

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



Jeffrey S. DeWitt
Chief Financial Officer

February 26, 2021

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 2021 Revenue Estimates

Dear Mayor Bowser and Chairman Mendelson:

This letter certifies the revenue estimate for the FY 2022 – FY 2025 District of Columbia Budget and Financial Plan. The revised estimate increases the current FY 2021 – FY 2024 financial plan revenue by \$227 million. This, combined with prior revisions, leaves a financial plan deficit of \$235 million to be addressed. Revenue for FY 2021 is \$141.8 million (-1.7 percent) below the FY 2020 revenue level and grows \$387.5 million (+4.8 percent) in FY 2022. Revenue is expected to return to the FY 2019 level of \$8.3 billion in FY 2022 as vaccines are deployed and the economy recovers.

February Revenue Estimate Compared to FY 2021 Budgeted Revenue

Local Source, General Fund Revenue Estimate (\$M)	Actual		Estimated		Projected	
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
FY 2021 BUDGETED REVENUE		8,037.7	8,491.0	8,762.2	9,069.4	
<i>September revision</i>		-211.9	-209.7	-190	-170.4	
<i>December revision*</i>		68.4	56.9	101.7	93.2	
<i>February revision*</i>		113.8	57.3	36.7	19.0	
Total revisions to budgeted revenue		-29.7	-95.5	-51.6	-58.2	
February 2021 Revenue Estimate	8,149.8	8,008.0	8,395.5	8,710.6	9,011.2	9,297.4
Revenue Change from Previous Year						
Amount	(165.0)	(141.8)	387.5	315.1	300.6	286.2
<i>Year-Over Year Percent Change</i>	-2.0%	-1.7%	4.8%	3.8%	3.5%	3.2%

* December and February revisions largely related to better than expected individual and business income taxes for the non-COVID impacted sectors of the economy and the impact of federal relief.

Our assumptions about the re-opening timeline are unchanged, but the large injection of federal spending is expected to accelerate the recovery once the re-opening phases occur. On the downside, the COVID-19 impact on commercial real property markets will be a drag on revenue growth in FY 2022 and beyond. Lower income from hotel, apartment, and office properties in calendar year 2020 are reflected in preliminary real property assessments to be sent out in March and will be the basis for real property tax revenues in FY 2022. Beyond FY 2022, greater levels of remote work will limit growth in the value of commercial office properties.

The table below shows the re-opening timeline assumptions underlying the estimate. We expect Phase II of ReOpenDC to maintain restrictions on economic activity until Spring 2021. Fortunately, the availability and deployment of at least two vaccines is expected to accelerate the recovery in the second half of the fiscal year and slightly improve the overall economic outlook for FY 2021, moving the District to Phase IV of ReOpenDC when most restrictions are lifted.

Re-open assumptions underlying estimate

Winter 2020/2021	Spring/Summer 2021	Fall 2021
Phase II	Phase III	Phase IV
<ul style="list-style-type: none"> • Business capacity restricted • Restaurants: limited indoor dining • Groups < 25ppl 	<ul style="list-style-type: none"> • Business capacity 75% (10ppl per 1000 sq. ft.) • Restaurants: indoor dining allowed 50% • Bars/nightclubs: 50% (5 ppl per 1000 sq. ft.) • Libraries open with safeguards • Groups < 250 ppl • Telework encouraged but in-office up to 50% 	<ul style="list-style-type: none"> • Public health restrictions lifted
<i>Note: adapted from ReOpenDC phased restrictions</i>		

We expect the economy to continue its current path of recovery. The federal relief package enacted in December 2020 has improved the economic outlook. Also, the American Rescue Plan Act, now moving through Congress will further improve the outlook, particularly for FY 2021. The enhanced unemployment insurance, extended Paycheck Protection Program (PPP), additional economic impact payments, and substantial state government assistance will prepare the economy for the pent-up demand for restaurants, retail, entertainment, and travel when the pandemic is finally brought under control.

The pandemic significantly changed the trajectory of District local fund revenue. In the February 2020 estimate, growth was projected to be 1.7 percent following a strong FY 2019. However, the pandemic economy resulted in a contraction of 2 percent in FY 2020. Cumulatively, over the FY 2021-FY 2024 financial plan, District revenue was \$2.6 billion below the pre-COVID-19 projections.

