

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



Fitzroy Lee
Interim Chief Financial Officer

May 14, 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: May 2021 Revenue Estimates

Dear Mayor Bowser and Chairman Mendelson:

This letter certifies the revenue estimate for the FY 2022 – FY 2025 District of Columbia Budget and Financial Plan. Revenue for FY 2021 is increased from February by \$125.3 million and by approximately \$331 million for the financial plan period. While the forecast for most local fund revenue sources is unchanged from the February forecast, individual and business income taxes are revised upward due to robust year-to-date collections and a stronger than expected stock market. Revenue for FY 2021 is \$16.5 million (0.2 percent) below the FY 2020 revenue level and grows by \$343.4 million (4.2 percent) in FY 2022. Revenue is expected to recover to the FY 2019 level of \$8.3 billion in FY 2022 as the economy continues to rebound.

May revenue estimate compared to previous estimate

Local Source, General Fund Revenue Estimate (\$M)	Actual		Estimated		Projected	
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
February 2021 Revenue Estimate	8,149.8	8,008.0	8,395.5	8,710.6	9,011.2	9,297.4
<i>May revision to estimate</i>		<i>145.4</i>	<i>118.4</i>	<i>59.6</i>	<i>24.4</i>	<i>25.5</i>
<i>Impact of American Rescue Plan (ARP)</i>		<i>-20.1</i>	<i>-37.1</i>	<i>4.4</i>	<i>5.0</i>	<i>5.2</i>
Total revisions to February estimate		125.3	81.3	64.1	29.4	30.7
May 2021 Revenue Estimate	8,149.8	8,133.3	8,476.8	8,774.7	9,040.6	9,328.1
Revenue Change from Previous Year						
Amount	(165.0)	(16.5)	343.4	297.9	265.9	287.5
Year-Over-Year Percent Change	-2.0%	-0.2%	4.2%	3.5%	3.0%	3.2%

Our assumptions about the reopening timeline, deployment of vaccines, and federal aid remain unchanged from February, keeping the recovery plan on track. Individual and business income taxes continue to outperform expectation boosted primarily by stronger than expected investment income and profits. The COVID-19 impact on commercial real property markets is still expected to be a drag on revenue growth in FY 2022 and beyond. Lower net income from hotels, apartments, and office properties in calendar year 2020 are reflected in preliminary real property assessments mailed in March and are the basis for real property tax revenues in FY 2022. Beyond FY 2022, greater levels of remote work are expected to reduce demand for office space and thus limit growth in the value of commercial office properties. We will closely monitor the re-opening of office buildings to assess any significant changes in commuting patterns and property values.

The federal relief package enacted in December and the American Rescue Plan Act (ARP) have further improved the economic outlook, particularly for FY 2021, and will prepare the economy for the pent-up consumer demand for restaurants, retail, entertainment, and travel as restrictions are lifted.

Tax revenue impact of American Rescue Plan Act of 2021

The ARP is a \$1.9 trillion pandemic relief bill signed into law on March 11, 2021, to deliver immediate relief to families, workers, businesses, and state and local governments impacted by the COVID-19 pandemic. ARP provides for direct stimulus payments of \$1,400, extends expanded unemployment compensation, continues eviction and foreclosure moratoriums, expands the Child Tax Credit while making it fully refundable, and expands the Earned Income Tax Credit program and other minor credits. It also provides for direct and indirect funding to state and local governments to help compensate for lost tax revenues, help schools safely reopen, and subsidize COVID-19 testing and vaccination programs. Due to the District’s conformity to Federal tax laws, some of the provisions of ARP will have an impact on District revenue.

