

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER



**Jeffrey S. DeWitt**  
Chief Financial Officer

June 30, 2015

The Honorable Muriel Bowser  
Mayor of the District of Columbia  
1350 Pennsylvania Avenue, NW – 6<sup>th</sup> Floor  
Washington, D.C. 20004

The Honorable Phil Mendelson  
Chairman  
Council of the District of Columbia  
1350 Pennsylvania Avenue, NW – Suite 504  
Washington, D.C. 20004

Re: June 2015 Revenue Estimates

Dear Mayor Bowser and Chairman Mendelson:

This letter certifies, as of June 2015, revised revenue estimates for the FY 2015 - 2019 District of Columbia Budget and Financial Plan. The June estimate for local fund revenues is revised upward by \$117.2 million in FY 2015 to \$6.731.2 billion, and by \$37.7 million in FY 2016 increasing to \$42.7 million in the out-years through FY 2019.

The primary drivers of the increase are strong April individual income tax filings as well as stronger than expected wage growth. The strong April filings reflect revenue from capital gains realizations from the previous year and provide a one-time boost in FY 2015 revenue, while strong wage growth is the basis for continued revenue growth in the out-years of the forecast. Real property and sales taxes remain strong as previously forecasted. The table below compares the June 2015 revenue estimate to the February 2015 revenue estimate.

**June revenue estimate compared to previous estimate**

	Actual		Estimate			Projected
Local Source, General Fund Revenue Estimate (\$M)	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
February 2015 Estimate	6,307.4	6,614.0	6,867.1	7,095.0	7,344.0	7,576.2
June Revision to Estimate		117.2	37.7	39.2	40.9	42.7
<b>June 2015 Revenue Estimate</b>	<b>6,307.4</b>	<b>6,731.2</b>	<b>6,904.8</b>	<b>7,134.2</b>	<b>7,384.9</b>	<b>7,618.9</b>
<i>Percent change from previous year</i>	<i>1.7%</i>	<i>6.7%</i>	<i>2.6%</i>	<i>3.3%</i>	<i>3.5%</i>	<i>3.2%</i>

## Overview

A significant portion of the \$117.2 million in additional FY 2015 revenue is one-time revenue, due largely to a capital gains windfall from the strong stock market performance in 2014. As discussed below, the growth in this volatile component of individual income tax revenue is not expected to recur throughout the forecast period. Only about \$40 million of additional revenue is recurring, and is the result of stronger than expected growth in tax revenue from wages and salaries and growth in business profits.

## Revenue Highlights

### *Income Taxes*

#### One-time Revenue

A one-time gain in income tax revenue from capital gains realization accounts for approximately \$70 million of the additional \$117 million in revenue for FY 2015. Capital gains realizations resulted in higher than expected revenues from both individual and business income taxes. The District was not the only jurisdiction to benefit from this “April surprise” windfall. April income tax collections for most states were higher than anticipated due to larger than expected non-withholding collections associated with capital gains realizations. The Rockefeller Institute of Government, which monitors state fiscal trends, reports that state personal income tax collections for 38 early reporting states grew 11.5 percent in the January-April period of 2015 compared to the same period last year. The report attributes most of the states’ strong personal income tax revenue growth to prior year performance of the stock market. The S&P 500 index grew 17.5 percent in 2014 and most other stock market indices also reached new highs. Future interest rate hikes by the Federal Reserve may have a dampening effect on the stock market and capital gains performance going forward.

#### Recurring Revenue

Withholding tax revenue, that is, the part of individual income tax revenue that is withheld directly from wages and salaries, also grew strongly this year. Stronger than expected growth in the local economy, and in the job market in particular, contributed to the higher withholding tax revenue. As a result, the forecast for withholding tax revenue in FY 2015 has been revised upward by \$33 million in FY 2016, increasing to \$38 million in FY 2019. The strength of the withholding tax growth recurs throughout the forecast, growing between 4 and 5 percent over the period of the financial plan. Baseline business income tax revenues have also been revised upward by \$4 million throughout the financial plan period.

Year-over-year growth in the overall income taxes is revised upward to 9.3 percent in FY 2015 and dips to 0.7 percent in FY 2016, as the effect of the one-time gains dissipates. The out-year annual growth rate for income taxes averages approximately 4.0 percent per year from FY 2017 to FY 2019.

### *Other Taxes*

The forecast for the other major taxes, including property and sales taxes, which together with income taxes account for about 85 percent of local source revenue, remains unchanged from the February forecast. Year-to-date collections for these tax sources are expected to be in line with the February forecast.

In accordance with District law, Section 7021 of the “Tax Revision Commission Implementation Emergency Act of 2014”, the revised estimates for tax proposals still subject to implementation are shown in the accompanying table titled, “Fiscal Impact of Tax Proposals Subject to Triggers.”

