

GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER



Fitzroy Lee
Chief Financial Officer

June 30, 2022

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: June Revenue Estimates

Dear Mayor Bowser and Chairman Mendelson:

This letter certifies the revenue estimate for the FY 2022 – FY 2026 District of Columbia Budget and Financial Plan. Local source revenue for Fiscal Year 2022 has been revised upward by \$490.6 million based on year-to-date collections, primarily due to increased income, sales, and deed taxes. The forecast for FY 2023 – FY 2026 has also been revised upward by approximately \$70.2 million. The table below compares the June 2022 estimate with the February 2022 estimate, exclusive of revenue policies included in the FY 2023 budget.

June revenue estimate compared to previous estimate

	Actual		Estimated		Projected	
Local Source, General Fund Revenue Estimate (\$M)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
February 2022 Revenue Estimate	8,723.5	9,086.7	9,445.5	9,694.6	9,973.7	10,264.8
<i>June revision</i>		490.6	21.5	18.1	7.4	23.3
June 2022 Revenue Estimate	8,723.5	9,577.4	9,467.0	9,712.6	9,981.1	10,288.1
Revenue Change from Previous Year						
Amount	573.6	853.8	(110.3)	245.6	268.5	306.9
Year-Over Year Percent Change	7.0%	9.8%	-1.2%	2.6%	2.8%	3.1%

Most of the additional revenue in FY 2022 is related to the extraordinary economic and stock market performance of calendar year 2021. At the end of calendar year 2021 the S&P 500 index was 27 percent higher than the previous year; corporate profits were 25 percent higher. Nationally, mergers and acquisitions, which often result in capital gains for owners and investors, were at the highest level since 2008, approximately double that of 2020. The District is not alone in realizing much higher than expected income tax revenues. Other states and the Congressional Budget Office have also reported higher than estimated year-to-date revenue. However, the economic outlook has weakened considerably in recent months. High inflation, and the Federal Reserve raising interest rates to address it, have increased the risk of a recession. As a result, the outlook for business income and capital gains, which contributed enormously to this year's higher than expected revenue, has declined, and gains from tax year 2021 are not expected to continue.

As higher than expected inflation persists, forecasts for the national and local economies have weakened. Higher inflation has spread from energy prices to most spending categories, including food and shelter, and has lasted longer than initially expected. The Russian invasion of Ukraine has roiled energy markets and contributed to sustained high oil prices. Recent action by the Federal Reserve Bank Open Market Committee to increase the federal funds rate by three-quarter percent will increase the cost of borrowing for individuals and businesses, affecting housing markets, consumption, and business investment. As noted, the stock market ended calendar year 2021 significantly higher than at the start of the year, but has since declined by 20 percent as of June 2022, a significant correction. And, while a recession is not yet in the forecast, the likelihood of one has increased.

Despite these significant headwinds, wage growth continues to be strong, particularly for high wage employment, and is expected to remain so. Employment in the District has slowed and is not expected to fully recover to the 2019 level until 2027. The outlook assumes that the economy will not enter a recession and inflation, as measured by the Washington consumer price index (CPI), will be elevated through the first quarter of 2023 before receding to 2 percent in the 4th quarter of 2023. The economic fundamentals—wages, personal income, and gross domestic product—are sound and will provide a short term buffer to counter the negative price pressures on consumption. Recent data on tourism and sales activity show a return to pre-pandemic levels even though commuters are still slow to return to offices this year. In 2023, the number of conventions is projected to recover to the 2019 level, although there is still uncertainty about the attendance levels.

There are longer term risks that could impact the structure of the District's economy. The pace and extent of employees returning to the workplace has been less than previously expected as employers continue to revise their plans and expectations for remote work schedules. Additionally, the extent of permanent population loss remains uncertain and shifts in demographics could have long-term effects on the District's economy. A variety of sources form the basis for this estimate including year-to-date cash collection reports, preliminary real property tax assessments, final appeals data, and input from government and business sector experts.

Revenue Highlights

Year-to-date revenue in most categories continues to exceed expectations. Particularly, revenue from sales, income, and deed taxes, as well as non-tax sources show gains relative to the same period last year. Income tax collections from the 2022 tax filing were at historic highs. Capital

gains and business profits benefited from surging stock prices in 2021. Most of this gain, however, is not expected to recur in subsequent years. As a result, the FY 2022 revenue is expected to grow by 9.8 percent, decline by 1.2 percent in FY 2023, and grow by an average of 2.8 percent from FY 2024 through FY 2026. The following is an analysis of the main sources of District revenue.

