

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



Jeffrey S. DeWitt
 Chief Financial Officer

February 28, 2017

The Honorable Muriel Bowser
 Mayor of the District of Columbia
 1350 Pennsylvania Avenue, NW, Suite 306
 Washington, DC 20004

The Honorable Phil Mendelson
 Chairman
 Council of the District of Columbia
 1350 Pennsylvania Avenue, NW, Suite 504
 Washington, DC 20004

Re: February 2017 Revenue Estimates

Dear Mayor Bowser and Chairman Mendelson:

This letter certifies, as of February 2017, revised revenue estimates for the FY 2017- 2021 District of Columbia Budget and Financial Plan. The forecast for local fund revenue is revised upward in FY 2017 by \$128.1 million, and by \$100.8 million in FY 2018. The out-year forecast for FY 2019 and FY 2020 is also revised upward by \$124.4 million and \$137.1 million, respectively. These revisions reflect strong activity in the current economy that expands the tax base, with moderate growth thereafter, ranging from 2.5 to 3.3 percent. The increase in the FY2017 base allows all remaining tax policy changes to be implemented. A complete discussion of these tax policy changes can be found on page 4 of this letter. The table below compares the February 2017 estimate with the December 2016 revenue estimate before triggering any tax policy changes.

February revenue estimate compared to previous estimate

	Actual		Preliminary			Projected	
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	
Local Source, General Fund Revenue Estimate (\$M)							
December Revenue Estimate	7,303.2	7,227.5	7,437.4	7,665.1	7,891.6	N/A	
<i>February Revision to Estimate</i>	0.4	128.1	100.8	124.4	137.1	N/A	
February 2017 Revenue Estimate	7,303.6	7,355.6	7,538.1	7,789.5	8,028.6	8,287.5	
Revenue Change From Previous Year							
<i>Amount</i>	399.4	52.0	182.6	251.4	239.1	258.9	
<i>Year-Over Year Percent Change</i>	5.8%	0.7%	2.5%	3.3%	3.1%	3.2%	

A variety of sources provides the basis of this estimate including: cash collection reports, federal data on District population, employment, and income; discussions with revenue, business, and real property advisory groups about the DC economy and revenue trends; and forecasts of the US and regional economies prepared by private sector firms. Based on this information, the economic outlook over the period of the financial plan is similar to that of the past two years: continued increase in population, moderate economic growth, and improvement in labor market indicators. There is, however, great uncertainty at this time surrounding federal fiscal and other policies. This uncertainty was strongly emphasized in our advisory group meetings. We have, therefore, been cautious in our outlook, particularly as it relates to growth in population and federal employment where we assume a decline because of possible sequestration and other changes in federal spending. We will continue to closely monitor key economic indicators for any deviations from this forecast that might negatively impact the financial plan.

Revenue Forecast: FY 2017- 2021

The revenue increases were driven mainly by stronger than expected first quarter cash collections as well as real property tax assessments for FY 2017 and preliminary assessments for FY 2018. Despite these increases, the forecasted growth in revenue over the period of the financial plan is modest. Overall revenue is forecasted to grow less than 1 percent in FY 2017 as tax reductions go into effect and some of the extraordinary revenue from the previous year does not recur. Revenue growth rises to just 2.5 percent in FY 2018, as more tax reductions are implemented. For the remainder of the financial plan period, revenue growth returns to just over 3 percent. The following is an analysis of the main revisions by broad categories of revenue.

Real Property Taxes

Based on preliminary assessment data, the forecast for real property tax revenue is revised upward by \$34 million in FY 2017, and by \$26 million in FY 2018. These changes bring year-over-year growth in real property taxes to 5.6 percent in FY 2017, slowing to 2.8 percent in FY 2018. The growth pattern reflects the strong price appreciation that occurred in calendar year 2015, followed by slower growth in 2016 (there is a 2 year lag between price changes in the real property market and when they are reflected in real property tax revenue). Going forward, the rate of increase in property prices is expected to stabilize, with real property revenue growth between 3 and 4 percent for FY 2019 through FY 2021.

Sales Taxes Gross Receipts

Sales tax revenue is revised upward by \$19 million in FY 2017, and \$15 million in 2018. Like most other states, the District's sales tax revenue from brick-and-mortar retail sales has slowed. However, the District's overall sales tax revenue performance has been boosted by strong growth in the hospitality sector (hotels and restaurants) and the addition of e-commerce entities to the sales tax base over the past year. As a result, first quarter growth in sales tax collections is almost 11 percent more than a year ago. The first quarter figures do not include the January collections, which will include sales tax receipts from activities associated with the Presidential Inauguration and the Women's March on Washington. Despite the double digit increase that we are currently

seeing, the forecast is for 5 percent growth for FY 2017, due largely to current uncertainty around federal spending and immigration policy and their potential effects on tourism and consumer spending. Sales tax revenue growth is expected to be between 3 and 4 percent from FY 2018 through 2021, as the initial effect of the addition of e-commerce entities to the sales tax base fades.

