

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



**Glen Lee**  
Chief Financial Officer

September 30, 2024

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: September 2024 Revenue Estimates**

Dear Mayor Bowser and Chairman Mendelson:

This letter certifies the revenue estimate for the FY 2024 – 2028 District of Columbia Budget and Financial Plan. FY 2024 local source revenue has been revised upward by \$72.7 million based on modest improvement in the near-term economic outlook for the District and the latest revenue collections data, which show higher than expected receipts from sales, real property, and unincorporated business taxes, as well as nontax sources. The forecast for FY 2025 – FY 2028 has also been revised upward by approximately \$160 million. The table below compares the September 2024 estimate with the February 2024 estimate and shows the revenue impact of legislative changes included in the FY 2025 Budget Support Act.

**September 2024 revenue estimate compared to previous estimate**

	Actual		Estimated		Projected	
Local Source, General Fund Revenue Estimate (\$M)	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
February 2024 Revenue Estimate		9,977.0	10,254.0	10,455.2	10,677.7	10,914.9
<i>FY 2025 Budget Support Act Revenue-local</i>			12.8	403.4	455.8	708.6
<i>September revision to estimate</i>			72.7	44.4	52.4	18.5
<b>September 2024 Revenue Estimate</b>	<b>9,974.5</b>	<b>10,062.5</b>	<b>10,701.8</b>	<b>10,955.6</b>	<b>11,255.2</b>	<b>11,642.0</b>
<b>Revenue Change From Previous Year</b>						
Amount		88.0	639.3	253.8	299.6	386.8
<i>Year-Over-Year Percent Change</i>		0.9%	6.4%	2.4%	2.7%	3.4%

The District’s economy and employment continue to recover more slowly than the nation’s. However, the District outperforms the nation in terms of personal income, wages, and population growth. We have revised the near-term growth forecast upward for the District’s population, household size, resident employment, civilian labor force, and personal consumption expenditure. The most recent cash collection data show that revenue for the fiscal year is expected to be slightly better than previously forecasted. We

now forecast a 1 percent growth over FY 2023, which is an improvement over the flat forecast in February. The forecast for the remainder of the financial plan period has also improved slightly.

The outlook remains cautious for two reasons: 1) Although the Federal Reserve recently eased monetary policy by reducing interest rates to boost a weakening job market, the effect of monetary policy takes time to work its way through the economy; and 2) The commercial office real estate market remains weak as evidenced by rising office vacancy rates and the significant decline in deed tax receipts from commercial property loan refinancings.

In addition to the cash collection reports, the revenue forecast was informed by various data sources, including official data on key economic indicators and updates prepared by the Congressional Budget Office and private forecasters IHS Global and Moody's Analytics.

### **Revenue Highlights**

Growth in FY 2024 year-to-date revenue receipts through August surpassed the forecast, with growth in nearly all major tax categories except deed and estate taxes. The revenue estimate for the financial plan period has been updated to reflect the improved economic outlook for the District in the near term compared to the last forecast. This update also incorporates the stronger-than-expected year-to-date collections for real property, sales, and unincorporated business taxes, as well as the better-than-expected receipts from nontax revenue sources.

#### *Real property tax*

FY 2024 real property tax revenue has been revised upward to reflect higher-than-expected year-to-date collections, an increase of 1.9 percent relative to FY 2023. This is mainly due to higher billings and the reduced impact of second-level appeals on FY 2024 assessments relative to the assumptions of the previous forecast. The latest data for TY 2024 second-half real property tax collections also show higher than forecasted collection rates, particularly for large offices and vacant and blighted properties. The forecast for FY 2025 revenue has been adjusted upward due to the lower-than-expected impact of first-level appeals on TY 2025 assessments and an increase in the number of properties being reclassified as vacant and blighted. The reclassification of more residential and commercial properties to vacant and blighted results in higher net revenues because vacant and blighted properties are subject to significantly higher tax rates. Despite the upward revisions to the real property tax estimate, forecasted growth for real property taxes over the financial plan remains low, primarily due to the lackluster performance of the commercial office market. Growth in residential real property averages approximately 2.5 percent annually, while commercial property, due to the outsized influence of large office buildings, is predicted to decline by an average of 0.5 percent each year.

#### *Sales tax*

The latest sales tax collections reflect a continued rebound in sales taxes from the hospitality sector, resulting in higher growth than was forecasted in February. Over the past three months, the general sales tax revenue growth has been slowing, with an average growth of only 3.5 percent, compared to over 8 percent earlier this year. This growth, however, is still higher than the February projection. Accordingly, FY 2024 general sales tax revenue is revised upward by approximately \$35.9 million. The out-year forecast has also been revised upward based on the near-term improvement in the forecast to the personal consumption expenditure, a key economic indicator impacting the general sales revenue. As a result, the forecast for general sales tax is expected to average 4 percent annually over the financial plan.

*Individual Income taxes*

Year-to-date individual income tax collections are growing 2.3 percent, well below the 3.6 percent fiscal year growth forecasted in February. Withholding tax collections, which benefit from higher wages and improvement in the District's resident employment levels, are growing at 6.8 percent, above the 4.6 percent forecasted in February. On the other hand, non-withholding tax collections have been declining since the April filing season, with year-to-date revenue now down approximately 35.5 percent compared to the previous year. This is primarily due to lower final and estimated payments this year despite the stronger stock market performance last year. There were also higher-than-expected refunds this year, as more households than expected took advantage of the expanded earned income tax credits (EITC) for filers with children. As such, the better-than-expected year-to-date gains in withholding were more than offset by the double-digit decline in non-withholding, resulting in an overall downward adjustment of the forecast. As a result, individual income tax is now expected to end the year with growth of 2.2 percent compared to 3.6 percent growth predicted in February. Annual growth is expected to return to the long-term trend of 4.2 percent for fiscal years 2025 through 2028.

