



D.C. REPORT OF CASH COLLECTIONS

MARCH 2004

GENERAL FUND COLLECTIONS

Year-to-date (YTD) total general-purpose general fund collections of \$1,710.7 million are \$148.8 million (9.5%) above collections received during the period October 2002 through March 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 March 2004, total general-purpose general fund collections are \$510.7 million, which is \$4.4 million (0.9%) more than March 2003 total general-purpose general fund collections.

TOTAL TAX COLLECTIONS

YTD total tax collections of \$1,516.4 million are \$113.5 million (8.1%) greater than YTD total tax collections over the October-March period last year. This YTD increase is above the 4.5 percent increase budgeted for fiscal year 2004. For the month of March 2004, total tax collections are \$476.9 million, which is \$0.3 million (0.1%) more than March 2003 total tax collections.

TAX COLLECTIONS BY REVENUE SOURCE

Property Tax Collections

- \$15.1 million (5.4%) below YTD collections for the same period last year

The YTD decline is primarily due to real property tax collections, which are down 4.5 percent over the first six months of FY 2004 compared to YTD collections through March 2003. This is not indicative of the true health of the District's real property market. During the current fiscal year, the Board of Real Property Assessments and Appeals (BRPAA) has been slow to rule on real property tax appeals because of the large number of vacancies on the Board. As a result of these vacancies, the Board did not rule on a majority of the cases in time for the initial first half billing for FY 2004. This resulted in a large number of delayed bills that were sent out on March 26. These bills are due on April 26. Thus, we are missing a portion of YTD FY 2004 tax collections. This has likely contributed to the percentage reduction in real property tax collections during the first half of the current fiscal year.

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 public space rental collections.

General Sales and Use Tax Collections

- \$28.1 million (8.6%) above YTD collections for the same period last year

The YTD increase of 8.6 percent is above the estimated 4.7 percent growth forecasted in the revenue estimates for fiscal year 2004. March 2004 general sales and use tax collections are up by \$9.7 million (18.8%) compared to collections in March 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 1.7 percent above collections compared to the same period last year. The March 2004 Convention Center Transfer is 43.1 percent above that of March 2003.

Selective Sales and Use Tax Collections

- \$6.0 million (22.8%) above YTD collections for the same period last year

YTD alcoholic beverage collections are 10.8 percent above collections compared to the same period last year.

YTD cigarette tax collections are 1.3 percent above collections compared to the same period last year.

YTD motor vehicle excise tax collections are 37.7 percent above collections over the same period last year.

Individual Income Tax Collections

- \$15.4 million (3.5%) above YTD collections for the same period last year

YTD individual income tax collections show an increase of 3.5 percent compared to a 5.4 percent increase forecasted in the revenue estimates for fiscal year 2004. For the month of March, individual income tax collections are \$22.1 million (32.4%) below collections in March 2003.

By components:

Withholdings: March 2004 YTD withholdings collections are 5.3 percent above March 2003 YTD withholding collections. For the month of March, withholdings are 23.8 percent below March 2003 withholdings.

Declarations: March 2004 YTD declarations (estimated payments) are 7.0 percent above March 2003 YTD declarations. For the month of March, declarations are 115.0 percent above March 2003 declarations. Declarations are collected quarterly. Declarations filing dates are January 15, April 15, June 15 and September 15.

Payments: March 2004 YTD final payments with returns are 19.8 percent above March 2003 YTD payments. For the month of March, payments are 33.5 percent above March 2003 payments. Final payments are due in April yet some payments are received after the due date.

Fiduciary: March 2004 YTD fiduciary collections are 18.3 percent below March 2003 YTD fiduciary collections. For the month of March, fiduciary collections are 4.3 percent below March 2003 fiduciary collections.

Refunds: March 2004 YTD refunds are 22.3 percent above March 2003 YTD refunds. For the month of March, refunds are 7.4 percent above March 2003 refunds. Since the bulk of the refunds are processed in the third quarter of the fiscal year, no firm conclusions can be drawn from the March refund figures.

Corporate Franchise Tax Collections

- \$2.8 million (4.4%) below YTD collections for the same period last year

The YTD decrease of 4.4 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 March, corporate franchise tax collections are \$3.0 million (8.3%) below collections in March 2003.

By components:

Declarations: YTD declarations (estimated payments) are 10.0 percent above YTD declarations compared to the same period last year. For the month of March, declarations are 1.4 percent above March 2003 declarations.

Payments: YTD payments with returns are 16.3 percent below YTD March 2003 payments. For the month of March, payments are 9.7 percent below March 2003 payments.

Refunds: YTD refunds are 0.4 percent below YTD March 2003 refunds. For the month of March, refunds are 13.3 percent above March 2003 refunds.

Unincorporated Franchise Tax Collections

- \$10.3 million (54.1%) above YTD collections for the same period last year

The YTD increase of 54.1 percent shown in the cash collections report is significantly greater than the estimated 1.0 percent decrease forecasted in the revenue estimates for fiscal year 2004. Net collections for March 2004 are up 11.8 percent compared to collections for March 2003. This is the fourth consecutive month that collections from the unincorporated franchise tax have been greater than collections for the same month in FY 2003.