Revenue Highlights

Because of the pandemic, the performance of District revenue sources was affected by developments in three areas:

- **Pandemic Public Health Restrictions.** Revenue sources, such as sales and deed taxes and licenses and fines which are tied to in-person customers, commuters or occupied offices,

were most affected by the business activity restrictions required to control the spread of COVID-19. These taxes combined declined more than 20 percent in FY 2020 and are expected to decline further in FY 2021. With the federal relief package being considered, and assumed in this estimate, we do not expect a change in the re-open schedule but we do expect a stronger “return to “normal” as grants and relief funds keep families and businesses whole until they can go out again and reopen.

- **Business support and remote work.** Conversely, revenue from individual and business income taxes, one-third of 2019 general fund revenue, has not been disrupted. In the case of business income taxes, the revenue outlook has exceeded the pre-COVID-19 projection because of the ability to transition to telework for many employers, business relief, the Federal reserve monetary policy, and a soaring stock market.
- **Office and residential space.** The transition to remote work has allowed a significant share of employment in the District to remain unaffected by the pandemic, but it could also lead to shrinking demand for office space and changes in residential preferences. Reductions in office space use and preferences for residences farther away from places of work could have a deleterious effect on the outlook for real property taxes collected from large office and multifamily properties as well as deed taxes from the sale of those assets.

Real property tax

Real property tax revenue is revised upward by \$64.4 million in FY 2021 to reflect final bills mailed to taxpayers in February for March 2021 collection. However, real property tax revenue was revised downward by \$40.1 million in FY 2022, \$80.2 million in FY 2023, and \$91.5 million in FY 2024. These downward revisions reflect the pandemic’s impact on assessments that will be mailed in March, as well as forecasted trends in office and apartment leasing markets gleaned from extensive research and discussions with real estate professionals. Large office building value, which comprise 35 percent of all District assessed value (and 45 percent of tax liability due to the higher commercial tax rate) is forecasted to grow less than 1 percent in FY 2021 and contract by 9.7 percent in FY 2022 before stabilizing.

Sales tax

Sales tax collections continue to be impacted by the pandemic public health restrictions limiting retail and hospitality activities in the District. After a decline of 23.5 percent in FY 2020, gross sales taxes before earmarks is forecasted to decline 8.9 percent in FY 2021. However, the significant federal relief and grants to District businesses should result in a stronger recovery in FY 2022, and sales taxes, driven by restaurant, hotels, and entertainment venues re-opening, is expected to grow 33 percent. Sales tax revenue recovers to the 2019 level in FY 2023.

Income taxes

Both individual and business income tax revenues have been revised upward. The strong stock market, the ability to work remotely for many employees, and significant federal relief support individual income tax revenue, which is expected to grow 3.1 percent in FY 2021, and 3.4 percent in FY 2022. By FY 2023, individual income tax revenue growth returns to trend of about 4.5 percent.

Corporate franchise revenue in FY 2021 is expected to decline from FY 2020, not because of corporate profit weakness, but because the FY 2020 revenue included significant one-time prior year collections. Corporate franchise revenue is expected to grow 2.8 percent in FY 2022 and 3.5 percent in FY 2023.

Unincorporated business franchise tax revenue will be positively impacted by federal and District relief programs aimed at supporting rent and lease payments, but collections are expected to decline in FY 2021 despite an upward revision of \$11.6 million. In FY 2022, unincorporated franchise tax is expected to grow 1.2 percent and about 1.5 percent through FY 2025. The support provided by federal and District relief offsets the underlying weakness in apartment and office leasing that make up a significant part of the unincorporated business taxable activity.

Deed taxes

Deed taxes for residential properties remain strong as sales of single family homes, particularly high-value homes, have been strong since Summer 2020. However, office and multifamily sales were weak and total deed recordation and transfer taxes declined 19.3 percent in FY 2020. Collections will grow modestly at 1 percent in FY 2021 but don't recover to 2019 levels until FY 2023.

Non-tax revenue

Non-tax revenue is expected to decline 27 percent in FY 2021, as public health restrictions affect traffic enforcement operation, permitting, and private car demand with a rebound of 21.3 percent growth in FY 2022 as the economy reopens. Revenues from licenses, fees, fines and forfeitures do not recover during the financial plan period to the FY 2019 peak, mostly reflecting changes in commuting and future construction activity.

