

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



**Glen Lee**  
Chief Financial Officer

September 30, 2022

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 2022 Revenue Estimates**

Dear Mayor Bowser and Chairman Mendelson:

This letter certifies the revenue estimate for the FY 2023 – 2026 District of Columbia Budget and Financial Plan. FY 2022 local source revenue has been revised upward by \$172 million based on the latest collections data, which show higher than expected revenue from sales, deed, and real property taxes, as well as nontax sources. The forecast for FY 2023 – FY 2026 has been revised upward by approximately \$279 million. The table below compares the September 2022 estimate with the June 2022 estimate and shows the revenue impact of legislative changes included in the FY 2023 Budget Support Act.

**September revenue estimate compared to previous estimate**

	Actual		Estimated		Projected	
Local Source, General Fund Revenue Estimate (\$M)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>June 2022 Revenue Estimate</b>	<b>8,723.5</b>	<b>9,577.4</b>	<b>9,467.0</b>	<b>9,712.6</b>	<b>9,981.1</b>	<b>10,288.1</b>
<i>FY 2023 BSA Legislation incl triggered legislation</i>		-2.1	23.0	11.4	11.0	9.9
<i>September revision to estimate</i>		172.0	93.7	45.1	60.0	80.3
<b>September 2022 Revenue Estimate</b>	<b>8,723.5</b>	<b>9,747.3</b>	<b>9,583.7</b>	<b>9,769.1</b>	<b>10,052.1</b>	<b>10,378.2</b>
<b>Revenue Change from Previous Year</b>						
Amount	573.6	1,023.8	(163.6)	185.5	283.0	326.1
Year-Over-Year Percent Change	7.0%	11.7%	-1.7%	1.9%	2.9%	3.2%

Local fund revenue will surpass the FY 2021 level of \$8.7 billion in FY 2022 by over \$1 billion as the District's economy continues to rebound largely due to gains in income taxes and recovering sales tax revenue. However, the outlook is less optimistic. The strong growth in FY 2022 revenue is driven by last year's rapid price appreciation in the stock market and other assets, which generated significant capital gains income. Commercial building sales and loan refinancings contributed to the FY 2022 revenue windfall as property owners rushed to close deals before the rise in interest rates. High inflation rates were also a factor in the strong FY 2022 revenue growth as sales and income taxes withheld from paychecks benefited from higher inflation. Going forward, revenue growth is expected to slow because higher interest rates will puncture the asset price bubble and slow the economy.

### **Impacts of FY 2023 Budget Support Act**

The revised revenue estimate triggers the implementation of the following provisions included in the FY 2023 Budget support Act.

1. The *Flavored Tobacco Product Prohibition Amendment Act of 2021*, which will reduce tax revenue from tobacco and cigarette sales excise tax by approximately \$3 million annually starting in fiscal year 2023.
2. The *Revised Revenue Funding Priority Act of 2022*, which funded:
  - a. A one-time allocation of \$20 million in fiscal year 2022 to Events DC.
  - b. The *Clean Hands Certification Equity Amendment Act of 2021*, which reduces revenue by approximately 2.4 million annually beginning in FY 2023.

### **Revenue Highlights**

FY 2022 revenues continue to grow in all major tax categories, but especially income, deed, and sales taxes, which, as noted previously, have benefited from increasing asset prices and higher inflation. The revenue estimate has been revised upward to reflect the stronger than expected year-to-date tax collections from these revenue sources as well as one-time increases in a few other revenue sources. Over the financial plan, sales and unincorporated business franchise taxes revenue have been revised upward, reflecting their accelerated recovery relative to prior forecasts.

#### ***Real property tax***

FY 2022 real property tax revenue has been revised upward to reflect higher than expected proceeds from the July real property tax sale. The forecasted growth for the remainder of the financial plan remains low because remote work expansion is expected to reduce returns on commercial office property. Growth in residential real property tax revenue averages 3.4 percent over the financial plan period, but only 1.7 percent for commercial property.

### ***Sales tax***

The latest sales tax collections reflect continued strength in retail sales and higher hotel and restaurant activity. Higher prices stemming from high rates of inflation over the last year contributed to increased sales tax collections. Year-to-date retail sales tax collections are 16 percent higher in the quarter ending June 2022 than the prior year and reflect, in addition to inflation, a faster than expected recovery in the major components of the sales tax. As a result, the forecast for general sales tax is revised upward by an average of \$71.3 million annually over the financial plan.

