Government of the District of Columbia
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer

December 22, 2011

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

The Honorable Kwame R. Brown
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW – Suite 504
Washington, DC 20004

Dear Mayor Gray and Chairman Brown:

This letter certifies, as of December 2011, revenue estimates for the FY 2012 – FY 2015 District of Columbia Budget and Financial Plan. Revenue for FY 2012 is revised upward by $42.2 million from the September estimate to $5.67 billion. For FY 2013, the estimate is reduced by $46.4 million to $5.73 billion. The estimate for FY 2013 includes a $47 million reduction in revenue to account for the impact of current federal law requiring sequestration of federal FY 2013 expenditures beginning January 1, 2013. The estimates for FY 2014 and FY 2015 have been revised downward by $92.1 million and $129.8 million, respectively, reflecting both an expectation of slower economic growth and the impact of reduced federal employment and procurement spending in the District. The table below compares the current revenue estimate to the previous estimate.

December 2011 Revenue Estimate Compared to Previous Estimate

Local Source, General Fund Revenue Estimate ($ millions)	Actual*	Estimate	Projected		
	FY 2011	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
September 2011 Forecast		**5,627.9**	**5,773.8**	**5,948.3**	**6,134.1**
Change from prior forecast		42.2	(46.4)	(92.1)	(129.8)
December 2011 Revenue Estimate	**5,321.7**	**5,670.1**	**5,727.4**	**5,856.2**	**6,004.3**
Percent growth over previous year	*4.8%*	*6.5%*	*1.0%*	*2.2%*	*2.5%*

*Figures for FY 2011 are preliminary.

Overview

Since the September 2011 revenue certification, the District of Columbia's labor market has improved marginally. The District's unemployment rate for November is now 10.6 percent, down slightly from last month's high of 11.0 percent, but resident employment is 0.3 percent lower than a year ago. The commercial real estate sector has been a bright spot but has shown signs of slowing since the summer. District revenue rebounded in fiscal year 2011, but is now struggling to maintain momentum.

The lackluster job market, the national housing slump, the unwinding of consumer debt, cutbacks in state and local spending, and the Euro-zone debt crisis continue to threaten the national recovery in the short to medium term. The failure of the Congressional super-committee to agree on a package to address the federal deficit could trigger significant cuts to the federal budget beginning January 2013. This estimate assumes that these cuts or cuts similar in size and scope will be implemented and will negatively affect the District's economy and revenues.

Impact of Federal Sequestration

The failure of the Congressional super-committee to develop a fiscal plan to reduce the federal deficit leaves open the possibility that a mandatory sequester will be imposed on federal spending beginning in January 2013. The reductions will be required to reduce federal spending by $1.2 trillion over a ten year period, in equal amounts in each of the ten years, and with cuts divided equally between defense and discretionary non-defense spending.

According to an analysis by the Bipartisan Policy Center, if the sequester provision is implemented, federal defense and non-defense discretionary spending will be reduced by an estimated 8.5 percent. A cut of this magnitude would have significant ramifications for the District. In FY 2010, the Federal government spent a total of $61.9 billion in the District on wages and salaries, procurement, grants, retirement and other benefits, and other direct payments, representing 60 percent of the District's gross state product.

Absent any details on which parts of the federal budget will be cut, the estimate of the impact on the District's economy and revenue is based on a scenario that relies on the Bipartisan Policy Center's analysis of the sequestration's impact on overall federal expenditures. This scenario assumes that federal sequestrations will reduce employment and wages in the District by 8.5 percent for the federal government; 5.7 percent for the business and professional services; and 8.5 percent for the District government. The overall level of District employment would be reduced by 4,800 in FY 2013 and by an additional 10,800 in FY 2014. District resident employment will decline by approximately 2,600 in FY 2014.

Under this scenario federal sequestration would reduce the District's revenue by an estimated $47 million in FY 2013, $86 million in FY 2014 and $93 million in FY 2015. In FY 2013 there is only a partial impact since the cuts are in effect for only a part of the fiscal year. The decrease in federal employment will affect income tax withholding and sales taxes almost immediately. In FY 2014, the cuts in procurement will affect corporate income and deed taxes. As noted earlier, the details of the federal sequestration are not yet available and the estimate of the impact on the District will change as more information becomes available.

