

**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

February 28, 2011

The Honorable Vincent C. Gray
Mayor of the District of Columbia
1350 Pennsylvania Avenue, NW – 6th Floor
Washington, DC 20004

The Honorable Kwame R. Brown
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW – Suite 504
Washington, DC 20004

Dear Mayor Gray and Chairman Brown:

This letter certifies, as of February 2011, revenue estimates for the FY 2011 – FY 2015 District of Columbia Budget and Financial Plan. The FY 2011 revenue is now estimated to be \$5,069.4 million, \$3.5 million more than the estimate that was certified in September 2010, after adjusting for policy changes that were enacted in December 2010. For FY 2012, the estimated revenue has been revised upward by \$105.4 million. Table 1 below compares the current revenue estimate to the previous estimate.

Table 1: February 2011 revenue estimate compared to previous estimate

Local Source, General Fund Revenue Estimate (\$ millions)	Actual		Estimated		Projected		
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
September 2010 Revenue Estimate			5,030.7	5,163.8	5,305.2	5,401.8	5,539.3
Legislative and administrative changes to revenues			35.3	83.4	85.0	86.0	68.1
September 2010 estimate Adjusted			5,065.9	5,247.1	5,390.2	5,487.8	5,607.5
Change from prior forecast			3.5	105.4	203.7	238.7	232.0
February 2011 Revenue Estimate	5,050.6	5,076.4	5,069.4	5,352.5	5,593.9	5,726.5	5,839.4
<i>Percent growth over previous year</i>		0.5%	-0.1%	5.6%	4.5%	2.4%	2.0%
Absent implementation legislation for combined reporting				(22.6)	(19.4)	(19.4)	(19.4)
February 2011 Revenue w/o Combined Reporting				5,329.9	5,574.5	5,707.1	5,820.0

The table also shows the reduction in the revenue estimate for FY 2012 and beyond in the absence of local implementing legislation for combined reporting. In the absence of local implementing legislation, the additional revenue estimated for combined reporting, and already included, will not be realized.

Overview

Since the December 2010 revenue certification, the U.S. and local economies have continued to recover from the recession. In the last quarter of the year, the level of real GDP finally surpassed the prior peak of 2008. Growth in the national economy, however, has been uneven, and there has been little net change in U.S. employment. Since September, the S & P 500 stock market index has increased almost 18 percent in value. In the District, private sector employment has begun to exhibit stronger growth just as federal government employment has begun to level off. Following this trend, the commercial office building vacancy rate has declined. Wage growth has also increased, but the District's unemployment rate remains close to 10 percent. The improving economic news for both the national and District economies is still accompanied by considerable uncertainty, which clouds the outlook for FY 2011 and FY 2012.

Revenue Highlights

The stronger economy combined with revenue-raising initiatives enacted by D.C. policymakers indicate local fund revenues are now projected to reach the FY 2008 peak in FY 2012 rather than FY 2013 as previously forecast.

Real Property

The assessments for tax year 2012 were higher than expected due to the strength in the commercial real property market in 2010. Based on that strength, assessed values for commercial property, which will be the basis for the real property tax revenue in FY 2012, grew 16 percent. Still, the uncertainty of federal employment in the future poses a real risk to the District's commercial real property market and revenue beyond FY 2012.

Sales and Excise

Sales tax revenue has begun to recover from the recession and will grow approximately 4 percent annually, still below trend but reflecting a stronger economy. Sales tax collections are expected to return to the FY 2008 level in FY 2011.

Individual and Business Income

The individual income tax revenue estimate has been increased in FY 2012 because of strong first quarter withholding collections and an expected recovery in non-withholding due to stock market gains over the past year. At the same time, the FY 2011 revenue estimate for individual income tax is revised downward to reflect the lower than expected FY 2010 base year revenue. The revenue estimate for business taxes has been reduced in both FY 2011 and FY 2012 to reflect the lower than expected collections in the FY 2010 base year. Revenue from business taxes, however, is still forecasted to grow, starting in FY 2011, because of stronger prospects for businesses as the economy recovers.

Deed Recordation and Deed Transfer

The revenue estimate for deed recordation and transfer taxes has been revised upward to reflect a recovery in revenue collections. Increased commercial real property sales are driving the recovery as the District is seen as one of the best commercial office markets, not just in the nation, but in the world. In the first quarter of FY 2011, the value of sales, according to CoStar, was 27 percent higher than the same quarter in FY 2010. Residential properties remain volatile though foreclosures have declined. Sales of homes valued greater than \$1 million have been strong relative to homes valued less than \$300,000.

