

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



Jeffrey S. DeWitt
Chief Financial Officer

September 30, 2019

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 2019 Revenue Estimates

Dear Mayor Bowser and Chairman Mendelson:

This letter certifies the revenue estimate for the FY 2020 – 2023 District of Columbia Budget and Financial Plan. FY 2019 local source revenue has been revised upward by \$79.8 million based on year-to-date collections data which shows higher than expected individual and corporate income tax revenue. The higher individual and corporate tax revenue relate mostly to capital gains from high-wealth individuals and foreign income reported on corporate franchise tax returns, which only became apparent in April tax filings—a positive “April Surprise.”

Although much of the additional revenue in FY2019 is nonrecurring because it is based on the one-time inclusion of foreign income in response to the changes in federal tax law and higher capital gains realizations, higher than expected withholding tax collections, signaling strong wage growth and revenue strength going forward. As a result, FY 2020 revenue has been revised upward by \$32 million, after accounting for the fiscal impact of the *Short-term Rental and Affordable Housing Protection Act of 2018* (discussed below). Over the course of the financial plan period, revenue is \$73 million higher in FY 2021, and grows to \$96 million by FY 2023. These revenue increases were not reflected in the June revenue estimates because of concerns that the re-imposition of the federal budget sequester would negatively impact District revenues. Congressional action has since removed this concern. The table below compares the September revenue estimate to the June 2019 estimate.

September revenue estimate compared to previous estimate

	Actual	Preliminary	Estimated	Projected		
Local Source, General Fund Revenue Estimate (\$ millions)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
June 2019 Revenue estimate	7,757.7	7,911.5	8,089.0	8,359.0	8,617.2	8,879.5
Revenue impact of FY 2020 Budget Support Act of 2019		47.4	117.3	135.7	138.5	143.4
Adjusted June 2019 Revenue	7,757.7	7,958.9	8,206.3	8,494.8	8,755.7	9,022.9
September revision to estimate		79.8	47.8	90.4	106.6	115.2
Fiscal impact of Short-term Rental Regulation and Affordable Housing Protection Act			-16.3	-17.1	-18.0	-18.9
Revised revenue (net)		79.8	31.5	73.3	88.6	96.3
September 2019 Revenue Estimate		8,038.7	8,237.9	8,568.1	8,844.3	9,119.2
Revenue Change from Previous Year						
Amount	279.5	281.0	199.2	330.2	276.2	274.9
Year-Over-Year Percent Change	3.7%	3.6%	2.5%	4.0%	3.2%	3.1%

Short-term rental legislation triggered

The *Short-term Rental and Affordable Housing Protection Act of 2018* established a licensing requirement for short-term rental operators and restricted the offering of short-term rentals to properties receiving the homestead deduction and limited the number of days rental if the owner is not present. The legislation also requires that hosting services for short-term rental (Airbnb, HomeAway, etc.) post the license number with each listing. The legislation eliminates most of the sales tax revenue from short-term properties because most short-term rental properties are currently in areas not zoned for business operation and would be ineligible for a business license. The *FY 2020 Budget Support Act* included a provision to make the Act effective as of October 1, 2019, if estimated revenue in excess of the FY 2020 appropriations was sufficient to offset the estimated revenue loss from the legislation. This upward revision of the revenue estimate triggers the implementation of the *Short-term Rental Regulation and Affordable Housing Protection Act of 2018*. The *Short-term Rental Act* reduces sales tax revenue from accommodations by a total of \$24 million, comprised of a local fund reduction of \$16.3 million and reductions in the dedicated tax distributions to Events DC and Destination DC by a total of \$7.5 million.

Fiscal Impact of Bill 22-92, Short-term Rental Regulation and Affordable Housing Protection Act of 2018 (\$ thousands)

	FY2020	FY2021	FY2022	FY2023
Local Fund	(16,294)	(17,109)	(17,964)	(18,862)
Convention Center	(7,108)	(7,464)	(7,837)	(8,229)
Destination DC	(479)	(503)	(528)	(554)
Total Revenue Impact	(23,881)	(25,076)	(26,329)	(27,645)

Revenue Highlights

The revenue estimate has been revised upward in FY 2019, based primarily on the strength of collections for the individual and corporate income taxes, general sales tax and economic interest tax. These taxes accounted for about \$60 million of the \$79.8 million increase to local fund revenue. From FY 2020 to FY 2023, upward revisions in the outlook for corporate franchise and individual income offset reduced estimates for real property and lower general sales tax collections resulting from the Short-term Rental Act.

