

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



Jeffrey S. DeWitt  
Chief Financial Officer

December 30, 2020

The Honorable Muriel Bowser  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue, NW, Suite 306  
Washington, DC 20004

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
1350 Pennsylvania Avenue, NW, Suite 504  
Washington, DC 20004

***Re: December 2020 Revenue Estimates***

Dear Mayor Bowser and Chairman Mendelson:

This letter certifies the revenue estimate for the FY 2021 – FY 2024 District of Columbia Budget and Financial Plan. Estimated revenue is \$461.8 million below budgeted revenue for the FY 2021 – FY 2024 financial plan period despite upward revisions of \$320.1 million when compared to the September 2020 estimate.

Revenue for FY 2020 is \$163.3 million (2.0%) below the FY 2019 revenue level and is expected to decline in FY 2021 by \$257.3 million (3.2%), as the COVID-19 public health emergency continues to disrupt significant parts of the District economy. Revenue is expected to return to the FY 2019 level in FY 2022 as vaccines are deployed and the economy recovers.

**December revenue estimate compared to previous estimate**

	<b>Actual</b>		<b>Estimated</b>		<b>Projected</b>	
<b>Local Source, General Fund Revenue Estimate (\$M)</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>FY 2021 BUDGETED REVENUE</b>	<b>8,314.9</b>	<b>7,758.4</b>	<b>8,037.7</b>	<b>8,491.0</b>	<b>8,762.2</b>	<b>9,069.4</b>
<i>September revision</i>		222.1	-211.9	-209.7	-190.0	-170.4
<i>December revision</i>		171.1	68.4	56.9	101.7	93.2
<b>Total revisions to budgeted revenue</b>		<b>393.2*</b>	<b>-143.5</b>	<b>-152.8</b>	<b>-88.3</b>	<b>-77.2</b>
<b>December 2020 Revenue Estimate</b>		<b>8,151.6</b>	<b>7,894.2</b>	<b>8,338.2</b>	<b>8,673.9</b>	<b>8,992.2</b>
<b>Revenue Change from Previous Year</b>						
Amount	556.5	(163.3)	(257.3)	444.0	335.7	318.3
Year-Over Year Percent Change	7.2%	-2.0%	-3.2%	5.6%	4.0%	3.7%

*\*Preliminary FY 2020 may differ from final CAFR*

Fiscal Year 2020 preliminary data show mixed performance for the major revenue sources. For sales and deed taxes, the pandemic and requisite restrictions on large segments of the retail and entertainment economy resulted in double digit revenue declines. However, individual and business income tax revenue was stronger than expected as many non-retail businesses continued to operate; many residents were able to work from home; and high net-worth residents had significant capital gains income from a strong stock market.

We expect the economy to continue its current path of recovery which now includes the recently approved federal relief bill. There was no additional state and local aid in the bill but many of its relief measures—the direct relief payments of \$600 per taxpayer and per child, expanded federal earned income credit, a new rental assistance fund, and the restoration of the additional unemployment benefit—will support individual households and will mitigate a potential wave of evictions and hardship. The second round of the Paycheck Protection Program (PPP) as well as the \$100 million Bridge Fund program will prevent some business doors from closing permanently, keep employees on the payroll, and make for a quicker path to full reopening when the public health emergency is over. Finally, WMATA is expected to receive much needed federal funding which could reduce recently proposed service cuts, making it easier for employees to return to the office when the virus is under control.

However, the economic outlook for the winter has worsened. In September, the District’s economy was expected to continue the partial reopening path it has been on since July. However, with the resurgence of the virus and infection rate reaching levels not seen since the beginning of the pandemic, new restrictions to control the virus are necessary. As a result, the economic recovery will be slower in the last quarter of calendar 2020 and the first quarter of calendar 2021 than forecasted in September. The table below shows the re-opening timeline assumptions underlying the estimate. We expect Phase II of ReOpenDC to maintain restrictions on economic activity until the end of March. Fortunately, the availability and deployment of at least two vaccines is expected to accelerate the recovery in the second half of the fiscal year and slightly improve the overall economic outlook for FY 2021, moving the District to Phase IV of ReOpenDC when most restrictions are lifted.