Non-tax Revenue

Non-tax revenue is lower in both FY 2011 and FY 2012 mainly because of lower than expected collections for traffic fines. Lottery revenue was also revised downward to reflect economic conditions and the increased competition for lottery sales from neighboring jurisdictions.

National and regional economies

While the longest and deepest U.S. recession since the 1930's has officially ended, the recovery has been slow when compared to previous recessions. Real GDP has now registered six quarters of positive growth, the most recent of which was the 2.8 percent growth in the quarter ending in December 2010. The economy is now entering an expansion period because the level of real GDP has now surpassed the previous peak of June 2008. Because growth to this point has been strongly influenced by the national stimulus program and by inventory replenishment, the outlook for sustained recovery in the future remains uncertain.

- U.S. employment (seasonally adjusted) gained only 36,000 in January 2011 from December 2010, a negligible change given the size of the U.S. job market. The number of U.S. wage and salary jobs in January 2011 was 7.7 million (5.6%) lower than at the start of the recession in December 2007. The U.S. unemployment rate (seasonally adjusted) fell to 9.0% in January 2011, the lowest rate since April 2009 because the labor force is smaller. There were still 1.4 million fewer persons working in January 2011 than in April 2009.
- Wages and salaries earned in the U.S. in the December 2010 quarter were 3.4% above those of a year ago, and personal income was 3.9% higher. Wages and salaries earned in the U.S. in the December 2010 quarter were just about the same as two years earlier.
- The S & P 500 stock market index in January 2011 was 9.5% above its level in October 2010 and 14.2% above a year earlier. The market was still 16.7% below its October 2007 peak.

The District's economy is strongly influenced by its position as the central city of one of the best performing metropolitan areas in the country. (D.C. accounted for 24.2% of the Washington metropolitan area's wage and salary employment and 10.4% of its resident employment in the December quarter.) During the U.S. recession, the entire region benefitted greatly from the presence of the federal government, which is the source of jobs from both direct federal hiring and contracts. Metropolitan area employment rebounded over the past few months and is now well above last year's level, and about equal to 2008.

- In the 3-month period ending December 2010, the region gained 51,200 (1.7%) wage and salary jobs compared to a year earlier; about 71% of the gain was in the private sector.
- In the 3-month period ending December 2010, resident employment in the region was 37,406 (1.3%) above a year earlier.
- Regional unemployment was 5.8% in December 2010, down from 6.2% a year earlier. The region's unemployment rate was the lowest among the nation's major metropolitan areas.

Recently, the Office of Revenue Analysis convened a meeting of revenue estimators from neighboring jurisdictions. While the local government representatives expressed concern about the outlook due to the reliance on property taxes, the state representatives were cautiously optimistic. The recent Maryland state revenue estimate reported revenue growth of 4.6% in their FY 2011 that ends June 30th and 3.3% in FY 2012. The Virginia state revenue estimate assumes 2.3% growth in FY 2011 (also ending June 30) and 5.1% growth in FY 2012.

The District's economy

D. C. economic indicators are showing signs of improvement.

- In the 3-month period ending December 2010, there were about 21,900 (2.1%) more wage and salary jobs located in D.C. than a year earlier. The federal government gained 8,033 (3.9%) over the past year, while local government lost 1,533 (3.9%). The private sector gained 15,433 (3.3%), with business services, education, and food services accounting for most of the increases.
- D.C. resident employment in the 3-month period ending December was almost 6,000 (2.0%) more than a year earlier. The labor force decreased over the year, but only by 0.3%. On a seasonally adjusted basis, D.C.'s unemployment rate fell from 11.9% in December 2009 to 9.7% in December 2010.
- Wages earned in the District of Columbia grew 5.4% in the September 2010 quarter compared to the same quarter a year ago. This was considerably better than the 2.8% growth nationally in that quarter. The federal government was the major factor in recent wage growth. In the September quarter, federal wages and salaries were \$1.23 billion (6.2%) higher than a year earlier, representing about 41% of the total increases in wages in the District's economy.
- Single-family home sales for the 3-month period ending January 2011 were up 2.1% from a year ago, and the average selling prices were 14.7% higher. Condominium sales in that 3-month period were down 10.4%, with average prices 7.3% higher. The value of all home sale contracts for the 3-month period ending January was 9.9% more than a year ago.
- In the quarter ending December 2010, occupied office space rose by 1.0% from the prior quarter and 4.7% from the prior year. At the same time, the commercial office vacancy rate

(including sublet space) fell from 9.1% in September to 8.5% in December 2010. The December 2010 vacancy rate was well below the metropolitan area average of 11.9%. An additional 2.5 million square feet are expected to be added to inventory over the next 2 years, with the District's vacancy rate decreasing slightly to 8.4%.

