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

Natwar M. Gandhi
Chief Financial Officer

September 16, 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 September 2011, revenue estimates for the FY 2011 – FY 2015 District of Columbia Budget and Financial Plan. Fiscal Year 2011 is on track to finish ahead of the June estimate by $89 million. There is no significant change to the revenue estimate for FY 2012 because stronger than expected real property tax revenue offsets estimated shortfalls in sales and income tax revenue. For FY 2013 and beyond, when growth in the real property tax revenue is expected to slow, revenue is forecasted to be less than estimated in June. Recent economic developments, especially those relating to the Euro-zone debt crisis and the U.S. long-term fiscal stability, have increased uncertainty. We will continue to pay 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.

September 2011 Revenue Estimate Compared to Previous Estimate

	Actual	Estimate		Projected		
Local Source, General Fund Revenue Estimate ($ millions)	**FY 2010**	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**
June 2011 Forecast		**5,176.5**	**5,429.7**	**5,672.9**	**5,827.5**	**5,966.8**
Legislative Adjustments		(1.2)	197.3	153.6	178.5	206.1
Adjusted June 2011 Forecast		**5,175.3**	**5,627.0**	**5,826.4**	**6,006.0**	**6,172.9**
Change from prior forecast		89.1	0.9	(52.6)	(57.7)	(38.9)
September 2011 Revenue Estimate	**5,076.4**	**5,264.4**	**5,627.9**	**5,773.8**	**5,948.3**	**6,134.1**
Percent growth over previous year	*0.5%*	*3.7%*	*6.9%*	*2.6%*	*3.0%*	*3.1%*
iGaming Revenue		-	0.0	2.2	4.4	6.5
Revenue without iGaming		**5,264.4**	**5,627.9**	**5,771.6**	**5,943.9**	**6,127.6**

Please note that this revenue estimate assumes that several technical amendments that were part of D.C. Bill 19-407, which was not signed by the Mayor, will be included in new legislation and enacted.

Overview

Since the June 2011 revenue certification, recovery from the national recession has faltered, and the District of Columbia's labor market has lost ground. In July, fewer persons were employed in the District and fewer District residents were working than a year earlier. The commercial real estate sector remains a bright spot, although the commercial office vacancy rate increased slightly in the June quarter. While wage growth has increased, the District's unemployment rate rose to 10.8 percent in July, a full percentage point higher than a year earlier and the highest rate since the U.S. recession began in December 2007. District revenue collections have benefited from the economic recovery so far. Bolstered by stronger-than-expected growth in real property, deed, and individual income tax receipts this spring, revenue collections for the current fiscal year are higher than forecasted in June.

However, the lackluster job market, the national housing slump, the unwinding of consumer debt, and cutbacks in state and local spending threaten the recovery in the short to medium term. Recommendations on cutbacks in federal spending from the recently created Congressional super-committee, and how the current Euro-zone debt crisis unfolds over the next few months, are critical to the economic outlook for both the national and District economies. Still, the current revenue estimate does not assume a double-dip recession, and the outlook for the District, although less optimistic than in June, remains mildly positive.

Revenue Highlights

Revenues for the current fiscal year have been revised upward to reflect projections from 10 months of cash collection data. There is little change in the revenue estimate for FY 2012 because stronger than expected real property tax revenue almost exactly offsets estimated shortfalls in sales and income tax revenue. For FY 2013 through FY 2015, revenue is projected to be less than estimated in June because real property tax growth is not expected to be strong enough to offset slower projected growth in other revenue sources.

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 2011 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 and the fiscal instability in Europe pose real risks to the District's commercial real property market and tax revenue beyond FY 2012. As the European Union continues to struggle with its debt crises, the European banking system remains under great risk. Any banking sector failure in Europe is sure to be quickly transmitted to the U.S. financial sector, and hurt the demand for commercial real property in the District from institutional investors, which will immediately impact deed taxes.

Sales and Excise

Sales tax revenue had begun to recover from the recession but has slowed again in the last few months because of the weakening economy. Base revenue before changes in legislation is expected to grow only 2.4 percent in FY 2012.

