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Vincent C. Gray, Mayor

Natwar M. Gandhi, Chief Financial Officer

Fitzroy Lee, Deputy CFO & Chief Economist

Federal employment accounted for 24.5% of all DC income tax withheld from DC residents in 2011

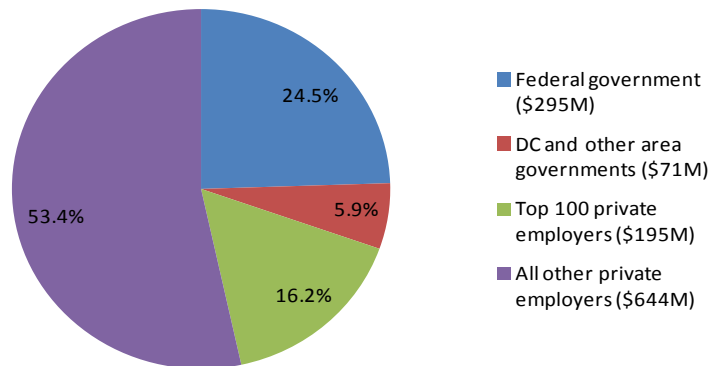
The federal employee share of DC withholding was falling before the 2007 recession, then rose when the recession began

For tax year 2011, \$1.20 billion was withheld from the earnings of DC residents to fulfill taxpayer obligations under DC's Individual Income tax laws. Withholding from employee wages and salaries is one of the largest sources of revenue for the District government, generally accounting for more than 20% of all tax revenue.

The sources of withholding reveal a great deal about the connection between the District's economy and District government revenues. Not surprisingly, withholding data underscores the importance of the federal government for District finances. For tax year 2011, \$295 million, 24.5% of all withholding, came from the wages and salaries of District residents working for the federal government.

In 2011 about 70% of all withholding—\$839 million—came from District residents employed in the private sector. The top 100 employers in the private sector accounted for 16.2% of all withholding, with about one-quarter of the top 100 coming from hospital and university employment. Outside of the top 100, \$644 million—53.4% of all withholding—came from more than 30,000 private sector employers of DC residents. *(continued on p. 2)*

Industry source of earnings for the \$1.20 billion withheld for the DC individual income tax in 2011: percent share



This briefing document was prepared by Stephen Swaim and Philip Sung, DC Office of Revenue Analysis, assisted by Betty Alleyne, Kelly Dinkins, and Daniel Muhammad of ROA

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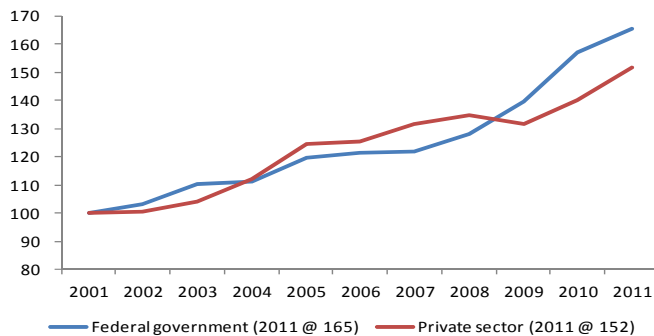
For comment or further information, please contact Fitzroy Lee, Deputy Chief Financial Officer and Chief Economist, Office of Revenue Analysis, 1101 4th St., SW, Suite W770, Washington D.C. 20024, fitzroy.lee@dc.gov, 202-727-7775

DC withholding, continued from p.1

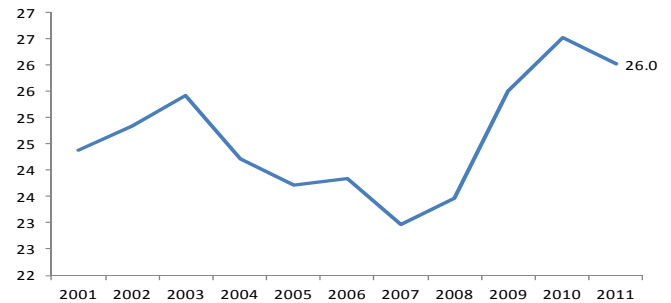
Over the decade from 2001 to 2011, withholding from the private sector increased less than that from the federal government—52% to 65%. Although withholding from the private sector grew more quickly than from the federal government in the six years before the US recession that began in December 2007, there was no net increase at all from the private sector in the recession years 2007 to 2009. From 2009 to 2011 private sources grew close to the same pace as federal ones—15.3% versus 18.4%. Withholding from earnings in hospital and university employment outpaced that from other parts of the private sector for the decade.