ARP tax changes with significant District impact	Estimated Revenue Impact	Year of Impact
Expansion of Earned Income Tax Credit (EITC)	-\$36 million	FY 2022
Temporary increase of Child and Dependent Care Credit (CDCC)	-\$3.8 million	FY 2022
Exemption of the first \$10,200 in Unemployment Compensation from taxes	-\$20.8 million	FY 2021
Repeal of worldwide interest allocation rules for multinational corporations	+\$18.1 million	FY2021 - FY2025

Revenue Highlights

Real property tax

Due to the on-going public health emergency and consistent with the moratorium on evictions, OTR will seek legislation to cancel the tax sale for this fiscal year. As a result, real property tax

revenue is revised downward by \$12.5 million in FY 2021 and upward by the same amount in FY 2022 when the tax sale is now expected to occur. The FY 2021 estimated tax sale amount is comprised of the cancelled tax sale from FY 2020 that was estimated to be \$5.84 million and an additional tax sale of \$6.65 million estimated for FY 2021. The out-year forecast remains unchanged from February.

Sales tax

Sales tax collections continue to be impacted by the public health restrictions implemented to limit and contain the spread of the virus. The hospitality sector remains the hardest hit through the course of the pandemic and is not expected to reach the pre-COVID level before FY 2023. Recent announcements relaxing restrictions on indoor dining and entertainment align with our re-opening assumptions, hence the forecast for sales tax remains unchanged from February.

Income taxes

The revenue estimates for both individual and business income taxes have been revised upward based on the strength of year-to-date collections and stronger stock market outlook. FY 2021 individual income tax revenue is expected to grow 4.6%, up 1.4% from the February estimate, due mainly to higher investment income and withholding. Individual income tax revenue is expected to grow by only 1.6% in FY 2022 due to the negative impact of the District's conformity to federal tax laws affected by ARP (see table above). Growth will return to its long-term trend rate of about 4.5 percent for fiscal years 2023 to 2025.

Similarly, corporate franchise tax revenue has been revised upward by \$52.8 million in FY 2021 and is expected to remain strong, boosted by the positive effects of federal support for financial markets. Corporate franchise tax revenue also benefited from the ARP repeal of the worldwide interest allocation rules, effectively reducing deductions for multinational companies. This change increases District corporate income tax revenues by \$2.8 million in FY 2022 and about \$5 million annually thereafter. Corporate franchise tax revenue is expected to grow 2.2 percent in FY 2022, and 3.2 percent in FY 2023.

Unincorporated business franchise tax revenue will continue to be positively impacted by federal and District relief programs aimed at supporting rent and lease payments. Collections are expected to grow by \$12.9 million in FY 2021, an improvement over the previous forecast. Unincorporated franchise tax revenue is expected to remain relatively flat in FY 2022 and will decline by an average of 1 percent through FY 2025.

Deed taxes

The FY 2021 forecast for deed taxes is revised upward by \$32.2 million based on higher year-to-date collections fueled by strong residential sales. While the pandemic hit the deed market hard during the second half of FY 2020, the number of transactions has improved since then. The forecast for deed taxes revenue is revised downward for FY 2023 through FY 2025 to account for the sunset of the higher rates for properties valued greater than \$2 million. As a result, the out-year revenue forecast is revised downward by a total of \$187.2 million and will remain below pre-COVID levels.

Non-tax revenue

Non-tax revenue is revised upward by approximately \$24.9 million in FY 2021, and downward by approximately \$11.1 million annually through the remainder of the financial plan period. The upward revision in FY 2021 is due mainly to the resumption of parking enforcement operations and the expanded summer amnesty program. The out year downward revisions are due to re-direction of emergency ambulance fee collections from local funds to intra-district funds.

National and Regional Economies

The spread of COVID-19 around the globe brought the pattern of steady growth in the national economy to an abrupt halt, ending the longest period of expansion in U.S. history.

Unprecedented fiscal relief from the federal government and accommodating monetary policy from the Federal Reserve helped contain much of the damage caused by the pandemic. Real GDP contracted 3.5 percent in calendar year 2020 and is now estimated to recover to pre-pandemic levels by the end of FY 2021.

