent more than a year ago.
- In the three-month period ending July 2013, wage and salary jobs in the Washington metropolitan area grew by 47,600 (1.6 percent) compared to a year earlier. Of the increase, about 89 percent was in the private sector and the remainder was in state and local government. The rate of growth of metropolitan area employment is now below the U.S. average.
- The metropolitan area unemployment rate was 5.7 percent in July (not seasonally adjusted), down from 5.8 percent a year earlier.
- In August 2013, the consensus of 50 economists contributing to the Blue Chip Economic Indicators continued to forecast slow, steady growth in real GDP. Growth in real GDP in FY 2013 is expected to be 1.5 percent (down from 2.8 percent in FY 2012), and nominal growth is 3.1 percent. For FY 2014, the real and nominal growth rates are expected to rise to 2.4 percent and 4.1 percent, respectively.

### **The District's Economy**

Highlights of recent trends in the D.C. economy include slowing job growth, increases in population, and a strong housing market.

- Job growth has been slowing. In the three months ending July 2013, there were just 100 more wage and salary jobs located in the District than a year earlier. Of particular note, there were 5,867 fewer federal government jobs in July than there were a year earlier. The private sector growth continues—it was up 6,700 (1.4 percent) in July over a year ago—but it has recently been barely able to offset the public sector decline. Seasonally adjusted employment in July was 3,600 (0.5 percent) less than in January.
- District resident employment in the three months ending July 2013 was 9,970 (3.0 percent) more than a year earlier. The unemployment rate rose slightly to 8.6 percent (seasonally adjusted rate), but was down from 9.0 percent a year earlier. Seasonally adjusted resident employment decreased 2,700 (0.8 percent) from January 2013 to July 2013.
- Wages earned in the District of Columbia grew 2.0 percent in the March 2013 quarter compared to the same quarter a year ago. D.C. personal income was 2.2 percent higher.
- Home sales and prices continue to show gains. Single family sales for the three-month period ending July 2013 were up 13.0 percent from a year ago, and there was a 14.5 percent increase in the average selling price. Condominium sales were up 23.9 percent and the average price was 3.1 percent higher. The value of all home sale contracts for the three-month period ending July was 28.8 percent more than a year ago.
- Commercial office effective rents have not been increasing, leased space is up 1 percent from a year ago, and the vacancy rate has fallen over the past 6 months from 8.7 percent to 8.5 percent.
- Hotel room-days sold for the three months ending June 2013 were 0.5 percent above the prior year, and revenues were up by 2.8 percent.

## **Outlook and Risks**

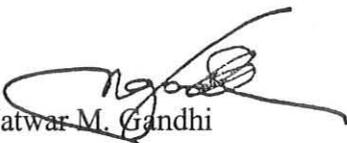
As discussed above, the primary concern is the federal government's fiscal policy situation. Federal government expansion cushioned the District and the metro area economies from the worst effects of the recession over the past five years. The federal government will no doubt continue to anchor the District's economy, but given the current sequestration plans and other fiscal policy uncertainties, it can no longer be counted on to be a source of significant growth.

Many economic development initiatives are underway in the District of Columbia, including City Center and the St. Elizabeth's Hospital site. These developments will contribute to increasing the District's tax base, but it is not yet clear when they will bring about substantial net employment and income gains. Nor is it clear what impact, if any, the recent slowdown in employment may have on population dynamics.

Although the current revenue estimate includes the impact of federal sequestration on the District, the estimate is of necessity based on limited information about details and timing. If federal austerity is more severe than this estimate assumes, the sequestration's impact on the fiscal outlook could be much higher. Federal cutbacks are not the only risk that the District faces. Other downside risks include the possibility of a slowing down or reversal of national economic growth, declines in the stock market, increases in interest rates, and additional financial market problems. Possible disruptions to oil supplies or other developments arising from uncertainties in the Middle East, and national security events also add to uncertainty.

If you have any questions regarding this matter, please contact me on (202) 727-2476.

