



September 2025 Revenue Estimate

September 30, 2025

National:

- U.S. real GDP rose by 3.3% in the second quarter of 2025 following a 0.5% contraction in the first quarter, largely due to volatility in trade activity.
- The Personal Consumption Expenditures (PCE) rose at an annualized rate of 2.4% in the 2nd quarter of 2025—following a 2.7% gain in the previous quarter.
- Inflation pressures persist, with the core PCE price index, which excludes food and energy, now rising at an annualized rate of 2.5% during the second quarter of 2025.
- Tariffs are expected to keep inflation elevated for the remainder of 2025.
- A softer-than-expected July jobs report, along with significant downward revisions to previous months, suggests a slower hiring environment than previously anticipated. The unemployment rate held steady at 4.2%, partly due to a shrinking labor force in recent months—driven in part by tighter immigration restrictions.
- The Federal Reserve lowered its benchmark interest rate between 4.00% and 4.25% amid slowing labor market conditions and other economic uncertainties.

District:

- The District's economy continues to underperform the national economy except for personal income/wages for residents, which have grown faster in the first quarter of 2025 relative to the previous year's level
- Total employment in the District declined by 3,626 jobs in the 2nd quarter of 2025 compared to a year earlier, driven primarily by losses in the federal government and business services sector.
- The District's resident unemployment rate has been persistently rising over the last couple of years, reaching 6.0% in July 2025, mainly due to an increase in the civilian labor force
- Although federal job losses have progressed more slowly than projected in February, partially due to several court rulings, private sector jobs were revised down more sharply.
- The strength of the stock market in the first half of 2025 led to an upward revision of the S&P 500 index forecast for the current fiscal year. Future growths were revised lower due to expected slowing in the national economy.

September Economic Revision:



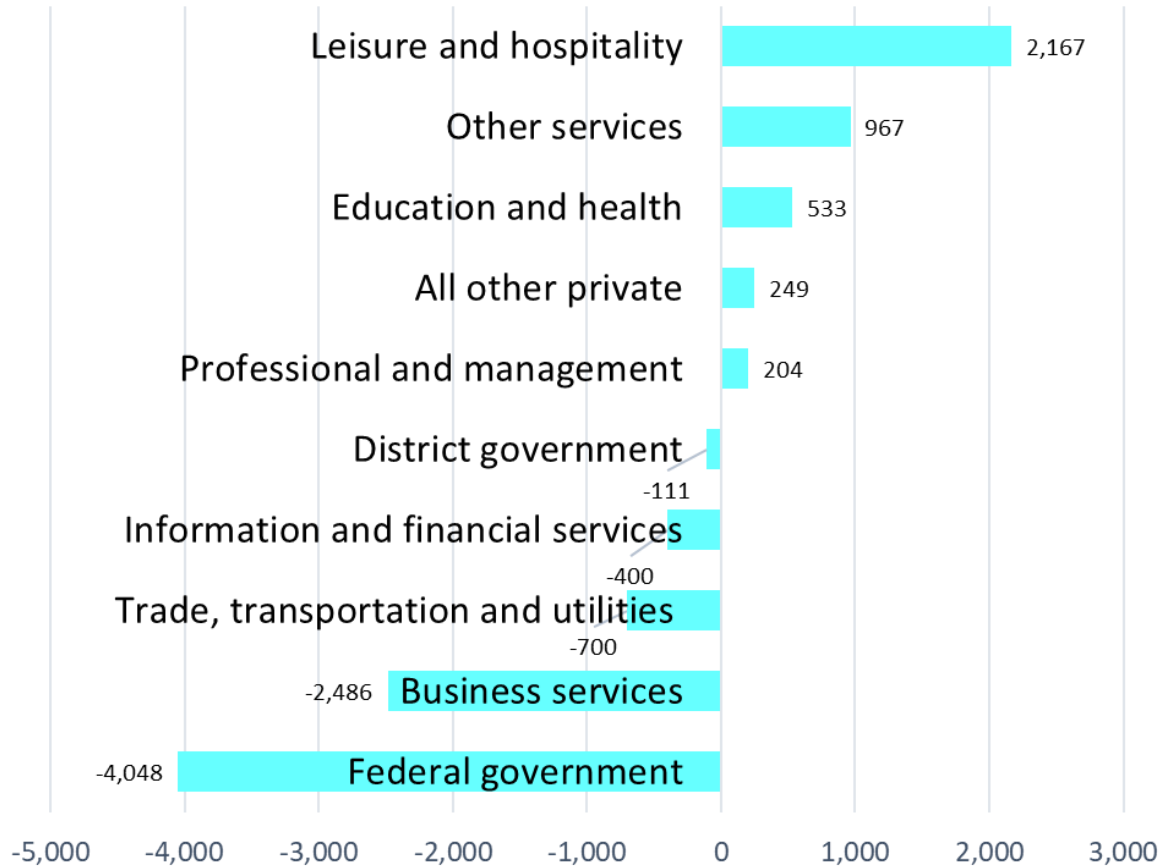
- ✓ GDP and consumer spending in the District have been revised downward for both 2026 and 2027.
- ✓ The September forecast maintains the total projected reduction in federal workforce over the five-year forecast period at approximately 40,000 jobs.
- ✓ While private sector job growth in D.C. has lagged earlier projections—prompting downward revisions to the city’s employment outlook—household counts, and the civilian labor force have all been revised upward.
- ✓ The stock market, Standard & Poor’s stock market Index (S&P500) is projected to grow by 6.8% in FY 2025, a 10.2% improvement over the last forecast.
- ✓ The outlook for the housing sector—particularly housing starts and single-family home sales—continues to weaken.
- ✓ Commercial office vacancy rates have been revised downward.