Individual Income Tax

The forecast for continued growth in District employment and resident wages results in no change to the estimate of the withholding component of personal income taxes, with projected growth averaging close to 4 percent throughout the forecast period.

The non-withholding component of the personal income tax is more closely associated with the stock market performance, which rose to a new peak last year. As a result of this rise, and strong first quarter estimated payments (January estimated payments were almost 10 percent higher than the previous January), the non-withholding income tax revenue has been revised upward by \$16 million in FY 2017, and \$11 million in FY 2018. This assumes that the stock market will not deteriorate significantly from its current levels as reflected in the forecast for the Standard and Poor's 500 index. Even with the upward revision in the non-withholding component, overall individual income tax revenue is expected to grow slightly less than 2 percent in FY 2017 due to lower tax rates, as last year's triggered tax policy changes are now in effect. Revenue growth rises to around 4 percent in subsequent years, consistent with the long-run average growth.

Business Income Taxes

The forecast for business income tax revenue has been revised upward by \$47 million in FY 2017, and \$38 million in FY 2018. As mentioned above, last year the stock market reached a new peak, partly reflecting soaring business profits. District businesses appear to have done at least as well as businesses nationally, as year-to-date business tax collections showed double digit increases compared to the previous year. However, these gains may not be sustained. Although tax rates were lowered for businesses last year, safe harbor rules require that businesses make estimated payments at least as high as the prior year, or risk penalties. This will likely result in refunds when final payments are made in June, and estimated payments are reconciled with actual tax liabilities. The implemented tax reductions mean that business income tax revenue will decline by 6 percent in FY 2017, and rise by only 1 percent in FY 2018 as more tax reductions go into effect. After that, growth is expected to be at about 3 percent, the long-run average.

Deed Transfer and Recordation Taxes

Fiscal year-to-date deed recordation and transfer tax cash collections show a 13 percent increase in revenue compared to the same period last year. As a result, we have revised the revenue forecast for deed transfer and recordation taxes upward by \$29 million for FY 2017, and \$25 million for FY 2018. The strong performance of the FY2017 deed tax collections is evidence that the District's real estate market remains vibrant as both national and international investors continue to hold the District in high regard for investment purposes. However, this revenue source is highly volatile, with strong receipts in one period of the fiscal year being offset by

lower receipts in other periods. So even though the current revenue estimate is higher than the December estimate, for FY 2017, revenue is forecasted to decline 8 percent from the prior year. Growth is expected to rise to the long-run average of about 2.5 percent for FY 2018 and beyond.

Non-tax Revenue

Revenue from non-tax sources was revised downward by \$20 million for FY 2017, mainly due to reduced year to-date cash collections in licenses, permits and fines. Spending on initiatives aimed at increasing public awareness of unclaimed properties has also reduced unclaimed property revenue for FY 2017.

Triggered Tax Policy Changes

Pursuant to the recommendations of the Tax Revision Commission (TRC), the law requires all recurring revenue above the prior year's February forecast be allocated to tax policy changes. Based on the new February 2017 revenue forecast, sufficient recurring revenues are available to implement all of the remaining tax policy changes, totaling \$100.3 million in FY 2018 to \$144 million in FY 2021. The remaining revenue is available for allocation in the FY 2018 budget and financial plan formulation. (See Attachment 4 for the list of tax policy changes triggered that will be implemented in January 2018.)

Available revenue to implement tax policy changes

Local Source, General Fund Revenue Estimate (\$M)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
February 2017 Revenue Estimate*	7,355.6	7,538.1	7,789.5	8,028.6	8,287.5
FY 2017 Approved Revenue Budget**	7,134.5	7,362.4	7,595.5	7,826.8	N/A
Additional revenue available for tax triggers	221.1	175.7	194.0	201.8	N/A
Tax policy changes triggered - February 2017***		(100.3)	(137.1)	(140.4)	(144.0)
Additional revenue available for budgeting	221.1	75.4	56.9	61.4	N/A

*Includes revenue impact of previously triggered tax policy changes.

**Based on February 2016 revenue estimate.

***The complete list of Tax policy changes triggered are in attachment 4. Estimate is for only three quarters for FY 2018 because implementation becomes effective in January 2018.

