

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



**Fitzroy Lee**  
Acting Chief Financial Officer

December 30, 2021

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 2021 Revenue Estimates***

Dear Mayor Bowser and Chairman Mendelson:

This letter certifies the revenue estimate for the FY 2021 – FY 2025 District of Columbia Budget and Financial Plan. FY 2021 local source revenue has been revised upward by \$264.7 million based on the preliminary estimate of the FY 2021 revenue. The final figures will be available with the release of the annual financial report. The preliminary figures show higher than expected revenue mainly from individual and corporate income and sales taxes in the final month of the fiscal year. The local source revenue forecast for FY 2022 – FY 2025 has also been revised upward by a total of approximately \$476 million. The following table compares the December revenue estimate to the previous estimate:

**December revenue estimate compared to previous estimate**

	Actual		Estimated		Projected	
Local Source, General Fund Revenue Estimate (\$M)	FY 2020	FY 2021*	FY 2022	FY 2023	FY 2024	FY 2025
<b>FY 2022 BUDGETED REVENUE</b>	<b>8,149.8</b>	<b>8,149.9</b>	<b>8,580.1</b>	<b>8,926.3</b>	<b>9,204.4</b>	<b>9,504.1</b>
<i>September revision</i>		311.3	289.0	231.6	211.9	174.2
<b><i>December revision</i></b>		<b>264.7</b>	<b>68.8</b>	<b>115.1</b>	<b>130.8</b>	<b>161.0</b>
<i>Total revisions</i>		576.0	357.8	346.8	342.8	335.3
<b>December 2021 Revenue Estimate</b>	<b>8,149.8</b>	<b>8,725.8</b>	<b>8,937.9</b>	<b>9,273.1</b>	<b>9,547.1</b>	<b>9,839.4</b>
<b>Revenue Change from Previous Year</b>						
Amount	(165.0)	576.0	231.3	335.2	274.1	292.2
<i>Year-Over Year Percent Change</i>	-2.0%	7.1%	2.4%	3.7%	3.0%	3.1%

*\*Preliminary FY 2021 may differ from final annual financial report*

Fiscal Year 2021 preliminary data show stronger revenue performance relative to the September 2021 forecast in almost all major revenue categories. Receipts from income taxes continue to surpass expectations due to strong growth in wages and salaries, capital gains realizations, and business profits. Increase in revenue from income taxes make up about 35 percent of the FY 2021 revision. Sales taxes receipts, particularly from restaurants and hotels, grew strongly during the last quarter of the fiscal year as COVID-19 vaccines were deployed and increased consumer confidence drove retail sales and leisure activities higher. Even so, sales taxes receipts remain below 2019 levels. Collections from real property taxes were slightly stronger than expected, as final collection rates were higher than forecasted and there were fewer refunds during the last two months of the fiscal year.

The economic outlook over the period of the financial plan has been revised to reflect the impact of the Delta and Omicron COVID-19 variants and the Infrastructure Investment and Jobs Act (IIJA), which was signed into law in November 2021. The forecast anticipates reduced growth in Gross Domestic Product (GDP), employment and wages in the near term as the Omicron variant once again saps consumer confidence and reduces economic activity. However, later in the financial plan period, growth is expected to rebound as the injection of IIJA funds spurs economic activity. Also, over the financial plan period, population growth is expected to slow and federal actions to address rising inflation could mean a modest correction in stock market valuations.

While the forecast anticipates a return to pre-pandemic economic growth rates for the District over the financial plan period, the outlook remains highly uncertain. Recent increases in COVID infections and hospitalizations due to the Omicron and Delta variants indicate that the pandemic continues, and its persistence could slow the pace of employees returning to the workplace and the pace of the District's recovery. Other risks to the recovery include population losses, worker shortages, supply chain disruptions, and inflation as well as uncertain federal fiscal and monetary policies.

### **Revenue Highlights**

As noted earlier, preliminary numbers for FY 2021 show increases in almost all tax and non-tax revenue categories relative to the September forecast. The additional revenue for FY 2021 is \$264.7 million higher than the September estimate. Overall, local revenue grew by 7.1 percent in FY 2021 and is forecasted to slow to 2.4 percent in FY 2022, reflecting the impact of the new variant. Starting in FY 2023, revenue is expected to grow at an average rate of 3.3 percent annually.

