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

Jeffrey S. DeWitt
Chief Financial Officer

February 26, 2014

The Honorable Vincent C. Gray
Mayor of the District of Columbia
1350 Pennsylvania Avenue, NW – 6th Floor
Washington, DC 20004

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

Re: February 2014 Revenue Estimates

Dear Mayor Gray and Chairman Mendelson:

This letter certifies, as of February 2014, revenue estimates for the FY 2014 - 2018 District of Columbia Budget and Financial Plan. Revenue for FY 2014 is essentially unchanged from our previous estimate increasing by $2.7 million. For FY 2015 the revenue estimate is $139.2 million higher with overall revenues forecast at $6.69 billion. The table below compares the current February estimate to the previous estimate.

February 2014 Revenue Estimate Compared to Previous Estimate

	Preliminary	**Estimate**		**Projected**	
Local Source, General Fund Revenue Estimate ($M)	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**
December 2013 Estimate	**6,331.4**	**6,551.5**	**6,763.6**	**6,974.7**	**NA**
February revision to estimate	2.7	139.2	132.7	144.9	NA
February 2014 Revenue Estimate	**6,334.1**	**6,690.7**	**6,896.3**	**7,119.5**	**7,276.2**
Percent change from previous year	*2.1%*	*5.6%*	*3.1%*	*3.2%*	*2.2%*

Overview

The current revenue estimate projects robust revenue growth for the four years of the financial plan with a significant gain in FY 2015. From FY 2014 to FY 2015 revenue is now expected to increase by over $350 million, for a projected 5.6 percent gain. This follows a projected gain of 2.1 percent in FY 2014.

The higher revenue estimate is based on higher real estate property assessments and the expectation that the District's economy through FY 2015 will generally be stronger than was assumed in December, with steady job growth over the period of the financial plan. Population growth continues to be a major factor in increasing the District's income, property and sales tax bases. It is also a driving force behind rising home values. In the last five years (2008 to 2013) the District's population has grown by 62,213 (11.4%), an increase that has averaged more than 1,000 new residents per month over this time. In addition, developments in the national economy—continued economic growth, strong stock market gains and low interest rates—have contributed to the District's growing tax base.

Federal Spending and Sequestration or Other Austerity Measures

Approximately 25 percent of employed D.C. residents work for the federal government. Federal civilian employment accounts for 27 percent of all jobs located in the District of Columbia and 32 percent of the wages and salaries that are generated in the city. Federal contracting also accounts for additional jobs and income. Because the federal government is such a dominant presence in the District's economy, trends in federal spending have a major impact on the District of Columbia's economy and revenues.

Since the last revenue estimate, Congress has enacted legislation resolving certain short-term federal budget and fiscal matters: The Bipartisan Budget Act of 2013 set limits for FY 2014 and FY 2015 for defense and non-defense discretionary federal spending; the Consolidated Appropriations Act of 2014 appropriated funds for the balance of the fiscal year; and the debt limit has been raised until March 2015. Sufficient detail is not yet available concerning all the ramifications of these laws for the District of Columbia, but it is likely to be of benefit in two ways—first, relaxation of some of the most stringent federal spending restrictions, and second, reduction in fiscal policy uncertainty that may have contributed to the economic slowdown in the District.

Still, federal austerity remains a continuing factor affecting the District's economy. While more federal spending has been approved for FY 2014 (a 2.9% increase in domestic discretionary spending over the FY 2013 level) there is almost no additional growth for FY 2015 and FY 2016. Domestic discretionary spending in FY 2016 will be less than it was in FY 2012.

Revenue Highlights

General Fund revenue is forecast to grow by 2.1 percent in FY 2014 and 5.6 percent in FY 2015. The relatively low growth for 2014 reflects the slowdown in local employment gains that occurred in the latter part of last year and continues to act as a drag. The acceleration in growth for FY 2015 is due to strong growth in property values and an improving economy.

Real Property

The real property tax revenue remains unchanged for FY 2014. Updated real property assessments for 2015 reflect a significant rebound in property values and result in significantly higher revenues, up by $121 million compared to last December's revenue estimate.

Sales, Excise and Gross Receipts

Sales tax related revenue is revised upward by $33.6 million and $45.3 million respectively in FY 2014 and FY 2015 compared to the December estimate. The increase is due to higher forecast growth particularly for food and drinking establishments where employment growth has been growing at a fast pace.

Individual Income

Individual income tax is revised slightly upward by $7.2 million based on somewhat higher projected growth in personal income. The forecast is susceptible to "April Surprises" when final payments are due. A consensus for a volatile capital gains forecast did not emerge from our advisory panel meeting, where panelists expressed different views and estimated collections for this source of revenue. For FY 2015 individual income tax is revised upward by $22.8 million, reflective again of slightly higher forecast growth in the personal income of DC residents.