The table below outlines the FY2017 through 2021 revenue estimate after all tax policy changes have been triggered.

February Estimates After Triggered Tax Policy Changes

Local Source, General Fund Revenue Estimate (\$M)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
February 2017 Revenue Estimate*	7,355.6	7,538.1	7,789.5	8,028.6	8,287.5
Triggered tax policy changes		(100.3)	(137.1)	(140.4)	(144.0)
Net Local Fund Revenue (after enacted tax policy changes)	7,355.6	7,437.8	7,652.4	7,888.2	8,143.5
Revenue change from previous year					
Amount	52.0	82.3	214.5	235.8	255.3
Year-Over Year Percent Change	0.7%	1.1%	3.3%	3.1%	3.2%

*Includes revenue impact of previously triggered tax policy changes.

National and Regional Economies

The national economy continues at a pace of moderate growth with low inflation. Real GDP grew at an annual rate of 1.9 percent for the quarter ending December 2016, and 1.6 percent for the full year. Employment is increasing, and the unemployment rate continues to fall slowly. The outlook is for continued moderate growth in the national economy for the next several years. For example, the Board of Governors of the Federal Reserve System expects inflation-adjusted GDP to grow about 2 percent per year through 2019, and has indicated its intention to raise short term interest rates if the economy continues to expand as anticipated.

- The U.S. economy added 2.2 million jobs (1.6%) from December 2015 to December 2016.
- The U.S. unemployment rate (seasonally adjusted) was 4.7 percent in December 2016, down from 5.0 percent a year earlier.
- U.S. Personal Income for the 12-months ending December 2016 was 3.6 percent above a year ago.
- The S&P 500 stock market index average for January 2017 was 6.2 percent above the level of three months earlier, and 18.6 percent above a year earlier.
- Employment in the Washington metropolitan area has remained high during the past year. In the three-month period ending December, wage and salary jobs in the region grew by 68,800 (2.1%) compared to a year earlier. The District of Columbia accounted for about 23 percent of the increase in area employment.
- The D.C. metropolitan area unemployment rate was 3.4 percent in December (not seasonally adjusted), down from 3.7 percent a year earlier.
- In January 2017, the consensus forecast of fifty economists contributing to the Blue Chip Economic Indicators was that national real GDP growth would rise to 2.3 percent for both FY 2017 and FY 2018, up from the 1.6 percent rate of FY 2016. Nominal growth is expected to be 4.2 percent in FY 2017 and 4.5 percent in FY 2018, up from 2.9 percent in FY 2016.

The District of Columbia Economy

Recent trends in the DC economy include continued moderate growth in jobs and income, more population and housing units, a slowing in home sales and prices, and more tourists.

- In the three months ending December 2016, there were 15,767 (2.0%) more wage and salary jobs located in the District than a year earlier. Federal government jobs in December were up by 4,367 (2.2%) from a year earlier, and private sector jobs increased by 10,200 (1.9%).
- District resident employment in the three months ending December 2016 increased by 10,599 (2.9%) compared to a year earlier.
- The December unemployment rate was 5.8 percent (seasonally adjusted), a decrease from 6.6 percent a year ago.
- Wages earned in the District of Columbia grew 5.3 percent in the September 2016 quarter, compared to the prior year. D.C. Personal Income was 4.5 percent higher.
- Single family home sales for the three-month period ending December 2016 were down 1.7 percent from a year ago, with a 0.2 percent increase in the average selling price. Condominium sales were down 3.6 percent, and the average selling price was 0.5 percent less. The value of all home sale settled contracts for the three-month period ending December 2016 was 2.4 percent less than a year ago. For the past 12 months, however, the value of all sales was up by 5.9 percent.
- For the 12-month period ending December, 4,668 housing permits were issued, down 5.8 percent from a year ago; the 3-month total, 1,047 was 30.6 percent less than in the same period of 2015.
- According to CoStar, leased commercial office space in December 2016 was up 0.4 percent from a year ago, while the vacancy rate fell slightly over the past year from 11.2 percent in the December quarter of 2015 to 11.0 percent in the December quarter of 2016. Average rents were 3.9 percent higher in the December quarter than a year earlier.
- Hotel room-days sold for the three months ending December 2016 were 7.1 percent above the prior year, and hotel room revenues were up 12.5 percent.

Outlook

The economic forecasting services IHS Global Insight and Moody's Economy.com both assume that growth in District employment will be slower in FY 2017 and the years following than it was in both FY 2015 and FY 2016. They also agree that the federal sector will play a smaller role in the economy, professional and business services will be the largest source of job growth, and the annual increase in population will begin to slow.

