

# D.C. REPORT OF CASH COLLECTIONS

## MARCH 2003

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### GENERAL FUND COLLECTIONS

Year-to-date (YTD) collections of \$1,583.5 million are \$111.8 million (7.6%) 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 March are \$506.3 million, \$106.3 million (26.6%) more than March 2002 collections.

### TOTAL TAX COLLECTIONS

YTD total tax collections of \$1,403 million are \$109.1 million (8.4%) 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 March are \$476.6 million, \$109.8 million (29.9%) above March 2002 tax collections.

### COLLECTIONS BY REVENUE SOURCE

#### Property Tax Collections

- \$73.3 million (36%) above YTD collections for the same time last year

The YTD growth of 35.8 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

- \$20.5 million (6.7%) above YTD collections for the same time last year

The YTD increase of 6.7 percent is above the estimated 5.8 percent growth forecasted in the revenue estimates. The March YTC growth rate of 6.7 percent is relatively high compared to 2 percent in February and 3 percent in January. This growth may be partially attributed to better weather conditions encouraging many shoppers to return to area stores.

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 1 million below March 2002 collection, although YTD collections are \$3.5 million (15%) 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.

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

- \$1.2 million (4.7%) above YTD collections for the same time last year

YTD alcohol beverage sales collections are only slightly ahead of collections compared to the same time last year. YTD cigarette tax collections are 39.7 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. Motor vehicle excise tax collections for the month of March are 1.4% below collections compared to March 2002.

### **Individual Income Tax Collections**

- \$27.3 million (5.9%) below YTD collections for the same time last year

The YTD individual income tax collections show a decline of 5.9 percent compared to a 2.6 percent decline forecasted in the revenue estimates. Monthly individual income tax collections are \$29.2 million above March 2002 collections. By Components:

*Withholdings:* March YTD withholdings collections are 1.8 percent above YTD March 2002 withholding collections.

*Declarations:* March YTD declarations (estimated payments) are 21.2 percent below YTD March 2002 declarations. Declarations are collected quarterly. Declarations filing dates are January 15, April 15, June 15, and September 15. The March YTD collections only include the first declarations payments for FY2003.

*Payments:* March YTD final payments with returns are 1.4 percent above YTD March 2002 payments but final payments are due in April so the March monthly figure reflects the small number of early filers.

*Fiduciary:* YTD fiduciary collections are 54.3 percent below YTD March 2002 fiduciary collections.

*Refunds:* YTD refunds are 27.4 percent above YTD March 2002 refunds. Again, the bulk of refunds are made after the April 15 filing deadline. So the March figures reflect early filers and previous year refunds to late filers.

### **Corporate Franchise Tax Collections**

- \$10.1 million (18.7%) above YTD collections for the same time last year

The YTD increase of 18.7 percent shown in the cash collections report is significantly more than the estimated 3.9 percent decline forecasted in the revenue estimates. A judgment issued in January 2001 resulted in significantly higher refunds in FY 2002. This accounts for the significant difference between the March 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 5.3 percent below YTD declarations compared to the same time last year, likely due to the sluggish economy.

*Payments:* YTD payments with returns are 8.8 percent below YTD March 2002 payments.

*Refunds:* YTD refunds are 42.3 percent below YTD March 2002 refunds as a result of the judgment previously mentioned.

**Unincorporated Franchise Tax Collections**

- \$0.05 million (0.2%) above YTD collections for the same time last year

The YTD increase of 0.2 percent shown in the cash collections report is more than the estimated 6.9 percent decline forecasted in the revenue estimates. YTD declarations are 18.3 percent below YTD March 2002 declarations while YTD payments are 24.2 percent above the same period last year. YTD refunds are 25.7 percent below refunds for the same time last year.

**Gross Receipts Tax Collections**

- 9.8 million (10.9%) above YTD collections for the same time last year

The YTD increase of 9.8 percent is slightly ahead of the estimated 8.2 percent growth forecasted in the revenue estimates.

YTD public utilities collections continue to grow and are 15.3 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 11.1 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 for March 2003 are \$5,527 (31%) below March 2003 collections. Although the month over month growth rate is down, Insurance premium YTD collections are 20% 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**

- \$20.5 million (19.4%) above YTD collections for the same time last year

The YTD increase of 19.4 percent is significantly better than the estimated 27.6 percent decline forecasted in the revenue estimates.

YTD estate tax collections are 51.3 percent below collections compared to the same time last year. The decrease in YTD collections is due to three unusually large estate tax payments in early 2002 that accounted for \$19 million of the \$29 million YTD estate tax collection in March 2002. Removing the three large payments from the March 2002 YTD collections produces a 41% increase in YTD collection compared to the same time last year.

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 55.8 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 March 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. In March \$53,000 in economic interest payments were collected compared to zero collections for February. 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 \$143.3 million are \$0.8 million (0.5%) below YTD collections for the same time last year. This YTD decrease is less than the 6.1% decrease budgeted for the year. Non-tax collections for the month of March are \$25.8 million, 0.4 million (1.8%) below March 2002 tax collections.

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

### **Licenses and Permits**

YTD licenses and permits are 9 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 1.9 percent above collections compared to the same time last year. The increase in collections is due to higher collections from traffic fines. March 2003 fines and forfeitures collections are \$2.5 million (26%) below monthly collections for March 2002. The decline in March collection can largely be attributed to a collections anomaly in March 2002 where February 2002 collections were included in March 2002 collections.

### **Charges for Services**

YTD charges for services collections are 10.2 percent above collections compared to the same time last year. Monthly collections are \$416,000 (14%) above monthly collections compared to March 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 9.4 percent below collections compared to the same time last year. The decrease in collections is due to the lower interest income collections this month due to declining interest rates and lower cash balances. Also, total miscellaneous revenue in January 2002 included \$11.5 million from the sale of the NY Ave property to GSA for construction of the ATF Headquarters Building. Monthly miscellaneous collections are \$1.2 million (13%) above monthly collections for March 2002.