*Business Income taxes*

The corporation franchise tax revenue is expected to grow by only 1.5 percent for the fiscal year, despite a nearly 5 percent growth in year-to-date collections. This is mainly due to lower monthly collections since the April filing and expected lower final payments for this year. The forecast for the out-years has also been revised downward based on the latest earnings forecast for the top publicly traded corporate taxpayers in the District. Accordingly, the corporate franchise tax revenue forecast for the period FY 2025 through FY 2028 is revised downward by an average of \$23 million a year, with growth averaging about 0.7 percent annually.

Year-to-date unincorporated business tax revenue is down 6.7 percent compared to the negative 17 percent growth rate forecasted in February. There has been a significant improvement in collections since the April filing season, particularly from sources other than rental income. Accordingly, the FY 2024 forecast is revised upward by about \$20.7 million. The forecast for the near-term is also revised upward by an average of \$18 million annually.

*Gross receipts taxes*

FY 2024 gross receipt tax revenue is revised upward by \$15.2 million, based on stronger year-to-date public utility taxes and ballpark fee collections. Although the revision to the public utility forecast adds an average of \$6 million annually to the earlier forecast, growth is expected to remain negative across the financial plan period due to reduced office use. The ballpark fee component of gross receipts is also revised upward to reflect stronger year-to-date revenue and is expected to grow by 11.6 percent in FY 2024. The forecast for the out years is also revised upward, resulting in an average growth of 2.5 percent annually.

*Deed taxes*

Deed and economic interest tax collections through August are down 4.1 percent. Although there was a spike in the year-to-date collections for deed transfer and economic interest taxes due to a few high-dollar real estate sale transactions, deed recordation taxes have decreased by 15 percent, largely because of higher mortgage rates and a sluggish real estate market. Accordingly, the forecast for deed recordation taxes has been revised downward by approximately \$20.8 million in FY 2024, and by an average of \$2.8 million annually through the remainder of the financial plan.

*Non-tax and lottery revenue*

Non-tax revenue in FY 2024 has been revised upward by \$10 million, mainly due to a stronger one-time adjustment to the traffic fine forecast, which more than offset declines in investment income and licenses and permit fees. Investment income collections, which were the significant source of revenue growth last year and earlier this fiscal year, have slowed due to a decline in investible assets. Licenses and permits revenue has significantly slowed this year, consistent with a significant reduction in the forecast for housing starts, which was revised downward by approximately 83 percent compared to the previous forecast. As a result, the out-year forecast for non-tax revenue sources has been revised downward by an average of \$15 million annually.

**National and Regional Economies**

U.S. GDP growth in the second quarter surpassed expectations, reaching an annualized rate of 3.0 percent, according to the Bureau of Economic Analysis' second estimate, which exceeded economists' consensus forecasts. Consumer spending was the largest contributor, adding 2.0 percentage points to growth. However, household excess savings, built up during the pandemic, are largely exhausted after three years of solid consumer spending. As a result, future consumption will increasingly depend on income growth. Going forward, a weaker labor market suggests slower wage growth in the coming quarters.

Inflation has abated in recent months. The Personal Consumption Expenditures (PCE) price index rose by 2.5 percent in the second quarter of 2024, compared to a 3.4 percent increase in the first quarter. When excluding food and energy, the PCE "core" price index grew by 2.8 percent, down from 3.7 percent in the previous quarter.

In August, the national unemployment rate declined slightly to 4.2 percent, down from 4.3 percent in July. Over the past 12 months, the three-month moving average has risen by 0.6 percentage points. Historically, such an increase has been associated with recessions. However, recessions are driven by more than just a softening labor market. The current economic landscape—marked by strong GDP growth, robust consumer spending, and resilient financial conditions—does not reflect typical recessionary patterns.

Employment growth in the Washington metropolitan statistical area continued to lag that of the US in the first half of 2024, with employment growth in the Washington region increasing at 0.8 percent compared to 1.7 percent nationally in the second quarter. Slowing employment gains are nearly certain to continue to weigh on the region's economy.

	2023q2	2023q3	2023q4	2024q1	2024q2
Real GDP (% change from prior year)	2.4	2.9	3.1	2.9	3.2
Nominal GDP (% change from prior year)	5.9	6.2	5.9	5.4	5.9
Nominal Personal Income (% change from prior year)	5.6	4.8	4.4	4.4	4.4
Unemployment rate (%)	3.6	3.7	3.8	3.8	4.0
CPI (% change from prior year)	4.0	3.6	3.2	3.2	3.2
Yield on 10-Yr Treasury (%)	3.6	4.2	4.4	4.2	4.4
S&P 500 (avg level)	4,204	4,458	4,472	4,996	5,254

*Source: Bureau of Economic Analysis, Bureau of Labor Statistics, SP Global and Moody's Analytics.*

*U.S. Economic Outlook*

Amid recent signs of weakness in job data and inflation falling below 3 percent, the Federal Reserve reduced interest rates for the first time since the pandemic at its September meeting, lowering the federal funds rate by half a percentage point. The benchmark rate now sits between 4.75 percent and 5 percent. This rate cut signals the beginning of a new easing cycle, with the federal funds rate expected to stabilize around 3% by the end of 2026. Lower rates will be welcomed by prospective homebuyers, many of whom had been priced out of the market due to high borrowing costs. Additionally, the rate cuts should relieve pressure on other interest-sensitive sectors, providing a boost to the broader economy, and helping to maintain stability in the job market.

Based on insights from sources such as S&P Global and Moody's, we expect growth to remain below trend in the near term due to fiscal tightening and continued elevated interest rates. That said, we anticipate a return to trend growth by 2027 (see the table below). The GDP projections, along with forecasts for other economic activities in the nation and the District of Columbia, depend on a combination of factors, including key economic indicators, global market trends, geopolitical events, and changes in monetary and fiscal policy. The inherent uncertainties and complexities influencing economic dynamics make it crucial to monitor these factors closely to gain a comprehensive understanding of the evolving economic landscape.