### **National and Regional Economies**

Generally, the fundamentals underlying the national economy continue to be fairly strong. Real gross domestic product (GDP) grew at an annual rate of 2.6 percent in FY 2014, the fastest fiscal year increase in 8 years. Weak growth in real GDP in the first quarter of the year is attributed by most analysts to temporary factors such as severe weather and the strike at the ports in California. Other recent highlights of the national and regional economies include the following:

- U.S. employment added 3.1 million jobs (2.3%) from April 2014 to April 2015.
- The U.S. unemployment rate (seasonally adjusted) fell to 5.4 percent in April 2015, the lowest rate since May 2008.
- U.S. Personal Income in the March 2015 quarter was 4.3 percent above a year ago.
- The S&P 500 stock market index in April 2015 was 3.3 percent above its level three months ago, and 12.4 percent more than a year ago.
- Employment in the D.C. metropolitan area has increased significantly in the past several months. In the three-month period ending April 2015, wage and salary jobs in the region grew by 56,033 (1.8%) compared to a year earlier. The District of Columbia accounted for about 22 percent of the increase in area employment. The rate of growth of D.C. metropolitan area employment has been below the U.S. average for more than three years, but this difference has diminished in the last few months, as regional growth accelerated.
- The D.C. metropolitan area unemployment rate was 4.3 percent in April (not seasonally adjusted), down from 4.7 percent a year earlier.
- In May 2015, the consensus of 50 economists contributing to the Blue Chip Economic Indicators continued to forecast steady growth in real GDP. The FY 2015 gain is expected to be 2.1 percent (down from 2.6 percent in FY 2014), and 3.1 percent in FY 2016. Nominal growth is expected to be 3.1 percent in FY 2015 and 4.9 percent in FY 2016.

### **The District’s Economy**

Highlights of recent trends in the D.C. economy include fairly strong job growth, and more population, apartments, and home sales:

- In the three months ending April 2015, there were 12,067 (1.6 %) more wage and salary jobs located in the District than a year earlier. Of particular note, there were 1,167 more federal government jobs in April than there were a year earlier, ending a three-year decline. Private sector jobs increased by 9,833 (1.9%).
- District resident employment in the three months ending April 2015 increased by 12,891 (3.8%) compared to a year earlier.
- The April unemployment rate fell slightly to 7.5 percent (seasonally adjusted), a decrease from 7.8 percent a year ago.
- Wages earned in the District of Columbia grew 4.2 percent in the December 2014 quarter, compared to the same quarter a year ago. D.C. individual income was 4.1 percent higher.
- Home sales thus far in 2015 have been higher than in 2014. Single family sales for the three-month period ending April 2015 were up 3.7 percent from a year ago, with a 2.9 percent increase in the average selling price. Condominium sales were up 2.2 percent, and the average price was 3.4 percent higher. The value of all home sale settled contracts for the three-month period ending April 2015 was 6.3 percent more than a year ago.
- Leased commercial office space in March 2015 was up 1.5 percent from a year ago, while the vacancy rate fell over the past year from 7.6 percent in the first quarter of 2014 to 6.8 percent in the first quarter of 2015. Average effective rent increases were 3.7 percent higher in the March quarter than a year earlier.
- Hotel room-days sold for the three months ending April 2015 were 5.5 percent above the prior year, and hotel room revenues were up by 10.3 percent.

## Outlook

The economic forecasting services IHS Global Insight and Moody's Analytics (formerly Economy.com) both expect that growth rates of individual income in the District of Columbia will be higher in FY 2015 and FY 2016 than in FY 2014. They also agree that (1) the federal sector will play a smaller role in the economy, with employment continuing to shrink over the period, (2) professional and business services will be the largest sources of job growth, (3) employment growth in the education and health sectors will be much slower in FY 2015 and FY 2016 than it was in FY 2014 and in each of the prior 8 years, (4) the stock market will grow much more slowly over the next several years, and (5) the annual growth in population will slow.

### *Economic assumptions for the revenue estimate*

Against a background of an improving national economy, federal spending constraints, and fairly strong employment and income gains over the past several months, the economic assumptions for the June revenue estimate include:

- Job growth increases from 0.8 percent in FY 2014 to 1.5 percent in 2015, and 1.1 percent in FY 2016.

- Population increases at a slightly slower pace (18,100—2.8 percent—over the two fiscal years 2015 and 2016), with resident employment growing by 5.0 percent over the same period.
- DC individual income growth increases from 2.5 percent in FY 2014 to 4.4 percent in FY 2015, and 4.6 percent in FY 2016.