The outlook for the District's economy is for continued, modest growth in jobs and income, similar to that which has occurred over the past year. This outlook includes:

- Job growth increases of 1.0 percent in FY 2017 and 0.6 percent in FY 2018, down from the 1.4 percent rate of increase in FY 2016. Federal employment is expected to decline in FY 2018 and for the remainder of the period of the financial plan.
- Population growth continues at a slower pace (16,400—2.4 percent—over the two fiscal years 2017 and 2018); resident employment grows by 2.8 percent over the same period as the unemployment rate falls.
- DC Personal Income growth increases 5.0 percent in both FY 2017 and FY 2018, slightly above the 4.7 percent estimated for FY 2016.

Risks and Uncertainties

Developments outside of the local economy pose risks to the forecast. These include the possibility of slower national economic growth (18 percent of the economists participating in the January Blue Chip Forecast expect a recession to start in 2017), volatility in the stock market, increases in interest rates, and turbulence in the financial market as the Federal Reserve phases in interest rate increases. Possible disruptions arising from uncertainties around the world and potential national security events are other sources of risks to the forecast.

As noted, federal government fiscal policy uncertainty remains a primary concern. A federal budget has not yet been adopted for all of Fiscal Year 2017, and sequestration constraints on federal spending will return in FY 2018 unless Congress takes action to change them. In addition, the current freeze on federal hiring and upcoming decisions on budget and debt ceiling resolutions only add to current economic 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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Actual and Forecast of Key Variables for the D.C. Economy: FY 2011 - FY 2021

Fiscal Years	Actual						Forecast				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Gross State Product (\$ billion)	107.10	109.40	110.92	115.30	120.88	125.65	130.62	136.35	141.94	147.59	153.15
	4.9%	2.1%	1.4%	3.9%	4.8%	4.0%	4.0%	4.4%	4.1%	4.0%	3.8%
Real Gross State Product (billions \$2005)	103.33	103.90	103.28	104.74	107.07	108.92	110.53	112.48	114.26	115.93	117.31
	2.7%	0.6%	-0.6%	1.4%	2.2%	1.7%	1.5%	1.8%	1.6%	1.5%	1.2%
Personal Income (\$ billion)	40.06	41.89	43.08	45.53	48.59	50.87	53.41	56.10	58.89	61.60	64.38
	9.1%	4.5%	2.8%	5.7%	6.7%	4.7%	5.0%	5.0%	5.0%	4.6%	4.5%
Real Personal Income (billions \$2005)	32.88	33.75	34.19	35.51	37.65	39.05	40.30	41.65	42.85	43.82	44.73
	6.8%	2.6%	1.3%	3.9%	6.0%	3.7%	3.2%	3.3%	2.9%	2.3%	2.1%
Per Capita Income (\$)	64,763	66,128	66,563	69,206	72,640	74,828	77,532	80,572	83,808	86,968	90,209
	6.5%	2.1%	0.7%	4.0%	5.0%	3.0%	3.6%	3.9%	4.0%	3.8%	3.7%
Real Per Capita Income (\$2005)	53,161	53,282	52,833	53,973	56,274	57,444	58,503	59,817	60,980	61,869	62,681
	4.2%	0.2%	-0.8%	2.2%	4.3%	2.1%	1.8%	2.2%	1.9%	1.5%	1.3%
Wages earned in D.C. (\$ billion)	59.53	60.65	62.08	63.97	66.88	69.92	72.70	76.05	79.50	82.96	86.65
	4.0%	1.9%	2.4%	3.0%	4.5%	4.6%	4.0%	4.6%	4.5%	4.4%	4.4%
Wages earned by D.C. residents (\$ billion)	19.9	20.8	21.7	22.8	24.2	25.3	26.5	27.9	29.2	30.6	32.0
	4.7%	4.8%	4.1%	5.5%	6.0%	4.6%	4.7%	5.1%	4.9%	4.5%	4.6%
Population ('000)	618.5	633.4	647.2	657.9	668.9	679.8	688.8	696.2	702.7	708.3	713.7
	2.5%	2.4%	2.2%	1.7%	1.7%	1.6%	1.3%	1.1%	0.9%	0.8%	0.8%
Households ('000)	275.3	280.2	286.1	291.1	295.7	300.1	303.6	306.4	309.2	311.3	313.7
	3.3%	1.7%	2.1%	1.7%	1.6%	1.5%	1.1%	0.9%	0.9%	0.7%	0.8%
Civilian Labor Force ('000)	349.7	359.5	373.9	375.1	386.6	393.9	399.3	403.4	407.0	409.8	413.0
	1.5%	2.8%	4.0%	0.3%	3.0%	1.9%	1.4%	1.0%	0.9%	0.7%	0.8%
At-Place Employment ('000)	723.4	731.2	745.5	751.8	764.4	774.8	782.6	787.2	791.8	796.2	799.9
	2.0%	1.1%	2.0%	0.8%	1.7%	1.4%	1.0%	0.6%	0.6%	0.6%	0.5%
Resident Employment ('000)	314.7	325.9	341.7	345.6	358.9	369.0	375.2	379.4	383.0	385.7	388.9
	1.0%	3.5%	4.8%	1.1%	3.9%	2.8%	1.7%	1.1%	0.9%	0.7%	0.8%
Unemployment Rate	10.0	9.3	8.6	7.9	7.2	6.3	6.0	6.0	5.9	5.9	5.8
Housing Starts	1,940	3,440	3,539	4,491	4,023	4,662	4,170	3,317	3,018	2,885	2,883
Housing Stock ('000)	299.4	302.2	307.2	312.0	316.2	320.3	323.9	326.3	329.4	330.8	330.3
	0.7%	0.9%	1.7%	1.6%	1.4%	1.3%	1.1%	0.7%	0.9%	0.4%	-0.1%
Home sales	6,269	6,347	7,466	7,616	7,929	8,340	8,423	8,508	8,508	8,508	8,508
	-10.0%	1.2%	17.6%	2.0%	4.1%	5.2%	1.0%	1.0%	0.0%	0.0%	0.0%
Average home sale price ('000)	601.0	630.1	712.8	736.4	767.9	794.7	814.5	855.6	898.8	939.2	982.7
	11.6%	4.8%	13.1%	3.3%	4.3%	3.5%	2.5%	5.0%	5.0%	4.5%	4.6%
Change in S & P 500 Index of Common Stock*	1.8%	15.7%	24.8%	13.6%	2.0%	6.4%	2.2%	1.0%	1.7%	7.2%	6.3%
Interest rate on 10-year Treasury notes (%)	3.0	1.9	2.1	2.7	2.2	1.9	2.2	2.5	2.7	3.0	3.4
Washington Area Consumer Prices: % change from prior year	2.5	1.9	1.2	1.9	-0.1	0.8	2.4	2.2	2.5	2.8	2.8

