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

Jeffrey S. DeWitt
Chief Financial Officer

September 30, 2016

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: September 2016 Revenue Estimates

Dear Mayor Bowser and Chairman Mendelson:

This letter certifies, as of September 2016, revised revenue estimates for the FY 2016 - FY 2020 District of Columbia Budget and Financial Plan. The forecast for total local fund revenues is revised upward in FY 2016 by $180 million and by $35.7 million in FY 2017. The table below compares the September 2016 revenue estimate to the June 2016 revenue estimate.

September revenue estimate compared to previous estimate

	Actual	**Preliminary**		**Projected**		
Local Source, General Fund Revenue Estimate ($M)	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**
June 2016 Revenue Estimate	**6,904.2**	**6,901.7**	**7,134.5**	**7,362.4**	**7,595.5**	**7,826.8**
September Revision to Estimate		*180.0*	*35.7*	*21.2*	*21.8*	*18.1*
September 2016 Revenue Estimate	**6,904.2**	**7,081.7**	**7,170.2**	**7,383.6**	**7,617.3**	**7,844.9**
Revenue Change From Previous Year						
Amount		**177.5**	**88.4**	**213.4**	**233.7**	**227.6**
Year-Over Year Percent Change	*9.5%*	*2.6%*	*1.2%*	*3.0%*	*3.2%*	*3.0%*

Approximately $167 million of the $180 million in additional revenue in FY 2016 is from higher than expected business income, deed recordation and transfer, and estate tax receipts. These revenue sources are highly volatile and as a result, we consider a large portion of the revenue from these tax sources to be non-recurring. For example, after a sharp increase of 30 percent in FY 2012, business income tax revenue fell by 3 percent and 8 percent in FY 2013 and FY 2014, respectively. After an estimated 14 percent rise this fiscal year, business tax revenue in FY 2017 is expected to return to levels consistent with its long-term average.

Similarly, deed recordation and transfer tax levels in FY 2015 exceeded revenue levels before the real estate market crash in 2008. This fiscal year, even though deed recordation and transfer tax receipts exceeded forecast, revenues from these sources fell 10 percent from the previous year. For FY 2017, we expect deed recordation and transfer tax revenue to fall to amounts consistent with the long-term average. Estate tax receipts are also much higher than anticipated and the forecast for this revenue source was revised upward by approximately $19 million, an increase that is not expected to recur in FY 2017.

Sales tax revenue was revised upward by $8.7 million for FY 2016. While the most recent collections data show slowing sales tax receipts, performance is still better than previously forecasted. Sales tax revenue for FY 2017 was revised $9.1 million higher, as the addition of various e-commerce entities to the sales tax base is expected to boost revenue growth going forward.

Real property tax revenue is unchanged from the previous forecast as the latest collections data show that real property tax receipts are on track to meet the forecast. The individual income tax estimate is also unchanged from the previous estimate. A recent slowing in the growth of withholding receipts was anticipated in the previous revenue forecast.

Triggered Tax Policy Changes

The revenues shown in the table above do not include the cost of tax proposals that were made contingent on the certification of additional recurring revenue.

As provided by the FY 2017 Budget Support Act amendment to Section 47-181 of the District of Columbia Official Code, "If local Fiscal Year 2017 recurring annual revenues included in the quarterly revenue estimate issued in September 2016 exceed the annual revenue estimate incorporated in the approved budget and financial plan for Fiscal Year 2017, the additional revenue shall be used to continue implementation of the TRC Act according to the priority set forth in subsection (c) of this section for taxable years beginning or deaths occurring, as applicable, after December 31, 2016; provided, that the Chief Financial Officer shall recalculate the cost of the provisions of the TRC Act with the September 2016 estimate."

Based on the revenue forecast, recurring revenues in the following amounts are available to implement tax policy changes.

Revenue available to implement tax policy changes

Local Source, General Fund Revenue Estimate ($M)	FY 2017	FY 2018	FY 2019	FY 2020
September 2016 Revenue Estimate*	**7,170.2**	**7,383.6**	**7,617.3**	**7,844.9**
FY 2017 Approved Revenue Budget**	7,134.5	7,362.4	7,595.5	7,826.8
Additional revenue compared to budgeted revenue	35.7	21.2	21.8	18.1

*Includes the revenue impact of previously triggered tax policy changes.
**Based on June 2016 revenue estimate.

The available recurring revenue triggers the following tax policy changes in FY 2017 through FY 2020 according to the priority list in the act. (See attachment for the cost of additional tax policy changes not yet triggered by recurring revenue.)

