



**OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR**

717 14TH STREET N.W., SUITE 900

WASHINGTON, D.C. 20005

TEL. 202-727-3600 • FAX: 202-724-8814

Deborah K. Nichols  
District of Columbia Auditor

023 01 VJ SDG

**Comparative Analysis of Actual Cash Collections  
to Revised Revenue Estimates  
Through the 3<sup>rd</sup> Quarter of Fiscal Year 2001**

**August 17, 2001**



## OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

717 14TH STREET N.W., SUITE 900  
WASHINGTON, D.C. 20005  
TEL. 202-727-3600 • FAX: 202-724-8814

Deborah K. Nichols  
District of Columbia Auditor

023-01-SDG VJ

The Honorable Linda W. Cropp  
Chairman  
Council of the District of Columbia  
441 4<sup>th</sup> Street, N.W., Room 704  
Washington, D.C. 20001

**Letter Report:** Comparative Analysis of Actual Cash  
Collections to Revised Revenue Estimates Through  
the 3<sup>rd</sup> Quarter of Fiscal Year 2001

Dear Chairman Cropp and Members of the Council of the District of Columbia:

This letter report presents the Office of the District of Columbia Auditor's comparative analysis of the District's actual cash collections to revised revenue estimates through the 3<sup>rd</sup> quarter of fiscal year 2001. On June 6, 2001, the District's CFO submitted to the Financial Responsibility and Management Assistance Authority (Control Board) a fiscal year 2001 revised revenue estimate of \$3,458,601,000. This represented an increase of \$86 million, or 2.6%, above the February estimate of \$3,372,559,000. The Control Board certified to the revised revenue estimate on June 6, 2001. The revised revenue estimate was approved by Congress on July 24, 2001, and is reflected in this report. The Office of the Auditor used the Office of the Chief Financial Officer's June 2001 Comparative Report of Cash Collections by Fund and other relevant information to develop this analysis.

Actual cash collections from: (1) tax, (2) non-tax, and (3) other financing sources through the 3<sup>rd</sup> quarter of fiscal year 2001 totaled \$2.571 billion, which was \$23 million, or .9%, above the \$2.548 billion revised estimate through the 3<sup>rd</sup> quarter.<sup>1</sup> The \$2.571 billion in actual cash collections represented 74% of the total \$3.459 billion fiscal year 2001 revised revenue estimate. These

---

<sup>1</sup>Rounding may affect some calculations presented in this report

revenues finance the District's fiscal year 2001 appropriation. Collections through the 3<sup>rd</sup> quarter from all revenue sources are presented below:

- ◆ **Tax** - total tax collections were \$2.341 billion, which were \$13 million, or .6%, above the revised estimate of \$2.328 billion through June 2001.
- ◆ **Non-tax** - total non-tax collections were \$166.6 million, which were \$292,000, or .2%, above the revised estimate of \$166.3 million.
- ◆ **Other financing sources** - collections from other financing sources, including legalized gambling, sale of surplus property, and other transfers, totaled \$63.5 million, which were \$9.5 million, or 17.7%, above the revised estimate of \$54 million.

Table I compares actual cash collections to revised estimates through the 3<sup>rd</sup> quarter of fiscal year 2001 for tax, non-tax, and other financing sources.

**TABLE I**  
**Cash Collections Summary**  
**Through the 3<sup>rd</sup> Quarter of Fiscal Year 2001**  
**(\$000)**

<b>Tax Category</b>	<b>Actual Collections Through the 3<sup>rd</sup> Quarter FY 2001</b>	<b>Revised Estimate Through the 3<sup>rd</sup> Quarter FY 2001</b>	<b>Difference: Actual Over/(Under) Revised Estimate</b>	<b>Percent Difference</b>
Tax Collections	\$2,341,004	\$2,327,763	\$13,241	0.6%
Non-Tax Collections	166,609	166,317	292	0.2%
Other Financing Sources	63,508	53,975	9,533	17.7%
<b>Total Revenues</b>	<b>\$2,571,121</b>	<b>\$2,548,055</b>	<b>\$23,066</b>	<b>0.9%</b>

Source: Office of Research and Analysis's report entitled, "Comparative Report of Cash Collections by Funds, Revenues Financing the Appropriation. Fiscal Year 2001 June 01."