Real property tax

Real property tax year-to-date collections remain on track to meet the February forecast of a 4.5 percent decline from the previous year; hence the forecast is relatively unchanged from February. Both actual tax liability for FY 2022 and first half real property tax payments (new data since February) indicate a decline in tax collections from commercial properties, particularly office buildings valued above \$50 million. This is consistent with the assumptions of the February forecast. Growth in FY 2023 is expected to be 0.6 percent, reflecting last year's weaker commercial values. Real property tax revenue is expected to grow in the range of 2.3 to 2.5 percent for the remainder of the financial plan period, far below the pre-COVID average growth rate of 4.9 percent, due to continued weakness in commercial property values, particularly large office buildings.

Sales taxes

In February, sales tax collections were not expected to reach the FY 2019 level until FY 2023, but strong retail sales coupled with a recent surge in restaurant and hotel activity have accelerated sales tax recovery this year. Surging prices from inflation along with an improved outlook for conventions and international travel also contributed to the positive revision in FY 2022. Going forward, broad and persistent inflation will likely lower demand for goods and services and slow taxable retail activity. Sales tax revenue is expected to grow 6.1 percent in FY 2023 before returning to trend growth of about 4 percent for the remainder of the financial plan period.

Income taxes

Individual and business income tax collections continue to show strong growth in FY 2022, accounting for approximately 71 percent, or \$336.9 million of the total revision. Payments in April, reflecting tax year 2021 liabilities for business and individual income taxes, were \$631 million, almost double the amount in 2021. A small number of taxpayers were mostly responsible for the strong collections, and many of the large payments in April were based on taxable income from the sale of a property or a business. Capital gains from the strong stock market performance last year also contributed to these extraordinary results.

Withholding tax revenue growth remains strong and is expected to grow by 9 percent in FY 2022. This is partly due to tax rate increases that went into effect in January 2022. Individual income tax revenue, which grew 11 percent in FY 2021, is expected to grow 16 percent in FY 2022. Much of the growth in FY 2022 is assumed to be related specifically to economic activity in 2021. Growth in FY 2023 slows to 1.2 percent, reflecting the correction in the stock market and the deteriorating economic conditions.

Business franchise tax revenue, which includes corporations and unincorporated businesses, had robust year-to-date growth of approximately 20 percent compared to last year. Extension payments tied to 2021 tax year activity from businesses with no prior similar history accounted for most of the gain this year, resulting in a positive “April surprise.” Year-to-date estimated payments, particularly for unincorporated businesses, were approximately 54 percent higher compared to last year. Because most of the strength in the current year was due to income considered one-time, it is unlikely to recur in the upcoming fiscal year. As a result, while overall business tax revenue is expected to grow by 17.4 percent in FY 2022, the forecast for the remainder of the financial plan period remains unchanged from February.

Gross receipts taxes

Gross receipts tax revenue is revised upward by \$3.8 million in FY 2022 due to stronger year-to-date collection of toll telecommunication taxes. Offsetting the strength in toll telecommunications, the forecast for tax revenue from games of skill has been revised downward based on actual revenue collected. Over the financial plan period the total gross receipts revenue forecast remains mostly unchanged from February.

Deed taxes

Fiscal year-to-date deed tax revenue (which includes deed recordation, transfer, and economic interest taxes) grew 40.6 percent, primarily driven by a few high value transactions (valued above \$50 million, dominated by large office buildings). Although year-to-date tax collections appear strong due to transactions that occurred in December, March and April, revenue has been trending slightly below the estimated monthly average. The forecast for FY 2022 is revised upward by \$56 million to reflect the year-to-date gains. FY 2023 through FY 2026 is revised upward by an average of \$3.8 million, as the current level of growth is unlikely to be carried forward.

Non-tax revenue

The estimate for non-tax revenue has been revised upward by \$28.7 million in FY 2022, mainly due to stronger year-to-date collection of unclaimed property proceeds. Revenue from automated ticket enforcement has also improved over the last quarter due to increased traffic activity in the city. As a result, the forecast for non-tax revenue is revised upward by an average of \$3.5 million annually for the financial plan period FY 2023-2026.

National Economy

The national economy slowed during the first quarter of calendar 2022 after a strong performance in 2021. Inflation-adjusted gross domestic product (Real GDP) grew by just 3.5 percent over the first quarter in 2021, and the S&P 500 stock market index fell 5 percent by the end of the quarter. During the first quarter of 2022, the U.S. economy faced headwinds from a surge in COVID-19 cases due to the omicron variant, the Russian invasion of Ukraine which roiled oil markets, and

higher interest rates. Continued supply-chain disruptions and labor shortages also contributed to the weakness.

