



District of Columbia Cash Collections Report

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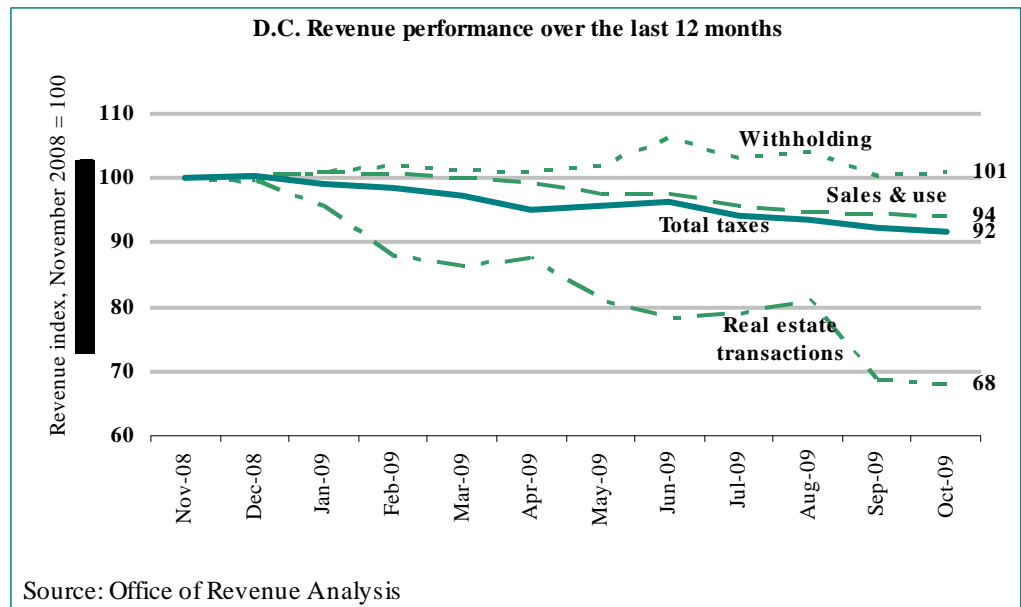
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Highlights

- Total tax collections year-to-date are 6.8 percent below that of a year ago.
- General sales and use taxes are down by 8.2 percent for the year-to-date.
- Year-to-date withholding tax collections are up 6.3 percent despite a record unemployment rate of 11.9 percent. Overall, individual income tax collections are up slightly, by 0.1 percent.
- Total property transaction taxes for the YTD are down by 29.7 percent.
- YTD gross receipt taxes are down by 6.8 percent.
- [November 2010 Cash Report Table](#)

Income tax withholding growth remains positive amidst general revenue slide



Year-to-date (YTD) tax collections through November are 6.8 percent below that of a year ago. The decline continues the slide in tax collections that began just over a year ago as the national recession progressed and began to impact the D.C. economy, a revenue slide which accelerated in fiscal year 2009 with the deepening of the financial crisis after the collapse of Lehman Brothers in September 2008. Still, it is only the second month of the new fiscal year and the 6.8 percent year-to-date decline in the revenue collections for November, which is higher than the 4.1 percent decline projected in the June/September revenue estimates, is not an indicator of D.C. revenue performance for the rest of the year. The only major taxes that are due for the month are the withholding, sales, and real estate transactions taxes, which are paid monthly.

Even as the general sales and use tax continues to deteriorate (down 8.2 percent year-to-date through November) there are some hopeful trends in the other monthly taxes. Growth in the withholding tax, defying the usual downward trend in a recession, remains positive, and growth has even strengthened in the last few months. Remarkably, withholding tax collections grew even with an unemployment rate of 11.8 percent in November (down slightly from 11.9 percent in October). As to the real estate transactions taxes, the decline in collections, which accelerated throughout fiscal year 2009, has moderated somewhat in recent months.

Collections by Revenue Source

November YTD Tax Collections by Source: 2009 vs. 2008 (\$ '000)

	Nov. 2009	Nov. 2008	Percent change
TOTAL TAX COLLECTIONS	446,059	478,471	-6.8
Property	22,161	17,520	26.5
Real Property	21,593	16,848	28.2
Personal Property	564	673	-16.2
Real Property Transactions	24,460	34,780	-29.7
Deed Recordation Tax	13,086	16,504	-20.7
Deed Transfer Tax	11,374	10,141	12.2
Economic Interest Tax	0	8,135	-100.0
Sales	174,527	193,027	-9.6
General Sales and Use Tax	161,210	175,646	-8.2
Excise Taxes	13,317	17,381	-23.4
Income	187,572	186,541	0.5
Individual Income Tax	166,124	165,912	0.1
Corporate Franchise Tax	11,894	12,092	-1.6
U.B. Franchise Tax	9,555	8,537	11.9
Gross Receipts and Estate	37,339	46,603	-19.9
Gross Receipts Taxes	33,270	35,701	-6.8
Estate Tax	4,068	10,901	-62.7

Property Taxes. First half payments for real property taxes are due 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 tax collections from real property transactions declined by 30 percent compared to last year. Although residential real estate sales (condos and single family) are up 7.7 percent in November compared to last year, the average price is down 16 percent for single family homes and down about 1 percent for condominiums. Overall, for November the total value of residential real estate sales are down only 2.4 percent from a year ago. The real driver behind the drop in collections from real estate transactions taxes is the dearth in commercial real property sales, which have dried up because of the tight credit markets.

General Sales and Use Tax. As mentioned above, general sales and use tax collections have fallen 8.2 percent compared to a year ago. This is a direct result of the national recession which has reduced personal income, causing consumers to spend less on goods and services in general, and hospitality related services (hotel, restaurants,

etc.) in particular. Roughly half of the District's sales tax collections comes from hospitality related spending.

Excise Taxes. Excise tax collections for the month of November are down 40.2 percent driven by a significant decline in cigarette excise tax collections. The decline in cigarette tax collections is likely due to cross-border leakages to Virginia after last year's rate hike.

Income Taxes. No payments are due in the month of November for the corporate franchise, unincorporated business taxes and the non-withholding portion of the individual income tax. Despite the highest unemployment rate in years, withholding collections, which are tied directly to wages and salaries of District residents, are up 7.5 percent for the month of November 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 through November, gross receipts tax collections are down 6.8 percent. This is larger than the forecasted annual decline of 2.5 percent for the fiscal year. But the November performance for gross receipts taxes is not a good indicator of the fiscal year performance of these revenue sources given that 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. Total non-tax revenue collections for the month of November are down by 13.3 percent compared to November 2008. This decline is, for the most part, due to an 82.2 percent decline in fines and forfeitures in this month compared to a year ago. 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. As such, monthly changes in collections from most nontax sources are not a good indicator of the likely performance of those revenue sources for the fiscal year.

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