Business Income

Business taxes are projected to be slightly lower based on recent collections data. Refunds continue to be high, suggesting overpayments in previous years on the new combined reporting requirements as well as businesses adjusting to the new requirements. The lower base in FY 2014 carries over into 2015, resulting in lower business tax revenue of $7.2 million compared to our December estimate.

Deed Taxes

The forecast for deed tax revenue is revised downward by $6 million in FY 2014 reflecting lower cash collections to date. The forecast for FY 2015 has also been revised downward to reflect the anticipated slowdown in the volume of transactions and appreciation of real property from recent highs.

Non-tax Revenue

The estimate for non-tax revenues is revised downward by $34.6 million in FY 2014. The downward revision reflects delays and problems in the full implementation of new Automated Traffic Enforcement (ATEs) equipment, as well as lower collections due to delays in the rotation of these devices. The downward revision to non-tax revenues in FY 2015 reflects lower assumptions on collections from ATEs than previously forecast in December

Forecast Risks and Upside Potential:

The current forecast reflects a consensus view of baseline economic growth and incorporates available information on tax collections as of time of publication. The following are identified as potential upside and downside risks to the revenue forecast for 2014 and 2015.

Upside Potential:

- Higher personal income growth than our baseline consensus forecast due to stronger overall economic growth.
- Higher assessed property values due to new construction coming on the assessment rolls and/or lower capitalization rates.
- Higher revenues due to audits, settlements and other one-time adjustments that are not reflected in the revenue estimates. The forecast does not incorporate an estimated $60 million settlement with online travel companies as the timing of any payments remains uncertain.

Downside Risks:

- The estimates for personal income taxes in 2014 are based on preliminary data and will only become more certain after April's filing deadline.
- Property assessment appeals could be higher than anticipated given that assessments are forecast to grow at a strong rate.
- Inclement weather has also introduced some uncertainty in the first quarter revenues collections data.
- Traffic fines continue to be impacted by implementation delays which are difficult to forecast.

National and Regional Economies

The fundamentals underlying the national economy continue to improve at a steady pace. National forecasts expect growth in FY 2014 and FY 2015 to exceed that of FY 2013.

- Since the official end of the U.S. recession in June 2009, real GDP has increased in 17 of the past 18 quarters. For the entire 2013 fiscal year the growth rate averaged 1.7 percent, although the last two quarters, due especially to inventory replenishment, were stronger than the overall FY 2013 average growth rate.

- U.S. employment added 2.3 million jobs (1.7%) from December 2012 to December 2013, but was still about one million (0.7%) below the start of the recession that began in December 2007. Currently, all growth in national employment is in the private sector.
- The U.S. unemployment rate (seasonally adjusted) fell to 6.7 percent in December 2013. One year earlier the rate was 7.9 percent. This is the lowest rate in five years.
- U.S. Personal Income in the December 2013 quarter was 2.0 percent above a year ago.
- The Standard & Poor's 500 stock market index in December 2013 was 7.2 percent above its level three months ago, and 27.1 percent more than a year ago.
- In the three-month period ending December 2013, wage and salary jobs in the Washington metropolitan area grew by 24,233 (0.8%) compared to a year earlier. All of the net increase was in the private sector. The rate of growth of metropolitan area employment has been below the U.S. average for most of the last two years.
- The metropolitan area unemployment rate was 4.6 percent in December (not seasonally adjusted), down from 5.3 percent a year earlier.
- In January 2014, the consensus of fifty economists contributing to the Blue Chip Economic Indicators continued to forecast slow, steady growth in real GDP. Growth in real GDP in FY 2014 is expected to be 2.6 percent (up from 1.7 percent in FY 2013), and nominal growth is 4.1 percent. For FY 2015, the real and nominal growth rates are expected to rise to 2.9 percent and 4.8 percent, respectively. Two economic forecasting services, IHS Global Insight and Moody's Economy.com, anticipate that the annual growth rate in real GDP in FY 2015 will be 3.0 percent and 3.7 percent, respectively.

The District's Economy

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

- In the three months ending December 2013, there were 133 fewer wage and salary jobs located in the District than a year earlier. Of particular note, there were 6,567 fewer federal government jobs in December than there were a year earlier. Private sector growth continues-- it was 5,633 (1.1%) higher in December over a year ago--but it has slowed over the past year to the point where it recently became unable to offset the public sector decline. Seasonally adjusted employment in December was about the same as it was in June.
- Based on the current Bureau Labor Statistic data, District resident employment in the three months ending December 2013 was 1,988 (0.6%) less than a year earlier. This downturn in reported resident employment seems at odd with current population growth and the falling unemployment rate. This may change in March when the Bureau of Labor Statistics revises prior year data.
- The December unemployment rate fell to 8.1 percent (seasonally adjusted rate), a decrease from 8.4 percent a year ago, and is the lowest rate in 5 years.
- Wages earned in the District of Columbia grew 2.2 percent in the September 2013 quarter compared to the same quarter a year ago. D.C. personal income was 3.2 percent higher. As D.C.'s population has grown a greater share of income earned in the District are retained here.