- U.S. employment declined 5.4 percent in the 3-month period ending March 2021 from the prior period in 2020. The U.S. unemployment rate was 6.2 percent in March 2021, up from 4.5 percent in March 2020.
- U.S. personal income grew 15.6 percent in the first quarter of 2021 over the prior year, and wages grew 1.8 percent. Federal relief boosted personal income throughout 2020 and 2021.
- Gross domestic product, adjusted for inflation, was 0.4 percent higher in the 1st quarter of calendar 2021 than the 1st quarter of 2020.
- The S&P 500 stock market index ended April at 4,181, up 13 percent year-to-date and 48 percent above the end of April 2020.
- Washington metropolitan employment declined 6.3 percent in the 3-month period ending March 2021 over the prior year. The Metro area unemployment rate was 5.6 percent in March, up from 3.2 percent in 2020.
- District employment for the 3-month period ending March 2021 was 8.8 percent lower than 2020, and the unemployment rate was 7.0 percent in March 2021, up from 5.5 percent in 2020.
- District personal income grew 3.9 percent in the 4th quarter of calendar 2020 over 2019, and wages earned in the District grew 1.0 percent. Wages for District residents grew 1.3 percent.
- The number of single family and condominium sales grew by 6.1 percent in FY 2020 and the value of sales grew 11.8 percent. The average number of sales for the first three months of calendar 2021 grew 15.8 percent and the value of sales grew 23.4 percent over the same period in 2020.
- Air travel to District-area airports was down 67 percent in March 2021 compared to the prior year, and hotel occupancy was 34 percent in March, an improvement compared to 31 percent in March 2020, but still well below the average 76 percent occupancy in FY 2019.

Economic Outlook

The economic outlook for the District's economy is for continued recovery but at a pace slightly below the US average over the next year. In contrast to the Great Recession's aftermath, when DC's economy fared better than the US, it will take until FY 2023 for employment levels to return to where they were prior to the public health emergency. 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 decline 2.8 percent in FY 2021 reflecting the impact of the public health emergency. A rebound of 4.6 percent growth in FY 2022 and 2.4 percent in FY 2023 brings jobs in the District back to 2019 levels.
- Population growth continues with 12,400 —1.7 percent—added over the three fiscal years 2020 through 2023. This pace is slower than the 3.1 percent growth from FY 2016 to FY 2019.
- Resident employment growth is expected to decline 1.0 percent in FY 2021, recovering to 2019 levels in 2022 with increases of 3.6 percent and 1.8 percent the following years. The unemployment rate, which was 5.5 percent in FY 2019, rose to an average 7.1 percent rate in FY 2020 and increases to 8.0 percent in FY 2021. The rate declines rapidly to 5.8 percent in FY 2022 as the economy recovers.
- District personal income growth is 3.9 percent in FY 2021, supported by federal transfers such as the one-time relief check and expanded unemployment compensation. Absent the additional relief in 2021, personal income grows just 1.3 percent in FY 2022 before returning to normal growth.
- The S&P 500 index, rebounding significantly from the March 2020 contraction, was 15.2 percent higher at the end of 2020 than 2019. The volatile index has grown since the start of 2019 and is projected to close 2021 8.8 percent higher but decline modestly to 7.2 percent in 2022.

Risks to the Forecast

Despite the significant progress of vaccination rates and declining case numbers and deaths, the COVID-19 pandemic's course remains the biggest source of uncertainty for the District and national economies. The end of the pandemic appears to be in sight, but risks remain related to the pace of full recovery and to changes in the economy and society at large.

The federal relief package (ARP) described earlier in this letter will continue to infuse the District public health programs with funds for deployment of vaccines, tracking of cases, and care of COVID-19 patients; mitigate a housing crisis with significant levels of rental assistance; and provide direct funds to District residents and businesses of sufficient magnitude to weather the next few months of restrictions.

The build-up of deferred rent, utility payments, and additional credit card debt remain risks to full recovery, even with the federal relief. Landlords have been prohibited from evicting tenants and it is unclear what the outcome will be when the prohibition is lifted. This risk is significantly reduced by federal along with District rental and direct relief programs both enacted and planned.

As the pandemic recedes, the long-lasting effects will become more apparent. As public health restrictions are lifted, there will likely be a surge in demand for entertainment—dining, performances, and sports—but the long-term level could be reduced if there is less appetite for

business or leisure travel, greater demand for telework or suburban locations, or continued discomfort about congregating.


