

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



Natwar M. Gandhi
Chief Financial Officer

May 8, 2007

The Honorable Adrian Fenty
Mayor of the District of Columbia
1350 Pennsylvania Avenue, NW – Room 327
Washington, DC 20004

The Honorable Vincent Gray
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW – Suite 504
Washington, DC 20004

Dear Mayor Fenty and Chairman Gary:

I am pleased to certify, as of May 2007, revenue estimates for FY 2007-2011. Total non-dedicated Local Fund revenues for FY 2008 are estimated to be \$5,164.6 million, which is \$61.4 million more than the estimate that was certified in December 2006 and again in February 2007. Also, the FY 2007 revenue is now estimated to be \$4,856.6 million, a \$19.2 million increase over the December 2006 and February 2007 estimate. Table 1 below compares the current revenue estimate to the previous estimate.

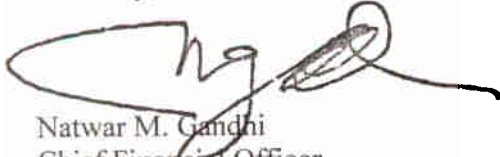
Table 1: May 2007 revenue estimate compared to previous estimate

Revenue estimate (\$ million)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenue estimate of December 2006	4,837.4	5,103.2	5,385.8	5,658.6	5,939.2
Additional revenue	19.2	61.4	63.7	80.3	96.0
May 2007 revised revenue estimate	4,856.6	5,164.6	5,449.5	5,738.9	6,035.2

The revenue estimate includes the effect of the current law “calculated rate” on property tax revenue. Current law requires, for the fiscal year 2008, the computation of a “calculated rate” for Class I real property such that the tax yield from Class I shall be the same amount of taxes collected in FY 2007 plus 8 percent. The results of the tax rate computation based on the latest assessment data (FY 2008 revenue is based on the recently completed 2006 assessment base) is such that the Class I statutory rate would fall from \$0.88/\$100 (.0088) to \$0.85/\$100 (.0085).

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

Sincerely,



Natwar M. Gandhi
Chief Financial Officer

Enclosures

DISTRIBUTION LIST

Councilmember Carol Schwartz (At-Large)
Councilmember Kwame Brown (At-Large)
Councilmember David Catania (At-Large)
Councilmember Phil Mendelson (At-Large)
Councilmember Jim Graham (Ward 1)
Councilmember Jack Evans (Ward 2)
Councilmember Mary Cheh (Ward 3)
Councilmember Harry Thomas jr. (Ward 5)
Councilmember Tommy Wells (Ward 6)
Councilmember Marion Barry (Ward 8)
Dan Tangherlini, Deputy Mayor and City Administrator
Tene Dolphin, Chief of Staff to the Mayor
Deborah K. Nichols, District of Columbia Auditor
Eric Goulet, Budget Director, Council of the District of Columbia

FY 2006 - FY 2011 Revenue Actuals, Estimates and Projections
(thousands of dollars)

