

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



**Jeffrey S. DeWitt**  
Chief Financial Officer

December 30, 2019

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 2019 Revenue Estimates**

Dear Mayor Bowser and Chairman Mendelson:

This letter certifies the revenue estimate for the FY 2020 – 2023 District of Columbia Budget and Financial Plan. FY 2019 local source revenue has been revised upward by \$280 million based on a preliminary total of the FY 2019 revenue, which shows higher than expected individual and corporate income and deed tax revenue in the final month of the fiscal year. The local source revenue forecast for FY 2020 – FY 2023 has been revised upward by between \$122 million to \$134 million. The following table compares the December revenue estimate to the September estimate:

**December revenue estimate compared to previous estimate**

	Actual	Preliminary	Estimated	Projected		
Local Source, General Fund Revenue Estimate (\$ millions)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
September 2019 Revenue estimate	7,757.7	8,038.7	8,237.9	8,568.1	8,844.3	9,119.2
December revision to estimate		280.4	134.3	122.0	131.6	130.0
<b>December 2019 Revenue Estimate</b>		<b>8,319.1</b>	<b>8,372.2</b>	<b>8,690.0</b>	<b>8,975.9</b>	<b>9,249.2</b>
<b>Revenue Change from Previous Year</b>						
Amount	279.5	561.5	53.1	317.8	285.8	273.4
Year-Over-Year Percent Change	3.7%	7.2%	0.6%	3.8%	3.3%	3.0%

A positive “October surprise” in final payments from income tax extension filers (final payments from extension filers in October are counted as FY 2019 revenue) accounted for over \$60 million of the additional FY 2019 revenue. Higher than normal final payments from extension filers arose from underpayment of taxes during the tax year, as taxpayers are still coming to grips with federal tax law changes. For deed taxes, acceleration of large office building transactions in anticipation of the higher rate effective in October was much faster than expected, and September 2019 deed tax revenue was \$40 million more than the prior September. More than one-third of the September deed tax collections were from seven high-valued buildings that sold in the final two weeks of the month. More than half of the extraordinary corporate and individual tax collections and all of the additional deed tax collections for FY 2019 are one-time revenue. The additional FY 2019 revenue also includes one-time revenue from enforcement and compliance actions. This means that roughly half of the additional revenue for FY 2019 does not recur for the FY 2020 – 2023 period of the financial plan.

Recent revisions to employment and wage data published by federal agencies show a stronger D.C. labor market and bring into alignment labor market economic indicators and our own tax collections data, which already reflect this strength. The strengthening of the District labor market is in large measure due to higher federal spending on contractors and other goods and services after the lifting of federal budget caps. More generally, the national economic conditions have improved somewhat, but the risks have not gone away. One-third of economic forecasters still believe a recession is possible by the end of 2020, not much changed from September’s Blue Chip survey.

### **Fiscal Year 2019 revision**

As stated above, the \$280 million December revision to the FY 2019 revenue is driven by preliminary estimates of the final fiscal year close. Revenue and, in particular, withholding tax collections were stronger than was supported by September economic indicators. Wages for District residents, key to the forecast of individual income tax revenue, were projected to grow 4.6 percent in FY 2019 when the September estimate was prepared. Revised data from the US Bureau of Economy Analysis (BEA) now shows that resident wages grew faster in FY 2018 than previously stated, and DC resident wages are now estimated to have grown 4.9 percent in FY 2019 from the higher base.

Individual income, corporate franchise and deed taxes accounted for about \$169 million or 60 percent of the revision from the September estimate.

- **Income tax withholding:** Preliminary FY 2019 data show collections were \$68.2 million above the September 2019 estimate. Withholding tax revenue, the amount of DC income taxes paid through employee paychecks, was estimated to be weaker in September than previous months, reflecting data about the employment and wages of District residents available at the time. These data have since been revised. The level of wages for DC residents for FY 2019 are now estimated to be 2.8 percent higher than that used for the September estimate.

- **Income tax non-withholding:** Non-withholding was revised upward, largely due to lower refunds and higher final payments than estimated in September. As taxpayers continue to adjust to federal tax law changes, the refunds that were expected to be paid back when final returns were filed were not as much as previously estimated.
- **Corporate franchise tax:** preliminary data show collections in FY 2019 were \$50 million more than estimated in September. As with individual income tax revenue, there was an expectation of higher refunds when October returns were filed based on extraordinary extension payments. Refunds, however, were similar to prior years in the last month of FY 2019, and final payments as well as estimated payments were higher.
- **Deed taxes:** preliminary data for FY 2019 show real property deed recordation and transfer tax revenue was \$50.5 million more than estimated in September. As part of the FY 2020 Budget Support Act, the deed tax rate for commercial property valued over \$2 million was increased on October 1, 2019, from 2.9 percent (combined recordation and transfer) to 5 percent. The fiscal impact estimate assumed sales totaling about \$350 million would be accelerated into FY 2019 to avoid the higher tax. ORA has identified seven commercial office buildings, each with value greater than \$50 million, that were sold in the final weeks of September totaling \$921 million or \$27 million of deed taxes shifted to 2019. Overall, deed tax collections for all property transactions in September 2019 were \$47 million above September 2018.