In conducting the analysis of cash collections through the 3<sup>rd</sup> quarter of fiscal year 2001, the Auditor also compared 3<sup>rd</sup> quarter collection trends for the five-fiscal year period of 1997 through 2001. These comparisons are presented in Appendix I. During the five-fiscal year period, collections in some revenue categories fluctuated while in other categories collections consistently

increased. Appendix II presents a comparison of 3<sup>rd</sup> quarter collections for fiscal year 2001 to 3<sup>rd</sup> quarter collections for fiscal year 2000 for each tax category.

## **ANALYSIS OF 3<sup>rd</sup> QUARTER CASH COLLECTIONS BY REVENUE TYPE**

### **I. General Property Taxes**

General property taxes include: (1) real property taxes, (2) personal property taxes, and (3) revenue from public space rentals. The fiscal year 2001 estimate for general property taxes is \$671 million. The estimate for this tax category did not change in the June 6, 2001 revision. Collections of general property taxes through the 3<sup>rd</sup> quarter of fiscal year 2001 totaled \$336.2 million, which were:

- ◆ \$7.5 million, or 2.3%, above the \$328.6 million 3<sup>rd</sup> quarter estimate; and
- ◆ \$10.2 million, or 3.1%, above collections for the same period in fiscal year 2000.

General property tax collections through the 3<sup>rd</sup> quarter represented 50% of the total fiscal year 2001 revenue estimate for this category. According to ORA officials, approximately 50% of real property tax collections, which is the largest component of general property taxes, occur in the month of September. Table II compares actual collections to the estimate through the 3<sup>rd</sup> quarter of fiscal year 2001 for general property taxes.

**TABLE II**  
**General Property Taxes**  
**Comparison of Actual Cash Collections to Estimates**  
**Through the 3<sup>rd</sup> Quarter of Fiscal Year 2001**  
**(\$000)**

General Property Taxes	Actual Collections Through the 3 <sup>rd</sup> Quarter FY 2001	Estimate Through the 3 <sup>rd</sup> Quarter FY 2001	Difference: Actual Over/(Under) Estimate	Percent Difference
Real Property	\$325,962	\$321,473	\$4,489	1.4%
Personal Property	3,848	4,002	(154)	(3.8%)
Public Space Rental	6,342	3,157	3,185	100.9%
<b>Total General Property Taxes</b>	<b>\$336,152</b>	<b>\$328,632</b>	<b>\$7,520</b>	<b>2.3%</b>

Source: Office of Research and Analysis, Office of the Chief Financial Officer of the District of Columbia

Real property taxes collected through the 3<sup>rd</sup> quarter totaled \$326 million. These collections were \$4.5 million, or 1.4%, above the \$321.5 million estimate. Increased real property tax collections through June 2001 reflect a reduction in year-to-date real property tax refunds resulting from fewer successful assessment appeals. Real property tax refunds through June 2001 were \$7 million. The refunds, through the 3<sup>rd</sup> quarter, were \$7.9 million, or 52.9%, below the \$14.9 million estimate.

Personal property taxes collected through the 3<sup>rd</sup> quarter totaled \$3.85 million. These collections, through the 3<sup>rd</sup> quarter, were \$154,000, or 3.8%, below the \$4 million estimate. According to an ORA official, the bulk of personal property tax collections occurs in the 4<sup>th</sup> quarter of the fiscal year. Therefore, collections are expected to increase during July, August and September 2001.

Public space rental fees collected through the 3<sup>rd</sup> quarter totaled \$6.3 million. These collections, through the 3<sup>rd</sup> quarter, were \$3.1 million, or 100.9%, above the \$3.2 million estimate. According to ORA officials, delinquent accounts were billed in March 2001. Increased collections resulting from these delinquent billings are partially reflected in the 3<sup>rd</sup> quarter. Also, June and July are usually months when increased public space rental revenue is collected. This is due, in part, to

some restaurant owners using a portion of the District's sidewalks to provide outdoor seating for patrons. Restaurant owners pay a public space rental fee to the District for the use of this public space.