As vaccinations rise and cases fall, more employers are actively discussing return to workplace plans. The ability to work remotely for many employees will remain an attractive option. Post-pandemic, 20 to 25 percent of office workers are expected to participate in remote work compared to less than 10 percent before the pandemic. Depending on how remote work evolves, there may be a more significant impact on office space demand than we currently assume.

As this revenue estimate was being prepared, the US Bureau of the Census released its count of the District's population as of April 15, 2020. That count, 689,545, is about 20,000 less than had been assumed in our economic outlook. At this point, it is uncertain what impact, if any, this might have on the District's economy and revenues. The possibility that the pandemic and other factors may be altering the demographic dynamics of the District's population is another risk factor that will be closely watched.

Finally, there is the possibility of inflation. Inflation has not been a concern but the levels of government spending, both here and abroad, over the last twelve months is unprecedented in the absence of war and it is not clear whether that spending will manifest in inflation in the coming years. One immediate concern is rising yields on government bonds contributing to a correction in the stock market. Growth in the S&P 500 stock index is currently projected throughout the financial plan period. Absent the pandemic, the Federal Reserve may be less inclined to step in for another correction as occurred in March 2020.

We will continue to closely monitor 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, flowing style.

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, Interim 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

TABLE 1: REVENUE SUMMARY TABLE

\$ in Thousands	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS	
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
PROPERTY	2,954,093	2,989,482	2,879,969	2,901,545	2,975,102	3,055,909
Real Property	2,836,733	2,883,966	2,774,303	2,793,719	2,866,898	2,946,982
Personal Property	77,698	70,193	69,990	71,793	71,810	72,169
Public Space Rental	39,662	35,323	35,676	36,033	36,394	36,758
<i>Dedicated to other funds</i>	-44,377	-51,738	-46,815	-52,559	-63,727	-68,001
PROPERTY (NET)	2,909,716	2,937,744	2,833,154	2,848,986	2,911,375	2,987,908
SALES & EXCISE	1,316,574	1,208,702	1,578,336	1,729,575	1,879,160	1,952,627
General Sales	1,222,446	1,113,119	1,481,845	1,632,988	1,782,466	1,855,849
Alcohol	6,009	6,006	6,199	6,299	6,400	6,505
Cigarette	24,934	23,103	22,479	21,872	21,282	20,707