Individual and Business Income

The individual income tax revenue estimate has been increased in FY 2011 because of the strong withholding collections fiscal year to date and a stronger-than-expected recovery in the non-withholding portion (this past April, in contrast to the Aprils of the previous two years, there was a positive "April surprise" from final individual income tax payments). But the non-withholding portion of the individual income tax is sensitive to the condition of capital markets and the Euro-zone debt crisis could significantly impact collections in FY 2012.

Deed Recordation and Deed Transfer

Increased commercial real property sales are driving the recovery as the District is seen as one of the best commercial office markets in the world. As a result of this increased activity, the revenue estimate for deed recordation and transfer taxes has been revised upward to reflect the FY 2011 recovery in revenue collections. While we expect the District's commercial real estate market to remain relatively strong, we expect revenue growth to slow in FY 2012.

iGaming

The current revenue estimate has been updated to reflect the delayed implementation of iGaming—the revenue impact has been shifted out one year later.

National and Regional Economies

The national economic recovery following the 2007 recession has been slow compared to previous recoveries. Although real GDP has now registered eight quarters of positive growth, it is still below the pre-recession peak, and the annual rate of growth in the April-June quarter was just 1.0 percent. The national stimulus program and other public sector spending contributed to economic recovery to this point, but are much less of a factor going forward. The outlook for sustained recovery in the future remains uncertain. Key economic indicators and forecasts have been giving signals that, for the most part, are less favorable than those of several months ago.

- U.S. employment recorded no net gain in jobs from August 2010 to August 2011. Employment remained 6.9 million (5.0 percent) lower than at the start of the recession.
- The U.S. unemployment rate (seasonally adjusted) was 9.1 percent in August, the same percentage as July.
- U.S. Personal Income in the June quarter was 5.4 percent above a year ago, and wages were up 4.0 percent.
- The S & P 500 stock market index, which had been gaining ground for most of the past 9 months, faltered in August. The average for the month of August fell 10.6 percent from July, and was about the same level as the fall of 2010.

- Inflation has picked up over the past 6 months. July prices were 3.6 percent above a year ago.
- The Blue Chip Economic Indicators outlook for the U.S. economy for FY 2011 and FY 2012 has continually weakened over the past eight months, due in part to weakening employment, and uncertainty in the international economy. The August Blue Chip forecast for Real GDP growth in FY 2011 is 2.1 percent, and nominal growth is 4.1 percent. For FY 2012, the growth rates for real and nominal GDP growth are 2.2 percent and 4.2 percent respectively.

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 benefited greatly from the presence of the federal government, which is the source of jobs from both direct federal hiring and contracts. Although it has rebounded much more than employment at the national level, employment in the Washington metropolitan area in July was still below the level of three years ago.

- In July, the Washington metro area lost 3,733 (0.1 percent) wage and salary jobs compared to a year earlier as measured by the 3-month moving average. This is the first year-over-year decline in this measure in 13 months.
- In the 3-month period ending July 2011, resident employment in the region was 16,400 (0.6 percent) above a year earlier, the smallest year-over-year increase in 9 months.
- Regional unemployment was 6.0 percent (not seasonally adjusted) in July 2011, down from 6.3 percent a year earlier. The region's unemployment rate was the lowest among the nation's major metropolitan areas.

The District's Economy

Although some indicators for the District continue to show signs of modest improvement, the labor market has weakened in the last few months.

- Job growth in D.C. has turned negative. In July there were 4,100 (0.6 percent) fewer wage and salary jobs located in D.C. than a year earlier as measured by the 3-month moving average. The federal government gained just 200 jobs (0.1 percent) over the past year, while the private sector lost 1,500 jobs (0.3 percent). Although the private sector as a whole was below July 2010, professional services, temporary employment services, and education and health showed some gains.
- In the past few months D.C. resident employment has declined and the unemployment rate has increased. D.C. resident employment in July was 5,851 (1.9 percent) less than a year earlier as measured by the year-to-year change in the 3-month moving average. The unemployment rate (seasonally adjusted) in July was 10.8 percent, up from 10.4 percent the previous month and up from 9.8 percent a year earlier. The July unemployment rate was higher than at any time during the U.S. recession which began in December 2007.
- Wages earned in the District grew 3.1 percent in the March 2011 quarter compared to the same quarter a year ago. Wages earned by D.C. residents were up a little more—3.6 percent. D.C. Personal Income was 4.3 percent higher, the biggest percentage year-over-year gain in 2 years.

