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

Natwar M. Gandhi
Chief Financial Officer

June 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 June 2011, revenue estimates for the FY 2011 – FY 2015 District of Columbia Budget and Financial Plan. The FY 2011 revenue is now estimated to be $5,176.5 million, $107.1 million more than the estimate that was certified in February 2011. For FY 2012, the estimated revenue has been revised upward by $77.2 million. Although the estimates for FY2011 and FY2012 are positive, recent economic news has increased uncertainty and will require close attention to the national economy and its impact on the District's finances. The table below compares the current revenue estimate to the previous estimate.

June 2011 Revenue Estimate Compared to Previous Estimate

Local Source, General Fund Revenue Estimate ($ millions)	Actual FY 2010	Estimate FY 2011	Estimate FY 2012	Projected FY 2013	Projected FY 2014	Projected FY 2015
February 2011 Revenue Estimate		**5,069.4**	**5,352.5**	**5,593.9**	**5,726.5**	**5,839.4**
Change from prior forecast		107.1	77.2	79.0	101.1	127.4
June 2011 Revenue Estimate	**5,076.4**	**5,176.5**	**5,429.7**	**5,672.8**	**5,827.5**	**5,966.8**
Percent growth over previous year	*0.5%*	*2.0%*	*4.9%*	*4.5%*	*2.7%*	*2.4%*

Overview

Since the February 2011 revenue certification, the U.S. and local economies have continued to recover from the recession. In the District, just as federal government employment began to level off, the private sector started adding jobs, though job growth may now be slowing. The commercial real estate sector remains a bright spot as the commercial office vacancy rate continues to decline. Wage growth has also increased, although the District's unemployment rate remains close to 10 percent. District revenue collections have benefited from the economic recovery so far and, bolstered by stronger than expected growth in real property and individual income tax receipts this spring, revenue collections for the current fiscal year are higher than forecasted in February.

Even as the economy continues to recover, a recent spate of bad economic news makes the prospects for further economic growth highly uncertain. In the first quarter of 2011 U.S. Gross Domestic Product (GDP) growth slowed to 1.8 percent, down from 3.1 percent in the previous quarter. On June 3 the Bureau of Labor Statistics reported that the U.S. economy added only 54,000 jobs, a dramatic slowdown from the previous months. And the national housing market is still struggling to recover from the bursting of the housing bubble nearly five years ago. The S & P 500 stock market index remains volatile: it has increased almost 13.5 percent in value in the last 12 months, but it has also declined 4.5 percent since the February 2011 estimate.

Some of the recent economic slowdown is due to temporary factors—a spike in oil prices due to the Middle East turmoil, disruption of supply chains due to the earthquake in Japan, and tornadoes in the southern U.S.—but the lackluster job market, the housing slump, and the unwinding of consumer debt threaten the recovery over the long term. The looming showdown between the Obama administration and the Congress over the debt ceiling, and the debt crisis in the Euro-zone add to the uncertainty. Still, the outlook for both the national and the District economies remains moderately positive even though uncertainty has not diminished.

Revenue Highlights

The improving economy combined with revenue-raising initiatives enacted by District policymakers are generating stronger than expected revenue growth. The revenues for the current fiscal year now appear to be growing from FY 2010 rather than contracting as thought in February. Local fund revenues are now projected to reach the FY 2008 peak in FY 2012 rather than FY 2013 as previously forecasted.

Real Property

Collections from FY 2011 first half billing—although down from FY 2010—have not fallen as much as previously forecasted. The stronger-than-expected collections for FY 2010 are the basis for revising upward the real property tax revenue in the current fiscal year and FY 2012. Still, the uncertainty of federal employment growth in the future poses a real risk to the District's commercial real property market and tax revenue beyond FY 2012.

Sales and Excise

Sales tax revenue has begun to recover from the recession and is forecasted to grow just over 4.0 percent annually, still below the trend, but reflecting a stronger economy. Sales tax collections are expected to return to the FY 2008 level by FY 2012.