Revenue Source	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
	May-07	May-07 Revised	May-07 Original	May-07	May-07	May-07
	Actual	Estimate	Estimate	Proj.	Proj.	Proj.
Real Property	1,153,795	1,367,153	1,593,410	1,717,176	1,839,990	1,958,254
<i>Transfer to TIF</i>	(1,652)	(2,333)	(2,128)	(2,233)	(2,206)	(2,206)
Real Property (net)	1,152,143	1,364,820	1,591,282	1,714,943	1,837,784	1,956,048
Personal Property	65,514	66,818	67,620	68,364	69,116	69,807
<i>Transfer to Neighborhood Investment Fund</i>	(9,966)	(9,735)	(9,875)	(10,000)	(10,000)	(10,000)
Personal Property (net)	55,548	57,083	57,745	58,364	59,116	59,807
Public Space Rental	22,206	24,575	25,091	25,618	26,156	26,705
<i>Transfer to DDOT</i>	(22,206)	(24,575)	(25,091)	(25,618)	(26,156)	(26,705)
Total Property	1,207,691	1,421,903	1,649,027	1,773,307	1,896,900	2,015,855
General Sales	908,884	955,085	1,016,135	1,067,625	1,124,525	1,184,499
<i>Transfer to convention center</i>	(79,706)	(82,694)	(86,002)	(89,614)	(93,467)	(97,486)
<i>Transfer to TIF</i>	(11,562)	(10,617)	(9,733)	(9,628)	(9,653)	(9,653)
<i>Transfer to DDOT capital (parking tax)</i>	(33,586)	(32,614)	(32,744)	(32,908)	(33,072)	(33,237)
<i>Transfer to Ballpark Fund</i>	(8,664)	(12,500)	(19,808)	(18,596)	(18,301)	(18,301)
<i>Transfer to School Modernization Fund</i>	-	(100,000)	(106,000)	(112,360)	(119,102)	(126,248)
General Sales (net)	775,366	716,660	761,848	804,519	850,930	899,573
Alcohol	5,070	4,977	4,944	4,780	4,719	4,658
Cigarette	22,993	21,234	19,223	20,186	19,682	19,190
Motor Vehicle	42,563	46,303	48,599	50,590	52,879	55,273
Motor Fuel Tax	24,960	26,844	26,938	27,032	27,221	27,221
<i>Transfer to Highway Trust Fund</i>	(24,960)	(26,844)	(26,938)	(27,032)	(27,221)	(27,221)
Total Sales	845,992	789,174	834,614	880,075	928,210	978,694
Individual Income	1,233,602	1,210,306	1,310,764	1,393,956	1,474,708	1,552,150
Corp. Franchise	215,283	252,702	259,021	272,134	283,160	298,144
U. B. Franchise	142,598	173,420	187,119	205,413	225,443	248,496
Total Income	1,591,483	1,636,428	1,756,904	1,871,503	1,983,311	2,098,790
Public Utility	155,157	156,542	156,699	156,856	157,012	157,169
<i>Transfer to Ballpark Fund</i>	(10,356)	(9,303)	(9,424)	(9,546)	(9,546)	(9,546)
Public Utility (net)	144,801	147,239	147,275	147,310	147,466	147,623
Toll Telecommunications	56,611	58,132	58,190	58,248	58,307	58,365
<i>Transfer to Ballpark Fund</i>	(2,055)	(3,165)	(3,165)	(3,165)	(3,165)	(3,165)
Toll Telecommunications (net)	54,556	54,967	55,025	55,083	55,142	55,200
Insurance Premiums	51,495	56,500	48,500	48,500	48,500	48,500
Healthcare Provider Tax	9,107	11,000	11,000	11,000	11,000	11,000
<i>Transfer to Nursing Facility Quality of Care Fund</i>	(9,107)	(11,000)	(11,000)	(11,000)	(11,000)	(11,000)
Baseball gross receipts tax	15,952	14,000	14,000	14,000	14,000	14,000
<i>Transfer to Ballpark Fund</i>	(15,952)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)
Total Gross Receipts	250,852	258,706	250,800	250,893	251,108	251,323
Estate	30,125	55,575	31,650	32,283	32,000	32,000
Deed Recordation	197,528	195,038	190,747	187,122	191,988	197,748
<i>Transfer to HPTF</i>	(28,504)	(29,256)	(28,612)	(28,068)	(28,798)	(29,662)
<i>Transfer to Comp. Housing Strategy Fund</i>		(17,930)	(17,536)	(17,202)	(17,647)	(18,179)
Deed Recordation (net)	169,024	147,852	144,599	141,851	145,543	149,906
Deed Transfer	132,615	125,362	119,474	122,460	126,747	131,944
<i>Transfer to HPTF</i>	(19,106)	(18,804)	(17,921)	(18,369)	(19,012)	(19,792)
<i>Transfer to Comp. Housing Strategy Fund</i>		(11,238)	(10,712)	(10,979)	(11,364)	(11,830)
Deed Transfer (net)	113,509	95,319	90,841	93,112	96,371	100,323
Economic Interests	30,274	52,111	8,000	8,000	8,000	8,000
Total Other Taxes	342,932	350,857	275,091	275,246	281,914	290,229
TOTAL TAXES NET OF DEDICATED TAXES	4,238,950	4,457,068	4,766,436	5,051,024	5,341,443	5,634,892
Licenses & Permits	72,184	72,141	69,235	72,329	69,320	72,320
Fines & Forfeits	112,456	111,920	111,920	111,290	111,290	111,290
Charges for Services	47,646	49,846	46,291	46,291	46,291	46,291
Miscellaneous	129,665	93,510	98,665	96,447	98,502	98,314
TOTAL NON-TAX	361,951	327,417	326,111	326,357	325,403	328,215
Lottery/Interfund Transfer	73,800	72,100	72,100	72,100	72,100	72,100
TOTAL REVENUE NET OF DEDICATED TAXES	4,674,701	4,856,585	5,164,647	5,449,481	5,738,946	6,035,207