* 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 2015 is the % change from CY 2014.4 to CY 2015.4)

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 (January 2017) and Moody's Analytics (Economy.com) (January 2017); forecasts of the national economy prepared by the Congressional Budget Office (January 2017) and Blue Chip Economic Indicators (January 2017); BLS labor market information from December 2016, the Census Bureau estimates of the D.C. population (2016); Bureau of Economic Analysis estimates of D.C. Personal Income (September 2016); Metropolitan Regional Information System (MRIS) D.C. home sales data (December 2016), accessed in part through the Greater Capital Area Association of Realtors (GCAAR); CoStar information on commercial office buildings and residential property in D.C. (December 2016); and Delta Associates commercial office buildings and apartments in DC (December 2016).

FY 2016 - FY 2021 Revenue Actuals, Estimates and Projections: February 2017
(thousands of dollars)

Revenue Source	Actual		Estimate		Out year projections	
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
1 Real Property	2,357,459	2,490,061	2,560,136	2,654,865	2,753,097	2,854,965
2 <i>Transfer to TIF/Pilot</i>	(33,887)	(39,958)	(41,139)	(46,859)	(53,185)	(57,695)
3 Real Property (net)	2,323,572	2,450,103	2,518,997	2,608,006	2,699,912	2,797,270
4 Personal Property	59,101	61,170	63,005	64,895	66,517	68,180
5 Public Space Rental	46,729	38,247	39,471	40,734	41,997	43,299
8 Total Property (net)	2,429,402	2,549,520	2,621,474	2,713,635	2,808,426	2,908,749
9 General Sales	1,343,074	1,410,583	1,457,013	1,509,432	1,563,735	1,618,264
10 <i>Transfer to convention center</i>	(123,551)	(129,729)	(134,010)	(138,834)	(143,832)	(148,866)
11 <i>Transfer to TIF</i>	(35,397)	(35,397)	(35,397)	(35,397)	(35,397)	(35,397)
12 <i>Transfer to Ballpark Fund</i>	(16,420)	(15,881)	(15,881)	(15,881)	(15,881)	(15,881)
13 <i>Transfer to Healthy DC Fund</i>	(477)	(500)	(854)	(854)	(854)	(854)
14 <i>Transfer to WMATA</i>	(72,355)	(73,973)	(76,480)	(79,305)	(82,232)	(85,180)
15 <i>Transfer to Healthy Schools</i>	(4,266)	(4,266)	(4,266)	(4,266)	(4,266)	(4,266)
16 <i>Transfer to ABRA</i>	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)
17 General Sales (net)	1,089,438	1,149,667	1,188,956	1,233,725	1,280,103	1,326,650
18 Alcohol	6,468	6,675	6,902	7,143	7,394	7,660
19 Cigarette	30,451	29,842	29,215	28,602	28,001	27,413
20 Motor Vehicle	45,997	46,500	47,064	47,607	48,156	48,711
21 Motor Fuel Tax	25,331	25,133	24,936	24,740	24,545	24,353
22 <i>Transfer to Highway Trust Fund</i>	(25,331)	(25,133)	(24,936)	(24,740)	(24,545)	(24,353)
23 Total Sales (net)	1,172,354	1,232,684	1,272,137	1,317,077	1,363,653	1,410,434
24 Individual Income	1,907,862	1,938,884	2,012,650	2,096,615	2,174,100	2,254,119
25 Corp. Franchise	387,081	357,636	354,799	365,524	376,712	387,772