Individual and Business Income

The individual income tax revenue estimate has been increased in FY 2011 because of the strong first quarter withholding collections and a stronger-than-expected recovery in the non-withholding portion. The projection for non-withholding, which includes estimated payments, final payments and refunds, assumes that the improved stock market's effect is muted to some extent by taxpayers continuing to offset gains with carry-forward losses. The non-withholding portion of the individual income tax is sensitive to the condition of capital markets; the debt ceiling debate and the Euro-zone debt crisis could significantly impact collections in FY 2012.

Deed Recordation and Deed Transfer

The revenue estimate for deed recordation and transfer taxes has been revised up to reflect the FY 2011 recovery in revenue collections. Increased commercial real property sales are driving the recovery as the District is seen as one of the best commercial office markets, not just in the nation, but in the world. In the first quarter of FY 2011, the number of sales of commercial properties, according to CoStar, a real property analysis firm, was 27 percent higher than the same quarter in FY 2010. Residential properties remain volatile though foreclosures have declined. Sales of homes valued greater than $1 million have been strong relative to homes valued less than $300,000.

National and Regional Economies

The recovery following the 2007-2009 recession has been slow when compared to previous recoveries. Real GDP has now registered seven quarters of positive growth, the most recent of which was the 1.8 percent growth in the quarter ending in March 2011. Because growth to this point has been strongly influenced by the national stimulus program and by inventory replenishment, the outlook for sustained recovery in the future remains uncertain. Recently published key economic indicators have been giving mixed signals:

- U.S. employment gained 952,000 jobs (0.7 percent) from May 2010 to May 2011. This was the slowest year-over-year gain in the preceding 4 months; employment remained 6.9 million (5.0 percent) lower than at the start of the recession.
- The U.S. unemployment rate (seasonally adjusted) rose to 9.1 percent in May from 9.0 percent in April; the labor force growth from April was more than twice as much as the growth in resident employment.
- Income is growing. The U.S. Bureau of Economic Analysis reported that U.S. Personal Income in the March quarter was 5.1 percent above a year ago, and wages were up 4.2 percent.
- The Blue Chip Economic Indicators outlook for the U.S. economy for FY 2011 and FY 2012 has weakened over the past four months, due, in part, to rising oil and other prices, lagging employment, and uncertainty in the international economy.

The District's economy is strongly influenced by its position as the central city of one of the best performing metropolitan areas in the country. During the U.S. recession, the entire region benefitted greatly from the presence of the federal government, which is the source of jobs from both direct federal hiring and contracts. Metropolitan area employment rebounded over the past few months and is now above last year's level, and about equal to 2009.

- In May, the region gained 23,600 (0.8 percent) wage and salary jobs compared to a year earlier as measured by the 3-month moving average; about 86 percent of the gain was in the private sector. Recent preliminary economic data shows growth in employment slowing down.
- In the 3-month period ending April 2011, resident employment in the region was 34,483 (1.2 percent) above a year earlier.
- Regional unemployment was 5.7 percent (not seasonally adjusted) in April 2011, down from 6.5 percent a year earlier. While the region's unemployment rate was the lowest among the nation's

major metropolitan areas, the District's unemployment rate remained high at 10.2 before seasonal adjustment.

The District's Economy

Economic indicators for the District continue to show signs of modest improvement, but there is still evidence to support a cautious outlook.