Variable	Sep. 2025 Forecast v.s. June. 2025						
	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Real GDP-DC (% change annual)	0.3%	1.5%	0.6%	-3.5%	0.1%	1.3%	1.8%
<i>Change from the last forecast (-.5%, .5%)</i>	0.0%	0.0%	-0.3%	-1.6%	-0.6%	-0.2%	0.1%
Personal Income (% change annual)	7.2%	5.3%	4.8%	1.6%	3.5%	3.8%	3.8%
<i>Change from the last forecast (-.5%, .5%)</i>	0.0%	0.0%	2.0%	1.3%	-0.1%	-0.1%	0.0%
Wages of DC residents (% change annual)	6.5%	5.9%	5.7%	-0.3%	2.5%	3.0%	3.1%
<i>Change from the last forecast (-.5%, .5%)</i>	0.0%	0.1%	2.6%	-0.3%	-0.2%	0.3%	0.4%
Personal Consumption Expenditure (% change annual)	7.6%	5.7%	3.5%	0.9%	2.9%	4.0%	4.1%
<i>Change from the last forecast (-.5%, .5%)</i>	0.0%	-0.1%	-0.5%	-1.3%	-0.7%	-0.2%	-0.1%
Population (000s)	685.8	700.1	710.1	711.4	709.9	709.8	711.2
<i>% Change from the last forecast (-.5%, .5%)</i>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Households (000s)	339.4	347.0	352.9	354.4	355.1	355.8	357.4
<i>% Change from the last forecast (-.5%, .5%)</i>	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%	0.1%
Employment in DC (000s)	765.1	768.7	766.0	736.4	730.3	731.9	735.8
<i>% Change from the last forecast (-.5%, .5%)</i>	0.0%	0.0%	-0.1%	-1.3%	-1.7%	-1.5%	-1.2%
Federal employment in DC (000s)	190.2	192.7	189.1	160.3	154.1	152.6	152.3
<i>% Change from the last forecast (-.5%, .5%)</i>	0.0%	0.0%	3.4%	-0.1%	-1.3%	-0.7%	0.1%
Employment of DC residents (000s)	382.1	393.5	395.2	386.2	385.2	387.4	390.4
<i>% Change from the last forecast (-.5%, .5%)</i>	0.0%	0.0%	0.7%	-0.7%	-0.6%	-0.1%	0.2%
Civilian labor force (000s)	401.1	414.9	419.1	414.3	413.1	414.0	415.7
<i>% Change from the last forecast (-.5%, .5%)</i>	0.0%	0.0%	1.5%	1.6%	2.0%	2.3%	2.4%
Unemployment rate	4.7	5.2	5.7	6.8	6.8	6.4	6.1
<i>Change from the last forecast (-.5, 0.5)</i>	0.0	0.0	0.3	0.9	0.8	0.6	0.4
Housing Starts	5,172	1,303	1,358	1,944	2,213	2,300	2,271
<i>% Change from the last forecast (-5%, 5%)</i>	-0.5%	-2.5%	-25.2%	-17.5%	-13.2%	-9.6%	-10.6%
Home Sales	7,709	6,749	6,747	7,442	8,276	8,546	8,750
<i>% Change from the last forecast (-5%, 5%)</i>	-0.1%	-0.1%	-3.7%	-8.1%	-9.5%	-10.1%	-10.5%
CBD office vacancy rate	17.0%	18.1%	18.3%	19.1%	19.0%	18.8%	18.6%
<i>Change from the last forecast (-1%, 1%)</i>	-0.1%	-0.1%	-0.4%	-0.8%	-1.4%	-1.9%	-2.3%
SP 500 Stock Index (% change annual)	16.1%	32.2%	6.8%	-6.7%	-2.0%	0.3%	0.4%
<i>Change from the last forecast (-5%, 5%)</i>	0.0%	0.0%	10.2%	-2.1%	2.0%	3.7%	3.3%
US 10 Year Treasury	3.8	4.2	4.4	4.2	4.1	4.1	4.1
<i>Change from the last forecast (-1, 1)</i>	0.0	0.0	0.0	-0.1	0.0	0.1	0.1
Washington Area CPI: % change prior year	5.2%	3.4%	3.2%	2.9%	2.6%	2.4%	2.2%
<i>Change from the last forecast (-1%, 1%)</i>	0.0%	0.0%	0.3%	-0.2%	-0.2%	0.5%	-0.2%

September Economic Revision:

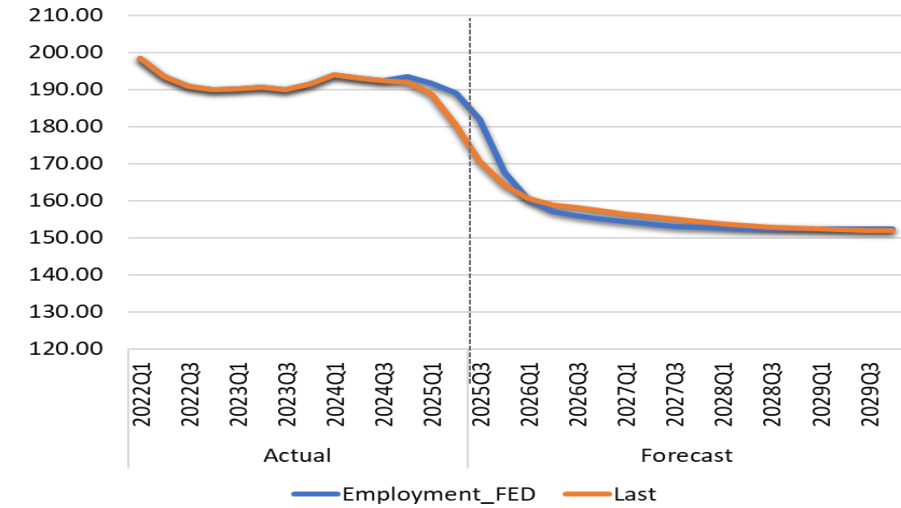


Change in wage and salary jobs in DC by sector: Q2 2025 vs Q2 2024

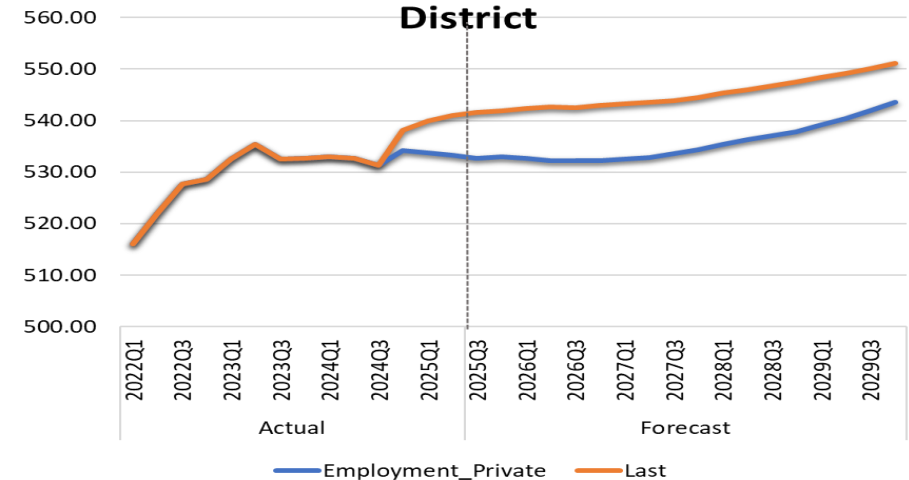


source: BLS and SP Global

Federal Employment in the District



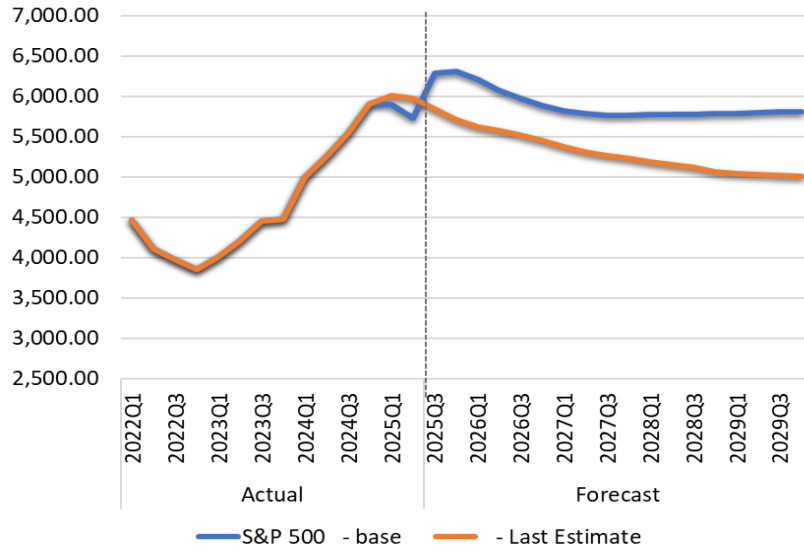
Private Sector Employment in the District



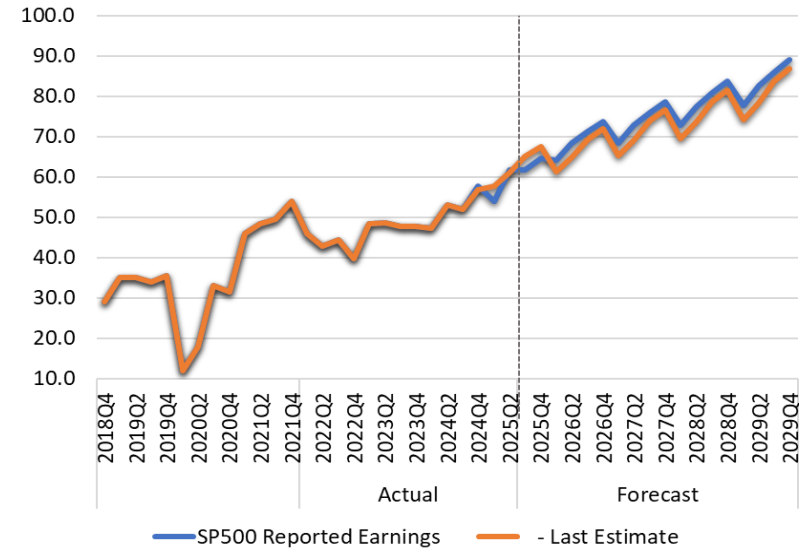
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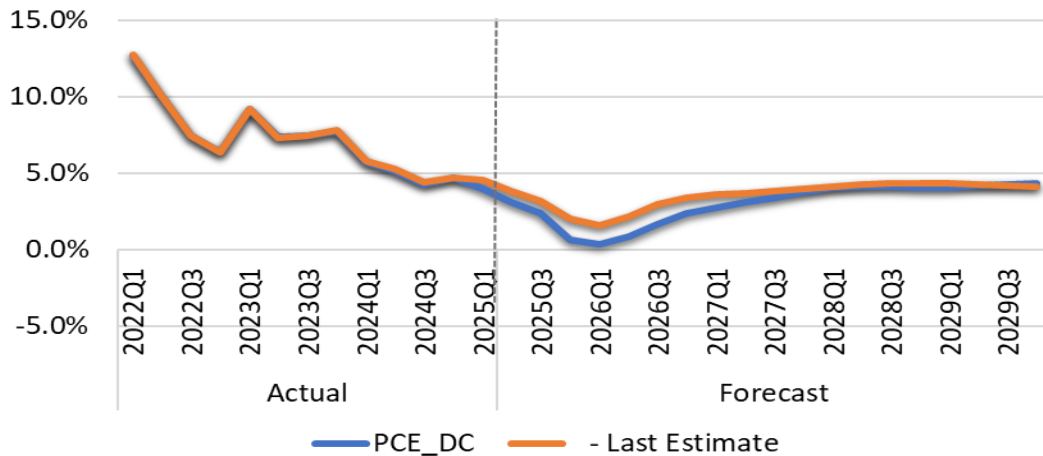
SP500