### ***Income taxes***

Estimates for both individual and business income taxes have been revised upward based on the strength of year-to-date collections. Individual income tax revenue is expected to grow 16.4 percent in FY 2022, slightly above the growth assumed in the June estimate, as inflation drives nominal wages higher and unemployment levels remain low. Growth in individual income tax revenue is expected to slow to 1.6 percent in FY 2023 as higher interest rates dampen asset price appreciation, which has been a major driver of non-withholding income tax receipts. Annual growth is expected to return to the long-term trend of 4.5 percent for fiscal years 2024 through 2026.

The forecast for corporate franchise taxes is revised upward by \$9.6 million in FY 2022, reflecting strong collections from final return payments. A slowdown in the economy and declining stock market returns are expected to reduce corporate franchise tax revenue in FY 2023. Unincorporated business tax revenue is on track to achieve the June estimate for FY 2022 but has been revised upward over the financial plan as the latest data and analysis confirm the durability of recent performance.

### ***Deed taxes***

Deed tax collections through August continued to exceed expectation, buoyed by a few high dollar real estate transactions. The FY 2022 revenue forecast for deed taxes is thus revised upward by approximately \$44 million, an approximate 7 percent increase, relative to the June estimate. As higher interest rates take effect and reduce the volume of property sales, revenue from deed taxes will fall from the highs of FY 2022.

### ***Non-tax revenue***

Non-tax revenue has been revised upward by \$34.5 million mainly due to strong investment income collections, as higher interest rates boost the rate of return on District's investments. The increase in the non-tax revenue estimate includes one-time gains in unclaimed property receipts. The out-year forecast is largely unchanged.

## National and Regional Economies

The national economy slowed during the first two quarters of calendar 2022 after a strong performance in 2021. Inflation-adjusted gross domestic product (Real GDP) grew by just 3.5 percent over the first quarter in 2021, and 1.7 percent in the second quarter, while the S&P 500 stock market index is about 20 percent below where it started in 2022. Following the first quarter, the start of the Russian invasion of Ukraine set the stage for higher oil prices and persistent inflation throughout the second quarter. The consumer price index (CPI), which grew 8 percent in the first quarter of 2022, averaged 8.6 percent in the second quarter, the highest since 1981. Although the CPI has receded modestly, the extraordinary surge in inflation has compelled the Federal Reserve to increase rates which contributed to a doubling of 30-year mortgage rates. Unemployment remains low, however, and consumer spending has remained strong though the outlook has weakened.

	2021q3	2021q4	2022q1	2022q2
Real GDP (% change from prior year)	4.9	5.5	3.5	1.7
Nominal GDP (% change from prior year)	9.8	11.8	10.7	9.4
Nominal Personal Income (% change from prior year)	5.3	7.5	-2.8	4.5
Unemployment rate (%)	5.1	4.2	3.8	3.6
CPI (% change from prior year)	5.3	6.7	8.0	8.6
Yield on 10-Yr Treasury (%)	1.3	1.5	1.9	2.9
S&P 500 (average)	4,421	4,601	4,467	4,106

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Dow Jones Indices.

The outlook for the U.S. economy is for slowing growth after the strong growth in 2021. Record high rates of inflation have increased the risk of a recession. The Federal Reserve has been raising interest rates to tame inflation, which in turn raises the borrowing costs for businesses and individuals. As the costs to borrow increase, there will be less demand for financing residential and nonresidential investments. While the underlying economic fundamentals like employment, income, and consumer spending have remained strong, there are signs that the macroeconomic environment is weakening. SP Global, a national macroeconomic consultant, projects an economic slowdown with less than 1 percent growth in FY 2023, but no recession. The actions by the Federal Reserve are expected to bring inflation down by FY 2024.