- Single family sales for July 2011 were down 5.7 percent from a year ago as measured by the 3-month moving total, and the average selling price was 11.9 percent higher. Condominium sales in that period were down 12.7 percent, with the average price 0.3 percent higher. The value of all home sales in July was 0.6 percent less than a year ago.
- In the quarter ending July, occupied office space rose by 2.8 percent from the prior year. At the same time, the commercial office vacancy rate rose from 8.4 percent (including sublet) in March to 8.6 percent in June. The June vacancy rate was well below the metropolitan area average of 12.1 percent. An additional 3.0 million square feet are expected to be added to inventory over the next 2 years, with the District's vacancy rate decreasing to 8.4 percent.
- In June, the average room-rate for hotels was 2.7 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 down 0.2 percent. Revenues from room sales were up 2.5 percent.
- In July, employment in retail was down 7.0 percent, employment in accommodations was down 3.2 percent, and restaurant employment was down 2.3 percent as measured by change from the prior year in the 3-month moving average.
- In August, Global Insight and Economy.com further reduced their FY 2011 and FY 2012 forecasts for D.C. employment, wages earned in D.C., and wages of D.C. residents. The forecasts have tended to become weaker over the past 4 months.

D.C. Economic Outlook.

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

- Employment gains of 4,100 (0.6 percent) in FY 2012 and 3,000 (0.4 percent) in FY 2013.
- Unemployment rate of 9.9 percent in FY 2012 and 9.6 percent in FY 2013.
- Growth of wages and salaries earned in the District of 2.8 percent in FY 2012 and 2.7 percent in FY 2013.
- Growth of wages and salaries of District residents of 2.9 percent in FY 2012 and 3.6 percent in FY 2013.
- Growth of personal income of 3.6 percent in FY 2012 and 3.8 percent in FY 2013.
- The S & P 500 stock index is forecast to decrease 13.2 percent from the fourth quarter of 2010 to the fourth quarter of 2011, then increase 7.1 percent to the fourth quarter of 2012.

Risks and Uncertainties

The weakening outlook for the U.S. economy continues to be a source of great uncertainty. While the national economy has so far escaped the double-dip recession, it is still facing the headwinds of sluggish job growth, and the uncertainty in the financial markets stemming from Europe's debt crises. Thus, the downside risk of a reversal of national economic growth is still very real. The recent sharp decline in the stock market reflects deteriorating economic conditions in the U.S. as well as other factors such as the Euro-zone debt problems and slowing economic growth in many countries. Possible disruptions to oil supplies and other impacts arising from the current political turmoil in the Middle East add to uncertainty, as does the continuing possibility of national security events.

- The federal government has been the underpinning of employment and real estate in the District of Columbia in the past several years. The growth in federal employment appears to

have ended and may soon reverse. Wages are already frozen and other cuts may be coming. How vulnerable D.C. is to this scaling back represents a considerable risk to the economy.

- Real property tax revenues have been one bright spot that have so far offset declines in sales and income tax revenues in the District. However, as we have seen since 2008, the real property market is very sensitive to financial sector disruptions. The credit freeze after the collapse of Lehman Brothers had an immediate impact on the property markets and we are concerned a major failure in Europe may have a similar outcome. Further, the weakness in private sector employment warns of diminishing demand for office space, particularly in developments on the Waterfront and in NoMa.

- There are few gains in some of the higher wage portions of the District's private sector. For example, although more professional and technical employees were working in D.C. in July than a year ago, the level of employment remains below what it was before the recession began in December 2007.

- The slow-down in D.C. employment and rising unemployment that have occurred since the spring indicate that the District economy has lost momentum. Is this just a temporary pause? It is not clear which sectors will lead the economy if federal employment stops growing.

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

- On the positive side, there is every indication that the population and the number of households will continue to grow in the next few years.

