

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 [signature]
Chief Financial Officer

DATE: November 3, 2003

SUBJECT: Fiscal Impact Statement (Revised): “Owner-Occupant
Residential Tax Credit Act of 2003”

REFERENCE: Bill Number 15-303 as Introduced

Conclusion

Funds are not sufficient in the FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia. **The proposed tax credit will result in an estimated \$17.8 reduction in local General Fund revenue in FY 2004 and approximately \$70.3 million in FY 2004 through FY 2007.**

Background

The proposed legislation makes owner-occupied property eligible for a new tax credit that will equal the difference between the current property tax liability and 110 percent of the previous year’s tax liability. Eligibility is triggered by the conditions for eligibility for the existing Homestead Deduction Program. To be eligible for the credit all properties must be within the District of Columbia and the owners must file a tax return with the City.

Financial Plan Impact

Funds are not sufficient in the FY 2004 through FY 2007 budget and financial plan because the proposed legislation will result in unbudgeted reductions in real property tax revenue.

The table in Figure 1 presents the estimated reduction to local General Fund revenue.

Figure 1.

Impact on Local General Fund Revenue (\$ in millions)				
FY 2004	FY 2005	FY 2006	FY 2007	4 -Year Total
\$17.8	\$20.1	\$17.6	\$14.8	\$70.3

Note: This fiscal impact statement supercedes the October 3, 2003 statement on bill 15-303 for the purpose of making a technical correction in the bill description.

The Chief Financial Officer's legislative fiscal analysis is prepared by the Special Projects and Fiscal Analysis Administration in the Office of Research and Analysis. Contact us at 441 4th Street, NW, Suite 400S, Washington D.C., 20001 or view our work on-line at <http://cfo.dc.gov>.