



September 2022 Revenue Estimate

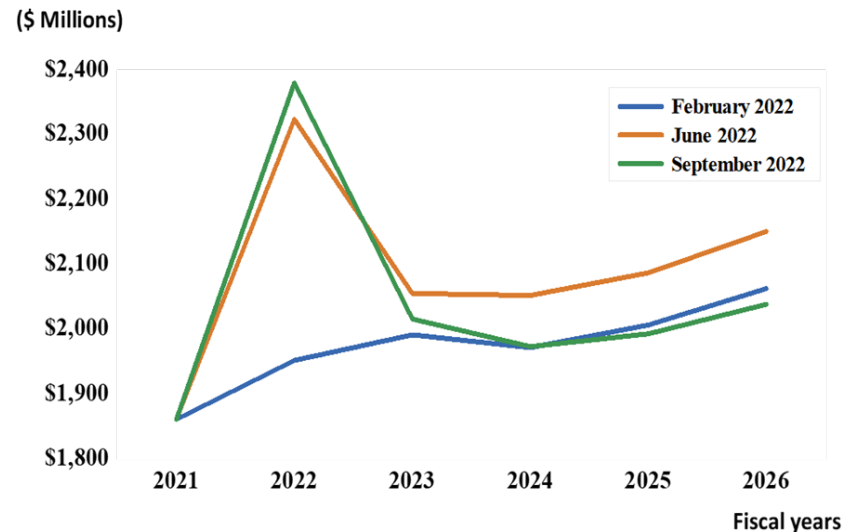
September 30, 2022

September 2022 Revenue Estimate: Overview



- ✓ Asset price appreciation from historic low interest rates and unprecedented fiscal and monetary stimulus yield record level of revenue in FY2022 for DC and other states
 - Positive “April Surprise” for DC and other states — surge in business and nonwithholding income taxes receipts
 - Strong deed taxes performance an additional benefit for DC
- ✓ High inflation was also major factor in FY 2022 revenue increase
 - Sales and withholding taxes benefited from high inflation rate
- ✓ Other one-time FY 2022 extraordinary revenue include
 - Proceeds from real property tax sale
 - Unclaimed property transfers
- ✓ Higher interest rates, lower inflation, and slowing employment will dampen revenue growth going forward

Revenue Estimate for Volatile Taxes since February 2022



Note: Volatile taxes include business franchise, deeds, and non-withheld income tax payments.

Tax Revenue performance since COVID

+18.4%
Tax revenue increase since February 2020

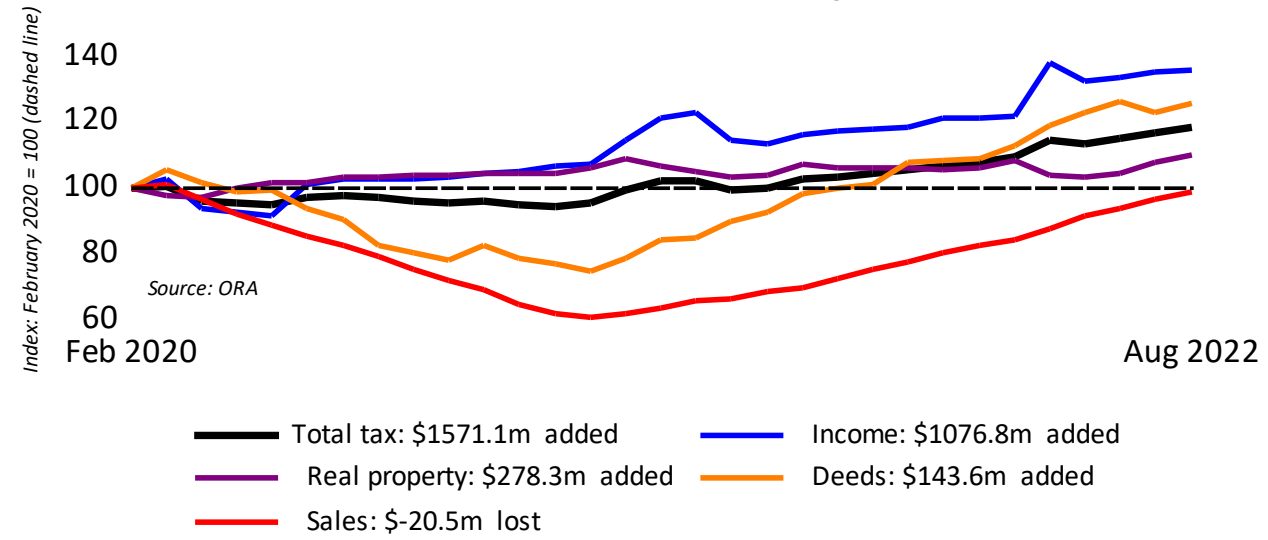
+35.7%
Individual and business income tax revenue increase since February 2020