- For the 3-month period ending December 2010, the average room-rate for hotels was 5.9% higher than for the same period a year earlier, while the number of hotel room-days sold was up 2.5%. Revenues from room sales were up 8.6%.
- For the 3-month period ending December 2010, employment in retail was down 1.9%, employment in accommodations was down 1.3%, and restaurant employment was up 3.4%.

Economic Outlook

As the pace of national recovery continued to improve throughout the Fall, more optimism has returned to the forecasts of the national economy for FY 2011 and FY 2012.

- In February, the consensus of 50 economists contributing to the Blue Chip Economic Indicators forecast affirmed their January increase for FY 2011 and raised their estimate for FY 2012. The February Blue Chip forecast for Real GDP growth in FY 2011 is 3.0%, and nominal growth is 4.4%. For FY 2012, the growth rates for real and nominal GDP growth are 3.4% and 5.0% respectively.
- In February, the Blue Chip Indicators raised their estimates for inflation and interest rates for FY 2011 and FY 2012. The CPI forecasts are for percentage changes of 1.7% in FY 2011 and 2.0% in FY 2012. The interest rate on 10-year Treasury securities is now expected to average 3.4% in FY 2011 and 4.2% in FY 2012.

In brief, the outlook for the District of Columbia for FY 2011 and FY 2012 includes:

- Employment gains of 14,100 (2.0%) in FY 2011 and 9,700 (1.3%) in FY 2012.
- Unemployment rate of 9.6% in FY 2011 and 8.7% in FY 2012.
- Growth of wages and salaries earned in D.C. of 4.8% in FY 2011 and 5.1% in FY 2012.
- Growth of wages and salaries of D.C. residents of 4.9% in FY 2011 and 6.3% in FY 2012.
- Growth of personal income of 4.4% in FY 2010 and 3.8% in FY 2012.
- The Standard and Poor's 500 stock index is forecast to increase 4.7% from the fourth quarter of 2010 to the fourth quarter of 2011, then increase another 5.9% to the fourth quarter of 2012.

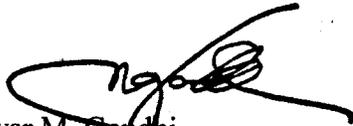
Risks and uncertainties

There are still many uncertainties that could unravel the fragile state of the national economy with effects that spill over to the District of Columbia. At this point, there are more positive signals than negative ones, but the economy is still tenuous. Downside risks and uncertainties to this forecast include the possibility of a slowing down or reversal of national economic growth, one of which is the recent disruptions to oil supplies arising from the turmoil in the Middle East.

A growing concern is that the District may also be adversely affected by cut-backs in federal spending that affect the federal presence in the District and the District's finances. Because of the large role that the federal government plays in the District of Columbia and the entire metropolitan area, we will be closely monitoring developments in the federal sector. In particular, a prolonged shutdown of the federal government could impact revenues in the short term. As always, national security considerations are also a source of uncertainty. The continued desire of persons to locate in D.C. appears not to have been much changed by the recession to this point and represents a potential up-side risk to this forecast.

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

Sincerely,



Natwar M. Gandhi

Enclosures

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FY 2010 - FY 2015 Revenue Actuals, Estimates and Projections: February 2011

(thousands of dollars)

