

GOVERNMENT OF THE DISTRICT OF COLUMBIA

OFFICE OF THE CHIEF FINANCIAL OFFICER



Glen Lee
Chief Financial Officer

February 29, 2024

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 2024 Revenue Estimates

Dear Mayor Bowser and Chairman Mendelson:

This letter certifies the revenue estimate for the Fiscal Year 2024 – 2028 Budget and Financial Plan of the District of Columbia. The FY 2024 local source revenue has been revised upward by \$67.6 million as year-to-date collections data show higher than expected receipts for the corporate franchise tax, the gross receipts tax, and non-tax sources. The revenue for the rest of the financial plan period has also been revised upward, primarily due to higher forecasted revenue for corporation franchise tax, insurance premiums, and interest income. However, the forecasted revenue for real property tax is slightly lower, reflecting data from preliminary real property tax assessments that form the basis for revenue in FY 2025. Additionally, year-to-date revenue collections through January for deed and unincorporated business taxes, which are both indicators of the strength of the real estate market, have continued to decline. The net result is that FY 2025 revenue is higher by \$64.3 million, FY 2026 by \$62.1 million, and FY 2027 by \$10.7 million. The table below compares the current estimate with the estimate from December 2023.

February 2024 Revenue Estimate Compared to Previous Estimate

Local Source, General Fund Revenue Estimate (\$M)	Estimate		Projections		
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
<i>December 2023 Revenue Estimate</i>	9,909.7	10,190.0	10,393.4	10,667.3	
<i>February Revision to the Estimate</i>	67.6	64.3	62.1	10.7	
February 2024 Revenue Estimate	9,977.3	10,254.4	10,455.5	10,678.0	10,914.9
Revenue Change From Previous Year					
Amount	(9.5)	277.1	201.2	222.5	236.9
Year-Over-Year Percent Change	0%	2.8%	2.0%	2.1%	2.2%

The near-term economic outlook for the nation and the District has slightly improved compared to our earlier forecast. The economy has shown greater resilience to higher interest rates than economists had anticipated. Additionally, as inflation nears the 2 percent target, the Federal Reserve has hinted at the possibility of cutting rates in 2024. That said, there are headwinds in the medium to long term, including a weakening commercial property market, a slowing DC labor market, slower wage growth, and an expected decline in consumer spending as excess savings built up during the pandemic are exhausted. Year-to-date tax receipts through January show evidence of slower growth in tax revenue. Strong growth in receipts from corporation franchise, sales, and individual income withholding taxes are mostly offset by slower growth in receipts from non-withholding individual income, deed, and unincorporated business taxes. Overall revenue is above the forecast because of strong growth in non-tax receipts, primarily from interest income.

The revenue forecast was informed by a variety of data sources, including the latest cash collections data, official data on key economic indicators, and forecasts prepared by the Congressional Budget Office and private forecasters, S&P Global and Moody's Analytics. What emerges from a thorough review of these data sources and modeling of their impact on the District is a slowly growing economy over the next year.

Revenue Highlights

As mentioned earlier, the year-to-date revenue growth for FY 2024 as of January is higher than previously forecasted. The increase in revenue is mainly due to higher non-tax and corporate income tax receipts, which have compensated for the decline in receipts from individual non-withholding income, deed and unincorporated business taxes. We now anticipate flat growth in revenue for FY 2024, rather than a 0.6 percent decline, a slight improvement from the previous forecast. An average growth rate of 2.3 percent is projected over the financial plan period as the deteriorating commercial real estate sector continues to be a drag on the District's fiscal performance.

Real property tax revenue

The real property tax revenue forecast for FY 2024 is unchanged from the December forecast, with revenue expected to decline by 1 percent due to the continued weak performance of the commercial office market. The latest data for tax year 2024 indicate that previous projections related to appeals and refunds are on target. The FY 2025 revised forecast is based on the latest real property tax assessment data. The forecast assumes the increasing likelihood of successful commercial property appeals as the commercial office market continues to decline. Therefore, for FY 2025 and the rest of the financial plan period, the forecast has been revised downward by an average of \$22.7 million annually. The residential market has continued to perform much better than the commercial market, and revenue growth in residential property taxes is unchanged from the previous forecast.

Sales tax revenue

The sales tax collections through the first quarter of the fiscal year, which includes most of the holiday sales period, show sales tax revenue growth slowing sharply from last year's nearly 20 percent growth rate to just 3.5 percent this year. The slower growth was largely anticipated as the circumstances that drove last year's remarkable growth are behind us. Specifically, although inflation is still running above 3 percent, the rapid growth in prices that contributed to strong nominal sales tax growth has slowed. In addition to lower inflation, consumer demand and the rapid recovery in the tourism sector that contributed to strong growth in fiscal years 2022 and 2023 have eased.

Consumption is now expected to revert to more normal growth patterns, with consumers retrenching from the spending spurred by pent-up demand after the pandemic. As a result, sales tax revenue growth is expected to decelerate from 12.9 percent last year to 1.9 percent in FY 2024. Furthermore, nationwide, there is now a shift in consumer spending from goods to services, such as childcare and healthcare services. Growth in these services, which are largely outside of the District's retail sales tax base, will reduce growth in retail sales tax revenue. Growth in sales tax revenue is expected to average 3 percent in FY 2025 and FY 2026, and 2.5 percent in FY 2027 and FY 2028, as the reduction in the hotel tax rate from 15.95 to 14.95 percent takes effect in mid-fiscal year 2027.