Surging prices pose the biggest risk to the economy. The consumer price index, which grew 8 percent in the first quarter of 2022, reached 8.5 percent in May 2022, the highest since December 1981, and Federal Reserve rate increases contributed to a near doubling of 30-year mortgage rates. The stock market entered a correction phase, declining by more than 20 percent in June. Unemployment remains low, however, and consumer spending has remained strong.

U.S. Recent History

	2021q1	2021q2	2021q3	2021q4	2022q1
Real GDP (% ch. prior yr.)	0.5	12.2	4.9	5.5	3.5
Nominal GDP (% ch. prior yr.)	2.6	16.8	9.8	11.8	10.6
Nominal Personal Income (% ch. prior yr.)	16.1	1.6	5.3	7.5	-2.8
Unemployment rate (%)	6.2	5.9	5.1	4.2	3.8
CPI (% ch. prior yr.)	1.9	4.8	5.3	6.7	8.0
Yield on 10-Yr Treasury (%)	1.3	1.6	1.3	1.5	1.9
S&P 500 (avg level)	3,863	4,183	4,421	4,602	4,464

Source: BEA; BLS; US Treasury; Dow Jones Indices;

Note: GDP growth shown as year-over-year not annualized as reported by BEA.

The outlook for the U.S. economy is for slowing growth after the strong growth of 2021. Record levels of inflation have raised the risk of a recession. As noted, the Federal Reserve recently raised the federal funds rate by a full point in both March and June to address rising prices and is expected to continue raising rates through 2022. As the costs to borrow increase, there will be less demand for financing residential and nonresidential investments. However, the underlying economic fundamentals like employment, income, and consumer spending remain strong, mitigating the risk of a severe downturn. SP Global, a national macroeconomic consultant, projects an economic slowdown with less than 2 percent growth in FY 2023 and FY 2024, CPI declining to 1.9 percent in FY 2024, but no recession.

U.S. Economic Outlook

	FY 2021 (actual)	FY 2022 (est.)	FY 2023 (est.)	FY 2024 (est.)	FY 2025 (est.)	FY 2026 (est.)
Real GDP (% ch.)	3.6	3.5	1.8	1.7	1.9	1.8
Nominal GDP (% ch.)	6.8	10.4	6.3	4.2	4.1	4.1
Nominal Personal Income (% ch.)	6.8	3.3	4.9	4.5	4.5	4.6
Unemployment rate (%)	6.0	3.8	3.9	4.5	4.7	4.7
CPI (% ch.)	3.3	7.6	4.4	1.9	1.8	2.2
Yield on 10-Yr Treasury (%)	1.3	2.3	3.0	3.1	3.1	3.1
S&P 500 (level last qtr)	4,421	4,126	4,171	4,258	4,260	4,270

Source: SP Global June 2022 Outlook; ORA for SP500;

District of Columbia Economy

The District's economy has mostly recovered from the COVID-19 pandemic period. Employment remains approximately 40,000 jobs below February 2020, with losses concentrated in hospitality and business services like office building maintenance and security. Wages grew 9.8 percent in the first quarter of 2022, at a slower pace than the U.S. The unemployment rate averaged 6.1 percent in the first quarter of 2022, down from 6.7 percent a year ago. Just as it did nationally, District personal income declined in the first quarter compared to 2021 first quarter, when federal relief payments to households bolstered income. Through the 12 months ending March 2022, home sales were up 6.9 percent and prices were up 15.6 percent. In recent months, however, the level of sales has declined, as mortgage rates have increased.

D.C. Recent History

	2021q1	2021q2	2021q3	2021q4	2022q1
Real GDP (% ch. prior yr.)	-1.7	6.1	3.9	3.2	2.5
Nominal GDP (% ch. prior yr.)	0.3	8.2	6.2	6.1	6.9
Nominal Personal Income (% ch. prior yr.)	12.4	1.7	3.2	3.9	-2.0
Wages in D.C. (% ch. prior yr.)	0.5	7.1	7.7	6.2	9.8
D.C. Resident Wages (% ch. prior yr.)	1.3	7.7	7.8	6.5	7.3
Employment in D.C. (% ch. prior yr.)	-9.3	2.1	2.2	3.6	5.0
D.C. Resident Employment (% ch. prior yr.)	-8.2	2.2	2.3	2.4	2.9
Unemployment rate (%)	6.7	7.0	6.8	6.2	6.1
Washington area CPI (% ch. prior yr.)	2.1	3.8	4.5	5.8	6.6

Source: BEA; BLS; ORA;

As with the national economy, the District's economic outlook has weakened. Real gross domestic product is projected to grow 1.9 percent in FY 2022, and 1.4 percent in FY 2023. Employment is not expected to reach 2019 levels during the financial plan which ends FY 2026 due to continued weakness in retail trade, business services and hospitality sectors. However, higher-wage professional and management jobs are projected to grow over the period, bolstering aggregate wages. District population declined in 2021 and is expected to further decline in FY 2022, not recovering to the 2020 level until 2026.