Sincerely,



Natwar M. Gandhi

*Enclosures*

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FY 2012 - FY 2017 Revenue Actuals, Estimates and Projections: September 2013

(thousands of dollars)

Revenue Source	Actual	Estimate			Out year projections		
	FY12	FY13	FY14	FY15	FY16	FY17	
1 Real Property	1,822,014	1,889,756	1,983,066	2,032,858	2,090,426	2,158,838	1
2 <i>Transfer to TIF/Pilot</i>	(32,245)	(26,870)	(46,178)	(45,208)	(40,820)	(44,216)	2
3 Real Property (net)	1,789,769	1,862,886	1,936,888	1,987,650	2,049,606	2,114,622	3
4 Personal Property	55,734	57,211	58,870	59,459	60,053	60,654	4
5 <i>Transfer to Neighborhood Investment Fund</i>	-	-	-	-	-	-	5
6 Personal Property (net)	55,734	57,211	58,870	59,459	60,053	60,654	6
7 Public Space Rental	32,506	32,000	31,840	31,681	31,681	31,681	7
8 <i>Transfer to DDOT Enterprise</i>	-	-	(500)	(500)	(500)	(500)	8
10 Public Space Rental (net)	32,506	32,000	31,340	31,181	31,181	31,181	10
11 <b>Total Property (net)</b>	<b>1,878,009</b>	<b>1,952,097</b>	<b>2,027,098</b>	<b>2,078,290</b>	<b>2,140,840</b>	<b>2,206,457</b>	11
12 General Sales	1,111,044	1,138,186	1,166,930	1,206,743	1,251,829	1,300,977	12
13 <i>Transfer to convention center</i>	(101,093)	(106,736)	(109,297)	(113,123)	(117,421)	(122,118)	13
14 <i>Transfer to TIF</i>	(22,249)	(23,609)	(28,997)	(41,103)	(40,810)	(42,980)	14
15 <i>Transfer to DDOT (parking tax)</i>	-	-	-	-	-	-	15
16 <i>Transfer to Ballpark Fund</i>	(12,592)	(13,000)	(10,759)	(10,963)	(11,227)	(11,541)	16
17 <i>Transfer to Healthy DC Fund</i>	-	-	(106)	(214)	(427)	(854)	17
18 <i>Transfer to WMATA</i>	(56,395)	(57,910)	(59,300)	(61,375)	(63,707)	(66,256)	18
19 <i>Transfer to Healthy Schools</i>	(4,266)	(4,266)	(4,266)	(4,266)	(4,266)	(4,266)	19
20 <i>Transfer to ABRA</i>	(460)	(460)	(1,170)	(1,170)	(1,170)	(1,170)	20
21 General Sales (net)	913,989	932,205	953,035	974,529	1,012,801	1,051,792	21
22 Alcohol	5,166	5,269	5,322	5,375	5,429	5,483	22
23 Cigarette	35,603	33,400	33,066	32,498	31,939	31,390	23
24 Motor Vehicle	43,986	44,558	45,449	46,358	47,517	48,942	24
25 Motor Fuel Tax	22,778	22,000	-	-	-	-	25
26 <i>Transfer to Highway Trust Fund</i>	(22,778)	(22,000)	(21,780)	(21,562)	(21,562)	(21,562)	26
28 <b>Total Sales (net)</b>	<b>998,744</b>	<b>1,015,432</b>	<b>1,036,872</b>	<b>1,058,760</b>	<b>1,097,686</b>	<b>1,137,608</b>	28
29 Individual Income	1,490,694	1,653,570	1,687,026	1,741,090	1,791,534	1,846,374	29
30 Corp. Franchise	302,924	312,012	321,684	332,621	345,261	359,762	30
31 U. B. Franchise	162,972	163,787	168,864	176,243	184,685	192,602	31
32 <b>Total Income</b>	<b>1,956,590</b>	<b>2,129,369</b>	<b>2,177,574</b>	<b>2,249,954</b>	<b>2,321,480</b>	<b>2,398,738</b>	32
33 Public Utility	139,768	152,687	152,824	153,242	153,573	155,057	33
34 <i>Transfer to Ballpark Fund</i>	(8,509)	(9,620)	(9,629)	(9,655)	(9,676)	(9,770)	34
35 Public Utility (net)	131,259	143,067	143,195	143,587	143,897	145,287	35