Real Property

Preliminary data on real property tax collections for FY 2019 indicated revenue collections were on target to meet the February 2019 estimate. The revenue estimate is revised downward by approximately \$14 million annually from FY 2020 to FY 2023. The February estimate for FY 2020 and beyond was based on preliminary property tax assessments and estimates of supplemental assessments for new construction net of reductions for successful appeals. The estimate for FY 2020 through FY 2023 is lower primarily because supplemental assessed values for new construction are less than estimated in February.

Personal Property

Personal property collections in FY 2019 are revised upward to account for one-time payments which amended prior year returns. As a result, FY 2020 collections will be less than FY 2019. Growth for personal property tax is 2.5 percent after FY 2020.

General sales and use

General sales and use tax collections are growing by 5 percent in FY 2019, reflecting additional collections from remote sellers and digital downloads. Hospitality taxes rebounded over the summer after a dismal winter affected by the five-week federal government shutdown in January. As a result, dedications to Events DC and Destination DC are revised upward over the June estimate in FY 2019. As discussed above, the triggering of the *Short-term Rental Act* lowers the sales tax revenue to Destination DC and Events DC by \$7.5 million, resulting in lower net revenue in FY 2020 and beyond than estimated in June.

Individual income tax

Individual income tax continues to exceed expectation. Strong withholding combined with a significant increase in April collections, almost entirely from capital gains, increases FY 2019

revenue by \$30 million from the June estimate. Part of the April final payments, however, are unusually strong extension payments (payments for estimated taxes when the taxpayer opts to wait until October to file the return). The exact nature of those payments is unclear and will not be known until taxpayers file their returns in October. There is a potential for October refunds to be larger than in previous years, reducing the forecasted increase in FY 2020 individual income tax revenue.

Business franchise taxes

As with individual income taxes, corporate franchise tax collections in FY2019 continue to exceed expectations. Extension payments are much higher than usual, but the final payments will not be known until October. Some of the higher payments may be due to recent changes in federal law on the treatment of foreign income, as multinational corporations have to apportion part of their federal reported income to the District. Corporate franchise collections are revised upward in FY 2020 by approximately \$20 million, reflecting the strong performance of collections in FY 2019. Unincorporated business franchise tax collections are revised downward from the June estimate.

Deed and estate taxes

There were a few high value transfers of economic interest in FY 2019, doubling the June estimate for a one-time increase to \$35 million in the FY 2019 economic interest revenue. For FY 2020, the September revenue estimate includes the revenue impact of a rate increase on commercial real estate transactions valued at over \$2 million. The rates for those transactions, effective October 1, 2019, increase to 2.5 percent for deed recordation, 2.5 percent for deed transfer, and 5 percent for transfers of economic interest. Pursuant to District law, 15 percent of the deed taxes are dedicated to the Housing Production Trust Fund.

A small number of high-valued estates increased the estate tax revenue in FY 2019, but do not affect the FY 2020 – FY 2023 forecast.

Non-tax revenue

Based on year-to-date collections, fines are increased by \$8.5 million in FY 2019. The estimate for the lottery includes a revised estimate for sports wagering based on a 14-day court-ordered injunction on executing the lottery and sports wagering contract. The delay reduces revenue for lottery by approximately \$1 million in FY 2020. The mobile sports wagering platform operated by the Office of Lottery and Gaming was to begin on January 2020, in time for the Super Bowl. The injunction means the platform will not be ready until after the Super Bowl, a major wagering event. A hearing is scheduled this week that may delay the execution of the contract further. We will continue to monitor the situation for changes that may affect the revenue forecast.

National and Regional Economies

The national economy's pattern of steady growth has now lasted for the 10 years since the end of the Great Recession. Real GDP was 2.3 percent higher in the year ending June 2019 than a year earlier, and in nominal terms, growth was 4 percent higher. Employment is increasing, and the

unemployment rate and inflation remain low. The stock market, down at the end of 2018, has risen steadily during 2019.

