



# D.C. REPORT OF CASH COLLECTIONS

## JUNE 2004

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### GENERAL FUND COLLECTIONS

Year-to-date (YTD) total non-dedicated general fund collections of \$2,855.7 million are \$337.8 million (13.4%) above collections received during the period October 2002 through June 2003. This YTD general fund collections growth is above the budgeted estimate of a 2.6 percent increase for fiscal year 2004. For the month of June 2004, total non-dedicated general fund collections are \$315.3 million, which is \$6.2 million (1.9%) below June 2003 total non-dedicated general fund collections.

### TOTAL TAX COLLECTIONS

YTD total tax collections of \$2,566.9 million are \$316.2 million (14.0%) greater than YTD total tax collections over the October-June period last year. This YTD increase is above the 4.5 percent increase budgeted for fiscal year 2004. For the month of June 2004, total tax collections are \$289.3 million, which is \$23.3 million (8.8%) more than June 2003 total tax collections.

### TAX COLLECTIONS BY REVENUE SOURCE

#### Property Tax Collections

- \$39.4 million (8.8%) above YTD collections for the same period last year

The YTD increase is primarily due to real property tax collections, which are up 9.8 percent over the first nine months of FY 2004 compared to YTD collections through June 2003.

The other two components of property tax collections—personal property tax collections and public space rental collections—have an annual due date of July 31. Therefore, any amounts collected (or not collected) from these two revenue sources from now until July 2004 are expected to be negligible. Furthermore, when we do collect small amounts of tax, they often result in large percentage changes in collections. This is what is occurring in the case of both personal property tax and public space rental collections.

#### General Sales and Use Tax Collections

- \$46.1 million (9.1%) above YTD collections for the same period last year

The YTD increase of 9.1 percent is above the estimated 4.7 percent growth forecasted in the revenue estimates for fiscal year 2004. June 2004 general sales and use tax collections are up by \$4.3 million (6.7%) compared to collections in June 2003. This increase in sales and use tax collections may be due to increased spending as the economy recovers and personal incomes grow.

A portion of sales tax collections from restaurant meals, on-premise consumption of liquor, rental vehicles, and hotel accommodations is transferred to the Convention Center Fund. Thus, the Convention Center Transfer is a measure of tourist-related tax revenues. YTD Convention Center Transfer collections are 7.0 percent above collections compared to the same period last year. The June 2004 Convention Center Transfer is 4.2 percent above that of June 2003.

### **Selective Sales and Use Tax Collections**

- \$4.6 million (10.3%) above YTD collections for the same period last year

Total June 2004 selective sales and use tax collections are 4.1 percent (\$0.2 million) above June 2003 collections.

YTD alcoholic beverage tax collections are 9.3 percent above collections compared to the same period last year. June 2004 alcoholic beverage tax collections are 10.5 percent above June 2003 collections.

YTD cigarette tax collections are 0.5 percent above collections compared to the same period last year. June 2004 cigarette tax collections are down by 1.9 percent relative to June 2003 collections.

YTD motor vehicle excise tax collections are 16.2 percent above collections over the same period last year. June 2004 motor vehicle excise tax collections are up by 7.3 percent relative to June 2003 collections. Due to the month-to-month volatility of motor vehicle excise tax collections, a large percentage change in a given month's collections relative to collections in the same month of the prior year is not unusual.

### **Individual Income Tax Collections**

- \$87.9 million (12.4%) above YTD collections for the same period last year

YTD individual income tax collections show an increase of 12.4 percent compared to a 5.4 percent increase forecasted in the revenue estimates for fiscal year 2004. For the month of June, individual income tax collections are \$1.2 million (1.3%) above collections in June 2003.

By components:

*Withholdings:* June 2004 YTD withholdings collections are 6.8 percent above June 2003 YTD withholding collections. For the month of June, withholdings are 14.3 percent below June 2003 withholdings.