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

Final real property tax collections in FY 2021 are \$30.1 million more than estimated in September. In FY 2022, real property assessments are expected to decline by 4.7 percent driven by an 8.2 percent decline for commercial offices as the continued work-from-home arrangements by most office tenants turns into higher office vacancy rates. These assumptions are informed by analysis provided by real estate market data providers CoStar and Delta. According to CoStar, as of the end of the third quarter of FY 2021, the commercial office vacancy rate rose to 14.2 percent, up from 11.7 percent in 2019. While the residential real property market, including

multifamily apartment buildings, remains strong, large office buildings will take longer to recover from the pandemic period. Real property tax collections are expected to grow by approximately 3 percent annually from FY 2023 to FY 2025.

### ***Sales and Excise Taxes***

General sales tax revenue, the hardest hit of all District revenue sources, continues to recover slowly, with growth mainly driven by higher restaurant and retail activity. Lower infection rates resulted in the easing of public health restrictions in the summer and fall. This, coupled with the availability of vaccines for both adults and children, increased consumer confidence. Taxable sales from restaurants and hotels were stronger than expected at the end of the summer, resulting in \$75 million more revenue than forecasted in September (based on preliminary data). Tourism, conventions, and business travel are not expected to return to pre-pandemic levels during the financial plan period. As a result, the hotel and restaurant sectors will take longer to recover than other sectors.

### ***Income taxes***

Individual and business income tax revenue performed strongly in FY 2021, accounting for about 32 percent, or \$83.3 million, of the revenue increase. Stronger withholding collections drove most of the increase in individual income tax revenue. Withholding collections benefited from strong growth in wages and salaries as high-wage professional and managerial workers remain largely unaffected by the economic disruptions of the pandemic. Strong wage growth is expected to continue through the financial plan period. Also, the October final returns for extensions and third quarter estimated payments filed in September, which are closely associated with capital gains income, were much higher than expected. The forecast, incorporating the new data, revises the revenue for FY 2022 upward by \$40.9 million and the revenue for the financial plan period FY 2023 through FY 2025 by \$369.7 million.

Corporate and unincorporated business income tax collections were \$40 million more than forecasted in the September estimate, as final returns paid in October and quarterly estimated payments benefited from strong growth in corporate profits. Corporate profits before taxes grew 21 percent in the quarter ending September 30, 2021, following growth of 45 percent in the quarter ending June 30, 2021. Corporate franchise tax revenue will grow a much more modest 1.8 percent in FY 2022 and by an average of 2.9 percent from FY 2023 through FY 2025.

Unincorporated business franchise tax revenue, which is derived largely from real estate investments and is amongst the most volatile of District revenue sources, grew 26.8 percent in FY 2021. The detailed returns are not yet available for analysis, but more relaxed federal monetary policy to support the economy and a generally favorable investment environment likely played a role in the strong growth. As monetary policy tightens in the coming months and the investment environment becomes more uncertain, unincorporated franchise tax is expected to decline by 8 percent in FY 2022.

### ***Gross receipts taxes***

Gross receipts tax collections in FY 2021 were \$2.3 million below the September estimate mainly due to weaker cable television tax collections, a component of public utility taxes. This tax has been trending downward, as consumers shift to digital entertainment platforms and away from traditional cable which is taxed as digital sales. The FY 2022 forecast for public utility taxes is thus revised downward by \$17.1 million to account for this change. Revenue for the financial plan period FY 2023-2025 is revised downward by an average of \$9.8 million annually. The forecast for the remaining revenue components of gross receipts taxes remains unchanged.

### ***Deed taxes***

Deed recordation, transfer and economic interest tax collections grew 22 percent in 2021, on target with the September estimate as both sales of high-value homes and the number of real estate transactions continued to grow throughout the course of the year. Although actual deed tax revenue for the past three months is slightly lower on average than the estimated monthly average, no revision is warranted at this time, as this revenue source is extremely volatile, and lower receipts in one period can be offset by strong receipts in another. The forecast for the remaining years of the financial plan also remains unchanged.

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

Preliminary FY 2021 non-tax revenue was \$48.3 million above the September estimate, reflecting higher receipts from emergency ambulance services (this was due to an increase in the Medicaid reimbursement rate during the third quarter of the fiscal year) and higher proceeds from unclaimed property. The non-tax revenue category includes various revenue sources ranging from fees and fines to charges for services, which are routinely adjusted during the end of year financial closing process.

### **National and Regional Economies**

Despite the ongoing pandemic, rising inflation, labor shortages, and supply chain disruptions, most national economic indicators are positive and depict a strong economy. After contracting 3.4 percent in calendar year 2020, real GDP has now recovered to pre-pandemic levels in the second quarter of 2021. Growth in the 3rd quarter of 2021 was 4.9 percent following strong 2nd quarter growth of 12.2 percent year-over-year. Employment nationally, regionally, and locally has not recovered to the pre-COVID-19 peak but has steadily grown over the last several months, with unemployment rates significantly declining.