Revenue Highlights

Revenue for the current fiscal year has been revised upward to reflect strong FY 2011 collections, particularly for income and sales tax revenues. Even with the federal cuts affecting District revenues, revenues are still expected to grow in FY 2013 over FY 2012 projected revenues, but only by an anemic1.0 percent.

Sales and Excise

Sales tax revenue recovered from the recession last year but has slowed again in the last few months because of the weakening economy. Gross sales tax revenue is expected to grow by 4.3 percent in FY 2012. The estimate includes the additional revenue from the increase in the tax rates for parking and alcohol sold at stores. In FY 2013, growth stalls due to the impact of the federal cuts.

Individual and Business Income

The individual income tax revenue estimate has been increased in FY 2012 based on strong preliminary results from FY 2011. The non-withholding portion of the individual income tax is sensitive to conditions in the capital markets, thus, the Euro-zone debt crisis could significantly affect collections in FY 2012. In FY 2013, individual income tax withholding growth slows as the employment and wage impacts of the federal cuts are realized.

Deed Recordation and Deed Transfer

Higher deed tax revenue from increased commercial real property sales is a major contributor to the recovery in the District's revenue over the past year. Currently, the District is one of the hottest commercial real property markets in the world. The District's commercial real estate market is expected to remain relatively strong in this fiscal year, but not as strong as in FY 2011. The federal sequestration is also expected to reduce federal government demand for office space in the District starting in FY 2013. Accordingly, growth in revenue from deed taxes is projected to be flat in FY 2013.

National and Regional Economies

The fundamentals underlying the national economy have improved, but there are still significant uncertainties that weigh on the short to medium term outlook. After nine consecutive quarters of fairly slow growth, the US economy has technically entered an expansion period because the level of real GDP has now surpassed the previous peak of June 2008.

- U.S. employment gained 1.6 million jobs (1.2 percent) from November 2010 to November 2011, but was still more than six million (4.5 percent) below the start of the recession. Falling public sector employment—federal, state and local—is now pulling down the numbers.
- The U.S. unemployment rate (seasonally adjusted) fell to 8.6 percent in November, the lowest rate in 2 ½ years, but the rate is only this low because the labor force has also declined.
- U.S. Personal Income in the September quarter was 4.2 percent above a year ago.

- The S & P 500 stock market index in November was 3.5 percent above its level 3 months ago, and 2.3 percent more than a year ago.
- In the past few months, the regional economy has stalled. In the three-month period ending October, the region gained only 4,100 (0.1 percent) wage and salary jobs compared to a year earlier; all the gain was in the private sector.
- The metropolitan area unemployment rate declined to 5.7 percent in October (not seasonally adjusted) from 6.1 percent, but the trend rate is still much higher than for any period since the data began in 1990.

The District's Economy

The DC economy appears to be in a holding pattern, caught between slowing on the federal side and very modest growth in the US economy.

