

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



Fitzroy Lee
Interim Chief Financial Officer

September 30, 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: September 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. FY 2021 local source revenue is revised upward by \$311.3 million based on year-to-date collections data which shows higher than expected individual and corporate income tax revenue. In addition, stronger than expected deed taxes and non-tax revenue also contribute to the FY 2021 upward revision. The revised estimate increases the FY 2022 - FY 2025 forecast by a total of \$906.8 million, mainly due to strong income tax revenues boosted by the accelerated growth in the stock market and corporate gains.

September revenue estimate compared to previous estimate

	Actual		Estimated		Projected	
Local Source, General Fund Revenue Estimate (\$M)	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
May 2021 Revenue Estimate	8,149.8	8,133.3	8,476.8	8,774.7	9,040.6	9,328.1
<i>FY 2022 Budget Support Act</i>		<i>16.5</i>	<i>103.3</i>	<i>151.6</i>	<i>163.8</i>	<i>176.0</i>
May 2021 Revenue Estimate adjusted for budget		8,149.9	8,580.1	8,926.3	9,204.4	9,504.1
<i>September revisions to estimate</i>		<i>311.3</i>	<i>289.0</i>	<i>231.6</i>	<i>211.9</i>	<i>174.2</i>
September 2021 Revenue Estimate	8,149.8	8,461.2	8,869.0	9,157.9	9,416.3	9,678.4
Revenue Change from Previous Year						
Amount	(165.0)	311.4	407.9	288.9	258.4	262.1
<i>Year-Over-Year Percent Change</i>	<i>-2.0%</i>	<i>3.8%</i>	<i>4.8%</i>	<i>3.3%</i>	<i>2.8%</i>	<i>2.8%</i>

Revenue is on track to surpass the FY 2019 level of \$8.3 billion in FY 2021 as the economy continues to rebound from the pandemic. Weakness in hospitality sales tax revenue has been offset by a surge in individual and business income tax revenue. The economic outlook over the period of the financial plan improved modestly from May, with most of the improvement projected for FY 2021 and FY 2022. The federal relief enacted since December 2020 and the continued deployment of vaccines to keep the COVID-19 recovery plan on track have helped the District remain on its path of recovery. Furthermore, individual and business income tax collections far exceeded expectations this year.

Although the forecasted growth in revenue for the period of the financial plan has improved, the outlook remains cautious due to the increase in COVID-19 infection rates from the Delta variant and a high degree of vaccine hesitancy. Another round of pandemic related restrictions or business closures pose a downside risk to the forecast, though we do not foresee steps as extreme as those taken earlier in the pandemic. The recent surge in COVID-19 cases has not been met with a similar surge in hospitalizations or deaths but it has delayed many companies from returning to the office.

An area of concern is the federal government's fiscal policy. There is a risk of a federal government shutdown if Congress fails to approve spending for federal fiscal year 2022. Previous government shutdowns disrupted the District's economy with a range of impacts on revenue. A federal shutdown in the midst of a fragile recovery poses a serious risk to the District economy.

Revenue Highlights

Real property tax

Real property tax year-to-date collection remains on track to meet the May forecast level. As a result, the forecast for FY 2021 and FY 2022 remains unchanged. However, a weaker outlook for large office and apartment leasing decreases revenue by \$35.8 million in FY 2023, \$64.5 million in FY 2024, and \$74.3 million in FY 2025.

Sales tax

Sales tax collections are recovering slowly following the lifting of most public health restrictions since our May forecast. The hospitality sector, which has been hit the hardest through the course of the pandemic, has started to recover slowly and this pace is expected to continue. The recent surge in COVID-19 cases have affected late summer sales and some events, but there has not been the decline seen earlier in the pandemic. Restaurant taxable sales were approximately 75 percent of pre-pandemic levels in August, and hotel taxable sales were approximately 50 percent.

Retail sales continued to grow above the pre-pandemic levels during the summer months and are the main reason for the \$14 million upward revision of the sales tax forecast in FY 2021. The forecast for FY 2022-FY 2025 remains virtually unchanged, and assumes a progressive return of restaurants, hotels, and entertainment venues to full capacity.