## U.S. Economic Outlook

	FY 2021 (actual)	FY 2022 (est.)	FY 2023 (est.)	FY 2024 (est.)	FY 2025 (est.)	FY 2026 (est.)
Real GDP (%change)	3.6	3.0	0.7	1.2	1.8	2.0
Nominal GDP (% change)	6.8	10.1	5.9	3.6	3.9	4.2
Nominal Personal Income (% change)	6.8	3.4	5.1	3.8	4.3	4.5
Unemployment rate (%)	6.0	3.8	3.7	4.4	4.7	4.6
CPI (% change)	3.3	7.9	5.1	2.4	2.1	2.2
Yield on 10-Yr Treasury (%)	1.3	2.4	3.2	3.1	3.1	3.1
S&P 500 (level last quarter)	4,421	4,056	4,125	4,193	4,217	4,266

Source: SP Global June 2022 Outlook; ORA for SP500;

## District of Columbia Economy

The District's economy as measured by gross domestic product has recovered from the COVID-19 pandemic. However, employment remains approximately 40,000 jobs below February 2020, with losses concentrated in hospitality and business services like office building maintenance and security. Over the last year, there has been a decline in District federal employment, as the federal government struggles with replacing retirees and recent departures in a tight labor market. Wages in the District grew 9.2 percent in the first quarter of 2022, and 8.5 percent in the second quarter, a slower pace than the U.S. (Adjusting for inflation, real wages grew only modestly.) The unemployment rate averaged 5.7 percent in the first quarter of 2022, down from 6.8 percent a year ago. Just as it did nationally, District personal income declined in the first quarter of 2022 compared to 2021 first quarter, when federal relief payments to households bolstered income. The second quarter of 2022 was up 1.1 percent.

### D.C. Recent History

	2021q3	2021q4	2022q1	2022q2
Real GDP (% change from prior year)	3.9	3.2	3.0	0.8
Nominal GDP (% change from prior year)	6.2	6.1	6.7	6.0
Nominal Personal Income (% change from prior year)	3.2	4.0	-1.7	1.1
Wages in D.C. (% change from prior year)	7.8	6.2	9.2	8.5
D.C. Resident Wages (% change from prior year)	7.8	6.7	9.0	7.9
Employment in D.C. (% change from prior year)	-2.8	-2.1	-1.2	-0.3
D.C. Resident Employment (% change from prior year)	2.5	4.2	4.8	4.1
Unemployment rate (%)	2.3	2.4	2.9	2.8
Washington area CPI (% change from prior year)	6.8	6.2	6.1	5.7

*Source: BEA; BLS; ORA;*

As with the national economy, the District's economic outlook has weakened. Real gross domestic product is projected to grow 1.7 percent in FY 2022, and slow to 0.4 percent in FY 2023. Employment is not expected to reach 2019 levels during the financial plan due to slower growth in hospitality sectors and weak federal, professional and technical job growth. District population declined in 2021, and is expected to further decline in FY 2022, not recovering to the 2020 level until 2027.

**D.C. Economic Outlook**

	FY 2021 (actual)	FY 2022 (est.)	FY 2023 (est.)	FY 2024 (est.)	FY 2025 (est.)	FY 2026 (est.)
Real GDP (% change)	1.4	1.7	0.4	1.6	2.3	2.2
Nominal GDP (% change)	3.6	6.2	5.3	4.7	5	4.9
Nominal Personal Income (% change)	5.8	1.2	4.8	4.8	4.8	5
Wages in D.C. (% change)	4.6	7.8	5.9	5.4	5.1	4.7
D.C. Resident Wages (% change)	5.1	7.4	4.7	4.5	4.5	4.8
Population (% change)	-2.2	-0.9	0.6	0.7	0.5	0.5
Employment in D.C. (% change)	-3.7	4.1	1.4	0.8	0.7	0.4
D.C. Resident Employment (% change)	-3.1	2.6	1.8	0.2	0	0.3
Unemployment rate (%)	7.1	5.8	5	5.4	5.8	6
Washington area CPI (% change)	2.9	6.6	4.2	2.2	2.2	2.1

*Source: Office of Revenue Analysis June 2022*

*Note: Complete table on page 12*

**Risks to the Forecast**

There are several risks to the current forecast. Recent interest rate hikes by the Federal Reserve have resulted in increased mortgage rates. Economists surveyed by Blue Chip Economic Indicators, a monthly survey of national macroeconomic forecasters, expect even more rate hikes before 2022 is over, possibly tipping the economy into a recession. Housing markets have slowed abruptly following increased mortgage rates combined with higher prices for inputs slowing construction.

