

# **Update on Revenue Estimates**

to the  
Management and Fiscal Policy Committee  
by the  
Department of Finance  
January 29, 2007

# Revenue Update

- **First Half Year Results:**

- Total tax collections totaled \$1.4 billion and were 14.4% above the first half of FY06.
- Income tax collections through December stood at \$480.3 million and are on target with the revised estimates presented during SAG FY08.
- The General Fund portion of property tax collections (including penalties and interest) was \$732.2 million – and slightly below the first half of last fiscal year and running slightly below the revised estimate. The primary factor is that SDAT submitted personal property for public utilities in January rather than in November resulting in a lag in revenues for personal property taxes compared to last year.

- **Transfer and Recordation Taxes:**

- Collections from the transfer tax during the first half of FY07 were \$54.3 million, or 35.5% below the same period last year and currently below the revised estimate.
- Collections from the recordation tax excluding the CIP portion were \$36.3 million, a decrease of 33.8% over last year and slightly below the revised estimate presented during SAG FY08.

# Revenue Update

- **Transfer and Recordation Taxes (continued):**
  - The decrease in the transfer and recordation taxes is due to continued decline in housing sales and mortgage activity. Total recordation tax collections decreased 35.5% to date, while collections from mortgage refinancing decreased 34.2%.
  - The volume of transfers during the first half of FY07 was down 31.5% compared to last year, and the volume of recordation tax transactions was down 30.0% compared to the first half of fiscal year 2006.
  - The combined amount of revenues from the transfer and recordation taxes (excluding CIP portion and condo conversions) was \$90.6 million compared to \$139.0 million for the first six months of last fiscal year (↓ 34.8%).

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- **Excise Taxes:**

- Total revenues from the excise taxes (fuel/energy, hotel/motel, telephone, and admissions) totaled \$48.2 million during the first half of FY07, which are 2.4% above the same period in FY06 and are on target with the revised estimate.
- Fuel/energy tax collections totaled \$29.6 million and is slightly below target with the revised estimate. The lag in revenues is attributed to the unusually warm winter that the Washington area has experienced to date.
- Collections from the telephone tax were \$10.6 million and are slightly below the target estimate because of the 7.3% decline in number of landlines to date.
- Collections from the hotel/motel tax are running 8.6% above the same period last year and are running a full percentage point above the revised estimate.

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- **Other Revenues:**
  - Revenues from the County's investments were \$22.7 million during the first half of this fiscal year and because of rising interest rates were 46.0% above the same period last year and above the revised estimate.
  - Highway user revenues received to date were \$12.9 million and 6.7% below the first half of FY06 and running below revised estimate for SAG FY08.