- Home sales and prices generally continue to show significant gains, with some weakening evident at the end of the year. Single family sales for the three-month period ending December 2013 were up 9.8 percent from a year ago and there was a 2.2 percent decrease in the average selling price. Condominium sales were up 11.5 percent and the average price was 6.0 percent higher. The value of settled contracts for home sales for the three-month period ending December was 11.2 percent more than a year ago.
- Occupied commercial office space in December was up by 1.7 percent from a year ago, and the vacancy rate rose slightly over the past year to 9.3 percent from 9.2 percent. Effective rents continued to edge downward over the past year.
- Hotel room-days sold for the three months ending December 2013 were 2.0 percent above the prior year, and hotel room revenues were up by 5.6 percent.

Outlook

The economic forecasting services IHS Global Insight and Moody's Economy.com have somewhat different views of the near-term outlook for employment, population and income in the District of Columbia, but they both assume that growth rates of employment and Personal Income will be higher in FY 2015 than in either FY 2013 or FY 2014. They also agree that (1) the federal sector will play a smaller role in the economy, with employment continuing to shrink over the period, (2) professional and business services and the hospitality sector will be the largest sources of job growth, (3) employment growth in the education and health sector will be much slower in FY 2014 and FY 2015 than it was in FY 2013 and in each of the seven years going back to FY 2006, (4) the stock market will grow much more slowly over the next several years, and (5) the annual increase in population will begin to slow down.

Advisory groups

In January and early February we sought advice from three advisory groups that meet at least once a year to provide insights into current developments and expectations for the next several years. The Business Advisory Group discussed leading business sectors in the District and the connections between D.C.'s economy and the larger regional and national economies. The Real Estate Advisory Group discussed both commercial and residential real estate markets. The Revenue Advisory Group discussed economic trends, federal fiscal policy and revenue trends with representatives from the Congressional Budget Office, officials from surrounding states and local jurisdictions and others familiar with national trends and revenue estimation issues. The information received at these meetings is a critical factor on our revenue estimates.

Highlights from the discussions include:

- Changes occurring in the District's economy favor the city becoming more of a place to live than a place to work with D.C. residents gaining jobs in the District as well as in the suburbs.
- The federal sector remains the major underpinning of the District's economy, but will no longer be a source of support for significant growth.

- A challenge for the District of Columbia is to continue to attract and retain professional and similar higher-wage employment; success depends not on federal government spending but on competing successfully in regional, national and even global markets.
- Overall demand for office space will remain fairly weak by historical standards due to federal lease cutbacks, limited growth in office-using jobs and tenants seeking fewer square feet per employee. Office demand outside of downtown is particularly uncertain.
- Premier real estate in the District of Columbia remains attractive to foreign investors.
- Population will continue to grow with natural increase (more births) now contributing to this phenomenon. New apartment construction is keeping up with demand, but condominium supply will be constrained for several years.
- The District is continuing to attract a growing variety of retail businesses.
- An expected rise in interest rates over the next couple of years is likely to slow down the volume (if not the prices) of housing sales. It is likely that cap rates associated with commercial real estate transactions are unlikely to go down much more than they are now.

Economic assumptions for the revenue estimate

Against a background of an improving national economy and federal spending constraints, forecasts from IHS Global Insight and Moody's economy.com, and comments from the Advisory Groups, the economic assumptions for the February revenue estimate include:

- Job growth picks up to about 0.5 percent in 2014 and 1.0 percent in FY 2015. Professional and business services and hospitality are the leading sectors.
- Population growth continues at a slightly slower pace (22,000—3.4 percent—over the next 2 years), and resident employment grows by 2.4 percent over that time.
- DC Personal Income picks up to 3.7 percent growth in FY 2014 and 4.7 percent in FY 2015 (it was 2.7 percent in FY 2013).

A detailed table of economic assumptions is attached.

Risks and uncertainties

The federal government's fiscal policy situation remains a primary concern. Federal government expansion cushioned the District and the metro area economies from the worst effects of the recession over the past five years. Although it will continue to anchor the District's economy, as discussed above, the federal government can no longer be counted on to be a source of significant growth over the next several years. The extent to which various aspects of the District's economy may eventually be affected in an unfolding era of federal austerity is an area of uncertainty. If federal austerity turns out to be more severe than this estimate assumes, the District's fiscal outlook would no doubt be adversely affected.