**Re-open assumptions underlying estimate**

Winter 2020/2021	Spring/Summer 2021	Fall 2021
Phase II	Phase III	Phase IV
<ul style="list-style-type: none"> <li>• Business capacity restricted</li> <li>• Restaurants: no indoor dining</li> <li>• Groups &lt; 25ppl</li> <li>• Significant restrictions on businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Business capacity 75% (10ppl per 1000 sq. ft.)</li> <li>• Restaurants: indoor dining allowed 50%</li> <li>• Bars/nightclubs: 50% (5 ppl per 1000 sq. ft.)</li> <li>• Libraries open with safeguards</li> <li>• Groups &lt; 250 ppl</li> <li>• Telework encouraged but in-office up to 50%</li> </ul>	<ul style="list-style-type: none"> <li>• Return to normal</li> </ul>

*Note: adapted from ReOpenDC phased restrictions*

## **Revenue Highlights**

As noted earlier, in FY 2020 the performance of District revenue sources followed two divergent paths. Revenue sources, such as sales and deed taxes and licenses and fines, which are tied to in-person customers, commuters, or occupied offices, were most affected by the business activity restrictions required to control the spread of COVID-19. These taxes declined more than 20 percent in FY 2020, are expected to decline further in FY 2021 and are not expected to fully recover before FY 2024.

Conversely, revenue sources that relied on economic activity that could be conducted online or remotely—income, gross receipts, estate, and property taxes—grew 4 percent in FY 2020. Additionally, some of these revenue sources (e.g., final and estimated income tax payments and property taxes) benefited from the strong pre-COVID economy because there is at least a one-year lag between the timing of the economic activity and the receipt of the revenue. This timing lag means that in FY 2021 revenue from these tax sources is expected to decline by 1 percent, reflecting the COVID impact of 2020.

### ***Real property tax***

The pandemic and subsequent economic disruption did not impact District property tax revenues in FY 2020 as much as expected. In the September forecast, higher delinquencies were assumed from properties most affected by the COVID health emergency (restaurants, hotels, and retail) resulting in lower real property tax collection rates. In the end, the collection rate of 97.4 percent was similar to that of 2019 and real property tax collections for FY 2020 were \$54 million higher than the September estimate.

For FY 2021 residential property assessment growth will remain relatively strong, but growth in multifamily and non-owner-occupied property assessment is expected to slow to historically low levels. Assessments for large office buildings valued over \$100 million, which comprise more than half of all commercial property assessment, are expected to decline as reduced leases, increased concessions, and high vacancy rates reduce net operating income. The almost complete shutdown of the hotel industry will significantly impact the assessed values of hotel properties, which comprise about 9 percent of commercial assessed value in FY 2020. Overall, the assessed value for commercial real property is expected to decline in FY 2021 and not recover fully to the FY 2020 level until FY 2025.

Real property tax revenue is expected to decline 0.1 percent in FY 2021 and 1.0 percent in FY 2022 when calendar year 2020 activity is fully incorporated into the property tax assessments. Real property tax revenue is expected to fully recover to FY 2020 levels by FY 2023.

### ***Sales tax***

Sales tax revenue continued to bear the brunt of the pandemic-related business disruption, declining 23.5 percent in FY 2020, down \$30 million more than estimated in September. Retail spending, including online sales, grew only 2 percent in FY 2020 and was the only major sales tax category to grow. Hospitality tax revenue – hotels and restaurants – declined 46 percent in FY 2020.

Over the immediate horizon, new restrictions have been ordered to address a second wave of the pandemic. As a result, the 2021 presidential inauguration will be much smaller than in previous years, the Cherry Blossom festival, a major tourist event, has already been canceled, and the very popular Cherry Blossom 10-mile race has been postponed until September 2021. Sports with fans in stadiums, as well as live performances and movies with audiences in theaters, are not likely in the immediate future. These factors are expected to continue to suppress sales tax revenue during FY 2021.

Fortunately, two versions of a COVID vaccine are now a reality and currently being deployed in the District. This estimate assumes that the District will get to Phase III of the ReOpenDC recovery plan Spring 2021 and Phase IV, by Fall 2021, when vaccines are widely available and restrictions are lifted. Gross sales tax revenue in FY 2021 is forecasted to decline 9 percent before rebounding 27 percent in FY 2022. Full recovery to FY 2019 levels is not expected to occur until FY 2024.

### ***Income taxes***

Individual and business income taxes revenue performed relatively well in FY 2020 for two reasons. First, FY 2020 estimated and final payments for individuals and businesses are largely based on 2019 economic activity and benefited from last year's strong growth in wages and stellar stock market performance and so do not yet reflect the full impact of the pandemic economic disruption. Second, withholding tax revenue which is based on current year wages and salaries was driven mainly by high-wage professional and managerial workers who continued to work from home and were largely unaffected by the pandemic economic disruptions.

Although the District experienced a net loss of 53,700 (6.7%) jobs from February 2020 to November 2020, higher-wage government and professional services employment increased slightly. Withholding collections, supported by strong wage growth in jobs, were largely unaffected by the pandemic, and grew 6.1 percent in FY 2020. Withholding tax revenue is expected to grow 2.6 percent in FY 2021, and 3.7 percent in FY 2022 before returning to the long run growth of 4.5 percent in FY 2023.