Individual income tax revenue

Year-to-date individual income tax receipts declined 0.2 percent when compared to the same period in FY 2023 due mainly to a significant reduction in the non-withholding component of the income tax. As the labor market softens and wage growth slows, growth in individual income tax withholding receipts has slowed in recent months, with year-to-date growth of about 2.5 percent. Accordingly, the forecast for FY 2024 has been revised to reflect this slower growth and is expected to end the year with a year-over-year growth of 4.6 percent. The out-year forecast for withholding tax revenue has also been revised downward to reflect a forecasted slower growth in resident employment and wages, which are the main drivers of individual income tax withholding revenue.

According to the latest cash report, year-to-date non-withholding income taxes are down by 16.4 percent when compared to the same period last year. This decrease is mainly due to lower October final extension payments and higher refunds. Moreover, January estimated payments, which are typically a leading indicator of the upcoming April tax filing collections, have increased 2.8 percent, as opposed to the pre-pandemic average of 5 percent. This requires a downward adjustment to the earlier forecast, which had anticipated stronger growth. As a result, individual income tax revenue is projected to grow by 3.6 percent in FY 2024 before returning to the pre-pandemic long-term average growth rate of 4.5 percent for fiscal years 2025 through 2028.

Business tax revenue

Year-to-date corporation franchise tax receipts have increased by 16 percent as compared to the same period last year. This increase is mainly due to estimated tax payments, which have risen by 33 percent. As a result, the corporate franchise tax revenue forecast for FY 2024 has been revised upward by \$111 million. Additionally, the out-year forecast has been revised upward by an average of \$153.5 million annually. This revision reflects the upward adjustment of the forecast for key economic indicators of corporate tax revenue, including non-real estate investment and S&P 500 earnings.

On the other hand, year-to-date unincorporated business tax receipts are down by 31.8 percent, reflecting the continued deterioration of the commercial real estate market. Accordingly, the forecast is revised downward by approximately \$6.9 million in FY 2024 and by an average of \$13.1 million annually over the remainder of the financial plan period.

Deed tax revenues

Year-to-date, deed tax collections are 23.5 percent lower than FY 2023 levels. Although transactions initially increased in the first few months of the fiscal year due to the sale of a few high-value commercial properties, timed to take advantage of expected tax rate cuts, sales have since decreased. As a result, the value of real property transactions for both residential and commercial properties is lower, leading to a higher-than-expected decline in deed tax receipts. The forecast for both deed transfer and deed recordation tax revenue for FY 2024 is revised downward by a total of \$37.7 million. Furthermore, the out-year forecast is also revised downward by a total of \$39.8 million, as the deterioration of the commercial real estate market is expected to continue over the financial plan period.

Gross receipts tax revenues

The revenue from gross receipts tax has been revised upward by \$7.6 million in FY 2024 and by an average of \$14.7 million annually for FY 2025-FY 2027. This increase is mainly due to the impact of higher inflation on insurance premium collections.

Non-tax revenue

The non-tax revenue for FY2024 has increased by \$73 million due to strong investment income from reserves. These strong interest earnings positively impact non-tax revenues throughout the financial plan, while lower than projected automated traffic enforcement revenues temper overall non-tax revenue growth. Non-tax revenues are revised upward by an average of \$52.6 million annually over the financial plan period.

National and Regional Economies

The U.S. economy grew strongly in the fourth quarter, with an annualized gain in Gross Domestic Product (GDP) of 3.3 percent, surpassing the expectations of many experts. This represents an acceleration in GDP growth, from 1.9 percent in 2022 to 2.5 percent in 2023. Improvements in the economy's supply-side potential over the past year have helped keep inflation in check despite strong GDP growth and a historically low unemployment rate of 3.7 percent.

Consumer spending remained robust at 2.8 percent in Q4, indicating that households were well-prepared to handle the Federal Reserve's series of rate hikes. This resilience is partly due to fixed-rate debt taken on before interest rate tightening, and the savings accumulated during the pandemic, which have acted as a buffer. However, these excess savings are nearly exhausted after two years of solid consumer spending. Future consumption will increasingly rely on income growth. While real disposable income grew by 2.5 percent in the latest quarter, the expectation of a more relaxed labor market suggests slower wage growth in the next few quarters.

U.S. Recent History

	2022q4	2023q1	2023q2	2023q3	2023q4
Real GDP (% change from prior year)	0.7	1.7	2.4	2.9	2.5
Nominal GDP (% change from prior year)	7.1	7.1	5.9	6.2	5.2
Nominal Personal Income (% change from prior year)	4.7	5.8	5.6	4.7	4.5
Unemployment rate (%)	3.6	3.5	3.5	3.7	3.8
CPI (% change from prior year)	7.1	5.8	4.1	3.6	3.2
Yield on 10-Yr Treasury (%)	3.8	3.6	3.6	4.2	4.4
S&P 500 (avg level)	3,852	4,003	4,204	4,458	4,465

Source: Bureau of Economic Analysis, Bureau of Labor Statistics, SP Global and Moody's.

There are varying predictions for GDP in the first quarter of 2024 and subsequent quarters. The Blue-Chip Consensus forecast estimates that Q1 2024 GDP will grow by approximately 1 percent. On the other hand, the Atlanta Federal Reserve's GDP Now forecast is more optimistic and predicts a growth rate of 2.9 percent. After reviewing and analyzing various forecasts, including those of SP Global and Moody's, our forecast is for moderate growth of approximately 1.5 percent for Q1 2024.

