

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



May 5, 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 May 2006, revenue estimates for FY 2006-2010. Total non-dedicated Local Fund revenue for FY 2007 is estimated to be \$4,701.6 million, which, after adjusting for the fiscal effect of the School Modernization Financing Act of 2006 and triggered tax reductions and expenditures, is \$63.9 million more than the estimate that was certified in February 2006. Also, the FY 2006 revenue, after adjusting for triggered tax reductions and expenditures, is now estimated to be \$4,536.6 million, a \$34.6 million increase over the February 2006 estimate. Note that the School Modernization Financing Act of 2006 requires that the additional unallocated revenue be used to offset the fiscal impact of that law.

Local Source, General Fund Revenue Estimate (S million)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Local Fund baseline revenue, estimate of February 2006	4,502.0	4,737.7	5,003.9	5,286.1	5,568.7
Fiscal impact of School Modernization Act	-	(100.0)	(106.0)	(112.4)	(119.1)
Local Fund revenue, estimate of February 2006 with the fiscal impact of triggered tax reductions and expenditures	4,502.0	4,637.7	4,897.9	5,173.7	5,449.6
Gross additions to February 2006 estimate	43.0	64.2	61.4	60.9	52.7
Local Fund revenue, estimate of May 2006	4,545.0	4,701.9	4,959.3	5,234.6	5,502.3
Impact of tax reductions and expenditures triggered by May 2006 estimate	(8.4)	(0.3)	(0.3)	(0.4)	(0.4)
Total Local Fund revenue estimate net of triggered policy changes	4,536.6	4,701.6	4,959.0	5,234.2	5,501.9
Net change over February 2006 estimate after triggered changes	34.6	63.9	61.1	60.5	52.3

The revised revenue estimate triggers the following tax reductions and expenditures that were incorporated into the School Modernization Act:

Triggered Revenue Reductions (\$ millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
New Columbia Community Land Trust*	0.2	-	-	-	-
Parkside Terrace Economic Development	0.3	0.1	0.1	0.1	0.1
National Community Re-investment Coalition	0.4	0.2	0.2	0.3	0.3
Triangle Community Garden*	0.1	-	-	-	-
Total Revenue Reductions	0.9	0.3	0.3	0.3	0.4
Triggered Expenditures (\$ millions)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
February Revised Revenue Allocation for Child and Family Services, Way to Work, Department of Youth Rehabilitative Services, and Department of Corrections	7.5	-	-	-	-
OTR Administration of New Columbia Community Land Trust*	-	-	-	-	-
Total Triggered Expenditures	7.5	-	-	-	-
Grand Total	8.4	0.3	0.3	0.4	0.4

*Note that fiscal impacts for these items only appear to be zero due to rounding.

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 Kathleen Patterson (Ward 3)
 Councilmember Adrian Fenty (Ward 4)
 Councilmember Vincent Orange (Ward 5)
 Councilmember Sharon Ambrose (Ward 6)
 Councilmember Vincent Gray (Ward 7)
 Councilmember Marion Barry (Ward 8)
 Robert Bobb, Deputy Mayor and City Administrator
 Alfreda 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 2005 - FY 2010 Revenue Actuals, Estimates and Projections

(thousands of dollars)

