

# D.C. REPORT OF CASH COLLECTIONS

## APRIL 2003

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### GENERAL FUND COLLECTIONS

Year-to-date (YTD) collections of \$1,964.2 million are \$125.0 million (6.8%) above collections compared to the same time last year. This YTD general fund growth is above the budgeted estimate of a 1.6 percent increase for the year. Collections for the month of April are \$402.3 million, \$13.8 million (3.6%) more than April 2002 collections.

### TOTAL TAX COLLECTIONS

YTD total tax collections of \$1,781.3 million are \$121 million (7.3%) more than YTD collections compared to the same period last year. This YTD increase is above the 1.2 percent increase budgeted for the year. Tax collections for the month of April are \$378.4 million, \$11.9 million (3.3%) above April 2002 tax collections.

### COLLECTIONS BY REVENUE SOURCE

#### Property Tax Collections

- \$76.1 million (22.0%) above YTD collections for the same time last year

The YTD growth of 22.0 percent is considerably greater than the estimated growth of 11.7 percent forecasted in the revenue estimates. Real property tax payments are due twice a year, the first payment was due March 31 and the second payment is due September 15. The increase in YTD real property collections is likely due to higher assessments and tax rate for the new Class 3 for vacant and abandoned property. Personal property tax collections and public space rental collections have annual due dates of July 31. However, some isolated payments are received throughout the year.

#### General Sales and Use Tax Collections

- \$13.9 million (3.8%) above YTD collections for the same time last year

The YTD increase of 3.8 percent is below the estimated 5.8 percent growth forecasted in the revenue estimates. Monthly collections for April 2003 are 11 percent below last April's collections. This is a decline from last month's 7 percent growth in monthly collection. The reduction in April monthly collections is in keeping with the decrease in retail sales reported nationwide by the Commerce Department for the month of April.

The Convention Center transfer comprises a portion of sales tax collections for restaurants and hotel accommodations and is thus a measure of tourist-related tax revenues. The Convention Center transfer collections are 0.9 million below April 2002 collection, although YTD collections are \$2.6 million (9.4%) ahead of collections compared to the same time last year. The decline in monthly collections may reflect a decrease in tourist activity due to the war in Iraq and the SARS (severe acute respiratory syndrome) outbreak.

### **Selected Sales and Use Tax Collections**

- \$0.4 million (1.3%) above YTD collections for the same time last year

YTD alcohol beverage sales collections are 1.2 percent ahead of collections compared to the same time last year. YTD collections growth is about 3 percent above the estimated growth forecasted in the revenue estimates. YTD cigarette tax collections are \$2.9 million or 36.3 percent ahead of collections compared to the same time last year. This increase can be attributed to compliance audits that were conducted in the past few months by Compliance Operations in the Office of Tax and Revenue and the increase in the cigarette tax rate that took effect in January 2003. YTD Motor vehicle excise tax collections are 12.1 percent below the same time last year. Monthly motor vehicle excise tax collections for April are 24.7 percent below collections compared to April 2002. This significant decrease also reflects a 116 percent decrease over March collections. Factors that may have contributed to the decline in collections are fewer car purchases compared to last year and fewer people purchasing District license plates compared to last year.

### **Individual Income Tax Collections**

- \$21.2 million (3.8%) below YTD collections for the same time last year

The YTD individual income tax collections show a decline of 3.8 percent compared to a 2.6 percent decline forecasted in the revenue estimates. Monthly individual income tax collections are \$6.2 million above April 2002 collections. By Components:

*Withholdings:* April YTD withholdings collections are on par with YTD April 2002 withholding collections.

*Declarations:* April YTD declarations (estimated payments) are 12.3 percent below YTD April 2002 declarations. Declarations are collected quarterly. Declarations filing dates are January 15, April 15, June 15, and September 15. The April YTD collections include the first two declarations payments for FY2003.

*Payments:* April YTD final payments with returns are 4.5 percent above YTD April 2002 payments. Final payments are due in April so the April monthly figure should include the bulk of collection for FY 2003.

*Fiduciary:* April YTD fiduciary collections are 57.7 percent below YTD April 2002 fiduciary collections.

*Refunds:* April YTD refunds are 9.7 percent above YTD April 2002 refunds. Again, the bulk of refunds are made after the April 15<sup>th</sup> filing deadline. So the April figure should reflect the bulk of refunds paid in FY 2003.

### **Corporate Franchise Tax Collections**

- \$12 million (17.8%) above YTD collections for the same time last year

The YTD increase of 17.8 percent shown in the cash collections report is significantly more than the estimated 3.9 percent decline forecasted in the revenue estimates. Monthly April collections are \$1.9 million or 14.3 percent above collections for last April. A judgment issued in January 2001 resulted in significantly higher refunds in FY 2002. This accounts for the significant difference between the monthly and YTD April 2003 collections compared to the same time last year as well as the significant difference in refund collections. By components:

*Declarations:* YTD declarations (estimated payments) are 5 percent below YTD declarations compared to the same time last year, likely due to the sluggish economy.