Revenue Source	Actual	Estimate		Out year projections			
	FY10	FY11	FY12	FY13	FY14	FY15	
1 Real Property	1,821,459	1,607,416	1,729,217	1,847,617	1,909,222	1,971,838	1
2 <i>Transfer to TIF/Pilot/CBF</i>	(11,145)	(26,403)	(32,224)	(36,102)	(51,476)	(57,308)	2
3 Real Property (net)	1,810,314	1,581,013	1,696,993	1,811,515	1,857,746	1,914,530	3
4 Personal Property	52,032	52,188	52,642	53,169	54,120	54,120	4
5 <i>Transfer to Neighborhood Investment Fund</i>	(2,588)	(3,190)	(3,190)	(3,190)	(6,390)	(10,000)	5
6 Personal Property (net)	49,444	48,998	49,452	49,978	47,730	44,120	6
7 Public Space Rental	34,264	33,168	33,456	33,791	34,129	34,129	7
8 <i>Transfer to DDOT</i>	(34,264)	(33,168)	-	-	-	-	8
9 Public Space Rental (net)	-	-	33,456	33,791	34,129	34,129	9
10 Total Property (net)	1,859,758	1,630,011	1,779,901	1,895,284	1,939,605	1,992,779	10
11 General Sales	976,690	1,018,847	1,060,962	1,091,175	1,134,837	1,179,761	11
12 <i>Transfer to convention center</i>	(94,380)	(97,579)	(101,419)	(104,331)	(108,504)	(112,844)	12
13 <i>Transfer to TIF/CBF</i>	(22,995)	(37,580)	(29,231)	(31,752)	(50,633)	(43,195)	13
14 <i>Transfer to DDOT (parking tax)</i>	(28,374)	(29,342)	-	-	-	-	14
15 <i>Transfer to Ballpark Fund</i>	(9,977)	(9,966)	(10,447)	(10,638)	(11,041)	(11,391)	15
16 <i>Transfer to School Modernization Fund</i>	-	-	-	-	-	-	16
17 <i>Transfer to Healthy DC Fund</i>	-	(27)	(53)	(107)	(214)	(214)	17
18 <i>Transfer to WMATA</i>	-	-	(40,697)	(41,572)	(42,827)	(44,132)	18
19 General Sales (net)	820,984	844,355	879,115	902,775	921,618	967,985	19
20 Alcohol	5,717	5,690	5,665	5,641	5,618	5,597	20
21 Cigarette	33,394	32,573	31,773	30,992	30,230	29,487	21
22 Motor Vehicle	37,749	39,103	39,885	41,082	42,314	43,583	22
23 Motor Fuel Tax	22,180	23,771	23,949	24,189	24,431	24,675	23
24 <i>Transfer to Highway Trust Fund</i>	(22,180)	(23,771)	(23,949)	(24,189)	(24,431)	(24,675)	24
26 Total Sales (net)	897,844	921,721	956,437	980,489	999,781	1,046,653	26
27 Individual Income	1,110,444	1,183,280	1,296,775	1,367,681	1,425,338	1,470,707	27
28 Corp. Franchise	207,292	224,340	230,713	237,023	243,225	250,386	28
29 U. B. Franchise	116,395	121,779	125,568	133,102	141,088	149,553	29
30 Total Income	1,434,131	1,529,398	1,653,055	1,737,806	1,809,651	1,870,646	30
31 Public Utility	149,877	150,162	150,411	150,628	150,819	150,986	31
32 <i>Transfer to Ballpark Fund</i>	(10,301)	(10,406)	(10,833)	(11,136)	(11,581)	(12,045)	32
33 Public Utility (net)	139,576	139,756	139,578	139,492	139,238	138,941	33
34 Toll Telecommunications	62,826	62,854	62,874	62,888	62,899	62,907	34
35 <i>Transfer to Ballpark Fund</i>	(1,923)	(2,219)	(2,220)	(2,220)	(2,221)	(2,221)	35
36 Toll Telecommunications (net)	60,903	60,635	60,654	60,668	60,679	60,686	36
37 Insurance Premiums	68,740	71,267	75,024	75,024	75,024	75,024	37
38 <i>Transfer to Healthy DC Fund</i>	(24,304)	(24,316)	(25,000)	(25,000)	(25,000)	(25,000)	38
39 Insurance Premiums (net)	44,436	46,951	50,024	50,024	50,024	50,024	39
40 Healthcare Provider Tax	12,423	12,000	12,000	12,000	12,000	12,000	40
41 <i>Transfer to Nursing Facility Quality of Care Fund</i>	(12,423)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	41
42 Healthcare Provider Tax (net)	(0)	-	-	-	-	-	42
43 Ballpark fee	23,712	22,500	22,800	23,300	23,800	24,300	43
44 <i>Transfer to Ballpark Fund</i>	(23,712)	(22,500)	(22,800)	(23,300)	(23,800)	(24,300)	44
46 Hospital Bed Tax	-	8,390	8,390	8,390	8,390	6,293	46
47 <i>Transfer to Hospital Fund</i>	-	(8,390)	(8,390)	(8,390)	(8,390)	(6,293)	47
49 ICF-MR Assessment	-	4,689	4,689	4,689	4,689	4,689	49
50 <i>Transfer to Stevie Sellows</i>	-	(4,689)	(4,689)	(4,689)	(4,689)	(4,689)	50
52 HSC Contribution	5,000	5,000	5,000	5,000	5,000	5,000	52
53 <i>Transfer to Healthy DC Fund</i>	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	(5,000)	53
55 Total Gross Receipts (net)	244,915	247,341	250,256	250,185	249,940	249,651	55
56 Estate	39,341	35,000	35,000	35,000	35,000	35,000	56
57 Deed Recordation	113,198	130,993	137,373	140,587	143,413	145,980	57
58 <i>Transfer to HPTF</i>	(18,423)	(19,649)	(20,606)	(21,088)	(21,512)	(21,897)	58
59 Deed Recordation (net)	96,775	111,344	116,767	119,499	121,901	124,083	59
60 Deed Transfer	94,202	114,837	122,577	128,204	133,364	138,592	60
61 <i>Transfer to HPTF</i>	(13,735)	(17,226)	(18,387)	(19,231)	(20,005)	(20,789)	61
62 Deed Transfer (net)	80,467	97,611	104,190	108,973	113,359	117,803	62
63 Economic Interests	18,218	10,000	10,000	10,000	10,000	10,000	63
64 Total Other Taxes (net)	234,801	253,956	265,958	273,472	280,260	286,886	64
65 TOTAL TAXES NET OF DEDICATED TAXES	4,671,449	4,582,427	4,905,607	5,137,236	5,279,237	5,446,616	65
66 Licenses & Permits	60,852	65,948	61,883	65,763	60,562	61,897	66
67 Fines & Forfeits	111,488	154,942	157,305	151,216	145,735	140,803	67
68 Charges for Services	46,125	49,021	47,820	48,700	47,571	48,454	68
69 Miscellaneous	119,743	133,202	99,854	102,573	101,820	66,307	69
70 TOTAL NON-TAX	338,208	403,113	366,862	368,252	355,688	317,461	70
71 Lottery	66,750	63,007	69,415	71,586	73,675	75,349	71
72 Interfund Transfer	-	20,889	10,636	16,797	17,934	-	72
73 TOTAL REVENUE NET OF DEDICATED TAXES	5,076,407	5,069,436	5,352,520	5,593,871	5,726,534	5,839,427	73