- U.S. employment increased 4.1 percent in the 3-month period ending October 2021 from the same period in 2020. The U.S. unemployment rate was 4.7 percent in October, down from 7.6 percent in October 2020.
- U.S. personal income grew 5.2 percent in the quarter ending September 2021 over the prior year, and wages grew 11.2 percent.
- GDP, adjusted for inflation, grew 4.9 percent in the quarter ending September 2021 over the prior year.

- The S&P 500 stock market index monthly average was up 26 percent in November 2021 over last November.
- Washington metropolitan area employment increased 3.8 percent for the 3-month period ending October 2021 over the prior year period, and the unemployment rate declined from 7 percent to 4.4 percent.
- District employment increased by 2.6 percent in the 3-month period ending October 2021 over the prior year period, and unemployment is 6 percent, down from 8.6 percent last year.
- District personal income and wages grew 3.5 percent and 7.3 percent, respectively, in the quarter ending September 2021 over the same quarter in 2020.
- Home sales, both single family and condominium, have recently declined 12.8 percent and the value of sales declined 9.3 percent in October 2021, despite being strong overall for the year.

## **Economic Outlook**

The District economy has improved but still has not fully recovered. Some measures, such as income and GDP, recovered quickly, but employment has a steeper climb to return to pre-COVID levels, largely due to the significant job losses in leisure and hospitality and office-focused business services. The economic outlook for the District's economy is for continued recovery but at a pace slightly below the U.S. average over the next year. In contrast to the Great Recession's aftermath, when the District's economy fared better than the national economy, it will likely take until FY 2023 for District employment to return to pre-pandemic levels. 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 declined 3.1 percent in FY 2021, reflecting the impact of the public health emergency. Growth of 3.6 percent in FY 2022 reflects a slower recovery, as COVID-19 remains potent throughout the winter. Growth is expected to be 2.6 percent in FY 2023, and 1.5 percent in FY 2024, bringing jobs in the District back to 2019 levels.
- Resident employment growth which declined by 1.5 percent in FY 2021, is expected to grow 3.8 percent in FY 2022 and 2.1 percent in FY 2023 when it recovers to 2019 levels. The unemployment rate, which was 5.5 percent in FY 2019, rose to an average rate of 7.1 percent in FY 2020 and 7.7 percent in FY 2021. The rate has declined rapidly and is expected to be 5.3 percent in FY 2022.
- District personal income growth was 5.4 percent in FY 2021, supported by federal transfers such as the one-time relief payments and expanded unemployment compensation. With no additional federal relief, personal income is expected to grow 0.9 percent in FY 2022 before returning to normal growth. Wages earned in the District are expected to grow approximately 6 percent in FY 2022 and remain strong through the financial plan period.

- The S&P 500 index, rebounding significantly from the March 2020 contraction, grew 15.2 percent in 2020, and is expected to grow 27 percent in calendar year 2021. The index is expected to decline 4.2 percent in calendar year 2022, due to tighter monetary policy, but remain above 2021 levels throughout the financial plan period.

## **Risks to the Forecast**

The primary risk to the current projections remains the COVID-19 pandemic. Fall 2021 brought renewed consumer and business confidence, as relatively high vaccination rates resulted in declines in hospitalization and fewer deaths. However, the rise in infections stemming from the Omicron variant will likely lower business and consumer confidence and slow the economy in the short term.

Rising infection rates will likely delay workers returning to the traditional office workplace and pose a risk to the forecast, particularly if the federal sector remains mostly remote and develops plans for greater adoption of remote work on a permanent basis. The federal government is the largest landowner and lessee in the District. A drastic reduction in its office space use could have significant ramifications for commercial real property and deed taxes, as well as the recovery of the downtown business district.

Recent data on population loss in 2021 are thought to be a result of people fleeing the pandemic and are assumed to be temporary. Any permanent loss of population, particularly the working age population, poses a significant risk to the District's economy in the longer term.

Continued worker shortages and supply chain disruption are also risks to the recovery. Worker shortage is already a serious constraint to the recovery for restaurants and other retail businesses. Supply chain disruptions have also been a constraint to recovery for restaurants, although this has eased somewhat in recent weeks. Supply chain disruptions could also delay the return to workplaces in the District as offices seek to restock, refurbish, and replace equipment in preparation for the return of staff.