The outlook is for continued, gradually slowing growth in the national economy for the next several years. In August 2019, the Blue Chip Economic Indicators consensus forecast was that national real GDP growth would increase 2.4 percent in FY 2019, down from the 2.7 percent rate of FY 2018, with further slowing to 2 percent in FY 2020. Nominal growth is expected to be 4.5 percent in FY 2019 and 4.1 percent in FY 2020.

- The U.S. economy added 2.2 million jobs (1.5%) from July 2018 to July 2019.
- The U.S. unemployment rate (seasonally adjusted) was 3.7 percent in July 2019, down from 3.9 percent a year earlier.
- U.S. Personal Income in the year ending June 2019 was 4.9 percent above a year ago.
- The S&P 500 stock market index average for August 2019 was 1.5 percent above the level of three months earlier, and 1.4 percent above August 2018. Thus far in 2019, however, the market has more than recovered the ground lost at the end of 2018, and on August 30, 2019 was up 16.7 percent from the last day of December.
- Employment in the Washington metropolitan area has increased during the past year. In the three-month period ending July 2019, wage and salary jobs in the region grew by 29,667 (0.8%) compared to a year earlier. The District of Columbia accounted for about 16 percent of the increase in area employment.
- The DC metropolitan area unemployment rate was 3.3 percent in July (not seasonally adjusted), down from 3.5 percent a year earlier.

The District of Columbia Economy

Job growth in the District slowed considerably during the spring but has increased in the last several months. Hotel stays are up from last year. The Bureau of Economic Analysis estimates that the Personal Income growth in D.C. has continued in FY 2019 at about the pace of the previous year.

- In the three months ending July 2019, there were 4,633 (0.6%) more wage and salary jobs located in the District than a year earlier. (In 2018, job growth in the comparable period had been 8,933.)
- Federal government jobs in July were down by 1,567 (0.8%) from a year earlier, and private sector jobs increased by 5,933 (1.1%).
- The largest increases in private-sector jobs in July over the prior year were in non-profit organizations and food services.
- District resident employment in the three months ending July 2019 increased by 7,599 (2.0%) compared to a year earlier. (In 2018, growth in resident employment in the comparable period had been 5,943.)
- The July 2019 unemployment rate was 5.6 percent (seasonally adjusted), up slightly from 5.5 percent a year ago.
- In the three months ending June 2019, initial claims for unemployment rose 25.5 percent from a year earlier.
- Wages earned in the District grew 5.1 percent in the June 2019 quarter, compared to the prior year. DC Personal Income was also 3.7 percent higher.

- Single-family home sales for the three-month period ending July 2019 were down 3.3 percent from a year ago, with the average selling price up 0.7 percent. Condominium sales were down 5.3 percent, while the average selling price was 0.4 percent higher. The value of all home sale settled contracts for the three-month period ending July 2019 was 3.4 percent less than a year ago. For the past 12 months, the value of all sales fell 2.6 percent.
- For the 12-month period ending July 2019, 6,983 housing permits were issued, up 44.3 percent from a year ago; for the 3-month total, 1,825 permits were issued, 93.9 percent more than in the same period of 2018.
- According to CoStar, a real estate information firm, occupied apartment units increased by 4,356 (3.3%) in June 2019 over the previous year. The vacancy rate rose to 6.8 percent (from 6.1 percent in June 2018) and the average effective rent increased 3.2 percent.
- According to CoStar, occupied commercial office space in June 2019 was up 0.5 percent from a year ago, while the vacancy rate fell slightly over the past year from 11.6 percent in the June quarter of 2018 to 11.2 percent in the June quarter of this year. Average rents were 4 percent higher in the June quarter than a year earlier.
- The market value of real property transfers subject to the deed transfer and economic interest taxes can be quite volatile. The value was 18.4 percent higher than a year earlier for the 12 months ending July 2019. For the last three months, the value was 29.5 percent more than a year earlier.
- Hotel room-days sold for the three months ending July 2019 were up 2.4 from the prior year, and hotel room revenues were up 3.8 percent.

