



D.C. REPORT OF CASH COLLECTIONS

JUNE 2003

GENERAL FUND COLLECTIONS

Year-to-date (YTD) collections of \$2,517.9 million are \$102.7 million (4.3%) above collections compared to the same time last year. This YTD general fund growth is above the budgeted estimate of a 2.0 percent increase for the year. Collections for the month of June are \$321.6 million, \$66.2 million (25.9%) more than June 2002 collections.

TOTAL TAX COLLECTIONS

YTD total tax collections of \$2,250.7 million are \$57.2 million (2.6%) more than YTD collections compared to the same period last year. This YTD increase is slightly above the 1.2 percent increase budgeted for the year. Tax collections for the month of June are \$266.0 million, \$29.6 million (12.5%) above June 2002 tax collections.

COLLECTIONS BY REVENUE SOURCE

Property Tax Collections

- \$77.2 million (20.9%) above YTD collections for the same time last year

The YTD growth of 20.9 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 mainly due to higher assessments and higher tax rate for the new Class 3 for vacant and abandoned property. The higher assessments in turn are for the most part due to the ending of triennial for Tri-group 2. To a lesser extent, a portion of this increase in collections is due to late FY 2002 bills being paid in FY 2003. 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

- \$14.4 million (2.9%) above YTD collections for the same time last year

The YTD increase of 2.9 percent is below the estimated 5.8 percent growth forecasted in the revenue estimates. Monthly collections for June 2003 are 3.8 percent above June 2002 collections, compared to the 3 percent decline in May 2003 collections. The increase may be attributed to a growth in the tourism industry as a result of the opening of the new Washington Convention Center.

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 increased by 62.3 percent for the month of June, due largely to the opening of the new Convention Center.

Selected Sales and Use Tax Collections

- \$5.4 million (13.8%) above YTD collections for the same time last year

YTD alcohol beverage collections are 0.5 percent ahead of collections compared to the same time last year. It appears that consumption of alcohol is continuing at the same rate as expected, only slightly above that of FY 2002. YTD cigarette tax collections are 28.2 percent above collections compared to the same time last year. Collections for the month of June 2003 are considerably above (81.6%) collections compared to June 2002. Considering that May 2003 showed a large negative difference compared to May 2002, some of the difference may be the result of processing issues rather than differences in the volume of sales of cigarettes. YTD Motor vehicle excise tax collections are 8.6 percent above the same time last year. Monthly collections show an even greater increase, (71.7%) above June 2002 collections. In May, monthly collections were 248.1% above collections compared to May 2002. This tax will be monitored to see if May and June increases are the start of a trend given the considerable decline in collections in March and April 2003.

Individual Income Tax Collections

- \$55.7 million (7.3%) below YTD collections for the same time last year

YTD individual income tax collections show a decline of 7.3 percent compared to a 2.6 percent decline forecasted in the revenue estimates. However, the comparison with FY 2002 is distorted by \$18.5 million of FY 2001 withholding income tax revenue that ended up as FY 2002 cash because of mail delays after the events of 9/11. When the adjustment is made to FY 2002 cash the decline in YTD individual income tax collections is only 5%. Monthly individual income tax collections are \$1.8 million above June 2002 collections. By components:

Withholdings: June YTD withholdings collections are 0.3 percent below YTD June 2002 withholding collections. As noted above, the comparison with FY 2002 is distorted by \$18.5 million. When the adjustment is made, June YTD withholding collections actually grew by 2.7 percent

Declarations: June YTD declarations (estimated payments) are 12.7 percent below YTD June 2002 declarations. Declarations are collected quarterly. Declarations filing dates are January 15th, April 15th, June 15th and September 15th. The June YTD collections include the first two declarations payments for FY2003. With the June 15th payments included next month's cash collections report should see an increase in collections.

Payments: June YTD final payments with returns are 12.6 percent below YTD June 2002 payments. Final payments are due in April yet some payments are received after the due date. Some also receive an extension until September.

Fiduciary: June YTD fiduciary collections are 70.5 percent below YTD June 2002 fiduciary collections.

Refunds: June YTD refunds are 10.4 percent above YTD June 2002 refunds.

Corporate Franchise Tax Collections

- \$10.7 million (12.4%) above YTD collections for the same time last year

The YTD increase of 12.4 percent shown in the cash collections report is significantly more than the estimated 3.9 percent decline forecasted in the revenue estimates. However, the comparison with FY 2002 is distorted by \$19.1 million in NOL refunds that were paid out of FY 2002 cash but which are properly accounted for as a reduction in revenue for FY 2001, the fiscal year of the court action that resulted in the refunds. When this adjustment is made to the FY 2002 cash, the YTD corporate tax collections actually decline by 8.0. Monthly June collections are 1.8 percent below June 2002 collections, which is an improvement from the 26.8 percent decline in collections for May. By components:

Declarations: YTD declarations (estimated payments) are 5.2 percent below YTD declarations compared to the same time last year.