Also as noted above, this estimate assumes that the slowdown in job growth in the District of Columbia will turn around and a period of steady growth will begin. The speed with which this happens is also a source of uncertainty and a risk to the revenue forecast. Nor is it clear what impact, if any, the recent slowdown in employment located in the District of Columbia and in resident employment may have on population dynamics.

Many economic development initiatives are underway in the District of Columbia, including City Center and the St. Elizabeth Hospital site. These developments will contribute to increasing the District's tax base, but it is not yet clear when they will bring about substantial net employment and income gains.

Developments outside of the local economy represent other sources of uncertainty and potential downside risk. These include the possibility of slower national economic growth, declines in the stock market, increases in interest rates, and additional financial market problems as the Federal Reserve phases out some of its monetary stimulus activities. Possible disruptions to oil supplies, other developments arising from uncertainties in the Middle East or elsewhere, and national security events also add to uncertainty.

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

Sincerely,

Jeffrey S. DeWitt

Jeffrey S. DeWitt

Enclosures

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FY 2013 - FY 2018 Revenue Actuals, Estimates and Projections: February 2014
(thousands of dollars)

		Actual	Preliminary	Estimate		Out year projections		
	Revenue Source	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	
1	Real Property	1,914,840	2,014,176	2,178,478	2,257,595	2,334,390	2,414,757	1
2	*Transfer to TIF/Pilot*	(27,986)	(43,209)	(43,131)	(44,098)	(38,493)	(49,075)	2
3	Real Property (net)	1,886,854	1,970,967	2,135,347	2,213,497	2,295,897	2,365,682	3
4	Personal Property	54,878	56,410	56,974	57,544	58,119	58,700	4
5	*Transfer to Neighborhood Investment Fund*						-	5
6	Personal Property (net)	54,878	56,410	56,974	57,544	58,119	58,700	6
7	Public Space Rental	33,370	34,512	34,339	34,339	34,339	34,339	7
8	*Transfer to DDOT Enterprise Fund*	-	(500)	(500)	(500)	(500)	(500)	8
10	Public Space Rental (net)	33,370	34,012	33,839	33,839	33,839	33,839	10
11	**Total Property (net)**	**1,975,102**	**2,061,389**	**2,226,160**	**2,304,880**	**2,387,855**	**2,458,221**	11
12	General Sales	1,137,892	1,189,618	1,237,076	1,282,117	1,326,068	1,375,895	12
13	*Transfer to convention center*	(104,108)	(107,752)	(111,719)	(115,931)	(119,952)	(124,054)	13
14	*Transfer to TIF*	(37,506)	(34,950)	(38,211)	(35,722)	(40,393)	(42,361)	14
15	*Transfer to Arts Commission*	-	-	-	-	-	(57,655)	15
16	*Transfer to Ballpark Fund*	(15,408)	(13,000)	(13,398)	(13,844)	(14,330)	(14,330)	16
17	*Transfer to Healthy DC Fund*	-	(106)	(214)	(428)	(854)	(854)	17
18	*Transfer to WMATA*	(62,268)	(62,268)	(62,686)	(62,888)	(63,000)	(63,000)	18
19	*Transfer to Healthy Schools*	(4,502)	(4,266)	(4,266)	(4,266)	(4,266)	(4,266)	19
20	*Transfer to ABRA*	(460)	(460)	(1,170)	(1,170)	(1,170)	(1,170)	20
21	General Sales (net)	913,640	966,816	1,005,412	1,047,868	1,082,103	1,068,205	21
22	Alcohol	5,945	6,153	6,381	6,621	6,851	7,085	22
23	Cigarette	33,991	33,400	32,832	32,266	31,710	31,164	23
24	*Transfer to Smoking Cessation Fund*						(3,116)	24
25	Cigarette (Net)	33,991	33,400	32,832	32,266	31,710	28,048	25
26	Motor Vehicle	46,584	47,705	48,898	50,365	52,127	53,952	26
27	Motor Fuel Tax	22,391	22,391	22,167	21,945	21,726	21,509	27