Economic Outlook

As noted below, the risk of a national recession appears to be increasing and is cause for concern, but the economic outlook for the District's economy, at this point, continues to be one of moderate economic growth and remains essentially unchanged from February. This is consistent with the baseline forecast for the U.S economy by the Congressional Budget Office and with the national and D.C. forecasts prepared by IHS Global Insight and Moody's Analytics. Thus far in 2019, employment located in the District of Columbia, resident employment, and measures of income have increased as anticipated in February. The District's population is expected to grow more slowly in the coming years than it has over much of the past decade, even as the housing market continues to strengthen. Evidence of a strong housing market includes: the addition in the past year of over 6,000 new apartment and condominium units, relatively high occupancy in the market for apartments despite increased inventory, rent growth that is slightly faster than inflation, increased construction (to over 15,000 new rental units), and rising average prices for single family and condominium units.

This revenue estimate anticipates continued growth in jobs, population and income. Although the federal government still plays a central role in the District's economy, the diversification of the District's economy continues. The outlook includes:

- Job growth increases of 0.6 percent in FY 2019, 0.8 percent in FY 2020, and 0.7 percent in FY 2021, compared to a 1.0 percent rate of increase in FY 2018. Federal employment is expected to continue falling in FY 2019, increase slightly in FY 2020 (due to short-term decennial census hiring activity), and decline again in FY 2021.

- Population growth continues with 19,700—2.8 percent—added over the three fiscal years 2019 through 2021. This pace is slower than the 4.2 percent growth from FY 2015 to FY 2018.
- Resident employment grows by 3.6 percent over the three fiscal years 2019 through 2021, and the unemployment rate declines to 5.2 percent in FY 2021 from 5.7 percent rate that occurred in FY 2018.
- DC Personal Income growth increases by 4.4 percent in FY 2019, and 4.1 percent in both FY 2020 and FY 2021, compared to 4.6 percent in FY 2018.

Possible recession and other risks

The national economy has entered a record-setting 11th year of expansion and, while we are not predicting one, there is a growing risk that a recession may occur during the financial plan period adversely affecting the District's tax base. The September Blue Chip consensus forecast places the odds of a recession occurring in 2020 at 38 percent. Other forecasts have reported similar probabilities. A large and rising federal deficit would likely make it difficult to increase federal spending, which in the past, has partly offset a recession's impact on the District's economy.

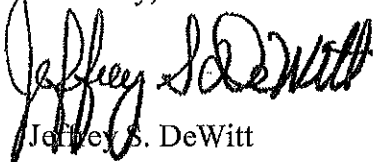
Because the federal government is an important contributor to the District's economy, changes in federal government spending policies also constitute a major risk to the revenue forecast. The Bipartisan Budget Act of 2019 removed the threat of sharp reductions in spending due to sequestration or debt ceiling limits, but some possibility of fiscal disruption still exists because it is not yet clear when appropriation bills funding all agencies through FY 2020 will be enacted. Funding issues aside, accelerated reductions in federal employment or slowdowns in spending beyond those incorporated into this estimate's economic assumptions could have an adverse impact on the revenues. Relocation of agencies outside of the District of Columbia is an example of the risks to the forecast from federal spending decisions.

Developments outside of the local economy also create uncertainty to the forecast. The increased tension in global trade does not affect the District directly, but could slow the national economy, which would be felt here. Volatility in the stock market and other financial market problems contribute to uncertainty, along with possible disruptions arising from uncertainties around the world and potential national security events.

Experience has shown that three of the District's most volatile revenue sources—deed taxes, corporate profits and individual capital gains—can be quickly and adversely affected by developments in the nation's economy and capital markets. We will continue to closely monitor the key economic indicators for deviations from this forecast that might impact the financial plan.

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

Sincerely,



Jeffrey S. DeWitt

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TABLE 1: REVENUE SUMMARY TABLE
\$ in Thousands

