



# February 2022 Revenue Estimate

February 28, 2022

# February 2022 Forecast:



## What changed since December 2021:

- ✓ Recent geopolitical developments have increased the risk of sustained inflation as well as a stock market correction
- ✓ Sales tax continues to grow particularly due to robust holiday retail performance helped by historically high inflation and continued rebound of restaurant sales
  - ✓ Vaccine mandate for restaurants and businesses lifted effective February 16, 2022, and mask restrictions eased as of March 1<sup>st</sup>, 2022
- ✓ FY 2023 real property tax preliminary assessment notices and final FY 2022 bills issued
- ✓ Stronger withholding due to increases in wages & salaries, carried forward to the outyears as employers are expected to raise pay to retain employees
  - ✓ January withholding, which reflects year-end bonuses for 2021, was 17% higher than last year

# Tax Revenue performance since COVID



**+5.7%**

Tax revenue increase since February 2020

**+20.3%**

Individual and business income tax revenue increase since February 2020

**+3.2%**

Real property tax revenue increase since February 2020

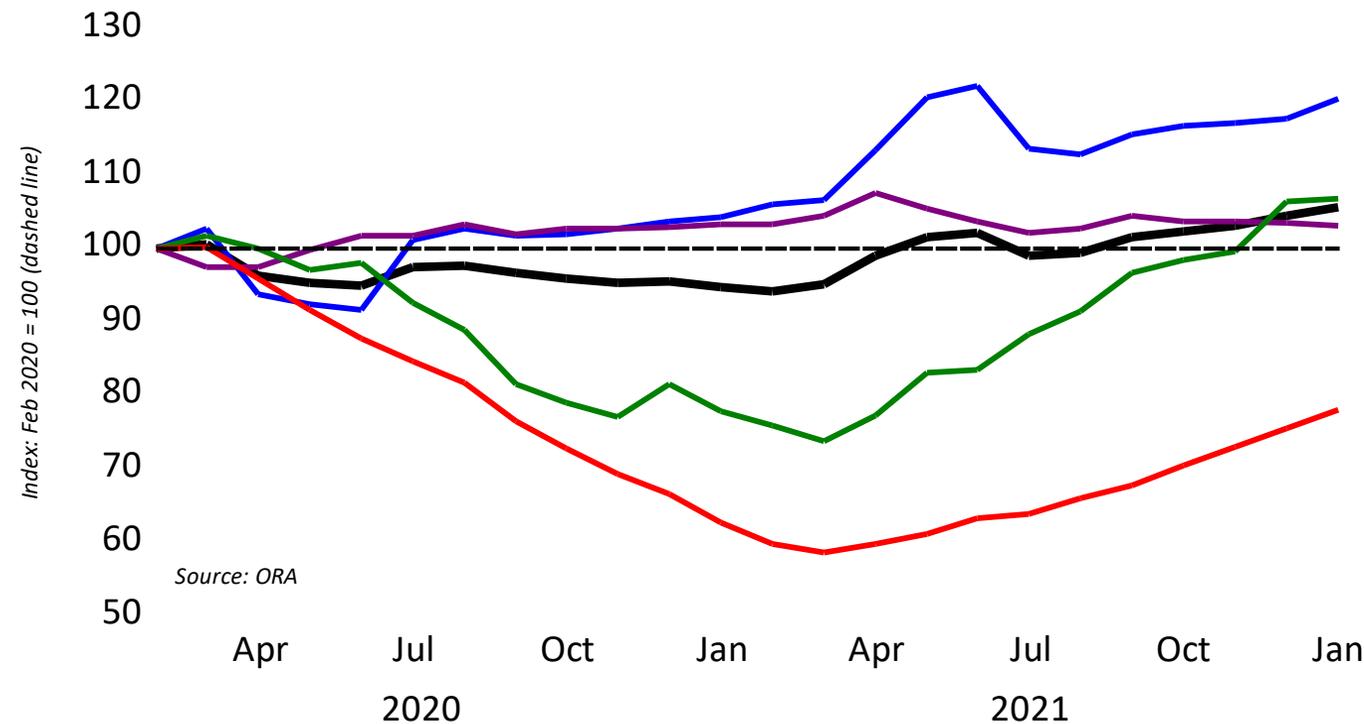
**+6.9%**

Deed tax revenue increase since February 2020

**-22.0%**

Sales tax revenue decline since February 2020

## DC Tax Revenue Since February 2020



- Total tax: \$488.0m added (5.7%)
- Income: \$616.5m added (20.3%)
- Real property: \$86.4m added (3.2%)
- Deeds: \$39.4m added (6.9%)
- Sales: \$-375.0m lost (-22.0%)

Source: DC Office of Revenue Analysis; index of 12-month moving sum of cash collections

02/28/2022

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# FY 2022 - FY 2026 Financial Plan



## February revenue estimate compared to previous estimate

	Actual	Estimated		Projected		
<b>Local Source, General Fund</b>						
<b>Revenue Estimate (\$M)</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>December 2021 Revenue Estimate</b>		8,937.9	9,273.1	9,547.1	9,839.4	
<i>February revision to estimate</i>		148.8	172.4	147.4	134.3	
<b>February 2022 Revenue Estimate</b>	<b>8,723.5</b>	<b>9,086.7</b>	<b>9,445.5</b>	<b>9,694.6</b>	<b>9,973.7</b>	<b>10,264.8</b>
<b>Revenue Change From Previous Year</b>						
Amount	573.6	363.2	358.8	249.1	279.2	291.1
<i>Year-Over-Year Percent Change</i>	7.0%	4.2%	3.9%	2.6%	2.9%	2.9%

# Components of February 2022 revision



<b>Tax Type (\$000)</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
Real Property	\$12,613	\$50,961	\$62,787	\$61,312
Sales	\$42,320	\$40,763	\$27,715	\$2,930
Individual Income -Withholding	\$14,806	\$14,786	\$17,214	\$18,034
Business Income	\$34,600	\$11,873	\$3,056	\$7,074
Gross Receipts	\$9,073	\$10,985	\$12,605	\$14,987
Non-Tax	\$24,077	\$15,815	\$17,245	\$21,748
All other revisions:	\$11,337	\$27,240	\$6,804	\$8,265
<b>Total Revisions</b>	<b>\$148,825</b>	<b>\$172,423</b>	<b>\$147,427</b>	<b>\$134,350</b>

# Risks to Recovery and Outlook



- ✓ National security, geo-political and other global issues
- ✓ Inflation and rising interest rates
- ✓ Risk of new variants and vaccine effectiveness
- ✓ Tourism slows, particularly international due to U.S. travel related restrictions and vaccine mandates
- ✓ Remote work expansion
- ✓ Supply chain/labor shortage problems persist
- ✓ Permanent population decline
- ✓ Federal fiscal policy on spending



# Questions?