FY 2010 - FY 2015 Revenue Actuals, Estimates and Projections: February 2011

(percent change from prior year)

Revenue Source	Actual	Estimate		Out year projections			
	FY10	FY11	FY12	FY13	FY14	FY15	
1 Real Property	-0.1%	-11.8%	7.6%	6.8%	3.3%	3.3%	1
2 <i>Transfer to TIF/Pilot/CBF</i>	-37.8%	136.9%	22.0%	12.0%	42.6%	11.3%	2
3 Real Property (net)	0.3%	-12.7%	7.3%	6.7%	2.6%	3.1%	3
4 Personal Property	-24.8%	0.3%	0.9%	1.0%	1.8%	0.0%	4
5 <i>Transfer to Neighborhood Investment Fund</i>	-74.1%	23.3%	0.0%	0.0%	100.3%	56.5%	5
6 Personal Property (net)	-16.4%	-0.9%	0.9%	1.1%	-4.5%	-7.6%	6
7 Public Space Rental	5.1%	-3.2%	0.9%	1.0%	1.0%	0.0%	7
8 <i>Transfer to DDOT</i>	5.1%	-3.2%	-100.0%				8
9 Public Space Rental (net)				1.0%	1.0%	0.0%	9
10 Total Property (net)	-0.2%	-12.4%	9.2%	6.5%	2.3%	2.7%	10
11 General Sales	0.3%	4.3%	4.1%	2.8%	4.0%	4.0%	11
12 <i>Transfer to convention center</i>	3.1%	3.4%	3.9%	2.9%	4.0%	4.0%	12
13 <i>Transfer to TIF/CBF</i>	28.9%	63.4%	-22.2%	8.6%	59.5%	-14.7%	13
14 <i>Transfer to DDOT (parking tax)</i>	19.4%	3.4%	-100.0%				14
15 <i>Transfer to Ballpark Fund</i>	5.8%	-0.1%	4.8%	1.8%	3.8%	3.2%	15
16 <i>Transfer to School Modernization Fund</i>	-100.0%						16
17 <i>Transfer to Healthy DC Fund</i>			100.0%	100.0%	100.0%	0.0%	17
18 <i>Transfer to WMATA</i>							18
19 General Sales (net)	13.3%	2.8%	4.1%	2.7%	2.1%	5.0%	19
20 Alcohol	6.1%	-0.5%	-0.4%	-0.4%	-0.4%	-0.4%	20
21 Cigarette	-11.2%	-2.5%	-2.5%	-2.5%	-2.5%	-2.5%	21
22 Motor Vehicle	17.6%	3.6%	2.0%	3.0%	3.0%	3.0%	22
23 Motor Fuel Tax	-6.9%	7.2%	0.7%	1.0%	1.0%	1.0%	23
24 <i>Transfer to Highway Trust Fund</i>	-6.9%	7.2%	0.7%	1.0%	1.0%	1.0%	24
26 Total Sales (net)	12.3%	2.7%	3.8%	2.5%	2.0%	4.7%	26
27 Individual Income	-2.2%	6.6%	9.6%	5.5%	4.2%	3.2%	27
28 Corp. Franchise	-6.6%	8.2%	2.8%	2.7%	2.6%	2.9%	28
29 U. B. Franchise	-3.2%	4.6%	3.1%	6.0%	6.0%	6.0%	29
30 Total Income	-3.0%	6.6%	8.1%	5.1%	4.1%	3.4%	30
31 Public Utility	-0.8%	0.2%	0.2%	0.1%	0.1%	0.1%	31
32 <i>Transfer to Ballpark Fund</i>	2.1%	1.0%	4.1%	2.8%	4.0%	4.0%	32
33 Public Utility (net)	-1.0%	0.1%	-0.1%	-0.1%	-0.2%	-0.2%	33
