



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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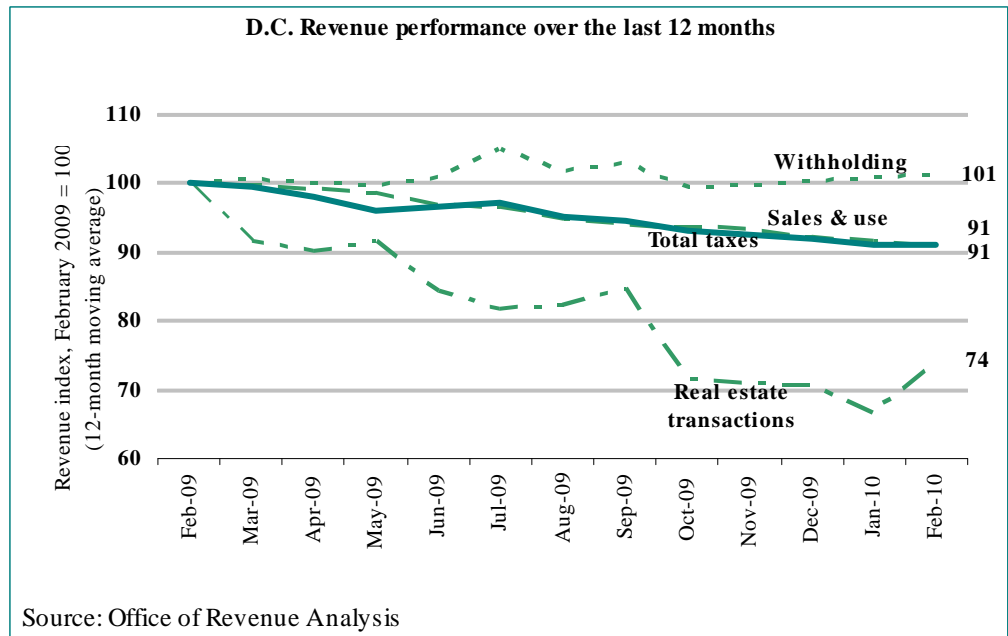
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Highlights

- Total tax collections through February are 7.2 percent below that of a year ago.
- General sales and use taxes are down by 8.8 percent for the period.
- Withholding tax collections are up 1.3 although overall individual income tax collections are down by 5.3 percent.
- Real property transaction taxes are down by 2.6 percent.
- Gross receipts taxes are up slightly by 0.5 percent.

Growth in withholding tax collections remains positive despite high DC resident job losses



Total tax collections year to date through February are 7.2 percent below that of the previous year. Withholding tax collections remain a bright spot amid the general revenue slide, growing 1.3 percent through February despite continuing District resident job losses. Recent District employment data from the U.S. Bureau of Labor Statistics (BLS) for calendar year 2009 show the recession's impact on employment in the District is a "tale of two cities": while job losses *in the District* were minimal, job losses for *District residents* were very high. The latest BLS figures revised downward the previous estimate of private sector employment in DC and revised upward the estimate of DC resident employment. For the 3-month period ending in December 2009, the District's private

sector employment was reduced by 10,267 (2.2 percent) from the prior estimate, although public sector employment was revised upward by 1,300 (0.5 percent). On the other hand, estimated residential employment for the same 3-month period was revised upward from the prior estimate by 2,688 (0.9 percent). Despite these revisions, jobs in the District had a net decline of only 967 (0.5 percent) over the period from December 2008 to December 2009, while job losses for District residents for the same period were 13,204 (-4.3 percent). That the withholding tax collections continue to grow despite the high District resident job losses suggests that the job losses are occurring primarily among lower income residents.

Collections by Revenue Source

Year-to-date Tax Collections by Source: 2010 vs. 2009 (\$'000)

	February 2010	February 2009	Percent change
TOTAL TAX COLLECTIONS	1,195,899	1,289,348	-7.2
Property	41,877	17,514	139.1
Real Property Tax	41,188	15,194	171.1
Personal Property tax	638	2,316	-72.5
Total Property Transactions	73,602	75,609	-2.6
Deed Recordation Tax	36,590	42,249	-13.4
Deed Transfer Tax	30,313	25,183	20.4
Economic Interest Transfer	6,699	8,177	-18.1
Sales	416,621	457,974	-9.0
General Sales and Use Tax	382,760	419,509	-8.8
Excise Taxes	33,861	38,465	-12.0
Income	547,364	573,943	-4.6
Individual Income Tax	450,472	475,637	-5.3
Corporate Franchise Tax	60,654	65,676	-7.6
U.B. Franchise Tax	36,237	32,631	11.1
Gross Receipts and Estate	116,436	164,307	-29.1
Gross Receipts Taxes	103,722	103,171	0.5
Estate Tax	12,713	61,136	-79.2

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 not an indication of how these taxes will perform for the current fiscal year.

Real Property Transactions Taxes. Year-to-date real property transactions are down by 2.6 percent relative to a year earlier. This is a marked improvement over the double digit percentage declines of the last two years and may be the beginning of a turnaround in the performance of these revenue sources. The slowing of the rate of decline of the real estate transactions collections reflects improvements in the DC housing market. Although housing prices remain far below that of two years ago, residential sales have increased sharply over the past several months.

Sales Taxes. Sales tax collections through February, which includes the general sales and use tax, as well as excise taxes, are 9.0 percent lower than amounts collections for the same period last year. While the

general sales and use tax collections are down nearly 9 percent, excise tax collections for the year are down 12 percent.

Income Taxes. Income tax collections through February are down about 5 percent from the same period a year ago. Collections through February include first quarter estimated payments for the individual income as well as the business income taxes; these estimated payments were due January 15th. While estimated payments through February were down 25 percent for the individual income tax and 13 percent for the corporate franchise tax, estimated payments for the unincorporated business (UB) tax were up 19 percent from a year ago. Since the UB tax is paid primarily by real estate businesses, the improvement in collections, like the improved performance of the real estate transaction taxes, may reflect the beginning of a turnaround in DC's real estate sector.

Gross Receipts Taxes. Gross receipts collections through February are up slightly by 0.5 percent from the same period last year. But gross receipts collections at this point are not a good indicator of the likely fiscal year performance of these revenue sources. Public utilities collections are seasonal, insurance premiums payments are due in March and June of each year, and the ballpark fee is due on June 15 of each 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. 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 36.3 percent decline in business licenses and permits collections through February compared to last year reflects the downturn in the District real estate market.

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