Income taxes

Estimates for both individual and business income taxes have been revised upward based on the strength of year-to-date collections, and a slight revision to the economic outlook. Year-to-date preliminary individual income tax collections increased by 10.3 percent compared to last year and are expected to end the year with a growth rate of 9.4 percent, up from 4.6 percent growth from the May estimate. Individual income tax revenue is expected to grow another 7.5 percent in FY 2022, boosted by higher wages for District residents and the robust stock market in 2021. Annual growth is expected to remain at an average of 5 percent, above the long-term trend of 4.5 percent, for fiscal years 2023 through 2025.

Similarly, year-to-date collections have far exceeded expectations for business tax revenue collections. Corporate franchise revenue in FY 2021 is revised upward by \$41.3 million, reflecting stronger corporate profits. The growth rate in FY 2021 of 9.7 percent follows three years of greater than 10 percent growth. FY 2022 revenue is revised upward by \$42 million and growth slows to 2.1 percent. Corporate franchise revenue is expected to grow by an average of 2.7 percent through FY 2025, as the effects of federal stimulus wane.

Unincorporated business franchise tax collections continue to be positively impacted by federal and District relief programs. Year-to-date collections are up 24 percent relative to the previous year and are expected to finish the year strongly. As a result, FY 2021 revenue is revised upward by \$26.4 million, and by \$35.9 million over the remaining financial plan period. Unincorporated franchise tax was impacted by the federal relief packages, as well as higher than normal capital gains in FY 2021, and is expected to decline in FY 2022 to levels more in line with the long-term trend.

Gross receipts taxes

Gross receipt tax revenue in FY 2021 is revised upward by \$8.8 million based mainly on stronger year-to-date ballpark fee and insurance premium collections. The estimate for the outyears includes an upward revision for private sports wagering which added \$2.3 million in FY 2022 and \$1.5 million in FY 2023. The introduction of at least two new arena operators (the Nationals Ballpark began offering sports wagering in July, and Audi Field is expected to start by the end of 2021) has increased expected revenue in FY 2022-FY 2025.

Deed taxes

The FY 2021 forecast for deed tax collections is revised upward by \$54.7 million based on strong summer sales of both residential and commercial properties. The level of real estate transactions has continued to improve over the course of the summer months, particularly in sales of high-value single family homes and is expected to continue into FY 2022 when deed tax collections recover to pre-pandemic levels.

Non-tax revenue

Non-tax revenue is revised upward by about \$45.2 million in FY 2021 based on stronger year-to-date traffic fine and permitting fee collections following the lifting of all public health restrictions. The out-year revenue forecast remains unchanged and reflects a gradual return to the pre-COVID level. The forecast for lottery reflects a downward revision for District-operated sports wagering

revenue based on updated year-to-date actual data. Accordingly, FY 2021 expected transfers from lottery operations, though still positive, are revised downward by \$6.2 million and by an average of \$19.8 million over the course of the FY 2022 – FY 2025 financial plan period.

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 and made the recession caused by the pandemic the shortest in US history. Real GDP contracted 3.4 percent in calendar year 2020 and is now estimated to have recovered to pre-pandemic levels in the second quarter of 2021.

- U.S. employment increased 5.2 percent in the 3-month period ending August 2021 from the prior period in 2020. The U.S. unemployment rate was 5.3 percent in August 2021, down from 8.5 percent in August 2020.
- U.S. personal income grew 4.5 percent in the second quarter of 2021 over the prior year, and wages grew 12.3 percent. Federal relief boosted personal income throughout 2020 and 2021.
- Gross domestic product, adjusted for inflation, was 12.2 percent higher in the 2nd quarter of calendar 2021 than the 2nd quarter of 2020.
- The S&P 500 stock market index ended August at 4,523, up 20.4 percent year-to-date and 28.9 percent above the end of April 2020.
- Washington Metropolitan employment increased 5.7 percent in the 3-month period ending July 2021 over the prior year. The Metro area unemployment rate was 5.1 percent in July, down from 8.4 percent in July 2020.
- District employment for the 3-month period ending August 2021 was 3.3 percent higher than 2020, and the unemployment rate was 6.3 percent in August 2021, down from 9.5 percent in August 2020.
- District personal income grew 2 percent in the 2nd quarter of calendar 2021 over 2020; wages grew 7.6 percent.
- The number of single family and condominium sales grew by 64.3 percent for the three months ending June 2021, and the value of sales grew 81.6 percent over the same period in 2020.
- Air travel to District-area airports was up over 500 percent in May 2021, compared to the prior year and hotel occupancy was 36.1 percent in June, an improvement compared to 31 percent in March 2020, but still well below the average 76 percent occupancy in FY 2019. Leisure travel has contributed the most to improving travel trends while business and group travel continues to lag.