34 Toll Telecommunications	-5.6%	0.0%	0.0%	0.0%	0.0%	0.0%	34
35 <i>Transfer to Ballpark Fund</i>	-34.8%	15.4%	0.0%	0.0%	0.0%	0.0%	35
36 Toll Telecommunications (net)	-4.3%	-0.4%	0.0%	0.0%	0.0%	0.0%	36
37 Insurance Premiums	19.7%	3.7%	5.3%	0.0%	0.0%	0.0%	37
38 <i>Transfer to Healthy DC Fund</i>	180.8%	0.0%	2.8%	0.0%	0.0%	0.0%	38
39 Insurance Premiums (net)	-8.9%	5.7%	6.5%	0.0%	0.0%	0.0%	39
40 Healthcare Provider Tax	2.8%	-3.4%	0.0%	0.0%	0.0%	0.0%	40
41 <i>Transfer to Nursing Facility Quality of Care Fund</i>	2.8%	-3.4%	0.0%	0.0%	0.0%	0.0%	41
42 Healthcare Provider Tax (net)							42
43 Ballpark fee	-15.9%	-5.1%	1.3%	2.2%	2.1%	2.1%	43
44 <i>Transfer to Ballpark Fund</i>	-15.9%	-5.1%	1.3%	2.2%	2.1%	2.1%	44
46 Hospital Bed Tax			0.0%	0.0%	0.0%	-25.0%	46
47 <i>Transfer to Hospital Fund</i>			0.0%	0.0%	0.0%	-25.0%	47
49 ICF-MR Assessment			0.0%	0.0%	0.0%	0.0%	49
50 <i>Transfer to Stevie Sellows</i>			0.0%	0.0%	0.0%	0.0%	50
52 HSC Contribution		0.0%	0.0%	0.0%	0.0%	0.0%	52
53 <i>Transfer to Healthy DC Fund</i>		0.0%	0.0%	0.0%	0.0%	0.0%	53
55 Total Gross Receipts (net)	-3.3%	1.0%	1.2%	0.0%	-0.1%	-0.1%	55
56 Estate	-47.2%	-11.0%	0.0%	0.0%	0.0%	0.0%	56
57 Deed Recordation	12.3%	15.7%	4.9%	2.3%	2.0%	1.8%	57
58 <i>Transfer to HPTF</i>	2.9%	19.6%	4.9%	2.3%	2.0%	1.8%	58
59 Deed Recordation (net)	14.1%	15.1%	4.9%	2.3%	2.0%	1.8%	59
60 Deed Transfer	20.4%	21.9%	6.7%	4.6%	4.0%	3.9%	60
61 <i>Transfer to HPTF</i>	11.8%	25.4%	6.7%	4.6%	4.0%	3.9%	61
62 Deed Transfer (net)	22.0%	21.3%	6.7%	4.6%	4.0%	3.9%	62
63 Economic Interests	117.5%	-45.1%	0.0%	0.0%	0.0%	0.0%	63
64 Total Other Taxes (net)	0.5%	8.2%	4.7%	2.8%	2.5%	2.4%	64
65 TOTAL TAXES NET OF DEDICATED TAXES	0.9%	-1.9%	7.1%	4.7%	2.8%	3.2%	65
66 Licenses & Permits	-7.7%	8.4%	-6.2%	6.3%	-7.9%	2.2%	66
67 Fines & Forfeits	9.9%	39.0%	1.5%	-3.9%	-3.6%	-3.4%	67
68 Charges for Services	4.6%	6.3%	-2.5%	1.8%	-2.3%	1.9%	68
69 Miscellaneous	-15.5%	11.2%	-25.0%	2.7%	-0.7%	-34.9%	69
70 TOTAL NON-TAX	-4.2%	19.2%	-9.0%	0.4%	-3.4%	-10.7%	70
71 Lottery	-2.9%	-5.6%	10.2%	3.1%	2.9%	2.3%	71
72 Interfund Transfer							72
73 TOTAL REVENUE NET OF DEDICATED TAXES	-5.2%	-0.1%	5.6%	4.5%	2.4%	2.0%	73