Over the last quarter, tourism has been a bright spot for the District, as hotel occupancy has increased and restaurant taxable sales are reaching pre-pandemic levels even without commuters fully returning. However, high prices and global instability continue to suppress international tourism and may dampen domestic travel as well.

Population decline and expansion of remote work could have economic repercussions for the District. Permanent population loss could mean a change in the demographic profile of the city, the effects of which are not clear yet. Similarly, increasing adoption of remote work will likely change the profile of the District, as it means fewer commuters, and employers adjusting their office space use and demand. This trend may already be taking hold with federal leasing as some agencies have reduced their footprints.

These risks make forecasting the economy and the revenue increasingly complicated. 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**

Councilmember Anita Bonds (At-Large)

Councilmember Elissa Silverman (At-Large)

Councilmember Robert White (At-Large)

Councilmember Christina Henderson (At-Large)

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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 2022 Revenue Estimates

September 30, 2022

Page 8

TABLE 1: REVENUE SUMMARY TABLE

	\$ in Thousands					
	ACTUAL FY2021	ESTIMATE FY2022 FY2023		OUT YEAR PROJECTIONS FY2024 FY2025 FY2026		
<b>PROPERTY</b>	3,037,653	2,929,345	2,926,432	2,979,923	3,047,689	3,119,741
Real Property	2,914,101	2,802,485	2,806,572	2,860,063	2,927,829	2,999,881
Personal Property	80,479	83,760	76,760	76,760	76,760	76,760
Public Space Rental	43,073	43,100	43,100	43,100	43,100	43,100
<i>Dedicated to other funds</i>	-43,939	-40,003	-39,898	-51,067	-56,935	-58,230
<b>PROPERTY (NET)</b>	2,993,714	2,889,342	2,886,534	2,928,856	2,990,754	3,061,511
<b>SALES &amp; EXCISE</b>	1,309,821	1,769,384	1,882,968	1,951,153	2,035,343	2,113,682
General Sales	1,202,736	1,657,303	1,782,630	1,849,779	1,932,987	2,010,379
Alcohol	6,197	6,334	6,435	6,538	6,642	6,793
Cigarette	22,185	22,074	18,987	18,891	18,797	18,703
Motor Vehicle	55,085	60,085	50,204	51,109	52,038	53,020
Motor Fuel	23,618	23,588	24,712	24,836	24,879	24,787
<i>Dedicated to other funds</i>	-358,876	-473,728	-514,213	-532,221	-549,378	-562,395
<b>SALES &amp; EXCISE(NET)</b>	950,944	1,295,656	1,368,755	1,418,932	1,485,965	1,551,287
<b>INCOME</b>	3,506,270	4,099,115	4,029,717	4,168,564	4,320,758	4,496,562