Triggered tax policy changes

Tax policy changes ($ millions)	FY 2017	FY 2018	FY 2019	FY 2020
Raise the standard deduction from $5,200 to $5,650 for singles, $6,500 to $7,800 for Head of Households, and $8,350 to $10,275 for married couples.	(9.3)	(9.8)	(10.3)	(10.8)

The following table shows the revenue estimate after accounting for the triggered tax policy changes.

September revenue estimate after triggered tax policy changes

Local Source, General Fund Revenue Estimate ($M)	FY 2017	FY 2018	FY 2019	FY 2020
September 2016 Revenue Estimate*	**7,170.2**	**7,383.6**	**7,617.3**	**7,844.9**
Triggered tax policy changes	(9.3)	(9.8)	(10.3)	(10.8)
Net Local Fund Revenue (after enacted tax policy changes)	**7,160.9**	**7,373.8**	**7,607.0**	**7,834.1**
Revenue change from previous year				
Amount	79.1	212.9	233.2	227.0
Year-Over Year Percent Change	*1.1%*	*3.0%*	*3.2%*	*3.0%*

*Includes the revenue impact of previously triggered tax policy changes.

National and Regional Economies

The national economy continues to grow at a moderate pace while inflation remains low. Real GDP grew at an annual rate of 1.1 percent for the quarter and 1.7 percent for the full year ending June 2016. Nominal GDP grew 2.9 percent for the year ending June 2016. Employment is increasing, and the unemployment rate continues to fall slowly. The outlook for FY 2017 and FY

2018, however, is for somewhat slower growth in the national economy and continued uncertainty in financial markets.

- The U.S. economy added 2.4 million jobs (1.7%) from August 2015 to August 2016.
- The U.S. unemployment rate (seasonally adjusted) was 4.9 percent in August 2016, down from 5.1 percent a year earlier.
- U.S. Personal Income for the 12-months ending June 2016 was 3.7 percent above a year ago.
- The S&P 500 stock market index fell during the spring of 2016, but has since recovered from those losses. The average for August 2016 was 5.4 percent above the level of three months earlier, and 6.7 percent above a year earlier.
- Employment in the Washington metropolitan area has increased significantly during the past year. In the three-month period ending August, wage and salary jobs in the region grew by 77,600 (2.4%) compared to a year earlier. The District of Columbia accounted for about 14 percent of the increase in area employment.
- The DC metropolitan area unemployment rate was 4 percent in July (not seasonally adjusted), down from 4.6 percent a year earlier.
- In August 2016, the consensus forecast of 50 economists contributing to the Blue Chip Economic Indicators is that national real GDP growth in FY 2016 and FY 2017 would be below that of FY 2015. Growth is expected to slow to 1.6 percent in FY 2016 before returning to a 2.1 percent rate in FY 2017. Nominal growth is expected to be 2.8 percent in FY 2016 and 4.1 percent in FY 2017.

The District of Columbia Economy

Recent trends in the DC economy include continued moderate growth in jobs and income, more population and housing units, and increase in single family home sales and prices.

- In the three months ending August 2016, there were 10,933 (1.4%) more wage and salary jobs located in the District than a year earlier. Federal government jobs in August were up by 3,700 (1.9%) from a year earlier, and private sector jobs increased by 6,267 (1.2%).
- District resident employment in the three months ending August 2016 increased by 6,910 (1.9%) compared to a year earlier.
- The August unemployment rate rose slightly to 6.0 percent (seasonally adjusted), a decrease from 6.7 percent a year ago.
- Wages earned in the District of Columbia grew 4.4 percent in the March 2016 quarter, compared to the prior year. DC Personal Income was 4.3 percent higher.
- Single family sales for the three-month period ending August 2016 were up 6.7 percent from a year ago, with a 1.8 percent increase in the average selling price. Condominium sales were down 0.4 percent, and the average price was 6.1 percent higher. The value of all home sale settled contracts for the three-month period ending August 2016 was 7.5 percent more than a year ago.
- For the 12-month period ending August, 4,434 housing permits were issued, up 7.6 percent from a year ago; the 3-month total, 1,438, was 3.9 percent more than in the same period of 2015.

- According to CoStar, leased commercial office space in June 2016 was down 0.1 percent from a year ago, while the vacancy rate rose over the past year from 10.4 percent in the June quarter of 2015 to 10.8 percent in the June quarter of 2016. Average rents were 3.2 percent higher in the June quarter than a year earlier.
- Hotel room-days sold for the three months ending July 2016 were 1.3 percent above the prior year, and hotel room revenues were up 3.2 percent.

