

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: April 8, 2003

SUBJECT: Fiscal Impact Statement: "Mount Vernon Square and Shaw
Property Tax Credit Act of 2003"

REFERENCE: Formerly Bill Number 14-752 as Amended

Conclusion

Funds are not sufficient in the FY 2003 through FY 2006 budget and financial plan because the proposed legislation will result in unbudgeted reductions in real property tax revenue. **The proposed tax credit will result in an estimated \$958,000 reduction in local General Fund revenue in FY 2003 and approximately \$3.9 million in FY 2003 through FY 2006.**

Background

The proposed legislation makes approximately 2,276 properties 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. The new tax credit would be in effect for 10 years following the implementation of the proposed legislation. Eligible properties are defined by the boundaries set forth in the proposed legislation which generally include portions of the Mount Vernon Square and Shaw neighborhoods surrounding the new convention center and proposed headquarters hotel sites.

Financial Plan Impact

Funds are not sufficient in the FY 2003 through FY 2006 budget and financial plan because the proposed legislation will result in unbudgeted reductions in real property tax

revenue. The following table presents the estimated reduction to local General Fund revenue.

Estimated Reductions in Local General Fund Revenue					
(\$ in 000's)					
Item	FY 2003	FY 2004	FY 2005	FY 2006	4-Year Total
Residential	\$274.5	\$316.8	\$602.9	\$651.1	\$1,845.3
Commercial	683.7	425.8	459.8	448.3	2,017.6
Net Annual Impact	\$958.2	\$742.6	\$1,062.7	\$1,099.4	\$3,862.9

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>.

The Honorable Linda W. Cropp
FIS: Formerly Bill 14-752 "Mount Vernon Square
Neighborhood Property Tax Credit Act" as Amended
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