- Job growth in the District has slowed. In May there were just 1,100 (0.2 percent) more wage and salary jobs located in the District than a year earlier as measured by the 3-month moving average. The federal government gained 2,400 jobs (1.2 percent) over the past year, while the private sector lost 1,100 (-0.2 percent). Although overall private sector jobs were below that of the previous May, professional services, temporary employment services, and health showed gains.
- Employment growth is slowing in part because federal employment is no longer gaining (no change in level from January to May in the 3-month average).
- In the past few months District resident employment has declined and the unemployment rate has increased. District resident employment was 2,700 (-0.9 percent) less in May than a year earlier as measured by the year-over-year change in the 3-month moving average. The unemployment rate (seasonally adjusted) in May was 9.8 percent, up from 9.6 percent the previous month but down from 10.1 percent a year earlier. The seasonally unadjusted rate in May was 10.2 percent, up from 9.4 percent in May 2010.
- Wages earned in the District grew 5.1 percent in the December 2010 quarter compared to the same quarter a year ago. District Personal Income was 4.2 percent higher, the biggest percentage gain in 2 years.
- Single family home sales for May 2011 were down 8.7 percent from a year ago as measured by the 3-month moving total, and the average selling price was 10.3 percent higher. Condominium sales for that period were down 14 percent, with the average price 4.7 percent lower. The value of all home sales in May was 6.4 percent less than a year ago.
- In the quarter ending March, occupied office space rose by 4.2 percent from the prior year. At the same time, the commercial office vacancy rate fell from 9.0 percent (including sublet) in December to 8.4 percent in March. The March vacancy rate was well below the metropolitan area average of 12.0 percent. An additional 2.9 million square feet are expected to be added to inventory over the next 2 years, with the District's vacancy rate decreasing to 8.1 percent.
- In April, the average room-rate for hotels was 1.6 percent higher than for the same period a year earlier as measured by the 3-month moving average, while the number of hotel room-days sold was also up 1.6 percent. Revenues from room sales were up 3.2 percent.
- In April, employment in retail was down 3.9 percent, employment in accommodations was down 2.2 percent, and restaurant employment was down 2.1 percent as measured by the change from the prior year in the 3-month moving average.
- In May, Global Insight and Economy.com further reduced their FY 2011 and FY 2012 forecasts for wages earned in the District and wages of District residents. The forecasts have tended to become weaker over the past 4 months.

Economic Outlook

The pace of national recovery continued to improve throughout the winter but in the spring natural and political factors, both domestic and international, slowed the recovery's momentum.

- In May, the consensus of 50 economists contributing to the Blue Chip Economic Indicators forecast reduced their projection for FY 2011 and FY 2012. The May Blue Chip forecast for Real GDP growth in FY 2011 is 2.6 percent, and nominal growth is 4.2 percent. For FY 2012, the growth rates for real and nominal GDP growth are 3.1 percent and 5.0 percent respectively.
- In May, the Blue Chip Indicators significantly raised their estimate for inflation and interest rates for FY 2011 and FY 2012. The Consumer Price Index will increase 2.6 percent in FY 2011 and 2.5 percent in FY 2012. The interest rate on 10-year Treasury securities is virtually unchanged from the February forecast and expected to grow, on average, 3.4 percent in FY 2011 and 4.1 percent in FY 2012.

In brief, the outlook for the District for FY 2011 and FY 2012 includes:

- Employment gains of 8,100 (1.1 percent) in FY 2011 and 5,700 (0.8 percent) in FY 2012.
- Unemployment rate of 9.5 percent in FY 2011 and 9.1 percent in FY 2012.
- Growth of wages and salaries earned in the District of 4.5 percent in FY 2011 and 4.2 percent in FY 2012.
- Growth of wages and salaries of District residents of 4.8 percent in FY 2011 and 5.3 percent in FY 2012.
- Growth of personal income of 4.8 percent in FY 2011 and 5.5 percent in FY 2012.
- The S & P 500 stock index is forecast to increase 2.5 percent from the fourth quarter of 2010 to the fourth quarter of 2011, then increase another 7.2 percent to the fourth quarter of 2012.

Risks and Uncertainties

The outlook for the U.S. economy continues to be uncertain. Downside risks include the possibility of a slowing or reversal of national economic growth as the current economic stimulus ends, further financial market problems that might arise when the Federal Reserve starts tightening monetary policy, the battle over the debt ceiling, and the Euro-zone debt crisis. Further disruptions to oil supplies could also slow economic growth.

- The federal government has been the underpinning of employment and real estate in the past several years. The growth in federal employment appears to have about ended and may soon reverse. Wages are already frozen and other cuts may be coming which will have an impact on the District's economy, both directly through employment and indirectly through the spending of federal workers and contractors.
- Another concern is there were fewer lawyers working in the District in April 2011 than last year and fewer than 3 years ago when the recession began. Law firms are key tenants in the commercial office market that is supporting the commercial property values and contributing the most to the increase in deed taxes. Unless this sector rebounds, it is not clear who will occupy new office space.
- The current stalemate on increasing the debt ceiling by Congress and the ongoing debt crisis in Europe could have significant ramifications on the economy in general and credit markets in particular. When credit markets froze in 2008, the District's deed tax revenue, which has offset

declines in other revenues in this and the February revisions, dropped 33 percent from FY 2008 to FY 2009.