- In November, there were just 967 (0.1 percent) more wage and salary jobs located in the District than a year earlier, all in the private sector. Legal services, temporary employment, and finance have gained the most in recent months. Of particular note, there were 867 fewer federal government jobs in November than there were a year earlier.
- District resident employment in November was 933 (0.3 percent) less than a year earlier. The unemployment rate in November was 10.6 percent (seasonally adjusted rate). Although the rate fell below 11.0 percent for the first time in four months, it remained above levels not seen since the early 1980s.
- Wages earned in the District of Columbia grew 3.8 percent in the June 2011 quarter compared to the same quarter a year ago. DC Personal Income was 6.5 percent higher, the biggest percentage gain in two years.
- Housing slowed in recent months. Single family sales for the three-month period ending November 2011 were down 12.7 percent from a year ago, and the average selling price was 7.1 percent lower. Condominium sales were down 0.2 percent, with average prices 2.3 percent lower. The value of all home sale contracts for the three-month period ending November was 13.8 percent less than a year ago.
- In the quarter ending September 2011, occupied office space rose by 1.6 percent from the prior year. At the same time, the commercial office vacancy rate rose to 8.7 percent (including sublet), still well below the metropolitan area average of 12.1 percent. An additional 2.7 million square feet are expected to be added to inventory over the next two years, with the District's vacancy rate decreasing slightly to 8.6 percent.
- Tourism has been flat. For the three-month period ending October, the average room-rate for hotels was 1.0 percent higher than for the same period a year earlier, while the number of hotel room-days sold was down 0.7 percent. Revenues from room sales were up 0.3 percent. For the three-month period ending October, employment in retail was down 5.5 percent, restaurant employment was down 0.1 percent, and there was no change in accommodations.
- Although the economy appears to be slowing, tax collections for fiscal year 2011 as a whole have done quite well. Preliminary data shows collections increased about 6 percent, with gains in individual income, business income, deed , and sales taxes more than compensating for lower real property collections. But revenue growth for the deed transfer and recordation taxes has slowed significantly in recent months.

Outlook and Risks

Over the past few months, forecasts for the District's economy have been similar to those for the US: weak growth, no double-dip recession. The primary concern is the federal government's budget decisions. Federal government expansion cushioned the District and the metro area economies from the worst effects of the recession over the past 4 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 on to be a source of real growth.

- A major risk to the District revenue outlook is federal cutbacks. Although the current revenue estimate includes the impact of federal sequestration on the District, the estimate is based on the particular scenario outlined above. If the federal cutbacks are more severe than the scenario assumes, the fiscal outlook would worsen. On the other hand, if the federal government adopts a budget with less severe cuts than assumed here, the District's fiscal outlook would improve.
- Federal cutbacks are not the only risk that the District faces. Other downside risks include the possibility of a slowing down or reversal of national economic growth, and additional financial market problems. The Euro-zone debt crisis, possible disruptions to oil supplies and other impacts arising from uncertainties in the Middle East, and national security events also add to uncertainty.
- On the upside, the resilience of wages and the rebound in commercial property, despite the challenging national economy, suggest that the District is still a very attractive place in which to invest and do business. The desire of people to move to the District is also a bright spot both for the economy and District finances.

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

Sincerely,

Natwar M. Gandhi

Enclosures

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FY 2010 - FY 2015 Revenue Actuals, Estimates and Projections: December 2011

(thousands of dollars)