	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
	<b>(actual)</b>	<b>(est.)</b>	<b>(est.)</b>	<b>(est.)</b>	<b>(est.)</b>	<b>(est.)</b>
Real GDP (% change)	1.9	2.9	1.8	1.7	1.9	2.1
Nominal GDP (% change)	6.6	5.5	4.1	4.1	4.2	4.4
Nominal Personal Income (% change)	5.2	4.5	4.9	4.9	4.7	4.6
Unemployment rate (%)	3.6	3.9	4.2	4.3	4.3	4.3
CPI (% change)	5.1	3.1	2.4	2.5	2.3	2.2
Yield on 10-Yr Treasury (%)	3.8	4.3	4.0	3.7	3.7	3.7
S&P 500 (level last quarter)	4,471.5	5,422.3	5,277.4	5,147.0	4,960.0	4,984.3

*Source: SP Global Feb. 2024 Outlook; ORA for SP500;*

**District of Columbia Economy**

While the District's economy continues to recover from the pandemic-induced recession of 2020, it has consistently underperformed the national economy across nearly all indicators. For example, the District still falls short of its pre-pandemic job levels, with approximately 32,200 fewer jobs recorded in the second quarter of 2024 compared to pre-pandemic 2020 (2020Q1) levels. Among major industries, the District of Columbia government, professional and management, and business services are the only sectors that have surpassed their early 2020 job levels by the second quarter of 2024.

The District of Columbia has the most government-centered economy in the United States, a characteristic that presents both advantages and challenges. The substantial and stable presence of federal agencies acts as a buffer against economic fluctuations that may disrupt private sector industries. In the early months of the pandemic, federal employment in the District increased as the government expanded its role in addressing the crisis, including hiring more staff for agencies focused on health, safety, and economic recovery. However, this sector then experienced a steady decline throughout 2022, losing nearly 10,000 jobs (or -5.0 percent) by the end of calendar year 2022, causing the federal workforce to fall below its pre-pandemic level. This decline has since halted, and the sector has begun to slowly regain its workforce over the last few quarters.

Growth in jobs in the District has shown little momentum this year. On a year-over-year basis, the total number of jobs in D.C. increased by only 3,200 (or 0.4 percent) from the second quarter of 2023 to the second quarter of 2024. This recent employment growth is underperforming both the District’s historical average and the growth rates of the nation (1.7 percent). The Leisure and Hospitality sector, which experienced severe job losses during the pandemic—losing 60 percent of its workforce in the second quarter of 2020—has since rebounded to 96 percent of its pre-pandemic levels. Additionally, the Other Services sector saw gains of 2,000 jobs due largely to nonprofit organizations. Both the federal and District government sectors also experienced job growth. In contrast, employment in the Information and Financial Services sectors, as well as in Professional and Management Services and other private sectors, contracted.

The unemployment rate in the District averaged 5.3 percent in the second quarter of 2024. Although still near historically low levels, it has increased from 4.8 percent in the same quarter of the previous year and has been rising for the past two years. This trend suggests that the District's labor market is struggling to absorb the new entrants it continues to attract.

Personal income in the District grew by 5.6 percent in the first quarter of 2024, outpacing the national increase of 4.4 percent during the same period. Per capita personal income in the District of Columbia has consistently been higher than in all 50 states. In 2023, it stood at \$100,909, compared to \$68,531 for the United States as a whole, according to data from the U.S. Bureau of Economic Analysis. The District of Columbia serves as a hub for high-paying jobs, largely due to the significant presence of the federal government, which offers salaries well above the national average. For example, in the second quarter of 2024, the federal government accounted for 28.3 percent of all wages in DC. The proximity to federal agencies also attracts private contractors who offer competitive wages to skilled employees. However, the District also has a significant portion of lower-income residents, with 14.0 percent of the population living below the poverty line in 2023.

#### *D.C. Recent History*

	2023q1	2023q2	2023q3	2023q4	2024q1
Real GDP (% change from prior year.)	0.3	0.8	1.6	1.4	1.5
Nominal GDP (% change from prior year)	5.7	5.8	6.4	5.7	5.6
Nominal Personal Income (% change from prior year)	6.5	7.3	6.0	5.6	5.5
Wages in D.C. (% change from prior year)	4.4	6.6	5.6	6.5	6.4
D.C. Resident Wages (% change from prior year)	5.0	6.8	5.8	6.5	6.2
Employment in D.C. (% change from prior year)	1.1	1.3	0.5	0.7	0.5
D.C. Resident Employment (% change from prior year)	2.6	1.6	1.7	3.0	2.9
Unemployment rate (%)	4.9	4.8	4.8	4.9	5.1
Washington area CPI (% change from prior year)	5.2	4.3	4.1	3.8	4.4

*Source: BEA; BLS; ORA*

Despite the high-income levels, households in the District have fallen behind the rest of the nation in recovering from the pandemic. As of the first quarter of 2024, total income in the District increased by over 23 percent since the first quarter of 2020, while prices rose by 21 percent during the same period. This results in a real income growth of just over 2 percent for District residents since the pandemic began, compared to a 7 percent increase in inflation-adjusted income for the typical U.S. worker over the same timeframe.

Tourism plays a crucial role in the District's economy, contributing around 10 percent to real GDP growth in the first quarter of 2024. According to Destination DC, the city hosted approximately 24 million domestic visitors and 1.95 million international visitors, totaling nearly 26 million visitors for the year. This strong demand from both consumers and businesses has led to a significant increase in activity at DC's major airports—Reagan Washington National, Washington Dulles International, and Baltimore/Washington International. In the first seven months of 2024, airport traffic increased by 6.9 percent compared to the same period in the previous year. In the second quarter of 2024, there were 7.5 percent more hotel-room-days sold than a year ago, and the average room rate is up 2.9 percent. Additionally, average weekend rail ridership on WMATA in 2024 has surpassed 2019 levels.