Sales tax revenue was \$30 million more than estimated in September, reflecting strong retail sales in the last quarter. Other major sources of variance between the September estimate were concentrated in non-tax revenue. Miscellaneous non-tax revenue was \$27.7 million more than estimated due primarily to the recapture of revenue obligated but not spent over the year. Fines and forfeitures were \$16 million more than estimated because of stronger traffic ticket issuance and fine collection during the last months FY 2019 from the deployment of mobile camera units near construction zones.

### **Revenue Highlights**

The revenue estimate has been revised upward in FY 2019, based on preliminary data from the year-end close process. Final FY 2019 numbers will be released in February in the Comprehensive Annual Financial Report (CAFR) and included in the February revenue estimate. While most revenues were on target with the September estimate, income and deed tax revenues continue to be surprising sources of strength.

### *Real Property*

Preliminary data on real property tax collections for FY 2019 indicate revenue collections were on target to meet the February 2019 estimate. Estimated property tax collections for FY 2020 – FY 2023 are unchanged.

*General sales and use*

General sales and use tax collections are growing by 7 percent in FY 2019, reflecting additional collections from remote sellers and digital downloads and the increased tax rates in effect since October 1, 2018. Retail sales taxes, accounting for about 40 percent of sales and use tax revenue, grew by approximately 13 percent, reflecting the quarter point increase in tax rate and the new remote and digital taxpayers. The other major categories—hotel and restaurant—grew approximately four percent. Hospitality taxes rebounded over the summer after a dismal winter affected by the five-week federal government shutdown in January.

For FY 2020, sales tax collections reflect the continuing strength seen in FY 2019 plus additional tax revenue from the wild-card, playoff and World Series games in October. A preliminary analysis of tax data indicates that sales tax revenue from the Nationals Park concessions, ticket and merchandise sales, and parking in the stadium, when comparing September and October of 2018 to the same period in 2019, increased by an estimated \$3.5 million, all of which is dedicated to paying off Ballpark bonds. Estimating the overall impact of the World Series championship on District is difficult to measure due to other very strong activity such as new sales taxes from remote and digital sales and the continued improving economy that contributed to October revenue growth from last year.

In the September estimate, hotel sales tax revenue for FY 2020 to FY 2023 was reduced to exclude all revenue from private short-term rental activity because new licensing requirements for such rentals had not been established. Since that time, the Zoning Commission has approved rules to govern residential short-term rentals. Based on these new rules, revised hotel tax revenue from short-term rentals now reflects only a 20-percent reduction in rental activity. The upward revision in sales tax revenue for FY 2020 – FY 2023 from the September estimate reflects this event and the revision affects transfers to EventsDC and DestinationDC as well.

*Individual income tax*

Individual income tax revenue continues to exceed expectations and is revised upward by \$68 million in FY 2019 and approximately \$80 million annually for the FY 2020 – FY 2023 financial plan period, reflecting the higher FY 2019 base and a stronger outlook for DC resident wages and employment. Withholding tax revenue grew 6.9 percent in FY 2019 and is expected to grow 4.5 percent in FY 2020 from that higher base, 4.5% in FY 2021, and 4.3 percent for subsequent years. Non-withholding has been the most volatile source of revenue, mainly due to swings in capital gains realization stemming from fluctuations in the stock market, particularly the year-end decline in the stock market in 2018. For FY 2019, this volatility was compounded by uncertainty as to the effect of federal tax law changes on the timing of tax payments and calculation of income, resulting in a 43 percent growth rate which is not expected to continue.

*Business franchise taxes*

As with individual income tax revenue, corporate franchise tax collections in FY 2019 continue to exceed expectations. Extension payments are much higher than usual and while the expectation of higher refunds came to pass, final payments in October were also much higher than expected. Other states have reported similar volatility and uncertainty. Some of the higher

payments are likely due to recent changes in federal law on the treatment of foreign income, as multinational corporations apportion part of their federal reported income to the District.

