



District of Columbia Cash Collections Report

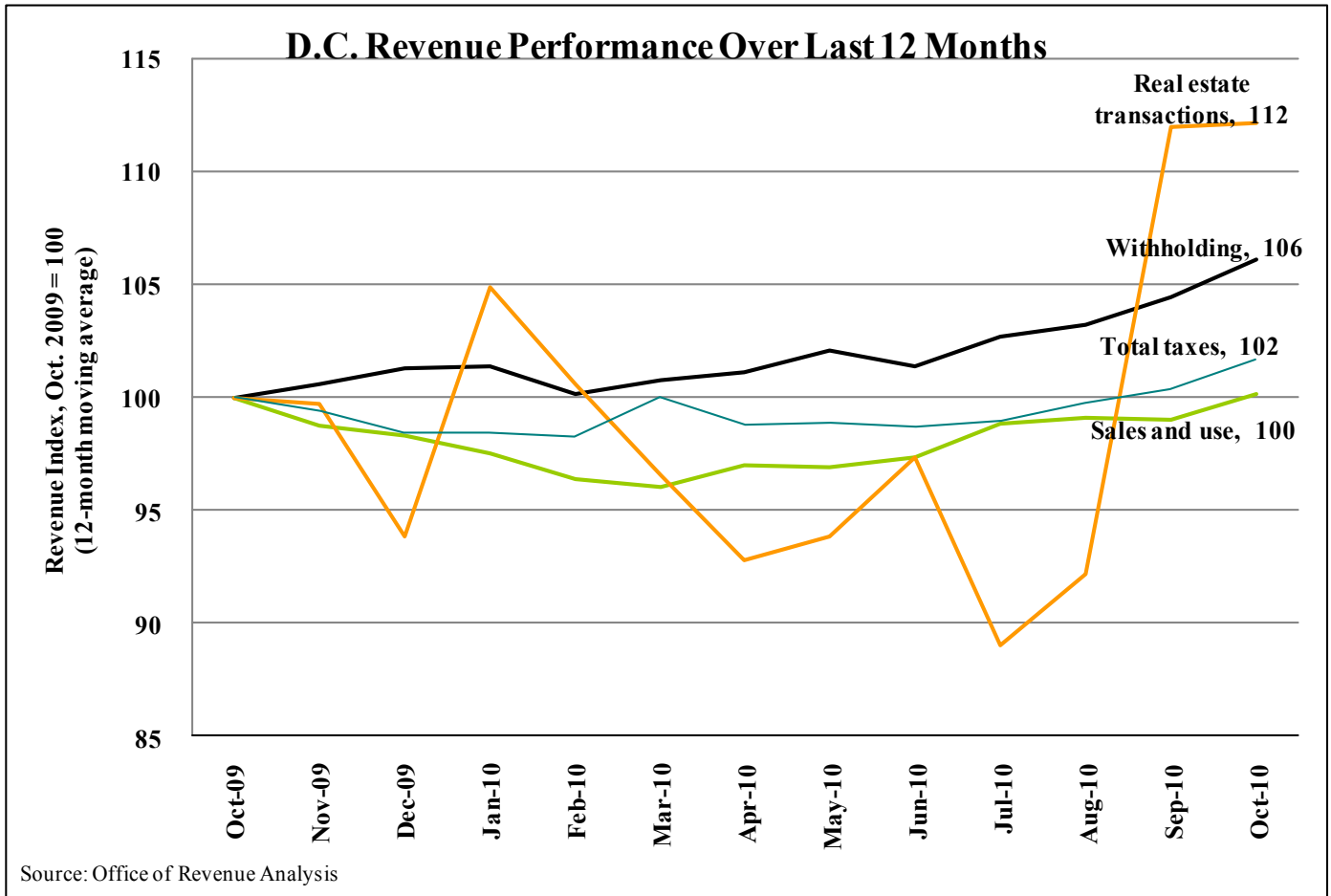
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Tax collections are growing once more