National and Regional Economies

The spread of COVID-19 around the globe brought the pattern of steady growth in the national economy to an abrupt halt, ending the longest period of expansion in U.S. history. Unprecedented fiscal relief from the federal government and accommodating monetary policy from the Federal Reserve appears to have contained much of the damage caused by the pandemic. Real GDP contracted 3.5 percent in calendar year 2020 after projections last summer of a 6 percent decline. Real GDP is estimated to recover to pre-pandemic levels by the end of FY 2021.

- U.S. employment declined 6.0 percent in the 3-month period that ended December 2020 from the same period in 2019. The U.S. unemployment rate was 6.5 percent in December 2020, up from 3.4 percent in December 2019.
- U.S. personal income grew 4.4 percent in the fourth quarter of 2020 over the prior year, and wages grew 2.7 percent. Federal relief boosted personal income throughout 2020 with the largest impact in the 2nd quarter from the economic impact payments, according to the Bureau of Economic Analysis.
- Gross domestic product, adjusted for inflation, was 2.5 percent lower in the 4th quarter of calendar year 2020 than 4th quarter 2019.

- The S&P 500 stock market index ended January 2021 at 3,714, down 1.1 percent year-to-date and 15 percent above the end of January 2020.
- Washington metropolitan employment declined 5.1 percent in the 3-month period that ended December 2020 over the prior year. Metro area unemployment rate was 5.6 percent in December, up from 2.6 percent in 2019.
- District employment for the 3-month period that ended December 2020 was 6.3 percent lower than in 2019, and the unemployment rate was 7.6 percent in December 2020, up from 5.0 percent in 2019.
- District personal income grew 5.4 percent in FY 2020 over FY 2019, and wages earned in the District grew 1.9 percent. Wages for District residents grew 2.0 percent.
- The number of single family and condominium sales grew by 6.1 percent in FY 2020 and the value of sales grew 11.8 percent.
- Air travel to District-area airports was down 69 percent in November 2020 compared to the prior year and hotel occupancy was 16.4 percent in December compared to 59.5 percent in December 2019.

Economic Outlook

The economic outlook for the District's economy is consistent with national projections—following a contraction in 2020, a recovery process has begun that will continue through the end of calendar year 2021. It will take even longer for employment levels to return to where they were prior to the public health emergency. This outlook is generally consistent with forecasts for the U.S. economy by the Congressional Budget Office and with national and D.C. forecasts prepared by IHS Markit and Moody's Analytics.

The outlook for key economic variables includes:

- Jobs located in the District decline 1.2 percent in FY 2021 as public health restrictions continue through 2021. A rebound of 4.4 percent growth in FY 2022 brings jobs in the District back up to 2019 levels.
- Population growth continues with 12,400 —1.7 percent—added over the three fiscal years 2020 through 2023. This pace is slower than the 3.1 percent growth from FY 2016 to FY 2019.
- Resident employment grows 0.1 percent in FY 2021, with increases of 2.7 percent and 1.2 percent in the following years. The unemployment rate, which was 7.3 percent in FY 2019, rose to an average 7.3 percent rate in FY 2020, increases to 7.4 percent in FY 2021. The rate declines to 5.5 percent by FY 2024, just under pre-pandemic levels.
- District personal income growth is 5.8 percent in FY 2021, supported by federal transfers such as the one-time relief check and expanded unemployment compensation. Absent the additional relief in 2021, personal income grows just 1 percent in FY 2022 before returning to normal growth.
- The S&P 500 index, rebounding significantly from the March 2020 contraction and setting new highs over the summer and fall, was 15.2 percent higher at the end of 2020 than 2019. The volatile index has grown since the start of 2021 and is projected to end the year 5.3 percent higher but decline modestly in 2022.

Risks to the Forecast

The COVID-19 pandemic's course remains the biggest source of uncertainty for the District and national economies. COVID-19 cases and deaths both surged throughout the fall and into 2021, resulting in the tightening of public health restrictions aimed at slowing the virus spread. In recent weeks, the trend has improved. The availability of two vaccines and the recent announcement of a third are positive developments. While the public health emergency may be abating, risks remain related to the containment of the virus and the pace of full recovery.