36 Toll Telecommunications	58,604	60,065	61,267	63,105	65,313	67,599	36
37 <i>Transfer to Ballpark Fund</i>	(2,220)	(2,275)	(2,321)	(2,390)	(2,474)	(2,561)	37
38 Toll Telecommunications (net)	56,384	57,790	58,946	60,715	62,839	65,038	38
39 Insurance Premiums	86,994	85,000	90,000	90,000	85,000	85,000	39
40 <i>Transfer to Healthy DC Fund</i>	(34,062)	(29,000)	(46,835)	(34,000)	(32,000)	(32,000)	40
41 Insurance Premiums (net)	52,932	56,000	43,165	56,000	53,000	53,000	41
42 Healthcare Provider Tax	13,322	14,114	26,949	14,114	14,114	14,114	42
43 <i>Transfer to Nursing Facility Quality of Care Fund</i>	(13,322)	(14,114)	(14,114)	(14,114)	(14,114)	(14,114)	43
45 Ballpark fee	31,910	28,848	25,251	26,059	26,125	27,248	45
46 <i>Transfer to Ballpark Fund</i>	(31,910)	(28,848)	(25,251)	(26,059)	(26,125)	(27,248)	46
48 Hospital Bed Tax	15,758	15,562	15,080	-	-	-	48
49 <i>Transfer to Hospital Fund</i>	(15,758)	(15,562)	(15,080)	-	-	-	49
51 ICF-MR Assessment	1,010	4,114	5,202	5,202	5,202	5,202	51
52 <i>Transfer to Stevie Sellows</i>	(1,010)	(4,114)	(5,202)	(5,202)	(5,202)	(5,202)	52
54 HSC Contribution	5,000	5,000	5,000	5,000	5,000	5,000	54
55 <i>Transfer to Healthy DC Fund</i>	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	55
57 <b>Total Gross Receipts (net)</b>	<b>240,575</b>	<b>256,857</b>	<b>258,141</b>	<b>260,302</b>	<b>259,736</b>	<b>263,328</b>	57
58 Estate	102,996	38,000	38,000	38,000	38,000	38,000	58
59 Deed Recordation	163,393	199,932	185,019	208,167	232,731	248,440	59
60 <i>Transfer to HPTF</i>	(24,509)	(30,038)	(27,756)	(31,225)	(34,910)	(37,266)	60
61 Deed Recordation (net)	138,884	169,894	157,263	176,942	197,821	211,174	61
62 Deed Transfer	121,515	142,407	126,094	136,076	143,016	149,022	62
63 <i>Transfer to HPTF</i>	(18,227)	(21,409)	(18,917)	(20,411)	(21,452)	(22,353)	63
64 Deed Transfer (net)	103,288	120,998	107,177	115,665	121,564	126,669	64
65 Co-op Recordation	5,873	5,442	5,496	5,551	5,607	5,663	65
66 Economic Interests	21,735	4,269	4,312	4,355	4,377	4,398	65
67 <b>Total Other Taxes (net)</b>	<b>372,776</b>	<b>338,603</b>	<b>312,248</b>	<b>340,513</b>	<b>367,369</b>	<b>385,904</b>	66
68 <b>TOTAL TAXES NET OF DEDICATED TAXES</b>	<b>5,446,694</b>	<b>5,692,358</b>	<b>5,811,933</b>	<b>5,987,819</b>	<b>6,187,111</b>	<b>6,392,035</b>	67
69 Licenses & Permits	77,717	69,029	67,339	68,338	66,939	66,939	69
70 Fines & Forfeits	181,603	165,122	217,075	235,546	224,847	214,682	69
71 Charges for Services	73,795	68,026	67,418	66,178	65,529	63,274	70
72 Miscellaneous	117,124	100,628	84,335	84,268	85,167	74,159	71
73 <b>TOTAL NON-TAX</b>	<b>450,239</b>	<b>402,805</b>	<b>436,167</b>	<b>454,330</b>	<b>442,482</b>	<b>419,054</b>	73
74 Lottery	66,404	68,000	63,455	66,700	68,000	69,000	74
75 <b>TOTAL REVENUE NET OF DEDICATED TAXES</b>	<b>5,963,337</b>	<b>6,163,163</b>	<b>6,311,555</b>	<b>6,508,849</b>	<b>6,697,593</b>	<b>6,880,089</b>	75

