

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

FEB 15 2006

The Honorable Anthony A. Williams
Mayor of the District of Columbia
1350 Pennsylvania Avenue, NW – 6th Floor
Washington, DC 20004

The Honorable Linda W. Cropp
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW – Suite 504
Washington, DC 20004

Dear Mr. Mayor and Chairman Cropp:

I am pleased to certify, as of February 2006, the revised revenue estimates for FY 2006 and preliminary revenue estimates for FY 2007-2010 supporting the District's FY 2007 Budget and Financial Plan. Total Local Fund revenue for FY 2006 is estimated to be \$4,502.0 million, which is \$6.6 million more than the estimate certified in December 2005. The total Local Fund revenue supporting the District's FY 2007 budget is estimated to be \$4,737.7 million, which is \$15.3 million more than the December 2005 projection. The expected revenues, as compared to the December 2005 estimate, are as follows:

Local Source, General Fund Revenue Estimate (\$ million)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Local Fund revenue, estimate of December 2005 w/ triggered tax policy changes	4,495.4	4,722.4	4,994.8	5,281.3	5,563.4
Local Fund revenue estimate of February 2006	4,502.0	4,737.7	5,003.9	5,286.0	5,568.7
Net change over December 2005 estimate	6.6	15.3	9.1	4.7	5.3

The revised estimates include the revenue impact of the trigger-activated property tax relief measures that were enacted by the Mayor and the Council last June.

If you have any questions regarding this matter, please contact me on (202) 727-0065.

Sincerely,

Natwar M. Gandhi

Enclosures

DISTRIBUTION LIST

The Honorable Carol Schwartz (At-Large)

The Honorable David Catania (At-Large)

The Honorable Phil Mendelson (At-Large)

The Honorable Kwame R. Brown (At-Large)

The Honorable Jim Graham (Ward 1)

The Honorable Jack Evans (Ward 2)

The Honorable Kathleen Patterson (Ward 3)

The Honorable Adrian Fenty (Ward 4)

The Honorable Vincent Orange (Ward 5)

The Honorable Sharon Ambrose (Ward 6)

The Honorable Vincent Gray (Ward 7)

The Honorable Marion Barry (Ward 8)

Robert Bobb, Deputy Mayor and City Administrator

Alfreda V. Davis, Chief of Staff to the Mayor

Deborah K. Nichols, District of Columbia Auditor

Arte Blitzstein, Budget Director, Council of the District of Columbia

FY 2004 - FY 2010 Revenue Actuals, Estimates and Projections

(thousands of dollars)

