

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer

DATE: September 16, 2003

SUBJECT: Fiscal Impact Statement: "Arena Tax Revenue Clarification
Emergency Act of 2003"

REFERENCE: Draft Legislation as Introduced - No Number Available

Conclusion

Funds are sufficient in the FY 2003 through FY 2007 budget and financial to implement the proposed "Arena Tax Revenue Clarification Emergency Act of 2003".

Background

The Arena Fee was established in FY 1994 as gross receipts tax on businesses to finance the public infrastructure surrounding the new MCI Center¹. Although the bonds were paid off and the Arena Fee was terminated in FY 2001, additional revenue has accumulated as businesses continued to pay current and prior year taxes and penalties.

The proposed legislation amends Title 47 § 2752 to require that all revenue collected from the Arena Fee, which is no longer needed to finance the MCI Center initiatives, be deposited into a separate account within the District's General Fund.

¹ The proposed legislation refers to the MCI Center as the "downtown sports and entertainment arena."

Financial Plan Impact

Funds are sufficient in the FY 2003 through FY 2007 budget and financial plan to implement the proposed legislation because no additional staff or resources will be required.

As of July 31, 2003, \$13,567,061.01 in additional revenue had accumulated as businesses continued to pay current and prior year taxes and penalties for the old Arena Fee. This amount does not include \$970,340.18 that had been collected as ground lease payments for the MCI Center². If passed, the proposed legislation will increase local General Fund revenue by \$13,567,061.01 in FY 2003. The following table presents the revenue impact of the proposed legislation.

Revenue Impact to the Financial Plan					
(\$ in millions)					
FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	TOTAL
\$13.57	\$0.00	\$0.00	\$0.00	\$0.00	\$13.57

² The total amount of money held by the Department of Housing and Community Development in a trustee account is \$14,537,401.19.