The federal relief package, known as the American Rescue Plan Act, will infuse District public health programs with funds for deployment of vaccines, tracking of cases, and care of COVID-19 patients. These funds will also help mitigate a housing crisis with significant levels of rental assistance and provide direct funds to District residents and businesses of sufficient magnitude to weather the next few months of restrictions. While Congress set a \$1.9 trillion level for COVID-19 relief earlier this month in an appropriations resolution, the details remain to be negotiated. If the final relief package is significantly less than the current proposal or the composition of grants and direct payments are substantially different, then some of the revenue forecasted in this estimate may not materialize.

The build-up of deferred rent, utility payments, and additional credit card debt remain risks to full recovery, even with the federal relief. Landlords have been prohibited from evicting tenants and it is not clear what the outcome will be when the prohibition is lifted. This risk is significantly reduced by federal rent relief programs both enacted and projected.

As the pandemic recedes, the long-lasting effects will become more apparent. When the public health emergency is lifted, there will likely be a surge in pent-up demand for entertainment—dining, performances, and sports—but the long-term level could be reduced if there is less appetite to travel for business or leisure, greater demand for telework or suburban locations, or continued discomfort about congregating.

Reduced demand for office space because commuters and other office workers may permanently decide to work from home is one of the biggest concerns of the outlook. It remains to be seen how much interest there is to return to offices and what changes will occur that could result in lower demand for non-trophy commercial office space. As many District-area offices switched to full remote working because of the COVID-19 health emergency, some District residents opted to temporarily relocate outside the District. If, post-pandemic, employers shift to greater remote working, these arrangements could become permanent.

Finally, there is the possibility of an emerging risk of inflation which to-date has not been a concern, but the levels of government spending, both here and abroad, over the last 12 months is unprecedented in the absence of a war. It is not clear whether this spending will manifest in inflation in the coming years. One immediate concern is rising yields on government bonds contributing to a correction in the stock market. We currently project growth in the S&P 500 stock index in FY 2021 and a pause in FY 2022 before growing again. Absent the pandemic, the federal reserve may be less inclined to step in for another correction as they did in March 2020.

We will continue to closely monitor national and local economic activity and public health conditions that may affect the forecast. If you have any questions regarding this matter, please contact me at (202) 727-2476.

Sincerely,



Jeffrey S. DeWitt

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Jennifer Reed, Director, Mayor's Office of Budget and Performance Management
Jennifer Budoff, Budget Director, Council of the District of Columbia
Kathy Patterson, District of Columbia Auditor