—Stephen Swaim and Philip Sung, ORA, assisted by Betty Alleyne, Kelly Dinkins, and Daniel Muhammad

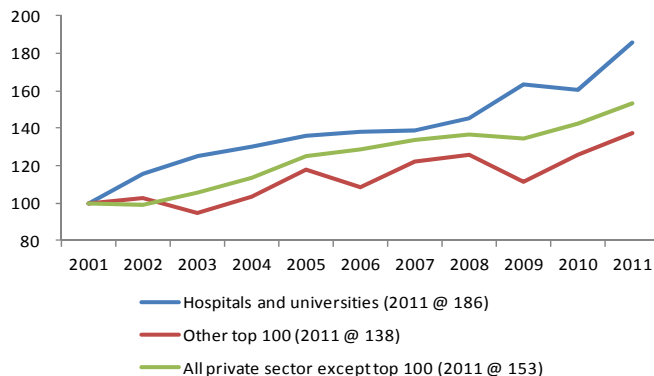
Withholding derived from federal government and private sector earnings: 2001 to 2011 (Index numbers: 2001 = 100)



Percent share of DC individual income tax withholding derived from federal government earnings: 2001 to 2011 (Total excludes DC and other state and local governments)



Withholding derived from earnings in private sector components: 2001 to 2011 (Index numbers: 2001 = 100)



Industry source of earnings for amounts withheld for the DC Individual Income Tax in tax year 2011.

Sector	\$ million	% of total
Federal government	295.0	24.5
DC and area state and local governments	71.1	5.9
DC	59.8	5.0
Other	11.3	0.9
Private sector	838.7	69.6
Top 100 private	195.1	16.2
Hospitals and universities	49.3	4.1
Other top 100	145.8	12.1
All other private	643.6	53.4
Total	1,204.8	100.0

Source: OCFO

Industry source of earnings for amounts withheld for the DC Individual Income Tax: selected years from tax year 2001 to tax year 2011*

Sector	Amount of collections tax (calendar) year (\$M)				change for selected periods							
					Amount of change (\$ M)				Percent change (%)			
	2001	2007	2009	2011	01 to 07	07 to 09	09 to 11	01 to 11	01 to 07	07 to 09	09 to 11	01 to 11
Federal government	178.4	217.0	249.1	295.0	38.7	32.1	45.9	116.6	21.7	14.8	18.4	65.4
All private	553.0	727.7	727.4	838.7	174.7	-0.3	111.3	285.7	31.6	0.0	15.3	51.7
top 100 private sector	132.5	166.5	161.4	195.1	34.1	-5.1	33.7	62.6	25.7	-3.1	20.9	47.3
Hospitals and Universities	26.5	36.7	43.3	49.3	10.2	6.5	6.0	22.8	38.5	17.8	13.9	85.8
Other top 100	105.9	129.8	118.1	145.8	23.8	-11.7	27.7	39.8	22.5	-9.0	23.4	37.6
All other private	420.5	561.2	566.0	643.6	140.7	4.8	77.6	223.1	33.4	0.9	13.7	53.1
total	731.4	944.8	976.6	1133.7	213.4	31.8	157.2	402.4	29.2	3.4	16.1	55.0
	Percent distribution of collections				Percent distribution of change							
Federal government	24.4	23.0	25.5	26.0	18.1	100.8	29.2	29.0				
All private	75.6	77.0	74.5	74.0	81.9	-0.9	70.8	71.0				
top 100 private sector	18.1	17.6	16.5	17.2	16.0	-16.0	21.4	15.6				
Hospitals and Universities	3.6	3.9	4.4	4.3	4.8	20.6	3.8	5.7				
Other top 100	14.5	13.7	12.1	12.9	11.2	-36.6	17.6	9.9				
All other private	57.5	59.4	58.0	56.8	65.9	15.2	49.4	55.4				
total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0				

*Note: excludes withholding from the District of Columbia and other state and local jurisdictions because consistent data is not available for all years.

Source: OCFO. The tax year is the calendar year in which tax liabilities were incurred.