		Actual	Actual*	Estimate		Out year projections		
	Revenue Source	**FY10**	**FY11**	**FY12**	**FY13**	**FY14**	**FY15**	
1	Real Property	1,821,459	1,706,445	1,866,790	1,953,196	2,011,067	2,062,799	1
2	*Transfer to TIF/Pilot*	(11,145)	(32,535)	(33,902)	(38,672)	(41,315)	(46,163)	2
3	Real Property (net)	1,810,314	1,673,910	1,832,888	1,914,524	1,969,752	2,016,636	3
4	Personal Property	52,032	52,444	52,642	53,169	54,120	54,661	4
5	*Transfer to Neighborhood Investment Fund*	(2,588)	(3,190)	-	-	-	-	5
6	Personal Property (net)	49,444	49,254	52,642	53,169	54,120	54,661	6
7	Public Space Rental	34,264	34,264	33,956	34,291	34,629	34,970	7
8	*Transfer to DDOT Unified*	(34,264)	(34,264)	-	-	-	-	8
9	*Transfer to DDOT Enterprise*		-	(500)	(500)	(500)	(500)	9
10	Public Space Rental (net)	-	-	33,456	33,791	34,129	34,470	10
11	**Total Property (net)**	**1,859,758**	**1,723,164**	**1,918,986**	**2,001,484**	**2,058,001**	**2,105,767**	11
12	General Sales	976,690	983,738	1,026,197	1,022,594	1,063,434	1,107,524	12
13	*Transfer to convention center*	(94,360)	(96,038)	(97,590)	(101,800)	(107,074)	(112,192)	13
14	*Transfer to TIF*	(22,995)	(39,558)	(31,564)	(35,724)	(47,172)	(40,949)	14
15	*Transfer to DDOT (parking tax)*	(28,374)	(26,257)	-	-	-	-	15
16	*Transfer to Ballpark Fund*	(9,977)	(9,247)	(9,765)	(9,687)	(10,074)	(10,487)	16
17	*Transfer to Healthy DC Fund*	-	-	(54)	(214)	(427)	(854)	17
18	*Transfer to WMATA*	-	-	(55,254)	(57,202)	(59,864)	(62,428)	18
19	*Transfer to Healthy Schools*	-	-	(4,266)	(4,266)	(4,266)	(4,266)	19
20	*Transfer to ABRA*	-	-	(460)	(460)	(460)	(460)	20
21	General Sales (net)	820,984	812,638	827,243	813,243	834,096	875,887	21
22	Alcohol	5,717	5,585	5,683	5,672	5,650	5,629	22
23	Cigarette	33,394	34,406	36,365	35,931	35,502	35,079	23
24	Motor Vehicle	37,749	42,562	41,424	42,742	44,099	45,497	24
25	Motor Fuel Tax	22,180	29,873	25,000	24,000	23,040	22,435	25
26	*Transfer to Highway Trust Fund*	(22,180)	(29,873)	(25,000)	(24,000)	(23,040)	(22,435)	26
27	**Total Sales (net)**	**897,844**	**895,191**	**910,716**	**897,588**	**919,348**	**962,093**	27
28	Individual Income	1,110,444	1,296,598	1,416,909	1,398,737	1,435,697	1,498,511	28
29	Corp. Franchise	207,292	216,280	246,991	255,867	254,151	262,130	29
30	U. B. Franchise	116,395	143,403	149,542	155,699	164,045	170,578	30
31	**Total Income**	**1,434,131**	**1,656,281**	**1,813,442**	**1,810,303**	**1,853,893**	**1,931,219**	31
32	Public Utility	149,877	149,192	149,229	148,906	150,491	151,736	32
33	*Transfer to Ballpark Fund*	(10,301)	(9,225)	(9,998)	(9,977)	(10,083)	(10,166)	33
34	Public Utility (net)	139,576	139,967	139,231	138,929	140,408	141,570	34
35	Toll Telecommunications	62,826	60,848	62,835	63,778	64,735	65,706	35