26 U. B. Franchise	169,387	166,216	174,847	180,486	186,165	195,097
27 Total Income	2,464,330	2,462,736	2,542,295	2,642,625	2,736,977	2,836,988
28 Public Utility	135,568	136,245	136,927	137,611	138,299	138,991
29 <i>Transfer to Ballpark Fund</i>	(8,105)	(8,186)	(8,268)	(8,351)	(8,434)	(8,518)
30 Public Utility (net)	127,463	128,059	128,659	129,261	129,865	130,472
31 Toll Telecommunications	50,930	52,713	54,241	56,085	57,992	59,906
32 <i>Transfer to Ballpark Fund</i>	(2,286)	(2,367)	(2,444)	(2,526)	(2,611)	(2,700)
33 Toll Telecommunications (net)	48,644	50,346	51,797	53,559	55,381	57,207
34 Insurance Premiums	104,917	96,937	100,521	102,442	104,402	106,400
35 <i>Transfer to Healthy DC Fund</i>	(44,605)	(46,426)	(49,617)	(50,610)	(51,622)	(52,654)
36 Insurance Premiums (net)	60,312	50,511	50,903	51,832	52,780	53,746
37 Healthcare Provider Tax	17,014	14,769	14,928	15,227	15,531	15,842
38 <i>Transfer to Nursing Facility Quality of Care Fund</i>	(17,014)	(14,769)	(14,928)	(15,227)	(15,531)	(15,842)
39 Ballpark fee	32,764	33,946	33,946	33,946	33,946	33,946
40 Transfer to Ballpark Fund	(32,764)	(33,946)	(33,946)	(33,946)	(33,946)	(33,946)
41 Hospital Bed Taxes	16,806	15,440	-	-	-	-
42 <i>Transfer to Hospital Fund</i>	(16,806)	(15,440)	-	-	-	-
43 ICF-IDD Assessment	4,860	5,519	5,704	5,704	5,704	5,704
44 <i>Transfer to Stevie Sellows</i>	(4,860)	(5,519)	(5,704)	(5,704)	(5,704)	(5,704)
45 Care First Contribution	-	-	-	-	-	-
46 <i>Transfer to Healthy DC Fund</i>	-	-	-	-	-	-
47 Total Gross Receipts (net)	236,419	228,916	231,359	234,652	238,026	241,425
48 Estate	53,967	34,624	34,364	34,064	33,764	33,451
49 Deed Recordation	250,028	222,042	227,547	233,052	238,557	244,062
50 <i>Transfer to HPTF/ Bond repayment/West End</i>	(37,504)	(33,553)	(34,421)	(35,289)	(36,157)	(37,025)
51 Deed Recordation (net)	212,524	188,489	193,126	197,763	202,400	207,037
52 Deed Transfer	175,751	166,046	170,467	174,888	179,309	183,730
53 <i>Transfer to HPTF/ Bond repayment</i>	(26,196)	(24,444)	(25,094)	(25,744)	(26,394)	(27,043)
54 Deed Transfer (net)	149,555	141,602	145,373	149,144	152,915	156,687
55 Co-op Recordation	-	-	-	-	-	-
56 Economic Interests	19,450	19,200	15,550	16,195	16,600	16,600
57 Total Other Taxes (net)	435,496	383,915	388,413	397,166	405,679	413,775
58 TOTAL TAXES NET OF DEDICATED TAXES	6,738,001	6,857,772	7,055,678	7,305,155	7,552,762	7,811,371
59 Licenses & Permits	90,432	88,900	83,009	88,693	84,475	88,492
60 Fines & Forfeits	199,010	184,987	179,067	173,470	167,436	164,536
61 Charges for Services	81,897	74,007	74,130	74,254	74,379	74,379
62 Miscellaneous	140,982	95,921	91,757	92,952	94,094	92,762
63 TOTAL NON-TAX	512,321	443,815	427,963	429,369	420,385	420,169
64 Lottery	53,287	54,000	54,500	55,000	55,500	56,000
65 TOTAL REVENUE NET OF DEDICATED TAXES	7,303,609	7,355,587	7,538,141	7,789,524	8,028,647	8,287,541