- The extent to which, and when, improvements in the national economy's profitability translate into substantial District revenue increases in business taxes and the capital gains segment of the individual income tax remains uncertain. A solid revenue recovery requires that these taxes once again contribute to revenue growth, therefore, the recent stock market weakness is particularly worrisome.

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: June 2011

(thousands of dollars)

	Actual	Estimate		Out year projections		
Revenue Source	**FY10**	**FY11**	**FY12**	**FY13**	**FY14**	**FY15**
Real Property	1,821,459	1,681,000	1,805,000	1,923,172	2,005,878	2,067,844
Transfer to TIF/Pilot/CBF	(11,145)	(24,239)	(33,902)	(38,335)	(54,445)	(59,324)
Real Property (net)	1,810,314	1,656,761	1,771,098	1,884,837	1,951,433	2,008,520
Personal Property	52,032	52,188	52,642	53,169	54,120	55,088
Transfer to Neighborhood Investment Fund	(2,588)	(3,190)	(3,190)	(3,190)	(6,390)	(10,000)
Personal Property (net)	49,444	48,998	49,452	49,979	47,730	45,088
Public Space Rental	34,264	33,168	33,456	33,791	34,129	34,470
Transfer to DDOT	(34,264)	(33,168)	-	-	-	-
Public Space Rental (net)	-	-	33,456	33,791	34,129	34,470
Total Property (net)	**1,859,758**	**1,705,759**	**1,854,006**	**1,968,607**	**2,033,292**	**2,088,078**
General Sales	976,690	1,013,804	1,070,308	1,106,394	1,156,153	1,208,254
Transfer to convention center	(94,360)	(96,844)	(100,718)	(104,746)	(108,936)	(113,294)
Transfer to TIF/CBF	(22,995)	(36,515)	(31,564)	(36,518)	(54,425)	(43,302)
Transfer to DDOT (parking tax)	(28,374)	(29,573)	-	-	-	-
Transfer to Ballpark Fund	(9,977)	(9,966)	(10,447)	(10,638)	(11,041)	(11,391)
Transfer to Healthy DC Fund	-	(27)	(53)	(107)	(214)	(214)
Transfer to WMATA	-	-	(40,403)	(40,955)	(42,122)	(43,134)
General Sales (net)	820,984	840,880	887,123	913,429	939,415	996,919
Alcohol	5,717	5,605	5,662	5,637	5,613	5,591
Cigarette	33,394	32,392	31,970	31,553	31,142	30,736
Motor Vehicle	37,749	35,725	36,439	37,169	37,911	38,670
Motor Fuel Tax	22,180	21,500	20,640	19,814	19,022	19,022
Transfer to Highway Trust Fund	(22,180)	(21,500)	(20,640)	(19,814)	(19,022)	(19,022)
Total Sales (net)	**897,844**	**914,602**	**961,194**	**987,788**	**1,014,082**	**1,071,916**
Individual Income	1,110,444	1,215,277	1,298,640	1,360,309	1,402,879	1,452,180
Corp. Franchise	207,292	222,276	232,606	237,793	244,030	253,551
U. B. Franchise	116,395	121,648	125,527	133,059	141,042	149,505
Total Income	**1,434,131**	**1,559,201**	**1,656,773**	**1,731,161**	**1,787,951**	**1,855,236**
Public Utility	149,877	150,184	150,453	150,690	150,898	151,080
Transfer to Ballpark Fund	(10,301)	(10,061)	(10,078)	(10,092)	(10,105)	(10,116)
Public Utility (net)	139,576	140,123	140,375	140,598	140,793	140,964
Toll Telecommunications	62,826	62,853	62,873	62,887	62,897	62,905
Transfer to Ballpark Fund	(1,923)	(2,219)	(2,220)	(2,220)	(2,221)	(2,221)
Toll Telecommunications (net)	60,903	60,634	60,653	60,667	60,676	60,684
Insurance Premiums	68,740	71,267	75,024	75,024	75,024	75,024
Transfer to Healthy DC Fund	(24,304)	(24,316)	(25,000)	(25,000)	(25,000)	(25,000)
Insurance Premiums (net)	44,436	46,951	50,024	50,024	50,024	50,024
Healthcare Provider Tax	12,423	12,000	12,000	12,000	12,000	12,000
Transfer to Nursing Facility Quality of Care Fund	(12,423)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
Healthcare Provider Tax (net)	(0)	-	-	-	-	-
Ballpark fee	23,712	22,500	22,800	23,300	23,800	24,300
Transfer to Ballpark Fund	(23,712)	(22,500)	(22,800)	(23,300)	(23,800)	(24,300)
Hospital Bed Tax	-	8,390	8,390	8,390	8,390	8,390
Transfer to Hospital Fund	-	(8,390)	(8,390)	(8,390)	(8,390)	(8,390)
ICF-MR Assessment	-	2,000	2,000	2,000	2,000	2,000
Transfer to Stevie Sellows	-	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
HSC Contribution	5,000	5,000	5,000	5,000	5,000	5,000
Transfer to Healthy DC Fund	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)
Total Gross Receipts (net)	**244,915**	**247,708**	**251,052**	**251,289**	**251,493**	**251,672**
Estate	39,341	53,000	35,000	35,000	35,000	35,000
Deed Recordation	113,198	146,977	147,712	154,123	160,303	166,379
Transfer to HPTF	(16,423)	(22,047)	(22,157)	(23,118)	(24,045)	(24,957)
Deed Recordation (net)	96,775	124,930	125,555	131,004	136,257	141,422
Deed Transfer	94,202	130,306	130,958	139,587	147,997	156,759
Transfer to HPTF	(13,735)	(19,546)	(19,644)	(20,938)	(22,200)	(23,514)
Deed Transfer (net)	80,467	110,760	111,314	118,649	125,798	133,245
Economic Interests	18,218	10,000	10,000	10,000	10,000	10,000
Total Other Taxes (net)	**234,801**	**298,691**	**281,869**	**294,653**	**307,055**	**319,667**
TOTAL TAXES NET OF DEDICATED TAXES	**4,671,449**	**4,725,960**	**5,004,895**	**5,233,498**	**5,393,873**	**5,586,569**
Licenses & Permits	60,852	59,735	58,699	59,547	56,853	57,859
Fines & Forfeits	111,488	131,261	138,236	141,812	139,984	138,248
Charges for Services	46,125	51,505	47,869	48,950	47,278	48,411
Miscellaneous	119,743	123,939	99,941	100,660	97,907	60,394
TOTAL NON-TAX	**338,208**	**366,440**	**344,745**	**350,969**	**342,022**	**304,912**
Lottery	66,750	63,257	69,415	71,586	73,675	75,349
Interfund Transfer	-	20,889	10,636	16,797	17,934	-
TOTAL REVENUE NET OF DEDICATED TAX	**5,076,407**	**5,176,546**	**5,429,690**	**5,672,850**	**5,827,504**	**5,966,831**