36	*Transfer to Ballpark Fund*	(1,923)	(2,082)	(2,218)	(2,252)	(2,285)	(2,320)	36
37	Toll Telecommunications (net)	60,903	58,766	60,617	61,526	62,449	63,386	37
38	Insurance Premiums	68,740	69,738	76,014	76,014	76,014	76,014	38
39	*Transfer to Healthy DC Fund*	(24,304)	(25,010)	(25,000)	(25,000)	(25,000)	(25,000)	39
40	Insurance Premiums (net)	44,436	44,728	51,014	51,014	51,014	51,014	40
41	Healthcare Provider Tax	12,423	13,451	12,000	12,000	12,000	12,000	41
42	*Transfer to Nursing Facility Quality of Care Fund*	(12,423)	(13,451)	(12,000)	(12,000)	(12,000)	(12,000)	42
43	Ballpark fee	23,712	29,540	25,000	25,000	25,000	25,000	43
44	*Transfer to Ballpark Fund*	(23,712)	(29,539)	(25,000)	(25,000)	(25,000)	(25,000)	44
45	Hospital Bed Tax	-	9,008	15,562	15,562	15,562	-	45
46	*Transfer to Hospital Fund*	-	(9,008)	(15,562)	(15,562)	(15,562)	-	46
47	ICF-MR Assessment	-	1,212	2,000	2,000	2,000	2,000	47
48	*Transfer to Stevie Sellows*	-	(1,212)	(2,000)	(2,000)	(2,000)	(2,000)	48
49	HSC Contribution	5,000	5,000	5,000	5,000	5,000	5,000	49
50	*Transfer to Healthy DC Fund*	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	50
51	**Total Gross Receipts (net)**	**244,915**	**243,462**	**250,862**	**251,470**	**253,872**	**255,970**	51
52	Estate	39,341	87,231	40,000	40,000	40,000	40,000	52
53	Deed Recordation	113,198	164,570	156,889	165,393	165,393	170,603	53
54	*Transfer to HPTF*	(16,423)	(21,963)	(23,533)	(24,809)	(24,809)	(25,590)	54
55	Deed Recordation (net)	96,775	142,607	133,356	140,584	140,584	145,013	55
56	Deed Transfer	94,202	136,494	129,189	137,005	137,005	142,225	56
57	*Transfer to HPTF*	(13,735)	(18,680)	(19,378)	(20,551)	(20,551)	(21,334)	57
58	Deed Transfer (net)	80,467	117,814	109,811	116,454	116,454	120,891	58
59	Economic Interests	18,218	14,792	10,000	10,000	10,000	10,000	59
60	**Total Other Taxes (net)**	**234,801**	**362,444**	**293,166**	**307,038**	**307,038**	**315,904**	60
61	**TOTAL TAXES NET OF DEDICATED TAXES**	**4,671,449**	**4,880,542**	**5,187,174**	**5,267,883**	**5,392,151**	**5,570,952**	61
62	Licenses & Permits	60,852	74,798	74,121	75,578	72,334	73,684	62
63	Fines & Forfeits	111,488	119,135	150,808	147,883	148,105	145,465	63
64	Charges for Services	46,125	55,258	62,978	62,719	62,954	63,191	64
65	Miscellaneous	119,743	114,899	111,755	89,793	93,840	82,000	65
66	Interfund Transfer	14,289	14,289	20,762	18,797	19,934	-	66
67	**TOTAL NON-TAX**	**338,208**	**378,379**	**420,425**	**394,770**	**397,167**	**364,340**	67
68	Lottery	66,750	62,800	62,507	64,715	66,886	68,975	68
69	**TOTAL REVENUE NET OF DEDICATED TAX**	**5,076,407**	**5,321,721**	**5,670,105**	**5,727,368**	**5,856,205**	**6,004,267**	69

