



D.C. REPORT OF CASH COLLECTIONS

DECEMBER 2003

GENERAL FUND COLLECTIONS

Year-to-date (YTD) collections of \$739.6 million are \$82.2 million (12.5%) above collections during the period October 2002 through December 2002. This YTD general fund collections growth is above the budgeted estimate of a 5.1 percent increase for fiscal year 2004. For the month of December 2003, general fund collections are \$287.0 million, which is \$31.6 million (12.4%) more than December 2002 general fund collections.

TOTAL TAX COLLECTIONS

YTD total tax collections of \$627.8 million are \$60.8 million (10.7%) greater than YTD total tax collections over the October-December period last year. This YTD increase is above the 5.4 percent increase budgeted for fiscal year 2004. For the month of December 2003, total tax collections are \$255.6 million, which is \$26.6 million (11.6%) more than December 2002 total tax collections.

TAX COLLECTIONS BY REVENUE SOURCE

Property Tax Collections

- \$21.5 million (81.0%) below YTD collections for the same period last year

The YTD decline of 81.0 percent is considerably lower than the estimated growth of 11.1 percent forecasted in the revenue estimates for fiscal year 2004. This decline is primarily due to real property tax collections, which are down 83.1 percent over the initial three months of FY 2004 compared to YTD collections through December 2002. This is an anomaly, as was initially noted in the October 2003 D.C. Report of Cash Collections. Last fall, the Office of Tax and Revenue (OTR) had billing problems that caused tax bills to be mailed out late. When the problem was identified, OTR allowed the large number of affected taxpayers to mail in their tax bill late with no penalty. Tax payments are normally due September 15. However, because of the mailing problem quite a bit of money was received in October 2002. In short, last October's collections were usually large. Thus, the large percentage reduction in real property tax collections during the first three months of the current fiscal year is not indicative of the real property market.

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.

General Sales and Use Tax Collections

- \$15.4 million (9.2%) above YTD collections for the same period last year

The YTD increase of 9.2 percent is above the estimated 4.3 percent growth forecasted in the revenue estimates for fiscal year 2004. December 2003 general sales and use tax collections are up by \$7.6 million (14.4%) compared to collections in December 2002. December's general sales tax increase can be attributed to an increase in tourism over the holiday season.

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 13.7 percent above collections compared to the same period last year. The December 2003 Convention Center Transfer is 79.7 percent above that of December 2002. This increase suggests that the strong growth in December sales tax collections is mainly due to increased tourism activity during the month of December.

Selective Sales and Use Tax Collections

- \$5.0 million (40.2%) above YTD collections for the same period last year

YTD alcoholic beverage collections are 16.9 percent above collections compared to the same period last year.

YTD cigarette tax collections are 11.8 percent above collections compared to the same period last year. One factor contributing to this increase is the increase in the cigarette tax rate, which took effect in January 2003.

YTD motor vehicle excise tax collections are 63.7 percent above collections over the same period last year.

Individual Income Tax Collections

- \$21.9 million (11.0%) above YTD collections for the same period last year

YTD individual income tax collections show an increase of 11.0 percent compared to a 3.7 percent increase forecasted in the revenue estimates for fiscal year 2004. For the month of December, individual income tax collections are \$4.7 million (6.0%) above collections in December 2002.

By components:

Withholdings: December 2003 YTD withholdings collections are 8.5 percent above December 2002 YTD withholding collections. For the month of December, withholdings are 13.5 percent below December 2002 withholdings.

Declarations: December 2003 YTD declarations (estimated payments) are 102.5 percent above December 2002 YTD declarations. For the month of December, declarations are 164.3 percent above December 2002 declarations. Declarations are collected quarterly. Declarations filing dates are January 15, April 15, June 15 and September 15. Thus, December collections are merely noise from which no strong conclusions can be drawn.

Payments: December 2003 YTD final payments with returns are 8.3 percent below December 2002 YTD payments. For the month of December, payments are 24.1 percent above December 2002 payments. Final payments are due in April yet some payments are received after the due date. Some also receive an extension until September. Again, no firm conclusions can be drawn from the December collections.

Fiduciary: December 2003 YTD fiduciary collections are 28.0 percent below December 2002 YTD fiduciary collections. For the month of December, fiduciary collections are 7.6 percent above December 2002 fiduciary collections.

Refunds: December 2003 YTD refunds are 47.8 percent above December 2002 YTD refunds. For the month of December, refunds are 29.1 percent above December 2002 refunds. Since the bulk of the refunds are processed in the third quarter, no firm conclusions can be drawn from the December refund figures.

Corporate Franchise Tax Collections

- \$1.3 million (5.0%) below YTD collections for the same period last year

The YTD decrease of 5.0 percent shown in the cash collections report is slightly below the estimated 4.1 percent decrease forecasted in the revenue estimates for fiscal year 2004. For the month of December, corporate franchise tax collections are \$5.8 million (23.4%) above collections in December 2002. December's increase is attributable to a reduction in refunds and an increase in declarations, which more than offset the reduction in final payments.

By components:

Declarations: YTD declarations (estimated payments) are 18.0 percent above YTD declarations compared to the same period last year. For the month of December, declarations are 18.9 percent above December 2002 declarations.