Motor Vehicle	40,713	40,700	41,107	41,702	42,298	42,854
Motor Fuel	22,472	25,774	26,706	26,714	26,714	26,712
<i>Dedicated to other funds</i>	-403,344	-381,330	-491,243	-532,409	-571,782	-589,633
SALES & EXCISE (NET)	913,230	827,372	1,087,093	1,197,165	1,307,378	1,362,994
INCOME	3,104,933	3,242,306	3,295,893	3,466,157	3,607,322	3,768,051
Individual Income	2,377,236	2,486,961	2,527,636	2,684,338	2,808,861	2,941,229
Corporate Franchise	575,646	590,367	603,219	622,361	638,346	666,803
U.B. Franchise	152,051	164,979	165,037	159,458	160,115	160,018
INCOME (NET)	3,104,933	3,242,306	3,295,893	3,466,157	3,607,322	3,768,051
GROSS RECEIPTS	371,123	363,442	391,042	383,546	385,146	385,089
Public Utilities	136,813	124,837	148,157	141,460	142,309	143,163
Toll Telecommunications	40,891	36,314	34,898	33,537	32,229	30,972
Insurance Premiums	120,004	127,265	127,772	127,396	128,632	128,632
Ballpark Fee	37,248	34,902	37,400	37,400	37,400	37,400
Private sports wagering	273	2,596	2,856	3,141	3,455	3,801
Games of Skill		1,210	3,329	3,662	3,845	3,845
Health Related Taxes	35,894	36,318	36,631	36,950	37,276	37,276
<i>Dedicated to other funds</i>	-131,125	-133,345	-138,427	-138,361	-143,142	-143,662
GROSS RECEIPTS (NET)	239,998	230,098	252,615	245,186	242,005	241,427
OTHER TAX	489,988	527,150	580,079	582,155	554,684	551,181
Estate	37,249	35,021	37,143	37,587	38,045	38,509
Deed Recordation	261,211	265,076	293,990	296,244	282,475	280,219
Deed Transfer	179,403	213,483	227,115	224,427	213,996	212,286
Economic Interest	12,124	13,569	21,831	23,896	20,167	20,167
<i>Dedicated to other funds</i>	-69,019	-72,791	-80,055	-79,484	-75,580	-74,991
OTHER TAX (NET)	420,969	454,359	500,025	502,670	479,104	476,190
TOTAL TAX (GROSS)	8,236,710	8,331,082	8,725,319	9,062,978	9,401,414	9,712,857
TOTAL TAX (NET)	7,588,846	7,691,878	7,968,780	8,260,164	8,547,184	8,836,570
NONTAX	522,895	397,371	451,408	457,410	455,305	452,047
Licenses & Permits	125,584	108,821	133,341	139,739	140,239	141,815
Fines & Forfeits	147,943	112,397	138,654	135,906	133,214	130,576
Charges for Services	68,723	65,698	63,894	66,267	66,570	64,924
Miscellaneous	180,645	110,455	115,520	115,498	115,283	114,732
NONTAX (NET)	522,895	397,371	451,408	457,410	455,305	452,047
LOTTERY	38,060	44,099	56,586	57,095	60,535	61,950
<i>Dedicated to other funds</i>					-22,450	-22,450
LOTTERY (NET)	38,060	44,099	56,586	57,095	38,085	39,500
GROSS REVENUE	8,797,665	8,772,552	9,233,313	9,577,483	9,917,254	10,226,854
LOCAL FUND REVENUE	8,149,801	8,133,349	8,476,774	8,774,669	9,040,574	9,328,117
OTHER FUNDS (See Table 2)	647,864	639,204	756,540	802,814	876,680	898,737