#### *Deed and estate taxes*

As stated previously, the unusually high deed tax collections in FY 2019 are partly due to the acceleration of several high value transactions. Year-to-date data for FY 2020 indicate transactions of large commercial properties have slowed relative to October and November 2018, but because of the higher tax rate, revenues per transaction have increased. The net result is projected growth of about 7 percent in FY 2020, reflecting the tax increase as well as the shift in large property sales. By FY 2022, growth is 3.8 percent and 3.1 percent in FY 2023.

#### *Non-tax revenue*

Estimated non-tax revenue was revised upward by \$15 million in FY2020, and between \$12 million to \$14 million for FY 2021 to FY 2023, mostly due to an upward revision in business licenses. Year-to-date data on the recently increased private for-hire vehicle tax warranted an increase of approximately \$10 million annually from the fiscal impact originally estimated.

The estimate for the lottery has been revised to reflect delays related to litigation in which the District ultimately prevailed and actual implementation costs for compliance, training, and marketing. The mobile platform is expected to go live in March and license applications are currently being accepted for on-location gaming.

### **National and Regional Economies**

The risk of a recession over the next two years remains a concern, but forecasts seem to suggest that this risk is not significantly greater than it was a few months ago. The national economy's pattern of steady growth has now lasted for more than 10 years since the Great Recession. Real GDP was 2.4 percent higher in the year ending September 2019 than a year earlier, and in nominal terms, growth was 4.3 percent higher. Employment is increasing, and the unemployment rate and inflation remain low. The stock market, down at the end of 2018, has risen steadily during 2019.

The outlook is for continued, gradually slowing growth in the national economy for the next several years. In November 2019, the Blue Chip Economic Indicators consensus forecast was that national real GDP growth would increase 2.4 percent in FY 2019, down from the 3 percent rate of FY 2018, with further slowing to 1.9 percent in FY 2020. Nominal growth was expected to be 4.5 percent in FY 2019, and 3.9 percent in FY 2020.

- The U.S. economy added 2.2 million jobs (1.4%) from October 2018 to October 2019.
- The U.S. unemployment rate (seasonally adjusted) was 3.6 percent in October 2019, down from 3.8 percent a year earlier.
- U.S. Personal Income in the year ending September 2019 was 4.7 percent above a year ago.
- The S&P 500 stock market index average for November 2019 was 7.2 percent above the level of three months earlier, and 14 percent above November 2018.

- Employment in the Washington metropolitan area has increased during the past year. In the three-month period ending September 2019, wage and salary jobs in the region grew by 39,333 (1.2%) compared to a year earlier. The District of Columbia accounted for about 23 percent of the increase in area employment.
- The DC metropolitan area unemployment rate was 2.9 percent in September (not seasonally adjusted), down from 3.1 percent a year earlier.

### **The District of Columbia Economy**

Job growth in the District slowed considerably during the spring but has increased since then. In the September quarter, private sector job growth in the District of Columbia was faster than in the nation as a whole. A contributing factor to the rebound in job growth has been higher federal spending pursuant to recent action by Congress to loosen budgetary constraints on non-defense spending for fiscal years 2018, 2019, and 2020. Federal spending is an important source of demand for goods and services in the District.

- In the three months ending September 2019, there were 9,200 (1.2%) more wage and salary jobs located in the District than a year earlier. (In 2018, job growth in the comparable period was 7,000.)
- Federal government jobs in September were down (0.3%) from a year earlier, and private sector jobs increased by 10,533 (1.9%).
- The largest increases in private-sector jobs in September over the prior year were in non-profit organizations, education and food services.
- District resident employment in the three months ending September 2019 increased by 7,237 (1.9%) compared to a year earlier. (In 2018, growth in resident employment in the comparable period was 3,863.)
- The September 2019 unemployment rate was 5.4 percent (seasonally adjusted), up slightly from 5.3 percent a year ago.
- In the three months ending September 2019, initial claims for unemployment rose 7.0 percent from a year earlier.
- Wages earned in the District grew 5.1 percent in the June 2019 quarter, compared to the prior year. DC Personal Income was 4.5 percent higher.
- Single-family home sales for the three-month period ending October 2019 were down 1.2 percent from a year ago, with the average selling price up 0.6 percent. Condominium sales were up 0.8 percent, and the average selling price was 2.5 percent higher. The value of all home sale settled contracts for the three-month period ending October 2019 was 0.8 percent more than a year ago. For the past 12 months, the value of all sales fell 2.7 percent.
- For the 12-month period ending October 2019, 6,918 housing permits were issued, up 62.1 percent from a year ago; the 3-month total, 1,526 was 4.1 percent less than in the same period of 2018.
- According to CoStar, a real estate information firm, occupied apartment units increased 4,520 (3.3%) in September 2019 over the previous year. The vacancy rate rose slightly to 6.6 percent (from 6.5 percent in September 2018) and the average effective rent increased 2.8 percent.
- According to CoStar, occupied commercial office space in September 2019 was up 0.3 percent from a year ago, while the vacancy rate rose over the past year from 10.4 percent in the September quarter of 2018 to 11.3 percent in the September quarter of this year. Average rents were 3.2 percent higher in the September quarter than a year earlier.