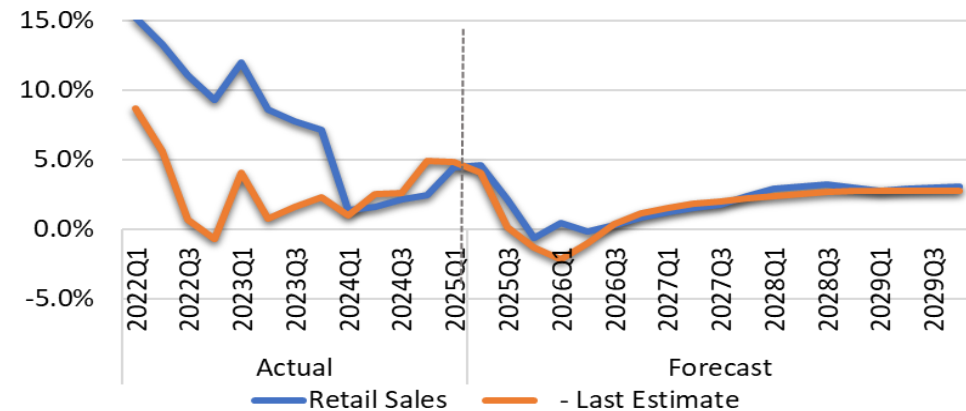
SP500 Quarterly Reported Earnings



Personal Consumption in DC



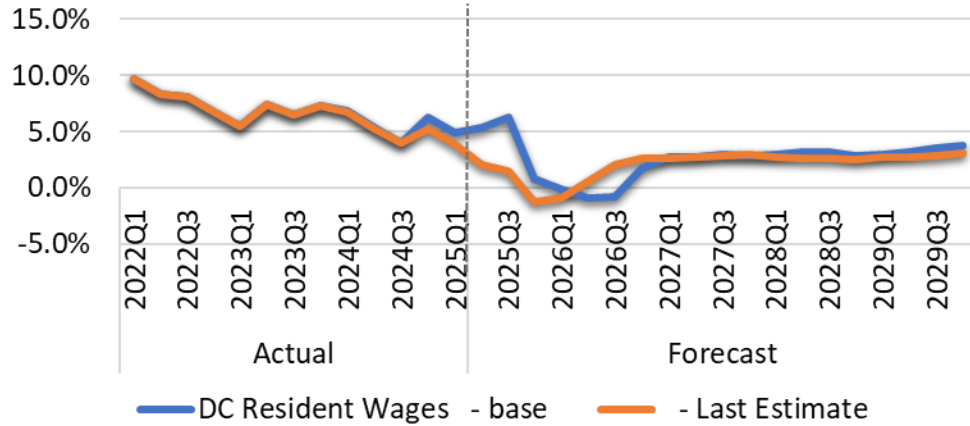
Retail Sales in DC



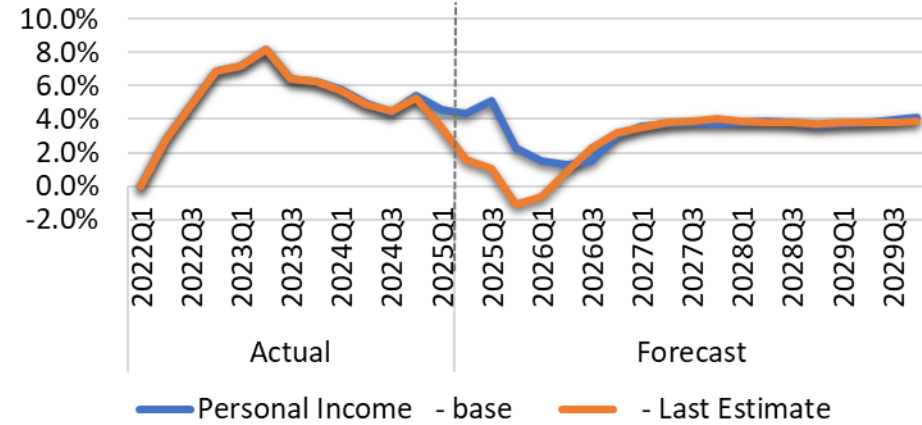
September Economic Revision:



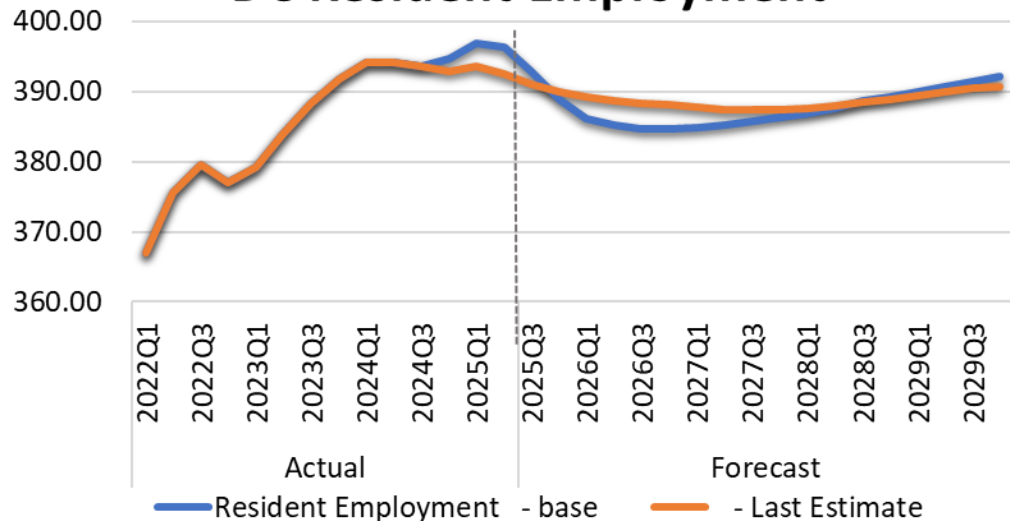
Total Resident Wages



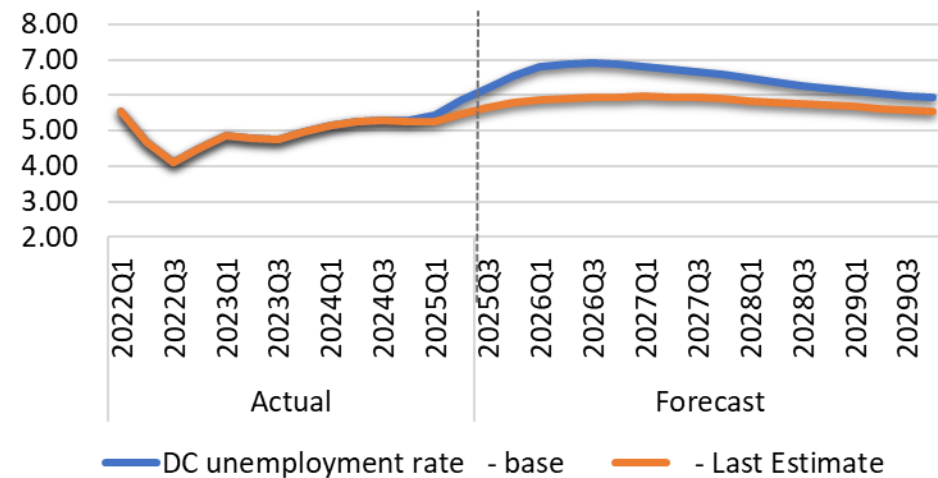
Personal Income



DC Resident Employment

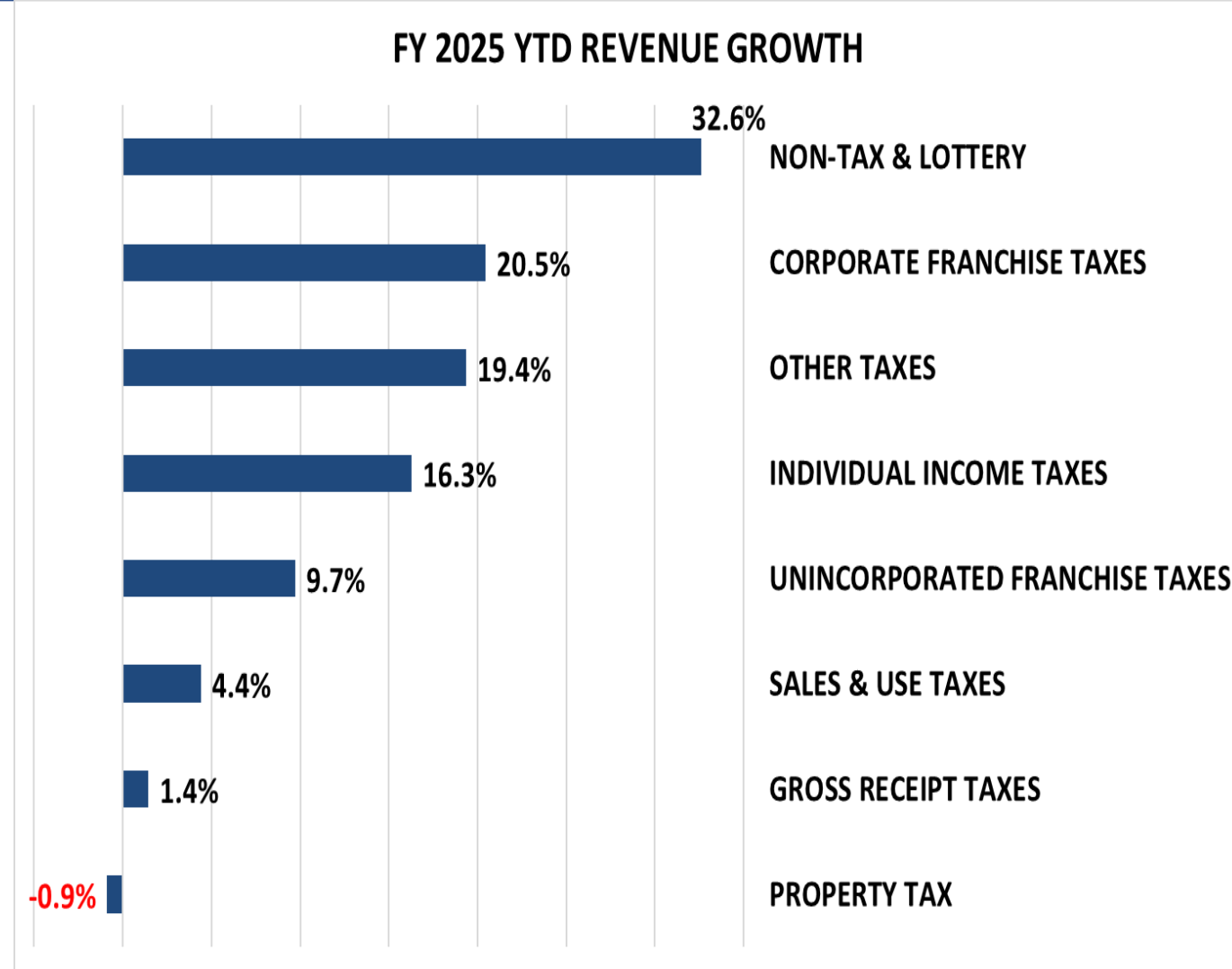


DC Unemployment Rate



Year-to-date (YTD) Revenue – FY 2025 vs FY 2024

- General fund YTD revenue collections proved resilient, growing 11.2%, despite a slowing labor market and an expected slowdown in consumer spending.
 - Collections through August are \$997.5 million (11.2%) higher than the same period in FY 2024.
 - The largest year-to-date revenue increase (44%) is from individual income tax revenue, which is up by \$441 million, mainly due to growth in non-withholding receipts.
 - Corporate franchise tax receipts are up by \$154.6 million, benefiting from higher corporate profits and earnings.
 - Traffic fine collection and transfers from the Universal Paid Leave fund continued to boost the non-tax component and offset the decline in most other non-tax sources, resulting in \$242.8 million more revenue relative to last year.
 - Sales and use tax collection is up by \$85.2 million due primarily due to strong restaurant and retail spending.
 - Real property tax collections were down by \$15.7 million, mainly due to a decline in commercial property tax receipts.



YTD Revenue: Trends for Major Components

- Overall Income tax collections remained robust through most of the year, leading the YTD revenue performance:
 - The non-withholding component of individual income tax grew 99% benefiting from the historic high April final tax receipts and higher estimated payments related to non-wage income. Withholding tax receipts rose to 5.6% through August, helped by stronger June and July collections.