Based on historical collection patterns for general property taxes and collections through June 2001, it appears that the District is on target to meet its fiscal year 2001 general property tax estimate of \$671 million.

## **II. General Sales and Use Taxes**

The fiscal year 2001 revised estimate for general sales and use taxes is \$642.8 million.<sup>2</sup> Collections of general sales and use taxes through the 3<sup>rd</sup> quarter of fiscal year 2001 totaled \$520 million, which were:

- ◆ \$5.6 million, or 1.1%, below the \$525.6 million 3<sup>rd</sup> quarter revised estimate; and
- ★ \$47 million, or 9.9%, above collections for the same period in fiscal year 2000.

General sales and use tax collections through the 3<sup>rd</sup> quarter represented 81% of the total fiscal year 2001 revised revenue estimate for this category. Table III compares actual collections to the estimate through the 3<sup>rd</sup> quarter of fiscal year 2001 for general sales and use taxes.

**TABLE III**  
**General Sales and Use Taxes**  
**Comparison of Actual Cash Collections to Revised Estimate**  
**Through the 3<sup>rd</sup> Quarter of Fiscal Year 2001**  
**(\$000)**

General Sales and Use Taxes	Actual Collections Through the 3 <sup>rd</sup> Quarter FY 2001	Revised Estimate Through the 3 <sup>rd</sup> Quarter FY 2001	Difference: Actual Over/(Under) Revised Estimate	Percent Difference
General Sales and Use Taxes	\$520,021	\$525,628	(\$5,607)	(1.1%)

Source: Office of Research and Analysis, Office of the Chief Financial Officer of the District of Columbia

<sup>2</sup> Presented net of dedicated tax revenue transferred to Washington Convention Center Authority.

ORA officials have not determined specific reasons why collections of general sales and use taxes were below the revised estimate through June 2001. According to the Metropolitan Washington Economic Index, a publication by the Metropolitan Washington Council of Governments<sup>3</sup>, the Washington area economy has slowed from its November peak and slower growth is likely to continue. However, tax refunds issued by the Federal government as well as spending related to back-to-school purchases may result in increased collections of general sales and use taxes during the 4<sup>th</sup> quarter of the fiscal year.

Based on the Auditor's analysis of various economic factors, and the historical collection pattern for general sales and use taxes, the District should meet its \$642.8 million revised estimate for the general sales and use tax category.

### **III. Selective Sales and Use Taxes**

Selective sales and use taxes include: (1) alcoholic beverage, (2) cigarette, and (3) motor vehicle excise taxes. The fiscal year 2001 revised estimate for selective sales and use taxes is \$54.4 million. Collections through the 3<sup>rd</sup> quarter of fiscal year 2001 totaled \$44 million which were:

- ◆ \$2.7 million, or 6.5%, above the \$41.3 million 3<sup>rd</sup> quarter revised estimate; and
- ◆ \$3.4 million, or 8.4%, above collections for the same period in fiscal year 2000.

Selective sales and use tax collections through the 3<sup>rd</sup> quarter represented 81% of the total fiscal year 2001 revised revenue estimate for this category. Table IV compares actual collections to the revised estimate through the 3<sup>rd</sup> quarter of fiscal year 2001 for selective sales and use taxes.

---

<sup>3</sup>The information was developed by Stephen S. Fuller, PhD, and John L. Preston for the Metropolitan Washington Council of Governments. The publication was dated July 2001 using May 2001 data.

**TABLE IV**  
**Selective Sales and Use Taxes**  
**Comparison of Actual Cash Collections to Revised Estimates**  
**Through the 3<sup>rd</sup> Quarter of Fiscal Year 2001**  
**(\$000)**

Selective Sales and Use Taxes	Actual Collections Through the 3 <sup>rd</sup> Quarter FY 2001	Revised Estimate Through the 3 <sup>rd</sup> Quarter FY 2001	Difference: Actual Over/(Under) Revised Estimate	Percent Difference
Alcoholic Beverage	\$3,671	\$3,643	\$28	0.8%
Cigarette	11,924	12,711	(787)	(6.2%)
Motor Vehicle Excise	28,420	24,992	3,428	13.7%
<b>Total Selective Sales and Use Taxes</b>	<b>\$44,015</b>	<b>\$41,346</b>	<b>\$2,668</b>	<b>6.5%</b>

Source: Office of Research and Analysis, Office of the Chief Financial Officer of the District of Columbia

Alcoholic beverage taxes collected through the 3<sup>rd</sup> quarter totaled \$3.67 million. These collections were \$28,000, or 0.8%, above the \$3.64 million revised estimate.