- The market value of real property transfers subject to the deed transfer and economic interest taxes can be quite volatile. The value was 10.7 percent higher than a year earlier for the 12 months ending October 2019. For the last three months, the value was 0.3 percent more than a year earlier.
- Hotel room-days sold for the three months ending October 2019 were up 3.7 from the prior year, and hotel room revenues were up 11 percent.

### **Economic Outlook**

The economic outlook for the District's economy continues to be one of moderate economic growth and remains essentially unchanged from September despite the economic data revision related to FY 2019. This is consistent with the baseline forecast for the U.S economy by the Congressional Budget Office and with the national and D.C. forecasts prepared by IHS Global Insight and Moody's Analytics. Employment located in the District of Columbia, resident employment, and measures of income all increased in FY 2019. The District's population is expected to grow more slowly in the coming years than it has over much of the past decade, but residential housing markets show continued strength. Over the past year, the District added about 5,500 new apartment and condominium units, occupancy of apartments almost kept up with increased inventory, rents grew a little faster than inflation, construction of new units continues at about the same level (over 13,000 rental units in September), and average prices for single family and condominium housing units increased.

This revenue estimate anticipates continued growth in jobs, population and income. Although the federal government still has a central role, the District's economy continues to diversify. The outlook includes:

- Job growth increases of 0.7 percent in FY 2019, 1.1 percent in FY 2020, and 0.6 percent in FY 2021, compared to a 1.0 percent rate of increase in FY 2018. Federal employment is expected to continue falling in FY 2019, increase slightly in FY 2020 (due to short term decennial census hiring activity), and decline slightly in FY 2021.
- Population growth continues with 19,700—2.8 percent—added over the three fiscal years 2019 through 2021. This pace is slower than the 4.2 percent growth from FY 2015 to FY 2018.
- Resident employment grows by 3.6 percent over the three fiscal years 2019 through 2021, and the unemployment rate declines to 5.2 percent in FY 2021 from 5.7 percent rate that occurred in FY 2018.
- DC Personal Income growth increases 4.4 percent in FY 2019 and 4.1 percent in FY 2020 and FY 2021, compared to 4.6% percent in FY 2018.

### **Possible recession and other risks**

The national economy has entered a record-setting 11<sup>th</sup> year of expansion and, while we are not predicting one, there is a significant risk that a recession may occur during the financial plan and adversely affect the District's tax base. The November Blue Chip consensus forecast places the odds of a recession occurring in 2020 at about 35 percent, and other forecasts have reported

similar probabilities. It should be noted that the risk of a recession does not appear to be growing, as estimates for the probability of one in the next year or two have remained quite steady in forecasts over the past year. Should a recession occur, the amount of the federal deficit will likely make it difficult to increase federal spending to offset some of a recession's impact on the District economy, as has happened in past recessions.

Because the federal government is an important part of the District's economy, changes in federal government spending policies constitute a major risk to the revenue forecast. The Bipartisan Budget Act of 2019 removed both the threat of sharp cutbacks in spending due to sequestration or debt ceiling limits and all of the appropriations bills have been passed for FY 2020, averting a shutdown. However, the federal government's FY 2021 budget will be negotiated during a contentious election year, raising the risk of disruption in FY 2021. Even without funding issues, acceleration of reductions in federal employment or slowdowns in spending beyond those incorporated into the economic assumptions underlying this estimate could have an adverse impact on the revenues. Relocation of agencies outside of the District of Columbia is an example of the risks to the forecast from federal spending decisions.

Another risk to the forecast is that the full amount of expected population growth and increased earnings of District residents may not materialize. The exact timing and impact on the District of Amazon's decision to locate in Northern Virginia is also subject to considerable uncertainty, as the implementation of this development is still in its early stages.

Developments outside of the local economy also create uncertainty to the forecast. The continued tension in global trade does not affect the District directly, but could slow the national economy, which would be felt here. Volatility in the stock market and other financial market problems contribute to uncertainty, along with possible disruptions arising from uncertainties around the world and potential national security events.

Experience has shown that three of the District's most volatile revenue sources—deed taxes, corporate profits and individual capital gains—can be quickly adversely affected by developments in the nation's economy and capital markets. We will continue to closely watch the key economic indicators for deviations from this forecast that might impact the financial plan.