A detailed table of key variables and economic assumptions is enclosed.

### **Risks and uncertainties**

The federal government's fiscal policy uncertainty remains a primary concern. Although it continues to anchor the District's economy, the federal government cannot be counted on to be a source of significant growth over the next several years. This estimate assumes that the negative effects of federal budget constraints are diminishing, but this could turn out not to be the case, as future decisions are made about national fiscal policy.

Developments outside of the local economy represent other sources of uncertainty and potential downside risk. These include the possibility of slower national economic growth, declines in the stock market, increases in interest rates, and financial market problems as the Federal Reserve phases out some of its monetary stimulus activities. Possible financial disruptions arising from the Greek fiscal crisis in Europe, oil supply in the Middle East, and national security events also add to uncertainty.

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

Sincerely,  
  
Jeffrey S. DeWitt

*Enclosures*

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**Estimated Key Variables for the D.C. Economy for the Forecast Period FY 2010 through  
FY 2019**

Fiscal Years	2010 act	2011 act	2012 act	2013 act	2014 act	2015 est	2016 est	2017 est	2018 est	2019 est
Gross State Product (\$ billion)	105.05 3.3%	110.02 4.7%	111.81 1.6%	112.67 0.8%	115.01 2.1%	118.66 3.2%	123.96 4.5%	130.38 5.2%	136.16 4.4%	142.43 4.6%
Real Gross State Product (billions \$2005)	103.54 1.5%	106.22 2.6%	106.27 0.0%	105.43 -0.8%	105.47 0.0%	107.01 1.5%	109.50 2.3%	112.57 2.8%	114.87 2.0%	117.41 2.2%
Personal Income (\$ billion)	41.31 2.7%	45.04 9.0%	47.46 5.4%	48.69 2.6%	49.92 2.5%	52.13 4.4%	54.52 4.6%	57.57 5.6%	60.70 5.4%	63.73 5.0%
Real Personal Income (billions \$2005)	40.77 1.0%	43.53 6.8%	44.93 3.2%	45.48 1.2%	46.03 1.2%	47.90 4.1%	49.52 3.4%	51.28 3.6%	52.99 3.3%	54.51 2.9%
Per Capita Income (\$)	68,433 0.5%	72,818 6.4%	74,954 2.9%	75,253 0.4%	75,909 0.9%	78,133 2.9%	80,663 3.2%	84,231 4.4%	87,993 4.5%	91,637 4.1%
Real Per Capita Income (\$2005)	67,534 -1.1%	70,370 4.2%	70,957 0.8%	70,295 -0.9%	69,987 -0.4%	71,799 2.6%	73,264 2.0%	75,034 2.4%	76,818 2.4%	78,390 2.0%
Wages earned in D.C. (\$ billion)	57.24 4.2%	59.53 4.0%	60.62 1.8%	62.05 2.4%	63.42 2.2%	65.83 3.8%	68.75 4.4%	71.98 4.7%	75.30 4.6%	78.87 4.7%
Wages earned by D.C. residents (\$ billion)	22.0 6.1%	23.4 6.8%	24.6 5.0%	25.4 3.4%	26.0 2.3%	27.4 5.4%	28.9 5.3%	30.4 5.3%	31.9 5.0%	33.6 5.1%
Population ('000)	603.6 2.2%	618.5 2.5%	633.2 2.4%	647.1 2.2%	657.7 1.6%	667.1 1.4%	675.8 1.3%	683.4 1.1%	689.9 0.9%	695.4 0.8%
Households ('000)	266.6 1.7%	274.6 3.0%	278.4 1.4%	283.6 1.9%	287.2 1.3%	290.9 1.3%	294.6 1.3%	297.7 1.1%	300.5 0.9%	302.9 0.8%
Civilian Labor Force ('000)	344.4 3.2%	349.7 1.5%	359.3 2.8%	373.6 4.0%	374.3 0.2%	383.8 2.5%	389.4 1.5%	394.4 1.3%	398.8 1.1%	402.9 1.0%
At-Place Employment ('000)	709.2 1.1%	723.4 2.0%	731.0 1.0%	745.5 2.0%	751.5 0.8%	762.8 1.5%	771.2 1.1%	779.6 1.1%	785.9 0.8%	791.8 0.7%
Resident Employment ('000)	311.5 2.2%	314.7 1.0%	325.8 3.5%	341.4 4.8%	344.8 1.0%	355.2 3.0%	362.2 2.0%	368.2 1.6%	372.6 1.2%	376.4 1.0%
Unemployment Rate	9.6	10.0	9.3	8.6	7.9	7.5	7.0	6.7	6.6	6.6
Housing Starts	1,305	1,921	3,453	3,583	4,476	2,672	2,598	2,630	2,611	2,465
Housing Stock ('000)	296.7 0.5%	298.4 0.6%	302.7 1.4%	308.6 1.9%	312.8 1.4%	316.1 1.1%	319.5 1.1%	323.0 1.1%	326.1 1.0%	329.4 1.0%
Home sales	6,968 19.1%	6,269 -10.0%	6,347 1.2%	7,466 17.6%	7,616 2.0%	7,844 3.0%	8,001 2.0%	8,065 0.8%	8,126 0.8%	8,183 0.7%
Average home sale price ('000)	538.4 -9.9%	601.0 11.6%	630.1 4.8%	712.8 13.1%	736.4 3.3%	770.6 4.6%	807.9 4.8%	856.4 6.0%	905.1 5.7%	951.0 5.1%
Change in S & P 500 Index of Common Stock*	10.6%	1.8%	15.7%	24.8%	13.6%	-6.0%	3.6%	2.2%	4.2%	4.6%
Interest rate on 10-year Treasury notes (%)	3.4	3.0	1.9	2.1	2.7	2.1	2.9	3.6	4.1	4.0
Washington Area Consumer Prices: % change from prior year	2.4	2.5	1.8	1.3	1.9	0.4	1.8	2.3	2.4	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 2014 is the % change from CY 2013.4 to CY 2014.4)