FY 2010 - FY 2015 Revenue Actuals, Estimates and Projections: June 2011
(percent change from prior year)

Revenue Source	Actual	Estimate		Out year projections		
	FY10	FY11	FY12	FY13	FY14	FY15
Real Property	-0.1%	-7.7%	7.4%	6.5%	4.3%	3.1%
Transfer to TIF/Pilot/CBF	-37.8%	117.5%	39.9%	13.1%	42.0%	9.0%
Real Property (net)	0.3%	-8.5%	6.9%	6.4%	3.5%	2.9%
Personal Property	-24.8%	0.3%	0.9%	1.0%	1.8%	1.8%
Transfer to Neighborhood Investment Fund	-74.1%	23.3%	0.0%	0.0%	100.3%	56.5%
Personal Property (net)	-16.4%	-0.9%	0.9%	1.1%	-4.5%	-5.5%
Public Space Rental	5.1%	-3.2%	0.9%	1.0%	1.0%	1.0%
Transfer to DDOT	5.1%	-3.2%	-100.0%			
Public Space Rental (net)				1.0%	1.0%	1.0%
Total Property (net)	**-0.2%**	**-8.3%**	**8.7%**	**6.2%**	**3.3%**	**2.7%**
General Sales	0.3%	3.8%	5.6%	3.4%	4.5%	4.5%
Transfer to convention center	3.1%	2.6%	4.0%	4.0%	4.0%	4.0%
Transfer to TIF/CBF	26.9%	58.8%	-13.6%	15.7%	49.0%	-20.4%
Transfer to DDOT (parking tax)	19.4%	4.2%	-100.0%			
Transfer to Ballpark Fund	5.8%	-0.1%	4.8%	1.8%	3.8%	3.2%
Transfer to Healthy DC Fund			100.0%	100.0%	100.0%	0.0%
Transfer to WMATA						
General Sales (net)	13.3%	2.4%	5.5%	3.0%	2.8%	6.1%
Alcohol	6.1%	-2.0%	1.0%	-0.4%	-0.4%	-0.4%
Cigarette	-11.2%	-3.0%	-1.3%	-1.3%	-1.3%	-1.3%
Motor Vehicle	17.6%	-5.4%	2.0%	2.0%	2.0%	2.0%
Motor Fuel Tax	-6.9%	-3.1%	-4.0%	-4.0%	-4.0%	0.0%
Transfer to Highway Trust Fund	-6.9%	-3.1%	-4.0%	-4.0%	-4.0%	0.0%
Total Sales (net)	**12.3%**	**1.9%**	**5.1%**	**2.8%**	**2.7%**	**5.7%**
Individual Income	-2.2%	9.4%	6.9%	4.7%	3.1%	3.5%
Corp. Franchise	-6.6%	7.2%	4.6%	2.2%	2.6%	3.9%
U. B. Franchise	-3.2%	4.5%	3.2%	6.0%	6.0%	6.0%
Total Income	**-3.0%**	**8.7%**	**6.3%**	**4.5%**	**3.3%**	**3.8%**
Public Utility	-0.8%	0.2%	0.2%	0.2%	0.1%	0.1%
Transfer to Ballpark Fund	2.1%	-2.3%	0.2%	0.1%	0.1%	0.1%
Public Utility (net)	-1.0%	0.4%	0.2%	0.2%	0.1%	0.1%
Toll Telecommunications	-5.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Transfer to Ballpark Fund	-34.8%	15.4%	0.0%	0.0%	0.0%	0.0%
