



D.C. REPORT OF CASH COLLECTIONS

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GENERAL FUND COLLECTIONS

YTD collections of \$1,838.9 million are \$122.3 million (6.2%) below collections for the same time last year. After a number of adjustments discussed below, the actual Year-to-Date (YTD) general fund decline of 6.8 percent is considerably above the estimate of a 3.4 percent decrease for the year. Collections for the month of April are \$388.5 million, \$71.5 million (15.5%) less than April 2001 collections.

TOTAL TAX COLLECTIONS

YTD total tax collections of \$1,660.3 million are \$130.6 million (7.3%) below YTD collections for the same period last year. After the adjustments, the YTD decline of 8.0 percent is much higher than the estimated 0.5 percent decrease for the year. Tax collections for the month of April are \$366.5 million, 74.6 million (16.9%) below April 2001 collections.

COLLECTIONS BY REVENUE SOURCE

Property Tax Collections

➤ *\$30.1 million (10%) above YTD collections for the same time last year*

The YTD growth of 9.5 percent is slightly below the estimated growth of 10.5 percent for the year. March is an important month in the real property tax billing cycle because property tax payments for the first half of the year are due in March. This explains the significant increase in property tax collections compared to the preceding months. The strong growth in property tax collections continued in April with low real property tax refunds and higher than anticipated personal property tax collections.

General Sales and Use Tax Collections

➤ *\$31.7 million (8%) below YTD collections for the same time last year*

The YTD decline of 8.0 percent trails the estimated 1.6 percent decrease for the year. April general sales and use tax collections continue to show a modest improvement over previous months this fiscal year. Monthly collections are \$153,000 (0.3%) above collections compared to April 2001. The Convention Center transfer comprises a portion of sales tax collections for restaurants and hotel accommodations and is thus a measure of tourist-related tax revenues. The Convention Center transfer for April 2002 was \$135,000 (3%) above that of April 2001. YTD Convention Center transfer collections for April show a \$3.2 million (10%) decline from collections compared to the same time last year. This is a slight improvement over March's rate, which was 12 percent below collections compared to the same time last year.

Selected Sales and Use Tax Collections

- *\$1.6 million (6%) above YTD collections for the same time last year*

The YTD growth of 5.3 percent is tracking 10.8 percentage points ahead of the annual estimate of 5.5 percent negative growth. This stronger than anticipated growth is due mainly to strong growth in the motor vehicle excise tax. The motor vehicle excise tax is driven by car purchases and population growth. The zero percent financing incentives for new car sales that occurred in November and December were expected to end in January. However, automakers extended many smaller scale incentives. Therefore, car sales are growing faster than expected, but are not expected to outpace last fiscal year.

Individual Income Tax Collections

- *\$40.3 million (7%) below YTD collections for the same time last year*

April is an important month for the income tax collections because annual filing returns were due on April 15th. The YTD individual income tax decline of 6.7 percent shown in the cash collections report is below the estimate of a 0.8 percent increase for the year. However, a few adjustments are required to get a true picture of the revenue flows of the individual income tax. First, \$18.5 million that is reflected as cash for FY 2002 should be booked as FY 2001 revenues. Second, YTD FY 2001 withholding from January through May fell below normal due to changes in processing arrangements. After making these adjustments, YTD individual income tax collections through April are down sharply by 12.2 percent.

An examination the individual income tax collections by components is revealing: April YTD withholdings collections, after making the adjustments discussed above, are 2.3 percent below YTD April 2001 withholding collections; April YTD declarations (estimated payments) are 14.0 percent below YTD April 2001 declarations; April YTD payments with returns are 31.3 percent below YTD April 2001 payments; YTD fiduciary collections are 67.9 percent below YTD April 2001 fiduciary collections; and YTD refunds are 10.7 percent above YTD April 2001 refunds. As these components of the individual income tax show, withholdings collections as well as estimated payments are down while refunds are up significantly. This suggests that the income tax collections are still being adversely affected by continued weakness in the labor and stock markets. The latest economic numbers support this. The April Economic Indicators show that the earnings of D.C. residents are down 6.6 percent in March 2002 from 7.0 percent growth in February 2002. Personal income growth in D.C. also decreased to 2.0 percent in the fourth quarter of calendar year 2001, from 4.4 percent in the previous quarter.