Revenue Source	FY 2005 Actual	FY 2006 May-06 Revised Estimate	FY 2007 May-06 Revised Estimate	FY 2008 May-06 Proj.	FY 2009 May-06 Proj.	FY 2010 May-06 Proj.
Real Property	1,058,100	1,112,437	1,292,279	1,409,722	1,504,302	1,586,098
<i>Transfer to TIF</i>	-	(2,411)	(2,333)	(2,128)	(2,233)	(2,206)
Real Property (net)	1,058,100	1,110,026	1,289,946	1,407,594	1,502,069	1,583,892
Personal Property	72,068	64,175	64,900	65,835	66,974	67,644
<i>Transfer to Neighborhood Investment Fund</i>	(10,000)	(9,626)	(9,735)	(9,875)	(10,000)	(10,000)
Personal Property (net)	62,068	54,549	55,165	55,960	56,974	57,644
Public Space Rental	15,628	17,077	17,381	17,676	17,964	18,233
<i>Transfer to DDOT</i>	-	(17,077)	(17,381)	(17,676)	(17,964)	(18,233)
Total Property	1,135,796	1,164,575	1,345,111	1,463,554	1,559,043	1,641,536
General Sales	845,798	923,151	976,033	1,029,187	1,078,634	1,132,294
<i>Transfer to convention center</i>	(77,490)	(78,210)	(78,250)	(82,313)	(86,588)	(91,091)
<i>Transfer to TIF</i>	-	(11,044)	(10,617)	(9,733)	(9,628)	(9,653)
<i>Transfer to DDOT capital (parking tax)</i>	-	(30,000)	(30,300)	(30,603)	(30,909)	(30,909)
<i>Transfer to Ballpark Fund</i>	(8,547)	(11,348)	(12,500)	(19,808)	(18,596)	(18,301)
<i>Transfer to School Modernization Fund</i>	-	-	(100,000)	(106,000)	(112,360)	(119,102)
General Sales (net)	768,308	792,549	744,366	780,730	820,553	863,238
Alcohol	5,051	5,013	4,977	4,944	4,912	4,882
Cigarette	22,336	20,238	19,724	19,223	18,735	18,260
Motor Vehicle	42,380	44,359	46,431	48,599	50,869	53,245
Motor Fuel Tax	25,912	26,750	26,844	26,938	27,032	27,221
<i>Transfer to Highway Trust Fund</i>	(25,912)	(26,750)	(26,844)	(26,938)	(27,032)	(27,221)
Total Sales	838,075	862,159	815,498	853,496	895,069	939,625
Individual Income	1,160,074	1,218,705	1,218,743	1,286,202	1,363,215	1,445,051
Corp. Franchise	195,492	220,000	219,064	232,614	244,254	253,958
U. B. Franchise	116,866	126,999	138,264	151,915	166,561	182,511
Total Income	1,472,432	1,565,704	1,576,071	1,670,731	1,774,030	1,881,520
Public Utility	174,085	156,000	166,042	166,043	166,043	166,044
<i>Transfer to Ballpark Fund</i>	(8,046)	(9,184)	(9,303)	(9,424)	(9,546)	(9,546)
Public Utility (net)	166,039	146,816	156,739	156,619	156,497	156,498
Toll Telecommunications	55,485	54,607	54,612	54,721	54,742	54,760
<i>Transfer to Ballpark Fund</i>	(909)	(3,162)	(3,165)	(3,165)	(3,165)	(3,165)
Toll Telecommunications (net)	54,576	51,445	51,447	51,556	51,577	51,595
Insurance Premiums	48,888	51,600	53,000	45,000	45,000	45,000
Healthcare Provider Tax	-	8,000	11,000	11,000	11,000	11,000
<i>Transfer to Nursing Facility Quality of Care Fund</i>	-	(8,000)	(11,000)	(11,000)	(11,000)	(11,000)
Baseball gross receipts tax	16,207	14,000	14,000	14,000	14,000	14,000
<i>Transfer to Ballpark Fund</i>	(16,207)	(14,000)	(14,000)	(14,000)	(14,000)	(14,000)
Total Gross Rec.	269,503	249,861	261,186	253,175	253,074	253,093
Estate	29,257	21,420	20,072	19,352	18,657	18,652
Deed Recordation	190,048	187,351	187,726	197,394	215,021	236,029
<i>Transfer to HPTF</i>	(28,507)	(28,103)	(28,159)	(29,609)	(32,253)	(35,404)
Deed Recordation (net)	161,541	159,248	159,567	167,785	182,768	200,625
Deed Transfer	146,929	149,194	149,522	157,641	172,333	190,670
<i>Transfer to HPTF</i>	(22,039)	(22,379)	(22,428)	(23,646)	(25,850)	(28,601)
Deed Transfer (net)	124,890	126,815	127,094	133,995	146,483	162,070
Economic Interests	10,593	8,000	8,000	8,000	8,000	8,000
Total Other Taxes	326,281	315,483	314,733	329,132	355,908	389,346
TOTAL TAXES	4,042,087	4,157,782	4,312,599	4,570,088	4,837,124	5,105,120
Licenses & Permits	74,010	68,408	70,845	68,604	71,661	68,705
Fines & Forfeits	108,012	110,637	107,336	103,221	99,990	96,497
Charges for Services	51,344	50,513	53,218	52,460	54,161	54,175
Miscellaneous	119,061	85,668	85,878	92,853	99,524	105,718
TOTAL NON-TAX	352,427	315,226	317,277	317,138	325,336	325,095
Lottery/Interfund Transfer	71,450	72,000	72,100	72,100	72,100	72,100
TOTAL LOCAL FUND REVENUE	4,465,964	4,545,008	4,701,976	4,959,326	5,234,560	5,502,315