	Actual	Estimate		Out Year Projections		
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
PROPERTY	2,659,241	2,812,250	2,888,503	2,978,334	3,068,958	3,162,638
Real Property	2,554,229	2,696,817	2,775,082	2,861,844	2,949,314	3,039,754
Personal Property	67,397	77,590	74,405	76,265	78,171	80,126
Public Space Rental	37,615	37,843	39,016	40,226	41,473	42,758
<i>Dedicated to other funds</i>	(44,645)	(51,416)	(59,099)	(55,903)	(51,822)	(57,650)
PROPERTY (NET)	2,614,596	2,760,834	2,829,404	2,922,432	3,017,136	3,104,988
SALES & EXCISE	1,597,405	1,673,579	1,755,977	1,824,707	1,887,930	1,955,801
General Sales	1,492,567	1,566,550	1,648,501	1,717,796	1,781,629	1,849,985
Alcohol	6,560	6,675	6,795	6,918	7,035	7,148
Cigarette	27,956	29,630	29,435	28,212	27,007	25,850
Motor Vehicle	44,055	44,540	44,948	45,468	45,994	46,525
Motor Fuel	26,268	26,184	26,298	26,313	26,265	26,292
<i>Dedicated to other funds</i>	(312,619)	(530,191)	(539,995)	(559,468)	(575,788)	(602,365)
SALES & EXCISE (NET)	1,284,786	1,143,388	1,215,982	1,265,239	1,312,142	1,353,436
INCOME	2,641,586	2,819,396	2,841,681	2,976,831	3,097,980	3,224,460
Individual Income	2,066,842	2,231,117	2,273,460	2,382,704	2,484,902	2,591,926
Corporate Franchise	436,526	457,934	440,526	462,859	478,143	493,834
Unincorporated Franchise	138,219	130,345	127,695	131,268	134,936	138,700
INCOME (NET)	2,641,586	2,819,396	2,841,681	2,976,831	3,097,980	3,224,460
GROSS RECEIPTS	365,129	373,115	376,790	378,238	380,815	383,520
Public Utilities	139,295	140,599	141,302	142,008	142,718	143,432
Toll Telecommunications	39,770	46,278	44,472	42,722	41,335	39,993
Insurance Premiums	112,836	119,090	121,472	123,901	126,379	128,907
Ballpark Fee	36,217	33,300	33,300	33,300	33,300	33,300
Private Sports Wagering	-	-	2,397	1,883	2,072	2,279
Health Related	37,011	33,849	33,848	34,423	35,010	35,609
<i>Dedicated to other funds</i>	(131,603)	(126,184)	(127,303)	(128,728)	(130,208)	(132,159)
GROSS RECEIPTS (NET)	233,526	246,932	249,487	249,511	250,607	251,361
OTHER TAX	507,976	535,062	612,033	653,491	677,739	698,472
Estate	35,708	22,952	20,457	21,439	22,493	23,554
Deed Recordation	257,570	268,925	316,092	336,875	349,472	360,309
Deed Transfer	200,591	208,323	251,867	270,648	281,244	290,079
Economic Interest	14,108	34,862	23,617	24,530	24,530	24,530
<i>Dedicated to other funds</i>	(71,148)	(71,787)	(86,871)	(91,328)	(94,813)	(97,769)
OTHER TAX (NET)	436,828	463,275	525,162	562,164	582,926	600,702
TOTAL TAX (GROSS)	7,771,338	8,213,402	8,474,984	8,811,602	9,113,422	9,424,890
TOTAL TAX (NET)	7,211,323	7,433,824	7,661,717	7,976,176	8,260,791	8,534,947
NONTAX	496,838	560,972	516,776	518,067	509,032	509,585
Licenses & Permits	98,699	136,848	132,079	134,837	134,803	138,086
Fines & Forfeits	164,382	179,441	167,535	162,677	156,844	151,411
Charges for Services	87,632	77,562	77,835	82,591	80,718	84,658
Miscellaneous	146,124	167,122	139,327	137,962	136,666	135,430
NONTAX (NET)	496,838	560,972	516,776	518,067	509,032	509,585
LOTTERY	49,500	43,908	59,368	73,829	74,491	74,692
GROSS REVENUE	8,317,676	8,818,282	9,051,128	9,403,497	9,696,945	10,009,167
LOCAL FUND REVENUE	7,757,660	8,038,704	8,237,861	8,568,072	8,844,314	9,119,224
<i>DEDICATED FUNDS (See Table 2 for Details)</i>	560,016	779,578	813,267	835,426	852,631	889,943

TABLE 1: REVENUE SUMMARY TABLE (Continued)

