

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: June 27, 2001

SUBJECT: Fiscal Impact Statement: "Greater Southeast Community Hospital Corporation and Hadley Memorial Hospital Tax Abatement Act of 2001"

REFERENCE: Bill Number 14-009 as Introduced

Conclusion

The proposed legislation will result in a reduction of local General Fund revenue of approximately \$0.8 million in FY 2002 and \$3.5 million in FY 2001 through FY 2005.

Background

The proposed legislation will abate real property taxation on all parcels associated with Greater Southeast Community Hospital and Hadley Memorial Hospital. The tax abatement will begin in FY 2001 and end in FY 2020.

Financial Plan Impact

Greater Southeast Community Hospital is comprised of five lots for the purpose of assessing real property tax. They are identified as Square 5806, Lot 811; Square 5875, Lot 861; Square 5875, Lot 862; Square 5919, Lot 3; and Square 5919, Lot 4. Hadley Memorial Hospital is considered as one lot; parcel 252-0093. The following table presents the estimated foregone revenue for both hospitals.

Estimated Foregone Real Property Taxation					
(\$ in 000s)					
Item	FY 2002	FY 2003	FY 2004	FY 2005	4-Year Total
Greater Southeast	\$566	\$555	\$575	\$595	\$2,291
Hadley Memorial	277	287	297	307	1,168
Net Annual Impact	\$843	\$842	\$872	\$902	\$3,459

D.C. Code 47-1002 establishes guidelines for determining the exemption status of real property in the District of Columbia. In order for a real property tax exemption to be granted the code requires that the property owner apply for an exemption with the Office of Tax and Revenue. The current owners of the property have not filed for tax exempt status.

Of the major hospitals operating in the District of Columbia the following have tax exempt status having qualified under the current criteria set forth in D.C. Code 47-1002:

- Children’s Hospital;
- Columbia Hospital for Women;
- George Washington University Hospital (in part)¹;
- Georgetown University Hospital;
- Howard University Hospital; and
- Sibley Memorial Hospital.

The following major hospitals are currently obligated to pay real property tax in the District:

- Providence Hospital;
- Washington Hospital Center;
- George Washington University Hospital (in part)¹;
- Greater Southeast Community Hospital; and
- Hadley Memorial.

The combined assessed value is approximately \$291 million, and they pay a combined annual obligation of \$1.6 million.

Greater Southeast Community and Hadley Memorial hospitals represent 54 percent of the real property taxation collected from major hospitals operating in the District of

¹ Note that George Washington University Hospital has both real property tax exempt status and real property tax obligations.

Columbia. By approving the abatement of real property taxation for Greater Southeast Community and Hadley Memorial hospitals at this time, the District will be setting a real property tax exemption precedent for future hospitals as they become privatized.