Looking at the bigger picture, which includes the entirety of 2024, we expect the U.S. real GDP to grow at a rate of approximately 2.0 percent. This forecast, along with the forecasts for other economic variables for the nation and the District of Columbia, is dependent on a variety of factors. These include the performance of key economic indicators, global market trends, and policy considerations. The differences in projections reflect the uncertainties and complexities that affect economic dynamics. Therefore, it is essential that we closely monitor these variables and adjust our forecast as the economic landscape changes.

U.S. Economic Outlook

	FY 2023 (actual)	FY 2024 (est.)	FY 2025 (est.)	FY 2026 (est.)	FY 2027 (est.)	FY 2028 (est.)
Real GDP (% change)	1.9	2.0	1.5	1.4	1.3	1.5
Nominal GDP (% change)	6.6	4.2	3.6	3.7	3.6	3.8
Nominal Personal Income (% change)	5.2	4.6	5.0	4.7	4.5	4.5
Unemployment rate (%)	3.6	4.0	4.1	4.2	4.3	4.3
CPI (% change)	5.1	2.9	2.1	2.2	2.4	2.3
Yield on 10-Yr Treasury (%)	3.8	4.3	3.7	3.6	3.6	3.6
S&P 500 (level last quarter)	4,458.2	4,774.7	4,756.3	4,784.8	4,903.8	4,949.8

Source: SP Global Feb. 2024 Outlook; ORA for SP500

District of Columbia Economy

The District's economy continues to recover from the pandemic-induced recession of 2020. However, since the pandemic, the District of Columbia's economy has consistently underperformed the national economy across nearly all indicators. In two recent quarters (Q2 and Q3, 2023), however, personal income, including wages for DC residents, has grown faster than that of the nation. While wage growth remains strong, particularly for high-paying jobs, it is expected to moderate due to the high interest rate environment.

Although payrolls are increasing, the District's job growth in the last 12 months has been below the national and Washington metropolitan area averages. In fact, neither the District's employment nor the resident employment levels are expected to return to their 2019 peak during the financial plan period.

The total number of jobs in D.C. increased by 11,339 from the 4th quarter of 2022 to the corresponding quarter in 2023. The leisure and hospitality sector has made significant strides, with a notable 8,307 increase in jobs, accounting for the majority (73 percent) of total job growth. Professional, education and health, and other services also added jobs during this period. On the other hand, employment in the federal government continued to contract. During the pandemic era, federal employment was relatively stable. However, over the last year, there has been a notable decline in federal employment (losing 3,878 jobs) in the District. There are various hypotheses regarding the decline in federal jobs, including early retirement, a transition towards contracted positions, and a relocation of jobs from Washington, D.C., to other regions across the nation.

The unemployment rate in the District averaged 5.0 percent in the fourth quarter of 2023, up from 4.2 percent a year earlier, a sign that the District's labor market is struggling to absorb the new entrants. A notable positive development for the District's economy is the significant growth in personal income in the third quarter of 2023, with a robust increase of 6.4 percent compared to the same quarter of the previous fiscal year. This is partly explained by the fact that federal relief payments to households ceased in the third quarter of 2022, thereby establishing a lower base for comparison. Nevertheless, this growth is noteworthy as it outpaces national growth under similar circumstances.

D.C. Recent History					
	2022q4	2023q1	2023q2	2023q3	2023q4
Real GDP (% change from prior year.)	-0.7	0.3	0.8	1.6	2.0
Nominal GDP (% change from prior year)	4.6	5.7	5.8	6.4	5.3
Nominal Personal Income (% change from prior year)	3.6	5.4	6.4	6.4	5.8
Wages in D.C. (% change from prior year)	4.2	4.3	6.3	6.7	7.1
D.C. Resident Wages (% change from prior year)	4.8	5.1	6.4	6.4	6.9
Employment in D.C. (% change from prior year)	1.9	1.7	1.6	1.3	1.3
D.C. Resident Employment (% change from prior year)	4.2	2.1	-0.1	-0.2	1.7
Unemployment rate (%)	4.2	4.6	5.0	5.0	5.0
Washington area CPI (% change from prior year)	6.9	5.0	3.9	3.9	3.5

Sources: BEA; BLS; ORA;

The near-term outlook for District’s economy is slowing job growth. It also faces downside risks, which include higher interest rates and the possibility of a federal government shutdown. The employment slowdown will further delay the District’s recovery to its pre-pandemic employment level. As of Q4 2023, employment had reached 97% of its pre-pandemic level. Additionally, higher mortgage interest rates have negatively affected existing home sales, both nationally and regionally, leading to a decrease in the number of home sales in the District. This, in turn, has had a negative impact on revenue from real estate and construction-related sectors.

After a decline due to COVID-19, the District’s population has grown for two consecutive years. According to an updated population estimate by the U.S. Census Bureau in December 2023, from July 2021 to July 2022, the District’s population increased from 669,037 to 670,949, a net gain of 1,912. The data show that in the following year, the District further added 8,023 residents, representing a 1.20 percent increase from July 2022 to July 2023.