Cigarette taxes collected through the 3<sup>rd</sup> quarter totaled \$11.9 million. These collections were \$787,000, or 6.2%, below the \$12.7 million revised estimate.

Motor vehicle excise taxes collected through the 3<sup>rd</sup> quarter totaled \$28.4 million. These collections were \$3.4 million, or 13.7%, above the \$25 million revised estimate.

ORA officials stated that alcoholic beverage taxes and motor vehicle excise taxes are generally seasonal in nature and that sales of alcoholic beverages tend to increase in the summer months due to increased consumption. ORA officials further stated that the summer months and the pleasant weather may also have contributed to an increase in automobile sales and thus increased collections of motor vehicle excise taxes.

Based on the Auditor's analysis, if the collections pattern for selective sales and use taxes continues, the District should meet its \$54.4 million revised estimate for this tax category.



#### **IV. Income Taxes**

Income taxes include: (1) individual income tax, (2) corporate franchise tax, and (3) unincorporated business franchise tax. The fiscal year 2001 revised estimate for the income taxes category is \$1.380 billion. Collections through the 3<sup>rd</sup> quarter of fiscal year 2001 totaled \$1.139 billion which were:

- ◆ \$30.2 million, or 2.7%, above the \$1.108 billion 3<sup>rd</sup> quarter revised estimate; and
- ◆ \$100 million, or 9.6%, above collections for the same period in fiscal year 2000.

Income tax collections through the 3<sup>rd</sup> quarter represented 83% of the total fiscal year 2001 revised revenue estimate for this category. Table V compares actual collections to the revised estimate through the 3<sup>rd</sup> quarter of fiscal year 2001 for income taxes.

**TABLE V**  
**Income Taxes**  
**Comparison of Actual Cash Collections to Revised Estimates**  
**Through the 3<sup>rd</sup> Quarter of Fiscal Year 2001**  
**(\$000)**

<b>Income Taxes</b>	<b>Actual Collections Through the 3<sup>rd</sup> Quarter FY 2001</b>	<b>Revised Estimate Through the 3<sup>rd</sup> Quarter FY 2001</b>	<b>Difference: Actual Revised Estimate</b>	<b>Percent Difference</b>
Individual Income Taxes	\$852,790	\$827,748	\$25,042	3.0%
Corporate Franchise	228,307	222,719	5,587	2.5%
Unincorporated Business Franchise Taxes	57,545	57,961	(416)	(0.7%)
<b>Total Income Taxes</b>	<b>\$1,138,642</b>	<b>\$1,108,429</b>	<b>\$30,213</b>	<b>2.7%</b>

Source: Office of Research and Analysis, Office of the Chief Financial Officer of the District of Columbia

Individual income taxes collected through the 3<sup>rd</sup> quarter totaled \$852.8 million. These collections were \$25 million, or 3%, above the \$827.7 million revised estimate. Higher than anticipated collections of individual income taxes are due, in part, to increased collections of 1) payments by taxpayers; 2) estimated tax payments; and 3) withholdings.

Corporate franchise taxes collected through the 3<sup>rd</sup> quarter totaled \$228.3 million. These collections were \$5.6 million, or 2.5%, above the \$222.7 million revised estimate. Collections of corporate franchise taxes have been strong primarily due to the one-time collection of a large corporate franchise tax payment from one taxpayer.

Unincorporated business franchise taxes collected through the 3<sup>rd</sup> quarter totaled \$57.5 million. These collections were \$416,000, or .7%, below the \$58 million revised estimate.

Provided that the strength of collections for individual income taxes, corporate and unincorporated business franchise taxes remain on target, the District should achieve the fiscal year 2001 revised estimate of \$1.380 billion for the income taxes category.