Note: Estimated by the D.C. Office of Revenue Analysis based on forecasts of the D.C. and national economies prepared by IHS Global Insight (May 2015) and Moody's Analytics (Economy.com) (May 2015); forecasts of the national economy prepared by the Congressional Budget Office (January 2015) and Blue Chip Economic Indicators (May 2015); BLS labor market information from April 2015, the Census Bureau estimates of the D.C. population (2014); Bureau of Economic Analysis estimates of D.C. Personal Income (December 2014); Metropolitan Regional Information System (MRIS) D.C. home sales data (April 2015), 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. (March 2015); Cushman and Wakefield information of commercial office buildings in DC (March 2015); and Reis information on apartment buildings in D.C. (March 2015).

FY 2014 - FY 2019 Revenue Actuals, Estimates and Projections: June 2015

(thousands of dollars)

Revenue Source	Actual	Preliminary	Estimate		Out year projections	
	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Real Property	2,015,561	2,202,404	2,319,638	2,384,073	2,469,039	2,549,364
<i>Transfer to TIF/Pilot</i>	(30,135)	(49,639)	(46,394)	(39,619)	(40,966)	(42,359)
Real Property (net)	1,985,426	2,152,765	2,273,244	2,344,454	2,428,073	2,507,005
Personal Property	55,413	55,967	56,527	57,092	57,663	58,226
Public Space Rental	33,697	33,863	34,030	34,100	34,100	34,100
<i>Transfer to DDOT Enterprise</i>	(500)	(500)	(500)	(500)	(500)	(500)
Public Space Rental (net)	33,197	33,363	33,530	33,600	33,600	33,600
<b>Total Property (net)</b>	<b>2,074,036</b>	<b>2,242,095</b>	<b>2,363,301</b>	<b>2,435,146</b>	<b>2,519,336</b>	<b>2,598,831</b>
General Sales	1,172,059	1,254,206	1,304,705	1,359,471	1,413,570	1,466,307
<i>Transfer to convention center</i>	(105,451)	(112,396)	(116,939)	(121,867)	(126,734)	(129,899)
<i>Transfer to TIF</i>	(21,239)	(31,823)	(29,603)	(28,095)	(30,734)	(31,895)
<i>Transfer to Ballpark Fund</i>	(16,319)	(17,050)	(17,900)	(18,509)	(19,212)	(19,788)
<i>Transfer to Healthy DC Fund</i>	(106)	(106)	(214)	(427)	(854)	(854)
<i>Transfer to WMATA</i>	(65,350)	(66,004)	(66,664)	(66,670)	(66,670)	(66,670)
<i>Transfer to Healthy Schools</i>	(4,266)	(4,266)	(4,266)	(4,266)	(4,266)	(4,266)
<i>Transfer to ABRA</i>	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)
General Sales (net)	958,158	1,021,391	1,067,949	1,118,467	1,163,930	1,211,765
Alcohol	6,234	6,529	6,801	7,132	7,459	7,778
Cigarette	33,205	32,973	32,742	32,513	32,285	32,059
Motor Vehicle	47,578	49,243	50,474	51,989	53,548	55,155
Motor Fuel Tax	22,961	22,731	22,504	22,279	22,056	21,836
<i>Transfer to Highway Trust Fund</i>	(22,961)	(22,731)	(22,504)	(22,279)	(22,056)	(21,836)
<b>Total Sales (net)</b>	<b>1,045,175</b>	<b>1,110,136</b>	<b>1,157,966</b>	<b>1,210,101</b>	<b>1,257,222</b>	<b>1,306,757</b>
Individual Income	1,679,173	1,830,105	1,862,039	1,945,594	2,023,870	2,113,904
Corp. Franchise	280,186	307,692	297,458	309,290	326,322	326,410
U. B. Franchise	135,395	151,640	145,614	150,580	156,654	156,696
