

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



Natwar M. Gandhi
Chief Financial Officer

June 24, 2013

The Honorable Vincent C. Gray
Mayor of the District of Columbia
1350 Pennsylvania Avenue, NW – 6th Floor
Washington, DC 20004

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW – Suite 504
Washington, DC 20004

Dear Mayor Gray and Chairman Mendelson:

This letter certifies, as of June 2013, revenue estimates for the FY 2013 - 2017 District of Columbia Budget and Financial Plan. Revenue for FY 2013 is revised upward from the previous estimate by \$85.9 million to \$6.14 billion. For FY 2014, the estimate is increased by \$92.3 million to \$6.23 billion. The estimate incorporates the expected impact of measures to tame the growing budget deficit, such as the federal spending sequester, as the U.S. government enters an era of budget austerity. The table below compares the current estimate to the previous estimate.

June 2013 Revenue Estimate Compared to Previous Estimate

Local Source, General Fund Revenue Estimate (\$ millions)	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
February 2013 Estimate	6,055.1	6,134.8	6,273.4	6,449.4	6,574.0
Revisions to Estimate	85.9	92.3	119.6	127.6	174.6
June 2013 Revenue Estimate	6,141.0	6,227.1	6,393.0	6,577.0	6,748.6
<i>Percent change from previous year</i>	<i>3.0%</i>	<i>1.4%</i>	<i>2.7%</i>	<i>2.9%</i>	<i>2.6%</i>

Overview

Uncertainty still clouds the future course of both the national and local economies. The greatest sources of uncertainty for the District of Columbia continue to be the measures that the federal government has implemented or may implement to reduce federal deficits. In March, the federal government began across-the-board spending reductions (the so-called sequester). It is still too

early to assess accurately the impact of these spending reductions on the District and the broader economy. Even so, the revenue estimate assumes that the federal sequester or other measures to reduce the federal deficit will slow the District's economic growth during the period of the financial plan.

Better than expected revenue performance for fiscal year 2013 to date, as evidenced by the May report of cash collections, is the main driver of the forecast. The May cash collections report is an important indicator of revenue performance for the fiscal year because it includes collections from first half real property tax payments as well as April income tax final payments. The forecast also anticipates continued strong growth in the District of Columbia's population. Population growth has been a major factor in increasing the District's income and sales tax bases, as well as a major force behind rising home values. Over the past year, however, growth in employment located in the District has slowed and commercial office vacancies have risen.

Revenue Highlights

At 3.0 percent and 1.4 percent, respectively, revenue growth for FY 2013 and FY 2014 is expected to be much slower than in FY 2012, when it grew by 10.6 percent. A large part of the reason for slower growth is the combination of the current federal austerity and expected slower employment growth. Apart from these factors, there were some one-time gains that boosted revenues in FY 2012, including a \$50 million windfall from the estate tax.

Real Estate Taxes

Collections for FY 2013 real property tax first half billing through May were greater than anticipated in the February estimate. Collections for deed recordation and transfer taxes were also higher than expected. The stronger-than-expected collections are the basis for revising upward the revenue from real estate taxes by \$52.6 million in the current fiscal year and \$57.6 million in FY 2014, however, the uncertainty of federal spending in the future poses a real risk to the District's commercial real property market and tax revenue beyond FY 2014.

Individual Income Tax

Individual income tax revenue is revised upward by \$42 million for FY 2013 and \$43 million for FY 2014. The revised estimates anticipate growth in individual income tax revenue of 8.8 percent for FY 2013, but slowing to 1.3 percent in FY 2014 as federal austerity measures slow growth in wages and employment. The primary reason for the upward revision is the stronger-than-expected performance of individual income tax collections through May, which includes April final payments—a positive “April surprise.” Much of this growth is attributable to the acceleration of income into calendar year 2012 late last year by high income taxpayers to avoid anticipated higher taxes from the expiration of the Bush era tax cuts. The shifting of income from calendar year 2013 to 2012 will reduce revenue from final income tax payments in FY 2014. However, lower revenue next year from income shifting is offset by a windfall from the New Year's Day “fiscal cliff” tax deal. Specifically, the District will reap the benefits of higher

revenue from the federal law's phase-out of itemized deductions for high income taxpayers because federal and District itemized deductions are coupled.