% Change

	Actual	Estimate		Out Year Projections		
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
PROPERTY	3.5%	5.8%	2.7%	3.1%	3.0%	3.1%
Real Property	3.3%	5.6%	2.9%	3.1%	3.1%	3.1%
Personal Property	6.5%	15.1%	-4.1%	2.5%	2.5%	2.5%
Public Space Rental	15.9%	0.6%	3.1%	3.1%	3.1%	3.1%
<i>Dedicated to other funds</i>	-2.1%	15.2%	14.9%	-5.4%	-7.3%	11.2%
PROPERTY (NET)	3.6%	5.6%	2.5%	3.3%	3.2%	2.9%
SALES & EXCISE	4.6%	4.8%	4.9%	3.9%	3.5%	3.6%
General Sales	5.2%	5.0%	5.2%	4.2%	3.7%	3.8%
Alcohol	-1.2%	1.7%	1.8%	1.8%	1.7%	1.6%
Cigarette	-5.3%	6.0%	-0.7%	-4.2%	-4.3%	-4.3%
Motor Vehicle	-4.1%	1.1%	0.9%	1.2%	1.2%	1.2%
Motor Fuel	0.6%	-0.3%	0.4%	0.1%	-0.2%	0.1%
<i>Dedicated to other funds</i>	6.1%	69.6%	1.8%	3.6%	2.9%	4.6%
SALES & EXCISE (NET)	4.2%	-11.0%	6.3%	4.1%	3.7%	3.1%
INCOME	5.1%	6.7%	0.8%	4.8%	4.1%	4.1%
Individual Income	5.5%	7.9%	1.9%	4.8%	4.3%	4.3%
Corporate Franchise	12.2%	4.9%	-3.8%	5.1%	3.3%	3.3%
Unincorporated Franchise	-16.2%	-5.7%	-2.0%	2.8%	2.8%	2.8%
INCOME (NET)	5.1%	6.7%	0.8%	4.8%	4.1%	4.1%
GROSS RECEIPTS	0.9%	2.2%	1.0%	0.4%	0.7%	0.7%
Public Utilities	0.8%	0.9%	0.5%	0.5%	0.5%	0.5%
Toll Telecommunications	-19.7%	16.4%	-3.9%	-3.9%	-3.2%	-3.2%
Insurance Premiums	4.3%	5.5%	2.0%	2.0%	2.0%	2.0%
Ballpark Fee	16.4%	-8.1%	0.0%	0.0%	0.0%	0.0%
Private sports wagering				-21.4%	10.0%	10.0%
Health Related	6.4%	-8.5%	0.0%	1.7%	1.7%	1.7%
<i>Dedicated to other funds</i>	8.1%	-4.1%	0.9%	1.1%	1.1%	1.5%
GROSS RECEIPTS (NET)	-2.7%	5.7%	1.0%	0.0%	0.4%	0.3%
OTHER TAX	1.2%	5.3%	14.4%	6.8%	3.7%	3.1%
Estate	-13.4%	-35.7%	-10.9%	4.8%	4.9%	4.7%
Deed Recordation	2.7%	4.4%	17.5%	6.6%	3.7%	3.1%
Deed Transfer	6.3%	3.9%	20.9%	7.5%	3.9%	3.1%
Economic Interest	-33.9%	147.1%	-32.3%	3.9%	0.0%	0.0%
<i>Dedicated to other funds</i>	7.9%	0.9%	21.0%	5.1%	3.8%	3.1%
OTHER TAX (NET)	0.2%	6.1%	13.4%	7.0%	3.7%	3.0%
TOTAL TAX (GROSS)	4.0%	5.7%	3.2%	4.0%	3.4%	3.4%
TOTAL TAX (NET)	3.8%	3.1%	3.1%	4.1%	3.6%	3.3%
NONTAX	1.9%	12.9%	-7.9%	0.2%	-1.7%	0.1%
Licenses & Permits	6.6%	38.7%	-3.5%	2.1%	0.0%	2.4%
Fines & Forfeits	-1.8%	9.2%	-6.6%	-2.9%	-3.6%	-3.5%
Charges for Services	-7.7%	-11.5%	0.4%	6.1%	-2.3%	4.9%
Miscellaneous	-0.1%	14.4%	-16.6%	-1.0%	-0.9%	-0.9%
NONTAX (NET)	1.9%	12.9%	-7.9%	0.2%	-1.7%	0.1%
LOTTERY	8.6%	-11.3%	35.2%	24.4%	0.9%	0.3%
GROSS REVENUE	3.9%	6.0%	2.6%	3.9%	3.1%	3.2%
LOCAL FUND REVENUE	3.7%	3.6%	2.5%	4.0%	3.2%	3.1%
<i>DEDICATED FUNDS (See Table 2 for Details)</i>	6.1%	39.2%	4.3%	2.7%	2.1%	4.4%