Individual Income	2,643,213	3,076,666	3,125,410	3,255,543	3,403,245	3,565,723
Corporate Franchise	670,250	743,978	709,759	711,385	712,045	721,641
U.B. Franchise	192,807	278,471	194,548	201,636	205,468	209,199
<b>INCOME (NET)</b>	3,506,270	4,099,115	4,029,717	4,168,564	4,320,758	4,496,562
<b>GROSS RECEIPTS</b>	370,135	383,810	387,929	388,576	390,434	393,304
Public Utilities	129,291	130,971	131,688	132,478	133,273	134,073
Toll Telecommunications	37,861	44,661	41,741	42,431	41,774	42,102
Insurance Premiums	130,261	128,822	134,198	135,499	136,814	138,142
Ballpark Fee	37,014	42,603	39,900	37,900	37,900	37,900
Private sports wagering	2,140	1,468	4,798	4,338	4,412	4,485
Games of Skill	3	16	16	16	16	16
Health Related Taxes	33,564	35,268	35,588	35,913	36,245	36,584
<i>Dedicated to other funds</i>	-138,297	-153,373	-152,925	-156,977	-158,561	-160,397
<b>GROSS RECEIPTS (NET)</b>	231,838	230,437	235,004	231,600	231,873	232,907
<b>OTHER TAX</b>	585,255	746,537	618,273	569,061	563,878	578,340
Estate	31,742	54,662	36,541	36,986	37,438	37,895
Deed Recordation	297,229	386,063	318,070	291,214	287,805	295,816
Deed Transfer	234,503	269,115	239,765	220,693	218,467	224,461
Economic Interest	21,782	36,697	23,897	20,168	20,168	20,168
<i>Dedicated to other funds</i>	-81,161	-99,988	-85,133	-78,252	-77,415	-79,524
<b>OTHER TAX (NET)</b>	504,094	646,548	533,140	490,809	486,463	498,816
<b>TOTAL TAX (GROSS)</b>	<b>8,809,134</b>	<b>9,928,190</b>	<b>9,845,319</b>	<b>10,057,277</b>	<b>10,358,102</b>	<b>10,701,628</b>
<b>TOTAL TAX (NET)</b>	<b>8,186,861</b>	<b>9,161,098</b>	<b>9,053,151</b>	<b>9,238,761</b>	<b>9,515,813</b>	<b>9,841,082</b>
<b>NONTAX</b>	488,498	542,715	486,808	488,903	494,569	494,183
Licenses & Permits	126,367	136,330	141,635	149,295	153,516	153,318
Fines & Forfeits	137,544	158,480	153,207	152,983	152,263	151,658
Charges for Services	80,588	77,262	71,642	71,920	73,697	73,713
Miscellaneous	143,999	170,643	120,324	114,705	115,093	115,494
<b>NONTAX (NET)</b>	488,498	542,715	486,808	488,903	494,569	494,183
<b>LOTTERY</b>	48,150	43,458	43,731	43,975	44,275	45,550
<i>Dedicated to other funds</i>				-2,517	-2,517	-2,568
<b>LOTTERY (NET)</b>	48,150	43,458	43,731	41,458	41,758	42,982
<b>GROSS REVENUE</b>	9,345,783	10,514,363	10,375,857	10,590,155	10,896,946	11,241,361
<b>LOCAL FUND REVENUE</b>	8,723,509	9,747,271	9,583,689	9,769,122	10,052,140	10,378,247
<b>OTHER FUNDS (See Table 2)</b>	622,273	767,092	792,168	821,033	844,806	863,114