Sales Taxes

There is little or no change to the sales tax revenue estimate for FY 2013 and it is revised upward by \$5 million in FY 2014, mainly due to expected higher revenue from the motor vehicle excise tax. General sales tax revenue is expected to grow 4 percent in FY 2013, slowing to 3 percent in FY 2014 as federal cutbacks take effect. Although sales tax collections grew very strongly at the start of the fiscal year, growth has since slowed to roughly 5 percent through May.

Non-Tax

Revenue from automated traffic enforcement (ATE) is revised downward by \$7.3 million in FY 2013 and by \$13.2 million in FY 2014, as collections through May were lower than anticipated in the February estimate. Higher speed limits and lower fines instituted at the beginning of the year may have contributed to the lower than anticipated collections.

National and Regional Economies

The fundamentals underlying the national economy continue to improve at a slow but steady pace. National forecasts expect this pace to continue through FY 2013, with stronger growth beginning in FY 2014 if the federal fiscal picture is resolved.

- After 15 consecutive quarters of fairly moderate growth, real GDP growth in the 1st quarter of 2013 was 1.8 percent higher than a year earlier.
- U.S. employment added 2.1 million jobs (1.6 percent) from April 2012 to April 2013, but was still 2.6 million (1.9 percent) below the start of the recession that began in December 2007. Falling public sector employment—federal, state, and local—is now a drag on employment growth.
- The U.S. unemployment rate (seasonally adjusted) fell slightly to 7.5 percent in April 2013. One year earlier the rate was 8.1 percent.
- U.S. Personal Income in the March 2013 quarter was 4.9 percent above a year ago.
- The S & P 500 stock market index in April 2013 was 6.1 percent above its level three months ago, and 13.3 percent more than a year ago.
- In the three-month period ending March 2013, wage and salary jobs in the Washington metropolitan area grew by 39,367 (1.3 percent) compared to a year earlier. Of the increase, about 80 percent was in the private sector and the remainder was in state and local government. For each month over the past 19 months, regional employment has been at least 30,000 more than the same month of the prior year, but the rate of growth is now below the U.S. average.
- The metropolitan area unemployment rate was 5.2 percent in March (not seasonally adjusted), down from 5.6 percent a year earlier.

- In May 2013, the consensus of 50 economists contributing to the Blue Chip Economic Indicators continued to forecast slow, steady growth in real GDP. Growth in real GDP in FY 2013 is expected to be 1.8 percent (down from 2.3 percent in FY 2012), and nominal growth is 3.4 percent. For FY 2014, the real and nominal growth rates are expected to rise to 2.5 percent and 4.3 percent, respectively.

The District's Economy

Recent trends in the District's economy have told a "good news, bad news" story. Indicators directly related to population (households, resident employment, housing) are doing quite well. At the same time, indicators directly related to the employment located in the District have been weakening.

- Job growth has been slowing. In the three months ending March 2013, there were 3,200 (0.4 percent) more wage and salary jobs located in the District than a year earlier. Of particular note, there were 3,367 fewer federal government jobs in March than there were a year earlier, and the 7,167 (1.5 percent) increase in private sector employment represented the second slowest private sector growth rate over the past 27 months.
- District resident employment in March was 19,864 (6.2 percent) more than a year earlier. The unemployment rate rose slightly to 8.5 percent (seasonally adjusted rate), but was down from 9.2 percent a year earlier.
- Wages earned in the District of Columbia grew 1.3 percent in the December 2012 quarter compared to the same quarter a year ago. District personal income was 4.2 percent higher.
- Although occupied commercial office space in the District rose 0.7 percent in March compared to a year earlier, the vacancy rate also rose to 9.6 percent as inventory grew (a year ago the vacancy rate was 8.6 percent).
- Housing market performance continues to improve. Single family sales for the three-month period ending April 2013 were up 9.5 percent from a year ago, and there was an 8.3 percent increase in the average selling price. Condominium sales were up 18.4 percent and the average price was 3.7 percent higher. The value of all home sale contracts for the three-month period ending April was 20.1 percent more than a year ago.
- Hotel room-days sold for the three months ending March 2013 were 4.3 percent above the prior year, and revenues were up by 10.8 percent. These figures include the impact of the 2013 Presidential Inauguration.

