



D.C. REPORT OF CASH COLLECTIONS

MAY 2004

GENERAL FUND COLLECTIONS

Year-to-date (YTD) total general-purpose general fund collections of \$2,540.4 million are \$344.0 million (15.7%) above collections received during the period October 2002 through May 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 May 2004, total general-purpose general fund collections are \$359.9 million, which is \$127.7 million (55.0%) more than May 2003 total general-purpose general fund collections.

TOTAL TAX COLLECTIONS

YTD total tax collections of \$2,277.6 million are \$292.8 million (14.8%) greater than YTD total tax collections over the October-May period last year. This YTD increase is above the 4.5 percent increase budgeted for fiscal year 2004. For the month of May 2004, total tax collections are \$317.5 million, which is \$114.0 million (56.1%) more than May 2003 total tax collections.

TAX COLLECTIONS BY REVENUE SOURCE

Property Tax Collections

- \$42.8 million (9.9%) above YTD collections for the same period last year

The YTD increase is primarily due to real property tax collections, which are up 10.8 percent over the first eight months of FY 2004 compared to YTD collections through May 2003. The March 2004 D.C. Report of Cash Collections reported a 4.5 percent YTD decline in real property collections compared to the same period over the prior year. But, as noted in that report, this was 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. Instead, a large number of delayed bills were sent out on March 26. These bills were due on April 26. Consequently, a significant portion of YTD tax collections was missing for that March cash report. As expected, payments for the delayed bills began to show up in the April cash report, and continue in the May cash report. YTD, real property tax collections are now up 10.8 percent according to the May cash report. This is more indicative of the District's 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. 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 both personal property tax and public space rental collections.

General Sales and Use Tax Collections

- \$41.8 million (9.5%) above YTD collections for the same period last year

The YTD increase of 9.5 percent is above the estimated 4.7 percent growth forecasted in the revenue estimates for fiscal year 2004. May 2004 general sales and use tax collections are up by \$7.4 million (11.9%) compared to collections in May 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 7.4 percent above collections compared to the same period last year. The May 2004 Convention Center Transfer is 31.0 percent above that of May 2003. This large increase in the Convention Center Transfer for May is due to the clearing of a backlog of exception returns (returns that cannot be processed immediately because of one or more problems on the return).

Selective Sales and Use Tax Collections

- \$4.4 million (11.1%) above YTD collections for the same period last year

Total May 2004 selective sales and use tax collections are 22.4 percent (\$1.7 million) below May 2003 collections.

YTD alcoholic beverage tax collections are 9.1 percent above collections compared to the same period last year. May 2004 alcoholic beverage tax collections are 1.2 percent below May 2003 collections.

YTD cigarette tax collections are 0.9 percent above collections compared to the same period last year. May 2004 cigarette tax collections are down by 0.6 percent relative to May 2003 collections.

YTD motor vehicle excise tax collections are 17.3 percent above collections over the same period last year. May 2004 motor vehicle excise tax collections are down by 34.3 percent relative to May 2003 collections. Due to the month-to-month volatility of motor vehicle excise tax collections, a large percentage change in a given month's collections relative to collections in the same month of the prior year is not unusual.

Individual Income Tax Collections

- \$86.7 million (14.1%) above YTD collections for the same period last year

YTD individual income tax collections show an increase of 14.1 percent compared to a 5.4 percent increase forecasted in the revenue estimates for fiscal year 2004. For the month of May, individual income tax collections are \$68.6 million (91.9%) above collections in May 2003.

By components:

Withholdings: May 2004 YTD withholdings collections are 9.8 percent above May 2003 YTD withholding collections. For the month of May, withholdings are 28.6 percent above May 2003 withholdings.

Declarations: May 2004 YTD declarations (estimated payments) are 9.7 percent above May 2003 YTD declarations. For the month of May, declarations are 320.9 percent above May 2003 declarations. Declarations are collected quarterly. Declarations filing dates are January 15, April 15, June 15 and September 15.

Payments: May 2004 YTD final payments with returns are 29.5 percent above May 2003 YTD payments. For the month of May, payments are 97.2 percent above May 2003 payments. Final payments are due in April yet some payments are received after the due date.

Fiduciary: May 2004 YTD fiduciary collections are 114.9 percent above May 2003 YTD fiduciary collections. For the month of May, fiduciary collections are 260.1 percent above May 2003 fiduciary collections.

Refunds: May 2004 YTD refunds are 7.8 percent above May 2003 YTD refunds. For the month of May, refunds are 21.5 percent below May 2003 refunds.