September 2022 Revenue Estimates

September 30, 2022

Page 9

TABLE 1: REVENUE SUMMARY TABLE (Continued)

% Change from Year Ago	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS	
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
<b>PROPERTY</b>	2.8%	-3.6%	-0.1%	1.8%	2.3%	2.4%
Real Property	2.7%	-3.8%	0.1%	1.9%	2.4%	2.5%
Personal Property	3.6%	4.1%	-8.4%	0.0%	0.0%	0.0%
Public Space Rental	8.6%	0.1%	0.0%	0.0%	0.0%	0.0%
<i>Dedicated to other funds</i>	-1.0%	-9.0%	-0.3%	28.0%	11.5%	2.3%
<b>PROPERTY (NET)</b>	2.9%	-3.5%	-0.1%	1.5%	2.1%	2.4%
<b>SALES &amp; EXCISE</b>	-0.5%	35.1%	6.4%	3.6%	4.3%	3.8%
General Sales	-1.6%	37.8%	7.6%	3.8%	4.5%	4.0%
Alcohol	3.1%	2.2%	1.6%	1.6%	1.6%	2.3%
Cigarette	-11.0%	-0.5%	-14.0%	-0.5%	-0.5%	-0.5%
Motor Vehicle	35.3%	9.1%	-16.4%	1.8%	1.8%	1.9%
Motor Fuel	5.1%	-0.1%	4.8%	0.5%	0.2%	-0.4%
<i>Dedicated to other funds</i>	-11.0%	32.0%	8.5%	3.5%	3.2%	2.4%
<b>SALES &amp; EXCISE(NET)</b>	4.1%	36.2%	5.6%	3.7%	4.7%	4.4%
<b>INCOME</b>	12.9%	16.9%	-1.7%	3.4%	3.7%	4.1%
Individual Income	11.2%	16.4%	1.6%	4.2%	4.5%	4.8%
Corporate Franchise	16.4%	11.0%	-4.6%	0.2%	0.1%	1.3%
U.B. Franchise	26.8%	44.4%	-30.1%	3.6%	1.9%	1.8%
<b>INCOME (NET)</b>	12.9%	16.9%	-1.7%	3.4%	3.7%	4.1%
<b>GROSS RECEIPTS</b>	-0.3%	3.7%	1.1%	0.2%	0.5%	0.7%
Public Utilities	-5.5%	1.3%	0.5%	0.6%	0.6%	0.6%
Toll Telecommunications	-7.4%	18.0%	-6.5%	1.7%	-1.5%	0.8%
Insurance Premiums	8.5%	-1.1%	4.2%	1.0%	1.0%	1.0%
Ballpark Fee	-0.6%	15.1%	-6.3%	-5.0%	0.0%	0.0%
Private sports wagering	-	-31.4%	226.8%	-9.6%	1.7%	1.7%
Games of Skill	-	0.0%	0.0%	0.0%	0.0%	0.0%
Health Related Taxes	-6.5%	5.1%	0.9%	0.9%	0.9%	0.9%
<i>Dedicated to other funds</i>	5.5%	10.9%	-0.3%	2.6%	1.0%	1.2%
<b>GROSS RECEIPTS (NET)</b>	-3.4%	-0.6%	2.0%	-1.4%	0.1%	0.4%
<b>OTHER TAX</b>	19.4%	27.6%	-17.2%	-8.0%	-0.9%	2.6%
Estate	-14.8%	72.2%	-33.2%	1.2%	1.2%	1.2%
Deed Recordation	13.8%	29.9%	-17.6%	-8.4%	-1.2%	2.8%
Deed Transfer	30.7%	14.8%	-10.9%	-8.0%	-1.0%	2.7%
Economic Interest	79.7%	68.5%	-34.9%	-15.6%	0.0%	0.0%
<i>Dedicated to other funds</i>	17.6%	23.2%	-14.9%	-8.1%	-1.1%	2.7%
<b>OTHER TAX (NET)</b>	19.7%	28.3%	-17.5%	-7.9%	-0.9%	2.5%
<b>TOTAL TAX (GROSS)</b>	6.9%	12.7%	-0.8%	2.2%	3.0%	3.3%
<b>TOTAL TAX (NET)</b>	7.9%	11.9%	-1.2%	2.1%	3.0%	3.4%
<b>NONTAX</b>	-6.6%	11.1%	-10.3%	0.4%	1.2%	-0.1%
Licenses & Permits	0.6%	7.9%	3.9%	5.4%	2.8%	-0.1%
Fines & Forfeits	-7.0%	15.2%	-3.3%	-0.1%	-0.5%	-0.4%
Charges for Services	17.3%	-4.1%	-7.3%	0.4%	2.5%	0.0%
Miscellaneous	-20.3%	18.5%	-29.5%	-4.7%	0.3%	0.3%
<b>NONTAX (NET)</b>	-6.6%	11.1%	-10.3%	0.4%	1.2%	-0.1%
<b>LOTTERY</b>	26.5%	-9.7%	0.6%	0.6%	0.7%	2.9%
<i>Dedicated to other funds</i>						
<b>LOTTERY (NET)</b>	26.5%	-9.7%	0.6%	-5.2%	0.7%	2.9%
<b>GROSS REVENUE</b>	6.2%	12.5%	-1.3%	2.1%	2.9%	3.2%
<b>LOCAL FUND REVENUE</b>	7.0%	11.7%	-1.7%	1.9%	2.9%	3.2%
<b>OTHER FUNDS (See Table 2)</b>	-4.0%	23.3%	3.3%	3.6%	2.9%	2.2%