<b>Total Income</b>	<b>2,094,754</b>	<b>2,289,438</b>	<b>2,305,111</b>	<b>2,405,464</b>	<b>2,506,846</b>	<b>2,597,010</b>
Public Utility	145,673	147,023	154,239	159,637	164,905	170,567
<i>Transfer to Ballpark Fund</i>	(8,603)	(9,305)	(9,631)	(9,968)	(10,297)	(10,650)
Public Utility (net)	137,070	137,718	144,608	149,669	154,608	159,917
Toll Telecommunications	52,520	52,520	52,520	52,520	52,520	52,520
<i>Transfer to Ballpark Fund</i>	(2,173)	(2,162)	(2,232)	(2,311)	(2,387)	(2,467)
Toll Telecommunications (net)	50,347	50,358	50,288	50,209	50,133	50,053
Insurance Premiums	97,192	95,822	95,576	91,014	92,764	94,548
<i>Transfer to Healthy DC Fund</i>	(34,695)	(33,458)	(34,128)	(34,810)	(35,506)	(36,217)
Insurance Premiums (net)	62,497	62,364	61,448	56,204	57,258	58,331
Healthcare Provider Tax	13,774	15,117	15,117	15,117	15,117	15,117
<i>Transfer to Nursing Facility Quality of Care Fund</i>	(13,774)	(15,117)	(15,117)	(15,117)	(15,117)	(15,117)
Healthcare Exchange Assessment	-	28,751	29,614	30,502	31,417	32,360
<i>Transfer to Health Exchange Authority</i>	-	(28,751)	(29,614)	(30,502)	(31,417)	(32,360)
Ballpark fee	34,133	31,800	31,800	32,754	33,737	34,749
<i>Transfer to Ballpark Fund</i>	(34,133)	(31,800)	(31,800)	(32,754)	(33,737)	(34,749)
Hospital Bed Tax & Provider Fee	31,935	-	-	-	-	-
<i>Transfer to Hospital Fund</i>	(31,935)	-	-	-	-	-
ICF-MR Assessment	4,938	5,519	5,519	5,519	5,519	5,519
<i>Transfer to Stevie Sellows</i>	(4,938)	(5,519)	(5,519)	(5,519)	(5,519)	(5,519)
Care First Contribution	5,000	-	-	-	-	-
<i>Transfer to Healthy DC Fund</i>	(5,000)	-	-	-	-	-
<b>Total Gross Receipts (net)</b>	<b>249,914</b>	<b>250,440</b>	<b>256,344</b>	<b>256,082</b>	<b>261,999</b>	<b>268,301</b>
Estate	32,123	32,123	32,123	32,123	32,123	32,123
Deed Recordation	208,180	225,050	223,226	227,348	234,623	242,600
<i>Transfer to HPTF/ bond repayment</i>	(31,227)	(33,758)	(33,484)	(34,102)	(35,193)	(36,390)
Deed Recordation (net)	176,953	191,292	189,742	193,246	199,430	206,210
Deed Transfer	151,880	156,436	161,129	165,963	170,942	176,070
<i>Transfer to HPTF/ bond repayment</i>	(22,782)	(23,465)	(24,169)	(24,894)	(25,641)	(26,411)
Deed Transfer (net)	129,098	132,971	136,960	141,069	145,301	149,659
Co-op Recordation	5,201	5,253	5,789	5,800	5,800	5,800
Economic Interests	25,970	20,000	11,000	10,000	10,000	10,000
<b>Total Other Taxes (net)</b>	<b>369,345</b>	<b>381,639</b>	<b>375,614</b>	<b>382,238</b>	<b>392,654</b>	<b>403,792</b>
<b>TOTAL TAXES NET OF DEDICATED TAXES</b>	<b>5,833,224</b>	<b>6,273,747</b>	<b>6,458,337</b>	<b>6,689,031</b>	<b>6,938,057</b>	<b>7,174,692</b>
Licenses & Permits	79,210	78,772	77,667	79,593	80,427	81,016
Fines & Forfeits	136,794	127,910	135,517	129,319	126,855	124,514
Charges for Services	77,984	77,238	75,429	78,072	76,216	78,861
Miscellaneous	125,220	118,547	95,375	95,221	99,355	95,320
<b>TOTAL NON-TAX</b>	<b>419,208</b>	<b>402,467</b>	<b>383,988</b>	<b>382,205</b>	<b>382,853</b>	<b>379,711</b>
Lottery	54,967	54,967	62,500	63,000	64,000	64,500
<b>TOTAL REVENUE NET OF DEDICATED TAXES</b>	<b>6,307,399</b>	<b>6,731,181</b>	<b>6,904,825</b>	<b>7,134,236</b>	<b>7,384,910</b>	<b>7,618,903</b>