POLICIES INCLUDED IN FEBRUARY 2011 REVENUE ESTIMATE (\$Millions)

Revenue Initiative	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
LOCAL					
Reciprocal State Federal Offset Act of 2010 (B18-1100.VII(a))	1.22	5.63	4.75	3.25	3.25
Revenues associated with additional IT programming for OTR	7.13	23.18	23.18	23.18	23.18
Hospital Assessment - Fee (B18-1100.V(B))	2.10	2.10	2.10	2.10	2.10
<i>Transfer of hospital assessment</i>	(2.10)	(2.10)	(2.10)	(2.10)	(2.10)
Central Union Mission (B18-1001) - passed since gap closing but not incorporated in Sept 2010 estimate.	(0.51)				
IHOP Sales Tax Clarification	(0.05)				
View 14 Tax Abatement					(0.53)
800 Kenilworth Avenue NE Redevelopment (B18-1100.VII(B))	(0.13)	(0.14)	(0.15)	(0.16)	(0.16)
2323 Pennsylvania Ave SE (B18-1100.VII(B))	(0.09)	(0.09)	(0.09)	(0.10)	(0.10)
4427 Hayes St (B18-1100.VII(C))	(0.04)	(0.05)	(0.05)	-	-
Renovation Penalty Abatement Act (B18-1100.VII(B))	(0.03)	(0.07)	(0.07)	(0.07)	(0.07)
iGaming (B18-1100.VII(G))	0.01	2.21	4.39	6.47	8.15
End transfer to DDOT - Public Space Rental (B18-1100.VI(c))		33.46	33.79	34.13	34.13
End transfer to DDOT - Parking Tax (B18-1100.VI(c))		19.80	19.80	19.80	19.80
End transfer to DDOT - Parking Fines		10.50	10.50	10.50	10.50
End transfer to HTF - Parking Tax (B18-1100.VI(c))		10.70	11.57	12.83	14.13
Transfer to WMATA (B18-1100.VI(c))		(40.70)	(41.57)	(42.83)	(44.13)
Transfer from NIF	3.61	3.61	3.61	3.61	-
Transfer of Certified O-Type revenues (includes DDOT)	24.16	15.35	15.35	15.35	-
TOTAL - Local	35.3	83.4	85.0	86.0	68.1
DEDICATED					
Transfer of hospital assessment	2.10	2.10	2.10	2.10	2.10
Transfer to WMATA		40.70	41.57	42.83	44.13
Transfer to DDOT		(74.45)	(75.66)	(77.26)	(78.56)
Transfer to HTF		(10.70)	(11.57)	(12.83)	(14.13)
Transfer from NIF	(3.61)	(3.61)	(3.61)	(3.61)	-
TOTAL - DEDICATED	(1.51)	(45.96)	(47.18)	(48.77)	(46.46)
O-TYPE					
Transfer of certified revenues	(24.16)	(15.35)	(15.35)	(15.35)	-
TOTAL - O-TYPE	(24.16)	(15.35)	(15.35)	(15.35)	-