Sustained inflation also poses a serious risk to the economic recovery. Rising inflation in recent months is assumed to be transitory but if it persists, interest rates could rise, negatively affecting the economy and the stock market. Any further stock market correction could negatively impact revenues, particularly revenue from individual and business income taxes. The Federal Reserve Board has already indicated it will pursue tighter monetary policy to manage inflation. Increases in interest rates could reduce consumer spending and constrain business expansion, slowing the national and local economies.

Finally, there is uncertainty regarding the direction of federal fiscal policy. The short-term agreement on the federal budget and debt ceiling is positive news, but the outlook for federal spending is still uncertain without a permanent agreement in place.

We will continue to monitor closely 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,

A handwritten signature in black ink that reads "Fitzroy Lee". The signature is written in a cursive style with a horizontal line above it.

Fitzroy Lee

**DISTRIBUTION LIST**

Councilmember Anita Bonds (At-Large)  
Councilmember Elissa Silverman (At-Large)  
Councilmember Robert White (At-Large)  
Councilmember Christina Henderson (At-Large)  
Councilmember Brianne Nadeau (Ward 1)  
Councilmember Brooke Pinto (Ward 2)  
Councilmember Mary Cheh (Ward 3)  
Councilmember Janeese Lewis George (Ward 4)  
Councilmember Kenyan McDuffie (Ward 5)  
Councilmember Charles Allen (Ward 6)  
Councilmember Vincent Gray (Ward 7)  
Councilmember Trayon White (Ward 8)  
Kevin Donahue, City Administrator  
John Falcicchio, Chief of Staff, Executive Office of the Mayor  
Jennifer Reed, Director, Mayor's Office of Budget and Performance Management  
Jennifer Budoff, Budget Director, Council of the District of Columbia  
Kathy Patterson, District of Columbia Auditor