Table 2: Dedicated/Enterprise revenue

\$ in Thousands

Dedicated to	Tax Type	Actual	Estimated		Out year projections		
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
TIF	Real Property	17,945	17,711	19,827	22,115	24,900	29,927
	General Sales	32,550	33,293	36,744	41,423	41,479	49,920
PILOT	Real Property	26,700	33,031	38,560	33,221	26,922	27,723
	General Sales	7,718	14,676	18,653	19,123	19,605	20,098
Downtown TIF	Real Property		674	711	566	-	-
Convention Center	General Sales	135,299	138,506	136,688	141,767	147,544	154,300
DestinationDC	General Sales	6,149	6,254	6,039	6,273	6,530	6,831
Ballpark	General Sales	20,294	18,100	18,100	18,100	18,100	18,100
	Public Utility	8,089	7,901	8,532	8,617	8,703	8,790
	Toll Telecom	2,338	2,443	2,254	2,499	2,313	2,565
	Ballpark Fee	36,217	33,300	33,300	33,300	33,300	33,300
Healthy DC	Health Related	862	1,119	1,141	1,164	1,187	1,211
	Insurance premium	47,086	47,573	48,028	48,524	49,495	50,484
WMATA - Operations	General Sales	78,506	80,397	82,693	85,391	88,562	92,175
WMATA - Capital	General Sales	-	178,500	178,500	183,855	189,371	195,052
Healthy Schools	General Sales	4,666	4,266	5,110	5,110	5,110	5,110
ABRA	General Sales	1,170	1,170	1,170	1,170	1,170	1,170
Commission on Arts and Humanities	General Sales	-	28,845	29,999	30,943	32,053	33,318
Highway Trust Fund	Motor Fuel	26,268	26,184	26,298	26,313	26,265	26,292
Nursing Facility Quality of Care	Health Related	16,800	15,044	15,345	15,652	15,965	16,285
Hospital Fund	Health Related	8,948	8,600	7,989	8,148	8,311	8,478
Hospital Provider Fee Fund	Health Related	5,511	5,341	5,437	5,545	5,656	5,769
ICF-IDD Stevie Sellows	Health Related	5,752	4,864	5,077	5,077	5,077	5,077
Dept of Health	Private Sports Wager	-	-	200	200	200	200
Housing Production Trust Fund (HPTF)	Deed Recordation	33,396	34,745	41,820	44,939	46,828	48,458
	Deed Transfer	27,675	29,004	35,535	38,353	39,942	41,269
HPTF-Debt Service	Deed Recordation	5,404	5,594	5,594	5,592	5,593	5,588
	Deed Transfer	2,418	2,245	2,245	2,244	2,244	2,242
West End Maintenance	Deed Recordation	1,152	100	838	100	103	106
	Deed Transfer	1,102	100	838	100	103	106
TOTAL		560,016	779,578	813,267	835,426	852,631	889,943