Corporate franchise taxes grew 13.3 percent in FY 2020, reflecting both a strong economy in 2019 and increased prior year tax payments from compliance initiatives by the Office of Tax and Revenue. Final payments were much higher and refunds lower than expected when corporate taxpayers filed their extended returns in October. These payments like the individual income tax extension payments filed in October are considered FY 2020 revenue. Revenue from corporate franchise tax will decline 9.3 percent in FY 2021, reflecting lower corporate profits in calendar year 2020.

Unincorporated business franchise revenue, among the most volatile of District tax revenue sources, grew 12.8 percent in FY 2020 but is expected to decline by 10.8 percent in FY 2021 as lease revenue and building sales, both drivers of unincorporated business franchise tax revenue, declined in 2020.

Income taxes for individuals and businesses combined grew 5.5 percent in FY 2020 and will be virtually unchanged in FY 2021. In FY 2022, total income tax revenue is expected to grow 3.4 percent.

### ***Deed taxes***

Deed taxes revenue, like sales tax revenue, was significantly affected by the COVID health emergency, declining almost 20 percent in FY 2020. Although residential sales rebounded over the summer from March and April, commercial property sales declined significantly (except for a handful of sales that were in the pipeline pre-COVID). Transactions of large office properties (e.g., those offices with values greater than \$50 million), make up 30 percent of all deed taxes and are the source of virtually all the volatility of deed tax collections. Deed recordation tax revenue benefitted in FY 2020 from the sale of the U.S. Department of Transportation building in March and so did not decline by the same amount as deed transfer taxes revenue (the U.S. government as the seller was exempt from the transfer tax).

In FY 2021, deed taxes revenue will grow 2.7 percent, mostly on the strength of residential sales. However, deed tax collections will not fully recover to FY 2019 levels until FY 2023. Significant risks remain for commercial property markets, particularly for hotels and large offices submarkets, as buyers and sellers navigate the fallout of at least a full year of closures for some properties and lower leasing activity. Further complicating the outlook are millions of square feet of office and multifamily housing being delivered to the market at a time when vacancy rates remain elevated and rents have declined.

### ***Non-tax revenue***

Non-tax revenue for FY 2020 declined 15.6 percent as the COVID-19 pandemic reduced revenue from sources such as District traffic fines and building permit fees and record low interest rates reduced revenue from interest income generated by the District's investible cash balance. However, stronger than expected revenue from unclaimed properties increased miscellaneous revenue.

In FY 2021, non-automated traffic fines, those issued by parking enforcement or police officer, are expected to decline significantly as there are fewer commuters and less traffic. In addition, a general waiver on penalties and interest has reduced the incentive to pay tickets in the usual time frame.

## **National and Regional Economies**

The spread of COVID-19 around the globe brought the pattern of steady growth in the national economy to an abrupt halt, ending the longest period of expansion in U.S. history. Real GDP contracted approximately 9 percent from the first to the second quarter in 2020. It rebounded somewhat in the third quarter but is not expected to recover to pre-pandemic levels until the end of FY 2021.

- U.S. employment declined 6.1 percent in the 3-month period ending November 2020 from the prior period in 2019. The U.S. unemployment rate was 6.7 percent in November 2020, up from 3.5 percent in 2019.
- U.S. personal income grew 6.1 percent in FY 2020 over the prior year, and wages grew 1.2 percent. Federal relief in the quarter ending June 2020 boosted personal income.
- Gross domestic product, adjusted for inflation, was 2.8 percent lower in the 3<sup>rd</sup> quarter of calendar 2020 than 3<sup>rd</sup> quarter 2019.
- The S&P 500 stock market index ended November at 3,621, up 12.1 percent year-to-date.
- Washington metropolitan employment declined 5.2 percent in the 3-month period ending November 2020 over the prior year. Metro area unemployment rate was 6.6 percent in October, the latest available, up from 2.9 percent in 2019.
- District employment for the 3-month period ending November 2020 was 6.2 percent lower than 2019, and the unemployment rate was 7.3 percent in November 2020, up from 5.0 percent in 2019.
- District personal income grew 5.4 percent in FY 2020 over FY 2019, and wages grew 1.9 percent. Wages for District residents grew 2.0 percent.
- The number of single family and condominium sales grew by 6.1 percent in FY 2020 and the value of sales grew 11.8 percent.
- Air travel to District-area airports was down 69 percent in October 2020 compared to the prior year and hotel occupancy was 19.2 percent in November compared to 74 percent in November 2019.

## **Economic Outlook**

The economic outlook for the District's economy is consistent with national projections—sharp contractions in April, May and June, followed by a recovery process that goes to the end of calendar year 2021. It will take even longer for employment levels to return to where they were prior to the public health emergency. This outlook is generally consistent with the forecasts for the U.S. economy by the Congressional Budget Office and with the national and D.C. forecasts prepared by IHS Markit and Moody's Analytics.

