



District of Columbia Cash Collections Report

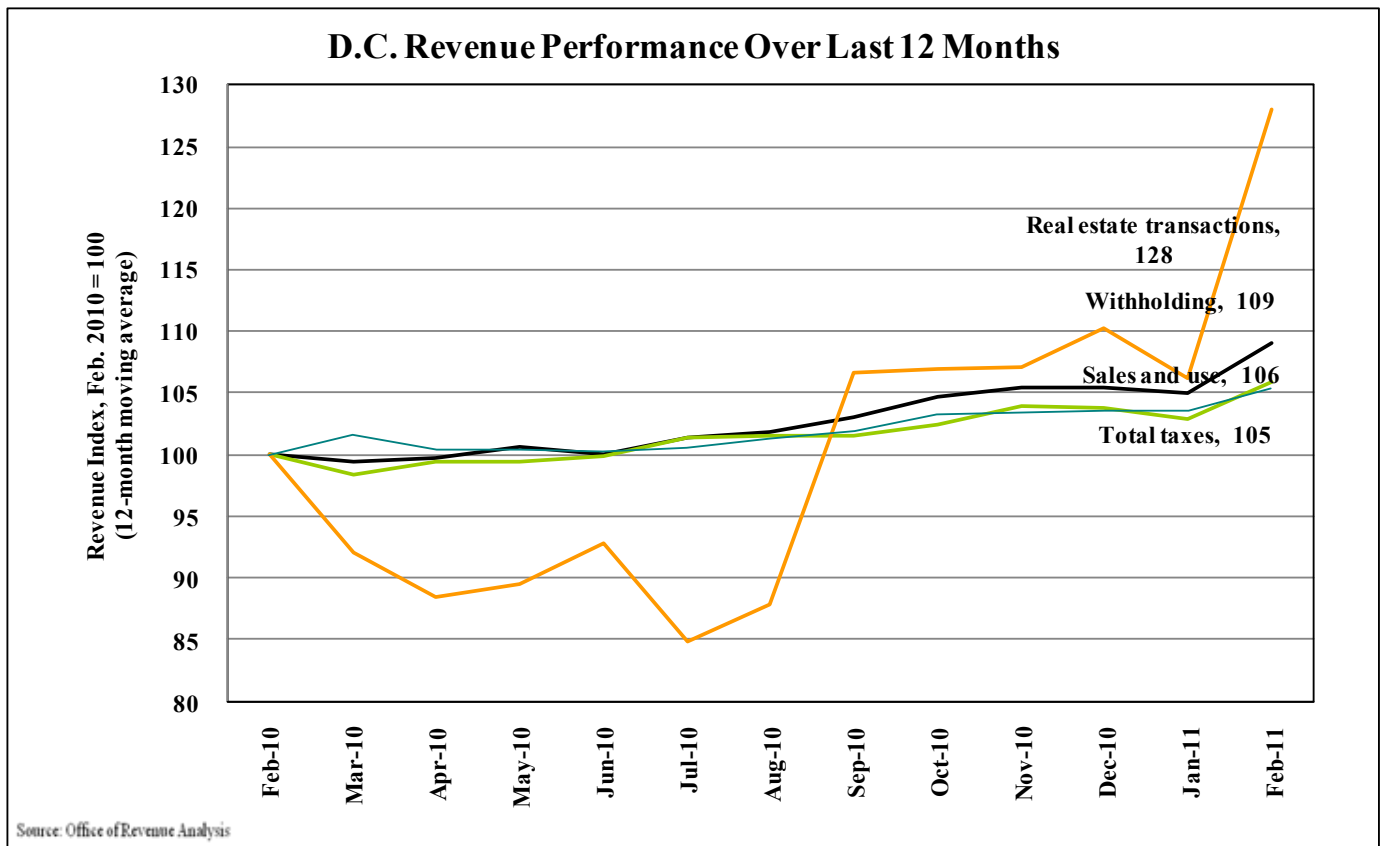
Office of Revenue Analysis
Office of the Chief Financial Officer
Government of the District of Columbia

Vincent C. Gray, Mayor
Natwar M. Gandhi, Chief Financial Officer

Fitzroy Lee, Deputy CFO & Chief Economist
Farhad Niami, Director of Economic Affairs

Volume II, Issue V

February 2011



Tax collections show growth

- The twelve-month moving average of total tax collections grew 5 percent over February of the previous year. The growth in total tax collections is consistent with other DC economic indicators that suggest the District of Columbia's economy is recovering from the recession.
- Withholding tax collections reflects strong growth (almost 9 percent) so far this year.
- Sales tax collections grew 6 percent as consumer spending recovered both nationally and locally.
- Real estate transactions tax collections grew strongly, with 28 percent growth over the same period of the previous year, reflecting strong sales in the District's high-end commercial real estate market.