September 2022 Revenue Estimates

September 30, 2022

Page 10

TABLE 2: DEDICATED/ENTERPRISE REVENUE

\$ in Thousands		ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS	
DEDICATED TO	Tax Type	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
TIF	Real Property	18,942	15,481	15,589	16,940	18,555	19,073
	General Sales	4,306	20,718	22,462	24,474	29,733	31,124
PILOT	Real Property	24,273	23,170	22,958	32,775	37,028	37,806
	General Sales	7,628	9,128	9,726	10,391	10,762	11,157
Walter Reed Development	Real Property	724	744	744	744	744	744
St. Elizabeth East Campus Red. Fund	Real Property	-	607	607	607	607	607
	General Sales	-	81	81	81	81	81
Convention Center	General Sales	53,396	111,218	135,206	143,357	150,556	157,414
Convention Center-DestinationDC	General Sales	1,535	4,611	6,041	6,385	6,729	7,074
Ballpark	General Sales	4,323	11,321	14,535	16,150	16,150	16,150
	Public Utility	7,337	7,450	7,393	7,422	7,407	7,414
	Toll Telecom	2,186	2,234	2,710	2,971	2,841	2,906
	Ballpark Fee	37,014	42,603	39,900	37,900	37,900	37,900
Healthy DC - Marijuana	General Sales	1,818	1,799	2,234	2,234	2,234	2,234
Healthy DC - MCO	Insurance premium	58,069	65,618	67,134	68,432	69,756	71,107
WMATA - Operations	General Sales	40,289	64,827	71,310	74,875	77,122	79,435
WMATA - Capital	General Sales	178,500	178,500	178,500	178,500	178,500	178,500
Healthy Schools	General Sales	5,590	5,690	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	36,703	41,077	42,546	44,077	45,772	47,579
Highway Trust Fund	Motor Fuel	23,618	23,588	24,712	24,836	24,879	24,787
Nursing Facility Quality of Care	Health Related	15,453	15,965	16,285	16,610	16,943	17,281
Hospital Fund	Health Related	8,479	8,454	8,454	8,454	8,454	8,454
Hospital Provider Fee Fund	Health Related	5,317	5,310	5,310	5,310	5,310	5,310
ICF-IDD Stevie Sellows	Health Related	4,314	5,539	5,539	5,539	5,539	5,539
Dept of Behavioral Health	Sports Wager	127	200	200	200	200	200
Neighborhood Safety	Sports Wager				2,069	2,106	2,143
and Engagement Fund	Lottery-SW				1,259	1,259	1,284
Early Childhood Development Fund	Sports Wager				2,069	2,106	2,143
	Lottery-SW				1,259	1,259	1,284
Housing Production	Deed Recordation	41,459	54,776	44,582	41,806	41,300	42,499
Trust Fund (HPTF)	Deed Transfer	34,530	39,720	35,318	32,716	32,384	33,282
	Economic Interest	1,049	1,036	891	891	891	891
HPTF-Debt Service	Deed Recordation	3,126	3,134	3,129	1,876	1,871	1,873
	Deed Transfer	646	647	646	387	386	387
	Economic Interest	-	-	-	-	-	-
West End Maintenance	Deed Recordation	176	338	283	287	291	295
	Deed Transfer	176	338	283	287	291	295
<b>TOTAL</b>		<b>622,273</b>	<b>767,092</b>	<b>792,168</b>	<b>821,033</b>	<b>844,806</b>	<b>863,114</b>