Revenue Source	FY 2004		FY 2005		FY 2006		FY 2007		FY 2008		FY 2009		FY 2010	
	Actual	Actual	Revised Estimate	Original Estimate	Feb-06 Estimate	Feb-06 Estimate	Feb-06 Estimate	Feb-06 Estimate	Feb-06 Estimate	Feb-06 Estimate	Feb-06 Estimate	Feb-06 Estimate	Feb-06 Estimate	Feb-06 Estimate
Real Property	947,690	1,058,100	1,119,770	1,229,342	1,332,983	1,428,388	1,524,553							
Pers. Property (net)	63,558	62,068	54,549	55,165	55,960	56,974	57,644							
Public Space	16,728	15,628												
Total Property	1,027,976	1,135,796	1,174,319	1,284,507	1,388,943	1,485,362	1,582,197							
General Sales (gross)	732,994	845,798	870,759	922,616	969,043	1,019,501	1,073,431							
<i>Convention Ctr. Transfer</i>	(61,977)	(77,490)	(78,210)	(78,250)	(82,313)	(86,588)	(91,091)							
General Sales (net)	671,017	768,308	792,549	844,366	886,730	932,913	982,340							
Alcohol	5,090	5,051	5,013	4,977	4,944	4,912	4,882							
Cigarette	20,765	22,336	20,238	19,724	19,223	18,735	18,260							
Motor Vehicle	40,437	42,380	44,359	46,431	48,599	50,869	53,245							
Total Sales	737,309	838,075	862,159	915,498	959,496	1,007,429	1,058,727							
Individual income	1,042,309	1,160,074	1,135,146	1,144,252	1,207,798	1,280,652	1,352,874							
Corp. Franchise	168,353	195,492	203,175	219,064	232,614	244,254	253,958							
U. B. Franchise	88,347	116,886	126,999	138,264	151,915	166,561	182,511							
Total Income	1,299,009	1,472,432	1,465,320	1,501,580	1,592,327	1,691,467	1,789,343							
Public Utility (gross)	169,494	174,932	166,041	166,042	166,043	166,043	166,044							
<i>Baseball Gross receipts tax</i>		(6,893)	(9,164)	(9,303)	(9,424)	(9,546)	(9,546)							
Public Utility (net)	169,494	166,039	156,857	156,739	156,619	156,497	156,498							
Toll Telecommunication (gross)	54,951	55,636	54,607	54,612	54,721	54,742	54,760							
<i>Baseball Gross receipts tax</i>		(1,060)	(3,162)	(3,165)	(3,165)	(3,165)	(3,165)							
Toll Telecommunication (net)	54,951	54,576	51,445	51,447	51,556	51,577	51,595							
Insurance Premiums	47,452	48,888	48,000	48,000	48,000	48,000	48,000							
Healthcare Provider Tax			8,000	11,000	11,000	11,000	11,000							
Total Gross Rec.	271,897	269,503	264,302	267,166	267,175	267,074	267,093							
Estate	26,466	29,257	21,420	20,072	19,352	18,657	18,652							
Deed Recordation (gross)	164,522	190,048	208,516	228,555	250,427	274,343	300,543							
<i>Transfer to HPTF</i>		(28,507)	(31,277)	(34,283)	(37,584)	(41,151)	(45,081)							
Deed Recordation (net)	164,522	161,541	177,239	194,272	212,863	233,192	255,462							
Deed Transfer (gross)	121,747	146,929	161,663	177,480	194,849	213,886	234,782							
<i>Transfer to HPTF</i>		(22,039)	(24,250)	(26,624)	(29,227)	(32,083)	(35,217)							
Deed Transfer (net)	121,747	124,890	137,413	150,866	165,622	181,803	199,565							
Economic Interests	16,269	10,593	8,000	8,000	8,000	8,000	8,000							
Total Other Taxes	329,004	326,281	344,072	373,210	405,837	441,652	481,679							
TOTAL TAXES	3,665,195	4,042,087	4,110,172	4,341,981	4,613,778	4,892,984	5,179,039							
Licenses & Permits	61,505	74,010	68,408	70,845	68,604	71,661	68,705							
Fines & Forfeits	99,478	108,012	110,637	107,336	103,221	99,990	96,487							
Charges for Services	53,705	51,344	50,513	53,218	52,460	54,161	54,175							
Miscellaneous	109,011	119,061	90,289	92,176	93,792	95,146	98,141							
TOTAL NON-TAX	323,699	352,427	319,847	323,575	318,077	320,958	317,518							
Lottery/interfund Transfer	73,500	71,200	72,000	72,100	72,100	72,100	72,100							
TOTAL NON-DEDICATED GENERAL FUND	4,062,394	4,465,714	4,502,019	4,737,656	5,003,955	5,286,042	5,568,657							

Estimated Key Variables for the D.C. Economy for the Forecast Period FY 2001 through FY 2010