**December 2021 Revenue Estimate**  
**December 30, 2021**  
**Page 8**

**TABLE 1: REVENUE SUMMARY TABLE**

\$ in Thousands	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS	
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
<b>PROPERTY</b>	2,954,093	3,052,413	2,882,396	2,870,101	2,914,981	2,985,582
Real Property	2,836,733	2,928,861	2,770,563	2,757,911	2,802,430	2,872,667
Personal Property	77,698	80,479	76,157	76,157	76,157	76,157
Public Space Rental	39,662	43,073	35,676	36,033	36,394	36,758
<i>Dedicated to other funds</i>	-44,377	-43,939	-45,745	-48,368	-58,910	-65,542
<b>PROPERTY (NET)</b>	2,909,716	3,008,474	2,836,650	2,821,734	2,856,070	2,920,040
<b>SALES &amp; EXCISE</b>	1,316,574	1,310,457	1,583,167	1,720,772	1,844,371	1,931,463
General Sales	1,222,446	1,202,736	1,478,422	1,619,538	1,743,144	1,830,242
Alcohol	6,009	6,197	6,334	6,435	6,538	6,642
Cigarette	24,934	22,185	22,074	21,964	21,854	21,745
Motor Vehicle	40,713	55,085	49,632	46,122	46,122	46,122
Motor Fuel	22,472	24,254	26,706	26,714	26,714	26,712
<i>Dedicated to other funds</i>	-403,344	-359,414	-444,351	-495,059	-519,760	-536,112
<b>SALES &amp; EXCISE(NET)</b>	913,230	951,043	1,138,816	1,225,714	1,324,612	1,395,350
<b>INCOME</b>	3,104,933	3,508,234	3,696,443	3,964,953	4,139,124	4,301,111
Individual Income	2,377,236	2,643,214	2,836,863	3,082,677	3,238,544	3,389,769
Corporate Franchise	575,646	672,400	682,400	704,982	727,635	742,979
U.B. Franchise	152,051	192,620	177,180	177,294	172,945	168,363
<b>INCOME (NET)</b>	3,104,933	3,508,234	3,696,443	3,964,953	4,139,124	4,301,111
<b>GROSS RECEIPTS</b>	371,123	370,136	377,683	376,369	375,136	375,080
Public Utilities	136,813	129,291	130,971	131,688	132,478	133,273
Toll Telecommunications	40,891	37,861	34,898	33,537	32,229	30,972
Insurance Premiums	120,004	130,261	127,772	127,396	128,632	128,632
Ballpark Fee	37,248	37,014	40,321	39,900	37,900	37,900
Private sports wagering	273	2,141	5,123	4,598	4,138	4,212
Games of Skill		3	3,329	3,662	3,845	3,845
Health Related Taxes	35,894	33,564	35,268	35,588	35,913	36,245
<i>Dedicated to other funds</i>	-131,125	-138,297	-143,622	-146,067	-149,608	-151,364
<b>GROSS RECEIPTS (NET)</b>	239,998	231,839	234,061	230,302	225,528	223,716
<b>OTHER TAX</b>	489,988	584,903	623,215	611,054	584,494	581,903
Estate	37,249	31,742	33,665	34,067	34,482	34,903
Deed Recordation	261,211	297,053	321,352	313,996	300,822	299,160
Deed Transfer	179,403	234,327	244,724	239,094	229,023	227,673
Economic Interest	12,124	21,782	23,473	23,896	20,167	20,167
<i>Dedicated to other funds</i>	-69,019	-81,108	-86,528	-84,351	-80,871	-80,140
<b>OTHER TAX (NET)</b>	420,969	503,795	536,687	526,702	503,623	501,762
<b>TOTAL TAX (GROSS)</b>	<b>8,236,710</b>	<b>8,826,142</b>	<b>9,162,904</b>	<b>9,543,249</b>	<b>9,858,106</b>	<b>10,175,138</b>
<b>TOTAL TAX (NET)</b>	<b>7,588,846</b>	<b>8,203,385</b>	<b>8,442,658</b>	<b>8,769,404</b>	<b>9,048,957</b>	<b>9,341,979</b>
<b>NONTAX</b>	522,895	462,847	452,577	459,923	455,785	454,710
Licenses & Permits	125,584	126,367	128,446	141,811	140,239	144,010
Fines & Forfeits	147,943	140,477	138,654	135,906	133,214	130,576
Charges for Services	68,723	80,601	62,284	64,657	64,960	63,314
Miscellaneous	180,645	115,402	123,193	117,548	117,372	116,810
<b>NONTAX (NET)</b>	522,895	462,847	452,577	459,923	455,785	454,710
<b>LOTTERY</b>	38,060	40,350	42,658	43,731	43,975	44,275
<i>Dedicated to other funds</i>					-1,576	-1,576
<b>LOTTERY (NET)</b>	38,060	40,350	42,658	43,731	42,399	42,699
<b>GROSS REVENUE</b>	<b>8,797,665</b>	<b>9,329,339</b>	<b>9,658,139</b>	<b>10,046,902</b>	<b>10,357,865</b>	<b>10,674,123</b>
<b>LOCAL FUND REVENUE</b>	<b>8,149,801</b>	<b>8,706,582</b>	<b>8,937,893</b>	<b>9,273,057</b>	<b>9,547,140</b>	<b>9,839,388</b>
<b>OTHER FUNDS (See Table 2)</b>	<b>647,864</b>	<b>622,757</b>	<b>720,246</b>	<b>773,845</b>	<b>810,725</b>	<b>834,735</b>