#### **V. Gross Receipts Taxes**

Gross receipts taxes include: (1) public utility tax, (2) toll telecommunications tax, and (3) tax on insurance premiums. The fiscal year 2001 revised estimate for gross receipts taxes is \$230.1 million. Collections of gross receipt taxes through the 3<sup>rd</sup> quarter of fiscal year 2001 totaled \$164.6 million, which were:

- ◆ \$13.3 million, or 7.5%, below the \$178 million 3<sup>rd</sup> quarter revised estimate; and
- ◆ \$15.9 million, or 10.7%, above collections for the same period in fiscal year 2000.

Gross receipts tax collections through the 3<sup>rd</sup> quarter represented 72% of the fiscal year 2001 revised revenue estimate for this category. Table VI compares actual collections to the revised estimate through the 3<sup>rd</sup> quarter of fiscal year 2001 for gross receipts taxes.

**TABLE VI**  
**Gross Receipts Taxes**  
**Comparison of Actual Cash Collections to Revised Estimates**  
**Through the 3<sup>rd</sup> Quarter of Fiscal Year 2001**  
**(\$000)**

<b>Gross Receipts Taxes</b>	<b>Actual Collections Through the 3<sup>rd</sup> Quarter FY 2001</b>	<b>Revised Estimate Through the 3<sup>rd</sup> Quarter FY 2001</b>	<b>Difference: Actual Over/(Under) Revised Estimate</b>	<b>Percent Difference</b>
Public Utilities	\$104,277	\$106,643	(\$2,367)	(2.2%)
Toll Telecommunications	37,234	39,623	(2,389)	(6.0%)
Insurance Premiums	23,120	31,703	(8,584)	(27.1%)
<b>Total Gross Receipts</b>	<b>\$164,630</b>	<b>\$177,970</b>	<b>(\$13,340)</b>	<b>(7.5%)</b>

Source: Office of Research and Analysis, Office of the Chief Financial Officer of the District of Columbia

Public utility taxes collected, through the 3<sup>rd</sup> quarter, totaled \$104.3 million. These collections were \$2.4 million, or 2.2%, below the \$106.6 million revised estimate.

Toll telecommunications taxes collected through the 3<sup>rd</sup> quarter totaled \$37.2 million. These collections were \$2.4 million, or 6%, below the \$39.6 million revised estimate.

Insurance premium taxes collected through the 3<sup>rd</sup> quarter totaled \$23.1 million. These collections were \$8.6 million, or 27.1%, below the \$31.7 million revised estimate.

Toll telecommunications taxes were below the estimate through the 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> quarters of fiscal year 2001. In view of the consistency with which the collections of toll telecommunications taxes have failed to meet the estimate, it appears that the District may not meet the fiscal year 2001 revised estimate in this area. The failure to achieve the estimate each quarter appears to be the result of at least one large toll telecommunications taxpayer developing a methodology to distinguish between voice and data line usage. Gross receipts taxes are levied only on voice line usage. Thus, a toll telecommunications taxpayer's ability to segregate voice and data line usage may result in a lower gross receipts tax liability. Should other toll telecommunications taxpayers providing services in the District develop and utilize this or a similar methodology to distinguish voice and data line usage, there may be an erosion in this revenue source. Collections for toll telecommunications taxes may continue to be below future estimates unless the Office of Research and Analysis re-evaluates the assumptions upon which the estimate is based and makes the appropriate adjustment.

According to ORA officials, insurance premium tax collections were below the revised estimate, in part, because several payments totaling approximately \$10 million were received in June 2001 but not included in the June cash collections report. With the inclusion of these payments, actual 3<sup>rd</sup> quarter collections totaled approximately \$33 million which exceeded the \$31.7 million 3<sup>rd</sup> quarter estimate by \$1.3 million.

The Auditor is concerned that the fiscal year 2001 revised estimate for gross receipts taxes may not be achieved. According to ORA officials, if this revised estimate is not realized, the District's overall revised revenue estimate of \$3.459 billion should still be achieved because collections in other tax categories are expected to exceed their revised estimates and offset any shortfall in the gross receipts taxes category.