The outlook for key economic variables includes:

- Jobs located in the District decline 3.0 percent in FY 2020 and an additional 1.8 percent in FY 2021 as public health restrictions continue through 2021. A rebound of 3.1 percent growth in FY 2022 and 2.0 percent in FY 2023 brings jobs in the District back up to 2019 levels.
- Population growth continues with 13,500 —1.9 percent—added over the three fiscal years 2020 through 2022. This pace is slower than the 3.0 percent growth from FY 2016 to FY 2019.
- Resident employment declines by 2.3 percent in FY 2020 and 0.7 percent in FY 2021, with increases of 2.8 percent and 1.9 percent in the following years. The unemployment rate, which was 5.6 percent in FY 2019, rose to an average 7.3 percent rate in FY 2020, with a peak of 9.7 percent in the quarter ending June 2020, and increases to 8.2 percent in FY 2021. The rate declines to 5.7 percent by FY 2024, similar to pre-pandemic levels.
- District personal income growth is expected to be 5.2 percent in FY 2020, supported by federal transfers such as the one-time relief check and expanded unemployment

compensation. Personal income rises 0.7 percent in FY 2021, above the pre-pandemic level. Normal personal income growth of 3.1 percent returns in FY 2022.

- The S&P 500 index, rebounding significantly from the March contraction and setting new highs over the summer and fall, is forecasted to end 2020 with an increase of 8.5 percent above the fourth quarter of calendar year 2019 and grow 3.4 percent thereafter.

## **Risks to the Forecast**

The economic damage from the pandemic has created an uncertain outlook for the District. The announcement of at least two vaccine approvals in December 2020 is a positive development and means many of the public health restrictions may be lifted possibly as early as Summer 2021. The estimate is based on moving to Phase IV in the fourth quarter of calendar 2021, beginning October 1, 2021. Quick and effective vaccine deployment would accelerate activity and result in the most positive change to the forecast.

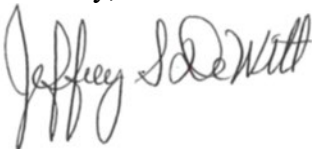
However, despite the vaccine, the pandemic has surged since the September estimate, resulting in new restrictions that will likely last until Spring 2021. The resurgence of the virus also delays the return of office workers and business and leisure travelers to the District. The additional federal relief will mitigate the impact on District residents and businesses.

The end of the pandemic appears to be in sight, but risks remain related to the changes in the economy and society at large. The buildup of deferred rent, utility payments, and additional credit card debt remain risks to full recovery. Landlords have been prohibited from evicting tenants and it is not clear what the outcome will be when the prohibition is lifted. Commuters and other office workers may permanently decide to work from home, reducing the need and over time the demand for office space. When the public health emergency is lifted, there will likely be a surge in pent-up demand for entertainment—dining, performances, and sports—but the long-term level could be reduced if there is less appetite to travel for business or leisure, greater demand for telework or suburban locations, or continued discomfort about congregating.

As many District-area offices switched to full remote working because of the COVID-19 health emergency, some District residents opted to temporarily relocate outside the District. If in the post-pandemic world employers shift to greater remote working, these arrangements could become permanent. While the District could also gain residents in the process, it opens the possibility of net outward migration from the District. If this becomes a reality, there is a risk to the outlook as population growth has been a major driver of District revenue growth over the last two decades.

We will continue to closely monitor national and local economic activity and public health conditions that may affect the forecast. If you have any questions regarding this matter, please contact me at (202) 727-2476.

Sincerely,



Jeffrey S. DeWitt

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**December 2020 Revenue Estimate**  
**December 30, 2020**  
**Page 9**