Corporate Franchise Tax Collections

- *\$128.9 million (66%) below YTD collections for the same time last year*

The YTD decline of 65.7 percent shown in the cash collections report is below the estimated 38.6 percent decrease for the year. However, a judgment issued in January 2001 has resulted in significantly higher refunds. These refunds should properly be booked to FY 2001, not FY

2002. Refunds related to the judgement will therefore not affect FY 2002 revenues. After making this adjustment to the April 2002 cash, YTD corporate franchise tax collections are down 56.0 percent. As with the individual income tax collections, an examination of the components is revealing: YTD declarations (estimated payments) are 18.8 percent below YTD declarations for the same time last year; YTD payments with returns are 62.3 percent below YTD payments in April 2001; YTD refunds (excluding refunds related to the judgment) are 73.3 percent above YTD April 2001 refunds. Declarations and payments with returns are down while refunds are up sharply. The sharp fall off in collections from the corporate franchise tax reflects the significant and lingering impact of the recent economic downturn on corporate profits.

Unincorporated Franchise Tax Collections

➤ *\$4.3 million (12%) below YTD collections for the same time last year*

The YTD decline of 11.6 percent shown in the cash collections report is slightly ahead of the estimated 13.8 decrease for the year. Unincorporated franchise tax collections are also effected by the adverse judgment issued in January 2001. After making an adjustment to account for the higher refunds, U.B. franchise tax collections show a decline of 8.1 percent. Both YTD declarations and YTD payments are strong. YTD declarations are 14.8 percent ahead of YTD April 2001 declarations while YTD payments are 34.3 percent above the same period last year. YTD refunds (excluding refunds related to the judgment) are 1518.0 percent above refunds for the same time last year.

Gross Receipts Tax Collections

➤ *\$14.5 million (13%) above YTD collections for the same time last year*

The YTD growth of 13.0 percent is ahead of the estimated 5.8 percent growth for the year. Both YTD public utility tax collections and toll telecommunication tax collections exceed collections compared to the same time last year. In January 2002, the Office of Tax and Revenue performed audits on several major taxpayers in this category which resulted in additional collections due to penalty and interests assessments. Insurance premium collections appear low for the month and are 97.9 percent below April 2001 collections. However, YTD insurance premium collections are 8.7 percent above YTD collections for the same time last year. Insurance premium collections were due in March (a payment is also due in June) and it is too early to begin drawing conclusions, as collections during non-payment months fluctuate and are expected to stabilize in the upcoming months.

Other Tax Collections

➤ *\$28.3 million (28%) above YTD collections for the same time last year*

The YTD growth of 27.9 percent is significantly ahead of the estimate of a 0.5 percent decline for the year. Estate tax collections of \$13.6 million are significantly higher than the April 2001 collections of \$2.3 million. This large increase can be attributed to a large one-time payment for this month. Deed taxes continue to do well. YTD, deed recordation tax collections are doing slightly better than transfer tax collections because recordation taxes are levied on commercial

refinancing as well as all property sales in the city and growth in commercial refinancing is still strong. YTD deed recordation tax collections are 29.0 percent above collections compared to the same time last year. Likewise, deed transfer taxes are 15.0 percent above collections compared to the same time last year.

Non-Tax Collections-licenses and permits, fines and forfeitures, charges for services, miscellaneous revenue

➤ *\$14.0 million (12%) above YTD collections for the same time last year*

The YTD growth of 11.7 percent is ahead of the estimated 27.5 percent decrease for the year. Fines and forfeitures collections are 90.1 percent above April 2001 collections. This is due to collections from traffic cameras which are higher than anticipated. Under the Charges for Services category, Parking Meter collections are 189.4 percent above April 2001 collections. This can be attributed to the additional parking meters that have been installed around the city. Miscellaneous revenue is 145.9 percent below April 2001 collections. Under the Miscellaneous category, unclaimed property collections show a deficit of \$2.4 million. The Unclaimed Property Unit is paying out a large amount of claims beginning this month and ending in May.