Outlook

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 0.8 percent in FY 2017 and 0.7 percent in FY 2018, down from the estimated 1.3 percent rate of increase in FY 2016.
- Population growth continues at a slightly slower pace (18,400—2.7 percent—over the two fiscal years 2017 and 2018); resident employment grows by 2.6 percent over the same period.
- DC Personal Income growth increases 4.2 percent in FY 2017, and 4.7 percent in FY 2018, slightly above the 4.0 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 (24 percent of the economists participating in the Blue Chip Forecast expect a recession within two years), further declines and volatility in the stock market, increases in interest rates, and financial market problems as the Federal Reserve phases out some of its monetary stimulus activities. Possible disruptions arising from uncertainties in China, Europe, the Middle East or elsewhere, and potential national security events are other sources of risks to the forecast.

Although legislation adopted late last year reduced the likelihood of a government shutdown, federal government fiscal policy uncertainty remains a significant concern. A federal budget has not yet been adopted for fiscal year 2017, and sequestration constraints on federal spending will return in FY 2018 unless Congress takes action to change them. The federal government continues to anchor the District's economy, and the current constrained budget environment means that federal spending is less likely to be a source of significant growth over the next several years.

If you have any questions regarding this matter, please contact me on (202) 727-2476.

Sincerely,

Jeffrey S. DeWitt

Jeffrey S. DeWitt

Enclosures

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Councilmember Anita Bonds (At-Large)
Councilmember David Grosso (At-Large)
Councilmember Elissa Silverman (At-Large)
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Councilmember Yvette Alexander (Ward 7)
Councilmember LaRuby May (Ward 8)
Rashad Young, City Administrator
John Falcicchio, Chief of Staff to the Mayor
Matthew Brown, Budget Director
Kathy Patterson, District of Columbia Auditor
Jennifer Budoff, Budget Director, Council of the District of Columbia

Estimated Key Variables for the D.C. Economy for the Forecast Period FY 2011 through FY 2020