Corporate Franchise Tax Collections

- \$11.0 million (14.6%) above YTD collections for the same period last year

The YTD increase of 14.6 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 May, corporate franchise tax collections are \$8.3 million (191.8%) above collections in May 2003. May's increase is mainly due to the unusually high level of refunds in May 2003, rather than the changes in payments and declarations in May 2004 compared to May 2003.

By components:

Declarations: YTD declarations (estimated payments) are 9.3 percent above YTD declarations compared to the same period last year. For the month of May, declarations are 4.8 percent below May 2003 declarations.

Payments: YTD payments with returns are 5.6 percent below YTD May 2003 payments. For the month of May, payments are 15.8 percent below May 2003 payments.

Refunds: YTD refunds are 24.9 percent below YTD May 2003 refunds. For the month of May, refunds are 91.4 percent below May 2003 refunds.

Unincorporated Franchise Tax Collections

- \$4.6 million (8.6%) above YTD collections for the same period last year

The YTD increase of 8.6 percent shown in the cash collections report is greater than the estimated 1.0 percent decrease forecasted in the revenue estimates for fiscal year 2004. Net collections for May 2004 are up 49.3 percent (\$4.2 million) compared to collections for May 2003. May's increases in declarations and payments combined were enough to overcome the large increase in May 2004 refunds compared to May 2003.

By components:

Declarations: YTD declarations are 30.7 percent above YTD May 2003 declarations. For the month of May, declarations are 40.4 percent above May 2003 declarations.

Payments: YTD payments are 12.7 percent below payments over the same period last year. For the month of May, payments are 59.1 percent above May 2003 payments.

Refunds: YTD refunds are 18.3 percent below refunds for the same period last year. For the month of May, refunds are 235.5 percent above May 2003 refunds.

Gross Receipts Tax Collections

- \$21.0 million (12.6%) above YTD collections for the same period last year

The YTD increase of 12.6 percent exceeds the estimated 1.6 percent growth forecasted in the revenue estimates for fiscal year 2004. For the month of May, gross receipts tax collections are 61.8 percent (\$15.0 million) above May 2003 collections.

YTD public utilities collections are 0.5 percent above collections compared to the same period last year. For the month of May, public utilities tax collections are 4.7 percent below May 2003 collections.

YTD toll telecommunication tax collections are 15.3 percent above collections compared to the same period last year. For the month of May, toll telecommunications tax collections are 85.1 percent above May 2003 collections.

Insurance premium payments YTD collections are 69.3 percent above YTD collections for the same period last year. Collections in May are 42,145.3 percent higher than May 2003 collections. This extremely large percentage change results from insurance premiums collections of only \$28,000 in May 2003 compared to May 2004 collections of \$11.7 million. At this time, we think that some of the taxes due June 1, 2004 were paid before the due date. Analysis of June collections data, when they become available, should prove or disprove this theory.

Other Tax Collections

- \$80.5 million (50.0%) above YTD collections for the same period last year

The YTD increase of 50.0 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 6.0 percent above collections compared to the same period last year.

YTD deed recordation taxes are 47.5 percent above collections compared to the same period last year and deed transfer tax collections are 48.5 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. There continues to be a strong demand to own real estate and a very limited supply of owning opportunities. These two factors, along with low interest rates, are reflected in the strong annual and monthly growth of deed taxes.

YTD economic interest collections are 1916.6 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 \$11.9 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 \$210.0 million are \$47.0 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 May, total general-purpose non-tax collections of \$33.7 million are 55.5 percent (\$12.0 million) above those of May 2003.

By source:

Licenses and Permits

YTD business and non-business licenses and permits are 0.4 percent below collections compared to the same period last year. In May, collections from licenses and permits are 35.8 percent below those of May 2003. 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) increased by 7.1 percent on a YTD basis compared to the prior fiscal year and declined by 18.1 percent in May 2004 compared to May 2003. The other licenses and permits category—business licenses and permits—has declined by 8.4 percent on a YTD basis and decreased by 48.4 percent in May 2004 compared to May 2003.

Fines and Forfeitures

YTD fines and forfeitures collections are 41.8 percent above collections compared to the same period last year. In May, collections from fines and forfeitures are 13.4 percent above those in May 2003.

Charges for Services

YTD charges for services (parking meters and other charges) collections are 12.4 percent above collections compared to the same period last year. In May, collections from charges for services are 31.0 percent below those in May 2003.

Miscellaneous

YTD miscellaneous revenue (e.g., interest income, unclaimed property, sale of surplus property, other transfers, and other revenue) collections are 40.0 percent above collections compared to the same period last year. In May, miscellaneous revenue collections are 461.4 percent above those in May 2003.

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 \$128.6 million are \$21.3 million (19.9%) above YTD collections for the same period last year. In May, special purpose fund collections are 42.6 percent below those of May 2003.