Economic Outlook

The District economy has improved but still has not fully recovered. Some measures, such as income and gross domestic product, recovered quickly, but employment, largely due to hospitality and business services, has a steeper climb back to pre-COVID levels. 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 the District's economy fared better than the national economy, it will likely 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 3 percent in FY 2021 reflecting the impact of the public health emergency. A rebound of 4.2 percent growth in FY 2022, 2.2 percent in FY 2023, and 1.1 percent in FY 2024 brings jobs in the District back to 2019 levels.
- Population growth continues with 12,900 —1.8 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 1.6 percent in FY 2021, recovering to 2019 levels in 2023. The unemployment rate, which was 5.5 percent in FY 2019, rose to an average rate of 7.1 percent in FY 2020, and is estimated to increase to 7.7 percent in FY 2021. The rate declines rapidly to 5.4 percent in FY 2022 as the economy recovers.
- District personal income growth is 4.1 percent in FY 2021, supported by federal transfers such as the one-time relief check and expanded unemployment compensation. With no additional federal relief, personal income grows just 1.9 percent in FY 2022 before returning to normal growth.
- The S&P 500 index, rebounding significantly from the March 2020 contraction, grew 15.2 percent in 2020 and is expected to grow 25.1 percent in 2021.

Risks to the Forecast

In Spring and early Summer 2021, the District made significant progress administering vaccines. The Delta variant, however, has impacted the District as it has other parts of the country. Fortunately, because of higher than average vaccination rates, hospitalizations and deaths are not exhibiting the same growth as seen in previous waves of infection. The COVID-19 pandemic's course remains the biggest source of uncertainty for the District and national economies.

As the pandemic recedes, the long-lasting effects will become more apparent. As public health concerns dissipate, 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 discussing return to workplace plans and telework policies. The ability to work remotely for many employees will remain an attractive option. Post-pandemic, it is widely expected that 20 to 25 percent of office workers will 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 negative impact on office space demand than is currently assumed.

As previously discussed, there is also a serious risk of the federal government shutting down this year as has been the case in past years because of failure to enact appropriations for fiscal year 2022, which starts October 1, 2021. Because the District has authority to spend its local revenue, its operations will not be interrupted and services to residents will continue. The usual risk of lost business is much lower than in prior shutdowns because the pandemic has already reduced the number of daily commuters, including federal workers. Additionally, the looming deadline for suspending or increasing the federal public debt ceiling which allows the federal government to borrow to fund already approved spending is also a risk to the forecast. It is not clear what will happen in the unlikely event of a government default on debt, but it could be a significant event with long-term consequences.

Finally, there is the possibility of inflation. Rising inflation in recent months is assumed to be transitory. However, if it persists, interest rates could rise, triggering a stock market correction as investors switch from equities to bonds to take advantage of higher bond yields and as a hedge against greater uncertainty. A stock market correction would reduce revenues, particularly for individual and business income taxes.

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, appearing to read "Fitzroy Lee", is written over a thin horizontal line.

Fitzroy Lee

Attachments

DISTRIBUTION LIST

Councilmember Anita Bonds (At-Large)

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Kevin Donahue, 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