*Preliminary

FY 2010 - FY 2015 Revenue Actuals, Estimates and Projections: December 2011

(percent change from prior year)

		Actual	Actual*	Estimate		Out year projections		
	Revenue Source	FY10	**FY11**	**FY12**	**FY13**	**FY14**	**FY15**	
1	Real Property	-0.1%	-6.3%	9.4%	4.6%	3.0%	2.6%	1
2	*Transfer to TIF/Pilot*	-37.8%	191.9%	4.2%	14.1%	6.8%	11.7%	2
3	Real Property (net)	0.3%	-7.5%	9.5%	4.5%	2.9%	2.4%	3
4	Personal Property	-24.8%	0.8%	0.4%	1.0%	1.8%	1.0%	4
5	*Transfer to Neighborhood Investment Fund*	-74.1%	23.3%					5
6	Personal Property (net)	-16.4%	-0.4%	6.9%	1.0%	1.8%	1.0%	6
7	Public Space Rental	5.1%	0.0%	-0.9%	1.0%	1.0%	1.0%	7
8	*Transfer to DDOT Unified*	5.1%	0.0%	-100.0%				8
9	*Transfer to DDOT Enterprise*				0.0%	0.0%	0.0%	9
10	Public Space Rental (net)				1.0%	1.0%	1.0%	10
11	**Total Property (net)**	**-0.2%**	**-7.3%**	**11.4%**	**4.3%**	**2.8%**	**2.3%**	11
12	General Sales	0.3%	0.7%	4.3%	-0.4%	4.0%	4.1%	12
13	*Transfer to convention center*	3.1%	1.8%	1.6%	4.3%	5.2%	4.8%	13
14	*Transfer to TIF*	26.9%	72.0%	-20.2%	13.2%	32.0%	-13.2%	14
15	*Transfer to DDOT (parking tax)*	19.4%	-7.5%	-100.0%				15
16	*Transfer to Ballpark Fund*	5.8%	-7.3%	5.6%	-0.8%	4.0%	4.1%	16
17	*Transfer to Healthy DC Fund*				297.0%	100.0%	100.0%	17
18	*Transfer to WMATA*				3.5%	4.7%	4.3%	18
19	*Transfer to Healthy Schools*				0.0%	0.0%	0.0%	19
20	*Transfer to ABRA*				0.0%	0.0%	0.0%	20
21	General Sales (net)	13.3%	-1.0%	1.8%	-1.7%	2.6%	5.0%	21
22	Alcohol	6.1%	-2.3%	1.8%	-0.2%	-0.4%	-0.4%	22
23	Cigarette	-11.2%	3.0%	5.7%	-1.2%	-1.2%	-1.2%	23
24	Motor Vehicle	17.6%	12.8%	-2.7%	3.2%	3.2%	3.2%	24
25	Motor Fuel Tax	-6.9%	34.7%	-16.3%	-4.0%	-4.0%	-2.6%	25
26	*Transfer to Highway Trust Fund*	-6.9%	34.7%	-16.3%	-4.0%	-4.0%	-2.6%	26
27	**Total Sales (net)**	**12.3%**	**-0.3%**	**1.7%**	**-1.4%**	**2.4%**	**4.6%**	27
28	Individual Income	-2.2%	16.8%	9.3%	-1.3%	2.6%	4.4%	28
29	Corp. Franchise	-6.6%	4.3%	14.2%	3.6%	-0.7%	3.1%	29
30	U. B. Franchise	-3.2%	23.2%	4.3%	4.1%	5.4%	4.0%	30
31	**Total Income**	**-3.0%**	**15.5%**	**9.5%**	**-0.2%**	**2.4%**	**4.2%**	31
32	Public Utility	-0.8%	-0.5%	0.0%	-0.2%	1.1%	0.8%	32
33	*Transfer to Ballpark Fund*	2.1%	-10.4%	8.4%	-0.2%	1.1%	0.8%	33
34	Public Utility (net)	-1.0%	0.3%	-0.5%	-0.2%	1.1%	0.8%	34