Fiscal Years	2011 act	2012 act	2013 act	2014 act	2015 act	2016 est	2017 est	2018 est	2019 est	2020 est
Gross State Product ($ billion)	107.54	109.92	111.00	115.49	120.48	124.96	130.86	136.80	142.32	148.15
	4.8%	*2.2%*	*1.0%*	*4.0%*	*4.3%*	*3.7%*	*4.7%*	*4.5%*	*4.0%*	*4.1%*
Real Gross State Product (billions $2005)	103.75	104.46	103.36	105.41	107.78	109.89	112.79	115.28	117.19	119.03
	2.6%	*0.7%*	*-1.1%*	*2.0%*	*2.3%*	*2.0%*	*2.6%*	*2.2%*	*1.7%*	*1.6%*
Personal Income ($ billion)	41.08	43.21	44.44	45.63	47.52	49.45	51.54	53.98	56.39	58.82
	8.0%	*5.2%*	*2.8%*	*2.7%*	*4.2%*	*4.0%*	*4.2%*	*4.7%*	*4.5%*	*4.3%*
Real Personal Income (billions $2005)	33.73	34.74	35.28	35.78	37.09	38.39	39.36	40.39	41.27	42.11
	5.8%	*3.0%*	*1.5%*	*1.4%*	*3.6%*	*3.5%*	*2.5%*	*2.6%*	*2.2%*	*2.0%*
Per Capita Income ($)	66,408	68,223	68,639	69,271	70,861	72,531	74,520	77,106	79,707	82,379
	5.4%	*2.7%*	*0.6%*	*0.9%*	*2.3%*	*2.4%*	*2.7%*	*3.5%*	*3.4%*	*3.4%*
Real Per Capita Income ($2005)	54,527	54,849	54,489	54,328	55,305	56,315	56,912	57,691	58,339	58,979
	3.2%	*0.6%*	*-0.7%*	*-0.3%*	*1.8%*	*1.8%*	*1.1%*	*1.4%*	*1.1%*	*1.1%*
Wages earned in D.C. ($ billion)	59.53	60.65	62.07	63.97	67.22	70.07	72.78	75.66	78.59	81.65
	4.0%	*1.9%*	*2.3%*	*3.1%*	*5.1%*	*4.2%*	*3.9%*	*4.0%*	*3.9%*	*3.9%*
Wages earned by D.C. residents ($	19.9	20.8	21.7	22.3	23.4	24.4	25.4	26.4	27.5	28.6
	4.7%	*4.6%*	*4.4%*	*3.0%*	*4.6%*	*4.5%*	*4.0%*	*4.2%*	*3.9%*	*4.0%*
Population ('000)	618.5	633.4	647.5	658.7	670.6	681.7	691.6	700.1	707.4	714.0
	2.5%	*2.4%*	*2.2%*	*1.7%*	*1.8%*	*1.7%*	*1.4%*	*1.2%*	*1.1%*	*0.9%*
Households ('000)	275.1	279.6	285.3	290.1	294.8	299.3	303.2	306.4	309.4	311.8
	3.2%	*1.6%*	*2.0%*	*1.7%*	*1.6%*	*1.5%*	*1.3%*	*1.1%*	*1.0%*	*0.8%*
Civilian Labor Force ('000)	349.7	359.3	373.6	374.3	384.9	390.8	395.9	400.1	403.9	407.2
	1.5%	*2.8%*	*4.0%*	*0.2%*	*2.8%*	*1.5%*	*1.3%*	*1.1%*	*1.0%*	*0.8%*
At-Place Employment ('000)	723.4	731.0	745.5	751.5	762.8	772.4	778.8	783.9	788.7	792.8
	2.0%	*1.0%*	*2.0%*	*0.8%*	*1.5%*	*1.3%*	*0.8%*	*0.7%*	*0.6%*	*0.5%*
Resident Employment ('000)	314.7	325.8	341.4	344.8	356.5	365.4	370.6	374.9	378.5	381.9
	1.0%	*3.5%*	*4.8%*	*1.0%*	*3.4%*	*2.5%*	*1.4%*	*1.2%*	*1.0%*	*0.9%*
Unemployment Rate	10.0	9.3	8.6	7.9	7.4	6.5	6.4	6.3	6.3	6.2
Housing Starts	1,900	3,445	3,535	4,327	4,233	3,988	3,006	2,814	2,742	2,696
Housing Stock ('000)	299.4	302.2	307.2	312.0	316.2	320.3	323.9	326.3	329.4	330.7
	0.7%	*0.9%*	*1.7%*	*1.6%*	*1.4%*	*1.3%*	*1.1%*	*0.7%*	*0.9%*	*0.4%*
Home sales	6,269	6,347	7,466	7,616	7,929	8,088	8,104	8,104	8,104	8,104
	-10.0%	*1.2%*	*17.6%*	*2.0%*	*4.1%*	*2.0%*	*0.2%*	*0.0%*	*0.0%*	*0.0%*
Average home sale price ('000)	601.0	630.1	712.8	736.4	767.9	802.8	840.8	884.9	928.7	973.4
	11.6%	*4.8%*	*13.1%*	*3.3%*	*4.3%*	*4.5%*	*4.7%*	*5.2%*	*5.0%*	*4.8%*
Change in S & P 500 Index of Common Stock*	1.8%	15.7%	24.8%	13.6%	2.0%	0.5%	3.5%	2.7%	4.2%	7.0%
Interest rate on 10-year Treasury notes (%)	3.0	1.9	2.1	2.7	2.2	2.6	3.2	3.8	4.0	4.1
Washington Area Consumer Prices: % change from prior year	2.6	1.9	1.3	1.6	0.3	1.1	2.3	2.5	2.5	2.5

** 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 (February 2016) and Moody's Analytics (Economy.com) (January 2016); forecasts of the national economy prepared by the Congressional Budget Office (January 2016) and Blue Chip Economic Indicators (February 2016); BLS labor market information from December 2015, the Census Bureau estimates of the D.C. population (2015);Bureau of Economic Analysis estimates of D.C. Personal Income (September 2015); Metropolitan Regional Information System (MRIS) D.C. home sales data (December 2015), 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 2015); and Delta Associates commercal office buildings and apartments in DC (December 2015).