September Revenue Estimate
September 30, 2021
Page 8

TABLE 1: REVENUE SUMMARY TABLE

\$ in Thousands	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS	
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
PROPERTY	2,954,093	3,000,383	2,882,396	2,870,101	2,914,981	2,985,582
Real Property	2,836,733	2,883,966	2,770,563	2,757,911	2,802,430	2,872,667
Personal Property	77,698	76,157	76,157	76,157	76,157	76,157
Public Space Rental	39,662	40,260	35,676	36,033	36,394	36,758
<i>Dedicated to other funds</i>	-44,377	-52,463	-48,368	-52,559	-63,727	-68,001
PROPERTY (NET)	2,909,716	2,947,921	2,834,027	2,817,542	2,851,253	2,917,581
SALES & EXCISE	1,316,574	1,234,048	1,586,214	1,736,494	1,885,483	1,958,394
General Sales	1,222,446	1,127,766	1,485,345	1,635,488	1,784,966	1,858,349
Alcohol	6,009	6,006	6,199	6,299	6,400	6,505
Cigarette	24,934	25,654	22,479	21,872	21,282	20,707
Motor Vehicle	40,713	50,500	45,485	46,122	46,122	46,122
Motor Fuel	22,472	24,122	26,706	26,714	26,714	26,712
<i>Dedicated to other funds</i>	-403,344	-353,924	-445,276	-495,136	-524,744	-535,417
SALES & EXCISE(NET)	913,230	880,124	1,140,937	1,241,358	1,360,739	1,422,978
INCOME	3,104,933	3,422,977	3,613,464	3,829,033	3,966,278	4,103,421
Individual Income	2,377,236	2,599,936	2,796,011	2,991,255	3,111,531	3,238,471
Corporate Franchise	575,646	631,650	645,200	664,912	685,308	698,982
U.B. Franchise	152,051	191,391	172,252	172,866	169,440	165,969
INCOME (NET)	3,104,933	3,422,977	3,613,464	3,829,033	3,966,278	4,103,421
GROSS RECEIPTS	371,123	372,261	396,232	387,503	386,329	386,333
Public Utilities	136,813	127,467	148,157	141,460	142,309	143,163
Toll Telecommunications	40,891	37,074	34,898	33,537	32,229	30,972
Insurance Premiums	120,004	129,265	127,772	127,396	128,632	128,632
Ballpark Fee	37,248	40,248	40,321	39,900	37,900	37,900
Private sports wagering	273	1,889	5,123	4,598	4,138	4,213
Games of Skill			3,329	3,662	3,845	3,845
Health Related Taxes	35,894	36,318	36,631	36,950	37,276	37,608
<i>Dedicated to other funds</i>	-131,125	-144,231	-143,078	-144,261	-147,792	-149,697
GROSS RECEIPTS (NET)	239,998	228,030	253,153	243,243	238,537	236,636
OTHER TAX	489,988	581,842	625,050	614,573	588,057	585,509
Estate	37,249	35,021	37,143	37,587	38,045	38,509
Deed Recordation	261,211	295,297	321,352	313,996	300,822	299,160
Deed Transfer	179,403	232,671	244,724	239,094	229,023	227,673
Economic Interest	12,124	18,852	21,831	23,896	20,167	20,167
<i>Dedicated to other funds</i>	-69,019	-80,185	-87,005	-84,558	-80,586	-80,140
OTHER TAX (NET)	420,969	501,657	538,045	530,015	507,471	505,368
TOTAL TAX (GROSS)	8,236,710	8,611,512	9,103,355	9,437,705	9,741,128	10,019,239
TOTAL TAX (NET)	7,588,846	7,980,709	8,379,627	8,661,191	8,924,279	9,185,984
NONTAX	522,895	442,582	451,823	458,112	453,935	452,872
Licenses & Permits	125,584	123,659	128,446	141,811	140,239	144,010
Fines & Forfeits	147,943	135,763	138,654	135,906	133,214	130,576
Charges for Services	68,723	67,690	62,284	64,657	64,960	63,314
Miscellaneous	180,645	115,471	122,440	115,738	115,523	114,972
NONTAX (NET)	522,895	442,582	451,823	458,112	453,935	452,872
LOTTERY	38,060	37,899	37,595	38,627	39,661	41,076
<i>Dedicated to other funds</i>					-1,576	-1,576
LOTTERY (NET)	38,060	37,899	37,595	38,627	38,085	39,500
GROSS REVENUE	8,797,665	9,091,993	9,592,773	9,934,444	10,234,724	10,513,187
LOCAL FUND REVENUE	8,149,801	8,461,189	8,869,045	9,157,930	9,416,299	9,678,355
OTHER FUNDS (See Table 2)	647,864	630,803	723,728	776,514	818,425	834,831

September Revenue Estimate
September 30, 2021
Page 9

TABLE 1: REVENUE SUMMARY TABLE (Continued)