Higher mortgage interest rates have slowed existing home sales both nationally and regionally from the recent post-pandemic highs. The number of active housing units for sale in the District is exceptionally low and closed sales in the District through the first quarter of 2024 are the lowest in over a decade. Housing starts also experienced a dramatic slowdown to an annual rate of 1,172 units in the first quarter of 2024, down from over 7,000 units in the same period in 2023. The slowdown in the housing sector has had broad impacts on the region's economy through the loss of revenue from real estate and construction-related sectors and likely contributed to the slow in-migration to the District and the region's tight labor force.

Highlighting a positive trend, both the District's civilian labor force and resident employment in Q1 2024 have exceeded their pre-pandemic peak, as revealed in a recent BLS data revision. The District's population has experienced two consecutive years of increase, reversing the population declines seen during COVID-19. In 2020, the District experienced a significant loss in population, with an estimated net decrease of approximately 25,700 individuals, as many residents moved away from the city. By the fourth quarter of 2020, the population reached its lowest point at 663,800. In December 2023, the U.S. Census Bureau issued an updated population estimate showing that the District's population grew from 669,037 to 670,949 from July 2021 to July 2022, a net gain of 1,912. Subsequently, the District's population gained another 8,023 residents in 2023, reaching 678,972, representing a 1.20 percent increase.

#### *D.C. Economic Outlook*

	<b>FY 2023 (actual)</b>	<b>FY 2024 (est.)</b>	<b>FY 2025 (est.)</b>	<b>FY 2026 (est.)</b>	<b>FY 2027 (est.)</b>	<b>FY 2028 (est.)</b>
Real GDP (% change)	0.5	1.6	1.8	1.7	1.9	2.1
Nominal GDP (% change)	5.6	5.4	4.1	4.0	4.1	4.2
Nominal Personal Income (% change)	5.5	5.1	4.7	4.6	4.2	4.4
Wages in D.C. (% change)	5.2	5.7	4.5	3.9	3.8	4.0
D.C. Resident Wages (% change)	5.0	5.6	4.4	3.8	3.5	3.7
Population (% change)	1.0	1.4	1.1	0.8	0.5	0.3
Employment in D.C. (% change)	0.9	0.7	0.9	0.4	0.4	0.4
D.C. Resident Employment (% change)	2.4	2.5	0.6	0.2	0.3	0.4
Unemployment rate (%)	4.8	5.2	5.5	5.6	5.6	5.5
Washington area CPI (% change)	5.2	3.8	2.5	2.7	2.2	2.3

*Source: Office of Revenue Analysis February 2024 Outlook*

The District's real GDP is projected to grow by 1.6 percent in FY 2024, trailing the national growth rate of 2.9 percent. By FY 2025, however, the District's growth is expected to more closely align with the national average, reaching 1.8 percent. The local economy has shown resilience to elevated interest rates, outperforming many economists' forecasts. Additional interest rate cuts by the Federal Reserve could further stimulate the District's economy, however, challenges loom in the medium to long term, including a weakening commercial property market, a softening labor market, and an anticipated decline in consumer spending as excess savings accumulated during the pandemic are exhausted.

### **Risks to the Forecast**

The current forecast presents several notable risks. While the chances of a recession this year or next have diminished due to continued consumer strength and the Federal Reserve's easing of monetary policy, the economy remains somewhat vulnerable. It's important to recognize that the full effects of higher interest rates take time to fully impact the economy.

The office real estate market poses a significant risk to the local economy, with the growing volume of vacant office space a major concern. The average vacancy rate for office buildings in the central business district reached 18.0 percent in the second quarter of 2024. A recent study by the OCFO's Office of Revenue Analysis revealed that between 2020 and 2023, vacant office space rose by 8.4 million square feet, a 46.2 percent increase, primarily driven by the shift toward remote work. This trend is expected to persist for at least the next three years. As a result, the assessed values of hundreds of office buildings are projected to remain depressed through 2027. A sharper-than-anticipated decline in property values could pose a risk to commercial property and deed tax revenues.

Potential WMATA service reductions to address its budget shortfall present additional risk to the forecast. Additionally, policy uncertainty due to the upcoming national election also poses a risk to the forecast. Other risks include a surge in oil prices due to widening conflicts in the Middle East and Ukraine, labor market strikes, and the prospect of a prolonged government shutdown, which could place significant strain on the economy. Previous government shutdowns disrupted the District's economy with a range of impacts on revenue.

The COVID-19 pandemic has led to a population decline and an increase in remote work, which poses long-term risks for the District. These changes may result in significant demographic shifts and major economic disruptions. As more people work from home, the transportation and office real estate sectors are particularly vulnerable. The pandemic and the shift towards remote work will likely have far-reaching economic consequences for the District, requiring policymakers to continuously monitor and respond to these changes.

The prevailing risks and high degree of uncertainty make for a challenging forecasting environment. As such, we will continue to monitor international, national, and local economic activity for any developments that would impair the forecast. If you have any questions regarding these matters, please contact me at (202) 727-2476.