Payments: YTD payments with returns are 7.8 percent below YTD June 2002 payments.

Refunds: YTD refunds are 33.9 percent below YTD June 2002 refunds.

Unincorporated Franchise Tax Collections

- \$19.2 million (43.3%) above YTD collections for the same time last year

The YTD increase of 43.3 percent shown in the cash collections report is significantly more than the estimated 6.9 percent decline forecasted in the revenue estimates. As with the corporate tax collections, the comparison with FY 2002 is distorted by \$1.3 million in NOL refunds that were paid out of FY 2002 cash but which is properly accounted for as a reduction in revenue for FY 2001. When this adjustment is made to the FY 2002 cash, the YTD growth rate for the unincorporated business tax collections is 0.96%. The extraordinary growth noted in April and May 2003 continues in June 2003 compared to the same period of the previous year. 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 variations, it is uncertain if this growth level will be sustained throughout the remainder of the fiscal year. By components:

Declarations: YTD declarations are 8.2 percent below YTD June 2002 declarations.

Payments: YTD payments are 51.1 percent above the same period last year.

Refunds: YTD refunds are 56.8 percent below refunds for the same time last year.

Gross Receipts Tax Collections

- 22.5 million (12.5%) above YTD collections for the same time last year

The YTD increase of 12.5 percent is ahead of the estimated 8.2 percent growth forecasted in the revenue estimates.

YTD public utilities collections continue to grow and are 20.6 percent above collections compared to the same time last year. This is 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 shortfall in the District's FY 2003 budget.

YTD toll telecommunication tax collections are 10.6 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, while 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 16.5% above YTD collections for the same time last year. Collections from this source continue to grow as premiums increase due to national security and terrorism concerns. Insurance premium payments are due in March and June.

Other Tax Collections

- \$36.4 million (16.4%) below YTD collections for the same time last year

The YTD decline of 16.4 percent is better than the estimated 27.6 percent decline forecasted in the revenue estimates.

YTD estate tax collections are 79.4 percent below collections compared to the same time last year. The decrease in YTD collections can be attributed to the fact that by the same time last year the District received approximately \$22 million from four very large estate tax payers. This year the District has yet to receive a comparably large estate tax payment.

Recently, the District's estate tax legislation officially decoupled from the federal government's estate tax legislation. As a result, the Office of Tax and Revenue (OTR) redesigned the estate tax forms. This has left estate tax payers confused, as OTR has yet to announce the new estate tax policy or release the revised tax form needed to pay the appropriate taxes. This has likely added to the decline in YTD estate tax collections.

Both YTD deed recordation and deed transfer tax collections are 48.3 percent above collections compared to the same time last year. The tax rate increases in the deed recordation and transfer taxes as well as the significant level of real estate activity have caused deed tax collections to remain ahead of last year. The District continues to remain a safe haven for investors since the stock market and other investment opportunities are weak.

YTD economic interest collections are 64.5 percent below collections compared to the same time last year. This is an unstable and unpredictable tax throughout the year, and zero to minimal collections in any given month is quite common. Monthly collections for June are \$794k. While YTD collections are still behind that of the same time last year, collections are above the estimate by \$600k.

TOTAL NON-TAX COLLECTIONS

YTD total non-tax collections of \$212.0 million are \$38.8 million (22.4%) above YTD collections for the same time last year. This YTD increase is significantly more than the 6.1% decrease budgeted for the year. Non-tax collections for the month of June are \$49.0 million, \$33.3 million (212.0%) above June 2002 tax collections.

NON-TAX COLLECTIONS BY SOURCE

Licenses and Permits

YTD licenses and permits are 37.1 percent above collections compared to the same time last year. Monthly collections show an extraordinary 1103.0% increase compared to June 2002. The increase is due to higher collections from insurance licenses, motor vehicle registration and driver's licenses as a result of fee increases. Also, June 2002 collections were substantially lower due to a \$1.8 million decrease in business licenses collections which were transferred to a new O-type account.

Fines and Forfeitures

YTD fines and forfeitures collections are 0.5 percent below collections compared to the same time last year. Monthly collections are 124.7 percent above June 2002 collections due to an increase in collections from speeding camera fines.

Charges for Services

YTD charges for services collections are 35.4 percent above collections compared to the same time last year. Monthly collections are \$2.2 million (97.6%) above monthly collections compared to June 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 34.5 percent above collections compared to the same time last year. Monthly collections are 275.6 percent above monthly collections for June 2002. The increase in "Other" revenue is offset by the reduction in revenue in June 2002 to correct an entry that was made in

SOAR. The 12.4 million, which includes the \$7.4 million shown in April's cash report, is actually a receivable that was recorded in error and will be removed in July.