Toll Telecommunications (net)	-4.3%	-0.4%	0.0%	0.0%	0.0%	0.0%
Insurance Premiums	19.7%	3.7%	5.3%	0.0%	0.0%	0.0%
Transfer to Healthy DC Fund	160.9%	0.0%	2.8%	0.0%	0.0%	0.0%
Insurance Premiums (net)	-8.9%	5.7%	6.5%	0.0%	0.0%	0.0%
Healthcare Provider Tax	2.8%	-3.4%	0.0%	0.0%	0.0%	0.0%
Transfer to Nursing Facility Quality of Care Fund	2.8%	-3.4%	0.0%	0.0%	0.0%	0.0%
Healthcare Provider Tax (net)						
Ballpark fee	-15.9%	-5.1%	1.3%	2.2%	2.1%	2.1%
Transfer to Ballpark Fund	-15.9%	-5.1%	1.3%	2.2%	2.1%	2.1%
Hospital Bed Tax			0.0%	0.0%	0.0%	0.0%
Transfer to Hospital Fund			0.0%	0.0%	0.0%	0.0%
ICF-MR Assessment			0.0%	0.0%	0.0%	0.0%
Transfer to Stevie Sellows			0.0%	0.0%	0.0%	0.0%
HSC Contribution		0.0%	0.0%	0.0%	0.0%	0.0%
Transfer to Healthy DC Fund		0.0%	0.0%	0.0%	0.0%	0.0%
Total Gross Receipts (net)	**-3.3%**	**1.1%**	**1.4%**	**0.1%**	**0.1%**	**0.1%**
Estate	-47.2%	34.7%	-34.0%	0.0%	0.0%	0.0%
Deed Recordation	12.3%	29.8%	0.5%	4.3%	4.0%	3.8%
Transfer to HPTF	2.9%	34.2%	0.5%	4.3%	4.0%	3.8%
Deed Recordation (net)	14.1%	29.1%	0.5%	4.3%	4.0%	3.8%
Deed Transfer	20.4%	38.3%	0.5%	6.6%	6.0%	5.9%
Transfer to HPTF	11.8%	42.3%	0.5%	6.6%	6.0%	5.9%
Deed Transfer (net)	22.0%	37.6%	0.5%	6.6%	6.0%	5.9%
Economic Interests	117.5%	-45.1%	0.0%	0.0%	0.0%	0.0%
Total Other Taxes (net)	**-0.5%**	**27.2%**	**-5.6%**	**4.5%**	**4.2%**	**4.1%**
TOTAL TAXES NET OF DEDICATED TAXES	**0.9%**	**1.2%**	**5.9%**	**4.6%**	**3.1%**	**3.6%**
Licenses & Permits	-7.7%	-1.8%	-1.7%	1.4%	-4.5%	1.8%
Fines & Forfeits	9.9%	17.7%	5.3%	2.6%	-1.3%	-1.2%
Charges for Services	4.6%	11.7%	-7.1%	2.3%	-3.4%	2.4%
Miscellaneous	-15.5%	3.5%	-19.4%	0.7%	-2.7%	-38.3%
TOTAL NON-TAX	**-4.2%**	**8.3%**	**-5.9%**	**1.8%**	**-2.5%**	**-10.9%**
Lottery	-2.9%	-5.2%	9.7%	3.1%	2.9%	2.3%
Interfund Transfer						
TOTAL REVENUE NET OF DEDICATED TAXES	**0.5%**	**2.0%**	**4.9%**	**4.5%**	**2.7%**	**2.4%**