*Payments:* YTD payments with returns are 9.2 percent below YTD April 2002 payments.

*Refunds:* YTD refunds are 45.3 percent below YTD April 2002 refunds as a result of the judgment previously mentioned.

### **Unincorporated Franchise Tax Collections**

- \$12.9 million (39.6%) above YTD collections for the same time last year

The YTD increase of 39.6 percent shown in the cash collections report is more than the estimated 6.9 percent decline forecasted in the revenue estimates. YTD collection growth rate increased from 1 percent in March to 40 percent in April. The growth in YTD collections can be attributed to a decrease in refunds as well as an increase in payments compared to the same time last year. Given that UB collections are prone to large month-to-month variation, it is uncertain if this growth level will be sustained through out the fiscal year. YTD declarations are 12.6 percent below YTD April 2002 declarations while YTD payments are 58 percent above the same period last year. YTD refunds are 51.7 percent below refunds for the same time last year.

### **Gross Receipts Tax Collections**

- 16.7 million (13.2%) above YTD collections for the same time last year

The YTD increase of 13.2 percent is ahead of the estimated 8.2 percent growth forecasted in the revenue estimates.

YTD public utilities collections continue to grow and are 19.9 percent above collections compared to the same time last year. This is likely the result of increased collections due to the unusually cold temperatures experienced in Washington this winter. Also, effective January 1, 2003 public utility tax rates increased from 10 percent to 11 percent as part of the Mayor's efforts to avert a potential budget shortfall in the District's FY 2003 budget.

YTD toll telecommunication tax collections are 8.3 percent below collections compared to the same time last year. While rates for this tax also increased from 10 percent to 11 percent effective January 2003, long-distance providers are suffering from growth of the wireless industry, which now includes inexpensive long-distance calling plans as part of the standard features. Yet, although the wireless industry is growing, it is seeing slowing subscriber growth after years of rapid gain. Thus, revenues in this industry are steadily declining.

Insurance premium payments YTD collections are 20.6% above the YTD collection for the same time last year. Insurance premium payments are due in March. February's collections were almost 200% higher than the previous year. The differences in collections are probably due to monthly processing fluctuations.

### **Other Tax Collections**

- \$10.2 million (7.9%) above YTD collections for the same time last year

The YTD increase of 7.9 percent is significantly better than the estimated 27.6 percent decline forecasted in the revenue estimates.

YTD estate tax collections are 64 percent below collections compared to the same time last year. The decrease in YTD collections can be attributed to the fact last year we received approximately \$22 million from four very large estate tax payers. This year we have yet to receive a comparably large estate tax payment. It looks like we may not make our estimate this year based on YTD collections.

Recently, the District's estate tax legislation officially decoupled from the federal government's estate tax legislation. This has caused the Office of Tax and Revenue (OTR) to devise new estate tax forms. This has left estate tax payers confused, as OTR has yet to state the new estate tax policy or release the

revised tax form needed to pay the appropriate taxes. This is likely another cause behind the decline in YTD estate tax revenue.

YTD deed recordation tax collections are 48.7 percent above collections compared to the same time last year. YTD deed transfer tax collections are 49.9 percent above collections compared to the same time last year. Collections for both taxes are considerably higher than collections compared to April 2002. Both a tax rate increase in the deed recordation and transfer taxes became effective January 1, 2003.

YTD economic interest collections are 84.9 percent below collections compared to the same time last year. This is an unstable and unpredictable tax throughout the year, and minimal to zero collections in any given month is quite common. Monthly collections for April were zero compared to \$53 thousand in March. Despite the irregular collections pattern, economic interest collections are on target to meet the estimate for FY 03.

## **TOTAL NON-TAX COLLECTIONS**

YTD total non-tax collections of \$141.3 million are \$2.6 million (1.9%) above YTD collections for the same time last year. This YTD increase is more than the 6.1% decrease budgeted for the year. Non-tax collections for the month of April are \$19.7 million, \$3.7 million (22.9%) above April 2002 tax collections.

## **NON-TAX COLLECTIONS BY SOURCE**

### **Licenses and Permits**

YTD licenses and permits are 4 percent above collections compared to the same time last year. The increase is due to higher collections from motor vehicle registrations and driver's licenses as a result of the fee increases.

### **Fines and Forfeitures**

YTD fines and forfeitures collections are 14.4 percent below collections compared to the same time last year. It is unclear at this time the cause of this sharp decline but this revenue source fluctuates from month to month.

### **Charges for Services**

YTD charges for services collections are 16.5 percent above collections compared to the same time last year. Monthly collections are \$1.4 million (44.9%) above monthly collections compared to April 2002. This is largely due to higher collections from deed recordation and corporation recordation fees, which were increased during the year.

### **Miscellaneous**

YTD miscellaneous revenue collections are 11.6 percent above collections compared to the same time last year. Monthly collections are \$10.7 million above monthly collections for April 2002. The increase in collections is due to an increase in April collections of interest income, unclaimed property and "other revenue" compared to the same time last year.