**December 2021 Revenue Estimate**  
**December 30, 2021**  
**Page 9**

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

% Change from Year Ago	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS		
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	
<b>PROPERTY</b>	4.5%	2.8%	-5.1%	-0.4%	1.6%	2.4%	
Real Property	4.7%	2.7%	-4.9%	-0.5%	1.6%	2.5%	
Personal Property	-1.6%	3.6%	-5.4%	0.0%	0.0%	0.0%	
Public Space Rental	2.5%	8.6%	-17.2%	1.0%	1.0%	1.0%	
<i>Dedicated to other funds</i>	-15.7%	-1.0%	4.1%	5.7%	21.8%	11.3%	
<b>PROPERTY (NET)</b>	4.9%	2.9%	-5.2%	-0.5%	1.2%	2.2%	
<b>SALES &amp; EXCISE</b>	-22.9%	-0.5%	20.8%	8.7%	7.2%	4.7%	
General Sales	-23.5%	-1.6%	22.9%	9.5%	7.6%	5.0%	
Alcohol	-14.7%	3.1%	2.2%	1.6%	1.6%	1.6%	
Cigarette	-12.7%	-11.0%	-0.5%	-0.5%	-0.5%	-0.5%	
Motor Vehicle	-11.4%	35.3%	-9.9%	-7.1%	0.0%	0.0%	
Motor Fuel	-19.6%	7.9%	10.1%	0.0%	0.0%	0.0%	
<i>Dedicated to other funds</i>	-24.4%	-10.9%	23.6%	11.4%	5.0%	3.1%	
<b>SALES &amp; EXCISE(NET)</b>	-22.2%	4.1%	19.8%	7.6%	8.1%	5.3%	
<b>INCOME</b>	5.5%	12.9%	5.4%	7.3%	4.4%	3.9%	
Individual Income	3.4%	11.2%	7.3%	8.7%	5.1%	4.7%	
Corporate Franchise	13.3%	16.4%	1.8%	3.3%	3.2%	2.1%	
U.B. Franchise	12.8%	26.8%	-8.1%	0.1%	-2.5%	-2.6%	
<b>INCOME (NET)</b>	5.5%	12.9%	5.4%	7.3%	4.4%	3.9%	
<b>GROSS RECEIPTS</b>	-6.1%	-0.3%	2.1%	-0.3%	-0.3%	0.0%	
Public Utilities	-12.5%	-5.5%	1.3%	0.5%	0.6%	0.6%	
Toll Telecommunications	-2.4%	-7.4%	-7.8%	-3.9%	-3.9%	-3.9%	
Insurance Premiums	1.0%	8.5%	-1.9%	-0.3%	1.0%	0.0%	
Ballpark Fee	-17.4%	-0.6%	8.9%	-1.0%	-5.0%	0.0%	
Private sports wagering	-	-	154.4%	-10.3%	-10.0%	1.8%	
Games of Skill	-	-	0.0%	10.0%	5.0%	0.0%	
Health Related Taxes	8.8%	-6.5%	5.1%	0.9%	0.9%	0.9%	
<i>Dedicated to other funds</i>	-3.7%	5.5%	3.9%	1.7%	2.4%	1.2%	
<b>GROSS RECEIPTS (NET)</b>	-7.3%	-3.5%	1.0%	-1.6%	-2.1%	-0.8%	
<b>OTHER TAX</b>	-16.0%	19.4%	6.5%	-2.0%	-4.3%	-0.4%	
Estate	67.0%	-14.8%	6.1%	1.2%	1.2%	1.2%	
Deed Recordation	-12.8%	13.8%	8.1%	-2.3%	-4.2%	-0.6%	
Deed Transfer	-21.4%	30.7%	4.4%	-2.3%	-4.2%	-0.6%	
Economic Interest	-63.6%	79.7%	7.8%	1.8%	-15.6%	0.0%	
<i>Dedicated to other funds</i>	-16.2%	17.6%	6.6%	-2.5%	-4.1%	-0.9%	
<b>OTHER TAX (NET)</b>	-16.0%	19.7%	6.5%	-1.9%	-4.4%	-0.4%	
<b>TOTAL TAX (GROSS)</b>	-2.6%	7.0%	4.0%	4.2%	3.3%	3.2%	
<b>TOTAL TAX (NET)</b>	-0.8%	7.9%	3.1%	3.9%	3.2%	3.2%	
<b>NONTAX</b>	-15.6%	-6.1%	-7.8%	1.6%	-0.9%	-0.2%	
Licenses & Permits	-14.5%	0.6%	1.6%	10.4%	-1.1%	2.7%	
Fines & Forfeits	-24.3%	-7.0%	0.8%	-2.0%	-2.0%	-2.0%	
Charges for Services	-11.3%	17.2%	-22.7%	3.8%	0.5%	-2.5%	
Miscellaneous	-9.4%	-18.9%	-15.9%	-4.6%	-0.2%	-0.5%	
<b>NONTAX (NET)</b>	-15.6%	-6.1%	-7.8%	1.6%	-0.9%	-0.2%	
<b>LOTTERY</b>	-15.5%	26.5%	-11.4%	2.5%	0.6%	0.7%	
<i>Dedicated to other funds</i>							
<b>LOTTERY (NET)</b>	-15.5%	26.5%	-11.4%	2.5%	-3.0%	0.7%	
<b>GROSS REVENUE</b>	-3.5%	6.3%	3.3%	4.0%	3.1%	3.1%	
<b>LOCAL FUND REVENUE</b>	-2.0%	7.1%	2.4%	3.7%	3.0%	3.1%	
<b>OTHER FUNDS (See Table 2)</b>	-19.5%	-3.9%	15.6%	7.4%	4.8%	3.0%	