Outlook and Risks

As discussed before, the primary concern is the federal government's budget situation. Federal government expansion cushioned the District and the metro area economies from the worst effects of the recession over the past five years. The federal government will no doubt continue to anchor the District's economy, but given the current budget scenarios, it can no longer be counted as a source of significant growth.

Many significant economic development initiatives are underway in the District, but it is not yet clear when they will contribute substantial net employment and income gains. Nor is it clear what impact, if any, the recent slowdown in employment may have on population dynamics, and whether the slowdown is primarily tied to the federal deficit uncertainty or if it reflects some longer-term impacts of the recession.

- Although the current revenue estimate includes the impact of federal sequestration on the District, the estimate is of necessity based on limited information about details and timing. If federal austerity is more severe than this estimate assumes, the fiscal outlook would worsen.
- Federal cutbacks are not the only risk that the District faces. Other downside risks include the possibility of a slowing down of national economic growth and additional financial market problems. The Euro-zone debt crisis, possible disruptions to oil supplies or other impacts arising from uncertainties in the Middle East, and national security events also add to uncertainty.

If you have any questions regarding this matter, please contact me at (202) 727-2476.

Sincerely,



Natwar M. Gandhi

Enclosures

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FY 2012 - FY 2017 Revenue Actuals, Estimates and Projections: June 2013

(thousands of dollars)