**FY 2014 - FY 2019 Revenue Actuals, Estimates and Projections: June 2015**  
**(percent change from prior year)**

Revenue Source	Actual		Estimate		Out year projections	
	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
Real Property	5.3%	9.3%	5.3%	2.8%	3.6%	3.3%
<i>Transfer to TIF/Pilot</i>	7.7%	64.7%	-6.5%	-14.6%	3.4%	3.4%
Real Property (net)	5.2%	8.4%	5.6%	3.1%	3.6%	3.3%
Personal Property	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Public Space Rental	1.0%	0.5%	0.5%	0.2%	0.0%	0.0%
<i>Transfer to DDOT Unified</i>						
Public Space Rental (net)	-0.5%	0.5%	0.5%	0.2%	0.0%	0.0%
<b>Total Property (net)</b>	<b>5.0%</b>	<b>8.1%</b>	<b>5.4%</b>	<b>3.0%</b>	<b>3.5%</b>	<b>3.2%</b>
General Sales	3.0%	7.0%	4.0%	4.2%	4.0%	3.7%
<i>Transfer to convention center</i>	1.3%	6.6%	4.0%	4.2%	4.0%	2.5%
<i>Transfer to TIF</i>	-43.4%	49.8%	-7.0%	-5.1%	9.4%	3.8%
<i>Transfer to Ballpark Fund</i>	5.9%	4.5%	5.0%	3.4%	3.8%	3.0%
<i>Transfer to Healthy DC Fund</i>		0.0%	101.9%	99.5%	100.0%	0.0%
<i>Transfer to WMATA</i>	4.9%	1.0%	1.0%	0.0%	0.0%	0.0%
<i>Transfer to Healthy Schools</i>	-5.2%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Transfer to ABRA</i>	154.3%	0.0%	0.0%	0.0%	0.0%	0.0%
General Sales (net)	4.9%	6.6%	4.6%	4.7%	4.1%	4.1%
Alcohol	4.9%	4.7%	4.2%	4.9%	4.6%	4.3%
Cigarette	-2.3%	-0.7%	-0.7%	-0.7%	-0.7%	-0.7%
Motor Vehicle	2.1%	3.5%	2.5%	3.0%	3.0%	3.0%
Motor Fuel Tax	2.5%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
<i>Transfer to Highway Trust Fund</i>	2.5%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
<b>Total Sales (net)</b>	<b>4.5%</b>	<b>6.2%</b>	<b>4.3%</b>	<b>4.5%</b>	<b>3.9%</b>	<b>3.9%</b>
Individual Income	2.3%	9.0%	1.7%	4.5%	4.0%	4.4%
Corp. Franchise	-6.3%	9.8%	-3.3%	4.0%	5.5%	0.0%
U. B. Franchise	-12.3%	12.0%	-4.0%	3.4%	4.0%	0.0%
<b>Total Income</b>	<b>0.0%</b>	<b>9.3%</b>	<b>0.7%</b>	<b>4.4%</b>	<b>4.2%</b>	<b>3.6%</b>
Public Utility	2.3%	0.9%	4.9%	3.5%	3.3%	3.4%
<i>Transfer to Ballpark Fund</i>	-0.6%	8.2%	3.5%	3.5%	3.3%	3.4%
Public Utility (net)	2.4%	0.5%	5.0%	3.5%	3.3%	3.4%
Toll Telecommunications	-7.5%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Transfer to Ballpark Fund</i>	-2.7%	-0.5%	3.2%	3.5%	3.3%	3.4%
