



District of Columbia

September 2020 Revenue Estimate

September 30, 2020



District of Columbia

What has changed since April forecast?

- Substantial federal spending and Federal Reserve actions prevented jobs and income from falling as much as anticipated
- Stock market recovery reduced projected losses in capital gains
- Reopening of District economy now guided by ReOpen DC plan
- District reopening slower than assumed in April



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Federal aid drove income tax revenue increase

- **Individual income tax revenue for FY 2020** increased due to federal relief (UI supplement, PPP) and ability of many District high wage earners to telework
- **Individual income tax revenue for FY 2021** increased because of higher capital gains from stock market recovery and continued Federal Reserve actions
- **Business income tax revenue** increased for FY 2020 as both congressional and Federal Reserve actions support financial markets and business profits



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Updated assumptions on reopening

April Assumptions

- Restrictions on bars and indoor dining reduced late summer 2020
- Large sporting events and performances return spring 2021
- Inauguration kicks off broader reopening of tourism and convention center business

September Assumptions

- Restrictions on bars and indoor dining extended through 2020
- Large gatherings and sporting events restricted until vaccine is widely deployed
- Major conventions canceled through 2021



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Delayed reopening reduces FY 2021 sales tax and other revenue

- **Sales tax** revenue from hospitality sector significantly reduced as restrictions remain in place
- **Real property tax** revenue reduced because of increased vacancies and rent concessions
- **Deed tax** revenue reduced because of slowing sales of large office and multifamily buildings
- **Non-tax revenue** reduced because of lower investment earnings, decreased for-hire vehicle demand, and reduced fines and fees



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Local Source, General Fund Revenue

Estimate (\$M)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
April 2020 Revenue estimate	8,314.9	7,730.2	7,916.4	8,370.3	8,681.1	8,992.0
<i>FY 2021 Budget Support Act revenue</i>		28.2	121.3	120.7	81.1	77.4
FY 2021 Budgeted Revenue		7,758.4	8,037.7	8,491.0	8,762.2	9,069.4
<i>September revision to estimate</i>		222.1	-211.9	-209.7	-190.0	-170.4
September 2020 Revenue Estimate		7,980.5	7,825.9	8,281.3	8,572.2	8,899.0
Revenue Change From Previous Year						
Amount	556.5	(334.4)	(154.6)	455.4	290.9	326.8
<i>Year-Over Year Percent Change</i>	7.2%	-4.0%	-1.9%	5.8%	3.5%	3.8%



Risks remain

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What would make it better?

- Rapid deployment of vaccine opens economy sooner
- Large federal relief similar to that of the past six months
- Improved health metrics accelerate move to Phase 3
- Increased business and tourist travel

What would make it worse?

- Problems with vaccine deployment delay reopening
- No federal programs to support the economy
- Second wave of virus slows or reverses reopening
- Recession deepens beyond hospitality and retail sectors
- Significant stock market decline