Revenue Source	Actual		Estimate		Out year projections		
	FY12	FY13	FY14	FY15	FY16	FY17	
1 Real Property	1,822,014	1,889,812	1,967,523	2,016,930	2,066,881	2,115,956	1
2 <i>Transfer to TIF/Pilot</i>	(32,245)	(26,870)	(46,178)	(45,208)	(40,820)	(44,216)	2
3 Real Property (net)	1,789,769	1,862,942	1,921,345	1,971,722	2,026,061	2,071,740	3
4 Personal Property	55,734	57,211	58,870	59,459	60,053	60,654	4
5 <i>Transfer to Neighborhood Investment Fund</i>	-	-	-	-	-	-	5
6 Personal Property (net)	55,734	57,211	58,870	59,459	60,053	60,654	6
7 Public Space Rental	32,506	32,000	31,840	31,681	31,681	31,681	7
8 <i>Transfer to DDOT Enterprise</i>	-	-	(500)	(500)	(500)	(500)	8
10 Public Space Rental (net)	32,506	32,000	31,340	31,181	31,181	31,181	10
11 Total Property (net)	1,878,009	1,952,153	2,011,555	2,062,362	2,117,295	2,163,575	11
12 General Sales	1,111,044	1,155,485	1,190,149	1,229,145	1,277,765	1,328,265	12
13 <i>Transfer to convention center</i>	(101,093)	(108,616)	(111,874)	(115,540)	(120,110)	(124,857)	13
14 <i>Transfer to TIF</i>	(22,249)	(23,609)	(28,997)	(41,103)	(40,810)	(42,980)	14
15 <i>Transfer to DDOT (parking tax)</i>	-	-	-	-	-	-	15
16 <i>Transfer to Ballpark Fund</i>	(12,592)	(10,663)	(10,759)	(10,963)	(11,226)	(11,541)	16
17 <i>Transfer to Healthy DC Fund</i>	-	(214)	(428)	(428)	(428)	(854)	17
18 <i>Transfer to WMATA</i>	(56,395)	(58,930)	(60,698)	(62,686)	(65,166)	(67,742)	18
19 <i>Transfer to Healthy Schools</i>	(4,266)	(4,266)	(4,266)	(4,266)	(4,266)	(4,266)	19
20 <i>Transfer to ABRA</i>	(460)	(460)	(1,170)	(1,170)	(1,170)	(1,170)	20
21 General Sales (net)	913,989	948,727	971,957	992,989	1,034,589	1,074,855	21
22 Alcohol	5,166	5,630	5,517	5,407	5,299	5,193	22
23 Cigarette	35,603	38,265	38,201	37,896	37,593	37,371	23
24 Motor Vehicle	43,986	45,438	44,983	44,533	44,533	44,533	24
25 Motor Fuel Tax	22,778	22,000	21,780	21,562	21,562	21,562	25
26 <i>Transfer to Highway Trust Fund</i>	(22,778)	(22,000)	(21,780)	(21,562)	(21,562)	(21,562)	26
28 Total Sales (net)	998,744	1,038,060	1,060,658	1,080,825	1,122,014	1,161,953	28
29 Individual Income	1,490,694	1,621,576	1,642,060	1,696,006	1,743,402	1,802,569	29
30 Corp. Franchise	302,924	305,953	306,191	309,349	319,729	332,047	30
31 U. B. Franchise	162,972	163,787	170,380	178,363	186,563	194,855	31
32 Total Income	1,956,590	2,091,316	2,118,631	2,183,718	2,249,694	2,329,471	32
33 Public Utility	139,768	152,687	152,824	153,242	153,573	155,057	33
34 <i>Transfer to Ballpark Fund</i>	(8,509)	(9,620)	(9,629)	(9,655)	(9,676)	(9,770)	34
35 Public Utility (net)	131,259	143,067	143,195	143,587	143,897	145,287	35