Sincerely,



Glen Lee

*Attachments*



**DISTRIBUTION LIST**

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Jennifer Budoff, Budget Director, Council of the District of Columbia  
Kathy Patterson, District of Columbia Auditor

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**TABLE 1: REVENUE SUMMARY TABLE**

\$ in Thousands	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS	
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
<b>PROPERTY</b>	2,965,661	2,991,651	2,971,150	2,994,764	3,018,265	3,047,083
Real Property	2,840,281	2,860,559	2,840,714	2,864,108	2,887,660	2,915,676
Personal Property	83,902	84,282	86,428	86,648	86,597	87,399
Public Space Rental	41,478	46,810	44,008	44,008	44,008	44,008
<i>Dedicated to other funds</i>	-43,732	-51,772	-32,477	-30,309	-34,786	-29,453
<b>PROPERTY (NET)</b>	2,921,929	2,939,878	2,938,673	2,964,454	2,983,479	3,017,630
<b>SALES &amp; EXCISE</b>	2,011,451	2,077,131	2,153,604	2,252,355	2,348,886	2,422,972
General Sales	1,921,543	1,994,798	2,065,583	2,163,748	2,259,780	2,333,201
Alcohol	6,851	6,832	6,942	7,053	7,166	7,301
Cigarette	9,348	9,245	9,144	9,044	8,945	8,847
Motor Vehicle	51,224	44,485	52,089	52,971	53,808	54,763
Motor Fuel	22,485	21,771	19,847	19,539	19,188	18,861
<i>Dedicated to other funds</i>	-568,327	-592,741	-578,956	-581,072	-576,275	-572,285
<b>SALES &amp; EXCISE(NET)</b>	1,443,124	1,484,391	1,574,648	1,671,283	1,772,611	1,850,688
<b>INCOME</b>	4,174,533	4,238,631	4,343,902	4,469,589	4,643,625	4,790,284
Individual Income	3,048,229	3,115,489	3,241,706	3,377,280	3,531,927	3,676,602
Corporate Franchise	905,809	919,484	921,763	923,059	945,498	946,729
U.B. Franchise	220,495	203,658	180,433	169,250	166,200	166,954
<b>INCOME (NET)</b>	4,174,533	4,238,631	4,343,902	4,469,589	4,643,625	4,790,284
<b>GROSS RECEIPTS</b>	405,787	414,227	424,816	427,095	428,745	432,133
Public Utilities	124,143	123,398	118,620	118,445	118,063	117,698
Toll Telecommunications	36,705	35,310	34,638	33,466	32,205	32,673
Insurance Premiums	157,675	162,226	168,638	170,236	171,851	173,483
Ballpark Fee	46,789	52,228	53,551	55,131	56,352	57,540
Private sports wagering	1,572	1,235	7,777	7,802	7,828	7,854
Games of Skill	37	0	0	0	0	0
Health Related Taxes	38,865	39,829	41,592	42,015	42,446	42,886
<i>Dedicated to other funds</i>	-164,456	-177,494	-186,989	-190,478	-193,630	-196,893
<b>GROSS RECEIPTS (NET)</b>	241,331	236,733	237,827	236,616	235,115	235,240
<b>OTHER TAX</b>	433,162	388,069	439,316	486,635	532,211	668,051
Estate	94,517	46,847	47,420	47,998	48,584	49,177
Deed Recordation	195,112	174,277	214,495	240,635	262,508	335,277
Deed Transfer	133,943	152,271	157,234	177,834	200,950	263,428
Economic Interest	9,590	14,674	20,168	20,168	20,168	20,168
<i>Dedicated to other funds</i>	-50,704	-51,390	-52,420	-53,471	-54,542	-55,635
<b>OTHER TAX (NET)</b>	382,458	336,679	386,896	433,165	477,668	612,416
<b>TOTAL TAX (GROSS)</b>	<b>9,990,594</b>	<b>10,109,710</b>	<b>10,332,789</b>	<b>10,630,438</b>	<b>10,971,732</b>	<b>11,360,524</b>
<b>TOTAL TAX (NET)</b>	<b>9,163,375</b>	<b>9,236,312</b>	<b>9,481,946</b>	<b>9,775,108</b>	<b>10,112,498</b>	<b>10,506,258</b>
<b>NONTAX</b>	782,048	778,709	1,187,106	1,149,391	1,111,063	1,103,759
Licenses & Permits	146,979	142,143	146,574	148,297	149,071	150,685
Fines & Forfeits	156,576	220,473	334,775	328,115	321,587	315,191
Charges for Services	70,544	71,886	68,783	69,050	69,997	70,292
Miscellaneous	407,949	344,207	636,974	603,929	570,408	567,591
<i>Dedicated to other funds</i>	-4,347	0	0	0	0	0
<b>NONTAX (NET)</b>	777,701	778,709	1,187,106	1,149,391	1,111,063	1,103,759
<b>LOTTERY</b>	33,450	47,500	32,736	31,131	31,631	31,981
<i>Dedicated to other funds</i>	0	0	0	0	0	0
<b>LOTTERY (NET)</b>	33,450	47,500	32,736	31,131	31,631	31,981
<b>GROSS REVENUE</b>	10,806,092	10,935,919	11,552,630	11,810,960	12,114,425	12,496,264
<b>LOCAL FUND REVENUE</b>	9,974,526	10,062,521	10,701,787	10,955,630	11,255,192	11,641,997
<b>OTHER FUNDS</b>	831,565	873,398	850,843	855,330	859,234	854,266

**September 2024 Revenue Estimates**  
**September 30, 2024**  
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**TABLE 1: REVENUE SUMMARY TABLE**  
**(Continued)**