FY 2006 - FY 2011 Growth Rates by Revenue Source

Revenue Source	FY 2006 May-07 Actual	FY 2007 May-07 Estimate	FY 2008 May-07 Proj.	FY 2009 May-07 Proj.	FY 2010 May-07 Proj.	FY 2011 May-07 Proj.
Real Property	9.0%	18.5%	16.5%	7.8%	7.2%	6.4%
<i>Transfer to TIF</i>		41.2%	-8.8%	4.9%	-1.2%	0.0%
Real Property (net)	8.9%	18.5%	16.6%	7.8%	7.2%	6.4%
Personal Property	-9.1%	2.0%	1.2%	1.1%	1.1%	1.0%
<i>Transfer to Neighborhood Investment Fund</i>		-2.3%	1.4%	1.3%	0.0%	0.0%
Personal Property (net)	-10.5%	2.8%	1.2%	1.1%	1.3%	1.2%
Public Space Rental	42.1%	10.7%	2.1%	2.1%	2.1%	2.1%
<i>Transfer to DDOT</i>		10.7%	2.1%	2.1%	2.1%	2.1%
Total Property	6.3%	17.7%	16.0%	7.5%	7.0%	6.3%
General Sales	6.4%	5.1%	6.4%	5.1%	5.3%	5.3%
<i>Transfer to convention center</i>		3.7%	4.0%	4.2%	4.3%	4.3%
<i>Transfer to TIF</i>		-8.2%	-8.3%	-1.1%	0.3%	0.0%
<i>Transfer to DDOT capital (parking tax)</i>		-2.9%	0.4%	0.5%	0.5%	0.5%
<i>Baseball sales tax</i>		44.3%	58.5%	-6.1%	-1.6%	0.0%
<i>Transfer to School Modernization Fund</i>			6.0%	6.0%	6.0%	6.0%
General Sales (net)	0.9%	-7.6%	6.3%	5.6%	5.8%	5.7%
Alcohol	0.4%	-1.8%	-0.7%	-3.3%	-1.3%	-1.3%
Cigarette	2.9%	-7.7%	-9.5%	5.0%	-2.5%	-2.5%
Motor Vehicle Excise	0.4%	8.8%	5.0%	4.1%	4.5%	4.5%
Motor Fuel Tax	-3.7%	7.5%	0.4%	0.3%	0.7%	0.0%
<i>Transfer to Highway Trust Fund</i>		7.5%	0.4%	0.3%	0.7%	0.0%
Total Sales	0.9%	-6.7%	5.8%	5.4%	5.5%	5.4%
Individual Income	6.3%	-1.9%	6.3%	6.3%	5.6%	5.3%
Corp. Franchise	10.1%	17.4%	2.5%	5.1%	4.1%	5.3%
U.B. Franchise	22.0%	21.6%	7.9%	9.8%	9.8%	10.2%
Total Income	8.1%	2.8%	7.4%	6.5%	6.0%	5.8%
Public Utility	-10.9%	0.9%	0.1%	0.1%	0.1%	0.1%