D.C. Economic Outlook

	FY 2021 (actual)	FY 2022 (est.)	FY 2023 (est.)	FY 2024 (est.)	FY 2025 (est.)	FY 2026 (est.)
Real GDP (% ch)	1.4	1.9	1.4	2.4	2.9	2.4
Nominal GDP (% ch)	3.6	6.5	5.7	5.3	5.5	4.9
Nominal Personal Income (% ch)	5.9	1.4	5.4	4.8	4.4	4.6
Wages in D.C. (% ch)	4.6	7.7	6.3	5.4	4.9	4.5
D.C. Resident Wages (% ch)	5.1	6.6	5.5	4.6	4.0	4.0
Population (% ch)	-2.2	-0.9	0.6	0.7	0.5	0.5
Employment in D.C. (% ch)	-3.6	4.1	1.6	0.6	0.7	0.5
D.C. Resident Employment (% ch)	-3.1	2.5	1.6	0.2	0.1	0.4
Unemployment rate (%)	7.1	5.8	5.0	5.4	5.8	6.0
Washington area CPI (% ch)	2.9	6.3	4.0	2.0	2.1	2.1

Source: Office of Revenue Analysis June 2022

Note: Complete table on page 12

Risks to the Forecast

There are several risks to the current forecast. Recent actions by the Federal Reserve to increase interest rates have resulted in increased mortgage rates, from 3.9 percent at the end of February to 5.81 percent in June. Economists surveyed by Blue Chip Economic Indicators, a monthly survey of national macroeconomic forecasters, expect more rate hikes in 2022, which will add more pressure on the economy. National security, geo-political and other global issues, such as the Russian invasion of Ukraine and the U.S. and European response of restricting economic trade, have all pushed oil prices above \$100 per barrel for several months now, contributing to global price increases for gasoline, shipping, and food.

Over the last quarter, tourism has been a bright spot for the District as hotels have been re-occupied and restaurant taxable sales are reaching pre-pandemic levels even without commuters fully returning. However, high prices, global instability, and continued outbreaks of COVID-19, particularly in Asia, may suppress international tourism. Similarly, any new COVID variants or resistance to current vaccination therapies are risks to the District's recovery.

Population decline and expansion of remote work could have economic repercussions for the District. Permanent population loss could mean a change in the demographic profile of the city, the effects of which are not clear yet. Similarly, increasing adoption of remote work will likely change the profile of the District, as it means fewer commuters, and employers adjusting their office space use and demand.

These risks make forecasting the economy and the revenue increasingly complicated. We will continue to monitor international, national, and local economic activity for any developments that would impair the forecast. If you have any questions regarding these matters, please contact me at (202) 727-2476.

Sincerely,



Fitzroy Lee

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June 2022 Revenue Estimate

June 30, 2022

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TABLE 1: REVENUE SUMMARY TABLE