By components:

Declarations: YTD declarations are 49.3 percent above YTD March 2003 declarations. For the month of March, declarations are 79.3 percent above March 2003 declarations.

Payments: YTD payments are 3.7 percent below payments over the same period last year. For the month of March, payments are 23.5 percent below March 2003 payments.

Refunds: YTD refunds are 42.7 percent below refunds for the same period last year. For the month of March, refunds are 90.4 percent below March 2003 refunds.

Gross Receipts Tax Collections

- \$15.1 million (12.3%) above YTD collections for the same period last year

The YTD increase of 12.3 percent exceeds the estimated 1.6 percent growth forecasted in the revenue estimates for fiscal year 2004. For the month of March, gross receipts tax collections are 21.1 percent above March 2003 collections.

YTD public utilities collections are 9.1 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 March, public utilities tax collections are 10.6 percent above March 2003 collections.

YTD toll telecommunication tax collections are 18.7 percent above collections compared to the same period last year. Rates for this tax also increased from 10 percent to 11 percent effective January 1, 2003, which contributed to the increase in collections relative to last year. For the month of March, toll telecommunications tax collections are 4.3 percent below March 2003 collections.

Insurance premium payments YTD collections are 16.2 percent above YTD collections for the same period last year. Collections in March are 44.4 percent higher than March 2003 collections.

Other Tax Collections

- \$56.5 million (44.9%) above YTD collections for the same period last year

The YTD increase of 44.9 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 22.8 percent above collections compared to the same period last year. This stems from estate tax collections being unusually high in October 2003 as a result of three large tax payments during the month that amounted to approximately \$7 million.

YTD deed recordation taxes are 33.9 percent above collections compared to the same period last year and deed transfer tax collections are 43.5 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. After adjusting for the tax rate change, YTD recordation taxes are up about 8 percent, while YTD transfer taxes are higher by about 18 percent compared to the same time period last year. The disparity in the two growth rates reflects moderately lower refinancing activity, while base transactions still show solid growth. Our estimate of YTD refinancing activity indicates a 13 percent decrease compared to last year at this time. 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 1903.5 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 \$11.8 million, it appears that we are on track to meet the revised estimate.

TOTAL GENERAL-PURPOSE NON-TAX COLLECTIONS

YTD total general-purpose non-tax collections of \$156.6 million are \$35.0 million (28.8%) 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 March, total general-purpose non-tax collections are 22.2 percent above those of March 2003.

By source:

Licenses and Permits

YTD business and non-business licenses and permits are 11.7 percent above collections compared to the same period last year. In March, collections from licenses and permits are 10.4 percent above those of March 2003. The collections growth for this category of non-tax revenue has been driven primarily by 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) that have increased by 18.6 percent on a YTD basis compared to the prior fiscal year, and by 41.1 percent in March 2004 compared to March 2003. The other licenses and permits category—business licenses and permits—has grown by only 3.9 percent on a YTD basis and declined by 16.8 percent in March 2004 compared to March 2003. Contributing to this decline are insurance licenses, self-unloading permits, and

refrigeration and plumbing permits collections, which have been slightly below collections compared to the same time last year.

Fines and Forfeitures

YTD fines and forfeitures collections are 25.3 percent above collections compared to the same period last year. In March, collections from fines and forfeitures are 24.5 percent above those in March 2003. An increase in traffic fines has resulted in the increase in this revenue category.

Charges for Services

YTD charges for services (parking meters and other charges) collections are 31.1 percent above collections compared to the same period last year. In March, collections from charges for services are 48.0 percent above those in March 2003. This collections growth occurs, in part, from several Department of Consumer and Regulatory Affairs (DCRA) revenue sources, such as rental accommodations, corporate recordation, and home occupation licenses. In addition, deed recordation fees continue to grow as a result of the District's strong real estate market.

Miscellaneous

YTD miscellaneous revenue (e.g., interest income, unclaimed property, sale of surplus property, other transfers, and other revenue) collections are 38.3 percent above collections compared to the same period last year. In March, miscellaneous revenue collections are 17.2 percent above those in March 2003. However, collections growth from March 2003 to March 2004 is somewhat understated because of an adjustment made to interest income collections by the Office of Finance and Treasury. Due to a system problem with the District's financial management system (SOAR), where interest income transactions were recorded incorrectly, interest income collections had been overstated by approximately \$3.5 million through January 2004. In removing the incorrect interest transactions from the SOAR system, March 2004 interest income collections show up as a negative amount and consequently reduce total collections for the miscellaneous category of non-tax revenue. The unclaimed property component of miscellaneous non-tax revenue shows a large increase in March 2004 collections relative to March 2003 collections. This results from the unit's receipt of strong stock certificates and the fact that claims have not been paid out. Also affecting miscellaneous collections is the increase in civil infraction fine collections, which is due to increased aggressive collection efforts involving the use of liens.

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 \$96.2 million are \$17.6 million (22.5%) above YTD collections for the same period last year. In March, special purpose fund collections are 78.4 percent above those of March 2003.