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

Sincerely,



Jeffrey S. DeWitt



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**TABLE 1: REVENUE SUMMARY TABLE**  
 \$ in Thousands

	Actual	Estimate		Out Year Projections		
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>PROPERTY</b>	2,659,241	2,827,757	2,888,503	2,978,335	3,068,958	3,162,638
Real Property	2,554,229	2,710,080	2,775,082	2,861,844	2,949,314	3,039,754
Personal Property	67,397	78,997	74,405	76,265	78,171	80,126
Public Space Rental	37,615	38,680	39,016	40,226	41,473	42,758
<i>Dedicated to other funds</i>	(44,645)	(52,642)	(56,536)	(51,504)	(46,202)	(51,857)
<b>PROPERTY (NET)</b>	2,614,596	2,775,115	2,831,967	2,926,830	3,022,756	3,110,780
<b>SALES &amp; EXCISE</b>	1,597,405	1,707,223	1,811,782	1,876,038	1,946,437	2,016,174
General Sales	1,492,567	1,597,727	1,703,294	1,767,977	1,838,894	1,909,023
Alcohol	6,560	7,042	7,169	7,299	7,422	7,541
Cigarette	27,956	28,546	28,359	27,180	26,019	24,908
Motor Vehicle	44,055	45,973	46,662	47,269	47,836	48,410
Motor Fuel	26,268	27,935	26,298	26,313	26,265	26,292
<i>Dedicated to other funds</i>	(313,481)	(533,623)	(557,380)	(573,384)	(589,355)	(618,229)
<b>SALES &amp; EXCISE (NET)</b>	1,283,924	1,173,600	1,254,402	1,302,654	1,357,082	1,397,945
<b>INCOME</b>	2,641,586	2,941,982	2,926,887	3,052,717	3,173,554	3,299,508
Individual Income	2,066,842	2,299,326	2,356,666	2,458,590	2,560,475	2,666,974
Corporate Franchise	436,526	507,911	440,526	462,859	478,143	493,834
Unincorporated Franchise	138,219	134,745	129,695	131,268	134,936	138,700
<b>INCOME (NET)</b>	2,641,586	2,941,982	2,926,887	3,052,717	3,173,554	3,299,508
<b>GROSS RECEIPTS</b>	365,129	395,095	377,778	379,627	381,933	384,363
Public Utilities	139,295	156,274	141,302	142,008	142,718	143,432
Toll Telecommunications	39,770	41,899	44,472	42,722	41,335	39,993
Insurance Premiums	112,836	118,802	119,359	121,626	123,938	126,297
Ballpark Fee	36,217	45,123	37,400	37,400	37,400	37,400
Private Sports Wagering	-	-	1,398	1,883	2,072	2,279
Health Related	37,011	32,999	33,848	33,987	34,469	34,961
<i>Dedicated to other funds</i>	(130,742)	(136,211)	(130,563)	(131,960)	(133,288)	(135,083)
<b>GROSS RECEIPTS (NET)</b>	234,388	258,885	247,215	247,667	248,645	249,279
<b>OTHER TAX</b>	507,976	583,238	612,033	653,492	677,739	698,472
Estate	35,708	22,311	20,457	21,439	22,493	23,554
Deed Recordation	257,570	299,512	316,092	336,875	349,472	360,309
Deed Transfer	200,591	228,249	251,867	270,648	281,244	290,079
Economic Interest	14,108	33,167	23,617	24,530	24,530	24,530
<i>Dedicated to other funds</i>	(71,148)	(82,363)	(90,413)	(95,007)	(98,492)	(101,449)
<b>OTHER TAX (NET)</b>	436,828	500,875	521,619	558,485	579,246	597,023
<b>TOTAL TAX (GROSS)</b>	7,771,338	8,455,295	8,616,983	8,940,209	9,248,621	9,561,155
<b>TOTAL TAX (NET)</b>	7,211,323	7,650,457	7,782,091	8,088,353	8,381,283	8,654,536
<b>NON TAX</b>	496,838	623,639	531,791	531,912	521,855	521,598
Licenses & Permits	98,699	146,956	140,372	144,001	144,851	149,099
Fines & Forfeits	164,382	195,409	174,257	167,358	159,620	152,411
Charges for Services	87,632	86,440	77,835	82,591	80,718	84,658
Miscellaneous	146,124	194,834	139,327	137,962	136,666	135,430
<b>NON TAX (NET)</b>	496,838	623,639	531,791	531,912	521,855	521,598
<b>LOTTERY</b>	49,500	45,050	58,327	69,776	72,735	73,114
<b>GROSS REVENUE</b>	8,317,676	9,123,984	9,207,101	9,541,897	9,843,211	10,155,866
<b>LOCAL FUND REVENUE</b>	7,757,660	8,319,145	8,372,209	8,690,041	8,975,873	9,249,247
<i>DEDICATED FUNDS (See Table 2 for Details)</i>	560,016	804,839	834,892	851,856	867,338	906,619