*December 2021 Revenue Estimate*  
*December 30, 2021*  
*Page 10*

**TABLE 2: DEDICATED/ENTERPRISE REVENUE**

\$ in Thousands		ACTUAL	ESTIMATE		OUT YEAR PROJECTIONS		
DEDICATED TO	Tax Type	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
TIF	Real Property	15,476	18,942	15,708	16,247	16,943	18,472
	General Sales	14,068	4,306	9,231	25,219	28,724	28,503
PILOT	Real Property	28,136	24,273	29,292	31,376	41,223	46,326
	General Sales	9,705	7,628	9,367	10,344	11,310	11,784
Walter Reed Development	Real Property	765	724	744	744	744	744
Convention Center	General Sales	71,207	53,180	89,168	104,036	118,779	129,746
Convention Center-DestinationDC	General Sales	2,860	1,759	3,203	3,844	4,484	5,125
Ballpark	General Sales	12,139	4,323	18,000	18,000	18,000	18,000
	Public Utility	7,692	7,337	7,450	7,393	7,422	7,407
	Toll Telecom	2,584	2,186	2,313	2,391	2,428	2,556
	Ballpark Fee	37,248	37,014	40,321	39,900	37,900	37,900
Healthy DC - Marijuana	General Sales	1,513	1,818	1,799	2,234	2,505	2,656
Healthy DC - MCO	Insurance premium	47,433	58,069	58,069	60,595	61,807	63,044
WMATA - Operations	General Sales	52,311	40,289	63,433	79,320	82,096	84,559
WMATA - Capital	General Sales	178,500	178,500	178,500	178,500	178,500	178,500
Healthy Schools	General Sales	5,110	5,590	5,690	5,690	5,690	5,690
ABRA	General Sales	1,170	1,170	1,170	1,170	1,170	1,170
Comm. on Arts and Humanities	General Sales	32,289	36,703	38,085	39,989	41,789	43,668
Highway Trust Fund	Motor Fuel	22,472	24,254	26,706	26,714	26,714	26,712
Nursing Facility Quality of Care	Health Related	16,217	15,453	15,965	16,285	16,610	16,943
Hospital Fund	Health Related	7,520	8,479	8,454	8,454	8,454	8,454
Hospital Provider Fee Fund	Health Related	5,326	5,317	5,310	5,310	5,310	5,310
ICF-IDD Stevie Sellows	Health Related	6,831	4,314	5,539	5,539	5,539	5,539
Dept of Health	Sports Wager	273	127	200	200	200	200
Neighborhood Safety and Engagement Fund	Sports Wager					1,969	2,006
	Lottery-SW					788	788
Early Childhood Development Fund	Sports Wager					1,969	2,006
	Lottery-SW					788	788
Housing Production Trust Fund (HPTF)	Deed Recordation	36,920	41,459	44,910	43,810	41,829	41,580
	Deed Transfer	24,862	34,530	34,310	33,468	31,954	31,751
HPTF-Debt Service	Economic Interest	856	1,049	841	891	891	891
	Deed Recordation	3,641	3,126	3,292	3,289	3,294	3,294
West End Maintenance	Deed Transfer	2,652	646	2,398	2,396	2,399	2,399
	Economic Interest	-	-	-	-	-	-
TOTAL	Deed Recordation	21	176	388	248	251	112
	Deed Transfer	68	176	388	248	251	112
<b>TOTAL</b>		<b>647,864</b>	<b>622,916</b>	<b>720,246</b>	<b>773,845</b>	<b>810,725</b>	<b>834,735</b>

**December 2021 Revenue Estimate**  
**December 30, 2021**  
**Page 11**

**Table 3. Estimated Key Economic Indicators for the DC Economy -**  
Forecast Period Fiscal Year 2016 to Fiscal Year 2025

