June 2022
Revenue Estimate

June 30, 2022
June 2022 Forecast:

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

Source: DC Office of Revenue Analysis; index of 12-month moving sum of cash collections
## June revenue estimate compared to previous estimate

<table>
<thead>
<tr>
<th>Local Source, General Fund</th>
<th>Actual</th>
<th>Estimated</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue Estimate ($M)</strong></td>
<td>FY 2021</td>
<td>FY 2022</td>
<td>FY 2023</td>
</tr>
<tr>
<td>February 2022 Revenue Estimate</td>
<td>8,723.5</td>
<td>9,086.7</td>
<td>9,445.5</td>
</tr>
<tr>
<td><em>June revision to estimate</em></td>
<td>490.6</td>
<td>21.5</td>
<td>18.1</td>
</tr>
<tr>
<td>June 2022 Revenue Estimate</td>
<td>8,723.5</td>
<td>9,577.4</td>
<td>9,467.0</td>
</tr>
</tbody>
</table>

### Revenue Change From Previous Year

| Amount | 573.6 | 853.8 | (110.3) | 245.6 | 268.5 | 306.9 |
| Year-Over-Year Percent Change | 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

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