D.C. Economic Outlook						
	FY 2023 (actual)	FY 2024 (est.)	FY 2025 (est.)	FY 2026 (est.)	FY 2027 (est.)	FY 2028 (est.)
Real GDP (% change)	0.5	1.8	1.6	1.9	2.1	2.2
Nominal GDP (% change)	5.6	4.9	3.7	4.1	4.2	4.3
Nominal Personal Income (% change)	5.5	5.0	4.3	4.1	3.9	4.2
Wages in D.C. (% change)	5.4	5.8	4.2	3.8	3.7	3.9
D.C. Resident Wages (% change)	5.7	5.7	4.2	3.8	3.7	3.9
Population (% change)	1.0	0.9	0.5	0.5	0.4	0.4
Employment in D.C. (% change)	1.6	0.9	0.5	0.4	0.4	0.4
D.C. Resident Employment (% change)	1.5	1.3	0.0	0.2	0.3	0.4
Unemployment rate (%)	4.7	5.2	5.3	5.3	5.4	5.3
Washington area CPI (% change)	4.9	3.3	2.3	2.3	2.5	2.3

Source: Office of Revenue Analysis February 2024 Outlook

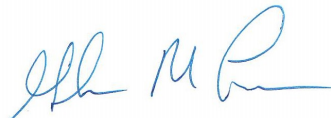
Risks to the Forecast

The current economic forecast carries several risks. Although the chances of a recession this year have decreased after two-quarters of strong economic growth in 2023, the economy remains vulnerable. The full impact of higher interest rates on the economy is not yet known. The housing market has already slowed, as seen in reduced construction activity and sales. In the last forecast, we highlighted the possibility of WMATA service cuts as a major risk to the District's economy and its finances. Since then, WMATA has agreed to keep service at the current level for the next two years, but service level reductions and their consequences are a risk after the two-year hiatus. Public safety concerns have emerged as a risk amidst an uptick in crime and its extensive coverage by the media. Public perception of crime can have a negative impact on the economy and revenues as it can deter people from living, working, or visiting the District. Other risks include a rise in oil prices due to regional conflicts, labor market strikes, and the possibility of a prolonged government shutdown that could strain the economy.

The COVID-19 pandemic has brought about significant changes in the District's population and economy, with potential long-term implications. The population decline during the pandemic, coupled with the increasing prevalence of remote work, may lead to shifts in the demographic and economic landscape. If the population loss becomes permanent, the city's demographic profile could change. The extent and impact of such changes are not yet clear. Additionally, as more people work from home, the District's transportation and office real estate sectors are likely to experience significant shifts. With fewer commuters, there may be less demand for public transportation and office space, leading to a potential reduction in real estate prices. The federal government has reduced its office footprint, signaling a shift in the demand for office space. Overall, the pandemic and the shift towards remote work are likely to have far-reaching economic consequences for the District.

The prevailing risks and high degree of uncertainty make for a challenging forecasting environment. As such, 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,



Glen Lee

Attachments

DISTRIBUTION LIST

Councilmember Anita Bonds (At-Large)

Councilmember Robert White (At-Large)

Councilmember Christina Henderson (At-Large)

Councilmember Kenyan McDuffie (At-Large)

Councilmember Brianne Nadeau (Ward 1)

Councilmember Brooke Pinto (Ward 2)

Councilmember Matthew Frumin (Ward 3)

Councilmember Janeese Lewis George (Ward 4)

Councilmember Zachary Parker (Ward 5)

Councilmember Charles Allen (Ward 6)

Councilmember Vincent Gray (Ward 7)

Councilmember Trayon White (Ward 8)

