



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

# District of Columbia Cash Collections Report

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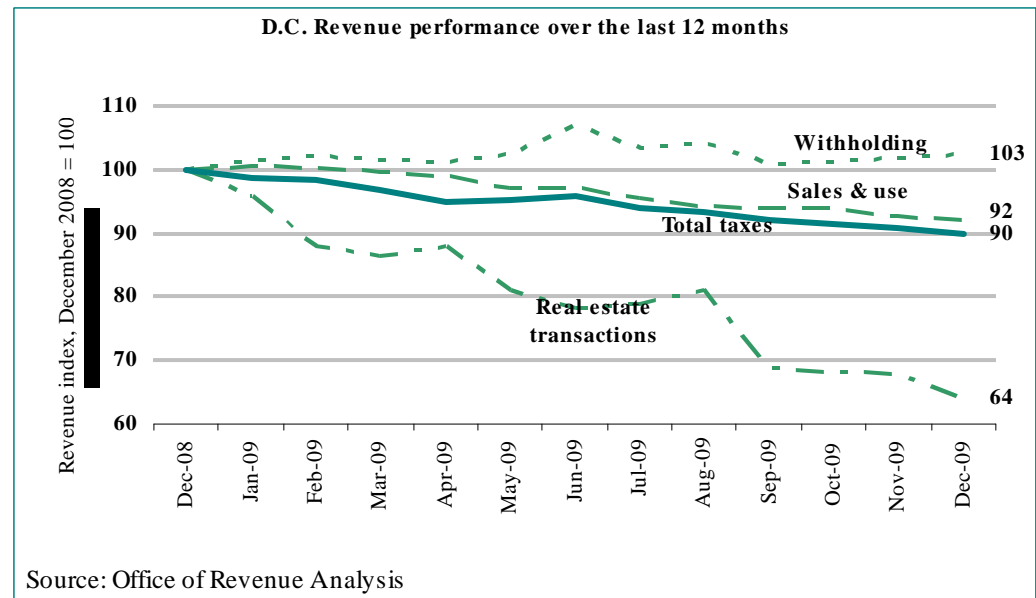
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## Highlights

- Total tax collections through December are 9.6 percent below that of a year ago.
- General sales and use taxes year-to-date are down by 7.3 percent from the same period last year.
- Withholding tax collections are up 7.1 percent year-to-date despite an unemployment rate of 11.8 percent for District residents.
- Real property transaction taxes are 36.6 percent less than a year ago.
- Gross receipt taxes are 6.3 percent less than a year ago.

## Economic outlook less pessimistic, but tax collections not likely to return to pre-recession levels any time soon



Total tax collections through December are 9.6 percent below that of December last year. Over the past several months, forecasts for the US economy, and the District of Columbia, have become less pessimistic. Still, as outlined in the CFO's latest forecast, the performance of the District's tax collections will lag the economic recovery for several reasons. First, revenue streams tied to the real estate boom (such as real estate transaction taxes) are unlikely to return to pre-recession levels in the near future. This is because: 1) despite a general economic recovery, real estate markets nationally are unlikely to return to peak levels anytime soon; and 2) DC's real estate market was one of the hotter submarkets during the boom and will take an even longer time to return to peak levels. Second, individual income tax growth will remain weak for some

time because even though the stock market staged a strong recovery in the latter half of calendar year 2009, it is still below its peak, and, like the real estate market, will likely take some time to return to peak levels. Furthermore, income tax loss carry forward rules mean that massive CY 2008 stock market losses will continue to dampen individual income tax collections for some time. Finally, DC tax revenues are not expected to have much of a bounce from the national recovery, which is itself expected to be weak relative to past recoveries. This is because DC tax revenues fell less than that of other jurisdictions, thanks to the stability the federal presence provides to the District economy, .

# Collections by Revenue Source

## Year-to-date Tax Collections by Source: 2009 vs. 2008 (\$'000)

	December 2009	December 2008	Percent Change
<b>TOTAL TAX COLLECTIONS</b>	<b>728,907</b>	<b>805,858</b>	<b>-9.6</b>
<b>Property</b>	<b>35,737</b>	<b>18,905</b>	<b>89.0</b>
Real Property Tax	35,227	18,234	93.2
Personal Property Tax	510	671	-24.0
<b>Real Property Transactions</b>	<b>35,793</b>	<b>56,441</b>	<b>-36.6</b>
Deed Recordation Tax	19,006	28,589	-33.5
Deed Transfer Tax	16,787	19,706	-14.8
Economic Interest Transfer	0	8,146	-100.0
<b>Sales</b>	<b>257,135</b>	<b>278,097</b>	<b>-7.5</b>
General Sales and Use Tax	235,977	254,595	-7.3
Excise Taxes	21,158	23,502	-9.9
<b>Income</b>	<b>342,242</b>	<b>343,038</b>	<b>-0.2</b>
Individual Income Tax	259,896	257,693	0.9
Corporate Franchise Tax	51,837	57,506	-9.9
U.B. Franchise Tax	30,509	27,839	9.6
<b>Gross Receipt and Estate</b>	<b>58,000</b>	<b>109,377</b>	<b>-46.9</b>
Gross Receipts Taxes	50,542	53,937	-6.3
Estate Tax	7,458	55,440	-86.5

**Property Taxes.** First half payments for real property taxes are due in March and the filing deadline for personal property tax payments is on July 31 of each year. Any collections recorded for the month for these taxes are likely late payments from the previous fiscal year and are not an indication of how these taxes will perform for the current fiscal year.

**Real Property Transactions Taxes.** Year-to-date, tax collections from real property transactions are down by 37 percent relative to a year earlier. This is despite an increase in the volume of residential real estate transactions and is due to a continued decline in market prices.

**Sales Taxes.** Year-to-date sales tax collections, including the general sales and use tax, as well as excise taxes, are lower than amounts collected during the same period of FY 2009 by 7.5 percent. Excise tax collections for the year are down 10 percent. This is mostly driven by significant declines in cigarette excise tax collections.

**Income Taxes.** No payments are due in the month of December for the corporate franchise tax, the unincorporated business taxes and the non-withholding portion

of the individual income tax. The withholding collections, which are tied directly to wages and salaries of District residents, are up 7.1 percent year-to-date in December over a year earlier. This suggests that District resident job losses are primarily at the lower end of the income scale.

**Gross Receipts Taxes.** Year-to-date collections are down by 6.1 percent for public utilities and by 9.4 percent for toll telecommunications compared to collections during the same period last year. Collections for public utilities gross receipts tend to be seasonal in nature and one month of collections does not constitute a good indicator of the fiscal year performance. Insurance premiums payments are due in March and June of each year and the ballpark fee is due on June 15 of each year so there are no significant collections for these sources in December.

**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. Monthly changes in collections from most non-tax sources are not a good indicator of the likely performance of many non-tax revenue sources for the fiscal year. However, business licenses and permits collections tend to reflect the business cycle, especially real estate booms and busts. In that light, the 19.2 percent decline in business licenses and permits collections year-to-date compared to last year is another indicator of the downturn in the District's real estate market.

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