FY 2012 - FY 2017 Revenue Actuals, Estimates and Projections: September 2013  
(percent change from prior year)

Revenue Source	Actual	Estimate		Out year projections			
	FY12	FY13	FY14	FY15	FY16	FY17	
1 Real Property	6.2%	3.7%	4.9%	2.5%	2.8%	3.3%	1
2 <i>Transfer to TIF/Pilot</i>	5.5%	-16.7%	71.9%	-2.1%	-9.7%	8.3%	2
3 Real Property (net)	6.2%	4.1%	4.0%	2.6%	3.1%	3.2%	3
4 Personal Property	5.8%	2.7%	2.9%	1.0%	1.0%	1.0%	4
5 <i>Transfer to Neighborhood Investment Fund</i>	-100.0%						5
6 Personal Property (net)	12.4%	2.7%	2.9%	1.0%	1.0%	1.0%	6
7 Public Space Rental	-1.4%	-1.6%	-0.5%	-0.5%	0.0%	0.0%	7
8 <i>Transfer to DDOT Unified</i>	-100.0%						8
10 Public Space Rental (net)		-1.6%	-2.1%	-0.5%	0.0%	0.0%	10
11 <b>Total Property (net)</b>	<b>8.3%</b>	<b>3.9%</b>	<b>3.8%</b>	<b>2.5%</b>	<b>3.0%</b>	<b>3.1%</b>	<b>11</b>
12 General Sales	9.5%	2.4%	2.5%	3.4%	3.7%	3.9%	12
13 <i>Transfer to convention center</i>	3.2%	5.6%	2.4%	3.5%	3.8%	4.0%	13
14 <i>Transfer to TIF</i>	-51.0%	6.1%	22.8%	41.7%	-0.7%	5.3%	14
15 <i>Transfer to DDOT (parking tax)</i>	-100.0%						15
16 <i>Transfer to Ballpark Fund</i>	32.4%	3.2%	-17.2%	1.9%	2.4%	2.8%	16
17 <i>Transfer to Healthy DC Fund</i>				101.9%	99.5%	100.0%	17
18 <i>Transfer to WMATA</i>		2.7%	2.4%	3.5%	3.8%	4.0%	18
19 <i>Transfer to Healthy Schools</i>		0.0%	0.0%	0.0%	0.0%	0.0%	19
20 <i>Transfer to ABRA</i>		0.0%	154.3%	0.0%	0.0%	0.0%	20
21 General Sales (net)	10.0%	2.0%	2.2%	2.3%	3.9%	3.8%	21
22 Alcohol	-8.2%	2.0%	1.0%	1.0%	1.0%	1.0%	22
23 Cigarette	3.5%	-6.2%	-1.0%	-1.7%	-1.7%	-1.7%	23
24 Motor Vehicle	3.3%	1.3%	2.0%	2.0%	2.5%	3.0%	24
25 Motor Fuel Tax	-24.1%	-3.4%					25
26 <i>Transfer to Highway Trust Fund</i>	-24.1%	-3.4%	-1.0%	-1.0%	0.0%	0.0%	26
28 <b>Total Sales (net)</b>	<b>9.3%</b>	<b>1.7%</b>	<b>2.1%</b>	<b>2.1%</b>	<b>3.7%</b>	<b>3.6%</b>	<b>28</b>
29 Individual Income	15.0%	10.9%	2.0%	3.2%	2.9%	3.1%	29
30 Corp. Franchise	40.1%	3.0%	3.1%	3.4%	3.8%	4.2%	30
31 U. B. Franchise	13.6%	0.5%	3.1%	4.4%	4.8%	4.3%	31
32 <b>Total Income</b>	<b>18.1%</b>	<b>8.8%</b>	<b>2.3%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>3.3%</b>	<b>32</b>
33 Public Utility	-6.7%	9.2%	0.1%	0.3%	0.2%	1.0%	33
34 <i>Transfer to Ballpark Fund</i>	-4.4%	13.1%	0.1%	0.3%	0.2%	1.0%	34
35 Public Utility (net)	-6.8%	9.0%	0.1%	0.3%	0.2%	1.0%	35
36 Toll Telecommunications	-3.6%	2.5%	2.0%	3.0%	3.5%	3.5%	36
37 <i>Transfer to Ballpark Fund</i>	-6.4%	2.5%	2.0%	3.0%	3.5%	3.5%	37