36 Toll Telecommunications	58,604	60,065	61,267	63,105	65,313	67,599	36
37 <i>Transfer to Ballpark Fund</i>	(2,220)	(2,275)	(2,321)	(2,390)	(2,474)	(2,561)	37
38 Toll Telecommunications (net)	56,384	57,790	58,946	60,715	62,839	65,038	38
39 Insurance Premiums	86,994	85,000	90,000	90,000	85,000	85,000	39
40 <i>Transfer to Healthy DC Fund</i>	(34,062)	(29,000)	(34,000)	(34,000)	(32,000)	(32,000)	40
41 Insurance Premiums (net)	52,932	56,000	56,000	56,000	53,000	53,000	41
42 Healthcare Provider Tax	13,322	14,114	14,114	14,114	14,114	14,114	42
43 <i>Transfer to Nursing Facility Quality of Care Fund</i>	(13,322)	(14,114)	(14,114)	(14,114)	(14,114)	(14,114)	43
45 Ballpark fee	31,910	25,125	25,251	26,059	26,125	27,248	45
46 <i>Transfer to Ballpark Fund</i>	(31,910)	(25,125)	(25,251)	(26,059)	(26,125)	(27,248)	46
48 Hospital Bed Tax	15,758	15,562	15,080	-	-	-	48
49 <i>Transfer to Hospital Fund</i>	(15,758)	(15,562)	(15,080)	-	-	-	49
51 ICF-MR Assessment	1,010	4,114	5,202	5,202	5,202	5,202	51
52 <i>Transfer to Stevie Sellows</i>	(1,010)	(4,114)	(5,202)	(5,202)	(5,202)	(5,202)	52
54 HSC Contribution	5,000	5,000	5,000	5,000	5,000	5,000	54
55 <i>Transfer to Healthy DC Fund</i>	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	55
57 Total Gross Receipts (net)	240,575	256,857	258,141	260,302	259,736	263,328	57
58 Estate	102,996	40,000	40,000	40,000	40,000	40,000	58
59 Deed Recordation	163,393	177,409	185,038	208,167	232,731	248,440	59
60 <i>Transfer to HPTF</i>	(24,509)	(26,611)	(27,756)	(31,225)	(34,910)	(37,266)	60
61 Deed Recordation (net)	138,884	150,798	157,282	176,942	197,821	211,174	61
62 Deed Transfer	121,515	122,084	126,113	136,076	143,016	149,022	62
63 <i>Transfer to HPTF</i>	(18,227)	(18,313)	(18,917)	(20,411)	(21,452)	(22,353)	63
64 Deed Transfer (net)	103,288	103,771	107,196	115,665	121,564	126,669	64
65 Co-op Recordation	5,873	4,972	5,022	5,072	5,123	5,174	65
66 Economic Interests	21,735	5,895	5,954	6,013	6,044	6,074	65
67 Total Other Taxes (net)	372,776	305,436	315,454	343,692	370,552	389,091	66
68 TOTAL TAXES NET OF DEDICATED TAXES	5,446,694	5,643,822	5,764,439	5,930,899	6,119,291	6,307,418	67
69 Licenses & Permits	77,717	69,636	66,392	67,730	66,320	66,320	69
70 Fines & Forfeits	181,603	188,076	180,276	175,564	171,085	166,831	68
71 Charges for Services	73,795	68,000	69,659	68,419	67,770	65,515	70
72 Miscellaneous	117,124	108,298	82,894	83,648	84,547	73,539	71
73 TOTAL NON-TAX	450,239	434,010	399,221	395,361	389,722	372,205	73
74 Lottery	66,404	63,175	63,455	66,700	68,000	69,000	74
75 TOTAL REVENUE NET OF DEDICATED TAXES	5,963,337	6,141,007	6,227,115	6,392,960	6,577,013	6,748,623	75