FY 2015 - FY 2020 Revenue Actuals, Estimates and Projections: September 2016

		Actual	Estimate		Out year projections		
	Revenue Source	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**
1	Real Property	2,194,500	2,357,158	2,456,003	2,532,495	2,609,889	2,693,406
2	*Transfer to TIF/Pilot*	(40,180)	(46,394)	(39,619)	(40,966)	(42,359)	(43,926)
3	Real Property (net)	2,154,320	2,310,764	2,416,384	2,491,529	2,567,530	2,649,480
4	Personal Property	57,225	58,370	60,529	62,345	64,527	66,269
5	Public Space Rental	36,122	37,242	38,247	39,471	40,734	41,997
8	**Total Property (net)**	**2,247,667**	**2,406,375**	**2,515,160**	**2,593,346**	**2,672,792**	**2,757,746**
9	General Sales	1,315,295	1,308,455	1,362,457	1,418,196	1,470,635	1,525,012
10	*Transfer to convention center*	(116,448)	(122,709)	(127,740)	(132,977)	(137,897)	(142,999)
11	*Transfer to TIF*	(37,554)	(29,603)	(28,095)	(30,734)	(31,895)	(33,075)
12	*Transfer to Ballpark Fund*	(14,904)	(17,900)	(18,509)	(19,212)	(19,788)	(20,382)
13	*Transfer to Healthy DC Fund*	(106)	(447)	(500)	(854)	(854)	(854)
14	*Transfer to WMATA*	(67,446)	(66,664)	(66,670)	(66,670)	(66,670)	(66,670)
15	*Transfer to Healthy Schools*	(4,265)	(4,266)	(4,266)	(4,266)	(4,266)	(4,266)
16	*Transfer to ABRA*	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)	(1,170)
17	General Sales (net)	1,073,402	1,065,696	1,115,507	1,162,313	1,208,094	1,255,595
18	Alcohol	6,244	6,369	6,630	6,902	7,157	7,422
19	Cigarette	31,492	30,623	29,398	28,310	27,461	26,637
20	Motor Vehicle	46,607	47,725	49,682	51,719	53,633	55,617
21	Motor Fuel Tax	25,256	25,004	24,754	24,506	24,261	24,018
22	*Transfer to Highway Trust Fund*	(25,256)	(22,504)	(22,279)	(22,056)	(21,836)	(21,618)
23	**Total Sales (net)**	**1,157,744**	**1,150,413**	**1,201,217**	**1,249,244**	**1,296,345**	**1,345,272**
24	Individual Income	1,868,037	1,856,982	1,931,926	2,011,939	2,094,650	2,169,139
25	Corp. Franchise	308,027	362,064	310,248	318,143	325,577	339,529
26	U. B. Franchise	139,778	154,322	139,398	142,803	146,456	150,239
27	**Total Income**	**2,315,843**	**2,373,368**	**2,381,571**	**2,472,885**	**2,566,683**	**2,658,907**
28	Public Utility	145,852	135,157	135,833	136,512	137,194	137,880
29	*Transfer to Ballpark Fund*	(8,681)	(8,130)	(8,211)	(8,293)	(8,376)	(8,460)
30	Public Utility (net)	137,171	127,027	127,621	128,218	128,818	129,420
31	Toll Telecommunications	56,205	58,003	60,033	61,774	63,875	66,046
32	*Transfer to Ballpark Fund*	(2,681)	(2,232)	(2,311)	(2,387)	(2,467)	(2,550)
33	Toll Telecommunications (net)	53,524	55,771	57,723	59,388	61,408	63,497
34	Insurance Premiums	104,507	104,844	96,937	100,521	102,442	104,402
35	*Transfer to Healthy DC Fund*	(44,805)	(45,012)	(45,912)	(46,830)	(47,767)	(48,722)
36	Insurance Premiums (net)	59,702	59,833	51,025	53,691	54,675	55,680
37	Healthcare Provider Tax	12,854	12,716	12,854	15,181	15,485	15,794
38	*Transfer to Nursing Facility Quality of Care Fund*	(12,854)	(12,854)	(12,854)	(12,854)	(12,854)	-
39	Ballpark fee	34,942	31,800	32,754	33,737	34,749	35,791
40	*Transfer to Ballpark Fund*	34,942	(31,800)	(32,754)	(33,737)	(34,749)	(35,791)
41	Hospital Bed Taxes	-	17,109	17,109	-	-	-
42	*Transfer to Hospital Fund*	-	(17,109)	(17,109)	-	-	-
43	ICF-MR Assessment	5,032	5,478	5,519	5,519	5,519	5,519
44	*Transfer to Stevie Sellows*	(5,032)	(5,478)	(5,519)	(5,519)	(5,519)	(5,519)
45	Care First Contribution	-	-	-	-	-	-
46	*Transfer to Healthy DC Fund*	-	-	-	-	-	-
47	**Total Gross Receipts (net)**	**250,397**	**242,630**	**236,369**	**241,297**	**244,901**	**248,597**
48	Estate	48,274	53,302	31,397	32,083	32,754	33,449
49	Deed Recordation	257,865	247,336	209,968	215,217	220,598	226,113
50	*Transfer to HPTF/ Bond repayment/West End*	(38,680)	(38,365)	(31,621)	(32,412)	(33,222)	(34,053)
51	Deed Recordation (net)	219,185	208,971	178,347	182,805	187,376	192,060
52	Deed Transfer	198,315	169,292	149,131	152,859	156,680	160,597
53	*Transfer to HPTF/ Bond repayment?End*	(29,747)	(26,095)	(22,440)	(23,001)	(23,576)	(24,165)
54	Deed Transfer (net)	168,568	143,198	126,691	129,858	133,104	136,432
55	Co-op Recordation	-	-	-	-	-	-
56	Economic Interests	24,412	13,864	15,550	16,195	16,600	16,600
57	**Total Other Taxes (net)**	**460,439**	**419,335**	**351,984**	**360,941**	**369,834**	**378,540**
58	TOTAL TAXES NET OF DEDICATED TAXES	**6,432,090**	**6,592,122**	**6,686,302**	**6,917,713**	**7,150,554**	**7,389,062**
59	Licenses & Permits	88,788	85,960	90,074	83,360	89,235	85,111
60	Fines & Forfeits	117,199	184,756	177,609	168,918	160,663	152,820
61	Charges for Services	94,399	80,989	77,952	75,075	77,199	75,324
62	Miscellaneous	116,171	82,909	82,743	82,498	83,156	85,554
63	TOTAL NON-TAX	**416,557**	**434,614**	**428,378**	**409,851**	**410,253**	**398,809**
64	Lottery	55,586	55,000	55,500	56,000	56,500	57,000
65	TOTAL REVENUE NET OF DEDICATED TAXES	6,904,232	7,081,736	7,170,180	7,383,564	7,617,307	7,844,871