**TABLE 1: REVENUE SUMMARY TABLE**

\$ in Thousands	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS		
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	
<b>PROPERTY</b>	2,827,757	2,953,328	2,937,590	2,908,109	2,981,786	3,066,638	
Real Property	2,710,080	2,835,967	2,832,074	2,802,443	2,873,959	2,958,434	
Personal Property	78,997	77,698	70,193	69,990	71,793	71,810	
Public Space Rental	38,680	39,662	35,323	35,676	36,033	36,394	
<i>Dedicated to other funds</i>	-52,642	-43,612	-47,535	-45,329	-54,912	-66,374	
<b>PROPERTY (NET)</b>	2,775,115	2,909,716	2,890,056	2,862,779	2,926,874	3,000,264	
<b>SALES &amp; EXCISE</b>	1,707,223	1,316,637	1,197,584	1,498,113	1,625,604	1,775,679	
General Sales	1,597,727	1,222,446	1,109,736	1,407,798	1,535,571	1,685,882	
Alcohol	7,042	6,009	6,006	6,199	6,299	6,400	
Cigarette	28,546	24,934	23,103	22,116	21,172	20,267	
Motor Vehicle	45,973	40,713	35,623	36,051	36,483	36,921	
Motor Fuel	27,935	22,535	23,116	25,949	26,079	26,209	
<i>Dedicated to other funds</i>	-533,623	-403,294	-380,454	-477,924	-513,278	-555,183	
<b>SALES &amp; EXCISE(NET)</b>	1,173,600	913,343	817,130	1,020,189	1,112,326	1,220,497	
<b>INCOME</b>	2,941,982	3,104,933	3,096,424	3,202,207	3,318,589	3,463,120	
Individual Income	2,299,326	2,377,236	2,438,586	2,527,719	2,626,881	2,746,082	
Corporate Franchise	507,911	575,646	522,186	534,608	547,357	567,918	
U.B. Franchise	134,745	152,051	135,652	139,881	144,352	149,120	
<b>INCOME (NET)</b>	2,941,982	3,104,933	3,096,424	3,202,207	3,318,589	3,463,120	
<b>GROSS RECEIPTS</b>	395,068	370,849	371,725	375,233	380,693	386,158	
Public Utilities	156,274	136,813	134,665	134,328	138,058	141,900	
Toll Telecommunications	41,899	40,891	35,657	35,301	34,948	34,598	
Insurance Premiums	118,802	120,003	127,265	126,172	127,396	128,632	
Ballpark Fee	45,096	37,249	35,197	37,400	37,400	37,400	
Private sports wagering			1,413	2,072	2,279	2,507	
Games of Skill			1,210	3,329	3,662	3,845	
Health Related Taxes	32,999	35,894	36,318	36,631	36,950	37,276	
<i>Dedicated to other funds</i>	-136,184	-130,821	-135,412	-136,958	-138,653	-142,704	
<b>GROSS RECEIPTS (NET)</b>	258,885	240,028	236,314	238,275	242,039	243,454	
<b>OTHER TAX</b>	583,377	489,987	498,247	568,828	610,147	626,779	
Estate	22,311	37,249	33,237	34,735	35,130	35,535	
Deed Recordation	299,512	261,211	253,958	290,284	313,569	322,801	
Deed Transfer	228,249	179,403	192,392	219,912	237,552	244,546	
Economic Interest	33,306	12,124	18,660	23,896	23,896	23,896	
<i>Dedicated to other funds</i>	-82,399	-67,235	-69,145	-77,722	-83,771	-86,211	
<b>OTHER TAX (NET)</b>	500,977	422,752	429,102	491,106	526,376	540,568	
<b>TOTAL TAX (GROSS)</b>	<b>8,455,407</b>	<b>8,235,734</b>	<b>8,101,570</b>	<b>8,552,489</b>	<b>8,916,819</b>	<b>9,318,375</b>	
<b>TOTAL TAX (NET)</b>	<b>7,650,559</b>	<b>7,590,772</b>	<b>7,469,025</b>	<b>7,814,557</b>	<b>8,126,204</b>	<b>8,467,903</b>	
<b>NONTAX</b>	619,241	522,733	380,951	465,140	489,548	486,228	
Licenses & Permits	146,956	125,584	114,419	137,340	141,738	145,311	
Fines & Forfeits	195,392	147,943	108,414	140,383	150,246	139,383	
Charges for Services	77,487	68,926	67,364	73,575	80,169	83,251	
Miscellaneous	199,407	180,280	90,754	113,842	117,395	118,283	
<b>NONTAX (NET)</b>	619,241	522,733	380,951	465,140	489,548	486,228	
<b>LOTTERY</b>	45,050	38,060	44,260	58,507	58,125	60,541	
<i>Dedicated to other funds</i>						-22,481	
<b>LOTTERY (NET)</b>	45,050	38,060	44,260	58,507	58,125	38,060	
<b>GROSS REVENUE</b>	9,119,699	8,796,527	8,526,781	9,076,136	9,464,492	9,865,144	
<b>LOCAL FUND REVENUE</b>	8,314,851	8,151,565	7,894,236	8,338,204	8,673,877	8,992,191	
<b>OTHER FUNDS (See Table 2)</b>	804,848	644,962	632,545	737,933	790,615	872,953	