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

Sincerely,

Natwar M. Gandhi

Enclosures

DISTRIBUTION LIST

Councilmember David Catania (At-Large)
Councilmember Phil Mendelson (At-Large)
Councilmember Michael Brown (At-Large)
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Councilmember Yvette Alexander (Ward 7)
Councilmember Marion Barry (Ward 8)
Allen Lew, City Administrator
Christopher Murphy, Chief of Staff to the Mayor
Eric Goulet, Deputy Chief of Staff and Budget Director
Yolanda Branche, Acting District of Columbia Auditor
Jennifer Budoff, Budget Director, Council of the District of Columbia

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

(thousands of dollars)

	Actual	Estimate		Out year projections		
Revenue Source	**FY10**	**FY11**	**FY12**	**FY13**	**FY14**	**FY15**
Real Property	1,821,459	1,731,646	1,866,790	1,953,196	2,011,067	2,062,799
Transfer to TIF/Pilot	(11,145)	(24,227)	(33,902)	(38,427)	(41,373)	(46,310)
Real Property (net)	1,810,314	1,707,419	1,832,888	1,914,769	1,969,694	2,016,489
Personal Property	52,032	52,188	52,642	53,169	54,120	54,661
Transfer to Neighborhood Investment Fund	(2,588)	-	-	-	-	-
Personal Property (net)	49,444	52,188	52,642	53,169	54,120	54,661
Public Space Rental	34,264	33,168	33,956	34,291	34,629	34,970
Transfer to DDOT Unified	(34,264)	(33,168)	-	-	-	-
Transfer to DDOT Enterprise			(500)	(500)	(500)	(500)
Public Space Rental (net)	-	-	33,456	33,791	34,129	34,470
Total Property (net)	**1,859,758**	**1,759,607**	**1,918,986**	**2,001,729**	**2,057,943**	**2,105,620**
General Sales	976,690	968,169	1,018,175	1,072,798	1,127,674	1,181,237
Transfer to convention center	(94,360)	(94,789)	(97,085)	(100,783)	(106,005)	(111,072)
Transfer to TIF	(22,995)	(37,815)	(31,564)	(37,283)	(48,438)	(42,389)
Transfer to DDOT (parking tax)	(28,374)	(26,284)	-	-	-	-
Transfer to Ballpark Fund	(9,977)	(9,000)	(9,504)	(10,017)	(10,528)	(11,023)
Transfer to Healthy DC Fund	-	-	(106)	(214)	(428)	(428)
Transfer to WMATA	-	-	(55,638)	(56,929)	(59,119)	(61,059)
Transfer to Healthy Schools	-	-	(4,266)	(4,266)	(4,266)	(4,266)
Transfer to ABRA	-	-	(460)	(460)	(460)	(460)
General Sales (net)	820,984	800,282	819,552	862,846	898,430	950,541
Alcohol	5,717	5,688	5,683	5,672	5,650	5,629
Cigarette	33,394	34,384	37,423	36,977	36,536	36,100
Motor Vehicle	37,749	37,000	37,100	38,213	39,359	40,540
Motor Fuel Tax	22,180	21,500	20,640	19,814	19,022	18,522