\$ in Thousands	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS	
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
PROPERTY	3,037,653	2,897,816	2,914,602	2,979,858	3,048,620	3,122,087
Real Property	2,914,101	2,783,175	2,799,961	2,865,217	2,933,979	3,007,446
Personal Property	80,479	76,157	76,157	76,157	76,157	76,157
Public Space Rental	43,073	38,484	38,484	38,484	38,484	38,484
<i>Dedicated to other funds</i>	-43,939	-40,003	-39,898	-51,067	-56,935	-58,230
PROPERTY (NET)	2,993,714	2,857,814	2,874,705	2,928,791	2,991,686	3,063,857
SALES & EXCISE	1,309,821	1,722,868	1,810,654	1,878,194	1,950,742	2,020,815
General Sales	1,202,736	1,609,558	1,707,339	1,773,857	1,845,438	1,914,579
Alcohol	6,197	6,334	6,435	6,538	6,642	6,793
Cigarette	22,185	22,074	21,964	21,854	21,745	21,636
Motor Vehicle	55,085	60,085	50,204	51,109	52,038	53,020
Motor Fuel	23,618	24,817	24,712	24,836	24,879	24,787
<i>Dedicated to other funds</i>	-358,876	-479,983	-512,731	-526,408	-543,045	-554,727
SALES & EXCISE(NET)	950,944	1,242,885	1,297,923	1,351,786	1,407,697	1,466,088
INCOME	3,506,270	4,082,770	4,000,724	4,185,373	4,333,036	4,495,080
Individual Income	2,643,213	3,069,938	3,106,575	3,281,736	3,414,621	3,553,784
Corporate Franchise	670,250	734,361	704,982	727,635	742,979	766,335
U.B. Franchise	192,807	278,471	189,166	176,002	175,437	174,961
INCOME (NET)	3,506,270	4,082,770	4,000,724	4,185,373	4,333,036	4,495,080
GROSS RECEIPTS	370,135	390,585	386,677	387,949	389,807	392,676
Public Utilities	129,291	130,971	131,688	132,478	133,273	134,073
Toll Telecommunications	37,861	51,121	40,491	41,806	41,149	41,477
Insurance Premiums	130,261	128,822	134,198	135,499	136,814	138,142
Ballpark Fee	37,014	42,603	39,900	37,900	37,900	37,900
Private sports wagering	2,140	1,786	4,798	4,338	4,412	4,485
Games of Skill	3	14	14	14	14	14
Health Related Taxes	33,564	35,268	35,588	35,913	36,245	36,584
<i>Dedicated to other funds</i>	-138,297	-146,327	-146,994	-150,972	-152,481	-154,239
GROSS RECEIPTS (NET)	231,838	244,258	239,683	236,977	237,326	238,437
OTHER TAX	585,255	693,504	618,272	569,060	563,877	578,339
Estate	31,742	46,901	36,541	36,986	37,438	37,895
Deed Recordation	297,229	355,553	318,069	291,213	287,805	295,816
Deed Transfer	234,503	253,967	239,765	220,693	218,467	224,461
Economic Interest	21,782	37,083	23,896	20,167	20,167	20,167
<i>Dedicated to other funds</i>	-81,161	-92,689	-85,133	-78,251	-77,415	-79,524
OTHER TAX (NET)	504,094	600,815	533,139	490,808	486,463	498,815
TOTAL TAX (GROSS)	8,809,134	9,787,543	9,730,929	10,000,433	10,286,083	10,608,996
TOTAL TAX (NET)	8,186,861	9,028,541	8,946,174	9,193,735	9,456,208	9,762,277
NONTAX	488,498	505,357	477,103	476,489	482,239	481,858
Licenses & Permits	126,367	133,618	139,325	140,085	144,387	144,189
Fines & Forfeits	137,544	153,237	152,608	152,185	151,465	150,860
Charges for Services	80,588	73,109	70,013	70,341	72,178	72,258
Miscellaneous	143,999	145,393	115,157	113,878	114,209	114,551
NONTAX (NET)	488,498	505,357	477,103	476,489	482,239	481,858
LOTTERY	48,150	43,458	43,731	43,975	44,275	45,550
<i>Dedicated to other funds</i>				-1,576	-1,576	-1,627
LOTTERY (NET)	48,150	43,458	43,731	42,399	42,699	43,923
GROSS REVENUE	9,345,783	10,336,358	10,251,763	10,520,897	10,812,597	11,136,404
LOCAL FUND REVENUE	8,723,510	9,577,356	9,467,008	9,712,623	9,981,146	10,288,058
OTHER FUNDS (See Table 2)	622,273	759,001	784,755	808,274	831,451	848,347

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June 30, 2022
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TABLE 1: REVENUE SUMMARY TABLE (Continued)