% Change from Year Ago	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS	
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
PROPERTY	4.5%	1.6%	-3.9%	-0.4%	1.6%	2.4%
Real Property	4.7%	1.7%	-3.9%	-0.5%	1.6%	2.5%
Personal Property	-1.6%	-2.0%	0.0%	0.0%	0.0%	0.0%
Public Space Rental	2.5%	1.5%	-11.4%	1.0%	1.0%	1.0%
<i>Dedicated to other funds</i>	-15.7%	18.2%	-7.8%	8.7%	21.2%	6.7%
PROPERTY (NET)	4.9%	1.3%	-3.9%	-0.6%	1.2%	2.3%
SALES & EXCISE	-22.9%	-6.3%	28.5%	9.5%	8.6%	3.9%
General Sales	-23.5%	-7.7%	31.7%	10.1%	9.1%	4.1%
Alcohol	-14.7%	0.0%	3.2%	1.6%	1.6%	1.6%
Cigarette	-12.7%	2.9%	-12.4%	-2.7%	-2.7%	-2.7%
Motor Vehicle	-11.4%	24.0%	-9.9%	1.4%	0.0%	0.0%
Motor Fuel	-19.6%	7.3%	10.7%	0.0%	0.0%	0.0%
<i>Dedicated to other funds</i>	-24.4%	-12.3%	25.8%	11.2%	6.0%	2.0%
SALES & EXCISE(NET)	-22.2%	-3.6%	29.6%	8.8%	9.6%	4.6%
INCOME	5.5%	10.2%	5.6%	6.0%	3.6%	3.5%
Individual Income	3.4%	9.4%	7.5%	7.0%	4.0%	4.1%
Corporate Franchise	13.3%	9.7%	2.1%	3.1%	3.1%	2.0%
U.B. Franchise	12.8%	25.9%	-10.0%	0.4%	-2.0%	-2.0%
INCOME (NET)	5.5%	10.2%	5.6%	6.0%	3.6%	3.5%
GROSS RECEIPTS	-6.1%	0.3%	6.4%	-2.2%	-0.3%	0.0%
Public Utilities	-12.5%	-6.8%	16.2%	-4.5%	0.6%	0.6%
Toll Telecommunications	-2.4%	-9.3%	-5.9%	-3.9%	-3.9%	-3.9%
Insurance Premiums	1.0%	7.7%	-1.2%	-0.3%	1.0%	0.0%
Ballpark Fee	-17.4%	8.1%	0.2%	-1.0%	-5.0%	0.0%
Private sports wagering			171.2%	-10.3%	-10.0%	1.8%
Games of Skill				10.0%	5.0%	0.0%
Health Related Taxes	8.8%	1.2%	0.9%	0.9%	0.9%	0.9%
<i>Dedicated to other funds</i>	-3.7%	10.0%	-0.8%	0.8%	2.4%	1.3%
GROSS RECEIPTS (NET)	-7.3%	-5.0%	11.0%	-3.9%	-1.9%	-0.8%
OTHER TAX	-16.0%	18.7%	7.4%	-1.7%	-4.3%	-0.4%
Estate	67.0%	-6.0%	6.1%	1.2%	1.2%	1.2%
Deed Recordation	-12.8%	13.0%	8.8%	-2.3%	-4.2%	-0.6%
Deed Transfer	-21.4%	29.7%	5.2%	-2.3%	-4.2%	-0.6%
Economic Interest	-63.6%	55.5%	15.8%	9.5%	-15.6%	0.0%
<i>Dedicated to other funds</i>	-16.2%	16.2%	8.5%	-2.8%	-4.7%	-0.6%
OTHER TAX (NET)	-16.0%	19.2%	7.3%	-1.5%	-4.3%	-0.4%
TOTAL TAX (GROSS)	-2.6%	4.6%	5.7%	3.7%	3.2%	2.9%
TOTAL TAX (NET)	-0.8%	5.2%	5.0%	3.4%	3.0%	2.9%
NONTAX	-15.6%	-15.4%	2.1%	1.4%	-0.9%	-0.2%
Licenses & Permits	-14.5%	-1.5%	3.9%	10.4%	-1.1%	2.7%
Fines & Forfeits	-24.3%	-8.2%	2.1%	-2.0%	-2.0%	-2.0%
Charges for Services	-11.3%	-1.5%	-8.0%	3.8%	0.5%	-2.5%
Miscellaneous	-9.4%	-36.1%	6.0%	-5.5%	-0.2%	-0.5%
NONTAX (NET)	-15.6%	-15.4%	2.1%	1.4%	-0.9%	-0.2%
LOTTERY	-15.5%	-0.4%	-0.8%	2.7%	2.7%	3.6%
<i>Dedicated to other funds</i>						
LOTTERY (NET)	-15.5%	-0.4%	-0.8%	2.7%	-1.4%	3.7%
GROSS REVENUE	-3.5%	3.3%	5.5%	3.6%	3.0%	2.7%
LOCAL FUND REVENUE	-2.0%	3.8%	4.8%	3.3%	2.8%	2.8%
OTHER FUNDS (See Table 2)	-19.5%	-2.6%	14.7%	7.3%	5.4%	2.0%