Transfer to Highway Trust Fund	(22,180)	(21,500)	(20,640)	(19,814)	(19,022)	(18,522)
Total Sales (net)	**897,844**	**877,354**	**899,758**	**943,708**	**979,975**	**1,032,810**
Individual Income	1,110,444	1,249,754	1,391,907	1,413,809	1,473,676	1,548,514
Corp. Franchise	207,292	225,000	257,846	266,133	273,390	283,461
U. B. Franchise	116,395	130,000	132,475	137,057	143,736	153,593
Total Income	**1,434,131**	**1,604,754**	**1,782,227**	**1,816,999**	**1,890,801**	**1,985,568**
Public Utility	149,877	154,400	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	144,339	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)	(28,500)	(25,000)	(25,000)	(25,000)	(25,000)
Insurance Premiums (net)	44,436	42,767	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	28,500	25,000	25,500	26,000	26,500
Transfer to Ballpark Fund	(23,712)	(28,500)	(25,000)	(25,500)	(26,000)	(26,500)
Hospital Bed Tax	-	10,512	15,562	15,562	15,562	-
Transfer to Hospital Fund	-	(10,512)	(15,562)	(15,562)	(15,562)	-
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**	**247,740**	**251,052**	**251,289**	**251,493**	**251,672**
Estate	39,341	80,000	40,000	40,000	40,000	40,000
Deed Recordation	113,198	164,489	156,889	165,393	170,603	175,550
Transfer to HPTF	(16,423)	(24,673)	(23,533)	(24,809)	(25,590)	(26,333)
Deed Recordation (net)	96,775	139,816	133,356	140,584	145,013	149,218
Deed Transfer	94,202	137,129	129,189	137,005	142,225	147,345
Transfer to HPTF	(13,735)	(20,569)	(19,378)	(20,551)	(21,334)	(22,102)
Deed Transfer (net)	80,467	116,560	109,811	116,454	120,891	125,243
Economic Interests	18,218	15,000	10,000	10,000	10,000	10,000
Total Other Taxes (net)	**234,801**	**351,375**	**293,166**	**307,038**	**315,904**	**324,461**
TOTAL TAXES NET OF DEDICATED TAXES	**4,671,449**	**4,840,831**	**5,145,189**	**5,320,763**	**5,496,116**	**5,700,131**
Licenses & Permits	60,852	70,328	74,460	75,863	72,623	73,969
Fines & Forfeits	111,488	117,706	151,700	149,215	146,854	144,612
Charges for Services	46,125	53,205	61,952	51,344	50,073	62,668
Miscellaneous	119,743	104,532	105,136	88,386	91,141	79,001
Interfund Transfer	-	14,289	20,762	18,797	19,934	-
TOTAL NON-TAX	**338,208**	**360,060**	**414,011**	**383,605**	**380,626**	**360,250**
Lottery	66,750	63,478	68,707	69,415	71,586	73,674
TOTAL REVENUE NET OF DEDICATED TAX	**5,076,407**	**5,264,368**	**5,627,907**	**5,773,783**	**5,948,328**	**6,134,055**