% Change from Year Ago	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS		
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	
PROPERTY	2.8%	-4.6%	0.6%	2.2%	2.3%	2.4%	
Real Property	2.7%	-4.5%	0.6%	2.3%	2.4%	2.5%	
Personal Property	3.6%	-5.4%	0.0%	0.0%	0.0%	0.0%	
Public Space Rental	8.6%	-10.7%	0.0%	0.0%	0.0%	0.0%	
<i>Dedicated to other funds</i>	-1.0%	-9.0%	-0.3%	28.0%	11.5%	2.3%	
PROPERTY (NET)	2.9%	-4.5%	0.6%	1.9%	2.1%	2.4%	
SALES & EXCISE	-0.5%	31.5%	5.1%	3.7%	3.9%	3.6%	
General Sales	-1.6%	33.8%	6.1%	3.9%	4.0%	3.7%	
Alcohol	3.1%	2.2%	1.6%	1.6%	1.6%	2.3%	
Cigarette	-11.0%	-0.5%	-0.5%	-0.5%	-0.5%	-0.5%	
Motor Vehicle	35.3%	9.1%	-16.4%	1.8%	1.8%	1.9%	
Motor Fuel	5.1%	5.1%	-0.4%	0.5%	0.2%	-0.4%	
<i>Dedicated to other funds</i>	-11.0%	33.7%	6.8%	2.7%	3.2%	2.2%	
SALES & EXCISE(NET)	4.1%	30.7%	4.4%	4.1%	4.1%	4.1%	
INCOME	12.9%	16.4%	-2.0%	4.6%	3.5%	3.7%	
Individual Income	11.2%	16.1%	1.2%	5.6%	4.0%	4.1%	
Corporate Franchise	16.4%	9.6%	-4.0%	3.2%	2.1%	3.1%	
U.B. Franchise	26.8%	44.4%	-32.1%	-7.0%	-0.3%	-0.3%	
INCOME (NET)	12.9%	16.4%	-2.0%	4.6%	3.5%	3.7%	
GROSS RECEIPTS	-0.3%	5.5%	-1.0%	0.3%	0.5%	0.7%	
Public Utilities	-5.5%	1.3%	0.5%	0.6%	0.6%	0.6%	
Toll Telecommunications	-7.4%	35.0%	-20.8%	3.2%	-1.6%	0.8%	
Insurance Premiums	8.5%	-1.1%	4.2%	1.0%	1.0%	1.0%	
Ballpark Fee	-0.6%	15.1%	-6.3%	-5.0%	0.0%	0.0%	
Private sports wagering		-16.5%	168.6%	-9.6%	1.7%	1.7%	
Games of Skill		0.0%	0.0%	0.0%	0.0%	0.0%	
Health Related Taxes	-6.5%	5.1%	0.9%	0.9%	0.9%	0.9%	
<i>Dedicated to other funds</i>	5.5%	5.8%	0.5%	2.7%	1.0%	1.2%	
GROSS RECEIPTS (NET)	-3.4%	5.4%	-1.9%	-1.1%	0.1%	0.5%	
OTHER TAX	19.4%	18.5%	-10.8%	-8.0%	-0.9%	2.6%	
Estate	-14.8%	47.8%	-22.1%	1.2%	1.2%	1.2%	
Deed Recordation	13.8%	19.6%	-10.5%	-8.4%	-1.2%	2.8%	
Deed Transfer	30.7%	8.3%	-5.6%	-8.0%	-1.0%	2.7%	
Economic Interest	79.7%	70.2%	-35.6%	-15.6%	0.0%	0.0%	
<i>Dedicated to other funds</i>	17.6%	14.2%	-8.2%	-8.1%	-1.1%	2.7%	
OTHER TAX (NET)	19.7%	19.2%	-11.3%	-7.9%	-0.9%	2.5%	
TOTAL TAX (GROSS)	6.9%	11.1%	-0.6%	2.8%	2.9%	3.1%	
TOTAL TAX (NET)	7.9%	10.3%	-0.9%	2.8%	2.9%	3.2%	
NONTAX	-6.6%	3.5%	-5.6%	-0.1%	1.2%	-0.1%	
Licenses & Permits	0.6%	5.7%	4.3%	0.5%	3.1%	-0.1%	
Fines & Forfeits	-7.0%	11.4%	-0.4%	-0.3%	-0.5%	-0.4%	
Charges for Services	17.3%	-9.3%	-4.2%	0.5%	2.6%	0.1%	
Miscellaneous	-20.3%	1.0%	-20.8%	-1.1%	0.3%	0.3%	
NONTAX (NET)	-6.6%	3.5%	-5.6%	-0.1%	1.2%	-0.1%	
LOTTERY	26.5%	-9.7%	0.6%	0.6%	0.7%	2.9%	
<i>Dedicated to other funds</i>							
LOTTERY (NET)	26.5%	-9.7%	0.6%	-3.0%	0.7%	2.9%	
GROSS REVENUE	6.2%	10.6%	-0.8%	2.6%	2.8%	3.0%	
LOCAL FUND REVENUE	7.0%	9.8%	-1.2%	2.6%	2.8%	3.1%	
OTHER FUNDS (See Table 2)	-4.0%	22.0%	3.4%	3.0%	2.9%	2.0%	

June 2022 Revenue Estimate
June 30, 2022
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TABLE 2: DEDICATED/ENTERPRISE REVENUE