**December 2020 Revenue Estimate**  
**December 30, 2020**  
**Page 10**

**TABLE 1: REVENUE SUMMARY TABLE (Continued)**

% Change from Year Ago	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS		
	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	
<b>PROPERTY</b>	6.3%	4.4%	-0.5%	-1.0%	2.5%	2.8%	
Real Property	6.1%	4.6%	-0.1%	-1.0%	2.6%	2.9%	
Personal Property	17.2%	-1.6%	-9.7%	-0.3%	2.6%	0.0%	
Public Space Rental	2.8%	2.5%	-10.9%	1.0%	1.0%	1.0%	
<i>Dedicated to other funds</i>	17.9%	-17.2%	9.0%	-4.6%	21.1%	20.9%	
<b>PROPERTY (NET)</b>	6.1%	4.9%	-0.7%	-0.9%	2.2%	2.5%	
<b>SALES &amp; EXCISE</b>	6.9%	-22.9%	-9.0%	25.1%	8.5%	9.2%	
General Sales	7.0%	-23.5%	-9.2%	26.9%	9.1%	9.8%	
Alcohol	7.4%	-14.7%	0.0%	3.2%	1.6%	1.6%	
Cigarette	2.1%	-12.7%	-7.3%	-4.3%	-4.3%	-4.3%	
Motor Vehicle	4.4%	-11.4%	-12.5%	1.2%	1.2%	1.2%	
Motor Fuel	6.3%	-19.3%	2.6%	12.3%	0.5%	0.5%	
<i>Dedicated to other funds</i>	70.2%	-24.4%	-5.7%	25.6%	7.4%	8.2%	
<b>SALES &amp; EXCISE(NET)</b>	-8.6%	-22.2%	-10.5%	24.9%	9.0%	9.7%	
<b>INCOME</b>	11.4%	5.5%	-0.3%	3.4%	3.6%	4.4%	
Individual Income	11.2%	3.4%	2.6%	3.7%	3.9%	4.5%	
Corporate Franchise	16.4%	13.3%	-9.3%	2.4%	2.4%	3.8%	
U.B. Franchise	-2.5%	12.8%	-10.8%	3.1%	3.2%	3.3%	
<b>INCOME (NET)</b>	11.4%	5.5%	-0.3%	3.4%	3.6%	4.4%	
<b>GROSS RECEIPTS</b>	8.2%	-6.1%	0.2%	0.9%	1.5%	1.4%	
Public Utilities	12.2%	-12.5%	-1.6%	-0.2%	2.8%	2.8%	
Toll Telecommunications	5.4%	-2.4%	-12.8%	-1.0%	-1.0%	-1.0%	
Insurance Premiums	5.3%	1.0%	6.1%	-0.9%	1.0%	1.0%	
Ballpark Fee	24.5%	-17.4%	-5.5%	6.3%	0.0%	0.0%	
Private sports wagering	-	-	-	46.7%	10.0%	10.0%	
Games of Skill	-	-	-	175.1%	10.0%	5.0%	
Health Related Taxes	-10.8%	8.8%	1.2%	0.9%	0.9%	0.9%	
<i>Dedicated to other funds</i>	4.2%	-3.9%	3.5%	1.1%	1.2%	2.9%	
<b>GROSS RECEIPTS (NET)</b>	10.5%	-7.3%	-1.5%	0.8%	1.6%	0.6%	
<b>OTHER TAX</b>	14.8%	-16.0%	1.7%	14.2%	7.3%	2.7%	
Estate	-37.5%	67.0%	-10.8%	4.5%	1.1%	1.2%	
Deed Recordation	16.3%	-12.8%	-2.8%	14.3%	8.0%	2.9%	
Deed Transfer	13.8%	-21.4%	7.2%	14.3%	8.0%	2.9%	
Economic Interest	136.1%	-63.6%	53.9%	28.1%	0.0%	0.0%	
<i>Dedicated to other funds</i>	15.8%	-18.4%	2.8%	12.4%	7.8%	2.9%	
<b>OTHER TAX (NET)</b>	14.7%	-15.6%	1.5%	14.4%	7.2%	2.7%	
<b>TOTAL TAX (GROSS)</b>	8.8%	-2.6%	-1.6%	5.6%	4.3%	4.5%	
<b>TOTAL TAX (NET)</b>	6.1%	-0.8%	-1.6%	4.6%	4.0%	4.2%	
<b>NONTAX</b>	24.6%	-15.6%	-27.1%	22.1%	5.2%	-0.7%	
Licenses & Permits	48.9%	-14.5%	-8.9%	20.0%	3.2%	2.5%	
Fines & Forfeits	18.9%	-24.3%	-26.7%	29.5%	7.0%	-7.2%	
Charges for Services	-11.6%	-11.0%	-2.3%	9.2%	9.0%	3.8%	
Miscellaneous	36.5%	-9.6%	-49.7%	25.4%	3.1%	0.8%	
<b>NONTAX (NET)</b>	24.6%	-15.6%	-27.1%	22.1%	5.2%	-0.7%	
<b>LOTTERY</b>	-9.0%	-15.5%	16.3%	32.2%	-0.7%	4.2%	
<i>Dedicated to other funds</i>							
<b>LOTTERY (NET)</b>						-34.5%	
<b>GROSS REVENUE</b>	9.6%	-3.5%	-3.1%	6.4%	4.3%	4.2%	
<b>LOCAL FUND REVENUE</b>	7.2%	-2.0%	-3.2%	5.6%	4.0%	3.7%	
<b>OTHER FUNDS (See Table 2)</b>	43.7%	-19.9%	-1.9%	16.7%	7.1%	10.4%	