INDIVIDUAL INCOME TAXES-YTD	FY 2024	FY 2025	\$ Change	%Growth
Declarations	335,378	397,011	61,633	18.4%
Fiducary	23,490	34,056	10,566	45.0%
Payments	384,703	552,937	168,234	43.7%
Refunds	(553,258)	(605,199)	(51,941)	9.4%
Nonwithholding	190,313	378,805	188,492	99.0%
Withholding	2,620,234	2,767,711	147,477	5.6%
TOTAL INDIVIDUAL INCOME TAXES	2810547	3,146,516	335,969	12.0%

- Corporate franchise tax receipts accounted for the largest increase in business taxes, mainly due to stronger final payments (up 17.9%) as the District’s top tax-payers continue to benefit from stronger business profits and investment gains.
- The growth in YTD unincorporated business taxes was boosted by a higher estimated payment by a single taxpayer, suggesting a one-time event.

CORPORATION FRANCHISE TAXES	FY 2024	FY 2025	\$ Change	%Growth
Declarations	294,622.70	318,858.40	24,235.70	8.2%
Payments	551,832.70	650,808.10	98,975.40	17.9%
Refunds	(76,630.01)	(59,576.43)	17,053.58	-22.3%
TOTAL CORPORATION FRANCHISE TAXES	769,825.39	910,090.07	140,264.68	18.2%

FY 2025-2029 Financial Plan – Local Component



September 2025 Revenue Estimate Compared to Previous Estimate

Local Source, General Fund Revenue Estimate (\$M)	Actual		Estimated			Projected	
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	
June 2025 Revenue Estimate	10,223.9	10,923.9	10,630.6	10,917.4	11,278.7	11,656.4	
<i>FY 2026 Budget Support Act Revenue</i>		-100.9	18.2	94.2	103.4	106.8	
<i>Estimated Revenue Impacts of OBBBA*</i>		-94.5	-179.3	-165.6	-152.6	-115.2	
<i>September economic revision to the estimate</i>		208.9	289.3	161.1	153.7	116.8	
September 2025 Revenue Estimate	10,223.9	10,937.4	10,758.8	11,007.1	11,383.3	11,764.7	
Revenue Change From Previous Year							
Amount		713.5	(178.6)	248.3	376.2	381.5	
<i>Year-Over-Year Percent Change</i>		7.0%	-1.6%	2.3%	3.4%	3.4%	

* OBBBA stands for the One Big Beautiful Act

FY 2025-2029 Financial Plan Forecast Revision



- The FY 2026 BSA revisions added \$221.7 million to the last forecast (June Revenue Estimate), which formed the basis for the FY 2026 budget.
- Some of the policy actions included in the BSA were the delay of the general sales tax increase, extension of the surtax on hotel room sales, and reversal of the child tax credit policy.
- Amongst the economic-related revisions, individual and business taxes combined make up the largest share of the September economic revision.

ECONOMIC REVISION TO JUNE ESTIMATE (\$000)

SOURCES OF REVISION	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
PROPERTY	-	2,429	5,194	4,381	(4,320)	(23,308)
SALES & EXCISE	-	4,679	(23,810)	(29,613)	(42,319)	(33,440)
INCOME	-	115,731	290,491	199,568	233,129	235,116
INDIVIDUAL INCOME TAX		57,901	157,283	59,664	43,383	35,735
WITHHOLDING		29,844	(16,962)	(50,356)	(53,157)	(51,667)
NONWITHHOLDING		28,057	174,245	110,020	96,540	87,402
CORPORATE FRANCHISE		44,856	120,511	121,332	142,358	142,619
UNINCORPORATED BUSINESS		12,973	12,697	18,572	17,388	26,762
GROSS RECEIPTS	-	(1,752)	(50,496)	(53,375)	(56,958)	(73,905)
DEED, ECON AND ESTATE	-	30,564	(76)	150	(9)	218
GROSS TAX		151,651	221,303	121,111	99,523	74,681
NONTAX & LOTTERY		48,081	(9,518)	(8,907)	(10,327)	(10,086)
Net REVISION (GROSS)		199,731	211,786	112,204	89,195	64,595
Dedicated and other revision		(9,209)	(77,237)	(48,629)	(64,253)	(51,975)
LOCAL FUND REVISION		208,941	289,023	160,833	153,449	116,570