FY 2015 - FY 2019 Revenue Actuals, Estimates and Projections:September 2016

	Revenue Source	Preliminary FY 2015	Estimate FY 2016	Estimate FY 2017	Out year projections FY 2018	Out year projections FY 2019	FY 2020
1	Real Property	8.9%	7.4%	4.2%	3.1%	3.1%	3.2%
2	*Transfer to TIF/Pilot*	33.3%	15.5%	-14.6%	3.4%	3.4%	3.7%
3	Real Property (net)	8.5%	7.3%	4.6%	3.1%	3.1%	3.2%
4	Personal Property	3.3%	2.0%	3.7%	3.0%	3.5%	2.7%
7	Public Space Rental	7.2%	3.1%	2.7%	3.2%	3.2%	3.1%
11	**Total Property (net)**	8.3%	**7.1%**	**4.5%**	**3.1%**	**3.1%**	**3.2%**
12	General Sales	12.2%	-0.5%	4.1%	4.1%	3.7%	3.7%
13	*Transfer to convention center*	10.4%	5.4%	4.1%	4.1%	3.7%	3.7%
14	*Transfer to TIF*	76.8%	-21.2%	-5.1%	9.4%	3.8%	3.7%
16	*Transfer to Ballpark Fund*	-8.7%	20.1%	3.4%	3.8%	3.0%	3.0%
17	*Transfer to Healthy DC Fund*	0.0%	321.7%	11.9%	70.8%	0.0%	0.0%
18	*Transfer to WMATA*	3.2%	-1.2%	0.0%	0.0%	0.0%	0.0%
19	*Transfer to Healthy Schools*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
20	*Transfer to ABRA*	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
21	General Sales (net)	12.0%	-0.7%	4.7%	4.2%	3.9%	3.9%
22	Alcohol	0.2%	2.0%	4.1%	4.1%	3.7%	3.7%
23	Cigarette	-5.2%	-2.8%	-4.0%	-3.7%	-3.0%	-3.0%
20	Motor Vehicle	-2.0%	2.4%	4.1%	4.1%	3.7%	3.7%
21	Motor Fuel Tax	10.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
22	*Transfer to Highway Trust Fund*	10.0%	-10.9%	-1.0%	-1.0%	-1.0%	-1.0%
23	**Total Sales (net)**	10.8%	**-0.6%**	**4.4%**	**4.0%**	**3.8%**	**3.8%**
24	Individual Income	11.2%	-0.6%	4.0%	4.1%	4.1%	3.6%
25	Corp. Franchise	9.9%	17.5%	-14.3%	2.5%	2.3%	4.3%
26	U. B. Franchise	3.2%	10.4%	-9.7%	2.4%	2.6%	2.6%
27	**Total Income**	10.6%	**2.5%**	**0.3%**	**3.8%**	**3.8%**	**3.6%**
28	Public Utility	0.1%	-7.3%	0.5%	0.5%	0.5%	0.5%
29	*Transfer to Ballpark Fund*	0.9%	-6.4%	1.0%	1.0%	1.0%	1.0%
30	Public Utility (net)	0.1%	-7.4%	0.5%	0.5%	0.5%	0.5%
31	Toll Telecommunications	7.0%	3.2%	3.5%	2.9%	3.4%	3.4%
32	*Transfer to Ballpark Fund*	23.4%	-16.7%	3.5%	3.3%	3.4%	3.4%