September 2022 Revenue Estimates

September 30, 2022

Page 11

Estimated Key Economic Indicators for the DC Economy - September 2022

Forecast Period Fiscal Year 2017 to Fiscal Year 2026

Variable	Actual					Estimated		Forecast		
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Gross Domestic Product - DC (\$billions)	132.3	138.2	143.1	144.5	149.7	159.0	167.4	175.3	184.1	193.1
% change annual	3.1%	4.5%	3.5%	1.0%	3.6%	6.2%	5.3%	4.7%	5.1%	4.9%
Real GDP-DC (2012 \$billions)	120.4	123.1	124.5	123.0	124.8	127.0	127.5	129.5	132.5	135.4
% change annual	1.3%	2.2%	1.1%	-1.2%	1.4%	1.7%	0.4%	1.6%	2.3%	2.2%
Personal Income (\$billions)	54.0	56.1	57.1	60.7	64.2	65.0	68.2	71.4	74.8	78.6
% change annual	3.7%	3.9%	1.8%	6.4%	5.8%	1.2%	4.8%	4.8%	4.8%	5.0%
Real Personal Income (2012 \$billions)	46.7	47.0	47.7	49.4	50.4	48.5	49.2	50.6	52.2	53.7
% change annual	3.6%	0.5%	1.5%	3.7%	1.9%	-3.7%	1.4%	2.9%	3.1%	2.9%
Per capita personal income	79,477	81,923	83,037	88,141	95,347	97,338	101,415	105,529	110,000	114,952
% change annual	2.6%	3.1%	1.4%	6.2%	8.2%	2.1%	4.2%	4.1%	4.2%	4.5%
Real per capita personal income (2012\$)	68,825	68,629	69,338	71,750	74,728	72,546	73,119	74,731	76,657	78,533
% change annual	2.5%	-0.3%	1.0%	3.5%	4.2%	-2.9%	0.8%	2.2%	2.6%	2.5%
Wages in DC (\$billions)	72.2	75.7	78.1	79.4	83.1	89.6	94.9	100.0	105.1	110.0
% change annual	4.0%	4.8%	3.3%	1.7%	4.6%	7.8%	5.9%	5.4%	5.1%	4.7%
Wages of DC residents (\$billions)	27.1	29.0	30.3	31.0	32.6	35.0	36.6	38.3	40.0	41.9
% change annual	5.4%	6.9%	4.4%	2.4%	5.1%	7.4%	4.7%	4.5%	4.5%	4.8%
Population (000s)	679.2	684.4	687.4	688.9	673.9	668.1	672.2	676.9	680.4	683.7
% change annual	1.1%	0.8%	0.4%	0.2%	-2.2%	-0.9%	0.6%	0.7%	0.5%	0.5%
Households (000s)	301.7	307.0	312.0	313.1	306.3	306.1	309.4	313.0	316.1	318.0
% change annual	0.3%	1.8%	1.6%	0.4%	-2.2%	-0.1%	1.1%	1.2%	1.0%	0.6%
Civilian labor force (000s)	394.4	395.3	398.8	393.9	381.3	385.7	389.2	391.9	393.5	395.5
% change annual	0.2%	0.2%	0.9%	-1.2%	-3.2%	1.2%	0.9%	0.7%	0.4%	0.5%
Employment in DC (000s)	782.7	791.2	796.3	762.8	734.6	764.5	775.4	781.2	787.0	790.5
% change annual	1.0%	1.1%	0.6%	-4.2%	-3.7%	4.1%	1.4%	0.8%	0.7%	0.4%
Employment of DC residents (000s)	369.7	373.1	376.9	365.6	354.2	363.3	369.8	370.6	370.8	371.8
% change annual	0.3%	0.9%	1.0%	-3.0%	-3.1%	2.6%	1.8%	0.2%	0.0%	0.3%
Unemployment rate	6.2	5.7	5.5	7.2	7.1	5.8	5.0	5.4	5.8	6.0
Housing Starts	4,309	4,732	6,180	5,193	5,462	3,604	3,202	3,148	3,104	2,887
Home Sales	8,598	8,957	8,474	8,421	10,379	10,092	9,256	9,322	9,223	8,998
% change annual	3.1%	4.2%	-5.4%	-0.6%	23.2%	-2.8%	-8.3%	0.7%	-1.1%	-2.4%
Avg Home Sale Price (000s)	825.0	835.0	796.0	805.0	839.0	883.0	900.0	928.0	952.0	966.0
% change annual	3.8%	1.2%	-4.7%	1.2%	4.2%	5.3%	1.9%	3.2%	2.6%	1.4%
SP 500 Stock Index	19.2%	3.3%	14.7%	15.2%	29.4%	-11.3%	1.7%	1.3%	0.9%	1.3%
US 10 Year Treasury	2.3%	2.7%	2.5%	1.1%	1.3%	2.4%	3.2%	3.3%	3.7%	3.9%
Washington Area CPI: % change prior year	0.9%	2.1%	1.3%	0.9%	2.9%	6.6%	4.2%	2.2%	2.2%	2.1%

\* Change in SP500 Index is change from 4th quarter to 4th quarter on calendar basis. (For example,

the value in FY2018 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 LHS Markt (August 2022) and Moodys Analytics (August 2022); forecasts of the national economy prepared by the Congressional Budget Office (May 2022) and Blue Chip Economic Indicators (August 2022); BLS labor market information from August 2022; the Census Bureau estimates of DC population (2021); BEA estimates of DC personal income (2022q1); Metropolitan Regional Information System (MRIS) DC home sales data (July 2022), accessed in part through the Greater Capital Area Association of Realtors.