% Change from Year Ago	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS		
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	
<b>PROPERTY</b>	1.3%	0.9%	-0.7%	0.8%	0.8%	1.0%	
Real Property	0.9%	0.7%	-0.7%	0.8%	0.8%	1.0%	
Personal Property	1.2%	0.5%	2.5%	0.3%	-0.1%	0.9%	
Public Space Rental	27.7%	12.9%	-6.0%	0.0%	0.0%	0.0%	
<i>Dedicated to other funds</i>	3.5%	18.4%	-37.3%	-6.7%	14.8%	-15.3%	
<b>PROPERTY (NET)</b>	1.2%	0.6%	0.0%	0.9%	0.6%	1.1%	
<b>SALES &amp; EXCISE</b>	10.9%	3.3%	3.7%	4.6%	4.3%	3.2%	
General Sales	12.9%	3.8%	3.5%	4.8%	4.4%	3.2%	
Alcohol	-1.0%	-0.3%	1.6%	1.6%	1.6%	1.9%	
Cigarette	-58.4%	-1.1%	-1.1%	-1.1%	-1.1%	-1.1%	
Motor Vehicle	-13.2%	-13.2%	17.1%	1.7%	1.6%	1.8%	
Motor Fuel	-1.9%	-3.2%	-8.8%	-1.6%	-1.8%	-1.7%	
<i>Dedicated to other funds</i>	17.5%	4.3%	-2.3%	0.4%	-0.8%	-0.7%	
<b>SALES &amp; EXCISE (NET)</b>	8.5%	2.9%	6.1%	6.1%	6.1%	4.4%	
<b>INCOME</b>	1.6%	1.5%	2.5%	2.9%	3.9%	3.2%	
Individual Income	-2.2%	2.2%	4.1%	4.2%	4.6%	4.1%	
Corporate Franchise	24.4%	1.5%	0.2%	0.1%	2.4%	0.1%	
U.B. Franchise	-16.3%	-7.6%	-11.4%	-6.2%	-1.8%	0.5%	
<b>INCOME (NET)</b>	1.6%	1.5%	2.5%	2.9%	3.9%	3.2%	
<b>GROSS RECEIPTS</b>	0.3%	2.1%	2.6%	0.5%	0.4%	0.8%	
Public Utilities	-4.0%	-0.6%	-3.9%	-0.1%	-0.3%	-0.3%	
Toll Telecommunications	-21.4%	-3.8%	-1.9%	-3.4%	-3.8%	1.5%	
Insurance Premiums	8.6%	2.9%	4.0%	0.9%	0.9%	0.9%	
Ballpark Fee	11.5%	11.6%	2.5%	3.0%	2.2%	2.1%	
Private sports wagering	-60.3%	-21.4%	529.5%	0.3%	0.3%	0.3%	
Games of Skill	120.6%	-100.0%					
Health Related Taxes	4.2%	2.5%	4.4%	1.0%	1.0%	1.0%	
<i>Dedicated to other funds</i>	7.7%	7.9%	5.3%	1.9%	1.7%	1.7%	
<b>GROSS RECEIPTS (NET)</b>	-4.2%	-1.9%	0.5%	-0.5%	-0.6%	0.1%	
<b>OTHER TAX</b>	-41.3%	-10.4%	13.2%	10.8%	9.4%	25.5%	
Estate	96.1%	-50.4%	1.2%	1.2%	1.2%	1.2%	
Deed Recordation	-49.1%	-10.7%	23.1%	12.2%	9.1%	27.7%	
Deed Transfer	-50.6%	13.7%	3.3%	13.1%	13.0%	31.1%	
Economic Interest	-72.8%	53.0%	37.4%	0.0%	0.0%	0.0%	
<i>Dedicated to other funds</i>	-49.6%	1.4%	2.0%	2.0%	2.0%	2.0%	
<b>OTHER TAX (NET)</b>	-40.0%	-12.0%	14.9%	12.0%	10.3%	28.2%	
<b>TOTAL TAX (GROSS)</b>	0.0%	1.2%	2.2%	2.9%	3.2%	3.5%	
<b>TOTAL TAX (NET)</b>	-0.5%	0.8%	2.7%	3.1%	3.5%	3.9%	
<b>NONTAX</b>	25.3%	-0.4%	52.4%	-3.2%	-3.3%	-0.7%	
Licenses & Permits	8.9%	-3.3%	3.1%	1.2%	0.5%	1.1%	
Fines & Forfeits	-2.9%	40.8%	51.8%	-2.0%	-2.0%	-2.0%	
Charges for Services	-10.0%	1.9%	-4.3%	0.4%	1.4%	0.4%	
Miscellaneous	63.6%	-15.6%	85.1%	-5.2%	-5.6%	-0.5%	
<i>Dedicated to other funds</i>		-100.0%					
<b>NONTAX (NET)</b>	25.3%	0.1%	52.4%	-3.2%	-3.3%	-0.7%	
<b>LOTTERY</b>	-17.8%	42.0%	-31.1%	-4.9%	1.6%	1.1%	
<i>Dedicated to other funds</i>							
<b>LOTTERY (NET)</b>	-17.8%	42.0%	-31.1%	-4.9%	1.6%	1.1%	
<b>GROSS REVENUE</b>	1.4%	1.2%	5.6%	2.2%	2.6%	3.2%	
<b>LOCAL FUND REVENUE</b>	1.0%	0.9%	6.4%	2.4%	2.7%	3.4%	
<b>OTHER FUNDS</b>	6.7%	5.0%	-2.6%	0.5%	0.5%	-0.6%	

**September 2024 Revenue Estimates**  
**September 30, 2024**  
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**TABLE 2: DEDICATED/ENTERPRISE REVENUE**