28	*Transfer to Highway Trust Fund*	(22,391)	(22,391)	(22,167)	(21,945)	(21,726)	(21,509)	28
30	**Total Sales (net)**	**1,000,160**	**1,054,074**	**1,093,523**	**1,137,120**	**1,172,791**	**1,157,290**	30
31	Individual Income	1,640,899	1,721,218	1,780,192	1,843,835	1,915,117	1,991,157	31
32	Corp. Franchise	298,983	315,760	326,037	334,459	346,627	352,609	32
33	U. B. Franchise	154,297	159,092	168,761	174,232	180,571	188,551	33
34	**Total Income**	**2,094,179**	**2,196,070**	**2,274,990**	**2,352,526**	**2,442,315**	**2,532,317**	34
35	Public Utility	142,452	147,677	151,018	156,233	161,631	166,952	35
36	*Transfer to Ballpark Fund*	(8,653)	(9,034)	(9,161)	(9,479)	(9,808)	(10,133)	36
37	Public Utility (net)	133,799	138,643	141,857	146,754	151,823	156,819	37
38	Toll Telecommunications	56,761	59,295	60,132	62,219	64,379	66,509	38
39	*Transfer to Ballpark Fund*	(2,233)	(2,278)	(2,310)	(2,390)	(2,473)	(2,555)	39
40	Toll Telecommunications (net)	54,528	57,017	57,822	59,829	61,906	63,954	40
41	Insurance Premiums	77,549	87,353	91,880	93,181	90,802	93,926	41
42	*Transfer to Healthy DC Fund*	(25,629)	(34,695)	(38,167)	(40,559)	(43,162)	(45,995)	42
43	Insurance Premiums (net)	51,920	52,658	53,713	52,622	47,640	47,931	43
44	Healthcare Provider Tax	15,117	14,114	15,117	15,117	15,117	15,117	44
45	*Transfer to Nursing Facility Quality of Care Fund*	(15,117)	(14,114)	(15,117)	(15,117)	(15,117)	(15,117)	45
47	Ballpark fee	29,234	25,251	26,059	26,125	27,248	27,793	47
48	*Transfer to Ballpark Fund*	(29,234)	(25,251)	(26,059)	(26,125)	(27,248)	(27,793)	48
50	Hospital Bed Tax & Provider Fee	15,156	27,915	-	-	-	-	50
51	*Transfer to Hospital Fund*	(15,156)	(27,915)	-	-	-	-	51
53	ICF-MR Assessment	2,622	5,202	5,519	5,519	5,519	5,519	53
54	*Transfer to Stevie Sellows*	(2,622)	(5,202)	(5,519)	(5,519)	(5,519)	(5,519)	54
56	Care First Contribution	5,000	5,000	-	-	-	-	56
57	*Transfer to Healthy DC Fund*	(5,000)	(5,000)	-	-	-	-	57
59	**Total Gross Receipts (net)**	**240,247**	**248,318**	**253,392**	**259,205**	**261,369**	**268,704**	59
60	Estate	39,700	39,700	39,700	39,700	39,700	39,700	60
61	Deed Recordation	208,568	178,571	189,824	197,796	207,488	215,995	61
62	*Transfer to HPTF*	(30,616)	(26,636)	(28,474)	(29,669)	(31,123)	(32,399)	62
63	Deed Recordation (net)	177,952	151,935	161,350	168,127	176,365	183,596	63
64	Deed Transfer	152,889	126,113	131,914	136,003	142,395	146,667	64
65	*Transfer to HPTF*	(22,933)	(18,917)	(19,787)	(20,400)	(21,359)	(22,000)	65
66	Deed Transfer (net)	129,956	107,196	112,127	115,603	121,036	124,667	66
67	Co-op Recordation	5,553	5,496	5,551	5,607	5,663	5,663	67
68	Economic Interests	5,815	13,000	4,800	4,377	4,398	4,398	68
69	**Total Other Taxes (net)**	**358,976**	**317,327**	**323,528**	**333,414**	**347,162**	**358,024**	69
70	TOTAL TAXES NET OF DEDICATED TAXES	**5,668,664**	**5,877,178**	**6,171,593**	**6,387,145**	**6,611,492**	**6,774,555**	70
71	Licenses & Permits	78,857	73,434	74,156	74,912	75,707	76,542	71
72	Fines & Forfeits	145,509	174,958	226,348	215,709	205,626	200,875	72
73	Charges for Services	75,416	64,909	68,774	66,648	70,031	70,031	73
74	Miscellaneous	166,268	83,407	83,839	84,880	88,689	86,207	74
76	TOTAL NON-TAX	**466,050**	**396,708**	**453,117**	**442,149**	**440,053**	**433,655**	76
77	Lottery	68,314	60,181	66,000	67,000	68,000	68,000	77
78	TOTAL REVENUE NET OF DEDICATED TAXES	**6,203,028**	**6,334,067**	**6,690,710**	**6,896,294**	**7,119,545**	**7,276,210**	78

FY 2013 - FY 2018 Revenue Actuals, Estimates and Projections: February 2014
(percent change from prior year)