FY 2012 - FY 2017 Revenue Actuals, Estimates and Projections: June 2013
(percent change from prior year)

Revenue Source	Actual	Estimate		Out year projections			
	FY12	FY13	FY14	FY15	FY16	FY17	
1 Real Property	6.2%	3.7%	4.1%	2.5%	2.5%	2.4%	1
2 <i>Transfer to TIF/Pilot</i>	5.5%	-16.7%	71.9%	-2.1%	-9.7%	8.3%	2
3 Real Property (net)	6.2%	4.1%	3.1%	2.6%	2.8%	2.3%	3
4 Personal Property	5.8%	2.7%	2.9%	1.0%	1.0%	1.0%	4
5 <i>Transfer to Neighborhood Investment Fund</i>	-100.0%						5
6 Personal Property (net)	12.4%	2.7%	2.9%	1.0%	1.0%	1.0%	6
7 Public Space Rental	-1.4%	-1.6%	-0.5%	-0.5%	0.0%	0.0%	7
8 <i>Transfer to DDOT Unified</i>	-100.0%						8
10 Public Space Rental (net)		-1.6%	-2.1%	-0.5%	0.0%	0.0%	10
11 Total Property (net)	8.3%	3.9%	3.0%	2.5%	2.7%	2.2%	11
12 General Sales	9.5%	4.0%	3.0%	3.3%	4.0%	4.0%	12
13 <i>Transfer to convention center</i>	3.2%	7.4%	3.0%	3.3%	4.0%	4.0%	13
14 <i>Transfer to TIF</i>	-51.0%	6.1%	22.8%	41.7%	-0.7%	5.3%	14
15 <i>Transfer to DDOT (parking tax)</i>	-100.0%						15
16 <i>Transfer to Ballpark Fund</i>	32.4%	-15.3%	0.9%	1.9%	2.4%	2.8%	16
17 <i>Transfer to Healthy DC Fund</i>				0.0%	0.0%	99.5%	17
18 <i>Transfer to WMATA</i>		4.5%	3.0%	3.3%	4.0%	4.0%	18
19 <i>Transfer to Healthy Schools</i>		0.0%	0.0%	0.0%	0.0%	0.0%	19
20 <i>Transfer to ABRA</i>		0.0%	154.3%	0.0%	0.0%	0.0%	20
21 General Sales (net)	10.0%	3.8%	2.4%	2.2%	4.2%	3.9%	21
22 Alcohol	-8.2%	9.0%	-2.0%	-2.0%	-2.0%	-2.0%	22
23 Cigarette	3.5%	7.5%	-0.2%	-0.8%	-0.8%	-0.6%	23
24 Motor Vehicle	3.3%	3.3%	-1.0%	-1.0%	0.0%	0.0%	24
25 Motor Fuel Tax	-24.1%	-3.4%	-1.0%	-1.0%	0.0%	0.0%	25
26 <i>Transfer to Highway Trust Fund</i>	-24.1%	-3.4%	-1.0%	-1.0%	0.0%	0.0%	26
28 Total Sales (net)	9.3%	3.9%	2.2%	1.9%	3.8%	3.6%	28
29 Individual Income	15.0%	8.8%	1.3%	3.3%	2.8%	3.4%	29
30 Corp. Franchise	40.1%	1.0%	0.1%	1.0%	3.4%	3.9%	30
31 U. B. Franchise	13.6%	0.5%	4.0%	4.7%	4.6%	4.4%	31
32 Total Income	18.1%	6.9%	1.3%	3.1%	3.0%	3.5%	32
33 Public Utility	-6.7%	9.2%	0.1%	0.3%	0.2%	1.0%	33
34 <i>Transfer to Ballpark Fund</i>	-4.4%	13.1%	0.1%	0.3%	0.2%	1.0%	34
35 Public Utility (net)	-6.8%	9.0%	0.1%	0.3%	0.2%	1.0%	35
36 Toll Telecommunications	-3.6%	2.5%	2.0%	3.0%	3.5%	3.5%	36