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

(percent change from prior year)

	Actual	Estimate		Out year projections		
Revenue Source	**FY10**	**FY11**	**FY12**	**FY13**	**FY14**	**FY15**
Real Property	-0.1%	-4.9%	7.8%	4.6%	3.0%	2.6%
Transfer to TIF/Pilot	-37.8%	117.4%	39.9%	13.3%	7.7%	11.9%
Real Property (net)	0.3%	-5.7%	7.3%	4.5%	2.9%	2.4%
Personal Property	-24.8%	0.3%	0.9%	1.0%	1.8%	1.0%
Transfer to Neighborhood Investment Fund	-74.1%	-100.0%				
Personal Property (net)	-16.4%	5.5%	0.9%	1.0%	1.8%	1.0%
Public Space Rental	5.1%	-3.2%	2.4%	1.0%	1.0%	1.0%
Transfer to DDOT Unified	5.1%	-3.2%	-100.0%			
Transfer to DDOT Enterprise				0.0%	0.0%	0.0%
Public Space Rental (net)				1.0%	1.0%	1.0%
Total Property (net)	**-0.2%**	**-5.4%**	**9.1%**	**4.3%**	**2.8%**	**2.3%**
General Sales	0.3%	-0.9%	5.2%	5.4%	5.1%	4.7%
Transfer to convention center	3.1%	0.5%	2.4%	3.8%	5.2%	4.8%
Transfer to TIF	26.9%	64.4%	-16.5%	18.1%	29.9%	-12.5%
Transfer to DDOT (parking tax)	19.4%	-7.4%	-100.0%			
Transfer to Ballpark Fund	5.8%	-9.8%	5.6%	5.4%	5.1%	4.7%
Transfer to Healthy DC Fund				100.9%	100.0%	0.0%
Transfer to WMATA				2.3%	3.8%	3.3%
Transfer to Healthy Schools				0.0%	0.0%	0.0%
Transfer to ABRA				0.0%	0.0%	0.0%
General Sales (net)	-1.2%	-2.5%	2.4%	5.3%	4.1%	5.8%
Alcohol	6.1%	-0.5%	-0.1%	-0.2%	-0.4%	-0.4%
Cigarette	-11.2%	3.0%	8.8%	-1.2%	-1.2%	-1.2%
Motor Vehicle	17.6%	-2.0%	0.3%	3.0%	3.0%	3.0%
Motor Fuel Tax	-6.9%	-3.1%	-4.0%	-4.0%	-4.0%	-2.6%
Transfer to Highway Trust Fund	-6.9%	-3.1%	-4.0%	-4.0%	-4.0%	-2.6%
Total Sales (net)	**12.3%**	**-2.3%**	**2.6%**	**4.9%**	**3.8%**	**5.4%**
Individual Income	-2.2%	12.5%	11.4%	1.6%	4.2%	5.1%
Corp. Franchise	-6.6%	8.5%	14.6%	3.2%	2.7%	3.7%
U. B. Franchise	-3.2%	11.7%	1.9%	3.5%	4.9%	6.9%
Total Income	**-3.0%**	**11.9%**	**11.1%**	**2.0%**	**4.1%**	**5.0%**
Public Utility	-0.8%	3.0%	-2.6%	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%	3.4%	-2.7%	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	180.9%	17.3%	-12.3%	0.0%	0.0%	0.0%
Insurance Premiums (net)	-8.9%	-3.8%	17.0%	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%	20.2%	-12.3%	2.0%	2.0%	1.9%
Transfer to Ballpark Fund	-15.9%	20.2%	-12.3%	2.0%	2.0%	1.9%
Hospital Bed Tax			48.0%	0.0%	0.0%	-100.0%
Transfer to Hospital Fund			48.0%	0.0%	0.0%	-100.0%
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%**	**1.2%**	**1.3%**	**0.1%**	**0.1%**	**0.1%**
Estate	-47.2%	103.4%	-50.0%	0.0%	0.0%	0.0%
Deed Recordation	12.3%	45.3%	-4.6%	5.4%	3.2%	2.9%
Transfer to HPTF	2.9%	50.2%	-4.6%	5.4%	3.2%	2.9%
Deed Recordation (net)	14.1%	44.5%	-4.6%	5.4%	3.2%	2.9%
Deed Transfer	20.4%	45.6%	-5.8%	6.1%	3.8%	3.6%
Transfer to HPTF	11.8%	49.8%	-5.8%	6.1%	3.8%	3.6%
Deed Transfer (net)	22.0%	44.9%	-5.8%	6.1%	3.8%	3.6%
Economic Interests	117.5%	-17.7%	-33.3%	0.0%	0.0%	0.0%
Total Other Taxes (net)	**0.5%**	**49.6%**	**-16.6%**	**4.7%**	**2.9%**	**2.7%**
TOTAL TAXES NET OF DEDICATED TAXES	**0.9%**	**3.6%**	**6.3%**	**3.4%**	**3.3%**	**3.7%**
Licenses & Permits	-7.7%	15.6%	5.9%	1.9%	-4.3%	1.9%
Fines & Forfeits	9.9%	5.6%	28.9%	-1.6%	-1.6%	-1.5%
Charges for Services	4.6%	15.3%	16.4%	-17.1%	-2.5%	25.2%
Miscellaneous	-15.5%	-12.7%	0.6%	-15.9%	3.1%	-13.3%
Interfund Transfer			45.3%	-9.5%	6.0%	
TOTAL NON-TAX	**-4.2%**	**6.5%**	**15.0%**	**-7.3%**	**-0.8%**	**-5.4%**
Lottery	-2.9%	-4.9%	8.2%	1.0%	3.1%	2.9%
TOTAL REVENUE NET OF DEDICATED TAXES	**0.5%**	**3.7%**	**6.9%**	**2.6%**	**3.0%**	**3.1%**