TABLE 1: REVENUE SUMMARY TABLE

\$ in Thousands	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS		
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	
PROPERTY	2,954,093	3,001,976	2,867,475	2,901,545	2,975,102	3,055,909	
Real Property	2,836,733	2,896,460	2,761,809	2,793,719	2,866,898	2,946,982	
Personal Property	77,698	70,193	69,990	71,793	71,810	72,169	
Public Space Rental	39,662	35,323	35,676	36,033	36,394	36,758	
<i>Dedicated to other funds</i>	-44,377	-51,738	-46,815	-52,559	-63,727	-68,001	
PROPERTY (NET)	2,909,716	2,950,238	2,820,660	2,848,986	2,911,375	2,987,908	
SALES & EXCISE	1,316,574	1,208,702	1,578,336	1,729,575	1,879,160	1,952,627	
General Sales	1,222,446	1,113,119	1,481,845	1,632,988	1,782,466	1,855,849	
Alcohol	6,009	6,006	6,199	6,299	6,400	6,505	
Cigarette	24,934	23,103	22,479	21,872	21,282	20,707	
Motor Vehicle	40,713	40,700	41,107	41,702	42,298	42,854	
Motor Fuel	22,472	25,774	26,706	26,714	26,714	26,712	
<i>Dedicated to other funds</i>	-403,344	-380,850	-491,242	-532,409	-571,791	-589,633	
SALES & EXCISE(NET)	913,230	827,853	1,087,094	1,197,166	1,307,369	1,362,994	
INCOME	3,104,933	3,136,538	3,236,988	3,365,670	3,503,449	3,645,725	
Individual Income	2,377,236	2,451,838	2,535,664	2,643,062	2,764,278	2,892,311	
Corporate Franchise	575,646	537,495	552,369	571,591	585,965	597,937	
U.B. Franchise	152,051	147,206	148,955	151,018	153,207	155,477	
INCOME (NET)	3,104,933	3,136,538	3,236,988	3,365,670	3,503,449	3,645,725	
GROSS RECEIPTS	371,123	378,522	381,902	383,546	385,146	385,089	
Public Utilities	136,813	139,917	140,616	141,460	142,309	143,163	
Toll Telecommunications	40,891	36,314	34,898	33,537	32,229	30,972	
Insurance Premiums	120,004	127,265	126,172	127,396	128,632	128,632	
Ballpark Fee	37,248	34,902	37,400	37,400	37,400	37,400	
Private sports wagering	273	2,596	2,856	3,141	3,455	3,801	
Games of Skill		1,210	3,329	3,662	3,845	3,845	
Health Related Taxes	35,894	36,318	36,631	36,950	37,276	37,276	
<i>Dedicated to other funds</i>	-131,125	-133,345	-136,824	-136,502	-141,246	-141,766	
GROSS RECEIPTS (NET)	239,998	245,178	245,079	247,044	243,900	243,323	
OTHER TAX	489,988	490,669	564,984	610,148	626,780	643,416	
Estate	37,249	33,237	34,735	35,130	35,535	35,945	
Deed Recordation	261,211	253,958	290,284	313,569	322,802	332,034	
Deed Transfer	179,403	192,392	219,912	237,552	244,546	251,541	
Economic Interest	12,124	11,082	20,052	23,896	23,896	23,896	
<i>Dedicated to other funds</i>	-69,019	-68,021	-78,469	-84,052	-86,211	-88,652	
OTHER TAX (NET)	420,969	422,649	486,515	526,096	540,568	554,764	
TOTAL TAX (GROSS)	8,236,710	8,216,409	8,629,685	8,990,484	9,369,637	9,682,766	
TOTAL TAX (NET)	7,588,846	7,582,455	7,876,335	8,184,962	8,506,662	8,794,714	
NONTAX	522,895	381,461	462,547	468,549	466,445	463,187	
Licenses & Permits	125,584	107,245	133,341	139,739	140,239	141,815	
Fines & Forfeits	147,943	108,601	138,654	135,906	133,214	130,576	
Charges for Services	68,723	74,726	75,033	77,406	77,709	76,063	
Miscellaneous	180,645	90,888	115,520	115,498	115,283	114,732	
NONTAX (NET)	522,895	381,461	462,547	468,549	466,445	463,187	
LOTTERY	38,060	44,099	56,586	57,095	60,535	61,950	
<i>Dedicated to other funds</i>					-22,450	-22,450	
LOTTERY (NET)	38,060	44,099	56,586	57,095	38,085	39,500	
GROSS REVENUE	8,797,665	8,641,969	9,148,818	9,516,128	9,896,617	10,207,903	
LOCAL FUND REVENUE	8,149,801	8,008,015	8,395,468	8,710,606	9,011,191	9,297,401	
OTHER FUNDS (See Table 2)	647,864	633,953	753,350	805,522	885,425	910,502	

TABLE 1: REVENUE SUMMARY TABLE (Continued)