38 Toll Telecommunications (net)	-3.5%	2.5%	2.0%	3.0%	3.5%	3.5%	38
39 Insurance Premiums	24.7%	-2.3%	5.9%	0.0%	-5.6%	0.0%	39
40 <i>Transfer to Healthy DC Fund</i>	35.7%	-14.9%	61.5%	-27.4%	-5.9%	0.0%	40
41 Insurance Premiums (net)	18.6%	5.8%	-22.9%	29.7%	-5.4%	0.0%	41
42 Healthcare Provider Tax	-0.9%	5.9%	90.9%	-47.6%	0.0%	0.0%	42
43 <i>Transfer to Nursing Facility Quality of Care Fund</i>	-0.9%	5.9%	0.0%	0.0%	0.0%	0.0%	43
45 Ballpark fee	-4.2%	-9.6%	-12.5%	3.2%	0.3%	4.3%	45
46 <i>Transfer to Ballpark Fund</i>	-4.2%	-9.6%	-12.5%	3.2%	0.3%	4.3%	46
48 Hospital Bed Tax	74.9%	-1.2%	-3.1%	-100.0%			48
49 <i>Transfer to Hospital Fund</i>	74.9%	-1.2%	-3.1%	-100.0%			49
51 ICF-MR Assessment	-19.5%	307.3%	26.4%	0.0%	0.0%	0.0%	51
52 <i>Transfer to Stevie Sellows</i>	-19.5%	307.3%	26.4%	0.0%	0.0%	0.0%	52
54 HSC Contribution	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	54
55 <i>Transfer to Healthy DC Fund</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	55
57 <b>Total Gross Receipts (net)</b>	<b>-1.4%</b>	<b>6.8%</b>	<b>0.5%</b>	<b>0.8%</b>	<b>-0.2%</b>	<b>1.4%</b>	<b>57</b>
58 Estate	18.1%	-63.1%	0.0%	0.0%	0.0%	0.0%	58
59 Deed Recordation	-0.7%	22.4%	-7.5%	12.5%	11.8%	6.7%	59
60 <i>Transfer to HPTF</i>	-0.7%	22.6%	-7.6%	12.5%	11.8%	6.7%	60
61 Deed Recordation (net)	-0.7%	22.3%	-7.4%	12.5%	11.8%	6.8%	61
62 Deed Transfer	-7.7%	17.2%	-11.5%	7.9%	5.1%	4.2%	62
63 <i>Transfer to HPTF</i>	16.2%	17.5%	-11.6%	7.9%	5.1%	4.2%	63
64 Deed Transfer (net)	-11.0%	17.1%	-11.4%	7.9%	5.1%	4.2%	64
65 Co-op Recordation		-7.3%	1.0%	1.0%	1.0%	1.0%	
66 Economic Interests	45.8%	-80.4%	1.0%	1.0%	0.5%	0.5%	65
67 <b>Total Other Taxes (net)</b>	<b>4.1%</b>	<b>-9.2%</b>	<b>-7.8%</b>	<b>9.1%</b>	<b>7.9%</b>	<b>5.0%</b>	<b>66</b>
68 <b>TOTAL TAXES NET OF DEDICATED TAXES</b>	<b>11.0%</b>	<b>4.5%</b>	<b>2.1%</b>	<b>3.0%</b>	<b>3.3%</b>	<b>3.3%</b>	<b>67</b>
69 Licenses & Permits	2.2%	-11.2%	-2.4%	1.5%	-2.0%	0.0%	68
70 Fines & Forfeits	43.8%	-9.1%	31.5%	8.5%	-4.5%	-4.5%	69
71 Charges for Services	-2.4%	-7.8%	-0.9%	-1.8%	-1.0%	-3.4%	70
72 Miscellaneous	-19.2%	-14.1%	-16.2%	-0.1%	1.1%	-12.9%	71
73 <b>TOTAL NON-TAX</b>	<b>6.5%</b>	<b>-10.5%</b>	<b>8.3%</b>	<b>4.2%</b>	<b>-2.6%</b>	<b>-5.3%</b>	<b>73</b>
74 Lottery	6.8%	2.4%	-6.7%	5.1%	1.9%	1.5%	74
75 <b>TOTAL REVENUE NET OF DEDICATED TAXES</b>	<b>10.6%</b>	<b>3.4%</b>	<b>2.4%</b>	<b>3.1%</b>	<b>2.9%</b>	<b>2.7%</b>	<b>75</b>