## **VI. Other Taxes**

Other taxes include: (1) estate, (2) deed recordation, (3) deed transfer, and (4) economic interest transfer taxes.<sup>4</sup> The fiscal year 2001 revised estimate for other taxes is \$169.2 million. Collections of other taxes through the 3<sup>rd</sup> quarter of fiscal year 2001 totaled \$137.5 million, which were:

- ◆ \$8.2 million, or 5.6%, below the \$145.8 million 3<sup>rd</sup> quarter revised estimate; and
- ◆ \$31.2 million, or 29.4%, above collections for the same period in fiscal year 2000.

Collections of other taxes through the 3<sup>rd</sup> quarter represented 81% of the total fiscal year 2001 revised revenue estimate for this tax category. Table VII compares actual collections to the revised estimate through the 3<sup>rd</sup> quarter of fiscal year 2001 for other taxes.

---

<sup>4</sup>Economic interest transfer taxes represent a tax on the transfer of 80% or more of ownership interest in any business that has 50% or more of its real estate in the District of Columbia (for example, the sale of a partnership interest in an apartment building located in the District).

**TABLE VII**  
**Other Taxes**  
**Comparison of Actual Cash Collections to Revised Estimates**  
**Through the 3<sup>rd</sup> Quarter of Fiscal Year 2001**  
**(\$000)**

Other Taxes	Actual Collections Through the 3 <sup>rd</sup> Quarter FY 2001	Revised Estimate Through the 3 <sup>rd</sup> Quarter FY 2001	Difference: Actual Over/(Under) Revised Estimate	Percent Difference
Estate Taxes	\$41,647	\$44,047	(\$2,400)	(5.4%)
Deed Recordation	52,501	57,497	(4,997)	(8.7%)
Deed Transfer	42,394	43,851	(1,457)	(3.3%)
Economic Interests	1,002	363	639	176.4%
<b>Total Other Taxes</b>	<b>\$137,544</b>	<b>\$145,758</b>	<b>(\$8,215)</b>	<b>(5.6%)</b>

Source: Office of Research and Analysis, Office of the Chief Financial Officer of the District of Columbia

Estate taxes collected through the 3<sup>rd</sup> quarter totaled \$41.6 million. These collections were \$2.4 million, or 5.4%, below the \$44 million revised estimate.

Combined deed recordation and transfer taxes through the 3<sup>rd</sup> quarter totaled \$94.9 million. These combined collections were \$6.5 million, or 6.4%, below the \$101.3 million revised estimate.

Economic interest taxes collected through the 3<sup>rd</sup> quarter totaled \$1 million. These collections were \$639,000, or 176.4%, above the \$363,000 revised estimate.

Collections were below the revised estimate for three of the four tax components of the "other taxes" category. However, according to an article by Delta Associates, a commercial real estate industry expert, the volume of investment sales for office buildings in the District has increased. These sales should provide increased deed recordation and transfer taxes to the District in the 4<sup>th</sup> quarter of fiscal year 2001.

Provided that there are no significant changes in the other taxes category in the last quarter of the fiscal year, the District should achieve its fiscal year 2001 revised estimate in this category.

## **VII. Non-Tax Revenue**

Non-tax revenue includes: (1) licenses and permits, (2) fines and forfeitures, (3) charges for services, and (4) miscellaneous revenue. The fiscal year 2001 revised estimate for non-tax revenue is \$211.1 million. Collections through the 3<sup>rd</sup> quarter of fiscal year 2001 totaled \$166.6 million, which were:

- ◆ \$292,000 or .2%, above the \$166.3 million 3<sup>rd</sup> quarter revised estimate; and
- ◆ \$33.2 million, or 24.9%, above collections for the same period in fiscal year 2000.

Non-tax revenue collections through the 3<sup>rd</sup> quarter represented 79% of the total fiscal year 2001 revised revenue estimate for this category. Table VIII compares actual collections to the revised estimate through the 3<sup>rd</sup> quarter of fiscal year 2001 for non-tax revenue.