% Change from Year Ago	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS		
	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	
PROPERTY	4.5%	1.6%	-4.5%	1.2%	2.5%	2.7%	
Real Property	4.7%	2.1%	-4.6%	1.2%	2.6%	2.8%	
Personal Property	-1.6%	-9.7%	-0.3%	2.6%	0.0%	0.5%	
Public Space Rental	2.5%	-10.9%	1.0%	1.0%	1.0%	1.0%	
<i>Dedicated to other funds</i>	-15.7%	16.6%	-9.5%	12.3%	21.2%	6.7%	
PROPERTY (NET)	4.9%	1.4%	-4.4%	1.0%	2.2%	2.6%	
SALES & EXCISE	-22.9%	-8.2%	30.6%	9.6%	8.6%	3.9%	
General Sales	-23.5%	-8.9%	33.1%	10.2%	9.2%	4.1%	
Alcohol	-14.7%	0.0%	3.2%	1.6%	1.6%	1.6%	
Cigarette	-12.7%	-7.3%	-2.7%	-2.7%	-2.7%	-2.7%	
Motor Vehicle	-11.4%	0.0%	1.0%	1.4%	1.4%	1.3%	
Motor Fuel	-19.6%	14.7%	3.6%	0.0%	0.0%	0.0%	
<i>Dedicated to other funds</i>	-24.4%	-5.6%	29.0%	8.4%	7.4%	3.1%	
SALES & EXCISE(NET)	-22.2%	-9.3%	31.3%	10.1%	9.2%	4.3%	
INCOME	5.5%	1.0%	3.2%	4.0%	4.1%	4.1%	
Individual Income	3.4%	3.1%	3.4%	4.2%	4.6%	4.6%	
Corporate Franchise	13.3%	-6.6%	2.8%	3.5%	2.5%	2.0%	
U.B. Franchise	12.8%	-3.2%	1.2%	1.4%	1.4%	1.5%	
INCOME (NET)	5.5%	1.0%	3.2%	4.0%	4.1%	4.1%	
GROSS RECEIPTS	-6.1%	2.0%	0.9%	0.4%	0.4%	0.0%	
Public Utilities	-12.5%	2.3%	0.5%	0.6%	0.6%	0.6%	
Toll Telecommunications	-2.4%	-11.2%	-3.9%	-3.9%	-3.9%	-3.9%	
Insurance Premiums	1.0%	6.1%	-0.9%	1.0%	1.0%	0.0%	
Ballpark Fee	-17.4%	-6.3%	7.2%	0.0%	0.0%	0.0%	
Private sports wagering			10.0%	10.0%	10.0%	10.0%	
Games of Skill			175.1%	10.0%	5.0%	0.0%	
Health Related Taxes	8.8%	1.2%	0.9%	0.9%	0.9%	0.0%	
<i>Dedicated to other funds</i>	-3.7%	1.7%	2.6%	-0.2%	3.5%	0.4%	
GROSS RECEIPTS (NET)	-7.3%	2.2%	0.0%	0.8%	-1.3%	-0.2%	
OTHER TAX	-16.0%	0.1%	15.1%	8.0%	2.7%	2.7%	
Estate	67.0%	-10.8%	4.5%	1.1%	1.2%	1.2%	
Deed Recordation	-12.8%	-2.8%	14.3%	8.0%	2.9%	2.9%	
Deed Transfer	-21.4%	7.2%	14.3%	8.0%	2.9%	2.9%	
Economic Interest	-63.6%	-8.6%	80.9%	19.2%	0.0%	0.0%	
<i>Dedicated to other funds</i>	-16.2%	-1.4%	15.4%	7.1%	2.6%	2.8%	
OTHER TAX (NET)	-16.0%	0.4%	15.1%	8.1%	2.8%	2.6%	
TOTAL TAX (GROSS)	-2.6%	-0.2%	5.0%	4.2%	4.2%	3.3%	
TOTAL TAX (NET)	-0.8%	-0.1%	3.9%	3.9%	3.9%	3.4%	
NONTAX	-15.6%	-27.0%	21.3%	1.3%	-0.4%	-0.7%	
Licenses & Permits	-14.5%	-14.6%	24.3%	4.8%	0.4%	1.1%	
Fines & Forfeits	-24.3%	-26.6%	27.7%	-2.0%	-2.0%	-2.0%	
Charges for Services	-11.3%	8.7%	0.4%	3.2%	0.4%	-2.1%	
Miscellaneous	-9.4%	-49.7%	27.1%	0.0%	-0.2%	-0.5%	
NONTAX (NET)	-15.6%	-27.0%	21.3%	1.3%	-0.4%	-0.7%	
LOTTERY	-15.5%	15.9%	28.3%	0.9%	6.0%	2.3%	
<i>Dedicated to other funds</i>							
LOTTERY (NET)					-33.3%	3.7%	
GROSS REVENUE	-3.5%	-1.8%	5.9%	4.0%	4.0%	3.1%	
LOCAL FUND REVENUE	-2.0%	-1.7%	4.8%	3.8%	3.5%	3.2%	
OTHER FUNDS (See Table 2)	-19.5%	-2.1%	18.8%	6.9%	9.9%	2.8%	