FY 2025-2029 Financial Plan Forecast Revision



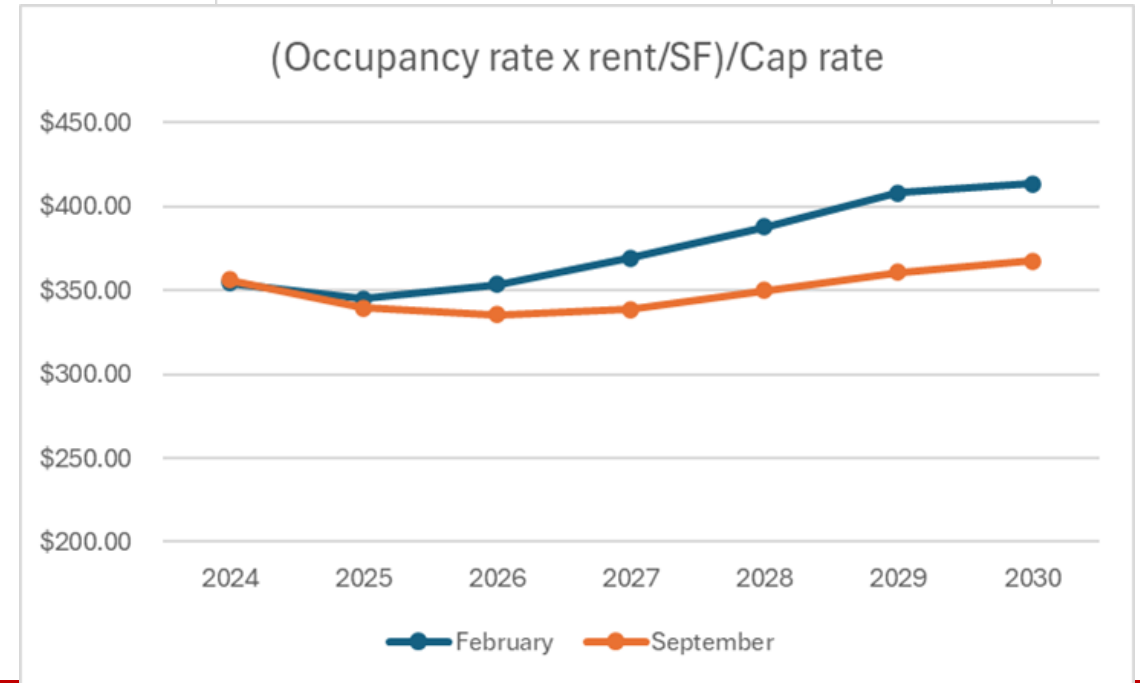
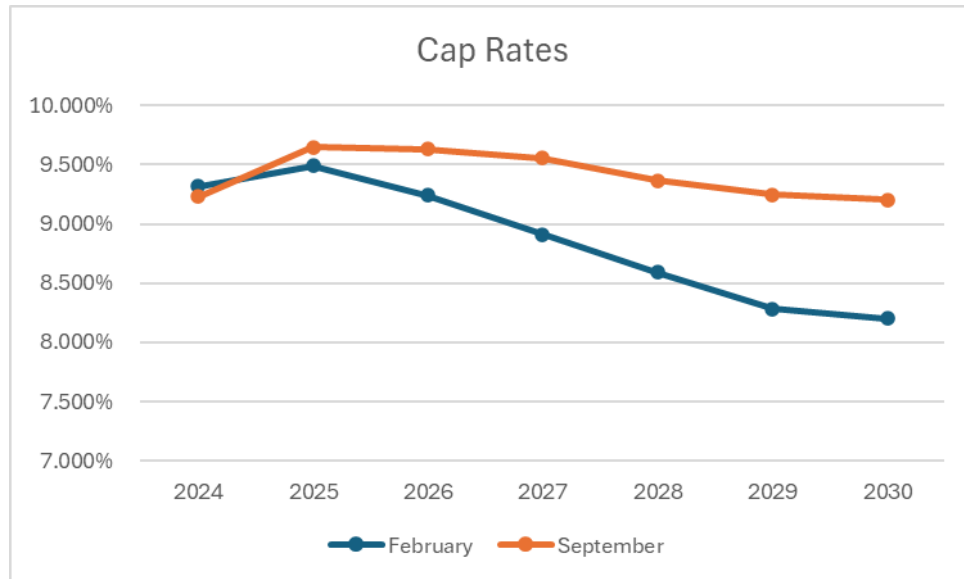
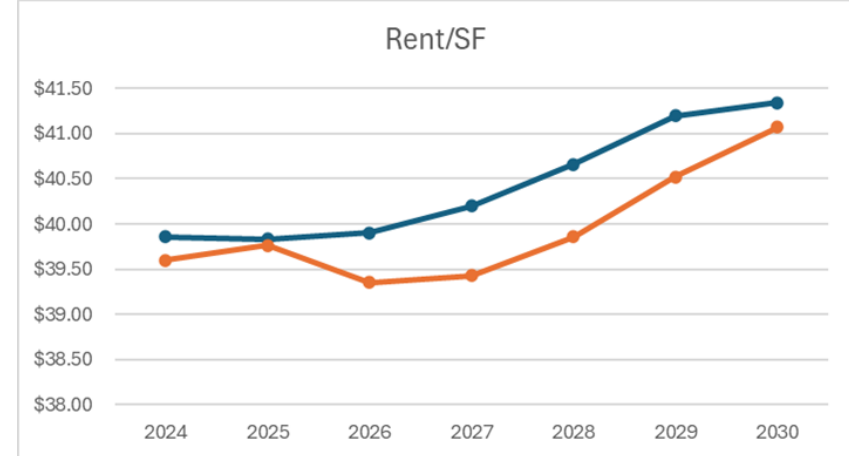
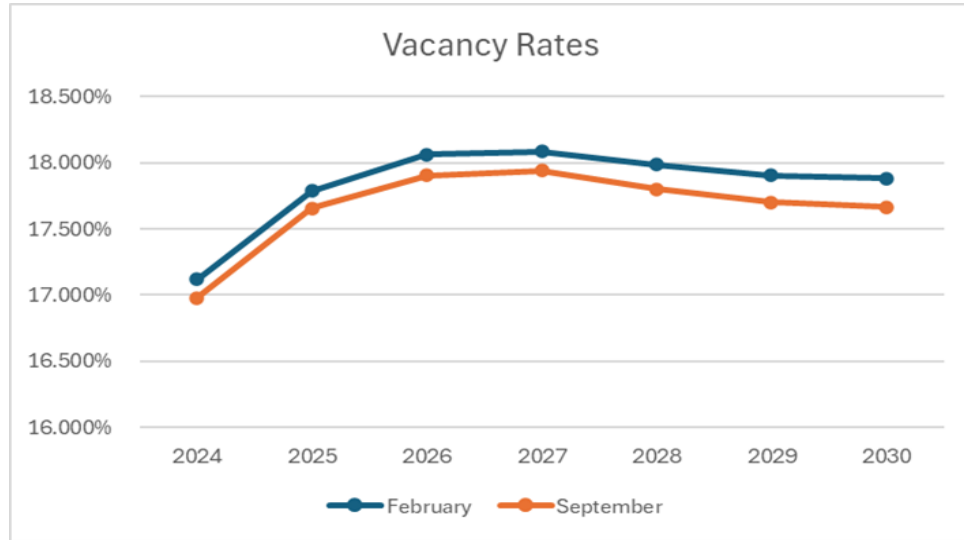
- Corporation franchise and non-withholding income tax revenue drive most of the revision to the financial plan forecast, boosted by higher corporate earnings, profitability outlook, and the continued strength in stock market gains.
- The corporation franchise tax revenue forecast was revised upwards following stronger YTD collection and improved outlook for corporate earnings and profitability.
- The non-withholding component of individual income taxes is also revised upwards, reflecting the stronger YTD gains and a resilient S&P 500 index stock performance.
- The downward revision to sales is mainly due to the reduced forecast for PCE and a significant reduction in spending from tourists, which is correlated with the general sales tax forecast.
- The forecast for real property taxes is revised downwards in the out years due to increased uncertainties in the commercial office market, due to the risk of reduced demand overall for office space (both federal and private).