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

% Change

	Actual	Estimate		Out Year Projections		
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
PROPERTY	3.5%	6.3%	2.1%	3.1%	3.0%	3.1%
Real Property	3.3%	6.1%	2.4%	3.1%	3.1%	3.1%
Personal Property	6.5%	17.2%	-5.8%	2.5%	2.5%	2.5%
Public Space Rental	15.9%	2.8%	0.9%	3.1%	3.1%	3.1%
<i>Dedicated to other funds</i>	-2.1%	17.9%	7.4%	-8.9%	-10.3%	12.2%
PROPERTY (NET)	3.6%	6.1%	2.0%	3.3%	3.3%	2.9%
SALES & EXCISE	4.6%	6.9%	6.1%	3.5%	3.8%	3.6%
General Sales	5.2%	7.0%	6.6%	3.8%	4.0%	3.8%
Alcohol	-1.2%	7.3%	1.8%	1.8%	1.7%	1.6%
Cigarette	-5.3%	2.1%	-0.7%	-4.2%	-4.3%	-4.3%
Motor Vehicle	-4.1%	4.4%	1.5%	1.3%	1.2%	1.2%
Motor Fuel	0.6%	6.3%	-5.9%	0.1%	-0.2%	0.1%
<i>Dedicated to other funds</i>	6.4%	70.2%	4.5%	2.9%	2.8%	4.9%
SALES & EXCISE (NET)	4.1%	-8.6%	6.9%	3.8%	4.2%	3.0%
INCOME	5.1%	11.4%	-0.5%	4.3%	4.0%	4.0%
Individual Income	5.5%	11.2%	2.5%	4.3%	4.1%	4.2%
Corporate Franchise	12.2%	16.4%	-13.3%	5.1%	3.3%	3.3%
Unincorporated Franchise	-16.2%	-2.5%	-3.7%	1.2%	2.8%	2.8%
INCOME (NET)	5.1%	11.4%	-0.5%	4.3%	4.0%	4.0%
GROSS RECEIPTS	0.9%	8.2%	-4.4%	0.5%	0.6%	0.6%
Public Utilities	0.8%	12.2%	-9.6%	0.5%	0.5%	0.5%
Toll Telecommunications	-19.7%	5.4%	6.1%	-3.9%	-3.2%	-3.2%
Insurance Premiums	4.3%	5.3%	0.5%	1.9%	1.9%	1.9%
Ballpark Fee	16.4%	24.6%	-17.1%	0.0%	0.0%	0.0%
Private sports wagering				34.7%	10.0%	10.0%
Health Related	6.4%	-10.8%	2.6%	0.4%	1.4%	1.4%
<i>Dedicated to other funds</i>	7.4%	4.2%	-4.1%	1.1%	1.0%	1.3%
GROSS RECEIPTS (NET)	-2.3%	10.5%	-4.5%	0.2%	0.4%	0.3%
OTHER TAX	1.2%	14.8%	4.9%	6.8%	3.7%	3.1%
Estate	-13.4%	-37.5%	-8.3%	4.8%	4.9%	4.7%
Deed Recordation	2.7%	16.3%	5.5%	6.6%	3.7%	3.1%
Deed Transfer	6.3%	13.8%	10.3%	7.5%	3.9%	3.1%
Economic Interest	-33.9%	135.1%	-28.8%	3.9%	0.0%	0.0%
<i>Dedicated to other funds</i>	7.9%	15.8%	10.1%	5.1%	3.7%	3.0%
OTHER TAX (NET)	0.2%	14.7%	4.1%	7.1%	3.7%	3.1%
TOTAL TAX (GROSS)	4.0%	8.8%	1.9%	3.8%	3.4%	3.4%
TOTAL TAX (NET)	3.8%	6.1%	1.7%	3.9%	3.6%	3.3%
NONTAX	1.9%	25.5%	-14.7%	0.0%	-1.9%	0.0%
Licenses & Permits	6.6%	48.9%	-4.5%	2.6%	0.6%	2.9%
Fines & Forfeits	-1.8%	18.9%	-10.8%	-4.0%	-4.6%	-4.5%
Charges for Services	7.7%	-1.4%	-10.0%	6.1%	-2.3%	4.9%
Miscellaneous	-0.1%	33.3%	-28.5%	-1.0%	-0.9%	-0.9%
NONTAX (NET)	1.9%	25.5%	-14.7%	0.0%	-1.9%	0.0%
LOTTERY	8.6%	-9.0%	29.5%	19.6%	4.2%	0.5%
GROSS REVENUE	3.9%	9.7%	0.9%	3.6%	3.2%	3.2%
LOCAL FUND REVENUE	3.7%	7.2%	0.6%	3.8%	3.3%	3.0%
DEDICATED FUNDS (See Table 2 for Details)	6.1%	43.7%	3.4%	2.0%	1.8%	4.5%