Kevin Donahue, City Administrator

Lindsey Parker, Chief of Staff, Executive Office of the Mayor

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

February 2024 Revenue Estimates
February 29, 2024
Page 10

TABLE 1: REVENUE SUMMARY TABLE

	\$ in Thousands					
	ACTUAL FY2023	ESTIMATE FY2024 FY2025		OUT YEAR PROJECTIONS FY2026 FY2027 FY2028		
PROPERTY	2,974,073	2,939,548	2,923,020	2,946,471	2,981,921	3,019,207
Real Property	2,840,281	2,811,722	2,794,387	2,816,970	2,851,449	2,887,763
Personal Property	83,902	83,351	84,158	85,026	85,997	86,968
Public Space Rental	49,890	44,475	44,475	44,475	44,475	44,475
<i>Dedicated to other funds</i>	<i>-44,226</i>	<i>-51,141</i>	<i>-54,290</i>	<i>-57,094</i>	<i>-61,908</i>	<i>-57,748</i>
PROPERTY (NET)	2,929,847	2,888,407	2,868,730	2,889,377	2,920,013	2,961,458
SALES & EXCISE	2,011,451	2,046,439	2,105,347	2,168,962	2,218,518	2,275,917
General Sales	1,921,543	1,958,877	2,017,477	2,080,539	2,129,641	2,186,379
Alcohol	6,851	6,988	7,100	7,214	7,329	7,467
Cigarette	9,348	9,350	9,394	9,300	9,161	9,116
Motor Vehicle	51,224	51,019	51,529	52,370	53,199	54,094
Motor Fuel	22,485	20,205	19,847	19,539	19,188	18,861
<i>Dedicated to other funds</i>	<i>-568,327</i>	<i>-587,488</i>	<i>-600,385</i>	<i>-615,144</i>	<i>-611,871</i>	<i>-617,125</i>
SALES & EXCISE(NET)	1,443,124	1,458,951	1,504,962	1,553,818	1,606,647	1,658,792
INCOME	4,174,533	4,260,918	4,390,818	4,524,499	4,658,024	4,866,912
Individual Income	3,048,229	3,158,570	3,284,008	3,418,952	3,553,204	3,693,508
Corporate Franchise	905,809	919,410	942,121	951,645	951,083	967,481
U.B. Franchise	220,495	182,937	164,690	153,901	153,737	205,923
INCOME (NET)	4,174,533	4,260,918	4,390,818	4,524,499	4,658,024	4,866,912
GROSS RECEIPTS	405,787	398,985	404,226	407,261	409,527	411,818
Public Utilities	124,143	113,807	113,418	113,288	112,774	112,259
Toll Telecommunications	36,705	36,010	35,452	35,067	34,631	34,229
Insurance Premiums	157,675	162,226	166,727	168,325	169,940	171,572
Ballpark Fee	46,789	47,926	49,249	50,829	52,050	53,238
Private sports wagering	1,572	1,148	1,148	1,148	1,148	1,148
Games of Skill	37	74	74	74	74	74
Health Related Taxes	38,865	37,793	38,158	38,531	38,911	39,299
<i>Dedicated to other funds</i>	<i>-164,456</i>	<i>-166,720</i>	<i>-172,762</i>	<i>-176,206</i>	<i>-179,302</i>	<i>-182,404</i>
GROSS RECEIPTS (NET)	241,331	232,265	231,464	231,055	230,226	229,414
OTHER TAX	433,162	384,116	434,182	483,845	531,812	585,147
Estate	94,517	40,387	40,880	41,379	41,884	48,940
Deed Recordation	195,112	195,112	218,414	244,463	268,809	288,967
Deed Transfer	133,943	133,943	154,720	177,834	200,950	227,071
Economic Interest	9,590	14,674	20,168	20,168	20,168	20,168
<i>Dedicated to other funds</i>	<i>-50,704</i>	<i>-50,589</i>	<i>-51,604</i>	<i>-52,640</i>	<i>-53,696</i>	<i>-156,976</i>
OTHER TAX (NET)	382,458	333,527	382,578	431,205	478,115	428,170
TOTAL TAX (GROSS)	9,999,006	10,030,006	10,257,594	10,531,039	10,799,802	11,159,000
TOTAL TAX (NET)	9,171,293	9,174,068	9,378,552	9,629,954	9,893,025	10,144,747
NONTAX	782,048	761,779	834,048	782,602	741,991	727,175
Licenses & Permits	146,979	157,969	158,877	160,448	161,233	162,868
Fines & Forfeits	156,576	182,609	335,573	328,913	321,587	315,190
Charges for Services	70,544	67,377	68,933	69,250	70,247	70,592
Miscellaneous	407,949	353,825	270,666	223,992	188,924	178,525
<i>Dedicated to other funds</i>	<i>-4,347</i>	<i>-2,943</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
NONTAX (NET)	782,048	761,779	834,048	782,602	741,991	727,175
LOTTERY	33,450	41,457	41,757	42,982	42,982	42,982
<i>Dedicated to other funds</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
LOTTERY (NET)	33,450	41,457	41,757	42,982	42,982	42,982
GROSS REVENUE	10,818,850	10,836,185	11,133,399	11,356,623	11,584,775	11,929,158
LOCAL FUND REVENUE	9,986,791	9,977,304	10,254,357	10,455,538	10,677,998	10,914,904
OTHER FUNDS	832,059	858,881	879,042	901,084	906,777	1,014,254

TABLE 1: REVENUE SUMMARY TABLE (Continued)