**Estimated Key Variables for the D.C. Economy for the
Forecast Period FY 2007 through FY 2015**

Fiscal Years	2007 act	2008 act	2009 act	2010 est	2011 est	2012 est	2013 est	2014 est	2015 est
Gross State Product (\$ billion)	90.73 5.2%	95.57 5.3%	97.44 2.0%	104.25 7.0%	108.95 4.5%	113.48 4.2%	118.04 4.0%	123.14 4.3%	128.35 4.2%
Real Gross State Product (billions of \$2005)	85.04 1.5%	87.20 2.5%	86.83 -0.4%	91.30 5.1%	94.03 3.0%	96.48 2.6%	98.55 2.1%	100.68 2.2%	102.63 1.9%
Personal Income (\$ billion)	36.81 8.0%	39.73 8.0%	40.71 2.5%	41.88 2.9%	43.73 4.4%	45.41 3.8%	47.46 4.5%	49.52 4.3%	51.57 4.1%
Real Personal Income (billions of \$2000)	35.16 5.6%	36.58 4.0%	37.40 2.2%	37.79 1.1%	38.99 3.2%	39.89 2.3%	40.99 2.8%	41.95 2.3%	42.79 2.0%
Per Capita Income (\$)	62,839 7.6%	67,496 7.4%	68,168 1.0%	69,520 2.0%	71,886 3.4%	73,927 2.8%	76,673 3.7%	79,496 3.7%	82,401 3.7%
Real Per Capita Income (\$2000)	60,035 5.2%	62,143 3.5%	62,622 0.8%	62,739 0.2%	64,094 2.2%	64,945 1.3%	66,220 2.0%	67,350 1.7%	68,378 1.5%
Wages earned in D.C. (\$ billion)	51.80 5.8%	54.34 4.9%	55.48 2.1%	57.77 4.1%	60.54 4.8%	63.65 5.1%	66.41 4.3%	69.17 4.1%	71.82 3.8%
Wages earned by D.C. residents (\$ billion)	19.4 8.1%	20.4 5.6%	20.7 1.3%	21.4 3.1%	22.4 4.9%	23.8 6.3%	25.1 5.3%	26.2 4.5%	27.2 4.0%
Population ('000)	585.7 0.4%	588.7 0.5%	597.2 1.4%	602.4 0.9%	608.2 1.0%	614.2 1.0%	619.0 0.8%	622.9 0.6%	625.8 0.5%
Households ('000)	253.1 0.4%	253.5 0.2%	254.7 0.5%	256.5 0.7%	258.2 0.7%	260.4 0.8%	262.2 0.7%	263.8 0.6%	265.0 0.5%
Civilian Labor Force ('000)	326.7 1.9%	333.7 2.1%	332.1 -0.5%	334.7 0.8%	335.8 0.3%	339.6 1.2%	342.3 0.8%	344.0 0.5%	345.8 0.5%
At-Place Employment ('000)	691.7 0.8%	702.7 1.6%	703.4 0.1%	709.6 0.9%	723.7 2.0%	733.4 1.3%	741.9 1.2%	751.7 1.3%	761.0 1.2%
Resident Employment ('000)	309.0 2.3%	313.5 1.5%	301.4 -3.9%	298.2 -1.1%	303.4 1.8%	310.2 2.2%	315.6 1.7%	319.4 1.2%	322.1 0.8%
Unemployment Rate	5.4	6.0	9.2	10.9	9.6	8.7	7.8	7.2	6.9
Housing Starts	1,268	917	484	865	1,098	1,306	1,365	1,432	1,538
Housing Stock ('000)	284.0 0.6%	285.1 0.4%	285.5 0.1%	285.8 0.1%	286.6 0.3%	287.6 0.3%	288.7 0.4%	289.8 0.4%	291.3 0.5%
Home sales	9,800 -9.3%	7,500 -23.5%	7,400 -1.3%	9,300 25.7%	9,480 1.9%	10,244 8.1%	10,876 6.2%	11,216 3.1%	12,231 9.0%
Average home sale price ('000)	608.1 6.3%	595.6 -2.1%	580.2 -2.6%	616.0 6.2%	619.9 0.6%	648.1 4.5%	698.9 7.8%	739.8 5.8%	789.6 6.7%
Change in S & P 500 Index of Common Stock*	7.5%	-39.1%	19.7%	10.6%	4.7%	5.9%	5.6%	5.7%	6.4%
Interest rate on 10-year Treasury notes (%)	4.7	3.9	3.2	3.4	2.7	3.2	4.4	4.7	5.4
Washington Area Consumer Prices: % change from prior year	2.5	5.1	0.3	1.7	1.7	2.0	2.2	2.6	2.7

* 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 2010 is the % change from CY 2009.4 to CY 2010.4)

Note: Estimated by the D.C. Office of Revenue Analysis based on forecasts of the D.C. and national economies prepared by Global Insight (January 2011) and Economy.com (January 2011); on forecasts of the national economy prepared by the Congressional Budget Office (January 2011) and Blue Chip Economic Indicators (January 2011); on BLS labor market information from December 2010; on the Census Bureau estimates of the 2010 D.C. population (December 2010); on CY 2009 Census Bureau American Community Survey data for D.C. (September 2010); on Bureau of Economic Analysis estimates of D.C. Personal Income (September 2010); on Metropolitan Regional Information System (MRIS) D.C. home sales data (December 2010), accessed through the Greater Capital Area Association of Realtors (GCAAR); and on Delta Associates information on commercial office buildings and residential property in D.C. (December 2010).