37 <i>Transfer to Ballpark Fund</i>	-6.4%	2.5%	2.0%	3.0%	3.5%	3.5%	37
38 Toll Telecommunications (net)	-3.5%	2.5%	2.0%	3.0%	3.5%	3.5%	38
39 Insurance Premiums	24.7%	-2.3%	5.9%	0.0%	-5.6%	0.0%	39
40 <i>Transfer to Healthy DC Fund</i>	35.7%	-14.9%	17.2%	0.0%	-5.9%	0.0%	40
41 Insurance Premiums (net)	18.6%	5.8%	0.0%	0.0%	-5.4%	0.0%	41
42 Healthcare Provider Tax	-0.9%	5.9%	0.0%	0.0%	0.0%	0.0%	42
43 <i>Transfer to Nursing Facility Quality of Care Fund</i>	-0.9%	5.9%	0.0%	0.0%	0.0%	0.0%	43
45 Ballpark fee	-4.2%	-21.3%	0.5%	3.2%	0.3%	4.3%	45
46 <i>Transfer to Ballpark Fund</i>	-4.2%	-21.3%	0.5%	3.2%	0.3%	4.3%	46
48 Hospital Bed Tax	74.9%	-1.2%	-3.1%	-100.0%			48
49 <i>Transfer to Hospital Fund</i>	74.9%	-1.2%	-3.1%	-100.0%			49
51 ICF-MR Assessment	-19.5%	307.3%	26.4%	0.0%	0.0%	0.0%	51
52 <i>Transfer to Stevie Sellows</i>	-19.5%	307.3%	26.4%	0.0%	0.0%	0.0%	52
54 HSC Contribution	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	54
55 <i>Transfer to Healthy DC Fund</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	55
57 Total Gross Receipts (net)	-1.4%	6.8%	0.5%	0.8%	-0.2%	1.4%	57
58 Estate	18.1%	-61.2%	0.0%	0.0%	0.0%	0.0%	58
59 Deed Recordation	-0.7%	8.6%	4.3%	12.5%	11.8%	6.7%	59
60 <i>Transfer to HPTF</i>	-0.7%	8.6%	4.3%	12.5%	11.8%	6.7%	60
61 Deed Recordation (net)	-0.7%	8.6%	4.3%	12.5%	11.8%	6.8%	61
62 Deed Transfer	-7.7%	0.5%	3.3%	7.9%	5.1%	4.2%	62
63 <i>Transfer to HPTF</i>	16.2%	0.5%	3.3%	7.9%	5.1%	4.2%	63
64 Deed Transfer (net)	-11.0%	0.5%	3.3%	7.9%	5.1%	4.2%	64
65 Co-op Recordation		-15.3%	1.0%	1.0%	1.0%	1.0%	65
66 Economic Interests	45.8%	-72.9%	1.0%	1.0%	0.5%	0.5%	65
67 Total Other Taxes (net)	4.1%	-18.1%	3.3%	9.0%	7.8%	5.0%	66
68 TOTAL TAXES NET OF DEDICATED TAXES	11.0%	3.6%	2.1%	2.9%	3.2%	3.1%	67
69 Licenses & Permits	2.2%	-10.4%	-4.7%	2.0%	-2.1%	0.0%	68
70 Fines & Forfeits	43.8%	3.6%	-4.1%	-2.6%	-2.6%	-2.5%	69
71 Charges for Services	-2.4%	-7.9%	2.4%	-1.8%	-0.9%	-3.3%	70
72 Miscellaneous	-19.2%	-7.5%	-23.5%	0.9%	1.1%	-13.0%	71
73 TOTAL NON-TAX	6.5%	-3.6%	-8.0%	-1.0%	-1.4%	-4.5%	73
74 Lottery	6.8%	-4.9%	0.4%	5.1%	1.9%	1.5%	74
75 TOTAL REVENUE NET OF DEDICATED TAXES	10.6%	3.0%	1.4%	2.7%	2.9%	2.6%	75