% Change from Year Ago	ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS		
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	
PROPERTY	1.3%	-1.2%	-0.6%	0.8%	1.2%	1.3%	
Real Property	0.9%	-1.0%	-0.6%	0.8%	1.2%	1.3%	
Personal Property	1.2%	-0.7%	1.0%	1.0%	1.1%	1.1%	
Public Space Rental	27.7%	-10.9%	0.0%	0.0%	0.0%	0.0%	
<i>Dedicated to other funds</i>	4.6%	15.6%	6.2%	5.2%	8.4%	-6.7%	
PROPERTY (NET)	1.2%	-1.4%	-0.7%	0.7%	1.1%	1.4%	
SALES & EXCISE	10.9%	1.7%	2.9%	3.0%	2.3%	2.6%	
General Sales	12.9%	1.9%	3.0%	3.1%	2.4%	2.7%	
Alcohol	-1.0%	2.0%	1.6%	1.6%	1.6%	1.9%	
Cigarette	-58.4%	0.0%	0.5%	-1.0%	-1.5%	-0.5%	
Motor Vehicle	-13.2%	-0.4%	1.0%	1.6%	1.6%	1.7%	
Motor Fuel	-1.9%	-10.1%	-1.8%	-1.6%	-1.8%	-1.7%	
<i>Dedicated to other funds</i>	17.5%	3.4%	2.2%	2.5%	-0.5%	0.9%	
SALES & EXCISE(NET)	8.5%	1.1%	3.2%	3.2%	3.4%	3.2%	
INCOME	1.6%	2.1%	3.0%	3.0%	3.0%	4.5%	
Individual Income	-2.2%	3.6%	4.0%	4.1%	3.9%	3.9%	
Corporate Franchise	24.4%	1.5%	2.5%	1.0%	-0.1%	1.7%	
U.B. Franchise	-16.3%	-17.0%	-10.0%	-6.6%	-0.1%	33.9%	
INCOME (NET)	1.6%	2.1%	3.0%	3.0%	3.0%	4.5%	
GROSS RECEIPTS	0.3%	-1.7%	1.3%	0.8%	0.6%	0.6%	
Public Utilities	-4.0%	-8.3%	-0.3%	-0.1%	-0.5%	-0.5%	
Toll Telecommunications	-21.4%	-1.9%	-1.5%	-1.1%	-1.2%	-1.2%	
Insurance Premiums	8.6%	2.9%	2.8%	1.0%	1.0%	1.0%	
Ballpark Fee	11.5%	2.4%	2.8%	3.2%	2.4%	2.3%	
Private sports wagering	-60.3%	-27.0%	0.0%	0.0%	0.0%	0.0%	
Games of Skill	120.6%	98.0%	0.0%	0.0%	0.0%	0.0%	
Health Related Taxes	4.2%	-2.8%	1.0%	1.0%	1.0%	1.0%	
<i>Dedicated to other funds</i>	7.7%	1.4%	3.6%	2.0%	1.8%	1.7%	
GROSS RECEIPTS (NET)	-4.2%	-3.8%	-0.3%	-0.2%	-0.4%	-0.4%	
OTHER TAX	-41.3%	-11.3%	13.0%	11.4%	9.9%	10.0%	
Estate	96.1%	-57.3%	1.2%	1.2%	1.2%	16.8%	
Deed Recordation	-49.1%	0.0%	11.9%	11.9%	10.0%	7.5%	
Deed Transfer	-50.6%	0.0%	15.5%	14.9%	13.0%	13.0%	
Economic Interest	-72.8%	53.0%	37.4%	0.0%	0.0%	0.0%	
<i>Dedicated to other funds</i>	-49.6%	-0.2%	2.0%	2.0%	2.0%	192.3%	
OTHER TAX (NET)	-40.0%	-12.8%	14.7%	12.7%	10.9%	-10.4%	
TOTAL TAX (GROSS)	0.0%	0.3%	2.3%	2.7%	2.6%	3.3%	
TOTAL TAX (NET)	-0.5%	0.0%	2.2%	2.7%	2.7%	2.5%	
NONTAX	25.3%	-2.6%	9.5%	-6.2%	-5.2%	-2.0%	
Licenses & Permits	8.9%	7.5%	0.6%	1.0%	0.5%	1.0%	
Fines & Forfeits	-2.9%	16.6%	83.8%	-2.0%	-2.2%	-2.0%	
Charges for Services	-10.0%	-4.5%	2.3%	0.5%	1.4%	0.5%	
Miscellaneous	63.6%	-13.3%	-23.5%	-17.2%	-15.7%	-5.5%	
<i>Dedicated to other funds</i>		-32.3%	-100.0%				
NONTAX (NET)	25.3%	-2.6%	9.5%	-6.2%	-5.2%	-2.0%	
LOTTERY	-17.8%	23.9%	0.7%	2.9%	0.0%	0.0%	
<i>Dedicated to other funds</i>							
LOTTERY (NET)	-17.8%	23.9%	0.7%	2.9%	0.0%	0.0%	
GROSS REVENUE	1.4%	0.2%	2.7%	2.0%	2.0%	3.0%	
LOCAL FUND REVENUE	1.0%	-0.1%	2.8%	2.0%	2.1%	2.2%	
OTHER FUNDS	6.8%	3.2%	2.3%	2.5%	0.6%	11.9%	