33	Toll Telecommunications (net)	6.3%	4.2%	3.5%	2.9%	3.4%	3.4%
34	Insurance Premiums	7.5%	0.3%	-7.5%	3.7%	1.9%	1.9%
35	*Transfer to Healthy DC Fund*	29.1%	0.5%	2.0%	2.0%	2.0%	2.0%
36	Insurance Premiums (net)	-4.5%	0.2%	-14.7%	5.2%	1.8%	1.8%
37	Healthcare Provider Tax	-6.7%	-1.1%	1.1%	18.1%	2.0%	2.0%
38	*Transfer to Nursing Facility Quality of Care Fund*	-6.7%	0.0%	0.0%	0.0%	0.0%	-100.0%
39	Ballpark fee	2.4%	-9.0%	3.0%	3.0%	3.0%	3.0%
40	*Transfer to Ballpark Fund*	-202.4%	-191.0%	3.0%	3.0%	3.0%	3.0%
41	Hospital Bed Taxes		-	-	-	-	-
42	*Transfer to Hospital Fund*		-	-	-	-	-
43	ICF-MR Assessment	1.9%	8.9%	0.8%	0.0%	0.0%	0.0%
44	*Transfer to Stevie Sellows*	1.9%	8.9%	0.8%	0.0%	0.0%	0.0%
45	Care First Contribution	-100.0%	-	-	-	-	-
46	*Transfer to Healthy DC Fund*	-100.0%	-	-	-	-	-
47	**Total Gross Receipts (net)**	0.2%	**-3.1%**	**-2.6%**	**2.1%**	**1.5%**	**1.5%**
48	Estate	50.3%	10.4%	-41.1%	2.2%	2.1%	2.1%
49	Deed Recordation	23.9%	-4.1%	-15.1%	2.5%	2.5%	2.5%
50	*Transfer to HPTF*	23.9%	-0.8%	-17.6%	2.5%	2.5%	2.5%
51	Deed Recordation (net)	23.9%	-4.7%	-14.7%	2.5%	2.5%	2.5%
52	Deed Transfer	30.6%	-14.6%	-11.9%	2.5%	2.5%	2.5%
53	*Transfer to HPTF*	30.6%	-12.3%	-14.0%	2.5%	2.5%	2.5%
54	Deed Transfer (net)	30.6%	-15.1%	-11.5%	2.5%	2.5%	2.5%
55	Co-op Recordation	-100.0%	-	-	-	-	-
56	Economic Interests	-6.0%	-43.2%	12.2%	4.1%	2.5%	0.0%
57	**Total Other Taxes (net)**	24.7%	**-8.9%**	**-16.1%**	**2.5%**	**2.5%**	**2.4%**
58	**TOTAL TAXES NET OF DEDICATED TAXES**	10.3%	**2.5%**	**1.4%**	**3.5%**	**3.4%**	**3.3%**
59	Licenses & Permits	12.1%	-3.2%	4.8%	-7.5%	7.0%	-4.6%
60	Fines & Forfeits	-14.3%	57.6%	-3.9%	-4.9%	-4.9%	-4.9%
61	Charges for Services	21.0%	-14.2%	-3.7%	-3.7%	2.8%	-2.4%
62	Miscellaneous	-7.2%	-28.6%	-0.2%	-0.3%	0.8%	2.9%
63	**TOTAL NON-TAX**	**-0.6%**	**4.3%**	**-1.4%**	**-4.3%**	**0.1%**	**-2.8%**
64	Lottery	1.1%	-1.1%	0.9%	0.9%	0.9%	0.9%
65	**TOTAL REVENUE NET OF DEDICATED TAXES**	**9.5%**	**2.6%**	**1.2%**	**3.0%**	**3.2%**	**3.0%**