**TABLE VIII**  
**Non-Tax Revenue**  
**Comparison of Actual Cash Collections to Revised Estimates**  
**Through the 3<sup>rd</sup> Quarter of Fiscal Year 2001**  
**(\$000)**

<b>Non-Tax Revenue</b>	<b>Actual Collections Through the 3<sup>rd</sup> Quarter FY 2001</b>	<b>Revised Estimate Through the 3<sup>rd</sup> Quarter FY 2001</b>	<b>Difference: Actual Over/(Under) Revised Estimate</b>	<b>Percent Difference</b>
Licenses and Permits	\$29,585	\$33,477	(\$3,893)	(11.6%)
Fines and Forfeitures	40,962	42,817	(1,856)	(4.3%)
Charges for Services	46,193	54,321	(8,128)	(15.0%)
Miscellaneous Revenue	49,870	35,701	14,169	39.7%
<b>Total Non-Tax Revenue</b>	<b>\$166,609</b>	<b>\$166,317</b>	<b>\$292</b>	<b>0.2%</b>

Source: Office of Research and Analysis, Office of the Chief Financial Officer of the District of Columbia

License and permit fees collected through the 3<sup>rd</sup> quarter totaled \$29.6 million. Collections were \$3.9 million, or 11.6%, below the \$33.5 million revised estimate.

Fines and forfeiture fees collected through the 3<sup>rd</sup> quarter totaled \$41 million. These collections were \$1.9 million, or 4.3%, below the \$42.8 million revised estimate.

Charges for services collected through the 3<sup>rd</sup> quarter totaled \$46.2 million. These collections were \$8.1 million, or 15%, below the \$54.3 million revised estimate.

Miscellaneous revenue collected through the 3<sup>rd</sup> quarter totaled \$49.9 million. These collections were \$14.2 million, or 39.7%, above the \$35.7 million revised estimate.

Collections of non-tax revenue through June 2001 were below the revised estimates for licenses and permits, charges for services, and fines and forfeiture fees. Only miscellaneous revenue collections were above the revised estimate for the non-tax revenue category.

The Auditor expressed concern regarding the achievability of the fiscal year 2001 estimate for non-tax revenue in revenue analysis reports issued by the Office of the Auditor for the 1<sup>st</sup> and 2<sup>nd</sup> quarters. However, the Auditor notes that during the 3<sup>rd</sup> quarter of fiscal year 2001, the District's Chief Financial Officer reduced the revenue estimate for non-tax revenue by \$20 million from \$231 million to \$211.1 million.

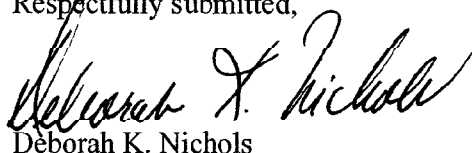
Based on the Auditor's analysis and the reduction in the fiscal year 2001 revised estimate for non-tax revenue, the District should achieve its revised estimate for this tax category.

## CONCLUSION

The Auditor's analysis of cash collection data indicates that cash collections, overall, remain above the revised estimate through the 3<sup>rd</sup> quarter of fiscal year 2001. The District's cash collections through June 2001 totaled \$2.571 billion, which was \$23 million above the revised estimate of \$2.548 billion. The \$2.571 billion in actual 3<sup>rd</sup> quarter collections represented 74% of the \$3.459 billion fiscal year 2001 revised revenue estimate.

Provided that the overall collection trend continues at the rate achieved through June 2001, the District should realize its revised fiscal year 2001 revenue estimate of \$3,458,601,000.

Respectfully submitted,



Deborah K. Nichols

District of Columbia Auditor

## **APPENDICES**



## APPENDIX I

### Comparison of Cash Collections Through the 3<sup>rd</sup> Quarter Fiscal Years 1997 - 2001 (\$000)

Tax Categories	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
General Property Taxes	\$322,707	\$323,073	\$308,489	\$325,990	\$336,152
General Sales and Use Taxes <sup>*</sup>	382,220	419,920	447,801	472,990	520,021
Selective Sales and Use Taxes	44,569	44,067	37,752	40,607	44,015
Income Taxes	752,972	836,150	898,385	1,038,612	1,138,642
Gross Receipts Taxes	144,370	150,827	145,903	148,767	164,630
Other Taxes	68,280	109,514	113,998	106,331	137,544
Non-Tax Revenue	140,556	134,601	145,357	133,382	166,609
Other Financing Sources	49,310	58,347	47,986	55,531	63,508
Federal Payment	665,702	182,200	-0-	-0-	-0-
Total Collections Financing the Appropriation	\$2,570,686	\$2,258,699	\$2,145,671	\$2,322,209	\$2,571,121