+10.2%
Real property tax revenue increase since February 2020

+25.5%
Deed tax revenue increase since February 2020

-1.2%
Sales tax revenue decline since February 2020

DC Tax Revenue Since February 2020



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

September 2022 Revenue Estimate



September 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
June 2022 Revenue Estimate	8,723.5	9,577.4	9,467.0	9,712.6	9,981.1	10,288.1
<i>FY 2023 BSA Legislation*</i>		-2.1	23.0	11.4	11.0	9.9
<i>September revision to estimate</i>		172.0	93.7	45.1	60.0	80.3
September 2022 Revenue Estimate	8,723.5	9,747.3	9,583.7	9,769.1	10,052.1	10,378.2
Revenue Change From Previous Year						
Amount	573.6	1,023.8	(163.6)	185.4	283.0	326.1
<i>Year-Over-Year Percent Change</i>	7.0%	11.7%	-1.7%	1.9%	2.9%	3.2%

**Includes legislation triggered by excess revenue above budgeted revenue – see slide 5 for details*

Revenue revision triggers from FY 2023 BSA

Laws with revenue/fund balance impacts triggered (\$M)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<i>FY 2023 Budget Support Act Revenue Adjustments</i>	-2.1	26.0	16.7	16.4	15.3
<u>Triggers from FY 2023 BSA (\$M)</u>					
Offset revenue loss attributable to Flavored Tobacco Product Prohibition Amendment Act of 2021	(0)	(3.0)	(3.0)	(2.9)	(2.9)
Offset revenue loss attributable to the Clean Hands Certification Equity Amendment Act of 2021	(0)	(0)	(2.4)	(2.4)	(2.4)
Transfer \$20 million to EventsDC for excluded worker assistance grants*	(0)	(0)	(0)	(0)	(0)
<i>Total Legislative Adjustments</i>	-2.1	23.0	11.4	11.0	9.9

* Appropriated transfer will increase FY 2023 budget but will not impact revenues

Summary of September 2022 Revision to Prior

Tax Type (\$000)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Sales	\$47,745	\$65,564	\$71,342	\$82,210	\$89,672
Income	\$16,345	\$20,296	(\$20,248)	(\$15,644)	(\$1,316)
Deed Taxes	\$45,272	-	-	-	-
Non-Tax	\$37,358	\$1,629	\$1,579	\$1,519	\$1,455
Real Property	\$21,365	\$8,387	\$0	(\$0)	(\$0)
All other revisions	\$3,885	(\$2,192)	(\$7,538)	(\$8,133)	(\$9,546)
Total Revisions	\$171,970	\$93,684	\$45,137	\$59,952	\$80,266

Risks to Recovery and Outlook



- ✓ Federal monetary policy aimed at containing inflation could trigger recession
- ✓ Inflation currently benefits revenue, but if it persists could harm revenue growth as consumers pull back
- ✓ Remote work expansion reduces daytime population
- ✓ Permanent population decline
- ✓ National security, geo-political and other global issues
- ✓ Tourism slows due to global economic slowdown
- ✓ Supply chain/labor shortage problems persist
- ✓ Emerging COVID variants



Questions?