**Table 2: Dedicated/Enterprise revenue**

\$ in Thousands

Dedicated to	Tax Type	Actual	Estimated		Out year projections		
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
TIF	Real Property	17,945	17,267	17,261	17,713	19,280	24,134
	General Sales	32,550	30,732	33,528	35,840	35,595	48,274
PILOT	Real Property	26,700	34,698	38,560	33,221	26,922	27,723
	General Sales	7,718	14,340	14,908	15,512	16,061	16,649
Downtown TIF	Real Property		676	715	570	-	-
Convention Center	General Sales						
		135,299	141,276	151,112	156,513	161,726	166,195
DestinationDC	General Sales	6,149	6,358	6,856	7,472	7,462	7,646
Ballpark	General Sales	20,294	16,150	21,500	18,000	18,000	18,000
	Public Utility	8,089	8,180	8,338	8,379	8,421	8,463
	Toll Telecom	2,338	2,336	2,254	2,499	2,313	2,565
	Ballpark Fee	36,217	45,123	37,400	37,400	37,400	37,400
Healthy DC – Marijuana	General Sales	862	1,158	1,141	1,358	1,616	1,923
Healthy DC – MCO	Insurance premium	47,086	47,573	48,524	49,495	50,484	51,494
WMATA - Operations	General Sales	78,506	79,782	83,639	87,278	90,618	94,176
WMATA - Capital	General Sales	-					
			178,500	178,500	183,855	189,371	195,052
Healthy Schools	General Sales	4,666	4,266	5,110	5,110	5,110	5,110
ABRA	General Sales	1,170	1,170	1,170	1,170	1,170	1,170
Commission on Arts and Humanities	General Sales	-	31,956	33,618	34,962	36,361	37,743
Highway Trust Fund	Motor Fuel	26,268	27,935	26,298	26,313	26,265	26,292
Nursing Facility Quality of Care	Health Related	16,800	14,338	15,345	15,652	15,965	16,285
Hospital Fund	Health Related	8,948	8,452	7,989	8,454	8,623	8,796
Hospital Provider Fee Fund	Health Related	5,511	5,345	5,437	4,804	4,804	4,804
ICF-IDD Stevie Sellows	Health Related	5,752	4,864	5,077	5,077	5,077	5,077
Dept of Health	Private Sports Wager	-	-	200	200	200	200
Housing Production Trust Fund (HPTF)	Deed Recordation	33,227	40,698	44,554	47,672	49,561	51,189
	Deed Transfer	27,675	28,743	32,882	35,701	37,289	38,619
	Economic Interest	169	4,844	3,462	3,599	3,599	3,599
HPTF-Debt Service	Deed Recordation	5,404	2,856	2,860	2,859	2,860	2,857
	Deed Transfer	2,418	4,892	4,898	4,897	4,897	4,893
	Economic Interest	-	80	80	80	80	80
West End Maintenance	Deed Recordation	1,152	125	838	100	103	106
	Deed Transfer	1,102	125	838	100	103	106
<b>TOTAL</b>		<b>560,016</b>	<b>804,839</b>	<b>834,892</b>	<b>851,856</b>	<b>867,338</b>	<b>906,619</b>