Payments: YTD payments with returns are 38.9 percent below YTD December 2002 payments. For the month of December, payments are 46.0 percent below December 2002 payments.

Refunds: YTD refunds are 19.1 percent above YTD December 2002 refunds. For the month of December, refunds are 81.0 percent below December 2002 refunds.

Unincorporated Franchise Tax Collections

- \$8.4 million (64.5%) above YTD collections for the same period last year

The YTD increase of 64.5 percent shown in the cash collections report is significantly more than the estimated 6.0 percent increase forecasted in the revenue estimates for fiscal year 2004. Net collections for December 2003 are up 35.2 percent compared to collections for December 2002. The strong YTD increase in collections can be attributed to vigorous growth in both declarations and collections accompanied by a large decline in refunds.

By components:

Declarations: YTD declarations are 43.2 percent above YTD December 2002 declarations. For the month of December, declarations are 41.4 percent above December 2002 declarations.

Payments: YTD payments are 45.5 percent above the same period last year. For the month of December, payments are 70.6 percent below December 2002 payments.

Refunds: YTD refunds are 42.7 percent below refunds for the same period last year. For the month of December, refunds are 7.9 percent above December 2002 refunds.

Gross Receipts Tax Collections

- \$5.2 million (11.0%) above YTD collections for the same period last year

The YTD increase of 11.0 percent exceeds the estimated 3.2 percent growth forecasted in the revenue estimates for fiscal year 2004. For the month of December, gross receipts tax collections are 9.2 percent below December 2002 collections.

YTD public utilities collections are 4.8 percent above collections compared to the same period last year. One factor contributing to this increase is that public utility tax rates increased effective January 1, 2003 from 10 percent to 11 percent as part of the Mayor's efforts to avert a potential shortfall in the District's

fiscal year 2003 budget. For the month of December, public utilities collections are 4.1 percent below December 2002 collections.

YTD toll telecommunication tax collections are 28.6 percent above collections compared to the same period last year. Rates for this tax also increased from 10 percent to 11 percent effective January 2003, which contributed to the increase in collections relative to last year. For the month of December, toll telecommunications tax collections are 22.6 percent below December 2002 collections. This resulted, in part, from an adjustment by a taxpayer to correct an overpayment made earlier in this fiscal year.

Insurance premium payments YTD collections are 51.1 percent above YTD collections for the same period last year. At this point in the fiscal year, no firm conclusions can be made about this growth rate because collections for most types of insurance premium tax are collected mainly in March and June, as insurance premium payments are due in March and June. Collections in other months are usually for non-DC regulated types of insurance premiums, which tend to be for relatively small amounts.

Other Tax Collections

- \$27.7 million (36.4%) above YTD collections for the same period last year

The YTD increase of 36.4 percent is considerably better than the estimated 2.0 percent increase forecasted in the revenue estimates for fiscal year 2004.

YTD estate tax collections are 17.0 percent above collections compared to the same period last year. Estate tax collections were unusually high in October 2003. This was the result of three large tax payments during the month that amounted to approximately \$7 million. No more large estate tax payments are expected for the remainder of this fiscal year.

YTD deed recordation taxes are 20.6 percent above collections compared to the same period last year and deed transfer tax collections are 47.8 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 recordation tax is growing at a slower rate than the transfer tax because there appears to be less refinancing now compared to a year ago. 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, 2004. The higher tax rate was not in effect for the first quarter of fiscal year 2003. After adjusting for the tax rate change, YTD recordation taxes are down about 10 percent, while YTD transfer taxes are higher by about 10 percent compared to the same time period last year. This reflects moderately lower refinancing activity. Base transactions still show solid growth. There continues to be a strong demand to own real estate and a very limited supply of owning opportunities. This situation is primarily driving up the price of real estate in the District.

YTD economic interest collections are 1327.0 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 and \$3.9 million was received in November and December, respectively. These unexpectedly large collections alone exceed economic interest collections for all of FY 2003.

TOTAL NON-TAX COLLECTIONS

YTD total non-tax collections of \$88.3 million are \$20.8 million (30.9%) above YTD collections for the same period last year. This YTD increase is significantly better than the 3.5 percent increase budgeted for fiscal year 2004. In December, total non-tax collections are 43.1 percent above those of December 2002.

NON-TAX COLLECTIONS BY SOURCE

Licenses and Permits

YTD business and non-business licenses and permits are 12.8 percent above collections compared to the same period last year. In December, collections from licenses and permits are 50.0 percent above those of December 2002.

Fines and Forfeitures

YTD fines and forfeitures collections are 38.1 percent above collections compared to the same period last year. In December, collections from fines and forfeitures are 64.8 percent above those in December 2002.

Charges for Services

YTD charges for services (parking meters and other charges) collections are 61.7 percent above collections compared to the same period last year. In December, collections from charges for services are 37.8 percent above those in December 2002.

Miscellaneous

YTD miscellaneous revenue collections are 24.9 percent above collections compared to the same period last year. In December, miscellaneous revenue collections are 12.1 percent above those in December 2002.