\$ in Thousands		ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS		
DEDICATED TO	Tax Type	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	
TIF	Real Property	18,942	15,481	15,589	16,940	18,555	19,073	
	General Sales	4,306	19,299	22,462	24,474	29,733	31,124	
PILOT	Real Property	24,273	23,170	22,958	32,775	37,028	37,806	
	General Sales	7,628	9,128	9,726	10,391	10,762	11,157	
Walter Reed Development	Real Property	724	744	744	744	744	744	
St. Elizabeth East Campus Red. Fund	Real Property	-	607	607	607	607	607	
	General Sales	-	81	81	81	81	81	
Convention Center	General Sales	53,396	115,700	133,908	137,449	143,381	148,943	
Convention Center-DestinationDC	General Sales	1,535	4,992	6,116	6,224	6,490	6,760	
Ballpark	General Sales	4,323	13,325	14,535	16,150	16,150	16,150	
	Public Utility	7,337	7,450	7,393	7,422	7,407	7,414	
	Toll Telecom	2,186	2,737	2,710	2,971	2,841	2,906	
	Ballpark Fee	37,014	42,603	39,900	37,900	37,900	37,900	
Healthy DC - Marijuana	General Sales	1,818	1,799	2,234	2,505	2,656	2,736	
Healthy DC - MCO	Insurance premium	58,069	58,069	61,203	62,427	63,676	64,949	
WMATA - Operations	General Sales	40,289	66,655	73,320	76,986	80,066	82,468	
WMATA - Capital	General Sales	178,500	178,500	178,500	178,500	178,500	178,500	
Healthy Schools	General Sales	5,590	5,690	5,690	5,690	5,690	5,690	
ABRA	General Sales	1,170	1,170	1,170	1,170	1,170	1,170	
Comm. on Arts and Humanities	General Sales	36,703	38,827	40,277	41,952	43,487	45,160	
Highway Trust Fund	Motor Fuel	23,618	24,817	24,712	24,836	24,879	24,787	
Nursing Facility Quality of Care	Health Related	15,453	15,965	16,285	16,610	16,943	17,281	
Hospital Fund	Health Related	8,479	8,454	8,454	8,454	8,454	8,454	
Hospital Provider Fee Fund	Health Related	5,317	5,310	5,310	5,310	5,310	5,310	
ICF-IDD Stevie Sellows	Health Related	4,314	5,539	5,539	5,539	5,539	5,539	
Dept of Behavioral Health	Sports Wager	127	200	200	200	200	200	
Neighborhood Safety and Engagement Fund	Sports Wager				2,069	2,106	2,143	
	Lottery-SW				788	788	814	
Early Childhood Development Fund	Sports Wager				2,069	2,106	2,143	
	Lottery-SW				788	788	814	
Housing Production Trust Fund (HPTF)	Deed Recordation	41,459	50,199	44,581	41,806	41,300	42,499	
	Deed Transfer	34,530	37,448	35,318	32,716	32,384	33,282	
	Economic Interest	1,049	841	891	891	891	891	
HPTF-Debt Service	Deed Recordation	3,126	3,134	3,129	1,876	1,871	1,873	
	Deed Transfer	646	647	646	387	386	387	
	Economic Interest	-	-	-	-	-	-	
West End Maintenance	Deed Recordation	176	210	283	287	291	295	
	Deed Transfer	176	210	283	287	291	295	
TOTAL		622,273	759,001	784,755	808,274	831,451	848,347	

Estimated Key Economic Indicators for the DC Economy - June 2022
Forecast Period Fiscal Year 2017 to Fiscal Year 2026