Tax policy changes already implemented

Tax Policy	Estimated Cost ($ thousands) FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Established a new individual income tax bracket of 40,000-60,000, reducing rates from 8.5% to 7.0%	$ (37,518)	$ (39,506)	$ (41,482)	$ (43,597)	$ (45,821)
Expanded the local earned income tax credit (EITC) to childless workers	$ (10,834)	$ (11,408)	$ (11,979)	$ (12,590)	$ (13,232)
Raised the standard deduction to $5200 for singles, $8350 for married residents	$ (15,652)	$ (16,481)	$ (17,306)	$ (18,188)	$ (19,116)
Eliminated certain tax expenditures	$ 3,722	$ 3,919	$ 4,115	$ 4,325	$ 4,546
Expanding the general sales tax rate to certain services	$ 16,200	$ 16,814	$ 17,659	$ 17,664	$ 17,668
Phased out the personal exemption by 2% for each $2,500 above $150,000, with a complete phase out at $27	$ 4,718	$ 4,930	$ 5,128	$ 5,356	$ 5,594
Exempted passive investment vehicles from the unincorporated business franchise tax	$ (4,400)	$ (4,576)	$ (4,759)	$ (4,949)	$ (5,147)
Reduced the unincorporated and incorporated business franchise tax from 9.975% to 9.4%	$ 20,000	$ 20,800	$ 21,632	$ 22,497	$ 23,397
Changed the franchise tax apportionment method to a single weighted sales formula	$ (20,000)	$ (20,800)	$ (21,632)	$ (22,497)	$ (23,397)
Further reduce the rate on the new middle income tax bracket to 6.75%	$ (7,116)	$ (7,494)	$ (7,868)	$ (8,270)	$ (8,691)
New income tax bracket -$350,000 to $1M at 8.75% , income greater than $1M at 8.95%	$ (4,734)	$ (4,985)	$ (5,234)	$ (5,501)	$ (5,782)
Further reduce business franchise taxes to 9.2%	$ (9,692)	$ (10,060)	$ (10,565)	$ (10,568)	$ (10,571)
Finish reducing the rate on middle income tax bracket to the new rate of 6.5%	$ (7,116)	$ (7,493)	$ (7,868)	$ (8,269)	$ (8,691)
Reduce unincorporated and incorporated business franchise tax from 9.2% to 9.0%	$ (9,692)	$ (10,060)	$ (10,565)	$ (10,568)	$ (10,571)
Raise the estate tax threshold from $1Million to $2 Million	$ (6,194)	$ (6,472)	$ (6,733)	$ (7,032)	$ (7,345)
Total	**$ (88,310)**	**$ (92,873)**	**$ (97,456)**	**$ (102,188)**	**$ (107,158)**

Tax policy changes NOT YET implemented

Tax Policy	Estimated Cost ($ thousands) FY 2017	FY 2018	FY 2019	FY 2020
Raise the standard deduction from $5,200 to $5650 for singles, $6,500 to $7,800 for Head of Households , and $8,350 to $10,275 for married couples	$ (9,314)	$ (9,780)	$ (10,279)	$ (10,807)
Increase the personal exemption from $1,800 to $2,200	$ (13,496)	$ (14,447)	$ (15,183)	$ (15,958)
singles, $8,950 for Head of Households and $12,200 for married	$ (9,090)	$ (9,544)	$ (10,031)	$ (10,546)
Increase the personal exemption from $2,200 to $2,700	$ (16,705)	$ (17,541)	$ (18,435)	$ (18,435)
Reduce unincorporated and incorporated business franchise tax from 9.0% to 8.75%	$ (11,905)	$ (12,563)	$ (13,257)	$ (13,990)
Increase the personal exemption from $2,700 to $3,200	$ (15,913)	$ (16,708)	$ (17,560)	$ (18,462)
Raise estate threshold from $2 Million to conform to federal level	$ (12,291)	$ (11,763)	$ (11,763)	$ (11,763)
Reduce unincorporated and incorporated business franchise tax from 8.75% to 8.5%	$ (11,905)	$ (12,563)	$ (13,257)	$ (13,990)
Increase the personal exemption from $3,200 to $3,700	$ (15,913)	$ (16,708)	$ (17,560)	$ (18,462)
Reduce unincorporated and incorporated business franchise tax from 8.5% to 8.25%	$ (11,905)	$ (12,563)	$ (13,257)	$ (13,990)
Increase the personal exemption from $3,700 to conform to the federal level ($4,000) and repeal the LIC	$ (8,963)	$ (9,411)	$ (9,891)	$ (10,399)
Total	**$ (137,400)**	**$ (143,591)**	**$ (150,475)**	**$ (156,800)**