



District of Columbia

# June 2024 Revenue Estimates

June 28, 2024

- There have been no significant changes to the economic outlook from February.
  - Jobs in DC remain below pre-pandemic levels across nearly all sectors (the DC government is the only exception) as of the first quarter of 2024.
  - DC jobs and GDP growth lag the national average as the District continues its sluggish recovery from the COVID-19 pandemic.
  - The unemployment rate has increased from its lowest point of 4 percent in November 2022, to an average of 5.1 percent for the first quarter of 2024, but remains historically low.
  - The commercial property market continues to weaken with reduced office occupancy.
  - Inflation remains stubbornly high, delaying any reduction in interest rates; prolonged higher interest rates increase the likelihood of significant slowing in the economy.

# FY 2024 revenue on track to meet February estimate



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- FY 2024 year-to-date (YTD) collections through May are growing at 3.2%, but are expected to slow in coming months to meet the February forecast of 0.2%.
  - Extraordinarily high-interest income collections in the first quarter of this fiscal year have since fallen significantly.
  - Strong sales tax growth, buoyed by a rebound in tourism and strong consumer spending earlier in the fiscal year interest, has slowed in recent months.
  - Second-half real property tax payments are expected to be lower than the first half after factoring in the impact of appeals.
  - April individual income tax collections were lower than expected, with non-withholding tax payments down 25 percent relative to last year; final extension payments are also expected to be lower.
  - Unincorporated business and deed taxes are trending below forecast.

## ■ National:

- Prolonged higher interest rates to contain inflation
- Geopolitical turmoil: escalation of the war in Ukraine and Gaza
- Uncertainties around federal spending and taxes as TCJA expires
- Uncertainties related to the national election in November

## ■ District:

- Remote work expands beyond current levels
- Federal employment continues to decline
- Population recovery stalls
- Potential reduction in Metro service within the financial plan period
- Public safety concerns



# Questions?