February 2024 Revenue Estimates
February 29, 2024
Page 12

TABLE 2: DEDICATED/ENTERPRISE REVENUE

\$ in Thousands		ACTUAL		ESTIMATE		OUT YEAR PROJECTIONS	
DEDICATED TO	Tax Type	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
TIF	Real Property	15,198	14,995	15,061	16,831	17,352	11,903
	General Sales	24,663	27,302	30,730	35,167	36,659	38,524
PILOT	Real Property	27,782	35,838	38,621	39,656	43,948	44,903
	General Sales	23,064	25,633	26,406	27,238	27,886	28,634
Walter Reed Development	Real Property	639	304	304	304	304	639
St. Elizabeth East Campus Red. Fur	Real Property	607	4	304	304	304	304
	General Sales	135	138	141	143	146	149
Convention Center	General Sales	157,436	161,944	167,219	173,236	178,955	184,846
Convention Center-DestinationDC	General Sales	19,360	30,139	31,224	32,460	19,076	8,024
Ballpark	General Sales	15,748	16,150	16,150	16,150	16,150	16,150
	Public Utility	7,816	7,165	7,141	7,133	7,100	7,068
	Toll Telecom	2,177	2,136	2,103	2,080	2,054	2,030
	Ballpark Fee	46,789	47,926	49,249	50,829	52,050	53,238
Healthy DC - Marijuana	General Sales	2,230	2,234	2,234	2,234	-	-
Medical Cannabis Social Equity Fun	General Sales		191	312	439	2,807	2,947
Healthy DC - MCO	Insurance premium	68,609	71,700	76,112	77,634	79,186	80,770
WMATA - Operations	General Sales	75,646	77,159	78,702	80,276	81,881	86,835
WMATA - Capital	General Sales	178,500	178,500	178,500	178,500	178,500	178,500
Healthy Schools	General Sales	5,690	5,690	5,690	5,690	5,690	5,690
ABRA	General Sales	1,170	870	1,070	1,070	1,070	1,070
Comm. on Arts and Humanities	General Sales	42,200	41,333	42,159	43,003	43,863	46,894
Highway Trust Fund	Motor Fuel	22,485	20,205	19,847	19,539	19,188	18,861
Nursing Facility Quality of Care	Health Related	19,310	18,268	18,633	19,006	19,386	19,774
Hospital Fund	Health Related	8,499	8,454	8,454	8,454	8,454	8,454
Hospital Provider Fee Fund	Health Related	5,460	5,532	5,532	5,532	5,532	5,532
ICF-IDD Stevie Sellows	Health Related	5,595	5,539	5,539	5,539	5,539	5,539
Dept of Behavioral Health	Sports Wager	200	-	-	-	-	-
Neighborhood Safety	Sports Wager	-	-	-	-	-	-
and Engagement Fund	Lottery-SW	-	-	-	-	-	-
	Early Childhood Development Fund	Sports Wager	-	-	-	-	-
	Lottery-SW	-	-	-	-	-	-
Vision Zero Enhancement Fund	Traffic Fines-ATE	4,347	2,943	-	-	-	-
Housing Production	Deed Recordation	27,190	27,335	25,228	22,784	20,362	43,345
Trust Fund (HPTF)	Deed Transfer	18,404	19,760	22,877	26,344	29,811	34,061
	Economic Interest	852	891	891	891	891	891
Transfer to DCHA-Dev't and Rehat	Deed Recordation						43,345
	Deed Transfer						34,061
	Economic Interest						891
HPTF-Debt Service	Deed Recordation	2,077	1,932	1,927	1,929	1,929	-
	Deed Transfer	1,688	332	331	331	331	-
	Economic Interest	-	-	-	-	-	-
West End Maintenance	Deed Recordation	246	170	175	180	185	191
	Deed Transfer	246	170	175	180	185	191
		832,059	858,881	879,042	901,084	906,777	1,014,254

Supplemental Tables

TABLE 1-1 REVENUE COMPONENTS

\$ in Thousands	ACTUAL	ESTIMATE		OUT YEAR PROJECTIONS		
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
1. REAL PROPERTY	2,840,281	2,811,722	2,794,387	2,816,970	2,851,449	2,887,763
Residential (C1)	1,171,753	1,208,787	1,236,350	1,270,548	1,308,145	1,346,860
Commercial (C2)	1,645,595	1,578,625	1,550,608	1,538,507	1,534,931	1,532,064
Vacant & Blighted	22,933	24,143	24,592	25,083	25,585	26,097
2. GENERAL SALES	1,921,543	1,958,877	2,017,477	2,080,539	2,129,641	2,186,379
Retail	869,522	865,505	892,604	919,990	949,465	981,874
Restaurant	553,643	572,926	588,382	606,063	624,180	642,650
Hotel	350,348	369,786	383,090	398,255	397,674	399,873
Other	148,031	150,660	153,400	156,231	158,321	161,981
3. INDIVIDUAL INCOME TAX	3,048,229	3,158,570	3,284,008	3,418,952	3,553,204	3,693,508
Withholding	2,629,449	2,751,444	2,856,864	2,973,254	3,089,645	3,213,972
Nonwithholding	418,780	407,126	427,144	445,698	463,558	479,536

Supplemental Tables

TABLE 1-1 REVENUE COMPONENTS (Continued)

% Change from Year Ago	ACTUAL	ESTIMATE		OUT YEAR PROJECTIONS		
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
1. REAL PROPERTY	0.9%	-1.0%	-0.6%	0.8%	1.2%	1.3%
Residential (C1)	4.8%	3.2%	2.3%	2.8%	3.0%	3.0%
Commercial (C2)	-1.7%	-4.1%	-1.8%	-0.8%	-0.2%	-0.2%
Vacant & Blighted	0.4%	5.3%	1.9%	2.0%	2.0%	2.0%
2. GENERAL SALES	12.9%	1.9%	3.0%	3.1%	2.4%	2.7%
Retail	-2.8%	-0.5%	3.1%	3.1%	3.2%	3.4%
Restaurant	31.6%	3.5%	2.7%	3.0%	3.0%	3.0%
Hotel	41.6%	5.5%	3.6%	4.0%	-0.1%	0.6%
Other	6.1%	1.8%	1.8%	1.8%	1.3%	2.3%
3. INDIVIDUAL INCOME TAX	-2.2%	3.6%	4.0%	4.1%	3.9%	3.9%
Withholding	8.5%	4.6%	3.8%	4.1%	3.9%	4.0%
Nonwithholding	-39.6%	-2.8%	4.9%	4.3%	4.0%	3.4%