TABLE 1: REVENUE SUMMARY TABLE (Continued)

% Change from Year Ago	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS		
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	
PROPERTY	4.5%	1.2%	-3.7%	0.7%	2.5%	2.7%	
Real Property	4.7%	1.7%	-3.8%	0.7%	2.6%	2.8%	
Personal Property	-1.6%	-9.7%	-0.3%	2.6%	0.0%	0.5%	
Public Space Rental	2.5%	-10.9%	1.0%	1.0%	1.0%	1.0%	
<i>Dedicated to other funds</i>	-15.7%	16.6%	-9.5%	12.3%	21.2%	6.7%	
PROPERTY (NET)	4.9%	1.0%	-3.6%	0.6%	2.2%	2.6%	
SALES & EXCISE	-22.9%	-8.2%	30.6%	9.6%	8.6%	3.9%	
General Sales	-23.5%	-8.9%	33.1%	10.2%	9.2%	4.1%	
Alcohol	-14.7%	0.0%	3.2%	1.6%	1.6%	1.6%	
Cigarette	-12.7%	-7.3%	-2.7%	-2.7%	-2.7%	-2.7%	
Motor Vehicle	-11.4%	0.0%	1.0%	1.4%	1.4%	1.3%	
Motor Fuel	-19.6%	14.7%	3.6%	0.0%	0.0%	0.0%	
<i>Dedicated to other funds</i>	-24.4%	-5.5%	28.8%	8.4%	7.4%	3.1%	
SALES & EXCISE(NET)	-22.2%	-9.4%	31.4%	10.1%	9.2%	4.3%	
INCOME	5.5%	4.4%	1.7%	5.2%	4.1%	4.5%	
Individual Income	3.4%	4.6%	1.6%	6.2%	4.6%	4.7%	
Corporate Franchise	13.3%	2.6%	2.2%	3.2%	2.6%	4.5%	
U.B. Franchise	12.8%	8.5%	0.0%	-3.4%	0.4%	-0.1%	
INCOME (NET)	5.5%	4.4%	1.7%	5.2%	4.1%	4.5%	
GROSS RECEIPTS	-6.1%	-2.1%	7.6%	-1.9%	0.4%	0.0%	
Public Utilities	-12.5%	-8.8%	18.7%	-4.5%	0.6%	0.6%	
Toll Telecommunications	-2.4%	-11.2%	-3.9%	-3.9%	-3.9%	-3.9%	
Insurance Premiums	1.0%	6.1%	0.4%	-0.3%	1.0%	0.0%	
Ballpark Fee	-17.4%	-6.3%	7.2%	0.0%	0.0%	0.0%	
Private sports wagering	-	-	10.0%	10.0%	10.0%	10.0%	
Games of Skill	-	-	175.1%	10.0%	5.0%	0.0%	
Health Related Taxes	8.8%	1.2%	0.9%	0.9%	0.9%	0.0%	
<i>Dedicated to other funds</i>	-3.7%	1.7%	3.8%	0.0%	3.5%	0.4%	
GROSS RECEIPTS (NET)	-7.3%	-4.1%	9.8%	-2.9%	-1.3%	-0.2%	
OTHER TAX	-16.0%	7.6%	10.0%	0.4%	-4.7%	-0.6%	
Estate	67.0%	-6.0%	6.1%	1.2%	1.2%	1.2%	
Deed Recordation	-12.8%	1.5%	10.9%	0.8%	-4.6%	-0.8%	
Deed Transfer	-21.4%	19.0%	6.4%	-1.2%	-4.6%	-0.8%	
Economic Interest	-63.6%	11.9%	60.9%	9.5%	-15.6%	0.0%	
<i>Dedicated to other funds</i>	-16.2%	5.5%	10.0%	-0.7%	-4.9%	-0.8%	
OTHER TAX (NET)	-16.0%	7.9%	10.1%	0.5%	-4.7%	-0.6%	
TOTAL TAX (GROSS)	-2.6%	1.1%	4.7%	3.9%	3.7%	3.3%	
TOTAL TAX (NET)	-0.8%	1.4%	3.6%	3.7%	3.5%	3.4%	
NONTAX	-15.6%	-24.0%	13.6%	1.3%	-0.5%	-0.7%	
Licenses & Permits	-14.5%	-13.3%	22.5%	4.8%	0.4%	1.1%	
Fines & Forfeits	-24.3%	-24.0%	23.4%	-2.0%	-2.0%	-2.0%	
Charges for Services	-11.3%	-4.4%	-2.7%	3.7%	0.5%	-2.5%	
Miscellaneous	-9.4%	-38.9%	4.6%	0.0%	-0.2%	-0.5%	
NONTAX (NET)	-15.6%	-24.0%	13.6%	1.3%	-0.5%	-0.7%	
LOTTERY	-15.5%	15.9%	28.3%	0.9%	6.0%	2.3%	
<i>Dedicated to other funds</i>							
LOTTERY (NET)					-33.3%	3.7%	
GROSS REVENUE	-3.5%	-0.3%	5.3%	3.7%	3.5%	3.1%	
LOCAL FUND REVENUE	-2.0%	-0.2%	4.2%	3.5%	3.0%	3.2%	
OTHER FUNDS (See Table 2)	-19.5%	-1.3%	18.4%	6.1%	9.2%	2.5%	