TABLE 2: DEDICATED/ENTERPRISE REVENUE

\$ in Thousands		ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS	
DEDICATED TO	Tax Type	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
TIF	Real Property	15,476	20,544	15,589	19,009	20,067	18,863
	General Sales	14,068	12,499	19,530	25,657	29,205	29,005
PILOT	Real Property	28,136	30,295	30,327	32,651	42,760	48,238
	General Sales	9,705	7,432	10,009	11,051	12,082	12,588
Walter Reed Development	Real Property	765	900	900	900	900	900
Convention Center	General Sales	71,207	54,753	100,442	122,867	145,876	152,538
Convention Center-DestinationDC	General Sales	2,860	2,676	4,466	5,647	6,885	7,251
Ballpark	General Sales	12,139	10,000	18,000	18,000	18,000	18,000
	Public Utility	7,692	5,498	5,543	5,589	5,635	5,682
	Toll Telecom	2,584	2,320	2,313	2,391	2,428	2,556
	Ballpark Fee	37,248	34,902	37,400	37,400	37,400	37,400
Healthy DC - Marijuana	General Sales	1,513	1,666	1,799	1,943	2,098	2,266
Healthy DC - MCO	Insurance premium	47,433	54,180	54,736	53,972	55,052	55,052
WMATA - Operations	General Sales	52,311	44,918	76,637	79,320	82,096	84,559
WMATA - Capital	General Sales	178,500	183,855	189,371	195,052	200,903	206,930
Healthy Schools	General Sales	5,110	5,110	5,590	5,590	5,590	5,590
ABRA	General Sales	1,170	1,170	1,170	1,170	1,170	1,170
Comm. on Arts and Humanities	General Sales	32,289	30,997	37,523	39,399	41,172	43,024
Highway Trust Fund	Motor Fuel	22,472	25,774	26,706	26,714	26,714	26,712
Nursing Facility Quality of Care	Health Related	16,217	15,652	15,965	16,285	16,610	16,610
Hospital Fund	Health Related	7,520	8,454	8,454	8,454	8,454	8,454
Hospital Provider Fee Fund	Health Related	5,326	6,673	6,673	6,673	6,673	6,673
ICF-IDD Stevie Sellows	Health Related	6,831	5,539	5,539	5,539	5,539	5,539
Dept of Health	Sports Wager	273	127	200	200	200	200
Neighborhood Safety and Engagement Fund	Sports Wager					1,628	1,800
	Lottery					11,225	11,225
Early Childhood Development Fund	Sports Wager					1,628	1,800
	Lottery					11,225	11,225
Housing Production Trust Fund (HPTF)	Deed Recordation	36,920	34,801	40,250	43,746	45,127	46,511
	Deed Transfer	24,862	26,460	30,588	33,237	34,283	35,332
	Economic Interest	856	699	891	891	891	891
HPTF-Debt Service	Deed Recordation	3,641	3,293	3,292	3,289	3,294	3,294
	Deed Transfer	2,652	2,399	2,398	2,396	2,399	2,399
	Economic Interest	-	-	-	-	-	-
West End Maintenance	Deed Recordation	21	185	524	246	109	112
	Deed Transfer	68	185	524	246	109	112
TOTAL		647,864	633,953	753,350	805,522	885,425	910,502