FY 2016 - FY 2021 Revenue Actuals, Estimates and Projections: February 2017
(percent change from prior year)

Revenue Source	Actual		Estimate		Out year projections	
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
1 Real Property	7.4%	5.6%	2.8%	3.7%	3.7%	3.7%
2 <i>Transfer to TIF/Pilot</i>	-15.7%	17.9%	3.0%	13.9%	13.5%	8.5%
3 Real Property (net)	7.9%	5.4%	2.8%	3.5%	3.5%	3.6%
4 Personal Property	3.3%	3.5%	3.0%	3.0%	2.5%	2.5%
5 Public Space Rental	29.4%	-18.2%	3.2%	3.2%	3.1%	3.1%
8 Total Property (net)	8.1%	4.9%	2.8%	3.5%	3.5%	3.6%
9 General Sales	2.1%	5.0%	3.3%	3.6%	3.6%	3.5%
10 <i>Transfer to convention center</i>	6.1%	5.0%	3.3%	3.6%	3.6%	3.5%
11 <i>Transfer to TIF</i>	-5.7%	0.0%	0.0%	0.0%	0.0%	0.0%
12 <i>Transfer to Ballpark Fund</i>	10.2%	-3.3%	0.0%	0.0%	0.0%	0.0%
13 <i>Transfer to Healthy DC Fund</i>	350.0%	4.8%	70.8%	0.0%	0.0%	0.0%
14 <i>Transfer to WMATA</i>	7.3%	2.2%	3.4%	3.7%	3.7%	3.6%
15 <i>Transfer to Healthy Schools</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
16 <i>Transfer to ABRA</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17 General Sales (net)	1.5%	5.5%	3.4%	3.8%	3.8%	3.6%
18 Alcohol	3.6%	3.2%	3.4%	3.5%	3.5%	3.6%
19 Cigarette	-3.3%	-2.0%	-2.1%	-2.1%	-2.1%	-2.1%
20 Motor Vehicle	-1.3%	1.1%	1.2%	1.2%	1.2%	1.2%
21 Motor Fuel Tax	0.3%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%
22 <i>Transfer to Highway Trust Fund</i>	0.3%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%
23 Total Sales (net)	1.3%	5.1%	3.2%	3.5%	3.5%	3.4%
24 Individual Income	2.1%	1.6%	3.8%	4.2%	3.7%	3.7%
25 Corp. Franchise	25.7%	-7.6%	-0.8%	3.0%	3.1%	2.9%
26 U. B. Franchise	21.2%	-1.9%	5.2%	3.2%	3.1%	4.8%
27 Total Income	6.4%	-0.1%	3.2%	3.9%	3.6%	3.7%
28 Public Utility	-7.1%	0.5%	0.5%	0.5%	0.5%	0.5%
29 <i>Transfer to Ballpark Fund</i>	-6.6%	1.0%	1.0%	1.0%	1.0%	1.0%
30 Public Utility (net)	-7.1%	0.5%	0.5%	0.5%	0.5%	0.5%
31 Toll Telecommunications	-9.4%	3.5%	2.9%	3.4%	3.4%	3.3%
32 <i>Transfer to Ballpark Fund</i>	-14.7%	3.5%	3.3%	3.4%	3.4%	3.4%
33 Toll Telecommunications (net)	-9.1%	3.5%	2.9%	3.4%	3.4%	3.3%
34 Insurance Premiums	0.4%	-7.6%	3.7%	1.9%	1.9%	1.9%
35 <i>Transfer to Healthy DC Fund</i>	-0.4%	4.1%	6.9%	2.0%	2.0%	2.0%
36 Insurance Premiums (net)	1.0%	-16.3%	0.8%	1.8%	1.8%	1.8%
37 Healthcare Provider Tax	32.4%	-13.2%	1.1%	2.0%	2.0%	2.0%
38 <i>Transfer to Nursing Facility Quality of Care Fund</i>	32.4%	-13.2%	1.1%	2.0%	2.0%	2.0%
39 Ballpark fee	-6.2%	3.6%	0.0%	0.0%	0.0%	0.0%
40 Transfer to Ballpark Fund	-6.2%	3.6%	0.0%	0.0%	0.0%	0.0%
41 Hospital Bed Taxes	-	-	-	-	-	-
42 Transfer to Hospital Fund	-	-	-	-	-	-
43 ICF-MR Assessment	-3.4%	13.6%	3.3%	0.0%	0.0%	0.0%
44 Transfer to Stevie Sellows	-3.4%	13.6%	3.3%	0.0%	0.0%	0.0%
45 Care First Contribution	-	-	-	-	-	-
46 Transfer to Healthy DC Fund	-	-	-	-	-	-
47 Total Gross Receipts (net)	-5.6%	-3.2%	1.1%	1.4%	1.4%	1.4%
48 Estate	11.8%	-35.8%	-0.8%	-0.9%	-0.9%	-0.9%
49 Deed Recordation	-3.0%	-11.2%	2.5%	2.4%	2.4%	2.3%
50 <i>Transfer to HPTF</i>	-3.0%	-10.5%	2.6%	2.5%	2.5%	2.4%
51 Deed Recordation (net)	-3.0%	-11.3%	2.5%	2.4%	2.3%	2.3%
52 Deed Transfer	-11.4%	-5.5%	2.7%	2.6%	2.5%	2.5%
53 <i>Transfer to HPTF</i>	-11.9%	-6.7%	2.7%	2.6%	2.5%	2.5%
54 Deed Transfer (net)	-11.3%	-5.3%	2.7%	2.6%	2.5%	2.5%
55 Co-op Recordation	-	-	-	-	-	-
56 Economic Interests	-20.3%	-1.3%	-19.0%	4.1%	2.5%	0.0%
57 Total Other Taxes (net)	-5.4%	-11.8%	1.2%	2.3%	2.1%	2.0%
58 TOTAL TAXES NET OF DEDICATED TAXES	4.8%	1.8%	2.9%	3.5%	3.4%	3.4%
59 Licenses & Permits	1.9%	-1.7%	-6.6%	6.8%	-4.8%	4.8%
60 Fines & Forfeits	69.8%	-7.0%	-3.2%	-3.1%	-3.5%	-1.7%
61 Charges for Services	-13.2%	-9.6%	0.2%	0.2%	0.2%	0.0%
62 Miscellaneous	21.4%	-32.0%	-4.3%	1.3%	1.2%	-1.4%
63 TOTAL NON-TAX	23.0%	-13.4%	-3.6%	0.3%	-2.1%	-0.1%
64 Lottery	-4.1%	1.3%	0.9%	0.9%	0.9%	0.9%
65 TOTAL REVENUE NET OF DEDICATED TAXES	5.8%	0.7%	2.5%	3.3%	3.1%	3.2%