\$ in Thousands		ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS	
DEDICATED TO	Tax Type	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
TIF	Real Property	15,198	14,994	15,059	16,831	17,352	11,807
	General Sales	24,663	27,755	31,742	34,297	36,157	35,094
PILOT	Real Property	27,782	35,836	16,476	12,536	16,492	16,704
	General Sales	23,064	25,633	8,871	-	-	-
Walter Reed Development	Real Property	639	639	639	639	639	639
St. Elizabeth East Campus Red. Fur	Real Property	113	304	304	304	304	304
	General Sales	135	138	141	143	146	149
Convention Center	General Sales	157,436	164,319	168,835	173,839	178,397	184,206
Convention Center-DestinationDC	General Sales	19,360	30,968	31,917	32,924	19,177	8,064
Ballpark	General Sales	15,748	16,150	16,499	16,927	17,309	17,702
	Public Utility	7,816	7,769	7,468	7,457	7,433	7,410
	Toll Telecom	2,177	2,094	2,054	1,985	1,910	1,938
	Ballpark Fee	46,789	52,228	53,551	55,131	56,352	57,540
Healthy DC - Marijuana	General Sales	2,230	1,695	1,729	1,763	0	0
Medical Cannabis Social Equity Fun	General Sales	-	-	-	-	1,798	1,834
Healthy DC - MCO	Insurance premium	68,609	75,573	77,085	78,626	80,199	81,803
WMATA - Operations	General Sales	75,646	76,208	76,970	78,356	79,923	81,281
WMATA - Capital	General Sales	178,500	178,500	178,500	178,500	178,500	178,500
Healthy Schools	General Sales	5,690	5,690	-	-	-	-
ABRA	General Sales	1,170	870	-	-	-	-
Comm. on Arts and Humanities	General Sales	42,200	43,044	43,905	44,783	45,679	46,593
Highway Trust Fund	Motor Fuel	22,485	21,771	19,847	19,539	19,188	18,861
Nursing Facility Quality of Care	Health Related	19,310	19,384	21,147	21,569	22,001	22,441
Hospital Fund	Health Related	8,499	8,454	8,454	8,454	8,454	8,454
Hospital Provider Fee Fund	Health Related	5,460	6,603	6,603	6,603	6,603	6,603
ICF-IDD Stevie Sellows	Health Related	5,595	5,388	5,388	5,388	5,388	5,388
Dept of Behavioral Health	Sports Wager	200	-	-	-	-	-
Early Childhood Development Fund	Sports Wager	-	-	5,239	5,264	5,290	5,316
Vision Zero Enhancement Fund	Traffic Fines-ATE	4,347	-	-	-	-	-
Housing Production	Deed Recordation	27,190	24,893	26,937	27,295	27,346	28,088
Trust Fund (HPTF)	Deed Transfer	18,404	21,826	19,987	20,671	21,685	22,033
	Economic Interest	852	2,201	3,025	3,025	3,025	3,025
HPTF-Debt Service	Deed Recordation	2,077	1,249	1,245	1,247	1,247	1,245
	Deed Transfer	1,688	1,015	1,012	1,013	1,013	1,012
	Economic Interest	-	-	-	-	-	-
West End Maintenance	Deed Recordation	246	103	107	110	113	116
	Deed Transfer	246	103	107	110	113	116
		<b>831,565</b>	<b>873,398</b>	<b>850,843</b>	<b>855,330</b>	<b>859,234</b>	<b>854,266</b>

**Supplemental Tables**

**TABLE 1-1 REVENUE COMPONENTS**

\$ in Thousands	ACTUAL	ESTIMATE		OUT YEAR PROJECTIONS		
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
<b>1. REAL PROPERTY</b>	2,840,281	2,860,559	2,840,714	2,864,108	2,887,660	2,915,676
Residential (C1)	1,171,753	1,207,256	1,239,591	1,273,898	1,304,835	1,335,495
Commercial (C2)	1,645,595	1,612,395	1,558,161	1,546,363	1,538,115	1,534,592
Vacant & Blighted	22,933	40,747	44,926	45,832	46,757	47,700
<b>2. GENERAL SALES</b>	1,921,543	1,994,798	2,065,583	2,163,748	2,259,780	2,333,201
Retail	869,522	901,945	947,518	1,015,181	1,090,739	1,144,775
Restaurant	553,643	567,361	579,849	595,216	611,880	629,327
Hotel	350,348	379,957	391,600	403,957	404,120	401,871
Other	148,031	145,535	146,616	149,394	153,040	157,229
<b>3. INDIVIDUAL INCOME TAX</b>	3,048,229	3,115,489	3,241,706	3,377,280	3,531,927	3,676,602
Withholding	2,629,449	2,808,532	2,925,999	3,036,206	3,142,367	3,259,059
Non-withholding	418,780	306,957	315,707	341,073	389,559	417,543

**Supplemental Tables**

**TABLE 1-1 REVENUE COMPONENTS (Continued)**

% Change from Year Ago	ACTUAL	ESTIMATE		OUT YEAR PROJECTIONS		
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
<b>1. REAL PROPERTY</b>	0.9%	0.7%	-0.7%	0.8%	0.8%	1.0%
Residential (C1)	4.8%	3.0%	2.7%	2.8%	2.4%	2.3%
Commercial (C2)	-1.7%	-2.0%	-3.4%	-0.8%	-0.5%	-0.2%
Vacant & Blighted	0.4%	77.7%	10.3%	2.0%	2.0%	2.0%
<b>2. GENERAL SALES</b>	12.9%	3.8%	3.5%	4.8%	4.4%	3.2%
Retail	-2.8%	3.7%	5.1%	7.1%	7.4%	5.0%
Restaurant	31.6%	2.5%	2.2%	2.7%	2.8%	2.9%
Hotel	41.6%	8.5%	3.1%	3.2%	0.0%	-0.6%
Other	6.1%	-1.7%	0.7%	1.9%	2.4%	2.7%
<b>3. INDIVIDUAL INCOME TAX</b>	-2.2%	2.2%	4.1%	4.2%	4.6%	4.1%
Withholding	8.5%	6.8%	4.2%	3.8%	3.5%	3.7%
Non-withholding	-39.6%	-26.7%	2.9%	8.0%	14.2%	7.2%