<i>Transfer to Ballpark Fund</i>		28.7%	-10.2%	1.3%	0.0%	0.0%
Public Utility (net)	-12.8%	1.7%	0.0%	0.0%	0.1%	0.1%
Toll Telecommunications	2.0%	2.7%	0.1%	0.1%	0.1%	0.1%
<i>Transfer to Ballpark Fund</i>		126.1%	54.0%	0.0%	0.0%	0.0%
Toll Telecommunications (net)	0.0%	0.8%	0.1%	0.1%	0.1%	0.1%
Insurance Preams.	5.3%	9.7%	-14.2%	0.0%	0.0%	0.0%
Healthcare Provider Tax	-	20.8%	0.0%	0.0%	0.0%	0.0%
<i>Healthcare Provider Tax</i>		20.8%	0.0%	0.0%	0.0%	0.0%
Transfer to Nursing Facility Quality of Care Fund	-1.6%	-12.2%	0.0%	0.0%	0.0%	0.0%
<i>Transfer to Ballpark Fund</i>		-1.6%	-12.2%	0.0%	0.0%	0.0%
Total Gross Rec.	-6.9%	3.1%	-3.1%	0.0%	0.1%	0.1%
Estate	3.0%	84.5%	-43.0%	2.0%	-0.9%	0.0%
Deed Recordation	3.9%	-1.3%	-2.2%	-1.9%	2.6%	3.0%
<i>Transfer to HPTF</i>		0.0%	2.6%	-1.9%	2.6%	3.0%
<i>Transfer to Comp. Housing Strategy Fund</i>			-2.2%	-1.9%	2.6%	3.0%
Deed Recordation (net)	4.6%	-12.5%	-2.2%	-1.9%	2.6%	3.0%
Deed Transfer	-9.7%	-5.5%	-4.7%	2.5%	3.5%	4.1%
<i>Transfer to HPTF</i>		-13.3%	-1.6%	-4.7%	2.5%	3.5%
<i>Transfer to Comp. Housing Strategy Fund</i>			-4.7%	2.5%	3.5%	4.1%
Deed Transfer (net)	-9.1%	-16.0%	-4.7%	2.5%	3.5%	4.1%
Econ. Interests	185.8%	72.1%	-84.6%	0.0%	0.0%	0.0%
Total Other Taxes	5.1%	2.3%	-21.6%	0.1%	2.4%	2.9%
TOTAL TAXES NET OF DEDICATED TAXES	4.9%	5.1%	6.9%	6.0%	5.7%	5.5%
Licenses & Perm.	-2.5%	-0.1%	-4.0%	4.5%	-4.2%	4.3%
Fines & Forfeits	4.1%	-0.5%	0.0%	-0.6%	0.0%	0.0%
Charges/Services	-7.2%	4.6%	-7.1%	0.0%	0.0%	0.0%
Misc. Revenue	8.9%	-27.9%	5.5%	-2.2%	2.1%	-0.2%
TOTAL NON-TAX	2.7%	-9.5%	-0.4%	0.1%	-0.3%	0.9%
Lottery	3.3%	-2.3%	0.0%	0.0%	0.0%	0.0%
TOTAL REVENUE NET OF DEDICATED TAXES	4.7%	3.9%	6.3%	5.5%	5.3%	5.2%