Variable	Actual					Estimated		Forecast		
	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
Gross Domestic Product - DC (\$billions)	132.3	138.2	143.1	144.5	149.7	159.5	168.6	177.5	187.3	196.5
<i>% change annual</i>	3.1%	4.5%	3.5%	1.0%	3.6%	6.5%	5.7%	5.3%	5.5%	4.9%
Real GDP-DC (2012 \$billions)	120.4	123.1	124.5	123.0	124.8	127.1	129.0	132.1	135.9	139.1
<i>% change annual</i>	1.3%	2.2%	1.1%	-1.2%	1.4%	1.9%	1.4%	2.4%	2.9%	2.4%
Personal Income (\$billions)	54.0	56.1	57.1	60.7	64.3	65.2	68.7	71.9	75.1	78.6
<i>% change annual</i>	3.7%	3.9%	1.8%	6.4%	5.9%	1.4%	5.4%	4.8%	4.5%	4.6%
Real Personal Income (2012 \$billions)	46.7	47.0	47.7	49.4	50.4	48.7	49.8	51.3	52.7	54.1
<i>% change annual</i>	3.6%	0.5%	1.5%	3.7%	2.0%	-3.4%	2.3%	3.0%	2.6%	2.6%
Per capita personal income	79,477	81,923	83,037	88,141	95,445	97,559	102,151	106,275	110,430	114,944
<i>% change annual</i>	2.6%	3.1%	1.4%	6.2%	8.3%	2.2%	4.7%	4.0%	3.9%	4.1%
Real per capita personal income (2012\$)	68,825	68,629	69,338	71,750	74,804	72,879	74,116	75,832	77,420	79,061
<i>% change annual</i>	2.5%	-0.3%	1.0%	3.5%	4.3%	-2.6%	1.7%	2.3%	2.1%	2.1%
Wages in DC (\$billions)	72.2	75.7	78.1	79.4	83.1	89.4	95.1	100.2	105.1	109.9
<i>% change annual</i>	4.0%	4.8%	3.3%	1.7%	4.6%	7.7%	6.3%	5.4%	4.9%	4.5%
Wages of DC residents (\$billions)	27.1	29.0	30.3	31.0	32.6	34.7	36.6	38.3	39.8	41.4
<i>% change annual</i>	5.4%	6.9%	4.4%	2.4%	5.1%	6.6%	5.5%	4.6%	4.0%	4.0%
Population (000s)	679.2	684.4	687.4	688.9	673.9	668.1	672.2	676.9	680.4	683.7
<i>% change annual</i>	1.1%	0.8%	0.4%	0.2%	-2.2%	-0.9%	0.6%	0.7%	0.5%	0.5%
Households (000s)	301.7	307.0	312.0	314.2	307.7	306.1	309.4	313.0	316.1	318.0
<i>% change annual</i>	0.3%	1.8%	1.6%	0.7%	-2.1%	-0.5%	1.1%	1.2%	1.0%	0.6%
Civilian labor force (000s)	394.4	395.3	398.8	393.9	381.3	386.4	389.9	392.6	394.7	396.6
<i>% change annual</i>	0.2%	0.2%	0.9%	-1.2%	-3.2%	1.3%	0.9%	0.7%	0.5%	0.5%
Employment in DC (000s)	782.7	791.2	796.1	763.0	735.2	765.1	777.6	782.6	787.7	791.4
<i>% change annual</i>	1.0%	1.1%	0.6%	-4.2%	-3.7%	4.1%	1.6%	0.6%	0.7%	0.5%
Employment of DC residents (000s)	369.7	373.1	376.9	365.6	354.2	363.0	368.7	369.5	369.9	371.3
<i>% change annual</i>	0.3%	0.9%	1.0%	-3.0%	-3.1%	2.5%	1.6%	0.2%	0.1%	0.4%
Unemployment rate	6.2	5.7	5.5	7.2	7.1	5.8	5.0	5.4	5.8	6.0
Housing Starts	4,309	4,732	6,180	5,193	5,462	3,604	3,202	3,148	3,104	2,887
Home Sales	8,598	8,957	8,468	8,421	10,381	10,187	9,256	9,322	9,223	8,998
<i>% change annual</i>	3.1%	4.2%	-5.5%	-0.6%	23.3%	-1.9%	-9.1%	0.7%	-1.1%	-2.4%
Avg Home Sale Price (000s)	825	835	798	805	842	883	904	935	958	979
<i>% change annual</i>	3.8%	1.2%	-4.5%	0.9%	4.6%	5.0%	2.4%	3.4%	2.4%	2.2%
SP 500 Stock Index*	19.2%	3.3%	14.7%	15.2%	29.5%	-9.5%	0.7%	1.6%	0.2%	0.2%
US 10 Year Treasury	2.3%	2.7%	2.5%	1.1%	1.3%	2.3%	3.1%	3.3%	3.7%	3.9%
Washington Area CPI: % change prior year	0.9%	2.1%	1.3%	0.9%	2.9%	6.3%	4.0%	2.0%	2.1%	2.1%

* Change in SP500 Index is change from 4th quarter to 4th quarter on calendar basis. (For example, the value in FY2018 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 (May 2022) and Moody's Analytics (May 2022); forecasts of the national economy prepared by the Congressional Budget Office (May 2022) and Blue Chip Economic Indicators (May 2022); BLS labor market information from May 2022; the Census Bureau estimates of DC population (2021); BEA estimates of DC personal income (2022q1); Metropolitan Regional Information System (MRIS) DC home sales data (March 2022), accessed in part through the Greater Capital Area Association of Realtors