Variable	Actual					Estimated				
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Gross Domestic Product - DC (\$billions)	128.3	132.1	137.5	142.7	144.3	150.4	161.7	171.0	180.1	190.1
<i>% change annual</i>	3.5%	3.0%	4.1%	3.8%	1.1%	4.2%	7.5%	5.8%	5.3%	5.5%
Real GDP-DC (2005 \$billions)	118.8	120.1	122.3	124.2	122.9	125.1	129.5	133.3	136.4	139.7
<i>% change annual</i>	1.8%	1.1%	1.8%	1.5%	-1.0%	1.8%	3.5%	3.0%	2.3%	2.4%
Personal Income (\$billions)	52.7	54.6	56.6	58.1	61.8	65.2	65.8	68.7	72.5	76.2
<i>% change annual</i>	5.2%	3.6%	3.6%	2.8%	6.4%	5.4%	0.9%	4.5%	5.4%	5.1%
Real Personal Income (2005 \$billions)	44.4	45.2	45.7	46.3	48.6	49.8	48.5	49.7	51.3	52.7
<i>% change annual</i>	6.8%	1.9%	1.2%	1.2%	5.0%	2.5%	-2.7%	2.4%	3.2%	2.8%
Per capita personal income	76,823	78,479	80,439	82,194	86,866	91,168	91,598	95,214	99,922	104,609
<i>% change annual</i>	3.5%	2.2%	2.5%	2.2%	5.7%	5.0%	0.5%	4.0%	4.9%	4.7%
Real per capita personal income (2005\$)	64,654	64,960	65,051	65,445	68,260	69,670	67,509	68,789	70,687	72,383
<i>% change annual</i>	5.1%	0.5%	0.1%	0.6%	4.3%	2.1%	-3.1%	1.9%	2.8%	2.4%
Wages in DC (\$billions)	69.3	72.0	75.5	78.0	79.3	83.1	88.0	93.1	98.0	102.9
<i>% change annual</i>	3.4%	3.9%	4.8%	3.4%	1.6%	4.8%	5.9%	5.8%	5.3%	5.1%
Wages of DC residents (\$billions)	25.7	27.1	29.0	30.2	30.9	32.7	34.8	36.9	38.9	40.7
<i>% change annual</i>	4.0%	5.4%	7.0%	4.4%	2.3%	5.6%	6.4%	6.1%	5.4%	4.8%
Population (000s)	686.2	695.7	703.1	707.8	712.5	715.1	718.3	722.0	725.3	728.4
<i>% change annual</i>	1.6%	1.4%	1.1%	0.7%	0.7%	0.4%	0.5%	0.5%	0.5%	0.4%
Households (000s)	303.7	308.9	315.1	319.4	320.5	325.0	326.5	328.2	329.7	331.1
<i>% change annual</i>	1.9%	1.7%	2.0%	1.4%	0.3%	1.4%	0.5%	0.5%	0.5%	0.4%
Civilian labor force (000s)	393.6	401.7	407.4	412.6	411.6	408.2	412.9	419.0	423.6	426.6
<i>% change annual</i>	1.7%	2.1%	1.4%	1.3%	-0.2%	-0.9%	1.2%	1.5%	1.1%	0.7%
Employment in DC (000s)	774.8	782.7	791.2	796.1	763.5	739.9	766.3	786.5	798.3	807.0
<i>% change annual</i>	2.0%	1.0%	1.1%	0.6%	-4.1%	-3.1%	3.6%	2.6%	1.5%	1.1%
Employment of DC residents (000s)	368.8	376.7	383.9	389.8	382.6	376.7	391.2	399.4	403.6	405.6
<i>% change annual</i>	2.7%	2.2%	1.9%	1.5%	-1.8%	-1.5%	3.8%	2.1%	1.1%	0.5%
Unemployment rate	6.3	6.2	5.8	5.5	7.1	7.7	5.3	4.7	4.7	4.9
Housing Starts	4,407	4,309	4,732	6,195	5,209	5,521	3,808	3,175	2,905	2,831
Housing Stock (000s)	329.0	333.0	338.0	343.0	348.0	353.0	359.0	364.0	368.0	371.0
<i>% change annual</i>	1.3%	1.2%	1.6%	1.4%	1.5%	1.5%	1.6%	1.6%	1.1%	0.8%
Home Sales	8,340	8,598	8,957	8,459	8,444	10,699	10,030	9,825	10,121	9,945
<i>% change annual</i>	5.2%	3.1%	4.2%	-5.6%	-0.2%	26.7%	-6.3%	-2.0%	3.0%	-1.7%
Avg Home Sale Price (000s)	795	825	835	800	808	873	910	960	1,007	1,058
<i>% change annual</i>	3.5%	3.8%	1.2%	-4.2%	1.0%	8.0%	4.2%	5.5%	4.9%	5.0%
SP 500 Stock Index	6.4%	19.2%	3.3%	14.7%	15.2%	27.0%	-4.2%	0.3%	1.2%	0.7%
US 10 Year Treasury	1.9	2.3	2.7	2.5	1.1	1.3	1.9	2.4	2.9	3.2
Washington Area CPI: % change prior year	0.9%	1.1%	2.0%	-0.7%	0.5%	3.9%	4.3%	2.1%	2.2%	2.2%

\* Change in SP500 Index is change from 4th quarter to 4th quarter on calendar basis. (For example, the value in FY2018 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 (November 2021) and Moody's Analytics (November 2021); forecasts of the national economy prepared by the Congressional Budget Office (July 2021) and Blue Chip Economic Indicators (November 2021); BLS labor market information from November 2021; the Census Bureau estimates of DC population (2020); BEA estimates of DC personal income (2021q2); Metropolitan Regional Information System (MRIS) DC home sales data (October 2021), accessed in part through the Greater Capital Area Association of Realtors