**Estimated Key Variables for the D.C. Economy for the Forecast Period FY 2008 through  
FY 2017**

Fiscal Years	2008 act	2009 act	2010 act	2011 act	2012 act	2013 est	2014 est	2015 est	2016 est	2017 est
Gross State Product (\$ billion)	96.27	97.33	102.59	106.42	109.20	110.99	112.03	115.72	120.60	125.93
	6.6%	1.1%	5.4%	3.7%	2.6%	1.6%	0.9%	3.3%	4.2%	4.4%
Real Gross State Product (billions \$2000)	87.82	86.71	89.45	91.10	91.94	91.83	91.46	93.03	94.93	96.80
	3.9%	-1.3%	3.2%	1.8%	0.9%	-0.1%	-0.4%	1.7%	2.0%	2.0%
Personal Income (\$ billion)	40.36	40.52	42.18	45.03	46.77	48.42	49.80	51.54	53.51	56.29
	9.6%	0.4%	4.1%	6.8%	3.9%	3.5%	2.8%	3.5%	3.8%	5.2%
Real Personal Income (billions \$2000)	37.20	37.30	38.10	39.82	40.55	41.55	42.50	43.26	43.94	45.21
	5.7%	0.3%	2.2%	4.5%	1.8%	2.5%	2.3%	1.8%	1.6%	2.9%
Per Capita Income (\$)	69,595	68,589	69,890	72,951	74,162	75,383	76,487	78,249	80,301	83,523
	8.5%	-1.4%	1.9%	4.4%	1.7%	1.6%	1.5%	2.3%	2.6%	4.0%
Real Per Capita Income (\$2000)	64,141	63,143	63,139	64,513	64,301	64,688	65,281	65,683	65,938	67,084
	4.6%	-1.6%	0.0%	2.2%	-0.3%	0.6%	0.9%	0.6%	0.4%	1.7%
Wages earned in D.C. (\$ billion)	54.27	55.41	57.81	60.05	61.32	61.72	62.84	64.81	66.95	69.34
	4.8%	2.1%	4.3%	3.9%	2.1%	0.7%	1.8%	3.1%	3.3%	3.6%
Wages earned by D.C. residents (\$ billion)	20.6	21.4	22.6	23.8	24.6	25.4	25.9	26.8	27.8	29.2
	6.7%	3.7%	5.6%	5.5%	3.3%	3.1%	2.1%	3.5%	3.5%	5.2%
Population ('000)	579.9	590.8	603.4	617.2	630.6	642.3	651.1	658.6	666.4	673.9
	1.0%	1.9%	2.1%	2.3%	2.2%	1.9%	1.4%	1.2%	1.2%	1.1%
Households ('000)	257.3	261.2	265.1	272.8	278.0	282.8	286.6	289.7	292.8	295.9
	0.7%	1.5%	1.5%	2.9%	1.9%	1.7%	1.3%	1.1%	1.1%	1.1%
Civilian Labor Force ('000)	332.6	334.3	343.5	347.2	356.6	370.2	374.0	378.1	382.1	386.1
	2.4%	0.5%	2.8%	1.1%	2.7%	3.8%	1.0%	1.1%	1.1%	1.1%
At-Place Employment ('000)	702.6	701.6	709.0	723.4	730.0	733.7	737.2	742.6	748.6	753.5
	1.6%	-0.1%	1.1%	2.0%	0.9%	0.5%	0.5%	0.7%	0.8%	0.7%
Resident Employment ('000)	312.5	304.3	308.5	312.1	323.5	338.6	341.2	344.8	348.4	356.1