Table 3. Key Economic Variables

Variable	Actual					Estimated		Forecast		
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Gross Domestic Product - DC (\$billions)	118.6	124.3	128.4	133.8	138.6	144.9	151.1	157.3	164.2	171.5
% change annual	4.0%	4.8%	3.3%	4.2%	3.6%	4.5%	4.3%	4.1%	4.4%	4.4%
Real GDP-DC (2005 \$billions)	114.3	116.8	118.6	121.1	123.1	125.8	127.9	129.7	131.5	133.5
% change annual	1.6%	2.2%	1.6%	2.0%	1.7%	2.2%	1.7%	1.4%	1.5%	1.5%
Personal Income (\$billions)	46.4	50.1	52.5	54.5	57.0	59.5	61.9	64.5	67.0	69.6
% change annual	5.3%	8.0%	4.8%	3.6%	4.6%	4.4%	4.1%	4.1%	3.9%	3.8%
Real Personal Income (2005 \$billions)	38.4	41.5	43.9	44.4	45.2	46.4	47.3	48.3	49.1	49.9
% change annual	2.8%	8.2%	5.8%	1.1%	1.8%	2.7%	2.0%	2.1%	1.7%	1.5%
Per capita personal income	70,226	74,422	76,704	78,427	81,229	83,980	86,637	89,393	92,111	94,861
% change annual	3.2%	6.0%	3.1%	2.2%	3.6%	3.4%	3.2%	3.2%	3.0%	3.0%
Real per capita personal income (2005\$)	58,103	61,672	64,158	63,969	64,426	65,523	66,232	67,001	67,534	67,975
% change annual	0.8%	6.1%	4.0%	-0.3%	0.7%	1.7%	1.1%	1.2%	0.8%	0.7%
Wages in DC (\$billions)	63.9	67.1	69.3	72.1	75.5	78.5	81.7	85.1	88.5	92.2
% change annual	2.9%	5.0%	3.3%	4.1%	4.7%	4.0%	4.1%	4.1%	4.1%	4.1%
Wages of DC residents (\$billions)	22.9	24.7	25.6	26.9	28.3	29.6	30.8	32.1	33.5	34.8
% change annual	5.1%	7.6%	3.7%	5.0%	5.2%	4.6%	4.1%	4.3%	4.3%	4.1%
Population (000s)	661.0	673.6	685.0	694.4	701.6	708.3	714.9	721.3	727.6	733.6
% change annual	2.0%	1.9%	1.7%	1.4%	1.0%	1.0%	0.9%	0.9%	0.9%	0.8%
Households (000s)	292.5	298.1	302.2	305.8	308.7	312.0	315.4	318.7	321.7	324.7
% change annual	2.1%	1.9%	1.4%	1.2%	1.0%	1.0%	1.1%	1.0%	1.0%	0.9%
Civilian labor force (000s)	376.4	387.3	394.2	400.2	404.5	408.7	413.3	417.5	421.5	425.4
% change annual	0.6%	2.9%	1.8%	1.5%	1.1%	1.0%	1.1%	1.0%	1.0%	0.9%
Employment in DC (000s)	746.4	759.2	775.0	782.9	791.1	795.9	802.4	807.7	812.5	816.9
% change annual	0.7%	1.7%	2.1%	1.0%	1.0%	0.6%	0.8%	0.7%	0.6%	0.5%
Employment of DC residents (000s)	346.6	359.6	369.7	375.8	381.4	385.8	390.4	395.1	399.3	403.4
% change annual	1.4%	3.7%	2.8%	1.7%	1.5%	1.1%	1.2%	1.2%	1.1%	1.0%
Unemployment rate	7.9	7.1	6.2	6.1	5.7	5.5	5.4	5.2	5.2	5.3
Housing Starts	4,510	3,891	4,236	4,212	4,555	6,245	4,168	3,524	3,124	2,967
Housing Stock (000s)	312	316	320	324	327	331	334	338	341	344
% change annual	1.57%	1.35%	1.29%	1.11%	0.96%	1.21%	1.03%	0.93%	0.91%	1.02%
Home Sales	7,616	7,929	8,340	8,598	8,957	8,583	8,755	8,842	8,931	9,020
% change annual	2.0%	4.1%	5.2%	3.1%	4.2%	-4.2%	2.0%	1.0%	1.0%	1.0%
Avg Home Sale Price (000s)	736	768	795	825	835	872	910	949	988	1,029
% change annual	3.3%	4.3%	3.5%	3.8%	1.2%	4.4%	4.4%	4.3%	4.1%	4.2%
SP 500 Stock Index	13.6%	2.0%	6.4%	19.2%	3.3%	11.3%	2.4%	2.4%	2.4%	2.4%
US 10 Year Treasury	2.7	2.2	1.9	2.3	2.7	2.5	2.2	2.4	2.8	3.0
Washington Area CPI: % change prior year	1.9	(0.1)	(0.0)	2.1	2.1	1.9	2.3	2.4	2.4	2.4

* 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 Global Insight (August 2019) and Moody's Analytics (August 2019); forecasts of the national economy prepared by the Congressional Budget Office (August 2019) and Blue Chip Economic Indicators (August 2019); BLS labor market information from July 2019; the Census Bureau estimates of the D.C. population (2018); Bureau of Economic Analysis estimates of D.C. Personal Income (March 2019); Metropolitan Regional Information System (MRIS) D.C. home sales data (July 2019), accessed in part through the Greater Capital Area Association of Realtors (GCAAR); CoStar information on commercial office buildings and residential property in D.C. (June 2019); and Delta Associates commercial office buildings and apartments in DC (June 2019).