



D.C. REPORT OF CASH COLLECTIONS

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GENERAL FUND COLLECTIONS

Year-to-date (YTD) collections of \$657.4 million are \$43.2 million (7.0%) above collections compared to the same time last year. This YTD general fund growth is ahead of the budgeted estimate of a 0.1 percent increase for the year. Collections for the month of December are \$255.3 million, \$29.8 million (13.2%) more than December 2001 collections.

TOTAL TAX COLLECTIONS

YTD total tax collections of \$567.1 million are \$20.1 million (3.7%) above YTD collections compared to the same period last year. This YTD increase is significantly ahead of the 0.4 percent increase budgeted for the year. Tax collections for the month of December are \$228.9 million, 23.3 million (11.3%) above December 2001 tax collections.

COLLECTIONS BY REVENUE SOURCE

Property Tax Collections

➤ *\$12.3 million (86%) above YTD collections for the same time last year*

The YTD growth of 86.3 percent is considerably greater than the estimated growth of 8.5 percent forecasted in the revenue estimates. However, real property tax payments are due twice a year, March 31 and September 15. Thus, any cash collections prior to March are generally insignificant. These collections are either very late payments from last fall or very early payments for the spring. Generally, no real insights can be ascertained from these relatively small amounts. Personal property tax collections and public space rental collections have annual due dates of July 31. However, some isolated payments are received throughout the year.

General Sales and Use Tax Collections

➤ *\$14.4 million (9%) above YTD collections for the same time last year*

The YTD increase of 9.4 percent is above the estimated 7.2 percent growth forecasted in the revenue estimates. Monthly general sales and use tax collections are 9.3 percent above collections compared to December 2001. However, it must be noted that December 2001 collections followed the events of September 11, which resulted in diminished revenue from the hospitality and tourism sectors. Comparing December 2002 collections to that of December 2000 is a much more accurate comparison where the growth rate is only 2.3 percent more than December 2000.

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 December is \$690,000 (23%) above December 2001 collections. This increase in convention center transfer collections for the month of December 2002 compared to December 2001 also reflects the effect of September 11 on visitor travel in 2001 and the increase in tourist and business travel in more recent times

Selected Sales and Use Tax Collections

➤ *\$1.2 million (9%) below YTD collections for the same time last year*

The YTD decline of 8.6 percent is considerably worse than the 0.08 percent increase forecasted in the revenue estimates. YTD alcohol beverage sales collections are only slightly ahead of collections compared to the same time last year while YTD cigarette tax collections are 69.4 percent ahead of collections compared to the same time last year. Motor vehicle excise tax collections are \$3.1 million lower than they were in December 2001. In spite of continuing dealer incentives, auto sales dropped in the latter part of November and December 2002 resulting in a drop in excise tax collections.

Individual Income Tax Collections

➤ *\$26.4 million (12%) below YTD collections for the same time last year*

The YTD individual income tax collections show a decline of 11.7 percent compared to a 2.4 percent decline forecasted in the revenue estimates. Monthly individual income tax collections are \$4.7 million below December 2001 collections.

An examination of the individual income tax collections by components is revealing: 1) December YTD withholdings collections are 3.0 percent below YTD December 2001 withholding collections; 2) December YTD declarations (estimated payments) are 53.0 percent below YTD December 2001 declarations; 3) December YTD final payments with returns are 11.8 percent ahead of YTD December 2001 payments; 4) YTD fiduciary collections are 10.7 percent below YTD December 2001 fiduciary collections; and 5) YTD refunds are 107.7 percent above YTD December 2001 refunds. However, it must be noted that the Office of Tax and Revenue is still processing collections from FY 2002. As a result, declarations, payments, fiduciary, and refund collections all represent FY2003 cash, but FY2002 revenue.

Corporate Franchise Tax Collections

➤ *\$6.0 million (31%) above YTD collections for the same time last year*

The YTD increase of 31.2 percent shown in the cash collections report is significantly more than the estimated 3.5 percent decline forecasted in the revenue estimates. A judgment issued in January 2001 resulted in significantly higher refunds in FY 2002 including December 2001. This accounts for the significant difference between the December 2002 collections compared to the same time last year as well as the significant difference in refund collections. As with the

individual income tax collections, an examination of the components is revealing: YTD declarations (estimated payments) are 5.6 percent below YTD declarations compared to the same time last year, likely due to the sluggish economy. YTD payments with returns are 12.4 percent ahead of YTD payments compared to December 2001; YTD refunds are 33.5 percent below YTD December 2001 refunds.

Unincorporated Franchise Tax Collections

➤ *\$2.6 million (17%) below YTD collections for the same time last year*

The YTD decline of 16.6 percent shown in the cash collections report is significantly worse than the estimated 4.0 percent decline forecasted in the revenue estimates. YTD declarations are 11.6 percent below YTD December 2001 declarations while YTD payments are 7.5 percent above the same period last year. YTD refunds are 55.2 percent above refunds for the same time last year.

Gross Receipts Tax Collections

➤ *4.6 million (11%) above YTD collections for the same time last year*

The YTD increase of 10.7 percent is ahead of the estimated 2.3 percent growth forecasted in the revenue estimates. Public utility tax collections are 13.3 percent above collections compared to the same time last year and are likely the result of increased collections from utility companies due to the unusually cold temperatures experienced in Washington this winter. YTD toll telecommunication tax collections are only slightly ahead of collections compared to the same time last year at 3.7 percent. While some isolated payments come in throughout the year, insurance premium payments are not due until March.

Other Tax Collections

➤ *\$12.9 million (21%) above YTD collections for the same time last year*

The YTD increase of 20.5 percent is significantly better than the estimated 27.3 percent decline forecasted in the revenue estimates. YTD estate tax collections are 52.0 percent below collections compared to the same time last year. Recently, the District's estate tax legislation officially decoupled from the federal government's estate tax legislation. This has caused the Office of Tax and Revenue (OTR) to devise new estate tax forms. This has left estate tax payers confused, as OTR has yet to state the new estate tax policy or release the revised tax form needed to pay the appropriate taxes. This is likely the major cause behind the decline in YTD estate tax revenue.

YTD deed recordation tax collections are 82.9 percent above collections compared to the same time last year. YTD deed transfer tax collections are 71.5 percent above collections compared to the same time last year. Collections for both taxes are considerably higher than collections compared to December 2001. Both a tax rate increase in deed recordation taxes and an increase in deed transfer taxes became effective 1/1/03. A large amount of deed taxpayers attempted to avoid the higher tax rate for property deals normally taken place for the first half of calendar year 2003 by paying their taxes in advance during November and December of 2002.

There were \$429,000 in economic interest payments collected in December. This is an unstable and unpredictable tax throughout the year.

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

➤ *16.0 million (31%) above YTD collections for the same time last year*

YTD licenses and permits are 17.3 percent above collections compared to the same time last year. Applications for construction licenses are lower currently than in the previous fiscal year while, motor vehicle registration collections are much higher this fiscal year compared to the same time last year.

YTD fines and forfeitures collections are 16.8 percent above collections compared to collections during the same time last year. This is due to collections from traffic fines that are slightly higher than collections during the same time last year.

YTD charges for services collections are 45.8 percent above collections compared to the same time last year. Collections from parking meters and deed recordation fees are somewhat higher in comparison to collections during the same time last year.

YTD miscellaneous revenue collections are 43.1 percent above collections compared to the same time last year. However, several revenue sources have experienced lower than expected collections. Interest rates are much lower this year resulting in lower revenue from interest income collections. Collections from unclaimed property were also lower in comparison to the same time last year because the District recovered less property.

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