Estimated Key Variables for the D.C. Economy for the Forecast Period FY 2006 through FY 2015

Fiscal Years	2006 act	2007 act	2008 act	2009 act	2010 act	**2011 est**	**2012 est**	**2013 est**	**2014 est**	**2015 est**
Gross State Product ($ billion)	86.23	90.90	96.21	97.83	103.86	**108.11**	**110.68**	**115.26**	**120.84**	**126.44**
	5.4%	*5.4%*	*5.8%*	*1.7%*	*6.2%*	***4.1%***	***2.4%***	***4.1%***	***4.8%***	***4.6%***
Real Gross State Product (billions of $2000)	83.79	85.12	87.73	87.12	90.88	**92.97**	**93.97**	**95.84**	**97.93**	**99.69**
	1.6%	*1.6%*	*3.1%*	*-0.7%*	*4.3%*	***2.3%***	***1.1%***	***2.0%***	***2.2%***	***1.8%***
Personal Income ($ billion)	34.07	36.82	39.95	41.15	42.31	**44.33**	**46.76**	**49.42**	**52.30**	**55.14**
	8.2%	*8.1%*	*8.5%*	*3.0%*	*2.8%*	***4.8%***	***5.5%***	***5.7%***	***5.8%***	***5.4%***
Real Personal Income (billions of $2000)	33.31	35.17	36.78	37.81	38.18	**39.12**	**40.32**	**41.88**	**43.29**	**44.50**
	4.9%	*5.6%*	*4.6%*	*2.8%*	*1.0%*	***2.4%***	***3.1%***	***3.9%***	***3.4%***	***2.8%***
Per Capita Income ($)	58,624	63,145	68,123	69,244	70,202	**72,750**	**76,081**	**79,863**	**84,037**	**88,196**
	7.9%	*7.7%*	*7.9%*	*1.6%*	*1.4%*	***3.6%***	***4.6%***	***5.0%***	***5.2%***	***4.9%***
Real Per Capita Income ($2000)	57,318	60,327	62,719	63,611	63,355	**64,198**	**65,605**	**67,681**	**69,558**	**71,175**
	4.7%	*5.2%*	*4.0%*	*1.4%*	*-0.4%*	***1.3%***	***2.2%***	***3.2%***	***2.8%***	***2.3%***
Wages earned in D.C. ($ billion)	48.95	51.80	54.28	55.46	57.55	**60.16**	**62.71**	**65.42**	**68.24**	**71.20**
	5.5%	*5.8%*	*4.8%*	*2.2%*	*3.8%*	***4.5%***	***4.2%***	***4.3%***	***4.3%***	***4.3%***
Wages earned by D.C. residents ($ billion	17.9	19.3	20.6	21.1	21.8	**22.8**	**24.0**	**25.3**	**26.5**	**27.8**
	7.6%	*8.0%*	*6.6%*	*2.3%*	*3.0%*	***4.8%***	***5.3%***	***5.5%***	***4.7%***	***4.9%***
Population ('000)	581.1	583.1	586.4	594.3	602.7	**609.3**	**614.6**	**618.8**	**622.3**	**625.2**
	0.3%	*0.3%*	*0.6%*	*1.4%*	*1.4%*	***1.1%***	***0.9%***	***0.7%***	***0.6%***	***0.5%***
Households ('000)	260.1	262.5	263.4	264.4	266.9	**268.7**	**271.3**	**273.7**	**275.8**	**277.7**
	1.3%	*0.9%*	*0.3%*	*0.4%*	*0.9%*	***0.7%***	***0.9%***	***0.9%***	***0.8%***	***0.7%***
Civilian Labor Force ('000)	320.7	327.0	334.3	332.3	334.0	**333.7**	**337.5**	**341.9**	**344.7**	**346.9**