Toll Telecommunications (net)	-7.7%	0.0%	-0.1%	-0.2%	-0.2%	-0.2%
Insurance Premiums	25.3%	-1.4%	-0.3%	-4.8%	1.9%	1.9%
<i>Transfer to Healthy DC Fund</i>	35.4%	-3.6%	2.0%	2.0%	2.0%	2.0%
Insurance Premiums (net)	20.4%	-0.2%	-1.5%	-8.5%	1.9%	1.9%
Healthcare Provider Tax	-8.9%	9.8%	0.0%	0.0%	0.0%	0.0%
<i>Transfer to Nursing Facility Quality of Care Fund</i>	-8.9%	9.8%	0.0%	0.0%	0.0%	0.0%
Healthcare Exchange Assessment			3.0%	3.0%	3.0%	3.0%
<i>Transfer to Health Exchange Authority</i>			3.0%	3.0%	3.0%	3.0%
Ballpark fee	16.8%	-6.8%	0.0%	3.0%	3.0%	3.0%
<i>Transfer to Ballpark Fund</i>	16.8%	-6.8%	0.0%	3.0%	3.0%	3.0%
Hospital Bed Tax & Provider Fee	110.7%	-	-	-	-	-
<i>Transfer to Hospital Fund</i>	110.7%	-	-	-	-	-
ICF-MR Assessment	88.3%	11.8%	0.0%	0.0%	0.0%	0.0%
<i>Transfer to Stevie Sellows</i>	88.3%	11.8%	0.0%	0.0%	0.0%	0.0%
Care First Contribution	0.0%	-	-	-	-	-
<i>Transfer to Healthy DC Fund</i>	0.0%	-	-	-	-	-
<b>Total Gross Receipts (net)</b>	<b>4.0%</b>	<b>0.2%</b>	<b>2.4%</b>	<b>-0.1%</b>	<b>2.3%</b>	<b>2.4%</b>
Estate	-19.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Deed Recordation	-0.2%	8.1%	-0.8%	1.8%	3.2%	3.4%
<i>Transfer to HPTF</i>	2.0%	8.1%	-0.8%	1.8%	3.2%	3.4%
Deed Recordation (net)	-0.6%	8.1%	-0.8%	1.8%	3.2%	3.4%
Deed Transfer	-0.7%	3.0%	3.0%	3.0%	3.0%	3.0%
<i>Transfer to HPTF</i>	0.8%	3.0%	3.0%	3.0%	3.0%	3.0%
Deed Transfer (net)	-0.9%	3.0%	3.0%	3.0%	3.0%	3.0%
Co-op Recordation	-6.3%	1.0%	10.2%	0.2%	0.0%	0.0%
Economic Interests	346.6%	-23.0%	-45.0%	-9.1%	0.0%	0.0%
<b>Total Other Taxes (net)</b>	<b>2.8%</b>	<b>3.3%</b>	<b>-1.6%</b>	<b>1.8%</b>	<b>2.7%</b>	<b>2.8%</b>
<b>TOTAL TAXES NET OF DEDICATED TAXES</b>	<b>2.9%</b>	<b>7.6%</b>	<b>2.9%</b>	<b>3.6%</b>	<b>3.7%</b>	<b>3.4%</b>
Licenses & Permits	0.4%	-0.6%	-1.4%	2.5%	1.0%	0.7%
Fines & Forfeits	-6.0%	-6.5%	5.9%	-4.6%	-1.9%	-1.8%
Charges for Services	3.4%	-1.0%	-2.3%	3.5%	-2.4%	3.5%
Miscellaneous	-24.7%	-5.3%	-19.5%	-0.2%	4.3%	-4.1%
<b>TOTAL NON-TAX</b>	<b>-10.1%</b>	<b>-4.0%</b>	<b>-4.6%</b>	<b>-0.5%</b>	<b>0.2%</b>	<b>-0.8%</b>
Lottery	-19.5%	0.0%	13.7%	0.8%	1.6%	0.8%
<b>TOTAL REVENUE NET OF DEDICATED TAXES</b>	<b>1.7%</b>	<b>6.7%</b>	<b>2.6%</b>	<b>3.3%</b>	<b>3.5%</b>	<b>3.2%</b>