- The twelve month moving average for total tax collections shows a 2 percent increase over October of the previous year. This is the first month of positive growth since May 2009. While one month does not make a trend, other DC economic indicators suggest that a recovery, albeit a fragile one at this point, is under way in the District.
- The twelve month moving average of withholding tax collections grew by 6 percent, the strongest increase in a year.
- While the twelve month moving average for sales tax collections shows that growth over the previous October was flat, the chart shows that a recovery in sales tax collections is underway.
- After falling very steeply for the last several months, for October the twelve month moving average of real estate transactions tax collections rebounded strongly, with 12 percent growth over the previous October.

Collections by Revenue Source

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

	Oct. 2010	Oct. 2009	Percent change
TOTAL TAX COLLECTIONS	275,389	227,745	20.9
Property	27,192	16,337	66.4
Real Property Tax	26,567	15,638	69.9
Personal Property Tax	626	700	-10.6
Real Property Transactions	10,857	10,190	6.5
Deed Recordation Tax	5,837	6,551	-10.9
Deed Transfer Tax	4,724	3,639	29.8
Economic Interest Tax	296	0	0.0
Sales	93,698	90,108	4.0
General Sales and Use Tax	90,826	82,773	9.7
Excise Taxes	2,872	7,335	-60.8
Income	124,239	93,419	33.0
Individual Income Tax	103,028	76,788	34.2
Corporate Franchise Tax	17,871	8,424	112.1
U.B. Franchise Tax	3,340	8,207	-59.3
Gross Receipts and Estate	19,403	17,691	9.7
Gross Receipts Taxes	16,808	16,226	3.6
Estate Tax	2,595	1,465	77.0

Property Taxes. During the first month of the new fiscal year, real property tax collections were considerably higher than during the same month a year earlier. However, as real estate tax payments are generally due in March and September of each year, an increase in collections for the month may not be an indication of higher collections through the new fiscal year.

Real Property Transactions Taxes. For October, real property transaction taxes were up 6.5 percent from the previous year. Collections in deed recordation taxes declined by 10.9 percent, while those for deed transfer taxes increased by 29.8 percent. This may suggest that, while there have been more property transactions during the month of October, there were fewer refinancings of mortgages.

General Sales and Use Tax. Sales tax collections show a 9.7 percent improvement from the same period last year. This reflects an improvement in the hospitality sector over the summer months.

Excise Taxes. Excise tax collections show a considerable reduction (60.8 percent) for the month of October relative to the same month last year. We do not believe that this

would reflect the trend for the current fiscal year, but this decline is attributed to a significant decline in cigarette tax collections.

Income Taxes. Individual income tax collections were up 34.2 percent in October with higher non-withholdings recorded relative to the first month of the prior fiscal year. At the same time, withholding tax collections were up 22.5 percent during the first month of the new fiscal year.

During the same month this year, corporate franchise taxes grew 112.1 percent more than last year, while unincorporated business tax collections were down 59.3 percent. However, since no business taxes are due during the month of October, this may not be the trend for the remainder of the fiscal year.

Gross Receipts Taxes. Gross receipts tax collections, fiscal year to date, were up 3.6 percent. Broken down by type of gross receipt tax, public utilities collections were up 4.1 percent and toll telecommunications collections were slightly down by 0.7 percent. Insurance premiums, on the other hand, were down 75.6 percent. Insurance premiums are generally due in March, so the low collections may not be an indication of fewer collections to come.

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, year-to-date collections of non-tax revenues were up by 295.9 percent relative to a year earlier. Unclaimed property sales were up 2,713.4 percent. However, when the latter is deducted from total proceeds, total non-tax revenue collections were up 153.6 percent. There may be other factors contributing to this unusual turn of events. It is possible that recording of collected revenues for the first month of the new fiscal year and those of the preceding year are entangled and need to be separated out. Also, some lagged project implementation towards the end of the preceding fiscal year may have contributed to these unusual collections.

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