		Actual	Preliminary	Estimate		Out year projections		
	Revenue Source	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	
1	Real Property	5.1%	5.2%	8.2%	3.6%	3.4%	3.4%	1
2	*Transfer to TIF/Pilot*	-13.2%	54.4%	-0.2%	2.2%	-12.7%	27.5%	2
3	Real Property (net)	5.4%	4.5%	8.3%	3.7%	3.7%	3.0%	3
4	Personal Property	-1.5%	2.8%	1.0%	1.0%	1.0%	1.0%	4
5	*Transfer to Neighborhood Investment Fund*							5
6	Personal Property (net)	-1.5%	2.8%	1.0%	1.0%	1.0%	1.0%	6
7	Public Space Rental	2.7%	3.4%	-0.5%	0.0%	0.0%	0.0%	7
8	*Transfer to DDOT Enterprise Fund*							8
10	Public Space Rental (net)		1.9%	-0.5%	0.0%	0.0%	0.0%	10
11	**Total Property (net)**	**5.2%**	**4.4%**	**8.0%**	**3.5%**	**3.6%**	**2.9%**	11
12	General Sales	2.4%	4.5%	4.0%	3.6%	3.4%	3.8%	12
13	*Transfer to convention center*	3.0%	3.5%	3.7%	3.8%	3.5%	3.4%	13
14	*Transfer to TIF*	68.6%	-6.8%	9.3%	-6.5%	13.1%	4.9%	14
15	*Transfer to Arts Commission*							15
16	*Transfer to Ballpark Fund*	22.4%	-15.6%	3.1%	3.3%	3.5%	0.0%	16
17	*Transfer to Healthy DC Fund*				100.0%	99.5%	0.0%	17
18	*Transfer to WMATA*		0.0%	0.7%	0.3%	0.2%	0.0%	18
19	*Transfer to Healthy Schools*		-5.2%	0.0%	0.0%	0.0%	0.0%	19
20	*Transfer to ABRA*		0.0%	154.3%	0.0%	0.0%	0.0%	20
21	General Sales (net)	0.0%	5.8%	4.0%	4.2%	3.3%	-1.3%	21
22	Alcohol	15.1%	3.5%	3.7%	3.8%	3.5%	3.4%	22
23	Cigarette	-4.5%	-1.7%	-1.7%	-1.7%	-1.7%	-1.7%	23
24	*Transfer to Smoking Cessation Fund*							24
25	Cigarette (Net)							25
26	Motor Vehicle	5.9%	2.4%	2.5%	3.0%	3.5%	3.5%	26
27	Motor Fuel Tax	-1.7%	0.0%	-1.0%	-1.0%	-1.0%	-1.0%	27
28	*Transfer to Highway Trust Fund*	-1.7%	0.0%	-1.0%	-1.0%	-1.0%	-1.0%	28
30	**Total Sales (net)**	**0.1%**	**5.4%**	**3.7%**	**4.0%**	**3.1%**	**-1.3%**	30
31	Individual Income	10.1%	4.9%	3.4%	3.6%	3.9%	4.0%	31
32	Corp. Franchise	-1.3%	5.6%	3.3%	2.6%	3.6%	1.7%	32
33	U. B. Franchise	-5.3%	3.1%	6.1%	3.2%	3.6%	4.4%	33
34	**Total Income**	**7.0%**	**4.9%**	**3.6%**	**3.4%**	**3.8%**	**3.7%**	34
35	Public Utility	1.9%	3.7%	2.3%	3.5%	3.5%	3.3%	35
36	*Transfer to Ballpark Fund*	1.7%	4.4%	1.4%	3.5%	3.5%	3.3%	36
37	Public Utility (net)	1.9%	3.6%	2.3%	3.5%	3.5%	3.3%	37
38	Toll Telecommunications	-3.1%	4.5%	1.4%	3.5%	3.5%	3.3%	38