Triggered Tax Reform Provisions

No	Tax Reform Provisions Triggered for Implementation January 2018	FY 2018				FY 2019				FY 2020				FY 2021			
1	Increase the personal exemption from \$1,775 to \$2,200		(\$10.89)		(\$14.8)		(\$15.1)		(\$15.3)								
2	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		(\$6.60)		(\$9.0)		(\$9.2)		(\$9.5)								
3	Increase the personal exemption from \$2,200 to \$2,700		(\$12.34)		(\$16.8)		(\$17.1)		(\$17.6)								
4	Reduce unincorporated and incorporated business franchise tax from 9.0% to 8.75%		(\$9.33)		(\$13.1)		(\$13.9)		(\$14.6)								
5	Increase the personal exemption from \$2,700 to \$3,200		(\$12.00)		(\$16.3)		(\$16.7)		(\$17.2)								
6	Raise estate threshold from \$2 Million to conform to federal level		(\$12.02)		(\$15.7)		(\$15.0)		(\$13.9)								
7	Reduce unincorporated and incorporated business franchise tax from 8.75% to 8.5%		(\$9.33)		(\$13.1)		(\$13.9)		(\$14.6)								
8	Increase the personal exemption from \$3,200 to \$3,700		(\$11.65)		(\$15.9)		(\$16.3)		(\$16.8)								
9	Reduce unincorporated and incorporated business franchise tax from 8.5% to 8.25%		(\$9.33)		(\$13.1)		(\$13.9)		(\$14.6)								
10	Increase the personal exemption from \$3,700 to conform to the federal level (\$4,000) and repeal the low income credit.		(\$6.81)		(\$9.3)		(\$9.5)		(\$9.8)								
	TOTAL		(\$100.3)		(\$137.1)		(\$140.4)		(\$144.0)								

Estimate is for only three quarters for FY 2018 because implementation becomes effective in January 2018.