35	Toll Telecommunications	-5.6%	-3.1%	3.3%	1.5%	1.5%	1.5%	35
36	*Transfer to Ballpark Fund*	-34.8%	8.3%	6.5%	1.5%	1.5%	1.5%	36
37	Toll Telecommunications (net)	-4.3%	-3.5%	3.1%	1.5%	1.5%	1.5%	37
38	Insurance Premiums	19.7%	1.5%	9.0%	0.0%	0.0%	0.0%	38
39	*Transfer to Healthy DC Fund*	180.9%	2.9%	0.0%	0.0%	0.0%	0.0%	39
40	Insurance Premiums (net)	-8.9%	0.7%	14.1%	0.0%	0.0%	0.0%	40
41	Healthcare Provider Tax	2.8%	8.3%	-10.8%	0.0%	0.0%	0.0%	41
42	*Transfer to Nursing Facility Quality of Care Fund*	2.8%	8.3%	-10.8%	0.0%	0.0%	0.0%	42
43	Ballpark fee	-15.9%	24.6%	-15.4%	0.0%	0.0%	0.0%	43
44	*Transfer to Ballpark Fund*	-15.9%	24.6%	-15.4%	0.0%	0.0%	0.0%	44
45	Hospital Bed Tax			72.8%	0.0%	0.0%	-100.0%	45
46	*Transfer to Hospital Fund*			72.8%	0.0%	0.0%	-100.0%	46
47	ICF-MR Assessment			65.0%	0.0%	0.0%	0.0%	47
48	*Transfer to Stevie Sellows*			65.0%	0.0%	0.0%	0.0%	48
49	HSC Contribution		0.0%	0.0%	0.0%	0.0%	0.0%	49
50	*Transfer to Healthy DC Fund*		0.0%	0.0%	0.0%	0.0%	0.0%	50
51	**Total Gross Receipts (net)**	**-3.3%**	**-0.6%**	**3.0%**	**0.2%**	**1.0%**	**0.8%**	51
52	Estate	-47.2%	121.7%	-54.1%	0.0%	0.0%	0.0%	52
53	Deed Recordation	12.3%	45.4%	-4.7%	5.4%	0.0%	3.2%	53
54	*Transfer to HPTF*	2.9%	33.7%	7.1%	5.4%	0.0%	3.2%	54
55	Deed Recordation (net)	14.1%	47.4%	-6.5%	5.4%	0.0%	3.2%	55
56	Deed Transfer	20.4%	44.9%	-5.4%	6.1%	0.0%	3.8%	56
57	*Transfer to HPTF*	11.8%	36.0%	3.7%	6.1%	0.0%	3.8%	57
58	Deed Transfer (net)	22.0%	46.4%	-6.8%	6.1%	0.0%	3.8%	58
59	Economic Interests	117.5%	-18.8%	-32.4%	0.0%	0.0%	0.0%	59
60	**Total Other Taxes (net)**	**0.5%**	**54.4%**	**-19.1%**	**4.7%**	**0.0%**	**2.9%**	60
61	**TOTAL TAXES NET OF DEDICATED TAXES**	**0.9%**	**4.5%**	**6.3%**	**1.6%**	**2.4%**	**3.3%**	61
62	Licenses & Permits	-7.7%	22.9%	-0.9%	2.0%	-4.3%	1.9%	62
63	Fines & Forfeits	9.9%	6.9%	26.6%	-1.9%	0.2%	-1.8%	63
64	Charges for Services	4.6%	19.8%	14.0%	-0.4%	0.4%	0.4%	64
65	Miscellaneous	-15.5%	-4.0%	-2.7%	-19.7%	4.5%	-12.6%	65
66	Interfund Transfer				-9.5%	6.0%		66
67	**TOTAL NON-TAX**	**-4.2%**	**11.9%**	**11.1%**	**-6.1%**	**0.6%**	**-8.3%**	67
68	Lottery	-2.9%	-5.9%	-0.5%	3.5%	3.4%	3.1%	68
69	**TOTAL REVENUE NET OF DEDICATED TAXES**	**0.5%**	**4.8%**	**6.5%**	**1.0%**	**2.2%**	**2.5%**	69