TABLE 2: DEDICATED/ENTERPRISE REVENUE

\$ in Thousands		ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS	
DEDICATED TO	Tax Type	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
TIF	Real Property	15,476	21,268	17,142	19,009	20,067	18,863
	General Sales	14,068	9,994	14,153	25,219	28,724	28,503
PILOT	Real Property	28,136	30,295	30,327	32,651	42,760	48,238
	General Sales	9,705	7,333	9,799	10,811	11,818	12,312
Walter Reed Development	Real Property	765	900	900	900	900	900
Convention Center	General Sales	71,207	46,837	85,921	105,104	124,778	130,485
Convention Center-DestinationDC	General Sales	2,860	1,549	2,584	3,268	3,984	4,196
Ballpark	General Sales	12,139	3,820	18,000	18,000	18,000	18,000
	Public Utility	7,692	7,149	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	40,248	40,321	39,900	37,900	37,900
Healthy DC - Marijuana	General Sales	1,513	1,666	1,799	1,943	2,098	2,266
Healthy DC - MCO	Insurance premium	47,433	58,069	58,069	59,231	60,415	61,739
WMATA - Operations	General Sales	52,311	37,183	63,433	79,320	82,096	84,559
WMATA - Capital	General Sales	178,500	178,500	178,500	178,500	178,500	178,500
Healthy Schools	General Sales	5,110	5,590	5,690	5,690	5,690	5,690
ABRA	General Sales	1,170	1,170	1,170	1,170	1,170	1,170
Comm. on Arts and Humanities	General Sales	32,289	36,161	37,523	39,399	41,172	43,024
Highway Trust Fund	Motor Fuel	22,472	24,122	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	16,943
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					1,969	2,006
	Lottery					788	788
Early Childhood Development Fund	Sports Wager					1,969	2,006
	Lottery					788	788
Housing Production Trust Fund (HPTF)	Deed Recordation	36,920	41,002	44,910	43,810	41,829	41,580
	Deed Transfer	24,862	32,502	34,310	33,468	31,954	31,751
HPTF-Debt Service	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	-	-	-	-	-	-
TOTAL	Deed Recordation	21	176	627	352	109	112
	Deed Transfer	68	176	627	352	109	112
TOTAL		647,864	630,803	723,728	776,514	818,425	834,831