	0.6%	*2.0%*	*2.2%*	*-0.6%*	*0.5%*	***-0.1%***	***1.1%***	***1.3%***	***0.8%***	***0.6%***
At-Place Employment ('000)	686.5	691.6	702.8	701.4	708.2	**716.3**	**722.1**	**728.8**	**737.2**	**745.3**
	0.9%	*0.7%*	*1.6%*	*-0.2%*	*1.0%*	***1.1%***	***0.8%***	***0.9%***	***1.1%***	***1.1%***
Resident Employment ('000)	302.0	309.2	314.1	302.7	300.4	**301.8**	**307.0**	**313.4**	**317.6**	**322.7**
	1.8%	*2.4%*	*1.6%*	*-3.6%*	*-0.8%*	***0.5%***	***1.7%***	***2.1%***	***1.3%***	***1.6%***
Unemployment Rate	5.8	5.4	6.0	8.9	10.1	**9.5**	**9.1**	**8.3**	**7.9**	**7.0**
Housing Starts	977	1,245	915	525	699	**1,874**	**1,206**	**1,458**	**1,625**	**1,929**
Housing Stock ('000)	282.0	284.1	288.9	292.8	295.9	**297.6**	**299.4**	**300.9**	**302.4**	**304.0**
	1.4%	*0.7%*	*1.7%*	*1.4%*	*1.1%*	***0.6%***	***0.6%***	***0.5%***	***0.5%***	***0.5%***
Home sales	10,800	9,800	7,500	7,400	9,300	**8,649**	**9,130**	**9,713**	**9,832**	**10,074**
	-16.3%	*-9.3%*	*-23.5%*	*-1.3%*	*25.7%*	***-7.0%***	***5.6%***	***6.4%***	***1.2%***	***2.5%***
Average home sale price ('000)	572.2	608.1	595.6	579.6	576.7	**595.2**	**627.9**	**663.7**	**702.3**	**740.4**
	7.2%	*6.3%*	*-2.1%*	*-2.7%*	*-0.5%*	***3.2%***	***5.5%***	***5.7%***	***5.8%***	***5.4%***
Change in S & P 500 Index of Common Stock*	12.9%	7.5%	-39.1%	19.7%	10.6%	**2.5%**	**7.2%**	**2.8%**	**3.4%**	**4.4%**
Interest rate on 10-year Treasury notes (%)	4.8	4.7	3.9	3.2	3.4	**3.3**	**3.7**	**4.5**	**4.7**	**5.4**
Washington Area Consumer Prices: % change from prior	3.8	2.5	5.0	0.4	2.1	**2.8**	**2.4**	**2.2**	**2.5**	**2.5**

** 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 (May 2011) and Economy.com (May 2011); forecasts of the national economy prepared by the Congressional Budget Office (January 2011) and Blue Chip Economic Indicators (May 2011); BLS labor market information from April 2011; the Census Bureau estimates of the D.C. population (2010 Census);Bureau of Economic Analysis estimates of D.C. Personal Income (December 2010); Metropolitan Regional Information System (MRIS) D.C. home sales data (April 2011), accessed through the Greater Capital Area Association of Realtors (GCAAR); Delta Associates information on commercial office buildings and residential property in D.C. (March 2011); and Reis information on apartment buildings in D.C.(March 2011).