*Declarations:* June 2004 YTD declarations (estimated payments) are 13.4 percent above June 2003 YTD declarations. For the month of June, declarations are 25.3 percent above June 2003 declarations. Declarations are collected quarterly. Declarations filing dates are January 15, April 15, June 15 and September 15.

*Payments:* June 2004 YTD final payments with returns are 30.1 percent above June 2003 YTD payments. For the month of June, payments are 50.5 percent above June 2003 payments. Final payments are due in April yet some payments are received after the due date.

*Fiduciary:* June 2004 YTD fiduciary collections are 116.6 percent above June 2003 YTD fiduciary collections. For the month of June, fiduciary collections are 274.3 percent above June 2003 fiduciary collections.

*Refunds:* June 2004 YTD refunds are 5.1 percent above June 2003 YTD refunds. For the month of June, refunds are 21.6 percent below June 2003 refunds.

### **Corporate Franchise Tax Collections**

- \$17.3 million (17.9%) above YTD collections for the same period last year

The YTD increase of 17.9 percent shown in the cash collections report is above the estimated 6.1 percent decrease forecasted in the revenue estimates for fiscal year 2004. For the month of June, corporate franchise tax collections are \$6.3 million (29.1%) above collections in June 2003. June's increase is

mainly due to a combination of higher declarations and lower refunds in June 2004 compared to June 2003.

By components:

*Declarations:* YTD declarations (estimated payments) are 11.2 percent above YTD declarations compared to the same period last year. For the month of June, declarations are 16.0 percent above June 2003 declarations.

*Payments:* YTD payments with returns are 4.5 percent below YTD June 2003 payments. For the month of June, payments are 12.5 percent above June 2003 payments.

*Refunds:* YTD refunds are 27.5 percent below YTD June 2003 refunds. For the month of June, refunds are 46.5 percent below June 2003 refunds.

### **Unincorporated Franchise Tax Collections**

- \$9.1 million (14.3%) above YTD collections for the same period last year

The YTD increase of 14.3 percent shown in the cash collections report is greater than the estimated 1.0 percent decrease forecasted in the revenue estimates for fiscal year 2004. Net collections for June 2004 are up 46.9 percent (\$4.4 million) compared to collections for June 2003. June's increase is mainly due to a combination of higher declarations and lower refunds in June 2004 compared to June 2003.

By components:

*Declarations:* YTD declarations are 31.5 percent above YTD June 2003 declarations. For the month of June, declarations are 33.5 percent above June 2003 declarations.

*Payments:* YTD payments are 12.0 percent below payments over the same period last year. For the month of June, payments are 36.8 percent above June 2003 payments.

*Refunds:* YTD refunds are 26.8 percent below refunds for the same period last year. For the month of June, refunds are 77.2 percent below June 2003 refunds.

### **Gross Receipts Tax Collections**

- \$16.7 million (8.3%) above YTD collections for the same period last year

The YTD increase of 8.3 percent exceeds the estimated 1.6 percent growth forecasted in the revenue estimates for fiscal year 2004. For the month of June, gross receipts tax collections are 12.5 percent (\$4.3 million) below June 2003 collections.

YTD public utilities collections are 5.3 percent above collections compared to the same period last year. For the month of June, public utilities tax collections are 50.7 percent above June 2003 collections.

YTD toll telecommunication tax collections are 13.7 percent above collections compared to the same period last year. For the month of June, toll telecommunications tax collections are 2.3 percent above June 2003 collections.

Insurance premium payments YTD collections are 12.4 percent above YTD collections for the same period last year. Collections in June 2004 are 56.8 percent below June 2003 collections. This large reduction in collections in June lends support to the explanation advanced in the May 2004 D.C. Report of Cash Collections for the large increase in collections in May 2004 compared to May 2003. The hypothesis was that some of the taxes due June 1, 2004 were paid before the due date, which resulted in insurance premium payments collections in May 2004 being significantly greater than May 2003 collections—\$11.7

million versus \$28,000. However, when collections data for May and June are combined, the large swings in collections in these two months offset one another. Consequently, collections in May/June 2004 are 6.7 percent greater than collections in May/June 2003.