Table 3. Key Economic Variables

Variable	Actual FY2016	FY2017	FY2018	FY2019	FY2020	Estimated FY2021	FY2022	Forecast FY2023	FY2024	FY2025
Gross Domestic Product - DC (\$billions)	128.2	132.0	137.4	142.2	143.4	148.8	158.2	165.2	173.0	181.4
% change annual	3.5%	3.0%	4.1%	3.5%	0.9%	3.8%	6.3%	4.5%	4.7%	4.8%
Real GDP-DC (2005 \$billions)	118.8	120.0	122.1	123.4	122.5	124.8	129.7	132.5	135.4	138.3
% change annual	1.8%	1.1%	1.8%	1.1%	-0.8%	1.9%	4.0%	2.2%	2.2%	2.2%
Personal Income (\$billions)	52.7	54.6	56.6	58.4	61.5	65.1	65.8	68.9	72.3	75.3
% change annual	5.2%	3.6%	3.6%	3.3%	5.4%	5.8%	1.0%	4.8%	4.9%	4.2%
Real Personal Income (2005 \$billions)	44.4	45.2	45.7	46.5	48.4	50.5	49.9	51.3	52.6	53.7
% change annual	6.8%	1.9%	1.2%	1.8%	4.0%	4.3%	-1.1%	2.7%	2.7%	2.1%
Per capita personal income	76,823	78,479	80,439	82,530	86,382	91,038	91,348	95,090	99,066	102,562
% change annual	3.5%	2.2%	2.5%	2.6%	4.7%	5.4%	0.3%	4.1%	4.2%	3.5%
Real per capita personal income (2005\$)	64,654	64,960	65,051	65,746	67,926	70,526	69,321	70,710	72,151	73,174
% change annual	5.1%	0.5%	0.1%	1.1%	3.3%	3.8%	-1.7%	2.0%	2.0%	1.4%
Wages in DC (\$billions)	69.3	72.0	75.5	78.0	79.5	82.7	87.3	90.8	94.7	98.8
% change annual	3.4%	3.9%	4.8%	3.3%	1.9%	4.1%	5.5%	4.0%	4.4%	4.3%
Wages of DC residents (\$billions)	25.7	27.1	29.0	30.3	30.9	32.4	34.3	35.7	37.2	38.7
% change annual	4.0%	5.4%	7.0%	4.6%	2.0%	4.9%	5.9%	4.0%	4.4%	3.9%
Population (000s)	686.2	695.7	703.1	707.8	712.5	715.4	720.2	724.9	729.5	734.1
% change annual	1.6%	1.4%	1.1%	0.7%	0.7%	0.4%	0.7%	0.7%	0.6%	0.6%
Households (000s)	303.7	308.9	315.1	319.1	322.5	325.0	328.4	331.7	335.0	338.1
% change annual	1.9%	1.7%	2.0%	1.3%	1.1%	0.8%	1.1%	1.0%	1.0%	1.0%
Civilian labor force (000s)	393.9	399.7	404.2	408.1	404.9	405.9	410.6	413.6	418.3	421.6
% change annual	1.7%	1.5%	1.1%	1.0%	-0.8%	0.3%	1.2%	0.7%	1.2%	0.8%
Employment in DC (000s)	774.9	782.7	790.9	796.4	773.3	764.0	797.6	809.0	818.3	824.1
% change annual	2.1%	1.0%	1.1%	0.7%	-2.9%	-1.2%	4.4%	1.4%	1.1%	0.7%
Employment of DC residents (000s)	369.3	375.3	380.9	385.4	375.6	376.0	386.3	390.9	395.1	398.3
% change annual	2.7%	1.6%	1.5%	1.2%	-2.5%	0.1%	2.7%	1.2%	1.1%	0.8%
Unemployment rate	6.2	6.1	5.8	5.6	7.3	7.4	5.9	5.5	5.6	5.5
Housing Starts	4,407	4,309	4,732	6,391	5,584	4,930	3,288	2,447	2,030	2,028
Housing Stock (000s)	329.0	333.0	338.0	343.0	348.0	353.0	359.0	364.0	368.0	371.0
% change annual	1.3%	1.2%	1.6%	1.4%	1.5%	1.5%	1.6%	1.6%	1.1%	0.8%
Home Sales	8,340	8,598	8,957	8,434	8,954	9,312	9,592	9,735	9,735	9,735
% change annual	5.2%	3.1%	4.2%	-5.8%	6.2%	4.0%	3.0%	1.5%	0.0%	0.0%
Avg Home Sale Price (000s)	795	825	835	864	921	977	1,005	1,052	1,097	1,139
% change annual	3.5%	3.8%	1.2%	3.4%	6.7%	6.0%	2.9%	4.6%	4.3%	3.8%
SP 500 Stock Index	6.4%	19.2%	3.3%	14.7%	15.2%	5.3%	-1.0%	4.5%	5.2%	4.4%
US 10 Year Treasury	1.9	2.3	2.7	2.5	1.1	1.0	1.3	1.5	1.8	2.0
Washington Area CPI: % change prior year	0.9%	1.1%	2.0%	1.2%	1.2%	1.7%	2.2%	2.2%	2.2%	2.2%

* 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 2018 is the % change from CY 2017.4 to CY 2018.4)

Note: Estimated by the D.C. Office of Revenue Analysis based on forecasts of the D.C. and national economies prepared by IHS Markit Global Insight (January 2021) and Moody's Analytics (January 2021); forecasts of the national economy prepared by the Congressional Budget Office (February 2021) and Blue Chip Economic Indicators (February 2021); BLS labor market information from December 2020; the Census Bureau estimates of the D.C. population (2020); Bureau of Economic Analysis estimates of D.C. Personal Income (September 2020); Metropolitan Regional Information System (MRIS) D.C. home sales data (January 2021), CoStar information on commercial office buildings and residential property in D.C. (December 2020); and Delta Associates commercial office buildings and apartments in DC (December 2020).