**December 2020 Revenue Estimate**  
**December 30, 2020**  
**Page 11**

**TABLE 2: DEDICATED/ENTERPRISE REVENUE**

\$ in Thousands		ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS	
DEDICATED TO	Tax Type	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
TIF	Real Property	17,944	15,476	19,521	15,258	21,337	22,942
	General Sales	30,732	14,068	11,450	20,853	25,263	27,537
PILOT	Real Property	34,698	28,136	28,014	30,071	33,575	43,431
	General Sales	14,340	9,705	5,426	6,883	7,508	8,340
Convention Center	General Sales	141,276	71,207	54,753	89,990	109,076	135,895
Convention Center-DestinationDC	General Sales	6,358	2,860	2,676	4,056	5,147	6,647
Ballpark	General Sales	16,150	12,139	10,000	18,000	18,000	18,000
	Public Utility	8,180	7,692	7,325	7,691	8,075	8,479
	Toll Telecommunication	2,336	2,584	2,191	2,122	2,056	1,991
	Ballpark Fee	45,096	37,249	35,197	37,400	37,400	37,400
Healthy DC - Marijuana	General Sales	1,158	1,400	1,666	1,799	1,943	2,098
Healthy DC - MCO	Insurance premium	47,573	47,433	54,180	52,914	53,972	55,052
WMATA - Operations	General Sales	79,782	52,311	44,918	76,637	79,320	82,096
WMATA – Capital (PAYGO)	General Sales	178,500	178,500	183,855	189,371	195,052	200,903
Healthy Schools	General Sales	4,266	5,110	5,590	5,590	5,590	5,590
ABRA	General Sales	1,170	1,170	1,170	1,170	1,170	1,170
Commission on Arts and Humanities	General Sales	31,956	32,289	35,835	37,627	39,132	40,697
Highway Trust Fund	Motor Fuel	27,935	22,535	23,116	25,949	26,079	26,209
Nursing Facility Quality of Care	Health Related	14,338	16,217	15,652	15,965	16,285	16,610
Hospital Fund	Health Related	8,452	7,506	8,454	8,454	8,454	8,454
Hospital Provider Fee Fund	Health Related	5,345	5,308	6,673	6,673	6,673	6,673
ICF-IDD Stevie Sellows	Health Related	4,864	6,831	5,539	5,539	5,539	5,539
Dept of Health	Sports Wager	-	-	200	200	200	200
Neighborhood Safety and Engagement Fund	Sports Wager						1,153
	Lottery						11,241
Early Childhood Development Fund	Sports Wager						1,153
	Lottery						11,241
Housing Production Trust Fund (HPTF)	Deed Recordation	40,698	36,321	36,017	41,466	44,961	46,343
	Deed Transfer	28,743	22,012	25,302	29,431	32,080	33,124
	Economic Interest	4,880	775	641	833	833	833
HPTF-Debt Service	Deed Recordation	2,856	2,860	2,077	2,077	2,074	2,077
	Deed Transfer	4,892	4,899	3,556	3,556	3,552	3,558
	Economic Interest	80	80	58	58	58	58
West End Maintenance	Deed Recordation	125	144	746	150	106	109
	Deed Transfer	125	144	746	150	106	109
<b>TOTAL</b>		<b>804,848</b>	<b>644,962</b>	<b>632,545</b>	<b>737,933</b>	<b>790,615</b>	<b>872,953</b>