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)	86.24	90.84	96.61	97.95	102.29	105.81	107.12	108.92	112.99	118.13
	5.5%	5.3%	6.3%	1.4%	4.4%	3.4%	1.2%	1.7%	3.7%	4.5%
Real Gross State Product (billions of $2000)	83.80	85.09	88.04	87.17	90.10	91.60	91.85	92.63	94.50	96.82
	1.6%	1.5%	3.5%	-1.0%	3.4%	1.7%	0.3%	0.8%	2.0%	2.5%
Personal Income ($ billion)	34.07	36.82	39.95	41.15	42.26	44.26	45.83	47.59	50.09	52.74
	8.2%	8.1%	8.5%	3.0%	2.7%	4.7%	3.6%	3.8%	5.2%	5.3%
Real Personal Income (billions of $2000)	33.31	35.19	36.82	37.84	38.16	39.17	40.17	41.11	42.26	43.48
	5.0%	5.6%	4.6%	2.8%	0.8%	2.6%	2.6%	2.4%	2.8%	2.9%
Per Capita Income ($)	58,624	63,145	68,123	69,244	70,123	72,548	74,420	76,709	80,257	84,103
	7.9%	7.7%	7.9%	1.6%	1.3%	3.5%	2.6%	3.1%	4.6%	4.8%
Real Per Capita Income ($2000)	57,327	60,357	62,787	63,665	63,310	64,198	65,219	66,264	67,722	69,335
	4.7%	5.3%	4.0%	1.4%	-0.6%	1.4%	1.6%	1.6%	2.2%	2.4%
Wages earned in D.C. ($ billion)	48.95	51.80	54.28	55.46	57.36	58.99	60.67	62.30	64.64	67.25
	5.5%	5.8%	4.8%	2.2%	3.4%	2.9%	2.8%	2.7%	3.8%	4.0%
Wages earned by D.C. residents ($ billion	17.9	19.3	20.6	21.1	21.7	22.6	23.3	24.1	25.3	26.7
	7.6%	8.0%	6.6%	2.3%	2.9%	4.2%	2.9%	3.6%	5.1%	5.3%
Population ('000)	581.1	583.1	586.4	594.3	602.7	610.1	615.9	620.4	624.1	627.1
	0.3%	0.3%	0.6%	1.4%	1.4%	1.2%	1.0%	0.7%	0.6%	0.5%
Households ('000)	260.1	262.5	263.4	264.4	266.9	269.0	271.3	273.6	275.8	277.5
	1.3%	0.9%	0.3%	0.4%	0.9%	0.8%	0.9%	0.9%	0.8%	0.6%
Civilian Labor Force ('000)	320.7	327.0	334.3	332.3	334.0	333.2	334.9	337.7	340.3	342.5
	0.6%	2.0%	2.2%	-0.6%	0.5%	-0.3%	0.5%	0.8%	0.8%	0.6%
At-Place Employment ('000)	686.5	691.6	702.8	701.4	708.2	714.0	718.1	721.1	728.8	738.3
	0.9%	0.7%	1.6%	-0.2%	1.0%	0.8%	0.6%	0.4%	1.1%	1.3%
Resident Employment ('000)	302.0	309.2	314.1	302.7	300.4	300.5	301.8	305.2	309.1	313.4
	1.8%	2.4%	1.6%	-3.6%	-0.8%	0.0%	0.4%	1.1%	1.3%	1.4%
Unemployment Rate	5.8	5.4	6.0	8.9	10.1	9.8	9.9	9.6	9.2	8.5
Housing Starts	977	1,245	915	514	714	1,567	1,167	1,186	1,327	1,637
Housing Stock ('000)	288.8	291.5	291.9	295.4	296.8	297.8	298.7	299.6	301.0	302.1
	1.7%	0.9%	0.1%	1.2%	0.5%	0.3%	0.3%	0.3%	0.5%	0.4%
Home sales	10,800	9,800	7,500	7,400	9,300	8,649	9,081	9,790	9,811	10,137
	-16.3%	-9.3%	-23.5%	-1.3%	25.7%	-7.0%	5.0%	7.8%	0.2%	3.3%
Average home sale price ('000)	572.2	608.1	595.6	579.4	613.1	600.5	612.4	635.0	668.3	703.7
	7.2%	6.3%	-2.1%	-2.7%	5.8%	-2.1%	2.0%	3.7%	5.2%	5.3%
Change in S & P 500 Index of Common Stock*	12.9%	7.5%	-39.1%	19.7%	10.6%	-13.2%	7.1%	12.9%	5.3%	3.2%
Interest rate on 10-year Treasury notes (%)	4.8	4.7	3.9	3.2	3.4	3.0	2.6	2.8	3.4	4.3
Washington Area Consumer Prices: % change from prior	3.8	2.5	5.0	0.4	2.0	2.7	2.2	2.0	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 (August 2011) and Economy.com (August 2011); forecasts of the national economy prepared by the Congressional Budget Office (August 2011) and Blue Chip Economic Indicators (August 2011); BLS labor market information from July 2011; the Census Bureau estimates of the D.C. population (2010 Census);Bureau of Economic Analysis estimates of D.C. Personal Income (June 2011); Metropolitan Regional Information System (MRIS) D.C. home sales data (July 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. (June 2011); and Reis information on apartment buildings in D.C.(June 2011).