Estimated Key Variables for the D.C. Economy for the Forecast Period FY 2008 through FY 2017

Fiscal Years	2008 act	2009 act	2010 act	2011 act	2012 act	2013 est	2014 est	2015 est	2016 est	2017 est
Gross State Product (\$ billion)	96.28 6.6%	97.25 1.0%	102.41 5.3%	106.66 4.2%	110.20 3.3%	113.28 2.8%	113.35 0.1%	115.47 1.9%	119.18 3.2%	123.57 3.7%
Real Gross State Product (billions \$2000)	87.81 3.9%	86.69 -1.3%	89.35 3.1%	91.17 2.0%	92.76 1.7%	93.87 1.2%	92.36 -1.6%	92.68 0.3%	93.77 1.2%	94.94 1.2%
Personal Income (\$ billion)	40.36 9.6%	40.52 0.4%	42.18 4.1%	45.03 6.8%	46.75 3.8%	48.74 4.2%	49.84 2.3%	51.49 3.3%	53.61 4.1%	56.40 5.2%
Real Personal Income (billions \$2000)	37.20 5.7%	37.30 0.3%	38.10 2.2%	39.82 4.5%	40.54 1.8%	41.83 3.2%	42.42 1.4%	43.10 1.6%	43.94 2.0%	45.20 2.8%
Per Capita Income (\$)	69,595 8.5%	68,589 -1.4%	69,890 1.9%	72,951 4.4%	74,143 1.6%	75,942 2.4%	76,627 0.9%	78,335 2.2%	80,852 3.2%	84,361 4.3%
Real Per Capita Income (\$2000)	64,141 4.6%	63,143 -1.6%	63,139 0.0%	64,513 2.2%	64,285 -0.4%	65,181 1.4%	65,225 0.1%	65,575 0.5%	66,275 1.1%	67,608 2.0%
Wages earned in D.C. (\$ billion)	54.27 4.8%	55.41 2.1%	57.81 4.3%	60.05 3.9%	61.29 2.1%	61.31 0.0%	62.18 1.4%	63.67 2.4%	65.94 3.6%	68.32 3.6%
Wages earned by D.C. residents (\$ billion)	20.6 6.7%	21.4 3.7%	22.6 5.6%	23.8 5.5%	24.6 3.2%	25.8 4.7%	26.2 1.7%	27.0 2.9%	27.9 3.6%	29.3 5.0%
Population ('000)	579.9 1.0%	590.8 1.9%	603.4 2.1%	617.2 2.3%	630.6 2.2%	641.8 1.8%	650.4 1.3%	657.3 1.1%	663.1 0.9%	668.5 0.8%
Households ('000)	257.3 0.7%	261.2 1.5%	265.1 1.5%	272.8 2.9%	278.0 1.9%	282.6 1.7%	286.5 1.4%	289.5 1.1%	292.1 0.9%	294.5 0.8%
Civilian Labor Force ('000)	332.6 2.4%	334.3 0.5%	343.5 2.8%	347.2 1.1%	356.6 2.7%	372.4 4.4%	376.8 1.2%	380.7 1.1%	384.1 0.9%	387.2 0.8%
At-Place Employment ('000)	702.6 1.6%	701.6 -0.1%	709.0 1.1%	723.4 2.0%	730.0 0.9%	734.5 0.6%	733.9 -0.1%	738.6 0.6%	745.2 0.9%	750.2 0.7%
Resident Employment ('000)	312.5 1.8%	304.3 -2.6%	308.5 1.4%	312.1 1.2%	323.5 3.7%	340.5 5.2%	341.2 0.2%	345.1 1.2%	348.2 0.9%	355.2 2.0%
Unemployment Rate	6.1	9.0	10.2	10.1	9.3	8.6	9.5	9.4	9.3	8.3
Housing Starts	719	376	1,328	1,924	3,555	3,328	2,378	2,438	2,416	2,424
Housing Stock ('000)	293.7 0.7%	295.2 0.5%	296.8 0.6%	298.0 0.4%	302.2 1.4%	307.2 1.7%	311.4 1.4%	314.6 1.1%	317.4 0.9%	319.8 0.7%
Home sales	6,373 -28.8%	6,237 -2.1%	7,972 27.8%	7,525 -5.6%	8,148 8.3%	8,499 4.3%	8,768 3.2%	9,006 2.7%	8,977 -0.3%	8,917 -0.7%
Average home sale price ('000)	671.3 -0.7%	661.5 -1.5%	711.5 7.6%	719.3 1.1%	769.0 6.9%	806.1 4.8%	833.2 3.4%	865.1 3.8%	900.8 4.1%	943.1 4.7%
Change in S & P 500 Index of Common Stock*	-39.1%	19.7%	10.6%	1.8%	15.7%	2.8%	4.7%	2.8%	3.6%	3.9%
Interest rate on 10-year Treasury notes (%)	3.9	3.2	3.4	3.0	1.9	1.6	1.3	1.9	2.7	3.3
Washington Area Consumer Prices: % change from prior	5.0	0.4	2.4	2.5	2.0	1.1	1.5	2.4	2.8	2.8

year (rather than fiscal year) basis. (For example, the value in FY 2012 is the % change from CY 2011.4 to CY 2012.4)

Note: Estimated by the D.C. Office of Revenue Analysis based on forecasts of the D.C. and national economies prepared by Global Insight (May 2013) and Economy.com (May 2013); forecasts of the national economy prepared by the Congressional Budget Office (February 2013) and Blue Chip Economic Indicators (May 2013); BLS labor market information from March 2013, the Census Bureau estimates of the D.C. population (2012); Bureau of Economic Analysis estimates of D.C. Personal Income (December 2012); Metropolitan Regional Information System (MRIS) D.C. home sales data (April 2013), accessed in part through the Greater Capital Area Association of Realtors (GCAAR); Delta Associates information on commercial office buildings and residential property in D.C. (March 2013); and Reis information on apartment buildings in D.C. (March 2013).