*Preliminary

Estimated Key Variables for the D.C. Economy for the Forecast Period FY 2006 through FY 2016

Fiscal Years	2007 act	2008 act	2009 act	2010 act	2011 est	2012 est	2013 est	2014 est	2015 est	2016 est
Gross State Product ($ billion)	90.79	96.79	98.01	102.36	105.26	107.14	107.15	108.16	112.38	117.29
	5.4%	6.6%	1.3%	4.4%	2.8%	1.8%	0.0%	0.9%	3.9%	4.4%
Real Gross State Product (billions $2000)	84.95	88.37	87.12	90.01	91.54	91.44	90.63	89.97	91.46	93.32
	1.5%	4.0%	-1.4%	3.3%	1.7%	-0.1%	-0.9%	-0.7%	1.7%	2.0%
Personal Income ($ billion)	36.82	40.35	40.32	41.60	43.94	44.94	46.09	47.61	49.82	52.29
	8.1%	9.6%	-0.1%	3.2%	5.6%	2.3%	2.6%	3.3%	4.6%	5.0%
Real Personal Income (billions $2000)	35.19	37.19	37.07	37.55	38.85	39.35	39.93	40.27	41.12	42.26
	5.6%	5.7%	-0.3%	1.3%	3.5%	1.3%	1.5%	0.8%	2.1%	2.8%
Per Capita Income ($)	64,132	69,576	68,258	69,065	71,954	72,872	74,150	76,090	79,210	82,753
	7.4%	8.5%	-1.9%	1.2%	4.2%	1.3%	1.8%	2.6%	4.1%	4.5%
Real Per Capita Income ($2000)	61,301	64,124	62,761	62,353	63,619	63,799	64,243	64,359	65,376	66,874
	4.9%	4.6%	-2.1%	-0.6%	2.0%	0.3%	0.7%	0.2%	1.6%	2.3%
Wages earned in D.C. ($ billion)	51.80	54.28	55.35	57.80	59.65	61.03	61.77	62.20	64.34	67.24
	5.8%	4.8%	2.0%	4.4%	3.2%	2.3%	1.2%	0.7%	3.4%	4.5%
Wages earned by D.C. residents ($ billion)	19.3	20.6	21.1	21.9	22.6	23.3	24.1	24.7	25.8	27.0
	8.0%	6.7%	2.3%	3.7%	3.4%	3.1%	3.2%	2.7%	4.2%	4.7%
Population ('000)	574.1	579.9	590.8	602.2	610.7	616.7	621.6	625.7	629.0	631.9
	0.7%	1.0%	1.9%	1.9%	1.4%	1.0%	0.8%	0.7%	0.5%	0.5%
Households ('000)	262.5	263.4	264.4	266.8	269.5	271.9	274.1	276.1	277.9	279.3
	0.9%	0.3%	0.4%	0.9%	1.0%	0.9%	0.8%	0.7%	0.6%	0.5%
Civilian Labor Force ('000)	327.0	334.3	332.3	334.0	332.5	336.1	339.9	342.3	344.5	346.4
	2.0%	2.2%	-0.6%	0.5%	-0.4%	1.1%	1.1%	0.7%	0.6%	0.5%
At-Place Employment ('000)	691.6	702.8	701.4	708.2	713.0	713.2	708.5	697.7	703.0	713.3
	0.7%	1.6%	-0.2%	1.0%	0.7%	0.0%	-0.7%	-1.5%	0.8%	1.5%
Resident Employment ('000)	309.2	314.1	302.7	300.4	299.2	300.9	302.8	300.1	305.1	312.4
	2.4%	1.6%	-3.6%	-0.8%	-0.4%	0.6%	0.6%	-0.9%	1.7%	2.4%
Unemployment Rate	5.4	6.0	8.9	10.1	10.0	10.6	10.9	12.3	11.4	9.8
Housing Starts	1,618	717	385	1,385	1,879	1,742	1,523	1,643	1,962	2,147
Housing Stock ('000)	291.6	293.7	295.2	296.5	297.5	299.5	302.0	304.1	305.7	307.0
	1.1%	0.7%	0.5%	0.5%	0.3%	0.7%	0.8%	0.7%	0.5%	0.4%
Home sales	9,800	7,500	7,400	9,300	8,986	9,133	9,182	9,333	9,523	9,581
	-9.3%	-23.5%	-1.3%	25.7%	-3.4%	1.6%	0.5%	1.6%	2.0%	0.6%
Average home sale price ('000)	608.1	595.6	578.4	613.2	631.5	637.4	653.7	675.2	706.6	742.8
	6.3%	-2.1%	-2.9%	6.0%	3.0%	0.9%	2.6%	3.3%	4.6%	5.1%
Change in S & P 500 Index of Common Stock*	7.5%	-39.1%	19.7%	10.6%	1.2%	1.7%	5.5%	5.5%	3.9%	4.2%
Interest rate on 10-year Treasury notes (%)	4.7	3.9	3.2	3.4	3.0	2.2	2.7	3.4	4.3	4.9
Washington Area Consumer Prices: % change from prior	2.5	5.1	0.3	2.2	2.8	2.3	1.7	2.4	2.6	2.1

** 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 2010 is the % change from CY 2009.4 to CY 2010.4)*

Note: Estimated by the D.C. Office of Revenue Analysis based on forecasts of the D.C. and national economies prepared by Global Insight (October 2011) and Economy.com (October 2011); forecasts of the national economy prepared by the Congressional Budget Office (August 2011) and Blue Chip Economic Indicators (November 2011); BLS labor market information from October 2011; the Census Bureau estimates of the D.C. population (2010 Census);Bureau of Economic Analysis estimates of D.C. Personal Income (September 2011); Metropolitan Regional Information System (MRIS) D.C. home sales data (October 2011), 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. (September 2011); and Reis information on apartment buildings in D.C.(September 2011).