Fiscal Years	2001 act	2002 act	2003 act	2004 act	2005 est	2006 est	2007 est	2008 est	2009 est	2010 est
Gross State Product (\$ billion)	61.71 6.0%	66.26 7.4%	69.71 5.2%	75.11 7.7%	80.80 7.6%	85.70 6.1%	90.50 5.6%	95.73 5.8%	101.10 5.6%	106.83 5.7%
Real Gross State Product (billions of \$00)	60.30 3.1%	62.24 3.2%	63.64 2.2%	66.54 4.6%	69.73 4.8%	71.71 2.8%	73.68 2.7%	75.75 2.8%	77.80 2.7%	79.82 2.6%
Personal Income (\$ billion)	24.94 10.9%	25.87 3.7%	26.60 2.8%	28.24 6.2%	30.29 7.3%	31.92 5.4%	33.70 5.6%	35.51 5.4%	37.40 5.3%	39.38 5.3%
Real Personal Income (billions of \$2000)	24.53 8.5%	25.10 2.3%	25.31 0.9%	26.29 3.8%	27.42 4.3%	28.01 2.2%	28.80 2.8%	29.66 3.0%	30.61 3.2%	31.61 3.3%
Per Capita Income (\$)	43,805 11.2%	45,823 4.6%	47,683 4.1%	50,962 6.9%	55,027 8.0%	57,619 4.7%	60,441 4.9%	63,248 4.6%	66,141 4.6%	69,174 4.6%
Real Per Capita Income (\$2000)	43,085 8.7%	44,454 3.2%	45,382 2.1%	47,434 4.5%	49,807 5.0%	50,565 1.5%	51,651 2.1%	52,830 2.3%	54,137 2.5%	55,536 2.6%
Earnings of D.C. Residents (\$ billion)	17.91 14.6%	18.71 4.5%	19.37 3.5%	20.85 7.7%	22.56 8.2%	23.90 5.9%	25.20 5.4%	26.53 5.3%	27.88 5.1%	29.28 5.0%
Population ('000)	569.4 -0.2%	564.6 -0.8%	557.8 -1.2%	554.2 -0.6%	550.5 -0.7%	553.9 0.6%	557.6 0.7%	561.5 0.7%	565.5 0.7%	569.2 0.7%
Households ('000)	249.0 0.2%	245.7 -1.3%	249.3 1.5%	251.7 0.9%	252.5 0.3%	255.3 1.1%	258.1 1.1%	261.2 1.2%	264.2 1.2%	267.2 1.1%
Civilian Labor Force ('000)	308.3 -0.4%	302.3 -2.0%	298.1 -1.4%	297.9 -0.1%	301.5 1.2%	299.5 -0.7%	300.2 0.2%	302.2 0.7%	304.4 0.7%	306.6 0.7%
At-Place Employment ('000)	654.3 1.4%	661.8 1.1%	665.9 0.6%	670.5 0.7%	677.9 1.1%	686.2 1.2%	694.0 1.1%	700.7 1.0%	709.2 1.2%	716.4 1.0%
Resident Employment ('000)	289.8 -0.6%	282.2 -2.6%	277.2 -1.8%	274.5 -1.0%	278.2 1.4%	281.2 1.1%	281.9 0.3%	283.4 0.5%	285.5 0.7%	287.6 0.7%
Unemployment Rate	6.0	6.7	7.0	7.9	7.7	6.1	6.1	6.2	6.2	6.2
Housing Starts	2,450	2,450	2,450	4,548	4,548	4,775	4,775	4,775	5,000	5,000
Housing Stock ('000)	274.9 0.0%	275.1 0.1%	275.9 0.3%	276.6 0.2%	277.7 0.4%	280.8 1.1%	284.0 1.1%	287.3 1.2%	290.7 1.2%	294.0 1.1%
Change in S & P 500 Index of Common Stock	-12.2%	-16.0%	-12.5%	19.8%	7.9%	6.3%	5.7%	6.7%	6.8%	6.4%
Interest rate on 10-year Treasury notes (%)	5.2	4.8	3.9	4.3	4.2	4.7	5.0	5.2	5.2	5.2
Washington Area Consumer Prices: % change from prior year	2.9	2.2	3.0	2.5	3.9	3.3	2.2	2.3	2.2	2.2

Note: Estimated by the D.C. Office of Research and Analysis based on forecasts of the D.C. and national economies prepared by Global Insight (Winter 2005) and Economy.com (Nov. 2005); on forecasts of the national economy prepared by the Congressional Budget Office.