**Estimated Key Economic Indicators for the DC Economy - September 2024**

Forecast Period Fiscal Year 2018 to Fiscal Year 2028

Variable	Actual						Estimated					Forecast
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	
Gross Domestic Product - DC (\$billions)	139.6	144.0	146.2	153.6	163.2	172.4	181.7	189.2	196.7	204.8	213.4	
% change annual	4.9%	3.1%	1.5%	5.1%	6.2%	5.6%	5.4%	4.1%	4.0%	4.1%	4.2%	
Real GDP-DC (2012 \$billions)	137.3	138.4	137.9	141.4	144.3	145.0	147.3	149.9	152.5	155.5	158.7	
% change annual	2.8%	0.8%	-0.4%	2.6%	2.0%	0.5%	1.6%	1.8%	1.7%	1.9%	2.1%	
Personal Income (\$billions)	55.8	57.4	59.6	64.2	64.1	67.6	71.1	74.4	77.8	81.1	84.7	
% change annual	4.1%	2.8%	3.8%	7.7%	0.0%	5.5%	5.1%	4.7%	4.6%	4.2%	4.4%	
Real Personal Income (2012 \$billions)	49.4	50.7	51.7	53.5	49.8	50.0	51.4	53.1	54.9	56.4	58.1	
% change annual	1.2%	2.7%	2.1%	3.5%	-6.9%	0.4%	2.8%	3.3%	3.3%	2.8%	3.0%	
Per capita personal income	79,388	81,054	87,223	96,120	95,567	99,789	103,466	107,198	111,270	115,415	120,135	
% change annual	3.0%	2.1%	7.6%	10.2%	-0.6%	4.4%	3.7%	3.6%	3.8%	3.7%	4.1%	
Real per capita personal income (2012\$)	70,222	71,627	75,748	80,215	74,240	73,791	74,841	76,509	78,466	80,278	82,422	
% change annual	0.1%	2.0%	5.8%	5.9%	-7.4%	-0.6%	1.4%	2.2%	2.6%	2.3%	2.7%	
Wages in DC (\$billions)	76	78	80	83	88	92	98	102	106	110	115	
% change annual	4.7%	3.3%	1.8%	4.3%	6.0%	5.2%	5.7%	4.5%	3.9%	3.8%	4.0%	
Wages of DC residents (\$billions)	29.0	30.3	30.5	32.1	33.8	35.5	37.5	39.1	40.6	42.0	43.6	
% change annual	6.9%	4.3%	0.7%	5.3%	5.2%	5.0%	5.6%	4.4%	3.8%	3.5%	3.7%	
Personal Consumption Expenditure (\$billions)	47.3	49.2	47.6	50.8	56.8	60.5	64.1	67.2	70.3	73.5	77.2	
% change annual	5.8%	4.2%	-3.4%	6.8%	11.8%	6.5%	5.9%	4.8%	4.6%	4.6%	5.1%	
Population (000s)	703.1	707.6	683.7	667.4	671.0	677.7	686.9	694.2	699.5	703.0	705.3	
% change annual	1.1%	0.7%	-3.4%	-2.4%	0.5%	1.0%	1.4%	1.1%	0.8%	0.5%	0.3%	
Households (000s)	315.0	321.0	314.8	319.1	327.4	330.1	334.3	338.5	341.4	344.0	345.7	
% change annual	2.1%	1.9%	-1.9%	1.3%	2.6%	0.8%	1.3%	1.2%	0.9%	0.8%	0.5%	
Civilian labor force (000s)	395.4	398.8	392.1	376.9	386.8	394.5	406.1	409.8	411.1	412.4	413.4	
% change annual	0.9%	0.8%	-1.7%	-3.9%	2.6%	2.0%	2.9%	0.9%	0.3%	0.3%	0.3%	
Employment in DC (000s)	791.3	796.0	762.1	728.2	757.7	764.9	769.9	776.9	780.1	783.1	786.4	
% change annual	1.1%	0.6%	-4.3%	-4.4%	4.1%	0.9%	0.7%	0.9%	0.4%	0.4%	0.4%	
Employment of DC residents (000s)	372.8	376.4	363.9	349.6	366.8	375.6	385.0	387.3	388.2	389.2	390.7	
% change annual	1.4%	1.0%	-3.3%	-3.9%	4.9%	2.4%	2.5%	0.6%	0.2%	0.3%	0.4%	
Unemployment rate	5.7	5.6	7.2	7.3	5.2	4.8	5.2	5.5	5.6	5.6	5.5	
Housing Starts	4,499	5,955	4,824	5,478	4,424	5,300	1,412	1,822	2,625	2,963	3,045	
Home Sales (000s)	10	10	10	13	11	8	7	8	9	10	10	
% change annual	-5.7%	-3.2%	2.1%	26.6%	-11.8%	-31.0%	-6.9%	10.3%	13.5%	7.7%	1.0%	
Avg Home Sale Price (000s)	753.8	766.5	798.8	823.6	821.5	787.4	777.1	796.1	821.3	848.9	879.6	
% change annual	4.8%	1.7%	4.2%	3.1%	-0.3%	-4.1%	-1.3%	2.4%	3.2%	3.4%	3.6%	
Multifamily residential average rent per unit (\$)	2,086	2,144	2,142	2,133	2,259	2,308	2,360	2,487	2,605	2,706	2,783	
% change annual	2.1%	2.7%	-0.1%	-0.4%	5.9%	2.2%	2.3%	5.4%	4.7%	3.9%	2.9%	
CBD office Vacancy rate	10.2%	11.0%	11.9%	14.0%	15.4%	16.9%	18.8%	21.7%	24.6%	25.8%	25.3%	
SP 500 Stock Index	3.3%	14.7%	15.2%	29.4%	-16.3%	16.1%	21.3%	-2.7%	-2.5%	-3.6%	-2.9%	
US 10 Year Treasury	2.7	2.5	1.1	1.3	2.4	3.8	4.3	4.0	3.7	3.7	3.7	
Washington Area CPI: % change prior year	2.5%	1.7%	1.4%	4.2%	7.4%	5.2%	3.8%	2.5%	2.7%	2.2%	2.3%	

Note: Estimated by the D.C. Office of Revenue Analysis based on forecasts of the D.C. and national economies prepared by S&P Global Market Intelligence (Aug. 2024); Moodys Analytics (Aug. 2024); BLS labor market information from Aug. 2024; the Census Bureau estimates of DC population (July 2023); BEA estimates of DC personal income (2024q1) and CoStar D.C. property market data (Q2 2024).