Estimated Key Economic Indicators for the DC Economy - February 2024

Forecast Period Fiscal Year 2018 to Fiscal Year 2028

Variable	Actual						Estimated		Forecast			
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	
Gross Domestic Product - DC (\$billions)	139.6	144.0	146.2	153.6	163.2	172.4	180.9	187.5	195.1	203.3	212.1	
<i>% change annual</i>	4.9%	3.1%	1.5%	5.1%	6.2%	5.6%	4.9%	3.7%	4.1%	4.2%	4.3%	
Real GDP-DC (2012 \$billions)	137.3	138.4	137.9	141.4	144.3	145.0	147.6	149.9	152.8	156.1	159.5	
<i>% change annual</i>	2.6%	0.8%	-0.4%	2.6%	2.0%	0.5%	1.8%	1.6%	1.9%	2.1%	2.2%	
Personal Income (\$billions)	56.1	57.9	61.2	64.1	64.2	67.7	71.0	74.1	77.2	80.2	83.6	
<i>% change annual</i>	3.9%	3.3%	5.6%	4.8%	0.1%	5.5%	5.0%	4.3%	4.1%	3.9%	4.2%	
Real Personal Income (2012 \$billions)	49.1	50.6	51.7	53.5	49.8	50.1	51.6	53.3	54.7	55.8	57.2	
<i>% change annual</i>	0.4%	3.1%	2.2%	3.5%	-6.9%	0.5%	3.0%	3.3%	2.8%	2.0%	2.5%	
Per capita personal income	81,871	82,443	89,622	96,057	95,647	99,902	103,947	107,866	111,805	115,654	120,029	
<i>% change annual</i>	3.1%	0.7%	8.7%	7.2%	-0.4%	4.4%	4.0%	3.8%	3.7%	3.4%	3.8%	
Real per capita personal income (2012\$)	68,075	71,139	75,748	80,215	74,232	73,875	75,426	77,500	79,304	80,512	82,144	
<i>% change annual</i>	-0.5%	4.5%	6.5%	5.9%	-7.5%	-0.5%	2.1%	2.7%	2.3%	1.5%	2.0%	
Wages in DC (\$billions)	75.7	78.1	79.5	82.9	87.9	92.6	98.0	102.1	106.0	109.9	114.2	
<i>% change annual</i>	4.8%	3.3%	1.8%	4.2%	6.1%	5.4%	5.8%	4.2%	3.8%	3.7%	3.9%	
Wages of DC residents (\$billions)	29.0	30.3	30.9	31.7	33.6	35.5	37.5	39.1	40.6	42.1	43.7	
<i>% change annual</i>	6.9%	4.4%	2.2%	2.7%	5.8%	5.7%	5.7%	4.2%	3.8%	3.7%	3.9%	
Population (000s)	703.1	707.6	683.7	667.4	671.1	677.6	683.4	687.1	690.3	693.3	696.3	
<i>% change annual</i>	1.1%	0.7%	-3.4%	-2.4%	0.6%	1.0%	0.9%	0.5%	0.5%	0.4%	0.4%	
Households (000s)	307.0	311.9	312.5	319.1	327.5	330.8	333.8	336.3	338.4	340.5	342.2	
<i>% change annual</i>	1.8%	1.6%	0.2%	2.1%	2.7%	1.0%	0.9%	0.7%	0.6%	0.6%	0.5%	
Civilian labor force (000s)	395.4	398.3	391.8	377.5	386.8	390.8	397.8	398.2	399.1	400.6	401.9	
<i>% change annual</i>	0.9%	0.7%	-1.6%	-3.7%	2.5%	1.0%	1.8%	0.1%	0.2%	0.4%	0.3%	
Employment in DC (000s)	791.3	796.2	762.2	729.0	761.1	773.4	780.2	784.3	787.4	790.2	793.1	
<i>% change annual</i>	1.1%	0.6%	-4.3%	-4.4%	4.4%	1.6%	0.9%	0.5%	0.4%	0.4%	0.4%	
Employment of DC residents (000s)	372.8	376.0	363.7	350.1	366.9	372.3	377.2	377.0	377.8	379.1	380.5	
<i>% change annual</i>	1.4%	0.9%	-3.3%	-3.7%	4.8%	1.5%	1.3%	0.0%	0.2%	0.3%	0.4%	
Unemployment rate	5.7	5.6	7.2	7.2	5.1	4.7	5.2	5.3	5.3	5.4	5.3	
Housing Starts	4,732	6,183	4,822	5,473	4,397	5,418	2,582	2,893	2,780	2,550	2,421	
Home Sales (000s)	9.0	9.5	10.0	12.7	11.2	7.7	7.0	7.9	9.0	9.6	9.7	
<i>% change annual</i>	4.2%	6.2%	5.4%	27.0%	-12.2%	-30.7%	-9.7%	13.6%	12.7%	7.3%	1.1%	
Avg Home Sale Price (000s)	835.1	792.7	801.6	825.9	824.5	792.3	845.1	880.2	901.2	923.2	948.5	
<i>% change annual</i>	1.2%	-5.1%	1.1%	3.0%	-0.2%	-3.9%	6.7%	4.2%	2.4%	2.4%	2.7%	
Multifamily residential average rent per unit (\$)	2,079	2,143	2,143	2,131	2,259	2,308	2,344	2,398	2,455	2,513	2,570	
<i>% change annual</i>	2.1%	3.1%	0.0%	-0.5%	6.0%	2.2%	1.6%	2.3%	2.4%	2.3%	2.3%	
CBD office Vacancy rate	10.5%	11.1%	11.9%	14.0%	15.4%	16.9%	18.8%	21.7%	24.6%	25.8%	25.3%	
SP 500 Stock Index	3.3%	14.7%	15.2%	29.4%	-16.3%	16.0%	6.7%	-0.4%	1.1%	3.1%	3.5%	
US 10 Year Treasury	2.7	2.5	1.1	1.3	2.4	3.8	4.3	3.7	3.6	3.6	3.6	
Washington Area CPI: % change prior year	2.5%	2.0%	1.5%	4.2%	7.3%	4.9%	3.3%	2.3%	2.3%	2.5%	2.3%	