## Fiscal Impact of Tax Proposals Subject to Triggers

Proposal	Estimated Cost				Cumulative Costs				
	FY16	FY17	FY18	FY19	FY16	FY17	FY18	FY19	
1	Reduce the rate on the new individual income tax middle bracket of \$40,000 - \$50,000 from 7.0% to 6.75%	\$ (7,116,476)	\$ (7,493,649)	\$ (7,868,332)	\$ (8,269,617)	\$ (7,116,476)	\$ (7,493,649)	\$ (7,868,332)	\$ (8,269,617)
2	Create a new individual income tax bracket of 350K to 1Million at 8.75%, >\$1Million remains at 8.95%	\$ (4,734,236)	\$ (4,985,151)	\$ (5,234,409)	\$ (5,501,363)	\$ (11,850,712)	\$ (12,478,800)	\$ (13,102,740)	\$ (13,770,979)
3	Reduce unincorporated and incorporated business franchise tax from 9.4% to 9.2%	\$ (9,692,161)	\$ (10,059,616)	\$ (10,565,065)	\$ (10,567,990)	\$ (21,542,873)	\$ (22,538,415)	\$ (23,667,805)	\$ (24,338,870)
4	Reduce the new individual income tax middle bracket of \$40,000 - \$50,000 from 6.75% to 6.5%	\$ (7,116,330)	\$ (7,493,495)	\$ (7,868,170)	\$ (8,269,447)	\$ (28,659,203)	\$ (30,031,911)	\$ (31,535,975)	\$ (32,608,317)
5	Reduce unincorporated and incorporated business franchise tax from 9.2% to 9.0%	\$ (9,692,161)	\$ (10,059,616)	\$ (10,565,065)	\$ (10,567,990)	\$ (38,351,364)	\$ (40,091,527)	\$ (42,101,041)	\$ (43,176,207)
6	Raise the estate tax threshold from \$1Million to \$2 Million	\$ (4,500,000)	\$ (4,701,927)	\$ (4,891,096)	\$ (5,108,684)	\$ (42,851,364)	\$ (44,793,454)	\$ (46,992,137)	\$ (48,284,891)
7	Raise the standard deduction from \$5,200 for singles, \$6,500 for Head of Households, \$8,350 for married to-\$5550 for singles, \$7,800 for Head of Households and \$10,275 for married	\$ (8,312,210)	\$ (8,752,757)	\$ (9,190,395)	\$ (9,669,105)	\$ (51,163,574)	\$ (53,546,211)	\$ (56,182,532)	\$ (57,943,996)
8	Raise the standard deduction from \$5,650 for singles, \$7,800 for Head of Households, \$10,275 for married to-\$6,100 for singles, \$8,950 for Head of Households and \$12,200 for married	\$ (6,724,685)	\$ (9,187,093)	\$ (9,646,448)	\$ (10,138,417)	\$ (59,888,259)	\$ (62,733,304)	\$ (65,828,980)	\$ (68,082,413)
9	Increase the personal exemption from \$1,800 to \$2,200	\$ (12,810,053)	\$ (13,488,986)	\$ (14,163,435)	\$ (14,885,770)	\$ (72,698,312)	\$ (76,222,290)	\$ (79,992,415)	\$ (82,968,163)
10	Increase the personal exemption from \$2,200 to \$2,700	\$ (15,553,504)	\$ (16,377,840)	\$ (17,196,732)	\$ (18,073,765)	\$ (88,251,816)	\$ (92,600,130)	\$ (97,189,147)	\$ (101,041,948)
11	Reduce unincorporated and incorporated business franchise tax from 9.0% to 8.75%	\$ (11,445,646)	\$ (11,905,062)	\$ (12,562,895)	\$ (13,257,079)	\$ (99,697,462)	\$ (104,505,192)	\$ (109,752,042)	\$ (114,299,027)
12	Increase the personal exemption from \$2,700 to \$3,200	\$ (15,055,961)	\$ (15,854,980)	\$ (16,647,729)	\$ (17,496,763)	\$ (114,754,423)	\$ (120,360,171)	\$ (126,399,771)	\$ (131,795,790)
13	Raise estate threshold from \$2 Million to conform to federal level	\$ (9,400,000)	\$ (9,821,804)	\$ (9,400,000)	\$ (9,400,000)	\$ (124,154,423)	\$ (130,181,975)	\$ (135,799,771)	\$ (141,195,790)
14	Reduce unincorporated and incorporated business franchise tax from 8.75% to 8.5%	\$ (11,445,646)	\$ (11,905,062)	\$ (11,905,062)	\$ (11,905,062)	\$ (135,600,070)	\$ (142,087,037)	\$ (147,704,833)	\$ (153,100,852)
15	Increase the personal exemption from \$3,200 to \$3,700	\$ (14,529,274)	\$ (15,299,328)	\$ (16,064,292)	\$ (16,883,571)	\$ (150,129,344)	\$ (157,386,363)	\$ (163,769,125)	\$ (169,984,423)
16	Reduce unincorporated and incorporated business franchise tax from 8.5% to 8.25%	\$ (11,445,646)	\$ (11,905,062)	\$ (12,562,895)	\$ (13,257,079)	\$ (161,574,990)	\$ (169,291,424)	\$ (176,332,020)	\$ (183,241,501)
17	Increase the personal exemption from \$3,700 to conform to the federal level and repeal the LIC	\$ (8,470,172)	\$ (8,919,091)	\$ (9,365,046)	\$ (9,842,663)	\$ (170,045,162)	\$ (178,210,515)	\$ (185,697,066)	\$ (193,084,164)
TOTAL		\$ (170,045,162)	\$ (178,210,515)	\$ (185,697,066)	\$ (193,084,164)				