Table 3. Key Economic Variables

Variable	Actual				Estimated			Forecast			
	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23	
Gross Domestic Product - DC (\$billions)	118.5	124.3	128.4	133.8	138.6	144.9	151.1	157.3	164.2	171.5	
% change annual	4.0%	4.8%	3.3%	4.2%	3.6%	4.5%	4.3%	4.1%	4.4%	4.4%	
Real GDP-DC (2005 \$billions)	114.3	117.0	118.8	121.4	122.9	125.5	127.9	129.8	131.9	133.9	
% change annual	1.6%	2.3%	1.6%	2.2%	1.2%	2.1%	1.9%	1.5%	1.6%	1.6%	
Personal Income (\$billions)	46.4	50.1	52.5	54.5	57.0	59.5	62.0	64.5	67.2	70.0	
% change annual	5.3%	8.0%	4.8%	3.6%	4.6%	4.4%	4.1%	4.1%	4.2%	4.1%	
Real Personal Income (2005 \$billions)	38.4	41.6	44.0	44.5	45.3	46.5	47.6	48.6	49.5	50.4	
% change annual	2.8%	8.2%	5.9%	1.1%	1.7%	2.8%	2.2%	2.2%	1.9%	1.8%	
Per capita personal income	70,219	74,415	76,701	78,426	81,226	84,032	86,679	89,409	92,340	95,349	
% change annual	3.2%	6.0%	3.1%	2.2%	3.6%	3.5%	3.2%	3.1%	3.3%	3.3%	
Real per capita personal income (2005\$)	58,096	61,701	64,255	64,080	64,521	65,697	66,520	67,384	68,099	68,742	
% change annual	0.8%	6.2%	4.1%	-0.3%	0.7%	1.8%	1.3%	1.3%	1.1%	0.9%	
Wages in DC (\$billions)	63.9	67.1	69.3	72.1	75.5	79.0	82.2	85.5	89.1	92.7	
% change annual	2.9%	5.0%	3.3%	4.1%	4.7%	4.6%	4.1%	4.0%	4.1%	4.1%	
Wages of DC residents (\$billions)	22.9	24.7	25.6	26.9	28.3	29.6	30.9	32.2	33.6	35.1	
% change annual	5.1%	7.6%	3.7%	5.0%	5.2%	4.9%	4.3%	4.3%	4.4%	4.3%	
Population (000s)	661.0	673.6	685.0	694.4	701.6	708.3	714.9	721.3	727.6	733.6	
% change annual	2.0%	1.9%	1.7%	1.4%	1.0%	1.0%	0.9%	0.9%	0.9%	0.8%	
Households (000s)	292.5	298.1	302.2	305.8	308.7	312.0	315.4	318.7	321.7	324.7	
% change annual	2.1%	1.9%	1.4%	1.2%	1.0%	1.0%	1.1%	1.0%	1.0%	0.9%	
Civilian labor force (000s)	376.4	387.3	394.2	400.2	404.5	408.7	413.3	417.5	421.5	425.4	
% change annual	0.6%	2.9%	1.8%	1.5%	1.1%	1.0%	1.1%	1.0%	1.0%	0.9%	
Employment in DC (000s)	746.4	759.2	775.0	782.9	791.1	796.9	805.3	810.6	815.2	819.4	
% change annual	0.7%	1.7%	2.1%	1.0%	1.0%	0.7%	1.1%	0.6%	0.6%	0.5%	
Employment of DC residents (000s)	346.6	359.6	369.7	375.8	381.4	385.8	390.4	395.1	399.3	403.4	
% change annual	1.4%	3.7%	2.8%	1.7%	1.5%	1.1%	1.2%	1.2%	1.1%	1.0%	
Unemployment rate	7,600	7,900	8,300	8,600	9,000	8,400	8,600	8,700	8,800	8,900	
Housing Starts	4,510	3,891	4,236	4,212	4,555	6,245	4,168	3,524	3,124	2,967	
Housing Stock (000s)	312	316	320	324	327	331	334	338	341	344	
% change annual	1.6%	1.4%	1.3%	1.1%	1.0%	1.2%	1.0%	0.9%	0.9%	1.0%	
Home Sales	7,616	7,929	8,340	8,598	8,957	8,434	8,603	8,689	8,776	8,863	
% change annual	2.0%	4.1%	5.2%	3.1%	4.2%	-5.8%	2.0%	1.0%	1.0%	1.0%	
Avg Home Sale Price (000s)	736	768	795	825	835	864	899	936	975	1,015	
% change annual	3.3%	4.3%	3.5%	3.8%	1.2%	3.4%	4.1%	4.1%	4.1%	4.1%	
SP 500 Stock Index	13.6%	2.0%	6.4%	19.2%	3.3%	13.0%	2.9%	2.9%	2.9%	2.9%	
US 10 Year Treasury	2.7%	2.2%	1.9%	2.3%	2.7%	2.5%	2.2%	2.4%	2.8%	3.0%	
Washington Area CPI: % change prior year	1.9%	-0.1%	0.0%	2.1%	2.1%	1.2%	1.8%	2.2%	2.4%	2.4%	

\* 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 2019) and Moody's Analytics (November 2019); forecasts of the national economy prepared by the Congressional Budget Office (August 2019) and Blue Chip Economic Indicators (November 2019); BLS labor market information from October 2019; the Census Bureau estimates of the D.C. population (2018); Bureau of Economic Analysis estimates of D.C. Personal Income (June 2019); Metropolitan Regional Information System (MRIS) D.C. home sales data (October 2019), accessed in part through the Greater Capital Area Association of Realtors (GCAAR); CoStar information on commercial office buildings and residential property in D.C. (September 2019); and Delta Associates commercial office buildings and apartments in DC (September 2019).