Table 3. Key Economic Variables

Variable	Actual					Estimated		Forecast		
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Gross Domestic Product - DC (\$billions)	128.3	132.1	137.5	142.2	143.4	150.5	161.6	168.4	176.9	186.5
<i>% change annual</i>	3.5%	3.0%	4.1%	3.4%	0.9%	4.9%	7.4%	4.2%	5.1%	5.4%
Real GDP-DC (2005 \$billions)	118.8	120.1	122.3	123.5	122.5	125.4	129.8	132.0	134.9	138.1
<i>% change annual</i>	1.8%	1.1%	1.8%	1.0%	-0.8%	2.4%	3.5%	1.7%	2.2%	2.4%
Personal Income (\$billions)	52.7	54.6	56.6	58.4	61.5	64.0	65.2	68.3	71.7	75.3
<i>% change annual</i>	5.2%	3.6%	3.6%	3.3%	5.2%	4.1%	1.9%	4.7%	5.1%	5.0%
Real Personal Income (2005 \$billions)	44.4	45.2	45.7	46.5	48.3	48.9	48.4	49.8	51.3	52.7
<i>% change annual</i>	6.8%	1.9%	1.2%	1.7%	3.8%	1.2%	-1.0%	3.0%	3.0%	2.8%
Per capita personal income	76,823	78,479	80,439	82,530	86,285	89,412	90,552	94,165	98,318	102,570
<i>% change annual</i>	3.5%	2.2%	2.5%	2.6%	4.6%	3.6%	1.3%	4.0%	4.4%	4.3%
Real per capita personal income (2005\$)	64,654	64,960	65,051	65,713	67,795	68,313	67,207	68,742	70,340	71,843
<i>% change annual</i>	5.1%	0.5%	0.1%	1.0%	3.2%	0.8%	-1.6%	2.3%	2.3%	2.1%
Wages in DC (\$billions)	69.3	72.0	75.5	78.0	79.3	83.1	88.3	92.6	97.0	101.5
<i>% change annual</i>	3.4%	3.9%	4.8%	3.3%	1.7%	4.9%	6.2%	4.9%	4.7%	4.7%
Wages of DC residents (\$billions)	25.7	27.1	29.0	30.3	30.8	32.4	34.5	36.1	37.9	39.7
<i>% change annual</i>	4.0%	5.4%	7.0%	4.6%	1.8%	5.2%	6.4%	4.5%	5.0%	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	319.4	320.5	323.4	326.9	330.7	334.2	337.6
<i>% change annual</i>	1.9%	1.7%	2.0%	1.4%	0.3%	0.9%	1.1%	1.2%	1.1%	1.0%
Civilian labor force (000s)	393.6	401.7	407.4	412.6	411.6	407.6	411.7	417.1	421.2	424.1
<i>% change annual</i>	1.7%	2.1%	1.4%	1.3%	-0.2%	-1.0%	1.0%	1.3%	1.0%	0.7%
Employment in DC (000s)	774.8	782.7	791.2	796.1	763.5	740.3	771.1	788.2	797.1	805.7
<i>% change annual</i>	2.0%	1.0%	1.1%	0.6%	-4.1%	-3.0%	4.2%	2.2%	1.1%	1.1%
Employment of DC residents (000s)	368.8	376.7	383.9	389.8	382.6	376.3	389.4	397.4	401.0	403.1
<i>% change annual</i>	2.7%	2.2%	1.9%	1.5%	-1.8%	-1.6%	3.5%	2.1%	0.9%	0.5%
Unemployment rate	6.3	6.2	5.8	5.5	7.1	7.7	5.4	4.7	4.8	5.0
Housing Starts	4,407	4,309	4,732	6,195	5,209	5,846	3,850	3,160	2,910	2,802
Housing Stock (000s)	329.0	333.0	338.0	343.0	348.0	353.0	359.0	364.0	368.0	371.0
<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	8,459	8,444	10,399	9,179	8,438	7,892	7,870
<i>% change annual</i>	5.2%	3.1%	4.2%	-5.6%	-0.2%	23.2%	-11.7%	-8.1%	-6.5%	-0.3%
Avg Home Sale Price (000s)	795	825	835	803	809	854	916	965	1,011	1,058
<i>% change annual</i>	3.5%	3.8%	1.2%	-3.8%	0.7%	5.6%	7.3%	5.3%	4.8%	4.7%
SP 500 Stock Index	6.4%	19.2%	3.3%	14.7%	15.2%	25.1%	0.4%	0.4%	0.4%	0.4%
US 10 Year Treasury	1.9	2.3	2.7	2.5	1.1	1.3	1.9	2.3	2.7	3.1
Washington Area CPI: % change prior year	0.9%	1.1%	2.0%	-0.8%	0.6%	3.9%	3.4%	1.7%	2.1%	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 (August 2021) and Moodys Analytics (August 2021); forecasts of the national economy prepared by the Congressional Budget Office (July 2021) and Blue Chip Economic Indicators (August 2021); BLS labor market information from July 2021; the Census Bureau estimates of DC population (2020) based on 2020 mid-year estimate and not 2020 Decennial census; BEA estimates of DC personal income (2021q1); Metropolitan Regional Information System (MRIS) DC home sales data (July 2020), accessed in part through the Greater Capital Area Association of Realtors; CoStar information on commercial office buildings and residential property in DC (2021q2).