**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 act	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%	80.67 7.4%	86.11 6.7%	90.81 5.5%	95.45 5.1%	100.40 5.2%	105.30 4.9%
Real Gross State Product (billions of \$00)	60.31 3.2%	62.26 3.2%	63.59 2.1%	67.02 5.4%	70.42 5.1%	72.13 2.4%	73.75 2.2%	75.57 2.5%	77.80 3.0%	79.93 2.7%
Personal Income (\$ billion)	24.94 10.9%	25.76 3.3%	26.33 2.2%	27.80 5.6%	29.84 7.3%	31.62 6.0%	33.48 5.9%	35.35 5.6%	37.33 5.6%	39.38 5.5%
Real Personal Income (billions of \$2000)	24.53 8.5%	24.99 1.9%	25.06 0.3%	25.88 3.2%	27.01 4.4%	27.78 2.9%	28.57 2.8%	29.44 3.0%	30.43 3.4%	31.46 3.4%
Per Capita Income (\$)	43,810 11.2%	45,626 4.1%	47,213 3.5%	50,164 6.3%	54,209 8.1%	57,089 5.3%	60,038 5.2%	62,958 4.9%	66,008 4.8%	69,174 4.8%
Real Per Capita Income (\$2000)	43,090 8.7%	44,262 2.7%	44,935 1.5%	46,692 3.9%	49,065 5.1%	50,159 2.2%	51,242 2.2%	52,433 2.3%	53,820 2.6%	55,265 2.7%
Earnings of D.C. Residents (\$ billion)	17.91 14.6%	18.60 3.8%	19.10 2.7%	20.41 6.8%	22.10 8.3%	23.48 6.2%	24.74 5.4%	26.10 5.5%	27.48 5.3%	28.93 5.3%
Population ('000)	569.3 -0.3%	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)	248.9 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)	307.7 -0.5%	301.5 -2.0%	296.8 -1.6%	295.4 -0.5%	297.2 0.6%	296.1 -0.4%	298.1 0.7%	301.7 1.2%	303.8 0.7%	307.3 1.1%
At-Place Employment ('000)	654.4 1.4%	661.8 1.1%	665.9 0.6%	671.4 0.8%	679.7 1.2%	687.9 1.2%	695.3 1.1%	702.4 1.0%	709.1 1.0%	715.7 0.9%
Resident Employment ('000)	289.1 -0.8%	281.3 -2.7%	276.3 -1.8%	273.3 -1.1%	276.9 1.3%	279.6 1.0%	281.8 0.8%	285.1 1.2%	287.3 0.7%	290.5 1.1%
Unemployment Rate	6.0	6.7	6.9	7.5	6.8	5.6	5.5	5.5	5.5	5.5
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%	7.3%	5.8%	6.2%	6.6%	6.2%
Interest rate on 10-year Treasury notes (%)	5.2	4.8	3.9	4.3	4.2	4.8	5.2	5.3	5.3	5.3
Washington Area Consumer Prices: % change from prior year	2.9	2.2	3.0	2.5	3.9	3.3	2.5	2.4	2.4	2.4

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 2006) and Economy.com (March, 2006); on forecasts of the national economy prepared by the Congressional Budget Office (January 2006) and Blue Chip Economic Indicators (Apr. 2006); on BLS labor market information from Feb. 2006; on the 2000 Census and Census Bureau estimates of the 2005 D.C. population (December 2005); on Bureau of Economic Analysis estimates of D.C. Personal Income (Mar. 2006); and on D.C. Office of Planning information on housing construction activity (Spring 2005).