



June 2022 Revenue Estimate

June 30, 2022

What changed since February 2022:

✓ Economy:

- ✓ Persistent inflation and higher interest rates to contain it
- ✓ Geopolitical risk heightened - the war in Ukraine prompting a global growth slowdown
- ✓ Continued supply chain Issues
- ✓ Increased tourism activity, hospitality sector activity continued to improve

✓ Revenue:

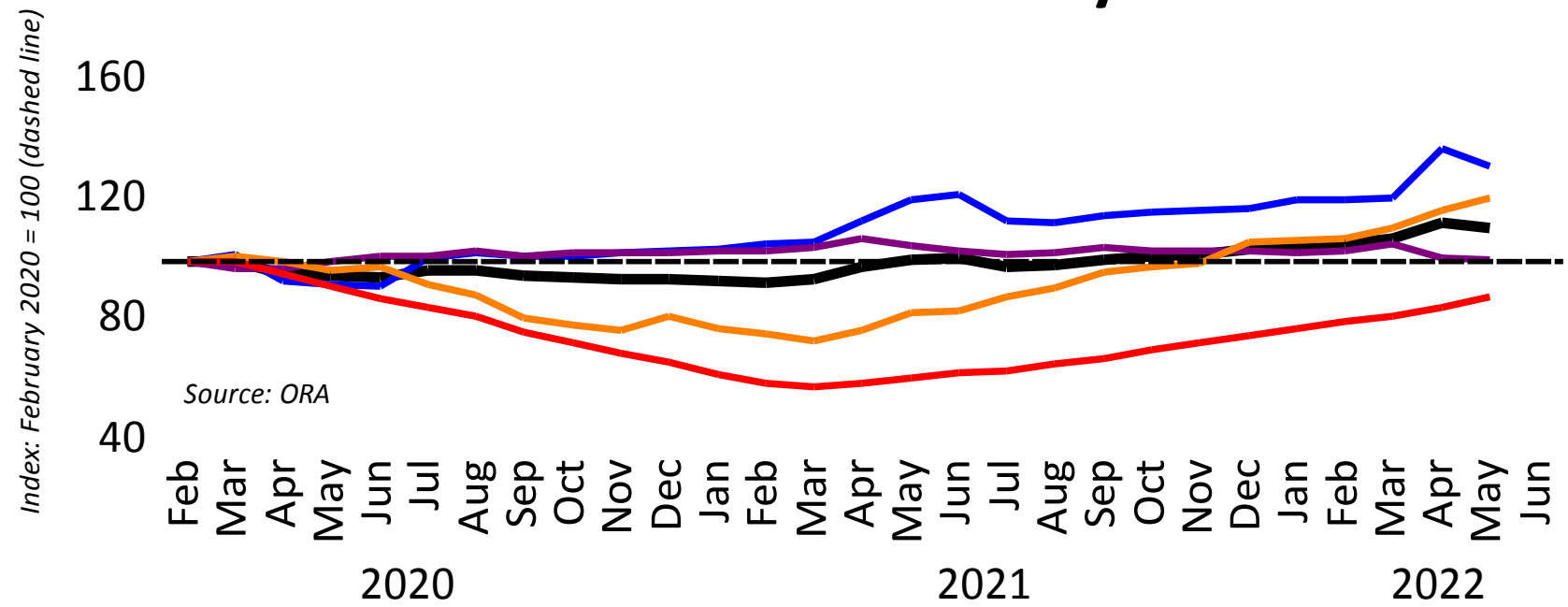
- ✓ Robust revenue collections; unprecedented surge in TY 2021 income resulted in large April surprise for income taxes, particularly non-withholding and unincorporated business taxes, elevating them to historic highs.
- ✓ Sales taxes continued to surpass expectations buoyed by increased consumer spending and impact of inflation; particularly March & April hotel and restaurant tax collection benefited from the various citywide events including the Cherry Blossom festival.
- ✓ Reports by Destination DC and hotel bookings data also suggest increased economic activity for the summer months.
- ✓ Deed taxes continued to grow, YTD grew over 40% compared to previous year; a few high dollar value transactions contributed to the growth.
- ✓ Increased proceeds from sale of unclaimed properties made up most of the YTD gain in non-tax revenue.

Tax Revenue performance since COVID



- +11.4%**
Tax revenue increase since February 2020
- +31.5%**
Individual and business income tax revenue increase since February 2020
- +0.5%**
Real property tax revenue increase since February 2020
- +21%**
Deed tax revenue increase since February 2020
- 11.4%**
Sales tax revenue decline since February 2020

DC Tax Revenue Since February 2020



- Total tax: \$981.7m added (11.4%)**
- Income: \$956.5m added (31.5%)**
- Real property: \$14.5m added (0.5%)**
- Deeds: \$120.2m added (21.0%)**
- Sales: \$-195.1m lost (-11.4%)**

Source: DC Office of Revenue Analysis; index of 12-month moving sum of cash collections

FY 2022 - FY 2026 Financial Plan



June revenue estimate compared to previous estimate

	Actual	Estimated			Projected	
Local Source, General Fund						
Revenue Estimate (\$M)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
February 2022 Revenue Estimate	8,723.5	9,086.7	9,445.5	9,694.6	9,973.7	10,264.8
<i>June revision to estimate</i>		490.6	21.5	18.1	7.4	23.3
June 2022 Revenue Estimate	8,723.5	9,577.4	9,467.0	9,712.6	9,981.1	10,288.1
Revenue Change From Previous Year						
Amount	573.6	853.8	(110.3)	245.6	268.5	306.9
<i>Year-Over-Year Percent Change</i>	7.0%	9.8%	-1.2%	2.6%	2.8%	3.1%

* Estimates do not include FY 2023 BSA proposals

Income taxes make up 68% of the FY 2022 revision



Local Fund Tax Type (\$000)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Individual Income	\$218,269	\$9,112	\$25,978	\$6,817	\$19,208
Business Income:	\$118,652				
Sales	\$60,239	\$13,205	(\$16,531)	(\$9,107)	(\$9,472)
Deed Taxes	\$50,214	\$8,485	\$2,948	\$2,133	\$2,501
Non-Tax	\$28,703	\$1,365	\$3,459	\$5,782	\$9,702
All other revisions:	\$14,561	(\$10,640)	\$2,201	\$1,782	\$1,316
Total Revisions	\$490,638	\$21,527	\$18,056	\$7,408	\$23,256

Risks to Recovery and Outlook



- ✓ Inflation and rising interest rates
- ✓ Federal monetary policy aimed at containing inflation
- ✓ National security, geo-political and other global issues
- ✓ Tourism slows due to global economic slowdown
- ✓ Emerging COVID variants and resistance to vaccine boosts
- ✓ Remote work expansion
- ✓ Supply chain/labor shortage problems persist
- ✓ Permanent population decline



Questions?