Estimated Key Variables for the D.C. Economy for the Forecast Period FY 2002 through FY 2011

Fiscal Years	2002 act	2003 act	2004 act	2005 act	2006 act	2007 est	2008 est	2009 est	2010 est	2011 est
Gross State Product (\$ billion)	66.83	70.30	75.86	80.91	85.46	89.39	93.71	98.23	102.63	107.30
	7.6%	5.2%	7.9%	6.7%	5.6%	4.6%	4.8%	4.8%	4.5%	4.6%
Real Gross State Product (billions of \$2000)	62.67	63.76	66.56	69.18	71.20	72.51	74.31	76.18	77.78	79.44
	3.5%	1.7%	4.4%	3.9%	2.9%	1.8%	2.5%	2.5%	2.1%	2.1%
Personal Income (\$ billion)	25.76	26.52	28.49	30.44	31.98	33.60	35.23	37.03	38.84	40.71
	3.3%	2.9%	7.4%	6.9%	5.1%	5.1%	4.8%	5.1%	4.9%	4.8%
Real Personal Income (billions of \$2000)	24.99	25.23	26.48	27.51	28.05	28.93	29.76	30.65	31.53	32.40
	1.9%	1.0%	5.0%	3.9%	2.0%	3.1%	2.9%	3.0%	2.9%	2.8%
Per Capita Income (\$)	44,506	45,914	49,193	52,330	54,987	57,697	60,399	63,131	65,805	68,503
	2.8%	3.2%	7.1%	6.4%	5.1%	4.9%	4.7%	4.5%	4.2%	4.1%
Real Per Capita Income (\$2000)	43,175	43,682	45,728	47,295	48,218	49,673	51,023	52,264	53,417	54,529
	1.4%	1.2%	4.7%	3.4%	2.0%	3.0%	2.7%	2.4%	2.2%	2.1%
Earnings of D.C. Residents (\$ billion)	18.60	19.33	21.12	22.59	23.73	24.87	25.95	27.17	28.41	29.70
	3.8%	3.9%	9.3%	7.0%	5.0%	4.8%	4.4%	4.7%	4.6%	4.5%
Population ('000)	578.8	577.6	579.1	581.7	581.7	582.4	583.3	586.5	590.3	594.2
	0.4%	-0.2%	0.3%	0.4%	0.0%	0.1%	0.2%	0.6%	0.6%	0.7%
Households ('000)	252.5	252.5	253.6	255.2	256.7	258.5	260.2	262.0	263.7	265.6
	0.6%	0.0%	0.5%	0.6%	0.6%	0.7%	0.6%	0.7%	0.7%	0.7%
Civilian Labor Force ('000)	305.3	304.7	307.1	313.9	314.8	318.4	320.1	322.2	324.4	326.6
	-0.8%	-0.2%	0.8%	2.2%	0.3%	1.1%	0.5%	0.7%	0.7%	0.7%
At-Place Employment ('000)	658.5	665.9	671.4	680.3	686.5	693.4	698.6	704.7	710.7	716.6
	0.6%	1.1%	0.8%	1.3%	0.9%	1.0%	0.7%	0.9%	0.9%	0.8%
Resident Employment ('000)	284.9	283.6	284.2	292.5	296.0	299.7	301.6	303.6	305.7	307.9
	-1.5%	-0.4%	0.2%	2.9%	1.2%	1.3%	0.6%	0.7%	0.7%	0.7%
Unemployment Rate	6.6	6.8	7.4	7.1	6.1	5.9	5.8	5.8	5.8	5.7
Housing Starts	1,727	2,282	1,569	2,473	3,621	1,901	1,973	2,165	2,352	2,551
Housing Stock ('000)	276.1	277.6	279.3	281.0	283.3	285.4	287.5	289.3	291.1	293.4
	0.3%	0.6%	0.6%	0.6%	0.8%	0.7%	0.7%	0.6%	0.6%	0.8%
Home sales	8,554	9,286	9,786	9,798	8,228	7,515	7,350	7,400	7,450	7,500
	7.0%	8.6%	5.4%	0.1%	-16.0%	-8.7%	-2.2%	0.7%	0.7%	0.7%
Average home sale price ('000)	323.0	350.7	415.6	494.8	522.0	527.0	528.5	537.5	546.6	555.9
	11.9%	8.6%	18.5%	19.0%	5.5%	1.0%	0.3%	1.7%	1.7%	1.7%
Change in S & P 500 Index of Common Stock	-16.0%	-12.5%	19.8%	7.9%	6.6%	11.0%	3.9%	5.8%	5.6%	7.5%
Interest rate on 10-year Treasury notes (%)	4.8	3.9	4.3	4.2	4.8	4.7	4.9	5.1	5.2	5.2
Washington Area Consumer Prices: % change from prior year	2.2	3.0	2.5	3.9	3.9	3.0	2.3	2.2	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 (Spring 2007) and Economy.com (Spring 2007); on forecasts of the national economy prepared by the Congressional Budget Office (January 2007) and Blue Chip Economic Indicators (April 2007); on BLS labor market information from March 2007; on the 2000 Census and Census Bureau estimates of the 2006 D.C. population (December 2006); on Bureau of Economic Analysis estimates of D.C. Personal Income (March 2007); on Metropolitan Regional Information System (MRIS) D.C. home sales data (March 2007), accessed through the Greater Capital Area Association of Realtors (GCAAR); and on D.C. Office of Planning information on housing construction activity (which includes occupied units that have been or are being rehabilitated) (Spring 2007).