39	*Transfer to Ballpark Fund*	0.6%	2.0%	1.4%	3.5%	3.5%	3.3%	39
40	Toll Telecommunications (net)	-3.3%	4.6%	1.4%	3.5%	3.5%	3.3%	40
41	Insurance Premiums	-10.9%	12.6%	5.2%	1.4%	-2.6%	3.4%	41
42	*Transfer to Healthy DC Fund*	-24.8%	35.4%	10.0%	6.3%	6.4%	6.6%	42
43	Insurance Premiums (net)	-1.9%	1.4%	2.0%	-2.0%	-9.5%	0.6%	43
44	Healthcare Provider Tax	13.5%	-6.6%	7.1%	0.0%	0.0%	0.0%	44
45	*Transfer to Nursing Facility Quality of Care Fund*	13.5%	-6.6%	7.1%	0.0%	0.0%	0.0%	45
47	Ballpark fee	-8.4%	-13.6%	3.2%	0.3%	4.3%	2.0%	47
48	*Transfer to Ballpark Fund*	-8.4%	-13.6%	3.2%	0.3%	4.3%	2.0%	48
50	Hospital Bed Tax & Provider Fee	-3.8%	84.2%					50
51	*Transfer to Hospital Fund*	-3.8%	84.2%					51
53	ICF-MR Assessment	159.5%	98.4%	6.1%	0.0%	0.0%	0.0%	53
54	*Transfer to Stevie Sellows*	159.5%	98.4%	6.1%	0.0%	0.0%	0.0%	54
56	Care First Contribution	0.0%	0.0%	-100.0%				56
57	*Transfer to Healthy DC Fund*	0.0%	0.0%	-100.0%				57
59	**Total Gross Receipts (net)**	**-0.1%**	**3.4%**	**2.0%**	**2.3%**	**0.8%**	**2.8%**	59
60	Estate	-61.5%	0.0%	0.0%	0.0%	0.0%	0.0%	60
61	Deed Recordation	27.6%	-14.4%	6.3%	4.2%	4.9%	4.1%	61
62	*Transfer to HPTF*	24.9%	-13.0%	6.9%	4.2%	4.9%	4.1%	62
63	Deed Recordation (net)	28.1%	-14.6%	6.2%	4.2%	4.9%	4.1%	63
64	Deed Transfer	25.8%	-17.5%	4.6%	3.1%	4.7%	3.0%	64
65	*Transfer to HPTF*	25.8%	-17.5%	4.6%	3.1%	4.7%	3.0%	65
66	Deed Transfer (net)	25.8%	-17.5%	4.6%	3.1%	4.7%	3.0%	66
67	Co-op Recordation		-1.0%	1.0%	1.0%	1.0%	0.0%	67
68	Economic Interests	-73.2%	123.6%	-63.1%	-8.8%	0.5%	0.0%	68
69	**Total Other Taxes (net)**	**-3.7%**	**-11.6%**	**2.0%**	**3.1%**	**4.1%**	**3.1%**	69
70	**TOTAL TAXES NET OF DEDICATED TAXES**	**4.1%**	**3.7%**	**5.0%**	**3.5%**	**3.5%**	**2.5%**	70
71	Licenses & Permits	1.5%	-6.9%	1.0%	1.0%	1.1%	1.1%	71
72	Fines & Forfeits	-19.9%	20.2%	29.4%	-4.7%	-4.7%	-2.3%	72
73	Charges for Services	2.2%	-13.9%	6.0%	-3.1%	5.1%	0.0%	73
74	Miscellaneous	42.0%	-49.8%	0.5%	1.2%	4.5%	-2.8%	74
76	**TOTAL NON-TAX**	**3.5%**	**-14.9%**	**14.2%**	**-2.4%**	**-0.5%**	**-1.5%**	76
77	Lottery	2.9%	-11.9%	9.7%	1.5%	1.5%	0.0%	77
78	**TOTAL REVENUE NET OF DEDICATED TAXES**	**4.0%**	**2.1%**	**5.6%**	**3.1%**	**3.2%**	**2.2%**	78