Source: Office of Research and Analysis, Office of the Chief Financial Officer of the District of Columbia

\*General sales and use tax collections are reported on a net basis after the transfer of dedicated tax revenue to the Washington Convention Center Authority

## APPENDIX II

### Comparison of Collections Through the 3<sup>rd</sup> Quarter for Fiscal Year 2001 to Fiscal Year 2000

(\$000)

Tax Category	Collections Through the 3 <sup>rd</sup> Quarter Fiscal Year 2001	Collections Through the 3 <sup>rd</sup> Quarter Fiscal Year 2000	Difference 3 <sup>rd</sup> Quarter 2001 Over/(Under) 3 <sup>rd</sup> Quarter 2000	Percent Difference
<b>General Property Taxes:</b>				
Real Property	\$325,962	\$315,997	\$9,965	3.2%
Personal Property	3,848	4,429	(580)	(13.1%)
Public Space Rental	6,342	5,564	778	14.0%
<b>Total Property Taxes</b>	<b>\$336,152</b>	<b>\$325,990</b>	<b>\$10,163</b>	<b>3.1%</b>
<b>General Sales and Use Taxes</b>	<b>\$520,021</b>	<b>\$472,990</b>	<b>\$47,031</b>	<b>9.9%</b>
<b>Selective Sales and Use Taxes:</b>				
Alcoholic Beverage	\$3,671	\$3,631	\$40	1.1%
Cigarette	11,924	11,462	462	4.0%
Motor Vehicle Excise	28,420	25,515	2,905	11.4%
<b>Selective Sales and Use Taxes</b>	<b>\$44,015</b>	<b>\$40,607</b>	<b>\$3,407</b>	<b>8.4%</b>
<b>Income Taxes:</b>				
Individual Income Taxes	\$852,790	\$823,707	\$29,083	3.5%
Corporate Franchise	228,307	154,293	74,014	48.0%
Unincorporated Business Franchise	57,545	60,612	(3,067)	(5.1%)
<b>Total Income Taxes</b>	<b>\$1,138,642</b>	<b>\$1,038,612</b>	<b>\$100,030</b>	<b>9.6%</b>
<b>Gross Receipts Taxes:</b>				
Public Utilities	\$104,277	\$82,089	\$22,188	27.0%
Toll Telecommunications	37,234	35,566	1,667	4.7%
Insurance Premiums	23,120	31,112	(7,992)	(25.7%)
<b>Total Gross Receipts</b>	<b>\$164,630</b>	<b>\$148,767</b>	<b>\$15,863</b>	<b>10.7%</b>
<b>Other Taxes:</b>				
Estate Taxes	\$41,647	\$28,876	\$12,771	44.2%
Deed Recordation	52,501	43,625	8,875	20.3%
Deed Transfer	42,394	33,388	9,006	27.0%
Economic Interests	1,002	441	561	127.1%
<b>Total Other Taxes</b>	<b>\$137,544</b>	<b>\$106,331</b>	<b>\$31,213</b>	<b>29.4%</b>
<b>Total Tax Collections</b>	<b>\$2,341,004</b>	<b>\$2,133,296</b>	<b>\$207,707</b>	<b>9.7%</b>
<b>Non-Tax Revenue:</b>				
Licenses and Permits	\$29,585	\$30,725	(\$1,140)	(3.7%)
Fines and Forfeitures	40,962	38,752	2,210	5.7%
Charges for Services	46,193	21,082	25,111	119.1%
Miscellaneous Revenue	49,870	42,824	7,046	16.5%
<b>Total Non-Tax Revenue</b>	<b>\$166,609</b>	<b>\$133,382</b>	<b>\$33,227</b>	<b>24.9%</b>
<b>Other Financing Sources</b>	<b>\$63,508</b>	<b>\$55,531</b>	<b>7,977</b>	<b>14.4%</b>
<b>Total Revenues</b>	<b>\$2,571,121</b>	<b>\$2,322,209</b>	<b>\$248,911</b>	<b>10.7%</b>

Source: Office of Research and Analysis, Office of the Chief Financial Officer of the District of Columbia