CORONAVIRUS (COVID-19)

Situational Update

Wednesday, September 30, 2020

CORONAVIRUS.DC.GOV

HSEMA

DC HEALTH
GOVERNMENT OF THE DISTRICT OF COLUMBIA

WE ARE WASHINGTON DC
GOVERNMENT OF THE DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

Thank you, Speaker Pelosi, for your unwavering commitment to making DC whole by providing the full and equal state-level coronavirus relief funding in the updated **HEROES Act.**

SEPTEMBER 2020 REVENUE ESTIMATE

Jeffrey DeWitt, Chief Financial Officer

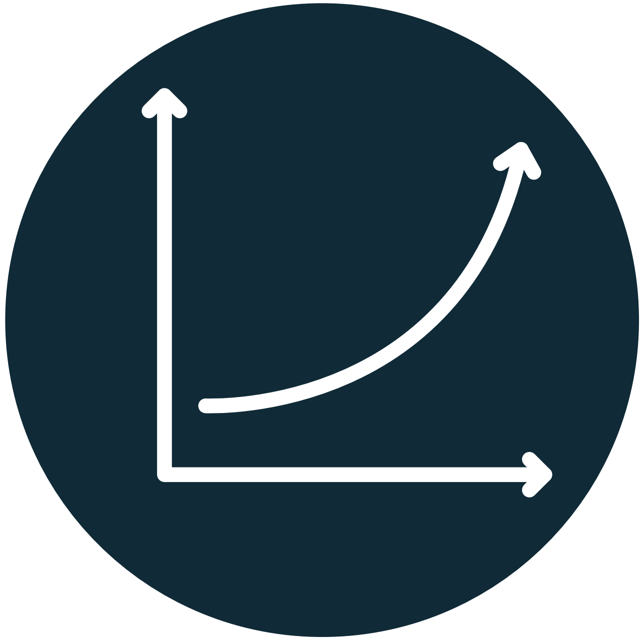
WHAT HAS CHANGED SINCE APRIL FORECAST?

April 2020 → September 2020

- Substantial federal spending and Federal Reserve actions prevented jobs and income from falling as much as anticipated
- Stock market recovery reduced projected losses in capital gains
- Reopening of District economy now guided by ReOpen DC recommendations
- District reopening slower than assumed in April

FEDERAL AID DROVE INCOME TAX REVENUE INCREASE

- **Individual income tax revenue for FY 2020** increased due to federal relief (UI supplement, PPP) and ability of many District high wage earners to telework
- **Individual income tax revenue for FY 2021** increased because of higher capital gains from stock market recovery and continued Federal Reserve actions
- **Business income tax revenue** increased for FY 2020 as both congressional and Federal Reserve actions support financial markets and business profits



UPDATED ASSUMPTIONS ON REOPENING

April Assumptions	September Assumptions
Restrictions on bars and indoor dining reduced late summer 2020	Restrictions on bars and indoor dining extended through 2020
Large sporting events and performances return spring 2021	Large gatherings and sporting events restricted until vaccine is widely deployed
Inauguration kicks off broader reopening of tourism and convention center business	Major conventions canceled through 2021

DELAYED REOPENING REDUCES FY 2021 SALES TAX AND OTHER REVENUE

- **Sales tax** revenue from hospitality sector significantly reduced as restrictions remain in place
- **Real property tax** revenue reduced because of increased vacancies and rent concessions
- **Deed tax** revenue reduced because of slowing sales of large office and multifamily buildings
- **Non-tax revenue** reduced because of lower investment earnings, decreased for-hire vehicle demand, and reduced fines and fees

Local Source, General Fund Revenue Estimate ($M)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
April 2020 Revenue estimate	**8,314.9**	**7,730.2**	**7,916.4**	**8,370.3**	**8,681.1**	**8,992.0**
FY 2021 Budget Support Act revenue		*28.2*	*121.3*	*120.7*	*81.1*	*77.4*
FY 2021 Budgeted Revenue		**7,758.4**	**8,037.7**	**8,491.0**	**8,762.2**	**9,069.4**
September revision to estimate		*222.1*	*-211.9*	*-209.7*	*-190.0*	*-170.4*
September 2020 Revenue Estimate		**7,980.5**	**7,825.9**	**8,281.3**	**8,572.2**	**8,899.0**
Revenue Change From Previous Year						
Amount	556.5	(334.4)	(154.6)	455.4	290.9	326.8
Year-Over Year Percent Change	*7.2%*	*-4.0%*	*-1.9%*	*5.8%*	*3.5%*	*3.8%*

RISKS REMAIN

What would make it better?

- Rapid deployment of vaccine opens economy sooner
- Large federal relief similar to that of the past six months
- Improved health metrics accelerate move to Phase 3
- Increased business and tourist travel

What would make it worse?

- Problems with vaccine deployment delay reopening
- No federal programs to support the economy
- Second wave of virus slows or reverses reopening
- Recession deepens beyond hospitality and retail sectors
- Significant stock market decline

CLOSING OUT FISCAL YEAR 2020

CLOSING OUT FISCAL YEAR 2020

Even with the additional revenue, the District is still ending FY 20 with **$334M** in less revenue. And that means we still had to do more with less revenues.

That is why back in the Spring we:

- Instituted a hiring and spending freeze
- Made $190M in reductions to agency budgets
- Maximized available federal funds
- Used all available financial tools to close our gaps