Estimated Key Variables for the D.C. Economy for the Forecast Period FY 2009 through FY 2018

Fiscal Years	2009 act	2010 act	2011 act	2012 act	2013 act	2014 est	2015 est	2016 est	2017 est	2018 est
Gross State Product ($ billion)	97.41	102.49	106.48	109.28	111.13	113.64	119.00	124.43	130.35	136.27
	1.3%	*5.2%*	*3.9%*	*2.6%*	*1.7%*	*2.3%*	*4.7%*	*4.6%*	*4.8%*	*4.5%*
Real Gross State Product (billions $2005)	86.79	89.39	91.09	92.05	92.21	92.65	95.16	97.63	100.27	102.70
	-1.1%	*3.0%*	*1.9%*	*1.1%*	*0.2%*	*0.5%*	*2.7%*	*2.6%*	*2.7%*	*2.4%*
Personal Income ($ billion)	40.40	41.50	45.27	46.87	48.12	49.90	52.24	54.73	57.17	59.70
	1.2%	*2.7%*	*9.1%*	*3.5%*	*2.7%*	*3.7%*	*4.7%*	*4.8%*	*4.5%*	*4.4%*
Real Personal Income (billions $2005)	37.39	37.78	40.38	40.96	41.51	42.61	44.00	45.38	46.63	47.82
	1.2%	*1.1%*	*6.9%*	*1.4%*	*1.3%*	*2.6%*	*3.3%*	*3.1%*	*2.7%*	*2.6%*
Per Capita Income ($)	68,412	68,760	73,425	74,398	74,800	76,165	78,517	81,194	83,896	86,814
	-0.7%	*0.5%*	*6.8%*	*1.3%*	*0.5%*	*1.8%*	*3.1%*	*3.4%*	*3.3%*	*3.5%*
Real Per Capita Income ($2005)	63,307	62,604	65,491	65,017	64,527	65,035	66,140	67,329	68,419	69,536
	-0.7%	*-1.1%*	*4.6%*	*-0.7%*	*-0.8%*	*0.8%*	*1.7%*	*1.8%*	*1.6%*	*1.6%*
Wages earned in D.C. ($ billion)	54.92	57.24	59.56	60.62	62.05	63.40	65.91	68.56	71.40	74.37
	2.3%	*4.2%*	*4.0%*	*1.8%*	*2.4%*	*2.2%*	*4.0%*	*4.0%*	*4.1%*	*4.2%*
Wages earned by D.C. residents ($ billion)	20.8	22.0	23.5	24.3	25.1	25.7	26.9	28.0	29.2	30.4
	4.7%	*6.1%*	*6.6%*	*3.6%*	*3.0%*	*2.7%*	*4.3%*	*4.4%*	*4.3%*	*4.1%*
Population ('000)	590.6	603.5	616.5	630.0	643.3	655.2	665.3	674.0	681.5	687.7
	1.9%	*2.2%*	*2.2%*	*2.2%*	*2.1%*	*1.8%*	*1.5%*	*1.3%*	*1.1%*	*0.9%*
Households ('000)	262.4	267.7	272.4	277.3	282.0	286.0	289.2	292.3	294.5	296.0
	1.8%	*2.0%*	*1.8%*	*1.8%*	*1.7%*	*1.4%*	*1.1%*	*1.1%*	*0.8%*	*0.5%*
Civilian Labor Force ('000)	334.3	343.5	347.2	356.6	370.0	371.8	375.6	379.4	382.0	383.6
	0.5%	*2.8%*	*1.1%*	*2.7%*	*3.8%*	*0.5%*	*1.0%*	*1.0%*	*0.7%*	*0.4%*
At-Place Employment ('000)	701.6	709.0	723.4	730.0	733.6	737.0	744.5	752.8	760.5	766.2
	-0.1%	*1.1%*	*2.0%*	*0.9%*	*0.5%*	*0.5%*	*1.0%*	*1.1%*	*1.0%*	*0.8%*
Resident Employment ('000)	304.3	308.5	312.1	323.5	338.3	341.7	346.4	351.4	355.5	357.9
	-2.6%	*1.4%*	*1.2%*	*3.7%*	*4.6%*	*1.0%*	*1.4%*	*1.5%*	*1.2%*	*0.7%*
Unemployment Rate	9.0	10.2	10.1	9.3	8.6	8.1	7.4	7.3	7.0	6.6
Housing Starts	369	1,329	1,942	3,471	3,563	2,479	2,741	2,746	2,687	2,724
Housing Stock ('000)	295.2	296.7	298.4	302.7	308.6	312.8	316.1	319.5	322.7	326.3
	0.5%	*0.5%*	*0.6%*	*1.4%*	*1.9%*	*1.4%*	*1.1%*	*1.1%*	*1.0%*	*1.1%*
Home sales	5,849	6,968	6,269	6,347	7,466	8,140	8,050	7,647	7,418	7,344
	0.5%	*19.1%*	*-10.0%*	*1.2%*	*17.6%*	*9.0%*	*-1.1%*	*-5.0%*	*-3.0%*	*-1.0%*
Average home sale price ('000)	597.3	538.4	601.0	630.1	712.8	769.8	813.6	860.5	907.6	965.3
	-10.5%	*-9.9%*	*11.6%*	*4.8%*	*13.1%*	*8.0%*	*5.7%*	*5.8%*	*5.5%*	*6.4%*
Change in S & P 500 Index of Common Stock*	19.7%	10.6%	1.8%	15.7%	24.7%	2.4%	3.0%	2.5%	2.7%	3.1%
Interest rate on 10-year Treasury notes (%)	3.2	3.4	3.0	1.9	2.1	3.0	3.6	4.3	4.7	4.6
Washington Area Consumer Prices: % change from prior year	0.3	2.4	2.5	1.9	1.5	1.9	2.2	2.2	2.2	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 2013 is the % change from CY 2012.4 to CY 2013.4)*

Note: Estimated by the D.C. Office of Revenue Analysis based on forecasts of the D.C. and national economies prepared by IHS Global Insight (January 2014) and Moody's Economy.com (January 2014); forecasts of the national economy prepared by the Congressional Budget Office (February 2014) and Blue Chip Economic Indicators (January 2014); BLS labor market information from December 2013, the Census Bureau estimates of the D.C. population (2013);Bureau of Economic Analysis estimates of D.C. Personal Income (September 2013); Metropolitan Regional Information System (MRIS) D.C. home sales data (December 2013), accessed in part through the Greater Capital Area Association of Realtors (GCAAR); Delta Associates information on commercial office buildings and residential property in D.C. (December 2013); and Reis information on apartment buildings in D.C.(September 2013).

February 12, 2014