FY 2025-2029 Financial Plan Forecast Revision



Weekly Hotel Stats		Occupancy			REVENUE		
	6/29/2025	63.8	63.8	0.0%	29.4	32.8	11.6%
	7/6/2025	74.2	71.4	-3.8%	42.6	42.2	-0.9%
	7/13/2025	77	73.6	-4.4%	40.7	39.7	-2.5%
	7/20/2025	82.5	73.6	-10.8%	45.4	38.8	-14.5%
	7/27/2025	80.3	64.7	-19.4%	41.5	30.9	-25.5%
Avg/TOTAL		75.6	69.4	-8.1%	199.6	184.4	-7.6%
Weekly Hotel Stats		Occupancy			REVENUE		
		2024	2025	Chg Y/Y	2024	2025	Chg Y/Y
	8/3/2025	72.5	66.6	-8.1%	34.4	31.7	-7.8%
	8/10/2025	68.4	60.2	-12.0%	30.7	27	-12.1%
	8/17/2025	70.8	66.5	-6.1%	32.8	31.5	-4.0%
	8/24/2025	69.6	59.6	-14.4%	32.7	26.2	-19.9%
Avg/TOTAL		70.3	63.2	-10.1%	130.6	116.4	-10.9%

FY 2025-2029 Financial Plan Forecast Revision



National:

- Economic uncertainty related to tighter trade and immigration policies
- Uncertainty around federal tax and spending decisions
- Persistent inflation
- Financial market volatility
- Geopolitical turmoil as wars in Ukraine and the Middle East escalate
- Risk of U.S. recession/stagflation

District:

- Changes to federal employment and office use patterns
- Population stalls due to federal workforce reductions and tighter immigration
- Declining tourism amid more restrictive trade and immigration policies

Questions?

FY 2025-2029 Financial Plan Forecast Revision



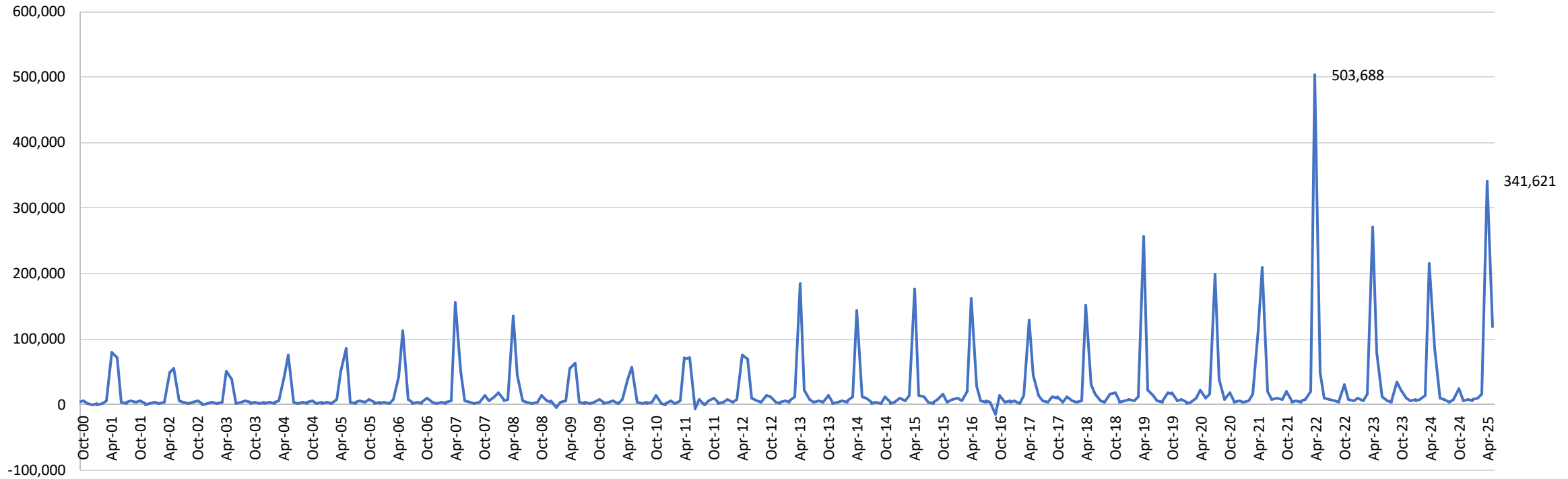
TABLE A-1: CHANGE FROM LAST FORECAST

\$ in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Current forecast minus last forecast	Change from JUN	Change from JUN	Change from JUN	Change from JUN	Change from JUN
Real Property	(1,891)	(2,120)	(1,282)	(10,354)	(28,699)
Personal Property	4,624	7,667	9,136	8,158	7,430
Public space Rental	-	-	-	-	-
General Sales	2,768	(90,058)	(27,745)	(39,589)	(37,322)
Alcohol	849	-	-	-	-
Cigarette	(150)	-	-	-	-
Motor Vehicle	(1,020)	-	-	-	7,490
Motor Fuel	5,000	-	-	-	-
Individual Income	57,901	171,878	74,714	58,801	51,462
Corporate Franchise	47,745	127,954	128,775	179,801	180,062
U.B. Franchise	9,021	12,697	18,572	17,388	26,762
Public utilities	-	-	-	-	-
Toll Telecommunications	-	-	-	-	-
Insurance Premiums	-	-	-	-	-
Ballpark fee	-	-	-	-	-
Sports wagering	-	-	-	-	-
Games of Skill	-	-	-	-	-
Health related taxes	(1,752)	(43,704)	(47,094)	(50,552)	(67,821)
Estate	4,231	197	199	201	203
Deed Recordation	3,264	-	-	-	-
Deed Transfer	18,376	-	-	-	-
Economic Interest	3,529	-	-	-	-
License & Permits	4,900	-	-	-	-
Fines & Forfeits	(6,769)	(12,862)	(12,606)	(12,353)	(12,107)
Charges for Services	72,830	317,481	326,761	333,030	333,030
Miscellaneous	(1,696)	(314,481)	(323,761)	(330,030)	(330,030)
Lottery	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
LOCAL	152,494	281,716	227,170	235,674	205,488
DEDICATED TAXES	(14,270)	(109,066)	(83,500)	(83,175)	(77,029)

April Final Payments 2nd Highest in 2-1/2 Decades



Individual Income Tax – Extension & Final Payments



FY 2025-2029 Financial Plan Forecast Revision