May 2021 Revenue Estimate
May 14, 2021
Page 10

TABLE 2: DEDICATED/ENTERPRISE REVENUE

\$ in Thousands		ACTUAL		ESTIMATE			
DEDICATED TO	Tax Type	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
TIF	Real Property	15,476	20,544	15,589	19,009	20,067	18,863
	General Sales	14,068	12,499	19,530	25,657	29,205	29,005
PILOT	Real Property	28,136	30,295	30,327	32,651	42,760	48,238
	General Sales	9,705	7,432	10,009	11,051	12,082	12,588
Walter Reed Development	Real Property	765	900	900	900	900	900
Convention Center	General Sales	71,207	54,753	100,442	122,867	145,867	152,538
Convention Center-Destination DC	General Sales	2,860	2,676	4,466	5,647	6,885	7,251
Ballpark	General Sales	12,139	10,000	18,000	18,000	18,000	18,000
	Public Utility	7,692	5,498	5,543	5,589	5,635	5,682
	Toll Telecom	2,584	2,320	2,313	2,391	2,428	2,556
	Ballpark Fee	37,248	34,902	37,400	37,400	37,400	37,400
Healthy DC - Marijuana	General Sales	1,513	1,666	1,799	1,943	2,098	2,266
Healthy DC - MCO	Insurance premium	47,433	54,180	56,339	55,831	56,947	55,052
WMATA - Operations	General Sales	52,311	44,918	76,637	79,320	82,096	84,559
WMATA - Capital	General Sales	178,500	183,855	189,371	195,052	200,903	206,930
Healthy Schools	General Sales	5,110	5,590	5,590	5,590	5,590	5,590
ABRA	General Sales	1,170	1,170	1,170	1,170	1,170	1,170
Comm. on Arts and Humanities	General Sales	32,289	30,997	37,523	39,399	41,172	43,024
Highway Trust Fund	Motor Fuel	22,472	25,774	26,706	26,714	26,714	26,712
Nursing Facility Quality of Care	Health Related	16,217	15,652	15,965	16,285	16,610	16,610
Hospital Fund	Health Related	7,520	8,454	8,454	8,454	8,454	8,454
Hospital Provider Fee Fund	Health Related	5,326	6,673	6,673	6,673	6,673	6,673
ICF-IDD Stevie Sellows	Health Related	6,831	5,539	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					1,628	1,800
	Lottery					11,225	11,225
Early Childhood Development Fund	Sports Wager					1,628	1,800
	Lottery					11,225	11,225
Housing Production Trust Fund (HPTF)	Deed Recordation	36,920	36,469	40,806	41,148	39,078	46,511
HPTF-Debt Service	Deed Transfer	24,862	29,624	31,669	31,268	29,700	35,332
	Economic Interest	856	638	841	891	891	891
	Deed Recordation	3,641	3,293	3,292	3,289	3,294	3,294
West End Maintenance	Deed Transfer	2,652	2,399	2,398	2,396	2,399	2,399
	Economic Interest	-	-	-	-	-	-
	Deed Recordation	21	185	524	246	109	112
TOTAL	Deed Transfer	68	185	524	246	109	112
		647,864	39,204	756,540	802,814	876,680	910,502