### **Other Tax Collections**

- \$95.1 million (51.2%) above YTD collections for the same period last year

The YTD increase of 51.2 percent is considerably better than the estimated 1.3 percent decline forecasted in the revenue estimates for fiscal year 2004.

YTD estate tax collections are 6.3 percent below collections compared to the same period last year.

YTD deed recordation taxes are 51.9 percent above collections compared to the same period last year and deed transfer tax collections are 54.7 percent above collections compared to the same period last year. The recordation tax is a tax on property sales and commercial refinancing, while the transfer tax is a tax on property sales. The collections growth shown for these two deed taxes is, in part, due to the higher tax rate for deed taxes, which took effect on January 1, 2003. The higher tax rate was not in effect for the first quarter of fiscal year 2003. There continues to be a strong demand to own real estate and a very limited supply of owning opportunities. These two factors, along with low interest rates, are reflected in the strong annual and monthly growth of deed taxes.

YTD economic interest collections are 773.2 percent above collections over the same period last year. This is an unstable and unpredictable tax throughout the year, and zero or minimal collections in any given month are quite common, which tends to result in large percentage changes when relatively large collections occur. \$2.2 million, \$3.9 million, and \$4.6 million was received in November, December, and January respectively. These unexpectedly large collections alone exceed economic interest collections for all of FY 2003, which amounted to \$4.9 million. Due to the strength of the economic interest collections, the FY 2004 estimate has been increased to \$15.8 million. Since YTD collections are \$12.1 million, it appears that we are on track to meet the revised estimate.

### **TOTAL NON-DEDICATED NON-TAX COLLECTIONS**

YTD total non-dedicated non-tax collections of \$230.0 million are \$18.0 million (8.5%) above YTD collections for the same period last year. This YTD increase is significantly better than the 5.7 percent decrease budgeted for fiscal year 2004. In June, total non-dedicated non-tax collections of \$20.0 million are 59.2 percent (\$29.0 million) below those of June 2003.

By source:

#### **Licenses and Permits**

YTD business and non-business licenses and permits are 8.8 percent below collections compared to the same period last year. In June, collections from licenses and permits are 42.5 percent below those of June 2003. Non-business licenses and permits collections (e.g., drivers licenses, bike registrations, boat registrations, vehicle registrations, reciprocity permits, personalized and temporary tags, and transfer of tags) increased by 7.6 percent on a YTD basis compared to the prior fiscal year and increased by 11.1 percent in June 2004 compared to June 2003. The other licenses and permits category—business licenses and permits—has declined by 23.4 percent on a YTD basis and decreased by 64.0 percent in June 2004 compared to June 2003.

#### **Fines and Forfeitures**

YTD fines and forfeitures collections are 18.8 percent above collections compared to the same period last year. In June, collections from fines and forfeitures are 47.9 percent below those in June 2003.

### **Charges for Services**

YTD charges for services (parking meters and other charges) collections are 8.0 percent above collections compared to the same period last year. In June, collections from charges for services are 16.9 percent below those in June 2003.

### **Miscellaneous**

YTD miscellaneous revenue (e.g., interest income, unclaimed property, sale of surplus property, other transfers, and other revenue) collections are 8.4 percent above collections compared to the same period last year. In June, miscellaneous revenue collections are 83.7 percent below those in June 2003.

### **SPECIAL PURPOSE FUNDS**

Special purpose funds are funds generated from non-tax sources—fees, fines, assessments, or reimbursements—that are dedicated to the District agency that collects the revenue. The agency uses this revenue to cover the cost of performing the agency's functions. YTD special purpose fund collections of \$155.1 million are \$35.8 million (30.0%) above YTD collections for the same period last year. In June, special purpose fund collections are 121.1 percent above those of June 2003.