**Table 3. Key Economic Variables**

Variable	Actual					Estimated		Forecast		
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Gross Domestic Product - DC (\$billions)	124.0	128.3	132.1	137.5	142.3	144.3	150.1	159.2	167.8	175.4
% change annual	4.5%	3.5%	3.0%	4.1%	3.5%	1.4%	4.0%	6.1%	5.4%	4.5%
Real GDP-DC (2005 \$billions)	116.8	118.8	120.1	122.2	123.6	123.1	124.9	129.5	133.5	136.2
% change annual	2.2%	1.8%	1.1%	1.8%	1.1%	-0.4%	1.5%	3.7%	3.1%	2.0%
Personal Income (\$billions)	50.2	52.9	54.8	56.7	58.5	61.5	61.9	63.8	66.9	70.3
% change annual	8.2%	5.2%	3.8%	3.4%	3.0%	5.2%	0.7%	3.1%	4.8%	5.0%
Real Personal Income (2005 \$billions)	41.6	44.5	45.1	45.6	46.3	48.1	47.6	47.9	49.2	50.6
% change annual	8.4%	6.9%	1.4%	0.9%	1.6%	3.8%	-1.0%	0.8%	2.6%	2.9%
Per capita personal income	74,580	77,219	79,060	80,976	82,875	86,642	86,739	88,817	92,474	96,505
% change annual	6.2%	3.5%	2.4%	2.4%	2.3%	4.5%	0.1%	2.4%	4.1%	4.4%
Real per capita personal income (2005\$)	61,798	65,032	65,060	65,025	65,641	67,734	66,631	66,690	67,973	69,499
% change annual	6.3%	5.2%	0.0%	-0.1%	0.9%	3.2%	-1.6%	0.1%	1.9%	2.2%
Wages in DC (\$billions)	67.1	69.3	72.0	75.5	78.0	79.5	82.2	85.9	89.9	93.9
% change annual	5.0%	3.4%	3.9%	4.8%	3.3%	1.9%	3.4%	4.5%	4.6%	4.5%
Wages of DC residents (\$billions)	24.7	25.7	27.1	29.0	30.3	30.9	31.8	33.0	34.3	35.8
% change annual	7.8%	3.9%	5.4%	7.0%	4.6%	2.0%	2.9%	3.7%	4.0%	4.4%
Population (000s)	673.6	684.4	693.6	700.6	705.2	709.5	714.0	718.7	723.4	728.0
% change annual	1.9%	1.6%	1.3%	1.0%	0.7%	0.6%	0.6%	0.7%	0.7%	0.6%
Households (000s)	298.2	303.7	308.9	315.1	319.1	322.5	325.0	328.4	331.7	335.0
% change annual	2.4%	1.9%	1.7%	2.0%	1.3%	1.1%	0.8%	1.1%	1.0%	1.0%
Civilian labor force (000s)	387.1	393.8	399.6	404.1	408.1	405.9	407.5	412.5	416.6	421.5
% change annual	2.8%	1.7%	1.5%	1.1%	1.0%	-0.5%	0.4%	1.2%	1.0%	1.2%
Employment in DC (000s)	759.3	774.9	782.7	791.0	796.5	772.9	758.8	782.6	798.6	811.0
% change annual	1.7%	2.1%	1.0%	1.1%	0.7%	-3.0%	-1.8%	3.1%	2.1%	1.6%
Employment of DC residents (000s)	359.4	369.2	375.3	380.8	385.3	376.6	374.1	384.5	391.8	397.5
% change annual	3.7%	2.7%	1.6%	1.5%	1.2%	-2.3%	-0.7%	2.8%	1.9%	1.5%
Unemployment rate	7.1	6.2	6.1	5.8	5.6	7.3	8.2	6.8	6.0	5.7
Housing Starts	3,915	4,153	4,185	4,479	6,189	5,405	4,318	3,398	2,922	2,728
Housing Stock (000s)	324.5	328.5	332.6	337.9	342.6	348.1	353.1	358.2	363.3	367.7
% change annual	1.8%	1.3%	1.2%	1.6%	1.4%	1.6%	1.4%	1.4%	1.4%	1.2%
Home Sales	7,929	8,340	8,598	8,957	8,434	8,954	9,312	9,592	9,735	9,735
% change annual	4.1%	5.2%	3.1%	4.2%	-5.8%	6.2%	4.0%	3.0%	1.5%	0.0%
Avg Home Sale Price (000s)	768	795	825	835	864	921	949	986	1,030	1,078
% change annual	4.3%	3.5%	3.8%	1.2%	3.4%	6.7%	3.0%	3.9%	4.4%	4.7%
SP 500 Stock Index*	2.0%	6.4%	19.2%	3.3%	14.7%	8.5%	3.4%	3.4%	3.4%	3.4%
US 10 Year Treasury	2.2%	1.9%	2.3%	2.7%	2.5%	1.1%	0.9%	1.2%	1.4%	1.6%
Washington Area CPI: % change prior year	0.3%	0.9%	1.4%	2.3%	1.3%	1.1%	1.8%	2.2%	2.1%	2.2%

\* 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 2018 is the % change from CY 2017.4 to CY 2018.4)

Note: Estimated by the D.C. Office of Revenue Analysis based on forecasts of the D.C. and national economies prepared by IHS Markit Global Insight (November 2020) and Moody's Analytics (November 2020); forecasts of the national economy prepared by the Congressional Budget Office (July 2020) and Blue Chip Economic Indicators (December 2020); BLS labor market information from November 2020; the Census Bureau estimates of the D.C. population (2019); Bureau of Economic Analysis estimates of D.C. Personal Income (September 2020); Metropolitan Regional Information System (MRIS) D.C. home sales data (November 2020), CoStar information on commercial office buildings and residential property in D.C. (September 2020); and Delta Associates commercial office buildings and apartments in DC (September 2020).