Table 3. Key Economic Variables

Variable	Actual					Estimated		Forecast		
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Gross Domestic Product - DC (\$billions)	128.2	132.0	137.4	142.2	143.5	149.9	159.3	166.8	175.5	183.9
<i>% change annual</i>	3.5%	3.0%	4.1%	3.5%	0.9%	4.5%	6.3%	4.7%	5.2%	4.8%
Real GDP-DC (2005 \$billions)	118.8	120.0	122.1	123.4	122.62	125.37	129.46	132.05	135.20	137.68
<i>% change annual</i>	1.8%	1.1%	1.8%	1.1%	-0.7%	2.2%	3.3%	2.0%	2.4%	1.8%
Personal Income (\$billions)	52.7	54.6	56.6	58.4	61.48	63.87	64.70	67.83	71.07	74.54
<i>% change annual</i>	5.2%	3.6%	3.6%	3.3%	5.2%	3.9%	1.3%	4.8%	4.8%	4.9%
Real Personal Income (2005 \$billions)	44.4	45.2	45.7	46.5	48.34	49.22	48.98	50.43	51.73	53.05
<i>% change annual</i>	6.8%	1.9%	1.2%	1.8%	3.9%	1.8%	-0.5%	2.9%	2.6%	2.6%
Per capita personal income	76,823	78,479	80,439	82,530	86,285	89,267	89,844	93,572	97,425	101,534
<i>% change annual</i>	3.5%	2.2%	2.5%	2.6%	4.5%	3.5%	0.6%	4.1%	4.1%	4.2%
Real per capita personal income (2005\$)	64,654	64,960	65,051	65,746	67,852	68,801	68,017	69,565	70,911	72,266
<i>% change annual</i>	5.1%	0.5%	0.1%	1.1%	3.2%	1.4%	-1.1%	2.3%	1.9%	1.9%
Wages in DC (\$billions)	69.3	72.0	75.5	78.0	79.33	81.40	85.65	89.48	93.91	98.46
<i>% change annual</i>	3.4%	3.9%	4.8%	3.3%	1.8%	2.6%	5.2%	4.5%	5.0%	4.8%
Wages of DC residents (\$billions)	25.7	27.1	29.0	30.3	30.9	31.7	33.3	34.8	36.5	38.2
<i>% change annual</i>	4.0%	5.4%	7.0%	4.6%	1.8%	2.8%	4.9%	4.5%	4.7%	4.8%
Population (000s)	686.2	695.7	703.1	707.8	712.5	715.4	720.2	724.9	729.5	734.1
<i>% change annual</i>	1.6%	1.4%	1.1%	0.7%	0.7%	0.4%	0.7%	0.7%	0.6%	0.6%
Households (000s)	303.7	308.9	315.1	319.1	322.5	325.0	328.4	331.7	335.0	338.1
<i>% change annual</i>	1.9%	1.7%	2.0%	1.3%	1.1%	0.8%	1.1%	1.0%	1.0%	0.9%
Civilian labor force (000s)	393.9	399.7	404.2	408.1	411.6	411.4	416.8	421.0	425.1	429.2
<i>% change annual</i>	1.7%	1.5%	1.1%	1.0%	-0.2%	-0.1%	1.3%	1.0%	1.0%	1.0%
Employment in DC (000s)	774.9	782.7	790.9	796.4	763.5	742.1	776.3	795.3	810.4	822.9
<i>% change annual</i>	2.1%	1.0%	1.1%	0.7%	-4.1%	-2.8%	4.6%	2.4%	1.9%	1.5%
Employment of DC residents (000s)	369.3	375.3	380.9	385.4	382.6	378.9	392.7	399.7	404.1	408.3
<i>% change annual</i>	2.7%	1.6%	1.5%	1.2%	-1.8%	-1.0%	3.6%	1.8%	1.1%	1.0%
Unemployment rate	6.2	6.1	5.8	5.6	7.1	8.0	5.8	5.1	4.9	4.9
Housing Starts	4,407	4,309	4,732	6,391	5,584	4,930	3,288	2,447	2,030	2,028
Housing Stock (000s)	329.0	333.0	338.0	343.0	347.9	353.0	358.6	364.2	368.3	371.4
<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	8,434	8,954	9,849	9,879	9,385	9,291	9,346
<i>% change annual</i>	5.2%	3.1%	4.2%	-5.8%	6.2%	10.0%	0.3%	-5.0%	-1.0%	0.6%
Avg Home Sale Price (000s)	795	825	835	864	921.3	1041.0	1062.4	1,106.4	1,156.8	1,210.2
<i>% change annual</i>	3.5%	3.8%	1.2%	3.4%	6.7%	13.0%	2.1%	4.1%	4.6%	4.6%
SP 500 Stock Index	6.4%	19.2%	3.3%	14.7%	15.2%	8.8%	7.2%	5.1%	1.3%	0.1%
US 10 Year Treasury	1.9	2.3	2.7	2.5	1.1	1.2	1.7	2.0	2.1	2.4
Washington Area CPI: % change prior year	0.9%	1.1%	2.0%	1.2%	1.2%	1.7%	2.2%	2.2%	2.2%	2.2%

* 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 (April 2021) and Moody's Analytics (April 2021); forecasts of the national economy prepared by the Congressional Budget Office (February 2021) and Blue Chip Economic Indicators (April 2021); BLS labor market information from March 2021; the Census Bureau estimates of the D.C. population (2020); Bureau of Economic Analysis estimates of D.C. Personal Income (December 2020); Metropolitan Regional Information System (MRIS) D.C. home sales data (March 2021), CoStar information on commercial office buildings and residential property in D.C. (March 2021); and Delta Associates commercial office buildings and apartments in DC (December 2020).