	1.8%	-2.6%	1.4%	1.2%	3.7%	4.7%	0.8%	1.1%	1.0%	2.2%
Unemployment Rate	6.1	9.0	10.2	10.1	9.3	8.5	8.8	8.8	8.8	7.8
Housing Starts	719	376	1,328	1,924	3,555	3,328	2,378	2,438	2,416	2,424
Housing Stock ('000)	293.7	295.2	296.8	298.0	302.2	307.4	311.5	314.8	318.3	321.3
	0.7%	0.5%	0.6%	0.4%	1.4%	1.7%	1.3%	1.1%	1.1%	1.0%
Home sales	6,373	6,237	7,972	7,525	8,146	9,083	9,587	10,134	9,758	9,392
	-28.8%	-2.1%	27.8%	-5.6%	8.3%	11.5%	5.6%	5.7%	-3.7%	-3.7%
Average home sale price ('000)	671.3	661.5	711.5	719.2	771.2	818.1	841.4	870.8	904.2	951.1
	-0.7%	-1.5%	7.6%	1.1%	7.2%	6.1%	2.8%	3.5%	3.8%	5.2%
Change in S & P 500 Index of Common Stock*	-39.1%	19.7%	10.6%	1.8%	15.7%	7.2%	3.4%	5.5%	4.4%	2.6%
Interest rate on 10-year Treasury notes (%)	3.9	3.2	3.4	3.0	1.9	2.1	2.7	3.0	3.6	4.2
Washington Area Consumer Prices: % change from prior year	5.0	0.4	2.4	2.5	2.0	1.0	1.5	2.1	2.3	2.1

\* Change in S and P 500 Index of Common Stock is the change from the 4th quarter to the 4th quarter on a calendar year (rather than fiscal year) basis. (For example, the value in FY 2013 is the % change from CY 2012.4 to CY 2013.4)

Note: Estimated by the D.C. Office of Revenue Analysis based on forecasts of the D.C. and national economies prepared by Global Insight (August 2013) and Economy.com (August 2013); forecasts of the national economy prepared by the Congressional Budget Office (February 2013) and Blue Chip Economic Indicators (August 2013); BLS labor market information from August 2013, the Census Bureau estimates of the D.C. population (2012); Bureau of Economic Analysis estimates of D.C. Personal Income (June 2013); Metropolitan Regional Information System (MRIS) D.C. home sales data (August 2012), accessed in part through the Greater Capital Area Association of Realtors (GCAAR); Delta Associates information on commercial office buildings and residential property in D.C. (June 2013); and Reis information on apartment buildings in D.C. (June 2013).