Note: During January and February 2010, the entire eastern part of the United States, including the District of Columbia, experienced severe winter weather that disrupted tax collections. As a result, growth figures through February may exaggerate the true revenue growth.

Collections by Revenue Source

February YTD Tax Collections by Source: 2011 vs. 2010 (\$ '000)

	Feb. 2011	Feb. 2010	Percent change
TOTAL TAX COLLEC- TIONS	1,329,588	1,195,899	11.2
Property	72,711	41,878	73.6
Real Property Tax	71,995	41,188	74.8
Personal Property Tax	716	690	3.8
Real Property Transac- tions	97,971	73,602	33.1
Deed Recordation Tax	51,468	36,590	40.7
Deed Transfer Tax	45,430	30,313	49.9
Economic Interest Tax	1,074	6,699	-84.0
Sales	436,410	416,621	4.7
General Sales and Use Tax	411,660	382,760	7.6
Excise Taxes	24,750	33,861	-26.9
Income	594,736	547,363	8.6
Individual Income Tax	502,989	450,472	11.7
Corporate Franchise Tax	57,061	60,654	-5.9
U.B. Franchise Tax	34,687	36,237	-4.3
Gross Receipts and Estate	127,760	116,435	9.7
Gross Receipts Taxes	97,879	103,722	-5.6
Estate Tax	29,882	12,713	135.0

Property Taxes. Although YTD real property tax collections are up by 74.8 percent, the first of two property tax payments during FY 2011 is not due until March. Thus, property tax receipts through February can not be considered as a strong predictor of the actual performance of property tax collections for the entire fiscal year.

Real Property Transactions Taxes. February YTD real property transaction taxes collections were up 33.1 percent from the previous year. Deed recordation tax collections increased by 40.7 percent, while those for deed transfer taxes increased by 49.9 percent.

General Sales and Use Tax. YTD sales tax collections increased by 4.7 percent from the same period last year. However, collections for general sales and use taxes were even stronger and were up by 7.6 percent relative to the same month's YTD collections last year.

Excise Taxes. YTD excise tax collections show a considerable reduction (26.9 percent) relative to the same period last year. This decline is attributed to a significant decline in cigarette and motor vehicle excise tax collections. We do not believe that a decline of this magnitude will persist over the entire fiscal year.

Income Taxes. Individual income tax collections are up 11.7 percent through February. At the same time, YTD withholding tax collections were up by almost 11 percent through the fifth month of the 2011 fiscal year.

YTD corporate franchise taxes declined almost 5.9 percent relative to February of a year earlier, and unincorporated business tax collections were down 4.3 percent. Business taxes are generally paid during the months of December, March, June and September of each fiscal year.

Gross Receipts Taxes. YTD Gross receipts tax collections were down slightly by 5.6 percent. Broken down by type of gross receipts tax, public utilities collections were almost unchanged and toll telecommunications collections were down by 11.4 percent. Insurance premiums collections were down 65.0 percent. Insurance premiums are generally due in March, so the collections through February may not be an indication of the collection pattern for the remainder of the year.

Non-Tax Revenues. Collections for most non-tax revenue sources tend to be lumpy—that is, there are large collections for some months and almost no collections in other months, and non-tax collections are often not tied to economic activity in the District. Nevertheless, collections of non-tax revenues, YTD in February, were up by 32.1 percent relative to a year earlier. Unclaimed property sales were up 32.5 percent. It should be noted that February collections from unclaimed property sales accounted for about 19.6 percent of non-tax revenue collections through this month, compared with the previous fiscal year through February where it accounted for approximately the same percentage of total non-tax revenues. However, because of the nature of non-tax revenue collections, it is too soon in the fiscal year to make projections for the entire fiscal year based on these early results.

For further information or to comment on this report, contact: Farhad Niami (202) 727-3897, or farhad.niami@dc.gov.